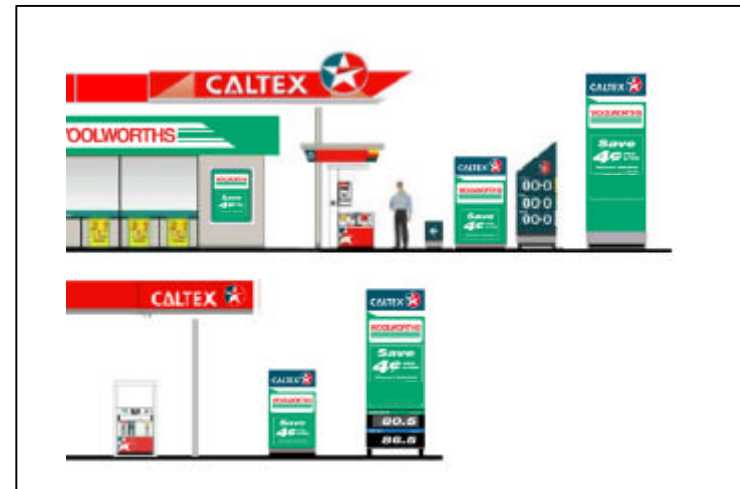


# 2003 Half Year Results Strong Underlying Improvement Continues





## Introducing Dave Reeves

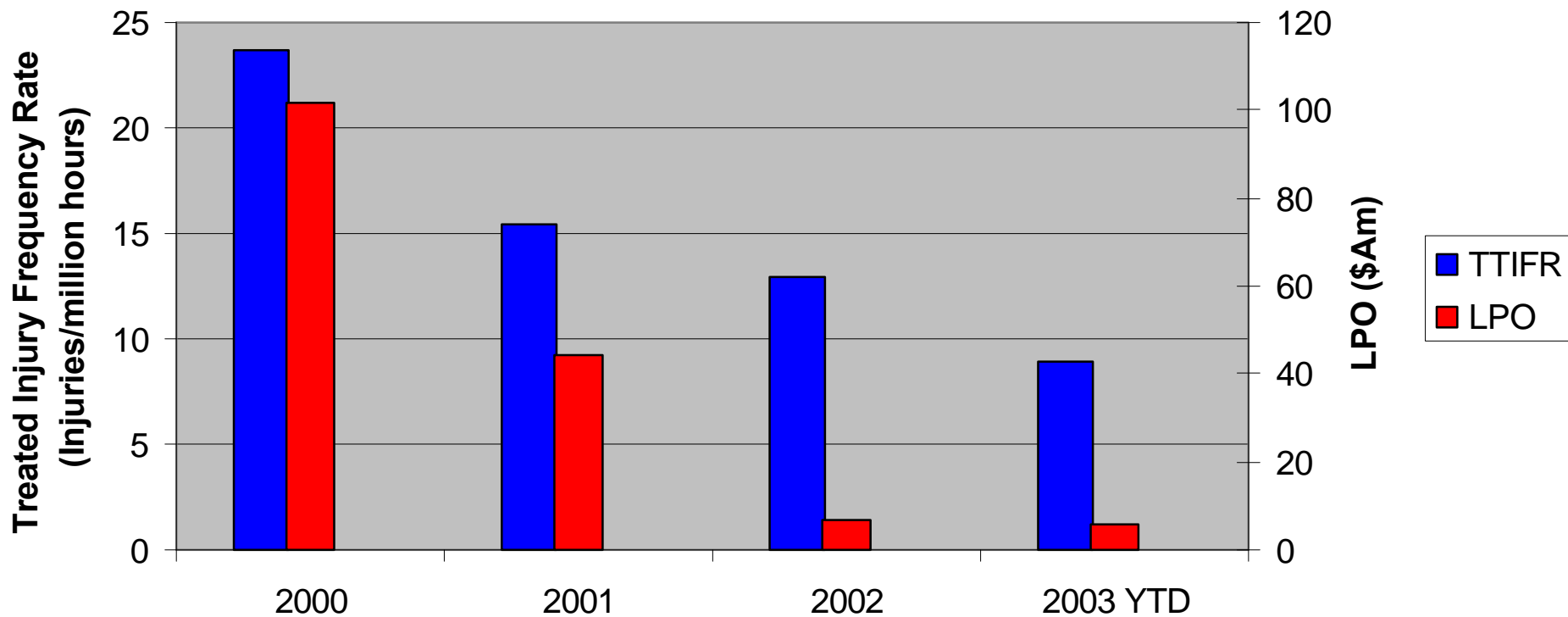
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- Dave was appointed as Managing Director and CEO on 11th August 2003 and has a 3 year contract
- Before joining Caltex, Dave was President of North America Products at ChevronTexaco, responsible for refining and product marketing activities, pipeline transportation and ChevronTexaco's global aviation fuels marketing
- Dave joined Chevron in 1978 and has a degree in Civil Engineering from University of Washington
- Dave brings a wealth of experience and will be a great asset in guiding Caltex to deliver superior financial performance, especially in the following key areas :
  - On going focus on operational excellence and successful implementation of the Loss Prevention System (LPS)
  - Clean fuels project investment execution and efficiency
  - Retail offering development and brand positioning
  - Focus on profit enhancement and operating cost control



# Incident Free Operations...Good Safety is Good Business

## Trends in Refining Safety Performance & Lost Profit Opportunity



LPOs for 2003 is annualised value



## Continued strong financial performance in 1H03

<u>Replacement Cost</u>	1H03	1H02	1H03 Vs 1H02
EBIT (\$ Millions)	\$ 153.5	\$ 129.3*	Up 18.7%
NPAT (\$ Millions)	\$ 86.1	\$ 63.7*	Up 35.1%
EPS (CPS)	31.9	23.6	Up 35.1%

	30 June 2003	31 December 2002	2003 Vs 2002
Debt (\$ Millions)	\$ 855	\$ 954	Reduced \$ 99 Million
Gearing (%)	43.7%	47.9%	Reduced 4.2 % Points
Gearing (%) (lease adjusted)	52.0%	57.0%	Reduced 5.0 % Points

<u>Historic Cost</u>	1H03	1H02	1H03 Vs 1H02
EBIT (\$ Millions)	\$ 139.4	\$ 227.7	Down 38.8%
NPAT (\$ Millions)	\$ 76.2	\$ 130.4	Down 41.5%
EPS (CPS)	28.2	48.3	Down 41.5%

\* 1H02 RCOP EBIT and NPAT excludes a significant item payment of \$7.5 Million to Hanson Australia, (formerly Pioneer International) relating to the purchase of of its 50% interest in Caltex Australia in 1997.



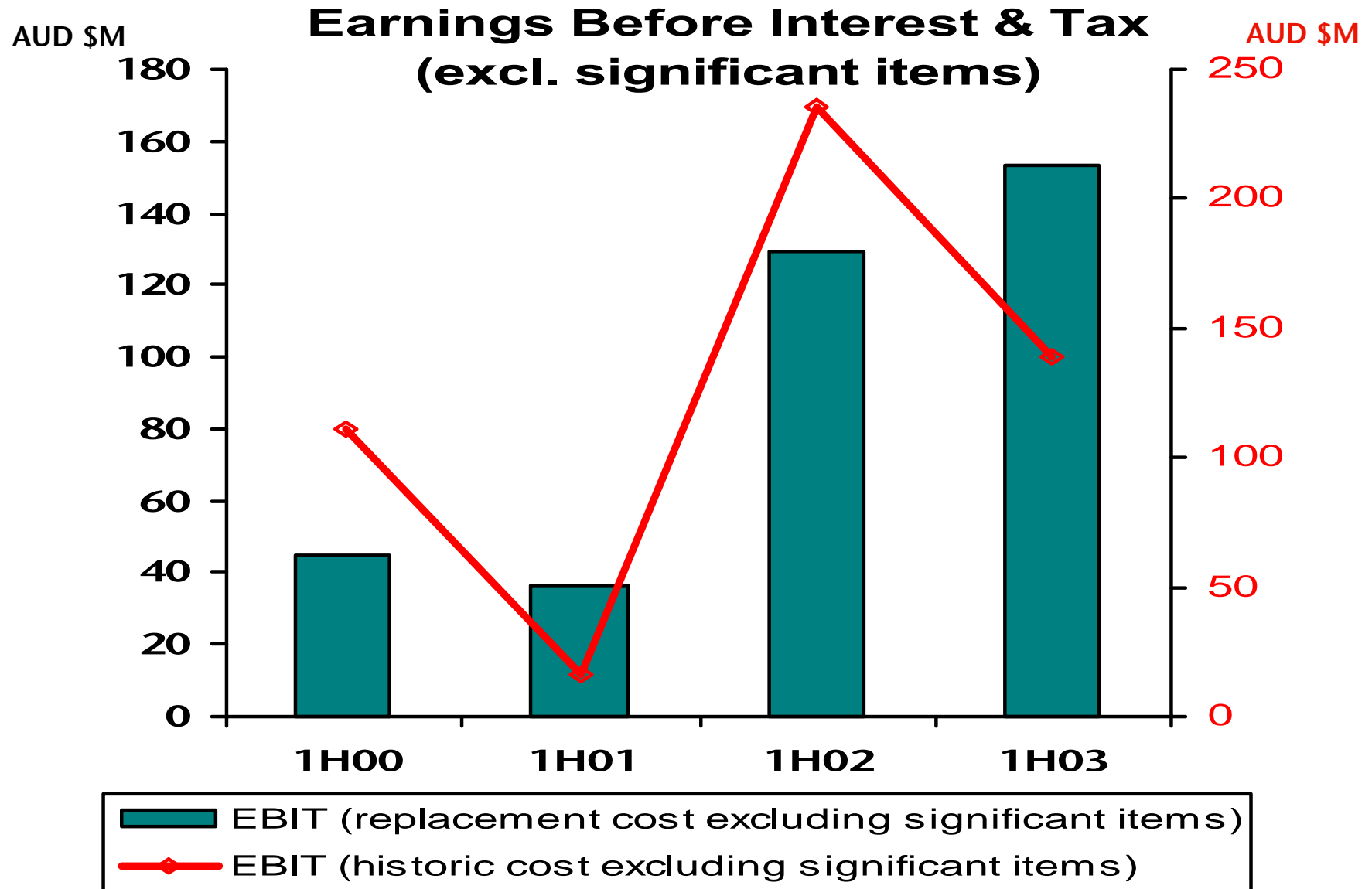
## Caltex returns to dividends

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- Interim dividend of 4 Cents per share will be paid in respect of 1H03.
- Consistent and reliable dividends, without impacting on the company's ability to achieve :
  - a strong long term capital structure, and
  - successful completion of the required clean fuel investment by 2005
- Replacement Cost Operating Profit (RCOP) will be a key determinant in establishing the level of dividend payments
- The Board expects all foreseeable future dividends will have an attached franking credit of 100%

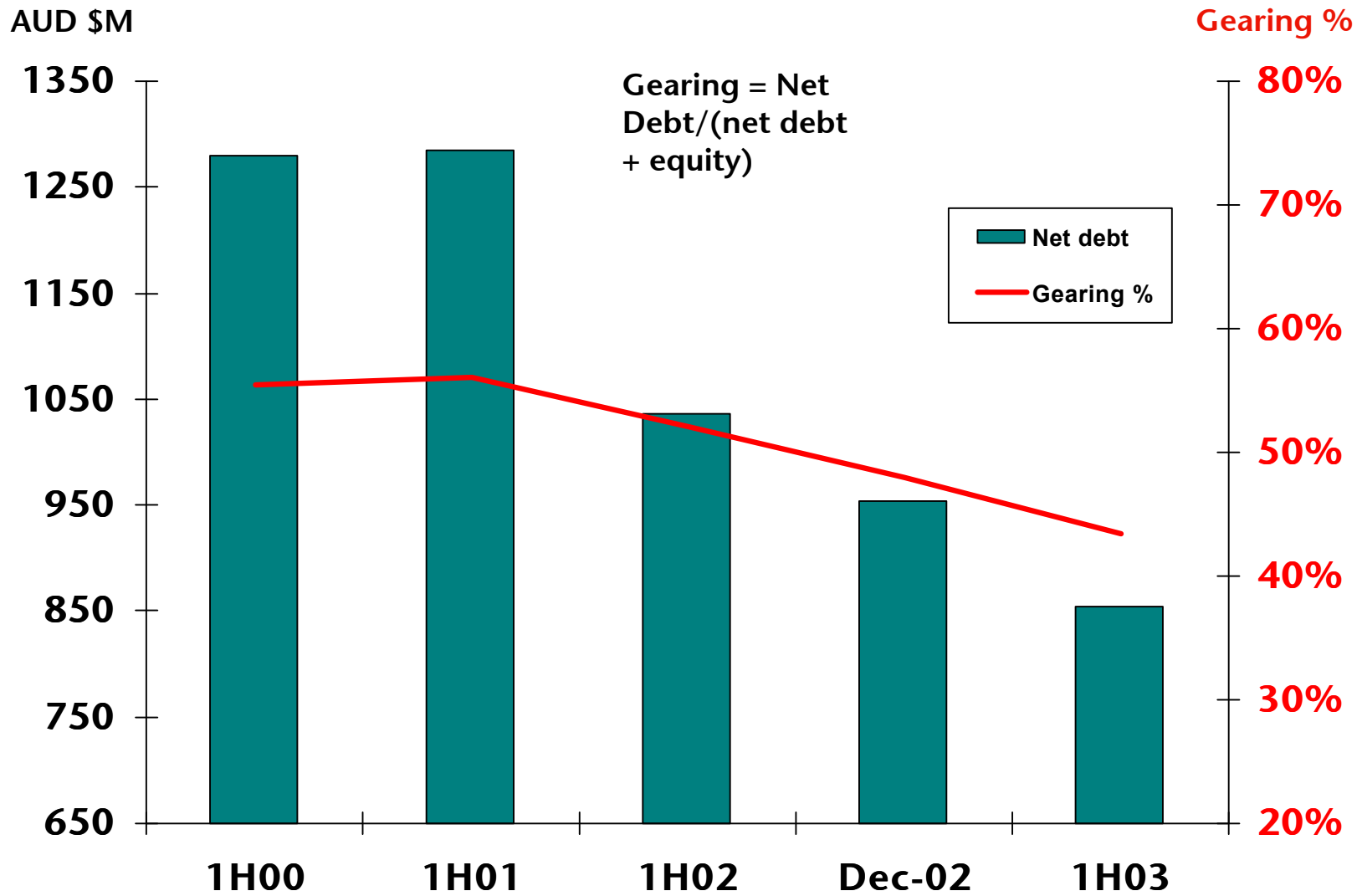


# Underlying profitability continues to improve in 2003



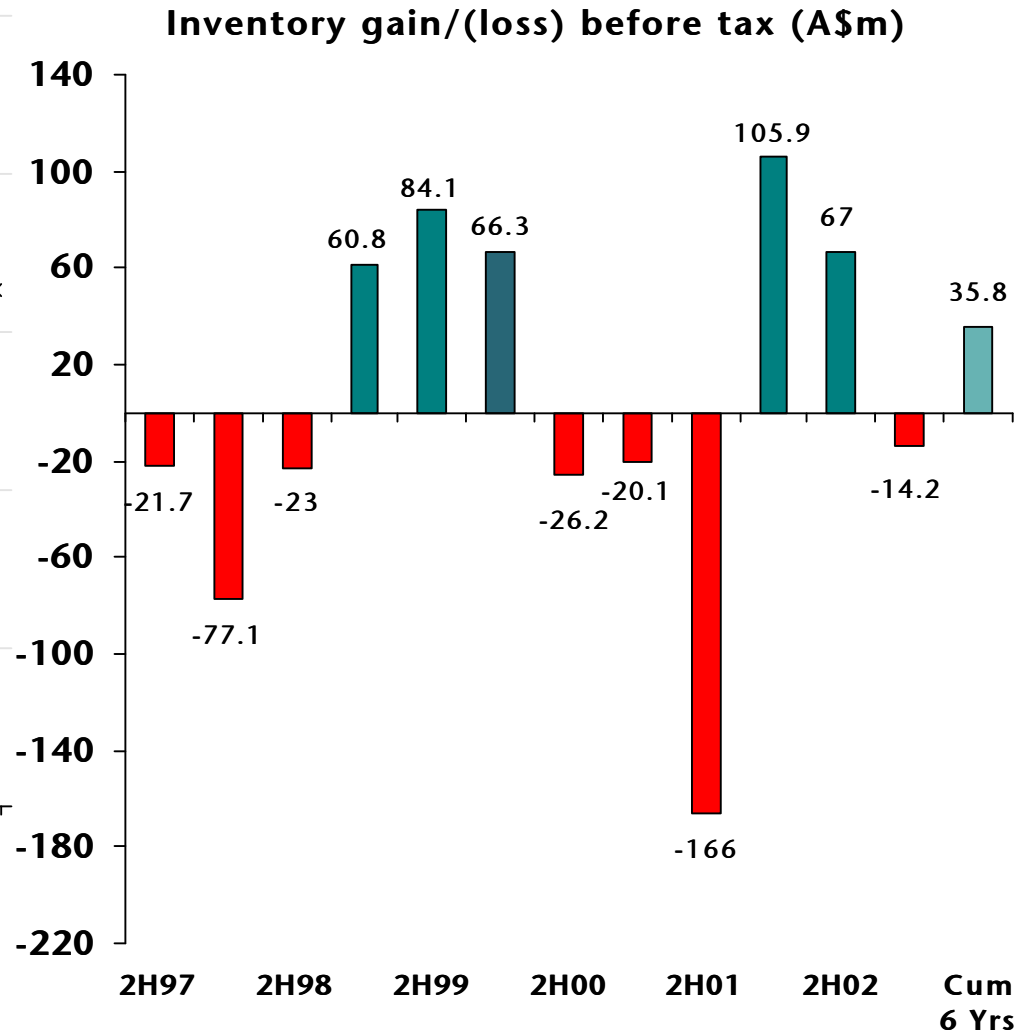
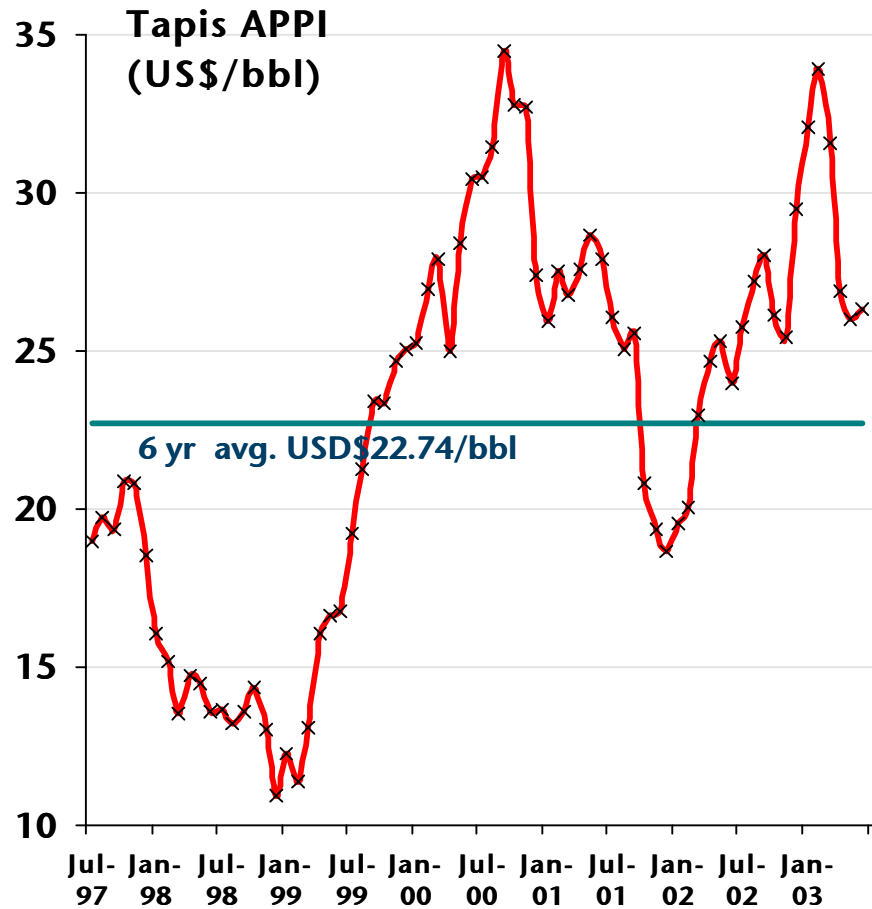


# Debt reduction well ahead of schedule in 2003



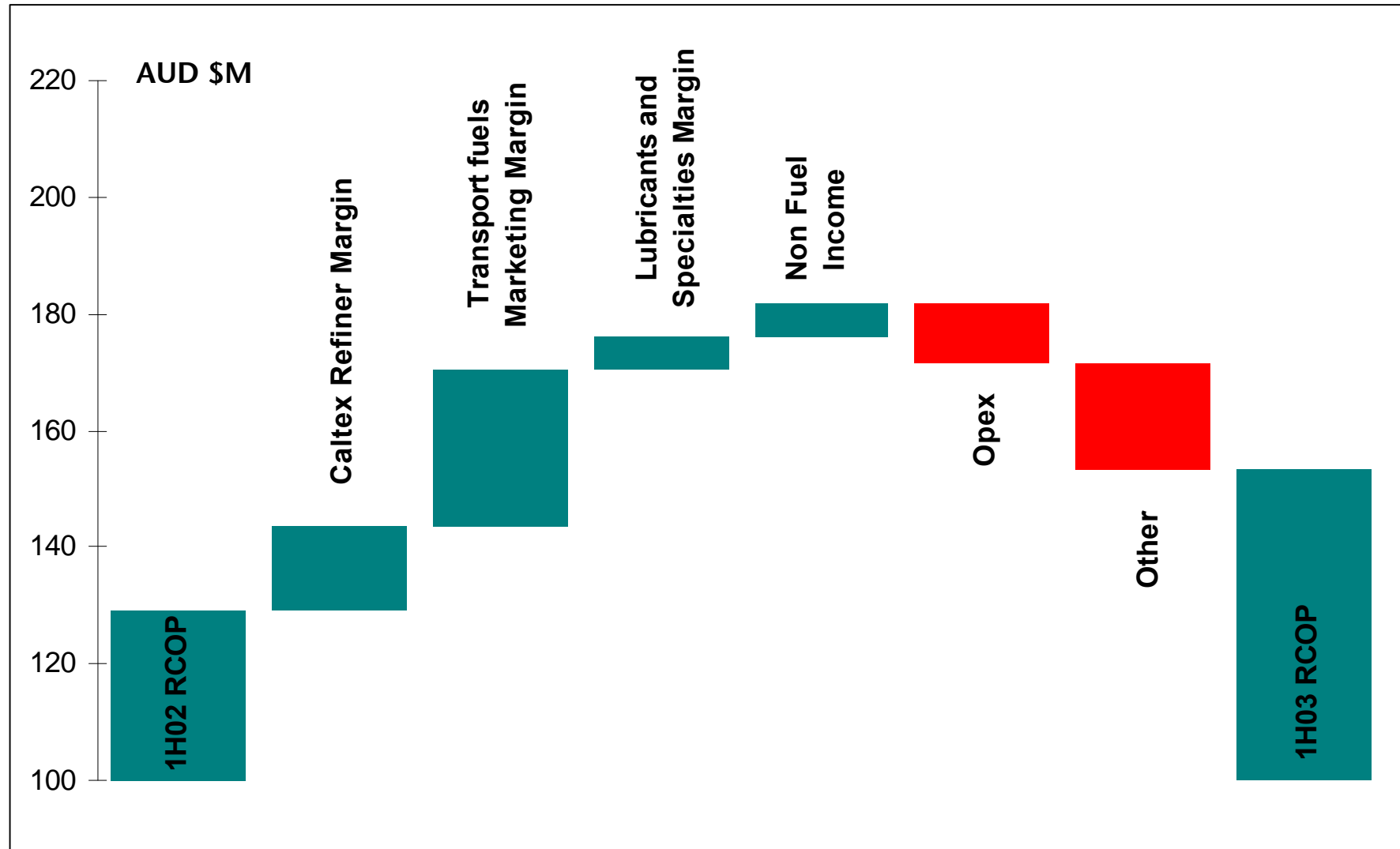


# Crude oil price movements even out over long-term



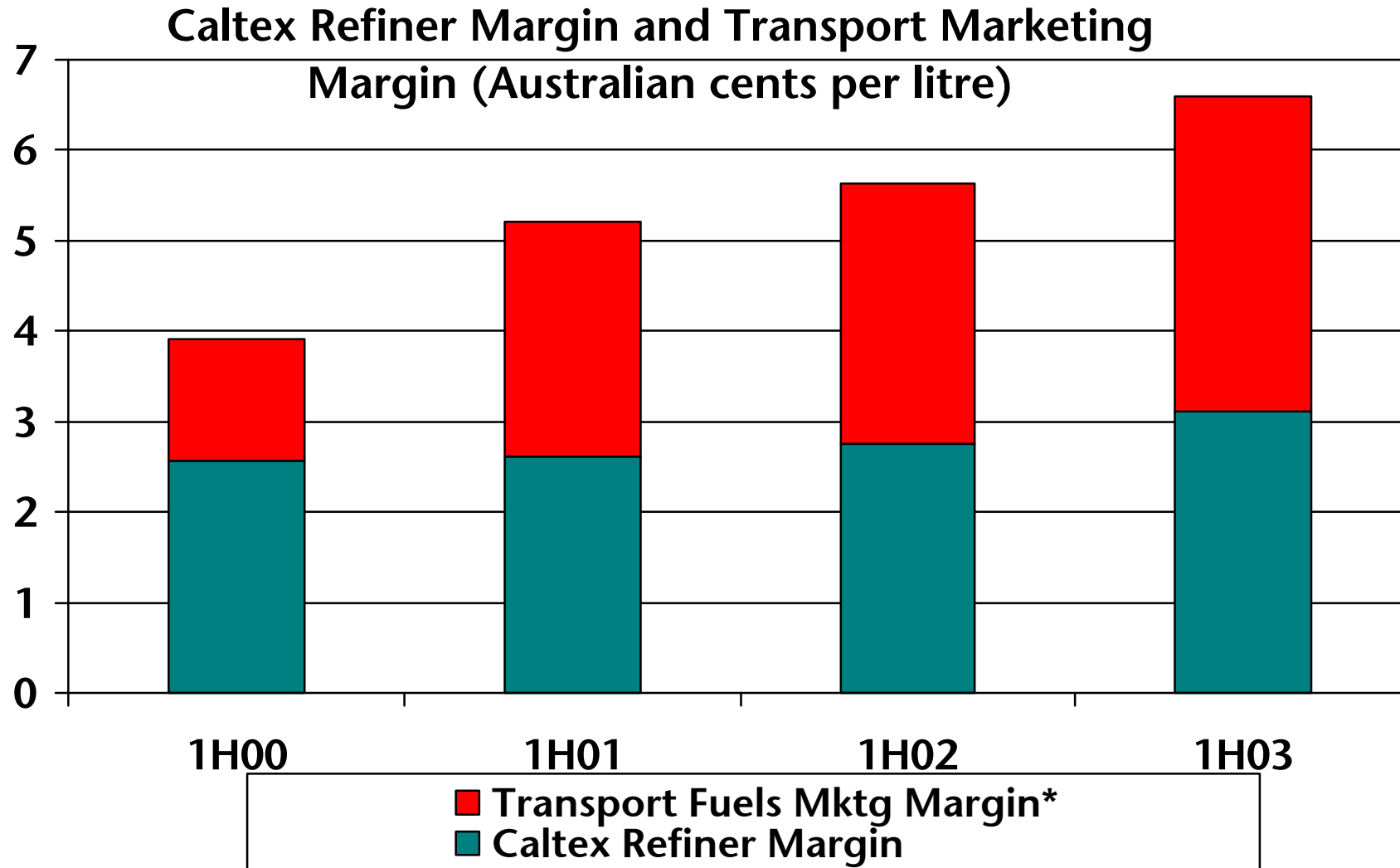


# RCOP EBIT transition for 1H02 to 1H03





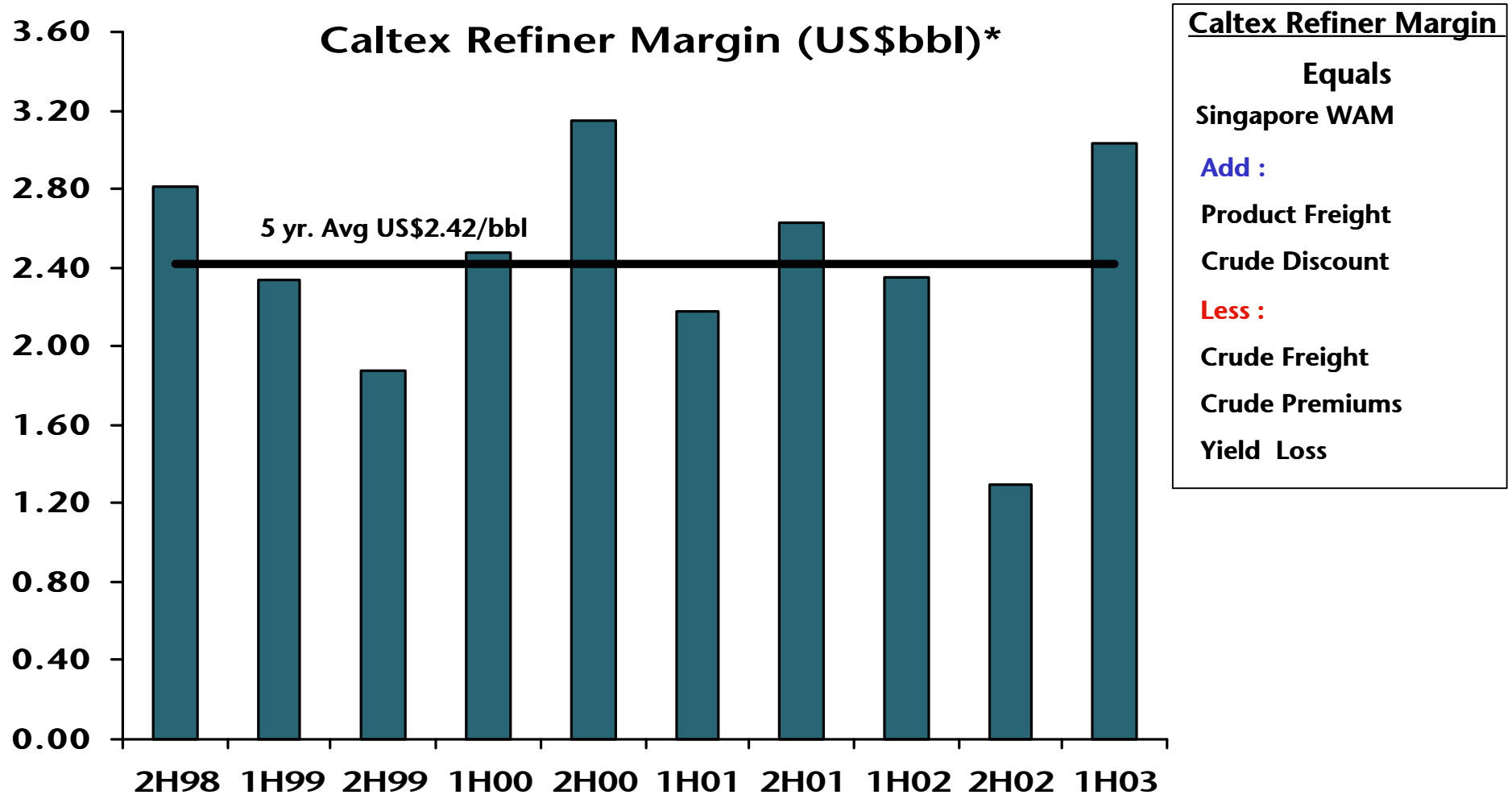
# Integrated total transport fuel margin continues to improve



\* Transport fuels comprises Petrol, Diesel and Jet. The transport fuels marketing margin is the achieved average net margin over deemed Import Parity Price (IPP) into Australia



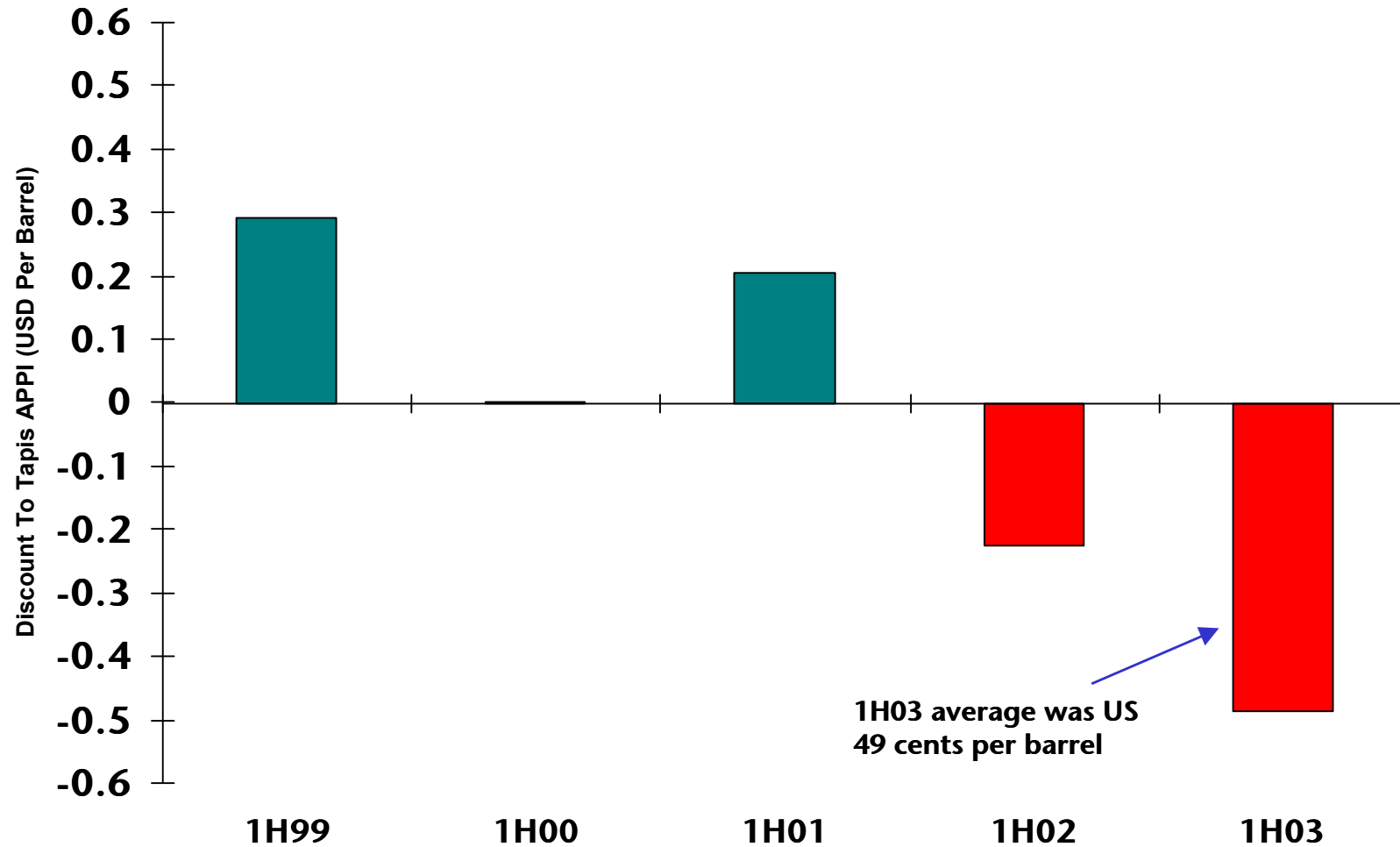
# 1H03 Caltex Refiner Margin was above 5 year average



CRM represents the difference between the cost of importing a standard basket of products to Eastern Australia and the cost of importing the crude required to make that product basket. It is a proxy for the gross margin available to refineries in Eastern Australia before processing costs. Because it is based on a standard basket of products it does not include any premiums that might be paid for product that complies with specific state or national quality regulations. 1



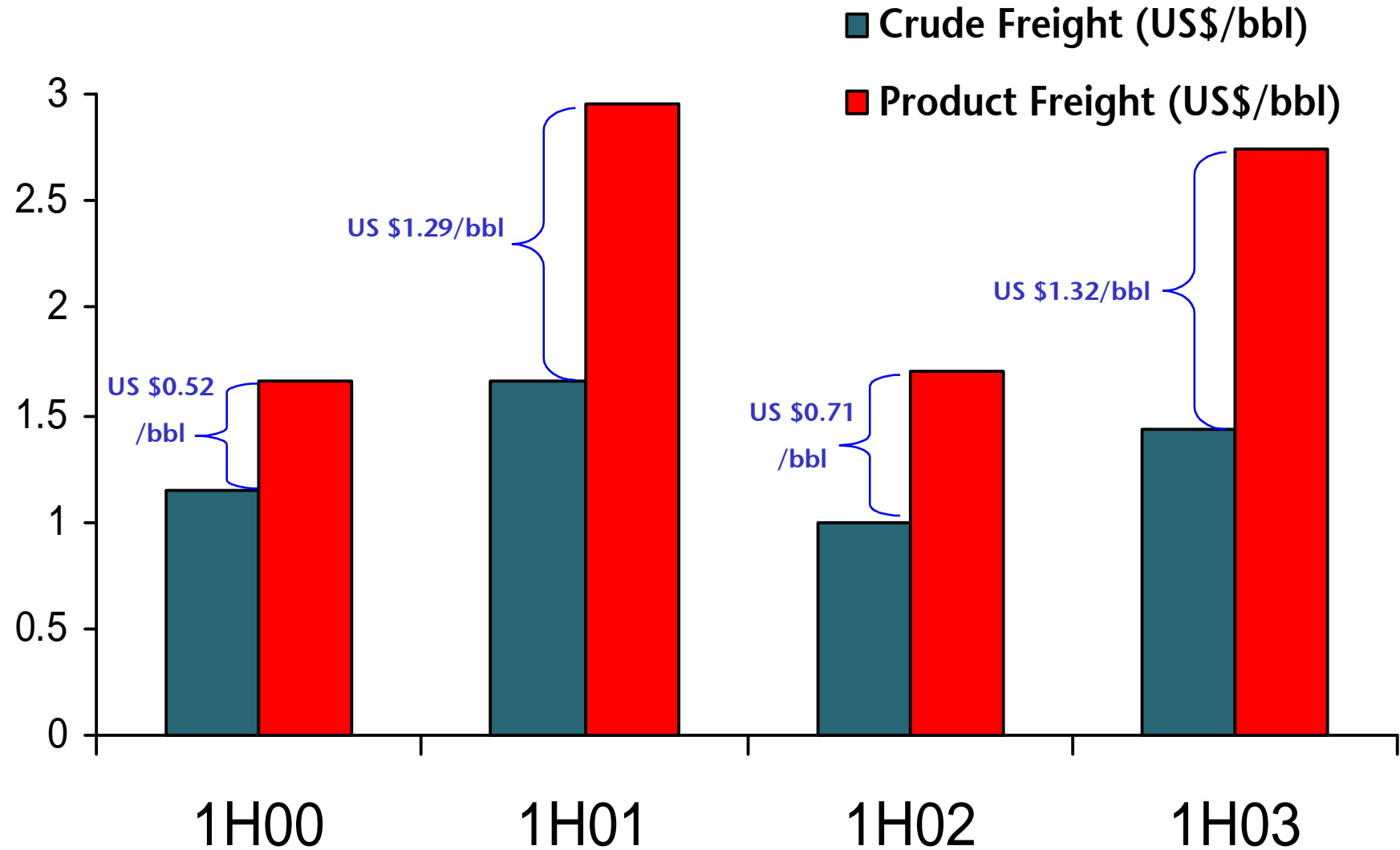
# Caltex Refiner Margin : Crude premiums in 1H03 were US\$0.26/bbl worse than 1H02



- Regional crude premiums in late 2H02 and 1H03 were due to Japanese demand for heavy sweet crudes.

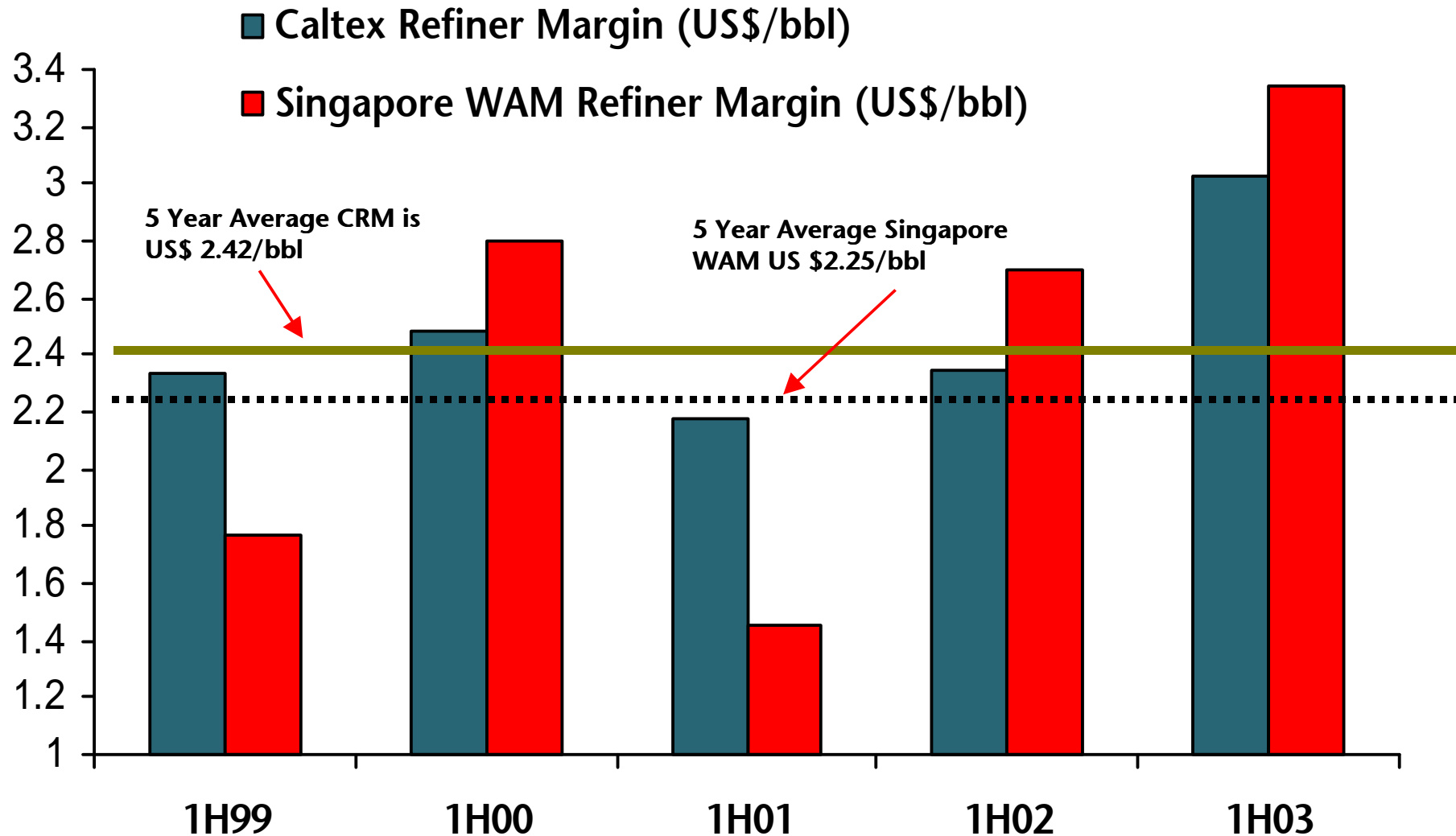


# Caltex Refiner Margin : Crude freight costs increased , but were offset by growth in product freight





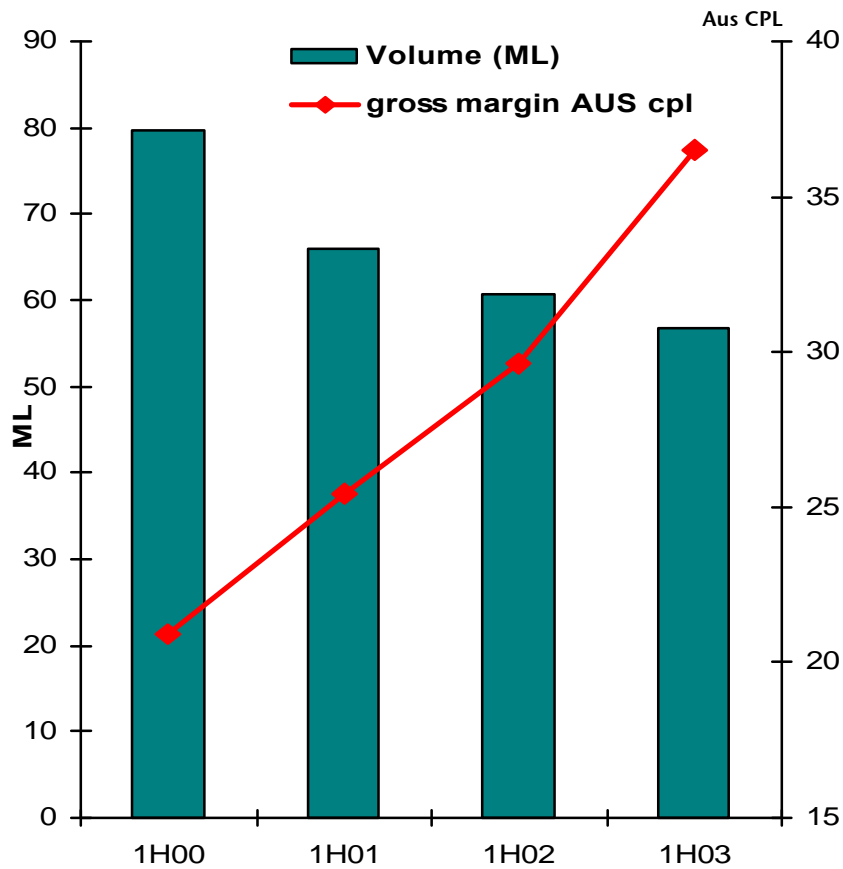
# Over 5 Years the difference between CRM and Singapore WAM Refiner Margins is only US 17 Cents



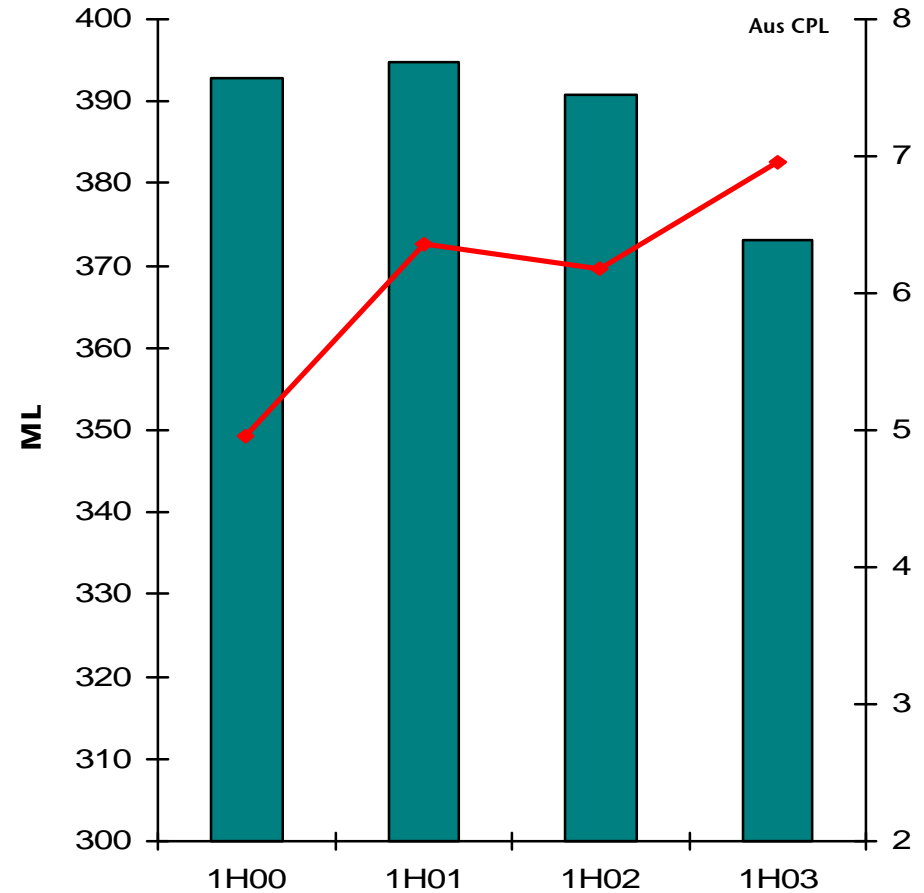


# Continued focus on margin growth in Lubricants & Specialties

### Lubricants Gross Margin



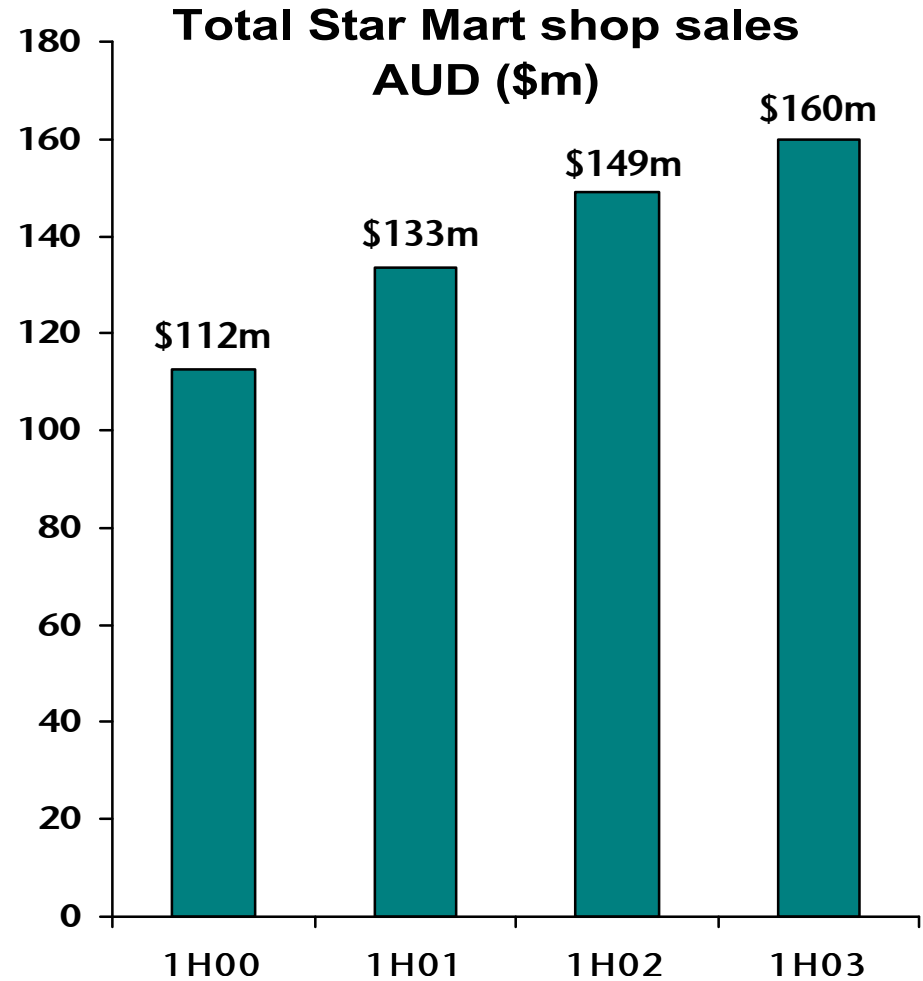
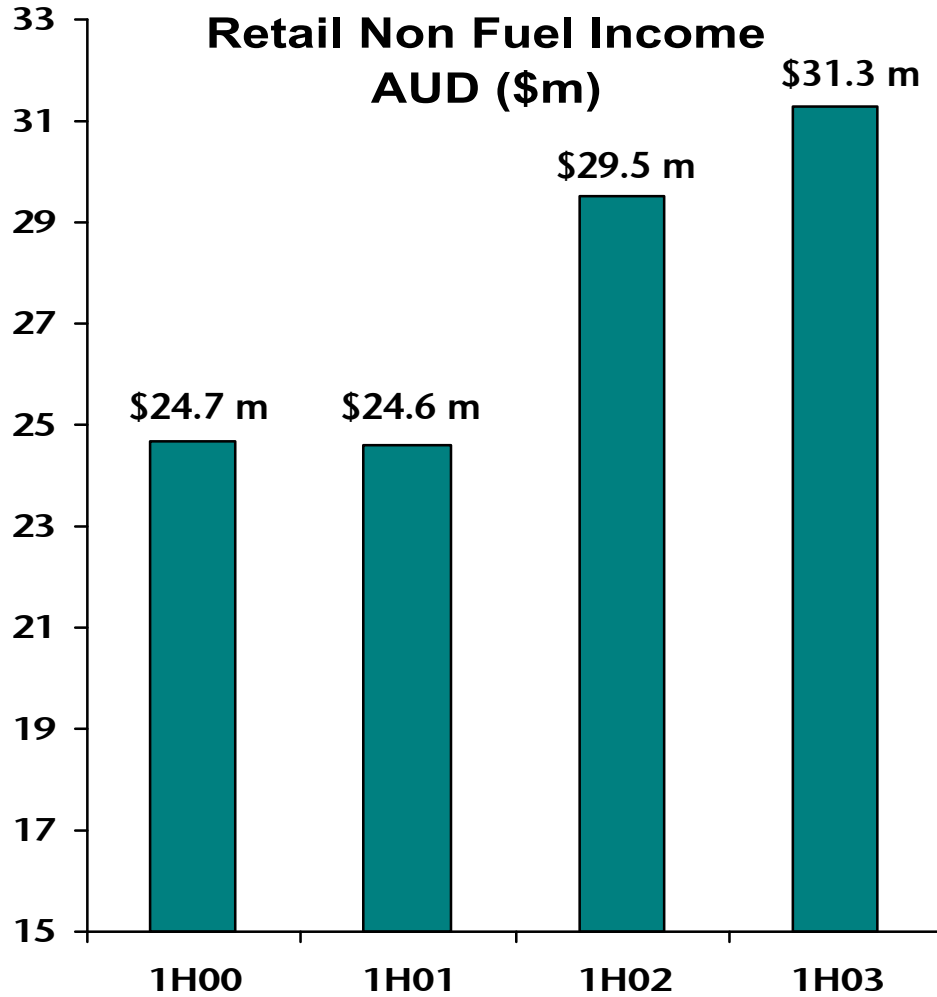
### Specialties Gross Margin





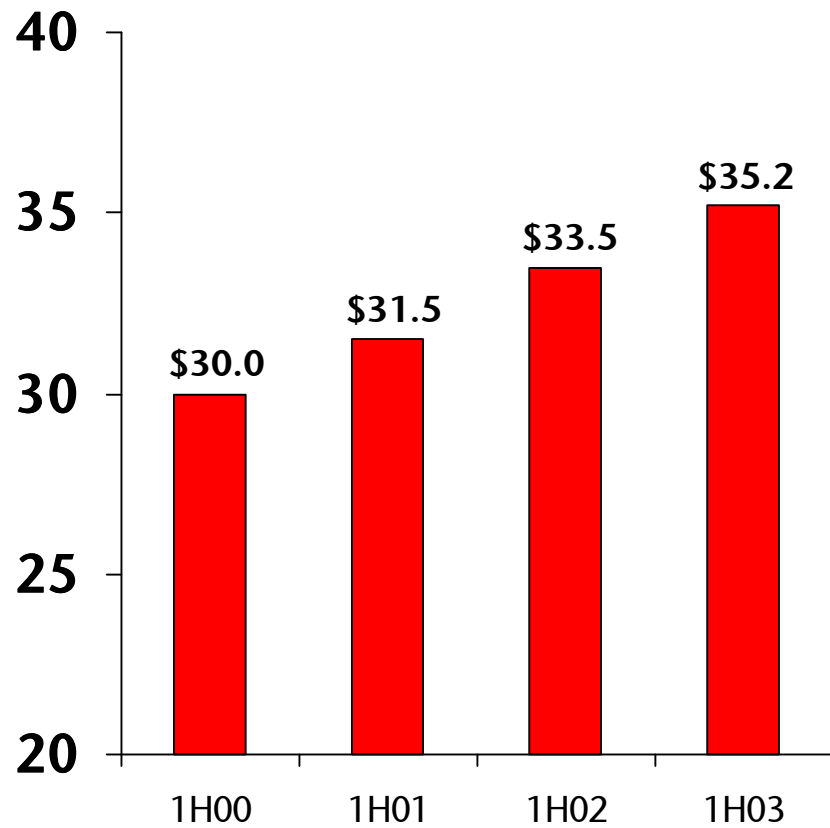
CALTEX

## Continued improvement in both retail non fuel income and convenience store sales

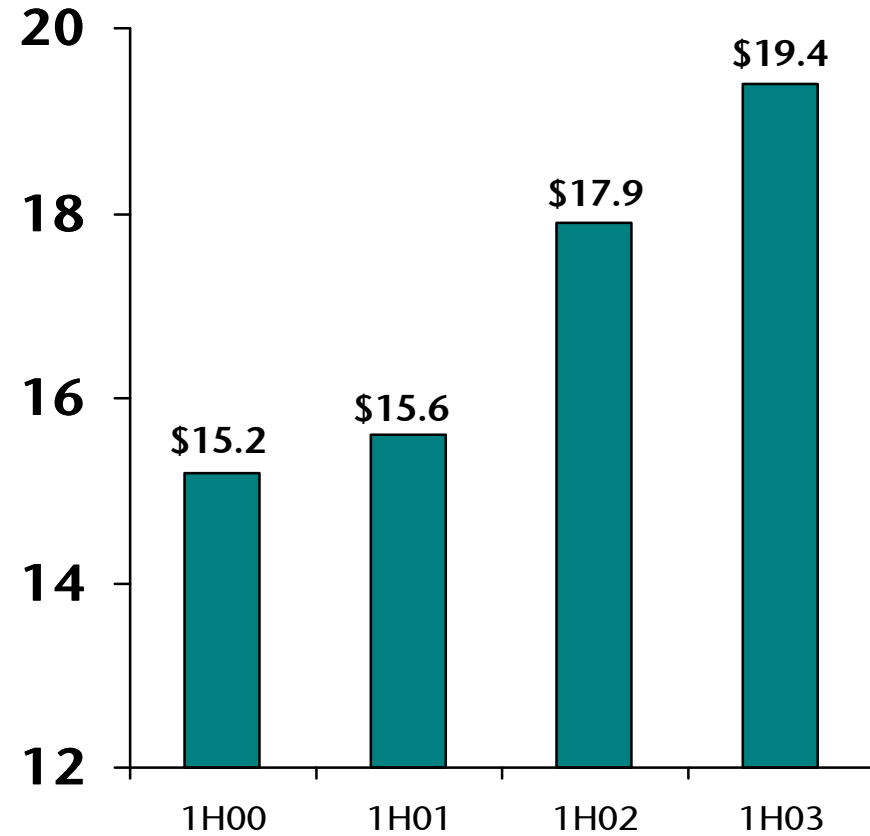




# Continued growth in average weekly sales for both Star Mart and Star Shops



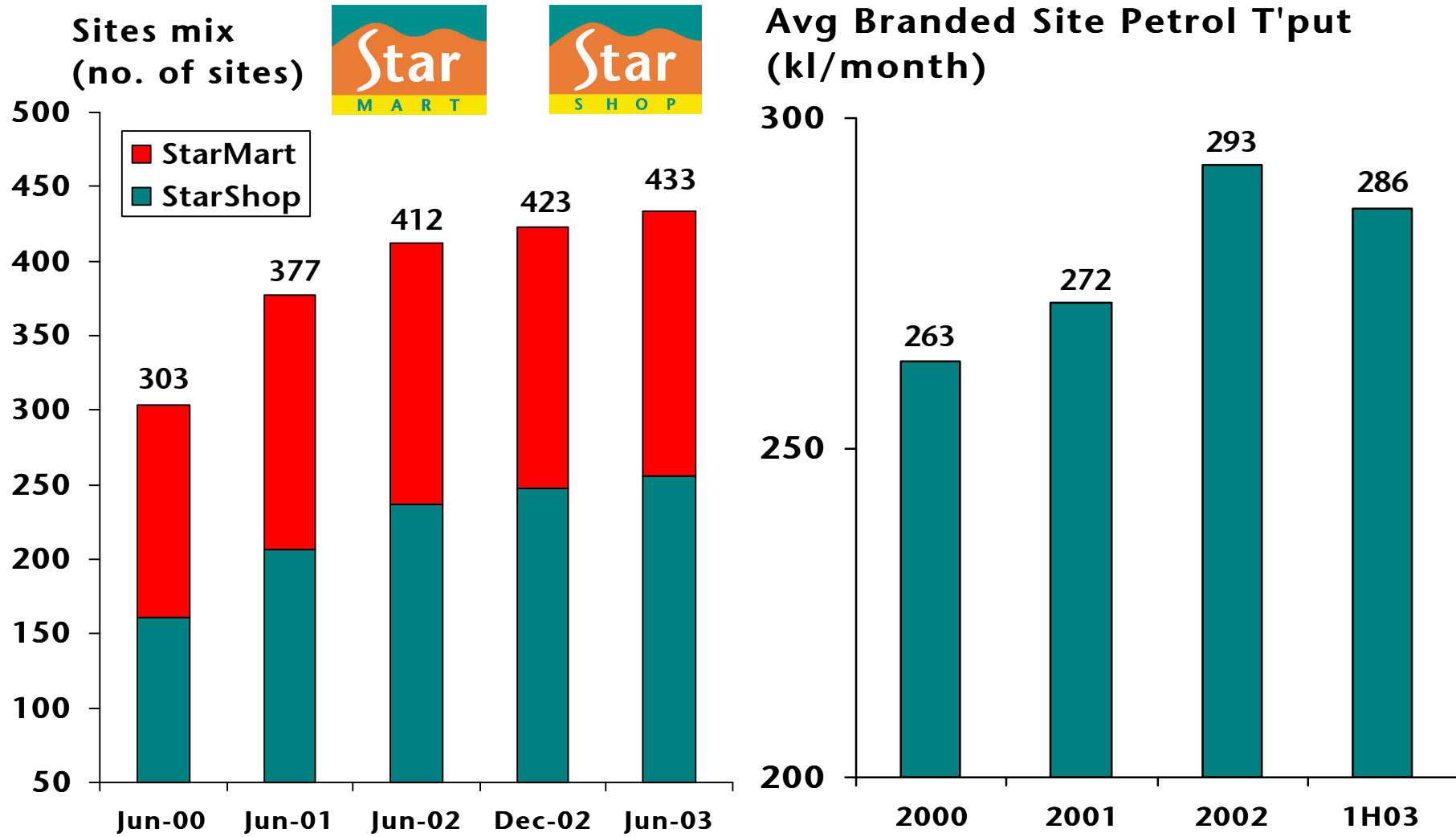
Like for like sales were up 5.2%



Like for like sales were up 6.2%



# Retail sites and Average Branded Petrol throughput

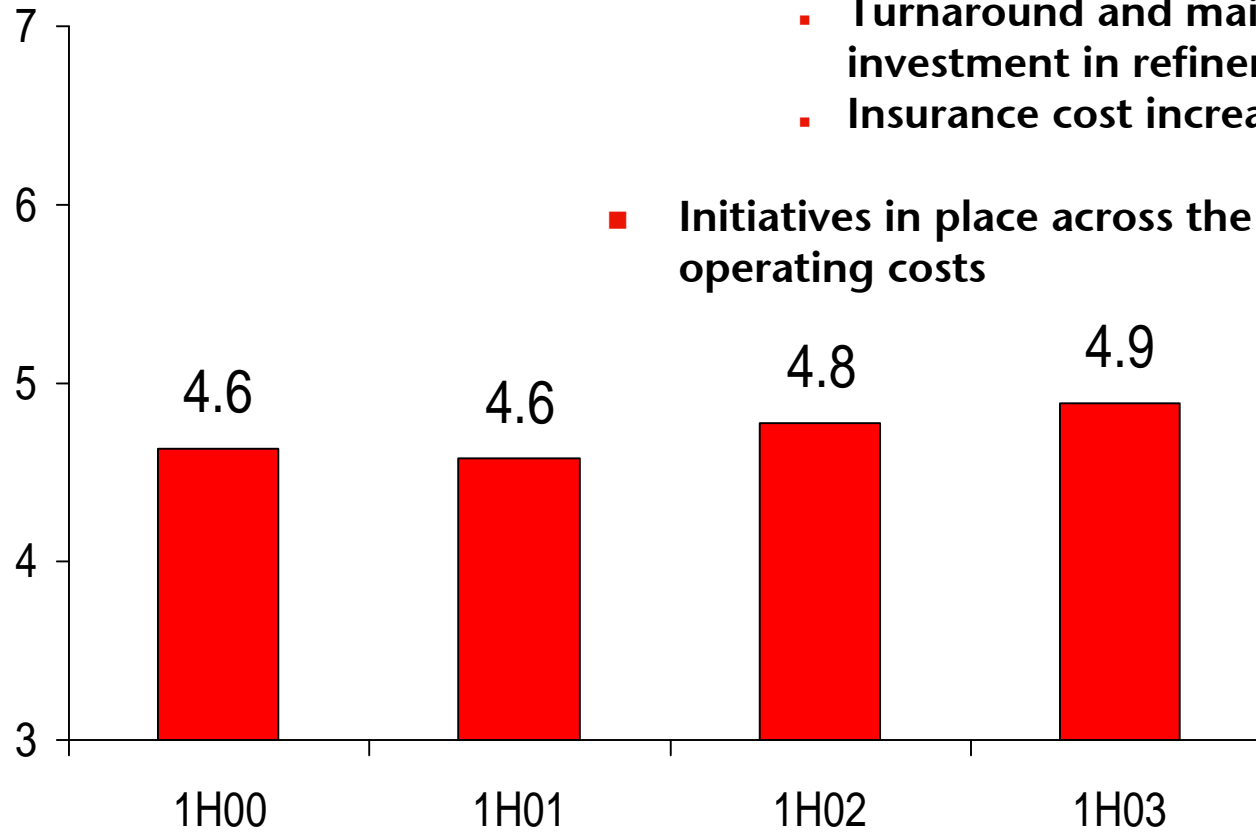




CALTEX

# Operating expenses are an opportunity for improvement

Operating expenses  
(Cents per litre)

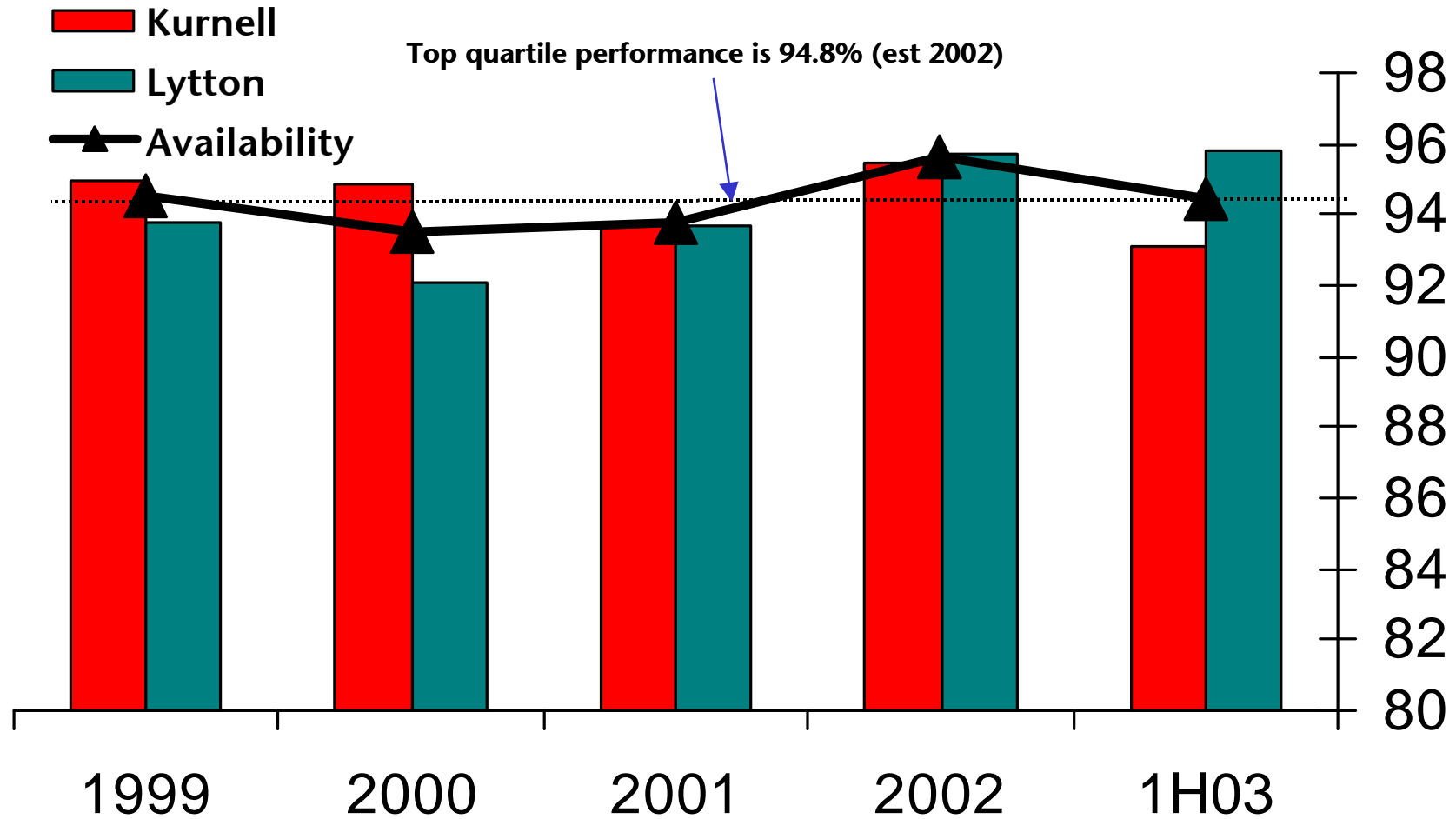


- Overall Marketing and Corporate operating expenses remained at the same level in 1H03 as 1H02
- Cost increases in Manufacturing and Supply relate to:
  - Turnaround and maintenance costs, a critical investment in refinery reliability
  - Insurance cost increases
- Initiatives in place across the organisation to reduce operating costs



# Kurnell refinery reliability down slightly in 1H03

## Operational availability (%)





## Clean fuels project update

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- 1% benzene in gasoline and 50 ppm sulfur in diesel by 1 January, 2006.
- Projected cost about AUD \$250 million
  - Actual spend in 1H03 \$6.3 million
  - Projected spend to 31 December, 2003 \$39 million
  - Projected spend to 31 December, 2004 \$105 million
  - Projected spend to 31 December, 2005 \$99 million
- Leveraging from ChevronTexaco
  - Project manager and other resources
  - Project management processes and tools
- External benchmarking
  - Carried out by Independent Project Analysis (IPA)
  - On track to deliver benchmark performance in terms of cost, schedule and quality
- Final cost estimate to be submitted to the Board in February 2004



# Caltex and Woolworths joint venture





## Summary-Key accomplishments of 1H03

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- Continued progress in journey to achieve financial stability:
  - Replacement cost NPAT \$86.1m is 35.1 % up on 1H02
  - \$99m reduction in debt ; down to \$855m (43.4% gearing)
  - Return to dividend payment
- Transportation fuel market share improved from 28.9% to 29.7%
- Loss Prevention System roll out on schedule
- Significant progress for production of cleaner fuels, final decision due in Q1 2004
- Staff climate survey conducted in May 2003 reached new satisfaction heights



## Focus Areas

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- Key areas of focus for 2H03 are aligned with our Vision, Values and Strategic Intent (VSSI) :
  - **Operational excellence**
    - Improving refinery reliability
    - Implementation of Loss Prevention System (LPS)
  - **Cost management**
    - Controllable operating costs
  - **Capital stewardship**
    - Continued capital investment vigilance
    - Successful clean fuels project implementation
  - **Strong and sustained profitability**
    - Advocacy of high future fuel quality standards
    - Enterprise focus on EBIT improvement projects
    - Reform of marketing regulation- oilcode/repeal of sites and franchise acts
  - **Partnering with employees and other stakeholders**
    - Continue to improve organisational capability, eg marketing review