

Merrill Lynch Conference

September 2005

Graeme Liebelt
Managing Director & CEO



Orica – Snapshot



- Australian owned publicly listed company trading on the Australian Stock Exchange (ORI)
- Market capitalisation of A\$5.5bn/US\$4.2bn*
- Ranked in top 50 Australian companies based on market capitalisation
- Operations in about 50 countries - 12,500 employees (post Dyno)
- Comprises four business platforms - all leaders in their chosen markets
- Financial Year end - 30 September

LARGE AUSTRALIAN DIVERSIFIED COMPANY

* based on 21 September 2005 share price of A\$20.49

Orica – What We Do



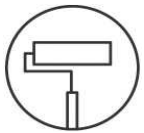
Mining Services

- Commercial explosives plus blast management



Chemicals

- Niche chemical distribution, value add and niche manufacturing



Consumer Products

- Paint, paint preparation, handyman and premium consumer garden care products



Incitec Pivot

- Fertilisers

Businesses
united by
chemical
sciences

Market
Leadership

Leading
Brands

Privileged
Assets

Capable
People

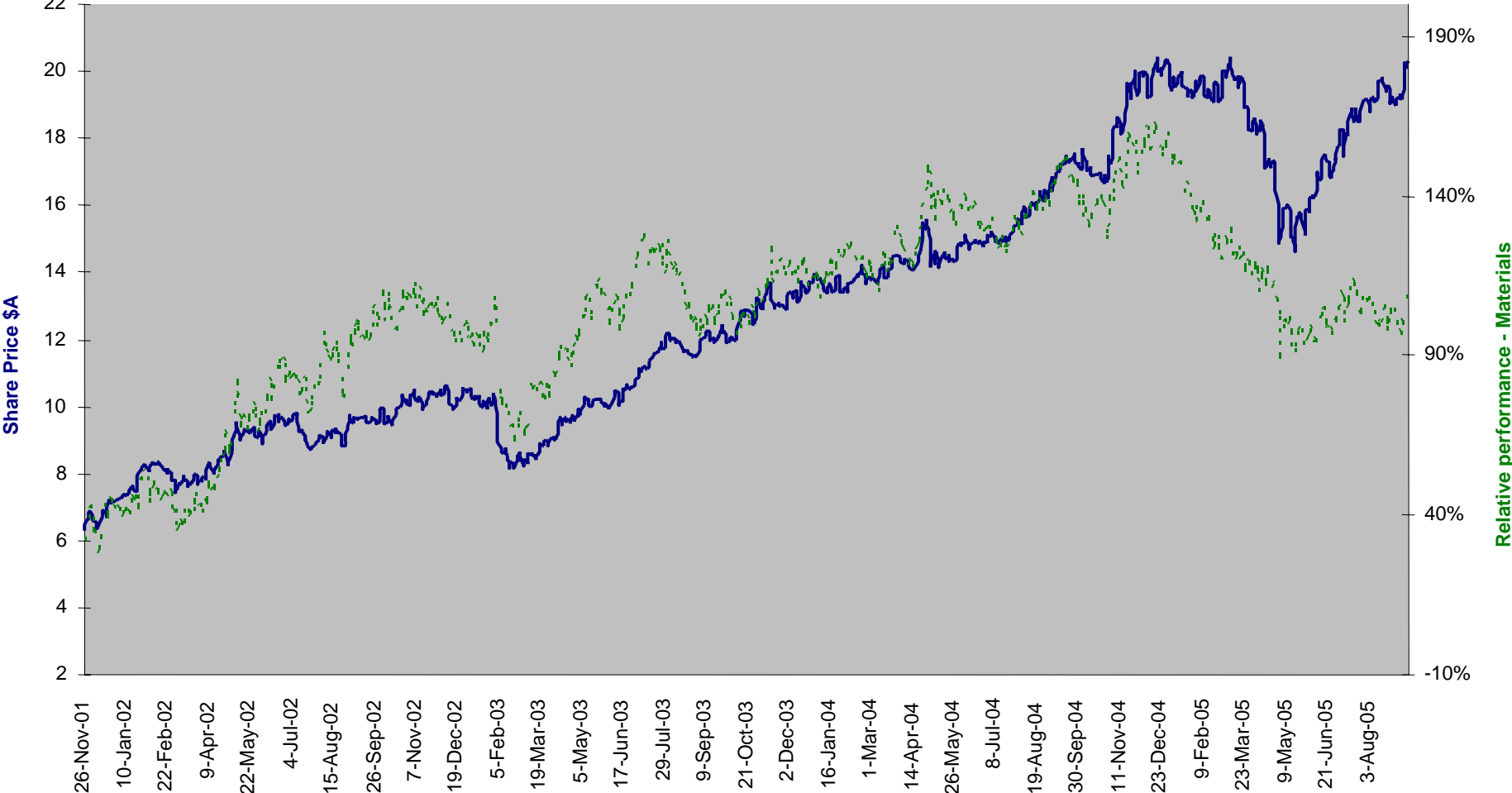
Technology

Strong &
Disciplined Culture

SATISFACTION OF BASIC HUMAN NEEDS BY

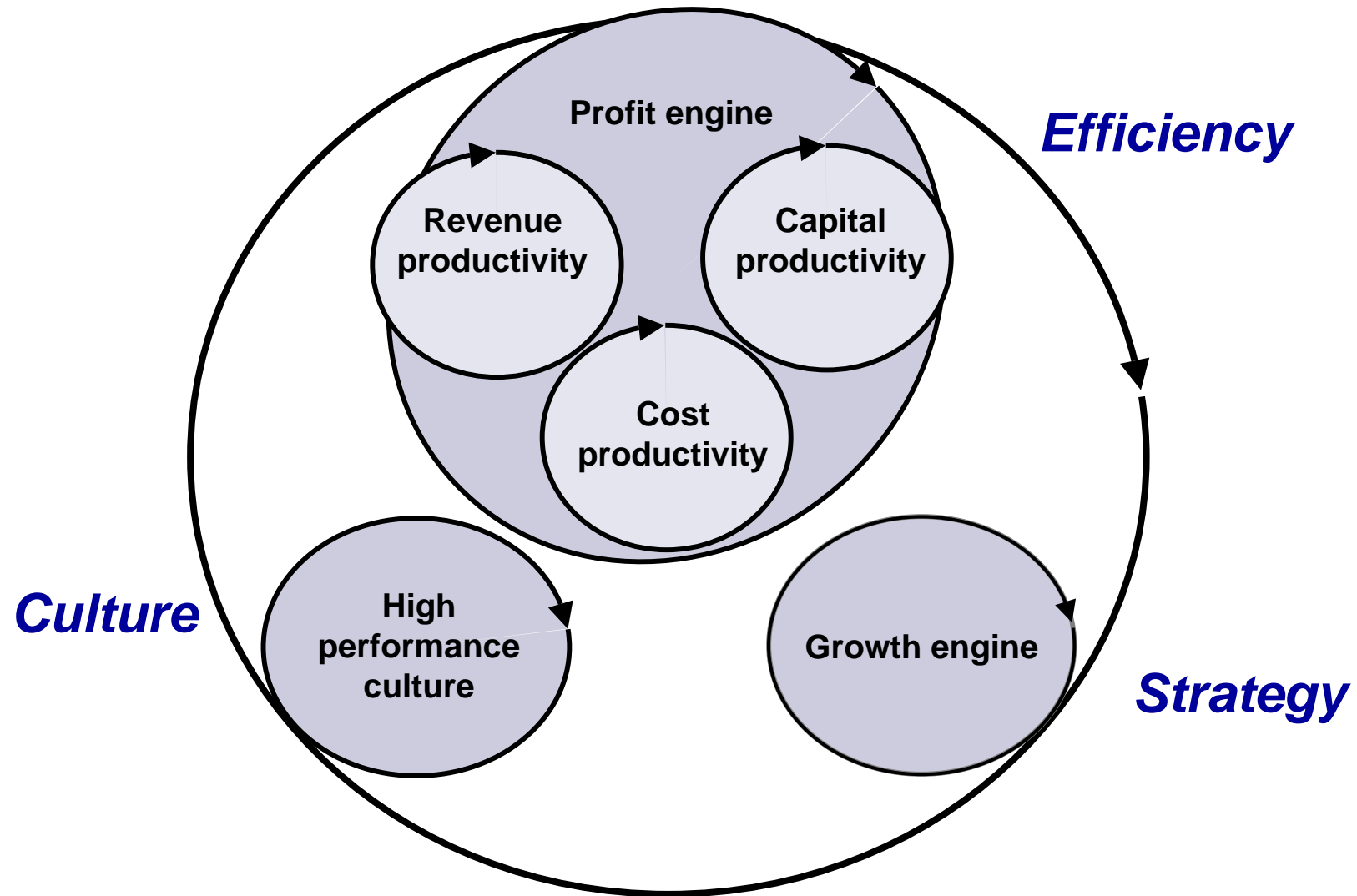
“TURNING SCIENCE INTO SOLUTIONS”

Orica – Share Price



Value Drivers

Orica's Approach



EFFICIENCY - Driving the Profit Engine



Revenue & Capital
Productivity

Dyno, Yarwun,
Mining industry growth,
Chemical industry
manufacturing
rationalisation, working
capital

Cost Productivity

Manufacturing, Procurement,
Supply Chain
Terra

Leveraging Revenue, Cost and Capital Productivity – Illustrative Example



Item	Amount \$	% Movement	New Amount \$
Revenue	100	↑8%	108.0
Costs	90	↑0%	<u>97.2</u>
Net Profit	10	↑8%	10.8

Item	Amount \$	% Movement	New Amount \$
Revenue	100	↑8%	108.0
Costs	<u>90</u>	(-1%: 89%)	<u>96.1</u>
Net Profit	10	19%	11.9

CULTURE – “Deliver The Promise”



At Orica we have implemented a performance-based culture driven by personal accountability for delivering results.

- Safety, Health & Environment
 - *No injuries to anyone ever*
 - *Value people and the environment*
- Commercial Ownership
 - *Run the business as if it is your own*
- Creative Customer Solutions
 - *Think differently, deliver swiftly and capture the value*
- Working Together
 - *Success as a team and success as an individual*

STRATEGY – Sustainable Bottom Line Growth



- Market leadership
- Growing only value adding businesses
“earn the right to grow” (18% RONA)
- Related growth - “building on our best
businesses”

DYNO Transaction

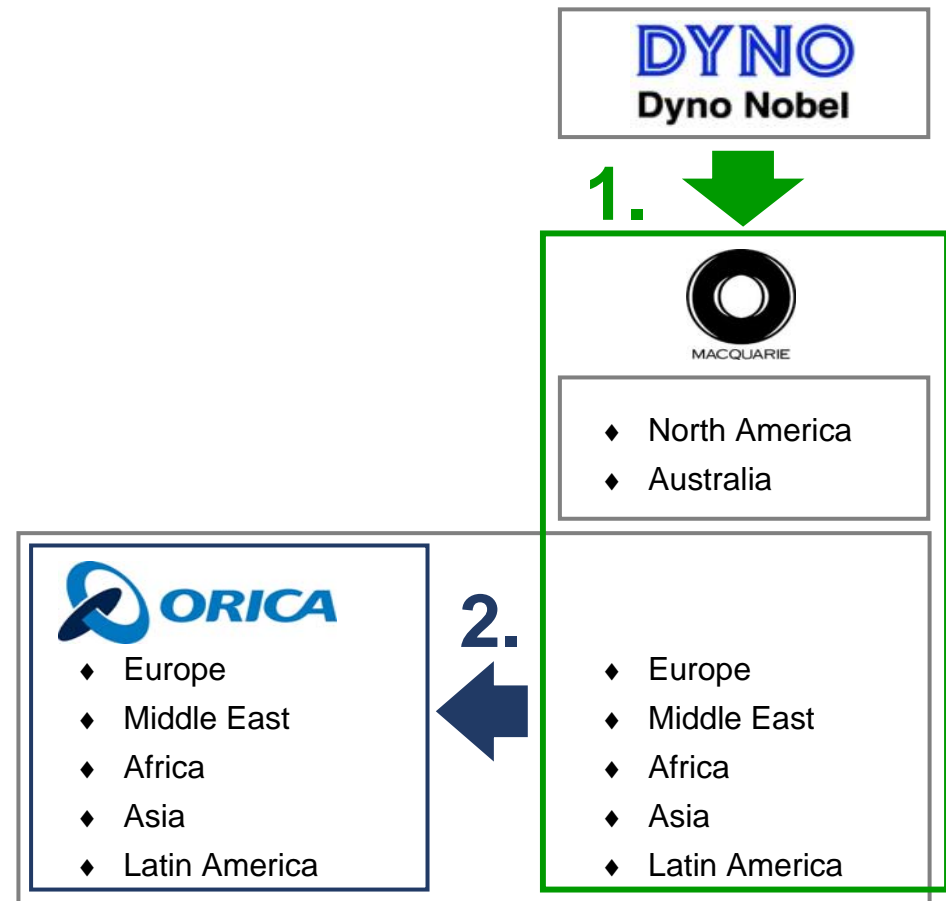


Creative structure used to secure key growth assets

1. Macquarie acquires 100% of Dyno Nobel in the first instance

2. Macquarie on-sells European, Middle Eastern, African, Asian and Latin American businesses to Orica

- Macquarie retains North American and Australian businesses,



Overview



An outstanding opportunity to grow Orica Mining Services

- Purchase for US\$685 (A\$901 million) on a debt free basis
 - Approx 11.1 times 2005¹ EBITDA
 - Approx 5.3 times pro forma 2005¹ EBITDA including est. year 3 cost savings (before significant items)
- Expected completion of Macquarie transaction is late November 2005
- Businesses transferred to Orica progressively following completion

Note:

1. 12 months ended 30 June 2005, excluding transaction costs.

Strategic & Financial Rationale

A clear and unique strategic fit for Orca Mining Services and a financially compelling case

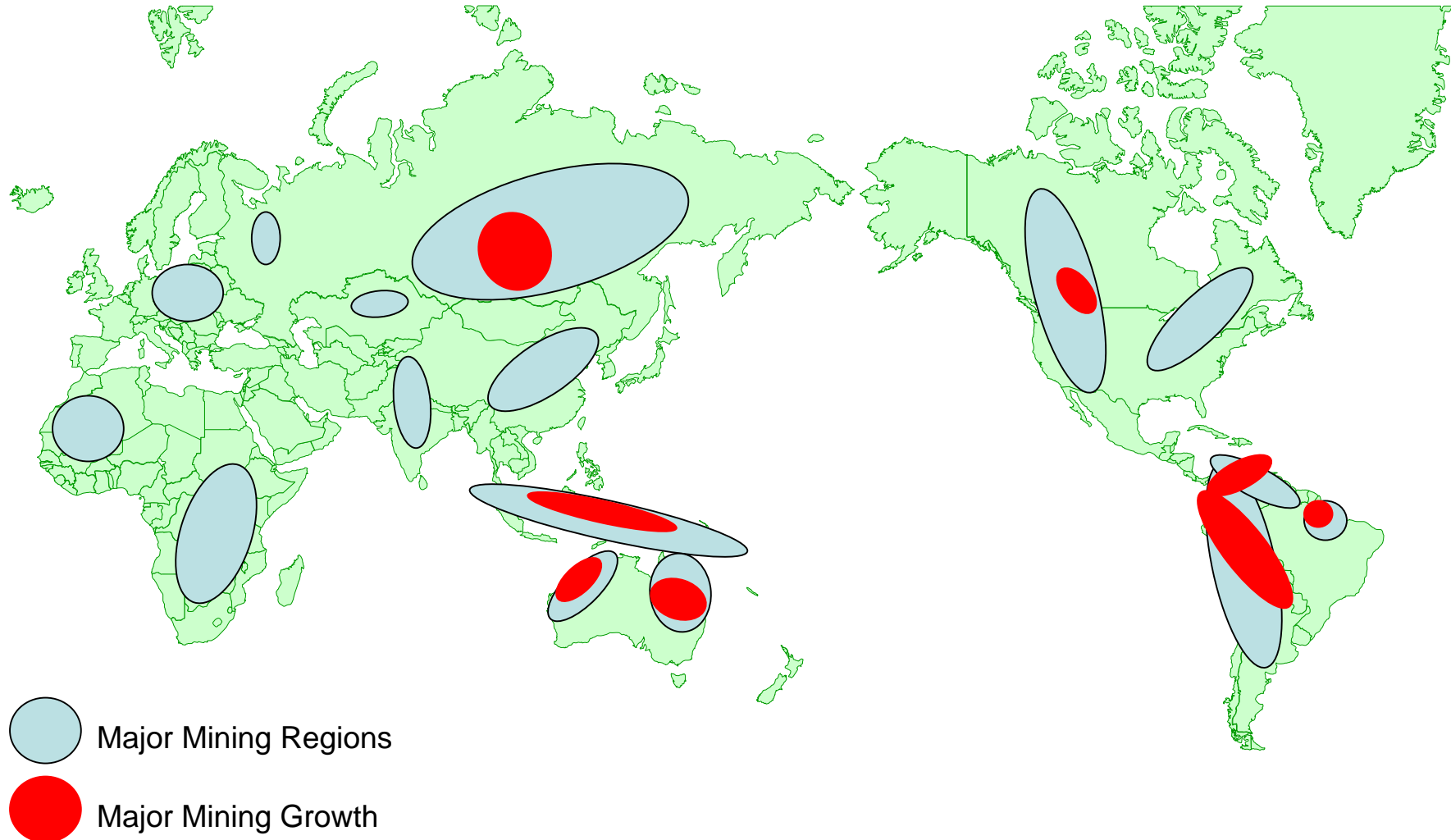


- Increased exposure to the resources & infrastructure sectors
- Expansion of global footprint
- OMS transforming acquisition with manageable risk
- Earnings diversification for Orca Mining Services
- Scale benefits for research and development / sales and marketing
- Increased capability to service customers, global and local
- Satisfies our strategic principles:
 - Market leadership
 - Grow only value adding business who have “earned the right to grow”
 - Related growth - build on our best businesses
- Achieves an 18% RONA in third full year of acquisition (FY2009)
- EPS accretive (before significant items) in first full year (FY2007)

Global Mining Regions



OMS will be well positioned to capture growth opportunities



Significant Cost Savings

To be achieved over three years



Expected cost savings

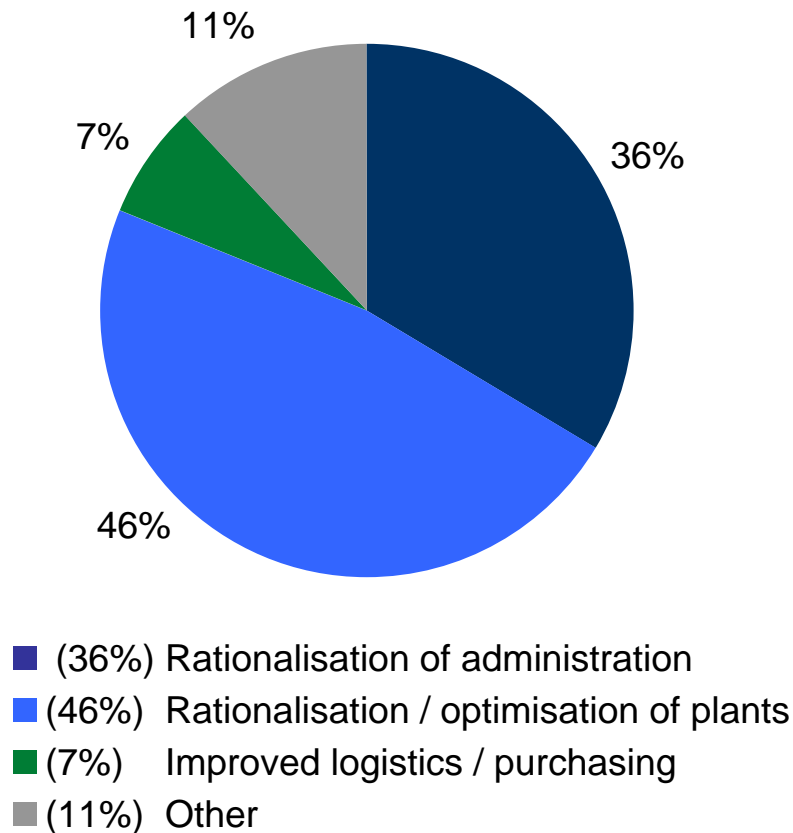
- Orica has conducted a detailed review of potential cost savings
- Annualised cost savings of A\$90 million are achievable by the end of the third year following the acquisition
 - Progressively achieved over 3 years
 - Most expected to be achieved in second and third years
- Associated implementation cost of approximately A\$150 million
 - ~80% expected to be incurred within first two years of ownership
 - Implementation costs will be predominantly expensed

Significant Cost Savings

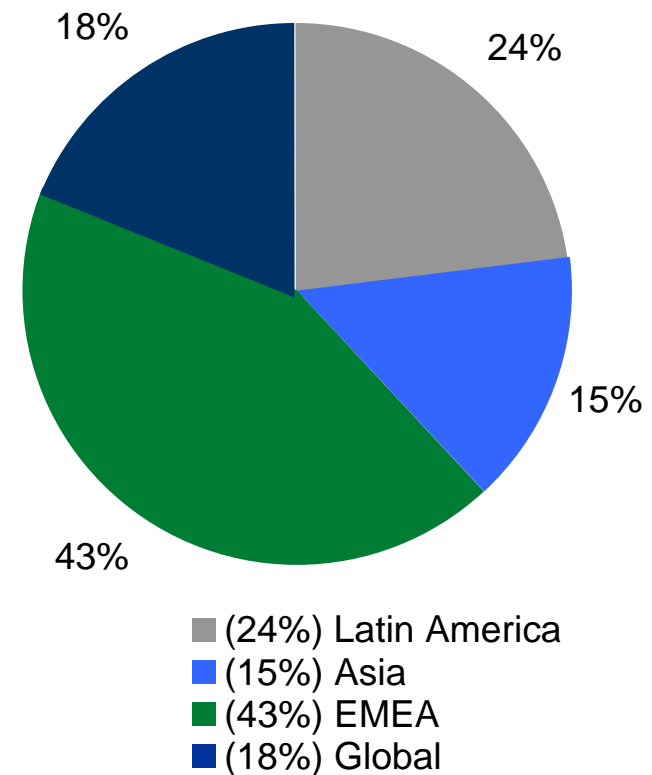


To be achieved from...

EBIT cost savings by type



EBIT cost savings by geography



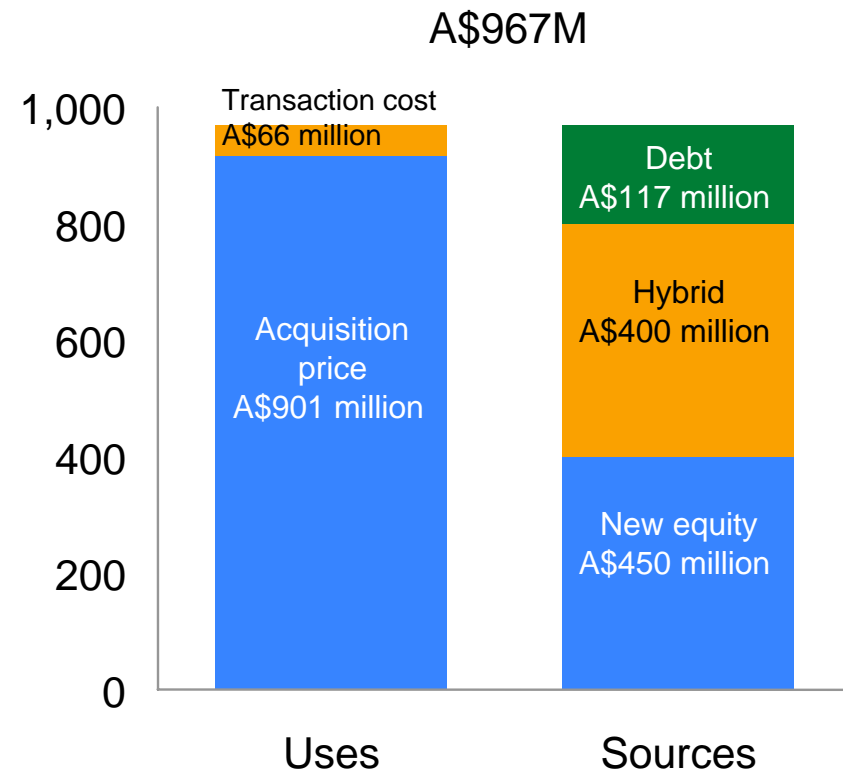
Detailed internal analysis of sources and timing of cost savings

Funding

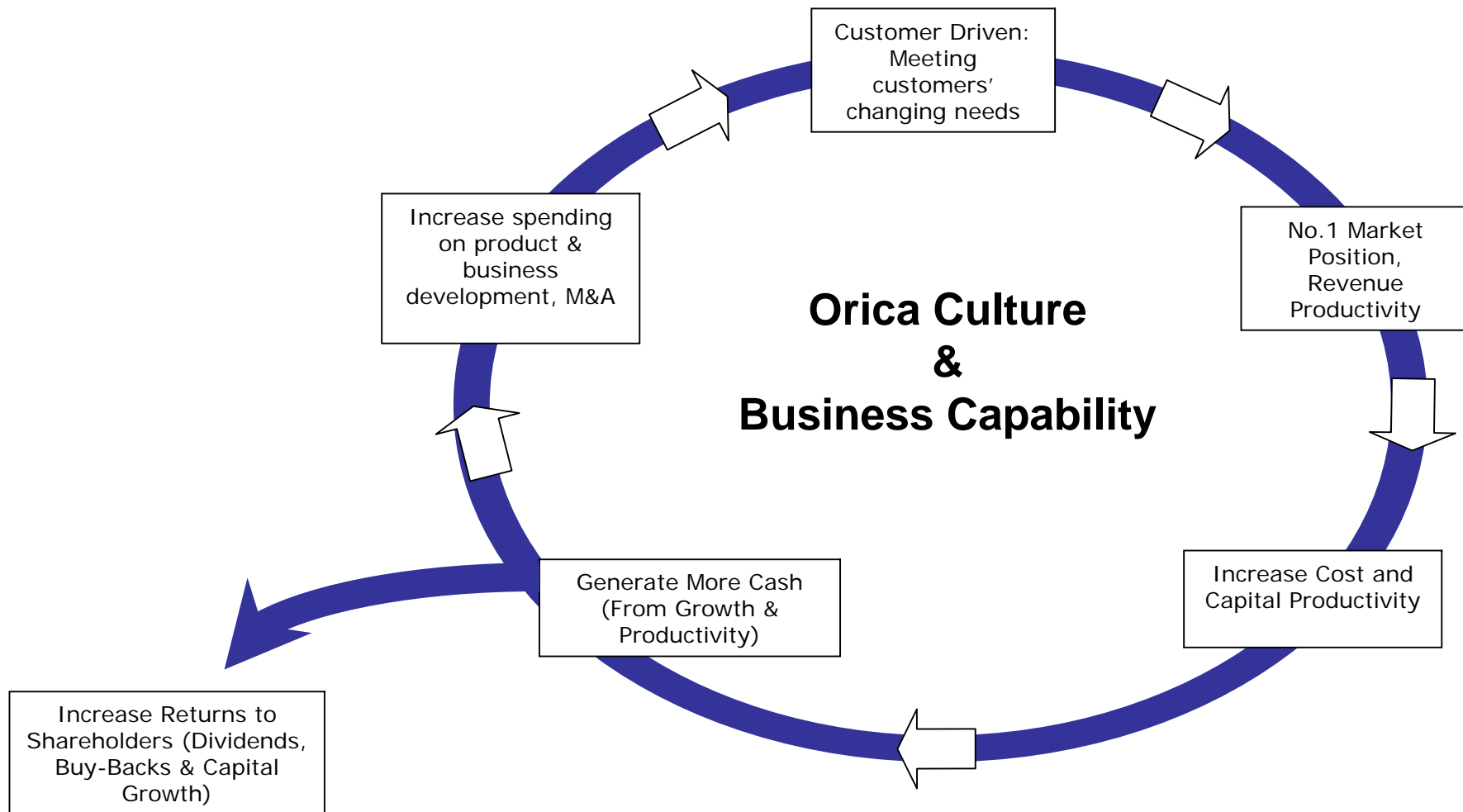


Overview

- Total acquisition cost A\$967 million (including transaction costs)
- Funded by mix of equity (pro-rata entitlement), the issue of a hybrid security and existing debt facilities
- Designed to support BBB+ credit rating
- Target gearing range of 35% to 45%
 - Restored by FY2007



Orica's "Virtuous Circle": positioned to capture shareholder value



Why Invest in Orica?



- Market leader in chosen markets
- Exposure to resources sector
- Strong share price momentum and progressive dividend policy

Strong focus on shareholder value

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