



# **JEFFERIES ASIA FORUM ORICA**

## Key discussion points

15 SEPTEMBER 2020

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COVID-19

# COVID-19 affecting developing markets stronger and longer than previously expected

## Mining deemed an essential service in most jurisdictions

- Customer operations in Australia have been largely unaffected by COVID-19
- Q&C activity in the USA is mixed – large national accounts have slowed operations, but small-mid size accounts have increased operations
- Mines in Canada have mostly re-opened, however some underground operations are constrained by social distancing measures
- Most European customers have returned to full operations, but some customers in Spain and the UK are operating at around 75%

## Areas of the developing world continue to see significant impacts

- Latin America, Mexico, Africa and parts of Asia continue to be the most heavily impacted
  - COVID-19 cases in Latin America remain high, and as a result the majority of customers are operating below usual levels
  - Customers in Mexico have also resumed operations at reduced rates
  - A high number of cases across African countries has resulted in varying levels of lockdown and split shifts
  - India and Indonesia remain at risk, with varying degrees of lockdowns in place

## Supply chain costs continue to be impacted



Operations continuing in the Pilbara



Temperature checking at Brownsburg



EXSA

## Exsa integration is well progressed



Production of Orica branded packaged emulsion at Lurin facility



First joint Orica / Exsa shipment of bulk AN into Peru

- Despite challenges from the COVID-19 pandemic, teams have gone beyond the call of duty to make the Exsa integration a success
  - Integration activities are progressing in line with detailed plans
  - Throughout the integration we have been able to leverage best practice processes from both companies
- COVID-19 disruptions were significant, particularly in underground mines
  - Operations dropped 50% at lowest point but now are operating at ~80%
- The first bulk ammonium nitrate import in Peru was received in August 2020
- We are on track to achieve planned synergies, with further potential opportunities being explored
- The state-of-the-art Lurin facility has begun producing Orica branded packaged emulsion
- The Trujillo plant is producing bulk emulsion using Orica formulation
- Employees have a very high level of confidence about the merits and success of the integration



## BURRUP

# Burrup continuing to ramp up production

- The Burrup plant has been producing quality AN since production commenced in May 2020, with very positive feedback from customers
- Plant utilisation has been high, supporting the ongoing strong demand in the Pilbara region
  - Recent production levels have been ~1,000 tonnes per day
  - Australian iron ore export volumes have increased ~5.5% in the 7 months to July 2020 compared to the prior corresponding period<sup>1</sup>
- The plant remains on track to achieve planned production levels in FY20 and going forward



Burrup plant

1. Based on Australian Bureau of Statistics data

# The final phase of the SAP project has been rolled out

- The 4S program has been aimed at standardising Orica's processes, systems and reporting to drive enhanced transparency and visibility via accurate real-time data across all aspects of the business
- This will improve agility, product security and customer outcomes and will enhance Orica's competitiveness across the global market
- The latest milestone was the final and most significant phase of the new SAP ERP system which was rolled out in early July 2020

