Caltex Australia

ASX Release

30 October 2018

REVISED PAYOUT RATIO AND INVESTOR DAY PRESENTATIONS

As part of the Caltex Australia Limited investor days to be held on 30 October 2018 and 31 October 2018, Caltex provides the following business updates.

Dividend policy

Caltex Australia wishes to advise of a change to its dividend policy with an increase in the dividend payout ratio to 50 – 70% of the full year Replacement Cost of Sales Operating Profit after tax (excluding significant items) subject to taking into account Caltex's earnings for the period, future capital requirements and other relevant factors, such as the outlook for the business.

Investor day presentations

The presentations for the Caltex Australia Limited's investor days on 30 October 2018 and 31 October 2018 are attached.

Caltex provides updated financial guidance on page 24 of the investor presentation to be held on Day 1, 30 October 2018.

ends

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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 1,900 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

Caltex Investor Day

30 October 2018

CALTEX

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Welcome and Introduction

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Julian Segal

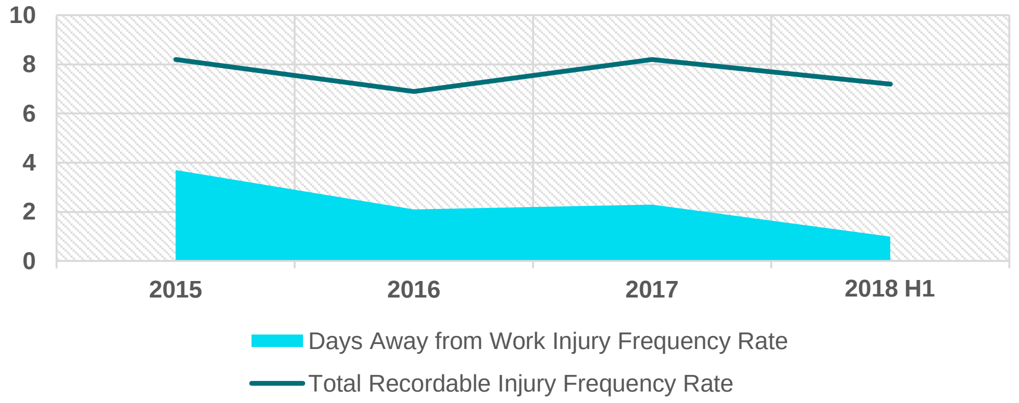
MD and CEO

CALTEX

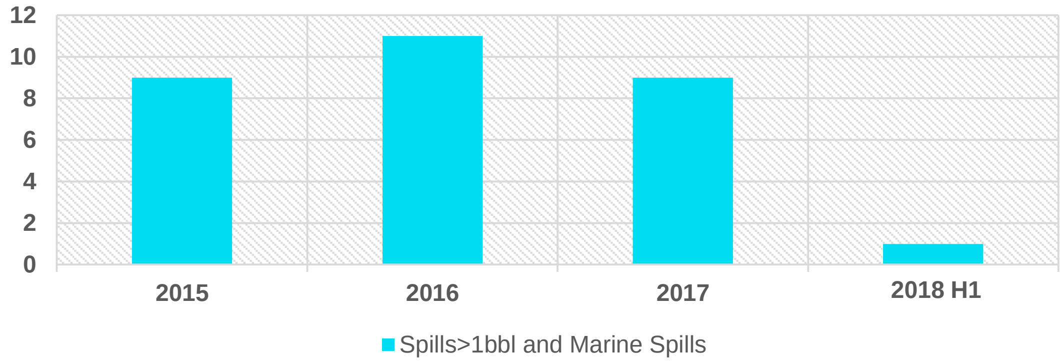
Safety of our people and customers is our top priority

Caltex's lengthy history of safety and reliability underpins our commitment to our customers and employees

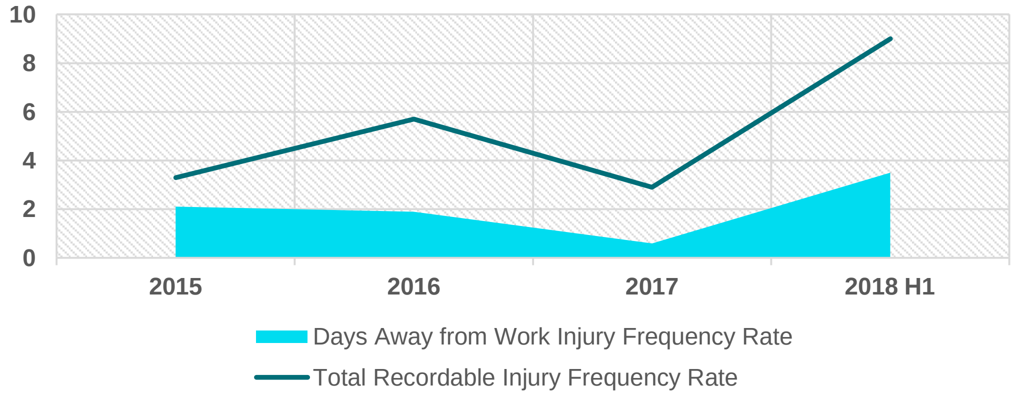
Fuels and Infrastructure Personal Safety



Process Safety



Convenience Retail Personal Safety



- Increase in reported Convenience Retail incidents as Convenience Retail transformation leads to greater focus on the operations of 240 new company operated stores, and now nearly 2,900 new store employees in 2018 alone.
- Our commitment is to continue to focus on transition processes, targeted training programs, and intervention to improve this result.

Welcome and Introduction

• • •

Julian Segal
MD and CEO

Group financial guidance and outlook

• • •

Simon Hepworth
CFO

Fuels & Infrastructure

• • •

Louise Warner
EGM Fuels & Infrastructure

Asset optimisation

• • •

Alan Stuart-Grant
EGM Strategy

Convenience Retail

• • •

Richard Pearson
EGM Convenience Retail

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We are proud of the transformation we have already achieved and will continue to evolve successfully

In fuels, we have secured our position as the market leader in Australia and become an emerging player in the Asian region, as well as commencing our journey on convenience retail

FIVE YEARS AGO	TODAY
50% owned by Chevron Loss making refinery & supply Low asset utilisation International supply by Chevron Generic retail offer	Independent ASX50 company Profitable refining operations Record refinery production Asian Trading & Shipping hub Growing international expansion Retail transformation commenced
2013 EPS: 132 cents DPS: 34 cents ROCE*: 17.5%	2017 EPS: 244 cents DPS: 121 cents ROCE*: 24.5%

NOTE*: ROCE calculated as RCOP EBIT over net assets plus net debt

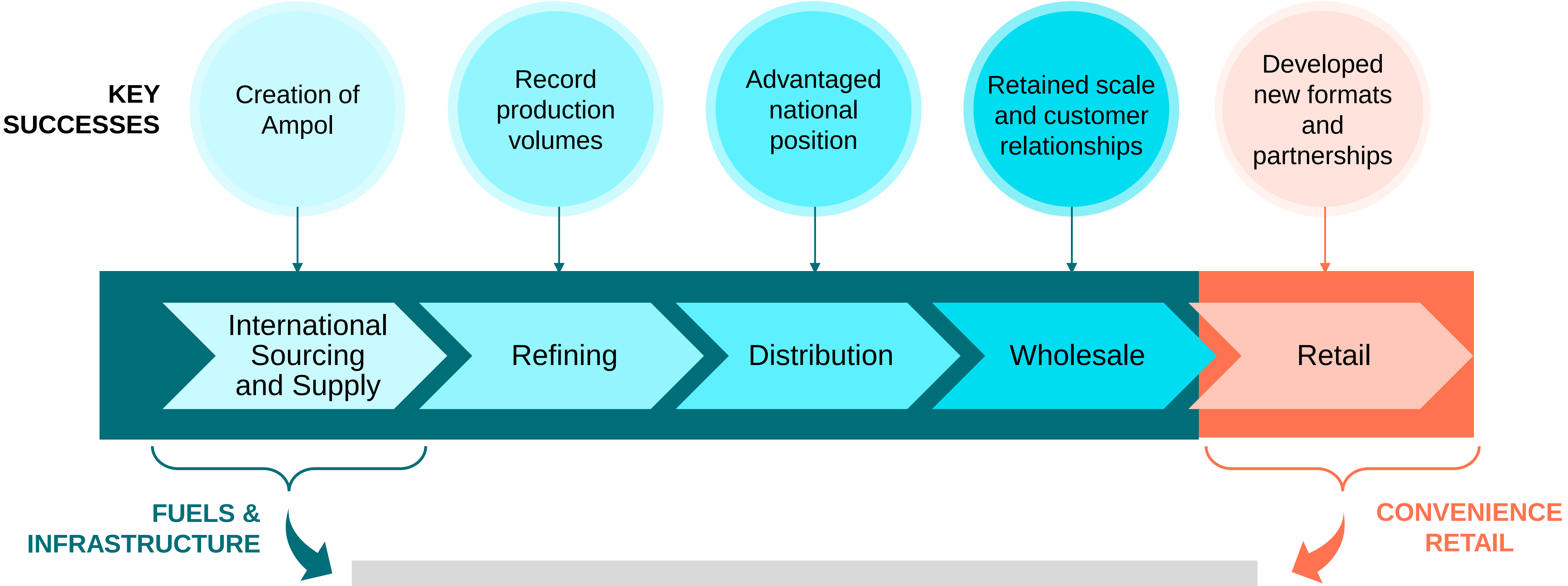
Caltex is the leading Australian transport fuel company, which has successfully embarked on its regional expansion, and is progressing well with its convenience retail growth strategy

Our strategy is to build and monetise capability and scale across the fuels and convenience value chain, to maximise shareholder value

enabled by a valuable network of well placed assets

We are strong across the entire value chain

Our strategies across the business are focused on delivering integrated value and growth across the chain



Our recent focus on building capability has been in the two parts of the value chain which offer the most material upside

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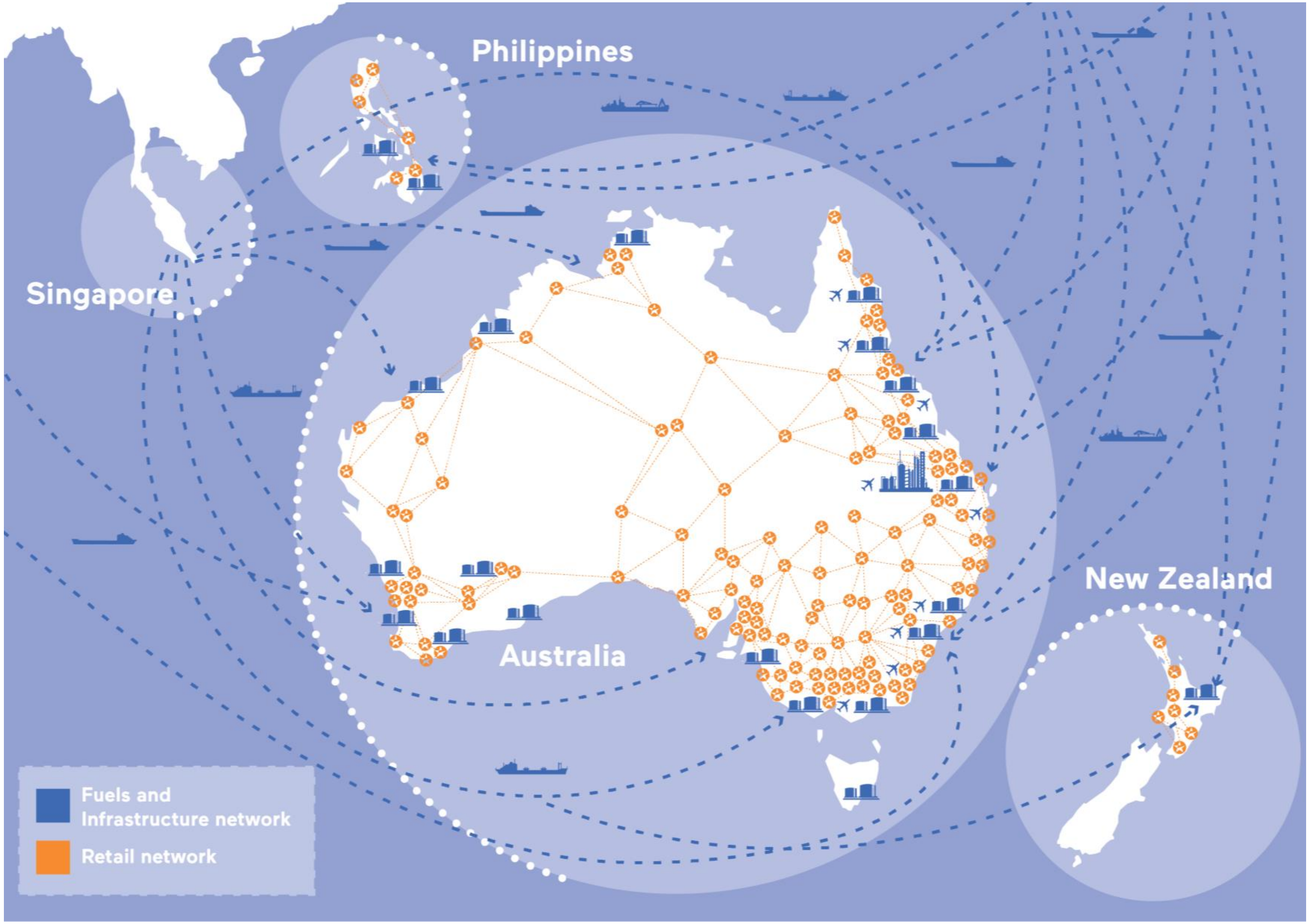
Our strong network of assets provides a platform for growth

We control a hard to replicate, privileged network of retail and distribution assets



Large, well located retail real estate network

Advantaged regional infrastructure

National presence

We control the entire supply chain

Our capabilities are providing valuable new growth options

INTERNATIONAL

- Ampol enabled material supply chain efficiency and is now handling over 3 billion litres of international volumes
- International assets seeing mid teens profit growth rates

AMPOL

CONVENIENCE RETAIL STORES

- Natural adjacency for non-fuel income
- Targeting $120-$150 million profit uplift

THE FOODARY

Metro

Commercial separation enables the relevant cultures and systems required to deliver our strategy

Caltex Australia

66% of EBIT

34% of EBIT

Fuels and Infrastructure

- ✓ Full supply chain view
- ✓ Improved efficiency
- ✓ Continued focus on international

Convenience Retail

- ✓ Foster retail culture
- ✓ Apply retail specific KPIs
- ✓ Focus on expansion

Operational Linkages

- Fuel supply
- Shared resources
- StarCard sales

Figures show EBIT contribution for first half 2018 pre corporate overheads

Business units are positioned to create value for shareholders

Fuels & Infrastructure

Transformed Business

- Predictable earnings
- Cash generative
- Growth through International

Convenience Retail

Primed for Growth

- Stable earnings base
- Expanded capability
- Sales and margin uplifts

Corporate

Effective Capital Management

- Increased payout ratio
- Investment discipline
- Supportive capital structure

Increased dividend payout

With transformation well advanced, Caltex now has the capacity to sustainably pay higher dividends, whilst retaining sufficient capital headroom to support growth aspirations in both Fuels & Infrastructure and Convenience Retail

The transformation of Caltex has created a stronger business with both higher, and less volatile, cash generation.

Caltex now has greater certainty over Retail formats, roll-out timing, and store costs.

Caltex has increased its dividend payout ratio to 50-70%

Our intention is to return excess capital to shareholders in the most efficient manner, where excess capital is defined by the company's capital management framework.

Caltex's preferred method of incremental capital returns is via an off market buyback

In summary, we offer a clear investment proposition

Defensive and reliable cash flow from Core Business

- ✓ Transport fuels focused
- ✓ Strong competitive advantages
- ✓ Cash generative business
- ✓ Predictable demand profile

Commitment to maintaining a strong dividend payout ratio

+

Execute on TSR Catalysts

Invest in Growth Engines

- International
- Convenience

Realise Franking Credits

Where excess capital is available

Highest returning options will be pursued

Top Quartile TSR is the Overarching Objective

Caltex's 2019 Deliverables

Continued growth in F&I earnings

- Deliver Seaoil and Gull investment cases
- Grow volumes at market rates
- Grow international earnings
- Maintain safe, reliable competitive operations

Progress Convenience Retail Strategy

- Deliver sustainable fuels profits by optimising value & volume
- Leverage Woolworths partnership
- Roll out 10-12 Metro stores
- Refine and develop other formats to optimise network

Increase dividend payout to 50-70%

Focus on releasing incremental capital to shareholders

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Group financial guidance and outlook

Simon Hepworth

CFO

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Caltex 1H18 by the numbers – substantive and well positioned

Operating performance

Fuel sales volumes

10.2 BL

Refining production

3.2 BL

Financial performance

RCOP NPAT

$296m

Operating cash flow

$140m

EBIT ROCE

20.3%

Balance sheet

Net Debt*

$1.0bn

Gearing

24%

Lease adjusted gearing

37%

S&P Global credit rating

BBB+

Shareholder value

1H dividend

57 cps

HCOP EPS

147 cps

RCOP EPS

113 cps

10yr average TSR**

~14%*

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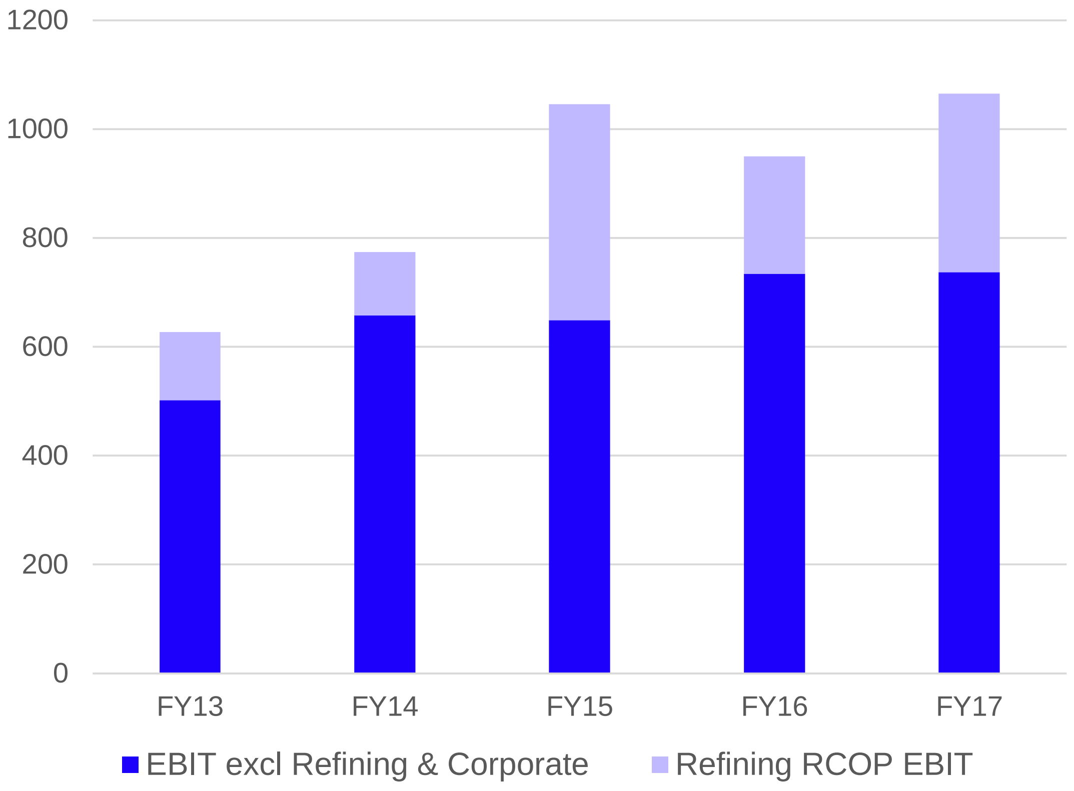
NOTE* - Net debt excluding Lease liabilities
NOTE** - 10yr TSR measured to the end October 2018

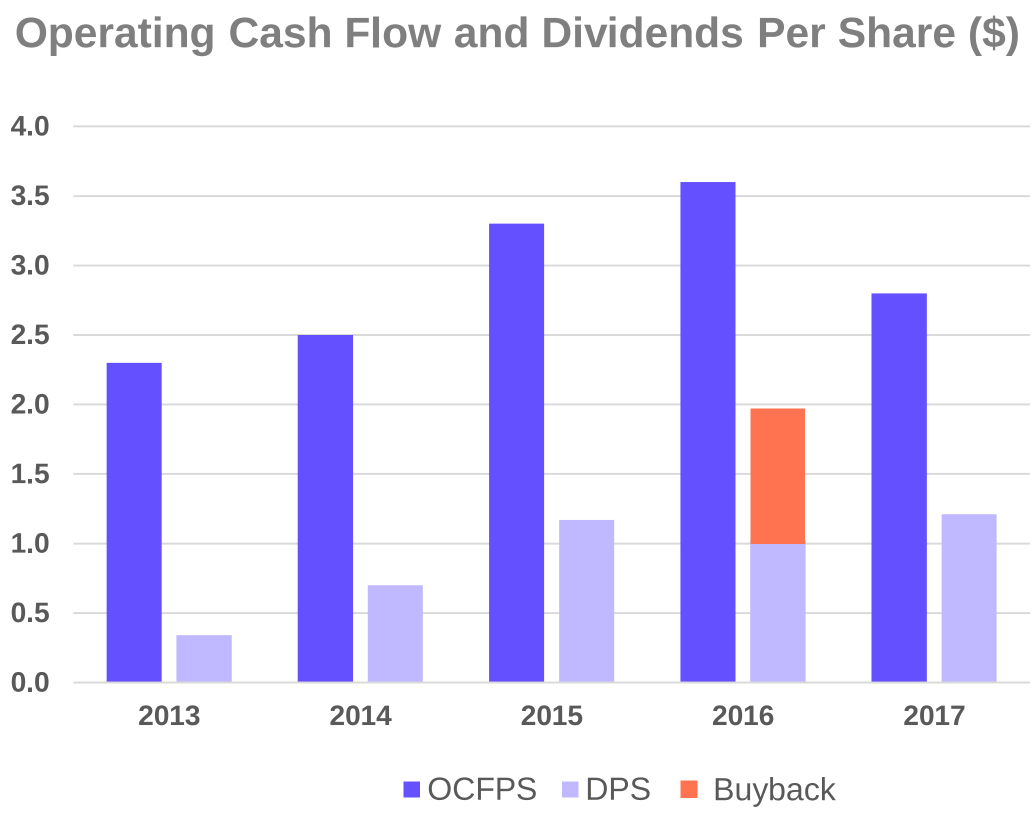
Our strategy is delivering earnings growth, and underpinning shareholder returns

EBIT (ex refining) has achieved ~10% CAGR for last 4 years. Growth has become steady and reliable

STEADY AND GROWING PROFITABILITY*



ENHANCED ABILITY TO PAY DIVIDENDS



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NOTE* - Graph excludes corporate costs

Caltex's capital allocation framework defines capital priorities to support top quartile TSR objective

1 Capital Structure	✓ Target Adj. Net Debt / EBITDA range 1.5x - 2.0x ✓ Where Adj. Net Debt > 2.0x EBITDA, debt reduction plans become a focus
2 Maintenance Capex	✓ Safety and reliability of supply are non-negotiable
3 Dividends	✓ 50-70% of RCOP NPAT (fully franked)#

4 Capital Returns* / Growth Capex*	**Capital Returns**
	✓ Where Adj. Net Debt < 1.5x EBITDA, or sufficient headroom exists within target range
	✓ Utilise excess franking credits
	
	Growth Capex
	✓ Where EPS accretive
	✓ Minimum investment hurdles to drive capital efficiency
	  ✓ ROCE > WACC + fair margin return
	  ✓ (Higher targets for increased complexity and risk)

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Excluding significant items

* Compete for capital based on risk-adjusted return to shareholders

Strong focus on capital discipline to deliver strong returns to shareholders

Top Quartile TSR is the Overarching Objective

1. Optimal Capital Structure
2. Disciplined Capital Allocation
3. Capital Efficiency
4. Financial Risk Management

Caltex has a record of effective capital allocation

	AMPOL	Gull	SEAOIL	MILEMAKER PETROLEUM	
	>20% ROCE on capital allocated to growth initiatives	16% ROCE EPS Accretive	12%[1] ROCE EPS Accretive	7%[2] ROCE EPS Neutral	ROCE<WACC EPS Dilutive
Caltex Ownership	3 years+	16 months	6 months	18 months	Opportunity not pursued in 2016
Rationale	Growth	Growth	Growth	Protect	Protect & Grow

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(1) Based on forecast 2018 earnings with addition of first full year synergies estimates, medium term higher returns as Seaoil volumes increase
(2) Based on incremental EBIT, excluding F&I margin and infrastructure recovery. Actual annual Retail contributions are >22%, with upside from the retail offer.

Robust Financial Risk Management

Caltex's enhanced risk management platform supports growth in Fuels & Infrastructure

KEY RISK TOOLS

CALTEX VALUE CHAIN

INTERNATIONAL SOURCING AND SUPPLY | REFINING | DISTRIBUTION | WHOLESALE | RETAIL

ROBUST SUPPLY CHAIN MANAGEMENT
STRONG CUSTOMER BASE

IS SUBJECT TO HAVING…

KEY EXECUTION ENABLERS

SKILLS & PEOPLE | ASSET & CAPITAL BASE | RISK MANAGEMENT & OVERSIGHT | PHYSICAL SYSTEM

FUNDING LEVELS
REMUNERATION POLICY
MONITORING SYSTEMS
SUPERVISION
DELEGATION OF AUTHORITY

UNDERPINNED BY…

POLICIES & FINANCIAL RISK APPETITE

QUANTITATIVE RISK MANAGEMENT TOOLS (CFAR / VAR#)

RISK ALLOCATION

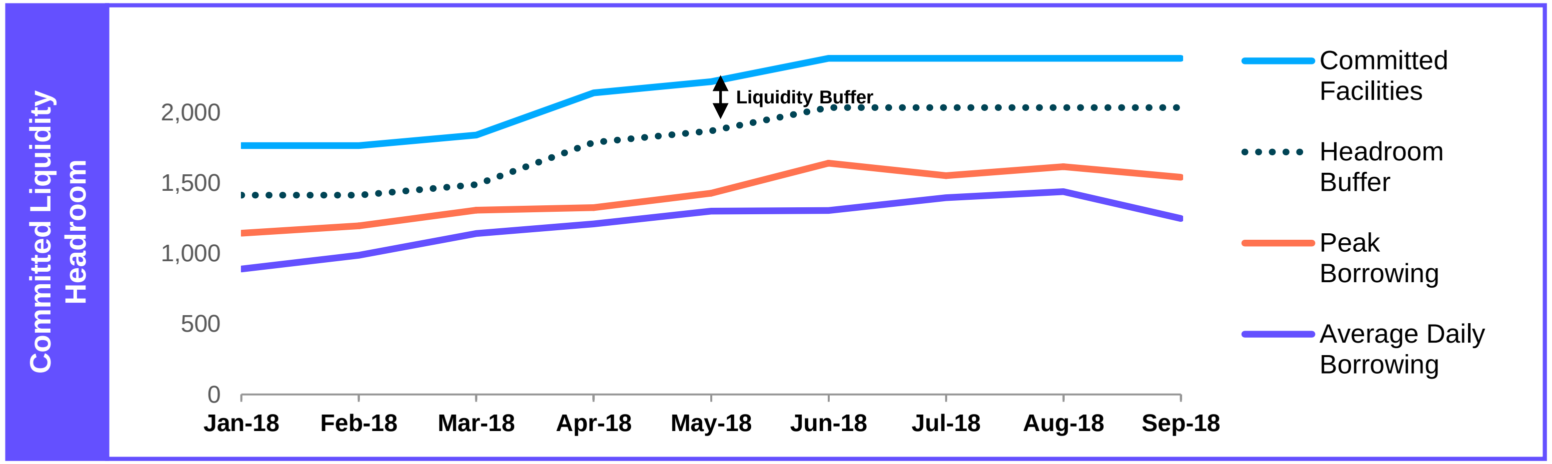
MANAGEMENT LIMITS

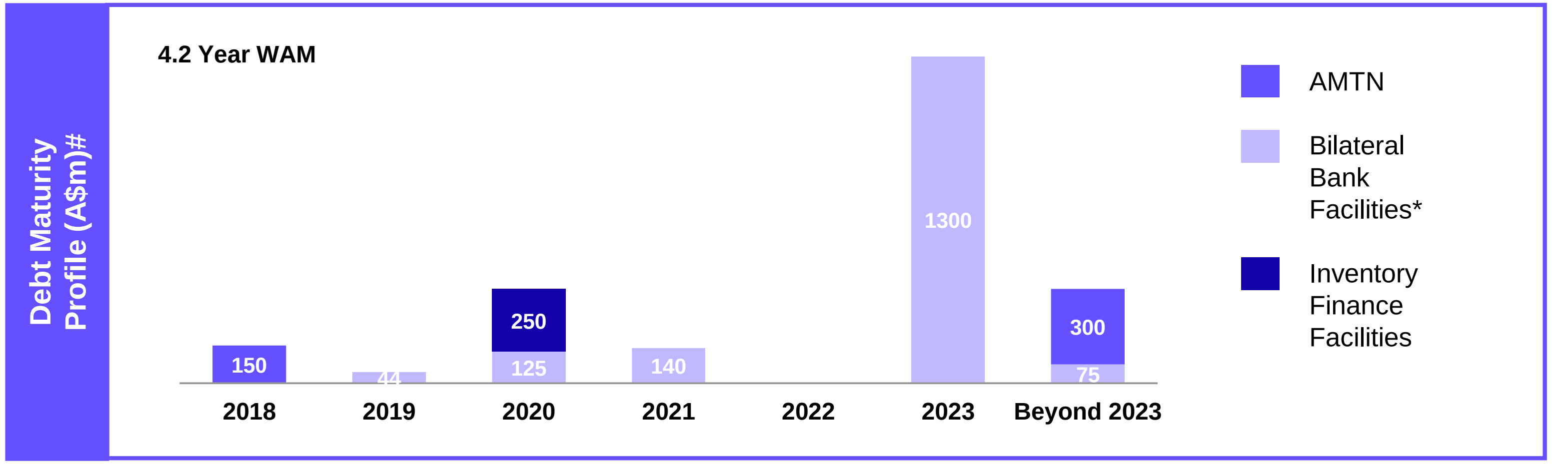
CREDIT MANAGEMENT
EXPOSURE MANAGEMENT POLICY
PROCESSES
REPORTING SYSTEMS
INSURANCE

Cash flow at risk / Value at risk

Caltex's transformation enabled an overhaul of funding platform; materially improving terms, conditions and pricing

- ✓ Final legacy debt issue to be repaid Nov 2018 ($150m AMTN @ 7.25% coupon)
- ✓ Greater diversification and extended maturity profile to reduce refinance risk and increase flexibility
- ✓ Prudent liquidity to fund the business plan, support fuel sourcing and storage
- ✓ $350m liquidity buffer to protect against event risk and material downside scenarios





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A$ equivalent as at 30 September 2018

* Bilateral bank facilities contain an 'evergreen provision' to facilitate extensions to tenor subject to agreeing pricing

Updated financial guidance

2018 GUIDANCE

- 3Q Retail fuel volumes and margins impacted by high crude price and low AUD, as well as targeted competitor actions. Negative impact on 3Q Retail earnings of approximately $20 million relative to 1H2018 run rate;
- Unplanned outage of reformer at Lytton during October. Impacts to gasoline and diesel production, impacting EBIT by $15-20million. Lytton 2018 production forecast approximately 6.0BL
- 3Q CRM of US$11.53/bbl. 4Q expected to be impacted by soft gasoline margins, offset by lower FX.
- Short term build in working capital due to strength in crude and product prices combined with Lytton outage

2019 GUIDANCE

- CY19 Earnings anticipated to be an increase on CY18. Continued growth in F&I business to offset Woolworths fuel supply contract reprice.
- Convenience Retail focus on initial Metro rollout and optimising Foodary performance.
- 2019 total capex expected to be around $350 million, a reduction of ~30% on 2018
- Dividend payout increased to 50-70% (from 40-60%).
- As excess capital becomes available as defined by the company's capital management framework, our intention is to return that excess capital to shareholders in the most efficient manner. Caltex's preferred method of incremental capital returns is via an off market buyback
- Lytton 2019 production target 6.0 – 6.1BL (incl. annual T&I impacts).


Q&A
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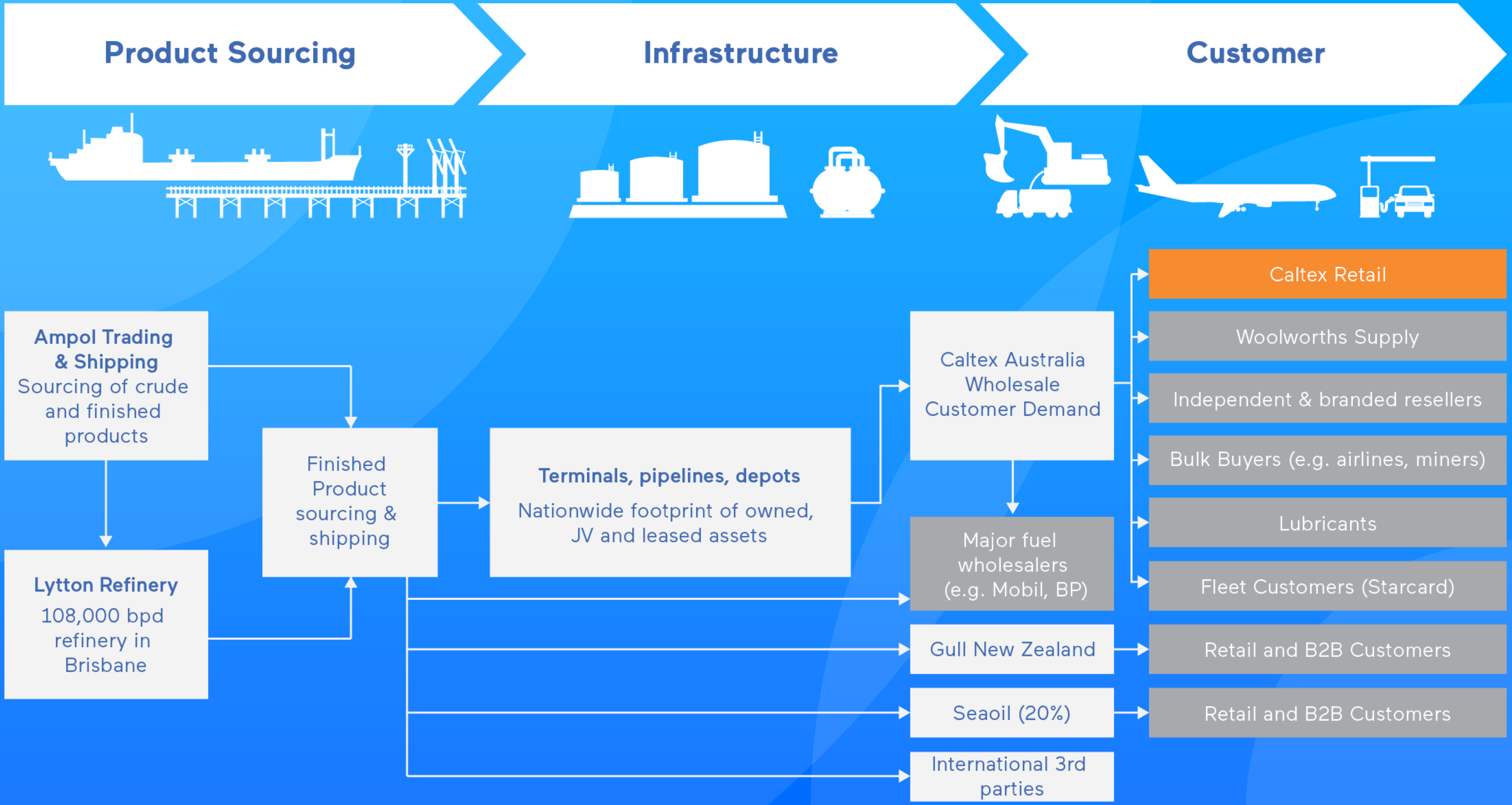
Fuels & Infrastructure

Louise Warner

EGM Fuels & Infrastructure

What does F&I do?



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Our scale and capability across the whole supply chain in Australia differentiates us

International Sourcing	Refining	Distribution	Wholesale	Retail	Australian Wholesale Market Share[(1)]
CALTEX Caltex Australia	CALTEX Caltex Australia	CALTEX Caltex Australia	CALTEX Caltex Australia	CALTEX Caltex Australia	*34%*
Outsourced to Vitol	VIVA Energy Australia	VIVA Energy Australia	VIVA Energy Australia	Most sites leased to Coles	*22%*
bp	bp	bp	bp	bp	*20%*
Mobil	Mobil	Mobil	Mobil	Sold to 7 Eleven	*17%*
Trafigura shareholding		PUMA ENERGY	PUMA ENERGY	PUMA ENERGY	*n/a*
United		United	United	United	*n/a*

SOURCE: Company information, ACCC

(1) Represents wholesale petrol market shares for the 2016-17 financial year as published by the ACCC

F&I runs as an integrated business to drive value

F&I comprises four interconnected operational “hubs” which form an overall supply and marketing system

Crude & Feedstocks

RELATIONSHIPS

Crude Suppliers

Regional Refiners

Ship Owners

TRADING & SHIPPING

Ampol Singapore

Crude Oil, Feedstocks, Gasoline, Middle Distillates

MANUFACTURING

Lytton Refinery

Lubricants Manufacturing

Third Party Wholesalers
(Australia)

Finished Products

F&I’s B2B CUSTOMERS

AUSTRALIAN CUSTOMER DEMAND

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Finished Products

INTERNATIONAL

Gull

SEAOIL

International 3rd parties

Expertise in complex supply chains and management of infrastructure

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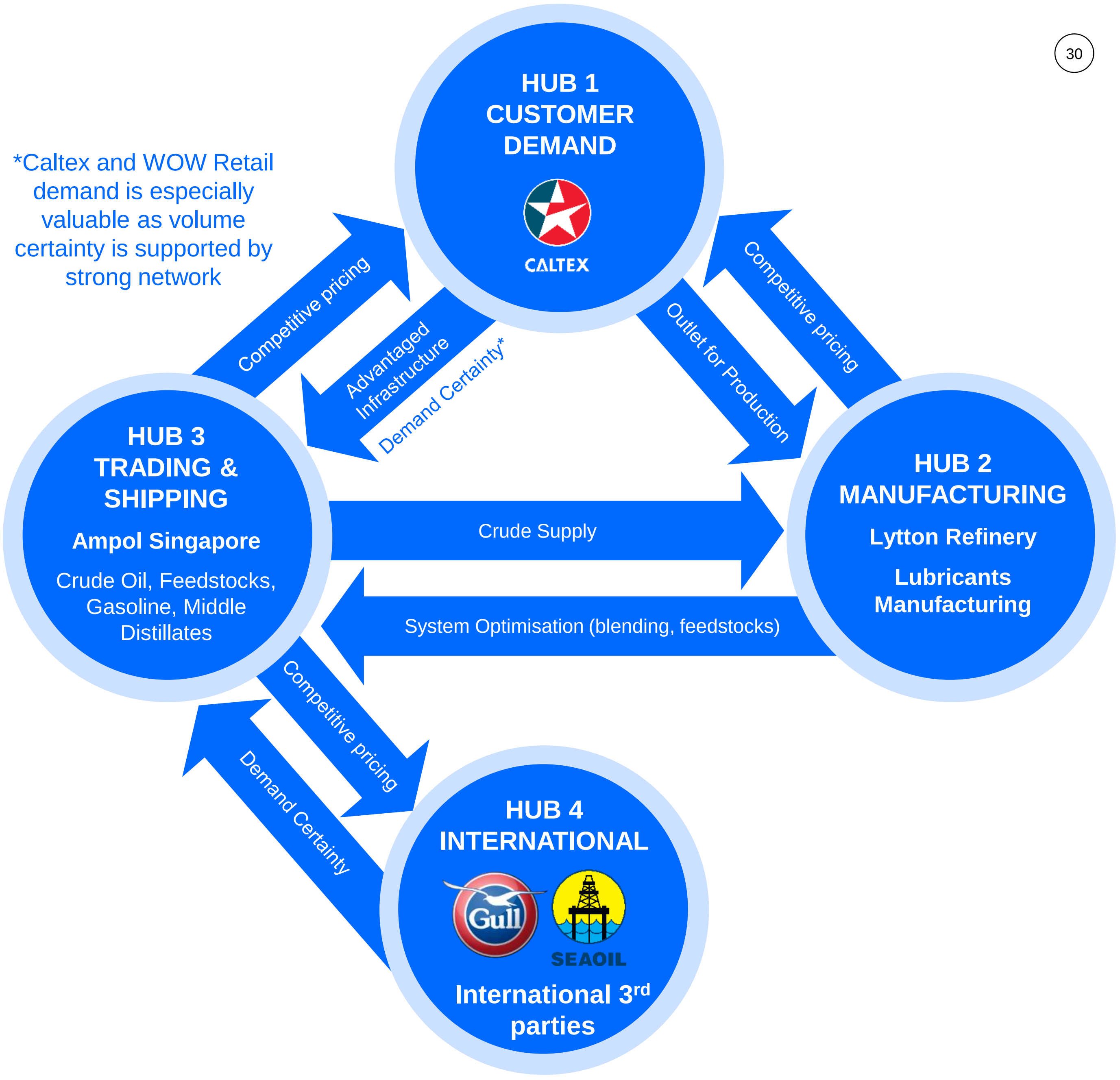
The interaction of the system's hubs make the value more than the sum of the parts



Our network is being expanded internationally to enable growth

Our international supply chain and retail capability has opened up new growth options

- Investments in high growth businesses in New Zealand and the Philippines
- Added >1.7 billion litres[1] of scale with scope to grow this substantially

Key Drivers:

✓ Access to fast growing assets

✓ Synergies from supply chain integration

✓ Access to further in-market opportunities

✓ Leverage supply chain and retail expertise

✓ Potential to support additional International 3rd parties

Gull NZ and Seaoil

	Gull	SEAOIL
Country	New Zealand	Philippines
Initial Investment	A$329m (100%)	A$114m (20%)
Approximate Volumes	350ML	1,425ML
Revenue Sources	▪ Retail fuel ▪ Resellers ▪ Wholesale diesel ▪ Infrastructure	▪ Retail fuel ▪ Resellers ▪ Wholesale diesel ▪ Infrastructure
Supply Sources(2)	100% via own terminals	100% via own terminals
EBITDA Growth (FY18E vs. FY17)	33%	18%

(1) Represents additional supply volumes managed by Ampol
(2) Principal contract volumes, excludes periodic terminal gate supplies. Terminals are a mixture of wholly owned and leased assets

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In a changed market F&I has transitioned successfully from a refiner to create a strong platform for both domestic and international growth

Strategic focus		Enabled by a range of competitive advantages
Grow Trading & Shipping	✓ **International Product Sourcing** ▪ Ampol Singapore established in 2013 ▪ Scaled up business in 2015 following closure of Kurnell refinery	Biggest importer into Australia Largest diesel short in Asia
Optimise Infrastructure Position	✓ **Import infrastructure** ▪ Largest product import terminal in Australia ▪ Continuous improvement at Lytton	Advantaged distribution assets in NSW, the largest state for imports
Protect and Grow Supply Base	✓ **Direct Relationship with the End Customer** ▪ Expand and improve retail network ▪ Defend B2B volumes ▪ Leading fuel card offer	~80,000 B2B customers ~1,770 branded retail sites ~70,000 card customers, with ~900K cards on issue National supply capability

Q&A


BAY POWER ISOLATOR
FILL STAND EMERGENCY STOP
SPILL KIT
SPILL KIT

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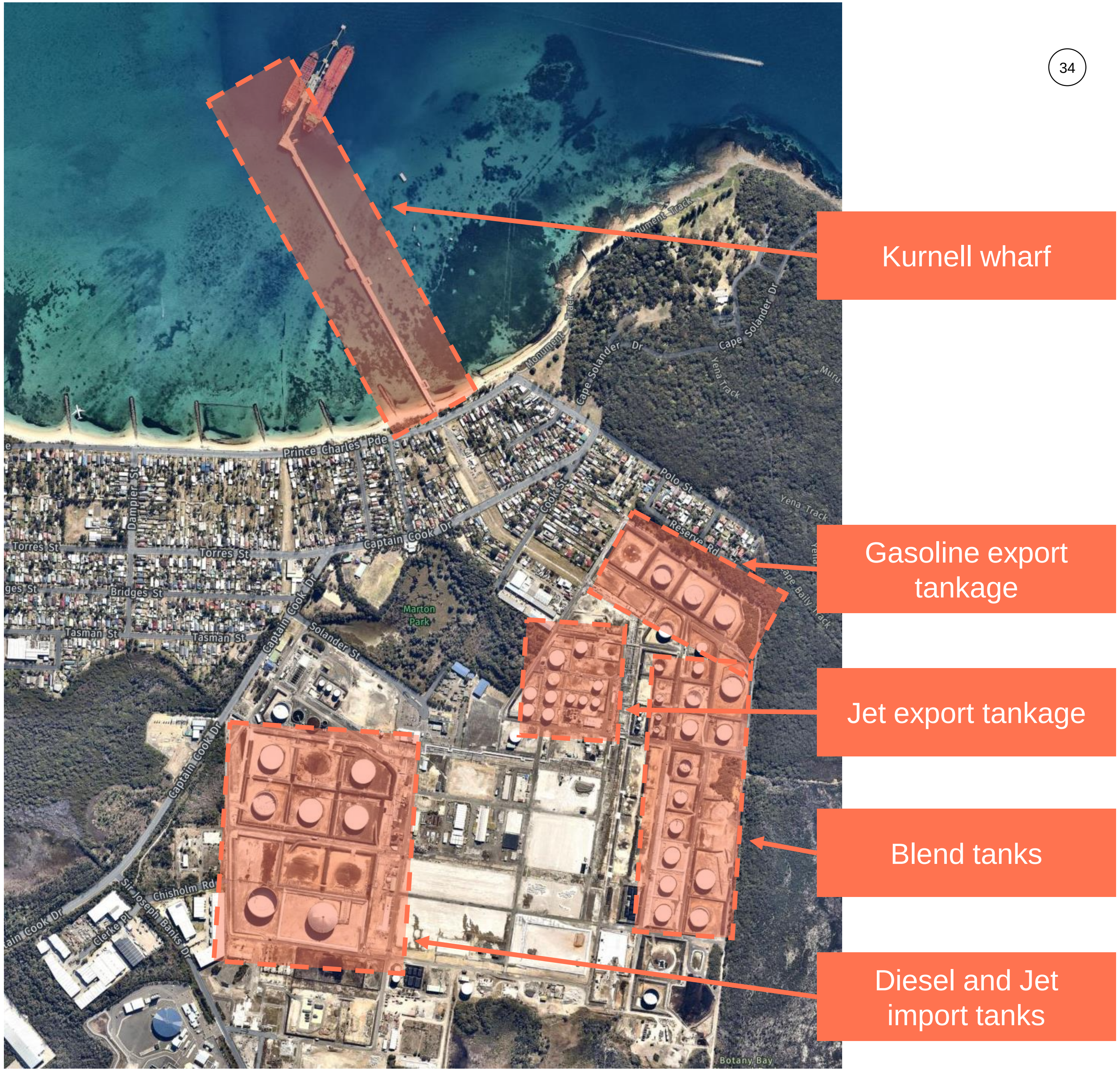
Kurnell is uniquely positioned in Caltex's leading supply network



Fuel & Infrastructure Operations

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Louise Warner

CALTEX

The Caltex F&I Presentation Team

Louise Warner
EGM Fuels & Infrastructure

Brad Phillips
GM B2B Sales

Derek Styles
GM Manufacturing

Brent Merrick
GM Trading & Shipping

David Bodger
GM Gull New Zealand

Chris Richmond
GM Strategy

Understanding our system across the Hubs

HUB 1
AUSTRALIAN CUSTOMER DEMAND

Source of scale

B2B & Retail supply

HUB 2
MANUFACTURING

Lytton Refinery

Lubricants Manufacturing

HUB 3
TRADING & SHIPPING

Crude Oil

Product shipping

Support for domestic & international sales

HUB 4
INTERNATIONAL

Gull

SEAOIL

International 3rd parties

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Hub 1: Australian Customer Demand

The heart of our business is the scale enabled through our strong demand base in Australia. The Australian economy is heavily dependant on transport fuels (i.e. mining, shipping, transport, agriculture, industrial), and will be for a while yet.

What does it do?

- Competitive Supply of fuel to Caltex owned retail sites
- Marketing of fuels and lubricants to Australian B2B customers including:
  - Bulk buyers (e.g. airlines, mine sites)
  - Fleet/card buyers (e.g. trucking companies)
  - Other commercial (e.g. agriculture)
  - Resellers (e.g. independent retailers)
  - Woolworths (exclusive fuel supplier)
  - Other wholesalers
- Infrastructure operation and management

How Does it Create Value?

MARGINS ON SALES TO CUSTOMERS

~ 80,000 B2B customers
Multiple sales channels
Broad product and sector exposure
National presence

DELIVERS SCALE AND PREDICTABLE DEMAND

Sustains Ampol's competitive advantages and supports Lytton production

RETURNS ON PRIVILEGED INFRASTRUCTURE

Infrastructure earnings

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How we succeed in defending and growing Australian B2B volumes

Australia is an attractive market for new entrants but we have steadfastly defended our market position due to the inherent strength of our assets and breadth of offer

Key Competitive Advantages

INTEGRATION WITH RETAIL

- ✓ Provides scale
- ✓ Sticky volumes
- ✓ Underpins card business
- ✓ Core to Woolworths offer
- ✓ Brand credibility

INFRASTRUCTURE

- ✓ Market access for imports
- ✓ Sourcing benefits
- ✓ Low unit costs
- ✓ Refinery integration
- ✓ National presence

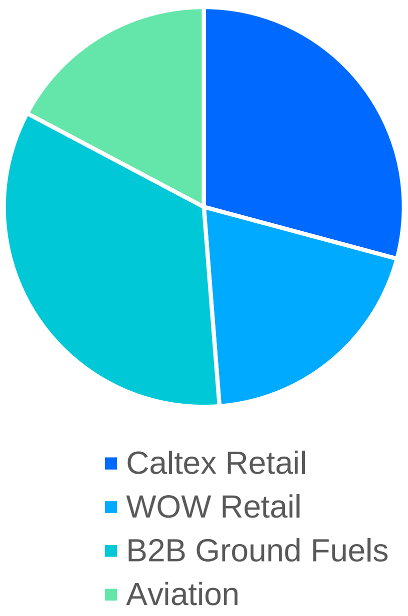
RELATIONSHIPS

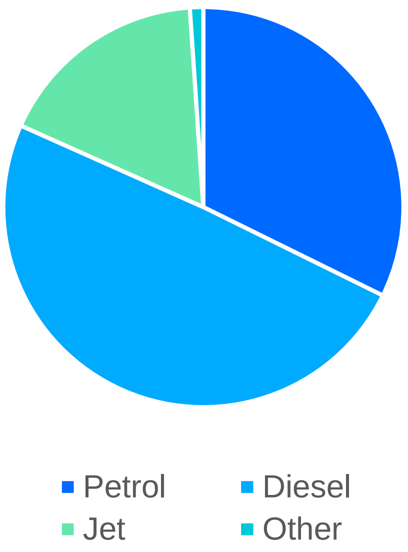
- ✓ Trusted supplier
- ✓ Reliability
- ✓ Quality reputation
- ✓ Excellent safety record
- ✓ Local presence

Longer term the B2B market is much less prone to disruption from emerging alternate transport solutions

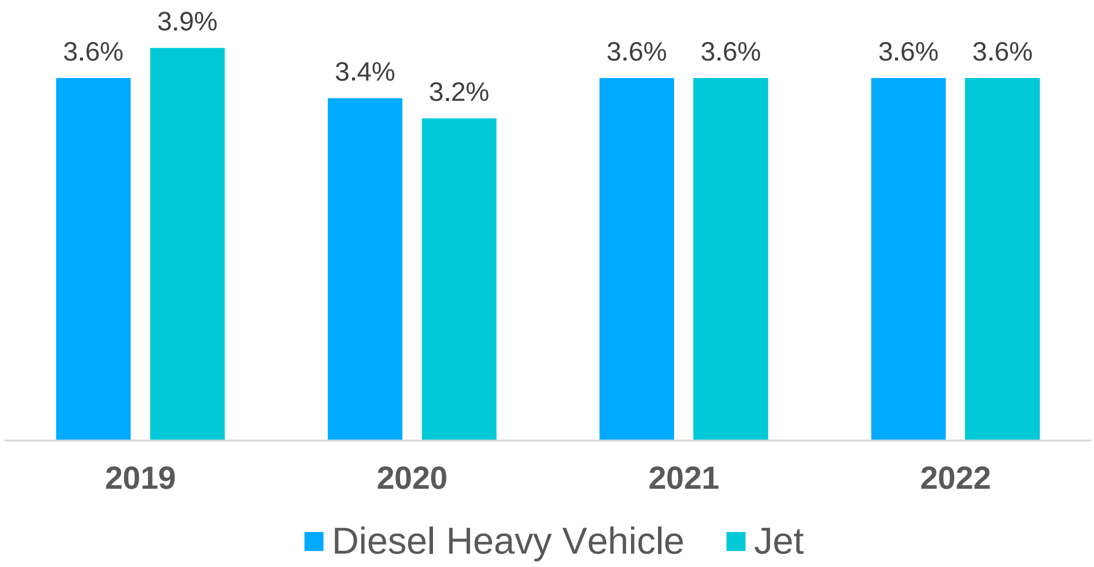
- Large amount of F&I's scale is derived from commercial diesel and aviation sales
- Both of these segments are expected to see robust growth over the medium term

CALTEX VOLUME SPLIT (H1 2018)





Commercial fuel consumption outlook (BL)



Sources: Australian Petroleum Statistics, Australian Bureau of Statistics, VFACTS, ABMARC, Australian Energy Statistics, BITRE International Aviation Activity, Caltex analysis

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Leveraging the integrated supply chain creates value for shareholders

EXAMPLE: Caltex's ~50% market share at Sydney Airport is enabled by combining trading expertise with advantaged infrastructure and customer relationships

1

Ampol Sources Jet Fuel

- Buys and ships product from Asia
- Leverages relationships and expertise to buy competitively
- Has full supply chain view
- Option to ship from Lytton for prompt supply (closest alternate supply point)

2

Kurnell Storage

- Deepwater berth offers flexibility to deliver in LR vessels
- Low demurrage risk as Caltex only user
- Largest jet storage position in Sydney
- Provides flexibility for Ampol to take advantage of seasonal price movements

4

Airfield Sales

- Caltex B2B sales team have longstanding relationships with all major airlines
- Trusted quality fuels supplier
- Ability to price competitively given unique and low cost supply chain solution

3

Transport via Pipeline

- Dedicated pipeline to airport, owned by Caltex
- Offers lowest cost transfer method

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Hub 2: Manufacturing's role in the integrated supply chain

Lytton refinery is one of the best performing small refineries in Asia, it represents a major centre of technical expertise critical to deliver core earnings today, and continued optimisation will support the integrated value chain

What does Lytton do?

- 108,000 bpd name plate capacity refinery
- Processes crude into a range of finished products
- Manufacturers lubricants from base oils
- Distributes products to the Queensland market

How Does it Create Value?

THIRD PARTY SALES OF HIGH VALUE PRODUCT

Around 60% of refinery's output is bought by local wholesalers (BP, Viva etc.)

INBOUND AND OUTBOUND SYSTEM OPTIMISATION

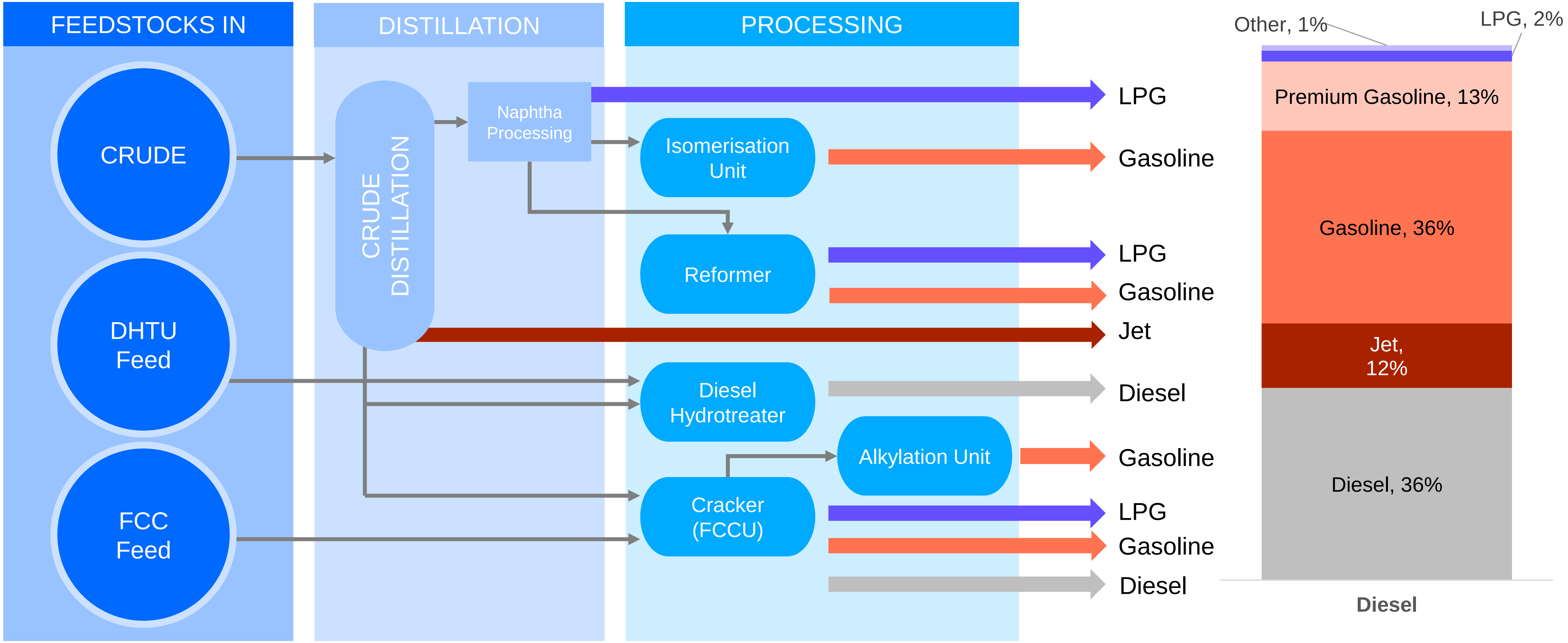
Ability to change product slate and utilise low spec product as feedstocks to enhance capacity

GAIN COMPETITIVE SUPPLY IN OTHER STATES

Sales are balanced by purchases in other states maximising scale benefits

How does Lytton work

Simplified process flow for Lytton – DHTU and FCC feed imported via Ampol is used to materially boost production

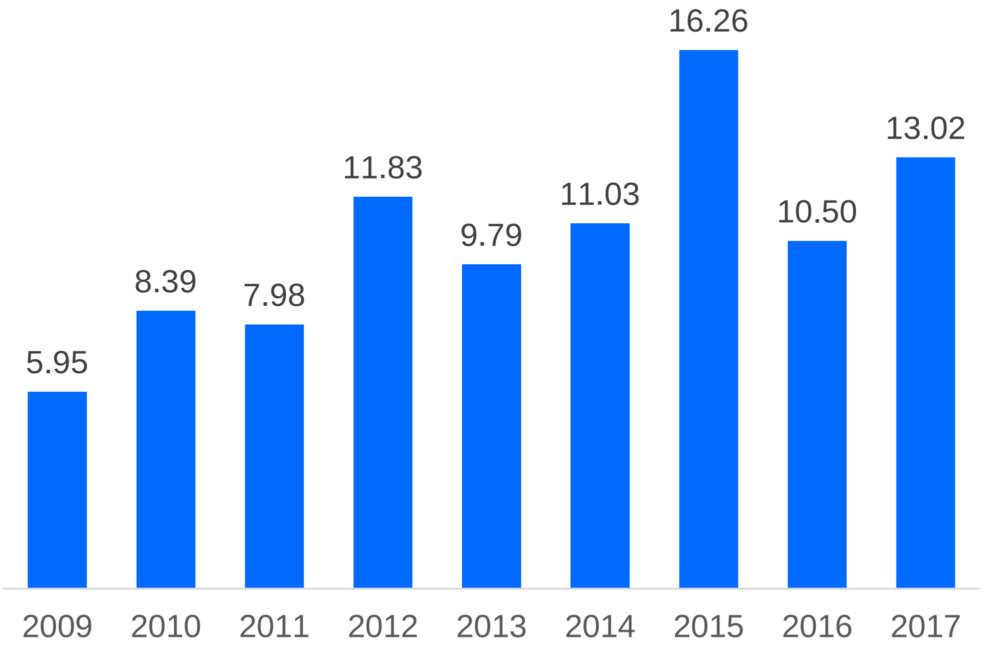


Lytton's operating performance has been exceptional

A refocus on reliable and efficient operations and high value products plus optimisation with Ampol has improved production and reduced historic volatility and turned Lytton into a high returning business

CALTEX REFINER MARGIN[1]

Figures in US$ per barrel

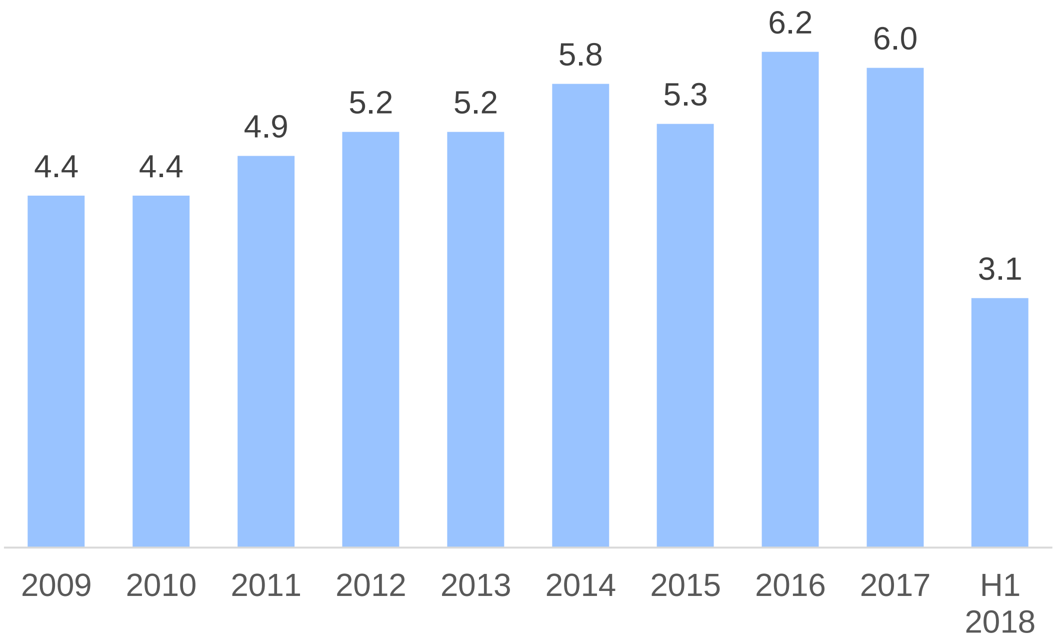


(1) Figures pre 2015 include contribution from Kurnell refinery

NOTE - CRM excludes pricing lags from 2013 onwards

HIGH VALUE PRODUCT PRODUCTION LEVELS

Figures in litres billions



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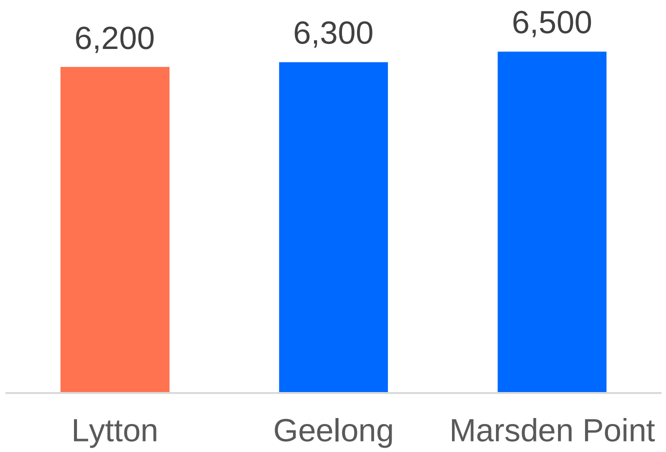
Lytton’s performance compares favourably to some regional benchmarks

Margin success is influenced by product mix, configuration and utilisation

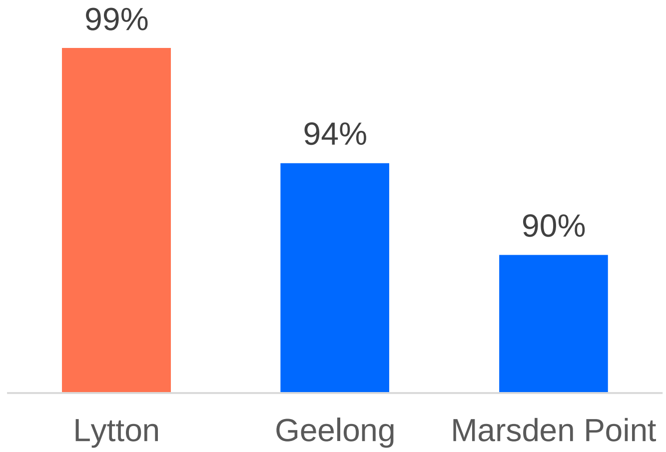
FY17 TOTAL PRODUCTION (ML)



Crude Nameplate Capacity (Kbpd)	*108,000*	*128,000*	*135,000*

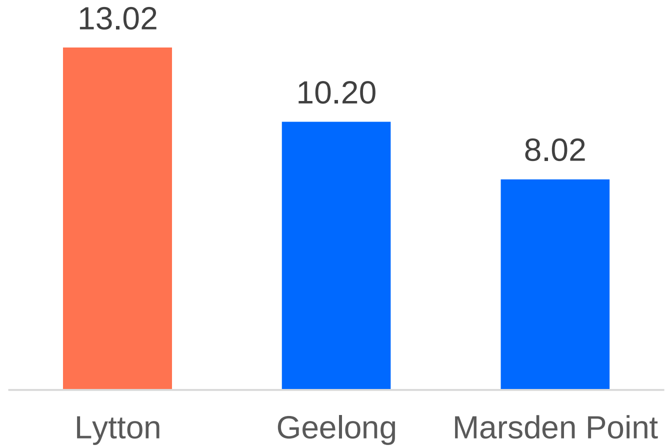
High utilisation and configuration allows Lytton to produce similar quantities to local refineries with larger nameplates

WHITE BARREL PRODUCTION



Lytton produces a higher percentage of high value product and minimal HSFO blendstock

REFINER MARGIN* (US$/bbl)



High utilisation and a valuable product slate helps to drive margins higher than benchmarks

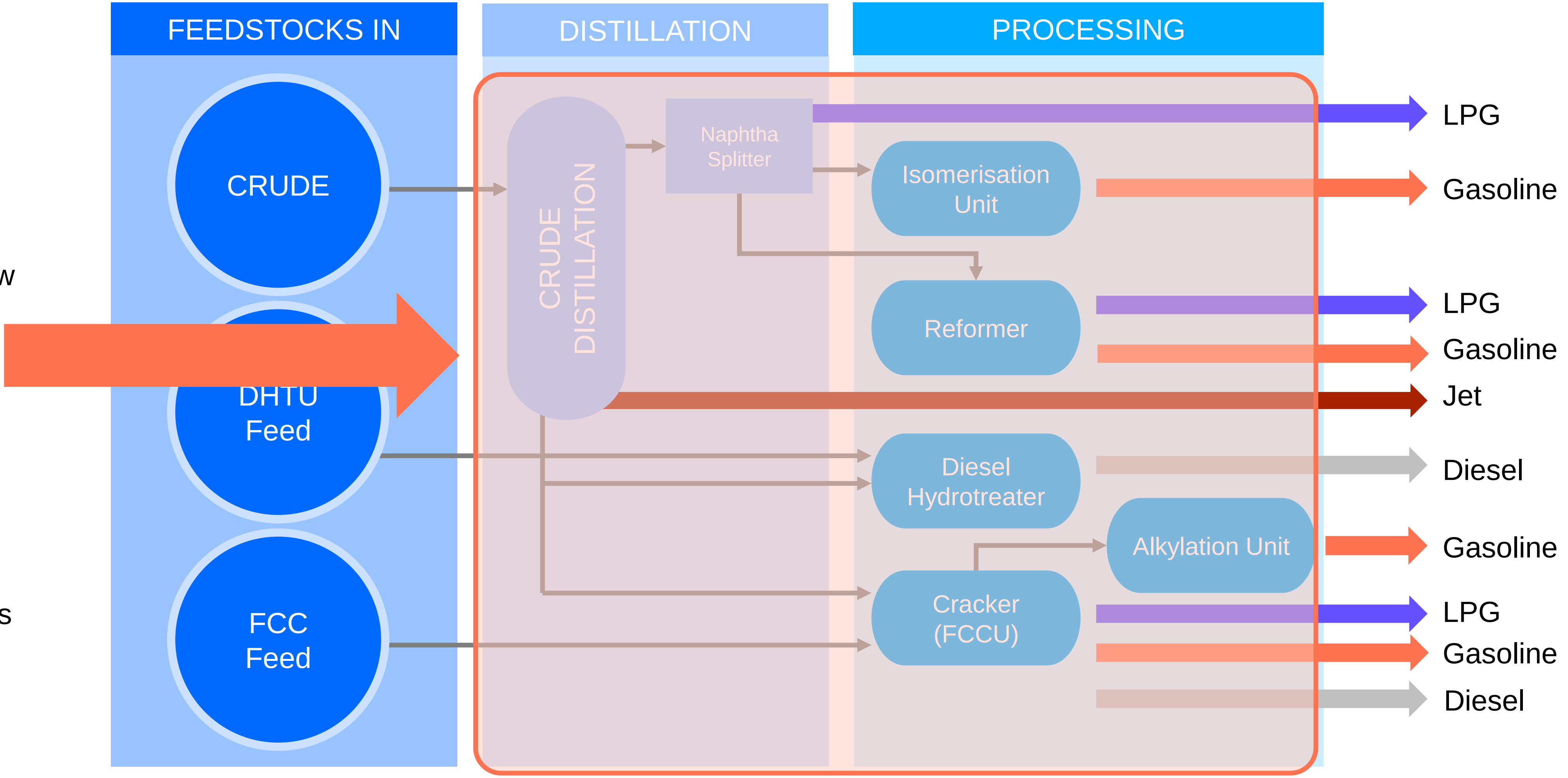
NOTE* - Refiner margin reported per each companies’ methodology

SOURCE: Viva Energy, New Zealand Ministry of Business, Innovation and Employment, New Zealand Refining Company. All figures for calendar year 2017

How the Lytton turnaround has been achieved (1)

Improved processes and maintenance

- Rebuild of systems and capability in inspection and asset integrity
- Periodic T&I to smooth cash flow and ensure reliability
- Processes support early intervention on reliability issues
- Select investments to enhance process unit reliability



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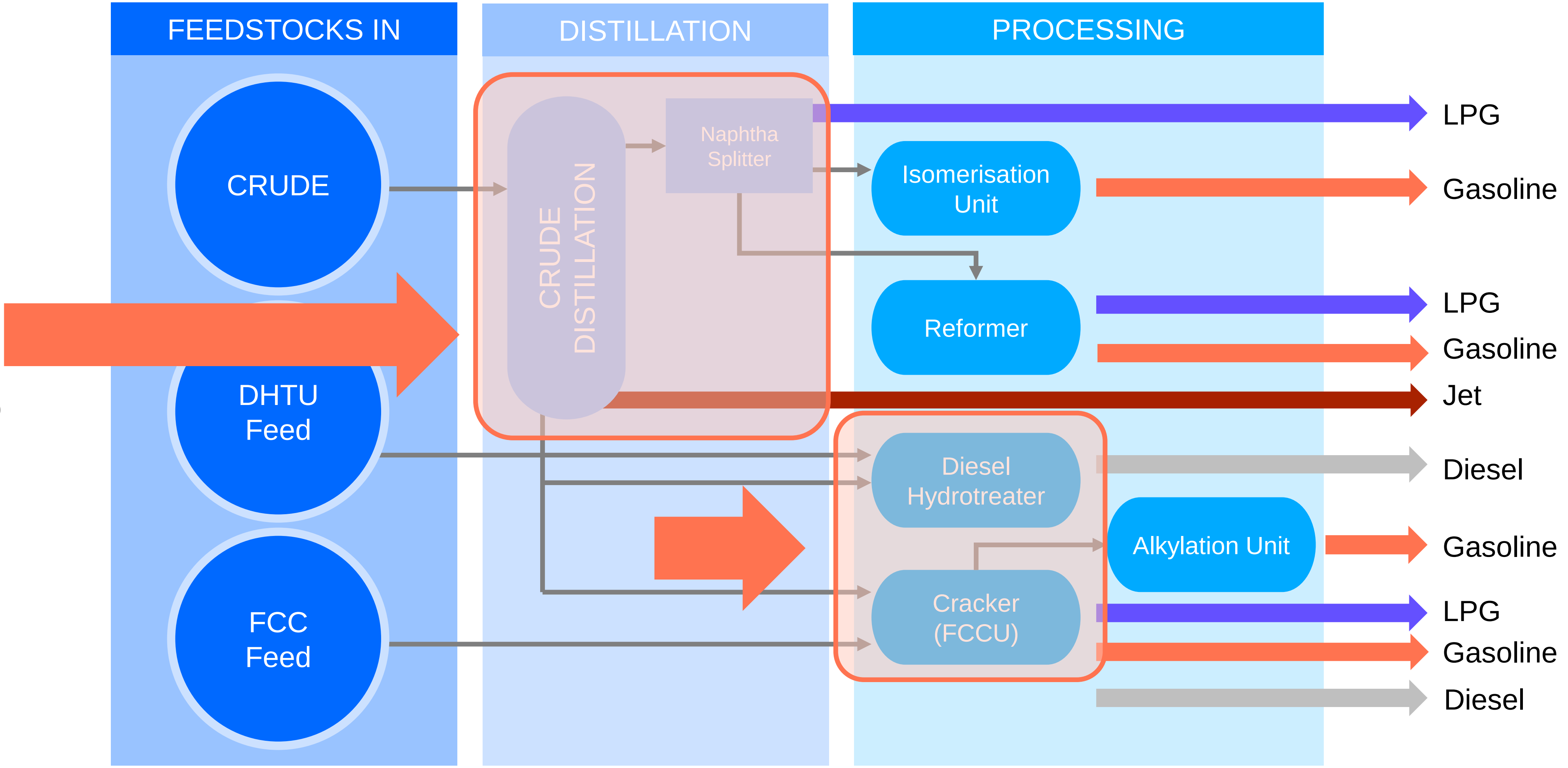
How the Lytton turnaround has been achieved (2)

Additional yield and lower unit costs through capacity creep and other upgrades

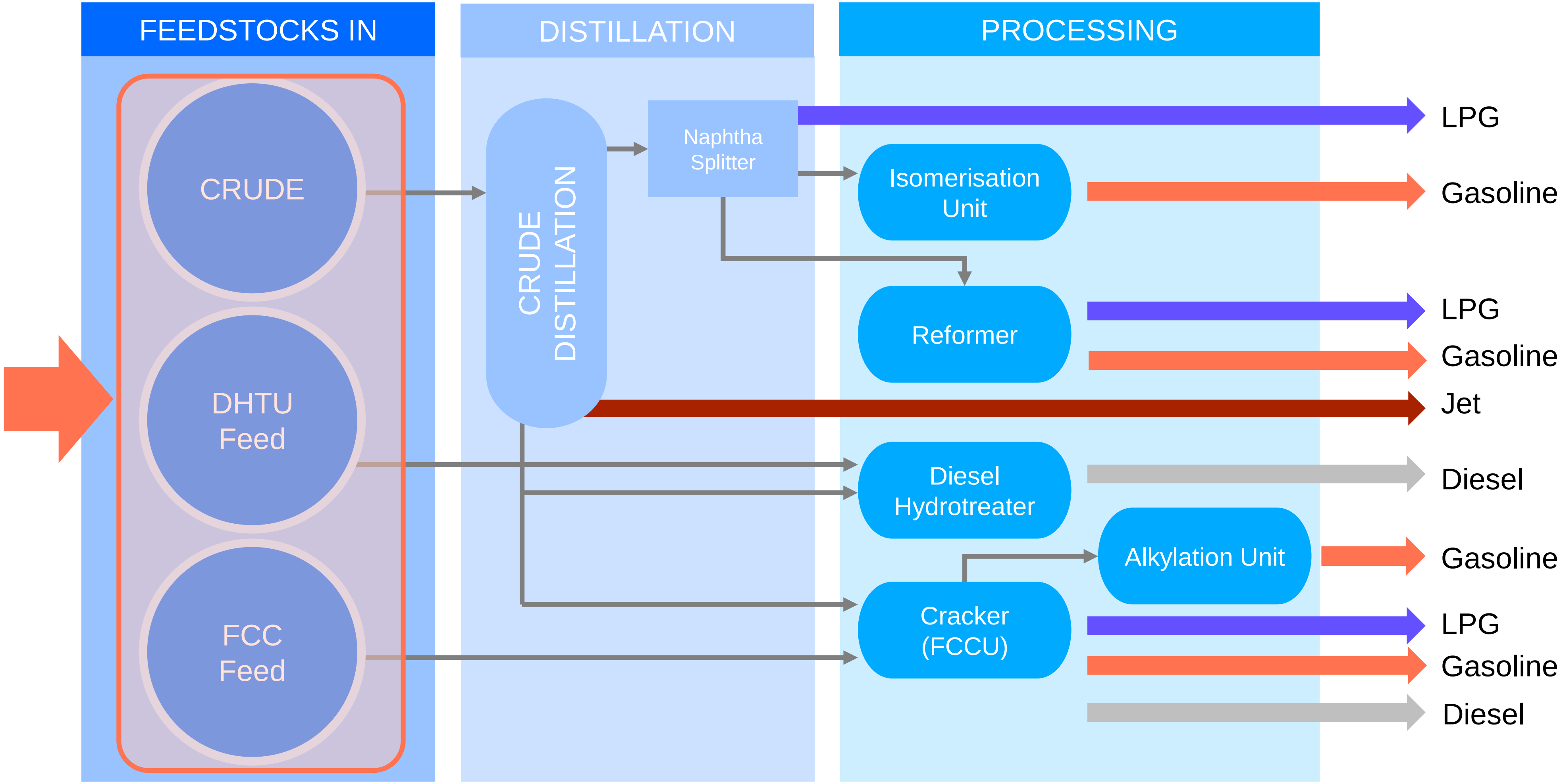
- Low cost investments in DHTU and FCC capacity increased output by 600ML
- Opened up production capacity to grow by 20,000 bpd
- Further low cost enhancements possible in crude unit capacity



How the Lytton turnaround has been achieved (3)

The benefits of sourcing from Ampol

- Independent purchasing has improved crude choices and prices
- Led sourcing of DHTU and FCC feed from offshore sources
- Supported Lytton blending operations



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IMO2020 is expected to have both positive and negative impacts on Lytton

IMO2020 refers to an international ban on high sulfur fuel (HSFO) oil by marine vessels which will trigger changes by shipowners to either their equipment or fuel choice

Option Set for Shipowners

- Shipowners Install Fuel Oil Scrubbers → No impact
- Use Alternate Fuels (e.g. LNG) → No impact (Caltex does not produce or sell HSFO currently)
- Convert to Marine Diesel
- Shift to Low Sulfur Fuel Oil

Focus Scenarios

POSSIBLE IMPACTS FOR LYTTON

- + Increase in Diesel premiums
- − Higher premiums for light sweet crude oil

CATALYSTS

Diesel yield maximization steps

MITIGANTS

Broaden crude sourcing options

CALTEX

Update on full Euro V fuels transition

There are no imminent plans for a shift to low sulfur gasoline

Current Situation

- Australia is Euro V compliant for diesel, not gasoline
- Changes will require investment in desulphurisation units at Lytton

What is Expected

- Industry position is a 2027 adoption
- No impact on trading margins, already buying some Euro V compliant gasoline
- Abolition of 91R gasoline not justified and has limited precedent in other countries

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Hub 3: Trading and Shipping offers opportunity to improve margins and value

Known as Ampol Singapore the trading and shipping business was established in 2013

What does it do?

- Sources crude and finished product to meet Caltex requirements
- Charters vessels for physical delivery
- Manages supply to Gull and Seaoil
- Optimises international sourcing by selling to others to maximise value for Caltex and to understand all of the market
- Manages Caltex commodity price risks

How Does it Create Value?

ACCESS LOWER COST OF SUPPLY	*Uses relationships and market insights to increase margins for Caltex on sourcing and freight*
REDUCES VOLATILITY	*Risk management tools and market insights smooth pricing changes*
THIRD PARTY SALES	*Margin on sales to third parties, delivers synergies on international acquisitions*
COMPETITIVE INSIGHTS	*Direct access to experts in Asia's premier oil trading hub. Insights from purchases of crude and products*

CALTEX

For many Asian refiners Australia is an attractive outlet

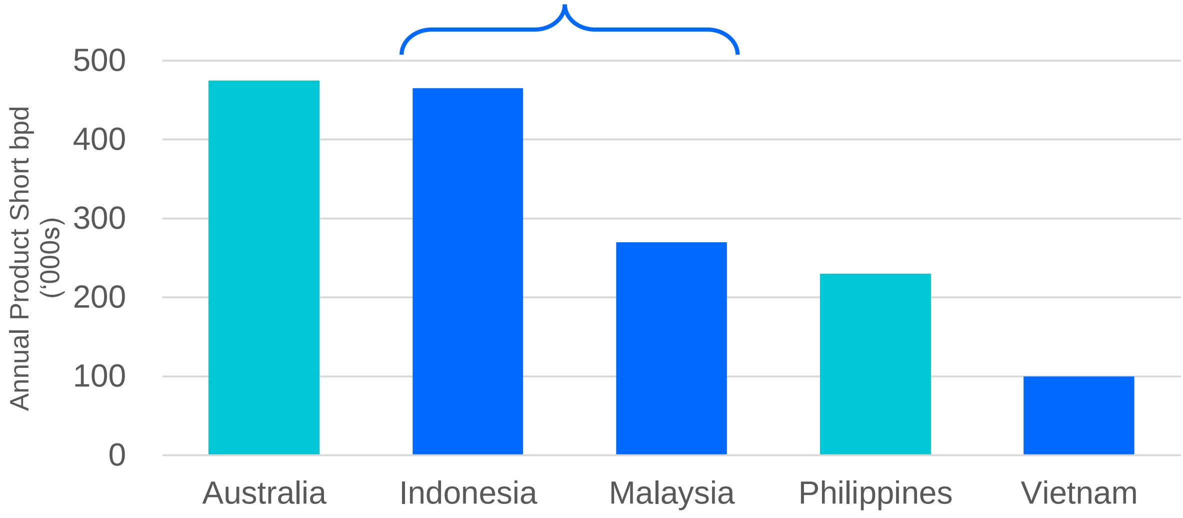
Our scale in a key Asian markets allows Ampol to capture value by sourcing product directly

Why is Australia Attractive?

- ✓ Excess refining capacity in Asia
- ✓ Largest trading short in Asia
- ✓ Growing demand for fuel
- ✓ Proximity to Asian refining hubs
- ✓ Compatibility with Asian grades
- ✓ Trusted market counterparties

Key Export Markets

Capacity additions will see both these shorts reduce materially by 2022



As the largest importer into Australia and now with a position in the Philippines, Ampol is a strategic customer for virtually every export focused refiner in Asia and globally

Source: Caltex estimates

Ampol enjoys numerous competitive advantages owing to integration with Caltex

Caltex's Trading and Shipping expertise and advantage has been built from scratch

Scale Position

Ability to diversify supply sources, claim discounts, vary freight terms and retain talent

Supply Chain Capability

Australian logistics are challenging due to dispersed demand

AMPOL

Reliable Demand Profile

Supports term supply deals and underpins investments

Infrastructure Access

Ability to vary freight terms parcel sizes and benefit from month to month price changes

Ampol is now positioned as a major growth engine for Caltex

Ampol has evolved quickly after being scaled up in 2015 and is now a valuable platform capability for the group

2015 *Simple Toolbox*	**NOW** *Established Capability*	**FUTURE** *Growth Engine*

2015 – Simple Toolbox

- *STORAGE* → Blending
- *SHIPPING OPTIMISATION* → Freight cost reduction
- *RISK MANAGEMENT* → Reduced volatility

NOW – Established Capability

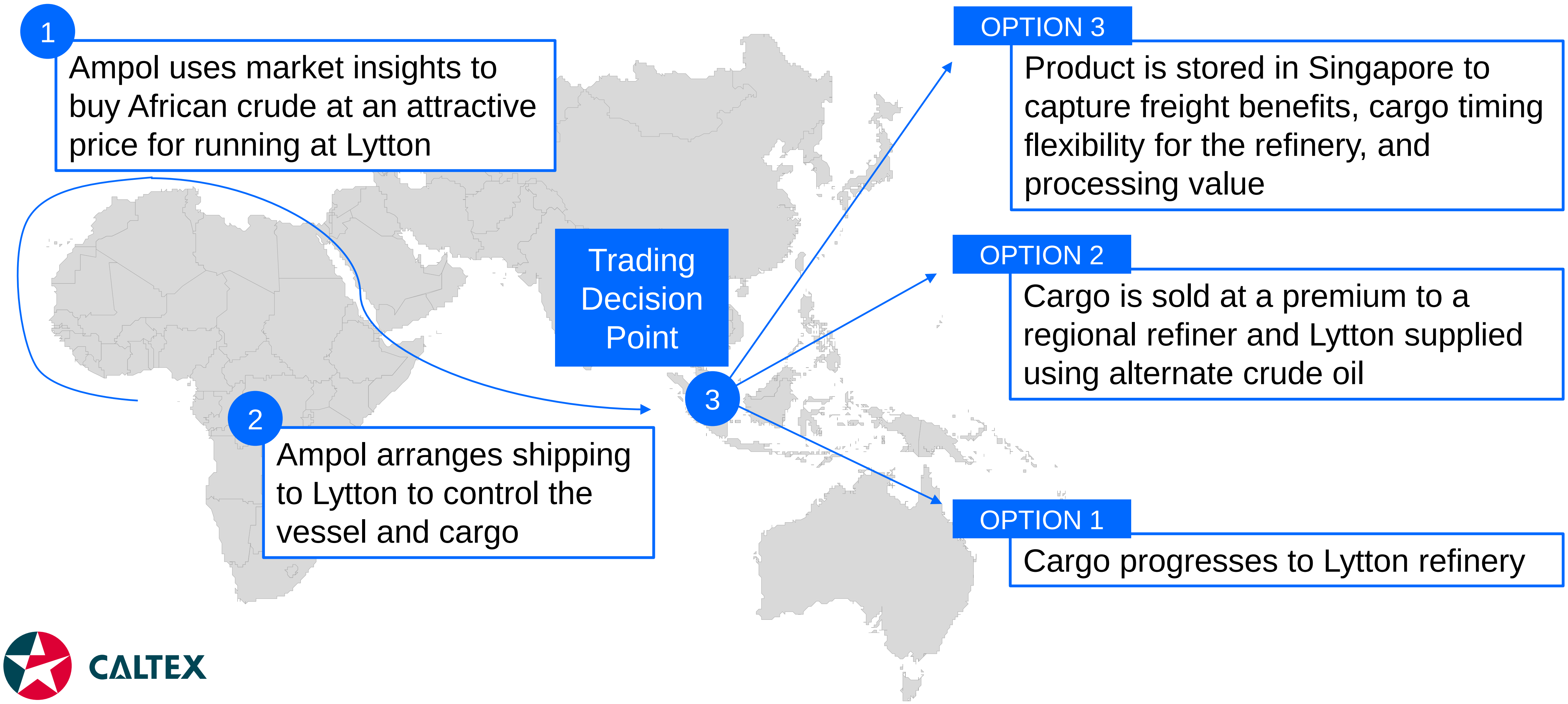
- *GLOBAL SOURCING*, *MARKET INSIGHTS* → Improved pricing
- Shipping → Use of break bulk Time chartering
- Storage → Flexibility in purchase timing
- Risk management → Reducing volatility
- *3rd PARTY SALES* → Revenues

FUTURE – Growth Engine

- ✓ Grow international sales
- ✓ Support international assets
- ✓ Broaden sourcing options
- ✓ Optimise supply chain

EXAMPLE: Dynamically managing crude purchases for Lytton

Ampol's insights and risk management capabilities can drive material supply chain value



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Hub 4: International operations enable further system expansion and growth

The international operations have been developed in collaboration with Ampol

What does it do?

- Ownership of interests in overseas fuel marketing and distribution assets
- Product supply managed by Ampol to enable synergies with other hubs

How Does it Create Value?

ATTRACTIVE FINANCIAL RETURNS	*Investments provide EPS accretion and offer returns above WACC in fast growing assets*
LEVERAGE SYSTEM SCALE	*Caltex capabilities and resources enable synergies and new growth opportunities*
THIRD PARTY SALES	*Established presence opens up additional supply opportunities from Ampol in these regions*
FURTHER INVESTMENT OPPORTUNITY	*Beach head positions can enable a broader set of organic and inorganic opportunities*

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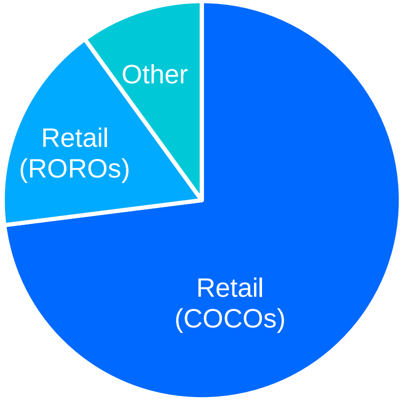
Gull New Zealand was Caltex's first international acquisition

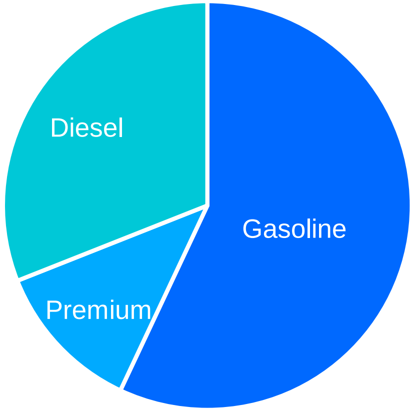
Transaction completed in July 2017

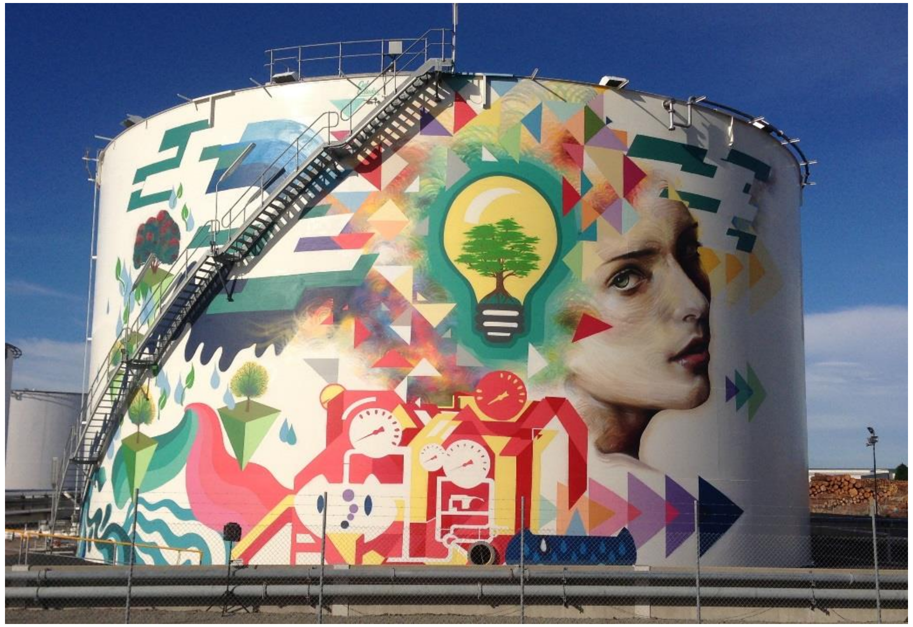
- 87 Gull branded retail sites across North Island
- Owner of New Zealand's only scale import terminal located at Mount Manganui (91ML capacity)
- Prominent discounter brand with strong customer engagement
- Expanding rapidly using innovative unmanned model

Volumes by Channel



Volumes by Product





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What makes Gull successful

Despite being smaller, Gull retains a number of key advantages

Sourcing → Refining → Distribution → Wholesale → Retail

Sourcing: Owns largest import terminal in New Zealand. Able to leverage Caltex supply chain to secure competitively priced fuel

Refining: 70% of market's supply is via the single NZ refinery. Small scale imports are competitive with this benchmark

Distribution: Closest import location to Auckland urban area. Efficient access to two thirds of NZ's population.

Retail: The "Gull Effect" was coined by the NZ AA in 2013. Fuel prices are known to become more competitive when Gull opens in a new location.

Retail: Unmanned model reduces overheads, site capex and broadens real estate development options.

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Gull has progressed well under Caltex ownership

The anticipated benefits of bringing Caltex and Gull together are already being realised in the first year of ownership

Original Investment Case

- ✓ Strong growth profile from a low base of sites
- ✓ Import capability offered ability to realise synergies from supply chain integration
- ✓ Leverage Caltex expertise into NZ market
- ✓ Attractive financial returns

Progress to Date

	On Acquisition	*FY18 Forecast*	
Fuel Volumes	**300ML**	**360ML**	*+20%*
EBITDA (standalone)	**NZ$41.5m**	**NZ$55m**	*+33%*

2018 pre-tax ROCE of 16%

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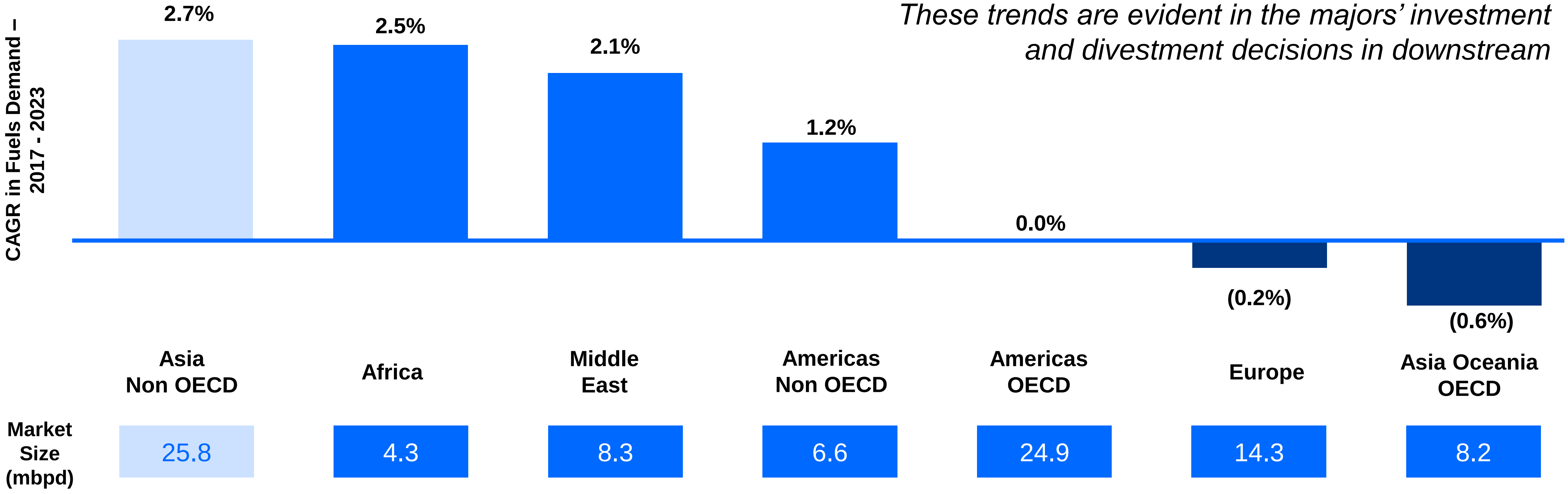
Extension of the System into Asia is a natural step

Global fuels demand growth is driven by emerging markets which are more attractive due to economic growth levels and wealth effects from growing vehicle ownership levels

These trends are evident in the majors' investment and divestment decisions in downstream



SOURCE: IEA

The Philippines is an attractive market in multiple ways

A key factor with the Seaoil investment was the attractive market backdrop

SEAOIL

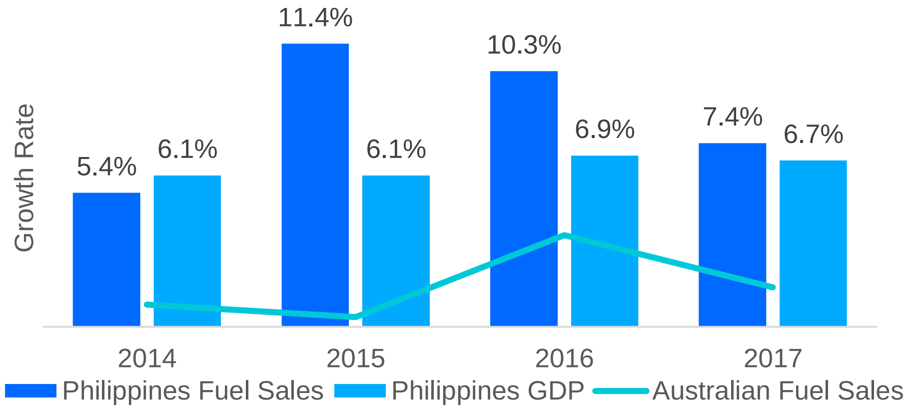
Deregulated Market

- ✓ Freely competitive market
- ✓ Open to foreign investment
- ✓ No government owned player
- ✓ Vibrant independent sector

SEAOIL TOTAL PETRON ptt CALTEX

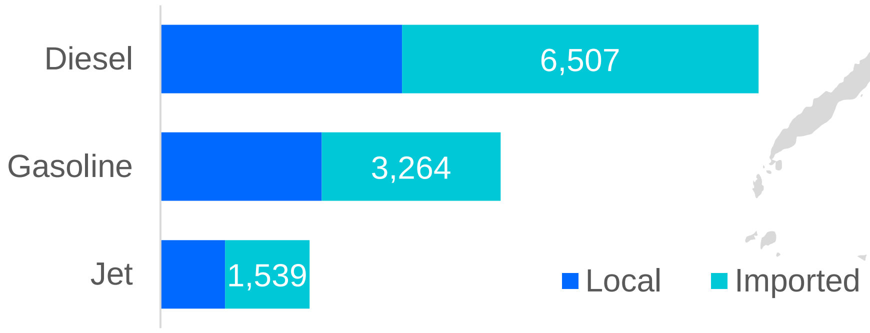
Fast Growing Market

Industry and National Growth Rates



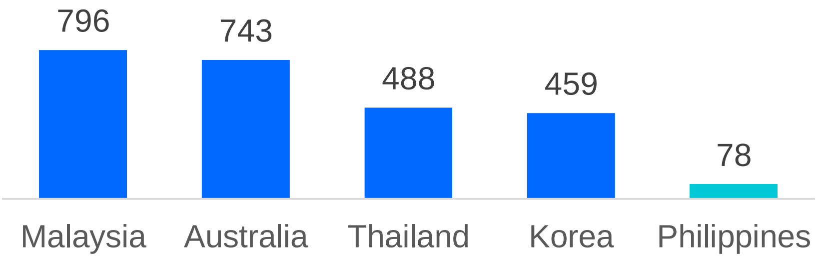
Short Market Offers Trading Opportunity

Trade Balance for Major Fuel Products (ML)



Scope for Further Growth

Registered vehicles per 1000 people



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SOURCE: Philippine Statistic Authority, Philippines Department of Energy Statistics. GDP figures in Philippines Peso at constant 2000 prices, Asian Development Bank

Seaoil provided an alternative model for growth

In March 2018, Caltex completed the acquisition of a 20% equity interest in Seaoil for A$115m

SEAOIL

316 branded retail sites

10 strategically located terminals

Volumes **1.4** BnL pa

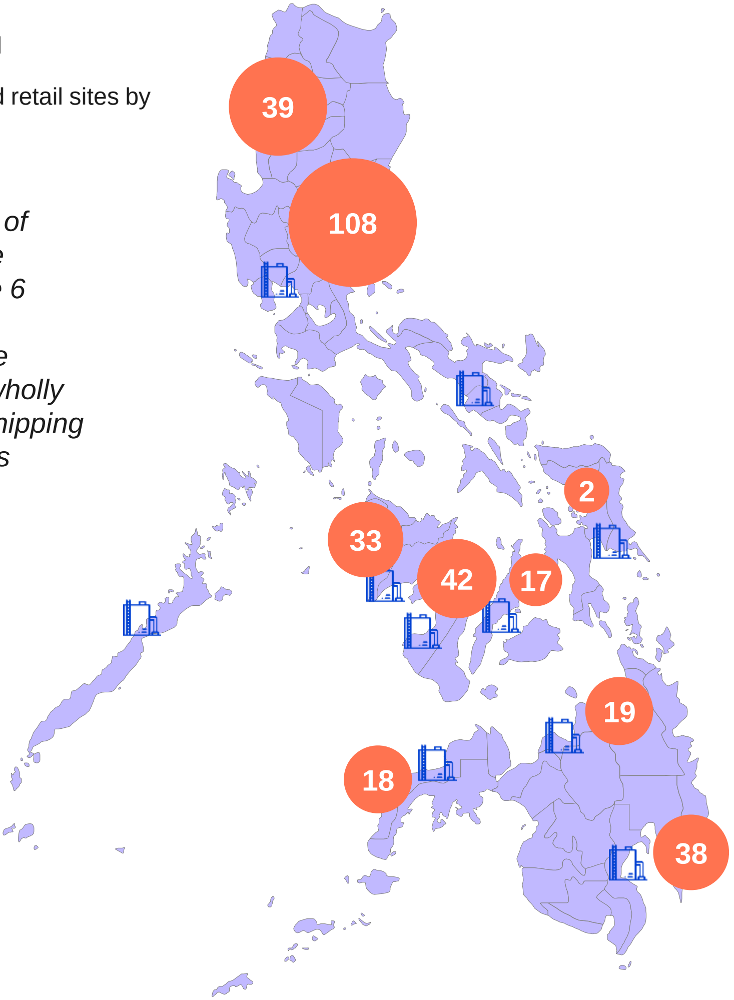
- Strategic partnership commenced in March 2018 following acquisition of a 20% interest
- Other shares held by family founders
- Seaoil is a leading independent with ~6% market share
- The company is aiming to double its retail network and terminal storage capacity in the next ~5 years
- Ampol sources all fuels on behalf of Seaoil

SEAOIL retail and terminal network footprint

Seaoil terminal

Seaoil branded retail sites by region

Seaoil's network of owned and lease terminals include 6 import capable terminals and are supported by a wholly owned coastal shipping logistics business



SOURCE: Seaoil, figures for calendar year end 2017

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Our approach to further international investments

Further investments will remain highly targeted

EVALUATION CRITERIA

1. Market or asset is capable of growing faster than Australian fuels market
2. Unregulated market structure which does not hinder businesses reaching full potential
3. Country risk is acceptable and understood
4. Meets financial return thresholds (ROCE targets, value accretive)
5. Synergies available through supply from Ampol or other Caltex operations
6. Caltex’s capabilities are at least equal to or better than the market leader

Generating additional growth engines through adjacencies

Core capabilities provide platform for growth (regionally or with relevance into adjacencies), with willingness to partner to grow.

Fuels & Infrastructure wrap

•••

Louise Warner

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F&I is a strong, efficient, defensive business with good growth prospects

Strong competitive advantages

- Scale
- Full supply chain view
- Closely integrated operations
- Predictable demand profile

Efficient execution

- Creation of an independent trading business
- Record refinery production
- Defence of Australian B2B volumes
- Value enhancing M&A

Growth

- Attractive outlook for trading and shipping
- Expansion via international operations
- Supported by core capabilities

F&I Key Focus Areas

Safe Operations

Protect & Grow Supply Base

Grow Trading & Shipping Operations

Growth via International

Delivering a reliable and growing earnings profile to support TSR objectives

F&I’s 2019 Deliverables

Continue to run business safely, reliably and competitively to generate cash

Grow Australian wholesale fuels at or above market growth rates

Deliver investment case from Gull and Seaoil

- **Add 5-10 Gull NTIs**
- **Realise supply synergies**

Grow international earnings

- **Increase international volumes above Australian market rates**

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Glossary of industry terms

DHTU

Diesel Hydro Treating Unit, used by a refinery to remove sulfur from high sulfur diesel to make higher quality diesel products such as Australian grade diesel (10ppm sulfur)

FCCU

Fluidised Catalytic Converter Unit, used by a refinery to convert lower value crude residue into higher value products including LPG, gasoline, diesel

HSFO

High sulfur fuel oil, a low value product typically used by large marine vessels and power generation customers

LR

Long Range, a type of product oil tanker ship with capacity ranging from around 500,00 to 750,000 thousand barrels of product

MR

Medium Range, a type of product oil tanker ship with capacity ranging from 190,000 to 345,000 thousand barrels of product. MR is the type of vessel typically used to import oil products into Australia.

WHITE BARRELS

Refers to lighter refined oil products which are typically made to specific regulatory or customer specifications. White products tend to be more refined, cleaner burning and of higher value than black products which are typically heavier and made up from residue created in the refining process.

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Asset optimisation

Alan Stuart-Grant

EGM Strategy

CALTEX

Thorough asset optimisation review focused on maximising shareholder value

Objective: Thorough examination of Caltex's portfolio of assets to determine optimal ownership structure

Criteria

01 **Operating impact**
- Current operations, flexibility and future growth

02 **Financial impact**
- P&L, balance sheet (AASB16), credit rating and funding impacts

03 **Value impact**
- Upfront and future value

Process

01 Considered various transaction/ownership alternatives
- Asset perimeter, monetisation options and ownership structures

02 Assessed the operating and financial impacts internally and via external advisors

03 Soft sounded sophisticated investors to determine value impact

Conclusion: real estate value upside options exist; retaining infrastructure asset ownership is strategically critical; we will continue to monitor and remain flexible towards opportunities to create and maximise value from our assets

Infrastructure assessment

Asset perimeter included all terminal facilities and pipelines (incl. and excl. Lytton storage and JVs)

Structures evaluated

- 2 primary sale and leaseback cases considered
  1. Full take-or-pay tariff
  2. Capacity charge with exclusive use arrangement
- Various asset perimeters tested, both including and excluding Lytton storage and JV assets
- Minority sale was also considered as well as variations on the above

Key assumptions

- 20 year lease term
- Weighted average tariff range of 1-3cpl across portfolio escalated at CPI
  - 1cpl = c.$100m p.a. tariff charge
  - 3cpl = c.$300m p.a. tariff charge

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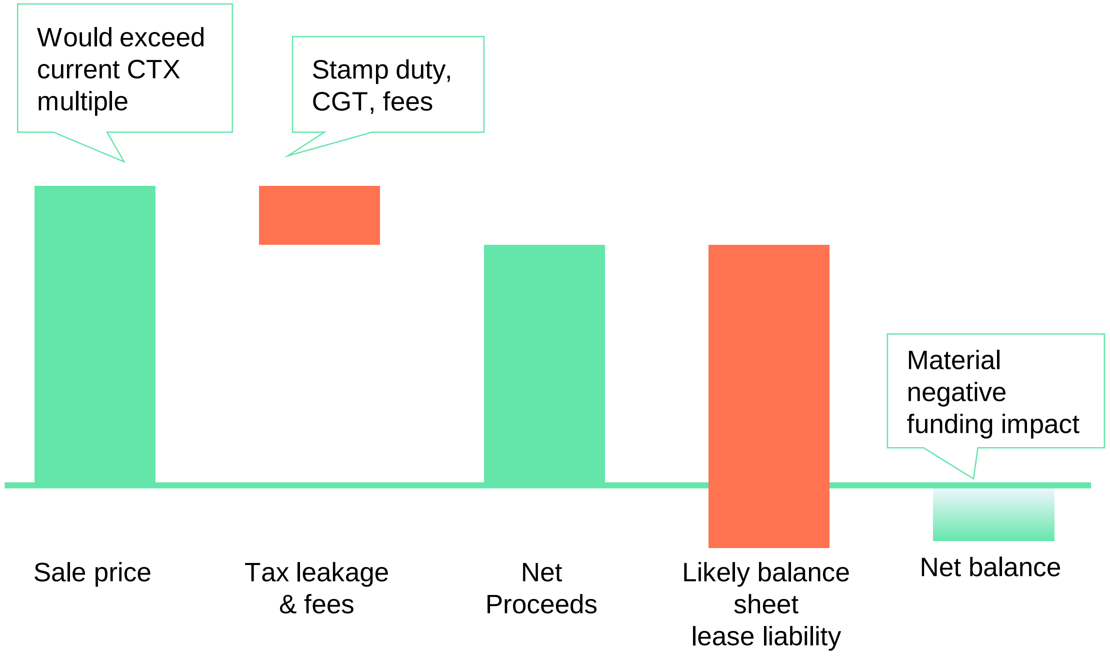
Infrastructure assessment (cont.)

3 sophisticated investors approached for feedback and alternative structures were encouraged. Required IRR range of 8-13%

Illustrative financial & value impact based on 100% sale

Take-or-pay



Key takeaways

01 Infrastructure is key strategic asset – control and flexibility within integrated supply chain is critical

02 Control required likely to create balance sheet liability and has ratings implications

03 Take-or-pay – greatest value but high fixed costs

04 Capacity charges result in lower fixed cost element, but lower value

05 Potential adverse earnings impact and significant tax leakage

Real estate assessment

Various ownership and portfolio options considered

Structures evaluated

1. Public REIT
2. Unlisted/private capital trust
3. Smaller (individual or small group) divestments to private individuals
4. Partnership options

Key assumptions

- Considered options for
  1. The whole portfolio
  2. A representative sample; or
  3. Selected group of assets
- Standard long term (10+ years) triple net leases and terms

Portfolio summary

	Convenience Retail owned portfolio	Defined broadly Representative Portfolio
# owned sites	423	~80
Market rent ($m)	110 – 120	~26
Value ($b)	~2.0	~0.5
WALE (years)	n/a	~14

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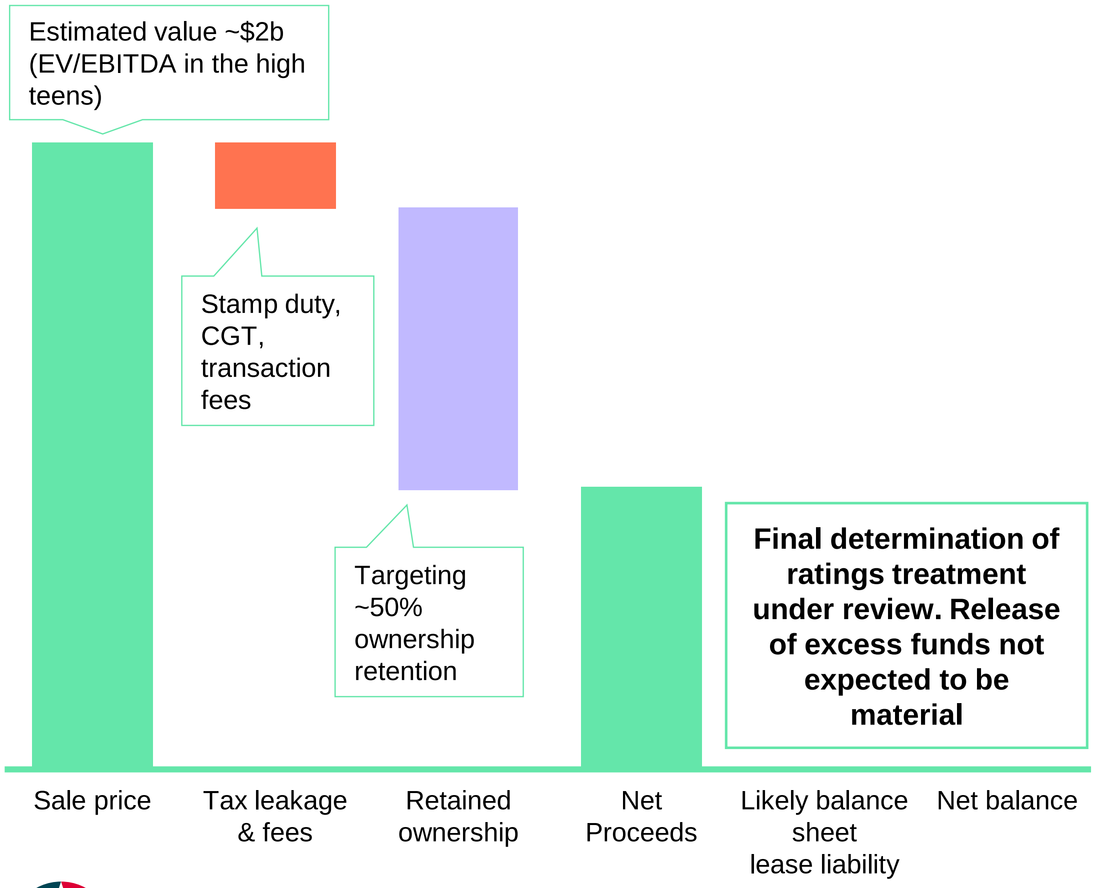
Real estate assessment (cont.)

Tested the market via real estate investors, REIT managers, SWFs – formal sale process now well-progressed

Illustrative financial & value impact based on 100% sale



Key takeaways

01 Caltex real estate portfolio appears undervalued – estimated market value of ~$2b

02 Strong investor demand for the real estate assets

03 Opportunity to create value with partner, via continued joint ownership

04 Retains operational flexibility

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Why a property partnership makes sense for Convenience Retail assets

- Intention to bring together best in class development capability with Caltex's large and well located site network - a new strategic lever
- Portfolio of sites to be sold & leased back has been defined, and due diligence under way with potential partners
- Process to select preferred partner by end 2018
- Expected completion 1Q 2019
- Recent hire of new Head of Property underpins internal capability build in parallel

Illustrative value-add opportunities

1 Adjoining land parcel acquisition
2 Re-develop and continue use of Caltex P&C
3 Residential re-development with ancillary retail/commercial use
4 QSR development

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This presentation for Caltex Australia Limited is designed to provide a high level overview of aspects of the operations of the Caltex Australia Group, including comments about Caltex's expectations of the outlook for 2H 2018 and future years, as at 30th October 2018.

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CALTEX

Thank You

Caltex Investor Day

31 October 2018

CALTEX

Welcome and Introduction

• • •

Richard Pearson

Executive General Manager Retail

CALTEX

Introducing The Team

Richard Pearson

EGM Convenience Retail

Prasad Kholkute

GM Retail Fuels

Helen Moore

GM Convenience Development

Karen Bozic

GM Retail Operations

Miles Drury

CFO Retail

Viv Da Ros

CIO

Has Fakira

Head of Digital

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Caltex Retail is primed for growth

Strong Base	Caltex Convenience Retail is underpinned by a stable and profitable fuels business with exceptional network strength
Growth Opportunity	Changing customer expectations offer a significant opportunity for Caltex to grow
Well Progressed	We are making good progress to realise this opportunity having trialled unique innovative formats, we are taking back operational control and we have built capability
$120-$150m Uplift	We have a clear plan to deliver a $120-$150m earnings uplift within a disciplined capital investment program
Woolworths Partnership	Our new partnership with Woolworths will accelerate capability and de-risk execution

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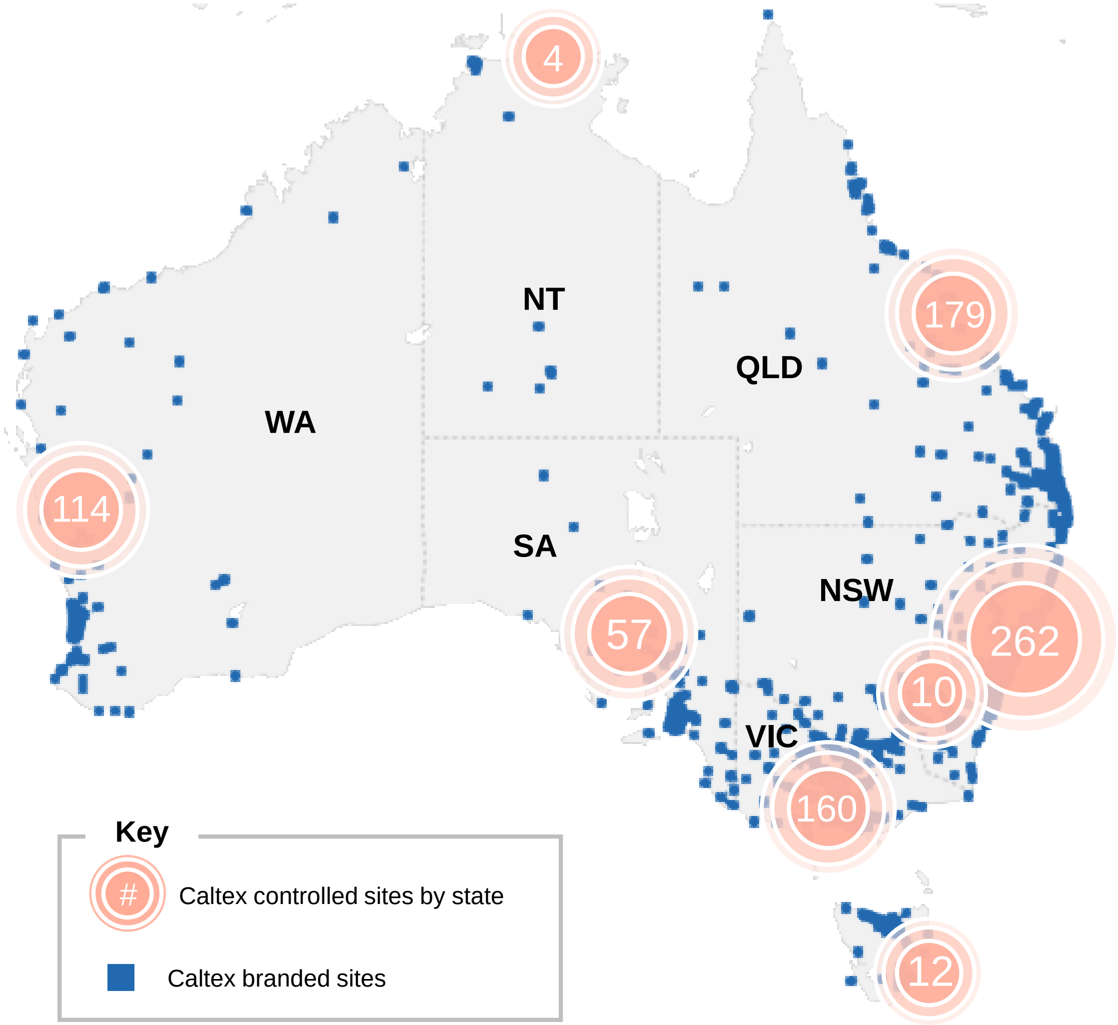
Strong Base: a stable and profitable fuels business with exceptional network strength

$823m	**2017 Fuels and shop margin**
~1,770	**Branded sites**
483	**Company operated sites today (798 controlled sites)**
~70,000	**StarCard customers with ~900K StarCard users**
~3 million	**Transactions each week**

- ✓ **Network of prime sites**
- ✓ **Margins backed by Caltex supply chain scale**
- ✓ **Highly cash generative segment**



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"798 controlled sites includes diesel stops

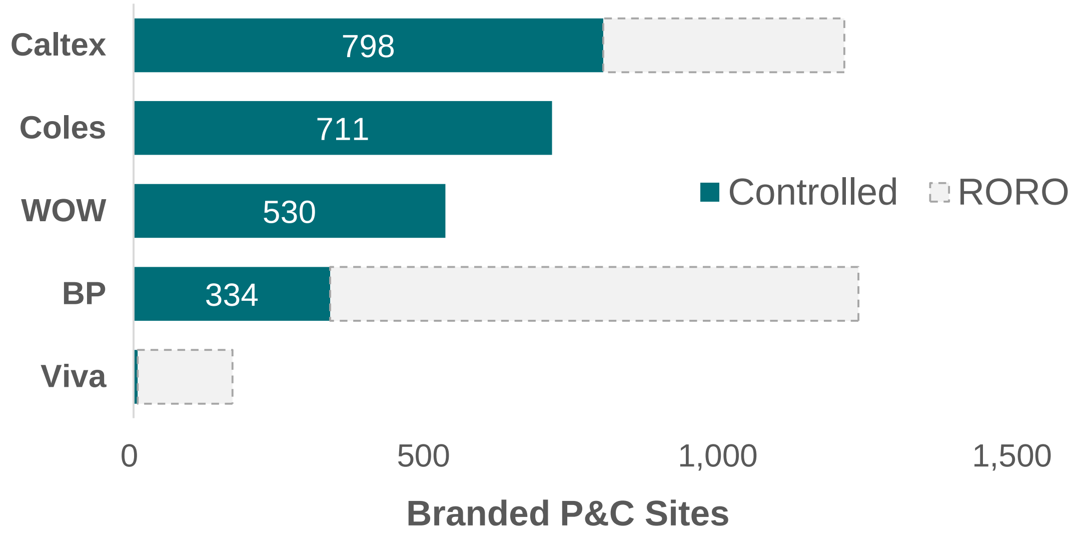
"Controlled" sites are locations where Caltex can determine how the site is operated by virtue of control of the lease or ownership of the freehold, or sites that are neither owned or leased but are operated under a franchise arrangement of which there are 9.

Our network strength is a significant advantage in realising the convenience opportunity

Transitioning to company operation enables consistent execution of our offer and accelerated roll out of our strategy

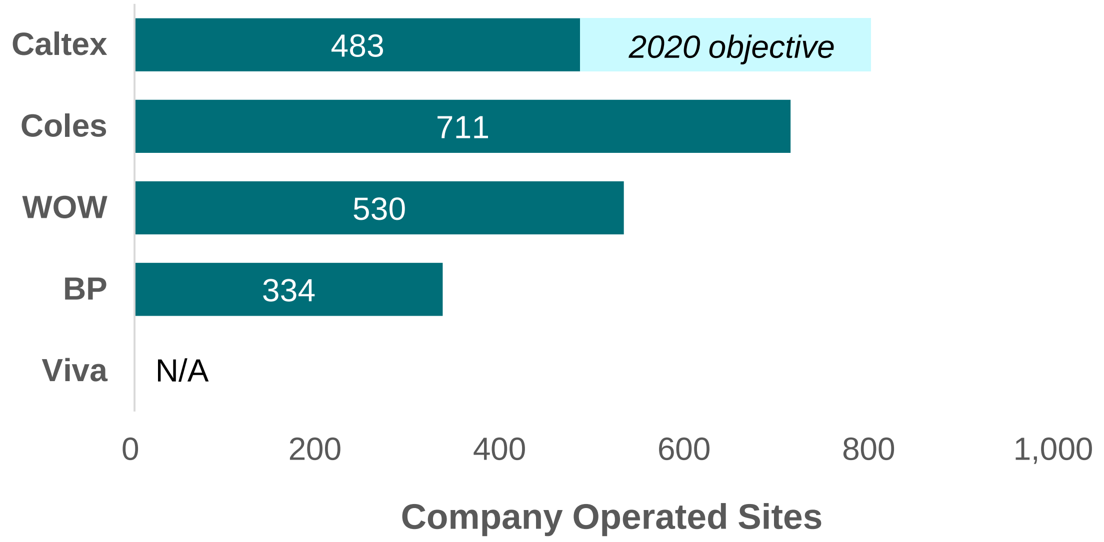
We have the largest controlled P&C network

Our network is strong because we have retained control of our sites



We are also on course to capture 100% of site profits

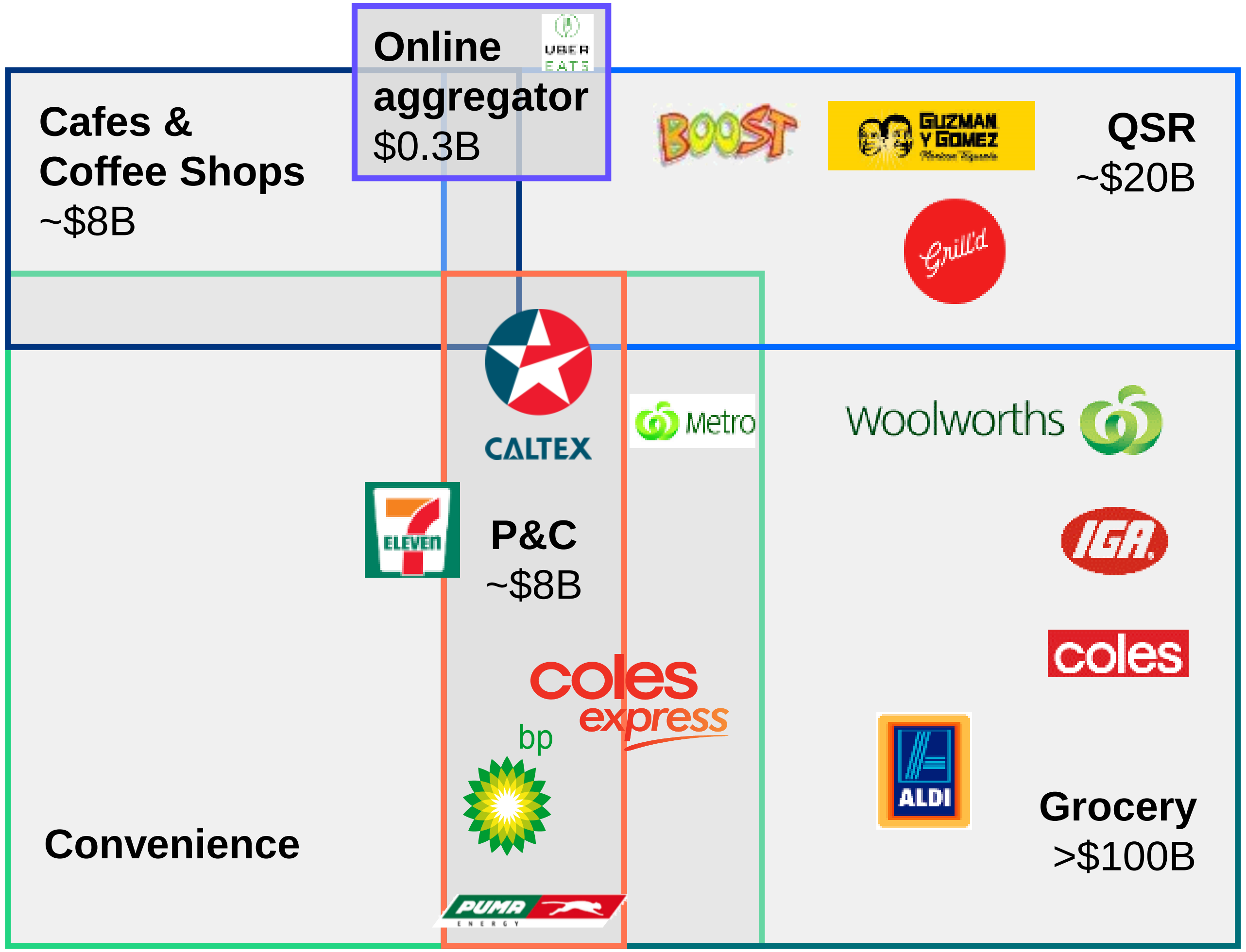
Transition to company operation allows us to capture 100% of the shop profit and fuel gross margin



"Controlled" sites are locations where Caltex can determine how the site is operated by virtue of control of the lease or ownership of the freehold, including 9 sites that are neither owned or leased. RORO = Retailer owned, retailer operated. These sites carry a brand but are wholly controlled by a third party retail operator.

SOURCES: ACCC Merger Register (Aug 2017), Wesfarmers Quarterly Results (1Q19), Woolworths Annual Report (FY18)

Growth Opportunity: High potential opportunity for Caltex to grow our convenience business



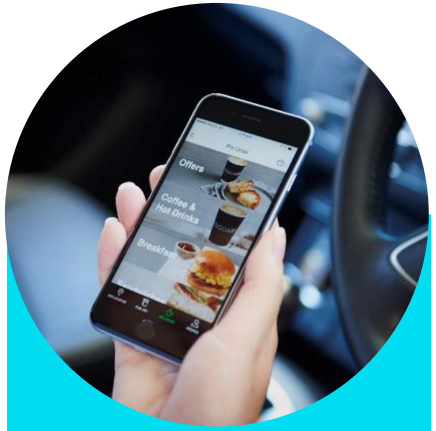
Australian P&C market today:

- Broader opportunity extends beyond just P&C convenience segment
- Convenience is competitive, but is also growing
- Australian market is underdeveloped versus international benchmarks
- Caltex's network, customer base, and evolving offer sees it uniquely placed to win

SOURCES: IBISWorld, AACS

Well Progressed: many of the building blocks are in place, execution is key

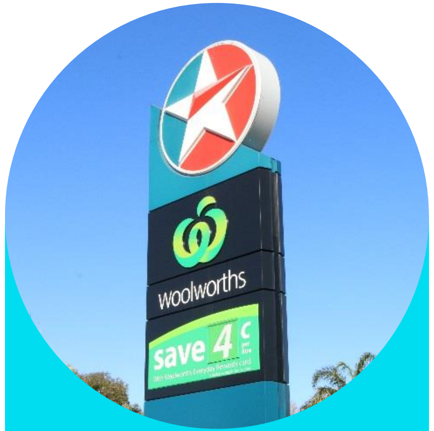
Format Development



Capability Build

Site Control

Commercial Separation



Woolworths Partnership

$120m-$150m Financial Uplift: clear plan to deliver with disciplined capital approach

To be delivered from

- New sites and formats increase sales, margin and fuel volume
- QSR increases customer traffic, sales and margin
- Woolworths partnership increases sales, fuel volume, margin, reduces supply chain cost and increases loyalty
- Labour productivity to offset cost increases
- Network optimisation will increase returns from all sites including those in the lowest profit quartile
- Conservative fuel profit growth assumed
- Prudent capital discipline to ensure a >15% EBIT ROCE from required capex for delivery

Execution via clear accountability framework, governed by definitive process and KPIs

Woolworths Partnership: Prioritising to strengthen and accelerate retail strategy

	Overview	2019 Milestone
Convenience	▪ Offer to leverage the knowledge and expertise of both Woolworths and Caltex ▪ Target of 250 sites over 5 years, with gates to ensure appropriate returns ▪ Opportunity to improve other formats through the collaboration	▪ Co-creation process underway ▪ Initial sites targeted to open in 1H 2019
Wholesale	▪ Access to Woolworths' buying power and broader range of products	▪ Woolworths deliver some grocery categories via Caltex supply chain
Loyalty	▪ Core partner with opportunity to target 11 million plus Woolworths Rewards members	▪ Loyalty Earn and Burn active by mid year.
Redemption	▪ Increasing Caltex sites offering Redemption from 104 to 229 to attracted price conscious segment of market	▪ Redemption (4cpl fuel discount) @125 additional sites in 2019
Fuels	▪ Strategic benefits of retaining the volumes while maintaining Caltex's position as the largest importer of fuel into Australia.	

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Retail Fuel Leadership

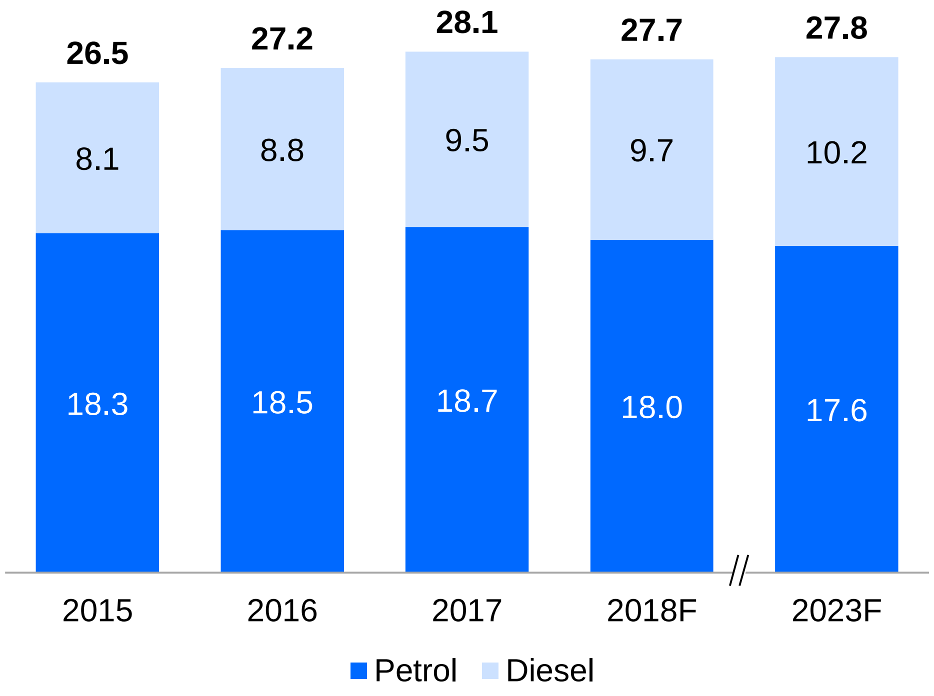
•••

Prasad Kholkute

GM Retail Fuels

Australian retail fuel market is large, profitable and stable through the cycle

Australian Retail market volumes expected to remain relatively flat in near term



CAGR (2015-18)	CAGR (2018-23)
+1.5%	**+0.1%**
+6.1%	+0.9%
-0.6%	-0.4%

Caltex's strengths

- The fuels business provides the majority of earnings today, with earnings mix to become more balanced over time
- It has historically been very stable in terms of margins and volumes
- The value proposition is based on network coverage, location strength and fuel quality
- Margins well supported by Caltex's supply chain scale and capability

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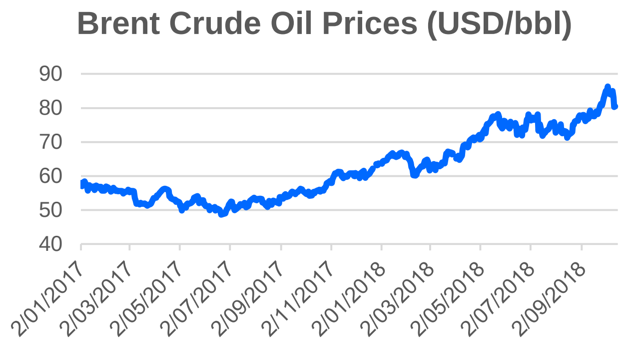
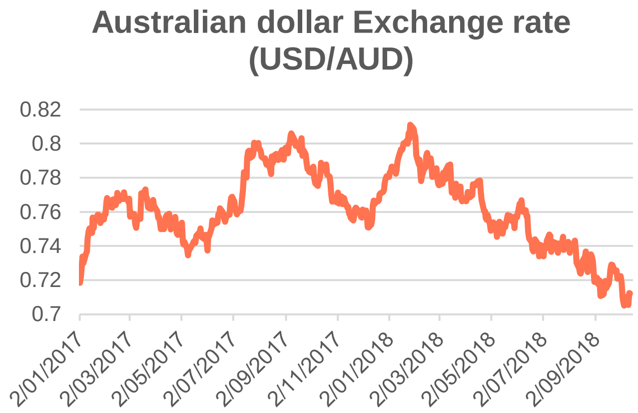
Source: Australian Petroleum Statistics, Australian Bureau of Statistics, VFACTS, ABMARC, Australian Energy Statistics, Caltex analysis

Currently a challenging point in the cycle owing to combination of factors

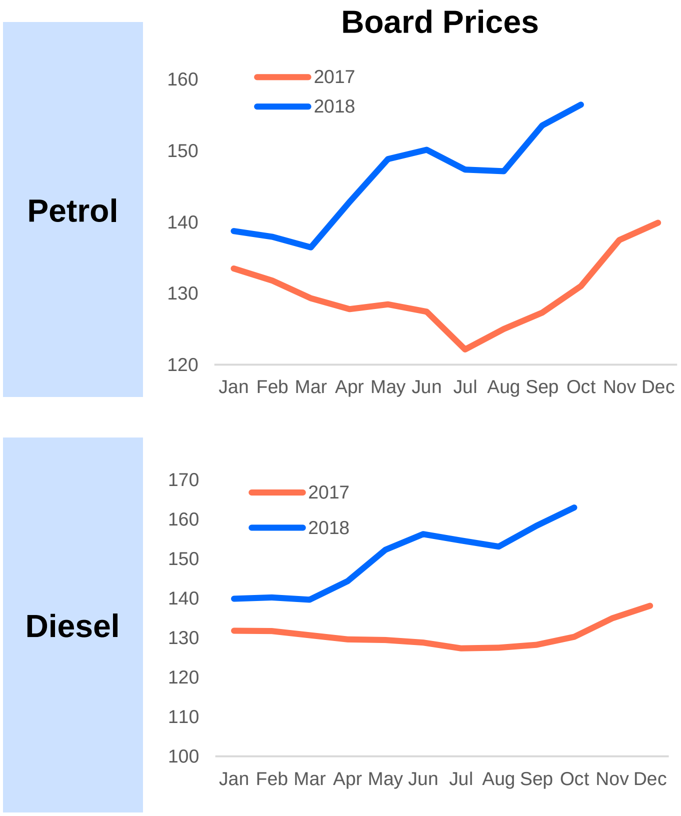
Adverse Macro conditions…





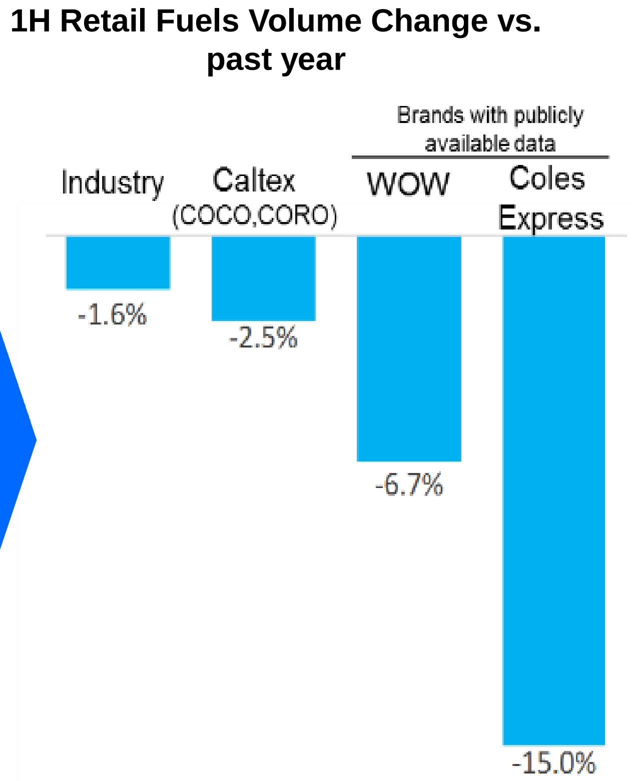
Source: Bloomberg

…lead to record board prices…



Board prices national level, all brands
Source: Informed Sources

…which has impacted demand



Source: Department of Energy, Woolworths and Wesfarmers Quarterly results reports

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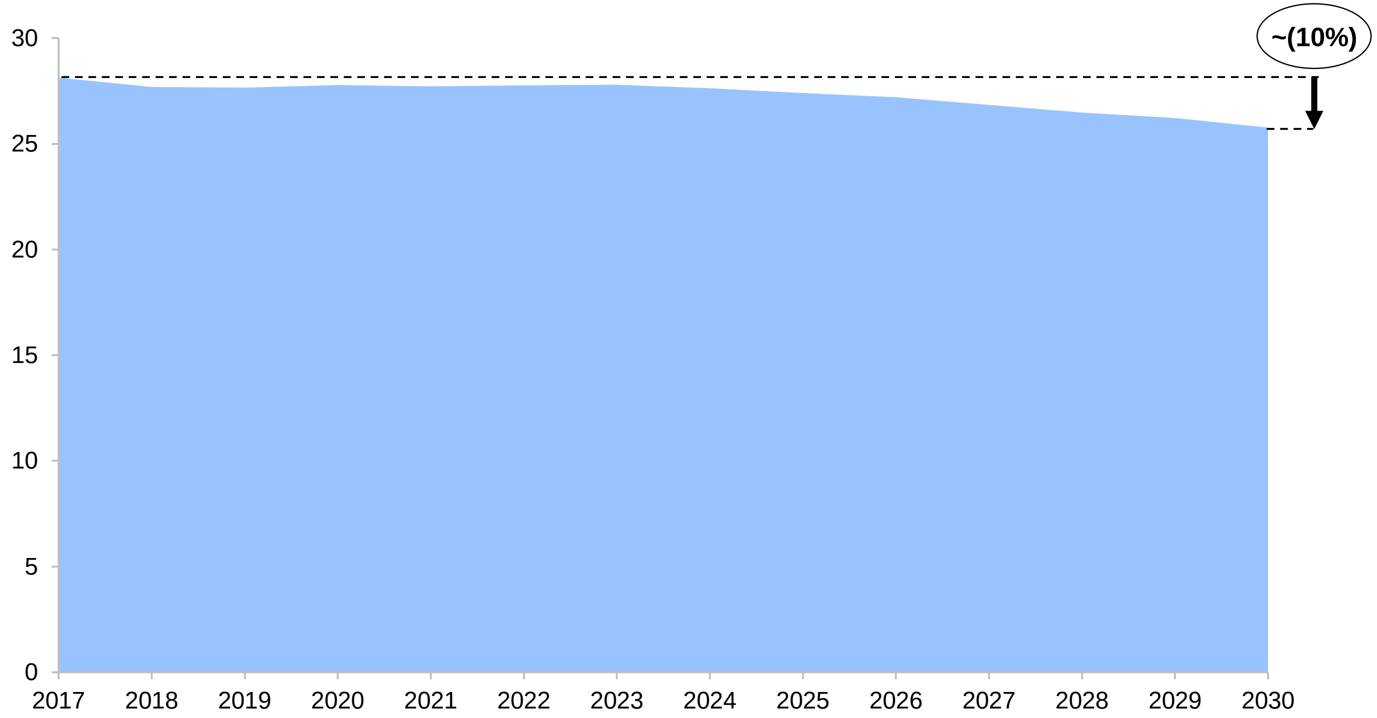
While the fuel outlook for light vehicles remains relatively flat in the near term, longer term outlook may face declining demand

Medium Term Fuels Outlook Australia – Light Vehicle Fuels (BL)



Key Drivers

- **Growing fleet** of light vehicles in Australia
- **Ongoing improvements in fuel efficiency** of internal combustion engines (ICE)
- **EV uptake** is expected to gradually accelerate in the medium to long term but is not expected to have a material impact in short term

Key risks that may materially impact the outlook include:

- Changes in government policies
- Technology breakthroughs (i.e. EV)
- Changes in social preferences

Sources: APS, ABS, Internal Caltex analysis
Note: 1. 2017 based on total automotive gasoline and diesel sales to retailers per APS

Network strength will allow Caltex to benefit from longer term mobility trends

Caltex has always adopted a proactive approach to alternate fuels, as it aims to remains the leader in Australian transport fuels, whatever they happen to be.

- 2015 - Installed Australia's first CNG refuelling site at Tullamarine in Victoria
- 2016 - became a founding member of Hydrogen Mobility Australia, an industry group focused on commercialisation of hydrogen technologies
- Plans in place to trial hydrogen refuelling
- Commercial market expected to emerge for EV recharging stations in Australia, although this remains some way off for now

With our large network of sites we are ideally placed to capture this opportunity as and when it emerges

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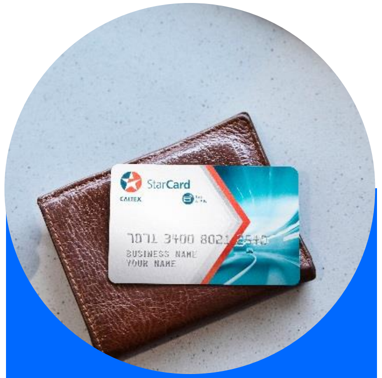
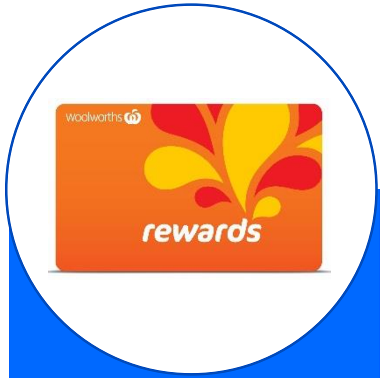
Caltex has unique levers to maintain market leading position

Integrated Supply chain

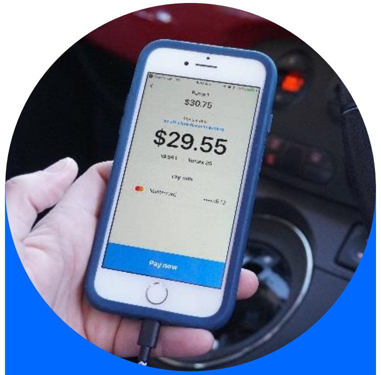


StarCard



Loyalty, Redemption and Partnerships

Pricing Capability



FuelPay

Format Innovation

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Developing market leading Convenience Retail formats

• • •

Helen Moore
GM Convenience Development

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Convenience sector opportunity driven by favourable consumer trends

CONSUMER TRENDS - FAVOURABLE

- **Craving convenience:** consumers shop more frequently, with smaller baskets
- **'On the Go' fresh and ready to eat:** rise in fresh products, take-away food and ready to eat meals
- **Clicks and bricks:** increase in smartphone/internet use and online shopping

AUSTRALIAN MARKET - UNDERSERVED

- **Per capita convenience spend** in the UK, Japan and the USA is **2 – 3x greater** than in **Australia,** though supermarket density in Australia is higher
- Gap driven by difference in the **offerings, geography, demographics, cultural factors** and **supermarket density**
- **Only $1 in every $5** spent on Convenience is spent in P&C channel

Largest Category Shifts for P&C
12 months to Aug-18

Take Home Food
+27%

On-the-Go Food
+13%

Tobacco
+7%

Ready to Drink
+3%

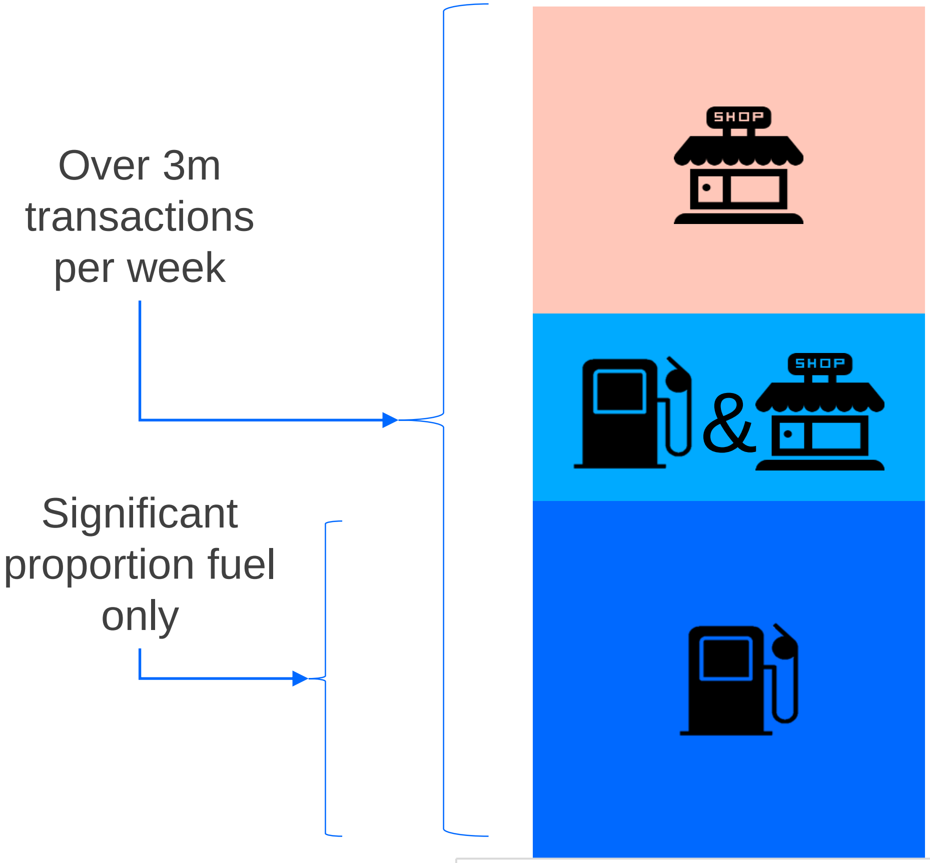
Telecomms
-15%

Sources:IRI Aztec

Opportunity: leverage existing transactions to drive incremental earnings

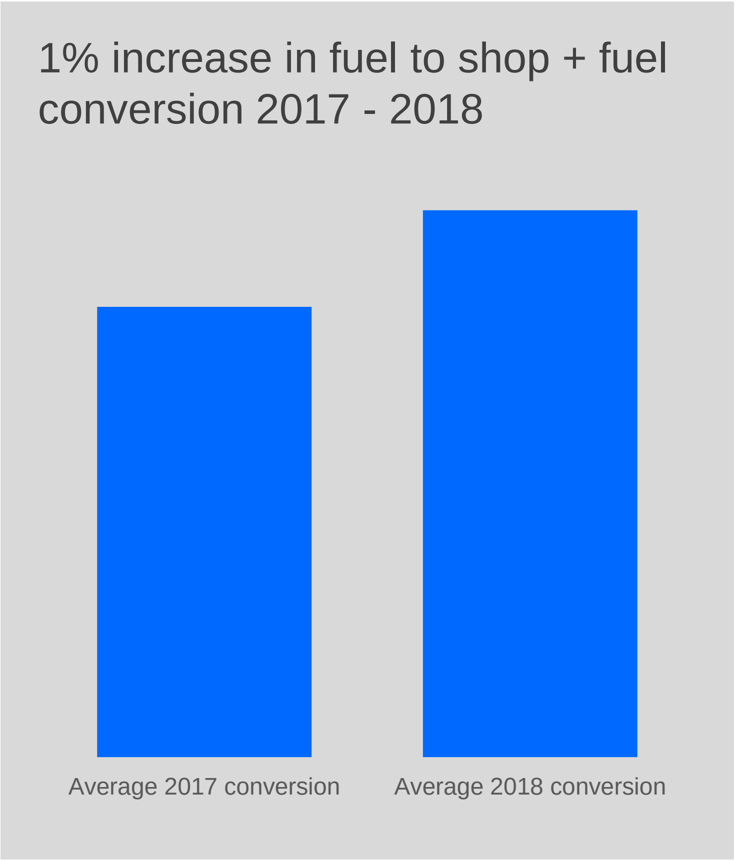
Our significant existing customer base provides a direct opportunity for material earnings growth

Existing network transaction composition



Opportunity 1:
Increase basket size per existing customer through improved customer offer

Opportunity 2:
Increase conversion of fuel only customers to fuel + shop



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Note: Indicative analysis - assumes 100% company operated network and leverage of existing cost structure

Sam format check

Our format strategy is customer needs led

Diverse customer bases…	…with changing needs…	..are being addressed by Caltex's formats

Male Workday Motorist

Tradie

Road Warriors

Female Workday Motorists

Millennial Non-Driver

Non-Millennial Non-Drivers

GUZMAN Y GOMEZ Mexican Taqueria

Metro

GUZMAN Y GOMEZ Mexican Taqueria

BOOST

CALTEX

Formats have been designed to extend across our varied network

Brand	Metro	The Foodary	Starmart	Other
Customer Proposition	Top Up Shop Food for Now Food for Later Barista Coffee QSR	Barista Coffee Food for Now Convenience QSR	Self-Serve Coffee Food for Now Convenience	
Indicative shop sales uplift	Target > Foodary	38%+		

Existing Site Characteristics (Typical)

Typical sales floor area	100-150m^2	80-100m^2		
Average sales pre-conversion	$50k	$30k		

PRIORITY FORMAT

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Format roll-out subject to Return on Capital hurdles

Metro is our priority market-leading retail concept

A little bit of good everyday, just got easier

SPEED | **FRESH** | **RANGE** | **VALUE**

- ✓ Top-up shop
- ✓ Food for now
- ✓ Food for later
- ✓ Brand recognition
- ✓ Value promise

- ✓ Strong network
- ✓ Fuel offer
- ✓ Convenience offer
- ✓ The Foodary learnings
- ✓ QSR

Stores will look very different to achieve the Metro offer and desired uplifts

What you can expect to see:

- ✓ Range density
- ✓ More chilled space
- ✓ Less storage / office space
- ✓ Easy payment solutions
- ✓ Forecourt congestion solutions
- ✓ Range tailored to shopper missions

A typical Metro Caltex site:

- ✓ Population density
- ✓ Strong traffic flows
- ✓ Larger trading floor area
- ✓ Strong historic performance (fuel & shop)
- ✓ Neighbourhood shopping need
- ✓ Suitable highway / transit locations

Partnership involves a period of co-creation, Caltex to retain operational control

Key Elements of Partnership

Co-Creation
- Range development
- Format development
- Brand execution
- Site selection
- Logistics solution

Caltex retains operational control
- Development of sites
- Range / price / promotion decisions
- Operation of sites (P&L)

Economics
- Royalty paid after sales and margin are higher than Foodary threshold
- Improved buying power

Planned Timeline

FY18 – 1H19	Co-creation
1H19	Pilot 4 sites
2H19 – FY20	Roll out Tranche 1 (50 sites) → **ROC Review**
FY21 – FY24	Tranches 2 - 5 (50 sites each)

Underpinned by:

LOYALTY | **REDEMPTION** | **WHOLESALE**

The Foodary will remain integral to our format strategy

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The Foodary is a significant step forward in transforming our retail business

51

sites

Results to date confirm the opportunity, greater consistency will be achieved in the future

Strong customer feedback

72 NPS VOC

90 Coffee Satisfaction

4.7* Boost >National

Note: Caltex data week ending 21 October; Boost YTD September

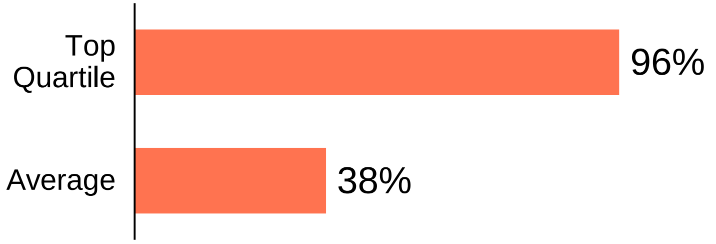
Outperforming on fuel

+5%

vs. Network

- Average upgrade site performance YTD September
- Significant variability by site driven by level of forecourt improvement and competitive dynamics

Significant sales uplifts

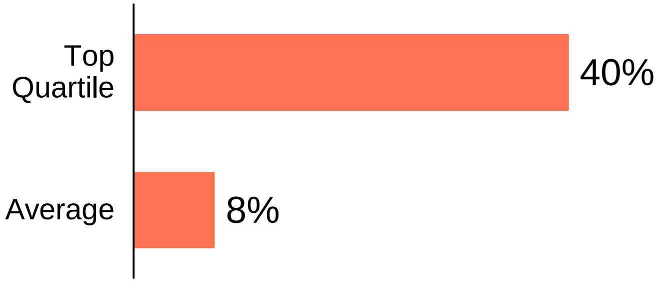


Note: The Foodary upgrade sites open >3 months. Shows sales uplift including QSR % vs pre-upgrade performance for YTD September.

Strong shop gross margins

Note: The Foodary sites open >3 months, Includes operated QSR (Boost) YTD to September

ROIs Improving



Note: The Foodary sites open >6 months. Shows ROI based on performance to August 2018. ROI = EBITDA / Capital Invested

- ROI is calculated based on performance to date for sites operating >6 months (35 sites). On average sites have been open for only 9 months
- Given ramp up experienced during Year 1, we expect ROIs to continue to improve as performance stabilises into Year 2
- Of the 35 sites, 11 are currently outperforming ROI expectations and the majority of the remainder we expect to deliver returns over time
- We have clear performance plans in place by site to improve profit over time

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Making The Foodary ready for further roll-out

Getting the format right for each site

- ✓ QSR
- ✓ Coffee / fresh first
- ✓ New fresh equipment
- ✓ “Cafe” look & feel
- ✓ Forecourt refresh

Selecting best suited sites

Following selection of Metro sites, we will prioritise

- ✓ Bigger sales / fuel base
- ✓ High traffic
- ✓ Less competition / amenity
- ✓ Close to schools (Boost)

Execution

- ✓ Right range
- ✓ Right team
- ✓ Store standards
- ✓ Local marketing

Addressing cost structure

QSR is integral to successful retail formats

Drives Traffic

Strong Profit Margin

Incremental Sales

Strong ROCs

CALTEX OPERATED

BOOST

GYG OPERATED

GUZMAN Y GOMEZ™ Mexican Taqueria

IN-HOUSE HOT KITCHENS

ADRESSING DIFFERENT DEMANDS

New Partners

Future format plans shifting to execution

Metro
- Co-create
- Pilot
- Scale

THE FOODARY
- Consolidate
- Reset
- Continue Roll-out

QSR
- Scale Boost
- Agree GYG
- Trial others
- Build own

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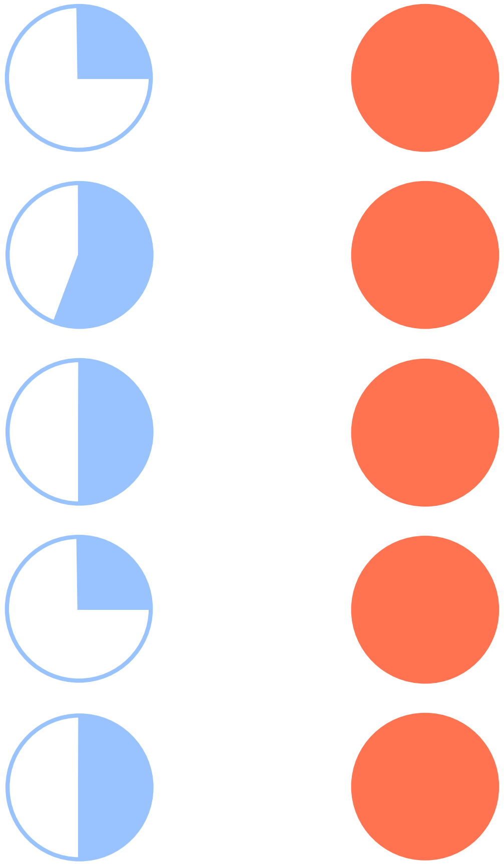
Convenience Retail operational capabilities

Karen Bozic

GM Retail Operations

Caltex is progressing in reshaping & enabling our Convenience Retail offer

	Now	2023
Redefine our offer with clear points of difference		
Control our network*		
Build a customer focused retail culture		
Develop our team and optimise labour		
Accelerate supply chain capability		



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*2020 objective

Redefine our offer with clear points of difference - drive customer perception, sales and profitability

Reset the Core Offer

4% growth YoY in transactions

Clear Points of Difference

Meal Deal sales more than **double** YoY

Leading Fresh Food Offer

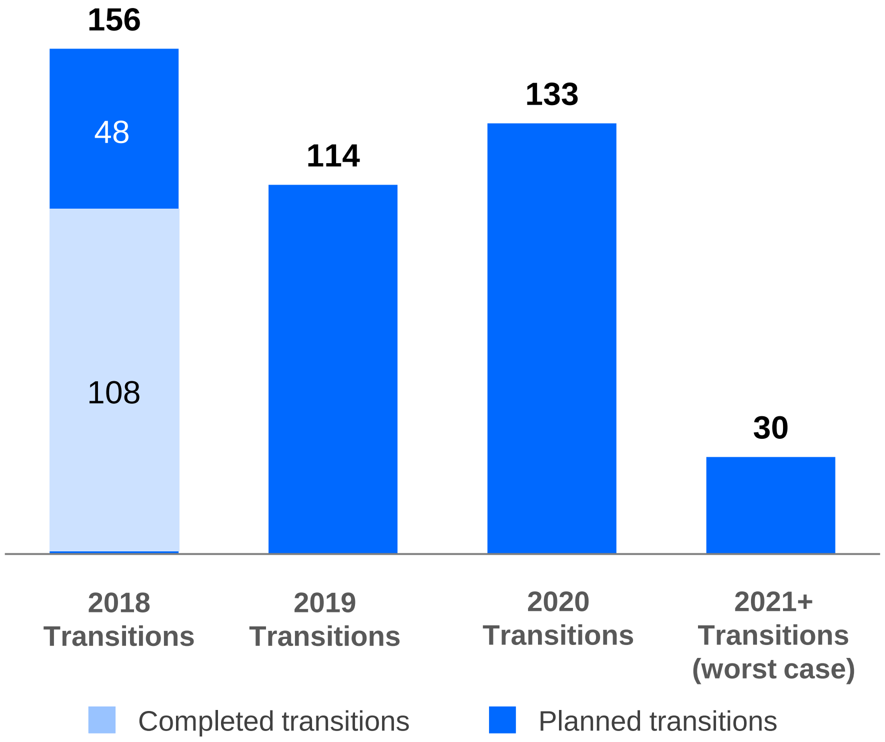
Caltex **Fresh sales growth YoY**
34%

Control our network – at least 96% of sites company operated by 2020

Company operation is a key enabler of our Retail Strategy

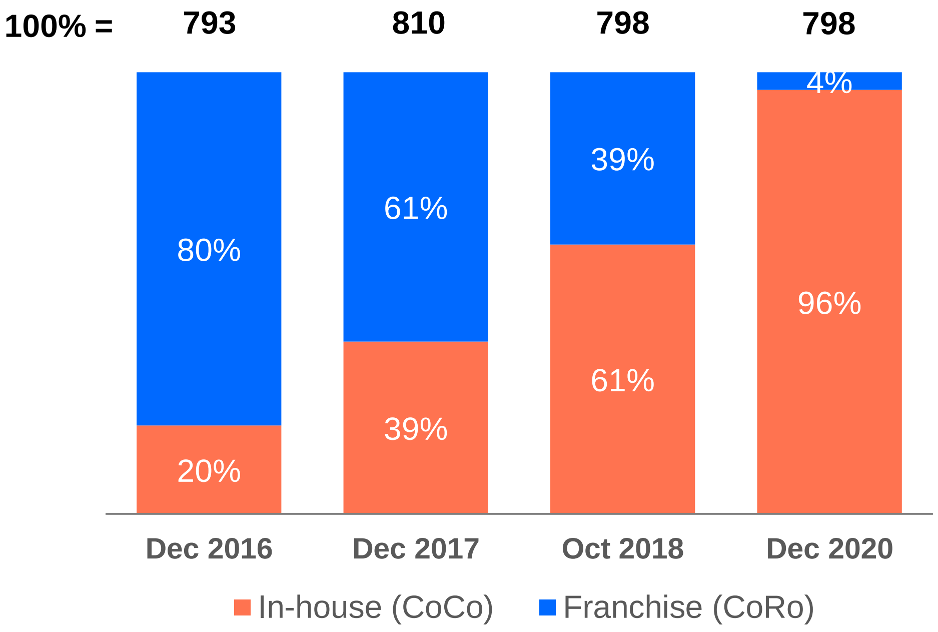
87% of sites have agreed transition dates

 # total sites (projected)



End 2020 >96% Caltex owned

 # total sites (projected) [1]



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1 Excludes diesel stops, Nashi sites

Building a customer-focused retail culture

Net Promoter Score & Voice of Customer: Driving customer advocacy and satisfaction to drive sales

Live April 2018
VOC across entire network

694
Stores

> 5,000
Surveys completed every week

70
Current Net Promoter Score

1,700
High 5's per week

83%
Overall customer satisfaction

86%
Score for quickness of visit

89%
Score for customer service

>162,000
Surveys received since launch

Engage and Develop Our Team

Building retail capability and connecting with our team to win

Listen to and Engage our team

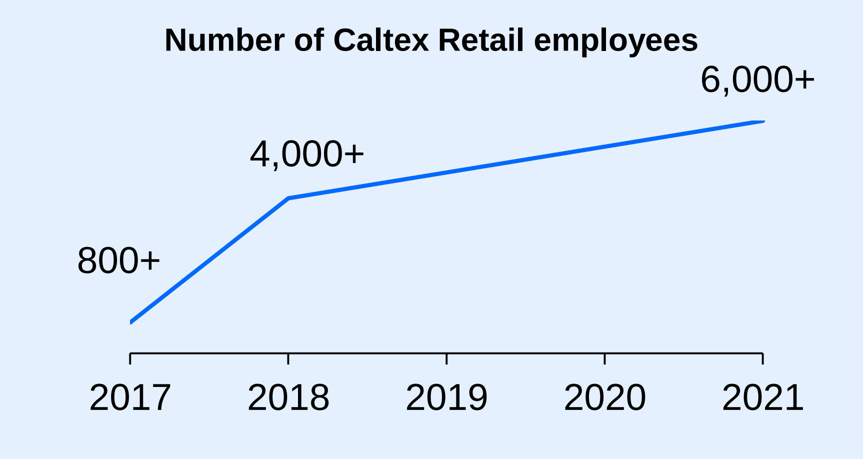
- Strengthen cross-functional planning
- Revisit store communication
- First Convenience Retail end to end conference

Recognise our team

- Reward and recognition programs
- Dash-boarding and reporting shared across teams
- Celebrate recognition on internal platforms

Develop our Team

- Focused retail training
- Development for high potential team members
- Refresh key learning modules
- Focus on safety training



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Optimise labour management

Significant opportunity exists to optimise labour management

	2018	2019 - 2020	2021
Initiatives		▪ Develop team capability ▪ Upgrade workforce tool (Kronos) ▪ Develop labour standards ▪ Re-engineer rosters ▪ Labour rate improvement ▪ Simplify how we do things	▪ Leverage technology investment ▪ Further simplify across value chain ▪ Refine store operating model
Phase	**Labour Management Foundation** **Optimisation of Process and Technology**		**Finesse and Leverage**
Benefits Realised	25%	75%	100%

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Accelerate supply chain capability

- Caltex has built a dry goods supply chain for majority of stores, and is expanding temperature controlled capability
- Multi-temperature supply now live in SA and Vic.
- Woolworths partnership is an opportunity to accelerate supply chain capability
- Win:win - Caltex to be foundation customer for WOW convenience supply chain

Dry goods supply to logistics provider

Dry goods supply direct to store

Chilled and frozen supply direct to store

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The building blocks of growth

Richard Pearson

Executive General Manager Retail

CALTEX

$120m-$150m Financial Uplift: clear plan to deliver with capital disciplined approach

Three core drivers of growth

1	Network development	▪ Control our existing sites ▪ New site investment
2	Increase site sales density / margin	▪ New formats (Metro/Foodary) ▪ QSR ▪ Woolworths partnership
3	Control costs	▪ Network optimisation ▪ Labour optimisation ▪ Above store costs

Clear KPIs established

- Clear pathway and metrics for success established
- Tracking and reporting on progress

Capital Discipline Paramount

- Rollout ALWAYS subject to return thresholds
- Metro agreement also includes return hurdles

The way in which Caltex makes money from Retail is changing

	Franchise (CORO)	Company Op (COCO)
Fuel	Volume x Margin - Commission	Volume x Margin
Shop contribution margin	Sales x Royalty % Franchise Fees	Sales $ GM% Labour Other expenses
CODB	Expenses - including ▪ Above store costs ▪ Leases ▪ Repairs and maintenance ▪ Advertising etc	

6 key business drivers

- Fuel volume
- Fuel margin
- Shop sales *
- Shop gross margin *
- Labour – site *
- Other CODB

Network

* Growing significance with network transition

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Note: At present, in Caltex's financial reporting, fuel commission continues to be deducted from fuel margin and reported as income in shop contribution margin to maintain comparability as CORO sites transition to COCO sites

Drivers of future financial performance

Fuel volume	<1% CAGR	▪ Network growth, format innovation and loyalty offer offset market decline	More impacted by market factors
Fuel margin	~1% CAGR	▪ Focus on premiumisation, but historic trend of margin expansion flattens	
Shop sales	5-7% CAGR	▪ Significant growth driven by network growth, format innovation, QSR, loyalty offer	Less impacted by market factors
Shop gross margin	+5% pre QSR	▪ Consistent expansion on mix shift to higher margin categories and better COGS (inc WOW). QSR sales at materially higher margin	
Labour	5% reduction as % of sales	▪ Absolute $ growth on switch to COCO, but reducing as % of sales given labour management strategies and sales growth leverage	
Other CODB	<3%	▪ Growth given leases, sales growth, inflation but tight management of controllables	
Network optimisation	~$20m EBIT	▪ Developing program focused on operations and efficiency of 4th quartile sites	
Capex	▪ Capital deployed to deliver 15% plus ROCE		

Convenience Retail Wrap

...

Richard Pearson

Executive General Manager Retail

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Convenience Retail Key Messages

Caltex Retail is primed for growth

- **Strong Base**
- **Growth Opportunity**
- **Well Progressed**
- **$120-$150m Uplift**
- **Woolworths Partnership**

Convenience Retail 2019 Deliverables

Deliver sustainable profits by optimising value & volume

Foodary consolidation and revisit in 1H19 prior to recommending further roll out in 2H19

Implementation of the first phases of the Woolworths partnership

Continue to progress transition to company operation

Digital and Technology Strategy

Viv Da Ros

CIO

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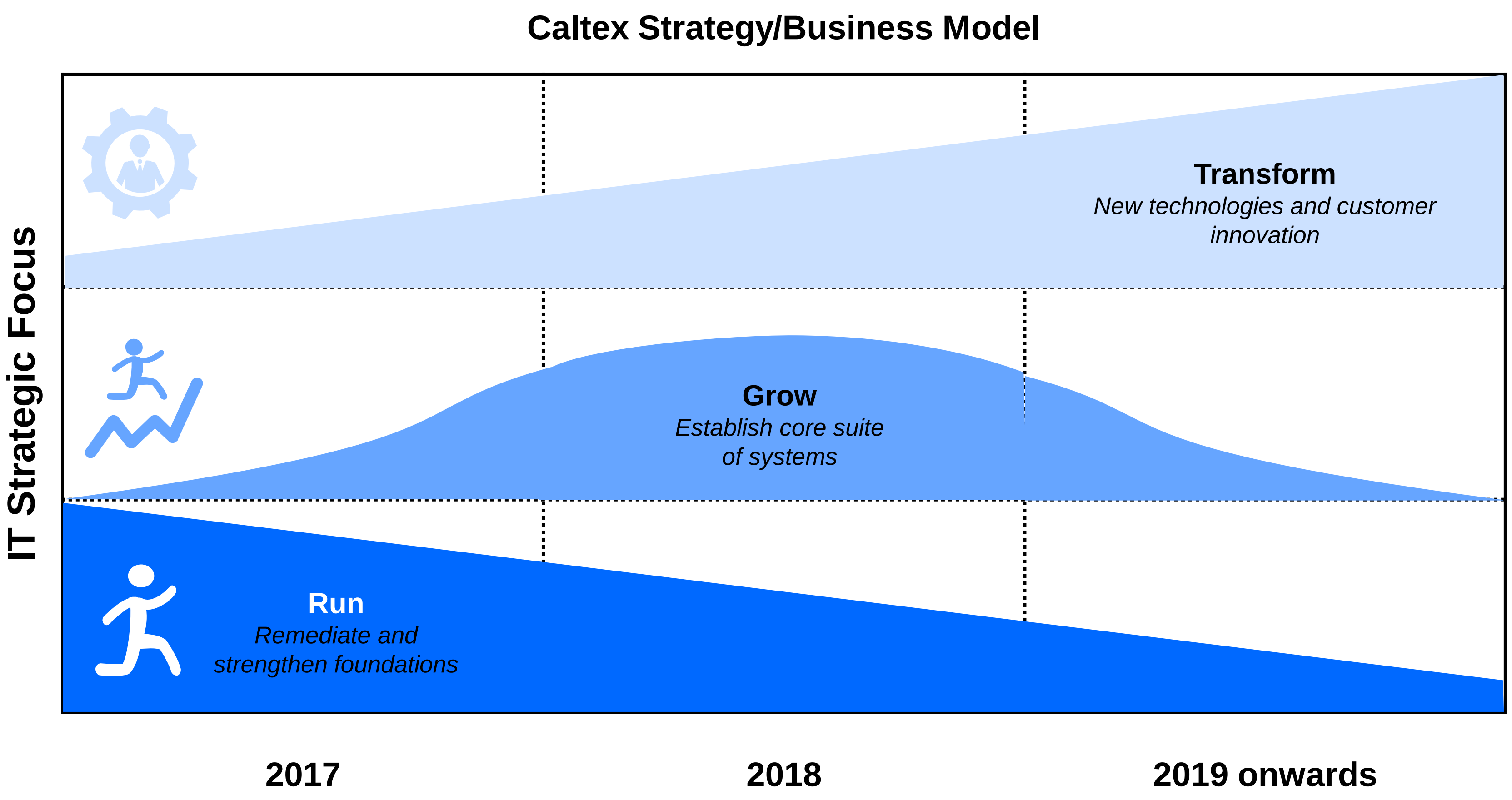
Digital & Technology innovation essential for Caltex strategy execution



Enabling technologies at Caltex

RUN

- Application Monitoring & Alerts
- Application Redundancy & Fail Over
- End User Experience
- Regulatory Compliance
- Service Excellence (Operation Efficiency)
- Application Re-platforming
- Automated End of Day Processes
- Standardised Collaboration Toolset

GROW & TRANSFORM

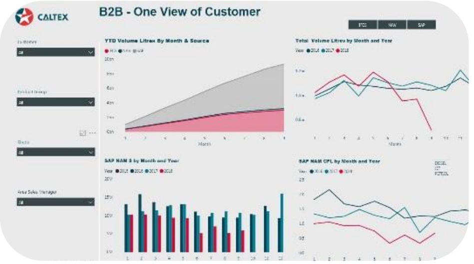
ERP SAP / STARCARD

CLOUD PLATFORM & TECH BLUEPRINT

INTEGRATION / APIs

CYBER SECURITY

BIG DATA@CALTEX DARE



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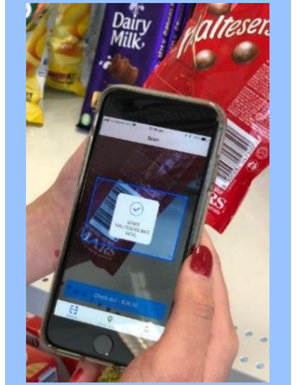
Innovation at Caltex – Think Customer Experience, Drive Operational Efficiency

DIGITAL TRANSFORMATION



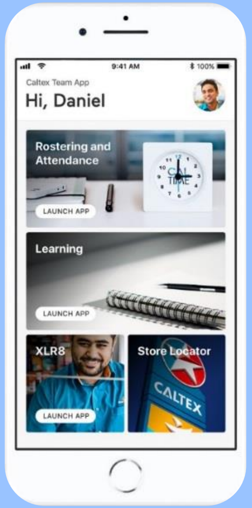
Mobile Scan

FuelPay

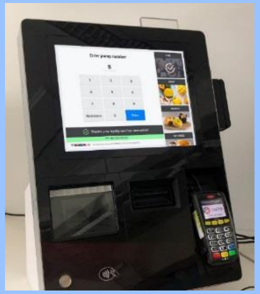
Express Lane Trial

Fuel Delivery Drivers' App

Caltex Team App

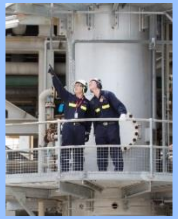


Automation



Self Checkout

Innovation & Emerging Initiatives



Refinery Tablet Apps

Powered by lab


FUELPAY® VS CHAINSAW
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Q&A
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