

Market Update

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Jeanne Johns

Managing Director & Chief Executive Officer

AGENDA

Performance Update

Manufacturing Regional Model

Waggaman Update

Global Manufacturing Update

Highlights

Summary

Appendix



Performance Update

Strong 2nd half performance from firm commodity prices and solid manufacturing performance

Dyno Nobel growth underpinned by technology

Dyno Nobel Americas:

- Q&C and Metals markets performing well
- Chilean trials recommenced

Dyno Nobel Asia Pacific:

- Stable and resilient performance
- Major contract renewals completed

Fertilisers Asia Pacific:

- Commodity prices supporting strong manufacturing margins
- 1H Profit in Stock realised in 2H

Manufacturing:

- Waggaman returned to nameplate as from end May
- Moranbah turnaround completed, running at nameplate
- All plants on line and performing well

Manufacturing plants performing well, capturing full commodity upside

Regional Manufacturing Focus and Accountability

Regional manufacturing model to deliver Manufacturing Excellence in COVID restricted world

- Strategy unchanged – Execution focus
- Day-to-day accountability and oversight for safe and reliable operations within region
- Regional model adds technical expertise on the ground – primarily Americas
- Regional manufacturing Vice Presidents to report to regional Dyno Nobel Presidents
- Global Asset Management and Engineering role in place to maintain global standards and practices
- Search for an Executive for Manufacturing has commenced



Regional model – Right resources in the right locations

Waggaman Update

Returned to service end of May – Reliable production post re-start

- Taskforce successfully returned plant to service at the end of May
- Since re-start, plant has operated reliably at nameplate⁽¹⁾
- Cooler replacement planned for FY22/23
 - Potential to coordinate with Co-Gen project (steam and power independence)
- Site leadership team renewal



(1) Nameplate = 800kMt per annum

Waggaman reliably operating at nameplate production⁽¹⁾

Waggaman Taskforce Update

Taskforce approach delivering improvements

REPAIR TEAM – COMPLETED	RE-START TEAM – TRANSITIONING	RELIABILITY TASKFORCE – CONSOLIDATING
<p>Fix current outage issues:</p> <ul style="list-style-type: none"> • Identify root causes • Develop and implement plans to “fix for good” root causes and compressor coupling/bearing <ul style="list-style-type: none"> ✓ Root cause analysis completed ✓ Repairs made ✓ Lessons captured and embedded into Global Manufacturing 	<p>Re-start plant and assure strong run</p> <ul style="list-style-type: none"> • Strengthen re-start operating rigor and procedures • Monitoring routines for operators and experts • Upskill local staff consistent with high reliability organisational principles <ul style="list-style-type: none"> ✓ Operating procedures reviewed and re-written ✓ 24/7 monitoring ✓ Increased operational excellence training and coaching 	<p>Address longer term reliability issues</p> <ul style="list-style-type: none"> • Ammonia cooler replacement • Steam (and power) independence from Cornerstone • “Double contingency” redundancy risks <ul style="list-style-type: none"> ✓ Work continuing on two major projects: <ol style="list-style-type: none"> 1. Cooler replacement 2. Co-Gen (steam / electricity) ✓ Engineering efforts to improve and remedy redundancy issues
<p>Estimated timeline: To end May 2021</p>	<p>Through June / July 2021</p>	<p>To year end 2021</p>

Taskforce strategy proving successful

Global Manufacturing



Moranbah

- Turnaround complete
- Plant running at nameplate

Phosphate Hill

- Solid end of campaign performance (YTD 95%)
- Turnaround preparations tracking well

Cheyenne

- Second half ammonia reliability at 95%
- Turnaround preparations tracking well

Other Manufacturing Facilities

- YTD performance in line with expectations
- Nitric acid reliability has been strong across the fleet

Operational Discipline and Reliability

Regionalisation of Engineering and reliability expertise

- Created North America Vice President HSE and Engineering role
- Recruiting technical & engineering roles in North America to support regional operations

Continue to build operational and leadership capability

- Increase the use of third party experts to conduct 'cold eyes' assessments and provide ongoing coaching
- Increase the focus on frontline leaders to set performance expectations and accountability
- Utilise Korn Ferry assessment tools, aligned with the IPL Leadership framework, to improve the understanding of existing capabilities

Committed to delivering A\$40M to A\$50M contribution in FY23

Turnarounds

Manufacturing Excellence improving turnaround readiness scores

- Manufacturing Excellence strategy has improved Turnaround readiness
 - Phosphate Hill, with benefit of full turnaround strategy, showing higher readiness at TAR 1 stage
- Focus on turnaround readiness drives greater schedule and cost accuracy

- Turnaround execution quality across all disciplines is the key to ongoing reliability
- Turnaround governance and execution strategy improvements to deliver predicted performance at Phosphate Hill and Cheyenne in FY22

- FY22 Turnarounds:
 - Cheyenne
 - Phosphate Hill
- Completes current turnaround cycle
- Next major turnaround cycle begins FY25



Manufacturing Excellence
Informed by
HRO@IPL thinking and practice.

Turnaround planning progressing well – Cycle nearing completion

Highlights

- Electronic detonator sales growth remains strong
- First wireless detonation completed. Operationally ready in FY22:
 - First ever underground wireless detonation in Western Australia
 - Positive customer feedback
 - CyberDet I – improved safety and efficiency
- Low Carbon Ammonia Opportunities:
 - World class expertise in ammonia production
 - Ammonia assets capable of blue/green conversion
 - Expert team assessing medium term opportunities

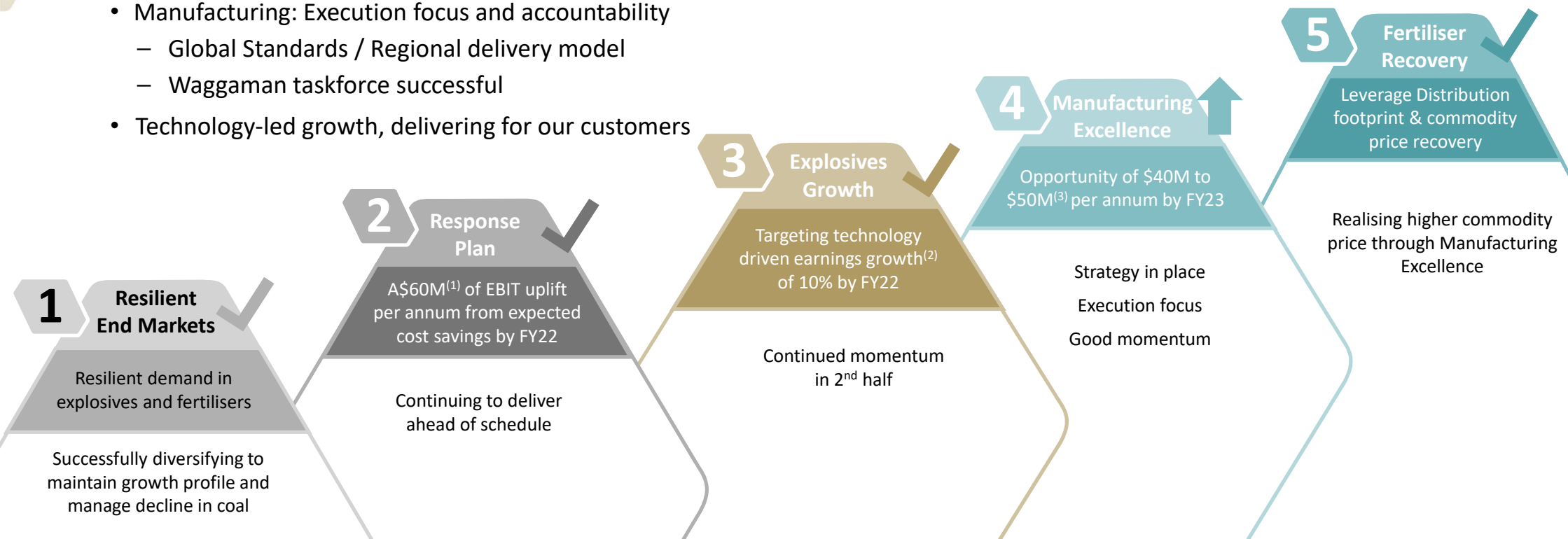


Focussed on customer through best in market technology offering

Summary

The strategy is delivering strong second half and future growth

- Manufacturing: Execution focus and accountability
 - Global Standards / Regional delivery model
 - Waggaman taskforce successful
- Technology-led growth, delivering for our customers



(1) Sustained incremental earnings uplift by FY22 of an estimated \$60M per annum, based on expected cost savings when compared to FY19 cost base. (2) Technology driven estimated growth in Explosives EBIT between FY20 and FY22, assuming no significant deterioration in current market conditions. (3) 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.

Significant earnings growth potential – Customer focussed

Questions & Answers





Appendix

Commodity	1H21 Realised Price US\$/mt	Q3 Realised Price US\$/mt	Benchmark Spot Price US\$/mt
Ammonia	256	442	625 ⁽¹⁾
DAP	426	542	568 ⁽²⁾
Urea	296	355	486 ⁽³⁾

(1) CFR Tampa for August 2021 settlements. (2) China DAP as at 23 July 2021 (3) FOB Middle East as at 23 July 2021.

Manufacturing plants performing well, capturing commodity upside