

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.

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SPEECH BY THE MANAGING DIRECTOR & CEO, JEANNE JOHNS

Thank you Paul, and I would like to acknowledge our shareholders, my fellow Directors, the executive leadership team and our employees.

Good morning to everyone who is here with us in Melbourne today and welcome to those who are joining us on the webcast. I would like to start by acknowledging the traditional owners of the land on which we meet, and pay our respects to their Elders, both past, present and emerging.

Introduction

I am delighted to have the opportunity to address you as your Managing Director and CEO to talk about the business, its performance and strategy for the future.

Safety

Firstly, I want to talk about our commitment to Zero Harm for our people and stakeholders, which of course, continues to be our number one priority. Whilst we achieved our core safety target for our Total Recordable Injury Frequency Rate of less than one, we are committed to making improvements across a broader set of metrics. During the year we refocused our Zero Harm strategy, setting targets for the next three years across environmental care and process safety in addition to a target on the recordable frequency rate. As part of this we committed to a 30% improvement in recordables by 2021.

Group financial performance

As our Chairman said in his address, we delivered a strong Full Year result, with EBIT excluding Individual Material Items up 11% to \$557m. This result benefited from volume and margin growth in our explosives business, higher fertiliser prices and an excellent manufacturing performance at our new Waggaman plant in Louisiana. These positives were partly offset by the impact of the drought in southern Queensland and New South Wales on our fertiliser business and a heavy year of planned turnarounds at a number of our manufacturing sites.

Divisional performance

If we look a little deeper at divisional performance, our Dyno Nobel business in the US accounts for half of group EBIT. It is a high-quality business with strategically located assets and strong positions in key sectors. And it is well known with customers for our superior technology solutions.

Dyno Nobel Americas delivered a 22% increase in EBIT to \$278.6m, a strong performance reflecting growth in all three explosive sectors in which we participate. We delivered another year of above market growth in the Quarry and Construction sector, which reflects the strength of our premium technology and the value its driving for our customers. Our world class ammonia plant in

Waggaman, delivered an outstanding performance in its first full year of production, operating at 103% of nameplate for the year.

Moving to the Asia Pacific, our Dyno Nobel explosives business grew EBIT 9% to \$205.4m. This was underpinned by strong demand in Metallurgical Coal in the Bowen Basin, as well as record plant production of 371,000 tonnes of ammonium nitrate at Moranbah in Queensland. Pleasingly, our manufacturing plant at Moranbah has been operating at record levels since its major turnaround and investment that was made in April 2017. While the Australian ammonium nitrate market is expected to remain competitive, the high-quality performance of Moranbah positions the business well as we enter contract renewals with our foundation customers over the coming year.

Our Asia Pacific Fertilisers business increased EBIT by 0.7% to \$104.6m. It is worth noting that our FY17 result included a one-off benefit of \$20m from property sales, and if you strip that out, underlying EBIT actually increased 25%. This reflects the benefits of higher global fertiliser prices as well as improved value chain management, which more than offset the impact of dry weather conditions across New South Wales and Southern Queensland. The team are doing a good job of better coordinating the trading side of the business with the rest of the value chain and targeting higher value segments of the market and value-added products.

Strategic agenda

We have made significant progress with our Strategic Agenda which builds on our proud heritage and is underpinned by six value drivers. These value drivers will deliver distinctive value and grow the business in line with our core competencies. I have already talked about Zero Harm and this is our first and most important priority.

Having the right talent in the right roles and making sure our people are engaged and aligned with our strategy is another key pillar. We are bringing the best of the group to every business in every market and embedding a customer focused, solutions mindset throughout the Company. We call this 'One IPL'. We now have a leadership team and structure to support the delivery of our Strategic Agenda and drive collaboration and engagement across the business.

Aligned with our strategy of becoming more customer focused, we have separated the running of the Explosives and Fertilisers businesses in Asia Pacific and now have two new presidents leading those businesses with strong backgrounds in sales and marketing. Stephan Titze has been appointed as President of our Fertilisers business and will start next month. Stephan has a proven track record in developing new technologies and markets, and growing profitable market share through partnerships with customers in the agricultural sector. Jamie Crough who has done a terrific job as Interim President will become COO of Fertilisers. They have highly complementary skill sets and I am looking forward to working with both of them as we drive further value from our Fertiliser business.

Greg Hayne who was previously working in our Explosives business in the US has returned to run the Explosives business in Asia Pacific. His hands on experience helping our US customers leverage our technology solutions, is proving to be very valuable as we roll out these solutions in the Asia Pacific region.

Manufacturing Excellence is another important value driver for the business. Tim Wall joined as President of Manufacturing & Corporate HSE last month to drive a sharper focus on manufacturing excellence across all of our assets. We have strong competencies in the group around building and running plants and some pockets of really strong performance as evidenced by Waggaman and

Moranbah this year. But there is an opportunity to embed global best practice to improve consistency and improve turnaround performance across every asset in every market.

Leveraging our premium technology offering is an important part of our strategic agenda and an exciting opportunity for growth. Reflecting the importance of technology, Rob Rounsley was elevated to the Executive Leadership Team as President of Technology during the year.

Our technology solutions are helping our customers, on the ground today, to improve their operations. In the mining sector, our proprietary Differential Energy offering, Delta E has been in operation across the US over the last three years and is well established in the quarry, construction and hard rock segments, where we have seen significant penetration based on the quality of outcomes for our customers.

Our real point of difference here, is our ability to deliver precision blasting by tailoring the explosive density to match the unique composition of the different layers of rock down each hole. We do this through automated programming, delivering faster loading, increased efficiency and with higher precision than any of our competitors. This technology is now being rolled out in Australia with a number of customers already signed up and a diverse group of miners conducting trials.

One of our customers in Australia recently called Delta E a “game changer” for their business. This reaction is actually pretty common. Earlier in the year I had the pleasure of spending some time with a customer in the iron ore ranges of Minnesota. He said he was gob-smacked by the difference of the blast and was actually considering delaying his retirement because he was so excited about the difference Delta E could make to their operations. We are now getting this reaction regularly from customers in trials as well as our team on the ground when they first see the results of the blast. Technology is growing as a share of our sales and we see significant upside from the continued roll out of our premium technology offering across geographies and sectors.

Profitable Growth and Outlook

In summary, we have high quality strategically located assets and a market leading technology platform. We have a well credentialed executive leadership team with global experience across safety, manufacturing, technology and sales and marketing as well as deep experience in the mining and agricultural sectors. This is an excellent platform to keep delivering innovation on the ground for our customers to drive profitable growth and grow value for you our shareholders.

We look towards 2019 with confidence. Our businesses are well positioned in key markets. There is more upside from leveraging our premium technology in the US and we are continuing to build our reputation for innovative technology solutions, with customers, throughout the Asia Pacific.

The business is well placed to benefit from the continued execution of our strategy as well as being positioned to participate fully as conditions improve across our markets.

Conclusion

In closing, I would like to thank our team for all their hard work during year and also thank our customers, and you our shareholders as well as the other important stakeholders who have supported our Company during the year.

I am looking forward to working with our team and our customers as we continue to progress our strategic agenda and build shareholder value.

Thank you. I will now hand back to our Chairman to continue with the formal business of the meeting.