



CALTEX AUSTRALIA LIMITED ACN 004 201 307
2009 FULL YEAR RESULTS ANNOUNCEMENT

22 FEBRUARY 2010





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Good operating performance in challenging conditions

Robust full year result in volatile conditions

- ✓ \$324M RCOP NPAT before significant items
- × Lower second half Singapore refiner margin reduced 2009 CRM to US\$5.95/bbl compared with US\$10.27/bbl in 2008
- ✓ On average AUD was lower in 2009
 - ✓ \$108M positive impact on CRM compared to 2008
- ✓ Rising AUD through 2009 delivered \$105M realised gain on crude payables
- ✓ Marketing profit offset Refining loss in second half

Strong operational performance

- ✓ Best ever safety result
- ✓ Transport fuel production of 10.2BL
- ✓ Good reliability
- ✓ DHTU2 commissioned at Lytton

Marketing volumes hold in a weaker market

- ✓ Total transport fuel volumes held in a declining market
- ✓ Jet and diesel fuel volumes up, reflecting market share gains
- ✓ Robust margins in a challenging environment

Fiscal management

- ✓ Cost and efficiency review commenced
- ✓ Balance sheet remains strong

Outlook Remains Weak

- × Excess capacity globally, and specifically in our region, is expected to dampen regional refiner margins
- ? Timing of demand recovery uncertain



Strategy

Shaping the business to generate acceptable returns in a low refiner margin environment and ensure the sustainability of our business into the future

- ✓ Culture
- ✓ Lowest cost base
- ✓ Investment in strategic infrastructure
- ✓ Earnings growth
- ✓ Organic growth in Marketing



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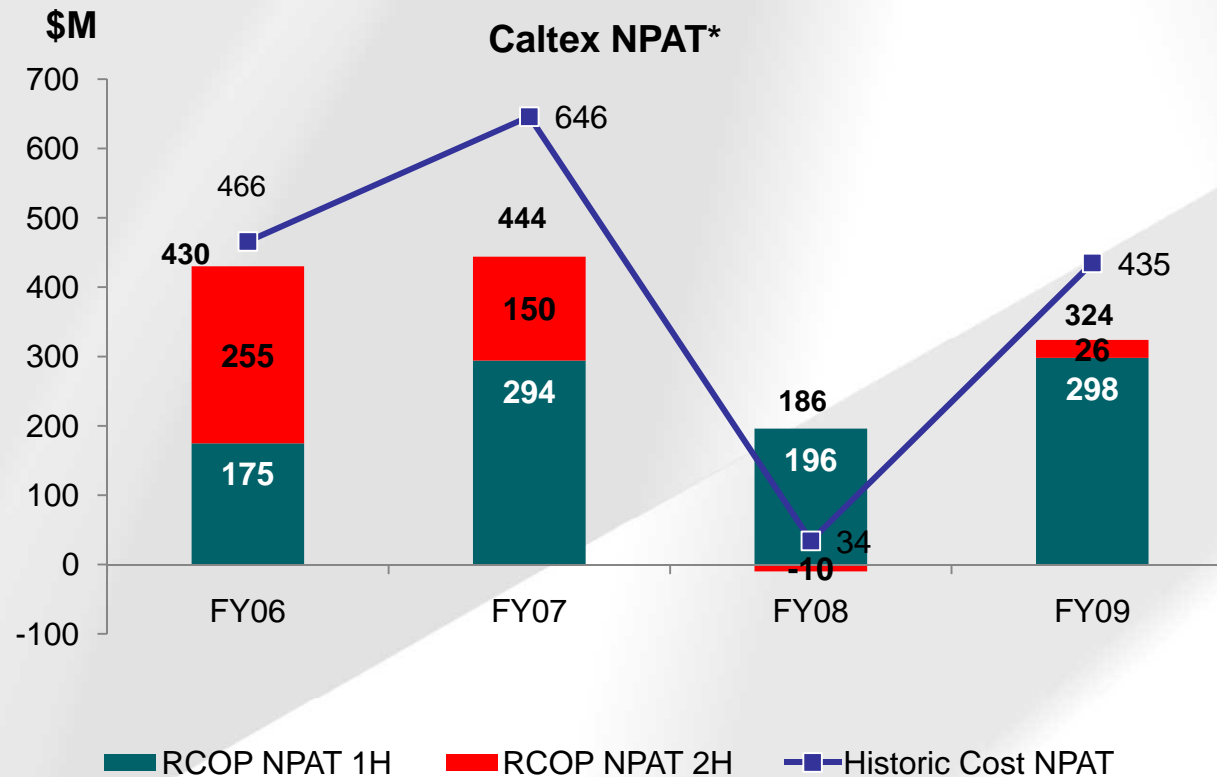
Summary financial results

Replacement Cost		FY09	FY08	% Change
	<u>Excluding significant items:</u>			
	EBIT (\$M)	489	321	53
	NPAT (\$M)	324	186	74
	EPS (cps)	120	69	74
	Dividend (cps)	25	36	(25)
	Debt (\$M)	487	832	(41)
	Gearing (%)	14	24	(41)
	Gearing (Lease Adjusted %)	18	30	(40)
	<u>Including significant items:</u>			
	EBIT (\$M)	317		
	NPAT (\$M)	203		
Historic Cost	<u>Including significant items:</u>			
	EBIT (\$M)	475	104	
	NPAT (\$M)	314	34	
	EPS (cps)	116	13	

Summary of significant items

Significant Item	\$M (before tax)
Lube Refinery asset write offs, dismantling and related redundancies	93
Increased remediation provisions and write downs relating to divestment of retail sites	39
Transaction cost for proposed Mobil acquisition	11
Corporate restructure costs (primarily redundancies)	18
Other asset write offs	<u>13</u>
	<u>173</u>

Strong full year earnings delivered despite challenging global market conditions

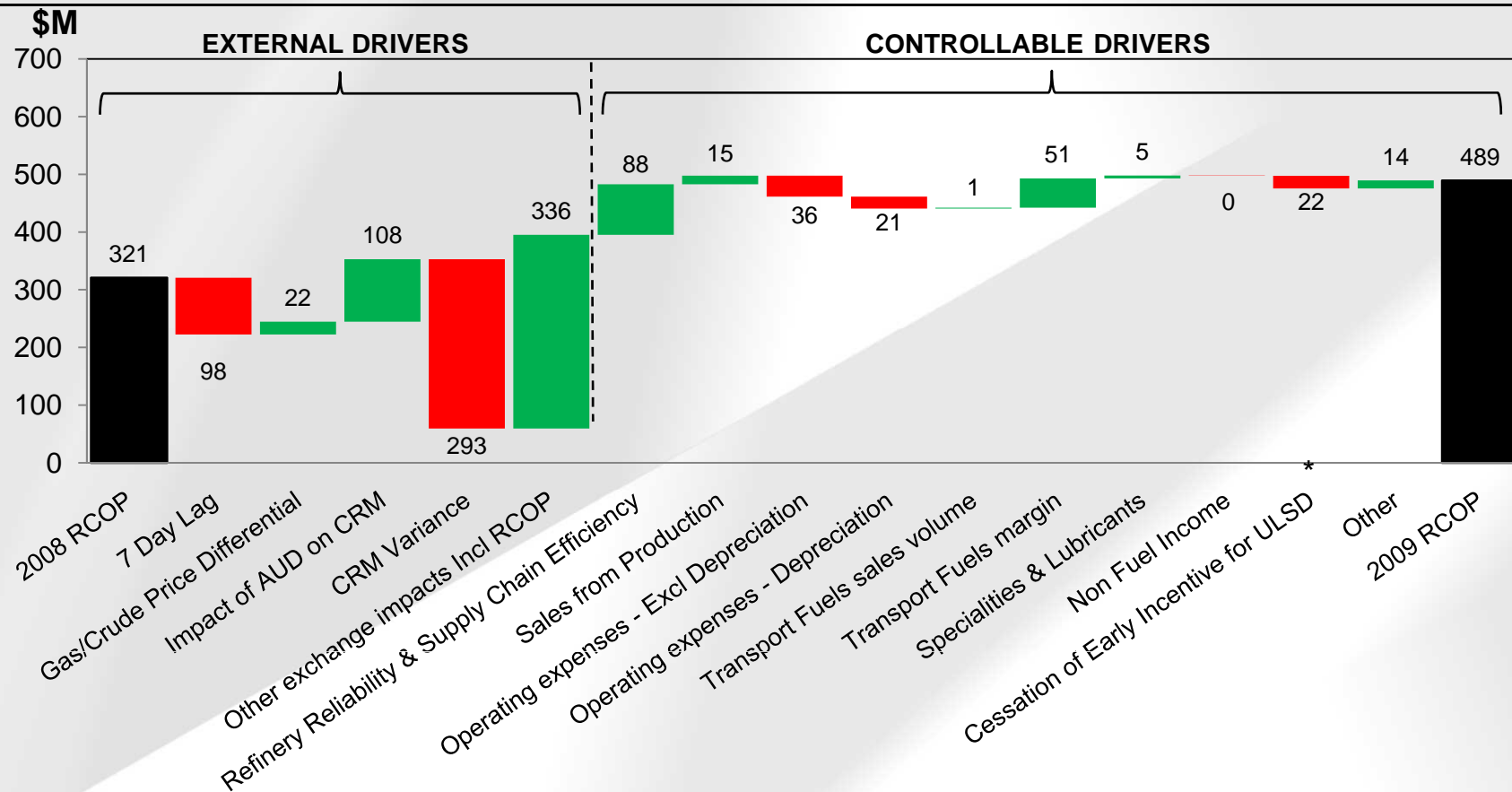


As expected positive contribution from key external drivers not maintained in second half



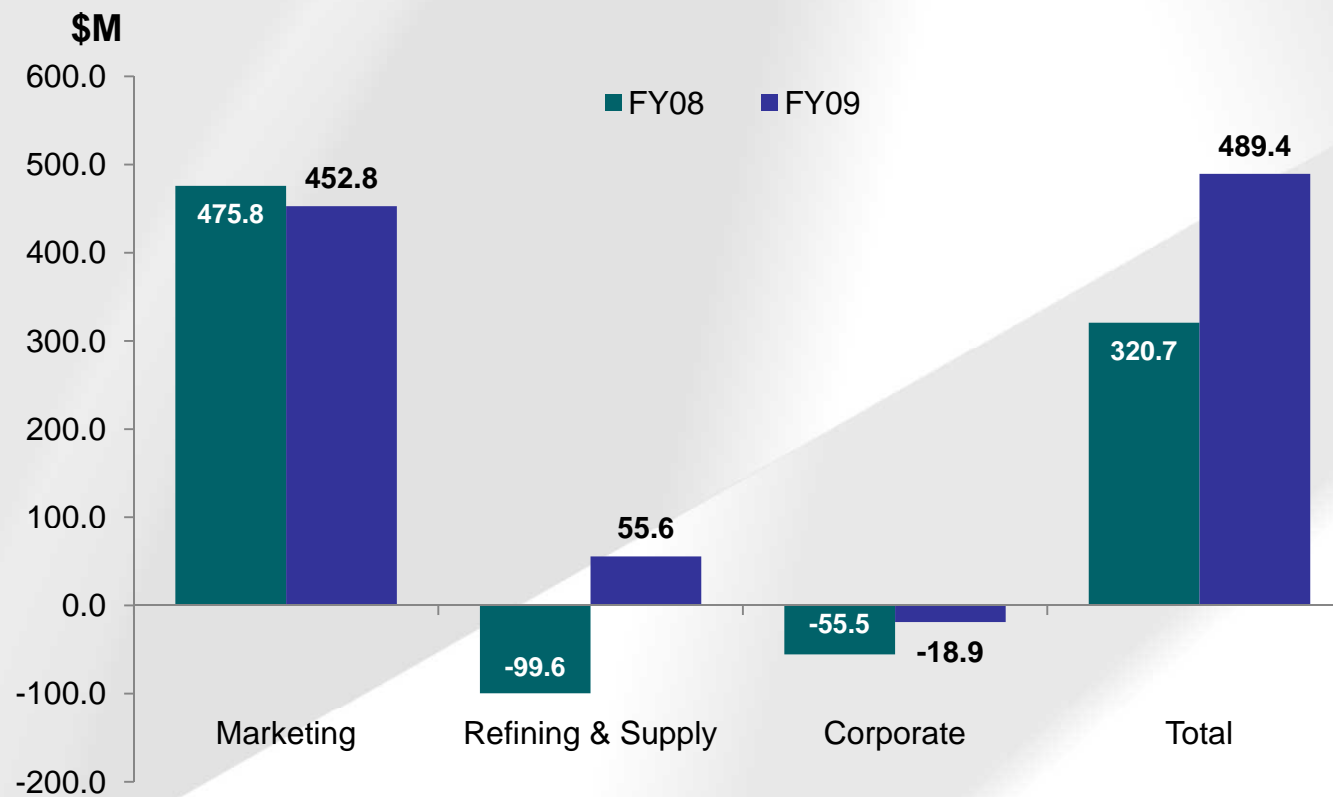
*Net profit after tax, excluding significant items

Improved operational performance and net positive externalities were highlights of 2009



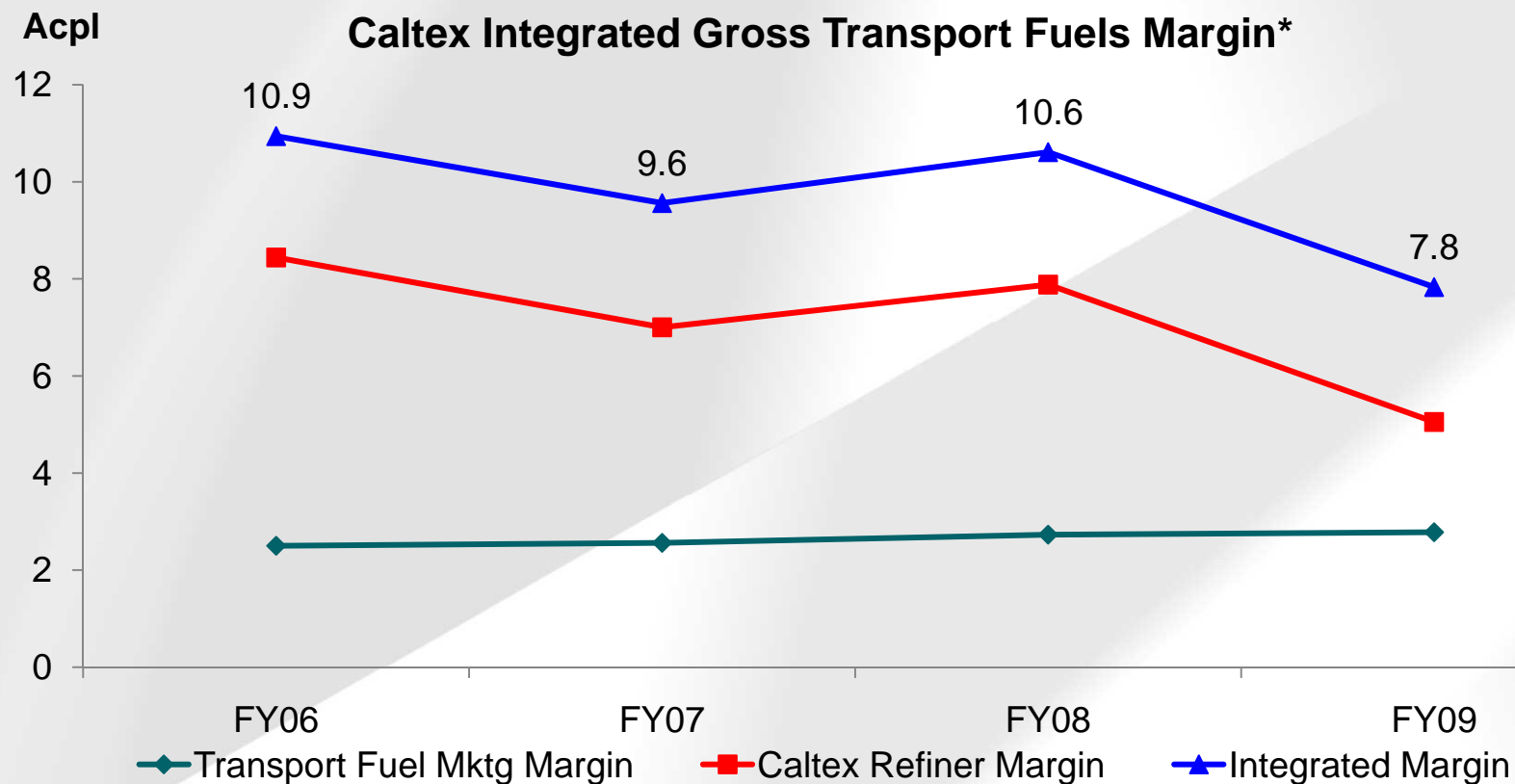
RCOP EBIT excluding significant items
 *ULSD – Ultra Low Sulphur Diesel

Segment Reporting – RCOP EBIT



Stability of Marketing earnings contrasts with volatile returns of Refining

Integrated transportation fuels margin down due to poorer refiner margin reflecting weakness in demand





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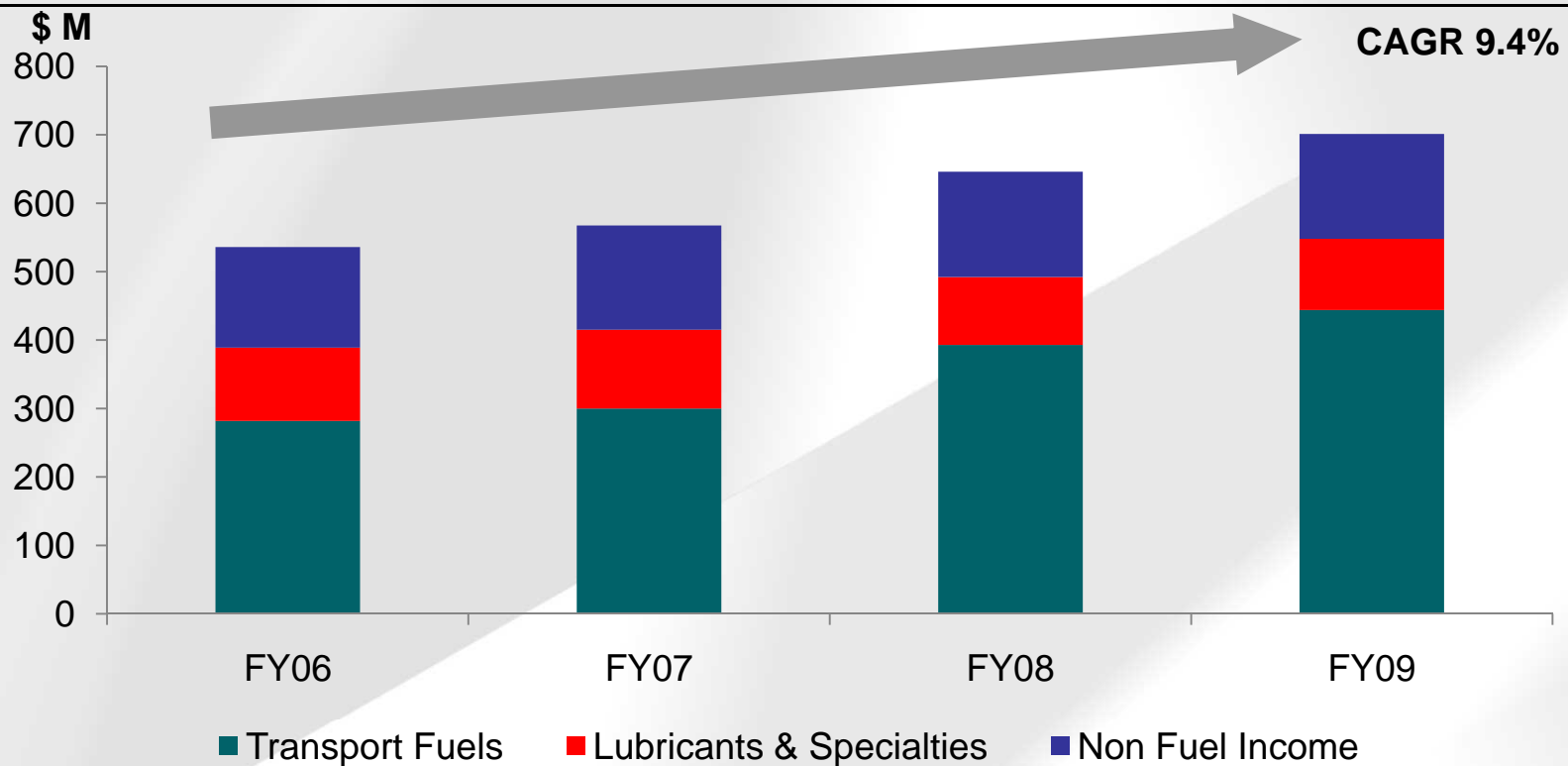
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Strong marketing gross contribution* despite economic downturn

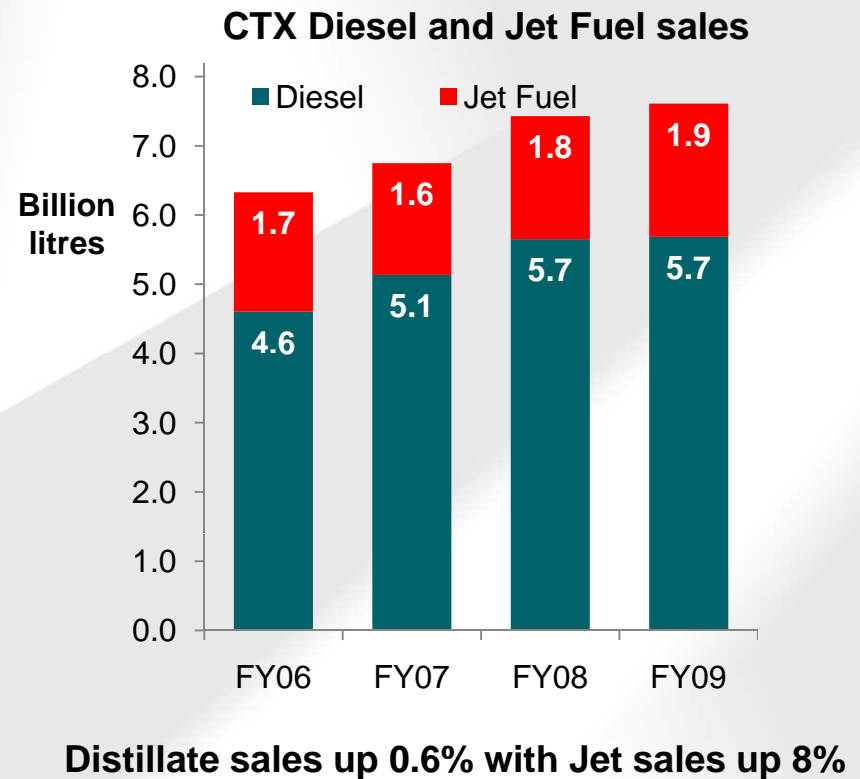
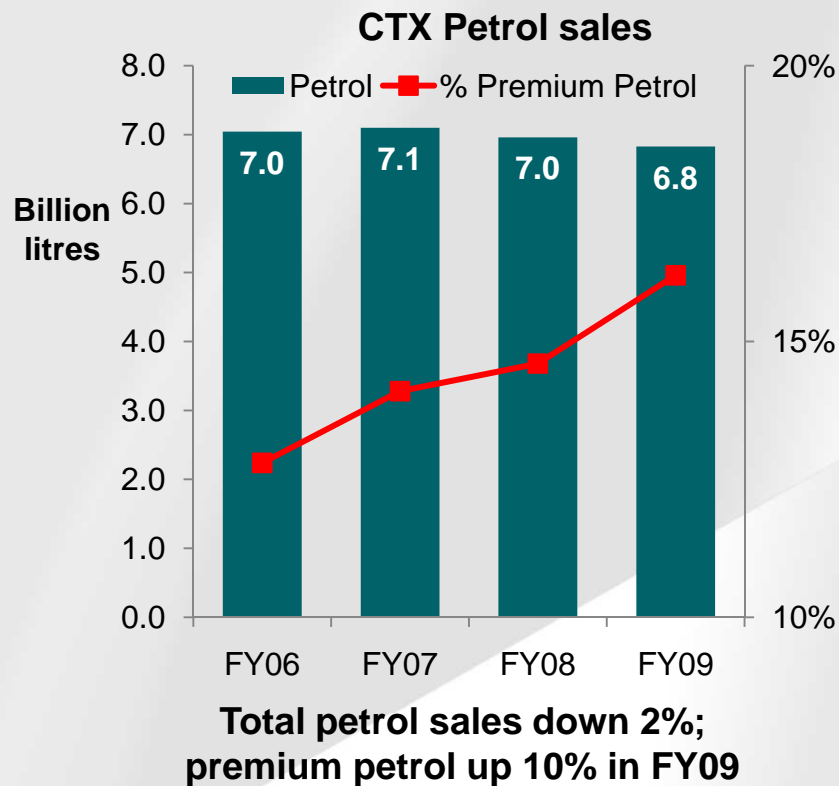


Marketing continues to provide a stable earnings platform to buffer cyclical returns in refining



* Gross contribution before operating costs (including terminal costs) | 13

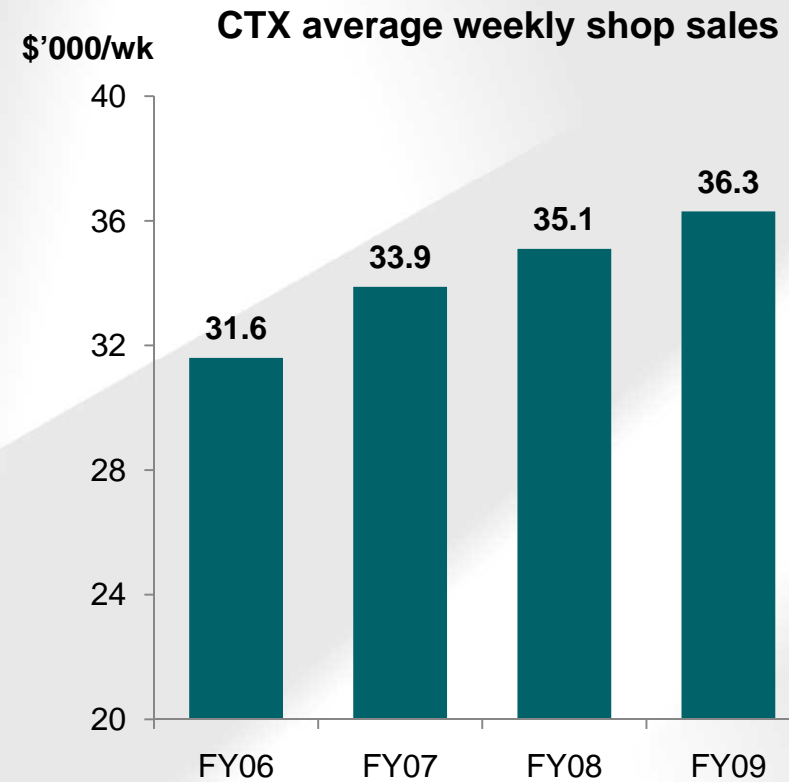
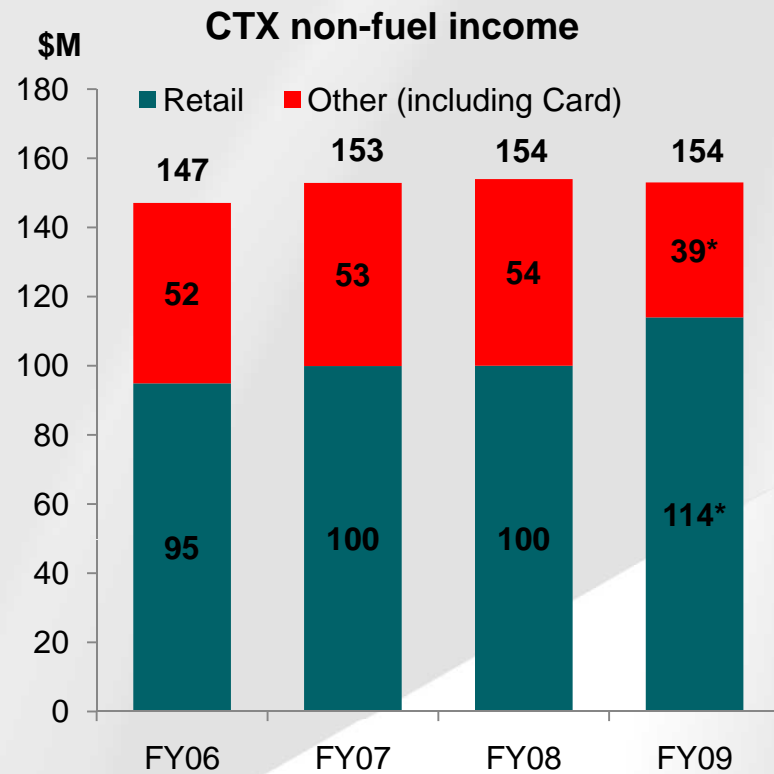
Continued strong demand growth for distillates offsets expected weakness in gasoline demand



Strong growth in premium petrol and jet fuel volumes despite weak overall demand



Growth in StarMart shop sales continues



An endorsement of our strategy to grow this part of our business



* Includes effect of earnings from retail sites transitioned from reseller



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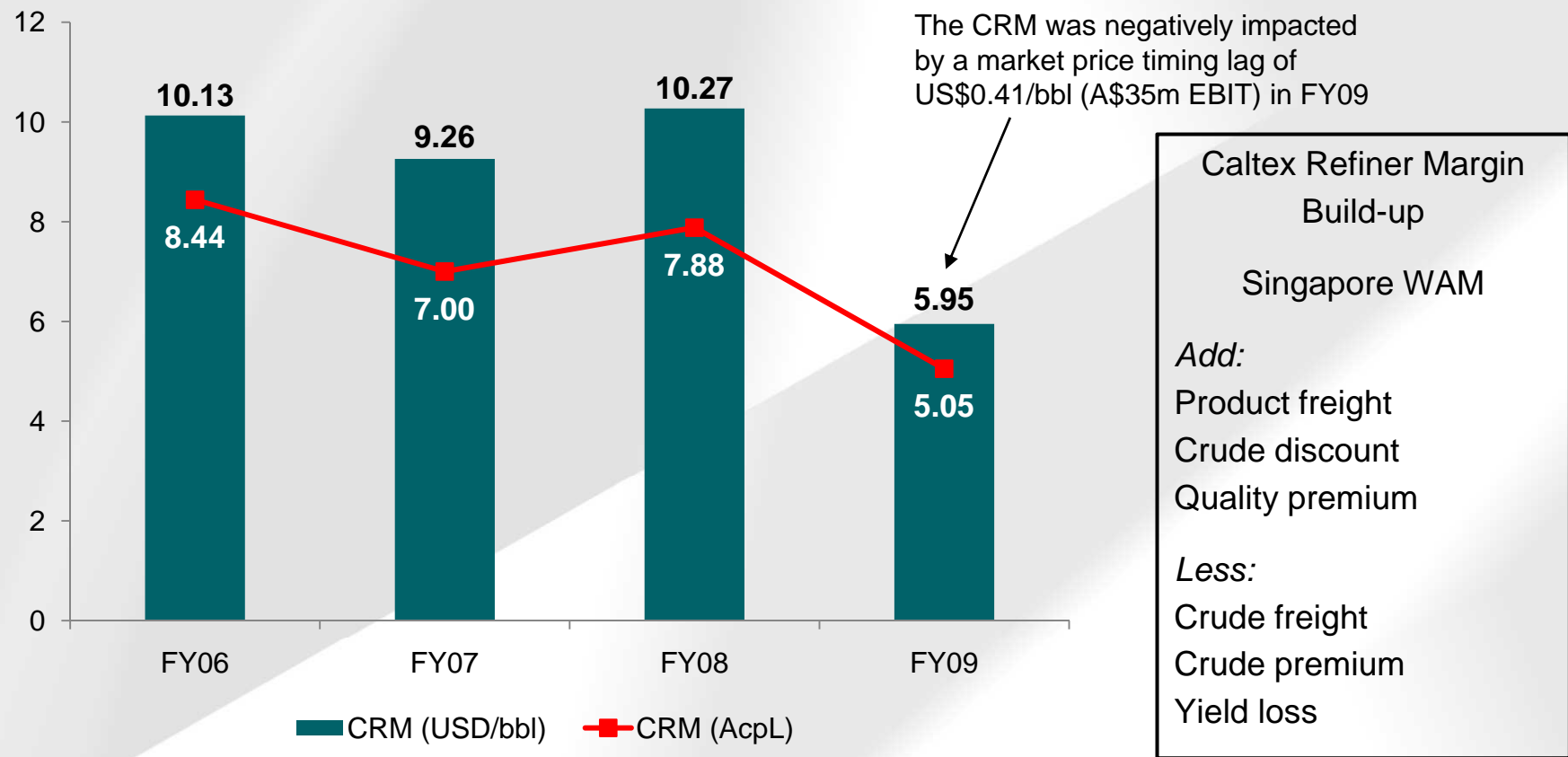
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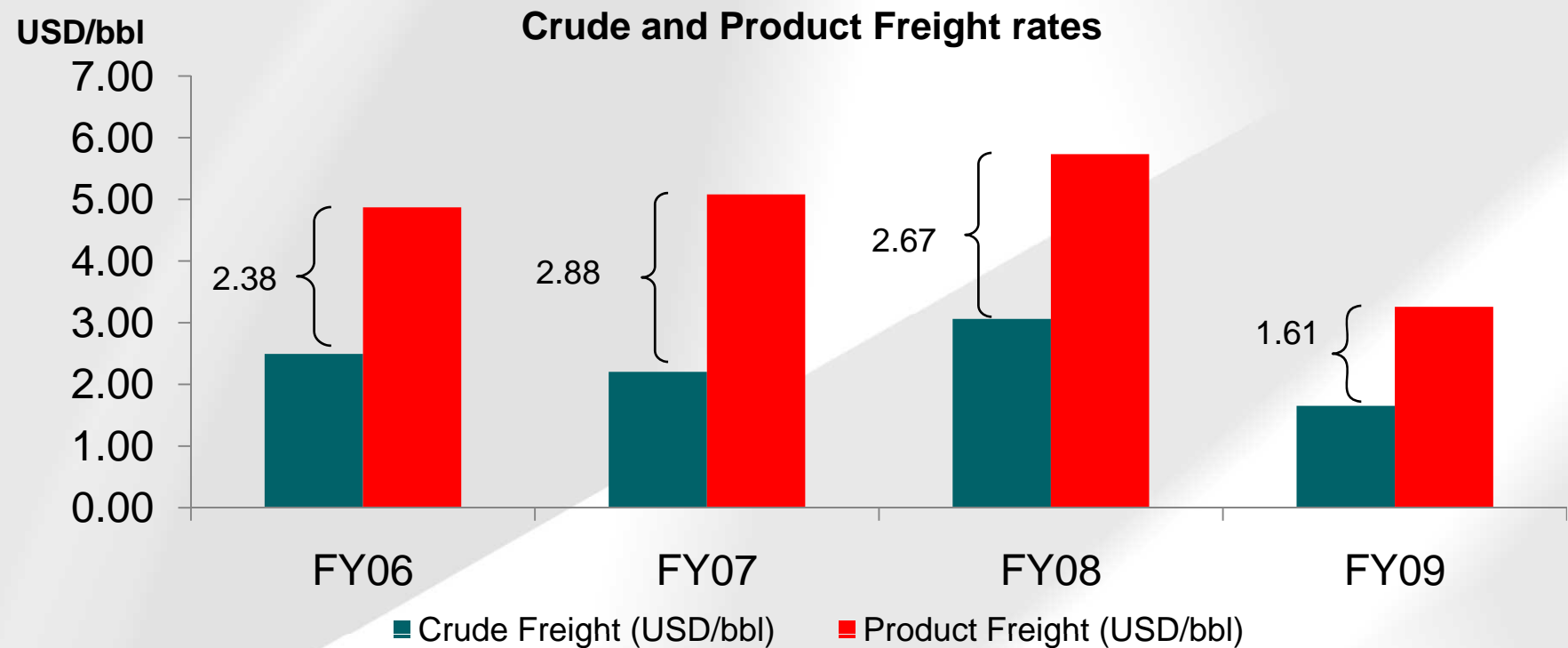
Q & A

Poor second half refiner margins reduced the full year refiner margin significantly



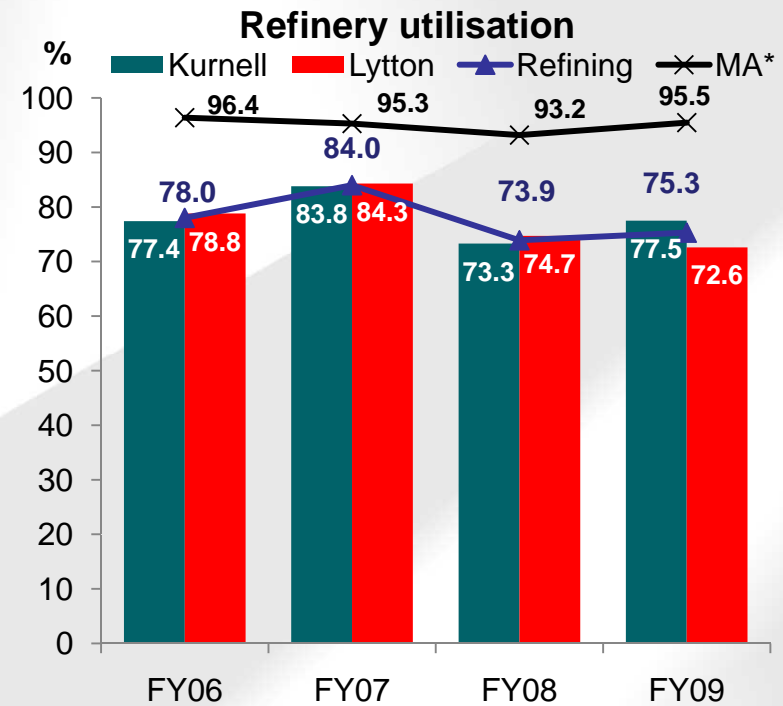
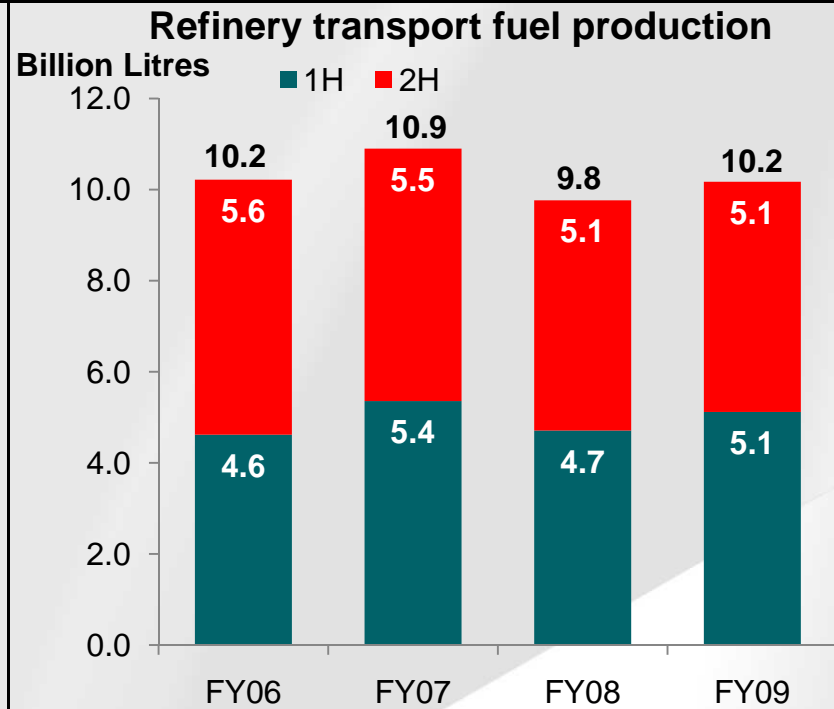
*The Caltex Refiner Margin (CRM) represents the difference between the cost of importing a standard Caltex basket of products to Eastern Australia and the cost of importing the crude oil required to make that product basket. The CRM calculation represents: average Singapore refiner margin + product quality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

Weaker global product demand and higher product shipping capacity markedly reduced freight differential



Recovery in global product demand expected to restore the differential in the medium term. The bottoming out in the Singapore-Australia World Scale clean index is a positive sign.

Improved refinery reliability with higher production and utilisation rates



High mechanical availability allowed optimisation of the production vs imports mix



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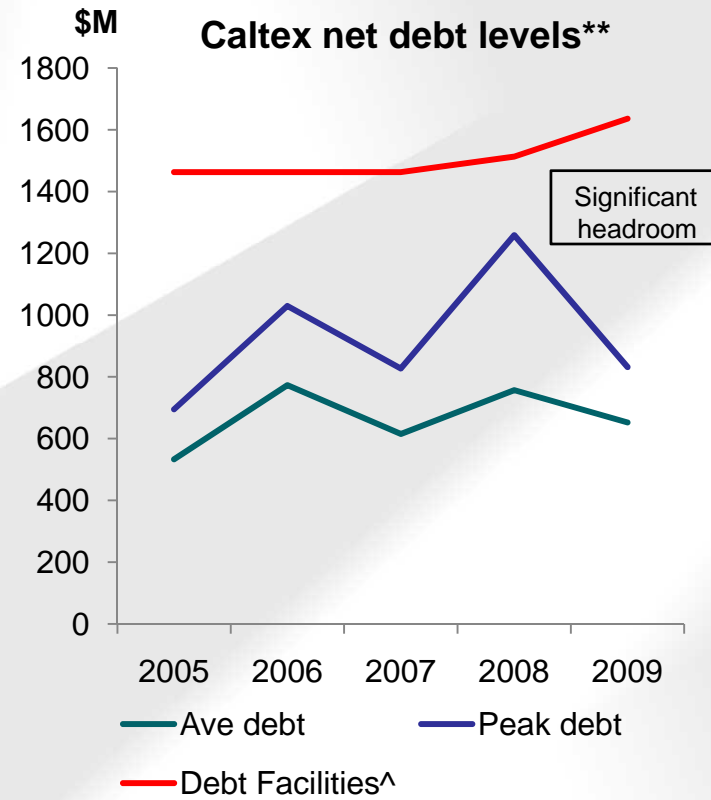
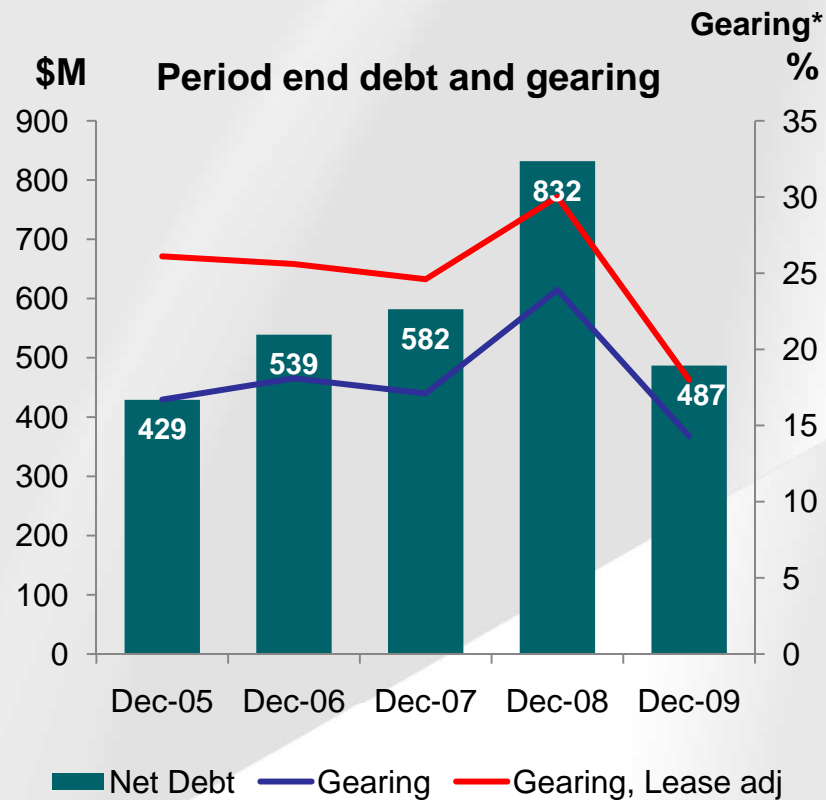
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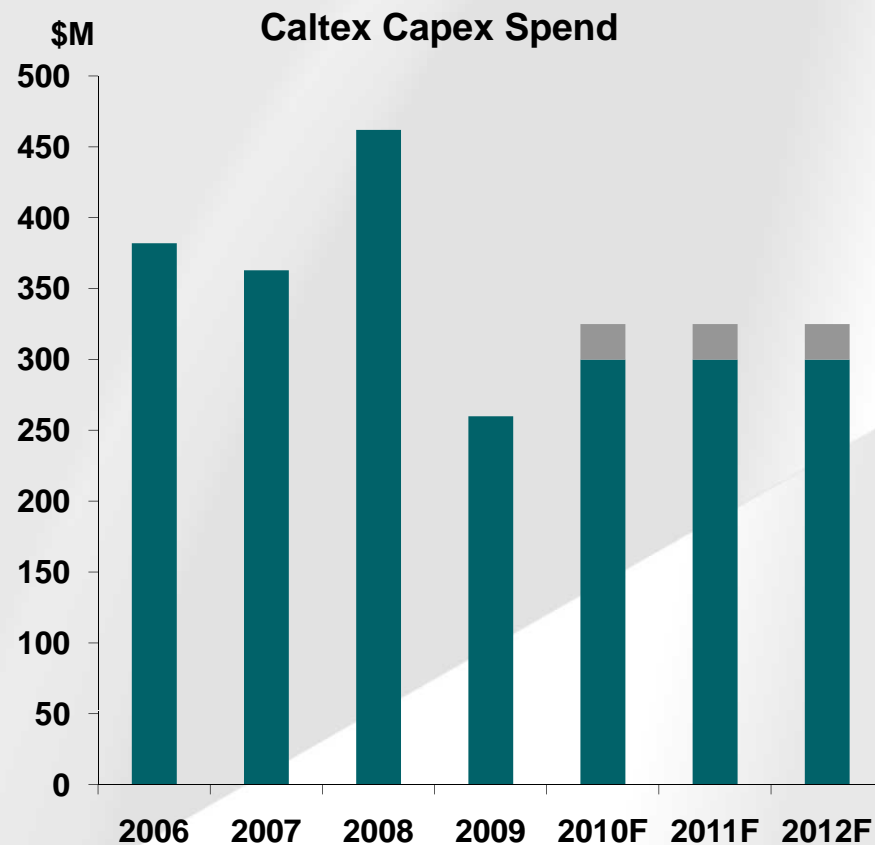


Allows for cyclical peaks and funding of organic growth opportunities



* Gearing = net debt / (net debt + equity); Gearing – Lease adjusted, adjusts net debt to include lease liabilities
 ** Average debt is the average level of debt through the year; Peak debt is the maximum daily debt through the year
 ^ Debt facilities includes committed facilities as at Dec 2009. (Note: A\$132m 2002 US Private Placement bond facility repaid on 30 July 2009).

Capital expenditure will be managed to maintain balance sheet strength

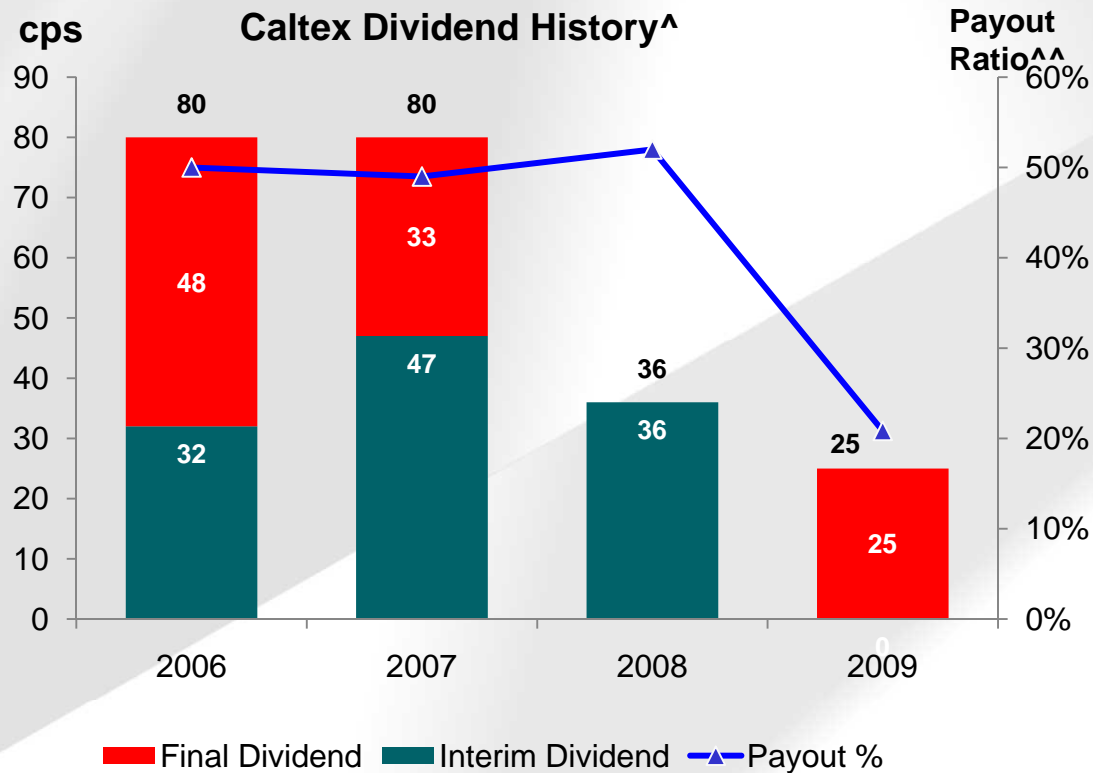


- Baseline capital spending plans over the next few years will be around \$300M – \$325M pa.
- Capital expenditure for Refining cost savings to be identified
- Excludes capital required for
 - Cost and Efficiency Review
 - Mobil Acquisition
 - Other potential opportunities related to the base business

Strong balance sheet maintained

- ✓ BBB+ credit rating maintained despite cyclical refining lows
- ✓ Successful debt refinancing
 - ✓ Bank debt A\$200M
 - ✓ USPP A\$275M
 - ✓ No material changes in terms and conditions
- ✓ 3 year average tenor
 - ✓ No refinancing until mid-2011
- ✓ Strong working capital focus

Dividends: using operating cash flow to fund growth opportunities



[^] Dividends declared relating to the operating period; all dividends fully franked
^{^^} Payout ratio of reported RCOP NPAT



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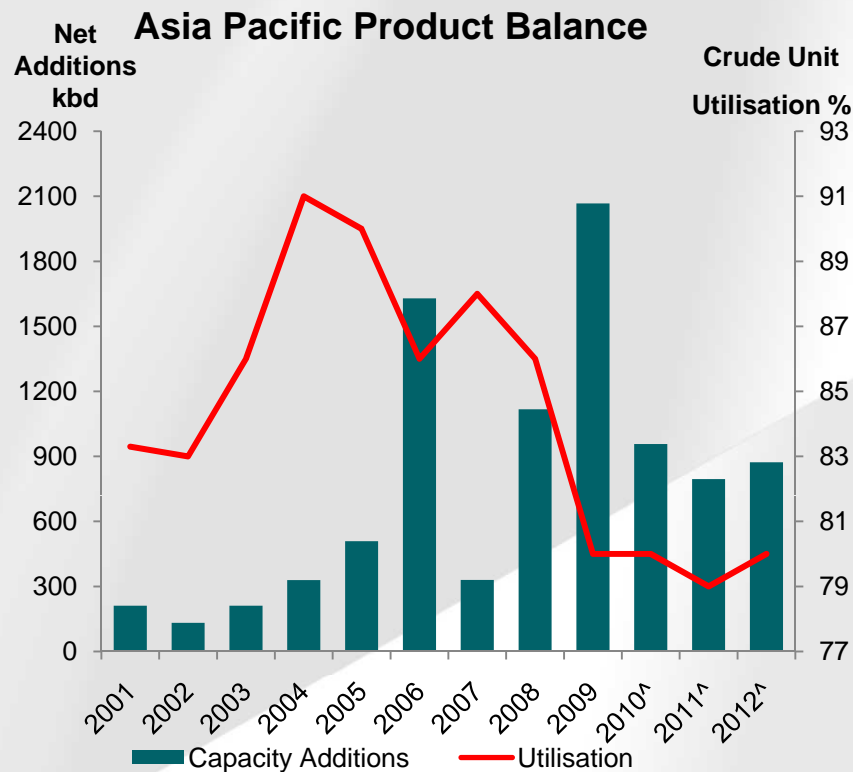
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Excess regional capacity is dampening margins and is expected to continue



- To date, refiners have lowered crude runs
- Chinese government has announced plans to close small refineries by 2011 & Japan expected to reduce capacity by end of 2011
- IEA/IMF/World Bank all forecast economic recovery in 2010

Key to margin turnaround is speed and magnitude of recovery in product demand

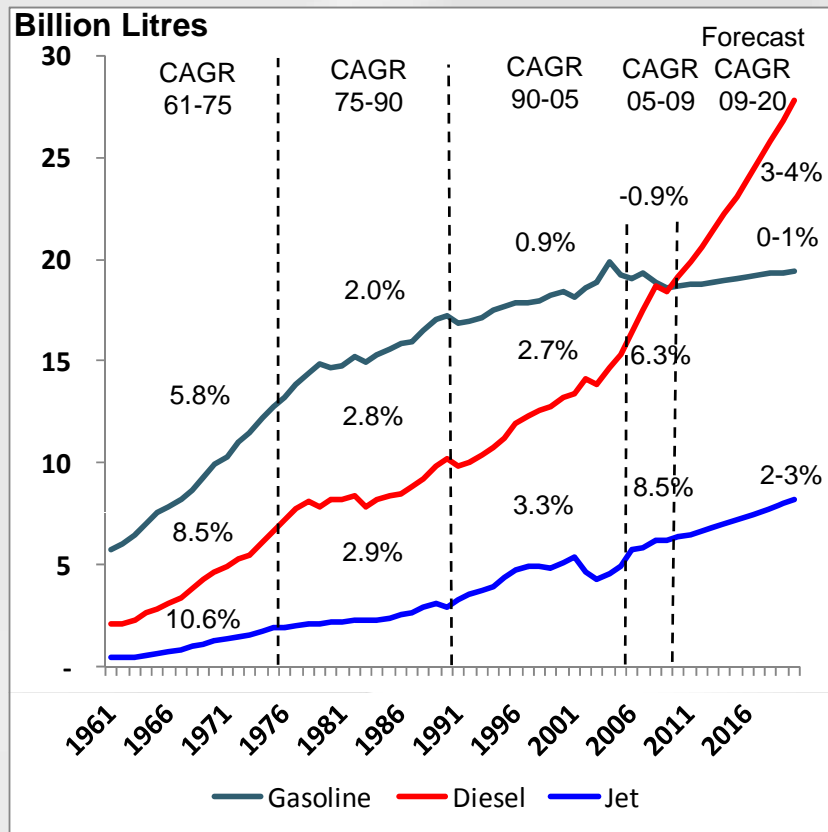


Source: FACTS Global Energy
[^]Oct 2009 Forecast

CTX benefits from exposure to Asian and Australian markets

- Leveraged to structurally appealing Australian market
 - de-regulated pricing
 - market is short, import parity pricing
 - quality premium applies
 - Australian economy & demand outperforming on global basis
- Stronger regional demand will drive Australian resource volumes, positively impacts demand for diesel
- Regional refiner margins will be influenced by ongoing growth in China and India

Strong Australian demand growth for diesel, jet fuel and premium fuel, future growth leveraged to Asian growth



- Fuels demand in 2009 negatively impacted by economic downturn and significant recovery not expected until 2011
- Longer-term demand prospects are favourable
- Diesel demand growth underpinned by GDP growth
 - Mining and transport
- Jet Fuel linked to increasing passenger travel due to economic activity / prosperity
- While gasoline overall remains a mature product, more rapid demand for higher octane, premium gasoline is expected

Culture

What we have delivered

- ✓ Short term and long term incentive programs re-designed
- ✓ Culture project commenced
- ✓ Excellent improvement in safety and reliability

What we are targeting

- ✓ Cultural change
- ✓ Organisational capability build
- ✓ Continued journey to world class safety and reliability

Project Catalyst

What we have delivered

- ✓ Commenced cost and efficiency review
- ✓ Results of our continuous program of cost and efficiency drive include:
 - ✓ Reseller consolidation to four hubs
 - ✓ Retail front and back office accounting system implementation commenced
 - ✓ Maintenance of strong balance sheet

What we are targeting

- ✓ Refining improvement initiative
 - ✓ \$100 M pa by year 3 from
 - ✓ Cost efficiencies
 - ✓ Energy efficiencies
 - ✓ Reliability
- ✓ Procurement benefits
 - ✓ \$100 M by year 3
- ✓ Corporate cost savings
 - ✓ \$15 M in year 1
 - ✓ \$20 M ongoing savings

Infrastructure

What we have delivered

- ✓ DHTU2 commissioned
- ✓ Mackay Terminal upgrade
- ✓ Diesel loading facilities at Gladstone
- ✓ Secured new product ship
- ✓ Brisbane bunker barge

What we are targeting

- ✓ Infrastructure growth projects to support diesel market growth
 - ✓ North Western Australia
 - ✓ Queensland

Organic growth in Marketing

What we have delivered

- ✓ Marketing 4 year CAGR of greater than 5%
- ✓ Greater than 5% growth in diesel volume over last 3 years
- ✓ Record jet fuel sales in 2009
- ✓ Premium diesel rolled out to 212 sites in 2009
- ✓ Vortex 98 rolled out to 43 sites in 2009 (cumulative total 452 sites representing 81% by volume)
- ✓ Greater than 4% annual growth in average weekly shop sales over last 4 years

What we are targeting

- ✓ Organic growth in marketing
 - ✓ EBIT CAGR of at least 5% from
 - ✓ Premium fuels
 - ✓ Diesel growth at or above market rate
 - ✓ Convenience store income growth at or above market
 - ✓ Finished lubricants

Growth

What we are targeting

- ✓ Strong focus on core business
 - ✓ Driving cost and capital efficiency
 - ✓ Continuing organic growth of Marketing
 - ✓ Building supply chain capabilities
- ✓ Future growth
 - ✓ Opportunities to grow the base business
 - ✓ Complementary to existing assets

Summary

- Regional refiner margin outlook expected to be weak but recovering through the period
- We are proactively responding to this weak refiner margin outlook
 - Reviewing costs and capital efficiency
 - Optimising the production vs imports mix during periods of weak refiner margins
- Core Marketing business will continue to provide earnings stability
 - Stable earnings from Marketing somewhat offsets cyclical earnings from Refining
 - Drive earnings growth from existing business to further buffer variability in Refining earnings
- Focused on earnings growth
 - Exposed to robust diesel and jet fuel growth
 - We are Australia's leading convenience store retailer
 - Investing in our supply chain
 - Decision on proposed purchase of Mobil Australia retail network



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Important notice

This presentation for Caltex Australia Limited is designed to provide:

- an overview of the financial and operational highlights for the Caltex Australia Group for the 12 month period ended 31 December 2009; and
- a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's expectations of the outlook for 2010 and future years, as at 22 February 2010.

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.

References in the presentation to assumptions, estimates and outcomes and forward-looking statements about assumptions, estimates and outcomes, which are based on internal business data and external sources, are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of the Caltex Australia Group or the likelihood that the assumptions, estimates or outcomes will be achieved.

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CALTEX AUSTRALIA LIMITED

ACN 004 201 307

2009 FULL YEAR RESULTS ANNOUNCEMENT – SPEAKER NOTES 22 FEBRUARY 2010

[Slide 1 – Cover sheet]

- Good morning
 - I am Julian Segal, Managing Director and CEO of Caltex Australia.
 - Welcome to all those present here in Sydney and those that are joining via teleconference or webcast.
 - A copy of the webcast will be available on our website by the close of business today.
 - Those of you joining us here at 2 Market Street will have received a copy of our full year results, and our ASX media release, together with this morning's presentation.
 - For those joining us remotely, the same material can be accessed via our website or the ASX website.

[Slide 2 – Contents]

[Slide 3 – Good operating performance in challenging conditions]

- I am very pleased to be reporting a robust full year result achieved in volatile conditions.
 - 324 million dollars RCOP NPAT before significant items
 - Record first half result was followed by a weak second half result due to lower Singapore refiner margins.
 - Average refiner margin in 2009 was 5.95 US dollar per barrel compared with 10.27 US dollar per barrel in 2008.
 - The lower average Australian dollar in 2009 resulted in a 108 million dollars positive impact on Caltex Refining Margin compared with 2008
 - The rising Australian dollar throughout 2009 resulted in a realised gain on crude payables of 105 million dollars
 - Strong result from Marketing more than offset the Refining loss in the second half
- Notwithstanding the challenging conditions, we delivered a strong operational performance
 - Our best ever safety result with the Lost Time Injury Frequency Rate at 2.1
 - Transport fuel production volume grew to 10.2BL due to much improved reliability of the refineries over 2008 levels.

- The second diesel hydrotreater unit was commissioned at Lytton, increasing our ability to produce ultra low sulphur diesel in the key Queensland market.
- Marketing volumes were held in a weaker market, specifically
 - Transport fuel volumes were held in a declining market
 - Jet and diesel volumes up substantially, reflecting market share gains
 - Robust margins were achieved despite the challenging environment
- Fiscal management remained conservative
 - We commenced a cost and efficiency review, and
 - Our balance sheet remains strong
- Globally, the weak outlook continues
 - Excess capacity globally, and specifically in our region is expected to dampen regional refiner margins in 2010
 - The timing of the recovery in demand remains uncertain

[Slide 4 – Strategy]

- Our strategy is to shape the business to generate acceptable returns even in a low refiner margin environment and ensure the sustainability of our business into the future.
- We will:
 - Create a culture that enables and rewards accountability and superior performance, and allows the status quo to be challenged
 - Achieve the lowest cost base for the level of reliability and quality our customers require, by continuously improving cost and capital efficiency.
 - Make investment in strategic infrastructure to optimise our supply chain from crude to the customer
 - For the next couple of years the focus will be on growing earnings coming from the cost and efficiency program and organic growth in Marketing.
 - Profitably grow the marketing business through convenience, reliability, service, relationship, quality and price competitiveness

[Slide 5 – Contents]

I will now handover to our CFO, Simon Hepworth, to present our financial results and discuss the performance of the individual business units in greater detail.

[Slide 6 – Summary financial results]

- For the twelve months ended 31 December 2009, Replacement Cost EBIT was up 53% to \$489 M (excluding significant items), compared to \$321 million for the full year 2008.
- The 2009 full year RCOP NPAT was \$324 M (excluding significant items), a 74% improvement on the 2008 result of \$186 M.

- EPS up 74% to 120 cents per share.
- The Board declared a final (and total) dividend of 25 cents per share fully franked compared with 36 cents per share (fully franked) in 2008. In addition to supporting the acceleration of capital investment in key areas of our business, the 2009 financial result and the strength of the balance sheet has allowed the payment of a dividend, notwithstanding the challenging short term outlook for 2010 and the ongoing uncertainty regarding the proposed Mobil acquisition. Caltex remains committed to a conservative balance sheet and will continue to focus on good cash management.
- The yearend debt position improved 41 % to \$487 M with the associated drop in gearing to 14% or 18 % on a lease adjusted basis. Debt at 31 December 2009 was temporarily low due to timing of crude cargo payments. Average debt has remained relatively constant during the year.
- Including significant items the RCOP EBIT result was \$317 M and RCOP NPAT was \$203 M.
- On a historical cost basis including significant items the EBIT was \$475 M compared with \$104 M in 2008.
- Historical cost NPAT including significant items was \$314 M compared with \$34 M in 2008.
- On a historical cost basis, earnings per share improved significantly in 2009 to 116cents per share compared with 13 cents per share in 2008.
- Whilst the historic cost result includes the impact of the fall or rise in oil prices, the replacement cost result excludes this impact. We believe the RCOP result presents a clearer picture of the company's underlying business performance.

[Slide 7 – Summary of significant items]

- Caltex has recognised significant items totalling \$173 M (before tax) including:
 - Approximately \$93 M for the asset impairment and redundancies relating to the planned closure of the Caltex Lubricating Oil Refinery at Kurnell in Sydney. CLOR is not viable going forward due to the fact that the plant faces declining feedstock sources. A decision has been made to close CLOR with further detailed work to be done to determine a precise date for closure.
 - Approximately \$39 M for increased remediation provisions and write downs relating to the divestment of retail sites.
 - Approximately \$11 M for the write off of costs relating to the proposed Mobil acquisition.
 - Approximately \$18 M relating to the corporate restructure and cost reduction.
 - Approximately \$13 M relating to other asset write-offs.

[Slide 8 – Strong full year earnings delivered despite challenging global market conditions]

- As expected, the record first half result of \$298 M RCOP NPAT due largely to the positive impact of external drivers was not repeated in the second half.

[Slide 9– Improved operational performance and net positive externalities were highlights of 2009]

- The contributions of the factors within our control appear on the right hand side of the chart.
 - A great effort by the Refining team, headed by Gary Smith, delivered a major positive contribution from refining reliability and supply chain efficiency.
 - Mechanical availability was up to 95.5% vs 93.2% in 2008
 - HVP fuels this year was 10,174 ML compared with 9,763 ML. HVP to total production was 90.8%, the highest ratio since 2002 (91.2%)
 - Reduced volume of diesel imports due to increased reliability and commissioning of the second Diesel Hydrotreater
 - Better production mix
 - Sales from production contributed an incremental \$15 M driven by the year on year increase in CRM volumes of 193ML
 - Higher operating costs include increased bad debt provisions, operating costs relating to the diesel hydrotreater, and higher remediation costs.
 - Operating expenses – depreciation increased by \$21 M due mainly to increases in Refining, Supply and Distribution from expenditure on the turnaround program and completion of the second diesel hydrotreater.
 - Transport fuels sales volumes held relatively steady with a positive impact of \$1 M due to the 8.2% increase in jet sales and small increase in diesel sales offsetting the reduction in petrol sales.

- Great job by our Marketers, headed by Andy Walz, in maximising transport fuel margin contributed \$51 M due largely to external factors moving in our favour resulting in beneficial freight costs.
 - Improved product mix as we roll out premium fuels
 - Higher jet fuel volumes
 - Improved customer mix
 - Also assisted by some external factors which may not be sustainable, e.g. freight differentials and exchange rate.
- Specialties and Lubricants and Non Fuel Income contributed \$5 M
- An early incentive rebate of \$22 M was received in 2008 to accelerate the roll out of ultra low sulphur diesel. This was not available in 2009.
- The contributions from the external drivers of the result are shown on the left hand side of the graph.
 - The 2008 positive 7 day lag of approx \$65 M was driven by a significant fall in petrol prices in 2H. During 2009 prices increased by about 18 Acpl resulting in a negative 7 day lag of \$34.8 M resulting in a nett variance from 2008 of \$(98) M
 - Gas/crude price differential largely arises due to timing differences between gas prices and the crude oil price. As the average landed crude price in 2009 was lower compared to 2008 there was a positive impact of approximately \$22 M due to the lower negative impact of the gas/crude differential.
 - The nett impact of the AUD on CRM was positive \$108 M.
 - The average AUD in 2009 was 79 US cents compared with 85 US cents in 2008.
 - The CRM variance relates to the non volume and non FX movement year on year in the US dollar per barrel margin.
 - Total 2009 USD CRM was \$408M, \$6.36 USD/bbl CRM. The 2008 US CRM was \$626m at \$9.74 USD/bbl.
 - The nett impact being a \$293 M reduction in CRM on a AUD basis.
 - The \$251 M significant loss in the exchange impacts in 2008 arose due to the unprecedented fall in the AUD in the 2H08. In 2009 the strengthening of the AUD resulted in a \$105 M gain and unrealised loss year on year movement of approximately \$20 M for a nett impact year on year of \$336 M.

[Slide 10 – Segment reporting – RCOP EBIT]

- This slide shows the contribution of our two key segments: Marketing and Refining and Supply.
- Marketing's result demonstrates the robustness and stability of marketing earnings in a tough economic environment, providing a cushion against the volatile earnings within our refining business (CRM and foreign exchange effects). For Refining, it was a year of two halves with strong earnings in 1H09 being offset in 2H09 due to lower refiner margins.

Stability of marketing earnings contrasts with volatile returns of Refining

[Slide 11 – Integrated transportation fuels margin down due to poorer refiner margin reflecting weakness in demand]

- Our integrated fuel margin for the full year of 2009 was 7.8 Acpl on a lagged basis, down significantly from 10.6 Acpl in 2008.
- Global refiner margins remained under pressure in the second half of 2009 because of depressed global demand and the growth in global surplus refinery capacity. In the second half, the higher Australian dollar and higher crude oil prices further moderated the Caltex Refiner Margin.
- Despite the lower CRM the 2009 Refining result improved \$155 M compared to 2008 (as shown on the previous slide) due to improved reliability and the strengthening of the AUD.

[Slide 12 – Contents]

- Turning now to the Marketing results.

[Slide 13 – Strong marketing gross contribution* despite economic downturn]

- The gross contribution from our Marketing business – that is, before operating costs - continues to provide a stable earnings platform to buffer the cyclical returns in Refining.
- Within the total result, the contribution from transportation fuels has been pleasingly resilient, despite the economic downturn, achieving a CAGR of 9% over the last four years.
- Lubes margins and volumes grew in 2009 but were offset by lower specialties margins and volumes due to the decline in economic conditions in 2009.

[Slide 14 – Continued strong demand in distillates offsets expected weakness in gasoline demand]

- Caltex's transportation fuel volumes are holding up well in a challenging environment.
- Jet fuel volumes increased by 8% underpinned by a strong customer base despite weakness in the overall aviation market.
- Diesel sales grew by 0.6% while overall gasoline sales were down about 2% broadly in line with the market.
- Within that, however, we continue to see growth in premium petrol sales volumes which were up an impressive 10% in 2009.

[Slide 15 – Growth in StarMart shop sales continues]

- Total average weekly sales from our convenience stores have increased 3.4% on the same period last year.
- This is a solid result and an endorsement of our strategy to grow this part of our business.
- Non fuel income has overall remained steady with higher shop sales being offset by lower merchant service fees due to lower pump prices.

[Slide 16 – Contents]

I will now turn to our Refining and Supply business.

[Slide 17 – Poor second half refiner margins reduced the full year refiner margin significantly]

- The Singapore Weighted Average Margin for 2009 was \$US5.52/bbl which is 51% lower than the \$US11.36/bbl recorded in 2008.
- The product quality premium averaged around \$US1.72/bbl across all transportation fuels, down 13% on the result achieved for 2008.
- The CRM was impacted by an unfavourable pricing lag of \$US 0.41/bbl.
- The lower crude oil price in the first six months relative to 2008 also resulted in a lower yield loss which was favourable to the CRM.
- Overall the CRM was lower in 2009 compared with 2008 (US\$5.95/bbl compared with US\$10.27/bbl).

- For the first half of 2009, the Caltex refiner margin (CRM) averaged US\$9.00/bbl. However the CRM for the second half of 2009 dropped significantly to US\$3.04/bbl for a full year result of US\$5.95/bbl.

[Slide 18 – Weaker global product demand and higher product shipping capacity markedly reduced the freight differential]

- As the Australian market is short, import parity pricing allows Caltex to capture the freight differential between product and crude freight in the CRM.
- Between 2003 and 2008 this differential was reasonably stable, varying between US\$2/bbl and US\$2.75/bbl.
- In the current downturn, the decline in global demand for both crude and product has resulted in lower shipping rates. With product shipping rates falling further than crude freight, the freight differential has fallen to historically low levels.
- We expect crude freight to rise more moderately and the combined effect to result in some improvement in the freight differential in the medium term.

[Slide 19 –Improved refinery reliability with higher production and utilisation rates]

- As previously mentioned, a highlight of 2009 was the restoration of reliable operations at both refineries after a number of unplanned outages during 2008.
- Mechanical availability rose to 95.5% vs 93.2% in 2008. The high levels of mechanical availability allowed us to optimise the production/imports mix for the best result for the company.
- The first half of 2009 saw the successful completion of major planned maintenance at Kurnell on the No.1 Cat Cracker and the start up of the new DHTU2 at Lytton.
- The second half saw the successful completion of major planned maintenance at Lytton involving the Diesel Hydrotreater No 1, Benzene Removal and Reformer units.
- As can be seen from these charts, in spite of this major maintenance, combined refinery production and utilisation are up on the corresponding period last year.

- This turnaround in the performance of our refineries is pleasing. However, we continue to focus on further improvement.

[Slide 20 – Contents]

I will now turn to our continued management of our strong balance sheet through maintenance of financial discipline.

[Slide 21 – Financial discipline maintained]

- Average debt remains flat year on year. Whilst debt and gearing as at year end fell in 2009, this was a temporary fall due to timing of customer receipts and crude cargoes.
- Given we operate in a cyclical industry, we remain cognisant of the need to maintain a strong balance sheet at all times.
- The strength of our balance sheet will allow us to utilise some of our available headroom to fund our growth plans from operating cash flow. We are already accelerating investment plans in infrastructure and retail upgrades.

[Slide 22 – Capital expenditure will be managed to maintain balance sheet strength]

- Major capital expenditure in refining is now over with the completion of the DHTU2, with emphasis going forward on accelerating investment in terminal infrastructure and retail upgrades.
- Capital expenditure over the next 2 to 3 years is expected to be around \$300 M to \$325 M per annum to accommodate these plans.
- This excludes any capital expenditure required to implement refining costs savings, the cost and efficiency review, Mobil acquisition and other potential opportunities related to the base business.

[Slide 23 – Strong balance sheet maintained]

- Our BBB+ credit rating has been maintained despite cyclical refining lows
- We successfully refinanced \$200 M of bank debt this year and undertook our US private placement of \$275 M and had no material changes in the terms and conditions.
- Average debt tenor is now 3 years with no refinancing required until mid-2011

- In 2009 we have had a strong working capital focus which will be maintained.

[Slide 24 – Dividends: using operating cash flow to fund growth opportunities]

- As discussed earlier the Board declared a final dividend (and total) of 25 cents per share fully franked, compared with a total dividend payout of 36 cents per share fully franked in 2008.
- In addition to supporting the acceleration of capital investment in key areas of our business, the 2009 financial result and the strength of the balance sheet has allowed the payment of a dividend, notwithstanding the challenging short term outlook for 2010 and the ongoing uncertainty regarding the proposed Mobil acquisition.
- Caltex remains committed to a conservative balance sheet and will continue to focus on good cash management.

[Slide 25 – Contents]

At this point I would like to hand back to Julian to discuss the outlook.

[Slide 26 – Excess regional capacity is dampening margins and is expected to continue]

- At Caltex, we expect margins to remain under pressure into 2010.
- This slide shows that much of the new refining capacity in the Asia Pacific region came on stream in 2009, with further, but smaller planned additions in 2010, 2011 and 2012.
- To date, global refiners have responded to falling demand by bringing forward maintenance and lowering utilisation rates, and the Chinese government has recently announced plans to close smaller refineries by 2011. Japan is expected to reduce capacity by the end of 2011. The key to margin improvement is the speed and magnitude of recovery in product demand, but it also depends on the actual output of the global refining network.
- Recently published forecasts by the IEA, IMF and the World Bank suggest a recovery in economic demand in 2010.

[Slide 27 – CTX benefits from exposure to Asian and Australian markets]

- We operate in an environment of considerable uncertainty at the present time, but the structural benefits of the Australian market will continue to underpin Caltex's results.
- While most of our Asia Pacific peers operate in a regulated price environment, currently one in three litres of transport fuels sold in Australia is imported resulting in import parity pricing.

- In addition, Australia's higher fuel standards mean Caltex attracts a fuel quality premium.
- Our Marketing business is also exposed to the comparative strength and resilience of the broader Australian economy.
- Stronger regional demand for resources will also drive increased domestic demand for fuel from Australia's miners and farmers, particularly for diesel.
- Ongoing growth in China and India will influence regional refiner margins leading to an expected recovery in margins as the supply overhang diminishes.

[Slide 28– Strong Australian demand growth for diesel, jet fuel and premium fuel, future growth leveraged to Asian growth]

- This slide shows the long term growth trends for transport fuels in Australia. As you can clearly see, diesel and jet fuel volumes have been growing more strongly than petrol for over 20 years, and we expect this trend to continue, underpinned by the growth in Asia.
- Diesel is predominantly a commercial fuel, with transport, mining, and agriculture as major segments. Consequently, diesel demand is leveraged to GDP growth, and has grown at around 3% per annum over the past 15 years – in recent years the growth has been much stronger at 6.3% pa, fuelled by the commodity boom, supported by the growth in China. Notwithstanding the recent impact of the global downturn where we experienced only minor growth in diesel sales, we expect that diesel growth will rebound and be robust into the medium term.
- With the exception of the last twelve months, jet fuel growth has also been strong, due to growth in passenger travel. Passenger travel is likely to keep growing at a robust pace on average over the longer term. Caltex experienced significant growth in its jet fuel sales this year despite the economic downturn reinforcing the success of our strategy to diversify our customer base in this market.
- In contrast, petrol has been a mature market for a number of years, with the increasing number of vehicles offset by higher car fuel efficiency and the impact of product substitution with diesel, biofuels and LPG. However, higher octane premium fuels will grow more strongly than the general petrol market, as the Australian car fleet is renewed. New, high efficiency petrol engines demand higher octane fuel. This will drive higher sales volumes of our premium Vortex petrols which saw an impressive 10% growth this year.

[Slide 29 – Culture]

- A critical element of our future success is based on our organisational culture.
- Beyond cost and capital efficiency and a strong growth strategy, we need a culture that will drive and support the achievement of our new vision for the business.

- The exciting journey toward re-defining our culture is now underway.
- Our short term and long term incentive programs have been redesigned to better align our employees with the interests of our shareholders.
- We have also seen a significant improvement in safety and reliability this year.

[Slide 30 – Project Catalyst]

- Project Catalyst has commenced with the goal of growing earnings. Profit improvement will come from initiatives in areas such as revenue growth, margin enhancement, volume sales growth, operating efficiency as well as cost reduction. It's about ensuring Caltex has a sustainable future. The Catalyst challenge is to step up, simplify and speed up.
- We have commenced the cost and efficiency review as part of Project Catalyst and established a Project Management Office to oversight the program across the business.
- The results of our continuous efforts to reduce cost and gain efficiencies has included our reseller consolidation program, with 4 equity reseller hubs established to position it as Caltex's small to medium enterprise engine room.
- As discussed previously by Simon our balance sheet remains strong due to our strong focus on financial discipline.
- In order to deliver on Project Catalyst we set ourselves clear target. These include:
 - The Refining improvement initiative targeting 100 million dollars per annum savings by year 3 from cost efficiencies, energy efficiencies and reliable operations.
 - Procurement benefits of 100 million dollars pa by year 3; and
 - Corporate savings of 15 million dollars in year 1 and 20 million dollars savings on an ongoing basis.

[Slide 31 – Infrastructure]

- Today, while our network spans the country, we are underexposed to key mining areas such as north-Western Australia, and our existing infrastructure in the high growth markets of the central-Queensland coast is at full capacity.
- Several initiatives are underway or have been completed that will strengthen our supply chain and enable our Marketing business to capitalise on growth in these regions.
- As I mentioned before, the new diesel hydrotreating unit at Lytton is now complete and is producing 10ppm sulphur diesel.
- The Mackay terminal upgrade including a new 27ML diesel tank, an additional tanker truck loading bay and ethanol storage and blending facilities. The ethanol storage and blending facility means Caltex is well placed to meet Queensland's upcoming five percent renewable fuel mandate scheduled for 2010.

- Diesel loading facilities at Gladstone are also now complete. Both these projects (Gladstone and Mackay Terminal Upgrade) strengthen 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.
- The replacement product ship, the Alexander Spirit was brought into coastal trade. The Alexander Spirit is a larger, faster and more efficient vessel than the ship it replaced, and it enhances Caltex’s supply capability on the Australian coast.
- We also secured a new Brisbane bunker barge “Bunker V” that enables Caltex to safely, efficiently and more reliably service the bunker fuels in Brisbane. “Bunker V” will support Caltex in maintaining its position as the market leader in bunker fuels in Brisbane.
- We are well advanced in planning to capitalise on the expected growth in the diesel market through strategic investment in new infrastructure in the key market segments of North Western Australia, and Queensland.

[Slide 32 – Organic Growth in Marketing]

- Marketing has continued its track record of impressive growth with compound annual growth greater than 5% over the last 4 years.
- Growth in the diesel market has been greater than 5% over the last few years despite the recent economic downturn.
- We achieved record jet sales in 2009 validating our strategy of targeting and winning new customers, particularly new entrants to the Australian aviation market.
- The rollout of premium fuels to sites continues, allowing us to close the gap on industry peers with above industry growth in the half ending December 2009.
- Our convenience store strategy continues to deliver with greater than 4% compound annual growth rate over the last 4 years.
- Our strategy of growing the stable earnings component of our business requires organic growth in Marketing. We are targeting an EBIT compound annual growth rate of at least 5% from our premium fuels, diesel, convenience stores and finished lubricants.

[Slide 33 –Growth]

- Over the next few years we will maintain a strong focus on the base business including
 - Driving cost and capital efficiency programs throughout the business
 - Continuing the organic growth of Marketing which provides a stable earnings platform for our business; and
 - Building on supply capabilities to support Marketing.

- While focusing on the base business a small team will be dedicated to scanning the environment for further potential opportunities to grow in the future.

[Slide 34 –Summary]

- In summary, while the first half of 2009 delivered a record profit result, regional refiner margins came under increased pressure in the second half and are expected to be weak, but recovering, over the forthcoming period.
 - We are proactively responding to this weak refiner margin outlook.
- A programme to review costs and capital efficiency throughout the business has commenced.
- We remain focussed on safe, efficient and reliable refinery operations as a solid foundation for Marketing, but should refiner margin weakness persist, refinery production may be impacted in favour of increased imports.
- The Marketing side of our business will continue to provide earnings stability, and accounted for more than 90% of total earnings in full year 2009 compared with 50% for the first half of 2009.
- We remain committed to driving earnings growth from the existing Marketing business to further buffer our earnings from Refining's volatility.
- We are focused on earnings growth by leveraging our exposure to the robust diesel and jet fuel markets, the convenience store strategy, making strategic investment in our infrastructure to reduce cost to serve and enhance our ability to serve key growth markets.
- In December the ACCC announced it will oppose the proposed acquisition by Caltex of 302 Mobil service station sites and, on 10 February 2010, issued its public competition assessment setting out the reasons for its position. Caltex is considering what action it will take in the light of the ACCC's position on the proposed acquisition.

[Slide 35 – Questions & Answers]

- That concludes this morning's presentation. We have time to take questions. Could I ask that we start with questions from the floor before moving to our teleconference participants?
- Please raise your hand if you have a question and state your name. For the benefit of our webcast and teleconference participants, please wait for the microphone before posing your question.

[Field questions from the floor]

- END: That's all we have time for today. Thank you for attending the presentation today, either in the auditorium in Sydney, via webcast or teleconference call. I look forward to talking to you again in August when we announce our half year results for 2010.

[Slide 36 – Disclaimer]