Caltex Australia Limited
ACN 004 201 307
Level 24
2 Market Street
Sydney NSW 2000

ASX RELEASE

16 January 2020

CALTEX REFINER MARGIN UPDATE (Q4 2019)

Caltex Australia (ASX: CTX) advises its Caltex Refiner Margin (CRM[1]) in respect of CRM sales from production for the 3 month period from October to December 2019.

	Q4 2019	Q3 2019	Q4 2018
CRM	US$7.51/bbl	US$10.53/bbl	US$7.77/bbl
CRM sales from production	1,586 ML	1,055ML	1,472ML

The Q4 2019 CRM was US$7.51/bbl, below the Q3 2019 CRM of US$10.53/bbl and the prior year comparative (Q4 2018: US$7.77/bbl). Improved operational performance saw CRM sales from production in Q4 2019 of 1,586 ML, above Q3 2019 and the prior year comparative.

The Q4 2019 Caltex Singapore Weighted Average Margin (SWAM) was US$12.75/bbl, which was lower than the Q3 2019 SWAM of US$12.86/bbl and the October 2019 SWAM of $15.61/bbl. The lower SWAM result was due to impacts from North Sea crude oil markets, unexpected gasoline stock build in US and Asia, and weaker demand for Asian diesel from Europe.

Q4 CRM was impacted by both falling SWAM and the previously flagged rise in landed crude oil premiums (crude oil premiums and crude freight impacts). Due to the shipping industry transition to IMO2020 in the first quarter of 2020, landed crude oil premiums have remained elevated to date.

Caltex confirms the unaudited profit guidance provided on 5 December 2019 for RCOP[2] EBIT remains unchanged, with the guidance range of $580 million to $620 million. Unaudited profit guidance for Lytton refinery EBIT in 2019 however is revised down slightly to $70 million, reflecting the lower refiner margin conditions in December than that assumed in setting guidance[3].

For the 12 months from 1 January 2019 to 31 December 2019, the average CRM was US$8.08/bbl, with CRM sales from production totalling 5,501 ML, in line with guidance of 5.5BL.

Period ended 31 December	2019	2018
CRM	US$8.08/bbl	US$9.99/bbl
CRM sales from production	5,501 ML	6,038 ML

Caltex also notes that given increased volatility in margins associated with industry transition to IMO2020, Caltex will provide a monthly CRM update through this period.

Authorised for release by: the Board of Caltex Australia Limited.

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 the Fuels and Infrastructure.

2. RCOP excludes the unintended impact of the fall or rise in oil and product 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 historic cost, including the effect of contract based revenue lags.

3. The prior 2019 EBIT outlook for Lytton of $75 million to $85 million, provided on 5 December 2019, assumed a US$8.50/bbl CRM for Q4 2019, with actual CRM of US$7.51/bbl.

INVESTOR CONTACT
Dale Koenders
Head of Investor Relations
+61 2 9250 5626
+61 457 559 036
dale.koenders@caltex.com.au

MEDIA CONTACT
Richard Baker
Head of Corporate Communications
+61 2 9250 5369
+61 417 375 667
richard.baker@caltex.com.au