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MEDIA STATEMENT – 15 November 2006

Profit improvement driven by cost and efficiency program

Fertiliser company Incitec Pivot Limited has reported increased profitability for 2005/06, largely as a result of the success of the first phase of an ongoing cost-reduction and efficiency program coupled with improved manufacturing performance.

IPL reported Net Profit After Tax, excluding individually material items, of \$82.8 million for the year ended 30 September 2006, a 73 per cent increase on the previous year.

Mr Julian Segal, Managing Director and CEO, said the company restructure, which started in 2004/05, had underpinned the delivery of competitive returns to shareholders despite difficult seasonal conditions for farmers which impacted on fertiliser sales.

Phase one of the efficiency program produced savings of \$30 million in 2005/06, 50 per cent above target. Further savings are expected in 2006/07 as the program realises a full year of benefits.

Mr Segal said IPL's acquisition of Southern Cross Fertilisers from BHP Billiton in August 2006 had assisted the result in the final two months of the financial year.

"SCF contributed positively from day one, generating returns in excess of IPL's hurdle rate of 18 per cent return on net assets," he said.

Directors have declared a fully franked final dividend of 81 cents per share, taking total dividends for 2005/06 to 103 cents per share, up 45 per cent on 2004/05.

"Considering we saw Orica exit as majority shareholder, purchased SCF and earned admittance to the ASX 200, it was a momentous year in which IPL showed it has the team to get things done," Mr Segal said.

Mr Segal said that, while the company was proud of its performance, it also understood the difficulties many farming families were experiencing as a result of the drought.

"Because of the severe stresses this is putting on some farmers and their families, IPL will embark on a major initiative to support mental health awareness and services in rural communities," he said.

Details would be announced when arrangements have been concluded with relevant organisations.

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