



Acquisition of Bronson & Jacobs Pty Limited ("B&J")

Transaction Summary

- ✍ Orica to acquire 100% of shares of Bronson and Jacobs Pty Limited
- ✍ Acquisition price : A\$110M (increased to \$120M if specific sustainable earnings targets are achieved by 30 June 2004)
- ✍ Completion Date : 31 May 2004

Bronson and Jacobs Pty Limited



HISTORY

- B&J is a speciality food and fine chemicals distributor
- High brand awareness in the industry
- Founded in 1945, specialising in the marketing and distribution of speciality raw materials in Australia, New Zealand and Southeast Asia
- Main market segments include:
 - ? Food
 - ? Cosmetics
 - ? Flavours
 - ? Fragrances
- Highly successful business in Asia Pacific region - conducting business in China for 20 years+

BUSINESS OUTLINE

- Operations in eight countries in the Asian region
- Employs ~ 250 people (130 domestic and 120 overseas)

FINANCIAL DIMENSIONS *

- Sales - circa A\$200M
- EBIT - circa A\$13M
- Net assets - circa \$68M
 - Trade Working Capital - \$58M
 - Property, plant & equipment - \$8M
 - Other net assets - \$2M

* based on historical B&J performance pre-acquisition by Orica

B&J Operations



BUSINESS LOCATIONS

- Head office - Sydney
- Operations in all Australian states and New Zealand
- Strong presence in Asia (40% of revenue)
- Operations in China
 - Hong Kong
 - Shanghai
 - Beijing
 - Guangzhou
 - Tinjian
- Operations in South East Asia
 - Indonesia
 - Singapore
 - Malaysia
 - Thailand

Why the Acquisition Makes Sense for Chemnet

- ✍ Logical fit into Chemnet - complements Chemnet's portfolio
- ✍ Provides a strong platform from which to specifically grow the Chemnet food & fine chemicals business
- ✍ Places Chemnet in a strong position to take advantage of opportunities in Asia - B&J has significant presence in the fast growing Asian region (especially China)

Why the Acquisition Makes Sense for Chemnet

- ✍ Acquisition aligns with Chemnet “bolt on” strategy - builds on the four acquisitions in 2002/03
- ✍ Chemnet will be the number one food chemicals distributor to the Australian and New Zealand market
- ✍ Further cements Chemnet as market leader in chemical trading and value add distribution in Australia and New Zealand

Why the Acquisition Makes Sense for Orica

- ✍ Acquisition satisfies our strategic principles:
 - ? Market leadership
 - ? growing only value adding business who have “earned the right to grow”
 - ? related growth - building on our best businesses

- ✍ Chemnet:
 - ? exceeds Orica performance measures
 - ? track record of year on year earnings growth
 - ? enhances existing business

Why the Acquisition Makes Sense for Orica

Financial

- ✍ EPS positive on a full year basis. Earnings impact in 2004 likely to be immaterial after goodwill amortisation
- ✍ Transaction meets IRR and RONA targets
 - ? improved trade working capital in Aust/NZ
 - ? continued revenue growth in China and Asia
- ✍ Low risk value creation
 - ? will be run as standalone business
 - ? no changes to customer or supplier interface
 - ? brand name will remain in the marketplace