

Market Update

20 January 2022

Incitec Pivot Limited
INNOVATION ON THE GROUND

DYNO
Dyno Nobel



ACKNOWLEDGEMENT OF COUNTRY

“I begin today by acknowledging the Traditional Custodians of the land on which we meet today and pay my respects to their Elders past and present. I extend that respect to Aboriginal and Torres Strait Islander peoples here today.”

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Incitec Pivot Limited
ABN 42 004 080 264

Market Update

January 2022



Delivering on our Strategy



Safety: Industry leadership in safety



Sustainability: Progressing our projects to meet our emissions targets & creating new commercial opportunities in line with decarbonisation



DYNO: Growth through leading technology solutions for our customers in existing and new footprints



IPF: Strengthen base business and build soil health services for farmers, while capturing strong commodity markets



Manufacturing: High quality assets close to our customers in attractive markets & sectors

Two strong businesses well positioned for the future

Significant progress on executing strategy

Dyno Nobel

Titanobel acquisition



Fertiliser

Australian Bio-Fert (ABF) acquisition



AUSTRALIAN
BIO FERT

Manufacturing excellence

Capturing commodity upcycle



Expansions designed to match our technology with the evolution of the market

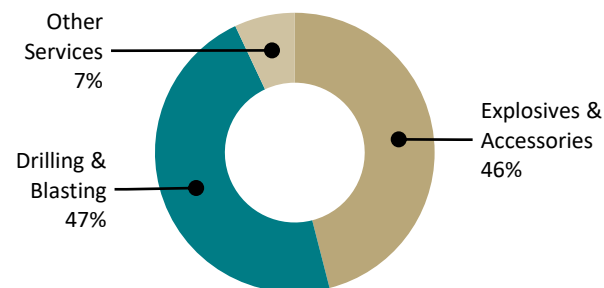
A leading industrial explosives manufacturer and drilling, blasting and technical services provider

- Established in 1691
- Headquartered in France, operating primarily in Europe, Africa and Asia Pacific

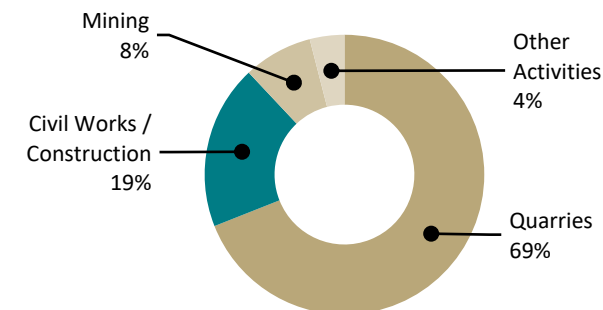
Key Figures

- #1 in France by market share
- 20 Operational sites in France
 - covering entire French mainland
 - 5 manufacturing sites
 - 15 distribution facilities
- 8 international sites with presence in many additional countries
- +500 customers
- +500 employees⁽¹⁾
 - ~400 France
 - ~120 International

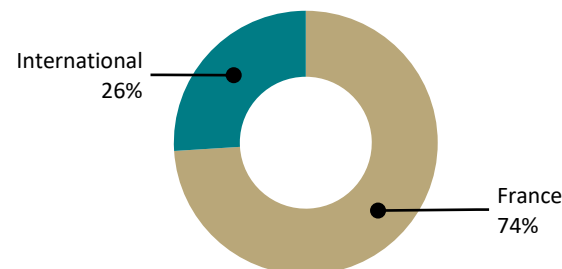
Activity Breakdown



Sales by Client Type



Sales by Geography



(1) Staff figures presented in average FTEs as of 31 December 2020

Geographic and Technology Expansion

Transaction Overview

- Purchase price €91m (A\$142m⁽¹⁾)
- EBITDA multiple of 7.8x FY20 EBITDA
- EPS accretive from year two
- Funded from existing cash and debt reserves
- Subject to key milestones and conditions:
 - French employee works council consultation process
 - Foreign direct investment regulatory approval
- Completion expected by June 2022
- Ongoing sustenance capex ~€8m p.a.

Investment Thesis

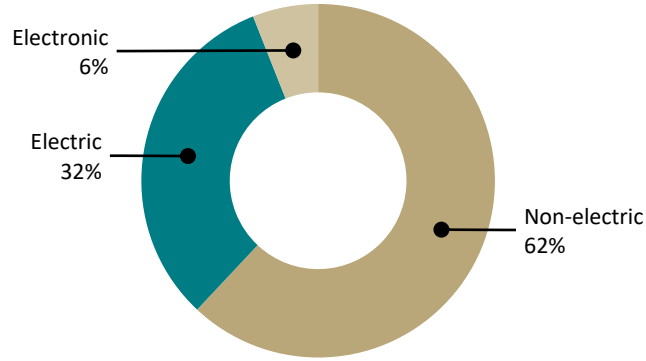
- Lower risk geographic expansion
- Diverse customer base and end markets:
 - European Q&C market
 - Metals & “green” minerals markets
 - West African mining markets (gold)
- Markets characterised by:
 - Low AN requirements
 - Low penetration of technology
 - Technology requirements that strongly align to Dyno’s unique technology offering
- Value add from:
 - Technology – Substitution & conversion
 - Further geographic expansion

(1) Based on an AUD:EUR exchange rate of 0.64. Acquisition is made on a debt free and cash free basis

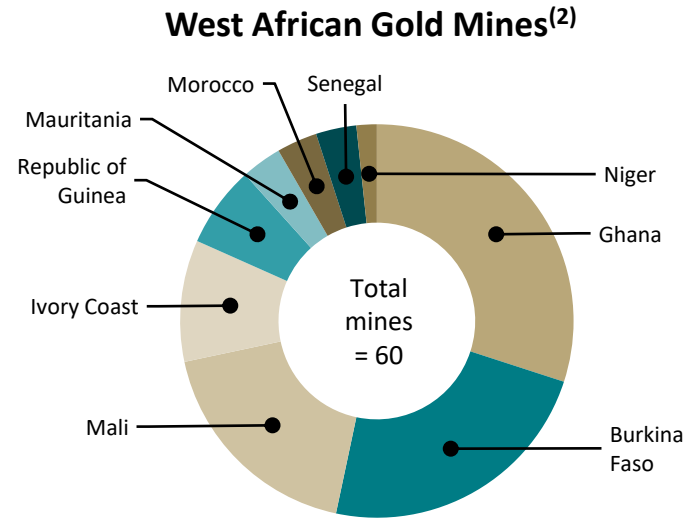
Titanobel: Opportunities

Detonator substitution & conversion

European Detonator Sales (~60m units p/a⁽¹⁾)

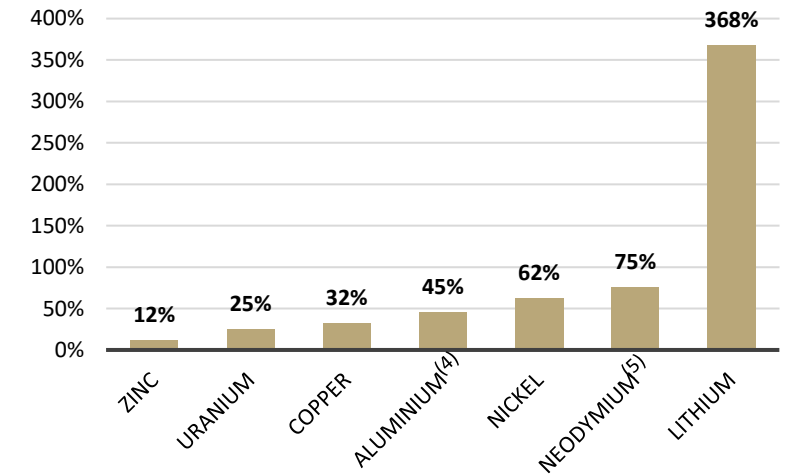


Selective geographic expansion: Broad options allow quality selection



Leveraging technology into future trends

“Green” Minerals Growth Trend⁽³⁾



EMEA region ripe for Dyno Nobel’s market leading technology

Sophisticated markets increasingly looking for full service provider

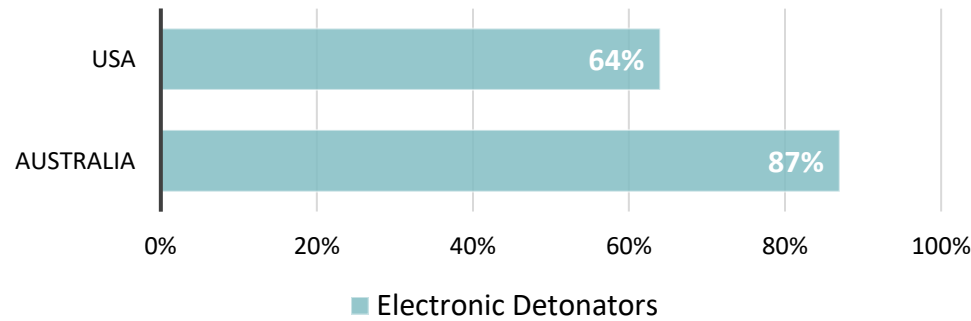


- Electronic detonators
- Wireless initiation
- Differential Energy / Delta E
- On-bench automation
- Hybrid Electronics / NONEL
- Fully digitised blasting cycle

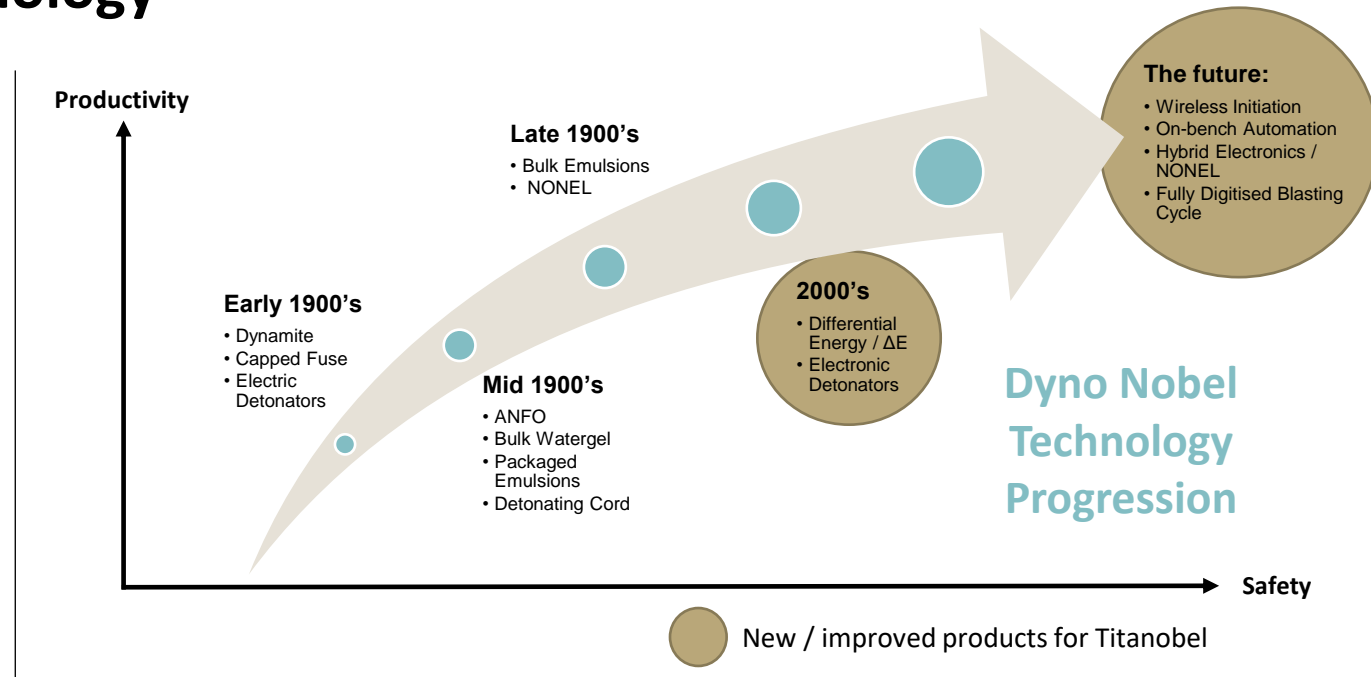
(1) Management estimate of current market (2) Number of mines per country (3) Forecast growth rates from 2019 to 2030. Data source - Minerals Council for Australia Global Outlook to 2030 (4) Aluminium does not generally require material amounts of explosives in the mining process (5) Depending on the location, Neodymium may not require material amounts of explosives in the mining process

Proven ability to leverage value of technology

Dyno Nobel Sales Growth ⁽¹⁾
2016-2021



- Electronic detonator penetration in France similar to Australia in 2016



Dyno Nobel has experience in Drilling and Blasting, including recent acquisitions in Nth. America



Maine Drilling and Blasting



Alpha Dyno Nobel

(1) Compound annual growth rate of units sold

Fertiliser Strategy

Growth and Transition to Soil Health

Competitive Base Business

1



Perdaman⁽¹⁾

2



AUSTRALIAN
BIO FERT

3



(1) IPL's 20-year offtake agreement with Perdaman Chemicals and Fertilisers remains subject to a final investment decision by Perdaman.

Australian Bio-Fert (ABF)

Sustainable Soil Health Joint Venture



AUSTRALIAN
BIO FERT

Incitec Pivot Limited
INNOVATION ON THE GROUND

Company Overview

Developed new technology to use waste, carbon and mineral fertilisers to create novel and innovative bio-fertilisers.

Transaction Overview

- Investment of A\$38m
- IPL takes majority stake
- Investment will fund first 75kt plant
- Product expected to be commercially available mid-2023

Investment Thesis

- Perfect fit for IPF's Soil Health strategy
- Tangible growth opportunity in line with sustainability trends
- Large waste streams available for raw material supply in Australia and globally
- Advantages for farmers:
 - Economical and reliable nutrients
 - Bio-safe manure/compost replacement
 - Strong crop yield and soil health impact
- Unique technology, scalable to numerous existing and new markets

“This is just the sort of development Australian agriculture needs more of to reduce our dependency on imported inputs. The National Farmers Federation congratulates Incitec Pivot on its vision, investment and commitment to advancing the interests of Australian farmers.”

National Farmers Federation Chief Executive Tony Mahar

Manufacturing Excellence

Manufacturing Performance

- Regional model embedded and proving effective
- Strong manufacturing performance YTD, in line with expectations
- On track to deliver \$40m to \$50m benefit from Manufacturing Excellence by FY23⁽¹⁾
- Turnaround Readiness Index scores exceed industry benchmarks for PH⁽²⁾ and CHWY⁽³⁾



AdBlue

- Demonstration of IPL's manufacturing capability
- Mobilised in record time:
 - Many multiple increase in production (from December levels)
- Worked collaboratively with government on supply chain
- No impact to Urea supply for farmers



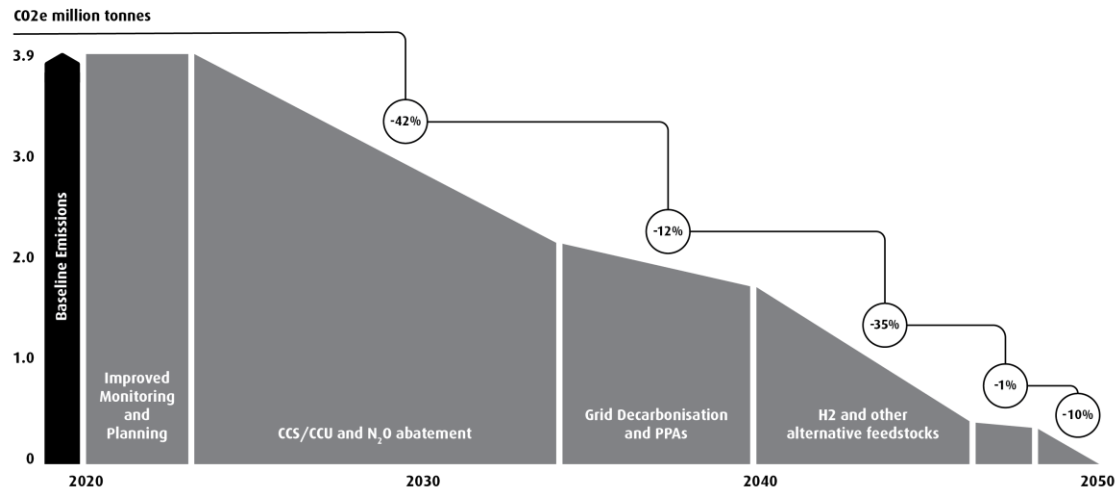
(1) Opportunity for sustained incremental earnings uplift by FY23 of an estimated \$40M to \$50M, based on average volume uplift compared with historical baseline average production and FY18 product margins for Waggaman, Phosphate Hill, Cheyenne and Moranbah

(2) Phosphate Hill, Queensland (3) Cheyenne, Wyoming

Decarbonisation Projects

Green Ammonia Growth Opportunity

- Partnership with Fortescue Future Industries
- Achieved first milestone
- Progressing toward FEED⁽¹⁾ study



(1) Front-End Engineering Design

Progress towards medium term targets

- Moranbah N₂O abatement project submitted to Clean Energy Regulator (cost expected to be \$15m-\$20m)
- WALA CO₂ sequestration:
 - MoU's under negotiation
- LOMO N₂O abatement:
 - Conceptual business case under development
- Energy Efficiency initiatives ongoing:
 - High efficiency methane fuel cell deployed at Simsbury
 - Behind the meter commercial scale solar deployment underway at 5 Australian sites

Progressing towards Net Zero Ambition

Outlook – FY22 (Jan 22 Update)

Strong Q1 – Previous operating guidance maintained

Strong base business:

- DNA & DNAP leveraging technology to grow
- Fertilisers profit underpinned by supportive farming conditions and value add products

Favourable market conditions – Strong commodity tailwinds

Manufacturing:

- WALA expected to run at nameplate⁽¹⁾
- Phosphate Hill expected to run @90% to turnaround, then @100%
- FY22 Turnarounds:
 - Phosphate Hill – 6 to 8 weeks production shutdown
 - Cheyenne – 6 to 8 weeks production shutdown
 - Labour and supply chain risks under management

Capturing Commodity Upswing

Commodity	FY21 Realised	Q1 Realised
Ammonia ⁽²⁾	381	666
WALA gas ⁽³⁾	3.33	5.71
DAP ⁽²⁾	524	760
Urea ⁽²⁾⁽⁴⁾	373	761
Foreign Exchange ⁽⁵⁾	0.76	0.73

COVID Management

- Base COVID controls in place across all operations
- Regional Crisis Management Teams remain in place
- Business continuity processes focused on critical supply chains and labour availability
- Selective supply chain buffers established
- Actively managing inflationary pressures

(1) Potential for 3 week outage to replace cooler (2) US\$/mt. Up to 1 month lag on external sales contracts (3) US\$/mmbtu delivered (4) Gibson Island (5) AUD:USD Transactional

Delivering on our Strategy



Safety: Progressing safety improvement plan and COVID protocols



Sustainability: Exploring growth opportunities and delivering decarbonisation projects



DYNO: Leveraging technology position to grow in existing and new markets



IPF: Growing stable east coast distribution earnings while advancing soil health strategy



Manufacturing: Capturing commodity upcycle through reliable manufacturing performance. High quality assets close to our customers in attractive markets & sectors

Two strong businesses well positioned for the future

QUESTIONS & ANSWERS

