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# Orica - overview



- Australian owned publicly listed company trading on the Australian Stock Exchange (ORI)
- Operates in approximately 50 countries – approx 13,000 employees
- Market capitalisation of approximately A\$7billion\*
- Ranked in top 50 Australian companies based on market capitalisation
- Four key business platforms going forward – all market leaders in their field
- Financial Year End - 30 September

**An Australian based global company**

\* based on share price close 1 September 2006

# Orica – what we do



## Mining Services

- Commercial explosives and blast management services



## Consumer Products

- Paint, consumer handyman and garden care products



## Chemical Services

- Manufacture of watercare, industrial and mining chemicals



## Chemnet

- Chemical distribution, value add and niche manufacturing

Businesses united by chemical sciences

Market Leadership

Leading Brands

Privileged Assets

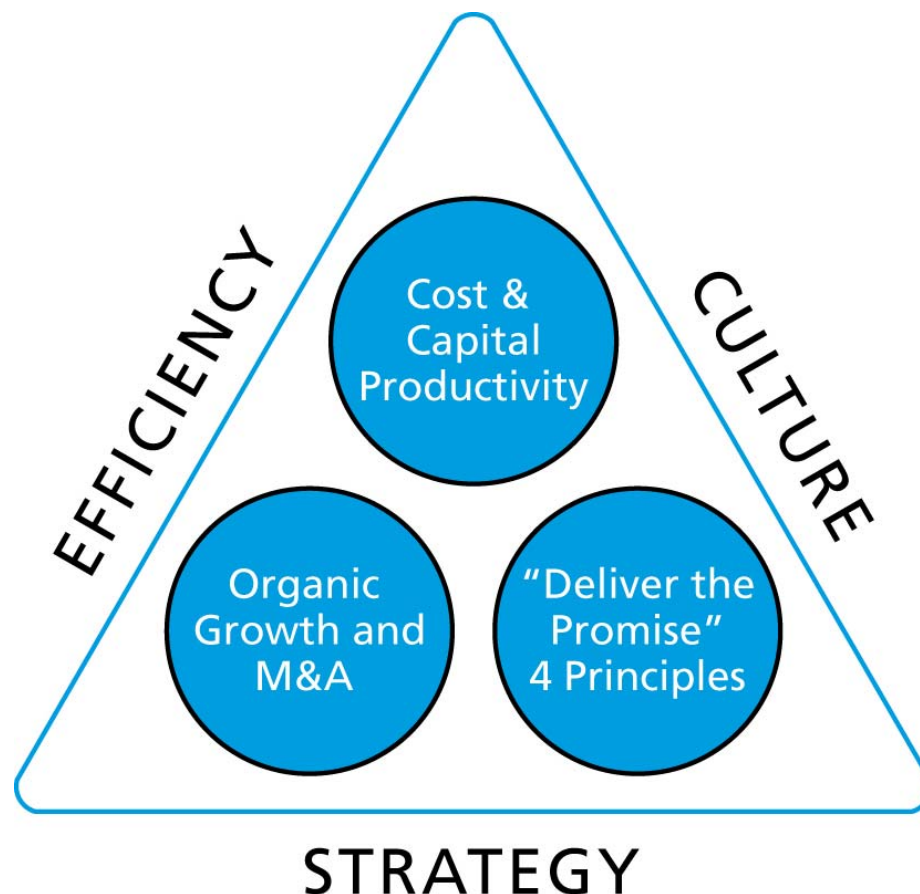
Capable People

Technology

Strong & Disciplined Culture

Turning science into solutions

# Orica's approach – value drivers



- Delivery on culture, efficiency and strategy underpins Orica's performance

**Continuity of approach under current management team**

# Strategy – delivering sustainable growth



## Three Key Principles:

- Market leadership
- Earning the “Right to Grow” – 18% RONA target
- Growing “Close to the Core”

**No change to existing strategy**

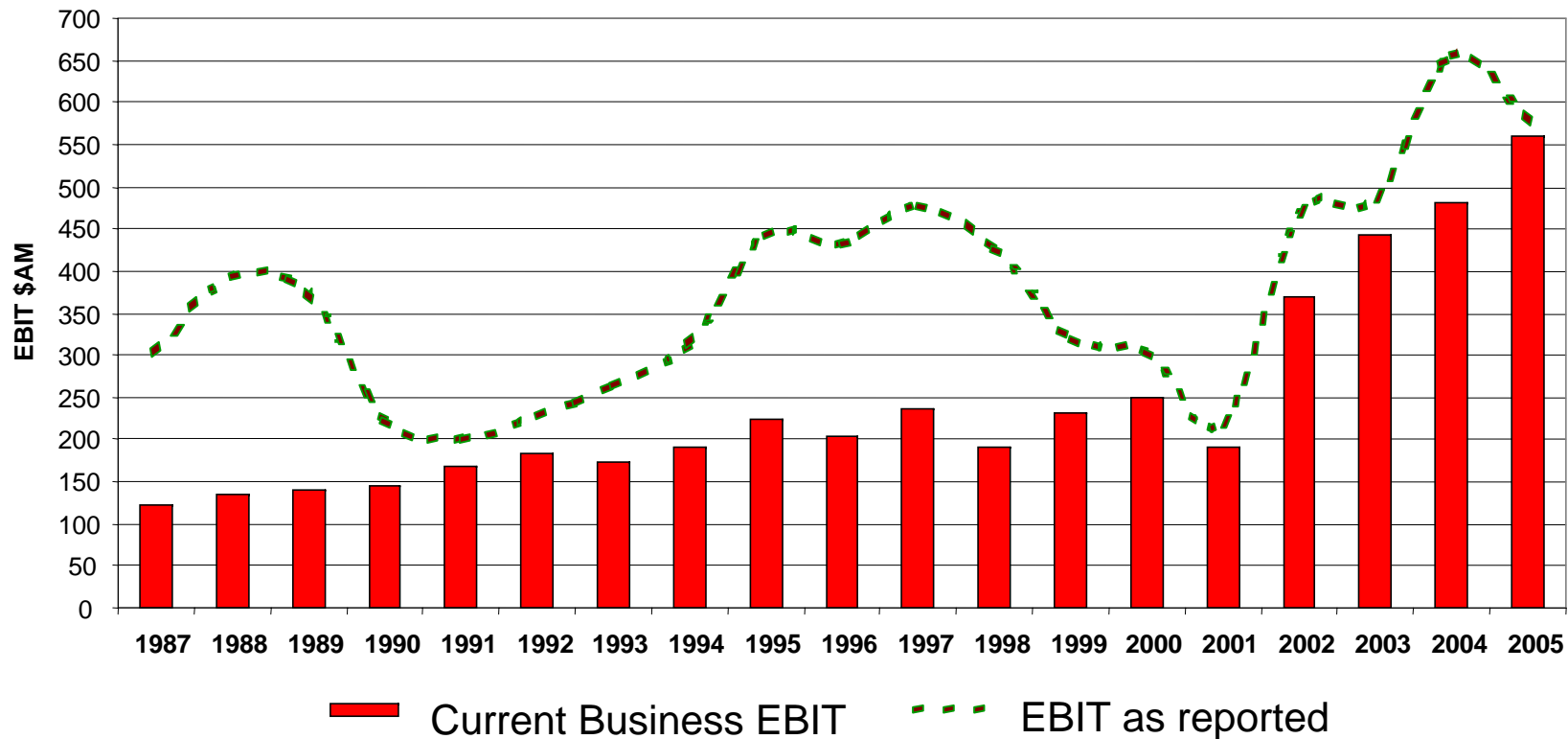
# Orica – the past twelve months



- The business portfolio and strategic direction have been significantly re-shaped
- The remaining business platforms are “core” and will drive the next growth phase for Orica.

**The evolution of Orica continues**

# EBIT\* performance (exc. IPL)



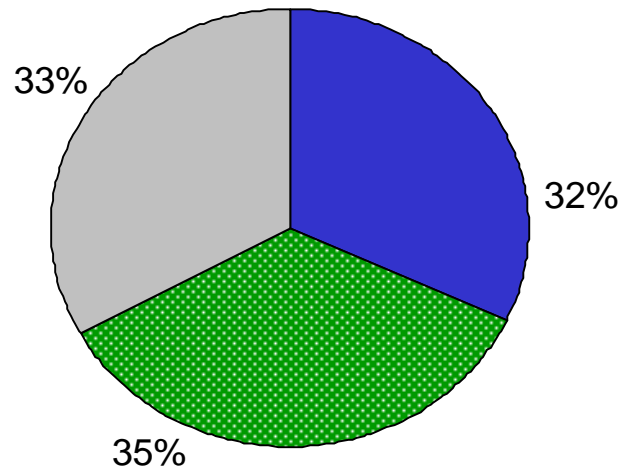
**Earnings less cyclical going forward**

\* excluding corporate costs

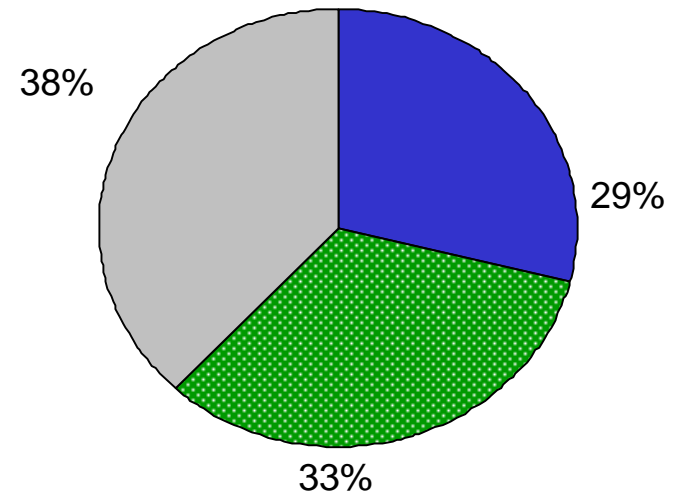
# Dyno – synergy target A\$90M per annum



**Pre-acquisition estimated  
Split of synergies (June '05)**



**Current split of expected  
synergies (August '06)**



Oslo & Regional  
Office Closures

Gyttop & LATAM  
Asset Rationalisation

Procurement,  
Logistics & Other

## Current estimate of synergy deliverables

\$A M's	FY2006	FY2007	FY2008	FY2009
Annualised Forecast	10	40 - 50	70 - 80	90

# Yarwun update



- Yarwun expansion commissioned and AN production increasing
- Production set to achieve forecast (572,000 ktpa) for full fiscal year 2007
- Estimated final cost of Yarwun expansion ~A\$195M
- Expected production of additional AN volume in FY 2007:
  - Replacing expensive AN imports
  - Support ongoing growth in domestic market
  - Exported volume (approx 110-120 ktpa) will reduce as domestic market growth continues in coming years
    - Potential to replace competitor AN imports

**Yarwun expansion delivers strong incremental returns**

# Chemnet restructuring

- 80% of planned headcount reductions achieved
- Warehousing rationalisation
  - Closure of Sydney sites complete
- Supply chain rationalisation
  - Back office streamlining
  - Six sigma projects underway
- Chemnet post restructuring:
  - More efficient supply chain
  - Better focus on customers and suppliers
  - Business capable of delivering sustainable economic profit

**Aim to deliver A\$20M in annualised cost savings**

# Strategic growth themes



Business Unit	Strategic growth opportunity
<b>Mining Services</b>	<ul style="list-style-type: none"> <li>- Leverage our global scale</li> <li>- Lowest cost AN sourcing</li> <li>- Electronic blasting systems (EBS)</li> <li>- Geographic expansion</li> <li>- Increase mining services offering</li> </ul>
<b>Consumer Products</b>	<ul style="list-style-type: none"> <li>- Leverage our position in Aust &amp; NZ</li> <li>- M&amp;A opportunities into higher growth markets</li> <li>- Category expansion</li> <li>- R&amp;D on product development</li> </ul>
<b>Chemical Services</b>	<ul style="list-style-type: none"> <li>- Capture value in adjacent market segments</li> <li>- Advanced Water Technologies (MIEX)</li> <li>- Expand sodium cyanide capacity</li> <li>- Enzymes</li> </ul>
<b>Chemnet</b>	<ul style="list-style-type: none"> <li>- Geographic expansion</li> <li>- Supply chain optimisation</li> </ul>

**18% RONA requirement on expansion and M&A opportunities**

# Legacy environmental issues



- Orica has been in business since the 1870's
- Knowledge and regulations have changed
- Current business practices are environmentally sound
- Orica's approach to legacy environmental issues:
  - Deal with legacy issues openly
  - Sell surplus land once remediation process is complete
  - Comply with accounting standards requirements

**Responsible management of legacy issues**

# Key sensitivities

- Commodity production volumes
- Consumer confidence/spending
- Caustic soda & sodium cyanide prices
- Global economic conditions

**Global economic conditions, on balance, are favourable**

# Active capital management



- Pro forma gearing post IPL divestment 18%
- Target gearing range 35-45% (net debt/net debt + equity)
- Orica capital management:
  - Progressive dividend payout ratio 50% of NPAT pre significant items
  - Share buybacks more effective method of returning cash to shareholders given Orica's limited franking credits

**Committed to an optimal capital structure**

# Summary – why invest in Orica?



- Market leadership in chosen businesses
- Strong financial discipline, strong returns on capital, ongoing earnings growth and less cyclicality
- Strong balance sheet capable of funding strategic growth opportunities and capital management

**A disciplined approach to growing shareholder value**



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