Incitec Pivot Limited

2009 Full Year Results

16 November 2009

Dyno Nobel

Incitec Pivot

SouthernCross International

Incitec Pivot Limited

James Fazzino

Managing Director & CEO

Incitec Pivot Limited

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IPL Group performance
Overview

Successful year 1 of Explosives

- ✓ US$ EBIT up 27%
- × Challenging market conditions in North America
- ✓ Velocity delivering - cumulative US$71M EBIT benefits delivered & US$74M in cash
- ✓ North American AN strategy review – cessation of AN manufacture at Maitland and Battle Mountain

Unprecedented volatility in the fertiliser business

- × A$ EBIT down 68%
- × Collapse of global/domestic demand and global prices
- ✓ Sound manufacturing performance

Balance sheet robust

- ✓ Undrawn head room, credit metrics
- × Non-cash write-down of the carrying value Dyno Nobel goodwill

pulled the levers we control

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IPL Group performance

2009 Results summary

A$M	2009	2008	Change
Sales Revenue	3,418.9	2,918.2	17%
EBITDA (1)	743.0	1,025.6	(28%)
EBIT (2)	575.7	955.3	(40%)
NPAT pre individually material items	347.8	647.5	(46%)
NPAT post individually material items	(179.9)	614.3	
Net Debt	1,463.4	2,030.3	28%
Gearing (3)	1.97	1.98	1%
Undrawn committed facility headroom (4)	943.0	703.0	34%

(1) EBITDA = EBIT + depreciation + amortisation
(2) EBIT = Earnings before interest and tax, and excluding individually material items
(3) Gearing = Net debt/EBITDA
(4) Headroom on committed facilities and cash on hand at 30 September 2009

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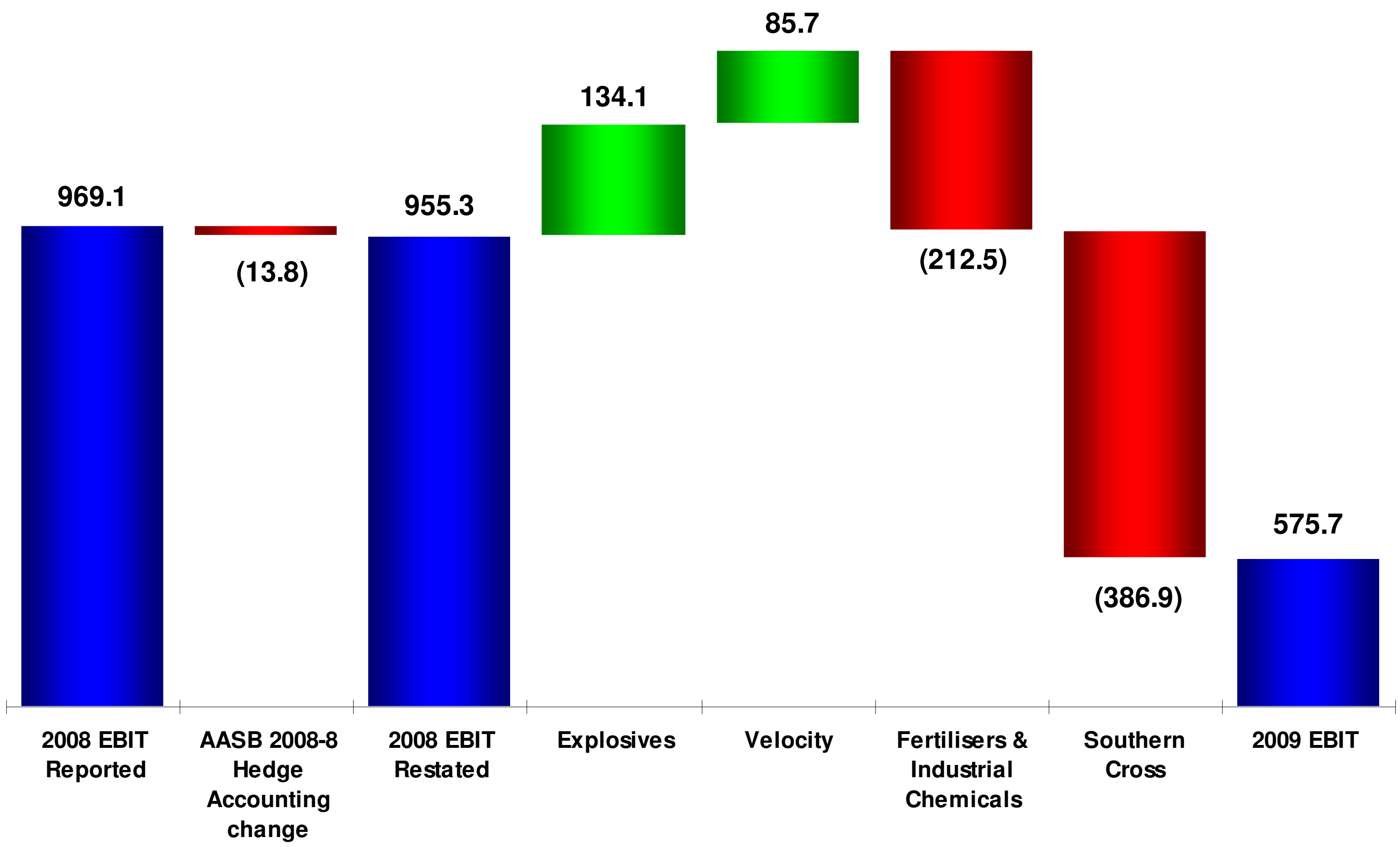
IPL Group performance

EBIT waterfall 2008 to 2009 – A$M



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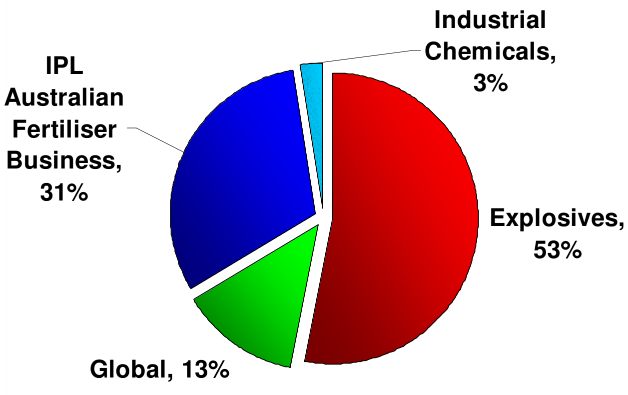
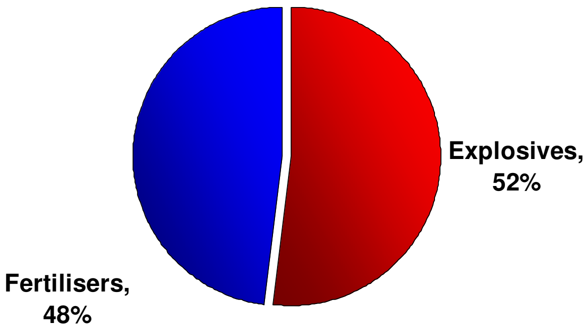
IPL Group performance
Balance of revenue & earnings

Diverse End-market exposures



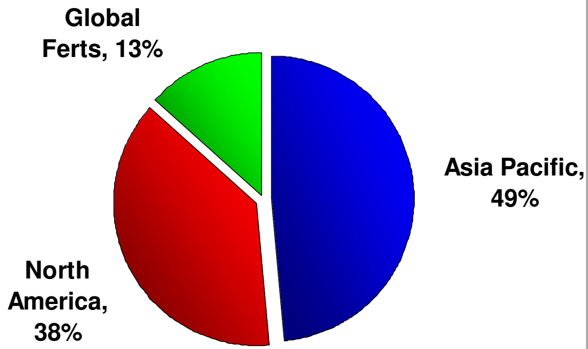
2009 Revenue - A$3,419M

From a common nitrogen core



2009 EBIT - A$576M

Geographically spread



2009 Revenue - A$3,419M

improved quality of earnings

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Explosives Scorecard

Results Summary

- ✗ External market
  - ✗ North American revenues down 19%(1)
  - ✓ Asia Pacific revenues up 10%(1)
- ✓ Internal execution
  - ✓ Explosives integration complete and successful
  - ✓ Velocity US$71M cumulative EBIT benefits & US$74M in cash
  - ✓ Plant reliability
    - ✓St Helens record production
    - ✓Good second half at all plants.
    - ✓Global Risk & Reliability and Process Technology teams in place
  - ✓ Non-Velocity cost control > US$60M
- ✓ Disciplined approach to Moranbah construction:
  - No change to 12-month delay announced in February 2009
  - Further update in March quarter 2010

pulled the levers we control

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(1) 2008 comparative revenues on a proforma basis

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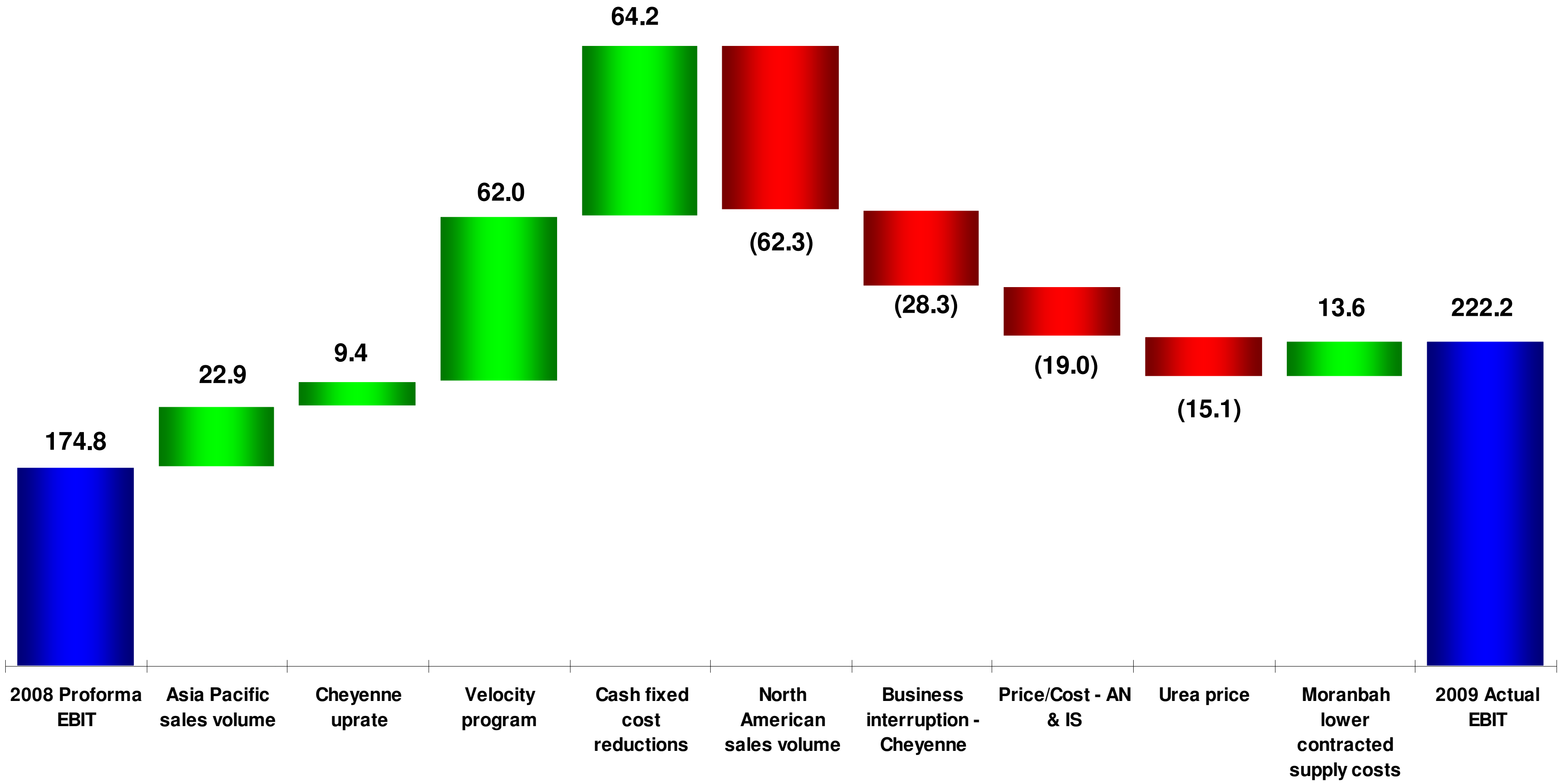
Explosives Performance

EBIT waterfall - 2008 proforma to 2009 actual – US$M



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Velocity program update

VELOCITY
Accelerating results and delivering sustainable value

US$M	Total Program	2008 Delivered	2009 Delivered	2010 Target
Overhead reduction	51.4	9.9	21.9	9.6
Plant efficiency	71.4		9.9	24.5
Cost to Serve	43.3		18.4	18.9
Global supply chain, trading	37.9		10.9	7.0
	204.0	**9.9**	**61.1**	**60.0**
Asset - Intensity	**200.0**		**73.5**	**20.0**

EBIT Target's	
2011	$38.0
2012	$35.0

- ✓ Cumulative program benefits improving quality of earnings and asset optimisation
- ✓ In 2009, 169 initiatives delivered US$71M in EBIT benefits and US$73.5M in cash
- ✓ In 2010 there are a further 253 initiatives in progress
- ✓ Reduction of 316 FTE's – front end of the business protected for the market recovery
- ✓ 100% of the 48 US distribution sites have been optimised

revised timeline reflects cyclical softness in North American market

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Fertilisers & Industrial Chemicals Scorecard
Results Summary

- ✗ Unprecedented volatility in domestic/global volume demand and prices

- ✓ Market share maintained in a soft market

- ✓ Good manufacturing performance
  - ✓ record production at Gibson Island
  - ✓ good production at Southern Cross (excluding rail line outages)
  - ✓ risk & reliability and process technology focus

- ✓ Strong cost control

- ✓ Efficient management of working capital in light of unprecedented volatility in demand

pulled the levers we control

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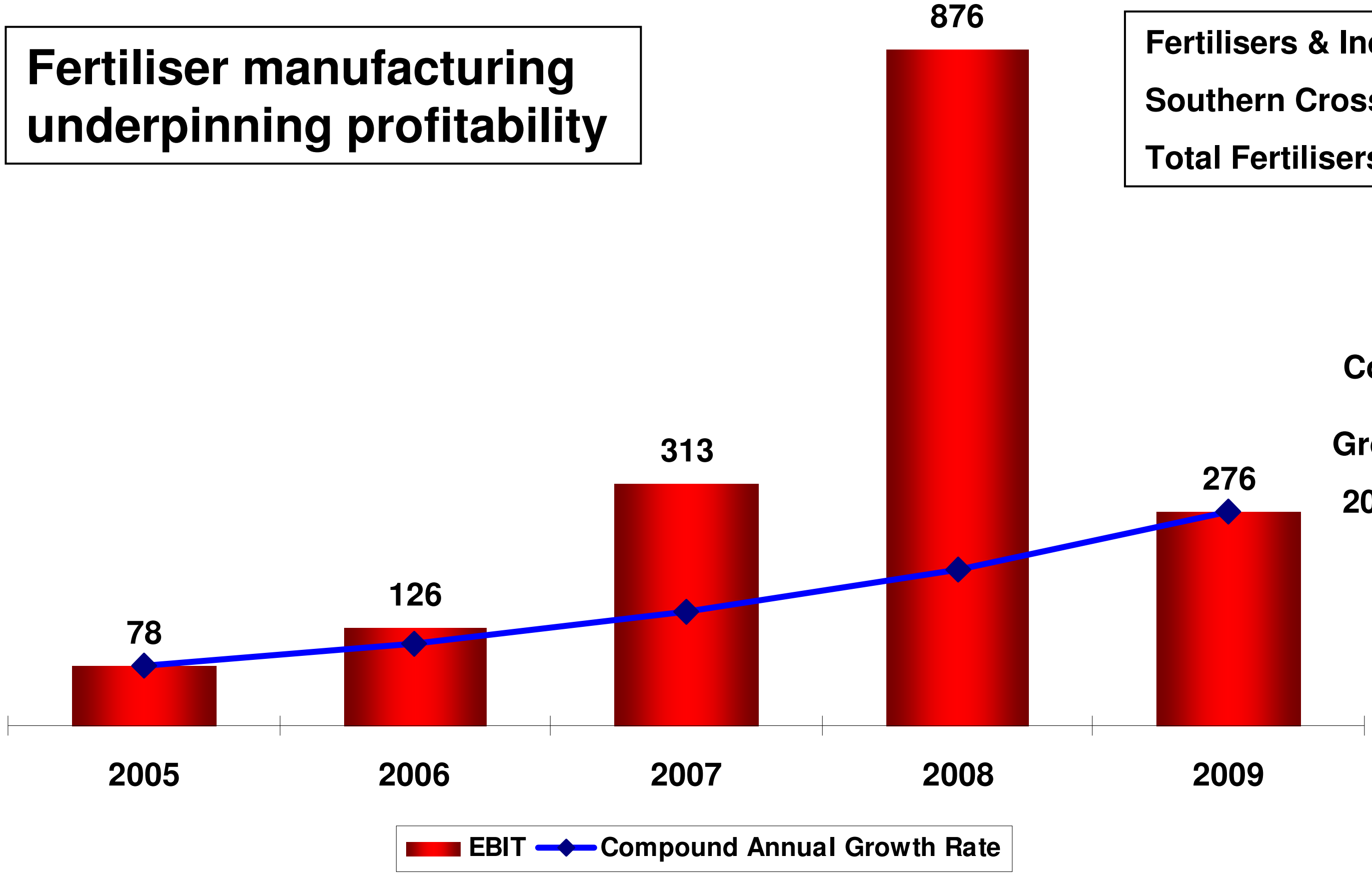
Fertilisers & Industrial Chemicals
EBIT History – 2005 to 2009

Fertiliser manufacturing underpinning profitability

Fertilisers & Industrial:	**$90.1M**
Southern Cross:	**$186.3M**
Total Fertilisers:	**$276.4M**



35% Compound Annual Growth Rate

2005 - 2009

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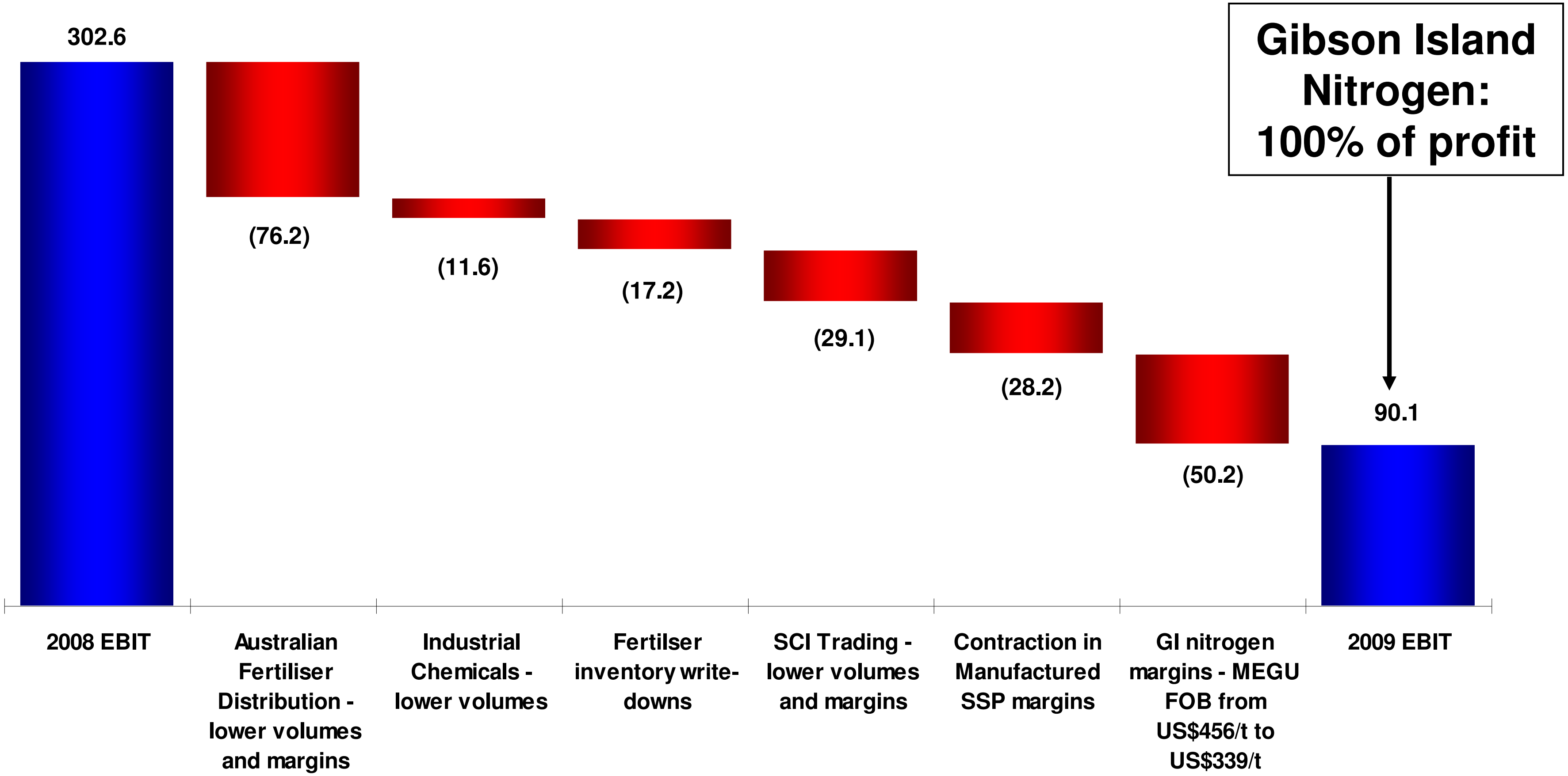
Fertilisers & Industrial Chemicals Performance

EBIT waterfall - 2008 to 2009



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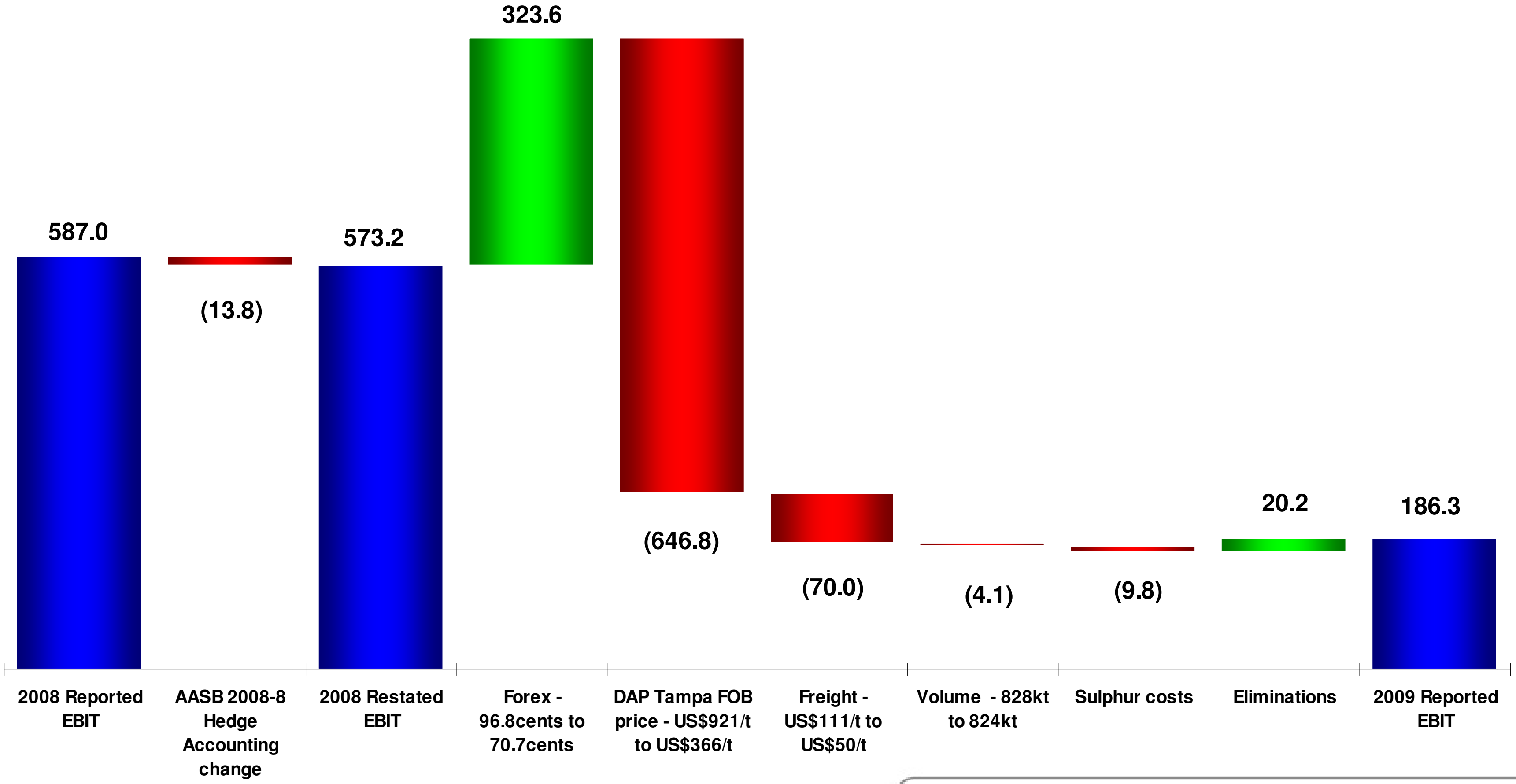
Southern Cross Performance

EBIT waterfall - 2008 to 2009



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Individually material items

	A$M
Cash	
Tax - recognition of USD forex losses	158.7
Environmental clean-up	(9.0)
Velocity - integration & restructuring	(38.0)
Geelong plant closure	(4.3)
Manufacturing restructure	(10.6)
	96.8
Non-cash	
Write-down of Dyno Nobel goodwill	(490.6)
Phos rock write-down to NRV	(58.9)
Velocity - cessation of manufacturing activity	(56.0)
Cockle Creek plant early closure	(13.6)
Borrowing costs - bridge facility	(5.4)
	(624.5)
Total after tax	**(527.7)**

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Dyno Nobel - Goodwill

Change in discount rate	$280M
Current cyclical softness in North American explosives market	$210M
Non-cash write-down in goodwill	$490M

non-cash accounting entry

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Frank Micallef

Chief Financial Officer

Incitec Pivot Limited

Capital Management Outcomes –
Net Debt, Trade Working Capital & Capex

Net debt reduced by A$642M in 2H 2009 - from A$2,105M to A$1,463M:

- ✓ Working capital management in both fertilisers and explosives
- ✓ Sustenance & turnaround capex tightly controlled at <A$105M
- ✓ Equity raising

solid performance

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Capital Management Initiatives - Funding

Funding Initiatives – refinancing the Bridge Facility

✓ 3-year Syndicated Bank Facility (multi-currency)	A$1.68Bn
✓ Rights issue	A$0.9Bn
✓ 1.5-year Working Capital Facility* (multi-currency)	A$0.7Bn
✓ 5-year finance leases (A$)	A$0.4Bn

Achievements

- ✓ 3 investment grade credit ratings
- ✓ Strengthened credit profile
- ✓ Diversified funding sources

* Amortising facility that reduces in line with anticipated reductions in working capital requirements

well positioned to further improve tenor and diversity of funding

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Capital Management –
Headroom & Credit Metrics

Net debt at 30 September 2009	**A$Bn**
Net debt	1.46
Headroom including cash	0.94

* 1.9 years (23 months) average tenor of committed facilities

Investment grade credit metrics	**March 2009**	**Target range**
Net debt / EBITDA(1)	1.97x	< 2.5x
Interest cover(2)	7.5x	>6.0x

(1) Based on last 12 month historical EBITDA / Net debt at point in time
(2) Interest cover = 12 month rolling EBITDA/net interest expense

strong headroom and credit metrics

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Capital Management –
US Debt strategy

Why do we fund in USD?

- Protects credit metrics - favourable revaluation of debt when AUD appreciates and hedges the translation impact of USD asset positions
- Reduces interest costs of A$45M (~300 basis points) in 2009 due to interest rate differential between AUD and USD
- USD interest cost partly hedges translation of USD based earnings from the Explosives business

USD debt via cross-currency swaps until long-term USD debt is sourced

Capital Management – Dividends

Dividend policy

- 20 - 40% pay-out of NPAT pre IMI's subject to franking capacity, capital requirements and other relevant factors

2009 final dividend

- 2.3 cents, unfranked, to be paid 18 December 2009 (record date 18/11/09)
- Total dividends paid at 20% of NPAT, pre IMI's, 48% franked
- 100% of available franking credits have been distributed to shareholders

Dividend underwrite

- 2009 full year, and 2010 interim - maximises financial flexibility

prudent financial management

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Hedging USD sales

Assumptions	US$M
• 970kt MAP/DAP production @ US$366/t(1) FOB	355
• 405kt urea equivalent production @US$339/t(2) FOB	137
Notional transactional exposure at 2009 prices	492

Transactional forex sensitivity of +/- 1 cent = +/- A$9.5M EBIT(3)

For 2010, US$200M or 41% hedged at AUD/USD 0.887 (net of costs)

(1) 2009 achieved DAP price for Southern Cross sales

(2) 2009 achieved Urea price for Gibson Island nitrogen sales

(3) sensitivity is pre-hedging

natural AUD/USD and DAP price correlation has broken down

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2010 EBIT Sensitivities

DAP - Di-Ammonium Phosphate Tampa FOB [1]	+/- US$10/t = +/- A$13.7M
Urea - Middle East Granular Urea FOB [2]	+/- US$10/t = +/- A$5.5M
Transactional forex - DAP & Urea [3]	+/- 1 cent = +/- A$9.5M
Translation Forex - Explosives & Velocity earnings [4]	+/- 1 cent = +/- A$3.6M

Assumptions:

(1) 970kt DAP sales at the 2009 realised price of US$366/t @ A$/US$ 0.707

(2) 405kt urea equivalent sales at 2009 achieved price of US$339/t @ A$/US$ 0.7321

(3) DAP & Urea based on assumptions 1 and 2

(4) Based on 2009 US$ Explosives earnings & 2010 Velocity target of US$60M

2010 earnings sensitive to DAP, urea and US$ currency

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Finance –
2010 Focus

Continued prudent financial management

- Capital expenditure
- Trade working capital
- Operating cash flows
- Hedging
- People

Capital Management

- Debt tenor and diversity
- Ratings & credit metrics

continued financial discipline to ensure strong balance sheet

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James Fazzino

Managing Director & CEO

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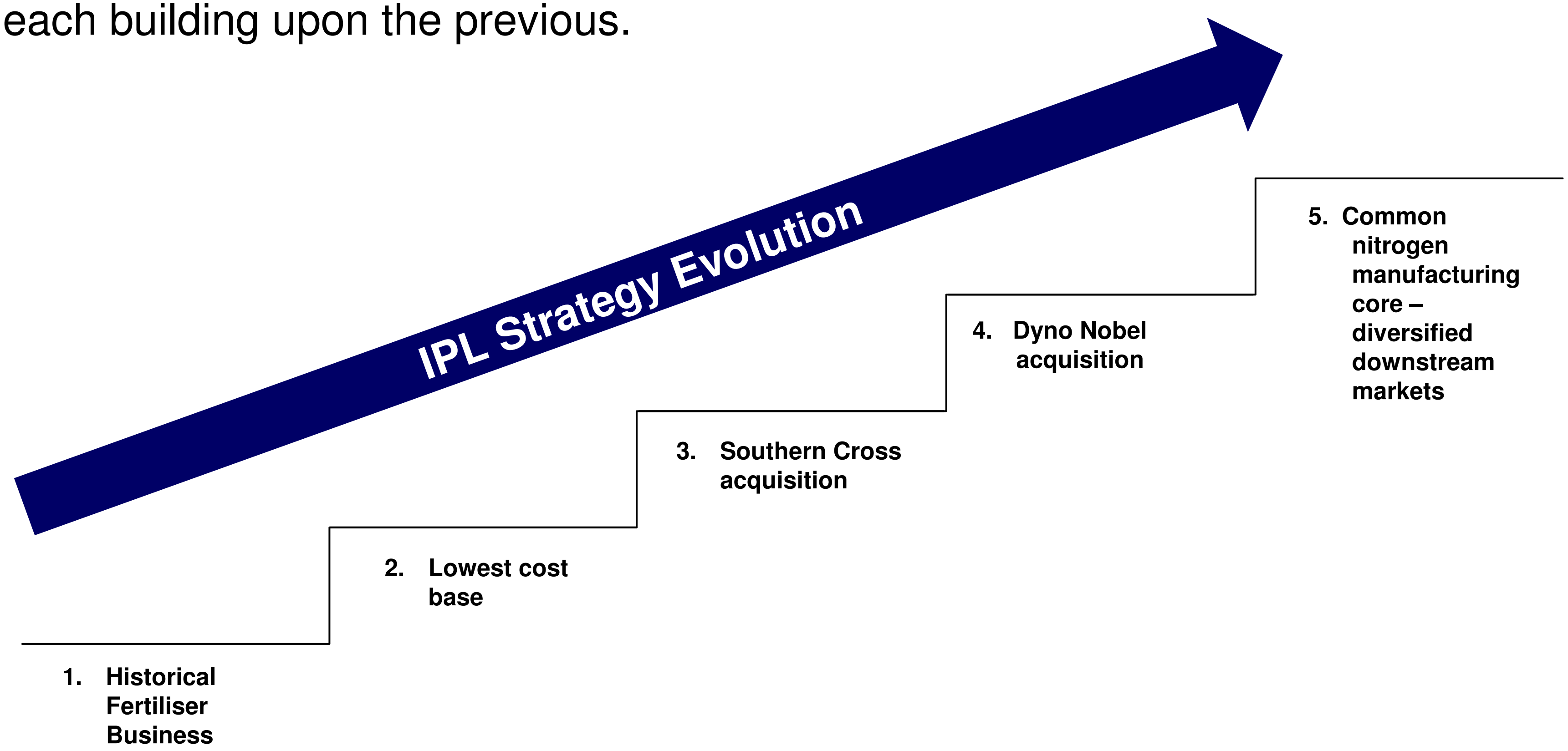
Strategy – Evolution

Five stages to the evolution of the IPL strategy, each building upon the previous.



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Strategy – remains unchanged

Incitec Pivot's strategy is to leverage the industrialisation and urbanisation of the developing world (particularly China and India):

- Positioned on the input side of the value chain where returns are highest and less volatile
    - Explosives for hard commodities and fertilisers for soft commodities
- Capture value upstream through low cost, vertically integrated nitrogen based chemical manufacturing positions ("own the product/resource" and "lowest cost base"). Synergy created via common:
    - nitrogen manufacturing core
    - supply chain processes
    - Business efficiency program office processes

strategy robust & intact

Strategy - execution

1. Values driven - zero harm at the core
2. Deliver on the investment in Dyno Nobel:
   - Velocity program – US$204M by 2012 & US$200M capital
   - position business to benefit from US recovery
3. Improve plant and supply chain reliability
4. Growth from nitrogen core – Moranbah
5. Continue to strengthen balance sheet

platform for competitive shareholder returns

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Outlook

- Challenging trading conditions to persist through 2010 in each of our downstream markets
- Positives for medium term outlook
  - rebuilding of soil nutrients
  - recovery in US economy
- Continued efficiency improvements from the Velocity program

continued focus on controllables in 2010

Summary

- ✗ Unprecedented volatility in global end markets
- ✓ Pulled the levers we control and taken action
- ✓ Explosives acquisition delivering consistent with investment thesis
- ✓ Balance sheet robust – both credit metrics and headroom
- ✓ Strategy on track

pulled the levers we control

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Questions?

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