



KEEPING AUSTRALIA MOVING

2009 HALF YEAR REVIEW



CALTEX
Caltex Australia

KEY POINTS

- First half RCOP¹ \$298 million, 52% higher than 1H08
- Good operational performance across the business
- Results supported by favourable key externalities
- Growth supported by proposed acquisition of Mobil retail business
- Weaker outlook expected for 2H09
- No dividend for first half – cashflow to be directed to inorganic growth opportunities

KEY PERFORMANCE INDICATORS

HALF YEAR ENDED 30 JUNE	2009	2008
Profit before interest and tax (\$m)		
– Replacement cost basis	433	302
– Historical cost basis	526	528
Profit after interest and tax (\$m)		
– Replacement cost basis	298	196
– Historical cost basis	362	354
Inventory gains before tax (\$m)	93	226
Basic earnings per share (cents)		
– Replacement cost basis	110.2	72.7
– Historical cost basis	134.2	131.3
Return on equity attributable to members of the parent entity after tax, annualised (%)		
– Replacement cost basis	20	13
– Historical cost basis	25	23
Net tangible asset backing per share (\$)	10.60	11.05
Net debt (\$m)	560	645
Gearing (net debt to net debt plus equity) (%)	16	17

1 The replacement cost of sales operating profit (RCOP) excludes the impact of the fall or rise in oil prices (a key external factor) and presents a clearer picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of contract based revenue lags.

2 The Caltex Refiner Margin (CRM) represents the difference between the cost of importing a standard Caltex basket of products to Eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents: average Singapore refiner margin + product quality premium + crude discount/(premium) + product freight - crude freight - yield loss.



CHAIRMAN'S REPORT

The first half of 2009 was a pleasing one for Caltex Australia.

Good operational performance across the whole business, as well as favourable externalities, contributed to an after tax profit of \$298 million on a replacement cost of sales operating profit (RCOP) basis for the first half of 2009. This compares with \$196 million for the first half of 2008, a 52% increase year on year.

This first half result will enable the company to fund the proposed purchase by Caltex of 302 Mobil service station sites entirely from cashflow, if regulatory clearance is received.

The remainder of 2009 is expected to be challenging. The favourable key externalities seen in the first half are unlikely to be repeated in the second half. A higher Australian dollar and higher crude oil prices will tend to moderate the Caltex Refiner Margin² which will, in turn, affect our profits. New global refining capacity is likely to exacerbate the impact of lower global demand.

The timing and size of demand recovery will determine the rate of margin recovery.

Caltex remains committed to a conservative balance sheet and good cash management. Debt fell significantly during the half from \$832 million at the end of December 2008 to \$560 million at the end of June 2009. As a result, period end gearing fell to 16%, compared to our target range of 20 to 25%.

Bearing in mind the growth opportunity anticipated in the proposed Mobil purchase, the Board considered it prudent not to pay a dividend at this time. The Board will reassess this position at the full year when the outcome of the second half is known.

While the short term presents some challenges, we remain optimistic about the medium and long term future of the company. As the Australian and Asian economies recover, Caltex will benefit from its exposure to the mining, agriculture and transport industries in Australia and the long-term growth in demand for diesel, jet fuel and premium fuels.

A handwritten signature in black ink, reading "Elizabeth Bryan". The signature is written in a cursive, flowing style.

Elizabeth Bryan
CHAIRMAN



MANAGING DIRECTOR & CEO'S REPORT

Improved operational performance and favourable key externalities resulted in a record first half result for Caltex, despite the challenging economic environment.

Caltex benefited from higher production volumes as a result of increased reliability at both our refineries with no major unplanned shutdowns occurring. Despite major planned maintenance at our Kurnell refinery, production of transportation fuels was up by 8.6% over the first half of 2008 to 5.1 billion litres.

The lower average Australian dollar during the half resulted in a higher Caltex Refiner Margin. Excluding timing lags, the Caltex Refiner Margin for the period averaged 8 Australian cents per litre, an increase of 14% over the first half of 2008.

The marketing business continued to deliver strong results in the first half of 2009. Overall transportation fuel sales were in line with the first half of 2008, with continued growth in jet and diesel sales offsetting a contraction in petrol demand. Total average weekly sales from our convenience stores increased 4.3% on the same period last year.

Our integrated fuel margin for the first half of 2009 was 10.7 Australian cents per litre, up from 10.1 Australian cents per litre in the same period last year.

While Caltex managed to maintain volumes in line with 2008, overall market demand has softened.

Marketing's result in the first half demonstrates the robustness of marketing earnings in a tough economic environment, providing a cushion against the volatility within our refining business. In May 2009, Caltex announced the proposed purchase of 302 Mobil service station sites. This is an important opportunity for the company in an area of the business which provides more stable growth than the volatile refining business.

Several initiatives are underway that will strengthen our supply chain and enable our Marketing business to capitalise on growth in key parts of Australia.

The new diesel hydrotreating unit at Lytton is now complete and is producing Australian grade 10ppm sulfur diesel at full capacity.

The construction of new capacity at our Mackay terminal is on track for completion by end 2009. This project strengthens the important link between the North Queensland diesel market and our new diesel hydrotreater at Lytton – allowing us to improve both our supply chain economics and flexibility, especially in the growth area of the Bowen Basin.

In north Western Australia, planning for additional terminal capacity has advanced and the project is on track for delivery by the end of 2010.

As the new Managing Director & CEO of Caltex, my focal point is to deliver on our strategy while creating a culture that continually challenges the status quo and executes our plans with speed and excellence.

We will continue to focus on the factors and opportunities that are within our control – refinery reliability, cost control, efficiency – and take advantage of appropriate external opportunities that present themselves.

We will also focus on earnings growth delivered through our exposure to the growth markets for diesel and jet fuel and our retail store network.



Julian Segal
MANAGING DIRECTOR & CEO

INDICATIVE FINANCIAL CALENDAR*

22 February 2010

Full year results and final dividend announcement

08 March 2010

Record date for final dividend entitlement

29 March 2010

Final dividend payable

22 April 2010

Annual General Meeting

* These dates are subject to change.

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