

HD Incitec Pivot Ltd Annual Shareholders Meeting - Final

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Presentation

PAUL BRASHER, CHAIRMAN, INCITEC PIVOT LIMITED: Good afternoon ladies and gentlemen, my name is Paul Brasher and I'm your Chairman. I declare that a quorum is present and I formally declare Incitec Pivot's Annual General Meeting for 2014 open. Welcome to all of you, thank you very much for coming along this afternoon.

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(Conference Instructions).

I'd like to introduce to you my fellow Directors starting from the far end we have Tony Larkin, Graham Smorgon, Rebecca McGrath, who is standing for re-election today, John Marlay, Kathryn Fagg, who is standing for re-election today, Greg Hayes, who is standing for re-election today, our Managing Director and CEO, James Fazzino and the **Company** Secretary, Daniella Pereira.

I'd like to also introduce those members of the executive team who are present this afternoon, Frank Micallef, who is the Chief Financial Officer, Simon Atkinson, the President of Dyno Nobel Asia Pacific business, Elizabeth Hunter, the Chief Human Resources Officer, James Whiteside, the Chief Operating Officer of Incitec Pivot Fertiliser business, Jamie Rintel, the President of Strategy and Business Development. I think I've covered everybody have I?

Yes, unfortunately Alan Grace and Steve Dawson, who oversee the strategic engineering and manufacturing **operations** functions, are unable to attend today because of customer and other commitments in Brisbane.

Finally, I'm pleased to introduce to you Tommy Imbesi and Ryan Hansen from Deloitte, the **Company's** auditor -- who are seated over there, who will respond to any questions regarding the audit which will be discussed as the first item of business.

Before continuing the formal business of the meeting, I'd just like to make a brief address to you and my focus will be on giving you a 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 during the course of the meeting and at the end of the meeting we will all be available outside to take questions and talk with you over a cup of tea or coffee.

If I were to choose four highlights of the 2014 year they would be surpassing our goals in relation to our safety performance; significantly improving the financial performance in most areas of the business; continuing to expand our Business Excellence -- BEx -- which is an expression you'll hear a lot today -- continuing to embed, I should say our Business Excellence program and, in particular the contribution that BEx has made to our improved manufacturing performance over the past 12 months.

Fourthly, excellent and, importantly, safe progress in construction of our new ammonia plant in Louisiana.

As is the case with every meeting at Incitec Pivot let me begin with our safety performance. Our work takes us to many challenging environments, many of them hazardous. Any injury or loss of life is one too many. That 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 at that time was to achieve an all worker Total Recordable Injury Frequency Rate -- which is a mouthful abbreviated as TRIFR -- of less than one by the year 2016. TRIFR is a calculation determined by reference to the number of recordable injuries per 200,000 hours worked.

Today I'm pleased to be able to say that we surpassed that goal in 2014 with a TRIFR of

0.97. This is a great result. Of course we're going to continue on our journey of striving for zero harm for all of our people. With 90% of our sites being completely injury free in 2014, we know this is possible.

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

On the financial side, the 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 think you will agree that our underlying performance during 2014 was an impressive one.

Net profit after tax excluding individually material items was AUD356.3 million, an increase of 21% on the previous year. At a business level, some of the highlights included Dyno Nobel Asia Pacific growing its earnings before interest and tax by 25%, a lot of that on the back of the Moranbah ammonium nitrate plant.

Dyno Nobel Americas -- the explosives EBIT there rose by 10%, although this was partly offset by the negative effect of lower fertiliser prices on DNA's fertiliser business. The Australian Fertiliser business EBIT increased by 9%.

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

Our 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 two times and interest cover was 9.1 times, both very strong ratios.

The Company maintained a diverse mix of funding sources and an approximately equal proportion of financing under both fixed and floating interest rates. With AUD1.5 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.

Our strong balance sheet, higher underlying earnings and strong cash generation allowed the Board to declare a final dividend of AUD0.073 per share franked to 10%. This brings the full year dividend to AUD0.108 per share, an increase of 17% on the 2013 full year dividend of AUD0.092.

The dividend payout ratio of 50% of net profit after tax excluding individually material items reflects the payout ratio endorsed by the Board of between 30% and 60% of our net profit after tax excluding IMIs.

I mentioned that BEx had 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 our President of Strategic Engineering, Alan Grace and the President Manufacturing Operations, Steve Dawson, has been a major contributor to this improvement.

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

Just on the point of strategy, you will recall from our 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 \$850 million 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 just 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 at the end of his address.

I mentioned the industrialisation of Asia as 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.

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.

I know this always leaves us open to accusations of rent seeking, but in fact it is a call for a coherent strategy on energy 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's encouraging that the debate around the issue has intensified and there is now greater emphasis on the importance of increasing rather than regulating, gas supplies.

We will continue to play a significant role in this debate going forward and we're looking at concrete ways in which we can encourage greater emphasis to a 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.

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 that 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 both of these areas and are both 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 10 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. He has been a great Board member, 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 very much.

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 they take their roles seriously in supporting management and employees whilst ensuring that 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 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 right 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. I will now call upon our Managing Director and CEO, James Fazzino to make his address. Ladies and gentlemen James Fazzino.

JAMES FAZZINO, MANAGING DIRECTOR AND CEO, INCITEC PIVOT LIMITED: Well thank you Chairman. I am pleased to present to our shareholders this afternoon. There are two areas I would like to cover. The first of those is to recap on our 2014 results, a year in which I thought we delivered a good result in the face of challenging markets globally in each of the three businesses that we operate in. I think the result overall is a real testament to our people in the Group.

Second, I want to change gear and talk about our strategy and some of the principles which we see will drive medium to long term growth in the **Company** and also the direction that we're taking in the **Company** over the next three to five years.

Let me start first with the 2014 results. 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 safety milestone in 2014 was a very satisfying result for both myself -- and I know the executive team as well as the Board.

Importantly, when you look behind the numbers and you look at the severity of injuries in the Group we had a 45% reduction in what's known as the lost time injury rate. That actually means not only were the recordable injuries down, but the severity was down.

Despite this significant improvement we continue to focus on zero harm. No injury is acceptable. We passionately believe that zero harm is achievable. We know that because today around about 92% of our sites have been injury free in the first couple of months of this year.

The shareholders you might ask yourself why should you be interested in safety. Well the obvious answer is it's the absolute right of each and every one of our 5,500 employees globally to arrive home in exactly the same health as what they went to work.

More broadly, if you can think about what the drivers are of a great safety performance, which is leadership, having the right people on the ground who are focused on what they're doing, having a management system that drives safety, having the procedures in place that ensure safety and importantly the assets that are safe, they are exactly the same factors that drive excellence in the business.

Simply, great safety performance is great business. Every year I rank the Top 150 sites globally. I rank them from top to bottom on all of their KPIs and I order them by safety. What jumps out at me is the sites that are safe have outstanding customer service, have great efficiency, have an engaged workforce and are profitable. It's an immutable that great safety performance is great business

In terms of the Group's financials, I'm not going to go through them in detail because as astute investors, you have read the annual report. Let me just touch on some of the takeaways that I took away from the 2014 year. Firstly when you look at our underlying net profit after interest and tax that increased by 21% to just under AUD360 **million**.

Of course we exist to generate cash flow and a really great measure of our performance is EBITDA or trading cash flow and that was up 15% to just over AUD740 **million**. Our balance sheet's in great shape, which is extremely important given that we're spending AUD850 **million** in Louisiana as we speak.

If we look at the shape -- the health of the balance sheet measured by gearing, which is your net debt divided by your EBITDA or your cash flow, it was at about two times. This says that we've got a great

balance sheet and a great capacity to continue to invest in the business, which is what we're doing in Louisiana as I mentioned.

Of course we exist for shareholders and all of this is reflected in shareholder returns and dividends were up by 17%.

When I look at execution across all of our businesses what I saw was pleasing execution. All of our businesses globally delivered earnings growth. As I said that was a very solid result if you think about the back drop of very challenging fertiliser markets globally and challenging mining markets globally.

In North America, where we saw the coal industry particularly challenged and of course in Australia as the Chairman noted, where we see the impact of relatively a high cost base and reducing commodity prices.

Importantly, we delivered by focusing on the factors that were in our control and the highlights in terms of the factors in our control for me were number one, ramping up production at our Moranbah plant and exiting the year at name plate capacity; maintaining tight capital management.

Of course it's the capital management that drives the balance sheet position that I talked about -- focusing on cost efficiency and in particular, by using BEx, our continuous improvement system, to drive profitability.

All of this was done by maintaining our absolute focus on customers. Of course, it's customers that actually pay for everything in the business. Now let me give you a brief overview of the business highlights looking at each business.

Starting with the Dyno Nobel Asia Pacific, this was as the Chairman said the stand out performer. In DNAT we recorded a 25% increase in earnings growth. The story was all about Moranbah. You can actually see what the Moranbah investment has brought to the Group in terms of its earnings.

In 2014, the plant produced 300,000 tonnes of ammonium nitrate solution, AUD115 million in earnings and importantly just under AUD160 million in EBITDA or cash flow. That result was around about AUD60 million higher than it was in 2013.

When we look at the Moranbah investment case, it's now delivering a healthy return on the shareholders' funds that we've got invested. It is no doubt when you look at it, it has transformed the Dyno Nobel Asia Pacific business. Pre Dyno we were really a trader of ammonium nitrate.

Today we're a fully integrated ammonium nitrate producer and we operate all along the ammonium nitrate value chain, all the way from gas to ammonia, to ammonium nitrate to ammonium nitrate solution and also prills. We take prills onto customers' sites and initiate explosions in order to help them to mine.

We've gone from gas to rock on ground. That's a very different position to what we were pre-Moranbah. The exciting thing of course is this is a 30 year investment. The investment we've made over the last three to five years holds us in very good stead for the next 20-30 years.

Moving to across the Pacific in our Dyno Nobel America's business, that business in the explosives segment we increased our earnings by 10%. Now you're all aware of what the challenges of being in North America post the financial crises. We saw actually an improvement in that economy through the year, but it was very much first half down, second half up.

We exited the year with great earnings. What was really pleasing was BEx delivered AUD13 million in contributions. It was our productivity program that drove the 10% earnings in the America's business.

Finally, turning to the fertilisers business, the business increased its EBIT by 9%, which I think was a very sound performance considering the drought, particularly in Northern Australia, which is one of our key markets and also global fertiliser prices, which were down in the year.

BEx was the highlight once again in that business and delivered AUD7million in efficiencies. You will have mentioned me mention BEx and you would have also noticed the Chairman also did, or be it Business Excellence several times.

BEx delivered a total of AUD62 million in sustainable earnings in 2014. We're a business where the cost basing increases every year and just to stand still we've got to save AUD30 million -- AUD35 million in sustainable savings. The net was AUD62 million of savings, AUD35 million to pay for cost increases and AUD27 million dropped to the bottom line. Of course that's what funds the dividends.

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

So how does BEx deliver? Let me just tell you a story for a moment about our Wolf Lake Illinois plant. Mick Davis, who used to run Xstrata used to say, there ain't no **coal** in New York City. I can assure you there isn't an explosives plant that we've got that's near anything.

To go to Wolf Lake you catch a Delta flight from one hub to another. You get into a Delta connection, which is a tiny plane where you've got to leave your bags at the door. You fly two hours to a place called Springfield. Then you get in a car and you drive two hours further on and you arrive at the gates of our Wolf Lake plant.

Three years ago I had a proposal on my desk to close that plant. Today it is my favourite site globally. Over the last two years we've seen a 30% improvement in

production -- production up time or output out of that plant with absolutely no CapEx.

It's the reference site globally that we use for BEx. In fact it's known internally as the Wolf Lake University. Today as we speak we're adding shifts to increase capacity. The question is what's changed?

Firstly we have changed out the leadership at that site. We've got two of the most capable leaders in the **Company** and two of the most capable leadership teams running that business, a guy by the name of [Dennis Smales] and his 2IC Johnny Miller.

What hasn't changed are the producers -- the people who do the work haven't changed. The leadership have. How have we made the change? Firstly, we've got a daily management system in place that drives what we do on the shop floor.

If I took you to the six am meeting with the producers, you'll see a great big whiteboard where they're looking at the key performance indicators that they've got to deliver to deliver shareholder value.

The really great thing is I see my objectives on that board -- safety -- they also look at their production performance. They use the DMS to run the plant. What they do is we look at those KPIs and they're either red or green. When they're red that's an opportunity to drive continuous improvement.

We've taught the producers to problem solve to drive those continuous improvements and empowered them to make the changes to improve the business. Of course off the back of all of that you get the 30% improvement in the performance from the plant.

So much so that the producers now are making videos around BEx because they want to teach the rest of the **company** the formula around BEx. It's truly inspiring and you can see the power of BEx if you take what's happening at Wolf Lake, which is around 200 people and leverage it across a workforce of 5,500.

What's BEx all about? Firstly it's about investing in our people to give them the skills to drive productivity. It's about empowering those who do the work to improve the work. It's about embedding a business model which ensures benefits are sustained.

Importantly we take the time when we achieve a benefit to change the procedures in the plant. That's your sustainability piece. Simply it's about all of our 5,500 employees globally working every day on improving the business.

Let me change gear and talk a little bit about the Incitec Pivot strategy. The objective of the strategy -- the reason why we -- the key premise around which we drive the strategy is first and foremost to deliver competitive returns to shareholders.

Our **firm** belief is in order to drive competitive returns a couple of things need to be present. Firstly a market dislocation or an imperfection, essentially that actually means an opportunity where we can invest to drive value. Value is investing above our cost to capital. As the Chairman said, 50% above our cost to capital.

What we'd note is the markets are efficient, so these dislocations can quickly disappear. It's all around about timing. Attractive returns are only available to first movers. That actually means that projects can't be replicated. Just because we're building a plant in Louisiana doesn't mean that the next project will be another ammonia plant in Louisiana.

That dislocation will have closed when the plant starts up. I'll talk about what were some elements of that first mover advantage in second.

Second, the difference between a good project and an outstanding project is all about execution. Of course what's our execution model? It's all about BEx. That's the strategic context in which we place BEx.

Our two major growth platforms, which the Chairman has already referenced, are leveraging two significant market dislocations that we're seeing globally. Firstly it's the industrialisation and urbanisation of Asia, in particular **China**, which is what the Moranbah ammonium nitrate plant is all about.

At Moranbah we're blasting the metallurgical **coal** that is combined with **iron ore** on the west coast to build the new cities of Asia, in particular **China**.

Second, the re-industrialisation of the US driven by the **energy** revolution. We were actually one of the first companies globally to recognise that opportunity and invest. Certainly one of only two Australian companies who have invested on the back of that **energy** revolution. The other is a small **company** by the name of BHP Billiton.

Our Louisiana ammonia plant is capitalising on the low cost of gas. 80% of the cost of producing ammonia is gas. A world class regulatory regime and I'd note that we had that plant approved in six months and a low cost and productive construction industry in the US.

You'll see the true example of that when I show you a video at the end of my speech. Importantly, the context of both of these opportunities is that they leverage our core capability in producing nitrogen based industrial chemicals.

With regard to Louisiana, this is an outstanding project. I was in Louisiana around about two weeks ago and spent a day onsite. When fully operational, Louisiana will drive the same step change in the business in North America that Moranbah drove in the Asia Pacific business.

We have benefitted from our decisiveness and as I said, have the classic first mover advantage. The elements of that first mover advantage is first, we're building on a brownfield site. The advantage of that is we don't need to pay for any of the infrastructure to service the plant.

Second, we were one of the few companies to lock in a lump-sum turnkey project, which is what is absolutely the world's best ammonia technology provider and plant constructor, in KBR. I saw how good KBR is onsite two weeks ago.

Third, as I said, we're constructing the plant in a regulatory environment that is the most efficient in the world, which is in Louisiana. We achieved the approvals in six months. If you tried the same thing in Australia, it would take you 3.5 years.

What I should say is the standards in Louisiana are higher than what we see in Australia. It's just that the regulatory regime is such where -- such that you can get things done.

Third -- oh sorry, finally we locked in offtake arrangements with Transammonia who is the world's largest ammonia trader. They trade ammonia up and down the Mississippi River and also Cornerstone Chemicals, which is the **company** that's hosting us onsite.

The plant's fully sold out for day one by about 20 years. We've got those contracts in place. As I said, at the end of my presentation we'll show a short video to give you a brief overview of the progress on Louisiana.

I'm sure once you read it you'll be as inspired by the project as I am. In closing, I'd like to thank Paul and my fellow Directors for their advice and support during 2014. One of the reasons why you buy the stock is the Board. The support they give me and also the governance they provide the shareholders is outstanding.

I'd like to pay special thanks and pay a tribute to Tony Larkin. As the Chairman mentioned, Tony is retiring from the Board today. Tony and I have been colleagues for around about 15 years. I used to report to Tony back in the Orica days when he was Finance Director.

Of course Tony has been with the **Company** since the formation of Incitec Pivot in 2003 and has been around the Board table for all of the important decisions that we've made since that time.

I'd also like to thank my executive team, as the Chairman said, some of which sit down the front here. They're a fantastic leadership group and I'm fortunate to have those people sitting around my executive team.

Finally and most importantly I want to pay tribute to the 5,500 employees throughout the Incitec Pivot Group. I spend roughly about half of my time out in the business. I am always absolutely impressed by the commitment of our people to safety, the commitment to our value of treating the business as their own, the resourcefulness in terms of challenging and improving the status quo and the way that they've adopted BEx to drive productivity.

I am privileged to **lead** such a fine group of people. Let me take this opportunity to wish to you all a happy and importantly a safe festive season.

Thank you and we'll now see the video of Louisiana.

(Video presentation)

PAUL BRASHER: Thank you very much James. That project really is an exciting one. I think today there is something like 550 construction workers actively employed on the site, so you can just imagine the level of activity that's going on.

If any of you looked at that great big ammonia tank that was on one of the photographs and were a bit worried that it was starting to rust out already you don't need to be. It's meant to look like that and we'll put a coat of paint on it before we're finished.

I'd like to now continue with the formal business of the meeting. The notice of meeting which was distributed in November and I'll take that notice of meeting as read. I note that as per **Company** practice, the minutes of the last Annual General Meeting were read at the next Director's meeting after that meeting and confirmed as a correct record.

The format of the remainder of this meeting is as follows, firstly the Annual Reports for the year ended September 30, 2014 will be tabled for discussion. Secondly, three proposed resolutions relating to the re-election of Directors will be put to the meeting.

Thirdly a proposed resolution will be put to the meeting in relation to the grant and vesting of performance rights to the Managing Director and CEO under the Incitec Pivot performance rights plan.

Finally a proposed resolution relating to the adoption of the remuneration report will be put to the meeting.

The **Company's** received valid proxy forms representing in excess of one **billion** votes to be taken into account in determining the outcome of the resolutions. We will detail the proxy votes for, against and open for each resolution as that resolution is reached.

If any member wishes to speak during the meeting would you please stand and approach or indicate to one of the two people holding the microphones. Before speaking please introduce yourself by stating your name and confirm whether you are a shareholder or proxy for a shareholder.

To ensure that all those shareholders who wish to ask questions are able to do so, each speaker will be limited to two questions at a time.

When you arrived today and presented yourself to Link Market Services you were given a set of voting papers. These are of a particular colour depending upon your type of participation, as to make the validation and counting of votes easier.

The cards are as follows. For shareholders and proxy holders, you should have a yellow card, for non-voting shareholders a blue card and for visitors a red card. Please note that while visitors are most welcome, given that this is a shareholders meeting, visitors cannot vote or ask questions. If you are here as both a shareholder in your own right and as a proxy holder, then you will have received a separate voting card for each shareholding -- your own and the shareholding or shareholdings for which you are proxy. Each resolution will be put to a poll after each motion is discussed. [Ros Johnstone] of Link Market Services will be appointed as returning officer to conduct the poll at the end of the meeting, and this means that before the meeting concludes today, you will be asked to mark your voting card and place it in one of the ballot boxes at the exit doors as you leave the meeting.

Questions and Answers

EDITOR: Ladies and gentlemen, we will now proceed with the first item of business, namely the discussion of the Annual Reports for the 2014 financial year. I note that the **Company** has not received any written questions from members to the auditor regarding the conduct of the audit or the content of the auditor's report.

As mentioned Tom Imbesi and Ryan Hansen of Deloitte are present, I now invite you to ask questions or make comments on the Annual Reports.

OPERATOR: Mr Chairman I would like to introduce shareholder, John Parker representing the ASA.

JOHN PARKER, SHAREHOLDER, AUSTRALIAN SHAREHOLDERS' ASSOCIATION: Thank you for the opportunity, I represent the Australian Shareholders' Association as noted. We provide guidance to our shareholders. We have held proxies for about 155 shareholders with over one **million** shares.

I have two questions if I may.

PAUL BRASHER: Yes thanks Mr Parker.

JOHN PARKER: Although I'd note firstly it was nice to note the improvement in the total shareholder return this year. We might be all signed on to the longer term strategy, but it's important that we -- for shareholders as we go.

My first question is about Turkey. It is understood it's become very competitive and other suppliers coming in. This seems to have happened quite quickly and one could wonder whether it is sustainable either for IPL or the competitors.

The NitroMak impairment was just over AUD61 million and we wonder about the future of the company in Turkey, perhaps you could elaborate a little.

Question two is about outgoing freight expenses. It's a large expense, increased 5% this time. It's not 7% of sales. It's normally about 5% of sales. I guess the added volumes going through is the reason for the unit increase, but are there steps that could be taken to get it down to 5% again? I would appreciate a comment. Thanks very much.

PAUL BRASHER: Thanks very much Mr Parker and thanks to you and Mr Curry from the Shareholders' Association for meeting with us last week. I think you had a number of queries and we discussed some of those. I appreciate you coming along today with those two questions.

Can I -- I'll ask James to respond to those. I just say before he does that in relation to the NitroMak investment in Turkey, that it was something that we acquired back at the time we acquired Dyno Nobel. It was part of that overall investment. It's seven or eight years ago.

As you reference, the changes in Turkey have been absolutely fundamental and very quick -- very sudden over the last couple of years. Perhaps to talk about where it might go and where we've got to, James can I pass to you?

JAMES FAZZINO: Well thank you Chairman and thank you Mr Parker for the question. With regards to Turkey there are a couple of things that have occurred. Firstly, on the demand side we're actually doing primarily infrastructure work and if you look at who's behind that infrastructure work it's essentially the Turkish government through contracting.

What's occurred in that business with the pull back in the US stimulus package -- a lot of that money of course was sitting in those type of countries -- the Lira's collapsed and so that's put pressure on essentially the Turkish government through the economy and the infrastructure.

On the demand side, we're seeing demand fall. On the supply side, as you quite rightly say it's a business that used to have three explosives suppliers. That's gone to 10 and there's been another 10 authorised by the government. We're a business where there were three, there's now 10 and there'll be 20.

What we won't do, which is what some of our competitors do is number one, buy explosives from primarily India. Indian initiating systems tend to initiate in your hand. Secondly, we won't source ammonium nitrate from pariah countries like Iran.

We're fighting both of those. We've taken a view on the business and we've actually essentially written it off. Management has not written off the business. Quite interestingly some of the customers we lost to some of the competitors just in October and November have started to come back to us.

Actually if you buy our explosives, number one they're safe and number two they come with some technology that means you end up with far better results from initiating those. Look it's going to be a challenging business. It's Europe and with that competitive dynamic it's going to be challenging.

We'll continue to chip away at it. We've actually got Simon Atkinson, who was

introduced -- apart from running the Asia Pacific business, he also runs Turkey. I know he'd be delighted to have a broader chat to you over a few drinks.

PAUL BRASHER: Thanks James and the second question James in relation to the cost of the freight?

JAMES FAZZINO: There's a couple of things that's occurring. Number one, global freight rates are up. Now that's a great thing because it actually means the value of the phosphate primarily that we produce up in Queensland -- when it's landed -- primarily we sell it -- phosphate's a southern fertiliser, so you sell it into New South Wales, Victoria and also South Australia to grow wheat, barley, canola.

The advantage we've got of course is our plant sits in Townsville or it comes out through Townsville. We've got to sail the product down to the southern ports. The competitors have to buy their product from the Middle East and take it into those ports in order to sell.

The fact that global freight rates is up is a positive because that actually means on those sales into Australia, we achieve a higher price and import parity. We actually export half of the product.

On the product we export we're paying that higher international price. You don't see the counter because the counter's in the revenue line.

The other thing that you quite rightly pointed out is Moranbah's ramping up and as it ramps up we've got to move that product. Your question also is quite insightful in saying well what are we going to do about it?

The answer is BEx. Now if we look in the results, particularly in North America there was around about an AUD7 million benefit from some of the supply chain work. Yes we're an industrial chemicals company, but we're equally a transport company.

If you think about James Whiteside's business, out of China and also in Australia, we'd move four million tonnes of product around. Simon Atkinson's business would be one million tonnes of product or 800,000 tonnes of product.

Jamie Rintel's business in North America is around about one million tonnes of product. Using BEx to optimise that freight leg, I think we've just started quite frankly and it's something which we're really working on in the future. Hopefully we can see that percentage edge down.

JOHN PARKER: Thank you.

PAUL BRASHER: Thanks Mr Parker. Microphone number one?

OPERATOR: Mr Chairman, I'd like to introduce shareholder Ron Guy.

RON GUY, SHAREHOLDER: Thank you, now in the Sustainable Report, you make mention of the development of the Incitec Pivot Australian Indigenous Relations Policy and the development of the Incitec Pivot Australian Reconciliation Action Plan.

You must be commended for this positive approach. I think the Incitec Pivot Board is missing the point on Indigenous issues in regard to the fact that Incitec Pivot is now a global company and ethical responsibility just does not stop at the Australian coastline.

For many years now it has been brought to the attention of Incitec Pivot Board on the alleged theft of resources from the Indigenous population of Western Sahara. Incitec Pivot champion the slogan zero harm for everyone everywhere, yet continue the practice of relying on raw material for production in fertiliser from the Western Saharan people against their wishes.

This helps prop up an absolute monarchy that is denying the right of the -- was the former Spanish Western Sahara, to vote on their future as the -- as is international law. Western Sahara is the last colony of Africa and one of the last 14 non-self-governing countries.

The two questions I guess are does the Board stand by the practice of exploiting the resources of Western Sahara and if in the future litigation against Incitec Pivot resulted in economic cost to the Company, will the Board resign and refund from their income financial costs for the Company's future compensation possibly, if that should be the case?

The second one, will the Board support improvements in the fertilising process in Geelong and Portland to remove the reliance on phosphate from Western Sahara or at the very least put the question to shareholders in the future with the relevant arguments for both sides of this international human rights and ethical issue?

PAUL BRASHER: Thanks very much Mr Guy. There are a few bits of that question. Let me try to go through them in sequence. The first thing, you make the point about the reconciliation action plan that we have in Australia and queried whether we were limiting ourselves to Australia.

Well in fact we're not. We have in other parts of our operations, certainly in Canada, there is an RAP and the issue about Indigenous people there is equally as important to us as it is here.

You then turned to the question of the Western Sahara. It's a very complex issue as the people who have been here at meetings in recent years would probably glean, because we've talked about it before. I know we've met with you a few times over the year -- I've met with you a few times over the years.

I know you've met with management fairly recently to discuss it. Like a lot of these issues, there are a number of different sides to the question and you put yours very forcefully in relation to the Western Sahara.

We have looked at it and we're continually reassuring ourselves that we are in compliance with the United Nations pronouncements that what we're doing is legal. We've gone further and we've actually required copies of reports that are being done in relation to the work and the ongoing benefits of some of that to the people of the Western Sahara, around things like health and education and so on.

I don't pretend it is a simple issue at all. I can tell you that the rock that we import from there, which as you point out is used at our Geelong and Portland facilities, has to be of a certain standard.

I'd also mention to you that phosphate rock almost by definition comes from some fairly remote areas and in fact in some cases it comes from countries where I'm sure there are people who would say human rights records are as bad as you would proclaim them to be in the Western Sahara. It's not -- this is not a matter of just switching.

The other issue and you asked a question about the Geelong and Portland

points -- Geelong and Portland plants and a question of moving to some other rock is that it does require an investment in a new technology, which would be a significant burden on those plants.

Even then there would be an issue around the mix of rock and where we might get the other types of rock from. It's a difficult thing. You may have seen that we are looking at the **operations** of those two plants. One of the questions we're looking at is the question around sourcing of rock.

I'm not trying to give you the impression we're about to suddenly turn a switch and stop importing it from the Western Sahara, but we are considering that as part of the overall review of those plants.

I think the other parts of your question do we stand by what we're doing, well as I explained why we believe what we're doing is currently acceptable and doesn't contravene our ethical standards as a **company**.

The second part about whether we would all refund our fees and pay any litigation costs if there is litigation down the track. I'll just take that as a hypothetical. I don't think there is any litigation looming or likely. I'll just say I'll take that as a hypothetical.

I think that -- does that cover all of the different aspects of your question? Thanks very much.

OPERATOR: Mr Chairman, I would like to introduce shareholder [Kieran Klim].

KIERAN KLIM, SHAREHOLDER: Thanks Mr Chairman, Kieran Klim, I noticed on page 87 you are referring to a currency and the fluctuations we have had where it's gone from \$1.10 down to about \$0.83 -- what it is now.

I also just recently -- in a reply you referred to the amount that you do export. As a user of fertiliser, are we going to be told during the year the price has gone up because the dollar's gone down or with your hedging on the currency, is it going to hold much the same price?

PAUL BRASHER: Okay well I might -- I'll get James to respond to that question if I can. Your question around the currency is you're absolutely right it's a significant part of our business and we are to an extent exposed to rises and falls.

We do hedge to an extent and I think the amount of that is set out in the accounts. Perhaps in relation to the flow through effect Mr Klim, which I think is what you're talking about for local fertiliser prices, I'll ask James to respond.

JAMES FAZZINO: Thank you Chairman and thank you for the question. Fertilisers in Australia are priced on the import parity basis. It's a combination of what the global price of fertiliser is -- as I said freight to Australia, the Aussie dollar amount of that and then freight over the wharf and through the shed and out the farm gate.

That determines what the price is. Price of fertilisers will be a function of all of those elements, not only the Aussie dollar and yes it's back to \$0.82. It's difficult to forecast where the dollar will be, but also importantly the price of global fertilisers.

Ultimately however, it's a function of farm economics and as a farmer what you would also tell me is your prices are set by global prices of wheat, barley, canola and of course they tend to be US dollar prices that are also impacted by the Australian dollar.

It's a function of farm economics and it's those global influences on both sides that will determine the prices in Australia.

PAUL BRASHER: Thank you James. We have -- yes, microphone number two.

OPERATOR: Mr Chairman, I would like to introduce shareholder [Kate Lewis].

KATE LEWIS, SHAREHOLDER: My question is to take up again what Paul Brasher just said, but in James Fazzino's report, you mentioned that there was a profit I think of AUD7 million on the fertiliser business.

That, as far as I know is roughly the cost of the machinery that you referred to if it's the RTO machine that you mentioned that could allow you to source phosphate from places other than Western Sahara.

It seems like -- it just struck me that that number -- the number's fairly much coincided, so if you've got a surplus of around that amount, maybe you could install that new machine.

The second question I had related to the meeting that you mentioned that we'd had with your management, not with you personally this time Paul, but others, in which we asked you to enquire after the health of a human rights activist called Sidahmed Lemjayed who has been in prison for some years.

He's actually been sentenced to a life sentence simply because he is concerned about the issue of the natural resources of Western Sahara. His health is deteriorating very sharply. He's not allowed to have all the medications he needs and it is of great concern to us. Thank you.

PAUL BRASHER: Thank you Ms Lewis, just on the two parts of your question, first of all the AUD7 million for the RTO, which is the equipment as you say which might allow a different mix of rock to be used at those plants.

You can relate that number to any number of yard sticks and say it doesn't sound like a lot, but we do have to look at each of our manufacturing operations in its own right and think about its future viability.

When you do that you are assessing that cost against the particular operation, so it is actually not quite as simple as just saying you've made AUD7 million profit, you should spend it on the RTO.

There are some other issues around us possibly using that in any event. We are looking as I said at those plans and part of that is looking at the sourcing of rock and we will continue to do that.

The second point you raise, management mentioned to me that you've raised this question about this man who is presently in prison. I don't know anything about it, but I can say to you as a company we are not in a position to be able to comment on those sorts of things publicly. Thank you very much.

OPERATOR: Mr Chairman, I would like to introduce shareholder [Ka-Sing Fung].

KA-SING FUNG, SHAREHOLDER: Good afternoon to all, just the current Australian dollar has been dropping rapidly. I'd like to have an update of the impact on the Company and also there's a possibility that the Australian currency might drop to \$0.75, also what's the impact of that? Thank you.

PAUL BRASHER: Thank you, I will get James to say something on this. We are -- we do have hedging in place down to a certain level, which is \$0.82. We've protected ourselves on the upside and participating all the way down to \$0.82.

James, I think that takes us through until March next year, but why don't you pick up the rest of that question.

JAMES FAZZINO: Thank you Chairman and thank you Mr Wong for your question. We're actually essentially a US dollar company. A lower dollar is extremely positive for our business.

For every cent that the dollar drops, our earnings increase by around about AUD9 million. That's a combination of both number one, an improvement in Aussie dollar returns on the products that we sell and also the translation of the profits out of our North American business, obviously US dollars into Australian dollars.

The Chairman rightly notes that we hedge. We've got a hedging in place that protects us from a spike in the Australian dollar and also allows us to participate in the fall. In the first six months of this year we'll participate down to \$0.82.

Thereafter we can participate hopefully, fully down to \$0.75. Actually I'd like to see it go to \$0.50. The other part of that of course is the balance sheet. We fund ourselves in US dollars and essentially we use those US dollar funds to hedge the US dollar assets we've got.

The balance sheet position is very robust through the levels of the Aussie dollar and the gearing isn't really impacted on whether the dollar's high or whether it's low.

PAUL BRASHER: Thank you Mr Wong, there seem to be no other questions, so I'll now move to resolution one for the meeting. Oh I'm sorry there is another question.

OPERATOR: Mr Chairman, I would like to introduce shareholder, Mr Keith Oakley.

PAUL BRASHER: Thank you Mr Oakley.

KEITH OAKLEY, SHAREHOLDER: Thank you for giving the opportunity to ask some questions, I know that the company is actually selling hydrofluorosilicic acid. Number one question would be what sort of revenue does it actually bring?

I sort of take it as being not a big revenue raiser. The reason being that I actually say that is that would be better off actually not to sell the product? As a lot of shareholders probably realise, it goes into the domestic water supply and there is now evidence it's damaging the unborn foetus which is quite a serious problem for women who are bearing children.

I'm just wondering as a company would be better off not to actually sell the product. Now what's happened is also the American Medical Society also actually advising families not to use fluoridated water, particularly in formula.

That's another statement. The other one is Israel is the latest company now to actually stop using the practice because the medical evidence is starting to come up and shown it is a lot of damage. I think as we go further on there's going to be shown to cause more damage.

The question again I ask is, is there really a big revenue raiser for the Company and would they be better off actually not to sell it? Thank you.

PAUL BRASHER: Thank you Mr Oakley, it's a question that I think is probably better put to the government because what we're talking about here is government regulated product. Everything that we're doing is in compliance with the current government policy on allowing this to be produced and released.

I think the issue you're raising, which is that different people clearly have different ideas on the value and potential damage is one that just needs to be addressed to the State government in the state in which you operate, in this case Victoria.

I can't tell you the exact amount -- James would you like to --

JAMES FAZZINO: Yeah look, I mean [FSA] obviously is a by-product of [FSP] manufacture. The revenue would be something like maybe AUD10 to AUD15 million a year. As the Chairman rightly says, the actual customers are the government.

It's the Water Boards, so our customers are Melbourne Water, it's Bowen Water, the Water Boards in South Australia where we supply that product.

PAUL BRASHER: Thank you Mr Oakley. In that case let me now move onto resolution one to be put to the meeting. The resolution proposed is that Kathryn Fagg, who retires in accordance with the Company's constitution and being eligible offers herself for re-election, be re-elected as a Director of the Company.

The notice of Annual General Meeting included details of Kathryn's qualifications and I'll now ask Kathryn to give a brief address.

KATHRYN FAGG, DIRECTOR, INCITEC PIVOT LIMITED: Thank you Paul and good afternoon ladies and gentlemen. I appreciate the opportunity to address you this afternoon to introduce myself and set out my reasons for seeking re-election as a Director of Incitec Pivot.

I joined the Board in April of this year. I joined because I saw the strength of the Board and the management team, the strategy for the future and the commitment to improve performance and business excellence.

Furthermore I consider the sector that Incitec Pivot sells its products to, being mining, construction and quarrying as well as agriculture of course, of being of real importance and of real interest.

Let me tell you a little bit about my background and then my current responsibilities. I started my professional life as a chemical engineer working for Esso, looking at optimising oil and gas production in the Bass Strait oil and gas fields.

From Esso I joined McKinsey & **Company** and worked as a strategy consultant and this provided a very strong foundation for me then to pursue an executive career, which I did with the ANZ Bank and then to BlueScope and finally with Linfox.

I've had a change of sectors over that time, but I chose to come back to the industrial sector during my executive career because I find it both important and very interesting work to do.

When I joined BHP Steel, which became BlueScope I initially had responsible for all of the international sales and marketing, which comprised over 50% of production for BHP Steel. I had a lot of exposure to international markets.

From 2006, I had responsibility for Asia, which saw me based in Singapore, with responsibility for all the countries in the region including having responsibility as Chair of Tata BlueScope Steel in India.

From BlueScope I joined Linfox and took on the responsibility for turning around their largest logistics business unit. Again it was very internationally oriented, with over 5,000 employees in Asia, along with the employees in Australia and New Zealand.

Over the last couple of years I've transitioned to a non-executive career. In May 2013, so about 18 months ago I was appointed to the Reserve Bank Board and at the time my experience across sectors and in Asia were highlighted.

As well as Incitec Pivot, I am also a Board Director at Boral and Djerriwarrh Investments in terms of listed companies. In the broader community I also Chair the Melbourne Recital Centre and am a Board member of the Breast Cancer Network of Australia.

In terms of my other interests, as a Fellow of the Australian Academy of Technological Sciences and Engineering, I Chair their Industry and Innovation Forum. I believe that my professional and executive experience, particularly in the industrial and international environment, as well as my current responsibility on other Boards allow me to bring valuable knowledge and skills to the Board table.

I have the capacity and enthusiasm to serve as a non-executive Director of Incitec Pivot. I seek your support for re-election. Thank you.

PAUL BRASHER: Thank you Kathryn, the Directors other than Ms Fagg, unanimously recommend that shareholders vote in favour of this resolution. Ladies and gentlemen, the motion is now open for discussion.

In that case let me tell you that the proxy directions received for this resolution are now shown on the screen. I will call a poll on this resolution. The constitution confers upon me as Chairman of the meeting the authority to determine the manner in which the poll is to be taken.

As I said earlier, to avoid disruption while the poll is conducted, we will appoint Ros Johnstone of Link Market Services to conduct the poll at the end of the meeting.

I'll now move to resolution two to be put to the meeting. The resolution proposed is that Greg Hayes, who retires in accordance with the **Company's** constitution and being eligible offers himself for re-election, be re-elected as a Director of the **Company**.

The notice of Annual General Meeting included details of Greg's qualifications and experience and I'll now ask Greg to give a brief address.

GREG HAYES, DIRECTOR, INCITEC PIVOT LIMITED: Thank you Chairman and good afternoon ladies and gentlemen. Today I'm seeking your support to be re-elected to the Incitec Pivot Board as a non-executive Director.

I was very pleased to be appointed to the Board on October 1 this year, and it is my intention if I'm re-elected to bring my skills, experience and personal effort to assist the Board and management of Incitec Pivot deliver its strategic plan for the benefit of all stakeholders including you as shareholders.

As I'm new to the Board, I thought it would appropriate and helpful to you to provide a summary of what I consider to be the relevant aspects of my background. After training as a chartered accountant, I embarked on a commercial career about 28 years ago.

Since then I have held senior finance and commercial roles with some of Australia's most prominent companies including Southcorp, Westfield, AGL, Tenix and Brambles. I've held positions of CEO and CFO and been a member of Boards of public and private companies in Australia and multiple other countries.

During this period I've also been responsible for strategy, mergers and acquisitions, investor relations, risk and finance in companies with global **operations**, which I believe is an appropriate background for Board membership of Incitec Pivot.

As well as my Directorship at Incitec Pivot, I have accepted an invitation to join the Board of Echo Entertainment, subject to regulatory approvals, am a Board member of Aurum Holdings Propriety Limited, which is a private **company** in the aged care sector.

I am a Board member of High Resolve, which is a growing not-for-profit **company** working in schools around the country in the areas of citizenship, leadership and community engagement.

I've chosen to become involved with Incitec Pivot because I'm impressed with the position the **company** holds in the markets in which it operates. I'm convinced that there are opportunities for the **Company** to grow.

Although it's only been a short time that I've been on the Board, I'm impressed with the way the Board conducts its business under the stewardship of your Chairman and with the experience, dedication and passion of your CEO James and the management and staff of the **Company**.

I am ready to continue to commit my time and effort to fulfil my responsibilities of being a Director and I seek your endorsement for my re-election. Thank you.

PAUL BRASHER: Thank you Greg, the only thing I'd add from the Board's point of view is that if Greg is re-elected today, he will assume Chairmanship of the Risk and Audit Committee from Tony Larkin.

Ladies and gentlemen, the Directors other than Mr Hayes unanimously recommend that shareholders vote in favour of this resolution. The motion is now open for discussion.

The proxy directions received for this resolution are now shown on the screen. I will call a poll on this resolution. The constitution confers upon me as Chairman of the meeting the authority to determine the manner in which the poll is to be taken.

As I said earlier, to avoid disruption while the poll is conducted, we will appoint Ros Johnstone of Link Market Services to conduct the poll at the end of the meeting.

I'll now move to resolution three to be put to the meeting. The resolution proposed is that Rebecca McGrath, who retires in accordance with the **Company's** constitution and being eligible offers herself for re-election, be re-elected as a Director of the **Company**.

The notice of Annual General Meeting included details of Rebecca's qualifications and experience and I'll now ask Rebecca to give a brief address.

REBECCA MCGRATH, DIRECTOR, INCITEC PIVOT LIMITED: Thank you Chairman, good afternoon ladies and gentlemen. Thank you for the opportunity to address you today. Having served one term as a non-executive Director of Incitec Pivot, I am very pleased to be here seeking your support for re-election to the Board.

Incitec Pivot is a significant international business. Despite factors which are impacting demand, particularly in the **mining** sector, the **Company** remains strong and underlying performance is very competitive.

Having been involved with the **Company** for more than three years, I am confident about the future and I'm excited about the opportunities ahead, particularly the production facility now under construction in Louisiana which you saw earlier in the video.

This project and other strategic opportunities position the **Company** very well for the long term. I believe Incitec Pivot has a very strong performance culture and this is demonstrated by the delivery of the Business Excellence program, BEx, which you've heard about and the continuous improvement in safety performance.

As the current Chair of the Health, Safety, Environment and Community Committee, I am impressed by the commitment at all levels and the belief that zero harm is possible.

I am confident that my skills and experience in the industrial and manufacturing sectors, both as an executive and as a non-executive will continue to serve the **Company** well. I believe that during my tenure on the Board, I have demonstrated my contribution and commitment to the **Company** and look forward to your support in continuing this.

Ladies and gentlemen, in this context and with broad experience as a Director of public listed companies, I seek your endorsement for re-election as a non-executive Director of Incitec Pivot, thank you very much.

PAUL BRASHER: Thank you very much Rebecca, the Directors other than Ms McGrath unanimously recommend that shareholders vote in favour of this resolution. Ladies and gentlemen the motion is now open for discussion.

Thank you.

OPERATOR: Mr Chairman I'd like to re-introduce Ron Guy.

PAUL BRASHER: Thank you Mr Guy.

RON GUY: Rebecca, before I decide which way my huge portfolio goes in to vote for you or against you, it might sway the whole outcome of your Directorship. Will you on the Board lobby for the releasing of the illegal opinion that Incitec Pivot has so that all the shareholders can view the opinions to see whether they're comfortable with the Incitec Pivot stance on the issue?

PAUL BRASHER: Do you mind if I just perhaps make a couple of comments, sorry Mr Guy I know you weren't addressing me, but just to put it in context. The opinion you're talking about is something that's come to the Board as a whole that Ms McGrath has seen, but she certainly hasn't been poring over details in the most recent past.

It's a difficult question to ask her without understanding the whole context. Happy for her to answer the question, but it's a -- it'll be a Board decision if and when we ever do release the opinion you're talking about.

To be honest with you I'm not sure if we've really thought about whether we'd release it or not. Although it's a Board decision, I'm happy for Rebecca to answer the question, so why don't I do that.

REBECCA MCGRATH: Sure, yes thank you for the question, I will certainly consider it. I will certainly discuss it with my colleagues, but I'm certainly not in a position to make a commitment to you about something that I might do without the support of my Board colleagues.

I will take questions and consider it with my colleagues thank you.

RON GUY: Okay that's all I ask thank you.

PAUL BRASHER: Thanks Mr Guy. The proxy directions received for this resolution are now shown on the screen. Again, I will call a poll. The constitution, as I've said confers upon me the authority to do so and to decide on the manner in which the poll is to be taken.

Again, Ros Johnstone of Link Market Services will conduct the poll at the end of the meeting.

I'll now proceed with resolution four relating to the grant and vesting of performance rights including the issue of shares following the vesting of performance rights under the Incitec Pivot Performance Rights Plan to the Managing Director.

Details of this resolution and the Performance Rights Plan were set out in the notice of meeting. If this resolution is approved, Mr Fazzino will be entitled to participate in the Company's Performance Rights Plan for the period October 1, 2014 to September 30, 2017 -- a three year period.

The resolution proposed is that the grant investing of performance rights including the issue of shares following the vesting of performance rights under the Incitec Pivot Performance Rights Plan to the Managing Director and CEO as described in the explanatory notes be approved.

Mr Fazzino, who has a personal interest in the outcome of this resolution, has abstained from making a recommendation to shareholders on this resolution. The other directors, recommend shareholders vote in favour of this resolution. The motion is now open for discussion.

Okay, if there is no discussion the proxy directions received for this resolution are now shown on the screen. The comments I made in relation to the manner of the poll being taken still apply, that Ros Johnstone will conduct the poll at the end of the meeting.

Ladies and gentlemen we now proceed to the final resolution to be considered today. As required by the Corporations Act, the Company prepared a separate remuneration report, which is included in the Director's Report.

That remuneration report sets out in detail the **Company's** policy for determining remuneration for Director's and executives. It includes information on the elements of remuneration, the performance based and the performance measures that apply.

The Corporations Act requires that the business of the Annual General Meeting include a resolution in relation to the remuneration report. This provides members with the opportunity to comment and to ask questions on the content of the report and to exercise a vote.

Accordingly the final resolution is the proposal that the remuneration report of the **Company** included in the Director's Report for the year ended September 30, 2014 be adopted.

I just should point out that the vote on this resolution is advisory only and does not bind the Directors of the **Company**. In addition, key management personnel and their closely related parties are prohibited from voting on this resolution.

Just a couple of comments before we open it up for discussion, an area of particular focus for all shareholders is the alignment of executives' remuneration with **Company** performance.

The remuneration arrangements of the Executive Team are a matter the Board takes very seriously. We are always seeking to ensure appropriate alignment between the interests of shareholders and executive rewards in both the short and the medium term.

In relation to remuneration for the year that has just finished, the Board believes that we have achieved synchronicity with shareholder experience. With earnings per share increasing by 21% prior to individually material items, executives have received partial STI awards for the first time in three years.

In relation to the long term incentive plan, no long term incentives vested during the year based on the three year retrospective performance in relative total shareholder value and compound annual growth and earnings per share.

Looking forward to 2015, the Board reviewed a number of aspects of the **Company's** remuneration design and in particular the structure and design of short and long term incentives.

As a result we have made a couple of changes that we think are quite important for the 2015 financial year. The first is that we have now adopted a policy on claw back for short term incentives in the event that there are material financial mis-statements subsequently discovered.

Secondly, we have adjusted the structure of the long term incentives so that while the majority of the long term incentive is still based on relative total shareholder return, the remaining 30% is based on the new strategic initiatives performance measure.

Details of what that measure is are set out in the notice of meeting. I'll take that remuneration report as read and declare the motion now open for discussion.

OPERATOR: Mr Chairman, I would like to introduce shareholder, John Parker from the ASA.

PAUL BRASHER: Thanks Mr Parker.

JOHN PARKER: Thank you, we've noted the changes to the long term incentives approach you've taken and they seem quite positive. I just have a couple of questions about how they might apply going forward.

Will it only be for two strategic initiatives at a time? Can you bring new ones in during the year or only at the end of the year and when they come in will it remain as a total of 30% to initiatives or is it 15% for each initiative or whatever you think? Thanks very much.

PAUL BRASHER: Thanks Mr Parker, look we haven't set any hard and fast rules about the number of strategic initiatives, but we did think it was sensible to limit them to quite a small number.

If you don't you're diluting the effect to such an extent that you may have a very important initiative but it gets outweighed by half a dozen others. We've deliberately tried to keep it to what we think are the two most important strategic initiatives that we see over the next three year period.

That's why they relate to the completion of construction of Louisiana within the business case that was put forward and also the fact that BEx should be demonstrated to have been totalling ingrained in the organisation.

I think two feels about right. Would we increase the percentage that would relate to strategic initiatives in the future or would we increase the number of measures, we'd probably only do the second if we did the

first. In other words if we were to increase the amount that related to strategic initiatives we might consider having more of them.

We certainly wouldn't be changing the rules in mid-stream, so what we've now set up will apply for the next three years. We won't be reinstating objectives or targets in any sort of way either favourable or unfavourable. We'll let those run.

At the completion of this year we will consider what our most important strategic initiatives are for the next three year term beyond that and we'll decide on which particular ones to include.

We will continue with this approach. Initiatives each time may vary. Does that get to all of the questions that you had there?

JOHN PARKER: Thank you.

PAUL BRASHER: Thank you very much. Well if there are no further questions or discussion, proxy directions received for this resolution are now shown on the screen. As with the previous resolutions Ros Johnstone will conduct a poll at the end of the meeting.

Ladies and gentlemen, it is actually now time to proceed to conduct the poll in respect of all the resolutions. I call on Ros Johnstone from Link Market Services to act as returning officer to conduct the poll on the matters which have been referred to a poll, being all of the resolutions put to this meeting.

When you registered today, both shareholders and proxy holders eligible to vote were given a yellow card. This yellow card has a series of printed boxes for voting on the resolutions. Could you please indicate on your card how you wish to vote on resolutions 1 to 5 by marking either the for or against box. Once you have finished marking the voting section of your yellow card, please place the card in one of the ballot boxes made available at the exit doors to this meeting. If there are any aspects regarding the voting that you are uncertain about, please don't hesitate to ask one of the registrar staff, or if you require a pen to complete the voting card, please raise your hand and one of the registrar staff will attend to you.

The results of the poll will be announced to the ASX later this afternoon. Ladies and gentlemen, the Annual General Meeting is now concluded. I thank you for your attendance and for your participation. I formally declare the Annual General Meeting of Incitec Pivot Limited for 2014 to be closed.

Could I just echo James' thoughts in wishing all of you a very happy Christmas, I hope you all get a good break and have a very safe time with your families over that period. We look forward to resuming the battle again after Christmas. We look forward to seeing you all again next year.

Thank you for that, but if you can we'd be delighted if you could join us for light refreshments, thank you.

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