



FERTILISERS



Incitec Pivot

Julian Segal

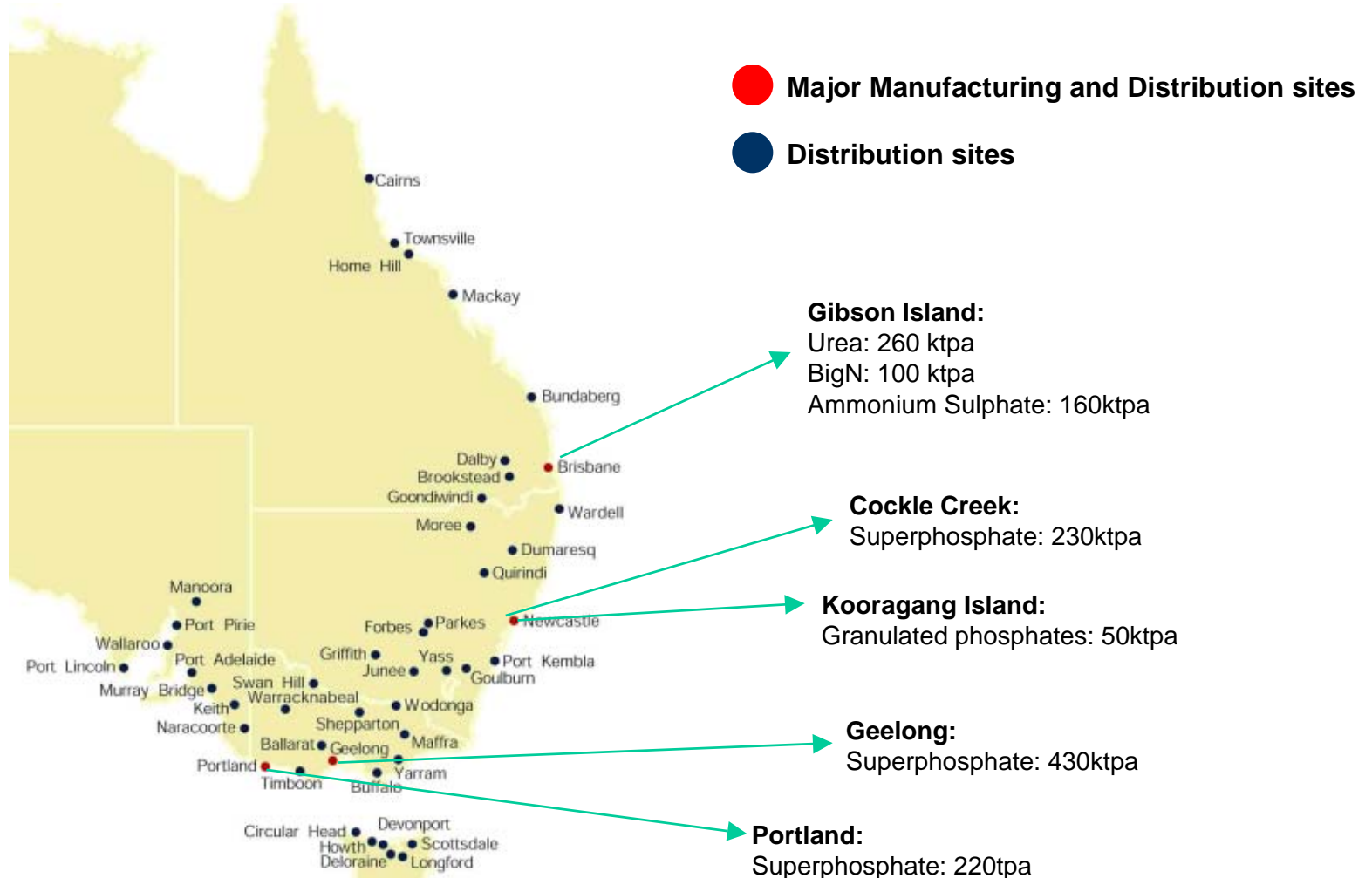
Agenda

- Business overview and earnings drivers
- Industry overview and demand drivers
- Value drivers
- Summary

Business Overview

- **2005 fertiliser volumes 2.6 million tpa**
- **2005 revenue: > \$1 billion**
- **Australia's largest manufacturer and distributor of fertilisers**
 - **manufacture 1.3 million tpa**
 - **import 1.3 million tpa from global majors**
- **Separately listed on ASX**
 - **market cap ~ \$1 billion**
 - **Orica share 70%**

Incitec Pivot Key Assets



Competitive Advantages

Market leader (relative scale)

- + Efficient manufacturing assets
- + Privileged supply chain assets
- + Strong relationships with global fertiliser majors
- = Lowest cost supplier of fertiliser delivered to farm

Full service offering

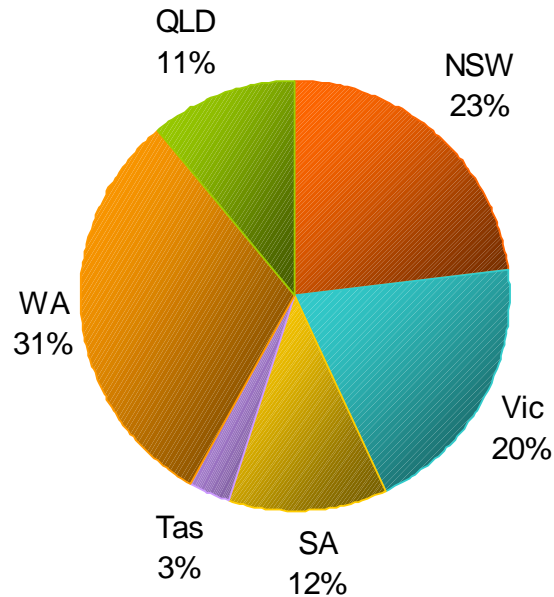
- + Key fertiliser brands
- = Farmers preferred supplier of fertiliser

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Earnings Drivers

- Weather
- Global Urea prices
- \$US/ \$A exchange rate
- Industry consolidation

East Australian fertiliser demand – by State

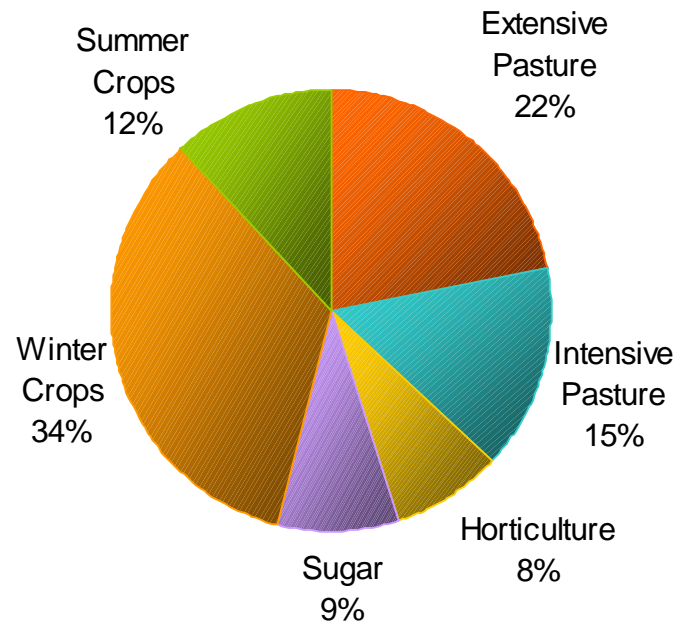


- Fertiliser demand drivers:
 - Farm type
 - Agricultural prices
 - Rainfall
 - Farm income
- Fertiliser price drivers:
 - Global fertiliser price levels
 - Sea freight and port costs
 - Exchange rate

- ***Incitec Pivot operates in all states except WA***
- ***Geographic diversity means the business is less susceptible to localised climatic events***

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East Australian fertiliser demand – by use



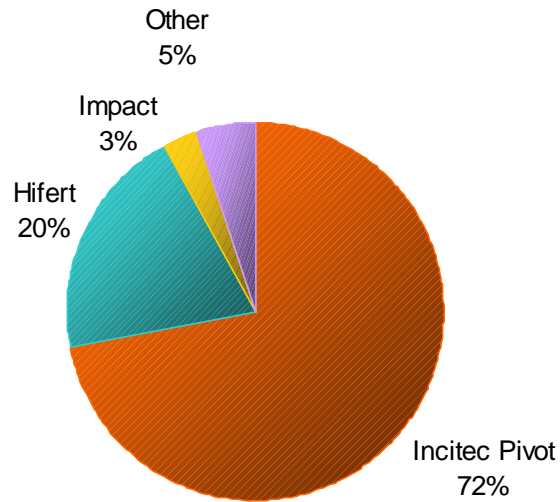
- **Cropping:**
 - Ammonium Phosphates
 - Urea / Big N
- **Pasture:**
 - Superphosphate
- **Sugar/Horticulture**
 - NPK blends
- **5-15% of a farms cost & key to productivity**

- ***Incitec Pivot has balanced exposure to cropping, pasture and horticulture***
- ***Peak fertiliser demand period is normally March/April - June/July***

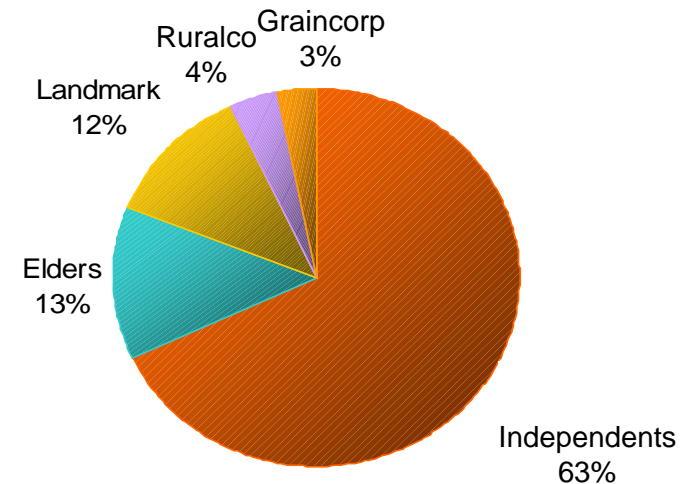
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East Australian fertiliser market participants

Wholesale distributors



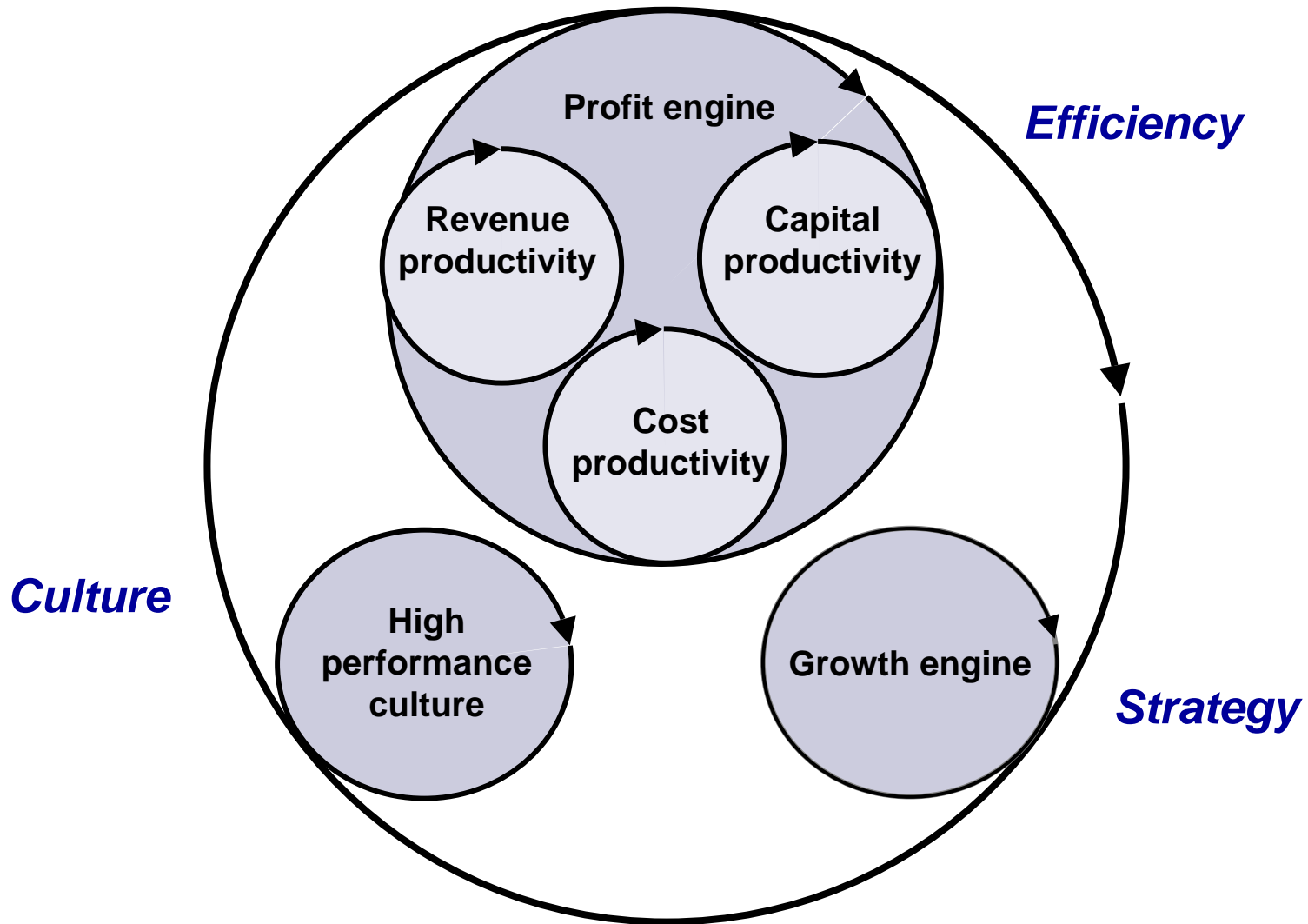
Retail distributors



- ***1,000 rural outlets (retails) in the Eastern Australia market***
- ***7 out of 10 farmers choose to buy fertiliser from independents***

** as at 1/01/05

Orica's Approach Value Drivers



Revenue Productivity – Sales Strategy

- **Multi-channel approach - agents and dealers**
- **Sell through the channel to achieve the lowest delivered cost to farmer**
- **Direct sales only where channel partners can't successfully serve and farmers seek it**
- **Value add only in segments where the customer is willing to pay**
- **Make it easier for customers to do business with us**

Value focus not just volume

Productivity: Cost and Capital – Phase 1

Cost: Target \$25M

- business restructure business simplification
- resource modelling

Capital productivity: Target 18% RONA

- resource modelling
- working capital management

Initiatives will underpin IPL's position as the lowest cost supplier delivered to farm

Productivity: Cost and Capital Phase 2

Leverage Orica Transformation activities:

- Group Procurement
- Supply Chain improvement
- Manufacturing improvement
- Continuous improvement

Incitec Pivot Culture

Deliver The Promise

- SH&E
- Commercial Ownership
- Creative Customer Solutions
- Working Together

Summary

- **Incitec Pivot is fundamentally a sound business:**
 - **Market leader**
 - **Lowest delivered cost base to farm**
 - **Farmers' preferred supplier**
- **We are actively addressing industry structural changes:**
 - **New channel partners gained**
 - **\$25M efficiency program**

*IPL – acceptable returns in a bad year,
great returns in a good year*