



HALF YEAR RESULTS ANNOUNCEMENT

3 MAY 2004



PRESENTATION OUTLINE

Results for half year
ended 31 March 2004
Strategy

Malcolm Broomhead

Business Performance
Cash Flow
Financial Position

Jim Hall

Summary and outlook
for 2004

Malcolm Broomhead

Questions and answers

Six Months Ended 31 March

FINANCIAL SUMMARY

		<u>2004</u>	<u>2003</u>	<u>% Change</u>
Underlying Results:				
NPAT (excluding significant items)	A\$M	122	97	26%
EBIT (excluding significant items)	A\$M	216	167	30%
Results including significant items:				
Significant items after tax	A\$M	-	(140)	100%
NPAT including significant items	A\$M	122	(43)	>100%
Coverage Ratios:				
Gearing	%	40.1	42.8	
Interest cover	x	5.9	6.0	

“EARNINGS MOMENTUM CONTINUES”

Six Months Ended 31 March

SHAREHOLDER SCORECARD

		<u>2004</u>	<u>2003</u>	<u>% Incr</u>
Underlying Results:				
Earnings per share	cents	44.2	34.8	27%
Return on shareholders' funds	%	18.0	14.6	23%
Returns to Shareholders				
Dividends - interim	cents	23	18	28%
Payout ratio	%	52	52	-
Share buyback	A\$M	56	49	14%

INCREASED RETURNS FOR SHAREHOLDERS

ORICA'S APPROACH

- Strategy
- Efficiency
- Culture

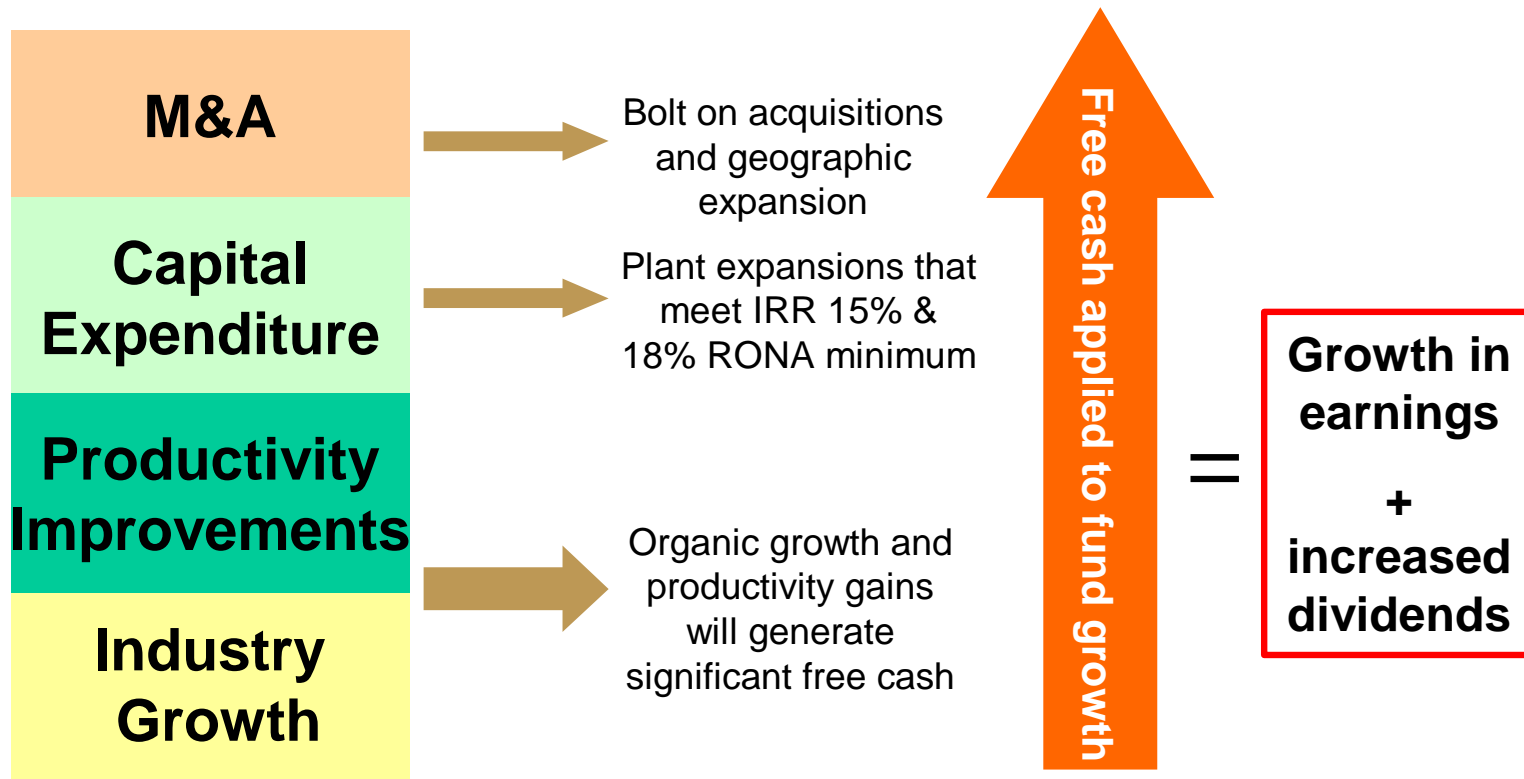
PERFORMANCE DRIVERS

Orica - Our strategic principles

- Market leadership
- Growing only value adding businesses
- Related growth

LOW RISK VALUE CREATION

Orica - Simple strategy with 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 growth
- Commercialisation of new technologies

Fertilisers

- Capturing synergy benefits
- Supply chain optimisation

STRATEGY - execution

Bronson and Jacobs Pty Limited



TRANSACTION OUTLINE

- ✍ 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 : 1 June 2004

STRATEGIC FIT

- ✍ Satisfies our strategic principles
- ✍ Strong platform from which to specifically grow the food & fine chemicals business
- ✍ Strong position to take advantage of opportunities in Asia

LOW RISK VALUE CREATION

RECENT GROWTH SCORECARD

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

LOW RISK GROWTH CONTINUES

ORICA'S APPROACH

- Strategy

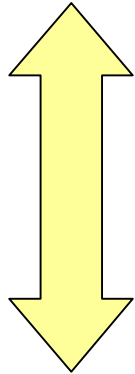
- Efficiency

- Culture

PERFORMANCE DRIVERS

Six Months Ended 31 March

COST EFFICIENCY

		<u>2004</u>	<u>2003</u>	<u>Increase</u>	
				\$	%
Sales revenue	A\$M	2,054	1,842	212	11.5%
Variable costs	A\$M	1,180	1,052	128	
Cash fixed costs	A\$M	589	537	52	
Depn & amort	A\$M	87	86	1	
Whole of cost bar (WOCB)	A\$M	1,856	1,675	181	10.8%
WOCB/sales		90.4%	90.9%		

YEAR ON YEAR IMPROVEMENT IN COST AS % OF SALES

CAPITAL EFFICIENCY

Disciplined capital management:

 working capital

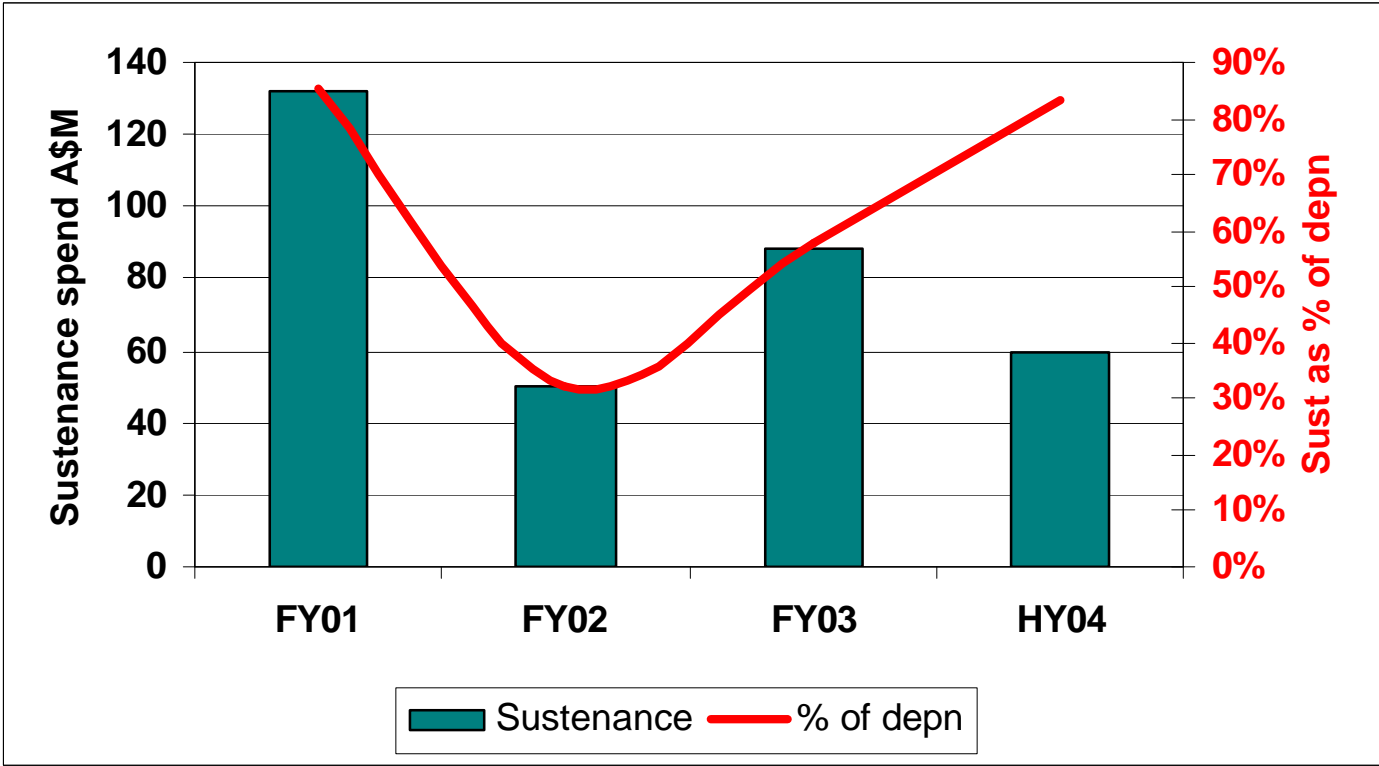
Productivity:

 Yarwun

 Kooragang Island

 ChlorAlkali plants

SUSTENANCE CAPITAL



RE-INVESTING IN EXISTING ASSETS

ORICA'S APPROACH

- Strategy
- Efficiency
- Culture

PERFORMANCE DRIVERS

CULTURE

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

DELIVER THE PROMISE

Business Performance

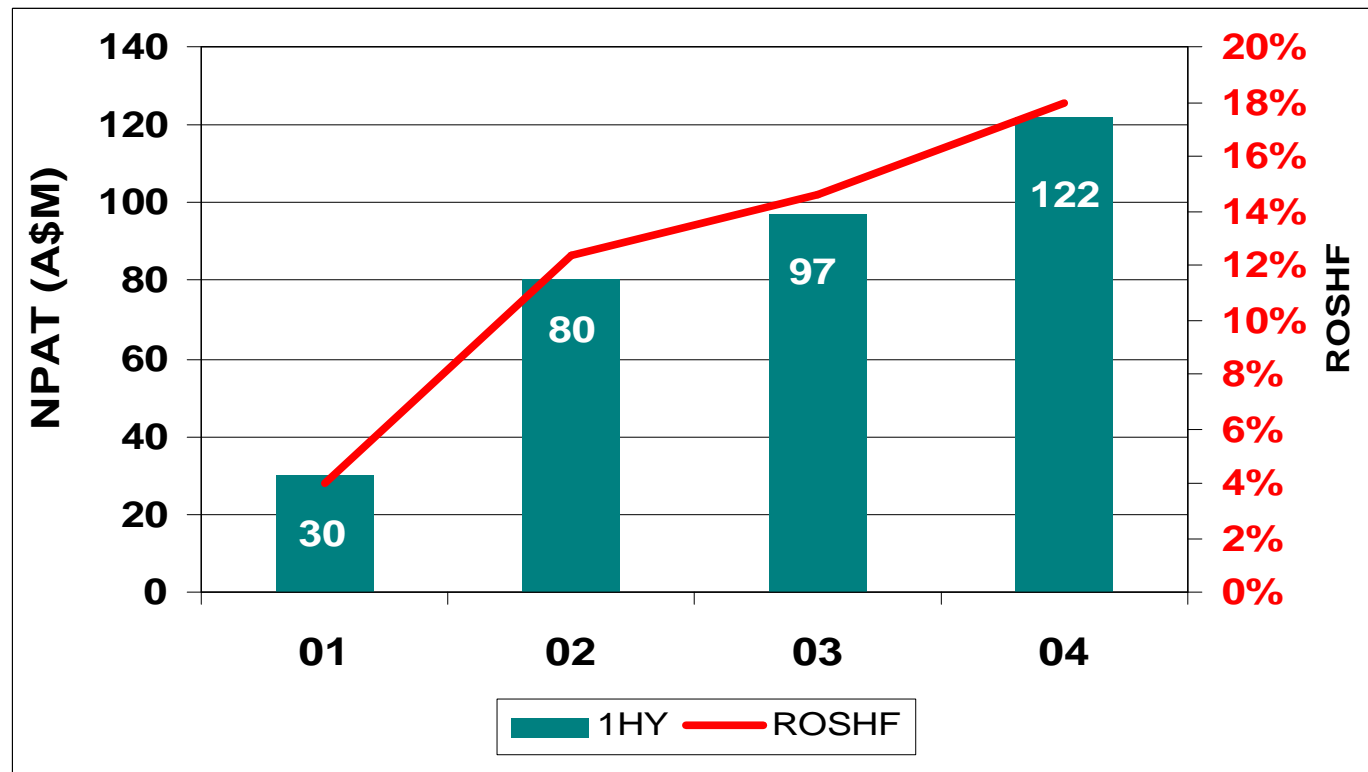
Cash Flow

Financial Position Statement

Six Months Ended 31 March

Financial Results (NPAT*)

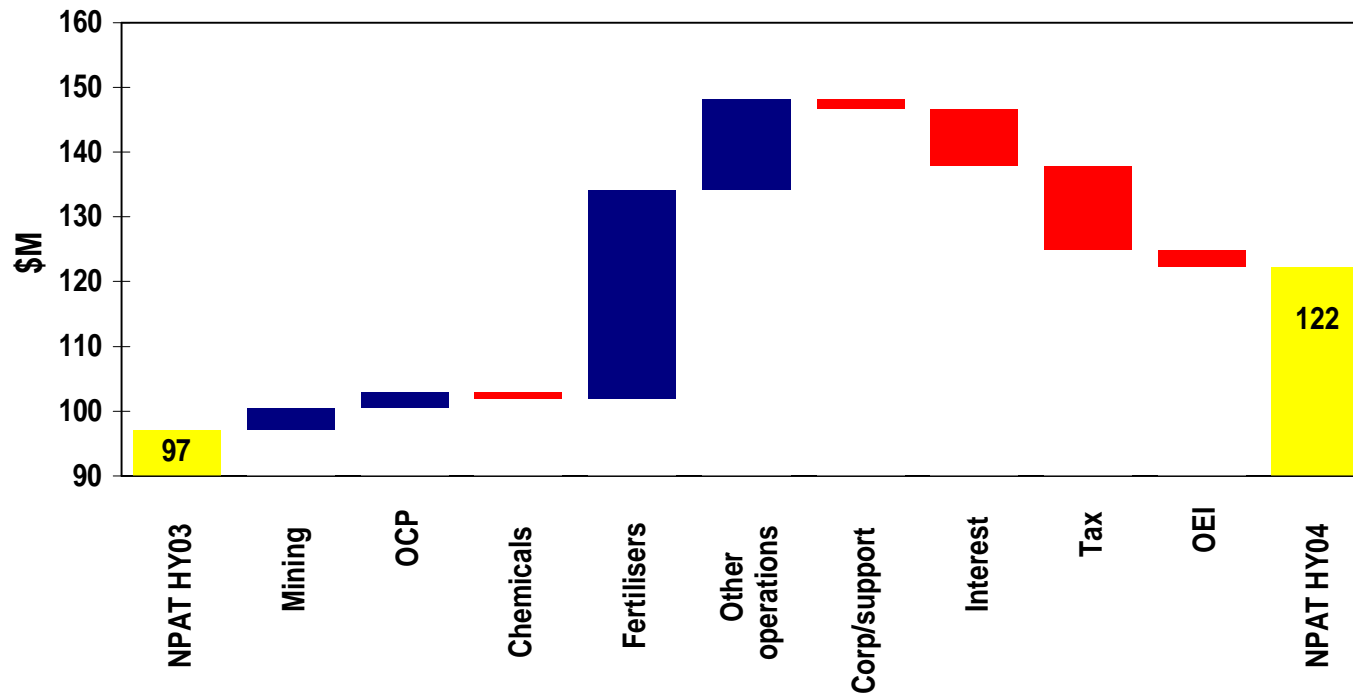
2004: Sales \$2.1B, NPAT* \$122M



RECORD HALF YEAR RESULT

* pre significant items/abnormals

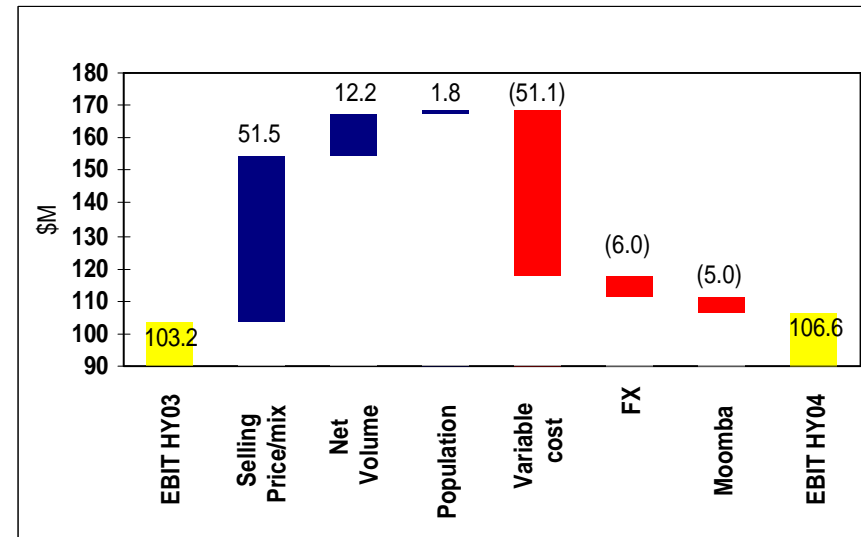
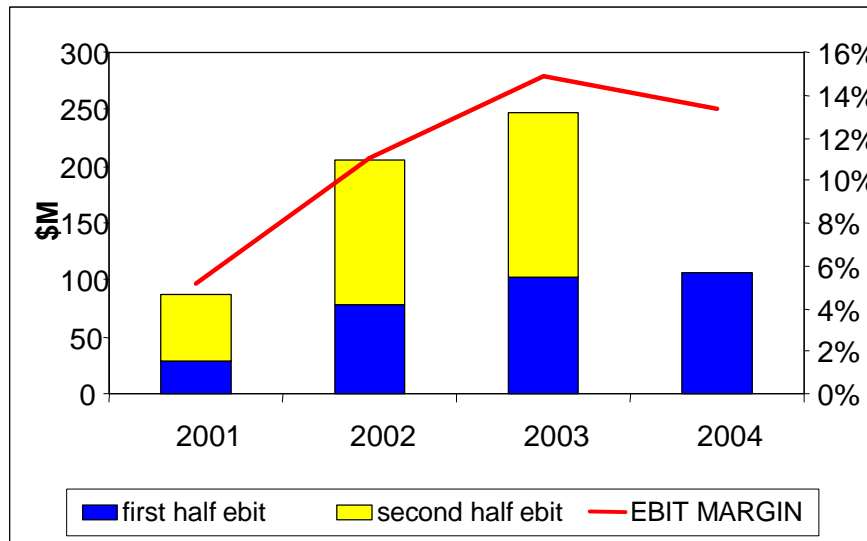
Orica NPAT analysis



- ✍ EBIT growth of 11%
- ✍ Record results for Mining Services and Consumer Products
- ✍ Synergies plus partial drought recovery resulted in much improved Fertiliser performance
- ✍ No losses from Qenos or Crop Care
- ✍ Higher corporate and support costs
- ✍ Higher interest and tax

Mining Services

Sales \$796M, EBIT \$107M, Assets \$1,059M, RONA 20%

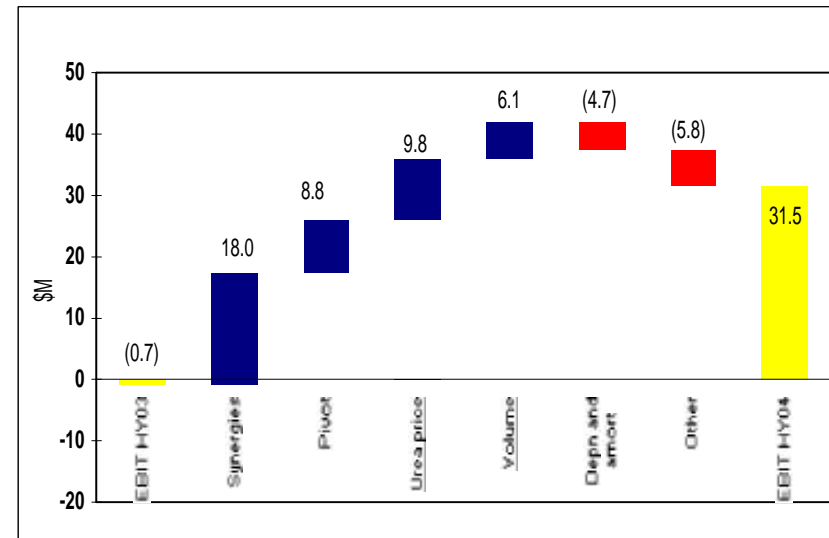
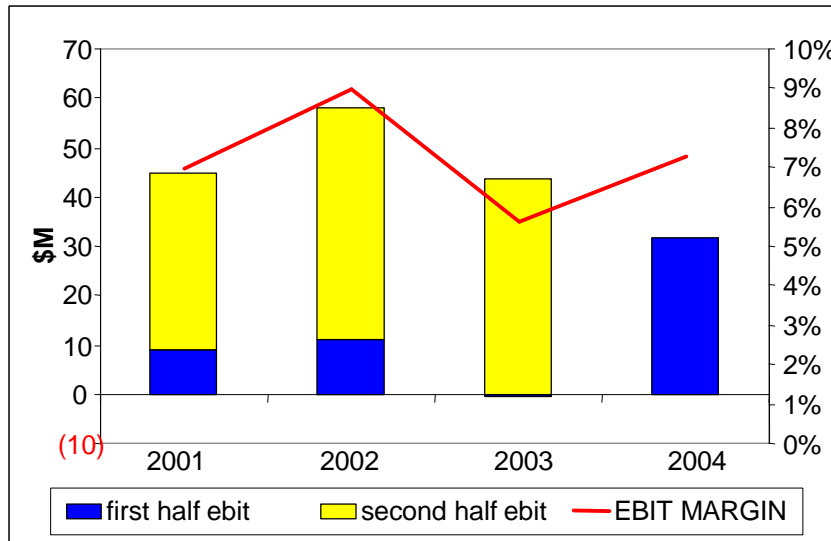


- ✍ Record result in Australia/Asia
- ✍ Some gains in selling prices and improved mix
- ✍ Volume growth in Australia/Asia and Latin America
- ✍ Subdued coal demand in North America in Q1

- ✍ Integration of Indian Explosives
- ✍ High gas and ammonia prices
- ✍ Santos Moomba plant explosion impacting gas supply in Australia

Fertilisers

Sales \$433M, EBIT \$32M, Assets \$767M, RONA 9%

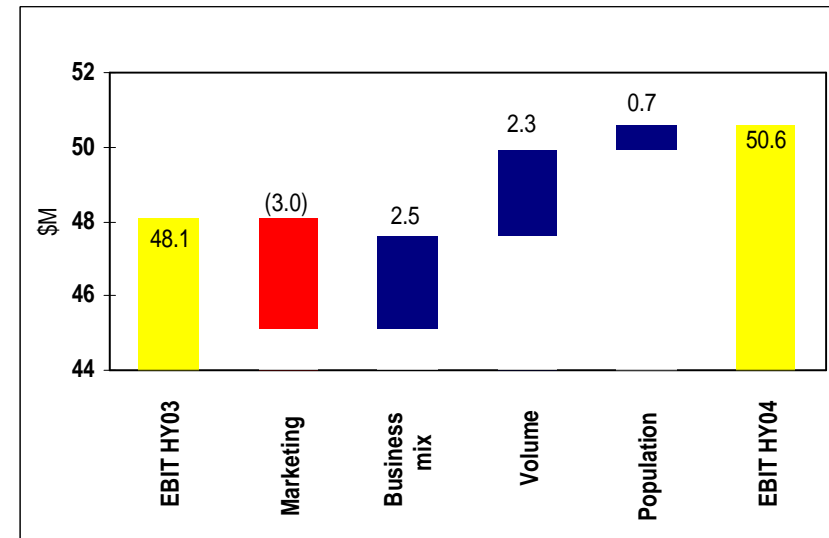
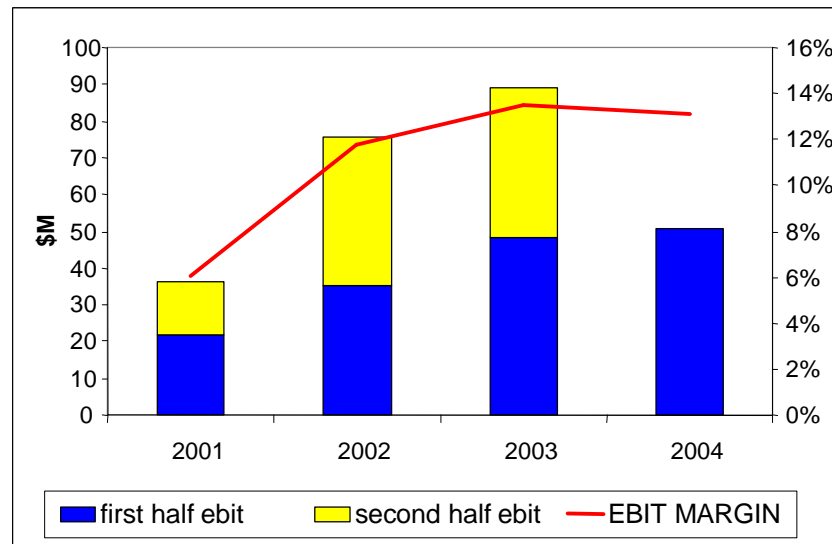


- ✍ Merger benefits captured
- ✍ Merger complete, market share retained
- ✍ Merger with Pivot

- ✍ Prices up in A\$ - Urea
- ✍ Partial drought recovery
- ✍ Goodwill amortisation
- ✍ Higher superphosphate costs

Consumer Products

Sales \$387M, EBIT \$51M, Assets \$222M, RONA 50%

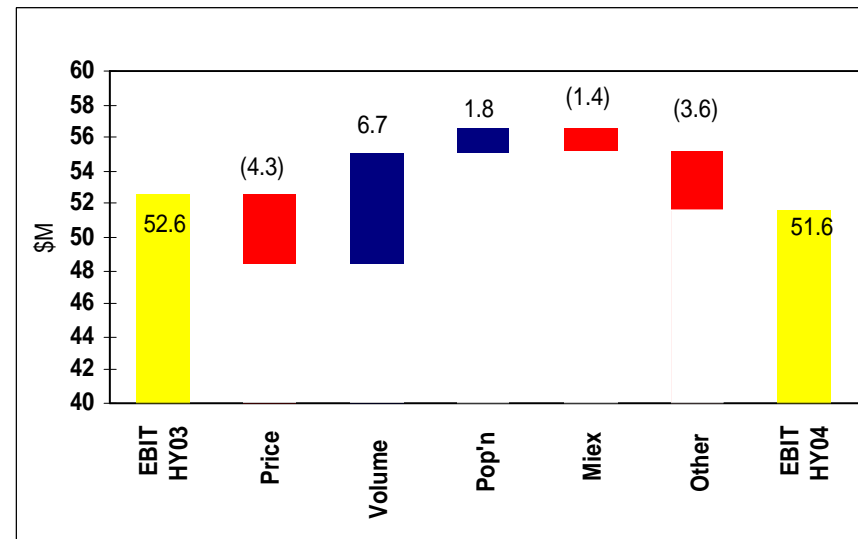
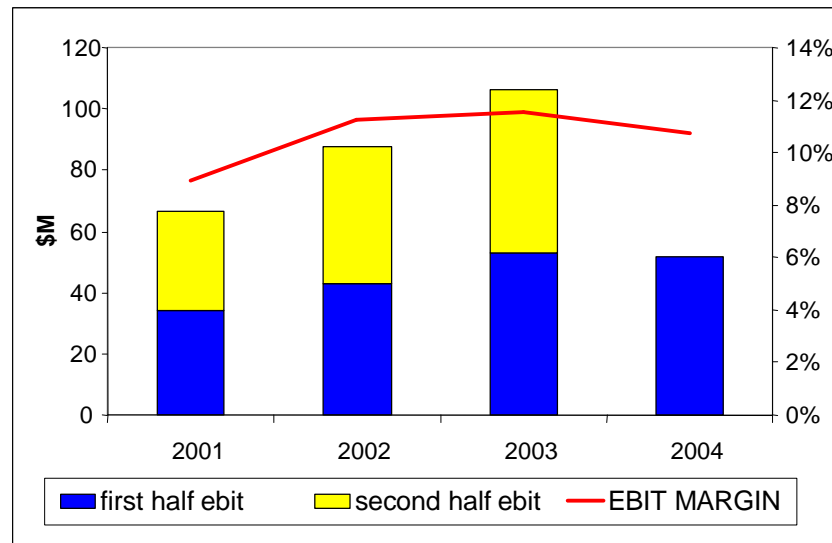


- ✍ Record first half
- ✍ Increased expenditure on marketing and product launches
- ✍ Excellent performance in New Zealand

- ✍ Improved product mix
- ✍ Improved Selleys performance and growth in paints and woodcare
- ✍ Integration of Yates

Chemicals

Sales \$481M, EBIT \$52M, Assets \$594M, RONA 18%



- ✍ In line with pcp record
- ✍ Competitive pricing in sodium cyanide and caustic markets
- ✍ Improved volumes across the business

- ✍ Several acquisitions integrated successfully
- ✍ Increased spending on Miex®
- ✍ Shortage of sulphuric acid following smelter closures

Other Operations, Corporate Centre and other Support Services (A\$M)

	<u>2004</u>	<u>2003</u>	<u>\$ Change</u>
Other Operations			
Qenos	-	(11.2)	11.2
Crop Care	-	(2.2)	2.2
Vinyls	-	(0.6)	0.6
	<hr/>	<hr/>	<hr/>
	-	(14.0)	14.0
Corporate Centre	(13.3)	(11.9)	(1.4)
Other Support Costs	(11.0)	(10.8)	(0.2)
	<hr/>	<hr/>	<hr/>
	(24.3)	(36.7)	12.4

- ✍ Ceased equity accounting Qenos in March 2003
- ✍ Sold Crop Care

- ✍ Senior Executive Loan Plan
- ✍ Business Development
- ✍ Growth initiatives

Disciplined Capital Management

CASH FLOW (A\$M)

	<u>2004</u>	<u>2003</u>	<u>Change</u>
EBITDA	303	252	50
Net operating cash flows	106	155	(49)
Net investing cash flows	(139)	(360)	221
Net financing cash flows	66	188	(122)
	<u>33</u>	<u>(17)</u>	<u>50</u>

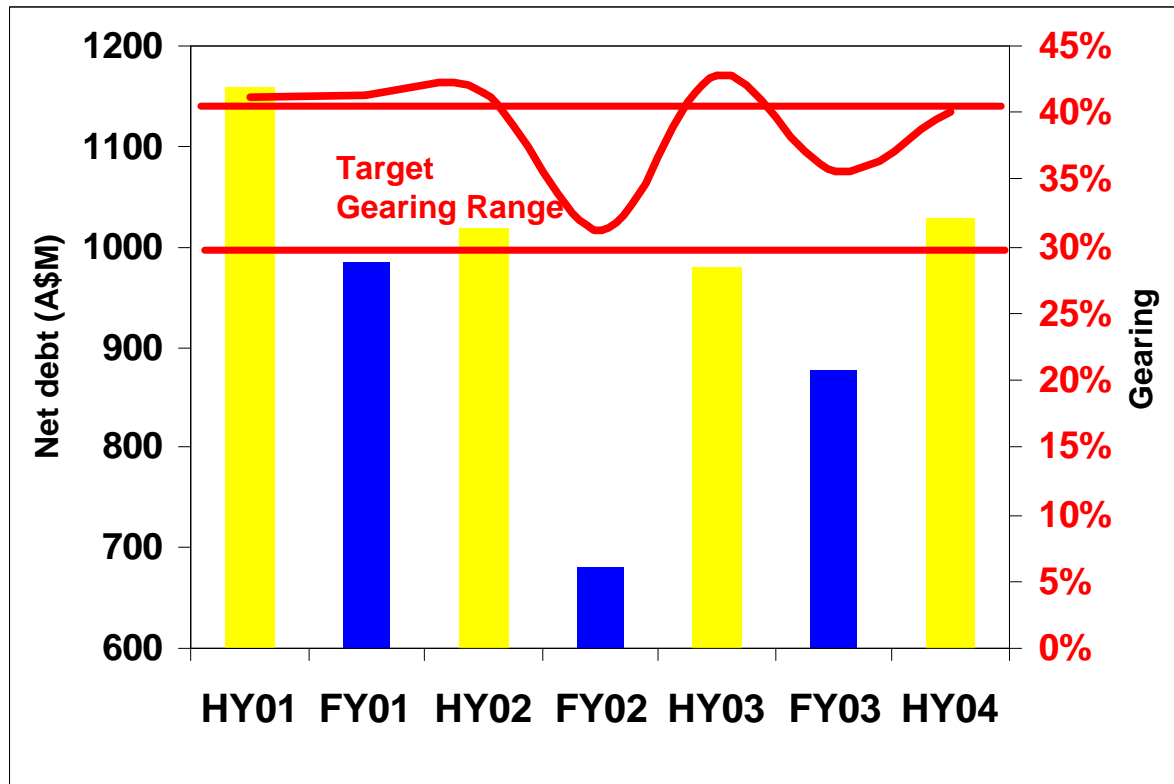
STRONG CASH FLOWS FUNDING GROWTH

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

CONCLUSION

- Continued underlying profit improvement
- Healthy “balance sheet” plus strong coverage ratios
- Active financial risk management

STRICT FINANCIAL DISCIPLINE

**FIRST HALF SUMMARY
AND
OUTLOOK FOR FULL YEAR
2004**

2004 HALF YEAR SUMMARY

- Net profit after tax (up 26%)
- Results demonstrates strength of Orica businesses
- Grown some of our existing businesses
- Improved returns for shareholders
 - record interim dividend
 - on-market buy-back

DELIVERING OUR PROMISES

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



HALF YEAR RESULTS ANNOUNCEMENT

3 MAY 2004

