ASX Announcement

4 November 2016

Management disciplines deliver solid 2016 Orica full year result

Melbourne: Orica (ASX: ORI) today announced statutory net profit after tax (NPAT) of $343 million for the year ended 30 September 2016 (prior corresponding period: a loss of $1,267 million), after individually material items of $46 million[1] (net). Before one off items, NPAT[2] for the period was $389 million, 7% lower than the pcp. The 2016 financial year continued to be affected by significant market volatility. Against this backdrop, Orica delivered earnings before interest and tax of $642 million, a 6% decline on the pcp.

Safety is Orica's priority, always, but tragically 2016 was marred by two fatalities in an explosion at our packaged explosives manufacturing plant in Antofagasta, Chile, on 10 September. A thorough investigation into the accident was instigated, and the Executive Committee has launched a Group-wide program focusing on ensuring common safety standards, with consistent application for major hazards. This will be a key priority for FY17 and beyond.

Other key components of the 2016 financial result include:

- Total ammonium nitrate (AN) product volumes of 3.54 million tonnes (pcp: 3.76 mt)
- Underlying EBITDA[3] of $908 million (pcp: $978 million)
- Business improvements delivered incremental net benefits of $76 million
- Capital Expenditure of $263 million (significantly below the forecast provided at the 2016 interim results of approximately $320 million)
- Gearing of 36% (pcp: 40%), reflecting the significant reduction in net debt to $1,549 million (pcp: $2,026 million)
- Net operating and investing cash flows up 80% at $633 million, underpinned by our new disciplined capital management approach, continued management of working capital and the generation of operating cash
- Final ordinary dividend of 29 cents per share (55% payout ratio), franked at 8 cents per share, and representing a full year payout ratio of 48% and a final combined dividend for the financial year of 49.5 cents per share.

Orica CEO Alberto Calderon said: "The 2016 fiscal year continued to be affected by challenging and volatile market conditions. By continuing to actively manage all the elements of our business that are within our control, we were able to significantly offset market impacts to deliver a strong result.

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[1] $41 million expense for settlement of Australian tax action (announced at half year results in May 2016), $16 million benefit from the sale of Thai Nitrates Company, and a $21 million expense in relation to the Chile plant explosion in September 2016.
[2] From continuing operations
[3] EBIT from continuing operations before individually material items plus Depreciation and Amortisation expense from continuing operations

“Margin management has been a core focus across every region and business, and our ability to maintain or increase margins across every region and business in the second half, in very challenged markets, is encouraging. Importantly, business improvement initiatives delivered net benefits across every region, as we continued to deliver supply chain efficiencies and labour and operational productivity improvements.

"Our focus on business improvement initiatives is now embedded in our business and will be simply a new way of working across every part of Orica. In FY17 we will continue to focus on: reducing external spend, including manufacturing input costs and corporate overheads; maximising supply chain efficiencies, such as cost controls, operational consistency, and inventory management; embedding working capital disciplines, including standardising payment terms and better management of receivables; and operational optimisation, which includes improving utilisation rates and labour productivity. Through this expansive program, we expect to continue to deliver market off-sets throughout the next year and beyond,” he said.

Operations

A decline in EBIT across Australia Pacific & Indonesia (API) region, North America and Latin America was due to a decrease in volumes off the back of lower demand, with weather impacts also affecting North America and Latin America volumes.

Europe, Africa and Asia volumes were in line with the pcp, with EBIT up 4% against the same period. Increased demand from Africa, the CIS and Turkey offset weaker markets elsewhere.

Margins were maintained or improved in every region in the second half of the year, as well as in Minova.

The Minova turnaround is progressing well and despite a challenging market environment the business was EBIT positive at year end.

Business improvement initiatives

The Company’s continued focus on optimising its operations and embedding efficiencies across the organisation delivered net benefits of $76 million, partly offsetting market impacts and significantly outperforming the forecast of $50 million to $60 million provided in the pcp.

Key initiatives have included:

- Further rationalisation and optimisation of AN and initiating systems network
- Improvement in plant productivity
- Procurement savings
- Further, sustainable reduction in headcount
- A substantial improvement in trade working capital ($304 million, 40% lower than pcp), as a result of a reduction in receivables, a reduction in inventory held, offset by lower levels of outstanding creditors.

The program of work will continue throughout FY17, with further benefits expected.

Capital management

Capital discipline

With the introduction of a new capital and investment framework, the Company now has greater discipline in capital decisions. As a result of the new disciplines, capital expenditure was reduced by more than 40% to $263 million, and return on net assets (RONA) increased to 14%, from 12.4%. All capital expenditure relating to safety, environment or regulatory requirements was approved during the period.

"Our new approach to capital discipline ensures any capital expenditure relating to safety, environment or regulatory requirements is prioritised always, while other capital expenditure is ranked and prioritised to ensure a strong balance sheet and investment grade credit rating are maintained, while also delivering sustainable shareholder value and returns," Mr Calderon said.

Dividend

At the 2016 half year results in May, Orica announced that the Board had introduced a payout ratio dividend policy with a range of 40% to 70%, to enable greater flexibility and ensure that shareholder returns reflect the Company's position and market conditions throughout the cycle.

The Board has declared a final ordinary dividend of 29 cents per share (55% payout ratio), franked at 8 cents per share, and representing a full year payout ratio of 48%. This represents a final combined dividend for the financial year of 49.5 cents per share. The dividend record date is 11 November 2016 and is payable to shareholders on 9 December 2016.

Burrup Technical Ammonium Nitrate (TAN) Plant

A strategic decision was taken in 2012 to enter a joint venture with Yara (operator) for the Burrup TAN plant (Orica has a 45% economic interest with marketing rights).

Commissioning issues relating to the plant are currently being addressed by the operator, and Orica is currently evaluating all options for the plant for the delivery of economic returns. Commissioning plans, focusing on a ramp up in production, will be in line with market demand.

The Burrup TAN plant is a 30 year plus asset situated in the Pilbara region in Western Australia, a market that is expected to grow over the next five years.

Outlook

While there has been some external optimism on market conditions, we remain conservative and will continue to focus on business improvement initiatives that improve profitability and shareholder value. Key assumptions for FY17 are:

- Global AN product volumes in the range of 3.5 million tonnes, +/- 5%.
- Cyanide volumes expected to be in line with FY16.
- Minova focused on improving performance under the new structure, and expected to remain cashflow positive.
- Headwinds of approximately $60 million expected from price resets; $50 million to $70 million from previously negotiated material input contracts; and increased depreciation and amortisation post Burrup commissioning. These headwinds are to be offset by FY16 business improvement initiative benefits and expected FY17 new business improvement initiatives.

- Continued focus on capital discipline will see FY17 capital expenditure in the range of $300 million to $320 million (including scheduled maintenance at Kooragang Island and Carseland and remaining Burrup spend).
- Effective tax rate (excluding individually material items) to be marginally higher than FY16, and interest expense will also rise following completion of the Burrup project.

Analysts' Contact:
Delphine Cassidy, Vice President, Investor Relations, ph: +61 (0) 419 163 467

Media Contacts:
Sam Stevens, Vice President, Corporate Affairs, ph: +61 (0) 400 693 915
Nerida Mossop, External Communications Manager, ph: +61 (0) 437 361 433

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Orica Limited

Results for the Full Year Ended 30 September 2016

Orica delivers a solid result and strong cash flow generation.

Statutory net profit after tax (NPAT) attributable to the shareholders of Orica for the full year ended 30 September 2016 was $342.8 million.

Summary

- Tragically, two fatalities occurred on 10 September 2016 as a result of an explosion at our packaged emulsion manufacturing plant in Chile
- Ammonium nitrate volumes at 3.54 million tonnes
- Net operating and investing cash flows(1) up 80% at $633 million, underpinned by the generation of operating cash, disciplined approach to capital expenditure(2) and continuing management of working capital
- Business improvement benefits of $76 million
- EBIT before individually material items(3) of $642 million
- NPAT before individually material items(4) of $389 million
- Significant reduction in net debt(5) to $1.5 billion; gearing(6) of 36%
- Final dividend of 29 cents per share. Full year payout ratio(7) of 48%, representing a combined dividend of 49.5 cents per share

Group Results

Year ended 30 September	2016 A$M	2015 A$M	Change %
Continuing Operations			
Sales revenue	5,091.9	5,653.3	(10%)
EBITDA(8)	908.1	977.5	(7%)
EBIT(3)	**642.2**	**684.8**	**(6%)**
Net interest expense	(84.3)	(82.2)	(3%)
Tax expense	(156.7)	(176.2)	11%
Non-controlling interests	(12.1)	(9.2)	(31%)
NPAT before individually material items(4)	**389.1**	**417.2**	**(7%)**
Individually material items after tax	(46.3)	(1,691.6)	
NPAT and individually material items (continuing operations)	**342.8**	**(1,274.4)**	**>100%**
NPAT (discontinued operations)	-	7.0	
NPAT and individually material items (statutory)	**342.8**	**(1,267.4)**	**>100%**

Note: numbers in this report are subject to rounding and stated in Australian dollars unless otherwise noted.

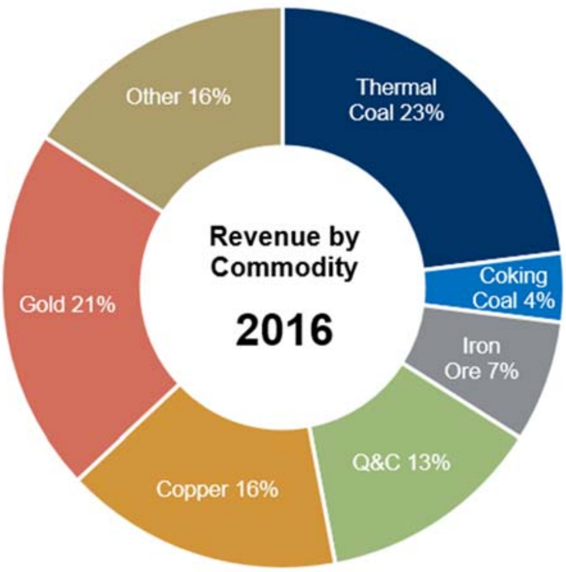
Business Summary

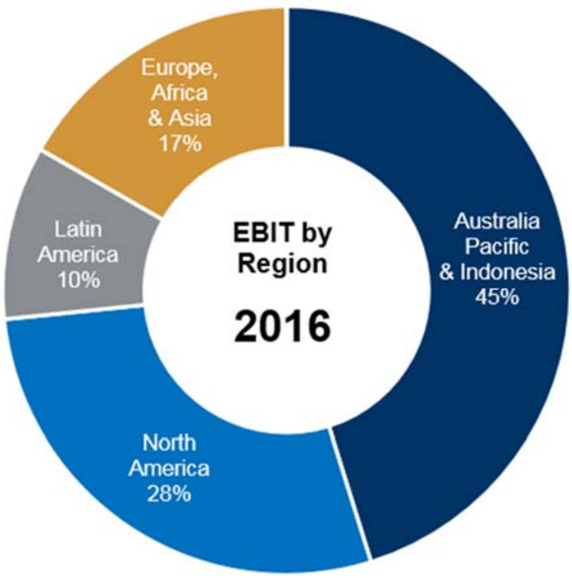
A summary of the performance of the segments for the 2016 and 2015 financial years is presented below.

Year ended 30 September 2016 A$M	AN Tonnes (i) ('000)	Sales Revenue (ii)	EBITDA	EBIT	Capital Expenditure
Australia, Pacific and Indonesia	1,204	1,544.7	440.5	315.1	113.0
North America	1,166	1,360.0	237.9	196.5	44.4
Latin America	615	920.0	94.3	69.2	20.2
Europe, Africa and Asia	556	1,141.3	151.7	116.5	36.5
Minova	-	406.5	15.2	0.1	5.6
Global Support	-	882.0	(31.5)	(55.2)	43.2
Eliminations	-	(1,162.6)	-	-	-
Orica Group	**3,541**	**5,091.9**	**908.1**	**642.2**	**262.9**

Year ended 30 September 2015 A$M	AN Tonnes (i) ('000)	Sales Revenue (ii)	EBITDA	EBIT	Capital Expenditure
Australia, Pacific and Indonesia	1,279	1,718.6	489.3	353.6	172.0
North America	1,249	1,490.8	251.6	212.4	48.3
Latin America	670	1,053.3	122.6	98.1	37.2
Europe, Africa and Asia	559	1,128.1	150.8	111.8	69.1
Minova	-	566.1	14.8	(19.4)	2.9
Global Support	-	959.6	(51.6)	(71.7)	113.5
Eliminations	-	(1,263.2)	-	-	
Orica Group	**3,757**	**5,653.3**	**977.5**	**684.8**	**443.0**

(i) Includes AN prill and solution and Emulsion products including bulk emulsion and packaged emulsion.
(ii) Includes external and inter-segment sales.

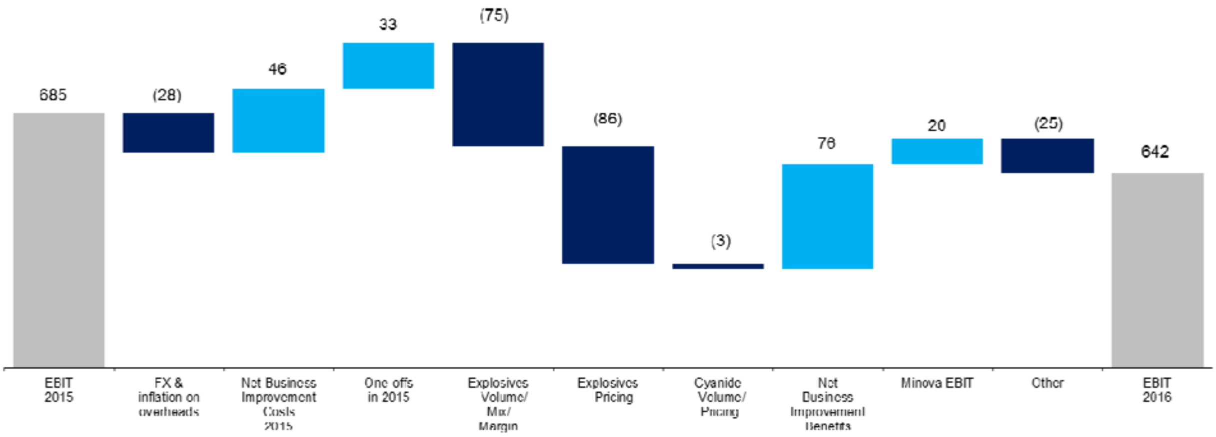




Note: The above charts exclude Global Support and Eliminations

Review of Operations

Ammonium nitrate volumes for 2016 were 3.54 million tonnes, down 6% on the pcp. Sales into coal markets across Australia and North America were down, with the combination of lower coal prices and lower domestic demand resulting in a number of customers' operations being closed or undertaking mine plan changes to reduce their short-term costs. Partly offsetting this impact was favourable global demand for gold which aided sales volumes into this segment across all regions.



Key items in the above chart:

FX and inflation on overheads
Inflation on fixed cost overheads had an adverse effect of $33 million. The average Australian Dollar exchange rate appreciated against most major currencies benefitting earnings by $5 million.

Explosives – volume/mix/margin
The impact of volume, mix and margin was unfavourable by $75 million due to mine plan changes and reconfigurations across customer operations in Australia, North America and Latin America and mine closures across all regions.

Explosives - pricing
Pricing was unfavourable by $86 million. All regions continue to remain under pricing pressure driven by the oversupply in domestic and global ammonium nitrate markets. The pricing impact was felt in the manufacturing regions of Australia Pacific & Indonesia and North America. Orica remains focused on maintaining a balanced outlook between retaining market share as well as securing plant loading.

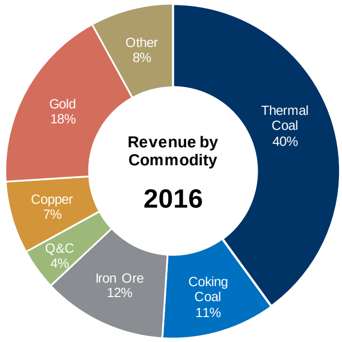
Net business improvement benefits
Net business improvement benefits were $76 million, from supply chain efficiencies, operations and support cost programmes. Key drivers include optimisation of ammonium nitrate and Initiating Systems network, plant productivity, procurement savings, centralisation of transactional activities and further headcount reductions.

Minova
Improved performance is driven by lower depreciation of $19 million following the impairment in 2015 as well as expansion into new sectors and industries and the continued rigorous management of operational costs.

Other
There has been a number of one-off items in the year including customer closure costs and provisions in Norway and Venezuela respectively, increases to environmental provisions and lower associate income.

Australia Pacific & Indonesia

Year ended 30 September	2016	2015	Change %
Total AN & Emulsion Volumes	1,204	1,279	(6%)
Emulsion as a % of total volumes	*58%*	*63%*	*(5%)*
Total sales revenue	1,544.7	1,718.6	(10%)
EBITDA	440.5	489.3	(10%)
EBIT	315.1	353.6	(11%)



Commodity exposure

Thermal and Coking Coal comprises the primary commodity exposure at 51%, reflecting Orica's extensive customer footprint and positioning across Eastern Australia and Indonesia. Pricing for coal was down during the year which saw a number of customers, particularly those with higher cost per tonne operations undertake mine plan changes to reduce their short-term costs, or close their operations. Sales into gold markets were steady, with customers buoyed by firm global prices. Despite reduced demand from Asian steel producers, iron ore volumes from Australian producers remained strong aided by their low cost per tonne position.

Volumes

Overall explosives volumes were down 6% (75kt) with reductions to Australian surface coal and metals customers, partly offset by growth in the Pilbara region and Indonesia. Demand from customers across the surface coal and metals regions were primarily impacted by customer mine plan changes, mine closures and operations being placed on care and maintenance. Pilbara volumes were up and in line with improvements in customer production, while Indonesia benefited from contract wins.

Sales of Initiating Systems, particularly EBS products were higher than the pcp, aided by improved product penetration. Volumes of conventional detonators were down on the pcp reflective of lower AN demand, lost customers as well as some product substitution with EBS products. Cyanide volumes were broadly in line with the pcp.

Revenue from advanced products and services as a percentage of total explosives revenue decreased to 24%, reflective of market conditions.

EBIT performance drivers

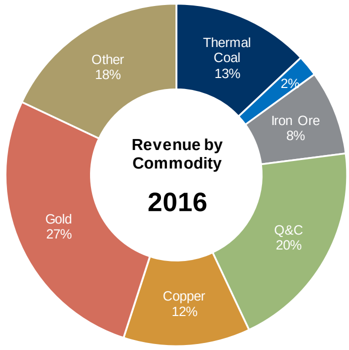
Volume, mix and margin was unfavourable in the year, attributable to external market impacts through mine planning reconfigurations and mine closures, as well as customers opting for lower services levels due to operational cost pressures.

Price resets and contract renewals had a negative impact in 2016 with the oversupply in domestic and global ammonium nitrate markets continuing to place pressure on pricing. Orica remains focused on maintaining a balanced outlook between retaining market share as well as securing plant loading.

Business improvement benefits from procurement and supply chain initiatives and further optimisation across the operational and support workforce were achieved. Additional benefits were achieved through lower overheads and reduced depreciation.

North America

Year ended 30 September	2016	2015	Change %
Total AN & Emulsion Volumes	1,166	1,249	(7%)
Emulsion as a % of total volumes	*39%*	*34%*	*5%*
Total sales revenue	1,360.0	1,490.8	(9%)
EBITDA	237.9	251.6	(5%)
EBIT	196.5	212.4	(7%)



Commodity exposure

Sales to the largest segments gold and quarry & construction (Q&C) markets remained strong, due to high gold prices and continued infrastructure projects across the region. Sales to thermal coal customers reduced as a result of significantly lower coal production impacted by energy substitution to lower cost natural gas. Weakness in the copper and iron ore segments also impacted sales.

Volumes

Explosives volumes were down 7% (83kt), impacted by lower volumes into US coal markets (down 16%), and the impact of customer drilling and production issues in Mexico (down 14%). The reduction in US coal market volumes was largely through indirect channels as a result of reduced customer production and a number of mine closures. Partially offsetting these impacts were higher volumes and favourable product mix into Canadian markets (up 7%) aided by contract wins and favourable gold prices. Q&C volumes were up on the back of infrastructure growth in the US.

Revenue from advanced products and services as a percentage of total explosives revenue increased to 26%. Service levels increased to metals customers in Canada and Q&C customers in the US. Product mix was favourable with higher premium bulk emulsion (up 5%) and improved integration and substitution of EBS products.

EBIT performance drivers

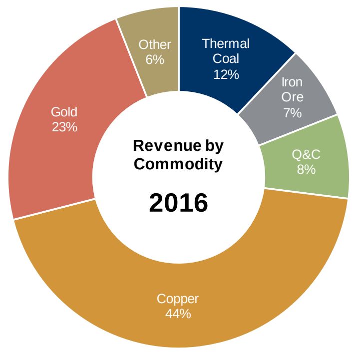
Volume, mix and margin was unfavourable, largely reflective of lower ammonium nitrate volumes across the US and Mexico, offset by higher volumes to metals customers in Canada. Product and customer mix was favourable through the impact of new contract wins and improved market placement of advanced products and service offerings. The impact of previously negotiated contracts has also adversely impacted margin in the second half.

Price resets and contract renewals had a negative impact during the year, reflective of market conditions and continued pricing pressure.

Business improvement benefits were achieved from the continuation of supply chain initiatives; rationalisation of conventional detonator facilities; and further optimisation across the operational and support workforce. The result also benefited from the non-repeat of business improvement costs in 2015.

Latin America

Year ended 30 September	2016	2015	Change %
Total AN & Emulsion Volumes	615	670	(8%)
Emulsion as a % of total volumes	*64%*	*62%*	*2%*
Total sales revenue	920.0	1,053.3	(13%)
EBITDA	94.3	122.6	(23%)
EBIT	69.2	98.1	(29%)



Commodity exposure

The composition of sales revenue by mining commodity remained in line with key commodity pricing. Firm gold prices supported activity in the segment which increased to represent 23% of revenue. Sales to copper customers were slightly down versus the pcp, however still represent the most significant portion of revenue at 44%.

Volumes

Explosives volumes were down 8% (55kt) with lower volumes in Chile and Argentina as a result of lower market demand and unfavourable weather conditions. Whilst Chile volumes were negatively impacted by a contract loss in late 2015, the business has been successful in retaining 100% of contracts in 2016 as well as benefitting from an expansion of operations at key customers in Brazil, in particular from iron ore and copper.

Cyanide volumes were up 16% buoyed by global demand for gold.

Revenue from advanced products and services as a percentage of total explosives revenue increased to 30%. This reflected the continued expansion of Orica's advanced services offering and associated pull through of premium products including bulk emulsion and EBS detonators, notably in Peru, Brazil and Colombia from recent contract wins.

EBIT performance drivers

Volume, mix and margin was unfavourable in the year, largely reflective of lower ammonium nitrate volumes across Chile and Argentina, partially offset by higher ammonium nitrate volumes into Brazil and improved cyanide sales across the region. Product and customer mix was favourable through new contracts and improved market placement of advanced products and service offerings.

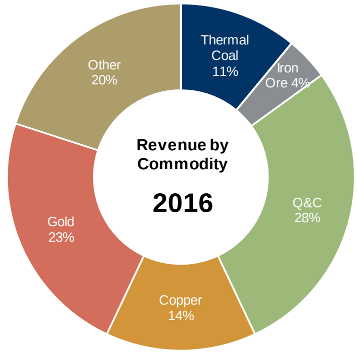
Price resets and contract renewals had a negative impact, reflecting pricing pressure in current markets.

Business improvement benefits, flowing from the continuation of supply chain initiatives and further optimisation across the operational and support workforce, had a favourable impact in the year.

Overheads and other expenses were unfavourable due to inflationary impacts in Argentina and Venezuela, as well as provisions taken for assets in Venezuela.

Europe, Africa and Asia (EAA)

Year ended 30 September	2016	2015	Change %
Total AN & Emulsion Volumes	556	559	(1%)
Emulsion as a % of total volumes	*88%*	*93%*	*(5%)*
Total sales revenue	1,141.3	1,128.1	1%
EBITDA	151.7	150.8	1%
EBIT	116.5	111.8	4%



Commodity exposure

Sales into gold markets across Africa and Asia were ahead of the pcp, buoyed by firm gold prices. Sales into the Q&C markets were slightly down against the pcp with delays in infrastructure projects across Europe partly offset by further penetration into niche tunnelling markets in Asia.

Volumes

Explosives volumes were broadly in line with the pcp. Volumes into the CIS and Turkey, aided by new projects and recovery in regional markets, showed particular improvement in the second half, which more than offset the impact of mine closures in the Nordics and UK. Volumes in Africa remained ahead of the pcp with a strong performance in the first half curtailed by a full service contract loss in the second half. Asia was down on the pcp, impacted by a low margin contract loss in India in 2015.

EBS volumes were up 30% versus the pcp, driven by increased penetration into the Tunnels markets in South East Asia and improved introduction into new customers in Africa and the CIS. Conventional detonator volumes were down 13% versus the pcp impacted by lower demand from a slow-down in China's coal sector.

Cyanide volumes across the region were up 17% with improved demand from customers in Africa and Asia notably in the second half of 2016.

Revenue from advanced products and services as a percentage of total explosives revenue increased to 20%, reflecting strategic growth and expansion in the CIS and Africa regions.

EBIT performance drivers

Volume, mix and margin was favourably impacted by customer and service mix with growth to higher margin customers in Africa and the CIS, offsetting the loss of lower margin business in India. Continued penetration of Orica's tunnels offering into South East Asia via higher margin EBS units also aided performance.

Business improvement benefits flowed from the continuation of supply chain initiatives and further optimisation across the operational and support workforce.

Price resets and contract renewals had a negative impact, reflecting market conditions.

The impact of ***overheads and other income*** was unfavourable. This was due to foreign exchange losses from the revaluation of trade working capital across the region, customer closure costs in Norway and inflationary impacts across the region.

Minova

Year ended 30 September	2016	2015	Change %
Steel products ('000 tonnes)	111	174	(36%)
Resins & Powders ('000 tonnes)	113	162	(30%)
Total sales revenue	406.5	566.1	(28%)
EBITDA	15.2	14.8	3%
EBIT	0.1	(19.4)	>100%

Sector & Industry exposure

Minova operates across a number of sectors and industries including coal, hard rock, civil tunnelling, construction, geotechnical and services. Minova focuses on providing quality products, technical innovation and safe cost effective solution to technical ground control challenges.

Approximately 50% of the business is derived from coal markets across North America, Europe and Australia. Conditions in these markets during the year remained challenging with weak commodity pricing and lower domestic demand placing pressure on customer operations. Large coal companies in the US and Europe continue to work through financing challenges as well as reorganisation and market consolidation. Australia has seen a number of higher cost operations placed on care and maintenance during the period.

In other sectors and industries, Africa's operations have been impacted by customer mine closures in platinum and base metal markets. Infrastructure and tunnelling projects, particularly in Europe have been lower due to project delays.

Consolidation of some global competitors in key markets in North America and Europe should provide growth opportunities.

Volumes

Steel volumes were down 36% due to the combination of lower demand from coal markets, a contract loss in the US, as well as the strategic exit from low margin accounts across the regions.

Resins and Powders volumes were down 30% with lower volumes in North America continuing from the first half. Demand across Europe, particularly in Poland and the CIS, was also down in the second half versus the pcp, due to a number of customer closures as a result of reorganisation and financing challenges.

Performance summary

Amidst the challenging market conditions and resulting lower product volumes, EBITDA performance has improved by 3%. This is due to a combination of expansion into new sectors and industries as well as the continued rigorous management of operational costs. Expansion has been underpinned by a focus on opportunities to differentiate out of lower margin steel products and into the application of higher margin resins and powders. Cost reduction initiatives have aligned with market volumes changes to absorb overheads and maintain profitability. The impact of foreign exchange translation across the region was unfavourable, however this was offset by favourable one-off items.

Minova has completed its transition to a stand-alone global business. Geographical expansion is underway in complementary markets across North & Central Africa, Middle East and the America's. A strong pipeline of opportunities in diversified segments has been identified, specifically into hard rock and non-mining markets to expand the customer base outside coal.

Global support

Year ended 30 September	2016	2015	Change %
EBIT	(55.2)	(71.7)	23%
Adjusted for:			
Net gain on asset sales	12.9	11.9	8%
Environmental provision	(15.0)	(15.0)	-
Adjusted EBIT	**(53.1)**	**(68.6)**	**23%**

EBIT

After adjusting for asset sales and environmental provisions, global support EBIT improved by $16 million due to the non-repeat of business improvement costs in 2015 and lower net hedging costs in 2016.

Asset sales in the period related to the divestment of land sites at Botany (NSW).

Net interest expense

Adjusted net interest expense of $116 million was slightly lower than the pcp.

Year ended 30 September	2016	2015	Change %
Statutory net interest expense	84.3	82.2	(3%)
Adjusted for:			
Capitalised interest	35.1	36.7	(4%)
Discounting on provisions	(3.3)	(1.6)	>100%
Adjusted net interest expense	**116.1**	**117.3**	**1%**

Tax expense

An effective tax rate from continuing operations of 28.1% (pcp: 29.2%) was lower due to an increase in other foreign tax deductions and a higher proportion of profits in jurisdictions with a tax rate less than 30% partly offset by an increase in non-deductible interest and a de-recognition of booked tax losses.

Individually Material Items

Loss after income tax includes the following individually material items:

A$M	Gross	Tax	Net
Settlement of Australian Tax Action	-	(41.0)	(41.0)
Profit on sale of shareholding in Thai Nitrate Company Ltd	16.7	(0.7)	16.0
Impact of Chile plant incident	(21.3)	-	(21.3)
Individually material items attributable to shareholders of Orica	**(4.6)**	**(41.7)**	**(46.3)**

Further information on these items is included in Orica's 2016 Financial Statements (note 1d).

Group Cash Flow

Year ended 30 September	2016	2015	Variance A$M
Net Operating cash flows	777.9	739.4	38.5
Net Investing cash flows (excluding Chemicals sale)	(145.1)	(387.4)	242.3
Net Operating and Investing Cash Flows[1]	**632.8**	**352.0**	**280.8**
Dividends – Orica Limited	(213.4)	(356.1)	142.7
Dividends – non controlling interest shareholders	(12.3)	(16.7)	4.4
Adjusted net cash flows	**407.1**	**(20.8)**	**427.9**
Cash flows from Chemicals sale	(30.8)	652.2	(683.0)
Movement in borrowings and other net financing cash flows[9]	(275.3)	(608.3)	333.0
Net cash flows[10]	**101.0**	**23.1**	**77.9**

Performance highlights

The Group delivered strong net operating and investing cash flows of $633 million, up 80% on the pcp. This reflects the continued focus on working capital and strict adherence to our capital and investment management framework. Group cash conversion was 106%, an improvement from 81% in 2015.

Net Operating cash flows

Net cash generated from operating activities was 5% higher than 2015. Despite lower earnings in 2016, the Group was able to improve trade working capital with year-end trade working capital finishing at $304 million. The improvement was delivered across all regions, particularly in receivables and inventory levels. Interest paid was broadly in-line with the pcp, while income tax payments were lower as a result of lower taxable earnings.

Net Investing cash flows

Net investing cash outflows were down approximately 60% versus the pcp, reflecting the disciplined approach to capital spend. Investment in growth capital was down approximately 60% with reductions across all regions. Sustaining capital was down 25% with lower number of projects at manufacturing sites in line with the group's scheduled asset management program. Plant turnarounds are scheduled in 2017 at both Kooragang Island and Carseland. The reduction in capital expenditure had no impact on safety, environment and regulatory capital spend.

Contributions to the construction of the Burrup plant were $51 million, down $24 million on the pcp. The plant is expected to be commissioned in 2017 and will see the remaining capital spend in 2017.

Dividends[11]

Cash dividends paid to Orica shareholders were lower as a result of the change to the payout ratio policy in the first half of 2016. There was also a higher take-up of the dividend reinvestment plan in 2016.

Debt Management and Liquidity

Year ended 30 September	2016	2015	Variance A$M
Interest bearing liabilities	1,877.4	2,300.0	(422.6)
Less: Cash and cash equivalents	328.0	273.9	54.1
Net Debt[(5)]	1,549.4	2,026.1	(476.7)
Gearing %[(6)]	35.8%	40.4%	4.6 pts

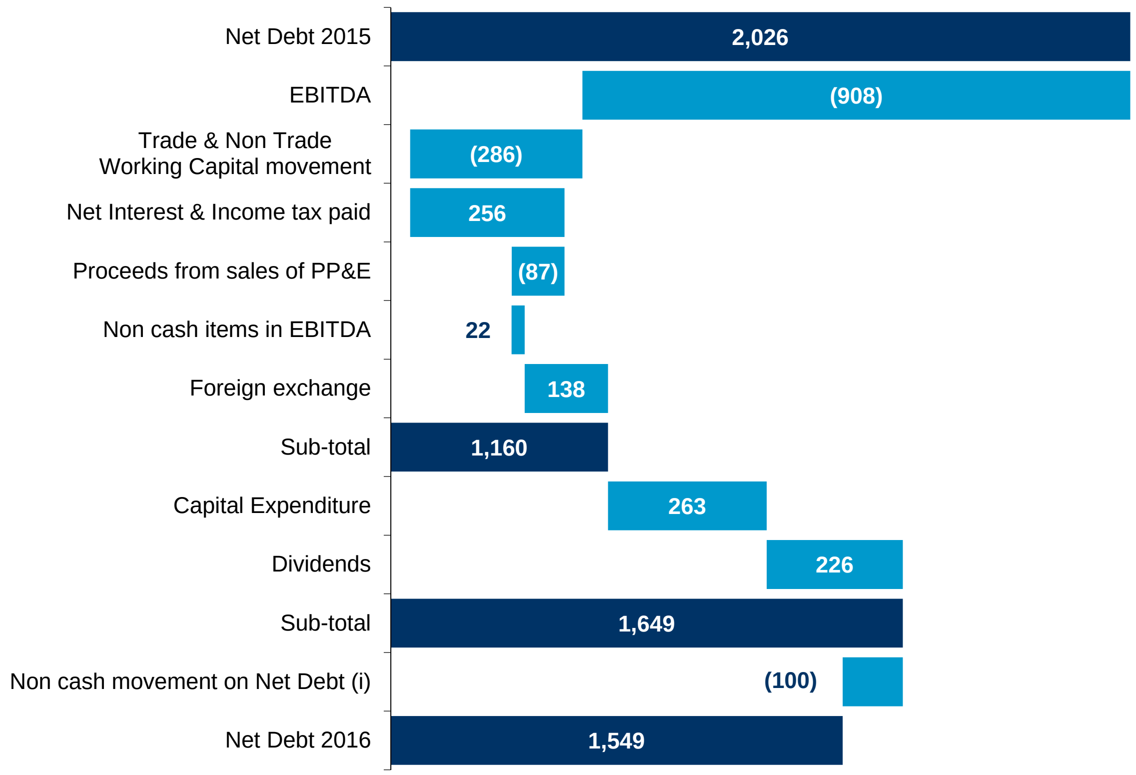
Interest bearing liabilities of $1,877 million comprises $1,791 million of US Private Placements and $86 million of committed and other bank facilities. The average duration of drawn debt is 5.4 years (5.8 years pcp).

Undrawn committed bank facilities of $1,767 million, with total debt facilities totalling $3,618 million provide for a strong liquidity position.

Gearing at 35.8% is at the low end of the Group targeted range of 35% - 45%. Since the first half of 2016, gearing has reduced by 7.3 points, reflecting the Group's diligent cash management and resulting reduction in net debt.

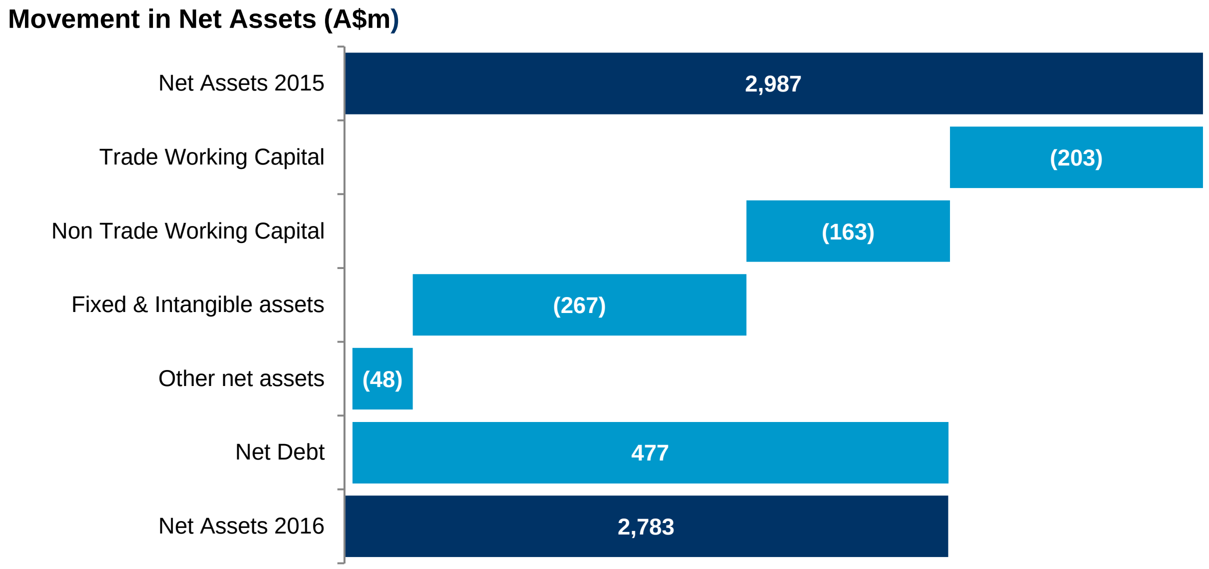
The table below illustrates the reduction in net debt for 2016.

Movement in Net Debt (A$m)



(i) Non cash movements on Net Debt comprise foreign exchange translation

Group Balance Sheet



Performance highlights

Maintaining a robust balance sheet whilst generating shareholder value is a core principle. This focus has continued throughout 2016 with performance improvements evident in the year-on-year movements explained below.

Trade working capital[(12)] The Group continued to focus its efforts on improving trade working capital with a reduction of $203 million. The improvement was delivered across all regions, particularly through reductions in receivables and inventory levels within the supply chain. Payables were slightly lower than the pcp. Working capital is expected to increase during 2017 due to the build-up of inventory in preparation for the scheduled Kooragang Island and Carseland shutdowns.

Non trade working capital[(13)] (NTWC) moved by $163 million, of which $23 million was from the collection of cash proceeds from PPE sales. Other major movements included the non-cash actuarial loss of $81 million on the Group's defined benefit plans, and the settlement of the Australian Taxation Office Part IV dispute and Norway Central Tax Office tax audit of $49 million.

Fixed & Intangible assets represent 65% of the Group's total assets. Orica is focused on ensuring value is generated from its asset base and that future investments are aligned with the capital and investment management framework. The reduction in assets of $267 million was largely due to the impact of foreign exchange translation. Total capital investment for the year was $263 million, being a 41% reduction from the pcp. Depreciation and amortisation expense at $266 million was down on the pcp due to the impact of asset impairments in 2015.

Other net assets decreased by $48 million largely from the impact of foreign exchange translation across investments, taxation and derivative financial instruments.

Dividend

In May 2016, the Board announced a new dividend payout ratio policy, replacing the progressive dividend policy.

At the end of each financial reporting period, the Board will determine an appropriate total level of ordinary dividend per share, taking into account the results for the year, balance sheet and outlook. The Board expects the total payout ratio to be in the range of 40 to 70 percent of underlying earnings. It is also expected that the total dividend paid each year will be weighted towards the final dividend.

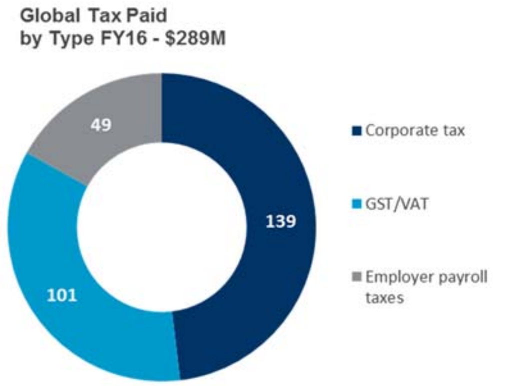
The Board has declared a final ordinary dividend of 29 cps. The dividend is 27.6% franked at 8 cps. The dividend represents a payout ratio of 55% and brings the full year payout ratio to 48%.

The dividend is payable to shareholders on 9 December 2016 and shareholders registered as at the close of business on 11 November 2016 will be eligible for the final dividend. It is anticipated that dividends in the near future are unlikely to be franked at a rate of more than 35%.

Tax contribution summary

In 2016, Orica paid $139 million (2015 $163 million) globally in corporate income taxes and $49 million (2015 $51 million) globally in payroll taxes. Orica collected and remitted $101 million (2015 $114 million) globally in GST / VAT.

The charts show 2016 corporate income tax paid in each region (including withholding tax and trade taxes), and an analysis of total tax paid by type.



In Australia, Orica paid $51 million (2015 $63 million) in corporate income taxes, $17 million (2015 $21 million) in payroll tax and $3 million (2015 $4 million) in fringe benefits tax. Orica collected and remitted $45 million (2015 $71 million) in GST and $97 million (2015 $111 million) in 'pay as you go' withholding taxes.

Orica's tax policy and approach to tax is published on orica.com.

Burrup Technical Ammonium Nitrate (TAN) Plant

A strategic decision was taken in 2012 to enter a joint venture with Yara (operator) for the Burrup TAN plant (Orica has a 45% economic interest with marketing rights).

Commissioning issues relating to the plant are currently being addressed by the operator, and Orica is currently evaluating all options for the plant for the delivery of economic returns. Commissioning plans, focusing on a ramp up in production, will be in line with market demand.

The Burrup TAN plant is a 30 year plus asset situated in the Pilbara region in Western Australia, a market that is expected to grow over the next five years.

2017 Outlook

While there has been some external optimism on market conditions, we remain conservative and will continue to focus on business improvement initiatives that improve profitability and shareholder value.

Key assumptions for FY17 are:

- Global AN product volumes in the range of 3.5 million tonnes, +/- 5%.
- Cyanide volumes expected to be in line with FY16.
- Minova focused on improving performance under the new structure, and expected to remain cashflow positive.
- Headwinds of approximately $60 million expected from price resets; $50 million to $70 million from previously negotiated material input contracts; and increased depreciation and amortisation post Burrup commissioning. These headwinds are to be offset by FY16 business improvement initiative benefits and expected FY17 new business improvement initiatives.
- Continued focus on capital discipline will see FY17 capital expenditure in the range of $300 million to $320 million (including scheduled maintenance at Kooragang Island and Carseland and remaining Burrup spend).
- Effective tax rate (excluding individually material items) to be marginally higher than FY16, and interest expense will also rise following completion of the Burrup project.

Footnotes

The following footnotes apply to this results announcement:

(1) Equivalent to net cash flow from operating and investing activities (as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report) excluding net proceeds from the sale of Chemicals business.

(2) Comprises total payments for property, plant and equipment and intangibles as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report.

(3) EBIT (equivalent to Profit from operations in Note 16 within Appendix 4E – Orica Preliminary Final Report) from continuing operations before individually material items.

(4) Equivalent to net profit for the period after income tax expense before individually material items attributable to shareholders of Orica Limited disclosed in note 16 within Appendix 4E – Preliminary Final Report.

(5) Total interest bearing liabilities less cash and cash equivalents as disclosed in note 3 within Appendix 4E – Preliminary Final Report.

(6) Net debt / (net debt + total equity) as disclosed in note 3 within Appendix 4E – Preliminary Final Report.

(7) Dividend amount for the year / NPAT before individually material items.

(8) EBIT from continuing operations before individually material items plus Depreciation and Amortisation expense from continuing operations.

(9) Equivalent to net cash used in financing activities (as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report) excluding Dividends paid to Orica ordinary shareholders and non-controlling interests.

(10) Equivalent to net increase in cash held disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report.

(11) Comprises total dividends paid to Orica ordinary shareholders and non-controlling interests as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report.

(12) Comprises inventories, trade receivables and trade payables disclosed within Appendix 4E – Preliminary Final Report.

(13) Comprises other receivables, other assets, other payables and provisions.

Forward-looking statements

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Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

Past performance is no guarantee of future performance.

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

This report 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. The 2016 Full Year Results presentation includes non IFRS reconciliations. Forecast information has been estimated on the same measurement basis as actual results.

For further information

Investors
Delphine Cassidy
Mobile: +61 (0) 419 163 467

Media
Sam Stevens
Mobile: +61 (0) 400 693 915