



CALTEX AUSTRALIA LIMITED
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Company Announcements Office
Australian Stock Exchange Limited

CALTEX AUSTRALIA LIMITED
2003 FIRST HALF PROFIT OUTLOOK

Caltex Australia stated today that it expects, on a replacement cost of sales* basis, improved profits for the first half of 2003 compared with the first half of 2002. This is largely due to continued robust marketing margins and consistent refinery reliability. Strong refiner margins have been more than offset by high crude premiums and higher crude freight charges compared with the same period last year.

Based on unaudited results for the year to 31 May 2003, and current assumptions relating to crude oil prices, margins and other external factors, Caltex expects, on a replacement cost of sales basis, profit after income tax to be within a range of \$70 million to \$80 million compared with \$63.7 million in the first half of 2002.

On a statutory (historical cost) basis, Caltex expects to make an after tax profit for the half year ending 30 June 2003 within a range of \$70 million to \$85 million compared with \$130.4 million in the first half of 2002. The prior year result included inventory gains of \$105.9 million (before tax) associated with the rise in crude prices during the first half of 2002, whereas in 2003, due to the pattern of crude price volatility throughout the period, inventory gains/losses are expected to be minimal.

Good progress has been made against Caltex's debt reduction target of less than \$900 million by 31 December 2003. The Board's priorities continue to be to achieve an appropriate long term debt level, finance the investment necessary to meet the government's clean fuels regulations and return to payment of consistent dividends to shareholders.

It is important to emphasise that these estimated profit ranges may be affected by movements in crude prices, margins and other external factors between now and 30 June 2003.

* The replacement cost of sales excludes the impact of the fall or rise in oil prices (a key external factor) and presents a clear picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historical cost, including the effect of revenue lags.

Helen Conway
Company Secretary