

ASX Release

25 November 2019

CALTEX PROVIDES TRADING UPDATE

Caltex Australia (ASX: CTX) today provides an update on Convenience Retail trading performance for the 2019 full year and October Caltex Refining Margin (CRM¹).

This trading update is being provided following a period of heightened market variability impacting refiner margins and a recovery in domestic retail fuel margins from those experienced in the first half 2019.

Convenience Retail (CR) update²

Convenience Retail EBIT is expected to be in the range of \$190 - 210 million, representing an increase of \$20 - 40 million over the first half of 2019, driven by an improvement in fuel margin. Our refocus on retail fuel has led to market share gains through 2019, with continued growth in premium fuel market share. Total CR fuels sales volumes are expected to be ~4.8 billion litres in 2019.

Julian Segal, Caltex Managing Director and CEO, said: "Despite the softer conditions from ongoing Australian economic weakness, Caltex has continued to outperform our competitors in the retail fuel market by leveraging our fuel supply chain expertise and our high-quality retail network. We also recently opened our first Caltex Woolworths Metro store in North Ryde, which is another milestone in the execution of our retail strategy."

Caltex Refiner Margin update

Caltex advises that in the month of October CRM was US\$12.01/bbl, with October Caltex Singapore Weighted Average Margin (WAM) of US\$15.61/bbl. The strong WAM conditions in October was partly offset by rising landed crude oil premiums and lower yield as typical in warmer months. Landed crude oil premiums were higher because of the typical link between higher margins and crude premiums, as well as short-term spikes in the global freight markets and impact from increased sweet crude demand leading into IMO2020. Since October, the WAM has returned to more typical levels and freight markets have retreated from their high point. Guidance for full year 2019 sales from production of around 5.5BL is unchanged.

Caltex's earnings are sensitive to changes in CRM, and external market factors make CRM uncertain and inherently difficult to predict. This uncertainty is exacerbated for 2020 given the short-term impacts from the introduction of the IMO2020 fuel specifications, and means that there is a possibility that CRM could sit outside the range of potential outcomes reflected in broker expectations³. Given this uncertainty, Caltex does not provide guidance about CRM.

Caltex will provide an update on the execution of its strategy, including the roll out of the Metro@Caltex stores and Fuels & Infrastructure initiatives at its Investor Day.

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Explanatory Notes

1. 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 is calculated in the following manner:

Weighted Singapore product prices (for a standard Caltex basket of products)

Less: Reference crude price (the Caltex reference crude marker is Dated Brent)
Equals: Singapore Weighted Average Margin (Dated Brent basis)
Plus: Product quality premium
Crude discount
Product freight
Less: Crude premium
Crude freight
Yield Loss
Equals: Caltex Refiner Margin

The Caltex Refiner Margin is converted to an Australian dollar basis using the prevailing average monthly exchange rate.

CRM is just one contributor to the EBIT earnings (excluding significant items) of the Lytton refinery, which is part of Fuels and Infrastructure.

2. The outlook provided is unaudited. Statements made on changes in earnings compared with prior periods are based on the mid-point of relative guidance ranges provided.
3. The current range of broker CRM expectations for 2020 is US\$8.50 to US\$12.10/bbl. Broker consensus consists of 14 sell-side analysts that cover Caltex.

Caltex Australia

A proud and iconic Australian company, Caltex [ASX:CTX] has grown to become the nation's leading transport fuel supplier, with a network of approximately 2,000 company-owned or affiliated sites. Caltex aims to be the market leader in complex supply chains and the evolving convenience marketplace by delivering the fuel and other everyday needs of its diverse customers through its networks. Caltex has safely and reliably fuelled the needs of Australian motorists and businesses since 1900. It operates as a refiner, importer and marketer of fuels and lubricants. Follow us on LinkedIn, Twitter and Facebook, and for more information visit www.caltex.com.au