

Incitec Pivot Limited

INNOVATION ON THE GROUND

ANNUAL GENERAL MEETING – 20 DECEMBER 2018

SPEECH BY THE CHAIRMAN, PAUL BRASHER

Introduction

The 2018 financial year has been an important year for the business, as your Board and the company welcomed Jeanne Johns as our new Managing Director & CEO. Jeanne has worked hard, in close consultation with the board to evolve our strategic agenda and put in place a new executive leadership team and structure to support its delivery. This includes a sharp focus on execution as well as leveraging our premium technology solutions across our global customer base. You will hear more about that from Jeanne shortly. As a Board we are delighted with Jeanne's first year and her strategic and operational leadership of your Company.

Safety

As always, I would like to start by talking about safety. This remains the Board and executive team's number one priority. While we have made significant improvements over the last five years and delivered an acceptable safety performance during the year, with 84% of our sites recordable injury, we can always do better. With that in mind, Jeanne and her executive team have committed to delivering step change improvements across a broad set of metrics over the next three years. We look forward to reporting back on our progress in the years ahead.

Group performance

Incitec Pivot has high quality, strategically located assets in our chosen markets. Our business is underpinned by strong fundamentals. Our customers' businesses are driven by the growth in demand for food across Asia and continued demand for the resources needed to build infrastructure and technology across the globe.

In financial year 2018, we reported Net Profit after Tax of \$347 million (excluding one off individual material items of \$139 million), a 9% increase on last year. This was underpinned by a strong operating performance in both our Explosives and our Fertilisers businesses. EBIT increased 11% to \$557 million and EPS also increased 11% to 20.9 cents per share, compared to 18.9 cents last year. While our manufacturing performance was impacted by planned turnarounds at Phosphate Hill, Cheyenne and St Helens, the team delivered outstanding results at our Waggaman plant, which ran at 103% of nameplate for the year, and also achieved record production at Moranbah. We also saw increased market penetration of our premium technology, with considerable more potential to be unlocked as this is rolled out across key markets and sectors.

Incitec Pivot is a highly cash generative business and delivered \$663 million of operating cash flow during the year. Aligned with our commitment to deliver returns to our shareholders, we have now completed our \$300 million share buyback. In addition, the Board declared a final dividend of 6.2 cents per share, 20% franked, taking the full year dividend to 10.7 cents per share. This represents a payout ratio for the year of approximately 50%. We have a strong balance sheet and finished the year with a Net Debt to EBITDA ratio of 1.6 times.

Strategy

The business is well placed to leverage our high quality assets and premium technology offering and also benefit from an improvement in market conditions. We will continue to focus on driving organic growth through the delivery of our strategy as well as investigating inorganic growth aligned to our core competencies in explosives, fertilisers and nitrogen processing. We will of course be disciplined and driven by shareholder returns at all times. Jeanne will elaborate on major elements of our strategic agenda shortly.

Gibson Island

As shareholders would be aware, for some time we have been working hard to secure long term affordable gas for our manufacturing plant on Gibson Island off the coast of Queensland. Prices for gas on the East Coast of Australia have increased dramatically over the last 5 years and are now more than three times the prices in Western Australia and other competitive gas markets.

With significant development of Liquefield Natural Gas in recent years, some 80% of gas on the East Coast is now being exported, leaving Australian businesses and consumers with a shortage of supply and vastly inflated prices. We believe the best way to address this issue is for the government to enforce more supply being made available for domestic uses.

During the year we successfully secured interim gas supply for 2019, as well as a gas tenement for a potential long-term solution starting in 2022. We are continuing to explore economic bridging gas for 2020 and 2021. But as we said at last years' AGM, if we are not able to find an economic solution, we will need to close the plant. This would not only be a

very disappointing outcome for our business and our people, but a very poor outcome for the manufacturing sector in Australia and the subsequent impact on jobs and the economy.

Sustainability

We remain committed to proactively managing issues which are most material to the long-term sustainability of our business, the environment and the communities in which we operate. Our commitment to sustainability is recognised in our performance in the 2018 Dow Jones Sustainability Index, where we have outperformed the Chemicals sector average for the last seven years.

During 2018 we have strengthened our Risk Management processes using future climate scenarios to assess the Company's risks and opportunities and applying the Task Force for Financial Disclosure's methodology. We are in the process of integrating climate related risks into our management and governance structures.

We also remain committed to the gender diversity target we set last year of 25% participation of women in our workforce by September 2022.

Board

I would like to take this opportunity to thank my fellow board members for their contribution during the year. Although Graham Smorgon is not here, I would like to note that Graham is retiring this year and has been an outstanding Director of Incitec Pivot. His background in manufacturing as well as his commercial acumen and sound judgement have delivered significant value to the board and the company over the last ten years. On behalf of the whole Board, I would like to thank Graham for his contribution.

I would also like to welcome Bruce Brook to the board. Bruce joined the board on 3 December and brings a strong background in the resources and mining sectors and very significant past and current experience in US based businesses. He is offering himself for election today and will talk to you about his background and the skills he brings to the board later in the meeting.

Concluding remarks

I would also like to thank you, our shareholders for your support, particularly over the last couple of years as the business has navigated some challenging market conditions. And of course, I would like to thank and recognise all of our customers, whose support is integral to the success of our business. Finally, I would like to thank our MD and CEO, the executive leadership team and our whole team of 4,500 people across the Americas and Asia Pacific.

The company is in good shape and we have an experienced global leadership team to lead the company through the next 12 months and into the future.

I am now pleased to invite Jeanne Johns, our Managing Director & CEO, to address the meeting.