

Merrill Lynch
Australasia Investment
Conference



14 October 2003

Presentation by
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Presentation Outline

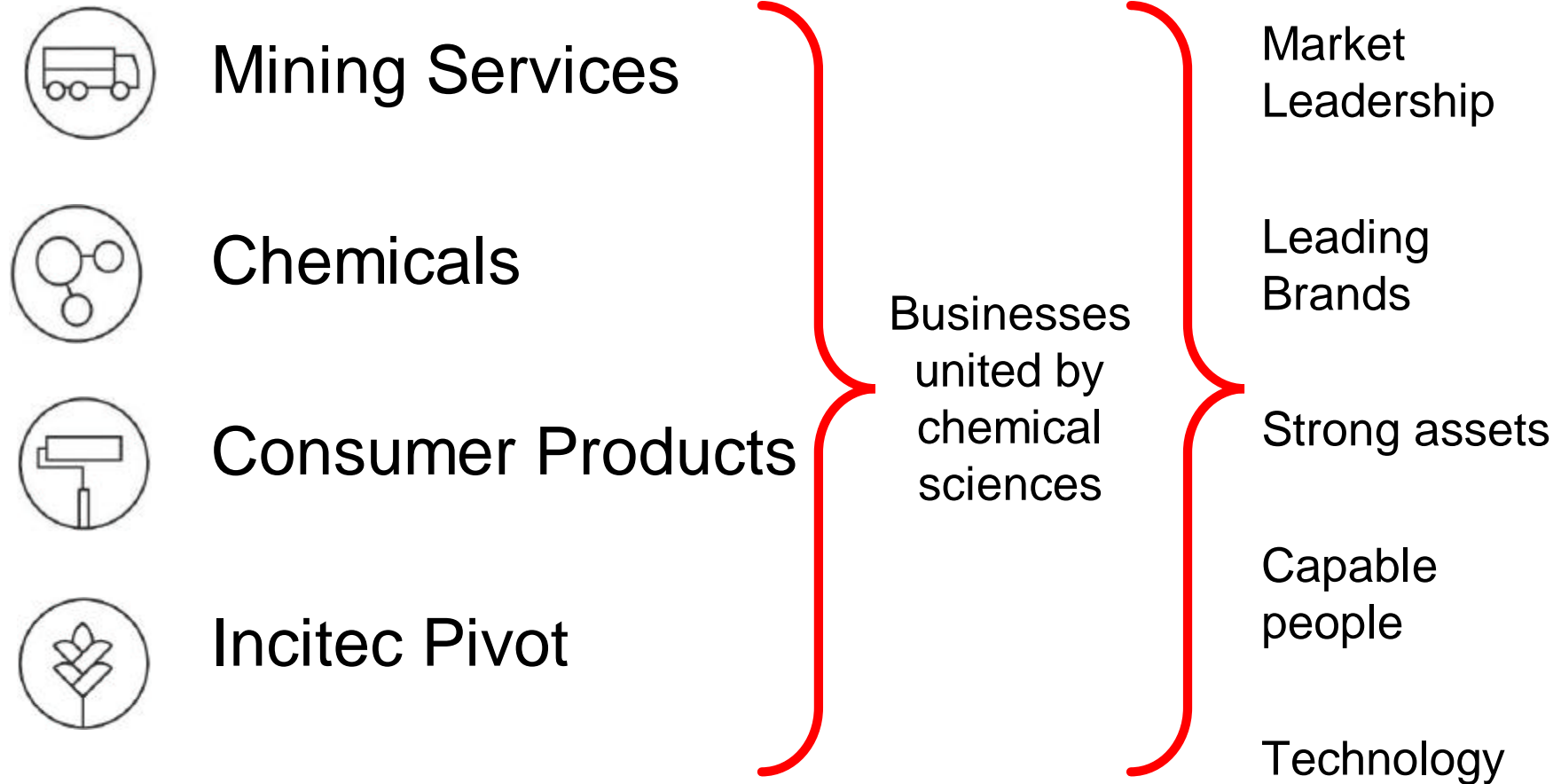
- Orica
- Current approach and progress
- Future direction

Delivering the Promise

- Efficiency
- Culture
- Strategy

PERFORMANCE DRIVERS

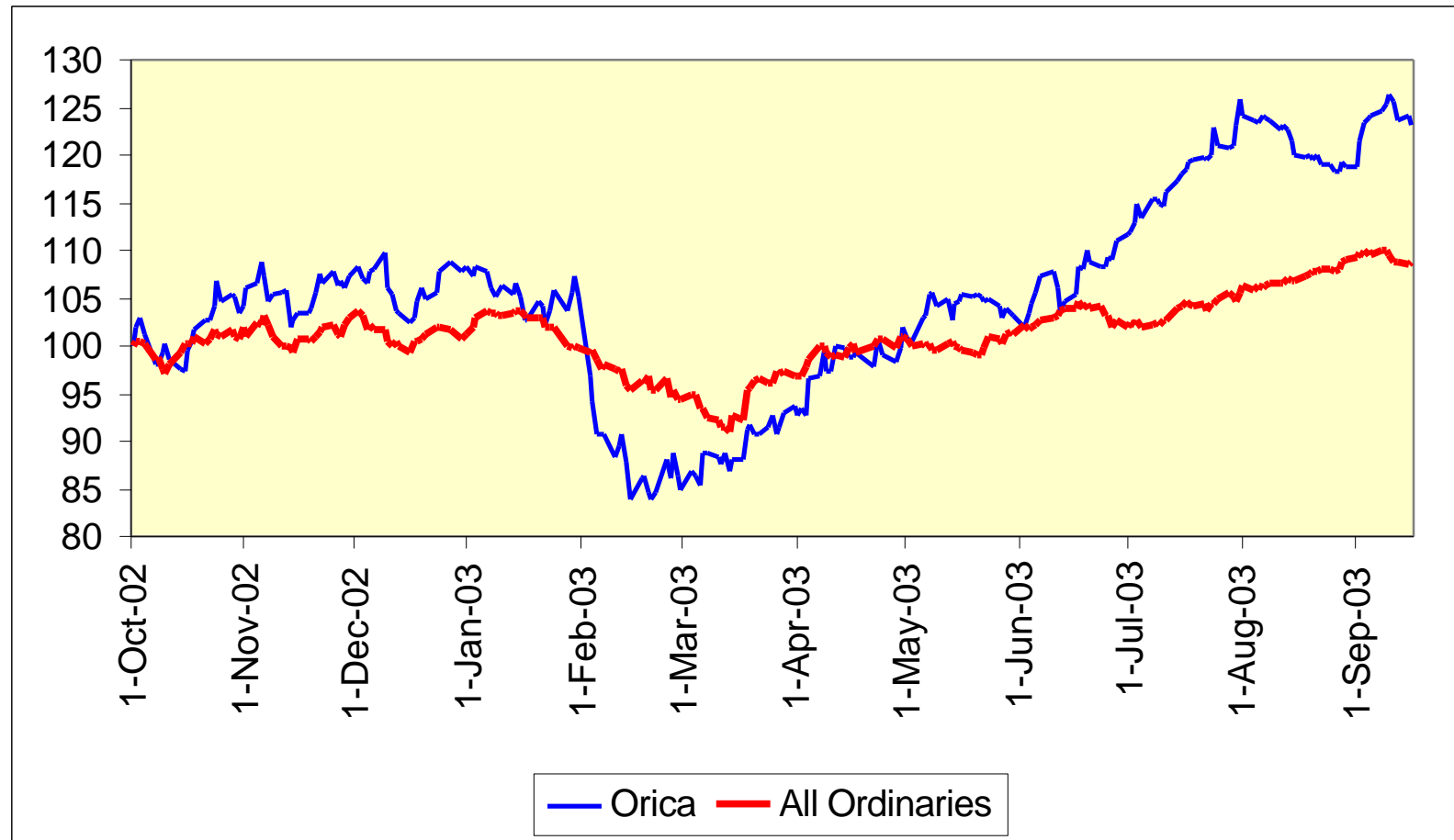
Orica - What we do



SATISFACTION OF BASIC HUMAN NEEDS

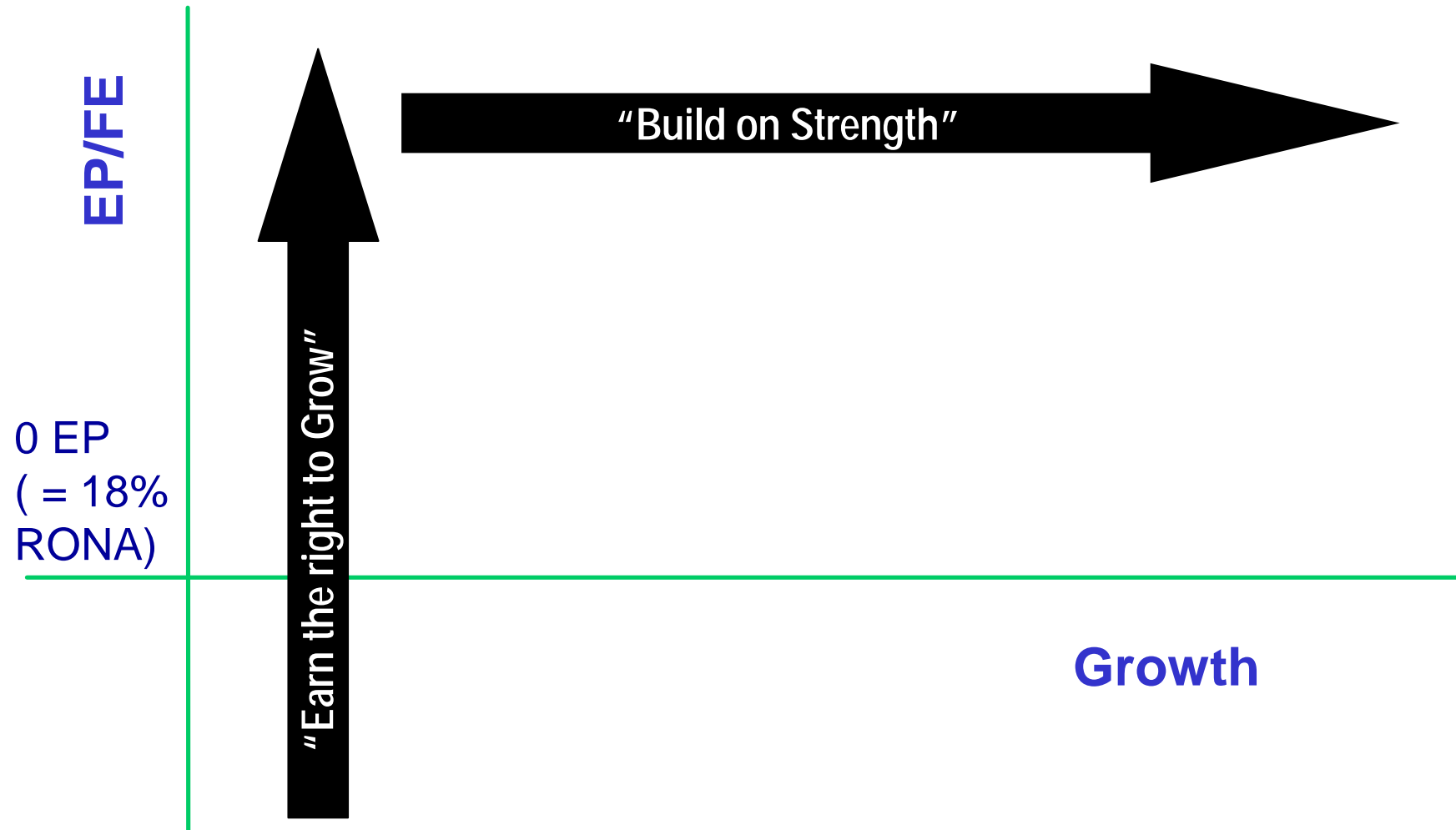
Share Price Performance

Orica share price relative to Australian **All Ordinaries** Index



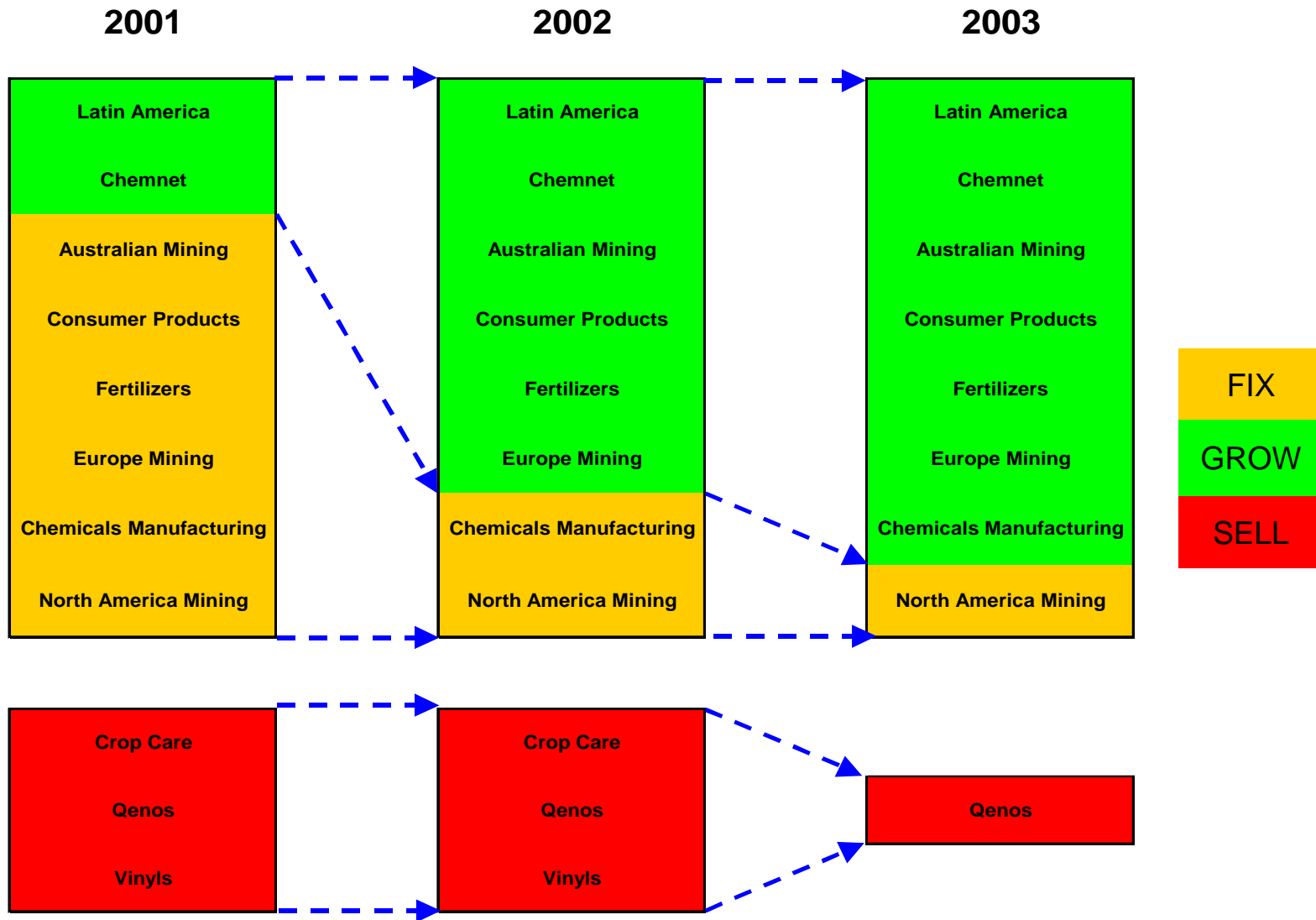
CREATING VALUE FOR SHAREHOLDERS

Strategy and Execution



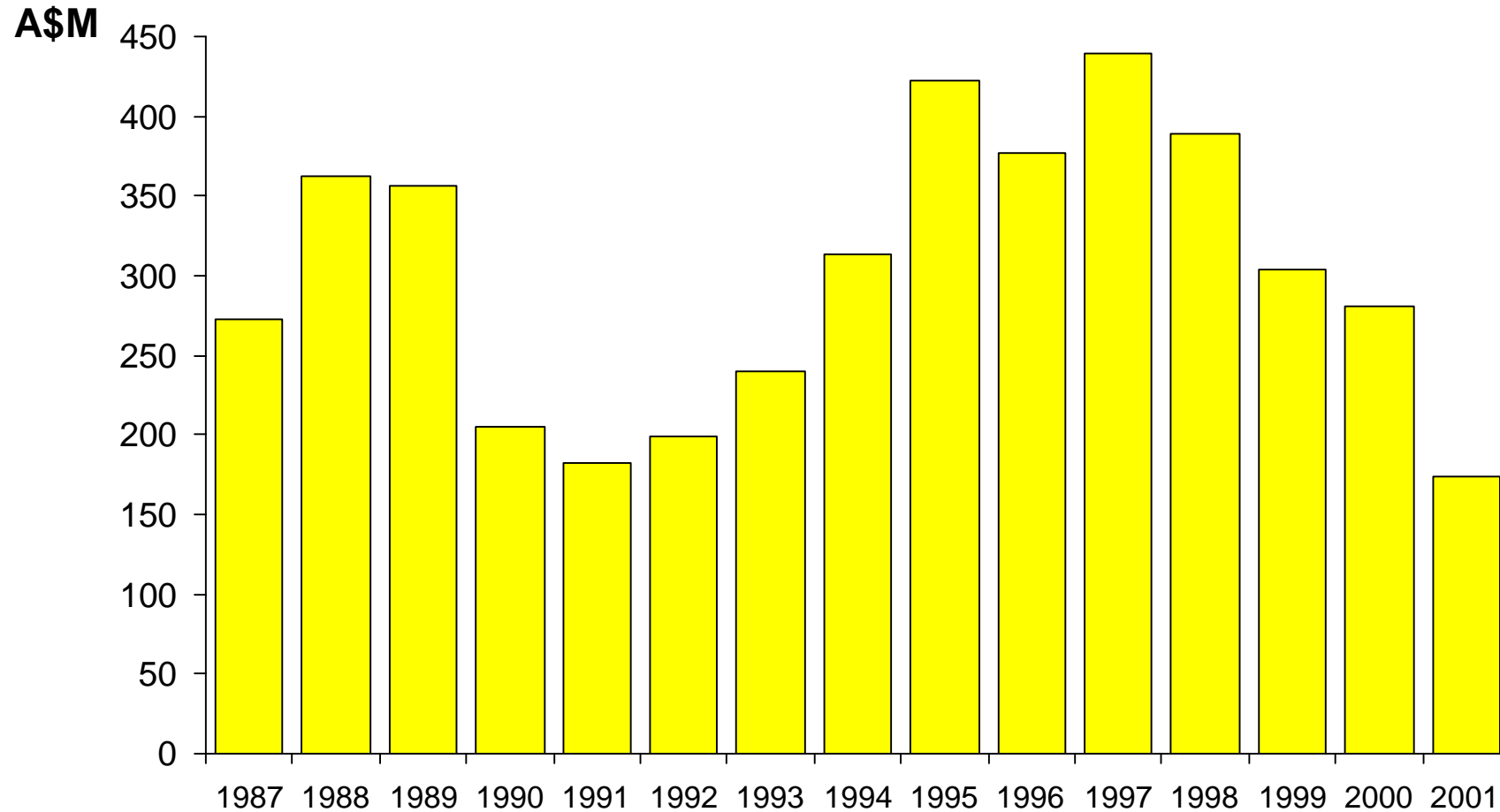
EFFICIENCY IMPROVEMENT AND GROWTH

Business Efficiency and Growth



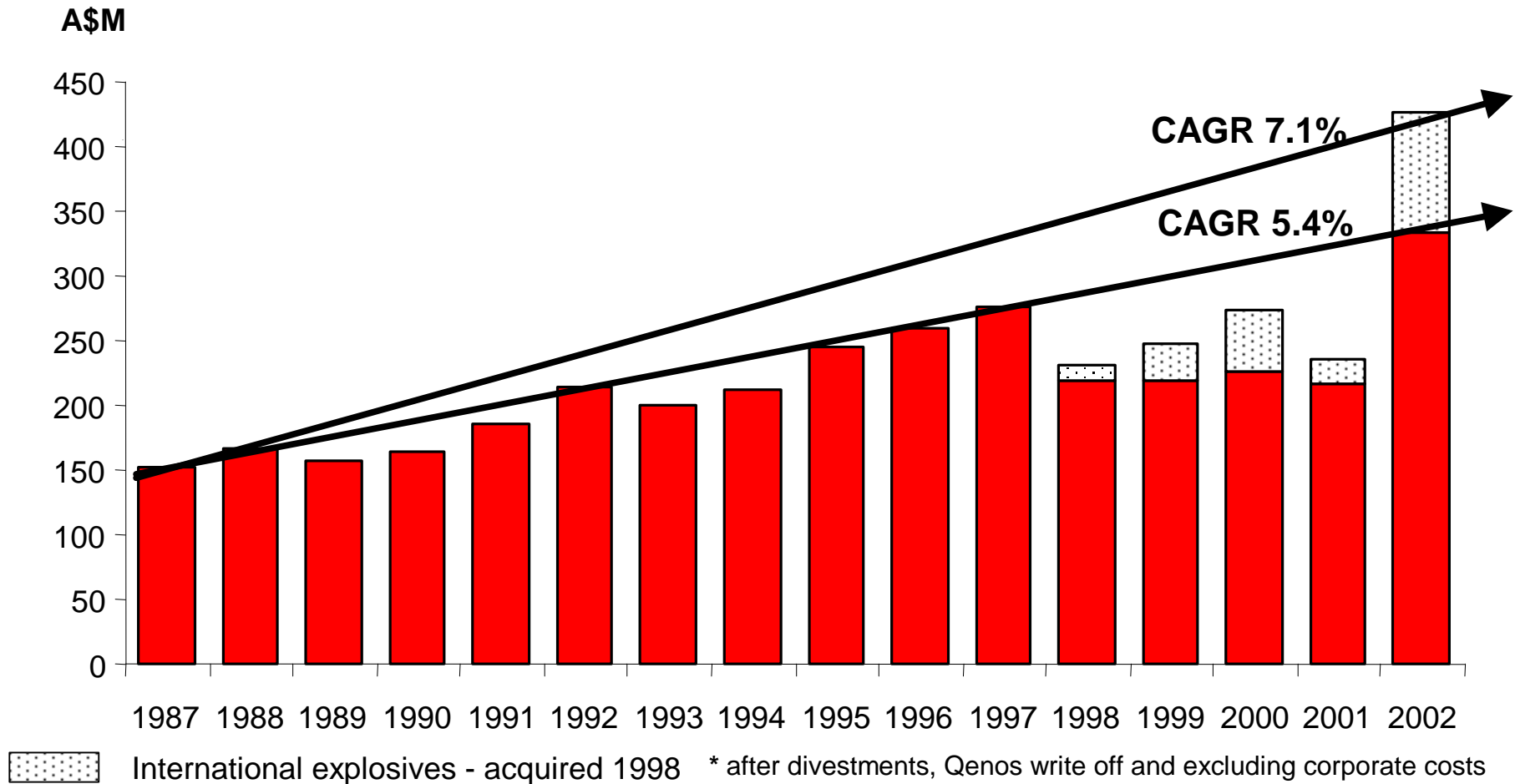
FIX UP, CLEAN UP AND GROW

EBIT of “old” Orica



DEEPLY CYCLICAL PORTFOLIO

EBIT of Current Businesses*



EARNINGS MORE PREDICTABLE

Efficiency - Track Record

What we said we would do	What we have done
Improve efficiency in:	
? Cost	? Delivered cost savings - \$80M FY02 } \$104M - \$24M 1H03 } ? Delivered procurement savings - \$13M* 1H 03 - \$25M* FY03 (forecast)
? Capital management	? Delivered a step change in trade working capital (>\$100M) ? 1H03 TWC/sales reduced to 14.6% from 16.8%

* after tax

DELIVER THE PROMISE

Efficiency - Track Record

What we said we would do	What we have done
Minimum 18% RONA return	13 out of 14 of our business meet our minimum hurdle targets
Rationalise fertiliser Industry	Merged Incitec and Pivot
Divest non performing businesses	? Sold Australian Vinyls ? Sold Crop Care
Divest surplus assets	Sold Ascot Vale site

DELIVER THE PROMISE

Culture - Track Record

What we said we would do	What we have done
Improve efficiency in: ? Culture	? Employees have developed a framework for a performance based culture based on four principles: <ul style="list-style-type: none">- Safety, Health and Environment- Commercial ownership- Creative customer solutions- Working together

DELIVER THE PROMISE

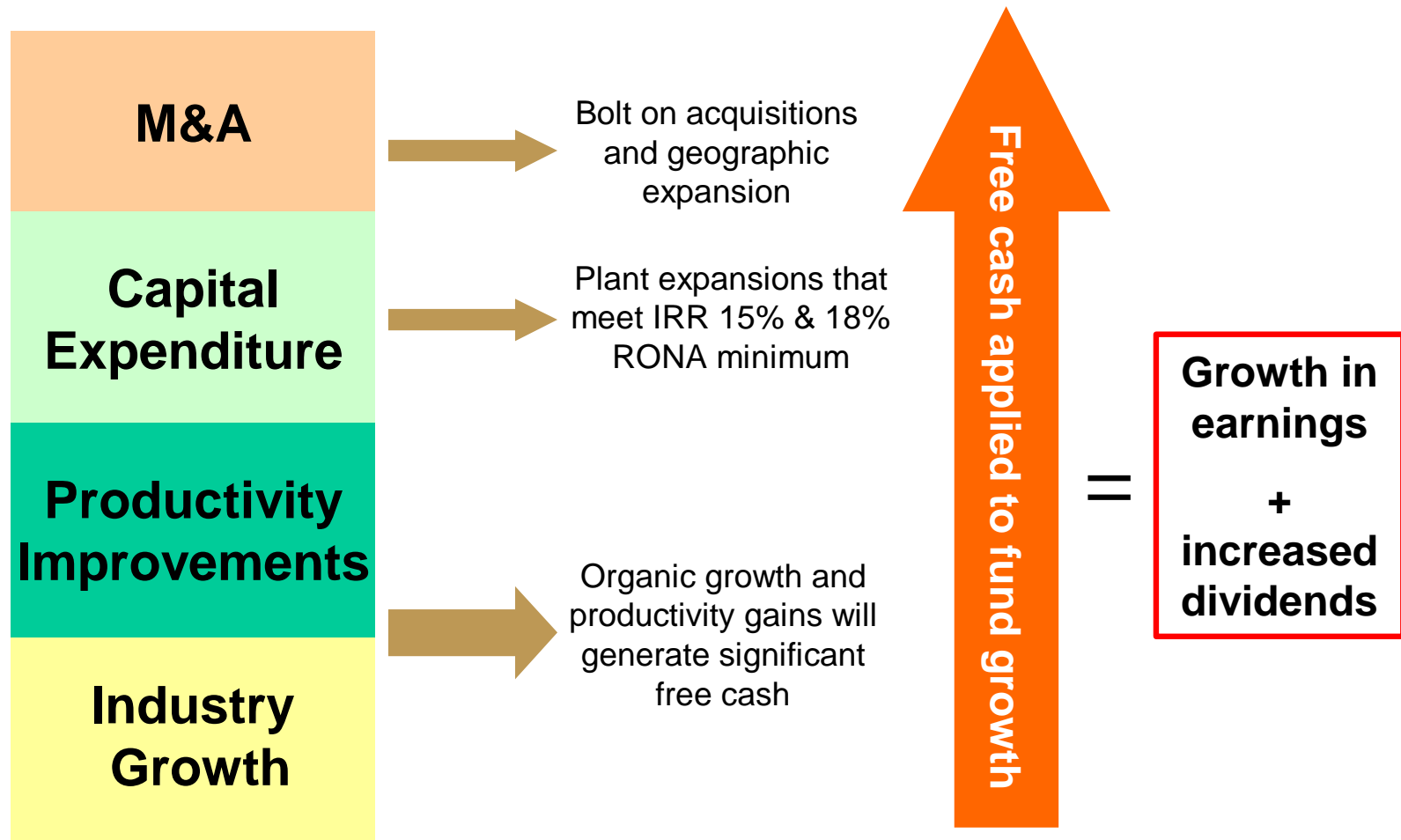
How We Are Going to Grow

STRATEGY PRINCIPLES

- Market leadership - “profitable niches”
- Growing only value adding businesses -
 - “earn the right to grow”
- Related growth -
 - “building on our best businesses”

LOW RISK VALUE CREATION

Simple Strategy - Superior Results



ABOVE MARKET RETURNS

Growth Scorecard 2003

	A\$M	
Mergers & Acquisitions	491	} \$597M
Brownfield Expansion	57	
Capital management	49	

LOW RISK GROWTH HAS MOMENTUM

Growth Scorecard 2003

		A\$M
	Industry Rationalisation	
Fertilisers {	? Purchase of Incitec minorities	326
	? Merger of Incitec Pivot	
	Bolt on Acquisitions	
Chemicals {	? Fernz Speciality Chemicals	60
	? Engineering Plastics	10
	? Welvic Australia	4
Mining Services {	? Initiating Explosives	16
	? Indian Explosives	30
Consumer Products {	? Yates	45
		165

LOW RISK GROWTH HAS MOMENTUM

Growth Scorecard 2003

BROWNFIELD EXPANSION

**Mining
Services**

	A\$M	Effective date
? Yarwun Ammonia Nitrate plant	7	March 2003
? Kooragang Island – 3 rd Nitric acid plant	50	December 2004
	57	

LOW RISK GROWTH HAS MOMENTUM

Growth Scorecard 2003

CAPITAL MANAGEMENT

	A\$M	
Share buyback (up to 5%)	49	1.7% of issued capital bought back. Currently suspended.

LOW RISK GROWTH HAS MOMENTUM

What we are going to do

- Managing through strict financial criteria
- Relentless focus on cost and capital efficiency
- Bolt on acquisitions
- Top line growth

BUILDING ON STRENGTH

Summary

- Focused on **EFFICIENCY** and **CULTURE**
- Now also focussed on low risk growth **STRATEGY**
- Above market returns
- Delivering Promises

PERFORMANCE BASED CULTURE

QUESTIONS

