



Getting things done.

Incitec Pivot Limited

Credit Suisse
Asian Investment
Conference

March 2008



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Investment Thesis

- Leverage to the global soft commodity super cycle
- Robust outlook for global fertiliser industry
- Low cost manufacturing assets close to key markets
- Leading market position in Australia
- 11 March 2008 - proposed A\$3.3bn acquisition of Dyno Nobel (hard commodity leverage) via a Scheme of Arrangement
- Strong platform for growth

Incitec Pivot - Overview



Incitec Pivot - snapshot

- ASX listed company (ASX:IPL)
- A\$7.5bn ⁽¹⁾ market capitalisation - S&P ASX100 and MSCI index
- Australia's largest integrated fertiliser manufacturer and distributor
 - ✓ Operations across the fertiliser value chain
 - ✓ World class integrated manufacturing assets
 - ✓ 70% (~ 2.4mt) of IPL sales are domestically manufactured
 - ✓ Extensive distribution network throughout eastern Australia
- Provides a balanced and diversified exposure to Australian agriculture

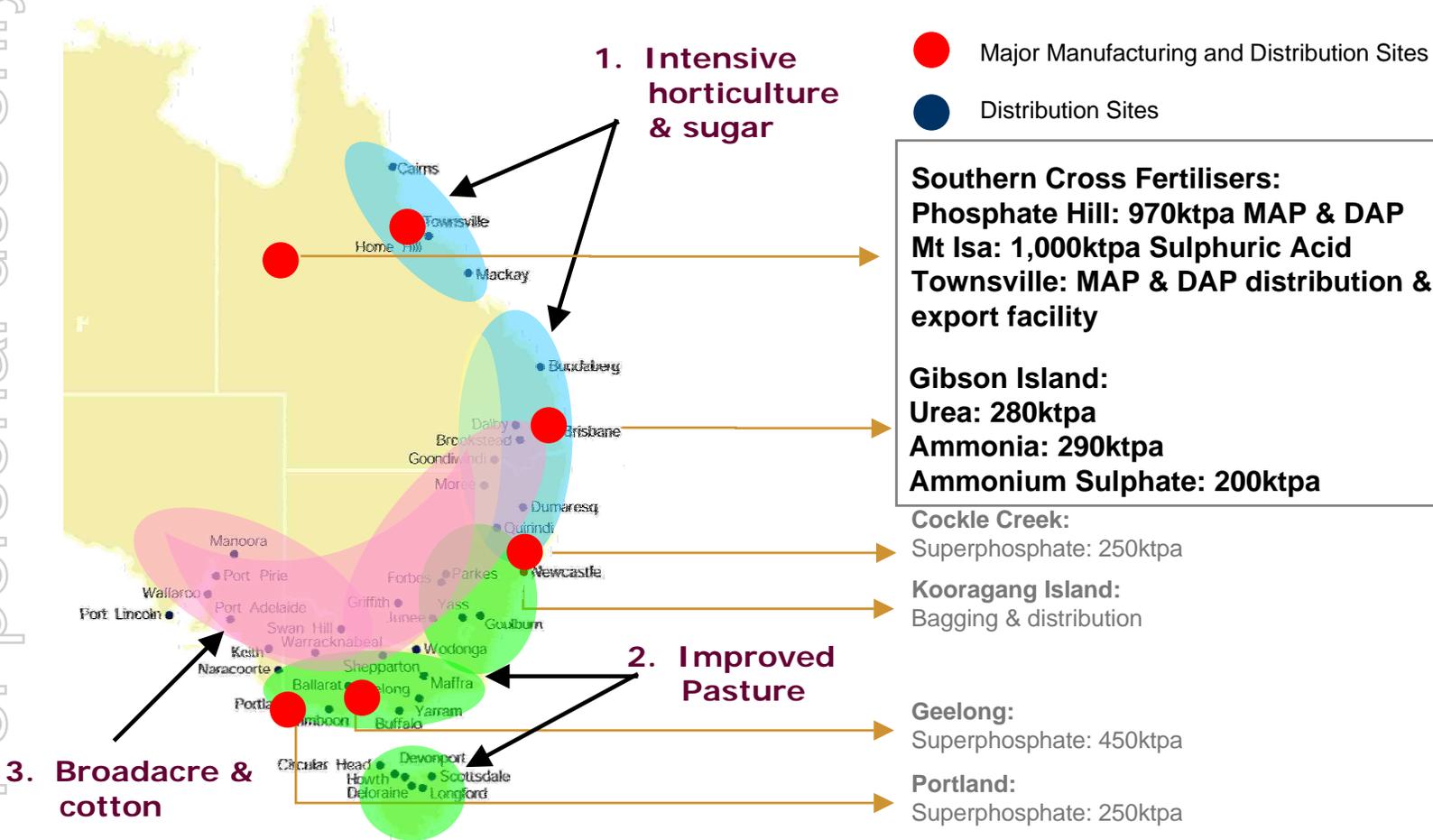
Offers exposure to global soft commodities

(1) Based on 10 March 2008 closing share price of A\$148.00



Low cost manufacturing assets

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Incitec Pivot is Australia's largest integrated fertiliser manufacturer and distributor



Balanced exposure to Australian agriculture

Manufactured products

tonnes

Ammonium phosphate	970,000
Urea	280,000
Ammonia (anhydrous)	100,000
Ammonium sulphate	270,000
Single superphosphate	780,000

Total manufactured

2,400,000

Imported products

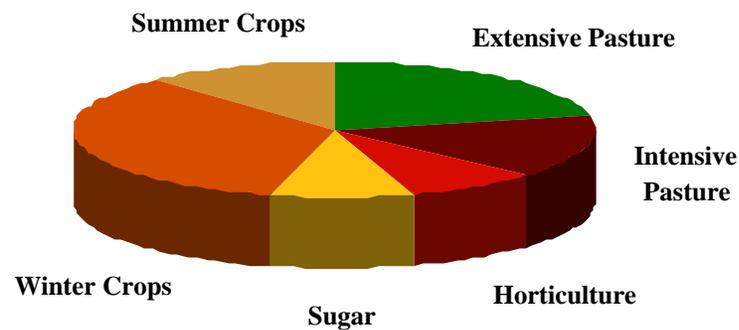
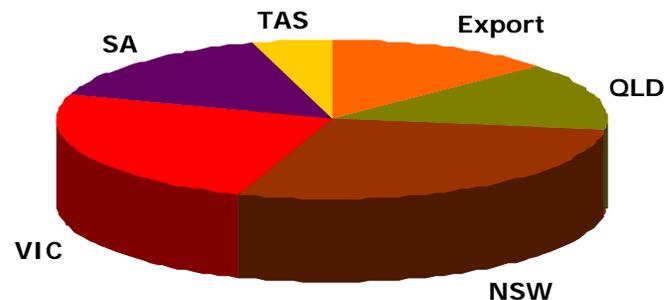
Urea	500,000
Ammonium phosphate	300,000
Potash	200,000

Total imported

1,000,000

Total sales

3,400,000



World scale ammonium phosphate production at Phosphate Hill



- World scale asset
- Bottom of the global cost curve
 - Low cost rock deposit
 - Low cost sulphuric acid
 - Low cost ammonia (underpinned by long term gas contract)
- Nameplate capacity 970,000 tonnes per annum

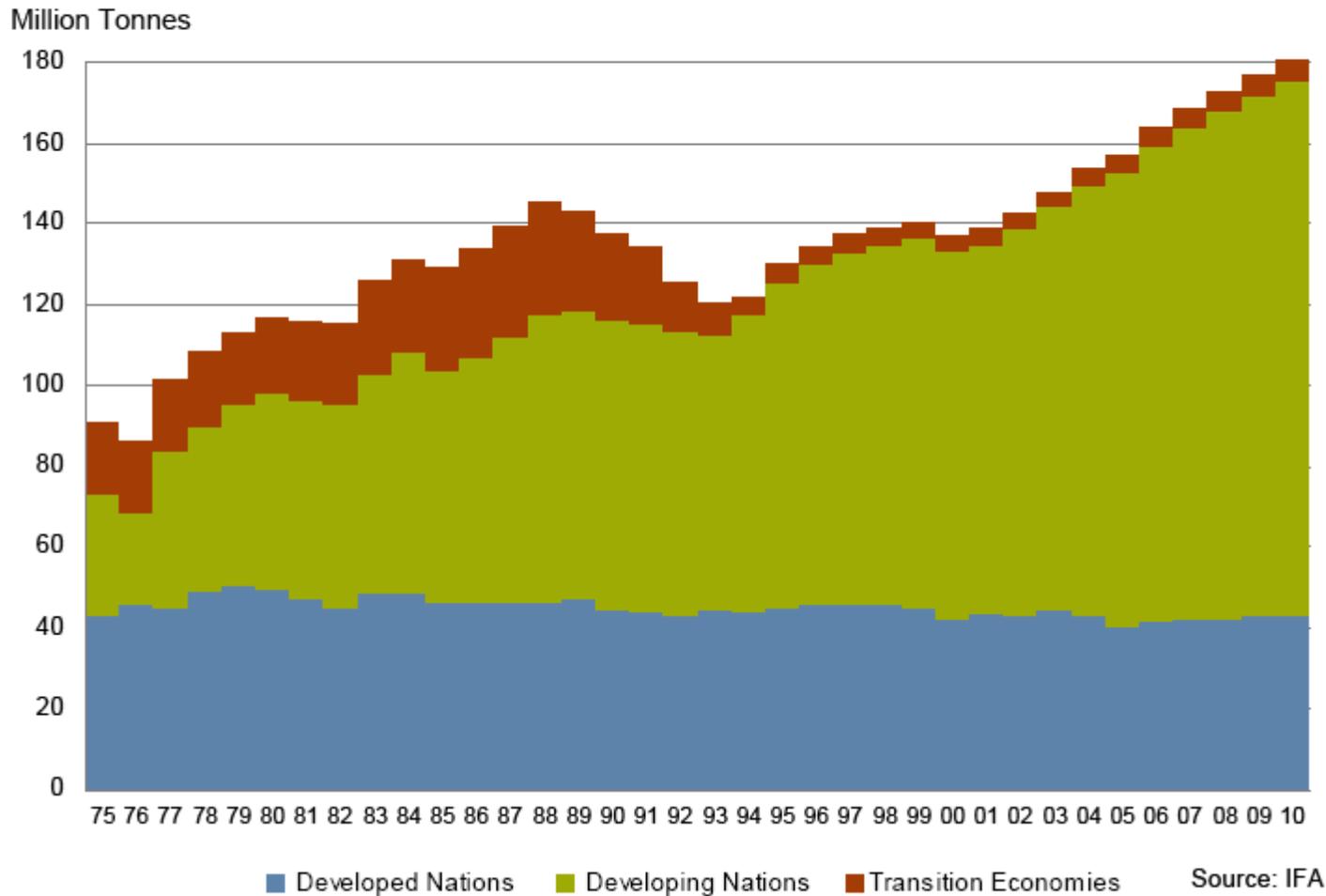
Outlook - Global Fertiliser Demand

" the 4 F's "



Demand is growing

World Nutrient Demand Through 2010



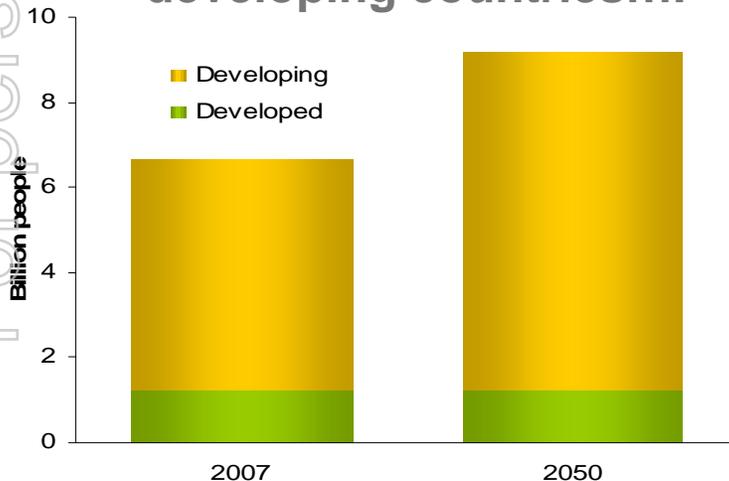
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Food

- Population growth and economic prosperity in developing countries is increasing demand for food
- Global net population growth ~200,000 people per day
- Step change in quantity and quality of food consumption as GDP/capita increases to between US\$3k - US\$5k

Strong population growth in developing countries....



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat (2007), Incitec Pivot

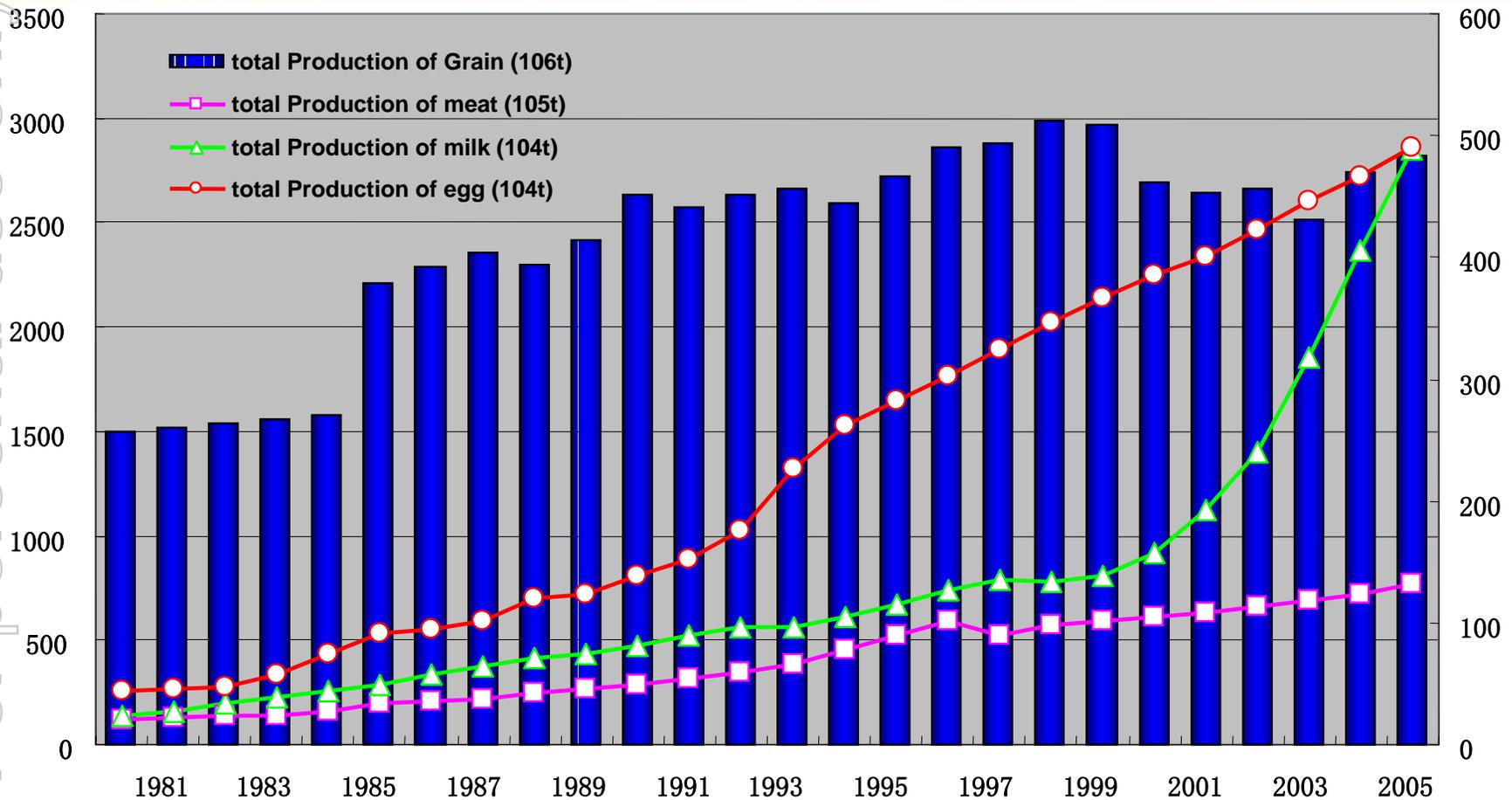
....and increasing economic prosperity

Country	2007 GDP growth
China	11.4%
India	8.9%
Argentina	8.7%
Indonesia	6.3%
Brazil	5.2%

Source: Economist Intelligence Unit



Feed



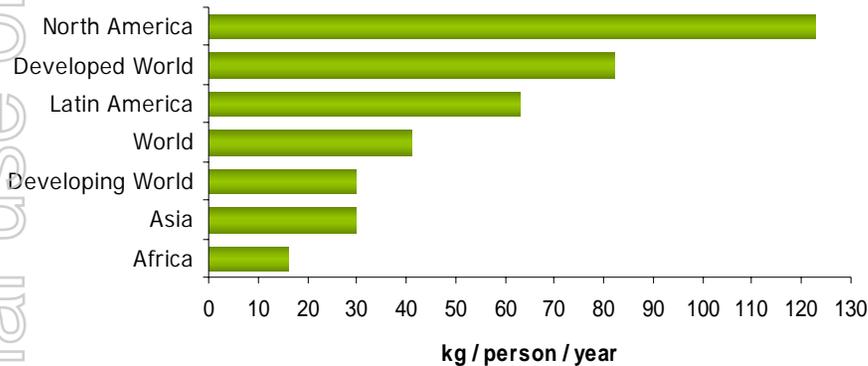
Compared to **1980**, grain production increased by **89%**, while the production of meat, egg and milk increased **6.4**, **11.2** and **20.8** times respectively in 2005

Source: China Agriculture University, Beijing, 100094 P.R.CHINA

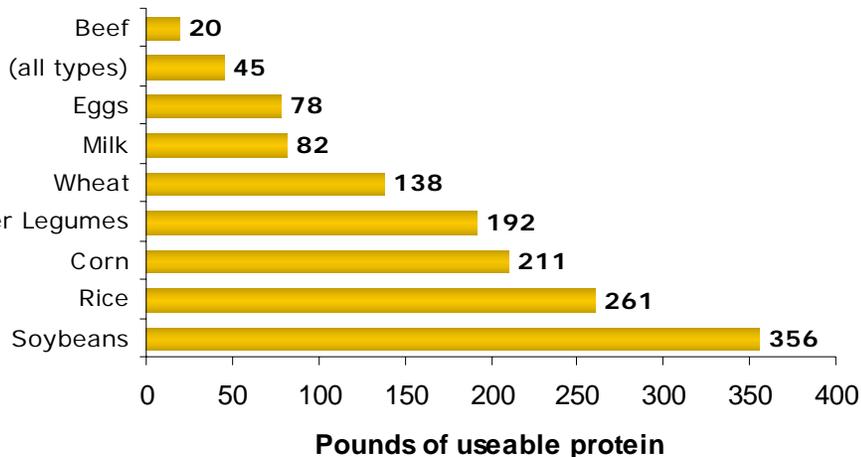


Feed

Meat Consumption Per Capita



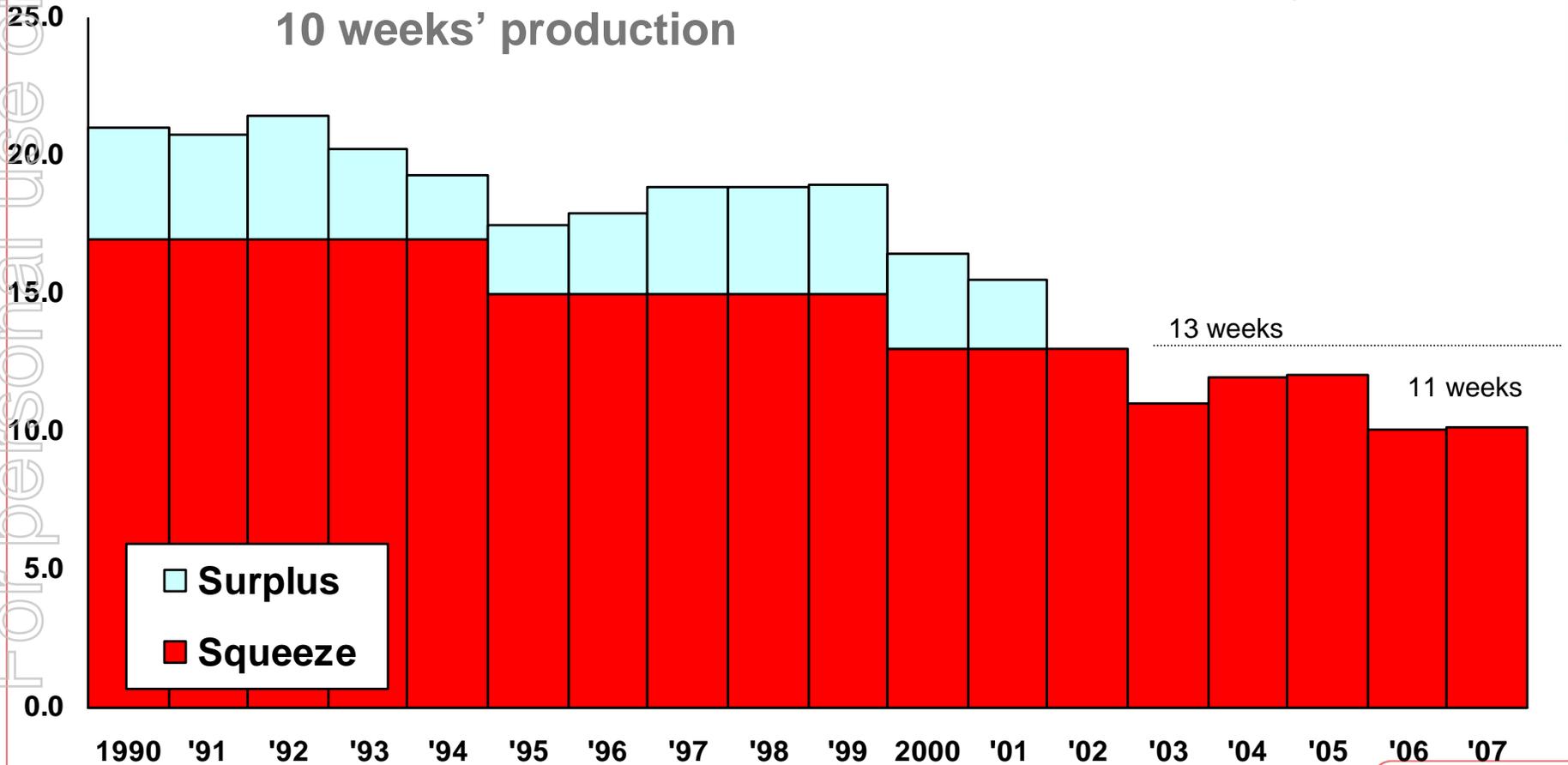
Usable Protein Yield Per Acre of Land



- Meat consumption in developing world lags developed world average
- Rising per capita income drives demand for complex protein (meat)
- Meat producing animals consume a lot of grain
- Chinese meat consumption has tripled in past 7 years

Feed

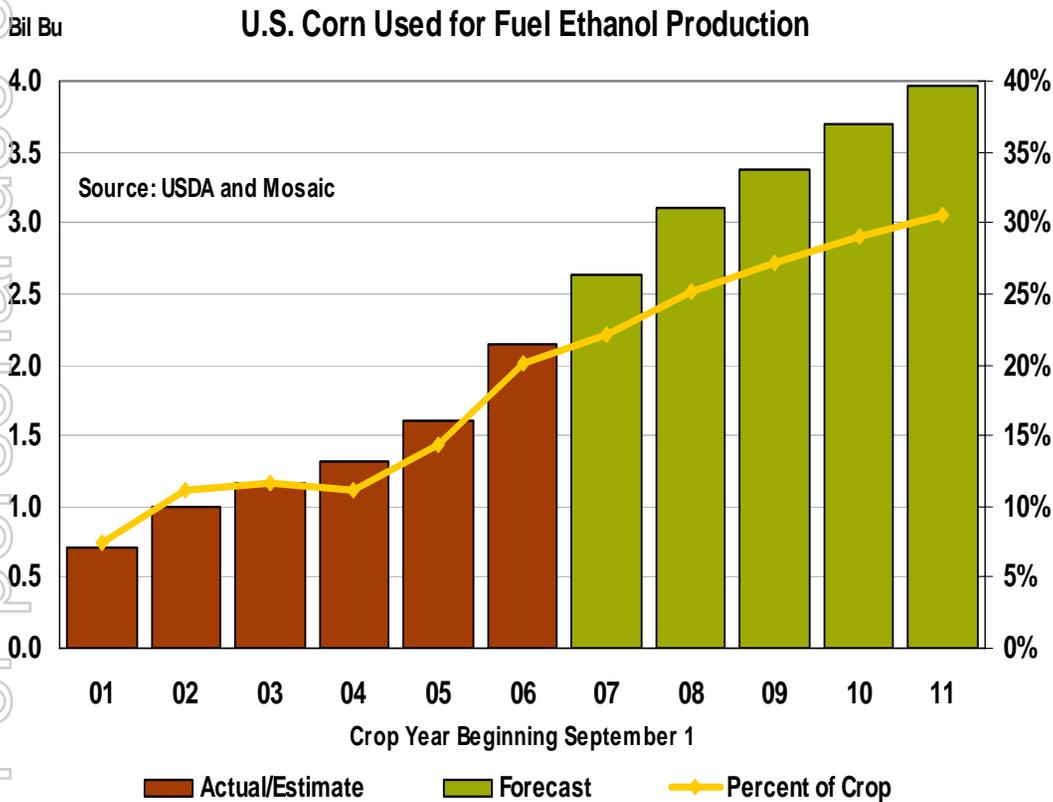
Cereal stocks are at record lows, equivalent to just 10 weeks' production



Source: FAO, British Sulphur Consultants



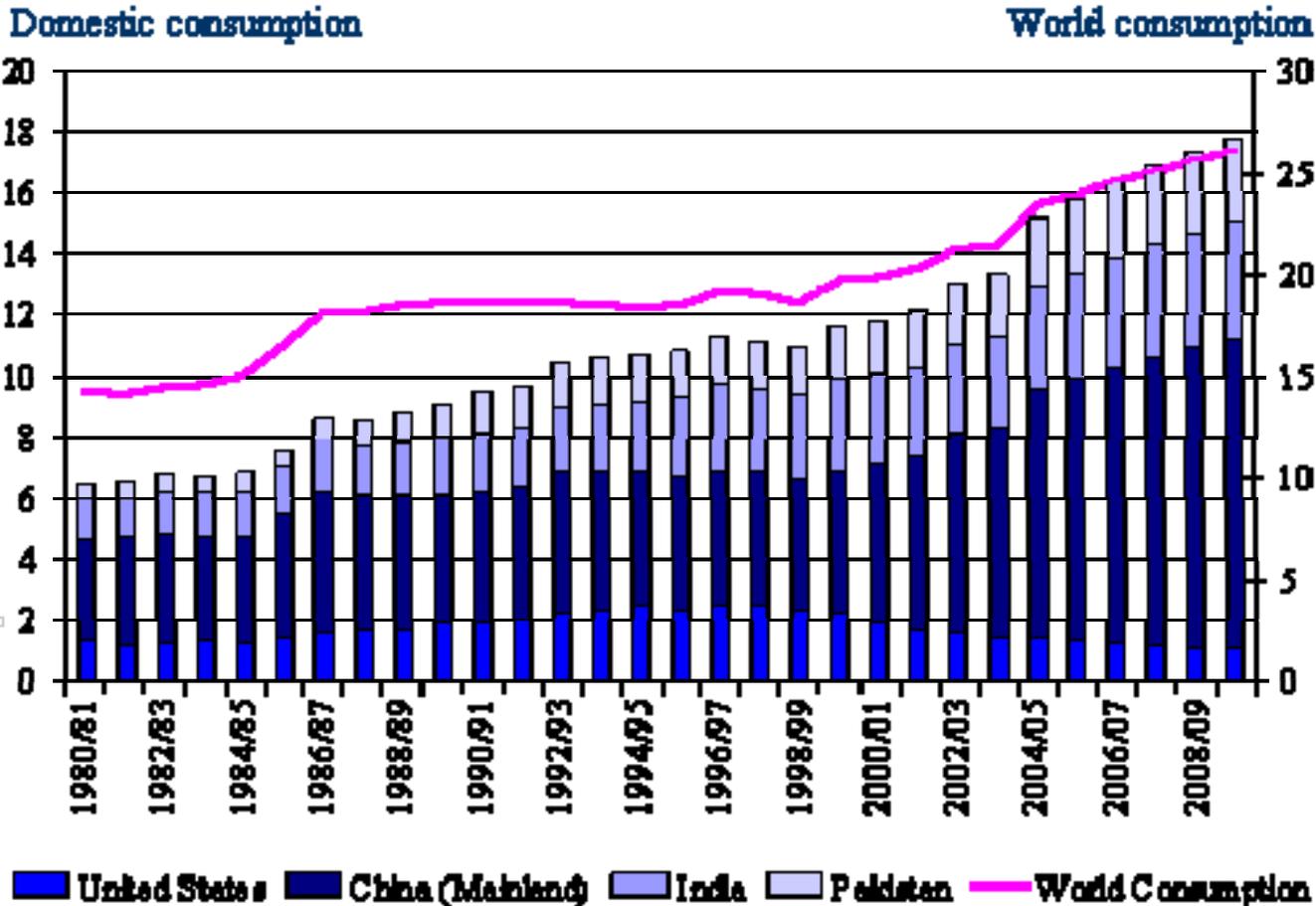
Fuel



- Recent dislocation in nutrient demand has been driven by biofuel
- Government mandates underpinning demand for renewable fuels
- Corn, sugar, palm oil are nutrient intensive crops

Fibre

Cotton Consumption (million tonnes)

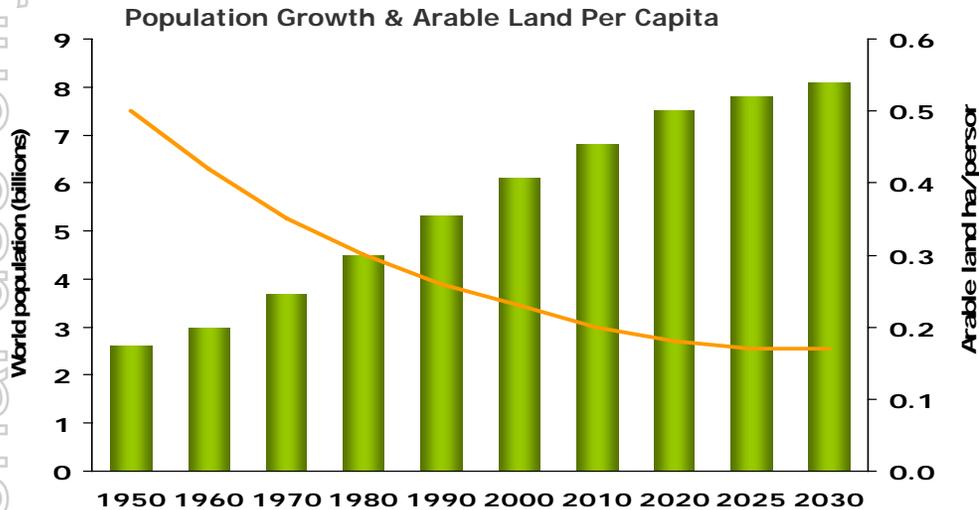


- Demand for plant fibres will continue to be strong
- Cotton production is forecast to stay at the currently elevated levels

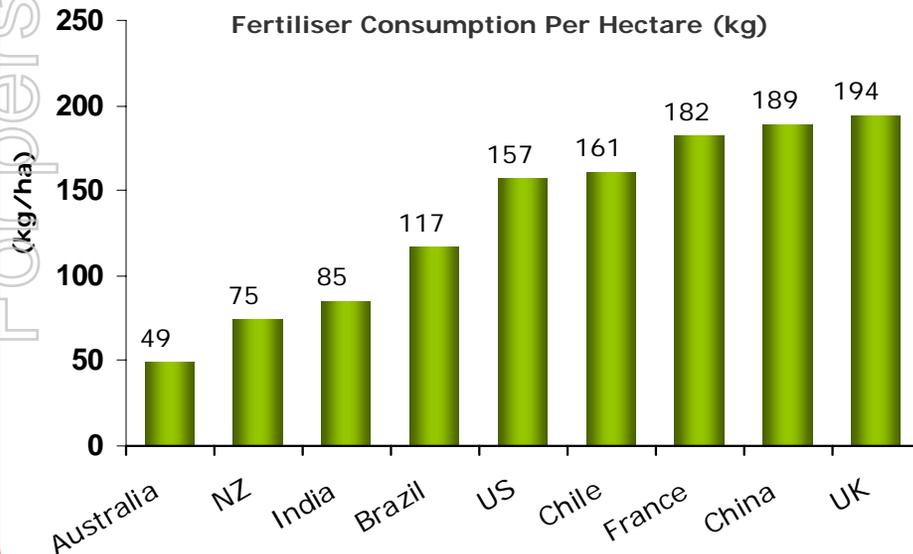
Source: UNCTAD, based on: "Cotton: World Statistics - International Cotton Advisory Committee (ICAC)"



Constraints - arable land



- Arable land per capita is declining as population increases
- Crop yields must increase to meet increased demand for food
- Increased fertiliser consumption will support increased yields

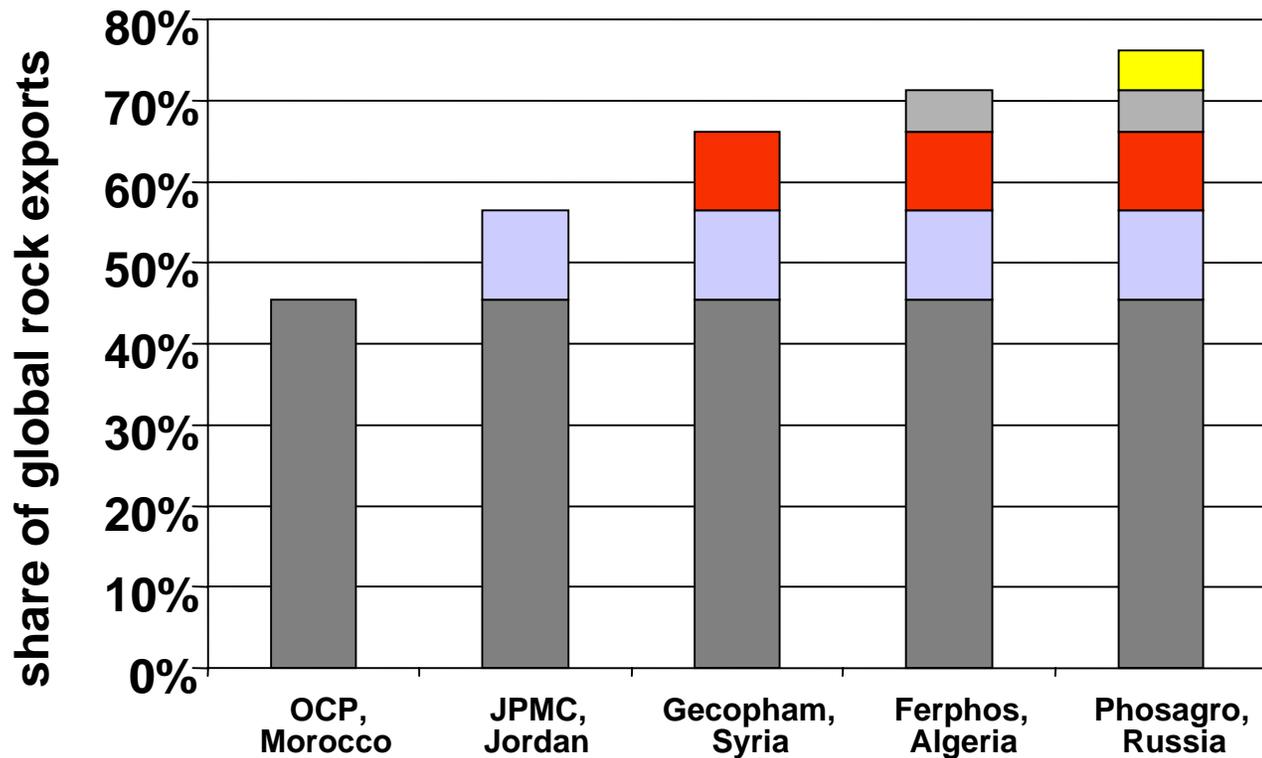


Outlook - Ammonium Phosphate Supply



Top five rock exporters = 76% of global trade

There is a high concentration in the phosphate rock / phosphoric acid/ammonium phosphates, particularly in the export markets

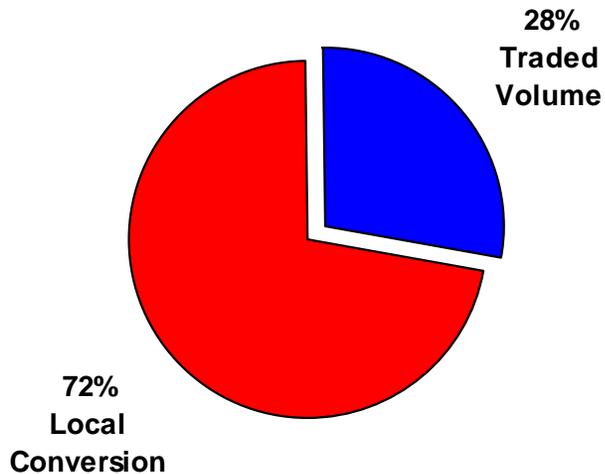


Source: British Sulphur Consultants
A Division of CRU



Global ammonium phosphate industry

Industry Production



Major producers & exporters

Mosaic (USA) ⁽¹⁾	9.5mt
OCP (Morocco)	3.8mt
Phos Agro (Russia) ⁽²⁾	3.0mt
CF Industries (USA)	2.2mt
GCT (Jordan)	2.0mt
China ⁽³⁾	15.4mt

**Industry volume:
Approx 63MTPA**

**Lead time for new capacity:
Approx 4 years**

**World scale ammonium phosphate production at
IPL's Phosphate Hill**

(1) formed in 2004 – merger of IMC & Cargill Fertilizers

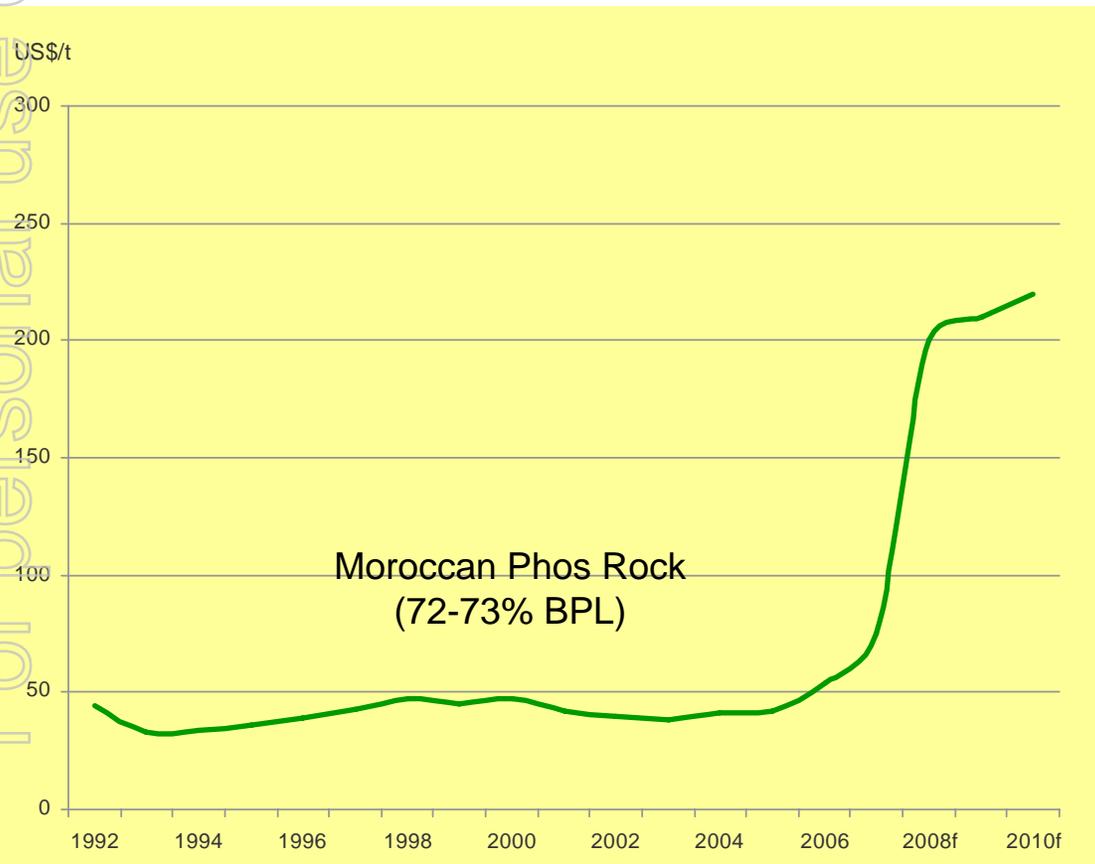
(2) 8.5% export tax announced Q1 2008

(3) 35% export tax applied 1Q 2008, volume estimate



Phosphate rock prices should remain strong

There has been a fundamental shift in the value of phosphate rock.

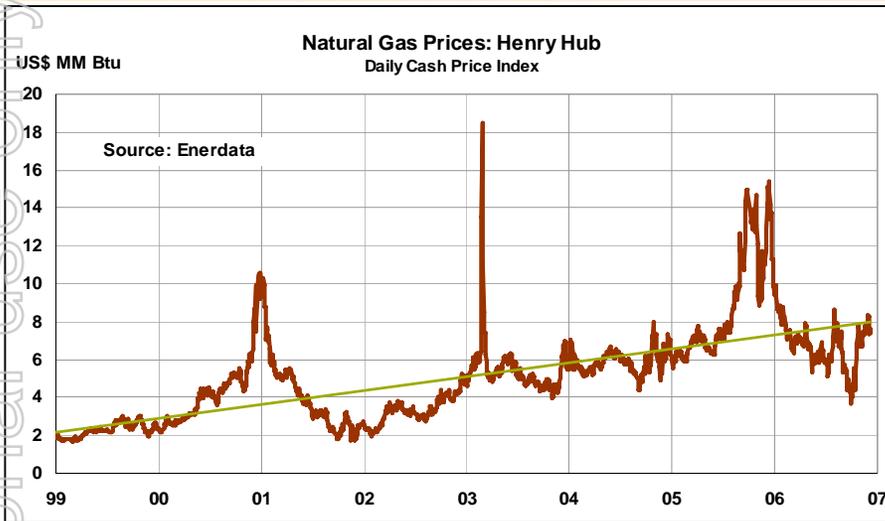


- Limited planned new capacity additions to Phosphate Rock capacity
- 4-year lead-time for new capacity in an increasing capital cost environment
- Rock suppliers seeking parity with other phosphate products
- Spot Rock prices currently US\$350 - \$400/t fob (March 2008)

Source: British Sulphur Consultants
A Division of CRU

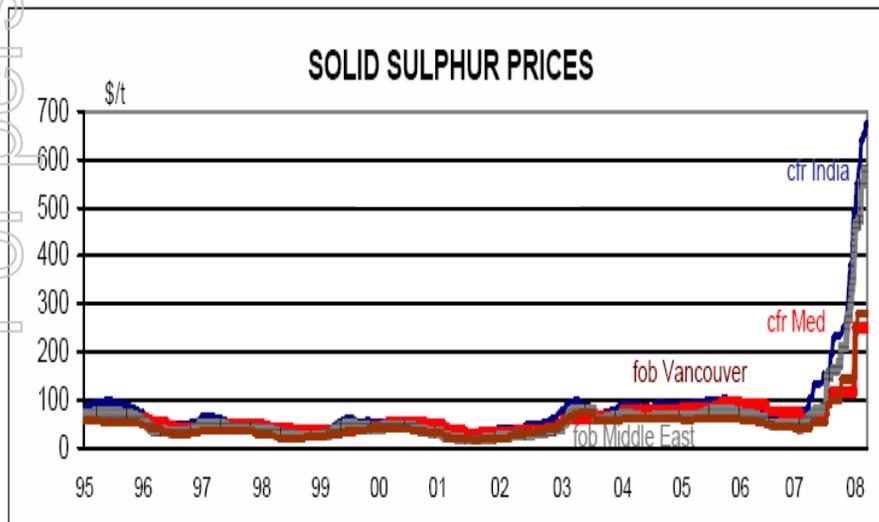


Step change in outlook for other input costs



Increasing Cost of Natural Gas

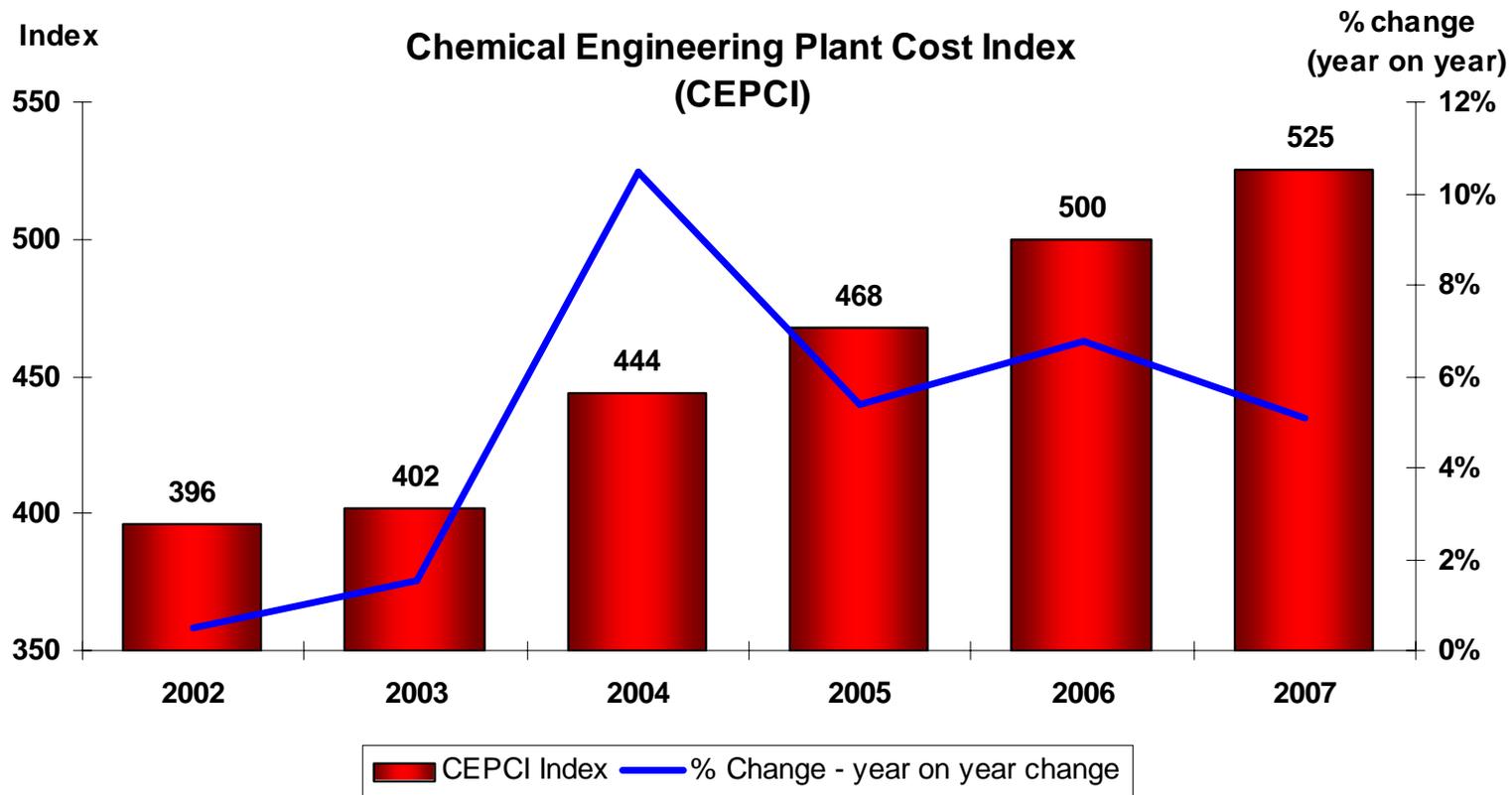
- Natural gas is a key determinant of cost, price and margin
- Step change in global energy costs. Stranded gas not necessarily cheap gas



Higher Sulphur Costs

- Increasing demand – China, India
- Supply interruptions – Canada, Middle East
- No new capacity in the near-term (Kazakhstan & Qatar ~2009/2010)

Escalating cost of new capacity



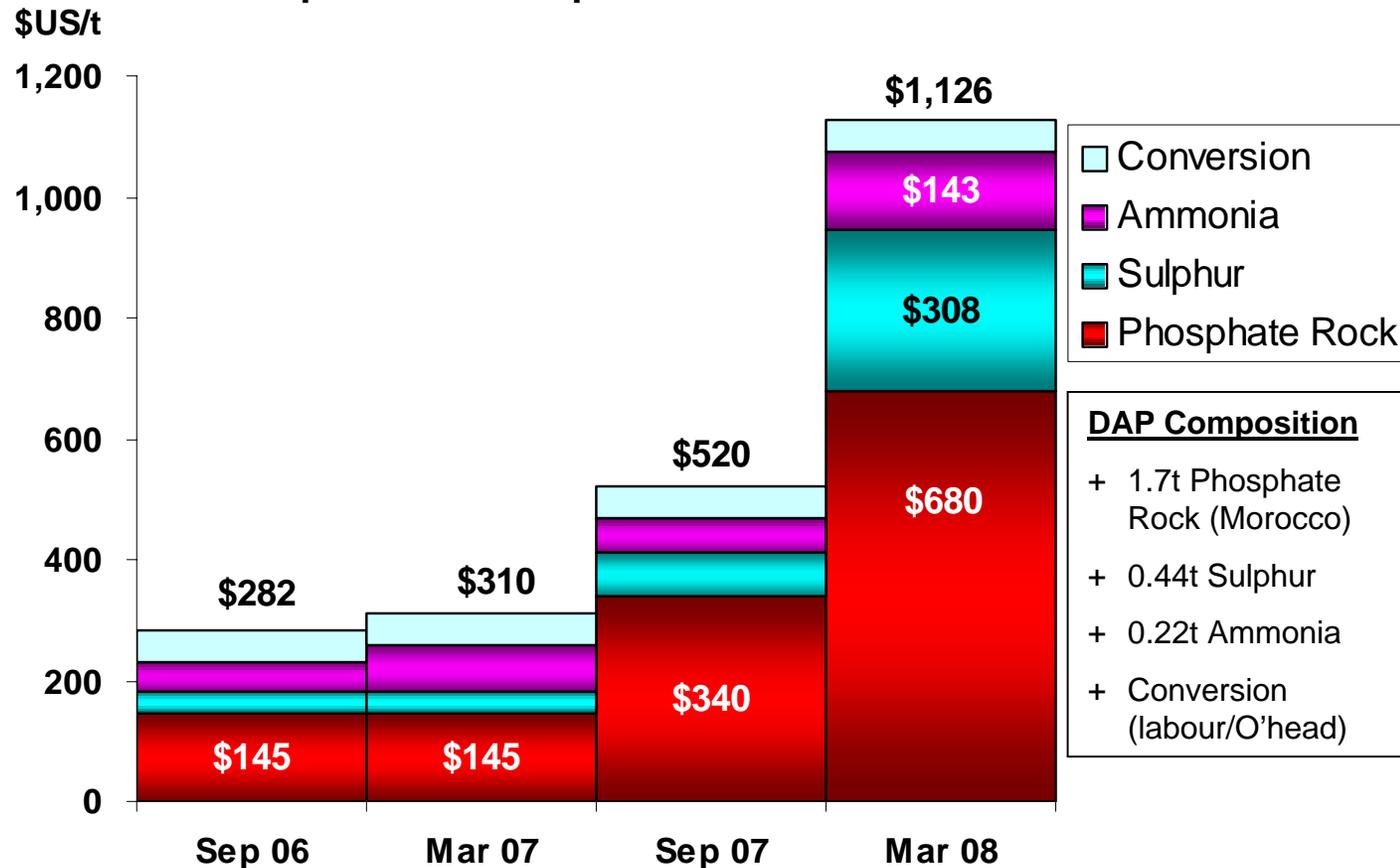
- Higher construction costs coincide with hard commodity boom
- Higher long-term commodity prices required to generate required rates of return

Note - Construction cost index includes completed projects only



Non-integrated Ammonium Phosphate producer costs to set floor price

DAP production - input & conversion costs

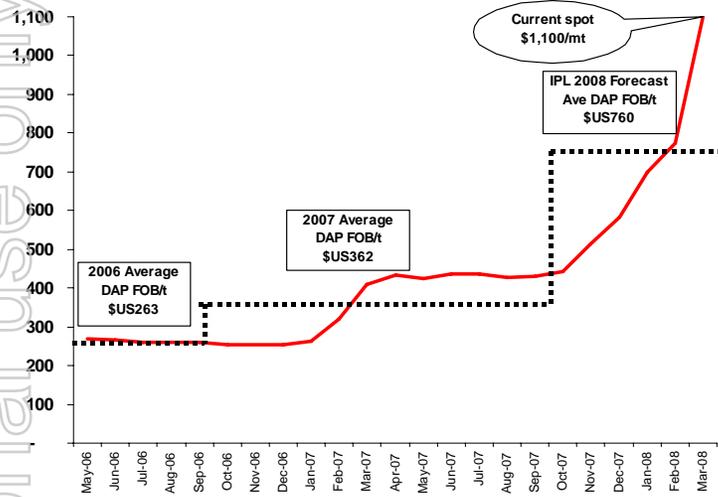


Ownership of raw material inputs = value leverage

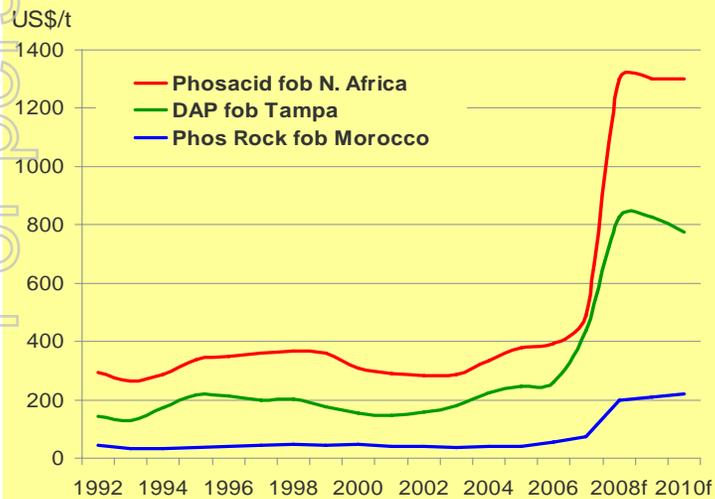
Note – Mar'08 cost comprises spot prices for: Phosphate Rock \$350/t FOB + freight, Sulphur at US\$600/t, & Ammonia US\$600/t



Global Ammonium Phosphate Trends



Source: Fertecon – DAP Tampa & IPL



Source: British Sulphur Consultants (A Division of CRU)

Step change in pricing

- Demand (4 F's) pulling prices
- Global cost curve has moved up in line with Phosphate Rock costs
- Current spot prices reflect recent sulphur cost spike

Outlook

- Prices expected to peak in 2008, slight downturn begins in 2009 following sulphur and ammonia prices
- Rock remains firm



Growth

- IPL's Recommended offer for Dyno Nobel

" the other 2 F's "



Dyno Nobel – Overview

- ASX listed company (ASX:DXL)
- Leading supplier of industrial explosives and blasting services for mining, quarrying and construction industries
- #1 in North America (worlds largest explosives market)
- #2 in Australia (worlds 3rd largest explosives market)
- Employs over 3,500 people and has 36 manufacturing facilities and operations in North America, Australia, Mexico, Indonesia & PNG
- 2007 Business metrics:
 - Revenue: US\$1,398M
 - EBIT⁽¹⁾: US\$179.9M
 - NPAT⁽¹⁾: US\$101.9M

Offers exposure to global hard commodities

(1) Excludes significant non-recurring items



Dyno Nobel – A value accretive acquisition

- Proposed A\$3.3bn acquisition of Dyno Nobel
- Unanimous recommendation from the Dyno Nobel Board
- Implementation by Scheme of Arrangement
- Price of A\$2.80 per share for outstanding shares⁽¹⁾
- 75% scrip, 25% cash mix (with mix and match option)
- Including IPL's existing stake, average price to IPL of A\$2.74 per Dyno Nobel share⁽²⁾
- Scheme implementation expected in June 2008

Fit and Flexibility

(1) Implied price for the 86.8% of shares that IPL does not already own at IPL share price of A\$149.36

(2) The average price takes into account the 13.2% of Dyno Nobel acquired by IPL in August 2007

Attractive offer for IPL and Dyno Nobel shareholders

Creates value for all shareholders

- ✓ Meets IPL's 15% IRR investment criteria
- ✓ Acquisition premium of 25.7% to Dyno Nobel's 1-month VWAP⁽¹⁾
- ✓ Share in the value creation and growth of the merged group
- ✓ Scrip-for-scrip CGT rollover relief for Dyno Nobel shareholders
- ✓ Transaction will be EPS positive in first full year and low double digit accretive in year 2

(1) Dyno Nobel 1-month VWAP to 5 March 2008 of A\$2.23



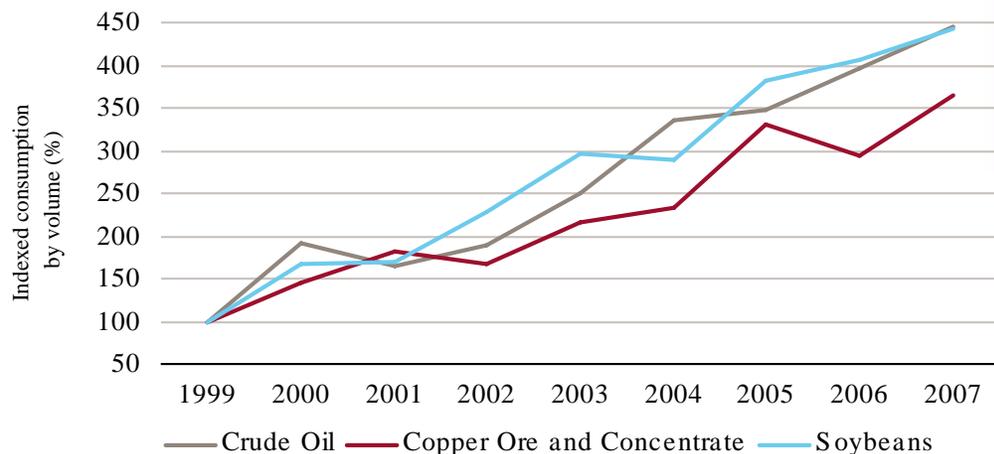
IPL and Dyno Nobel are a natural combination

- The combination is about **FIT** and **FLEXIBILITY**
- Fertilisers and explosives **FIT** together because of the commonality in underlying chemical processes and inputs
 - ✓ Nitrogen-based chemical manufacturing is at the core of both companies
 - ✓ Manufacturing drives profitability
 - ✓ Incitec manufactured both fertiliser and explosives pre-2003
 - ✓ Dyno Nobel already manufactures and sells fertiliser in North America – Cheyenne expansion to further assist
 - ✓ Agrium (AGU:US) produces both fertiliser and explosives
- **FLEXIBILITY** is about the ability to swing production between fertilisers and explosives to maximise shareholder value

What is the strategic rationale?

• The super cycle is driving demand in **both** hard and soft commodities

- Chinese/Indian economies driving the mining boom
- Growth in China and India per capita GDP driving a step change in food consumption (a shift from “starch to protein”)



Source: Bloomberg and WASDE

• Exposure to the super cycle from the **input** side

- Fertiliser and explosives both key inputs to soft and hard commodities production
- Input side returns are typically higher and less volatile (“pick and shovel” investment thesis)

A 30-year investment thematic

Incitec Pivot

Combined business is positioned for growth

- Building on strength
 - #1 or #2 in chosen markets
- Step change in market capitalisation and business size
 - Able to fund larger projects
 - Creates economies of scale in corporate
 - Creates manufacturing critical mass
- Capital structure to support growth opportunities
 - Brownfield reinvestment in fertilisers and explosives (including swing capacity)
 - Re-entry into resource rich countries (agriculture and mining)
 - World scale chemical projects



Shape of the expanded business

Geographical diversification⁽¹⁾



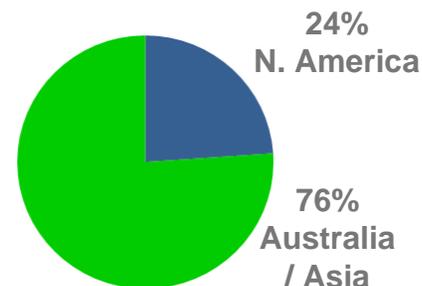
IPL



28%
Australia
/ Asia



Dyno Nobel

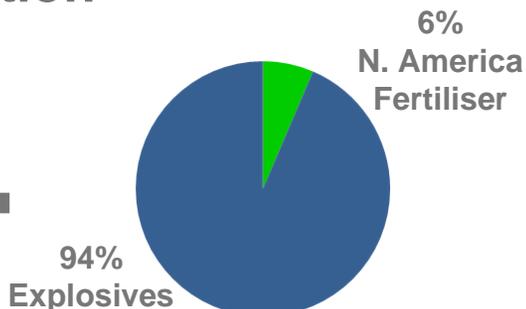


Combined

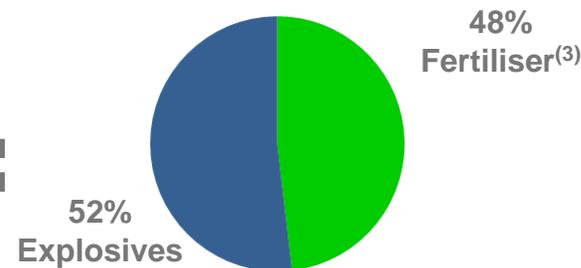
Product diversification⁽²⁾



IPL



Dyno Nobel



Combined

Diversified earnings base

(1) Based on IPL FY08 EBIT mid-point of guidance (6 March 2008). Dyno Nobel FY08 EBIT based on analyst consensus

(2) Product diversification based on actual FY2007 revenues for IPL and Dyno Nobel; A\$/US\$0.813

(3) Potential increase in fertiliser revenue - Cheyenne expansion and increased business leverage

Summary of key terms

Offer

- Implied A\$2.80 per share offer for the remaining circa 86.8% of Dyno Nobel's ordinary shares not owned by IPL
 - Scrip component of A\$2.10⁽¹⁾ (75%) per Dyno Nobel share
 - Cash component of A\$0.70 (25%) per Dyno Nobel share

Mix and match

- All-cash and all-scrip options for Dyno Nobel shareholders subject to clawback to overall 75/25 split for scrip/cash
 - IPL's option to increase the scrip pool

Scheme

- Acquisition to be implemented by Scheme of Arrangement
 - Customary and market-accepted terms (no shop/no talk, break fee)
 - Offer supported by unanimous recommendation from the Dyno Nobel Board (in the absence of a superior offer or an adverse opinion from the Independent Expert)

Termination right

- IPL has the right to terminate the scheme prior to the second court date if the IPL 10-day VWAP immediately prior to the second court date is less than the scheme floor of A\$126.96

(1) For more information investors should refer to the IPL and DXL announcements of 11 March 2008 and Scheme Implementation Agreement
(2) IPL is offering 0.01406 new IPL shares per Dyno Nobel share for the scrip element of the consideration. At the agreed reference IPL share price of A\$149.36, this equates to A\$2.10 per Dyno Nobel share

Financing the proposal

- IPL has secured a A\$2.4bn acquisition facility from a consortium of leading commercial banks
 - 364 day multi-currency (A\$ / US\$) acquisition bridge
- The facility will be used to
 - Fund the A\$500m cash component of the offer consideration
 - Refinance IPL & Dyno Nobel existing debt
- IPL will continue to be conservatively geared
 - Combined group Net Debt to EBITDA⁽¹⁾ < 2.5x
 - Solid 'investment grade' credit
 - Capacity to exploit growth opportunities

(1) Based on FY08 IPL guidance (6 March 2008) and Dyno Nobel FY08 consensus earnings



How do we deliver > 15% IRR?

IPL's track record of delivery

Improve Dyno Nobel business efficiency

- Acceleration and delivery of current efficiency program
- Manufacturing improvement
- Overhead rationalisation
- Swing of production between fertilisers and explosives
- Proven management team – delivery and experience

Leverage IPL's strong financial profile

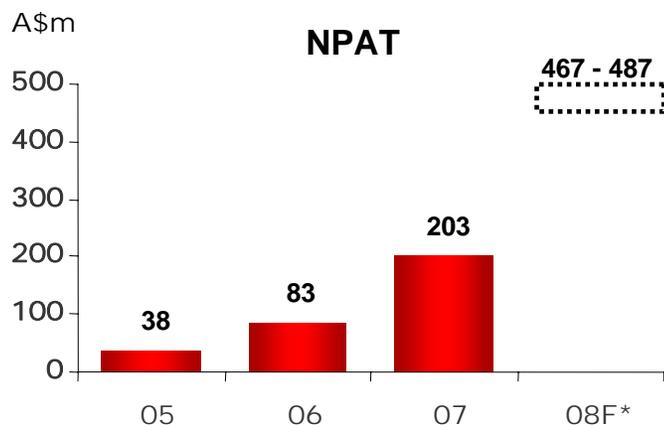
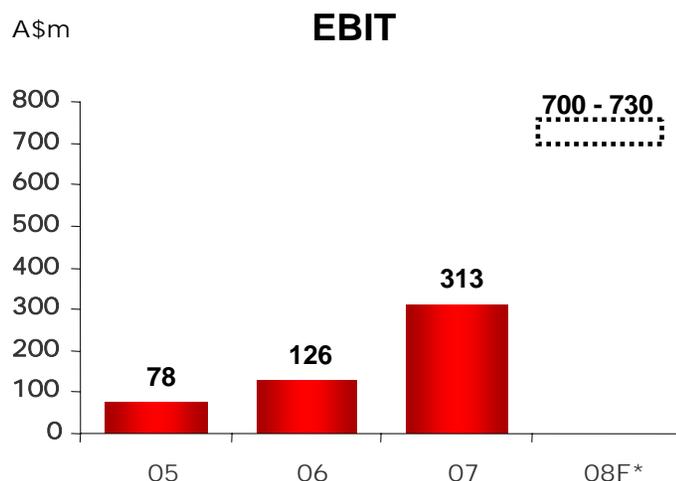
Option values

- Moranbah project
- Targeted Country re-entry
- Plant expansions – scale and scope (explosives and fertiliser)

Incitec Pivot - Growth platform



Proven track record of delivery



Step change in EBIT and NPAT

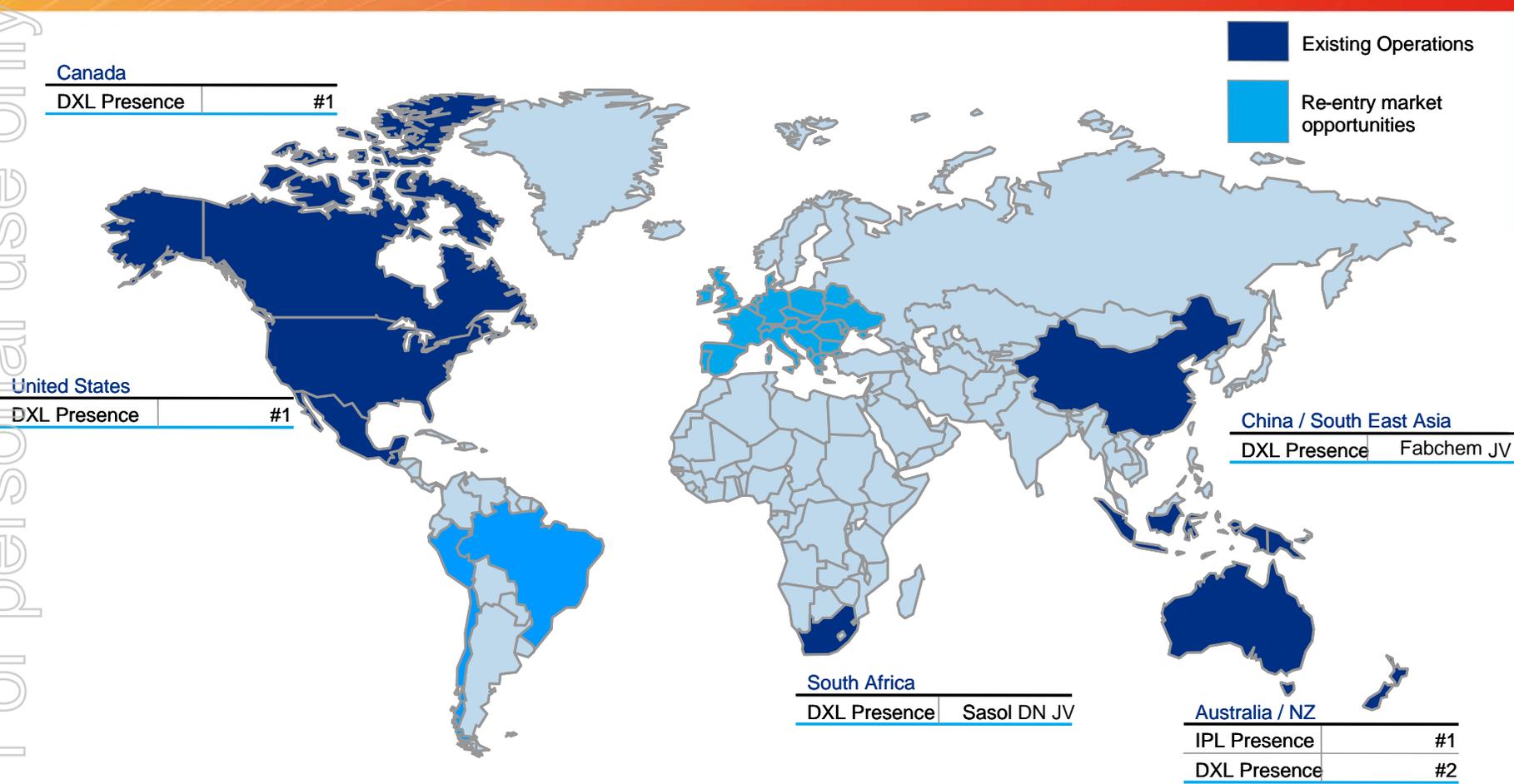
- Tardis efficiency program
\$131.8M
- Supply chain engine - \$150M
reduction in trade working capital
- Acquisition of Southern Cross – a
world scale integrated ammonium
phosphate facility
- 2008 earnings guidance
consistent with British Sulphur
forecasts for this decade

* 08F: Forecast based on IPL's 2008 earnings guidance (6 March 2008)

Note – Earnings exclude the potential impact of the proposed DXL acquisition



Global platform for growth



A leading nitrogen based production and logistics presence in new geographic markets



IPL Strategy for Growth

Lowest Cost Base

Position the business to generate adequate returns in all conditions

Achieved:

- ✓ Savings and business efficiency benefits to date of \$103M
- ✓ A further \$28M benefit in 2008



Supply Chain

Handling of millions of tonnes of bulk commodities per annum generates opportunities to magnify efficiency savings across a large base

Achieved:

- ✓ >\$150M reduction in trade working capital since 2005

Own the Product

Generate exposure to most profitable part of the industry value chain – manufacturing – while maintaining financial discipline

Achieved:

- ✓ Southern Cross successfully integrated
- Proposed:
 - ✓ Brownfield & greenfield expansion opportunities
 - ✓ Dyno Nobel Acquisition
 - ✓ Aceh feasibility & China JV's

Trade

Reduce volatility of returns by increasing exposure to more products and markets and increasing scale

Achieved:

- ✓ Southern Cross International established

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Appendix



Earnings Sensitivities

- +/- US\$10 DAP price = A\$11.9m EBIT
- +/- US\$10 Urea price = A\$5.5m EBIT
- +/- AUD/USD 1c ~ A\$8m

Assumptions:

- Based on 2007 reported earnings
- 970kt DAP sales at base price US\$364/t @ 81.3 cents
- 460kt urea/urea equivalent sales at base price US\$264/t @ 81.3 cents
- AUD/USD base price 81.3 cents



Nitrogen chemistry

Natural /
Synthetic
Gas

Ammonia

Additive

Finished Product

End Market

Ammonia

Fertiliser /
Industrial

+ Carbon
Dioxide

Urea

Fertiliser

+ Nitric Acid

Ammonium
Nitrate (AN)

Fertiliser /
Explosives

Urea /
Ammonium Nitrate
(UAN)

Fertiliser

+ Phosphoric
Acid

Ammonium
Phosphate (AP)

Fertiliser

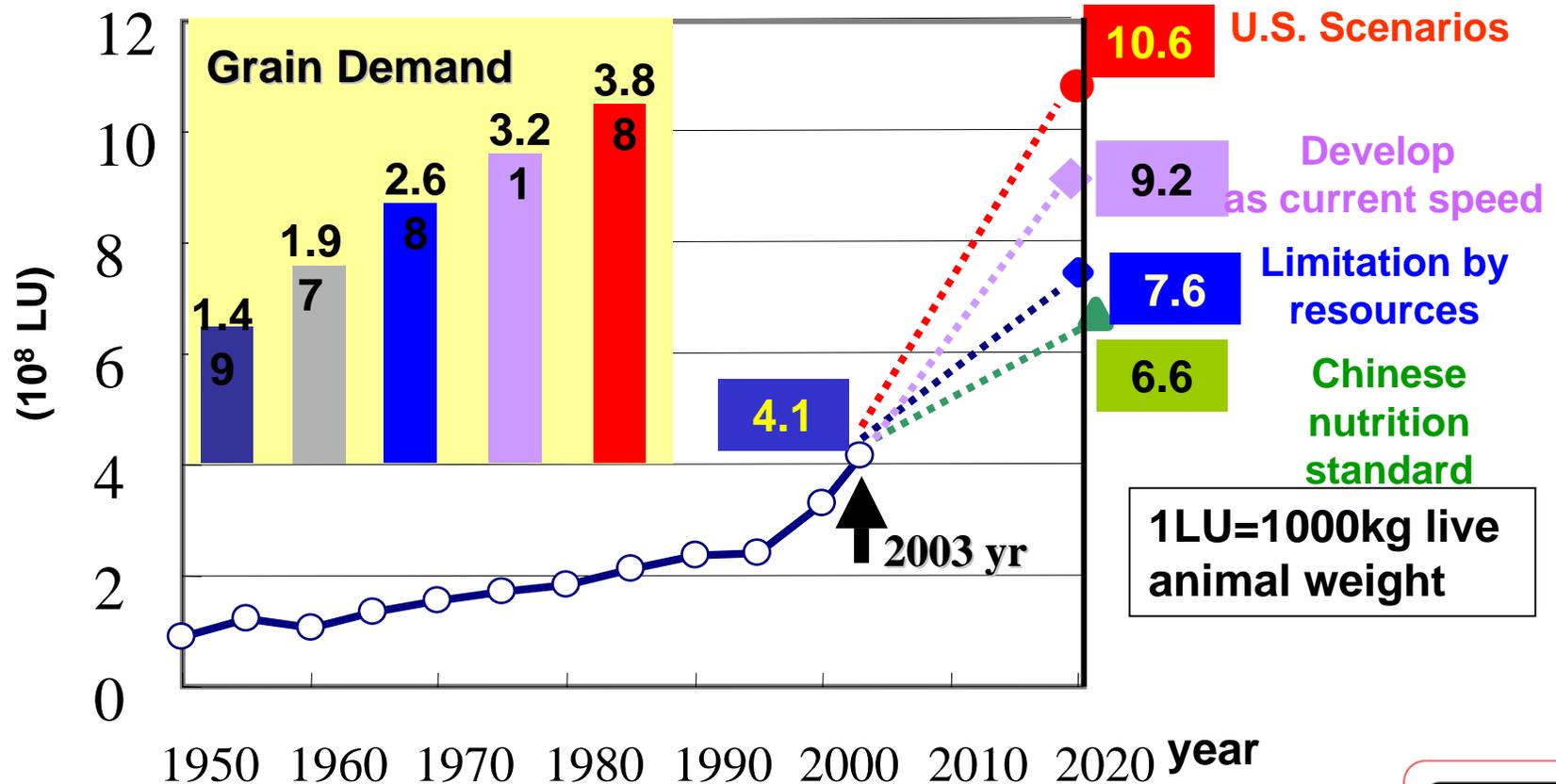
+ Sulphur

Ammonium
Sulphate

Fertiliser

Feed

Demand for grains used for animal production may not be met in the future – different scenarios



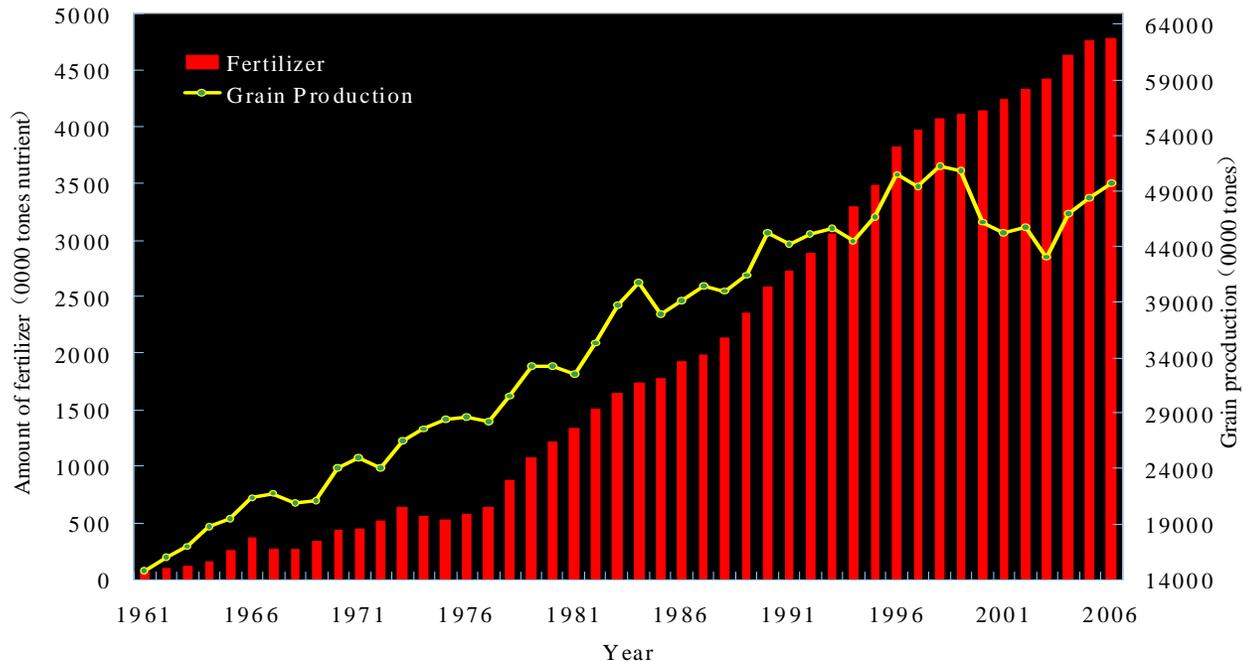
Quantity of grain demand Unit : 10⁸ t

Source: China Agriculture University, Beijing, 100094 P.R.CHINA



China

9% of world arable land
22% of world population
31% of world fertilizer consumption



Trends of grain production and fertilizer consumption (1961 – 2004)

Contribution of fertilizer to increased grain production > 50%

Source: China Agriculture University, Beijing, 100094 P.R.CHINA

