



Half Year Result
Announcement
30 April 2007



HY 2007 presentation outline

- Overview of results
- Strategy

Graeme Liebelt

- Business performance
- Cashflow
- Balance sheet
- Environmental update

Noel Meehan

- Review of recent activity
- Minova acquisition
- Business portfolio mix
- Outlook

Graeme Liebelt

Half year ended 31 March 2007

Highlights



Financial highlights

- Sales Revenue – reported +4%, Underlying sales growth +17%
- EBIT +25%
- NPAT +39%
- EPS +21%
- Interim dividend up 10 cents to 36 cents per share

Operational highlights

- Record result in Mining Services
- Integration of Dyno proceeding well – ahead of schedule
- Minova contributing to results from 1 January 2007
- Strong underlying result from Consumer Products
- Steadily improving cash flow performance
- SH&E performance improved with lower recordable case rate

Strategic highlights

- Acquisition of Minova
- Divestment of A&R

A period of strong earnings growth

Half year ended 31 March 2007

Financial summary



		2007	2006	% Change
Results including significant items:				
NPAT including significant items	A\$M	210	123	71
Significant items after tax	A\$M	7	(23)	
Underlying Results:				
Sales Revenue	A\$M	2,702	2,599	4
EBIT (excluding significant items)	A\$M	346	276	25
NPAT (excluding significant items)	A\$M	203	146	39
Coverage Ratios:				
Gearing (book)	%	31.7	35.2	
Gearing (adjusted) ¹	%	38.1	41.3	
Interest cover	X	6.3	5.0	
Interest cover (adjusted) ¹	X	5.2	4.8	

1. Hybrid shares notionally reclassified as 50% equity and 50% debt

Half year ended 31 March 2007

Significant items (A\$M)



	2007	2006
Legacy Issues		
Cockle Creek (NSW)	-	(14)
Divestments		
Adhesives & Resins profit on sale	19	-
Dyno Nobel Expenditure		
Integration costs	(12)	(8)
Net financing expense	-	(1)
TOTAL (after tax)	7	(23)

Note: Amounts subject to rounding

Half year ended 31 March 2007

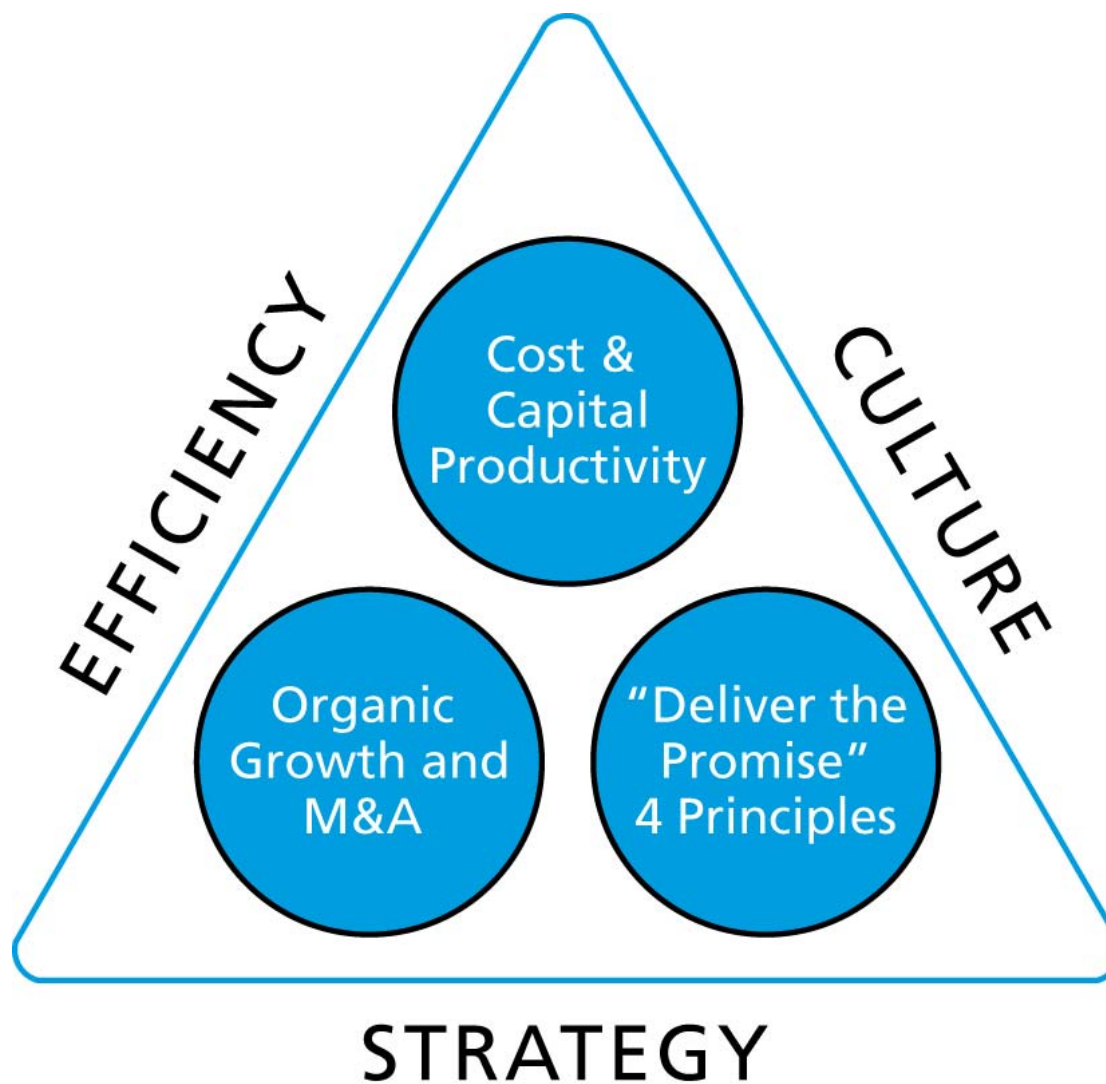


Shareholder scorecard

		2007	2006	% Change
Results (before significant items)				
Earnings per share	cents	60.1	49.5	21
Return on shareholders' funds	%	15.6	15.5	
Results (after significant items)				
Earnings per share	cents	62.4	41.7	50
Return on shareholders' funds	%	16.1	13.1	
Cash Returns to Shareholders				
Interim dividend	cents	36	26	38
Franking per share	%	38.9	34.6	n/a
Payout ratio	%	59.9	52.5	n/a
Orica SPS distribution	A\$M	25.0	-	n/a

Growth in earnings and dividends

Orica's approach – value drivers





Orica – our culture

- SH&E
- Commercial Ownership
 - Working Capital
 - Supply chain improvement
 - Manufacturing efficiency
 - Active capital management
- Creative Customer Solutions
 - Customer driven
 - Technology
- Working Together

“Deliver the Promise”

Orica's strategy

Three key principles:

- Market leadership
- Earning the “right to grow”
- Growing “close to the core”

No change to existing strategy

Half year ended 31 March 2007



Growth and productivity

	2007	2006	Change	
	A\$M	A\$M	A\$M	%
Sales revenue	2,702	2,599	103	4.0
Variable costs	1,509	1,589	(80)	(5.0)
Gross margin	1,192	1,009	183	18.1
<i>Gross margin/sales %</i>	<i>44.1</i>	<i>38.8</i>		
Fixed costs (incl D&A)	876	766	110	14.4
<i>Fixed costs/gross margin %</i>	<i>73.5</i>	<i>75.9</i>		

Growth themes

- Mining Services – market volume growth, organic, geographic, acquisition, lateral
- Chemical Services – Mining Chemicals, water treatment, Miex™, enzymes
- Consumer Products – organic, Asia
- Chemnet – geographic expansion

Business performance

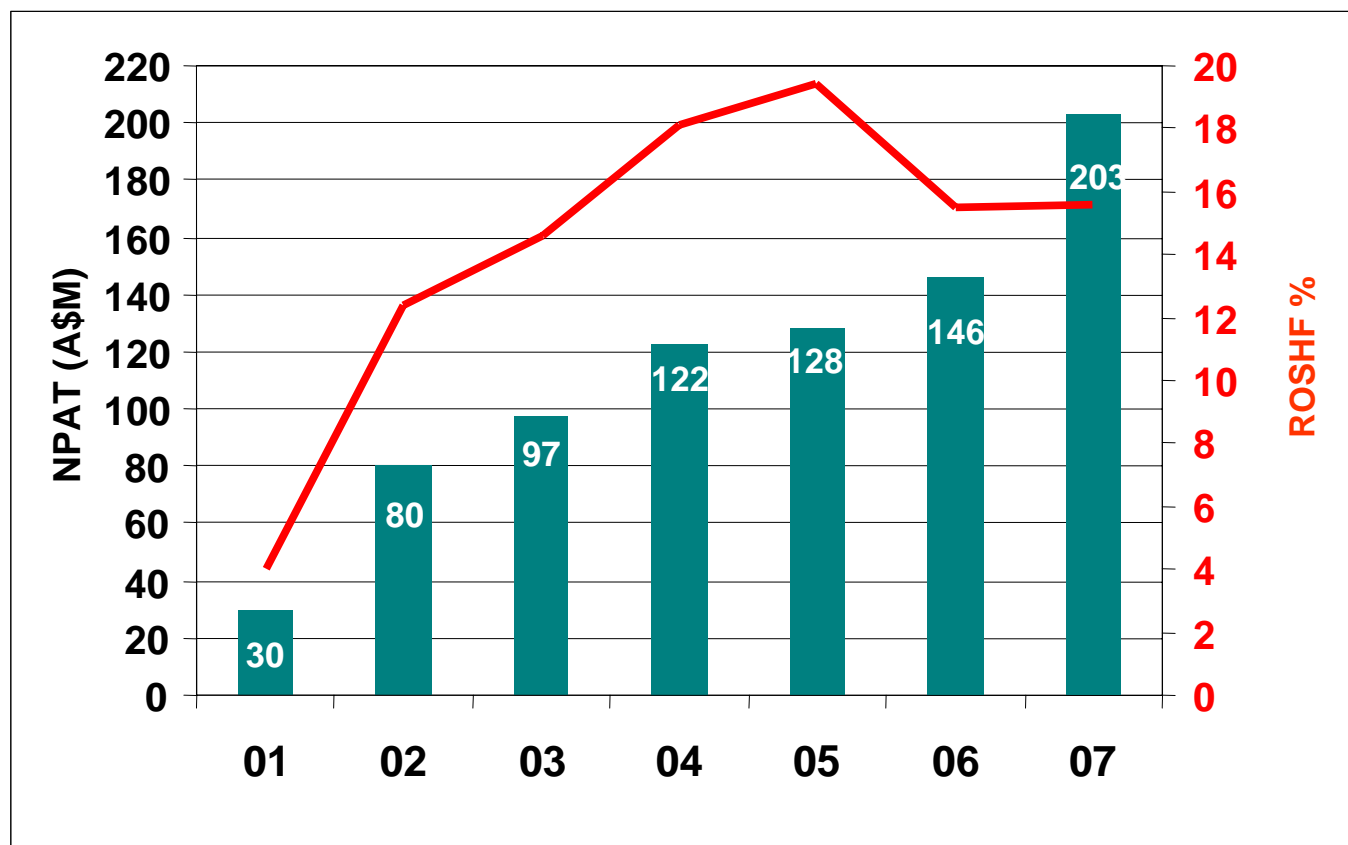
Cash flow

Balance sheet

Environmental update

Half year ended 31 March 2007

Financial results



Expanded capital base impacted ROSHF

- Pre significant items
- Pre 2005 not AIFRS adjusted



Half year ended 31 March 2007

Sales growth (A\$M)

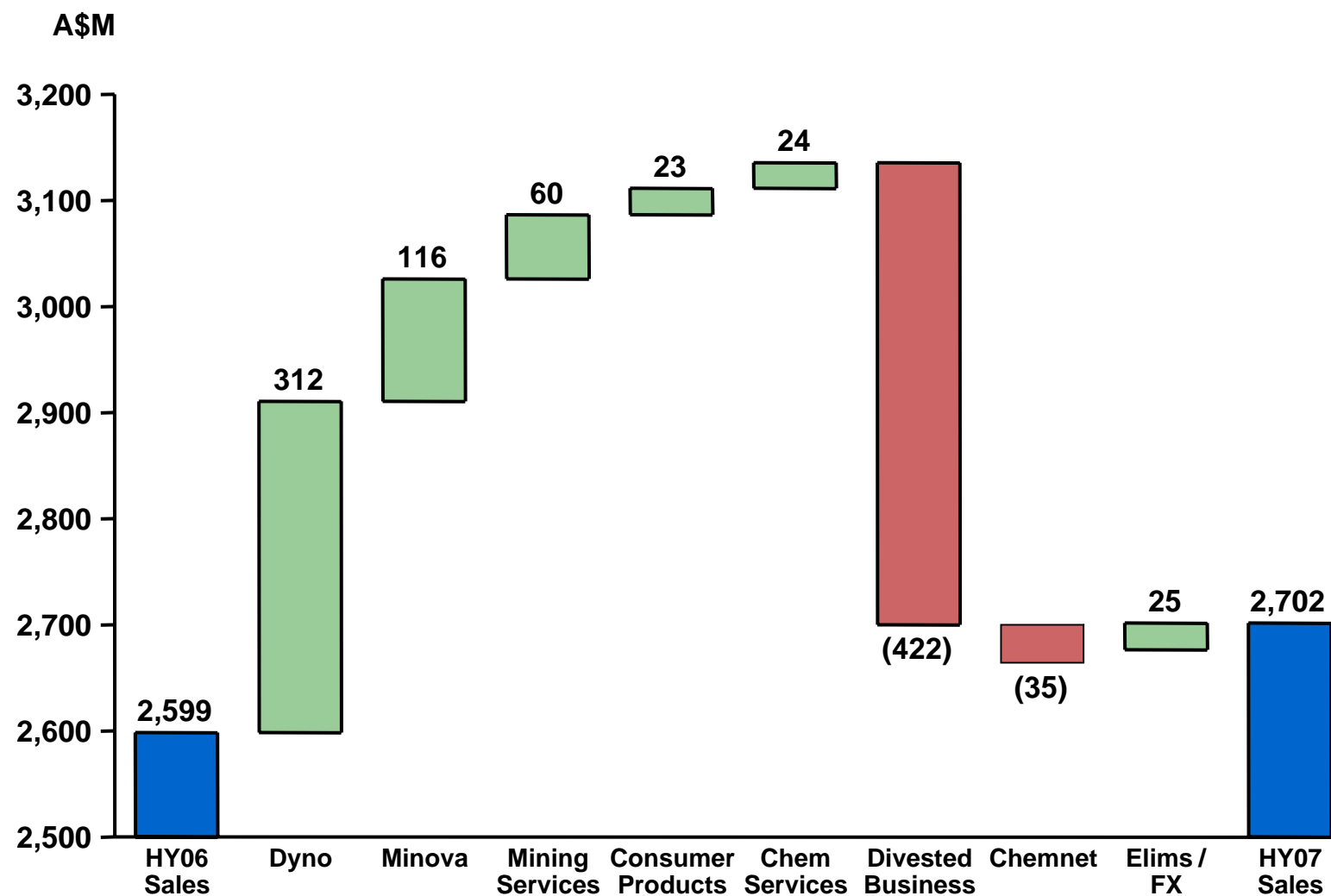
	2007	2006	\$ Change	% Change
Mining Services	1,506.5	1,134.2	372.3	33
Consumer Products	424.4	401.8	22.6	6
Chemical Services	229.7	231.3	(1.6)	(1)
Chemnet	469.5	504.9	(35.4)	(7)
Intersegment eliminations	(43.9)	(69.1)	25.2	(36)
Underlying Sales Growth	2,586.2	2,203.1	383.1	17
Investment Activity				
Minova	115.5	-		
Fertilisers	-	395.5		
Total Sales Revenue	2,701.7	2,598.6	103.1	4

Underlying Sales Growth

Mining Services (excluding Dyno)	1,180.2	1,119.8	60.4	5
Chemical Services (excluding A&R)	191.4	167.4	24.0	14

Half year ended 31 March 2007

Sales





Half year ended 31 March 2007

EBIT growth (A\$M)

	2007	2006	\$ Change	% Change
Mining Services	245.2	150.9	94.3	62
Consumer Products	43.2	47.7	(4.5)	(9)
Chemical Services	32.0	31.5	0.5	2
Chemnet	32.3	28.7	3.6	13
Corporate Centre/Other Support Costs	(24.5)	(24.5)	-	-
Underlying EBIT Growth	328.2	234.3	93.9	40
M&A / Corporate				
Minova ⁽¹⁾	17.4	-		
Fertilisers	-	41.9		
Total EBIT	345.6	276.2	69.4	25

Underlying EBIT

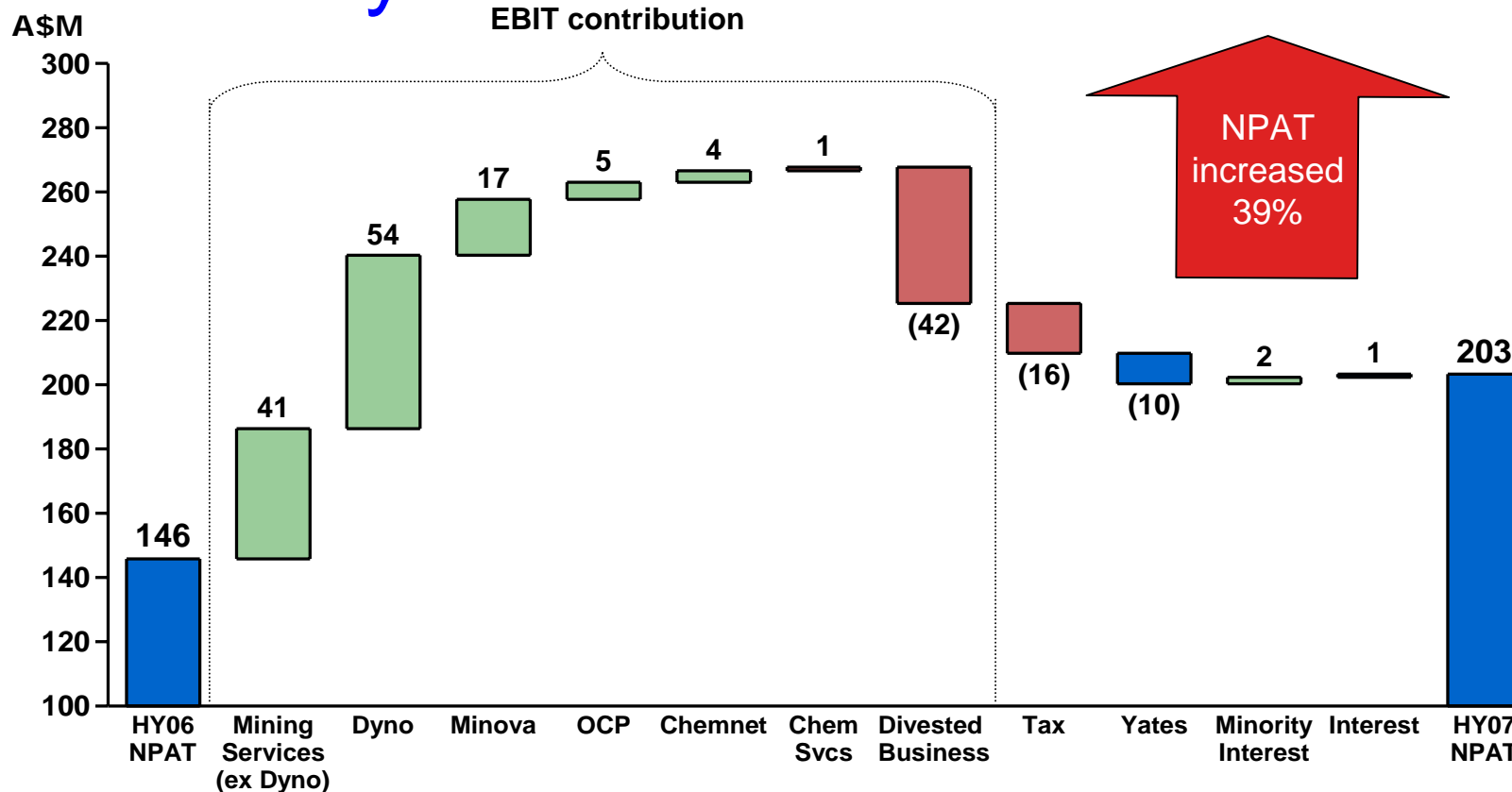
Mining Services (excluding Dyno)	191.0	150.0	41.0	27
Consumer Products (excluding Yates provision)	52.7	47.7	5.0	10

(1) Minova EBIT includes \$7M of non-recurring AIFRS acquisition accounting adjustment (non cash)

Half year ended 31 March 2007



NPAT analysis

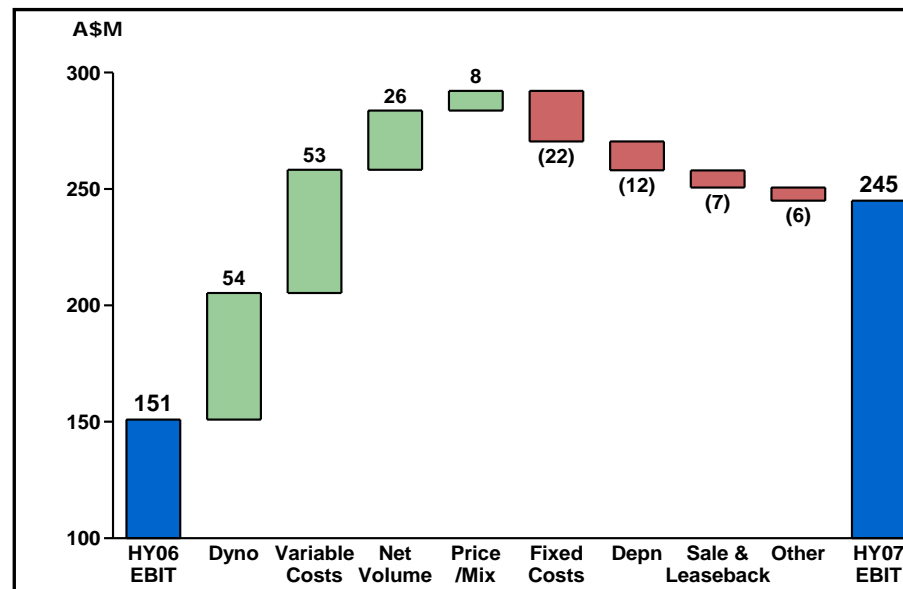
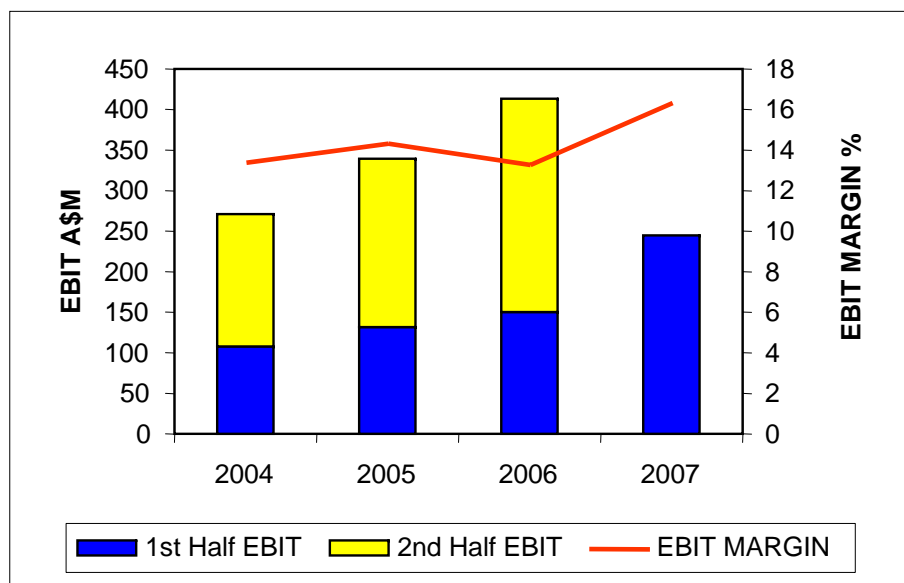


- ✓ NPAT up 39%
- ✓ Record result in Mining Services
- ✓ Dyno integration proceeding well
- ✓ Contribution from Minova
- ✓ Improved underlying result for OCP

- ✗ Loss of contribution from IPL and A&R
- ✗ Tax expense increased on higher earnings – average rate lower than pcp
- ✗ Yates restructure costs

Mining Services

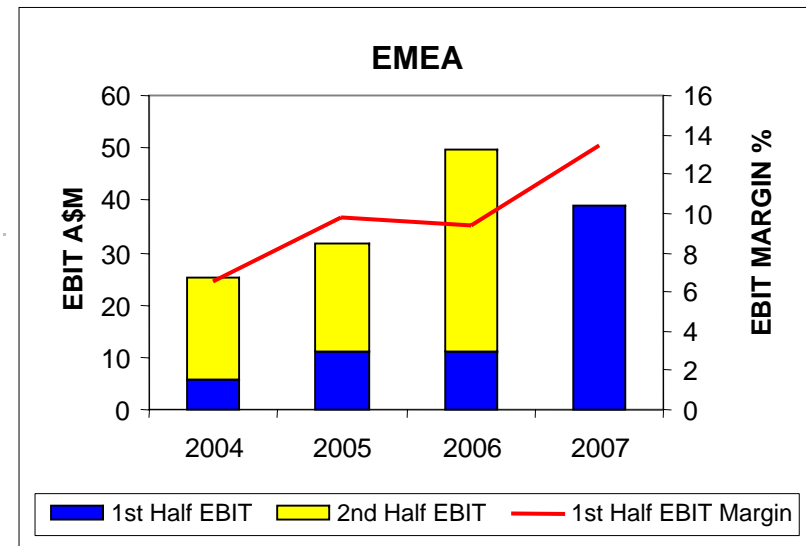
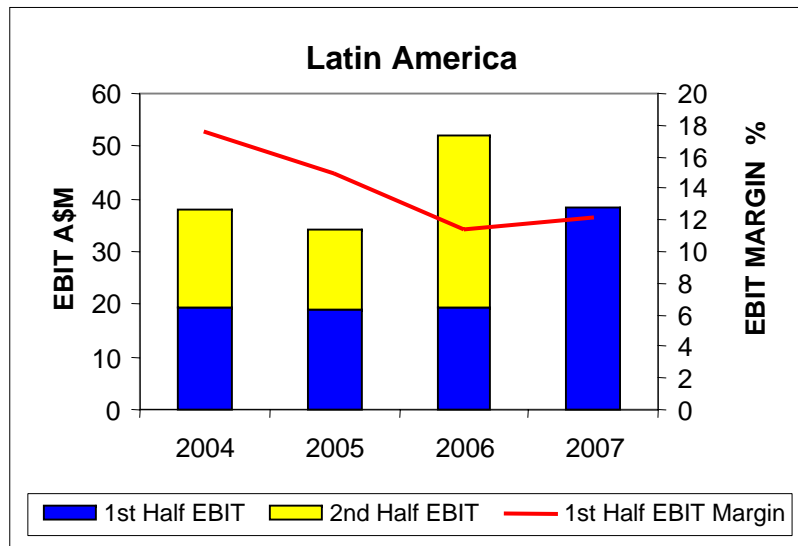
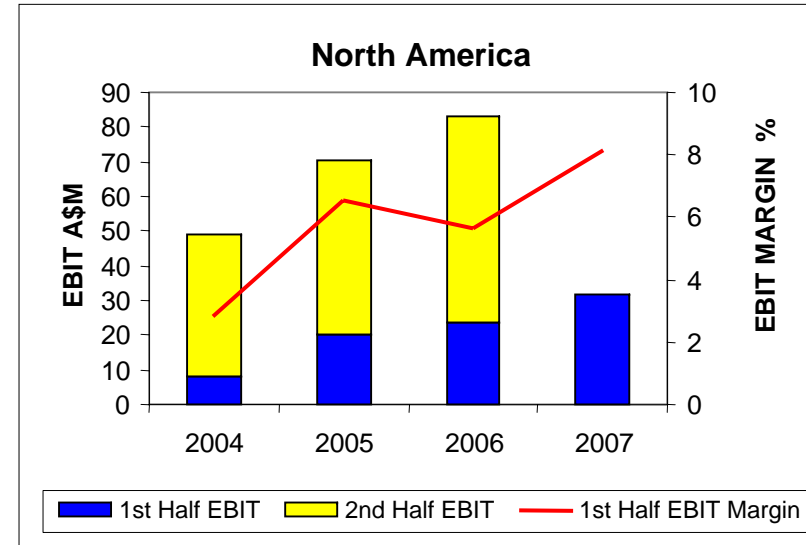
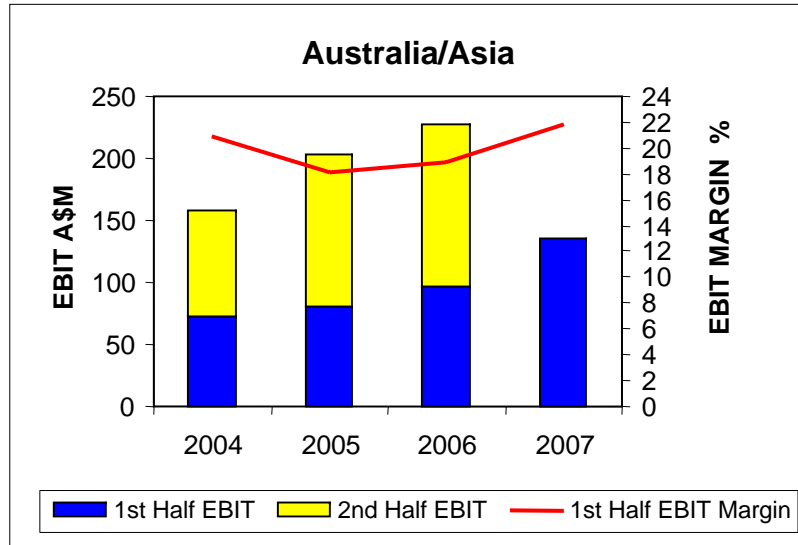
Sales \$1,507M; EBIT \$245M; Average Net Assets \$2,213M



- ✓ Record result
- ✓ Dyno integration on track
- ✓ Robust volumes across regions
- ✓ Improved variable cost recovery
- ✓ Continued growth and contribution from value adding technologies

- ✗ Fixed cost increase to support business growth
- ✗ Increased depreciation/amortisation charge on higher asset base
- ✗ No sale and leaseback activity this period

Mining Services by geography



Dyno performance



EBIT (A\$M)	Actual
Underlying Trading performance of DN Businesses	29.5
Synergies	29.2
Amortisation of intangibles	(4.8)
2007 EBIT	53.9

- Defined comprehensive list of projects to deliver synergies target.
- Synergies at the end of March \$29m.
- Of the 700+ headcount reductions identified, over 500 had left the company by March 2007.
- Non electronic manufacture has shifted from Troisdorf to Gyttorp, this is the first step of the closure of Troisdorf. Electronic blasting systems to be moved to Brownsburg.
- All major aspects of integrating management and financial systems are completed.

Dyno integration costs

Integration cost category	2006 Actual (A\$M)	2007 Half Year Actual (A\$M)	Cumulative Actual (A\$M)
Asset write-offs – non cash	45	-	45
Redundancies	41	-	41
Transitional salaries/other	7	1	8
Synergy implementation costs	4	5	9
Total Integration costs	97	6	103
Project office costs (acquisition costs)	18	12	30
Total significant items (pre tax)	115	18	133

Synergy Deliverables (cumulative benefit)

\$A M's	FY2007	FY2008	FY2009
Current view - March 2007	50 – 60	80 – 90	90
Previous view - September 2006	40 – 50	70 – 80	90

- Project office costs relate to the integration team
- Movement between 2006 actual costs and 2007 YTD costs are recognised in the financial statements as a significant item

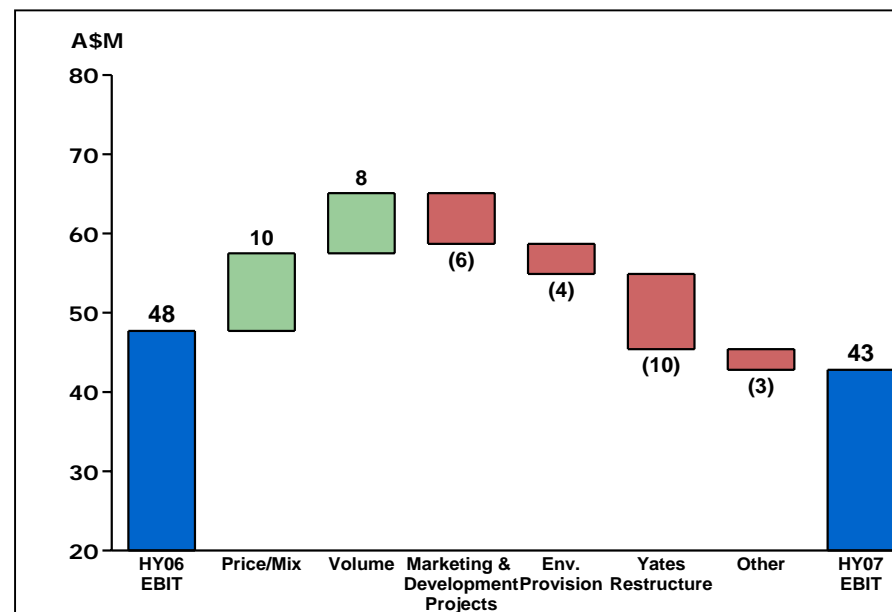
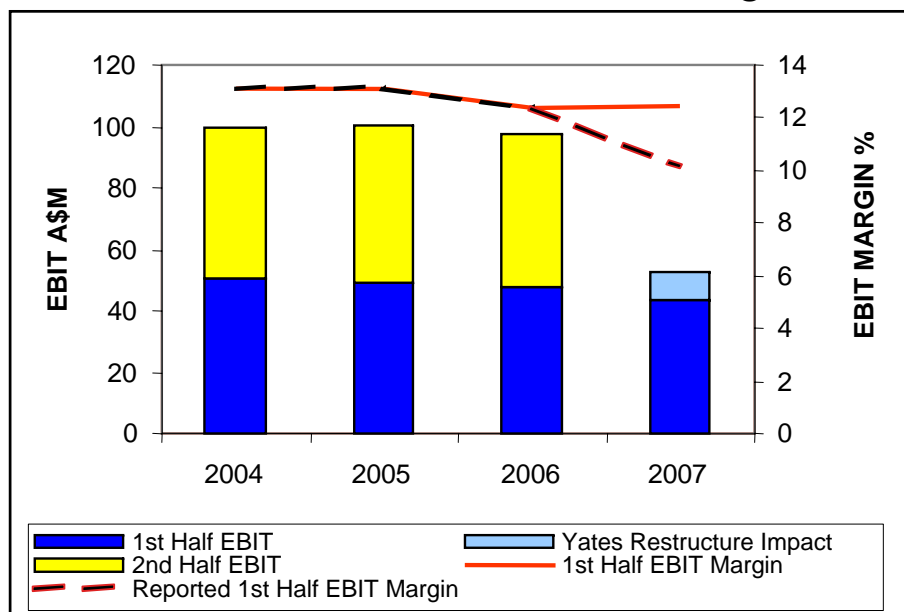
Dyno – next steps

2007 and beyond...

- Successful implementation of project plans to deliver A\$90M in synergies.
- Utilise IS manufacturing capacity at Gyttorp, Sweden following the decision to close Troisdorf, Germany.
- The business is on track to exit the Dyno Norwegian military business by 31 May 2007.
- Culture integration proceeding through global rollout of Deliver the Promise workshops.
- Rationalise Latin American manufacturing network to maximise efficiencies.

Consumer Products

Sales \$424M; EBIT \$43M; Average Net Assets \$218M



- ✓ Strong result, driven by growth in most Australian markets and market share gains in all major businesses
- ✓ Strong performance by the Australian Retail paints business
- ✓ Increase in margins due to shift in mix to premium products
- ✓ Continued investment in the brands is delivering EBIT

- ✗ Increased spend on marketing, innovation and growth projects
- ✗ Environmental provision for remediation of Padstow, NSW
- ✗ Provision to restructure the Yates business (cash outflow \$2M)

Yates restructuring provision - \$9.5M



BENEFITS

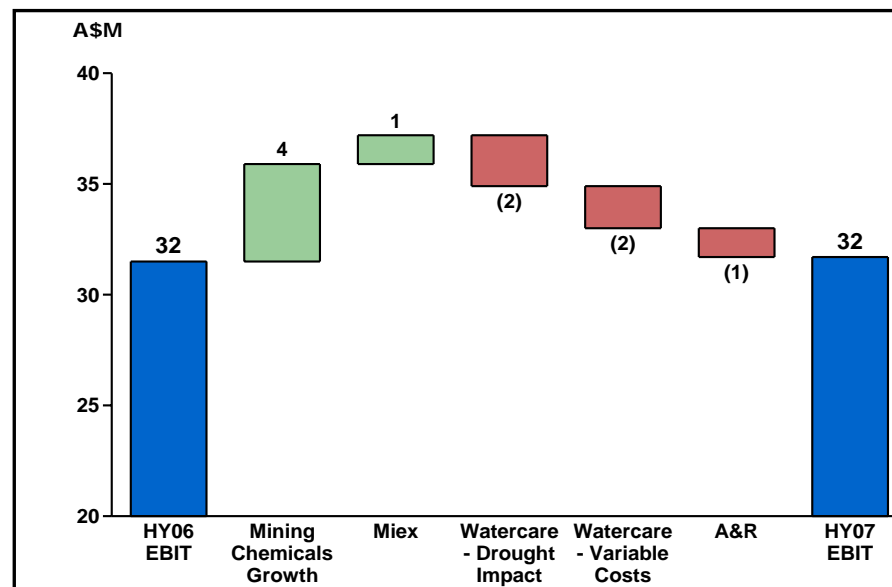
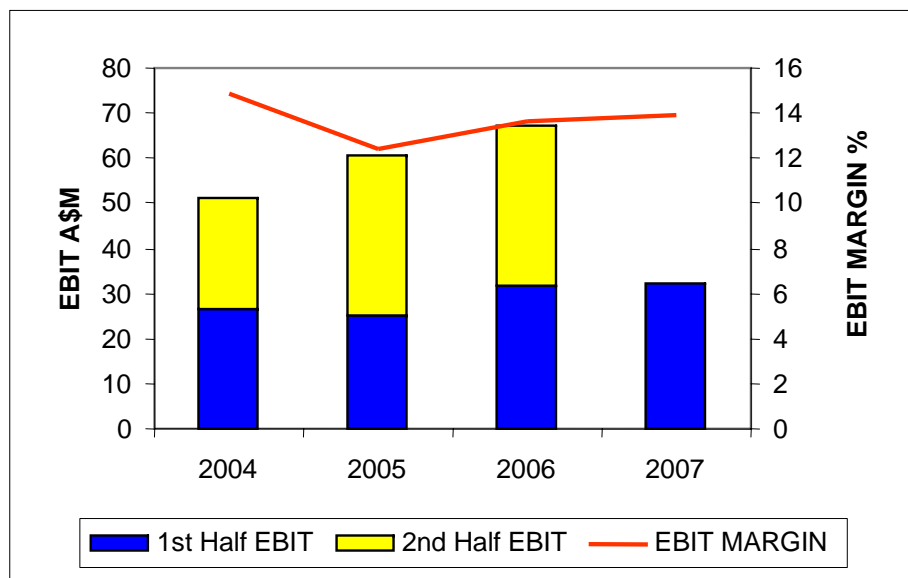
- Lower cost source of product
- Outsourcing manufacture of commodity products
- Manufacturing and supply chain rationalisation
- Sustainable benefit of cost savings
- No change in product offering to customer base

COSTS (A\$M)

Equipment leases	4.2
Plant, inventory write-downs	3.9
Redundancies/relocation costs – cash outflow	<u>1.4</u>
Total provision	<u>9.5</u>
Capital investment – cash outflow	<u>1.2</u>
Total incremental cash outflow	<u>2.6</u>

Chemical Services

Sales \$230M; EBIT \$32M; Average Net Assets \$382M



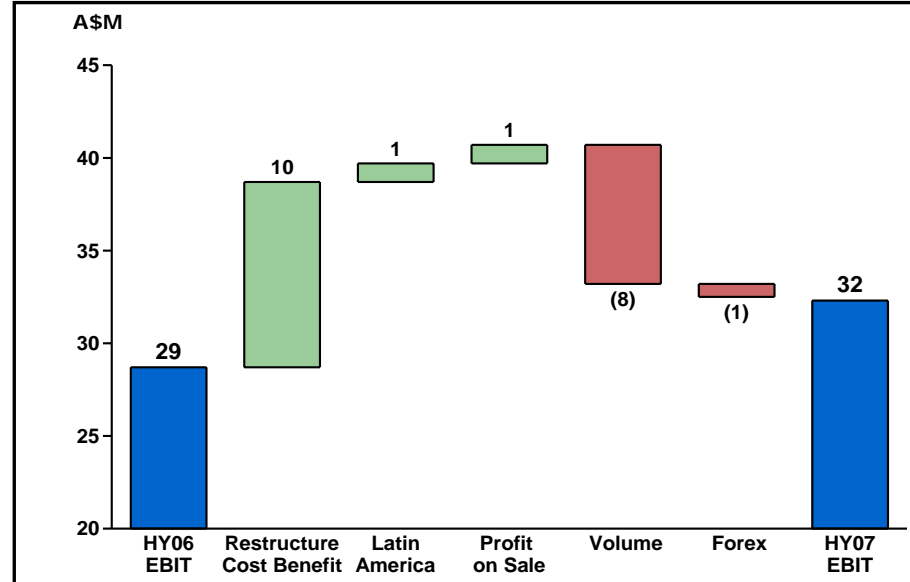
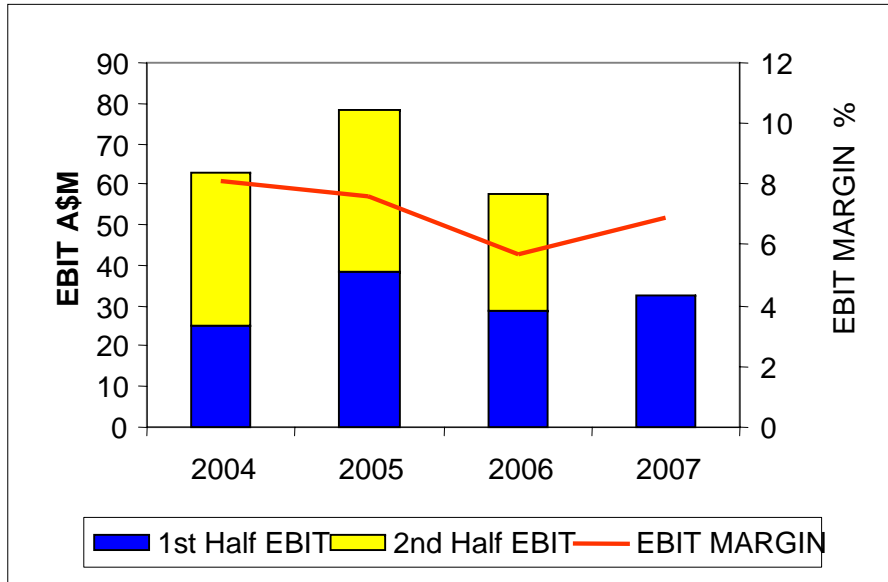
- ✓ Strong growth in Mining Chemicals
- ✓ Miex® progress
- ✓ Investment in Yarwun sodium cyanide uprate to facilitate long-term growth
- ✓ A&R divested

- ✗ Watercare drought impact
- ✗ Watercare variable cost increases

Chemnet



Sales \$470M; EBIT \$32M; Average Net Assets \$357M



- ✓ Restructure delivering expected benefits
- ✓ Investment in sales and supply chain initiatives
- ✓ Latin America progressing well
- ✓ Sustainable systems and culture development is well progressed

- ✗ Lower volumes due to downturn in manufacturing markets
- ✗ Increased competitive pressures
- ✗ Unfavourable AUD/NZD exchange impact



Corporate centre and other support services (A\$M) EBIT

	2007	2006	\$ Change
Corporate Centre	(18.5)	(17.7)	(0.8)
Other Support Costs	(6.0)	(6.8)	0.8
	(24.5)	(24.5)	-

Corporate Centre

- ✓ In line with last year

Other Support Services

- ✓ Qenos doubtful debt provision reversal (\$8M)
- ✗ Trade working capital investment (\$2M)
- ✗ Operating costs of Botany Groundwater Treatment Plant (\$2M)

Half year ended 31 March 2007



Cashflow A\$M

	2007	2006	\$ Change
EBITDA	433	350	83
Net interest paid	(47)	(49)	2
Net tax paid	(56)	(51)	(5)
Trade working capital movement	(76)	(265)	189
Non trade working capital movement	2	(2)	4
Net operating cash flows	256	(17)	273
Net investing cash flows	(984)	(1,151)	167
Net financing cash flows	(14)	1,112	(1,126)
TOTAL	(742)	(56)	(686)

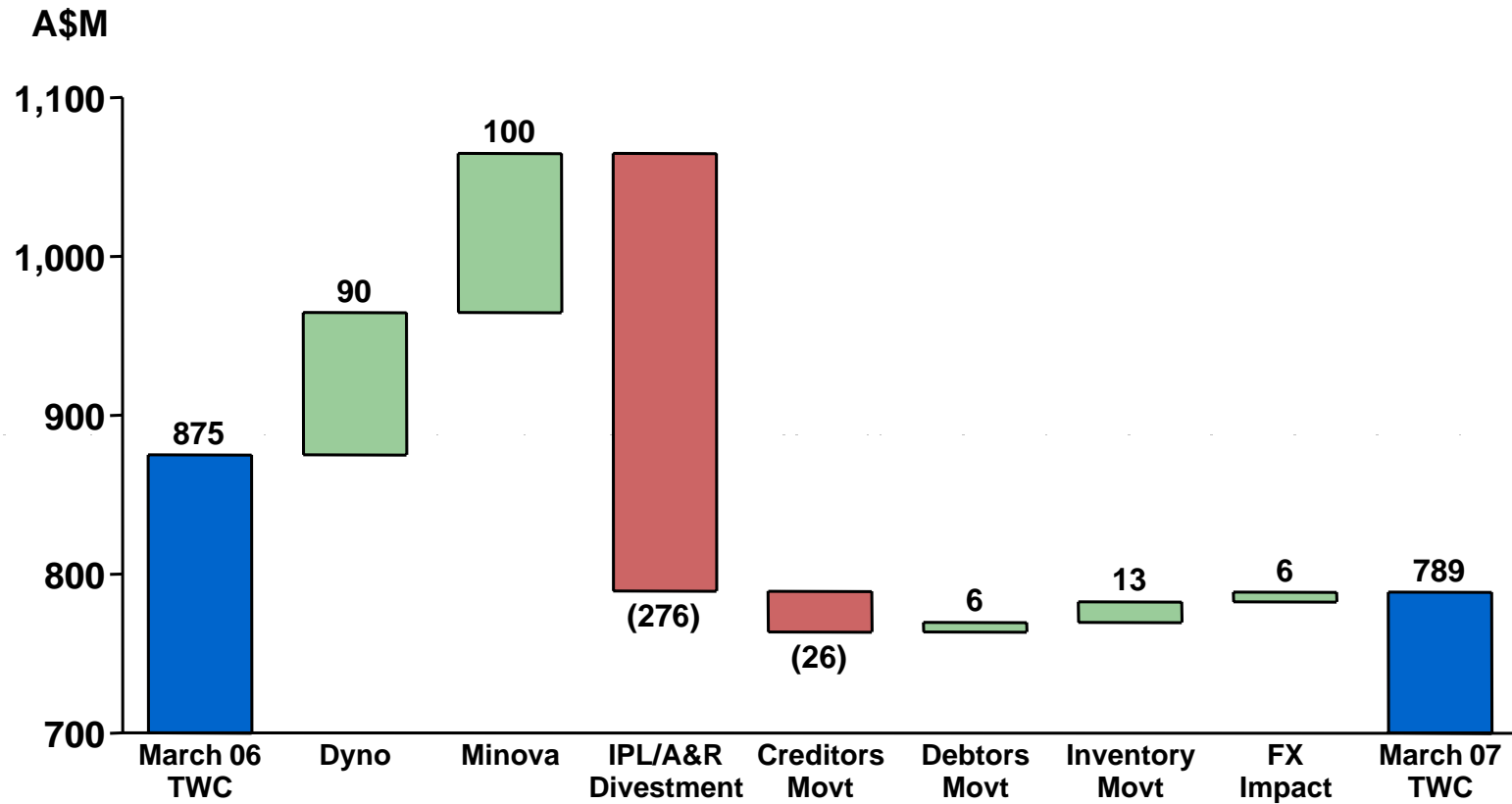
Half year ended 31 March 2007



Operating cash conversion

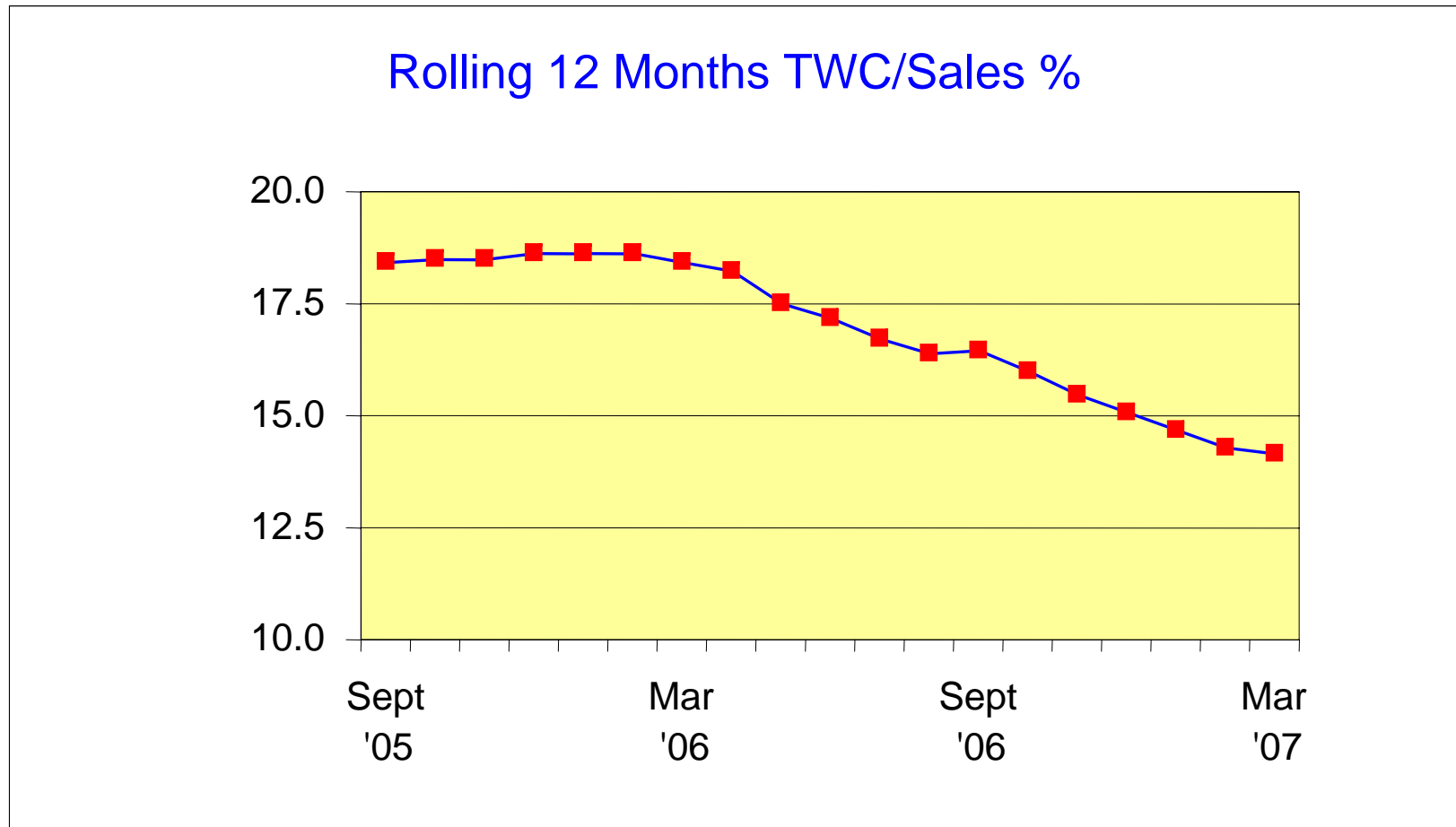
	2007	2006
EBITDA	433	350
Net working capital	(74)	(267)
Sustenance capital	(58)	(103)
<hr/>		
Cash conversion	301	(20)
Cash conversion percentage	70%	(5%)
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Trade working capital



Sustained TWC performance in base businesses

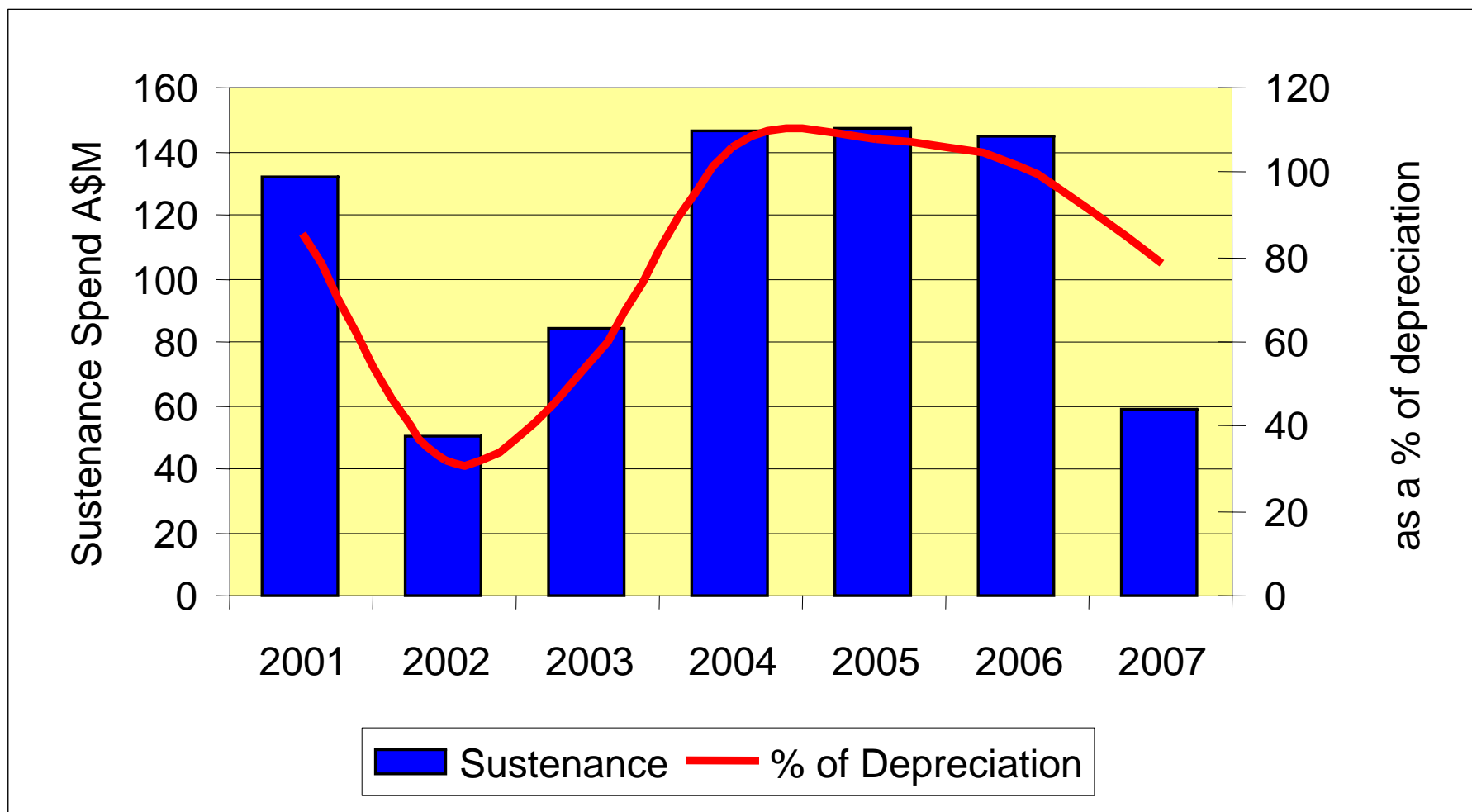
Underlying trade working capital



- Underlying trade working capital/sales ratio 14.2% (pcp 18.4%)

Significant sustainable reduction in TWC performance over time

Sustenance capital spend



Sustenance capex steady
No major turnarounds in the March half year

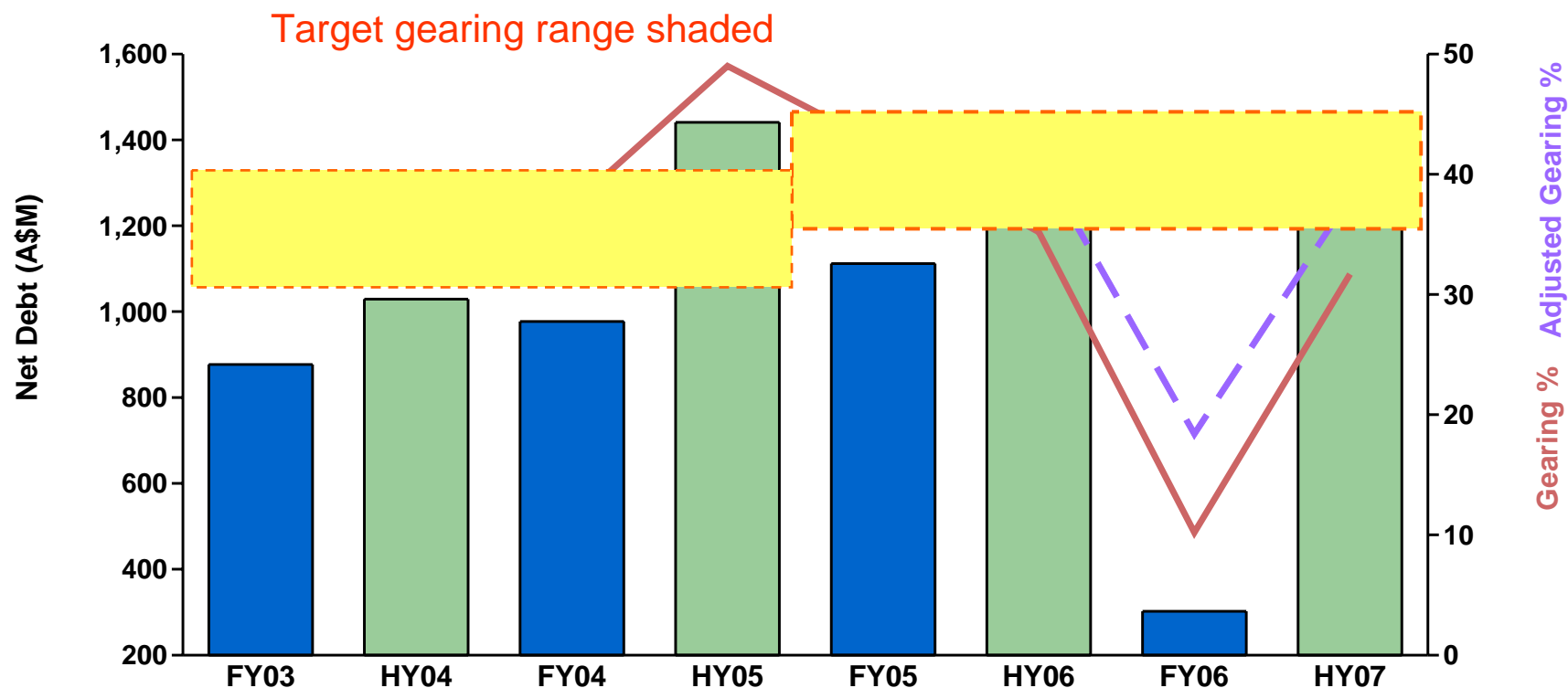
Half year ended 31 March 2007

Balance sheet (A\$M)



	March 2007	Sept 2006	March 2006
Trade working capital	789	630	875
Net property, plant & equipment	1,664	1,603	1,774
Intangible assets	2,026	1,141	640
Other (liabilities)/assets	(584)	(405)	752
Net debt	(1,233)	(302)	(1,423)
Net Assets	2,662	2,668	2,618
Orica shareholders' equity	2,601	2,617	2,431
Outside equity interests	61	51	187
Equity	2,662	2,668	2,618

Net debt and gearing



- Book Gearing 31.7%
- Adjusted Gearing 38.1% (hybrids notionally 50/50 debt & equity split)

Environmental provisions update (A\$M)



• Carrying amount 30 September 2006	297
• Provisions made 1H07	5
- Padstow \$4M	
- Whitesides Avenue \$1M	
• Cash Payments made 1H07	(26)
- Botany Groundwater \$7M	
- HCB \$12M	
- Seneca \$4M	
- Other \$3M	
• Additions through acquisition of Minova ¹	6
• Discounting / FX Movement	<u>4</u>
• Carrying amount 31 March 2007	<u>286</u>

1. Minova provisions part of acquisition accounting (fair value exercise to be finalised)

Environmental provisions

Environmental Provisions	As at 31 March 2007 (A\$M)
HCB waste processing	118
Botany Groundwater	56
Dyno Nobel ¹	33
Villawood	32
Seneca	25
Minova ¹	6
Other ²	16
Total Environmental Provisions	286

- Botany Groundwater and HCB waste processing comprise the majority of Orica's environmental provisions

1. Minova and Dyno provisions part of acquisition accounting
2. Other includes \$5M of provision discounting and foreign exchange impact

Summary

- Strong result despite softness in some business platforms
- Record Mining Services result
- Improved underlying result for Consumer Products
- Dyno integration on track
- Positive start by Minova
- Financial discipline and improved cashflow performance
- Strong balance sheet capable of funding future growth

A disciplined and consistent approach to growing shareholder value

Review of recent activity

Minova acquisition

Business portfolio mix

Outlook

Orica – the past 18 months



- The business portfolio and strategic direction have been significantly re-shaped – active capital management
- The remaining business platforms will drive the next growth phase for Orica.

The evolution of Orica continues...

Acquisition of Minova

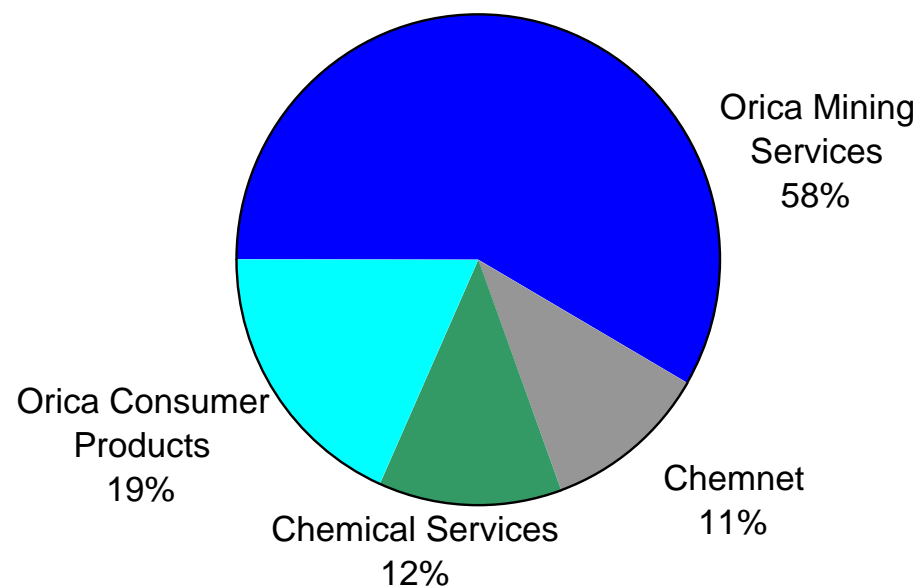
- Rationale:
 - expand into a high growth niche market segment
 - adds further growth to Orica's portfolio
 - Minova is a highly cash generative business
- The acquisition meets Orica's strategic criteria:
 - market leadership
 - grow "close to the core"
 - earning the "right to grow" - 18% RONA in 3rd year post integration
- Acquisition price A\$870M¹
- Funded by existing cash and debt facilities
- Positive start by Minova, with underlying EBIT of \$24M on sales of \$116M
- Integration plan remains unchanged

1. Including transaction costs

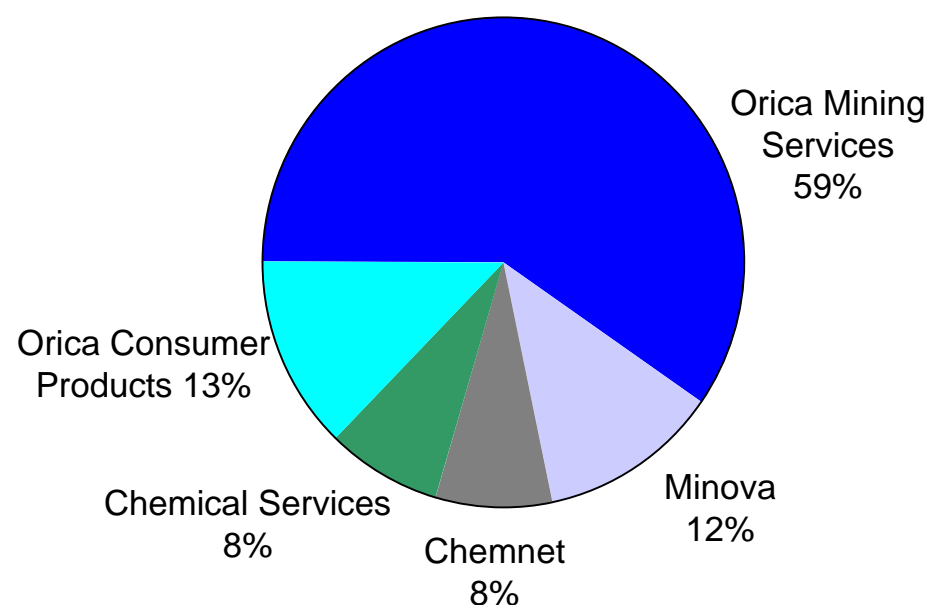


EBIT¹ contribution by business platform

March 2006 (2)



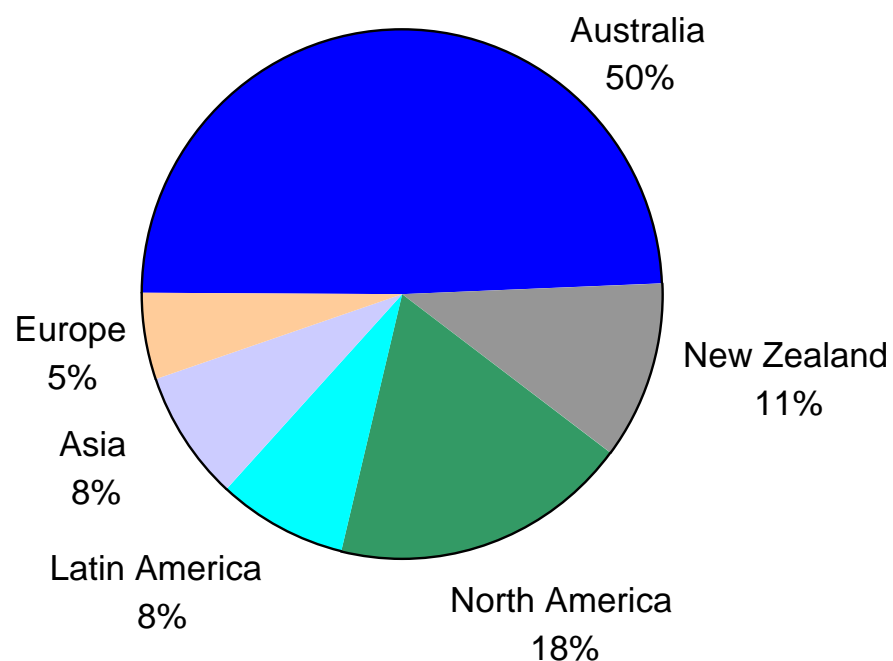
March 2007 (3&4)



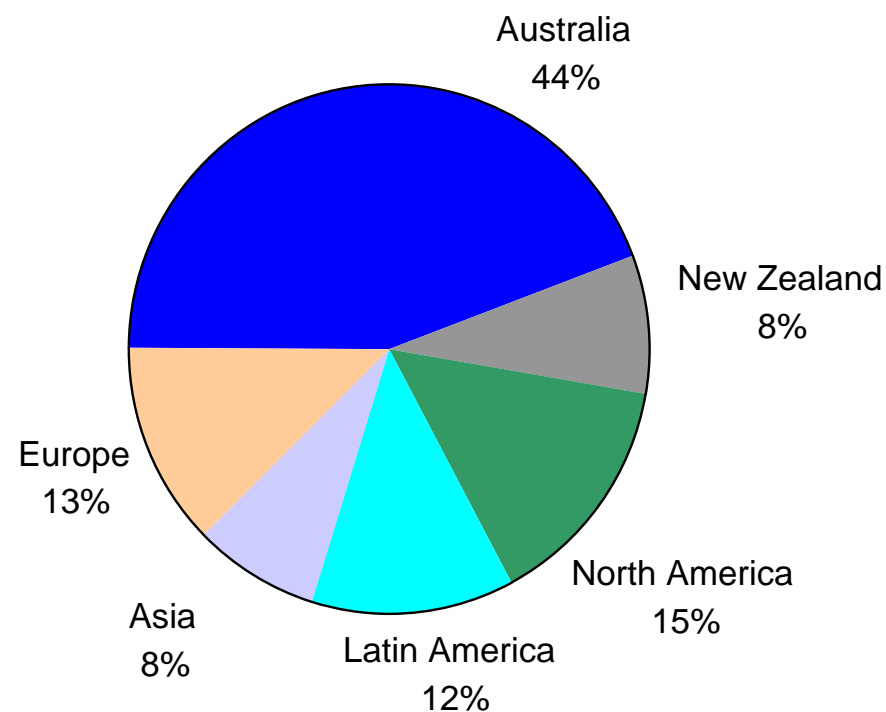
1. Excludes corporate costs
2. March 2006 EBIT excludes earnings from IPL
3. Minova earnings adjusted to reflect six months contribution
4. OCP excludes one-off Yates restructuring provision

Gross sales by geography

March 2006 (1)



March 2007



1. March 2006 sales excludes IPL

Summary



- Market leadership in chosen businesses
- Strong financial discipline, strong returns on capital, ongoing earnings growth and less cyclicality
- Strong balance sheet capable of funding strategic growth opportunities and capital management

A disciplined approach to growing shareholder value

Outlook



Subject to global economic conditions, we expect group net profit (before significant items) in 2007, to be significantly higher than that reported in 2006, resulting from a full year contribution from the acquired Dyno businesses, benefits from the recently commissioned ammonium nitrate expansion at Yarwun, nine months' earnings contribution from the Minova acquisition, in addition to improved earnings across the existing businesses.



Half Year Results
Announcement
30 April 2007

Supplementary information

Net interest expense



	2007	2006
	A\$M	A\$M
Net interest expense	54.6	55.6
Comprising:		
Interest on net debt	48.9	60.4
<i>Less:</i> capitalised interest	-	(7.9)
<i>Add:</i> unwinding of discount on provisions	5.7	3.1
Net interest expense	<u>54.6</u>	<u>55.6</u>



Interest on net debt

	A\$M
Net interest expense excluding funding associated with Minova (\$896m ¹ x 7.4% ² for 6 months)	33.1
Interest on funding associated with Minova (\$870m x 7.0% for 3 months)	<u>15.8</u>
Interest on net debt	<u><u>48.9</u></u>

1. This is approximately \$550m higher than the average of the 30 Sep 2006 and 31 Mar 2007 net debt balances (excluding Minova), due to normal intra-month and seasonal cash flow patterns.
2. The first half average interest rate has been impacted by the negative spread associated with carrying large cash balances while maintaining normal long term debt levels. Second half average interest rates are expected to be closer to 7.0%.

Impact of Step-up Preference Security (SPS)



Key Points

- SPS treated as 100% equity for financial reporting purposes
- SPS distributions are treated as dividends and NOT interest
- EPS calculation adjusted for SPS distributions on an after tax basis
- Rating agencies treat SPS as 50% equity / 50% debt



Impact of SPS – earnings per share

		A\$M
Reported net profit from continuing operations		221.4
<i>Less:</i>		
Net profit attributable to minorities		(11.0)
After tax distributions to SPS holders ⁽¹⁾		(16.7)
Adjusted net profit		193.7
Weighted average ordinary shares on issue		310.4
Earnings per share	cps	62.4

(1) Distribution paid during the six months to 31 March 2007 was for the period from 15 March to 30 November 2006, a period of 260 days. Future payments will be made twice per year, in May and November.



Impact of SPS – gearing (A\$M)

	Reported per Accounts	Rating Agency
Current borrowings	273.7	273.7
Non-current borrowings	1,212.9	1,212.9
SPS adjustment ⁽²⁾	-	250.0
Less: Cash	(253.6)	(253.6)
Net Debt	1,233.0	1,483.0
Parent entity equity ⁽¹⁾	2,601.4	2,601.4
Minority interests	61.0	61.0
SPS adjustment ⁽²⁾	-	(250.0)
Net Equity	2,662.4	2,412.4
Gearing	31.7%	38.1%

(1) Includes face value of SPS of \$500M as equity

(2) Adjustment is for 50% of the face value of SPS

Impact of SPS – interest cover (A\$M)



	Reported per Accounts	Rating Agency
Financial expense	74.5	74.5
Financial income	(19.9)	(19.9)
SPS distribution adjustment ⁽¹⁾	-	9.4
Net borrowing costs	54.6	64.0
EBIT	345.6	345.6
Less Share of profits of associates	(14.1)	(14.1)
Adjusted EBIT	331.5	331.5
Interest Cover	6.1	5.2

(1) Represents 50% of the SPS distribution for the period 1 October to 31 March 2007 calculated as follows: face value of SPS x (BBSW +1.35%) x number of days

Foreign currency - snapshot

Material exposures include:

1. Offshore EBIT
 - North America
 - Europe
 - New Zealand
 - Latin America

2. Transactional Exposures
 - AUD/USD
 - USD/Latin American Region
 - USD/CAD
 - NZD/USD

Net impact of a 1% move in exchange rates on a diversified basket of currencies is approximately A\$2 - 2.5m

Dyno and Minova have increased Orica's currency exposure