



CALTEX

Caltex Australia Limited

Delivering value beyond refining

Simon Hepworth, Chief Financial Officer

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Caltex Australia Limited ACN 004 201 307



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Contents

- I. Incident free operations topic
- II. Background history
- III. Refining- outlook remains positive
- IV. The role of Marketing in Caltex

Incident Free Operations Topic



Contents

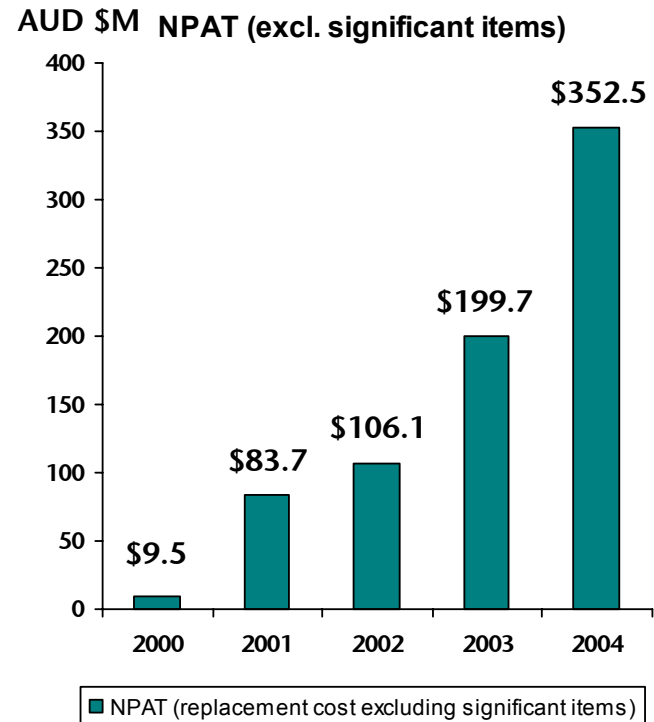
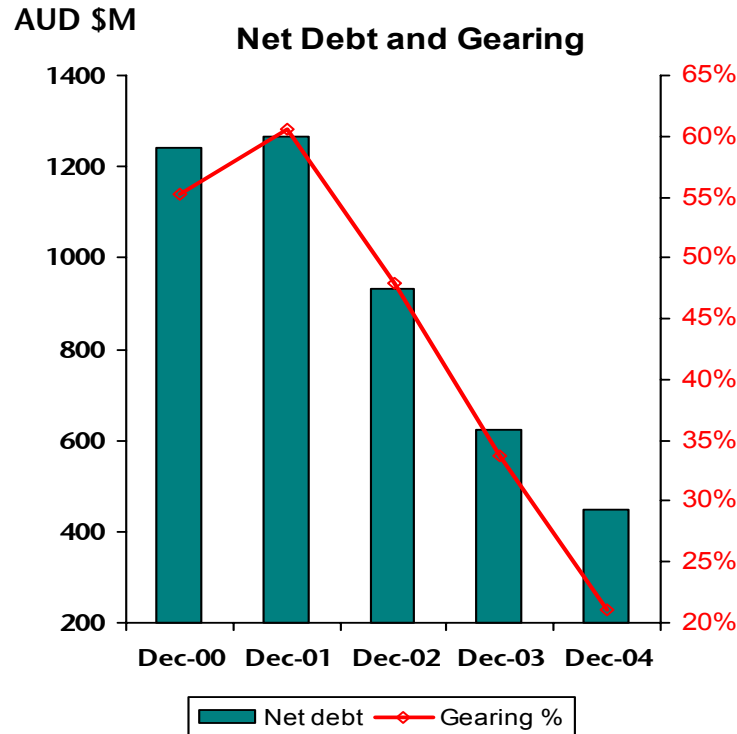
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- II. Background history
- III. Refining- outlook remains positive
- IV. The role of Marketing in Caltex

Where has the industry come from?

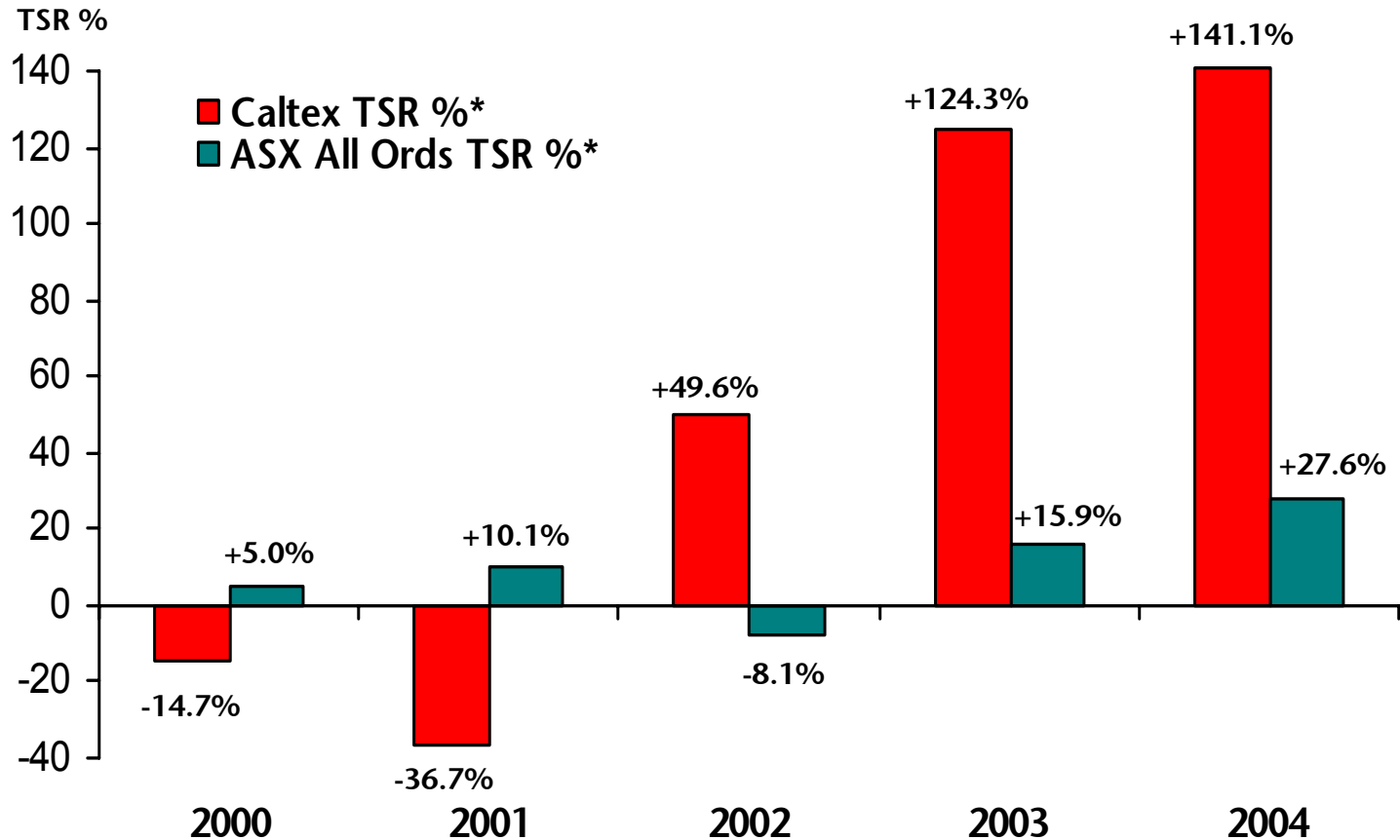
- Both Asian region and Australia saw supply exceed demand, mainly as a result of the Asian financial crisis. This resulted in :
 - historically low refiner margins, (averaging US \$2.40/bbl 1998-2002)
 - under utilisation of refineries
 - growth of independent unbranded retailers, which dampened marketing margins
- Over the past 30 months industry dynamics have become more favourable:
 - refiner margins in Asia have recovered as Asian demand for petroleum products catches up with supply
 - one Australian refinery, Port Stanvac, operated by Mobil, was closed in 2003, moving the Australian market into a short gasoline and diesel position



Strong improvement in financial position since the Asian crisis



Caltex returns to shareholders

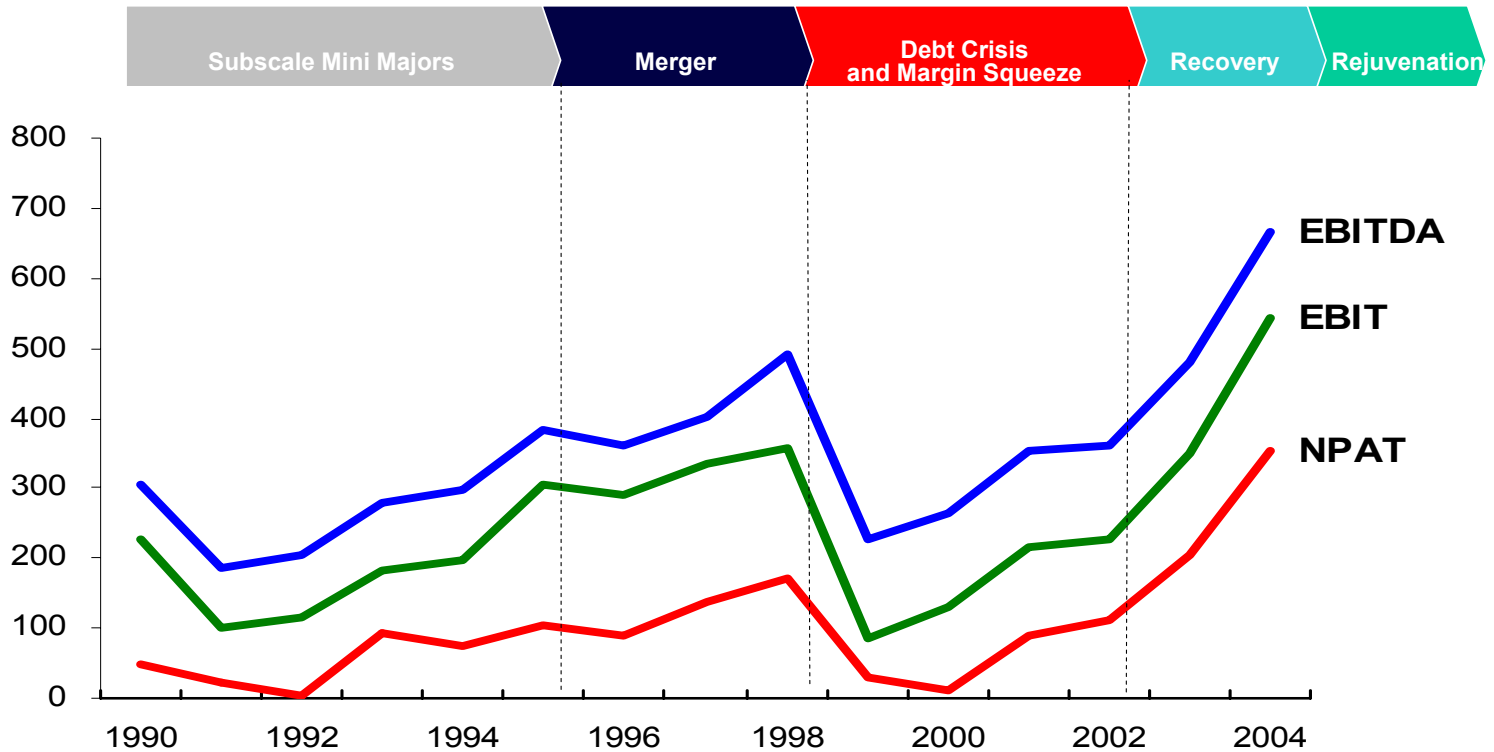


*TSR=Total Shareholder Return: (capital gains+dividend income)



Through the cycle cash generation has been strong

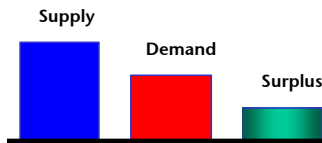
Real 2004 \$AUD Millions



Contents

- I. Incident free operations topic
- II. Background history
- III. Refining- outlook remains positive
- IV. The role of Marketing in Caltex

Australia moves to an import parity based market for all transport fuels

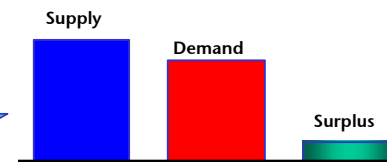


1995-2002

Excess supply

- i. Refinery utilisation was low
- ii. Growth of unbranded retailers
- iii. Development of non fuel revenue streams

Capacity scaled back



2003

Margins now start to reflect import parity pricing in all transport fuels

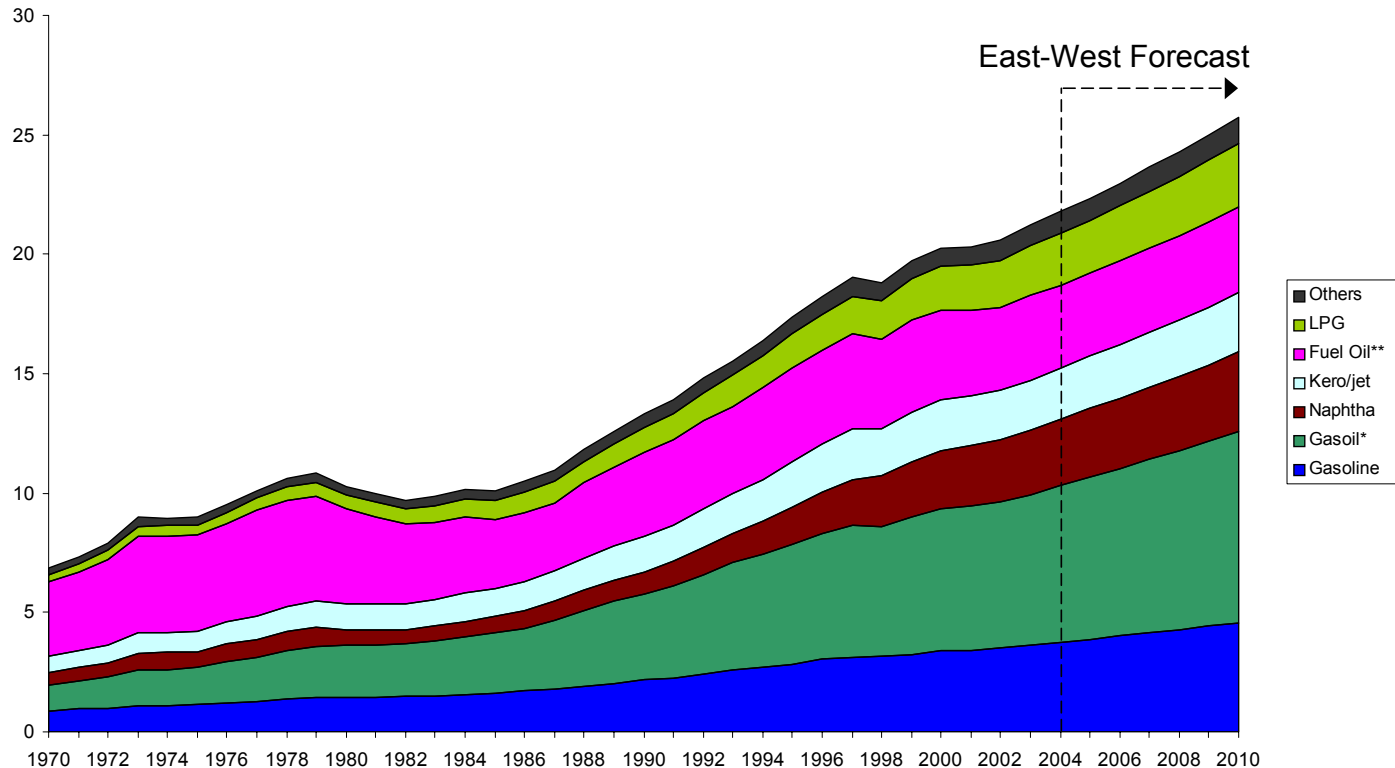


2004 - ?

Market moves to Import parity pricing

Asian product demand set to grow 4Mbpd by 2010 driven mainly by diesel growth

Millions barrels per day



**Includes direct use crude and bunker fuel oil

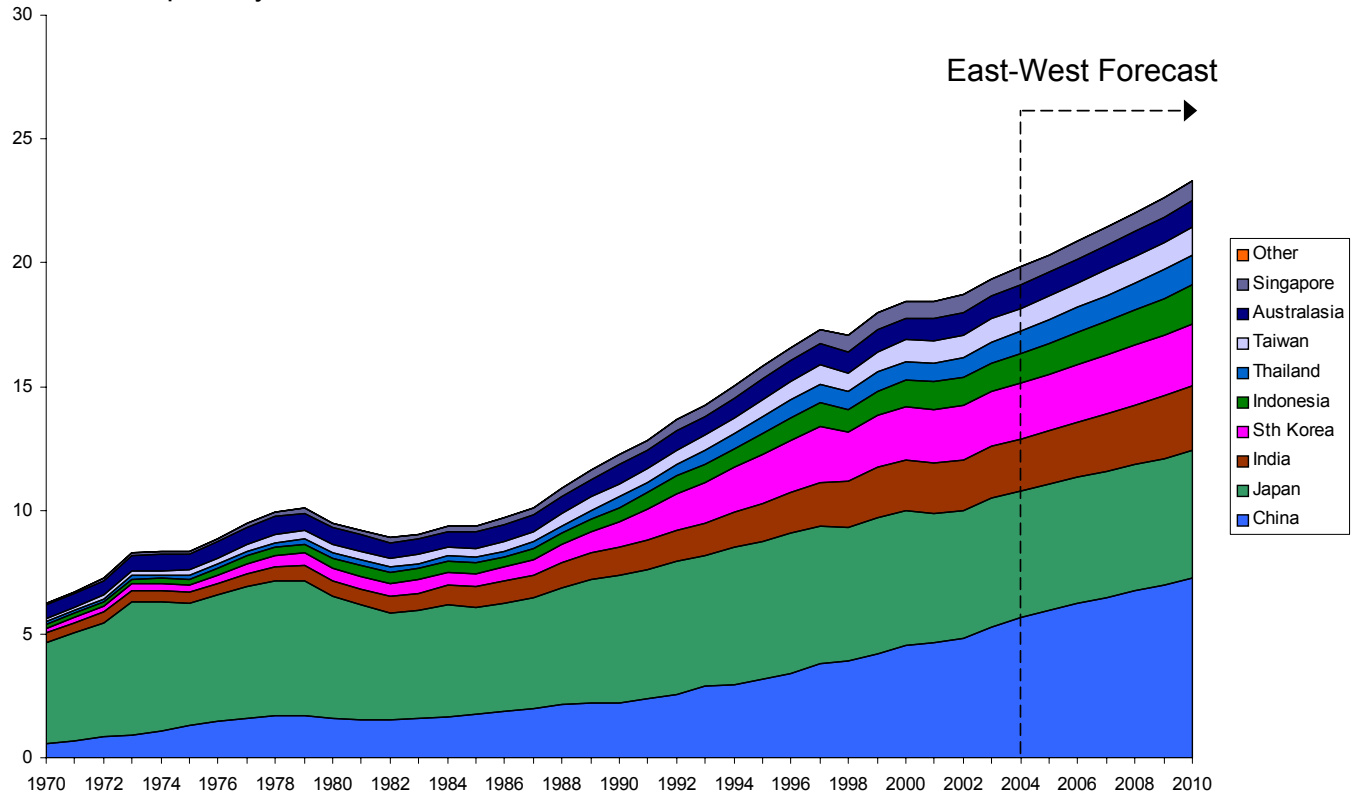
*Includes bunker gasoil

Source FACTS Inc. and East-West Consultants International (EWCI) Pte, Ltd (October 2004)



Asian demand growth by country

Millions barrels per day

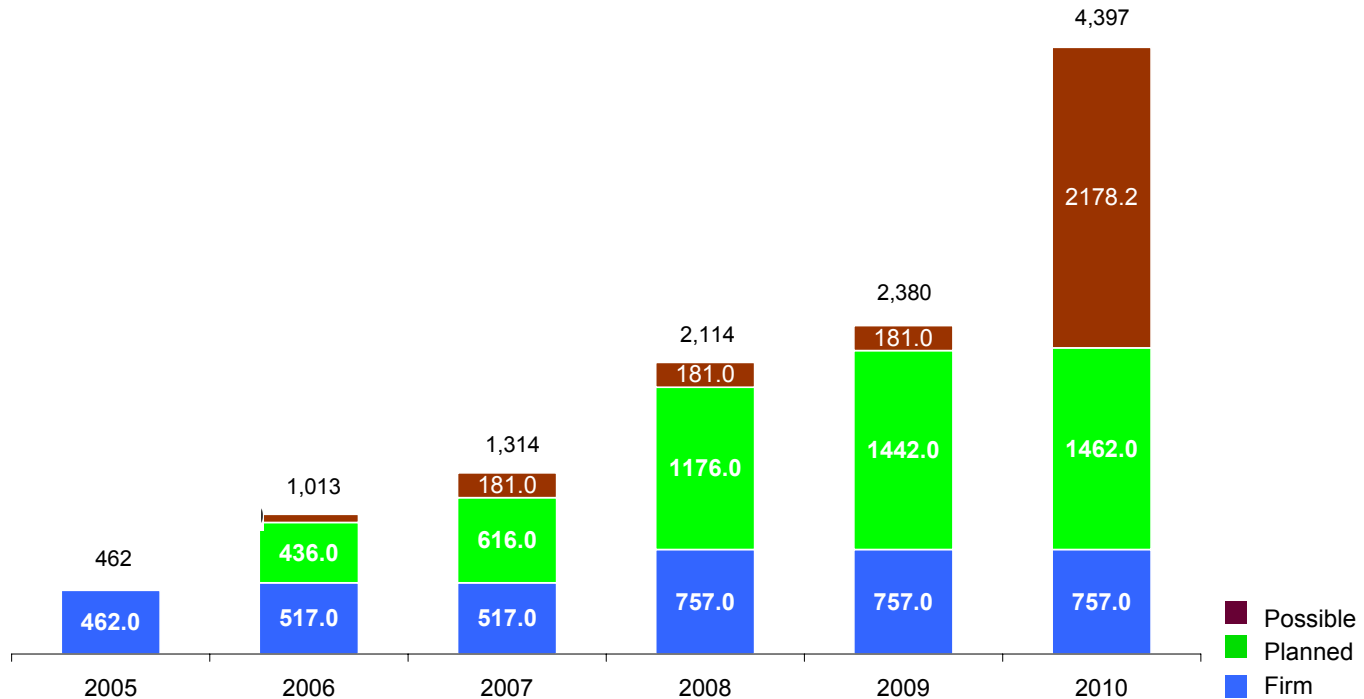


Source FACTS Inc. and East-West Consultants International (EWCI) Pte, Ltd (October 2004)



2005 East-West forecast of Asian refinery crude distillation capacity additions to 2010

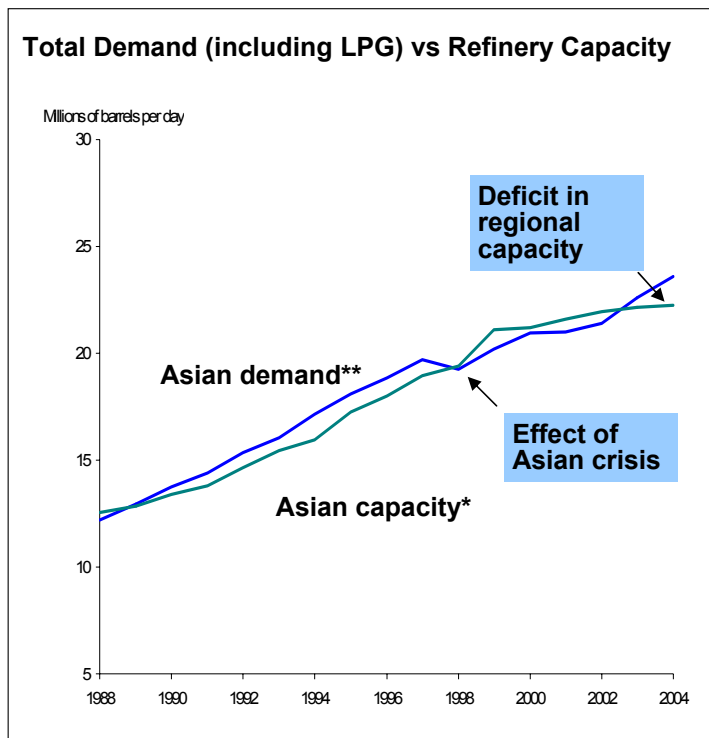
1,000 barrels per day



Source FACTS Inc. and East-West Consultants International (EWCI) Pte, Ltd (October 2004)



Capacity growth will happen but the investment cycle may be longer than previous cycles



- Firm and planned capacity additions are below projected demand growth
- Capacity expansion will be concentrated mainly in China and India
- Clean fuels investment in Asia may trigger selected refinery closures

Source: BP Statistical Review (1970–2003); East-West (2004); CAL Analysis

* Total Asian CDU capacity (BP Statistical Review: 1970–2003; East-West: 2004, using Jan 2004 as proxy for end-2004)

** Total Asian petroleum product demand (including LPG & direct use crude) (BP Statistical Review: 1970–2003; East-West: 2004, normalised to 2003 BP baseline)



Australian fuel specifications are becoming tighter

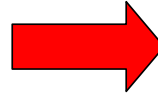
- Australia is moving to more stringent product quality standards for both petrol and diesel
- Australian grade quality petrol will be available but less readily from the region
- Australian grades are likely to enjoy higher premia
- These higher premia are likely to persist for a number of years
 - minor refinery projects <1 year, however
 - major refinery investment lead time is about 3/4 years



Refining & Supply: the opportunity

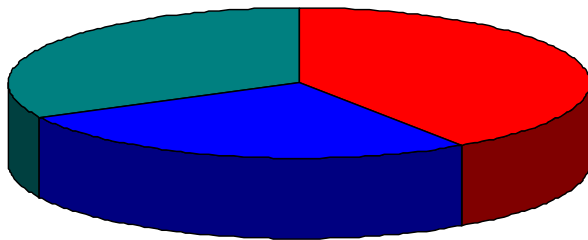
Capital required +/- \$300M

- 130 projects from small ideas to major projects
- 8 major projects account for nearly 65% of spend
- Largely cashflow neutral during implementation

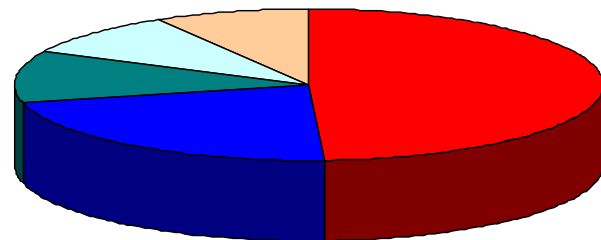
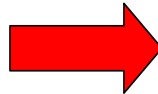


EBIT uplift +\$150M pa

- 20% uplift in production of transport fuels by 2008
- Focus on higher value products
- Average payback of all projects less than 2 years



■ Thruput ■ Yield ■ Smaller projects



■ Increase Thruput ■ Yield/Octane ■ Cost reduction
■ Supply chain ■ Optimisation

Contents

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Marketing: we put more in



- Marketing delivered approximately 50% of the company's EBIT in 2004
- The role played by Marketing:
 - To serve customers with excellence where we make a solid return
 - To provide our refineries with rateable demand to allow stable operations and higher levels of production
 - To provide a diversified and stable earnings stream that is not buffeted by the international energy markets
 - To manage the company's infrastructure across Australia
 - To underpin our reputation and brand with excellence in execution



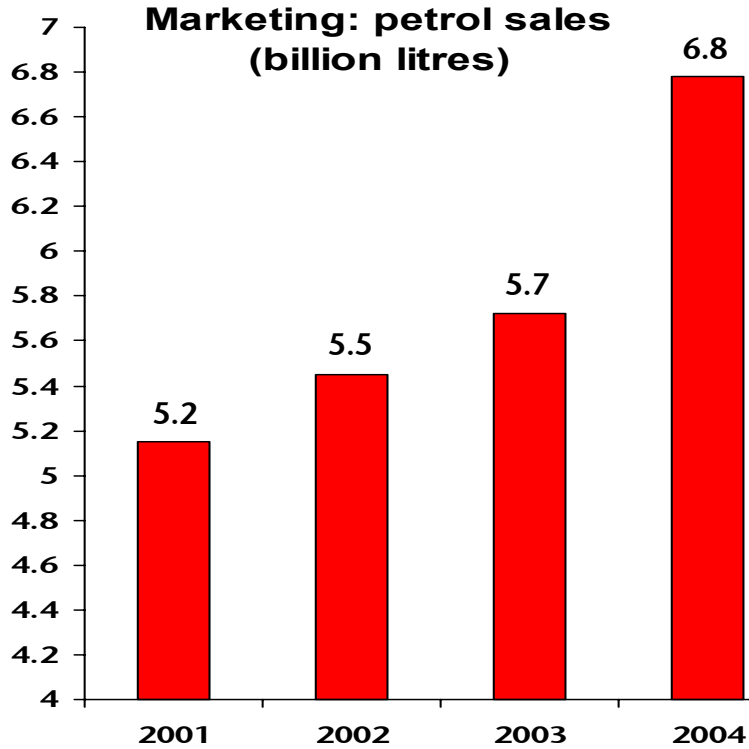
Marketing review: capturing the potential

- Significant opportunities remain in our 3 main business channels:
 - Retail
 - Woolworths
 - Vortex Premium Fuels
 - Reseller
 - Realise value through integration, process enhancements and economies of scale
 - Direct Sales
 - Growing our lubricants sales, shelf presence eg BIG W
 - Industrial sales volumes
 - Infrastructure initiatives with selective building/upgrading of facilities will underpin our growth and secure supply chain

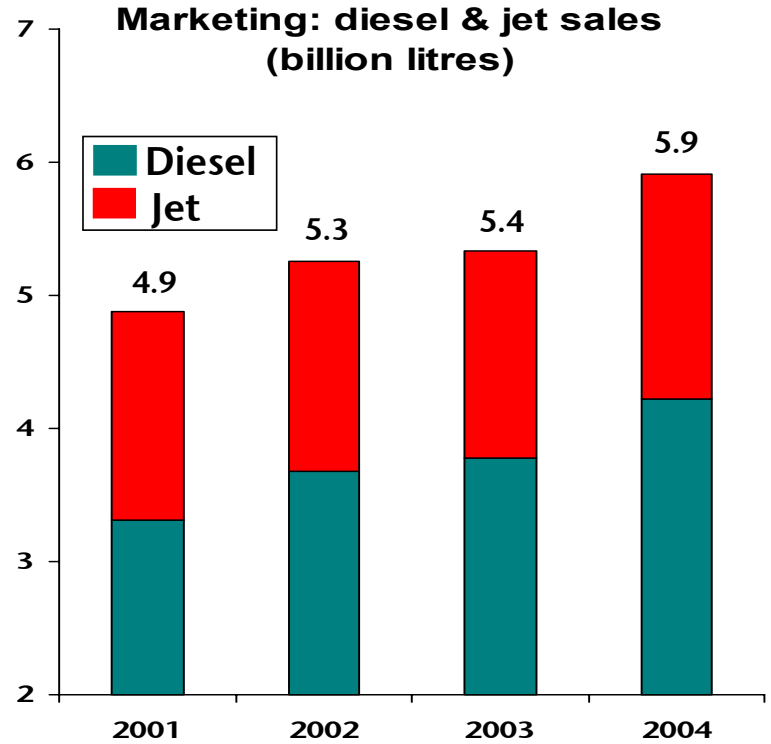
Complete the Woolworths rollout – 2005



Record marketing petrol and distillate sales



2004 petrol sales up 18.5% over 2003

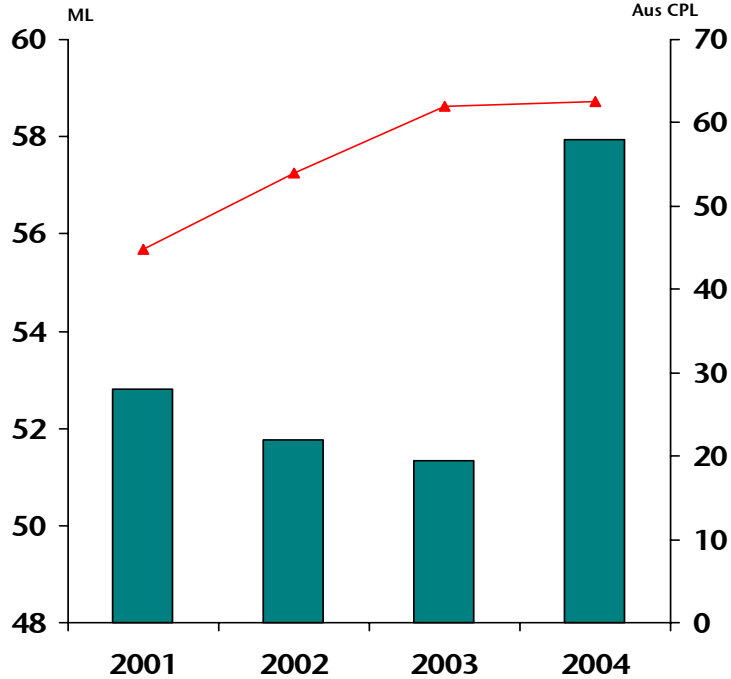


2004 distillate sales up 10.7% over 2003



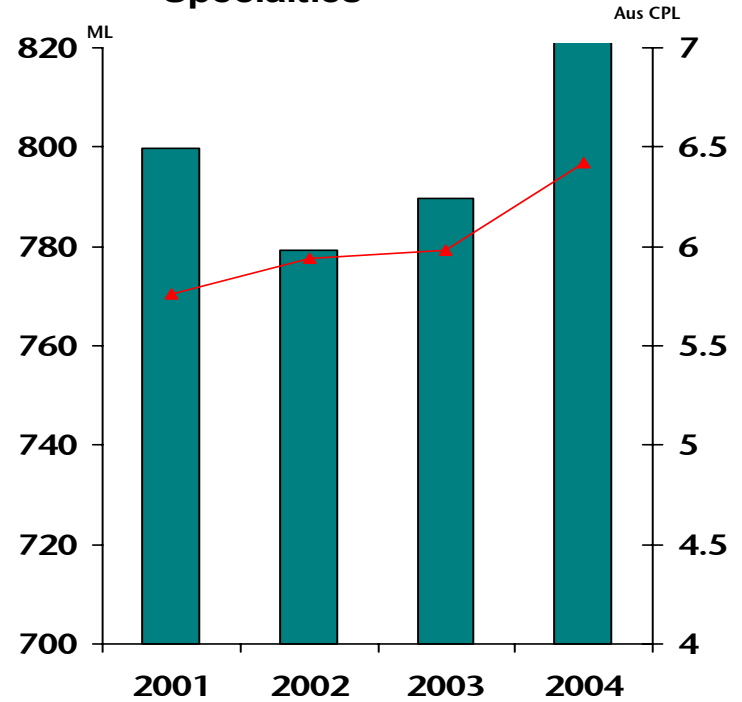
Lubricants & Specialties

Finished lubricants



Base oil sales up 40.2% over 2003

Specialties

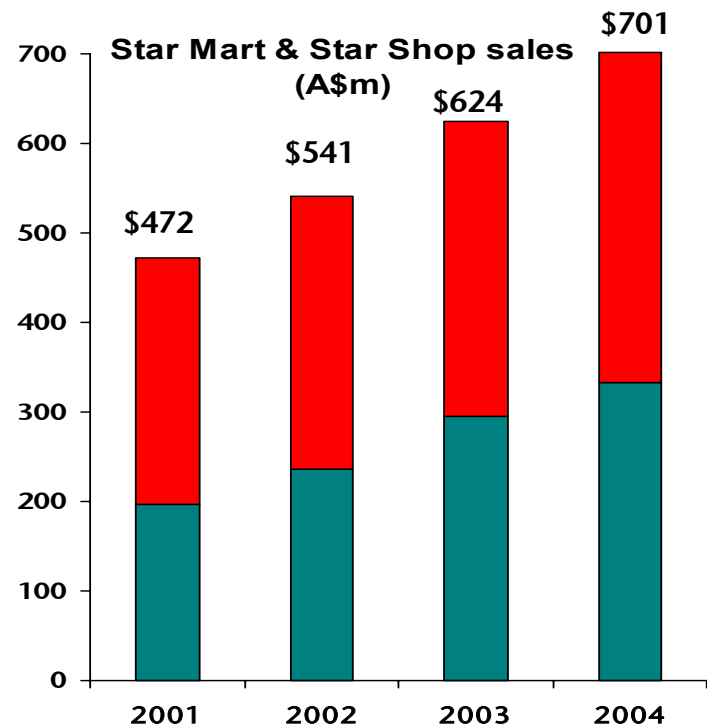
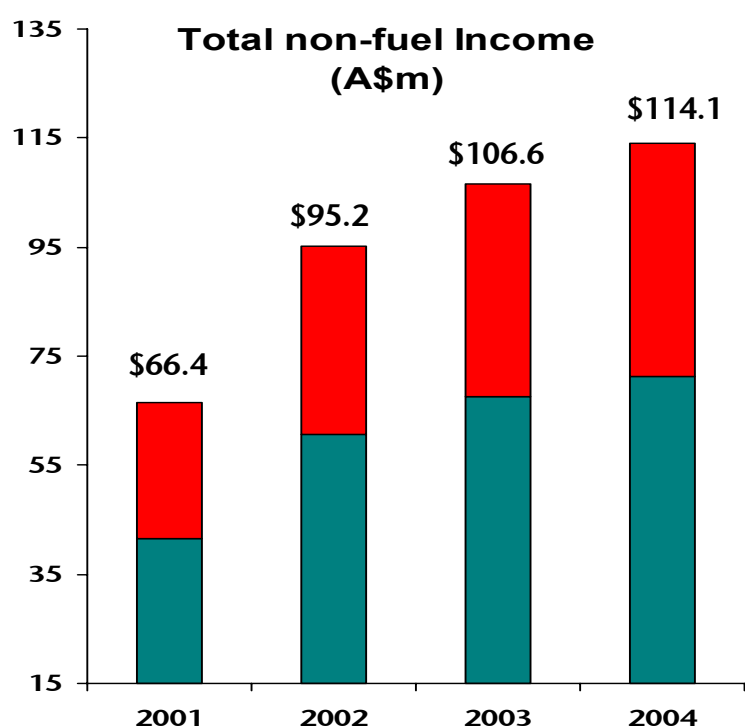


■ volume (ML)

▲ Gross margin (cpl)



Non fuel income and store sales

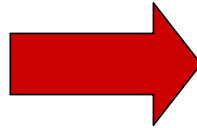


■ Retail non-fuel Income
■ Reseller, Direct Sales, and Card non-fuel Income

■ Star Shop sales
■ Star Mart Sales



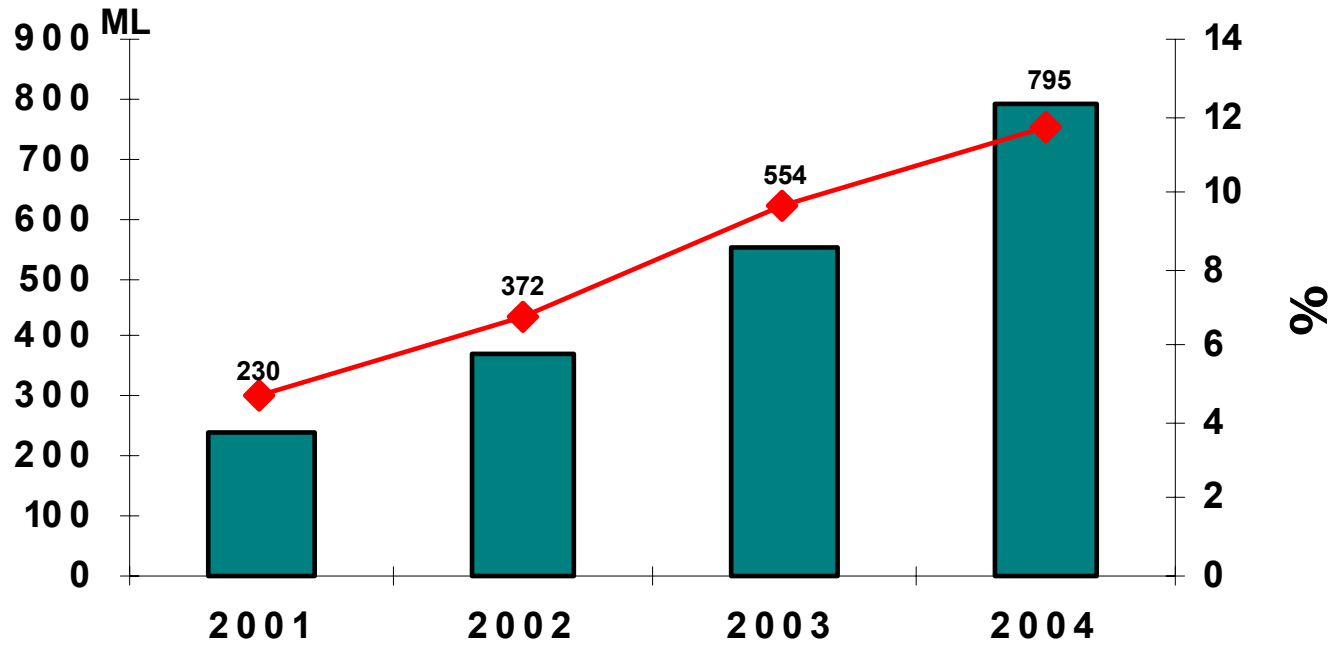
Brand positioning: update & focus





Premium Fuels Sales

PULP, Vortex and Vortex 98



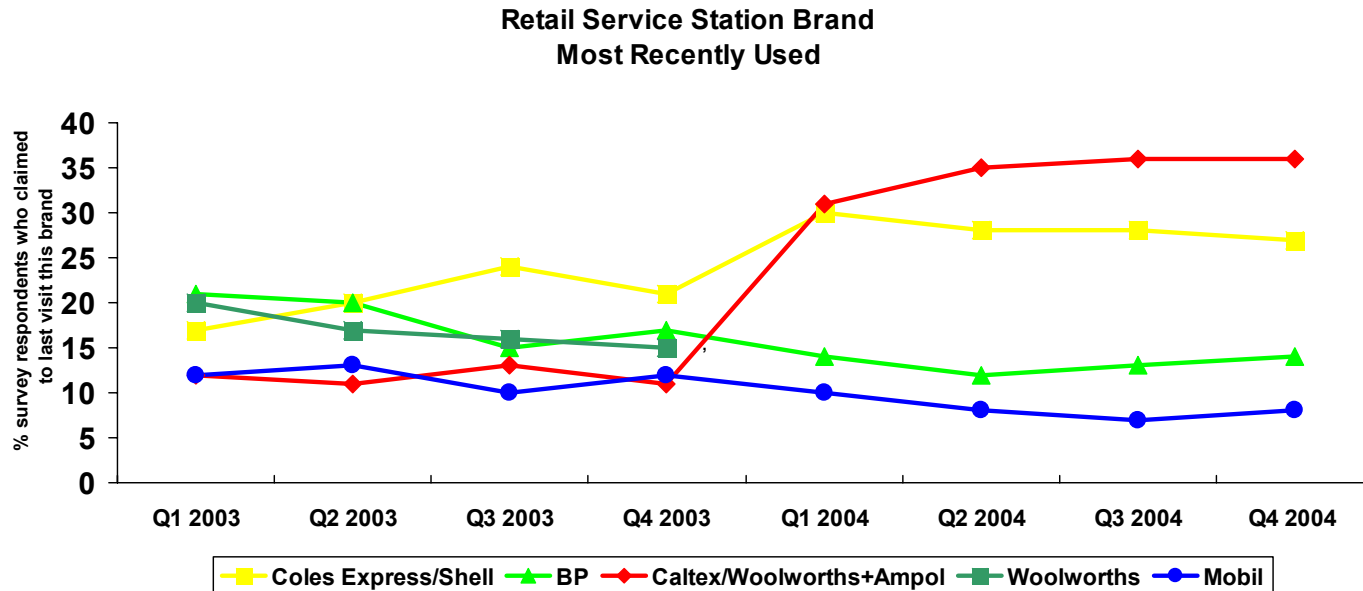
Volume ML % of total Petrol sales

2004 sales up 43.5% over 2003



Marketing: we put more in

We are the largest marketer and refiner of petroleum products in Australia...our goal is to be the best in the eyes of our customers



Source: Retail Service Station Brand Tracking 2004: Consumer Market Research (TNS on behalf of Caltex)



Caltex- summary

- ☑ Caltex is very well positioned in Australia
- ☑ Refining capacity is short in Australia, and tight globally
- ☑ A fuel quality premium for Australian compliant product will be reflected in import and Caltex refinery prices
- ☑ Caltex has the opportunity to expand production at attractive margins
- ☑ Caltex has a strong and competitive Marketing business





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 years leading up to and ended 31 December 2004; 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 the first half of 2005 and future years, as at 5 May 2005.

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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