ORICA

1H 2006 Results Announcement

23 May 2006

1H 2006 presentation outline

- Overview of Results
- Strategy

Graeme Liebelt

- Business Performance
- Cashflow
- Balance Sheet
- A-IFRS

Noel Meehan

- IPL Divestment
- Chemnet Restructure
- Dyno Acquisition
- Outlook

Graeme Liebelt

Half year ended 31 March 2006
Highlights

- Sales Revenue +9%
- EBIT +13%
- NPAT +14%
- EPS +6%
- Record Result in Mining Services & Chemical Services
- Improving Cashflow Performance
- Successful Capital Raisings to Fund Dyno Acquisition

Continued growth in shareholder value

Half year ended 31March 2006

Financial summary

		2006	2005	% Change
Results including significant items:				
NPAT including significant items	A$M	123	125	(1)
Significant items after tax	A$M	(23)	(3)	
Underlying Results:				
Sales Revenue	A$M	2,599	2,384	9
EBIT (excluding significant items)	A$M	276	245	13
NPAT (excluding significant items)	A$M	146	128	14
Coverage Ratios:				
Gearing (book)	%	35.2	49.0	
Gearing (adjusted)*	%	41.3	49.0	
Interest cover	x	5.0	5.2	

A solid result

* Hybrid shares notionally reclassified as 50% equity and 50% debt

Half year ended 31 March 2006

Significant items (A$M)

	2006	2005
Legacy Issues		
Fertilisers		
Environmental Provision	(13.8)	-
Business Acquisition Costs		
Mining Services		
Integration (Dyno)	(7.9)	-
Financing (Dyno)	(1.1)	-
AIFRS Transition		
Restructuring provision reversal	-	(3.4)
TOTAL (after Tax)	**(22.8)**	**(3.4)**

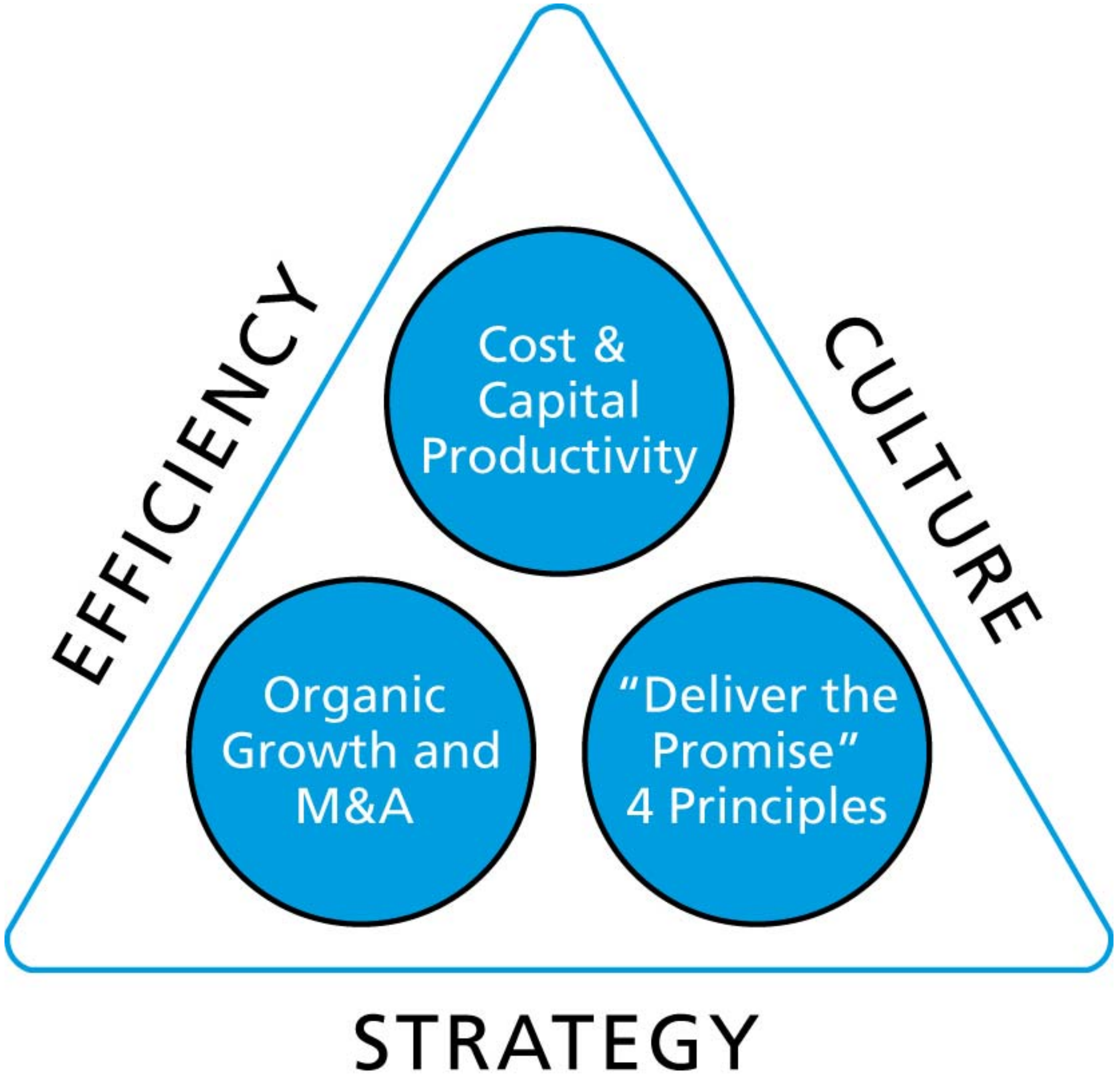
Half year ended 31 March 2006

Shareholder scorecard

		2006	2005	% Change
Results (after significant items)				
Earnings per share	cents	41.7	45.7	(9)
Return on shareholders' funds	%	13.1	18.9	
Results (before significant items)				
Earnings per share	cents	49.5	46.9	6
Return on shareholders' funds	%	15.5	19.4	
Cash Returns to Shareholders				
Interim dividend	cents	26	25	4
Franking per share	cents	9	8	
Payout ratio	%	52.5	53.3	

Growth in earnings and dividends

Orica's approach – value drivers



Half year ended 31 March 2006

Cost productivity

	2006	2005	Increase	
	$M	$M	$M	%
Sales revenue	2,599	2,384	215	9
Variable costs	1,589	1,442	147	10
Gross margin	1,010	942	68	7
Gross margin/sales	*38.9%*	*39.5%*		
Cash fixed costs	692	644	48	7
Cash fixed costs/gross margin	*68.5%*	*68.4%*		
Depn and amortisation	74	68	7	10
Whole of cost bar	2,355	2,154	201	9
WOCB/sales	*90.6%*	*90.3%*		

More work to do on productivity

Half year ended 31 March 2006

Capital productivity

	1H 2006	FY 2005	FY 2004
Major Plant Capacity - ktpa			
Yarwun AN	295	295	275
Yarwun Sodium Cyanide	60	60	50
Kooragang Island	430 *	400	290
Expansion Capex - $M	178	207	53
Sustenance Capex - $M	103	147	146
Active Capital Management - $M			
Share Buy-Back	N/A	54	128

* As of June 2006

Orica's strategy

Three Key Principles:

- Market leadership
- Earning the "right to grow"
- Growing "close to the core"

No change to existing strategy

Orica – our culture

- SH&E
- Commercial Ownership
  - Group Procurement
  - Supply chain improvement
  - Manufacturing efficiency
- Creative Customer Solutions
  - Customer driven
  - Technology
- Working Together

'Deliver the Promise'

Business Performance

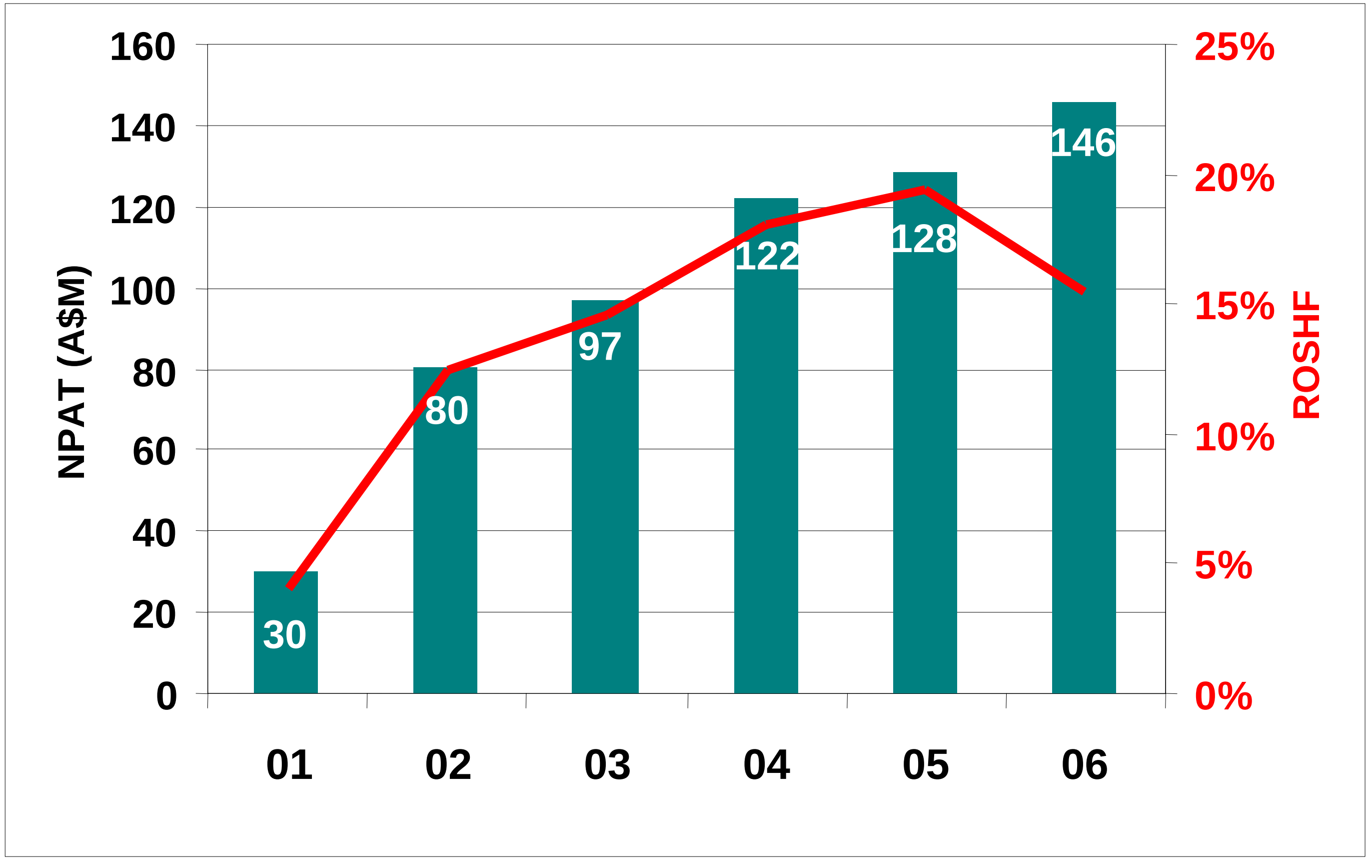
Cash Flow

Balance Sheet

A-IFRS

Half year ended 31 March 2006

Financial results



Expanded capital base impacted ROSHF

- pre significant items
- pre 2005 not AIFRS adjusted

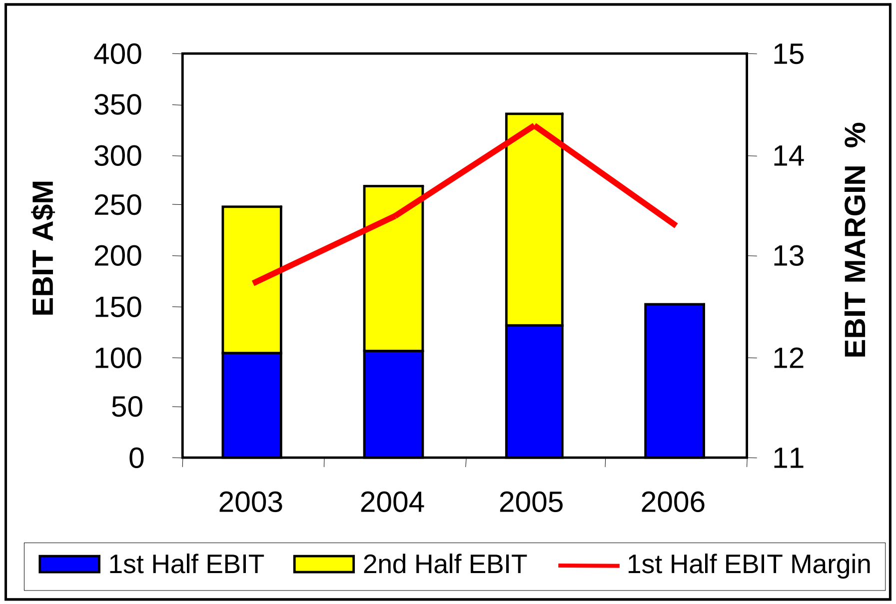
Half year ended 31 March
NPAT analysis

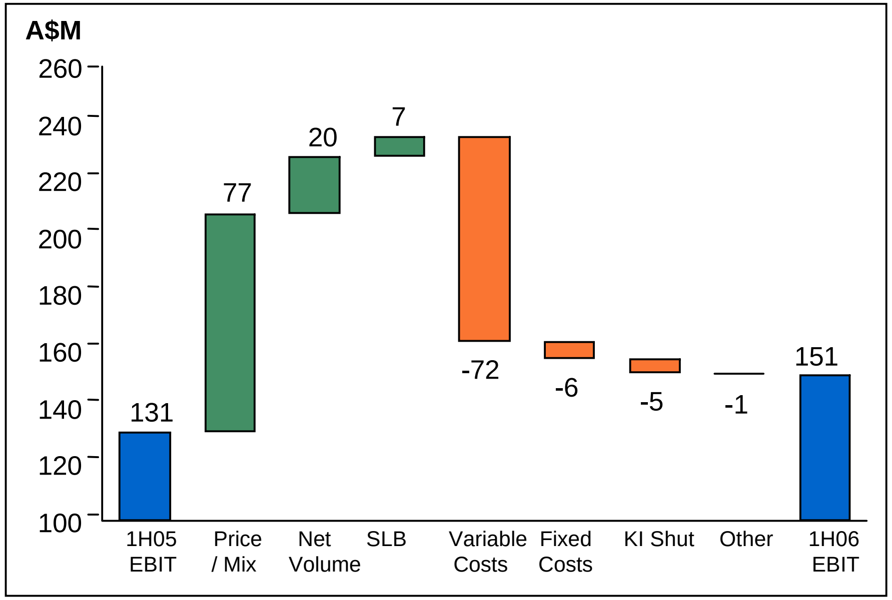
- ✓ EBIT up 13%
- ✓ Record result for Mining Services and Chemical Services
- ✓ Fertilisers EBIT up significantly
- ✗ OCP down marginally
- ✗ Chemnet down 25%

- ✓ Sale and Leaseback
- ✓ Contribution from acquisitions
- ✓ Sale of QGC shares
- ✗ Higher interest on higher debt levels
- ✗ Insurance costs
- ✗ Elders Rebate & Botany Ground Water

Mining Services

Sales $1,134M, EBIT $151M, Net Assets $1,387M

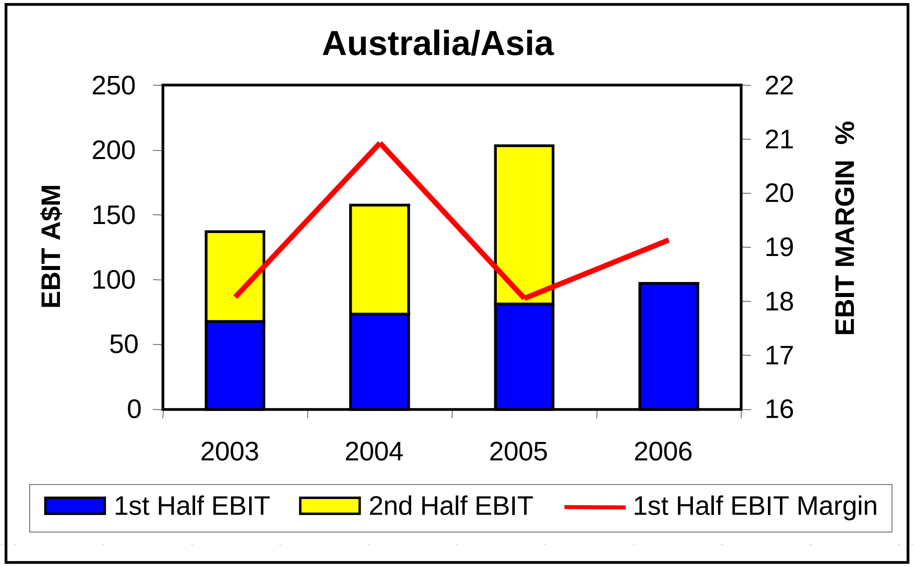


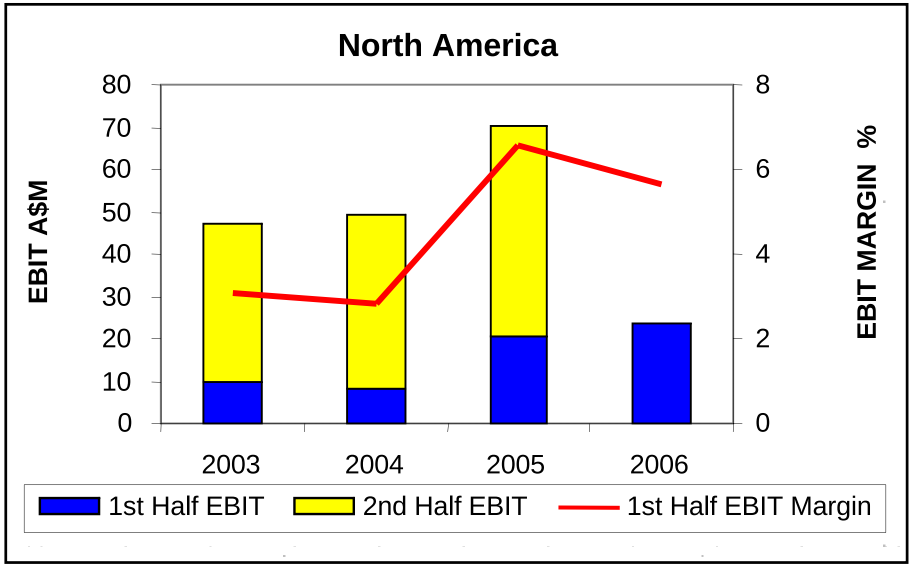


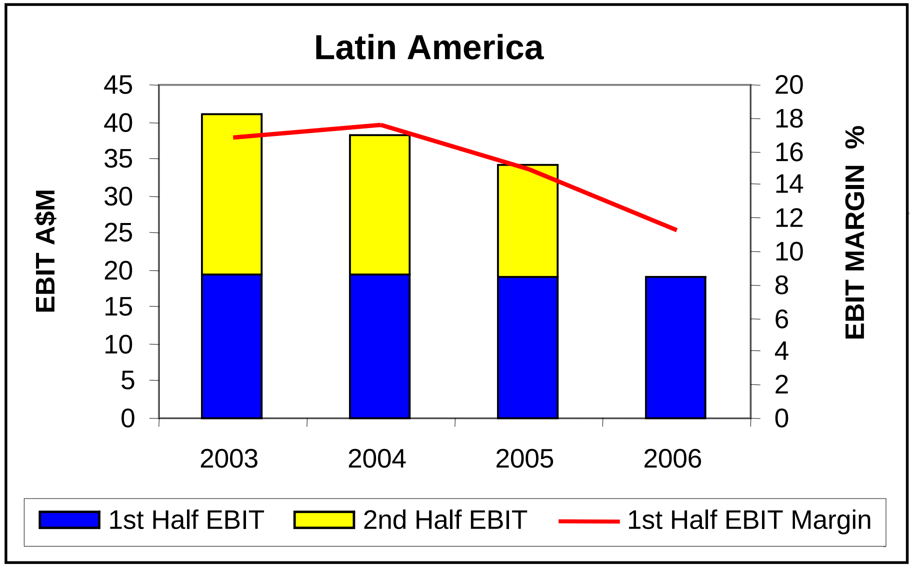
- ✓ Record half year result
- ✓ Robust Australia/Asia & North American markets
- ✓ Strong earnings from Joint Ventures
- ✓ Recovering cost increases through price
- ✓ Volume growth across all regions

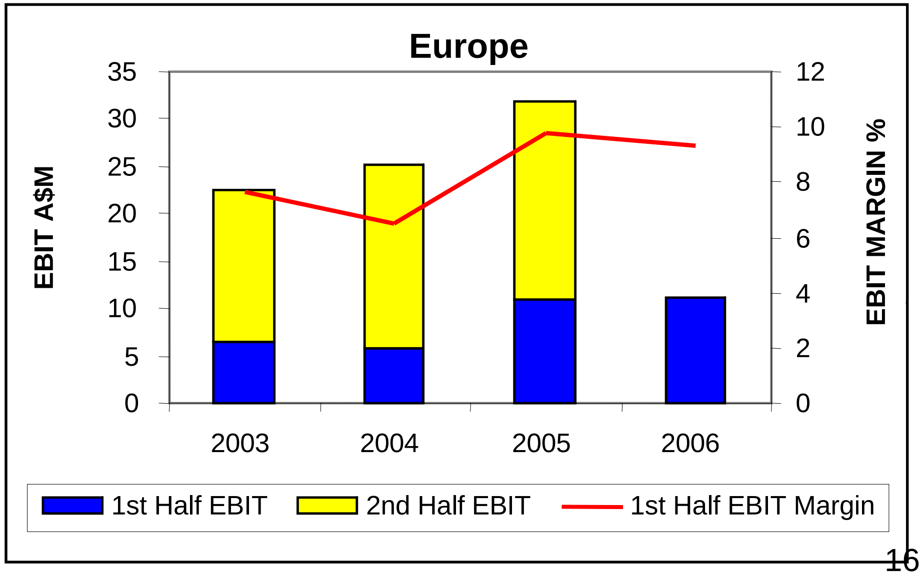
- ✓ Sale & Leaseback
- ✗ Rapidly rising gas, ammonia and AN input costs impact margins
- ✗ Higher fixed costs
- ✗ Kooragang Island shutdown impact

Mining Services by geography



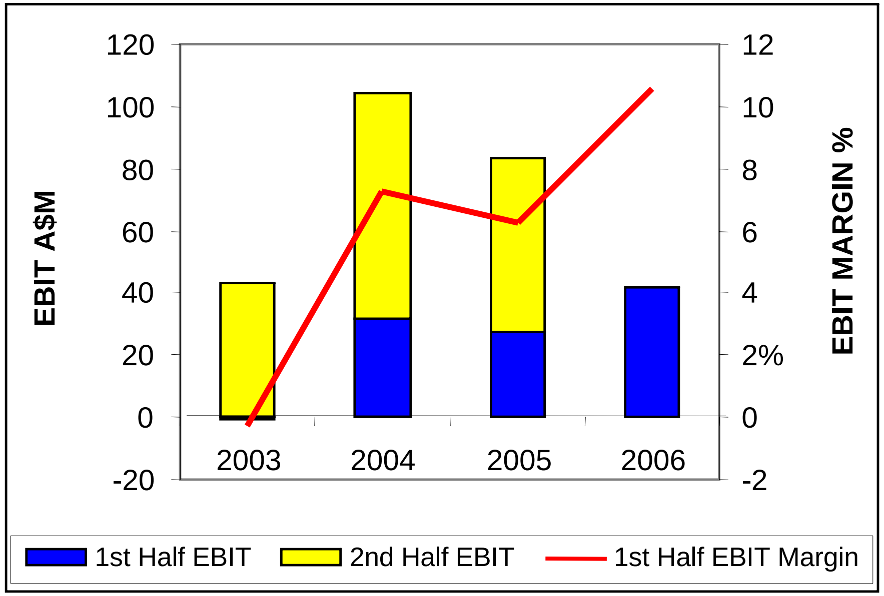


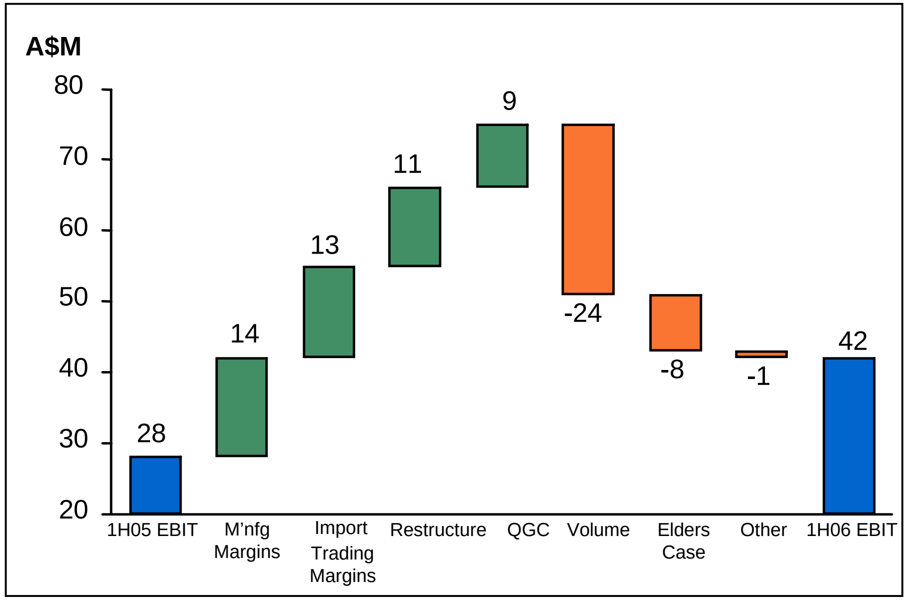




Fertilisers (now divested)

Sales $396M, EBIT $42M, Net Assets $745M



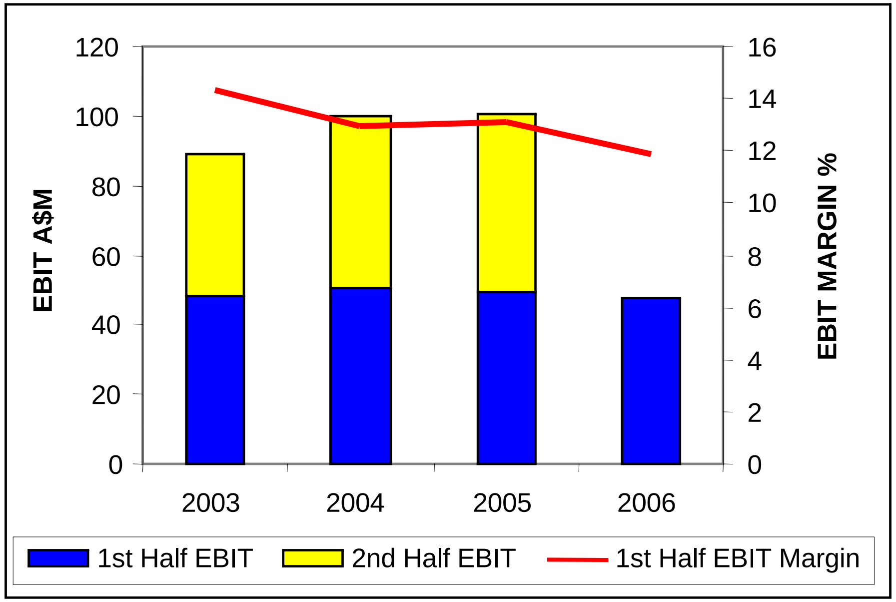


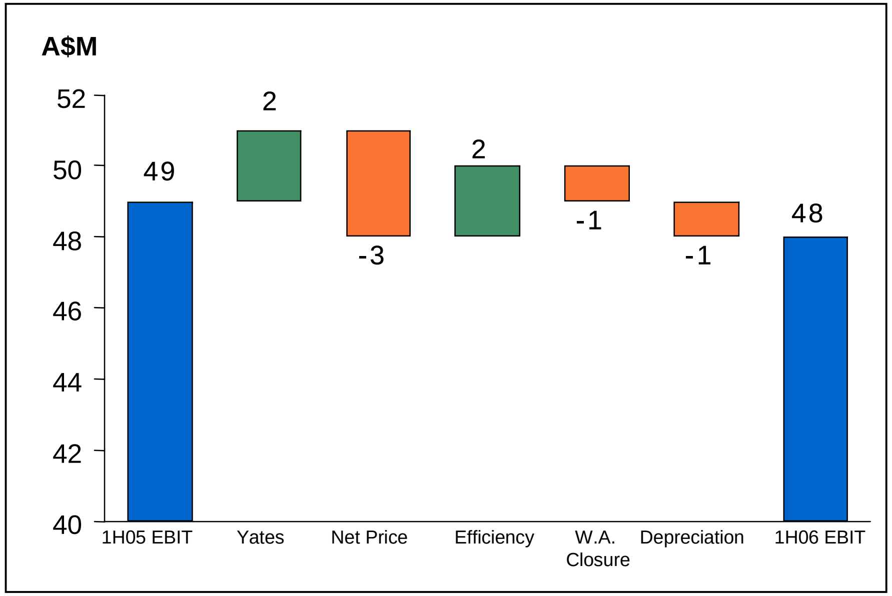
- ✓ Higher selling prices
- ✓ Improved manufacturing margins
- ✓ Restructuring savings exceeding initial targets
- ✓ Queensland Gas Company

- ✗ Lower pasture volumes
- ✗ Lower ELF volumes
- ✗ Elders rebate case

Consumer Products

Sales $402M, EBIT $48M, Net Assets $236M



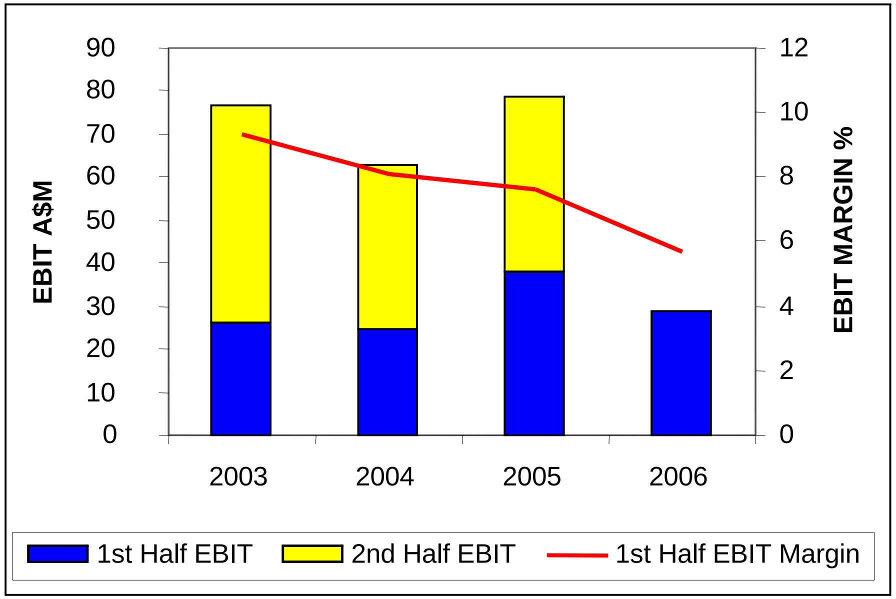


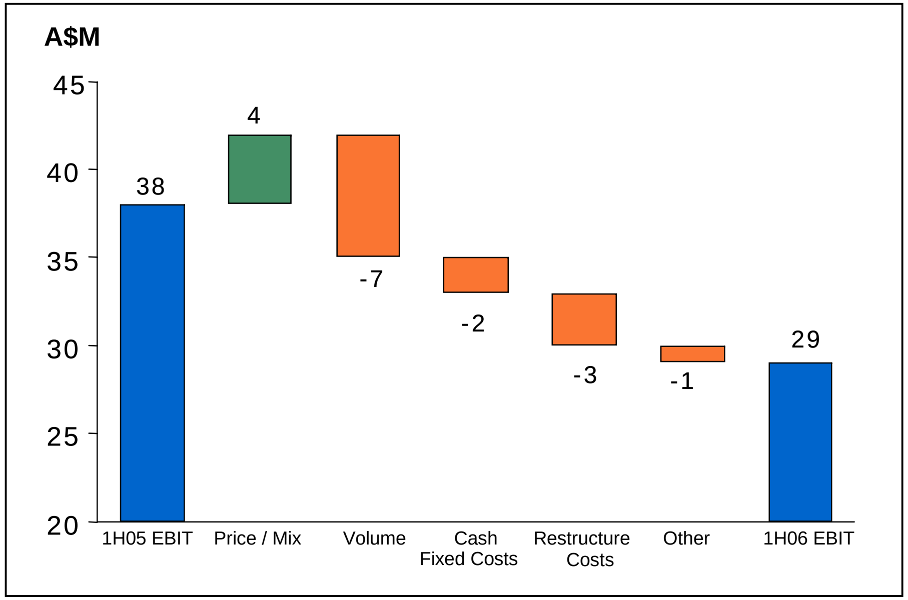
- ✓ Market share increase
- ✗ Australian retail market soft
- ✓ Woodcare, protective coatings, texture coatings and trade
- ✗ Powder Coatings

- ✓ Yates improvement
- ✗ Raw material cost increases not fully passed on
- ✓ Efficiency improvement
- ✗ WA plant closure
- ✗ Higher depreciation

Chemnet

Sales $505M; EBIT $29M; Net Assets $425M



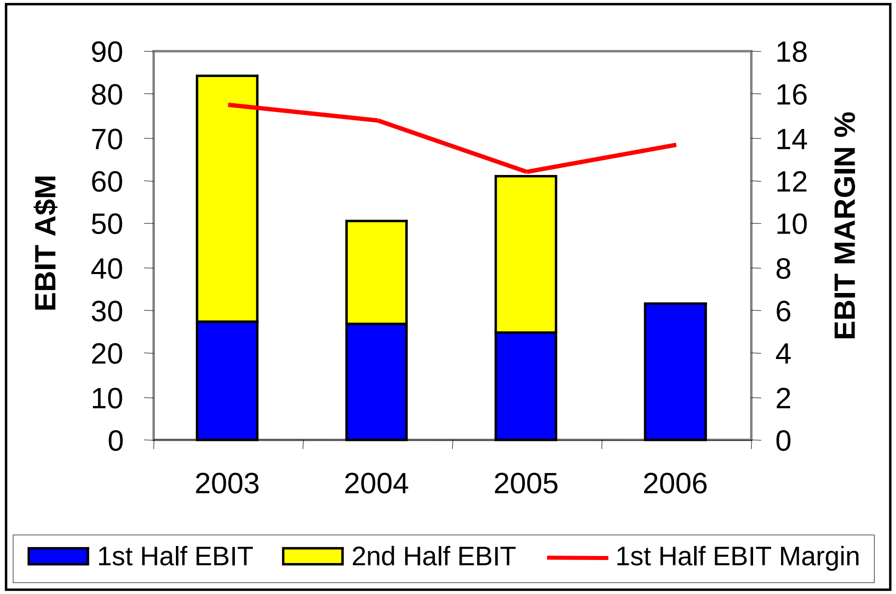


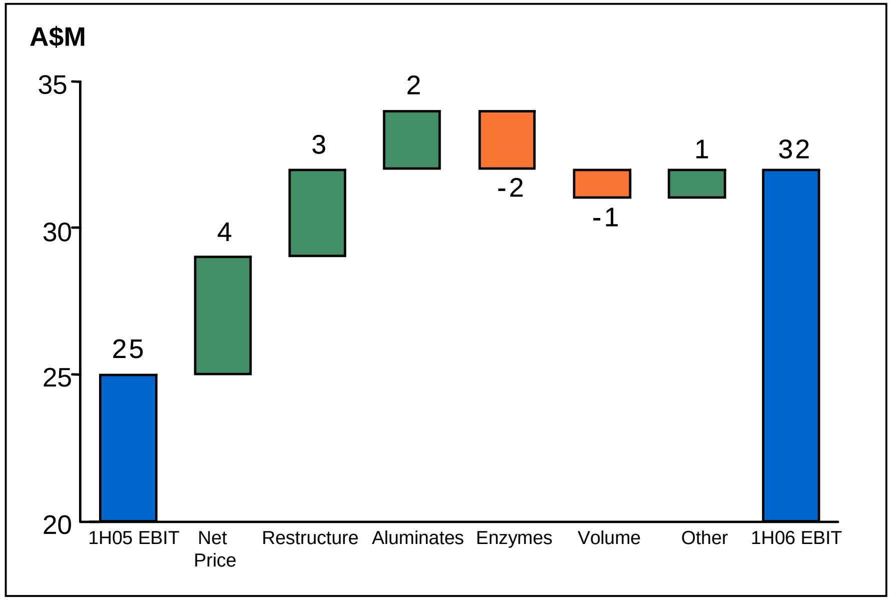
- ✓ Pass through of input costs
- ✓ Improved product mix
- ✗ Volumes down (inc. Marplex)
- ✗ Cash fixed costs up

- ✗ B&J integration issues
- ✗ Restructure costs up

Chemical Services

Sales $231M; EBIT $32M; Net Assets $387M





- ✓ Record half year result
- ✓ Revenue up 15%

  (10% ex aluminates)
- ✓ Strong global alumina and sodium cyanide pricing
- ✓ Restructuring benefits
- ✓ Aluminates acquisition
- ✗ Enzyme bioremediation
- ✗ Volume – Mining Chemicals up, Industrial Chemicals down

Corporate centre and other support services (A$M)

	2006	2005	$ Change
Corporate Centre	(17.7)	(19.9)	2.2
Other Support Costs	(6.8)	(6.7)	(0.1)
	(24.5)	**(26.6)**	**2.2**

Corporate Centre

✓ Lower head count

Other Support Services

✗ Higher insurance costs

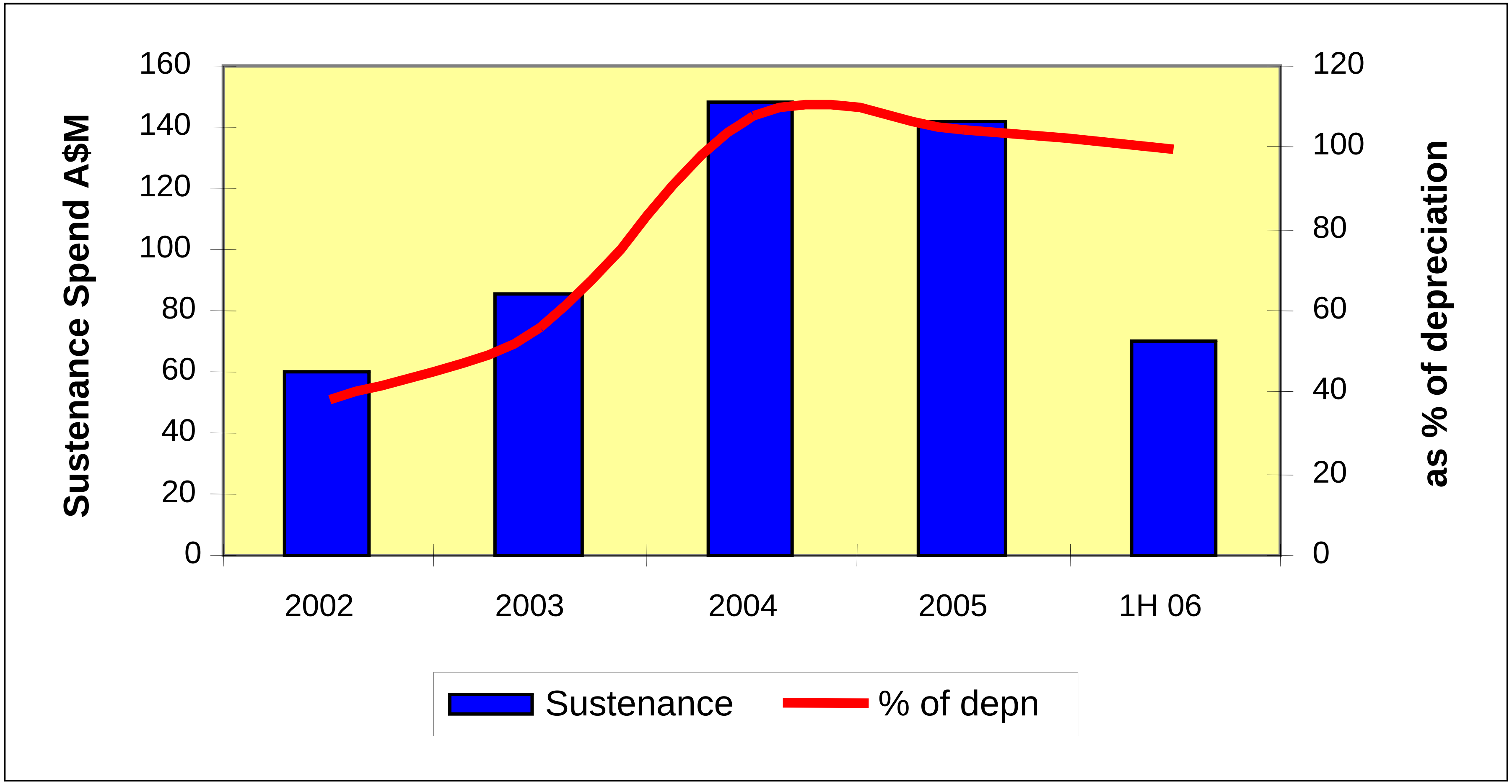
✓ Lower corporate initiative spend

Half year ended 31 March 2006

Cashflow A$M

	2006	2005	Change
EBITDA	350	312	38
Net interest paid	(49)	(44)	(5)
Net tax paid	(52)	(154)	102
Trade working capital	(223)	(170)	(53)
Non-trade working capital	(44)	(76)	32
Net operating cash flows	(17)	(133)	116
Net investing cash flows	(1,151)	(166)	(985)
Net financing cash flows	1,112	322	790
	(56)	23	(79)

Sustenance capex



Sustenance capex steady (excluding major turnarounds)

Half year ended 31 March 2006

Balance sheet (A$M)

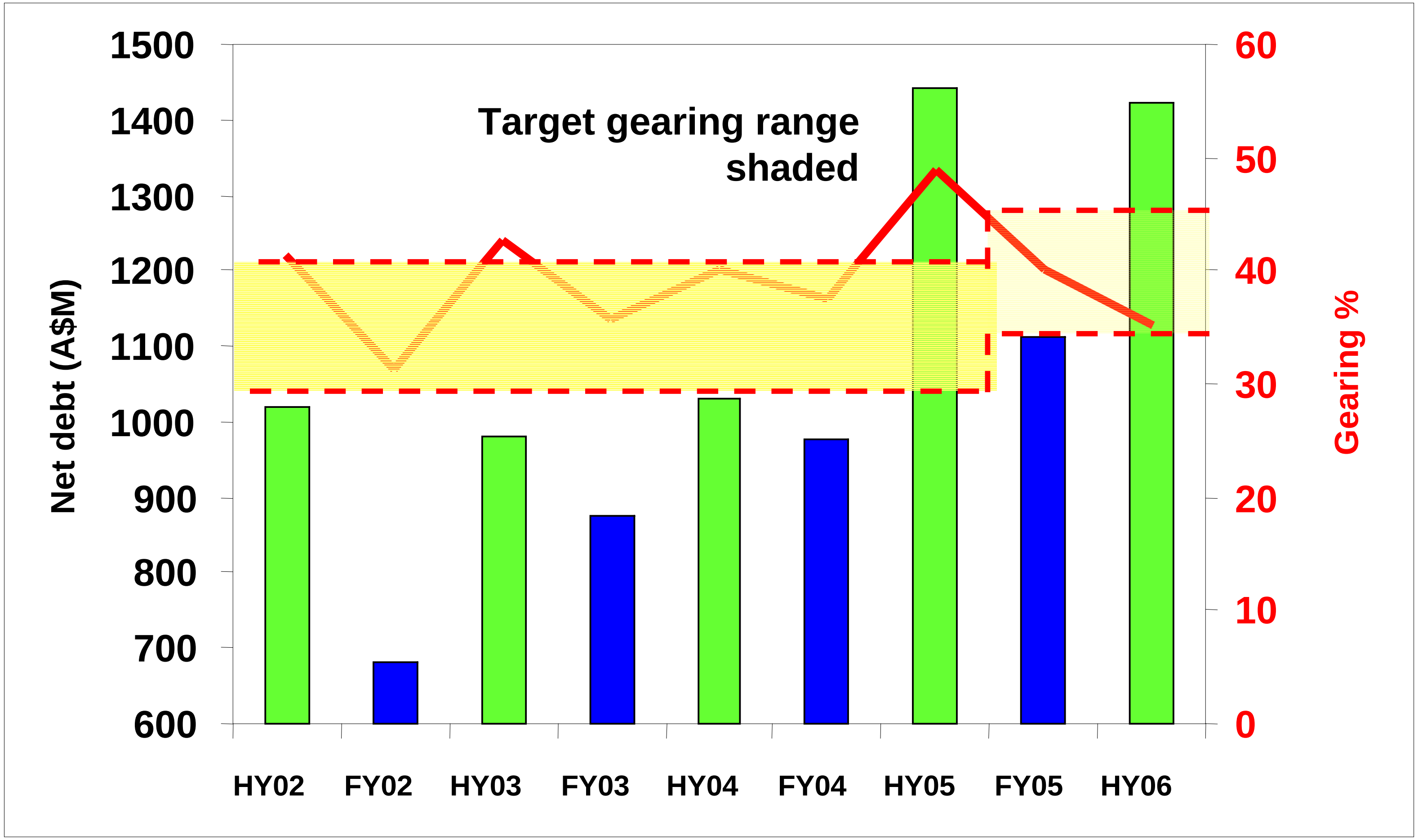
	March 2006	Sept 2005	March 2005
Trade working capital	875	604	949
Net property, plant & equipment	1,774	1,606	1,560
Net other assets	1,392	422	433
Net debt	(1,423)	(1,112)	(1,441)
Net Assets	**2,618**	**1,520**	**1,501**
Orica shareholders' equity	2,432	1,328	1,306
Outside equity interests	187	192	195
Equity	**2,618**	**1,520**	**1,501**

Capital raisings 1H 2006

▪ Renounceable Rights Issue *1 for 8 renounceable share issue at $15*	$508M
▪ Hybrid Equity *Priced at 135 bp over 6 month BBSW*	$491M
▪ Other *DRP and executive share options exercise*	$113M
TOTAL	**$1,112M**

Capital raisings successfully completed

Net debt and gearing



- Book Gearing 35.2%
- Adjusted Gearing 41.3% (hybrids notionally 50/50 debt & equity split)
- Interest cover 5.0 times

Environmental provisions update

▪ Carrying amount 30 September 2005	$186M
▪ Provisions made 1H 2006	$31M
- Cockle Creek $28M	
- Botany Ground Water $3M	
▪ Cash Payments made 1H 2006	$24M
- Botany Ground Water $16M	
- HCB Management $3M	
- Other $5M	
▪ Carrying amount 31 March 2006	$193M

$48M of $193M carrying value relates to IPL

A-IFRS 1H 2005 (pcp) reconciliation

Year Ended 31 March 2005	AGAAP	Adjustments	A-IFRS
Sales Revenue	2,384M	-	2,384M
Share Based Payments		(9.8M)	
Goodwill Amortisation		17.8M	
EBIT	236.9M	8.0M	244.9M
Tax Expense		(9.2M)	
Minority Interests		(1.4M)	
NPAT before significant items	130.7M	(2.6M)	128.1M
Significant Items		(3.4M)	(3.4M)
NPAT after significant items	130.7M	(6.0M)	124.7M

Summary

- Strong half year result despite weakness in some business platforms
- Record Mining Services and Chemical Services result
- Resilience to cost increases
- Financial discipline and improved cashflow performance
- Strong balance sheet capable of funding future growth

A disciplined and consistent approach to growing shareholder value

IPL Divestment

Chemnet Restructure

Dyno Acqusition

Outlook

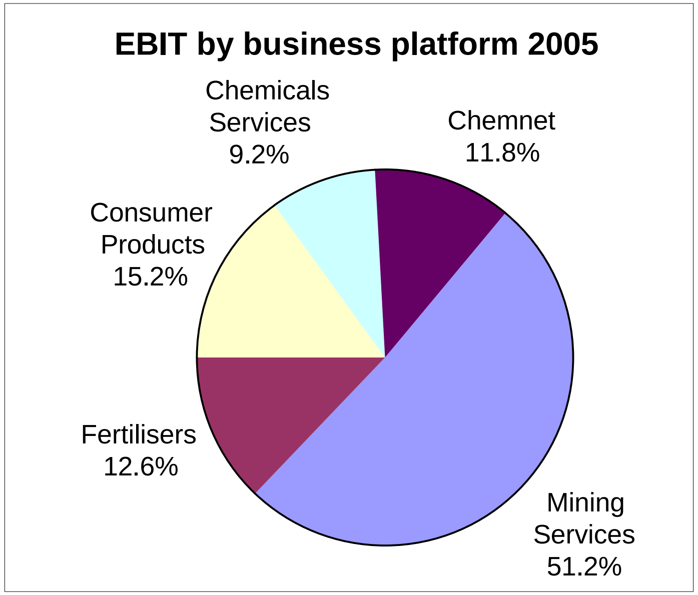
IPL divestment

- Rationale - less earnings volatility going forward
  - allows each entity to pursue an independent strategy
- Orica capital management
  - Capital projects relating to existing businesses
  - M&A across remaining businesses
- Gross proceeds from sale $857M
- After tax gain $399M (to be booked as a significant item in FY2006 results)

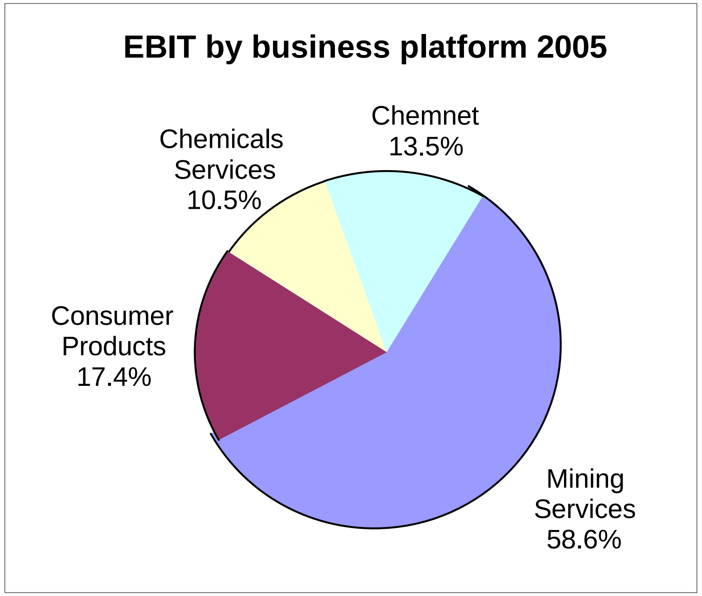
Orica's earnings will be less volatile post IPL

EBIT contribution by business platform

Including IPL



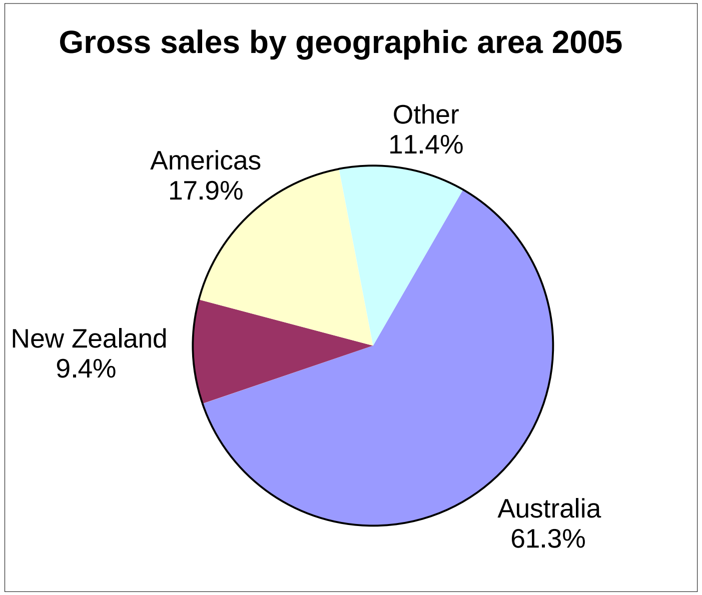
Excluding IPL



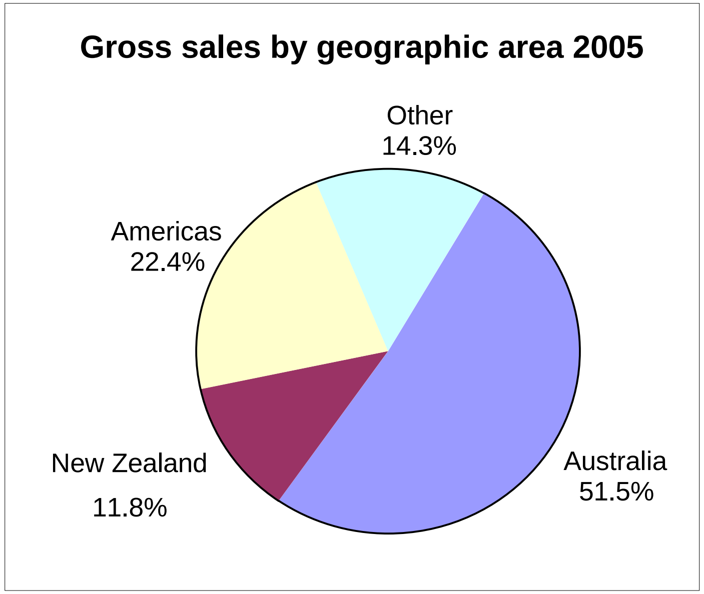
Mining Services approaches 60% of EBIT

Gross sales by geography

Including IPL

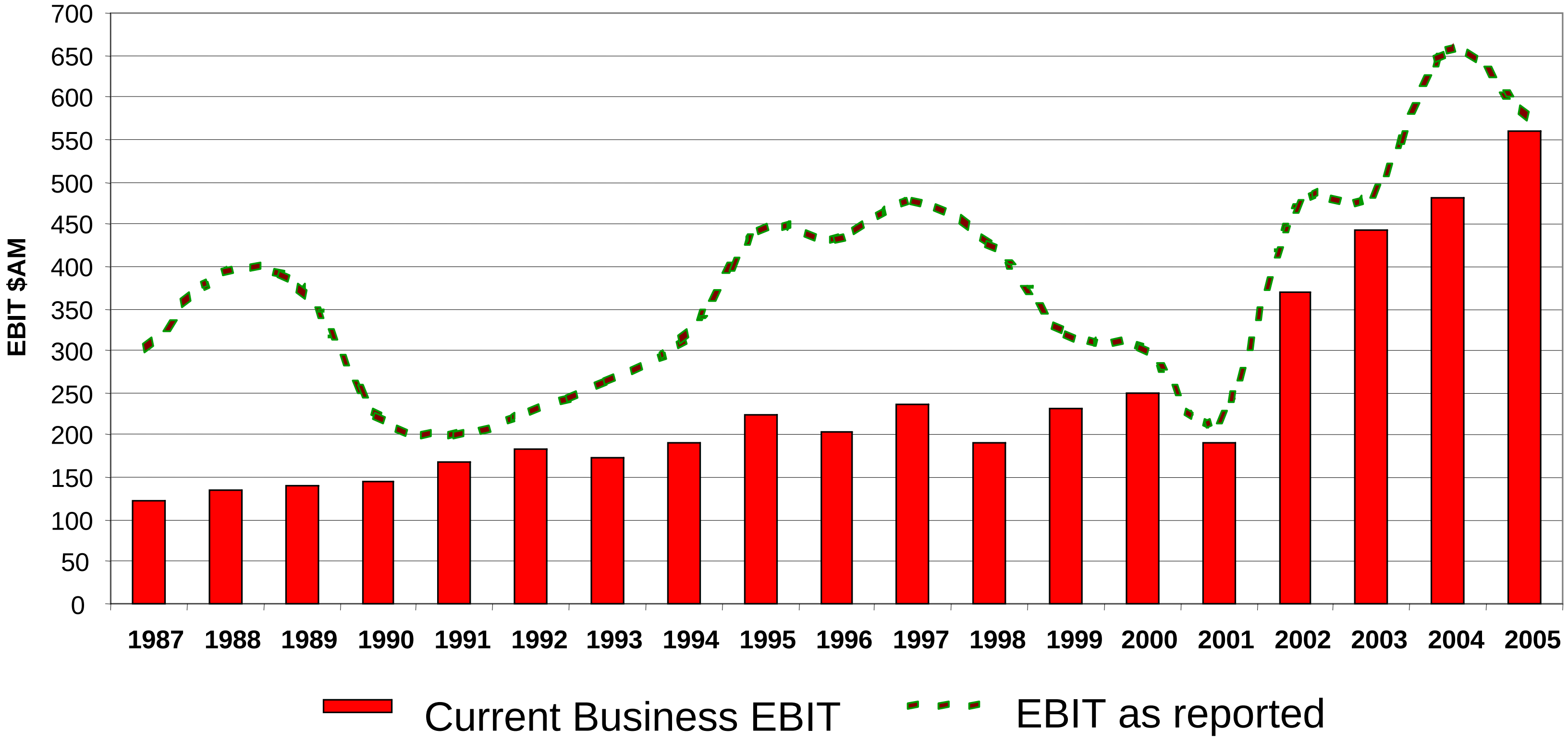


Excluding IPL



Continuing the "internationalisation" of Orica

EBIT* performance (exc. IPL)



Earnings less cyclical going forward

***** excluding corporate costs

Chemnet restructure costs

A$ millions (before tax)	notes	Cash	Non Cash	Total Cost
Redundancies		10		10
Asset Rationalisation	1	3	30	33
General transition costs		5		5
Total Restructuring costs	2	18	30	48

1. Includes warehouse and site rationalisation, and product line exits
2. Will be disclosed as individually material item for year ending 30 September 2006

Chemnet post restructuring:

- Headcount reduction in excess of 100 employees from 30 September 2005
- More efficient supply chain
- Better focus on customers and suppliers
- Business capable of delivering sustainable 18% RONA

Dyno acquisition - update

- Dyno businesses already transferred to Orica:

  Venezuela

  Thailand

  Slovakia

  Switzerland

  Philippines

  Papua New Guinea

  Indonesia

  Chile

- Transferred businesses represent 16% of Dyno revenue

We remain confident of achieving synergy targets

Dyno acquisition - update

Integration Progress to Date:

- 10 person integration team based in London
- Appointed MD's of EMEA & Latin America
- No loss of customers from Dyno businesses
- Safety performance maintained

We remain confident of achieving synergy targets

Outlook

After the divestment of Incitec Pivot Limited, and excluding earnings from newly acquired Dyno Nobel businesses, earning growth in 2006 compared with 2005, influenced by general economic conditions.

ORICA

1H 2006 Results Announcement

23 May 2006

Supplementary Information

Half year ended 31 March 2006

Balance sheet – excluding IPL*

	March 2006	Sale of IPL	Proceeds	Orica excl IPL
Trade working capital	875M	(263M)		612M
Net property, plant & equipment	1,774M	(312M)		1,462M
Net other assets	1,392M	15M		1,407M
Net debt	(1,423M)	0	799M	(624M)
Net Assets	**2,618M**	**(560M)**	**799M**	**2,857M**
Orica shareholders' equity	2,431M	(399M)	799M	2,830M
Outside equity interests	187M	(161M)		27M
Equity	**2,618M**	**(560M)**		**2,857M**
Gearing	**35.2%**			**17.9%**

*Estimate subject to final accounting adjustments

Half year ended 31 March 2006

Profit & loss – excluding IPL*

	March 2006	Sale of IPL	Orica excl IPL March 2006	Orica excl IPL March 2005	% change
Sales Revenue	2,599M	(396M)	2,203M	1,945M	13.3
Underlying Results					
EBIT	276M	(42M)	234M	215M	8.8
Net Interest	(56M)	4M	(51M)	(44M)	15.9
Tax	(61M)	8M	(53M)	(54M)	(2)
Minority interests	(13M)	9M	(5M)	(4M)	(25)
NPAT and minority interests	146M	(21M)	125M	114M	9.6
Results incl significant items					
Significant items after tax	(23M)	14M	(9M)	(3M)	
NPAT and minority interests	123M	(7M)	116M	111M	4.5

*Estimate subject to final accounting adjustments

Foreign currency - snapshot

$A Call Options: hedging of USD exposure as at 31 March 2006

	Offshore Business Sales		Manufactured Nitrogen Product		Hedge Premium expense A$M
Year	Cover A$M	Strike Rate	Cover A$M	Strike Rate	
2006	54	67 cents	44	68 cents	4.5
2007*	-	-	22	68 cents	0.8

No further hedging of overseas earnings

* Pertains to IPL

Foreign currency - sensitivity
(excluding IPL)

Every one cent movement in the USD/AUD exchange rate will impact EBIT:

2006	+/- $0.5M
2007	+/- $1.0M

50% of Orica's AUD/USD exposure came from IPL