BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

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29 June 2016

Company Announcements Office

Australian Securities Exchange

CALTEX AUSTRALIA LIMITED

UNAUDITED 2016 HALF YEAR PROFIT OUTLOOK

An ASX Release titled "Unaudited 2016 Half Year Profit Outlook" is attached for immediate release to the market.

Peter Lim
Company Secretary

CALTEX

Caltex Australia

ASX Release

For immediate release
Wednesday 29 June 2016

Unaudited 2016 Half Year Profit Outlook

Key points:

- **Half year historic cost profit after tax (HCOP) outlook range $310 million to $330 million, including significant items**
- **Half year replacement cost operating profit (RCOP)[1] NPAT outlook of $245 million to $260 million, excluding significant items**
- **Supply & Marketing underlying EBIT outlook of between $345 million and $360 million, up over 10%. Supply & Marketing EBIT outlook including externalities of $335 million to $350 million**
- **Lytton refinery EBIT outlook of between $85 million and $95 million, reflecting lower first half refiner margins, offset by stronger production volumes (strong operating performance and prior year impact of major maintenance program)**
- **Net debt forecast to be approximately $700 million, including impact of $270 million off-market buy-back. Strong balance sheet remains.**

Results summary (unaudited)	**Half year ending 30 June**	
	2016 $M	**2015 $M**
Historic Cost Profit after tax (including significant items)	310 - 330	375
RCOP profit (excluding significant items):		
After tax	**245 - 260**	251
Before interest and tax	375 - 400	383

Historic cost profit

On an historic cost profit basis, the after tax profit is expected to be within a range of $310 million and $330 million for the 2016 half year. No significant items are anticipated. This compares with the 2015 half year profit of $375 million, including a $29 million significant item gain after tax.

The 2016 half year result includes a product and crude oil inventory gain of approximately $70 million after tax. This compares with a product and crude oil inventory gain of $95 million after tax in the first half of 2015.

[1] The replacement cost of sales operating profit (RCOP) excludes the 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.

Replacement Cost Operating Profit (RCOP)

On a Replacement Cost Operating Profit (RCOP) basis, the after tax profit for the 2016 half year is anticipated to be in the range of $245 million and $260 million, excluding significant items. This compares with an after tax profit of $251 million for the 2015 half year, excluding significant items.

Supply and Marketing continues to focus on optimising the entire value chain, from product sourcing to the customer.

We continue to capture opportunities as we optimise the integrated value chain and maintain our position as the outright leader in transport fuels across Australia, despite the competitive landscape in Australia continuing to be challenging, particularly in the Business to Business sector.

The Supply and Marketing segment is expected to deliver an EBIT result of between $335 million and $350 million for the 2016 half year. This result includes unfavourable externalities of approximately $10 million (primarily price timing lags).

Excluding these externalities, the underlying Supply and Marketing EBIT is expected to be between $345 million and $360 million. This compares with an underlying EBIT result in the first half of 2015 of $315 million (which excludes the $20 million in one-off supply costs incurred in supporting Lytton's major maintenance program).

Total sales volumes of transport fuels for the first half of 2016 are up marginally at 7.7 billion litres. We continue to successfully grow sales of premium fuels in Retail across both petrol and diesel, offsetting the decline in unleaded petrol and E10, together with increased jet fuel sales.

The Lytton Refinery is expected to contribute an EBIT of between $85 million and $95 million for the 2016 half year. This compares unfavourably to the EBIT of $154 million for the first half of 2015.

For the first five months of 2016, the average realised Caltex Refiner Margin was US$9.80 per barrel. This compares unfavourably to the 2015 first half average of US$16.00 per barrel, as refiner margins return towards more normalised levels.

Sales from production from the Lytton refinery in the first half is expected to total approximately 2.9 billion litres, up around 20% from the same period last year (2.4 billion litres). This reflects a continued strong operational performance. 2015 first half production was impacted by a major Turnaround & Inspection maintenance program, which occurs once every five years.

Corporate costs are forecast to approximate $45 million, as the company continues to invest in capabilities that better position Caltex into the future, including technology, M&A, and brand and marketing initiatives.

Debt position

Net debt at 30 June 2016 is forecast to be $700 million, compared with $432 million at 31 December 2015. Average debt during the six months to 30 June 2016 is expected to be around $600 million. This includes the impact of the recently completed $270 million off-market buy-back.

Note

The forecast results for the 2016 half year will be subject to normal external half year review procedures.

The forecast results assume a June period end AUD/USD exchange rate of 74 cents, a June average realised CRM of US$11.00/bbl and an average Dated Brent crude oil benchmark price of US$48/bbl for June.

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 June 2016 can materially affect both the RCOP and historic results for the full year.

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