



8 December 2011

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir,

**Wesfarmers Chemicals, Energy and Fertilisers Investor Site Tour**

The following presentation is to be given at a Wesfarmers Chemicals, Energy and Fertilisers Investor Site Tour on 8 December 2011.

Yours faithfully,

A handwritten signature in black ink, appearing to be "L J Kenyon".

L J KENYON  
COMPANY SECRETARY

# Wesfarmers Chemicals, Energy & Fertilisers Investor Site Tour

8 December, 2011

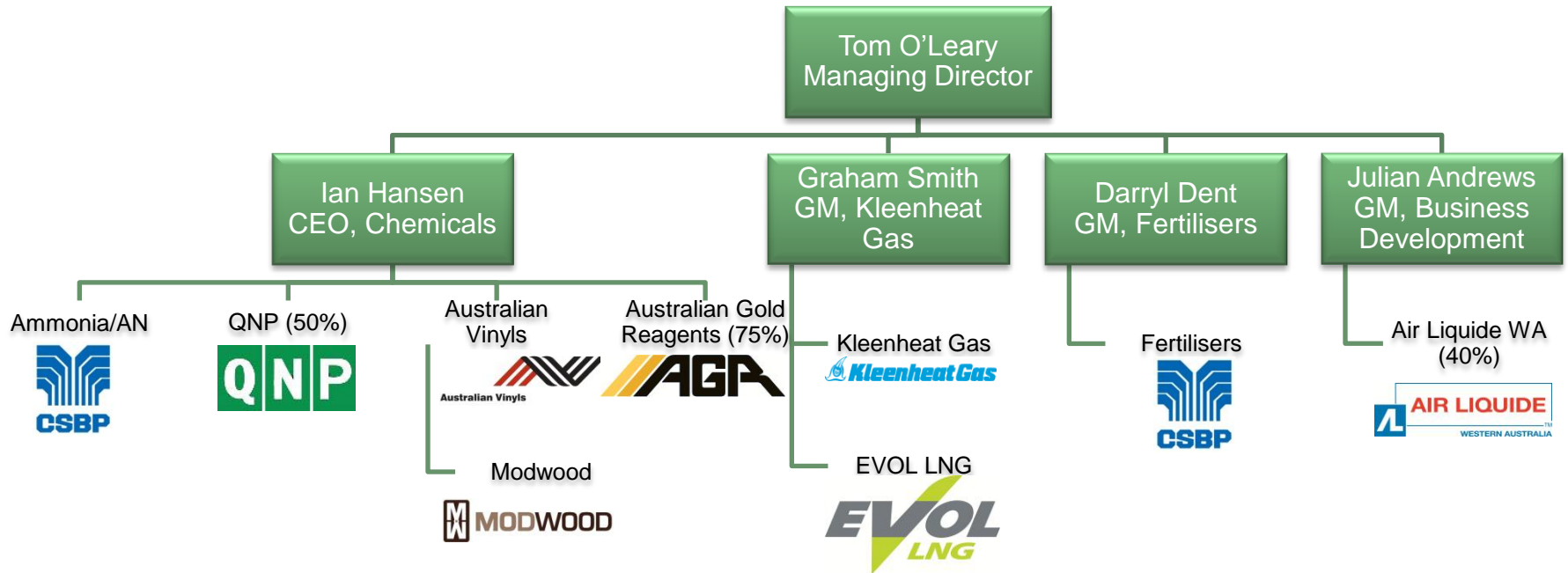
# Agenda

Item		Presenter	Time
1	Introduction	Tom O'Leary, Managing Director	11.00
2	Chemicals	Ian Hansen, CEO Chemicals	11.30
3	Fertilisers	Darryl Dent, GM Fertilisers	12.00
4	Kleenheat Gas	Graham Smith, GM Kleenheat Gas	12.30
	Q&A		13.00
	Lunch		13.15
	Safety Briefing		13.45
	CSBP Tour (Group 1), KHG Tour (Group 2)		14.00
	CSBP Tour (Group 2), KHG Tour (Group 1)		15.00
	Afternoon Tea		16.00
5	AN3 Update	Ross Martelli, GM Technical Services	16.15
6	Carbon Pricing Update	Julian Andrews, GM Business Development	16.30
7	Conclusion / Q&A	All Presenters	16.45

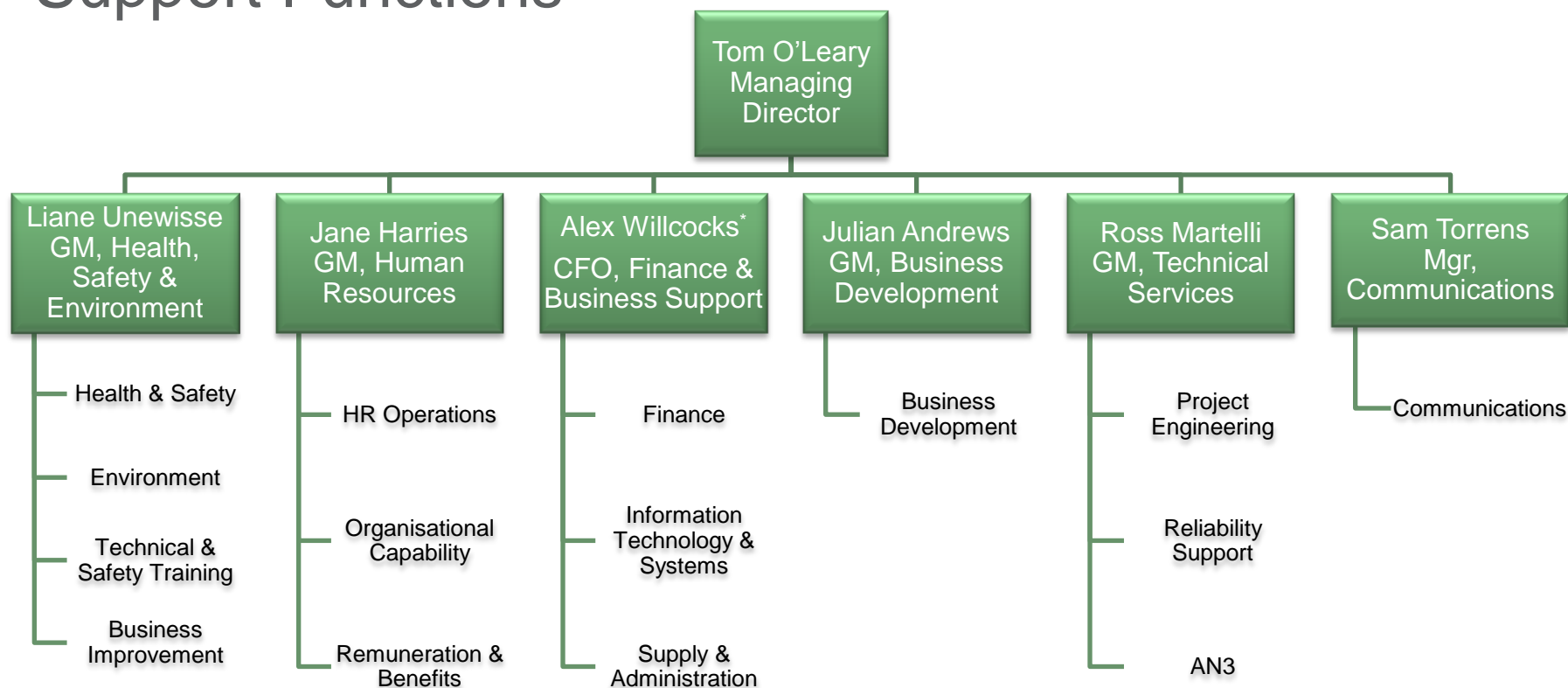
# 1. Introduction

Tom O'Leary  
Managing Director, WesCEF

# WesCEF Organisational Structure Operating Businesses

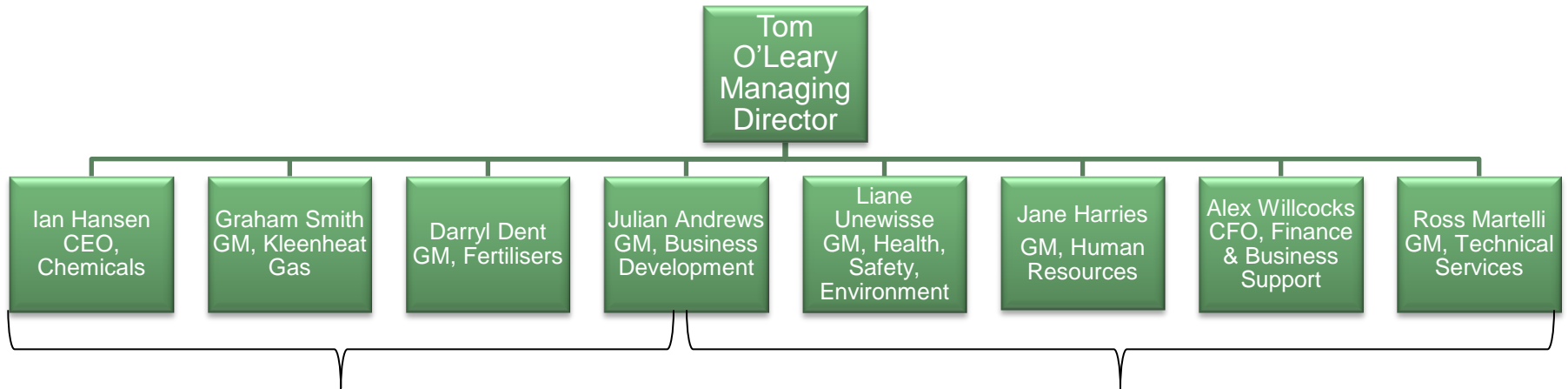


# WesCEF Organisational Structure Support Functions



\* Tanya Rybarczyk is on maternity leave

# WesCEF Leadership Team



Business Units

Support Functions



# WesCEF Objective

## OBJECTIVE

Develop a portfolio of successful and innovative industrial businesses that deliver satisfactory shareholder returns and continually strengthen our reputation for the management of health, safety and the environment.







# WesCEF Strategies

## STRATEGIES

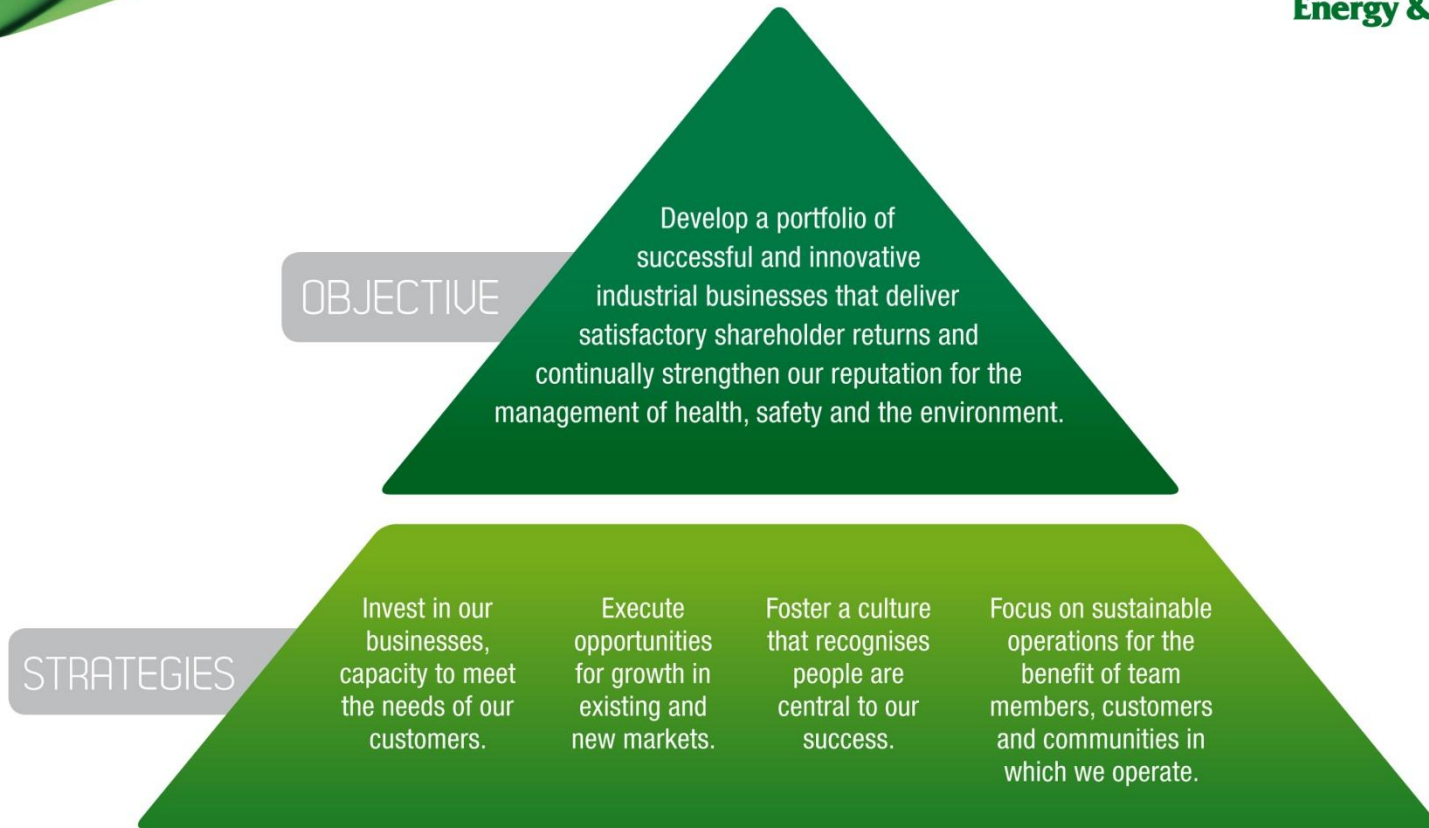
Invest in our businesses' capacity to meet the needs of our customers.

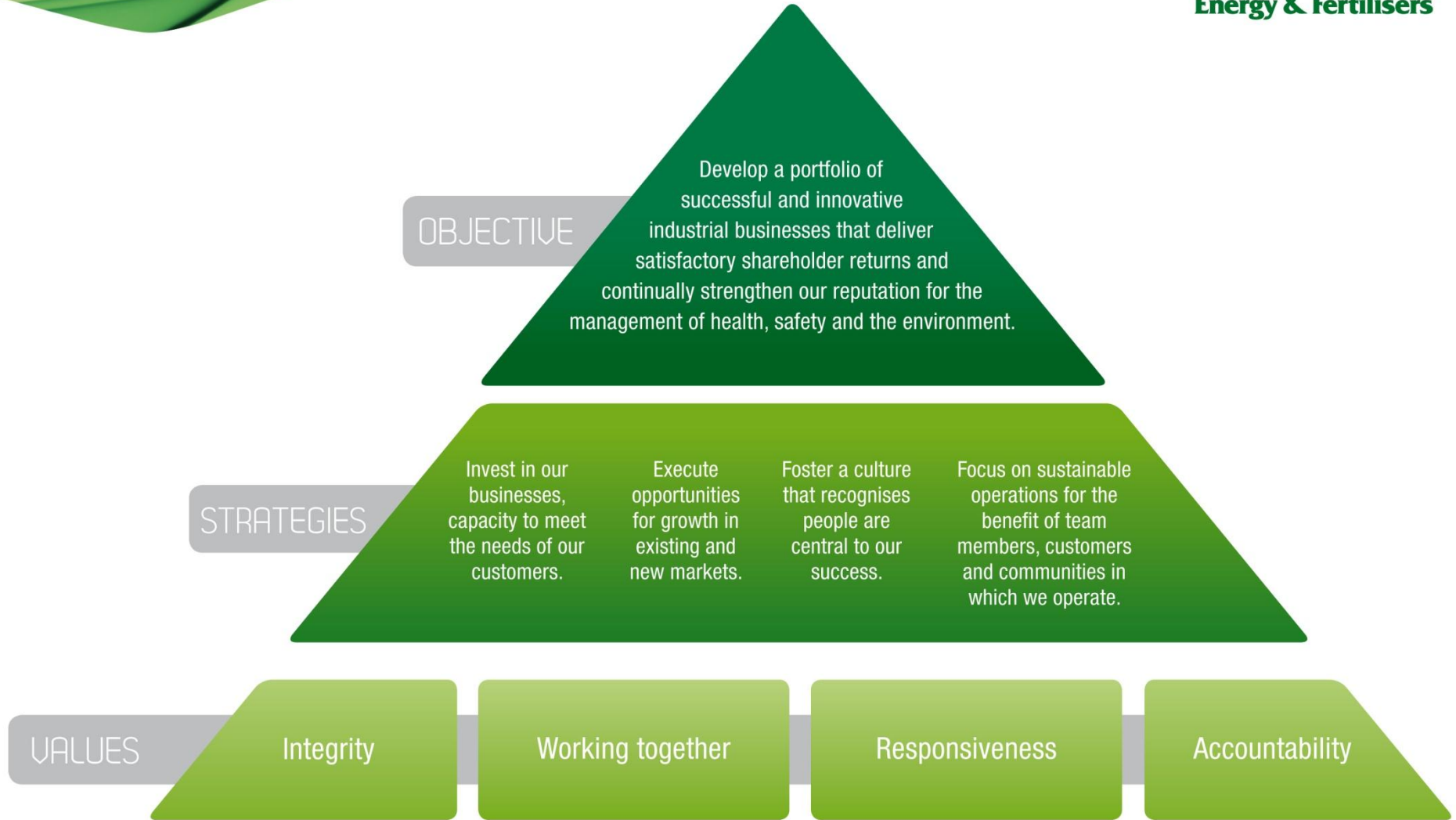
Execute opportunities for growth in existing and new markets.

Foster a culture that recognises people are central to our success.

Focus on sustainable operations for the benefit of team members, customers and communities in which we operate.

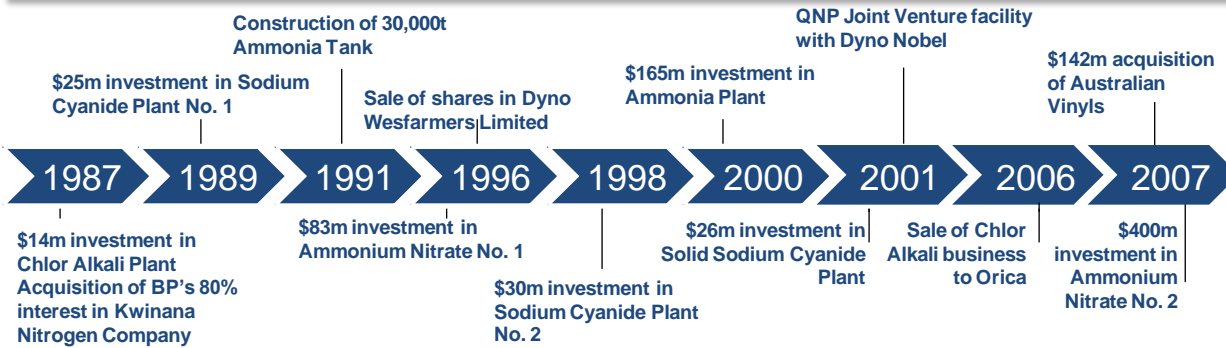




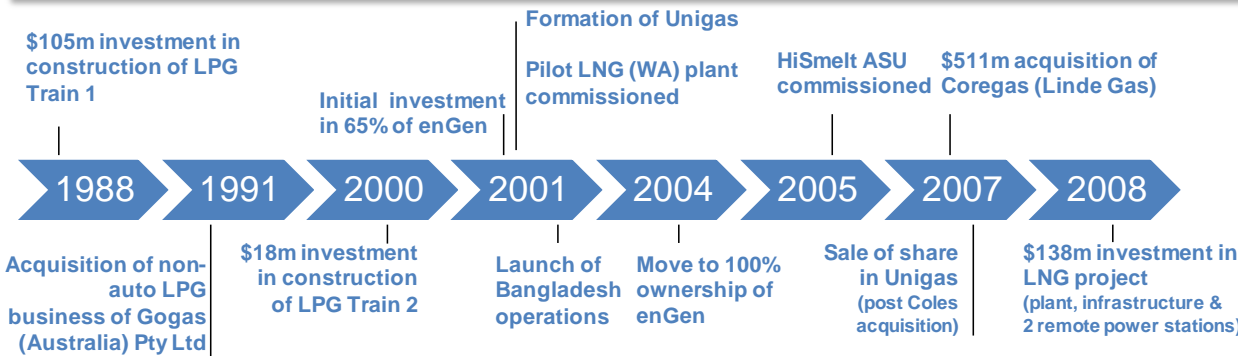


# Key Milestones

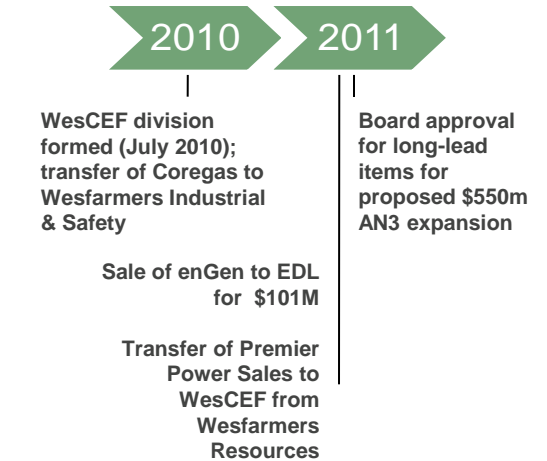
## CHEMICALS & FERTILISERS DIVISION



## ENERGY DIVISION \*



## WesCEF DIVISION

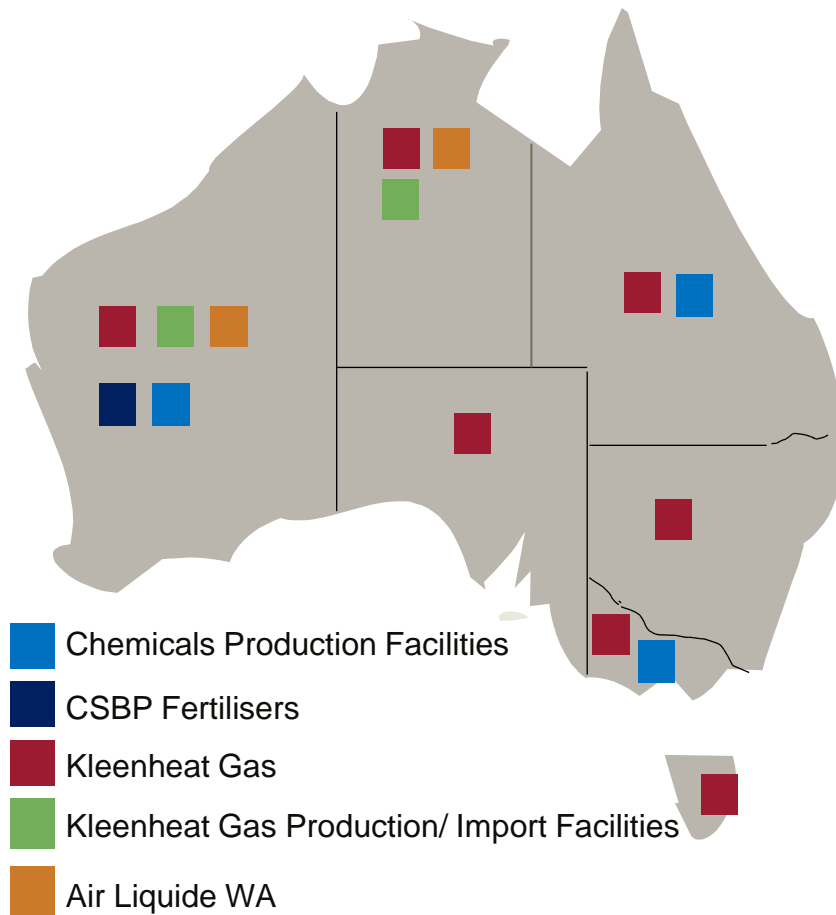


Sale of enGen to EDL for \$101M

Transfer of Premier Power Sales to WesCEF from Wesfarmers Resources

\* The Energy Division was originally combined with the Wesfarmers Resources Division prior to restructuring in September 2006

# WesCEF Today



## QUICK FACTS (At 30 June 2011)

- 1,472 employees
- 230,000 gas customers
- 300 chemical customers
- 5,000 farmer customers  
*(served through distributors)*
- 18 manufacturing plants
- 4 major hazard facilities

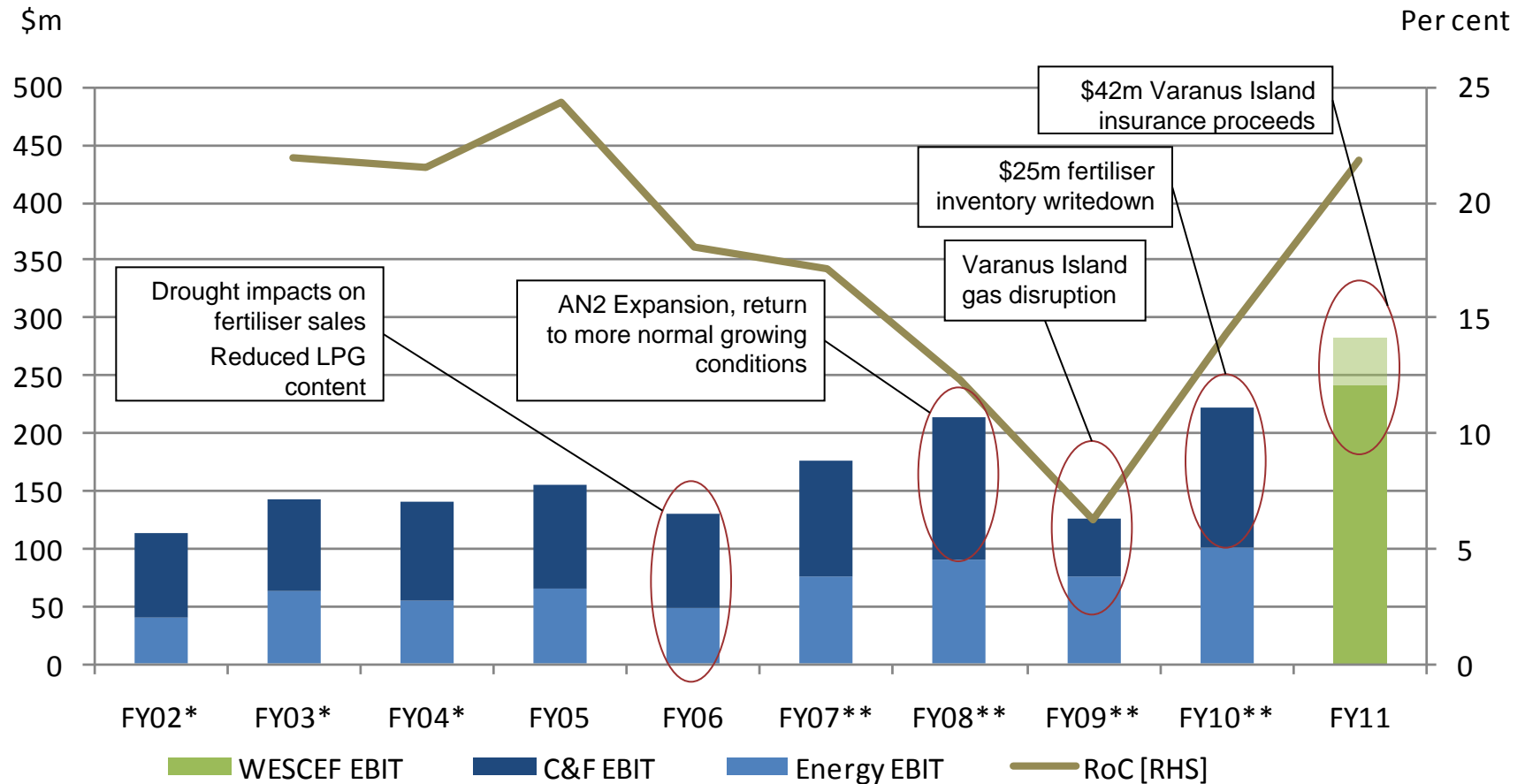


# Our People

- Highly skilled workforce
  - Engineers, chemists, environmental scientists, health & safety professionals, process operators, technical maintenance skills, finance/IT/procurement/HR professionals
- Organisational capability framework
  - Leadership Development, Talent Management, Core Capability Development



# Financial Performance – EBIT & Return on Capital



Energy division earnings restated to exclude Resources earnings

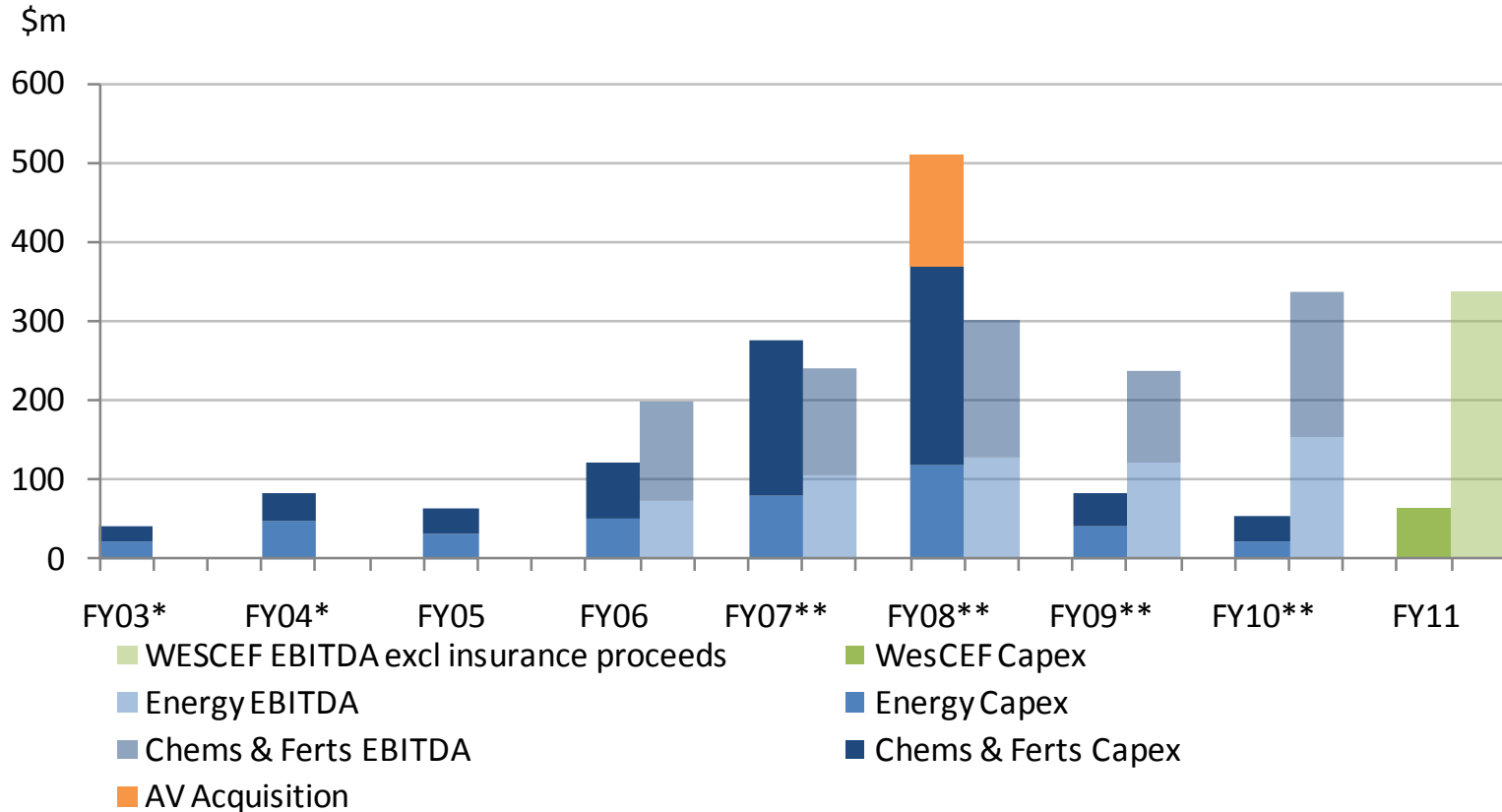
\* AGAAP, Earnings pre goodwill amortisation

\*\*FY07 – FY10 include Coregas earnings transferred from Energy division to Industrial & Safety division on formation of WesCEF





# Investment History – Capex & EBITDA



Energy division earnings restated to exclude Resources earnings

\* AGAAP

\*\*FY07 – FY10 include Coregas capital expenditure (excluding acquisition cost) transferred from Energy division to Industrial & Safety division on formation of WesCEF

\*\*FY07 – FY10 include Coregas earnings transferred from Energy division to Industrial & Safety division on formation of WesCEF



## Potential AN3 Investment

- \$550 million investment (excluding capitalised interest) to expand AN production capacity at Kwinana site, subject to final approvals
- Environmental approvals in place
- Construction of a third nitric acid/ammonium nitrate plant with production capacity of 260,000 tonnes per annum (tpa)
- Expansion would take total AN production to 780,000 tpa
- Project construction expected to be completed by Q2 FY2014, with start up in Q4 FY2014
- Customer offtake agreements close to finalisation

# Health & Safety

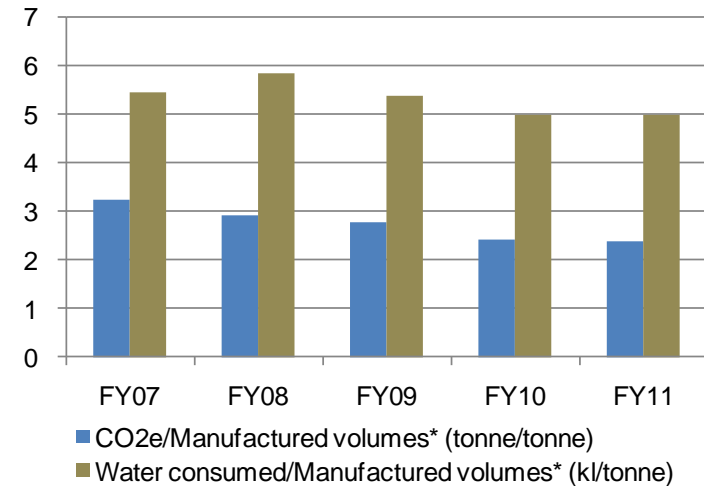
- High quality dedicated divisional health & safety resources
- Robust safety compliance systems
- Focus on process safety
- Expanded team post merger of Energy & Chemicals & Fertilisers divisions



# Environment

## Focus on:

- Continually improving performance by minimising environmental footprint
- Adopting new technologies to reduce emissions
- Utilising recycled water (Kwinana Water Reclamation Plant, AV)
- Product Stewardship



\* Manufactured volumes represent total tonnes of ammonia, nitric acid, sodium cyanide solution & PVC produced

# Community Engagement

- Ongoing investment in the communities in which we operate
  - Youth Focus
  - The Salvation Army
  - The Clontarf Foundation
  - WA Country Cricket
- Stakeholder forums & facility tours





# 2. Chemicals

Ian Hansen  
Chief Executive Officer

# Overview

## Six Businesses

- Ammonia
- Ammonium Nitrate (AN)
- Queensland Nitrates - 50% ownership
- Australian Gold Reagents (AGR) Sodium Cyanide - 75% ownership
- Australian Vinyls (AV)
  - ModWood



# Business Propositions

## Value proposition

- Reliable, competitive local supplier of quality products & services
- Reputable, responsible manufacturer & distributor
- Product development & technical service provider (AV, ModWood)

## Competitive proposition

- No 1 or strong No 2 in geographic market
- Cost competitive
- Essential inputs to customers' activities (difficult to substitute)
- Leverage manufacturing, distribution & B2B strengths

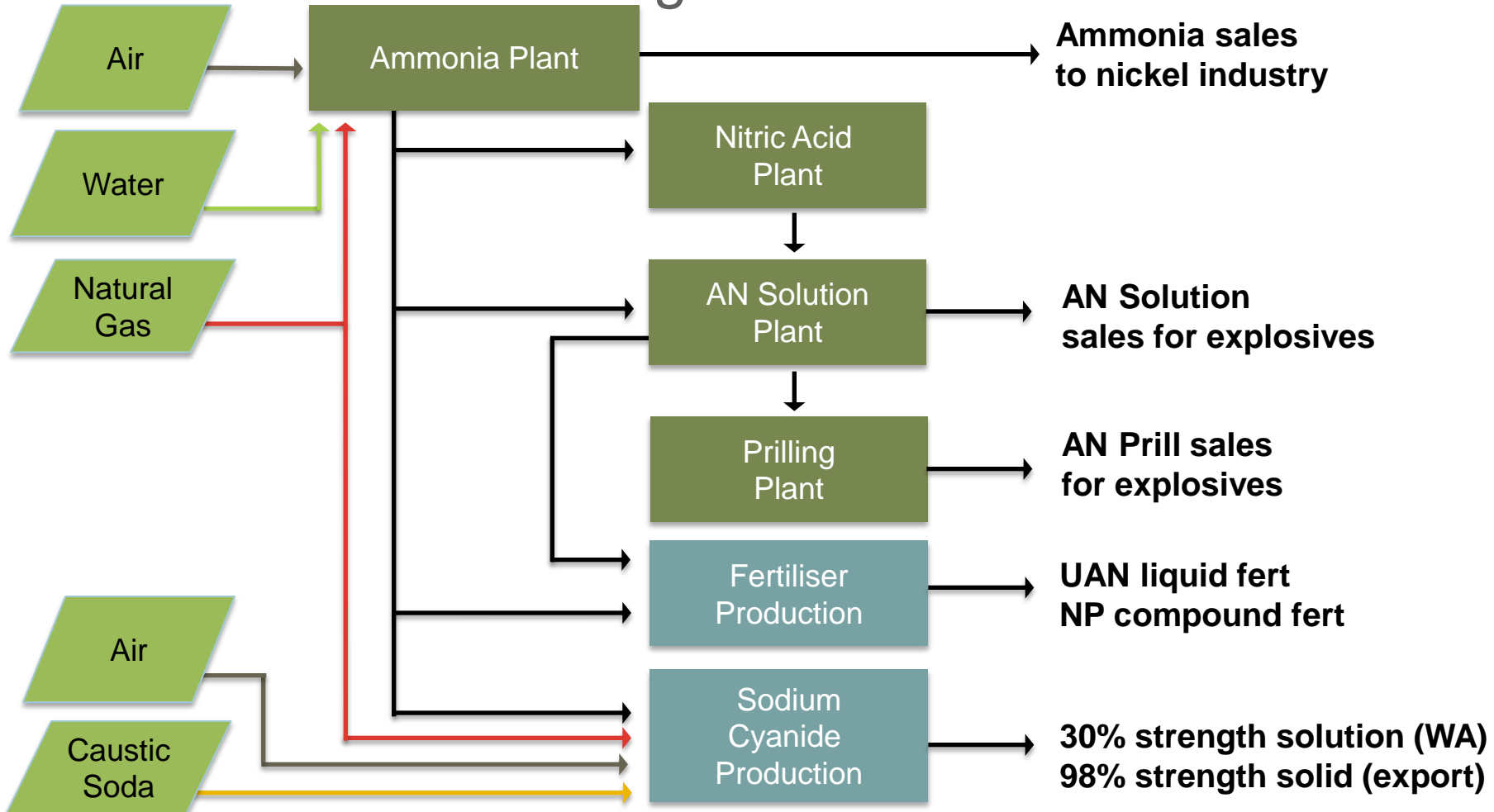




# CSBP Kwinana



# Ammonia / Kwinana Integration

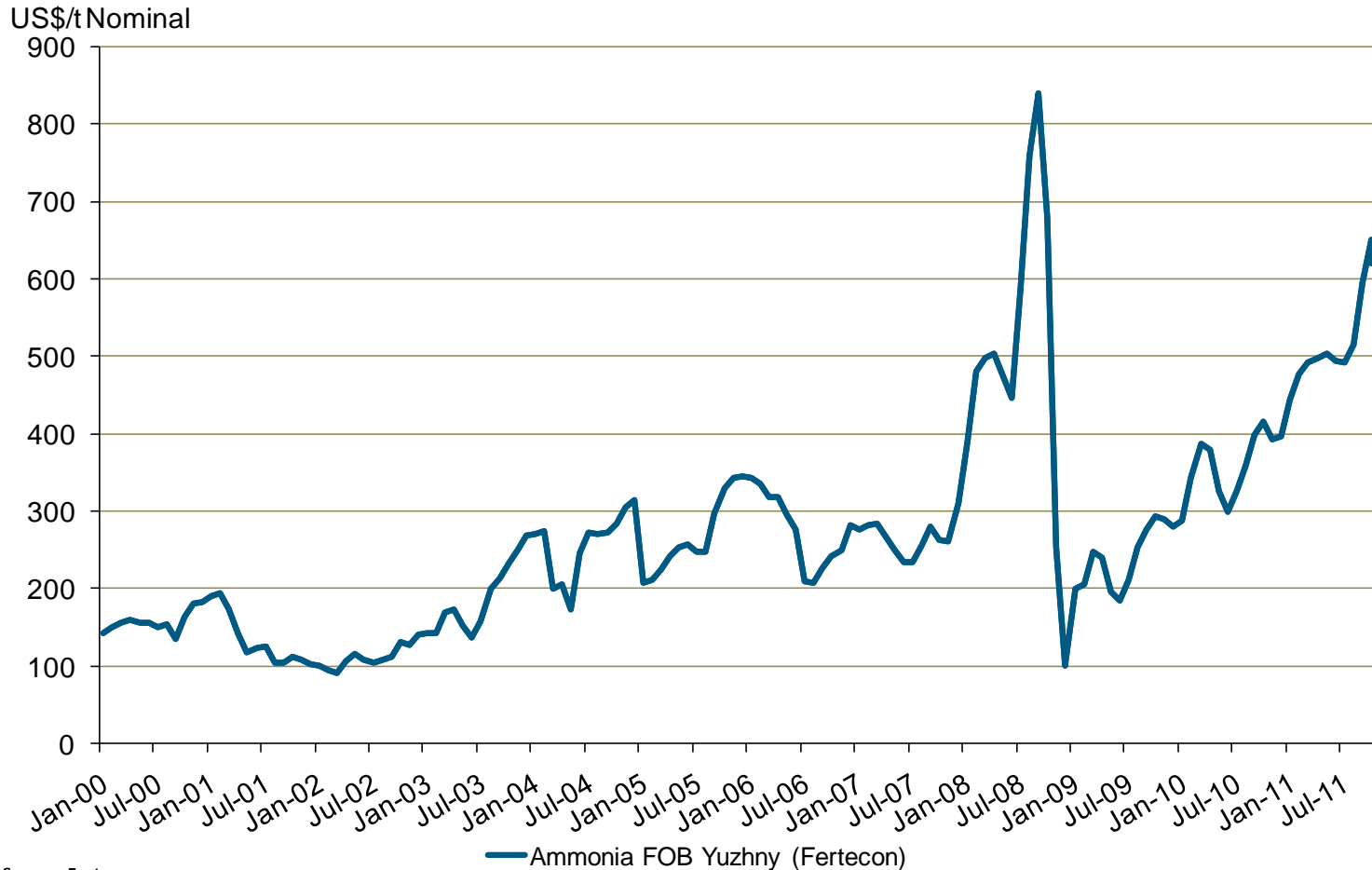




# Ammonia Business



# Ammonia Pricing



Source: Fertecon



# Ammonia Business

- 225,000 tpa plant commissioned in 2000
  - Replaced 1960s 110,000 tpa plant
- Debottlenecked to 250,000 tpa
- 40,000 tonne import/export terminal
- External customers - nickel industry (80,000 tpa)
- Internal uses
  - Ammonium Nitrate (240,000 tpa)
  - Sodium Cyanide (36,000 tpa)
  - Fertilisers (15,000 tpa)
- Current WA demand – 370,000 tpa

# Ammonia Business

- Import 120,000 tpa, increasing to 240,000 tpa subject to AN3 expansion
- Main input – natural gas
- Ammonia globally traded commodity
  - 130 million tonnes produced annually (80% of use in fertilisers)
  - Approximately 20 million tonnes annual deep sea trade
- Historically CSBP selling price back to back on gas contract
- Change to import parity as gas contracts change in the next few years

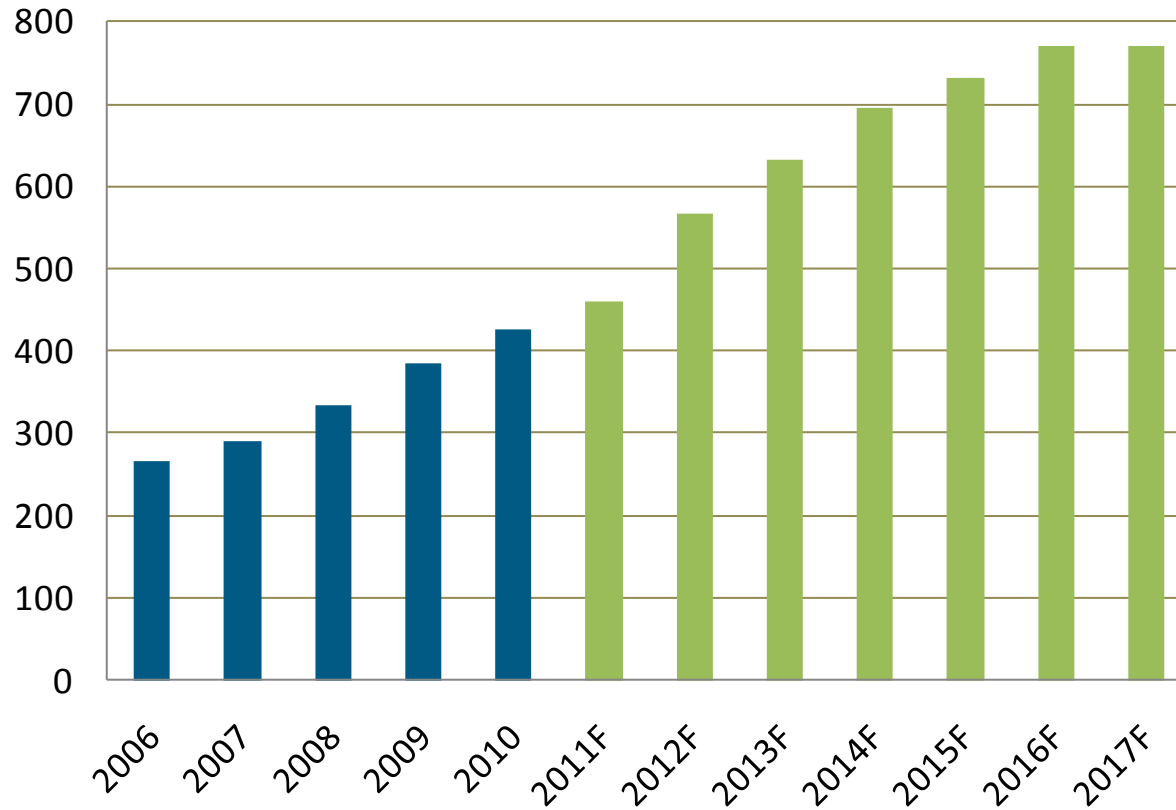


# Ammonium Nitrate Business



# WA Iron Ore Production

Tonnes (m)



Source: AME Group

■ Actual

■ Forecast (AME Group)



# Ammonium Nitrate

- 200,000<sup>1</sup> tpa AN plant commissioned in 1996
  - Replaced 1960s 120,000 tpa plant
- Debottlenecked to 275,000<sup>1</sup> tpa
- Duplicate commissioned in 2008 increasing production to 550,000<sup>1</sup> tpa
- Manufacture Nitric Acid, AN solution (ANsol) & AN prill
- ANsol used in Flexi-N (fertilisers), emulsion (explosives) & AN prill production
- 350,000 tpa prill plant commissioned in 2008
  - Replacing 180,000 tpa unit
  - Increased capacity, much lower environmental emissions (90% reduction)
  - Debottlenecked to 435,000 to 450,000 tpa

<sup>1</sup> In a non-shutdown year

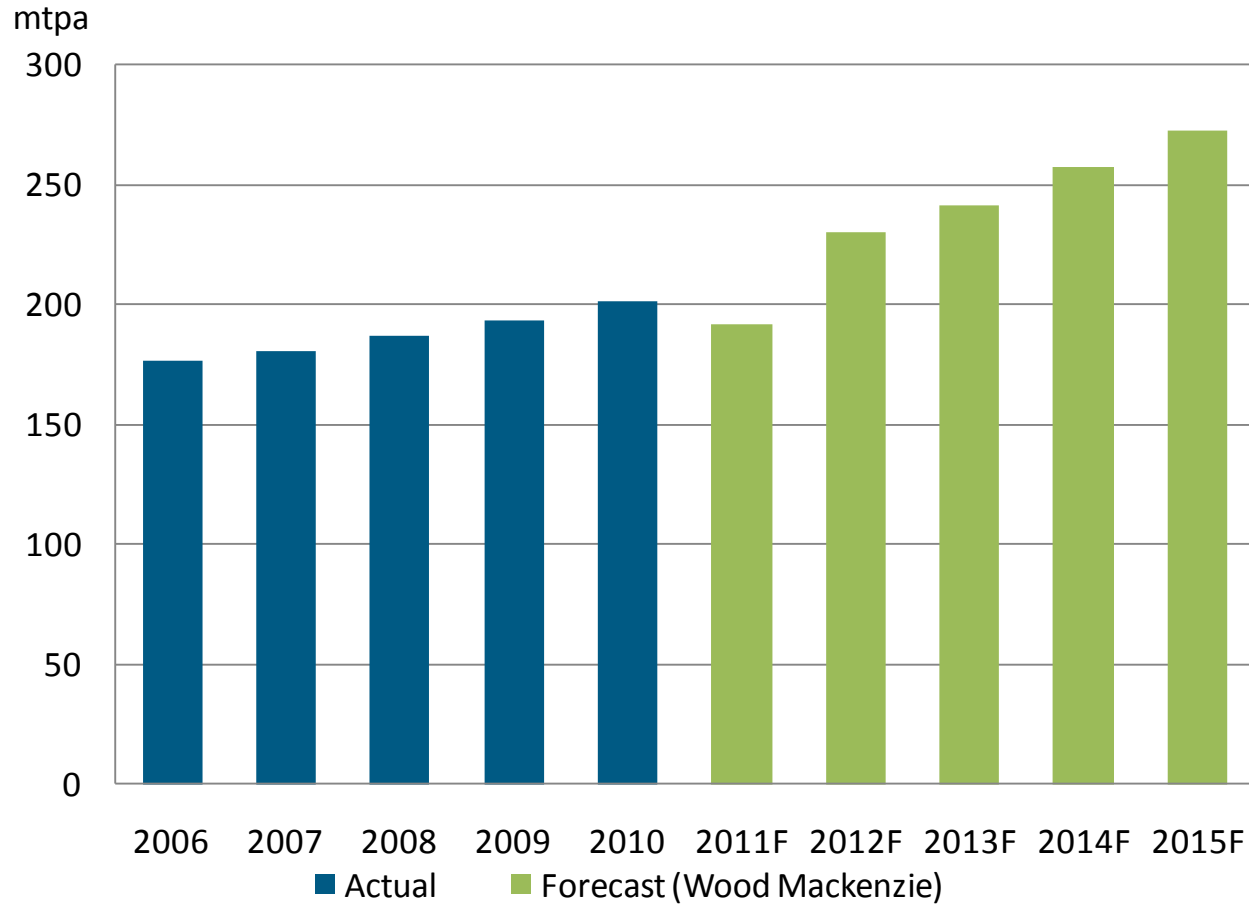
# Ammonium Nitrate

- Sole Western Australian (WA) producer
- Import competition from overseas & eastern Australia
- ANsol & AN prill sold to explosives sector
  - Explosives companies or mining houses that supply AN as ingredient to explosives companies
- Volumes being driven by investment in WA iron ore industry
- Pricing structure allows for raw material movement – import parity based
- Long term contracts – 5 to 10 years underwriting investment

# Queensland Nitrates



# Queensland Coal Production



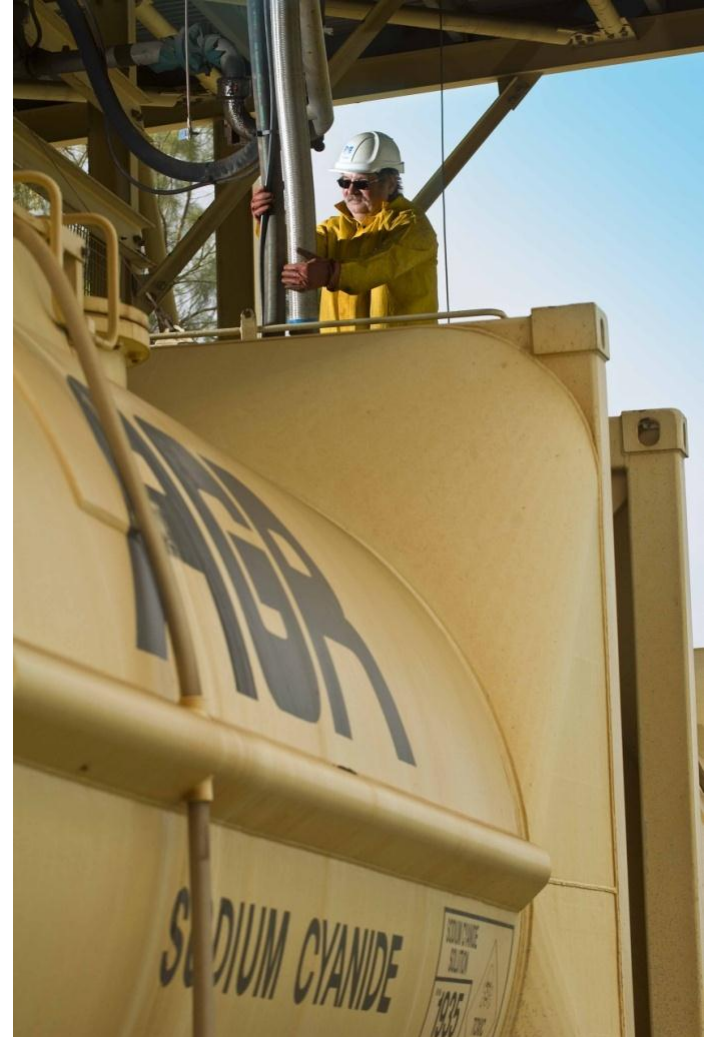
Source: Agricultural Bureau of Agricultural and Resource Economics and Sciences (ABARES), Wood Mackenzie

## Queensland Nitrates

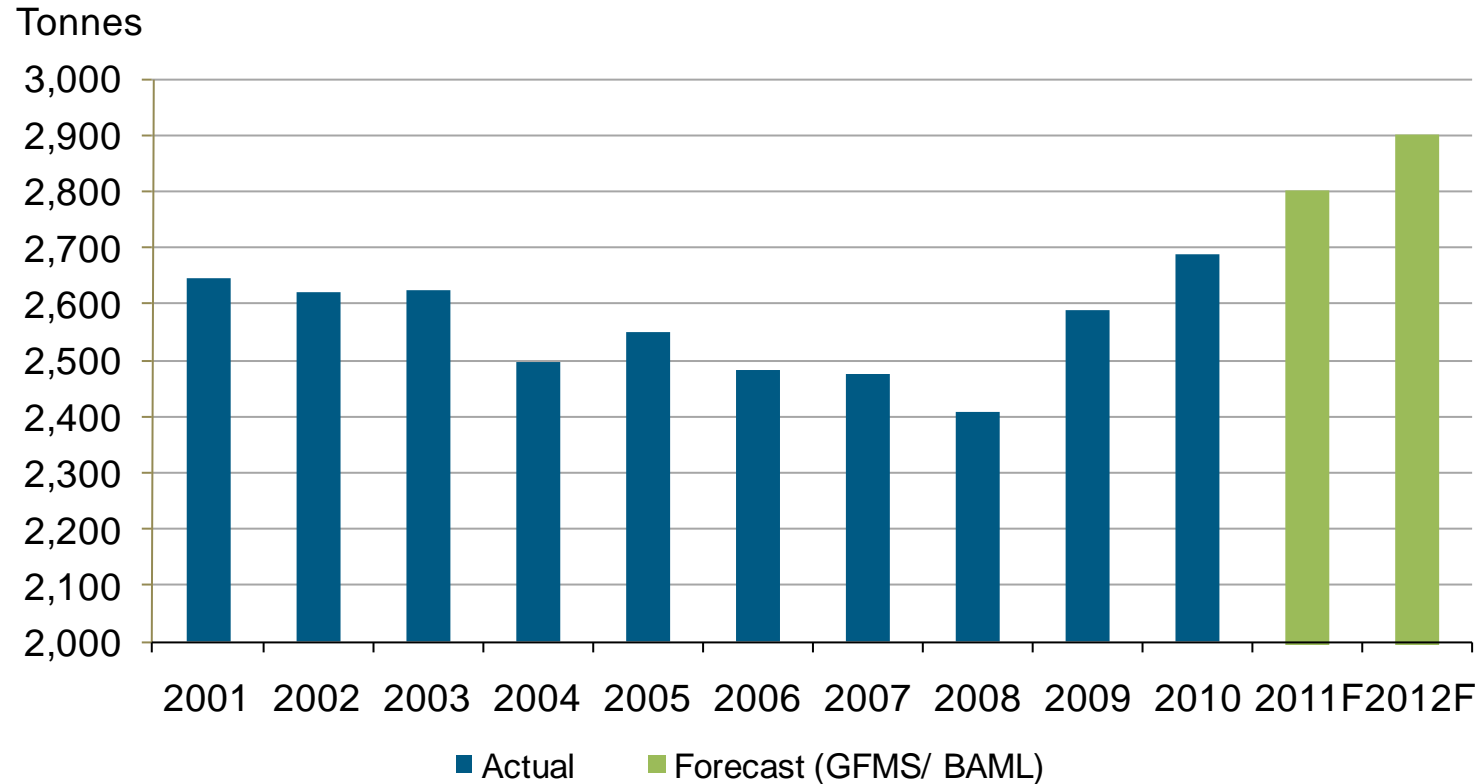
- Integrated Ammonia/ Nitric Acid/ Ammonium Nitrate/ Prill
- 180,000 tpa plant commissioned in 2000
- Project financed
- Debottlenecked to 220,000 tpa, now targeting 227,000 tpa
- Requires purchased ammonia to produce additional AN
- Supports Bowen Basin coal industry
- Natural gas feedstock
- Long term customer contracts
- Identifying next debottleneck/expansion opportunities



# Sodium Cyanide



# World Gold Mine Production



Source : GFMS – Gold Survey 2011 and Bank of America Merrill Lynch

## Sodium Cyanide (SCN)

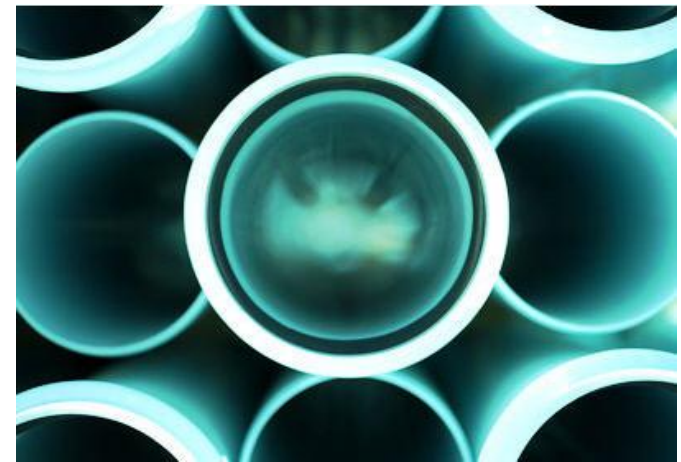
- Used in the extraction of gold
- Unincorporated joint venture established in the 1980s between CSBP, AIDC & Coogee Chemicals
- Current ownership CSBP (75%), Coogee Chemicals (25%)
- Australian Gold Reagents (AGR) management & sales company
- CSBP operates as sales agent for AGR
- 15,000 tpa (100%) solution SCN plant servicing WA since 1988
- Duplicate commissioned in late 1990s expanding production to 32,000 tpa (solution)



## Sodium Cyanide (SCN)

- 20,000 tpa solid SCN plant commissioned in 2002
- Debottlenecked to 32,000 tpa (solid)
- Strong market demand
  - WA solution product (30% strength)
  - Other markets solid product (98% strength)
- Export markets include West Africa, South East Asia & South America
- Key raw materials include natural gas, ammonia & caustic soda
- Investigating debottlenecking/expansion opportunities

# Australian Vinyls

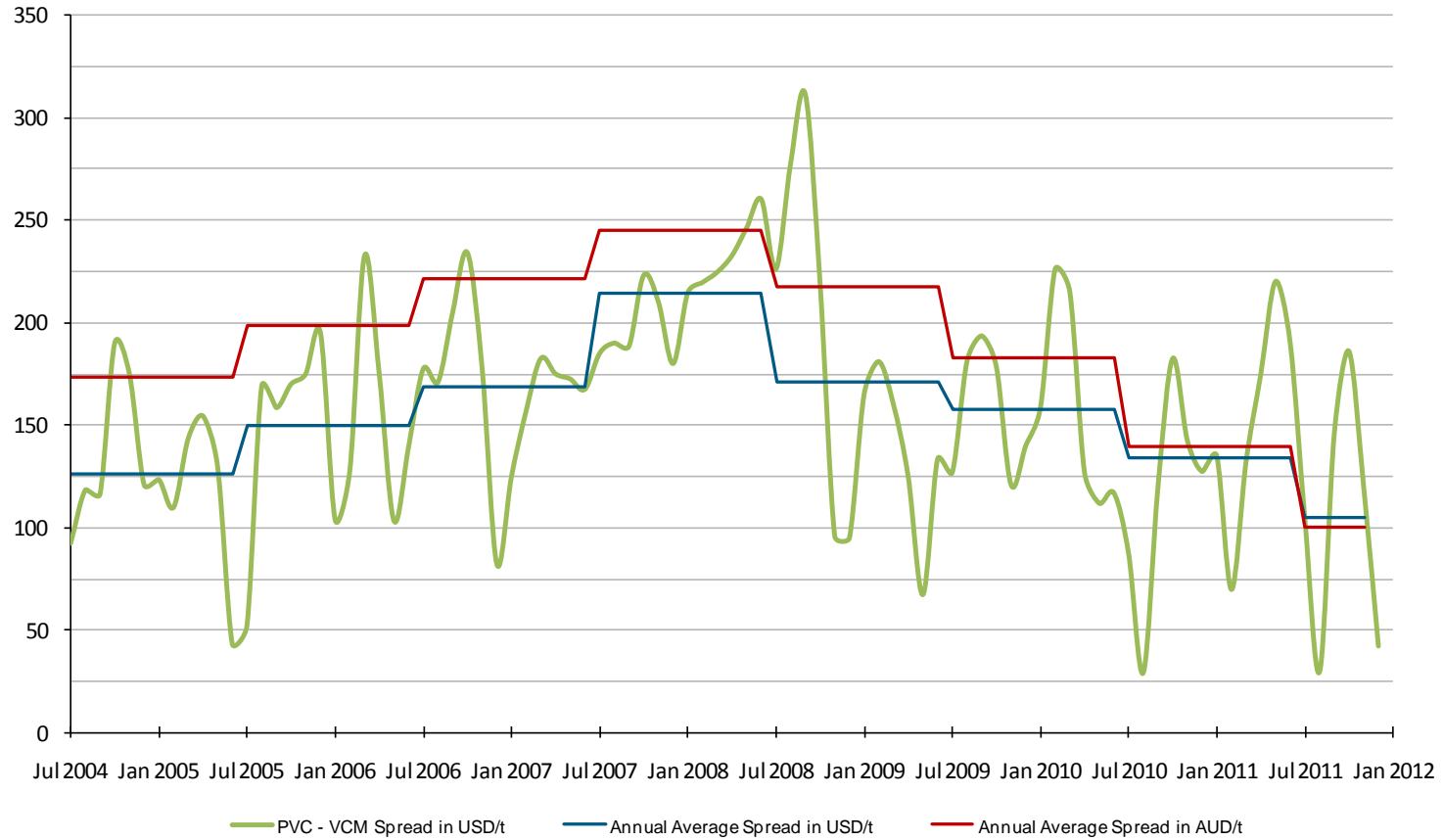


## Australian Vinyls

- Purchased by CSBP in 2007
- Only Australian based PVC resin producer (Laverton, Victoria)
- 145,000 tpa capacity, 65% - 75% of Australian market
- Produces & sells locally made PVC to extruders
- Also trades specialty chemicals & caustic soda
- Margin dependent on difference (spread) between raw material VCM (imported) & PVC selling price
- Under pressure due to:
  - Regionally tight VCM market
  - Reduced global construction activity (PVC surplus)
  - High AUD as import parity based selling prices

# PVC Challenges

**Asian PVC/VCM Spread**



Source: Harriman Chemsult & RBA



## ModWood

- ModWood produces wood/plastic composite decking
- Inputs: Sawdust; recycled milk bottles; additives
- Uniform properties, minimal maintenance, environmentally friendly
- Premium product, hard wearing
- Introduction of “natural grain” range in 2010 has seen continued growth
- \$7 million investment underway to double production capacity (Campbellfield, Victoria)



# Outlook

- Small businesses supplying non-resource sector are challenged
  - PVC
  - ModWood, small but strong growth
- Ammonia (WA) business affected by gas price outlook
- Larger businesses supplying the resource sector have a strong outlook with expansion opportunities available
  - Ammonium Nitrate (WA)
  - Queensland Nitrates
  - Sodium Cyanide (AGR)
- Continue to work on operational improvement initiatives
  - Major maintenance shutdown frequency
  - Plant efficiency gains

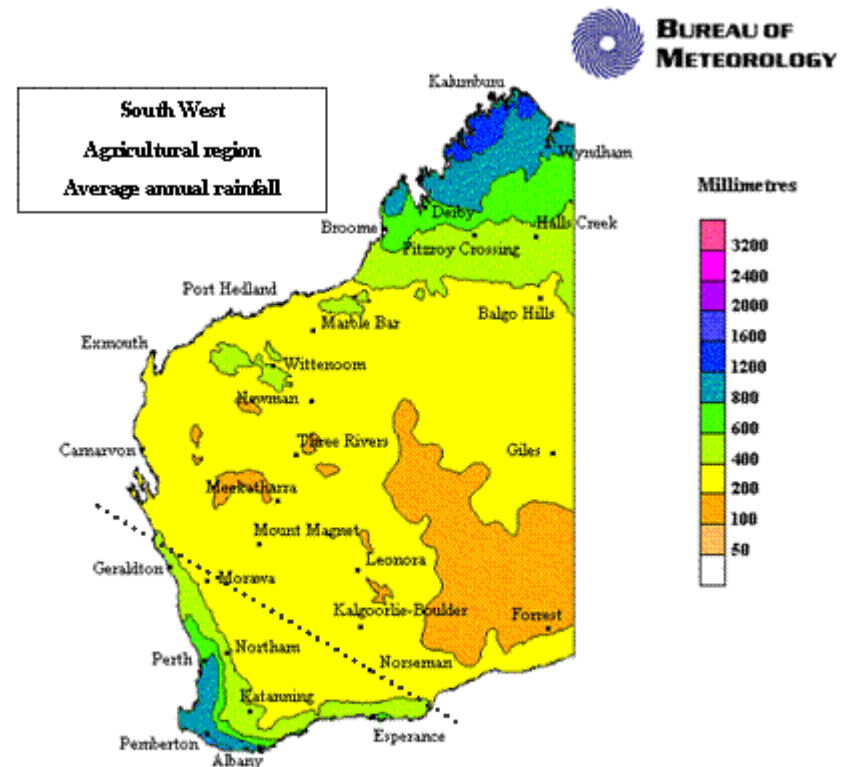


# 3. Fertilisers

Darryl Dent  
General Manager

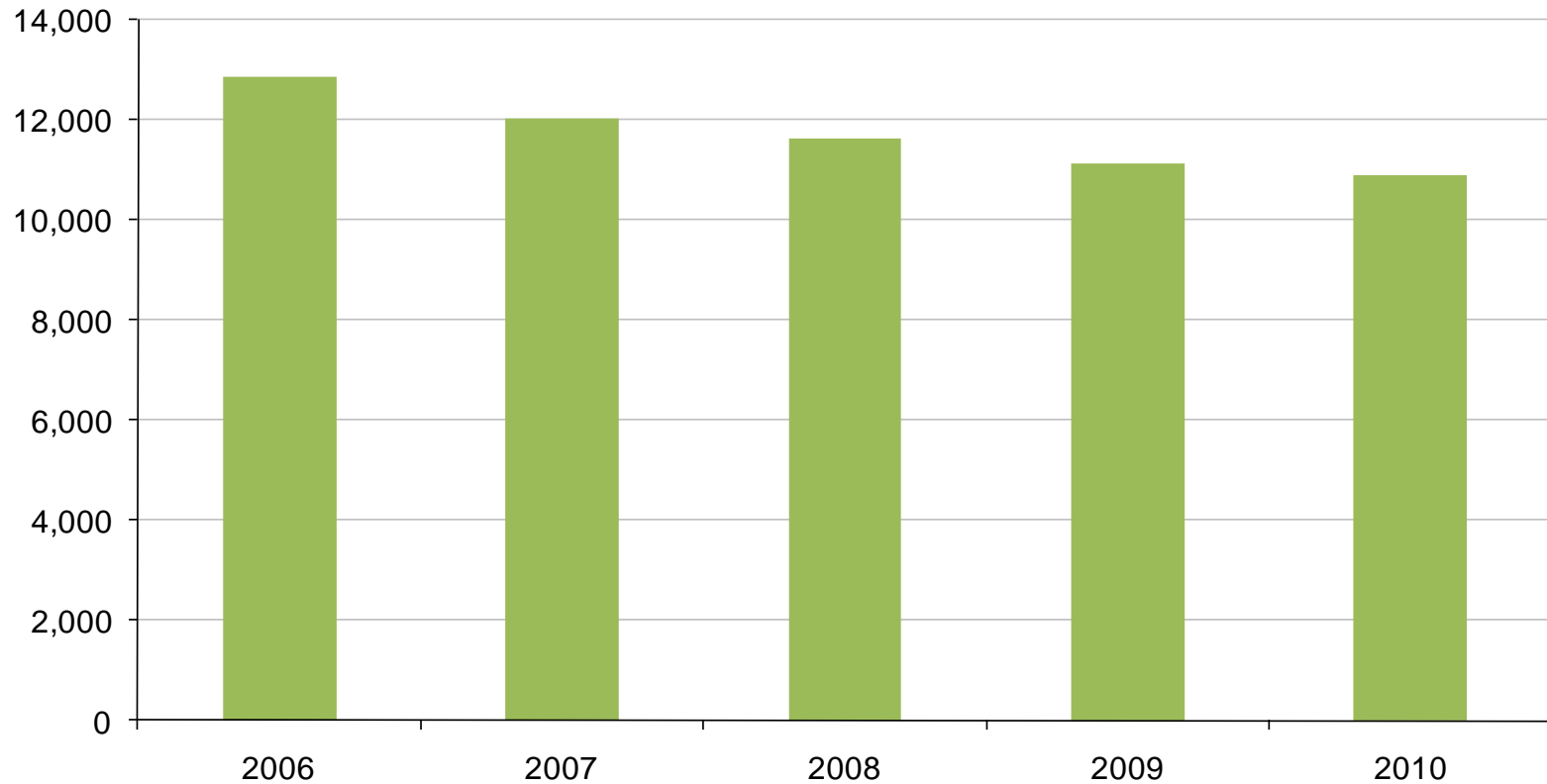
# Market Overview - WA Agriculture

- Broadacre cropping dominant
- Low sheep numbers post drought
- Nutrient deficient soils
- Winter rainfall reliant
- Small beef, dairy & horticulture sectors



# Market Overview - Consolidation

Total Agricultural  
Businesses (WA)



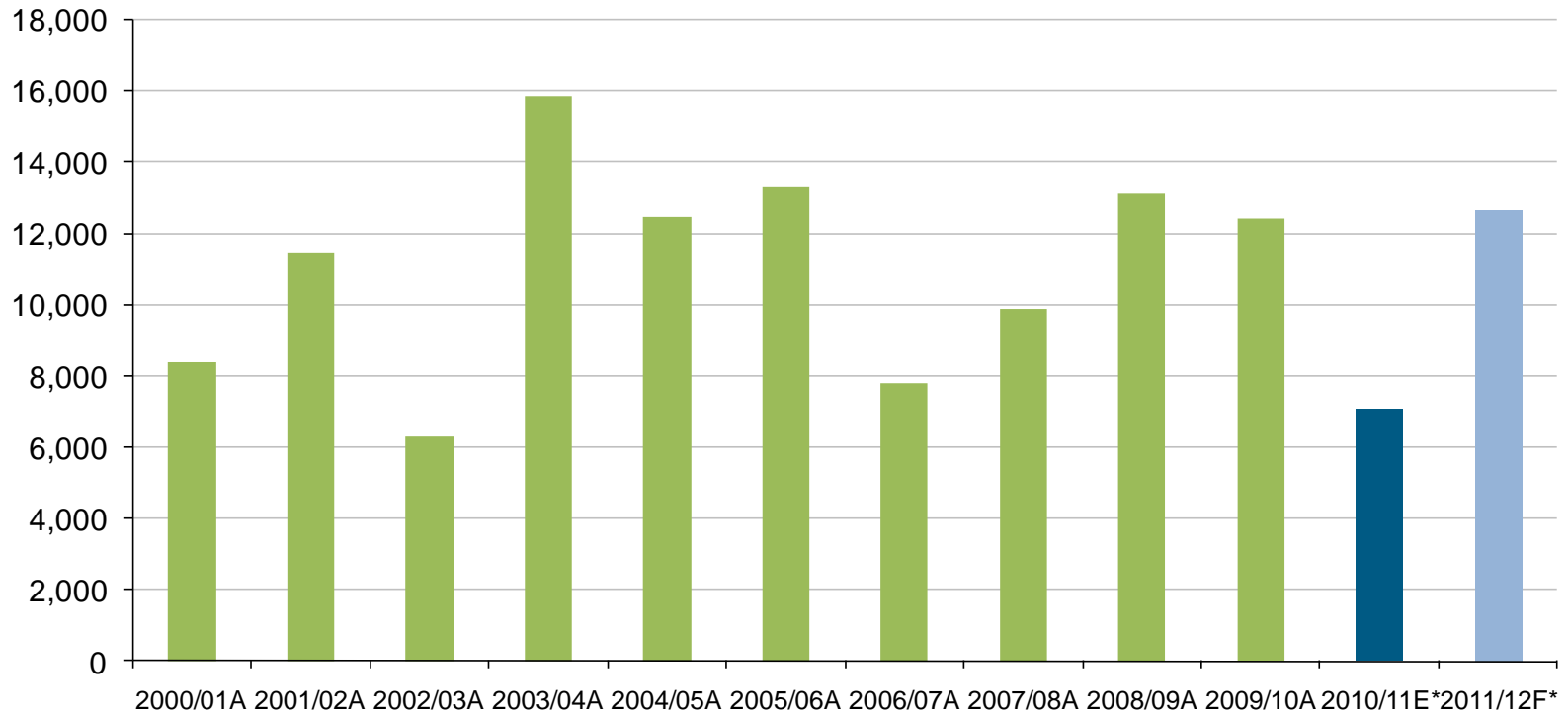
Source: ABS as at 30 June

Note: CSBP estimates that there are a total of 8,000 farmer customers in WA as at 2010



# Market Overview - Crop Yields

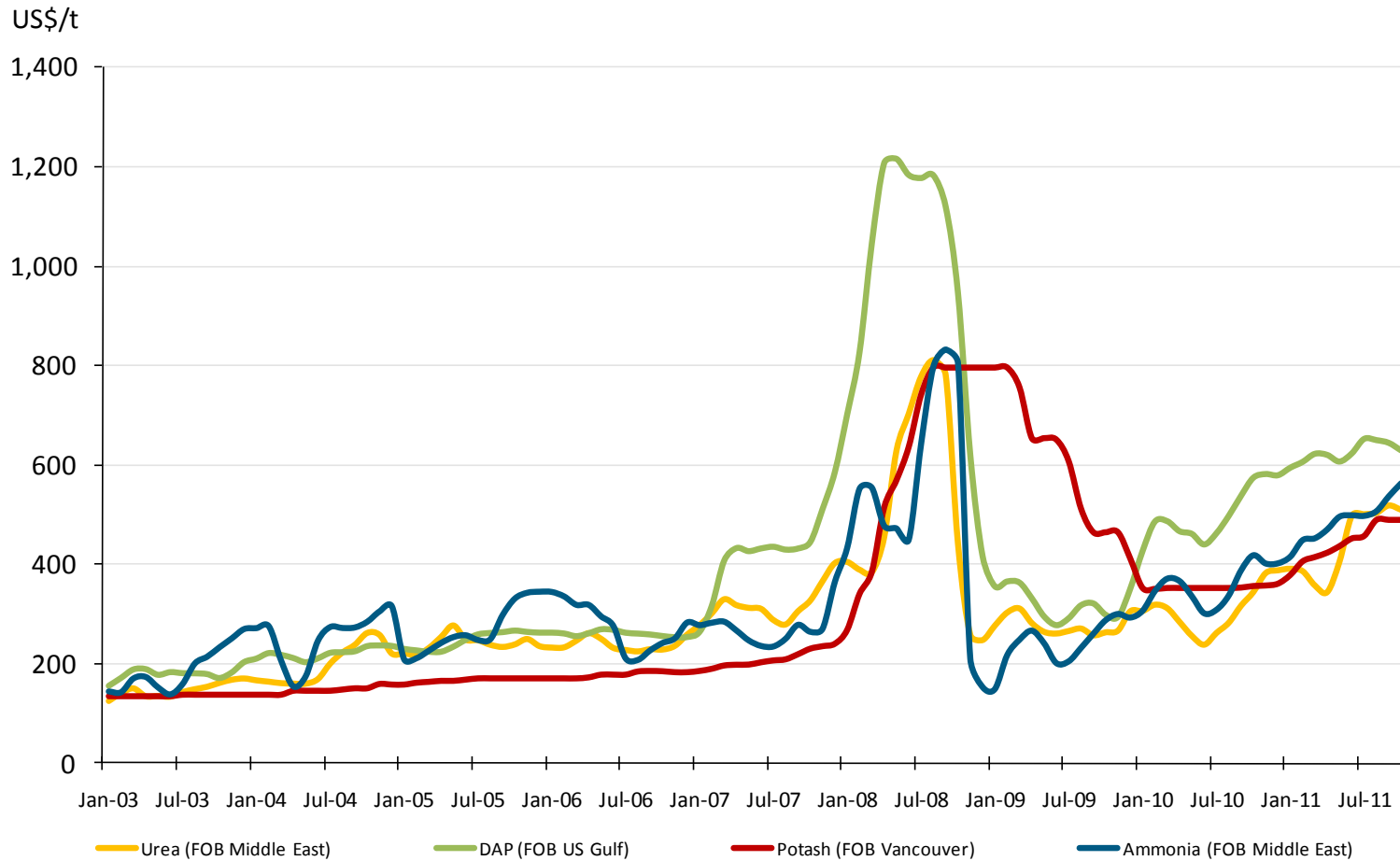
WA Grain & Oilseeds  
Production (000s  
tonnes)



Source: ABS, ABARES

\* ABARES Estimate/Forecasts

# Market Overview - Global Fertiliser Pricing

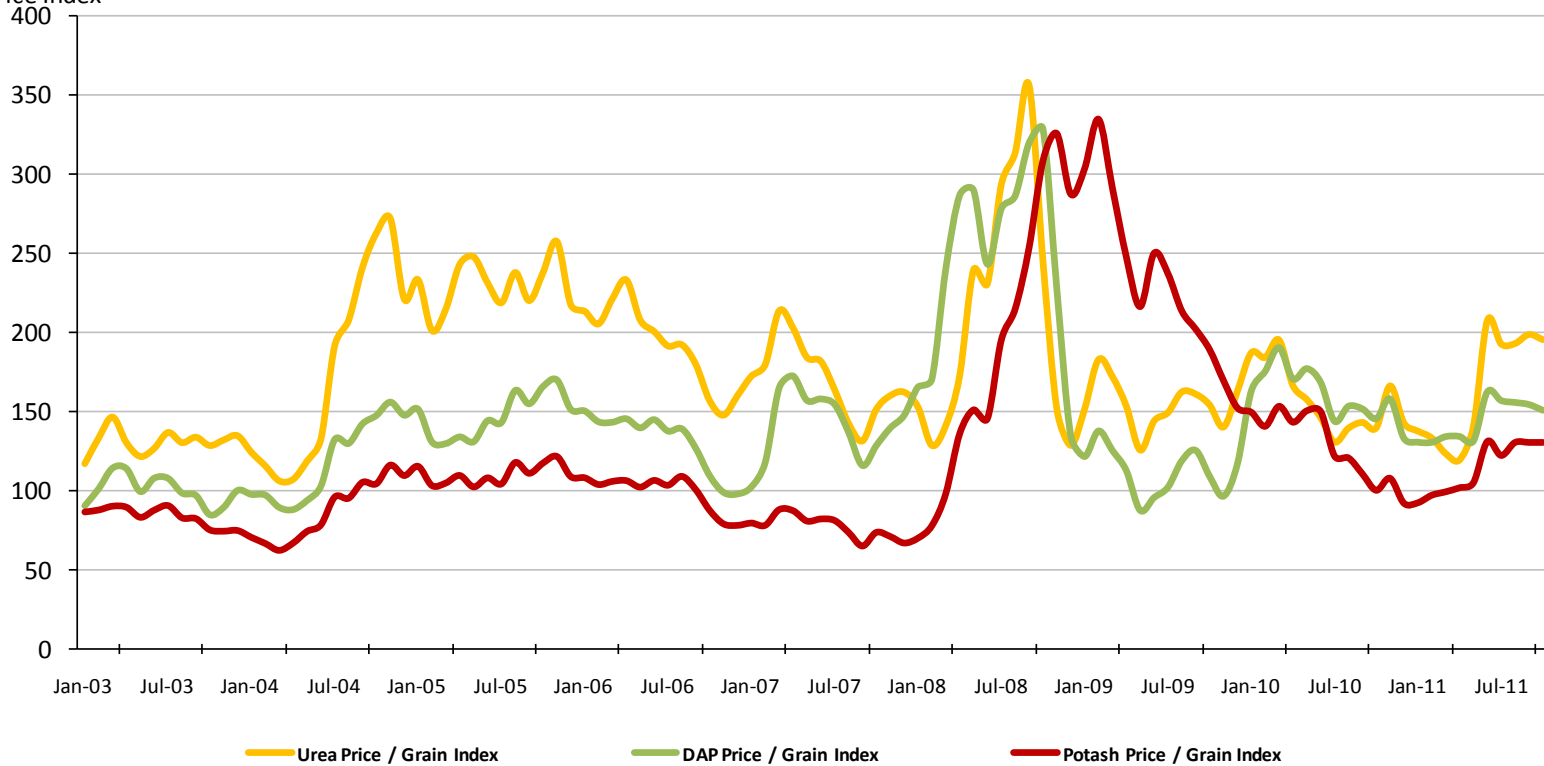


Sourced: ICIS



# Market Overview - Economics of Fertilisation

Fertiliser Prices relative to  
Agricultural Commodity  
Price Index\*\*



\* Agricultural Grain Index is calculated as follows:  $[(\text{wheat price} * 6) + (\text{maize price} * 7) + (\text{rice price} * 4) + (\text{soybean price} * 2)] / 19$ . Sourced: Bloomberg

\*\* Fertiliser prices are FOB: US Gulf DAP; Yuzhny urea; Vancouver Potash. Sourced: ICIS



# CSBP Fertiliser Our Aim

To be a world class provider of best value nutritional solutions to agriculture in Australia.

## BEST VALUE

What customers determine they have received from their total experience with us

## WORLD CLASS

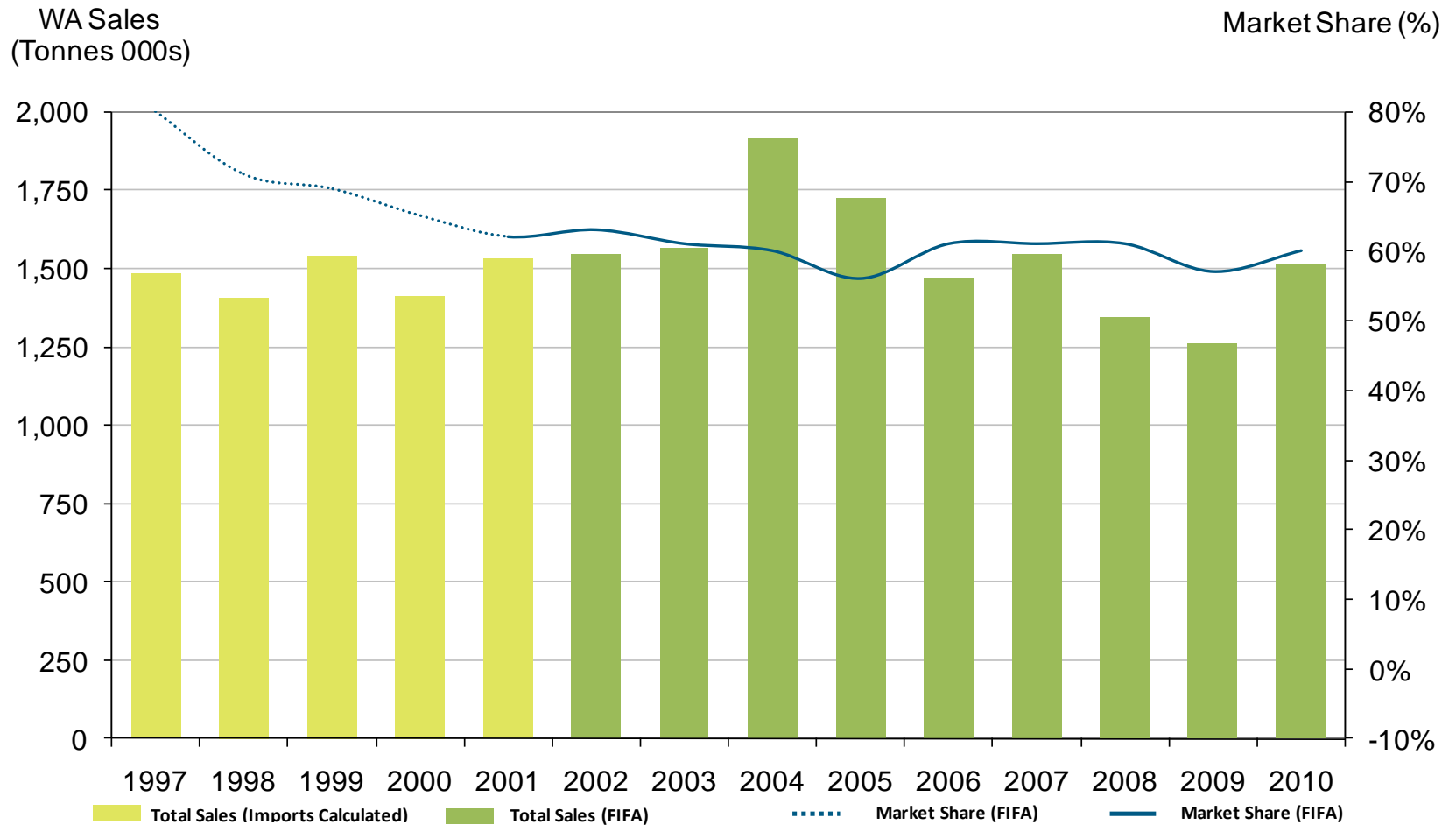
Our customers compete globally  
We aim to be “world class” in all aspects of our business to remain relevant to them, and keep them competitive in global markets

## NUTRITIONAL SOLUTIONS

Products, services and advice that meet the on farm nutritional needs of our customers



# WA Demand & CSBP Market Share



## Business Overview

- Established in 1910
  - Member of Wesfarmers Group since 1980
- Only major fertiliser supplier in WA until ~ 1990
  - Manufacturing focus at that time
- Market share erosion during 1990s
  - Emergence of import-based competitors
- Post 2000, market share stabilisation
  - Strong customer & distribution focus
  - Working capital, cost base & supply chain efficiencies
- WA's leading fertiliser supplier in a competitive market
  - Market share 60% +



# Business Overview

- Large scale infrastructure
  - Granular storage & import facilities in key locations
  - Flexi N (UAN<sup>1</sup>) import & storage
  - High capacity despatch facilities
- Domestic manufacturing capability
  - NP<sup>2</sup> Granulation, Superphosphate and UAN
  - Products developed specifically for WA agriculture
- Extensive distributor network
  - Landmark & Independents
  - Reward based incentive structure
  - Order collection, administration, finance & CSBP services delivery



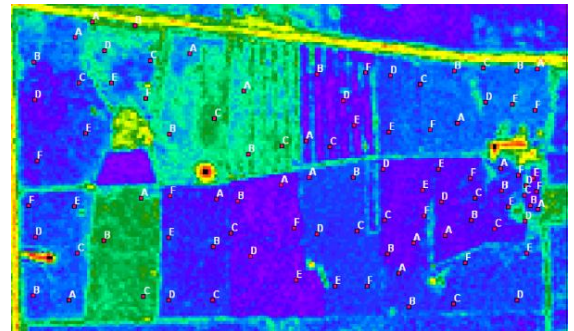
<sup>1</sup> Urea Ammonium Nitrate solution

<sup>2</sup> Ammonium Phosphates



# Business Overview

- Market support
  - Sales staff (40): support distributors; manage key accounts; contract negotiation & service delivery
  - Agronomic advisory services: product development; soil & plant testing services
- Product offering
  - Over 150 fertiliser products including locally developed key brands
  - Marketed & contracted by CSBP
  - Range of differentiated services (Nulogic<sup>1</sup>, GPS<sup>2</sup> mapping & satellite imagery)



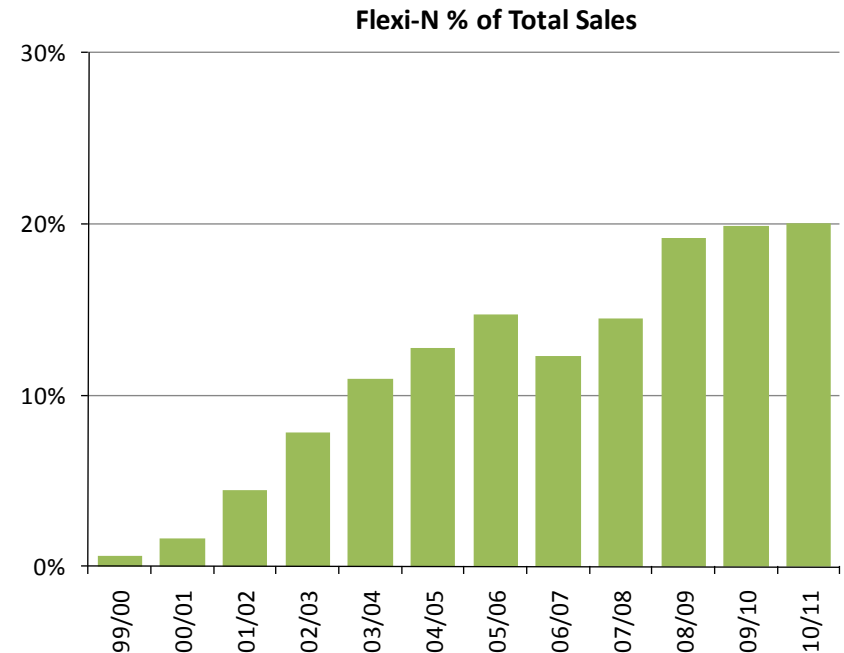
<sup>1</sup> Nulogic is a unique soil analysis tool

<sup>2</sup> Global Positioning System

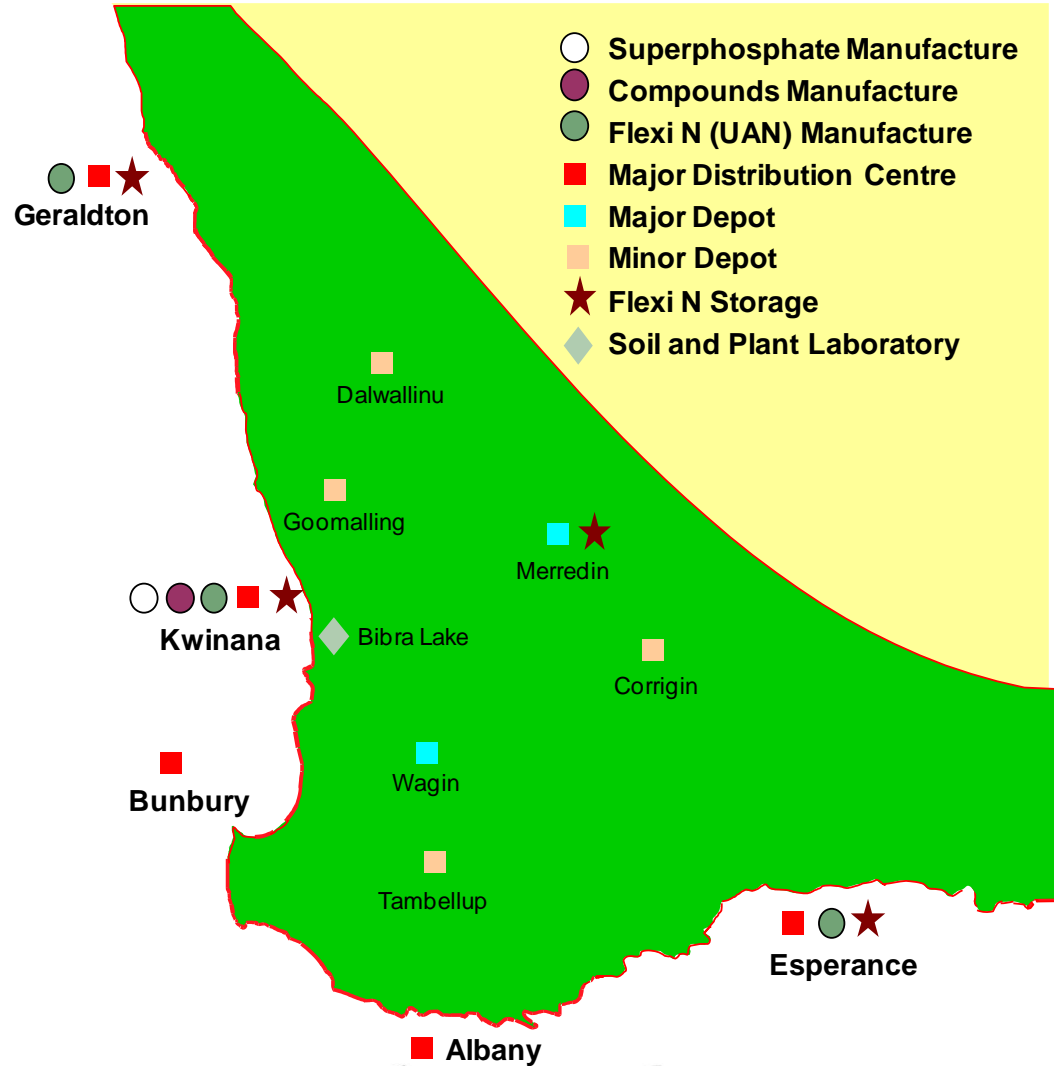


# FLEXI-N®

- Innovation to WA Agriculture
- Strong market penetration
- Utilises existing infrastructure
- Growth achieved via importation
- Swing capacity for AN production



# Infrastructure





- Granular and Liquid Import ●
- NP Granulation Plant ●
- Superphosphate Manufacture ●
- Flexi N Manufacture ●
- Granular Storage ●
- Liquids Storage ●
- Customer Service Centre ●

# Kwinana Fertiliser Manufacturing

## Raw Materials



## Manufacture Process



## Products (Brands)

Ammonia, Sulphuric Acid,  
SMAP, Trace elements,  
MOP, SOP, SOA



Granulation Plant



Various NPK Cropping  
Fertilisers  
e.g. Agras, Macropro,  
K-Till, Gran NS

Phosphate Rock, Sulphuric  
Acid, Trace elements



Superphosphate Plant



Pasture Fertilisers  
e.g. Superphos, SCZ,  
SCZM, Coast Phos

Urea, Ammonium Nitrate,  
ATS, MOP, SOA



Liquid Fertiliser



Flexi-N, Flexi NS,  
Flexi NK, Liqui NS,



# Regenerative Thermal Oxidiser

- \$5 million capital expenditure
- Broadening phosphate rock supply options
- Construction commenced
- Commissioning in January 2012



# Key Strategies Update

## Business efficiency

- Investment in systems consolidation & enhancements

## Business model

- Market share maintained
- Further customer segmentation & target marketing





# Key Strategies Update

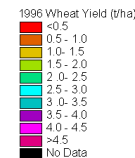
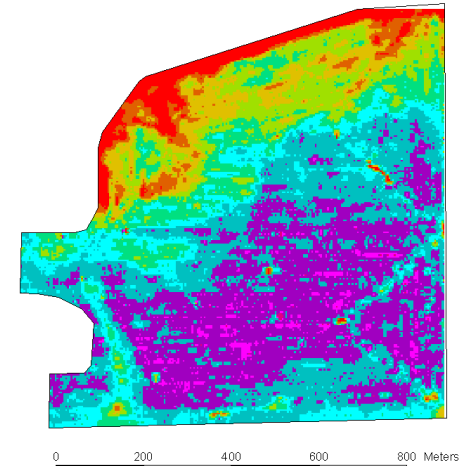
## Growth

- Logistics & operational efficiencies
- Improved pricing analysis & contract management
- Implementation of fertiliser use efficiency technologies
  - Introduction of Fertlogic

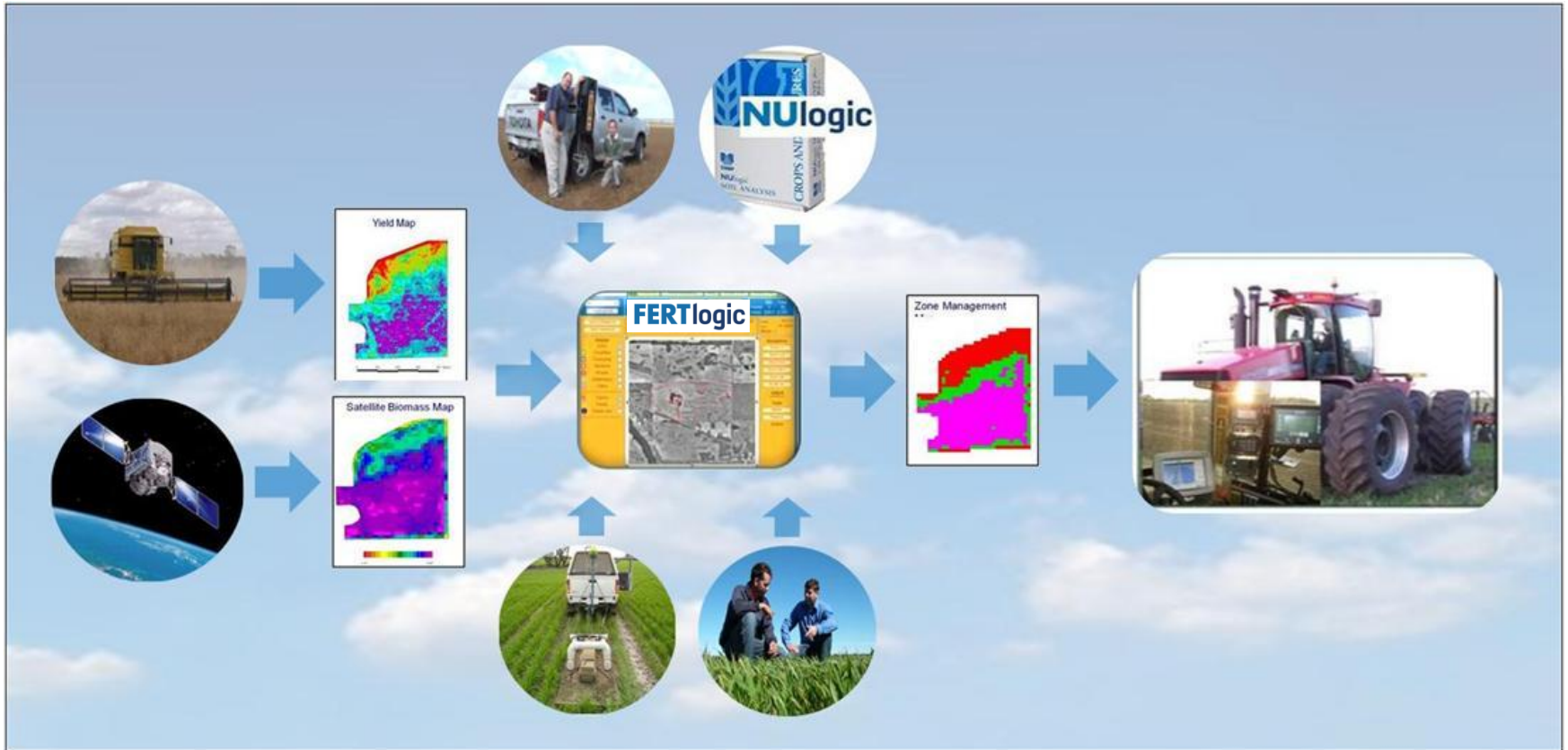


# FERTlogic

- Changes traditional fertiliser application methodology
- Application by production zone not by paddock
- Technology to execute is available but complex
- Consolidates & simplifies the end to end process
- Maximises fertiliser use efficiency
- Developed in partnership with GEOSYS<sub>tm</sub>
- Full market release in Q3 FY2012



# FERTlogic



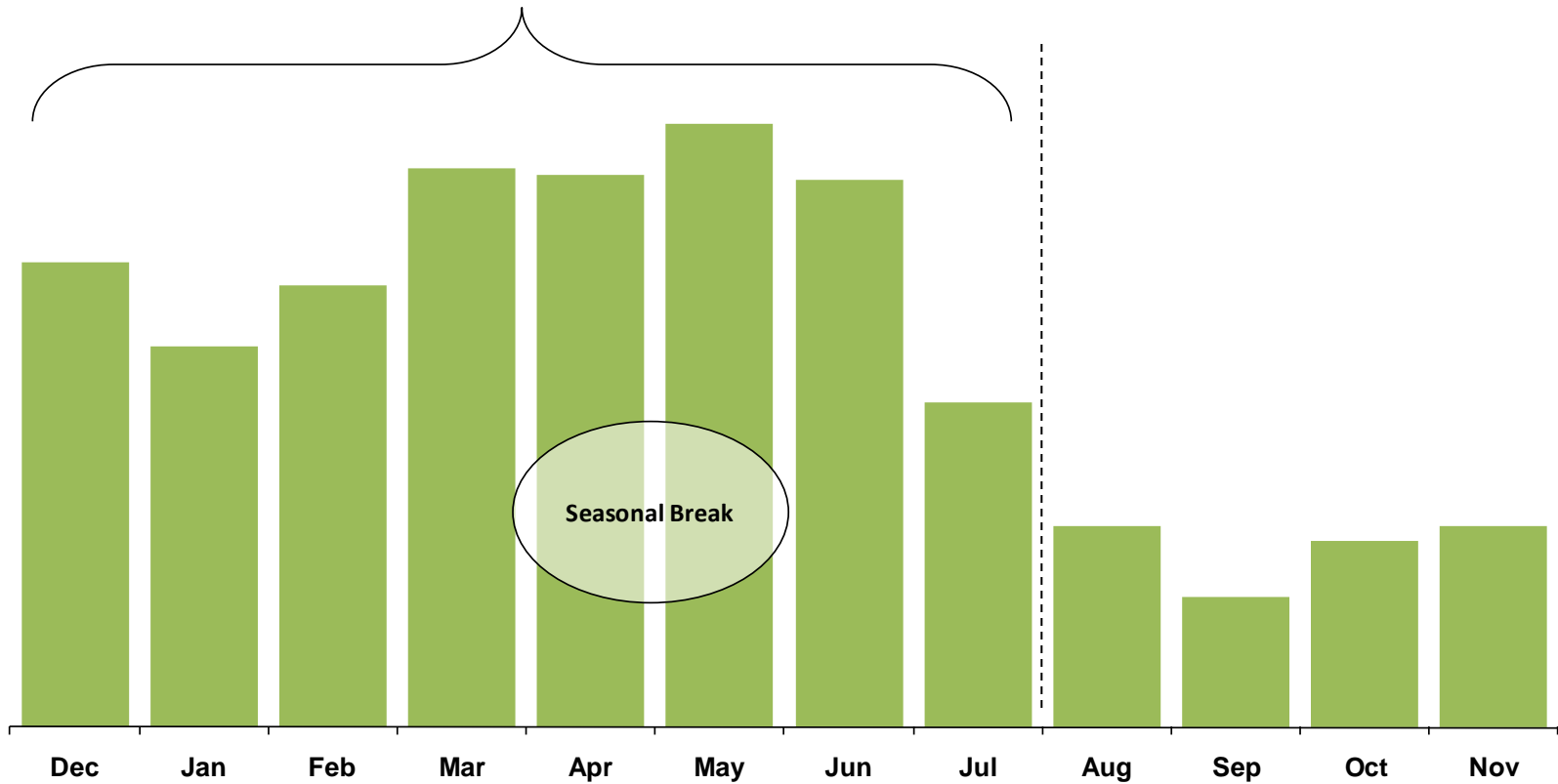
# Outlook

- Return to more normal seasonal conditions
- Full year earnings remain sensitive to seasonal break & farmers' terms of trade



# Sales Profile

85% of Sales occur in the December to July period



Source: CSBP Sales (6 year average)





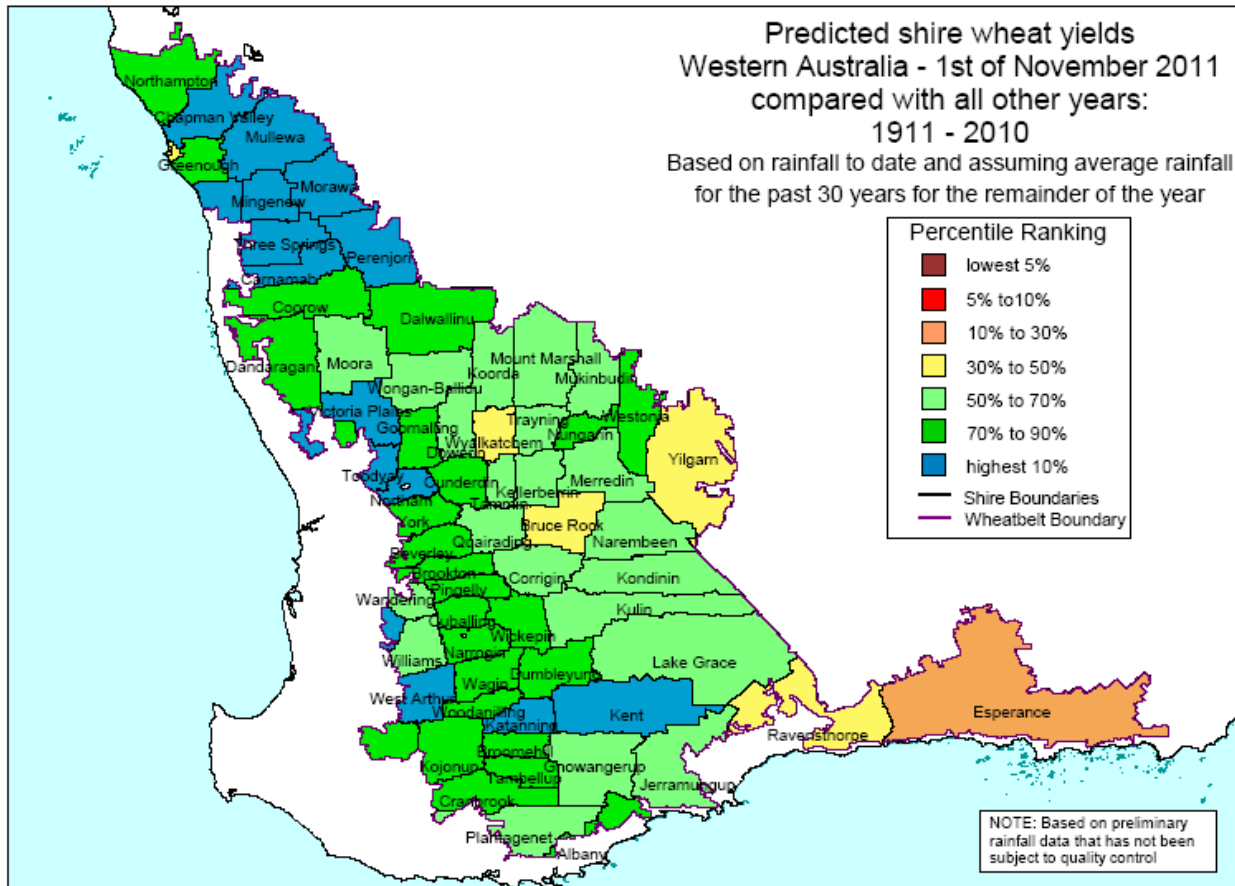
# Outlook

- Return to more normal seasonal conditions
- Full year earnings remain sensitive to seasonal break & farmers' terms of trade
- Yield & quality impacts from under fertilisation
- Late rains have reduced grain quality & returns
- Albeit still strong historic wheat yield predicted





# Predicted wheat yields



Source: Western Australian Agricultural Authority, 2011

# Outlook

- Return to more normal seasonal conditions
- Full year earnings remain sensitive to seasonal break & farmers' terms of trade
- Yield & quality impacts from under fertilisation
- Late rains have reduced grain quality & returns
- Albeit still strong historic wheat yield predicted
- Low on farm & in paddock nutrient levels
- Positive uptake of early orders & contracts



# Video

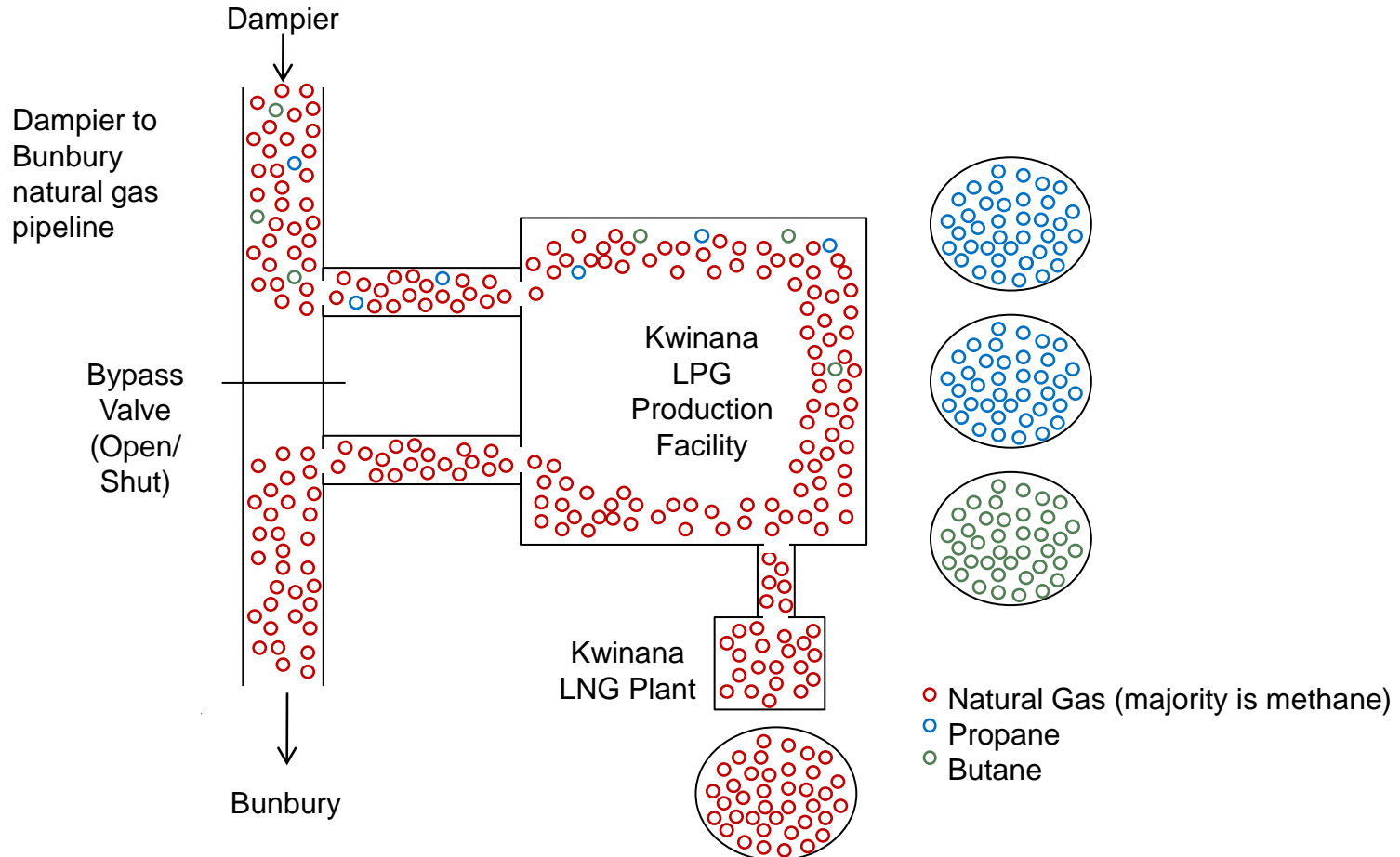


# 4. Kleenheat Gas

Graham Smith  
General Manager

# Production Capability

## Kwinana Production Facility LPG Extraction





# Production Capability



## LPG

### Train 1

- Constructed 1987/88
- Gas flow rate
- LPG content (1989)
- Production

\$105 million  
320 – 380 TJ per day  
1.45 T per TJ  
150,000 tonnes in 1989

### Train 2

- Constructed in 2000
- Gas flow rate
- LPG content (2005)
- Production

\$18 million  
500 – 540 TJ per day  
(Train 1 & 2)  
1.79 T per TJ  
300,000 tonnes total  
production in 2005  
(Train 1 & 2)

## LNG

### Train 1

- Constructed in 2008
- Production capacity

\$80 million  
64,000 tpa



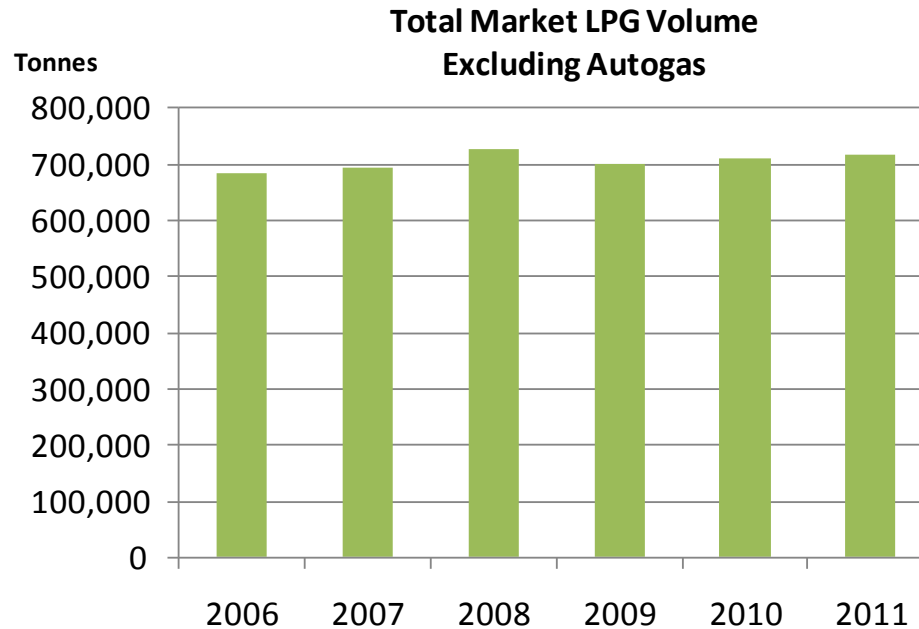
# Distribution Capability

- Established in WA over 50 years ago
- Extended through acquisition in the eastern states in the mid 1990s
- Distribution infrastructure in each state of Australia
- All LPG markets serviced: bulk gas; forklift; residential; autogas; & leisure markets
- LPG products distributed through a network of 568 agents, dealers & owned branches
- LNG markets of Heavy Duty Vehicles & Power Generation serviced in WA & Victoria
- One of 3 main competitors in the LPG distribution market & the leading domestic LNG distributor in Australia
- Distribution tonnes: 242,000 tpa LPG; 44,000 tpa LNG



# LPG Market Overview

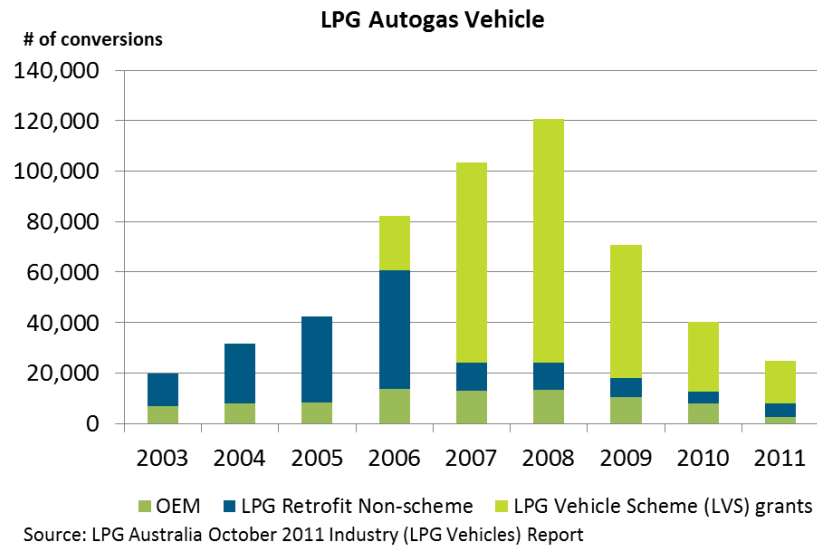
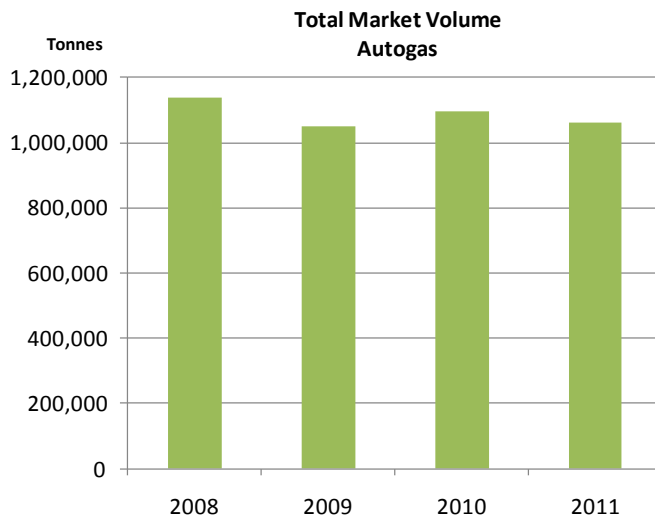
- Demand for LPG has been flat in the “traditional” market for 10 years
- Outlook for traditional market is modest growth – mining, agriculture & the leisure market



Source: Australian LPG Association

# LPG Market Overview

- Autogas market has been in decline since reversal of State & Federal conversion grants
- The autogas market is expected to be difficult, albeit with positive developments from Holden & Ford



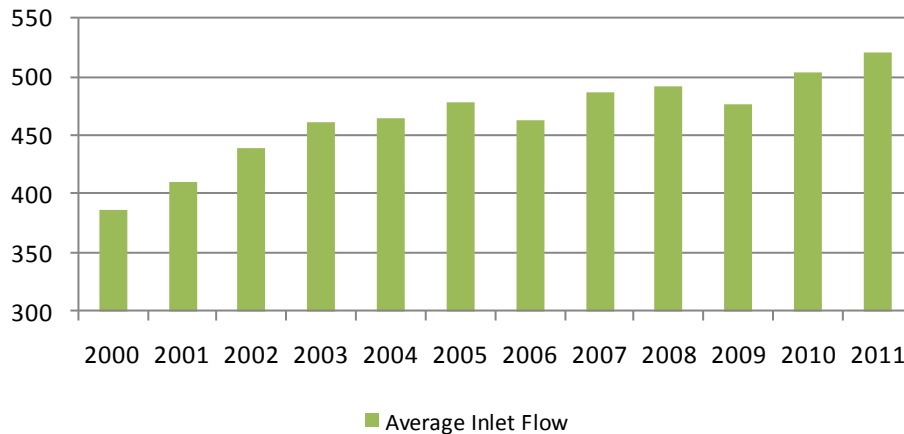
# LPG Market Overview

## Production economics in WA have deteriorated

- Whilst natural gas flowing through the pipeline, has increased . . .
- LPG content in the natural gas pipeline has declined

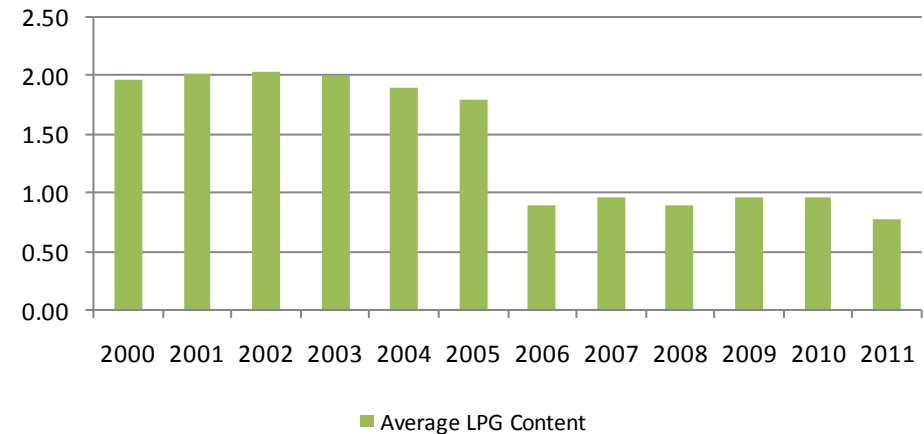
TJ / per day

### Gas Flow Rate



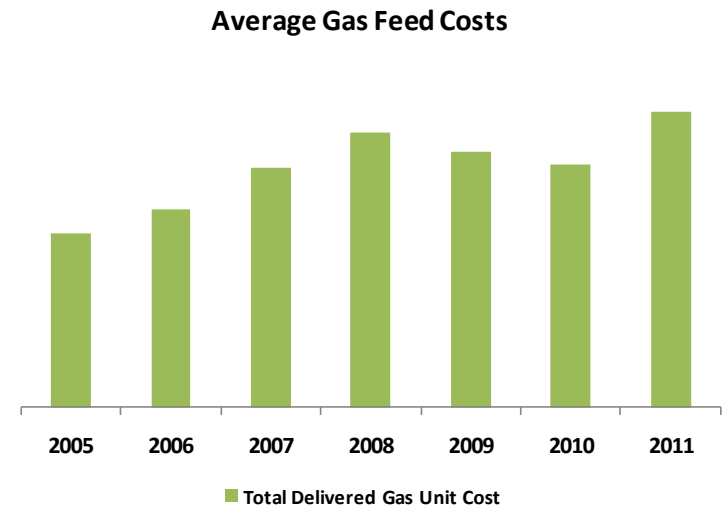
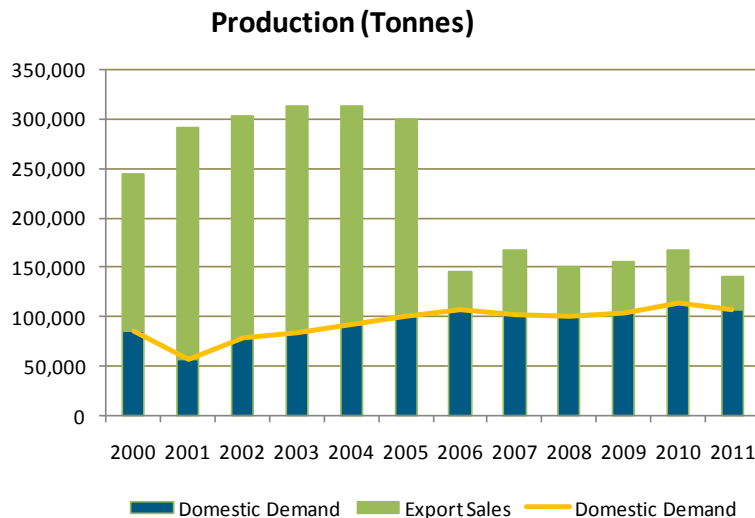
Tonnes / TJ

### LPG Content



# LPG Business Impact

- This has affected production volumes . . .
- And at the same time, gas & gas transport costs have increased



This has created significant margin squeeze on LPG production activity resulting in expected FY2012 earnings decline of \$25-\$30 million, in line with previous guidance.

# LNG Market Overview

## Why LNG?

- LNG is a low cost alternative fuel
  - Cheaper than diesel
  - Combusts with ~20% less carbon emissions, less particulate matter & lower noise
- LNG can increase Australia's energy diversity & security, whilst reducing the trade deficit
  - Oil self sufficiency was 54% in 2007, forecast <20% by 2030
  - Australia has abundant natural gas reserves & LNG production capability





# LNG Market Overview

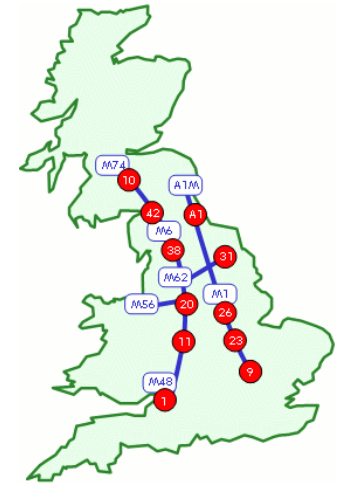
## LNG Today

- Current Markets
  - Remote Power Generation
  - Heavy Duty Vehicles (HDV)
  - Industrial (LPG substitution)
- Future Markets
  - Mine vehicles
  - Locomotives
  - Marine



# LNG International Developments

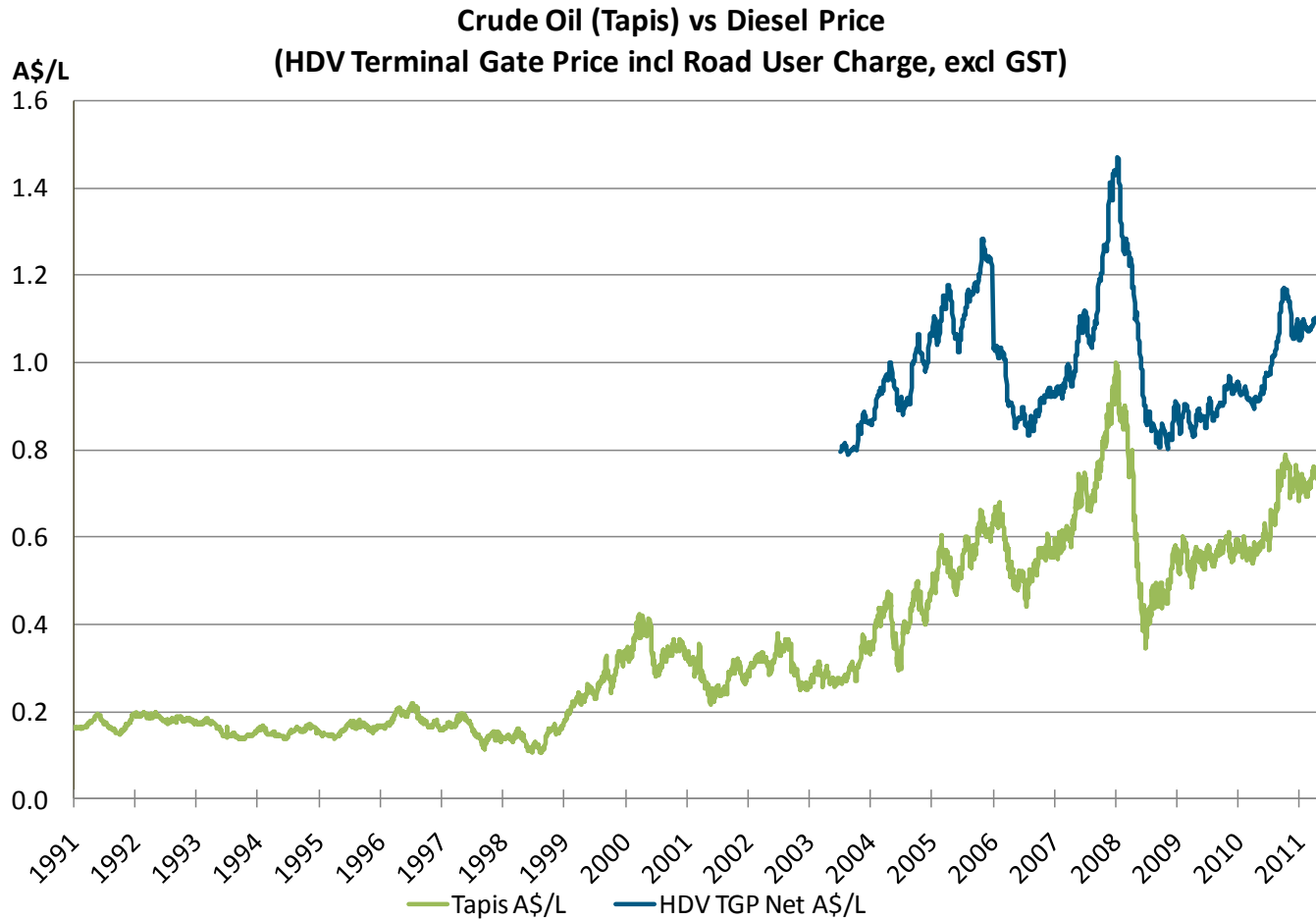
- US market now fast adopting LNG
  - Low cost LNG with energy security agenda
  - 600 Peterbilt 450HP trucks on order with Westport dedicated gas engines
  - Clean Energy/Chesapeake:150 LNG refueller network
  - Shell is entering LNG refuelling market & developing mining & locomotive applications
- UK & Norway
  - Volvo dual fuel 460 HP truck
  - UK LNG refueller network
  - Over 20 LNG powered vessels in Norway



# Evol LNG Today



# The LNG Journey



# Key Strategies Update

## 1. Grow faster than the market & the competition

- Progress achieved:
  - In a “soft” LPG market we have had some good wins in the leisure market & with major accounts
  - Volumes are steady in the LNG market
  - Plans advanced to extend geographic footprint in regional Australia
  - New opportunities emerging for power generation in WA
  - Obtained exclusive distribution rights for APG’s LNG engine conversion technology



# Key Strategies Update

## 2. Invest in the business & drive out unnecessary cost

- Progress achieved:
  - Upgrade critical distribution centres & closure of others
  - Transport & distribution contracts retendered
  - Distribution channels being optimised

## 3. Explore opportunities to maximise LPG production from higher gas flows

- Progress achieved:
  - Upgrade of Train 1 recompressor engine
  - Further debottlenecking opportunities being reviewed
  - Advanced process control systems being implemented

## Outlook

- LPG production economics have deteriorated but remain profitable
- Volume growth in LPG is always challenging, but opportunities remain
- Fortunes in LPG will be dependent on LPG content in the pipeline, selling prices (Saudi CP) & the FX rate
- Previous guidance of FY2012 earnings decline in the range of \$25 - \$30 million remains likely
- Opportunities for LNG growth & realisation of the market potential remain good

# Questions

# 5. AN3 Expansion Update

Ross Martelli

General Manager, Technical Services



## Background

- AN1 commissioned in 1996
- AN2 commissioned in 2008
- Existing capacity is approximately 550,000<sup>1</sup> tpa AN



<sup>1</sup> In a non-shutdown year



# Background

- Third nitric acid/ammonium nitrate plant (NAAN3) = 260,000 tpa AN
- Expand the prill plant by 315,000 tpa
- Other infrastructure to support the expansion:
  - 5,000 tonnes of AN bulk storage
  - Additional AN bulk despatch load out facility

## Location of New Facilities



**Extend AN  
Bulk shed  
by 5,000  
tonnes**

**Prill Plant 2 upgraded  
by 315,000 tpa**

**Nitric Acid 3 / AN3  
Capacity: 260,000 tpa**

**Import of 120,000 tpa  
of ammonia**

## Key Milestones

- Pre-feasibility study recommended Kwinana location
- FEED<sup>1</sup> study completed in February 2011. Detailed engineering commenced - 30% completed in August 2011
- Long lead items ordered in June 2011. Negotiations commenced with engineering & construction contractors in July 2011 (ECI<sup>2</sup> phase)
- Environmental Protection Agency (EPA) approved the project in October 2011
- Planning approval received in November 2011
- ECI phase being finalised
- Significant funds committed to date. The proposed expansion remains subject to final approvals

<sup>1</sup> Front End Engineering Design  
<sup>2</sup> Early Contractor Involvement

# Project Risk Mitigation

- NAAN3 technology is a copy of existing NAAN1 & 2 plants
- Equipment selection & improvements based on 16 years of operation
- Long lead items ordered in June 2011 to provide schedule certainty
- Prill Plant expansion to be completed prior to NAAN3 to allow for thorough testing
- Experienced Project Management Contractor appointed
- CSBP team allocated to the Project
- Downer/Clough joint venture has had 4 months to develop cost & construction methodologies. Proposal being finalised



# Video



Ammonium Nitrate  
Expansion Project  
2008





# Key Project Objectives

- Safety: Zero harm
- Budget: Within the approved capital budget
  - \$550 million plus capitalised interest
- Schedule:
  - Prill Plant 2 expansion completion by 31 September 2013
  - NAAN3 construction completion by 31 December 2013
  - Commissioning Q3 FY2014
  - Start up Q4 FY2014

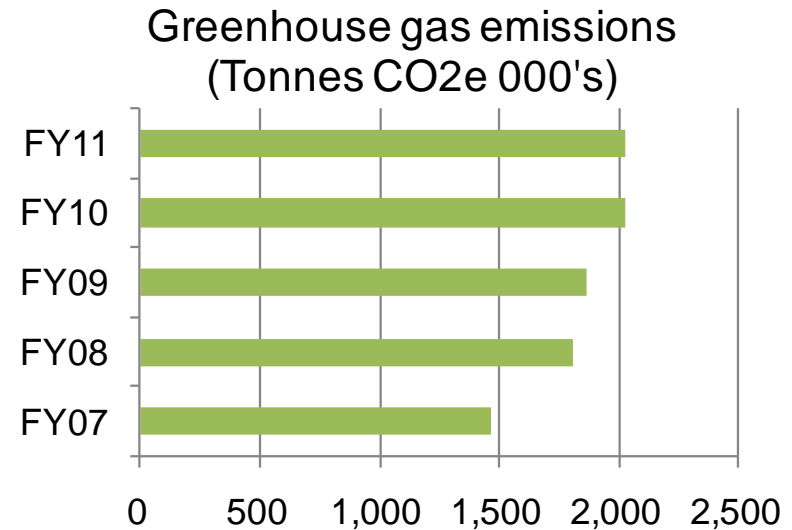
# 6. Carbon Pricing Update

Julian Andrews

General Manager, Business Development

## Divisional Overview

- FY2011 greenhouse gas emissions of 2.02 million tonnes CO<sub>2</sub>e
  - 1.86 million tonnes CO<sub>2</sub>e scope 1 & 2
  - 0.15 million tonnes CO<sub>2</sub>e scope 3
- Total emissions stable on FY2010
  - Scope 1 & 2 emissions declined 2.8%

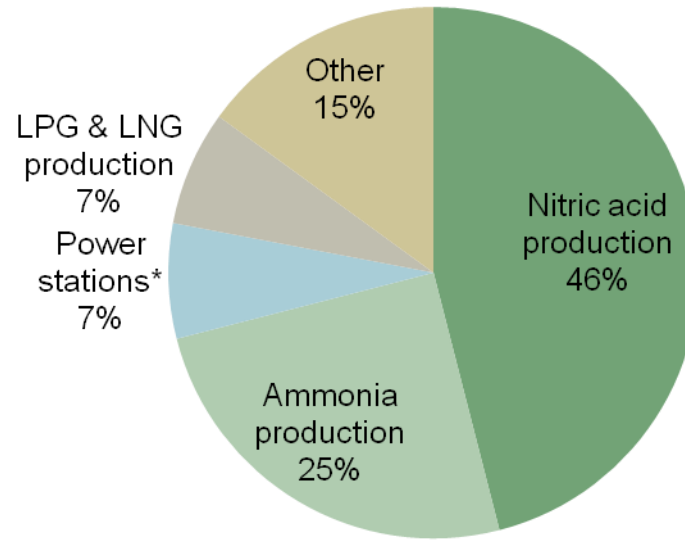


Restated to reflect the merger of the Energy division & Chemicals & Fertilisers division in July 2010, excludes Queensland Nitrates

## Divisional Overview

- CSBP's nitric acid & ammonia plants in Kwinana account for approximately two thirds of the division's scope 1 & 2 emissions

FY2011 scope 1 & 2 emissions (tCO<sub>2</sub>e)



\* On 31 August 2011, Wesfarmers completed the sale of the enGen remote power business

# Emissions Intensive Trade Exposed Activities

- Emissions intensive trade exposed (EITE) status of ammonia, ammonium nitrate & LNG production activities still to be determined
  - Expected to be eligible for assistance under the Jobs & Competitiveness Program
- PVC & sodium cyanide production are not expected to qualify as EITE



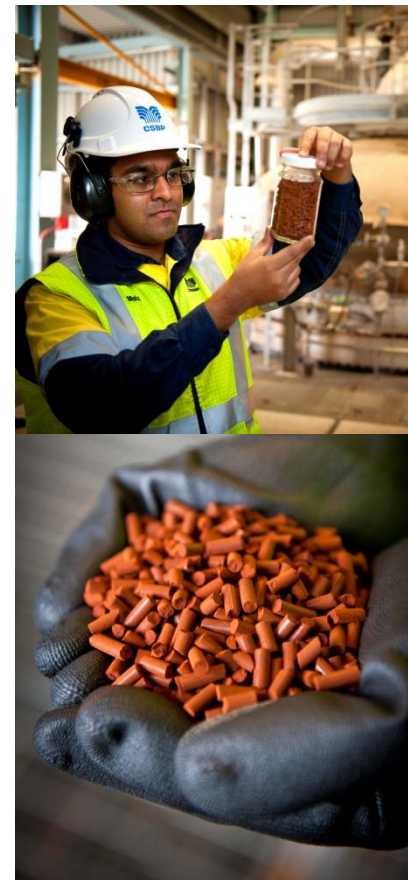


## Divisional Impact

- Overall cost impact is not expected to be significant in early years
  - Impact will vary by business
  - Abatement & energy efficiency initiatives may reduce cost
- Current monitoring & reporting systems & processes are being reviewed

# Nitrous Oxide Abatement

- Nitrous oxide represents 46% of total WesCEF emissions
- Abatement catalyst trial commenced February 2011 in nitric acid plant 2
- Installation in nitric acid plant 1 planned for February 2012
- Potential to significantly reduce emissions



## Other Initiatives

- Continued focus on energy efficiency initiatives
- Additional abatement opportunities being reviewed
- Review of grants & incentives available under Clean Energy legislative package

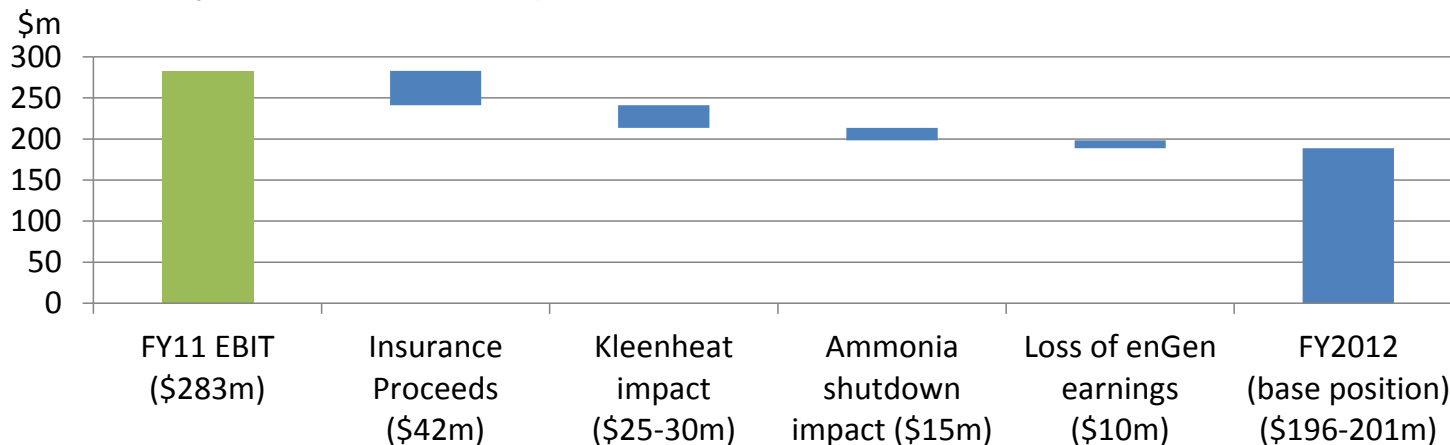
# 6. Conclusion/ Q&A

Tom O'Leary  
Managing Director, WesCEF

# WesCEF Outlook

Considerations for outlook include:

- Previously announced adjustments



- enGen gain on sale (~\$40 million) to be reported as a non-trading item
- External impacts
  - e.g. international LPG pricing, LPG content, seasonal break, FX rates
- Future growth opportunities in continuing businesses



# WesCEF Growth Opportunities

## Divisional: step-out expansion

- Same sectors; domestic & overseas

## Chemicals

- Potential AN3 expansion to 780,000 tpa
  - Expected construction completion Q2 FY2014
  - Expected production to commence Q4 FY2014
- Move to import parity pricing for ammonia sales
- Exploring:
  - QNP expansion opportunities
  - SCN expansion opportunities
- Progress ModWood expansion
- Continued operational efficiency program



# WesCEF Growth Opportunities

## Kleenheat Gas

- Continued expansion of domestic LNG market
  - HDV & power generation
- Potential LPG plant debottlenecking
- Distribution volumes & efficiencies

## Fertilisers

- Continued growth in Flexi-N
- Logistical & operational efficiencies
- Leveraging fertiliser use technologies
- Further customer segmentation & target marketing

# Questions



**Wesfarmers Chemicals,  
Energy & Fertilisers**

## For further information

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**Wesfarmers Chemicals,  
Energy & Fertilisers**