

# Incitec Pivot Limited

Office of the Company Secretary

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28 June 2012

The Manager  
Company Announcements Office  
Australian Securities Exchange  
Level 45, South Tower  
Rialto  
525 Collins Street  
MELBOURNE VIC 3000

Dear Sir or Madam

## **Electronic Lodgement**

### **JP Morgan Mining Services Corporate Access Day**

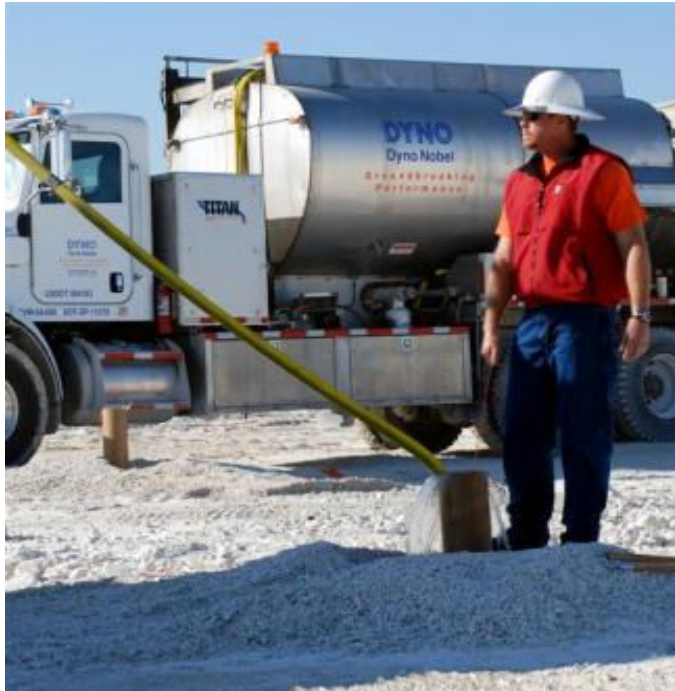
In accordance with the listing rules, I attach a copy of a presentation to be given at the JP Morgan Mining Services Corporate Access Day in Sydney today.

Yours faithfully



**Kerry Gleeson**  
**Company Secretary**

Attach.



# JP Morgan Mining Services Corporate Access Day

Sydney  
28 June 2012

Presented by  
Frank Micallef, CFO



## Incitec Pivot Limited

**DYNO**  
Dyno Nobel



**SouthernCross**  
International 

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INCITEC PIVOT LIMITED ABN 42 004 080 264

# Incitec Pivot – Explosives business (Dyno Nobel)

- IPL Group EBIT 1H 2012 – 74% Explosives
- Explosives CAGR EBIT growth post acquisition is 12%<sup>(1)</sup>
- DNAP 2011 EBIT = \$195m
- DNA 2011 EBIT = US\$179m
- IPL strategy differs for Australian and North American businesses to match market structure
- Both markets offer strong growth opportunity for Dyno Nobel in the medium term

(1) Calculated based on 2008 pro-forma reported EBIT and 2011 reported EBIT, excluding the impact of the release of the Moranbah unfavourable contract liability

# Explosives Business – Dyno Nobel Overview

- A leader in the supply of commercial explosives
  - North America (world's largest market)
  - Australia (world's 3rd largest market)
- Development, production and distribution of full range of explosives products and services through 36 manufacturing and operating facilities and joint ventures in North America, Australia, Mexico, Indonesia, PNG, Turkey, Malaysia and South Africa
- Active in major markets (Australia, U.S., Canada, Mexico, and Indonesia)

***Offers exposure to global hard commodities (volume growth)***

# Strategies for Explosives business/region

## North American Explosives

- ✓ Largest explosives market in the world
  - Industry size builds scale and expertise, which can be leveraged in other markets
  - Provides base scale across the broader business (eg. Initiating Systems Manufacturing)
  - Leverage rebound of US economy via Quarry & Construction
  - Volume growth via Canadian metals market

## Asia Pacific Explosives

- ✓ Growth engine of the IPL Group
  - Moranbah underpins and grows the Asia Pacific explosives business
  - Servicing customers with a direct link to the Asian growth thematic
  - Customer at bottom of the cost curve

## New Markets (Dyno Nobel)

- ✓ Leverage existing capabilities across a broader geographical footprint
- ✓ Establish foothold positions which can be leveraged more broadly once capability matures

# Major growth projects in Explosives

## Moranbah – AN (July 2012)

- ✓ AN from 1 July 2012, 50kt of production in 2012 financial year, no EBIT from plant, \$15m from Initiating System sales
- ✓ 2013: Forecasted 250kt of AN production, \$90m EBIT (\$75m incremental to 2012)
- ✓ 2015: Forecasted 330kt of AN production, \$165m EBIT

## Hunter Valley – AN (feasibility)

- ✓ Proposed 330kt AN plant (imported ammonia feedstock)
- ✓ Plant will only proceed if majority of AN tonnes are under long term contracts and at a price that allows IPL to meet IRR hurdle of 15%
- ✓ Feasibility study being completed. Final investment decision (FID) in Q1 2013 calendar year.

## US Ammonia (feasibility)

- ✓ 750kt Ammonia plant in Louisiana, United States
- ✓ Brownfield site with access to Gas and Ammonia pipelines and existing site infrastructure
- ✓ Feasibility study being completed. Final investment decision Q1 2013 calendar year
- ✓ IRR > 15% hurdle

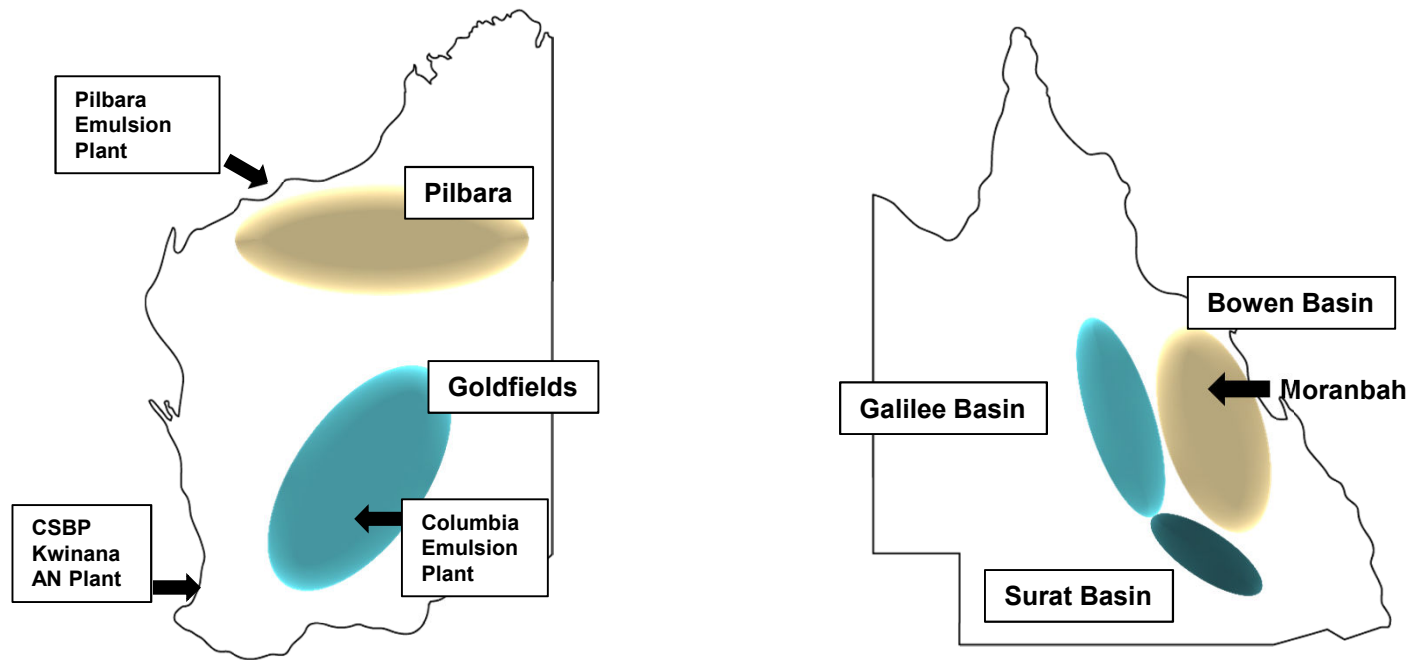


**DYNO**  
Dyno Nobel

*Asia Pacific*



# Dyno Nobel in the Australian market - today



## Strong player

- 3rd largest explosives market in the world
- Moranbah AN project to underpin competitive position in Australian explosives market
- Strong demand for products and services
- Port Hedland emulsion plant under construction in Pilbara region

# DNAP – Market overview

Majority of business on long term customer contracts with Tier 1 counterparties = stable growth via contracted customer volumes.

Summary of DNAP business by region:

- Bowen Basin / Moranbah – Long term customer contracts back to manufactured AN with long term gas contract
- Hunter Valley – Existing business approx 40kt AN. Future AN plant construction is dependant on signing long term customer contracts
- Pilbara – Long term customer contract back to CSBP supply contract
- Indonesia – Low capital business model

Contracts are minimum (take or pay) / maximum AN volumes.

The business model of contracted tonnes mitigates the impact of commodity price movements

***Disciplined approach to growth opportunities***

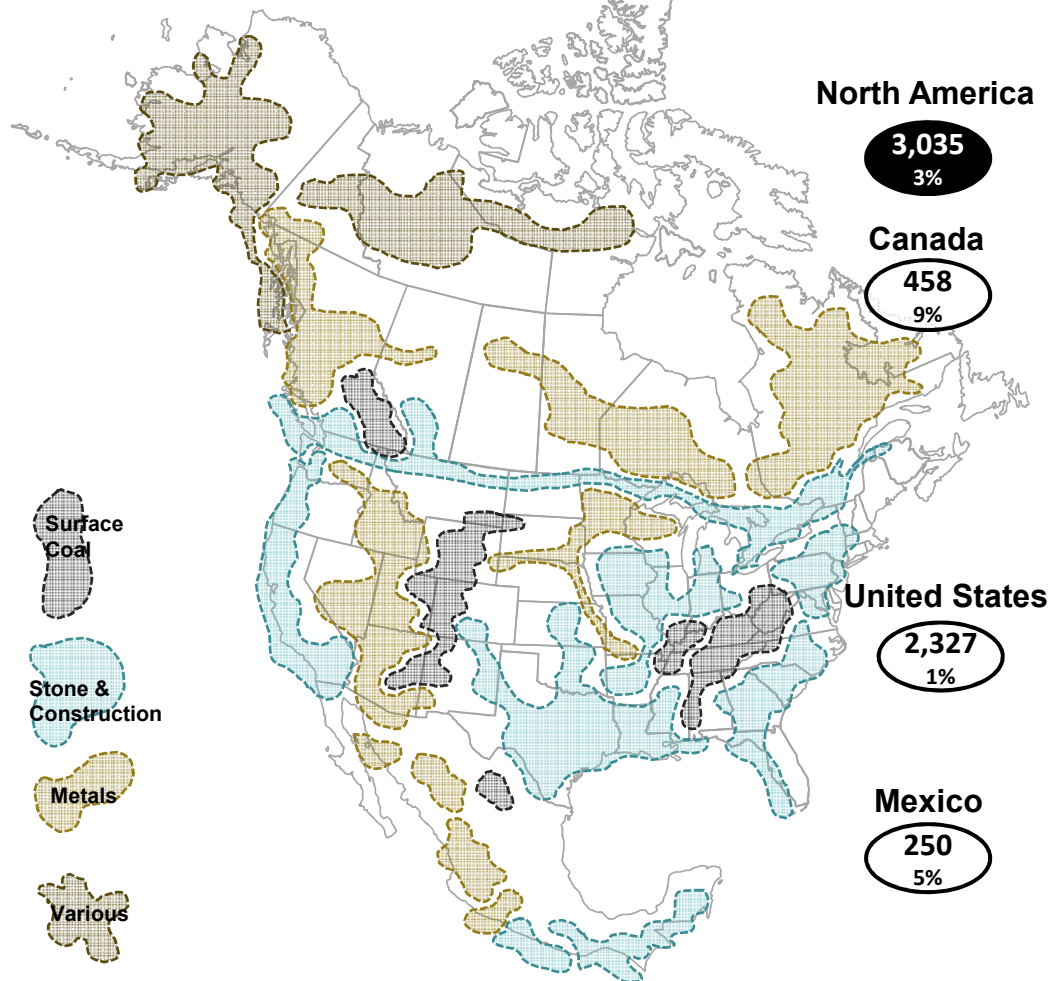
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*North America*



# Market Overview – North America

North America AN Baseline Demand 2011 (kst)



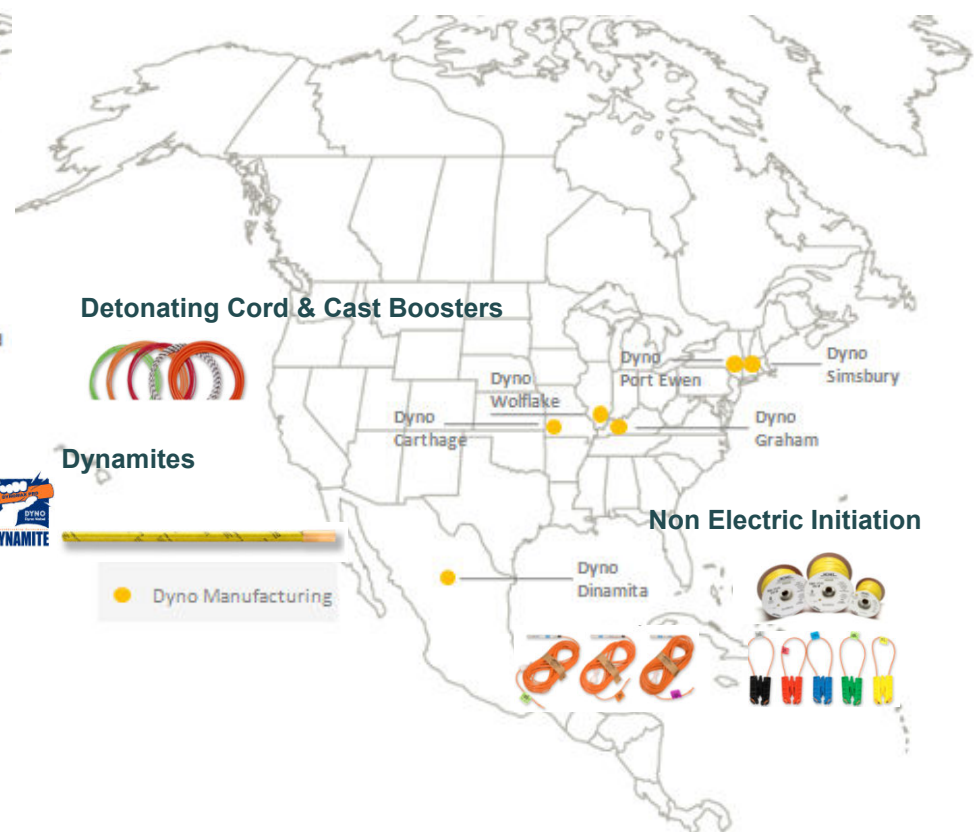
Source: IPL estimate of market demand

Industry Segment	Volume
Coal - East	922
Coal - West	808
Metals - East	166
Metals - Other	388
Stone & Construction	471
Various	29

# Dyno Nobel manufacturing sites - North America

## Ammonium Nitrate / Nitrogen

## Initiating Systems / Packaged Explosives



# DNA – Market overview

Fragmented customer base with channels to market aligned to cost to serve.

DNA Industry split (based on rolling 12 months to 31 March 2012):

- Coal 59%
- Metals and Mining 25%
- Quarry & Construction 16%

Customer contracts typically 3 years in length.

Growth opportunities via:

- AN pricing uplift
- Quarry & Construction improvement
- Canadian market growth
- Feasibility study into US Ammonia plant

***Good medium term growth opportunities***



# *Questions ?*