

# 2021 Full Year Results

**11 NOVEMBER 2021**

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# Disclaimer

## Forward looking statements

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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 slide 54 for a reconciliation of IFRS compliant statutory net profit/(loss) after tax to EBITDA. Forecast information has been estimated on the same measurement basis as actual results.

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

## AGENDA

# 2021 Full Year Results



2021 in review

*Slide 4*

Financial performance

*Slide 12*

Strategy update

*Slide 20*

2022 outlook

*Slide 38*





# 2021 in review

SANJEEV GANDHI, MANAGING DIRECTOR & CEO



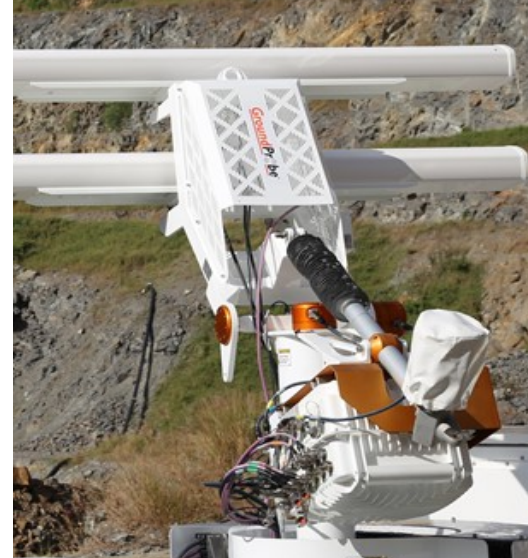
# Sustainably mobilising the earth's resources



**Leading** on-mine blasting and detonator supplier and services provider



**Leading** quarry and construction blasting and services provider



**Leading** provider of blasting and orebody intelligence software, fragmentation measurement and stability monitoring



**Leading** provider of mining chemicals

# Safety is our top priority, and our sustainability focus is pivotal to our strategy



## Safety and our people

- Fatality free year
- Serious Injury Case Rate at 0.19, coming off historic lows
- Focus on Major Hazards Management program and AN storage
- Supporting our people's health and mental wellbeing
- Valuing diversity; women represent 28% of senior management



## Caring for the community and environment

- Focus on LOC<sup>1</sup> lowering risk of impacts to the environment
- \$2.4 million invested in local communities
- Supporting critical community needs during COVID-19 pandemic
- Modern slavery supply chain risk mitigation strengthened



## Climate change

- Reducing our emissions; 13% reduction since 2019<sup>2</sup>
- Pathway to reduce Scope 1 and Scope 2 emissions by at least 40% by 2030
- Ambition to achieve net zero emissions by 2050<sup>3</sup>
- Announced Kooragang Island Decarbonisation Project in partnership with NSW Government and Clean Energy Finance Corporation
- Awarded optional Carbon Abatement Contract for purchase of 3.4 million Australian Carbon Credit Units
- Low-emissions technology deployed at Carseland, Canada
- Executive remuneration linked to climate change
- Climate Action Report aligned to TCFD<sup>4</sup> framework

1. A loss of containment (LOC) is any unplanned or uncontrolled release event

2. Scope 1 and Scope 2 greenhouse gas (GHG) emissions

3. Covers global Scope 1 & Scope 2 emissions under Orica's direct control, and material Scope 3 emission sources. Material means the GHG emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. These comprise around two-thirds of Orica's Scope 3 emissions footprint

4. Task Force on Climate-Related Financial Disclosures framework

## CONTINUED TO STABILISE THE CORE

# Second half 2021 focused on stabilising the core and positioning us for future growth

### We spoke about five priorities...

### ...and have achieved key milestones in 2H21, setting a strong base for our refreshed strategy

|                                       |                                                                                                                                               |   |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---|
| Technology                            | Delivered to plan in FY21; mainly from strong digital technology adoption                                                                     | ✓ |
| Exsa integration                      | Exsa successfully integrated, tracking in line with plan                                                                                      | ✓ |
| Continuous manufacturing optimisation | Burrup running in line with plan; fully operational, producing good quality product                                                           | ✓ |
| IS network optimisation               | 74% reduction in the number of SKUs since FY18; Hallowell, Minden and Tappen plants in North America now closed                               | ✓ |
| Operating model                       | Global restructuring project executed; further activity continuing as part of sustainable cost reduction and alignment with SAP stabilisation | ✓ |



## ENHANCING THE CORE

# Our refreshed strategy will be supported by continuous efforts to drive profitable growth and reduce the cost base

### Progress to date

### Go forward

|                                 |                                          |                                                                              |                                                                                                                          |
|---------------------------------|------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Improving profitability         | Pricing discipline                       | Greater focus on pricing and sustainable margin improvement                  | Capture fair share of value including pricing for security of supply                                                     |
|                                 | Ongoing cost reduction                   | Significant reduction in functional headcount                                | Continuous cost reduction focus going forward                                                                            |
|                                 | Leveraging SAP to drive improved margins | Phase one stabilisation complete                                             | Leveraging the system to enhance operational efficiencies and commercial outcomes                                        |
| Strengthening the balance sheet | Review of geographic footprint           | Plan to exit up to ten countries commenced                                   | Ongoing review of countries which are not strategically aligned or could be better serviced through alternative channels |
|                                 | Continuing non-core land sales           | Land sales; Villawood NSW in H1 and Lot 1 (formerly Lot 9), Botany NSW in H2 | Further non-core land sales over the next three years, including Deer Park                                               |

## FULL YEAR RESULTS

# Challenging first half with momentum building from second half recovery

- Sales revenue and AN volumes up on the pcg, with Exsa included in Group for full FY21
- 14% increase in Electronic Blasting Systems (EBS) on the pcg and 8% increase in premium emulsion
- Performance impacted by challenging market conditions, including:
  - Unfavourable foreign exchange (FX)
  - Geopolitical issues
  - Rising input costs
  - High supply chain costs
- Cash proceeds totalling \$140 million from sale of non-core land
- Strong net operating cash flow and cash conversion
- Gearing within target range of 30% to 40%
- Significant headroom to gearing and interest cover debt covenants
- Final unfranked dividend of 16.5 cents per ordinary share. Total dividend per share for the year of 24.0 cents per share, within target payout ratio at 47%

1. Includes discontinued operation (Minova) which is held for sale

2. Equivalent to profit/(loss) before financing costs and income tax as disclosed in Note 1(b) within the Appendix 4E – Preliminary Final Report, before individually significant items

3. Equivalent to profit after income tax expense before individually significant items attributable to shareholders of Orica Limited as disclosed in Note 1(b) within Appendix 4E – Preliminary Final Report. Statutory net loss after tax was \$174 million

4. Excludes the impact of leases which, under AASB 16 Leases, are treated as debt with effect from 1 October 2019

5. Dividend amount / Underlying NPAT before individually significant items



Underlying EBIT<sup>1,2</sup>

**\$427m**

**DOWN 30% vs pcg**

AN volume

**4.09mt**

**UP 4% vs pcg**

Underlying NPAT<sup>3</sup>

**\$208m**

**DOWN 30% vs pcg**

Sales revenue<sup>1</sup>

**\$5.7b**

**UP 1% vs pcg**

Gearing<sup>4</sup>

**34.6%**

**within target range**

Final dividend

**16.5cps**

**50% payout ratio<sup>5</sup>**

# Improved performance in second half across all regions



## Australia Pacific & Asia

- Improvement in H2 following softness in Australian East Coast demand in H1 from trade tensions with China
- Growing demand from customers in the Metals business
- EBIT impacted by lag in recovery of rising ammonia costs which increased ~85% in 2H21 on the pcg
- Burrup depreciation commenced in FY21



## North America

- Improved business sentiment in H2
- Soft demand in the USA in H1, partially offset by increased mining activity in Canada on the pcg
- Lower EBIT from non-repeat of carbon credits in H1 and unfavourable FX
- Higher sourcing costs following incident at La Portada plant in H1 and Carseland turnaround in H2



## Latin America

- Business stabilisation in H2
- Exsa performing in line with plan
- Significantly reduced coal production in Colombia
- Demand in Chile impacted by strikes
- Increased demand in Peru - largely entry level products
- Higher sea freight costs and unfavourable FX



## Europe, Middle East & Africa

- Improved market conditions in H2
- H1 AN volumes impacted by reduced mining, tunnelling and construction activity in Europe and Middle East
- Cyanide impacted by shipment delays to Africa
- Lower EBIT from higher sea freight costs and unfavourable FX

Refer slides 44 to 48 for detail



# Orica Monitor result up 50% and Minova has delivered to plan

## Orica Monitor

- >50% increase in EBIT on the pcp
- Strong growth in demand for monitoring products and services; both in radar sales and recurring revenue
- Positive growth from new product, Velox
- Celebrated 20-year anniversary of GroundProbe
- Efficiency and cost control at Nitro Consult
- Launch of MonitorIQ



## Minova (held for sale)

- Customer growth from increased demand, notably in Canada
- Partially offset by weaker thermal coal production in Australia Pacific and the Americas
- Reduced overhead costs
- Remains EBIT and cash flow positive

Refer slide 49 for figures



# Financial Performance

CHRISTOPHER DAVIS, CHIEF FINANCIAL OFFICER

## FINANCIAL RESULT

# Results strengthened in the second half after a challenging start to the year

| Year ended September (\$M)                                                    | 2021 <sup>1</sup> | 2020<br>Restated <sup>1,2</sup> | Change      |
|-------------------------------------------------------------------------------|-------------------|---------------------------------|-------------|
| Sales revenue                                                                 | 5,682             | 5,611                           | 1% ▲        |
| Underlying EBITDA <sup>3</sup>                                                | 796               | 946                             | (16%) ▼     |
| Underlying EBIT <sup>4</sup>                                                  | 427               | 614                             | (30%) ▼     |
| Underlying NPAT <sup>5</sup>                                                  | 208               | 299                             | (30%) ▼     |
| Individually significant items after tax                                      | (382)             | (217)                           | (76%) ▼     |
| Statutory net profit / (loss) after tax                                       | (174)             | 82                              | -           |
| Return on net assets (RONA) – continuing operations <sup>6</sup>              | 8.1%              | 11.8%                           | (3.7pts) ▼  |
| Earnings per share before individually significant items (cents) <sup>7</sup> | 51.2              | 75.6                            | (24.4cps) ▼ |
| Total dividend per share (cents)                                              | 24.0              | 33.0                            | (9.0cps) ▼  |

1. Includes discontinued operation (Minova) which is held for sale, apart from Return on net assets

2. Restated to reflect application of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement

3. EBIT before individually significant items plus depreciation and amortisation expense

4. Equivalent to profit/(loss) before financing costs and income tax disclosed in Note 1(b) within Appendix 4E – Preliminary Final Report

5. Equivalent to profit after income tax expense before individually significant items attributable to shareholders of Orica Limited disclosed in Note 1(b) within Appendix 4E – Preliminary Final Report

6. 12 month EBIT/Rolling 12 month Average Operating Net Assets where Operating Net Assets = Property, Plant & Equipment, Intangibles, Equity Accounted Investees and working capital excluding environmental provisions, excluding Minova which is held for sale

7. Refer to Note 2 of Appendix 4E – Preliminary Final Report



## INDIVIDUALLY SIGNIFICANT ITEMS

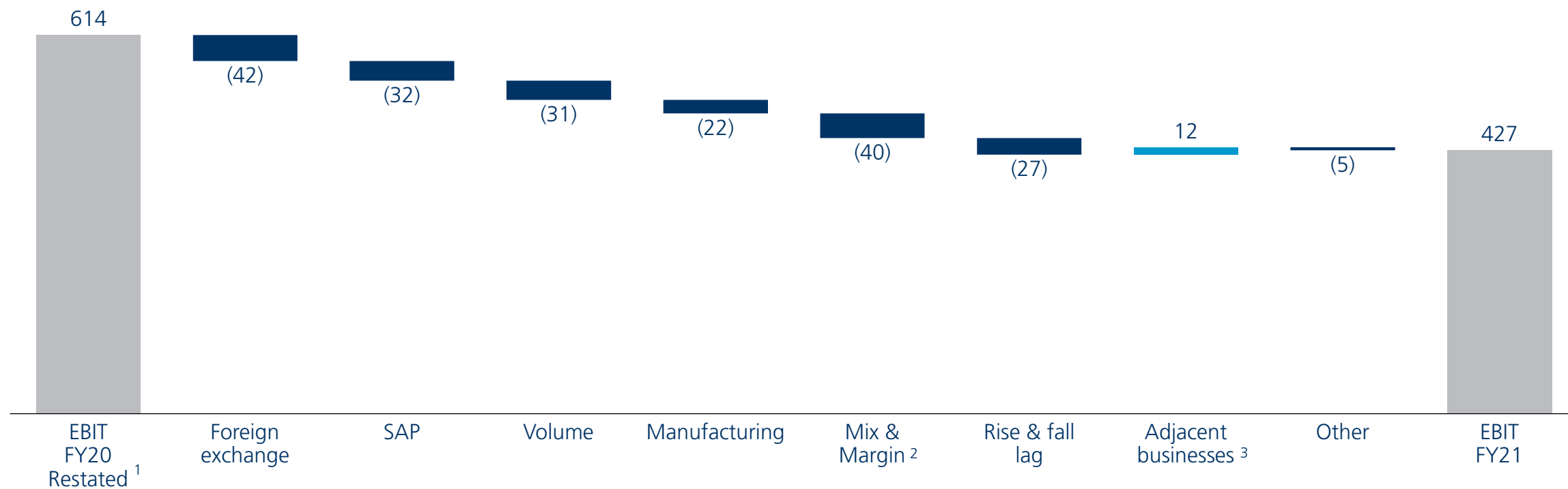
# Cash positive net impact from individually significant items

| Year ended September (\$M)                  | Gross<br>(before tax) | Tax         | Net<br>(after tax) |
|---------------------------------------------|-----------------------|-------------|--------------------|
| Gain on sale of land                        | 112.4                 | 5.7         | 118.1              |
| Operating model restructuring               | (47.0)                | 13.2        | (33.8)             |
| Environmental provision expense             | (39.3)                | 11.8        | (27.5)             |
| EMEA goodwill impairment                    | (162.4)               | -           | (162.4)            |
| Pilbara impairment                          | (317.6)               | 41.0        | (276.6)            |
| <b>Total individually significant items</b> | <b>(453.9)</b>        | <b>71.7</b> | <b>(382.2)</b>     |



# Significantly improved second half performance

Orica Group EBIT FY20 to FY21 (\$M)



1. Restated to reflect application of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement

2. Includes non-repeat of carbon credits in Canada and higher freight costs

3. Comprises Orica Monitor and Minova

## CAPITAL EXPENDITURE

# Manufacturing plant turnarounds executed as planned and Burrup rectification works complete

Total capital expenditure at lower end of expected range, reduced on the pcg following completion of Burrup rectification works.

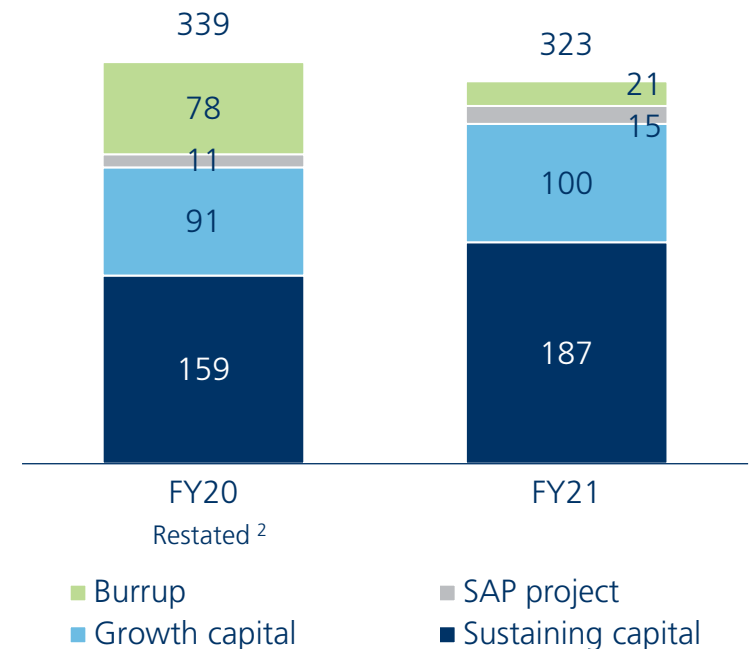
### Growth

- Increased spend to support customer growth particularly in Brazil, Africa and the CIS
- Investment in supporting new technology ramp up, particularly in Canada and Australia
- Includes growth capital for Exsa

### Sustaining

- Higher sustaining capital in Australia from planned maintenance turnarounds in first half:
  - Kooragang Island AN
  - Yarwun cyanide
  - Yarwun AN
- Planned turnaround at Carseland, Canada commenced in August 2021 and completed in October 2021 including installation of tertiary catalyst abatement technology

Capital expenditure (\$M) <sup>1</sup>



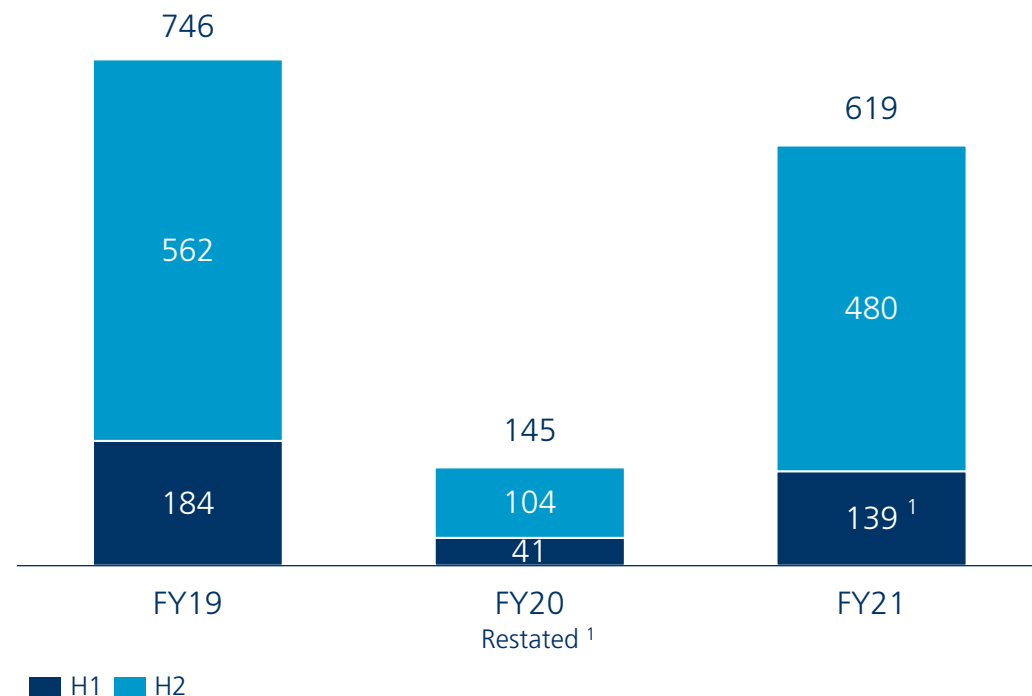
1. Excludes capitalised interest

2. Restated to reflect application of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement

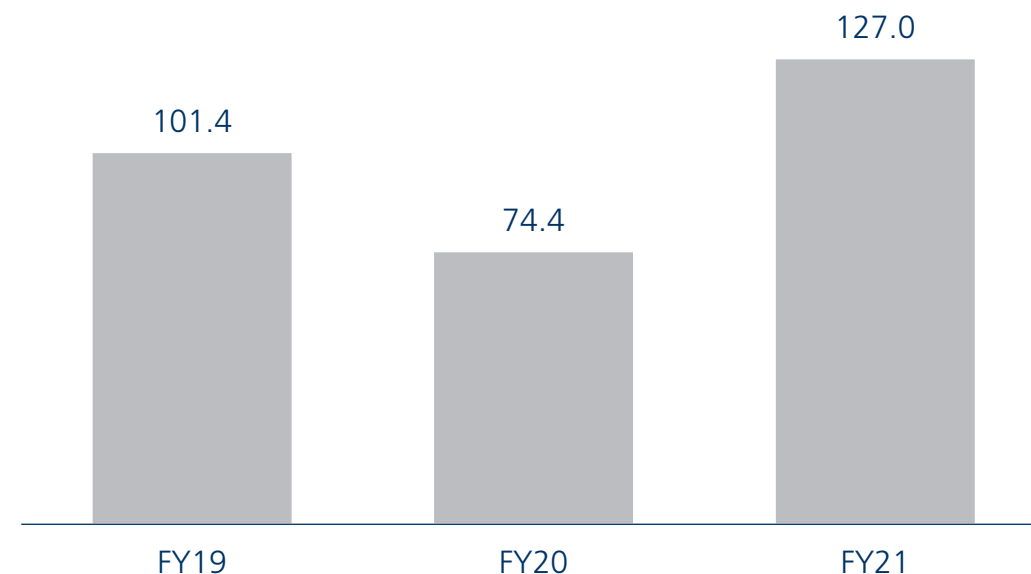
## CASH FLOW

# Strong operating cash flow and cash conversion sustained into second half

Net operating cash flow (\$M)



Cash conversion<sup>2</sup> (%)



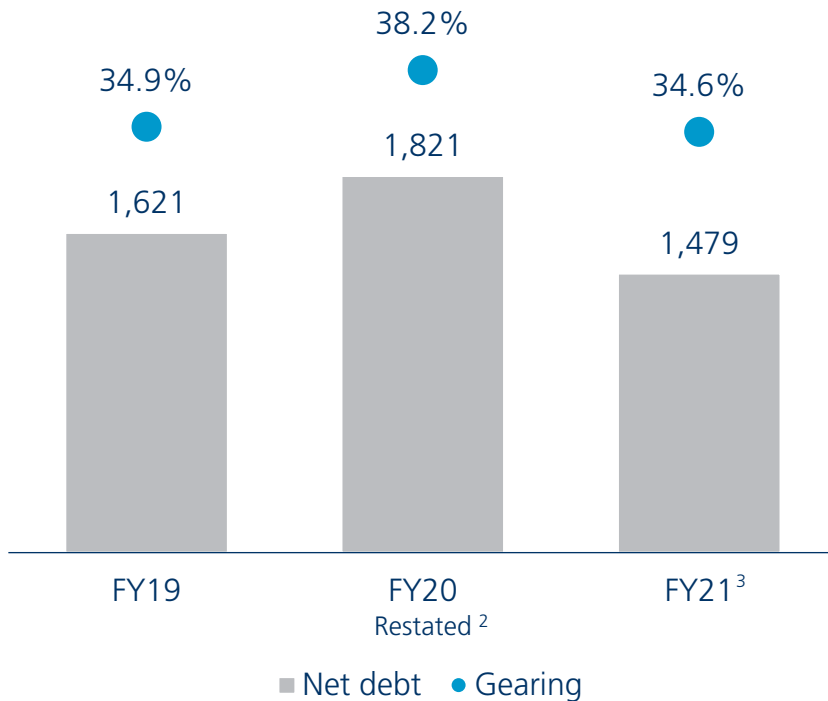
1. Restated to reflect application of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement

2. (EBITDA add / less movement in trade working capital, adjusted for acquisitions and disposals) / EBITDA

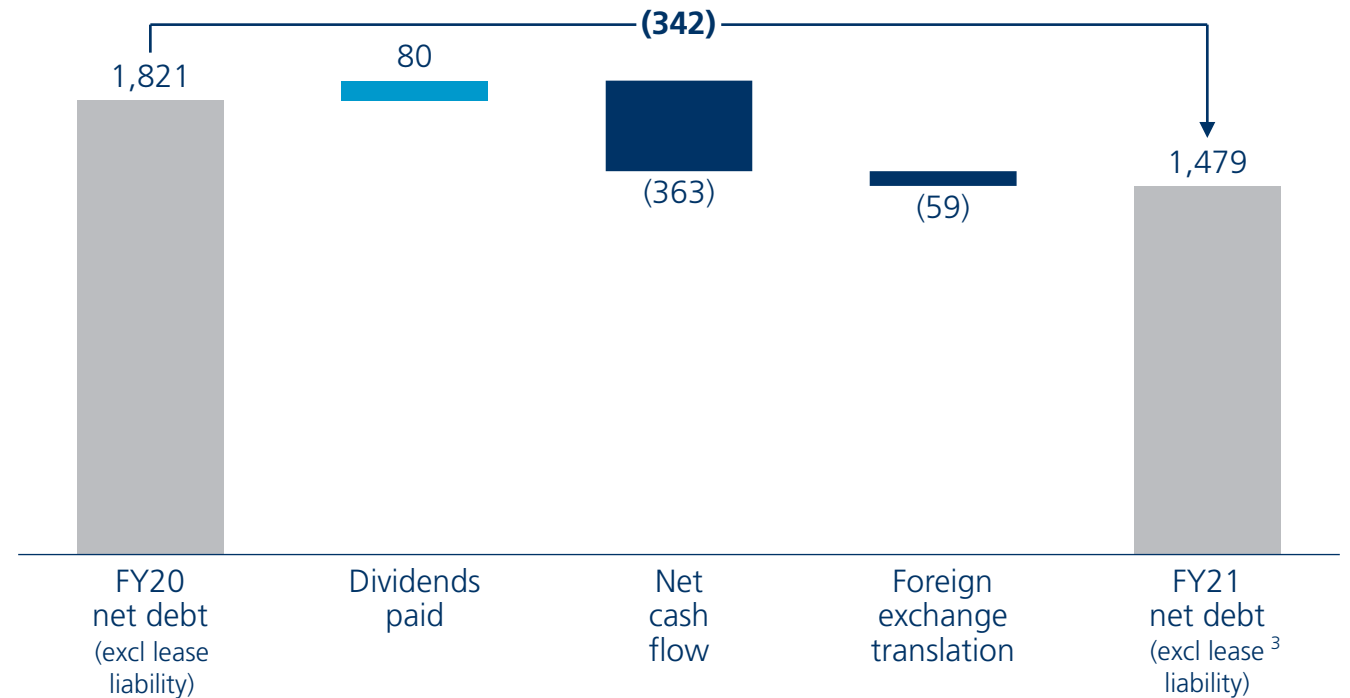
## NET DEBT

# Reduction in net debt from strong cash generation and proceeds of land sales

Net debt<sup>1</sup> & gearing (\$M, %)



Movement in net debt<sup>1</sup> (\$M)



1. Excludes the impact of leases on net debt

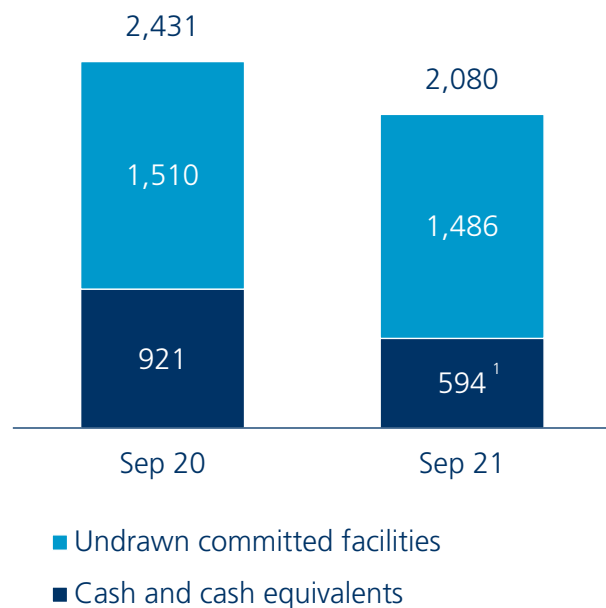
2. Gearing restated to reflect application of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement

3. Net debt excludes \$42 million of Minova cash



# Balance sheet and liquidity profile

## Available liquidity (\$M)



## Debt covenants<sup>2</sup>

### Gearing (%)

..... 57.5%

● 34.6%

30 Sep 2021

### Interest cover (times)

● 4.6x

..... 2.0x

30 Sep 2021

● Orica ..... Covenant

- Cash and undrawn committed facilities provide liquidity of \$2.1 billion
- Significant headroom to gearing and interest cover debt covenants
- Well distributed debt maturity profile<sup>3</sup>, with limited near term refinancing requirements
- Average drawn debt tenor of 5.4 years
- Continued focus on balance sheet and cash preservation, including:
  - trade working capital performance
  - disciplined capital allocation
  - management of operational costs and discretionary spend
  - monetisation of non-core land holdings

1. US Private Placement bond maturity (\$469 million) was repaid in Oct 2020. The year-on-year reduction in available liquidity is offset by a corresponding reduction in gross debt

2. Orica's debt covenants exclude the impact of AASB 16 (Leases)

3. For debt maturity profile, refer slide 52



# Strategy update

SANJEEV GANDHI, MANAGING DIRECTOR & CEO  
CHRISTOPHER DAVIS, CHIEF FINANCIAL OFFICER

GLOBAL REACH

# Orica's global reach creates a significant competitive advantage



13,000+ employees



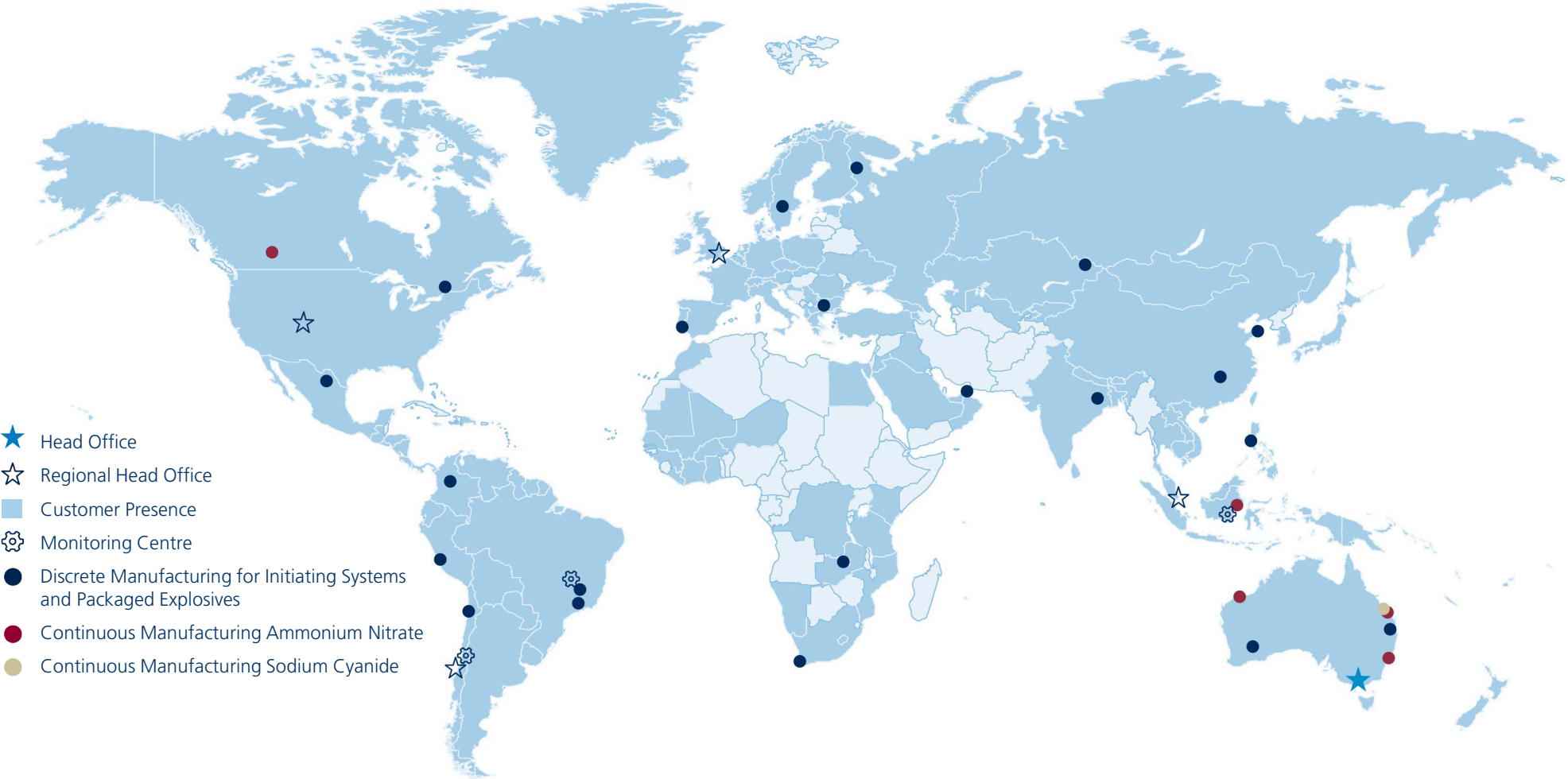
148 years of expertise



Customers in more than 100 countries

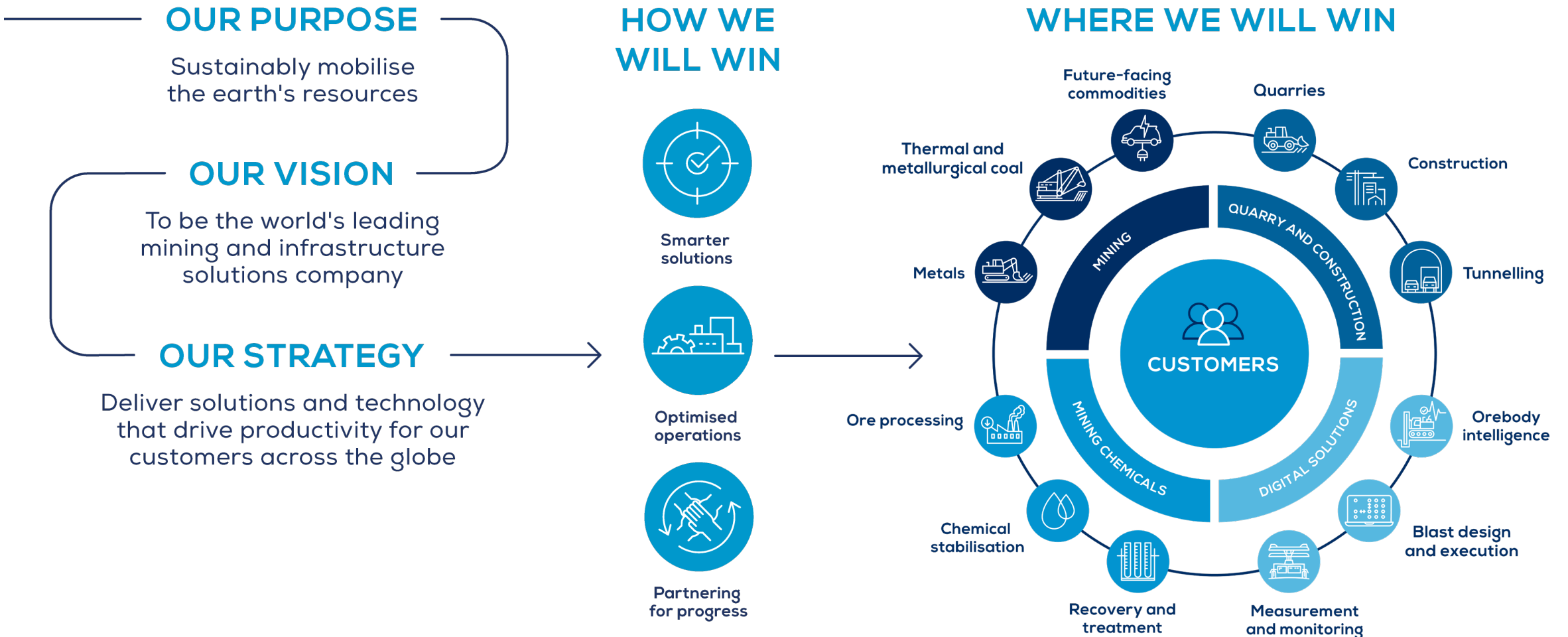


6 continuous plants and 21 discrete plants



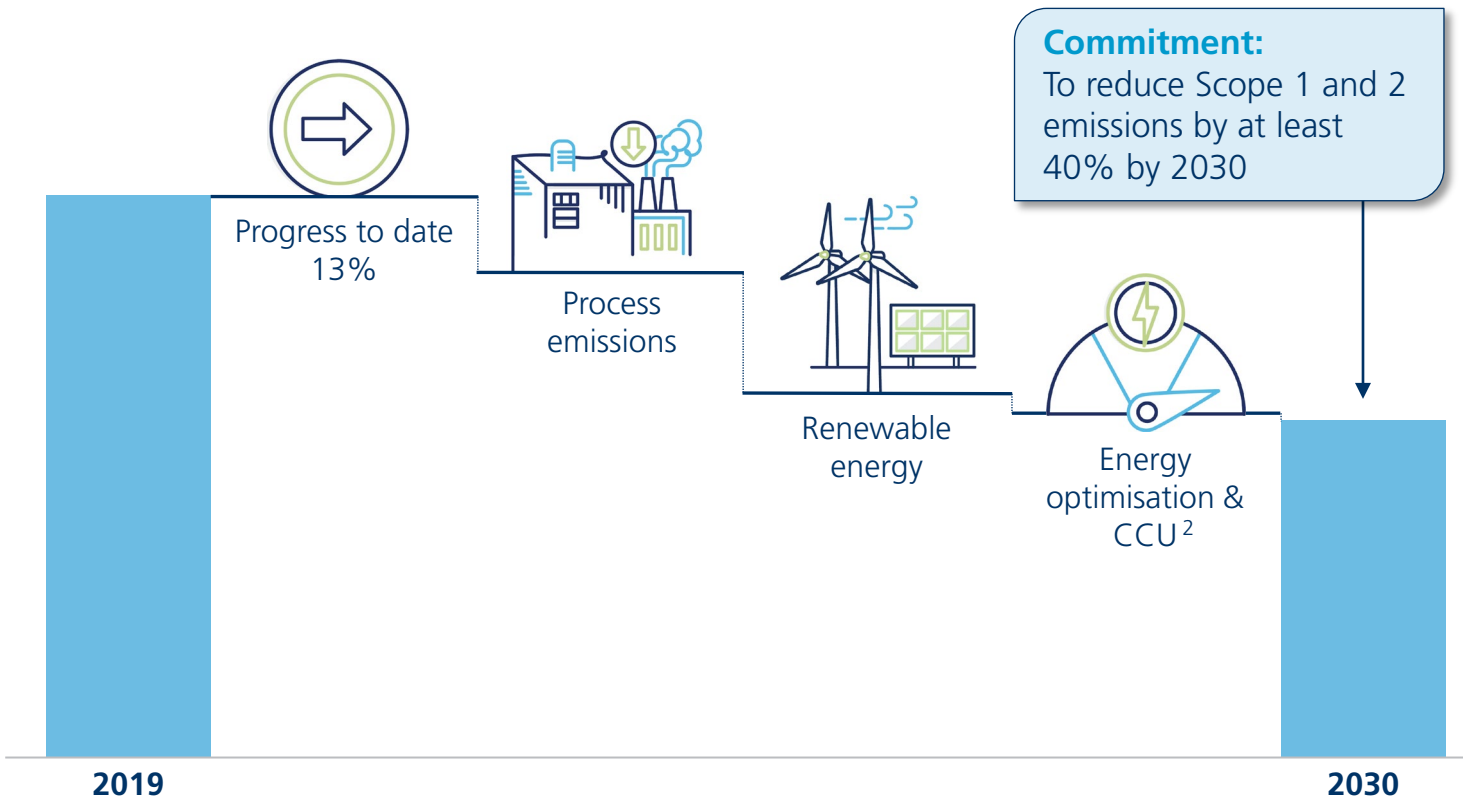


# Positioning Orica to deliver shareholder value



# Progressing towards our existing commitment to reduce $\geq 40\%$ scope 1 & 2 greenhouse gas emissions by 2030

## Decarbonisation pathway towards 2030<sup>1</sup>



### Process emissions

- Priority to reduce nitrous oxide emissions from chemical processes
- Tertiary catalyst technology deployed in Carseland, Canada
- Kooragang Island Decarbonisation Project planned for execution in late CY22

### Renewable energy

- Renewable electricity sourcing strategy underway

### Energy optimisation and CCU<sup>2</sup>

- Ammonia manufacture emissions intensity improvement
- Supporting construction of mobile demonstration CCU<sup>2</sup> plant at Kooragang Island, due in FY23

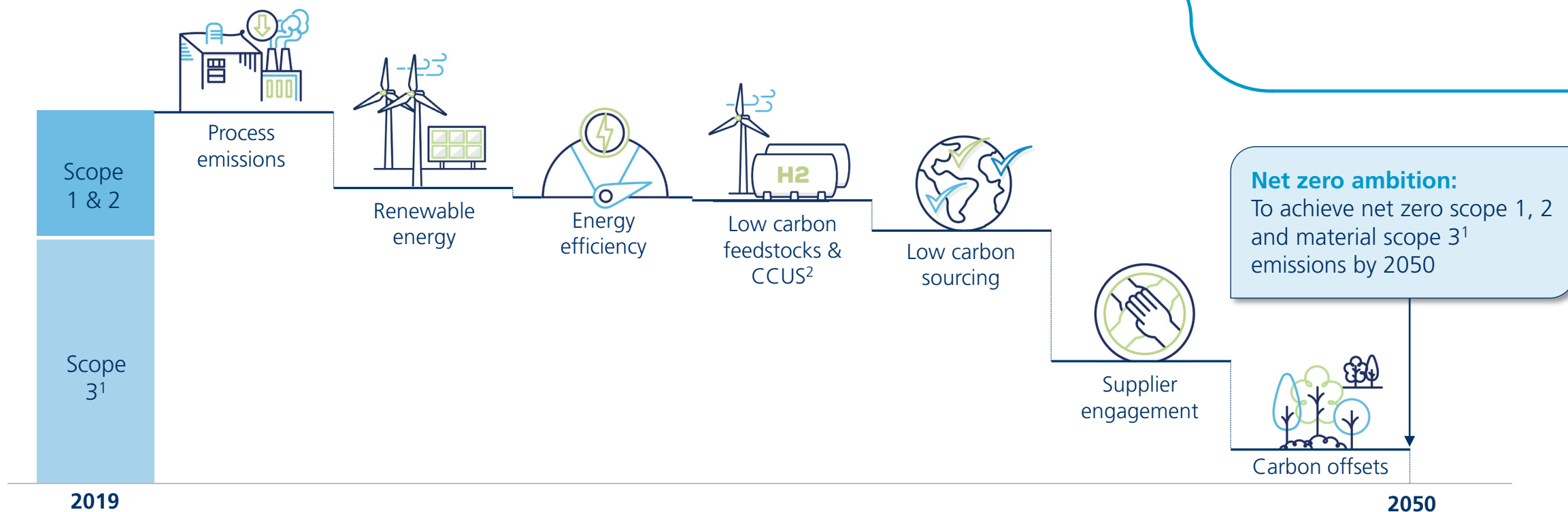
1. Prepared for illustrative purposes. Carbon offset purchasing is not envisaged to be required in achieving the commitment

2. Carbon Capture Utilisation



# Ambition to achieve net zero emissions by 2050<sup>1</sup>, building on our 2030 commitment

## Ambition to achieve net zero greenhouse gas emissions by 2050<sup>1</sup>



1. Covers our global Scope 1 & Scope 2 emissions under Orica's direct control, and material Scope 3 emission sources. Material means the greenhouse gas (GHG) emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. These comprise around two-thirds of Orica's Scope 3 emissions footprint. Achieving this ambition will require effective government frameworks, supportive regulation and financial incentives, and access to new low-carbon technologies operating at commercial scale.
2. Carbon Capture Utilisation and Storage

## WHERE WE WILL WIN – FOUR BUSINESS VERTICALS

# Our approach will focus on four business verticals

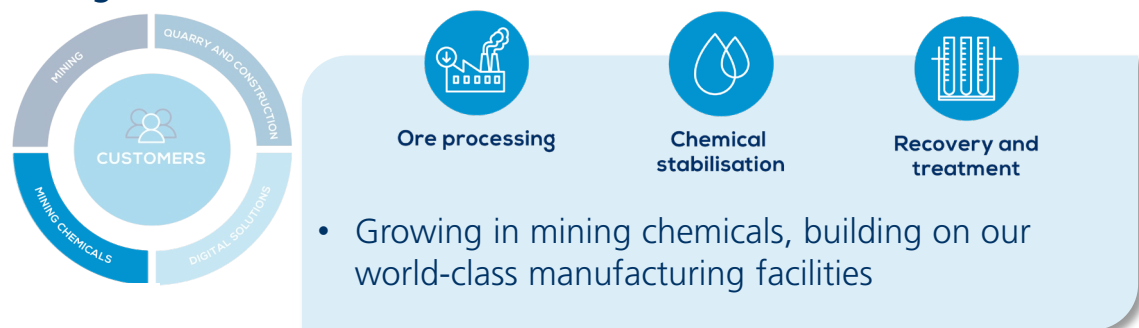
### Mining vertical



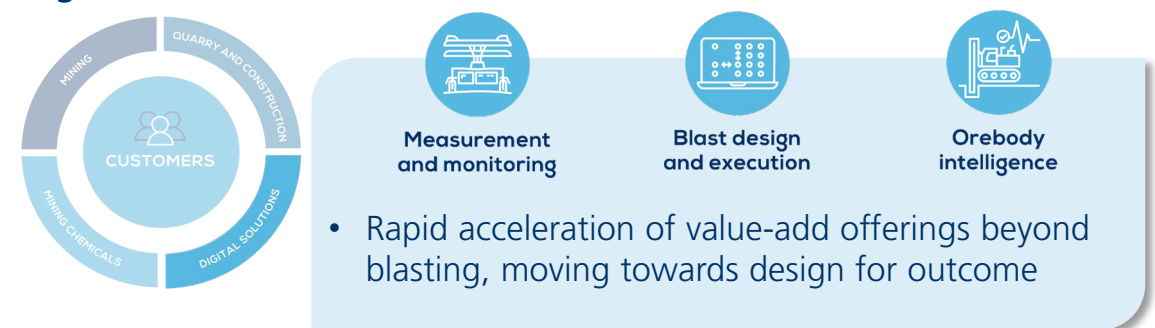
### Quarry and construction vertical



### Mining chemicals vertical



### Digital solutions vertical



# Blasting in mining remains at the core of our business



## Maximising outcomes for the core of the business by:



Focusing on growing commodity markets

- Proactive approach to leveraging market trends
- Diversified commodity exposure



Accelerating penetration from both core and new flagship technology

- Increasing efficiency, productivity, safety and sustainability outcomes



Unlocking value in the manufacturing network

- Optimising operations via a capital light strategy
- Leveraging our global network to make and buy

## Overview

- Industry-leading suite of blasting technology and solutions
- Strong presence in future-facing commodities especially copper and lithium
- Successful integration of Exsa

## Market outlook

- Strong recovery in commodity production
- Increasing electrification megatrends
- Demand continues to grow for blasting technology

## Opportunity

- Accelerate commercialisation of novel blasting technology
- Continue to grow in future-facing commodities
- Exercise pricing discipline and margin management
- Optimise manufacturing and supply chain

# Bulk commodities continue to drive demand growth, future-facing commodities growing ahead of GDP



## Focusing on growing markets

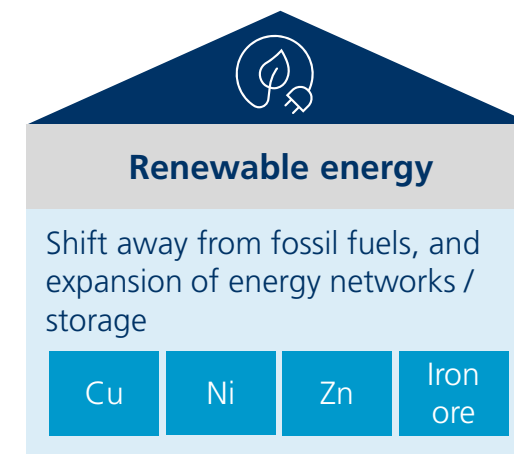
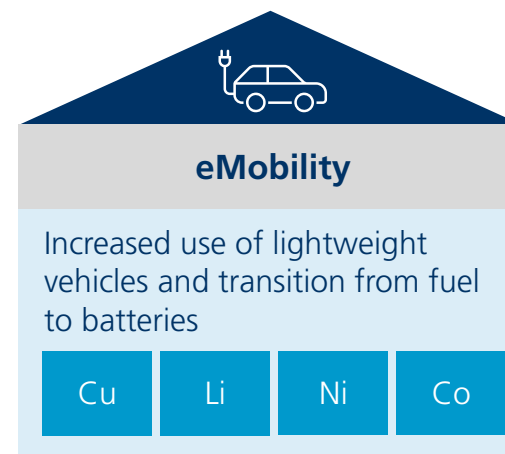
### Regional commodity outlook to 2030<sup>1</sup> (Material moved)

|                            | APA<br>ex China | North<br>America | Latin<br>America | EMEA |                    |
|----------------------------|-----------------|------------------|------------------|------|--------------------|
| Copper (Cu)                |                 |                  |                  |      | Highest<br>growth  |
| Future-facing <sup>2</sup> |                 |                  |                  |      |                    |
| Metallurgical Coal         |                 |                  |                  |      | Moderate<br>growth |
| Gold                       |                 |                  |                  |      |                    |
| Iron Ore                   |                 |                  |                  |      | Declining          |
| Thermal Coal <sup>3</sup>  |                 |                  |                  |      |                    |



1. Excluding Quarry and Construction; Source: Orica analysis October 2021  
 2. Includes nickel (Ni), lithium (Li), cobalt (Co), zinc (Zn), potash, phosphate rock  
 3. Surface coal only

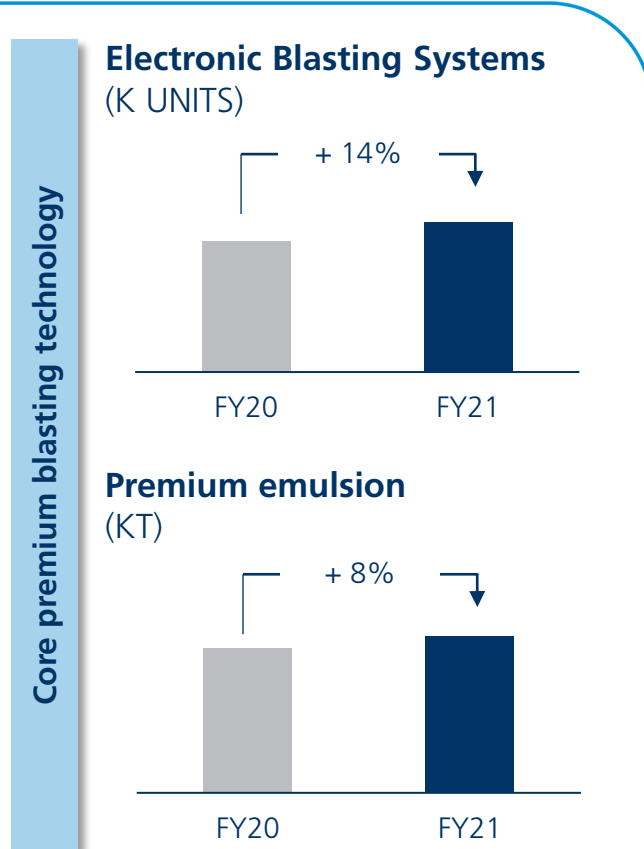
## Sustainability and electrification megatrends



### Opportunities for Orica:

- Build on leading market share in these sectors
- Target growth markets while diversifying commodity exposure
- Expand digital and monitor offering via the Digital business vertical
- Benefit from partnerships, e.g. Alpha HPA Limited
- Growing food demand driving increase in potash and phosphate needs

# Building momentum from our industry-leading suite of blasting technology and solutions



**Flagship new technology**



- Real-time matching of explosives energy to geology changes, with widest range in industry
- Can be delivered in both pumped and augered modes
- Integrated with design tools, training, consulting, digital reporting, measurement - refined through the foundation customer model
- Presents cross selling opportunities
- Trials completed in FY21, ready for commercialisation



- Initial trials of second generation WebGen™ 200 completed
- Improved safety and productivity; broader application; lower cost
- Commercially available from December 2021



- Avatel™ prototype undergoing trials in partnership with Epiroc
- Semi-automated explosives delivery system; innovative charging solution for underground applications
- Enabled by WebGen™ ; eliminates risk from wired connections, driving a step-change in safety and productivity

Leveraging over 200 sites where Orica digital solutions have been implemented



# Unlocking value across the manufacturing network



## Continuous manufacturing optimisation

### Kooragang Island (KI) and Yarwun

- Exploring options for lower carbon feedstock, including imported green ammonia
- Approval process commenced to build a 30k tonne ammonia storage tank at KI
  - providing capacity to flex between ammonia manufacture and import depending on market conditions
  - allowing cost effective import and export using larger shipping vessels
- Flexibility for future operations to ensure the KI site's long-term sustainability

### Plant utilisation

- Maintain all continuous manufacturing plants at OEE of >85%
- Burrup to produce at nameplate capacity

### Plant debottlenecking

- Exploring low-cost debottlenecking as required

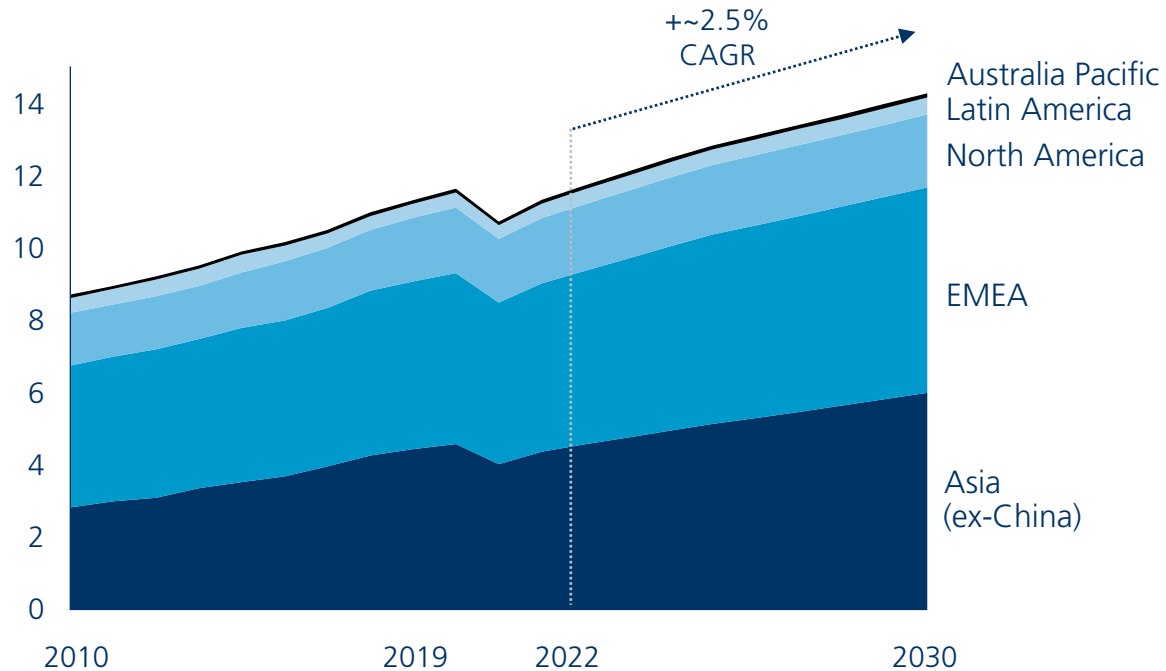
## Discrete network optimisation

- Progressing towards 30% increase in global EBS capacity to service higher demand
- Lurin plant continuing to drive manufacturing synergies; resulted in closure of Minden and Tappen sites
- Consolidated supply sources to enable reduced shipping complexity
- Focus on security of supply and lead time reductions due to challenging logistics
- Optimising the packaged emulsion plant network
  - standardising production offerings
  - increasing utilisation

# Leading player in the growing quarry and construction sector



**Global (ex-China) quarrying material moved<sup>1</sup>**  
(BILLION TONNES)



## Overview

- Leading global player in a fragmented market
- Market leader in tunneling drill and blast solutions

## Market outlook

- Strong tailwind from government infrastructure stimuli in multiple jurisdictions
- Ongoing organic growth in developing countries experiencing infrastructure build-out

## Opportunity

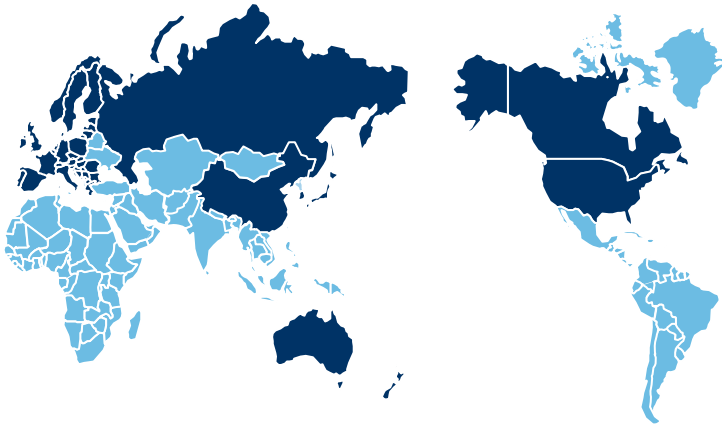
- Continue to position Orica for success in mature markets through differentiated value proposition
- Benefit from growth opportunities in developing economies, in particular high-growth economies where Orica has a low presence
- Leverage our expertise and global footprint

1. Source: Orica analysis October 2021

# Well positioned to capture opportunities in both mature and developing Q&C markets



Approach dependent on maturity level of quarry and construction markets



- Mature Q&C markets
- Developing Q&C markets

## Mature Q&C markets

- Orica continues to grow in the Q&C sector in mature economies such as Canada, USA and the Nordics
- Positioned to benefit from potential European market consolidation
- High safety standards, best in class technical support and product quality
- Differentiated value proposition, including:
  - cost competitiveness
  - local presence
  - development of Q&C-focused technologies and solutions

## Developing Q&C markets

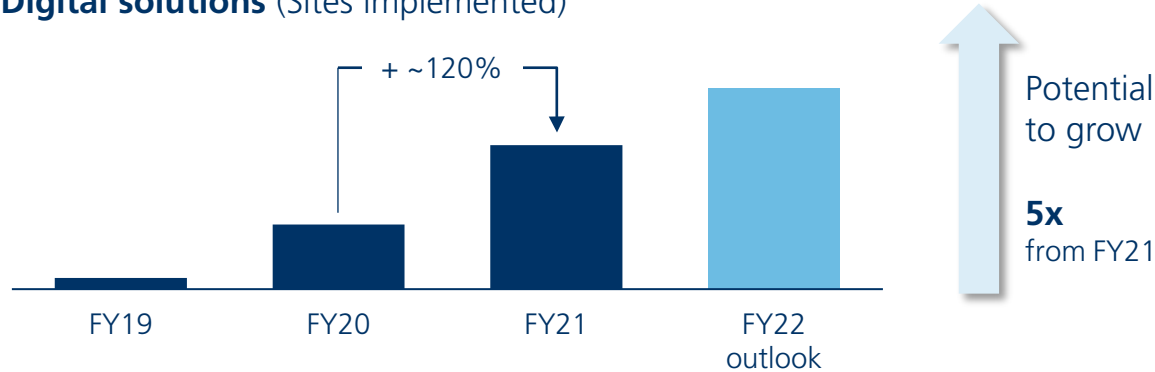
- Significant upside in developing Q&C markets
- Strong track record in many developing Q&C markets (e.g. Malaysia and Philippines)
- Differentiated value proposition and business models to effectively serve different customer segments in emerging markets
- Leverage technical and operational discipline and local presence to become the partner of choice

## WHERE WE WILL WIN - DIGITAL SOLUTIONS VERTICAL OVERVIEW

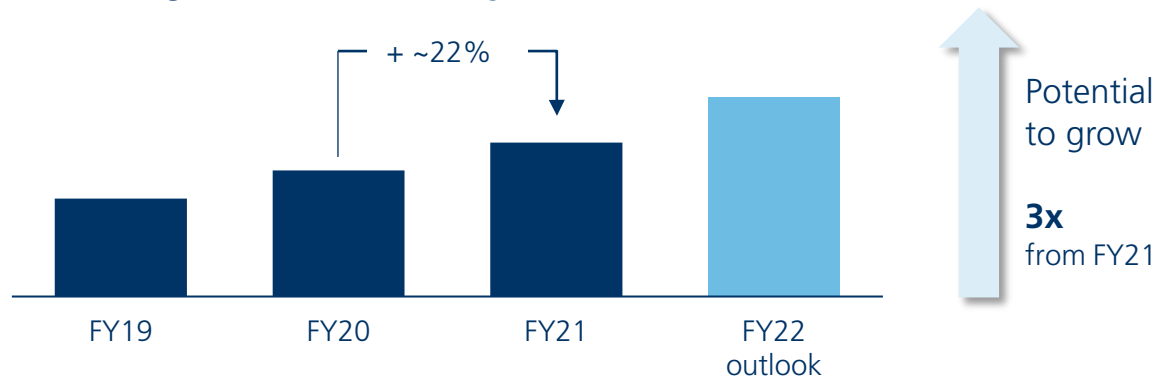
# Rapid acceleration of value-add offerings beyond blasting



### Digital solutions (Sites implemented)



### Monitoring solutions (Recurring >12 month contracts)



### Overview

- Fastest growing vertical with customers more than doubled in FY21
- Successful acquisitions, e.g. GroundProbe
- Leading player in monitoring solutions

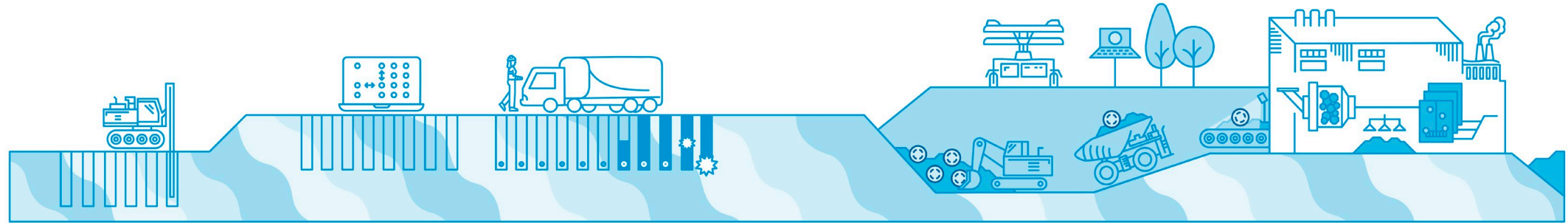
### Market outlook

- Increasing penetration of end-to-end mining technology solutions that drive productivity
- Heightened focus on safety and sustainability

### Opportunity

- Business model with high-quality recurring revenue and high customer retention
- Broaden offering beyond blasting to end-to-end mining value chain
  - new solutions driving multi-site, multi-product revenue
  - discrete product sales via end-to-end integrated workflow solutions
- Continue to drive innovative monitoring solutions

# Moving beyond blasting to design for outcome



Orebody intelligence

Design and model

Blasting

Measure and monitor

Ore processing

Value add

Enhanced orebody knowledge

Outcome-based blasting templates

High quality downstream measurement

Real-time measuring and monitoring geohazards

Real-time traceability

Connecting orebody to downstream processing

Orica solutions



High resolution real-time sub-grade information to improve grade models

Cloud-based platform for blast design, control, and information management

Automated ore and fragmentation data capture and reporting

Accurate measurement and monitoring of amount, shape and degree of movements to detect collapses

Predictive model to determine ore and waste boundaries post- blast

End-to-end simulation and optimisation; cloud-based platform

Collaboration with



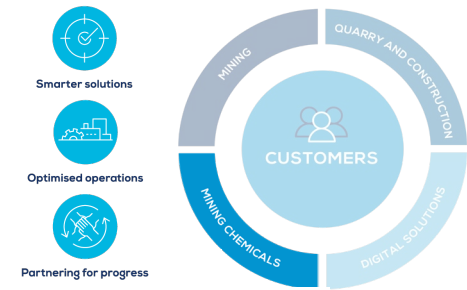
delivering industry's open and secure common data platform



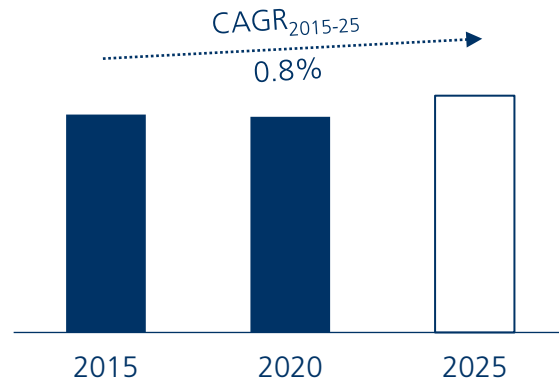


## WHERE WE WILL WIN - MINING CHEMICALS VERTICAL OVERVIEW

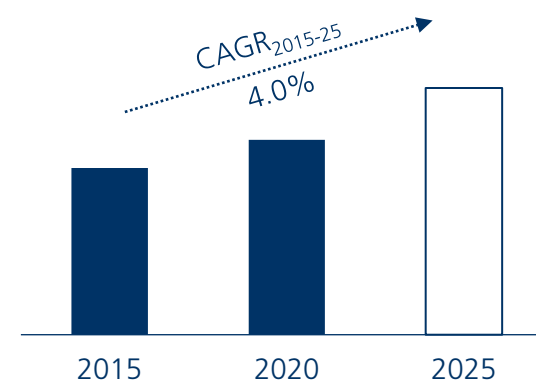
# Grow mining chemicals, building on our world-class manufacturing facilities



Global gold ore treated<sup>1</sup> (MT)



Global cyanide demand<sup>2</sup> (KT)



### Ore processing

Cyanide supply into >80 gold mines  
Global network of sparge distribution systems

### Chemical stabilisation

Deer Park emulsifier manufacturing plant  
North American emulsifier production partnership in Parrish, AL

### Recovery and treatment

Technology-driven gold leaching prediction and analysis capability

## Overview

- Leading cyanide supplier
- Cyanide safety and security of supply through Orica's extensive supply chain network and safer sparge transport technology
- Leading manufacturer of explosives emulsifiers
  - Critical enabler for Orica's bulk products

## Market outlook

- Cyanide volumes to recover from recent lows, growing faster than gold production
- Decreasing grade and increasing ore complexity

## Opportunity

- Drive volume growth across all product categories
- Establish partnerships to underpin long-term growth
- Explore inorganic growth opportunities

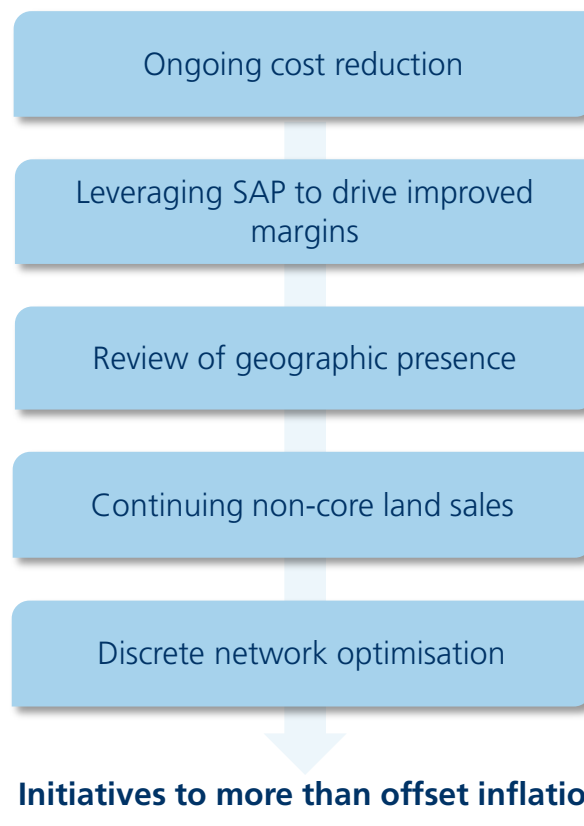
1. Primary gold mines only; Source: Wood Mackenzie Q3 2021 and Orica analysis October 2021

2. Source: Orica analysis October 2021

## SUSTAINABLE COST REDUCTION

# Success of the refreshed strategy underpinned by continuous improvement in cost efficiency

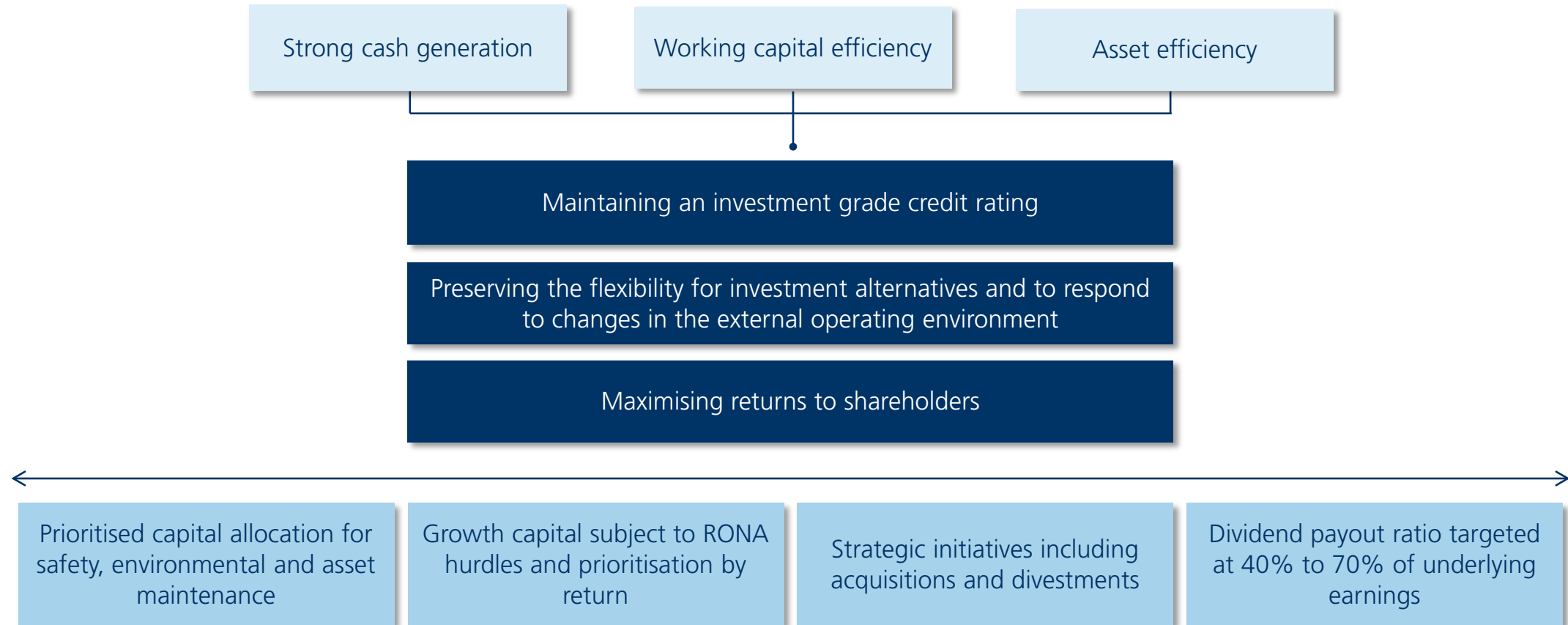
### Recap of cost-focused initiatives



### Leveraging specialised teams to drive efficiencies and enhanced outcomes

| Centres of Excellence                                                                                                                                                                                                                                                                                                                 |                                             |             |                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------|----------------|
|                                                                                                                                                                                                                                                                                                                                       | Team                                        | Location    | Status         |
| <ul style="list-style-type: none"><li>• Strategically located where Orica has existing operational presence</li><li>• Proven results from completed rollouts; enhanced, cost effective output</li><li>• Multi-lingual talent supporting Orica's global operations</li><li>• Standardised services driving global efficiency</li></ul> | Finance Transactional Services (inc. AP/AR) | Philippines | Complete       |
|                                                                                                                                                                                                                                                                                                                                       | IT Services Hub                             | Philippines | Complete       |
|                                                                                                                                                                                                                                                                                                                                       | Global People Services Hub                  | Philippines | Complete       |
|                                                                                                                                                                                                                                                                                                                                       | Procurement Hub                             | Philippines | In Progress    |
|                                                                                                                                                                                                                                                                                                                                       | Digital Immersion Centre                    | Australia   | In Progress    |
|                                                                                                                                                                                                                                                                                                                                       | SAP Support Hub                             | India       | In Progress    |
|                                                                                                                                                                                                                                                                                                                                       | Analytics (Strategy and M&A)                | Philippines | In Progress    |
|                                                                                                                                                                                                                                                                                                                                       | Finance Reporting and Analysis              | Philippines | Planning Phase |

# Orica's strategy is underpinned by a disciplined approach toward capital management



## STRATEGIC PLAN

# A clear pathway towards profitable growth and value creation for our stakeholders

**0 – 3  
years**

- Pursue organic growth from the core
- Accelerate adoption of innovative blasting technologies and digital solutions, both upstream and downstream
- Optimise manufacturing and supply chains
- Grow presence in future-facing commodities
- Diversify portfolio by increasing presence in quarry and construction markets, particularly in high growth economies
- Expand in high-growth mining chemicals markets

*Supported by SAP system capabilities, ongoing pricing discipline and cost reduction focus*

### Financial targets

3-year average RONA 10% to 12%

Gearing between 30% and 40%

Dividend payout ratio between 40% and 70%

Annual capital expenditure between \$340 and \$360 million

### Safety and sustainability targets

*Ongoing*

Zero fatalities

Serious Injury Case Rate < 0.14

*Long-term targets*

Commitment to reduce scope 1 & 2 greenhouse gas emissions by ≥40% by 2030

Ambition to achieve net zero scope 1, 2 and material scope 3 emissions<sup>1</sup> by 2050

1. Covers global Scope 1 & Scope 2 emissions under Orica's direct control, and material Scope 3 emission sources. Material means the GHG emissions embodied in purchased ammonia and ammonium nitrate included in the Scope 3 reporting category of purchased goods and services. These comprise around two-thirds of Orica's Scope 3 emissions footprint





# 2022 Outlook

SANJEEV GANDHI, MANAGING DIRECTOR & CEO



## 2022 OUTLOOK

# Improved performance from strengthened core and strategic initiatives

- Global commodity growth anticipated to continue, particularly in copper and gold; and in quarry & construction markets
- Subject to market conditions, FY22 EBIT expected to increase on FY21 EBIT from continuing operations:
  - Strong momentum in the final quarter of FY21, driving expectations for a stronger 1H22 than in the pcip
  - The result is expected to be weighted towards H2, reflecting greater manufacturing plant turnaround activity in H1
- Improvement in earnings attributable to:
  1. Volume growth, in line with global GDP growth
  2. Increased adoption of advanced technology offerings, particularly digital and monitoring solutions
  3. Key strategic initiatives driving supply chain efficiencies
  4. Sustainable overhead cost reductions, net of inflation
- Pricing discipline expected to broadly mitigate rising input costs and pass-through lag
- Capital expenditure expected to be within \$340 million to \$360 million; depreciation and amortisation up to 5% higher than the pcip
- Continuing focus on balance sheet and cash flow optimisation, with gearing expected to remain within stated range of 30 – 40%



# Supplementary information

SUPPLEMENTARY INFORMATION

# Explosives volumes

| Year ended 30 September    | 2021 volumes    |                                |              | vs pcp <sup>4</sup> |                   |           |
|----------------------------|-----------------|--------------------------------|--------------|---------------------|-------------------|-----------|
| '000 tonnes                | AN <sup>2</sup> | Emulsion products <sup>3</sup> | Total        | AN                  | Emulsion products | Total     |
| Australia Pacific & Asia   | 657             | 1,088                          | 1,745        | (6%)                | 2%                | (1%)      |
| North America              | 502             | 511                            | 1,013        | (6%)                | 4%                | (1%)      |
| Latin America <sup>1</sup> | 246             | 683                            | 929          | 18%                 | 41%               | 34%       |
| Europe, Middle East & Asia | 42              | 364                            | 406          | 20%                 | (12%)             | (10%)     |
| <b>Total</b>               | <b>1,447</b>    | <b>2,646</b>                   | <b>4,093</b> | <b>(2%)</b>         | <b>8%</b>         | <b>4%</b> |

1. Includes 229k tonne increase on the pcp from Exsa

2. Ammonium Nitrate includes prill and solution

3. Emulsion products include bulk emulsion and packaged solution

4. Note some products have been reclassified from AN to emulsion in the transition to the new SAP system

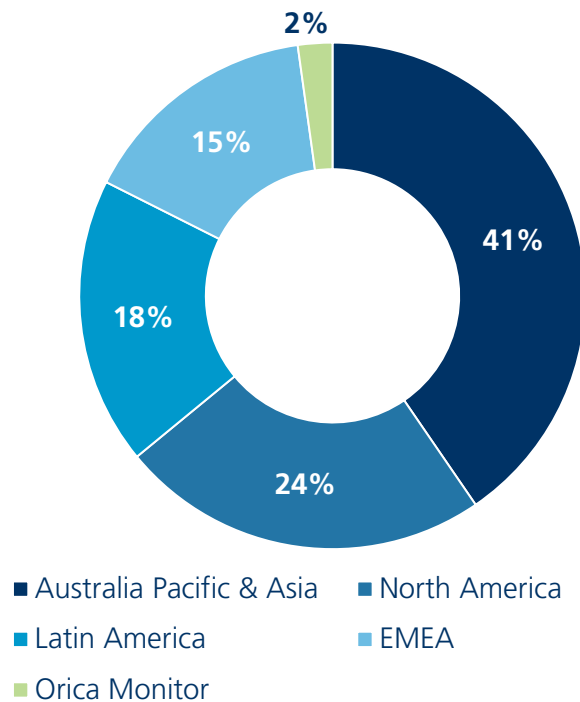
# Segment analysis

| Year ended 30 September      | 2021             |            | 2020             |                              | Variance         |              |
|------------------------------|------------------|------------|------------------|------------------------------|------------------|--------------|
| \$M                          | External revenue | EBIT       | External revenue | EBIT (restated) <sup>1</sup> | External revenue | EBIT         |
| Australia Pacific & Asia     | 2,106            | 280        | 2,050            | 374                          | 3%               | (25%)        |
| North America                | 1,230            | 108        | 1,260            | 165                          | (2%)             | (35%)        |
| Latin America                | 956              | 29         | 856              | 39                           | 12%              | (25%)        |
| Europe, Middle East & Asia   | 801              | 25         | 883              | 64                           | (9%)             | (61%)        |
| Orica Monitor                | 115              | 31         | 94               | 20                           | 22%              | 51%          |
| Global Support               | -                | (68)       | -                | (69)                         | -                | 2%           |
| <b>Continuing operations</b> | <b>5,208</b>     | <b>405</b> | <b>5,143</b>     | <b>593</b>                   | <b>1%</b>        | <b>(32%)</b> |
| Minova (held for sale)       | 474              | 22         | 468              | 21                           | 1%               | 6%           |
| <b>Total</b>                 | <b>5,682</b>     | <b>427</b> | <b>5,611</b>     | <b>614</b>                   | <b>1%</b>        | <b>(30%)</b> |

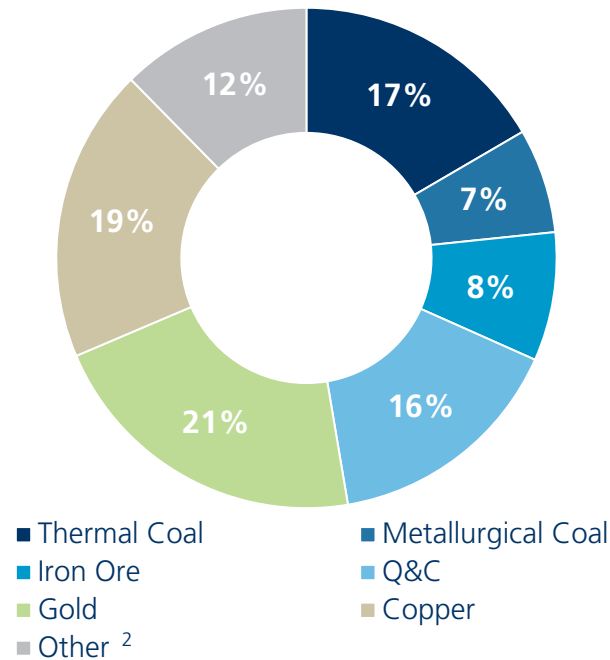
1. Restated to reflect application of IFRIC Interpretation Configuration or Customisation Costs in a Cloud Computing Arrangement

# Diversified global business

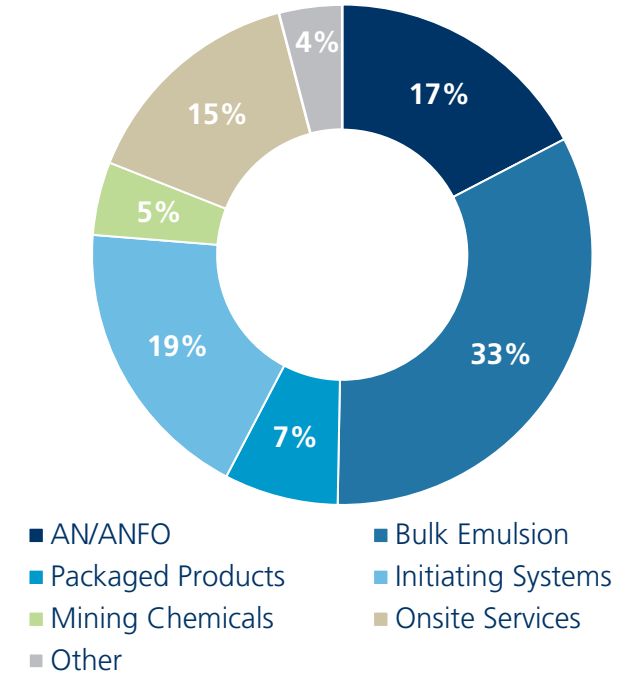
Revenue by region <sup>1</sup>



Revenue by commodity <sup>1</sup>



Revenue by product/service type <sup>1</sup>



1. Based on external sales, excluding Minova which is held for sale

2. Includes Orica Monitor external sales



# Australia Pacific & Asia



## Market conditions

- Australian thermal coal exports lower in the first half due to China trade tensions, mitigated in second half by trade flows to other markets
- Strong iron ore and metallurgical coal demand and elevated commodity prices
- Rising ammonia prices, particularly in second half
- Stronger AUD compared to the pcp <sup>1</sup>

## Segment performance

- Decline in high margin AN volumes on Australian East Coast in H1 partially offset by demand from Metals customers in the Pilbara and on the Australian East Coast
- Lower fixed cost recovery due to underloaded AN manufacturing plants in the first half
- EBIT impacted by lag in passing through rising input costs

1. Refer slide 50 for detail on foreign exchange impact

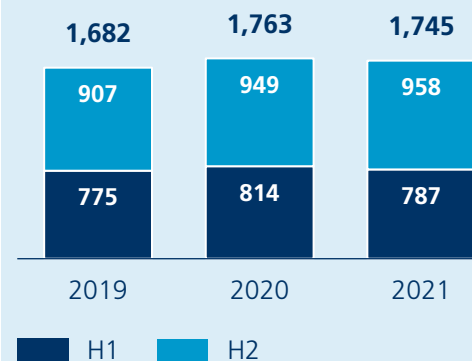
### EBIT (\$M)



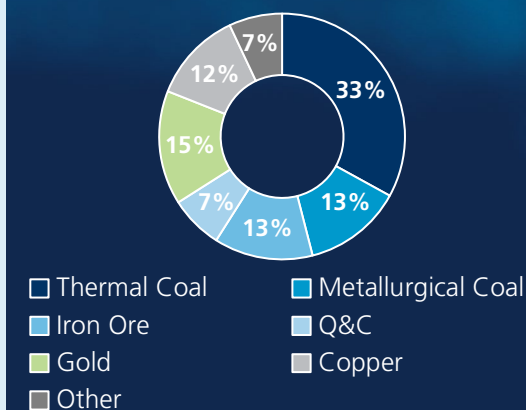
### External revenue (\$M)



### AN volume (KT)

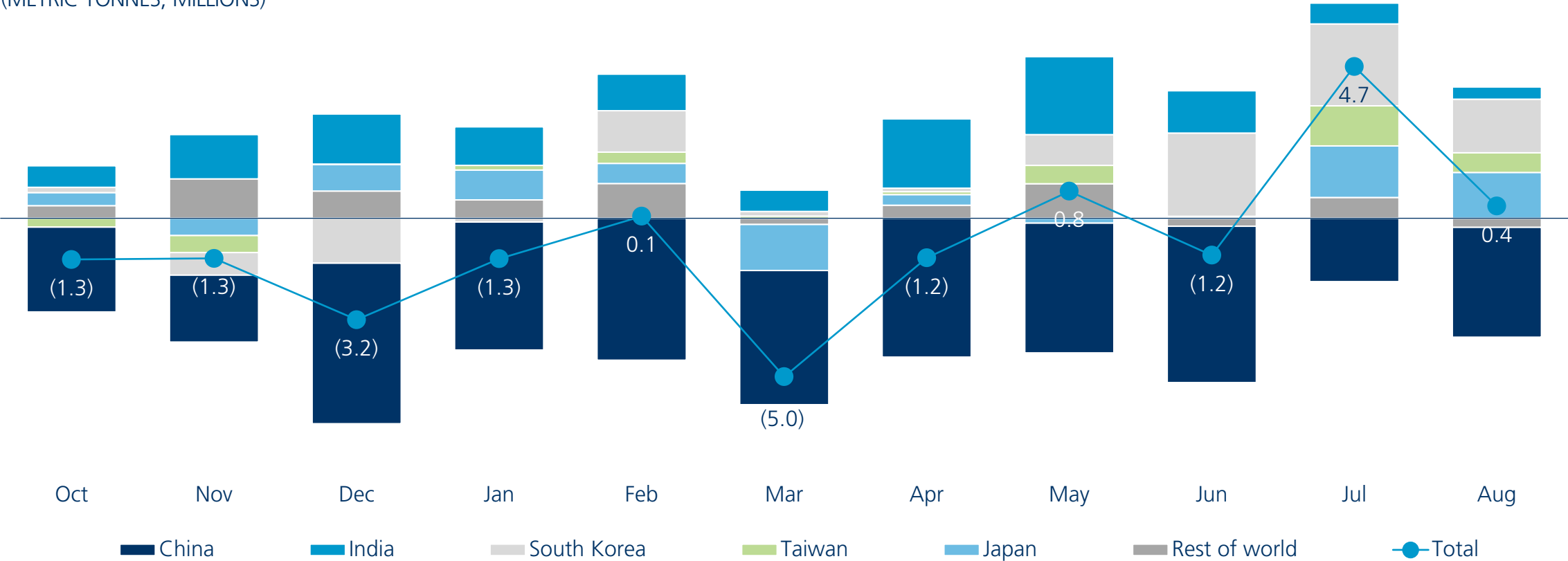


### External revenue by commodity



# Australian thermal coal exports

Trade flows of Australian thermal coal variance to pcg by import country <sup>1</sup>  
(METRIC TONNES, MILLIONS)



1. Includes content supplied by IHS; Copyright © IHS, 2021. All rights reserved

## SUPPLEMENTARY INFORMATION

# North America

### Market conditions

- Short term thermal coal demand strong in USA during summer
- Slow mine ramp ups in Mexico; challenging political and economic factors
- Labour shortages across all sectors
- Stronger AUD compared to the pc<sup>1</sup>
- Recovery in Q&C sector

### Segment performance

- Non-repeat of carbon credits in Canada impacting EBIT
- Higher sourcing costs due to incident at La Portada plant in H1 and turnaround at Carseland Plant in H2
- Carseland plant turnaround completed in October 2021 including installation of tertiary abatement technology

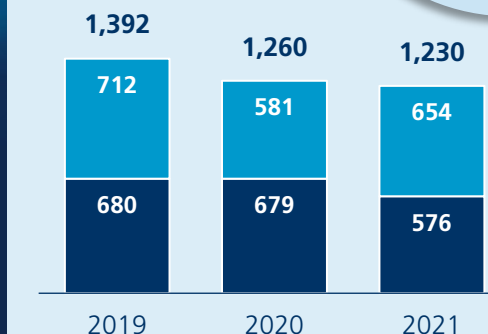
1. Refer slide 50 for detail on foreign exchange impact



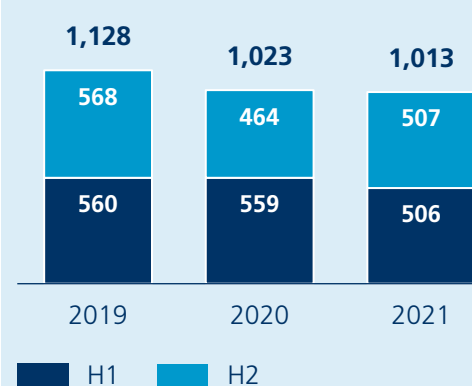
#### EBIT (\$M)



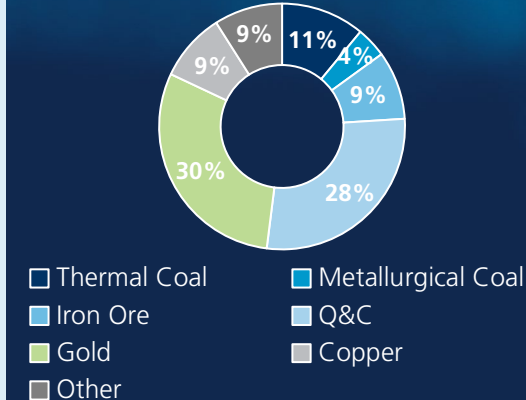
#### External revenue (\$M)



#### AN volume (KT)



#### External revenue by commodity



## SUPPLEMENTARY INFORMATION

# Latin America

### Market conditions

- Mining activity recovering, with the exception of Colombia
- Social unrest in Peru and strikes in Chile
- Increased sea freight costs
- Stronger AUD compared to the pc<sup>1</sup>

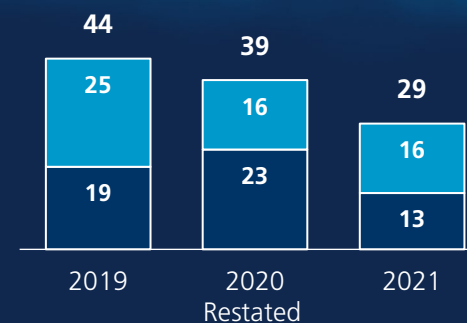
### Segment performance

- Exsa full year result included; performing in line with expectations
- Colombia volumes significantly impacted by reduced coal production
- Temporary negative product mix in Peru, slightly improved in H2
- Higher logistics costs

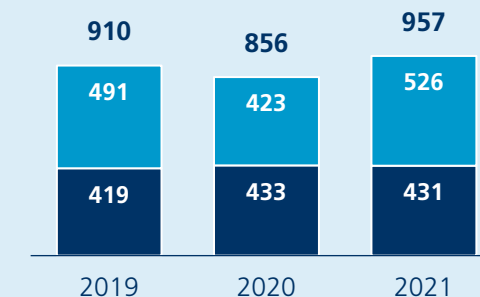
1. Refer slide 50 for detail on foreign exchange impact



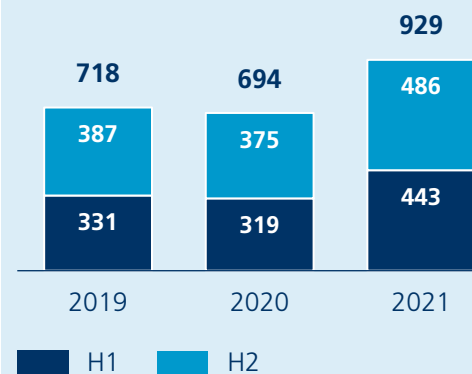
### EBIT (\$M)



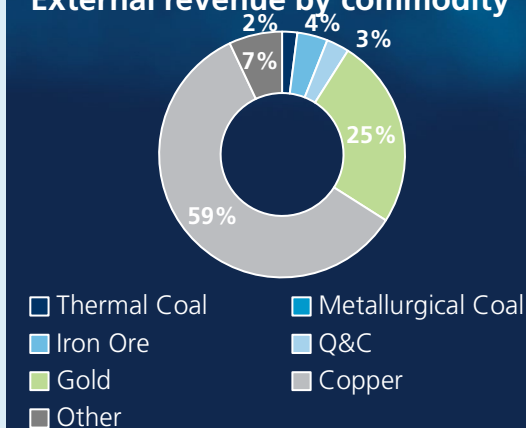
### External revenue (\$M)



### AN volume (KT)



### External revenue by commodity



# Europe, Middle East & Africa



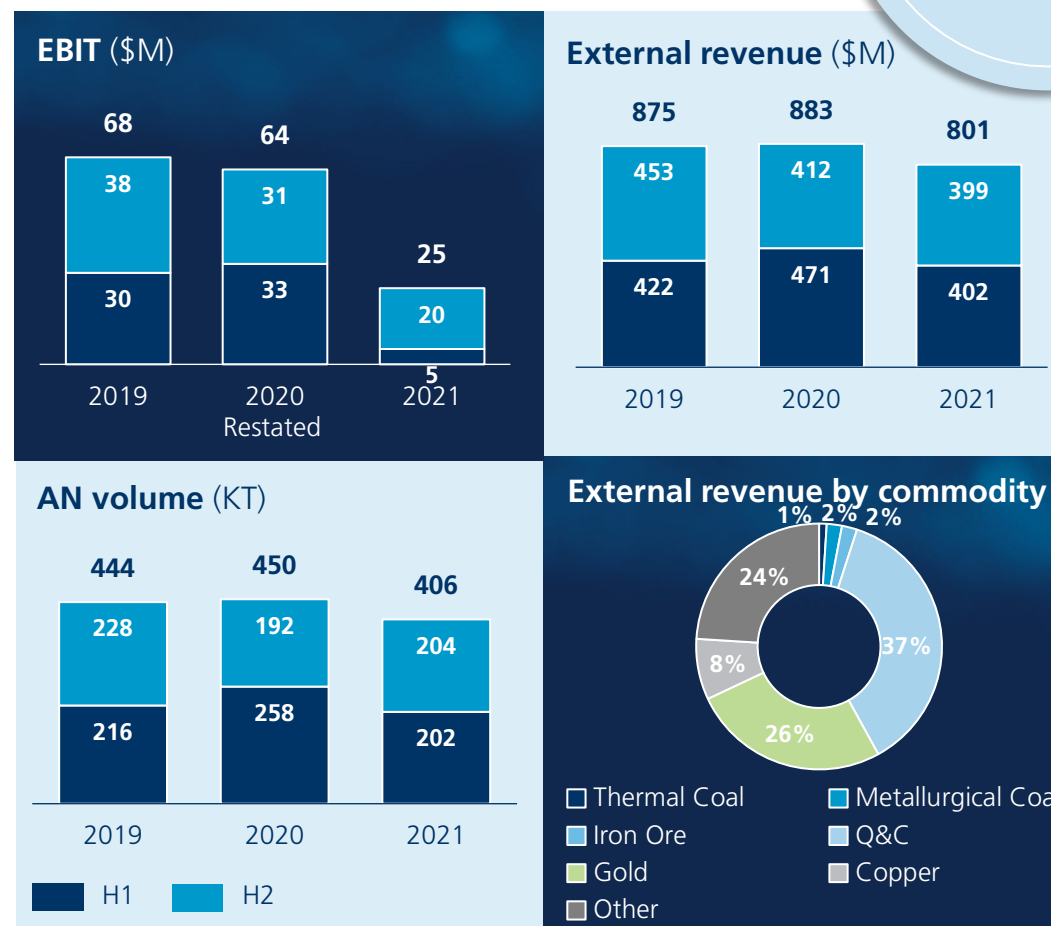
## Market conditions

- Postponed infrastructure projects in Norway and the Middle East
- Quarantine requirements constraining mining in the CIS and Africa in H1
- Improving demand in H2, particularly in Africa
- Increased sea freight costs
- Stronger AUD compared to the pcp <sup>1</sup>

## Segment performance

- Volume reductions in H1 impacting higher margin Europe and Middle East
- Cyanide volumes affected by shipment delays
- Demand shift in Africa in H1 towards lower margin productions and less services due to cost constraints
- Higher logistics costs

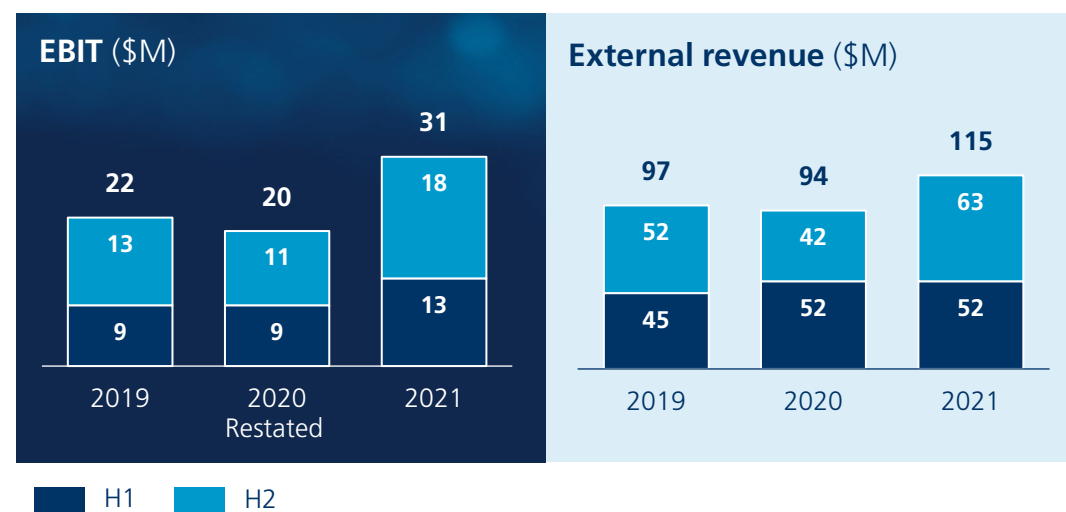
1. Refer slide 50 for detail on foreign exchange impact



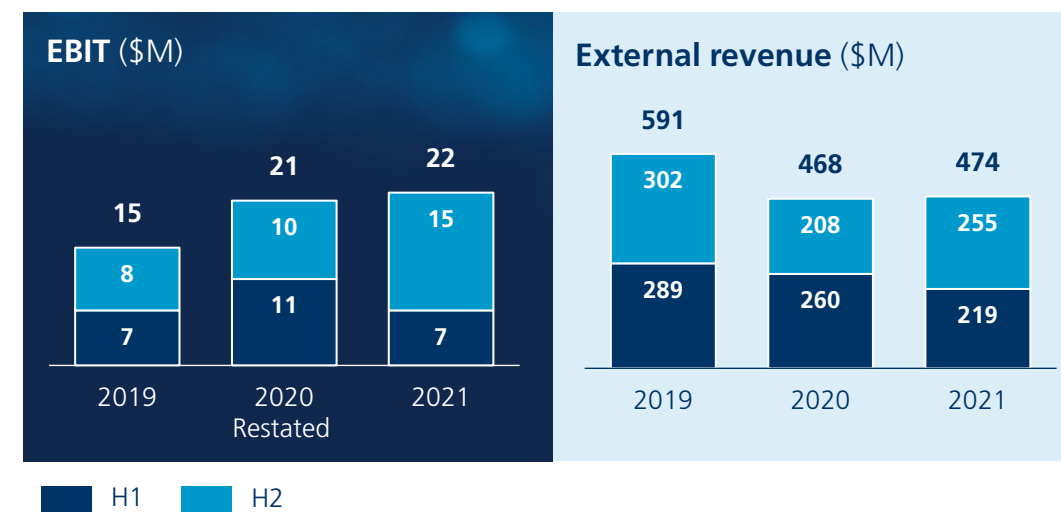


# Adjacent businesses

## Orica Monitor



## Minova



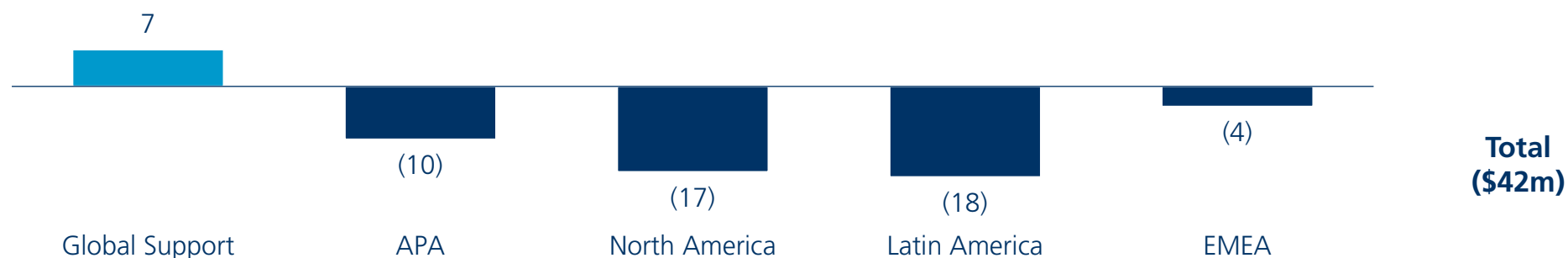
## SUPPLEMENTARY INFORMATION

# Foreign exchange translation

### Basket of 44 currencies translated to Australian Dollar (AUD) earnings

| Top 5 currencies by EBIT impact | FY21          | FY20   | Var   | 30 Sep 2021 | 30 Sep 2020 | Var    |
|---------------------------------|---------------|--------|-------|-------------|-------------|--------|
| Currency                        | Average rates |        |       | Spot rates  |             |        |
| CAD – Canadian Dollar           | 0.9508        | 0.9110 | ▲ 4%  | 0.9158      | 0.9559      | ▼ (4%) |
| USD – US Dollar                 | 0.7522        | 0.6776 | ▲ 11% | 0.7176      | 0.7142      | -      |
| MXN – Mexican Peso              | 15.22         | 14.34  | ▲ 6%  | 14.72       | 16.00       | ▼ (8%) |
| PEN – Peruvian Sol              | 2.8375        | 2.3289 | ▲ 22% | 2.9626      | 2.5699      | ▲ 15%  |
| RUB – Russian Rouble            | 56.10         | 46.93  | ▲ 20% | 52.29       | 56.38       | ▼ (7%) |

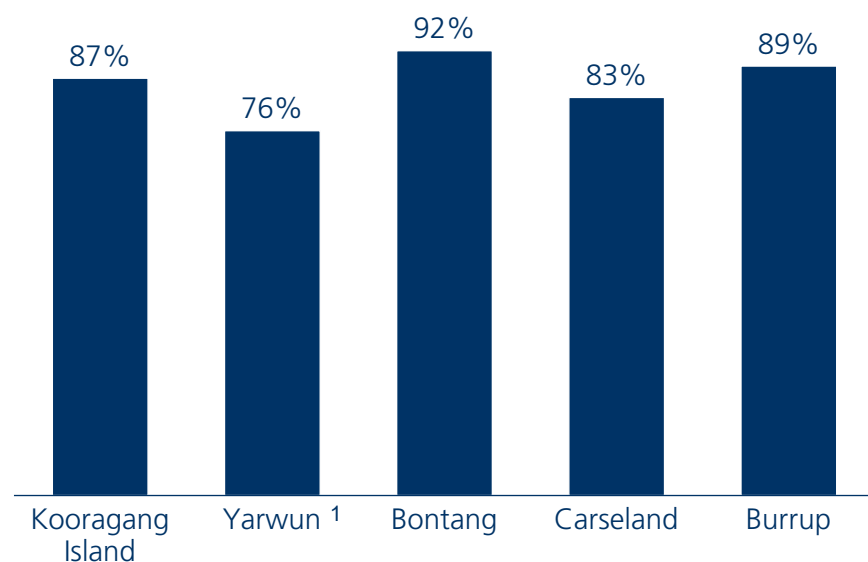
### FX translation vs pcg by region (\$M) <sup>1</sup>



1. Excludes adjacent businesses

# Manufacturing reliability

## Continuous AN Plant OEE (%)



1. Impacted by lower demand in H1

## Plant maintenance turnarounds during FY21

| Plant                      | Completed |
|----------------------------|-----------|
| Kooragang Island ammonia   | Nov 2020  |
| Yarwun cyanide             | Dec 2020  |
| Yarwun nitric acid plant 3 | Feb 2021  |

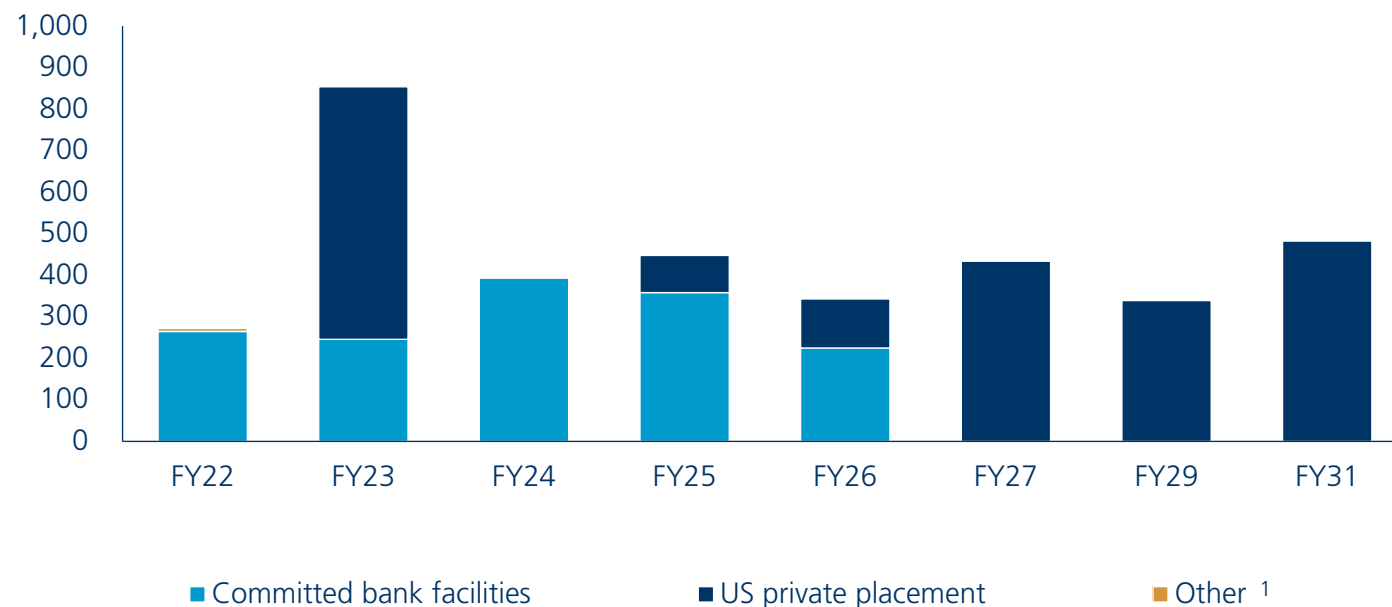
## Plant turnarounds completed since 30 September 2021

| Plant     | Completed |
|-----------|-----------|
| Carseland | Oct 2021  |

# Debt profile

## Drawn debt maturity profile (\$M)

Average tenor at September 2021 – 5.4 years



1. Includes overdraft and other borrowings

**SUPPLEMENTARY INFORMATION**

# Environmental and decommissioning provisions

| As at (\$M)                             | 30 Sep 2021 | 30 Sep 2020 |
|-----------------------------------------|-------------|-------------|
| Botany groundwater remediation          | 212         | 201         |
| Botany hexachlorabenzene (HCB) waste    | 29          | 31          |
| Burrup decommissioning                  | 44          | 57          |
| Initiating systems network optimisation | 27          | 28          |
| Deer Park remediation                   | 12          | 17          |
| Yarraville remediation                  | 16          | 19          |
| Other provisions                        | 44          | 36          |
| <b>Total</b>                            | <b>384</b>  | <b>389</b>  |



## SUPPLEMENTARY INFORMATION

# Non-IFRS reconciliations

| Year ended 30 September (\$M)                                                               | 2021       | 2020       | Variance     |
|---------------------------------------------------------------------------------------------|------------|------------|--------------|
| <b>Statutory net profit/(loss) after tax</b>                                                | (174)      | 82         |              |
| Add back: Individually significant items after tax                                          | 382        | 217        | 76%          |
| Underlying profit after tax                                                                 | 208        | 299        | (30%)        |
| <b>Adjust for the following:</b>                                                            |            |            |              |
| Net financing costs                                                                         | 106        | 159        | (34%)        |
| <i>Net interest expense excluding unwinding of discount on provision and lease interest</i> | 98         | 98         | -            |
| <i>Unwinding of discount on provisions</i>                                                  | (5)        | 48         |              |
| <i>Lease interest</i>                                                                       | 12         | 13         | (2%)         |
| Income tax expense <sup>1</sup>                                                             | 103        | 147        | (30%)        |
| Non-controlling interests <sup>1</sup>                                                      | 10         | 9          | 8%           |
| <b>EBIT</b>                                                                                 | <b>427</b> | <b>614</b> | <b>(30%)</b> |
| Depreciation and amortisation                                                               | 369        | 332        | 11%          |
| <b>EBITDA</b>                                                                               | <b>796</b> | <b>946</b> | <b>(16%)</b> |

1. Excludes individually significant items

## SUPPLEMENTARY INFORMATION

# Definitions

| Term                               | Definition                                                                                                                                                                                                             |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>AN</b>                          | Includes ammonium nitrate prill and solution as well as emulsion products including bulk emulsion and packaged emulsion                                                                                                |
| <b>Capital expenditure</b>         | Comprises spend on property, plant and equipment and intangible assets, on an accruals basis for FY20 onwards and on a cash basis in prior years                                                                       |
| <b>Cash conversion</b>             | (EBITDA add / less movement in trade working capital, adjusted for acquisitions and disposals) / EBITDA                                                                                                                |
| <b>EBIT</b>                        | Equivalent to profit / (loss) before financing costs and income tax, as disclosed in Note 1(b) within Appendix 4E – Preliminary Final Report, before individually significant items                                    |
| <b>EBIT margin</b>                 | EBIT / Sales. EBIT refers to EBIT before individually significant items unless otherwise stated                                                                                                                        |
| <b>EBITDA</b>                      | EBIT plus Depreciation and Amortisation expense. EBITDA refers to EBITDA before individually significant items unless otherwise stated                                                                                 |
| <b>EBS</b>                         | Electronic Blasting Systems                                                                                                                                                                                            |
| <b>Exsa</b>                        | Exsa S.A.                                                                                                                                                                                                              |
| <b>Gearing %</b>                   | Net debt / (net debt + total equity), where net debt excludes lease liabilities                                                                                                                                        |
| <b>Growth capital</b>              | Capital expenditure that results in earnings growth through either cost savings or increased revenue                                                                                                                   |
| <b>Net debt</b>                    | Total interest bearing liabilities less cash and cash equivalents, excluding lease liabilities, as disclosed in Note 3 within Appendix 4E – Preliminary Final Report                                                   |
| <b>Net operating cash flow</b>     | Equivalent to net cash flows from operating activities, as disclosed in the Statement of Cash Flows within Appendix 4E – Preliminary Final Report                                                                      |
| <b>NPAT</b>                        | Equivalent to profit after income tax expense before individually significant items attributable to shareholders of Orica Limited, as disclosed in Note 1(b) within Appendix 4E – Preliminary Final Report             |
| <b>OEE</b>                         | Overall Equipment Efficiency - compares the total production at quality to the best ever 5-day production run                                                                                                          |
| <b>Payout ratio</b>                | Dividend amount / NPAT before individually significant items                                                                                                                                                           |
| <b>pcp</b>                         | Prior corresponding period                                                                                                                                                                                             |
| <b>Return on net assets (RONA)</b> | 12 month EBIT / Rolling 12 month Average Operating Net Assets where Operating Net Assets = Property, Plant & Equipment, Intangibles, Equity Accounted Investees and working capital excluding environmental provisions |
| <b>Q&amp;C</b>                     | Quarry and construction                                                                                                                                                                                                |
| <b>Scope 1 emissions</b>           | Emissions from our direct operations such as AN manufacture and the use of our vehicles                                                                                                                                |
| <b>Scope 2 emissions</b>           | Indirect emissions from electricity purchased from the grid                                                                                                                                                            |
| <b>Sustaining capital</b>          | Other capital expenditure which is not considered growth capital                                                                                                                                                       |
| <b>SKU</b>                         | Stock keeping units                                                                                                                                                                                                    |
| <b>Trade working capital (TWC)</b> | Comprises inventories, trade receivables and trade payables, as disclosed in the Balance Sheet within Appendix 4E – Preliminary Final Report                                                                           |