



**Merrill Lynch  
Australasia Investment  
Conference**

**Presentation by  
Jim Hall - Executive  
Director Finance  
30 September 2004**



# Orica - presentation outline

- Some fundamentals
- Progress in the past year
- Strategy & Future direction

# Fundamentals

# Orica – snapshot

- Australian owned publicly listed company trading on the Australian Stock Exchange (ORI)
- Market capitalisation of A\$4.7bn (US\$3.3bn)\*
- Ranked in top 50 Australian companies based on market capitalisation
- Operates in about 40 countries - 9000+ employees
- Comprises four business platforms - all leaders in their chosen markets
- Financial Year end - 30 September

\* based on A\$17.28 share price - 20 September

**LARGE AUSTRALIAN DIVERSIFIED COMPANY**

# 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

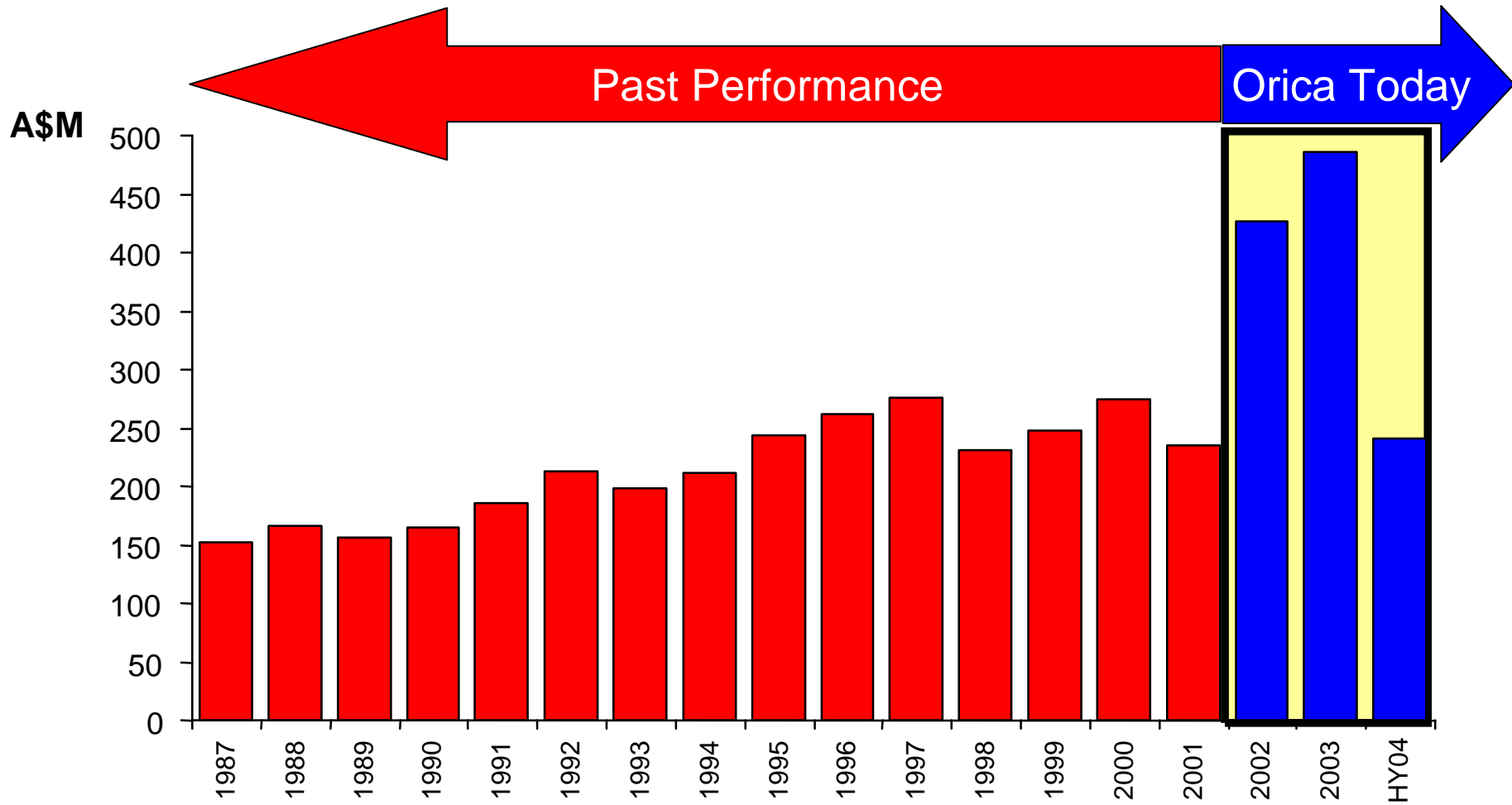
Privileged  
Assets

Capable  
People

Technology

**SATISFACTION OF BASIC HUMAN NEEDS BY  
“TURNING SCIENCE INTO SOLUTIONS”**

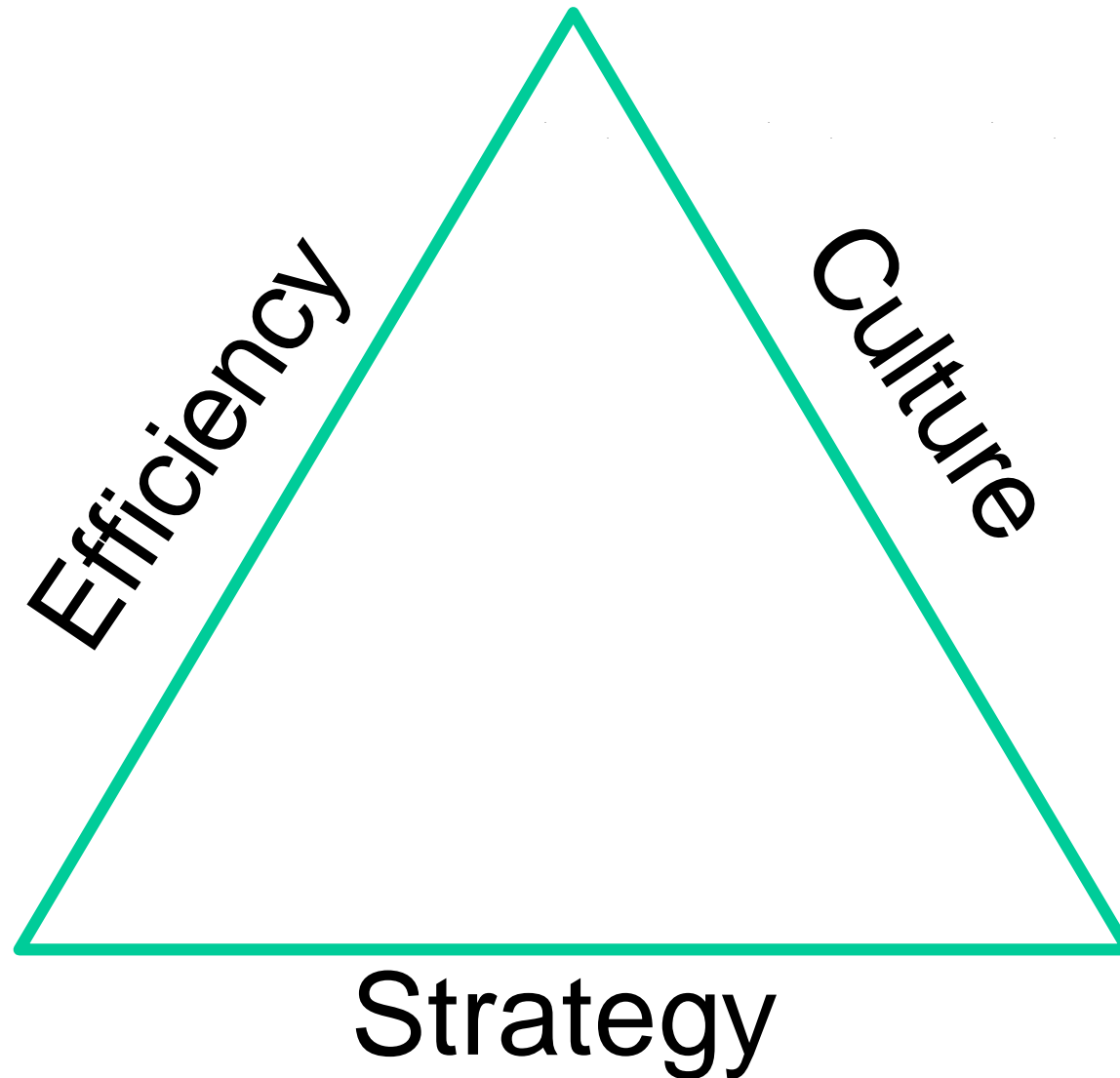
# Orica – EBIT\* performance of existing businesses



**BUSINESS IS NO LONGER DEEPLY CYCLICAL**

\* excluding corporate costs

# Orica - approach to how we do things



**Progress in the past year**

# **Orica** - what we promised to do (a year ago)

1. Managing through strict financial criteria
2. Top line growth
3. Relentless focus on cost and capital efficiency
4. Bolt on acquisitions

**...how have we performed against what we promised?**

# Orica - what we've delivered so far

## 1. **Managing through strict financial criteria**

- Only one of our strategic businesses units has yet to achieve our 18% RONA target
  - North America Mining Services is being restructured and we are confident it will exit this year with 18% RONA in sight
- All acquisitions are on track to meet our investment criteria (18% RONA in 3rd year and 15% IRR)
- Maintained gearing within current target range
- Successfully managed foreign currency exposure using “insurance approach”

# Orica - what we've delivered so far

## 2. Top line growth

- Sales revenue growth of 11.5% in the first six months to 31 March 2004 driven by
  - New businesses
  - Underlying volume improvement following:
    - > partial drought recovery
    - > strong consumer confidence
    - > improved mining volumes in Australia and Latin America

# Orica - what we've delivered so far

## 3. Relentless focus on cost and capital efficiency

- Total cost as a percentage of sales reduced by 500 basis points in the six months to 31 March 2004
- Completed 5% share buyback -13.9M shares bought back for \$177M
- Maintained strong focus on working capital
- Added low cost ammonium nitrate capacity
  - 3rd nitric acid plant brought on line at Kooragang Island (NSW) 4 months ahead of schedule and under budget
- Sold surplus land at Deer Park (Victoria) and Waitawa (New Zealand) for \$50M (estimated profit on sale of \$38M)

# Orica - what we've delivered so far

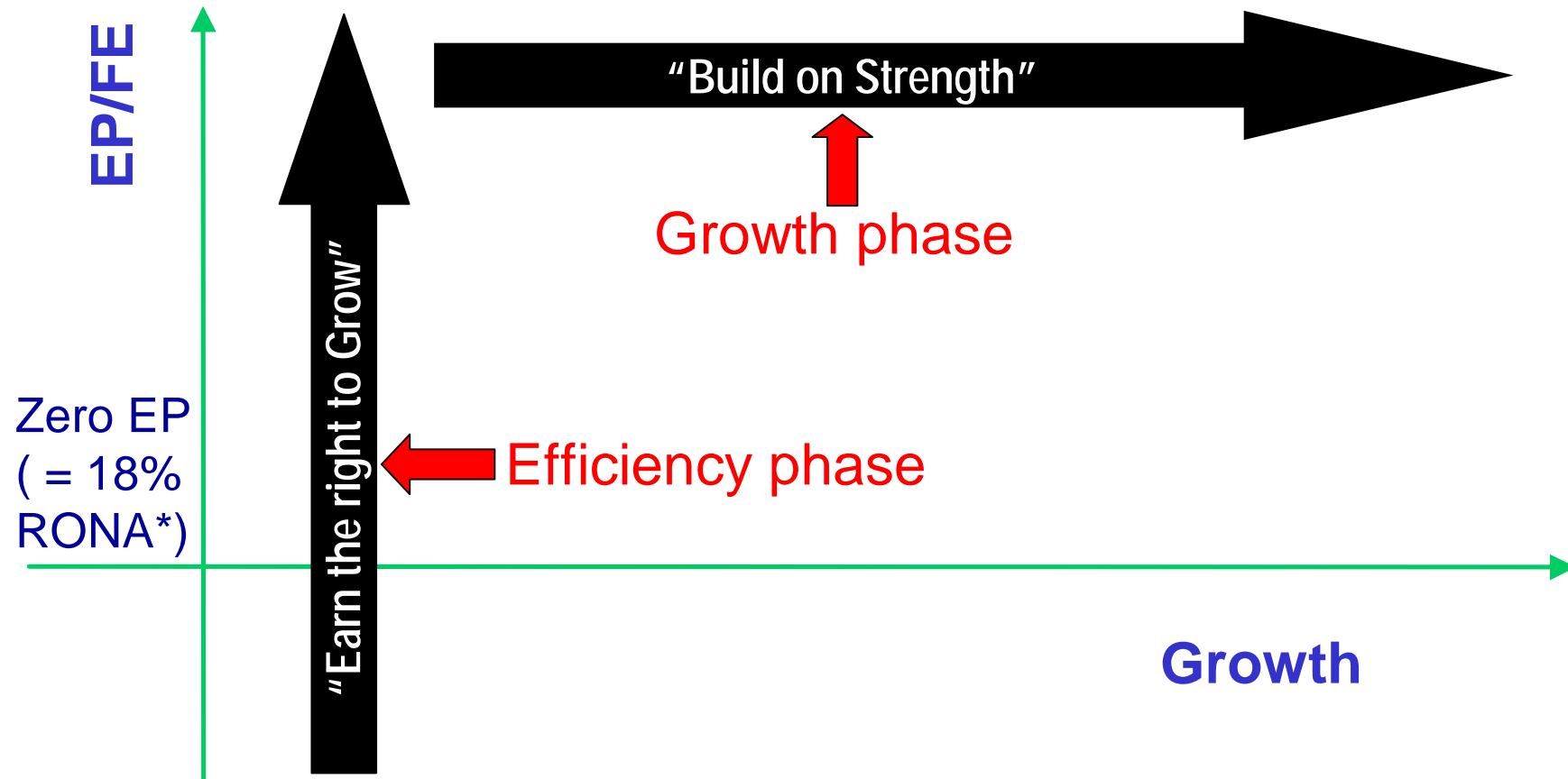
## 4. Bolt on acquisitions

- Completed acquisition of Indian Explosives and Initiating Explosives Systems India (Oct 2003)
- Completed the acquisition of Australian & NZ Yates Consumer Lawn and Garden Care business (Nov 2003)
- Acquired Bronson and Jacobs food and speciality chemicals business (June 2004)
- Acquired Sasol electronic detonator technology in South Africa (Jul 2004)
- Acquired Australian/NZ Marplex speciality polymer business (Sep 2004)

**Delivered on our promises .....again**

# **Strategy & Future Direction**

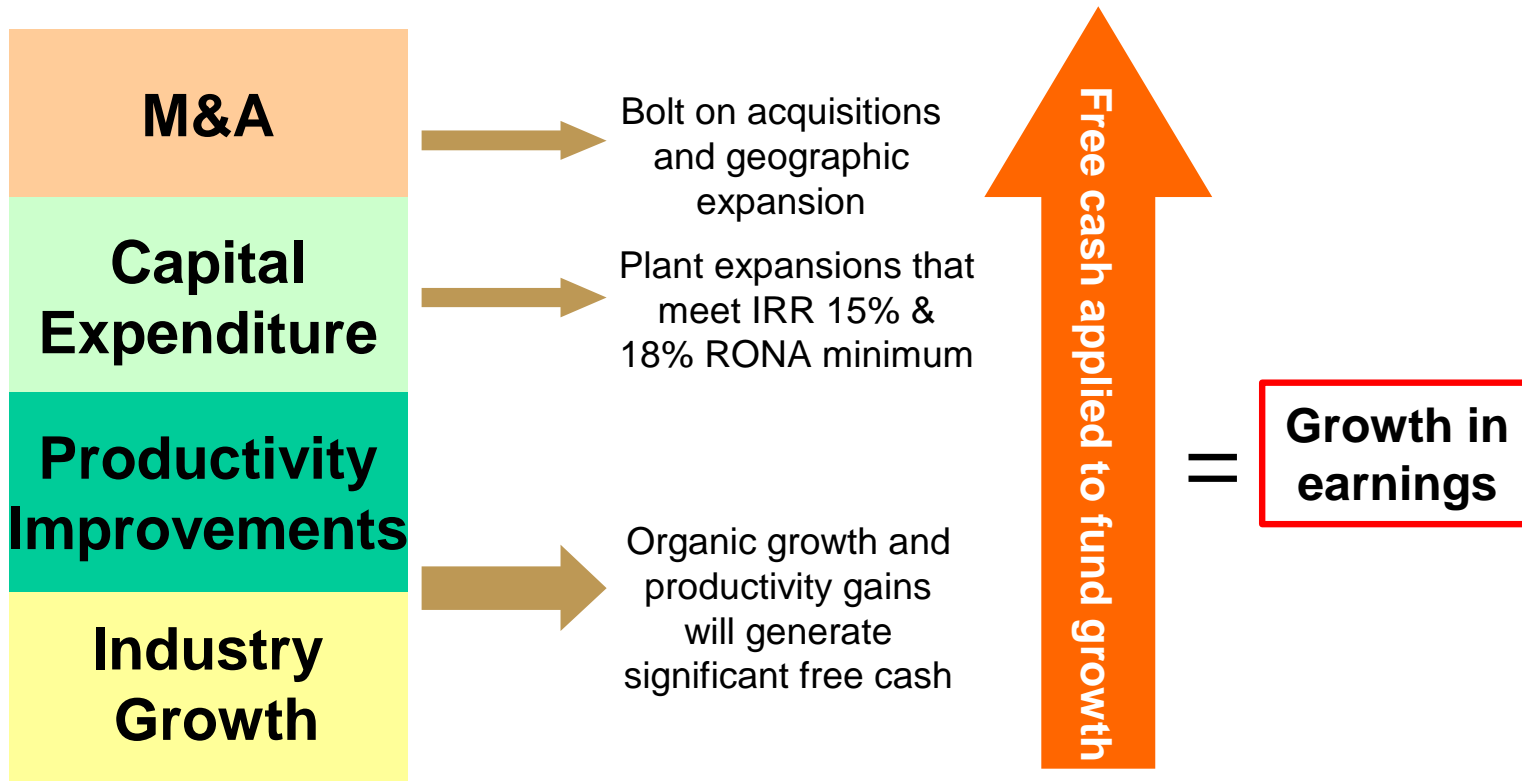
# Orica – strategy and execution



\* RONA = EBIT/(Working capital and fixed assets)

**EFFICIENCY IMPROVEMENT AND GROWTH**

# Orica – simple strategy, superior results



**ABOVE AVERAGE MARKET RETURNS**

# Orica - Where do growth opportunities lie?

## Mining Services

- New geographies
- Plant expansions
- Organic growth

## Consumer Products

- Further category expansion
- Geographic expansion
- Ongoing product development and innovation



## Chemicals

- Leverage off existing acquisitions
- Organic and acquisitive growth
- Commercialisation of new technologies
- Sustainability - energy, water & greenhouse

## Fertilisers

- Capturing synergy benefits
- Supply chain optimisation

# Orica - recent growth scorecard

A\$M	<u>2003</u>	<u>2004</u>	Total
Geographic expansion		21	21
Plant expansion	57	114	171
Category expansion	45		45
Mergers and acquisitions	446	154	600
	<u>548</u>	<u>289</u>	<u>837</u>

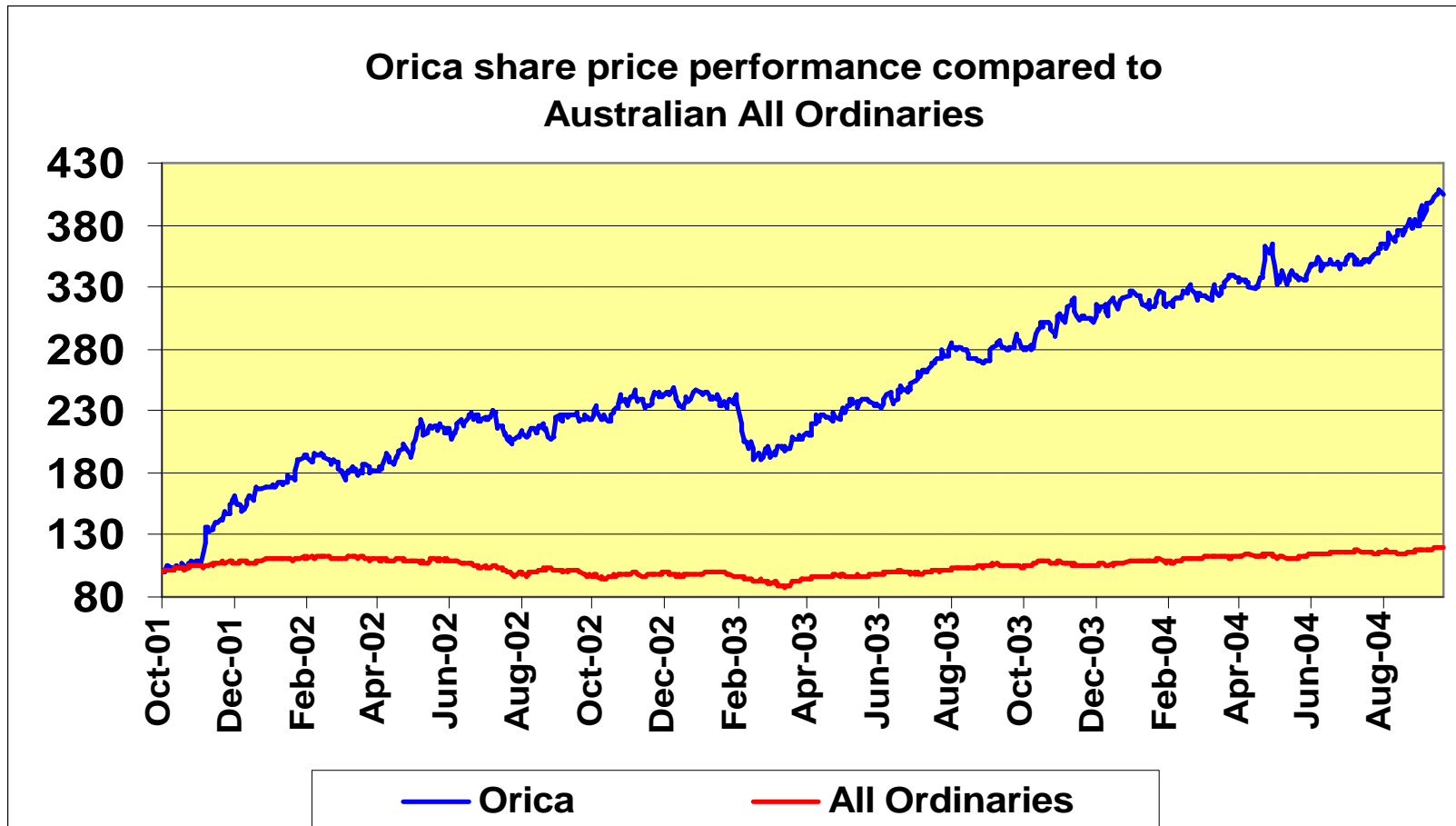
**\$800M+ funds committed to growth in past two years**

# Orica - what are we aiming to do going forward

- Orica is positioning to be the number one global “niche” chemical company through:
  - market leadership in niche markets and/or selected geographies
  - significant plant expansion opportunities
  - the delivery of consistent economic profits
  - the development of sustainability businesses
- Our aim is to deliver above average market returns

**SUSTAINABLE ADVANTAGE**

# Orica - creating value for shareholders



**ABOVE AVERAGE MARKET RETURNS**

# Orica - summary

- Continued focus on **EFFICIENCY** and **CULTURE**
- Continued focus on low risk growth **STRATEGY**
- Above average market returns
- Performance based culture

**DELIVERING PROMISES**

# Disclaimer

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