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**2006 Half Year Results  
Presentation**

**“TURNAROUND ON TRACK”**

**1 May 2006**



## Turnaround on track 1H Results Summary

A\$M	6 Months Ended 31 March		
	<u>2006</u>	<u>2005</u>	<u>Change</u>
Sales revenue	395.5	439.6	(10%)
EBIT excl significant items	40.7	26.5	54%
EBIT Margin	10.3%	6.0%	
NPAT excl significant items	27.5	17.2	60%
NPAT incl significant items	10.1	17.2	(41%)

## Turnaround on track 1H Results Summary

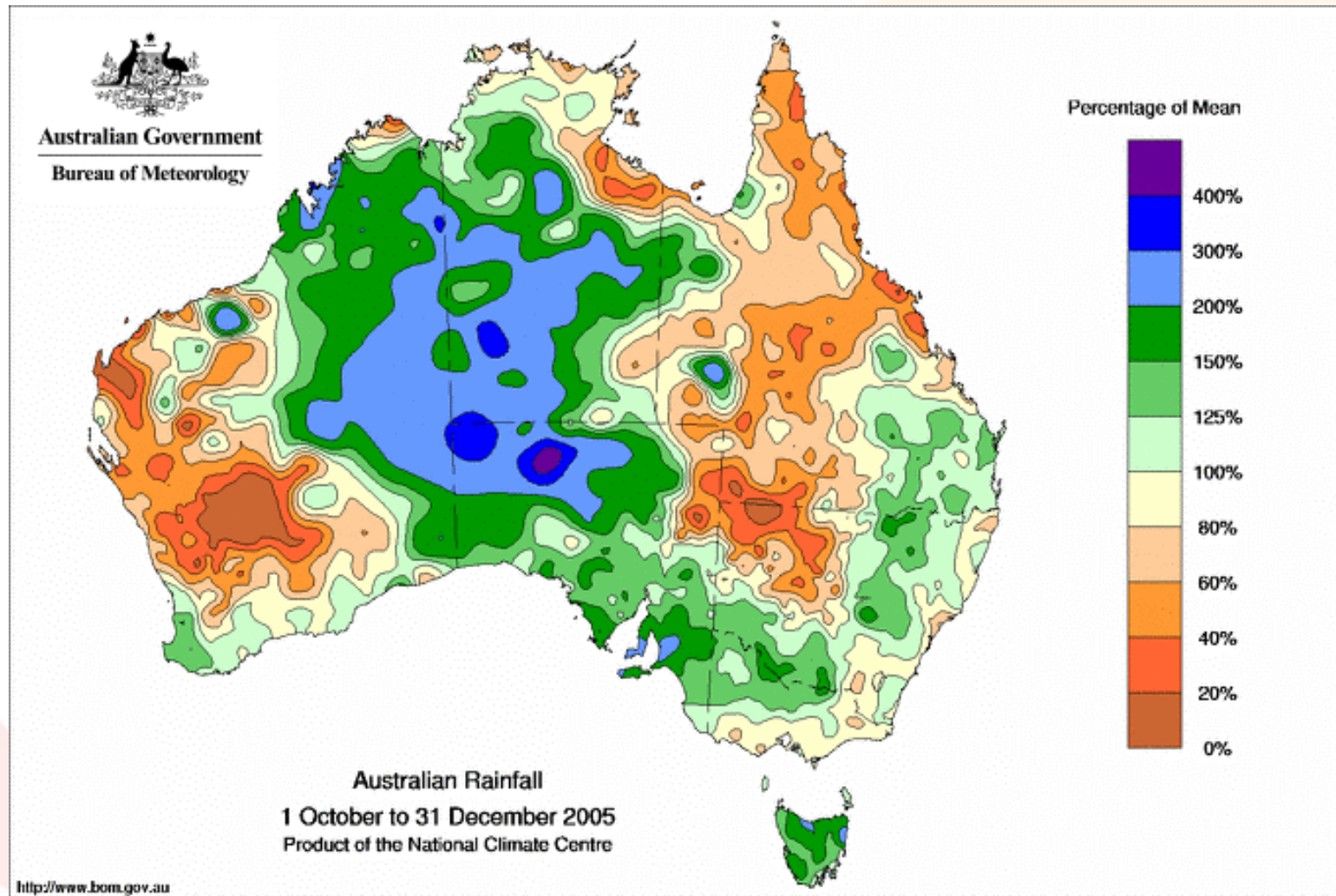
6 Months Ended 31 March

<b>A\$M</b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>Change</u></b>
Shareholder returns:			
EPS* (cps)	47	29	60%
Dividend (cps)	22	21	5%
Share price (31 March 06, 30 Sept 05)	19.10	15.82	21%
Capital Management:			
Net Debt (AIFRS adjusted)	137.9	199.6	31%
Gearing (AIFRS adjusted)	20.6%	25.4%	

<sup>3</sup> \*excluding significant items

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## Good spring rains in 1Q

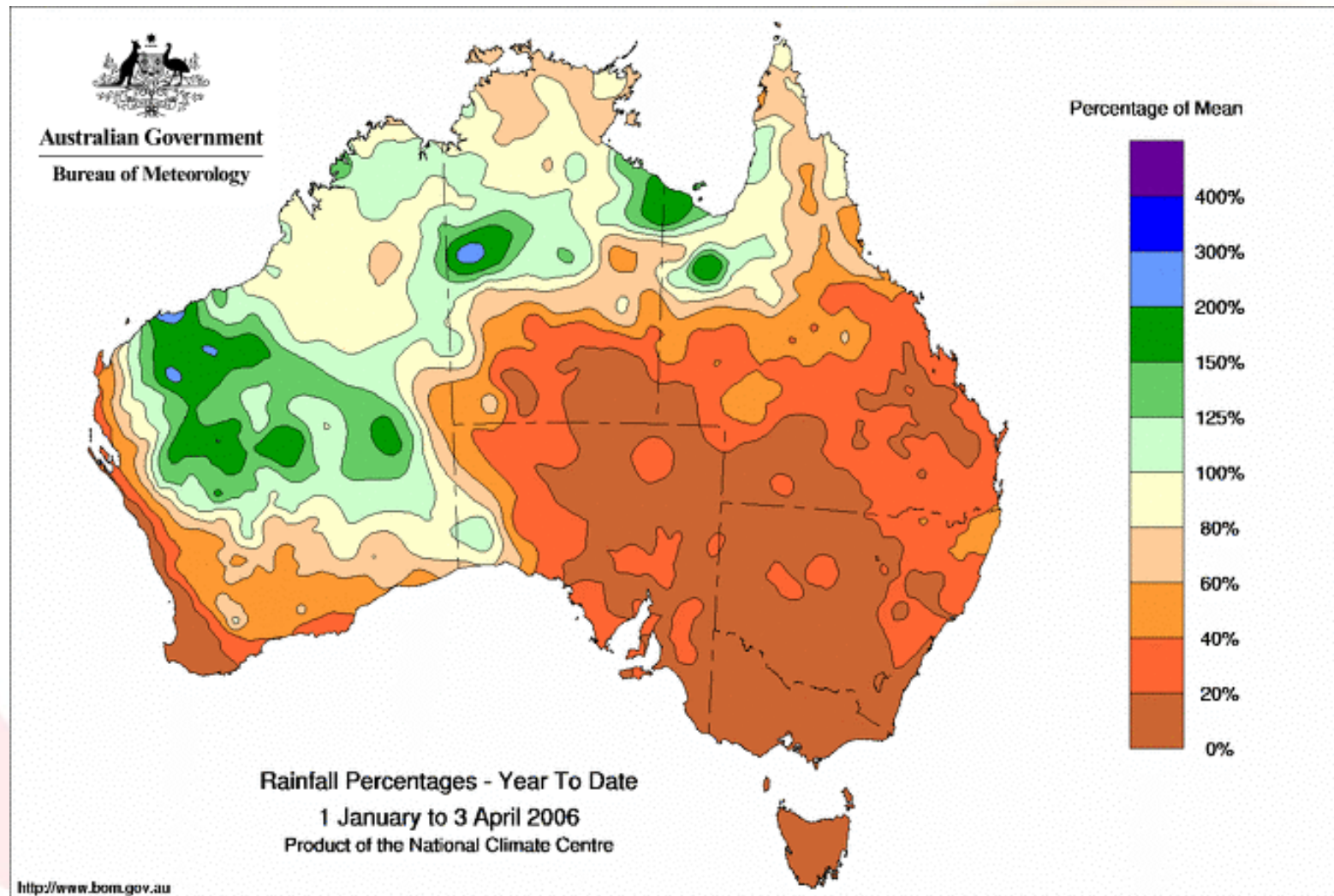


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# Dry conditions in 2Q



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Issued: 03/04/2006

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## **Market**

**Volumes: 1H06: 1,020kt, 1H05: 1,283kt**

**Sugar** - volumes up 10% with a delayed start to the season

**Summer Crop** - volumes flat with a dry finish to the season

**Pasture** - volumes down 25%, strong carry over growth, high fertiliser prices

**Winter Crop** - pre-season volumes down 25% due to high fertiliser prices  
and the withdrawal of early delivery discounts

## Competition - ELF reconciliation

Annualised sales volume (normal seasonal conditions):

- Elders and Landmark pre ELF 880kt
- New channel recruited 400kt
- Net ELF supply agreement 300kt
  
- Lost volume (~ 5% market share) 180kt

\* Total Ag Market in a normal year is 3.8MT

## Progress against turnaround strategy

### What we promised:

- Multi channel approach to secure value
- Commercial discipline: focus on value not just volume
- Segmented marketing approach to create value

### What we have delivered:

- ELF supply agreement signed February 2006
- Fertiliser prices up 16% on pcp, gross margin percentage up >4% points
- Centralised control of pricing, reduction in discretionary discounts
- Sales force training complete
- Segmentation study complete

## Progress against turnaround strategy

### What we promised:

- Step change in our cost base
- Improved manufacturing cost base and supply chain efficiency

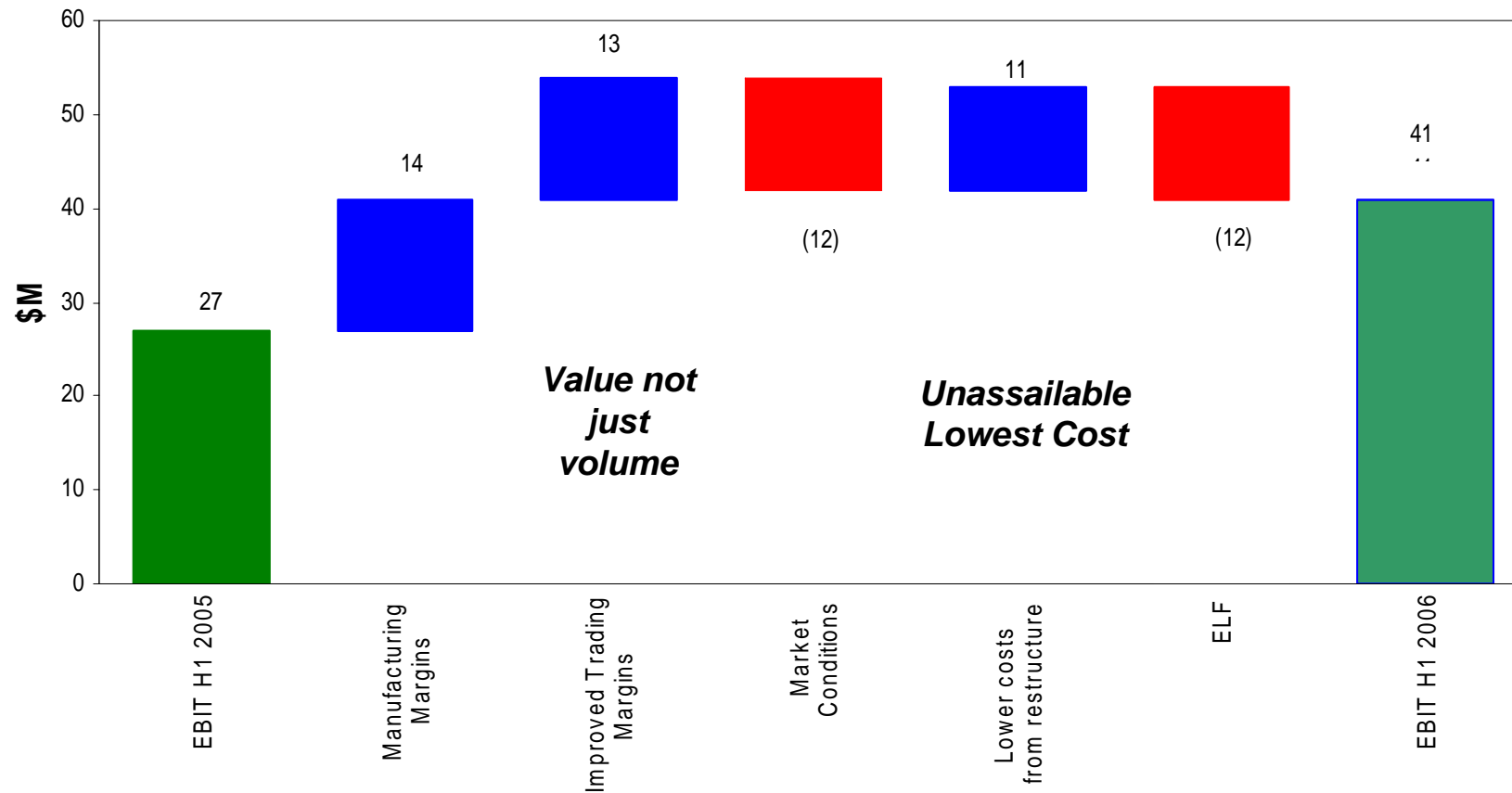
- Control of working capital

### What we have delivered:

- \$11M restructuring savings delivered in 1H
- Program benefits of \$34M expected c/f initial target of \$25M
- 1st Nauru phosphate rock deliveries from last quarter 2006
- Oyster Cove (Geelong) #3 shed commissioned and ready for 2006 winter crop
- TWC down \$72M against pcp (adjusted for AIFRS)
- New farmer finance facility in place

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## EBIT Reconciliation: 1H06 v 1H05



## Restructuring summary

- **\$11M delivered in 1H**
  - \$6M FTE's, \$2M insurance, \$3M supply chain
- **Full year 2006 benefit: \$25M**
- **Total program \$34M (up 36% on initial target)**
  - FTE \$14M
  - Quick wins (incl insurance) \$6M
  - Supply chain (incl Nauru) \$14M

## Significant items

\$M	Pre tax	Post tax
<b>Cockle Creek*</b>	<b>(28.3)</b>	<b>(19.8)</b>
<b>Elders</b>	<b>(7.4)</b>	<b>(5.2)</b>
<b>QGC</b>	<b>8.8</b>	<b>7.6</b>
<b>Total**</b>	<b>(26.9)</b>	<b>(17.4)</b>

\* \$2.1M after tax to be booked in 2H

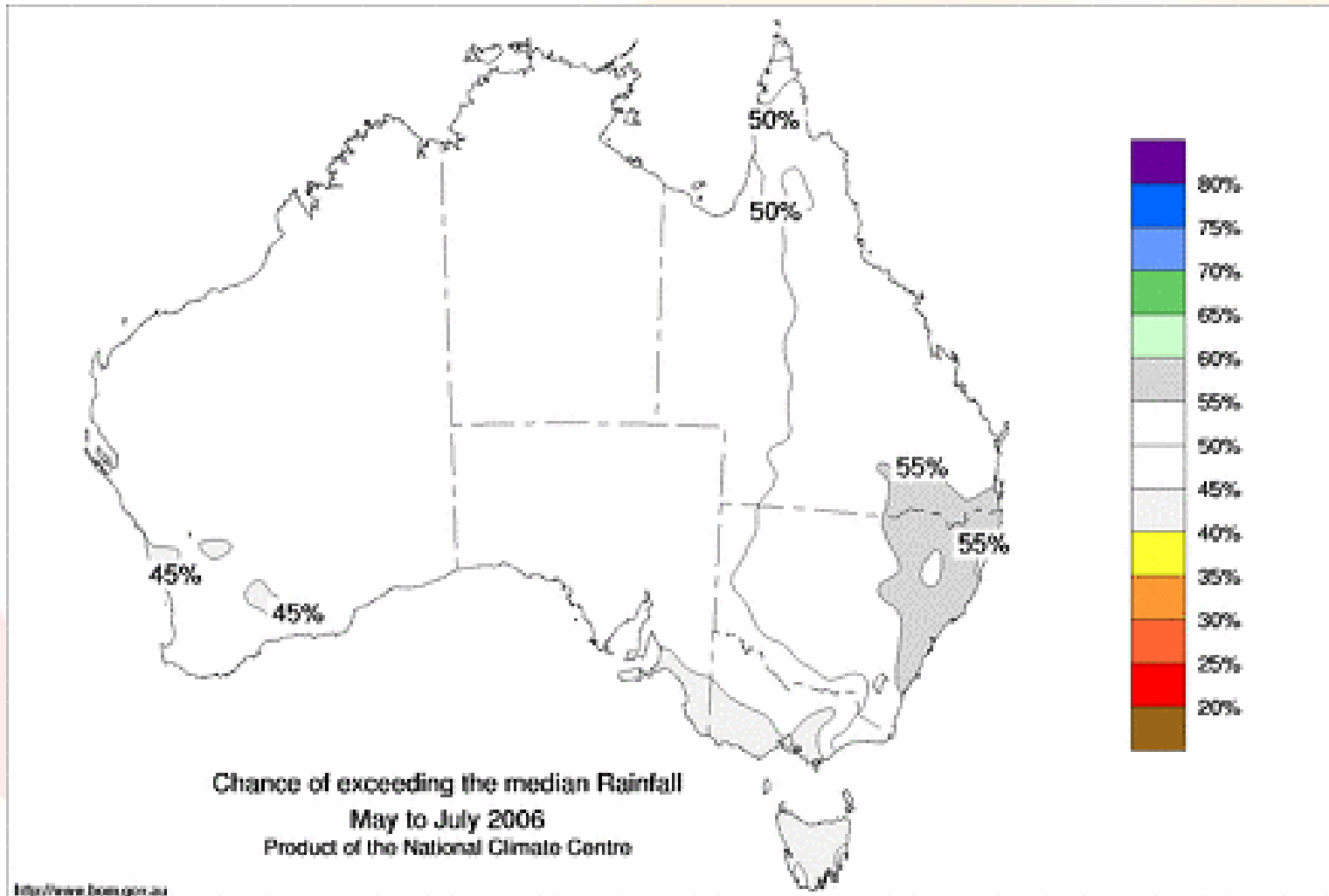
\*\* \$2M of further restructuring costs in 2H

## Disciplined capital management

- Trade working capital down \$72M on pcp on a like for like basis
- Debt down \$62M on pcp on a like for like basis
- Sustenance capital spending 89% of depreciation
- Dividend returns maximised via a 100% pay-out of retained earnings

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## Outlook - Probable Return to normal rainfall conditions: Rainfall (May to July 06)



## **Outlook Second Half 2006**

- **Continued earnings momentum from commercial discipline and restructuring benefits**
- **Manufacturing profitability underpinned by continued strength in global fertiliser prices and new procurement contracts**
- **Normal rainfall outlook - winter cropping season a key earnings driver**
- **Volumes supported by ELF supply agreement**

## Summary

- **1H earnings improvement driven by management action rather than external factors**
  - commercial discipline
  - cost reduction
  - financial discipline
- **Continued earnings momentum in 2H**
- **On track for 18% RONA by 2007**

**Business turnaround on track**



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