

Incitec Pivot Limited
INNOVATION ON THE GROUND

ASX RELEASE

Incitec Pivot Limited (ASX: IPL) announces equity raising to increase resilience in current environment and provide financial flexibility

11 May 2020

Key points:

- **Taking pre-emptive action to strengthen the Balance Sheet to increase resilience in the current environment and provide financial flexibility to pursue disciplined organic growth opportunities**
- **IPL is raising A\$600 million in new equity via a fully underwritten institutional placement¹, and a non-underwritten Share Purchase Plan (SPP) of up to A\$75 million²**
- **Following the equity raise, excluding the SPP, IPL's pro forma³ net leverage (Net Debt⁴ to EBITDA⁵) will reduce to 1.9x, and pro forma total liquidity will increase to approximately A\$1,735 million⁶ (as at 31 March 2020)**
- **IPL has determined not to pay an interim dividend for 1H FY2020**

IPL is undertaking a fully underwritten institutional placement of new ordinary shares to raise A\$600 million (**Placement**) and a non-underwritten SPP of up to A\$75 million² (together, the **Offer**). The proceeds of the Offer will be used to repay drawn balances of syndicated facilities, with any remaining amount held as cash on deposit.

IPL remains committed to maintaining a strong investment grade credit rating profile and capital structure. On completion of the Placement, IPL's pro forma³ net leverage (Net Debt⁴ to EBITDA⁵) will reduce to 1.9x and pro forma³ total liquidity will increase to A\$1,735 million⁶ (both as at 31 March 2020). IPL's next debt maturity is in August 2021.

IPL's strengthened balance sheet will increase its resilience in the current environment and support the delivery of the strategy across premium technology solutions for customers,

¹ Subject to the terms of the Underwriting Agreement. Refer Appendix A of the Equity Raising Presentation.

² This is not a limit on the amount to be raised under the SPP and IPL may decide to accept applications (in whole or in part) that result in the SPP raising more or less than this amount, in its absolute discretion. Should any scale back be necessary, scale back arrangements will be made on a pro rata basis to existing shareholdings.

³ See slide 3 of the Equity Raising presentation regarding the basis of preparation of pro forma financial information and the Important Notice at the end of this document in relation to pro forma financial information.

⁴ Net Debt comprises the net of interest bearing liabilities, cash & equivalents, and fair value derivative instruments economically hedging the Group's interest bearing liabilities.

⁵ EBITDA calculated for the twelve months ended 31 March 20 excluding individually material items. Calculated excluding the impact of any proceeds from the proposed SPP and before costs of the equity raising.

⁶ See slide 3 of the Equity Raising Presentation regarding the basis of preparation of pro forma financial information and the Important Notice at the end of this document in relation to pro forma financial information. Pro forma liquidity is calculated on the basis of undrawn capacity under committed credit facilities plus cash on balance sheet, excluding the impact of any proceeds from the proposed SPP and before costs of the equity raising.

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Manufacturing Excellence and targeted prudent investments in low capital / high return project opportunities.

The Board of Directors has also made the decision not to pay an interim dividend for the half year.

IPL's Managing Director and CEO, Jeanne Johns, said:

"Although COVID-19 has not had a significant impact on our business operations to date, global economic uncertainty is likely to impact customer demand and heighten the risk to a recovery in commodity prices. The equity raising will strengthen our balance sheet and liquidity position, highlighting our commitment to maintaining a strong investment grade credit rating profile as well as increasing resilience in the current environment. It will also support the delivery of our strategy to drive long term shareholder value."

Details of the Placement

IPL is undertaking the fully underwritten Placement of new fully paid ordinary shares in IPL (**New Shares**) to eligible institutional and professional investors to raise A\$600 million. It is intended that eligible institutional/professional shareholders who bid for up to their 'pro rata' share of New Shares under the Placement will be allocated their full bid, on a best endeavours basis^{7,8}.

The Placement will be conducted at a price of A\$2.00 per New Share (**Placement Price**) which represents an 8.7% discount to IPL's last closing price on the ASX on 8 May 2020 of A\$2.19 per share, and a 10.7% discount to IPL's 5-day volume weighted average price on the ASX to the close of trade on 8 May 2020 of A\$2.24 per share.

The Placement will result in 300 million New Shares being issued, representing around 18.6% of IPL's existing issued ordinary shares.

New Shares issued under the Placement will rank equally with existing IPL ordinary shares from their date of issue, and are expected to settle and be issued on 14 May 2020, and commence trading on the following business day, 15 May 2020.

The Placement is fully underwritten by J.P. Morgan Securities Australia Limited, Merrill Lynch Equities (Australia) Limited and Macquarie Capital (Australia) Limited.

⁷ An eligible institutional/professional shareholder's existing holding will be estimated by reference to IPL's latest available beneficial register which shows historical holdings as at the date of that register (being 30 April 2020) which is necessarily not fully up to date. No verification or reconciliation of the holdings as shown in the historical beneficial register will be undertaken and accordingly this may not truly reflect the participating eligible institutional/professional shareholder's actual holding. IPL and the joint lead managers do not have any obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining allocations. Institutional/professional shareholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. IPL and the joint lead managers disclaim any duty or liability (including for negligence) in respect of the determination of an eligible institutional/professional shareholder's allocation using their assumed holdings.

⁸ Eligible institutional/professional shareholders who bid in excess of their 'pro rata' share as determined by IPL and the joint lead managers are expected to be allocated a minimum of their 'pro rata' share on a best endeavours basis as set out in footnote 7 above, and any excess may be subject to scale back.

Details of the Share Purchase Plan

Following the completion of the Placement, IPL will offer all eligible shareholders⁹ the opportunity to participate in the non-underwritten SPP of up to A\$75 million¹⁰. Under the SPP, eligible IPL shareholders will have the opportunity to apply for up to A\$30,000 of New Shares without incurring brokerage, commission or transaction costs.

The Issue Price of the New Shares under the SPP will be the lesser of:

- the Placement Price; and
- a 2.0% discount to the 5-day volume weighted average price of IPL shares traded up to, and including, the closing date of the SPP (being 9 June 2020).

New Shares issued under the SPP will rank equally with existing IPL ordinary shares from the date of issue, and are expected to settle and be issued on 16 June 2020, and commence trading on the following business day, 17 June 2020.

IPL may decide to accept applications (in whole or in part) that result in the amount raised under the SPP being greater than or less than A\$75 million in its absolute discretion, including where IPL decides to scale back applications for New Shares under the SPP if the aggregate amount applied for under the SPP exceeds IPL's requirements. If a scale back is applied, it is IPL's intention that the scale back will be made on a pro rata basis to existing shareholdings (as at 7.00pm (AEST) on 8 May 2020) who apply for New Shares under the SPP, in accordance with the ASX Temporary Extra Placement Capacity Class Waiver Decision (as amended) effective from 23 April 2020.

Full details of the SPP will be set out in the SPP offer booklet which is expected to be released to the ASX and dispatched to eligible shareholders on 19 May 2020. For further information about the SPP, shareholders can call the IPL information line on 1300 303 780 (within Australia) and +61 1300 303 780 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday.

⁹ Being shareholders with a registered address in Australia or New Zealand on IPL's register as at 7:00pm (AEST) on 8 May 2020, who are not in the United States or acting for the account or benefit of any person in the United States or otherwise excluded from participating in the SPP.

¹⁰ This is not a limit on the amount to be raised under the SPP. As set out below, IPL may decide to accept applications (in whole or in part) that result in the amount raised under the SPP being greater than or less than this amount in its absolute discretion, including where IPL decides to scale back applications for New Shares under the SPP if the aggregate amount applied for under the SPP exceeds IPL's requirements. If a scale back is applied, it is IPL's intention that the scale back will be made on a pro rata basis to existing shareholdings.

Key Dates¹¹

Event	Date
Record date for SPP	7:00pm (AEST), Friday 8 May 2020
Trading halt and announcement of Placement and SPP	Monday 11 May 2020
Placement bookbuild	Monday 11 May 2020
Announcement of the outcome of the Placement	Tuesday 12 May 2020
Trading halt lifted – trading resumes on the ASX	Tuesday 12 May 2020
Settlement of New Shares issued under the Placement	Thursday 14 May 2020
Allotment and normal trading of New Shares issued under the Placement	Friday 15 May 2020
SPP offer opens and SPP offer booklet is dispatched	Tuesday 19 May 2020
SPP offer closes	5.00pm (AEST), Tuesday 9 June 2020
SPP issue and allotment date	Tuesday 16 June 2020
Normal trading of New Shares issued under the SPP	Wednesday 17 June 2020
Dispatch of holding statement	Thursday 18 June 2020

Additional Information

Further details of the Offer are set out in the Equity Raising Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions in relation to the Offer.

For further information regarding this announcement, please contact:

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This document has been authorised for release by Richa Puri, Company Secretary

¹¹ The above timetable and all dates are indicative only and subject to change. The commencement and quotation of New Shares is subject to confirmation from the ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, IPL reserves the right to amend this timetable at any time without notice, including extending the period for the SPP or accepting late applications, either generally or in particular cases, or to withdraw or vary the Offer in its absolute discretion. All references to time are to Australian Eastern Standard Time.

IMPORTANT NOTICE

This announcement does not and does not purport to contain all information necessary to make an investment decision, is not intended as investment or financial advice (nor tax, accounting or legal advice), must not be relied upon as such and does not and will not form any part of any contract or commitment for the acquisition of New Shares. Any decision to buy or sell securities or other products should be made only after seeking appropriate financial advice. Before making any investment decision, you should consider the appropriateness of the information having regard to your own objectives, financial situation and needs, and seek appropriate professional advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

Future performance and forward-looking statements

This announcement contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of IPL, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of IPL’s business strategies, the success of which may not be realised within the period for which the forward-looking statement may have been prepared, or at all. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to IPL as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of IPL, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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Non-IFRS/non-GAAP financial information

Certain financial information and measures included in this announcement are (i) “non-IFRS financial information” under ASIC Regulatory Guide 230: “Disclosing non-IFRS financial information” and (ii) “non-GAAP financial measures” under Regulation G of the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (“**AAS**”) and International Financial Reporting Standards (“**IFRS**”). The non-IFRS/non-GAAP financial information may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. IPL believes these non-IFRS/non-GAAP financial measures provide useful information to investors in measuring the financial performance and condition of its business. However, investors should note that the non-IFRS/non-GAAP financial measures do not have standardised meanings prescribed by AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information included in this announcement.

Pro forma financial information

This announcement includes certain pro forma financial information. The pro forma historical financial information provided in this announcement is for illustrative purposes only and is not represented as being indicative of IPL’s views on its, nor anyone else’s, future financial position and/or performance. The pro forma historical financial information has been prepared by IPL in accordance with the measurement and recognition principles, but not the disclosure requirements, prescribed by the AAS. In addition, the pro forma financial information in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Not for distribution or release in the United States

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares to be offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States unless they are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The New Shares to be offered and sold in the SPP may not be offered or sold, directly or indirectly, in the United States or to persons acting for the account or benefit of persons in the United States.