



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Caltex Australia

Business Description

Caltex Australia Limited (CTX) is a transport fuel supplier, convenience retailer as well as integrated oil refining and marketing company. It operates two major refineries at Kurnell in Sydney and Lytton in Brisbane. The company also operates with a myriad of subsidiaries; Caltex Australia Custodians, Caltex Australia Petroleum, Caltex Fuel Services, Petroleum Services, Hunter Pipe Line Company, B&S Distributors and Jet Fuels Petroleum Distributors.

Strategy Analysis

CTX strategy is based on lifting refinery utilisation rates so it can take full advantage of excess demand for refined product in Australia. Refiner margins can be volatile but high refinery utilisation rates and strong marketing activities are important in driving operating cash flow and earnings. This allows for the reduction of debt levels and improving the return on equity and the return to shareholders. The alliance with Woolworths underpins volume growth. The CEO aims to lift CTX into the top quartile in terms of total shareholder return and to eliminate earnings volatility - a very big task. Caltex Australia reported NPAT up 91% to \$270m for the half-year ended 30 June 2011. The result includes product and crude oil inventory gains of approx. \$157m after tax due to the significant rise in the crude price through the half, compared with product and crude oil inventory losses of approx. \$8m after tax for the first half of 2010. Revenues from ordinary activities were \$11.0bn, up 21% from the same period last year. Diluted EPS was 99.9 cents compared to 52.3 cents last year. Net operating cash flow was \$107m compared to \$116m last year. The interim dividend declared was 17 cents compared with 30 cents last year. The Marketing outlook remains positive. However, despite improvements in the regional supply demand balance, the refiner margin environment continues to be uncertain due to the continuing strong A\$ and the size of the light-heavy spread.

27 January 2012

Recommendation

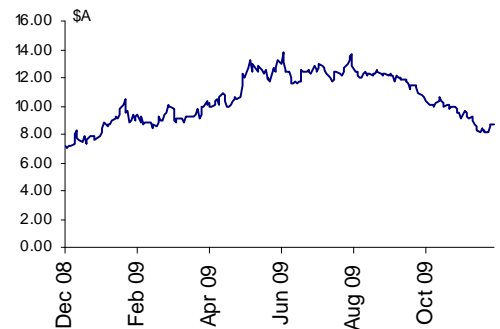
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CTX
Stock price: \$12.37
Market cap: \$3,340m

	Y/E 31/12/2012	2011e	2012e	2013e	2014e
Reported e	\$m	344.7	351.7	446.2	338.7
Adjusted e	\$m	258.5	349.9	444.4	336.9
EPS adjusted	¢	95.7	129.6	164.6	124.8
EPS growth	%	-18.7	35.3	27.0	-24.2
PE	x	12.9	9.5	7.5	9.9
PE relative	x	1.1	0.9	0.8	1.1
DPS	¢	45.1	67.6	85.8	65.1
Yield	%	3.6	5.5	6.9	5.3
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Marketing	88.4	0.0	3.6	-4.0%	15.0%
Refining & Supply	11.6	0.0	0.2	-7.0%	25.0%
Total	100.0	0.0	3.8		
Results by Geography				Dividend Reinvestment Plan	No
Australia	100.0	100.0	100.0	Shareholder Discounts	No
Total	100.0				

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