

Incitec Pivot Limited

INNOVATION ON THE GROUND

Update on Waggaman Ammonia Plant

25 February 2022

Further to its announcement on 18 February 2022, Incitec Pivot Limited (ASX:IPL) has advised that investigations into the incident at its Waggaman, Louisiana ammonia plant, have confirmed that a rupture occurred in a section of pipe resulting in a release of hydrogen. Extensive investigations have revealed only minor damage to surrounding equipment, and repair work is primarily focused on the damaged spool piece. The root cause analysis indicates that the damage mechanism is limited to this section of pipe.

Based on investigations to date, IPL expects it will take between 6 and 8 weeks to complete the repairs and restart the plant¹.

IPL has taken, and will continue to progress, measures to mitigate the impact of the closure of the plant, including calling force majeure on its external ammonia supply contracts.

IPL estimates that the incident and associated downtime will give rise to an impact on earnings before interest and tax (EBIT) of approximately US\$95-US\$125 million² (A\$132-A\$174 million³) and net profit after tax (NPAT) of US\$68-US\$90 million⁴ (A\$94-A\$125 million³).

IPL has comprehensive property insurance coverage and as a result, IPL's insurers have been placed on notice of a potential claim. The estimated earnings impact outlined above does not factor in any potential insurance proceeds, noting that IPL has a total retention amount of US\$40m under its relevant insurance program.

For more information:

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This document has been authorised for release by Richa Puri, Company Secretary.

¹ This period is from the date of the incident on 17 February 2022 (US time) to the estimated restart date.

² Based on current index ammonia price of US\$1,135/mt, March Nymex contract gas price of US\$4.57/MMBTU and nameplate production rates.

³ Based on a AUD:USD exchange rate of 0.72.

⁴ Based on a tax rate of 26%.