Incitec Pivot Limited

Office of the Company Secretary

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19 December 2013

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

Dear Sir or Madam

Electronic Lodgement

Chairman's Address to Shareholders at 2013 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

D Pereira

Daniella Pereira
Company Secretary

Attach.

Incitec Pivot Limited

INCITEC PIVOT LIMITED – ANNUAL GENERAL MEETING
19 DECEMBER 2013

SPEECH BY THE CHAIRMAN, PAUL BRASHER

Introduction

Welcome Ladies and Gentlemen.

It is good to be here with you today.

Today's Annual General Meeting marks my first full year as your Chairman of Incitec Pivot Limited.

I am looking forward to hearing your questions and comments about the Company during today's meeting or after the meeting concludes, when the Directors and I will have the opportunity to talk with shareholders.

Performance in 2013

Before going any further, I must start with the fact that, tragically, we suffered the loss of two work colleagues during the year and I want to express our sympathy to the families of the two men who were killed in those incidents. The first was a truck driver at a remote location in Canada. The other was a contractor working on an Australian site. While we have seen a downward trend in safety incidents across the Company in 2013, this has been totally outweighed by the two fatalities. A major focus of the Board is our strong commitment to Zero Harm for every employee. We should never accept anything less than Zero Harm and our continued resolve is for the safety of every employee across our business. Safety will continue to be the first item on the agenda of every Board meeting.

When James speaks to you shortly, he will address the Company's financial and operational performance and insights into the business environment in Australia and internationally.

As I said at the 2012 Annual General meeting, the environment in which this Company operates is a particularly challenging one and still is today. We operate across 18 countries, with Australia and the United States our two key locations. In general terms, our financial performance was impacted by a number of external factors: a high Australian dollar, low global fertiliser prices and an international resources sector facing cost pressures.

Taking into consideration these external factors, our overall financial performance has been mixed. There is no point in complaining about low fertiliser prices or a high Australian dollar. Our objective is to protect ourselves to the maximum extent possible against these factors – and there is a limit to the extent that can be done – but, more importantly, to ensure that we are totally focused on managing the things we can control, improve our performance in all of these controllable areas and make sure that we keep our cost base at an acceptable level.

James will describe some of the initiatives we are taking.

From a longer term perspective, 2013 was a year when we established a strong foundation for the medium term through the commissioning of the Moranbah Ammonium Nitrate Plant and the commencement of construction of our Ammonia Plant in Louisiana. I believe that these two major investments will go a very long way towards underpinning our results in the years ahead.

Dividend

Whilst our overall performance was not where we would like it to be, we have maintained a very strong cash flow and a sound balance sheet. The Board has resolved to pay a final dividend of 5.8 cents per share, bringing the full year dividend to 9.2 cents per share, compared to the 2012 full year dividend of 12.4 cents per share. This dividend payout ratio of 50% of NPAT, excluding Individually Material Items, reflects the payout ratio endorsed by the Board of 30–60% of NPAT excluding Individually Material Items. Our intention is to distribute franking credits when they are available. Pleasingly, for the final dividend, we were able to maintain the 75% franking.

Remuneration Report

An area of particular interest for all of our shareholders is the alignment of our Executives' remuneration structures with Company performance. Later in the meeting, we will propose the resolution for adoption of the Remuneration Report and you will have the opportunity to ask questions and to vote. The remuneration arrangements of the Executive Team are a matter the Board takes very seriously and we are always seeking to ensure alignment between interests of the shareholders and Executive rewards in the short and medium term. Our priority is to ensure we reward and incentivise Executives to deliver on the strategy and our business targets. In relation to the 2012/13 remuneration, you will see that our profit target was not met and, whilst our safety objective was met in terms of number of recordable injuries, we tragically had two fatalities this year. As a consequence, no short term or long term incentives were paid to management in 2013. We will continue to review our remuneration structures to ensure we maintain challenging targets and stretch management in delivering on the strategy.

Strategy and Growth

In terms of our strategy, our strategic direction is sound and we have aligned our business to the two major global trends of the industrialisation of Asia, with a particular focus on China's growth, and the shale gas revolution in the US. We will continue to increase the capability of our assets to take advantage of these market dynamics.

We have a significant operational footprint across 18 countries and we are increasing the capacity of the business to take advantage of the market dynamics. This year, we saw the completion and operation of the Moranbah Ammonium Nitrate Plant and the commencement of construction of the Louisiana Ammonia Plant.

The Moranbah plant is located in the Australian Bowen Basin region which has some of the lowest cost metallurgical coal delivered into Asia. Our customers are very supportive of the investment at Moranbah by IPL.
Importantly, the Moranbah plant will be a significant low cost manufacturing asset of the Group for many years.

In the United States, our Louisiana project is a particularly exciting one and an excellent fit with our strategy. We have a brownfield site which is extremely well suited to our operations and we have in place a lump sum turnkey contract with KBR, who we believe are at the forefront of global ammonia plant construction. The IPL project team on site is an experienced one, with some key team members having also worked on the Moranbah project.

Board Visits

In August this year, the Board visited the team and site at Louisiana to meet with key project partners and also the leaders of the local and state governments. During the visit I was particularly impressed with the commitment by Cornerstone Chemical Company – our brownfield site owner and onsite customer and, KBR, our construction partner; in particular, their safety approach which strongly aligns with our core value of Zero Harm. Importantly, they are just as focused as we are on delivering the project on time and on budget and meeting the technical requirements of a brand new, world class ammonia plant.

We were also privileged to meet with Bobby Jindal, Governor of Louisiana and John Young, President of the Jefferson Parish. Both leaders were very supportive of our investment and understand the significance of the project to the local community and businesses.

While in the US, the Board also took the opportunity to meet with our leadership and employees across the Dyno Nobel business. I admire the calibre of our people; they are smart, customer focused and business savvy. The Board and I also visited two of our major customers, Martin Marietta and Peabody, to hear firsthand about our ongoing service to their business. Both customers were complimentary about our people and the way in which we are working with customers to create the greatest possible value in their operations. This is hugely important at a time when some customers are themselves experiencing great pressures on volumes and margins.

As we continue our drive to increase productivity in the business, the Directors and I are continually updating our knowledge on how Business Excellence (BEx) is being used across the Company. In April this year, the Board joined with site leaders and employees in Queensland at the Gibson Island fertiliser production plant. We were impressed with the way our people are using BEx to identify opportunities for improvements in efficiency and develop business solutions. We have seen tangible outcomes as a result of every employee's preparedness to take ownership of the issues, particularly in relation to our maintenance turnarounds, as well as some of our on-going plant maintenance activities.

I believe it is important that the Directors have first-hand experience of these initiatives to understand the business and see the way the work is done from the ground up.

Board renewal

Whilst I have focused on the employees, the business and our major projects, I am cognisant that our performance as a Board is also critical to the success of the Company.

A constant Board topic is how we achieve the best possible board performance, not only as an instrument of governance, but also as an enabler of strategy.

This time last year, we commissioned an external review of Board performance (both individual performance and collective performance) and Board succession planning. Following the review, we now have in place a formal Board succession planning methodology covering the next seven years. This methodology takes into account the likely timing of board member rotations and the skills which will be required to allow us to drive our strategy through this period.

Today, I would particularly like to pay tribute to one of the foundation directors of Incitec Pivot. Allan McCallum has been a Director of Incitec Pivot Limited for almost 16 years and has made a fantastic contribution to the Company's growth, often in very challenging environments. Allan is about to complete his current three year term and will not be seeking re-election at this AGM. Allan's foresight and common sense and his understanding of our agricultural customers have been highly valued by the Board and the Company. On behalf of the shareholders, Allan, thank you for your commitment and professional service as Director of Incitec Pivot and we wish you all the best for the future.

Thank you to all of my fellow Directors, who have been energetic and constructive and have provided great support to me and to our management team over the last twelve months.

To the 5,200 people who work for Incitec Pivot, your safety every day is important to our future success. I have interacted with our people across the business and I am very proud to say that your work ethic, your contributions to continuous improvements and your commitment to the safety of each other is to be admired and appreciated.

Thank you to James and the Executive Team for guiding the business through this challenging period. This year, we have seen several long term Executives and senior managers retire from the business and we wish them well. In particular, from a Board viewpoint, many of you will remember Kerry Gleeson, General Counsel and Company Secretary from previous Annual General Meetings. After 10 years of service, Kerry has recently resigned. On behalf of my fellow Directors, I would like to thank Kerry for her professional advice and service to the Board and Company. We wish Kerry the very best for the future.

I would also like to welcome Daniella Pereira to this Annual General Meeting as our new Company Secretary.

In closing my report, I would like to highlight that the next few years have some tremendous opportunities: Moranbah is moving closer to delivering on its promise, and Louisiana is progressing quickly and safely towards full operation in 2016; and we are consolidating our business offering to the fertiliser, resources and quarry and construction industries.

Obviously, we have our challenges, one of which is our access to competitively priced raw materials. While we have announced today that we have signed a new 23-month gas supply agreement for Phosphate Hill, we believe it is vital to the country's interest to have a coherent energy policy which recognises the gas supply / demand imbalance over the next few years and attempts to find ways to redress this. We will continue to work with industry and the Australian government to ensure that there is a policy framework in place that supports growth in Australian manufacturing for the long-term.

Your Board and I are committed to the Company's strategy and delivering on our business targets for 2014.

Thank you and I look forward to your questions and comments on my report.

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Managing Director & CEO's Address to Shareholders at 2013 AGM

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Yours faithfully

Daniella Pereira
Company Secretary

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<u>INCITEC PIVOT LIMITED – ANNUAL GENERAL MEETING</u>
<u>19 DECEMBER 2013</u>

SPEECH BY THE MANAGING DIRECTOR & CEO, JAMES FAZZINO

Thank you Chairman.

I'm pleased to present to you this afternoon and would like to start by outlining the progress we have made through 2013 in building for the future of IPL. As Managing Director & CEO, my role is to develop our business strategy and then drive delivery of that strategy.

During 2013, we made critical decisions on strategy and made substantial progress on our performance culture. While I recognise that 2013 was a challenging year for financial performance - mainly as a result of external factors - I am very confident that we have the right strategy in place and the right people to execute on that strategy.

However, it was also a year in which we suffered the very sad loss of two work colleagues. Any year with such tragic events is a failure. It illustrates that we must be more determined than ever to drive our Zero Harm culture.

Our aim is to achieve world class standards in our approach to safety. World class is a total recordable incident rate of less than one. In 2013, we saw that a focused drive on zero harm can result in fewer injuries with our incident rate reducing to 1.16, which was an improvement on the previous year. But, clearly, we must continue to improve to achieve the only acceptable outcome which is Zero Harm. We know what Zero Harm looks like because 86% of our sites globally were injury free in 2013.

I will now take a brief look at the financial performance, which has been covered in detail in our Annual Report and the Full Year Results material.

In 2013, our NPAT after adjusting for the 2012 Moranbah unfavourable contract liability release was down 18% to just under $300 million. Clearly, 2013 was a challenging year. From an external perspective we were impacted by a high Australian dollar, low global fertiliser prices and a decline in demand for resources. These external factors negatively affected 2013 EBIT by $160 million. To a lesser degree, the result was also impacted by unscheduled plant outages, particularly at Phosphate Hill.

For our global explosives business, earnings grew by 3%. Earnings in the Dyno Nobel Asia Pacific business rose by 15%, fuelled by growth from our new ammonium nitrate plant at Moranbah. This growth was partially offset by a decline in the Dyno Nobel Americas business due to softening coal production in the US.

For our Australian Fertiliser business, earnings were down by 37%, largely due to the combination of falling global fertiliser prices and the strong Australia Dollar. On a positive note, earnings in the Australian fertiliser distribution business recovered, growing by 4%.

However, a more simple measure of performance is Operating Cash Flow and, if we take a year-on-year comparison, we have seen only a 1% decline. This is an exceptional result in such a difficult environment.
Another highlight was the management of working capital where we finished the year with average Trade Working Capital to sales of 9.5%, down from 13.9% in 2012. Importantly, we finished the year with our balance sheet in great shape; we have $1.7 billion in undrawn committed headroom in financing facilities.

In looking to the future, our Dyno Nobel Asia Pacific business will continue to benefit from the ramp up of production from our Moranbah Ammonium Nitrate Plant in Queensland. In our Dyno Nobel North America business, we expect moderate growth consistent with the improving US economy.

In looking to the medium-term, the Moranbah plant will provide the foundation for earnings growth for the Asia Pacific business into the future. Also, during the year, we commenced construction of a world-scale ammonia plant in Louisiana. Moranbah and Louisiana are two projects which will really turn the dial for IPL.

Moranbah is currently operating at an annualised rate of 300,000 tonnes a year and is on track to move to nameplate production of 330,000 tonnes in 2015. At full production, the Moranbah plant will double the earnings of our Dyno Nobel Asia Pacific business.

Our ammonia plant in Louisiana, when completed in 2016, will double the earnings of our Dyno Nobel North Americas business. What is clear about Louisiana is that we do have a significant “first mover” advantage and that it would be extremely difficult to replicate this project today in terms of capital cost, access to a brownfield site, timing, risk and returns.

Both the Moranbah plant and the Louisiana project were predicated on two long term global trends which anchor our Corporate strategy. We look for market dislocations that drive above-trend returns. We have identified two global trends: the industrialisation of Asia, in particular China, and the shale gas revolution in the United States.

Another key strategic element is that we look to leverage our core nitrogen chemical manufacturing capability to capitalise on these global market dislocations. We seek to develop projects which fit our priority of being close to the core of our existing business. By definition, growth projects that are close to the core are typically lower risk.

In a practical context, this means that the Moranbah plant is producing explosives for the metallurgical coal mines which feed China’s blast furnaces. Louisiana is capitalising on the shale gas revolution in the US which is revitalising the North American economy because of the availability of competitively priced gas.

Both Moranbah and Louisiana are close to the core and therefore lower risk. Both are fully integrated – backed to gas – which means that both are low cost and the offtake from both plants has been fully sold-out reducing market risk. This strategic combination drives compelling returns.

Our task is to execute on the strategy through maximising returns from our current businesses and ensuring delivery on our medium term investments, in particular, Moranbah and Louisiana.

During the year, we progressed the systems to support our people to execute on strategy through our business improvement program, BEx, and through a continuous focus on efficiency. We saw the benefits of BEx again in 2013 producing another $39 million in sustainable productivity gains. This is an outstanding result and further demonstrates the legitimacy of our faith in our people. We have also maintained our focus on costs with an overhead reduction program which is on target to provide $20 million in annual cost savings. Of this, $12 million in benefits will be delivered in 2014. One-off implementation costs will be approximately $10 million.

In terms of our Fertilisers business, earlier today we announced that we have signed a gas supply agreement for our fertiliser plant at Phosphate Hill in Queensland to 2016.

There is no doubt that we are in a challenging period in respect of bottom-of-the-cycle global prices for fertilisers, a stubbornly high Australian dollar and the rising cost of doing business in Australia. However, Fertilisers is a quality business and I believe that it is important to look through the cycle. We maintain our confidence in the long-term global agriculture thematic, which is based upon meeting the rapidly increasing food demands of the growing middle class in Asia.

This was certainly the case in 2006 when we took a through-the-cycle decision to purchase Phosphate Hill for $165 million. That plant has been highly profitable, returning almost $1.6 billion in earnings.

As I have said, a key element of our strategic execution is to leverage our core nitrogen manufacturing capability. A crucial factor is operational reliability. During the year, we restructured our global manufacturing team to give primacy to our engineering expertise by focusing our manufacturing priorities in two areas: the Strategic Engineering function and the Operational function. The Strategic Engineering function will embed world class manufacturing models and processes and set the operational and maintenance parameters for all plants. The Operational function is responsible for operating the plants on a day-to-day basis within the parameters set by the Strategic Engineering function. A key focus will be to operate the plants using BEx.

As you are aware, Alan Grace was appointed earlier in the year as President Strategic Engineering. I'm pleased to advise that Steve Dawson has been appointed President Manufacturing Operations effective 1 January 2014. Steve is an engineer with an extensive background in the resources industry in Australia and internationally. Since joining IPL with the acquisition of Dyno Nobel in 2008, Steve has led Dyno Nobel Asia Pacific and has transformed this operation into a leading sales and distribution business.

I'm also pleased to advise that Simon Atkinson has been appointed as President of Dyno Nobel Asia Pacific and Global Technology. Simon has extensive commercial and finance experience and, since 2010, has been President of Dyno Nobel International, leading the development of new markets in Latin America, Europe, China and South Africa.

I want to take this opportunity to thank the Chairman and my fellow Board members as well as my colleagues on the IPL Executive Team for their support. Most importantly, I thank our 5200-employees. I am proud to lead such a team of quality people.

Also, I want to join with the Chairman in thanking and farewelling Allan McCallum. The Annual Report simply records Allan as having been appointed as a director in December 1997. This doesn't capture Allan's central role in the formation of this Company as well as his immense contribution to agri-business in Australia, which has been recognised with numerous awards by his peers. On a personal note, I want to thank Allan for his counsel and friendship over the decade that I have been with IPL.

In closing, I want to summarise our strategic growth horizons. Strategy is about making choices. Having made our choices, our focus is on executing on the strategy.

The first horizon is all about execution in our existing businesses and in maximising returns from the assets that are already in full production. Key themes are cash conversion, BEx and overhead reduction.

The second horizon is to deliver on our major growth projects. These are the ramp up of Moranbah to full production and the construction and start-up of the Louisiana ammonia plant.

In the third horizon, our focus will be to de-leverage the balance sheet and increase cash returns to shareholders, either through higher dividends or through capital returns.

In conclusion, let me wish all of you a safe and happy holiday period.

Thank you.