

OPERATIONAL REPORTS

DELIVERING ON OUR STRATEGY

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INSTALLATION OF A
GEODESIC DOME ROOF ON
A TANK AT THE KURNELL
TERMINAL. IMAGE BY
TERESA CHANG, SENIOR
PROCESS ENGINEER, CALTEX.

SUPPLY

In 2015, Caltex sourced crude and refined product from 32 facilities across

13 COUNTRIES

SUPPLY CHAIN OPERATIONS

In 2015, Kurnell terminal took delivery of product from

140 SHIPS

MARKETING

In 2015, shop sales continued to grow by

3.6%



Competitive, reliable supply of products and crude is critical for Caltex, given Australia's geographic remoteness and wide range of operating locations across the country. With the changes in Caltex's supply chain following the closure of the Kurnell refinery, Caltex separated the Supply business from Supply Chain Operations.

Our dedicated supply team is focused on sourcing refined fuels, crude oil and feedstocks from around the world and shipping them to Caltex terminals across Australia. This focus ensures that Caltex has competitive, reliable and continuous supply to meet our customers' needs.

Trading and shipping

Ampol Singapore, Caltex's wholly owned subsidiary, is responsible for the strategic sourcing of crude oil, refined fuels and feedstocks. This activity is a key part of our integrated value chain and enables Caltex to sustain its position as the leading transport fuels supplier in Australia.

In 2015, Ampol Singapore sourced crude oil, refined fuels and feedstocks for Australia from global markets. The majority of refined products came from key regional supply locations across North Asia, Singapore and India/Middle East. Crude oil was sourced from a variety of global locations depending on pricing and quality. This diversity in suppliers and locations for both refined fuels, crude oil and feedstocks allows Ampol Singapore to target the best suppliers by product and location, and also diversify supply to manage reliability and ensure product quality.

In March 2015, a decision was made by Caltex to end the product supply service agreement between Ampol Singapore and Chevron, and expand our internal trading and shipping capability. In October 2015, Ampol Singapore successfully commenced standalone sourcing for all Caltex products, with no disruptions to our supply chain during or after the transition.

The success of this transition further validates Caltex's decision to establish Ampol Singapore and positions Caltex well to leverage its existing strengths in infrastructure and market presence in Australia.

Supply operations, planning and value chain optimisation

In addition to trading and shipping, Caltex's supply operations and planning capabilities are critical to adapting to the challenges of a changed product import supply chain and the optimisation opportunities that this presents. Put simply, we are committed to finding new and better ways to generate value while serving our customers.

Caltex typically imports products to 14 locations around Australia. The cargoes can range from a single grade of refined product being dropped at a single location, to multi-grade cargoes going into multiple discharge ports. This brings a great level of complexity. Through its long history operating within the Australian market and its new capabilities and knowledge from Ampol Singapore, Caltex has the capability to manage this complexity. This capability, coupled with significant planning and alignment across Supply, Supply Chain Operations and Marketing, is a significant competitive advantage for our business.

Driving continuous improvement in our integrated value chain remains a priority. This is optimising the entire value chain from strategic sourcing, efficient shipping, through Caltex's infrastructure assets all the way to end customers in our lubricants, business to business and consumer segments.

Future focus

In 2016, Caltex will focus on in-depth analysis to strengthen forward planning and decision making. This will enable Caltex to take advantage of opportunities as they arise, for the benefit of the whole business. Ampol Singapore will continue to deliver sustainable value for Caltex in 2016. The second half of the year will see the formation of a standalone shipping capability in Singapore. These initiatives are part of our continued optimisation of Caltex's integrated supply chain.

The success of this transition further validates Caltex's decision to establish Ampol Singapore and positions Caltex well to leverage its existing strengths in infrastructure and market presence in Australia.

IMPORT LOCATIONS

The number of locations Caltex typically imports products to

14

SINGAPORE OFFICE

Number of employees at the end of 2015

34

SHIPPING

Largest product shipment in 2015 measured in Olympic-sized swimming pools

40



+ ———
DUE TO AUSTRALIA'S
GEOGRAPHY AND
INFRASTRUCTURE,
SHIPS PLAY AN INTEGRAL
ROLE IN CALTEX'S
SUPPLY CHAIN

Safe, reliable and competitive supply chain operations are crucial to Caltex as part of our integrated supply chain delivering value for our customers and our business. Supply Chain Operations includes Caltex's Lytton refinery, the national network of terminals, pipelines and freight logistics and focuses on the effective and efficient management of these infrastructure assets for today and the future.



+ ———
LYTTON REFINERY
SUPPLIES MORE
THAN 90% OF THE
BRISBANE FUEL MARKET,
EXCLUDING JET FUEL

LYTTON REFINERY

Production of high value products — petrol, diesel and jet fuel in litres

5.3^B

Lytton refinery

In 2015, Lytton refinery celebrated its 50th year of operation. Commissioned in 1965, the refinery has been a significant contributor to the Queensland economy and the surrounding community.

The refinery continued to make operational improvements in 2015 and successfully completed a turnaround and inspection maintenance program, undertaken every five years. During this time the refinery was not in operation. Optimal operation of the refinery, prior to and following the two month maintenance period, resulted in the production of 5.3 billion litres of high value products, which are petrol, diesel and jet fuel. This compares with production of 5.8 billion litres in 2014 and 5.2 billion litres in 2013.

In 2015, Lytton refinery's focus on reliability and gross margin improvement resulted in excellent availability and production levels, excluding the maintenance period. Mechanical availability in 2015 was 97%, in line with 2014; however, utilisation dropped to 77% due to the two month maintenance period. Excluding this period, utilisation for 2015 was in line with 2014 at 87%. These are outstanding results for a year in which a major turnaround and inspection was undertaken. The refinery achieved its best ever process safety results with no tier one or tier two process incidents and only one reportable spill, compared with eight reportable spills in 2014.

As part of a supply agreement signed with BP Australasia in 2014, Caltex constructed a new pipeline from our refinery to BP's Bulwer Island facility across the Brisbane River. The pipeline was successfully constructed in a tight timeframe to commence supply on 1 July 2015. This pipeline is now an integral part of Lytton refinery's distribution system, with the refinery now supplying more than 90% of the Brisbane fuel market, excluding jet fuel.

Infrastructure operations

Significantly, 2015 marked the first full year of operation for the Kurnell terminal, Australia's largest fuel import terminal.

DECOMMISSIONING

Number of incident-free labour hours of high-risk work undertaken in 2015 as part of the Kurnell refinery decommissioning

300,000

In total, 5.6 billion litres of petrol, diesel and jet fuel was delivered via 140 ships to the Kurnell wharf. These products were then distributed to other terminals and Sydney Airport using the same pipelines employed by the former refinery. The Kurnell terminal operates 24 hours a day, seven days a week, and has rapidly become an integral part of Caltex's operations.

During the year, decommissioning and demolition work continued at the Kurnell site with the emptying, cleaning and dismantling of redundant refining process units, tanks, pipelines and buildings. More than 300,000 labour hours of high-risk work were completed incident-free from January to August 2015 as part of the decommissioning activities.

We remain committed to optimising and investing in our entire supply chain to ensure that our customers continue to have access to long term, secure, safe and reliable product supply.

As the only point of import for Caltex in New South Wales, the Kurnell wharf and sub berth are critical to ensuring fuel supply both to the state and to the Australian Capital Territory. During 2015, extensive marine upgrades were undertaken at Kurnell wharf one to enable the fixed berth to accommodate long range (LR) sized vessels up to 250 metres long and 42 metres wide. This has enabled Caltex to accept larger cargoes of product to meet demand, while minimising the number of ship movements into Botany Bay. In addition, further tank upgrades increased petrol tank capacity by an additional 38 million litres.

Lubricant manufacturing

In April 2015, Caltex resumed full operational control of the Caltex assets from the former joint venture lubricants manufacturing agreement, known as the Australasian Lubricants Manufacturing Company (ALMC). The 2012 decision to end the joint venture was driven by our desire to improve our lubricants customer offer and to deliver a more competitive supply chain in response to changes in the Australian lubricants market.

LUBRICANTS

Litres of lubricant products blended and manufactured by the Lytton lubricant plant in 2015

47^M

During the year, extensive work was undertaken to integrate the lubricants business into Caltex. This included moving all east coast blending and manufacturing to Lytton and establishing distribution centres in New South Wales, Victoria and Western Australia. From April 2015 to year end, 33 million litres of lubricant products were blended and manufactured by the Lytton plant, with a total of 47 litres blended in 2015. In addition, a finished lubricants supply chain was established by Ampol Singapore out of Asia into the Western Australia market.

Logistics

A review of all Caltex's third party carriers was undertaken in 2015 and resulted in the introduction of new carriers in most states and territories. These significant and extensive changes were achieved without disruption to customer supply. We have selected carriers to partner with Caltex to ensure that our logistics function is safe, competitive and customer focused. Each carrier has a strong safety culture, corporate values that align with our own, a modern technology offering, and robust processes and delivery capability. The decision to change carriers has resulted in better outcomes for Caltex and our customers.

In addition, Caltex began a program of optimising our depot structure and transport routes. This will result in more efficient coverage of our customer base, delivering improved customer outcomes and a more competitive business offer.

Future focus

We remain committed to optimising and investing in our entire supply chain to ensure that our customers continue to have access to long term, secure, safe and reliable product supply.

In 2016, this includes a focus on gross margin and cost efficiency initiatives at Lytton refinery and ongoing investment at our terminals to optimise their operations and ensure that they are sustainable for the future.

2015 was a year in which Caltex's Marketing business continued to supply quality fuel reliably to our diverse range of customers. We were unrelenting in our commitment to continually adapt and improve our supply chain, in the midst of rapid change in the fuel industry. We remain the leader in transport fuels in Australia.

The marketplace in which we operate is more competitive than ever; however, our commitment to our broad customer base, combined with our integrated approach to our value chain, enabled us to leverage our supply base, in both business to business and consumer segments. This, together with our enviable infrastructure position across the country, and our product and crude procurement capability in Ampol Singapore, continues to position us well against the competition.

Reflecting a highly competitive business to business marketplace, our total sales volumes in 2015 were 5% below the previous year. The lost volume can be attributed to the timing of some major supply contracts and the exit of our marine supply from the North West Shelf as it moved from construction to production. Pleasingly, we delivered a record profit in our consumer business, in spite of margin pressure in business to business sales.

Consumer Sales

The Caltex Consumer Sales channel represents one of the largest branded fuel and convenience networks in Australia, including forecourt convenience sites, service centres, truck stops, service stations, diesel stops and depot fronts.

Caltex is also one of the largest franchisors in the nation, with independent franchisees operating over 640 sites. In addition, Caltex operates Australia's largest fuel card network with over 1,900 StarCard accepting sites across our national network.

Consumer Sales also manages the long-standing Caltex Woolworths alliance. This partnership includes fuel supply to almost 520 Woolworths owned and operated sites and the operation of 103 Caltex controlled sites that accept Woolworths fuel discount vouchers and Everyday Rewards cards.

2015 was a record year for Consumer Sales on a number of levels. Outstanding safety results were achieved across all key performance metrics. With over 1,100 employees across our Calstores network, there was only one lost time injury for the year. This unfortunately ended the incident-free (no lost time or medical treated injuries) period at 903 days, in November 2015.

Record fuel sales of 8.5 billion litres, across all Caltex branded sites, were achieved in 2015. Caltex continued to drive Vortex premium fuels, with sales of Vortex 98 premium petrol growing at 9.5% and Vortex Diesel growing at 14% on the prior year. These higher sales of Vortex premium fuels continued to offset the long term decline in demand for regular unleaded petrol, including E10. Importantly, these results reflect the growing preference customers have for high quality premium fuels with specialised and selected additives.

Caltex is also one of the largest franchisors in the nation, with over 640 sites operated by independent franchisees. In addition, Caltex operates Australia's largest fuel card network with over 1,900 StarCard accepting sites across our national network.

Convenience shop sales grew by 3.6% compared to 2014 and generated approximately \$1.2 billion in total sales revenue. Caltex was also recognised by the Australasian Association of Convenience Stores (AACS) as "Major Retailer of the Year" for 2015. This is the second year in a row that Caltex has won this prestigious award.

The increased penetration of Vortex premium fuels and convenience shop sales growth has been underpinned by targeted investment in the Consumer Sales network including, 22 new sites, 11 knock down rebuilds, and seven major upgrades. A focus on new and improved procurement processes as part of our Tabula Rasa program resulted in significant construction time and cost savings for Caltex, while maintaining store build-quality and functionality.

This network investment was supported by an increase in spending on marketing initiatives. Our "Win a Lifetime of Fuel" promotion focused specifically on Vortex premium fuels and attracted over 385,000 customer competition entries in the latter half of 2015.

Significant progress was also made on key initiatives such as Pay@Pump, which is now installed at 433 sites, making it simpler and quicker for customers to fill their vehicle. In 2015, we completed the rollout of the StarBOS back office system, which is now live at 654 sites. Centralised logistics for dry goods now services 475 sites across the nation.

In 2015, Caltex undertook significant research to understand what our customers would like to see from us in the future. Based on the findings and with an eye to the future of fuel and convenience, Consumer Sales commenced a trial of a new fresh food offer, store design and layout. The new "Bite" branded café and fresh food offer is designed to provide convenience customers with healthy and appetising food and barista coffee in a new, contemporary environment. Our first concept store is at Caltex Star Mart Heathcote in New South Wales.

VORTEX 98

Grew year on year

9.5%

VORTEX DIESEL

Grew year on year

14%

BUSINESS TO BUSINESS

Number of commercial customers

70,000+



OUR FIRST "BITE" BRANDED
CAFÉ AND FRESH FOOD
CONCEPT AT CALTEX STAR
MART HEATHCOTE IN
NEW SOUTH WALES

Business to business sales

Caltex has over 70,000 commercial customers, ranging from small businesses to very large corporates, who use the full range of Caltex products including petrol, diesel, jet fuel, lubricants, StarCard and specialty products. Our commercial customers span the nation in industries including mining, oil and gas, marine, industrial, transport, aviation, distribution, automotive, government and agricultural segments.

Caltex currently services all airports on the east coast of Australia, either directly or through joint venture partnerships. We also operate 65 depots in regional Australia, complementing our strong import terminal network and logistics capability and demonstrating our commitment to fuelling Australia.

We successfully launched new lubricants and performance fuels in 2015, building on a base of commercially competitive premium products that add value to our customers. Caltex also successfully trialled telematics on a portion of its truck fleet in 2015. The results of this trial are

helping us develop new solutions for our customers. The telematics technology captures and collates data on vehicles, and uses this data to produce meaningful information on the vehicle and driver. This data then enables businesses to manage their fleets more effectively, and ultimately reduce costs, improve the safety of their employees and vehicle assets, and increase productivity. In 2016, Caltex will launch its telematics system to the Australian transport industry, giving our customers the power to manage their fleets more effectively.

The Caltex Soil Remediation Facility (CSRF) is an innovative and sustainable operation which removes hydrocarbons from soil for beneficial reuse. The facility has been operating on a trial basis since 2013 when the conversion of the Kurnell site began. Caltex is currently awaiting approval for the permanent operation of the facility. When fully operational, the CSRF has the potential to divert up to 80,000 tonnes of hydrocarbon contaminated soil per annum from New South Wales landfills and will provide an additional source of income for Caltex.

With you all the way

To reinforce our brand strength and to support our suite of marketing initiatives, we have secured a number of new commercial sponsorships. A significant initiative was the creation of TeamVortex, the newest addition to the V8 Supercar Championship. TeamVortex commenced racing in 2016, continuing Caltex's extensive history supporting Australian motorsport. In partnership with Triple Eight Race Engineering, Caltex is now trackside in our very own Vortex branded car with racing legend Craig Lowndes at the wheel of the new Holden Commodore. With an initial commitment of two seasons, the launch of TeamVortex is a very exciting sponsorship opportunity for Caltex as we look to amplify the Caltex brand, and in particular our Vortex premium fuels.

In addition, Caltex engaged a new brand ambassador, emerging sporting talent Renee Gracie, a V8 Supercars Dunlop Series driver. Renee joins our long term ambassadors, Craig Lowndes and Jamie Whincup. In 2015, Renee was the first female in 14 years to compete full-time in a V8 Supercar competition.

In 2015, we partnered with the Federal Government's Clean Air Champions – Helen and John Taylor – to set a new world record for the lowest fuel consumption driving around Australia. Caltex proudly supported the Taylors on their "figure 8" road trip around Australia in a car fuelled by Vortex 98. The Taylors crossed the finishing line having used five fewer tanks of petrol than the manufacturer's prediction (19.5) for the distance travelled. Through this initiative, we were thrilled to show our support for fuel efficient driving and cleaner air as a result.

Future focus

In 2016, Caltex will continue to refine its Marketing business to ensure that it is customer-led and remains competitive in a highly contested market. We are committed to continuing to meet and exceed our customers' expectations, enhancing our product range and Star Mart convenience offering, and delivering innovative solutions for our business to business customers.