



Orica Limited
USA Roadshow
June 2004

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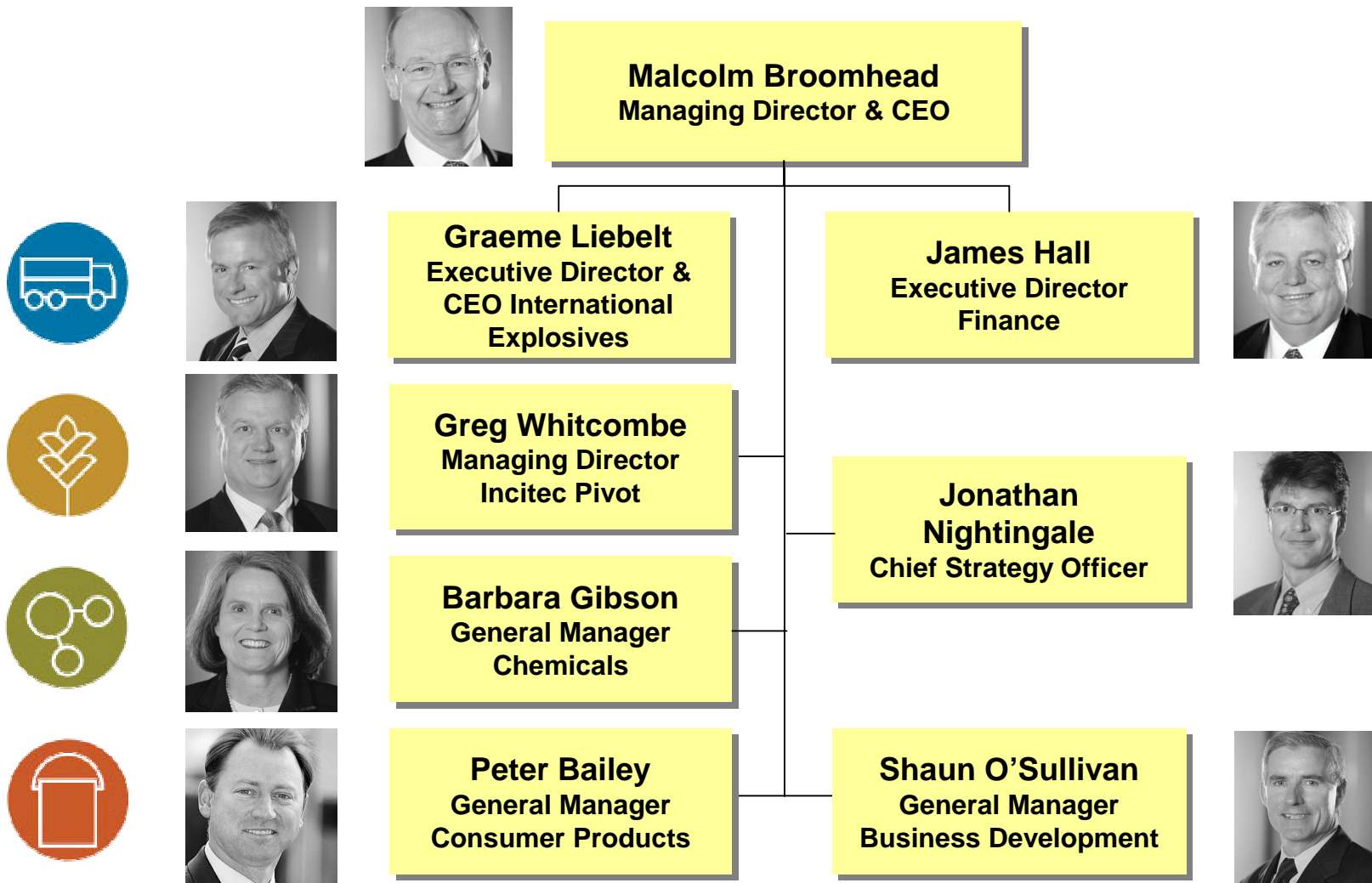
ORICA - BACKGROUND

Orica – snapshot

- Australian owned publicly listed company trading on the Australian Stock Exchange (ORI)
- Market capitalisation of A\$4bn (US\$2.7 bn)
- Ranked in top 50 Australian companies based on market capitalisation
- Operates in over 35 countries - 9000 employees
- Comprises four business platforms - all leaders in their chosen markets
- Financial Year end - 30 September

LARGE AUSTRALIAN DIVERSIFIED COMPANY

Orica – Group Executive



Orica – what we do



Mining Services

- Commercial explosives plus blast management



Chemicals

- Niche chemical manufacturing plus chemical trading, value add and distribution



Consumer Products

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



Incitec Pivot

- Fertilisers

Businesses
united by
chemical
sciences

Market
Leadership

Leading
Brands

Strong assets

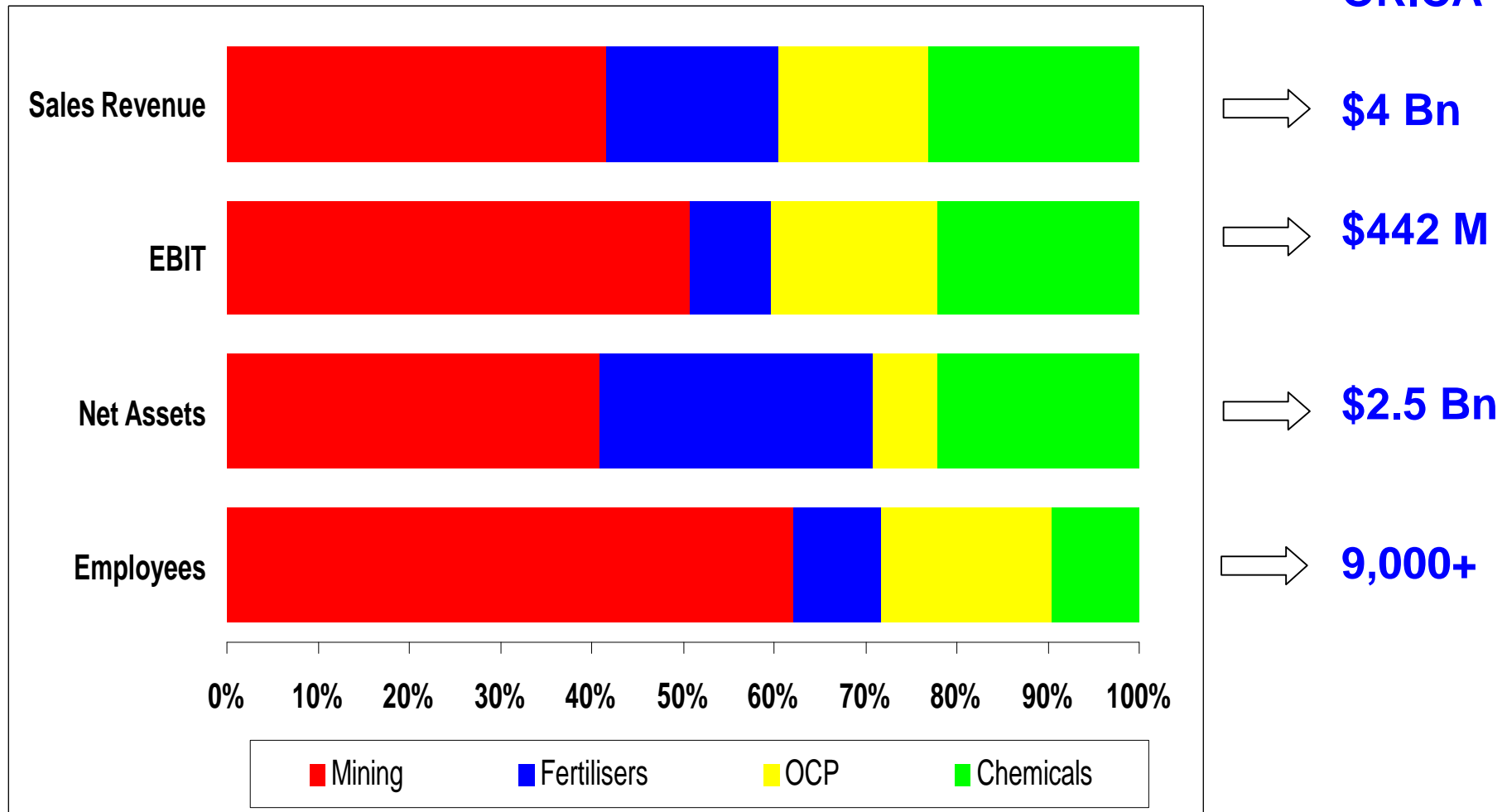
Capable
people

Technology

SATISFACTION OF BASIC HUMAN NEEDS

Orica – business dimensions in 2003

ORICA



Note: Fertilisers comprises 8 months of Incitec Fertilizers plus 4 months of the merged Incitec Pivot (effective 1 June 2003)

BUSINESS OVERVIEW

Orica – business characteristics

Mining Services

- Global business
- Largest commercial explosives company in the world
- Superior assets & technology
- Complete product offering

Consumer Products

- Largest paint and paint preparation business in Australia and NZ
- Market and brand leader
- Distribution strength and service excellence
- World class technology



Chemicals

- Largest Chemical business in Australia and New Zealand
- Strong asset positions
- Leading technology
- Cost and capital efficiency

Fertilisers

- Merger of Incitec Fertilizers and Pivot Limited on 1 June 2003
- Largest manufacturer and distributor of fertiliser in Australia
- Wide geographic spread across Australia's East Coast

Orica – business drivers

Mining Services

- Economic activity
- Country development
- Power generation
- Mining volumes

Chemicals

- GDP
- Weather
- International chemical prices



Consumer Products

- Discretionary income
- GDP
- Housing renovation and turnover
- Building and construction

Fertilisers

- Weather
- Agricultural commodity prices
- International fertiliser prices

Orica - what makes our businesses attractive

- Our businesses operate largely in good industry structures
- Our businesses have a record of delivering consistent steady returns
- We have privileged asset position in Australia and overseas
- Our businesses are market leaders - brands and technology

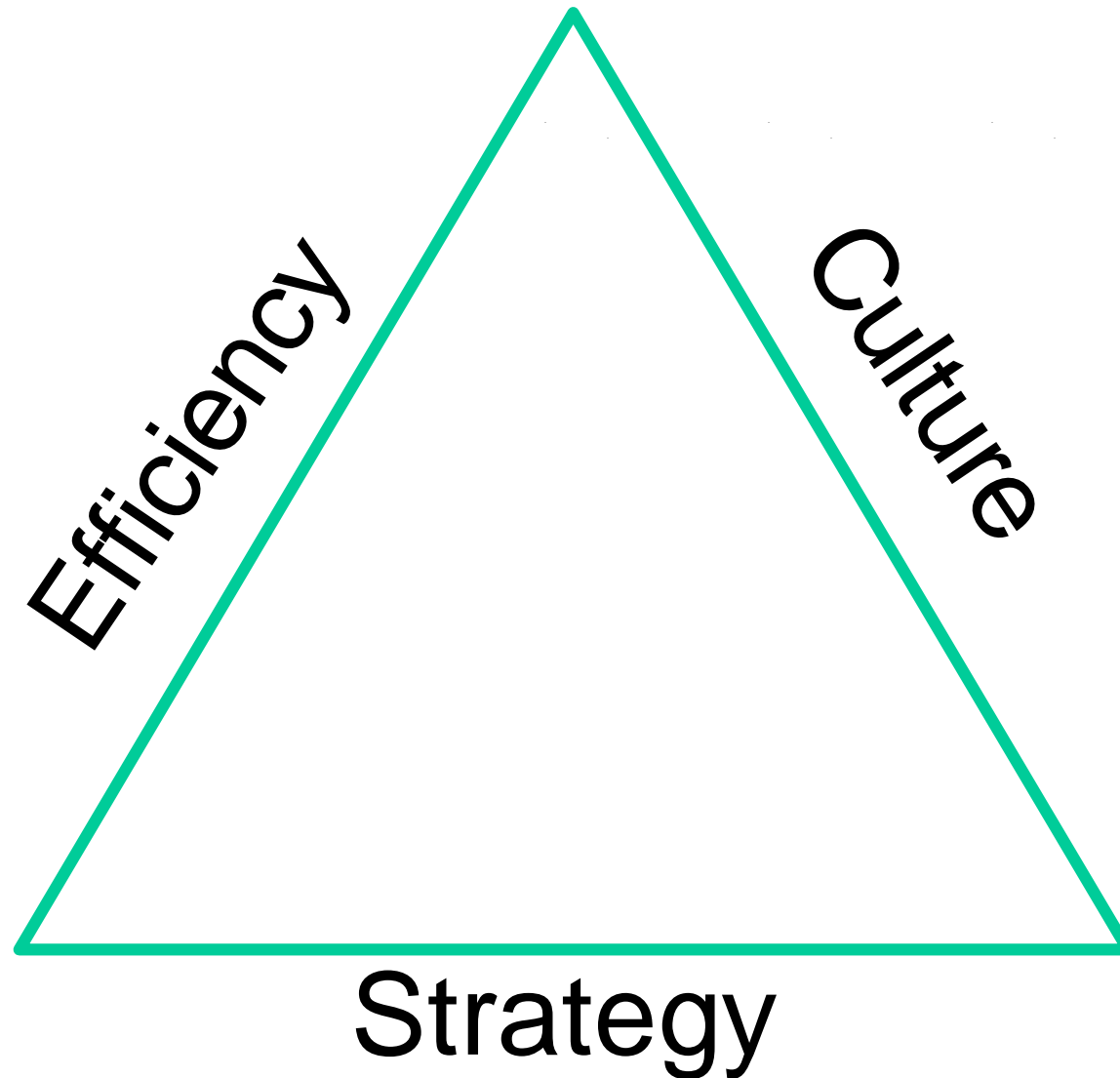
COMPETITIVE ADVANTAGE

Orica - why should you invest?

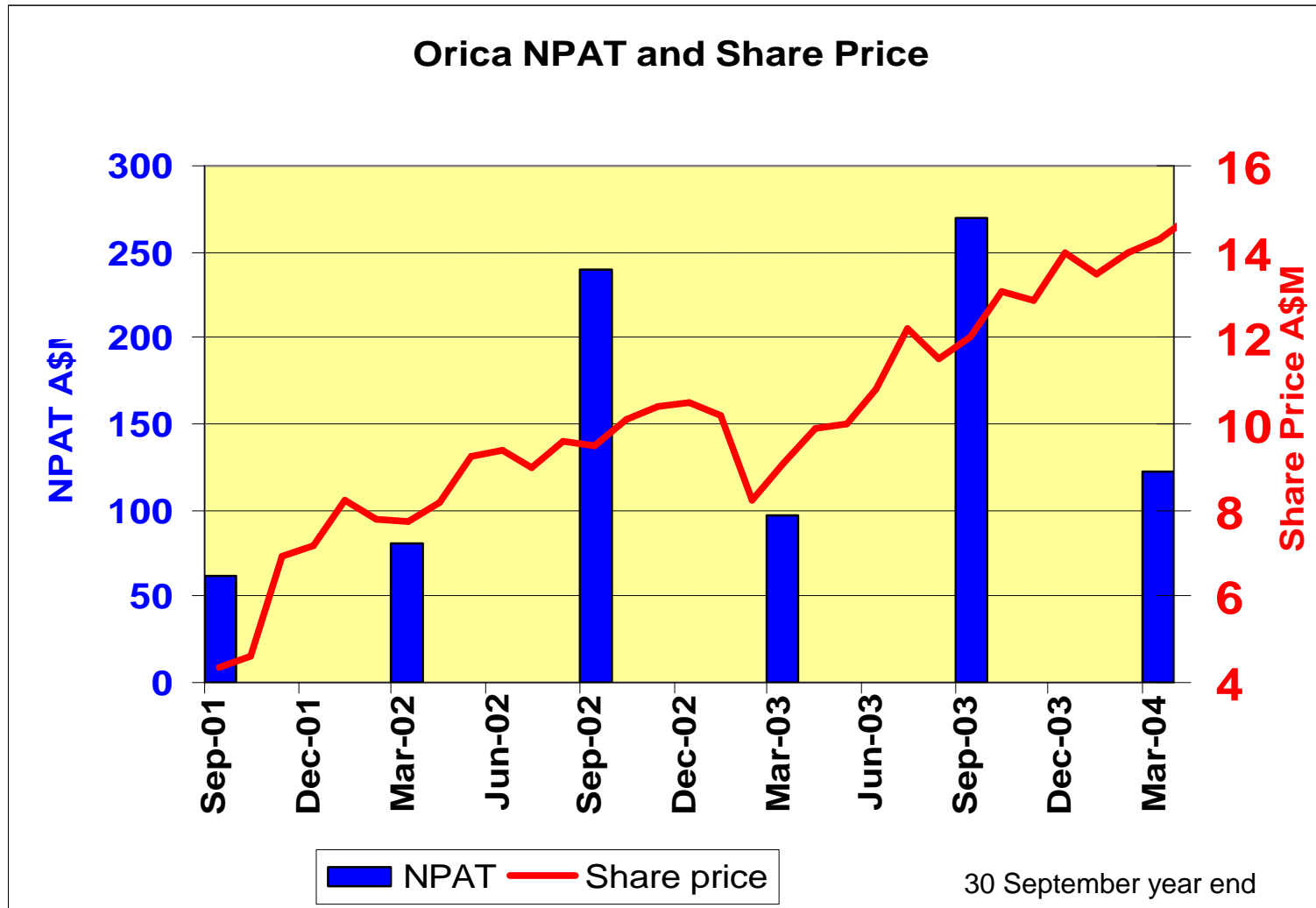
- Orica is positioning to be the number one global “niche” chemical company through:
 - market leadership in niche markets and/or selected geographies
 - significant expansion opportunities
 - the delivery of consistent economic profits
- We have strict financial investment criteria
- Our aim is to deliver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

COMPETITIVE ADVANTAGE

Orica - Approach to how we do things

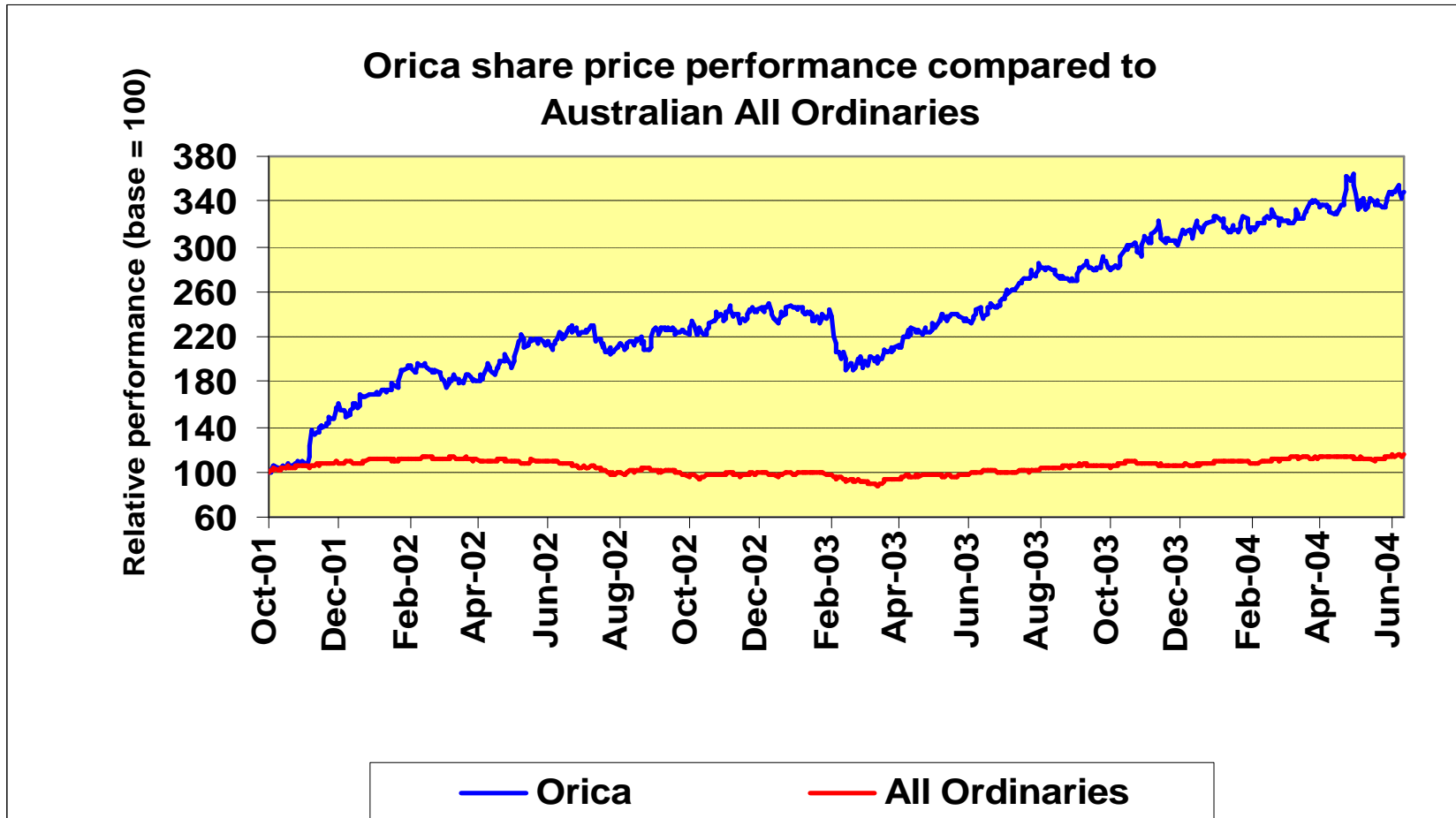


Orica - What our approach has delivered



FIX UP, CLEAN UP, GROW

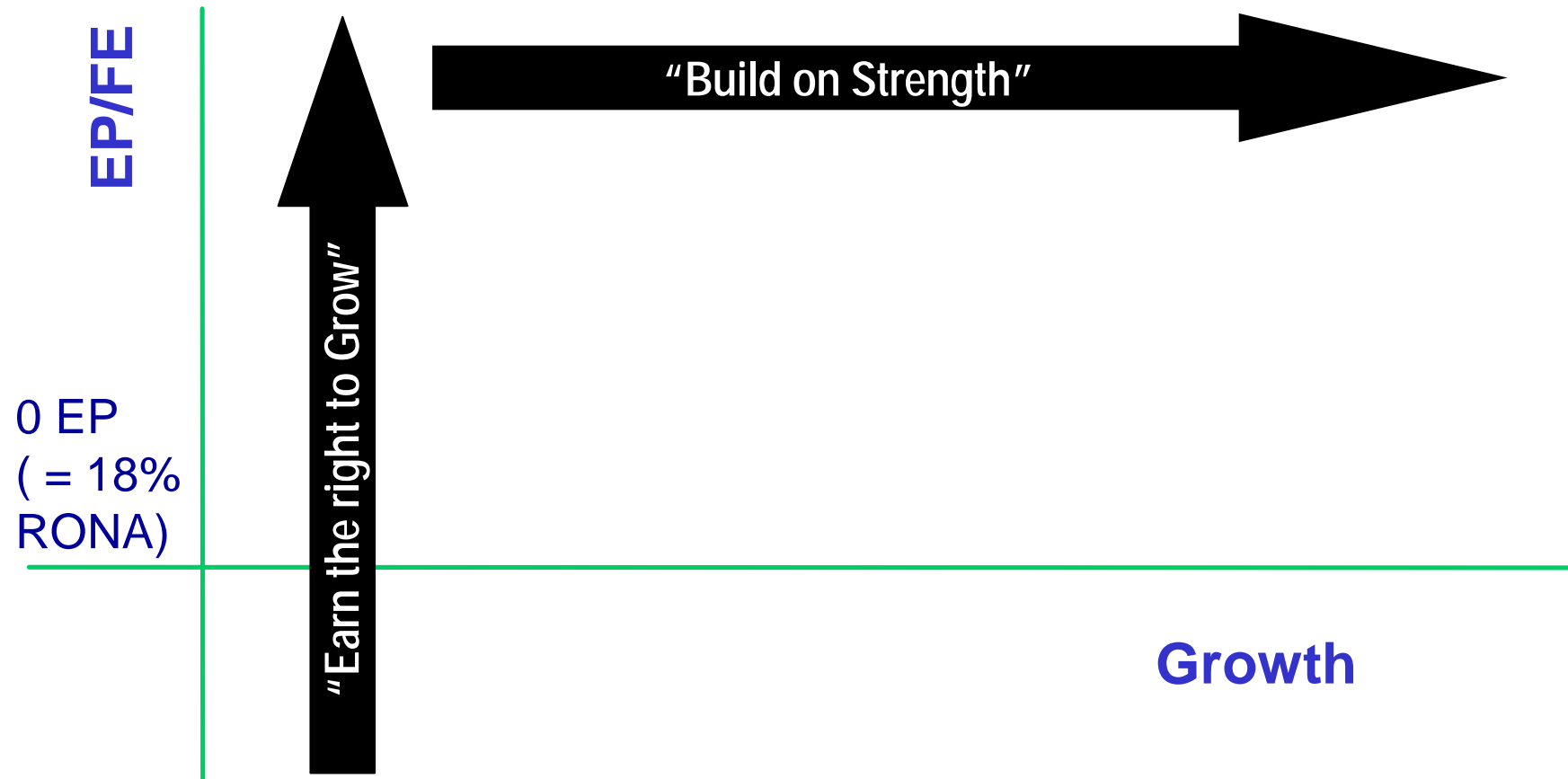
Orica - CREATING VALUE FOR SHAREHOLDERS



ABOVE AVERAGE MARKET RETURNS

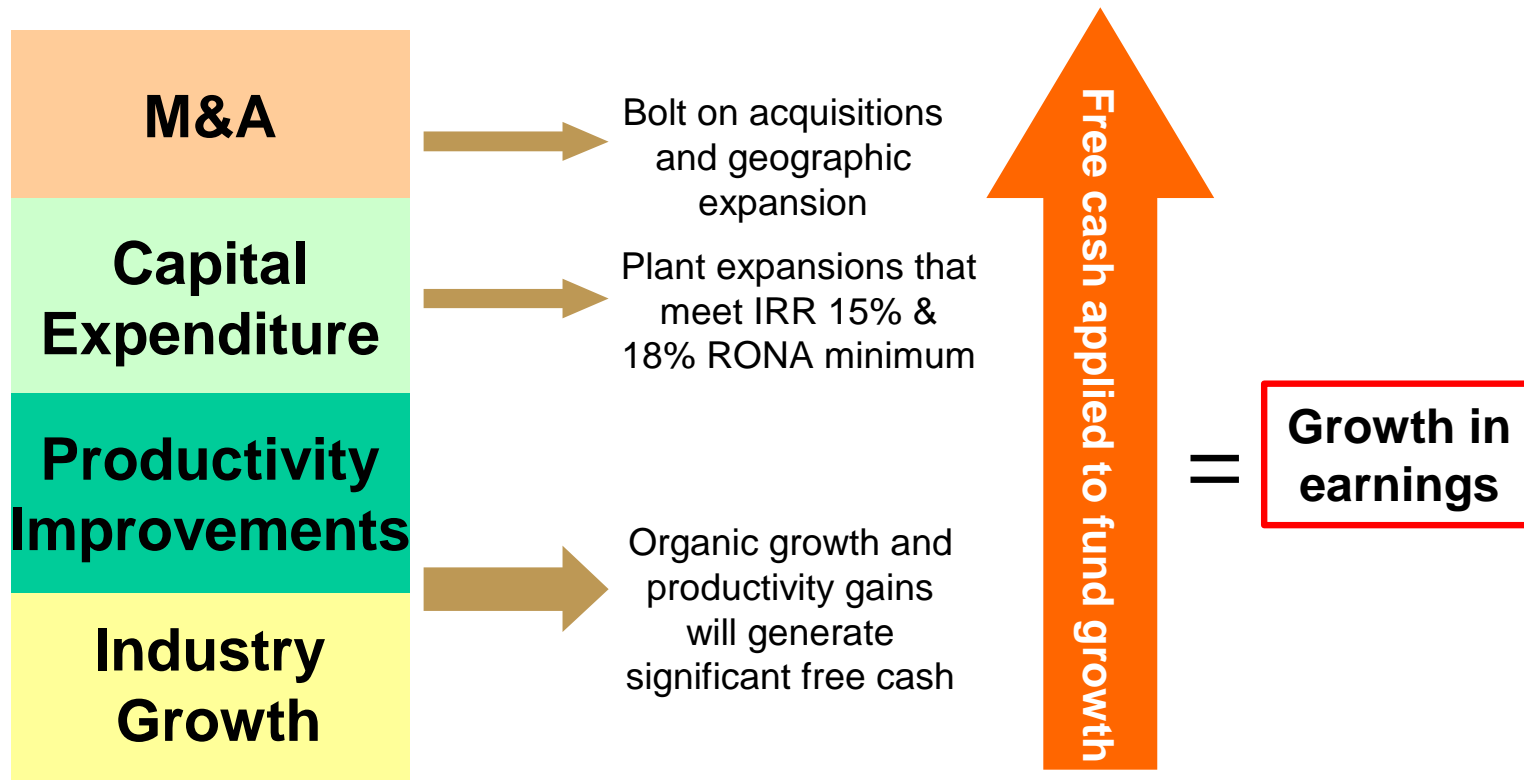
STRATEGY

Orica – strategy and execution



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

Fertilisers

- Capturing synergy benefits
- Supply chain optimisation

Orica - recent growth scorecard

| A\$M | | <u>2003</u> | <u>2004</u> | |
|---------------------------------|--------|-------------|-------------|------------|
| Mergers and Acquisitions | | | | |
| - Incitec minorities buyout | Ferts | 326 | | } 622 |
| - Fernz | Chems | 60 | | |
| - Welvic & Engineering Plastics | Chems | 14 | | |
| - Initiating Explosives Systems | Mining | 16 | | |
| - Indian Explosives | Mining | 30 | | |
| - Yates | OCP | 45 | | |
| - Znamja JV in FSU | Mining | | 4 | |
| - Bronson and Jacobs | Chems | | 110 | |
| - SMI technology | Mining | | 17 | |
| Brownfield Expansion | | | | |
| - Yarwun | Mining | 7 | 14 | } 71 |
| - Kooragang Island | Mining | 50 | | |
| | | <u>548</u> | <u>145</u> | <u>693</u> |

LOW RISK GROWTH CONTINUES

Orica - culture

- SH&E
- Commercial Ownership
- Creative Customer Solutions
- Working Together

DELIVER THE PROMISE

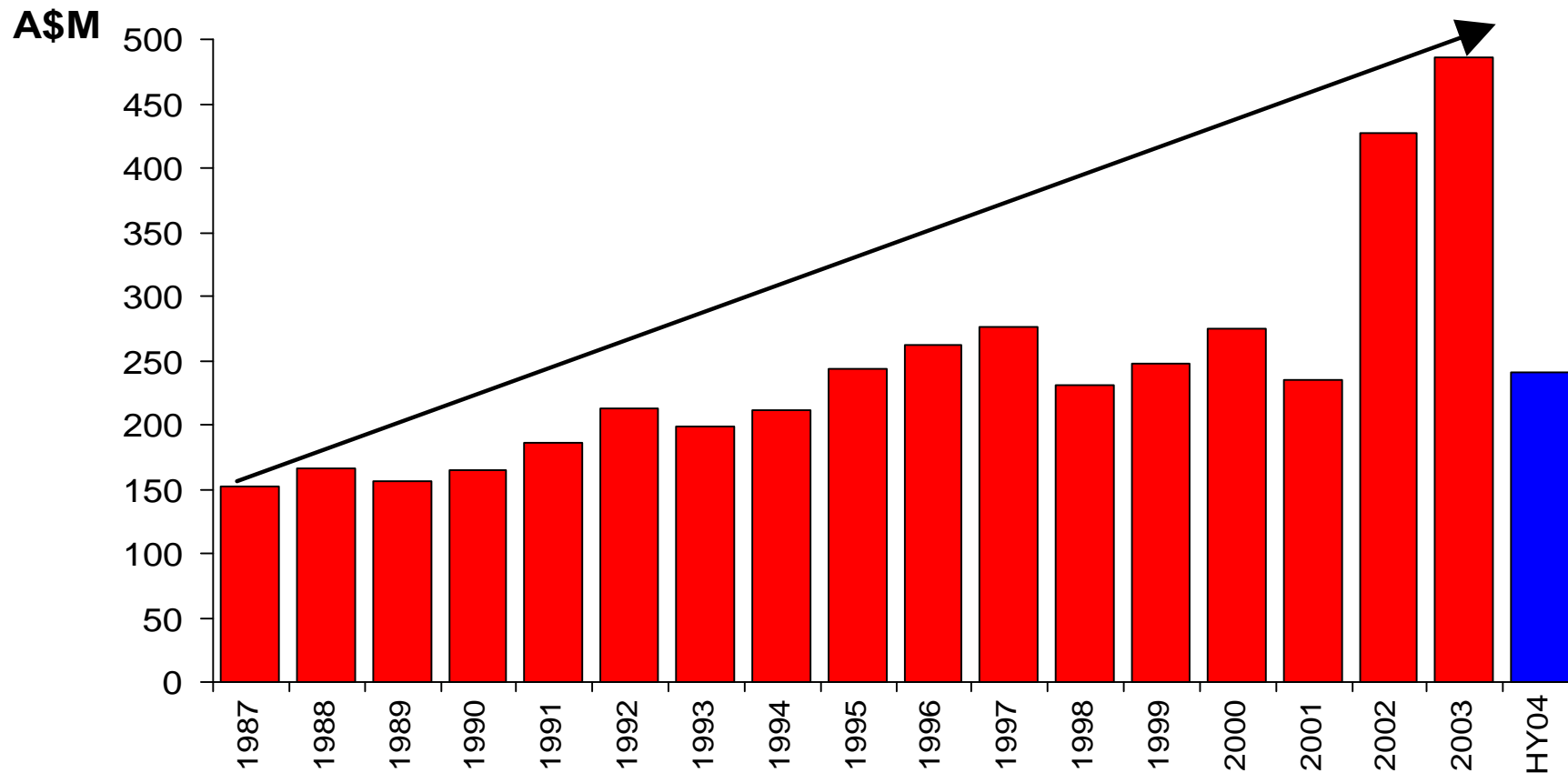
RECENT FINANCIALS

FINANCIAL SUMMARY

| | | <u>Mar-04</u> | <u>Sep-03</u> | <u>Mar-03</u> | <u>Sep-02</u> |
|---|------|---------------|---------------|---------------|---------------|
| Underlying Results: | | | | | |
| Sales Revenue | A\$M | 2,054 | 3,959 | 1,842 | 4,085 |
| NPAT (excluding significant items) | A\$M | 122 | 270 | 97 | 239 |
| EBIT (excluding significant items) | A\$M | 216 | 442 | 167 | 410 |
| Results including significant items: | | | | | |
| Significant items after tax | A\$M | - | (170) | (140) | (26) |
| NPAT including significant items | A\$M | 122 | 101 | (43) | 214 |
| Coverage Ratios: | | | | | |
| Gearing | % | 40.1 | 35.7 | 42.8 | 31.3 |
| Interest cover | x | 5.9 | 7.3 | 6.0 | 6.9 |

“EARNINGS MOMENTUM CONTINUES”

Orica – Long term EBIT* trend of existing 4 businesses



BUSINESS IS NO LONGER DEEPLY CYCLICAL

* excluding corporate costs

SHAREHOLDER SCORECARD

Underlying Results:

Earnings per share

cents

44.2

97.2

34.8

86.0

Return on shareholders' funds

%

18.0

19.6

14.6

18.0

Returns to Shareholders

Dividends

cents

23

52

18

44

Payout ratio

%

52

53

52

51

| | | <u>Mar-04</u> | <u>Sep-03</u> | <u>Mar-03</u> | <u>Sep-02</u> |
|-------------------------------|-------|---------------|---------------|---------------|---------------|
| Earnings per share | cents | 44.2 | 97.2 | 34.8 | 86.0 |
| Return on shareholders' funds | % | 18.0 | 19.6 | 14.6 | 18.0 |
| Dividends | cents | 23 | 52 | 18 | 44 |
| Payout ratio | % | 52 | 53 | 52 | 51 |

On 11 May 2004, 5% on market buyback completed.

13,954,402 shares bought back for total consideration \$176.8M.

INCREASED RETURNS FOR SHAREHOLDERS

CASH FLOW

Net operating cashflows

| | <u>Mar-04</u> | <u>Sep-03</u> | <u>Mar-03</u> | <u>Sep-02</u> |
|------|---------------|---------------|---------------|---------------|
| A\$M | 106 | 500 | 155 | 343 |
| A\$M | (139) | (385) | (360) | 12 |
| A\$M | 62 | (173) | 185 | (333) |
| A\$M | 29 | (58) | (20) | 22 |

Net investing cashflows

Net financing cashflows

Net increase/(decrease) in cash

Working Capital

Inventories

Trade debtors

Trade creditors

| | | | | |
|------|-------|-------|-------|-------|
| A\$M | 728 | 583 | 610 | 548 |
| A\$M | 569 | 501 | 466 | 475 |
| A\$M | (546) | (413) | (505) | (416) |
| A\$M | 751 | 671 | 571 | 607 |
| | | 16.9% | | 14.9% |

TWC/sales

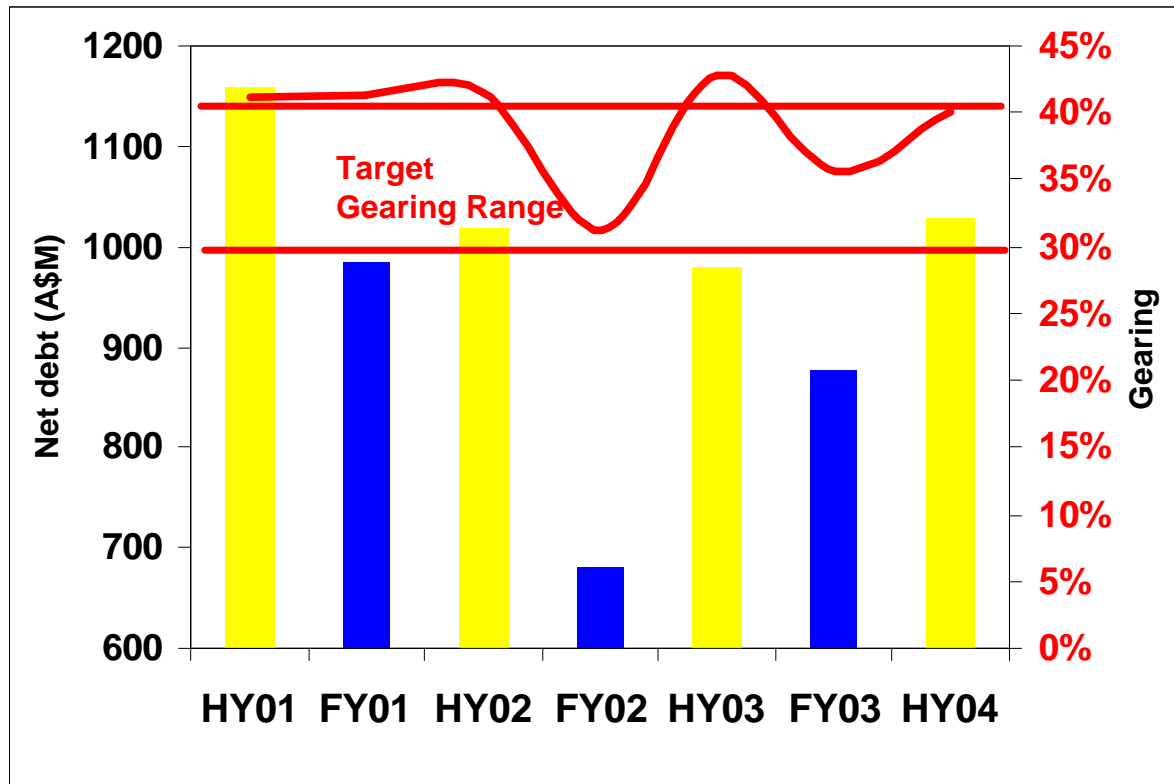
STRONG CASH FLOWS FUNDING GROWTH

FINANCIAL POSITION (A\$M)

| | March 2004 | Sept 2003 | March 2003 |
|---------------------------------|-----------------------|----------------------|-----------------------|
| Trade working capital | 751 | 671 | 571 |
| Net property, plant & equipment | 1,450 | 1,437 | 1,326 |
| Net other assets | 363 | 350 | 391 |
| Net debt | (1,029) | (877) | (979) |
| Net Assets | 1,535 | 1,581 | 1,309 |
| Orica shareholders' equity | 1,338 | 1,385 | 1,281 |
| Outside equity interests | 197 | 196 | 28 |
| Equity | 1,535 | 1,581 | 1,309 |

“HEALTHY BALANCE SHEET”

Net Debt, Gearing and Interest Cover



- ✎ Gearing 40.1%, target gearing range of 30 - 40%
- ✎ Interest cover 5.9x. Target > 5x

STRONG COVERAGE RATIOS

FOREIGN CURRENCY- Risk Management

| Derivative Instrument | Typical use |
|------------------------------|----------------------------------|
| A\$ call options | Exposures greater than 12 months |
| Foreign exchange contracts | Exposures less than 12 months |

INSURANCE APPROACH

FOREIGN CURRENCY-Snapshot

**A\$ Call Options: Hedging of USD Exposure
(as at 31 March 2004)**

| Year | Offshore Business Sales | | Manufactured Nitrogen Product | | Hedge Premium expense (full year) |
|------|-------------------------|-------------|-------------------------------|-------------|-----------------------------------|
| | Cover A\$M | Strike Rate | Cover A\$M | Strike Rate | |
| 2004 | 53 | 59 cents | # | # | \$3M |
| 2005 | 88 | 61 cents | 59 | 68 cents | \$6M |
| 2006 | 54 | 67 cents | 29 | 68 cents | \$4M |

In addition we have US\$30M zero cost collar at a ceiling rate of 58 cents and a floor of 43 cents

FOREIGN CURRENCY- Sensitivity

Assuming a AUD/USD exchange rate of 72 cents every one cent movement in the exchange rate will impact EBIT:

| | |
|-------------|------------------------|
| 2005 | +/- \$1M |
| 2006 | +/- \$1M - \$2M |

ACTIVE RISK MANAGEMENT

OUTLOOK FOR 2004

- We normally have a second half bias due to seasonally higher demand for mining services and fertilisers, and that will occur again this year.
- There are three caveats, which will determine the extent of the bias:
 - extent and timing of rainfall;
 - amount of additional spending on restructuring to cut costs in North America; and
 - amount of additional spending for longer term growth projects.
- In that regard, we believe current markets estimates, which average an NPAT of \$316M, give a reasonable indication of our expectations at this point.

CONTINUED EARNINGS MOMENTUM

Disclaimer

In addition to historical information, this report contains forward-looking statements. Such statements include those concerning Orica Limited's ("the Company") expected financial performance and its strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could cause actual results to differ materially from those stated in the forward-looking statements such as, but not limited to, economic factors, regulatory changes, management changes, investment risks and competition risks. All information set forth in this presentation is as of 3 May, 2004, and the Company undertakes no duty to update this information.