

Incitec Pivot Limited

Office of the Company Secretary

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ASX Market Announcements Office

Dear Sir or Madam

Electronic Lodgement

Chairman's Address to Shareholders at 2012 AGM

In accordance with the listing rules, I attach a copy of the Chairman's Address to Shareholders for release to the market.

Yours faithfully



Kerry Gleeson
Company Secretary

Attach.

Incitec Pivot Limited

INCITEC PIVOT LIMITED – ANNUAL GENERAL MEETING 18 DECEMBER 2012

SPEECH BY THE CHAIRMAN, PAUL BRASHER

Introduction

First of all, Ladies and Gentlemen, let me say how delighted I am to be here with you today, making my debut as Chairman at the Incitec Pivot Annual General Meeting. I am looking forward very much to hearing any questions or comments that you would like to make, whether it be through discussion during the course of the meeting or when we have the opportunity to meet outside after the meeting concludes.

Performance in 2012

When James speaks to you shortly, he will touch upon our Company's performance and the environment in which we are operating as we go forward into 2013. I would like to first make a few remarks from the viewpoint of shareholder interests and some governance issues which are high on the agenda of your Board.

Firstly, as I reflect on the 2012 year, I would have to say that it has been a particularly tough environment. Some parts of our business have performed extremely well and others have had a difficult year. Overall, the results have been disappointing, which has resulted from a combination of external factors, such as exchange rates and commodity prices, which to a large extent are beyond our control, and a few areas in which we could have done better. The good news is that we have not deviated from our strategy despite the difficult times and we have taken steps to remedy those areas where things could have been improved and this has been reflected in improved performance in the second half of the year.

Dividend Policy

This strong finish to the year was particularly so in terms of cash generation. That, and the overall strength of our balance sheet, allowed us to review our dividend policy and increase our payout to shareholders. The Board resolved to increase the payout ratio to within a range of 30-60% of net profit after tax, excluding Individually Material Items, compared to 20-40% adopted in previous years. Our final dividend for 2012 was 9.1 cents per share, bringing the full year dividend to 12.4 cents per share, an increase of 8% on the 2011 full year dividend. We have also increased franking credits to 75% for the final dividend, compared with 50% for the interim dividend, and will be looking to distribute franking credits when they are available going forward.

Remuneration

Another area which I know is dear to the hearts of shareholders is the extent to which the interests of shareholders and management are aligned in our remuneration structures. Later in the meeting we will come to the Company's Remuneration Report, upon which you will have the opportunity to ask questions and to vote. At this stage, let me just say that the remuneration of our senior management is driven by two fundamental objectives. Firstly, to incentivise and reward people to pursue our strategy and secondly to make sure that the interests of management are aligned to the maximum extent possible with the interests of shareholders. In relation to the second of these objectives, you will have seen from the Remuneration Report that our failure to meet our profit targets resulted in no short term or long term incentives being paid to Management in relation to the 2012 year. This is obviously not something that we like to see happen. In fact, I hope that this time next year I am standing here reporting that Management have received the maximum short and long term incentive payouts in 2013, because by definition that would mean the Company has had a good year and they are entitled to share in that. However, we need to be clear on our targets and link our remuneration outcomes to those targets. That is what has happened in the 2012 year.

We will continue to assess whether our remuneration practices are appropriate and in our Remuneration Report we have flagged several changes which will take effect from 2013.

In particular, in our Short Term Incentive Plan for our Executive Team, we have introduced a specific safety measure and also a measure of cash generation by our businesses. For our Long Term Incentive Plan, we have taken external advice to help us to redefine what represents top quartile performance in Earnings Per Share growth post the Global Financial Crisis. From 2013, management will not be eligible for any of the EPS component of their Long Term Incentive until we achieve sustained annual Earnings Per Share growth of 6%; at that level they will be entitled to half of their rights attached to this EPS measure, increasing proportionally to 100% at 12.5% Earnings Per Share growth. This is a small reduction from previous years, but one we consider reasonable as we go forward in the current environment. Importantly, we consider these targets are very challenging, and will stretch management without encouraging unacceptable risk taking.

Whilst I have focused on management performance hurdles, I also believe strongly that we as a Board need to continue to build our capability as the Company evolves over coming years. We have similar challenges that face all public company boards, that is, getting the correct balance of our time between satisfying governance requirements versus concentrating on the strategic issues facing the business. We think we have the balance right, but we can always do better, and we are in the final stages of an independent review of the Board aimed at identifying any areas in which the Board can add even more value.

Growth Projects

Despite the slightly disappointing financial performance, we should not lose sight of the fact that there have been some tremendous achievements during 2012. The most impressive of these has been the successful completion of the Moranbah ammonium nitrate plant. The plant is in the early stage of production and we believe it will deliver significant earnings based upon the long term contracts we have in place. My congratulations go to our Project Management Team on delivering this \$1 Billion project on time and pretty much on budget.

In 2012, we also completed construction of a 100,000 tonne Ammonium Nitrate emulsion plant in the Pilbara which will make an important contribution to our ability to service our major mining customers in that region.

We have considered a number of other possible growth projects, in each case applying a strict financial discipline to their assessment. In September we announced that we have deferred, for at least two years, an ammonium nitrate plant which we were considering building at Kooragang Island in New South Wales. In light of the current market uncertainty and rising construction costs in Australia, we deferred the feasibility study as, at this time, we could not be confident that this project would meet our required financial hurdles.

We are continuing to perform a rigorous feasibility study in relation to a 760,000 tonne ammonia plant in Louisiana in the United States. I have been to the site and it does offer some attractive economic and operational benefits, particularly given the current very low gas prices in the United States. However, you can be assured that when we come to make a final decision on this project in the second quarter of next year, we will proceed only if the feasibility study demonstrates that we are able to make our required rate of return.

Our People

In recent months, I have had the opportunity to visit a number of our operations in both Fertilisers and Explosives, in both Australia and the United States. The thought has struck me several times as I have done so that I wish that our shareholders had the opportunity to see for themselves some of our major operations and in particular the calibre and diversity of our employees right across the Incitec Pivot group. They are talented, they are committed to the Company and they are constantly looking for ways to do their jobs better and make a real contribution to our strategic initiatives. This mindset is a huge advantage as we continue to look for continuous improvement across the group through Business Excellence (or BEx). We believe that BEx will provide significant gains to the group as we embed this culture of continuous improvement and world class productivity - James will discuss this in more detail during his address.

Zero Harm

When we think of our people, the overriding and non-negotiable fact is that every one of them should be able to go to work and return to their families at the end of the day in complete safety. '*Zero Harm for Everyone Everywhere*' is the first item on every Management and Board agenda. Frankly, it is the issue which is most likely to keep me awake at night. Some of our operations are exceptional in this regard. A couple of examples: our Initiating Systems plant in Graham, Kentucky, has achieved more than 2000 days – that is almost 6 years - without a lost time injury. Here in Australia, construction of Moranbah has involved 4 million hours without a Lost Time Injury.

However, there are other sites which have had a disappointing rate of recordable injuries during the year. Fortunately, these have been low severity incidents – but, that is beside the point. Unless we believe that every injury, serious or slight, is preventable, and unless we take steps to ensure this is the case, then we cannot rest easy knowing that we are doing the right thing by our employees and their families. The Board and its Health, Safety, Environment and Community Committee have critical roles in overseeing and reinforcing our progress to Zero Harm. We made some organisational changes to support this and have also included specific safety objectives in the Short Term Incentive for our executives in 2013 and coming years. This will continue to be our number one priority.

Outlook

Looking forward to 2013, I am cautiously optimistic about the medium and long term outlook for the business segments and markets in which we operate. While we operate in an environment where our customers are impacted by cyclical market factors, we believe our business is well positioned, through our technical and product offerings, to partner with our customers and help them to deliver a better outcome in all market conditions.

In the longer term, we strongly believe that the industrialisation of China and India will support growth across the Company.

So, you may ask, what does this mean for our businesses?

Incitec Pivot Fertilisers remains a major player in the Australian fertiliser industry. What makes this industry a compelling investment is that technology and innovation through the supply chain is driving increased food and fibre production. This situation can be seen against the backdrop of the Federal Government's announcement of a National Food Plan, which is seeking to address how Australia can increase production not only to meet our own domestic needs, but also to help position us to meet the growing food demands of our neighbours in Asia. I am optimistic that our company is well placed to take advantage of these opportunities, particularly in light of the organisational changes we have made in our Fertiliser business during the year.

Our Asia Pacific Explosives business will continue to be underpinned by the Chinese economy, which still continues to grow at a significant rate. In addition, we believe we are very well placed to provide our customers with the technical services solutions that will become more and more important to them.

In North America, we are seeing an economy that is still very patchy and which is facing some challenges in the immediate future, particularly in relation to the so called 'Fiscal Cliff'. However, I am hopeful they will reach a compromise to deal with their immediate issues and that the US Government will do whatever it takes to ensure the economy can return to growth. It is not likely to happen overnight, but there are a number of positive developments in energy, construction and quarrying, as well as some of the employment market indicators for the long-term.

We believe we can continue to perform well in North America and are positioned to leverage our existing position to even greater effect through our business offering, from in-country manufacturing through to mining services.

Let me now close with a few thank yous.

Firstly,

John Watson

I would like to recognise the foresight and contribution of Incitec Pivot's foundation Chairman - John Watson, whom we farewelled earlier in the year. John's contribution and leadership in driving the transformation of Incitec Pivot is a wonderful achievement and a great legacy. From the days of Pivot to the merger with Incitec Fertilizers, the exit from Orica and the acquisitions of Southern Cross Fertilisers and Dyno Nobel, John led from the front, particularly in those early days when the Company's future was anything but assured.

On behalf of the staff, my fellow Directors and shareholders, I would like to record a vote of thanks to John for his leadership and stewardship in guiding Incitec Pivot to being the Company it is today.

I would like to take this opportunity to pay tribute to my fellow Directors who have diligently exercised their professional duties in guiding the Company over the past financial year. I look forward to working with each of the Directors individually and as a team to help our management navigate Incitec Pivot through a changing commercial and political environment.

Thank you also to James Fazzino, Managing Director & CEO, and his Executive Team for their leadership, commitment and perseverance in executing on our strategy.

It has been a tough year, but we have a very talented Executive Team, whose commitment to this Company has been absolutely fantastic.

Finally, a massive vote of thanks to all of our people spread across the diverse operations which make up Incitec Pivot. They make this Company what it is and should all feel proud of their efforts and achievements during 2012.

I believe we have the culture, people and expertise to continue our journey and I look forward to a rewarding future for our Company and its shareholders.

Thank You.

Paul Brasher
Chairman