



12 November 2008

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

Office of the Company Secretary

Incitec Pivot Limited
ABN 42 004 080 264
70 Southbank Boulevard
Southbank Victoria 3006
GPO Box 1322
Melbourne Victoria 3001
Tel: (61 3) 8695 4400
Fax: (61 3) 8695 4419
www.incitecpivot.com.au

Dear Sir or Madam

Electronic Lodgement

Incitec Pivot Delivers Record Profit

In accordance with the listing rules, I attach a copy of an ASX Announcement for release to the market.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Kerry Gleeson'.

Kerry Gleeson
Company Secretary

Attach.



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ASX ANNOUNCEMENT – 12 November 2008

INCITEC PIVOT DELIVERS RECORD PROFIT

Incitec Pivot Limited (ASX: **IPL**) today announced Net Profit After Tax (**NPAT**) of \$614.3 million – including individually material items – for the full year to 30 September 2008 (**FY2008**). The result is an increase of \$409 million or 199% on the previous year.

IPL's NPAT excluding individually material items more than tripled to \$657.2 million – an increase of \$454.7 million.

Commenting on the full year result, IPL Managing Director & Chief Executive Officer Julian Segal said: "This is an outstanding result based upon a strategy which we are confident will continue to deliver value to our shareholders in the years ahead."

Mr Segal said that the result was built upon two key principles of IPL's strategy: Own the Product and Lowest Cost Base.

"Own The Product, which focuses the business 'upstream' on manufacturing, produced more than 85%, or \$790 million, of our 2008 Earnings Before Interest and Tax (**EBIT**)."

"Lowest Cost Base has been underpinned by the 'Tardis' efficiency program and continues with the new Velocity program which is expected to deliver further efficiency benefits and cost savings, particularly in the Explosives business," he said.

Financial summary

- IPL's Directors have declared a final dividend of 19.5 cents per share fully franked, taking the total dividend per share FY2008 to 29.7 cents, up 98%. The record date for the final dividend is 24 November 2008 and the dividend payment date is 2 December 2008. The Dividend Reinvestment Plan will be suspended for this dividend, in accordance with the plan rules.
- IPL's FY2008 EBIT of \$969.1 million was an increase of \$656.6 million or 210% on the previous year.
- IPL has demonstrated continued financial discipline with Trade Working Capital at a record low at year end of \$74 million (excluding IPL Explosives), conservative gearing of net debt to Earnings Before Interest Tax Depreciation and Amortisation (**EBITDA**) of 1.95 times and interest cover of 15.8 times.

FY2008 Recent highlights

- IPL has successfully completed the acquisition and integration of Dyno Nobel.
- IPL's Explosives business produced \$109.5 million EBITDA in the three and a half months following the Dyno Nobel acquisition.
- IPL's trading business, Southern Cross International, had profit growth of \$41.7 million.
- IPL signed a three-year Syndicated Bank Facility of \$1.7 billion and a structured finance lease of \$0.3 billion.
- IPL commenced construction of its Moranbah ammonium nitrate (AN) plant in Queensland at the heart of Australia's largest metallurgical coal region.

Looking to the 2009 financial year, Mr Segal said he expected IPL's strategy to continue to deliver earnings momentum through:

- anticipated annual Project Velocity business efficiency savings of US\$204 million by 2011;
- increases in fertiliser production with debottlenecking projects at Phosphate Hill and Gibson Island in Queensland; and
- a full year's contribution from the Explosives business.

"We remain confident about the future notwithstanding the uncertain financial environment. We expect the strong long-term mining and agricultural industry fundamentals to continue," Mr Segal said.

"For our fertiliser business, world food stocks remain at low levels and this will create demand for agricultural nutrients. Our Explosives business is exposed to mining volumes — not to price — and, if prices fall, mining customers will often seek to produce more to maintain revenues."

Kerry Gleeson
Company Secretary

Investor contact:
Simon Atkinson
Mobile: 0405 513 768

Media contact:
Stewart Murrphy
Mobile: 0418 121 064

About Incitec Pivot

Incitec Pivot (ASX: IPL), an S&P/ASX Top 50 company, is a leading manufacturer, marketer and distributor of a range of fertilisers, industrial explosives, related products and services to customers around the world. A leader in its major markets, the Company holds a portfolio of recognised and trusted brands and is the No. 1 supplier of fertilisers in Australia and the No. 1 supplier of industrial explosives, related products and services in North America. Employing some 4,500 people, IPL owns and operates a total of 20 manufacturing plants in the USA, Canada, Australia and Mexico and has joint venture operations in Turkey, South Africa, Malaysia and China.