



EXPLOSIVES



INDUSTRIAL CHEMICALS



FERTILISERS

Financial Results

Financial year ended 30 September 2017

Incitec Pivot Limited

GLOBAL DIVERSIFIED INDUSTRIAL CHEMICALS

ASX: IPL
US ADR: INCZY

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Incitec Pivot Limited

ABN 42 004 080 264

Incitec Pivot Limited

GLOBAL DIVERSIFIED INDUSTRIAL CHEMICALS

Welcome

Financial year ended 30 September 2017

Jeanne Johns Managing Director & CEO Designate

Bowen Basin
Australia



Introduction



Incitec Pivot Limited

GLOBAL DIVERSIFIED INDUSTRIAL CHEMICALS

Year in Review

Financial year ended 30 September 2017

Frank Micallef Chief Financial Officer



Zero Harm

Zero Harm for Everyone, Everywhere is IPL's number one priority

12-month rolling TRIFR as of 30 September 2017: 0.90^{1,2}

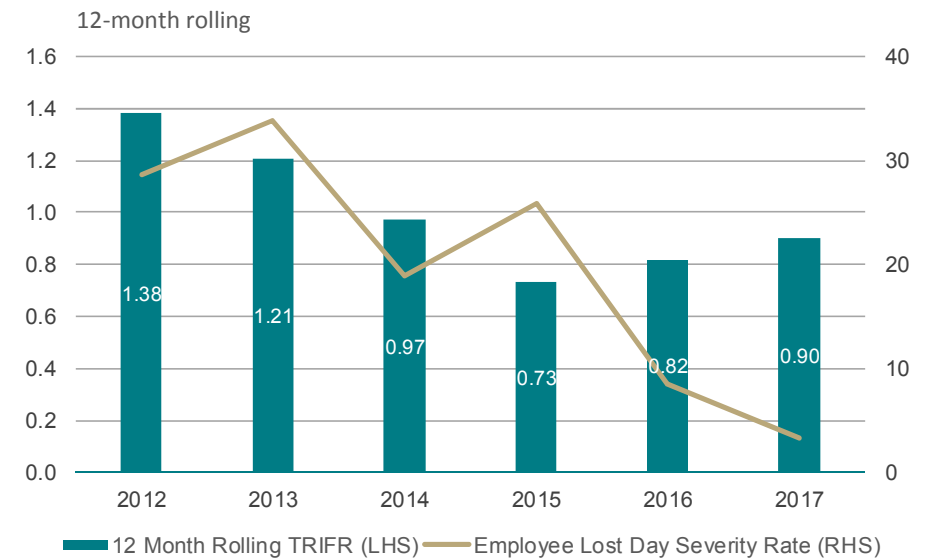
- Employee Lost Day Severity Rate down 89% since 2012; continued improvement in FY17³

Process Safety

- 15% reduction in process safety incidents since 2015⁴

Notwithstanding progress, focus remains on further improving performance

TRIFR and Employee Lost Day Severity Rate



1. TRIFR calculated as the number of recordable injuries per 200,000 hours worked; includes contractors.

2. Subject to finalisation of the classification of any pending incidents.

3. Employee Lost Day Severity Rate calculated as the number of employee lost work days per 200,000 hours worked represented in days; does not include contractors.

4. Tier 1 and Tier 2 process safety events as defined by the Center for Chemical Process Safety. 24-month statistics shown as dataset for longer periods is not available.

FY17 Overview and Capital Management

Strong result with EBIT up 17% to \$501.2m¹

- NPAT up 8% to \$318.7m¹
- EBITDA up 15% to \$774.5m¹
- Operating Cash Flow up 13% to \$647.7m¹

Explosives and Industrial Chemicals earnings together up 20%

- **Explosives:** Record EBIT, up 9% with Americas US\$ EBIT up 23%
- **Industrial Chemicals:** EBIT up 83% with 74% of Waggaman nameplate delivered²

Fertilisers earnings resilient in the face of persistent headwinds

- **Fertilisers:** Domestic distribution volume up 21%

Commodity prices and FX major impact across business

- Commodity prices: \$58.9m negative impact versus FY16
- FX: \$25.3m negative impact versus FY16

On-market share buyback of up to \$300m announced

- To be conducted over next 12 months
- Strong balance sheet underpins buyback with Net Debt / LTM EBITDA down to 1.7x^{1,3}

IPL Group	Year Ended 30 September		
	FY17	FY16	% Change
A\$m			
Revenue	3,473.4	3,353.7	3.6 %
EBITDA ex IMIs	774.5	672.6	15.2 %
EBIT ex IMIs	501.2	428.1	17.1 %
NPAT ex IMIs	318.7	295.2	8.0 %
IMIs after tax	-	(167.1)	
NPAT	318.7	128.1	148.8 %
Business EBIT ex IMIs			
Americas	228.4	159.6	43.1 %
Asia Pacific	292.9	290.3	0.9 %
Elimination and Corporate	(20.1)	(21.8)	7.8 %
Group EBIT ex IMIs	501.2	428.1	17.1 %
Sector EBIT ex IMIs			
Explosives	344.4	315.3	9.2 %
Industrial Chemicals	96.5	52.7	83.1 %
Fertilisers	80.4	81.9	(1.8)%
Elimination and Corporate	(20.1)	(21.8)	7.8 %
Group EBIT ex IMIs	501.2	428.1	17.1 %
<i>EBIT margin ex IMIs</i>	<i>14.4 %</i>	<i>12.8 %</i>	
Shareholder Returns			
Cents Per Share			
EPS ex IMIs	18.9	17.5	8.0 %
Total Dividends	9.4	8.7	8.0 %
Credit Metrics			
A\$m			
Net Debt	(1,291.9)	(1,393.8)	7.3 %
Interest Cover ⁴	7.9x	7.9x	
Net debt / LTM EBITDA ex IMIs	1.7x	2.1x	

1. As compared to FY16, excluding FY16 individually material items of \$167.1m. Includes profit on sale of the Pinkenba Primary Distribution Centre of \$13.2m.

2. As measured against an 800,000 metric tonne (mt) per annum (pa) nameplate capacity from 1 November 2016, the date from which plant earnings were recognised in IPL's result..

3. Net Debt aggregates interest bearing liabilities plus the fair value of derivative instruments in place economically to hedge the Group's interest bearing liabilities, less available cash and cash equivalents.

4. Interest cover calculated as average Last Twelve Months (LTM) EBITDA / net interest expense before accounting adjustments.

Americas

Outstanding result with US\$ EBIT up 46% to US\$173.1m

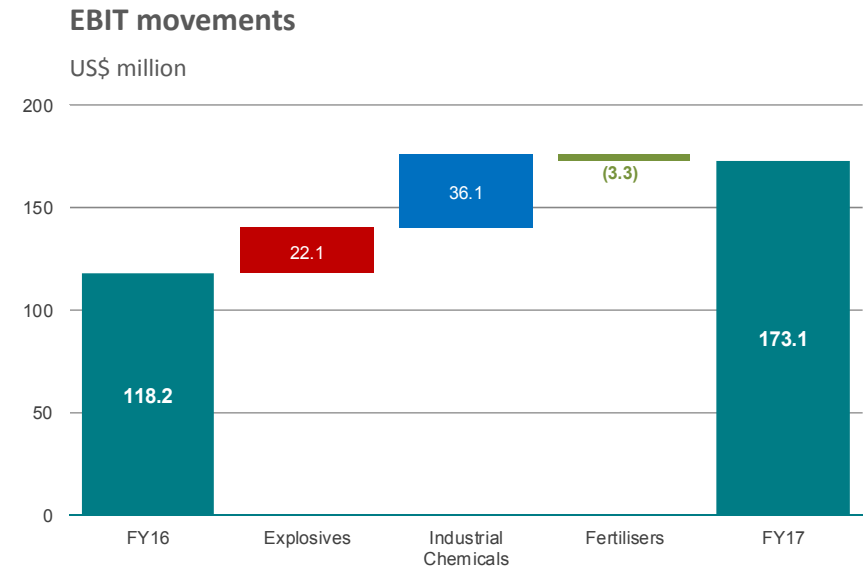
- EBIT margin up 4% to 18%

Explosives: Strong performance across end markets

- Quarry & Construction remains primary growth driver, with volume up 8%
- Coal volume up 13% and Base & Precious Metals volume up 11%

Industrial Chemicals: Significant contribution from Waggaman

Fertiliser: Earnings impacted by commodity prices



Waggaman

Initial financial contribution

- Delay damages of US\$35.1m
- Operational earnings of US\$15.4m

74% of nameplate delivered in FY17¹

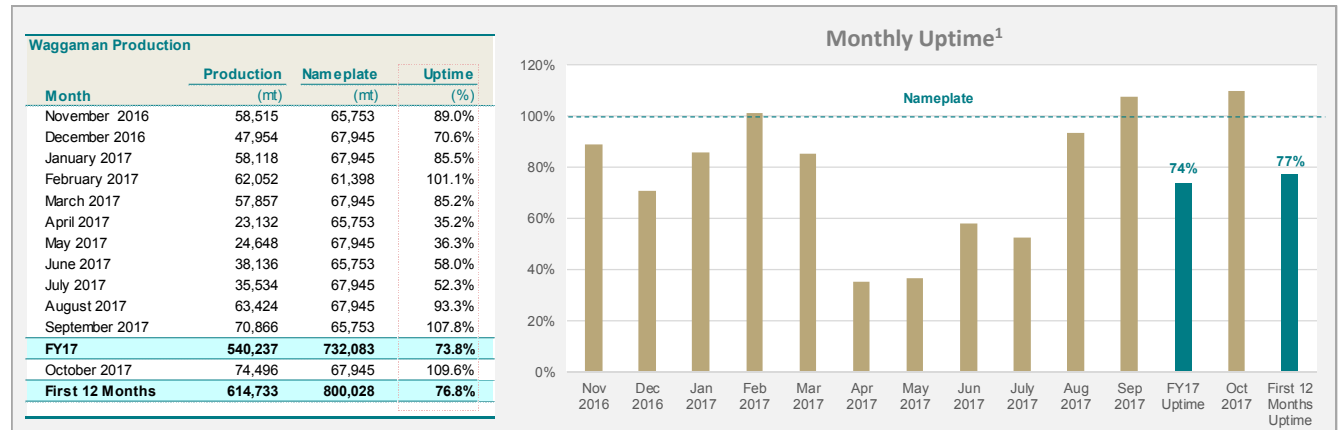
- Warranty work and cyclones impacted uptime

77% of nameplate delivered in first 12 months

- 100%+ delivered in September and October 2017

Expected to deliver nameplate in FY18

- On-stream time continues to improve, benefiting from outages taken to address startup issues



1. As measured against an 800,000 metric tonne (mt) per annum (pa) nameplate capacity from 1 November 2016, the date from which plant earnings were recognised in IPL's result.

Asia Pacific

Resilient outcome with EBIT up 1% to \$292.9m

- EBIT margin flat at 13%

Explosives: Sound performance notwithstanding Moranbah turnaround

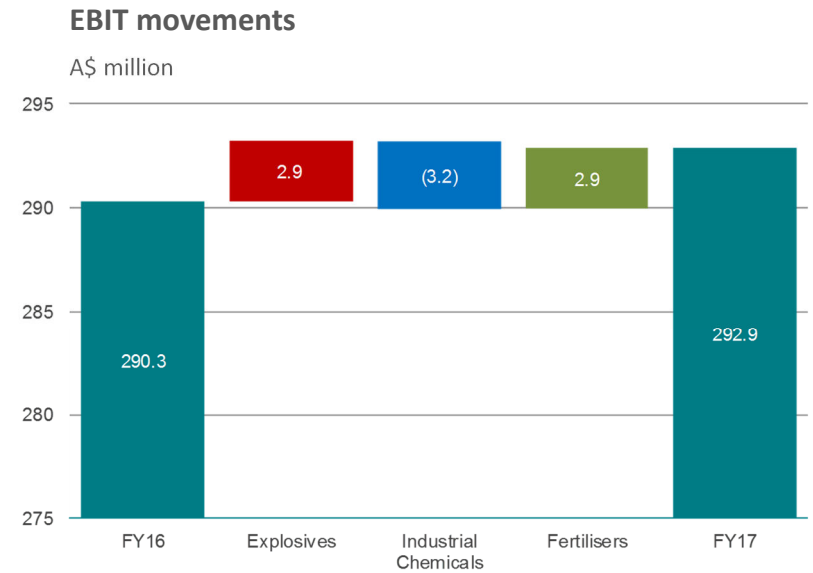
- Result driven by strong Bowen Basin and International activity

Industrial Chemicals: EBIT down \$3.2m

- In line with decline in commodity prices

Fertiliser: Resilient in the face of persistent headwinds

- Distribution volume up 21% to 2.2m metric tonnes
- Includes total Group contribution from Gibson Island of \$45m



BEx

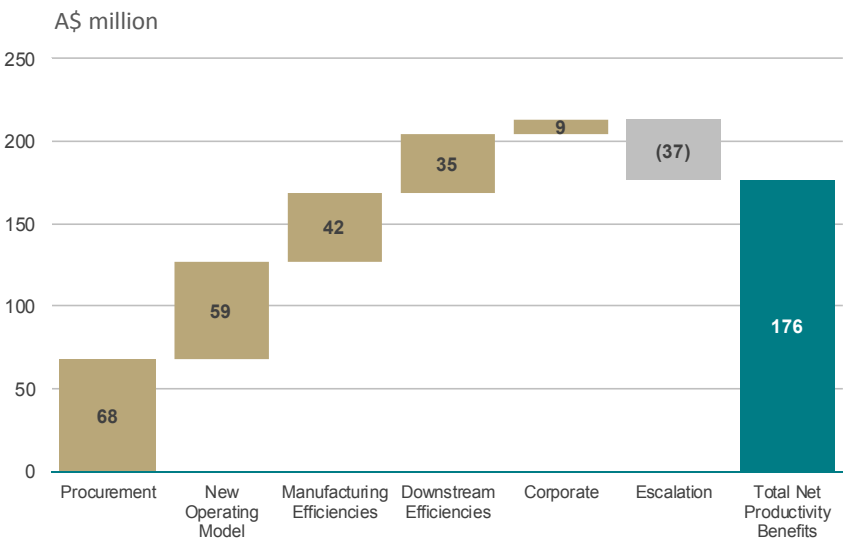
OFI announced in FY16 successful¹

- Rebased business to challenging market environment
- \$176m of net productivity benefits delivered in FY17; total of \$192m over 18 months

Further benefits targeted in FY18

- \$25m+ of net productivity benefits targeted (\$70m+ of gross benefits)
- Consistent with guidance for prior years

FY17 OFI Contribution by Source



1. OFI: Organisation Focused Improvement.

Corporate and Group

Net Borrowing Costs of \$108.7m versus \$50.2m in FY16, driven by:

- Cessation of capitalised interest relating to Waggaman
- Lower interest earned on cash deposits
- Impact of changes in Australian and US interest rates

Tax Expense decreased by \$10.5m to \$70.9m as compared to FY16¹

- Primarily attributable to capital losses used against profits from the sale of Pinkenba
- Effective tax rate on operating profit for the year was 18.1% as compared to 21.5% in FY16

Corporate costs of \$20.1m

- Expected to be approximately \$22m in FY18

1. As compared to FY16, excluding FY16 individually material items of \$167.1m.

Balance Sheet

Robust balance sheet

- Net debt down \$101.9m versus FY16¹
- Tenor and diversification of funds enhanced via a US\$400m 10-year Euro Medium Term Note issued in July 2017 at a fixed rate of 3.95% (US 10-year treasury plus 1.675%)
- Outstanding Trade Working Capital performance continues

Credit metrics well inside target ranges

- Net Debt / LTM EBITDA: 1.7x versus 2.1x in FY16^{1,2}
- Interest Cover: Flat at 7.9x³

Metrics underpin investment grade credit ratings; outlook upgraded in FY17

- **S&P:** Revised upward to BBB with stable outlook on 6 December 2016
- **Moody's:** Revised upward to Baa2 on 11 July 2017

On-market share buyback of up to \$300m announced

- To be conducted over next 12 months

Final unfranked dividend of 4.9 cps

- Maintains 50% NPAT payout ratio

Credit Metrics

As at 30 September 2017

Credit Statistics				
A\$m	Maturity (CY)	Facility Amount	Drawn Amount	Undrawn Amount
Syndicated Term Loan A	2018	360.0	224.3	135.7
Syndicated Term Loan B	2018	276.6	251.1	25.5
Medium Term Notes	2019	200.0	200.0	0.0
144A/Regulation S Notes	2019	1,019.6	1,019.6	0.0
Syndicated Revolver	2021	637.3	0.0	637.3
EMTN/Regulation S Notes	2027	509.8	509.8	0.0
Total Debt		3,003.3	2,204.8	798.4
Fair Value and Other Adjustments			1.8	
Loans to JVs, Associates / Other Trade Loans			17.5	
Cash and Cash Equivalents			(627.9)	
Fair Value of Hedges			(304.3)	
Net Debt¹			1,291.9	
LTM EBITDA ex IMIs ²			774.5	
Net Debt / LTM EBITDA ex IMIs			1.7x	

1. Net Debt aggregates interest bearing liabilities plus the fair value of derivative instruments in place economically to hedge the Group's interest bearing liabilities, less available cash and cash equivalents.

2. Excluding FY16 individually material items of \$167.1m.

3. Interest cover calculated as average Last Twelve Months (LTM) EBITDA / net interest expense before accounting adjustments.

ESG

Continued improvement in Dow Jones Sustainability Index (DJSI) Assessment

- 13% improvement from 2015; 40% improvement from 2010
- 28% above Chemicals Sector average in 2017

Member of the DJSI for 8th consecutive year

- Member of the DJSI Asia Pacific Index

First assessment of social impacts via Social Return on Investment (SROI)

- Waggaman SROI: US\$3.40 of social value created in the community for every dollar invested¹

DJSI Assessment

Score out of 100; calendar year

RobecoSAM Corporate Sustainability Assessment								
Calendar Year								
Dimension	2010	2011	2012	2013	2014	2015	2016	2017
Economic	61	61	59	70	65	67	74	73
Environmental	51	50	51	59	60	51	60	61
Social	37	45	63	68	67	63	65	68
IPL	49	51	58	66	64	60	67	68
Chemicals Sector Avg	55	57	55	52	55	58	56	53

1. Methodology and assistance for SROI assessment provided by Deloitte; based on Waggaman project spend of US\$815m.

EBIT Sensitivities

IPL's earnings are sensitive to external influences

- Global fertiliser prices and foreign exchange are key factors
- Natural gas and ammonia prices are also important factors

EBIT sensitivities

FY17 full year sensitivities

FY17 Sensitivities			
Commodity	Proxy Index	Footnote	EBIT Sensitivity
Americas			
Ammonia	CFR Tampa	1	+/- US\$10/mt = +/- US\$5.4m
Natural Gas	Henry Hub	2	+/- US\$0.10/mmbtu = +/- US\$2.5m
UAN	FOB NOLA	3	+/- US\$10/mt = +/- US\$2.1m
Urea	FOB NOLA	4	+/- US\$10/mt = +/- US\$1.3m
FX EBIT Translation		5	+/- A\$/US\$0.01 = +/- A\$2.9m
Asia Pacific			
DAP	FOB Tampa	6	+/- US\$10/mt = +/- US\$12.3m
Urea	FOB Middle East	7	+/- US\$10/mt = +/- US\$5.3m
FX transactional		6, 7	+/- A\$/US\$0.01 = +/- A\$6.9m

1. Based on actual FY17 Waggaman manufactured and sold ammonia of 540.2k mt.

2. Based on actual FY17 Waggaman and St Helens natural gas consumption of 25,228.5mmbtu.

3. Based on actual FY17 St Helens and Cheyenne manufactured and sold UAN of 213.2k mt.

4. Based on actual FY17 St Helens and Cheyenne manufactured and sold urea of 127.9k mt.

5. Based on actual FY17 Americas EBIT of US\$173.1m and an average FY17 exchange rate of A\$/US\$ 0.762.

6. Based on actual FY17 Phosphate Hill manufactured and sold DAP of 938.0k mt, FY17 average exchange rate of A\$/US\$ 0.762, and average FY17 realised DAP price of US\$331.8/mt.

7. Based on actual FY17 Gibson Island manufactured and sold urea equivalents of 403.0k mt, FY17 average exchange rate of A\$/US\$ 0.762, and FY17 average realised urea price of US\$214.1/mt.

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Outlook

Financial year ended 30 September 2017

Jeanne Johns Managing Director & CEO Designate



Bowen Basin, Queensland
Australia

Outlook

Business robust at a low point in the commodity cycle

Explosives

Americas:

- Continued growth in the Quarry & Construction sector

Asia Pacific:

- Recent Coal, Base & Precious Metals and International activity has been encouraging
- Long-term production outlook improving, particularly in the Bowen Basin

Industrial Chemicals

- Earnings expected to grow as Waggaman continues to increase production levels
- Earnings subject to movements in global ammonia and natural gas prices

Fertilisers

- Phosphate Hill to benefit from QGC gas contract for full year (nine months in FY17)
- Major Phosphate Hill turnaround scheduled to commence in mid-March, with an expected duration of six weeks
- Earnings dependent on global fertiliser prices and the A\$/US\$ exchange rate
- Efforts to secure long-term economic gas to Gibson Island remain a key management focus

Enduring Priorities

Zero Harm as a core value

Excellent execution

- Continuous improvement
- Manufacturing productivity
- Value added products and services

People and culture

- Customer focus
- Innovation
- Collaboration



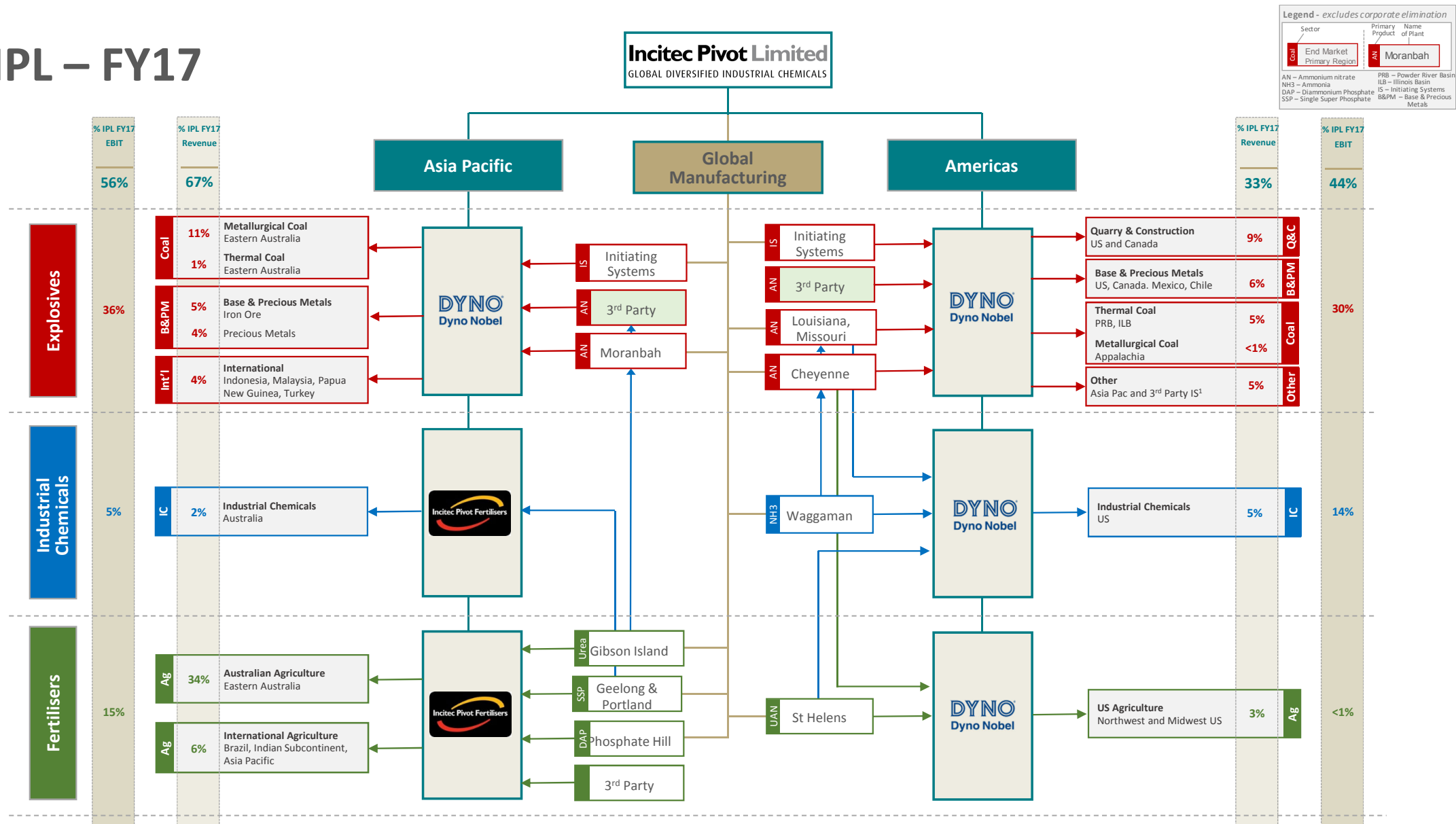
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Appendix A – IPL

Financial year ended 30 September 2017

IPL – FY17

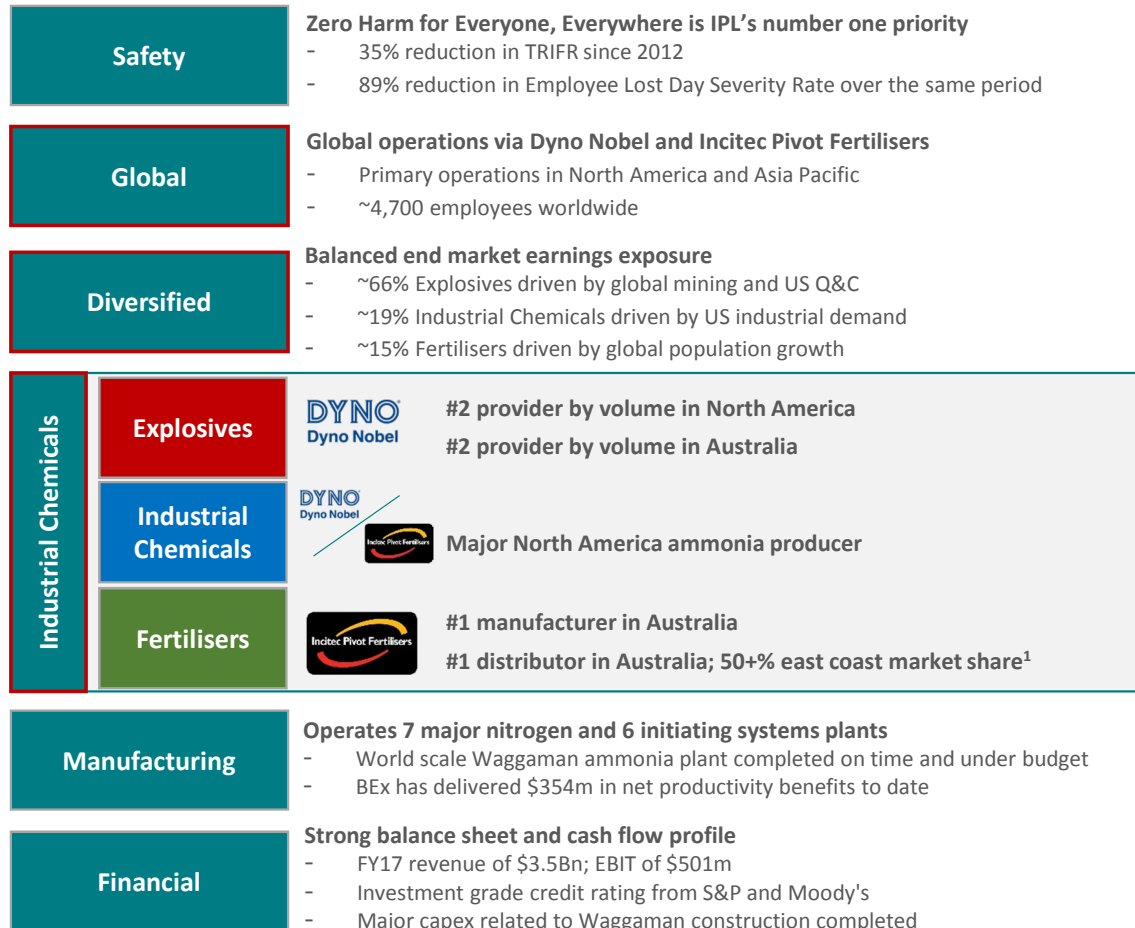


Note: Excludes corporate elimination.

1. Other includes IPL Asia Pacific and 3rd Party Initiating Systems revenue. Also includes revenue from Dyno Nobel Transportation (DNTI) and Tradestar

IPL – At a Glance

IPL is a global diversified industrial chemicals company



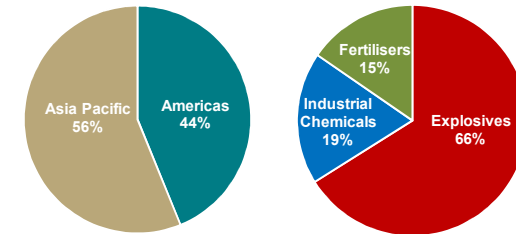
1. Source: IBIS World Industry Report - Fertiliser Manufacturing in Australia (July 2015).

2. Refer slide 20.

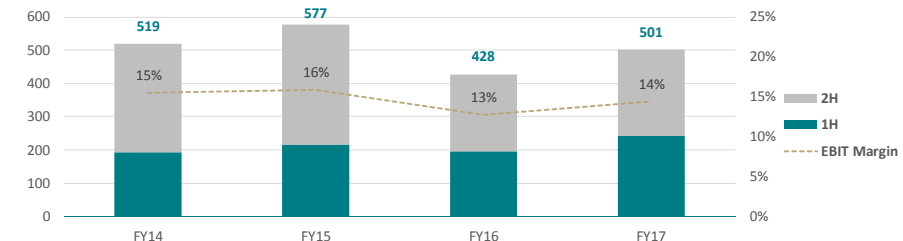
3. Excludes IMIs.

4. Refer slide 6.

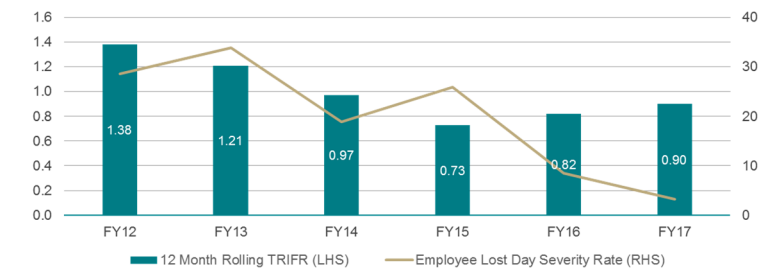
FY17 EBIT by End Market and Region²



EBIT and EBIT Margin³



Zero Harm⁴



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Debt Profile

Robust balance sheet with diverse sources of financing

- Mix of A\$ and US\$ funding aligned with earnings and cash flow
- A\$798.4m of undrawn facilities

US\$400m 10-year Euro Medium Term Note issued in July 2017

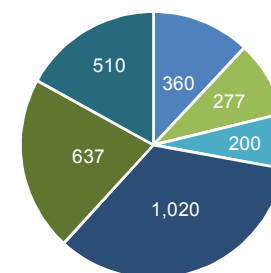
- Fixed rate of 3.95% (US 10-year treasury plus 1.675%)

Weighted average debt tenor of 3.6 years¹

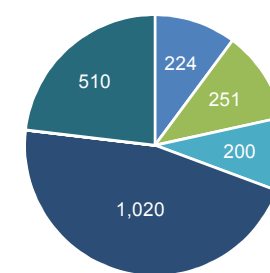
Debt Structure

A\$m; As at 30 September 2017

Facility Amount

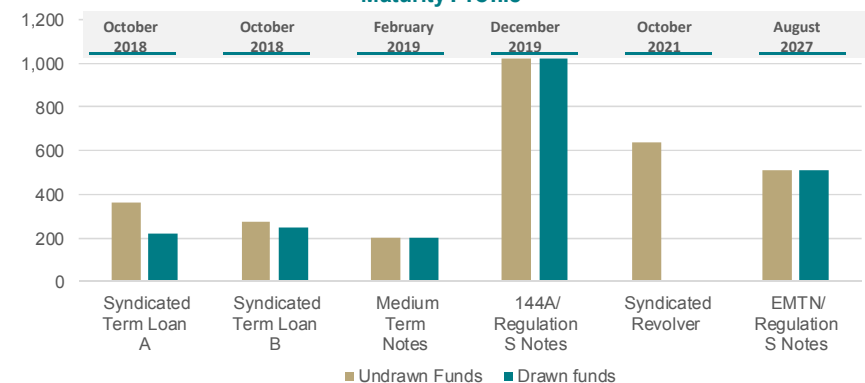


Drawn Amount



- Syndicated Term Loan A
- Syndicated Term Loan B
- Medium Term Notes
- 144A/Regulation S Notes
- Syndicated Revolver
- EMTN/Regulation S Notes

Maturity Profile



1. As at 30 September 2017, based on facility amount.

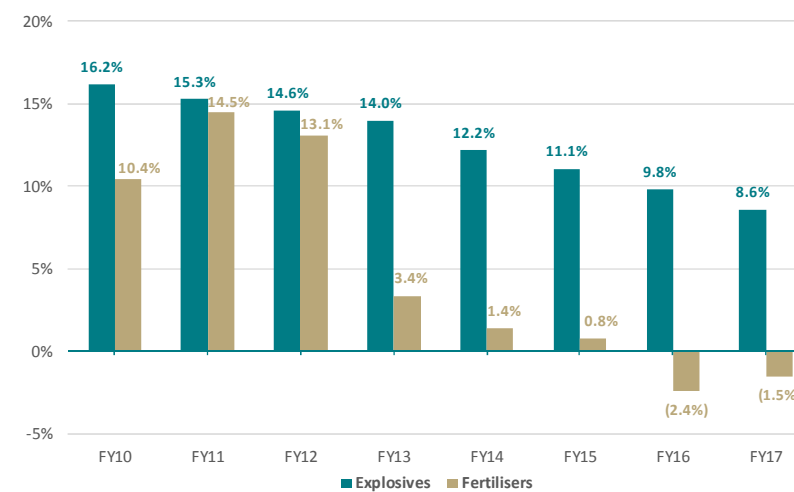
Trade Working Capital

Outstanding Trade Working Capital performance continues

- Processes leading to continually improved debtor and supplier policy compliance

Trade Working Capital

Average as a % of revenue¹



1. 13 month average trade working capital / annual revenue.

Gibson Island – Closure Scenario

Efforts to secure long-term economic gas remain a key management focus

- If unsuccessful, plant likely to close

Carrying value of plant written down in FY16

- Remainder of last turnaround to be depreciated in FY18 (\$18m)

Gibson Island contributed ~\$45m of Group EBIT in FY17

Should a decision to close be taken, closure costs are estimated to be ~\$50m

- Could be offset by sale of land (estimated land value: ~\$40-50m)
- Cash flow from sale of land would lag closure costs

Gibson Island

Brisbane, Australia



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Appendix B – Waggaman, Louisiana Ammonia Plant

Full year ended 30 September 2017

Waggaman

Plant commissioned in October 2016

- **Benchmark Safety:** Five million hours worked over three year construction without an LTI
- **World Scale:** 800,000mt annual name plate capacity
- **1st Quartile Producer:** ~32mmbtu per mt, ~\$47 conversion cost per mt¹
- **Below Budget:** Predicted final cost ~US\$820m

Demonstrated ability to run at nameplate

- 74% of nameplate delivered in FY17²
- 77% of nameplate delivered in first 12 months²
- 100%+ delivered in September and October 2017²

1. 1st quartile of cost curve on US delivered basis.

2. As measured against an 800,000 metric tonne (mt) per annum (pa) nameplate capacity from 1 November 2016, the date from which plant earnings were recognised in IPL's result.

Aerial view

August 2016



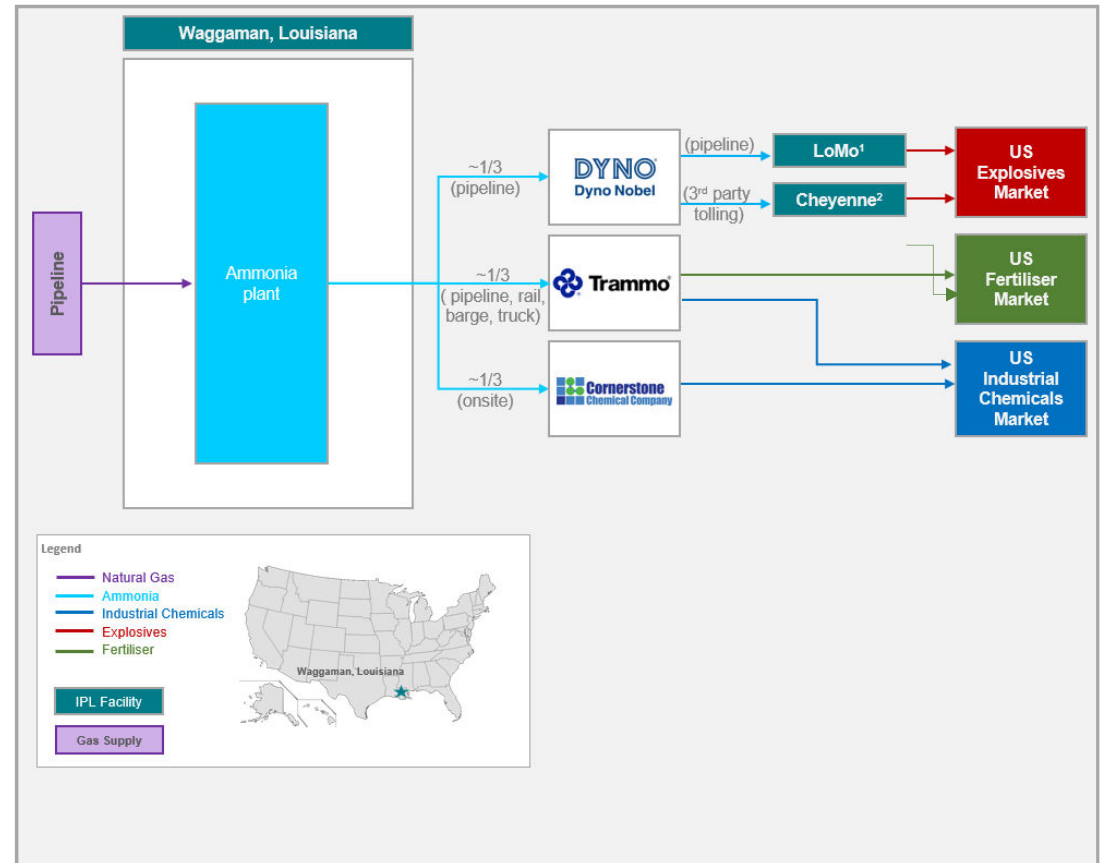
Waggaman - Value Chain

Located on the mouth of the Mississippi near New Orleans

- **Supply:** Pipeline access to key inputs including natural gas
- **Off take:** Onsite and via pipeline, barge, rail and truck

Core ammonia production backed-to-gas

- Natural gas requirement of ~32mmbtu per mt



1. LoMo: IPL's Louisiana, Missouri ammonium nitrate plant.

2. Cheyenne: IPL's Cheyenne, Wyoming ammonium nitrate plant.

Waggaman - Contract Profile

Long-term production is fully contracted or committed

- Under long-term agreements with strong counterparties

Contract Profile

~1/3 to Trammo via pipeline, rail, truck and barge

- ~10-year contract
- Primarily for US agriculture and industrial chemicals

~1/3 to Cornerstone via onsite pipeline

- ~25 year contract
- Primarily for specialty chemical applications

~1/3 transferred internally to Dyno Nobel

- Louisiana, Missouri plant through pipeline
- Cheyenne, Wyoming plant through 3rd party arrangements

In aggregate, product sold at slight (~5%) discount to Tampa CFR



Trammo, Inc¹

Trammo trades, markets and distributes ammonia, energy products, fertilizers, raw materials, chemicals and other commodities worldwide

Privately held since 1965

- Head Office: New York, NY
- FY15 revenue: US\$9.4Bn
- FY15 trade volume: 63m mt
- 470+ employees
- 35 nations



Cornerstone Chemical Company²

Cornerstone Chemicals manufactures high quality products shipped around the globe, including acrylonitrile, melamine and sulfuric acid/oleum

H.I.G. Capital portfolio company

- Head Office: Waggaman, LA
- Acquired by H.I.G. Capital in 2012 from Cytec Industries
- 450+ employees

1. Source: Trammo, Inc website as at June 2017; refer footnotes therein.

2. Source: Cornerstone Chemical Company website at June 2017; refer footnotes therein.

Waggaman - Illustrative Metrics

Illustrative production metrics are set out in the adjacent table

- Includes estimated full year accelerated tax depreciation rates
- Impacts cash flow profile by reducing Americas cash tax paid profile

Illustrative production metrics

Name plate production capacity: ~800,000mt of ammonia

Natural gas requirement: ~32mmbtu per mt

Natural gas pricing index: Henry Hub

Natural gas delivery fee: ~US\$0.15 per mmbtu

Gas hedging: Weighted average Floor and Cap of US\$3.27 to US\$4.52/mmbtu¹:

- FY18: ~5.9%
- FY19: ~0.4%

Fixed conversion cost: ~US\$47.00/mt based on name plate production

Offtake arrangements:

- ~1/3 of production transferred internally to Dyno Nobel
- ~2/3 sold to counterparties
- In aggregate, product transferred at slight (~5%) discount to Tampa CFR

Asset value: Sum of total cash spend and capitalised interest to date

- Cash spend: US\$814.7m
- Capitalised interest: US\$86.1m

Tax depreciation: Accelerated depreciation over 6 years as estimated below²:

- FY16: ~5%
- FY17: ~38%
- FY18: ~23%
- FY19: ~14%
- FY20: ~11%
- FY21: ~9%

Accounting depreciation: Average asset life estimated of ~35 years

1. Percent of expected natural gas requirement per financial year based on nameplate production.

2. Estimated financial year US federal and state tax based on current asset allocation; subject to change.

Ammonia Market - North America

North America consumption accounts for ~13% of global consumption

- Primary participants include Agrium, CF Industries, Koch Industries, Trammo and Yara

Consumption expected to grow 10% from 2017 to 2022¹

- 19 million mt consumed in 2017, increasing to 21 million mt in 2022¹

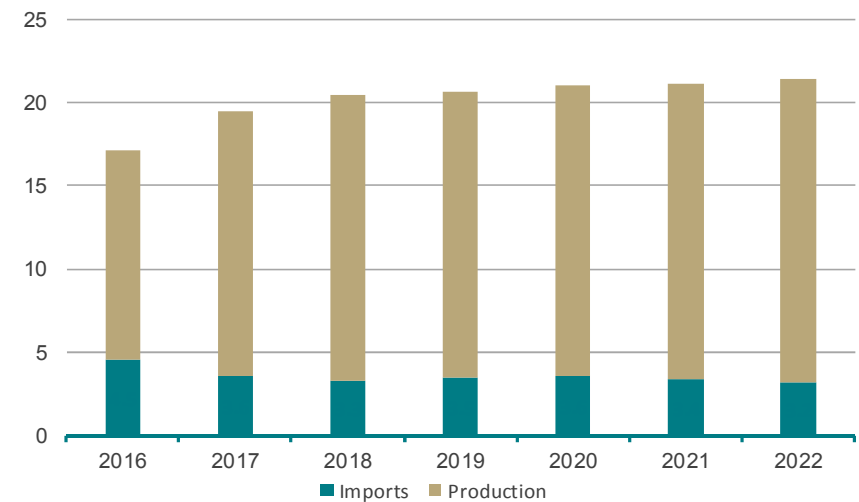
North America expected to remain a net importer of 3.2 million mt in 2022¹

Imported product sourced primarily from Trinidad and Tobago (59%)²

- Other major suppliers: Canada (18%), Russia (7%), Ukraine (6%)²

North America ammonia industry profile¹

Million mt; calendar years



1. Source: CRU as of November 2017; North America comprises US and Canada.

2. Source: USGS as of January 2016.

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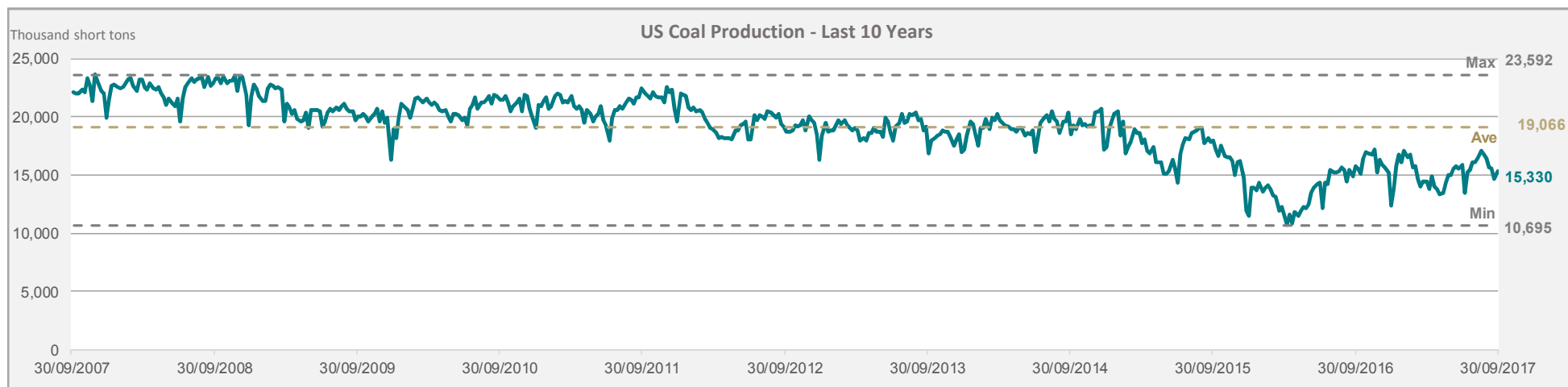
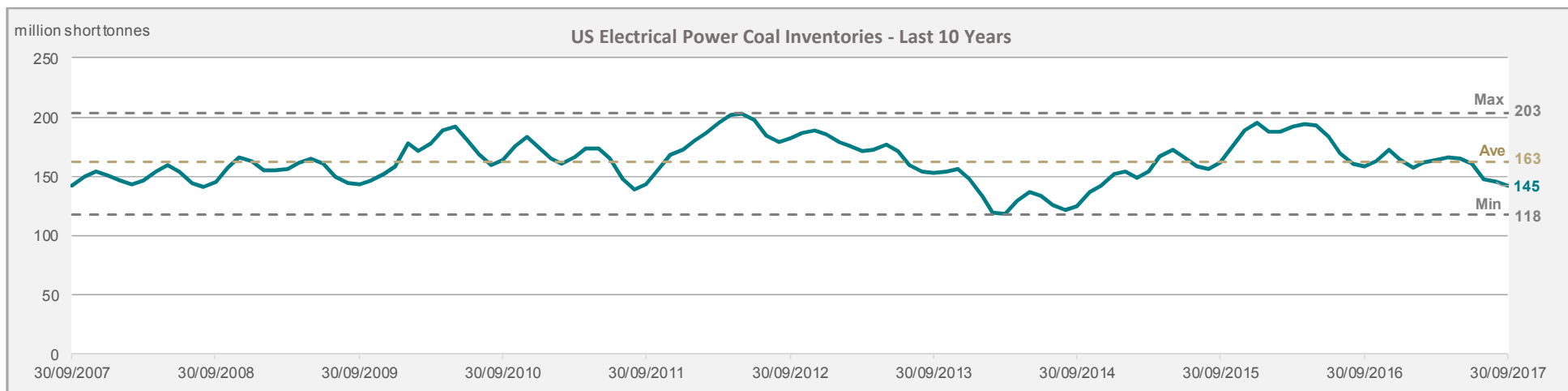
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Appendix C – Commodity Statistics

Financial year ended 30 September 2017

US Coal Inventories and Production

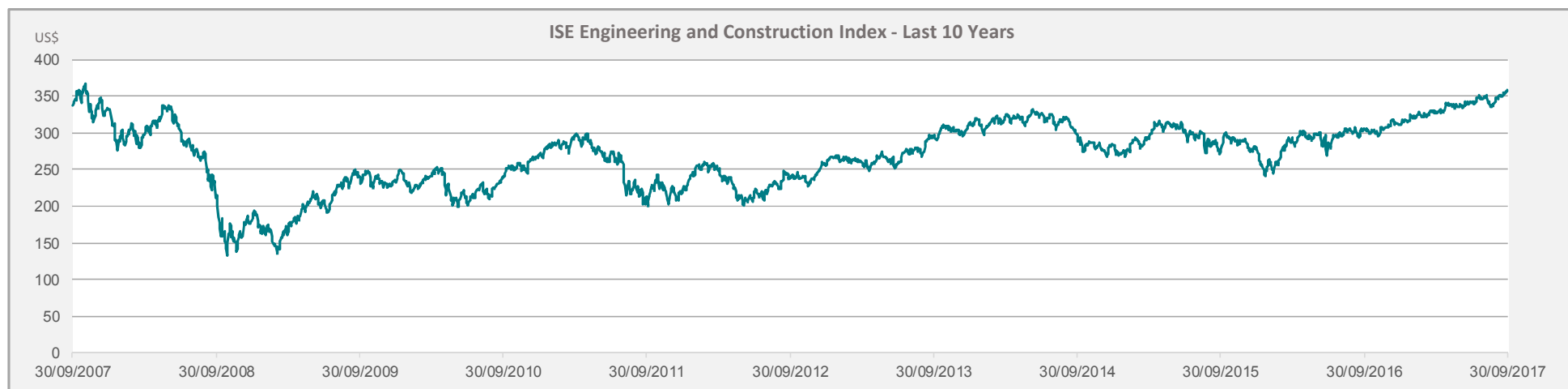
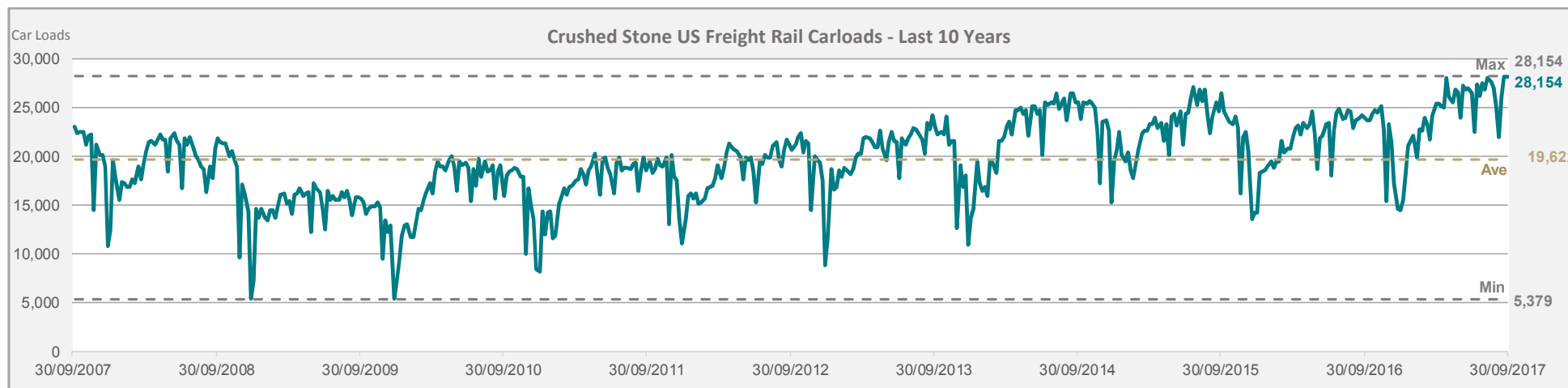
Explosives



Source: Bloomberg.

US Quarry and Construction Indicators

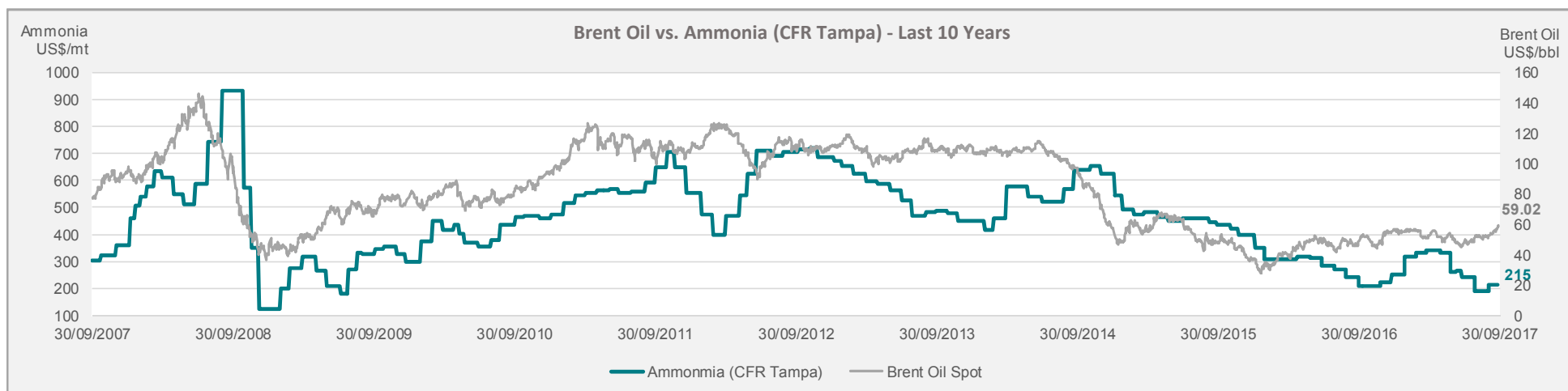
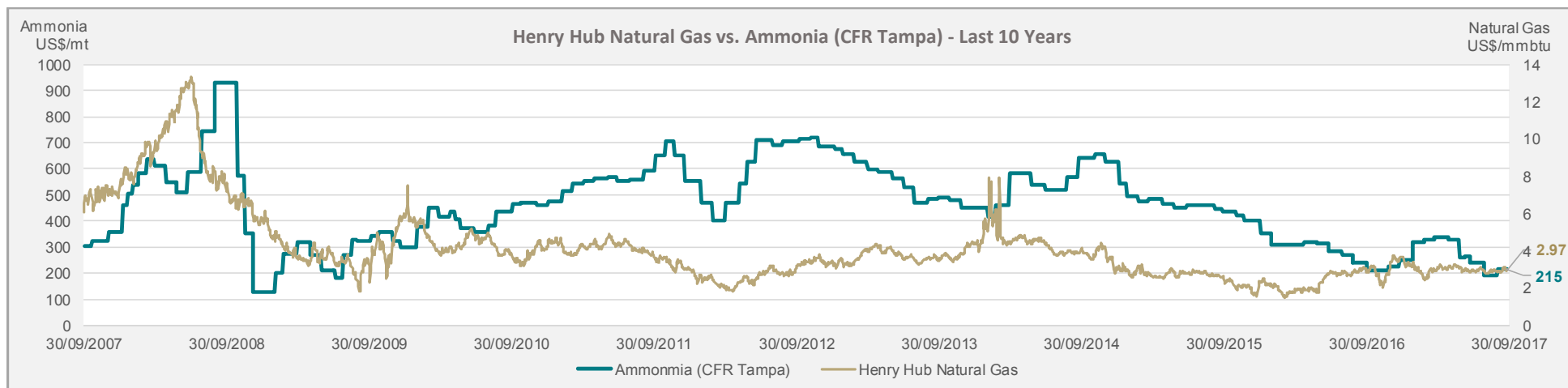
Explosives



Source: Bloomberg.

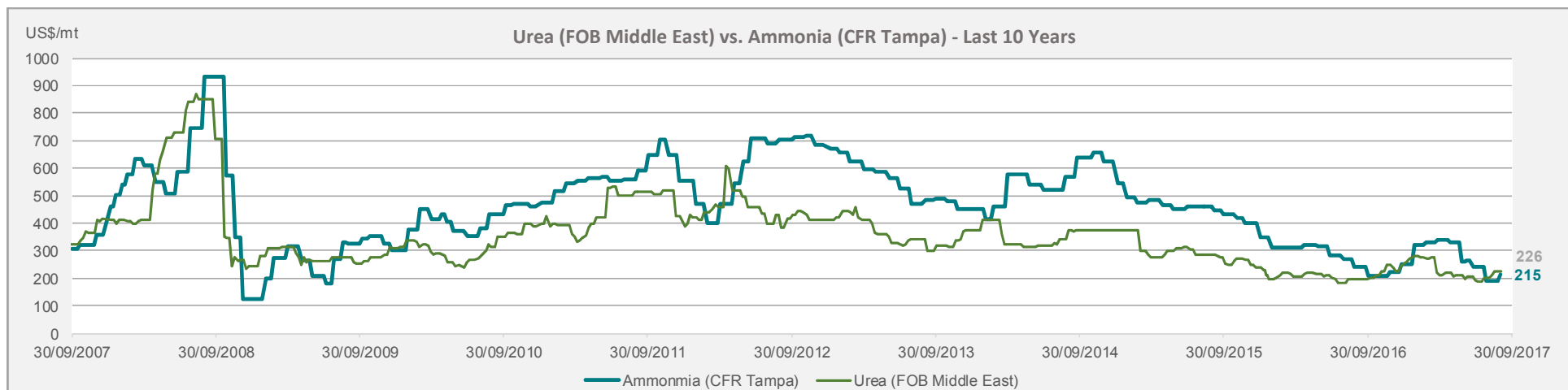
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GLOBAL DIVERSIFIED INDUSTRIAL CHEMICALS

US Ammonia Spreads



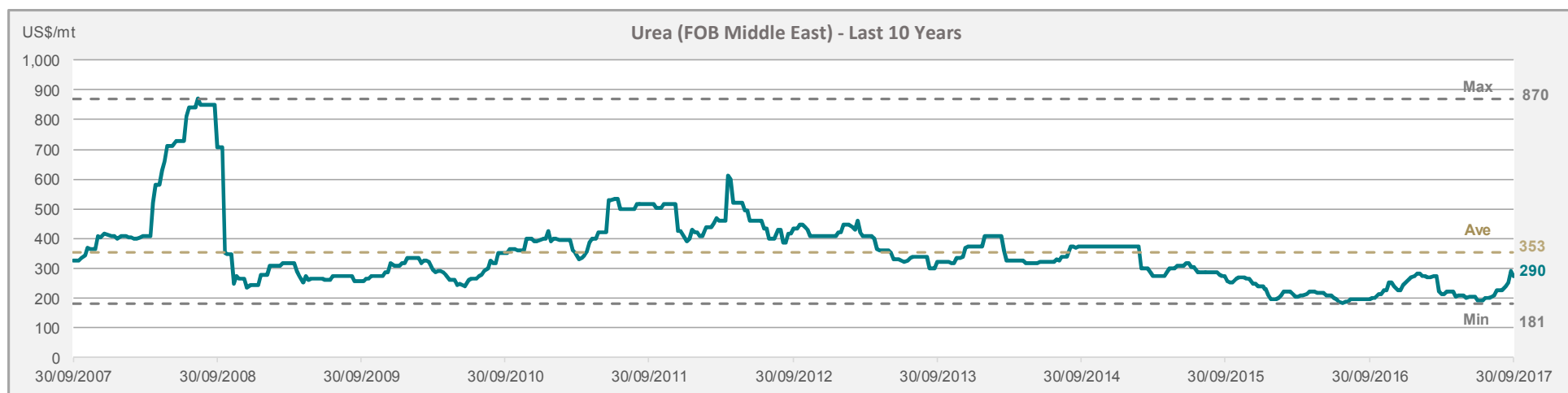
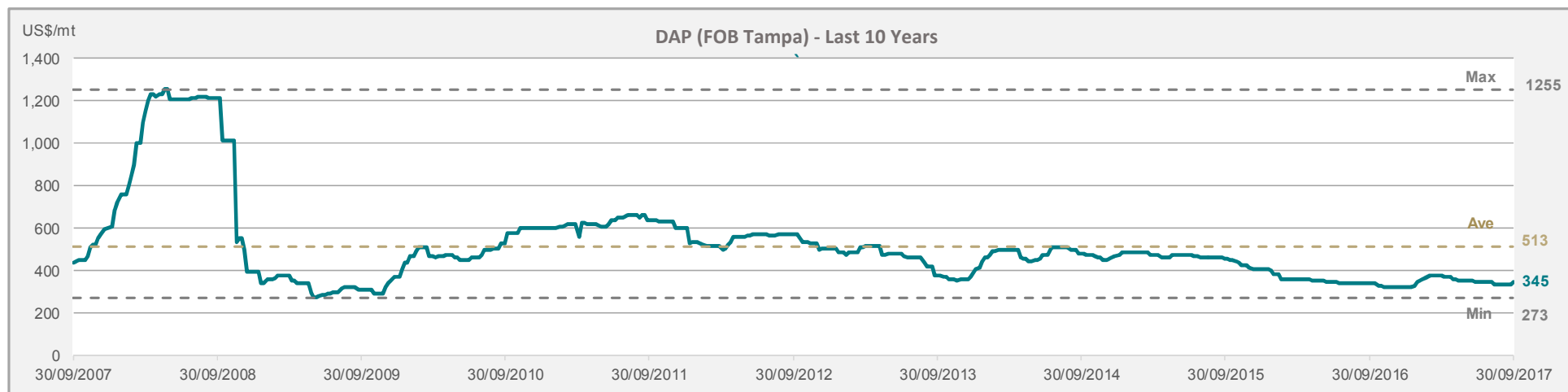
Source: Bloomberg.

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Fertiliser Benchmark Pricing

Fertilisers



Source: Bloomberg.

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