

Louisiana Ammonia Plant

Presentation – 17 April 2013

Incitec Pivot Limited

DYNO
Dyno Nobel



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INCITEC PIVOT LIMITED ABN 42 004 080 264

Investment details

Louisiana Ammonia Plant – Investment Summary:

Capital cost	US\$850 million (including feasibility and contingency costs)
Nameplate capacity	800,000 metric tonnes Ammonia (NH ₃)
Location	A brownfield site in Waggaman, Louisiana, US situated on the Cornerstone Chemicals Company complex
Regulatory approval	Air permit granted
Technology	KBR purifier™ technology (~32 Btu per metric tonne NH ₃)
EPC Contractor	KBR, Inc.
Services, commissioning costs and contingency	Managed by IPL owners team
First production	3Q calendar 2016
Off-take	100% volume committed to off-take arrangements from day 1 of production, priced on Tampa index ▪ 300,000 metric tonnes to Dyno Nobel America (DNA) US plants ▪ 200,000 metric tonnes to Cornerstone Chemicals Company ▪ 300,000 metric tonnes to Transammonia

Strategic fit

Execute via vertically integrated manufacturing

Backward integration into ammonia (core growth)

- The most attractive part of the ammonium nitrate value chain
- Takes IPL's US business and any future global ammonium nitrate expansions back to US gas economics

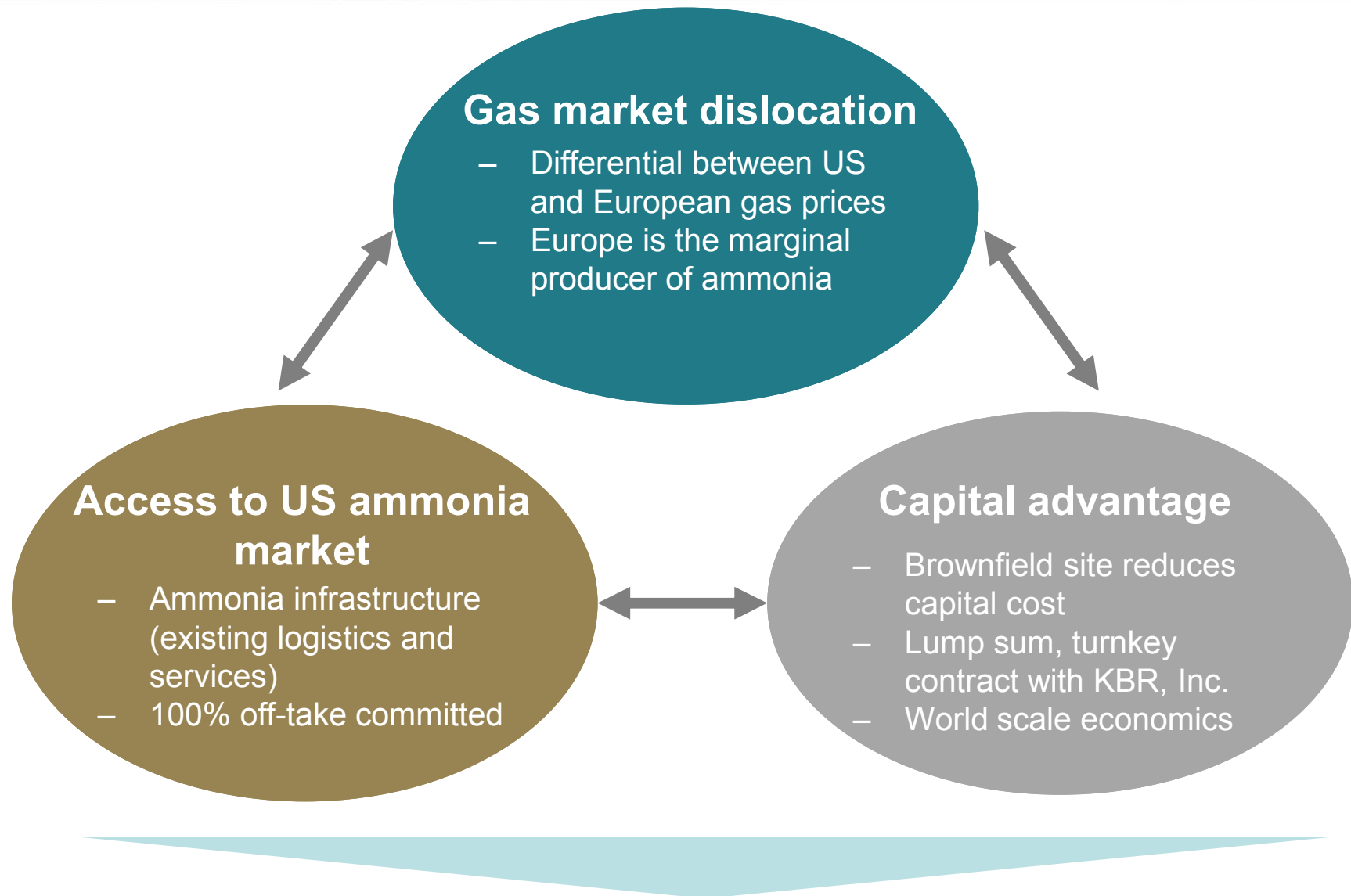
Leverages core manufacturing competency and builds scale

- 7th ammonia plant globally
- 10th nitrogen facility globally
- 10th major manufacturing facility in North America

Geographic exposure

- Investing in the world's largest economy, which has an energy advantage
- Further diversifies IPL earnings by 2017

Investment thesis

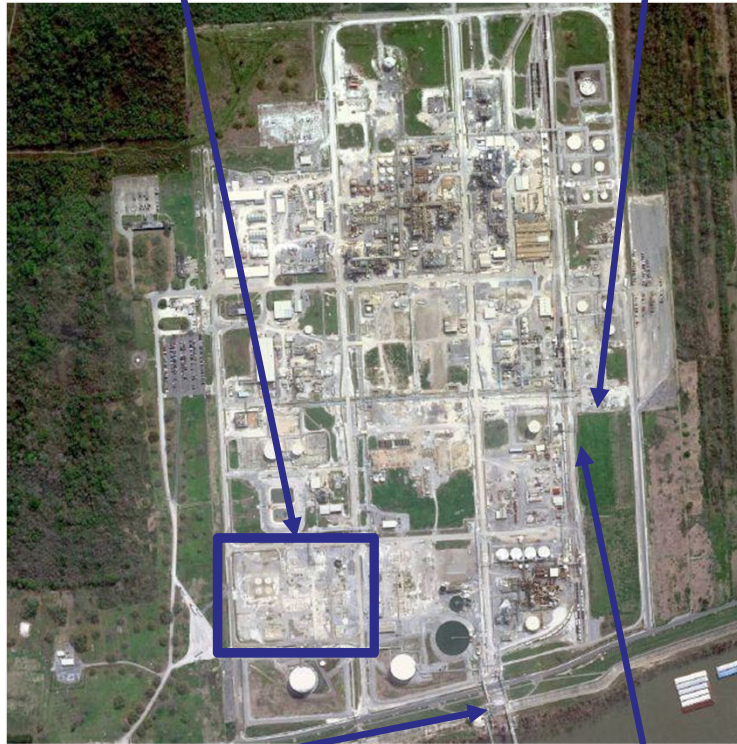


Compelling financial returns

Plant overview

IPL's ammonia plant

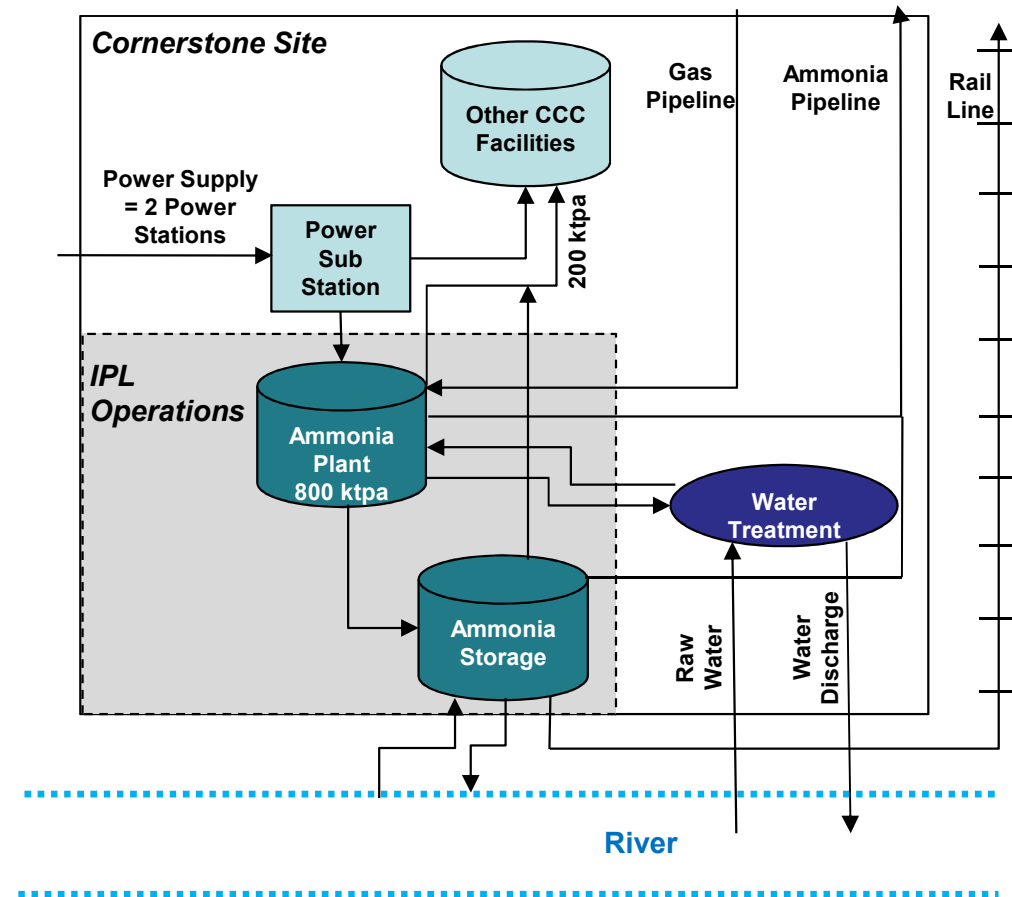
Ammonia Pipeline
Pipeline to Louisiana, MO



Mississippi Barge
Loading to Donora, PA

Rail Car Loading
Loading to Cheyenne, WY

Site structure:



Assessment of project risk

IPL has conducted a rigorous feasibility study to satisfy internal strategic and financial hurdles

Key risk	Response
■ Ammonia market gets over built	— Top quartile cost curve equates to ~20% of global¹ supply — Demand growth equates to three new world scale plants per annum² — US is the world's largest import market for Ammonia — Hurdles for investment include financing, regulatory, operating competency and access to the ammonia market
■ Market risk	— 100% committed off-take arrangements from day 1 of production — Access to ammonia logistics and storage network — Transammonia brings sales, marketing and logistics capability
■ Construction risk – Ammonia plant	— Lump sum, turnkey — KBR, Inc. is both technology provider and engineering, procurement and construction contractor eliminating engineering interfaces — Industry standard reference plant
■ Plant operation	— KBR, Inc. responsible for start-up and performance metrics (including gas usage and ability of plant to meet nameplate output)
■ Funding	— Project fully funded through debt and internally generated cash flow — Appropriate credit metrics and debt tenor to be maintained through construction enabling no change to dividend payout range

1) Excluding China

2) Global ammonia market size is approximately 180mt (Source: Fertecon)

North American nitrogen projects

Investment hurdles	Existing Producer	Existing Producer	New Entrant	New Entrant
	Brownfield	Greenfield	Brownfield	Greenfield
Access to ammonia market (captive offtake, sales and market capability)	✓	✓		
Access to existing infrastructure (ammonia logistics and storage)	✓		✓	
Lower capital costs	✓		✓	
US ammonia manufacturing presence	✓	✓		
Proposed free ammonia projects (mt) <i>Current US imports: 6mt</i>	~ 1.9	~ 0.1	-	~ 1.7

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Compelling financial returns

- Financial discipline:
 - 15% IRR (50% above cost of capital)
 - Simple payback ~ 5 years
- Fully funded by debt and internally generated cash flow

Summary

■ Strong strategic fit

- Backward integration to most attractive part of the ammonium nitrate value chain
- Takes US business and any future global AN expansions back to US gas economics
- 7th ammonia plant globally, 10th nitrogen facility globally and 10th major manufacturing facility in North America

■ Unique opportunity from brownfield site

- Leverage existing infrastructure
- Lower capital costs
- Access to ammonia market

■ Low risk execution

- World leading technology, industry standard reference plant
- LSTK EPC contract by KBR
- 100% volume committed to off-take arrangements from day 1 of production

**Project meets
IPL's
investment
criteria**

Appendix

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Financial inputs

- Construction cash flow:

Year	Estimated capex spend (US\$m)	Estimated production (kt)
Feasibility	26	
FY2013	69	-
FY2014	279	-
FY2015	256	-
FY2016	220	160
FY2017	-	800
FY2018	-	800
Total	850	

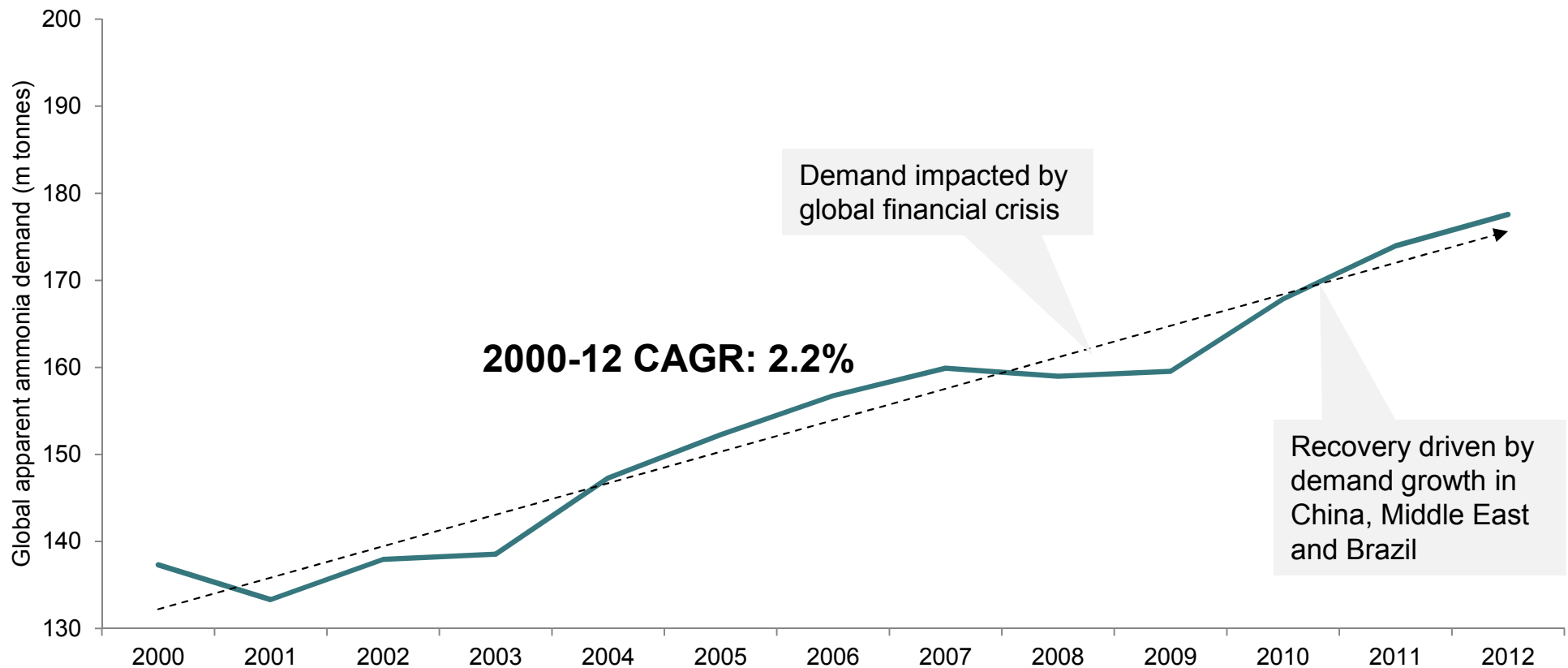
- Interest to be capitalised during construction
- Cash costs per tonne (excluding gas): US\$45/t
- Average sustenance and turnaround capex per annum: US\$10 million

Global ammonia market

DEMAND

Global ammonia demand:

- Since 2000, approximately 3.3 million tonnes of new capacity is required every year to meet global demand

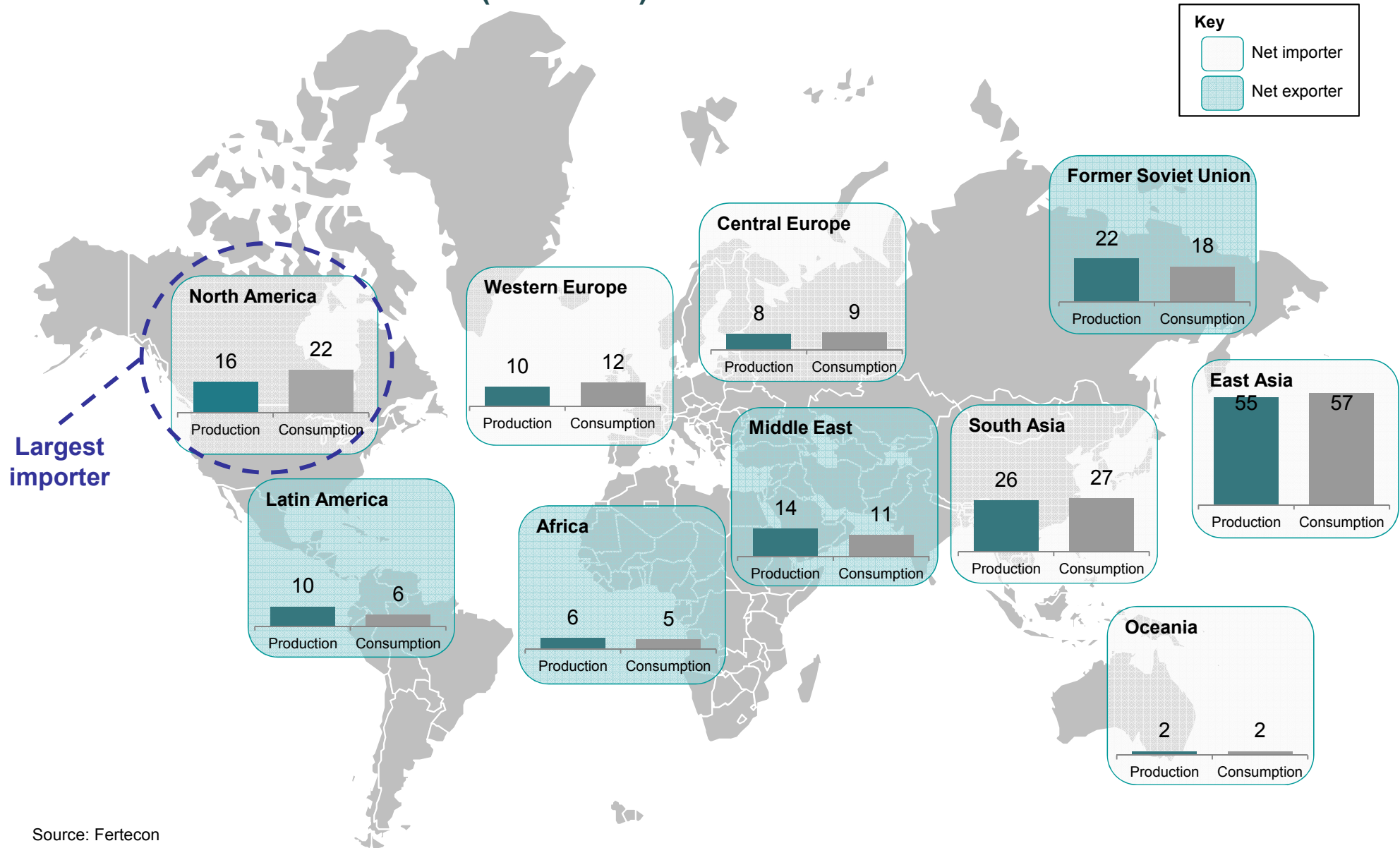


Source: Fertecon

Global ammonia market

SUPPLY & DEMAND BALANCE FOR FREE AMMONIA

2011 Global ammonia market (m tonnes):



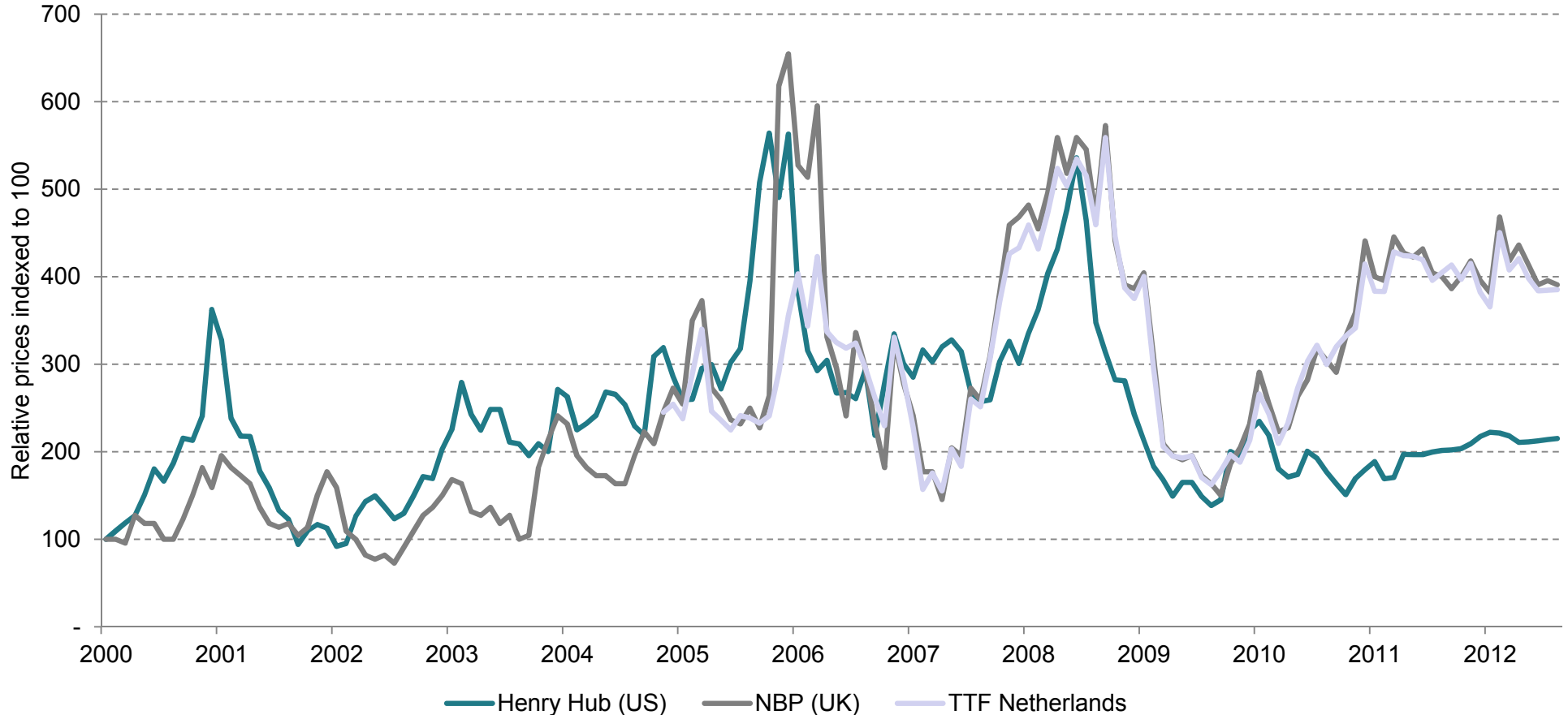
Source: Fertecon

Global ammonia market

PRICING

- US has a deep, low-cost supply curve for gas with multiple suppliers
- Global ammonia price has historically trended closely with cash costs of marginal production, currently from European producers

US vs. European gas price differential:



Source: Fertecon, Bloomberg

Overview of KBR, Inc.



- KBR Inc. (KBR) is listed on the New York Stock Exchange
- Since 1943, KBR has been involved in the licensing, design, engineering and/or construction of more than 225 new ammonia plants worldwide
 - Represents approximately half of current global ammonia production
- Most recently completed EPC projects were in Trinidad and Egypt
- KBR Purifier™ Ammonia Process plant technology
- Operations across US, Australia, Africa, UK, Asia and Middle East

Key financials

Market capitalisation	US\$4.3 billion
FY2012 Revenue	US\$7.9 billion
FY2012 Net Profit After Tax	US\$144 million
Number of employees	27,000



Source: KBR

Overview of Transammonia



Overview

- Established in 1965 as a fertilizer merchandising and trading company and is now one of the largest private fertilizer and fertilizer raw materials merchandising and trading companies
- Operations across US, South America, Europe, Middle East and Asia
- Worlds largest independent marketer and transporter of ammonia in terms of tonnage sold in international trade
- Trades over 1 million tonnes of ammonia annually in the USA, leveraging strategic, logistical capability, including domestic terminals, barges, rail and truck assets

Key financials:

FY2012 Turnover	US\$12.2 billion
Employees	450

Products traded globally, 2012:

Anhydrous ammonia	3.7 million tonnes
Nitrogen products	6.7 million tonnes
Sulfur and Sulphuric acid	5.5 million tonnes
Coal and Petroleum coke	5.5 million tonnes
NPK and Phosphates	2.4 million tonnes
Petrochemicals & Methanol	4.4 million tonnes
LPG	8.0 million tonnes

Overview of Cornerstone Chemical Company

- Products include acrylonitrile (“AN”), melamine and sulphuric acid
 - Critical building block components used in a diverse range of high-value, high-potential end markets
 - End markets include residential and commercial construction, automotive, enhanced oil recovery, hydraulic fracturing and water treatment
- 200-acre facility on an 820-acre site located on the Mississippi River
- Highly integrated operation with synergistic production processes and two on-site customers / producers of downstream products
- \$460 million of invested capital in the facility
 - In excess of \$1 billion of replacement cost (additional \$600 million of replacement cost for on-site partner facilities)
 - Approximately \$400 million appraised value

Key financials

Number of Employees	465 <i>Headquartered in Waggaman, Louisiana, US</i>	
	Capacity	Market position
Acrylonitrile	24 kt	1 of 2 merchant producers in North America
Melamine	8 kt	Sole producer in North America
Sulphuric acid	68 kt	Leading merchant producer in the Gulf of Mexico region

