Refining – Australia / New Zealand

Tim Hart – Chief Executive Officer

AGENDA

- Australia / New Zealand Market Overview
- Refining – a unique business
- Strong core business performance
- Investment in our Future
  - People / Safety
  - Assets
  - Brands / Innovation
- New Growth Platforms
CSR HAS EXTENSIVE EXPERIENCE IN SUGAR REFINING WITH LEADING MARKET POSITIONS

- CSR has 153 years in refining
- JV established in March 1998
- 75% CSR Limited
- 25% Mackay Sugar Cooperative

INTEGRATED, NATIONAL COVERAGE THROUGH SUPPLY CHAIN
MULTIPLE ASSETS PROVIDE SUPPLY SECURITY TO CLIENTS

Yarraville Refinery
(Mackay Refinery
BiBo
MHS
Glebe Silos

LEADING MARKET SHARE IN AUSTRALIA/NZ

Domestic Australia/New Zealand Refined Tonnes = 1,150kt

CSR 60%
MHS 23%
BBG 13%
Other 4%

*CSR export ~240kt to take-up refining capacity

# Source: Sugar Australia & New Zealand Sugar Co. Market Analysis
AUSTRALIA / NEW ZEALAND REFINING HOLDS #1 POSITIONS WITH DIVERSIFIED INCOME STREAMS

<table>
<thead>
<tr>
<th>Refining</th>
<th>Food &amp; Beverage</th>
<th>Retail</th>
<th>Foodservice</th>
<th>Containerised Exports</th>
<th>Bulk Exports BBs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>575 k tonnes</td>
<td>95 k tonnes</td>
<td>15 k tonnes</td>
<td>90 k tonnes</td>
<td>150 k tonnes</td>
</tr>
<tr>
<td></td>
<td>Bulk Crystal</td>
<td>Consumer Packs</td>
<td>Consumer Packs</td>
<td>Packaged</td>
<td>Bulk Crystal</td>
</tr>
<tr>
<td></td>
<td>Bulk Liquids</td>
<td>Packaged</td>
<td>Packaged</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Packaged</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
<td>#1</td>
</tr>
</tbody>
</table>

CORE BUSINESS GROWTH

- Sugar Australia has significantly improved margins through its core businesses:
  - Food & Beverage - strong commitment to quality product
  - Retail – product innovation and customer focus
- Delivering our ‘Customer Proposition’ is becoming a way of life
- Business performance is largely independent of sugar price volatility

Increased Customer Value reflected in improved returns
STRONG & SUSTAINABLE EBIT GROWTH IN REFINING

- 140% EBIT improvement in 4 years
- All channels in Australia and New Zealand contributing to growth
- Margin improvements vs cost reductions have been the key driver

INVESTMENT IN FUTURE

- Our people, their safety
  - Sugar Australia has made excellent safety progress in recent years
  - Industry-leading performance
  - Significant cultural shift – ‘safety first’
  - Implementation of robust policies and procedures
  - Capital investment to underpin people & process changes
INVESTMENT IN FUTURE

$56m Yarraville Upgrade
- Strengthen ‘Customer Proposition’ in Southern markets
  - Better reliability
  - More consistent Quality
  - Improved storage supports Contingency Planning
- Complements current & future food manufacturing standards
- On target for early 2009 commissioning
- Consolidates the competitive advantage of our 3 refinery footprint for Australia and New Zealand markets

INVESTMENT IN FUTURE

- Brands
  - CSR (153 years) and Chelsea NZ (124 years) are brand icons

- Innovation
  - More than just sugar
  - Innovation culture emerging
  - Leadership in high value offers
EXCITING NEW PLATFORMS

- Expand to ‘sweet solutions’ business model
- First step-out to Equal Distributorship highly successful in Retail & Foodservice Channels
- Infrastructure and capabilities to deliver
- Further growth opportunities exist

REFINING – LEVERAGE STRONG MARKET POSITION FOR FURTHER GROWTH

- Strong safety performance and plans
- Profit creation through customer value
- Low Risk
  - Multiple channels to generate earnings
  - Earnings largely independent of raw sugar price volatility
- A unique and sustainable supply footprint
- Well placed to service Asian growth opportunities
ETHANOL’S SUSTAINABLE CYCLE

- CSR Ethanol is a renewable energy business with two main product streams:
  - **Ethanol products** - supplying the industrial and fuel markets
  - **Fertiliser products** - BioDunder™ a process co-product which is value added into a complete Liquid fertiliser
### CSR Ethanol Process

**Inputs**
- Juice
- Molasses
- Nitrogen
- H$_2$SO$_4$
- Phosphorous

**Yarraville Operation**
- Industrial
  - Ethanol Customers
  - Agency Products

**Sarina Operation**
- Fertiliser Customers
  - Sugar

**Processes**
- LOS Blending Process
- Fertiliser Products
- Cane fields

---

### RENEWABLE FUEL GROWTH

- A large market opportunity exists for liquid fuels that can use existing infrastructure and reduce greenhouse emissions.
- CSR Ethanol is the second largest Australian producer of fuel ethanol with volumes growing 500% the last 3 years.
- CSR Sugar which produces about 40% of Australia’s sugar has the potential to make up to:
  - 100 ML of ethanol using molasses
  - 1 billion litres of ethanol using cane

**Australian Fuel Ethanol Market Share 130 ML**
- Total fuel market ~20 billion litres
- Ethanol 1%
- Petroleum 99%
CSR ETHANOL – CO2 ABATEMENT FROM A NON FOOD SOURCE

- Every litre of CSR Ethanol produces less than half the CO2 emissions of petrol.
- CSR Ethanol produced ethanol via molasses which is a by product of sugar production and is not a food staple.

<table>
<thead>
<tr>
<th>Material</th>
<th>Embodied CO2 emissions T CO2e/kL</th>
<th>Energy content GJ/kL</th>
<th>Energy Adjusted factor</th>
<th>CO2e Emissions relative to Petroleum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethanol - CSR1</td>
<td>0.653</td>
<td>23.4</td>
<td>0.684</td>
<td>0.95</td>
</tr>
<tr>
<td>Ethanol - Grain2</td>
<td>1.45</td>
<td>23.4</td>
<td>0.684</td>
<td>2.12</td>
</tr>
<tr>
<td>Petroleum</td>
<td>2.5</td>
<td>34.2</td>
<td>1</td>
<td>2.50</td>
</tr>
</tbody>
</table>

Data Notes:
1. Embodied LCA 2007
2. AgriEnergy LCA 2007

STRONG POSITION IN THE AUSTRALIAN INDUSTRIAL MARKET

- CSR Ethanol has been supplying ethanol into this market for over 100 years and currently has the leading market share.
- CSR supplies the following key market sectors:
  - Food and Beverage
  - Pharmaceutical
  - Cosmetics
  - Paints
  - Inks
  - Cleaning
  - Manufacturing

Australian Industrial Ethanol Market By Sector

Source: CSR Estimates
BIO-DUNGER™ – A POTASSIUM FERTILISER SOURCE

- Bio-dunder™ is the end product from molasses fermentation for ethanol production
- Bio-dunder™ comprises of vegetable matter containing Potassium and traces of sodium, nitrogen, calcium, magnesium and phosphorus
- Bio-dunder™ is certified as organic and has been granted “Beneficial Use” status by the EPA
- Liquid One Shot – (LOS)™ formed by topping up nutrients with urea and phosphate

SIGNIFICANT OPPORTUNITIES FOR VOLUME GROWTH IN LIQUID FERTILISERS

- The key advantages of Liquid Bio-dunder™ are:
  - Recycling nutrients back into soils
  - Nitrogen volatilisation is reduced in LOS™ products
  - Rapid uptake by plants
  - Cost competitive - includes delivery & application

- Significant opportunities for growth in market share exist for liquid fertilisers – currently comprises ~ 17% of local market
- Farmer demographic and labour shortages make CSR’s complete service offering more attractive
- Bio-dunder™ fertiliser is now precision applied using Variable rate application technology delivering cost savings to our customers

Source: CSR Estimates
**IMPROVED PRICING OPPORTUNITIES IN AGRICULTURAL SERVICES**

- Fertiliser commodity prices have strengthened, underpinning improved returns from fertilisers in the medium term
- CSR captures revenue and earnings uplift through:
  - Potassium price increases which are passed through to customers
  - Improved margin on Phosphorous and Urea

![Graph of Potash (KCl) Price]

![Graphs of Phosphorous Price and Urea Price]

**UPGRADE OF FUEL ETHANOL CAPACITY**

- CSR has announced a $17.8 million project to significantly increase fuel ethanol production capacity at Sarina distillery to 60 million litres per annum
- CSR’s Sarina distillery currently has total capacity for up to 60ML comprising:
  - 38ML of Fuel Grade ethanol (limited by de-hydration capacity)
  - 22ML of Industrial Ethanol
- Project will install dehydration unit to convert all production to fuel grade ethanol
- This additional volume is already in strong demand by Australian fuel companies for blending into fuel across Australia
- Project is similar to CSR’s previous successful step into the fuel market following its first major installation of fuel capability completed in mid 2006.
- Part of overall CSR Sugar strategy to increase recurring earnings and further develop renewable energy capacity
- Construction expected to commence in November 2008 with scheduled completion by June 2009
SOLID FUNDAMENTALS FOR GROWTH

- CSR Ethanol continues to have strong growth opportunities in Fuel ethanol
- CSR Fertiliser returns are positively supported by forecast agricultural commodity outlook
- Solid reputation for quality and service underpins industrial market performance
- Sugar Juice to Ethanol growth potential exists should government policy and a market develop for CO2 abatement in the liquid fuels market