Half Year Results Announcement

4 May 2009

Presentation outline

• Group performance	Graeme Liebelt
• Divisional performance	Noel Meehan
• Capital management	Noel Meehan
• 2009 priorities	Graeme Liebelt
• Outlook	Graeme Liebelt

Group performance

Half year ended 31 March (A$M)	2009	2008	% ↕
Sales	**3,960.2**	3,009.6	*31.6* ↑
Gross margin	**1,596.1**	1,365.0	*16.9* ↑
EBITDA [1]	**594.5**	528.4	*12.5* ↑
EBIT [1]	**469.4**	423.0	*11.0* ↑
Net profit after tax pre individually material items	**264.2**	229.8	*15.0* ↑
Net profit after tax after individually material items	**220.4**	224.5	*(1.8)* ↓
Operating cashflow	**217.3**	161.1	*34.9* ↑
Productivity (%) [2]	**70.9**	71.2	*0.4* ↑
Earnings per share (cents) [1]	**68.6**	68.7	*(0.1)* ↓
Dividends per share (cents)	**40.0**	39.0	*2.6* ↑
Gearing (%) [3]	**25.7**	42.9	*(40.1)* ↑

1 Pre individually material 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)	2009	2008	% ↕
Mining Services	**319.0**	271.1	*17.7* ↑
Minova [1]	**58.5**	64.0	*(8.6)* ↓
Chemicals	**86.3**	72.7	*18.7* ↑
Consumer Products	**61.1**	59.9	*2.0* ↑
Total Businesses	**524.9**	467.7	*12.2* ↑
Corporate Centre [2]	**(23.0)**	(29.0)	*20.7* ↑
Other Support Costs [3]	**(32.5)**	(15.7)	*(107.0)* ↓
Total EBIT	**469.4**	423.0	*11.0* ↑

1 Minova earnings in 2008 are inclusive of Excel from 26 October 2007.
2 2008 includes $8M cost associated with cancellation of 5% Preference Shares.
3 2009 includes mark-to-market loss on EBIT hedges ($10M) and loss on ineffective hedges ($4M).

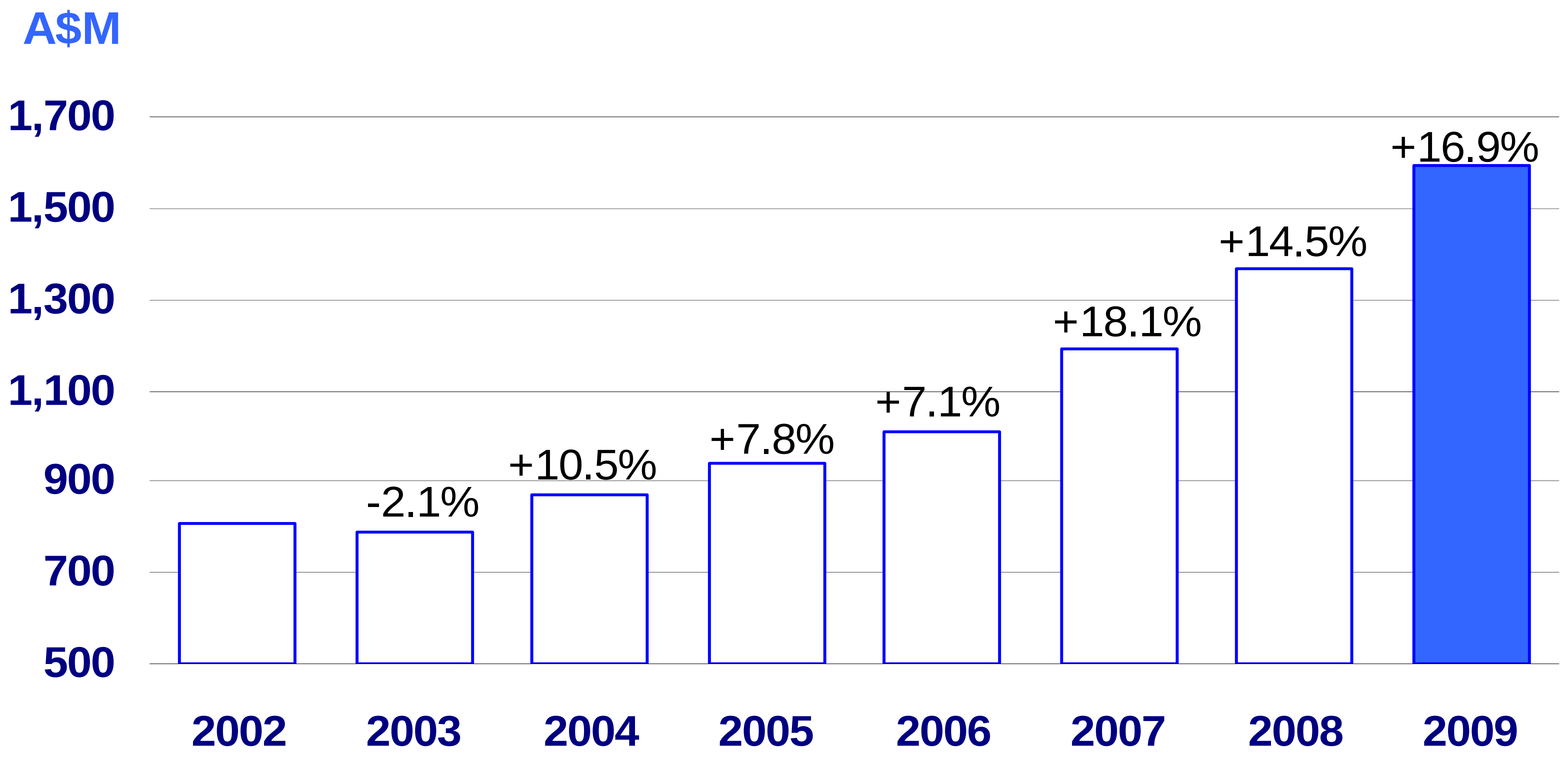
Orica's approach – value drivers

SH&E - Safety

	Half Year 2009	Half Year 2008
AWRCR [1]	**0.63**	0.73
Recordable cases	**66**	68
Distribution incidents	**17**	11
Fatalities	**4**	-

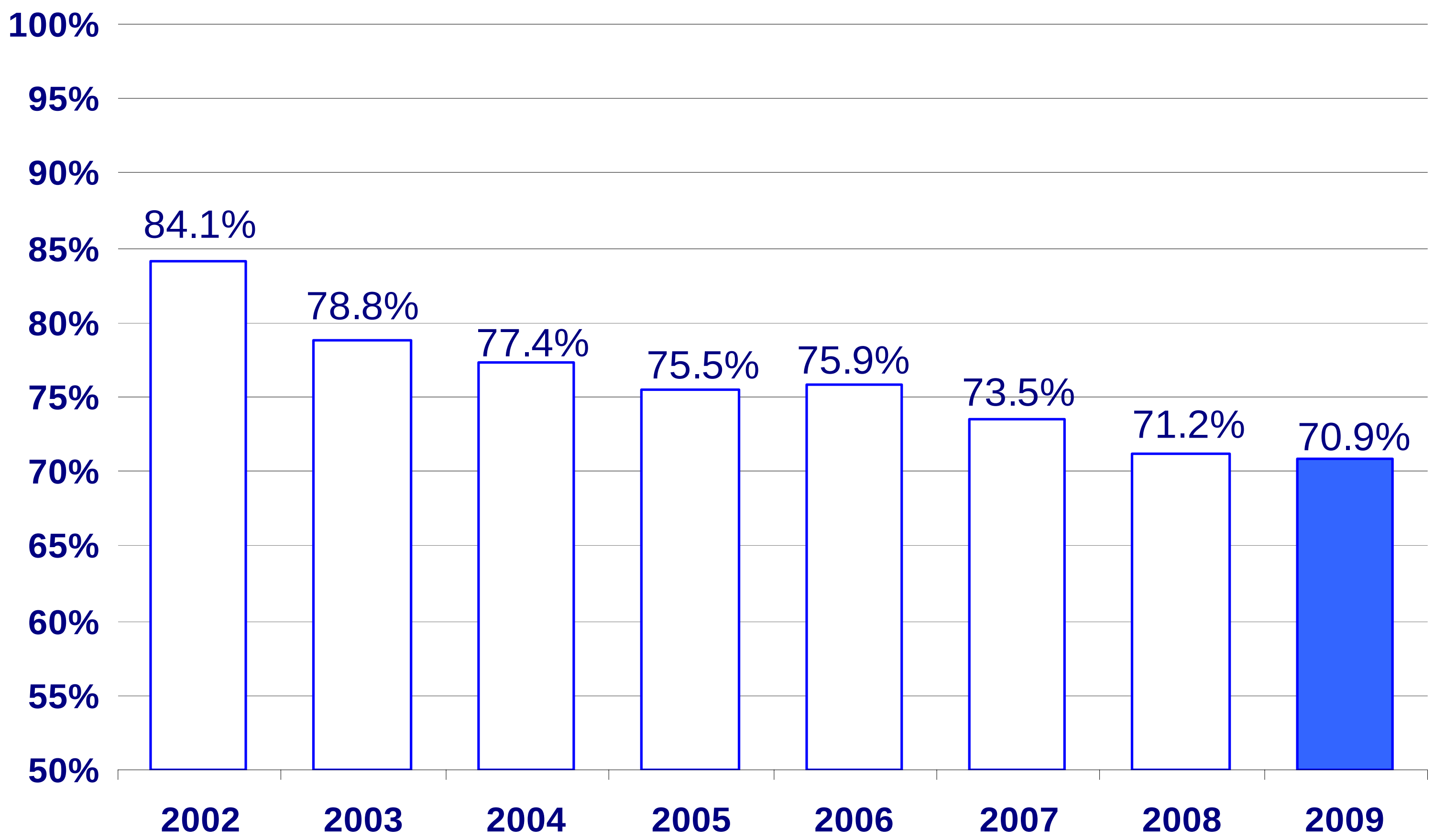
[1] All Worker Recordable Case Rate is calculated as the number of injuries and illnesses per 200,000 hours worked.

Gross margin growth – Half year



Compound average first half growth rate since 2002 is 10%

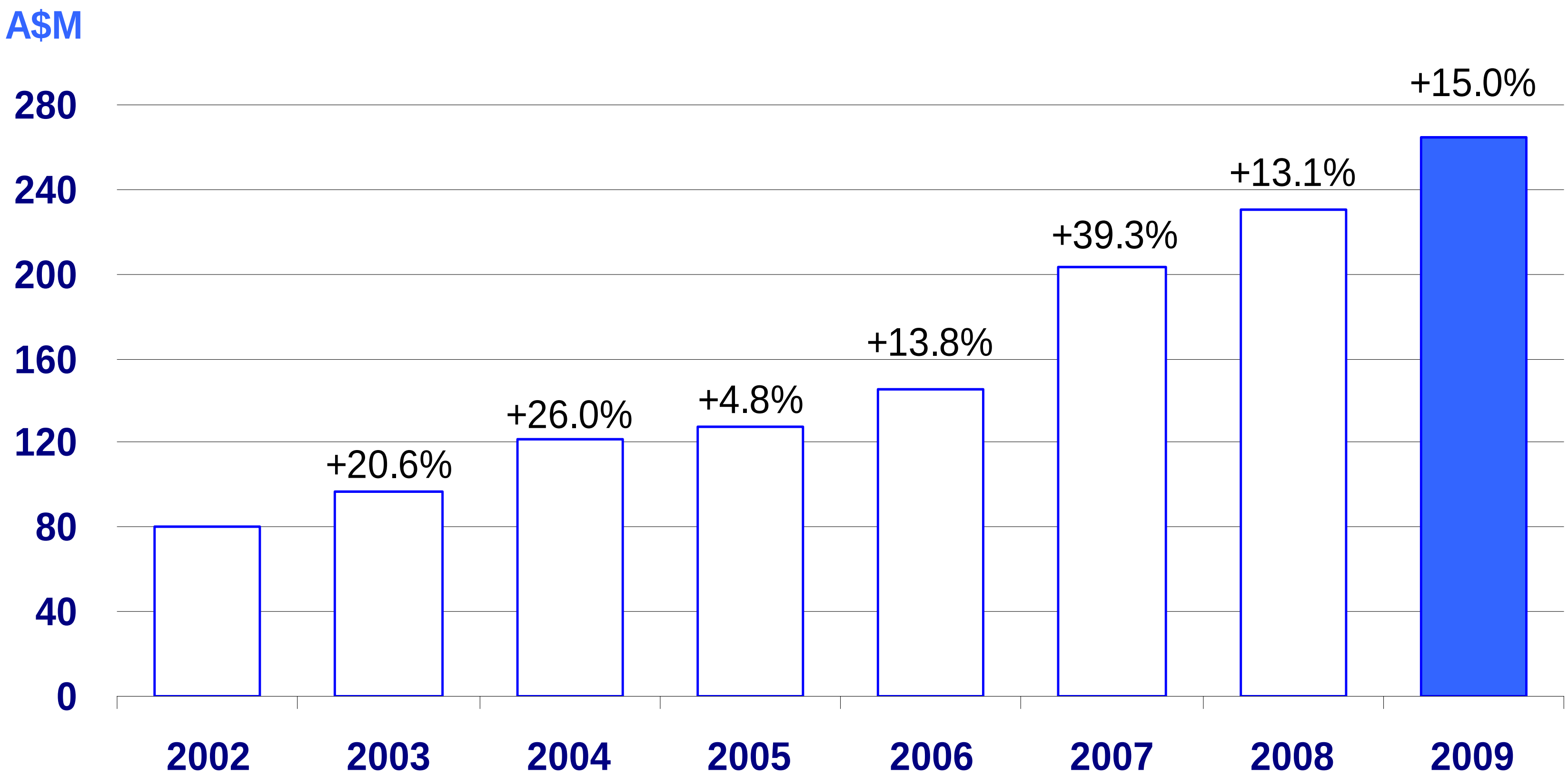
Productivity[1] – Half year



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[1] – Half year



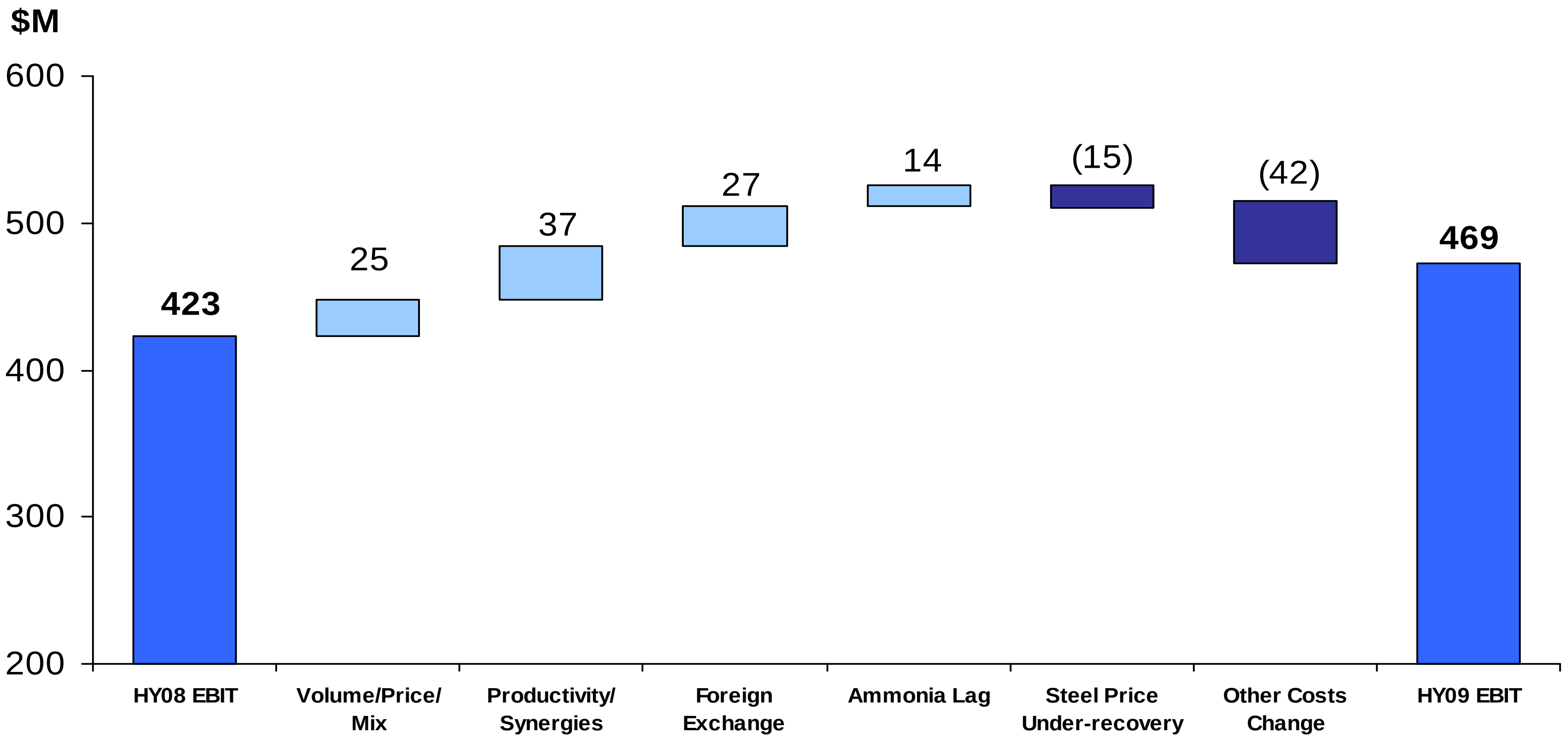
Compound average first half growth rate since 2002 is 19%

1 Pre individually material items

Divisional Performance

EBIT growth

EBIT ↑ 11%



Orica Mining Services

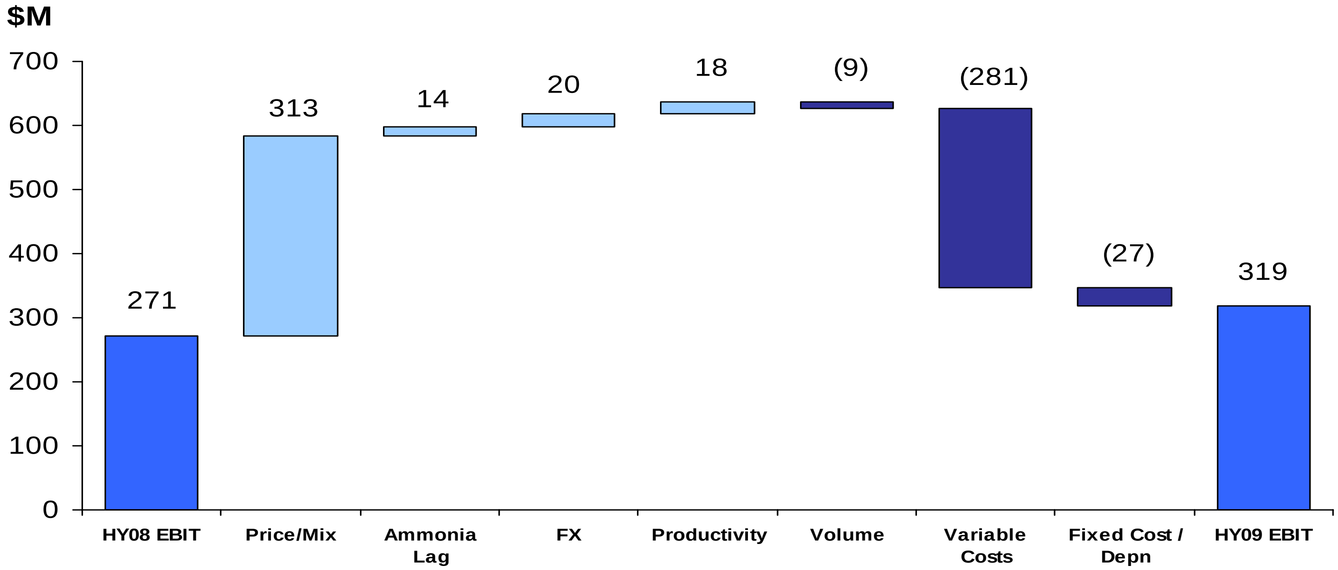
Half year ended 31 March (A$M)	2009	2008	% ↕
Sales	**2,215.6**	1,580.9	*40.1* ↑
EBITDA	**395.8**	335.6	*17.9* ↑
EBITDA margin (%)	***17.9%***	*21.2%*	*(15.6)* ↓
EBIT	**319.0**	271.1	*17.7* ↑
EBIT margin (%) [1]	***14.4%***	*17.1%*	*(15.8)* ↓

1 Decline in the EBIT margin is due to the net effect of exchange rate changes on revenue and earnings, and the pass through of the dollar cost of higher input prices

Orica Mining Services

Sales $2,216M; EBIT $319M; Operating Net Assets $2,848M

EBIT ↑ 18%



- ✓ Favourable price changes, net of input cost increases, due mainly to improved AN pricing
- ✓ Favourable lag on recovery of ammonia and AN input costs
- ✓ Favourable foreign exchange impact, net of hedging costs
- ✓ Productivity improvement from tight cost control and restructuring initiatives

- ↓ Volume impact from significant slowdown in infrastructure markets and production cuts in some base metals markets, mostly offset by strong volumes into coal and gold segments
- ↓ Higher fixed costs and depreciation due to inflationary factors and higher asset base

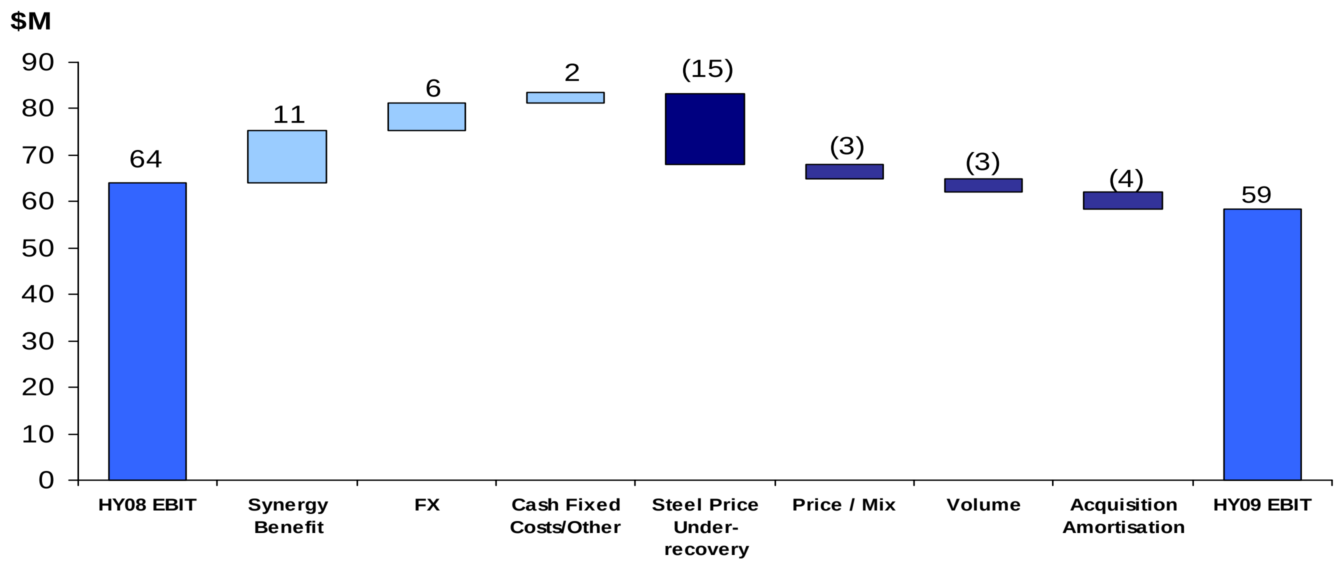
Minova

Half year ended 31 March (A$M)	2009	2008	% ↕
Sales	**503.2**	337.0	*49.3* ↑
EBITDA	**77.6**	78.2	*(0.8)* ↓
EBITDA margin (%)	***15.4%***	*23.2%*	*(33.6)* ↓
EBIT	**58.5**	64.0	*(8.6)* ↓
EBIT margin (%)	***11.6%***	*19.0%*	*(38.9)* ↓

Minova

Sales $503M; EBIT $59M; Operating Net Assets $2,039M

EBIT ↓ 9%



- ✓ Delivery of synergy benefits progressing to plan
- ✓ Favourable translational impact from foreign exchange net of hedging costs
- ✓ Lower cash fixed costs reflecting ongoing focus on improved cost control
- ↓ Under-recovery in the market of steel input prices in US
- ↓ Price competition in US steel business
- ↓ Slowing market conditions, mainly in the US and Russia, and impact of US market share loss in 2008, partly offset by contribution from bolt-on acquisitions
- ↓ Amortisation increase attributable to acquisitions in prior year

Acquired Minova business performance

Half year ended 31 March (A$M)	2009
Underlying trading performance of Minova Businesses	73.8
Under-recovery of US steel input prices	(15.2)
Synergies delivered	13.5
Amortisation of intangibles	(13.7)
First half EBIT	**58.4**

Synergy Benefit [1] (A$M)	2008	2009	2010	2011
Current View	11	25	37	45

[1] EBIT synergies only, excludes taxation synergies.

Integration is on track.

Growth and productivity initiatives progressing to plan.

Acquired Minova business - integration costs

Integration cost category (A$M)	2009 1st Half Actual	Cumulative Actual
Integration costs	0.7	3.6
Synergy implementation costs	2.0	6.3
Redundancies	0.1	0.7
Transitional salaries/other	1.6	3.9
Total Integration costs	**4.4**	**14.5**
Project office costs (acquisition costs)	0.8	2.8
Total individually material items (pre tax) [1]	**5.2**	**17.3**

[1] Total integration and project office costs are forecast to be $45M by project completion.

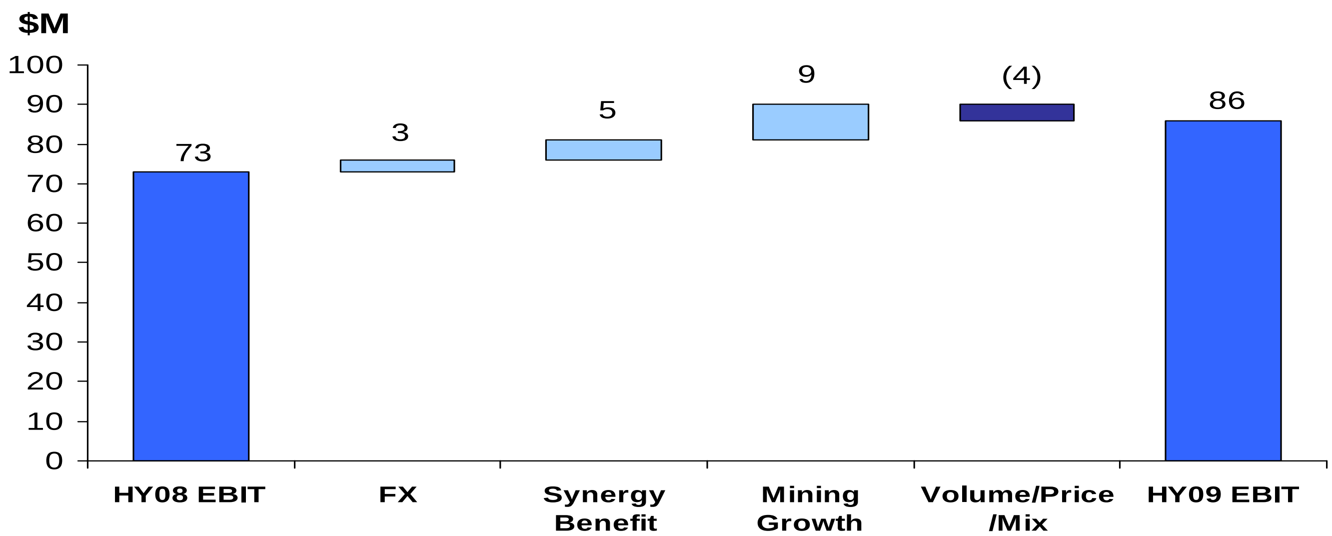
Chemicals

Half year ended 31 March (A$M)	2009	2008	% ↕
Sales	**810.8**	682.5	*18.8* ↑
EBITDA	**102.8**	89.0	*15.5* ↑
EBITDA margin (%)	***12.7%***	*13.0%*	*(2.3)* ↓
EBIT	**86.3**	72.7	*18.7* ↑
EBIT margin (%)	***10.6%***	*10.7%*	*(0.9)* ↓

Chemicals

Sales $811M; EBIT $86M; Operating Net Assets $830M

EBIT ↑ 19%



- ✓ Net benefit from foreign exchange movements
- ✓ Synergy benefits of Chemnet and Chemical Services merger delivering to expectation
- ✓ Strong growth in Mining Chemicals mainly due to an increase in sodium cyanide volumes reflecting strong demand and improved production
- ✓ Higher global caustic price
- ✓ Improved performance in Bronson & Jacobs driven by improved customer service and stronger volumes in Food and Nutrition markets
- ↓ Significant slowdown in most other market segments negatively impacting volume

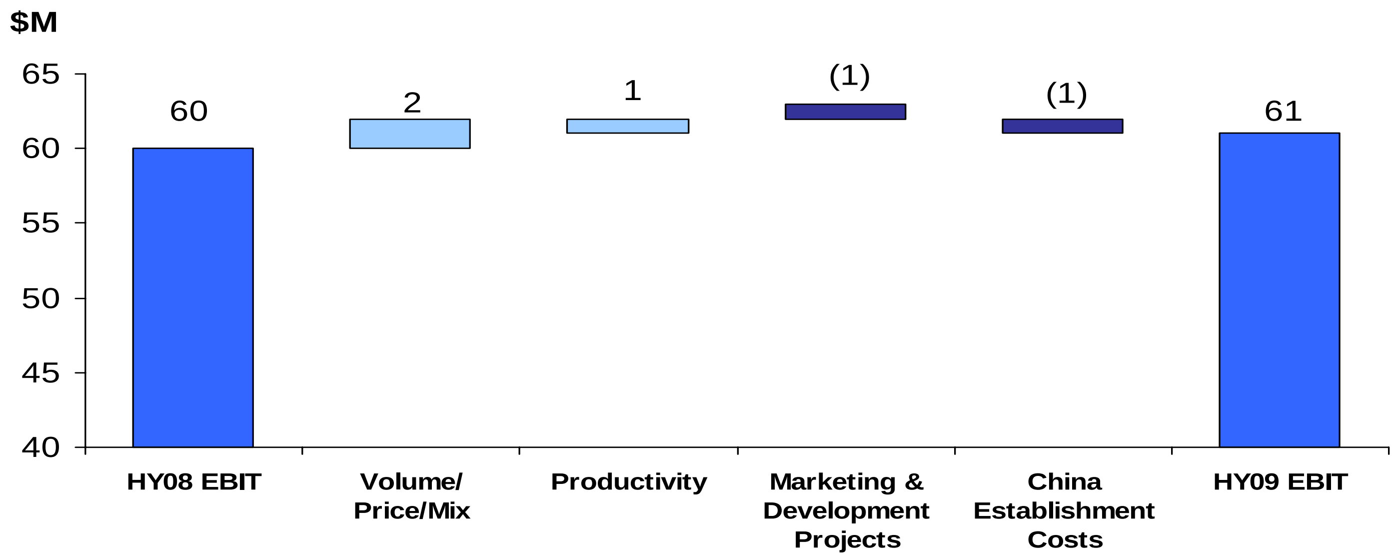
Orica Consumer Products

Half year ended 31 March (A$M)	2009	2008	% ↕
Sales	**469.2**	446.6	*5.1* ↑
EBITDA	**69.4**	67.0	*3.6* ↑
EBITDA margin (%)	***14.8%***	*15.0%*	*(1.3)* ↓
EBIT	**61.1**	59.9	*2.0* ↑
EBIT margin (%)	***13.0%***	*13.4%*	*(3.0)* ↓

Orica Consumer Products

Sales $469M; EBIT $61M; Operating Net Assets $312M

EBIT ↑ 2%



- ✓ Record result despite market decline, rising input costs and increased competition
- ✓ Market share gains in Australia for Paints
- ✓ Revenue growth for Selleys driven by new products and category expansion
- ✓ Yates restructuring progressing to expectation
- ✓ Tight cost control across all businesses

- ↓ Difficult market conditions in New Zealand and Powder Coatings
- ↓ Increased spend on marketing and innovation to support business growth and market share
- ↓ Continued investment in establishing a business platform in China

Corporate centre and other support services

Half year ended 31 March (A$M)	2009	2008	$ ↕
Corporate centre costs	**(23.0)**	(29.0)	*6.0* ↑
Other support costs	**(32.5)**	(15.7)	*(16.8)* ↓
Total Costs	**(55.5)**	(44.7)	*(10.8)* ↓

Corporate Centre

- ✓ Prior year included cancellation costs on 5% Preference Shares - $7.6M

Other support costs

- ↓ Mark-to-market loss on EBIT hedges - $10.1M
- ↓ Loss on ineffective hedges - $4.4M

Individually material items

Half year ended 31 March (A$M)	2009	2008
Dyno Nobel integration costs	**(7.4)**	(3.7)
Minova/Excel integration costs	**(3.7)**	(1.6)
Marplex asset impairment	**(14.0)**	-
Mining Services restructure	**(17.4)**	-
OCP demerger expenses	**(15.3)**	-
Gain on derivatives	**14.0**	-
Total after tax and minority interests	**(43.8)**	(5.3)

Capital management - key measures

Half year ended 31 March	2009	2008
Net Debt (A$M)	**1,477.0**	2,184.5
Net Interest Expense (A$M)	**71.5**	90.4
Interest Cover (times)	**6.6**	4.7
Operating Cash ($)	**217.3**	161.1
Cash Conversion [1] (%)	**73.4**	59.3
Rolling TWC to Rolling Sales (%)	**14.6**	14.9
Gearing (%)	**25.7**	42.9
Gearing Adjusted [2] (%)	**30.0**	47.8

1 Cash conversion is calculated as EBITDA add/less movement in trade 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.

Bank Debt Facilities

- Bank debt facilities total A$2.3B of which A$0.5B was drawn at 31 March 2009
- A$1.1B of facilities mature in Oct 2009
- A$1.2B of facilities mature in Dec 2010 and Dec 2012
- Low level of bank debt at half year
- Initiated discussions with banks to extend existing facilities

Strong liquidity position

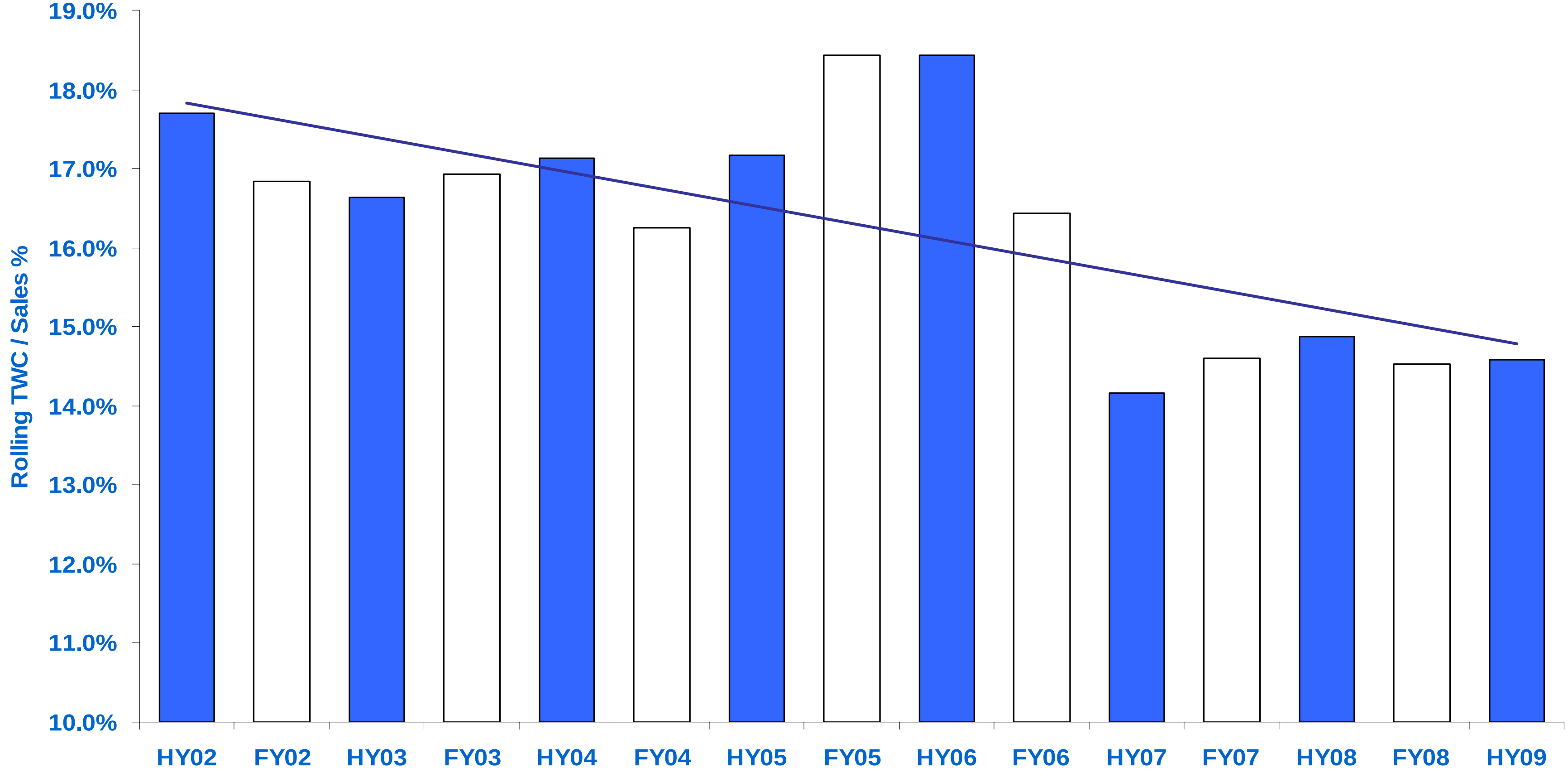
Cashflow

Half year ended 31 March (A$M)	2009	2008	$ ↕
EBITDA	**594.5**	528.4	*66.1* ↑
Net interest paid	**(68.7)**	(81.7)	*13.0* ↑
Net tax paid	**(125.4)**	(96.4)	*(29.0)* ↓
Trade working capital movement	**(78.4)**	(134.3)	*55.9* ↑
Non trade working capital movement	**(104.7)**	(54.9)	*(49.8)* ↓
Net operating cash flows	**217.3**	161.1	56.2 ↑
Sustenance capital	**(80.0)**	(80.8)	*0.8* ↑
Growth capital	**(90.9)**	(77.5)	*(13.4)* ↓
Acquisitions	**(157.3)**	(812.3)	*655.0* ↑
Divestments	**7.1**	4.6	*2.5* ↑
Net investing cash flows	**(321.1)**	(966.0)	644.9 ↑
Equity movements	**(29.7)**	101.7	*(131.4)* ↓
Debt	**363.8**	672.6	*(308.8)* ↓
Dividends/distributions	**(227.3)**	(104.6)	*(122.7)* ↓
Net financing cash flows	**106.8**	669.7	(562.9) ↓
TOTAL	**3.0**	(135.2)	138.2 ↑

Cash Conversion

Half year ended 31 March (A$M)	2009	2008
EBITDA	**594.5**	528.4
TWC movement	**(78.4)**	(134.3)
Sustenance	**(80.0)**	(80.8)
Cash Conversion	**436.1**	313.3
Cash Conversion %	**73.4%**	59.3%

Rolling TWC to Rolling Sales %



Steady progress continues on management of TWC

Improved year on year first half performance

Hedging

- Overseas earnings represented 60% of Group earnings in the 2009 half year
- Orica has exposures to a basket of currencies given its geographical spread
- The basket of currencies creates a portfolio effect on our exposures
- Transactional and translational (EBIT) exposures are hedged to smooth the volatility in AUD earnings
- Hedging is undertaken using both forward exchange contracts and options

Major EBIT Currency Hedges

Major EBIT currency hedges include:

Currency Exposures	% Hedged	Effective Hedge Rate
• AUD/USD	76%	0.7481
• AUD/CAD	77%	0.8332
• AUD/SEK	79%	5.4740
• AUD/CLP	88%	435.6200
• AUD/NZD	17%	1.2232

Net impact on EBIT of a 1% move in exchange rates on a diversified basket of currencies is approximately A$2.0M – A$2.5M

Capital management – 2009

- Continued discipline in trade working capital management
- Cautious management of sustenance and growth capital
- Credit Rating – committed to BBB+
- Finalise extension of current bank facilities

2009 Priorities

Growth Priorities

- Minova Acquisition
- Protect market leadership position in Indonesia through development of Bontang AN Plant
- Capitalise on tightening AN market conditions over the medium term
- Capitalise on strong demand for sodium cyanide
- Grow “close to the core” through bolt-on acquisitions and geographic expansions
- Capitalise on growing global demand for electronic blasting systems
- Maintain market leading positions through innovation

Growth Priorities – Progress

Priority	Target	Status
Minova Acquistion Inclusive of Minova, Excel and Strata Control Systems	18% RONA to be achieved on all three acquisitions in 2011 (inclusive of grossed up financial synergies)	
Protect market leadership position in Indonesia through development of Bontang AN Plant	Commissioning of a 300ktpa plant in 2011 at total capital cost of US$550M (approx.)	
Capitalise on tightening AN market conditions and strong demand for sodium cyanide over the medium term	- Greenfield expansion in Latin America - Brownfield expansions of KI and Yarwun	
Grow “close to the core” through bolt-on acquisitions and geographic expansions	Integrate and achieve financial hurdles	
Capitalise on growing global demand for electronic blasting systems	Establishment of electronic blasting systems plant and continue to grow market	
Maintain market leading positions through innovation	Maintain market leadership position in premium markets	

Productivity Priorities

Priority	Target	Status
Delivery of synergies of Minova integration	Delivery of $45M EBIT synergies by end 2011 and $35M financial synergies from acquisition completion	
Delivery of synergies of merger of former Chemnet and Chemical Services businesses	Delivery of $14M synergies by end 2010	
Yates restructure	EBIT benefits of $5M delivered by end 2009	
Mining services restructure	Realisation of benefits equal to cost of restructure ($25M) within 1 year	
Productivity metrics	Improvement in productivity metric	

Environmental legacy update

- Botany Water
  - Plume is contained
  - Recycled water being utilised – looking to increase volumes
- Hexachlorobenzene
  - Work continues on plans to export Hexachlorobenzene waste
  - Encapsulated waste remediation to start in 2010
- No other significant matters identified in current period

Sustainability

- Challenge 2010 targets established
- Improved performance on most measures in 2009
- At or below 2010 targets for water consumption and waste generation
- Greenhouse gas emissions – globally approx 4.0 million tonnes of CO2E, Australia approx 3.0 million tonnes of CO2E
- Working on solutions globally
- Monitoring carbon trading markets as they evolve

Outlook

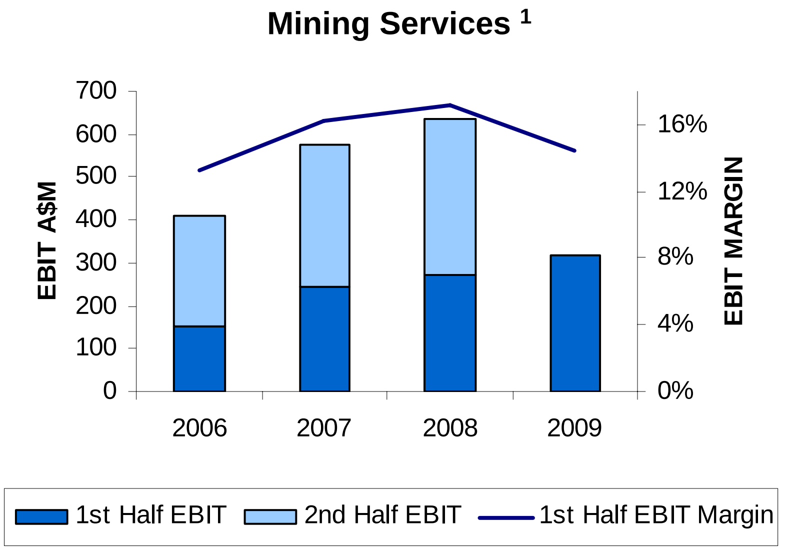
Our businesses continue to show considerable resilience. Accordingly, we see no reason to alter our previous guidance that we expect Group net profit after tax (before individually material items) in 2009 to be higher than that reported in 2008. However we remain vigilant because of unpredictable global market conditions.

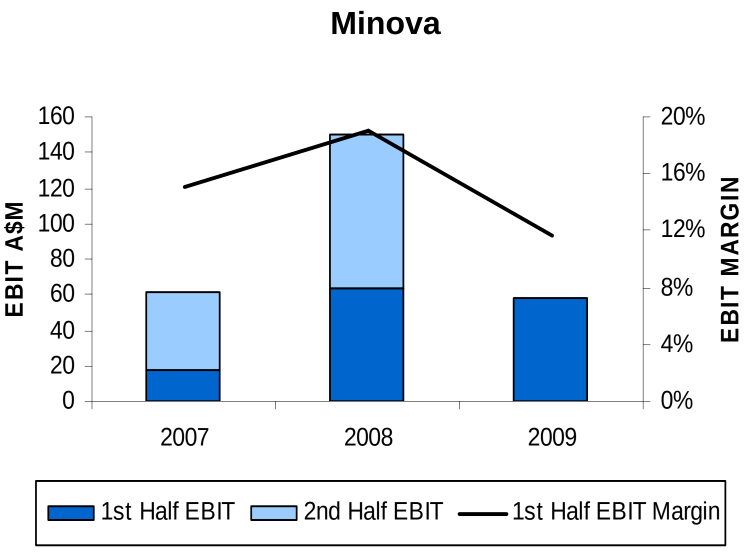
Summary

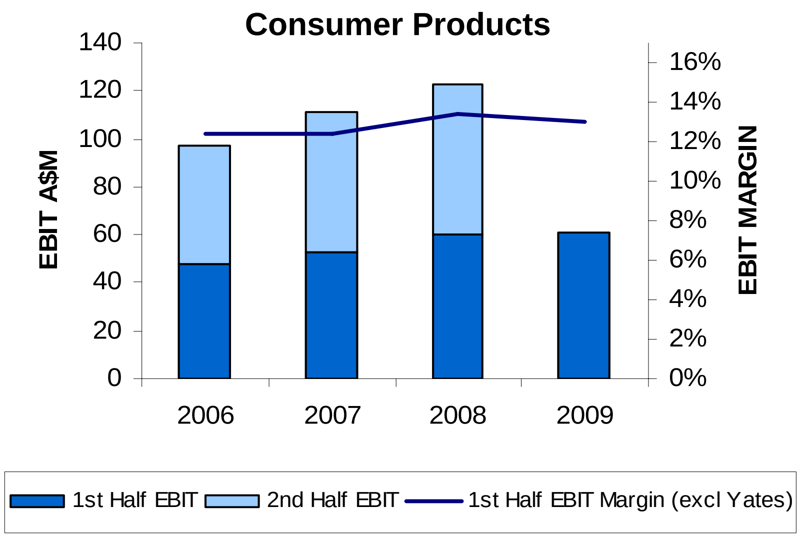
- Tight cost control and continued improvement in productivity
- Disciplined cash management
- Strong balance sheet
- Well positioned for continued growth

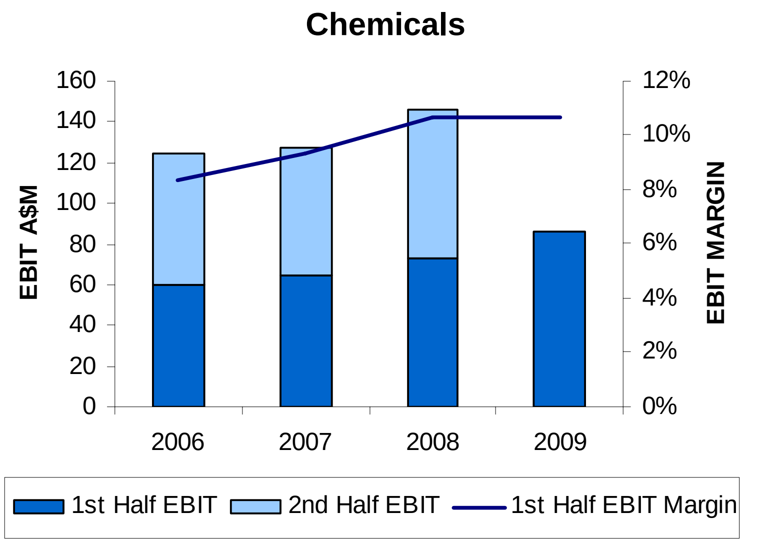
Supplementary Information

EBIT growth by business



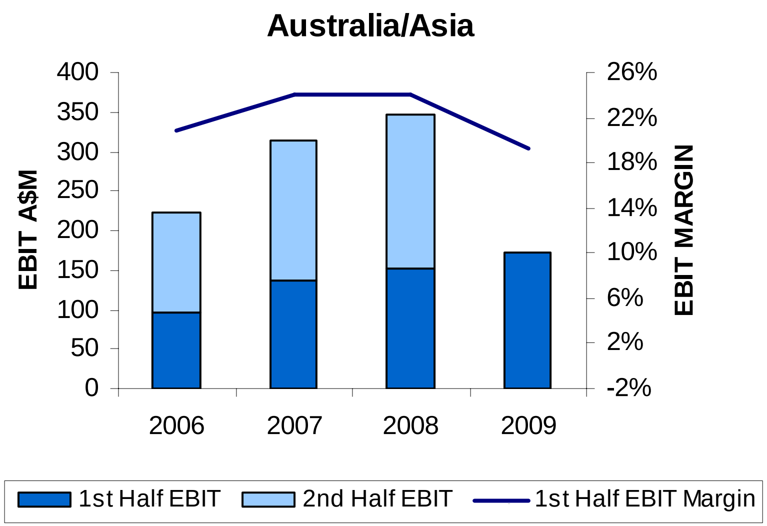


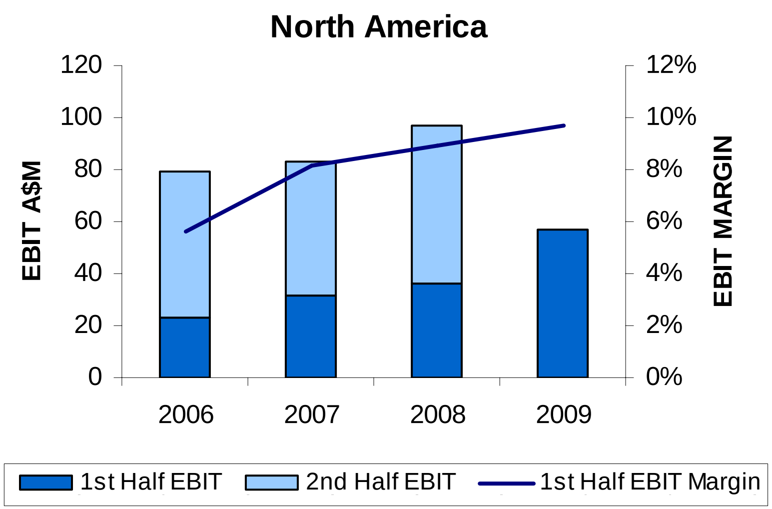


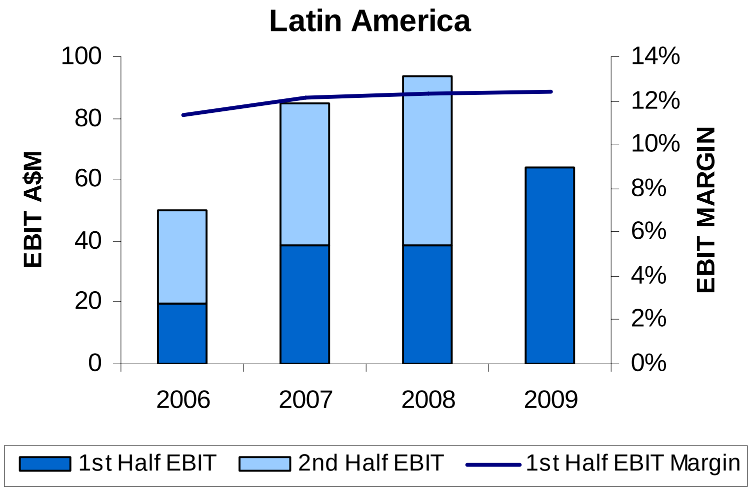


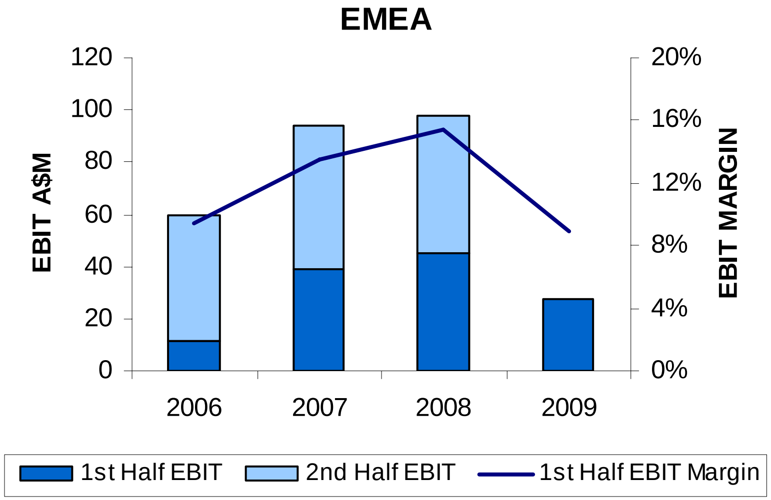
1 Decline in the EBIT margin is due to the net effect of exchange rate changes on revenue and earnings, and the pass through of the dollar cost of higher input prices

Orica Mining Services by geography

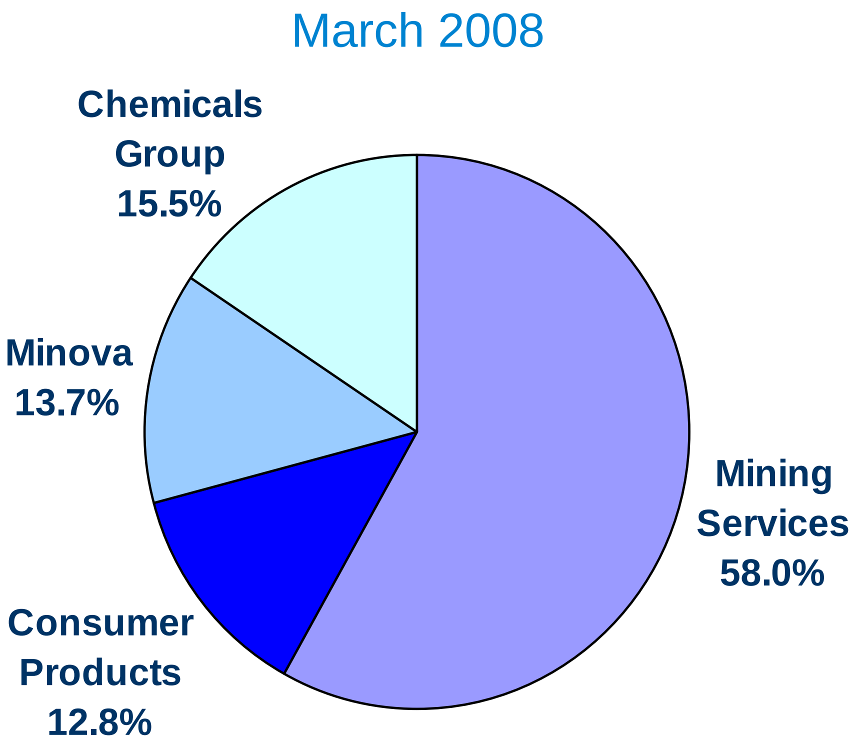


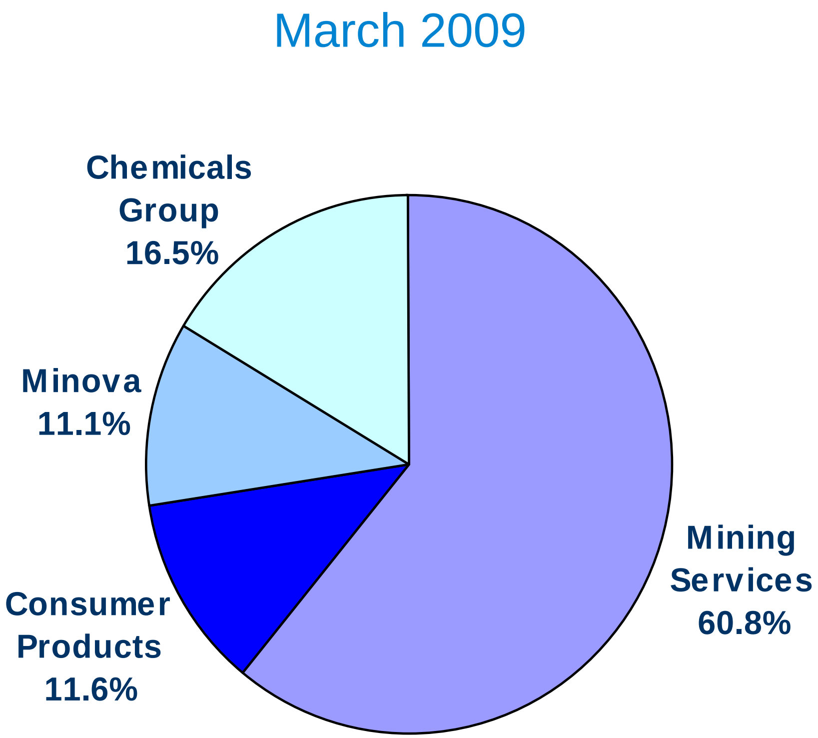






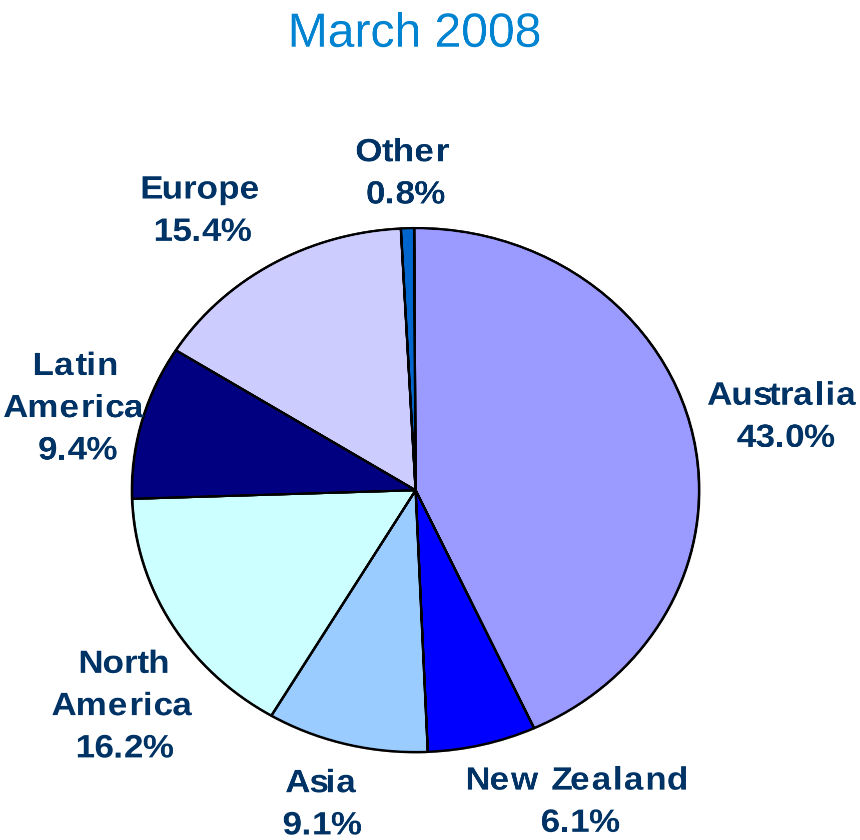
EBIT contribution by business platform[1]

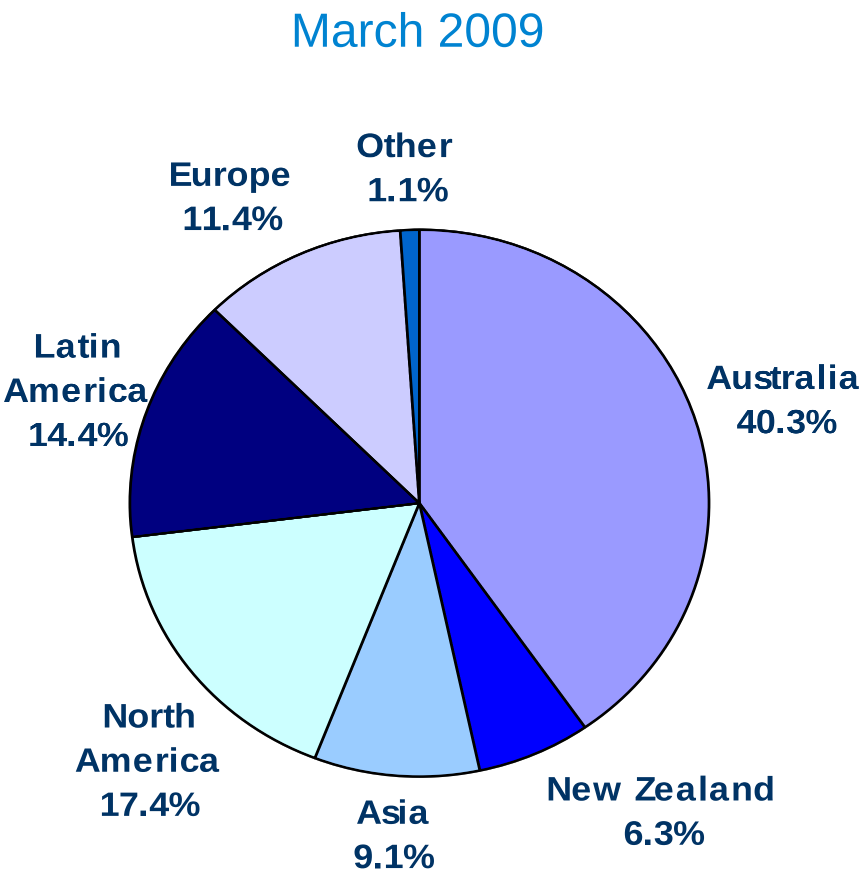




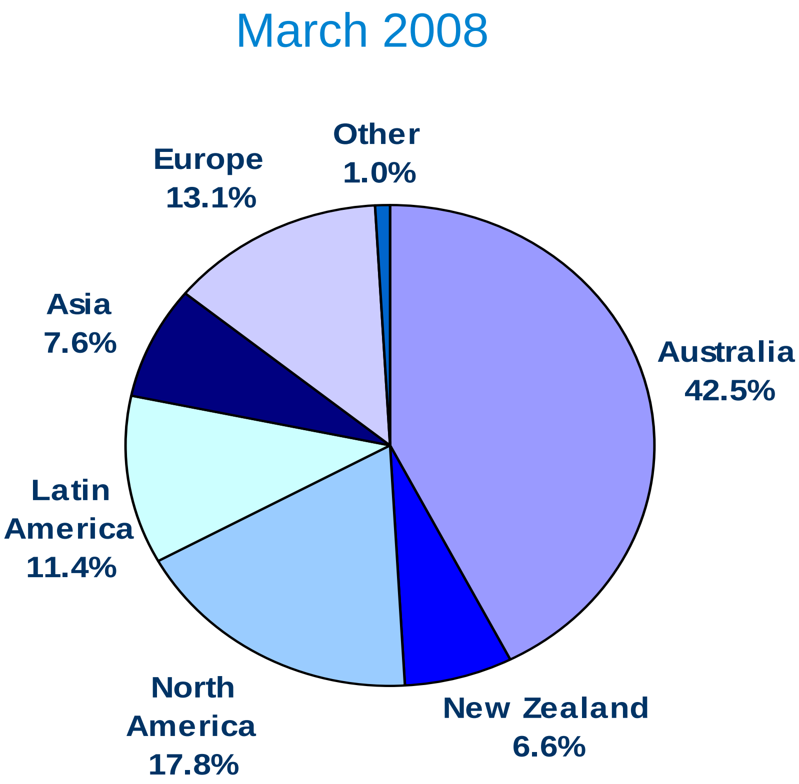
1 Excludes corporate costs

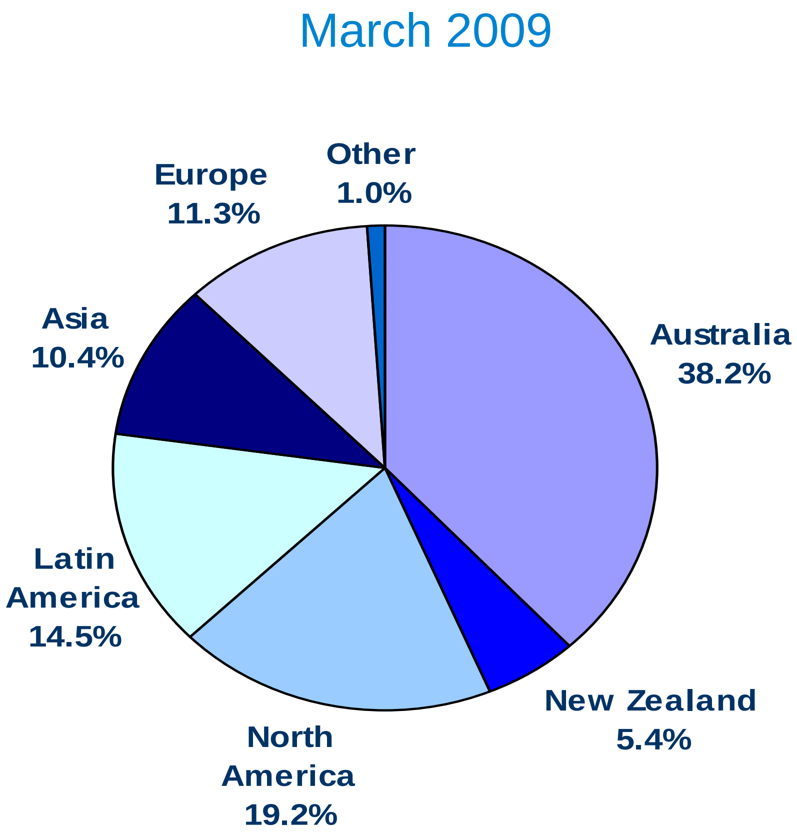
EBIT contribution by geography





Gross sales by geography





Net interest expense

Half year ended 31 March (A$M)	2009	2008	$ ↕
Net interest expense	**72**	90	18 ↓
Comprising:			
Interest on net debt	**67**	86	19 ↓
Add: *Unwinding of discount on provisions*	**4**	4	
Add: Major External Finance Leases	**1**	0	1 ↑
Net interest expense	**72**	90	18 ↓

Interest on net debt calculated as:		
Average net debt (throughout the half year) [1]	**2,005**	2,350
Average interest rate (throughout the half year)	**6.6%**	7.4%
Interest on Net Debt	**67**	86

1 This is higher than the average of the period ending net debt balances due to normal intra-month and seasonal cash flow patterns.

Impact of Step-Up Preference Securities (SPS) – earnings per share[1]

	Reported per Accounts A$M
Reported net profit	284.1
Less:	
Net profit attributable to minority interests	(19.9)
After tax distributions to SPS holders [2]	(17.9)
Adjusted net profit	**246.3**
Weighted average ordinary shares on issue	359.2
Earnings per share – cents per share	**68.6**

1 Pre individually material items

2 Distributions paid during the half year totalled $23.5M. The tax adjustment is based on interest expense for the 6 months ended 31 March 2009.

Impact of SPS – gearing (A$M)

	Reported per Accounts	Hybrid Adjusted
Current borrowings	200.2	200.2
Non-current borrowings	1,606.4	1,606.4
SPS adjustment [2]	-	250.0
Less: Cash	(329.6)	(329.6)
Net Debt	**1,477.0**	**1,727.0**
Parent entity equity [1]	4,159.8	4,159.8
Minority interests	112.1	112.1
SPS adjustment [2]	-	(250.0)
Net Equity	**4,271.9**	**4,021.9**
Gearing	**25.7%**	**30.0%**

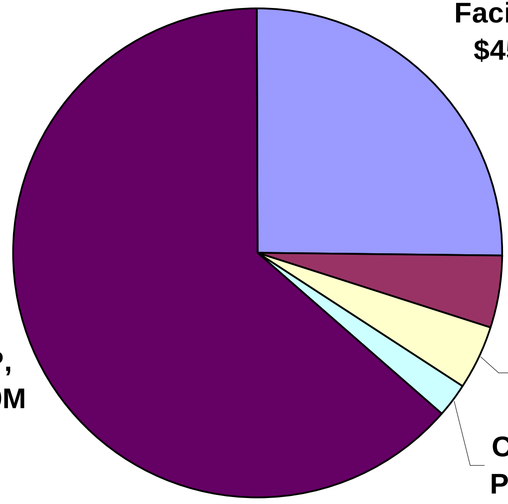
1 Includes face value of SPS of $500M as equity
2 Adjustment is for 50% of the face value of SPS

Impact of SPS – interest cover (A$M)

	Reported per Accounts	Hybrid Adjusted
Financial expense	98.4	98.4
Financial income	(26.9)	(26.9)
SPS distribution adjustment [1]	-	11.8
Net borrowing costs	**71.5**	**83.3**
EBIT	469.4	469.4
Interest Cover (times)	**6.6**	**5.4**

[1] Represents 50% of the SPS distribution for the period 1 October 2008 to 31 March 2009 calculated as follows: face value of SPS x (BBSW +1.35%) x number of days.

Debt Profile (as at 31 March 2009)



Debt Maturity Profile [1]			
A$M	**Drawn**	**Undrawn**	**Total**
< 1 year	200	1,105	1,305
1 – 2 years	702	263	965
2 – 5 years	61	437	498
> 5 years	844	-	844
Total	**1,807**	**1,805**	**3,612**

Average maturity on drawn debt is 4.4 years
Investment grade rating BBB+

[1] Total debt includes committed debt (drawn & undrawn) of $3,486M and drawn uncommitted debt of $126M (Commercial Paper and Other).

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