

ASX Release

9 May 2019

CALTEX RELEASES FIRST QUARTER 2019 TRADING UPDATE

Caltex Australia (ASX:CTX) today announces its 2019 first quarter result, in conjunction with its Annual General Meeting.

1Q 2019 Profit Guidance (unaudited)	Quarter ending 31 March	
	2019 (\$M)	2018 (\$M)
Fuels & Infrastructure (excluding Lytton) EBIT	104	106
Lytton EBIT	5	51
Fuels & Infrastructure (F&I) EBIT	109	156
Convenience Retail (CR) EBIT	40	90
Group RCOP EBIT	138	238
RCOP NPAT¹	94	164
Post tax product and crude oil inventory (loss) / gain ²	(37)	9
HCOP NPAT	57	172

These results are in line with the update provided in March, although down on those of the previous corresponding period. 1Q 2019 earnings have been impacted by lower earnings from Lytton, the revised Woolworths fuel contract (now Euro Garages), and higher crude oil prices resulting in lower retail fuel earnings.

While the quarter was challenging for refiner margins in the region, margins recovered in March and April from prior lows. The average Caltex Refiner Margin (CRM) in April was US\$10.96 per barrel, above the 1Q 2019 average of US\$7.53/bbl, with CRM Sales from production in April of 440ML.

The impact from the planned shutdown of the FCCU reduced the CRM by approximately US\$0.60/bbl in April. Without the FCCU shutdown, we estimate the refining margin and associated yield impact would have been approximately US\$11.60/bbl.

The shutdown of the Lytton refinery FCCU was successfully completed and the unit has returned to full operations. Lytton is now operating at full capacity and Caltex confirms Lytton 2019 production guidance of around 5.8BL.

The key driver of the variance in Convenience Retail's unaudited EBIT was a \$38 million lower retail fuel margin, and an \$8 million unfavourable variance in profit on sale of assets. Retail fuel margins were impacted by the combination of increasing crude prices and increased competition across the market. Caltex's Retail fuel business has regained market share over the last 6 months³, and fuel market share remains stable, year-on-year.

Retail shop earnings were broadly in line with the prior year, on a seasonally adjusted basis. Retail fuel market conditions in April have been encouraging and the business performed well over April in terms of volume, however the market remains competitive. Caltex has now opened 59 Foodary sites and is working towards launching the initial Caltex Woolworths Metro pilot sites in 2H 2019.

The transition of franchise sites to company operation remains on schedule with >70% of the retail network now company operated and agreements in place for Caltex to operate 99% of sites by 2020. Having stores in company operation allows us to better standardise and optimise the site's performance, which we expect to continue improving through 2019.

Caltex CEO and MD, Julian Segal, said "Our result shows the impact of both lower refiner margins and a challenging retail environment this quarter. It was pleasing to see conditions improve in April. Our businesses' strengths, including a strong balance sheet and our extensive network, as well as our steady focus on the execution of our strategy provide the foundation for delivery of our strategy in 2019."

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NOTE 1: AASB16 is a new accounting standard, applicable from 1 January 2019, that requires companies to bring the majority of operating leases on-balance sheet. As per guidance provided in February, Caltex anticipates the adoption of AASB16 will result in an unfavourable non-cash impact to NPAT in 2019 of approximately \$20 million.

NOTE 2: Pricing lags on product sales is excluded from RCOP earnings, but is included in movement in inventory as a component of inventory gain/loss. While 1Q 2018 HCOP profits remain unchanged, there has been a minor change in 1Q 2018 RCOP profits. This change is consistent with the presentation of the 1H and Full Year 2018 results.

NOTE 3: Based on a comparison of Caltex volumes to Department of Energy – Australian Petroleum Statistics

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