Incitec Pivot Limited
INNOVATION ON THE GROUND

2021 HALF YEAR FINANCIAL RESULTS PRESENTATION

17 May 2021

Incitec Pivot Limited
ABN 42 004 080 264
ASX Code: IPL   OTC: INCZY

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Incitec Pivot Limited ABN 42 004 080 264

OVERVIEW

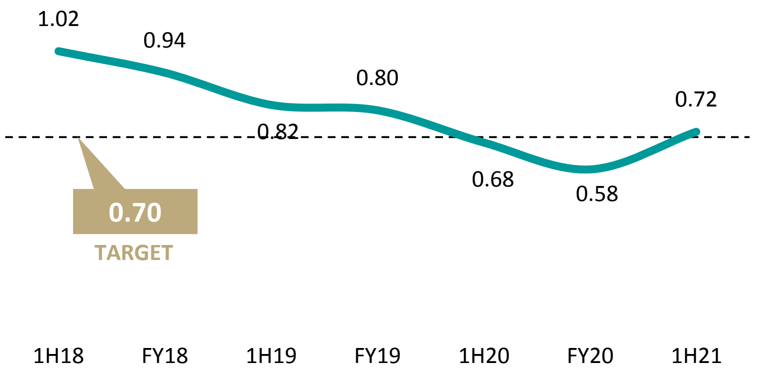
Jeanne Johns

Managing Director & Chief Executive Officer

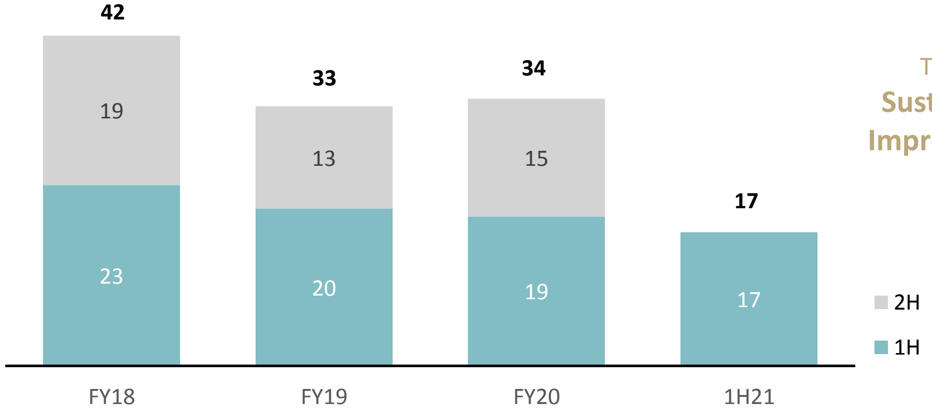
Zero Harm

Focus on COVID safe operations and refresh of Safety Tools

Total Recordable Injury Frequency Rate (TRIFR)(1)

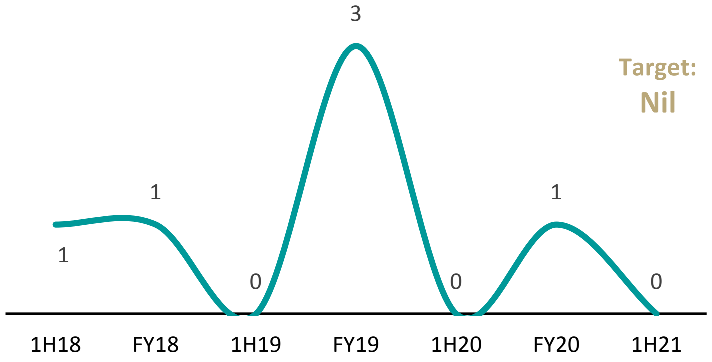


Potential High Severity Incidents(2)



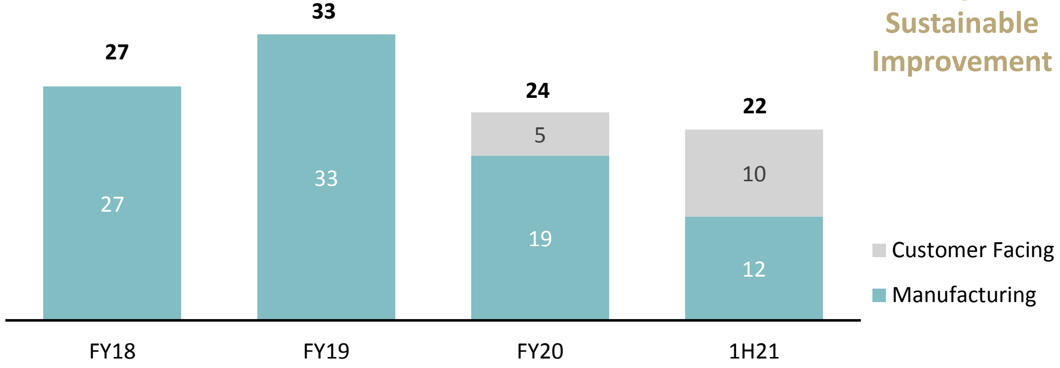
Target:
Sustainable Improvement

Significant Environmental Incidents(3)



Process Safety Incidents(4)

Target:
Sustainable Improvement



(1) TIFR is calculated as the number of recordable injuries per 200,000 hours worked and includes contract workers. (2) Potential High Severity Incidents (excluding near misses and hazards) with potential safety consequences of 5 or higher on a 6-level scale. (3) Significant Environmental Incidents as assessed against IPL's internal risk matrix with potential consequences of 5 or higher on a 6-level scale. (4) Tier 1 and Tier 2 Process Safety Incidents as defined by the Center for Chemical Process Safety.

1H21 Overview

Incitec Pivot Limited
INNOVATION ON THE GROUND

First half performance impacted by planned manufacturing turnarounds and unplanned outages. Solid customer facing business performance underpinned by technology growth in Explosives and delivery of the Response Plan

Earnings Before Interest & Tax (EBIT)[1]

$110M

▼ 31% on 1H20

Net Profit After Tax (NPAT)[1]

$36M

▼ 44% on 1H20

Dividend

1.0 cps[2]

▲ No dividend declared in 2020 due to COVID-19 uncertainty and equity raising

Manufacturing Reliability

67%

▼ from 85% in FY20

Premium Technologies

24%

▲ Emulsions on 1H20

15%

▲ EDS[3] on 1H20

Net Debt / EBITDA[4]

2.1x

▼ Down from 2.8x at 1H20

Stronger than normal weighting to 2H21 earnings and cash flow expected

Profit in unsold manufactured fertiliser product (in excess of $25M)

One turnaround in 2H21 compared with three turnarounds in 1H21 ($44M)

(1) Major turnaround activity had a significant negative impact of $59m in 1H21. (2) Cents per share. (3) Electronic Detonator Systems. (4) Net Debt comprises the net of interest-bearing liabilities, cash and cash equivalents, and the fair value of derivative instruments economically hedging the Group's interest-bearing liabilities. Net Debt / EBITDA ratio (for debt covenant purposes) - EBITDA is calculated using 12 month rolling EBITDA ex IMIs, minus lease depreciation. Net Debt is translated at the 12 month average AUD:USD FX rate.

Significant Potential Upside in Earnings Through 2023

1 Resilient End Markets

Resilient demand in explosives and fertilisers

Successfully diversifying to maintain growth profile and manage decline in coal

2 Response Plan

A$60M[1] of EBIT uplift per annum from expected cost savings by FY22

Delivered additional $20M of sustainable savings in 1H21, for a total of $40M delivered to date

On target to deliver remaining $20M ($10M 2H21)

3 Explosives Growth

Targeting technology driven earnings growth[2] of 10% by FY22

15%+ growth (over pcp) in sales of premium technology products

Technology sales offsetting softer coal markets and contract resets

Technology pull through in 2H in Americas and FY22 in Asia Pacific

4 Manufacturing Excellence

Opportunity of $40M to $50M[3] per annum by FY23

Delivery delayed by ~12 months due to COVID-19 impacting turnaround schedule

North American Manufacturing performance challenged in 1H21

Expect step change in reliability post current cycle of plant turnarounds

5 Fertiliser Recovery

Leverage Distribution footprint & commodity price recovery

Strong performance in Australia capturing commodity price recovery

In excess of $25m profit to be realised from sale of manufactured product on hand at 31 March 2021

Well positioned to leverage favourable market conditions and commodity strength in 2H21

(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.

Waggaman Plant Update

Increased scale and breadth of skills to fully resource the repair, re-start and resilience of the plant

Repair Team

Fix current outage issues:

- Identify root causes
- Develop and implement plans to "fix for good" root causes and compressor coupling/bearing

Estimated timeline: To end May 2021

Re-Start Team

Re-start plant and assure strong run

- Strengthen re-start operating rigor and procedures
- Monitoring routines for operators and experts
- Upskill local staff consistent with high reliability organisational principles

Through June / July 2021

Reliability Taskforce

Address longer term reliability issues

- Ammonia cooler replacement
- Steam (and power) independence from Cornerstone
- "Double contingency" redundancy risks

To year end 2021

Returning Waggaman to full production is highest priority
Well resourced taskforce to return to reliable 800 kMt nameplate production

Waggaman Outlook

Taskforce stretch objective – exit FY21 at reliable nameplate production

The Waggaman plant has produced 205kMt year to date. While we are not aware of anything specific that would result in plant downtime in the last four months of the year, our team is focused on reducing risks that could cause a plant trip and downtime.

The Taskforce's stretch objective is to return the plant to reliable nameplate production for FY22.

Consistent with the earnings impact provided on 10 May 2021, the business expects:

- $9M in Cash Fixed Costs in 2H21 (vs FY20) to complete plant repairs and execute the plan to underpin nameplate production in FY22 (largely non-recurring)
- $6M of trading losses in sourcing ammonia in April and May 2021, during the plant outage, to service our customers

Journey to Manufacturing Excellence 2019 – 2023

	PREVENTATIVE & PREDICTIVE MAINTENANCE	OPERATING DISCIPLINE	IMPROVED TURNAROUND (TA) CYCLE	POST TURNAROUND OPTIMISATION & FOCUS
WHAT IT MEANS	• Strategy – from Reactive to Planned to Predictive	• High Reliability focus on continuous running of plants; producing tonnes up to operating limits everyday	• Improved predictability in safety, schedule & cost • Scope and quality focus to ensure reliability	• Agreed operating strategy to deliver tonnes over turnaround cycle
WHAT'S IN PLACE	• New maintenance strategies & standards for key plants	• High Reliability Program being deployed globally • New operating standards	• Site accountability for Turnaround delivery and post turnaround outcomes • Improved assurance reviews and benchmarking • Pre-turnaround benchmarking	• External benchmarking to improve performance
WHAT'S BEEN DELIVERED	• All major plants at +85% preventative maintenance (1)	• Australian plants – complete • North American plants – in progress	• St. Helen's, Mt. Isa & Waggaman complete • Moranbah in progress • Phosphate Hill and Cheyenne in planning phase	• Waggaman Taskforce focused on restart and increasing resilience • St. Helen's focused on compressor reliability and cooling system upgrades • Mt. Isa focused on managing catalyst run-time

(1) Preventative maintenance refers to Predictive, Preventative and Proactive maintenance activity.

$40M to $50M Manufacturing Excellence delivery

On target to deliver $40M-$50M, date extended to FY23 - turnaround delays due to COVID-19 impacts

Plant	Contribution[1]	Status	Comments
Phosphate Hill	$15M - $20M	✓ TA 2H22	Well progressed on turnaround planning, mini turnarounds every 15 weeks reduce reliance on major turnaround
Waggaman	$20M - $25M	TA 1H21	Focused attention post turnaround optimisation, WALA taskforce in place
Moranbah	$5M	✓ TA 2H21	Well progressed, on track to hit target post 2H21 turnaround
Cheyenne	$0M	TA 2H22	Managing known reliability issues, expect return to target post turnaround
Total	**$40M - $50M[2]**		

TA = Turnaround

(1) Contribution measured against average 2016 to 2018 (Waggaman 2017 to 2018) performance and FY18 commodity prices. (2) Net of incremental cost of higher depreciation related to increased turnaround scope.

Long Term Climate Change - Pathway to Net Zero Emissions

As we work towards a low emissions future

EVALUATE EMISSION SOURCES

97% from nitrogen manufacturing

38% from natural gas for ammonia feedstock

31% from natural gas for energy

16% from nitric acid N_2O(1) process emissions

8% from Scope 2 electricity(2)

4% from Scope 1 electricity(3) (natural gas)

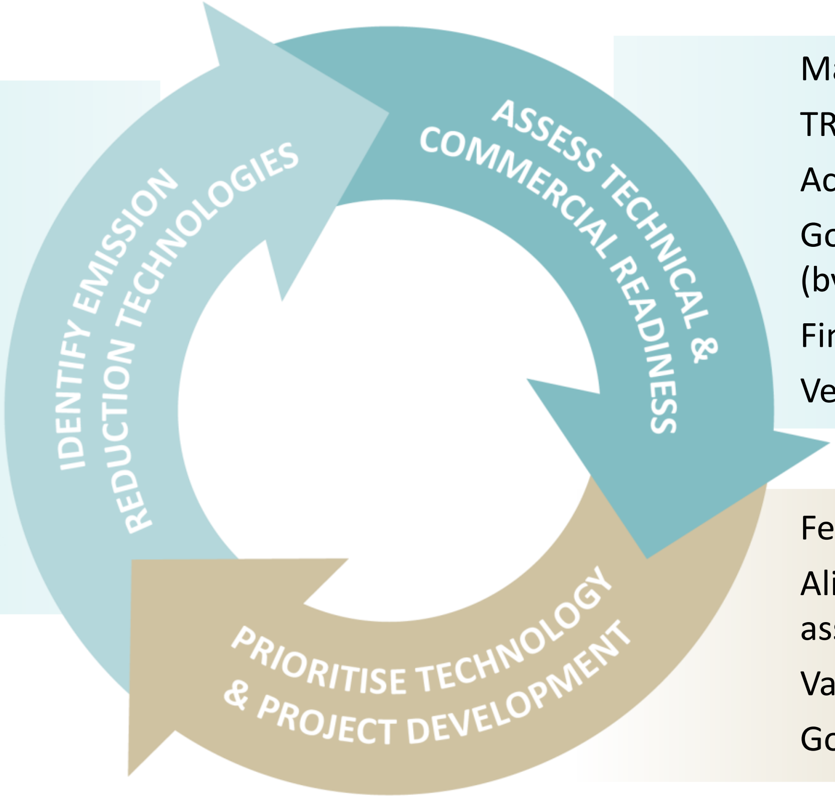
'Clean' hydrogen

Carbon capture & use or storage

N_2O(1) abatement

Renewable electricity

Alternate feedstocks



Materiality & scale

TRL(4) of technologies

Access to critical infrastructure

Government policies (by jurisdiction)

Financing & 'bankability'

Vendors & technology partners

Feasibility studies

Alignment with long-term asset strategies

Value chain partnerships

Government engagement

The pathway to Net Zero will involve both risks and strategic business opportunities.
IPL's *Decarbonisation and Energy Transition Steering Committee* will pursue these opportunities.

(1) Nitrous oxide. (2) Scope 2 greenhouse gas emissions are the emissions released to the atmosphere from the indirect consumption of an energy commodity. (3) Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility level. Scope 1 emissions are sometimes referred to as direct emissions. (4) Technology readiness levels (TRLs) are a method for estimating the maturity of technologies during the acquisition phase of a program. The use of TRLs enables consistent, uniform discussions of technical maturity across different types of technology.

GROUP FINANCIAL RESULTS

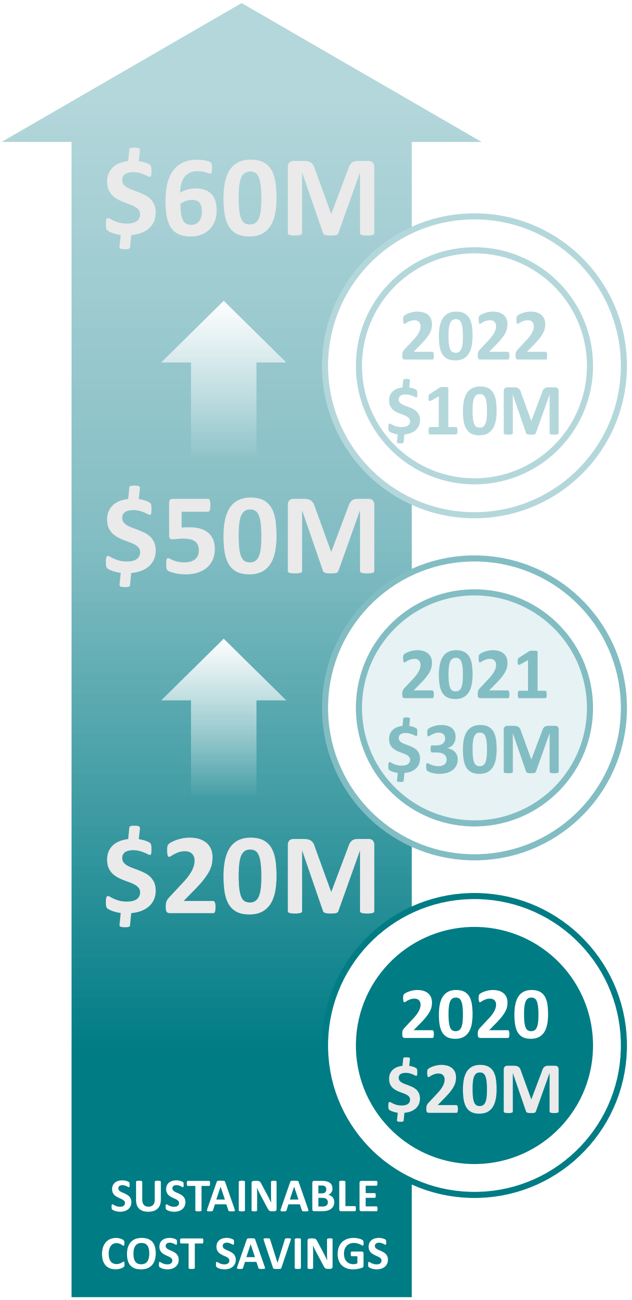
Nick Stratford

Chief Financial Officer

Response Plan

Plan on track - delivered on FY21 first half target

- On target to deliver sustained incremental cost savings of $60M[(1)] per annum by FY22
- Response Plan delivery to 31 March 2021:
  - $20M of incremental savings delivered in 1H21
  - $40M of incremental savings delivered program to date
- Activity remaining:
  - Run-rate ahead of target, 1H21 costs of the program have been included in net delivery
  - One-off savings from travel cost reductions and discretionary spending to be replaced by efficiency savings in FY22

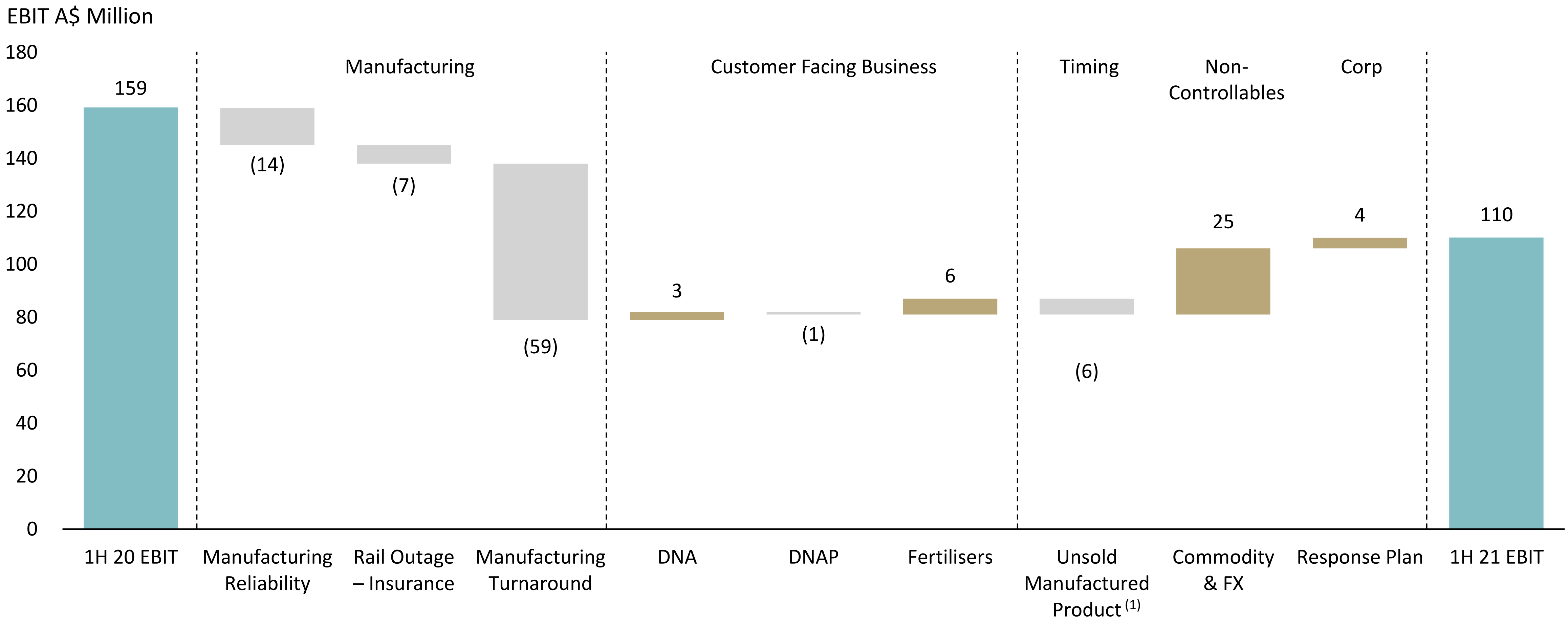


(1) Sustained incremental earnings uplift by FY22 of an estimated $60M per annum, based on expected cost savings when compared to FY19 cost base.

Group Result 1H21

EBIT of A$110M, ▼ 31% vs pcp

Group EBIT Movements



(1) Represents the higher volume of unsold manufactured product at prior period commodity prices. The unrealised profit on this manufactured product (based on current import parity prices) is $25M, which is expected to be realised in 2H21.

Profit & Loss

Summary of Corporate Costs, Borrowing Cost and Taxation

IPL Group	1H21 A$M	1H20 A$M	Change A$M
Revenue	1,724	1,848	(124)
EBIT ex IMI	110	159	(49)
Net Borrowing Cost	(64)	(75)	11
Tax Expense	(10)	(19)	9
NPAT	**36**	**65**	**(29)**
Earnings per share ex IMIs (cents)	1.9	4.0	(2.1)
Dividend per share (cents)	1.0	–	nm[1]

Net Borrowing Costs down $11M to $64M

- Favourable movements:
  - Lower average debt balance in 1H21 compared to pcp following equity raising
  - Benefit of favourable movements in the A$/US$ exchange rate
- One off cost increase:
  - One-off cost related to the repurchase of higher cost long-term bonds. The payback period for this repurchase is ~2.9 years

Tax Expense down $9M from pcp

- Decreased tax expense primarily driven by lower earnings vs pcp
- Lower effective tax rate of 22% (pcp: 23%)

Dividend

- 1H21 interim dividend of 1.0 cps, 100% franked, in line with dividend policy (30% - 60% NPAT)

Foreign Exchange Hedging of estimated US$ linked fertiliser sales

- 100% hedged at $0.76 with 60% having unlimited participation
- 80% hedged at $0.795 with 65% participation below 0.74

(1) not meaningful.

Cash Flows

Seasonal Trade Working Capital build supports strong 2H21 cash flow

Cash flow	1H21 A$M	1H20 A$M	Change A$M
EBITDA	286	338	(52)
Interest paid	(62)	(77)	15
Tax paid	(15)	(12)	(3)
Trade Working Capital	(323)	(178)	(145)
Net Other	11	81	(70)
Operating cash flow	**(103)**	**152**	**(255)**
Growth capital	(17)	(35)	18
Sustenance	(141)	(119)	(22)
Net Other	(3)	(67)	64
Investing cash flow	**(161)**	**(221)**	**60**
Dividends paid	-	(31)	31
Translation of net debt	(26)	(71)	45
Net Other	(14)	(14)	-
Financing Cash Flow	**(40)**	**(116)**	**76**
Change to Net Debt	**(304)**	**(185)**	**(119)**
Opening balance Net Debt	(1,029)	(1,691)	662
Closing balance Net Debt	**(1,333)**	**(1,876)**	**543**

EBITDA ex IMIs down 15% vs pcp

- Operational cash flows impacted by reduced manufacturing contributions from planned and unplanned outages

Trade Working Capital (TWC)

- Increase from pcp due to:
  - Unusually low movement in 1H20, impacted by high September 2019 inventory balances
  - Reduction in the use of trade working capital financing facilities

Capital Expenditure

- Sustenance capital spend is above pcp due to turnarounds at Mt. Isa, St. Helens and Waggaman in the 1H21

Net Other

- Focus on balance sheet simplification and reduction of derivative cash flows outside of operating result

Dividend Payments

- In light of ongoing uncertainty due to COVID-19 and IPL's May 2020 equity raising, IPL did not pay a dividend in 1H21

(1) Free Cash Flow is calculated using Operating cash flows after Sustenance capital spend, Lease buy-outs, Growth capital spend, Lease liability payments and Other Investing cash outflows.

Focus on Balance Sheet Strength

Balance Sheet de-leveraging in line with strategy

Net debt	1H21 A$M	1H20 A$M
Debt facilities	1,587	2,528
Other borrowings	13	65
Total interest bearing facilities	1,600	2,593
Cash and cash equivalents	(124)	(212)
Net debt (excluding hedges)	1,476	2,381
Fair value of hedges[1]	(143)	(505)
Reported Net debt[2]	1,333	1,876

Committed Debt Facilities	31 March 2021		
A$ million	Facility	Drawn	Undrawn
Total debt	2,340	1,587	753
Average tenor	5.6 years		

Credit metrics	1H21	1H20
Net debt / EBITDA ex IMIs (times)[3]	2.1	2.8
Interest Cover (times)[4]	6.0	5.0

Credit ratings	1H21	1H20
Standard & Poor's	BBB (Stable)	BBB (Negative)
Moody's	Baa2 (Stable)	Baa2 (Negative)

Financial Indebtedness A$M	31 Mar 2021	31 Mar 2020	Change
Net debt (excluding hedges)	1,476	2,381	(905)
Lease liabilities	242	236	6
Trade working capital financing facilities	357	525	(168)
Total Financial Indebtedness	2,075	3,142	(1,067)

Net debt substantially lower

- Proceeds from May 2020 equity raising applied to repay banking facilities
- Cash flows applied to reduce Trade Working Capital financing facilities by $168M since 31 March 2020
- The fair value of hedges reduced significantly due to the closure of 37% of the hedge position, together with the impact of the higher A$/US$ exchange rate at 31 March 2021

Debt facilities management

- Repurchased ~US$94M and ~A$19M of higher-cost long-term bonds, improving balance between fixed and variable facilities
- Renewed SFA for three years at market favorable rates

Credit metrics improved

- Net debt / EBITDA[(3)] ex IMIs of 2.1x reduced substantially vs pcp of 2.8x

(1) The fair value of hedges includes derivatives that hedge the foreign exchange rate exposure of the Group's USD borrowings. These hedges mature in December 2022. (2) Net debt comprises the net of interest bearing liabilities, cash & cash equivalents, and the fair value of derivative instruments economically hedging the Group's interest bearing liabilities. (3) Net debt / EBITDA ratio for covenant purposes is calculated using 12 months rolling EBITDA excluding individually material items. (4) Interest Cover is calculated using 12 months rolling EBITDA excluding individually material items / net interest expense before accounting adjustments.

Financial Framework

Committed to strong Balance Sheet, disciplined capital management and improving returns

Focus on Balance Sheet strength

- Commitment to sustainable investment grade credit profile
- Simplifying debt funding & hedging structures by 2022

1H21

✓ Proceeds from equity raise 100% applied to reduce Net debt

✓ Reduction in TWC financing facilities of $168M at 31 March 2021 compared to the pcp

✓ Balance sheet hedge restructuring progressing. Expect to exit all derivatives by year-end. 37% reduction in 1H21

Free Cash Flow generation

- Strong focus on cost, trade working capital and sustenance capital
- Response Plan to reset sustainable cost base and drive operational efficiency
- Capital spend efficiency to be largely driven by Manufacturing Excellence

1H21

✓ Response Plan delivery tracking ahead of target

✓ Underlying TWC $46M below pcp

Sustenance Capex – Sustenance spend target is to be below depreciation in turnaround years and at 80% of depreciation in non turnaround years. Forecast $320M sustenance FY21

Target higher returns

- ROIC(1) targets and actions in place to drive improvement in medium term
- Growth capital investment biased to capital light, faster cash returning projects – aligned to strategy
- Improved returns from Plants to be underpinned by Manufacturing Excellence

1H21

✓ Positive technology growth momentum driving higher returns on growth capital

✓ Growth capital, increasingly influenced by sustainability metrics

✓ Completion of current turnaround cycle to drive higher plant returns

(1) Return on invested capital.

OPERATING PERFORMANCE

Jeanne Johns
Managing Director & Chief Executive Officer

Summary of Segment Financial Performance

EBIT A$ million	1H21	1H20	Change
Dyno Nobel Americas	31	113	(82)
Dyno Nobel Asia Pacific	70	71	(1)
Fertilisers Asia Pacific	20	(10)	30
Corporate & Eliminations	(11)	(15)	4
Total EBIT excl IMIs	**110**	**159**	**(49)**

Dyno Nobel America's EBIT Split

EBIT US$ million	1H21	1H20	Change
DNA – Explosives	44	56	(12)
DNA – Waggaman	(18)	18	(36)
DNA – Ag&IC	(3)	1	(4)
Total EBIT excl IMIs	**23**	**75**	**(52)**

(1) Electronic detonator systems.

1H21 Performance Commentary

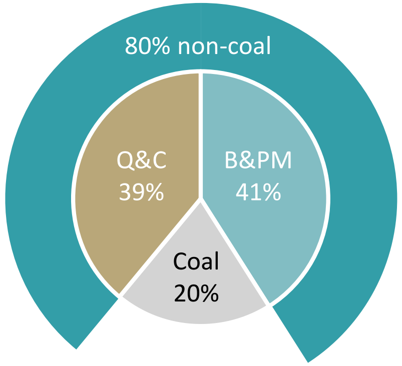
- DNA Explosives impacted by $15M (US$11M) unplanned outages at Cheyenne and Louisiana Ammonium Nitrate plants.
- Waggaman plant earnings were significantly lower as a result of the planned turnaround and unplanned plant outages during the period
- Ag&IC earnings were lower due to the planned turnaround
- DNAP earnings were slightly down on pcp as increased technology sales largely offset softer coal demand and contract re-basing
- Technology continuing to deliver strong growth in Explosives businesses (Emulsions up 24% on pcp, EDS[1] up 15% on pcp)
- Strong Australian manufacturing performance providing platform to capture fertiliser commodity cycle strength (in excess of $25M profit to be realised in 2H21 from unsold manufactured product on hand at 31 March 2021)
- $20M out of $30M planned FY21 Response Plan savings delivered in 1H21

Americas Explosives

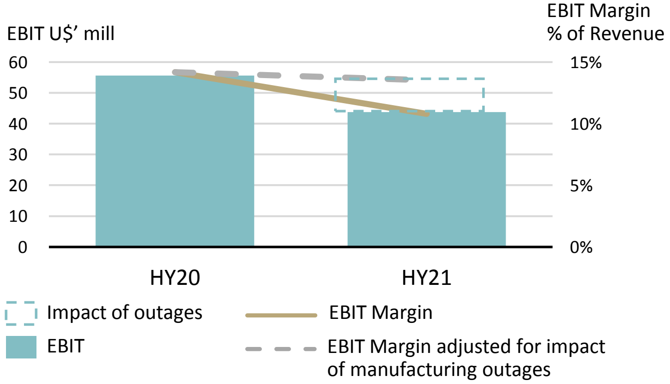
EBIT of US$44M, ▼ 21% vs pcp

EBIT of A$60M, ▼ 29% vs pcp

1H21 Revenue % Split by Sector



EBIT & Margin



Adjusted for manufacturing outages

EBIT of US$55M, ▼ 1% vs pcp

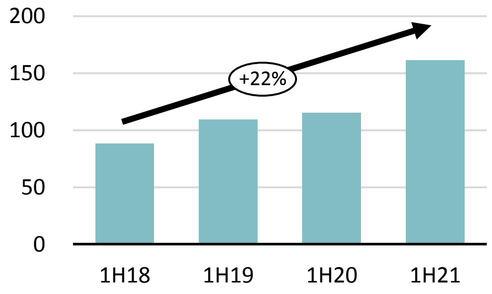
EBIT of A$74M, ▼ 12% vs pcp

1H21 Performance

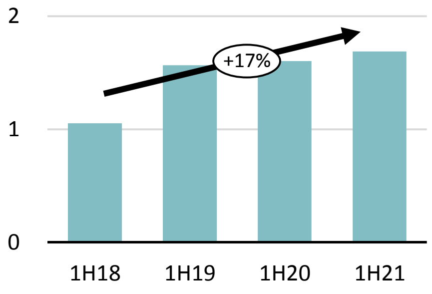
- Strong Explosives earnings (ex Manufacturing earnings impact) -1% in challenging market conditions
- 20% increase in revenue in Base & Precious Metals offset weaker coal demand and weather impacted Q&C volumes
- Unplanned outages at Louisiana and Cheyenne Ammonium Nitrate plants impacted earnings by US$11M. Both plants have returned to normal operations
- Strong momentum in technology with sales of Premium Emulsion up 40% and EDS up 5%

Technology continues to drive market share gains and volume growth

Premium Emulsion
(thousand metric tonnes sold)



Electronic Detonators Systems
(million units sold)



Technology led diversification into quality markets offset coal declines

Americas Explosives – Markets

Outlook positive across all sectors

Base & Precious Metals

- Volume growth expected across all sectors with strong Gold and Copper prices supporting mines as they recover from FY20 COVID-19 closures
- DNA volumes are expected to grow in the 2H vs FY20, driven by mine recoveries and technology driven market share gains

Quarry & Construction

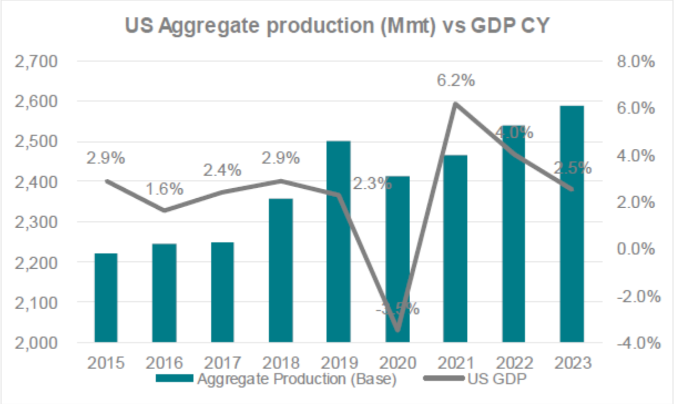
- Q&C volumes are expected to grow in the mid single digits 2H v FY20 as the economy continues to open up and recover from COVID-19 slowdown
- DNA volumes are expected to trend in line with or above market growth rates, as technology share gains continue

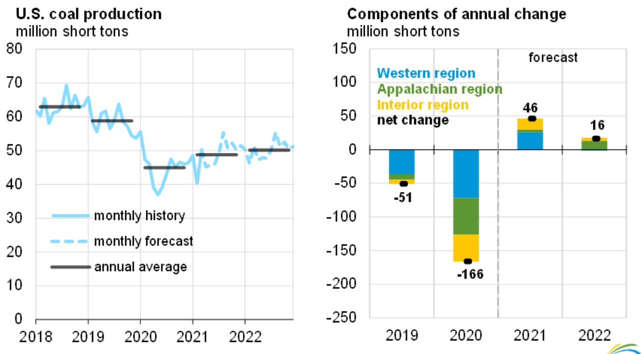
Coal

- Market forecasts are predicting a recovery in coal demand in 2H21, driven by favourable gas economics and a lower prior year comparative (COVID-19 demand impacted)
- For DNA, coal bankruptcies in the Powder River Basin and Illinois Basin are expected to limit 2H volume growth to low single digits

Mined iron ore production (fines, lump, pellet feed) by country (Mt)

Region	Country	2019	2020	2021	2022	2023	2024
North America	Canada	58	58	69	73	77	77
North America	Mexico	12	10	11	11	11	12
North America	United States	48	43	52	52	52	52





Source: U.S. Energy Information Administration, Short-Term Energy Outlook, April 2021

Positive market outlook with rebound expected in 2H from COVID impact on pcp

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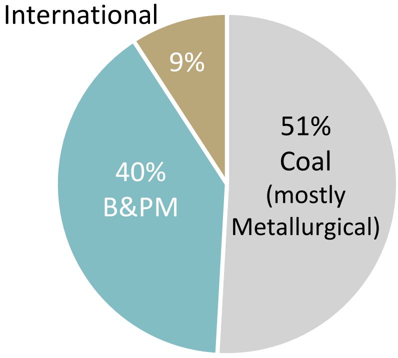
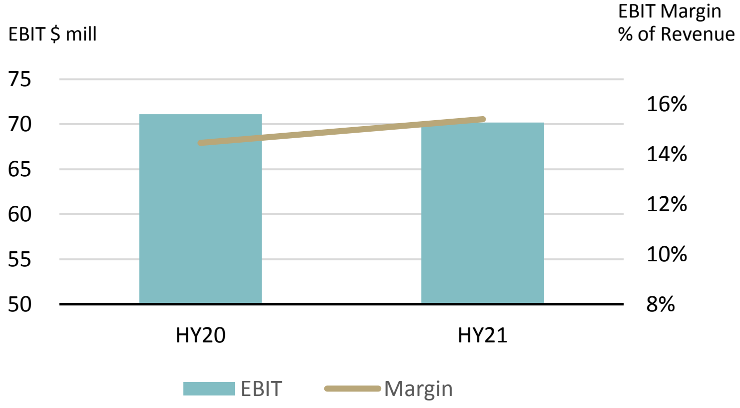
Asia Pacific Explosives

EBIT of A$70M, ▼ 1% vs pcp

1H21 Revenue % Split by Sector



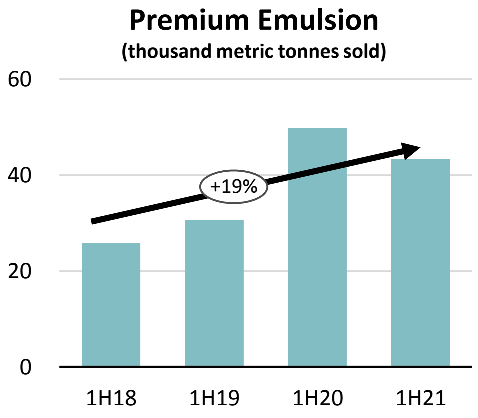
EBIT & Margin

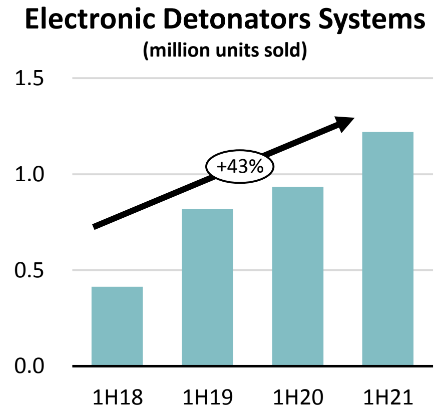


1H21 Performance

- Continued growth in technology product margins (+$9M) offsetting impact from re-contracting (-$8M). WA contract losses (as previously disclosed in 2018) accounted for a $3M earnings reduction.
- Strong Moranbah manufacturing performance in last phase of four-year operating campaign. Production up 4% on pcp. Turnaround progressing to plan.
- Electronic Detonator Systems growth of 30% vs pcp
- Response Plan savings (+$5M) offsetting softer demand from coal and international markets (-$5M)
- The loss of a medium-sized Metals customer has impacted sales of premium emulsions in 1H21

Technology continues to drive market share gains and volume growth





Technology led margin growth and Response Plan savings offsetting softer 1H demand and contract re-basing

Asia Pacific Explosives – Markets

Positive outlook across Metallurgical Coal and Iron Ore

Metallurgical Coal

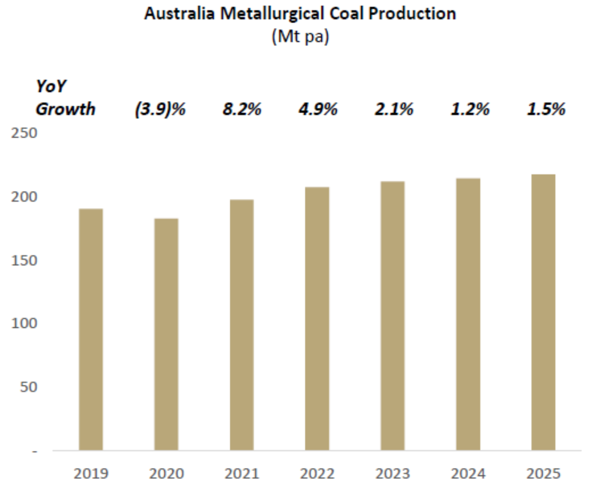
- Volume growth (~8% year on year) expected in Metallurgical Coal production with markets in India, Europe and South America replacing tonnes previously sold to China. Metallurgical coal represents approximately 83% of Australian Coal revenues for Asia Pacific Explosives
- DNAP – Market conditions continue to support Moranbah's sold out position

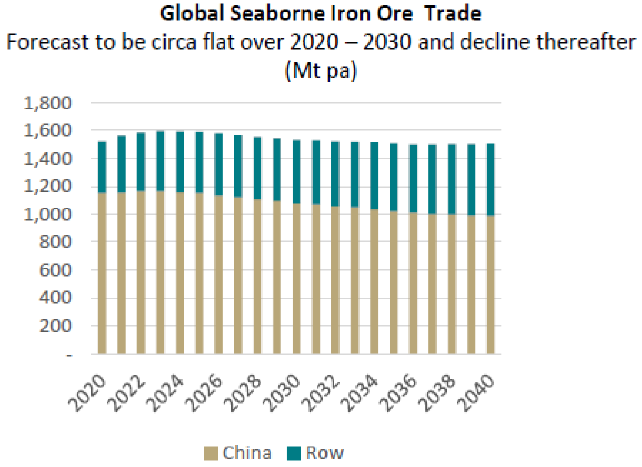
Iron Ore

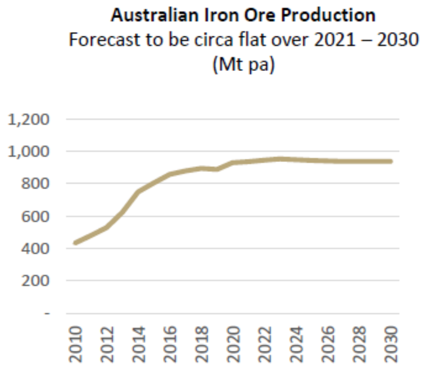
- Iron Ore prices remain strong, supporting Australian production
- DNAP is expected to benefit via higher sales of electronic detonators and emulsion products into the sector

International

- Coal production has continued to recover in Indonesia despite heavy rains in East Kalimantan, with higher exports to China. Producers remain cautious despite the increase in exports – many giving guidance at or close to 2020 levels
- DNAP is expected to benefit in 2H21 and into FY22 as volumes return to pre-COVID levels







(1) Forecast FY21 technology growth (based on contracted & committed business) expected to offset re-contracting impacts.

Fertilisers Asia Pacific

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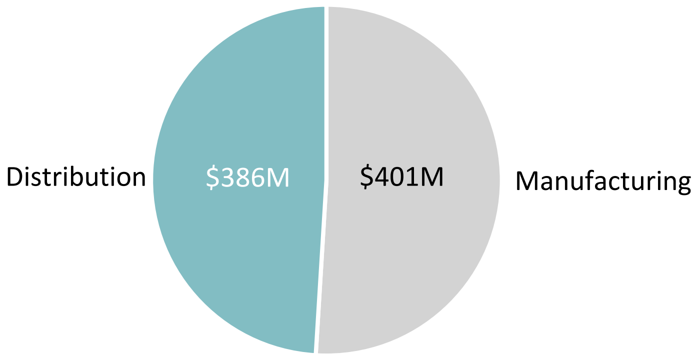
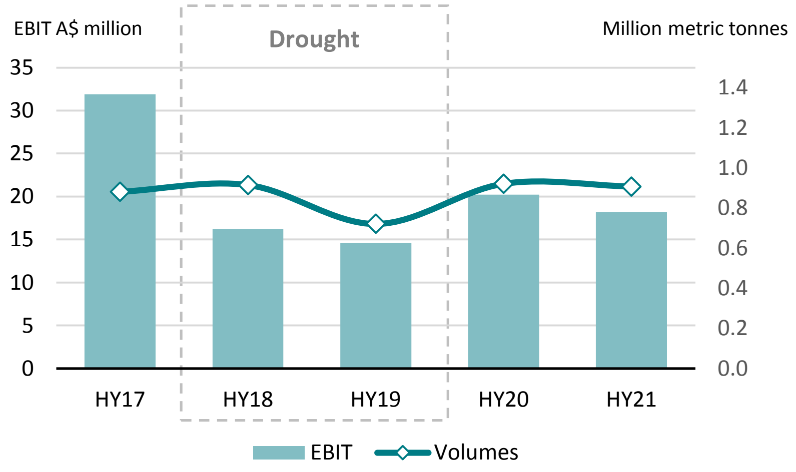
INNOVATION ON THE GROUND

EBIT of A$20M, ▲ $30M from pcp loss of $10M

1H21 Revenue Split by Sector(1)



Distribution Earnings & Volumes

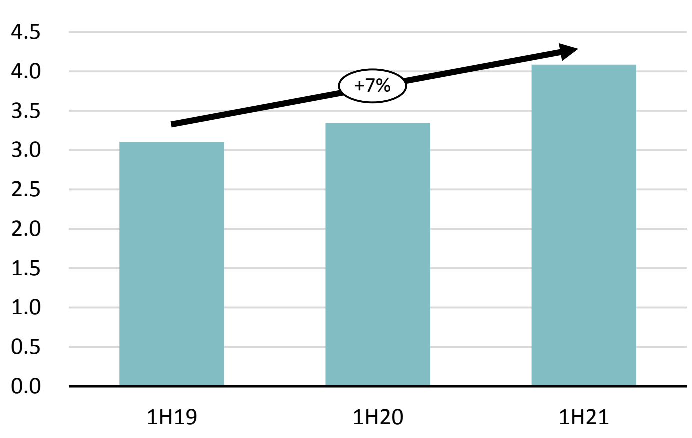


1H21 Performance

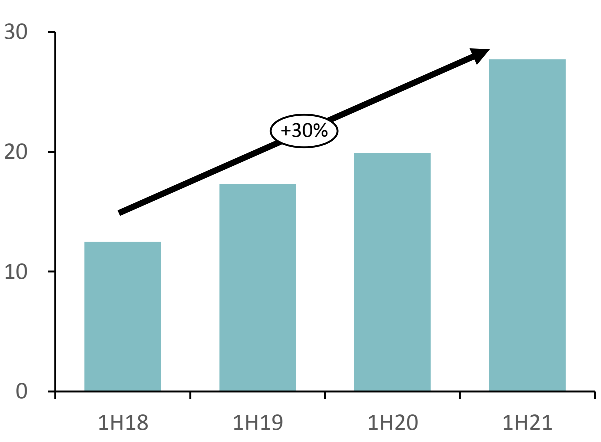
- Relatively flat distribution volumes and margins in a competitive market with some sales deferred into 2H due to March flooding
- Strong manufacturing performance (up $6M excluding turnaround impact)
- Benefit of the commodity price upswing captured (+$39M). Unsold Manufactured product on hand at 31 March, expected to realise in excess of $25m in profit in 2H21 at current market prices
- Response Plan savings (+$7M) predominantly from sustainable reductions in operational expenses at Phosphate Hill and Gibson Island
- Good progress on soil health strategy setting up future growth

Precision Agriculture

Intensive Soil Testing



Liquid Fertilisers



Distribution provides stability

Strong operational performance enabling capture of commodity upswing

(1) Before inter-divisional eliminations.

Fertilisers Asia Pacific – Markets

Favourable conditions supporting strong 2H21

MARKETS

Cotton

- Water availability expected to support improved cotton market with potential upside for increased BigN volumes in Q4 and FY22

Broadacre Grain

- Recent significant rainfall and nutrient depletion from prior year supportive for 2H21 demand

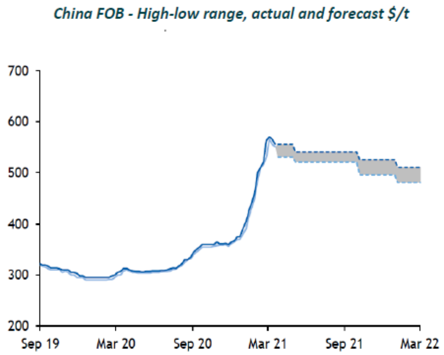
Extensive Pasture

- Record beef prices and top 10% sheep meat prices supportive of fertiliser demand (growers investing in pasture upgrades)

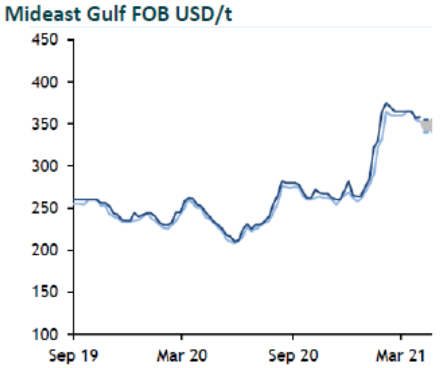
Sugar

- Expect consistent year on year demand

DAP



Urea



PERDAMAN – OFFTAKE AGREEMENT

Australian Fertilisers for Australian Farmers

Strategic Alignment

- Access to secure local supply at Internationally competitive price
- Leverages existing trading and distribution capability
- Low capital / High ROIC

Stakeholder benefits

- Fertiliser / food security for Australians
- 200 operational and indirect jobs once the plant begins production
- One of the most energy efficient plants in the world utilising low emissions technology

The Project

- Subject to financing, regulatory approvals and finalising a gas supply agreement
- Construction to commence Q1 2022
- First production planned for Q4 2025, up to 2.3M tonnes per annum

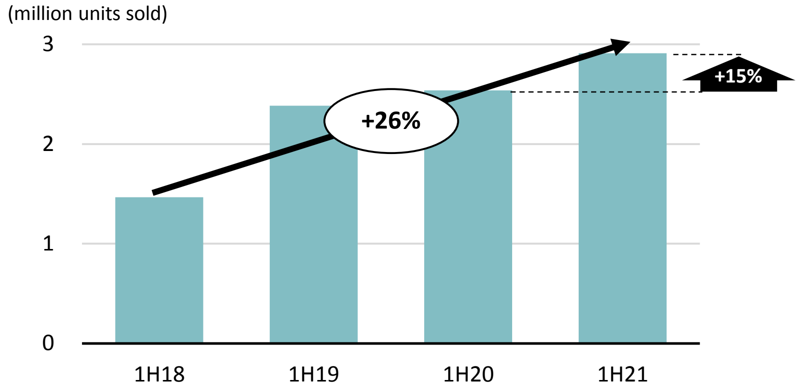
Well placed to benefit from commodity price uplift compared to 2H20

TECHNOLOGY

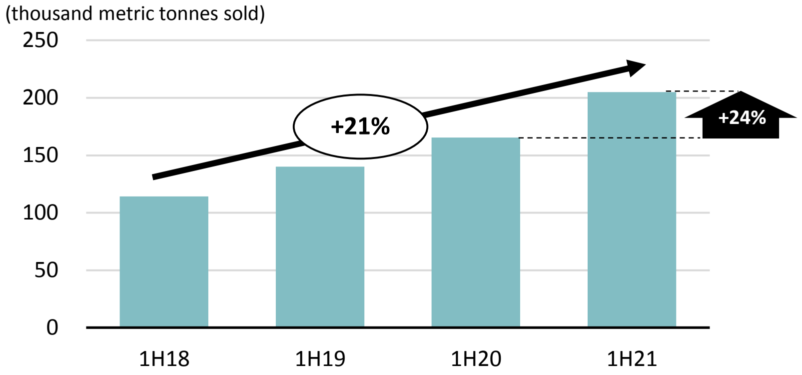
Jeanne Johns
Managing Director & Chief Executive Officer

Technology Driving Future Growth

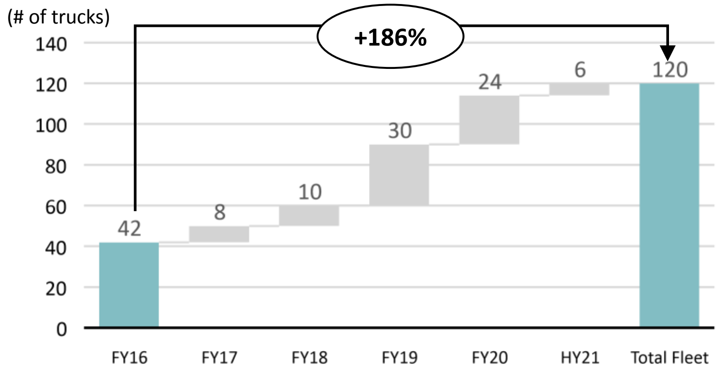
Electronic Detonator Systems



Premium Emulsion



Delta E Trucks



Targeting technology driven Explosives EBIT growth[1] of 10% by FY22

Electronic Detonators Systems represent a small proportion of global detonator sales – significant scope for future growth

Chile customer trials progressing well and delivering superior blasting outcomes

Strong growth in momentum of technology uptake

(1) Technology driven estimated growth in Explosives EBIT between FY20 and FY22, assuming no significant deterioration in current market conditions. (2) Detonator market in North America and Australia.

The Automated Connected Bench

Nobel Fire Digital Platform

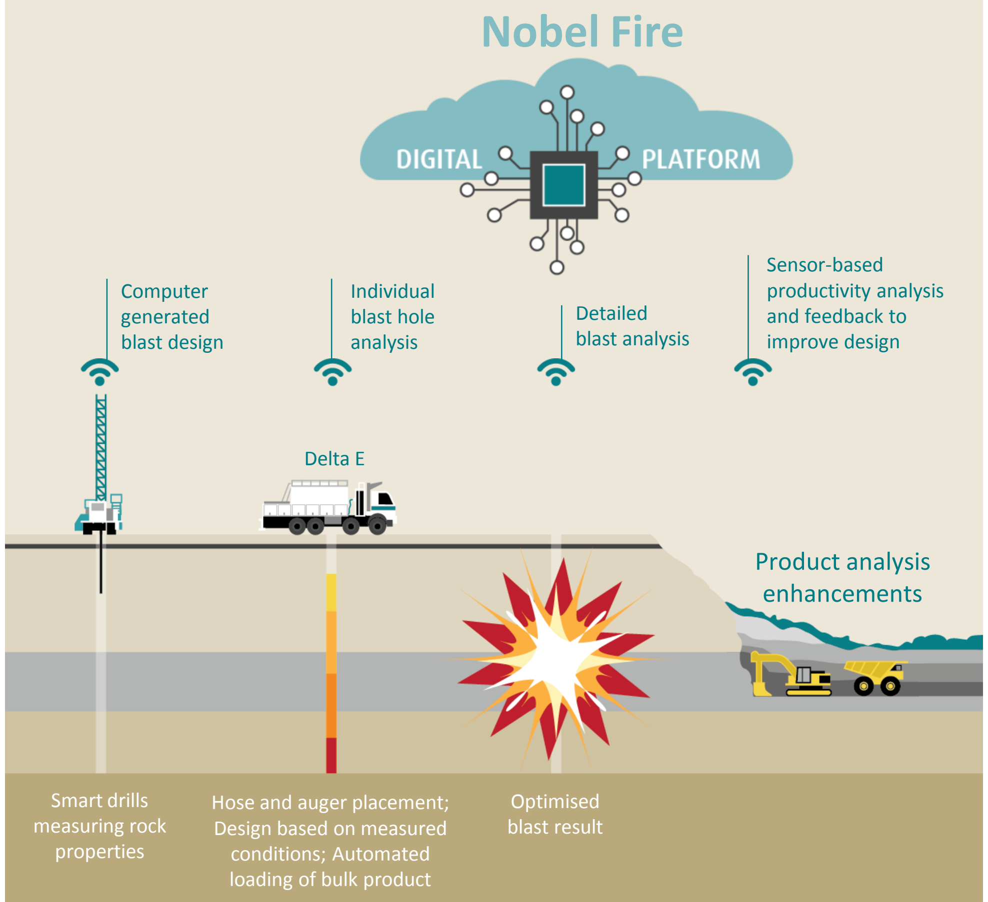
A proprietary Dyno Nobel system

Linking together unique design capabilities, bulk explosives products, explosives delivery equipment and initiation systems

Advanced system architecture enabling end-to-end automation of the 'connected bench':

- Blast hole design
- Automated loading – differentiated energy (Delta E)
- Blast timing & execution – Digishot electronics & Cyberdet wireless detonators
- Measurement & recording of blasting outcomes

Connected Bench



Outcomes

Improved safety performance

Reduced impact on the environment

Operational efficiencies and mining productivity

Technology Strategy Progress

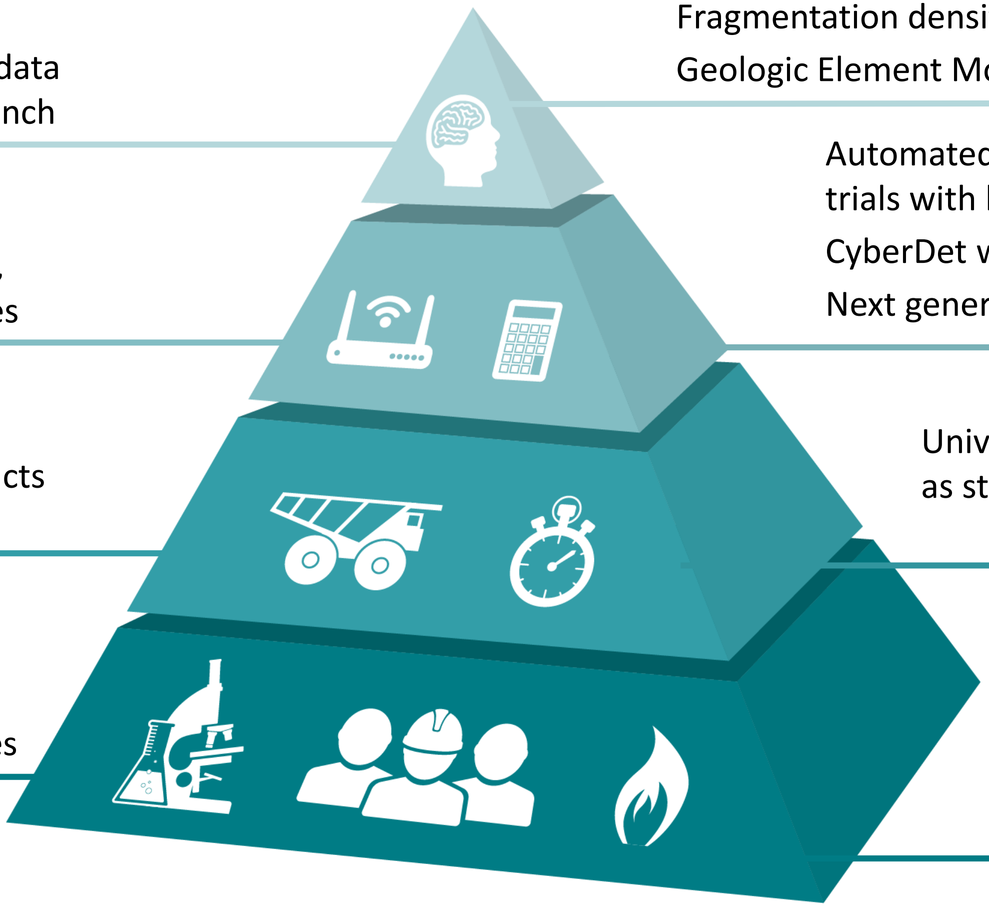
Our Technology Strategy

Digital integration, data and a connected bench

Advanced products, systems and services

Conventional products and systems

Base raw materials, support and services



Our Vision Brought To Life

Nobel Fire digital platform in rapid scale up

Fragmentation density model (FDM) commercialised during the period

Geologic Element Motion (GEM) model development on track

Automated bulk explosives loading equipment moving to field trials with large east coast coal customer

CyberDet wireless detonator regulatory approvals completed

Next generation Delta E systems released

Universal control system and truck data management released as standard build

New phase stabilised bulk Ammonium Nitrate commercialisation process underway

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INNOVATION ON THE GROUND

SUSTAINABILITY

Jeanne Johns
Managing Director & Chief Executive Officer

1H21 Sustainability Actions

Release of IPL's 10th GRI(1) aligned Sustainability Report

Incorporation of UN SDG's into 2020 Sustainability Report

SUSTAINABLE DEVELOPMENT GOALS

Submission of the 1st IPL Modern Slavery Statement (2020)

Re-admitted to the DJSI for 10th year in a row

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Sustainability Yearbook
Member 2021

S&P Global

Sustainability-linked syndicated 3-year term debt facility secured

Re-admitted to the Bloomberg GEI Member for the 3rd year in a row

2020 Bloomberg Gender-Equality Index

(1) Global Reporting Initiative.

Managing Climate Change – 2021 action plan

Actions in 1H21

- Publication of Solar Hydrogen Feasibility Study by ARENA(1)
- Installation of improved N_2O(2) process emissions measurement technology
- Formation of the Decarbonisation and Energy Transition Steering Committee

- Evaluation of energy transition business opportunities aligned to core competencies
- Development of a decarbonisation roadmap and the identification of key 'Net Zero' technologies

Actions for 2H21

- Risk and opportunity assessment update
  - Refresh of 2° & 4° Scenarios
  - Addition of 1.5° & 'Inevitable Policy Response' Scenarios

- Progress decarbonisation projects to meet 5% 2026 Greenhouse Gas (GHG) emissions target(3)
- Pre-feasibility development of business opportunities
- Alignment of long-term asset strategies with decarbonisation pathways

(1) Australian Renewable Energy Agency. (2) Nitrous Oxide. (3) GHG reduction target of 5% by 2026 against IPL 2020 baseline. IPL's total global 2020 emissions were 3.6m tCO_2e. The 2020 GHG baseline is subject to adjustment due to unforeseen future expansions and acquisitions/divestments which may occur before the end of the 2026 IPL financial year.

Incitec Pivot Limited
INNOVATION ON THE GROUND

OUTLOOK & STRATEGIC PRIORITIES

Jeanne Johns
Managing Director & Chief Executive Officer

Outlook – 2H21

Stronger than normal weighting to 2H earnings and cash flow expected[1]

- Unsold Manufactured Ammonium Phosphate product on hand, to realise in excess of $25M in profit in 2H21 at current market prices
- One planned turnaround in 2H21 compared with three completed in 1H21 (+$44M)
- Plant reliability improvement
- Favourable prevailing fertiliser market conditions relative to pcp

Commodity	1H21 Realised Price US$/mt	Spot Price US$/mt
Ammonia	256	545[2]
DAP	426	536[3]
Urea	296	343 - 350[4]

Plant	TA Timing			Duration (Weeks)
	2H21	1H22	2H22	
Moranbah	■			7
Phosphate Hill			■	7
Cheyenne			■	7

(1) IPL's average 1H/2H split over the past 4 financial years (2017 to 2020) is 43% / 57%. (2) CFR Tampa as at 11 May 2021. (3) China DAP as at 11 May 2021 (4) FOB Middle East as at 6 May 2021.

Strategic Priorities – FY21

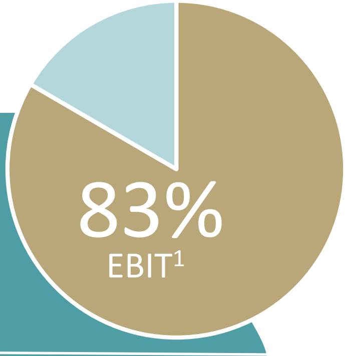
- Continued safe operation in COVID-19 normal environment
- Focus on Manufacturing Excellence - WALA production and Moranbah turnaround completion
- Return to growth in Explosives[(1)], driven by premium technologies
- Acceleration of technology test trials following COVID-19 pause in FY20
- Capture favourable market conditions in fertilisers
- Drive Response Plan execution to deliver against targets
- Continue to develop the pathway to “Net Zero”

(1) Excluding Manufacturing input.

QUESTIONS & ANSWERS

APPENDIX

Growth Through Supporting Essential Industries



DYNO Dyno Nobel

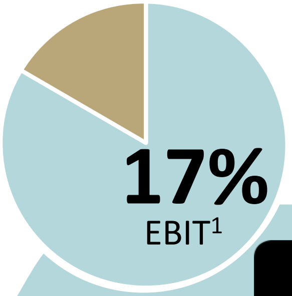
INNOVATION AND HIGHEST QUALITY EXPOSURE TO EXPLOSIVES

COMPETITIVE ADVANTAGE
Best premium technology in the market today, ideally suited for growth markets/sectors
Strategically located assets close to quality customers

STRONG EXPLOSIVES MARGINS
~ 13% EBIT margin[2], reflecting value add premium technology and markets

DIVERSIFIED CATEGORY EXPOSURE
Two best mining markets in the world
Base & Precious Metals, Quarry & Construction, Coal

QUALITY CUSTOMER BASE
RioTinto, Anglo American, FMG, Peabody



Incitec Pivot Fertilisers

AUSTRALIA'S LARGEST INTEGRATED SUPPLIER OF FERTILISERS

LEADER IN EAST COAST MARKET
Extensive distribution platform with stable distribution volumes

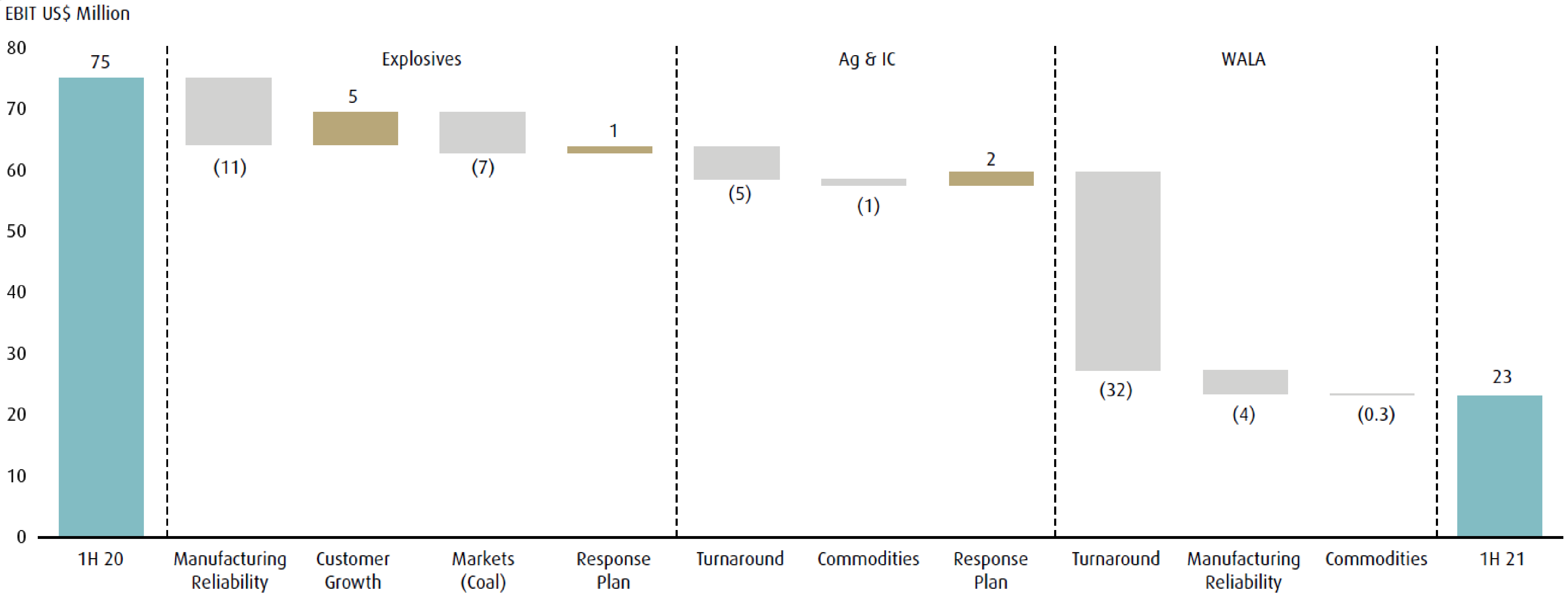
DIVERSIFIED CATEGORY EXPOSURE
Dairy, Sugar, Cotton, Grains, Horticulture

LEVERAGED TO GROWING GLOBAL PHOSPHATES MARKETS
~47% increase in Di-ammonium Phosphates prices and ~20% increase in Urea prices

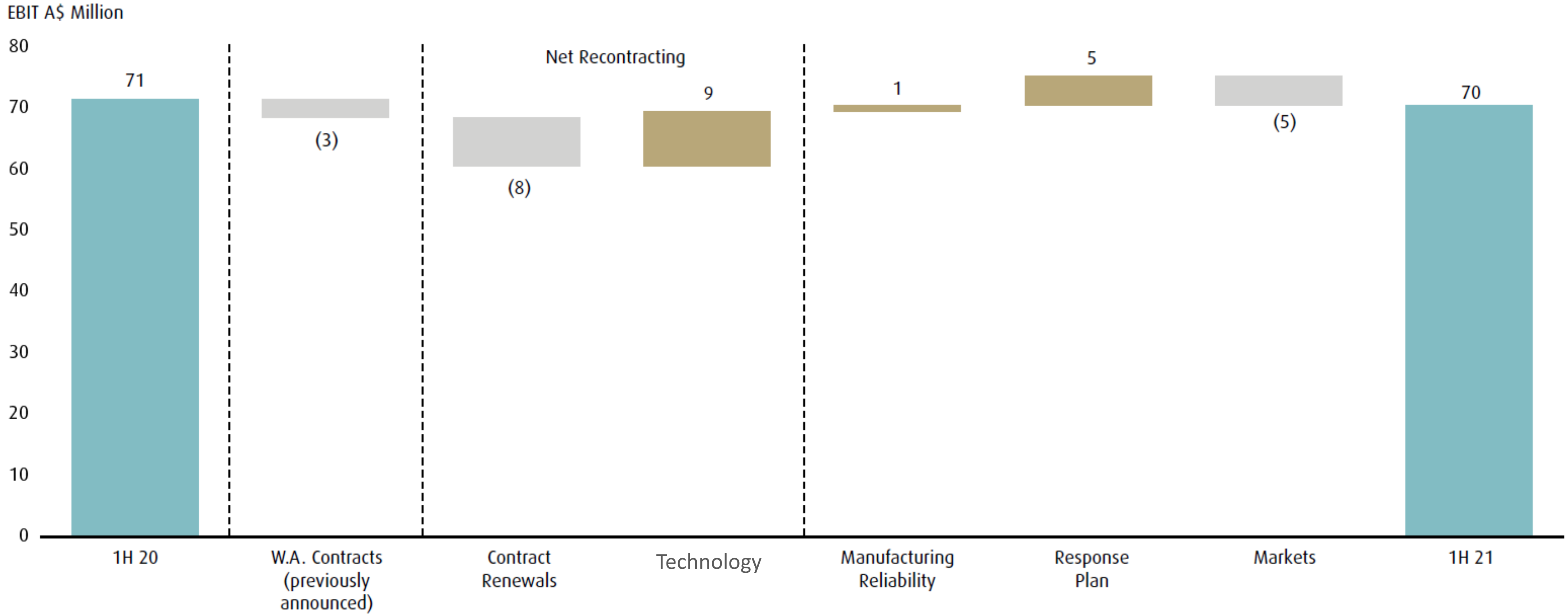
LARGEST AUSTRALIAN FERTILISERS PRODUCER
Manufacturing provides security of supply

(1) 1H21 IPL Group EBIT split excluding eliminations & corporate costs.
(2) 1H21 Explosives EBIT margins.

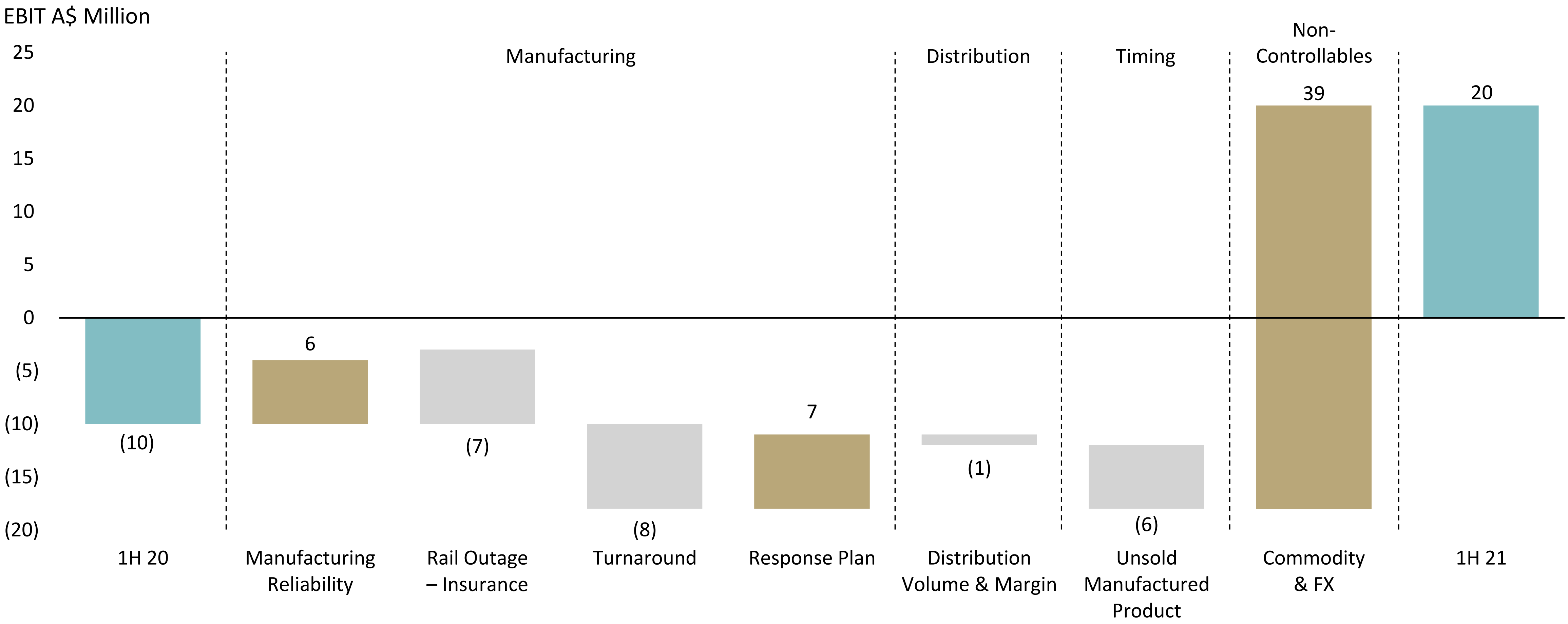
Dyno Nobel Americas – EBIT Waterfall



Dyno Nobel Asia Pacific – EBIT Waterfall



Fertilisers Asia Pacific – EBIT Waterfall

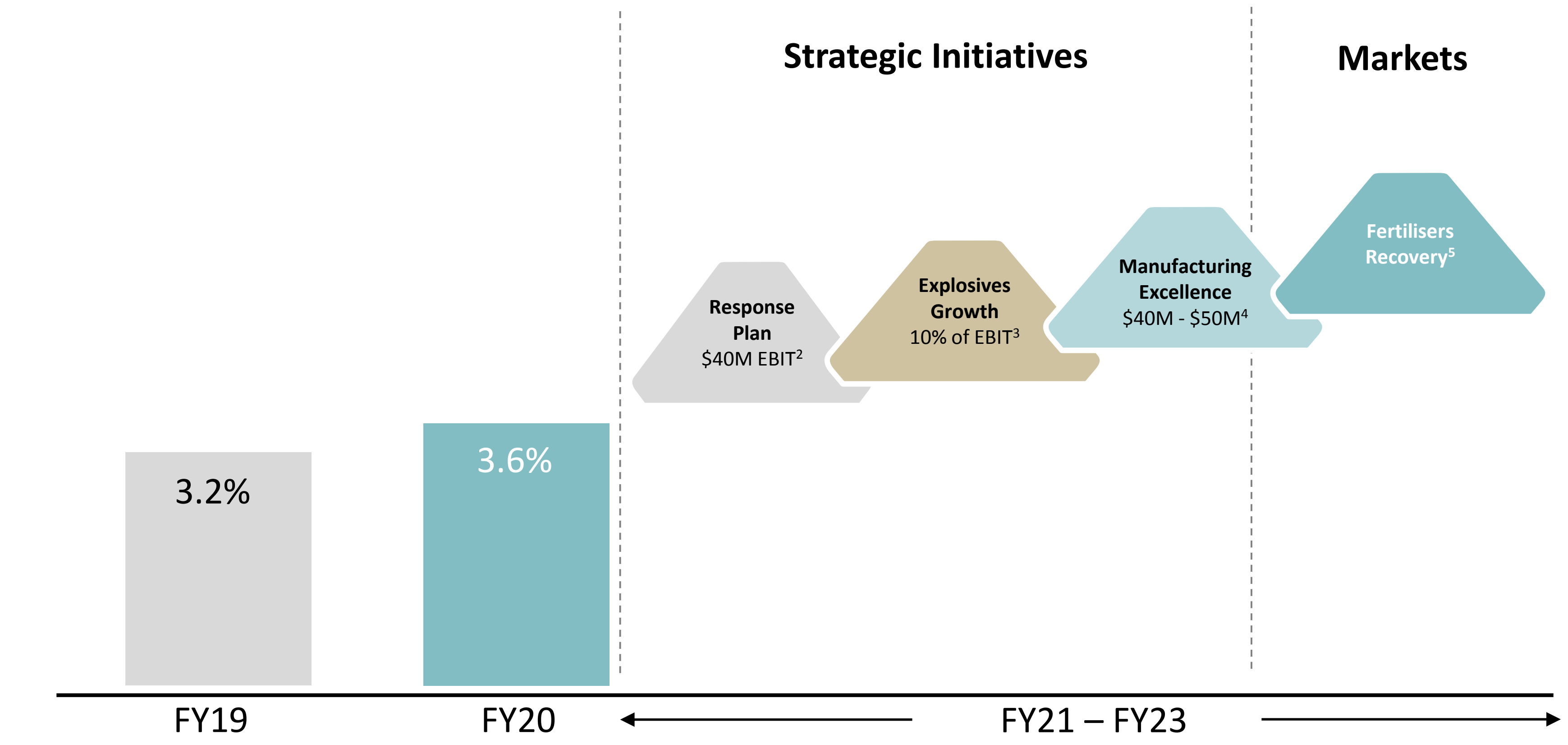


Target Higher Returns

Strategic initiatives and cycle improvement driving positive returns momentum

- Strategic initiatives improving ROIC over the next 3 years
- Growth plan already delivering improved ROIC vs pcp
- Stronger Balance Sheet from improving cash flows

Return On Invested Capital[1]



(1) Return on invested capital, calculated as 12 month rolling Net Operating Profit After Tax, excluding individually material items / 13 month rolling average operating fixed assets and intangible assets (including goodwill) and operating net working capital. (2) Sustained incremental earnings uplift by FY22 of estimated $60M per annum, based on expected cost savings when compared to FY19 cost base. (3) Technology driven estimated growth in Explosives EBIT between FY20 and FY22, assuming no significant deterioration in current market conditions. (4) 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. (5) Assumes fertilisers prices recovery broadly in line with CRU and Fertecon forecasts.