

Phosphate Hill



Financial Results

Half year ended 31 March 2016

Incitec Pivot Limited

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

Incitec Pivot Limited

First Half in Review

Half year ended 31 March 2016

James Fazzino Managing Director & CEO

Mt Isa



Zero Harm

Zero Harm for Everyone, Everywhere is IPL's number one priority

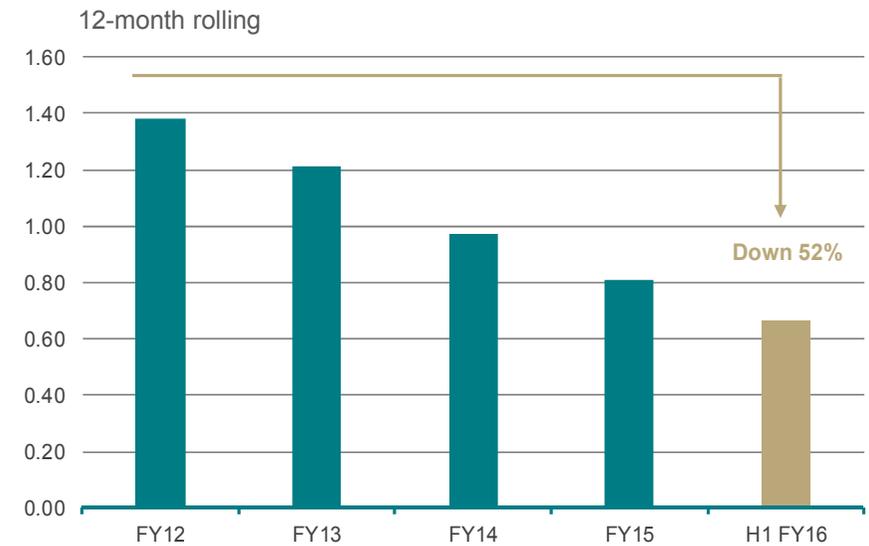
5-year plan set in 2012 to reduce TRIFR to less than 1.0 by 2016¹

- 52% reduction since implementing plan
- 5 million hours worked on Louisiana project without an LTI²
- 12-month rolling TRIFR as of 31 March 2016: 0.66

Despite progress, there is work to be done

- Global Permit to Work and Job Step Analysis developed; implementation commenced
- Global Risk Assessment and Bow Tie Analysis procedures developed and released

Group TRIFR – Last five years



1. Total Recordable Injury Frequency Rate (TRIFR) calculated as number of recordable injuries per 200,000 hours worked; includes contractors.

2. Includes contractors.

Key Themes

Market conditions remain challenging

- Over supplied commodity markets compounded by global economic uncertainty
- Volatility to persist as China's economy transitions
- Recovery will take time but continue to see longer-term upside

Results underscore resilience of business

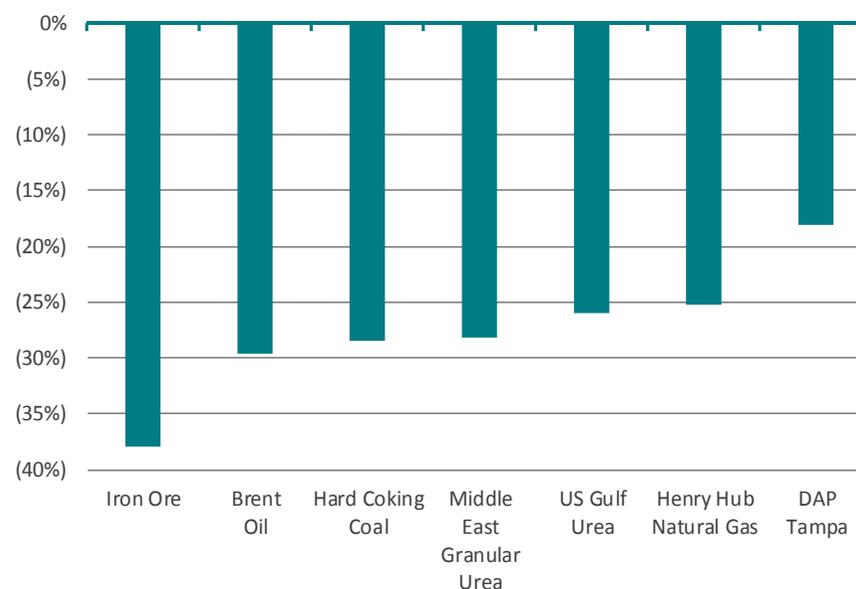
- Earnings flat after adjusting for impact of the December train derailment^{1,2}
- Strong balance sheet maintained, impairment to Gibson Island taken
- Dividend payout ratio maintained, capital management key focus

Controlling the controllables

- Record manufacturing performance at Phosphate Hill and Moranbah
- Louisiana project 97% complete; on track for beneficial production in Q3 of calendar year
- Sustainable efficiency program accelerated; BEx delivering on investment

Commodity markets have significantly weakened

H1 FY15 to H1 FY16 price change (%)³



1. As disclosed on 6 January 2016, a train carrying sulphuric acid from Townsville to Phosphate Hill derailed resulting in an expected one off negative impact to full year profit of approximately \$14m.

2. Excluding individually material items (IMIs) of \$105.6m after tax impairment to Gibson Island.

3. Source: Bloomberg, industry filings except for Middle East Granular Urea, US Gulf Urea and Diammonium Phosphate (DAP) Tampa which are the average achieved in the first half of 2015 versus the first half of 2016.

Group Performance

Resilient financial performance despite market conditions

- EBIT flat period on period after adjusting for derailment
- Underlying explosives business earnings up modestly
- Recovery in Australian fertiliser margins

Outstanding manufacturing performance

- Record Moranbah production
- Three record months of Phosphate Hill production; 501kt produced, despite derailment¹

Strong balance sheet maintained

- Credit metrics unchanged despite market conditions and Louisiana project spend
- Investment Grade credit ratings maintained
- Well positioned for increased shareholder returns from 2017

Fully franked dividend of 4.1cps announced

- Maintains 50% NPAT payout ratio, ex IMIs

1. 501kt of ammonium phosphates produced.

2. Explosives comprises Dyno Nobel Asia Pacific (DNAP) and Dyno Nobel Americas (DNA) less DNA's Agriculture & Industrial Chemicals (Ag & IC) segment.

3. Fertilisers comprises Southern Cross International (SCI), Incitec Pivot Fertilisers (IPF) and Ag & IC segment.

4. Interest bearing liabilities plus fair value of derivative instruments in place to hedge the Group's interest bearing liabilities, less available cash and cash equivalents.

5. Interest cover calculated as average 12 month rolling EBITDA / net interest expense before accounting adjustments.

Financial Results

Half year ended 31 March 2016

Incitec Pivot Limited

Financial performance

IPL Group	Six months ended 31 March		
	2016 A\$m	2015 A\$m	Change %
Financial Metrics			
Explosives EBIT ²	146.8	146.4	0.3 %
Fertilisers EBIT ex IMIs ³	63.3	115.1	(45.0)%
Eimination	(2.0)	(34.4)	
Corporate	(10.8)	(11.5)	
Group EBIT ex IMIs	197.3	215.6	(8.5)%
NPAT ex IMIs	137.1	146.4	(6.4)%
Shareholder Metrics			
EPS ex IMIs (cents)	8.1	8.8	8.0 %
Dividends per share	4.1	4.4	(6.8)%
Credit Metrics			
Net Debt⁴	(1,739.5)	(1,714.8)	1.4 %
Interest Cover⁵	9.5x	9.6x	(0.6)%
Net Debt / EBITDA ex IMIs	2.1x	2.2x	(2.6)%

Efficiency Program Accelerated

Program expected to deliver \$100m of sustainable cash savings in 2017

- Aligns business to market conditions through efficiency initiatives and overhead reduction
- Implementation costs of ~\$35m to be booked in the second half of the financial year

Already delivered substantial future benefits to Phosphate Hill

- QGC contract entered in first half reduces gas costs by ~\$20m per year from 2017¹
- PWC contract entered in first half reduces gas costs by a further ~\$35m per year from 2019²
- Completed / progressing contracts to further reduce costs by ~\$10m per year from 2017

Extension of BEx continuous improvement system

- Lean manufacturing program launched in 2011
- \$23m delivered in the half

2017 efficiency program

Efficiency Program	Amount
Completed	
Phosphate Hill Interim Gas Supply - 2017 & 2018	\$20m
In progress	
Phosphate Hill Procurement	\$10m
Global Overhead Reductions	\$30m
BEx Continuous Improvement	\$20m
Total Sustainable Operating Cost Savings	\$80m
BEx Asset Care Efficiencies that Reduce Annual Sustenance Capital Expenditure	\$20m
Total Sustainable Cash Savings	\$100m

1. Gas supply agreement with Walloons Coal Seam Gas Company Pty Ltd, a Shell-owned QGC business; as compared to costs at time of announcement.

2. Gas supply agreement with Power and Water Corporation (PWC) a Northern Territory Government owned corporation; as compared to costs at time of announcement.

Gibson Island

\$106m non-cash after tax impairment to asset value of Gibson Island

- Highlights challenges facing energy-intensive trade-exposed manufacturing in Australia

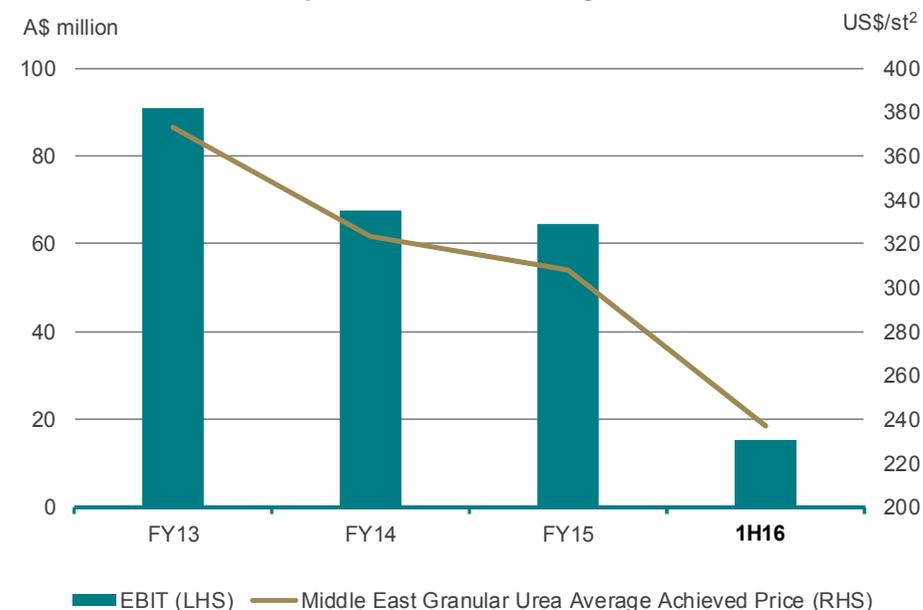
Significant change in external variables

- Benchmark global urea prices down ~13% since January 2016¹
- Australian gas prices now oil-linked Asian LNG parity

Mission to Save Gibson Island

- 200 employees who run the plant
- Hundreds of contractors and small businesses who support the plant
- Queensland farmers who rely on the unique fertilisers produced by the plant
- Gas companies who supply the plant
- Governments whose policies impact the plant

EBIT and urea prices – Last four years



1. Middle East Granular Urea benchmark pricing; source: Bloomberg.

2. US\$ per short tonne (st).

Financial Results

Half year ended 31 March 2016

Louisiana

World-scale Louisiana ammonia project 97% complete

- Total spend to date of US\$712m in line with budget at project announcement¹
- No change to total project budget of US\$850m

On budget and on track for beneficial production in Q3 of calendar year

- Maintaining schedule set at project announcement

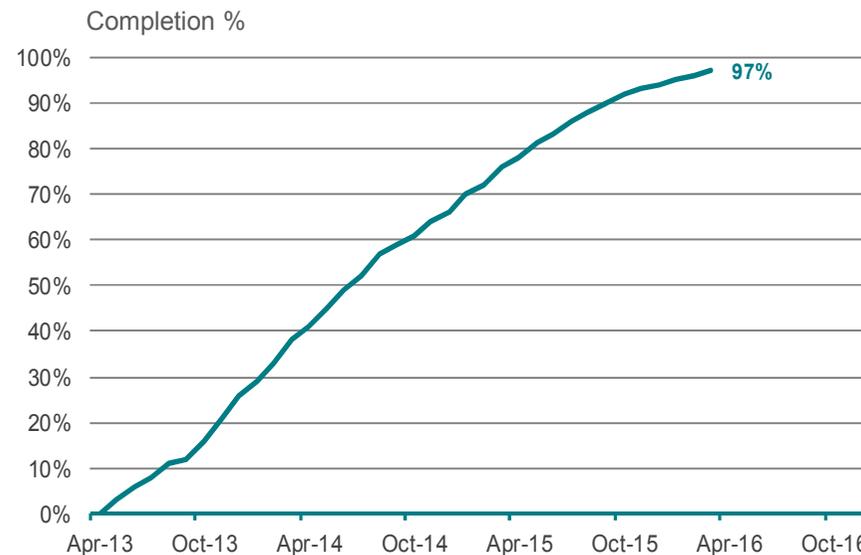
Investment thesis remains intact

- Underpinned by dislocation of US natural gas from global market

Transformative step in IPL's evolution

- Australian fertiliser cooperative to global diversified industrial chemicals business

Louisiana project progress curve



1. Excludes capitalised interest.

Incitec Pivot Limited

Financial Performance

Half year ended 31 March 2016

Frank Micallef Chief Financial Officer



Group Financial Performance

Resilient financial performance despite challenging environment

- Group EBIT ex IMIs down 8.5% period on period¹
- NPAT ex IMIs down 6.4% period on period

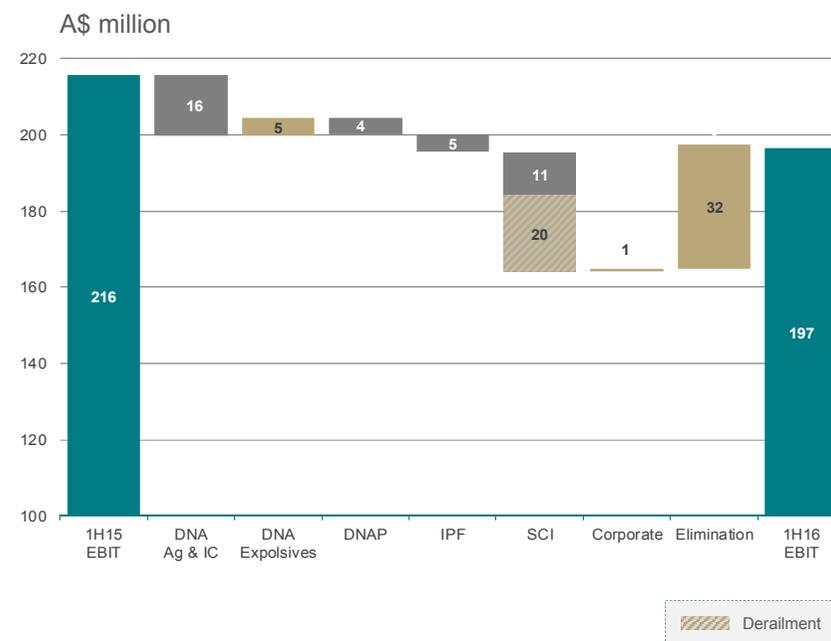
Explosives performance highlights strength of underlying business

- DNA Explosives A\$ contribution up 8.9% and margins increased 1.9% period on period
- DNAP EBIT contribution down 4.8% period on period

Soft fertiliser markets and train derailment negative factors

- SCI, IPF and Ag & IC down substantially
- \$20m impact to EBIT from derailment; no flow-on effects expected

Group EBIT movements



1. Elimination movement reflects DAP price movements period on period. This means that second half margin on SCI product in stock at 31 March 2016 will be \$32m lower than the previous corresponding period.

Group Financial Performance

Earnings flat when adjusting for train derailment

External factors

- 28% decline in Middle East Granular Urea prices¹
- 26% decline in US Gulf Urea prices¹
- 18% decline in DAP Tampa prices¹

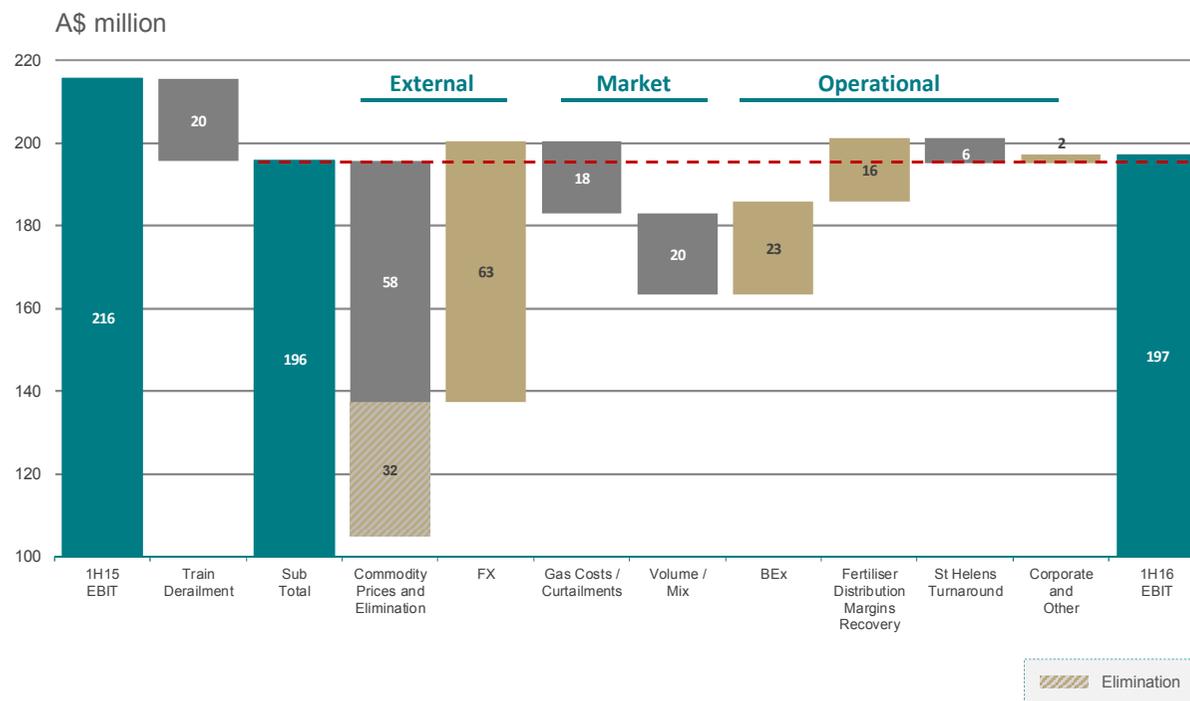
Market factors

- Increased Phosphate Hill gas costs
- Moranbah gas supply curtailments
- Mine closures and curtailments; ongoing customer cost focus

Operational factors

- Substantial BEx dividend
- Recovery in fertiliser distribution margins
- St. Helens turnaround

Group EBIT movements²



1. Average achieved in first half of 2015 versus first half of 2016.

2. Elimination movement reflects DAP price movements period on period. This means that second half margin on SCI product in stock at 31 March 2016 will be \$32m lower than the previous corresponding period.

Financial Results

Half year ended 31 March 2016

Incitec Pivot Limited

Dyno Nobel Americas



Sound result despite market conditions

- Mine closures and curtailments
- Warmest winter on record
- Low natural gas prices spurring coal-to-gas electricity generation switching
- Weak fertiliser markets

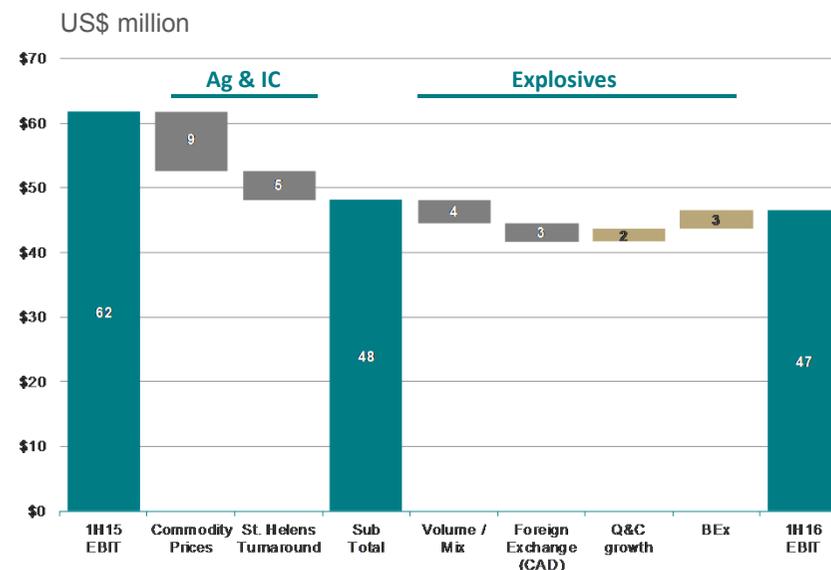
Resilient explosives performance notwithstanding headwinds

- EBIT contribution down 4% with margins up 2% period on period
- 11% Q&C volume growth period on period; follows 11% volume growth in FY15

Ag & IC segment major factor, down 77% period on period

- 26% decline in US Gulf Urea prices¹
- St. Helens turnaround

DNA EBIT movements



1. Average achieved in first half of 2015 versus first half of 2016.

Dyno Nobel Asia Pacific



Stable financial performance in challenging market

- Mine closures and curtailments, particularly in Hard Rock & Underground segment
- Ongoing customer cost focus; services demand remains soft

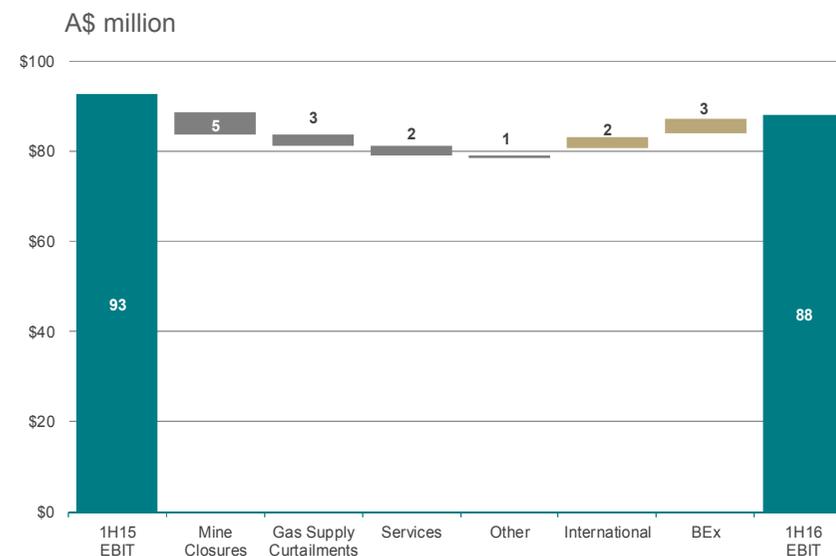
Performance underpinned by Moranbah footprint

- Plant adjacent to metallurgical mines in Bowen Basin
- Long term competitively priced gas contract in place through 2024

Record Moranbah production notwithstanding gas supply curtailments

- 3.7% curtailment, though far less than expected, reduced EBIT by \$3m due to lost margin
- Curtailments not expected to persist past 2016 calendar year
- 1 million tonne production milestone passed in May 2016

DNAP EBIT movements



Southern Cross International



Result affected by declining fertiliser prices and train derailment

- 18% decline in DAP Tampa prices¹
- \$20m EBIT impact from derailment
- Partially offset by strengthening US\$ versus A\$

Increased gas costs also impacted result; addressed through recontracting

- QGC contract to reduce gas costs by ~\$20m per year from 2017²
- PWC contract to reduce gas costs by a further ~\$35m per year from 2019³

Phosphate Hill moving towards IPL's initial \$400/tonne target⁴

- Completed / progressing contracts to further reduce costs by ~\$10m per year from 2017
- Would position Phosphate Hill in top of 3rd quartile of global cost curve⁵

Phosphate Hill produced 501kt of ammonium phosphates despite derailment⁶

- Achieved three record production months

1. Average achieved in the first half of 2016 versus first half of 2015.

2. Gas supply agreement with Walloons Coal Seam Gas Company Pty Ltd, a Shell-owned QGC business; as compared to costs at time of announcement.

3. Gas supply agreement with PWC; as compared to costs at time of announcement.

4. Refer to slide 26.

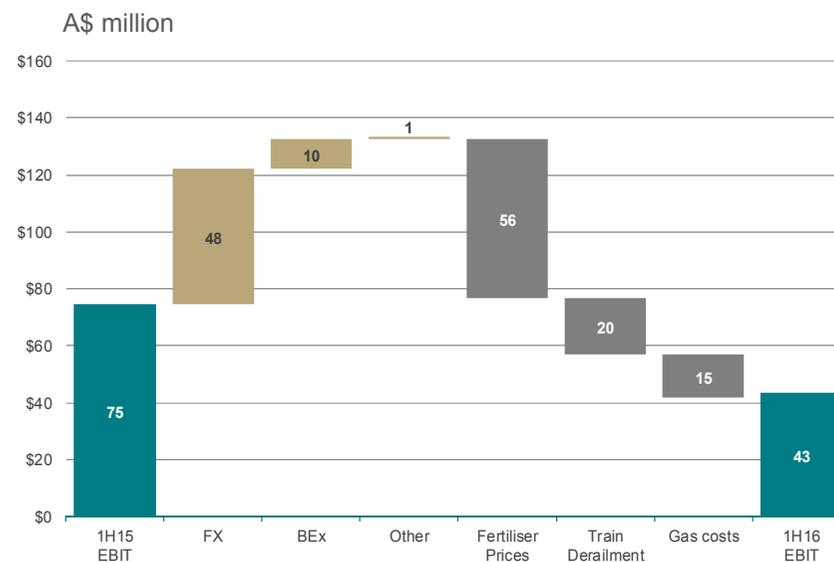
5. Assuming an A\$/US\$ exchange rate of 0.70.

6. 29kt of lost ammonium phosphate production due to derailment.

Financial Results

Half year ended 31 March 2016

SCI EBIT movements



Incitec Pivot Fertilisers



Falling fertiliser prices were overarching headwind

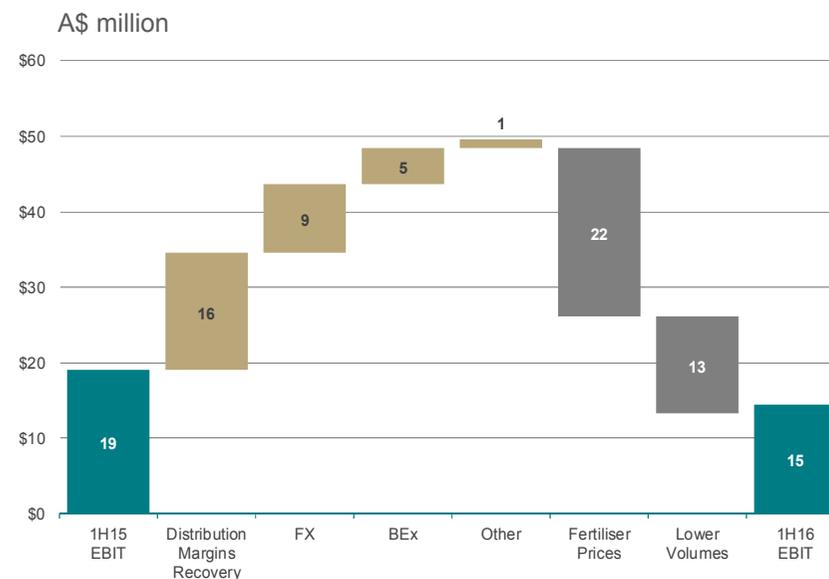
- 28% decline in Middle East Granular Urea prices¹
- Partially offset by strengthening US\$ versus A\$

Reduced volumes also impacted results

- Dry conditions in Northern Victoria, South Australia and Queensland
- Buyers deferred purchases as fertiliser prices declined

Notwithstanding challenges, distribution margins recovered

IPF EBIT movements



1. Average achieved in first half of 2015 versus first half of 2016.

Gibson Island



\$106m non-cash after tax impairment to asset value of Gibson Island

- Highlights challenges facing energy-intensive trade-exposed manufacturing in Australia

Resolving long term economic gas supply constraints will be key determinant

- Phosphate Hill gas contracting process highlighted challenges facing Australia's east coast

Government activity exacerbating challenges

- Queensland banned underground coal gasification in April 2016
- NT Government opposition announced fracking moratorium in advance of August 2016 election
- New South Wales extended its coal seam gas lease buy back program in July 2015
- Victoria extended moratorium on all onshore gas developments in July 2015 while it considers a parliamentary report

Gibson Island statistics

Gibson Island	
Date of First Operations	1969
Manufacturing Employees	200
Contractors	100+
Suppliers	100+
Products	Ammonia Urea CO2 Granulated products AdBlue
Annual Production	Approximately 405kt of fertilisers ¹
Customers	Queensland sorghum farmers Queensland cotton farmers Queensland sugarcane farmers Carbonated soft drink manufacturers Mining and industrial manufacturers

1. Urea equivalent tonnes produced.

Capital Structure

Strong balance sheet maintained following refinancing

- Net debt flat period on period notwithstanding Louisiana project spend of \$129m
- \$803m of headroom

Credit metrics unchanged and to improve once Louisiana is online

- Net Debt¹ / EBITDA: 2.1x
- Interest Cover²: 9.5x
- Investment Grade credit ratings maintained

Fully franked dividend of 4.1cps announced

- Maintains 50% NPAT payout ratio, ex IMIs

Debt facilities

IPL Group				
Facility	Maturity	Facility Amount (A\$m) ³	Drawn Amount (A\$m) ³	Undrawn Amount (A\$m) ³
Syndicated Term Loan A	2018	568	398	170
Syndicated Term Loan B	2018	721	610	111
Medium Term Notes	2019	200	200	-
144A/Regulation S Notes	2019	1,044	1,044	-
Syndicated Revolver	2020	522	-	522
Total		3,055	2,252	803

1. Net Debt aggregates interest bearing liabilities plus the fair value of derivative instruments in place economically to hedge the Group's interest bearing liabilities, less available cash and cash equivalents.

2. Interest cover calculated as average 12 month rolling EBITDA / net interest expense before accounting adjustments.

3. A\$/US\$ exchange rate of 0.7666 achieved in the period.

Sensitivities

Earnings remain sensitive to external influences

- Global fertiliser prices and foreign exchange are key factors

EBIT sensitivities

Sensitivites	Impact to 2015 full year EBIT
DNA: Urea US Gulf NOLA FOB ¹	+/- US\$10/st = +/- US\$1.8m
DNA: FX earnings translation ²	+/- US\$0.01 = +/- A\$2.3m
IPF: Urea Middle East Granular FOB ³	+/- US\$10/mt = +/- A\$5.1m
SCI: DAP Tampa FOB ⁴	+/- US\$10/mt = +/- A\$12.1m
IPF & SCI: FX transactional (DAP/urea) ⁵	+/- US\$0.01 = +/- A\$9.2m

1. 180,000st urea equivalent (St Helens nameplate) sales at 2015 urea US Gulf New Orleans, Louisiana ("NOLA") FOB average price of US\$302/st.

2. Based on actual FY2015 DNA EBIT of US\$141m.

3. 405,000t urea equivalent (Gibson Island nameplate) sales at 2015 realised price of US\$308/t and the 2015 realised exchange rate of A\$/US\$ 0.7868.

4. 950,000mt diammonium phosphate (DAP) (Phosphate Hill nameplate) sales at 2015 realised price of US\$466/t and the 2015 realised exchange rate of \$A/\$US 0.7868.

5. DAP and urea volumes and prices based on footnotes 3 and 4 above (excludes impact of hedging).

Financial Results

Half year ended 31 March 2016

Incitec Pivot Limited

Incitec Pivot Limited

Outlook

Half year ended 31 March 2016

James Fazzino Managing Director & CEO



Outlook

Market conditions to remain challenging

- Pressure on US and Australian coal markets likely to persist; US coal stockpiles high¹
- Fertiliser markets likely to remain weak

Full year results likely to reflect these challenges

- Acceleration of efficiency program to respond to market conditions
- Program expected to deliver \$100m of sustainable cash savings in 2017
- BEx to continue to deliver on investment

Upside potential exists

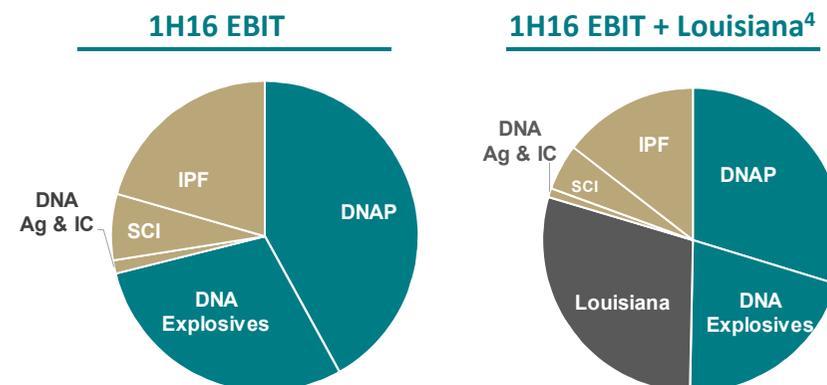
- Sustained manufacturing excellence through BEx
- Continued US Q&C growth underpinned by US\$305Bn highway spending bill²

Louisiana on track for beneficial production in Q3 of calendar year

- Transformative step in evolution from Australian fertiliser cooperative to global diversified industrial chemicals business

1H16 EBIT contribution³

A\$ million



1. Refer to slide 33.

2. Refer to slide 27.

3. Before eliminations.

4. Illustrative US\$ EBIT contribution based on spot ammonia (Tampa CFR) and Henry Hub Natural Gas price; assumes 80% nameplate production (refer to slide 24).

Incitec Pivot Limited

Incitec Pivot Limited

Appendix A – Supporting Material

Half year ended 31 March 2016

Louisiana Project Metrics

Louisiana project on track and on budget; construction 97% complete

- Beneficial production expected in third quarter of 2016 calendar year

Illustrative ammonia production costs:

- Cash cost: ~US\$47.00 per metric tonne
- Henry Hub Natural Gas requirements: ~32mmbtu per metric tonne
- Gas hedging: Average US\$3.00 to US\$4.50 cap and collar post-beneficial production as follows:
 - Year 1: ~15%
 - Year 2: ~7%
 - Year 3: ~5%
- Henry Hub spot: ~US\$2.00 per mmbtu (refer slide 32)
- Annual sustenance capex: ~US\$10m

Illustrative production statistics:

- Name plate annual production capacity: ~800,000 metric tonnes of ammonia
- First year production uptime: Benchmark year-one uptime for similar US plants ~80%
- Ammonia spot price (Tampa CFR): ~US\$320/metric tonne (refer slide 32)

Illustrative offtake metrics:

- ~1/3 of expected production to DNA at Tampa CFR spot
- ~2/3 of production to committed counterparties at slight discount to Tampa CFR spot

Illustrative returns notes:

- Plant benefits from accelerated five-year tax depreciation regime

Aerial view

April 2016



US Ammonia Buildout Observations

24 ammonia projects announced since 2012

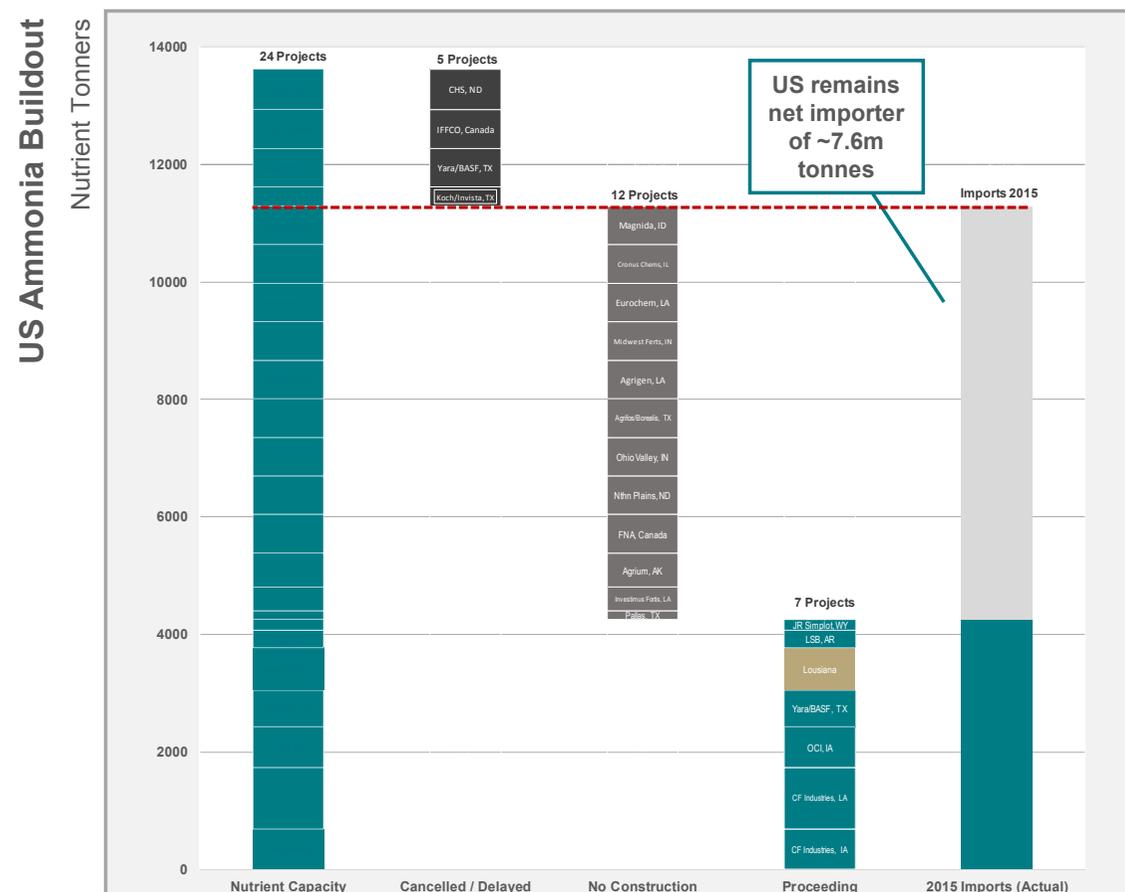
- 5 cancelled / delayed
- 12 no construction

7 projects complete or under construction

- To contribute 4.3m tonnes of new product once on line
- ~35% of the 11.8m tonnes imported in 2015

US likely to remain a net importer of ammonia

- ~65% of 2015 imported tonnes remain



1. Source: JPMorgan, Bloomberg, industry filings.

Phosphate Hill Cost Metrics

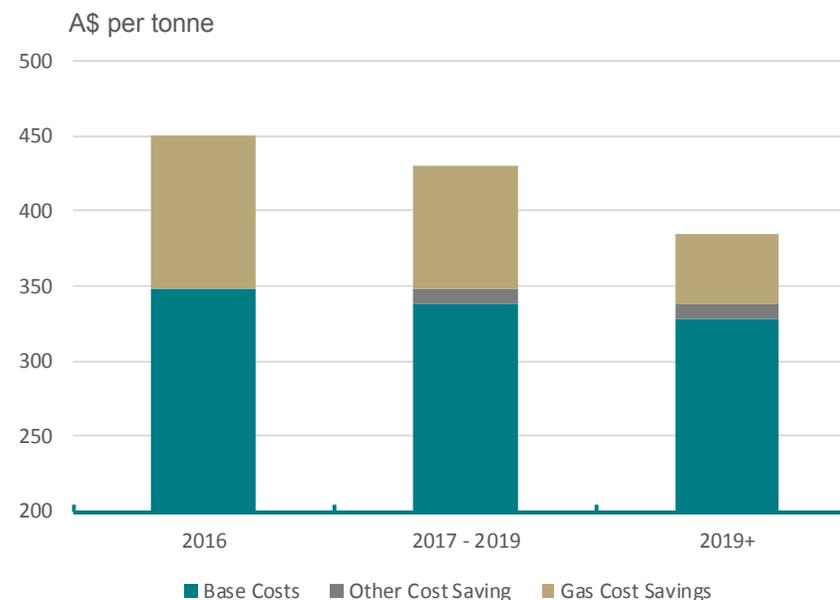
Phosphate Hill production costs to benefit from recontracting

- QGC contract to reduce gas costs by ~\$20m per year from 2017¹
- PWC contract to reduce gas costs by a further ~\$35m per year from 2019¹

Phosphate Hill moving towards IPL's initial \$400/tonne target

- Completed / progressing procurement contracts to further reduce costs by ~\$10m per year from 2017

Illustrative Phosphate Hill cost per tonne metrics



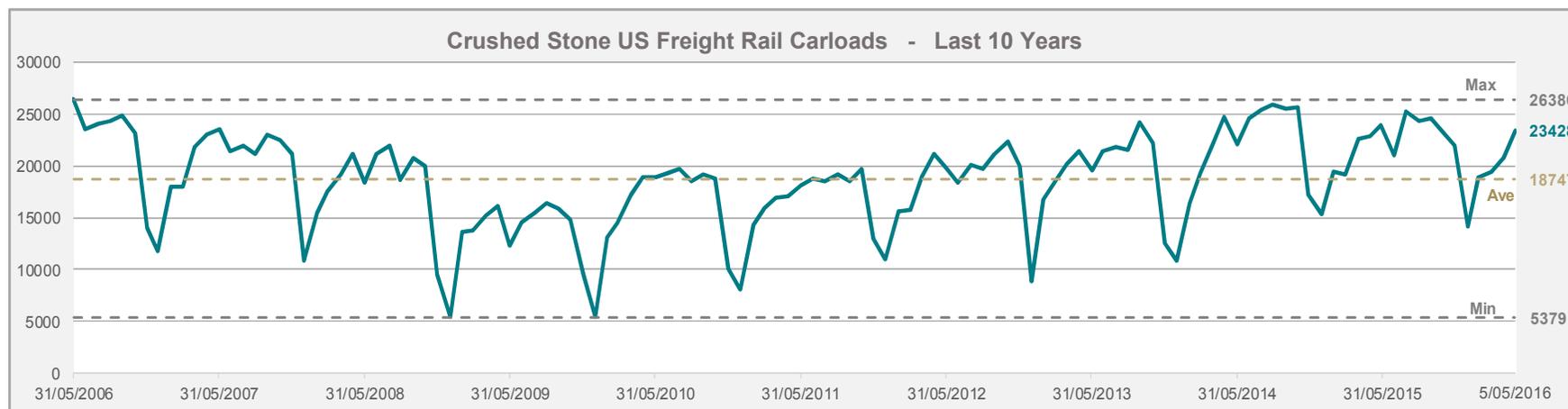
1. As compared to costs at time of announcement.

US Quarry & Construction Observations

US Q&C sector has displayed steady growth over the past five years

Sector likely to benefit from five-year US\$305Bn highway spending bill passed by President Obama in 2015

- ~US\$205Bn for highway projects
- ~US\$48Bn for mass transit projects



Source: Bloomberg.

Financial Results
Half year ended 31 March 2016

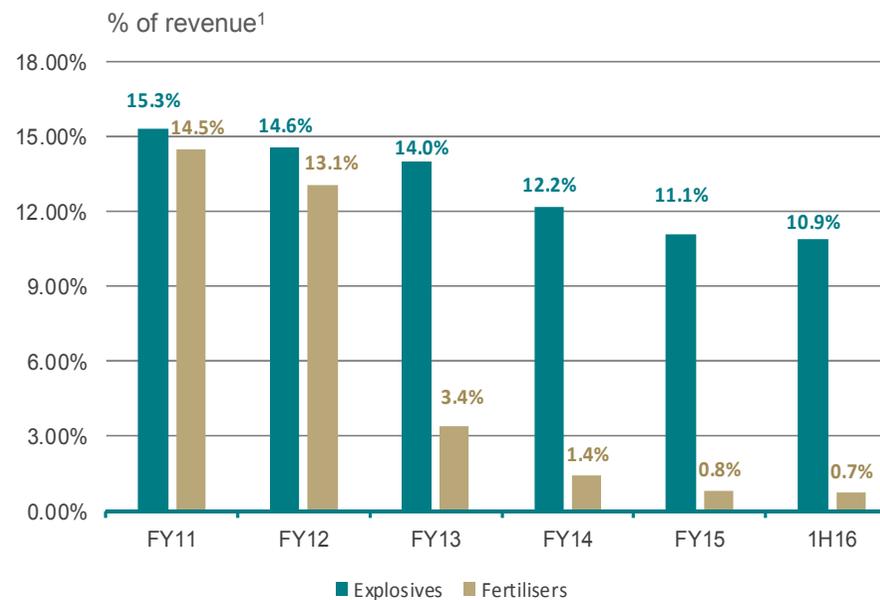
Incitec Pivot Limited

Trade Working Capital

Sustained improvement in Trade Working Capital since 2011

- Both Explosives and Fertiliser metrics at record lows

Trade Working Capital



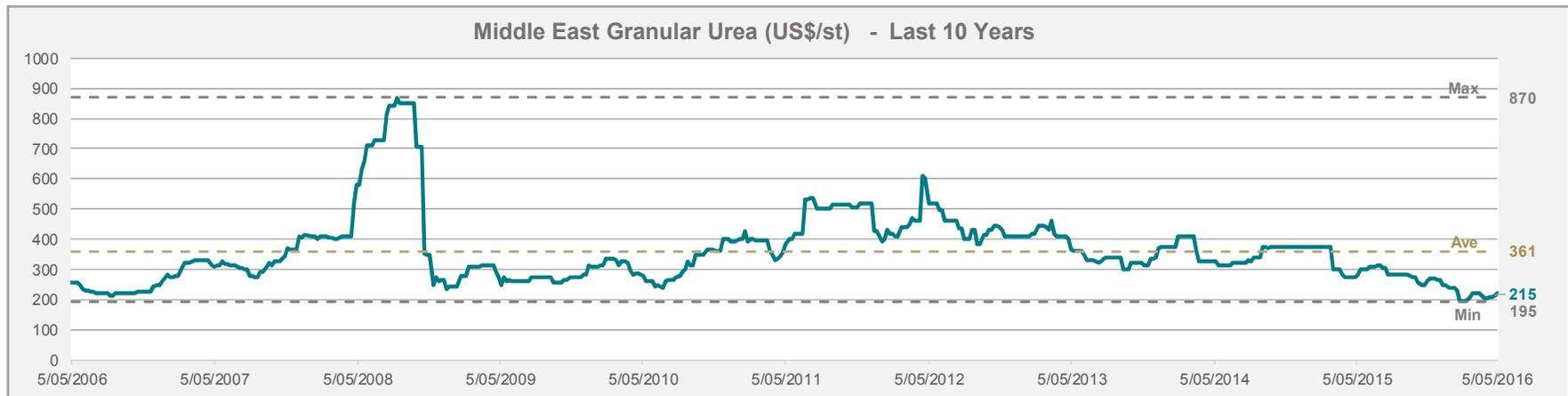
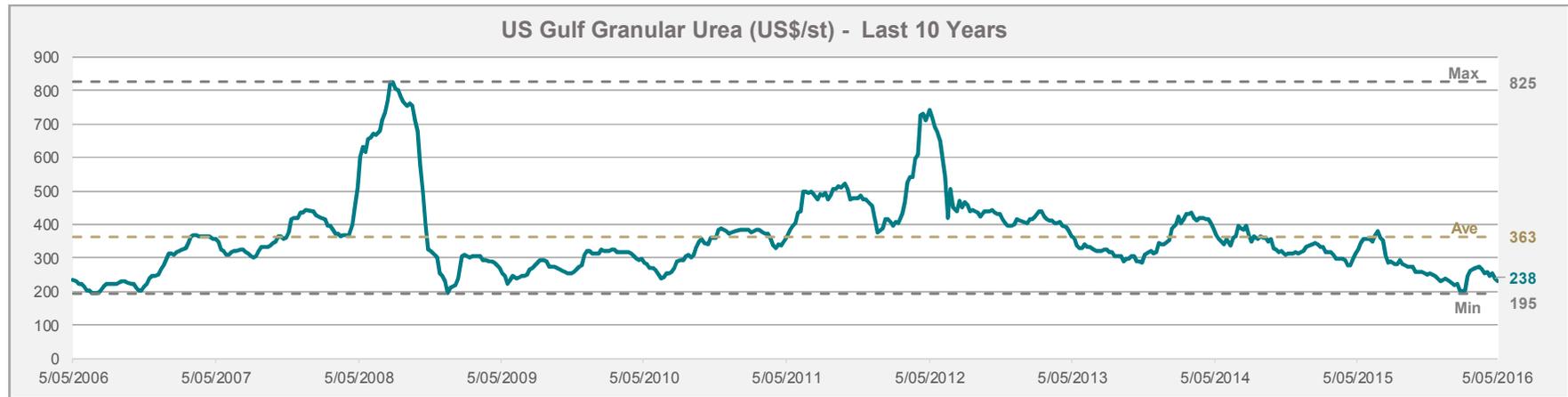
1. Calculated as 13 month rolling average trade working capital as a percentage of annual revenue.

Incitec Pivot Limited

Appendix B – Commodity Statistics

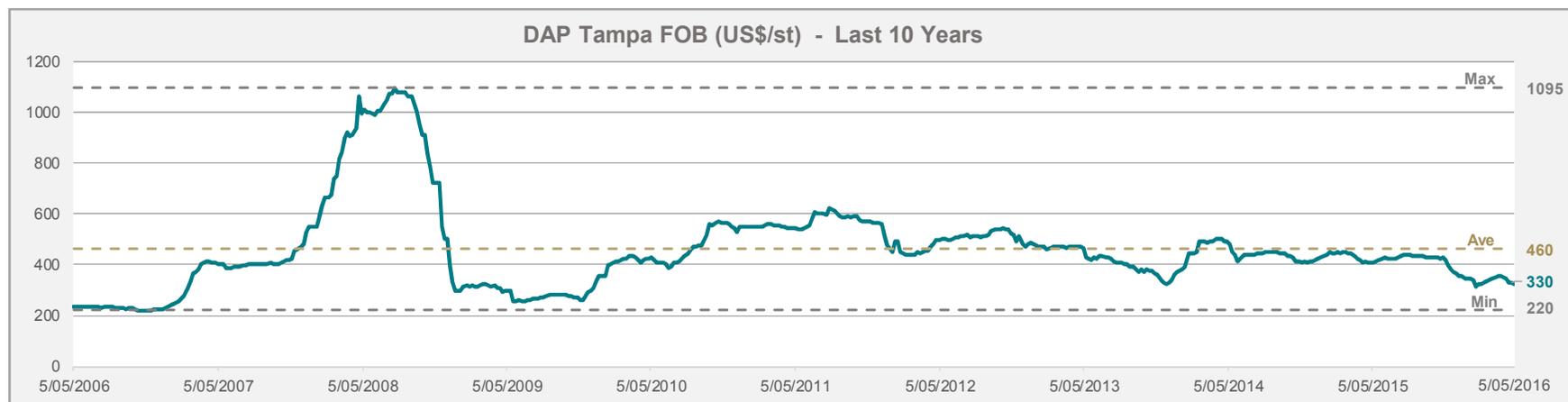
Half year ended 31 March 2016

Urea Benchmark Pricing



Source: Bloomberg.

DAP Benchmark Pricing

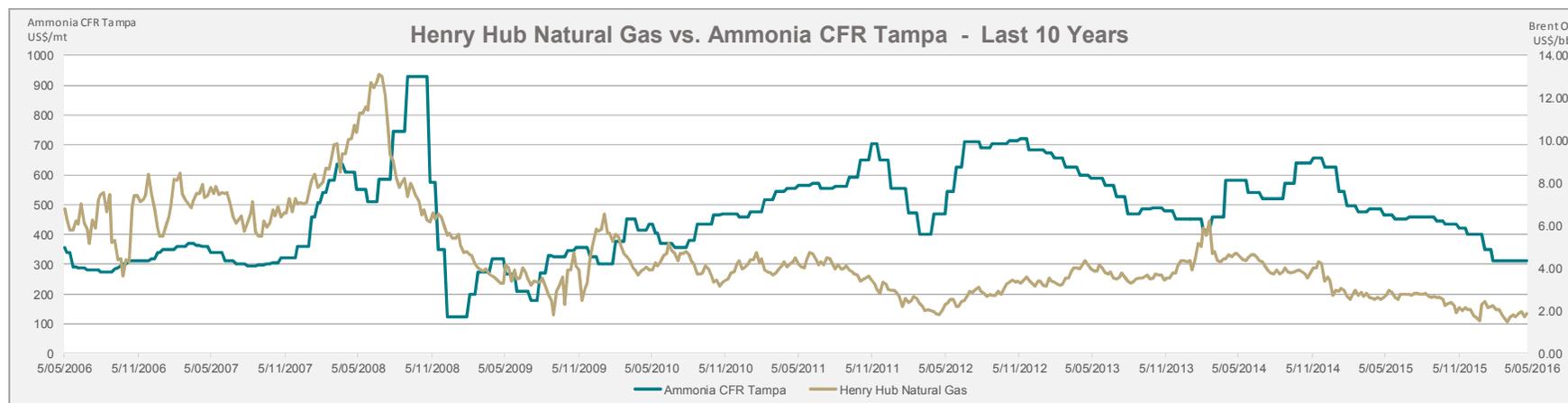


Source: Bloomberg.

Financial Results
Half year ended 31 March 2016

Incitec Pivot Limited

Gas to Ammonia Spread

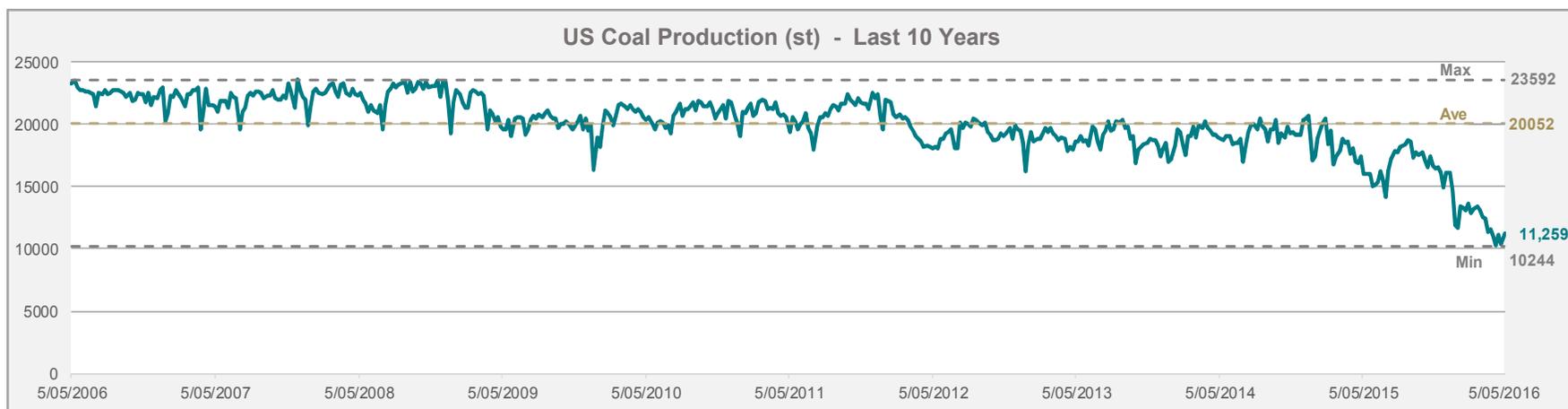
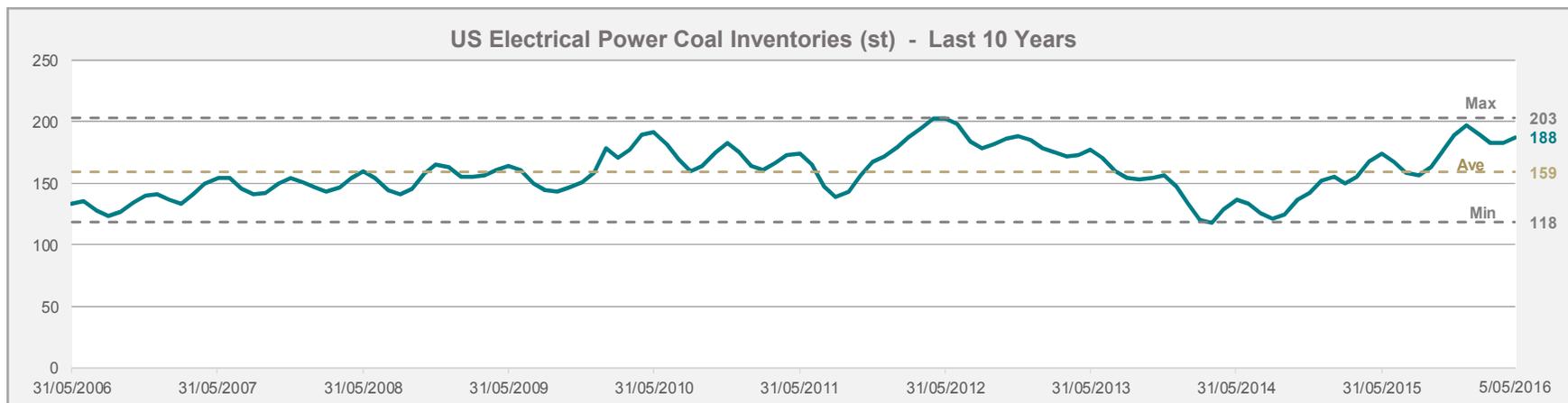


Source: Bloomberg.

Financial Results
Half year ended 31 March 2016

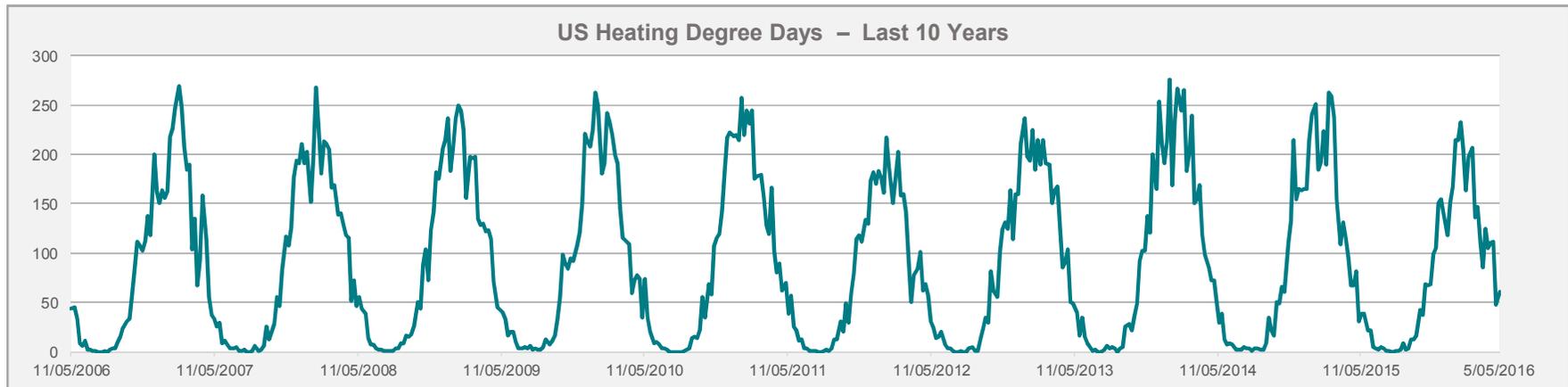
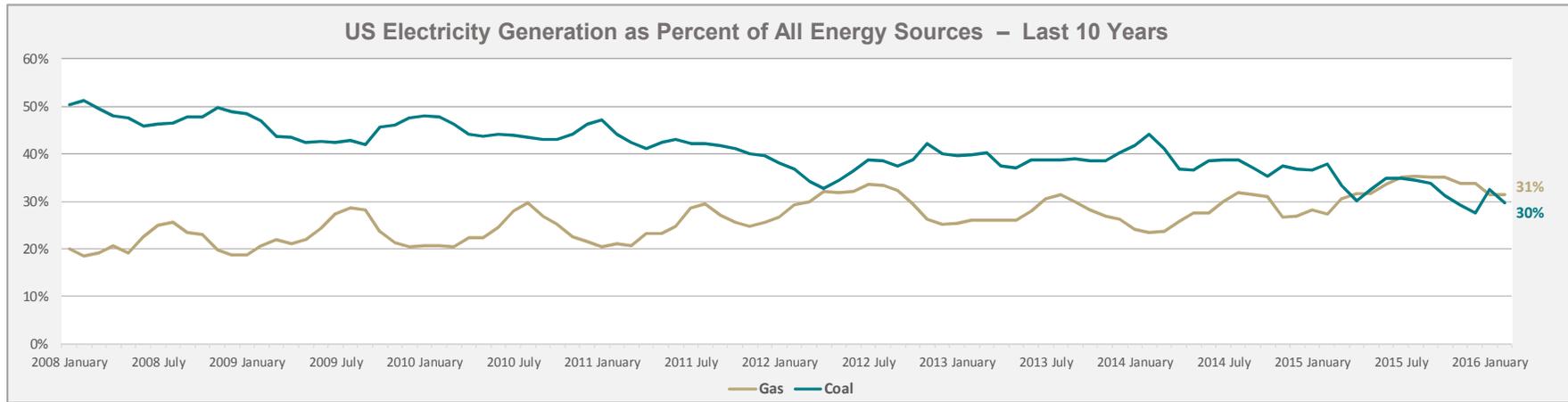
Incitec Pivot Limited

US Coal Inventories and Production



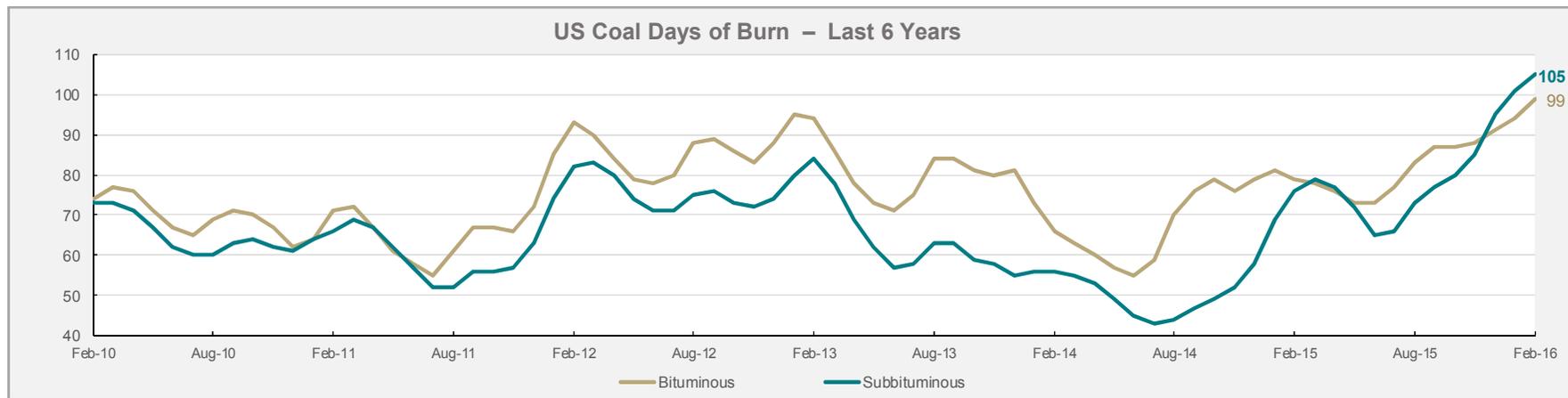
Source: Bloomberg.

US Coal Demand Drivers



Source: Bloomberg.

US Coal - Days Burn



Source: Bloomberg.

Financial Results
Half year ended 31 March 2016

Incitec Pivot Limited

Incitec Pivot Limited