

Incitec Pivot Limited

INNOVATION ON THE GROUND

ASX RELEASE

Gibson Island manufacturing operations to cease in December 2022

8 November 2021

Incitec Pivot Limited (ASX: **IPL**) today announced that, despite extensive efforts, it has been unable to secure an economically viable long-term gas supply to its Gibson Island (**GI**) plant beyond its current contract. As a result, IPL will cease manufacturing operations at the site at the end of the current natural gas feedstock supply arrangements which expire at the end of December 2022.

Despite this decision to cease manufacturing with natural gas at the end of 2022, the feasibility study into industrial-scale production of green ammonia at GI will be progressed to potentially re-purpose the facility.

IPL remains fully committed to being the leading supplier of quality fertilisers and soil health services to the agricultural sector. Urea, sulphate of ammonia and other specialty products will be sourced from IPL's existing international import supply chains to replace these manufactured products.

IPL's Brisbane fertiliser distribution centre operation will continue beyond the closure of the manufacturing operations.

The impact on IPL's earnings from January 2023 is as follows:

- Earnings from GI domestically manufactured products will cease.
- Dyno Nobel Asia Pacific will make alternative arrangements for ammonium nitrate production that utilises approximately 20,000 tonnes pa of ammonia that is currently supplied from GI. The financial impact of these alternative arrangements is expected to range between \$5m-\$10m pa.
- Stranded Corporate and insurance costs are expected to be approximately \$10m pa, representing costs that have previously been allocated to the GI plant.

The estimated one-off pre-tax financial impact of the closure of the manufacturing operations (which will be accounted for in the FY21 results) are as follows:

- Cash costs of closure: circa \$83.5m (this includes employee redundancies and costs associated with plant decommissioning).
- Non-cash write down of assets: circa \$102.5m, representing the cost of the last turnaround and other maintenance, spares and site infrastructure expenditure.
- Proceeds from land sales: circa \$0m – \$45m⁽¹⁾, noting that proceeds from land sales are dependent on final decisions related to future use opportunities, including the potential use of the site for a green ammonia project.

The decision to close the GI manufacturing facility after more than 50 years of operation is expected to impact up to 170 IPL employees.

(1) The ability to achieve the upper end of this range is dependent upon a change to the current land use classification at the site.

IPL Managing Director and CEO, Jeanne Johns, said:

“The wellbeing and safety of our loyal employees is our key priority during the next 14 months. We appreciate and thank them for their dedication which has resulted in the safe and reliable operation of the facility. We will be working with our people and offering them whatever assistance we can.

IPL’s commitment to the Brisbane area remains strong as we continue to invest in our import distribution centre at Gibson Island and look for opportunities to re-purpose the site for the future.

We will continue to support our agricultural and industrial customers and suppliers who have supported our manufacturing operations at Gibson Island through to the end of 2022, as we transition our business.

IPL is fully committed to being the leading supplier of quality fertilisers and soil health services to the agricultural sector through our continuing domestic fertiliser manufacturing and international import supply chains.

It is disappointing for our people and Australian manufacturing that we could not reach a suitable commercial gas supply agreement to continue the operation of the Gibson Island facility from processing natural gas, however we look to create new opportunities aligned to the Company’s forward strategy” she said.

IPL will be holding its FY21 results presentation at 10.00am Monday 15 November 2021 (AEDT).

**** IPL will host an investor and analyst conference call/audio webcast commencing at 10.00am AEDT on Monday, 8 November 2021. Details of how to join the conference call/audio webcast can be found on IPL’s website: www.incitecpivot.com.au*

For more information:

Investors

Geoff McMurray

General Manager Investor Relations

Tel: +61 3 8695 4553

Mobile: +61 418 312 773

geoff.mcmurray@incitecpivot.com.au

Media

Matthew Flugge

Group Vice President Corporate Affairs

Tel: +61 3 8695 4617

Mobile: +61 409 705 176

matthew.flugge@incitecpivot.com.au

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