



Company	Caltex Australia
Code	CTX
Meeting	AGM
Date	9 May 2019
Venue	Wesley Conference Centre, 220 Pitt Street, Sydney
Monitor	Roger Ashley assisted by Don Adams

Number attendees at meeting	61 shareholders and proxies plus 48 visitors
Number of holdings represented by ASA	129
Value of proxies	\$5.5m
Number of shares represented by ASA	212,561
Market capitalisation	\$6.7bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Steven Gregg

Into an uncertain future

[The Chair and CEO's AGM addresses](#) covered a review of 2018 events and performance.

A new long term fuel supply and convenience store agreement has followed the ACCC scotching of BP's attempted acquisition of Woolworths' service stations and has opened up the opportunity for Woolworths' Metro stores at Caltex service stations while simultaneously averting a potential profit hole.

Statutory profits for 2018 were down \$59m (9.5%) year on year including a \$128m lower refiner margin at its Lytton refinery where the margin was impacted by lower prices of (alternative) imported fuel and an unplanned outage which reduced throughput.

A first quarter 2019 update brought little comfort as net profit was down \$70m (42.7%) versus first quarter 2018 which included a \$40m drop in Convenience Retail operations. Against a trend of flat road fuel sales, the predominant growth strategy is based on building food and convenience sales on-site. The ASA asked whether this strategy would support aggregate growth into the future.

Unsurprisingly the Chair expressed confidence in the company's strategy and stated that non-fuel sales accounted for some 25% of retail sales and profits.

Other questions from the floor related to climate change and electric vehicles. In respect of the former, the Chair said that the company takes climate change seriously and is looking to what investments may be made to mitigate its effects on operations. The company believes the take-up of electric vehicles will be slow due to cost, charging times and availability of outlets as well as range anxiety. Nevertheless pilot charging outlets may be expected on company sites in 2019 and alternate fuels, such as hydrogen, are under study.

A representative of the Australasian Centre for Corporate Responsibility questioned a potential conflict for Penny Winn as a director given that she is Chair of Port Waratah Coal Services. In response she claimed a personal commitment to lower carbon emissions but that, in reality, coal is still an essential part of the energy mix.

We voted against the remuneration report predominantly because we consider the short term incentive to be excessive (up to 140% of base salary) and lacking the more challenging and transparent hurdles that are usually associated with long-term incentives.

We did, however, commend the company for its progressive stance on gender equality, sustainability reporting and policy on directors' shareholdings.

All resolutions were passed by a vote in favour of more than 95%.