



CALTEX

CALTEX AUSTRALIA LIMITED
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SYDNEY NSW 2000 AUSTRALIA

11 October 2004

Company Announcements Office
Australian Stock Exchange Limited

CALTEX AUSTRALIA LIMITED
PRESENTATION – GOOD TO GREAT

Presentation slides (titled *Good to Great*) for a roadshow of presentations to fund managers in the United States and United Kingdom during October 2004 by Dave Reeves (Managing Director & Chief Executive Officer) and Simon Hepworth (Chief Financial Officer) are attached for release to the market.

The presentation slides include material previously lodged with the ASX for presentations made by Simon Hepworth (in April, May, June and September 2004) and Caltex Australia's 2004 half year results announcement (in August 2004).

Helen Conway
Company Secretary

Attach.



Good To Great

11-20 October 2004

Dave Reeves, MD & CEO
Simon Hepworth, Chief Financial Officer



Table of contents

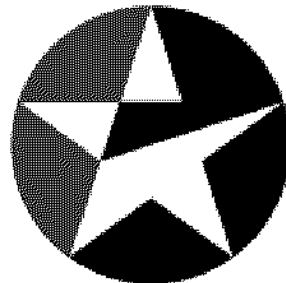
- I. Caltex Australia overview
- II. Recent financial performance
- III. The changing landscape :
 - I. Structural or cyclical?
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- V. Appendices





Caltex Australia Overview

- Caltex is the largest refiner and marketer in Australia
- Caltex Australia and Ampol merged assets in 1995 to create the current modern entity
- Caltex is the only publicly listed downstream oil company in Australia
- Top 100 company listed on the Australian Stock Exchange
- High emphasis on corporate governance
- Financially stable with BBB+ credit rating
- Firm dividend policy now in place
- Operates through :
 - Refining and Supply
 - Marketing

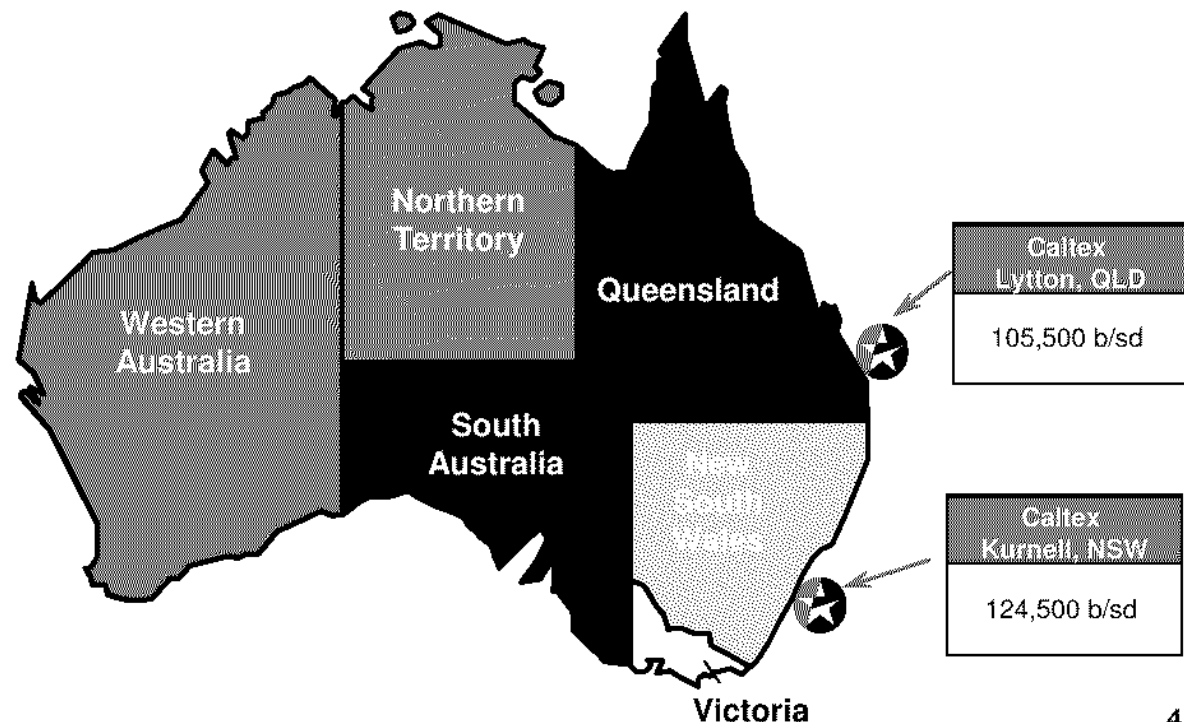


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Refining & Supply : Overview

- 2 fuels refineries with aggregate capacity of 230,000 barrels/day
 - largest in respective states, New South Wales and Queensland, the fastest-growing regions in Australia
 - Kurnell supplies 60% of gasoline for New South Wales and Lytton is leading supplier for Queensland
 - From September 2004 Caltex will operate the only lube oil refinery in Australia at Kurnell, with capacity of 3,750 barrels/day
- 229 km pipeline in NSW is longest multi-product pipeline in Australia
- 11 seaboard storage terminals
- 115 depots to store products





Marketing : Overview

- Strong presence across retail, commercial and wholesale channels
- Largest retail network in Australia
 - 1,800 branded stores
 - >470 convenience stores
- Major corporate clients including Qantas, Boral, Alcoa and Rio Tinto
- Distributor network that services non metropolitan areas
- Strong and growing brands : Havoline, Delo and Vortex products

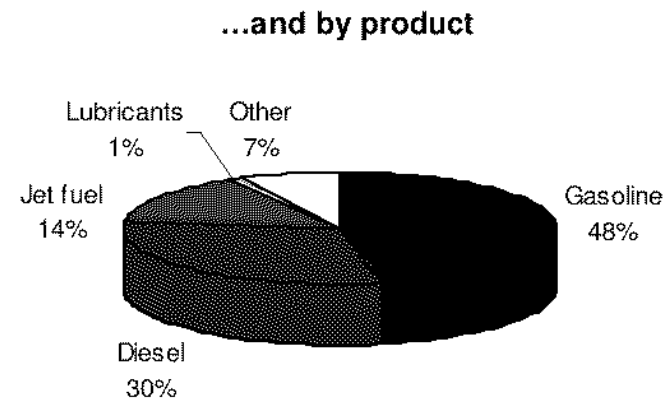
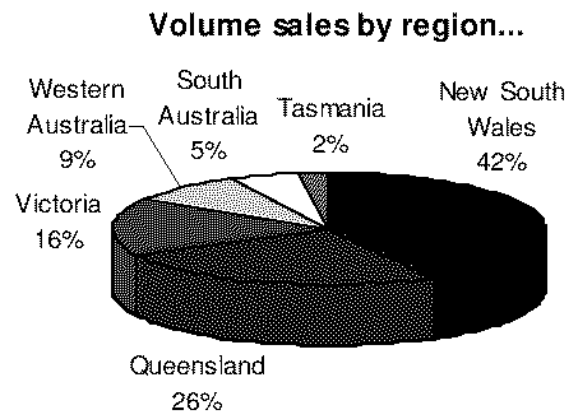




Table of contents

- I. Caltex Australia overview
- II. Recent financial performance
- III. The changing landscape :
 - I. Structural or cyclical?
 - II. The Caltex advantage
- IV. Caltex Australia strategy
- V. Appendices

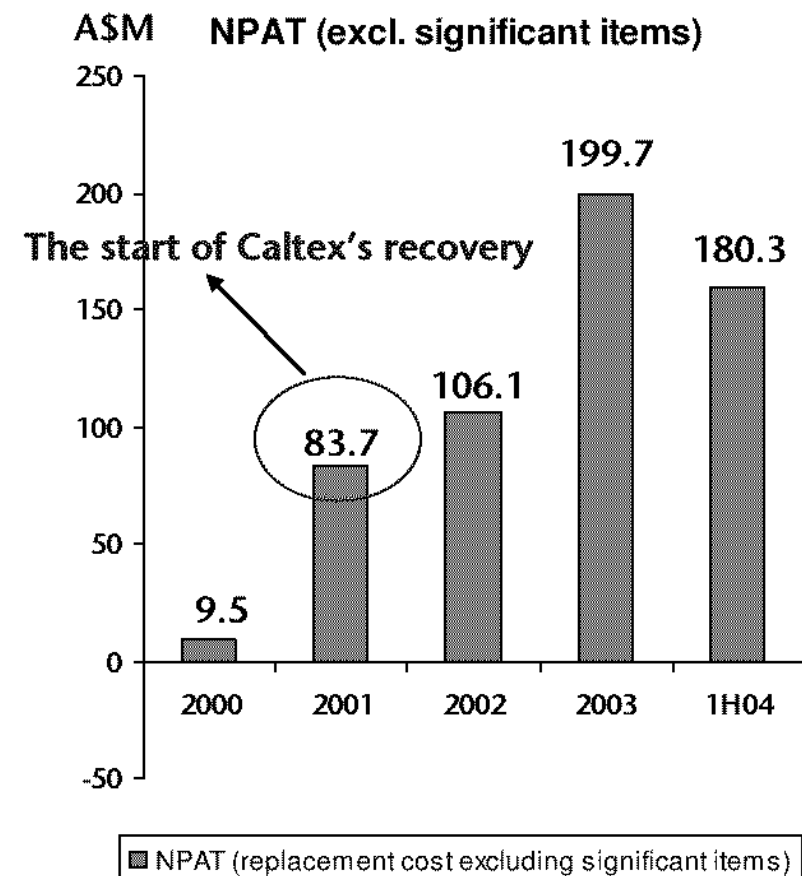
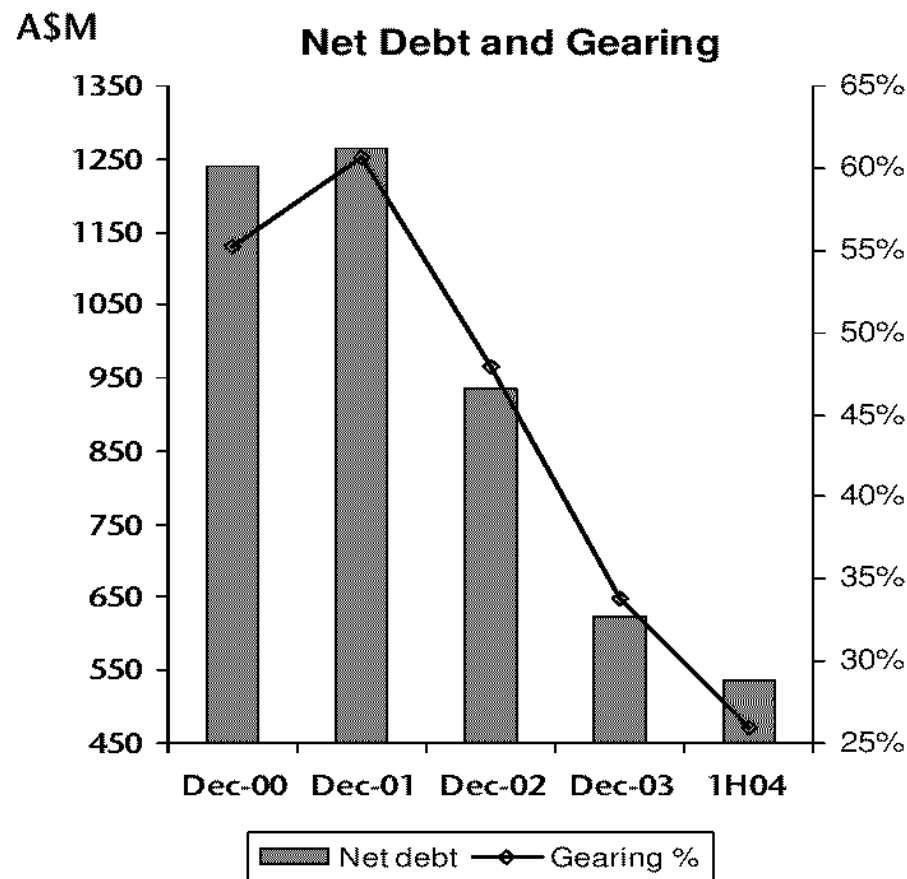




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Strong improvement in financial position since the Asian crisis

- 1H04 replacement cost net profit was A\$180.3 million (1H03 A\$86.1 million)
- Net debt shrank A\$88 million to A\$534 million at 30 June, 2004





Debt approaching target range

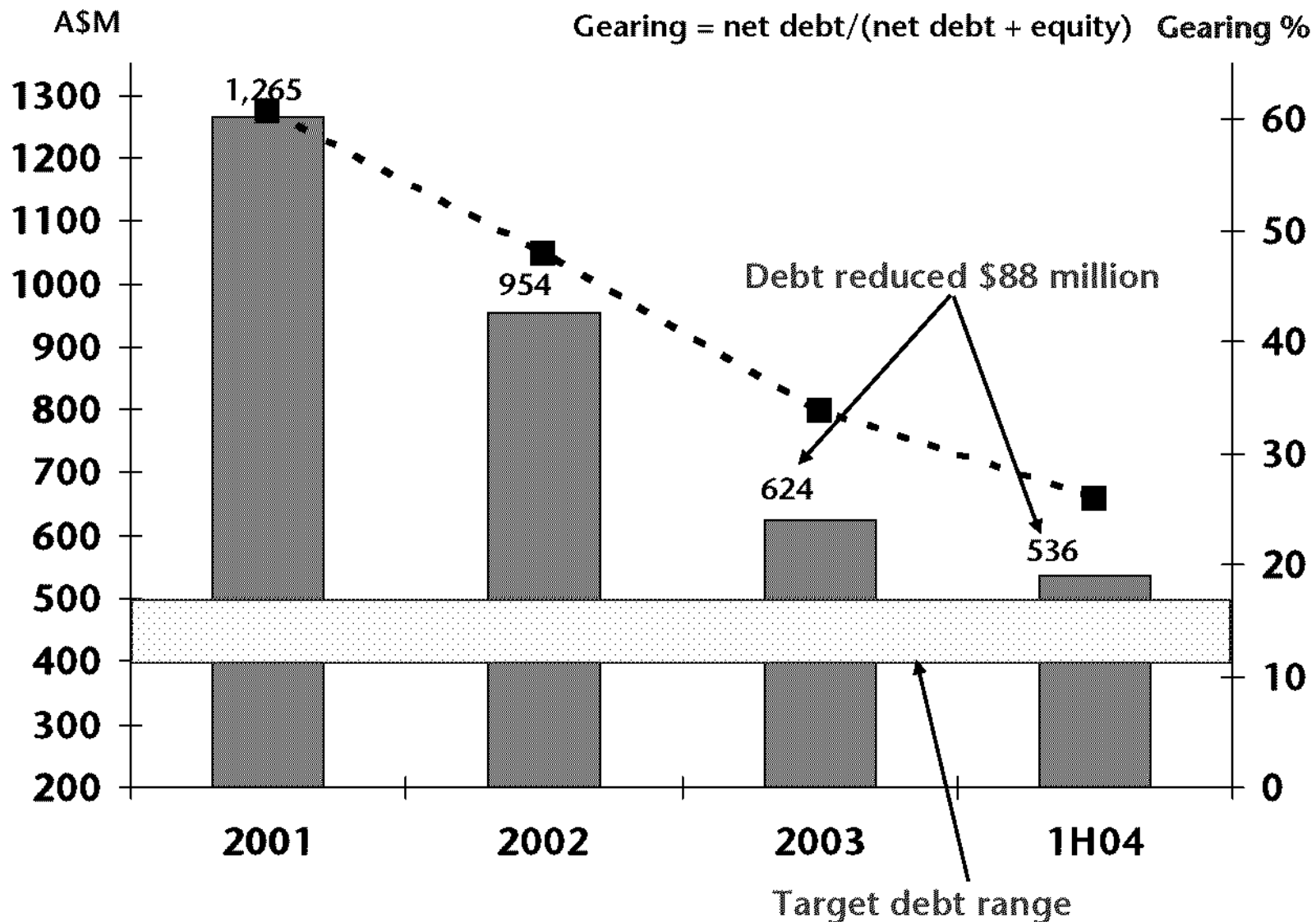




Table of contents

- I. Caltex Australia overview
- II. Recent financial performance
- III. The changing landscape :
 - I. Structural or cyclical?
 - II. The Caltex advantage
- IV. Caltex Australia strategy
- V. Appendices





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Structural change : Australia moves to an import parity based market for all transport fuels

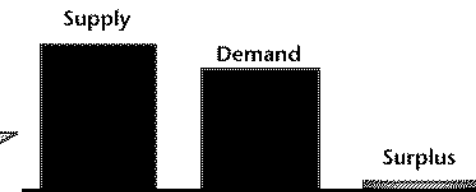


1995-2002

Excess supply

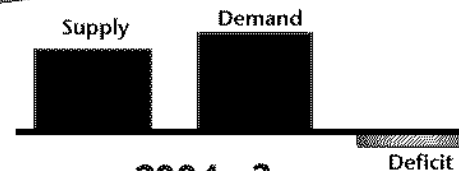
- i. Refinery utilisation was low
- ii. Growth of unbranded retailers
- iii. Development of non fuel revenue streams

Capacity scaled back



2003

Market moves to Import parity pricing



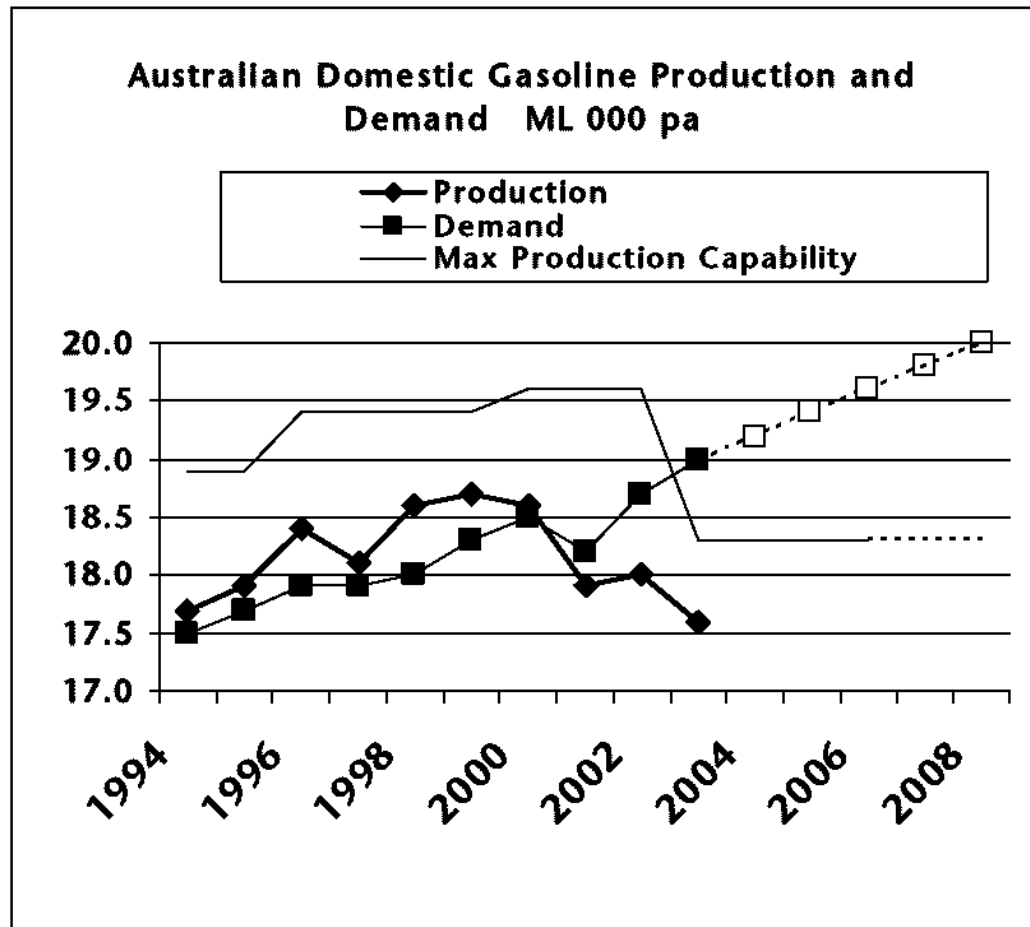
2004 - ?

- Margins now start to reflect import parity pricing in all transport fuels



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Structural change : Australia moves to an import parity based market for gasoline



- Production exceeded demand throughout the 1990s
- 2000-2002 saw poor gasoline margins which slowed production
- Consistent demand growth has worked to reduce the surplus
- Closure of Stanvac reduced gasoline production capability by approximately 9%



Structural change : Australian clean fuels regulations

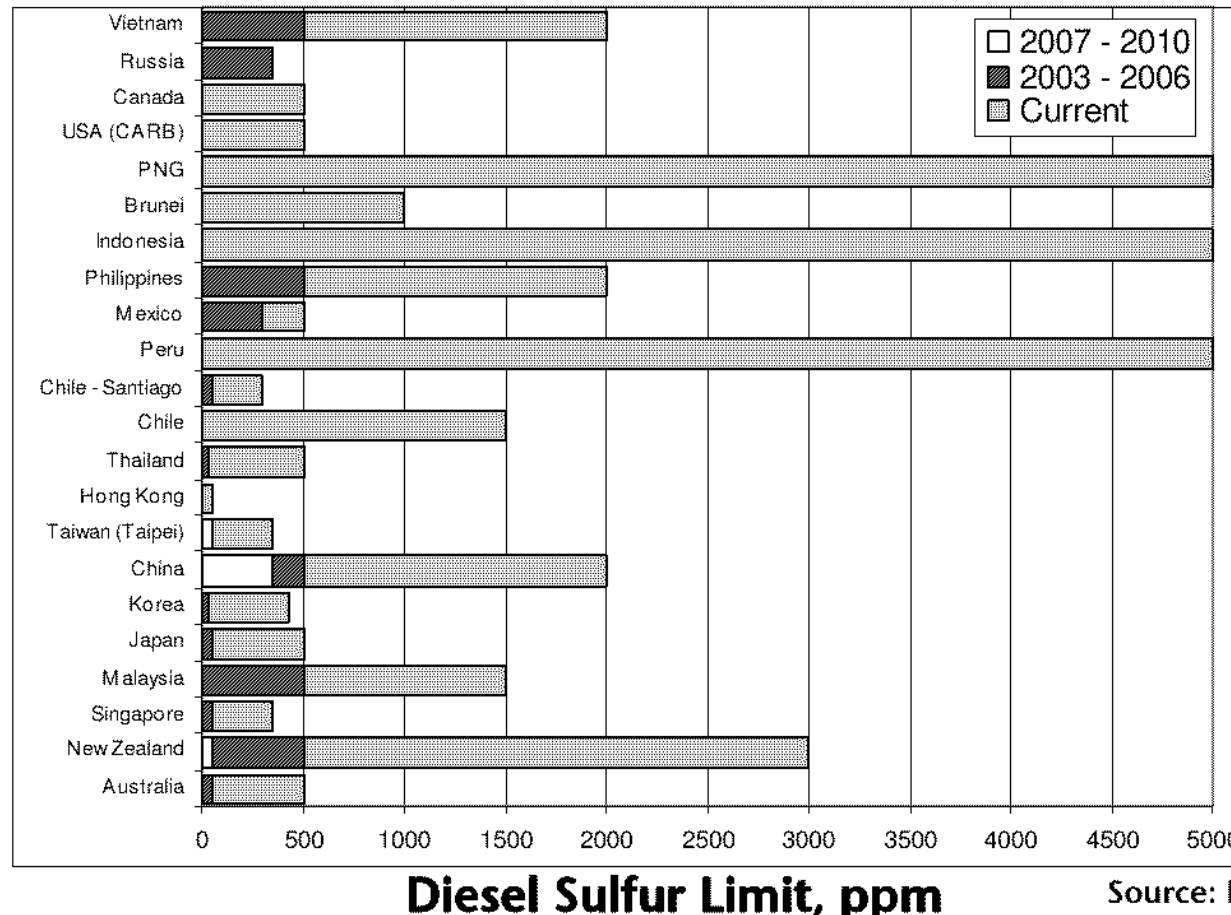
- Australia is moving to more stringent product quality standards in 2006. The main limits for 2006 are :
 - Gasoline - maximum 1% benzene;
 - Diesel - maximum 50 ppm sulfur
- Australian quality gasoline should be available from the Asian region:
 - 2008 PULP 50 ppm sulfur will be less readily available
- Australian standards will be comparable with the more economically advanced countries and cities in the Asian region
- Reduction in sulfur levels in Diesel across Asia will be a challenge for the Asian refinery complex :
 - Hydrogen availability and limited desulfurisation capacity will be issues



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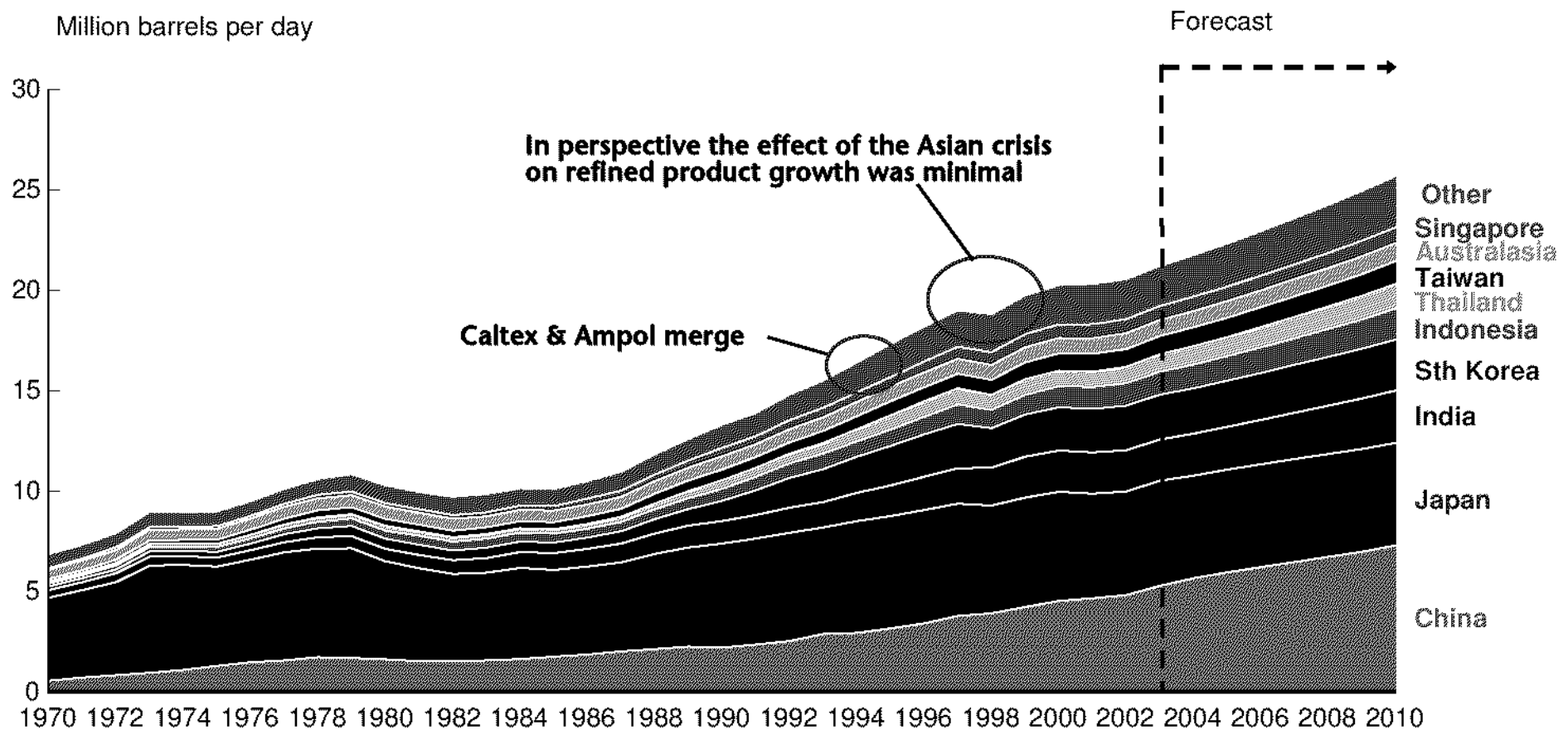
Structural change : Asian clean fuel implementation will be piecemeal

- Investment requirements climb to over US\$ 32 billion as the region moves to more advanced fuel quality by 2012
- Korea, Japan & Taiwan are likely to lead the drive toward cleaner fuels
- Sulfur reduction will be the primary focus among most APEC member economies through the end of the decade





Asian demand recovers at pace

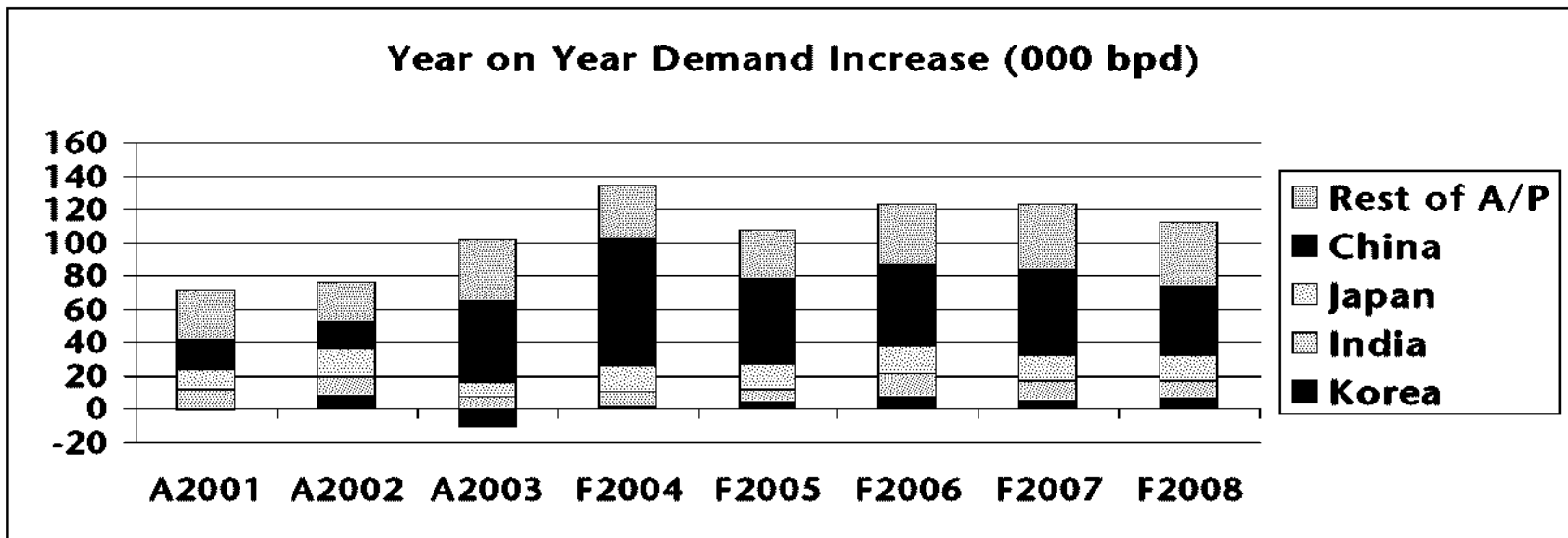


Forecast East- West Centre, 2004



Asia Pacific gasoline outlook

- Asian gasoline balance is moving from surplus towards balance
- Asian gasoline demand is continuing to grow even though weak economic periods. Cumulative increase forecast to be over 700,000 bpd from 2003 to 2008
- Increases in Chinese gasoline production capacity are being absorbed by deficits in Japan and Indonesia and significant demand increases within China itself

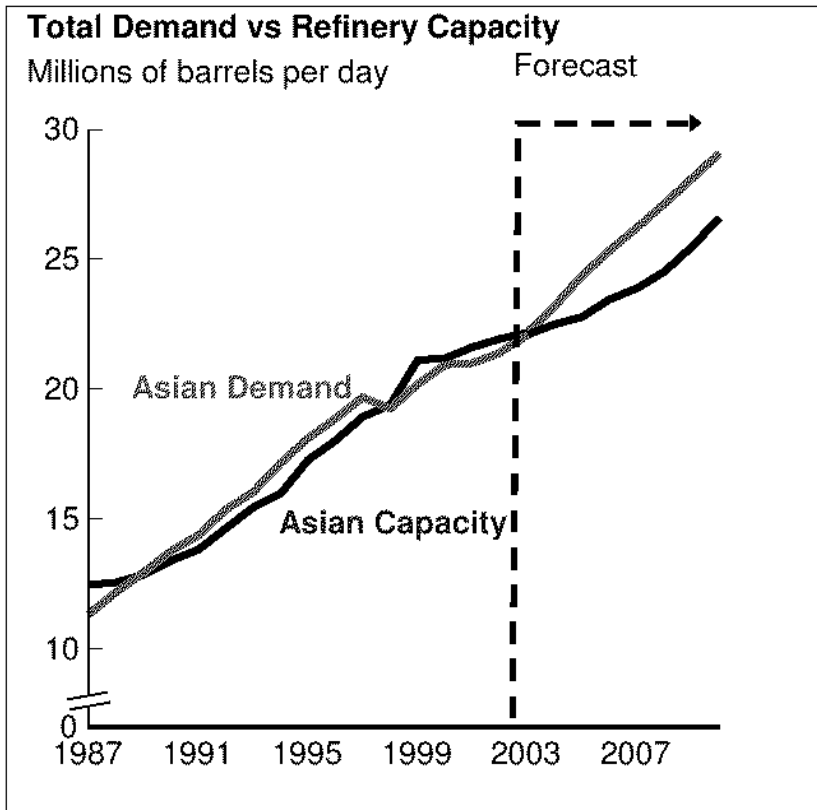


Source: ESI (April 2004)



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Capacity growth will happen but the investment cycle may be longer than previous cycles



- Planned capacity additions are below projected demand growth
- Capacity expansion will be concentrated mainly in China and India

* Forecasts based on 'steady growth' Asian demand scenario (CAGR 4.0% 2004–2010) & 'forecast build' Asian Crude Distillation Capacity scenario (CAGR 2.6% 2004–2010)

Source: Historic : BP Statistical Review (1987–2002); Forecast East- West Centre, Port Jackson Partners 2004



Overall summary - outlook for key drivers

- Australia is moving to more stringent product quality standards
- Australian grade quality gasoline will be available but less readily from the region
- Australian grades are likely to enjoy higher premiums
- These higher premiums are likely to persist for a number of years
 - minor refinery changes <1 year, however
 - refinery investment lead time is about 3 years

- | | | |
|--|--|-------------------------------------|
| • Singapore margins | - Improving trend
- (Moving from bottom of long term cycle) | ⇒ Margins better |
| • Australian supply/demand balance | - Has improved and likely to remain short
- (long term structural improvement) | ⇒ Utilisation improved |
| • Australian product quality-2006 specifications | - Positive | ⇒ Improved margins |
| • Relative cost of crude | - Likely to be higher cost due to factors driving improved Singapore margins and product quality | ⇒ Partly offset margin improvements |



Table of contents

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Caltex refineries are more complex than their Asian competitors

- **Simple refinery** - crude distillation, hydrotreating of middle distillates, catalytic reforming of naphtha to enhance gasoline yields
- **Complex refinery** - simple refinery plus a catalytic cracker, alkylation plant plus some gas processing

Yield	Simple	Caltex
Gasoline	15%	54%
Jet Fuel	10%	13%
Distillate	25%	30%
Residual/Fuel Oil	45%	3%
Fuel Loss/ (Gain)	5%	
Total	100%	100%

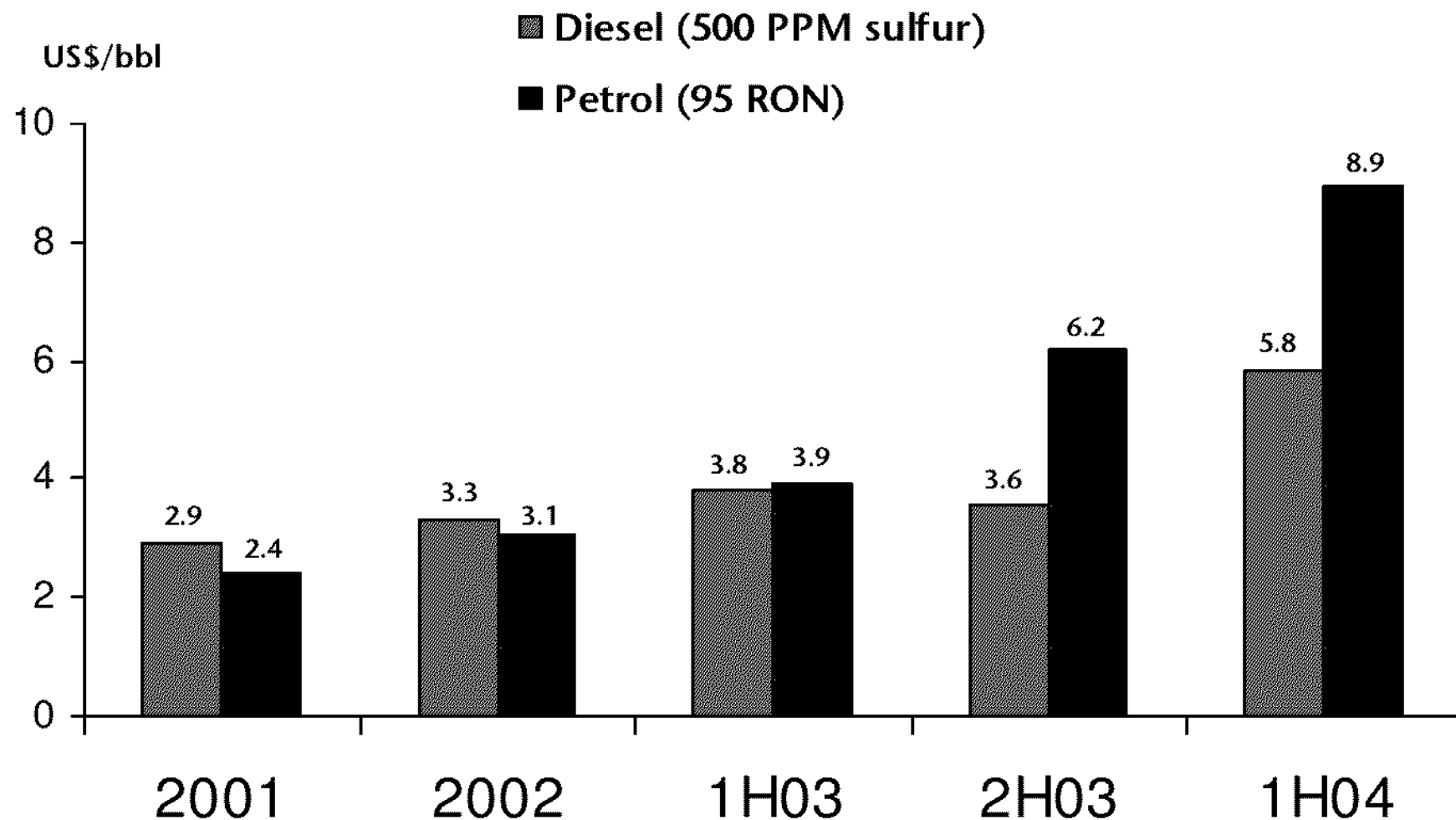
The major driver of Asian refiner economics

A major driver of Caltex refiner economics



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Caltex has benefited more from the firming Gasoline margins in Asia



Based upon Singapore quoted prices relative to Tapis quoted days



Singapore margins are recovering

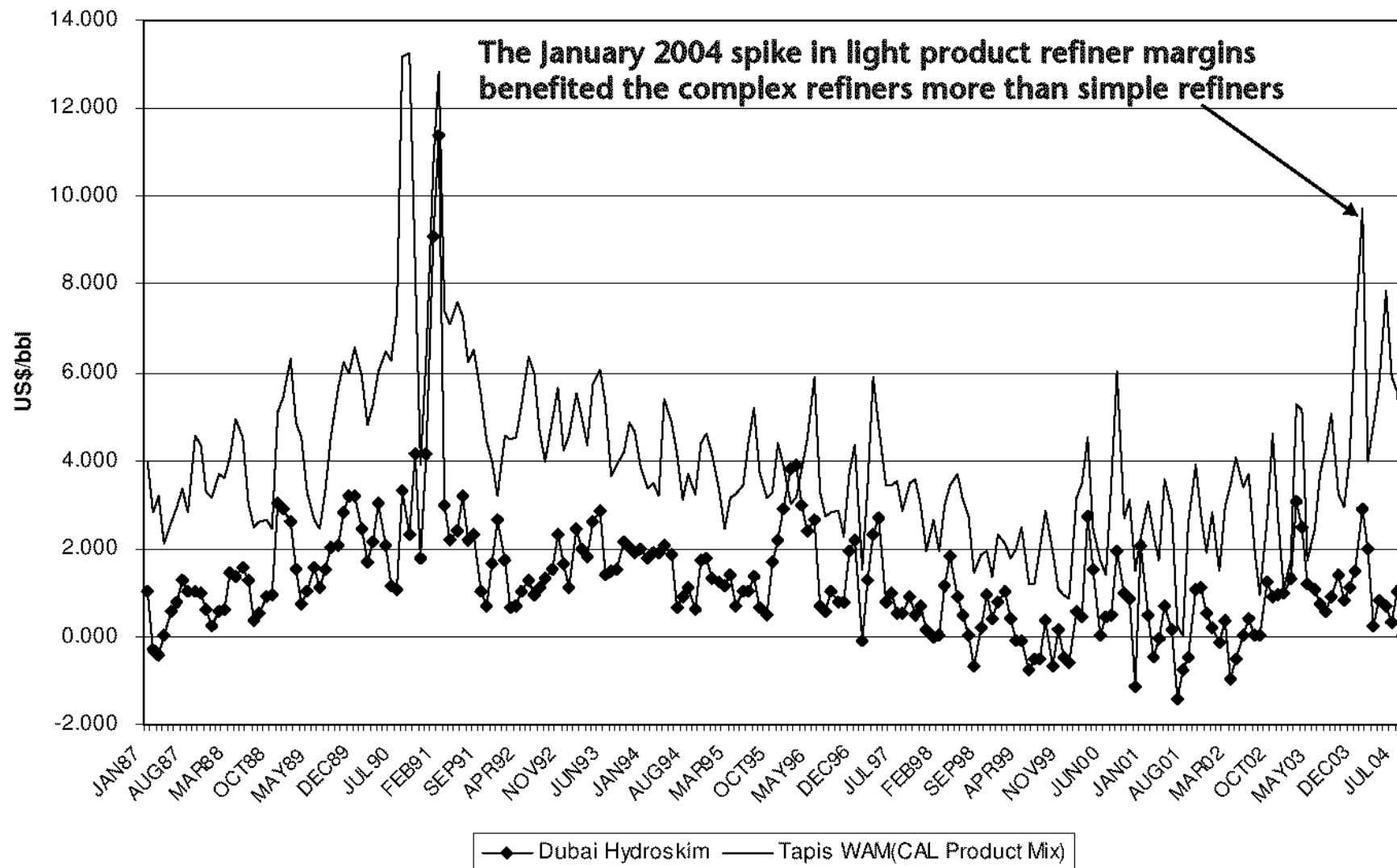




Table of contents

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Caltex Australia opportunities

- How will Caltex take advantage of the positive changes in both the Asian and Australian market fundamentals :
 - Company wide focus on incident free operations
 - Lifting refinery utilisation post clean fuels to 85%
 - Reducing unit operating costs
 - Supply chain focus, crude to customer : excellence of execution in a short market is paramount
 - Invest to upgrade marketing infrastructure and brand



Caltex dividend policy

- The company intends to pay ordinary dividends of 20% to 30% of the Replacement Cost Profit After Tax (excluding significant items) in 2004 and 2005
- Post 2005, Caltex intends to increase the pay-out ratio to a range of 40% to 60% of Replacement Cost Profit After Tax, also excluding any significant items
- Surplus cashflow above the target pay-out ratio of 40% to 60% will be distributed via a special dividend and/or other capital management initiatives
- The company is targeting a capital structure with gearing (Debt/Debt plus Equity) between 20-25% and core debt (excluding lease liabilities) in the range of A\$400 million to A\$500 million
- All foreseeable future dividends will be fully franked (franking account at 30 June 2004 is A\$186 million)
- The declaration and amount of dividends are at the sole discretion of the Board and are dependent on Caltex's earnings and cashflow requirements and financial conditions at that time

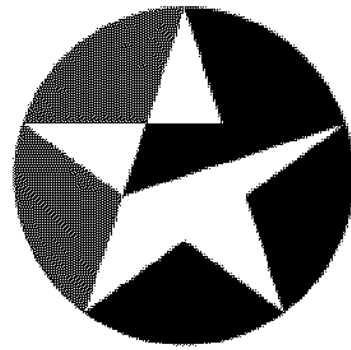


Caltex- the journey

- ☒ Caltex is the market leader in Australia
- ☒ Caltex is investing to maintain its leadership, clean fuels investment
- ☒ Debt is under control, credit rating lifted to BBB+ stable
- ☒ Clear dividend policy is now in place
- ☒ Caltex is now part of the Standard & Poor's ASX 100 index
- ☒ Venture with supermarket

Our focus is :

- ☐ On Safety: Incident Free Operations
- ☐ Raising refinery utilisation
- ☐ Being the best in the markets we choose
- ☐ Crude and fuels supply chain
- ☐ Lower unit costs
- ☐ Returns to our shareholders



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Good To Great

**SHOW YOUR CAR
YOU CARE.**

Vortex
Premium petrol formulated
to look after your car.

CALTEX
the pet care is

The advertisement banner features a man in a dark suit standing next to a silver car parked at a Caltex gas station. The background shows a gas station canopy and a clear sky. The text "SHOW YOUR CAR YOU CARE." is prominently displayed in the center. On the right, the "Vortex" logo is shown with the tagline "Premium petrol formulated to look after your car." Below this, the Caltex logo and tagline "the pet care is" are visible.



Table of contents

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- III. The changing landscape :
 - I. Structural or cyclical?
 - II. The Caltex advantage
- IV. Caltex Australia strategy
- V. Appendices



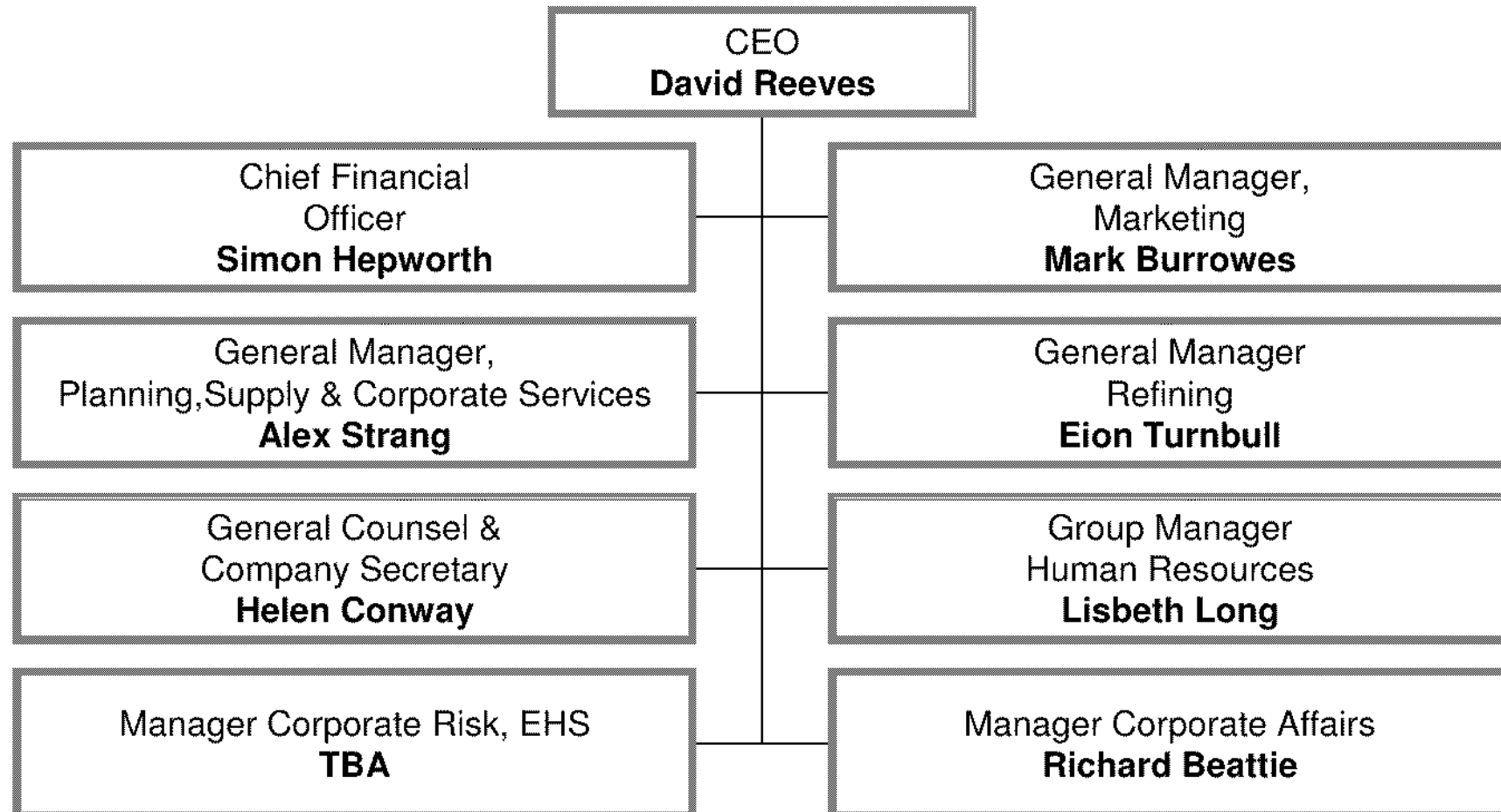


Introducing Dave Reeves

- Dave was appointed as Managing Director and CEO in August 2003 and has a 3 year contract
- Before joining Caltex, Dave was President of North America Products at ChevronTexaco, responsible for refining and product marketing activities, pipeline transportation and ChevronTexaco's global aviation fuels marketing
- Dave joined Chevron in 1978 and has a degree in Civil Engineering from University of Washington



Caltex Leadership Team

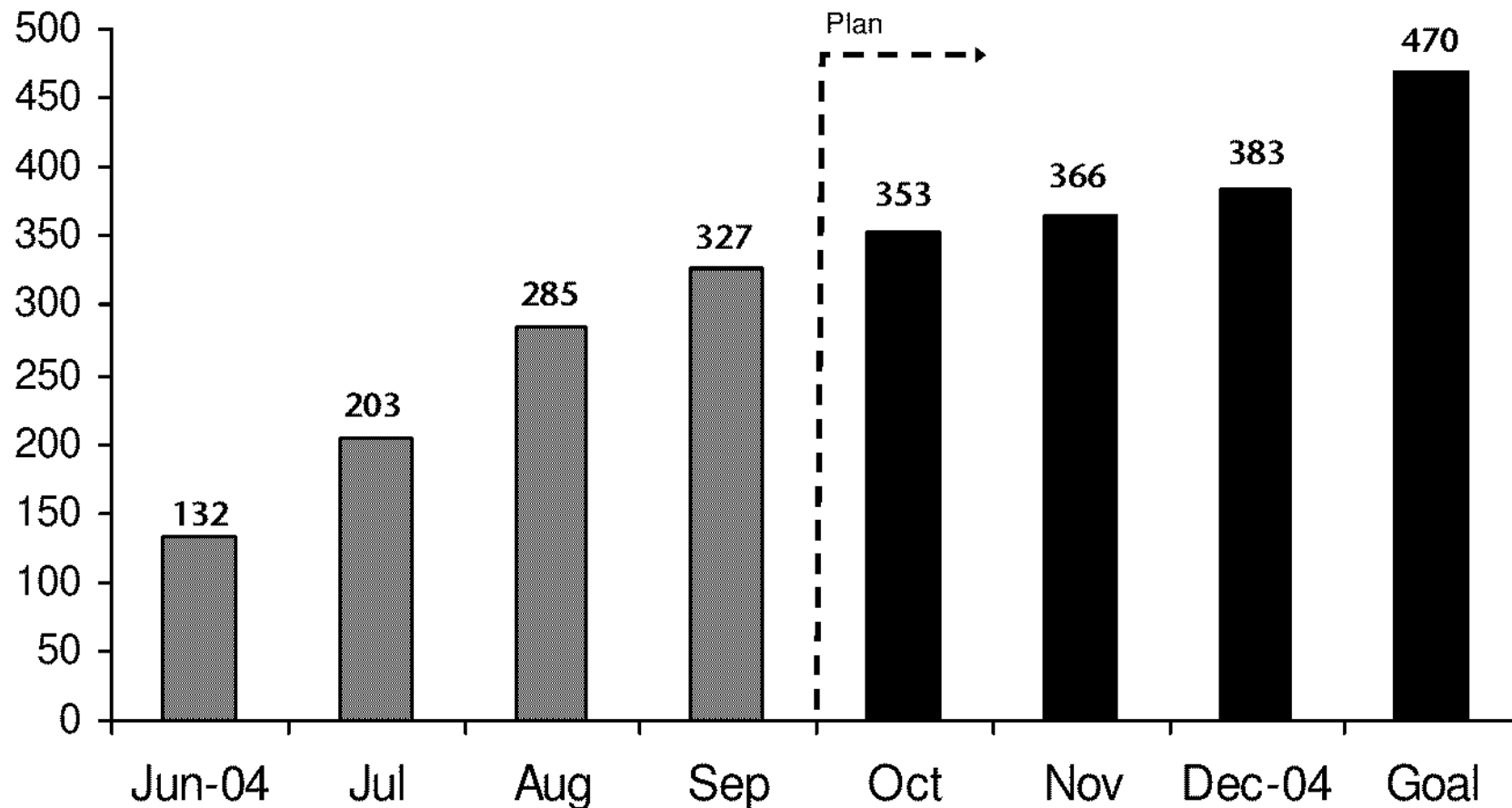




Woolworths: volume and rollout

- Fuel volume at converted Caltex venture sites has seen an average increase of 80% over the same period last year

No Site Rollout





The Clean Fuels Project



- Clean Fuels Project approved February 2004
- 1H04 saw progress on both planning and procurement
- Site work has now begun at both refineries.



Shareholding profile overview

- As at August 2004 Caltex has approximately 22,000 shareholders and has 270 million shares outstanding
- There is only one class of equity security, fully paid ordinary shares
- The shareholding profile at August 2004 was :
 - ChevronTexaco 50.0%
 - Australian institutional investors 23.0%
 - Overseas institutional investors 9.3%
 - Retail and other investors 17.7%
- Please refer to the latest annual concise report to view the breakdown of the 20 largest holders of Caltex shares as at the relevant date



Disclaimer

This presentation for Caltex Australia Limited is designed to provide a high level overview of aspects of the operations of the Caltex Australia Group. The material set out in the presentation is current as at 11 October 2004.

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