

Incitec Pivot Limited

Office of the Company Secretary

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The Manager
Company Announcements Office
Australian Securities Exchange
Level 45, South Tower
Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir or Madam

Electronic Lodgement

Chairman's Address to Shareholders at 2014 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



Daniella Pereira
Company Secretary

Attach.

Incitec Pivot Limited

INCITEC PIVOT LIMITED – ANNUAL GENERAL MEETING 19 DECEMBER 2014

SPEECH BY THE CHAIRMAN, PAUL BRASHER

Introduction

Ladies and Gentlemen.

My focus will be on giving you a brief summary of the highlights of the 2014 year within the framework of the Incitec Pivot strategy. James will then review the 2014 results and will also talk in further detail about the Company's strategy for the medium to long term.

I am looking forward to hearing your questions and comments about the Company during today's meeting. At the end of the meeting, we will all be available to take questions and talk with you.

Summary

If I were to choose 4 highlights of the 2014 year, they would be:

- Surpassing our goals in relation to our safety performance.
- Significantly improving our financial performance in most areas of the business.
- Continuing to embed Business Excellence ('BEx') into our operations and, in particular, the contribution that BEx has made to our improved manufacturing performance.
- Excellent and, importantly, safe progress in construction of our new ammonia plant in Louisiana.

Safety Performance

As is the case with all meetings at Incitec Pivot, let me begin with our Safety Performance.

Our work takes us to many challenging and hazardous environments and any injury or loss of life is one too many. This is why our highest priority across all our businesses is to achieve Zero Harm for Everyone. Everywhere. This is our most important value and our highest priority for our people and the wider communities in which we operate.

Two years ago, the Board adopted our five year Global Health, Safety & Environment Strategy, which laid the foundations for improvements we've made in the last 12 months. Our goal was to achieve an all-worker Total Recordable Injury Frequency Rate (TRIFR) of less than 1 by 2016. TRIFR is determined by reference to the number of recordable injuries per 200,000 hours worked.

Today, I am pleased to report to you that we surpassed that goal in 2014, with a TRIFR of 0.97. Of course, while this is a great result, we will continue our journey of striving for Zero Harm for all our people.

With 90% of our sites being completely injury free in 2014, we know this is possible.

I would like to commend the leadership and management and all our employees for their diligence and contribution to the safety of each other in our workplace.

Financial Performance

The Company's financial performance for the year is outlined in detail in our financial statements and we will be happy to take any questions from shareholders shortly.

In the meantime, I hope you will agree that our underlying performance during 2014 was an impressive one. Net Profit After Tax (NPAT), excluding Individually Material Items (IMIs), was \$356.3 million, an increase of 21% on the previous year.

At a business level, some of the highlights included:

- Dyno Nobel Asia Pacific (DNAP) growing its Earnings Before Interest and Tax (EBIT) by 25% on the back of the Moranbah ammonium nitrate plant.
- Dyno Nobel Americas (DNA) explosives EBIT rising by 10%, although this was partly offset by the negative effect of lower fertiliser prices on DNA's fertiliser business.
- Australian Fertiliser business EBIT increasing by 9%.

Given that economic conditions were generally subdued across our major markets and that our customers in the global resources and Australian agricultural industries confronted substantial economic or climatic challenges, these were very pleasing results.

Strong Balance Sheet

IPL's balance sheet remains strong, and the Company continues to maintain an investment grade credit rating. Financial leverage, which is a key management metric measured as net debt to earnings before interest, tax, depreciation and amortisation, was 2 times and interest cover was 9.1 times.

The Company has maintained a diverse mix of funding sources and an approximately equal proportion of financing under both fixed and floating interest rates. With \$1.5 billion of committed headroom available in our debt facilities, the Company does not need to raise any further funds prior to the commissioning of the Louisiana plant.

Dividend

Our strong balance sheet, higher underlying earnings and strong cash generation allowed the Board to declare a final dividend of 7.3 cents per share (cps) franked to 10%. This brings the full year dividend to 10.8cps, an increase of 17% on the 2013 full year dividend of 9.2cps.

The dividend payout ratio of 50% of NPAT, excluding IMIs, reflects the payout ratio endorsed by the Board of 30–60% of NPAT excluding IMIs.

BEx / Manufacturing

I mentioned that BEx has been one of the highlights of 2014 and James will talk in more detail about this shortly. However, one of the great outcomes from the use of BEx principles has been a very significant year on year improvement in our manufacturing performance, after a disappointing number of plant outages in 2013.

Moranbah, Phosphate Hill and Mt Isa have all been running at much higher production levels.

Our new global manufacturing structure, led by President, Strategic Engineering – Alan Grace, and President, Manufacturing Operations – Steve Dawson, has been a major contributor to the improvement.

Equally important, however, is the engagement of our employees at all levels in identifying ways to improve performance, using BEx principles.

Louisiana

You will recall from previous meetings, that our strategy is built around market dislocations which allow us to make returns at least 50% above our cost of capital.

Two such dislocations are the industrialisation of Asia, particularly China, which drives demand for hard and soft commodities, and the reindustrialisation of the United States on the back of the shale gas revolution.

It was the second of these dislocations which led us to invest US\$850m to build a world scale ammonia plant in Louisiana. Name plate capacity of the plant is 800,000 metric tonnes a year, with first production expected in the third quarter of 2016.

I have visited the construction site twice in the past 12 months and the progress between those two visits has been absolutely astonishing. We still have a long way to go, as the project is about 60% complete, but we are right on track and have met all key milestones to date.

We are very excited about this project and you will see why when James shows you a video of the Louisiana project.

China

I mentioned that the industrialisation of Asia is one of our strategic underpinnings and clearly the rate of growth there, particularly in China, has slowed in recent times. This, coupled with the downward pressure on commodity prices, has had a knock-on effect on some of our major customers in relation to their expansion projects and also on their attempts to maintain their margins. Despite this, China is still projected to grow at slightly in excess of 7% in 2015 which will continue to underwrite very significant demand for our products. Further, we have strong customer contracts and good relationships with our major customers and we will be doing everything possible to work with them to ensure our ongoing mutual success.

Gas Prices

At the last two Annual General Meetings, I have made a point about the challenges for Australian manufacturing of maintaining reliable, reasonably priced supplies of gas.

This always leaves us open to accusations of 'rent seeking' but, in fact, it is a call for a coherent energy policy for this country which is sorely needed as a basis for our economic future.

While different companies hold different views of what such a policy might look like, often dictated by their particular place in the manufacturing supply chain, it is encouraging that the debate around this area has intensified and there is now greater emphasis on the importance of increasing, rather than regulating, gas supplies.

We will be attempting to play a significant role in this debate going forward and are looking at concrete ways in which we can encourage greater emphasis on the supply side solution. One example of this is the non-binding agreement we have recently signed with Central Petroleum, for the supply of gas from its Northern Territory site to our manufacturing operations in Queensland. There is a lot of work still to be done before this could become a reality, but we are prepared to put a stake in the ground to encourage such a project, which will hopefully encourage Governments to recognise the need to invest in pipelines and other infrastructure to allow much more efficient gas distribution.

While there is no magic bullet solution to the gas issue, we will continue to look for opportunities as and when they emerge.

Board and Management

Governance has continued to be a major topic for your Board over the past 12 months and, of course, a critical element of this is ensuring we have a strong Board with the skills necessary to take us forward to our next stage of development.

I mentioned last year that we would be looking to fill some Board vacancies with directors with relevant heavy manufacturing experience and with a proven track record of managing overseas businesses and their attendant risks.

Our two new directors, Kathryn Fagg, who joined the Board during the 2014 Financial Year, and Greg Hayes, who joined post year-end, bring the experience we need in these areas and are terrific board members. You will hear from both Kathryn and Greg shortly.

At today's meeting, one of our long standing directors, Tony Larkin, will complete his current three-year term and will not be seeking re-election.

As a director of Incitec Pivot for ten years and, prior to that, as a director of Incitec Limited, Tony was at the centre of many of the critical decisions which made Incitec Pivot what it is today. Tony was integral in the Incitec Pivot merger and the acquisitions of Southern Cross and Dyno Nobel, all of which were Company-changing transactions.

Tony has been a great Board member, but particularly as Chair of the Audit and Risk Management Committee. On behalf of the Board and our shareholders, I would like to thank Tony for his contribution and service to the Company over many years and record our appreciation at this meeting. Tony, thank you.

Let me also take this opportunity to thank all of my fellow directors for their full and frank advice and support during the year. They are all highly experienced and take their roles seriously in supporting management and employees, whilst ensuring our shareholders' interests are at the forefront of their considerations.

The Company is well placed to capitalise on the global growth drivers and I am confident that with the leadership of James and his management team, we will deliver success. James, thank you, to you and your team for your passionate pursuit of a solid company performance.

I would also like to take this opportunity to thank our 5,000 people working across our business. Your continuous striving for Zero Harm and your desire for continuous improvement through BEx, are a cornerstone that will drive productivity and improve safety across the business.

Let me end on this note: while the future is positive, there will be challenges. Our Company will confront issues beyond our control – input costs, exchange rates, global prices – but we will continue to succeed if we maintain our focus on those things which underpin our performance: Zero Harm, BEx, manufacturing reliability and financial discipline.

Shareholders, thank you and I look forward to your questions and comments.