

2007 Annual Results

14 November 2007



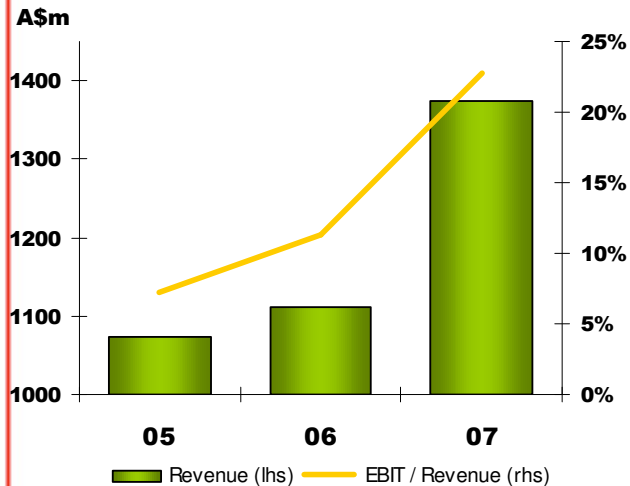
2007 Result

NPAT (excl. individually material items)	\$202.5m	↑ 145%
EBIT	\$312.5m	↑ 148%
Revenue	\$1,373m	↑ 24%
EBIT Margin	22.8%	↑ 100%
EPS (cents)	402	↑ 175%
DPS (cents)	300	↑ 191%
ROSF	57%	
Total Shareholder Return	242%	



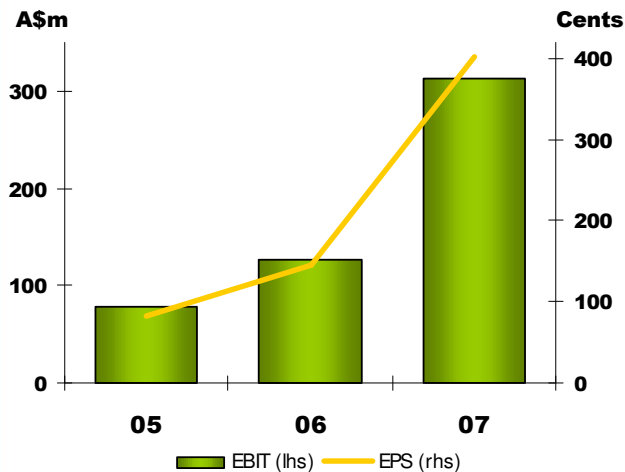
IPL Transformed

Revenue & EBIT Margin

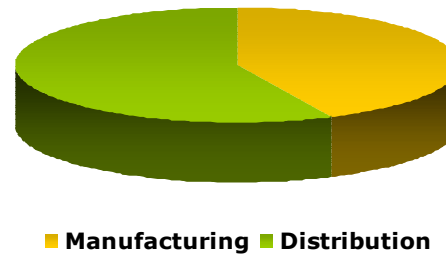


- Reduction in cost base
- Acquisition of Southern Cross Fertilisers
- Access to diverse markets - increase in traded volumes
- Supply chain – step change in working capital

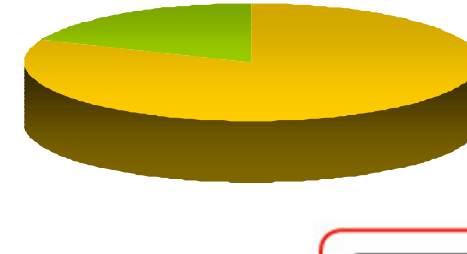
EBIT & EPS



EBIT 2005



EBIT 2007



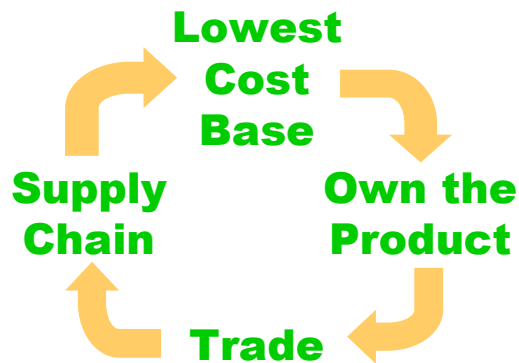
Strategy Scorecard 2007

Lowest Cost Base

- ✓ Tardis business efficiency program benefits - \$73.6m EBIT benefit v promise of \$25.5m⁽¹⁾
- ✓ 20.5% RONA in base business⁽²⁾ in drought year

Supply Chain

- ✓ Reduction in trade working capital >\$150m in base business since 2005



Own the Product

- ✓ Southern Cross
 - successfully integrated
 - \$200.9m EBIT contribution
- ✓ Gibson Island Reset '07
- ✗ Gibson Island Sept outage
- ✓ Aceh feasibility
- ✓ Strategic investment DXL

Trade

- ✓ Southern Cross International established
- ✓ 972kt fertiliser traded
- ✓ Weather volatility offset for SCF and GI (albeit lower margin)

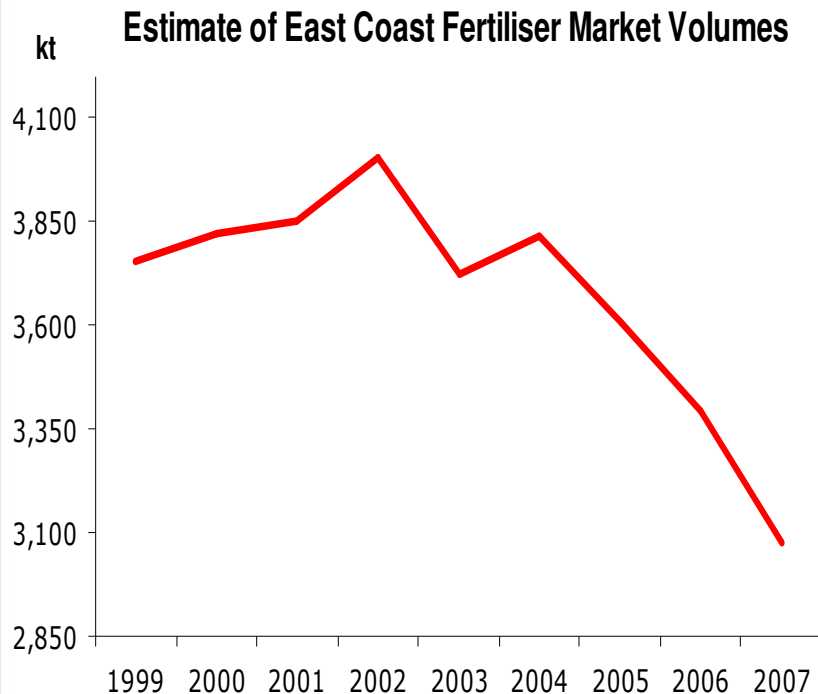
1. Target set in November 2006 of \$8m Tardis I and \$15-\$20m Tardis II
2. Excludes Southern Cross

Drivers of Financial Result

- Own.Breakout.Deliver culture program
- Strong operational performance and full year contribution from Southern Cross
- Benefits from Tardis efficiency program
- Continued strength in global fertiliser prices, partially offset by strengthening AUD
- Challenging seasonal conditions

Challenging Seasonal Conditions

Total IPL sales volumes \uparrow 16% - full year SCF contribution



- **Domestic volumes \downarrow 338kt, or 15%**
Volumes in all market segments except sugar declined due to continuing drought conditions
- **Trade volumes \uparrow 736kt, or 312%**
Southern Cross and new markets for urea, SSP
- **Industrial volumes \uparrow 27kt or 9%**
Ammonia sales diverted to industrial customers due to drought

Source: IPL estimates



James Fazzino

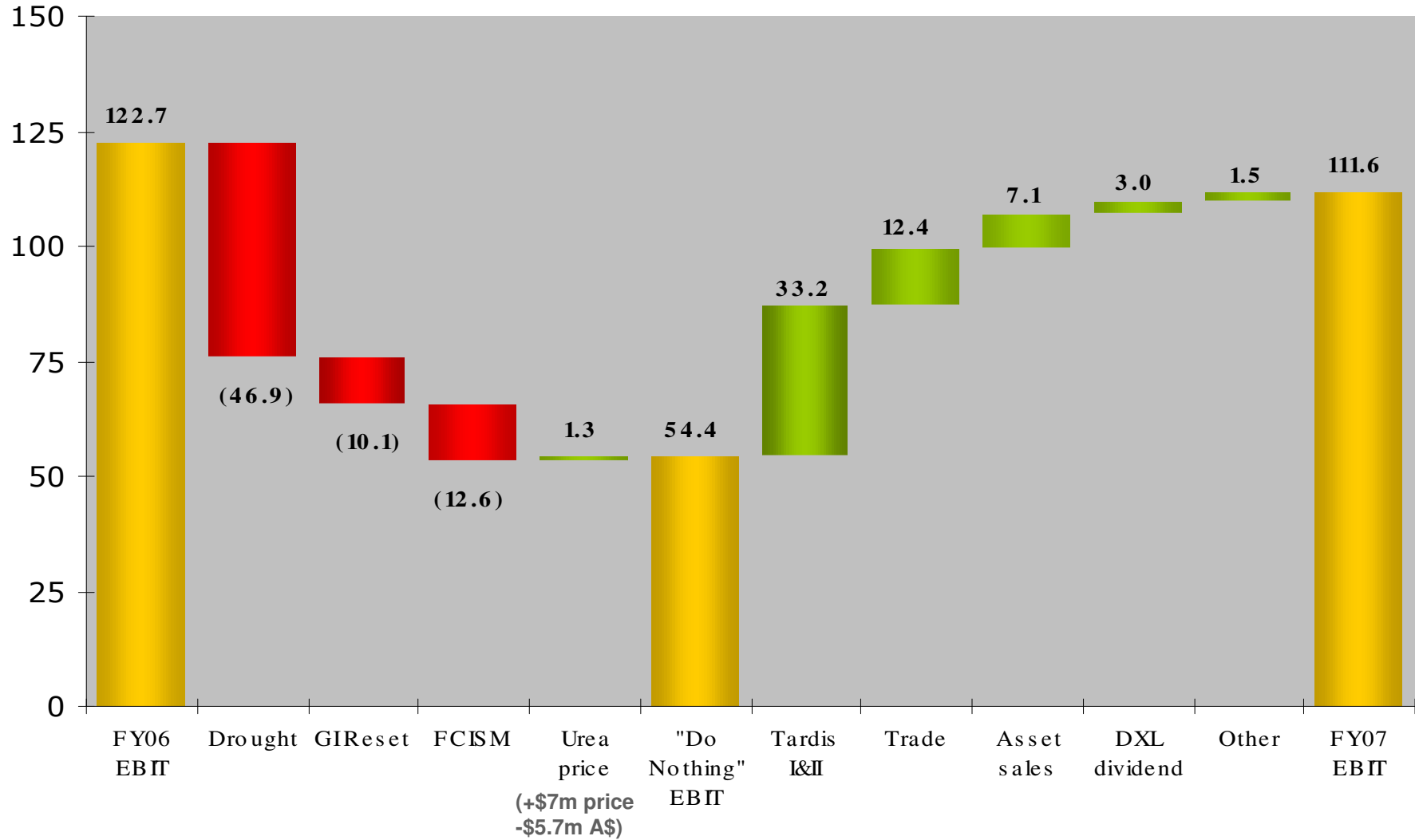
Finance Director &
Chief Financial Officer



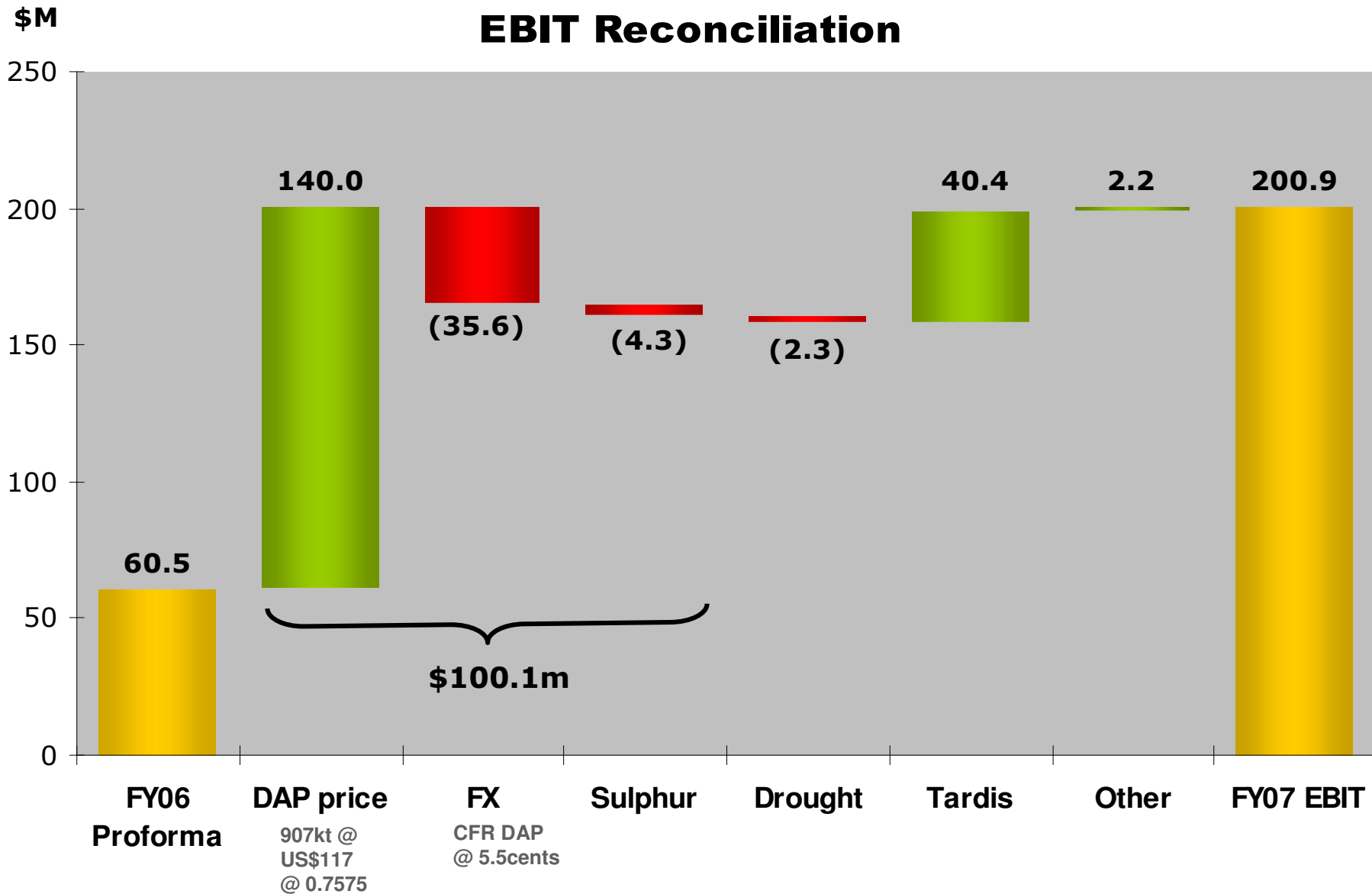
Base Business

\$M

EBIT Reconciliation



Southern Cross



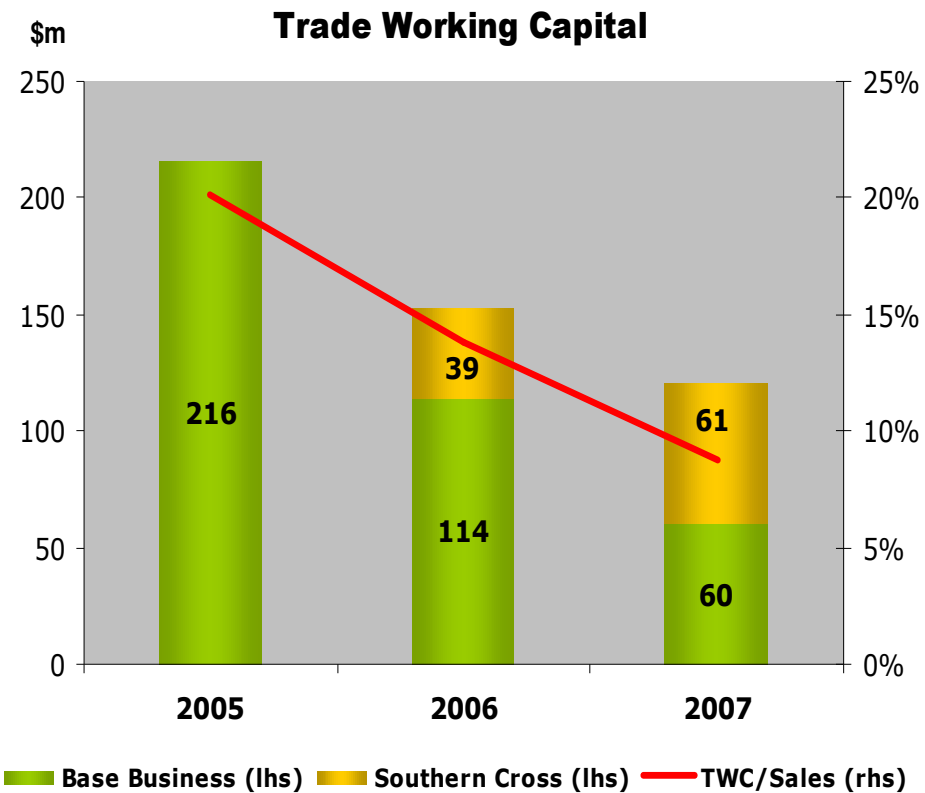
Tardis Efficiency

\$M	FY07 EBIT		FY07 Exit Rate	
	May 2007 Target	Delivered	May 2007 Target	Delivered
Tardis II*				
Southern Cross	29.6	40.4	35.5	44.6
Manufacturing Efficiency	8.5	11.4	14.2	16.1
Gibson Island Gas	-	1.8	15.0	15.0
Supply Chain	6.9	12.0	9.0	18.1
TOTAL	45.0	65.6	73.7	93.8
Tardis I	8.0	8.0	38.0	38.0
2007 TOTAL		73.6		131.8
Program to date		103.7		131.8

* November 2006 Target for 2007 was \$15m - \$20m



Disciplined Capital Management



- Reduction in base business TWC > \$150M since 2005
- Underlying net debt reduced by \$120M v 2006
- Underlying net debt / EBITDA = 0.45 times
- Significant balance sheet capacity for growth and returns to shareholders

Capital Spending 2007

Asset sales	(\$28.7m)
Capital	
Gibson Island Reset 07	\$42.1m
Southern Cross gypsum cell	\$9.0m
Gibson Island water recycling	\$4.3m
Tardis and Orica exit	\$5.5m
Sustenance	\$30.7m
Total Capital	\$91.6m
Net	\$62.9m



Delivering on Promises

What we promised

Tardis I & II efficiency savings
\$25m EBIT 2007⁽¹⁾

Gibson Island Reset '07

Southern Cross Fertiliser
integration and reliability

Trading model

Supply chain engine –
reduction in working capital

Competitive returns to
shareholders

What we delivered

2007 EBIT benefits \$73.6m

On time and on budget

Record production – 978kt
EBIT \$200.9m

972kt traded

Reduction in trade working capital
>\$150m over last two years

Normal dividend 260cps, ↑152%

Special dividend 40cps

100% franking credits paid out

Total dividend 300cps, ↑191%

TSR 242%

1. \$8m from Tardis I, \$15-\$20m Tardis II



Julian Segal

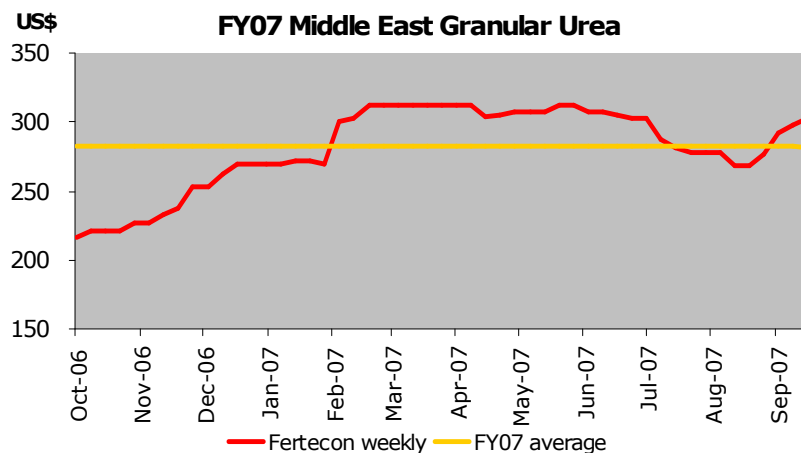
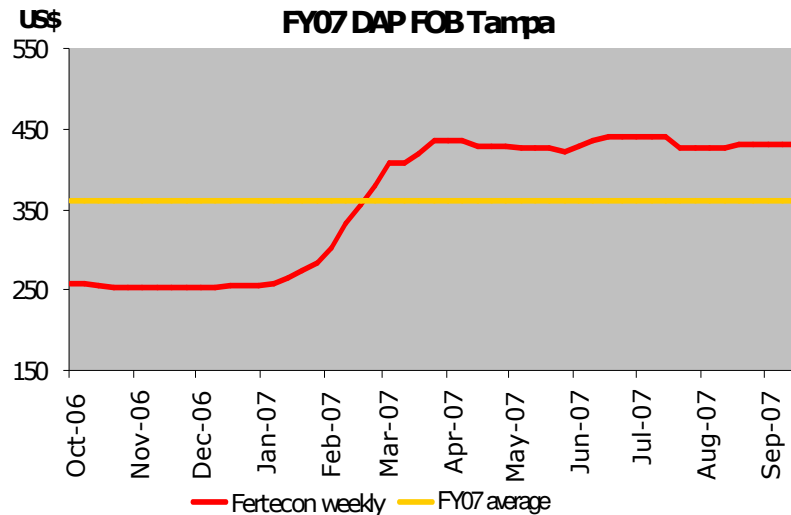
Managing Director &
Chief Executive Officer



Outlook 2008

- Positive outlook for global fertiliser prices
- Continued strength in Australian dollar
- Difficult conditions in domestic distribution business

Continued Strength in Global Fertiliser Prices



- Current strength in global fertiliser prices is demand driven
- Traditional drivers of Food, Feed and Fibre remain strong
- Low grain inventories
- Limited medium term supply response
- Prices have continued to firm into new financial year

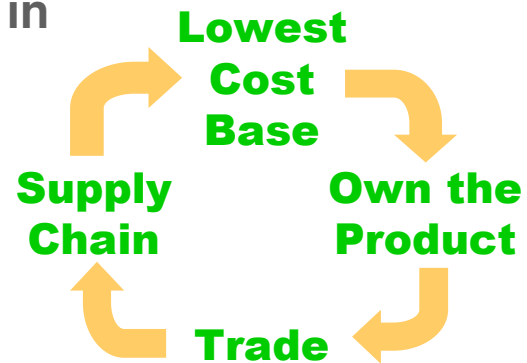
Domestic Conditions

- Cautious outlook
- Even with an improvement in weather conditions, it will take time to rebuild volumes
 - Water allocations
 - Reduced livestock numbers
 - Farmer confidence
 - Farmer cash flow

Growth Opportunities

Lowest Cost Base

Tardis business efficiency program embedded in business model and culture. \$28m benefit in 2008.



Supply Chain

MRP in place

Progress efficiency opportunities

Own the Product

Brownfield Opportunities

- Debottlenecking
- Larger projects

Aceh

- MOU signed
- feasibility complete 1HCY08

Dyno Nobel

- IPL will maintain financial discipline

Trade

Build off 2007 base

Summary

- Strong 2007 result
- Positive outlook for global fertiliser industry
- Continued strength in Australian dollar
- Challenging conditions for domestic distribution business
- Good base for growth and opportunity to grow

Q & A



Capital Spending 2008

	<u>\$M</u>	
Sustenance Capital	40	Consistent with replacement value of plants
Shutdown		
SCF – Mount Isa	12	Catalyst screening every 18 months
SCF – Phosphate Hill	2	\$30M every 3 years. Next shut 2009
SCF – Gypsum Cell	7	\$25M every 5 years. Next due 2012
Gibson Island	-	\$30M over 4 years. Next due 2011.
Other		
Orica separation	4	Separation from Orica IT effective 1 July 2007
Tardis supply chain	5	Plus \$15M in 2009
TOTAL	<u>70</u>	PLUS GROWTH

Sensitivities

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

Assumptions:

- 970kt DAP sales at base price US\$364/t @ 81.30
- 460kt urea/urea equivalent sales at base price US\$264/t @ 81.30
- AUD/USD base price 81.3 cents

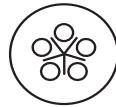


Sales Volumes



Sugar

↑4% - higher 2006 cotton prices



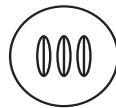
Summer crop

↓43% - drought affected



Pasture

↓12% - significant de-stocking



Winter crop

↓20% - poor follow-up rainfall