

Caltex Australia – Group Treasury

From Transactional to Strategic (2015 to 2018)

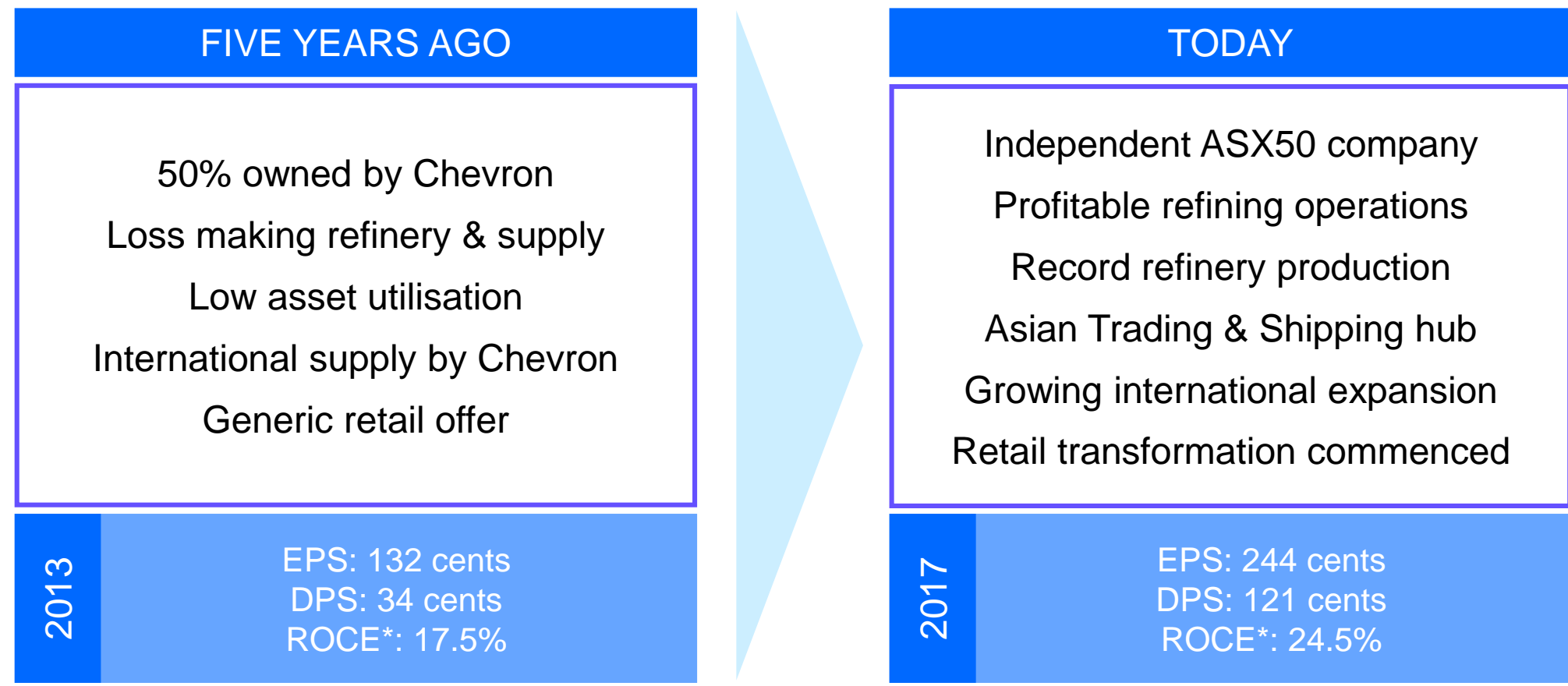
FTA 31st Annual Conference – 15 November 2018



CALTEX

At Caltex, 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



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

Our measure of success continues to be to safely and reliably deliver top quartile Total Shareholder Returns (TSR)

Caltex's Strategy: Protect, Grow and Extend

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
Protect, Grow and Extend

Fuels & Infrastructure

Convenience Retail

- Regional expansion
- Optimise infrastructure position
- Grow trading & shipping
- Serve business customers to protect and grow the supply base
- Enhance the fuel retail customer offering
- Create new customer solutions in the convenience marketplace

Enhance Capabilities and Competitiveness



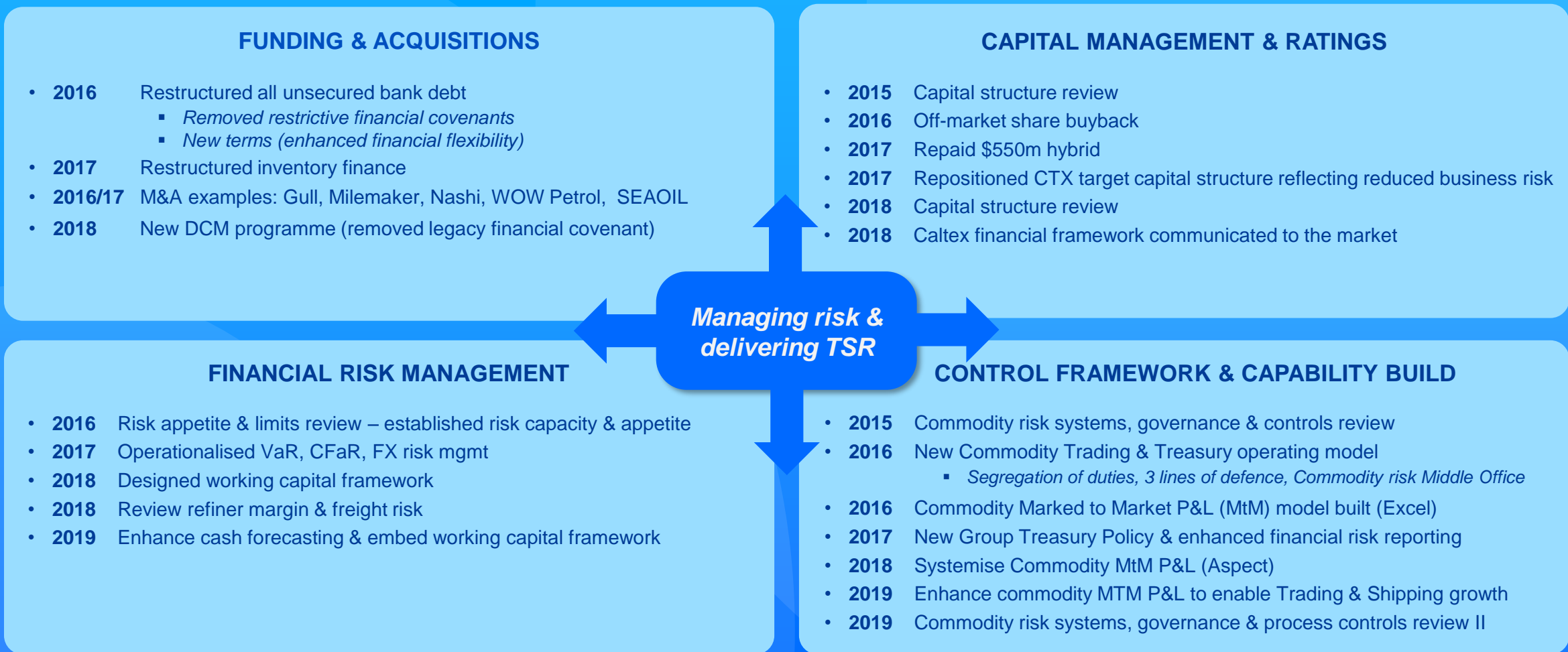
Fit for Purpose

Top quartile shareholder returns for investors



Caltex Treasury's strategy: Protect, Grow and Extend

Evolving from 'transactional' to 'strategic' to support transformation, growth & to deliver tangible value



Right People, Right Roles, Right Culture

Caltex Treasury's strategy: Protect, Grow and Extend

The business case for treasury must be quantitative and service level fit for purpose

2015

2018

Interest savings from Hybrid replaced by lower cost bank facilities

\$15 - 20m p.a.

Commodity Derivatives

~475

~4,000

Commodity Trading

OTC

2016
ICE Swaps

2018
ICE Futures

2019
NYMEX

Total Bank Facilities (excluding DCM)

\$0.9B

\$1.9B

Risk Limits

Volumetric

+ quantitative (VaR & CFaR)

Risk Systems

8

14

M&A Transactions



LC Counterparties (Caltex Selling)

0

9

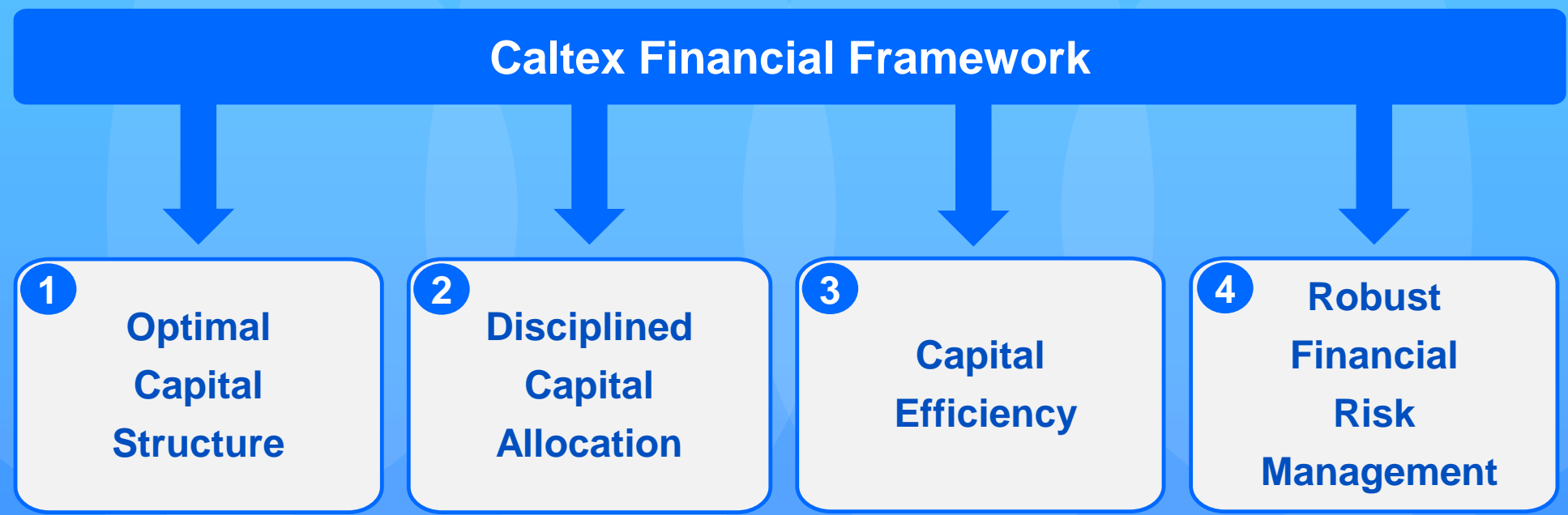
LC Counterparties (Caltex Buying)

1
Chevron only

24
Various terms

Defining our financial framework and communicating it internally and externally is key to the strategic Treasury's value proposition

Our measure of success continues to be to safely and reliably deliver top quartile TSR#



Total Shareholder Return target based on returns of S&P/ASX 100 companies

Optimal Capital Structure

Caltex's target capital structure is Adj. Net Debt / EBITDA 1.5x – 2.0x[#]

- ✓ Provides a framework for capital allocation decisions
- ✓ Delivers headroom to withstand business risks and cyclicalities
- ✓ Equivalent to a strong investment grade credit rating (BBB+ S&P)
- ✓ Preserves an appropriate buffer to sub investment grade

Optimal capital structure positions Caltex to deliver on strategic objectives

- ✓ Flexibility to invest in growth whilst safeguarding against event risk and downside scenarios
 - ✓ Prudent buffer given the markets in which we operate
- ✓ Stable access to trade finance capacity to support fuel sourcing and drive growth in Ampol
- ✓ Strong access to global debt markets throughout the cycle
 - ✓ Competitive cost of funds
 - ✓ High quality and flexible borrowing terms and conditions



[#] Adjusted Net Debt includes leases and asset retirement obligations

Disciplined Capital Allocation

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



Excluding significant items

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

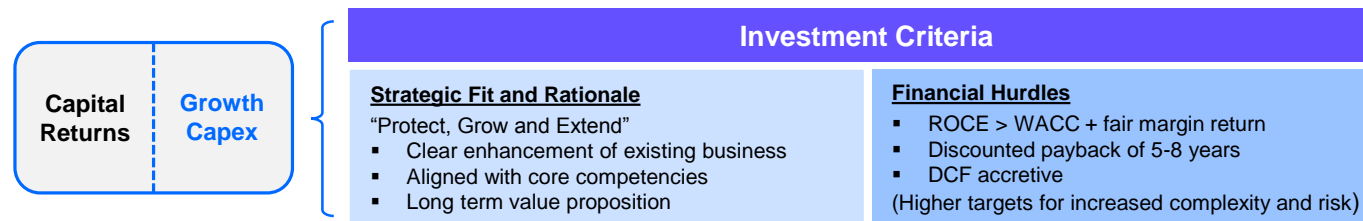
Capital Efficiency

Caltex is committed to managing capital to maximise value and shareholder returns

- ✓ Benchmarking to drive best in class performance and improve capital efficiency
 - ✓ Tabula Rasa / Quantum Leap / Commercial Separation / Asset Optimisation
- ✓ ROCE is utilised to provide an objective measure of performance and translate strategic objectives into appropriate business unit level goals[#]

We grow capital employed with disciplined investment

- ✓ Investment decisions evaluated against challenging criteria
- ✓ Incremental capital deployed where risk-adjusted return exceeds alternative uses of capital



[#] ROCE = EBIT / Average Capital Employed

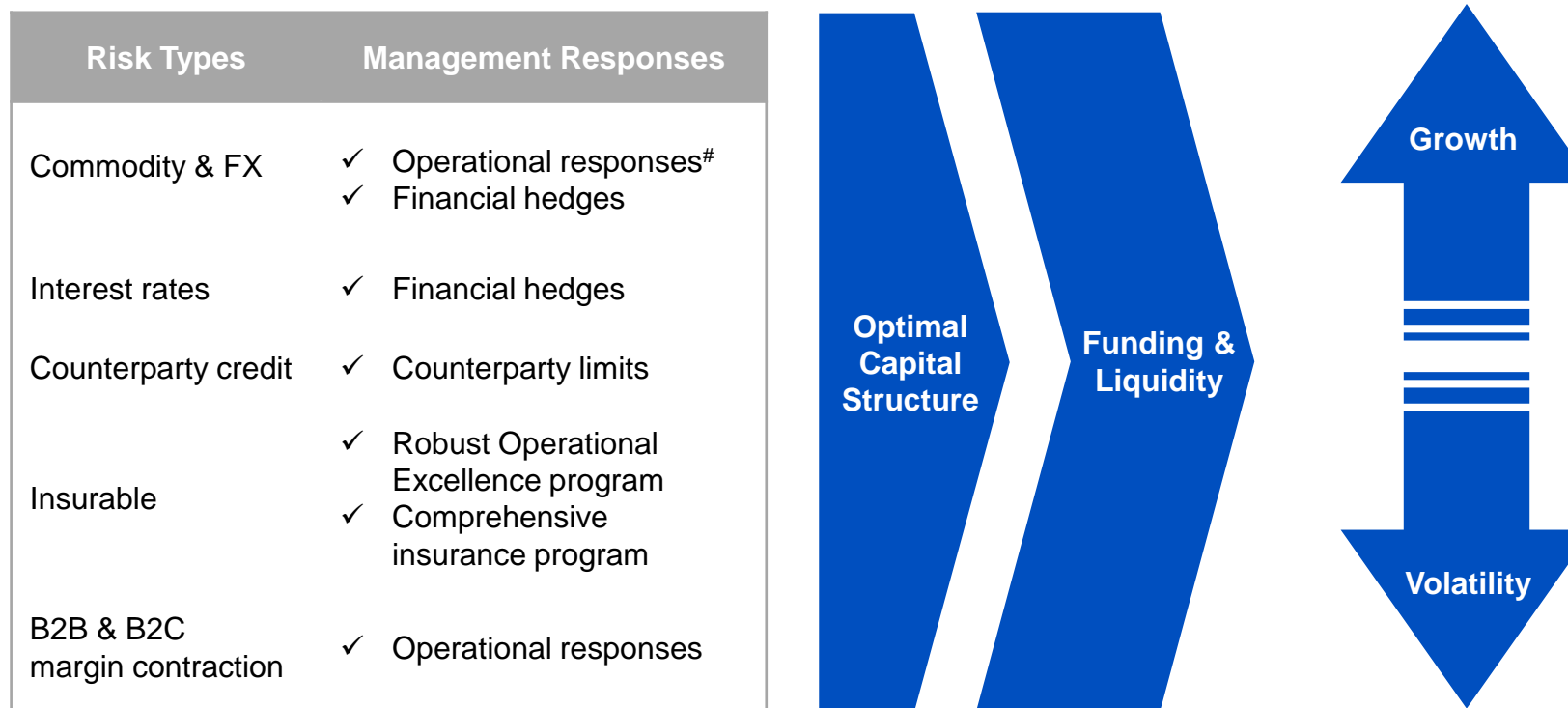
^{*} A benchmark ROCE is calculated for each business unit to achieve top quartile TSR

Robust Financial Risk Management – ROCE Volatility ↓

10

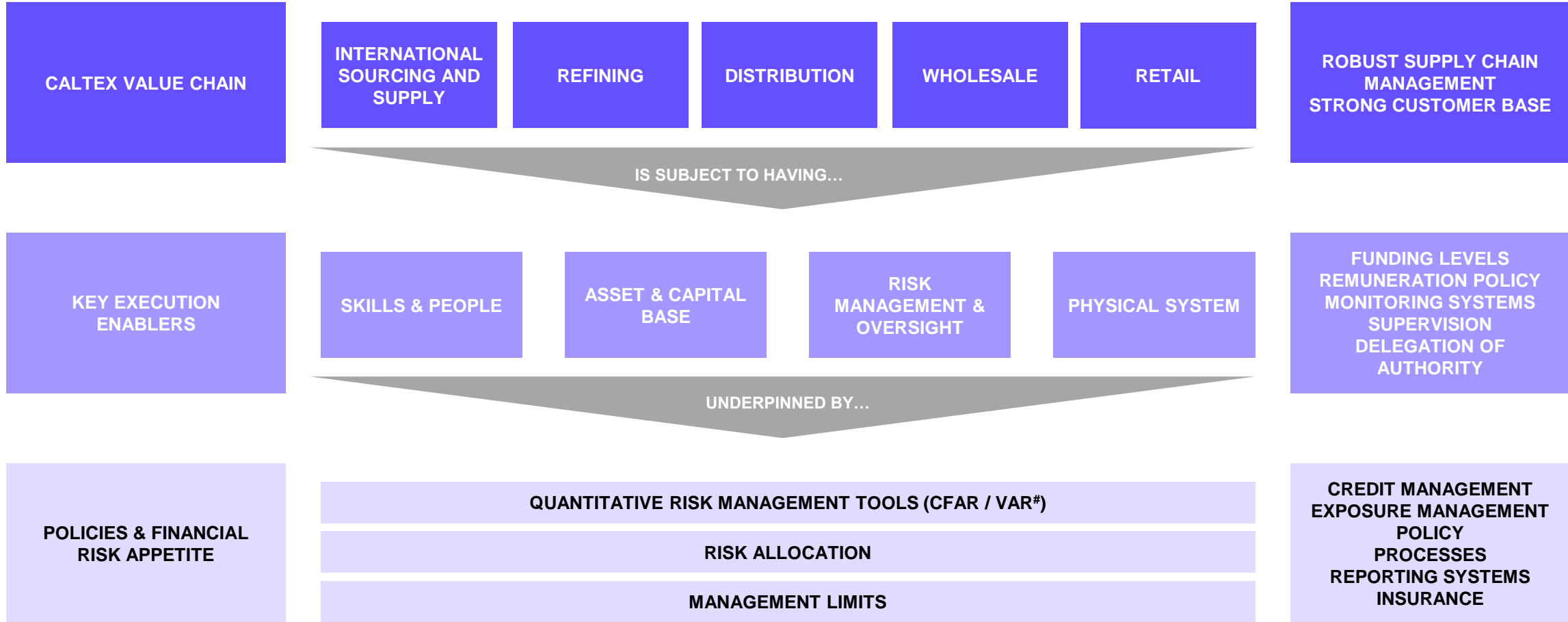
ROCE volatility reduced via financial and operational “de-risking” of the business

- ✓ Comprehensive financial risk management framework aligned to transformed Caltex



Robust Financial Risk Management

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



* Cash flow at risk / Value at risk



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Thank You