

Incitec Pivot Limited

INNOVATION ON THE GROUND

ASX RELEASE

Revised FY19 Earnings Guidance

2 September 2019

This release provides an update on Incitec Pivot Limited's (**ASX:IPL**) FY19 earnings guidance.

IPL's FY19 guidance, as issued in May 2019, was \$370 million to \$415 million Earnings Before Interest and Tax (EBIT), based on disclosed forward commodity price and foreign exchange assumptions at that time. EBIT sensitivities to those factors were also provided.

Applying the publicly available actual pricing and foreign exchange rates lowers the FY19 EBIT range to between \$321 million and \$366 million.¹

Following a reassessment of earnings estimates at the end of August, it is currently estimated that the actual FY19 EBIT will be below this range, mainly due to lower than forecast ammonia production at Waggaman and lower Fertilisers earnings mainly as a result of continued drought impacts in New South Wales and Queensland and increased gas costs at Gibson Island.

As a result of the foregoing, the revised EBIT range for FY19 is estimated to be approximately \$285 million to \$295 million.² This range excludes approximately \$20 million of one-off items (potential insurance proceeds in respect of the rail outage at Phosphate Hill and a sale of surplus land in the U.S.), which, if they materialise, could fall into either the FY19 or FY20 year.

Previous interest expense guidance of \$145 million remains unchanged, while the effective tax rate is likely to be lower at approximately 5%, as a result of the financial impact of the adverse events during the year.

Further details will be provided in IPL's FY19 Full Year Results in November 2019.

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¹ Refer to Appendix for the updated commodity and FX impact for FY19.

² This guidance assumes that commodity prices and FX remain as set out in the Appendix.

Appendix

Updated Commodity and FX Impact

(noting that the IPL Group's earnings are sensitive to commodities, foreign exchange and market conditions)

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)