

Incitec Pivot Limited

ABN 42 004 080 264
70 Southbank Boulevard
Southbank Victoria 3006
GPO Box 1322
Melbourne Victoria 3001
Tel: (61 3) 8695 4400
Fax: (61 3) 8695 4419
www.incitecpivot.com.au

MEDIA STATEMENT – 16 November 2009

STRATEGY ON TRACK AFTER CHALLENGING YEAR

Incitec Pivot Limited (ASX: IPL) today announced a loss after tax including Individually Material Items (IMIs), of \$179.9 million for the Full Year to 30 September 2009.

IMIs in aggregate were \$527.7 million, including a \$490 million non-cash write-down of Dyno Nobel goodwill.

Net Profit After Tax (NPAT) excluding IMIs was \$347.8 million for the Full Year to 30 September 2009.

IPL Managing Director & CEO, James Fazzino, said: “We experienced unprecedented global volatility in our businesses in 2009 and the actions that we have taken, through the Velocity business efficiency program, customer relationships and continued financial discipline, will enable us to manage the continued challenges of the external environment in 2010. We’ve come out of the year a fitter business.

“In the medium term, the strategic fundamentals underpinning our exposure to minerals and food remain intact.

“The underlying profit in 2009 shows the benefits of our continued focus on business efficiency and of the diversified earnings stream, with the Dyno Nobel acquisition, which delivered half our earnings in the year.”

Financial summary:

- Earnings per share excluding IMIs was 22.6 cents;
- IPL will pay a final unfranked dividend of 2.3 cents per share on 18 December 2009, taking the total 2009 dividend to 4.4 cps (48% franked);
- Financial discipline was maintained, exemplified by trade working capital, which was at record lows at year-end; and
- Net Debt to EBITDA excluding IMIs was 1.97 times with undrawn facilities and cash on hand of \$0.9 billion at year end.

Features of the result before IMIs were:

- Improved balance of earnings with 52% from explosives and 48% from fertiliser manufacturing;
- In 2009, the first full year of ownership by IPL, Dyno Nobel achieved an EBIT of USD222 million, 27% above 2008 proforma, notwithstanding challenging market conditions in North America. Included in the result was cumulative Velocity program benefits of USD71 million;
- IPL's Australian fertiliser distribution business faced extraordinary external conditions and incurred a loss with sales revenue and volumes down 29%; and
- The \$276.4 million EBIT contribution from fertilisers came entirely from manufacturing products.

Mr Fazzino said IPL would continue to focus on the "controllables" including safety, efficiency, capital management, operational reliability and customer relationships.

"The Velocity efficiency program is targeted to deliver a further USD60 million EBIT benefit and USD20 million in cash in 2010," he said. "Today, we announced that in North America, we would cease ammonium nitrate manufacturing at our Battle Mountain and Maitland plants, as part of our North American ammonium nitrate strategy, while continuing warehousing and distribution at those sites."

Mr Fazzino said a highlight was the decision by three ratings agencies to assign investment grade credit ratings to IPL.

"We have previously announced the decision by Standard & Poor's to assign a 'BBB' long-term corporate credit rating (outlook stable) and I'm pleased to announce today that Fitch has assigned a rating of BBB stable outlook and Moody's has assigned a rating of Baa3 stable outlook. These ratings reflect the strength of our balance sheet and the credibility of the company's financial management."

He also announced that IPL had reached agreement to form a joint venture called Quantum Fertilisers in Hong Kong, to further leverage its fertiliser trading and procurement activities.

Mr Fazzino said that in regard to the 330,000 tonne Moranbah ammonium nitrate project in central Queensland, there was no change to the 12 month delay announced in February 2009 and that he would provide a further update in the March quarter of 2010.

Dividend and Dividend Reinvestment Plan

The record date for the final dividend is 25 November 2009 and the payment date is 18 December 2009.

Shareholders may participate in the IPL Dividend Reinvestment Plan (DRP). A discount of 2.5% will be applied in determining the offer price under the DRP. The Company has an underwriting agreement with the UBS AG Australian Branch to underwrite the final 2009 dividend to the extent not taken up by IPL shareholders under the DRP.

Kerry Gleeson Company Secretary

Investor contact:
Simon Atkinson
Telephone: 03 8695 4555
Mobile: 0405 513 768

Media contact:
Stewart Murrphy
Telephone: 03 8695 4582
Mobile: 0418 121 064

About Incitec Pivot

Incitec Pivot (ASX: IPL), a S&P/ASX 50 company, is a leading global company which manufactures, markets and distributes a range of fertilisers, industrial explosives, related products and services to customers around the world. A leader in its chosen markets, the Company holds a portfolio of recognised and trusted brands and is the No. 1 supplier of fertilisers in Australia and the No 1 supplier of industrial explosives, related products and services in North America.