Interim Results

Half year ended 31 March 2012

Presentation 14 May 2012

Incitec Pivot Limited

DYNO Dyno Nobel

Incitec Pivot

SouthernCross International

Disclaimer

This presentation has been prepared by Incitec Pivot Limited ("IPL"). The information contained in this presentation is for information purposes only. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of IPL, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of the information contained in this presentation.

In particular, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns ("forward-looking statements") contained in this presentation nor is any obligation assumed to update such information. Such forward-looking statements are based on information and assumptions known to date and are by their nature subject to significant uncertainties and contingencies. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, this presentation. Forward-looking statements are not guarantees of future performance.

Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

INCITEC PIVOT LIMITED ABN 42 004 080 264

Presentation outline

Performance Overview	**James Fazzino,** **Managing Director & CEO**
Financial Performance	**Frank Micallef,** **Chief Financial Officer**
Balance Sheet & Treasury	**Frank Micallef**
Outlook	**James Fazzino**

Performance Overview

James Fazzino

Managing Director & CEO

Safety performance

	2012	2011
Fatalities	0	0
TRIFR [1]	1.17	1.60
Percentage of sites injury free	84%	82%
Moranbah construction LTI's	0	0

(1) Total Recordable Injury Frequency Rate – rolling twelve months

Moranbah AN plant construction – 3.25 million hours LTI free

Group performance

NPAT(1)	-13% to $143.5m
Explosives EBIT(2)	+21% to $177.5m
Fertilisers EBIT(2)	-56% to $60.9m
Dividend	Unchanged at 3.3cps (50% franked)
Moranbah AN Plant	96% complete, production in July

(1) Net Profit after Tax, excluding Individually Material items, attributable to shareholders
(2) Earnings before Interest and Tax excluding Individually Material items

Strategy reinforced, Fertilisers earnings decline

Fertilisers performance

- EBIT down $78m
- Distribution / Trading margin losses ($50m)
- Mt Isa Outage extended turnaround costs ($22m)
- Impact of Commodity / FX ($22m)

Merged business to mitigate distribution margin risk

Explosives performance

- 21% EBIT growth – record first half result in DNA and DNAP
- Australian AN volumes +34% (excl. flood recovery +15%)
- St Helens Urea plant capitalised on high US Urea prices, low gas
- Restructured Canadian business delivering
- Coal volume impact partially felt in first half, will impact second half

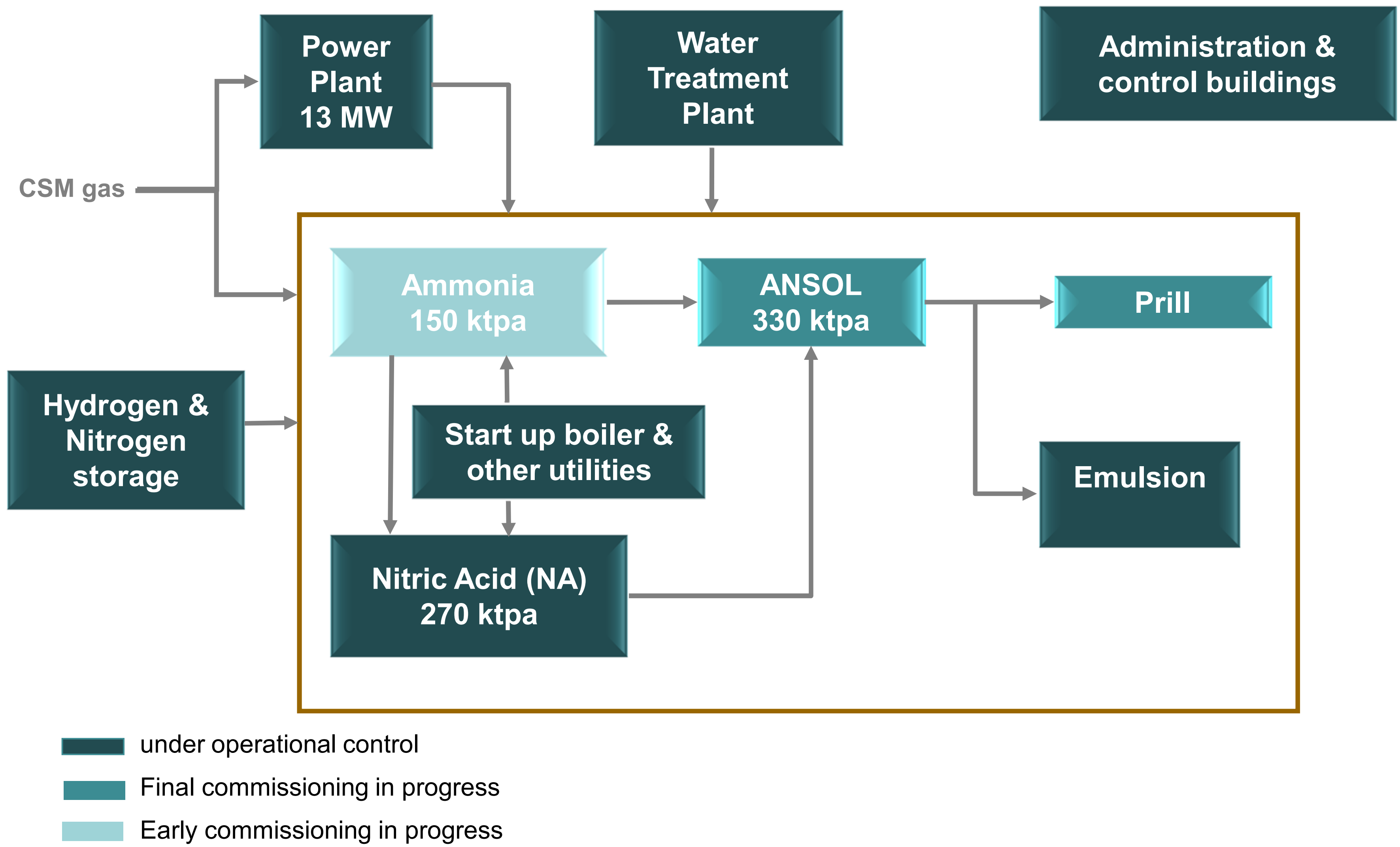
Business delivers to strategy

Moranbah project status

- 3.25 Million hours lost time injury free
- Project 96% complete
- Alliance > 98% complete

Safely on the way to production in July

Pathway to start-up



Moranbah project outlook

- Operations team on site and involved in commissioning process
- Staged plant start up to mitigate risk
- AN production in July 2012
- 50kt production in 2012, minimal EBIT contribution
- Construction cost > $935m (not materially)
- 2015 EBIT: A$165m

Safely on the way to production in July

BEx

- Roll out on track, some delays in recruiting the right people (no compromise approach)
- Early wins – however this is an investment for the long term
- Benefits will include – higher and more reliable plant production, lower conversion costs, move to world class supply chain management

BEX
BUSINESS EXCELLENCE

Productivity improvement to drive competitiveness

Financial Performance

Frank Micallef

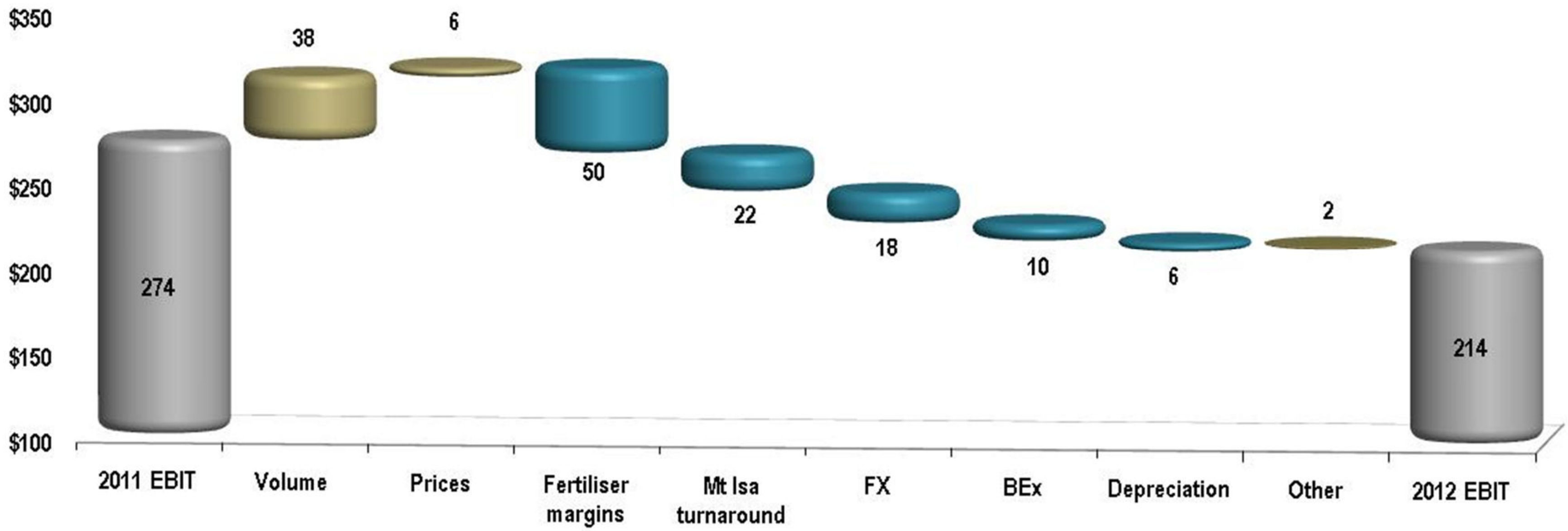
Chief Financial Officer

IPL Group financial performance

Half year ended 31 March (A$M)	2012	2011	Change %
Revenue	1,548.2	1,424.4	9%
EBIT[1]	214.4	273.8	(22%)
NPAT[1]	143.5	178.6	(20%)
NPAT[2]	143.5	165.6	(13%)
EPS (cents)	8.8	10.2	(13%)
Dividend per share (cents)	3.3	3.3	0%
Operating cash flow	(127.3)	85.3	
Net debt	(1,634.3)	(1,355.8)	(21%)

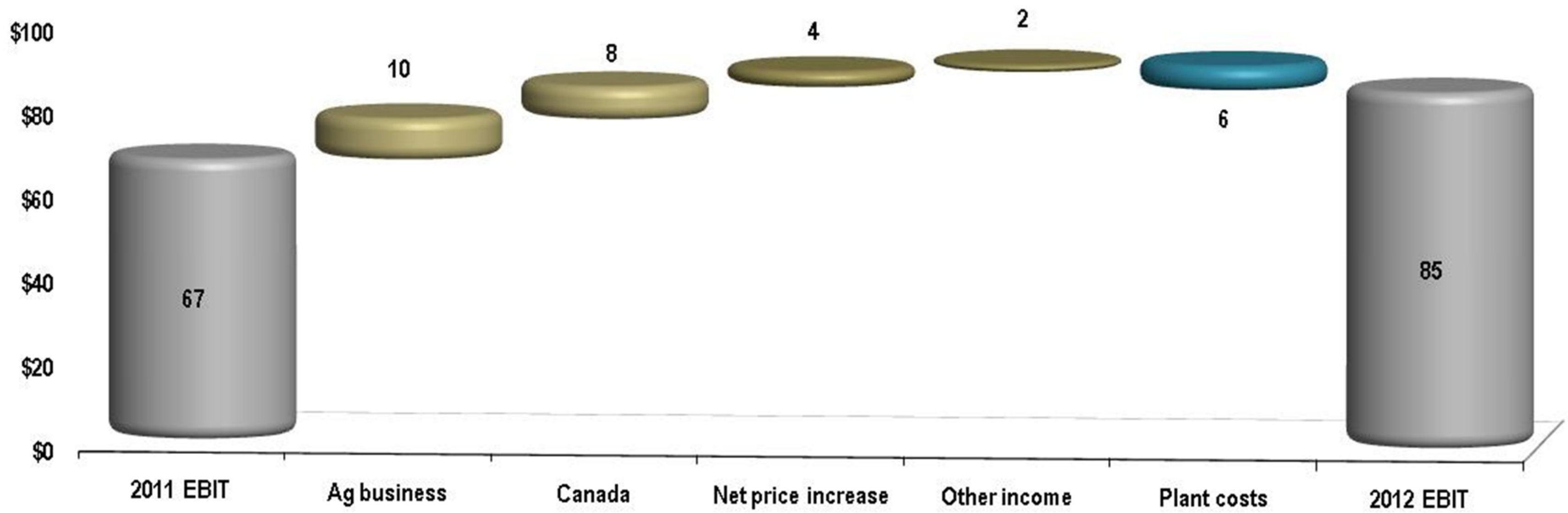
(1) Pre individually material items
(2) Net Profit after Tax attributable to shareholders

GROUP – EBIT waterfall



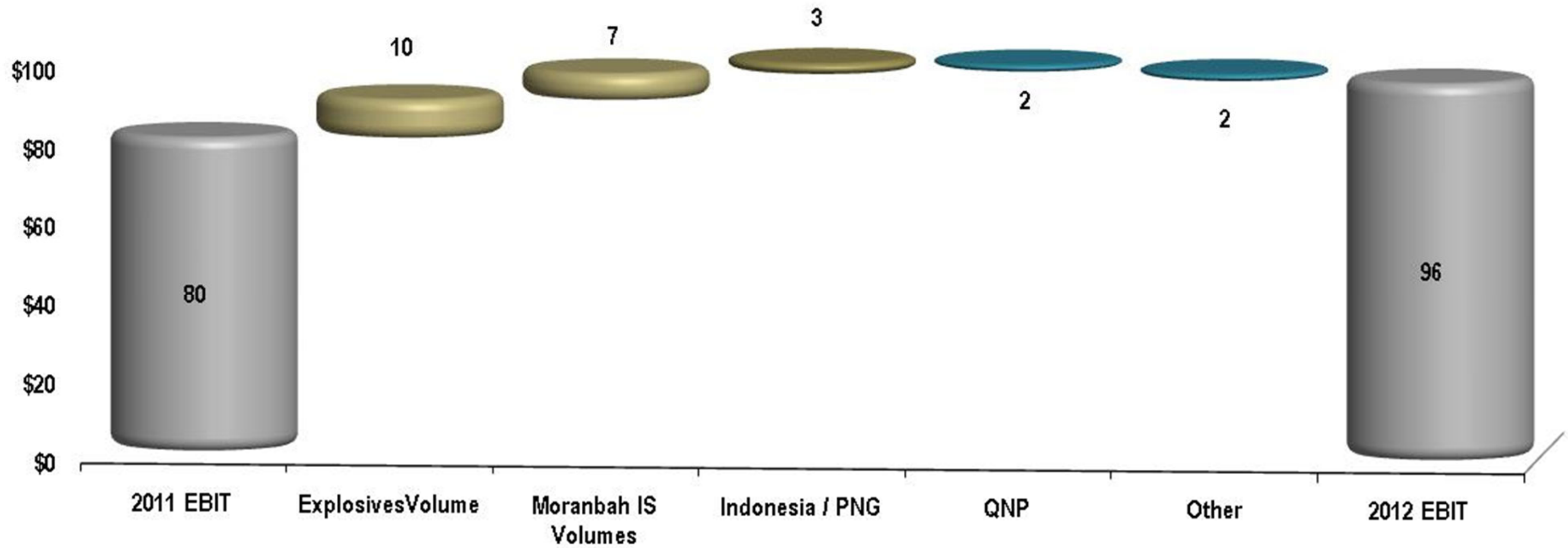
- ✓ Explosives – Volume and Velocity driven
- ✘ Fertilisers – Impacted by lower distribution & trading margins and Mt Isa Final Absorption Tower

DNA (USD) – EBIT waterfall



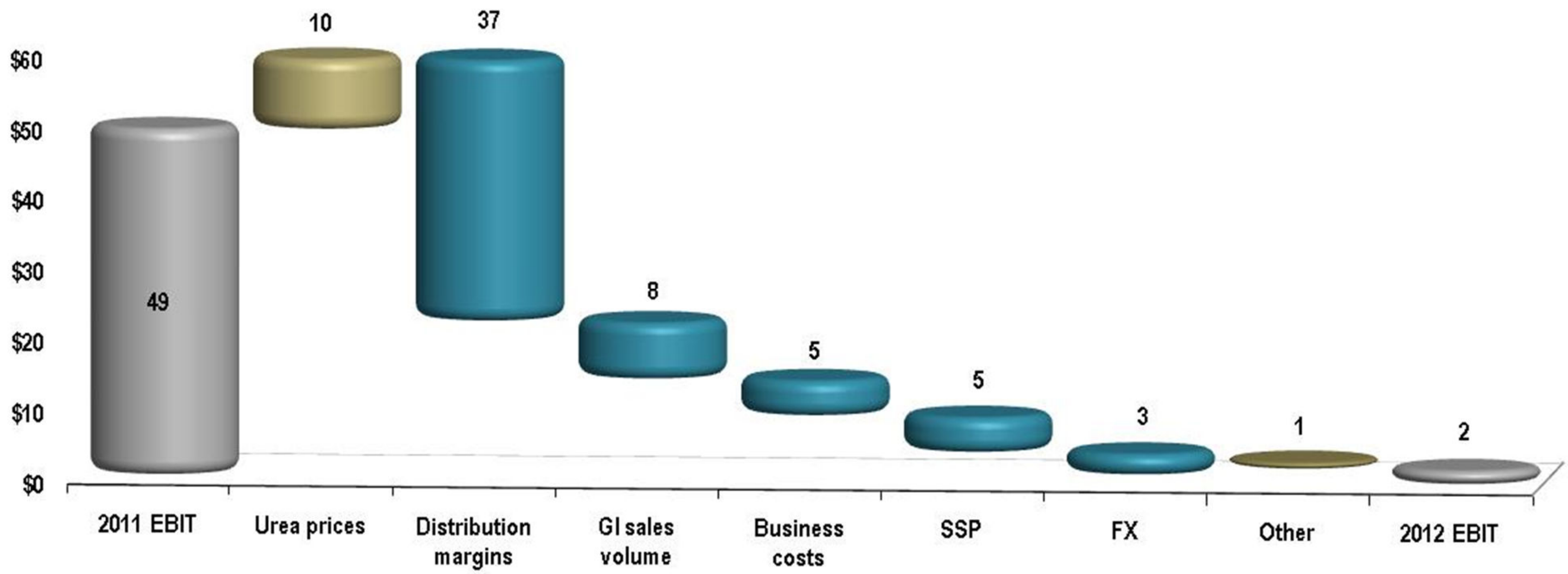
- ✓ Increased contribution from Ag business (St Helens plant)
- ✓ Restructured Canadian business delivers
- ✓ Net prices increase on contracted AN tonnes and Initiating Systems (IS)
- ✗ Higher depreciation, reflecting reliability spend. Maitland costs

DNAP – EBIT waterfall



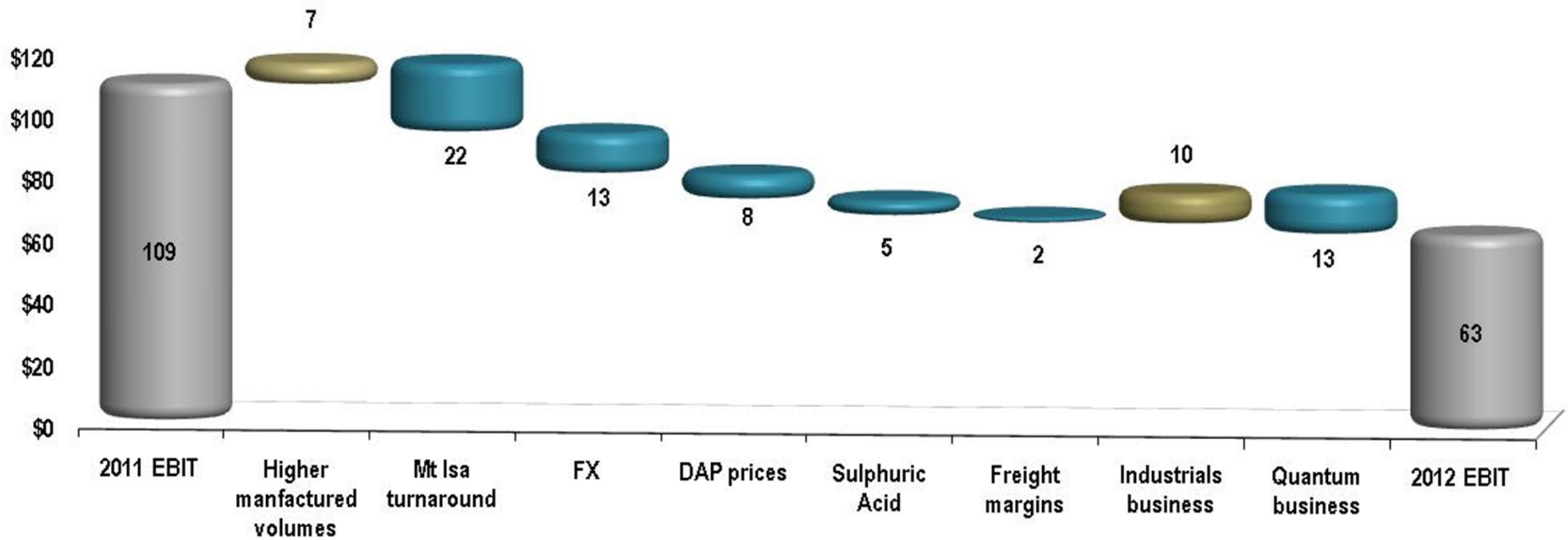
- ✓ 34% AN Volume growth in all Australian regions (15% excl. flood recovery)
- ✓ Higher earnings from IS & Services to Moranbah foundation customers
- ✓ Return on Capital employed in Indonesia and PNG
- ✘ Lower QNP earnings associated with lower production

IPF – EBIT waterfall



- ✓ Realised Urea price increased to an average of $445/t
- ✓ Fertiliser volumes up 10%, driven by pasture market
- ✗ Significant decrease in distribution margins
- ✗ Lower sales of GI production (timing)
- ✗ Higher depreciation - 2011 GI shut ($3m) & 2012 business restructure ($2m)
- ✗ Lower SSP margins
- ✗ FX impacted USD denominated Urea sales

SCI – EBIT waterfall



- ✗ Costs associated with Mt Isa Final Absorption Tower repair: $8m to repair, $14m of fixed and variable inefficiencies
- ✗ FX impacted USD denominated Ammonium Phosphate sales
- ✗ Realised DAP price decreased to an average of $568/t
- ✗ Higher Sulphuric Acid input costs
- ✓ Improved contribution from the Industrials business from higher Ammonia sales and new contracts
- ✗ Trading losses in Quantum business

Balance Sheet & Treasury

Frank Micallef

Chief Financial Officer

Capital management outcomes – Net debt

Net debt increased by A$445M since September 2011 to A$1,634M

- Operating cash flow decreased $212.6m to an outflow of $127.3m
- Dividend payment A$134m (up 37% on pcp)
- Moranbah spend A$124m (excluding capitalised interest)
- Sustenance spend A$57m (down 54% on pcp)
- Effective interest rate 6.3% (inclusive of upfront costs and commitment fees)

Credit metrics strong at peak funding levels

Value-adding risk management – FX exposures

2012: USD Transactional exposure – Australian manufactured fertilisers

- 95% covered at no worse than AUD/USD $0.96 (inclusive of premium costs) versus YTD market average of AUD/USD $1.03

2013: USD Transactional exposure – Australian manufactured fertilisers

- 50% hedged at no worse than AUD/USD $1.05 (inclusive of premium costs) and fully participating to AUD/USD $0.90

Risk management approach to FX

OUTLOOK

James Fazzino

Managing Director & CEO

Dyno Nobel

Incitec Pivot

Southern Cross International

Outlook – 2nd Half 2012 Explosives

- DNAP – slower growth in 2nd half (pcp included stronger emulsion sales in 2011)
- DNA – 2nd half volumes to be impacted by Coal industry volumes. Metals and Q&C volumes expected to be consistent with first half
- St Helens plant has a turnaround scheduled for September 2012

Strong 2012 – slower growth in 2nd half

Outlook – 2nd Half 2012 Fertilisers

- IPF business to deliver circa 2011 second half (assuming similar production and Urea prices as 2011), reflecting a recovery of distribution margins and forecasted distribution volumes > 2mt
- Full year production forecasts – Phosphate Hill (860kt); Gibson Island Urea Equivalent (360kt)
- Quantum to generate positive earnings in second half

2nd Half distribution and trading margin recovery

Capital project update

- Pilbara 200kt Emulsion plant – to be completed on time and on budget in 2nd Half 2012
- Kooragang Island Ammonium Nitrate – feasibility study continues, final investment decision expected in Q1 2013 calendar year
- US Ammonia Plant – feasibility study has commenced, final investment decision expected in Q1 2013 calendar year(1)

(1) Subject to regulatory approval

Disciplined approach to growth opportunities


Incitec Pivot Limited
DYNO
Dyno Nobel
Incitec Pivot
SouthernCross
International
Questions ?

Appendices

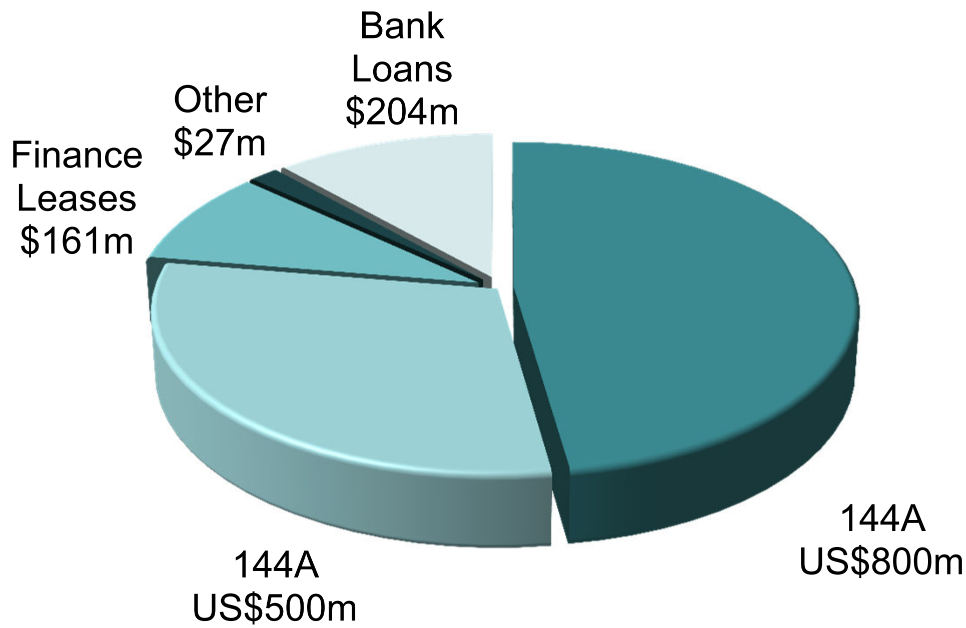
Debt structure delivers value

- ✓ No refinancing risk until April 2014

US Debt Strategy

- ✓ Maintains debt/EBITDA as US$ depreciates
- ✓ Partially hedges US$ earnings translation exposure
- ✓ Allows participation in low interest rates (approx. 40% hedged)

Drawn Funds at 31 March 2012



Strong capital structure

Strong investment grade credit metrics

	Mar. 2012	Mar. 2011	Target range
Net debt / EBITDA[(1)]	1.9x	1.6x	< 2.5x
Interest cover[(2)]	10.6x	11.2x	> 6.0x
Gearing Ratio[(3)]	31%	28%	

Headroom (including cash)	$736m
Average tenor of drawn funds	5.3 years

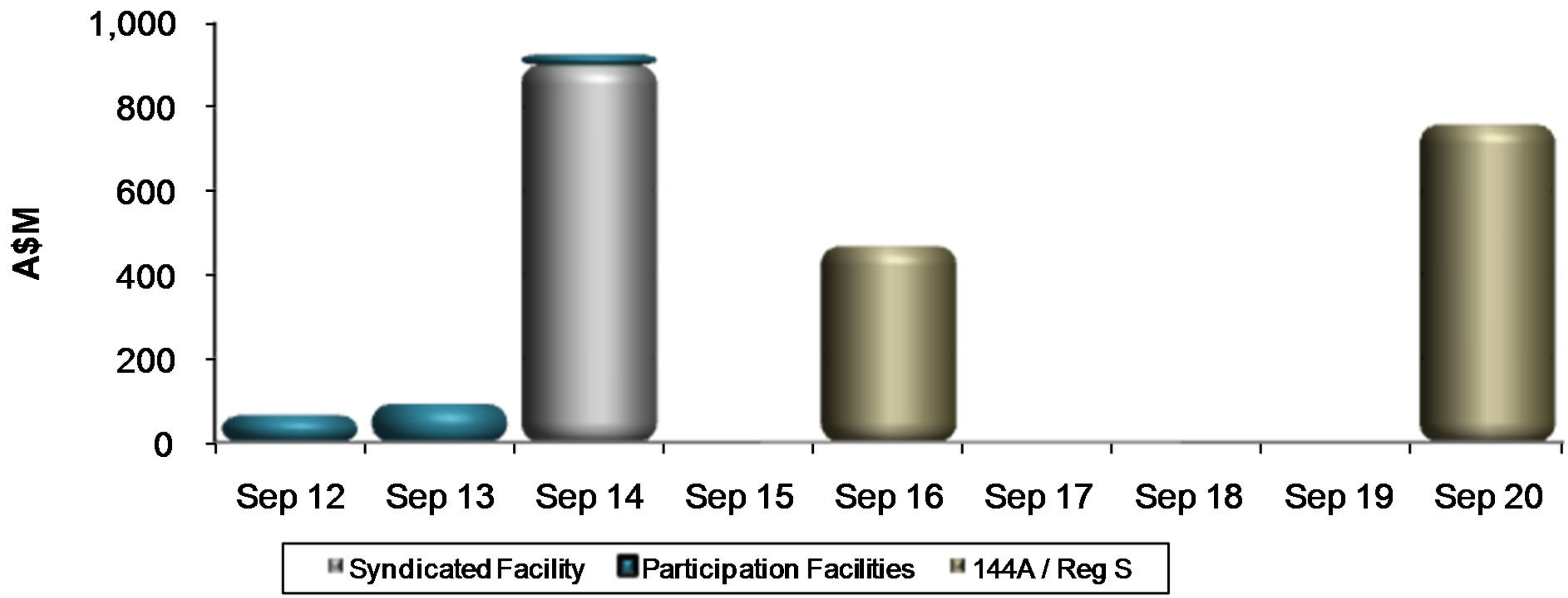
(1) Based on last 12 month historical EBITDA / Net debt at point in time
(2) Interest cover = 12 month rolling EBITDA / interest expense before accounting adjustment
(3) Net Debt / (Net Debt + Equity)

3 investment grade credit ratings

Capital management - Interest cost

Half year ended 31 March (A$M)	2012	2011	Change
Total borrowing costs	61.4	52.0	(18%)
Less unwinding of discount on provisions	13.9	9.4	(48%)
Interest cost before capitalisation	47.5	42.6	(12%)
Average interest rate	6.3%	5.6%	

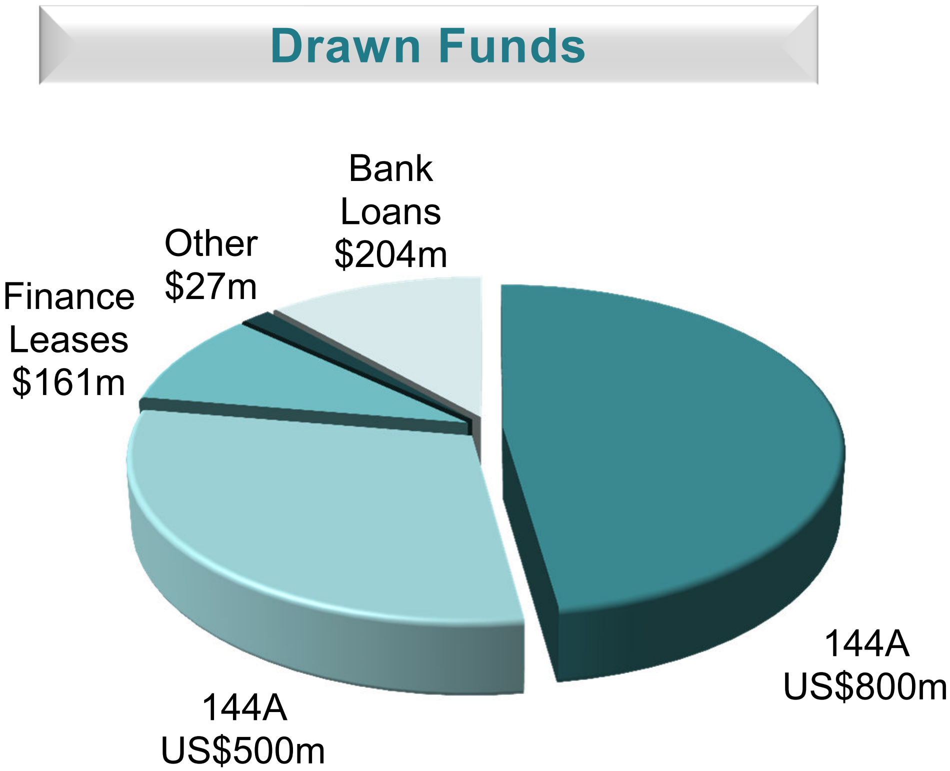
Debt maturity profile

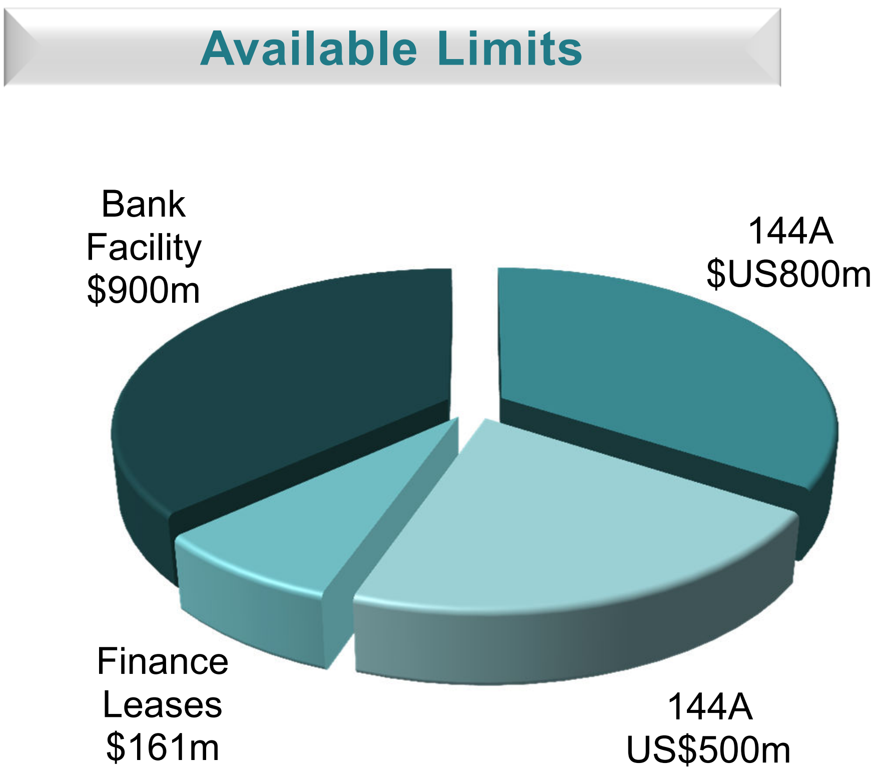


- 5.3 years average tenor of drawn funds
- Headroom including cash $736m

Tenor and diversity

Debt profile





Diverse sources; surplus headroom

EBIT sensitivities

IPF: Urea - Middle East Granular Urea (FOB)[1]	+/- US$10/t = +/- A$3.9m
SCI: DAP - Di-Ammonium Phosphate Tampa (FOB)[2]	+/- US$10/t = +/- A$9.0m
Forex - transactional (DAP & Urea)[3]	+/- 1 cent = A$7.4m
DNA: Urea (FOB)[4]	+/- US$10/t = +/- US$1.7m
DNA: Forex - translation of Explosives earnings[5]	+/- 1 cent = A$1.4m

Assumptions:

(1) 360kT (Forecast Gibson Island 2012 production) urea equivalent sales at 2011 realised price of US$397 and a 2012 hedged exchange rate of A$/US$ 0.96
(2) 860kT (Forecast Phosphate Hill 2012 production) DAP sales at 2011 realised price of US$617 and hedged exchange rate of A$/US$ 0.96
(3) DAP & Urea based on assumptions 1 and 2 (this excludes the impact of hedging)
(4) 165kT (Forecast St Helens 2012 production - short tonnes) urea equivalent sales at 2011 realised price of $453/t
(5) For each US$150m EBIT