

ASX Announcement

EUROPEAN INITIATING SYSTEMS RATIONALISATION BEGINS

Orica Limited today advised that it had decided to centralise European Initiating Systems (IS) manufacturing at Gyttorp in Sweden. Current IS production at Troisdorf will be phased out and moved to Gyttorp and Orica's Brownsburg plant in Canada.

Orica Managing Director & CEO, Graeme Liebelt, said, "The Troisdorf manufacturing phase-out signals a major step in Orica's Synergy Program following the acquisition of the Dyno Nobel businesses in Europe, the Middle East, Africa, Asia and Latin America which was completed on May 31 this year. Orica has committed to deliver sustainable annualised synergy savings of \$90 million by 2009."

This decision, which is part of the implementation of Orica's global IS strategy, will mean that about 230 out of 280 jobs at Troisdorf will be phased out over some two years starting later this year. Troisdorf will remain Orica's Europe Middle East Africa (EMEA) and German headquarters.

The acquisition created duplication of facilities and personnel across the globe, particularly in Europe and Latin America, including the former Dyno Nobel IS plant at Gyttorp and the Orica IS plant at Troisdorf.

The decision to phase out manufacturing at Troisdorf came after an extensive assessment process over several months involving experts from both the Troisdorf and Gyttorp sites. The assessment was based on a range of criteria including technology and ability to service key markets.

Mr Liebelt said he regretted the decision would mean the loss of jobs at Troisdorf but that the company would work with employees and their representatives to agree appropriate transition arrangements.

"This decision realises a key strategic advantage of Orica's acquisition of the specific Dyno Nobel businesses – being the opportunity to leverage the technology of both companies into an unmatched customer offering," he said.

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