2011 Year End Results

Presentation
14 November 2011

Incitec Pivot Limited

DYNO Dyno Nobel

Incitec Pivot

Southern Cross International

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INCITEC PIVOT LIMITED ABN 42 004 080 264

Presentation outline

❑ Performance highlights	James Fazzino (MD & CEO)
❑ Strategy update	James Fazzino
❑ Financial performance	Frank Micallef (CFO)
❑ Balance Sheet & Treasury	Frank Micallef
❑ Outlook	James Fazzino

Performance highlights

James Fazzino
Managing Director & CEO

Safety performance

	2011	2010
Fatalities	0	1
TRIFR (1)	1.24	1.53
Percentage of sites injury free	83%	80%
Moranbah construction LTI's	0	0

(1) Total Recordable Injury Frequency Rate

World class performance at Moranbah

Financial highlights

NPAT(1) ↑	20% to $530m
Operating Cash ↑	36% to $719m
EPS(1) ↑	19% to 32.5cps
Dividends ↑	47% to 11.5cps
Debt refinanced	$1.3bn in headroom

(1) Net Profit after Tax, excluding Individually Material items, attributable to shareholders

Strategy on track and delivering

Operating highlights

- Double digit earnings growth in all businesses
- Record result in Dyno Nobel
- 34% increase in Fertilisers EBIT
- Continued reliability impact across the manufacturing plants

Disciplined execution

Strategy evolution

Phase 1
- **Strengthen the Base Business**

Phase 2
- **Sharpen Strategic Focus**

Phase 3
- **Core Strategy Driven Growth**

Phase 1 – Strengthen the base business

- Focus -	- Outcome -
• **Safety & People**	• Commitment to Zero Harm • + 16% improvement in employee engagement
• **IPL Balance Sheet**	• Diversity, tenor and maturity profile of debt book • Strong credit metrics
• **Dyno Nobel Acquisition**	• 2011 record profit • Velocity completed exit rate - $204m
• **Manufacturing Reliability**	• Improved reliability across all plants • 3rd filter and 7th rail service at Phos Hill

Business secured post GFC

Phase 2 – Sharpen strategic focus

- Focus -	- Outcome -
• **Committed to Moranbah**	• Project 86% complete, within forecast budget and schedule
• **Aligned with Strategic Customers**	• Peabody in PRB • Major Iron Ore miner in Pilbara
• **Optimised North American Operations**	• Optimised business based on fundamental view of economy (eg, plants, channels to market)

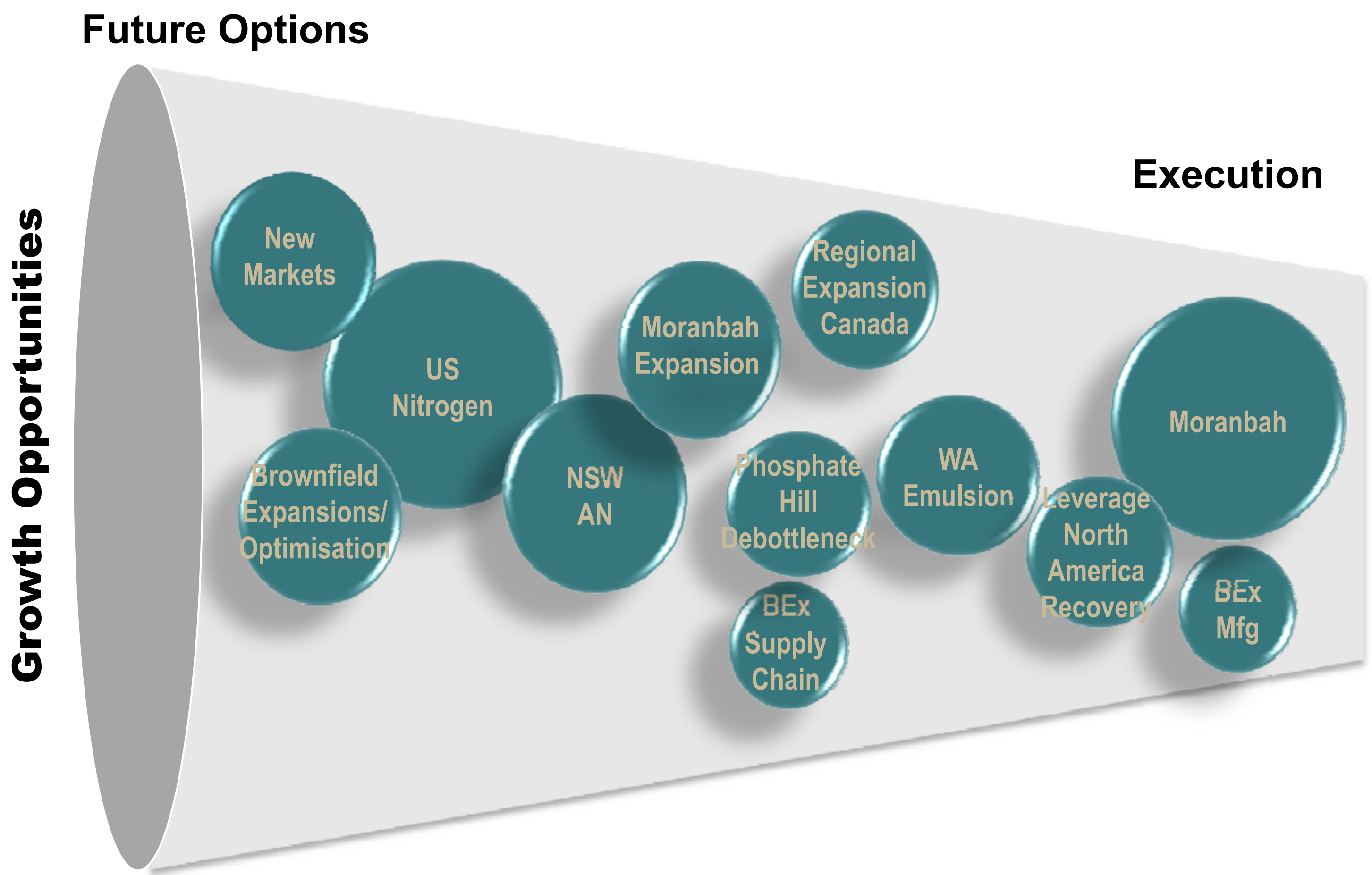
Re-focussed strategy, positioned for growth

Phase 3 – Core strategy driven growth

- Focus -	- Outcome -
• **Leverage Existing Business**	• Launched BEx which will transform business and drive long term productivity improvements • Leverage capability into non-traditional markets
• **Expand Market Positions**	• Expand/strengthen existing market positions (eg, NSW AN, Indonesia, Quantum)
• **Core Strategy Driven Growth**	• Pipeline of growth opportunities which align with core strategy and leverage all elements of the business model

Sustainable EPS growth

Phase 3 – Core strategy driven growth



* Size of bubble indicates relative impact in revenue/cost

Moranbah – A company transforming project

- ✓ Zero Harm – 2.4M construction hours LTI free
- ✓ Project status: 86% complete today
- ✓ On budget (cash cost $935 million) with commercial production of Ammonium Nitrate expected in Q3 2012

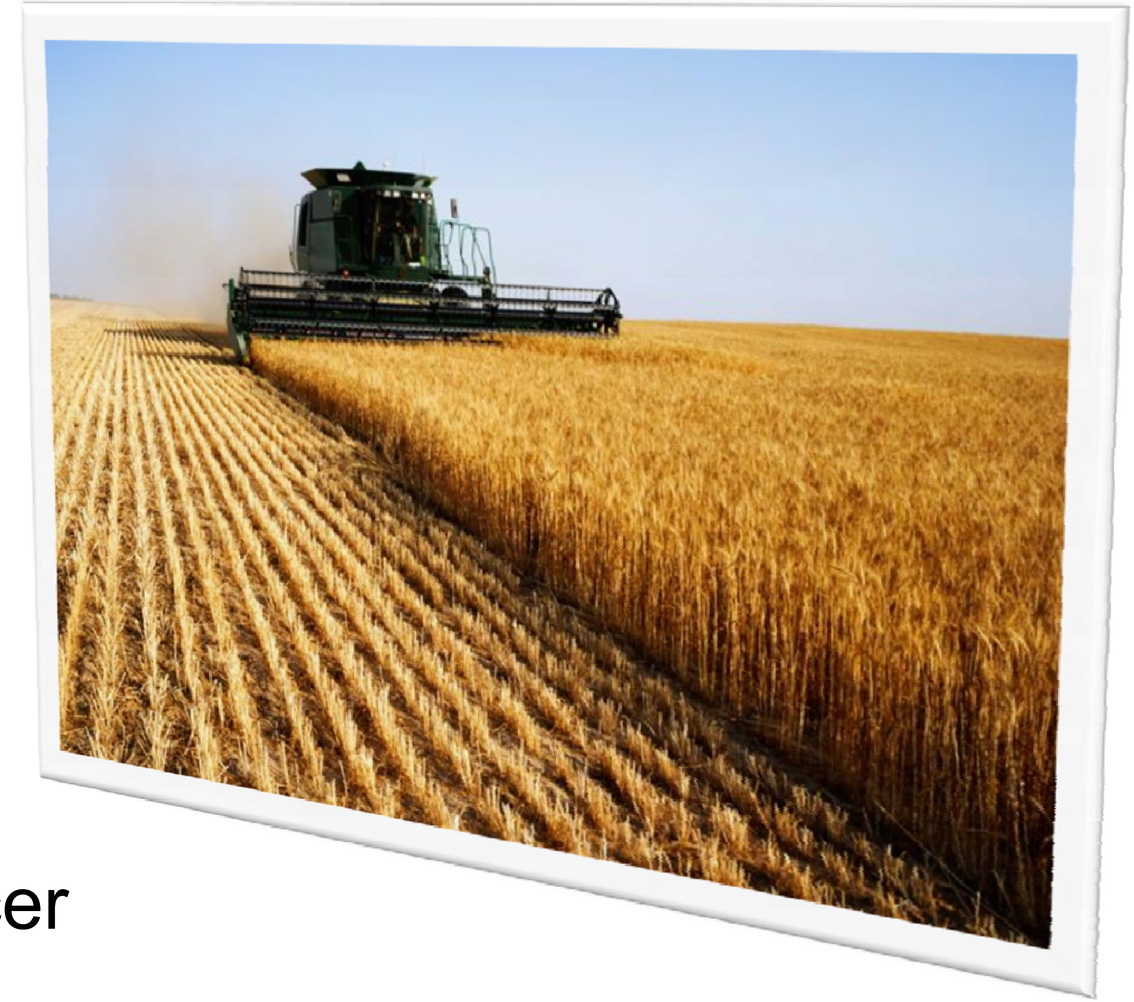
- ✓ Early progressive milestones achieved
  - water treatment plant commissioned
  - utility systems in progress of being commissioned
- ✓ Procurement essentially complete
- ✓ Strong focus on quality
- ✓ Operational readiness on track
- ✗ Challenging engineering and construction landscape in Australia

BEx

- Will transform the way we do business
- Creates a sustainable year on year productivity lever to close the “gap to perfect”
- Turns IPL on it’s head. The shop floor or mine bench is recognised as where value is created and management become enablers

Year on year productivity improvement

Financial Performance



Frank Micallef
Chief Financial Officer

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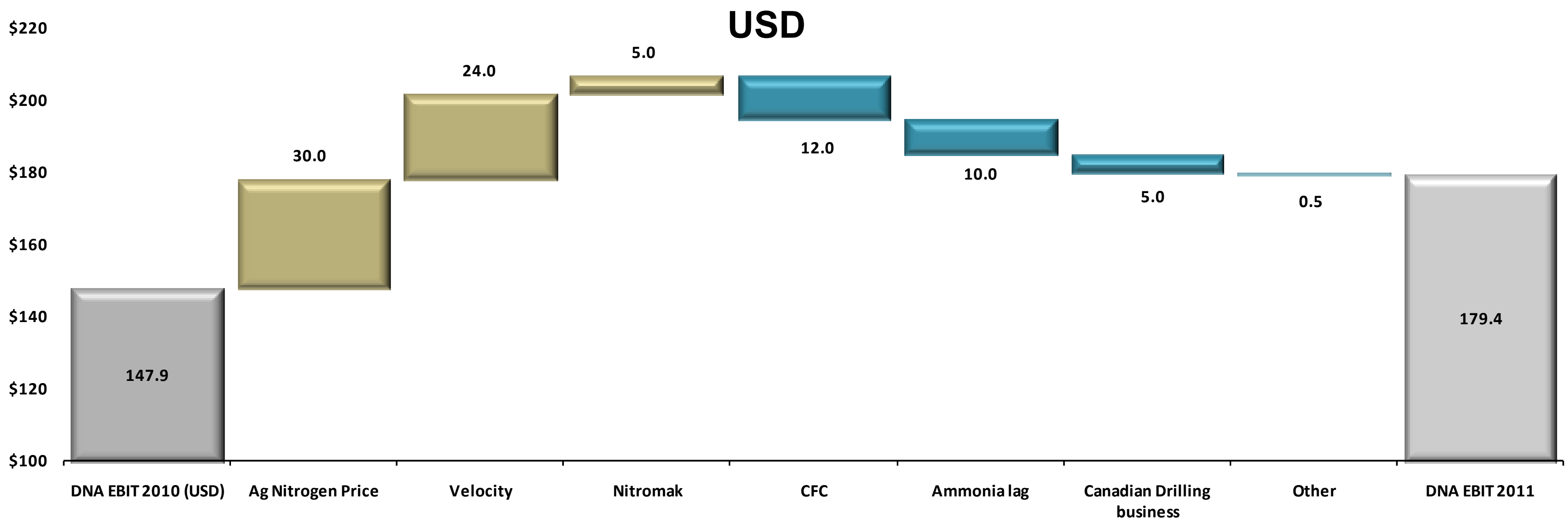
IPL Group financial performance

Year ended 30 September	2011 $m	2010 $m	Change %
Revenue	3,906.3	2,931.7	33%
EBIT(1)	772.1	648.3	19%
NPAT(1)(2)	530.1	442.8	20%
NPAT(2)	463.2	410.5	13%
EPS(1) (cents)	32.5	27.3	19%
Dividend per share (cents)	11.5	7.8	47%
Operating cash flow	719.1	528.9	36%
Net debt	(1,188.8)	(1,097.1)	(8%)

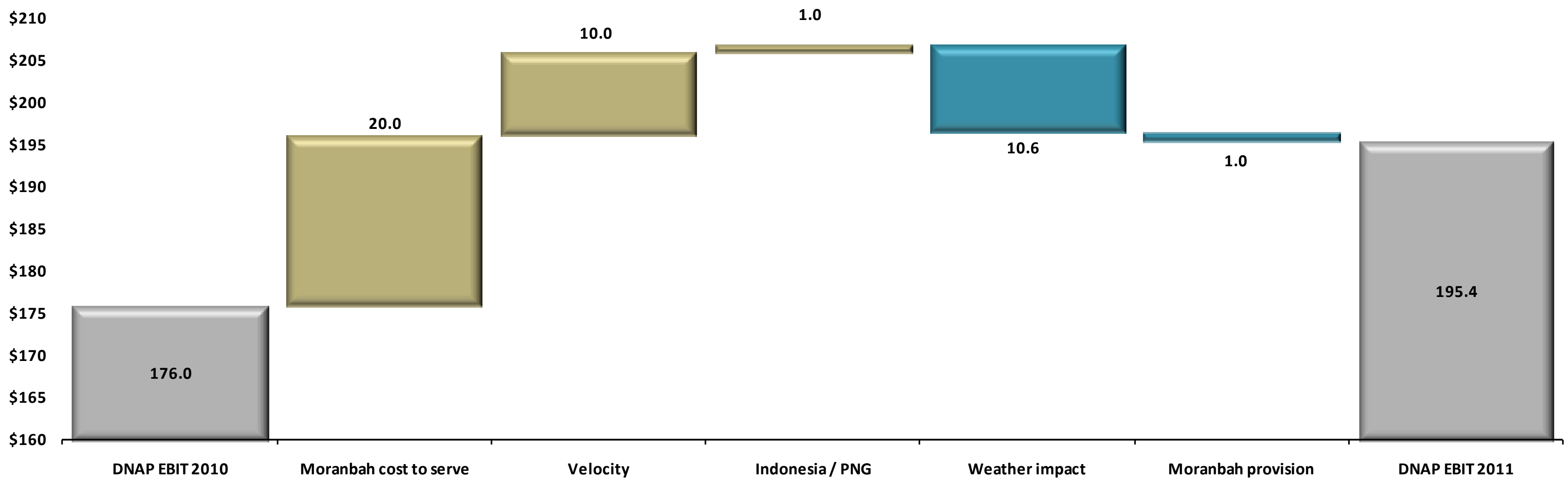
(1) Pre individually material items
(2) Net Profit after Tax attributable to shareholders

DNA (USD) – EBIT waterfall



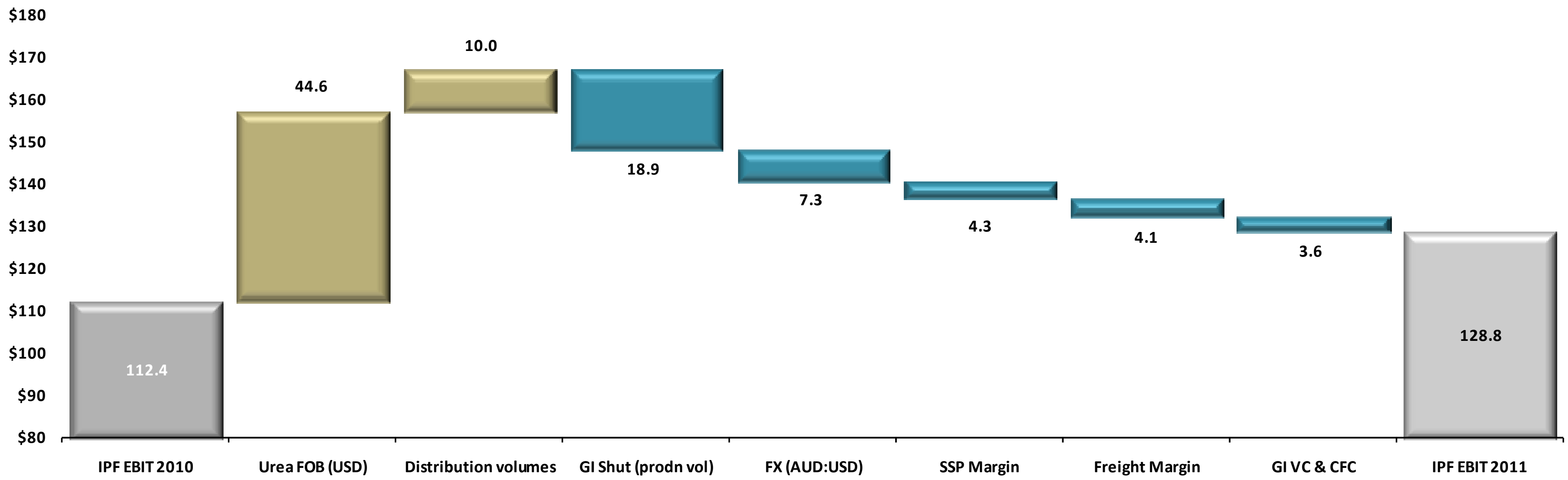
- ✓ Velocity delivered $24m
- ✓ $30m fertiliser price uplift, offset by explosives ammonia lag of $10m
- ✓ AN volumes flat (in region volumes +5%)
- ✗ Drilling businesses performance negative, Castonguay sold, remaining assets impaired
- ✗ Underlying business costs increased due to healthcare, fuel & one off legal cost
- ✗ $A translation impact $24m, partly offset by lower $A interest cost ($7m)

DNAP – EBIT waterfall



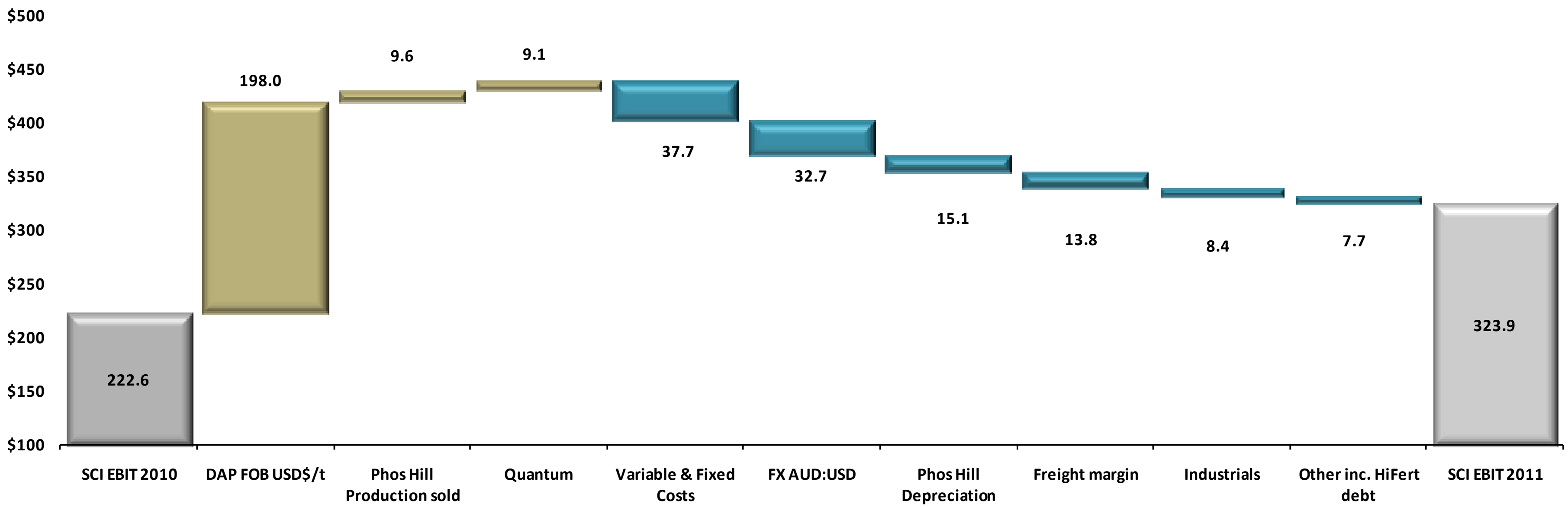
- ✓ Cost to serve Moranbah customers reduced by $20m to $4m loss for the year
- ✓ Velocity delivered $10m
- ✓ Indonesia / PNG experienced small growth – expect more in 2012
- ✓ 9% AN volume growth in Western Australia
- ✗ First half weather impact of $16m partially offset by better product mix in 2nd half

IPF – EBIT waterfall



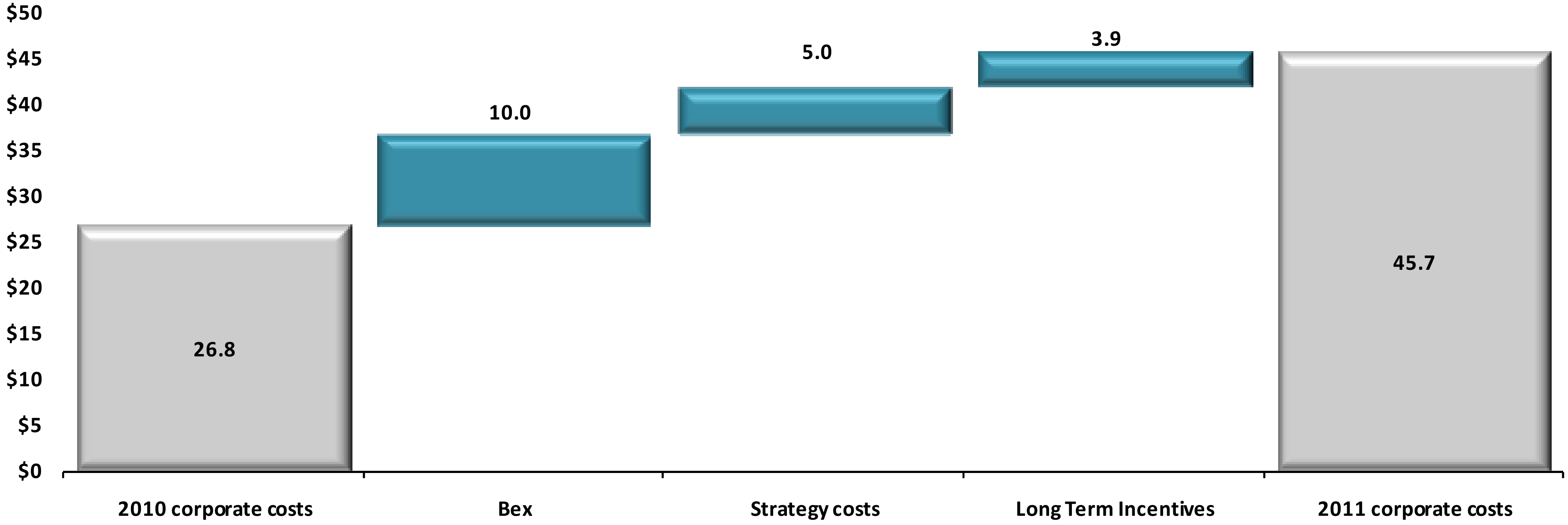
- ✓ Realised Urea price increased to an average of $397/t
- ✓ Fertiliser volumes up 9%, due to strong winter crop and top dress
- ✗ Gibson Island turn around reduced production of urea equivalent product
- ✗ Higher AUD and lower freight rates reduced margins

SCI – EBIT waterfall



- ✓ Realised DAP price increased to an average of $617/t
- ✓ Phosphate Hill production was 932kt (second highest on record)
- ✓ Quantum increased sales volumes by 1.7mT to 2.6mT
- ✗ Higher variable and fixed production costs at Phosphate Hill a result of higher input costs, securing a new rail contract and the impact of “mining inflation” on the cost base
- ✗ Higher depreciation a result of the first turn around at Phosphate Hill post IPL ownership
- ✗ Negative impact of higher AUD and lower freight rates

Corporate costs – EBIT waterfall



- $10m of first year implementation charges for BEx
- $5m of strategy costs incurred to explore future growth opportunities
- $3.9m of non cash accounting charge for LTI plans

Balance Sheet & Treasury

Frank Micallef
Chief Financial Officer

Capital management outcomes – Net debt

Net debt increased by A$92M since September 2010 to A$1,189M

- ✓ Operating cash flow up 36% on pcp to A$719M
- ✓ Effective interest rate 5.7% (inclusive of upfront costs and commitment fees)
- ✓ Trade working capital improvement on pcp A$11M
- ✗ Sustenance spending in line with pcp A$204M

Strong cash flow and Net debt outcomes

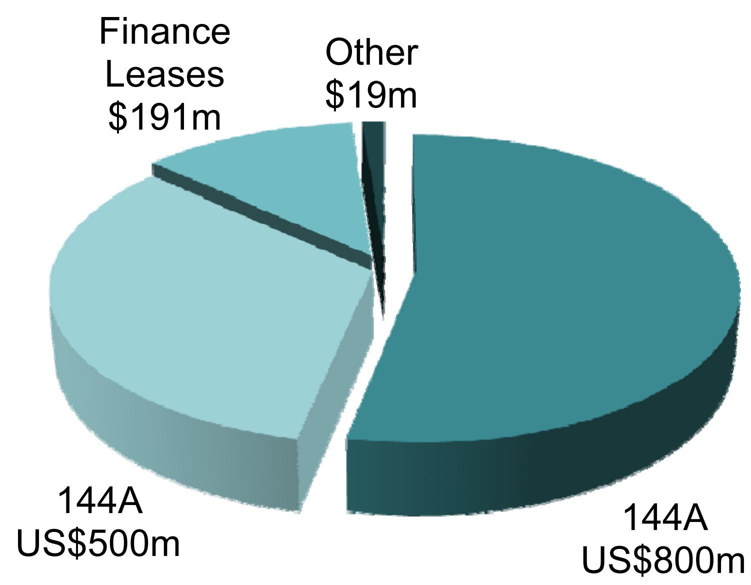
Debt structure delivers value

- ✓ Improved diversity, tenor and maturity profile
- ✓ 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. 50% hedged)

Drawn Funds at 30 September 2011



Strong capital structure

Strong investment grade credit metrics

	Sept. 2011	Sept. 2010	Target range
Net debt / EBITDA(1)	1.3x	1.4x	< 2.5x
Interest cover(2)	10.8x	12.2x	> 6.0x
Gearing Ratio(3)	24%	23%	

Headroom (including cash)	$1.3Bn
Average tenor of drawn funds	6 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

Value-adding risk management – FX exposures

✓ 2011: Achieved rate of 0.91 (all up) versus average market rate of 1.03

= A$95M benefit

2012: Transactional exposure – US$ priced AP's and urea

✓ FY 2012: 95% hedged at no worse than 96 cents, fully participating to 0.93 for the first half and 0.88 for the second half

✓ FY 2013: 20% hedged at:

(a) 9 cents better than market if market rate is > 1.09,

(b) 1.00 if market rate is between 1.09 and 1.00 or

(c) fully participating if market rate is below 1.00

Well structured hedge book

OUTLOOK

James Fazzino
Chief Executive Officer

Incitec Pivot Limited

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Outlook - 2012

- Positive outlook for agriculture
- Continued volatility in soft commodities and fertiliser prices
- Continued growth in Asia Pacific mining
  - Moranbah beneficial production 3Q
- Challenging economic conditions in North America
  - Focus on execution

transition year for the IPL Group

Questions ?

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Appendices

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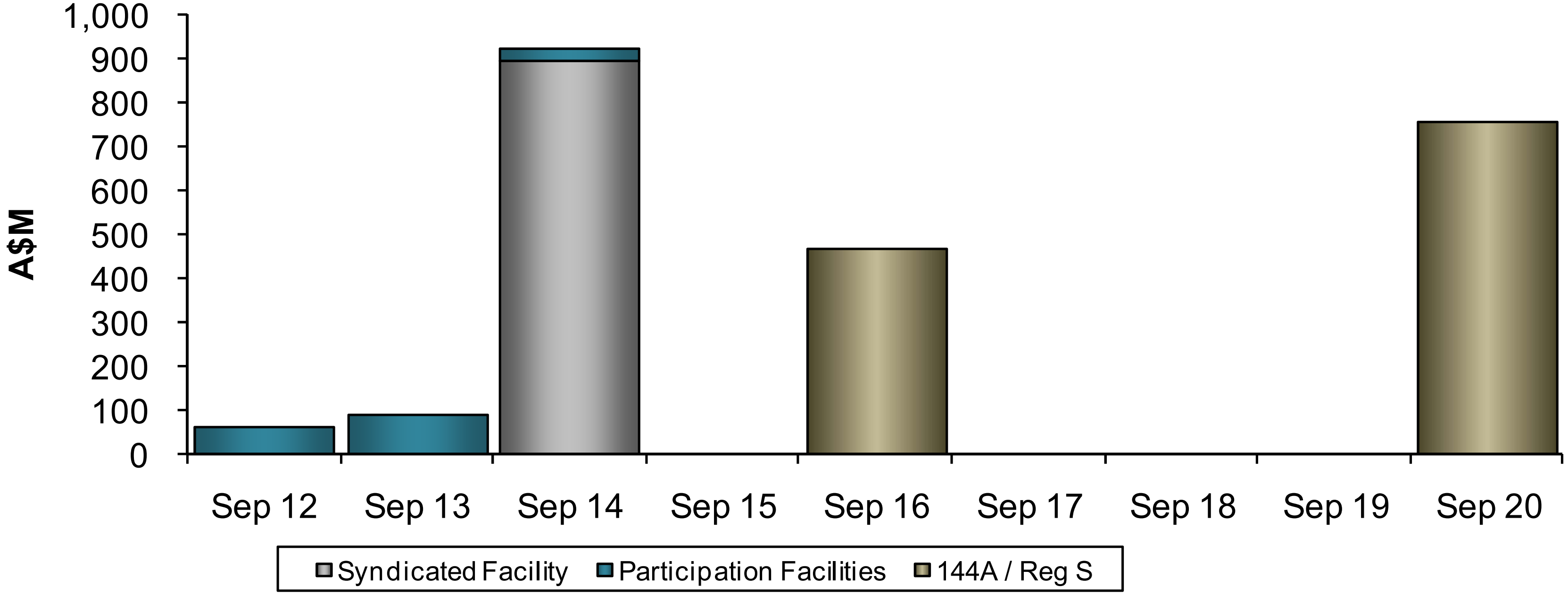
Capital management - Interest cost

Full year ended 30 September (A$M)	2011	2010	Change
Total borrowing costs	110.3	78.2	41%
Less unwinding of discount on provisions	25.2	13.8	(83%)
Interest cost	85.1	64.4	32%
Average interest rate	5.7%	4.7%	

Debt maturity profile

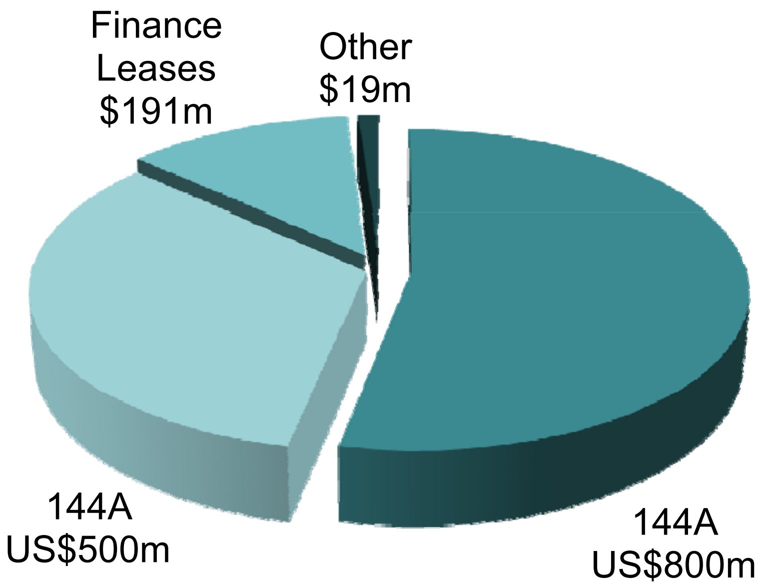


- 6 years average tenor of drawn funds
- Headroom including cash $1.3Bn

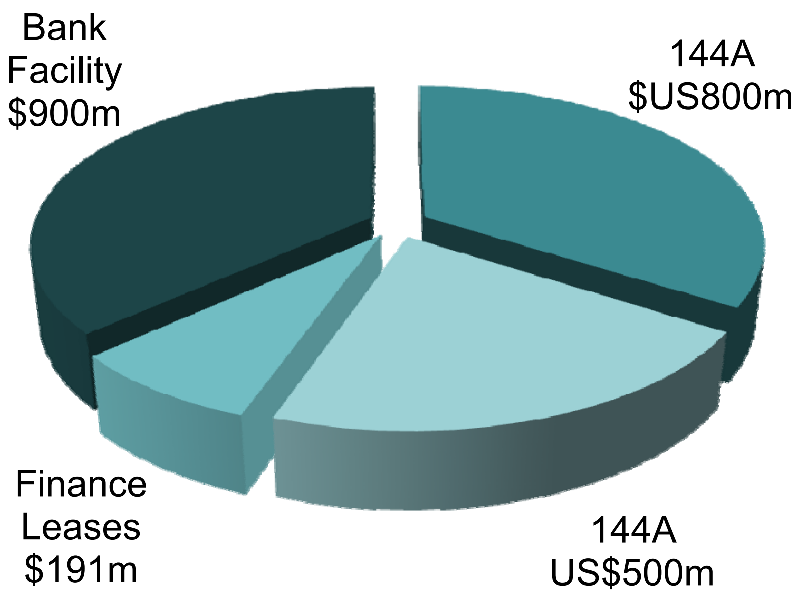
Tenor and diversity

Debt profile

Drawn Funds



Available Limits



Diverse sources; surplus headroom

EBIT sensitivities

IPF: Urea - Middle East Granular Urea (FOB)[(1)]	+/- US$10/t = +/- A$4.1M
SCI: DAP - Di-Ammonium Phosphate Tampa (FOB)[(2)]	+/- US$10/t = +/- A$9.7M
Forex - transactional (DAP & Urea)[(3)]	+/- 1 cent = A$7.8M
DNA: Urea (FOB)[(4)]	+/- US$10/t = +/- US$1.8M
DNA: Forex - translation of Explosives earnings[(5)]	+/- 1 cent = A$1.4M

Assumptions:

(1) 405kT (Gibson Island name plate capacity) urea equivalent sales at 2011 realised price of US$397 and a 2012 hedged exchange rate of A$/US$ 0.98
(2) 950kT (Phosphate Hill name plate capacity) DAP sales at 2011 realised price of US$617 and hedged exchange rate of A$/US$ 0.98
(3) DAP & Urea based on assumptions 1 and 2
(4) 180kT (St Helens name plate capacity - short tonnes) urea equivalent sales at 2011 realised price of $453/t
(5) For each US$150M EBIT