

ASX RELEASE

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Caltex Australia enters into a strategic partnership with SEOIL (Philippines), including the acquisition of a 20% equity interest

Caltex Australia Limited (“Caltex Australia”) today signed a definitive agreement forming a strategic partnership with SEOIL Philippines Inc. (“SEOIL”), the leading independent fuel company in the Philippines and fourth-largest market participant.

Caltex Australia will acquire a 20% ownership interest in SEOIL and supply fuel to SEOIL via Caltex Australia’s fuel sourcing and shipping business, Ampol Singapore. This transaction will support SEOIL’s growth strategy, which aims to double the company’s retail network and terminal storage capacity over the next five years.

The strategic partnership continues Caltex Australia’s targeted international expansion strategy, following the acquisition of Gull New Zealand in July 2017. As with Gull New Zealand, partnering with a customer led organisation such as SEOIL offers Caltex Australia the ability to increase the scale and scope of its Singapore-based fuel sourcing and shipping operations.

SEOIL, founded by entrepreneur Francis Yu in 1978, is an independent fuels marketing and distribution business in the Philippines. The company markets diesel, gasoline and lubricants to retail and wholesale customers nationwide. With annual volumes of approximately 1.5 billion litres (representing around 6% market share), it has achieved sufficient scale to build its own national supply chain and compete effectively with the major legacy fuel companies. Its integrated infrastructure and logistics network includes 316 SEOIL branded retail service stations, 11 coastal fuel terminals (including 7 import-capable sites) and a wholly-owned coastal shipping logistics business.

With the support of Caltex Australia, one of the region’s largest independent downstream fuel companies, SEOIL expects to accelerate the growth of its market reach and penetration, expand its product offerings and enhance its operating capabilities in the Philippines. In particular, SEOIL expects to capitalise on Caltex Australia’s downstream capabilities, including expertise in convenience retailing and franchising and lubricants as well as supply chain operations.

Caltex Australia MD & CEO Julian Segal said, “We are excited about the growth opportunity that taking a 20 per cent stake in SEOIL represents for Caltex Australia. SEOIL’s decision to partner with Caltex Australia recognises our strong track record as a leading supplier of fuels in the region along with the skills and capabilities we have worked hard to build over many years. It also demonstrates the value that can be created from our role as an independent fuel supplier in the Asia-Pacific. My team at Caltex and I are looking forward to being part of SEOIL’s growth over the coming years.

“This transaction is an extension of the opportunity to enter target markets which began earlier this year with our acquisition of Gull New Zealand and augments the reputation of Ampol, our Singapore operation, for its complex product supply and shipping capabilities into import

markets. Caltex Australia will continue to look for opportunities in the region when they make sense for our shareholders and are a good fit for our business and capabilities.”

For calendar year 2016, SEAOIL generated EBITDA of P1,623 million (~A\$43 million) and net income of P1,016 million (~A\$27 million). EBITDA of CY2017 is on track to deliver ~A\$50 million (up 17%).

The 20% equity interest is being acquired for consideration of approximately A\$115 million at prevailing exchange rates. Funds from the transaction will be largely used by SEAOIL to fund its future expansion plans. The investment by Caltex Australia will be funded utilising existing debt facilities, is expected to be EPS accretive and generate returns above cost of capital in its first full year of ownership.

SEAOIL’s Chairman and founder, Francis Yu said, “We have long sought a strategic partner to complement our capabilities and competitive advantage, and we are optimistic that Caltex Australia, whose values we share and whose operations are similar to ours in complexity, can help accelerate our growth.”

The Philippines is one of the fastest growing fuels markets in Asia. Between 2014 and 2016, the market expanded at a compound growth rate of 9.5%. Growth is supported by increased car ownership and high GDP growth rates. Operators benefit from a deregulated market structure established in the late nineteen nineties that has seen the creation of a growing independent sector. It is reliant on imported product for approximately 60% of its needs (and growing), thereby is an attractive position for Caltex Australia.

Extensive due diligence has been undertaken to understand the market and the business. This has been supported by recent sales of fuel into the Philippine market. As part of the deal, Caltex Australia will appoint directors reflecting its equity interest and will benefit from certain minority shareholder protections.

Subject to satisfaction of the conditions precedent relating to a restructure of the SEAOIL group, completion is expected to take place during the first half of 2018.

Caltex Australia

A proud and iconic Australian company, Caltex (ASX:CTX) is the nation’s leading transport fuel supplier with end-to-end operations in refining, importing and marketing our premium fuels and lubricants. With a history tracing back to 1900, Caltex has safely and reliably fuelled the needs of Australian motorists and businesses for more than a century. Caltex aspires to be the market leader in complex supply chains and to execute our ‘Freedom of Convenience’ strategy for customers through our network of over 1,900 company-owned, franchised or affiliated sites in Australia and New Zealand through Gull NZ. Follow us on LinkedIn, Facebook and Twitter @CaltexAustralia.

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Appendix: SEOIL and the Philippines Market

The Philippines Market

- Average Real GDP Growth (2018-2021) 6.8% p.a. (Source: IMF)
- Total diesel and gasoline fuel market Approx. 16 billion litres (BL) (Source: DOE)
- Registered motor vehicles (2016) 9.3 million (Source: Land Transportation Office)
- Population (2016) 103.2 million (Source: IMF)
- Historic market volume growth (last 3 years) 9.5% p.a. (Source: DOE)
- Deregulated and competitive market (since 1998) with prices dictated by market forces.
- Major Industry Players (2016) (Source: DOE)
 - Petron 30.7%
 - Shell Philippines 20.3%
 - Caltex (Chevron Inc.) 6.8%
 - SEOIL 5.9%
 - Phoenix 5.7%
 - Others 30.6%

SEOIL Philippines, Incorporated

- Historic volume growth (last 3 years) 47%
- Actual volumes sold (2016) 1,517 million litres (ML)
- No. of retail fuel stations (2016) 316
- Fuel sales volume mix (2016) Gasoline (53%), Diesel (46%), Other (1%)
- Sales channels mix (2016) Retail (20%), Wholesale and Commercial (80%)
- Customer mix No single customer accounts for >10% of total volumes
- No. of terminals 11
- Terminal capacity (2016) 221ML
- No. of import capable terminals 7