

ASX RELEASE

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BUSINESS UPDATE: CHANGES TO FY20 RESULTS RELEASE AND AGM DATES, FY20 EXPECTED SIGNIFICANT ITEMS AND RESULTS

Melbourne: Orica (ASX: ORI) today provided the following update to the Australian Securities Exchange.

1. Changes to full year results release and AGM dates

The final, and most significant, phase of Orica's new single enterprise resource planning (SAP) system ("the system") went live in July 2020, in the midst of the pandemic. The COVID-19 related challenges, where training and support has had to be provided remotely, led to some delays which has resulted in a decision to defer the reporting of the full year result by two weeks.

The updated 2020 end of financial year timetable is as follows:

Tuesday, 20 October 2020	Closing date for receipt of nominations for Orica Limited Board
Friday, 20 November 2020	2020 full year results released
Tuesday, 22 December 2020	2020 Annual General Meeting (virtual)
Friday, 15 January 2021	Final dividend payment date

Orica Chief Executive Alberto Calderon said: "The deployment of SAP is a historic, and game-changing, milestone for Orica.

"The underlying business has transitioned without major disruption and is running on SAP today. Our manufacturing operations have continued uninterrupted, and we now have clear visibility on sales and billing. The system is already delivering material operational insights and efficiencies and helping improve product security and customer outcomes.

"Nevertheless, due to delays caused by COVID-19 quarantine and the impact this has on closing accounts and auditing them, we have decided it is prudent to defer our financial results release by two weeks.

"We look forward to presenting our results next month and giving an update on our strategic agenda to improve performance, extend our position as manufacturing and technology market leaders and drive further value for our shareholders.

"Based on our early indications, we expect underlying EBIT for this financial year to be slightly above \$600 million."

2. FY20 expected significant items

Over the past few years, Orica has implemented several efficiency improvement initiatives to simplify, streamline and standardise end to end processes globally. As a result of these initiatives now being embedded across the business, Orica expects to recognise approximately \$170 million (pre-tax) of costs comprising \$105 million in non-cash costs and \$65 million in cash costs in its FY20 consolidated results. The post-tax effect is expected to be approximately \$130 million.

A summary of expected significant items is as follows:

Initiating system network optimisation

As previously disclosed, Orica is undertaking a global project to rationalise its product portfolio, simplify and reduce its different technologies, and enable the optimisation of the initiating system (IS) plant network. This project is expected to result in a substantial increase in the IS plant network's utilisation from around 48% currently to above 80% by 2024.

As part of these plans, the Minden and Hallowell (USA) and Tappen (Canada) plants will cease production, with further rationalisation of other manufacturing facilities planned. This is expected to result in costs of approximately \$80 million.

Continuing operating model roll-out

Orica is working towards aligning its organisational structure to support the new standardised end-to-end processes that were implemented with the new SAP system. There is an identified reduction in headcount resulting in redundancy costs of approximately \$25 million.

Impairment of IT assets

Following the successful final rollout of the system, some IT assets will no longer be needed. This is expected to result in a non-cash impairment of approximately \$65 million.

3. FY20 expected results

At the half year results on 8 May 2020, Orica provided a full year outlook based on its view of mining activity at that time, stating that the company expected Ammonium Nitrate (AN) volumes for the second half of FY20 to be 10 to 15 per cent below the expected pre-COVID-19 volumes.

Due to the pandemic impacting developing markets more severely for longer, AN volumes for the second half of FY20 are now expected to be close to 15 per cent below the expected pre-COVID-19 volumes. Higher supply chain costs, largely freight, continue to impact the business as we support customers' operations during the pandemic.

The Company expects FY20 underlying EBIT to be slightly above \$600 million.

End.

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ABOUT ORICA

Orica (ASX: ORI) is the world's largest provider of commercial explosives and innovative blasting systems to the mining, quarrying, oil and gas and construction markets, a leading supplier of sodium cyanide for gold extraction, and a specialist provider of ground support services in mining and tunnelling. For more information about Orica, visit: www.orica.com