

Incitec Pivot Limited 2008 Half Year Results

5 May 2008



Julian Segal

Managing Director &
Chief Executive Officer

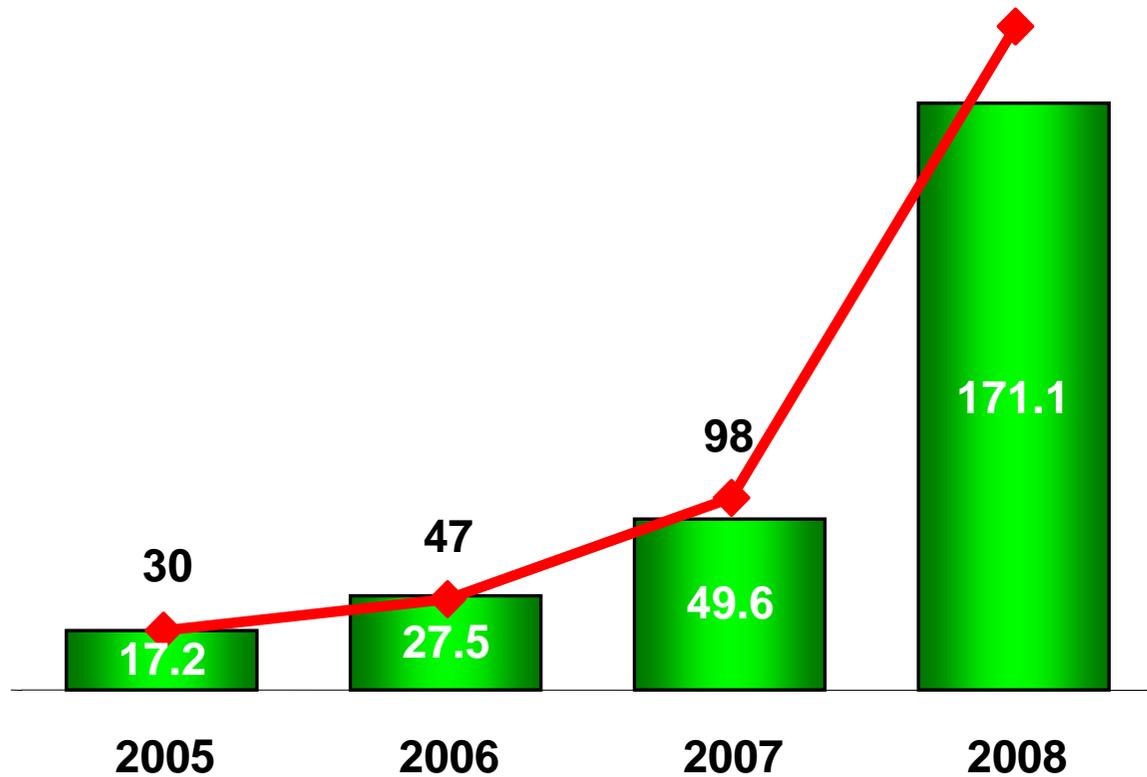
The logo for Incitec Pivot, featuring a stylized yellow and red swoosh above the text "Incitec Pivot" in white on a black background.

Incitec Pivot

Step change in financial performance

NPAT - A\$m* (bars) & EPS - cps* (line)

6 months to 31 March 2008

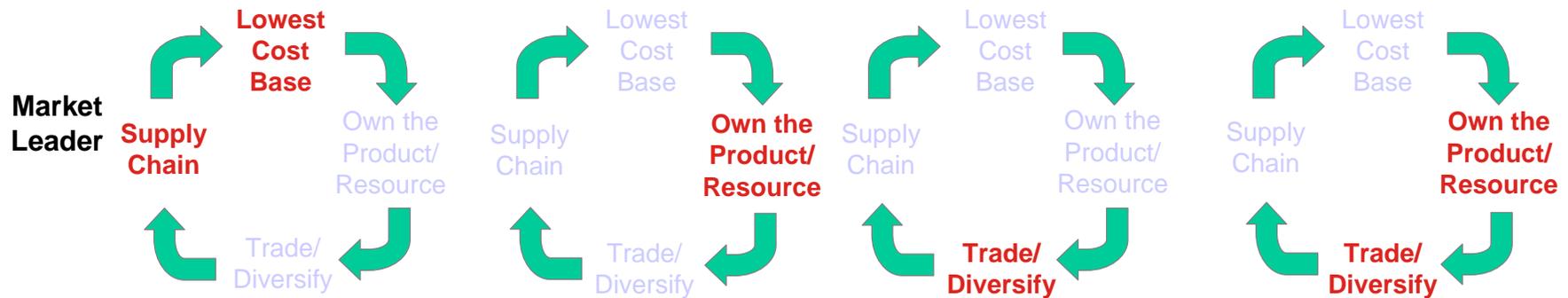


Result driven by strategy

* excluding individually material items



IPL is executing on its growth strategy



Evolution of Incitec Pivot



Strategy Scorecard

Strategy

“Lowest cost base”

What we have delivered:

- ✓ **Tardis benefits delivered and banked - \$143.1M total program benefits – program now closed**
- ✓ **2007 Exit rate reflected in the 1H profit: \$28.2M H1 2008**

Strategy delivered



Strategy Scorecard

Strategy

“Own the product / resource”

What we have delivered:

- ✓ **Repositioning of IPL to give exposure to the soft commodity super cycle**
- ✓ **> 80% of earnings from manufacturing across portfolio**
- ✓ **Step change in the inherent value of installed capacity**
- × **Plant reliability in H1 2008**

Strategy delivered



Strategy Scorecard

Strategy

“Trading model”

What we have delivered:

- ✓ **\$27M earnings in 1H**
- ✓ **Strong returns in booming global price environment**

Strategy delivered

Strategy Scorecard

Strategy

“Supply Chain”

What we have delivered:

- ✓ **Working capital held at 2007 levels despite step change in global fertiliser prices**
- ✓ **\$150M step change in working capital maintained**

Strategy delivered

Growth

What

Dyno Nobel acquisition

Moranbah

Metex Investment

Southern Cross:

- ✓ **Debottlenecking**
- ✓ **Plant expansion**

When

Completion June 2008

Decision Q3 2008

MOU signed May 2008

Approval 2008

Approval 2008/09

Disciplined, returns focused approach

Dyno Nobel Update

Update:

- **13.2% Stake**
- **Proposed purchase at \$2.80 per share**
- **Scheme Vote 22 May 2008 / Completion June 2008**

Status:

- **Strong support from shareholders**
- **Integration planning well advanced**
- **IPL bench strength enhanced to facilitate business growth**

Next Update:

- **Moranbah decision – Q3 2008**
- **Business efficiencies update – November 2008**



James Fazzino

Finance Director &
Chief Financial Officer

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Incitec Pivot

1H Results Summary

Key Financials

A\$M	6 Months Ended 31 March		
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Sales revenue	749.3	543.6	38%
EBIT ⁽¹⁾	250.0	83.9	198%
EBIT Margin ⁽¹⁾	33.4%	15.4%	
NPAT ⁽¹⁾	171.1	49.6	245%
NPAT incl. individually material items	169.8	57.2	197%

Delivering on our promises

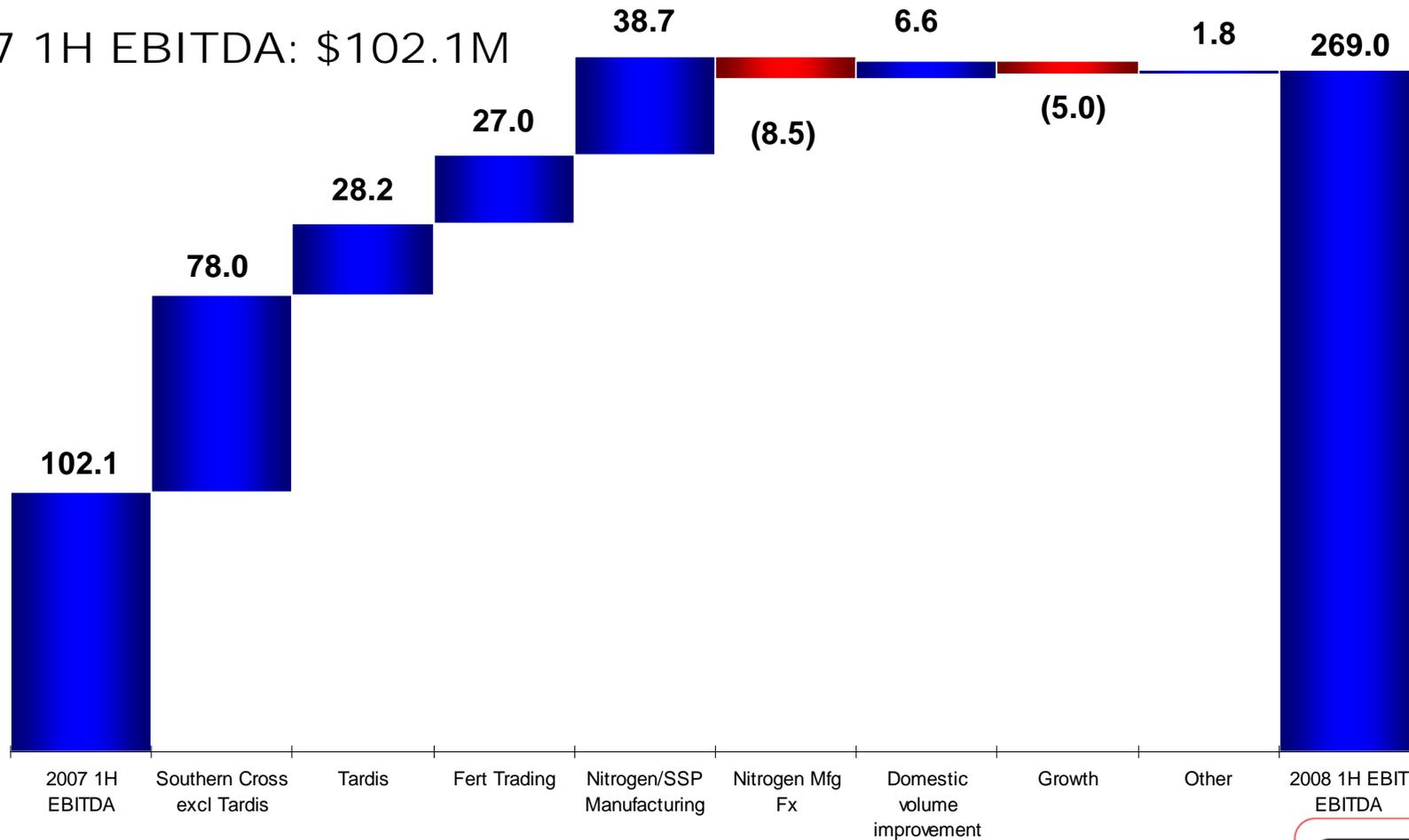
(1) excluding individually material items



Incitec Pivot EBITDA Waterfall – 1H 2007 to 1H 2008

2008 1H EBITDA: \$269.0M

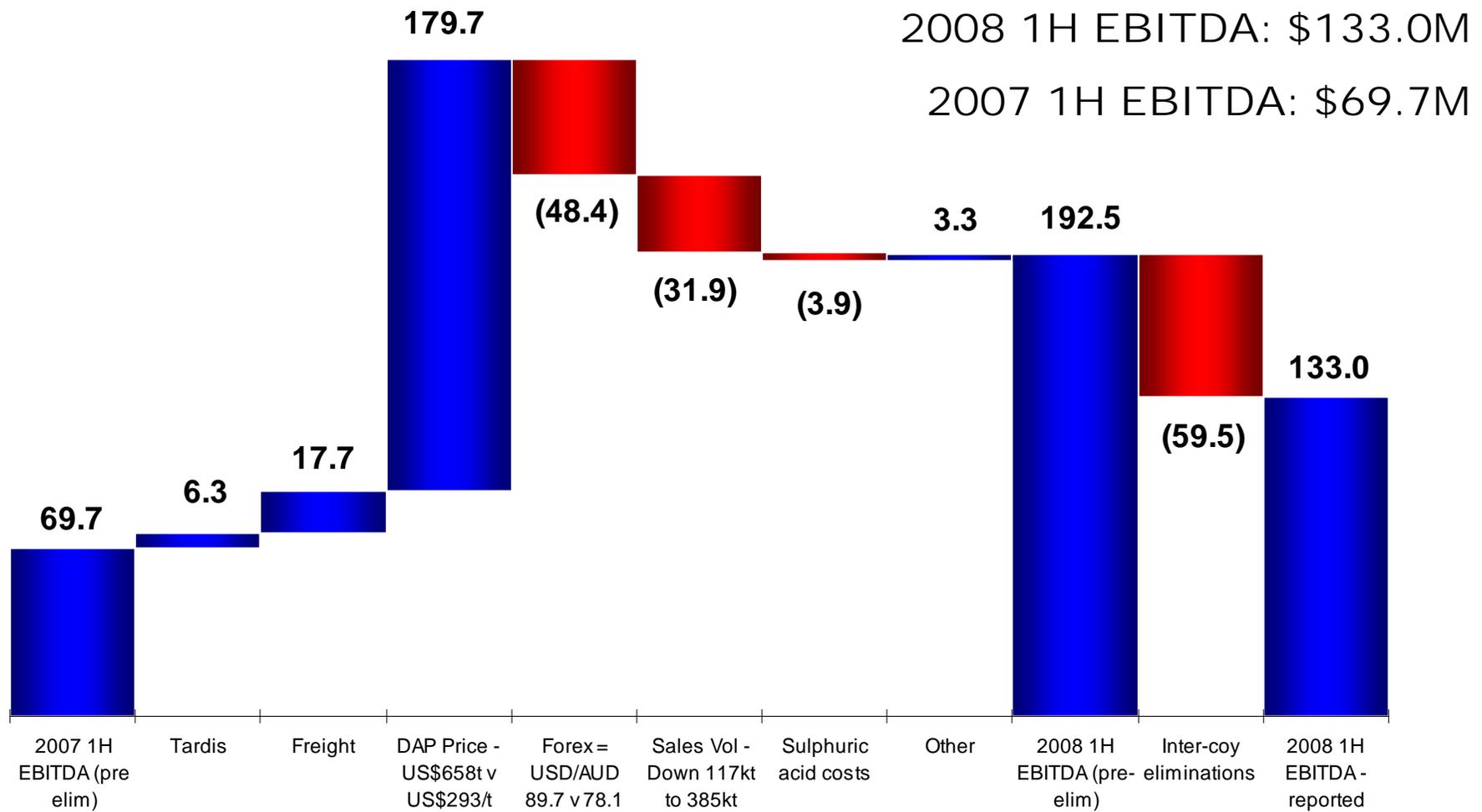
2007 1H EBITDA: \$102.1M



A step change



Southern Cross EBITDA Waterfall – H1 2007 to H1 2008



A step change



1H Results Summary

Shareholder returns

6 Months Ended 31 March

A\$M	<u>2008</u>	<u>2007</u>	<u>Change</u>
Shareholder returns:			
EPS ⁽¹⁾ (cps)	339	98	245%
Dividend (cps)	204	69	196%
Share price (31 March)	141.15	49.50	185%
Capital Management:			
Underlying ⁽²⁾ Net Debt	272	400	32%
Underlying ⁽²⁾ Net Debt/EBITDA	0.5x	1.9x	73%
Underlying ⁽²⁾ Interest cover ⁽³⁾	20.1x	6.0x	234%

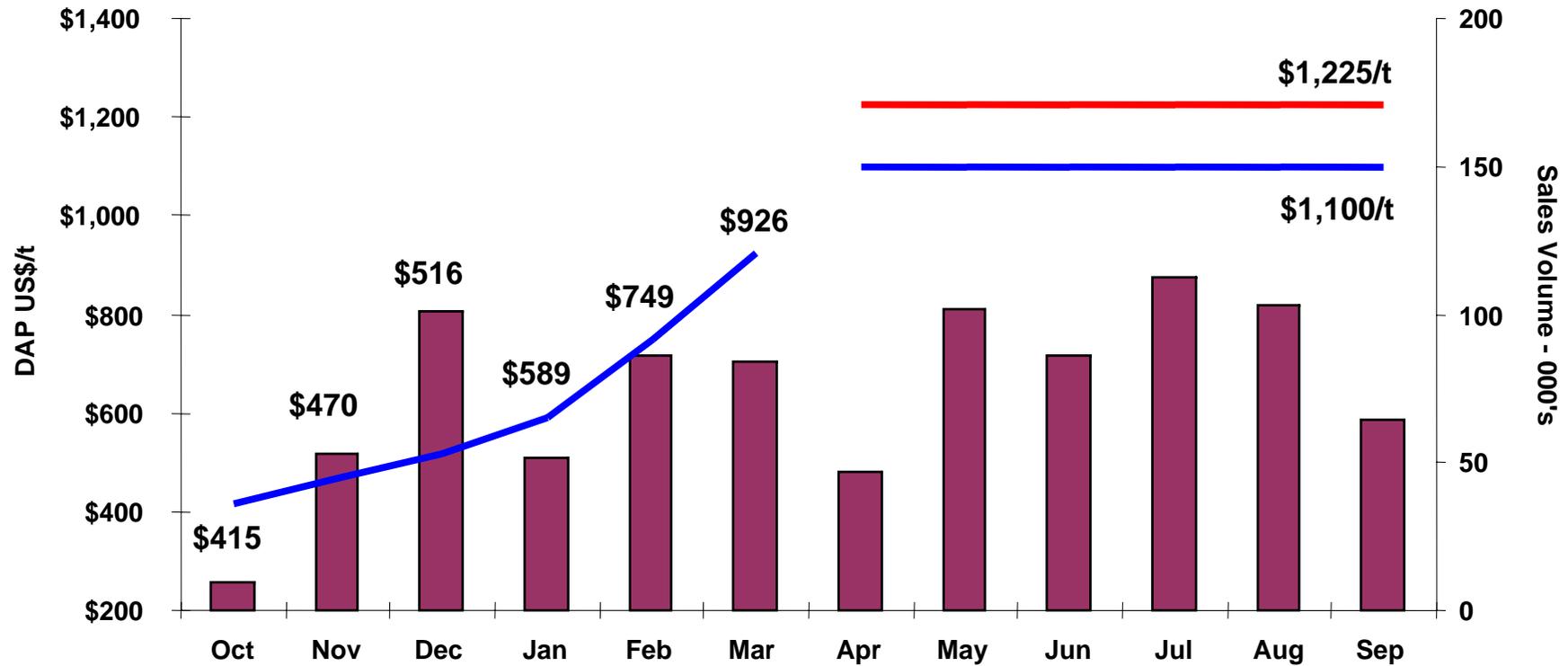
Positioned for competitive shareholder returns

(1) excluding individually material items (2) excludes the debt used to fund the 13.2% Dyno Nobel investment

(3) based on interest expense excluding unwinding of discounts



2008 Outlook for DAP Pricing



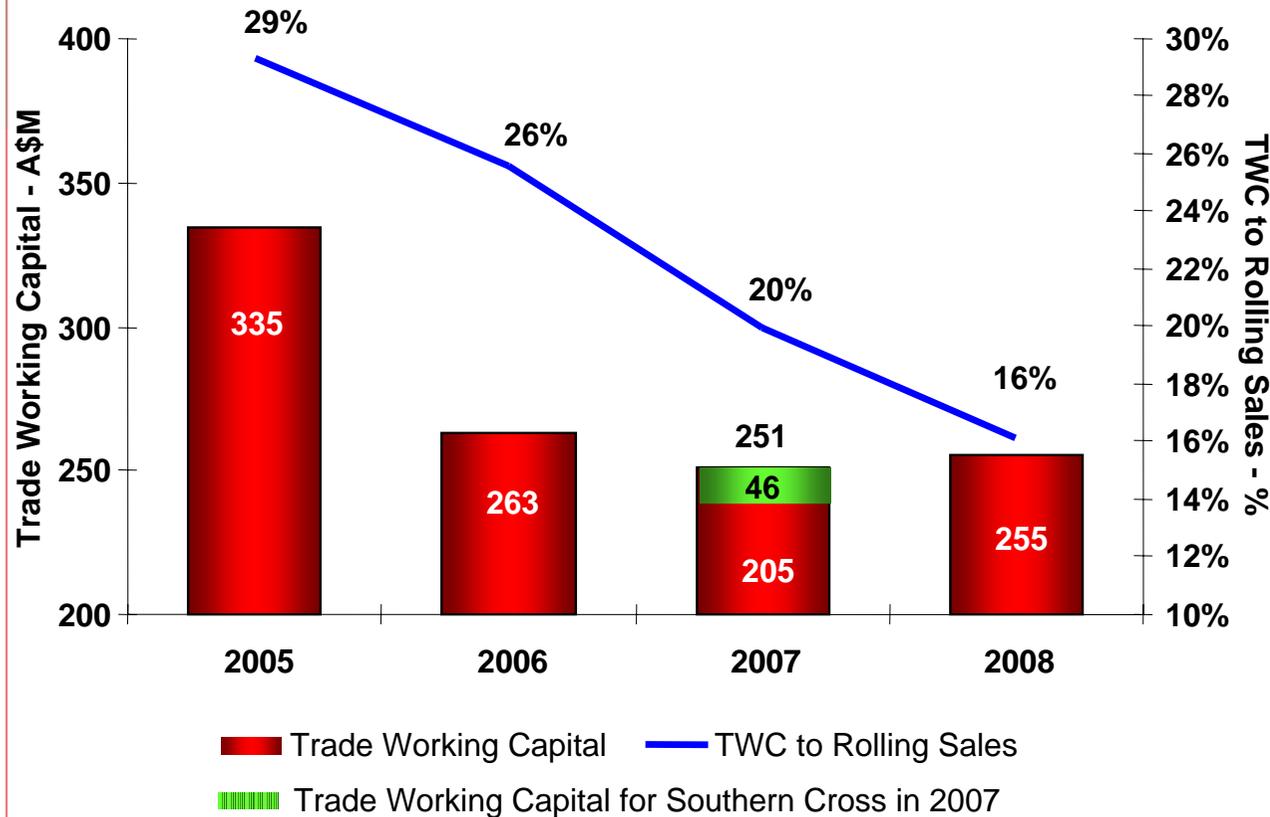
	Sales Volume - Actual YTD / Forecast YTG		Actual Realised DAP Price
	Consensus of Fertiliser Industry Economists		Spot DAP Tampa US\$/t FOB - 1/5/08
<u>Sensitivities:</u>	YTG	Yr Ave	EBIT
Mar'08 ⁽¹⁾	\$ 874/t	\$775/t	\$715M
Ind Econ ⁽²⁾	\$1,100/t	\$910/t	\$850M
Spot ⁽³⁾	\$1,225/t	\$980/t	\$915M

- (1) Mid-point of 6 March 2008 guidance
- (2) Average fertiliser industry economists as at 1 May 2008 (1-month lag)
- (3) Spot at 1 May – Fertiliser Week



Disciplined Capital Management

Working Capital



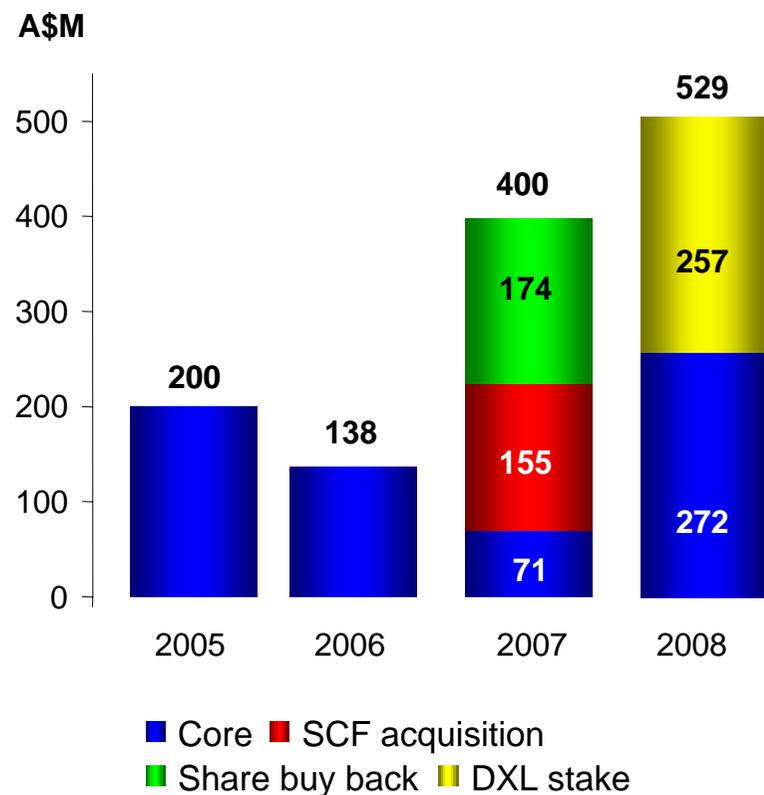
- Working capital at 2007 \$ levels despite \$180m negative price impact on inventory balances
- Working Capital to rolling sales of 16% reducing from 20% in March 2007
- Normal seasonal build up

An outstanding result



Disciplined Capital Management

Net Debt - Half Year



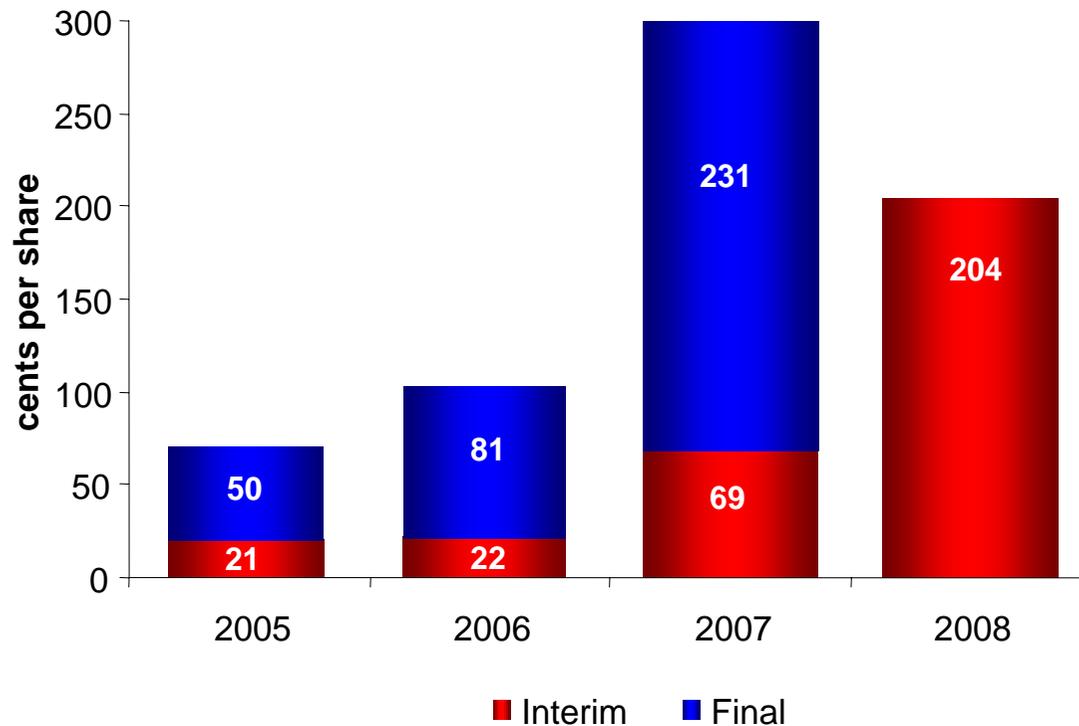
- Tax payments lag profit – 2007 tax paid 1H 2008
- Dividends paid lag profits
- Earnings delivered and banked
- Interest incurred on Dyno stake funding

An outstanding result



Disciplined Capital Management

Dividends



- Payout of 100% of available franking credits
- Payout range of 55 – 65% consistent with peers
- Retention of cash in business for growth

Optimising shareholder value

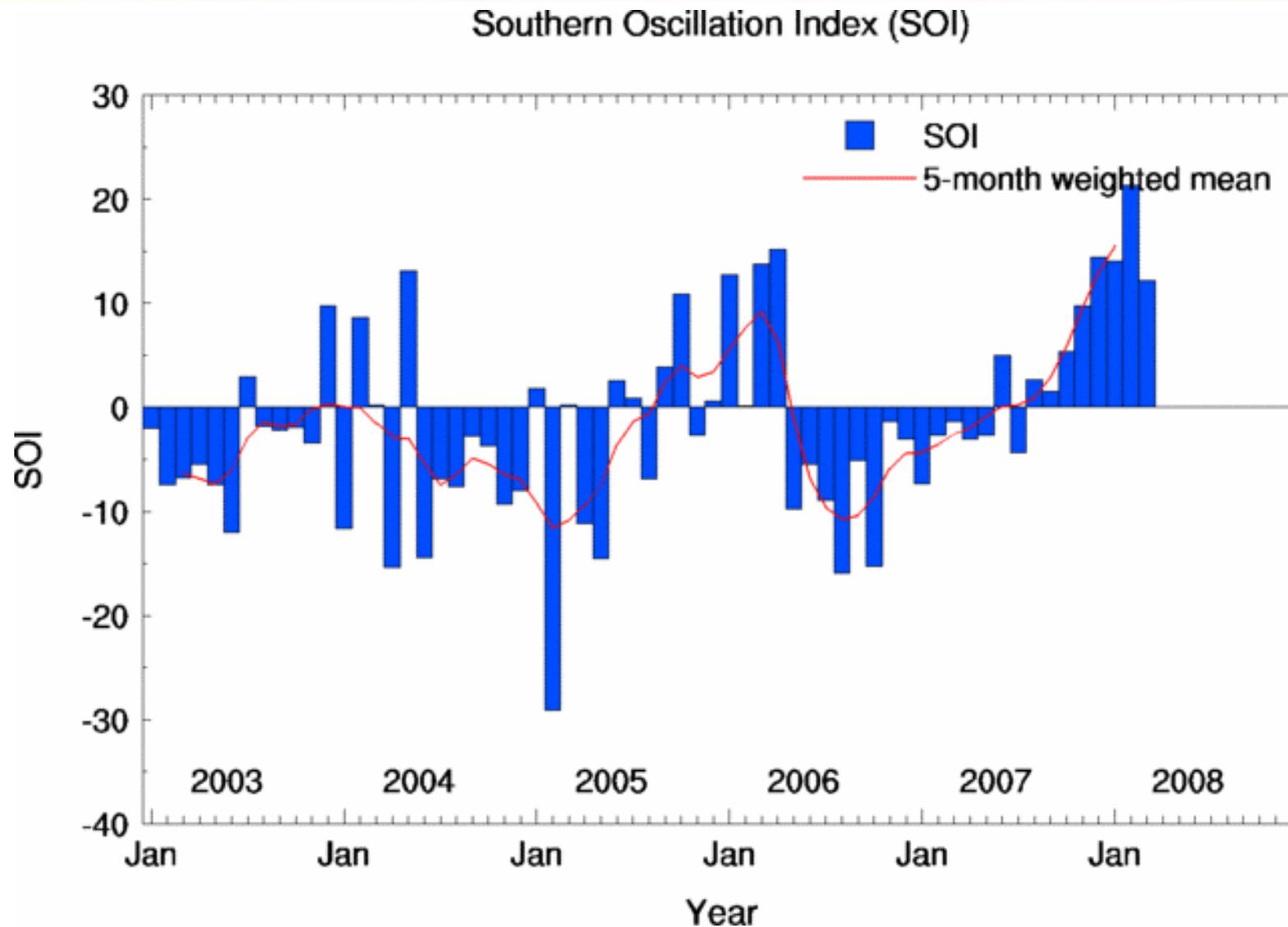


Julian Segal

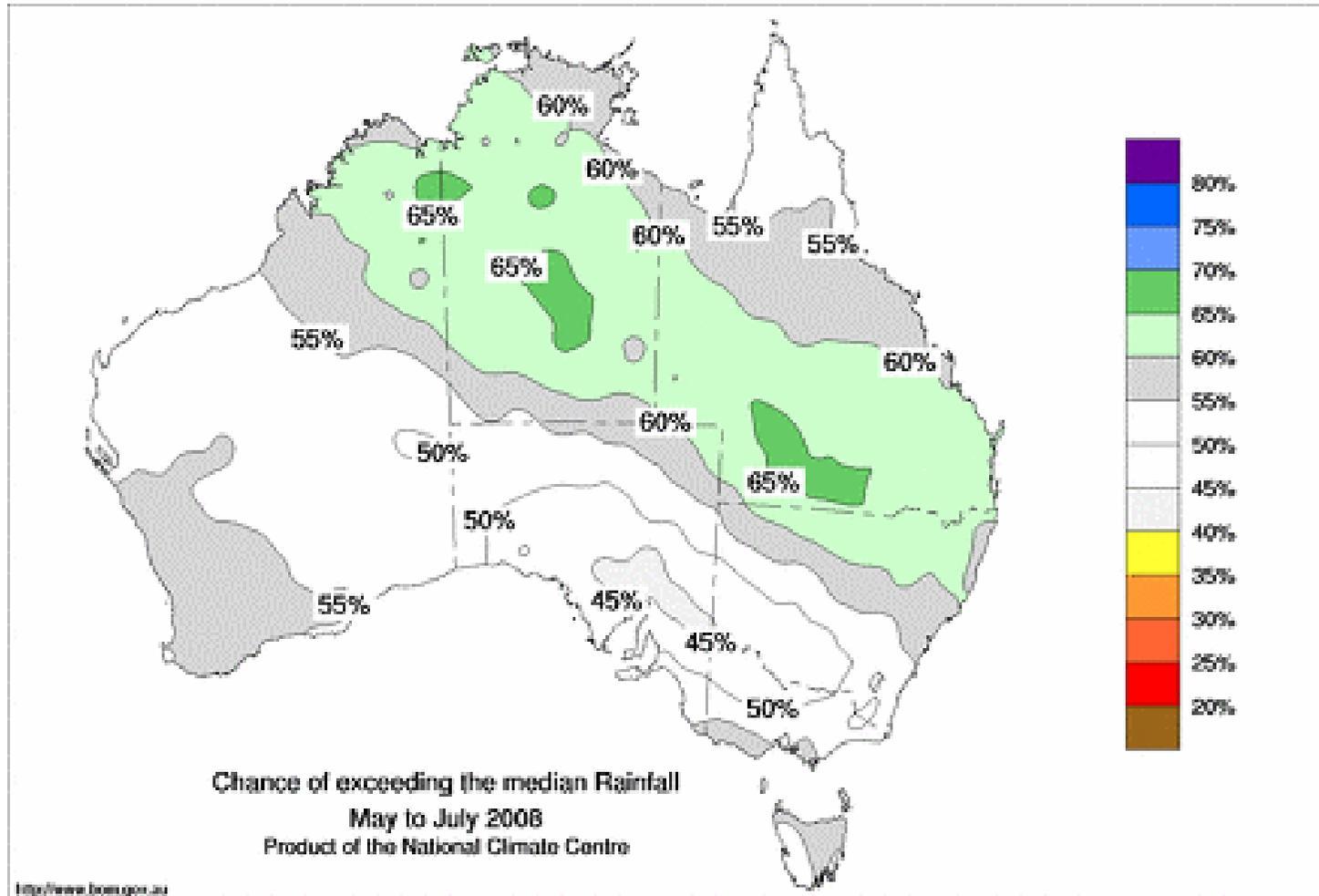
Managing Director &
Chief Executive Officer



Southern Oscillation Index



Probable return to normal rainfall conditions : Rainfall (May to July 2008)



Promising but uncertain outlook



Outlook Second Half 2008

- ✓ Continued strength in global fertiliser prices
– DAP and Urea
- ✓ Record soft commodity prices
- ✗ Strong Currency ~ 93 cents
- ? Uncertain domestic trading conditions with
the winter break yet to occur
- ? Timing of Latin American & India buyers
returning to the market
- ? Status of Chinese export tariffs beyond Q3

Generally positive



Summary

- ✓ 1H earnings represent a step change in profitability driven by our strategy
- ✓ Manufacturing generating > 80% of earnings
- ✓ Proposed acquisition of Dyno Nobel
- ✓ Planning for post acquisition integration of Dyno Nobel well advanced
- ✓ Step change in global commodity and fertiliser prices
- ✓ Continued earnings momentum in 2H



Questions?

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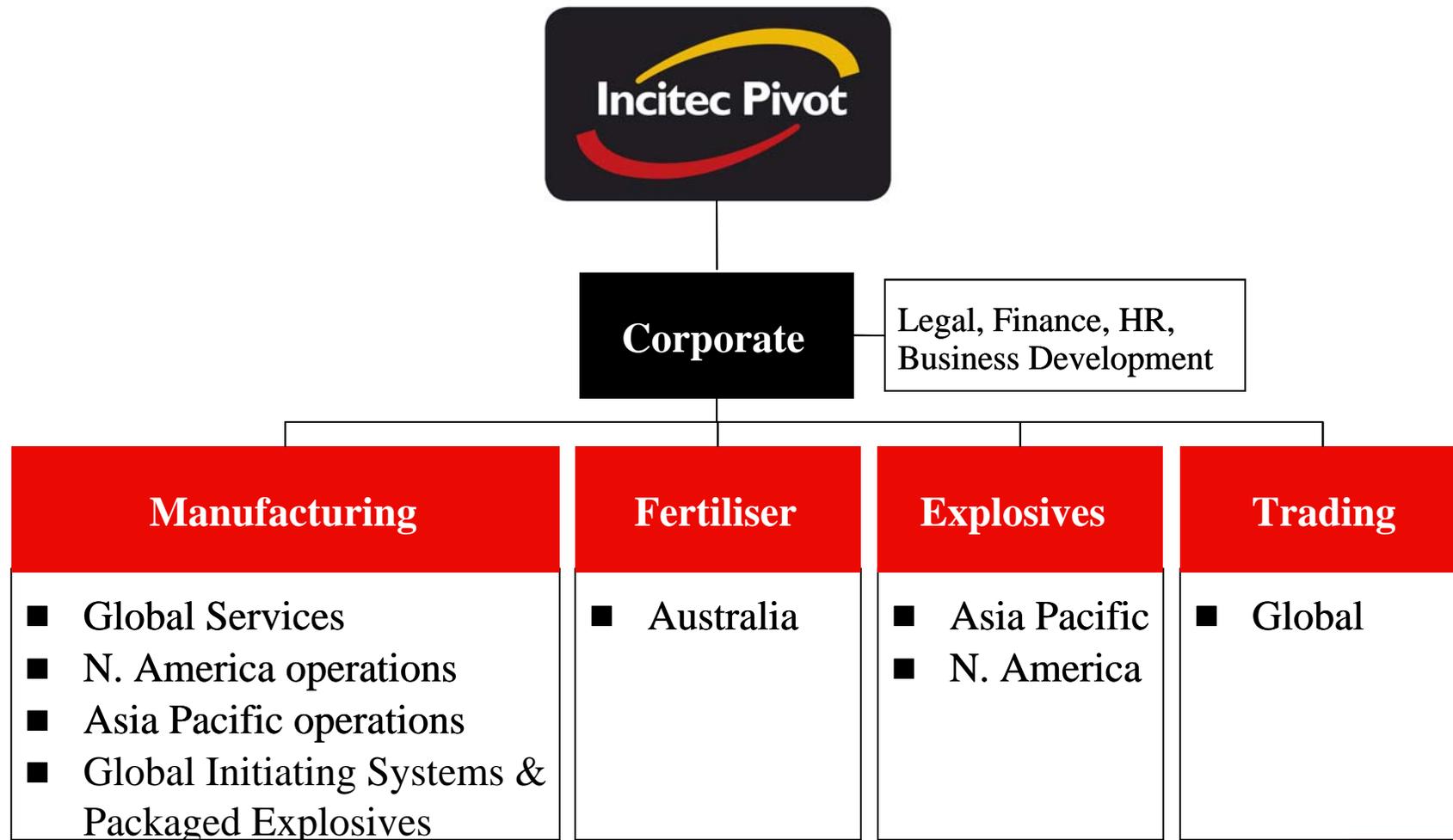
Incitec Pivot

Appendices

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Incitec Pivot

Business Structure post Dyno Nobel acquisition



Integrated business, not a portfolio of businesses



1H 2008 Sales Volumes

Sales volume up 5% or 65kt to 1,373kt:

Trading:	Down 26% or 107kt - Lower sales due to production interruptions
Industrial:	Up 40% or 39kt - increased ammonia sales to industrial customers
Sugar:	Down 15% or 38kt - poor sugar price and stronger Australian dollar
Summer Crop:	Up 5kt – consistent with the increase in planted area and higher commodity prices
Pasture:	Up 55% or 140kt – stronger demand and pull forward of purchases
Winter Crop:	Up 5% or 23kt - increased confidence.

A good result



2008 Sensitivities

Key Sensitivities

- +/- US\$10 DAP price ~ A\$9.7m EBIT
- +/- US\$10 Urea price ~ A\$3.6m EBIT
- +/- AUD/USD 1c ~ A\$8.3m

Assumptions:

- Based on guidance provided on 6 March 2008
- 900kt DAP sales at base price US\$775/t @ 93.2 cents
- 349kt urea/urea equivalent sales at base price US\$420/t @ 93.2 cents
- AUD/USD base price 93.2 cents



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