2018 Half Year Results Announcement

Caltex Australia Limited

ACN 004 201 307

Agenda

- Values Moment
- Key Highlights: Half Year 2018 Results
- Strategy Update
- Financial Highlights
- Fuels & Infrastructure Highlights
- Convenience Retail Highlights
- Asset Optimisation Review
- Capital Management Discipline
- Financial Guidance
- Short-term Priorities
- Appendices

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Values Moment

Health and safety are core to our values and the safety of our people is paramount

Convenience Retail

- Total Recordable Injury Frequency Rate (TRIFR) has increased during a period of transformation; with over 240 new company operated stores over the last 18 months, and nearly 1,500 new store employees.
- Our commitment is to continue to focus on transition processes, targeted training programs, and intervention to improve this result.

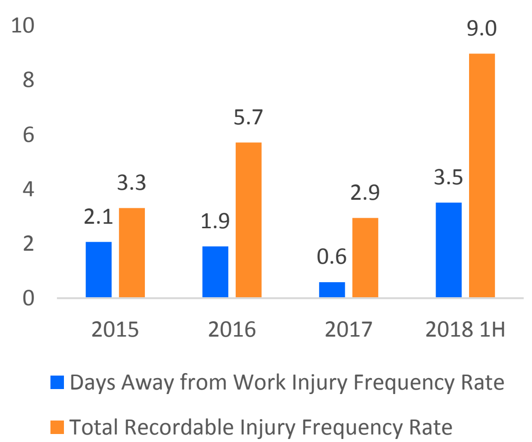
Fuels & Infrastructure

- Personal safety injury performance continued to improve across the first half of 2018 in Fuels and Infrastructure, as evidenced by the lowest recorded YTD Days Away From Work Frequency Rate (DAFWFR) over the past 3 years.
- Continued focus on both strong safety leadership, engagement and culture programs.

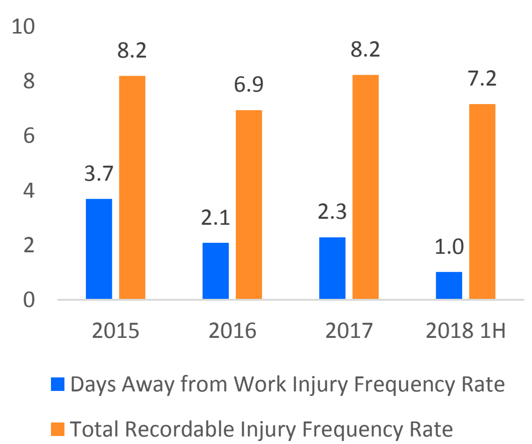
Process Safety

- Process Safety performance continues to be strong with only one recordable spill in the first half of 2018 and no marine spills across Caltex's operations YTD.
- Operational discipline remains a key focus to ensure that the right task is performed the right way, every time.

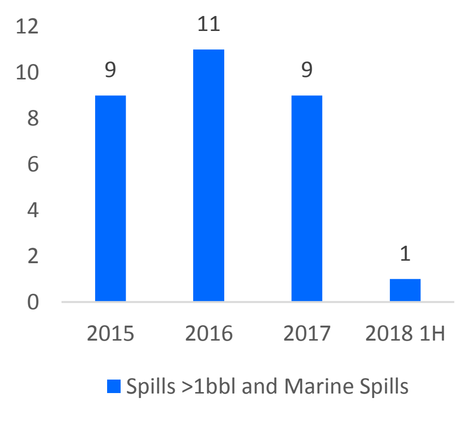
Convenience Retail Personal Safety



Fuels & Infrastructure Personal Safety



Process Safety



Key Highlights

Half Year 2018 Results Summary

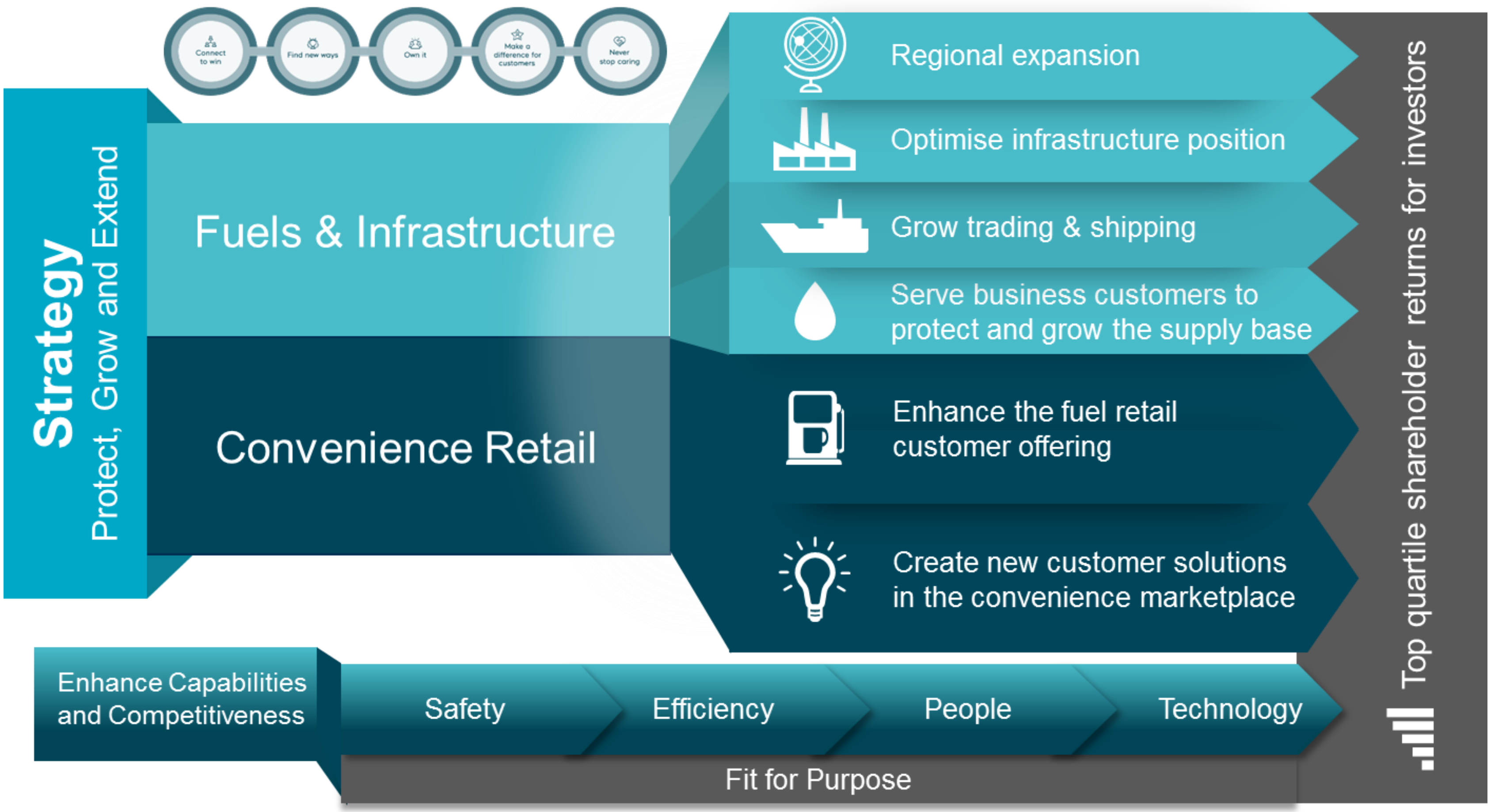
Consolidated Group Result **RCOP NPAT $296 million up 1%** Earnings per share up 1% Interim dividend down 5% Extended and expanded long term partnership with Woolworths	✓ RCOP NPAT $296 million, an increase on 1H 2017 ($294 million). ✓ Extended and expanded long term partnership with Woolworths to include the co-creation of a market-leading convenience offering as well as long term wholesale grocery supply, loyalty and redemption arrangements. ✓ Acquisition of equity interest in Seaoil in March. ✓ Business operating as two business units since 1 January 2018, to deliver greater transparency and accountability for growth. ✓ Asset optimisation review complete, identifying opportunity to create value from more active property management and development. Next steps defined. ✓ Interim dividend 57cps declared (1H 2017 60 cps) fully franked, a 50.3% payout ratio (guidance 40% - 60%).
Fuels & Infrastructure **RCOP EBIT $314 million** Delivering on International growth strategy Solid underlying operational performance, but impacted by weaker refining margins	✓ Fuels & Infrastructure EBIT of $314 million, up $27 million or 9% ✓ F&I volumes up 12% to 10.2BL - Domestic (Retail and Wholesale) sales up 3.5% to 8.4BL. International volumes of 1.8BL increased by 87%, reflecting expanding role of Ampol Singapore. × Lytton refinery EBIT of $105 million, down $44 million on lower refiner margin (down US$2.30/bbl to US$10.06/bbl) ✓ Reliable Lytton operational performance continues. CRM sales from production of 3.2BL, up 4.6%, the second highest HY on record. Lytton continues to deliver reliable profits. ✓ Maintaining Woolworths fuels supply agreement provides platform for Ampol growth.
Convenience Retail **RCOP EBIT $161m** Store transition process continues to impact earnings Good progress on enablers and The Foodary pilots underpins medium term earnings growth New Woolworths agreement includes loyalty and redemption as well as convenience benefits	× Convenience Retail EBIT of $161m, down $26m or 14%. × Fuel contribution ($m) flat with incremental Milemaker and NTIs earnings offset by impact of rising crude price on volume and margin × Convenience Retail fuel volumes down 2.6% to 2.5BL, compared to market decline of ~1.6%. ✓ Total Shop sales returned to growth trajectory (+1.1%) with transaction growth at 4.0% × Total Shop contribution margin down $17m, due to the broader impacts of franchise transitions and other operating impacts on store ✓ Good progress on implementation of enablers of retail strategy – hiring of retail capability, IT (inc. labour rostering), multi-temp supply chain, customer feedback platform ✓ The Foodary continues to resonate with customers – good sales, margin, transaction performance. Ongoing work to optimise costs. Learnings to be incorporated into Metro convenience co-creation and development of broader network.

Strategy Update

Separate businesses and cultures emerging, both with significant growth options

Freedom of Convenience

To be the market leader in complex supply chains and the evolving convenience marketplace, by delivering the fuel and other everyday needs of our diverse customers through our networks.



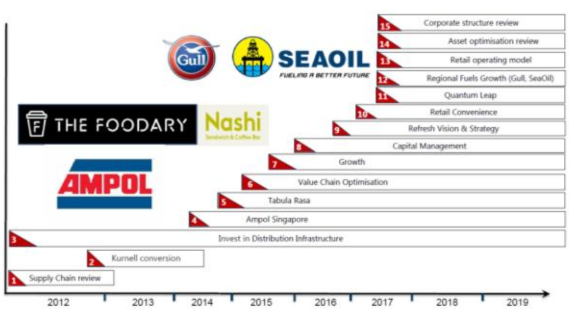
Strategy Update – Primed for growth

Retail and F&I both have significant growth options, underpinned by core competencies and enabled by market leading networks

Successful Transformation	Creating the Platform	Primed for Growth
2011-2016	**2017-2018**	**2018 and beyond**

Successful Transformation — 2011-2016

- Delivery of top quartile TSR
- Successful transformation from refiner-marketer to integrated fuels retailer and distributor



Creating the Platform — 2017-2018

Quantum Leap program setting the company up for long-term success via:

- Operating model review, leading to definition of two new business units
- Commercial separation executed
- Asset optimisation review completed
- Business efficiency initiatives ongoing

Primed for Growth — 2018 and beyond

Convenience Retail

- Technology & innovation — Digital C-lab, Fuel pay
- Property optimisation
- Accelerated with Woolworths partnership — Metro convenience, Wholesale supply, Loyalty, redemption
- Transition to company operations
- Convenience Retail Strategy & Capability build — QSR, The Foodary

Plus: step-out / adjacencies M&A

Fuels & Infrastructure

- Renew product offer — Alternative fuels, capability linkages, services
- Regional Growth — Gull, Seaoil, other investments
- Leveraging Ampol — Optimisation in complex supply chains
- Protect and grow domestic volumes — B2B, retention of Woolworths supply
- Integrated fuel supply chain — Core capabilities of infrastructure, trading & shipping, manufacturing

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Financial Highlights

Half Year Ending 30 June

	1H 2018	1H 2017	% Change
HISTORIC COST			
EBIT ($m)	568	408	39
NPAT ($m)	383	265	45
EPS (cps)	147	101	45
REPLACEMENT COST			
EBIT* ($m)	443	454	(2)
NPAT ($m)	296	294	1
EPS (cps)	113	113	1
Dividend (cps)	57	60	(5)
Net Debt ($m)	1,041	730	43
Gearing (%)	24%	20%	4
Gearing (Lease adjusted %)	37%	34%	2
Working Capital ($m)	984	680	45
Capital Expenditure ($m)	223	261	(15)
Depreciation & Amortisation ($m)	120	107	13

* Pricing lags on product sales has now been excluded from RCOP earnings, and now included in movement in inventory as a component of inventory gain/loss. All references to RCOP have been restated within this document

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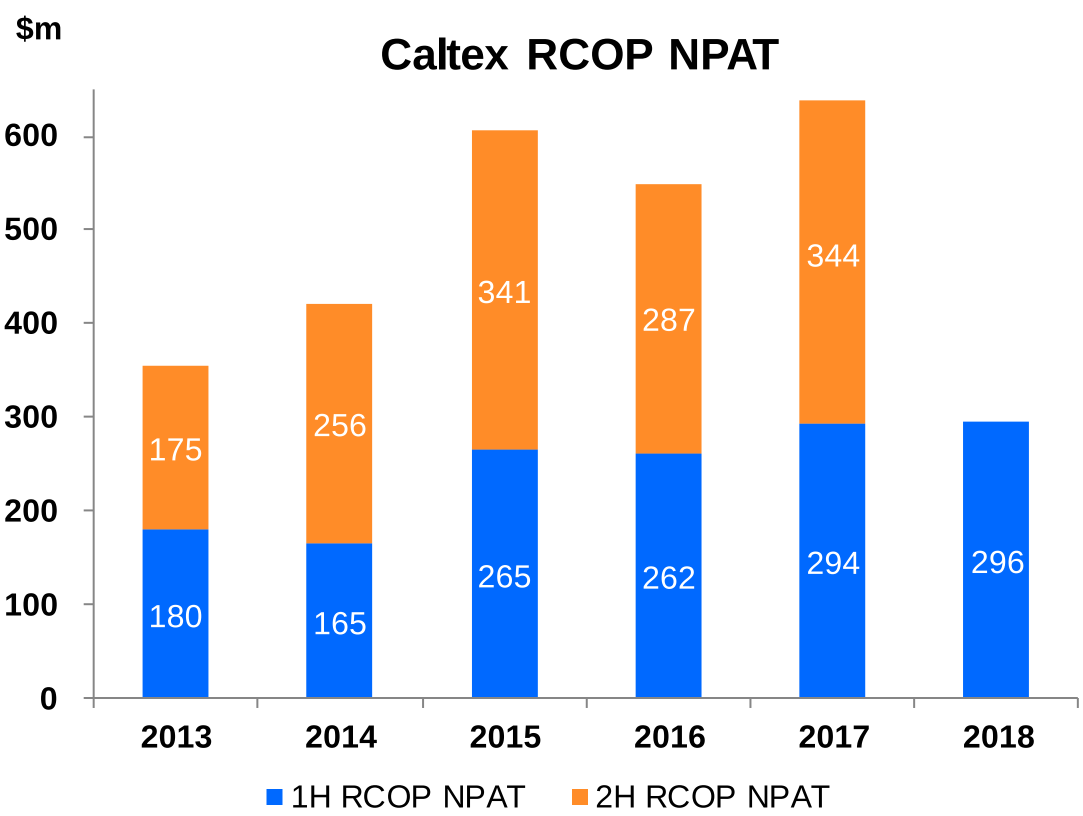
Financial Highlights

Modest earnings growth given strong underlying performance from Fuels & Infrastructure and acquisitions, more than offsetting lower CRM and Convenience Retail shop contribution

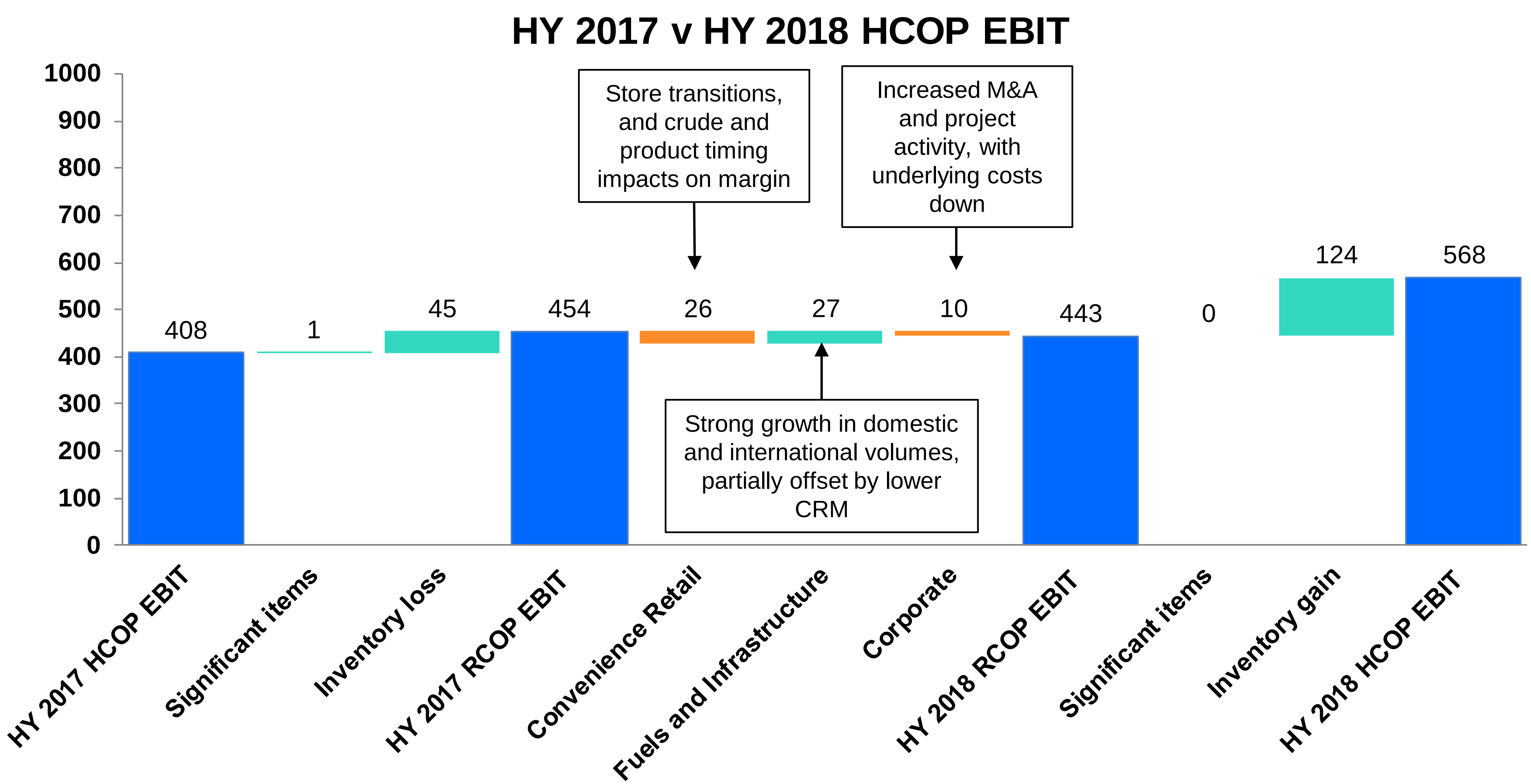


*RCOP Net profit after tax, excluding significant items

- 1H 2018 RCOP NPAT represents 5 year CAGR of 11% on an annualised basis since 2013.
- Fuels & Infrastructure EBIT up $27 million (+9%) to $314 million (including $9 million unfavourable FX impact), driven by international expansion offsetting lower CRM (down US$2.30/bbl to US$10.06/bbl), and strong underlying business performance (volume gains, lower opex).
- Convenience Retail EBIT down $26m (-14%) to $161m, largely due to the impact of rising crude and product prices on retail fuel income, and impact of ongoing conversion of franchise stores, as flagged in June's profit guidance.
- Higher Corporate costs (up $10m to $31m) due to increased project costs (i.e. for M&A, Woolworths, commercial separation, asset optimisation etc).
- Net finance costs of $27 million (down $8m) reflecting lower average interest rates after refinancing hybrid bond, partially offset by higher average borrowings, and discounting of Kurnell conversion cost provisions.
- Effective tax rate (ETR) largely unchanged at 29.2%, and inline with guidance (expected to be ~29% going forward) which benefits from contribution from NZ (lower co. tax regime) and some utilisation of capital losses.

Financial Highlights

Fuels & Infrastructure delivers strong growth despite lower CRM, but Group EBIT down slightly due to short-term impacts of Convenience Retail transition costs and growth related costs



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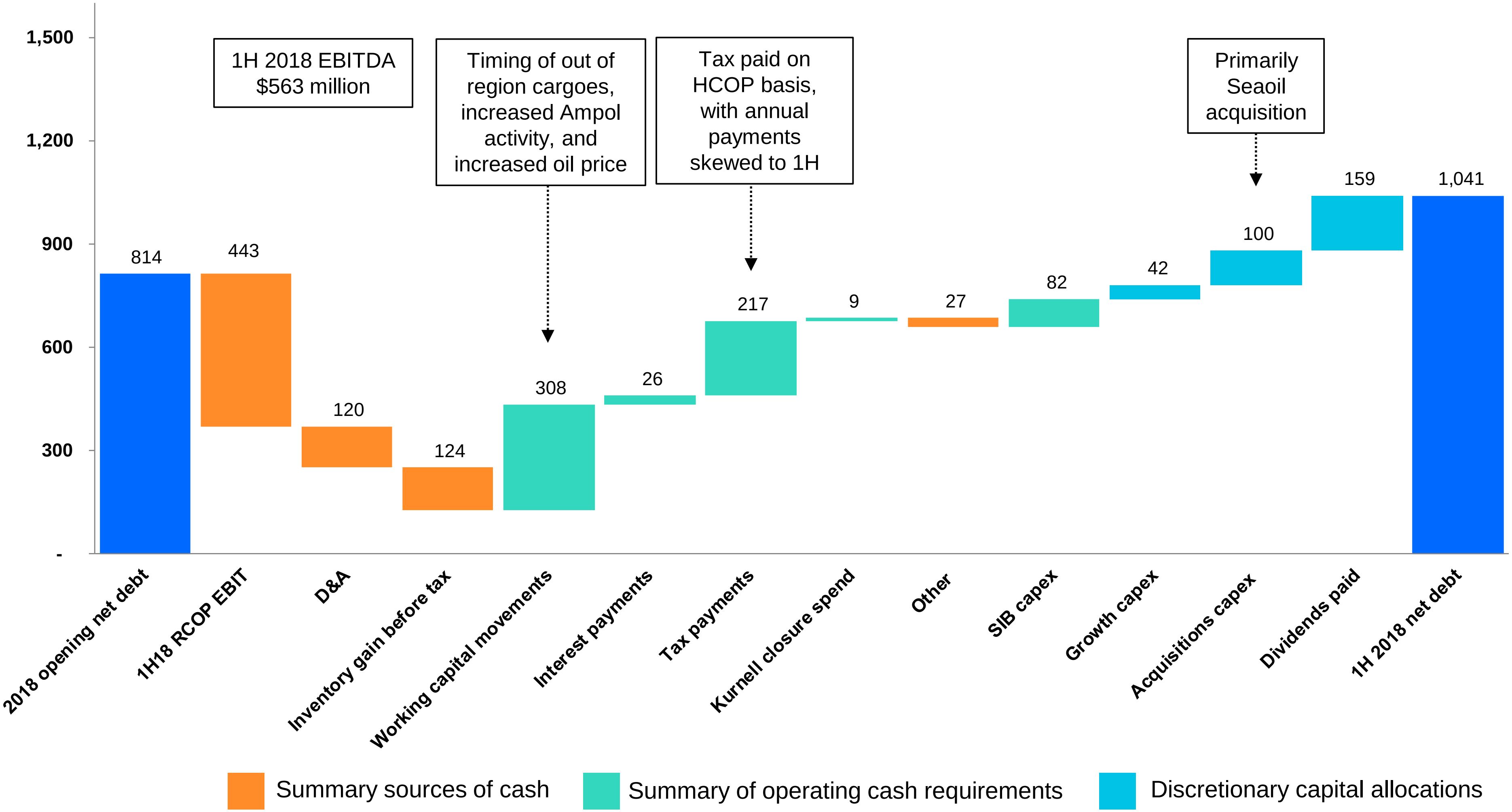
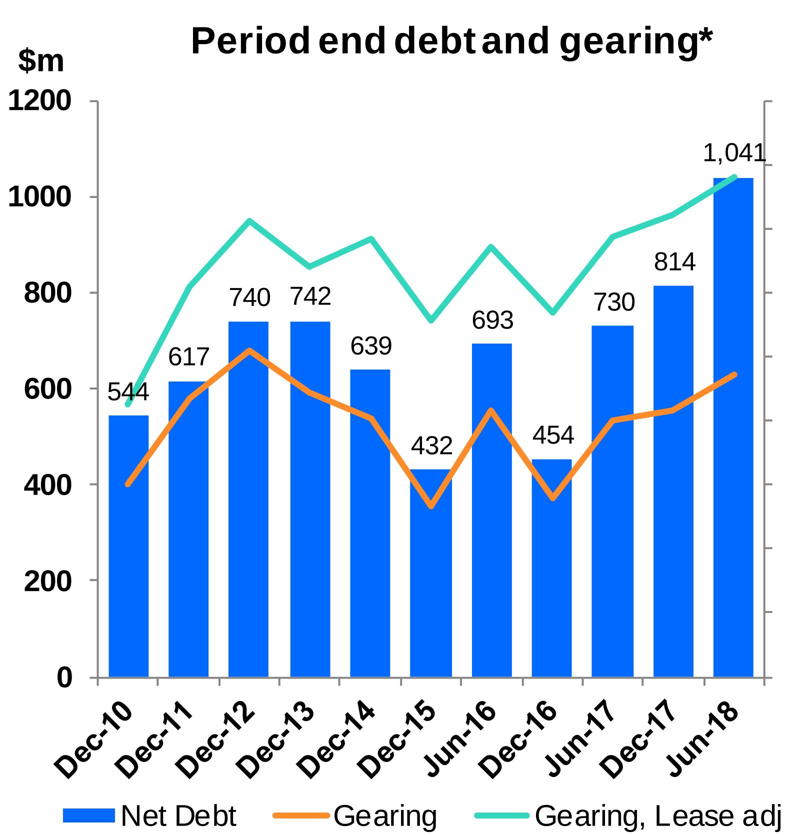
Financial Highlights

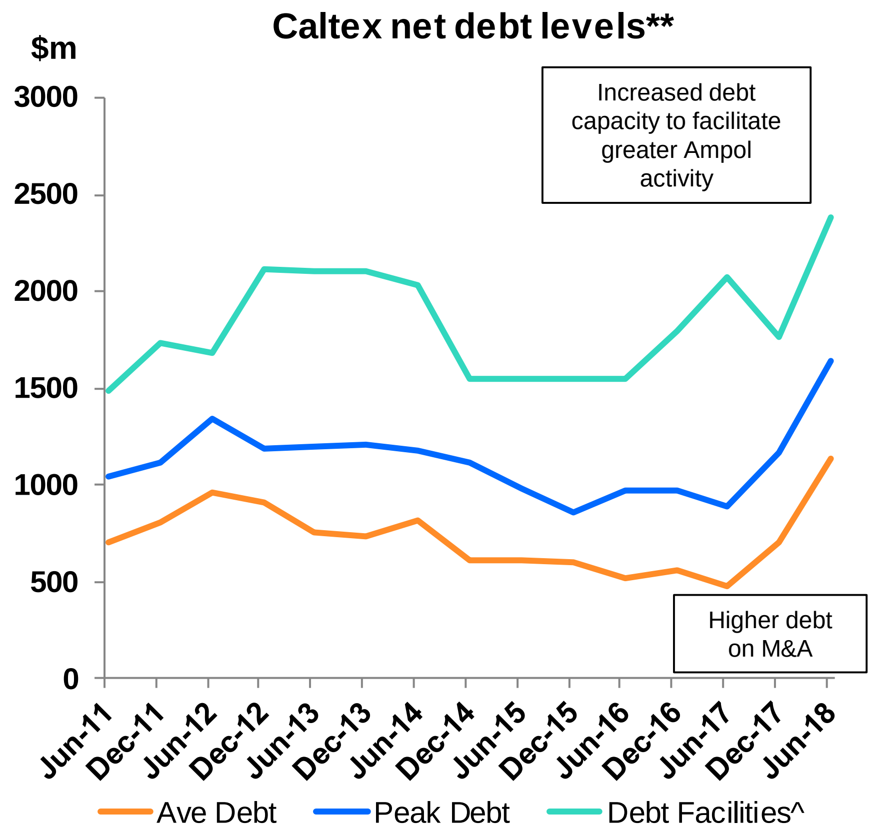
Operating Cash Flow remains strong, with some investment in working capital to fund regional growth



Financial Discipline - Balance Sheet

Higher debt levels reflect Seaoil investment and some investment in working capital to fund regional growth





* Gearing = net debt / (net debt + equity); Gearing - Lease adjusted, adjusts net debt to include lease liabilities
** Average debt is the avg. level of daily debt through the period; Peak debt is the max. daily debt through the period
^ Debt facilities includes committed facilities as at 30 June 2018

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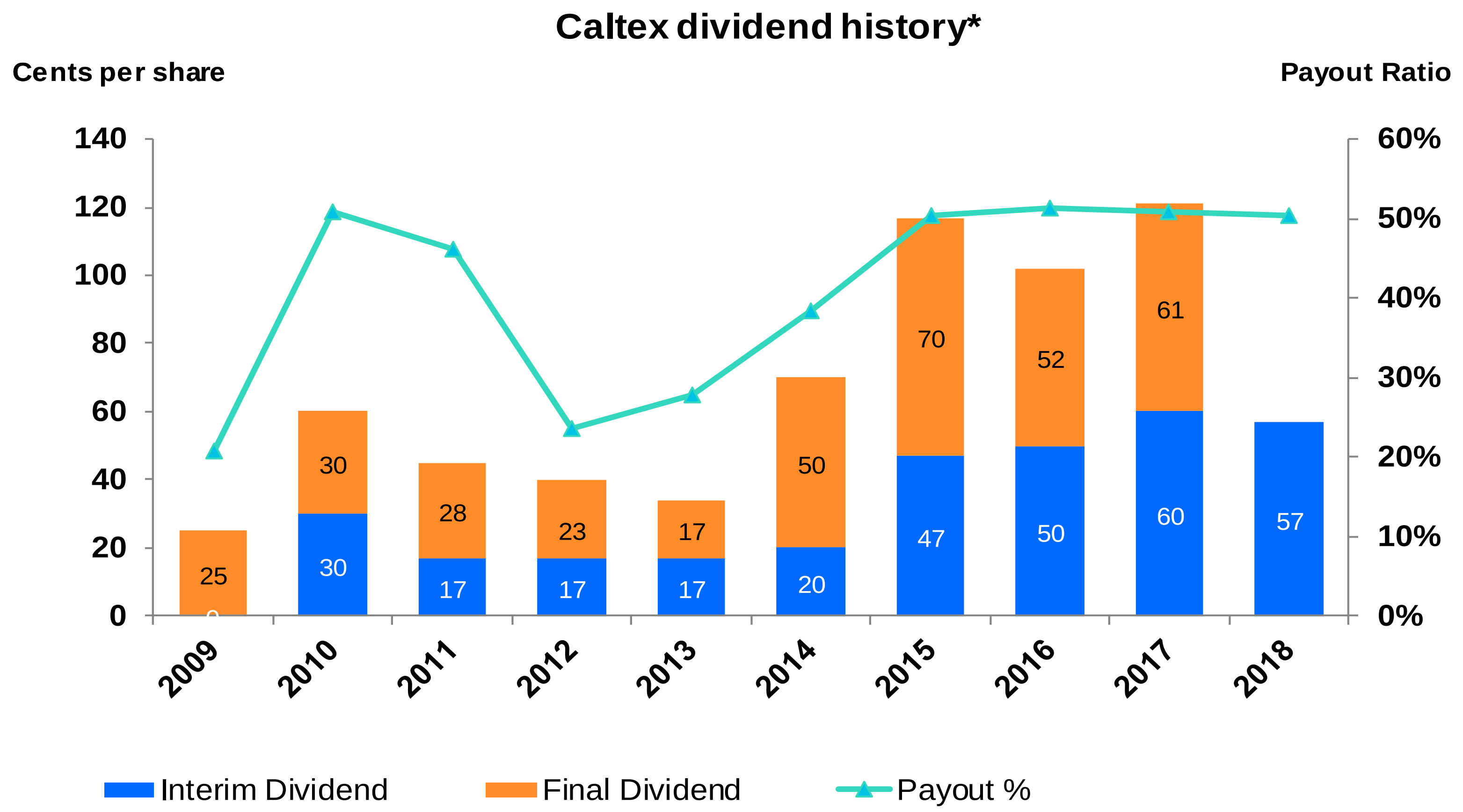
Financial Discipline - Dividend

Interim dividend of 57 cents per share (2017: 60cps) fully franked; pay-out ratio 50.3%



* Dividends declared relating to the operating financial year period; all dividends fully franked
Caltex dividend pay-out ratio (40% to 60% of RCOP NPAT, excluding significant items)

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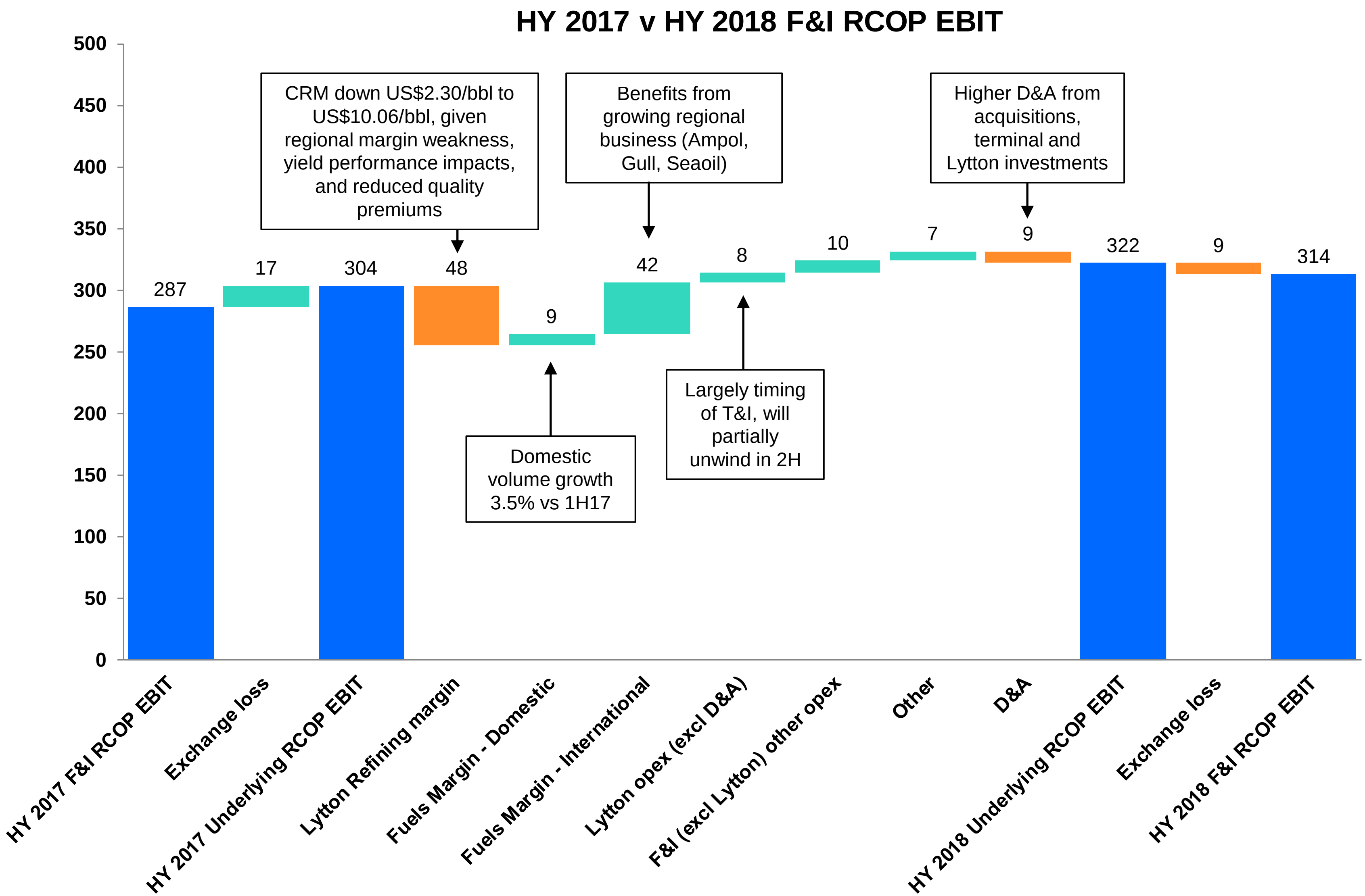
Fuels & Infrastructure Highlights - Result

Strong underlying operational performance, with International growth strategy offsetting soft CRM

	1H 2018	1H 2017	Change (%)
Total Fuels Sales Volumes (BL)	**10.2**	**9.1**	12
Australian Domestic Volumes (BL)	8.4	8.1	3
International Volumes (BL)	1.8	0.9	87
Lytton CRM Sales from Production (BL)	3.2	3.0	5
Lytton Total Production (BL)	3.2	3.0	6
Total External Revenue ($m)	7,785	5,592	39
F&I (excl Lytton) EBITDA ($m)	**250**	**174**	**44**
Lytton CRM ($m)	259	311	(17)
Lytton opex and other costs ($m)	(123)	(134)	(8)
Lytton EBITDA ($m)	**136**	**177**	**(23)**
F&I EBITDA ($m)	**386**	**350**	**10**
F&I D&A ($m)	(73)	(64)	14
F&I EBIT ($m)	**314**	**287**	**9**
Lytton CRM (US$/bbl)	10.06	12.36	(19)

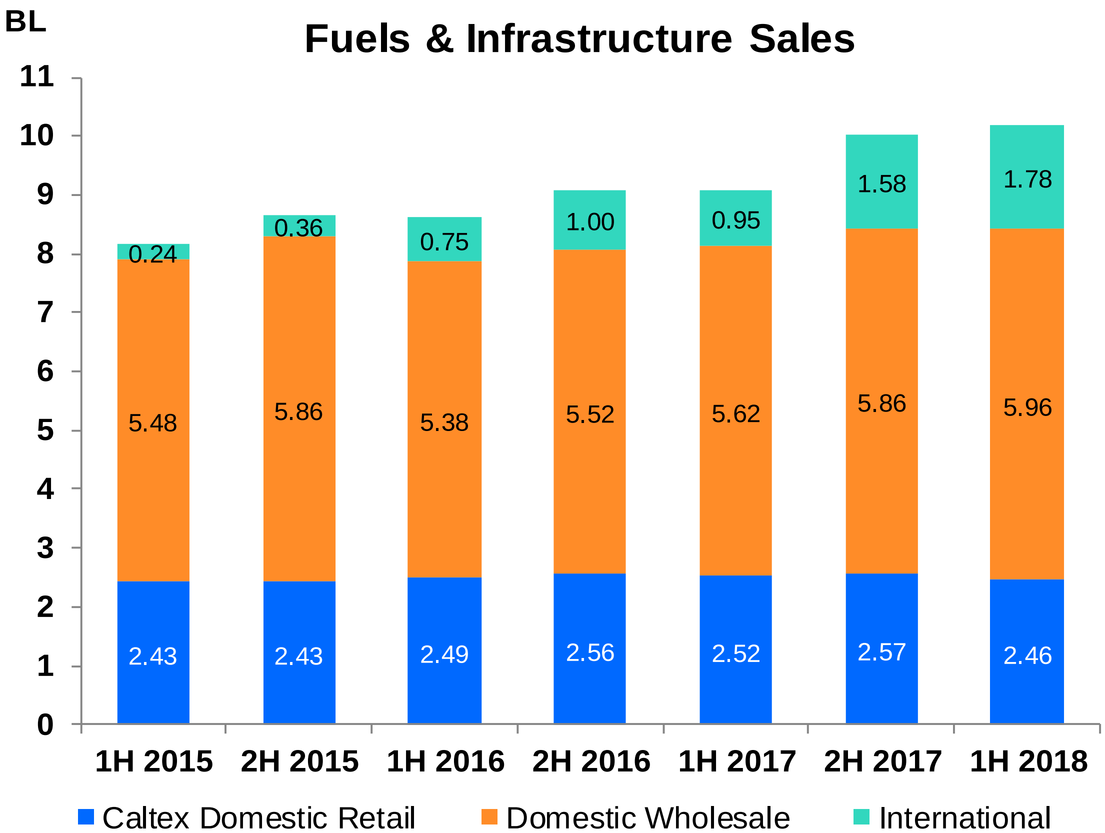
Fuels & Infrastructure Highlights – Key Drivers

Strong underlying operational performance generating earnings growth, with acquisitions offsetting weaker CRM



Fuels & Infrastructure Highlights - Volumes

Overall volumes up 12% to 10.2 BL with strong growth in Wholesale (B2B diesel and jet) and International (Gull & Ampol regional supply growth)



- Total F&I volume up 12% to 10.2BL in 1H 2018.
  - Domestic sales up 3.5% to 8.4BL
  - International sales up 87% to 1.8BL
- Total Retail volumes have fallen 2.6% to 2.5BL in 1H 2018. Refer to Convenience Retail (slide 22) for detailed discussion. Total Retail volumes represent volumes sold through Caltex Convenience Retail network.
- Wholesale volumes have grown strongly, up 6% (340ML) in 1H 2018, underpinned by increases in diesel (up ~360ML), and jet (up ~100ML). Domestic Wholesale volumes represent volume sold under wholesale contracts or spot transactions covering B2B customers, Woolworths and other supply counterparties.
- International volumes increased by 87% to 1.8BL in 1H 2018 given Ampol growth and a full period of contributions from Gull (178ML), which is also demonstrating volume growth inline with expectations at time of acquisition. International volumes represent volume sold through Ampol Trading & Shipping to third parties, Gull New Zealand and, from 2H18 will, include volumes supplied to Seaoil in the Philippines.

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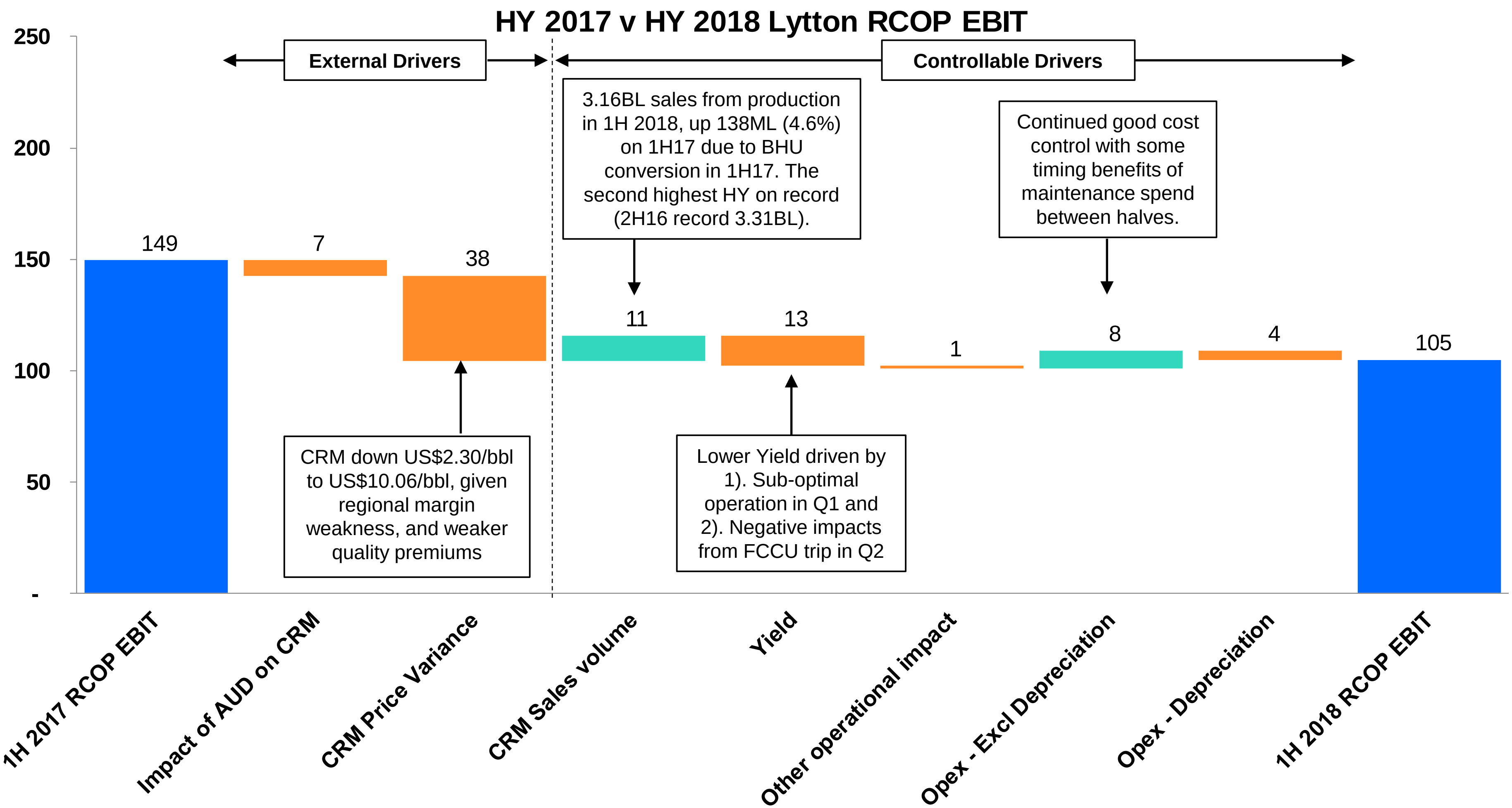
Fuels & Infrastructure Highlights - Lytton Key Drivers

Weaker result driven by regional margins, despite continued solid operational performance



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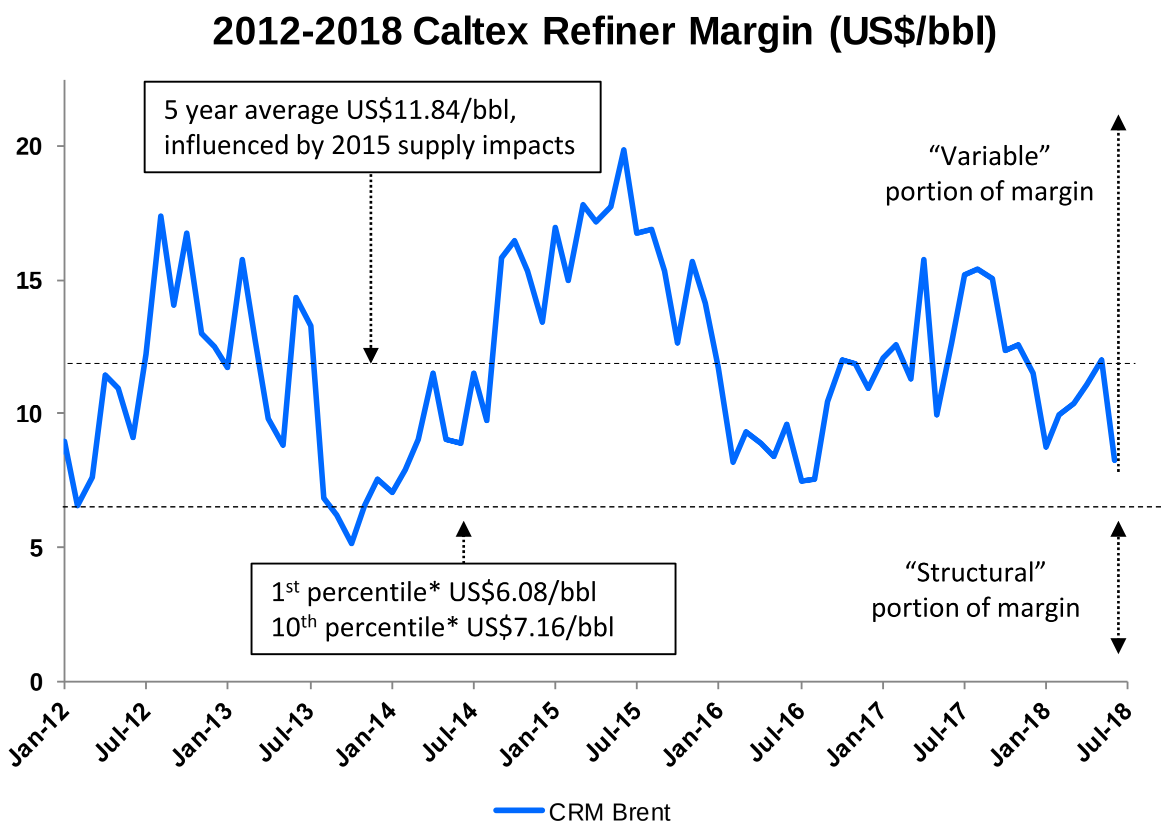
Fuels & Infrastructure
Lytton Refinery Highlights

Lytton continuing its track record of cost competitive and reliable performance, with near record production in 1H 2018

- Continued focus on optimisation and cashflow generation from Lytton.
  - Sales averaged >6% above nameplate capacity (~108Kbopd), supported by high mechanical availability (97%) and optimisation of downstream units.
  - Expectations for 2018 inline with annual production 6.0 – 6.2BL pa.
- Lytton continues to make modest investments in optimisation and debottlenecking.
  - Target high returns on capex with fast pay backs.
  - Continued investment in modest quick payback projects, including minor upgrades during 2018 CDU1B T&I.
    - Forecast to deliver EBIT ~$5-6million p.a starting in 4Q18, delivered through modest capex of $8million
  - Outlook for annual capex anticipated to be $50-90m pa (including T&I). No major capex anticipated prior to 2025.
  - Shift to annual T&I programs better addresses safety, execution, margin and cash flow risks, while also eliminating major cyclical T&I downtime.
- Lytton remains a valuable part of Caltex's Infrastructure network.
  - Provides a level of defensive and sustainable returns.
  - Initial IMO2020 analysis suggest neutral impact to margins given Lytton produces negligible bunker fuel oil.

Fuels & Infrastructure - Lytton Refinery Highlights

1H 2018 saw softer refining margins on regional margin weakness, lower yield and lower quality premium, but "Structural" portion of margin limits downside.



* 1st percentile means that 99% of CRM has been above this level since Australia transitioned to an Import Pricing Parity Dynamic (closure of refineries from Sept-12 onwards).

- Unlagged Caltex Refining Margin of US$10.06/bbl in 1H 2018, down from US$12.36/bbl in 1H 2017, on regional margin softness, lower yield and lower quality premiums.
- Comparable Singapore Weighted Average Margin (SWAM) US$11.51/bbl in 1H 2018 (versus US$12.73/bbl in 1H 2017).
- Refining Margins shown from 2012, given Australian refinery closures from 2012 have changed competitive pricing dynamics.

Average CRM	2018	2017
1H	US$10.06	US$12.36
2H		US$13.68

CRM	High	Low	Average
1 year	US$15.41	US$8.25	US$11.88
2 year	US$15.74	US$7.44	US$11.55

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Fuels & Infrastructure
International - a platform for growth

International

- Expanding role of Ampol Singapore on regional supply to Caltex investments and third parties.
- Seaoil strategic partnership commenced in March 2018.
  - Ampol Singapore is now sourcing fuel on behalf of Seaoil.
  - Target remains ~$10m pa of EBIT contribution by 2019, with Seaoil targeting a doubling of the company's retail network and terminal storage capacity over the next 5 years.
- Strong Gull NZ performance, in line with initial expectations.

Wholesale

- Caltex's combination of infrastructure, scale and its integrated value chain approach winning domestic volumes, despite declining industry demand.
- Leveraging integrated value chain to retain and grow domestic B2B volumes.
- Retention of Woolworths volumes will allow ongoing optimisation of supply chain.

Retail

- Arm's length commercial arrangements put in place with Caltex Convenience Retail.

CALTEX AMPOL Gull SEAOIL FUELING A BETTER FUTURE

Convenience Retail Highlights - Result

Retail EBIT down on 1H 2017 due to impact of rising crude prices on retail fuel margin and impact of ongoing transition of franchise sites

	1H 2018	1H 2017^	Change (%)
Period end COCO sites (#)^^	414	233	78
Period end CORO sites (#)	376	555	(32)
Total Sales volumes (BL)	2.46	2.52	(3)
Premium Fuel Sales (%)	47.7%	47.0%	1
Total Fuel Revenue ($m)*	2,070	1,841	12
Network Shop Revenue ($m)**	534	529	1
Total Fuel and Shop Margin ($m)**	**404**	**421**	**(4)**
Cost of Doing Business ($m)	(199)	(193)	3
EBITDA ($m)	**205**	**228**	**(10)**
D&A ($m)	(44)	(40)	10
EBIT ($m)	**161**	**187**	**(14)**
Network Shop sales growth (%)	1.1%	(0.7)%	
Shop Transactions growth (%)	4.0%	2.0%	
Net Promoter Score (NPS) (%)	66	N/A	

* Excludes GST and excise

** Network Shop Revenue includes both company controlled and franchise sites, which is different to revenues reported in statutory accounts, but is more aligned with Total Fuel and Shop Margin. Total Fuel and Shop Margin predominantly reflects gross margin on all fuel sales less fuel commission paid to franchisees, gross margin on company controlled shop sales minus costs equivalent to those covered by franchisees, and non-fuel income from franchise sites.

^ 1H 2017 fuel revenue and shop revenue include Milemaker contribution for full period. ^^ Includes 52 unmanned diesel stops.

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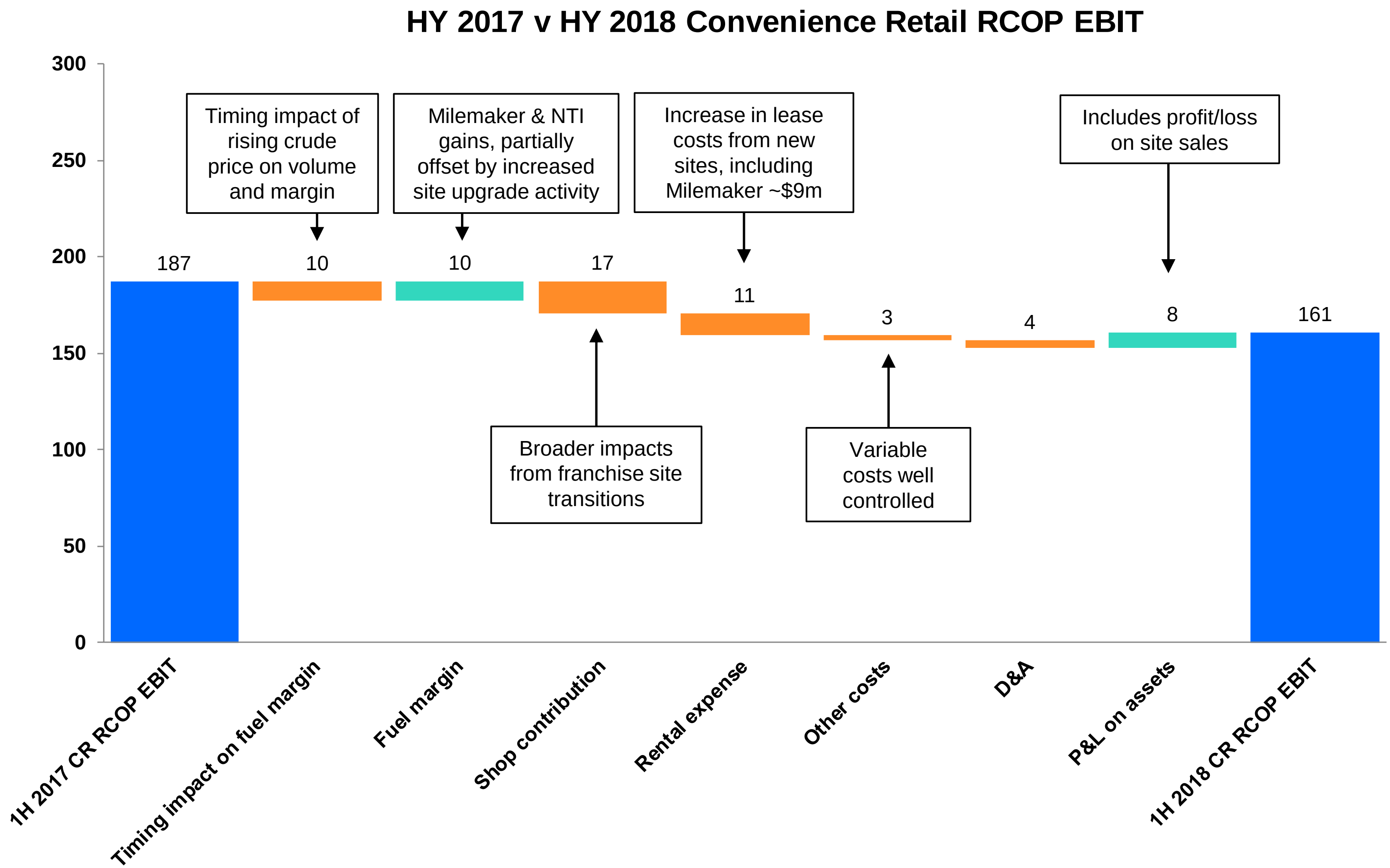
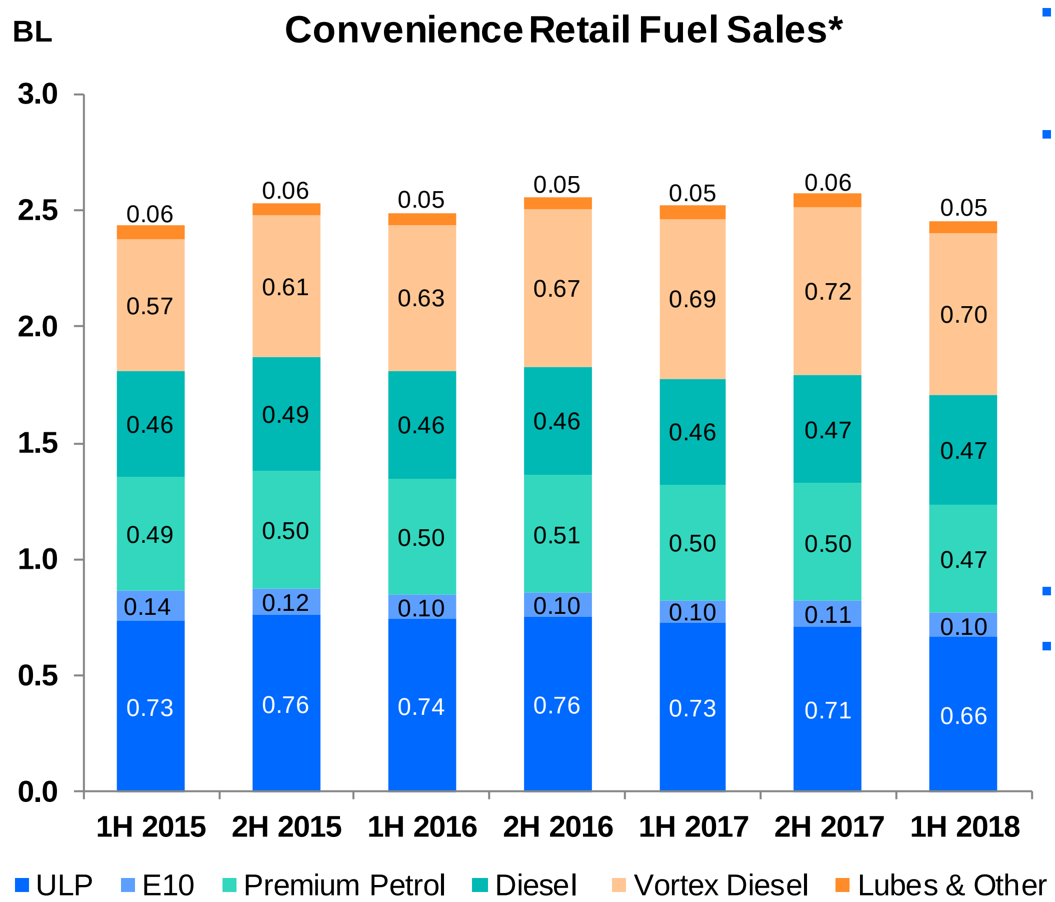
Convenience Retail Highlights - Key Drivers

Transition to company operations is progressing in line with plan, but it has had an impact on earnings



Convenience Retail Highlights – Fuel Volumes

Domestic Retail Fuel Sales – Favourable premium mix continues – though premium and total petrol volumes down



- Overall Retail fuel income flat with rising crude price impact on volume and margin, offsetting new site contribution (including Milemaker).
- Total Retail fuel volumes fell 2.6% to 2.46BL. Petrol volumes were down 6.4% to 1.24BL, partially offset by retail diesel demand growth of 2.1% to 1.17BL. Key drivers include:
  - Industry volume decline of approximately 1.6%
    - Overall industry decline in petrol volumes with diesel substitution and vehicle efficiency. Industry remains highly competitive.
    - Average fill size down 2% vs 1H 2017
  - Increased site upgrade activity (refurbishments & The Foodary) resulted in greater site downtime.
- Premium fuel volume less impacted, down 1.2%.
- Caltex continues to optimise volumes and margins, and has actively pursued strategies to mitigate volume pressure:
  - New Woolworths loyalty and redemption relationship.
  - New fuel partnerships with NRMA, Toyota and Uber.
  - Launch of national “FuelPay” app to make filling up at Caltex faster and easier for customers.

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* All historic periods include Milemaker volumes

Convenience Retail Highlights – Shop Performance

Momentum building with improved shop offer, investment in enablers to underpin future growth

Core shop offer developing momentum with customers

- Customers responding positively to improvements in store – headline sales and transaction growth in 1H 2018, with improving Q1 to Q2 trend continued into July and August.
  - Investment in price to drive improved customer perception of value and long term sales momentum.
  - Stronger, more effectively communicated promotions – e.g. Meal Deal (up >100% on 1H 2017).
  - Improved fresh range and offer – fresh category sales up 6.5% on 1H 2017.

The Foodary continues to demonstrate potential of retail strategy

- 37 The Foodary sites in operation at end of June 2018 – 14 new sites opened this year.
- Offer continues to resonate with customers – average ~50% sales uplift, and ~4% margin uplift, in sites upgraded from StarMart to The Foodary (including QSR) with fuel volume outperforming network (5+%).
- Improving trajectory on costs and hence profitability at sites open more than 6 months.
- A reduced total of 35-40 The Foodary sites are targeted for roll-out in 2018 while Caltex undertakes a review of its format strategy across the broader network (with update provided to market by end 2018).
- The Foodary offer still highly relevant to long term strategy given ~800 Retail sites and Metro target of 250 – brand strategy across network under review in light of new Woolworths partnership.

Investment in enablers key to medium to longer term success in shop

- People: Continuing to bring in strong retail talent including new Chief Customer Officer, new regional managers in 3 of 5 regions, labour management specialist and QSR lead.
- IT system: Labour management platform to launch in 2H18, Retail ERP investment into 2019.
- Supply chain: Multi-temp solution live in SA since March. National roll-out underway, with further optimisation to occur in conjunction with Woolworths.
- Customer insight: "Voice of customer" system rolled out nationally in 1H - better customer insights and ability to quickly respond to feedback.

Convenience Retail Highlights – Woolworths Partnership

Strategic partnership with Woolworths to strengthen and accelerate Convenience Retail Strategy, underpinning the delivery of top end of $120-150m EBIT uplift range over 5-6 years.

Larger sites ← **Caltex Convenience retail network** → **Smaller sites**

	Timing
1 New Metro convenience offering Co-creation of a market leading convenience offer in the P&C channel leveraging the knowledge and expertise of both Woolworths and Caltex - Co-creation process currently underway – initial sites identified and target open in 1H 2019 - Opportunity to deliver higher sales and profit than The Foodary - Initial tranche of 50 sites to be completed, with target of 250 sites over 5 years once concept proven **Other smaller concepts** Explore smaller Metro convenience formats and/or continue to deploy existing Caltex formats. Review of broader network complete by end 2018.	**Metro convenience co-creation underway** **Network review 2H18** **First 4 sites planned to open Q1 2019** **Target 250 sites over 5 years**
2 Wholesale supply Access to Woolworths' buying power and broader range of products to support enhanced customer offer, competitive pricing to customers and Caltex margins Roll-out staged. Phase 1; ambient supply to Caltex DC. Full multi-temp supply & logistics solution in 18-24 months	**Planned 1Q19**
3 Loyalty – Woolworths Rewards Core partner with opportunity to target 11 million plus members to increase existing customer visitation and attract new customers	**"Earn" from 4Q18** **"Burn" and targeted offers 1H 2019**
4 Redemption Increasing Caltex sites offering Redemption from 104 to 229 - increased volume & customer visits anticipated to more than offset margin impact – particular attraction to price conscious segment of market	**Commencing 4Q18**

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EBIT uplift of >$30m expected in 2020 from Retail strategy

Convenience Retail Highlights – Transition to Company Operations

Good progress on execution of transition of network to company operations, with optimisation to come

Transition to company operations progressing well

- 57 sites transitioned since February 2018 as part of the decision to transition to company owned operations.
    - In addition 25 sites have been transitioned as part of the wage underpayment audits and natural expiry of agreements.
    - Brings total of sites transitioned to 82 in 1H 2018, and over 240 in the past 18 months.
- Approximately 1,500 new staff joined Caltex in past 18 months – either franchise employees transferring (~1,100) or new staff (~400) – 20 of total 63 business managers across network newly recruited.
- Confirmed transition dates, or franchise agreements expire by 2020, for 347 sites (or 80%) of the 433 franchise sites (at Feb-18).
- Caltex will now operate at least 88% of its network by the end of 2020 – expected to increase with ongoing franchisee engagement.
- No change to cost guidance for transition ($100-120 million over 3 years, with $70-80 million expensed).

Transition to operations contributing to reduced shop income

- Broader transition impacts reduced 1H 2018 EBIT by ~$16m. Shop contribution margin impacted by direct transition costs, reduced performance at transitioned sites, lower franchise income from continuing franchise sites and operating cost increases.
    - Reduction in sales during transition and recovery trajectory post transition improving in 2018 vs 2017.
    - High Care team of 18 established to implement transition and focus on performance post transition.

Further optimisation to come in performance of company controlled sites

- Retail enablers support ability to enhance delivery in store (see slide 23)
- Continuing to build sales momentum, managing margin mix and delivering on site cost efficiency; all key priorities to optimise shop performance.
- Strategic partnership with Woolworths, including wholesale grocery supply, loyalty program and redemption will support performance of the network.

Asset Optimisation

Thorough Review Process Now Concluded

Objective

Maximise sustainable long-term shareholder value by ensuring optimal asset ownership and management models

Process

- Review led by Corporate Strategy team, supported by independent advisors.
- Separate processes for Infrastructure and Convenience Retail Real Estate assets.
- Included confidential, targeted market sounding processes with sophisticated investors regarding ownership and management alternatives.

Key considerations

Operational

- Impact on long term operational and strategic flexibility.

Financial

- Potential transaction sizes based on various divestment percentages, tariff/rent structures, and risk/reward allocations.
- Impact of potential asset sale and leasebacks on financial accounts (incl. AASB16 lease accounting standard), capital structure and credit rating metrics.
- Transaction costs including tax leakage, stamp duty and restructuring costs.

Valuation

- Potential valuation uplift taking into account and cashflow impacts, and valuation multiple implications
- Evaluation included possible uses of any capital proceeds, optimal cost of capital, and the relative cost of alternative sources of funding.

Asset Optimisation — Infrastructure

- **Various ownership options considered, including partial sale with take-or-pay contract or a capacity charge.**
- **Also evaluated variety of structural options and tariff charges, which were confidentially tested with sophisticated investors.**

Operational

- Significant proportion of the portfolio comprises strategic assets.
- Operational and commercial flexibility was adversely impacted under most alternative ownership structures – particularly take-or-pay structures.
- Future flexibility remains strategically attractive.

Financial

- Lease charges / tariff payments likely to be capitalised under new accounting standards.
  - Likely to limit increase in debt capacity due to accounting / credit rating effects.
- Higher tariff charges generated much higher sale value potential but created larger fixed cost base, which is likely to lead to an uncompetitive infrastructure network.
- Some adverse tax consequences of sale.

Valuation

- High multiple sale values require take-or-pay charge, which is sub-optimal operationally and financially – likely to reduce value long-term.
- Capacity based charge structure likely to generate lower multiple value uplift versus current trading levels.

- **At this point in time optimal to retain full ownership.**
- **Focus on optimising value and retain flexibility to re-consider other ownership structures in the future if beneficial to operations. Market testing demonstrated strong appetite to partner with Caltex.**

Asset Optimisation — Convenience Retail Real Estate

- **Various ownership options considered, including public REIT, unlisted investment and private individual sale and leasebacks.**
- **Various models for property management and development were also considered.**
- **Tested with sophisticated investors and market participants.**

Operational

- Review confirmed real estate is critical to strategy, but opportunities exist to more actively manage the portfolio
- Leases can be structured to minimise operational impacts e.g. triple net leases.
- With Convenience Retail undertaking new strategic direction, advantageous to maintain flexibility over future property assets.

Financial

- Rent charges expected to be capitalised under new accounting standards.
  - Likely to limit increase in debt capacity due to accounting / credit rating effects.
- Some tax leakage and transaction costs would be incurred.
- No material financial advantage if proceeds simply reduce debt.

Valuation

- Unlisted capital more attractive than public REIT currently – both would value property materially above Caltex's trading multiple.
- Smaller private investor sales also competitive, but smaller scale.

- **There is value upside from Caltex more actively managing its property assets, including building in-house capability and forming an external partnership with a sophisticated, active real estate player.**
- **A partial monetisation is now under consideration, with increased disclosure at the appropriate time to provide investors with capacity to value Retail real estate assets appropriately.**
- **Further monetisation may be considered in the future once benefits of current strategy fully understood.**

Asset Optimisation – Convenience Retail Real Estate

Caltex to pursue a partnership with a sophisticated Retail real estate investor as the centrepiece of its newly instituted real estate principles, including a sale of a meaningful portfolio of sites

1. **Manage our portfolio substantially more actively** than has been the case historically via in-house and external capability to use real estate as a strategic lever for Caltex
2. **Engage with a sophisticated, active real estate player on the basis of a long-term partnership** to enable Caltex to leverage the partner's capabilities and deliver incremental value over time
3. Commence the partnership with a **small but meaningful 'representative' portfolio**, with a view to growing this over time
4. **Maximise the value of our portfolio to our shareholders over the long-term** to the greatest extent possible via sensible segmenting of the network, and by retaining meaningful ownership stakes of high value sites to benefit from future upside
5. Partnership must provide us with a **defensible cost of capital on a risk/reward basis**
6. Retain a **high level of operational and strategic flexibility** in our portfolio as our Convenience Retail BU and the P&C market evolves (e.g. triple net lease)
7. Institute **greater disclosure** on Convenience Retail real estate assets going forward to provide investors with the ability to value appropriately

Next Steps

- ✓ **Internal process underway**
- ✓ **Key appointment made*, and internal property management structure under development**
- ✓ **Discussions underway with leading domestic and Asian based real estate investors**
- ✓ **Considering initially selling up to ~$500m of the existing portfolio (i.e. 15 to 25%) with a view to further monetisation over time**
- ✓ **Intention to retain 25 to ~50% stake in the partnership to benefit from future optimisation and development upside**
- ✓ **Competitive process for attractive suitable capital**
- ✓ **Flexibility to roll-out new formats such as Metro convenience and The Foodary as the P&C market evolves over time**
- ✓ **Following any sale Caltex plans to initiate 'REIT style' disclosure of its Retail real estate assets**

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* Caltex has recently enhanced its internal real estate capability with the recruitment of David Bridger into the role of General Manager – Real Estate and Construction, who has performed similar roles for Coles and McDonalds. David will start with Caltex in 2019 at the expiration of his contractual obligations with his current employer.

Capital Management Discipline

Returns Focused Capital Management

Capital management objective

- Caltex regularly reviews the options for capital management based on established priorities to ensure capital is deployed as efficiently as possible.
- Caltex's overarching objective is to deliver top quartile TSR over time.

Committed to maintaining prudent debt levels

- Maintain a capital structure consistent with a strong investment grade credit rating.
- Current BBB+ investment grade credit rating remains a lever to invest in growth and/or respond to changes in the operating environment.
- Takes into account all debt (borrowings and lease liabilities)

Disciplined use of free cash flow to generate sustainable long term earnings growth

- Caltex's priority is to invest in the business and in growth initiatives to generate sustainable, earnings growth, in a capital efficient manner.
- Deliver an attractive ordinary dividend stream to shareholders (40-60% dividend payout ratio RCOP NPAT).
- Capital management opportunities in the absence of sustainable growth investments may be considered. The preferred form of any additional capital return is an off-market buy-back.

Financial Guidance

Indicative Capital Expenditure*, subject to change (includes T&I**)

$ millions	2017	1H 2018	Prior 2018 Forecast	New 2018 Forecast*
Lytton				
- Stay in business (includes T&I)**	41	11	50-70	40-50
- Growth	11	4	0	10-20
	52	**15**	**50-70**	**50-70**
Fuels and Infrastructure (excl Lytton)				
- Stay in business	95	19		60-70
- Growth	339	102		120-130
	433	**121**	**170-210^**	**180-200**
Convenience Retail				
- Stay in business	84	46		120-125
- Growth	227	31		105-110
	310	**77**	**~230^**	**225-235**
Corporate – Other	13	10	20-30	20-30
Total	**809**	**223**	**470 - 540**	**475-535**

* Indicative ranges only. Subject to change pending market conditions, opportunities, etc. Excludes M&A. Latest capex forecasts for Convenience Retail now include its proportionate share of technology capex

** Turnaround & Inspection (T&I) – Caltex has moved to annual T&I maintenance program

^ Prior 2018 capex guidance was provided with Technology capex separate to business unit capex. Historical guidance has been adjusted to provide a like for like comparison

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Financial Guidance

Depreciation & Amortisation

$ millions	2017	1H 2018	Prior 2018 Forecast*	New 2018 Forecast*
Convenience Retail	85	44		90-100
Fuels and Infrastructure	138	73		130-150
Corporate	6	3	5-10	5-10
Total	**229**	**120**	**235-270**	**225-260**

Increased D&A in 2018 vs 2017 a function of:

1. M&A acquisitions (Gull)
2. Capital expenditure on Convenience Retail new formats and digital initiatives

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* Indicative forecasts only. Subject to any major capex / M&A changes

Financial Guidance

Preliminary impact of new lease accounting standard

Caltex has long reported its lease adjusted gearing ratio in its financial disclosures.

- The Group is well advanced for full implementation of AASB16 on 1 January 2019.
  - Estimated to bring ~$1.0 bn discounted lease liability on balance sheet, with corresponding right-of-use assets.
  - No cashflow impact on the Group.

- The actual impact of applying the standard in FY19 will depend on:
  - Future economic conditions, including borrowing rates applicable to leases, applied at 1 January 2019
  - Composition of the lease portfolio, and
  - Final determination of reasonably certain renewal options on 1 January 2019.

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Short-term Priorities

Retail

- Continue developing Caltex's retail capability with implementation of key enablers (people, systems, supply chain, loyalty, customer offer).
- Continue transition of franchised network to company operated retail network (to be largely completed by end 2020), with focus on improved transition performance.
- Co-creation of Metro convenience format, with roll-out of initial stores expected in 1H 2019.
- Implementation of loyalty program, increased redemption sites, and wholesale grocery supply agreements.
- Strategic partnership with Woolworths underpins the delivery of top end of $120-150m EBIT uplift range over 5-6 years, with >$30m in 2020.
- Review of Convenience Retail offering across broader network, with potential for upside.

Fuels & Infrastructure

- Continued growth in International volumes from Gull, Seaoil and Ampol regional capabilities and system optimisation.
- Continue to protect and grow our Australian transport fuels business, and continue to leverage infrastructure position, scale and its integrated value chain approach.

Strategy Day update for both business units planned for 2H 2018.

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Financial Highlights

Reconciliation to underlying (RCOP) profit metric

Half Year Ending June	1H 2018 (After Tax)	1H 2017 (After Tax)
HCOP NPAT	383	265
Add: Inventory loss/(gain)	(87)	31
Add: Significant items (gain)	0	(2)
RCOP NPAT	**296**	**294**

Pricing lags on product sales, previously included in reported externalities, has now been excluded from RCOP earnings, and is instead included in movement in inventory as a component of inventory gain/loss. While historical HCOP profits remain unchanged, there has been a minor change in RCOP profits. As previously announced with HY guidance.

Financial Highlights

Significant Items

Half Year Ending June	1H 2018 $ M	1H 2017 $ M
Sale of fuel oil business	0	19
Franchisee Employee Assistance Fund	0	(20)
Total Significant Items (Before Tax)	0	(1)
Tax	0	3
Total Significant Items (After Tax)	0	2

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Strategy Update – Commercial Separation

Creating the platform to deliver optionality and growth across both business units

Key Drivers for Commercial Separation

- Optimisation of group value and long term value creation remains Caltex's primary objective.
- Both businesses have unique set of core competencies, assets, and opportunities for growth as well as differing cultures. Separation will support greater internal focus and efficiency for each business.
- Separation will drive competition for capital and improved returns for shareholders.

Key Structural & Accounting Changes

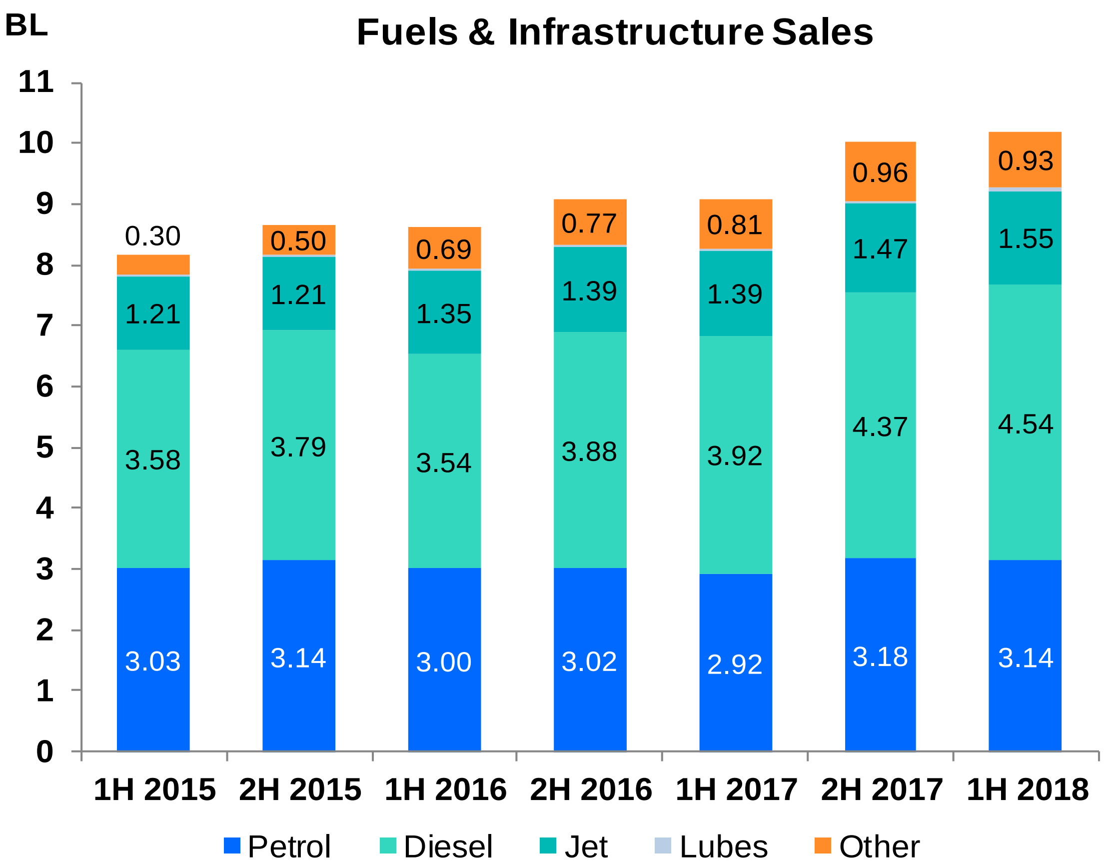
- **Fuel supply:** Clearer roles and responsibilities between business units, with an internal sales price based upon market terms
- **Corporate costs:** Increased allocation of corporate costs to business units, to better reflect use of services and stand alone business costs.
- **Woolworths supply:** wholesale fuel supply and associated Starcard earnings at WOW sites moved from Convenience Retail to Fuels & Infrastructure to better reflect nature of relationship.

Next steps

- Unpicking a business that has been integrated for decades takes time, and some fine tuning may occur in the future (e.g. allocation of Starcard costs and margins) as Caltex starts to work within new commercial arrangements and structure.

Fuels & Infrastructure Highlights – By product

Overall volumes up 12% to 10.2BL with growth in all underlying products



- Total petrol volumes up 7.4% vs 1H 2017, with International sales growth (Gull & Ampol optimisation) more than offsetting volume declines in Convenience Retail and Wholesale (WOW).
- Strong volume growth in diesel (+16% or ~620ML) given increased Wholesale volumes (up ~360ML).
- Jet volumes have also grown strongly (+12% or ~160ML) given new contract volumes won in key markets, supported by retention of existing customers and modest industry growth. Jet is a growing market and Caltex is investing in the supply chain.
- Other volumes (predominately crude optimisation by Ampol, and Lytton exports) increased by 12% in 1H 2018 (or ~120ML) predominately given increased activity in crude optimisation.

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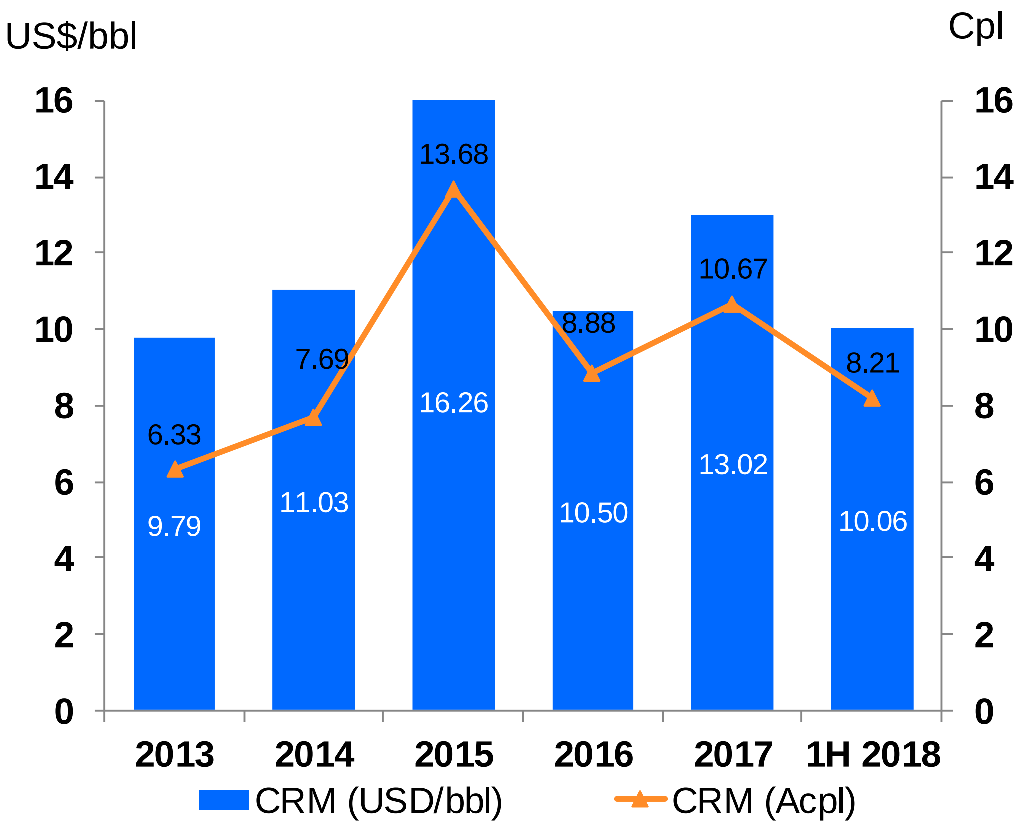
Lytton Refinery Highlights

Lower regional margins, higher yield losses and reduced quality premiums see CRM return back towards 10yr average margins



Caltex Refiner Margin * Build-up (US$/bbl)	1H 2018	1H 2017
Singapore WAM	11.51	12.73
Product freight	3.78	3.32
Quality premium	0.45	1.06
Crude freight	(2.10)	(1.99)
Crude premium	(2.46)	(2.32)
Yield loss	(1.13)	(0.45)
CRM	10.06	12.36

- Going forward Caltex plans to report CRM quarterly
- Market competition has seen a portion of quality premium transfer to supply channels, which Caltex has retained given its integrated business, however it has been adjusted down in CRM.

*The Caltex Refiner Margin (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 calculation represents: average Singapore refiner margin + product quality premium + crude discount/(premium) + product freight - crude freight - yield loss. Numbers used are volume weighted.

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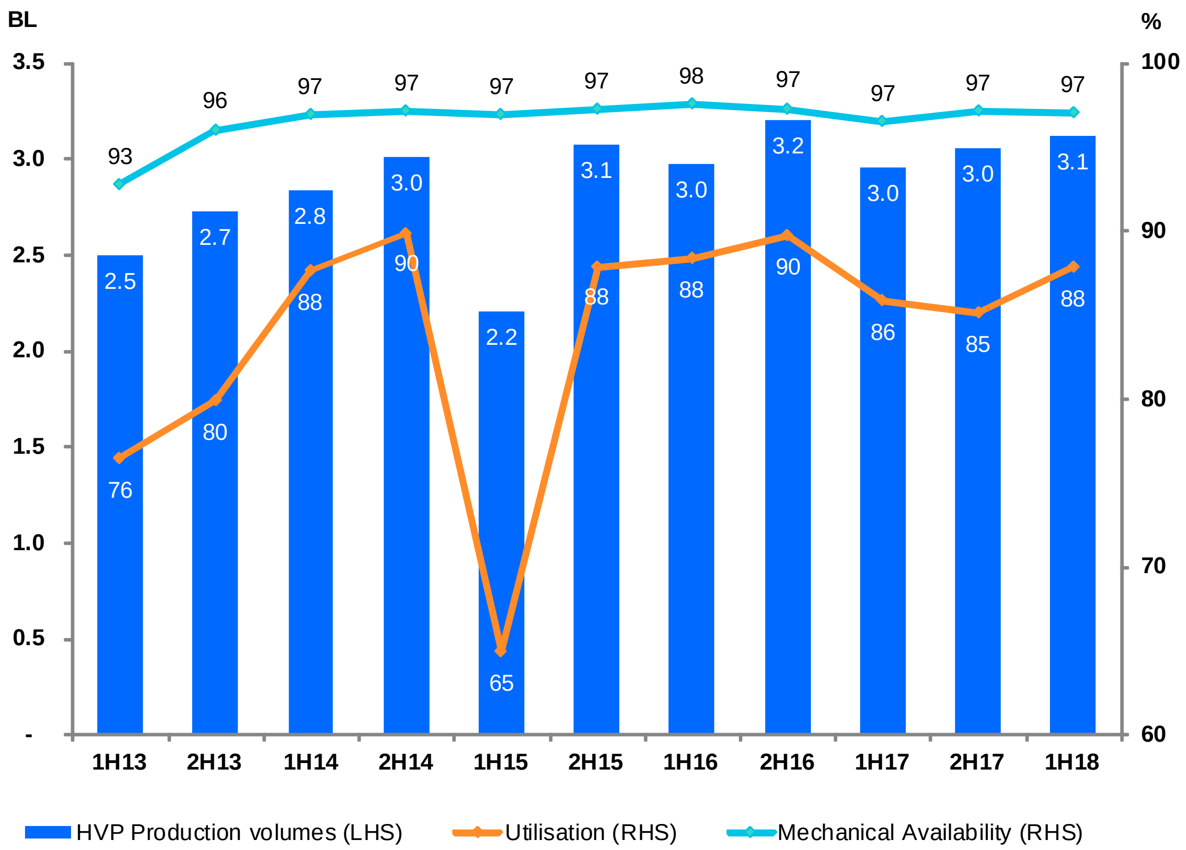
Lytton Refinery Highlights

Strong controllable operational performance continues

High Value Transport Fuels Production Volumes, Production Utilisation (%) and Availability (%)



- Strong controllable operating performance, underpinned by:
  - Mechanical Availability (97.0%);
  - Operational Availability (96.3%);
  - 98.5% Yield; and
  - Utilisation (87.8%)
- HVP refinery production 3.12 BL versus 2.95 BL in 1H 2017
- CRM Sales from production 3.2BL versus 3.0BL in 1H 2017

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Lytton Refinery Highlights

Balanced product slate petrols (46%) and middle distillates (diesel, jet; 50%) provides flexibility

	LYTTON					
	2013	**2014**	**2015**	**2016**	**2017**	**1H 2018**
Diesel	39%	38%	39%	39%	38%	39%
Premium Petrols	12%	13%	12%	14%	12%	14%
Jet	10%	12%	12%	11%	11%	11%
	61%	**63%**	**63%**	**64%**	**62%**	**64%**
Unleaded Petrol	35%	33%	32%	33%	35%	33%
Other	4%	4%	5%	3%	3%	3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

- Caltex produces ~1% fuel oil components (in Other), which means Caltex is well positioned for anticipated changes in refining margins after the introduction of IMO2020 Fuel standards.

The increase in unleaded petrol mix during 2017 was due to maintenance on the Benzene Hydrogenation Unit (BHU)

Appendix: Our Assets - Retail Infrastructure

Caltex Retail Service Station Network

	Owned	Leased	Dealer Owned	*Total*
Company operated (Calstore)	200	162	0	**362**
Company operated (Diesel Stop)	21	31	0	**52**
Company Operated (Depot Fronts)	5	0	0	**5**
Franchised	200	176	0	**376**
Other*	49	19	600	**668**
WOW	**0**	**0**	**535**	**535**
Total	**475**	**388**	**1,135**	**1,998**

- Regionally: In New Zealand, Caltex's Gull NZ has 86 sites. This includes 60 controlled retail sites (including 35 unmanned stations), 23 supply sites and 3 marinas

Valuation

- The book value of Caltex retail network approximates $1.5 billion, comprising Freehold Land, Buildings, Leasehold Improvement, Plant & Equipment & related Work in Progress. This is below current indications for market value with recent independent valuations of >$2 billion.

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* Other includes Supply Agreement sites and Agency StarCard sites

Appendix: Our Assets - Infrastructure (excluding Retail)

Caltex (Non-Retail) Infrastructure Network

*Gull NZ is a wholly owned subsidiary of Caltex

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Convenience Retail Update

Audit of Franchisee underpayment of employees

- Caltex implemented a comprehensive audit program, to audit Caltex franchise sites (using independent auditors).
- As at 20/08/2018, we have completed audits/or commenced audits of more than 60% of our franchise network (363 sites).
- In July 2018 Caltex commenced the final Tranche of audits (199 sites), which is anticipated to be completed by mid-2019.
- Caltex previously established a $20 million assistance fund (including project costs) for franchisee employees who have not been paid their lawful wage by their franchisee employer. A total of 390 claims have been received to date, totalling <$10m, with higher risk sites audited first.

Appendix: Finance - Balance Sheet

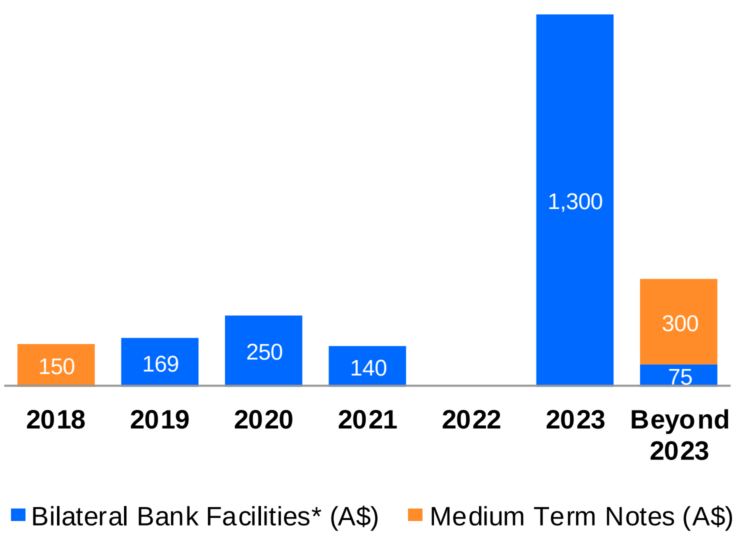
Funding Sources & Debt Maturity Profile

- Incorporates Seaoil acquisition: A$114m (20% shareholding acquired March 2018), the issuance of $300m medium term notes and a $320m upsize of bank facilities.

Current Sources of Funding

	A$m	Source
Medium Term Notes	450	Australian and Asian institutional
Bilateral Bank Facilities*	1,934	Global banks
	$2,384m	

Debt Maturity Profile



*AUD equivalent. Funded from Australian and global banks. Contain an ‘evergreen provision’ to facilitate extensions.

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Appendix: Historical Segment Results

	1H 2017	2017
Fuels & Infrastructure		
Total External Revenue ($m)	5,592	11,893
F&I (excl Lytton) EBITDA ($m)	**174**	**417**
Lytton CRM ($m)	311	648
Lytton opex and other costs ($m)	(134)	(261)
Lytton EBITDA ($m)	**177**	**388**
F&I EBITDA ($m)	**350**	**805**
F&I D&A ($m)	(64)	(138)
F&I EBIT ($m)	**287**	**666**
Convenience Retail^		
Total Fuels Revenue ($m)*	1,841	3,725
Total Shop Revenue ($m)^^	529	1,069
Total Fuels and Shop Margin ($m)**	421	823
Cost of doing business ($m)	(193)	(404)
EBITDA ($m)	**228**	**419**
CR D&A ($m)	(40)	(85)
EBIT ($m)	**187**	**334**

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* Excludes GST and excise

** Fuel and Shop Margin predominately reflects gross margin on all fuel sales less fuel commission paid to franchisees, gross margin on company controlled shop sales minus any costs covered by select franchise agreements, and non-fuel income from franchise sites.

^ 1H 2017 fuel sales and shop sales include Milemaker contribution for full period

Appendix

Summary Financial Information*

	1H 2018	2017	2016	2015	2014	2013
Dividends						
Dividends ($/share)	0.57	1.21	1.02	1.17	0.70	0.34
Dividend payout ratio - RCOP basis (excl. significant items)*	50%	51%	51%	50%	38%	28%
Dividend franking percentage	100%	100%	100%	100%	100%	100%
Other data						
Total revenue ($m)	10,192	16,288	13,027	15,009	18,970	19,595
Earnings per share - HCOP basis (cents per share)	147	237	232	193	7	196
Earnings per share - RCOP basis (cents per share) (excl. significant items)*	113	238	199	233	183	123
Earnings before interest and tax - RCOP basis ($m) (excl. significant items)*	443	935	813	977	794	551
Operating cash flow per share ($/share)	0.54	2.82	3.56	3.28	2.45	2.25
Interest cover - RCOP basis (excl. significant items)*	16.3	14.0	11.2	12.7	7.1	6.2
Return on capital employed - RCOP basis (excl. significant items)*	13.5%	15.8%	16.1%	19.5%	15.5%	9.9%
Total equity ($m)	3,337	3,108	2,810	2,788	2,533	2,597
Return on equity (members of the parent entity) after tax - (HCOP basis)	17.5%	15.8%	18.7%	16.2%	0.6%	15.9%
Total assets ($m)	7,099	6,355	5,303	5,105	5,129	6,021
Net tangible asset backing ($/share)	10.72	9.88	9.88	9.60	8.64	9.05
Net debt ($m)	1,041	814	454	432	639	742
Net debt to net debt plus equity	24%	21%	14%	13%	20%	22%

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* *Based on reported RCOP NPAT of the time*

IMPORTANT NOTICE

This presentation for Caltex Australia Limited is designed to provide:

- an overview of the financial and operational highlights for the Caltex Australia Group for the 6 months period ended 30 June 2018; and
- a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's expectations of the outlook for 2018 and future years, as at 28th August 2018.

This presentation contains forward-looking statements relating to operations of the Caltex Australia Group that are based on management's own current expectations, estimates and projections about matters relevant to Caltex's future financial performance. Words such as "likely", "aims", "looking forward", "potential", "anticipates", "expects", "predicts", "plans", "targets", "believes" and "estimates" and similar expressions are intended to identify forward-looking statements.

References in the presentation to assumptions, estimates and outcomes and forward-looking statements about assumptions, estimates and outcomes, which are based on internal business data and external sources, are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to the future business performance or results of the Caltex Australia Group or the likelihood that the assumptions, estimates or outcomes will be achieved.

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Thank You