Recommended offer for Dyno Nobel

Investor Presentation
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Julian Segal
Managing Director & CEO

James Fazzino
Finance Director & CFO

Incitec Pivot

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What we are announcing today

- 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

A value accretive transaction

(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

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What is the strategic rationale?

- The super cycle is driving demand in **<u>both</u>** hard and soft commodities
  - Industrialisation of Chinese and 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")
- Exposure to the super cycle from the **<u>input</u>** 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

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IPL and Dyno Nobel are a natural combination

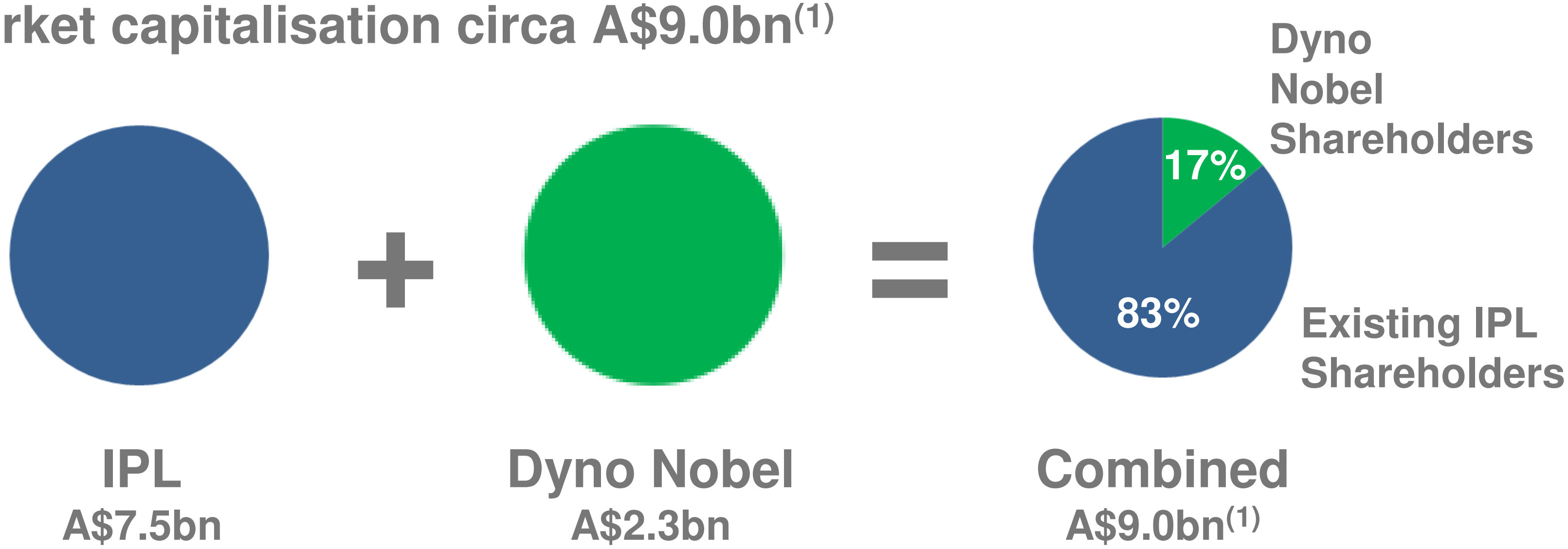
- IPL and Dyno Nobel are both chemical companies
- Nitrogen-based chemical manufacturing is at the core of both companies
  - Manufacturing drives profitability
- Fertiliser and explosives fit together
  - Commonality in underlying chemical processes and inputs
  - Incitec manufactured both fertiliser and explosives pre-2003
  - Dyno Nobel already manufactures and sells fertiliser in North America
  - Agrium (AGU:US) produces both fertiliser and explosives

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 critical mass 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

ASX Top 30 company

Market capitalisation circa A$9.0bn[(1)]



- Merged entity would be in the ASX Top 30
- Dyno Nobel shareholders will own up to ~ 17% of the enlarged entity

(1) Proforma market capitalisation calculated by reference to IPL's closing share price on 10 March 2008 of A$149.00 per share, and based on existing IPL shares on issue plus new IPL shares to be issued to Dyno Nobel shareholders under the offer (assuming IPL does not increase the scrip pool)

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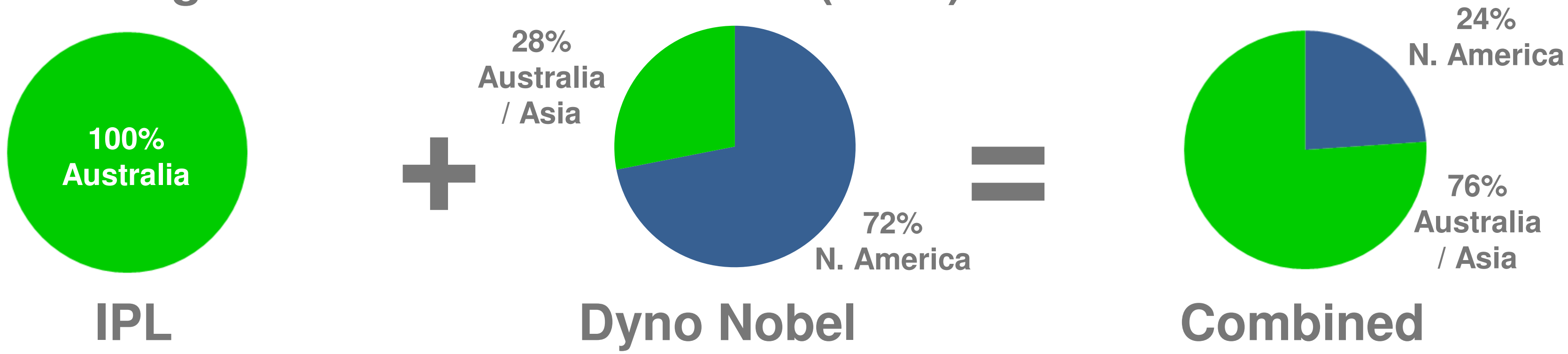
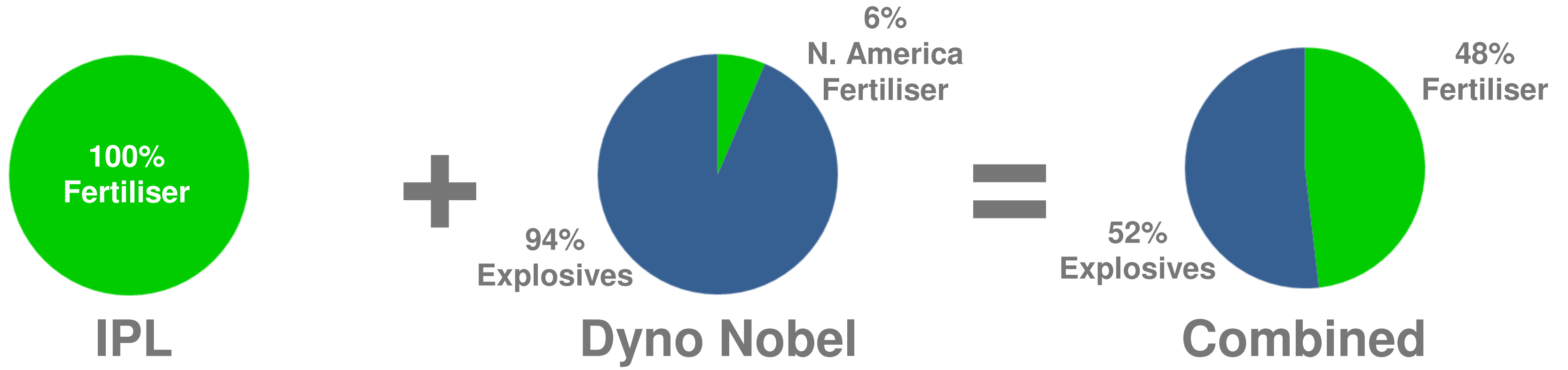
Shape of the expanded business

Earnings Before Interest & Taxes (EBIT)(1)



Product diversification(2)



Diversified earnings base

(1) IPL FY08 EBIT, based on 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

What we are offering: 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 • Subject to due diligence by IPL (10-day period)
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)
Board recommendation	• 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)

(1) 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

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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
- Conservatively geared
- Enlarged earnings and asset base will accelerate growth opportunities

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

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

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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
- Country re-entries
- Plant expansions – scale and scope (explosives and fertiliser)

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Summary

- Input-side exposure to super-cycle from both hard and soft commodities
- A natural combination positioned for growth
- Creates value for all shareholders
- Meets IPL's investment criteria and creates double digit EPS accretion in year 2
- Conservatively geared capital structure

Global scale and opportunity

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Q&A

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Contacts

Investor Relations

Incitec Pivot

Simon Atkinson

T: +61 3 8695 4555

M: +61 405 513 768

Media

Incitec Pivot

Stewart Murrihy

T: +61 3 8695 4419

M: +61 418 121 064

O'Sullivan Pullini – M&A Adviser

Tony O'Sullivan

T: +61 2 9258 8555

Gavin Anderson & Co

Felicity Allen

T: +61 413 946 701

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Appendix

Nitrogen chemistry