



Incitec Pivot Limited

DYNO
Dyno Nobel



INNOVATION ON THE GROUND

Results Presentation

Financial Year ended
30 September 2018

ASX: IPL
US ADR: INCZY

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Incitec Pivot Limited

ABN 42 004 080 264



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INNOVATION ON THE GROUND

Welcome and Introduction

Financial Year ended
30 September 2018

Jeanne Johns
Managing Director & Chief Executive Officer



Overview

1 Financial Year Review

Zero Harm
Results Overview

Jeanne Johns

Managing Director & Chief Executive Officer

2 Group Financial Results

Financial Year 2018 Overview
Balance Sheet and Capital Management
Corporate and Group

Frank Micallef

Chief Financial Officer

3 Operational Review

Dyno Nobel Americas
Dyno Nobel Asia Pacific
Fertilisers Asia Pacific
Technology
Sustainability

Jeanne Johns

Managing Director & Chief Executive Officer

4 Outlook & Priorities

Jeanne Johns

Managing Director & Chief Executive Officer

5 Questions & Answers

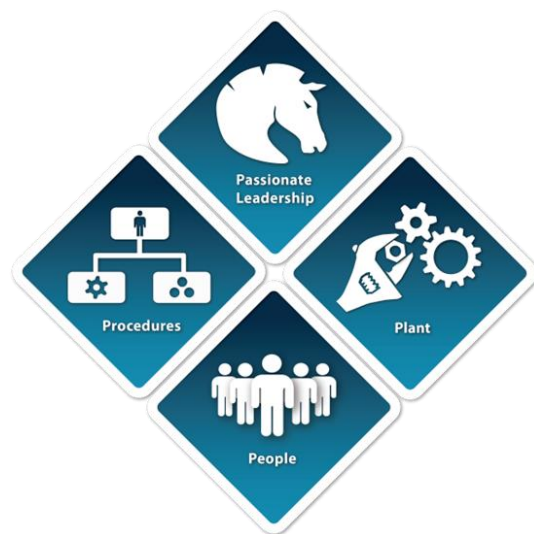
Zero Harm

Refocussed our strategy for Health, Safety & Environment (HSE)

Broadened our HSE strategy, focus on driving output improvements

Continuous improvement on broader set of HSE targets:

- 30% improvement in TRIFR by 2021 (vs 1H18: 1.02)
- Sustainable year-on-year reduction in Tier 1/2 Process Safety Incidents
- Sustainable year-on-year reduction in High Potential Severity Incidents
- Zero Significant Environmental Incidents



Zero Harm Performance

TRIFR for FY18 of 0.96, consistent with our target of < 1

- High Potential Severity Incidents up 2% to 42 (pcp:41)
- Process Safety Incidents improved 7% to 26 (pcp:28)
- Significant Environmental Incidents flat at 1 (pcp:1)

Results Overview

NPAT: \$207.9m, down \$110.8m (including IMIs of \$139.5m)

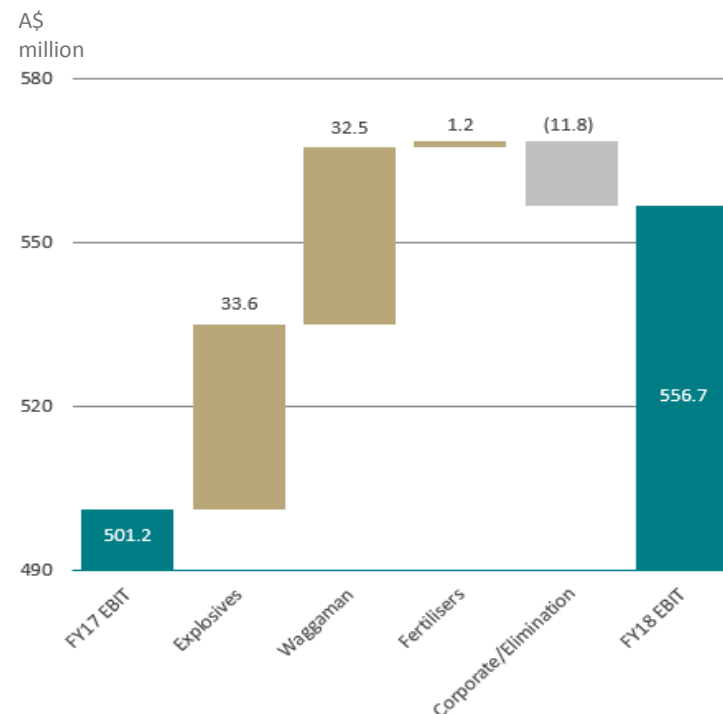
Strong result in FY18 with improved outlook

NPAT excluding IMIs of **\$347.4m** ▲ 9.0% vs pcp

EBIT excluding IMIs of **\$556.7m** ▲ 11.1% vs pcp

- Explosives earnings up 9.8% or \$33.6m, with strong volume growth
- Waggaman earnings up 50.9% or \$32.5m, world class operational performance
- Fertilisers earnings up 1.1%, or 23.5% underlying¹, benefits of firming prices and improved value chain management
- Delivered increased shareholder returns
 - FY18 dividend increased to 10.7 cps (pcp: 9.4 cps), maintaining dividend payout ratio of 50%
 - \$210m (70%) of share buyback completed

Group EBIT Movements



1. Fertilisers (Asia Pacific and US) EBIT excluding FY17 profit on sale of assets in Fertilisers Asia Pacific

FY18 Strategic & Operational Highlights

Strategy delivery on track & building momentum

People priorities

- Team engagement and collaboration reset
- Leadership team refresh, energised and aligned to deliver on strategy

Growth opportunities

- Leveraging differentiated technology across geographies, introducing DeltaE into Asia Pacific
- Strengthened technology pipeline for the future, building on leading technology platform

Performance excellence

- Record production at Waggaman and Moranbah, a benchmark for Manufacturing Excellence agenda
- Delivered against BEx target
- Strong fertiliser sales volumes through diversification and improved value chain management
- Growing profitability and market share in the US by optimising our asset base and our technology

Focus areas

- Mitigated take-or-pay volume commitment in Western Australia, adding a new major customer
- Extended Gibson Island gas contract to end of calendar 2019, involved in exploration of gas tenement in Qld

IPL Value Drivers



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INNOVATION ON THE GROUND

Group Financial Results

Financial Year ended
30 September 2018

Frank Micallef
Chief Financial Officer



FY18 Performance Overview

EBIT excluding IMIs of \$556.7m, up 11.1% pcp

Strong performance in major turnaround year

Continued profit growth in explosives

- Results benefited \$22.2m from strong customer demand and US market share gains
- Benefits somewhat offset by lost business in Western Australia

Waggaman delivering strong manufacturing performance

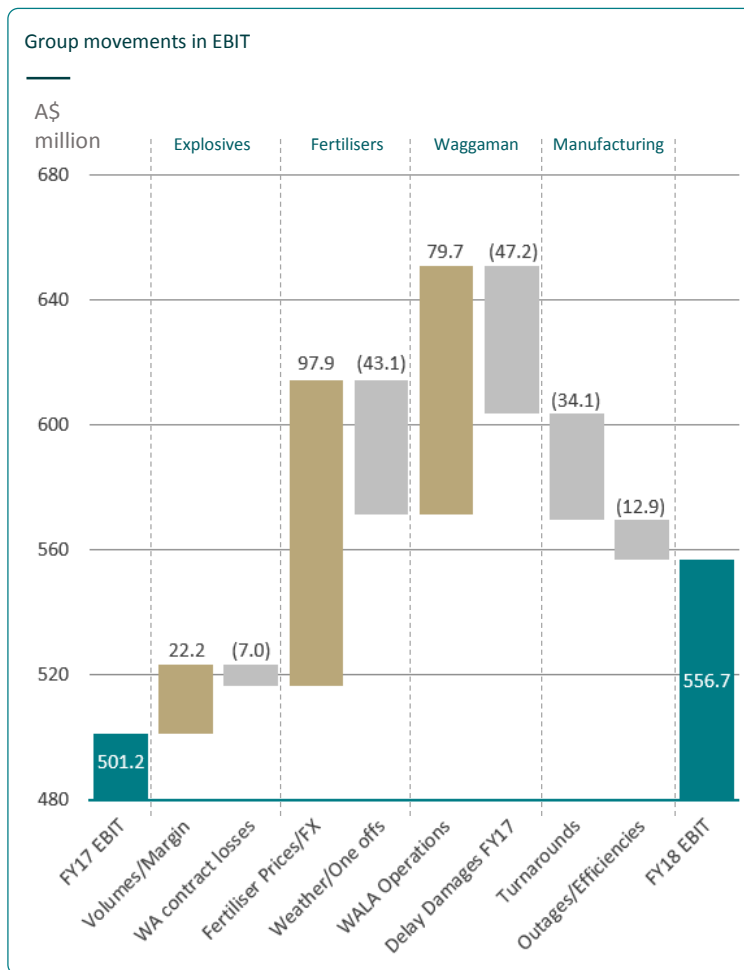
- Waggaman earnings benefited \$79.7m from improved manufacturing performance and higher ammonia prices
- Construction delay damages of \$47.2m in FY17

Fertilisers performance resilient, benefitted from firming prices and diversification

- \$97.9m benefits from higher global fertiliser prices, distribution volumes of 2.2m tonnes
- Benefits somewhat offset by:
 - Dry weather impact of \$19.8m on sales volumes/mix and supply chain cost
 - Non repeat of FY17 Property sales of \$20.0m

Manufacturing

- Turnarounds net impact of \$34.1m
 - Extended turnarounds at Phosphate Hill, Cheyenne and St Helens
 - Full year of Moranbah vs FY17 turnaround
- Outages/Efficiency net impact of \$12.9m
 - Unplanned outages at Cheyenne, Phosphate Hill and Gibson Island
 - Moranbah plant efficiencies from ongoing investment



Balance Sheet and Capital Management

Robust Balance Sheet

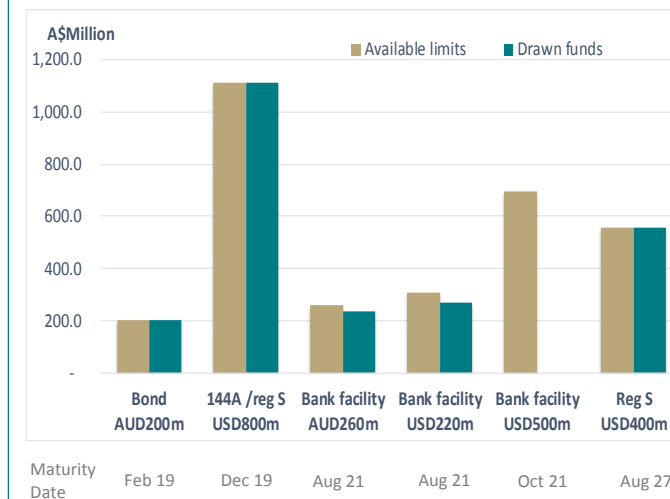
- Credit metrics well inside target ranges
 - Net Debt / EBITDA²: 1.6x (pcp: 1.7x)
 - Interest Cover³: 7.3x (pcp: 7.9x)
- Investment grade credit ratings maintained
 - S&P: BBB with stable outlook
 - Moody's: Baa2 with stable outlook
- Expected refinancing of maturing debt in FY19
- Remain capital disciplined
- Funded capital expenditure in intensive turnaround year and with share buyback program

Increased Shareholder Returns

- FY18 dividend increased to 10.7 cps (pcp: 9.4 cps), 12% franked
- 50% payout ratio maintained
- On-market share buyback 70% completed
 - 57 million ordinary shares bought back for \$210m
 - program expected to be completed in 1HCY19

Net Debt & Tenor

As at 30 September 2018



Total Debt	2,385.6
Fair Value and Other Adjustments	(10.8)
Cash and Cash Equivalents	(588.5)
Fair Value of Hedges	(414.7)
Net Debt	1,371.6
Net Debt / EBITDA	1.6x

1. Net Debt aggregates interest bearing liabilities plus the fair value of derivative instruments in place economically to hedge the Group's interest bearing liabilities, less available cash and cash equivalents

2. Net debt / EBITDA ex IMIs ratio is calculated using the last twelve months rolling EBITDA ex IMIs

3. Interest Cover = 12 month rolling EBITDA ex IMIs / net interest expense before accounting adjustments

Corporate and Group

Net Borrowing Costs up \$19.3m to \$128.0m

- Impact of higher average US interest rates and cessation of Waggaman capitalised interest
- Average interest rate of 5.68% (pcp: 4.69%)

Corporate costs up \$10.9m to \$31.3m

- Investment in additional capability in Commercial and Technology functions
- Investment in technology development pipeline

Tax Expense pre-IMIs¹ up \$7.5m to \$78.4m

- Increased tax expense primarily driven by higher earnings compared to pcp
- Effective tax rate on operating profit was 18.3% (pcp: 18.1%)

Hedging Program

- Average realised A\$:US\$ exchange rate was \$0.76
- 50% of estimated 1H19 US\$ linked fertilisers sales hedged at \$0.75, full participation in downward rate movements

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1. FY18 IMIs reducing tax expense by \$96.5m

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Operational Review

Financial Year ended
30 September 2018

Jeanne Johns
Managing Director & Chief Executive Officer



Dyno Nobel Americas



EBIT up 22.2% to US\$211.6m

Strong growth from high quality market positions

Explosives earnings up US\$12.4m, driven by market growth and share gains

- Quarry & Construction (Q&C) remains primary growth driver, volumes up 7%
- Base & Precious Metals volumes up 5%, underpinned by new business
- Coal volumes up 16%, with full period impact of FY17 contract wins

Waggaman earnings improved US\$25.7m, world class performance

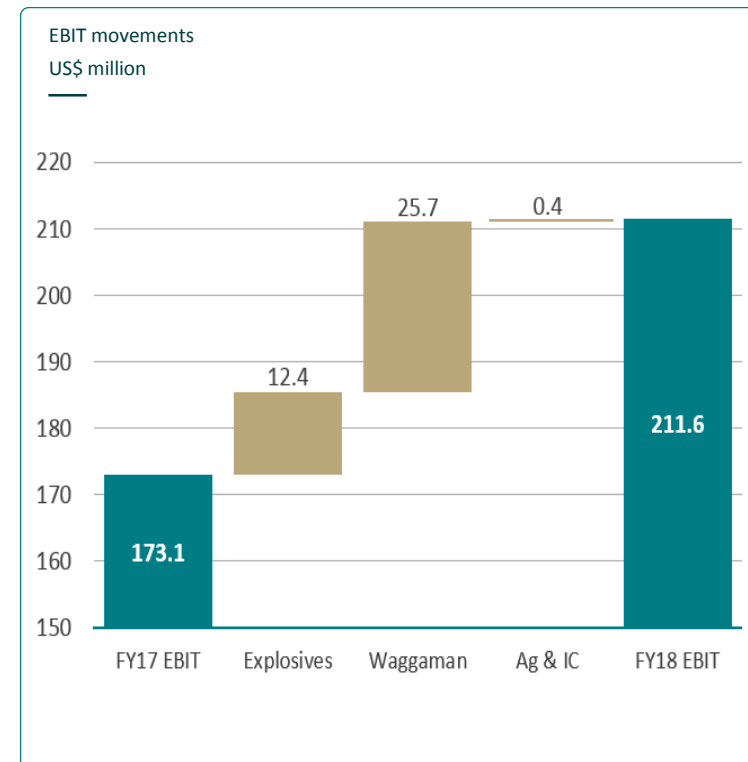
- Operational earnings¹ increased US\$60.8m compared to pcp
 - Benefited US\$47.6m from increased sales volumes and ammonia price
 - Plant efficiencies of US\$13.2m, operating at 103% of nameplate capacity²

Ag & IC earnings flat in major turnaround year

- Benefits from higher fertilisers prices offset by impact of turnarounds

Strategic Highlights

- Technology and execution continued to drive market share growth in Q&C
- DeltaE and electronics application successfully introduced into different end markets
- World class operational performance at Waggaman, underpins investment case
- Strategic nitrogen footprint driving earnings growth in flat Coal market



1. Excluding FY17 delay compensation payment of US\$35.1m

2. 800,000 metric tonnes per annum production capacity

Waggaman Operations



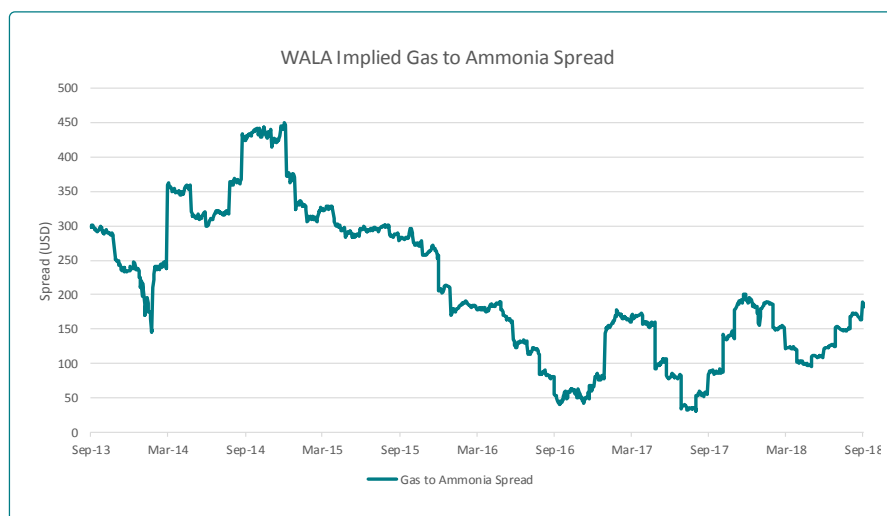
Earnings up 50.9%, production at 103%

Project overview

- Construction completed under budget
- Compensation payments received of ~ US\$50.7m¹
- FY17, 1st year of operations, production at 74% of nameplate capacity

FY18 world class performance

- Production at 103% of nameplate capacity
- Operational earnings up US\$60.8m



1. Delay compensation received in FY16: US\$15.6m, FY17: US\$35.1m

Dyno Nobel Asia Pacific



EBIT up 8.7% to \$205.4m

Well positioned to leverage manufacturing assets and differentiated technology

Earnings up \$6.9m from strong volumes growth in Metallurgical Coal sector

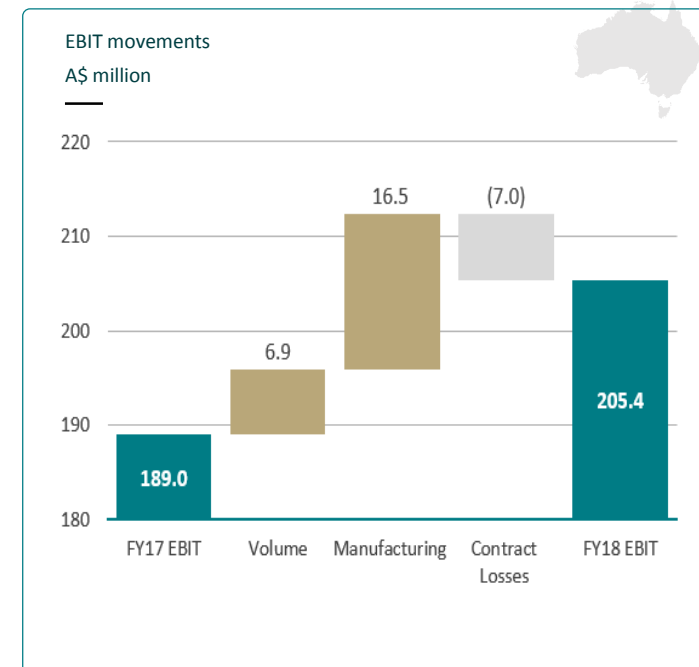
- Increased demand driven by mining activity in Bowen Basin

Moranbah operating at record production levels, delivered \$16.5m benefits

- Continued investment in asset over last 5 years
- Record production at 371 thousand tonnes of ammonium nitrate

Strategic Highlights

- Acquired major new full service customer in Western Australia, take-or-pay commitment covered
- Successfully trialed and launched DeltaE at customer sites in Asia Pacific
- Strong electronic detonator sales growth in Australia
- Reliable manufacturing performance at Moranbah, underpins security and flexibility of supply for Bowen Basin customers



Asia Pacific Fertilisers



EBIT up 0.7% to \$104.6m

Strong volumes despite dry weather, global fertiliser demand firmed pricing

Underlying earnings¹ up 24.6% excluding one off FY17 asset sales of \$20m

Global fertilisers prices firmer in FY18, driving earnings up \$88.5m

Impact of \$45.1m from Phosphate Hill turnaround and Gibson Island outages

- Largest turnaround completed in history of Phosphate Hill / Mt Isa

Drought conditions in NSW and Southern QLD impact of \$19.8m

- Lower sales volumes and unfavorable sales mix in drought affected areas

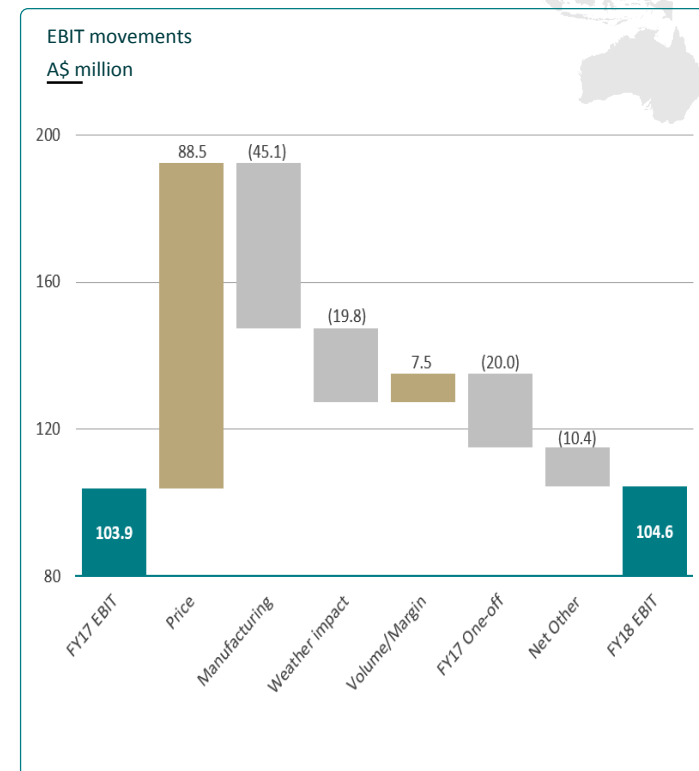
Higher distribution margins, benefits of \$7.5m in challenging market

- Improved co-ordination of trading activities and supply chain

Strong distribution volumes of 2.2 million tonnes

- Higher volumes sold in non-drought affected areas

Net Other of \$10.4m, bad debt and environmental costs in FY18



Strategic Highlights

- Improvements in value chain management and market segmentation starting to deliver value
- New management team established, combining strong operational execution with customer and marketing focus
- Gibson Island gas supply contract extended to December 2019

1. Fertilisers Asia Pacific EBIT excluding FY17 profit on sale of assets

Innovation On The Ground

Jumbo Trucks



60+
TRUCKS
IN SERVICE

Differential Energy in use



3
YEARS SINCE LAUNCH

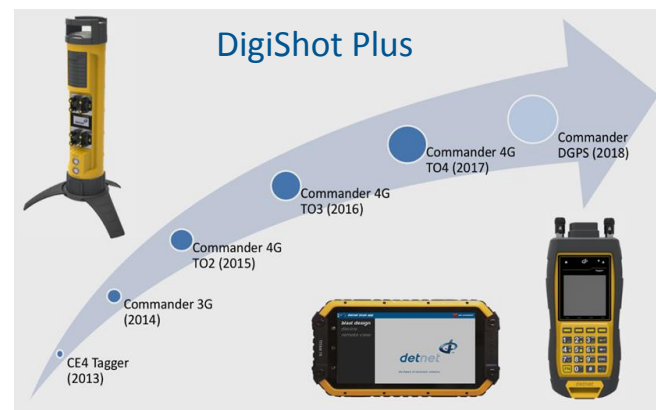
OVER
300,000 M T
OF
PRODUCT FIRED

OVER
2,000
SHOTS FIRED

50+
CUSTOMERS WITH
VARYING GROUND
HARDNESS TYPES

- Rapid market uptake of premium product suite offering
- Enables energy to be customised to variable ground conditions creating new blast design opportunities and enhanced blasting results
- Superior platform for maximising customer benefits and automated drill and blast activities

Generation 4 Electronics

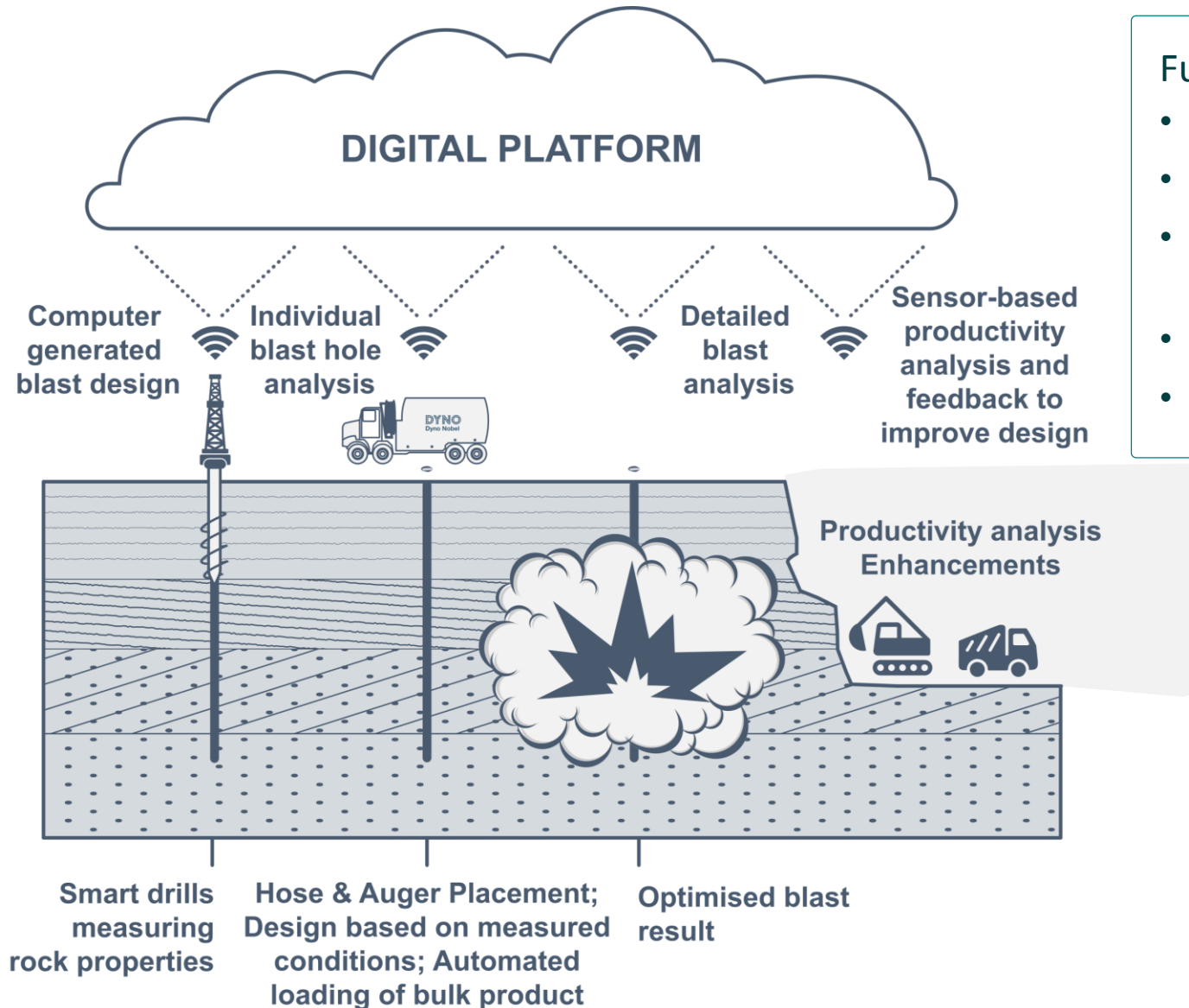


EZShot

- Transformation in shock tube Initiation Systems
- Nonel triggered electronic delay element



Innovation On The Ground – the future is here



Full Spectrum Integration

- Plant Process & Equipment
- Bulk Products
- Initiation Systems (Electronics, NONEL, Wireless)
- Digital
- Mining Applications Technology

Sustainability

Managing Impacts of Climate Change

- Completed detailed assessment of the financial risks and opportunities associated with climate change
- IPL's financial resilience assessed against two future climate scenario, being a 2-degree and 4-degree change
- IPL's risk assessment and treatment strategies are detailed in the Group's 2018 Annual Report

Diversity

- IPL remains committed to expanding diversity
- Committed to increasing gender diversity by 10% year-on-year to reach 25% by 2022

Gender Diversity	FY18	FY17
Board ¹	43%	25%
Executive Team	22% ¹	33%
Senior Management	17%	19%
Management	18%	11%
Global workforce	16%	16%

- 2.6% Indigenous employment across IPL's Australian businesses

1. The Board and Executive Team include the Managing Director & CEO

Environmental, Social and Governance (ESG)

- Dow Jones Sustainability Index (DJSI) Assessment
 - Continue to outperform Chemicals sector average

REBECO SAM CORPORATE SUSTAINABILITY ASSESSMENT

Calendar Year

Dimension	2014	2015	2016	2017	2018
Economic	65	67	74	73	71
Environmental	60	51	60	61	64
Social	67	63	65	68	57
IPL	64	60	67	68	65
Chemicals sector average	55	58	56	53	44

- Member of FTSE4Good Index and ECPI Indices



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INNOVATION ON THE GROUND

FY19 Outlook and Priorities

Financial Year ended
30 September 2018

Jeanne Johns
Managing Director & Chief Executive Officer



FY19 Outlook



Business well positioned, with strong momentum into FY19

Dyno Nobel Americas

- Business well positioned in key growth markets
 - Quarry & Construction industry growth forecast of mid-single digits¹
 - Base & Precious Metals industry growth forecast of low single digits²
 - Coal industry forecast slight decline²
- No major turnarounds planned in FY19
- Waggaman production expected in line with FY18

Dyno Nobel Asia Pacific

- Strong demand expected to continue from Metallurgical Coal sector
- Moranbah production expected consistent with FY18
- Technology driven sales growth expected to gain momentum in FY19
- Australian AN market expected to remain competitive, keeping pressure on pricing and margins
- Impact from contract losses in Western Australia of \$14m EBIT (\$10m after tax) in FY19

Fertilisers Asia Pacific

- Phosphate Hill expected to produce ~1 million tonnes of ammonium phosphates
- Phosphate Hill gas cost to reduce ~\$25m in FY19 (new gas contract from January 2019)
- Higher gas cost at Gibson Island of ~\$50m in FY19
- Gibson Island production volumes down (9-week shutdown from October 2019)
- If economical gas cannot be secured beyond December 2019, Gibson Island likely to cease manufacturing operations
- Improved value chain management and market segmentation delivering full year benefits
- Results will continue to be dependent on global fertilisers prices, A\$/US\$ exchange rate and weather conditions

Corporate

- Remaining \$90m of share buyback expected to be completed in 1H19
- Corporate cost is expected to be flat for FY19, ongoing investment in technology and strategic functions
- Borrowing cost of ~\$135m expected
- Effective tax rate between 19% and 21%
- Hedging: 50% of 1H19 fertilisers sales hedged at \$0.75 with full participation below this level
- Targeting BEx benefits of \$25m
- Sustenance capital expenditure for FY19 of ~\$250m
- FY19 one off lease buy outs of ~\$45m

1. Q&C growth based on industry estimates
2. WoodMackenzie outlook

FY19 Priorities

- Safety remains top priority
- Manufacturing Excellence to drive performance improvement
 - Drive Manufacturing Excellence under new leadership over next 3 years to 2021
 - Focus on improvement in reliability and optimising turnaround cycles and execution
- Further expanding technology offer in Asia Pacific and deepening of technology uptake in Americas
 - Launch EZShot in Asia Pacific/Americas in FY19
 - Continue to expand DeltaE across Asia Pacific
- Strengthening technology pipeline, building on leading capability and products
- Maintain growth momentum in Explosives Americas, continue to leverage premium technology and strategic nitrogen footprint
- Explosives Asia Pacific, key focus on customer contract renewals
- Fertilisers Asia Pacific, continue strategy implementation driving value chain improvements and growth in new customer segments
- Relentless search for economical gas supply to Gibson Island
- Maintain capital discipline
- Complete remaining \$90m of share buyback

IPL Value Drivers



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INNOVATION ON THE GROUND

Questions

Financial Year ended
30 September 2018



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Appendix 1

Financial Year ended
30 September 2018



EBIT Sensitivities

IPL earnings are sensitive to external influences

- Global fertiliser prices and foreign exchange are key factors impacting the Group's earnings
- US Natural gas and global ammonia prices are also important factors

FY18 EBIT Sensitivities

Commodity	Proxy Index	EBIT Sensitivity
Americas		
Ammonia ¹	CFR Tampa	+/- US\$10/mt = +/-US\$6.5m
Natural Gas ²	Henry Hub	+/-US\$0.10/mmbtu=-/+US\$2.7m
Urea ³	FOB NOLA	+/-US\$10/mt=+/-US\$1.7m
FX EBIT Translation ⁴		+/-A\$/US\$0.01=-/+A\$3.6m
Asia Pacific		
DAP ⁵	FOB Tampa	+/-US\$10/mt=+/-A\$11.3m
Urea ⁶	FOB Middle East	+/-US\$10/mt=+/-A\$4.4m
FX Transactional ^{5,6}		+/-A\$/US\$0.01=-/+A\$7.4m

1. Based on actual FY18 Waggaman manufactured ammonia for sale of 824 kmt

2. Based on actual FY18 Waggaman natural gas consumption

3. Based on St Helens plant capacity of 175 metric tonnes of urea equivalent product

4. Based on FY18 Americas EBIT of \$US211.6m at the FY18 average exchange rate of A\$/US\$ 0.76

5. Based on actual FY18 Phosphate Hill Ammonium Phosphate sales of 861 kmt; FY18 average realised DAP price of US\$400 and FY18 average exchange rate of A\$/US\$ 0.76

6. Based on actual FY18 Gibson Island urea equivalent sales through IPF network of 335 kmt; FY18 average realised urea price of US\$259 and FY18 average exchange rate of A\$/US\$ 0.76

Gibson Island



Arrangements for development of gas tenement finalised

Drilling and appraisal works to be completed during calendar 2019, commitment to spend up to \$20m

Carrying value of plant written down in FY16

Additional maintenance (9-week shutdown) of ~\$10m required to operate to end of 2019

Gas supply to Gibson Island

Interim gas supply to 31 December 2019, will increase manufacturing costs by ~\$50m in FY19

IPL is continuing to assess options for sourcing gas for calendar years 2020 and 2021

Should a decision to close Gibson Island be taken at the end of 2019, closure costs estimated to be ~\$70m

Closure costs consist of cash costs \$60m and non-cash costs of \$10m

Likely to be offset in part by sale of land (estimated land value up to ~\$60m, depending on operational requirements)

Cash flow from sale of land likely to lag closure costs



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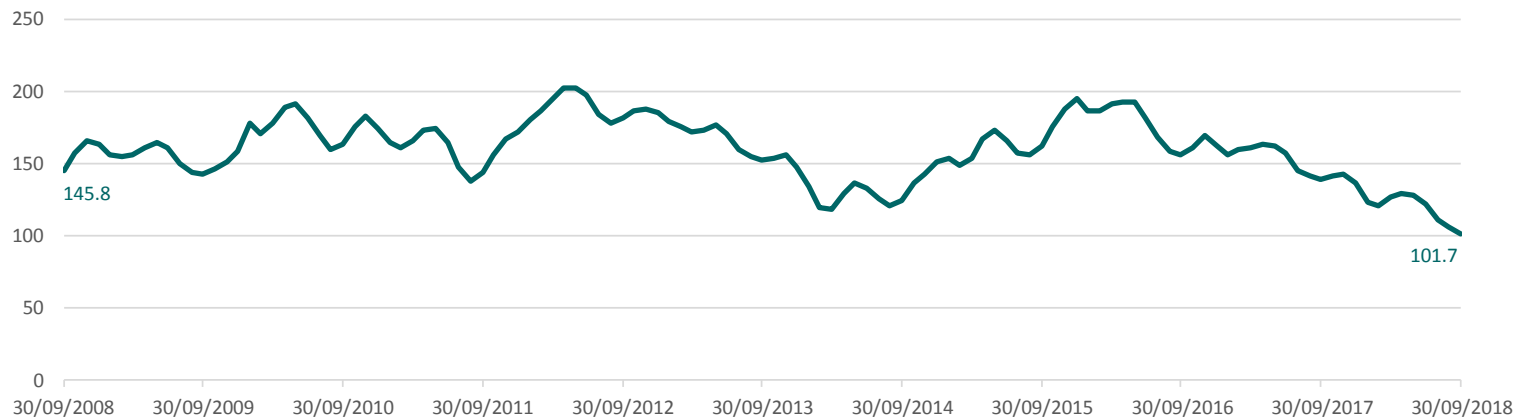
Appendix 2 – Commodity Statistics

Financial Year ended
30 September 2018

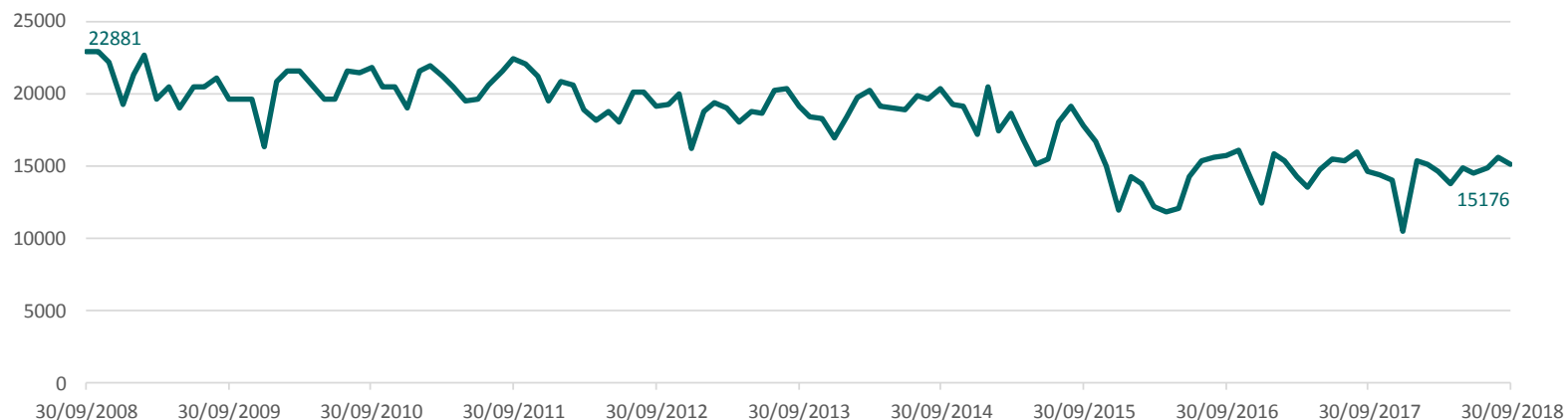


US Coal Inventories and Production

US Electrical Power Coal Inventories - Last 10 Years

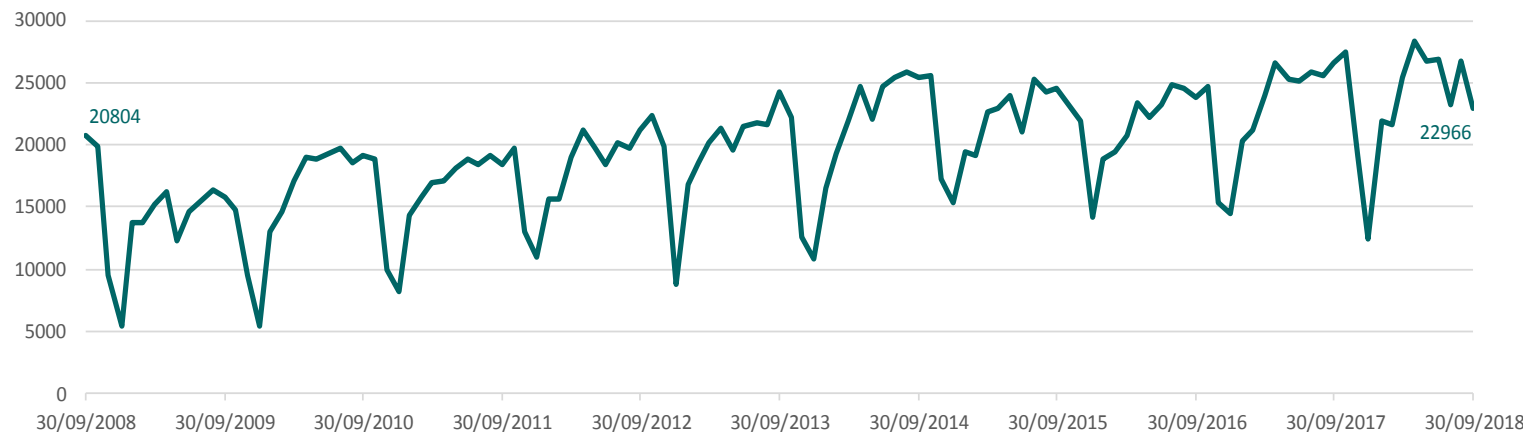


US Coal Production - Last 10 Years

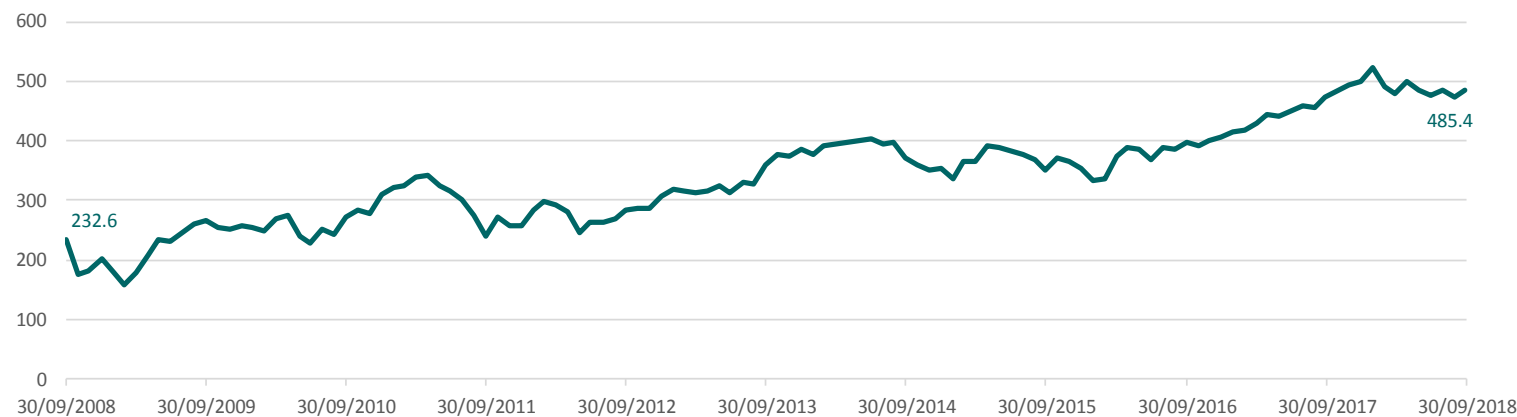


US Quarry and Construction Indicators

Crushed Stone US Freight Rail Carloads - Last 10 Years

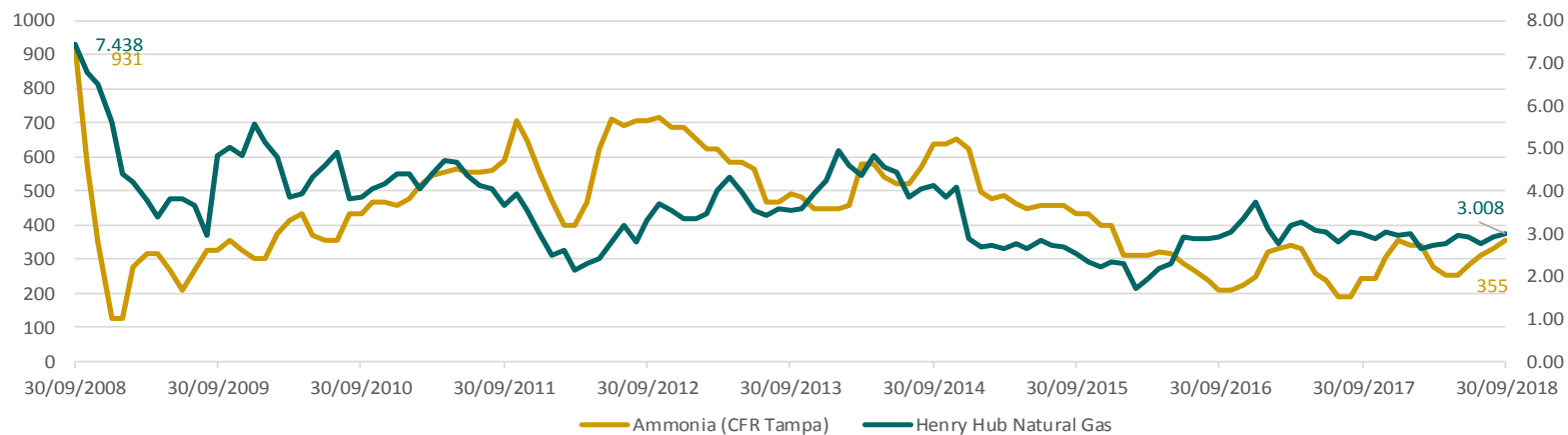


ISE Engineering and Construction Index - Last 10 Years

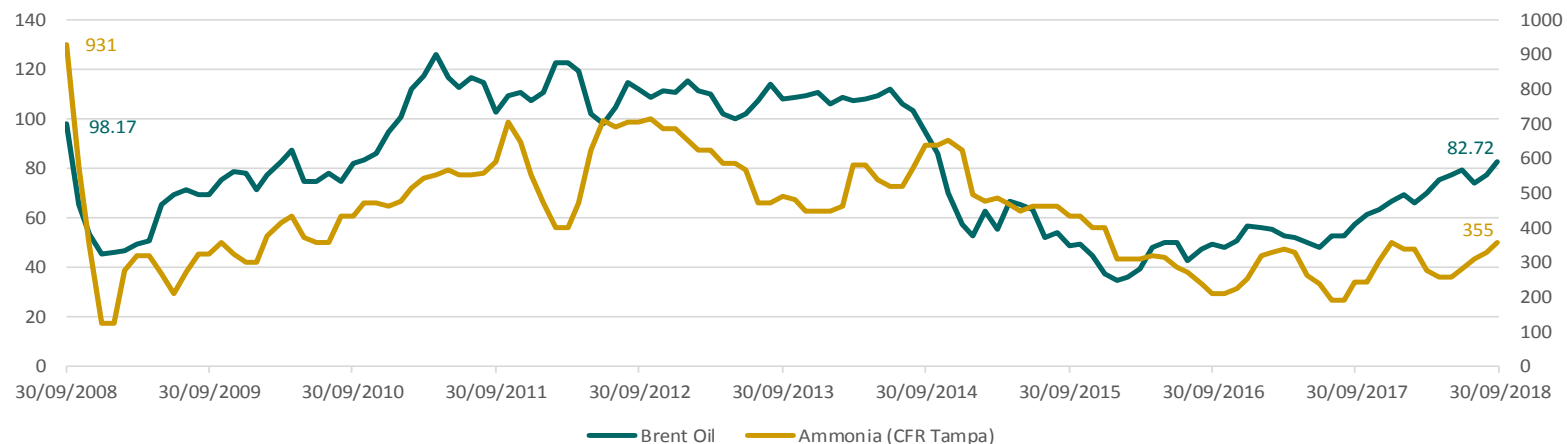


US Ammonia Spreads

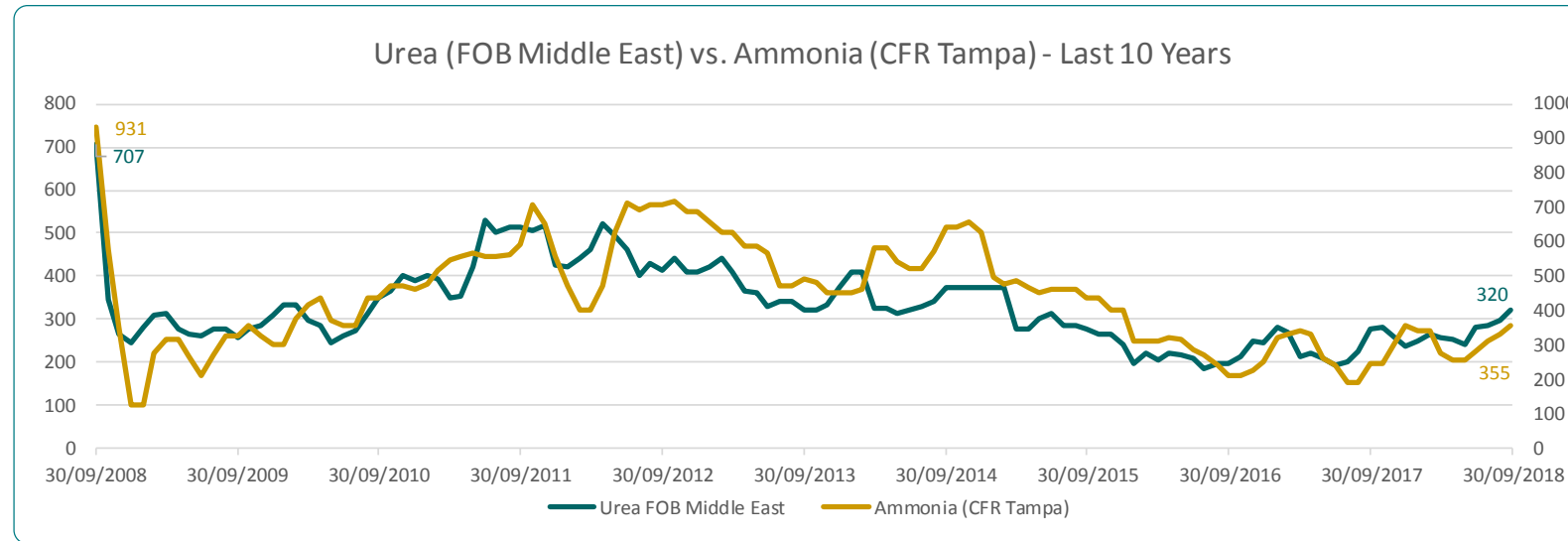
Henry Hub Natural Gas vs. Ammonia (CFT Tampa) - Last 10 Years



Brent Oil vs. Ammonia (CFR Tampa) - Last 10 Years

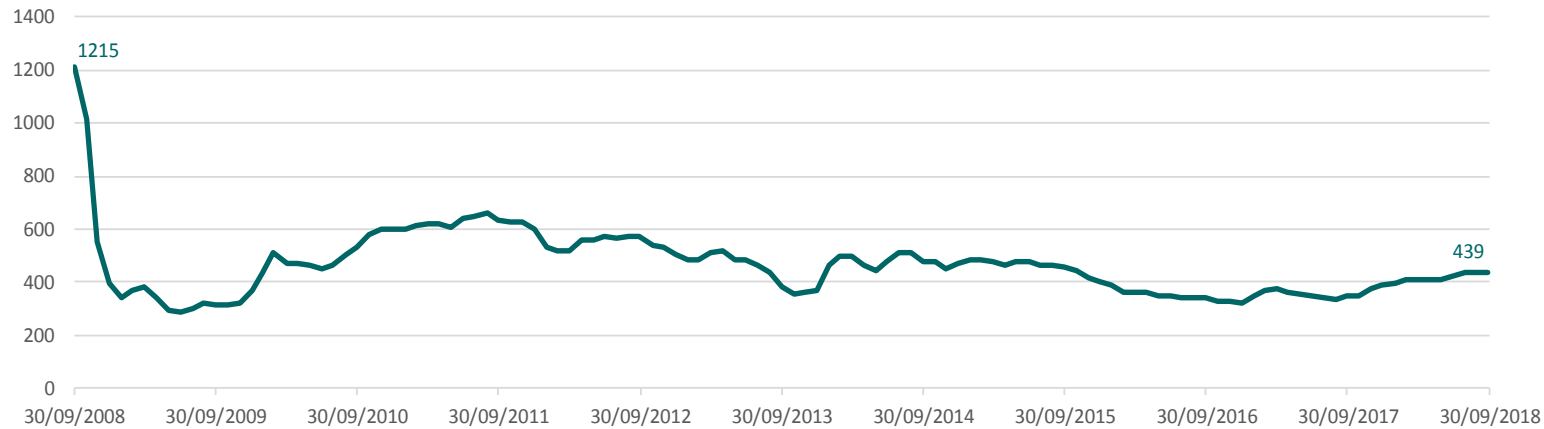


US Ammonia Spreads



Fertiliser Benchmark Pricing

DAP (FOB Tampa) - Last 10 Years



Urea (FOB Middle East) - Last 10 Years

