

Incitec Pivot Limited

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INNOVATION ON THE GROUND

Equity Raising

11 May 2020

ABN 42 004 080 264



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Disclaimer

This presentation has been prepared and authorised by Incitec Pivot Limited (ASX:IPL) (ABN 42 004 080 264) (“IPL” or “Incitec Pivot”) in connection with a proposed capital raising by IPL by way of an institutional placement (“Placement”) of new fully paid ordinary shares in IPL (“Placement Shares”) and a share purchase plan (“SPP”, and together with the Placement, the “Offer”) offering eligible shareholders the opportunity to acquire new fully paid ordinary shares in IPL (“SPP Shares”). In this presentation, the Placement Shares, together with the SPP Shares, are the “New Shares”.

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The information in this presentation is of a general nature and is provided for information purposes only. It should be read in conjunction with IPL’s 2020 Half Year Results, its financial statements and information previously lodged with the Australian Securities Exchange (“ASX”) which is available at www.asx.com.au. The information in this presentation is provided as at the date of this presentation (unless otherwise stated) and is subject to change. IPL is not obligated to update it or correct it.

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Disclaimer (cont'd)

Investment risk

An investment in IPL is subject to known and unknown risks, some of which are beyond the control of IPL and its directors. IPL does not guarantee any particular rate of return or the performance of IPL nor does it guarantee any particular tax treatment. You should have regard to the risk factors outlined in Appendix A (“Risk factors”) of this presentation when making your investment decision. Cooling off rights do not apply to the acquisition of New Shares.

Financial data

All figures in this presentation are in Australian dollars (unless stated otherwise or the context requires otherwise). Certain financial information and measures included in this presentation 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”). Therefore, 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 presentation.

This presentation includes certain pro forma financial information (to reflect the impact of the capital raising). The pro forma historical financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of IPL’s views on its 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 Presentation 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.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and is not an indication of future performance, including future share prices. For further details on historical information relating to the Group, you should see past announcements that IPL has released to ASX.

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This presentation 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 presentation 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.

Disclaimer (cont'd)

Future performance and forward-looking statements (cont'd)

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 presentation. The forward-looking statements are based on information available to IPL as at the date of this presentation. 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.

Disclaimer

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In connection with the Placement, one or more investors may elect to acquire an economic interest in the New Shares ("**Economic Interest**"), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Underwriters (or their respective affiliates) may, for their own respective accounts, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire securities in IPL in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, the Underwriters (or their respective affiliates) may be allocated, subscribe for or acquire New Shares in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in IPL acquired by the Underwriters or their respective affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Underwriters or their affiliates disclosing a substantial holding and earning fee.

The Underwriters (and/or their respective affiliates) may also receive and retain other fees, profits and financial benefits in each of the above capacities and in connection with the above activities, including in their capacity as Underwriters to the Offer. A summary of the key terms of the underwriting agreement between IPL and the Underwriters ("**Underwriting Agreement**") is provided in Appendix A (Risk factors) of this presentation.

Disclaimer (cont'd)

Disclaimer (cont'd)

To the maximum extent permitted by law, IPL and the Underwriters and their respective related bodies corporate and affiliates, and their respective directors, officers, partners, employees, agents and advisers: (i) disclaim all liability and responsibility (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any direct or indirect expenses, costs, loss or damage arising from this presentation or through use or reliance on anything contained in or omitted from it or otherwise arising in connection with this presentation; (ii) disclaim any obligations or undertaking to release any updates or revision to the information in this presentation to reflect any change in expectations or assumptions; and (iii) disclaim all liabilities in respect of, and do not make any representation or warranty, express or implied, as to the currency, accuracy, adequacy, reliability or completeness of any statements, estimate, opinions or other information in this presentation or that this presentation contains all material information about IPL or that a prospective investor or purchaser may require in evaluating a possible investment in IPL or acquisition of securities in IPL, or likelihood of fulfillment of any forward- looking statement or any events or results expressed or implied in any forward-looking statement; and (iv) disclaim any fiduciary relationship between them and the recipients of this presentation or the participants in the Offer. No recommendation is made as to whether any person should participate in the Offer.

Neither the Underwriters nor any of their respective advisers nor any of their respective affiliates, related bodies corporate or shareholders, nor any of their respective directors, officers, partners, employees, representatives, consultants, advisers or agents (together, the "**Beneficiaries**"), have authorised, permitted or caused the issue, submission, dispatch or provision of this presentation and, except to the extent referred to in this presentation, none of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. Each Underwriter and its advisers, and each of their respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer. You represent, warrant and agree that you have not relied on any statements made by the Underwriters, their respective advisers, or any of their respective Beneficiaries in relation to the Offer. To the maximum extent permitted by law, you agree to release and indemnify each Underwriter, their respective advisers, and their respective Beneficiaries from and against all claims, actions, damages, remedies or other matters, whether in tort, contract or under law or otherwise, arising from or which may arise from or in connection with the provision of, or any purported reliance on, this presentation and you covenant that no claim or allegations will be made against any of the Underwriters, the respective advisers or their respective Beneficiaries in relation to this presentation.

You acknowledge and agree that determination of eligibility of investments for the purposes of the Placement and SPP is determined by reference to a number of matters, including legal requirements and the discretion of IPL and the Underwriters and each of IPL and the Underwriters disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law. You acknowledge and agree that IPL is required by the terms of the ASX Class Waiver Decision Temporary Extra Placement Capacity dated 22 April 2020 to announce to the market reasonable details of the approach it took in identifying investors to participate in the Placement and how it determined their respective allocations in the Placement, and IPL must within 5 business days of completing the Placement supply to ASIC and ASX (but not for public release) an allocation spread sheet showing full details of the persons to whom the Placement was allocated, including the name, existing holding, number of New Securities they applied for or were offered in the Placement and the number of New Shares they were allocated in the Placement (including any zero allocations) and this will necessitate disclosing your application and allocation.

You acknowledge and agree that your existing holding will be estimated by reference to IPL's beneficial register on 30 April 2020 which shows historical holdings as at that date and is not up to date. There will be no verification or reconciliation of the holdings as shown in the historical beneficial register and accordingly this may not truly reflect your actual holding. IPL and the Underwriters do not have any obligation to reconcile assumed holdings (e.g. for recent trading or swap positions) when determining allocations nor do they have any obligation to allocate pro rata on the basis of existing shareholdings. If you do not reside in a permitted offer jurisdiction you will not be able to participate in the Placement. IPL and the Underwriters disclaim any duty or liability (including for negligence) in respect of the determination of your allocation using your assumed holdings.

You further acknowledge and agree that allocations are at the sole discretion of the Underwriters and/or IPL. The Underwriters and IPL disclaim any duty or liability (including for negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law. Furthermore, the Underwriters and IPL reserve the right to change the timetable in their absolute discretion including by closing the Placement bookbuild early or extending the Placement bookbuild closing time (generally or for particular investor(s)) in their absolute discretion (but have no obligation to do so), without recourse to them or notice to you. Furthermore, communications that a transaction is "covered" (i.e. aggregate demand indications exceed the amount of the shares offered) are not an assurance that the transaction will be fully distributed.

Positioning Incitec Pivot for the future

Pre-emptive Action

- 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
 - Fully underwritten A\$600 million Institutional Placement (**Placement**)¹
 - Non-underwritten Share Purchase Plan (**SPP**) to eligible shareholders of up to A\$75 million²
- No 1H FY 2020 dividend to be paid

Strong Balance Sheet

- Capital raising supports commitment to maintaining strong investment grade credit rating profile
- Pro forma³ net leverage (Net Debt⁴ / EBITDA⁵) of 1.9x (as at 31 March 2020)
- Total pro forma³ liquidity will increase to A\$1,735 million⁶ (as at 31 March 2020)
- Average tenor of facilities of 5.2 years (as at 31 March 2020), with Committed bank debt facilities of A\$260 million and US\$220 million maturing in August 2021

(1) Subject to the terms of the Underwriting Agreement summarised in Appendix A of this presentation

(2) This is not a limit on the amount to be raised under the SPP and Incitec Pivot 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) Pro forma measures have been calculated as at 31 March 2020, excluding the impact of any proceeds from the proposed SPP and before costs of the equity raising. See page 3 in the Disclaimer section of this presentation

(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 2020, excluding individually material items. Calculated excluding the impact of any proceeds from the proposed SPP and before costs of the equity raising

(6) Pro forma liquidity is calculated on the basis of undrawn capacity under committed credit facilities plus cash on balance sheet and excludes the impact of any proceeds from the proposed SPP and before costs of the equity raising

Strategy unchanged and investment thesis intact

Improve shareholder value through profitable growth, underpinned by premium technology solutions for our customers and Manufacturing Excellence

Long term market dynamics

- Industrialisation, digitisation, urbanisation and population growth driving demand for explosives and fertilisers
- Mining customers looking for more productivity, and improved safety and environmental impact
- Growing middle class in developing countries driving demand for higher-value food items

Prominent market positions & strategically located assets

- Positioned in most attractive explosives markets
 - #2 in industrial explosives in North America & Australia
- #1 fertilisers manufacturer and distributor in Australia, with leading position in Eastern Australia
- Strategically located assets in close proximity to customers

Premium technology solutions

- World class technology solutions and product innovation
- Technology alliance with largest global mining company
- Delivering safety, productivity and environmental benefits

Resilient and diversified business

- Diversified by region, commodity, end-markets and customers
- Exposure to the more resilient production phase of mining and attractive Quarry & Construction market
- Critical supplier to growing agriculture industry

Strengthened Balance Sheet with enhanced liquidity

- Repay drawn balances of syndicated facilities, with any remaining amount held as cash on deposit
- Pro forma¹ net leverage (Net Debt² / EBITDA³) reduced to 1.9x (as at 31 March 2020)
- Total pro forma¹ liquidity increased to A\$1,735 million⁴ (as at 31 March 2020)
- Average tenor of facilities of 5.2 years (as at 31 March 2020), with next debt maturity in August 2021 (A\$260 million and US\$220 million debt maturing)
- Continued support from financiers
- Ongoing commitment to maintaining investment grade credit rating

Pro forma capitalisation as at 31 March 2020

| A\$ million | Committed | Drawn | Impact of Equity Raising ⁵ | Pro Forma ¹ |
|--------------------------------------|--------------|--------------|---------------------------------------|------------------------|
| Bank debt | 1,426 | 502 | (502) | - |
| Capital markets | 2,026 | 2,026 | - | 2,026 |
| Other | - | 64 | - | 64 |
| Total Debt | 3,452 | 2,592 | (502) | 2,090 |
| Cash & equivalents | - | (211) | (98) | (309) |
| Fair value of hedges ⁶ | - | (505) | - | (505) |
| Net Debt | - | 1,876 | (600) | 1,276 |
| Net Debt / EBITDA³ | - | 2.8x | | 1.9x |

(1) Pro forma measures have been calculated as at 31 March 20, excluding the impact of any proceeds from the proposed SPP and before costs of the equity raising. See page 3 in the Disclaimer section of this presentation

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

(3) 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

(4) Pro forma liquidity is calculated on the basis of undrawn capacity under committed credit facilities plus cash on balance sheet. Pro forma liquidity excludes the impact of any proceeds from the proposed SPP and is before costs of the equity raising

(5) Calculated excluding the impact of any proceeds from the proposed SPP and before costs of the equity raising

(6) The fair value of hedges includes derivatives that hedge the foreign exchange rate exposure of the Group's USD borrowings. These hedges mature in December 2022

Good progress on our strategy to drive long term shareholder value

- Zero harm, with a relentless focus on improving safety performance
- Sustain and grow market position in US Quarry & Construction sector, and further participate in Base & Precious Metals sectors in Americas and Asia Pacific
- Continued penetration and growth with market leading premium technology solutions
- Leverage fertiliser platform and distribution network, well positioned to benefit from strong current demand and any improvement in fertilisers prices
- Targeted and prudent investments in high return / low capital project opportunities

Strengthened Balance Sheet increases resilience and provides financial flexibility to deliver our strategy

Key offer details

Placement size and structure

- Fully underwritten Placement to raise A\$600 million¹
 - It is intended that eligible institutional shareholders who bid for up to their ‘pro rata’ share of new fully paid ordinary shares (**New Shares**) under the Placement will be allocated their full bid, on a best endeavours basis²
- 300 million New Shares to be issued under the Placement, equivalent to 18.6% of Incitec Pivot’s (**IPL**) current shares on issue

Use of proceeds

- Repay drawn balances of syndicated facilities, with any remaining amount held as cash on deposit

Placement pricing

- Placement Shares will be issued at a price of A\$2.00 per Placement Share (**Placement Price**)
- The Placement Price represents a:
 - 8.7% discount to IPL’s last closing price on ASX on 8 May 2020 of A\$2.19 per share; and
 - 10.7% discount to IPL’s 5-day volume weighted average price on ASX to the close of trade on 8 May 2020 of A\$2.24 per share

Ranking

- New Shares issued under the Placement and SPP will rank equally with existing IPL ordinary shares from their respective issue dates

Underwriting

- The Placement is fully underwritten by J.P. Morgan Securities Australia Limited, Merrill Lynch Equities (Australia) Limited and Macquarie Capital (Australia) Limited (**Underwriters**)
- The SPP is not underwritten

Share purchase plan

- Non-underwritten SPP to raise up to A\$75 million³
- Eligible shareholders in Australia and New Zealand will be invited to apply for up to A\$30,000 of New Shares free of any brokerage, commission and transaction costs⁴
- The issue price for New Shares in the SPP will be the lesser of the Placement Price and 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 (expected to be 9 June 2020)
- SPP offer booklet expected to be sent to eligible shareholders on 19 May 2020

(1) Subject to the terms of the Underwriting Agreement summarized in Appendix A of this presentation

(2) 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 Underwriters 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 Underwriters 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. Eligible institutional/professional shareholders who bid in excess of their ‘pro rata’ share as determined by IPL and the Underwriters are expected to be allocated a minimum of their ‘pro rata’ share on a best endeavours basis, and any excess may be subject to scale back

(3) 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

(4) 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

Placement and SPP timetable

| Event | Date ¹ |
|---|------------------------------------|
| 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 outcome of 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 |

(1) 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

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Appendices

- A. Risk Factors (including Underwriting Agreement Summary)
- B. International Offer Restrictions



Appendix A: Risk factors

This section discusses some of the key risks associated with an investment in IPL, which may affect IPL's business, its operating and financial performance, and the value of IPL shares (including New Shares issued in connection with the Placement or SPP). Before investing in IPL, you should be aware that an investment in IPL has a number of risks, some of which are specific to IPL and some of which relate to listed securities generally, many of which are beyond the control of IPL. You should consider whether this investment is suitable for you. Potential investors should consider publicly available information on IPL (such as that available on the websites of IPL and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision. Nothing in this presentation is personal financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

The risks set out below have been categorised into risks associated with IPL's business and risks associated with the Placement and associated matters. Such categorisation is not intended to be in order of importance and you should read all of this key risk section in its entirety. The following risks do not constitute an exhaustive list of all risks involved with an investment in IPL. It is also important to note that there can be no guarantee that IPL will achieve its stated objectives or that any forward looking statements or forecasts contained in this presentation will be realised.

RISKS ASSOCIATED WITH IPL'S BUSINESS

Set out below are the principal risks and uncertainties associated with IPL and its controlled entities (the **Group**). It is not possible to determine the likelihood of these risks occurring with any certainty. In the event that one or more of these risks materialise, the Group's reputation, strategy, business, operations, financial condition and future performance could be materially and adversely impacted.

While IPL has a robust risk management system and internal controls to appropriately manage various risks to which its business is subject, there is a risk that IPL's risk management framework and internal controls may not be adequate or effective in accurately identifying, evaluating or addressing risks faced by the Group. There may be other risks that are currently unknown or are deemed immaterial, but which may subsequently become known and/or material. These may individually or in aggregate adversely impact the Group. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the Group.

Appendix A: Risk factors

Impact of COVID-19 and general economic conditions

In light of recent global macroeconomic events, including the impact of COVID-19, it is likely that some of the countries in which IPL operates will experience an economic recession or downturn of uncertain severity and duration. These economic disruptions could have a material adverse impact on the Group's operating and financial position and performance, and could affect the price of IPL's shares. In particular, to the extent that the current global economic and business climate leads to any sustained downturn in the North American, Australian or Chinese economies, this may directly or indirectly affect demand for industrial explosives, industrial chemicals, fertilisers and related products and services, and adversely impact IPL's overall financial performance.

Additionally, the events relating to COVID-19 have resulted in significant market changes and volatility of supply and demand. The outbreak and its impacts are rapidly evolving and outcomes are uncertain and dependent upon many factors beyond IPL's control.

Many of the risks highlighted in further detail below are likely to be heightened due to the impacts of the COVID-19 pandemic. There continues to be considerable uncertainty as to the further short- and long-term impact of COVID-19 including in relation to governmental responses, international trade impacts, potential taxation changes, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the global economy and share markets.

The potential impacts or effects of these possible outcomes on IPL include:

- a) shutdown or decreased production at IPL's manufacturing facilities and closure of, or reduced capacity at, IPL's distribution facilities or customers' facilities;
- b) delays or interruption in supply chains leading to an inability to secure or obtain raw materials, finished products or components, or to distribute products to customers;
- c) health impacts to IPL's employees or its customers' employees, which could result in a closure of a facility for a period and could adversely impact on the availability of technically equipped and qualified personnel needed to conduct certain operations;
- d) a reduction in mining or other industrial activity, or mine closures, leading to a decrease in demand for IPL's products and services;
- e) counterparty non-performance or claims under existing contractual arrangements;
- f) insolvency of counterparties (including customers);
- g) delays of projects with large associated capital spend, deferral of discretionary capital spend and impact on valuation of assets;
- h) disruptions to international trade resulting from policies developed by governments in response to COVID-19 or as a result of disputes or disagreements amongst governments on matters relating directly or indirectly to COVID-19.

Appendix A: Risk factors

Commodity price risks

Pricing for fertilisers, ammonia, ammonium nitrate and certain other industrial chemicals is linked to internationally traded commodities (for example, ammonia, ammonium phosphates and urea); price fluctuations in these products could adversely affect IPL's business. The pricing of internationally traded commodities is based on international benchmarks and is affected by global supply and demand, and the pricing for fertilisers, ammonia, ammonium nitrate, ammonium phosphates and urea could also be negatively impacted by the economic disruption caused by COVID-19 and/or the current dislocation in the oil price. Sustained low oil prices can have a negative effect on fertiliser commodity prices due to its impact on input costs for the marginal producer. The impacts of changes consequent to the current COVID-19 environment may increase volatility in such pricing, as well as potentially delay forecast recovery in commodities from current levels. Additionally, weaker hard and soft commodity prices (particularly coal, iron ore, gold, corn, wheat, cotton and sugar) could have an adverse impact on the Group's customers and has the potential to impact customer demand for IPL products, impacting volumes sold and market prices experienced.

External financial and financing risk

The appreciation or depreciation of the A\$ against the US\$ may materially affect IPL's financial performance. A large proportion of IPL's sales are denominated either directly or indirectly in foreign currencies, primarily the US\$. In addition, IPL also borrows funds in US\$, and the A\$ equivalent of these borrowings and the interest payable on them will fluctuate with the exchange rate. Generally, a weaker A\$ will itself (ignoring the potential impact of other factors) be beneficial to earnings while a stronger A\$ will negatively impact earnings.

IPL's businesses require ongoing capital expenditure. IPL has financed its working capital requirements and capital expenditures through a combination of cashflows from operating activities and borrowings.

IPL's capital expenditure, operations and financial performance could be impacted by the cost and availability of funds and financing to meet its business needs, compliance with terms of financing arrangements, movements in interest rates and the imposition or removal of tariffs.

Additionally, volatility of domestic and overseas capital markets may restrict IPL's ability to refinance existing debt or issue new debt to meet its funding requirements.

If IPL is not able to obtain adequate financing or refinancing, it may experience liquidity difficulties and may have to suspend or abandon some of its planned capital expenditures or other business initiatives which could have a material adverse effect on its business, financial condition and prospects.

While there is currently adequate headroom to financial covenants, one or a combination of negative impacts from COVID-19 and/or other adverse events could occur and lead to a breach of covenants or other provisions in financing agreements, or the exhaustion of liquidity facilities such that IPL could have difficulty meeting its funding needs.

Credit downgrade risk

IPL currently holds investment grade credit ratings. IPL's credit ratings are an assessment of creditworthiness and may be used by market participants in evaluating IPL. In particular, IPL's credit ratings may be affected by operational and market factors, or changes in the credit rating agency's rating methodologies. A significant downgrade in IPL's credit ratings below investment grade may adversely impact its cost of funds and capital market access. It may also cause a deterioration of IPL's liquidity position and adversely impact its financial performance and position.

Appendix A: Risk factors

Industry structure and competition risk

IPL operates in highly competitive markets with varying competitor dynamics and industry structures. The actions of established or potential competitors could have a negative impact on sales and market share and hence the Group's financial performance. The balance between supply and demand of the products that IPL manufactures and sells can greatly influence prices and plant utilisation. The structural shift in the North American energy sector, which has seen a significant movement away from coal-fired energy production as a consequence of long-term cheap natural gas, has placed increased competitive pressure on some of IPL's major existing customers (giving rise to increased cost pressure on production inputs) and resulted in reduced demand for their outputs. Reduced demand for steel inputs (in particular iron ore and metallurgical coal) could lead to a decrease in demand for explosives in these industries. Additionally, IPL's fertiliser manufacturing operations compete against global manufacturers, some of which have lower input costs and regulatory and other economic advantages. A competitive market may also lead to the loss of customers or a decrease in margins, which may negatively impact earnings.

Customer risk

Particularly in the explosives sector, IPL's relationships with key customers for the supply of products and services are fundamental to the Group's financial performance. The loss of key customer(s) will usually have a negative impact upon financial performance. Explosives supply contracts are typically longer-term and significant high value customers are represented therein. A customer's inability to pay its accounts when they fall due, or inability to continue purchasing from the Group due to financial distress, may expose the Group to adverse financial outcomes arising from customer credit risks. In addition, to a large extent, IPL is exposed to the production and demand levels from the industries and customers it serves. The level of activity in these industries (particularly mining and agriculture) is cyclical, seasonal and sensitive to numerous factors, including general supply and demand dynamics in each industry, changes in costs, commodity prices, foreign currency movements, environmental or climate issues, supply chain issues, potential COVID-19 impacts and industry-specific factors. Any significant decrease in the level of activity in the industries IPL services may have a material adverse impact on the Group's revenue and financial performance. Actual outcomes depend heavily on the specific customer, industry and the contracts in place.

Product quality and/or specification risk

Product quality across all of IPL's businesses is necessary to sustain its ongoing business activities and reputation. While many of the products produced and supplied by IPL are commodity-based or relatively generic in nature, in some instances, IPL manufactures or produces product to specific customer and industry specifications and statutory parameters. The Group may be exposed to financial and reputational risk if these standards, requirements, and limits are not met.

Oversupply risk

Recent additions of ammonium nitrate capacity in the Asia Pacific region, including the reliable operations of new plants, may give rise to regional oversupply in the short-term. In the Americas market, the supply of ammonium nitrate is currently higher than demand. The immediate impact of COVID-19, together with longer-term general market dynamics, particularly in the energy sector, will determine the future balance in supply/demand for ammonium nitrate.

Appendix A: Risk factors

Production, transportation, storage and supply risks

Portions of IPL's operations are inherently dangerous. IPL operates fifteen key manufacturing and assembly sites and is exposed to operational risks associated with the manufacture, transportation and storage of fertilisers, ammonium nitrate, initiating systems, industrial chemicals and industrial explosives products. These operational risks include, but may not be limited to, an unintended detonation of explosives or related materials, or unintended toxic release during manufacture, transportation or storage. IPL's manufacturing systems are vulnerable to equipment breakdowns, energy or water disruptions, natural disasters and acts of God, unforeseen human error, sabotage, terrorist attacks and other unforeseen events which may disrupt IPL's operations and materially affect its financial performance.

Timely and economic supply of key raw materials, such as natural gas, ammonia, steam, water and electricity, represents a potential risk to the Group's ability to manufacture and supply products. In some markets in which IPL operates, economic supply of key raw materials to the Group is reliant on only a few external parties and in some cases, only one. In some markets, the availability of transportation routes for moving raw materials and finished product, such as rail, barge, truck and ship, as well as the methods for transporting key raw materials directly to sites, such as pipelines, underground aquifers and electricity networks, are reliant on only a few external parties. There is a risk that if these transportation routes or methods are disrupted, IPL's manufacturing and distribution capacities may be reduced. There is a risk that if production is not sold and effectively moved from site, plant uptime and earnings could be negatively impacted should storage at site become full.

Natural gas supply and price risk

Natural gas is the major input required for the production of ammonia and therefore is a critical feedstock for IPL's nitrogen manufacturing operations. Reliable availability of natural gas is key to maintaining operations and remaining economically competitive. The Group has various natural gas contracts and supply arrangements for its plants. In respect of the Australian manufacturing operations, there is a risk that a reliable, committed source of natural gas at economically viable prices may not be available following the expiry of current contractual arrangements. In respect of IPL's US operations, the current disruption to global oil markets may drive down US oil production and result in an increased cost of gas in the US, negatively impacting margins at the Group's manufacturing facilities which rely on gas as a key input, particularly its ammonia plant at Waggaman, Louisiana. The cost of natural gas impacts the variable cost of production of ammonia and nitrogen products and significantly influences the overall competitive position of IPL's plants.

Sulphuric acid cost and supply into Phosphate Hill

Sulphuric acid is a major raw material required for the production of ammonium phosphates including at IPL's Phosphate Hill facility. Approximately 50-60 percent of Phosphate Hill's sulphuric acid needs come from processing metallurgical gas sourced from Glencore's Mt Isa Mines copper smelting facility. Alternative sources of sulphuric acid are likely to negatively impact the cost of producing ammonium phosphates at the Phosphate Hill facility. The quantum of the impact will depend on the future availability and price of sulphur and/or sulphuric acid and the prevailing A\$/US\$ rate. Sulphuric acid supply into Phosphate Hill may be negatively impacted from a volume and/or price perspective, should the Mt Isa Mines copper smelter close.

Phosphate rock

Phosphate rock, used in the manufacture of both ammonium phosphates and single superphosphate fertilisers, is a naturally occurring mineral rock. Phosphate rock is an internationally traded commodity, with pricing based on international benchmarks, and is affected by global supply and demand forces. Its cost for single superphosphate manufacturing purposes is also impacted by fluctuations in foreign currency exchange rates, particularly the A\$/US\$ rate. Fluctuations in either of these variables can impact the cost of IPL's single superphosphate manufacturing operations, as these operations rely on rock imported from limited foreign supply sources.

Appendix A: Risk factors

Labour

A shortage of (or inability to attract) skilled labour or loss of key personnel, Board members or senior management executives (including as a result of COVID-19 impacts, as described below) could disrupt IPL's business operations or adversely affect IPL's business and financial performance. IPL's manufacturing plants require skilled operators drawn from a range of disciplines, trades and vocations. IPL has operations in regional and remote locations where it can be difficult to attract and retain critical and diverse talent. IPL is also exposed to the risk that industrial disputes may arise which may disrupt some of the Group's businesses.

There may be adverse impacts from changed working arrangements due to COVID-19 circumstances. The COVID-19 pandemic has resulted in a proportion of the Group's workforce working remotely from home, while additional arrangements to increase the safety of workers who cannot work from home have been put in place. Any disruption caused to operations or additional costs incurred as a result of the Group's altered working arrangements could have an adverse effect on the operating and financial performance of the Group. An outbreak of COVID-19 within IPL's workforce, or any sustained absences from key staff due to health reasons or regional conditions, may impact on IPL's performance and ability to continue to run its operations at its current levels and generate the associated revenue.

Defined benefit pension schemes

IPL makes contributions to legacy defined benefit superannuation and retirement plans in Australia and the USA, as disclosed in IPL's financial statements. A deterioration in equity and financial markets, including as a result of the COVID-19 pandemic, may have an adverse impact on the value of the assets held by the defined benefit plan. Actuarial assumptions may also change. If this occurs, IPL may need to reassess its level of contributions to its defined benefit schemes so as to support the capacity of the schemes to meet their future liabilities. This may have an adverse impact on the financial performance of IPL.

Weather and climate change risk

Seasonal conditions (particularly rainfall and regional temperatures), are a key factor for determining demand and sales of explosives and fertilisers. Any prolonged change in weather patterns and severity of adverse weather conditions could impact the future profitability and prospects of IPL. Some of IPL's manufacturing plants are located in areas that are susceptible to extreme weather events, such as hurricanes, tropical storms and tornadoes, which could cause significant disruption to operations and thereby have a substantial adverse impact on the Group's financial performance. An increase in the severity and/or frequency of these extreme weather events as a result of climate change may cause more frequent disruption to IPL's operations directly or as a result of supply chain disruption. Interruptions to logistics from extreme weather events could result in financial loss to the Group.

Climate change and the rapidly evolving response to it may lead to:

- increased policy and legal risks (e.g. the introduction of regulatory changes aimed at reducing the impact of, or addressing climate change, including reducing or limiting carbon emissions);
- increased operational costs (e.g. if a global carbon price is introduced);
- lower, or an imbalance in, demand for fertilisers, explosives or other IPL products due to changing customer demand as a result of climate change affecting the mining or agricultural sectors;
- increased disruptions, costs or damage to the Group's plants or logistics due to severe weather events or rising sea levels, arising as a result of climate change.

Further details on climate-related risks which may affect the Group, including additional information around '2-degree' and '4-degree' scenarios and risks related to carbon pricing, can be found in the Climate Change Risks sub-sections of IPL's 2019 annual report.

Appendix A: Risk factors

Compliance and change in law risk

Changes in federal or state government legislation, regulations or policies in any of the countries in which IPL operates or in which it has dealings may adversely impact its business, financial condition and operations, or the business, financial condition and operations of IPL's customers and suppliers. This includes changes in domestic or international laws relating to sanctions, import and export quotas, tariffs and geopolitical risks relating to countries with which IPL, or its customers and suppliers, engages to buy or sell products and materials, including changes as a result of the COVID-19 pandemic, and health and safety laws.

In addition, changes in tax legislation or compliance requirements in the jurisdictions in which IPL, or its customers and suppliers, operates, or changes in the policy or practices of the relevant tax authorities in such jurisdictions, may result in additional compliance costs and/or increased risk of regulatory action, including potential impact on licences to operate. These risks could also apply in relation to the introduction of, or changes to laws relating to, carbon emissions.

IPL's business and that of its customers and suppliers, is also subject to various other laws and regulatory provisions across the jurisdictions in which it operates, including anti-bribery and corruption laws, sanctions and anti-trust laws.

Failure to abide by any applicable laws and regulations could result in reputational damage to IPL, as well as legal action, potential costs of damages, penalties and fines, and could impact on the willingness of parties, including financiers, to transact with IPL, which could have an adverse financial impact on IPL.

Data, cyber security and technology risk

Sensitive data, pertaining to IPL, its employees, associates, customers or suppliers, may be lost or exposed, resulting in negative impact to reputation or competitive advantage, and potential breach of regulatory compliance obligations. IPL may be the target of cyber-attacks which could result in commercial, financial, health and safety, environmental or reputational impacts. The potential consequences include loss of business or customer, financial loss, harm to personnel or environment, interference with compliance with regulations, interruption to operational business processes, or interruption to the ability to make, sell and ship product. In respect of IPL's advanced technologies, there is a risk that the intellectual property may be replicated or challenged, resulting in potential loss of business.

Environmental risk

IPL's business, and that of its customers and suppliers, is subject to environmental laws and regulations that require specific operating licences and impose various requirements and standards. The application of (or changes to) these laws and regulations, failure to abide by the laws and/or licensing conditions, or changes to operating licence conditions, may have a detrimental effect on IPL's operations and financial performance, including the need to undertake environmental remediation, financial penalties or loss of its licence to operate. IPL may, from time to time, be exposed to a range of environmental risks including: air, soil and water contamination, waste, asbestos containing materials and spills or accidents. Additionally, IPL owns or occupies several properties at which remediation works are being undertaken or that may require future material remediation depending on operational decisions. There can be no guarantee that remediation programs will run on time and cost, or that all environmental issues and contingent liabilities have been identified, and IPL may be exposed to third party compensation claims, environmental liabilities, remediation activities and costs that could adversely impact IPL's business and financial performance.

Appendix A: Risk factors

Acquisition and divestment risk

IPL may pursue acquisitions of new assets or businesses as opportunities arise that meet its investment criteria and strategy from time to time, and if funding is available on acceptable terms. If such acquisitions are pursued, IPL would be subject to the risks and costs associated with integrating separate businesses into its existing business. No assurances can be given that such acquisitions will be integrated successfully or without substantial delays, costs or other problems being experienced, or that they will generate an expected rate of return.

IPL may also pursue opportunities to divest existing assets or businesses. If such divestments are undertaken no assurances can be given that the price paid to IPL by a purchaser of such assets would be an accurate reflection of any future market value of such assets had IPL retained ownership of such assets.

Joint venture partners

A number of entities in the Group currently undertake or are parties to joint ventures in different jurisdictions. Each joint venture is subject to various arrangements including certain rights and obligations negotiated with each joint venture partner. IPL's interests may not always be the same as that of its joint venture partners and conflicts may arise, leading to adverse time and cost implications. In addition, IPL is not the operating party in all of its joint venture entities and therefore has less visibility over operational risks associated with those particular joint ventures. If a joint venture does not perform as IPL expects, the Group's financial performance or reputation may be adversely impacted.

Insurance risk

Although IPL maintains insurance coverage that it believes is appropriate to protect against major operating, business and other risks, not all risks are insured or insurable. IPL cannot be sure that adequate insurance coverage for potential losses will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover all or any future claims

Risks due to unforeseen or unexpected events

The Group's business may be affected by a range of unforeseen or unforeseeable events or events that it may not be reasonable to expect occur and including those that it may not currently be able to anticipate. These include (i) unforeseen events requiring unexpected or unplanned capital expenditure, (ii) force majeure and other catastrophic events including war or conflict, terrorism, global or regional health crises and pandemics (such as the COVID-19 pandemic) and man-made or environmental disasters and other extreme weather events and flow on impacts arising from them (and it may not be possible to insure against such events under the Group's insurance policies), (iii) a failure to effectively respond to changes in the global business and financial environment or a failure by the Group to effectively implement its stated strategy, (iv) unexpected changes in global financial conditions including higher than anticipated inflation, unexpected significant volatility in interest rates, currencies and currency exchange rates, hedging costs and/or commodity prices and (v) unexpected political events or political events having unexpected outcomes including unforeseen changes in the legal, tax and regulatory environment in which the Group conducts its business. Each of the foregoing may have a material adverse impact on the Group's business, operational performance, prospects, reputation, results of operations and/or financial results.

Appendix A: Risk factors

Counterparty/credit risk

Counterparty risks may arise in circumstances where parties with which IPL has dealings experience financial difficulties or reputational issues with consequential adverse effects, which may impact on IPL's financial performance.

In light of the COVID-19 pandemic:

- non-performance by counterparties may result in products or amounts owed being unrecoverable;
- joint venture parties or other counterparties may have an issue in their business not connected to IPL which gives rise to a reputational impact which may have a consequential adverse effect on projects in which that entity and IPL are involved;
- purchasers may default on their purchase obligations resulting in excess inventory and potentially reduced prices at which products can be sold; and
- insolvency or financial distress of its counterparties may have an adverse financial impact to IPL.

Litigation and disputes

IPL is exposed to potential legal and other claims, disputes or matters in the course of its business, including contractual and other commercial disputes, property damage and personal injury claims in connection with its operations, regulatory investigations, industrial action, disputes involving employees or former employees and occupational health and safety matters. If IPL or any of its controlled entities is involved in any such claims, disputes or matters, this may disrupt IPL's business operations, affect IPL's reputation, and/or cause IPL to incur additional costs which may have an adverse financial impact on IPL.

Accounting and valuations

In accordance with applicable accounting standards, IPL is required to make judgements and estimates that affect amounts reported in its consolidated financial statements or otherwise announced to the market. In determining and applying accounting policies, judgement is often required in respect of items where the choice of a specific policy, accounting estimate or assumption to be followed could have a material impact, including in relation to provisions or estimates for expected losses. There is a risk that these judgements and estimates may be incorrect or that over time the valuations of the assets and liabilities develop differently to the judgements or estimates, which could adversely affect IPL's financial position.

Additionally, IPL maintains internal views on the valuation of its businesses and these estimates are considered when assessing the accounting carrying value of assets on its balance sheet. Periodic assessment (which considers both internal and external factors) may result in a reduction of valuations which could lead to some or all of its assets being impaired.

Appendix A: Risk factors

RISKS ASSOCIATED WITH THE PLACEMENT AND SPP

General risks associated with an investment in shares

There are general risks associated with investments in equity securities. No assurances can be given that the New Shares will trade at or above the price at which they are issued. None of IPL, its directors or any other person guarantees the market performance of the New Shares or of IPL. The trading price of shares in IPL may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the price at which they are issued.

Generally applicable factors which may affect the market price of IPL shares (and over which IPL and its directors have limited or no control) include:

- the impact of COVID-19 (or other pandemics or epidemics), and the measures taken to control their spread, including on the health of the workforce, customers and supply chains;
- general movements in Australian and international stock markets;
- investor sentiment and the demand for ASX-listed securities generally, and the risk of contagion;
- Australian, North American and international economic conditions and outlook, including aggregate investment and economic output, employment levels and labour costs, commodity prices, inflation, interest rates, and exchange rates;
- changes in interest rates and the rate of inflation;
- changes in exchange rates, commodity prices, employment levels and consumer demand;
- changes in government legislation, regulation and policies, including fiscal, regulatory and monetary policies and tax laws;
- announcement of new technologies and displacement of existing technologies;
- natural disasters, extreme weather events and catastrophes;
- geo-political instability, including international hostilities and acts of terrorism;
- demand for and supply of IPL shares;
- announcements and results of competitors; and
- the expectations of securities analysts and analysts' reports

Appendix A: Risk factors

It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable. There have been in recent months, and may be in the future, significant fluctuations and volatility in the prices of equity securities. In particular, the COVID-19 pandemic, and the continuing uncertainty as to its future impact on the Australian and global economies, has contributed to significant market falls and volatility, which may materially adversely impact the market price of the New Shares.

Liquidity risk

There can be no guarantee of an active market in the shares in IPL or that the price of the shares in IPL will increase. There may be relatively few potential buyers or sellers of IPL shares on the ASX at any time. This may increase the volatility of the market price of IPL shares. It may also affect the prevailing market price at which shareholders are able to sell their shares in IPL.

Dilution risk

Existing shareholders who do not participate in the Placement or the SPP will have their percentage shareholding in IPL diluted. Depending on the size of a shareholder's existing holding, a participating shareholder may still be diluted even though they participate in the Placement or the SPP depending on the number of New Shares allocated to them. Investors may also have their investment diluted by future capital raisings by IPL.

The Placement may not be fully underwritten and may not complete

IPL has entered into an underwriting agreement with the Underwriters under which the Underwriters have agreed to fully underwrite the Placement, subject to the terms and conditions of that agreement (the "**Underwriting Agreement**").

The Underwriting Agreement contains certain representations, warranties, undertakings and indemnities in favour of the Underwriters.

An Underwriter's obligations under the Underwriting Agreement, including to manage and underwrite the Placement, are conditional on certain matters, including:

- ASX agreeing to IPL's request for a trading halt before market open on 11 May 2020;
- the Underwriters receiving a duly executed certificate from IPL, containing certain representations by IPL;
- the ASX not having indicated (a) that it will not allow IPL to rely on the ASX Class Waiver Decision – Temporary Extra Placement Capacity (effective from 23 April 2020) in relation to the Placement, and (b) on or before 10.00am on the settlement date (expected to be 14 May 2020) that it will not grant permission for the official quotation of the New Shares under the Placement on the ASX;
- an executed opinion in relation to US law being sent to the Underwriters; and
- IPL lodging with the ASX various forms necessary for the issue and official quotation of the New Shares under the Placement.

Appendix A: Risk factors

An Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain events before 5.00pm on the settlement date (expected to be Thursday, 14 May 2020). Those events include (but are not limited to) where:

- IPL ceases to be admitted to the official list of the ASX, or its ordinary shares are suspended from trading or quotation;
- ASIC holds or commences a hearing or investigation, in relation to IPL, the Placement or IPL's ASX announcements in relation to the Placement;
- the ASX fails to grant or withdraws its unconditional approval for quotation of the New Shares under the Placement;
- any event specified in the Placement timetable is delayed for one or more business days without the Underwriters' consent;
- IPL's ASX announcements relating to the Placement, the SPP or its Half Year results, are misleading or deceptive or otherwise fail to comply with the Corporations Act or any other applicable law;
- at any time between 10.00am on 11 May 2020 and 10.00am on 12 May 2020, the level of either the S&P/ASX 200 Index or the S&P/ASX 200 SPI Futures Index falls by at least 10% and by 5.00pm on 12 May 2020, suitable amendments to the Placement are unable to be agreed between IPL and the Underwriters;
- an event arises after the execution of the Underwriting Agreement which makes it illegal for the Underwriters to satisfy a material obligation under this agreement, or to market, promote or settle the New Shares as contemplated by the Underwriting Agreement, including an act, statute, order, rule, regulation, directive or request of any government or government agency, orders of any courts, lockdowns, lock-outs, forced closures, restrictions on mobility, or interruptions or restrictions in transportation which has this impact, or acts of God or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a government agency;
- there is a material adverse change in the condition (financial or otherwise) or prospects of the Group;
- IPL breaches the Underwriting Agreement (or a representation within it becomes incorrect);
- a new law, regulation or government policy, or a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, Hong Kong, Singapore or the European Union is declared or there is a material disruption in commercial banking or security settlement or clearance services;
- at any time between the opening of the Placement and 10.00am on 12 May 2020, there is an adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, a member of the European Union, the United States of America, Hong Kong or Singapore, from those existing as at the date of the Underwriting Agreement;
- there is a change in IPL's directors, executive management team, share capital or constitution, without the Underwriters' consent (other than a change already disclosed to the ASX);
- IPL contravenes the Corporations Act, its constitution, the ASX Listing Rules or other applicable law;
- trading in all securities quoted or listed on the ASX, the Hong Kong Stock Exchange, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day (or a sustained and substantial part of one day) on which that exchange is open for trading;

Appendix A: Risk factors

- hostilities commence (or escalate) involving any one or more of Australia, the United States of America, any member state of the European Union, Hong Kong, Singapore, Japan, Israel, North Korea, South Korea or the People's Republic of China, or a state of emergency is declared by (or escalates in) any of those countries or in any part of any of those countries, or a major terrorist attack is perpetrated anywhere in the world;
- any director or member of IPL's executive team is charged with certain offences; or
- a Group entity (other than an immaterial/dormant entity) is or is likely to become insolvent.

The ability of an Underwriter to terminate the Underwriting Agreement as a result of some of the events listed above will depend on whether the event has, or is likely to have, a material adverse effect on the success or ability of the Underwriters to market the Placement, the settlement of the Placement, or the market price of IPL shares, or whether the event could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriters under any law or regulation.

The termination of the Underwriting Agreement would have an adverse impact on the amount of funds raised under the Placement and, if it were to occur, IPL may need to take other steps to raise capital.

For details of the fees payable to the Underwriters, refer to the Appendix 3B released to the ASX on 11 May 2020.

Allocation of Placement Shares

It is intended that eligible institutional shareholders who bid for their 'pro rata' share of New Shares under the Placement will be allocated their full bid on a best endeavours basis in accordance with the ASX Class Waiver Decision – Temporary Extra Placement Capacity effective from 23 April 2020. For this purpose, an eligible institutional existing holding will be estimated by reference to IPL's beneficial register as at the date of the register which is not necessarily fully up to date. No verification or reconciliation of the holdings as shown on the historical beneficial register will be undertaken and accordingly, this may not truly reflect a participant's actual shareholding. Institutional shareholders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. As a result, the New Shares actually allocated to a participant under the Placement may not reflect their actual pro rata share of IPL shares and accordingly, a shareholder's percentage shareholding may be diluted.

Allocation of SPP Shares

If IPL receives applications that exceed the amount it proposes to raise under the SPP, IPL may decide to scale back applications or raise a higher amount, in its absolute discretion. If a scale back is applied, this means that an eligible retail shareholder may be allocated fewer IPL Shares than they apply for under the SPP.

If IPL decides to conduct any scale back, it will apply the scale back on a pro rata basis having regard to the size of the existing shareholdings of applicants, in accordance with the ASX Class Waiver Decision – Temporary Extra Placement Capacity effective from 23 April 2020.

Dividends

The payment of any dividends in respect of IPL's shares is impacted by several factors, including IPL's profitability, retained earnings, availability to frank dividends, capital requirements and free cash flow. Any future dividends will be determined by IPL's Board having regard to these factors, among others. There is no guarantee that any dividends will be paid by IPL, or if paid, paid at historical levels, or with any franking credits. If IPL is unable to pay dividends or pays reduced dividends, the price of its shares may fall.

Appendix A: Risk factors

There may be changes in accounting standards

Accounting standards may change. This may affect the reported earnings of IPL and its financial position from time to time. IPL has previously and will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting.

Adverse changes to tax laws may occur

Future changes in taxation laws in jurisdictions in which IPL operates, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in IPL shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which IPL operates, may impact the tax liabilities of IPL. An investment in shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in IPL.

For investors outside Australia, Australian tax law may operate differently from the laws of the jurisdiction in which those investors reside and tax and other laws may change from time to time, impacting the potential return on, and risks associated with, an investment in IPL shares.

Appendix B: International Offer Restrictions

This document does not constitute an offer of New Shares of IPL in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold in the Placement, in any country outside Australia except to the extent permitted below.

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, Placement Shares may not be offered or sold, directly or indirectly, in the United States unless they are offered and 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 jurisdictions of the United States. The SPP Shares 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.

The Placement Shares may be offered and sold only (a) in the United States (1) to persons reasonably believed to be "qualified institutional buyers" (within the meaning of Rule 144A under the U.S. Securities Act) pursuant to Rule 144A or (2) to dealers or other professional fiduciaries organised or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) under the U.S. Securities Act) for which they have, and are exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S, in reliance on Regulation S, and (b) outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S.

The SPP Shares may only be offered and sold outside the United States to persons who are not acting for the account or benefit of persons in the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S.

New Zealand

Each recipient of this presentation who is in New Zealand, by accepting this presentation, is deemed to represent that the recipient (or the legal entity that such recipient represents) is: (a) a person to whom the presentation may be lawfully distributed; and (b) a "wholesale investor" as that term is defined in clause 3(2) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand ("FMCA"), being a person who: (i) is an "investment business"; (ii) meets the "investment activity criteria"; (iii) is "large"; or (iv) is a "government agency", in each case as defined in Schedule 1 of the FMCA. No product disclosure statement or offer register for the purposes of the FMCA has been prepared, and none is required, for this Offer.

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Appendix B: International Offer Restrictions

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Appendix B: International Offer Restrictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of IPL's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority ("FINMA").

United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority ("SCA") or any other authority in the UAE.

This document may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

Appendix B: International Offer Restrictions

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to IPL.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.