



2016 ANNUAL GENERAL MEETING

15 December 2016

Malcolm Broomhead, Chairman, Orica Limited

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Non-International Financial Reporting Standards (Non-IFRS) information

This presentation makes reference to certain non-IFRS financial information. This information is used by management to measure the operating performance of the business and has been presented as this may be useful for investors. This information has not been reviewed by the Group's auditor. Refer to slides 34 and 35 of the Orica 2016 Results Analyst Presentation dated 4 November 2016 for a reconciliation of IFRS compliant statutory net profit after tax to EBITDA and to slide 36 for the definition and calculation of non-IFRS and key financial information. Forecast information has been estimated on the same measurement basis as actual results.

CHAIRMAN'S ADDRESS



METS SECTOR CONTRIBUTION



AUD\$90 billion+

in annual gross revenue from the METS sector¹



AUD\$15 billion+

of METS products and services exported annually¹



AUD\$4 billion

invested in research & development annually¹



386,000 people

employed in the Australian METS sector¹



¹. Austmine and METS Ignited

ORICA'S CONTRIBUTION



AUD\$188 million

paid in taxes globally in 2016¹



AUD\$71 million

paid in taxes in Australia in 2016¹



AUD\$4.8 billion

paid to suppliers and employees in 2016¹



AUD\$284 million

paid in dividends to our 51,000+ shareholders in 2016¹



1. Orica FY2016 Compendium

CHAIRMAN'S ADDRESS





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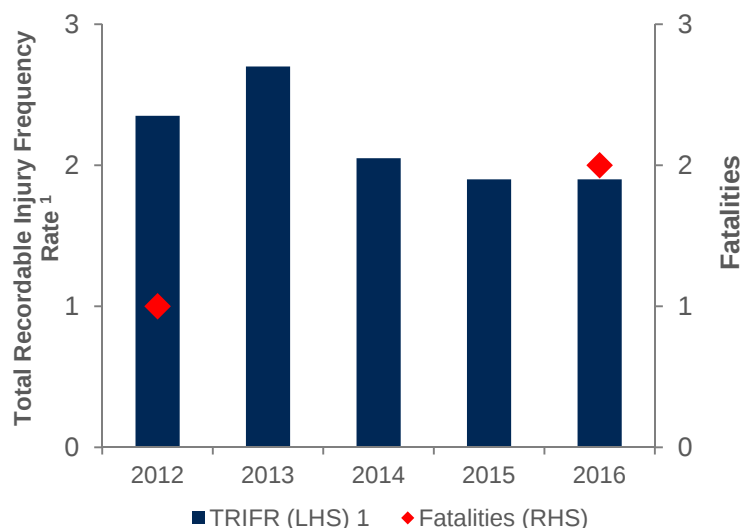
15 December 2016

Alberto Calderon, Managing Director and CEO, Orica Limited



SAFETY AND ENVIRONMENT

Safety Performance



- Tragically an explosion in the packaged manufacturing plant in Antofagasta, Chile, resulted in the deaths of two of our people
 - Thorough investigation into the cause of accident completed;
 - Lessons learned being shared throughout the business
- Key focus on common standards and consistent application for major hazards
- Safety is a core value and strongly aligned to our customers' focus on safety
- Injury performance is steady and in the top quartile of ASX companies².
- No significant environmental incidents

1. Total Recordable Injury Frequency Rate (TRIFR) represents total number of recordable cases per 1 million hours worked

2. Safety Spotlight: ASX 100 Companies & More-Citi Research September 2016

RESULTS DEMONSTRATING EARNINGS AND CASHFLOW RESILIENCE

- **Total AN product volumes** of 3.54 million tonnes (pcp: 3.76 million tonnes)
- **Underlying EBIT¹** of \$642 million (pcp: \$685 million)
 - **EBIT margin** of 12.6%
- **Underlying EBITDA¹** of \$908 million (pcp: \$978 million)
- **NPAT²** of \$389 million (pcp: \$417 million)
 - **Statutory net profit after tax (NPAT)³** of \$343 million (pcp: \$(1.3) billion)
- **Net incremental business improvements benefits** of \$76 million
- **Capital Expenditure** of \$263 million, below forecast
- **Net Debt** reduced; gearing at 36%
- **Return on Net Assets** of 14%
- **Final dividend of 29.0 cents per share; representing a 55% payout ratio**
 - **Total dividend paid** during the year of 49.5 cents per share; representing a 48% payout ratio

1. From continuing operations before individual material items

2. After tax and non-controlling interests in controlling entities before Individual Material Items (refer to Note 2(d) of Appendix 4E - Orica Full Year Report)

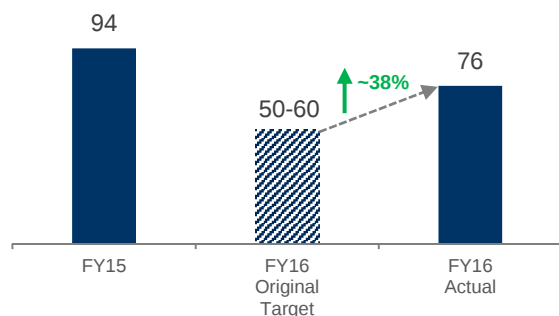
3. Net profit for the period attributable to shareholders of Orica Limited in the Income Statement of Appendix 4E - Orica Full Year Report. Includes Australian Taxation Office Part IVA dispute \$41 million settlement²

Note: all comparisons are to the prior corresponding period unless stated otherwise

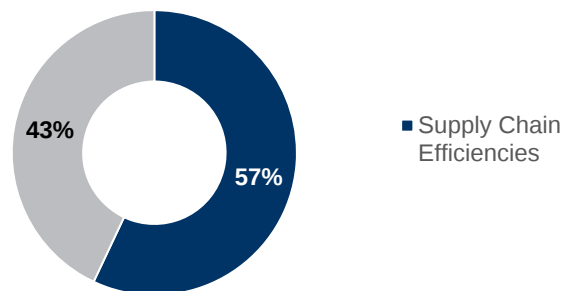


BUSINESS IMPROVEMENTS EXCEED TARGET

Net Benefits
(\$m)



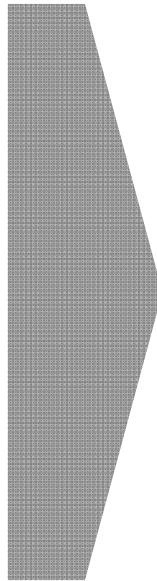
Net Benefits by category
%



- Business initiative net incremental benefits exceed targets; offsetting market impacts
 - Further rationalisation and optimisation of AN and Initiating Systems network
 - Improvement in plant productivity
 - Procurement savings
 - Further reduction in headcount
- Flow through of FY16 initiative benefits to offset FY17 price impacts
- Continued focus on initiatives that improve efficiencies

NEW BUSINESS IMPROVEMENT INITIATIVES

New business improvement initiatives



Outcomes...

- Improved value selling and better understanding of customer needs
- Improve margin mix
- Reduce margin leakage

- Increase raw material yields
- Rationalise footprint
- Improve utilisation and labour productivity

- Align material input contracts to underlying market conditions
- Reduce general and administrative spend
- Renegotiate contracts

- Streamline structure
- Improve cost control and shipment planning
- Improve operational quality

DELIVERING AGAINST OUR PLAN

Strategic initiatives

Customer focused business

Organisational capability

Sustainable business improvements

Capital rigour and discipline

Stabilise and turnaround Minova

Delivered to date...

- ✓ New Operating Model embedded
- ✓ Clear regional and functional accountabilities and responsibilities
- ✓ Improved transparency and streamlined reporting

- ✓ Highly experienced Executive and Senior Leadership team in place
- ✓ Over 70% of top 60 Executive and Senior Leaders new or promoted
- ✓ Developed a Company Charter that enshrines the culture Orica's employees want and will be measured on

- ✓ Net sustainable benefits of \$76 million; offsetting market impacts
- ✓ Improved EBIT margin
- ✓ New way of working and thinking about our business

- ✓ New capital framework introduced with substantial and sustainable reduction in capital expenditure
- ✓ New dividend policy sustainable through the cycle
- ✓ Reduced gearing to lower end of target range

- ✓ Business turnaround progressing well despite challenging environment
- ✓ Cash flow positive and breakeven EBIT
- ✓ Strong pipeline of opportunities in non-mining sectors

OUR CHARTER



We are Orica, the global leader in mining and civil blasting.

Our purpose

Our purpose is to make our customers successful, every day, all around the world. We take pride in operating safely, responsibly and sustainably. Together, these enable us to grow and create enduring value for our shareholders.

Our strategy

We aim to be the trusted partner of choice for our customers, by creating, developing and delivering mining and civil blasting and ground control solutions that help them be more productive and manage their critical risks. We do this by bringing together: the best people; high quality products and services; safe, secure and reliable supply; and unmatched technology that creates value for our customers, today and tomorrow.

Our values



Safety is our priority. Always.



We **respect** and value all.



Together we succeed.



We act with **integrity**.



We are committed to **excellence**.

LOOKING FORWARD

- ✓ Despite tough market conditions, our differentiated strategy will enable us to create greater value for our shareholders and customers
- ✓ While there has clearly been some external optimism on the market conditions, we remain conservative and will continue to focus on controllable outcomes
- ✓ The actions that we are taking today will see us emerge stronger through this down cycle. Headwinds being offset by:
 - Continuing to control all the elements we can
 - Transforming Orica into a leaner, more efficient organisation
 - Embedding efficiencies in the business
 - Our renewed senior leadership team
 - Building a culture that supports our people, and ensures we work collaboratively with each other and our customers, to create recognised value for us and them
 - Putting our customers at the forefront of everything we do, understanding our value to them is in the assurance of consistently safe, reliable and quality products and services
- ✓ Business improvement initiatives will continue to have a sustainable, positive impact in FY17 and beyond