

ASX RELEASE

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MARKET UPDATE ON FACTORS IMPACTING FIRST HALF FY21

Melbourne: Orica (ASX: ORI) today provided an update on key factors reducing Earnings Before Interest and Tax in the first half of FY21.

- **Mining activity (~A\$70 million to A\$80 million):** Trade tension between Australia and China is ongoing and is impacting demand in Orica's higher margin Australian thermal coal market. In the first half of FY21, demand for Orica's products and services from affected mines is expected to be approximately 60 thousand tonnes of ammonium nitrate lower than the prior corresponding period (pcp).

COVID-19 continues to be a significant source of uncertainty for Orica. Activity in Colombia is significantly lower than the pcp due to major customers' temporary and permanent mine closures. Continuing social unrest in Peru and strikes in Chile have reduced demand for products and services in those countries, and COVID-19 has led to an unfavourable but temporary shift in the product mix of customer demand in Peru.

Mining activity also remains severely disrupted by the pandemic in several other regions, including parts of Europe, Africa and Mexico where the virus has been widespread and its impacts more prolonged than our original expectation. Indonesia has been impacted by lower volumes due to ongoing effects of COVID-19 and adverse weather.

Mining activity in Australia, the United States of America and Canada has remained largely resilient to COVID-19.

- **Foreign exchange (FX) (~A\$20 million to A\$25 million):** The Australian dollar has strengthened against several major currencies, including the US dollar, in the year to date as compared to both the prior corresponding period and previous expectations. This has driven an unfavourable FX impact to the translation of foreign currency earnings.
- **Additional items (~A\$15 million to A\$20 million):** Further arbitration costs relating to the Burrup plant and additional SAP system stabilisation costs are expected in the first half of FY21.

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