

# Incitec Pivot Limited

## Results for the financial year ended 30 September 2014

### BUSINESS PERFORMANCE

Incitec Pivot Limited (“IPL”) reported Net Profit after Tax (“NPAT”) of \$247.1m (2013: \$367.1m). NPAT excluding individually material items (“IMIs”) was \$356.3m, an increase of 21% or \$62.8m from \$293.5m in 2013.

### KEY FINANCIALS (excluding IMIs)

- NPAT increased by 21% or \$62.8m to \$356.3m (2013: \$293.5m).
- EBITDA increased by 15% or \$97.5m to \$742.7m (2013: \$645.2m), largely reflecting Moranbah earnings and cashflow growth.
- EBIT increased by 13% or \$57.9m to \$519.4m (2013: \$461.5m).

### SHAREHOLDER RETURNS & DEBT

- Earnings per share excluding IMIs (“EPS ex IMIs”) were up 21% to 21.7cps (2013: 18.0cps).
- Total dividends increased by 17% to 10.8cps (2013: 9.2cps), reflecting a payout ratio of 50% of NPAT.
- Net Debt is \$1.5bn (2013: \$1.3bn) and sound credit metrics were maintained whilst investing in the Louisiana Ammonia plant: Net Debt/ EBITDA is unchanged at 2.0 times (2013: 2.0 times).

### BUSINESS SUMMARY

Explosives earnings were up 14% to \$370.5m (2013: \$324.4m). The highlights were:

- Dyno Nobel Asia Pacific (“DNAP”) EBIT increased 25%, driven by \$59m earnings growth from the Moranbah Ammonium Nitrate (“AN”) plant, partially offset by volume reductions in the more challenged hardrock and underground markets.
- DNA explosives \$US EBIT increased by 10%, with the benefits of price improvements and efficiencies generated by the Group’s business efficiency system partially offset by lower earnings from the coal segment.
- Overall, Dyno Nobel Americas (“DNA”) \$US EBIT declined by 6% with fertiliser profit impacted by lower global commodity prices.

Fertilisers EBIT was up 9%, to \$183.4m (2013: \$168.3m). Key highlights were:

- The domestic distribution business delivered a solid result in the face of lower global fertiliser prices and drought in northern Australia. These negative factors were partially offset by the benefit of the weaker \$A.
- BEx productivity and efficiency gains across manufacturing and the supply chain.

\$Am	Year ended 30 September		
	2014	2013 <sup>(8)</sup>	Change
<b>Reported earnings</b>			
Sales Revenue	3,352.0	3,403.7	(2%)
EBITDA ex IMIs <sup>(1)</sup>	742.7	645.2	15%
EBIT ex IMIs <sup>(2)</sup>	519.4	461.5	13%
<b>NPAT ex IMIs</b>	<b>356.3</b>	<b>293.5</b>	<b>21%</b>
IMIs	(109.2)	73.6	n/a
NPAT attributable to shareholders	247.1	367.1	(33%)
<b>Business EBIT</b>			
Fertilisers	183.4	168.3	9%
Explosives	370.5	324.4	14%
<b>Shareholder Returns</b>			
Earnings per share (cents) ex IMIs	21.7	18.0	21%
Earnings per share (cents)	15.0	22.5	(33%)
Total dividends per share (cents)	10.8	9.2	17%
<b>Financing KPIs</b>			
Net Debt <sup>(7)</sup>	(1,480.0)	(1,277.5)	(16%)
Net Debt/EBITDA (times)	2.0	2.0	-
Interest cover (times) <sup>(4)</sup>	9.1	6.2	47%
Average interest rate	4.7%	6.1%	

### BUSINESS EFFICIENCY (“BEx”)

BEx, IPL’s continuous improvement system, delivered \$27m of net benefits in 2014. BEx is embedded in the businesses with the majority of benefits in 2014 delivered from manufacturing and supply chain.

### MANUFACTURING RELIABILITY

Manufacturing reliability is a key focus area for the Group. In 2014, significant progress was made toward improving manufacturing reliability. Turnarounds were completed at Phosphate Hill, Mt Isa and Moranbah, and since the turnarounds production rates at these plants were in line with nameplate capacities.

### OVERHEAD REDUCTION

The \$20m overhead reduction program announced in November 2013 was successfully completed in 2014, one year ahead of plan. The program delivered \$21m of savings in the 2014 financial year, whilst incurring \$12m of one-off implementation costs.

### INDIVIDUALLY MATERIAL ITEMS (“IMIs”)

The results include an after tax IMI of negative \$109.2 (2013: positive 73.6m). This charge is primarily a non cash impairment of intangibles and property, plant and equipment.

### 2015 OUTLOOK

IPL does not provide profit guidance, due to the variability of global fertiliser prices and foreign exchange movements. A summary of the sensitivity of the Group's earnings to major global fertiliser prices and foreign exchange movements is provided on this page.

The following represents an outlook for business performance expectations for the 2015 financial year (excluding sensitivities):

#### DNAP

- Moranbah is expected to produce 330kt of AN, generating approximately \$140m of EBIT (2014: \$115m).
- Outside of earnings growth generated from Moranbah, earnings from the Australian market are expected to decline in 2015 as customers review the viability of high cost mining operations, continue their cash flow optimisation focus and look to drive down their costs through efficiency programs.
- Consistent with soft global mining markets, the Turkish and Indonesian explosives markets are both challenging markets. DNAP's earnings from these regions are expected to decline in 2015.

#### DNA

The explosives segment earnings are expected to be flat in 2015. Factors impacting the results are:

- Market conditions in Coal and Metals are expected to be relatively flat next year, with up to 4% growth in Quarry & Construction activity.
- During the 2014 year, a number of customer contracts were re-negotiated, with some wins and some losses. The net impact is an expected 10% decline in volumes in the 2015 year. Notwithstanding this volume impact, the net EBIT outcome of contract negotiations will be positive.
- Offsetting this positive is a short term increased cost of purchased ammonia feedstock. Interim supply agreements have now been finalised for the period until the Louisiana ammonia plant start-up. These interim agreements reflect the tightness in the global ammonia market and the attractiveness of the gas to ammonia part of the AN value chain, both of which confirm the Louisiana investment case.
- Global Initiating Systems ("IS"): Volumes are expected to be consistent with 2014.

Agriculture & Industrial Chemicals ("AG & IC") production volumes are expected to be lower than 2014 (approximately 150kst urea equivalent), as the St Helens plant will be taken offline for 60 days for a control system upgrade and a planned maintenance turnaround.

### SENSITIVITIES

Full Year EBIT Sensitivities	
IPF: Urea - Middle East Granular Urea (FOB) <sup>(1)</sup>	+/- \$US10/t = +/- \$A4.4M
SCI: DAP - Di-Ammonium Phosphate Tampa (FOB) <sup>(2)</sup>	+/- \$US10/t = +/- \$A10.3M
Forex - transactional (DAP & Urea) <sup>(3)</sup>	+/- 1 cent = +/- \$A6.7M
DNA: Urea (FOB) <sup>(4)</sup>	+/- \$US10/t = +/- \$US1.8M
DNA: Forex - translation of Explosives earnings <sup>(5)</sup>	+/- 1 cent = +/- \$A2.4M
<b>Assumptions:</b>	
(1) 405kt (Gibson Island Fertiliser name plate capacity) urea equivalent sales at 2014 realised price of \$US323 and the 2014 realised exchange rate of \$A/\$US 0.9132	
(2) 950kt (Phosphate Hill name plate capacity) DAP sales at 2014 realised price of \$US450 and the 2014 realised exchange rate of \$A/\$US 0.9132	
(3) DAP & Urea volumes & FOB price based on assumptions 1 & 2 (excludes impact of hedging)	
(4) 80kst (St Helens name plate capacity - short tonnes) urea equivalent sales at 2014 NOLA Urea average price of \$US349.	
(5) For each \$US200M EBIT	

#### Fertilisers

- 2015 is a full production year, with no scheduled turnarounds. The Phosphate Hill production milestone for 2015 is to produce above 900kt, with the goal of achieving nameplate capacity of 950kt.
- Higher gas cost at Phosphate Hill from February 2015 will have a negative cost impact of \$38m in the 2015 financial year. This cost increase will be offset by the benefit of increased production. The gas cost increase for a full year is approximately \$50m.
- In IPF, distribution margins are expected to approximate 2014 levels. As a result of persistent dry conditions in Northern NSW and Queensland, along with weak soft commodities prices, distribution volumes are expected to be similar to 2014.
- The Group has hedged 90% of its estimated first half 2015 \$US referenced fertiliser sales at a rate of \$0.89, with participation in positive rate movements to \$0.82. The second half hedging program will be put in place early in the 2015 year.

#### Group (including interest and tax)

- BEx will continue to deliver benefits in 2015. The quantum of benefits in any one year is difficult to predict, but a net benefit similar to the 2014 outcome is the goal.
- As the 2014 overhead reduction program has been completed, there will be no corporate restructuring costs in 2015. Corporate costs are expected to be in the range of \$22m to \$24m.
- 2015 net borrowing costs are expected to be approximately \$90m, assuming a slight increase in US interest rates.
- The full year effective tax rate is expected to be approximately 23%.

### IPL GROUP RESULT OVERVIEW

#### REVENUE

Sales revenues decreased by \$51.7m to \$3,352.0m (2013: \$3,403.7m). Movements included:

- Fertiliser revenue was lower, reflecting the net negative impact of lower global fertiliser prices and drought conditions in the northern region of Australia, partly offset by the lower \$A.
- Explosives revenue was higher, driven primarily by sales growth to Moranbah customers and the translation benefit of the lower \$A on DNA's \$US revenues.

Revenues \$Am	Year ended 30 September		
	2014	2013 <sup>(6)</sup>	Change
<b>Revenues</b>			
- SCI	542.8	562.9	(4%)
- IPF	953.2	1,095.4	(13%)
- Elimination	(194.4)	(192.9)	(1%)
<b>Fertilisers</b>	<b>1,301.6</b>	<b>1,465.4</b>	<b>(11%)</b>
- DNAP	897.0	862.3	4%
- DNA	1,205.2	1,127.7	7%
- Elimination	(38.8)	(33.4)	(16%)
<b>Explosives</b>	<b>2,063.4</b>	<b>1,956.6</b>	<b>5%</b>
<b>Elimination</b>	<b>(13.0)</b>	<b>(18.3)</b>	<b>29%</b>
<b>Total Revenues</b>	<b>3,352.0</b>	<b>3,403.7</b>	<b>(2%)</b>

#### EBIT

EBIT ex IMIs increased by 13% or \$57.9m to \$519.4m (2013: \$461.5m). Significant growth items were:

- \$59m: Moranbah EBIT growth (EBITDA growth of \$86m).
- \$27m: BEx efficiencies comprising manufacturing and supply chain efficiencies in the fertiliser (\$9m) and the explosives (\$18m) businesses.
- \$12m: Improved margins in the DNA business driven by a combination of product and customer mix, transportation savings and price increases.
- \$9m: Net lower corporate and administration costs, due to the overhead restructure program (refer to page 4 for details).
- \$13m: Profit from sale of excess assets.

Earnings Summary \$Am	Year ended 30 September		
	2014	2013 <sup>(6)</sup>	Change
<b>EBIT<sup>(2)</sup></b>			
- SCI	79.6	70.3	13%
- IPF	103.7	95.0	9%
- Elimination	0.1	3.0	
<b>Fertilisers</b>	<b>183.4</b>	<b>168.3</b>	<b>9%</b>
- DNAP	203.3	162.3	25%
- DNA	165.7	163.2	2%
- Elimination	1.5	(1.1)	
<b>Explosives</b>	<b>370.5</b>	<b>324.4</b>	<b>14%</b>
<b>Corporate</b>	<b>(34.5)</b>	<b>(31.2)</b>	<b>(11%)</b>
<b>Total EBIT</b>	<b>519.4</b>	<b>461.5</b>	<b>13%</b>
Net borrowing costs	(76.9)	(71.2)	(8%)
Tax expense	(85.1)	(96.2)	12%
NPAT excluding IMIs	357.4	294.1	22%
Minority interests	(1.1)	(0.6)	83%
<b>NPAT attributable to shareholders</b>			
- excluding IMIs	<b>356.3</b>	<b>293.5</b>	<b>21%</b>
Individually material items after tax	(109.2)	73.6	
<b>NPAT attributable to shareholders</b>	<b>247.1</b>	<b>367.1</b>	<b>(33%)</b>

This growth was partially offset by the following:

- (\$7m): Net impact of global price movements: negative \$64m due to lower global fertiliser prices: Ammonium Phosphates (-\$28m) and Urea (-\$36m). Partially offset by the positive impact of the lower \$A on earnings of \$57m from \$US denominated fertiliser sales (\$45m) and translation of DNA's \$US earnings (\$12m).
- (\$7m): Impact of unfavourable growing conditions (drought and frost) on fertiliser distribution volumes in Australia.
- (\$13m): Lower volumes of initiating systems sold into global markets.
- (\$19m): Lower explosives volumes into DNAP's hard rock, underground and Hunter Valley markets and reduced emulsion tolling income in the Bowen Basin.
- (\$7m): DNA fertilisers: Higher US gas prices and slightly lower production volume.
- (\$7m): Nitromak and Fabchem earnings decline due to challenging market conditions.

#### INDIVIDUALLY MATERIAL ITEMS

Individually material items \$Am	Year Ended 30 September 2014		
	Gross	Tax	Net
Nitromak impairment & restructure	(61.4)	4.9	(56.5)
Fabchem impairment	(26.0)	0.0	(26.0)
Donora plant impairment	(43.4)	16.7	(26.7)
<b>Total IMIs</b>	<b>(130.8)</b>	<b>21.6</b>	<b>(109.2)</b>

Individually material items ("IMIs") relate to:

- Impairment and restructure of Nitromak (a Turkish explosives business acquired as a part of the Dyno Nobel acquisition), following lower earnings and a soft outlook for this business due to regional instability and increased competition in the Turkish explosives market.
- Impairment of the investment in Fabchem China Limited, to reflect the excess supply of AN in China and the market value of the shareholding.
- Impairment of Donora AN manufacturing plant due to the loss of some customer volumes.

### BORROWINGS AND INTEREST

- Net Debt increased by 16% or \$202m to \$1.5bn (2013: \$1.3bn). The increase reflects the investment in the Louisiana Ammonia plant of \$388.4m (2013: \$109.3m).
- Net underlying interest expense increased by \$5.7m to \$76.9m (2013: \$71.2m), with an average interest rate of 4.7% (2013: 6.1%). The lower interest expense was driven by a change in the mix of drawn debt.
- Capitalised interest decreased by \$24.7m to \$17.7m (2013: \$42.4m). Capitalised interest of \$17.7m in the current period related to the construction of the Louisiana Ammonia plant (2013: \$2.0m). Capitalised interest relating to the Moranbah AN plant ended with the commissioning of the plant in 2013 (2013: \$40.4m).
- Net borrowing costs include a \$5.6m non-cash accounting expense for the unwinding of long term liabilities (2013: \$6.4m).

Borrowing Costs / Credit Metrics \$Am	Year ended 30 September		
	2014	2013 <sup>(a)</sup>	Change
Underlying interest expense	(89.0)	(107.2)	17%
Non-cash unwinding of liabilities	(5.6)	(6.4)	13%
<b>Total borrowing costs</b>	<b>(94.6)</b>	<b>(113.6)</b>	17%
Less Capitalised Interest	17.7	42.4	(58%)
<b>Net Borrowing Costs</b>	<b>(76.9)</b>	<b>(71.2)</b>	(8%)
Interest cover (times) <sup>(4)</sup>	9.1	6.2	
Net Debt/EBITDA (times)	2.0	2.0	

Return to Shareholders Cents per share (cps)	Year ended 30 September		
	2014	2013 <sup>(a)</sup>	Change
Final Dividend	7.3	5.8	26%
Franking (%)	10%	75%	
Total Dividend	10.8	9.2	17%
Franking (%)	31%	75%	

Record date: 24 November 2014  
Dividend payment date: 16 December 2014

### TAX

Tax expense before IMIs decreased by \$11.1m to \$85.1m (2013: \$96.2m). This represents an effective tax rate of 19% (2013: 25%). The reduction in the effective tax rate is due to:

- Non recurring benefits arising from the recognition of government grants and tax credits recognised in the current year.
- Recoupment of unbooked capital losses in Australia.
- A release of tax provisions following the completion of reviews/audits by various revenue authorities.

The effective tax rate in 2015 is expected to be approximately 23%.

### RETURNS TO SHAREHOLDERS

- The Directors have determined to pay a final dividend of 7.3cps, franked to 10%, which will be paid on 16 December 2014, bringing the dividend payable in respect of the 2014 financial year to 10.8cps. Franking credits will be paid out when available and, as a result, franking levels may vary in the future. The dividend represents a payout ratio of 50%.
- IPL will maintain its dividend reinvestment plan ("DRP"). A discount of 1.5% will be applied in determining the offer price under the DRP. The 2014 final dividend will not be underwritten.

### CORPORATE COSTS

The overhead reduction program announced in November 2013 is complete, with the goal of \$20.0m of cost savings fully delivered, one year ahead of plan.

Corporate costs for the year of \$34.5m (2013: \$31.2m) included a \$12.3m one off reduction program charge, leaving an underlying corporate cost base of approximately \$22.0m.

The net impact of the overhead reduction program in the 12 month period is:

Overhead reduction impact for the 12 months	A\$M
Savings recorded in:	
Head Office	13.0
DNA P	4.0
DNA	4.0
<b>Total Savings</b>	<b>21.0</b>
Restructure implementation costs	(12.3)
<b>Net overhead reduction program Impact</b>	<b>8.7</b>

### BALANCE SHEET

IPL's balance sheet as at 30 September 2014 reflects ongoing financial discipline throughout the business. Key movements include:

- Trade working capital ("TWC") has increased by \$24m from 30 September 2013 to \$61m primarily due to the timing of fertiliser imports. The Group's lower average 13 month TWC as a percentage of the Group's annual revenues reflects IPL's continuous focus on efficient cash management, driven by BEx.
- Net property, plant and equipment increased by \$477m to \$3,511m from 30 September 2013. The significant items in this movement include: capital expenditure on the Louisiana Ammonia plant of \$388.4m (2013: \$109.3m), sustenance capital expenditure of \$256.9m (2013: \$169.7m), a positive foreign currency translation of non \$A denominated assets of \$71.1m, depreciation of \$194.1m, non-cash asset impairments of \$53.2m and disposals of \$9.5m.
- Intangible assets increased by \$31m from 30 September 2013 due to a positive translation of foreign currency denominated intangible assets of \$97.3m, partially offset by amortisation of intangibles of \$29.2m and the impairment charge of \$37.6m related to Nitromak.
- Environmental and other provisions reduced by \$14m to \$113m (2013: \$127m) resulting from payments made against environmental provisions during the course of the year as remediation progressed.
- Deferred tax increased by \$68m to \$360m (2013: \$292m) primarily due to the difference between tax and accounting depreciation rates related to recent capital spend (Moranbah and Phosphate Hill).
- Net other liabilities increased by \$89m from September 2013, largely due to unfavourable market value movements of derivative hedging instruments (offsetting the foreign exchange movements in \$US net assets) and movements in the retirement benefit obligations, partially offset by reduction in carbon tax liability and gas prepayments.

### NET DEBT

At 30 September 2014, IPL's net debt was \$1.5bn (2013: \$1.3bn), with committed headroom available of \$1.5bn (2013: \$1.7bn), representing the \$1.45bn undrawn Syndicated Bank Facility and cash on hand at 30 September 2014.

Balance Sheet \$Am	Year ended 30 September		
	2014	2013	Change
Trade Working Capital - Fertilisers	(136)	(151)	15
Trade Working Capital - Explosives	197	188	9
Net property plant and equipment	3,511	3,034	477
Intangible assets	2,992	2,961	31
Environmental & other provisions	(113)	(127)	14
Tax liabilities	(360)	(292)	(68)
Net other (liabilities)/assets	(204)	(115)	(89)
Net Debt	(1,480)	(1,278)	(202)
<b>Net Assets</b>	<b>4,407</b>	<b>4,220</b>	<b>187</b>
<b>Equity</b>	<b>4,407</b>	<b>4,220</b>	<b>187</b>
Net tangible assets per share (\$)	0.85	0.77	
Fertilisers - Average TWC % Rev <sup>(5)</sup>	1.4%	3.4%	
Explosives - Average TWC % Rev <sup>(5)</sup>	12.2%	14.0%	
Group - Average TWC % Rev <sup>(5)</sup>	8.0%	9.5%	

### MAJOR PROJECTS UPDATE

On 17 April 2013, IPL announced an investment of \$US850m to build an 800,000 metric tonne per annum ammonia plant in Louisiana, USA. The investment thesis remains firm. From late 2016, the project will drive significant earnings growth in DNA by capturing the gas to ammonia part of the AN value chain. Construction of the plant began in August 2013 with production estimated to commence in the third quarter of 2016.

More than half way through the project, construction and cost are on track. The ammonia tank is well progressed, below ground civil works including piling and underground piping are complete and construction of the ground infrastructure for the plant is well underway. The cooling tower is complete and the primary reformer, control room and water treatment plant are currently being installed. The main compressors have been tested and are scheduled to be installed before the end of the calendar year. Capital expenditure on the plant to the end of the 2014 year was approximately \$US450m. Expected capital expenditure in 2015 is \$US250m and in 2016 is \$US150m. In addition, interest will be capitalised during construction.

### CASH FLOW

Net operating cash flows reduced by 13% to \$535.2m (2013: \$614.5m). Key movements include:

- Group EBITDA growth of \$97.5m or 15%.
- A negative TWC (excluding FX impact) movement of \$52.5m (compared to a positive \$140.6m movement in 2013), primarily due to the timing of fertiliser imports.
- Lower net income tax paid. Current year tax paid has been offset by refunds received in respect of prior years following the completion of reviews/audit by various revenue authorities.
- Other Non TWC movements relating to the timing of sundry payments, joint venture dividends, carbon tax payments and gas prepayments.

Net investing cash outflows increased by \$248.3m to \$637.7m (2013: \$389.4m). Significant movements included:

- Major growth capital of \$388.4m (2013: \$164.7m) spent on the construction of the Louisiana Ammonia plant.
- Other capital of \$249.6m (2013: \$263.5m) is being tightly controlled to allow capital funding to be channelled into the Louisiana project. Spending on sustenance capital was \$256.9m (2013: \$169.7m): the major items being the Phosphate Hill, Mt Isa and Moranbah turnarounds and the new gypsum cell at Phosphate Hill.

Net financing cash flows were an outflow of \$100.0m (2013: \$271.8m), a decrease of 63% or \$171.8m.

Major financing cash flows included:

- Payment of dividends of \$85.1m (2013: \$203.6m). Dividend payments are lower than the prior year, due to the strong take-up of the DRP.
- A negative movement of \$1.6m (2013: negative \$94.7m) on the translation of US debt, reflecting the lower translation rate at 30 September 2014, offset by the market value gains on derivatives.
- Non cash movement in Net Debt of negative \$5.0m (2013: \$24.8m).

Cash Flow Items \$Am	Year ended 30 September		
	2014	2013 <sup>(a)</sup>	Change
<b>Net operating cash flows</b>			
Group EBITDA	742.7	645.2	15%
Net interest paid	(57.7)	(70.9)	19%
Net income tax paid	1.5	(67.1)	102%
TWC movement (excluding FX impact)	(52.5)	140.6	
Dyno Nobel profit from associates	(33.3)	(33.5)	1%
Environmental and site clean up	(16.9)	(23.8)	29%
Other Non TWC	(48.6)	24.0	
<b>Operating cash flows</b>	<b>535.2</b>	<b>614.5</b>	<b>13%</b>
<b>Net investing cash flows</b>			
<b>Major growth capital</b>			
Louisiana	(370.7)	(107.3)	(245%)
Louisiana capitalised interest	(17.7)	(2.0)	
Moranbah	0.0	(15.0)	100%
Moranbah capitalised interest	0.0	(40.4)	100%
<b>Total major growth capital</b>	<b>(388.4)</b>	<b>(164.7)</b>	<b>(136%)</b>
<b>Other capital</b>			
Minor growth capital	(17.1)	(99.7)	83%
Sustenance	(256.9)	(169.7)	(51%)
Proceeds from asset sales	24.4	24.0	(2%)
Other	0.0	(18.1)	100%
<b>Total other capital</b>	<b>(249.6)</b>	<b>(263.5)</b>	<b>5%</b>
Repayment of JV loans	5.3	15.0	(65%)
Proceeds from derivative hedge	(5.0)	23.8	
<b>Investing cash flows</b>	<b>(637.7)</b>	<b>(389.4)</b>	<b>(64%)</b>
<b>Net financing cash flows</b>			
Dividends paid	(85.1)	(203.6)	58%
Gain on translation of US Net Debt	(1.6)	(94.7)	98%
Realised market value (losses)/gains on hedge of borrowings	(8.3)	1.7	
Non-cash movement in Net Debt	(5.0)	24.8	
<b>Financing cash flows</b>	<b>(100.0)</b>	<b>(271.8)</b>	<b>63%</b>
<b>Decrease / (increase) in Net Debt</b>	<b>(202.5)</b>	<b>(46.7)</b>	
Opening balance Net Debt	<u>(1,277.5)</u>	<u>(1,230.8)</u>	
<b>Closing balance Net Debt</b>	<b>(1,480.0)</b>	<b>(1,277.5)</b>	

### DYNO NOBEL AMERICAS (DNA)

#### BUSINESS PERFORMANCE (\$US)

DNA's total \$US EBIT decreased by \$9.5m or 6% to \$152.8m (2013: \$162.3m). Explosives earnings were up 10% and Agriculture and Industrial ("Ag & IC") were down 33%.

Significant drivers of the Explosives result include:

- \$13m: BEx benefits delivered with focus on supply chain and manufacturing process improvement.
- \$4m: Overhead and administration cost reduction.
- \$11m: Improved margins in the Explosives business driven by a combination of product and customer mix, transportation savings and price increases.
- (\$12m): Impact of lower global sales of Initiating Systems ("IS"), including Indonesia and Latin America.
- (\$4m): Weaker Canadian dollar ("CAD") impact on translation of CAD denominated earnings and higher cost of explosives product exported to Canada from the USA.

Significant drivers of the Ag & IC result include:

- (\$14m): Lower fertiliser prices and increased purchase ammonia costs. The average achieved NOLA<sup>(9)</sup> urea down 12% from 2013.
- (\$6m): A negative impact of the increased gas prices and the impact of slightly lower production as compared to 2013, on the unit cost of fertiliser production.

#### MARKET SUMMARY

AN volumes sold were up 1%. The Explosives business sells product into the following major markets:

##### Quarry & Construction ("Q&C")

Q&C accounted for 18% of total AN volume. Sales volumes were up 7% for the year, with growth experienced across both residential and non-residential construction. Q&C volumes are driven by public construction, non-residential construction and the residential construction industries. Non-residential construction is primarily driven by the shale gas and tight oil boom, where low priced gas has led to a significant investment in the petrochemical sector across the USA. In the residential market, sustained positive US residential starts have led to some growth in new housing estates. DNA remains well positioned for the recovery in this market.

DNA	Year ended 30 September		
	2014	2013 <sup>(8)</sup>	Change
<b>\$USm</b>			
Revenues			
- Explosives <sup>(3)</sup>	930.7	943.8	(1%)
- Agriculture and Industrial	179.2	174.7	3%
<b>Total Revenues</b>	<b>1,109.9</b>	<b>1,118.5</b>	<b>(1%)</b>
<b>EBIT</b>			
- Explosives <sup>(3)</sup>	113.5	103.3	10%
- Agriculture and Industrial	39.3	59.0	(33%)
<b>TOTAL EBIT</b>	<b>152.8</b>	<b>162.3</b>	<b>(6%)</b>
<b>\$Am</b>			
Revenues <sup>(3)</sup>	1,205.2	1,127.7	7%
EBIT <sup>(3)</sup>	165.7	163.2	2%
Translation exch. rate - \$A/\$US	0.920	0.996	(8%)
Average NOLA Urea price (\$US short ton)	349	395	(12%)

##### Coal

Coal accounted for 52% of total AN volumes. Volumes were flat, reflecting the negative impact of the carryover of high coal inventories and an extremely cold winter in the first half followed by production growth in the second half predominantly in the Powder River Basin. However, the moderate US summer tempered coal production growth in the second half of the year.

##### Metals & Mining ("M&M")

M&M accounted for 30% of total AN volumes. Sales volumes were flat versus 2013, reflecting both the impact from extreme cold winter conditions in the first half and miners reducing spend by cutting capital expenditure and concentrating mining operations on high grade pits. In the current low price environment for hard commodities, it is expected that miners will continue to look for cash flow optimisation and cost efficiency opportunities.

##### Agriculture and Industrial Chemicals

EBIT fell by 33% or \$19.7m to \$39.3m (2013: \$59.0m), as a result of:

- St Helens (\$14m): Lower global fertiliser prices and a higher average gas price during the extremely cold US winter and slightly lower production. The average achieved NOLA Urea price per short ton dropped 12% to \$US349 (2013: \$US395).
- Cheyenne (\$6m): Renegotiation of the UAN tolling contract, where a higher ammonia value is passed back to the ammonia producer.

### DYNO NOBEL ASIA PACIFIC (DNAP)

#### BUSINESS PERFORMANCE

Reported EBIT increased by \$41m or 25% to \$203.3m (2013: \$162.3m). Significant drivers of DNAP's result include:

- \$59m: Increased earnings from Moranbah, with production of 299kt of AN. Total Moranbah earnings were \$115m (2013: \$56m). EBITDA for the period was \$158m (2013: \$68m).
- \$8m: BEx supply chain and fixed cost efficiencies (\$4m) and overhead reduction program benefits (\$4m).
- (\$16m): Softness in the Hardrock, Underground and PNG markets. See Market Summary below.
- (\$3m): Lost margin and cost increases arising from alternative sourcing of AN for the Western Australia market due to an outage at a domestic supplier in the first half.
- (\$3m): Volume lost in the Hunter Valley (final impact of the 2013 customer loss) and reduced income from emulsion tolling operations in the Bowen Basin.
- (\$7m): Nitromak (\$4m) and Fabchem (\$3m) earnings decline due to challenging market conditions.

#### MARKET SUMMARY

Total AN volumes were up 15%. The business sells product into the following markets:

##### **Coal (East Coast incl. Moranbah)**

Coal region sales accounted for 55% of AN sales, with growth of 24% over 2013. Consistent with a relatively dry wet season, the volume sold was skewed to AN prill. Moranbah is now fully operational, with the majority of production sold into the plant footprint. The final impact of the 2013 Hunter Valley customer loss impacted first half earnings.

##### **Iron Ore (Western Australia)**

Iron Ore sales accounted for 29% of AN volumes, with growth of 13% in 2014. Earnings in this region grew slightly, after the adverse impacts of margin reduction related to the four month force majeure outage at a domestic supplier and cost focused customers moving to lower product and service costs and in-sourcing services at some sites. Looking forward, this will be an increasingly challenging market with impending over capacity of regionally produced AN.

DNAP	Year ended 30 September		
	2014	2013	Change
<b>\$Am</b>			
Revenues <sup>(3)</sup>	897.0	862.3	4%
EBIT			
- Moranbah	115.0	56.0	105%
- Base <sup>(3)</sup>	88.3	106.3	(17%)
<b>TOTAL EBIT</b>	<b>203.3</b>	<b>162.3</b>	<b>25%</b>

#### **Hard Rock & Underground**

Hard Rock and Underground sales accounted for 5% of AN volumes. In the face of lower commodity prices (particularly gold), AN volumes were 35% lower for the year. In order to focus on cash flow optimisation, customers reduced mining costs by closing mines, processing more stockpiled ore, moving mining operations to higher grade pits and scaling back explosive intensive development of block caving operations.

#### **Indonesia and PNG**

These markets accounted for 11% of the AN volumes. In the year, volumes grew modestly in Indonesia and fell in PNG due to a customer in the gold sector reducing mining activities and processing stockpiles.

#### **Nitromak**

Nitromak is a Turkish subsidiary, acquired as part of the Dyno Nobel acquisition in 2008. The business has delivered reasonably constant earnings until the current financial year. Nitromak earnings fell by \$4m in 2014 and the outlook is negative for this business due to regional instability and increased competition in the Turkish explosives market. The Nitromak business is being restructured and goodwill and asset values are being impaired (see page 3 for further details).

#### **MORANBAH AN PLANT UPDATE**

The Moranbah plant performed well in 2014 producing 299kt of AN. The plant is now fully operational.

In 2015, Moranbah is projected to produce 330kt and EBITDA of \$185m and EBIT of \$140m, based on anticipated contracted volumes.

### INCITEC PIVOT FERTILISERS (IPF)

#### BUSINESS PERFORMANCE

IPF's EBIT increased by \$8.7m or 9% to \$103.7m (2013: \$95.0m). Factors impacting the result include:

- (\$22m): Lower commodity prices. Lower global fertiliser prices, with Urea averaging US\$323/t (2013: US\$373/t).
- \$12m: A lower average \$A:\$US exchange rate of \$0.913 (2013: \$0.996).
- \$7m: BEx efficiencies generated in manufacturing and the supply chain.
- \$13m: Profit on sale of excess assets.
- \$4m: Improved distribution margins.
- (\$7m): Impact of lower distribution volumes due to unfavourable growing conditions (see Market Summary).

#### MARKET SUMMARY

The IPF business sells product into the following major markets:

##### *Summer Crop*

2014: Drought in the northern region of Australia negatively impacted cotton and sorghum crops. In the non-irrigated cotton regions of NSW and Southern Queensland, sales volumes were approximately 25% down on the prior year.

2015: Dry conditions continue to prevail and are expected to impact the 2015 year.

##### *Pasture Markets*

2014: Volumes in this segment finished 8% ahead of the prior year. Favourable first half conditions (weather and commodity prices) fuelled strong seasonal sales and growth for the full year.

2015: With drier conditions in the last quarter of 2014 in the southern dairy and pasture regions, the outlook for the market is mixed. Further rain is required to maintain volumes in 2015.

The SSP strategic review announced at the 2014 Investor Day in September continues. The review is focused on maximising returns from the manufacturing and logistics assets in Geelong and Portland.

Incitec Pivot Fertilisers	Year ended 30 September		
	2014	2013 <sup>(a)</sup>	Change
<b>\$Am</b>			
Revenue	953.2	1,095.4	(13%)
EBIT	103.7	95.0	9%
<b>IPF - KPIs</b>			
Tonnes Sold '000's	1,851	2,005	(8%)
Middle East Granular Urea (\$US/t)	323	373	(13%)
Average exchange rate - \$A/\$US	91.3	99.6	8%
Urea equivalent production sold via IPF	403	417	(3%)

##### *Winter Crop*

2014: Volumes sold into the winter crop market were down 16% on 2013, primarily due to unfavourable weather conditions late in the season.

Early season sales made in the first half of the financial year were stronger than in the same period in 2013. However, rainfall deficiencies and extended frost conditions across southern New South Wales, Victoria and South Australia in the June to September period, drove below-average nitrogen top dress for broadacre grains.

2015: The combination of drought in northern NSW and Queensland and ongoing rainfall deficiencies developing across western Victoria and into South Australia currently leads to a subdued outlook for 2015.

### SOUTHERN CROSS INTERNATIONAL (SCI)

#### BUSINESS PERFORMANCE

SCI's EBIT increased by \$9.3m or 13% to \$79.6m (2013: \$70.3m). The highlights of SCI's result include:

**Phosphate Hill EBIT** increased by \$11.3m to \$36.6m (2013: \$25.3m). Significant factors included:

- \$33m: A lower average \$A:\$US of \$0.913 (2013: \$0.996) resulted in higher revenues.
- (\$28m): Lower DAP prices which averaged \$US450/t (2013: \$US482/t).
- \$8m: Net impact of BEx initiatives to lower logistics costs and higher global freight rates.

#### Phosphate Hill Reliability

Subsequent to the turnaround, the Phosphate Hill and Mt Isa plants ran reliably producing 255kt of ammonium phosphates in the July to September period. This is a good result, although management acknowledge that this is only the first quarter post turnaround. Reliability of these two plants remains a key focus for the manufacturing teams.

**Industrial & Trading EBIT** decreased to \$39.3m (2013: \$43.1m) as a result of falling global urea prices (\$5.0m) and the non-repeat of some product sales in 2013.

Southern Cross International	Year ended 30 September		
	2014	2013	Change
<b>SCI Tonnes '000's</b>			
Phosphate Hill production sold	775	790	(2%)
Industrial & Trading	397	416	(5%)
<b>SCI Revenue \$Am</b>			
Phosphate Hill production sold	412.9	410.9	0%
Industrial & Trading	121.6	144.7	(16%)
Quantum	8.3	7.3	14%
<b>Total</b>	<b>542.8</b>	<b>562.9</b>	<b>(4%)</b>
<b>SCI EBIT \$Am</b>			
Phosphate Hill plant	36.6	25.3	45%
Industrial & Trading	39.3	43.1	(9%)
Quantum	3.7	1.9	95%
<b>Total</b>	<b>79.6</b>	<b>70.3</b>	<b>13%</b>
<b>SCI KPIs</b>			
Average DAP Tampa (\$US/t)	450	482	(7%)
Freight margin net of distribution (\$A/t) <sup>(6)</sup>	15.5	8.6	80%
Average exchange rate \$A/\$US	91.3	99.6	(8%)
Phosphate Hill Production Tonnes ('000's)	772	788	(2%)

**Quantum EBIT** increased by \$1.8 to \$3.7m (2013: \$1.9m). The Quantum business continues to generate value for IPL in addition to its reported EBIT result, such as: achieving higher prices on exported DAP; strategic procurement of key imports such as sulphuric acid; reducing TWC by providing alternate channels to market when domestic demand falls short of forecast; and providing shorter lead times on additional imports when domestic demand exceeds forecast.

### Health, Safety and Environment (“HSE”)

IPL prioritises its “Zero Harm for Everyone, Everywhere” company value above all others. IPL has in place a fully integrated HSE management system which provides the foundation for effective identification and management of health and safety risks. The approach to workplace health and safety focuses on four key areas known as the ‘4Ps’: Passionate Leadership, People, Procedures and Plant and is underpinned by the corporate commitment to continuous improvement through BEx.

An updated HSE strategy and HSE standards adopted at the beginning of the financial year reaffirmed the Group’s commitment to Zero Harm. The strategy focused safety actions for this year and beyond, on safety leadership and culture, risk management and injury reduction. Improvements made during the year to incident and potential incident reviews and internal audit protocols, underpinned by increased training and improved global employee communication, have enabled IPL to progress towards its 2016 target more quickly than had been anticipated.

In 2012, IPL adopted a five year Global HSE Strategy to achieve world class safety performance and have an all worker Total Recordable Injury Frequency Rate (TRIFR) of < 1 by 2016. The Group’s TRIFR at the end of the 2014 financial year was 0.97<sup>(10)</sup> (2013: 1.21).

This year, after producing a stand-alone report for five years, the Group’s sustainability performance data has been integrated into the Annual Report. This will provide a full account of IPL’s annual economic, environmental, social and governance performance in one report.

IPL participated in the Dow Jones Sustainability Indices (DJSI) Corporate Sustainability Assessment for the fifth year and was again named in the DJSI Asia Pacific Index, enabling ESG focused investors to invest in IPL on an informed basis.

### Environment

Our Scope 1 and 2 GHG emissions from global operations were 2.6 million tonnes (2013: 2.8 million tonnes). In line with the strategy to ‘Use Less’ and ‘Care for the Environment’, the Group’s manufacturing plants continued to reduce both energy use and CO2 emissions through initiatives such as lighting reviews, the Cheyenne Plant Energy Optimization Project and continuous improvements made during scheduled shutdowns. Reducing water and waste footprint was also a focus of the Group’s global operations.

### Sustainability

IPL’s first Sustainability Strategy was adopted in September 2010. A formal review of sustainability performance undertaken during the year which included two independent benchmarking reviews: one investor focused (Dow Jones) and one customer focused (Eco Vadis). As a result of the formal review, an updated sustainability strategy has been adopted whereby IPL will seek to influence beyond direct operations to align its supply chain with IPL’s corporate values.

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**NOTE & DEFINITIONS:** Numbers in this report are subject to rounding.

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1. EBITDA = Earnings before Interest, Tax, Depreciation and Amortisation, excluding individually material items (“IMIs”)
2. EBIT = Earnings before Interest and Tax, excluding IMIs
3. As a part of the Group’s restructure in this financial year, the Turkey explosives business (“Nitromak”) now forms part of the DNAP reporting segment, previously formed part of the DNA reporting segment. The comparative financial information in the DNA and DNAP sections of this report has been updated to reflect this change. The impact is that \$A12.9m of EBIT was reclassified from DNA to DNAP.
4. Interest cover = Average 12 month rolling EBITDA/Net interest expense before accounting adjustments
5. Average TWC % Rev = 13 month average trade working capital / Annual Revenues
6. Freight margin net of distribution costs = The average freight margin on product sold into domestic and export markets, less the costs of the Townsville distribution site.
7. In the financial year 2013, the definition of “Net Debt” was broadened to aggregate interest bearing liabilities plus the fair value of derivative instruments in place economically to hedge the Group’s interest bearing liabilities, less available cash and cash equivalents.
8. Comparative information has been restated as a result of adopting the revised Australian Accounting Standard, AASB 119 “Employee Benefits” that became effective for the Group since 30 September 2013.
9. NOLA is the New Orleans, Louisiana urea benchmark price.
10. TRIFR is which is expressed as the number of recordable injuries per 200,000 hours worked. TRIFR results are subject to finalisation of the classification of any pending incidents.

INCITEC PIVOT LIMITED FINANCIAL PERFORMANCE	September 2014 FY \$mill	September 2014 HY \$mill	March 2014 HY \$mill	September 2013 FY \$mill	September 2013 HY \$mill	March 2013 HY \$mill	September 2012 FY \$mill	September 2012 HY \$mill	March 2012 HY \$mill	September 2011 FY \$mill	September 2011 HY \$mill	March 2011 HY \$mill
<b>VOLUMES ('000's tonnes)</b>												
Incitec Pivot Fertilisers	1,850.5	1,025.0	825.5	2,005.0	1,311.9	693.1	2,002.0	1,224.0	778.0	1,892.0	1,184.7	707.3
Southern Cross International												
Manufactured AP's	775.0	404.0	371.0	790.0	460.0	330.0	879.0	508.0	371.0	929.0	575.2	353.8
Traded & Non-AP's	113.7	81.7	32.0	121.0	72.1	48.9	115.0	66.0	49.0	84.0	13.6	70.4
Industrial Chemicals	282.8	153.8	129.0	295.0	147.0	148.0	323.0	182.0	141.0	284.0	154.5	129.5
Quantum - open sales	1,459.0	986.0	473.0	1,609.0	1,180.0	429.0	2,554.0	2,449.0	105.0	2,602.0	2,551.4	50.6
Intercountry Eliminations	(338.0)	(85.0)	(253.0)	(360.0)	(162.0)	(198.0)	(264.0)	(106.0)	(158.0)	(294.0)	(127.5)	(166.5)
<b>BUSINESS SEG SALES</b>												
Incitec Pivot Fertilisers	953.2	540.2	413.0	1,095.4	704.2	391.2	1,159.1	717.1	442.0	1,195.5	762.1	423.4
Southern Cross International	542.8	285.9	256.9	562.9	313.5	249.4	731.9	369.6	362.3	877.6	537.2	340.4
Fertilisers Eliminations	(194.4)	(51.6)	(142.8)	(192.9)	(87.0)	(105.9)	(160.3)	(63.1)	(97.2)	(193.8)	(82.9)	(110.9)
Fertilisers	1,301.6	774.5	527.1	1,465.4	930.7	534.7	1,730.7	1,023.6	707.1	1,869.3	1,216.4	652.9
Dyno Nobel Americas	1,205.2	631.1	574.1	1,127.7	601.4	526.3	1,172.2	601.7	570.5	1,172.5	622.4	550.1
Dyno Nobel Asia Pacific	897.0	463.3	433.7	862.3	467.0	395.3	626.4	340.8	286.6	533.1	299.0	234.1
Explosives Eliminations	(38.8)	(18.8)	(20.0)	(33.4)	(18.0)	(15.4)	(28.4)	(14.7)	(13.7)	(27.5)	(14.8)	(12.7)
Explosives	2,063.4	1,075.6	987.8	1,956.6	1,050.4	906.2	1,770.2	927.8	842.4	1,678.1	906.6	771.5
Group Elimination	(13.0)	(6.5)	(6.5)	(18.3)	(4.3)	(14.0)	-	1.3	(1.3)	(2.1)	(2.1)	-
<b>Total Sales - IPL Group</b>	<b>3,352.0</b>	<b>1,843.6</b>	<b>1,508.4</b>	<b>3,403.7</b>	<b>1,976.8</b>	<b>1,426.9</b>	<b>3,500.9</b>	<b>1,952.7</b>	<b>1,548.2</b>	<b>3,545.3</b>	<b>2,120.9</b>	<b>1,424.4</b>
<b>GEOGRAPHIC SEG SALES</b>												
Australia	2,070.3	1,173.6	896.7	2,189.5	1,326.5	863.0	2,316.3	1,384.1	932.2	2,303.6	1,432.8	870.8
North Americas	1,136.0	595.9	540.1	1,064.1	571.8	492.3	1,030.8	529.2	501.6	1,036.0	547.9	488.1
Turkey	79.0	38.0	41.0	80.9	45.5	35.4	78.1	39.5	38.6	82.9	46.1	36.8
Other	66.7	36.1	30.6	69.2	33.0	36.2	75.7	(0.1)	75.8	122.8	94.1	28.7
<b>Total - IPL Group</b>	<b>3,352.0</b>	<b>1,843.6</b>	<b>1,508.4</b>	<b>3,403.7</b>	<b>1,976.8</b>	<b>1,426.9</b>	<b>3,500.9</b>	<b>1,952.7</b>	<b>1,548.2</b>	<b>3,545.3</b>	<b>2,120.9</b>	<b>1,424.4</b>
<b>BUSINESS SEG EBITDA (excluding IMIs)</b>												
Incitec Pivot Fertilisers	134.1	86.2	47.9	129.2	87.8	41.4	124.1	106.2	17.9	156.0	93.8	62.2
Southern Cross International	105.8	56.1	49.7	97.5	59.4	38.1	203.6	125.6	78.0	353.3	229.4	123.9
Fertilisers Eliminations	0.1	20.5	(20.4)	3.0	4.1	(1.1)	3.3	7.7	(4.4)	(3.7)	15.8	(19.5)
Fertilisers	240.0	162.8	77.2	229.7	151.3	78.4	331.0	239.5	91.5	505.6	339.0	166.6
Dyno Nobel Americas	255.6	141.2	114.4	244.9	133.6	111.3	263.2	146.1	117.1	244.3	141.0	103.3
Dyno Nobel Asia Pacific	277.2	151.3	125.9	201.0	114.3	86.7	232.6	126.2	106.4	215.3	125.7	89.6
Explosives Eliminations	1.5	1.2	0.3	(1.1)	(0.4)	(0.7)	(2.0)	(1.0)	(1.0)	(0.4)	(0.4)	-
Explosives	534.3	293.7	240.6	444.8	247.5	197.3	493.8	271.3	222.5	459.2	266.3	192.9
Corporate / Group Elimination	(31.6)	(16.4)	(15.2)	(29.3)	(6.2)	(23.1)	(69.9)	(46.7)	(23.2)	(44.5)	(33.5)	(11.0)
<b>Total EBITDA (excluding IMIs) - IPL Group</b>	<b>742.7</b>	<b>440.1</b>	<b>302.6</b>	<b>645.2</b>	<b>392.6</b>	<b>252.6</b>	<b>754.9</b>	<b>464.1</b>	<b>290.8</b>	<b>920.3</b>	<b>571.8</b>	<b>348.5</b>
<b>BUSINESS SEG DEPRECIATION AND AMORTISATION</b>												
Incitec Pivot Fertilisers	(30.4)	(14.8)	(15.6)	(34.2)	(17.6)	(16.6)	31.8	16.1	15.7	27.2	13.7	13.5
Southern Cross International	(26.2)	(14.4)	(11.9)	(27.2)	(14.3)	(12.9)	28.3	13.4	14.9	23.4	14.9	14.5
Fertilisers Eliminations	(56.9)	(29.2)	(27.4)	(61.4)	(31.9)	(29.5)	60.1	29.5	30.6	56.6	28.6	28.0
Fertilisers	(89.9)	(44.4)	(45.5)	(81.7)	(43.3)	(38.4)	72.6	38.0	34.6	70.5	34.3	36.2
Dyno Nobel Americas	(73.9)	(38.6)	(35.3)	(38.7)	(25.0)	(13.7)	21.3	10.9	10.4	19.9	10.1	9.8
Dyno Nobel Asia Pacific	(163.8)	(83.0)	(80.8)	(120.4)	(68.3)	(52.1)	93.9	48.9	45.0	90.4	44.4	46.0
Explosives	(2.9)	(1.6)	(1.3)	(1.9)	(1.0)	(0.9)	1.8	1.0	0.8	1.2	0.5	0.7
Corporate	(2.9)	(1.6)	(1.3)	(1.9)	(1.0)	(0.9)	1.8	1.0	0.8	1.2	0.5	0.7
<b>Total Depreciation and Amortisation - IPL Group</b>	<b>(223.3)</b>	<b>(113.8)</b>	<b>(109.5)</b>	<b>(183.7)</b>	<b>(101.2)</b>	<b>(82.5)</b>	<b>155.8</b>	<b>79.4</b>	<b>76.4</b>	<b>148.2</b>	<b>73.5</b>	<b>74.7</b>
<b>BUSINESS SEG EBIT (excluding IMIs)</b>												
Incitec Pivot Fertilisers	103.7	71.4	32.3	95.0	70.2	24.8	92.3	90.1	2.2	128.8	80.1	48.7
Southern Cross International	79.6	41.7	37.9	70.3	45.1	25.2	175.3	112.2	63.1	323.9	214.5	109.4
Fertilisers Eliminations	0.1	20.5	(20.4)	3.0	4.1	(1.1)	3.3	7.7	(4.4)	(3.7)	15.8	(19.5)
Fertilisers	183.4	133.6	49.8	168.3	119.4	48.9	270.9	210.0	60.3	449.0	310.4	138.6
Dyno Nobel Americas	165.7	96.8	68.9	163.2	90.3	72.9	190.6	108.1	82.5	173.8	106.7	67.1
Dyno Nobel Asia Pacific	203.3	112.7	90.6	162.3	89.3	73.0	211.3	115.3	96.0	195.4	115.6	79.8
Explosives Eliminations	1.5	1.2	0.3	(1.1)	(0.4)	(0.7)	(2.0)	(1.0)	(1.0)	(0.4)	(0.4)	-
Explosives	370.5	210.7	159.8	324.4	179.2	145.2	399.9	222.4	177.5	368.8	221.9	146.9
Corporate / Group Elimination	(34.5)	(18.0)	(16.5)	(31.2)	(7.2)	(24.0)	(71.7)	(47.7)	(24.0)	(45.7)	(34.0)	(11.7)
<b>Total EBIT (excluding IMIs) - IPL Group</b>	<b>519.4</b>	<b>326.3</b>	<b>193.1</b>	<b>461.5</b>	<b>291.4</b>	<b>170.1</b>	<b>599.1</b>	<b>384.7</b>	<b>214.4</b>	<b>772.1</b>	<b>498.3</b>	<b>273.8</b>
<b>GEOGRAPHIC SEG NON-CURRENT ASSETS OTHER THAN FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS</b>												
Australia	3,806.2	3,806.2	3,742.4	3,739.0	3,739.0	3,714.5	3,659.0	3,659.0	3,346.7	3,170.2	3,170.2	2,842.5
North Americas	2,925.8	2,925.8	2,606.2	2,420.3	2,420.3	2,039.2	2,074.9	2,074.9	2,028.3	2,129.6	2,129.6	2,042.5
Turkey	-	-	43.3	46.1	46.1	86.8	88.4	88.4	126.7	129.6	129.6	137.9
Other	115.1	115.1	106.3	102.3	102.3	92.6	99.7	99.7	92.3	97.0	97.0	84.4
<b>Total - IPL Group</b>	<b>6,847.1</b>	<b>6,847.1</b>	<b>6,498.2</b>	<b>6,307.7</b>	<b>6,307.7</b>	<b>5,933.1</b>	<b>5,922.0</b>	<b>5,922.0</b>	<b>5,594.0</b>	<b>5,526.4</b>	<b>5,526.4</b>	<b>5,107.3</b>
<b>FINANCIAL PERFORMANCE</b>												
EBIT	519.4	326.3	193.1	461.5	291.4	170.1	599.1	384.7	214.4	772.1	498.3	273.8
Net Interest	(76.9)	(34.0)	(42.9)	(71.2)	(44.8)	(26.4)	(55.5)	(28.0)	(27.5)	(58.2)	(28.4)	(29.8)
Operating Profit Before Tax and Minorities	442.5	292.3	150.2	390.3	246.6	143.7	543.6	356.7	186.9	713.9	469.9	244.0
Income Tax Expense	(85.1)	(50.6)	(34.5)	(96.2)	(60.4)	(35.8)	(141.6)	(94.5)	(47.1)	(179.7)	(115.2)	(64.5)
NPAT pre Individually Material Items	357.4	241.7	115.7	294.1	186.2	107.9	402.0	262.2	139.8	534.2	354.7	179.5
Individually Material Items Before Tax	(130.8)	(130.8)	-	(41.5)	(41.5)	-	168.1	168.1	-	(92.5)	(73.3)	(19.2)
Tax effect of Individually Material Items	21.6	21.6	-	115.1	115.1	-	(62.1)	(62.1)	-	25.6	19.4	6.2
<b>NPAT &amp; Individually Material Items</b>	<b>248.2</b>	<b>132.5</b>	<b>115.7</b>	<b>367.7</b>	<b>259.9</b>	<b>107.9</b>	<b>508.0</b>	<b>368.2</b>	<b>139.8</b>	<b>467.3</b>	<b>300.8</b>	<b>166.5</b>
NPAT attributable to shareholders of IPL	247.1	131.4	115.7	367.1	259.3	107.8	510.7	367.2	145.3	463.2	297.6	165.6
NPAT attributable to minority interest	1.1	1.1	-	0.6	0.5	0.1	(2.7)	1.0	(3.7)	4.1	3.2	0.9

Notes:

i) Where applicable, balances have been adjusted to disclose them on the same basis as current period numbers.

<b>INCITEC PIVOT LIMITED FINANCIAL POSITION</b>	September 2014 FY \$mill	September 2014 HY \$mill	March 2014 HY \$mill	September 2013 FY \$mill	September 2013 HY \$mill	March 2013 HY \$mill	September 2012 FY \$mill	September 2012 HY \$mill	March 2012 HY \$mill	September 2011 FY \$mill	September 2011 HY \$mill	March 2011 HY \$mill
Cash	70.5	70.5	68.7	270.6	270.6	37.0	154.1	154.1	40.3	379.7	379.7	116.5
Inventories	434.1	434.1	509.7	435.6	435.6	538.0	403.7	403.7	577.8	477.9	477.9	606.0
Trade Debtors	241.7	241.7	332.1	331.3	331.3	337.7	357.1	357.1	375.6	431.5	431.5	396.1
Trade Creditors	(614.6)	(614.6)	(559.5)	(729.6)	(729.6)	(494.8)	(600.7)	(600.7)	(452.7)	(630.1)	(630.1)	(503.4)
Trade Working Capital	61.2	61.2	282.3	37.3	37.3	380.9	160.1	160.1	500.7	279.3	279.3	498.7
Net Property, Plant & Equipment	3,511.4	3,511.4	3,235.2	3,033.5	3,033.5	2,771.6	2,738.7	2,738.7	2,447.1	2,289.8	2,289.8	2,015.8
Intangibles	2,992.3	2,992.3	2,949.0	2,961.0	2,961.0	2,844.5	2,845.2	2,845.2	2,782.8	2,942.3	2,942.3	2,823.0
Net Other Assets	(485.5)	(485.5)	(408.6)	(428.5)	(428.5)	(383.4)	(425.7)	(425.7)	(428.3)	(615.9)	(615.9)	(425.6)
Net Interest Bearing Liabilities												
Current	(33.9)	(33.9)	(35.3)	(33.5)	(33.5)	(119.6)	(125.7)	(125.7)	(105.6)	(95.7)	(95.7)	(98.6)
Non-Current	(1,709.0)	(1,709.0)	(1,805.8)	(1,620.6)	(1,620.6)	(1,551.1)	(1,315.3)	(1,315.3)	(1,569.0)	(1,472.8)	(1,472.8)	(1,373.7)
<b>Net Assets</b>	<b>4,407.0</b>	<b>4,407.0</b>	<b>4,285.5</b>	<b>4,219.8</b>	<b>4,219.8</b>	<b>3,979.9</b>	<b>4,031.4</b>	<b>4,031.4</b>	<b>3,668.0</b>	<b>3,706.7</b>	<b>3,706.7</b>	<b>3,556.1</b>
<b>Total Equity</b>	<b>4,407.0</b>	<b>4,407.0</b>	<b>4,285.5</b>	<b>4,219.8</b>	<b>4,219.8</b>	<b>3,979.9</b>	<b>4,031.4</b>	<b>4,031.4</b>	<b>3,668.0</b>	<b>3,706.7</b>	<b>3,706.7</b>	<b>3,556.1</b>
<b>Capital Expenditure (Accruals Basis)</b>												
Total Capital Expenditure	664.4	355.7	309.3	419.7	294.4	125.3	626.2	358.2	268.0	612.2	335.2	277.0
Depreciation and amortisation	223.3	113.8	109.5	183.7	101.2	82.5	155.8	79.4	76.4	148.2	73.5	74.7
<b>Ratios</b>												
EPS, cents pre individually material items	21.7	14.6	7.1	18.0	11.4	6.6	24.8	16.0	8.8	32.5	21.5	11.0
EPS, cents post individually material items	15.0	7.9	7.1	22.5	15.9	6.6	31.4	22.6	8.8	28.4	18.2	10.2
DPS, cents	10.8	7.3	3.5	9.2	5.8	3.4	12.4	9.1	3.3	11.5	8.2	3.3
Franking, %	31%	10%	75%	75%	75%	75%	68%	75%	50%	0%	0%	0%
Interest Cover (times)	9.1	9.1	7.5	6.2	6.2	6.8	7.9	7.9	10.6	10.8	10.8	11.2
Gearing	27.5%	27.5%	28.0%	23.2%	23.2%	28.5%	24.2%	24.2%	30.8%	24.3%	24.3%	27.6%

Notes:

- i) Where applicable, balances have been adjusted to disclose them on the same basis as current period numbers.  
ii) Interest cover = Average 12 month rolling EBITDA/Net interest expense before accounting adjustments

<b>INCITEC PIVOT LIMITED CASH FLOWS</b>	September 2014 FY \$mill Inflows/ (Outflows)	September 2014 HY \$mill Inflows/ (Outflows)	March 2014 HY \$mill Inflows/ (Outflows)	September 2013 FY \$mill Inflows/ (Outflows)	September 2013 HY \$mill Inflows/ (Outflows)	March 2013 HY \$mill Inflows/ (Outflows)	September 2012 FY \$mill Inflows/ (Outflows)	September 2012 HY \$mill Inflows/ (Outflows)	March 2012 HY \$mill Inflows/ (Outflows)	September 2011 FY \$mill Inflows/ (Outflows)	September 2011 HY \$mill Inflows/ (Outflows)	March 2011 HY \$mill Inflows/ (Outflows)
<b>Net operating cash flows</b>												
Group EBITDA	742.7	440.1	302.6	645.2	390.2	255.0	754.9	464.1	290.8	920.3	571.8	348.5
Net interest paid	(57.7)	(28.1)	(29.6)	(70.9)	(48.4)	(22.5)	(33.9)	(21.5)	(12.4)	(17.9)	(2.5)	(15.4)
Net income tax refund/(paid)	1.5	7.5	(6.0)	(67.1)	(38.1)	(29.0)	(86.3)	(31.0)	(55.3)	(4.5)	(24.5)	20.0
TWC movement (excluding FX impact)	(52.5)	191.8	(244.3)	140.6	361.6	(221.0)	110.6	339.7	(229.1)	11.1	226.5	(215.4)
Moranbah provision release	-	-	-	-	-	-	(81.1)	(40.6)	(40.5)	(84.0)	(42.0)	(42.0)
Dyno Nobel profit from joint ventures and associates	(33.3)	(17.4)	(15.9)	(33.5)	(18.4)	(15.1)	(27.4)	(18.9)	(8.5)	(24.2)	(13.1)	(11.1)
Integration & restructuring costs	-	-	-	-	-	-	(10.8)	(4.1)	(6.7)	(53.4)	(34.2)	(19.2)
Environmental and site clean up	(16.9)	(3.5)	(13.4)	(23.8)	(14.8)	(9.0)	(21.7)	(15.4)	(6.3)	(20.2)	(12.1)	(8.1)
Other NTWC	(48.6)	(15.3)	(33.3)	24.0	47.0	(23.0)	16.5	75.8	(59.3)	(8.1)	(36.1)	28.0
<b>Operating cash flows</b>	<b>535.2</b>	<b>575.1</b>	<b>(38.9)</b>	<b>614.5</b>	<b>679.1</b>	<b>(64.6)</b>	<b>620.6</b>	<b>746.1</b>	<b>(127.3)</b>	<b>719.1</b>	<b>633.8</b>	<b>85.3</b>
<b>Net investing cash flows</b>												
Growth - Moranbah	-	-	-	(15.0)	-	(15.0)	(237.6)	(114.1)	(123.5)	(347.1)	(204.0)	(143.1)
Growth - Moranbah capitalised interest	-	-	-	(40.4)	(13.3)	(27.1)	(65.6)	(31.7)	(33.9)	(52.1)	(29.9)	(22.2)
Growth - Other	(17.1)	(7.0)	(10.1)	(99.7)	(38.1)	(61.6)	(146.6)	(94.5)	(52.1)	(43.0)	(30.0)	(13.0)
Capex - Louisiana project	(370.7)	(194.0)	(176.7)	(107.3)	(107.3)	-	-	-	-	-	-	-
Capex - Louisiana project capitalised interest	(17.7)	(12.0)	(5.7)	(2.0)	(2.0)	-	-	-	-	-	-	-
Sustenance	(256.9)	(143.6)	(113.3)	(169.7)	(109.2)	(60.5)	(154.7)	(97.4)	(57.3)	(204.4)	(80.7)	(123.7)
Proceeds from asset sales	24.4	10.4	14.0	24.0	1.4	22.6	10.0	2.5	7.5	37.9	34.4	3.5
Investments	-	-	-	-	-	-	(35.1)	(1.1)	(34.0)	(0.2)	(0.2)	-
Banked Gas	-	-	-	(18.1)	-	(18.1)	(22.1)	(22.1)	-	-	-	-
Other	0.3	(1.1)	1.4	38.8	22.2	16.6	50.4	16.2	34.2	1.1	21.7	(20.6)
<b>Investing cash flows</b>	<b>(637.7)</b>	<b>(347.3)</b>	<b>(290.4)</b>	<b>(389.4)</b>	<b>(246.3)</b>	<b>(143.1)</b>	<b>(601.3)</b>	<b>(342.2)</b>	<b>(259.1)</b>	<b>(607.8)</b>	<b>(288.7)</b>	<b>(319.1)</b>
<b>Net financing cash flows</b>												
Dividends paid	(85.1)	(30.2)	(54.9)	(203.6)	(55.4)	(148.2)	(187.3)	(53.7)	(133.6)	(151.4)	(53.7)	(97.7)
Gain/(Loss) on translation of US\$ Debt	(1.6)	(10.3)	8.7	(94.7)	(95.4)	0.7	141.7	67.4	74.3	12.3	(61.4)	73.7
Realised market value gains/(losses) on derivatives	(8.3)	(0.2)	(8.1)	1.7	0.5	1.2	5.3	5.3	-	-	8.0	(8.0)
Non-cash movement in Net Debt	(5.0)	(3.6)	(1.4)	24.8	17.6	7.2	(21.2)	(21.4)	0.2	(63.9)	(71.0)	7.1
<b>Financing cash flows</b>	<b>(100.0)</b>	<b>(44.3)</b>	<b>(55.7)</b>	<b>(271.8)</b>	<b>(132.7)</b>	<b>(139.1)</b>	<b>(61.5)</b>	<b>(2.4)</b>	<b>(59.1)</b>	<b>(203.0)</b>	<b>(178.1)</b>	<b>(24.9)</b>
<b>Decrease/(increase) in net debt</b>	<b>(202.5)</b>	<b>183.5</b>	<b>(386.0)</b>	<b>(46.7)</b>	<b>300.1</b>	<b>(346.8)</b>	<b>(42.0)</b>	<b>403.5</b>	<b>(445.5)</b>	<b>(91.7)</b>	<b>167.0</b>	<b>(258.7)</b>

Notes:

i) Where applicable, balances have been adjusted to disclose them on the same basis as current period numbers.