

Incitec Pivot Limited

INNOVATION ON THE GROUND

ASX RELEASE

INVESTOR DAY PRESENTATION

4 September 2019

Incitec Pivot Limited (ASX:**IPL**) will be holding an Investor Day in Brisbane today, where the following presentation will be given.

The presentation will commence at 1.30pm AEST and will be webcast via our website at www.incitecpivot.com.au.

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INNOVATION ON THE GROUND

Investor Day

4 September 2019



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Introduction

Jeanne Johns

Managing Director & Chief Executive Officer

Strong Progress on Strategic Agenda in last 12 months

Strong momentum in HS&E

Successfully recontracted Australian volumes

Sustained market share growth in Dyno Nobel Americas

Manufacturing Excellence strategy implementation underway

Premium technology continues to penetrate target markets

Robust technology pipeline progressing well

Resolved uncertainty over Gibson Island gas supply

Rationalised Single Super Phosphates (SSP) manufacturing footprint



Our strategy is on track to grow shareholder value

Strategic Review of Fertilisers Business

Logical time to assess the optimal path for the business to realise its potential

Fertilisers business has strong platform in the Australian market

- In 2018 dispatched 2.2 million metric tonnes of fertilisers to domestic market across range of agricultural sectors
- High quality distribution network of more than 200 dealers and agents

Made strong progress on strategic milestones and operational issues in FY19

- Gas supply for Gibson Island, rationalised Single Super Phosphates, reliable operations at Phosphate Hill

Under new leadership of Stephan Titze, clear opportunities for growth

- Customer solutions focus, opportunities from Ag-tech, Manufacturing Excellence upside

Strategic review will consider various options – potential sale, demerger, retain and invest for growth

Review expected to progress over FY20, UBS appointed as advisors



Outcome driven by optimal capital allocation and maximising shareholder value

FY19 Group Guidance

Revised guidance for FY19 EBIT, reflects lower commodity pricing and operational performance

Guidance issued in May 2019 of \$370m - \$415m, based on disclosed forward commodity price and FX assumptions

Updated guidance*:

- Applying publicly available actual pricing and FX lowers range to \$321m - \$366m (refer appendix 1)
- Operational factors lowers guidance to approximately \$285m - \$295m

NPAT range expected of \$133m to \$143m (based on tax rate and interest guidance)

Operational factors mainly as a result of the following:

- Lower than forecast ammonia production at Waggaman – higher number of trips than anticipated, being addressed by Manufacturing Excellence strategy
 - Lower fertilisers distribution earnings – continued drought impacts in New South Wales and Queensland
 - Increased gas costs at Gibson Island
-

Range excludes approximately \$20m benefit of potential one-off items that could fall in FY19 or FY20

- Insurance claims relating to the Phosphate Hill rail outage
 - Sale of surplus land in the U.S.
-

* Business earnings are particularly sensitive to commodity pricing, foreign exchange rates and market conditions

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Manufacturing Excellence

Tim Wall

President Global Manufacturing & Corporate HSEC

Manufacturing Excellence Strategy

Introduction: Tim Wall, President Global Manufacturing & Corporate HSEC

Responsible for Manufacturing (Nitrogen and IS plants) & HSEC

Passion for Operations – Safe, Reliable & Competitive

Deep experience with 30+ years in Manufacturing roles (line, commercial and corporate)

Diverse experience (companies, geographies & strategies)

Strength in leading and managing in complex environments

IPL opportunity

- Diverse global manufacturing footprint
 - Strategically located assets
 - Premium technology offering
-



Manufacturing Overview

Initial observations on manufacturing practices and capability within IPL

World-class assets



Highly efficient Initiating Systems Plants



Capable people



Safety focus



Manufacturing Excellence Strategy

Strategy focus areas

Zero Harm

- Focus on improving Process Safety performance
- Effective risk management of potential high consequence incidents
- Simplify systems and processes whilst maintaining robustness

People and Culture

- Apply global best practices, tailored for local circumstances
- Operations focus with site accountability and resourcing
- Global Engineering capability

Reliable Operations

- Build High Reliability Organisation (HRO) mindset
- Increased focus on preventative & predictive maintenance
- Fix for good culture and approach
- Better turnarounds, improved planning and execution

Performance and cost competitiveness

- Externally benchmarked performance targets established
- Balanced Scorecards in place
- 3-year performance improvement plans rolled out across all sites

Clear and detailed strategy being implemented to improve manufacturing reliability and performance

Driving Reliability Improvement

Key changes in approach to drive improved reliability

Manufacturing organisation restructure

- Site leadership accountable for performance
- Consistent structure and approach across Manufacturing functions
- Regional re-balance of Global Engineering resources
- Global leaders overseeing turnarounds and major project systems
- Right-sizing of project management systems

Processes and systems driving performance

- Maintenance standards implementation
- Engineering standards refresh
- Design and operating limits standards
- Capital efficiency benchmarking
- 3-year improvement plan for each manufacturing site
- Continuous improvement in business systems



Global best practice, local application & accountability

Waggaman Overview

Top quartile performance and profitability potential

Strategic asset

- World-scale plant capable of delivering top-quartile performance
- Ammonia supply to Dyno Nobel Americas displaced purchased volumes

Plant overview

- Commissioned in 2016
- Name plate ammonia capacity of 800k mt per annum (achieved in FY18)
- Low cost US natural gas primary feedstock
- Plant capacity fully contracted

Value proposition

Reliability improvement plan to deliver significant benefits by FY22, targeting:

- Sustainable production above nameplate capacity
- Improved margins from better plant efficiencies and conversion rates



World-scale asset with a strategy to improve reliability

Waggaman Reliability Update

Strong progress on reliability improvement plan

Critical equipment operating strongly

- All major equipment was found to be robust and operating well
- Reliability typical of early life stage plant
- Failure analysis of each unit in the plant was completed in FY19
- Plant vulnerabilities were identified and added to the reliability improvement plan program

Reliability improvement plan rolled out

- Focus on eliminating single point of failure vulnerabilities:
 - Control systems – logic and spares
 - Rotating equipment – robustness of control logic
 - Instrumentation and valves – spares and redundancy
 - Electrical distribution – redundancy
- Improving protection of instrumentation against elements of nature
- Long lead reliability improvement projects slated for FY21 turnaround



Operating performance progressively improving toward sustained reliability by FY22

Phosphate Hill Overview

World-scale Ammonium Phosphates operations

Strategic asset

- Acquired from BHP in 2006 following a divestment of non-core assets
- The only Ammonium Phosphates manufacturing plant in Australia
- Security of raw material supply
 - Located on a world-scale phosphate rock deposit
 - Long term economic gas supply agreement in place
- Capable of producing >1 million tonnes of Ammonium Phosphate per annum

Value proposition

- Improved reliability to deliver substantial earnings benefits from incremental production tonnes and plant efficiencies



Clear line of sight to > 1 million tonnes of reliable Ammonium Phosphates production per annum

Phosphate Hill Reliability Update

Detailed reliability plan implemented

People focus

- Adoption of high reliability operations mindset
- Focus on plant integrity, reliability and maintenance
- Multi-disciplinary teams focus on problem solving

Process improvement

- Improving operational discipline
 - Consistent operation within predefined operating limits
 - Better execution of product change-over
- Maintenance improvement
 - Implement global maintenance standards
 - Target improved reliability following routine outages (15 week cycle) and the next major turnaround in FY22

Plant reliability

- Known one-off issues with reactor linings addressed
- New strategy for piping in Phosphoric Acid plant
- Failure Mode Effects Analysis (FMEA)

Opportunities

- Ammonia plant reliability
- Granulation plant optimisation
- Improved turnaround delivery and cost efficiency

Opportunity for significant earnings uplift through sustained reliability

Major Turnaround Approach

Turnaround improvement and schedule – FY20 / FY21

Global turnaround process owner driving best practice sharing & benchmarking

Regional teams to support turnaround execution (site responsibility for scope and results)

Site ownership of turnaround scoping and planning

- Permanent onsite resource
 - Improved use of site systems
 - Enabler for opportunity scope execution
-

Integrated approach to execution (site leadership owns execution and outcome)

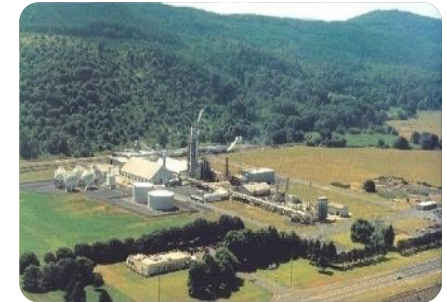
High Reliability approach now implemented in Turnaround scope framing

Gibson Island, Queensland



Turnaround: 1H 2020

St Helens, Oregon



Turnaround: 2H 2020

Moranbah, Queensland



Turnaround: 1H 2021

Waggaman, Louisiana



Turnaround: 1H 2021

New Turnaround Systems fully embedded from Waggaman in 1H FY21

Manufacturing Excellence Targets

Reliability targets most appropriate, given plants are fully contracted

Targeting upper second quartile reliability

- Several plants operating at top quartile reliability
- Third quartile historical reliability for ammonia plants
- Targeting upper second quartile reliability by FY22

How we plan to achieve our target

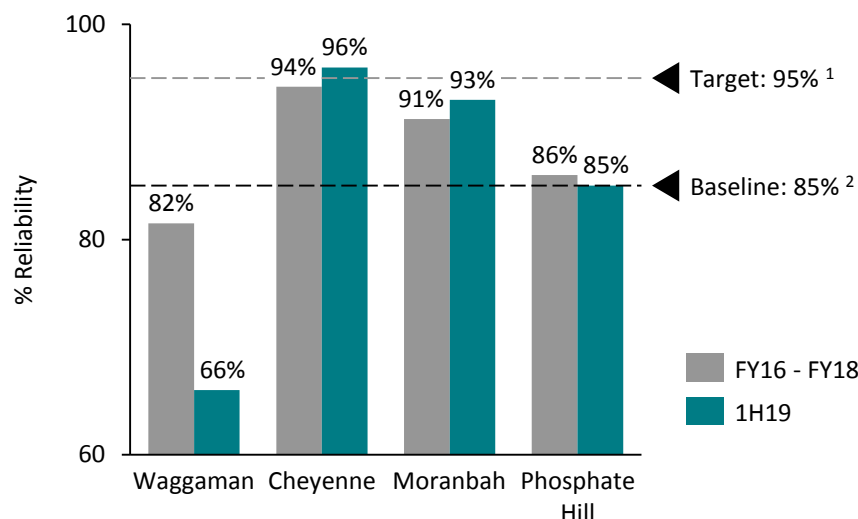
- New leadership team with global approach
- Right strategy focussed on reliability
- Well planned and executed turnarounds and maintenance plans

Delivering benefits

Improved reliability will drive:

- Better efficiencies and higher production rates
- Significant earnings uplift from incremental tonnes – plants sold out

Historical Reliability – Ammonia Plants



Target reliability at 95% vs historical baseline of 85%

$$\text{Reliability} = \frac{\text{Actual Production} + \text{Market Demand} + \text{External Losses}}{(\text{Current MSPR} \times \text{Days}) - \text{Scheduled Downtime}}$$

Manufacturing Excellence opportunity of \$40m to \$50m* per annum by FY22

1. Baseline, target and actual performance are calculated using the Phillip Townsend Associates (PTA) Global Ammonia plant benchmarking definition

2. Reliability performance of 85% is the equivalent of 80% Overall Equipment Effectiveness (OEE)

* Estimate

Initiating Systems Manufacturing Capability

Extensive footprint of world-class Initiating Systems plants

Premium Initiating Systems Manufacturing

- 10 Initiating Systems plants across 7 Countries
- World-class quality and best premium technology

Highly efficient manufacturing performance

- Across portfolio achieving >85% OEE and >95% On Time In Full (OTIF)
- Plant automation delivering continuous efficiency improvements and cost savings

Growing demand for premium technology, driving investment

- Significant increase in customer demand for Electronic Initiating Systems
- High returns, low capital capacity expansion underway in US and Australia



Plant expansion in FY20/21 underpinned by strong customer demand for leading Electronic Initiating Systems

Conclusion

Significant upside from Manufacturing Excellence

Strategically located manufacturing assets in the best mining markets

Implementation of Manufacturing Excellence strategy well advanced

New leadership structure driving consistent approach, global best practice, clear accountability and better deployment of resources

Strategy underpinned by 'global principles' with detailed plans for each manufacturing site reflecting differences in plant performance vs global benchmarks

- Site level accountability and resourcing with operational discipline and high reliability mindset
 - Preventative and predictive maintenance and fix for good approach
 - Keeping plants online everyday – less focus on short term production records
-

Expansion of Initiating Systems manufacturing capacity underpinned by strong customer demand

- Focus on automation to optimise unit cost
-

Considerable performance upside from embedding new Manufacturing Excellence strategy

Targeting 95% reliability and earnings uplift of \$40m - \$50m* per annum by FY22

* Estimate

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Questions & Answers

Jeanne Johns, Tim Wall & Frank Micallef

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Explosives & Technology Overview

Jeanne Johns

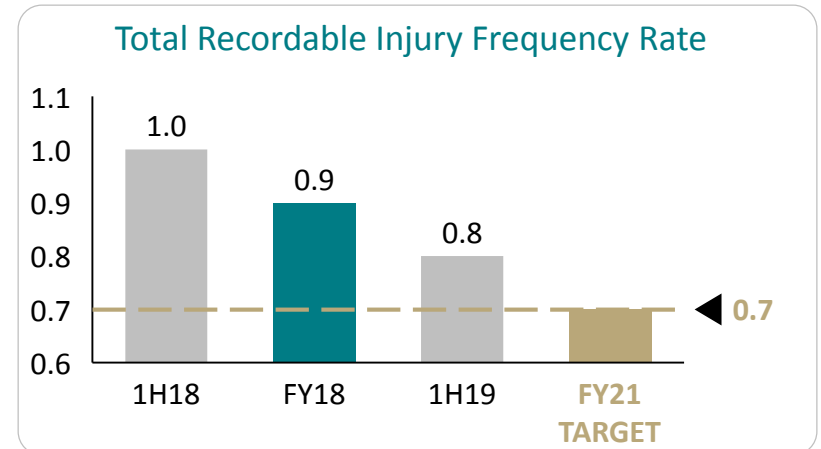
Managing Director & Chief Executive Officer

Health, Safety & Environment (HS&E)

Zero Harm for Everyone, Everywhere remains our #1 priority

Relentless focus on improving safety performance

- Refreshed safety strategy delivering results
- Total Recordable Injury Frequency Rate (TRIFR) continues to improve
- Process Safety and Potential High Severity incidents showing sustainable year-on-year improvement
- Ongoing investment in organisation wide HS&E training and systems underpinning improving results



Strong and sustained improvement in HS&E, on track to deliver against FY 2021 targets

Manufacturing Excellence

Strong progress on Manufacturing Excellence strategy

Manufacturing leadership refresh completed in 2019

Strategy governed by global principles and underpinned by detailed plans for each manufacturing site

Rolled out reliability improvement plans across all manufacturing sites in 2019

Established reliability targets for each site based on best practice benchmarks

Increased focus on preventative and predictive maintenance

Improved execution of major turnarounds

Expected step change in operations reliability by FY22



Manufacturing Excellence anticipated to deliver \$40m-\$50m* annual EBIT uplift by FY22

* Estimate

Our Purpose

Unlocking the world's natural resources through **Innovation on the ground**

Partnering with our global industry leading customers

Unlocking the world's resources that are critical for:

- Infrastructure development in the communities in which we operate
- Providing energy to millions of people around the globe
- Creating jobs and developing our people



Care for the Community and Environment

- Our premium product offerings (e.g. Delta E) limits our impact, and our customers impact, on climate change
- We continue to develop products and invest in new technologies that limits our carbon footprint and the impact we make on the environment



Fulfilling our purpose through collaboration with our Customers, our Employees and our Shareholders

Evolving mining industry needs, creating opportunities for IPL

Industry remains attractive, but more challenging for operations

- Despite strong fundamentals, the mining industry is facing:
 - Higher cost of extraction with ore bodies becoming increasingly difficult to access
 - Declining ore grades and recovery rates
 - Increasingly difficult and hazardous operating environments
 - Stricter environmental regulations & compliance requirements

Innovative solutions are required to overcome these challenges

- Industry is calling for strategic and innovative partnerships to unlock value through differentiating technologies
- Witnessing rapid acceleration of technology adoption by large miners
 - Premium technologies such as Electronic Detonating Systems (EDS) are becoming increasingly important efficiency drivers for miners
 - Represents significant value add opportunity for the industry, with EDS market share currently below 15% in both the US and Australia



Opportunities in mining transformation to high technology, low carbon and safer operations

Customer challenges inspire our innovation

What matters to our customers

- Strategic and innovative partnerships that deliver value and flexibility
- Maintain & improving cost position
- Increased focus on people and their safety
- Environmental awareness and the drive to reduce carbon footprint
- Flexible and reliable supply chains



How we partner and deliver

- Established technology alliance with largest global mining company in 2019
 - Partnership that will deliver value add to our customer, our company and the industry
- Our premium technology solutions deliver:
 - Better blasting outcomes
 - Improved customer production efficiencies
 - Operating cost reductions
 - Increased safety performance during blasting
 - Reduction in carbon footprint from lower emissions when blasting
- Strategically located assets in close proximity to customers provide a flexible and reliable supply chain

Our customers rely on strategic and innovative partnerships to remain at the forefront of their industry

Differentiated Energy (Delta E) Technology

A practical and innovative solution for our customers for their operating challenges

One of our range of premium technology offerings

Unique and patented explosives and delivery system

Substantial technology penetration underpinned by superior blasting outcomes

Delivering significant benefits to our customers:

- Improving mining efficiencies & cost positions
 - Optimum blasting outcomes
 - Faster application and product delivery
 - Better for the environment, up to 38% reduction in CO₂ emissions vs conventional explosives
 - Safer for people, less fly-rock
-



Ground breaking technology delivering significant benefits to our customers

Growth Underpinned by Premium Technology

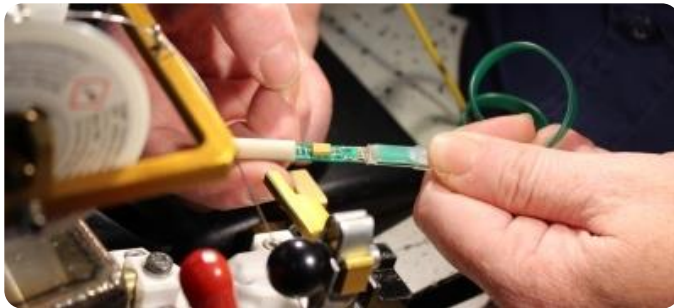
High growth in technology uptake, ground breaking new products coming online

Successfully leverage proven technologies

- Launched Delta E across Asia Pacific in 2H18, now representing ~10% of APAC truck fleet
- Exclusive EDS supplier in Australia to major miner

High demand for our premium technologies

- Significant EDS sales growth in US and Asia Pacific from 2016 to 2019
- Premium emulsions sales continue to grow strongly in the US, Delta E introduced in Asia Pacific



Launched new wide application technologies



- Launched EZshot electronic detonators globally in 1H19
- Sold > 100 thousand units in 2H19

Nobel Fire™

- New digital platform launched in 2H19
- Successfully trialling at customer sites, early results promising

Accelerating technology uptake to drive future earnings growth

High Quality Explosives Business



Positioned in the two most attractive explosives markets in the world

Strategically located assets in close proximity to highest quality customers

Full range of products and services to support diverse sectors

Strong and respected brand in Dyno Nobel, > 150 years

Premium technology platform underpinning our success in these market

Accelerating demand for technology from mining customers

High return growth opportunities in and adjacent to our markets



Strategically located footprint with premium technology in the best explosives markets

Positioned for growth - Americas

Growth momentum in the Americas underpinned by premium technology

Well established premium technology platform

Strategically located nitrogen manufacturing footprint

Strong Quarry & Construction footprint & growth

High return, low capital opportunities

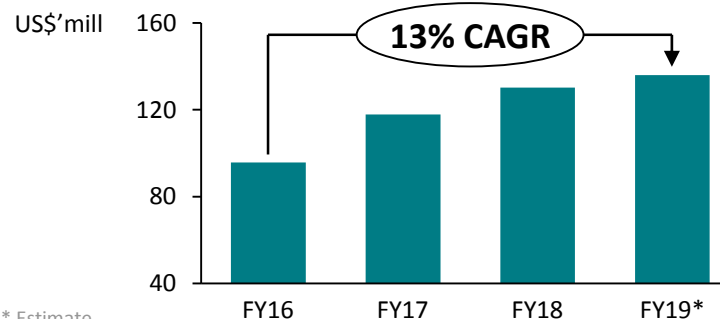
- Leverage premium technology into new geographies (e.g. Chile) and sectors (e.g. copper)



2.7 million* tonne
ammonium nitrate
market size

* Estimate

EBIT Growth – Dyno Nobel Americas



* Estimate

Strong track record of growing market share and margin

Positioned for growth – Asia Pacific

Technology played pivotal role in recontracted Australian volumes

Continue to leverage strategically located Moranbah operations

- De-bottlenecking – a high return, low capital opportunity

Strong growth expected in medium term, underpinned by premium technology offer

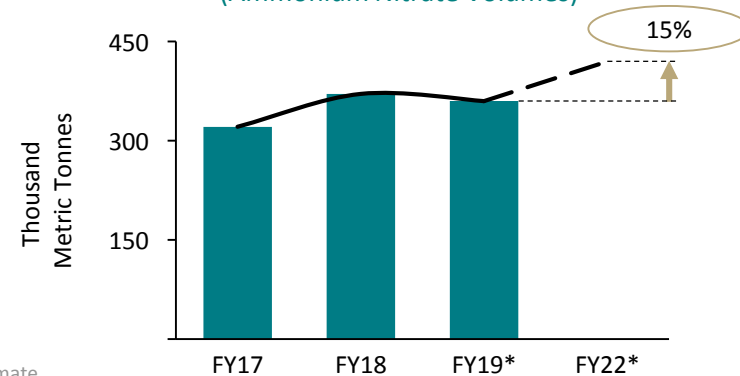
- Strategic technology alliance established with large innovating customer

2.3 million* tonne
ammonium nitrate
market size



* Estimate

Moranbah Production Capacity
(Ammonium Nitrate Volumes)



* Estimate

Significant earnings upside from re-based business

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Leading Technology Solutions

Robert Rounsley

Chief Technology Development Officer

Unique Approach to Technology, Research and Development

Customer aligned investment

Clear strategic drivers for development

- Improved mining safety
- Reduced environmental impacts
- Increased mining efficiency and productivity

Customer imperatives

- Society demands improved safety performance from mining and quarry operations
 - Ore bodies are more complex, deeper, lower grade and more expensive to find and mine
 - Increased regulatory requirements
-



Delivering practical and flexible innovation

Our Practical Approach and our Technologies are Different

Premium Initiation Systems

Conventional Products and Systems

- Basic EDS with inherent safety challenges
- Excessive harness failure rates with lower quality designs
- Slow communication and problem solving protocols
- Conventional shock tube systems



The Dyno Nobel Advantage

- Unparalleled safety inherent in design of EDS
- Two way communication further enhances safety
- Powerful, fast and real-time centralised control systems for underground environments
- Offering full electronics suite
 - Underground, Surface, Seismic, Development and Production systems
- Premium control equipment and software
- Very low failure rates – clear quality distinction
- Unique EZShot hybrid system
 - Uncomplicated and easy to plug into existing operations

Safe, reliable and practical solutions for our customers

Even our Approach to Bulk Product is Different

Bulk products and delivery systems

Conventional Products and Systems

- Several product streams, limited flexibility
- Complicated and expensive blending equipment
- Ammonium Nitrate prill handling complications
- Fixed density and energy profiles creating average blasting outcomes in variable ground

The Dyno Nobel Advantage

- Single product logistics with better flexibility
- Fast loading and flexible energy distribution tailored to the ground conditions
- Lower emissions and increased safety
- Automation built into the design
 - Unique control and digital integration capabilities link our broad product offering



Practical innovation that targets our customers' pain points

Technology Delivering Improved Customer Outcomes

Improved safety and better for the environment

Our Delta E technology achieving significantly reduced carbon emissions, up to 38% reduction

Reactive ground product suite improved, now further reducing risks in hot and reactive ground conditions

Delta E reduce NOx emissions in fume prone blasting conditions

New safer gassing technology rolled out, reducing operator exposure to chemicals

Traditional Bulk Explosives



Blast fume using conventional explosives

Dyno – Delta E



NOx fume elimination using Delta E

Improving mining safety and environmental impacts

Market Leading Premium Technology Winning on the Ground Today

Practical and flexible tools

Practical solutions customers can adopt quickly

- Plug-in capability a key design principle
- Practical adoption critical to rapid uptake
- Solutions that do not require complex reconfiguration of mine operations



Flexible tools that apply across a range of sectors

- Flexibility a key design principle
- Working closely with customers to help them apply our technology to meet their needs
- Strong focus on technical support to ensure customers achieve desired outcomes
- Flexible technology applied – different ways to solve problems for different segments
- Grow addressable market in capital efficient manner

Ease of adoption and flexibility are key to why we are winning today

Winning Technologies Today

Differential Energy

- Unique patented system
- Automated and ultra fast loading rates
- Tailored energy profiles
- Applicable in all major mining and quarry segments
- In-house manufacturing capability



DigiShot Plus 4G

- Unparalleled safety
- Full product suite that is suitable for all mining, quarry and seismic applications
- Rapid communications – 7x faster than anything else available today
- Advanced software and hardware systems
- Continual features upgrading



Delta E and Generation 4 Electronics – achieving efficiency, improved safety and reduced environmental impacts

Our Unique Technology Enables Multiple Solutions

Technology that creates flexible tools used to solve problems across different segments

Iron Ore



Lumps and fines optimisation

Coal



Improved equipment productivity

Quarry & Construction



Fines and waste reduction

Copper - hard rock mass mining



Comminution energy costs

Our applications expertise ensures the broad use of premium technology in all markets

Iron Ore Value - Lump/Fines Optimisation



Predictable ratios and a better mix driving customer value

Coal Segment Value

Improved equipment utilisation

The Challenge

- 'Hard dig' and 'tight dig' are common challenges in overburden excavation
- Causes reduced productivity for mining equipment
- Drives increased equipment maintenance cost



Dyno Nobel Solution

- Dyno Nobel's premium technology offers the solution
- Advanced bulk products apply the right energy where it is required
- DigiShot Plus 4G allows flexible timing design, creating ground relief
- Our technologies can deliver significant value for large mining operations through improved productivity

Delivering value for Coal customers

Quarry Blasting Value

Fines reduction

The Challenge

- Fine particle generation from blasting, driving direct loss of economic material
- High energy explosives generate increased fines
- Ability to place high energy where required and lower energy where not, reduces fines
- Conventional explosives don't have the flexibility to differentiate

Dyno Nobel Solution

- Delta E emulsions and unique delivery system
- Delta E reduces fines by approximately 10%
- Customer proposition – 10% greater productivity for the same operational activity



Delivering value for Quarry & Construction customers

Copper Segment Value

Reduced crushing cost and energy use

The Challenge

- Ore grades are declining across many mines globally
- More material must be moved to extract the same mineral resource as before
- Crushing activities require very high energy usage
- Mining efficiency and economics impacted by challenging conditions



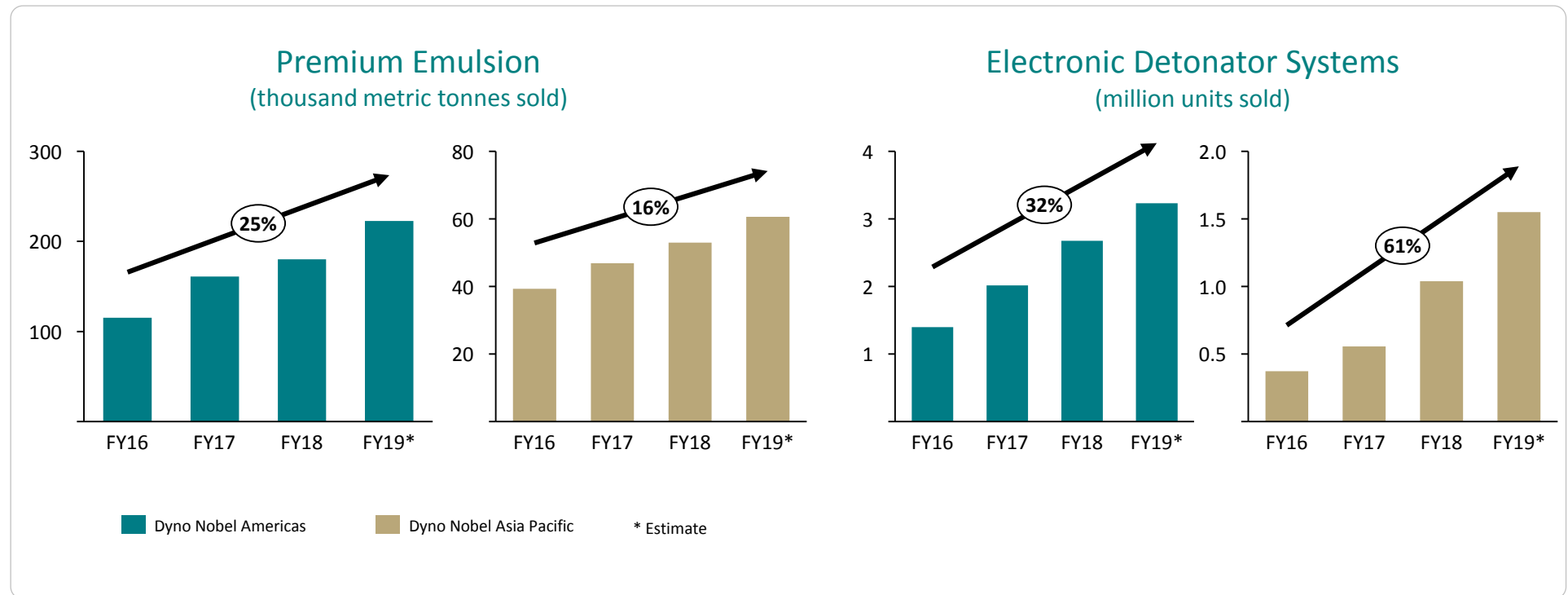
Dyno Nobel Solution

- Grade engineering allows distinction between higher and lower grades zones in large blasts
- Advanced blast designs utilising:
 - Flexible energy placement
 - Intelligent initiation timing controls
- Our premium products facilitates separation of higher and lower grade materials
 - Reduce customer energy use as only higher grade materials processed

Flexibility delivering real value, eliminating costly waste for Copper customers

Growth Underpinned by Premium Leading Technology

Continued growth in Americas, successfully leveraged premium technology into Asia Pacific



New Technology available today underpinning our commercial success

Our Premium Technology Systems are Continually Evolving

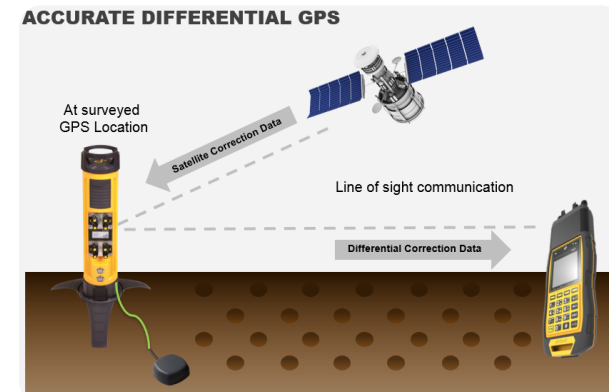
Delta E

- Now in three standard Mobile Processing Unit (MPU) configurations – different capacities and delivery rates
- Upgraded control systems integrating Delta E into our new digital environment
- Delta E² utilising ground data to place automated energy profiles



DigiShot Plus 4G

- Continuous software upgrades with ViewShot 3D
- Differential GPS provided to control equipment for sub-metre hole locations
- Near field communications connecting control equipment and software for real-time shot status



A platform designed to evolve

Technology Investment for today and the future

Focus for Today

- Ensuring maximum penetration and uptake
- Investing to support the rollout of our premium technology
- Investing in technology manufacturing capacity
- Investing in the technical sales capability supporting our solution selling activities



Focus for Tomorrow

- Strategically directed, targeted and efficient capital allocation
- Investing to ensure ongoing future success
- Automation of manufacturing and customer service activities
- End-to-end digital integration
- Mining and application technologies – new methods to drive mining

Success because we listen to our customers and focus on the technology they need for their operations

Winning with New Technology for the Future

Unique integration of our products, services and improved customer outcomes

DIGITAL PLATFORM

Digital Integration, Data and a Connected Bench

Advanced Products, Systems & Services

Conventional Products and Systems

Base Raw Materials, Support & Services

Computer generated blast design

Individual blast hole analysis

Detailed blast analysis

Sensor-based productivity analysis and feedback to improve design

Productivity analysis Enhancements

Smart drills measuring rock properties

Hose & Auger Placement; Design based on measured conditions; Automated loading of bulk product

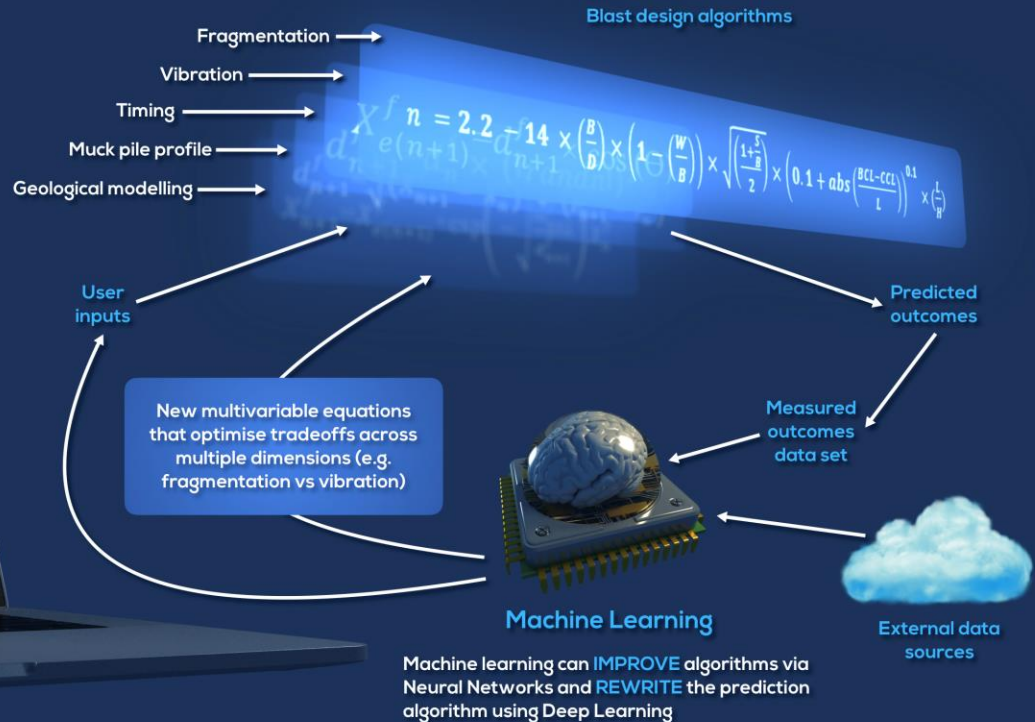
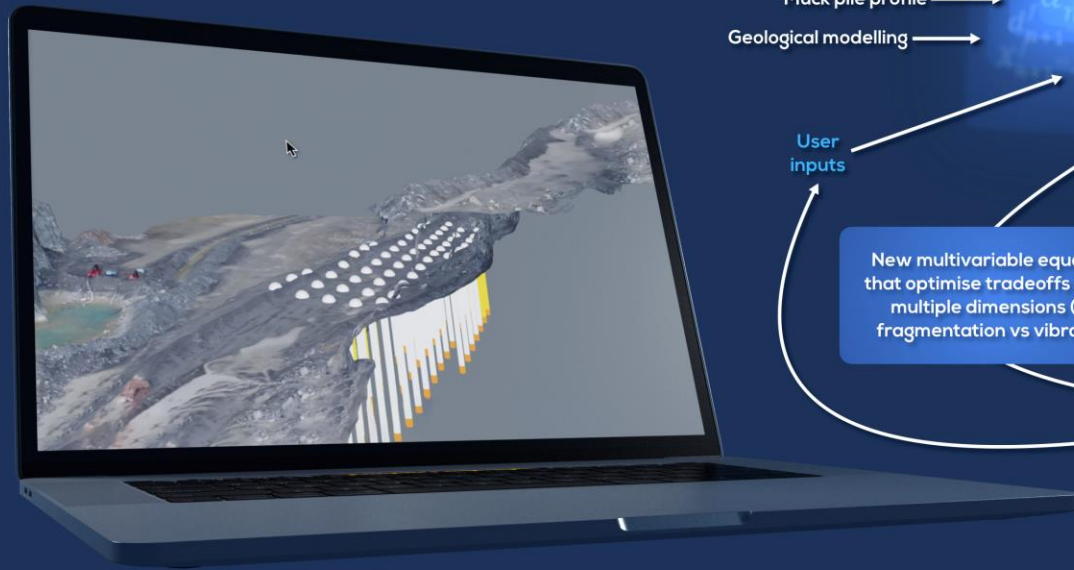
Optimised blast result

Integrated technology to drive improved outcomes

Nobel Fire, our Central Digital Control System

Meet Nobel Fire

Blast Planning & Management for the 21st Century



Nobel Fire connects all aspects of the drill and blast process

Conclusion

Significant upside from market leading technology

The mining sector is adopting technology at an accelerating rate

Dyno Nobel is well placed to meet increasing industry demand, with high return, low capital capacity expansion underway

Significant value add opportunities with EDS market share penetration rapidly growing in the US and Australia

Our premium technology is winning on the ground today, we bring the right solutions to our customers

Our flexible technology solutions are applicable across all segments and easy to integrate into customer operations

Strong technology pipeline that will bring new practical products to our customers over the next three years

Our established technology platform and product offering underpins our growth prospects in current and new markets

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Dyno Nobel Americas

Nick Stratford
President Americas

Dyno Nobel Americas - Introduction

2019 priorities being delivered

We continue to improve the consistency of our safety practices and culture across the business

The Explosives business continues to perform well, despite challenging market conditions in FY19

The Explosives business continues to grow share in its logical footprint, based on our premium technology and customer value proposition

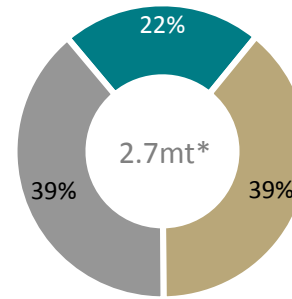


Strong track record of gaining share and margin

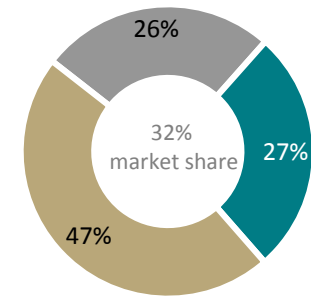
Dyno Nobel – North America Explosives market overview



North American AN Market



Dyno Nobel



Coal Metals Q&C

- Balanced industry portfolio across our markets
- Greater share in the United States market
- Expansive Quarry & Construction footprint
- Greater share in Coal due to strategic ammonium nitrate (AN) plant footprint

* Estimate

Strategically located assets across three sectors in large diverse market

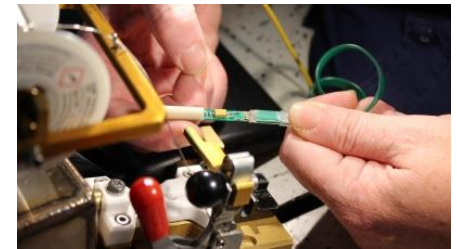
Dyno Nobel Americas – Customer Value Proposition

Only supplier with full in-region manufactured product position, supplemented with third party AN supply

Strong local distribution position – service orientated distributor network with presence in every major mining and quarry region in the continent

Premium technology with full product & service offering, with bias towards working with customers who are looking for a supplier to help them reduce total operating costs

Strong technical service team (DynoConsult), to proactively work with customer to plan better blasting outcomes or solve issues



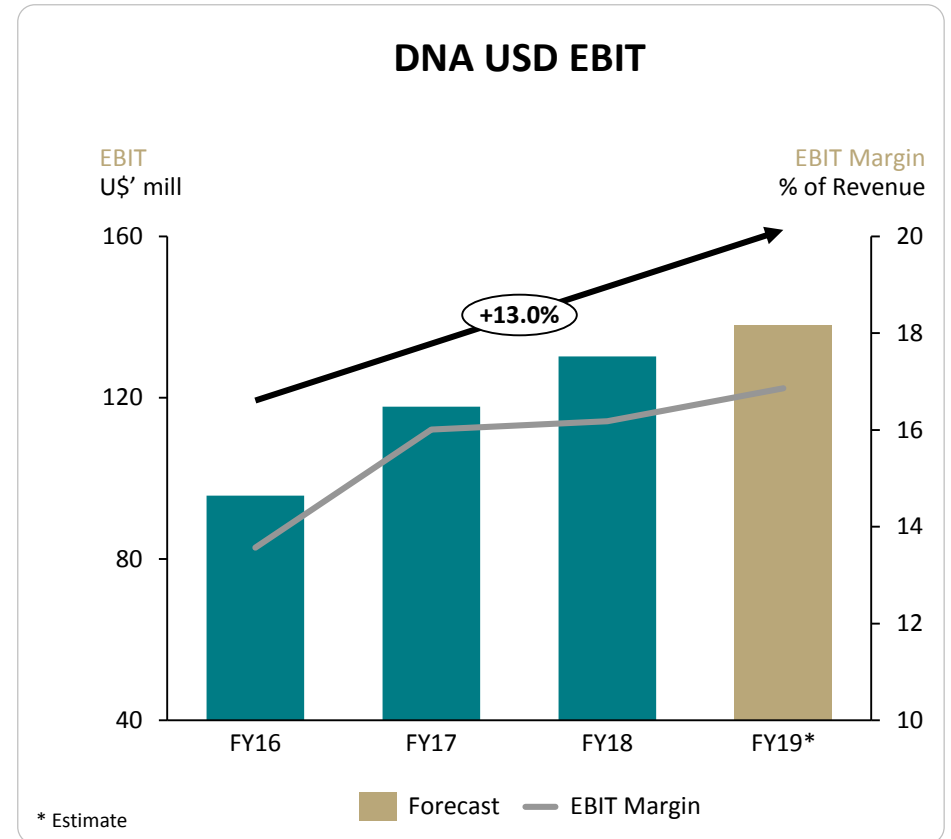
Strong customer offer and market position

Dyno Nobel Americas – Explosives growth profile

FY 2016 – FY 2019 EBIT growth

13% EBIT CAGR, driven by:

- Approximately 8% AN volume CAGR, driven by market share gains across all sectors
- Increase in EBIT margins driven by growth in premium technology and continued financial discipline on cost and asset base
- Market and competitor growth is flat / negative during the comparable period
- Expect to continue to outgrow market based on our product & service offering, supported by our nitrogen and distribution footprint
- Additional growth potential from Manufacturing Excellence strategy



Strong track record of revenue and margin growth

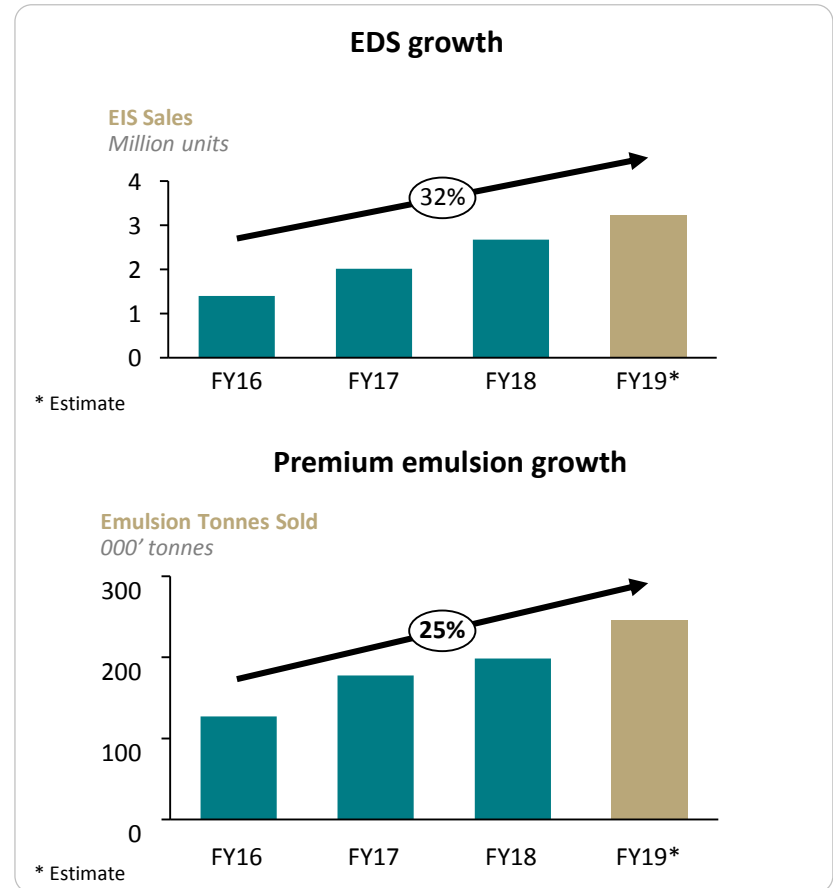
Dyno Nobel Americas – Product driven growth

EDS CAGR of 32%, driven by:

- Overall market share growth
- Conversion of customers from Non-electronic to Electronic Detonator Systems, enabled by launch of 4G (increased functionality) driving better blast outcomes

Premium emulsion CAGR of 25%, driven by:

- Overall market share growth
- Conversion of customers to Delta E product, as customers look for solutions to lower their total cost of operations
- Future technology driven growth to continue with current product portfolio, supplemented with EZshot launch, new technology pipeline



Continued growth across EDS and Delta E

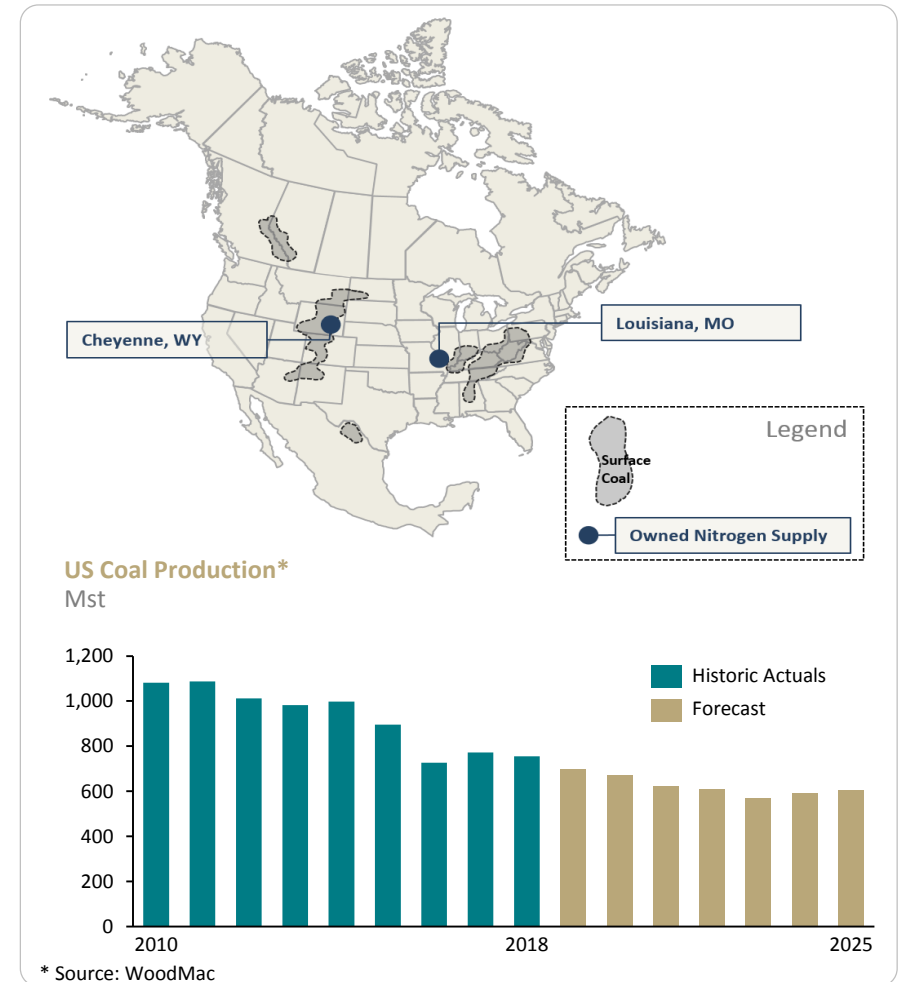
Coal market position

Market size of approximately 1 million tonnes of AN

AN volume growth for Dyno Nobel from 2016 to 2019 was approximately 10% CAGR

Dyno Nobel's strategic position:

- Cheyenne, Wyoming and Louisiana, Missouri plants well placed to service the Powder River Basin and Illinois Basin coal markets
- Remains well positioned to continue to service larger (lower production cost) coal producers in both regions
- Managed through the peak decline in US thermal coal over the past 8 years
- Coal outlook is for slowing decline in thermal coal production over the next 5 years
- Dyno Nobel has grown Explosives earnings to historical high levels in recent years



Track record of delivering above market growth

Quarry & Construction market position

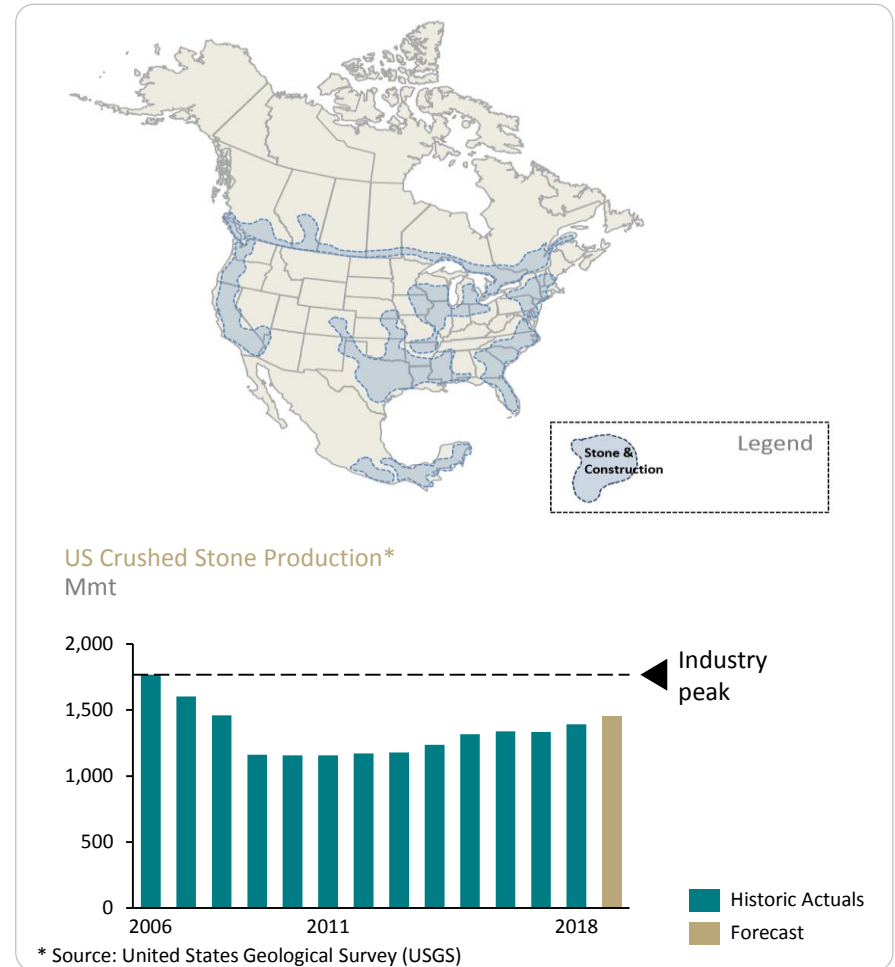
Market size: 600kT of AN

Q&C volumes growth for Dyno Nobel of ~7% per annum over the past 3 years, approximately double market growth rates

Dyno Nobel's strategic position:

- Established business with largest stone producers as customers
- Supported by business footprint and product offering that helps customers reduce their drill & blast and production costs

Growth expected to remain above market due to minor share opportunities within logical footprint



Our premium technologies underpinning above market growth

Base & Precious Metals markets

Market size: 1,000kT of AN

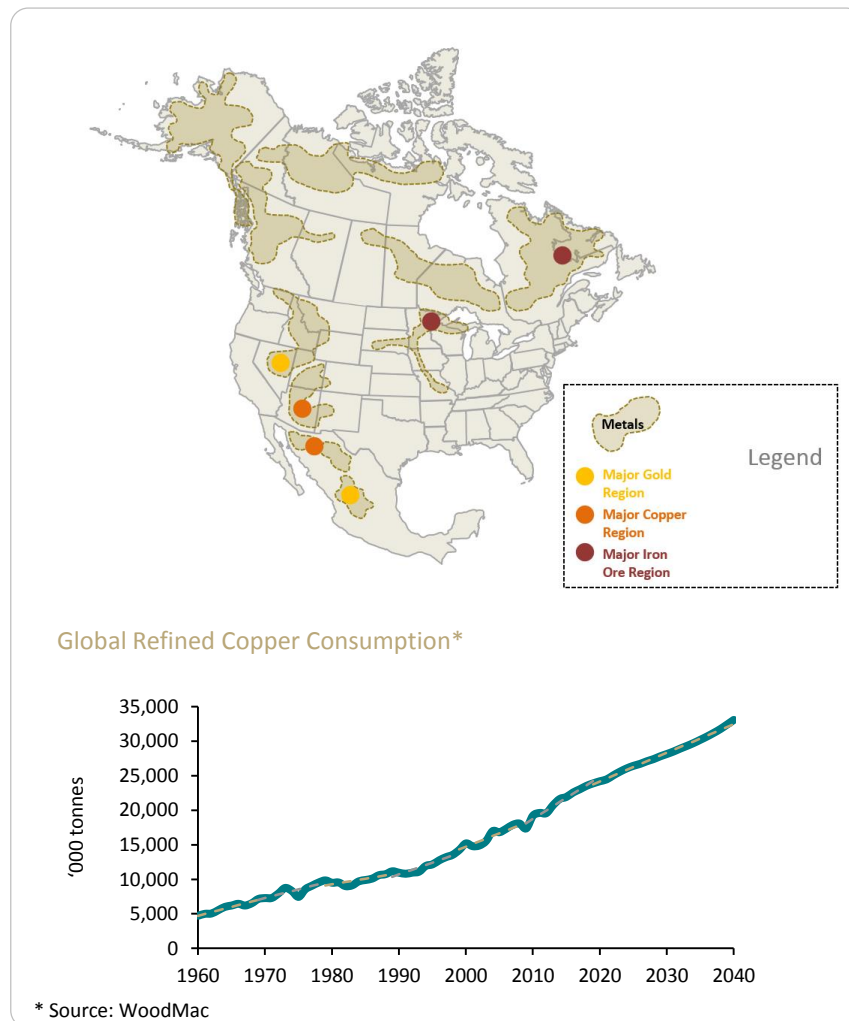
AN volume growth for Dyno Nobel from 2016 to 2019 was approximately 5% CAGR

Metals outlook – robust Copper and Gold outlooks, Iron Ore expected to be stable in the US

Dyno Nobel's strategic position:

- Positioned to service customers in logical footprint and in the right geologies
- Working with customers to reduce their cost of operations with more sophisticated blast offerings

Expected to grow above market rates, underpinned by successes in working with customer to reduce their operating costs



Successfully assisting customers to reduce their day-to-day cost of operations

Dyno Nobel – Chile market overview

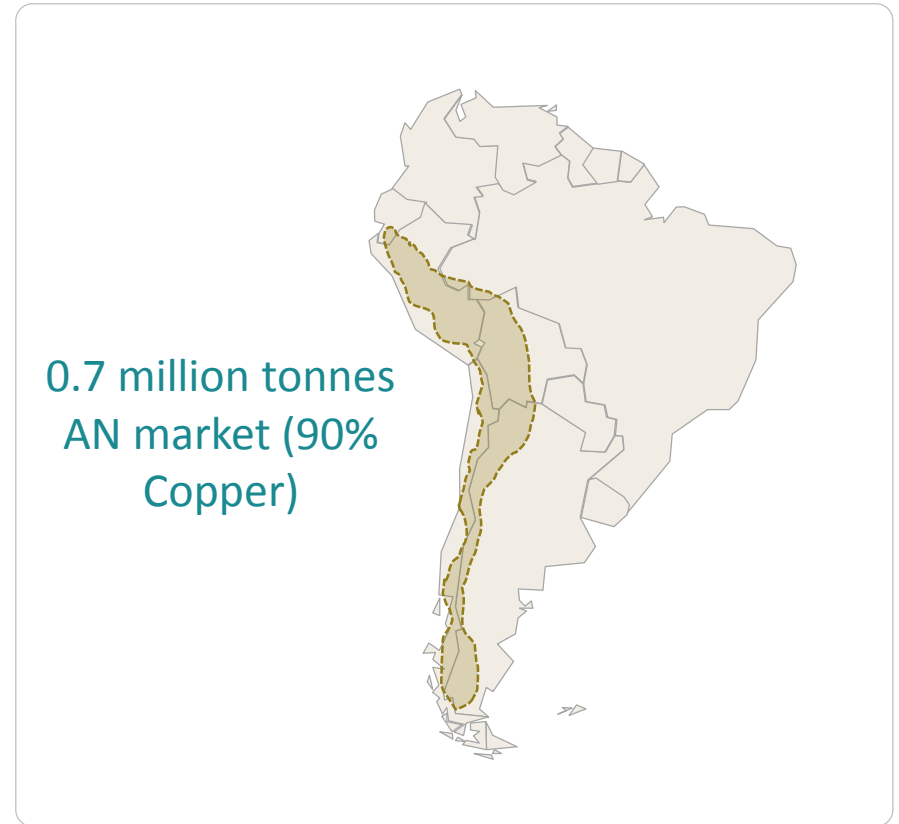
Market overview

Chile is one of the strongest copper markets globally:

- Largest copper producing country in the world
- Market growth outlook of 1-3%

Opportunity for premium technology solutions as copper miners are experiencing more challenges:

- Declining ore grades, more economic extraction required
- Looking for sophisticated blasting options to reduce mining costs



Large attractive market, strong growth potential

Chile market expansion

Dyno Nobel Chile

Dyno Nobel has an existing presence in Chile – an assembly plant for Electronic and Non-electronic detonators for sale into the Chilean and Peru markets

Emulsion manufacturing is a logical extension of the business footprint, customers asking for an alternative supplier

High return, low capital and low risk investment in modular emulsion facility that will allow Dyno Nobel to provide a full service offering to customers looking for a more sophisticated blasting service

Emulsion plant in commissioning phase, commencing trials with customers in Q1 FY20

Team in place, with continued investment in talent to support business growth

Uncompromising standards in Safety, Service and Business practices

Provides option value for future growth alternatives into the LATAM market



High return, low capital opportunity to leverage premium technology

Conclusion

Our priorities and areas of focus

Safety – first priority within the business, focus remains on the consistent application of our safety practices across all of our sites

Growth – maintain business momentum by investing in our people, servicing our customers via our premium product technology offering and footprint logical growth, including the Chile expansion

Business footprint – AN & IS manufacturing, coupled with strong distribution presence across the continent, provides a strong platform to service North American market

Product technology – Emulsion and Detonator product offering is providing operating cost reduction for customers, while helping to grow share within the business' logical footprint

Expect to continue delivering strong earnings growth above market rates over the medium term

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Dyno Nobel Asia Pacific

Greg Hayne

President Asia Pacific

Dyno Nobel Asia Pacific

2019 – Priorities being delivered

Continuing to foster strong safety culture on our journey to Zero Harm

Premium technology played a pivotal role in successfully contracted long term Australian volumes

Structured customer relationships developed

- Voice of customer program
 - Technology partnerships
-

Well positioned to grow earnings over medium term underpinned by:

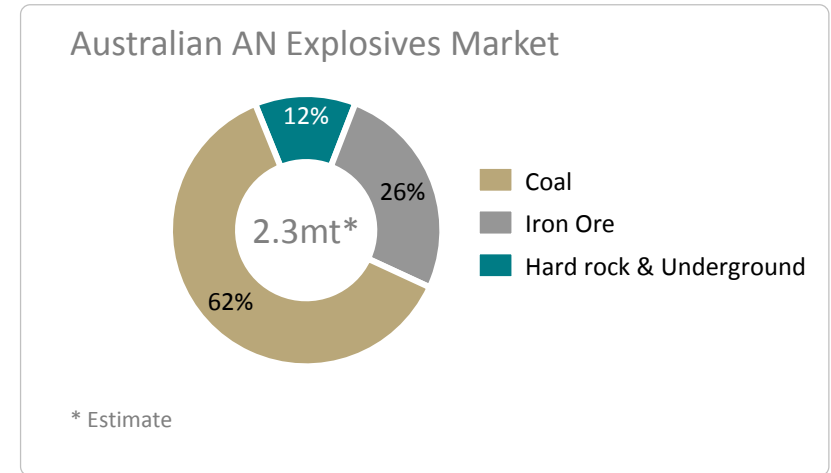
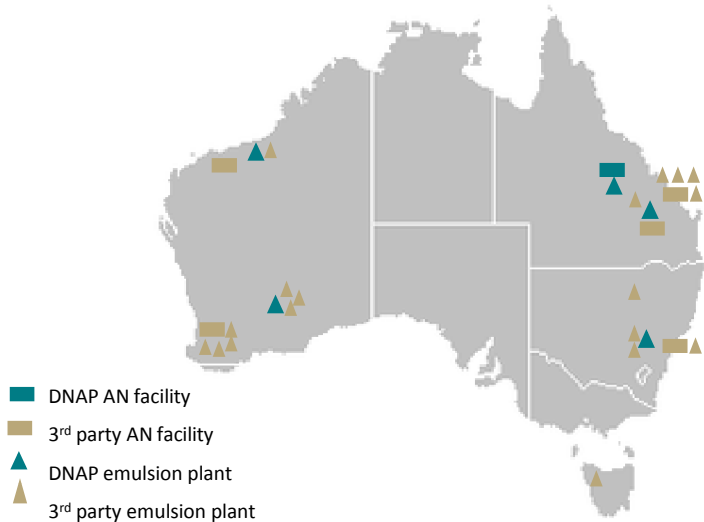
- Manufacturing Excellence
 - Moranbah plant expansion
 - Premium technology growth
-



Significant upside from re-based business

Australian explosives market overview

Explosives market is changing



Mining industry looking for technology solutions to address operational challenges

Explosives market in Australia is competitive, particularly in emulsion and electronics segments

Promising opportunities for Dyno Nobel with our premium technologies differentiating us from other market participants

Performing well in a competitive environment, strong customer demand for technology

Eastern Australia

Strategically located assets with premium technology offering

AN Market

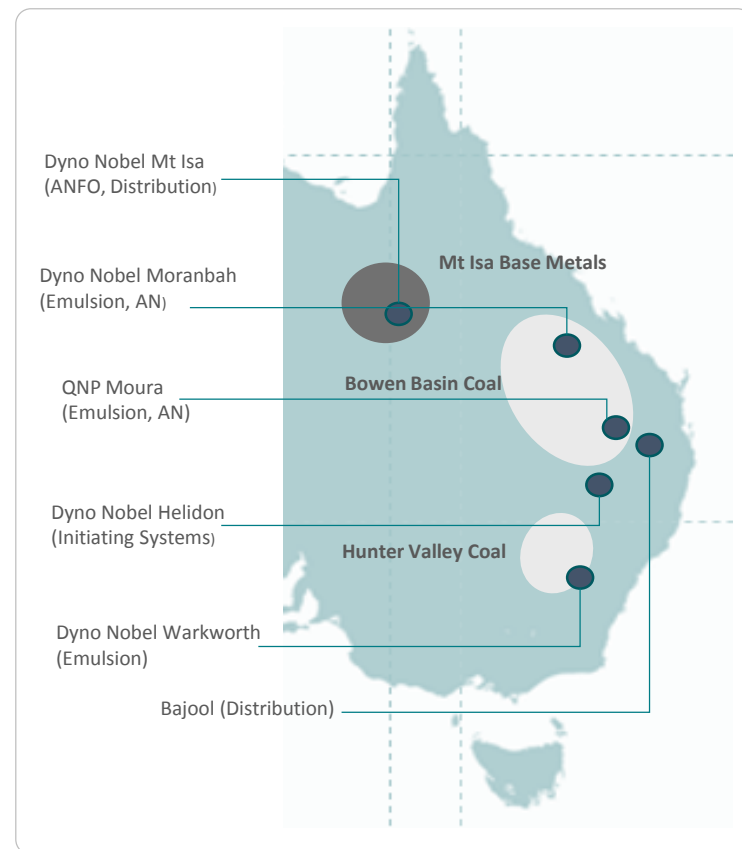
- Large, attractive and growing market

High quality strategically located assets

- Close proximity to major customers
- Moranbah opportunities to de-bottleneck, driven by customer demand

Recontracting long term customers

- Long term extension with large customer signed, including Technology Alliance Agreement
- Shift in the industry toward focus on value add



Leading position in a large, attractive market

Western Australia

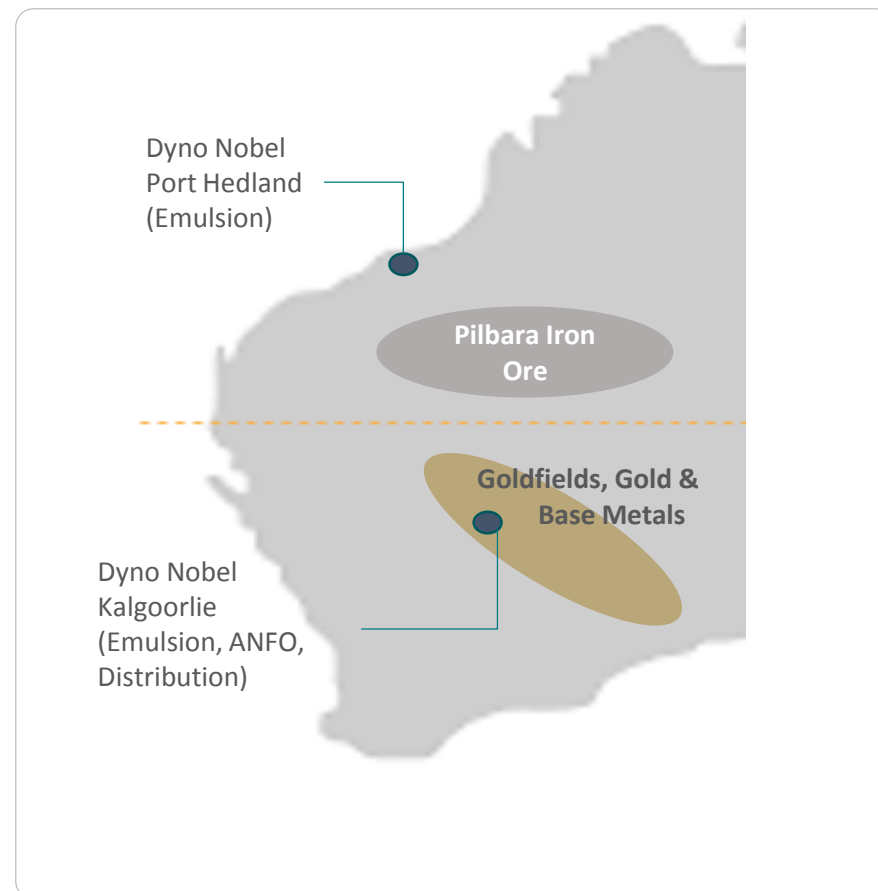
Leverage our premium technology to deliver solutions for our customers

Technology continuing to deliver benefits for customers in Western Australia

Focus on providing technology solutions and value add to customers:

- Premium technologies – Delta E, DigiShot Plus and EZshot
- Premium services – Nobel Fire in second release

Our premium technology is the right solution for a growing and more efficient mining industry



Strong momentum in uptake of premium technology

Profitable Growth - Technology

Growth opportunities, underpinned by our premium technology

Strong growth in technology volumes in Western Australia and Bowen Basin

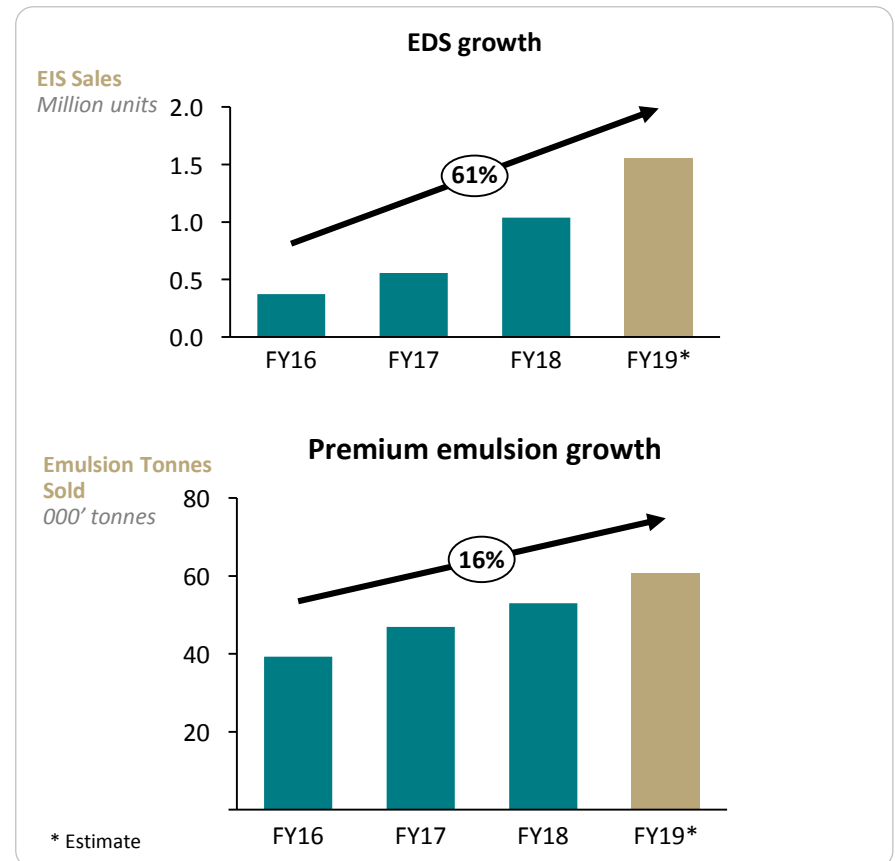
- EDS CAGR of 61% between 2016 and 2019

Building technology capacity to meet growing demand

- Helidon – capacity increased with further expansion studies being progressed to meet growing demand for DigiShot and EZshot

Value sharing – a growing feature of our new contracts

Clear path to growth off a firm base



Well positioned to benefit from industry growth over medium term

Profitable Growth – Expansion

Plant capacity expansion opportunities progressing

Moranbah plant operations

- Leveraging our location advantage in the attractive metallurgical coal market segment
- Incremental expansion opportunity via de-bottlenecking could add up to 15% capacity, generating strong returns
- Majority of expansion works to be completed during FY21 turnaround
- Operations will benefit from improved gas efficiency and lower carbon emissions

Helidon Initiation Systems Plant

- Additional capacity added since FY17
- Further capacity addition planned for FY20 to meet strong EDS demand
- Improving plant efficiency by expanding automated assembly capacity

Port Hedland

- AN emulsion plant expansion to meet contractual requirements, including demand for Delta E

High return, low capital investments

Conclusion

Well positioned to grow from re-based business

Strategically located assets and premium technology offering positions us well in attractive market

Stronger customer relationships, including a new Technology Alliance with the worlds largest mining company

Significant upside from technology – momentum from existing premium solutions and new products coming online

Volume upside from Manufacturing Excellence and Moranbah expansion, underpinned by strong demand in a tightening AN market



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Questions & Answers

Jeanne Johns, Nick Stratford, Greg Hayne, Robert Rounsley

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Balance Sheet

Frank Micallef
Chief Financial Officer

Balance Sheet

Successful refinancing activity completed in FY19

- Extended average tenor to 5.8 years
- Increased diversity of funding sources
- Lower credit margins

Investment grade credit ratings

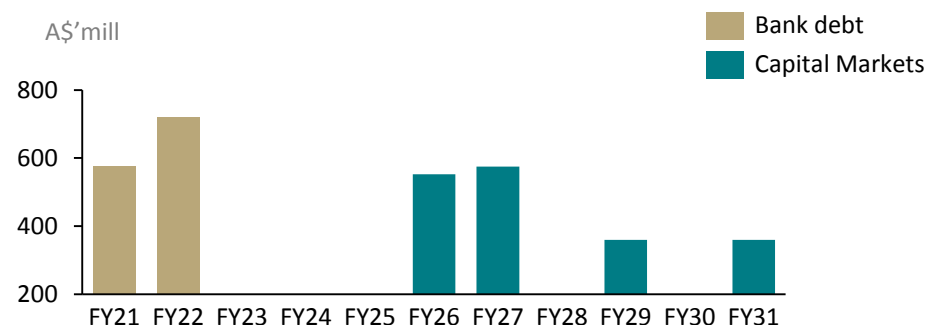
- Standard & Poor's: BBB (stable outlook)
- Moody's: Baa2 (stable outlook)

Balance Sheet metrics

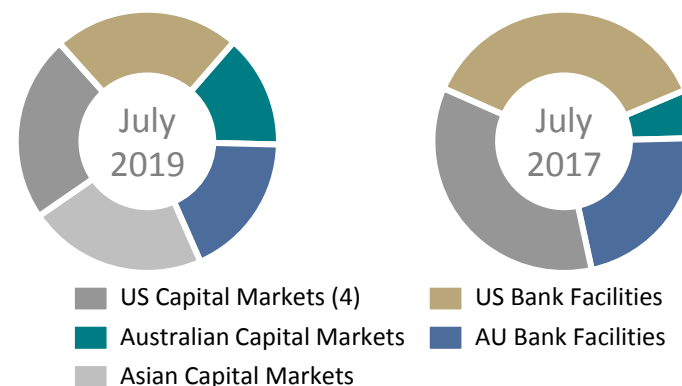
- Net debt¹ of \$1.9bn and Net debt/EBITDA² of 2.6x at 1H19
- Temporary increase in FY19 Net debt/EBITDA driven by one-off events, improvement expected from FY20
- Target lower debt levels for Balance Sheet strength and growth capacity

1. Interest bearing liabilities net of cash and fair value of debt hedges
2. Net debt / 12 month rolling EBITDA excluding individually material items
3. Excluding US\$800m 144A bond maturing Dec'19 and US\$350m Bridge facility maturing Oct'20
4. USD500m US Private Placement due to execute on 22 September 2019 and fund on 31 October 2019

Debt Maturity³



Source of funding



Capital Discipline

Remain disciplined as free cash flows improve from FY20

Continued focus on expenditure

- Maintain rigorous capital and cost discipline
 - Value spending on technology, delivering strong returns
-

Sustenance expenditure

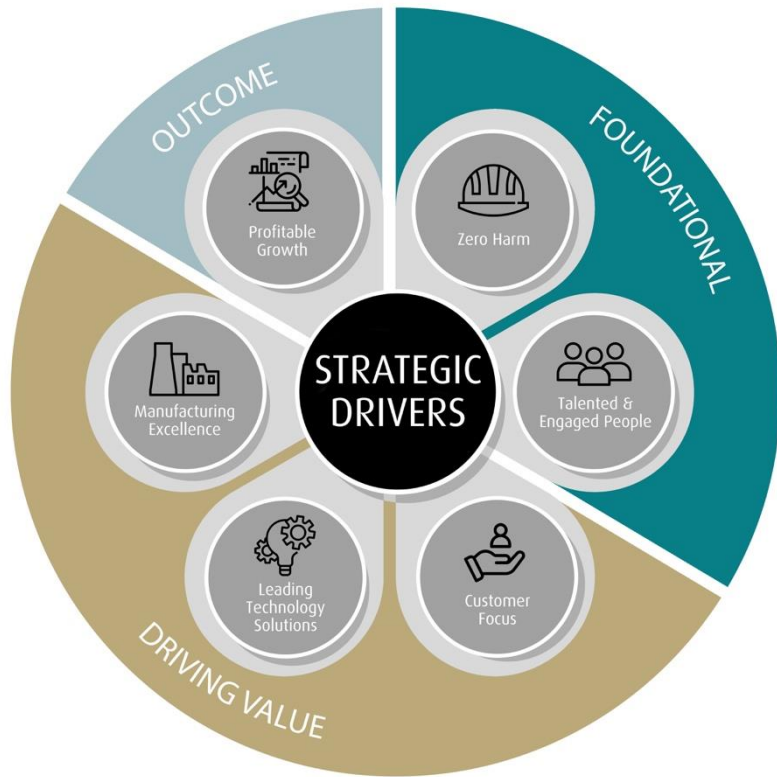
- Sustenance capital expenditure for FY19 expected at approximately A\$250m plus lease buy-out of A\$48m
 - Ongoing average annual sustenance capital expenditure* expected of A\$250m to A\$300m, depending on turnaround profile
-

Low capital, high return investment focus

- Disciplined growth capital expenditure – minor growth capital <A\$60m expected in FY19, strong return metrics
 - Focus on asset returns, e.g low capital investment in modular emulsion facility in Chile in FY19
 - Evaluation of growth opportunities rigorous and disciplined
-

* Including major turnarounds

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Forward View & Strategic Highlights

Jeanne Johns

Managing Director & Chief Executive Officer

IPL Balanced Scorecard to Track Progress to FY 2021

Value Drivers	Target	Progress Update
Zero Harm & People	<ul style="list-style-type: none"> TRIFR of 0.70 25% gender diversity 2nd quartile employee engagement score 	<ul style="list-style-type: none"> TRIFR at 1H19 of 0.78, substantial improvement vs pcp Continuous improvement across HS&E targets Improvement in employee engagement levels Included in the Bloomberg Gender-Equality Index (GEI)
Technology & Customer	<ul style="list-style-type: none"> > 50% growth of leading and premium technologies Retention of key customers Grow of in-footprint customer base Embed Net Promoter Score (NPS) across the Group 	<ul style="list-style-type: none"> Significant growth in global technology sales e.g. premium emulsions (including Delta E) and EDS sales Launched new technologies, EZshot and Nobel Fire™ Retention of all key customers, during Dyno Nobel Asia Pacific contract renewals Continuous improvement in NPS in the Americas Introduction of NPS in Asia Pacific
Manufacturing Excellence	<ul style="list-style-type: none"> Target reliability of 95% Earnings uplift of \$40m to \$50m per annum by FY22 	<ul style="list-style-type: none"> Manufacturing global strategy roll out New Manufacturing leadership team in place Gibson Island FY20 turnaround scoped & planned
Profitable Growth	<ul style="list-style-type: none"> Organic & Inorganic growth opportunities – strong returns discipline 	<ul style="list-style-type: none"> Geographic expansion into Chile Strong growth in Americas Moranbah expansion planning underway Expansion of technology manufacturing capacity

On track to meet FY 2021 targets

Forward View & Strategic Highlights

Zero Harm, focus on continuous and sustained improvement

Manufacturing Excellence anticipated to deliver \$40m-\$50m* annual EBIT uplift by FY22

Progressing strategic review of the Australian Fertilisers business

Focus on Customers and Technology solutions to win and retain customers

Explosives EBIT growth expected to be higher than market rates over next 3 to 5 years, underpinned by:

- Current and new technology solutions
 - Moranbah expansion
 - Organic and inorganic growth
-

Significant earnings upside from leveraging strategically located assets and premium technology in the two best mining markets

* Manufacturing Excellence EBIT target across the IPL Group

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Questions & Answers

Jeanne Johns & Frank Micallef

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Appendix 1

FY19 Group Guidance

2019 Estimates Assumptions

Commodities / FX	FY19 Estimate (Current)	FY19 Estimate (Previous)	FY19 EBIT impact \$'million
DAP FOB Tampa – US\$/tonne	364	402	(\$38m)
Urea FOB MEGU – US\$/tonne	271	266	\$2m
Ammonia CFR Tampa – US\$/tonne	271	298	(\$26m)
Urea FOB NOLA – US\$/short tonne	261	268	(\$2m)
Natural Gas Henry Hub – US\$/mmbtu	2.91	3.08	\$5m
AUD:USD	0.70	0.71	\$10m
Total FY 19 EBIT impact vs previous guidance			(\$49m)

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Appendix 2

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INNOVATION ON THE GROUND

Investor Day

Moranbah Operations Site Visit

5 September 2019



Zero Harm

Safety is our **#1 priority**



Strategic Asset Location in Best Market

Proximity to our customers, a strategic advantage

Operations strategically located

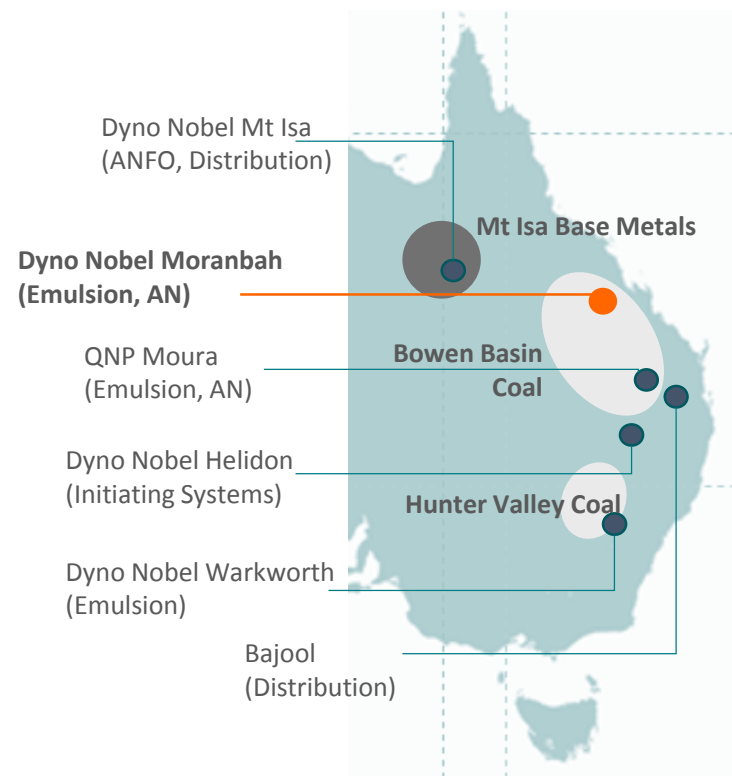
- Moranbah in north & QNP in south Bowen Basin, covering the best metallurgical coal market in the world

Close proximity to customers, allowing supply chain flexibility

Flexible & reliable operations with ability to react to customer needs

- Ability to load different emulsion products simultaneously
- Capable of delivering AN prill in containers or bulk

Structured customer relationships, Voice of customer program launched in FY19



Moranbah Plant Operations

Plant overview

Plant commissioned in 2012

Production capacity of 380k mt ANSOL per annum

Low cost / highly efficient AN producer

Major feedstock

- Natural gas supply from adjacent fields (not connected to East Coast grid)
- Self sufficient on electricity generation

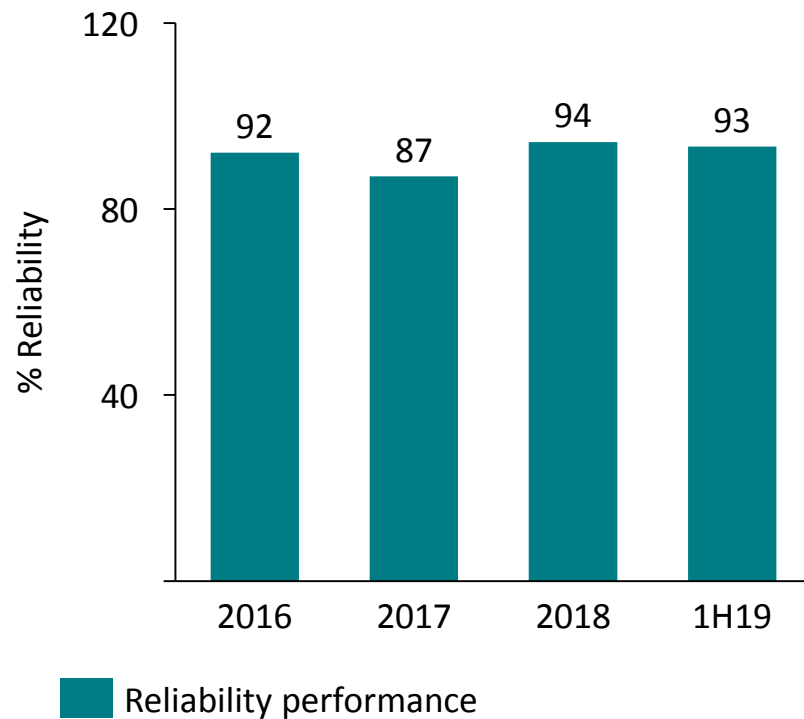
Gas supply contract through to 2026



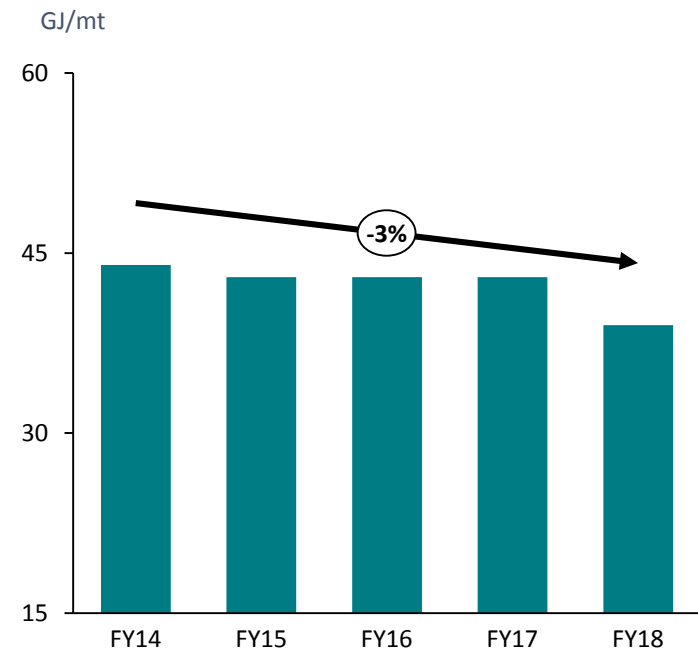
Reliable Plant Operations

Strong reliability performance and improved efficiencies

Moranbah – Ammonia Reliability



Moranbah - Gas Consumption



Moranbah Plant Expansion

High returns, low capital investments

Tightening East Coast AN supply/demand balance

- Queensland ammonium nitrate supply/demand balance expected from around 2022 supports additional domestic manufacturing capacity
- Moranbah remains low cost producer in the best location, well placed to meet ongoing growth
- Demonstrated capability in plant de-bottlenecking
- Low technical risk

Low capital high return expansion

- Targeting 15% increase in AN production capacity after FY21 turnaround
- Ammonia plant upgrade, delivering higher rates and energy efficiency improvement

