ASX RELEASE

8 MAY 2020

STRONG UNDERLYING RESULT

Melbourne: Orica (ASX: ORI) today announced a Statutory Net Profit After Tax (NPAT) of $165 million for the six months to 31 March 2020, compared to $33 million in the prior corresponding period (pcp). Earnings Before Interest and Taxes (EBIT) were up 2%, or 5% after adjusting for an ownership structure change of the company's China business.

Orica Managing Director and CEO Alberto Calderon said: *"I am pleased to announce that we have delivered first half results in line with our plan, with earnings growth being led by a 4% increase in AN volumes, a strong underlying performance from all regions and further improvement from Minova. At the same time, our safety performance continues to improve, with the Serious Injury Case Rate at its lowest level in last three years.*

"This is a particularly positive set of operational and financial results, given they come from a period that had severe bushfire and weather issues in Australia, and the first impact of the coronavirus.

"The safety of our people has been our number one priority throughout the pandemic, and we have strict protocols in place around the world to protect our employees and communities. It has been inspiring to see how our company has responded with flexibility and resilience, ensuring we continue to service our customers with minimal disruption.

"During the half we also announced the major strategic acquisition of Peru's leading manufacturer and distributor of industrial explosives, Exsa. We are firmly focused on integrating the terrific team and assets into our business, and realising the significant synergies open to us."

The Burrup Technical Ammonium Nitrate plant is now operational, and production is ramping up. The plant, which is strategically located close to Orica's customers in the Pilbara region of Western Australia, is expected to deliver a positive contribution going forward. It remains an important part of Orica's domestic supply strategy.

Capital Management and Dividends

Group gearing at 33.7% provides for a strong balance sheet and the company maintains a strong liquidity position.

The Board has declared an unfranked interim ordinary dividend of 16.5 cents per share payable on 8 July 2020, representing a 40% payout ratio.

Outlook

Commenting on the full year outlook, Mr Calderon said: *"As a result of mining activities being confirmed as essential services in most countries, over 90 per cent of our volumes have remained intact following COVID-19, with limited impact in Australia and the USA which are two of our major regions.*

Authorised for release to the ASX by Kirsten Anderson Llewellyn and Erin O'Connor, Joint Company Secretary

Orica Limited, 1 Nicholson Street East Melbourne VIC 3002 Australia. ABN 24 004 145 868

"We hope more countries will be able to ease restrictions in the second half and take the first steps towards restarting their societies and economies. Mining will play a crucial part in that global economic recovery, and all of us at Orica are proud of our role in that.

"While it is almost impossible to forecast what will happen in the next six months, we currently expect our volumes in the second half to be somewhere between 10 to 15% below the pre-COVID-19 expected volumes.

"Our balance sheet remains strong. We are prudently managing capital expenditure and investing in projects that are positioning us to hit the ground running when mining activity normalises.

"Following the normalisation of mining activity globally, we currently expect volume growth to be in line with long term trends.

"We have much to look forward to going forward with the Burrup plant in full production, our fully integrated SAP platform implemented and synergies from the Exsa integration starting to be realised.

"All this, together with ongoing improvements in manufacturing and the increasing commercialisation of our world-leading technology products, continues to provide the momentum for profitable growth."

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

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Orica Limited

Results for the half year ended 31 March 2020

Strong underlying result

Statutory net profit after tax (NPAT) attributable to the shareholders of Orica for the half year ended 31 March 2020 was $165 million, with underlying EBIT[1] up 2% on the prior corresponding period (pcp)

Summary

- EBIT[1] of $309 million, up 2% on the pcp
- EBIT up 5% on the pcp, excluding the impact of the China ownership structure change
- Statutory NPAT of $165 million compared with $33 million in the pcp; underlying NPAT[2] down 1% on the pcp
- Ammonium nitrate (AN) volumes up 4% on the pcp at 1.95 million tonnes
- Strong underlying result from all regions and further improvement in Minova
- Underlying earnings per share[3] down 2% to 42.9 cents per share
- Net cash inflows[4] of $743 million following the successful capital raising
- Capital expenditure of $278 million[5] includes $72 million of rectification works at Burrup
- Net debt[6] of $1.9 billion and gearing[7] at 33.7%, both including the impact of leases
- Unfranked interim dividend of 16.5 cents per share

Group Results

Half year ended 31 March	2020 A$M	2019 A$M	Change %
Sales revenue	2,880.3	2,828.9	*2%*
EBITDA[8]	479.7	436.8	*10%*
EBIT[1]	**308.6**	**301.1**	***2%***
Net interest expense	(63.0)	(56.2)	*(12%)*
Tax expense	(78.5)	(77.8)	*(1%)*
Non-controlling interests	(1.9)	(0.4)	*(>100%)*
NPAT before individually significant items[2]	**165.2**	**166.7**	***(1%)***
Individually significant items after tax	-	(133.8)	*100%*
NPAT after individually significant items (statutory)	**165.2**	**32.9**	***>100%***

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

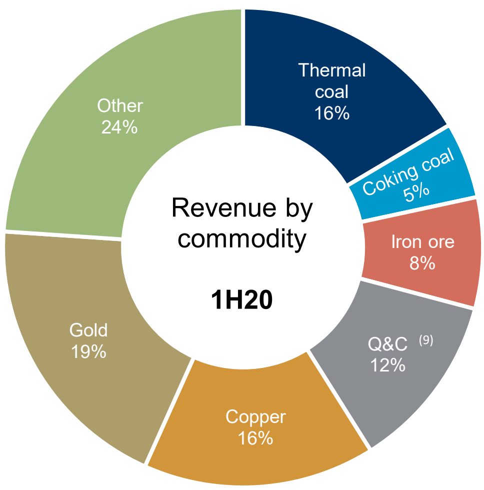
Business Summary

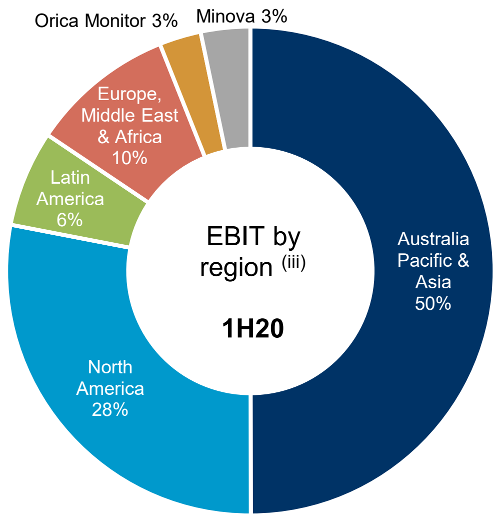
A summary of the performance of the segments for the March 2020 and March 2019 half years is presented below:

Half year ended 31 March 2020 A$M	AN Tonnes (i) ('000)	Sales Revenue (ii)	EBITDA[8]	EBIT[1]	Capital Expenditure[5]
Australia Pacific & Asia (APA)	814	1,057.6	243.4	169.5	117.6
North America	559	801.0	130.3	95.2	24.5
Latin America	319	455.8	34.5	21.6	10.4
Europe, Middle East & Africa (EMEA)	258	490.0	49.4	32.4	17.9
Minova	-	263.0	16.9	11.1	5.7
Orica Monitor	-	51.9	15.6	9.4	7.2
Global Support	-	474.0	(10.4)	(30.6)	94.6
Eliminations	-	(713.0)	-	-	-
Orica Group	**1,950**	**2,880.3**	**479.7**	**308.6**	**277.9**

Half year ended 31 March 2019 A$M	AN Tonnes (i) ('000)	Sales Revenue (ii)	EBITDA[8]	EBIT[1]	Capital Expenditure[5]
Australia Pacific & Asia (APA)	775	995.1	236.3	174.3	81.5
North America	560	783.0	115.4	93.6	9.3
Latin America	331	451.0	30.2	18.6	8.2
Europe, Middle East & Africa (EMEA)	216	440.2	43.3	29.8	15.9
Minova	-	291.2	11.2	6.9	2.9
Orica Monitor	-	44.7	13.4	9.3	4.9
Global Support	-	620.8	(13.0)	(31.4)	66.4
Eliminations	-	(797.1)	-	-	-
Orica Group	**1,882**	**2,828.9**	**436.8**	**301.1**	**189.1**

(i) Includes ammonium nitrate prill and solution as well as bulk and packaged emulsion
(ii) Includes external and inter-segment sales





(iii) Excludes Global Support

Review of Operations

Nothing is more important to Orica than keeping our people safe. In this time of uncertainty during the global outbreak of COVID-19, our commitment to the health and wellbeing of our team and wider communities is at the core of everything we do. Crisis management teams at a country, regional and global level have been activated and this has allowed us to respond in a consistent and quick manner as the situation rapidly changes. Globally we have operationalised controls to prevent infection in our workplaces. These have included temperature testing, physical distancing and sanitisation. Managing our people's psychological health has also been an important focus as well as consistently demonstrating safety leadership.

Over the past 5 years and continuing into the first half of the 2020 financial year there has been a reduction in the number of serious injuries. The latest quarterly Serious Injury Case Rate was the lowest recorded for the last three years. Underpinning this result has been our relentless focus on Major Hazard Management. There has been an increase in the Total Recordable Injury Frequency rate driven by minor injuries, principally in our manufacturing plants.

Environmental programs continue to be embedded across the business, and there were no major environmental incidents during the period. Orica is on track to align corporate governance and climate risk disclosure to the recommendations of the Task Force on Climate-related Financial Disclosures.

The implementation of the single SAP system has been a key focus area for Orica during the period. The project is now in its final stage of delivery and will be implemented in the second half.

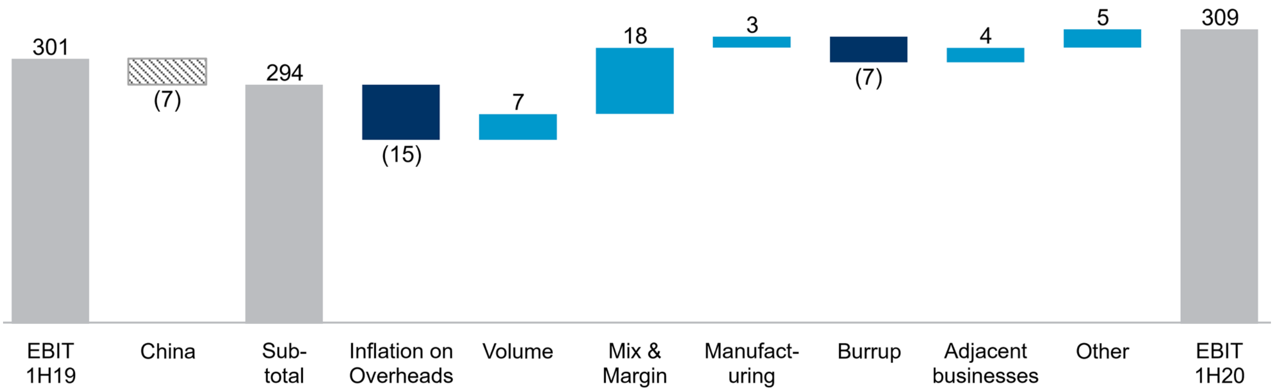
AN volumes were up 4% on the pcp, led by strong growth in Australia and the CIS. Sales revenue increased by 2% on the pcp to $2.9 billion from increased services across all regions, AN volume growth and favourable foreign exchange benefits. This was partly offset by lower revenue from Minova, negative pricing impacts of gold customer consolidation in the USA and the impact of an ownership structure change of the China business which is no longer consolidated in Orica's results.

EBITDA of $480 million was driven higher by the adoption of AASB 16 *Leases*, which resulted in the recognition of approximately $33 million of depreciation of right of use assets, with minimal operating lease expenses recognised in EBITDA with effect from 1 October 2019.

EBIT of $309 million was up 2% on the pcp. Adjusting for the change in ownership structure of the China business, EBIT increased 5% on the pcp. This was driven by strong volume growth, mix benefits, an ongoing focus on cost efficiencies across Orica and further EBIT improvement from Minova. These favourable movements were partly offset by disruptions from bushfires and extreme weather in Australia and the unprecedented outbreak of COVID-19 in late March 2020. A lag in sales price increases via contract mechanisms to reflect higher gas costs on the east coast of Australia further impacted EBIT.

The EBIT result was achieved despite the early impacts from COVID-19 which resulted in a loss of EBIT of approximately $7 million in the last two weeks of March as a result of lockdowns that occurred in a number of countries within North and Latin America, and EMEA.

1H19 to 1H20 EBIT bridge (A$M)



Key items in the EBIT bridge:

China, *($7 million)*
As previously announced, a new joint venture with Guizhou Jiulian Industrial Explosives was formed in the second half of the 2019 financial year. Whilst the results from China subsidiaries were consolidated in the pcp, the joint venture's net profit after tax is now 49% equity accounted, driving a $7 million negative impact to EBIT compared to the pcp.

Inflation on Overheads, *($15 million)*
Inflation on fixed overhead costs had an adverse effect of $15 million.

Volume, *+$7 million*

Total AN volumes increased 4% on the pcp from new and existing business in Australia and higher demand from customers in the CIS, partly offset by lower volumes in Mexico and Colombia.

Sales volumes of higher margin advanced Electronic Blasting Systems (EBS) continued their upward trend, growing 8% on the pcp with positive contribution across all regions. Total detonator sales volumes were down as a result of a reduction in conventional detonator volumes.

Mix & Margin, *+$18 million*

Margin improvement was led by an increase in service margin which grew across all regions, an ongoing focus on cost reductions and foreign exchange benefits. Mix was improved by the increased customer uptake of more advanced initiating system products.

This was partly offset by the negative price impact from gold customer consolidation in North America, and impacts on the east coast of Australia from higher gas costs together with bushfires and extreme weather events which drove a reduction in higher margin volumes.

Manufacturing, *+$3 million*

Manufacturing performance improved as a result of increased reliability and performance, and an ongoing focus on cost efficiencies.

Burrup, *($7 million)*

In the lead-up to plant commissioning, overhead costs continued to be incurred, together with ongoing costs associated with arbitration proceedings. The variance to the pcp also includes an increase to the environmental provision.

Rectification works required to enable the plant to commence production are complete, with the plant now operational and expected to build production to commercial levels during the second half.

Adjacent businesses, *+$4 million*

The Minova result improved significantly on the pcp, from improved pricing and product mix, together with manufacturing cost efficiencies from plant rationalisation and continued overhead reduction.

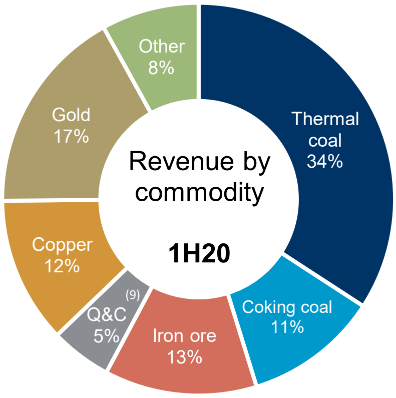
Orica Monitor results were in line with the pcp, impacted by restructuring costs which were incurred in Nitro Consult.

Other, *+$5 million*

Other benefits were driven by reduced overheads compared to the pcp.

Australia Pacific & Asia

Half year ended 31 March	2020	2019	Change
Total AN & Emulsion Volumes ('000 tonnes)	814	775	*5%*
Total sales revenue (A$M)	1,057.6	995.1	*6%*
EBITDA[8] (A$M)	243.4	236.3	*3%*
EBIT[1] (A$M)	169.5	174.3	*(3%)*



Commodity exposure

Although thermal coal remains the most significant commodity for the region, exposure as a proportion has reduced from the pcp due to bushfires and extreme weather and softer demand in Australia, and lower sales in India. Contribution from iron ore increased on the pcp from emulsion product sales in the Pilbara region, while exposure to copper also increased, largely as a result of new business in Mongolia.

Performance drivers

Volume

Explosives volumes were strong, growing 5% on the pcp, underpinned by contract wins and sales to competitors in Australia. The increase in volumes was achieved despite bushfires and extreme weather events which impacted sales volumes, particularly on the east coast of Australia, by approximately 30 thousand tonnes.

EBS volume growth momentum continued, at 18% higher than the pcp from strong customer conversion in Australia. Sales of conventional detonators were lower than the pcp, particularly in south and central Asia due to fewer tunnel projects in the region.

WebGen™ adoption and technology-based product sales have grown further, however new trials are currently on hold due to COVID-19.

Cyanide volumes were lower than the pcp due to the non-repeat of spot sales in Australia, partly offset by an increase in demand in Indonesia.

EBIT

EBIT was down 3% on the pcp, including a $7 million decrease from China. Excluding China, EBIT increased slightly on the pcp.

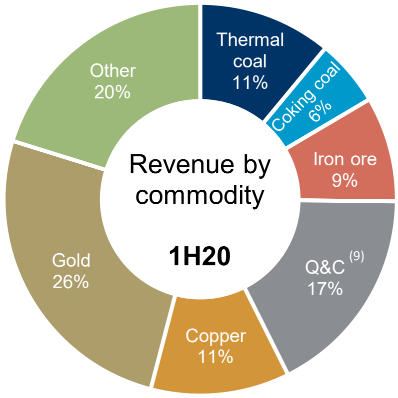
This reflects strong underlying growth and increased uptake of advanced products, which offset several challenges the region faced during the period. These included a new gas supply contract which became effective in January, reducing EBIT by approximately $10 million, due to a mismatch in timing between cost and sales price increases. A reduction in high margin volumes on the Australian east coast due to bushfires and extreme weather events further reduced EBIT.

The remediation works undertaken at the Burrup plant have enabled production to commence. The plant is expected to ramp up production of high quality AN tonnes in the second half of the financial year.

Adjusting for the depreciation expense recognised in accordance with AASB 16 *Leases* from 1 October 2019, EBITDA decreased 2% on the pcp.

North America

Half year ended 31 March	2020	2019	Change
Total AN & Emulsion Volumes ('000 tonnes)	559	560	*0%*
Total sales revenue (A$M)	801.0	783.0	*2%*
EBITDA[8] (A$M)	130.3	115.4	*13%*
EBIT[1] (A$M)	95.2	93.6	*2%*



Commodity exposure

Exposure to the gold sector significantly reduced on the pcp due to lower sales in Mexico. In contrast, exposure to the Q&C market increased from higher activity in the USA. Revenue contribution from thermal coal, iron ore and copper remained stable on the pcp.

Performance drivers

Volume

Explosives volumes were in line with the pcp, with strong growth in the USA, particularly in the Q&C sector, offset by lower volumes in Mexico, given reduced mining activity resulting from ongoing geopolitical issues and lockdowns in March from COVID-19. Volumes in Canada were in line with the pcp.

EBS volumes were up 5% in Canada reflecting new contract wins, offset partly by a decrease in Mexico, while conventional detonator sales were down on the pcp from several customer mine plan changes and closures.

Uptake of WebGen™ wireless detonators and BlastIQ™ technology further improved on the pcp, however further trials have been delayed due to COVID-19.

Although the USA was severely affected by COVID-19 in late March, mining activity remained relatively unaffected in the period. Mining activities in Mexico and Quebec were reduced due to government mandated lockdowns.

EBIT

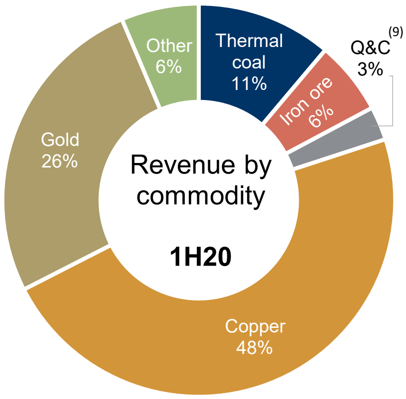
EBIT was 2% higher than the pcp from improved volumes in the USA, ongoing cost efficiency improvements across the region, and foreign exchange benefits.

This was largely offset by customer consolidation which impacted pricing in the USA, and the negative mix impact from an increase in lower margin sales to joint venture partners. The lower explosives volumes in Mexico and the non-repeat of cyanide sales in Mexico in the pcp further reduced the region's EBIT.

Adjusting for the depreciation expense recognised in accordance with AASB 16 *Leases* from 1 October 2019, EBITDA increased 3% on the pcp.

Latin America

Half year ended 31 March	2020	2019	Change
Total AN & Emulsion Volumes ('000 tonnes)	319	331	*(4%)*
Total sales revenue (A$M)	455.8	451.0	*1%*
EBITDA[8] (A$M)	34.5	30.2	*14%*
EBIT[1] (A$M)	21.6	18.6	*16%*



Commodity exposure

The contribution from copper markets saw a strong increase, resulting from a contract win in Peru, and remains the most significant commodity for the region. Exposure to the gold sector also increased, from new contracts and higher cyanide volumes. Orica's exposure to thermal coal in the Latin America region reduced significantly on the pcp, driven predominantly by lower explosives volumes to a customer in Colombia following a change to their business model.

Performance drivers

Volume

Explosives volumes were driven down on the pcp by the change in a major customer's business model, shifting their requirements from explosives products towards the provision of services. This was partly offset by explosives sales to a new customer in the copper sector in Peru, and higher demand from existing customers in Brazil.

EBS sales were strong, growing 14% on the pcp from positive customer conversion. This resulted in a corresponding reduction in conventional detonator volumes which were further impacted by lower demand from customers in Colombia following disruptions at their sites.

Cyanide volumes were higher than in the pcp from new customer wins in Brazil and Argentina, together with higher demand from existing customers in Peru.

Although results in the region were strong, countries including Peru, Colombia and Argentina were heavily impacted by government mandated restrictions to mining activity due to COVID-19 from mid-March. Overall, this reduced explosives volumes in Latin America by approximately 20 thousand tonnes.

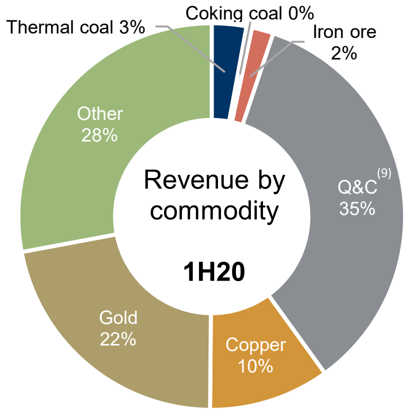
EBIT

Benefits from the strong transformation in the region continued to be realised, with a 16% increase in EBIT on the pcp despite lower explosives volumes. The improved business performance was achieved through a higher contribution from services, favourable customer conversion to advanced products, increased cyanide volumes and an ongoing focus on cost efficiencies.

Adjusting for the depreciation expense recognised in accordance with AASB 16 *Leases* from 1 October 2019, EBITDA increased 6% on the pcp.

Europe, Middle East & Africa

Half year ended 31 March	2020	2019	Change
Total AN & Emulsion Volumes ('000 tonnes)	258	216	*19%*
Total sales revenue (A$M)	490.0	440.2	*11%*
EBITDA[8] (A$M)	49.4	43.3	*14%*
EBIT[1] (A$M)	32.4	29.8	*9%*



Commodity exposure

Exposure to the Q&C market reduced on the pcp due to lower activity in Norway, while exposure to the phosphate market increased from growth in demand in the CIS. In addition to phosphate, other revenue includes diversified sales across numerous geographies and markets including natural gas, nickel and zinc.

Performance drivers

Volume

Explosives volumes grew strongly by 19% on the pcp, from further increases in key growth markets in the CIS and across Africa which more than offset lower explosives volumes in Estonia resulting from customer plant closures. The volume increase in the CIS was driven from both new contract wins and higher demand from existing customers.

The region continued its positive EBS volume growth trajectory, with a further 7% increase on the pcp, led by strong customer conversion in Europe, particularly in Norway.

Cyanide saw profitable growth from increased demand in Turkey.

The outbreak of COVID-19 limited mining activity, particularly in Europe and Africa, affecting results in the month of March.

EBIT

EBIT improved on the pcp, underpinned by the sustained explosives volume growth in the CIS from both new and existing customers, in addition to improved EBS and cyanide volumes. Cost efficiency also remained a key focus in the region.

The positive contributors to EBIT growth were partly offset by negative foreign exchange impacts in Africa and Europe as well as early COVID-19 impacts.

Adjusting for the depreciation expense recognised in accordance with AASB 16 *Leases* from 1 October 2019, EBITDA increased 6% on the pcp.

Minova

Half year ended 31 March	2020	2019	Change
Steel products ('000 tonnes)	63.0	78.4	*(20%)*
Resins & Powders ('000 tonnes)	60.4	58.6	*3%*
Total sales revenue (A$M)	263.0	291.2	*(10%)*
EBITDA[8] (A$M)	16.9	11.2	*51%*
EBIT[1] (A$M)	11.1	6.9	*61%*

Performance drivers

The successful turnaround of the Minova business has continued to deliver EBIT growth. EBIT was higher than the pcp due to improved pricing and product mix, and a further decrease in fixed manufacturing costs from plant rationalisation and sustainable overhead reduction. Revenues were lower, impacted by a reduction in steel surcharges and coal sector activity in the USA.

Minova results were impacted from mid-March by COVID-19.

Orica Monitor

Half year ended 31 March	2020 A$M	2019 A$M	Change
EBIT[1]	9.4	9.3	1%

Performance drivers

The Orica Monitor segment comprises GroundProbe™ and Nitro Consult businesses.

GroundProbe's™ sales were strong, highlighted by a record sales month in March for radar and laser systems, and remote geotechnical modelling revenue growing more than 100% in the past twelve months. EBIT across the segment grew slightly on the pcp, impacted by higher costs incurred in the GroundProbe™ business to support growth in Latin America and Australia Pacific & Asia, and restructuring costs in underperforming areas of Nitro Consult.

Global Support

Half year ended 31 March	2020 A$M	2019 A$M	Change
EBIT[1]	(30.6)	(31.4)	3%

The reduction in Global Support costs is driven by cost reduction initiatives, partly offset by arbitration costs associated with the Burrup plant.

Net interest expense

The net interest expense of $63 million increased on the pcp as a result of the translation impact on foreign currency denominated interest and the recognition of interest expenses on leases in accordance with AASB 16 *Leases*, effective from 1 October 2019.

Half year ended 31 March	**2020 A$M**	**2019 A$M**	**Change**
Net interest expense	(63.0)	(56.2)	(12%)

Tax expense

The effective rate of 32% is in line with pcp.

Group Cash Flow

	31 Mar 2020 A$M	**31 Mar 2019 A$M**	**Variance A$M**
Net Operating cash flows	107.7	183.6	(75.9)
Net Investing cash flows	(262.4)	(129.4)	(133.0)
Net Operating and Investing cash flows[10]	**(154.7)**	**54.2**	**(208.9)**
Dividends – Orica Limited	(116.7)	(106.8)	(9.9)
Dividends – non-controlling interest shareholders	(6.7)	(11.2)	4.5
Adjusted net cash flows	**(278.1)**	**(63.8)**	**(214.3)**
Movement in borrowings and other net financing cash flows[11]	1,021.1	4.0	1,017.1
Net cash flows[4]	**743.0**	**(59.8)**	**802.8**

Performance highlights

The increase in net cash flows was driven by a capital raising for the Exsa S.A. (Exsa) acquisition and the drawdown of credit facilities to manage potential contingencies in the COVID-19 environment.

Net Operating cash flows

Net cash generated from operating activities was lower due to higher debtor balances from greater sales, as well as increased inventory and a reduction in creditors in advance of Burrup commissioning and single SAP implementation, partly offset by an improvement in earnings.

Net Investing cash flows

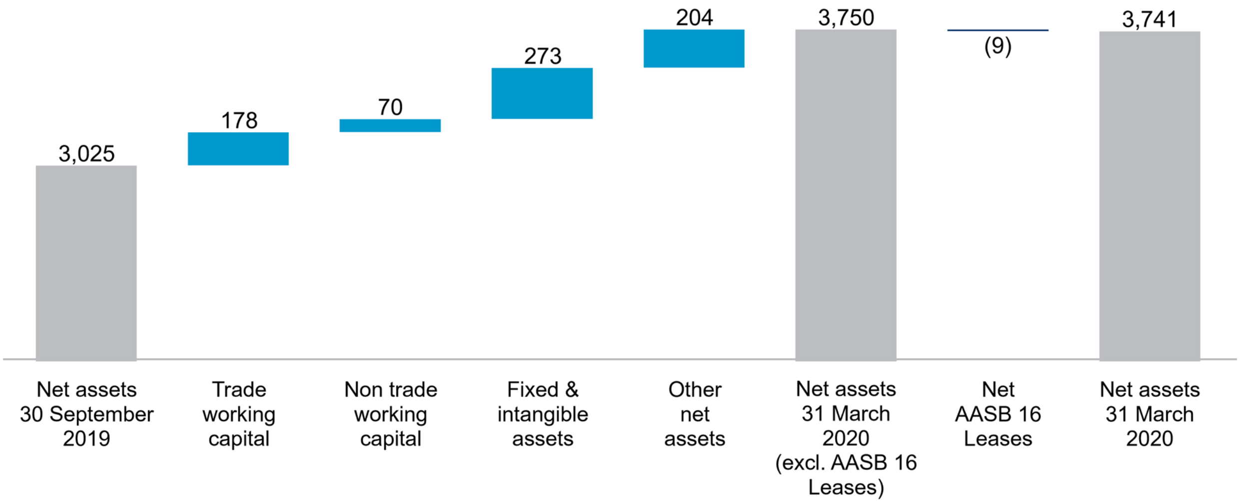
Net investing cash outflows of $262 million included continued spend on the new SAP system as the project approaches completion; spend on manufacturing plants to improve reliability; planned rectification works at Burrup and continued investment in technology products.

Movement in borrowings and other net financing cash flows

The capital raising during the period generated $507 million in cash, net of fees, from which the Exsa acquisition was funded in April 2020. Existing credit lines were also drawn down for general funding purposes and to a targeted level of cash reserves to manage potential contingencies in the COVID-19 environment.

Group Balance Sheet

Movement in net assets (A$M)



Performance highlights

Trade working capital [12] increased by $178 million from 30 September 2019.

The inventory balance increased compared to 30 September 2019 as a result of Burrup rectification works, requiring stock to be freighted from the east coast of Australia to the west coast to serve customers' needs. A level of safety stock has also been built up in preparation for the upcoming implementation of the single SAP system.

Debtors increased by $54 million compared to 30 September 2019, driven by an increase in sales activity and temporary increases as lockdowns due to the COVID-19 pandemic in areas such as Colombia, Peru and Africa left customers unable to process payments in a timely manner. Orica continues to monitor non-compliance with contractual payment terms and has not identified any significant change in debtors' ability to pay debts as they fall due.

As previously flagged, the implementation of the single SAP system will drive increased standardisation of payment terms across our supplier base. As a result, creditors were $44 million lower than 30 September 2019 in preparation for system implementation.

Non-trade working capital [13] was impacted by an increase in non-trade debtors, primarily indirect tax receivables, and a reduction in capital and payroll related non-trade creditors.

Fixed & Intangible assets increased by $273 million from 30 September 2019 due to additions of $275 million and foreign exchange impact of $136 million, partly offset by the depreciation and amortisation expense of $138 million.

Other net assets increased by $204 million from 30 September 2019, driven primarily by the revaluation of financial instruments resulting from lower interest rates and a weaker Australian Dollar.

AASB 16 Leases which became effective from 1 October 2019 resulted in a net $9 million decrease in net assets from 30 September 2019.

Balance Sheet strength

Orica's Balance Sheet remains healthy, with significant headroom against both the gearing and interest cover debt covenants. Undrawn committed bank facilities of $1,198 million, complemented by cash of $1,165 million provides for a strong liquidity position.

Recent refinancing and pre-financing activities completed in February, extended a number of committed bank facilities with existing lenders, for periods of four or five years. This was achieved without any adverse changes to key terms.

As we continue to face a period of uncertainty in the COVID-19 environment, Orica remains focussed on cash preservation. This includes managing inventory effectively to meet customers' needs while supply chains remain under pressure. Other measures include placing a hold on discretionary spend and reviewing capital expenditure for opportunities for deferment.

We remain committed to our suppliers, with payment processes continuing as usual.

Importantly, we also maintain a longer-term focus and will continue to pursue value accretive opportunities, should they arise. Our strong financial position provides flexibility to invest for the future and positions Orica well for when normalised mining growth returns.

Debt Management and Liquidity

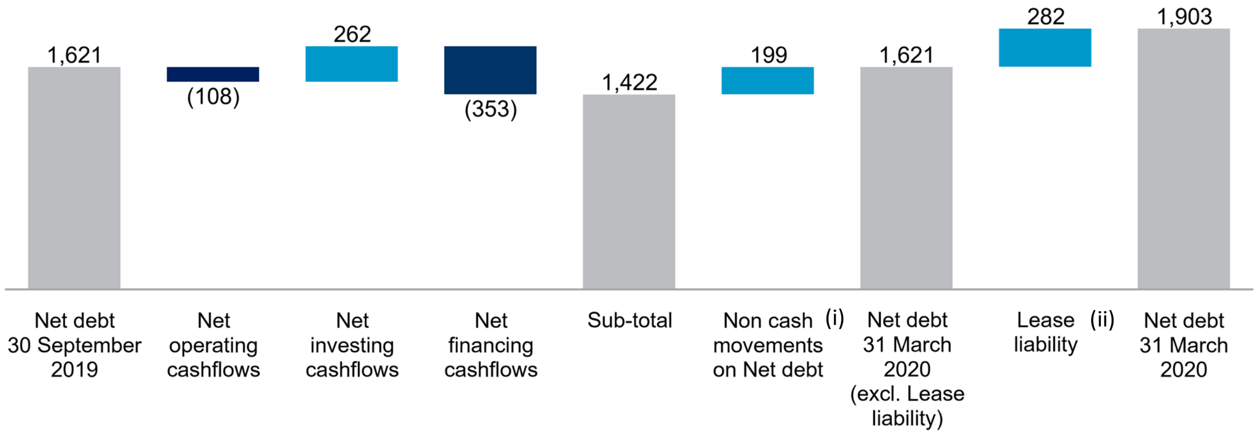
	31 Mar 2020 A$M	30 Sep 2019 A$M	Variance A$M
Interest bearing liabilities - excluding Lease liability	(2,785.5)	(2,032.8)	(752.7)
Less: Cash and cash equivalents	1,164.5	412.6	751.9
Net debt – excluding Lease liability	(1,621.0)	(1,620.2)	(0.8)
Lease liability	(281.9)	(0.4)	(281.5)
Net debt [6]	(1,902.9)	(1,620.6)	(282.3)
Gearing % - excluding Lease liability	30.2%	34.9%	(4.7pts)
Gearing %[7] - including Lease liability (debt covenant)	33.7%	34.9%	(1.2pts)

Interest bearing liabilities of $2,786 million comprise $2,182 million of US Private Placements and $604 million of committed and other bank facilities. The average tenor of drawn debt is 4.0 years (30 September 2019: 4.7 years).

Gearing at 33.7% (including lease liabilities) is comfortably within the Group's target range of 30-40%.

The chart below illustrates the movement in net debt from 30 September 2019.

Movement in net debt (A$M)



(i) Non-cash movements on Net debt comprise foreign exchange translation
(ii) Commenced 1 October 2019 under AASB 16 *Leases*

Dividend

The Board has declared an unfranked interim ordinary dividend of 16.5 cents per share. The dividend represents a payout ratio [14] of 40%.

The dividend is payable to shareholders on 8 July 2020 and shareholders registered as at the close of business on 29 May 2020 will be eligible for the interim dividend.

Enhanced Tax Transparency Reporting

Australian Tax Transparency – Tax Return Data for 2019

Information relating to Orica's Australian operations is provided in the table below.

	2019 A$M	2018 A$M
Total income [i]	2,174	2,534
Taxable income [ii]	202	61
Statutory tax rate [iii]	30%	30%
Tax liability	61	18
Offset reductions [iv]	(40)	(18)
Tax payable	**21**	-

(i) Total Australian income (includes sales, dividends, interest income etc.) before all expenses (for example, interest, employee costs, depreciation)
(ii) Taxable income after allowing for all deductible expenses and tax-exempt income
(iii) Australian Statutory tax rate
(iv) Relates to franking credits, foreign income tax and research and development.

Outlook

The impact of COVID-19 on mining activity in Orica's operations around the globe has been varied. There has been limited impact in Australia, the USA and the CIS countries. In areas including Quebec, Mexico, parts of Latin America, Asia, Europe and Africa, some mining activity has been impacted due to strict government mandates. There has been some resumption in mining activities towards the end of April.

Based on Orica's current view of mining activity, AN volumes in the second half are currently expected to be between 10 to 15 per cent below the pre-COVID-19 expected volumes.

Following industry expected normalisation of global mining activity, Orica AN volumes are expected to be in line with long term trend growth.

This, along with the Burrup plant in full production, implementation of a fully integrated SAP platform, realised synergies from the Exsa integration, ongoing improvements in manufacturing and increasing commercialisation of our world-leading technology products, will support the momentum for profitable growth.

Footnotes

The following footnotes apply to this results announcement:

(1) Equivalent to profit/(loss) before financing costs and income tax as disclosed in Note 2(b) within Appendix 4D – Half Year Report, before individually significant items

(2) Equivalent to profit after income tax expense before individually significant items attributable to shareholders of Orica Limited, as disclosed in Note 2(b) within Appendix 4D – Half Year Report

(3) Basic earnings per share before individually significant items as disclosed in Note 3 within Appendix 4D – Half Year Report

(4) Equivalent to net increase / (decrease) in cash held, as disclosed in the Statement of Cash Flows within Appendix 4D – Half Year Report

(5) Comprises total payments for property, plant and equipment and payments for intangibles, as disclosed in the Statement of Cash Flows within Appendix 4D – Half Year Report

(6) Total interest bearing liabilities less cash and cash equivalents, as disclosed in Note 8 within Appendix 4D – Half Year Report

(7) Net debt / (net debt + total equity)

(8) EBIT before individually significant items plus depreciation and amortisation expense

(9) Quarry and construction

(10) Equivalent to net cash flows from operating activities and net cash flows used in investing activities, as disclosed in the Statement of Cash Flows within Appendix 4D – Half Year Report

(11) Equivalent to net cash used in financing activities (as disclosed in the Statement of Cash Flows within Appendix 4D – Half Year Report) excluding dividends paid to Orica ordinary shareholders and non-controlling interests

(12) Comprises inventories, trade receivables and trade payables, as disclosed in the Balance Sheet within Appendix 4D – Half Year Report

(13) Comprises other receivables, other payables and provisions, as disclosed in the Balance Sheet within Appendix 4D – Half Year Report

(14) Dividend amount / NPAT before individually significant items

Forward-looking statements

This announcement has been prepared by Orica Limited. The information contained is for informational purposes only. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

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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 2020 Half Year Results presentation includes non-IFRS reconciliations. Forecast information has been estimated on the same measurement basis as actual results.

For further information

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