

Incitec Pivot announces agreement to acquire Titanobel

10 January 2022

Transaction highlights

Incitec Pivot Limited (ASX:**IPL**) today announced that it has entered into an agreement to acquire 100% of the shares in Explinvest. Explinvest¹ is the holding company of the Titanobel Group (**Titanobel**), a leading industrial explosives manufacturer and drilling, blasting and technical services provider based in France.

- The purchase price of €91m (~ A\$142m²), on a debt free and cash free basis, represents an expected acquisition multiple of 7.8x FY20 EBITDA.
- This investment is expected to be EPS neutral in the first full year of ownership and EPS accretive from then on as synergies are realised.
- The acquisition will be funded from IPL's existing cash and debt reserves.

Consistent with IPL's strategy, this transaction is highly complementary to Dyno Nobel's existing operations. It provides access to new markets where Dyno Nobel can leverage its premium technology offering through substitution and growth strategies.

Titanobel has a strong customer base in the mature and stable European market with exposure to the quarry and construction sector, the growing African hard rock sector and the rapidly expanding mining of future facing minerals in the EMEA³ region. The company is supported by a well-established manufacturing base in France, which will be key to the delivery of the Dyno Nobel strategy in the region.

The transaction remains subject to the satisfaction of key milestones and conditions, including the French employee works council consultation process, and IPL receiving foreign direct investment regulatory approval from the French Ministry of Economy and Finance. The transaction is expected to complete by June 2022.

Background

Titanobel is a leading French industrial explosives manufacturer providing drilling, blasting and technical services in France and across Europe, as well as in parts of Western and Southern Africa, Asia and the Pacific region.

Titanobel can trace its history back to 1691 and has been a cornerstone of the French explosives industry since that time. With two main business units, explosives as well as drilling and blasting services, Titanobel has a diversified customer base and a presence in more than 30 countries.

¹ Explinvest is currently owned by La Financiere Patrimoniale D'investissement (LFPI) and affiliated sellers and management shareholders.

² Based on an AUD:EUR exchange rate of 0.64.

³ Europe, Middle East, and Africa.

Following the acquisition, IPL intends to leverage the existing manufacturing footprint, the skills and technical experience of Titanobel's existing workforce, and to enhance their offering through the introduction of IPL's market leading technologies. Over time, IPL's value adding technologies will be expanded into other markets in the EMEA region from this newly enhanced base.

The EMEA market is significant in size, characterised by low ammonium nitrate requirements, stable or growing minerals markets, and large initiating systems usage with low penetration of electronic detonators.

IPL's Managing Director and CEO, Jeanne Johns said: *"Titanobel's acquisition will fit well with our strategy of taking our core explosive business, for which we are recognised globally, to new markets. We are excited for the potential to service new clients and partners with our market leading technology."*

"The ability to build on Titanobel's rich history, market position and regional presence is an exciting chapter in our growth journey, and we look forward to welcoming the Titanobel team to IPL."

"This acquisition further demonstrates the opportunities we have to grow our two high quality businesses and position them for the future."

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**IPL will host an investor market update at 10am (AEDT) on 20 January 2022.
The link to register for the webcast will be made available on IPL's website
(www.incitecpivot.com.au) closer to the date.**

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