Incitec Pivot Limited

Office of the Company Secretary

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19 December 2014

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 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.

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Managing Director & CEO's Address to Shareholders at 2014 AGM

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D Pereira

Daniella Pereira
Company Secretary

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INCITEC PIVOT LIMITED – ANNUAL GENERAL MEETING
19 DECEMBER 2014

SPEECH BY THE MANAGING DIRECTOR & CEO, JAMES FAZZINO

Thank you Chairman.

I am pleased to present to our shareholders this afternoon.

There are two areas I would like to cover today:

- First, to briefly recap IPL's 2014 results, a year in which we delivered a good result in the face of challenging markets, which I consider is a real testament to our people.

- Second, I would like to talk about IPL's strategy and some of the principles we consider in setting the medium to long term direction of the Company.

Let me start with the 2014 results.

Safety

As the Chairman noted in his address, the highlight of the result was in safety or, as we call it, Zero Harm. To deliver our 2016 TRIFR milestone two years ahead of our target is a very satisfying result. Importantly, we have achieved a step change in the severity of injuries with a 45% reduction in our lost time injury rate.

Despite this significant improvement, we will continue our focus on our goal of Zero Harm, because we believe that no injury is acceptable. We know "zero" is achievable because 90% of our sites globally were injury free in 2014.

You may ask why shareholders should be interested in safety?

Aside from the commitment we make to our people and their families about safety at work, I firmly believe that the best performing companies are those who also have an outstanding safety performance. This is because the leadership, systems, processes and culture required for world-class safety must also exist for all other aspects of a company's performance.

Financials

In terms of the Group's financial performance, the key financial takeaways from the 2014 result were:

- Underlying NPAT, which increased 21% to $356 million,
- EBITDA or trading cash flow, which was up 15% to $742 million
- Our balance sheet, which is in great shape, with gearing measured by Net debt to EBITDA at 2 times.

This was reflected in shareholder returns with dividends up 17%.

In terms of execution:

- We delivered earnings growth in all our businesses which was a solid outcome given the back drop of challenging mining and agricultural markets globally;

- Importantly, we delivered by focusing on the factors that are in our control, such as

  (i) Ramping up production at our Moranbah plant and exiting the year at full rates;
  (ii) maintaining tight capital management;
  (iii) focusing on cost efficiency and, in particular, by using BEx, our continuous improvement system, to drive profitability.

All of this was done, while maintaining our absolute focus on customers.

Now let me give you a brief overview of the business highlights.

DNAP

The standout performer was Dyno Nobel Asia Pacific which, as the Chairman has noted, recorded a 25% increase in earnings growth.

It is here that we see the value the Moranbah investment has brought to the Group. In 2014, the plant produced around 300,000 tonnes of AN, $115 million in earnings and $158 million in EBITDA. The Mornabah result was a $59 million increase on 2013.

Moranbah is now delivering a healthy return on shareholders' funds and has transformed the Dyno Nobel Asia Pacific business – from a trader of ammonium nitrate to a fully integrated explosives business that operates across the entire explosives value chain – from gas to rock on ground.

DNA

Across the Pacific, earnings in our Dyno Nobel America's explosives business rose by 10%. A notable feature of the DNA result was the BEx contribution of $13 million.

Fertilisers

Turning to Fertilisers, this business increased EBIT by 9%, which was a sound performance in the context of drought and global prices. BEx was also a solid contributor to this result with $7 million in efficiencies.

BEx

You will have heard me mention BEx or Business Excellence several times. BEx delivered a total of $62 million in sustainable benefits in 2014. However, it is important to recognise that to simply 'stand still', we need to generate some $35 million in sustainable savings to cover the relentless rise in the cost of doing business. Accordingly, $27 million net benefits hit the bottom line.

I am personally very proud of the BEx achievements. As you know, we began the BEx journey four years ago. It took foresight and courage from the Board and Executive Team to invest in productivity to drive long term shareholder value at a time when others were cost cutting to drive short term earnings.

So how does BEx deliver?

Let me give you an example. Three years ago, I was considering a recommendation from management to close our plant at Wolf Lake in Illinois due to underperformance. Today, Wolf Lake is a model site in terms of safety, productivity and efficiency; a turnaround story which has been underpinned by the leadership of everyone on site.

That is what BEx is about:

- It is about investing in our people to give them the skills to drive productivity
- It is about empowering those who do the work to improve the way they work
- It is about embedding a business model which ensures benefits are sustained and which drives year on year productivity improvement rather than one off cost cutting;
- And it is about all of our 5,000 employees globally working on ways to improve the way we work each day.

Strategy

Now let me turn to IPL's strategy.

The objective of IPL's strategy, first and foremost, is to deliver competitive returns to our shareholders.

Our view is that to deliver above average returns two things need to be present:

(i) First, a market dislocation or imperfection – essentially an opportunity. However, given the efficiency of markets, these dislocations can quickly disappear, so timing is everything. Attractive returns are only available to first movers, and projects are not replicated.
(ii) Second is superior execution to monetise the opportunity, which is where BEx becomes a key enabler of the strategy.

IPL's two major growth platforms, which the Chairman has already referenced, are leveraging two significant market dislocations:

(i) First the industrialisation and urbanisation of China.

Our Moranbah ammonium nitrate plant investment was driven by the demand for Bowen Basin metallurgical coal into Asia

(ii) Second, the re-industrialisation of the US driven by the energy revolution.

Our Louisiana ammonia plant is capitalising on low cost gas, a world class regulatory regime and a low cost and productive construction industry in the USA

Importantly, both of these opportunities leverage IPL's core capability in nitrogen based chemical manufacturing.

With regard to Louisiana, this is a great project. When fully operational, Louisiana will drive a step change in the earnings of DNA. We have benefitted from our decisiveness and have the classic "first mover" advantage:

- First, in securing a brownfield site
- Second, in locking in a lump-sum turn-key contract with the world's premier Ammonia technology provider and plant constructor in KBR
- Third, achieving approvals within six months due to the support of the Louisiana Government
- Finally, locking in offtake arrangements with Transammonia and Cornerstone Chemicals

Importantly, the project fundamentals are better now than when we sanctioned the project. At the end of my presentation, we will show a short video to give you a brief overview of the progress of our Louisiana project.

In closing, I want to thank Paul and my fellow directors for their advice and support during 2014.

I also want to say a special thanks and pay tribute to Tony Larkin. As Paul mentioned, Tony is retiring from the Board today.

Tony and I have been colleagues for more than 15 years working together at Orica where Tony was the Finance Director and then at Incitec Pivot, when Tony joined the Board at merger in 2003, after chairing Incitec Limited. He has been a trusted and wise counsel for me professionally over those years. His contribution to Incitec Pivot as a director has been substantial. He was involved in several company-defining decisions including the acquisition of Southern Cross Fertilisers, the acquisition of Dyno Nobel and the project developments at Moranbah and Louisiana. Thank you, Tony, and all the best for your future.

I also want to thank the Executive Team and the broader leadership group. Finally and most importantly, I want to pay tribute to all the 5,000 employees throughout the Incitec Pivot Group globally. I am privileged to lead such a fine group of people.

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

Thank you and we will now show the video of Louisiana.