



NORTHWARD

CAPITAL

Soft Commodities ... as good as Gold
Australian Equities



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Agenda

2007

Triggers of the Bull Market

Opportunities to Invest

2007 Was A Watershed Year For Soft Commodities

2007

Triggers

Opportunity

Ethanol vs. food debate growing.

Chicago Tribune

Global crisis grows as food prices soar.

Chicago Tribune

Not-so-quiet rice riots Asia times

Bush blames India for food price hike. The Assam Tribune

Soybean prices rise to highest level for decades: Mato Grosso, Brazil. Financial Times

The Silent Tsunami. The Economist

2007

Triggers

Opportunity

Triggers of the Bull Market

Simon Rutherford

What Changed Globally to Trigger the Soft Commodities Bull Market?

- **Structural distortion**
- **Competing use of land**
- **China and India's industrialisation**
- **Global population growth**

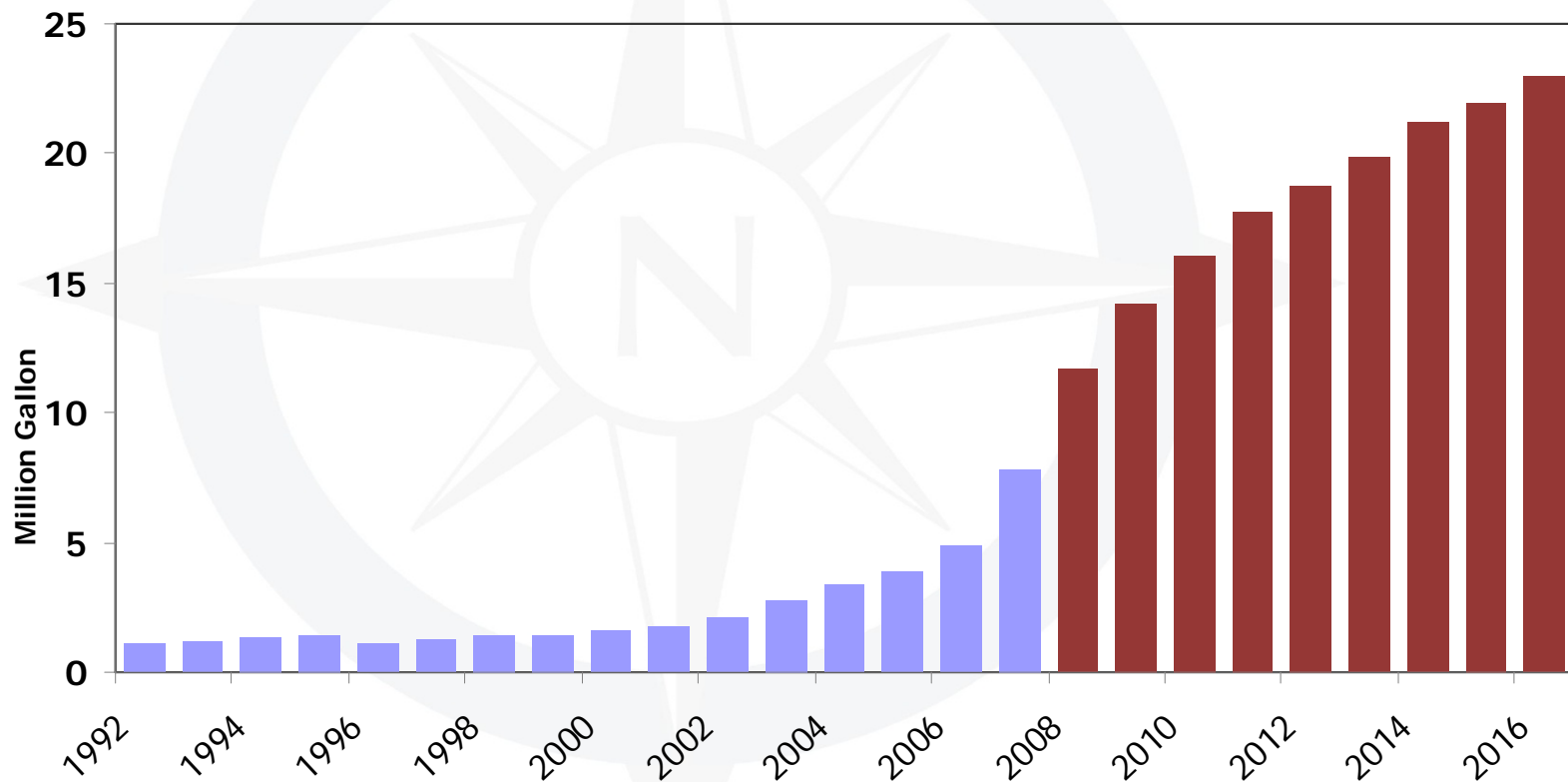
2007

Triggers

Opportunity

US Ethanol Production

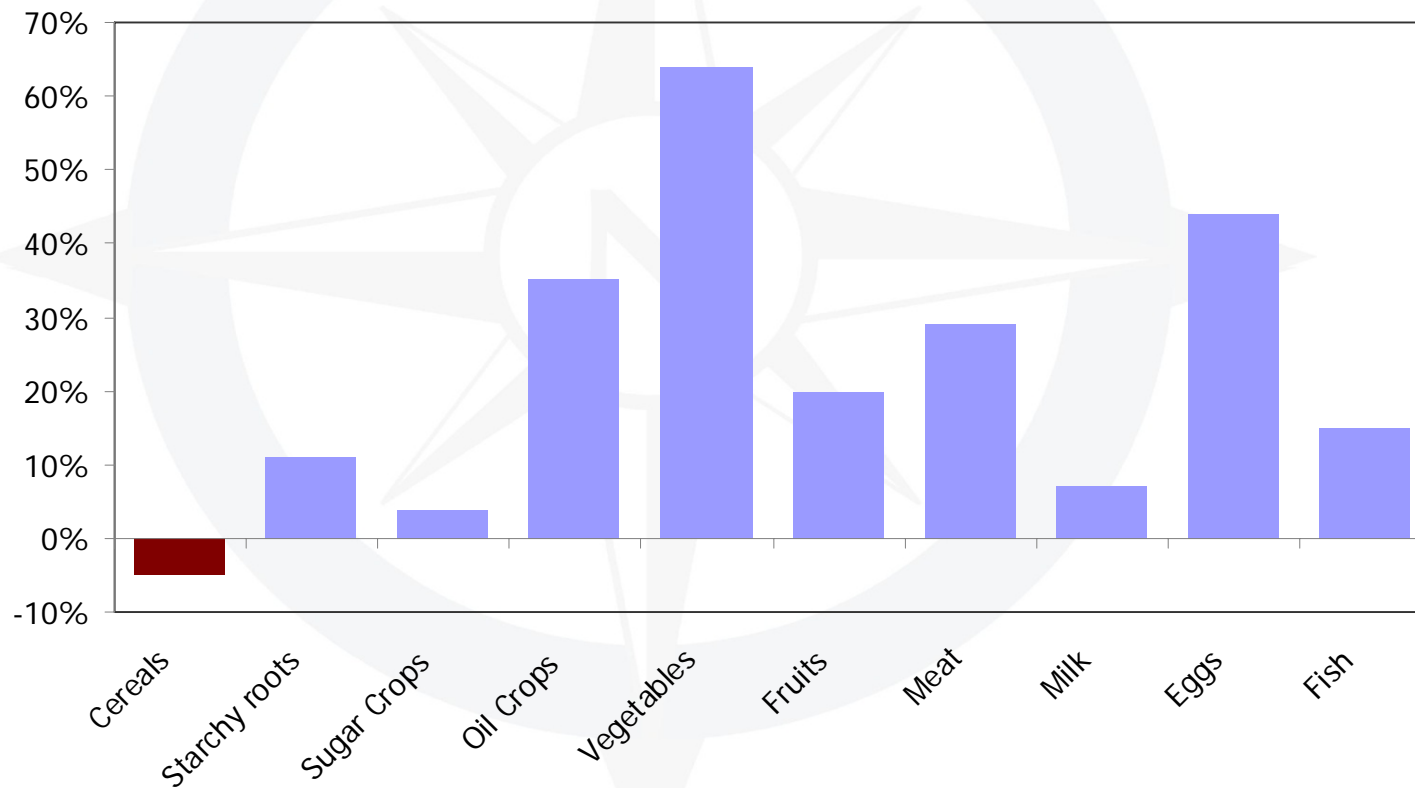
2007
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Opportunity



Source: U.S. Energy Information Administration.

Industrialisation of China and India

Changing dietary demands - 2005 consumption relative to 1990

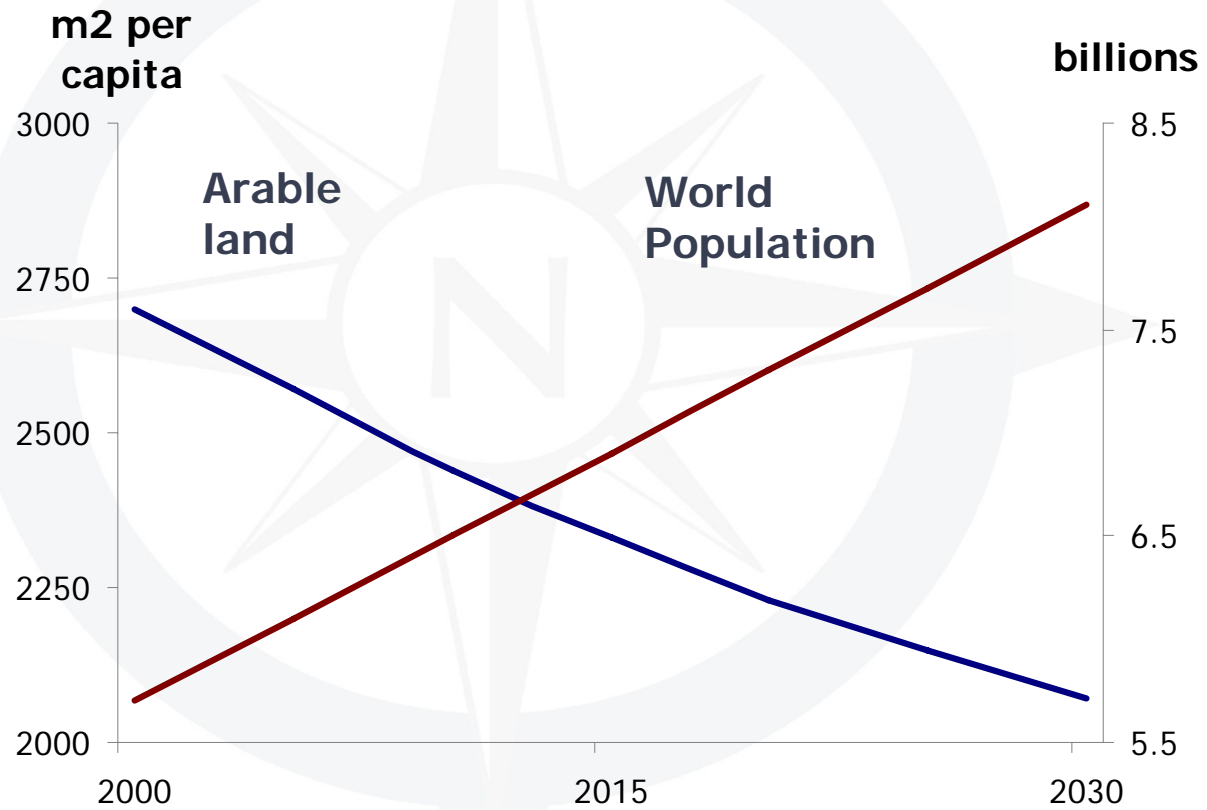


2007
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Opportunity

Source: FAO .

Long Term Structural Issue

2007
Triggers
Opportunity



Source: FAO



Opportunities to Invest

2007

Triggers

Opportunity

Opportunities to Access Soft Commodities Boom

- **Direct investment in any scale is not available in Australia**
- **Alternative access via 2 large providers to the farming sector:**
 - **Incitec Pivot**
Australia's #1 fertiliser producer & exporter
 - **Nufarm**
#2 globally in off-patent crop protection formulations
- **The global drivers for IPL & NUF are food, feed, fibre and fuel**

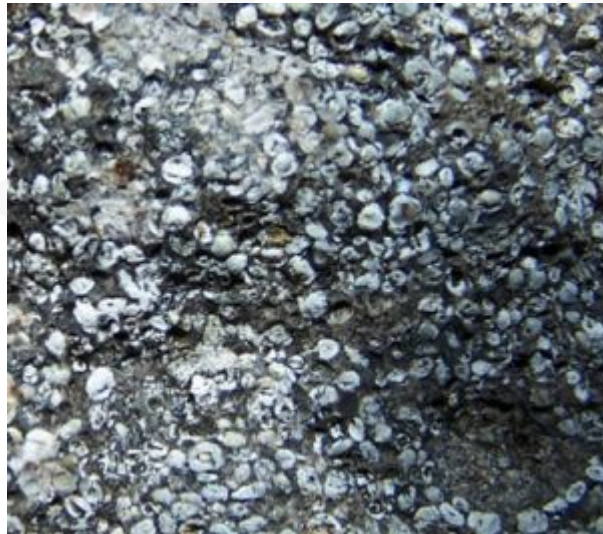
2007

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Incitec Pivot

Australia's #1 fertiliser producer
& exporter



- Benefiting from
- Increased food production on dwindling land supply
- Additional demands for bio fuels; especially in the US
- Tangible ecological benefits
- Large planting expectations in Australia and overseas

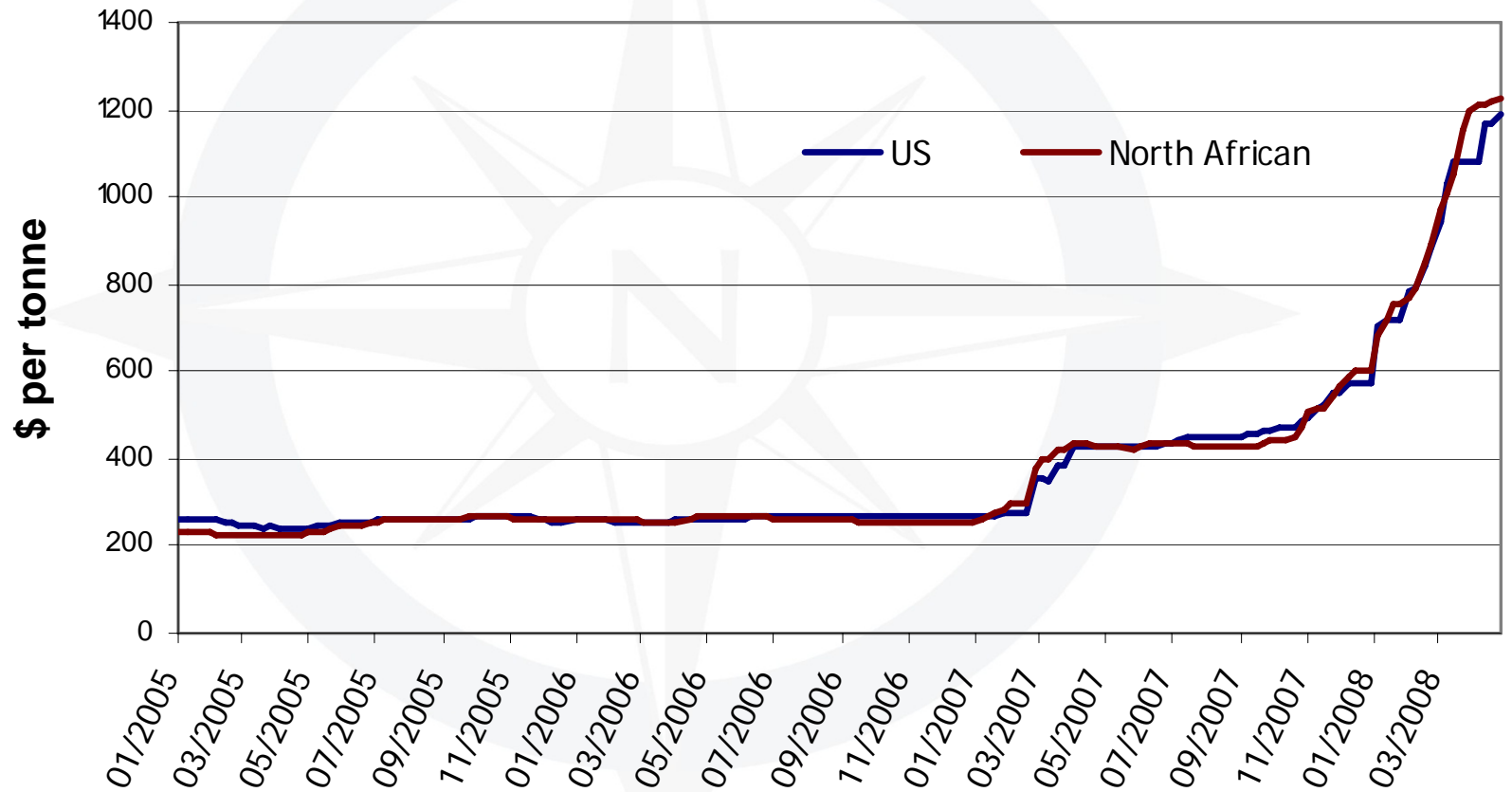
2007

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DAP Prices have Exploded!

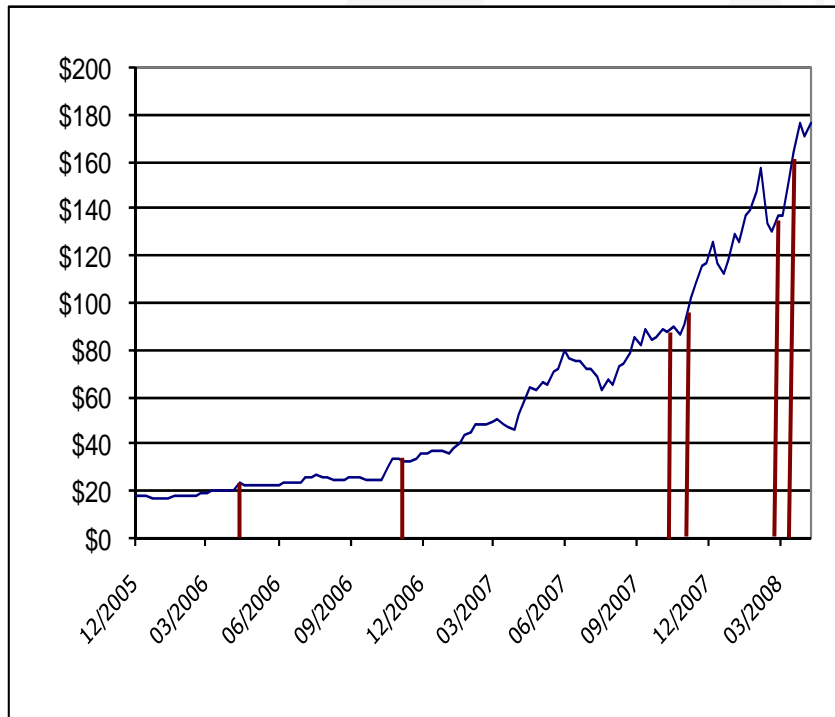
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Source: Bloomberg.

Why Incitec Pivot's a Great Investment?

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Initial Purchase @ \$21.50 in May 2006

- DAP prices
- Lowest cost integrated producer in the world = High margins
- Access to scarce resources
- High demand product combined with supply restrictions for at least 5 years
- Quality management
- Dyno Nobel merger opportunity

Soft Commodities Outlook

Long term structural trend driven by China and India

- Growth in demand > growth in supply
- Need to increase crop yields



Capture the increase in demand volume

2007

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