

Incitec Pivot Limited

INNOVATION ON THE GROUND

ASX RELEASE

Waggaman Ammonia Plant Update

6 April 2021

Incitec Pivot Limited (ASX: **IPL**) today provided an update on operations at its Waggaman ammonia plant.

On 15 February 2021, IPL advised that the Waggaman plant was expected to recommence operations by mid-March following the first planned turnaround since the plant was commissioned in 2016. Mechanical completion of the turnaround was completed on 6 March followed by startup activity through to 17 March, when the plant was brought down as a result of a dry gas seal failure and vibrations in the turbine on the induced draft fan. Additional investigations into the root causes of both issues have been completed and repairs are currently underway. IPL's current work plan is expected to result in production recommencing by mid-April.

Based on the current work plan, the adverse impact due to the further delay in startup in FY21 on an earnings before interest and tax (EBIT) basis is expected to be A\$36m^{1,2,3} (or A\$28m on a net profit after tax basis). The adverse EBIT impact in 1H FY21 is expected to be A\$15m^{1,2} with an additional adverse EBIT impact in 2H FY21 of A\$21m^{1,3}.

The turnaround cost has been finalised at A\$80m⁴ which will be depreciated over a four-year period. The impact of depreciation has been incorporated in FY21 earnings updates.

Waggaman's ammonia cooler (heat exchanger) was repaired during the turnaround; however, subsequent metallurgical analysis revealed that poor workmanship of the original fabricated metal would likely prevent the repair from lasting until the next scheduled turnaround. The repairs are expected to allow the plant to restart at full production rates with a replacement of the cooler likely to be required in the next 12-24 months. An outage of up to 3 weeks is expected during FY22 or FY23 to allow installation of the new cooler.

In all other respects IPL's business performance remains in line with the update provided on 15 February. IPL further confirms that the Louisiana, Missouri, plant has returned to service as planned, Cheyenne continues to operate and preparations for the second planned Moranbah turnaround remain on target.

IPL will release its 1H FY21 results on 17 May 2021.

*** IPL will host an investor and analyst conference call/audio webcast commencing at 10:30am AEST on 6 April 2021. Details of how to join the conference call/audio webcast can be found on IPL's website: www.incitecpivot.com.au

**For more information:
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This document has been authorised for release by Richa Puri, Company Secretary.

1 Based on Waggaman plant nameplate capacity of 800,000 metric tonnes of ammonia and an A\$:US\$ exchange rate of \$0.75.

2 Based on spot Tampa ammonia price of US\$445 p/mt for March 2021.

3 Based on spot Tampa ammonia price of US\$545 p/mt for April 2021.

4 Based on an A\$:US\$ exchange rate of \$0.75.