Incitec Pivot Limited

Office of the Company Secretary

ABN 42 004 080 264

Registered Office:
Level 8, 28 Freshwater Place
Southbank Victoria 3006

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www.incitecpivot.com.au

14 May 2012

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

Dear Sir or Madam

Electronic Lodgement

Explosives delivers to strategy while Fertilisers declined

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

Yours faithfully

Kerry Gleeson
Company Secretary

Attach.

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ASX ANNOUNCEMENT – 14 May 2012

Explosives delivers to strategy while Fertilisers declined

Incitec Pivot Limited (**ASX:** IPL) today announced a Net Profit After Tax (NPAT) of $143.5 million for the six months to 31 March 2012 – a decrease of 13% or $22.1 million on the previous corresponding period.

IPL Managing Director & CEO, James Fazzino, said that the result in the explosives businesses, of a 21% increase in earnings, reinforced the strength of the IPL Group strategy of leveraging the industrialisation of Asia with a focus on resources.

“Our strategic execution is to invest in our explosives businesses: Dyno Nobel Americas (DNA) and Dyno Nobel Asia Pacific (DNAP),” he said.

Mr Fazzino pointed to the key growth projects in the IPL Group which are all aligned to explosives: the Moranbah ammonium nitrate (AN) plant and the Port Hedland emulsion plant are both due to come on stream this year and feasibility studies are underway into an AN plant in Newcastle, NSW and an ammonia plant in the US.

Mr Fazzino said that the projects under feasibility study would be required to meet various approval criteria including Incitec Pivot’s strict financial hurdles.

He said that the Fertilisers business had performed poorly in the Half Year after two good years reflecting global fertiliser trading dynamics (including the strong Australian dollar) and the impact from the extended maintenance turnaround at the Mt Isa acid plant. Earnings Before Interest and Tax (EBIT) for the Fertilisers business was down by 56% to $60.9 million.

“We took decisive remedial action two months ago to align international trading and domestic distribution by merging our fertiliser distribution, supply chain and trading operations” Mr Fazzino said.

Financial summary

- EBIT, excluding IMIs, decreased by 22% or $59.4 million.
- Earnings per share were down 13% to 8.8 cents per share (cps).
- Strong credit metrics were maintained with Net Debt/EBITDA at 1.9 times and interest cover 10.6 times.
- The interim dividend remained unchanged at 3.3 cps. Franking resumed at 50% for the interim dividend.

Business summary

- Explosives earnings up 21% to $177.5 million with:
  - DNA US dollar EBIT growing by 27% as a result of strong earnings growth in the Canadian explosives business and increased earnings from the St Helens plant; and
  - DNAP EBIT grew by 20% reflecting strong underlying volume growth and recovery from last year's floods.
- The result in the Fertilisers business comprised a $50 million decrease in distribution and trading margins, $22 million in costs associated with a maintenance turnaround at the Mt Isa acid plant and a $13 million adverse impact of the high A$/US$ hedged exchange rate.

Business Improvement System

The Business Excellence (BEx) system has been rolled out to our medium and large manufacturing sites both in Australia and overseas. BEx will be introduced into supply chain and logistics in the second half of this financial year. An incremental $10 million has been spent on BEx in the Half Year. BEx costs are expected to be around $25 million for the 2012 Full Year. Although still early in the life of BEx, good results are being achieved:

- The Gibson Island ammonia and fertiliser plant in Brisbane achieved a $1.7 million productivity benefit through increased efficiency in the management of a planned maintenance turnaround.
- At the AN plant in Cheyenne, Wyoming, an annual estimated benefit of $US1 million was realised in nitric acid production.

Growth Projects

- At the Moranbah AN plant, production is expected in July 2012, with 50,000 tonnes of AN forecast to be produced in the 2012 financial year. A highlight is 3.25 million construction hours without a Lost Time Injury.
- At Port Hedland, the AN emulsion plant is on track for production later this calendar year. The plant will have a capacity of just over 200,000 tonnes a year.
- At Newcastle, NSW, the feasibility study into the construction of a world scale AN plant, to supply Hunter Valley coal customers, is progressing to schedule with a final investment decision expected early in the 2013 calendar year.
- In the US, a feasibility study commenced into the construction of a world scale ammonia plant, aimed to leverage low cost US gas. A final investment decision is expected early in the 2013 calendar year.

Outlook

- DNAP is expected to deliver moderate volume growth assuming minimal operating interruptions at customer sites. However, DNA second half volumes are expected to be impacted by the recent decline in coal production and high coal inventories following the mild US winter.
- In the new Fertilisers business, IPF is expected to generate earnings similar to those generated in the second half of 2011, with total fertiliser sales volumes expected to exceed 2 million tonnes.

Kerry Gleeson
Company Secretary

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About Incitec Pivot

Incitec Pivot (**ASX:** IPL), a S&P/ASX Top 50 company, is a leading global company which manufactures, markets and distributes a range of industrial explosives, fertilisers, related products and services to customers around the world. A leader in its chosen 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 approximately 5,000 people, IPL owns and operates manufacturing plants in the USA, Canada, Australia, Mexico, Chile, Turkey and Indonesia and has joint venture operations, including in South Africa, Malaysia and China.