

Incitec Pivot Limited

INNOVATION ON THE GROUND

ASX RELEASE

Gibson Island manufacturing operations to continue through 2022

4 June 2019

Incitec Pivot Limited (ASX:**IPL**) today announced that it has entered into multiple arrangements to allow continuation of manufacturing operations at its Gibson Island plant through to 31 December 2022. These arrangements are subject to Australia Pacific LNG's receipt of FIRB approval. Gas supply from Australia Pacific LNG will meet the plant's needs from 1 April 2020 through to 31 December 2022. IPL and Central Petroleum continue their exploration of potential gas supply from gas tenement acreage ATP 2031 in Queensland, as announced on 25 June 2018, which may provide a gas supply source for the plant beyond 2022.

The financial impact of the continued operation of the Gibson Island plant is expected to be as follows:

- IPL Group Earnings Before Interest and Tax (**EBIT**) in FY 20 to increase by approximately \$5 million over forecast EBIT in FY 19, assuming a urea price of US\$280 per tonne and a foreign exchange rate of US\$0.69, which approximate current spot prices. The actual EBIT results will remain subject to sensitivities resulting from changes in realised urea prices and exchange rates, as published by IPL from time to time; and
- the EBIT expectation for FY 20 includes the impact of a major turnaround required to be undertaken to enable the operation of the plant to December 2022. The turnaround is scheduled to occur early in CY 20, and is expected to last approximately 2 months and cost approximately \$60 million. The cost of the turnaround will be depreciated over three years. Gas supply from Australia Pacific LNG will commence following this turnaround.

IPL's Managing Director and CEO, Jeanne Johns, said, "The Queensland Government recognises the importance of manufacturing to the local economy and job market. It continues to take significant steps to resolve the current gas market issues, including through its domestic-only gas policy initiative. We are pleased that, with the support of the Queensland government, we have been able to partner with Australia Pacific LNG, and our longstanding gas transport provider APA Group (ASX:**APA**), to obtain affordable gas to continue to operate the Gibson Island plant.

"Most of all, I am very appreciative of our Gibson Island workforce for their commitment to the safe and productive operation of the plant and our customers for their continued support."

For more information:

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