Incitec Pivot Limited
2008 Full Year Results

12 November 2008

Note: All financial data in this presentation is presented with a financial year end of 30 September unless stated otherwise

Disclaimer

This presentation has been prepared by Incitec Pivot Limited for professional and sophisticated investors. The information contained in this presentation is a summary and does not purport to be complete. The information contained in this presentation is for information purposes only and does not constitute an offer to issue, or arrange to issue, securities or other financial products. 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. The 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 Incitec Pivot Limited, 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 contained in this presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies.

This presentation contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “forecast”,”estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements and are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Incitec Pivot Limited, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements

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.

The distribution of this document in jurisdictions outside Australia may be restricted by law. Any recipient of this document outside Australia must seek advice on and observe any such restrictions.

In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any “U.S. person” (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (“Securities Act”)). The securities referred to in this presentation have not been and will not be registered under the Securities Act or under the securities laws of any state in the United States. Securities may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. person, unless the securities have been registered under the Securities Act or an exemption from registration is available.

INCITEC PIVOT LIMITED ABN 42 004 080 264

Julian Segal

Managing Director &
Chief Executive Officer

Incitec Pivot

2008 Summary

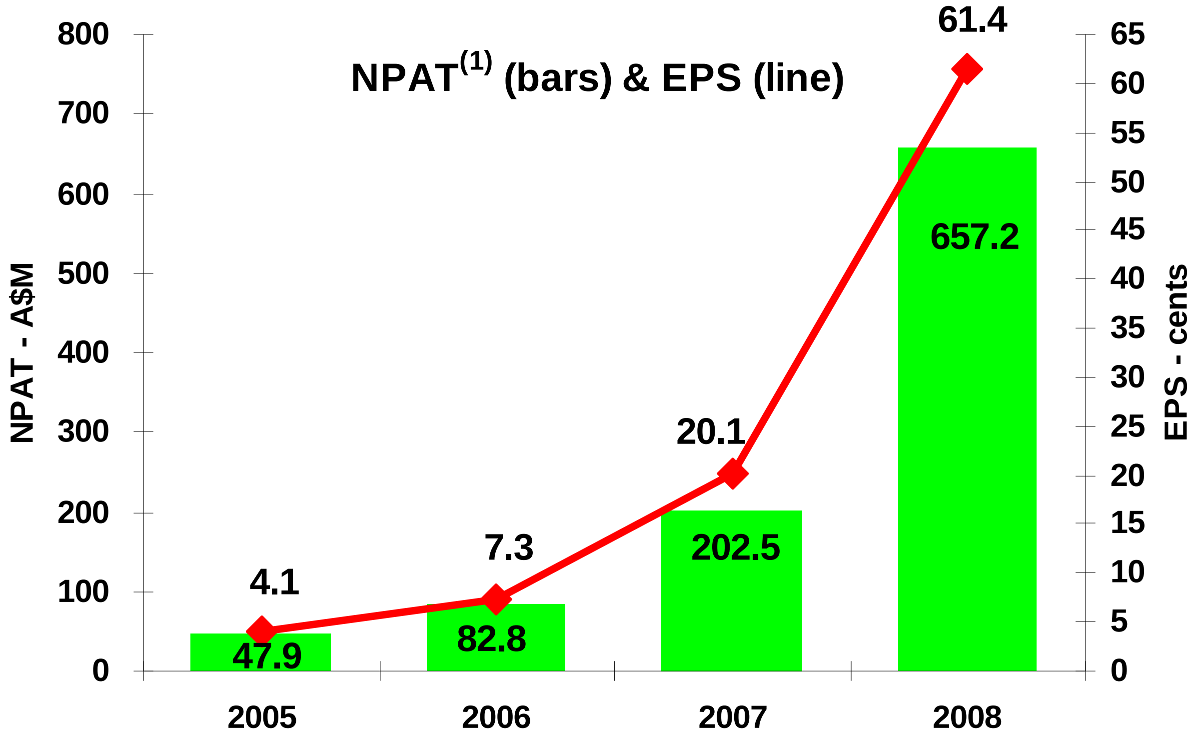
- ✓ Record 2008 Financial results
  - ✓ EBIT(1) up over 3 times to $969M
  - ✓ NPAT(1) up over 3 times to $657M
  - ✓ Operating cash flow(1) up over 3 times to $823M
- ✓ Acquisition of Dyno Nobel completed 16 June 2008
- ✓ Continued financial discipline
  - ✓ Strong credit metrics
- ✓ Organic growth opportunities

Delivering on our promises

(1) excludes individually material items and includes 3 ½ months contribution from Dyno Nobel

Incitec Pivot

Record profit is value delivered



- ***Outcome:*** Record profit driven by our strategy and delivered by our people
- ***Result:*** NPAT[1] up over 3 times to $657M
- ***Strategy:*** "Own the product" strategy - 89% of fertiliser NPAT from manufacturing

Value delivered from strategy

(1) excludes individually material items and includes 3 ½ months contribution from Dyno Nobel

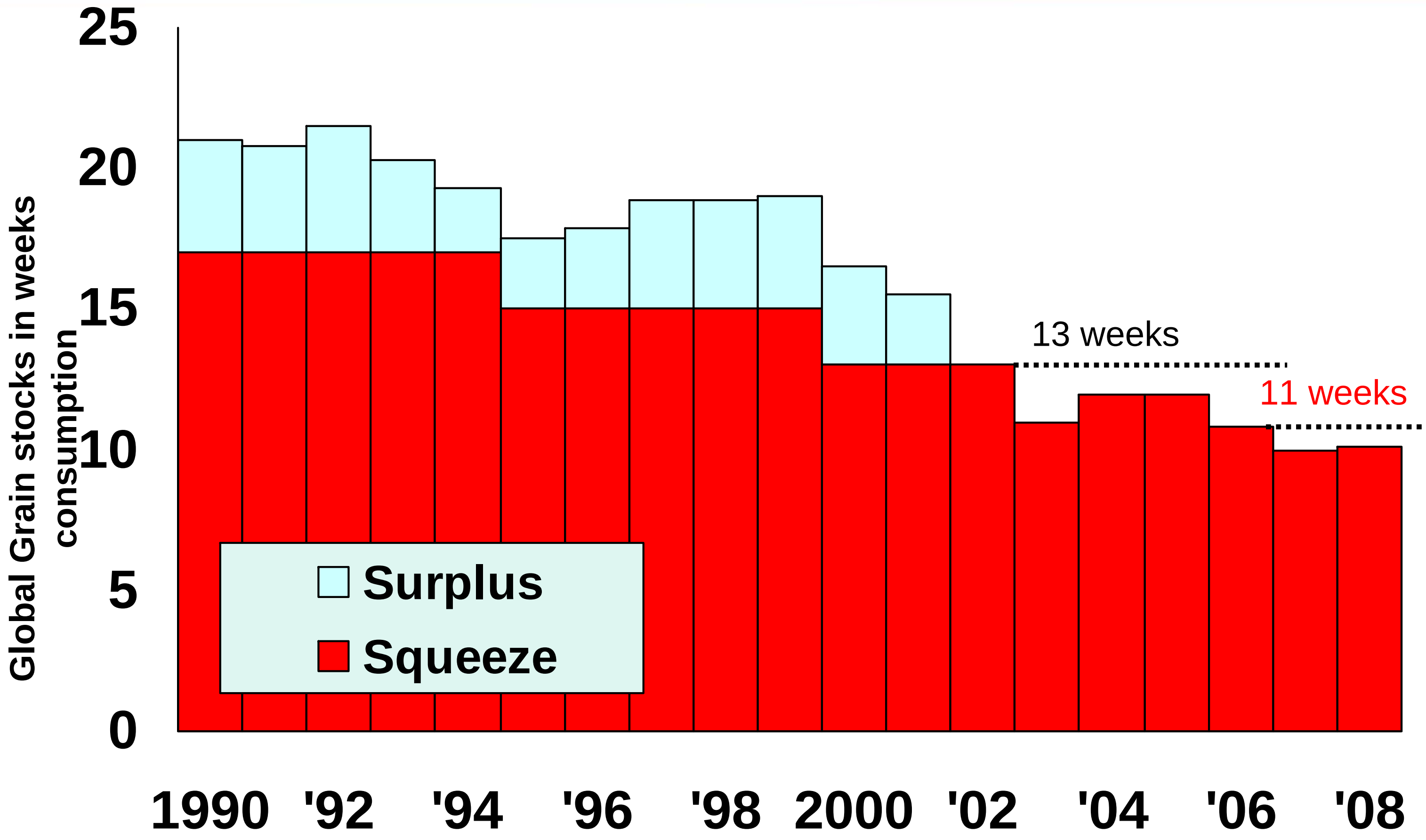
Strategy – industry fundamentals remain intact

- ✓ Food consumption is expected to continue to grow with population and income, particularly in developing countries
- ✓ World food stocks remain at low levels
- ✓ The explosive business is relatively <u>more exposed to mining volumes rather than to prices</u>:
  - ✓ North America power demand remains firm
  - ✓ US government infrastructure spending is expected to increase, rather than decrease
  - ✓ Australia is expected to continue to increase mining output
- ✓ Increasing urbanisation and per capita GDP growth in countries such as China and India driving demand – 3 to 4 times the long run trend for developed countries)

IPL provides inputs to service basic human needs

Incitec Pivot

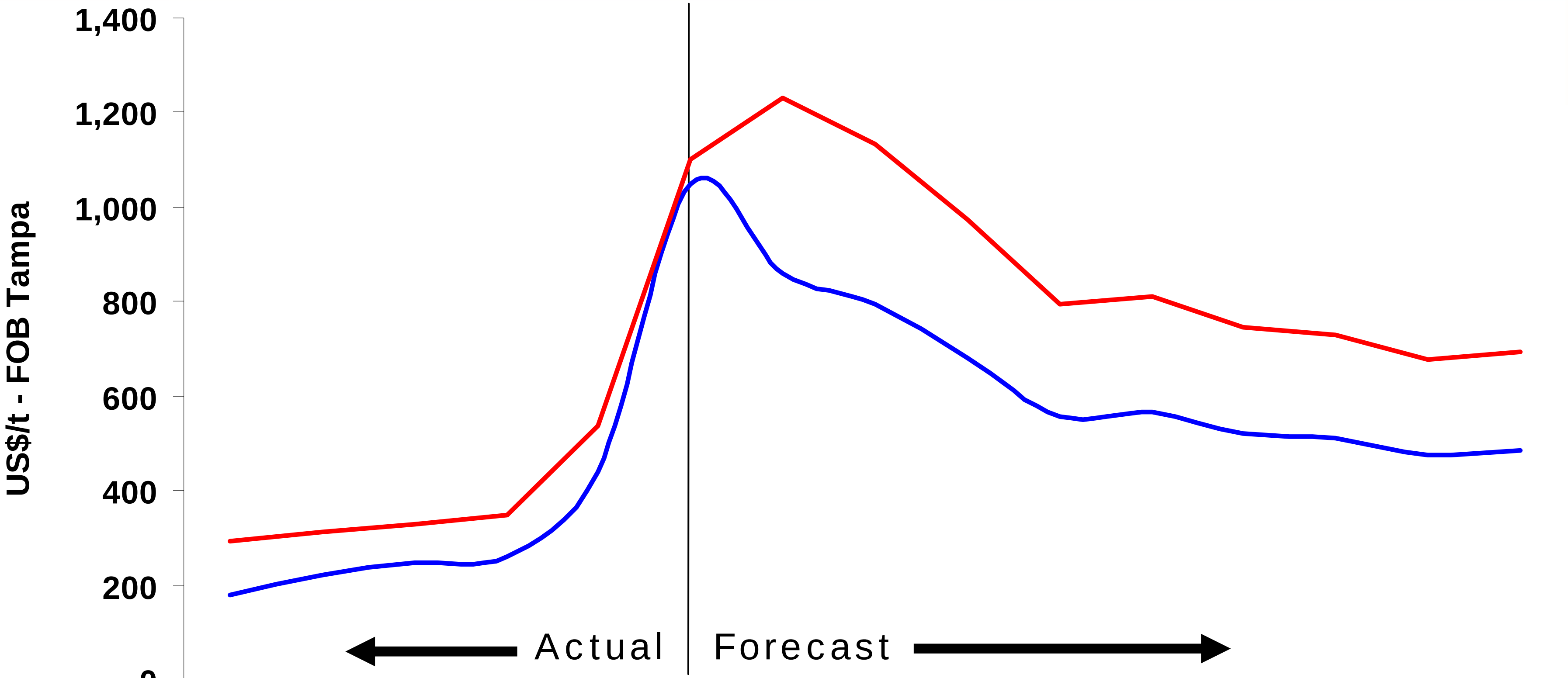
Strategy
– strong long-term industry fundamentals



Source: FAO, USDA, British Sulphur

Increased crop production required to restore global food security

CRU DAP outlook - US$ and A$



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
US$ DAP	180	222	248	260	438	1048	861	794	681	557	568	522	511	474	485
A$ DAP	293	312	329	348	539	1,102	1,230	1,134	973	796	811	746	730	677	693

IPL realised value = commodity price @ A$ currency

Source: CRU – $US DAP price series; IPL - $A DAP price based on CRU $US @ 0.70 cent currency

Incitec Pivot

James Fazzino

Finance Director &
Chief Financial Officer

2008 Results Summary

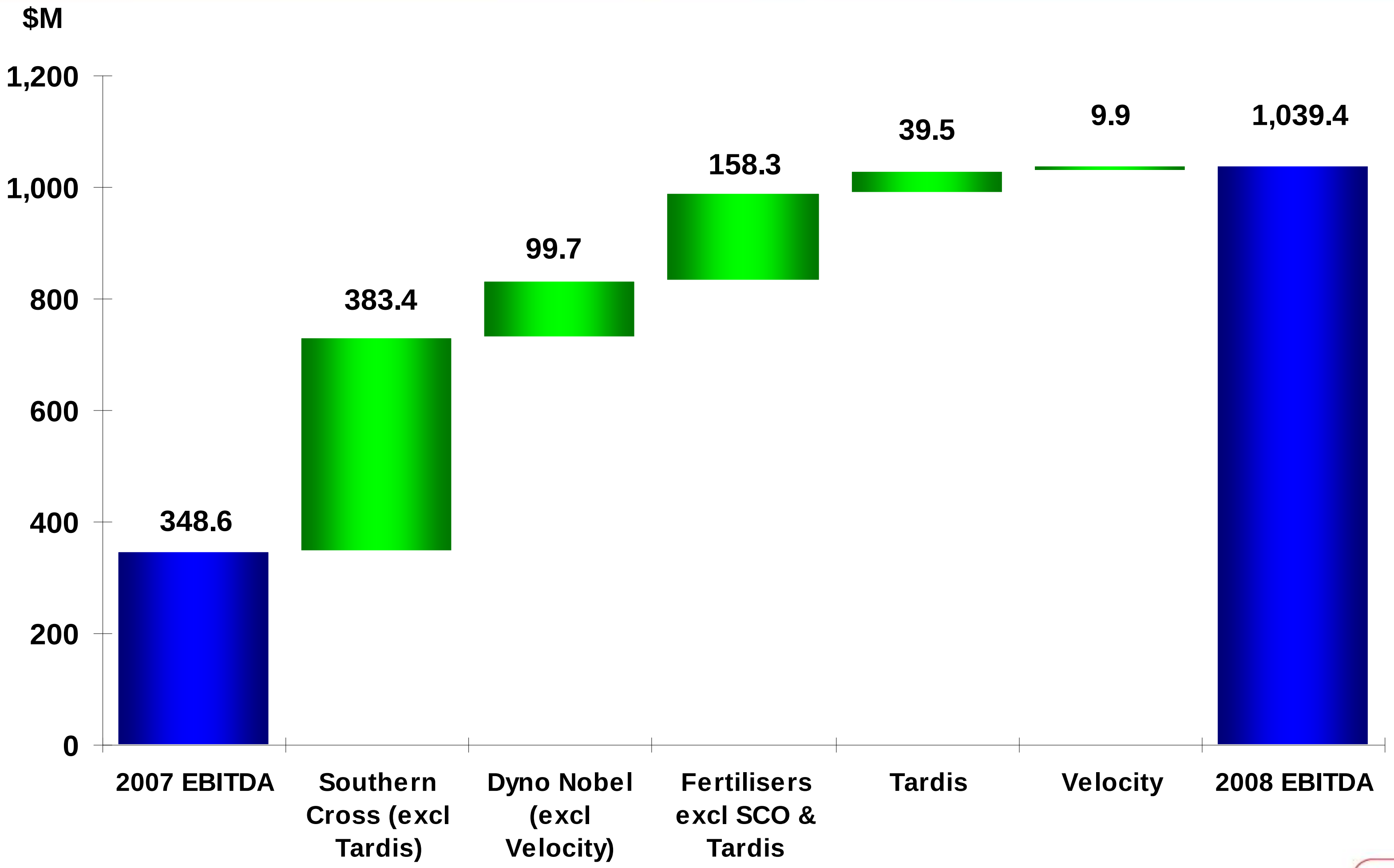
A$M	2008 Actual	Increase from 2007
Revenue[1]	2,918	+1,545
EBITDA[1]	1,039	+691
EBIT[1]	969	+657
NPAT[1]	657	+455
Dividends	29.7cps	+14.7cps
EBIT Margin	33%	+10pts
Capital Management		
Net Debt	2,030	-1,618
Net debt/EBITDA	1.95x	-0.77
Interest Cover	15.8x	+4.3

Record profit is value delivered

(1) excludes individually material items and includes 3 ½ months contribution from Dyno Nobel

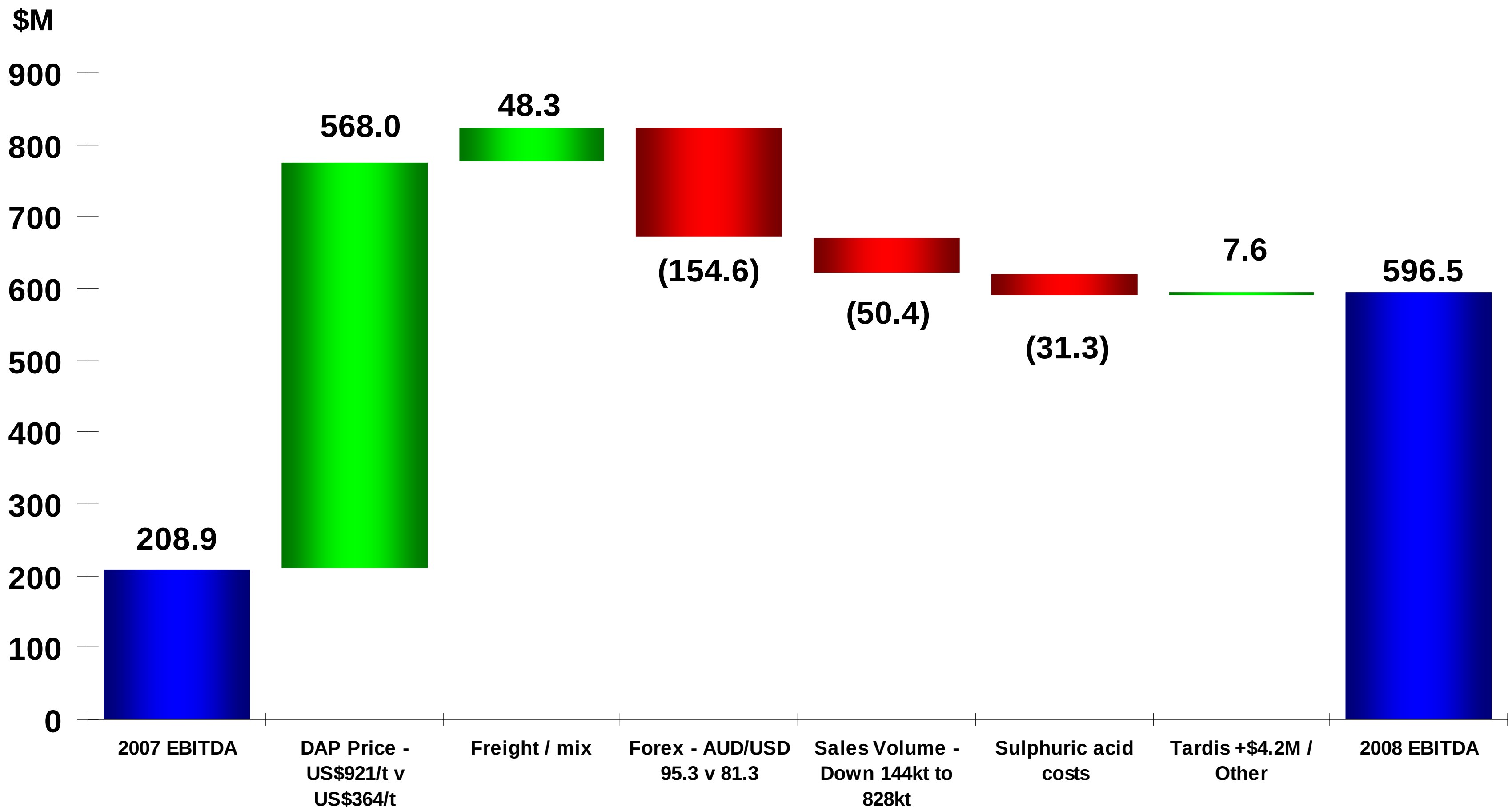
Incitec Pivot

Incitec Pivot
EBITDA Waterfall – 2007 to 2008



Record profit is value delivered

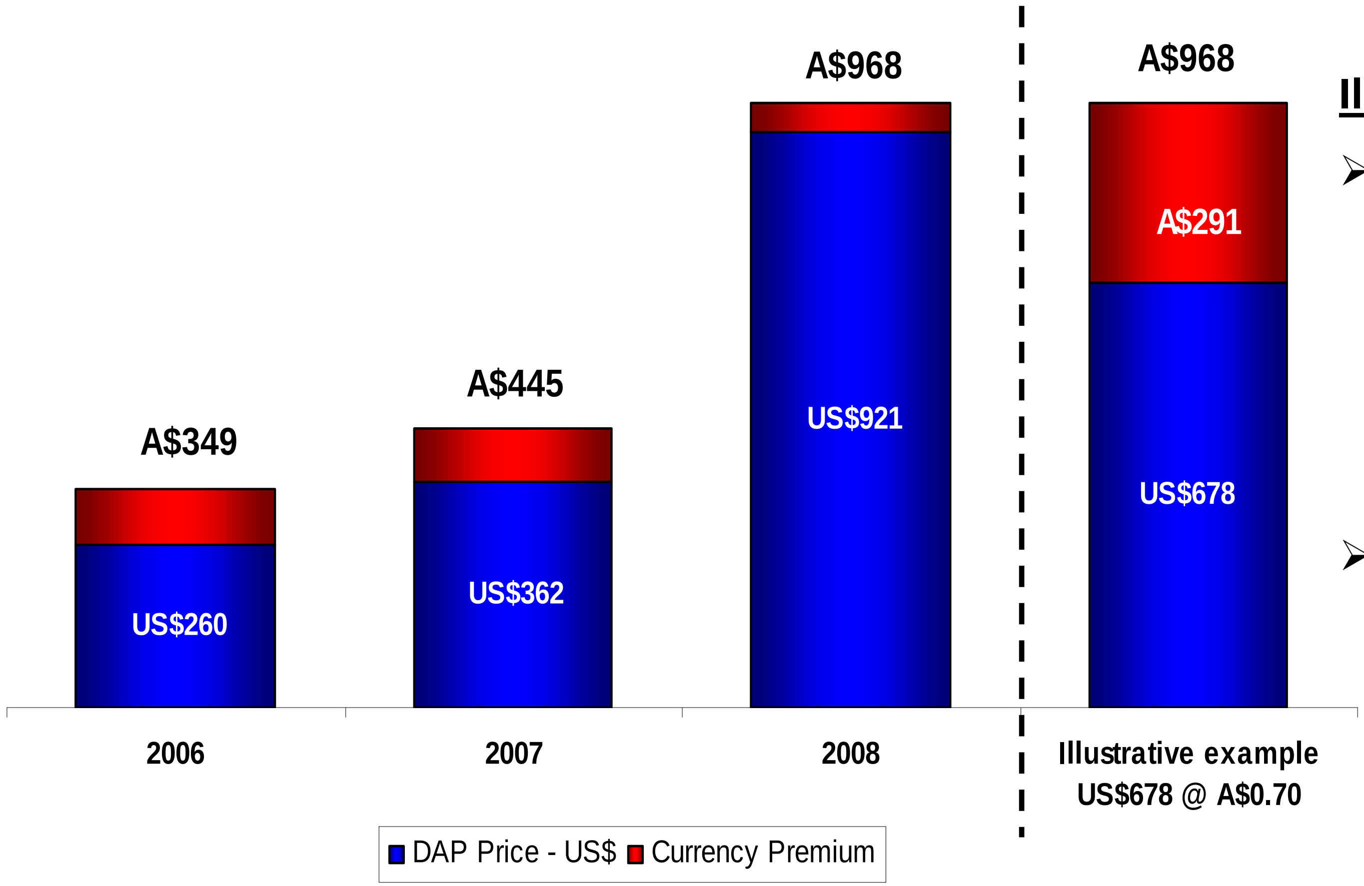
Southern Cross
EBITDA Waterfall – 2007 to 2008



Record profit is value delivered

Incitec Pivot

Australian Dollar DAP prices drive Southern Cross profit

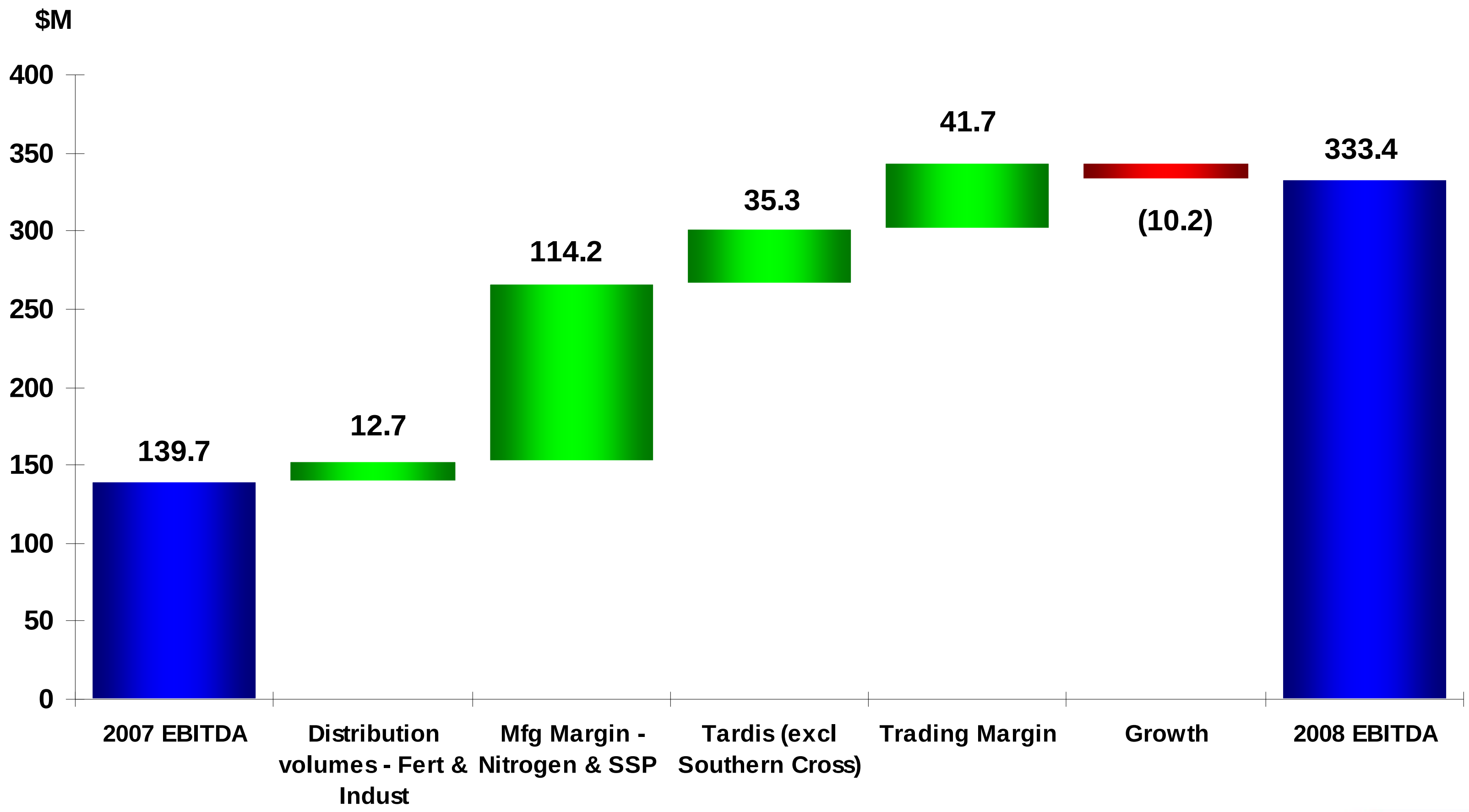


Illustrative Example

- To realise the same A$ return as 2008, the $US DAP price could fall as low as US$678/t @ A$/US$ 70 cent exchange rate
- Current spot DAP: circa US$800/t (Fertecon - Tampa - 6/11/08)

Over recent times A$ fertiliser prices have been stable year-on-year based on current A$ exchange rate

Australian Fertilisers & Industrial EBITDA Waterfall - 2007 to 2008



Record profit is value delivered

Velocity

VELOCITY
Accelerating results and delivering sustainable value

Program based on Tardis blueprint

- separate business improvement from business as usual
  - project based approach with detailed plans and clear ownership and accountability
  - projects centrally resourced and managed by program office located in Salt Lake City.
  - finance confirms delivery – savings must be reconciled to the P&L
  - reward delivery

Proven approach to business improvement

Incitec Pivot

Velocity in summary

VELOCITY
Accelerating results and delivering sustainable value

Targeted delivery from 5 value streams		US$M
Overhead reduction		57.4
Plant efficiency		62.9
Cost to serve		51.0
Global supply chain and trading		32.7
	EBIT	**204.0**
Asset intensity	Cash	**200.0**

Journey quickly to targeted 18% RONA and earn the right to grow

Incitec Pivot

Velocity

VELOCITY
Accelerating results and delivering sustainable value

Overhead reduction

- Target: US$57.4M EBIT benefit
- Australian corporate office closure
- Canada restructure
- North America restructure (including global functions)
- Insurance savings
- Group procurement savings

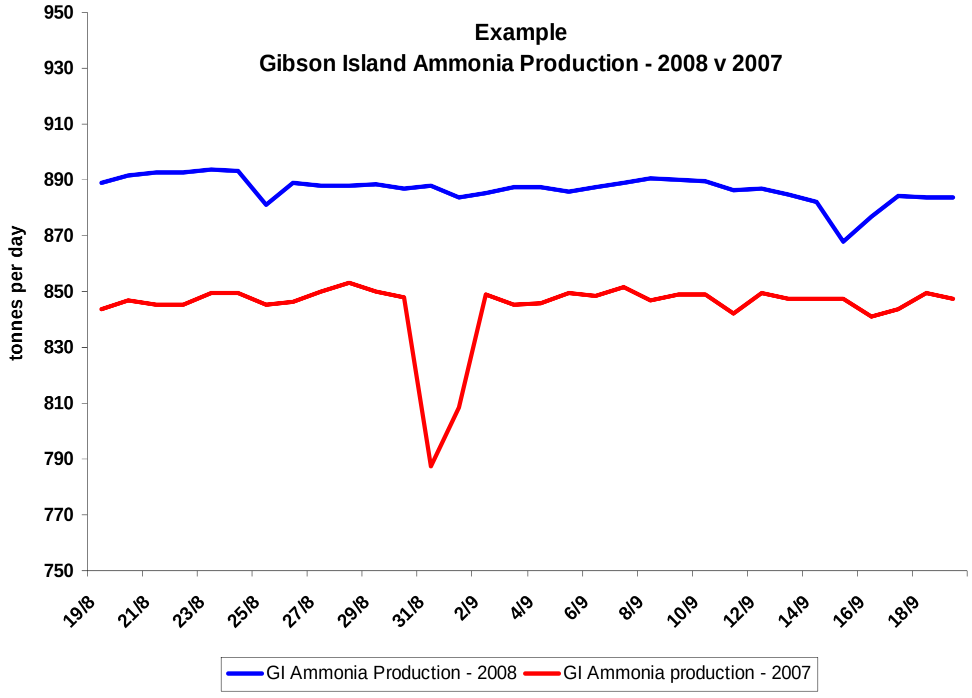
Journey quickly targeted to 18% RONA and earn the right to grow

Velocity streams

VELOCITY
Accelerating results and delivering sustainable value

Plant efficiency

- Target: US$62.9M EBIT benefit
- global engineering
- process optimisation and control
- rationalisation of product portfolio
- IS/packaged product rationalisation
- product formulation/product development



Source: Incitec Pivot Production Recording System (PRS – Extract August/September)

Journey quickly targeted to 18% RONA and earn the right to grow

Incitec Pivot

Velocity streams

VELOCITY
Accelerating results and delivering sustainable value

Cost to serve

- Target: US$51.0M EBIT benefit
- sales force effectiveness: value not just volume
- Address unprofitable contracts
  - both products and value-added services
- logistics optimisation
  - truck and site utilisation (capex and opex)
  - freight tenders and compliance

Journey quickly targeted to 18% RONA and earn the right to grow

Incitec Pivot

Velocity streams

VELOCITY
Accelerating results and delivering sustainable value

Global supply chain and trading

- Target: US$32.7M EBIT benefit
- Run AN plants at capacity
  - Maitland tonnes to Australia
  - Trading business to sink excess
  - utilise global shipping IPL supply chain
- Global nitrogen optimisation (including IPL)
- Implement sales and operations planning
- Raw material sourcing

Journey quickly targeted to 18% RONA and earn the right to grow

Incitec Pivot

Velocity streams

VELOCITY
Accelerating results and delivering sustainable value

Asset intensity

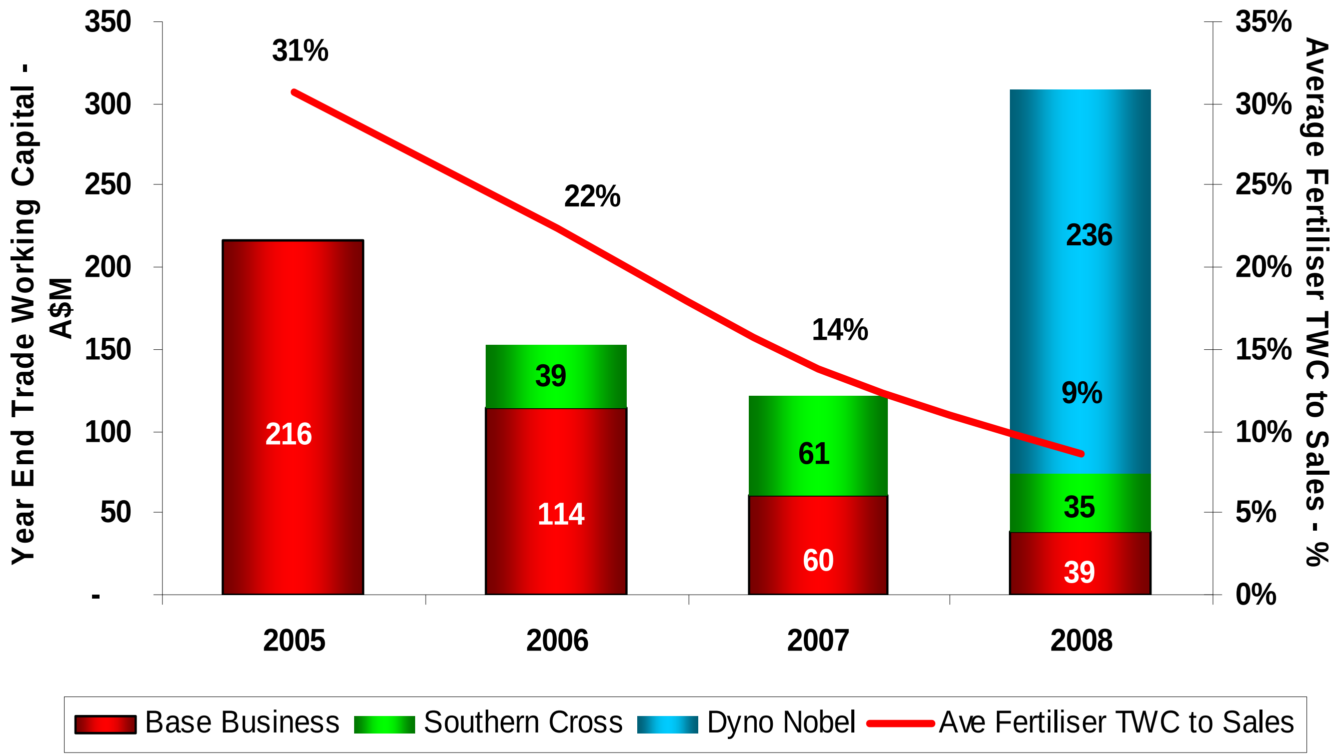
- Target: US$200M cash benefit
- Working capital reduction
- Sale of excess assets
- Sale and leaseback of assets

Journey quickly targeted to 18% RONA and earn the right to grow

Incitec Pivot

Disciplined Capital Management

Trade Working Capital(1) – A$M



- Fertiliser trade working capital 3% of sales - year end
- average trade working capital to sales 9% (2007: 14%)
- $150M reduction in trade working capital retained.
- 2009 reinvestment of trade working capital to fund trade terms

Financial discipline retained

(1) Trade Working capital as measured at 30 September year end

2009 Project Spending – A$m

$550M	Moranbah work in progress On track for mechanical completion Q1 2010 calendar year
$ 20M	Gibson Island debottlenecking 30,000 tonnes of Urea – On line 2010 financial year
$ 26M	Southern Cross Debottlenecking additional 40,000 tonnes from 2010 financial year
$120M	Sustenance – IPL, SCO and DNL circa 100% of depreciation
$ 35M	Southern Cross 25-day major turnaround Q4 2009 financial year
$100M	Project Velocity - US$200M /~A$300M over 3 years
$851M	**TOTAL 2009 planned project spend**

Julian Segal

Managing Director & Chief Executive Officer

Incitec Pivot

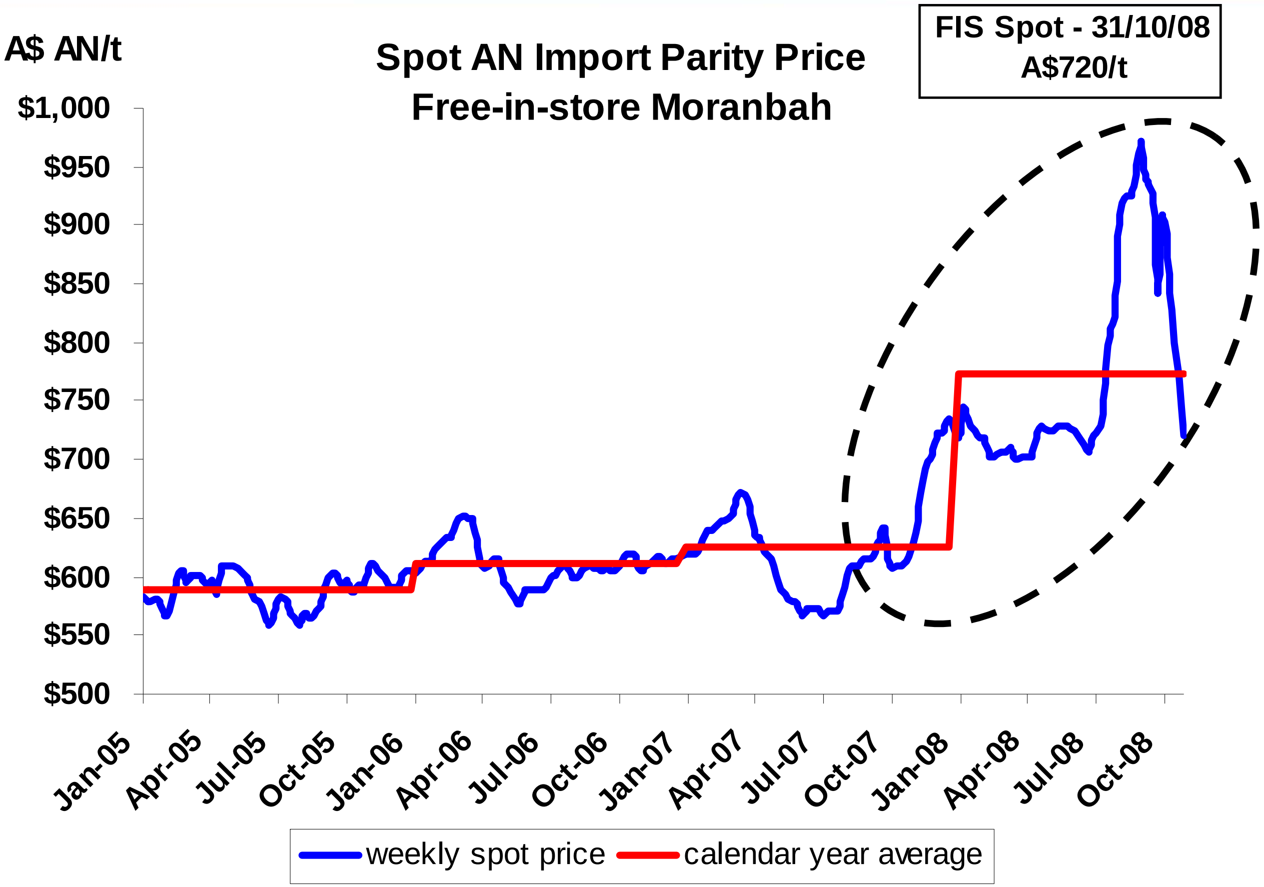
Moranbah Update

- Moranbah construction on-track – on budget and on time
- Construction:
  - Earthworks complete, ammonia plant installation on plan and 35% complete, nitric acid plant foundations 75% complete, and pipe racking foundations 25% complete
- Contracts:
  - Foundation customer demand is expected to be supplied from internal AN sources ahead of beneficial operation (Project Velocity)
  - Discussions have commenced with customers for uncommitted volume
  - Upside potential for additional UAN sales into fertiliser markets

Recent volatility in soft commodity pricing and currency - on balance strengthened the investment case

Incitec Pivot

Moranbah pricing



Post Announcement

- Spot Baltic AN prices have fallen consistent with ammonia prices
- A$ has moved from 96 cents to ~70 cents
- Freight rates constant for small, security sensitive cargo's
- New pricing reflects value for local, secure supply - remains unchanged

Commodity prices volatile but value metrics intact

Source: IPL – constructed IPP price based on Fertecon AN Baltic/Black Sea FOB

Southern Cross debottlenecking

<u>Phase 1 acid – target 1,010kt</u>

- ✓ Expected capital cost: $26M
- ✓ Targeted investment return: >35% IRR, Rona > 50%
- ✓ Targeted completion timing: 2010 calendar year.

<u>Phase 2 – 5th filter – increase to 1,050 (if required)</u>

- ✓ Expected capital cost: $35M
- ✓ Targeted investment return: 17% IRR
- ✓ Targeted completion timing: Q4 2010 calendar year

Organic growth

Incitec Pivot

Gibson Island debottlenecking

- ✓ Targeted expansion of Urea plant output from 850ktpd to 950ktpd (capacity from 300ktpa to 340ktpa)
- ✓ Addition of a third compressor to existing urea plant to increase conversion of ammonia to urea.
- ✓ Expected capital cost: A$20M
- ✓ Targeted investment return: >19% IRR, RONA > 20%
- ✓ Targeted completion timing: 2010 calendar year.
- ✓ Reduction of 30ktpa carbon dioxide emissions

Organic growth

Incitec Pivot

Summary

- ✓ Record 2008 Financial results
  - ✓ Continued financial discipline
  - ✓ Dyno acquisition complete, Velocity in progress
  - ✓ Strong credit metrics
- ✓ Organic growth opportunities
- ✓ Strong long-term industry fundamentals

Delivering on our promises

Questions?

Appendix

Sensitivities

+/- US$10 DAP price = +/- A$9.4M EBIT

+/- US$10 Urea price = +/- A$4.5M EBIT

+/- 1 cent A$/US$ = +/- A$14.1M EBIT

Assumptions

- 900kt DAP sales at the 2008 realised price of US$921/t @ A$/US$0.951
- 430kt Urea equivalent sales at 2008 achieved price of US$456/t @ A$/US$ 0.951
- Currency:
  - DAP: A$/US$ 2008 realised currency of 95.1 cents
  - Dyno Nobel: A$/US$ 2008 realised currency of 90.1 cents

Dividends

A$M

2008 NPAT pre individually material items	657.2
Payout at 55%	361.5
Less: 2008 Interim dividend (10.2cps[(1)])	(102.9)
Dividend to Dyno Nobel Shareholders[(2)]	(21.0)
Final Dividend pool	237.6
Shares on Issue	1,217,230,560
Final Dividend	19.5 cps

Dividend passes 100% of forecast available franking credits to shareholders

(1) 204cps interim dividend restated for 20:1 share split in September 2008

(2) Adjustment to scrip consideration paid to DXL shareholders in lieu of dividends paid during the offer period

Incitec Pivot

Tardis Program

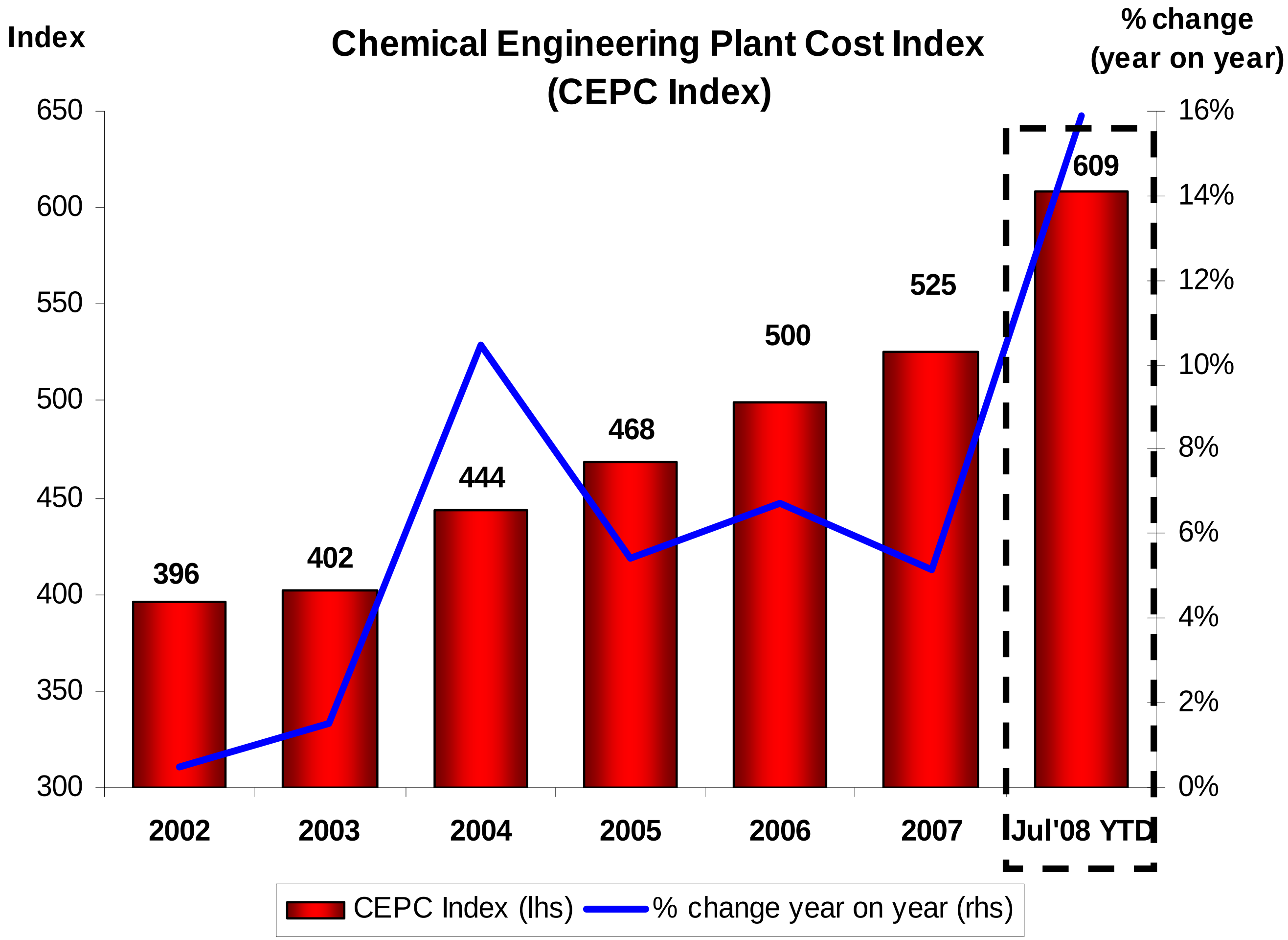
A$M	2008 EBIT	Cumulative program[1]
Tardis II		
Southern Cross	4.2	**44.6**
Manufacturing Efficiency	4.7	**16.1**
GI Gas	24.5	**26.3**
Supply Chain	6.1	**18.1**
Total - Tardis II	**39.5**	**105.1**
Tardis I		**38.0**
Total Tardis		**143.1**

An outstanding result

(1) Total delivered EBIT benefits since inception of the Tardis program in 2006

Incitec Pivot

Increasing value of installed capacity



- Installed capacity valuations increasing
- "Global Credit crunch" restricting funding for greenfield capacity expansions
- Higher long-term prices required to generate required rates of return

Note – Chemical construction cost index includes completed projects only