



ASX RELEASE

Caltex Australia Limited
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2020 Macquarie Conference Presentation

7 May 2020 (SYDNEY): Caltex Australia Limited provides the attached Presentation which is being presented at the 2020 Macquarie Conference.

Authorised for release by: the Board of Caltex Australia Limited

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2020 Macquarie Conference

7 May 2020

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Matt Halliday
Interim CEO



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We are taking action to mitigate COVID-19 impacts

COVID-19 impacts

- Crude oil market has significantly weakened, with increase in storage on water lifting crude and product freight rates
- Global hydrocarbon demand weakness due to economic hibernation and reduced domestic and international travel
- Australian industry jet demand expected to be down 80-90% during the period that travel restrictions remain in place
- Convenience Retail fuel volumes down 16% YTD through April vs. pcp; more resilient demand seen for diesel and premium fuels vs. base grade gasolines.
- Demand resilience continues to be observed in key B2B segments including mining, agriculture and road transportation
- Volume declines for Gull (New Zealand) and Seoil (Philippines) larger than Australian retail fuel volume declines
- New Zealand has improved over the last week with relaxation of controls

Action taken

- Extended Lytton Turnaround & Inspection (T&I) commenced; 10% reduction in T&I capex anticipated
- Removal of stranded costs in aviation and at Lytton refinery through reduced maintenance and capital spend, reduction in workforce hours and lower contractor activity
- Temporary 15-20% reduction in Convenience Retail weekly hours to align with current reduced customer activity
- 20% reduction in Board and Executive Team remuneration (incl. Interim CEO) and 10% reduction for senior leaders, for 3 months
- Utilisation of leave and reduced hours targeting reduction in non-shop labour spend by approximately 20%
- Combined benefit from above initiatives expected to save ~\$10 million per month of operating costs
- 2020 capex below \$250 million
- Liquidity drawn to provide flexibility; working capital benefit from lower crude oil price

Maintaining Balance Sheet headroom

Focus on operating and capital efficiency

Capital Allocation Framework

1

Stay-In-Business Capex

- Focused on safety and reliability of supply

2

Optimal Capital Structure

- Adj. Net Debt / EBITDA of 1.5x – 2.0x
- Where Adj. Net Debt > 2.0x EBITDA, debt reduction plans become a focus

3

Dividends

- 50% - 70% of RCOP NPAT (fully franked)

4

Capital Returns

- Where Adj. Net Debt / EBITDA < 1.5x (or sufficient headroom exists within target range)

Growth Capex

- Where clearly accretive to shareholder returns

What We Are Doing

Cost-Out

- Deliver existing \$100 million p.a. cost savings by end of 2020
- Taking action on stranded costs across business
- Optimising retail labour to prevailing market conditions

Capex Reduction

- 2020 capex below \$250 million
- Deferral of all non-essential capex items

Asset Sales

- First tranche of higher value alternate use sites divested; planned divestment of second tranche to commence in 2H 2020*

Property Transaction

- Potential IPO or trade sale of 49% interest in core retail network to release significant capital*

Dividends

- 50-70% payout ratio, subject to overall application of the Capital Allocation Framework

Funding Flexibility

- \$1.4 billion in undrawn facilities available
- Limited covenants, with significant headroom
- No facilities to refinance in 2020

* Subject to market conditions

Updated 2020 outlook and actions



Fuels & Infrastructure

- Improve safety performance
- Complete extended Lytton T&I
- Continue to take action on stranded costs in areas impacted by COVID-19
- Resilience observed so far in key B2B segments including mining, agriculture and regional customers
- Investigate crude and product storage opportunities
- Maximise opportunities in International markets as demand returns



Convenience Retail

- Improve safety performance
- Maintain focus on fuel and optimise value
- Substantially complete transition of franchise sites to company-operations
- Support customer needs by delivering value in essential household items
- Optimise store labour to align with any further demand changes
- Convenience Retail trends (April 2020 YTD):
 - Volumes -16% vs. pcp
 - Industry retail fuel margins remain favourable
 - Shop sales -1.8% vs. pcp; decline in shop transactions partially offset by ABV increase



- Deliver remaining \$40 million of cost-out across group
- Explore further group cost reduction measures
- Board and executive remuneration reductions
- 2020 capex of below \$250 million
- Fit for purpose relaunch of the Ampol brand
- Deliver strategic initiatives to release capital in 2H 2020:*
 - Potential retail property IPO or trade sale
 - Proposed hybrid issuance
 - Divest second tranche of HBU sites

As we emerge from the COVID-19 crisis, we are well-positioned to unlock value and deliver potential \$195m earnings uplift by 2024

Progress potential property transaction and second tranche of HBU divestments to unlock value



Use our strong position in retail fuel to deliver potential \$85m non-fuel earnings uplift by 2024



Continual focus on capital efficiency to release franking credits over the medium term



Leverage our history of cost discipline to deliver remaining \$40m of cost out program and identify further cost reduction measures



Continuation of F&I international expansion to deliver potential \$70m earnings uplift by 2024



THE FOODARY

Q&A



IMPORTANT NOTICE

This presentation for Caltex Australia Limited is designed to provide:

- an update on the financial and operational highlights for the Caltex Australia Group for the 4-month period ended 30 April 2020; and
- a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's updated outlook for 2020 and future years, as at 7 May 2020.

This presentation contains forward-looking statements relating to operations of the Caltex Australia Group that are based on management's own current expectations, estimates and projections about matters relevant to Caltex's future financial performance. Words such as "likely", "aims", "looking forward", "potential", "anticipates", "expects", "predicts", "plans", "targets", "believes" and "estimates" and similar expressions are intended to identify forward-looking statements.

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Thank You