

Incitec Pivot Limited

Office of the Company Secretary

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ASX Market Announcements Office

Dear Sir or Madam

Electronic Lodgement

Managing Director & CEO's Address to Shareholders at 2012 AGM

In accordance with the listing rules, I attach a copy of the Managing Director & CEO'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 MD & CEO, JAMES FAZZINO

In my brief presentation today, given the performance for the year has been well-covered previously in our Full Year Results as released to the ASX and in our Annual Report, I will speak to this briefly before moving onto IPL's direction for the future.

Briefly looking at the financial performance during the year, Net Profit After Tax, excluding Individually Material Items, was \$404.7 million. This was a decrease of 24% on the 2011 Result. There was also a decrease in Earnings Before Interest and Tax which declined by 22%. Including Individually Material Items, Net Profit After Tax was \$510.7 million.

The split between Explosives and Fertilisers in Earnings Before Interest and Tax was 60% for the Dyno Nobel explosives business after an 8% earnings growth in 2012 and 40% for the Incitec Pivot Fertilisers business following a 40% earnings decline in 2012. This reflects our strategic emphasis on Explosives. Since the acquisition of Dyno Nobel in 2008, the explosives business has recorded year-on-year earnings growth.

Now turning to the content of my presentation today, I will touch on the direction that Incitec Pivot is going and the platform we established in 2012 for future success.

In my view, there are two criteria which mark a company of greatness – strategy and execution - or delivery on strategy. It sounds simple - but simple is hard.

Our strategy is well-known to you. In summary, we are leveraging the industrialisation of Asia by focusing investment in our Explosives business, where the returns are more stable and predictable. And secondly, we are building the strength of our core nitrogen manufacturing competence where we create value through our vertically integrated plants.

Aligned to this, I have a strong conviction that growth from investing in the businesses that we already own and that we already know, provides for more secure and predictable financial returns than trying to step-out into new unaligned businesses.

I am confident that we have the right strategy. It is a confidence borne of global economic forecasts and imitation by many of our business peers.

Let me focus on execution or delivery on the strategy, for the right strategy is nothing without execution. The key elements for Incitec Pivot are Zero Harm, productivity, financial discipline, customer relationships and culture.

Let me start with Zero Harm. It is our highest priority for two simple reasons. Firstly, everyone at Incitec Pivot has the basic right to return home to their families safe and sound at the end of their working day or night. Every one of our people should have total confidence in the leadership commitment to this outcome.

The second reason is that I firmly believe that no company achieves greatness without having a great safety record. The culture, work practices and systems necessary for Zero Harm are the same which drive all areas of performance.

Having said that, our safety performance in the past year was unsatisfactory. However, I believe we have established the critical elements to drive to our goal of Zero Harm. The most important is our five-year safety strategy which has the absolute commitment of the leadership and is being embedded into our operations.

Zero Harm is possible. More than 70% of our sites were injury free in 2012. We know what Zero Harm looks like.

Let me turn to productivity. This is another area where we made substantial progress in the past year. I refer, of course, to Business Excellence or BEx. During the year, we established a solid foundation for BEx with 16 sites starting to operate to BEx principles and plans are now established to roll out BEx to Supply Chain and Logistics during 2013.

BEx will create a long-term sustainable competitive advantage in Incitec Pivot by driving productivity. BEx underpins and strengthens our competitive advantage in manufacturing and extends it throughout the rest of the business. The essence of BEx is that it devolves decision-making to the part of the business which is best equipped to achieve the best outcomes. In most cases, it will be the factory floor or the mine bench or the farm field. In the words of our President for Global Manufacturing, Bernie Walsh, the "B" in BEx stands for bottom up.

The challenge for leaders in Incitec Pivot is to become coaches rather than players. That's why it was essential that we undertook training in coaching and leadership for some 1500 of our people so we are all prepared to take on the new leadership role which BEx demands of us.

BEx is a long term culture change. It is the nature of culture change that implementation is time-consuming and it requires absolute commitment and attention to detail. Notwithstanding this, we are starting to see some early gains.

While they are comparatively modest financial contributions, they are important illustrations of the benefits of decisions made at the “coal-face” ... decisions that could not have been made by management in offices in Melbourne, Brisbane or Salt Lake City.

The cumulative effect of these individual contributions is that, in this year, BEx will pay for itself. That is, the cost of implementation will be covered by the sustainable financial improvements delivered. That is, in itself, a substantial contribution in only the second year of development.

As we move into the future - as BEx gains momentum - I'm confident that this will be a game changer for our Company and will drive world-class performance.

My next criterion is financial discipline. While this is an area in which the Incitec Pivot management and finance team has developed a strong reputation over the past decade, constant vigilance is required. Financial discipline is more than money management. It goes to the core of our strategic decision-making.

I am not a CEO who pursues growth for the sake of growth. We measure any decision on the returns to shareholders and if investment in potential growth projects does not meet our financial hurdles, we will return cash to shareholders in the form of dividends.

An example of financial discipline was the decision to defer the feasibility study into an ammonium nitrate plant in Newcastle. Even though the project met our strategic growth objectives, it did not meet our financial criteria at this time. Critical considerations included the high cost of construction in Australia and the projected outlook in demand for ammonium nitrate in Australia. We delayed the feasibility study because we believed this was the most prudent course of action. Shareholders can rest assured that the same strict financial discipline is being applied to the feasibility study into an ammonia plant in the United States.

An important consideration is that when we do make the decision to proceed with a development project, we have the management bandwidth to meet the most demanding challenges.

Moranbah is an outstanding example. Construction of our ammonium nitrate project at Moranbah was completed, essentially on-time and on-budget, during a period when cost overruns and delays were the norm for development projects throughout Australia.

In the six months since commencing production, the project has continued to meet early-production milestones. As we anticipated, there have been some challenges. However, our management team at Moranbah, using BEx principles, is dealing with each of these issues as they arise and establishing the platform for long-term reliable production. Moranbah remains on track to produce 250,000 tonnes of ammonium nitrate in this financial year, with 330,000 tonnes of ammonium nitrate expected in the 2014/15 financial year.

Through the various stages of development of the Moranbah project, we kept faith with our mining customers, further demonstrating our commitment to customers. Our approach to customers is to deliver a mutual benefit – to ensure that we are adding value to our customers' businesses while achieving a valuable outcome for Incitec Pivot.

This is true also in our Fertilisers business, where we merged fertiliser distribution with fertiliser trading to provide us with line of sight from the production or purchase of fertiliser right through to our customers and to the farm gate. This will enable us to better serve our customers in providing more confidence around supply and price and will benefit Incitec Pivot by muting the inherent volatility which exists in the global fertiliser industry.

Let me turn to culture. I have referenced culture change in talking about BEx. Embedded within BEx are our seven Incitec Pivot Values. Values define the essential characteristics of an organisation that will attract the best people and will make them proud to be employees. Our Values are listed in our Annual Report and you will see that they address our approach to our people, our customers, communities and our environment.

In these areas, we have again made substantial progress during the year. I will highlight Diversity and Sustainability. We adopted a Diversity Strategy which will lead us to be better in reflecting the diversity of the communities in which we operate and to assist us in attracting the best people. A key element has been the introduction of an Indigenous Employment Strategy to build on our investment in working in partnership with indigenous Australians. Also, we continue to progress our Sustainability Strategy and our performance has been recognised by our inclusion for the first time in the Dow Jones Asia Pacific Sustainability Index.

In looking to the future, I have a positive outlook for the business. Our balance sheet is strong and each of our businesses is in a sound position.

Let me give you a snapshot of each of our businesses, starting with Dyno Nobel Asia Pacific, where we plan to benefit from the substantial investment that we have made in this business over the past two to three years in projects such as Moranbah and the Pilbara emulsion plant. We expect strong returns from this business over the medium term.

With Dyno Nobel Americas, we believe that there will be significant medium term growth on the back of the US economic recovery which is being driven by energy self-sufficiency. Also, we expect an improvement in Quarry and

Construction, an area where we have a substantial exposure in North America.

Incitec Pivot Fertilisers is a strong cash generating business and we plan to build upon this by improving efficiency and profitability through initiatives such as BEx and through investment, where necessary, in productivity improvements in manufacturing.

In closing, I want to congratulate Paul on his appointment as Chairman and to thank him and my fellow directors for their advice and support. I would also like to thank the Executive Team and the broader leadership group. To lead such a fine group of people is indeed an honour. Finally and most importantly, I want to pay tribute to all employees throughout the Incitec Pivot Group. I travel often to sites and businesses and am continually impressed by the quality of our people and their commitment to performance and delivering on our strategy. The future of our Company is in safe hands.

Let me take this opportunity to wish to you all a safe and happy festive season.

Thank you.

James Fazzino
Managing Director & CEO