

# 2021 FULL YEAR FINANCIAL RESULTS PRESENTATION

15 November 2021

**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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# OVERVIEW

**Jeanne Johns**

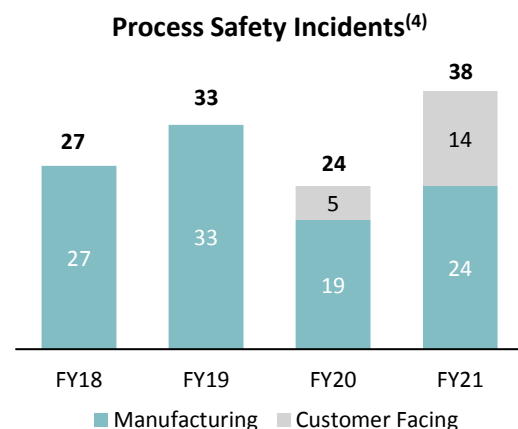
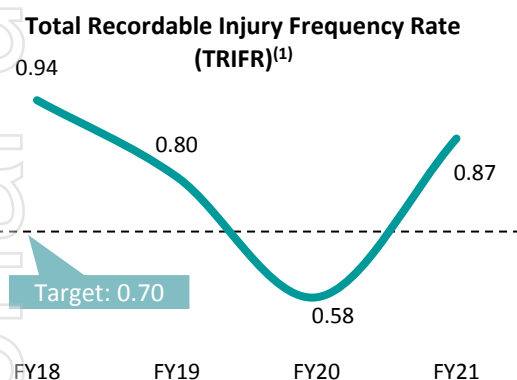
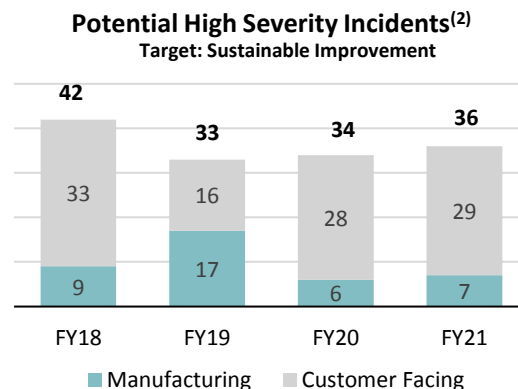
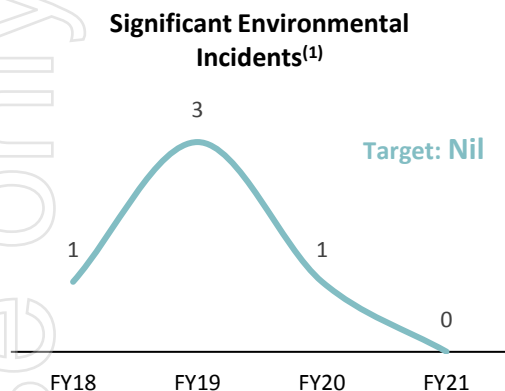
Managing Director &  
Chief Executive Officer



# Zero Harm

## COVID-19 impact - Refreshed programs to drive improvement

### Output Metrics



### Initiatives

- **Safety program refresh** – focus on hazard awareness, incident reporting and investigation to root cause
- **Process safety metrics** – increased awareness driving improved reporting
- **Operating rigour** – reinforcing mechanisms to improve understanding and conformance to standards / procedures
- **Critical preventative maintenance** – Improved processes and tracking with increased resources applied

### COVID-19 Management

- Standardised COVID-19 response plan embedded globally
- COVID-19 fatigue / distraction – Proactive check-ins & increased leader attention
- COVID-19 safety – Continuing focus on COVID-19 safe operating environments
- Global employee survey – 96% indicated IPL had done a good job managing COVID-19
- Blanket testing implemented in high risk areas for early detection
- Key focus on physical and mental wellbeing of our people

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

## Earnings pre-IMIs up 51% to \$566m - Strong 2H

- ⬡ Improved Explosives 2H performance - technology momentum
- ⬡ Fertilisers capturing commodity upswing

## Improved manufacturing performance in 2H

- ⬡ Strong second half manufacturing performance
- ⬡ Waggaman clean cold restart post Hurricane Ida

## Continued progress on strategic agenda

- ⬡ Momentum in technology continues
- ⬡ Evolution in Fertilisers to Soil Health Company
- ⬡ Increased commitments on climate change
- ⬡ Response Plan delivered ahead of schedule
- ⬡ 4 Turnarounds completed & transition to regional structure
- ⬡ Gibson island transition to import model, lack of affordable gas
- ⬡ High quality green ammonia partnerships

**FY21  
Overview**

# FY21 Financial Overview

Strong second  
half delivered

Earnings Before Interest  
& Tax (EBIT) ex IMIs<sup>1</sup>

**\$566M**

51%  
on FY20

Net Profit After Tax  
(NPAT) ex IMIs<sup>1</sup>

**\$359M**

91%  
on FY20

Full Year Dividend  
(CPS<sup>2</sup>)

**9.3**

No dividend  
declared in 2020

Operating  
Cashflows

**\$650M**

19%  
on FY20

Net Debt /  
EBITDA<sup>3</sup>

**1.1x**

Improved  
from 1.4x at FY20

Return on Invested  
Capital (ROIC)

**5.8%**

61%  
on FY20

**Strong  
momentum  
entering FY22**

1) Excluding Individually Material Items (IMIs) of \$293M (\$209M after tax).

2) Cents per share. Final dividend of 8.3cps to be paid in December 2021

3) 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 and excludes lease liability. 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.



# Two strong businesses well positioned for the future



**Safety:** Industry leadership in safety



**Sustainability:** Accelerating 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

Industry leader in attractive markets with leading technology



# SUSTAINABILITY

**Jeanne Johns**

Managing Director &  
Chief Executive Officer

# Long standing commitment to sustainability

**Release of IPL's first stand-alone TCFD aligned Climate Change Report**



**Partnership with FFI<sup>(1)</sup> to investigate green ammonia production at Gibson Island**



**Connection of the Gibson Island manufacturing facility to a recycled water source**



**Partnership with Keppel Infrastructure & Temasek to investigate Green Ammonia production**

- Newcastle
- Gladstone



**Sustainability-linked syndicated 3-year term debt facility secured**



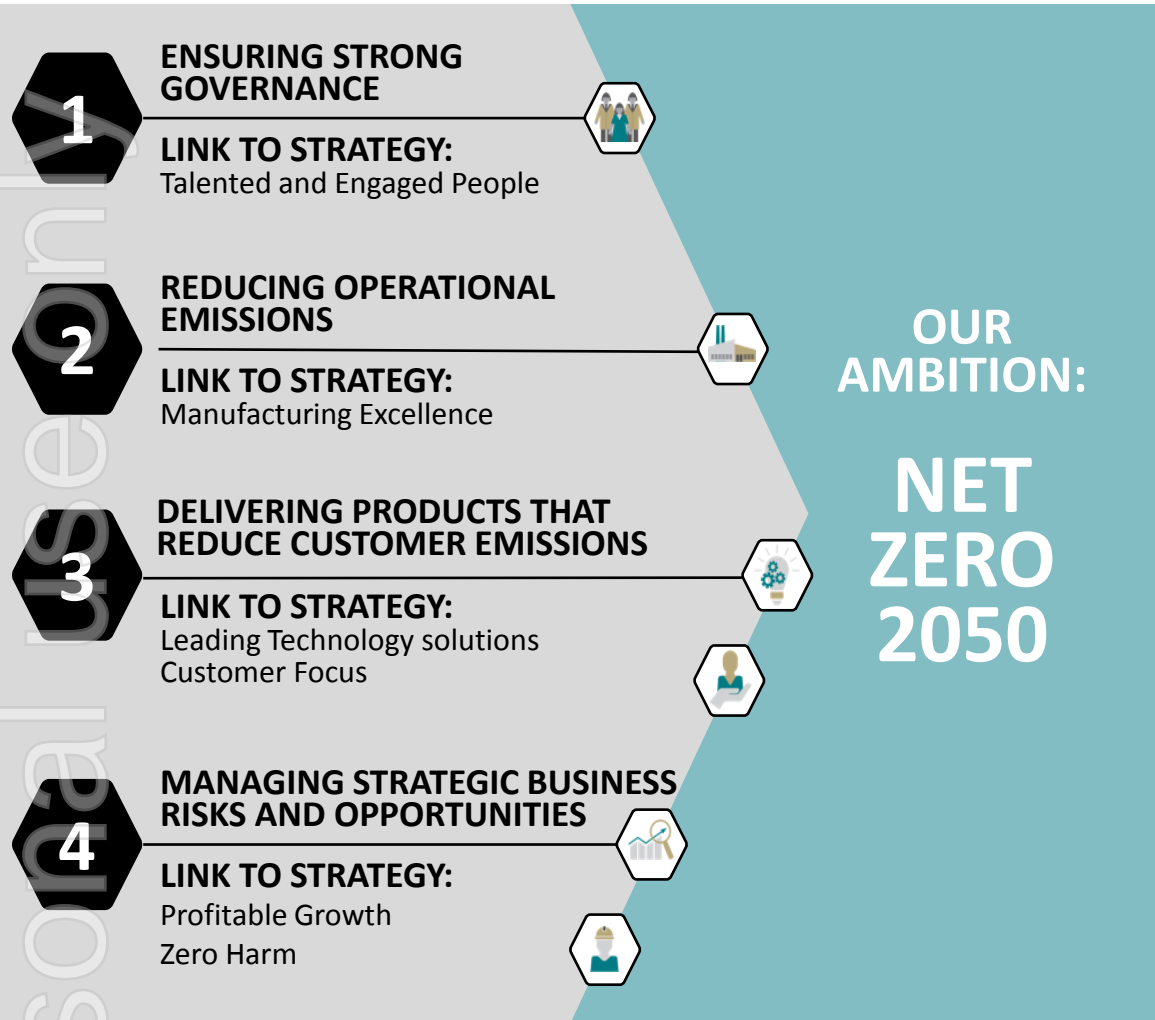
**Participation in DJSI, CDP, Bloomberg GEI (scores soon to be released) FTSE, with EcoVadis rating increase**



(1) Fortescue Future Industries



# Step Change on Climate Change



- **Strong governance structures established:**
  - Board & Executive level commitment
  - Climate change strategy linked to Executive Remuneration
- **Embedding climate change in strategy across commercial opportunities and risk**
- **Technology and advanced products and services to reduce customer emissions**
- **Increased commitments to decarbonisation**
- **Released first ever standalone TCFD aligned report, including potential Net Zero pathway**

# Commitment to Decarbonisation

New short and medium term targets to achieve ambition

## Long Term Ambition

Net Zero by 2050, or sooner if practicable

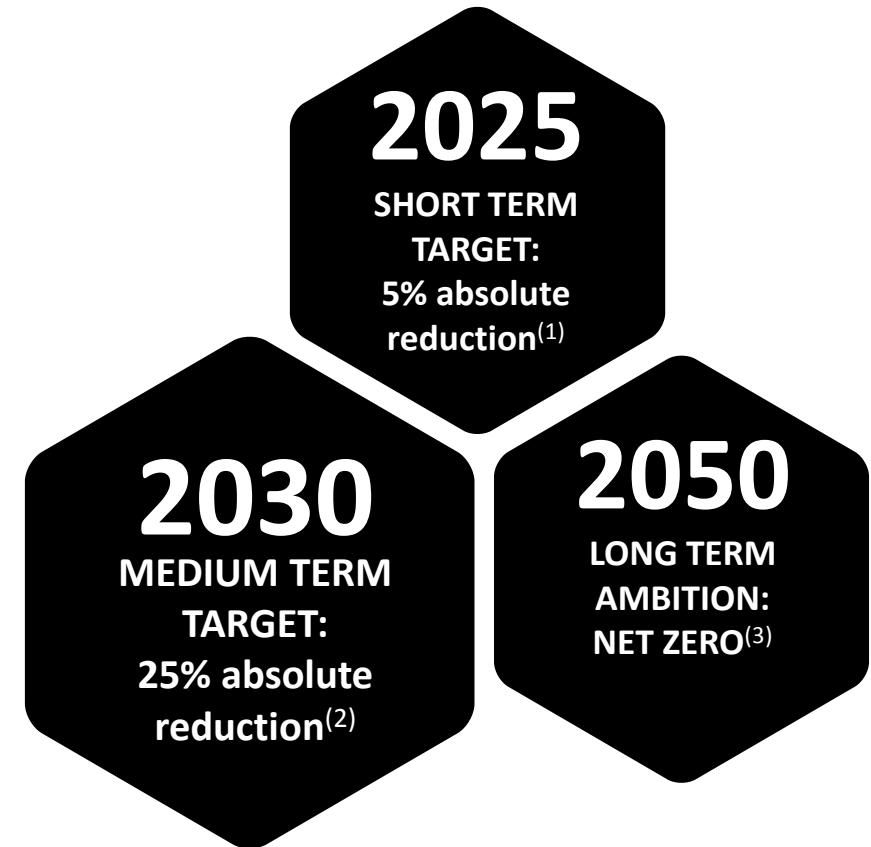
## Short & Medium Term Targets

Accelerated 2025 target & introduced new 2030 target

Actions underway to underpin both targets

## A Just Transition

Protect & sustain the employment opportunities we provide  
and the communities that depend on these

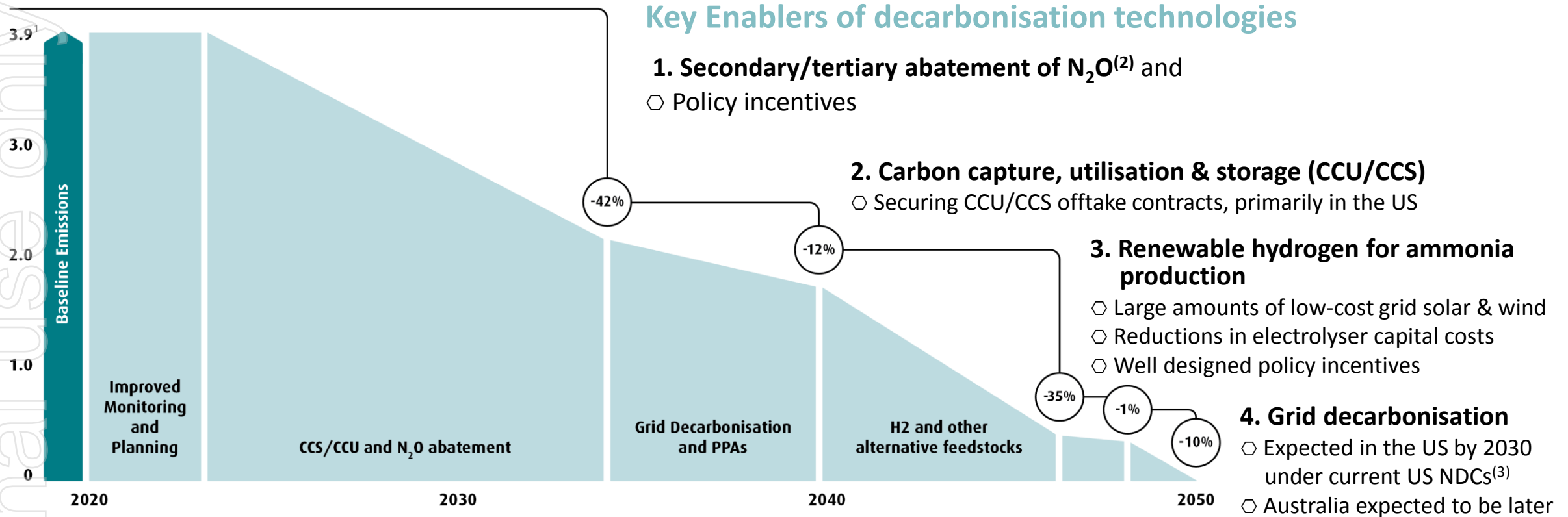


(1) Our short and medium-term targets are absolute reductions against our 2020 baseline year operational (Scope 1 and Scope 2) emissions (2) Subject to economic feasibility of Carbon Capture, Utilisation & Storage at Waggaman, Louisiana (3) Our ambition to achieve net zero emissions by 2050 is based on the assumptions that: green hydrogen reaches economic parity with natural gas for hydrogen production by 2040; US grid decarbonisation is achieved by 2035-2040; Australian grid decarbonisation is achieved by 2040; and carbon offsets are available for residual emissions that are not practical to abate



# Potential Pathway to Net Zero by 2050

CO2e million tonnes



(1) Restated due to improved measurement of N<sub>2</sub>O process emissions from our nitric acid plant at Louisiana, Missouri (LOMO) as a result of the installation of Continuous Process Emissions Monitoring (CPEM) technology in 2021.

(2) Nitrous oxide, released in the making of nitric acid (3) Nationally Determined Contributions under the 2015 Paris Agreement

# STRATEGIC AGENDA

**Jeanne Johns**

Managing Director &  
Chief Executive Officer





# Strong Progress on Strategic Agenda

## Explosives

- **Market leading technology earnings growth**
  - CAGR<sup>(1)</sup> >25% in gassed emulsions revenue
  - CAGR<sup>(1)</sup> >35% in electronic detonator systems
  - Wireless technology commercialised
    - ✓ 2 active customers
    - ✓ Trials planned for Americas
- **Growth in high quality end markets**
  - Growth in Metals and Q&C
  - Chile trials proving value in use

## Fertiliser

- **Captured ~\$240m in EBIT value from the recovery in commodity prices (net of FX)**
- **Leading Soil Health Company**
  - Growth in Agronomy and Soil Health services
  - Liquid fertiliser growth
  - Technology partnership with Uni. of Melbourne
- **Strong Supply Chains and Distribution Networks**
  - Gibson Island - Switch to import model
  - Long term Urea supply: Perdaman<sup>(2)</sup>

## Sustainability

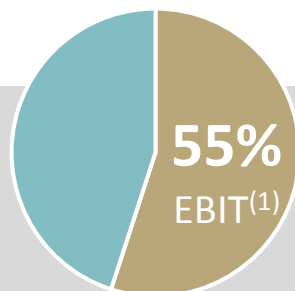
- **Hydrogen green energy opportunity**
  - Gibson Island green ammonia study
  - Newcastle & Gladstone green ammonia study
- **Climate Change**
  - Pathway to Net Zero
  - Inaugural Climate Change Report
  - Aligned to TCFD

**Strong businesses with Sustainability Opportunities**

# Category Leadership

**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<sup>2</sup>, reflecting value add premium technology and markets

## DIVERSIFIED CATEGORY EXPOSURE

Exposure to critical commodities in two best mining markets in the world  
Base & Precious Metals, Quarry & Construction, Coal

## QUALITY CUSTOMER BASE

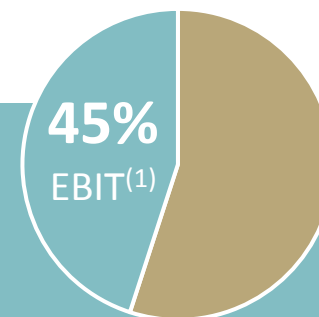
**BHP** **RioTinto**



**Peabody**



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 >> Precision Agriculture

## LEVERAGED TO GROWING GLOBAL FERTILISER MARKETS

> 73% increase<sup>(3)</sup> in realised AP<sup>(4)</sup> prices and >50% increase<sup>(3)</sup> in realised Urea prices

## LARGEST AUSTRALIAN FERTILISERS PRODUCER

Manufacturing provides security of supply today and in the future

**GROUP  
FINANCIAL  
RESULTS**

**Nick Stratford**

Chief Financial Officer





# Good Progress Against Finance Objectives

## Balance Sheet simplified and de-levered

- ⬡ SFA renewed for 3 years - Sustainability wrap
- ⬡ Balance Sheet hedging removed ahead of plan
- ⬡ Financial Indebtedness down \$384m, Net Debt/EBITDA<sup>(1)</sup> at 1.1x

## Response Plan delivered ahead of plan

- ⬡ \$40m of savings in FY21, \$60m for FY20 / FY21 period

## Solid conversion of EBITDA into Operating Cash

- ⬡ Good TWC reduction despite rising commodity prices
- ⬡ Cash focus across all areas of the business – embedded discipline

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.

**Strong cash flows underpinning dividend payout**

# Profit & Loss

## Summary of Corporate Costs, Borrowing Cost and Taxation

IPL Group <sup>(1)</sup>	FY21 A\$M	FY20 A\$M	Change %
Revenue	4,349	3,942	10
EBIT ex IMI	566	375	51
Net Borrowing Cost	(113)	(136)	17
Tax Expense	(95)	(51)	nm
<b>NPAT ex IMI</b>	<b>359</b>	<b>188</b>	<b>91</b>
IMIs after tax	(209)	(65)	nm
<b>NPAT</b>	<b>149</b>	<b>123</b>	<b>21</b>
Earnings per share ex IMIs (cents)	18.5	10.9	70
Dividend per share (cents)	9.3	–	nm
Return on Invested Capital (ROIC)	5.8%	3.6%	61%

nm = not meaningful.

(1) Numbers subject to rounding (2) After tax

### Net Borrowing Costs down \$23M to \$113M

- Lower average debt balances
- One-off cost related to repurchase of higher cost long-term bonds. Payback ~2.9 years

### Tax Expense up \$44M from pcp

- Effective tax rate on operating profit of 21%, consistent with prior year

### Individually Material Items of \$209M<sup>(2)</sup>

- Non-cash impairment of Cheyenne manufacturing assets \$79M
- Gibson Island manufacturing plant closure \$130M (\$58M cash cost)

### Dividend

- Final dividend of 8.3 cps, 14% franked, representing 50% of NPAT (ex IMIs), in line with dividend policy

### Return on Invested Capital

- ROIC improved to 5.8%, up from 3.6% in FY20

# Cash Flows

## Strong second half cash generation expected to continue in FY22

Cash flow	FY21 A\$M	FY20 A\$M	Change A\$M
EBITDA	935	731	204
Interest paid	(109)	(136)	27
Tax paid	(33)	(14)	(19)
Trade Working Capital	(126)	(8)	(118)
Net Other	(17)	(28)	11
<b>Operating cash flow</b>	<b>650</b>	<b>545</b>	<b>105</b>
Growth capital	(51)	(60)	9
Sustenance	(304)	(218)	(86)
(Payments)/proceeds from derivatives	-	(75)	75
Net Other	13	(26)	39
<b>Investing cash flow</b>	<b>(342)</b>	<b>(379)</b>	<b>37</b>
Dividends paid	(19)	(31)	12
Lease liability payments	(41)	(42)	1
Share issue	-	646	(646)
Debt translation & derivatives	(223)	(77)	(146)
<b>Financing Cash Flow</b>	<b>(283)</b>	<b>496</b>	<b>(779)</b>
<b>Change to Net Debt</b>	<b>25</b>	<b>662</b>	<b>(637)</b>
Opening balance Net Debt	(1,029)	(1,691)	662
<b>Closing balance Net Debt</b>	<b>(1,004)</b>	<b>(1,029)</b>	<b>25</b>

### EBITDA ex IMIs up 28% vs pcg

- Strong cashflows - commodity cycle upswing & response plan
- Partially offset by planned and unplanned manufacturing outages & unfavourable FX movements

### Trade Working Capital (TWC)

- Increase in reported TWC due to decrease in TWC facilities of \$80m, consistent with communicated plan to reduce reliance
- Increase in underlying TWC (ex facilities) of \$46m as a result of higher commodity prices on fertiliser inventories. Underlying TWC as % of sales improved 2% to 16%

### Capital Expenditure

- Sustenance capital spend is above pcg primarily due to FY21 turnarounds at Waggaman, Moranbah, St Helens and Mt. Isa

### Reduction of Net Debt related Derivatives

- Unwinding of non-cash derivatives, ensuring reported Net Debt aligns with businesses cash position



# Focus on Balance Sheet Strength

## Balance Sheet de-leveraging expected to continue in FY22

	30 Sep 2021 A\$M	30 Sep 2020 A\$M
<b>Net debt</b>		
Drawn debt facilities	1,654	1,810
Other borrowings	15	60
Total interest bearing facilities	1,669	1,870
Cash and cash equivalents	(652)	(554)
Net debt (excluding hedges)	1,017	1,316
Fair value of hedges <sup>(1)</sup>	(13)	(287)
Reported Net debt <sup>(2)</sup>	1,004	1,029

Committed Debt Facilities			
30 September 2021			
A\$ million	Facility	Drawn	Undrawn
Total debt	2,422	1,654	768
Average tenor	5.1 years		

Credit metrics	30 Sep 2021	30 Sep 2020
Net debt / EBITDA ex IMIs (times) <sup>(3)</sup>	1.1	1.4
Interest Cover (times) <sup>(4)</sup>	9.7	6.1

Credit ratings	30 Sep 2021	30 Sep 2020
Standard & Poor's	BBB (Stable)	BBB (Stable)
Moody's	Baa2 (Stable)	Baa2 (Stable)

Financial Indebtedness A\$M	30 Sep 2021 A\$M	30 Sep 2020 A\$M	Change A\$M
Net debt (excluding hedges)	1,017	1,316	(299)
Lease liabilities	243	248	(5)
Trade working capital financing facilities	332	412	(80)
Total Financial Indebtedness	1,592	1,976	(384)

### Financial Indebtedness

- Strong operating cash flows driven by efficient conversion of favourable commodity price uplift
- Close out of non-cash derivatives of \$161m
- Reduction in TWC financing facilities by \$80m to \$332m. Represents a \$25m reduction from HY21 to a level that is considered sustainable

### Debt facilities

- No material debt maturities until FY24

### Credit metrics improved

- Net debt / EBITDA <sup>(3)</sup> ex IMIs of 1.1x reduced vs pcp of 1.4x
- Forecast strong cash flows to provide options for growth or capital management post FY22

<sup>(1)</sup> The fair value of hedges includes derivatives that hedge the interest rate exposure of the Group's borrowings. <sup>(2)</sup> 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 and excludes lease liabilities. <sup>(3)</sup> 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. <sup>(4)</sup> Interest Cover = 12 month rolling EBITDA (minus lease depreciation) ex IMIs/net interest expense before accounting adjustments.

# Financial Framework

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

## Focus on Balance Sheet strength

- Reduction and maintenance of lower Net Debt through improved free cash flow generation
- Commitment to sustainable investment grade credit profile
- Simplified debt funding & hedging structures

### Status

- ✓ 19% improvement in operating cashflows
- ✓ Balance Sheet simplification completed – balance sheet hedges closed out, TWC facilities materially reduced
- ✓ SFA refinancing completed, strong balance sheet with strong prevailing market conditions

## 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 Performance

### Status

- ✓ Response Plan delivered 12 months ahead of target - \$60m in sustainable earnings
- ✓ Underlying TWC<sup>(1)</sup> 2% below pcg
- ~ Sustenance Capex – FY21 & FY22 circa \$320m (net) due to heavy turnaround schedule – target 80% of depreciation from FY23

## Target higher returns

- ROIC<sup>(2)</sup> targets and actions in place to drive improvement in medium term
- Excess capital to be balanced between investments and shareholder returns
- Increased returns from Plants driven by improved Manufacturing Performance

### FY21

- ✓ Positive technology growth momentum driving higher returns on growth capital
- ✓ Growth capital to be increasingly influenced by sustainability metrics
- ✓ Completion of current turnaround cycle to drive higher plant returns



# OPERATING PERFORMANCE

**Jeanne Johns**

Managing Director &  
Chief Executive Officer





# Summary of Segment Financial Performance

EBIT <sup>(1)</sup> A\$ million	FY21	FY20	Change
Dyno Nobel Americas	190	231	(41)
Dyno Nobel Asia Pacific	140	149	(9)
Dyno Nobel	330	380	(50)
Fertilisers Asia Pacific	268	26	242
Corporate & Eliminations	(32)	(31)	(1)
<b>Total EBIT excl IMIs</b>	<b>566</b>	<b>375</b>	<b>191</b>

## Dyno Nobel America's EBIT Split

EBIT US\$ million	FY21	FY20	Change
DNA – Explosives	126	121	5
DNA – Waggaman	4	33	(29)
DNA – Ag&IC	11	1	10
<b>Total EBIT excl IMIs</b>	<b>141</b>	<b>155</b>	<b>(14)</b>

(1) Segment results exclude IMIs, which are reported at Group earnings level.

## FY21 Performance Commentary

- Strong Australian manufacturing performance allowed Fertilisers to capture benefits of upswing in fertiliser commodity cycle
- Response Plan completed 12 months ahead of schedule, \$40M of sustainable cost savings delivered in FY21 (FY21 target \$30M)
- DNA Explosives achieved significant growth in Metals and from COVID-19 recoveries, offset by unplanned manufacturing outages and coal bankruptcies
- Waggaman plant earnings adversely impacted by planned turnaround and unplanned plant outages, including a voluntary shut to protect plant against potential damage from hurricane Ida (all previously disclosed)
- Ag&IC earnings (DNA) benefited from strong commodity prices
- Moranbah turnaround negatively impacted DNAP earnings by \$15m. Response plan savings & margin improvements from technology sales more than offset impacts of re-contracting (now complete), COVID-19 (largely international) and weather

# 2H21 v 2H20

## Recovery from COVID-19 lows

DYNO NOBEL AMERICAS EBIT <sup>(1)</sup>			
US\$ million	2H21	2H20	Change
Explosives	83	66	+27%
Waggaman	22	14	+57%
Ag&IC	13	0	N/A
<b>Total DNA EBIT excl IMIs</b>	<b>118</b>	<b>80</b>	<b>+48%</b>

Asia Pacific EBIT <sup>(1)</sup>			
A\$ million	2H21	2H20	Change
Dyno Nobel Asia Pacific	70	78	-10%
Fertilisers Asia Pacific	248	36	+589%
<b>Total Asia Pacific EBIT excl IMIs</b>	<b>318</b>	<b>114</b>	<b>179%</b>

(1) Segment results exclude IMIs, which are reported at Group earnings level.

## Dyno Nobel Americas

- Second half 2021 Explosives earnings recovered to pre-COVID-19 levels
- Waggaman and AG&IC benefitting from commodity cycle upswing
- Waggaman & St. Helens running well post turnarounds

## Dyno Nobel Asia Pacific

- Second half 2021 earnings impacted by Moranbah turnaround (A\$15M)

## Fertilisers Asia Pacific

- Strong manufacturing performance capturing commodity cycle upswing

# Americas Explosives

## Performance

EBIT of US\$127M,  5% vs pcp

EBIT of A\$170M,  6% vs pcp

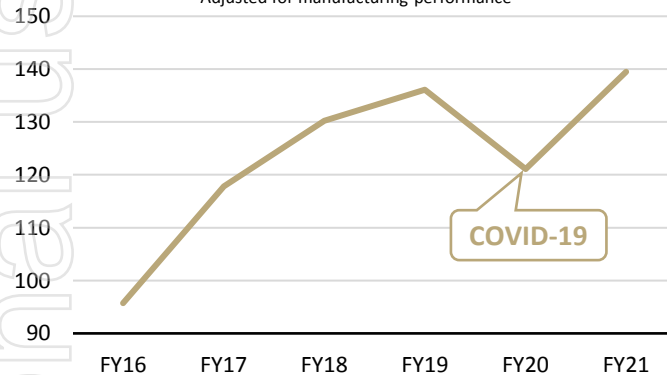
### Adjusted for manufacturing outages

EBIT of US\$139M,  15% vs pcp

EBIT of A\$187M,  4% vs pcp

### Explosives – EBIT (US\$m)

Adjusted for manufacturing performance



## FY21 Performance

- Strong customer growth, particularly in underground and Base & Precious Metals segment
- Q&C volumes remained stable - upside potential for FY22
- Coal volumes down approximately 12% vs pcp - an improvement from 1st half
- Unplanned outages at Louisiana and Cheyenne Ammonium Nitrate plants impacted earnings by US\$12M. Both plants have returned to normal operations
- Strong momentum in technology with sales of Premium Emulsion up 22% and EDS up 18%

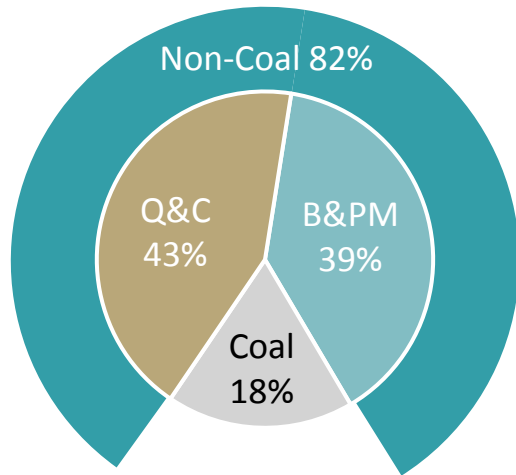
Technology led diversification into quality markets supporting earnings growth



# Americas Explosives

## Markets

FY21 Revenue



### Base & Precious Metals

- Strong Gold and Copper prices supporting volume growth as mines recover from COVID-19 closures
- Growth in DNA volumes and margins expected, driven by mine recoveries and technology driven market share gains. Expected volumes growth 3% to 5%

### Quarry & Construction



- Market volumes expected to grow in low to mid single digits as economy recovers from COVID-19 and infrastructure spending increases
- DNA volumes expected to trend in line with, or above, market growth rates, as technology share gains continue

### Coal

- Coal markets expected to stabilise in short term driven by favourable gas economics, but longer term decline to continue
- For DNA, coal bankruptcies in Powder River and Illinois Basins are expected to limit volume growth

**Diversification into quality markets supporting earnings growth**

## Performance

EBIT of US\$4M,		89% vs pcp
EBIT of A\$6M,		90% vs pcp

## Performance

- Plant has performed well since the June 1 restart
- Nameplate production post restart<sup>(1)</sup>
- 2H EBIT US\$22m v 1H US\$(18)m loss v 2H20 US\$14m

## Reliability

### Cooler replacement

- No material deterioration detected to date
- Replacement to align with Steam (if possible)

### Steam & Power

- Engineering underway
- Steam installation planned 1H FY23
- Power timing to be determined

(1) Excluding controlled shut related to Hurricane Ida

## Resourcing

### Site management

- New senior management team
- Greater level of accountability
- Improved operating rigour
- More robust operating model

### Taskforce

- Repair team** – Work completed and resources redeployed
- Re-Start team** – Integrated into plant workforce
  - ✓ successful cold re-start post hurricane Ida
- Reliability taskforce** – Continuing work on Cooler replacement, steam & power independence and redundancy risks

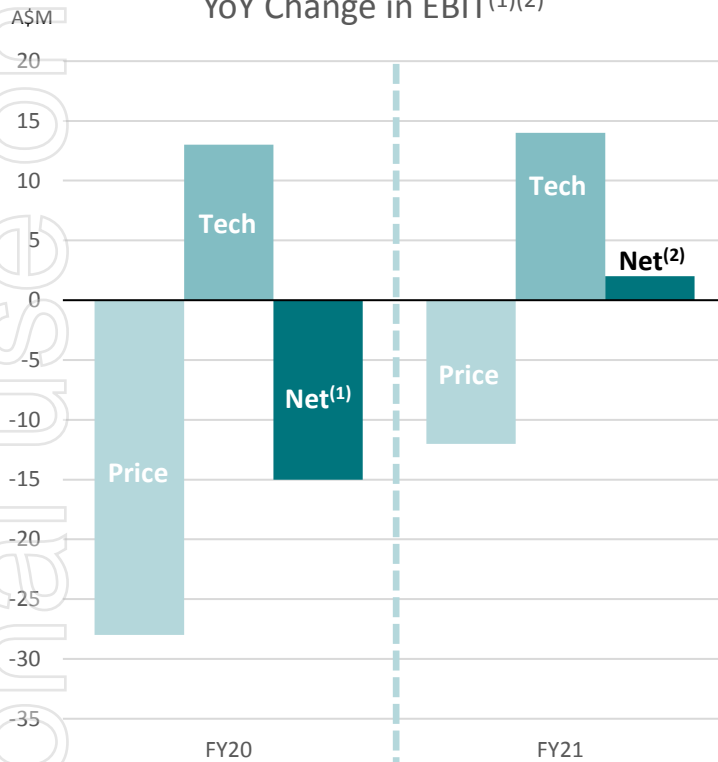
Strong start to FY22 – Nameplate production YTD

# Asia Pacific Explosives

## Performance

EBIT of A\$140M,  6% vs pcp

YoY Change in EBIT<sup>(1)(2)</sup>



## FY21 Performance

- Continued growth in technology product margins (+\$14M) outpacing impacts from re-contracting (-\$12M)
- WA contract losses (as previously disclosed in 2018) accounted for \$3M earnings reduction
- Response Plan savings (+\$9M) more than offsetting COVID-19 impacts on international markets (-\$2M)
- Continued growth in Electronic Detonator Systems - Up 22% vs pcp
- Premium emulsion sales gaining momentum – FY21 impacted by the loss of a medium-sized Metals customer
- Strong Moranbah manufacturing performance in last phase of four-year operating campaign and post turnaround. FY21 reliability 90% (100% post turnaround)
- As previously disclosed, Moranbah turnaround negatively impacted results by \$15M

(1) For FY20 - excluding EBIT movements related to manufacturing performance (+\$5m), market volumes (-\$10m) and previously disclosed W.A. contracts (-\$10m) (2) For FY21 - excluding earnings impacts related to Moranbah turnaround (-\$15m), international earnings (-\$2m), response plan (+\$9m) and previously disclosed W.A. contracts (-\$3m)

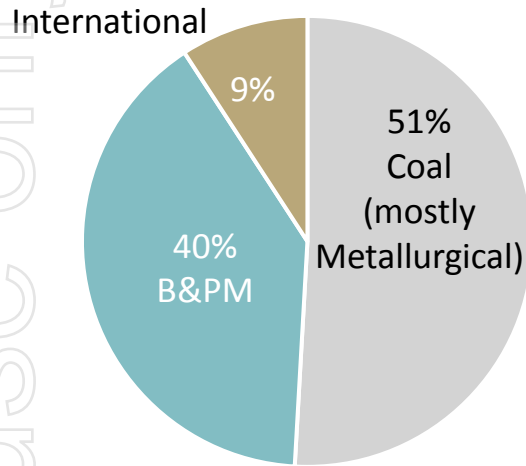
**Strong technology driven growth post recontracting**



# Asia Pacific Explosives

## Markets

FY21 Revenue



### Metallurgical Coal

- ⬡ Market volume growth (~1% year on year) expected in Metallurgical Coal production. Markets in India, Europe and South America replacing tonnes previously sold to China
- ⬡ Market conditions continue to support Moranbah's sold out position

### Base & Precious Metals

- ⬡ Iron Ore prices declined from recent highs. Australian production expected to increase marginally in FY22 (<1%)
- ⬡ Benefit expected from higher sales of EDS<sup>(2)</sup> and emulsion products
- ⬡ New customer wins tied to premium technology offering

### International

- ⬡ Higher demand from China expected to support increased coal production
- ⬡ DNAP is expected to benefit into FY22 as volumes return to pre-COVID-19 level

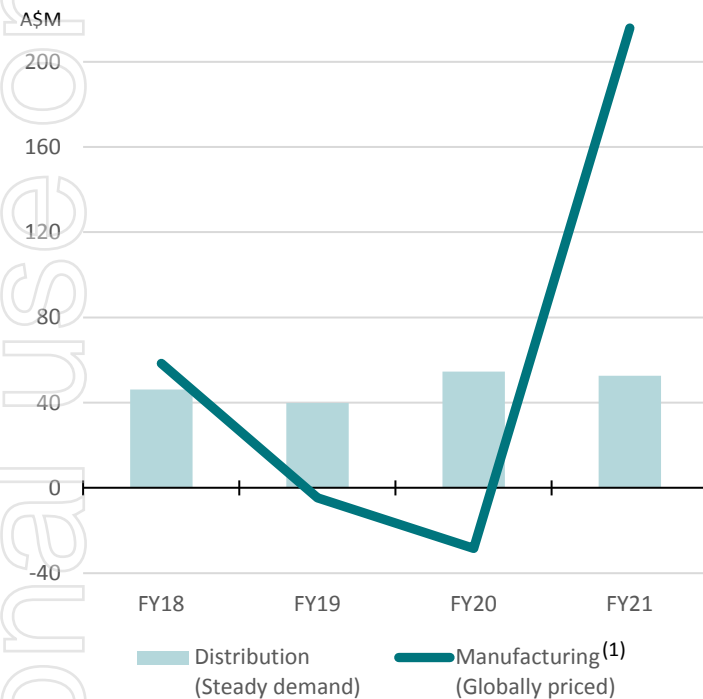
Well positioned to leverage value from market leading technology

# Fertilisers Asia Pacific

## Performance

EBIT of A\$268M,  \$242M vs pcip

Fertiliser EBIT A\$m



## FY21 Performance

- Solid volume growth in a competitive market
- Margins impacted by increased investment in distribution assets
- Strong manufacturing performance (+\$3M excluding turnaround impact)
- Benefit of the commodity price upswing (+\$312M) partially offset by unfavourable foreign exchange movements (\$-75M) – net of hedging
- Response Plan savings (+\$25M) predominantly from sustainable reductions in operational expenses at Phosphate Hill and Gibson Island
- Response Plan savings more than offsetting increased depreciation (-10M) and Gibson Island PDC investments (-\$5M)
- Good progress on soil health strategy setting up future growth

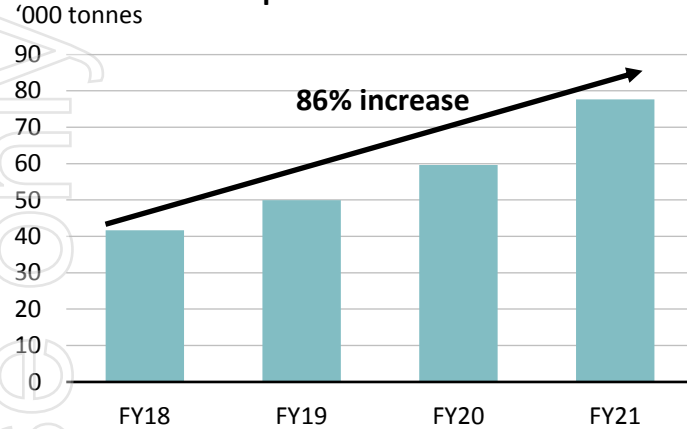
(1) Adjusted for impact of one-off external event in FY19 related to Queensland rail outage

Soil health strategy setting foundation for earnings growth

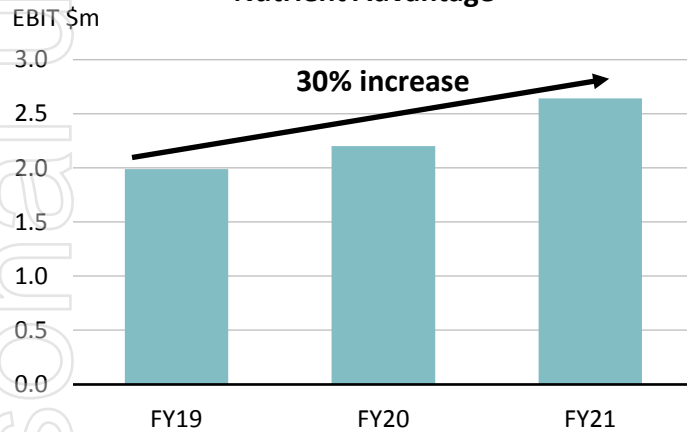
# Fertilisers Asia Pacific

## Markets

**Liquid Sales Volume**



**Nutrient Advantage**



**Strong commodity price outlook**

**Favourable Agronomic Conditions**

### Cotton

- ⬡ Water availability supporting improved summer crop market

### Broadacre Grain

- ⬡ Nutrient depletion from prior year supportive for FY22 demand

### Extensive Pasture

- ⬡ Strong beef and sheep meat prices supportive of fertiliser demand (growers investing in pasture upgrades)

### Sugar

- ⬡ Expect consistent year on year demand

**Conditions support strong demand for premium products and services**



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# TECHNOLOGY

**Jeanne Johns**

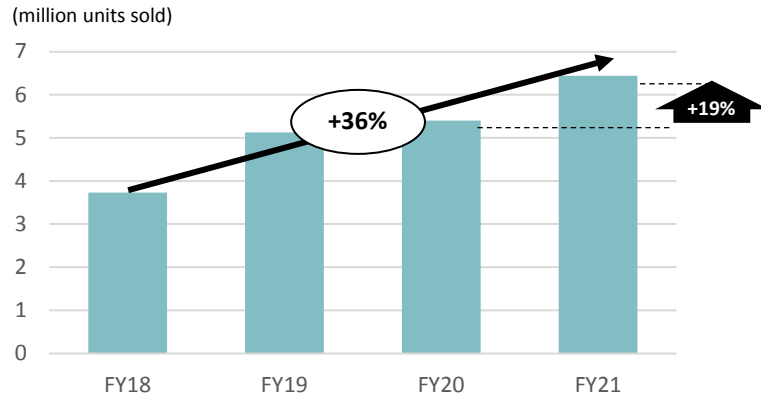
Managing Director &  
Chief Executive Officer



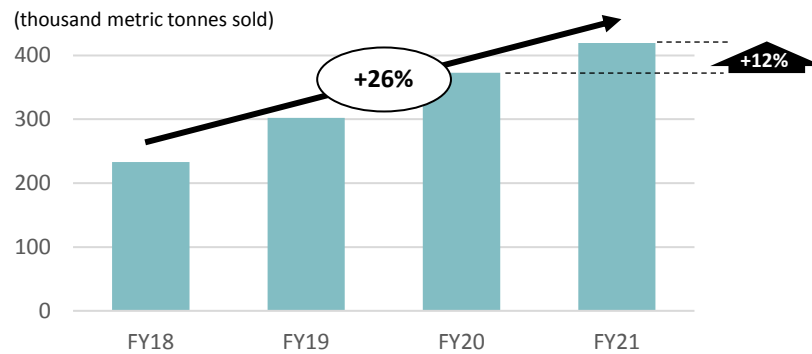


# Technology Driving Future Growth

**Electronic  
Detonator  
Systems**



**Premium  
Emulsion**



**Targeting technology driven Explosives EBIT growth<sup>(1)</sup> 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**

**Customer growth and retention from delivering technology solutions that address customer needs**

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

# Technology Strategy Progress

## Our Technology Strategy

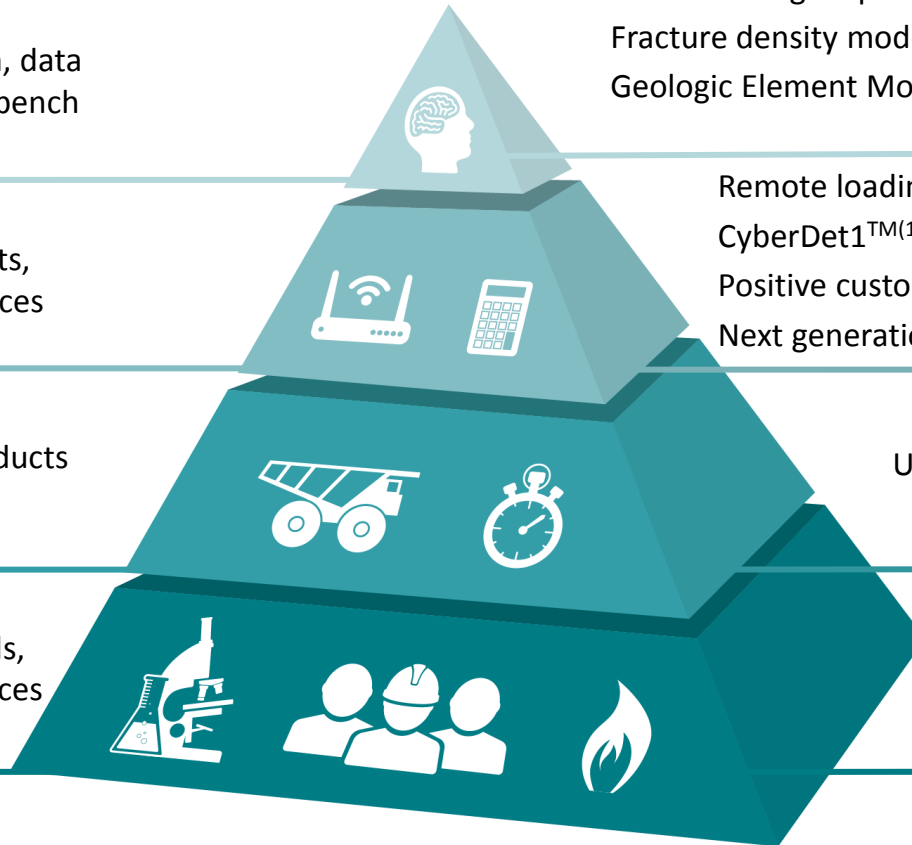
## Our Vision Brought To Life

Digital integration, data  
and a connected bench

Advanced products,  
systems and services

Conventional products  
and systems

Base raw materials,  
support and services



Nobel Fire digital platform: now in use across 80% of our North Americas customer base  
Fracture density model (FDM) fully commercialised and in use by major customer  
Geologic Element Motion (GEM) model development on track

Remote loading equipment with cloud enabled Universal control system fully developed and in trials  
CyberDet1™<sup>(1)</sup> wireless detonators commercialised – CyberDet2™ in trial late 2021  
Positive customer feedback on CyberDet1™<sup>(1)</sup>  
Next generation Delta E systems released: Strong take up in Indonesia

Universal control system and truck data management added

Phase stabilised bulk Ammonium Nitrate commercialised to underpin international expansion

## Moving from development to commercialisation

(1) This proprietary technology is held by DetNet South Africa (Proprietary) Limited, in which IPL holds a 50% interest.



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# MANUFACTURING

**Jeanne Johns**

Managing Director &  
Chief Executive Officer

# Manufacturing

Regional model and focus on operating discipline is contributing to improved reliability

## Regional Model

- ⬡ Resources close to assets
- ⬡ Improved responsiveness
- ⬡ Greater local accountability
- ⬡ Increased oversight

Underpinned by global standards

## Operating Discipline

- ⬡ Training
- ⬡ Procedural discipline
- ⬡ Local oversight / assurance
- ⬡ Standard operating procedures
- ⬡ Management of change

Local accountability

Standards and procedures

## Engineering, Maintenance & TA<sup>(1)</sup>

- ⬡ Risk Management
- ⬡ Critical controls
- ⬡ Critical equipment
- ⬡ Preventative maintenance
- ⬡ Asset life management
- ⬡ Turnaround planning

Regional centres of excellence












Global alignment

Driving improved reliability

(1) Turnarounds

# Manufacturing

## Turnaround schedule

Plant	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Phosphate Hill, QLD									
Cheyenne, WY									
Moranbah, QLD									
St, Helens									
Waggaman, LA									

Long term turnaround schedule less concentrated post COVID-19 delays



# OUTLOOK & STRATEGIC PRIORITIES

**Jeanne Johns**

Managing Director &  
Chief Executive Officer



## Leverage benefits of stronger base business, value adding technology solutions and commodity cycle

### Strong base business – Positioned for growth:

- DNA above market growth expectation for Metals and Q&C
- DNAP growth leveraging technology – recontracting complete
- Fertilisers growth from Precision Agriculture & farming conditions

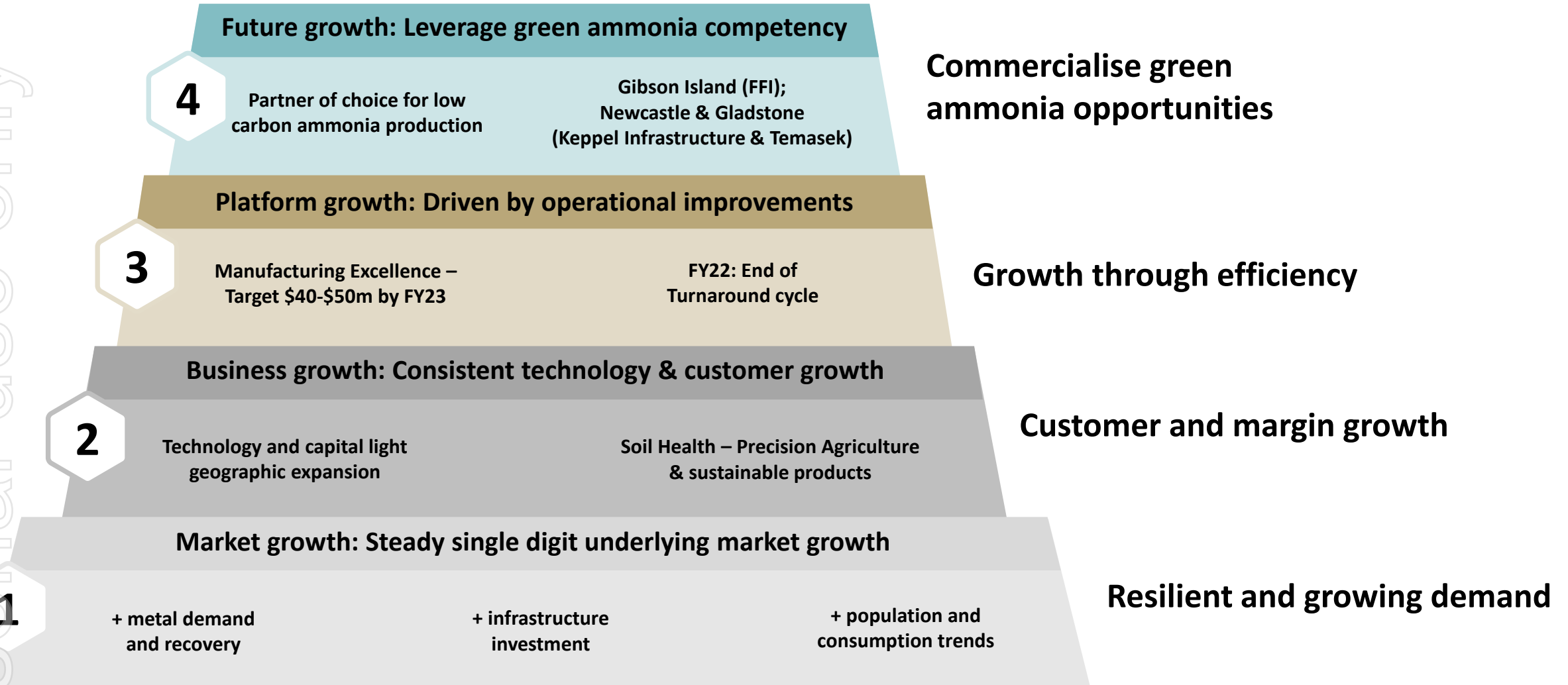
### Favourable market conditions – Commodity tailwinds

### Upside from manufacturing:

- FY21 included \$122M impact from turnarounds & \$79M from outages
- FY22 impact from turnarounds ~\$76M, increase in depreciation of ~\$22M
- WALA expected to run at nameplate

Commodity	FY21 Realised Price US\$/mt	Spot Price US\$/mt
Ammonia	381	825 <sup>(1)</sup>
DAP	524	749 - 760 <sup>(2)</sup>
Urea	373	950 <sup>(3)</sup>

# Sources of base business earnings growth



Notes: 1. Underlying business unit economics, excluding the impacts of large commodity price movements, temporary turnarounds and non-reoccurring events.



# Two strong businesses well positioned for the future



**Safety:** Industry leadership in safety



**Sustainability:** Accelerating our emissions targets & creating new commercial opportunities in line with decarbonisation



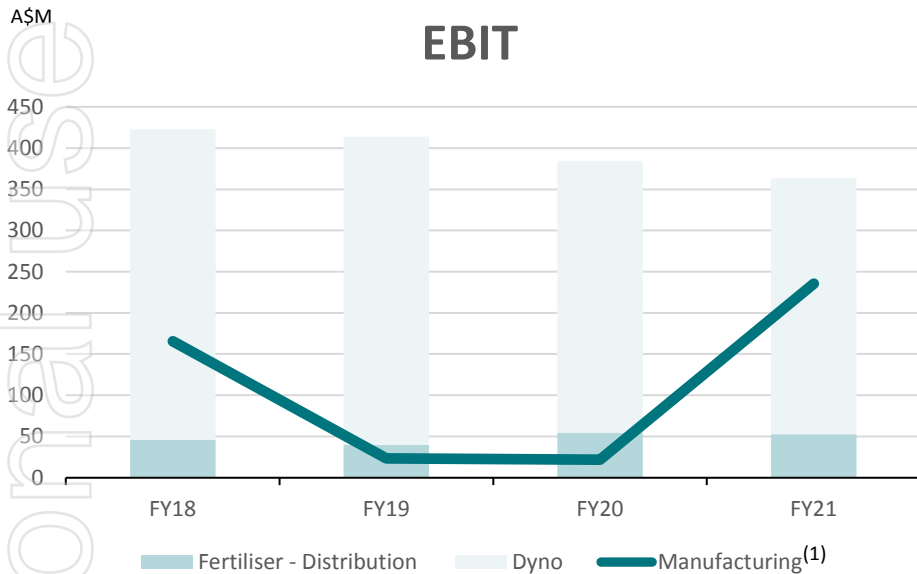
**DYNO:** Growth through leading technology solutions for our customers in existing and new footprints



**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



(1) Waggaman, St. Helens, Gibson Island & Phosphate Hill – Adjusted for impact of one-off external event in FY19 related to Queensland rail outage

## Industry leader in attractive markets with leading technology

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# QUESTIONS & ANSWERS





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# APPENDIX

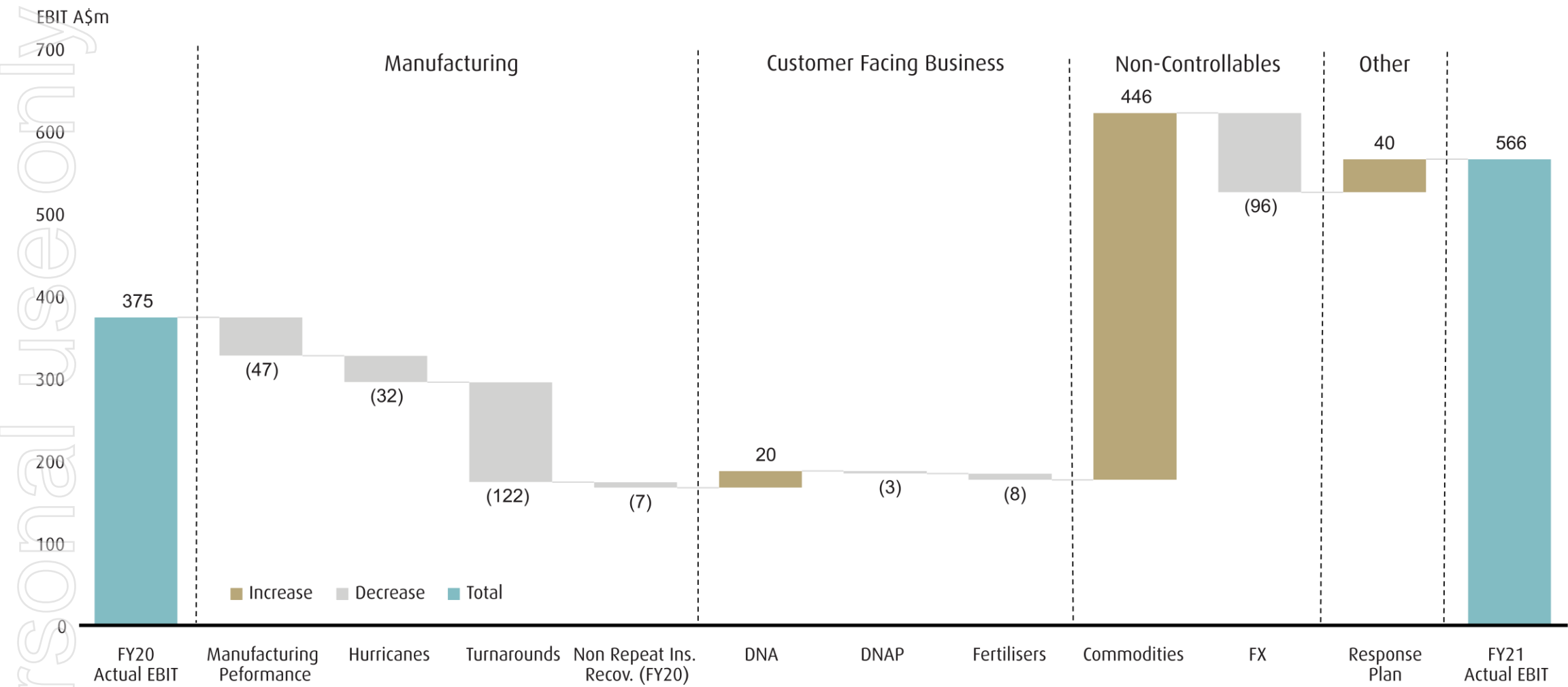




# Group Result FY21

EBIT<sup>(1)</sup> of A\$566M,  51% vs pcg

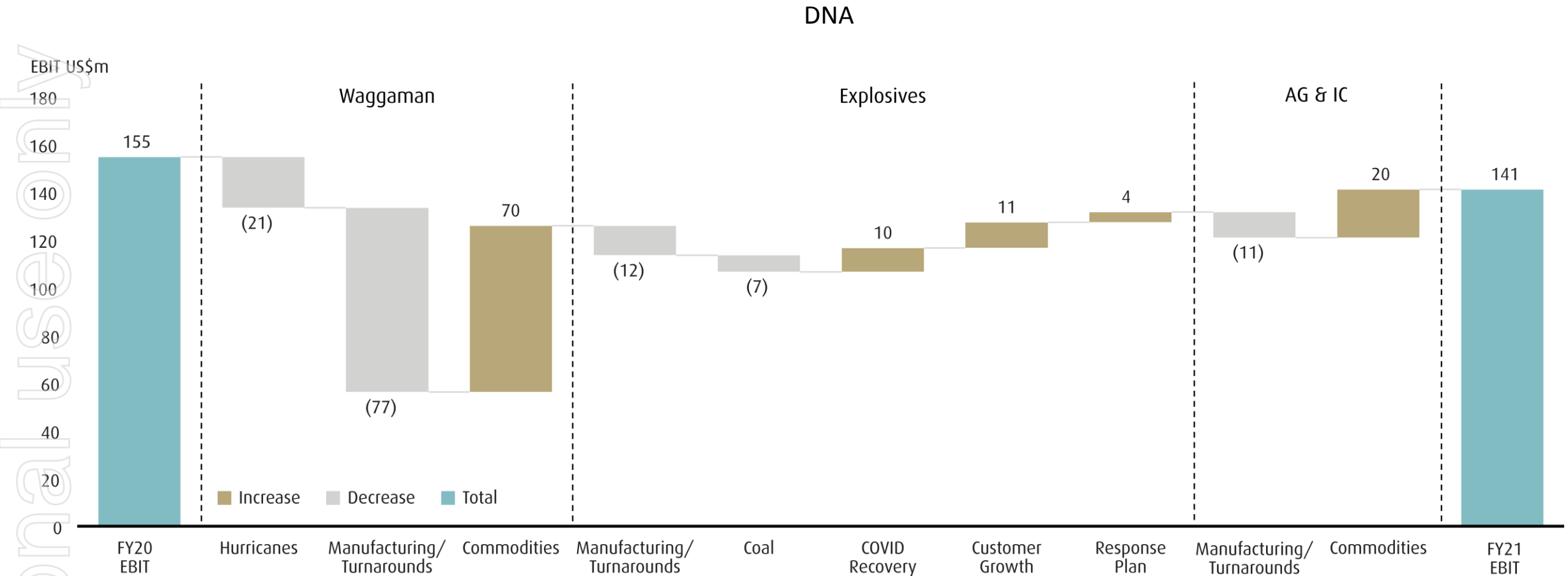
Group EBIT Movements (A\$m)



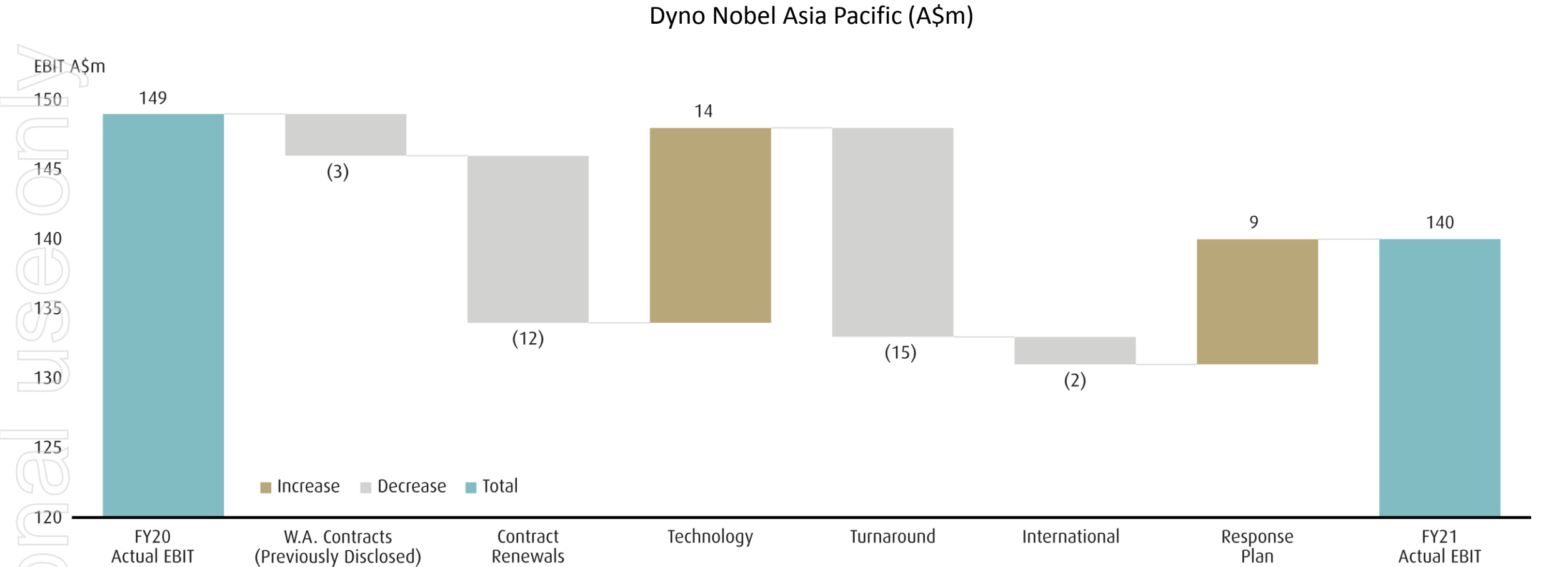
(1) Excluding Individually Material Items (IMIs) of \$293M (\$210M after tax).



# Dyno Nobel Americas – EBIT Waterfall

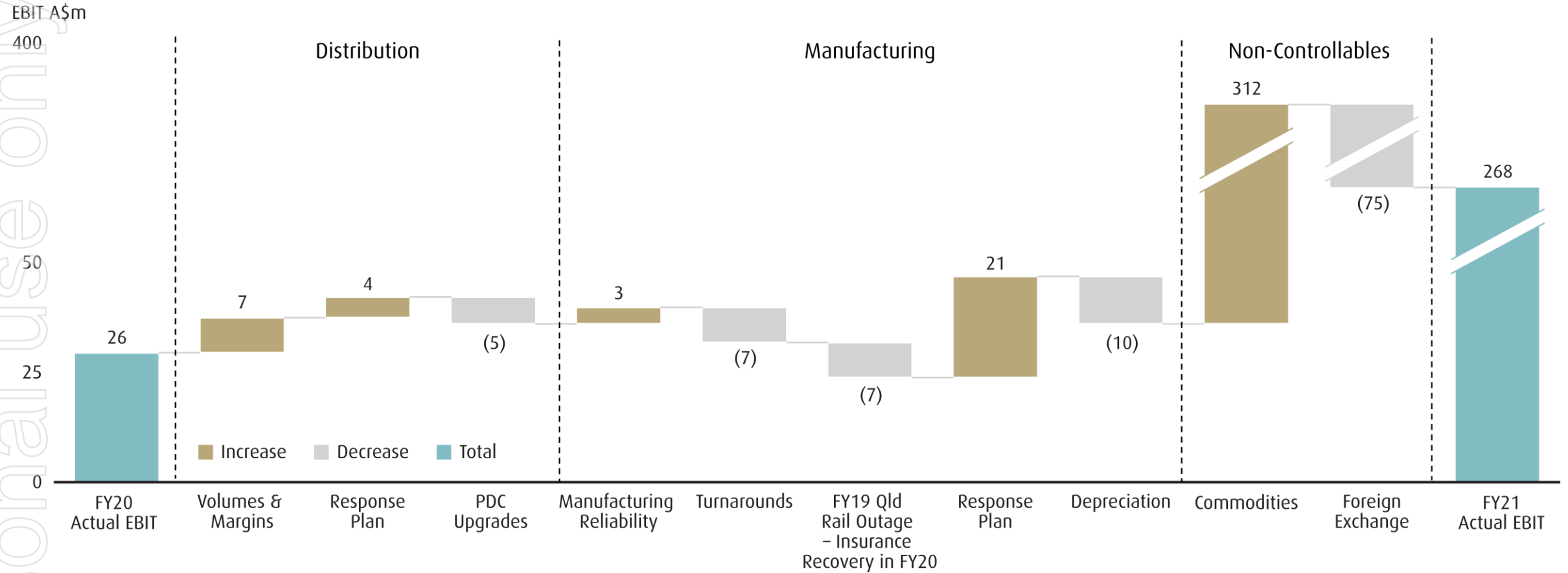


# Dyno Nobel Asia Pacific – EBIT Waterfall



# Fertilisers Asia Pacific – EBIT Waterfall

Fertilisers Asia Pacific (A\$m)





# GIBSON ISLAND MANUFACTURING CLOSURE

## Financial Impacts

### One-off financial impact<sup>(1)</sup>:

- Cash cost of closure ~\$58m
- Non-cash write down of assets ~\$72m

### Annual impact on IPL earnings (post December 2022 closure):

- Earnings will cease
- Moranbah cost base increases by \$5m to 10m<sup>(2)</sup>
- Stranded Corporate and insurance costs ~\$10m

### Optimise land value:

- Green Ammonia MOU being explored with FFI as preferred option
- If land not held for strategic purpose, proceeds from land sales up to net \$45m<sup>(3)</sup>





# 2021 FULL YEAR FINANCIAL RESULTS PRESENTATION

15 November 2021

**Incitec Pivot Limited**  
INNOVATION ON THE GROUND

**DYNO**  
Dyno Nobel

