Half Year Results Announcement

28 April 2008




Presentation outline

• Group performance	Graeme Liebelt
• Divisional performance	Noel Meehan
• Capital management	Noel Meehan
• 2008 priorities	Graeme Liebelt
• Outlook	Graeme Liebelt

Group performance

Half year ended 31 March (A$M)	2008	2007	% ↕
Sales	**3,009.6**	2,701.7	*11.4* ↑
Gross margin	**1,365.0**	1,192.3	*14.5* ↑
EBITDA [1]	**528.4**	433.1	*22.0* ↑
EBIT [1]	**423.0**	345.6	*22.4* ↑
Net profit after tax pre significant items	**229.8**	203.1	*13.1* ↑
Net profit after tax after significant items	**224.5**	210.4	*6.7* ↑
Operating cashflow	**161.1**	256.2	*(37.1)* ↓
Productivity (%) [2]	**71.2**	73.5	*3.2* ↑
Earnings per share (cents) [1]	**70.1**	60.3	*16.3* ↑
Dividends per share (cents)	**39.0**	36.0	*8.3* ↑
Return on shareholder's funds (%) [1]	**17.0**	15.6	*1.4* ↑
Gearing (%) [3]	**42.9**	31.7	*11.2* ↓

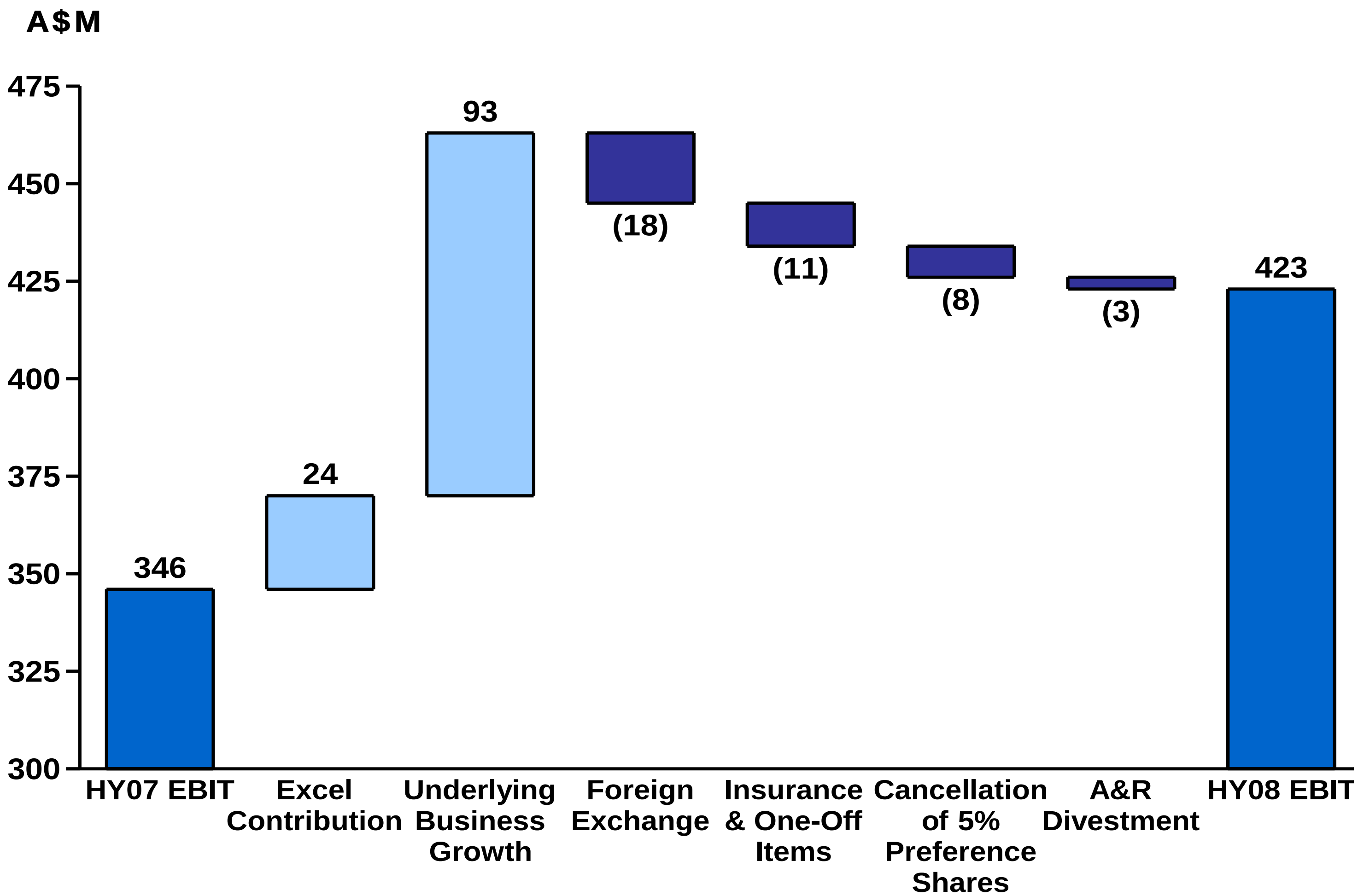
1 Pre significant items
2 Productivity measured as total fixed costs as a percentage of gross margin
3 Net debt/(net debt + book equity)

Divisional EBIT

Half year ended 31 March (A$M)	2008	2007	% ↕
Mining Services	**271.1**	245.2	*10.6* ↑
Minova [1]	**64.0**	17.4	*267.8* ↑
Consumer Products	**59.9**	43.2 [2]	*38.7* ↑
Chemical Services	**36.3**	32.0	*13.4* ↑
Chemnet	**36.4**	32.3	*12.7* ↑
Total Businesses	**467.7**	370.1	*26.4* ↑
Corporate Centre [3]	**(29.0)**	(18.5)	*(56.8)* ↓
Other Support Costs [4]	**(15.7)**	(6.0)	*(161.7)* ↓
Total EBIT	**423.0**	345.6	*22.4* ↑

1 Minova earnings in 2008 are inclusive of Excel from 26 October 2007. Earnings in 2007 were for three months only.
2 Inclusive of $10M Yates restructuring provision in 2007.
3 Includes $8M cost associated with cancellation of 5% Preference Shares.
4 Includes net insurance loss of $3M (pcp nil). Pcp included once off bad debt recovery of $8M.

EBIT growth

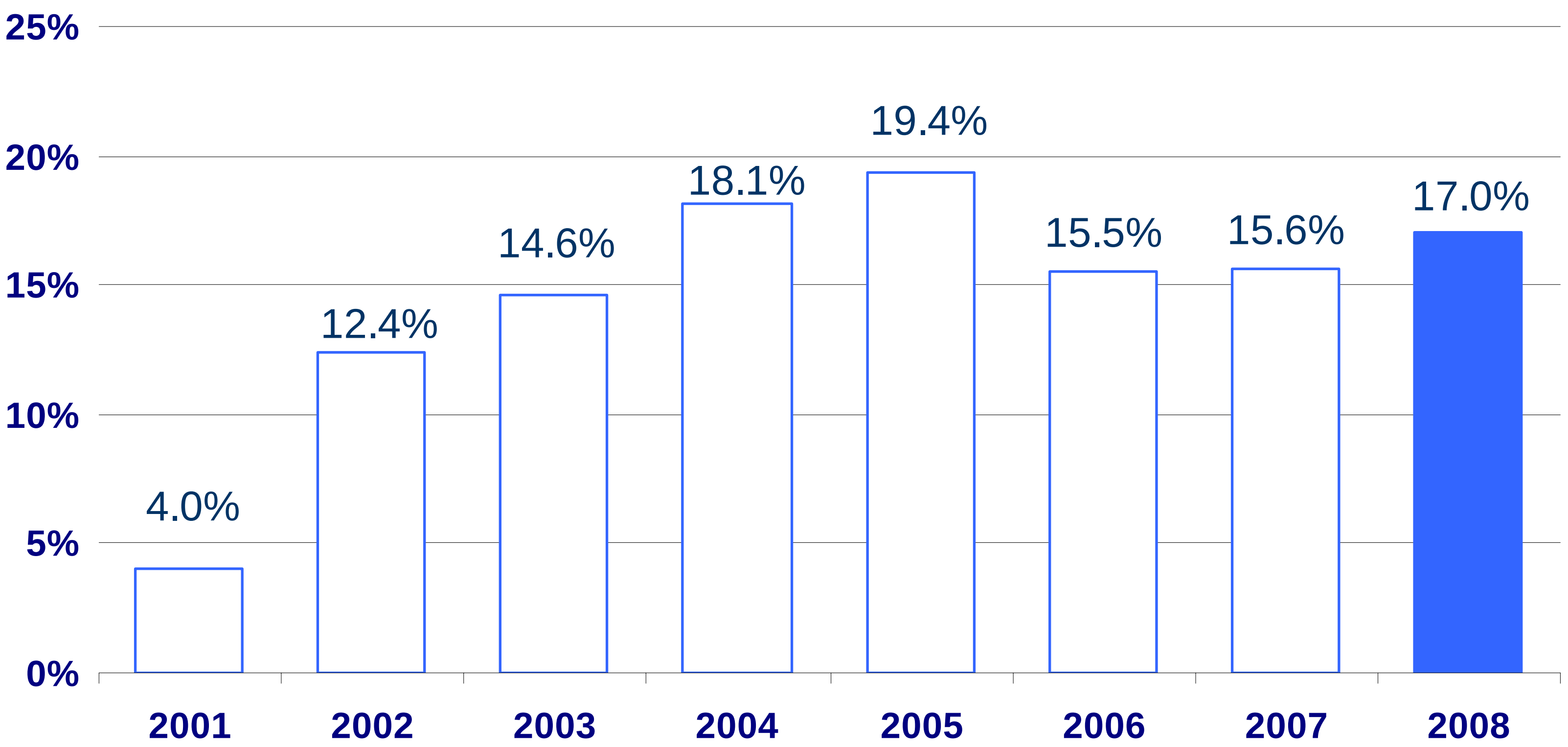


Underlying business EBIT growth of 27%

Significant items

Half year ended 31 March (A$M)	2008	2007
Dyno Nobel integration costs	**(3.7)**	(12.1)
Minova/Excel integration costs	**(1.6)**	-
Adhesives & Resins profit on sale	**-**	19.4
Total significant items after tax and minority interests	**(5.3)**	7.3

Return on shareholders' funds [1] – Half year



[1] Calculated as follows: annualised NPAT for period 1 October to 31 March / Average Shareholder Funds

Orica's approach – value drivers

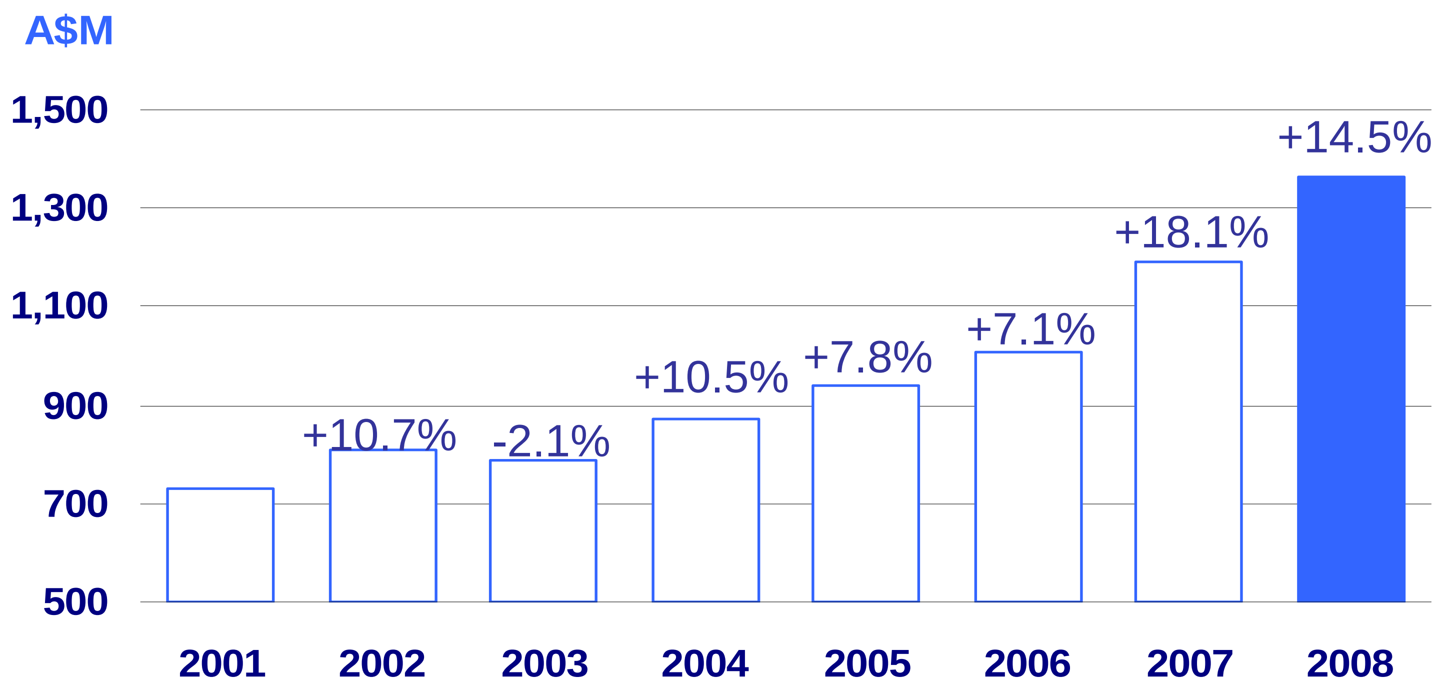
SH&E - Safety

	Half Year 2008	Full Year 2007
AWRCR [1]	**0.73**	0.60
Recordable cases	**68**	104
Distribution incidents	**11**	28
Fatalities [2]	**-**	1

[1] All Worker Recordable Case Rate is calculated as the number of injuries and illnesses per 200,000 hours worked

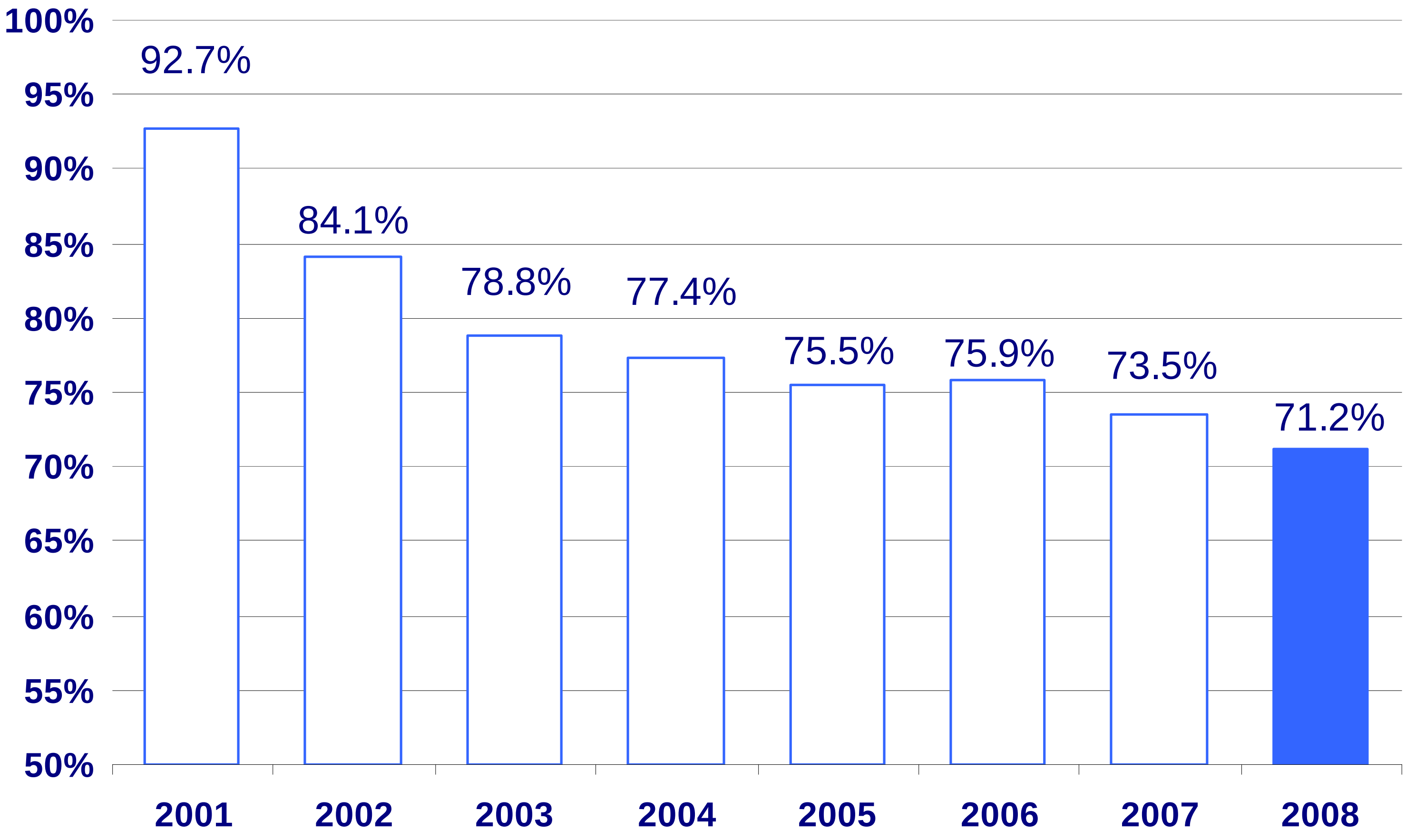
[2] There was one fatality in 2007 in Chile.

Gross margin growth – Half year



Compound average first half growth rate since 2001 is 9%

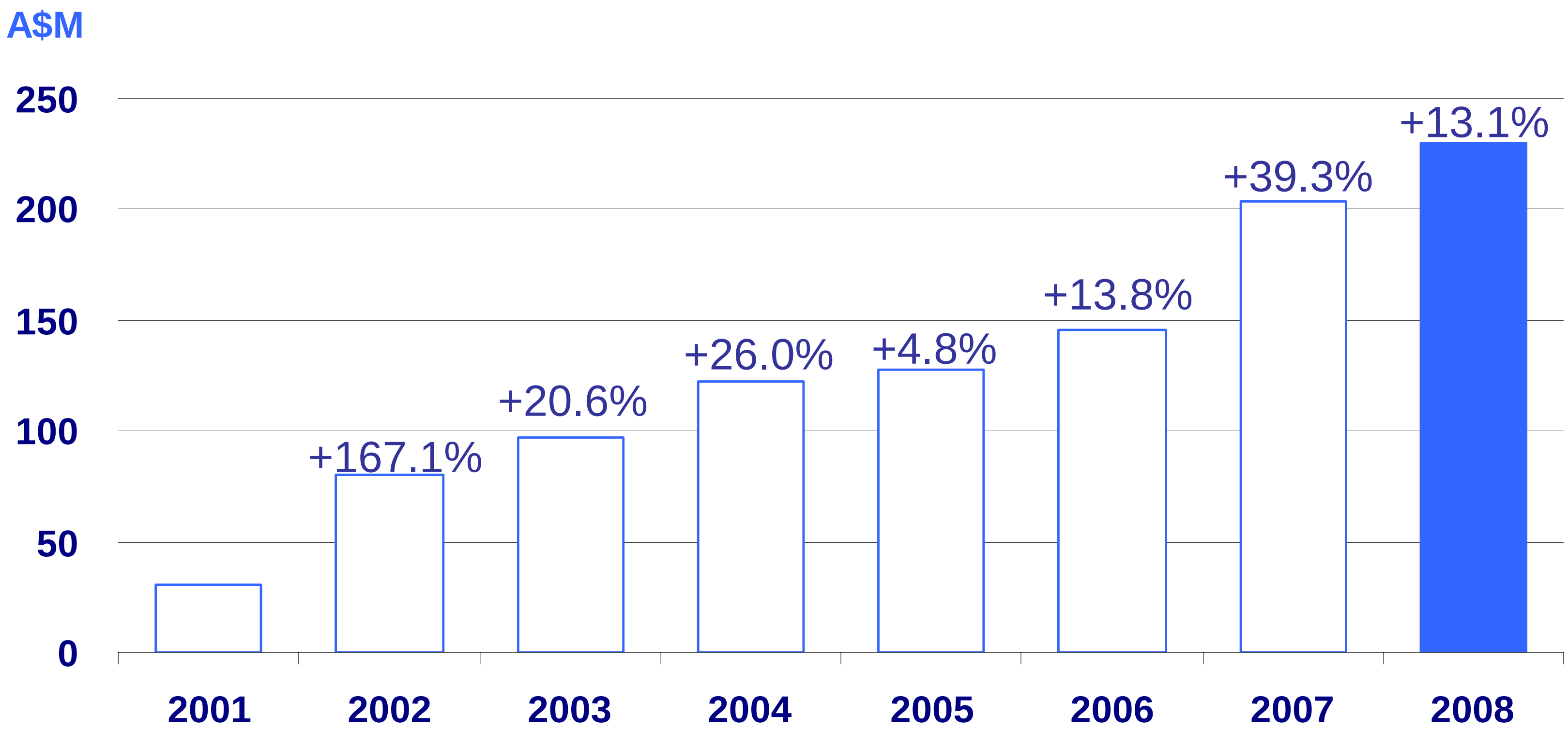
Productivity[1] – Half year



Continuous improvement in productivity

[1] Productivity is measured as fixed costs (incl. depreciation and amortisation) as a percentage of gross margin.

Net profit after tax – Half year



Compound average first half growth rate since 2001 is 34%

Divisional performance

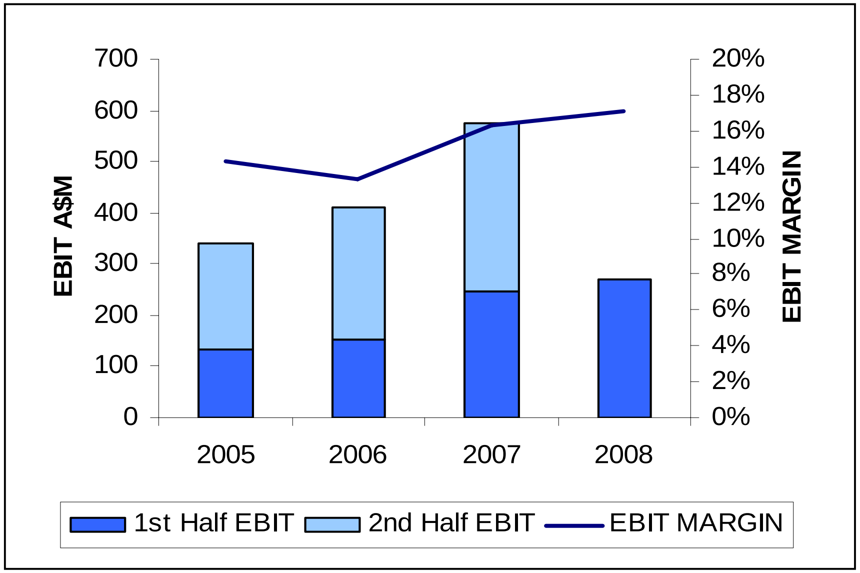
Orica Mining Services

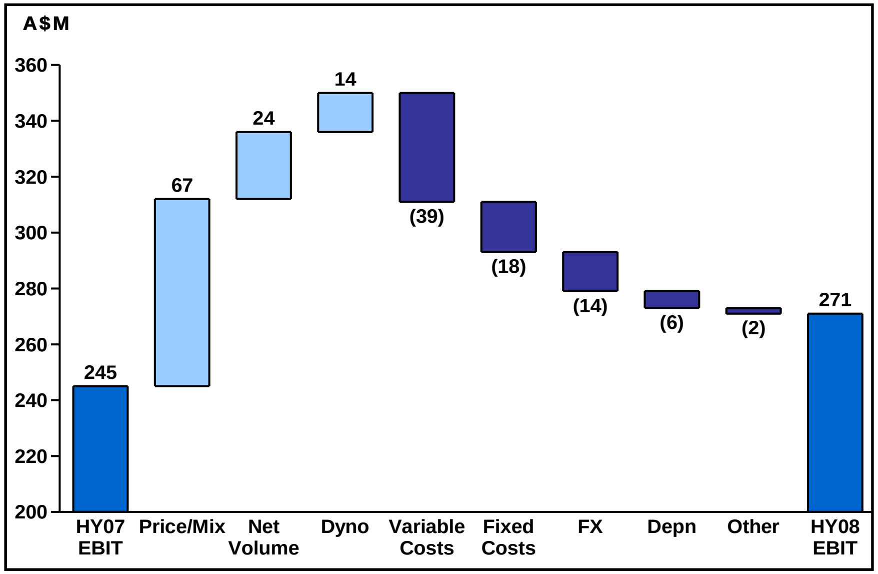
Half year ended 31 March (A$M)	2008	2007	% ↕
Sales	**1,580.9**	1,506.5	*4.9* ↑
EBITDA	**335.6**	305.7	*9.8* ↑
EBITDA margin (%)	***21.2%***	*20.3%*	*4.4* ↑
EBIT	**271.1**	245.2	*10.6* ↑
EBIT margin (%)	***17.1%***	*16.3%*	*4.9* ↑

Record result for Mining Services – 11% EBIT growth

Orica Mining Services

Sales $1,581M; EBIT $271M; Average Net Assets $2,370M

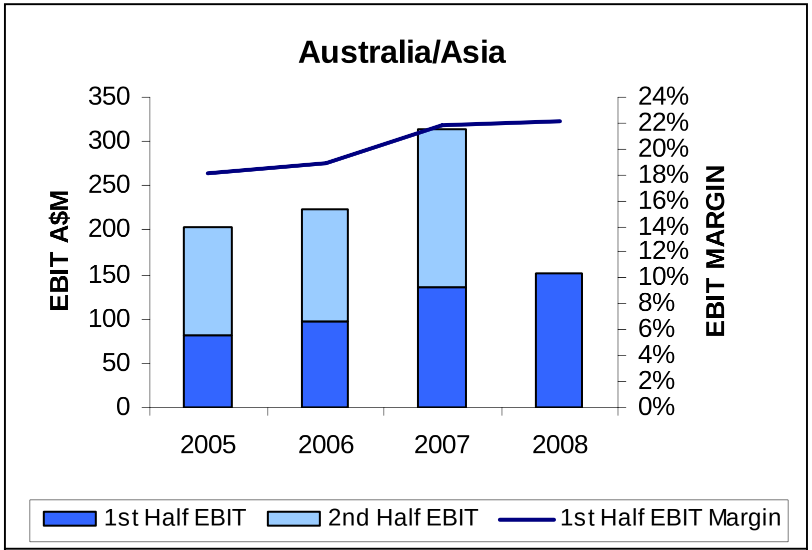


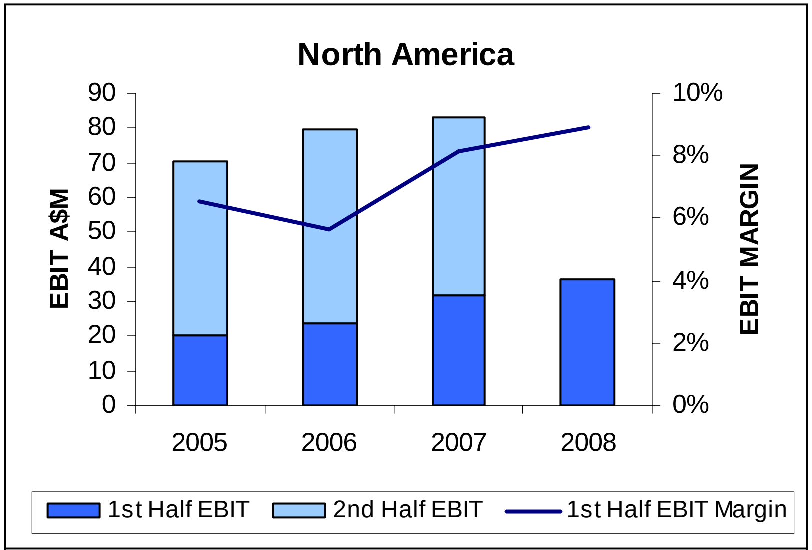


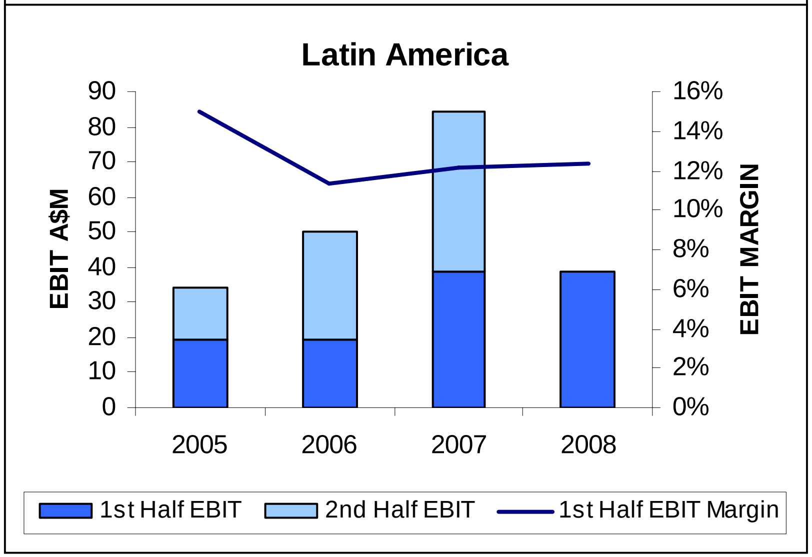
- ✓ Record result – EBIT growth of 11%
- ✓ Favourable market conditions aiding volume and margin growth – cost increases continue to be recovered
- ✓ Continuing growth in earnings from advanced product offerings – EBS/BBS
- ✓ Tightening AN supply position
- ✓ Dyno integration into final phase – synergies continue to be delivered

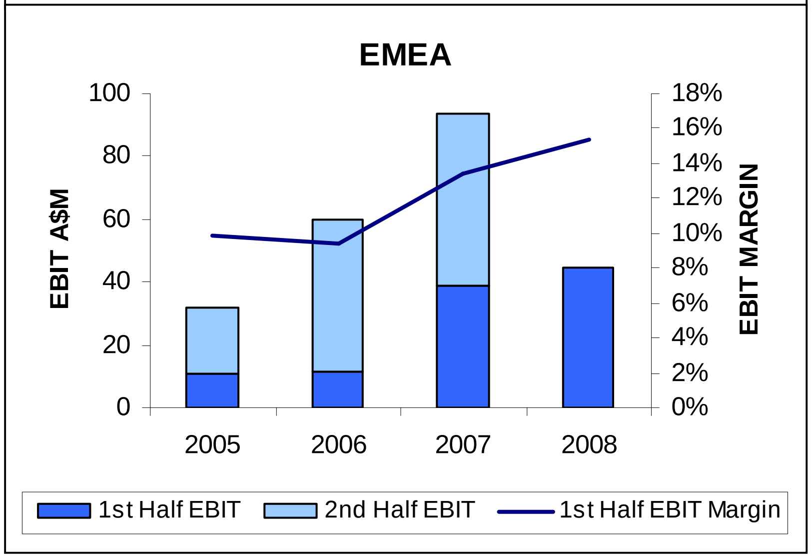
- ✓ Small bolt on acquisitions in NA/EMEA
- ↓ Increased variable costs – ammonia (timing issue), labour and energy
- ↓ Investment in fixed costs to support business growth
- ↓ Negative foreign exchange impact on translation of earnings
- ↓ Increased depreciation on expanding asset base

Orica Mining Services by geography









Acquired ex Dyno business performance

EBIT (A$M)	2008
Underlying trading performance of Ex Dyno Businesses	30.1
Synergies delivered	42.4
Amortisation of intangibles	(4.5)
2008 EBIT	**68.0**

Synergy benefit of $90M will be delivered during 2008 – 12 months ahead of schedule

Acquired ex Dyno business - integration costs

Integration cost category (A$M)	2008 Actual	2007 Actual	Cumulative Actual
Asset write-offs – non cash	-	52	52
Redundancies	-	46	46
Transitional salaries/other	-	13	13
Synergy implementation costs	4	14	18
Total Integration costs	**4**	**125**	**129**
Project office costs (acquisition costs) [1]	-	34	34
Total significant items (pre tax) [2]	**4**	**159**	**163**

[1] Project office costs relate to the integration team – the project office was closed in 2007.
[2] These costs are recognised in the financial statements as a significant item

Integration costs on track with budget
Final manufacturing rationalisation costs to come

Minova

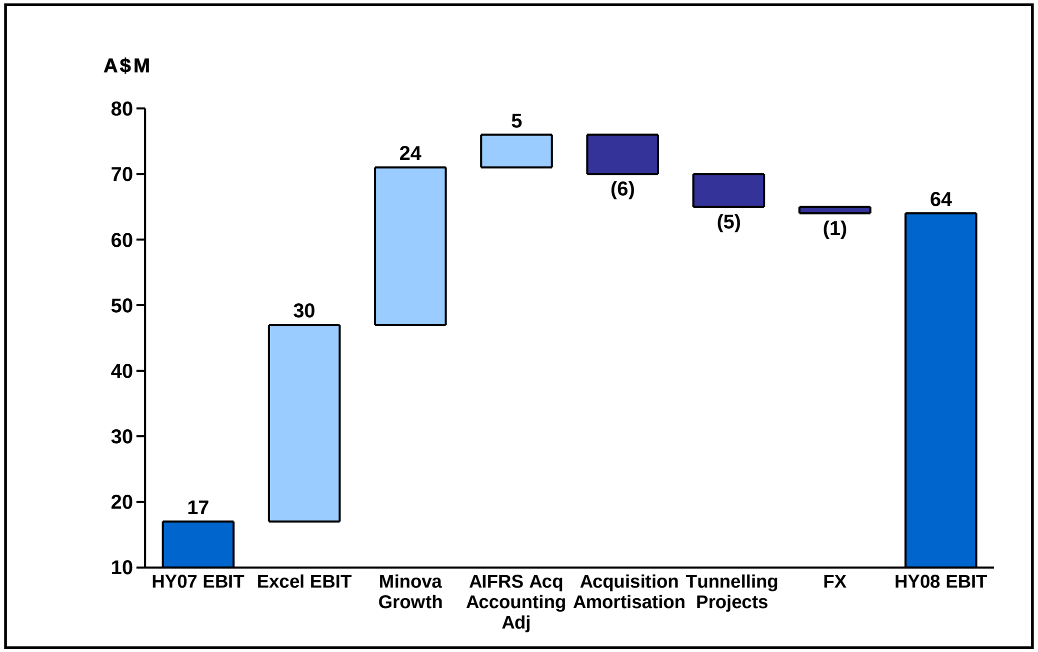
Half year ended 31 March (A$M)	2008	2007	% ↕
Sales	**337.0**	115.5	*191.8* ↑
EBITDA	**78.2**	22.1	*253.8* ↑
EBITDA margin (%)	***23.2%***	*19.1%*	*21.5* ↑
EBIT	**64.0**	17.4	*267.8* ↑
EBIT margin (%)	***19.0%***	*15.1%*	*25.8* ↑
Underlying EBIT [1]	**65.6**	24.0	*173.3* ↑

[1] Underlying EBIT excludes the $1.6M one-off acquisition accounting adjustment in 2008 ($6.6M in 2007).

Underlying earnings growth continues for Minova complemented by the acquisition of Excel

Minova

Sales $337M; EBIT $64M; Average Net Assets $1,303M



- ✓ Completed acquisition of Excel
- ✓ Market conditions for mining continue to be firm
- ✓ Steadily improving contribution from Minova's mining business
- ✓ Excel contributing to expectation and sound progress on integration
- ✓ AIFRS adjustment one-off impact

- ✓ New business being won from combined resin and bolt product offering as well as working with OMS on tunnelling projects
- ↓ Decreased contribution from tunnelling projects in Europe and Japan
- ↓ Amortisation increase from acquisitions

Chemical Services

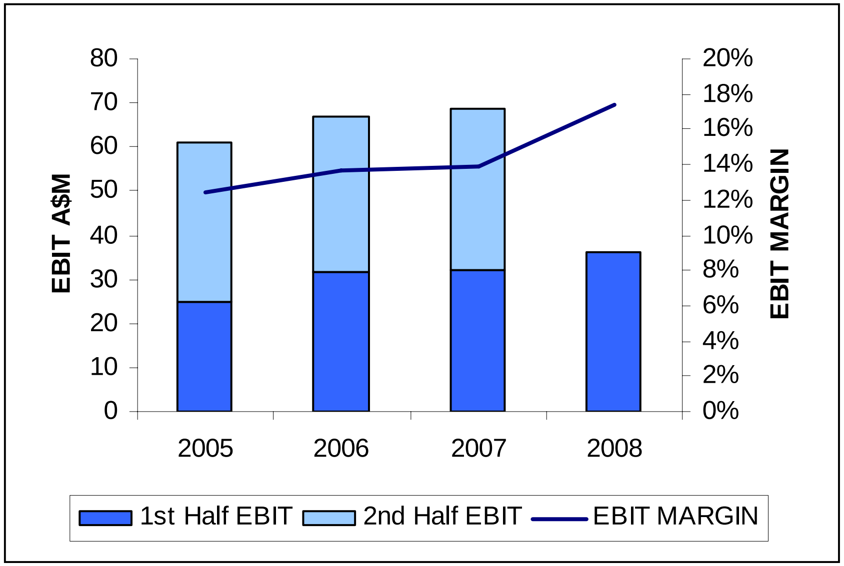
Half year ended 31 March (A$M)	2008	2007	% ↕
Sales	**208.6**	229.7	*(9.2)* ↓
EBITDA	**48.3**	41.2	*17.2* ↑
EBITDA margin (%)	***23.2%***	*17.9%*	*29.6* ↑
EBIT	**36.3**	32.0	*13.4* ↑
EBIT margin (%)	***17.4%***	*13.9%*	*25.2* ↑
Underlying EBIT [1]	**36.3**	29.1	*24.7* ↑

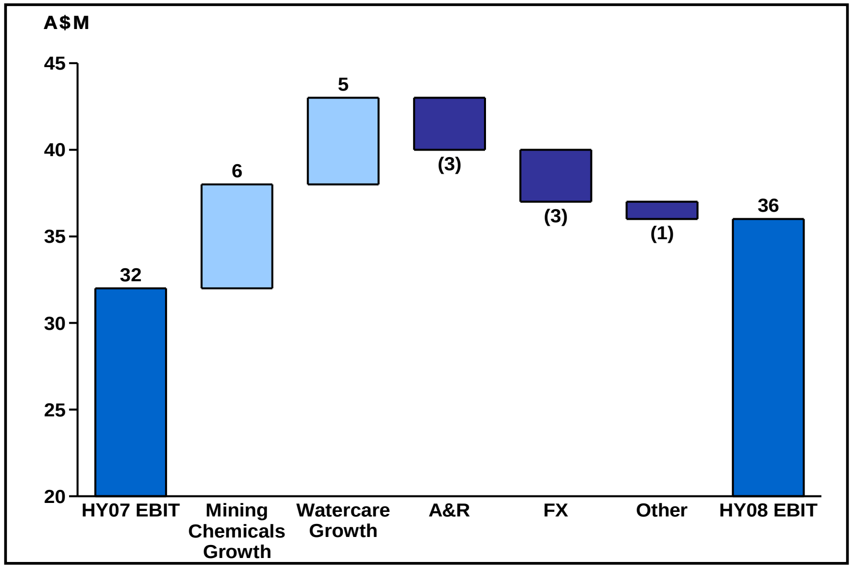
[1] Underlying EBIT excludes earnings from the Adhesives and Resins businesses.

Underlying EBIT up 25%

Chemical Services

Sales $209M; EBIT $36M; Average Net Assets $399M





- ✓ Mining chemicals EBIT continues to grow mainly from additional manufactured tonnes from the recent Yarwun uprate
- ✓ Watercare volumes starting to increase in some regions, pricing and cost discipline has improved, caustic prices remain high
- ✓ Watercare acquisitions are delivering to expectation
- ✓ Have commissioned 2 more Miex plants and another 15 are under construction

- ↓ Income foregone from the divestment of Adhesives and Resins in January 2007 was $3M
- ↓ Negative foreign exchange impact on export sales of sodium cyanide
- ↓ Ongoing drought enforced water restrictions in Southern Australia continues to negatively impact Watercare

Chemnet

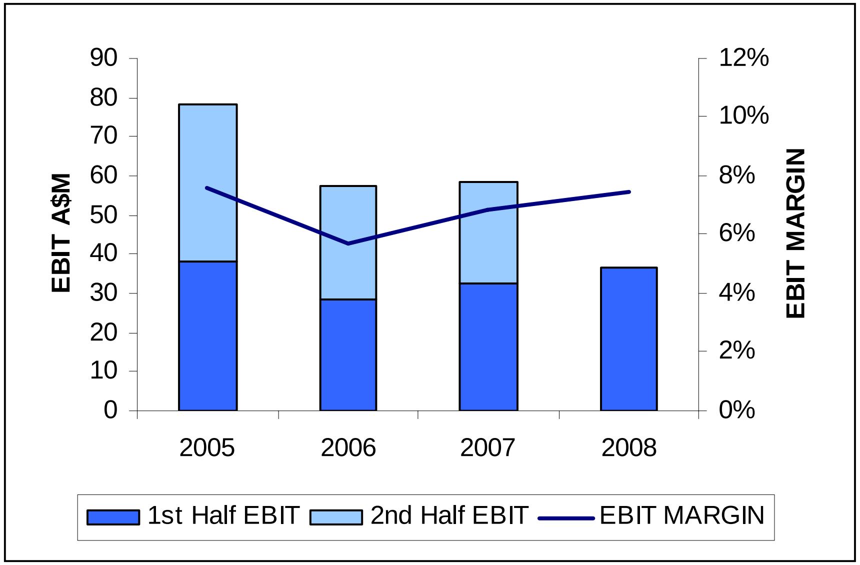
Half year ended 31 March (A$M)	2008	2007	% ↕
Sales	**486.5**	469.5	*3.6* ↑
EBITDA	**40.6**	36.1	*12.5* ↑
EBITDA margin (%)	***8.3%***	*7.7%*	*7.8* ↑
EBIT	**36.4**	32.3	*12.7* ↑
EBIT margin (%)	***7.5%***	*6.9%*	*8.7* ↑

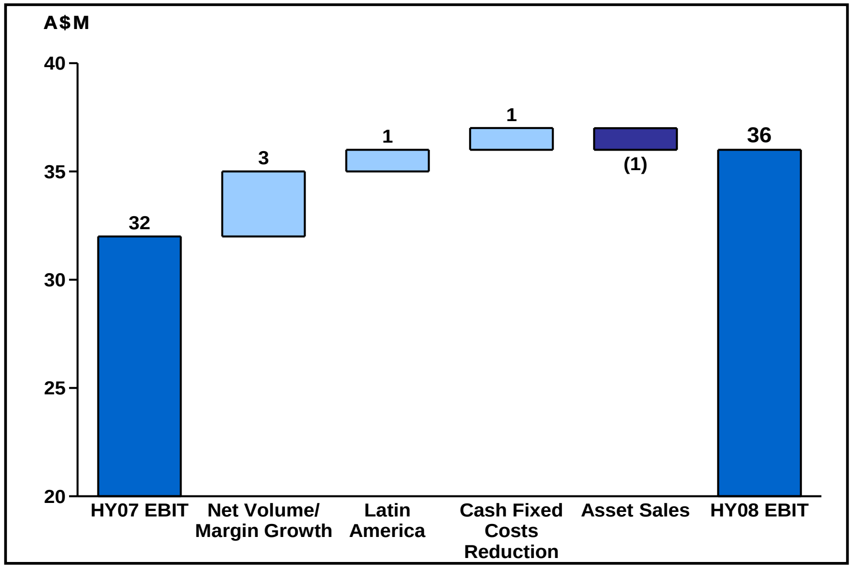
Underlying EBIT[1] up 17%

[1] Underlying EBIT excludes earnings from asset sales in 2007.

Chemnet

Sales $487M; EBIT $36M; Average Net Assets $381M





- ✓ Half year run rate is in excess of 18% RONA
- ✓ Sales performance and gross margins are improving
- ✓ Latin American business continues to grow and has expanded into Colombia in January
- ✓ Benefits from restructure programs and further fine tuning of cash fixed cost base
- ✓ Bulk acid tank in Northern Territory operational

- ✓ Continued investment in sales and supply chain initiatives
- ✓ Several customer contracts have been renewed
- ↓ No profit on asset sales – completed in 2007
- ↓ Volume pressure due to downturn in manufacturing markets, particularly automotive
- ↓ Bronson & Jacobs finding it difficult to quickly replace lost business

Orica Consumer Products

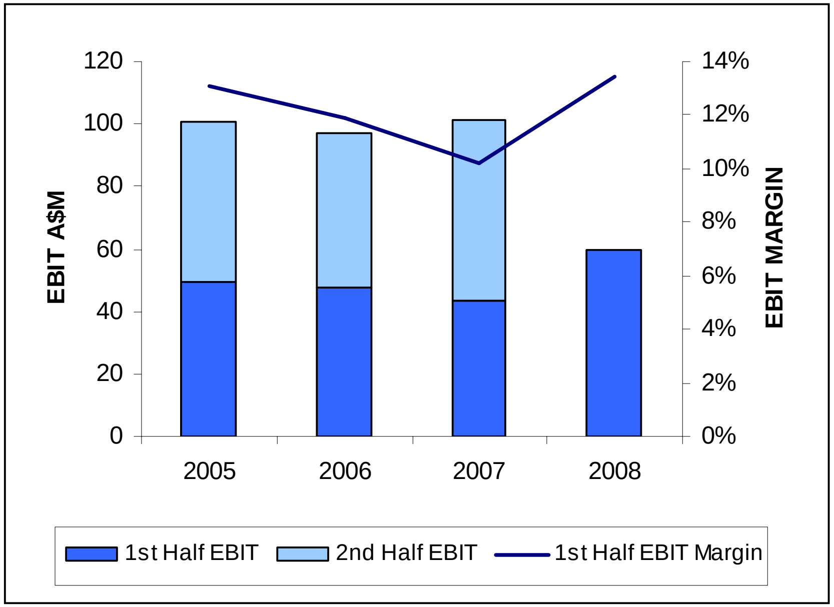
Half year ended 31 March (A$M)	2008	2007	% ↕
Sales	**446.6**	424.4	*5.2* ↑
EBITDA	**67.0**	50.8	*31.9* ↑
EBITDA margin (%)	***15.0%***	*12.0%*	*25.0* ↑
EBIT	**59.9**	43.2	*38.7* ↑
EBIT margin (%)	***13.4%***	*10.2%*	*31.4* ↑
Underlying EBIT [1]	**59.9**	52.7	*13.7* ↑

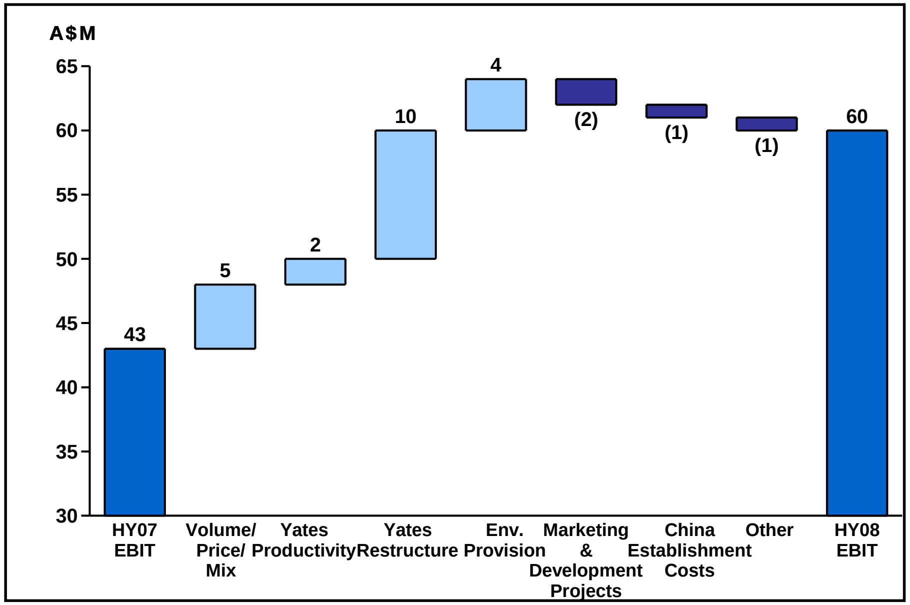
[1] Excludes the one-off Yates restructuring provision in 2007.

Underlying EBIT up 14%

Orica Consumer Products

Sales $447M; EBIT $59M; Average Net Assets $236M





- ✓ Record result (Paints and Selleys) driven by growth in Australian markets and increasing market share in Australia for Paints, Selleys and Yates
- ✓ Yates restructuring and resultant productivity progressing to expectation
- ✓ No further restructuring or environmental provisions
- ✓ Trade working capital management is benchmark for Orica Group

- ↓ Increased spend on marketing and innovation to support business growth and market share
- ↓ Increased investment as sound progress continues to be made in establishing Chinese/Asian business platform
- ↓ Difficult market conditions in New Zealand and minor market share losses

Corporate centre and other support services

Half year ended 31 March (A$M)	2008	2007	$ ↕
Corporate centre costs	**29.0**	18.5	*10.5* ↓
Other support costs	**15.7**	6.0	*9.7* ↓
Total Costs	**44.7**	24.5	*20.2* ↓

Corporate Centre

- ↓ Cancellation costs on 5% Preference Shares - $8M
- ↓ Increased remuneration costs associated with Key Executive Retention program and the long term incentive program

Other support costs

- ↓ Increased net cost of insurance of $3M based on claims experience – Mexico and floods in NE Australia
- ↓ Prior year included a one off bad debt recovery of $8M

Capital management - key measures

Half year ended 31 March	2008	2007
Net Debt (A$M)	**2,184.5**	1,233.0
Net Interest Expense (A$M)	**90.4**	54.6
Interest Cover (times)	**4.7**	6.3
Operating Cash ($)	**161.1**	256.2
Cash Conversion [1] (%)	**48.9**	69.5
Rolling TWC to Sales (%)	**14.9**	14.2
Gearing (%)	**42.9**	31.7
Gearing Adjusted [2] (%)	**47.8**	38.1

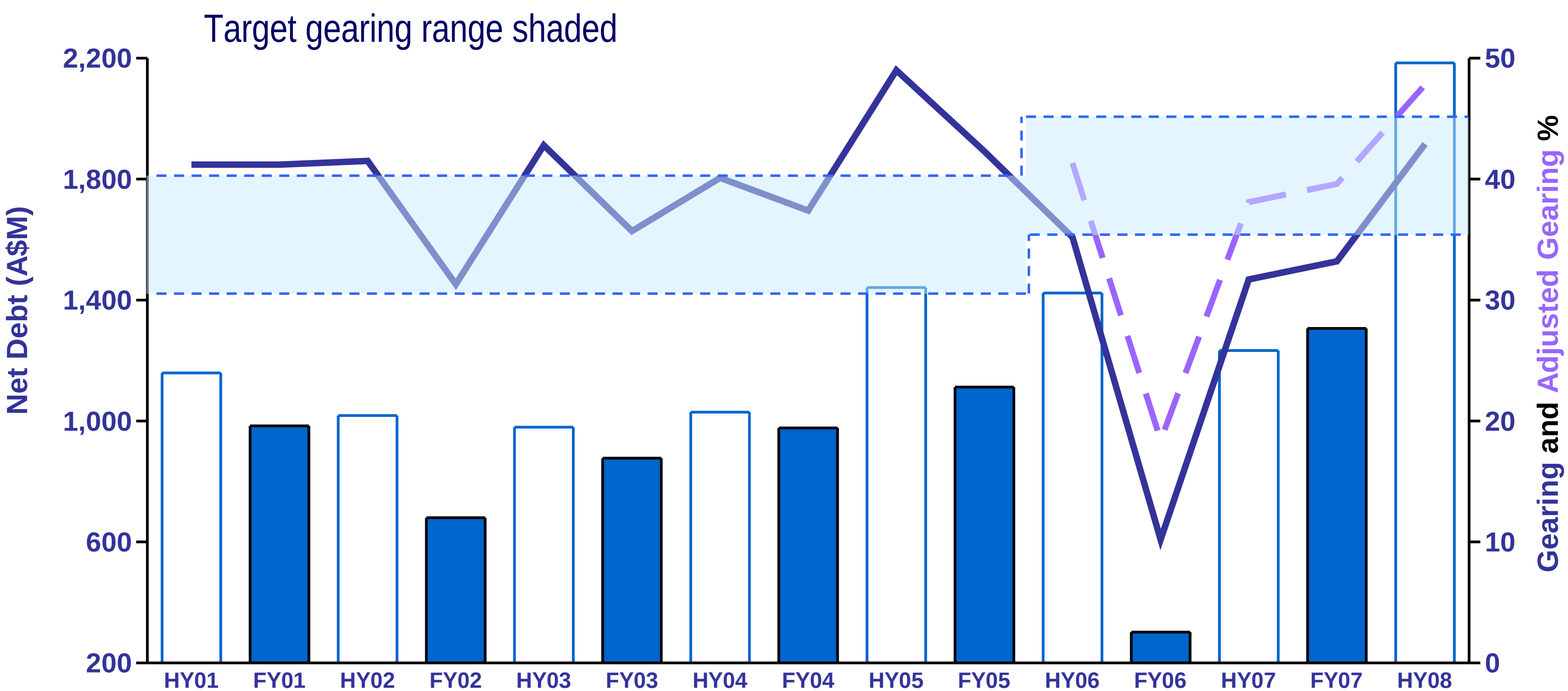
[1] Cash conversion is calculated as EBITDA add/less movement in working capital less sustenance capital spend, as a percentage of EBITDA.
[2] Gearing recalculated with Hybrid shares notionally reclassified as 50% equity and 50% debt.

Debt refinancing - outcome

- Increase in overall limit by A$300M to A$2.3B
- Benefit of Orica's strong banking relationships
- Increased tenor: 1 year tranche significantly reduced, 3 year tranche increased and a new 5 year tranche added
- Multi currency, flexible and cancellable at Orica's option
- Margin increases of approximately 20 bps

Strong short term liquidity position

Net debt and gearing



Gearing 42.9%

Adjusted gearing[1] 47.8%

[1] Gearing recalculated with Hybrid shares notionally reclassified as 50% equity and 50% debt

Cashflow

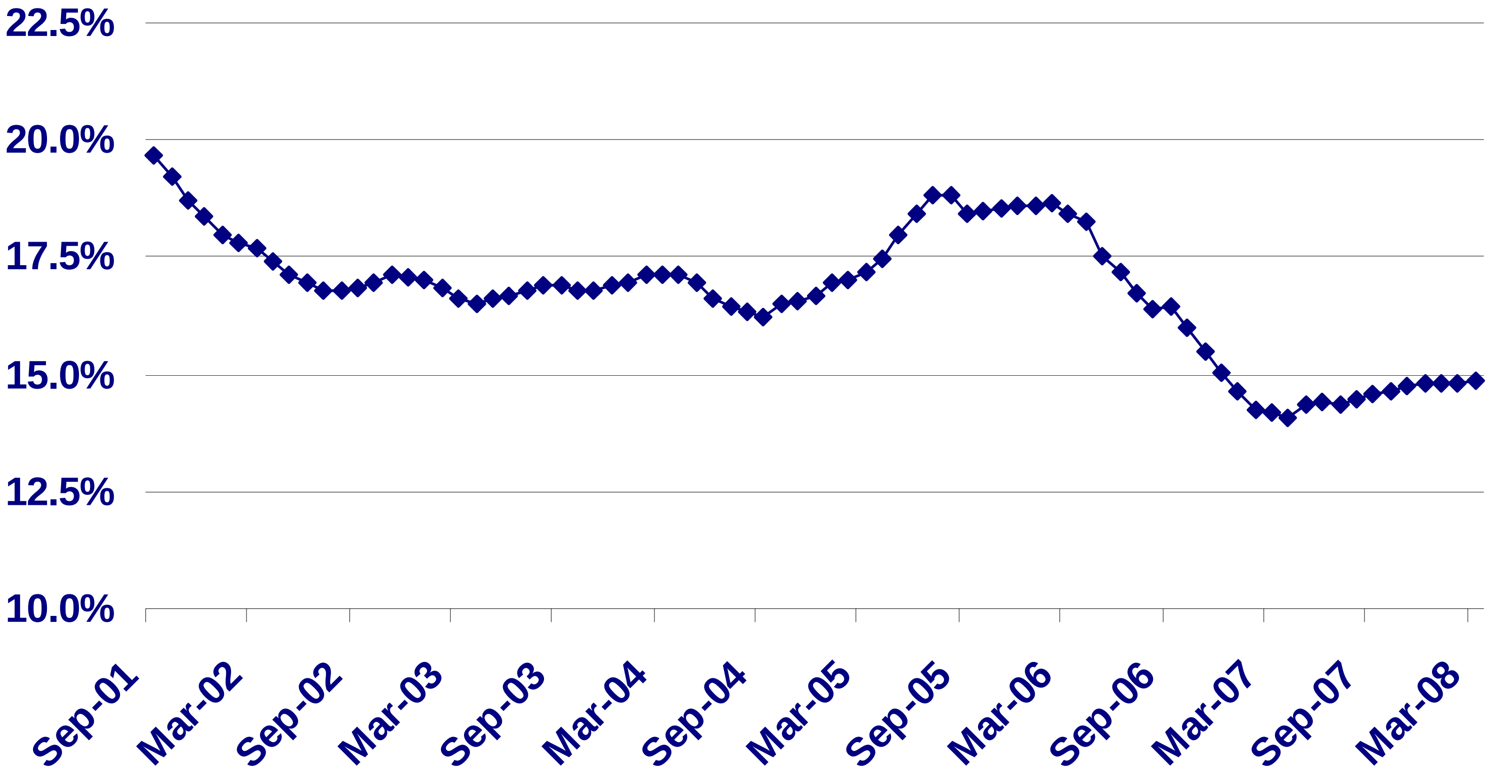
Half year ended 31 March (A$M)	2008	2007	$ ↕
EBITDA	**528.4**	433.1	*95.3* ↑
Net interest paid	**(81.7)**	(46.8)	*(34.9)* ↓
Net tax paid	**(96.4)**	(56.1)	*(40.3)* ↓
Trade working capital movement	**(134.3)**	(89.9)	*(44.4)* ↓
Non trade working capital movement	**(54.9)**	15.9	*(70.8)* ↓
Net operating cash flows	**161.1**	256.2	(95.1) ↓
Sustenance capital	**(80.8)**	(58.3)	*(22.5)* ↓
Growth capital	**(77.5)**	(70.9)	*(6.6)* ↓
Acquisitions	**(812.3)**	(938.8)	*126.5* ↑
Divestments	**4.6**	84.2	*(79.6)* ↓
Net investing cash flows	**(966.0)**	(983.8)	17.8 ↑
Equity movements	**101.7**	(18.8)	*120.5* ↑
Debt	**672.6**	186.9	*485.7* ↑
Dividends/distributions	**(104.6)**	(182.2)	*77.6* ↑
Net financing cash flows	**669.7**	(14.1)	683.8 ↑
TOTAL	**(135.2)**	(741.7)	606.5 ↑

Cash Conversion[1]

Half year ended 31 March (A$M)	2008	2007
EBITDA	**528.4**	433.1
TWC movement	**(134.3)**	(89.9)
NTWC movement	**(54.9)**	15.9
Sustenance	**(80.8)**	(58.3)
Cash Conversion	**258.4**	300.8
Cash Conversion %	**48.9%**	69.5%

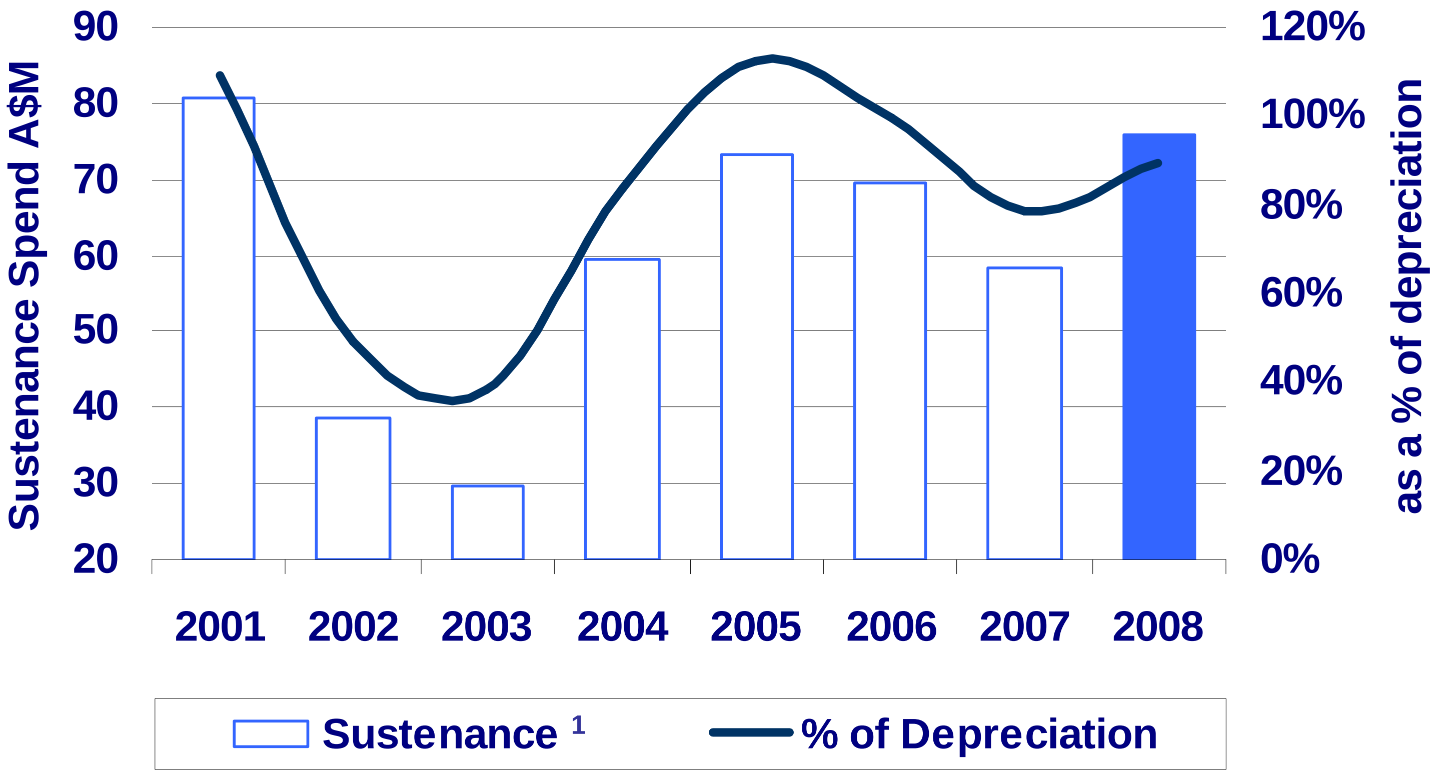
[1] Cash conversion is calculated as EBITDA add/less movement in working capital less sustenance capital spend, as a percentage of EBITDA.

Rolling TWC to Sales %



Reduced from 17.5% in May 2006 to 14.9% in March 2008
Renewed effort required

Capital expenditure – Half year



Sustenance capital $76M and Depreciation $85M to March 2008

[1] Sustenance capital spend excludes turnaround expenditure.

Capital management - 2008

- Priority for second half – improved trade working capital management and cash generation
- Restoring gearing to our target range
- Credit Rating – committed to BBB+

2008 priorities

Growth priorities

Business	Strategic growth opportunity
Mining Services	- Strength of resource cycle continues - Lowest cost AN sourcing - Capitalise on tightening AN market conditions - Electronic blasting systems (EBS) - Enhanced product offerings (BBS) - Small bolt-on M&A

OMS – AN expansion

- Progressing Bontang
  - Long lead items ordered
  - Land reclamation well underway
  - To be submitted for Board approval FY 2008
- Latin America
  - Access to gas has been priority
  - Assessing viability of imported ammonia option
  - Market demand supports a new plant
- Yarwun / Kooragang Island
  - “Brownfield” expansion opportunities
  - A range of alternatives - debottlenecking to Yarwun equivalent
  - Evaluation expected to be completed FY 2008

Growth priorities

Business	Strategic growth opportunity
Minova	- Integration of Excel – deliver the synergies - Geographic and organic growth including small M&A opportunities

Excel acquisition

- Established 2 dedicated teams to deliver the synergies – both commercial and operational
- Tax and finance structuring synergies already delivering
- Successful first phase – customers / employees retained
- Some early wins
  - Combined product offering
  - Administration rationalisation / procurement
- Progress on manufacturing optimisation
- SH&E and culture program underway

Growth priorities

Business	Strategic growth opportunity
Consumer Products	- Continued investment in marketing and R&D - Ongoing establishment of a platform in Asia
Chemical Services	- Capitalise on expanded sodium cyanide capacity - Progressive move into water treatment value added offerings - Advanced Water Technologies (MIEX)
Chemnet	- Continuing sales and margin growth - Supply chain optimisation/strategic sourcing - Ongoing growth in Latin America

Productivity priorities

- Metric is trending ahead of expectation
- Each business is responsible and accountable for improving productivity
- Final phase of ex Dyno business integration
- Complete Yates restructure
- Productivity includes revenue and cost focus
- Delivery of Minova and Excel synergies

Culture priorities

- Roll out Deliver the Promise to Minova
- Investment in our people:
  - INSEAD program
    - First course completed
    - Next group in May 2008
  - Exploring new development programs for entry and middle level employees
  - Graduate program – expanded internationally

SH&E - Environmental

- Botany
  - Plume is contained
  - Recycled water being utilised – looking to increase volumes
- Hexachlorobenzene
  - Objection process continues
  - Progressing alternate solutions
- No other significant matters identified in current period

SH&E - Sustainability

- Challenge 2010 targets established
- Improved performance on all measures in March half
- At or below 2010 targets on water consumption and waste generation
- Working on solutions globally as carbon markets continue to evolve
- Initiatives being tested to reduce emissions from ammonium nitrate facilities – looks promising

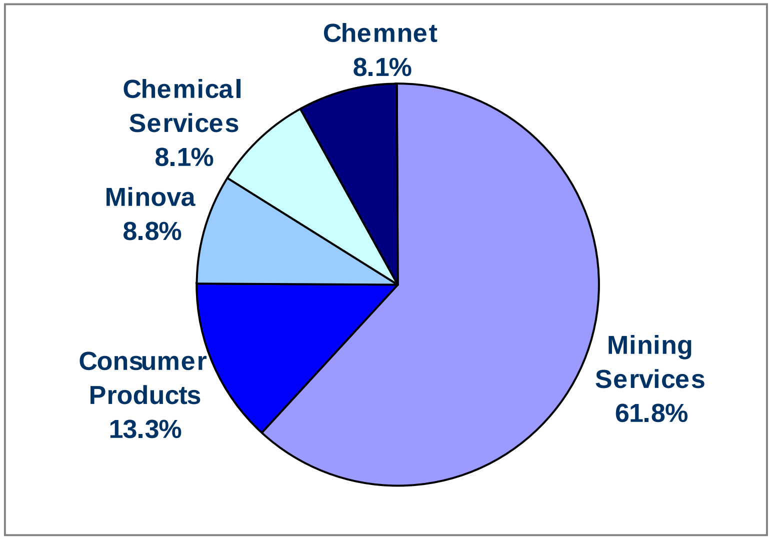
Outlook

Despite some adverse impacts from rising input costs and foreign exchange, our businesses continue to perform to expectation. Accordingly we see no reason to change our prior outlook statement in that Group net profit (before significant items) in 2008 is expected to be higher than that reported in 2007.

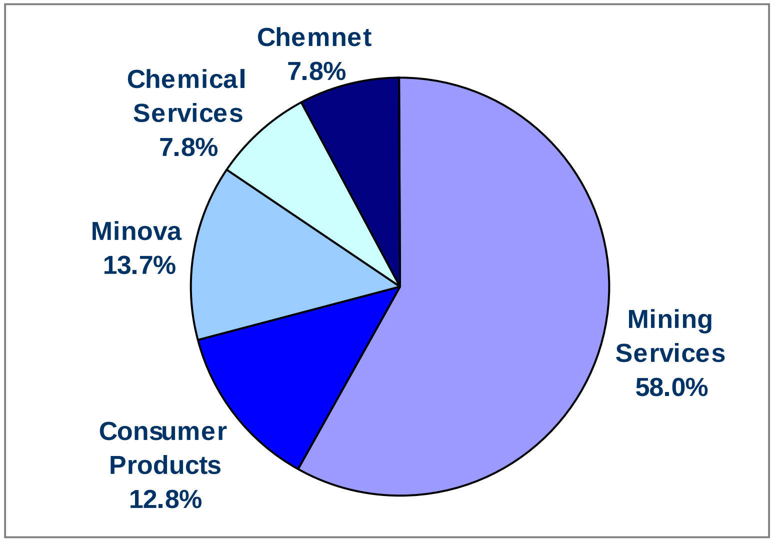
Supplementary information

EBIT contribution by business platform[1]

March 2007 [2,3]



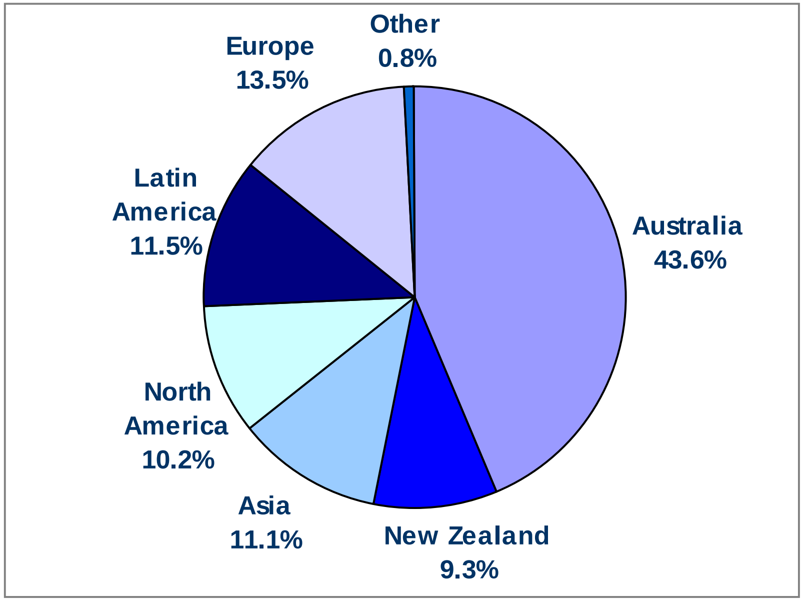
March 2008



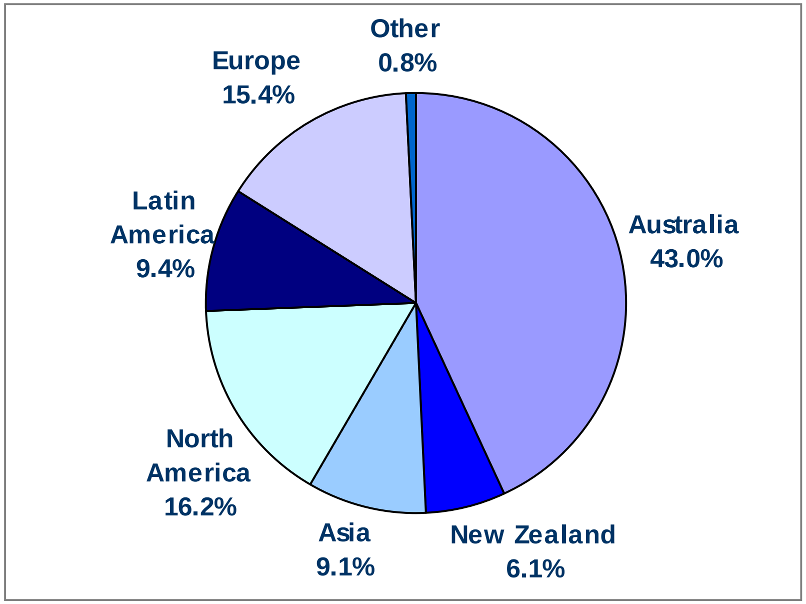
[1] Excludes corporate costs
[2] Minova earnings adjusted to reflect 6 months contribution
[3] OCP excludes one-off Yates restructuring provision

EBIT contribution by geography

March 2007

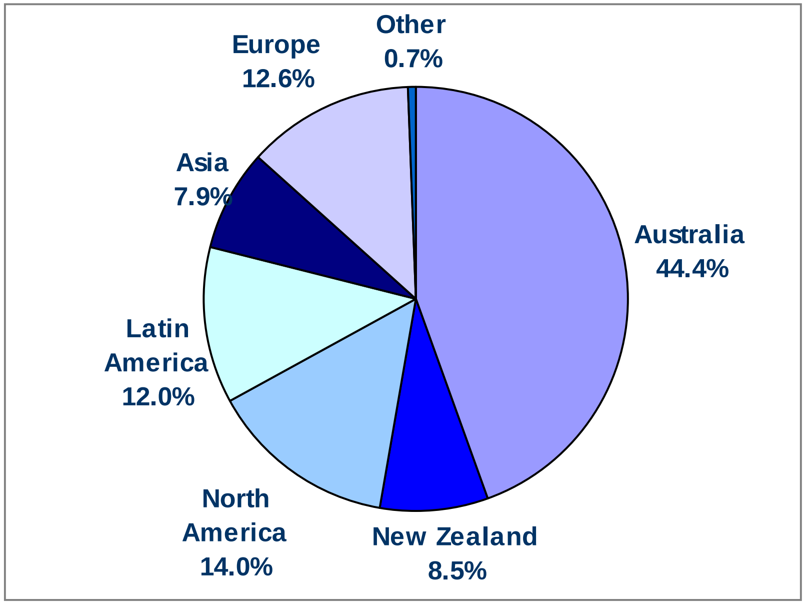


March 2008

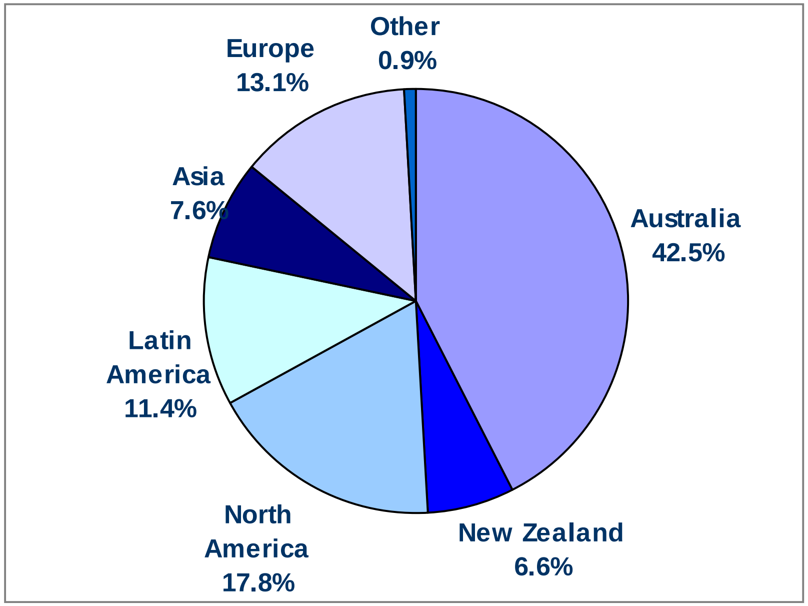


Gross sales by geography

March 2007



March 2008



Net interest expense

Half year ended 31 March (A$M)	2008	2007	$ ↕
Net interest expense	**90**	55	35 ↑
Comprising:			
Interest on net debt	**86**	50	36↑
Add: Unwinding of discount on provisions	**4**	5	1 ↓
Net interest expense	**90**	55	35 ↑

Interest on net debt calculated as:		
Average net debt (throughout year) [1]	**2,350**	1,350
Average interest rate (throughout year) [2]	**7.4%**	7.3%
Interest on Net Debt	**86**	50

[1] This is significantly higher than the average of the period ending net debt balances, due to normal intra-month and seasonal cash flow patterns. Increase from 2007 to 2008 is mainly attributable to the acquisition of Excel.

[2] The average interest rate was impacted in 2007 by large cash balances while maintaining normal long term debt levels.

Impact of SPS – earnings per share

	Reported per Accounts A$M
Reported net profit from continuing operations	236.5
Less:	
Net profit attributable to minorities	(12.0)
After tax distributions to SPS holders [1]	(14.0)
Adjusted net profit	**210.5**
Weighted average ordinary shares on issue	307.9
Earnings per share – cents per share	**68.4**

[1] Distributions paid during the half year totalled $19.6M. The tax adjustment is based on interest expense for the six months ended 31 March 2008.

Impact of SPS – gearing (A$M)

	Reported per Accounts	Hybrid Adjusted
Current borrowings	1,046.4	1,046.4
Non-current borrowings	1,375.9	1,375.9
SPS adjustment [2]	-	250.0
Less: Cash	(237.8)	(237.8)
Net Debt	**2,184.5**	**2,434.5**
Parent entity equity [1]	2,827.3	2,827.3
Minority interests	82.9	82.9
SPS adjustment [2]	-	(250.0)
Net Equity	**2,910.2**	**2,660.2**
Gearing	**42.9%**	**47.8%**

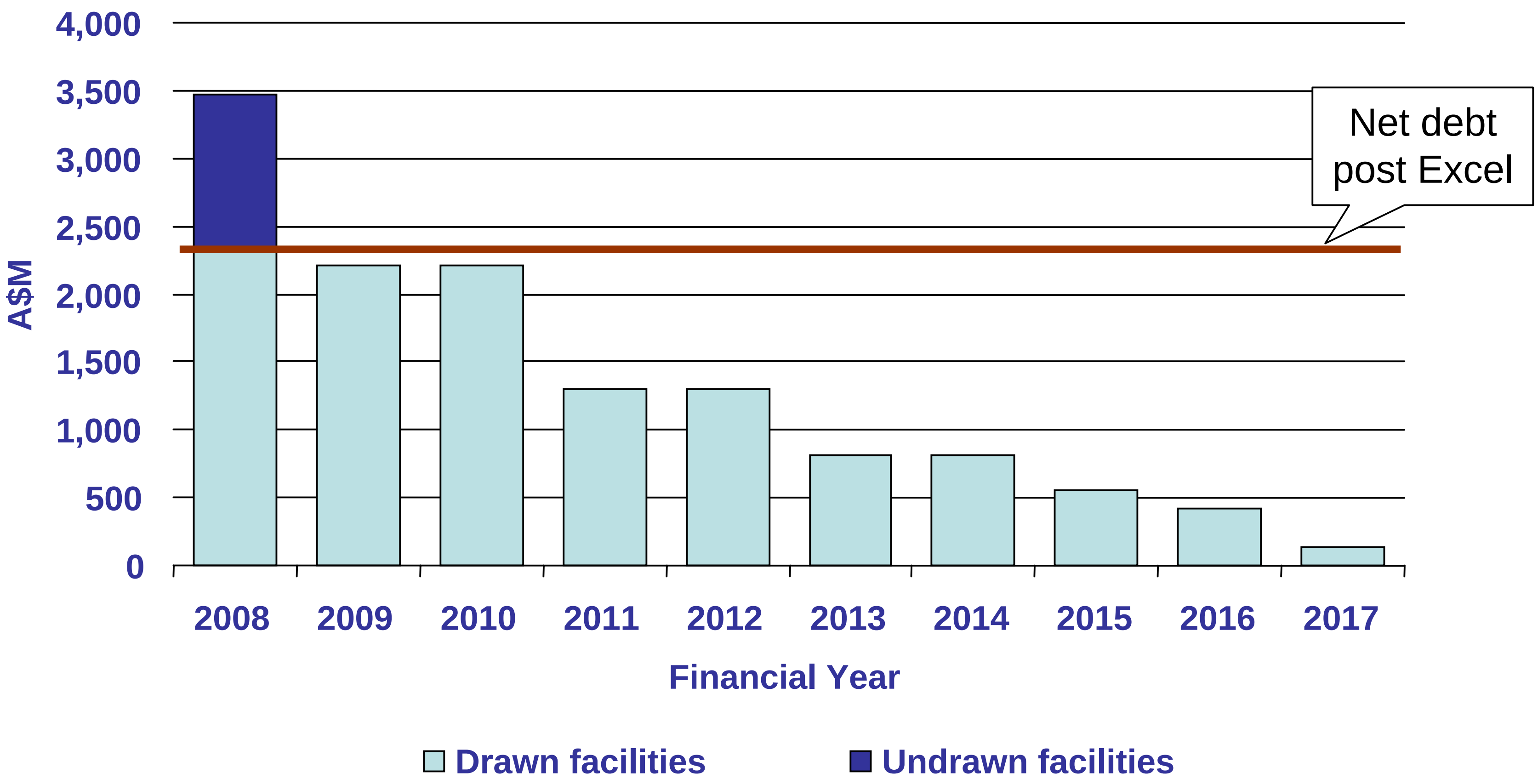
[1] Includes face value of SPS of $500M as equity
[2] Adjustment is for 50% of the face value of SPS

Impact of SPS – interest cover (A$M)

	Reported per Accounts	Hybrid Adjusted
Financial expense	111.1	111.1
Financial income	(20.7)	(20.7)
SPS distribution adjustment [1]	-	9.8
Net borrowing costs	**90.4**	**100.2**
EBIT	423.0	423.0
Less net profit attributable to minorities	-	(12.0)
Adjusted EBIT	**423.0**	**411.0**
Interest Cover (times)	**4.7**	**4.1**

[1] Represents 50% of the SPS distribution for the period 1 October 2007 to 31 March 2008 calculated as follows: face value of SPS x (BBSW +1.35%) x number of days

Debt profile



Foreign currency - snapshot

Material exposures include:

Offshore EBIT (Translation)	Transactional Exposures
• North America	• AUD/USD
• Europe	• USD/CLP/MXN
• New Zealand	• USD/CAD
• LATAM	• USD/NZ
• Nordics	• USD/EUR
	• NOK/SEK

Net impact of a 1% move in exchange rates on a diversified basket of currencies is approximately A$3.0M