

1H FY21 Business and Performance Update

15 February 2021

Incitec Pivot Limited (ASX: **IPL**) today provided an update on the status of its major plant maintenance projects and a business performance update.

The total incremental adverse impact on IPL's 1H FY21 earnings before interest and tax from this update is approximately US\$26m (A\$35m¹), compared to previous expectations.

Update of Major Plant Maintenance Projects (Turnarounds)

Waggaman: The discovery phase of the Waggaman plant turnaround has been completed, during which emerging works were identified. The emerging work has increased the length of the turnaround by approximately two weeks with the plant expected to be online by mid-March 2021. The earnings impact of the turnaround extension and an additional plant outage that occurred prior to the turnaround are expected to be an incremental US\$15m from previous expectations (for a total earnings impact of US\$40m²), while the capital cost of the turnaround has increased by US\$10m.

Moranbah: Planning and preparation for the major turnaround of the Moranbah plant in May 2021 remains on track.

St Helens: The six-week turnaround of the St Helens plant was successfully completed in November 2020.

Mt Isa / Phosphate Hill: As previously announced, the planned maintenance shutdowns of the Mt Isa and Phosphate Hill plants were successfully completed in October 2020.

Business Performance Update

Dyno Nobel Americas Explosives: The Ammonium Nitrate plants located in Louisiana, Missouri and Cheyenne, Wyoming have recently experienced unplanned downtime as a result of rotating equipment failure with repair works at the Louisiana, Missouri plant currently underway. The total earnings impact of the outages is estimated to be approximately US\$11m, which will be included in the 1H FY21 results. Excluding the impact of these outages, business earnings for 1H FY21 are expected to be in line with the prior corresponding period.

Dyno Nobel Asia Pacific Explosives: Business performance is tracking to expectation, with lower Metallurgical Coal exports not materially impacting earnings to date. Indonesian demand recovery is slow as expected, with COVID-19 related mine closures ongoing. Business earnings for 1H FY21 are expected to be in line with the prior corresponding period.

¹ Based on an A\$:US\$ exchange rate of \$0.75.

² Based on Waggaman plant nameplate capacity of 800,000 metric tonnes of ammonia, and year to date realised ammonia and gas prices.

Fertilisers Asia Pacific: Favourable weather conditions and recently firming fertilisers prices are expected to drive higher earnings in FY21. The typical 2H earnings skew is expected to be accentuated in FY21 as the business realises the benefits from higher fertilisers prices.

Corporate and Other Matters

Response plan: Expected to deliver cost savings of at least A\$30m in FY21, as previously announced.

Bond Buy-back: In November 2020, IPL bought back A\$18.75m of its A\$450m notes and US\$94.3m of its US\$400m notes. Net borrowing costs for FY21 are expected to be approximately A\$125m, with costs from the bond buy-back expected to be offset by benefits from lower interest rates and the higher A\$:US\$ exchange rate.

Foreign Exchange Hedging: 1H FY21 US\$ linked Australian fertilisers sales are expected to realise at an average hedge rate of \$0.745. 75% of 2H FY21 US\$ linked fertilisers sales are capped at a rate of \$0.745, with full participation down to an average rate of \$0.71 and 75% participation below \$0.71.

IPL will release its 1H FY21 results on 17 May 2021.

For more information:

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