ASX RELEASE

19 December 2017

2017 FULL YEAR PROFIT GUIDANCE – CORRECTION

The ASX statement which Caltex Australia released this morning stated that the underlying Supply & Marketing EBIT outlook (excluding externalities) based on the midpoint of the range of $760 million to $780 million was up around 9% on the comparable 2016 result.

The actual Supply & Marketing EBIT outlook range remains unchanged. However, the percentage increase on the comparable 2016 result is expected to be up 4.0%-4.5%, rather than 9%.

The amended ASX release follows.

Key points

- Full Year HCOP outlook $620 million to $640 million including significant items of up to $15 million
- Full Year RCOP[1] NPAT outlook $600 million to $620 million excluding significant items, up around 16%
- Strong underlying Supply and Marketing EBIT outlook (including net externalities of around $45 million unfavourable) $760 million to $780 million, an increase of around 4.0%-4.5% compared to 2016 despite lower retail fuel margins in the second half
- Higher refiner margins and continued strong Lytton operating performance with EBIT outlook approximately $310 million
- Forecast Corporate costs approximately $105 million to $110 million
- Net debt forecast approximately $900 million

Results Guidance	**Full year ending 31 December**	
	2017 outlook $M	2016 $M
HCOP (including significant items)	620 - 640	610
RCOP (excluding significant items):		
After tax	600 - 620	524
Before interest and tax	920 - 940	813

Historic cost profit after tax (HCOP)

On an historic cost profit basis, the after tax profit is expected to be within the range of $620 million to $640 million for the 2017 full year including significant items. Significant items are forecast to be a net loss of approximately $15 million after tax, representing one-off costs relating to the previously announced cost out initiative (approximately $20 million before tax) and costs associated with the franchisee assistance fund ($20 million before tax), partially offset by the previously disclosed profit on sale of Caltex's fuel oil business ($19 million before tax). This compares with the 2016 full year profit of $610 million, which did not include any significant items.

[1] The replacement cost of sales operating profit (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.

The 2017 full year result includes a product and crude oil inventory gain of approximately $40 million after tax. This compares with a product and crude oil inventory gain of $86 million after tax in 2016.

Replacement Cost Operating Profit (RCOP)

On an RCOP basis, the after tax profit for the 2017 full year is anticipated to be within the range of $600 million and $620 million, excluding significant items. This compares with an after tax profit of $524 million for the 2016 full year.

Supply & Marketing is expected to deliver an EBIT result of between $715 million and $735 million for the 2017 full year. This result includes net unfavourable externalities of approximately $45 million (foreign exchange impact and price timing lags).

Excluding these externalities, the underlying Supply & Marketing EBIT outlook of between $760 million and $780 million is up around 4.0%-4.5% on the comparable 2016 result of $738 million (based on the mid-point of the outlook range).

Total transport fuels sales volumes of 16 billion litres are expected to be marginally higher than for the same period in 2016. Strong growth in premium retail diesel continues to drive growth in total premium fuels, reflecting an overall trend of petrol substitution with diesel. Volumes of unleaded and E10 petrol continue to decline, with sales of premium petrol marginally lower compared with the prior year. Total retail transport fuel volumes are forecast to be around 8.6 billion litres, in line with the prior 2016 year (8.6 billion litres).

Retail margins have been lower in the second half of 2017 compared to the first six months on the back of increased retail competition and a rising commodity price environment.

Non-fuel income is forecast to be lower due to the ongoing operational impact of franchise conversions. Caltex continues to invest in new retail fuel concepts, with 22 pilot (12) and New to Industry (NTI) (10) Foodary sites rolled out.

Lytton Refinery is expected to contribute a 2017 EBIT of approximately $310 million. This compares favourably to the EBIT of $205 million for 2016.

For the first eleven months of 2017, the average realised Caltex Refiner Margin was US$13.01 per barrel. This compares with the 2017 first half average of US$12.59 per barrel and 2016 full year average of US$10.29/bbl.

Sales from production from the Lytton refinery is expected to total approximately 6.1 billion litres, slightly below the 2016 record year (6.2 billion litres), reflecting a number of planned mini turnarounds throughout the year.

Corporate costs are forecast to be between $105 million and $110 million for the full year (previous guidance $100m - $110m), reflecting significant business development and other major project costs (including Caltex's company operating model review and the retail franchise network audits) as well as investing in capabilities that better position Caltex for the future.

Debt position

Net debt at 31 December 2017 is forecast to be approximately $900 million, compared with $454 million at 31 December 2016 and $730 million at 30 June 2017. The increase in net debt reflects $430 million in acquisitions year to date, including Milemaker and Gull NZ. Average debt during the twelve months to 31 December 2017 is expected to be around $700 million. Caltex remains committed to a BBB+ credit rating.

Dividend policy

Caltex intends to pay total dividends for each financial year in the range of 40% to 60% of the full year RCOP after tax (excluding significant items), after taking into account Caltex's earnings for the period, future capital requirements and other relevant factors, such as the outlook for the business.

Notes

The forecast results for the 2017 full year are unaudited.

The forecast results assume a December period end AUD/USD exchange rate of 76 cents, a December average realised CRM of US$12.00/bbl and an average Dated Brent crude oil benchmark price of US$65.00/bbl for December.

Volatility in crude oil prices and the AUD/USD exchange rate can materially impact the forecast result and cash flow, and the company advises that even small changes in these key externalities during the balance of the month of December 2017 can materially affect both the RCOP and historic results for the full year.

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