



Australia: Caltex's 2016 profit suffers refining losses

Fuel retailer and refiner Caltex Australia expects a 20% drop in underlying profit for 2016 due to lower margins in refinery.

In its 2016 full year profit outlook, Caltex Australia is expecting an underlying profit of AUS\$500-520 million for this year, representing a significant drop from the AUS\$628 million the company earned in 2015.

Total sales volumes are forecast to be approximately 16.0 BL, down less than 1% on prior year, with higher consumer and jet volumes, offsetting lower commercial sales volumes.

Higher sales of premium grades of petrol and retail diesel continue to offset the long term decline in demand for unleaded petrol, including E10, according to the company.

Caltex has suffered the biggest hit through its refining operations. Due to externalities, mainly the low prices of crude oil, its Lytton Refinery expects to lose over \$200 million in its 2016 earnings before interest and tax compared to last year.

In October, Caltex confirmed its interest in acquiring the Woolworths fuels business, which includes 530 gas stations in Australia.