

# ASX RELEASE

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## ORICA LIMITED 2023 ANNUAL GENERAL MEETING

**Speeches by Malcolm Broomhead, Chairman and Sanjeev Gandhi, Managing Director and Chief Executive Officer**

### **Malcolm Broomhead - Chairman**

Before we move on to the resolutions as outlined in the Notice of Meeting, I would like to discuss some key topics important to Orica, and to you, our valued shareholders.

#### Safety

Starting with safety, our most important priority at Orica, always.

Regretfully, earlier this month we reported an employee fatality in India after a traffic accident. Any workplace fatality has a devastating and profound impact on us all. On behalf of the Orica Board, our thoughts and sympathy are with the affected families, friends, and colleagues.

A full and thorough investigation is underway, and we will apply all learnings from this tragic incident.

We will continue our ongoing commitment and efforts to ensure the safety of our people, as we did during the 2023 financial year, in which we reported zero fatalities and a reduction in our serious injury case rate.

#### Performance

Moving now to performance.

Orica's result in the 2023 financial year was our strongest financial performance in nine years. Pleasingly, we recorded an EBIT of \$698 million, a 24 per cent increase on the prior corresponding period.

This strong result is due to strong customer demand, the ongoing successful execution of our strategy and the remarkable efforts of our people who continue to deliver on our strategy amid a volatile external environment.

The final ordinary dividend of 25.0 cents per share unfranked, brings the total dividend payout to 43.0 cents per share, reflecting a payout ratio of 53 per cent of full-year underlying earnings.

Sanjeev will speak about performance in more detail shortly.

### Sustainability

In addition to our strong financial performance, we have also recorded significant progress towards our sustainability targets.

Sustainability is an integral part of our strategy and at the core of our purpose. We continue to embed sustainability into our strategic, financial and operational decision-making.

The Board and its Committees have an annual program in place that covers key strategic, operational, oversight and governance activities to enhance effectiveness in achieving our purpose and supporting strategic decision-making - this includes sustainability and climate resilience.

The Board Safety and Sustainability Committee, chaired by Non-executive Director John Beevers, oversees safety and sustainability-related issues that have strategic, business and reputational implications for Orica, and public disclosures and position statements, including climate change.

### 'Say on climate'

We appreciate the deep interest our investors, employees, customers and stakeholders have in our efforts to reduce our impact on the climate.

We know that stakeholder expectations and material regulatory drivers for climate action are increasing, and we are working to actively improve our accountability and transparency. I am pleased that today we will give shareholders the opportunity to vote on a say on climate.

This non-binding advisory vote is intended to provide an opportunity for shareholders to discuss and provide feedback on the 2023 Climate Action Report.

The key focus of Orica's climate change approach includes:

- Diversifying our customer and commodity portfolio by increasing revenue exposure to future-facing commodities, digital solutions, quarry and construction segments;
- Decarbonising our operations, with a focus on four continuous manufacturing facilities that account for 95 per cent of our global Scope 1 and 2 greenhouse gas (GHG) emissions profile;
- Understanding and responding to the transition and physical impacts of climate change on our operations and supply chain to build organisational resilience;
- Partnering for progress with Orica's employees, customers, suppliers and other stakeholders to address shared industry challenges, and to decarbonise the value chain;
- Applying oversight, coordination, and transparency to realise effective outcomes and strong corporate governance.

I will speak in more detail on the vote later in our meeting.

### Board succession planning

Moving now to Board succession planning.

Board succession planning is critical to developing and supporting Orica's strategy, enabling it to discharge its responsibilities and create long-term stakeholder value.

The skills, knowledge, experiences and diversity of your Board are reviewed regularly to ensure they are aligned to achieving our strategic objectives.

I am pleased that we welcomed Mark Garrett and Vanessa Guthrie to the Orica Board as Independent Non-executive Directors, to support the Board's objectives and Orica's long-term growth strategy.

Mark brings more than 30 years' experience in commercial and senior leadership roles in the chemical industry, across diverse global markets.

Vanessa's considerable leadership experience in the resources sector spans over three decades, having held a diverse set of senior leadership roles across operations, environment, community, indigenous affairs, corporate development and sustainability.

We are delighted to have both Mark and Vanessa join our Board and look forward to their contributions.

Mark and Vanessa are seeking election by shareholders for the first time due to their appointment since our last meeting, you will have the opportunity to hear from them later.

I also take this opportunity to inform you that Gene Tilbrook will resign from the Board, effective February 2024. Gene has been a member of our Board since August 2013, and I thank him for his service and significant contribution towards the success of Orica.

#### Social issues

Finally, I would like to comment briefly on recent media reporting on Australian corporates taking public positions on prominent social and community issues.

Over past years, this has become more common, with Boards and management facing increasing expectations from some stakeholder groups to declare themselves on social 'issues-of-the-day'.

The Orica Board and management has consistently chosen not to do so, and I would like to explain to shareholders why.

We respect all of our employees as equals, and thus respect their ability to make up their own mind on social or political issues. We think it would be inappropriate of us to imply that we are telling them how to think about these matters unless they particularly impinge on Orica's own set of core values.

For example, in relation to the recent Voice Referendum, we took the view that individuals vote, not Boards or companies, and particularly where an issue is a party political one, we don't believe it is in the company's or the shareholders' interests to take one side against the other. Directors are of course free to express their view on issues as individuals.

Furthermore, Orica is a global company, and we did not feel taking a political position in one of our countries of operation would be appropriate. Across Orica's global workplace, we are very fortunate to have in place a highly talented and culturally diverse workforce, operating in over 100 markets and speaking more than 60 languages. Although headquartered in Australia, we are a genuine multinational. We believe that they are smart enough to make up their own minds regarding the important cultural issues facing our communities and political leaders.

As we have mentioned elsewhere, we do have schemes which promote minorities and further environmental and other goals within the company and throughout the world. And we do understand that the support of the communities in which we operate is vital.

So instead of announcing an 'Orica position' on specific topical matters, we have clearly defined our core values of Safety, Achieving Together, Integrity, Excellence and Respect. Orica leadership is held

to account to consistently model these values and they are the behaviours we expect from all Orica staff, regardless of circumstance, location, gender, race, or creed.

### Conclusion

Before I invite Sanjeev to speak, I would like to thank our stakeholders.

On behalf of the Orica Board, we would like to thank the entire Orica team for their ongoing dedication and commitment to what has been a successful and busy year. Importantly, we thank our shareholders, customers, and industry partners, for your continued support and investment in Orica.

Proudly, in 2024 Orica will celebrate 150 years of operations. Throughout next year we will recognise this exciting milestone globally with our stakeholders, and I look forward to celebrating with you as we reflect on our significant history while looking towards the bright future of our iconic organisation.

I now welcome your Managing Director and Chief Executive Officer, Sanjeev Gandhi, to address you.

### **Sanjeev Gandhi - Managing Director and Chief Executive Officer**

Thank you, Chairman, and thank you to our shareholders for joining us today.

### Safety operations

Starting with our number one priority, safety.

As Malcolm shared, sadly we reported a fatality due to a road accident in India earlier this month.

We will complete the investigation into this incident and apply any learnings in accordance with our continued commitment to safety.

In FY2023, we saw a reduction in our Serious Injury Case Rate and no serious environmental incidents since FY2018. Importantly, our loss of containment target has continued to decrease, remaining below target.

We remain vigilant and strive for continuous improvement when it comes to the safety of our people, customers and the communities in which we operate.

### People and culture

Our people are our most valuable asset.

This year, we have made significant progress on gender diversity, with nearly 35 per cent of women in senior leadership roles. Continuing to improve this is an area of focus.

Fostering a strong culture of belonging is a key priority at Orica, and we continue working to ensure we have the right culture and environment to attract, retain and develop a diverse and engaged workforce.

Our high inclusion index score of 87 per cent significantly outperforms global high-performance, manufacturing and mining peers, but we know there is always more work to be done.

### Business performance

Moving now to our performance.

We delivered strong results in the last financial year, reported underlying earnings before interest and tax of \$698 million, a 24 per cent increase on the prior year from quality earnings.

Statutory net profit after tax was \$295 million, including a \$73 million individually significant items expense after tax. We achieved a return on net operating assets of 12.6 per cent, an increase on the previous year driven by our improved earnings performance and strong market conditions.

This strong result is attributable to continued customer demand, strategy execution and the remarkable efforts of our people.

The strength and flexibility of our global manufacturing and supply network, combined with our digital solutions offering provides us a key competitive advantage.

Pleasingly, we saw growth in all regions and businesses, including doubled EBIT from our new Digital Solutions business.

In Australia, Pacific and Asia, high demand for Orica's products, together with continued commercial discipline, drove earning performance and structural contract improvements.

Despite a challenging external environment, North America delivered resilient earnings performance, with improved quality of earnings driven by strong EBS conversion, technology growth, commercial discipline, and cost management initiatives.

In Latin America, underlying earning was strong due to commercial discipline and continued technology penetration as demand for technology and premium products grew. Excitingly, our Lurin site is on track to be the major supplier for Orica's mining customers in both North America and Latin America.

In the EMEA region, I am very pleased with the significant EBIT improvement despite the loss of volume and earnings from the Russia business last year. Excluding the impact of Russia, the regional underlying earnings more than doubled.

And finally, turning to Digital Solutions, of which this is the first full year result for the new segment.

Digital Solutions had a very strong year, doubling their earnings in 2023 with significant improvements in margin. This was driven by growth across all three sub-verticals, namely Orebody intelligence, Blast Design and Execution solutions, and GroundProbe.

The integration of Axis is progressing to plan. Axis entered new markets in Canada, Africa and the US in the second half.

The Digital Solutions business has been identified as a key growth vertical and we will continue to build and invest in the next generation of digital technologies and solutions along with innovating in our blasting core.

We have launched more than 20 new blasting and digital products this year and announced significant partnerships, including our recently announced MOU with Caterpillar and award winning Avatel technology with Epiroc.

### Sustainability performance

Sustainability is at the core of our purpose, and we have made strong progress towards our climate targets throughout the year. We have invested responsibly to deliver significant reductions in our operational net Scope 1 and 2 greenhouse gas emissions to date.

In 2023, our Scope 1 and 2 net emissions were 9 per cent lower than 2022, and since 2019, we have reduced our net emissions by 22 per cent.

Due to our strong sustainability performance, earlier in 2023 we had the confidence to accelerate our climate targets.

We have introduced a new short-term target to reduce our net Scope 1 and 2 emissions by 30 per cent by 2026 from 2019 levels; and importantly, we've increased our target to reduce net Scope 1 and 2 emissions by at least 45 per cent by 2030, from 2019 levels.

Finally, we realise Scope 3 is a material portion of our overall emissions profile and we have introduced a new ambition to reduce Scope 3 emissions by 25 per cent by 2035, from 2022 baseline levels.

Critically, these accelerated targets and new ambition further support our long-term ambition to achieve net zero emissions by 2050.

#### Partnering for progress

The energy transition requires careful planning and policy coordination between governments, regulators, energy suppliers, consumers, and the broader private sector.

I've spoken in detail about my support for a Carbon Border Adjustment Mechanism, and we are pleased that consultation on a CBAM has begun with federal government, and we continue to advocate for its introduction.

We believe a CBAM will ensure a level playing field and avoid unfair competition with imported products from countries with less mature carbon pricing regimes, and ensure sovereign manufacturing remains competitive. In our case, a CBAM will deliver on the needs of Australia's resources and agricultural sectors as well as the jobs and economies that rely on them.

We would like to see an Australian CBAM include Ammonia and hydrogen and derivatives such as Ammonium Nitrate, as it does in the EU CBAM today. There are presently carbon leakage risks associated with AN due to differences in emissions reduction policies between Australia and key trading partners.

#### Turnarounds

As I shared with you at our recent Full Year Results, there are several substantial turnarounds scheduled in FY2024, particularly in the first half.

One of the major turnarounds is the once in six-year regulatory ammonia plant maintenance shutdown at Kooragang Island, ensuring that we maintain safe and reliable manufacturing operations, that our manufacturing utilisation remains high, and we maintain security of supply for our customers.

I am happy to share with you that the first stage of the Kooragang Island ammonia plant turnaround has been completed successfully, safely, on budget and on time.

During the shutdown, the ammonia plant was modified to enable its future connection to the pipeline that will supply renewable hydrogen from the proposed Hunter Valley Hydrogen Hub.

Stage two of the turnaround will commence in February 2024 and is scheduled to take approximately four weeks.

Importantly, we have not had and do not expect any impact on customer supply during the turnaround events.

### Outlook

Now turning to our outlook for FY2024.

As anticipated, the positive momentum from the second half of the 2023 financial year has continued, with the first two months of the 2024 financial year delivering strong results. We expect this momentum to continue through this financial year.

We remain deeply committed to the continued execution of our strategy. As a result of our commercial discipline, strong customer demand and increased earnings from our blasting and digital technology offerings, the strength of our underlying business is expected to continue.

While external challenges remain, we will continue to work hard to mitigate the impact of these on our business.

Our prudent balance sheet positions us well to manage the volatile external environment, supporting further business growth, advancing climate change initiatives and delivering improved shareholder returns. We will also continue our disciplined approach to organic and inorganic growth opportunities.

### Conclusion

To conclude, I am proud that in 2024, Orica will celebrate 150 years of operations.

Founded in 1874 as a supplier of explosives to the Victorian gold fields in Australia, Orica has grown to become a leading publicly owned company listed on the Australian Securities Exchange operating across more than 100 countries around the world.

The Executive Committee and I are extremely proud of the entire Orica team and what they have delivered this year!

Thank you to our customers, partners, and the communities in which we operate for your ongoing support.

Finally, thank you to our shareholders, for your continued support and investment in Orica.

I invite the Chairman to begin the formal items of business.