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# Orica (ORI)

## Explosive stuff

**Recommendation**
**Buy** (Initiation)

**Price**
**\$21.20**
**Target (12 months)**
**\$23.00** (Initiation)

**Sector**
**Commercial Services and Suppliers**
**Expected Return**

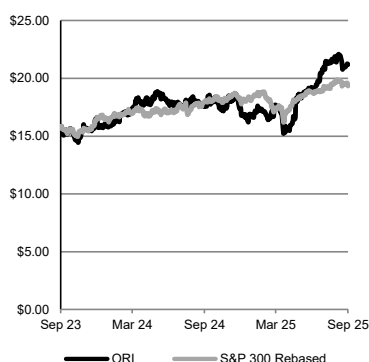
|                       |              |
|-----------------------|--------------|
| Capital growth        | <b>8.5%</b>  |
| Dividend yield        | <b>3.1%</b>  |
| Total expected return | <b>11.6%</b> |

**Company Data & Ratios**

|                        |                      |
|------------------------|----------------------|
| Enterprise value       | <b>\$12.3b</b>       |
| Market cap             | <b>\$10.0b</b>       |
| Issued capital         | <b>474m</b>          |
| Free float             | <b>87%</b>           |
| Avg. daily val. (52wk) | <b>\$39.0b</b>       |
| 12 month price range   | <b>\$14.88-22.23</b> |

**Price Performance**

|                | (1m)  | (3m)  | (12m) |
|----------------|-------|-------|-------|
| Price (\$)     | 21.88 | 19.13 | 17.81 |
| Absolute (%)   | -3.1  | 10.8  | 19.0  |
| Rel market (%) | -1.1  | 8.2   | 10.7  |

**Absolute Price**


SOURCE: IRESS

**Orica: More than just an explosives supplier**

ORI is a leading solution provider to the global mining and infrastructure markets. These solutions include the manufacture and supply of explosives, blasting systems, speciality mining chemicals (sodium cyanide and emulsifiers) and the provision of orebody intelligence, geotechnical and structural monitoring products and services. ORI has undergone a strategic pivot in recent years, transforming the company (through acquisitions) into a more diversified product and service provider, with emerging Speciality Mining Chemicals (SMC) and Digital Solutions (DS) segments to complement legacy Blasting Solutions (BS) operations. ORI expect to deliver an 80% / 20% EBIT split for Blasting / Beyond Blasting in FY25, compared with 86% / 14% in FY23, with aspirations declared to reach parity (50% / 50%; no timeline announced).

**All segments set to deliver EBIT growth in the near-term**

ORI's Sep'25 Business Update outlined a continuation of positive momentum in 2H FY25, leading the company to guide for higher earnings across the three segments compared with the PcP. Looking forward, we expect current operating momentum to continue in FY26-27 underpinned by: 1) strong uptake rates of high-margin premium blasting products; 2) favourable price realisation for ANFO and emulsion sales following successful re-contracting in tight market conditions; 3) higher AN (equivalent) sales due to increased run-of-mine material movement (from growing mineral and quarrying production volumes and increasing strip-ratios); 4) expanding EBIT margin at SMC as Winnemucca plant production lifts, driving operating leverage benefits and favourable mix movements towards own sodium cyanide sales; 5) a recovery in exploration activity from Major and Junior clients; and 6) continued conversion of cross-selling opportunities across the Digital Solutions businesses.

**Investment thesis: Initiate with Buy; TP\$23.00/sh**

We expect ORI to grow underlying EBIT across each segment in the short-to-medium term. ORI is well positioned to deliver rapid de-leveraging over FY26-27 (in the absence of M&A), with scope for capital management to prioritise increasing shareholder returns via an extension to the share buy-back program and dividends.

**Earnings Forecast**

| Year ending 30 September | 2024a | 2025e | 2026e | 2027e |
|--------------------------|-------|-------|-------|-------|
| Sales (\$m)              | 7,663 | 8,124 | 8,361 | 8,509 |
| EBIT (\$m)               | 806   | 977   | 1,034 | 1,088 |
| NPAT (reported) (\$m)    | 559   | 169   | 576   | 642   |
| NPAT (adjusted) (\$m)    | 444   | 550   | 593   | 642   |
| EPS (adjusted) (¢ps)     | 85.4  | 106.7 | 118.0 | 128.5 |
| EPS growth (%)           | 6.0%  | 24.9% | 10.6% | 8.9%  |
| PER (x)                  | 24.8x | 19.9x | 18.0x | 16.5x |
| FCF Yield (%)            | 3.5%  | 2.8%  | 5.7%  | 7.6%  |
| EV/EBIT (x)              | 15.2x | 12.5x | 11.9x | 11.3x |
| Dividend (¢ps)           | 47.0  | 60.1  | 67.5  | 73.0  |
| Yield (%)                | 2.2%  | 2.8%  | 3.2%  | 3.4%  |
| Franking (%)             | 0%    | 0%    | 0%    | 0%    |
| ROE (%)                  | 11%   | 13%   | 13%   | 14%   |

SOURCE: BELL POTTER SECURITIES ESTIMATES

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# Company overview & investment view

## Company overview

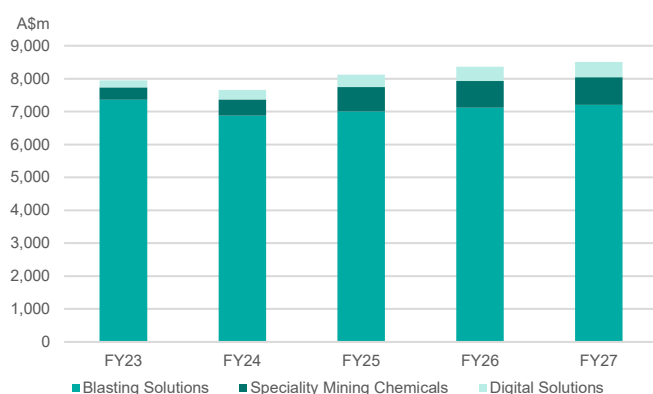
ORI is a leading solution provider to the global mining and infrastructure markets. These solutions include the manufacture and supply of explosives, blasting systems, speciality mining chemicals (sodium cyanide and emulsifiers) and the provision of orebody intelligence, geotechnical and structural monitoring products and services. ORI has undergone a strategic pivot in recent years, transforming the company (through acquisitions) into a more diversified product and service provider, with emerging Speciality Mining Chemicals (SMC) and Digital Solutions (DS) segments to complement legacy Blasting Solutions (BS) operations. ORI expect to deliver an 80% / 20% EBIT split for Blasting / Beyond Blasting in FY25, compared with 86% / 14% in FY23, with aspirations declared to reach parity (50% / 50%; no timeline announced).

Figure 1 - Company overview

| Blasting Solutions<br>83% of 1H FY25 EBIT   BPe 3.6% EBIT CAGR (FY25-27)  | Speciality Mining Chemicals<br>9% of 1H FY25 EBIT   BPe 12.1% EBIT CAGR (FY25-27)   | Digital Solutions<br>8% of 1H FY25 EBIT   BPe 14.5% EBIT CAGR (FY25-27)  |
|---|---|--|
| Services & products offered   |   |  |
| Manufacture & distribution of ammonium nitrate and emulsions<br>Advanced bulk system (4D™)<br>Initiating systems (WebGen™)  | Manufacture and distribution of sodium cyanide and emulsifiers  | Orebody Intelligence<br>Blast Design & Execution<br>Geosolutions   |
| Drivers   |   |  |
| <b>Short-term cyclical tailwinds:</b> Adoption of premium products and services; successful re-contracting cycle underpinned by favourable macro dynamics<br><b>Long-term structural tailwinds:</b> Increasing strip-ratios; rising critical mineral demand; and miners seeking to be more productive | <b>Short-to-medium term cyclical tailwinds:</b> Gold production across Canada, USA and Australia is expected to increase at a 3% CAGR over CY25-28<br><b>Long-term structural tailwind:</b> Safe haven allure (gold has become the world's second largest reserve asset), driving demand for gold | <b>Short-term cyclical tailwinds:</b> Rising Junior activity following favourable equity raising trends; Majors committed to larger CY25 exploration budgets<br><b>Long-term structural tailwinds:</b> Rising critical mineral demand; and new discoveries are increasingly being found deeper and in more complex geology |
| Clients   |   |  |
| Mining companies (across Thermal; Future Facing Commodities; Iron Ore; Quarry & Construction; and Gold)<br>Junior exploration and development companies<br>Civil Engineering & Construction companies<br>Other suppliers of ammonium nitrate and sodium cyanide                                       |   |  |
| Competitors   |   |  |
| Dyno Nobel<br>MAXAM<br>Enaex<br>Austin Powder Company<br>EPC Groupe<br>CSBP (a Wesfarmers business)   | Australian Gold Reagents<br>The Chemours Company<br>Draslovka   | Imdex<br>Reutech Mining<br>Hexagon<br>RPMGlobal  |

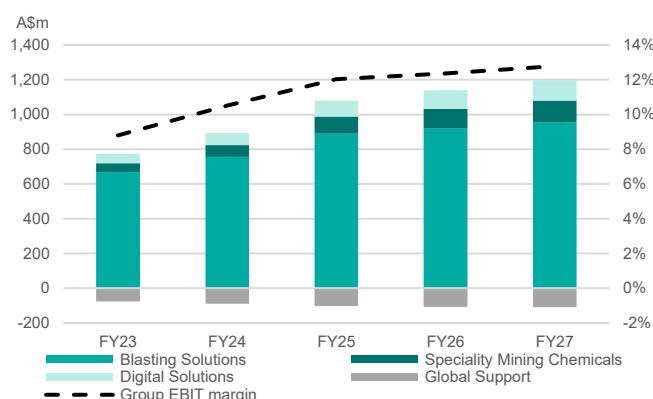
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 2 - Historical & forecast segment revenue



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 3 - Historical & forecast segment EBIT & Group margins



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

# Investment thesis & recommendation

## Investment thesis: Initiate with Buy; TP\$23.00/sh

We initiate coverage of ORI with a Buy recommendation, noting the following drivers:

**Attractive EPS growth outlook:** We forecast ORI to deliver an EPS CAGR of 14.6% over FY24-27 underpinned by:

- **Blasting Solutions (BS):** 1) Rising uptake rates of high-margin premium blasting products; 2) favourable price realisation on ANFO and emulsion sales following successful re-contracting in tight market conditions; and 3) higher AN (equivalent) sales due to increased run-of-mine material movement (from growing mineral and quarrying production volumes and increasing strip-ratios).
- **Speciality Mining Chemicals (SMC):** 1) Expanding EBIT margin as Winnemucca plant production lifts following completion of a heavy maintenance and safety upgrade program in FY25 (driving operating leverage benefits and favourable mix movements towards own sodium cyanide sales); 2) rising gold production and declining grades across key markets, supporting sodium cyanide consumption; and 3) incremental debottlenecking initiatives at Winnemucca and Alvin to deliver supply growth.
- **Digital Solutions (DS):** 1) A recovery in exploration activity from Majors (committed to increasing CY25 exploration budgets) and Juniors (deploying an increasing amount of equity-raised capital), supporting Axis Mining Technology sales; 2) a roll-out of new production-focussed Axis tools currently underway; 3) strong upstream demand for solution bundling with blasting-related software; 4) transition of Terra Insights' product sale commercial model towards rental and SaaS, enhancing the segment's mix towards recurring earnings; and 5) cross-selling of products into underpenetrated networks (eg. Terra Insights to sell into GroudProbe's established Australian base).

**ORI to benefit from long-term structural tailwinds:** These tailwinds include: 1) growing demand for critical minerals; 2) rising strip-ratios and miners facing increasingly complex orebody geology; 3) elevated allure for gold as a safe-haven asset, supporting mining volume growth; 4) depleting gold Reserves and grade, incentivising exploration activity; and 5) client adherence to stricter mining and civil infrastructure regulations.

**Commercial discipline shields profitability:** AN, emulsion and sodium cyanide supply agreements with customers are structured with rise and fall mechanisms or pass-through provisions that shield ORI from underlying input cost volatility, protecting margins.

**RONA growth expected:** ORI upgraded its 3-year average RONA expectation to 13-15% (up from 12-14%) at its FY24 result, with prior acquisitions of Terra Insights and Cyanco expected to deliver RONA-accretion during FY25-27. The upgrade gives us confidence in management's ability to achieve and exceed investment case for these acquisitions.

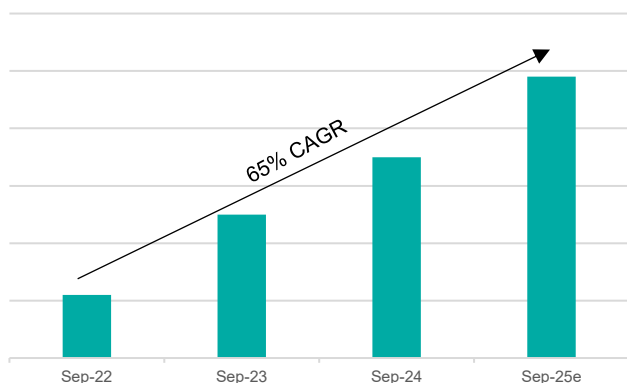
**Capital management optionality:** ORI's growing OCF profile over FY26-27 provides the company with capital management optionality. While the company's capital framework and growth strategy outlines acquisitions as way to deploy capital, in the absence of such opportunities we expect ORI to prioritise de-leveraging and returning excess cash flow to shareholders via increased dividend payouts and on-market share buy-back programs. We forecast ORI's net leverage to fall to 1.2x by FY27 (from 1.4x at 1H FY25), enhancing the company's balance sheet flexibility should any forthcoming M&A opportunities arise.

**Deer Park surplus property sale:** ORI expect to complete Stage 2 of its unused Deer Park land package sale within FY26. We have not accounted for this sale in our forecasts. The Stage 1 sale (66 hectares) was completed in Feb'24 to UniSuper for \$260m.

**Litigation update:** ORI has proven an ability to defend key patents for high margin value-add products (most recently for WebGen™ in Australia). An U.S. lawsuit relating to a commercial dispute with CF Industries (NYSE: CF) is ongoing (since Nov'23).

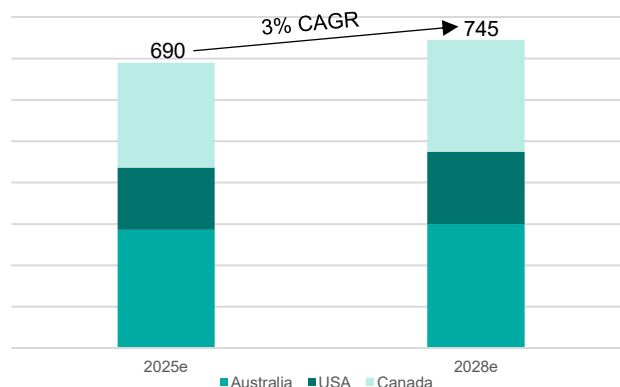
# Investment thesis in charts

Figure 4 - New Blasting Technology contribution margin



SOURCE: COMPANY PRESENTATION; NOTE: GRAPH MADE FOR ILLUSTRATIVE PURPOSES

Figure 5 - Gold production outlook across Canada, USA & Aus.



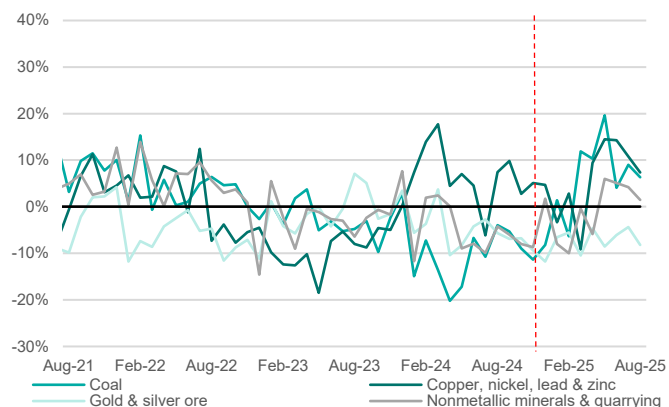
SOURCE: COMPANY PRESENTATION SOURCING WOOD MACKENZIE

Figure 6 - Aus. iron ore prod. growing at a 1.3% CAGR (FY24-27)



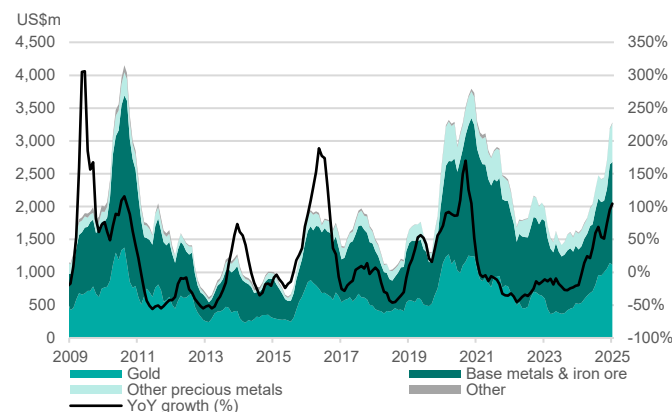
SOURCE: DEPARTMENT OF INDUSTRY SCIENCE AND RESOURCES

Figure 7 - Production levels in key USA commodity markets



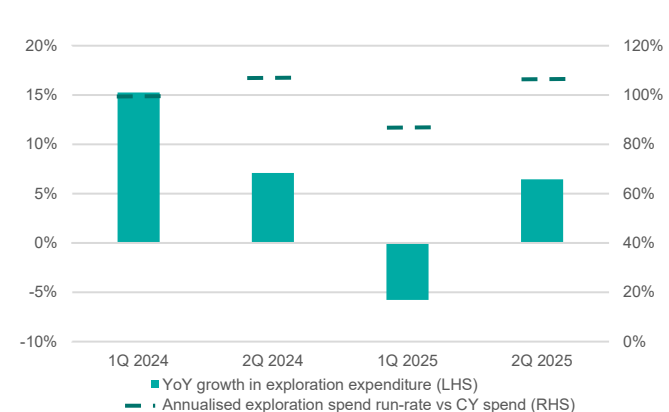
SOURCE: USA GOVERNMENT; RED DASHED LINE OUTLINES THE 2024 US ELECTION

Figure 8 - Global Junior equity financings



SOURCE: BLOOMBERG

Figure 9 - Gold Majors & Intermediates' exploration spend growth



SOURCE: COMPANY REPORTS

# Valuation & methodology

## DCF & ROIC-based valuation methodology blend

Our ORI valuation is based on a 50% / 50% blend of discounted cash flow and ROIC-based valuation methods. The DCF valuation approach values each segment and makes provisions for Global Support costs. We apply a WACC of 8.6% and TGR of 3.0% to both methods. Table 1 outlines our ORI valuation summary.

**Table 1 - ORI valuation summary**

| 12-month valuation              |             |              |
|---------------------------------|-------------|--------------|
| Valuation method                | Weight (%)  | Val. (\$/sh) |
| DCF                             | 50%         | 12.11        |
| ROIC                            | 50%         | 10.86        |
| <b>Blended equity valuation</b> | <b>100%</b> | <b>22.98</b> |

SOURCE: BELL POTTER SECURITIES ESTIMATES

## Relative valuation: Commands premium

We view Dyno Nobel (DNL; not rated) as the closest comparable peer to ORI and suitable for peer analysis. The table below outlines key valuation and financial metrics comparing the two companies. ORI should command a premium to DNL given its higher EBIT growth and ROIC (ROIC: DNL 6.1% vs ORI 14.2% - at 1H FY25).

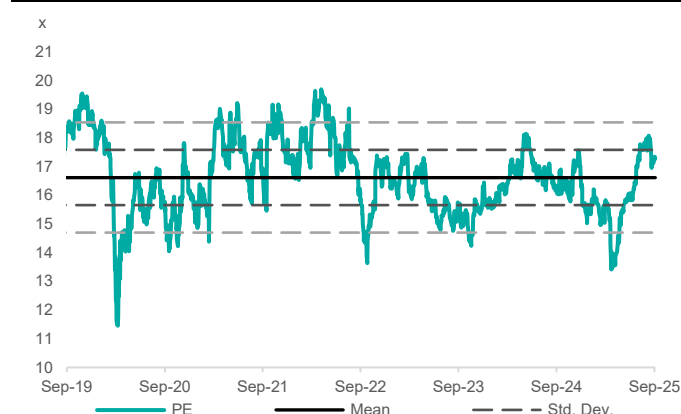
**Table 2 - Comparable analysis (ORI vs DNL)**

| Company name (Ticker)             | EBIT growth (%) |      | EV / EBIT (x) |             | EPS growth (%) |       | PE (x)       |              | EBIT margin (%) |       |
|-----------------------------------|-----------------|------|---------------|-------------|----------------|-------|--------------|--------------|-----------------|-------|
|                                   | FY26            | FY27 | FY26          | FY27        | FY26           | FY27  | FY26         | FY27         | FY26            | FY27  |
| Orica (ORI)                       | 7.0%            | 5.6% | 11.6x         | 11.0x       | 12.7%          | 10.3% | 17.3x        | 15.7x        | 12.7%           | 13.2% |
| Dyno Nobel (DNL)                  | 0.6%            | 1.3% | 11.0x         | 10.9x       | 9.9%           | 10.5% | 14.2x        | 12.8x        | 13.8%           | 14.0% |
| <b>ORI premium / (discount) %</b> |                 |      | <b>5.0%</b>   | <b>0.7%</b> |                |       | <b>21.7%</b> | <b>21.9%</b> |                 |       |

SOURCE: BLOOMBERG

ORI's NTM PE multiple has varied greatly over the past 5 years under varying macro and global mining cycle conditions. NTM multiples have room to move higher towards (and temporarily above) 2 standard deviations from the long-term average of 16.6x (to 18.5x), a move that could be catalysed by forthcoming NTM earnings upgrades. We believe ORI's NTM PE multiples should settle at a higher level over time as the Group's EBIT mix continues to shift towards higher margin Beyond Blasting operations, and as further RONA expansion is delivered.

**Figure 10 - ORI PE & dispersion**



SOURCE: VISABLE ALPHA

**Figure 11 - ORI PE vs EPS growth**



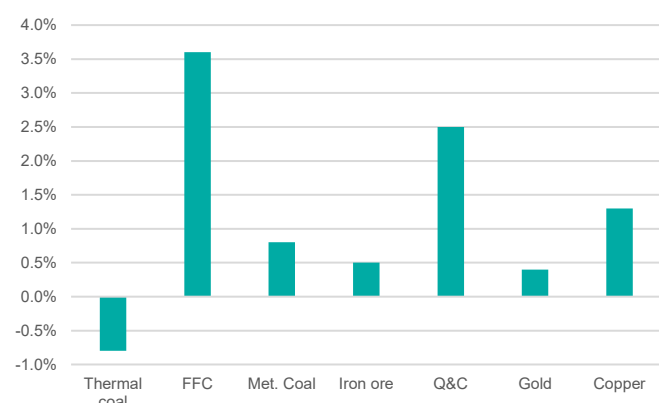
SOURCE: VISABLE ALPHA

# Industry trends & themes

## BS: Positive re-contracting cycle & premium product uptake

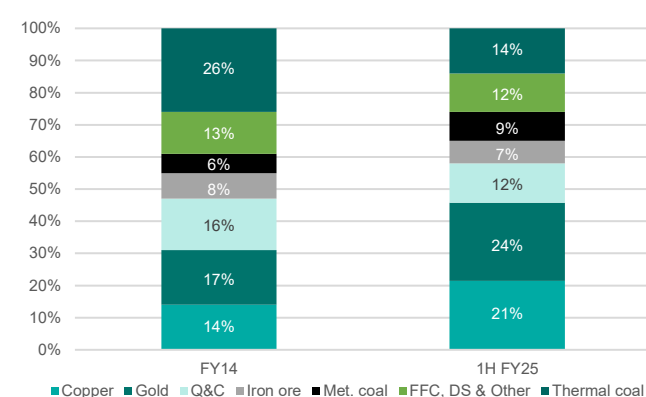
ORI's Group revenue has shifted away from traditional markets (thermal coal) towards future facing commodities, including lithium and copper, and gold. This transition can be partly attributed to flat-to-declining thermal coal production in key markets, rising gold and critical mineral production and M&A. These recalibrated exposures position ORI well to benefit from robust structural tailwinds underpinning increasing mining volumes of critical minerals and gold.

Figure 12 - Global material moved (ex-China/Russia) CAGR<sub>2025-30</sub>



SOURCE: COMPANY PRESENTATION SOURCING WOOD MACKENZIE; IHS MARKIT; S&P GLOBAL, GLOBALDATA, ORICA ANALYSIS  
NOTE: THERMAL IS SURFACE HARD COAL ONLY; Q&C IS QUARRY & CONSTRUCTION; FFC IS FUTURE FACING COMMODITIES – PRIMARILY LITHIUM, COBALT, NICKEL & ZINC

Figure 13 - Orica Group revenue mix evolution

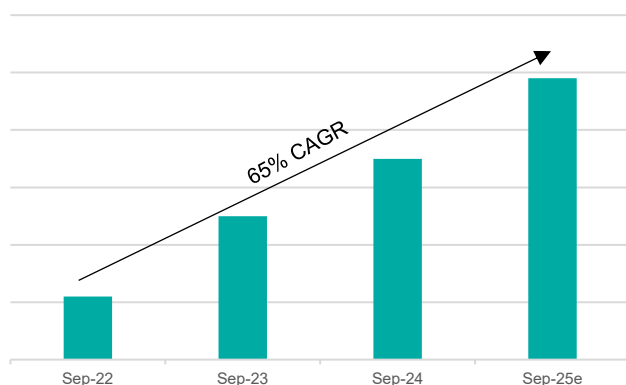


SOURCE: COMPANY PRESENTATION SOURCING WOOD MACKENZIE

BS' short-to-medium cyclical and structural drivers include:

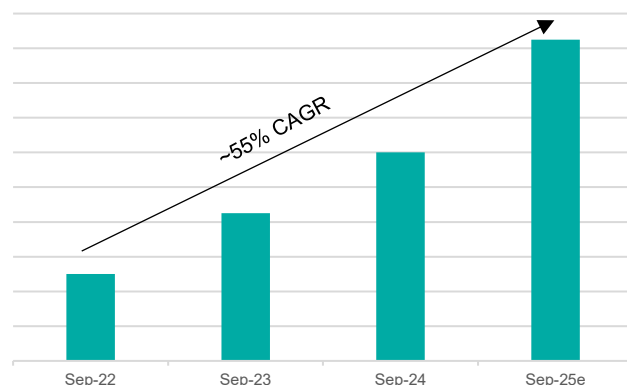
- A balanced-to-tight global AN market (impacted by geopolitical factors), underpinning a positive re-contracting cycle that may support price realisation and margin expansion.
- Accelerating uptake of premium blasting products and services, including WebGen™, 4D™ and emulsions, improving New Blasting Technology contribution margin.
- Growth in material movement (across mining and infrastructure markets).
- Increasing strip ratios of open pit mines, requiring greater consumption of explosives.
- Increasingly complex mining conditions.

Figure 14 - New Blasting Technology contribution margin



SOURCE: COMPANY PRESENTATION; NOTE: GRAPH MADE FOR ILLUSTRATIVE PURPOSES

Figure 15 - WebGen™ volume (units)



SOURCE: COMPANY PRESENTATION; NOTE: GRAPH MADE FOR ILLUSTRATIVE PURPOSES

Production volumes across most major mining markets in the USA have recovered meaningfully since the 2024 US election. We anticipate the FAST-41 program will deliver on its intended purpose of streamlining and expediting federal environmental review and authorisation processes of mining projects, underpinning a wave of greenfield and brownfield projects in the medium term.

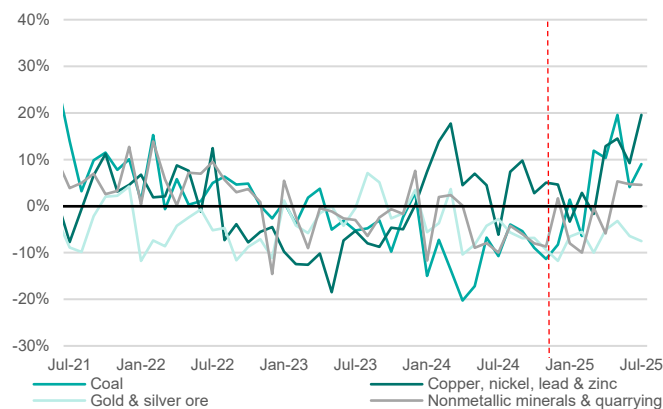
In Australia, federal Government expectations outline iron ore and gold production CAGR of 1.3% and 8.5% over FY24-27, respectively.

**Figure 16 - Aus. iron ore prod. growing at a 1.3% CAGR (FY24-27)**



SOURCE: DEPARTMENT OF INDUSTRY SCIENCE AND RESOURCES

**Figure 17 - USA production levels in key commodity markets**



SOURCE: USA GOVERNMENT; RED DASHED LINE OUTLINES THE 2024 US ELECTION

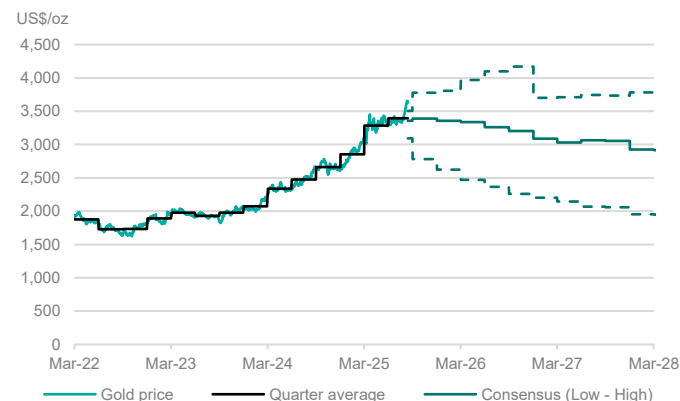
## SMC: Mid-single-digit EBIT growth p.a. over medium term

SMC, the world's largest supplier of sodium cyanide, is leveraged to rising gold production volumes and lower feed grades. The gold price has exhibited a strong rally over the past 18 months, supporting growth incentives that can be observed across the mining value chain from production capacity growth and expansion of development pipelines to a recovery in exploration activity. As a result, greenfield and brownfield projects are expected to support production growth across three of the largest gold producing countries globally (Australia, USA and Canada) at a forecast CAGR of 3% over CY25-28. Should gold prices remain at current levels, we see upside to the medium-to-long-term production outlook.

Sodium cyanide consumption benefits from declining gold feed grades. We anticipate miners may be incentivised to lower Reserve cut-off grades as elevated gold prices improve the economic feasibility of low-grade deposits.

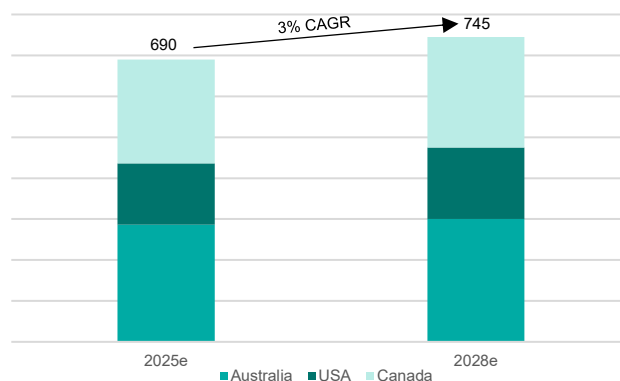
SMC is expected to benefit from a full year of production at Winnemucca in FY26, following intensive maintenance works delivered over FY25 to improve plant reliability and safety.

**Figure 18 - Historical & expected gold price**



SOURCE: BLOOMBERG; & CONSENSUS ECONOMICS

**Figure 19 - Gold production outlook across Canada, USA & Aus.**



SOURCE: COMPANY PRESENTATION SOURCING WOOD MACKENZIE



## DS: Low-double-digit EBIT growth p.a. over medium term

### Orebody Intelligence leveraged to recovery in global exploration expenditure

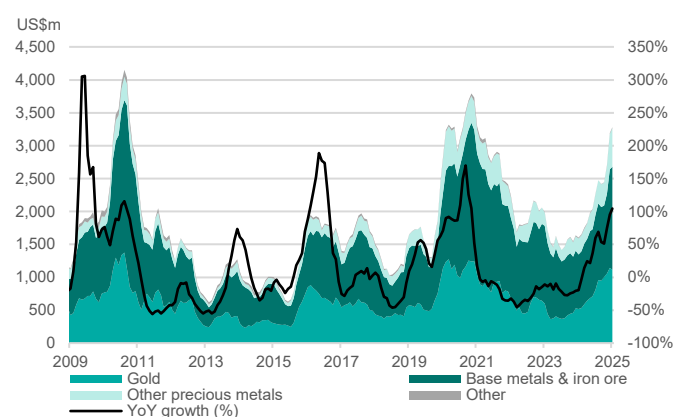
ORI's Orebody Intelligence business, primarily Axis Mining Technology, is well positioned to benefit from a recovery in global exploration expenditure by Major and Junior clients. In recent months, industry feedback has confirmed an inflection in activity, mainly driven by Major and Intermediate companies, with "green shoots" emerging across Junior clientele.

Gold and Copper Major and Intermediate Resource companies have lifted exploration budgets by 10% for CY25, as outlined by our proxy indicator. While exploration expenditure growth slowed in 1Q CY25, a meaningful recovery was observed in 2Q. Importantly, all companies either reiterated or upgraded their full year budgets, implying a stronger second half to the year.

Our proxy for Junior equity financings has generally led Junior activity by 6-9 month. As outlined in Figure 20, R6M Junior equity raisings inflected in Dec'24 and have since trended higher each month. In Aug'25, R6M Junior financings were up 75% YoY. While industry feedback points to Juniors currently in "balance sheet repair mode," delaying an anticipated rebound in exploration activity, we expect Juniors to increasingly contribute to the industry rebound currently underway over the coming quarters.

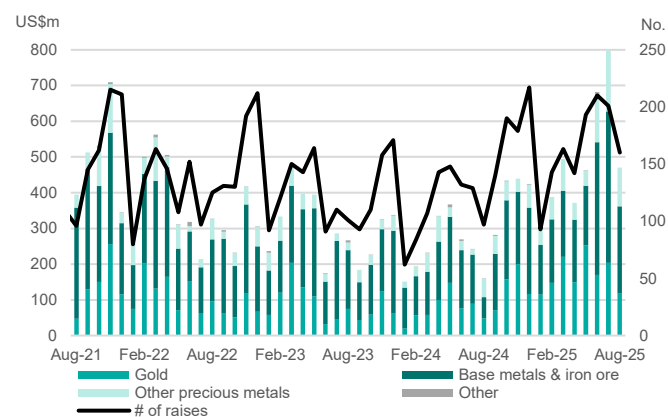
We see efforts to streamline permitting processes in the USA and Canada as a short-to-medium term tailwind for exploration and development activity in the region.

Figure 20 - R6M global Junior equity financings



SOURCE: BLOOMBERG

Figure 21 - Global Junior equity financings



SOURCE: BLOOMBERG

### Blast Design and Execution & Geosolutions to benefit from BS operation tailwinds

As outlined in the above Blasting Solutions industry commentary, we expect Blast Design and Execution to share consistent cyclical and structural drivers with the upstream Blasting Solutions segment. In summary, rising open pit strip ratios and production, and miners increasingly encountering complex geology should drive further uptake of downstream software offerings. On the latter point, we anticipate bundling and cross-selling of products and services into solution offerings will be a key theme in the short-to-medium term, highlighting ORI's value proposition in addressing customers growing mining challenges.

Geosolutions is leveraged to cyclical and structural drivers across the mining and civil infrastructure markets. Terra Insights is well positioned to capture increased infrastructure spend in the USA through the US Infrastructure Investment and Jobs Act given its strong presence in North America.

Lastly, structural failures reported at mine sites and growing societal / miner shareholder demands for safer operations have driven Resource companies and regulators to enforce more stringent compliance requirements. Ongoing adherence to safety codes should support further adoption of monitoring solutions.

# Key financials

## Income statement

The table below outlines key ORI historical and forecast income statement metrics. We estimate ORI to achieve a CAGR of 3.6% for revenue, 10.5% for underlying EBIT and 14.6% for underlying EPS over FY24-27. During this period, we expect ORI to improve its profitability and RONA (and ROIC) towards its 3-year average RONA target range of 13-15%, up from 12.9% in 1H FY25. Our 14.6% EPS CAGR outlook is supported by improving EBIT margins, balance sheet de-leveraging and an active \$400m on-market share buy-back.

| Table 3 - Historical & forecast income statement        |            |            |            |            |            |            |              |              |
|---|------------|------------|------------|------------|------------|------------|--------------|--------------|
| Income statement metrics - \$m                          | FY24       | 1H FY25    | 2HFY25e    | FY25e      | 1HFY26e    | 2HFY26e    | FY26e        | FY27e        |
| Total revenue   | 7,663      | 3,941      | 4,184      | 8,124      | 4,109      | 4,252      | 8,361        | 8,509        |
| Total expenses (COGS & opex)                            | -6,425     | -3,225     | -3,429     | -6,654     | -3,345     | -3,473     | -6,818       | -6,900       |
| Underlying EBITDA                                       | 1,238      | 716        | 755        | 1,471      | 764        | 779        | 1,543        | 1,609        |
| Underlying EBITDA margin %                              | 16.1%      | 18.2%      | 18.0%      | 18.1%      | 18.6%      | 18.3%      | 18.5%        | 18.9%        |
| Depreciation & amortisation                             | -432       | -244       | -250       | -493       | -252       | -258       | -509         | -521         |
| Depreciation as a % of revenue %                        | -5.6%      | -6.2%      | -6.0%      | -6.1%      | -6.1%      | -6.1%      | -6.1%        | -6.1%        |
| <b>Underlying EBIT</b>                                  | <b>806</b> | <b>472</b> | <b>505</b> | <b>977</b> | <b>512</b> | <b>522</b> | <b>1,034</b> | <b>1,088</b> |
| Underlying EBIT margin %                                | 10.5%      | 12.0%      | 12.1%      | 12.0%      | 12.5%      | 12.3%      | 12.4%        | 12.8%        |
| Net interest expense                                    | -177       | -100       | -99        | -200       | -97        | -94        | -191         | -176         |
| Underlying profit before tax                            | 628        | 372        | 406        | 778        | 415        | 427        | 843          | 912          |
| Tax   | -185       | -108       | -120       | -228       | -123       | -127       | -249         | -270         |
| Tax rate %  | -29%       | -29%       | -30%       | -29%       | -30%       | -30%       | -30%         | -30%         |
| Underlying net profit after tax                         | 444        | 264        | 286        | 550        | 292        | 301        | 593          | 642          |
| Underlying NPAT margin %                                | 5.8%       | 6.7%       | 6.8%       | 6.8%       | 7.1%       | 7.1%       | 7.1%         | 7.5%         |
| Non-controlling interest                                | -34        | -13        | -16        | -29        | -17        | -17        | -34          | -34          |
| <b>Profit attributable to shareholders (underlying)</b> | <b>409</b> | <b>251</b> | <b>270</b> | <b>520</b> | <b>276</b> | <b>284</b> | <b>560</b>   | <b>608</b>   |
| Adjustments (post-tax)                                  | 115        | -340       | -41        | -381       | -18        | 0          | -18          | 0            |
| Profit attributable to shareholders (stat)              | 525        | -89        | 229        | 140        | 258        | 284        | 542          | 608          |
| Weighted average shares (diluted) no.                   | 479        | 493        | 485        | 488        | 475        | 473        | 474          | 473          |
| Underlying EPS cps                                      | 85         | 51         | 56         | 107        | 58         | 60         | 118          | 128          |
| Growth %  | 6.0%       | 32.6%      | 18.7%      | 24.9%      | 14.2%      | 8.1%       | 10.6%        | 8.9%         |
| <b>Dividends cps</b>                                    | <b>47</b>  | <b>25</b>  | <b>35</b>  | <b>60</b>  | <b>30</b>  | <b>37</b>  | <b>68</b>    | <b>73</b>    |
| Dividend payout %                                       | 56%        | 49%        | 58%        | 52%        | 48%        | 58%        | 53%          | 53%          |
| Yield %   | 2.2%       | 2.4%       | 3.3%       | 2.8%       | 2.8%       | 3.5%       | 3.2%         | 3.4%         |
| Franking %  | 0%         | 0%         | 0%         | 0%         | 0%         | 0%         | 0%           | 0%           |

SOURCE: COMPANY DATA & BELL POTTER SECURITIES ESTIMATES

## SEGMENT FINANCIAL COMMENTARY

The table below outlines our key segment forecasts:

| Table 4 - Key segment financial metrics |       |         |         |       |         |         |       |       |       |
|---|-------|---------|---------|-------|---------|---------|-------|-------|-------|
|   | FY24  | 1H FY25 | 2HFY25e | FY25e | 1HFY26e | 2HFY26e | FY26e | FY27e | CAGR* |
| <b>Revenue</b>                          |       |         |         |       |         |         |       |       |       |
| Blasting Solutions                      | 6,873 | 3,414   | 3,589   | 7,002 | 3,502   | 3,615   | 7,116 | 7,210 | 1.5%  |
| APAC & Asia                             | 2,927 | 1,516   | 1,596   | 3,112 | 1,535   | 1,617   | 3,152 | 3,199 | 1.4%  |
| North America                           | 1,630 | 802     | 830     | 1,632 | 838     | 842     | 1,681 | 1,705 | 2.2%  |
| Latin America                           | 1,375 | 606     | 663     | 1,269 | 614     | 633     | 1,247 | 1,237 | -1.2% |
| EMEA                                    | 941   | 490     | 499     | 989   | 514     | 522     | 1,037 | 1,068 | 3.9%  |
| Speciality Mining Chemicals             | 500   | 351     | 397     | 748   | 397     | 417     | 814   | 837   | 5.8%  |
| Digital Solutions                       | 290   | 176     | 198     | 374   | 210     | 221     | 431   | 462   | 11.1% |
| <b>Underlying EBIT</b>                  |       |         |         |       |         |         |       |       |       |
| Blasting Solutions                      | 755   | 435     | 455     | 890   | 455     | 464     | 918   | 955   | 3.6%  |
| APAC & Asia                             | 478   | 297     | 307     | 605   | 304     | 318     | 622   | 646   | 3.4%  |
| North America                           | 145   | 66      | 76      | 141   | 79      | 72      | 151   | 162   | 7.0%  |
| Latin America                           | 63    | 31      | 30      | 61    | 29      | 30      | 59    | 58    | -2.5% |
| EMEA                                    | 70    | 41      | 42      | 83    | 43      | 43      | 86    | 89    | 3.3%  |
| Speciality Mining Chemicals             | 69    | 47      | 52      | 99    | 57      | 57      | 113   | 124   | 12.1% |
| Digital Solutions                       | 70    | 41      | 49      | 90    | 53      | 56      | 109   | 118   | 14.5% |
| Global Support                          | -88   | -51     | -51     | -102  | -52     | -55     | -107  | -109  | 3.7%  |
| <b>Underlying EBIT margin</b>           |       |         |         |       |         |         |       |       |       |
| Blasting Solutions                      | 11.0% | 12.7%   | 12.7%   | 12.7% | 13.0%   | 12.8%   | 12.9% | 13.2% |       |
| APAC & Asia                             | 16.3% | 19.6%   | 19.3%   | 19.4% | 19.8%   | 19.7%   | 19.7% | 20.2% |       |
| North America                           | 8.9%  | 8.2%    | 9.2%    | 8.7%  | 9.4%    | 8.6%    | 9.0%  | 9.5%  |       |
| Latin America                           | 4.5%  | 5.2%    | 4.5%    | 4.8%  | 4.7%    | 4.7%    | 4.7%  | 4.7%  |       |
| EMEA                                    | 7.5%  | 8.4%    | 8.5%    | 8.4%  | 8.4%    | 8.2%    | 8.3%  | 8.3%  |       |
| Speciality Mining Chemicals             | 13.8% | 13.4%   | 13.0%   | 13.2% | 14.3%   | 13.6%   | 13.9% | 14.8% |       |
| Digital Solutions                       | 24.1% | 23.3%   | 24.8%   | 24.1% | 25.2%   | 25.4%   | 25.3% | 25.6% |       |

SOURCE: BELL POTTER SECURITIES ESTIMATES; NOTE: \* FY25-27 PERIOD

**Blasting Solutions:** We are constructive on the near-term outlook for BS; we anticipate an EBIT CAGR of 3.6% over FY25-27. Key drivers of this outlook are: 1) a favourable macro setting where global AN supply remains balanced-to-tight, supporting re-contracting at appropriate margins; 2) further uptake of new blasting technologies, including 4D™ and WebGen™, enhancing profitability (due to premium product price points); and 3) an increase in AN supply in the short-to-medium term across key markets, particularly Australia and North America. While 2H FY25 and 1H FY26 are expected to be turnaround / maintenance free periods, scheduled plant outages in 2H FY26 at Yarwun, Barrup and Carseland are expected to impact profitability.

**Speciality Mining Chemicals:** ORI has guided for “mid-single digit” EBIT growth per year (on average) over the medium term. We view this guidance as conservative. SMC is a key beneficiary of current elevated gold prices which should incentivise miners across North America and Australia (core markets) to maximise production in the near-term through an increase of mining rates and brownfield expansions (quick-to-market). A relatively lighter maintenance and turnaround schedule in FY26 across the SMC assets (particularly at Winnemucca) should drive stronger facility utilisation, and therefore higher sodium cyanide production. As a result, a favourable shift in mix towards produced sodium cyanide (vs third-party sourced) sales supports the EBIT margin outlook, in addition to a favourable re-contracting cycle. While not accounted for in our forecasts, we highlight ORI’s intention to grow beyond sodium cyanide (into supply of other commodity processing reagents).

**Digital Solutions:** ORI expect to deliver “low-double digit” EBIT growth per year (on average) over the medium term. Supporting this outlook includes: 1) a recovery in the exploration cycle, improving demand for Orebody Intelligence products and services; 2) the roll-out of Axis Mining Technology’s latest production-focussed tools; and 3) cross-selling of products and services into new geographies and channels (a key focus of Geosolutions) and bundle solution selling across DS businesses and Group segments. A key segment focus is to grow recurring revenue (from greater rental and subscription-based product sales) through an overhaul of Terra Insight’s product sale commercial model.

## Balance sheet & cash flow

Table 5 outlines key historical and forecast balance sheet metrics and financial ratios.

| Table 5 - Historical & forecast balance sheet |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance sheet metrics - \$m                   | FY24         | 1H FY25      | 2HFY25e      | FY25e        | 1HFY26e      | 2HFY26e      | FY26e        | FY27e        |
| Cash  | 581          | 720          | 334          | 334          | 255          | 258          | 258          | 483          |
| Borrowings                                    | 2,198        | 2,585        | 2,465        | 2,465        | 2,390        | 2,315        | 2,315        | 2,215        |
| Net debt / (cash)                             | 1,618        | 1,865        | 2,131        | 2,131        | 2,135        | 2,057        | 2,057        | 1,732        |
| Rolling EBITDA (pre-IFRS 16)                  | 1,133        | 1,287        | 1,354        | 1,354        | 1,397        | 1,418        | 1,418        | 1,479        |
| <b>Net leverage x</b>                         | <b>1.43x</b> | <b>1.45x</b> | <b>1.57x</b> | <b>1.57x</b> | <b>1.53x</b> | <b>1.45x</b> | <b>1.45x</b> | <b>1.17x</b> |
| <b>Net gearing %</b>                          | <b>26%</b>   | <b>29%</b>   | <b>33%</b>   | <b>33%</b>   | <b>33%</b>   | <b>31%</b>   | <b>31%</b>   | <b>26%</b>   |
| Leases  | 323          | 346          | 368          | 368          | 388          | 406          | 406          | 436          |
| Net debt / (cash) incl. leases                | 1,940        | 2,212        | 2,500        | 2,500        | 2,523        | 2,463        | 2,463        | 2,168        |
| Rolling EBITDA (post-IFRS 16)                 | 1,238        | 1,397        | 1,471        | 1,471        | 1,519        | 1,543        | 1,543        | 1,609        |
| Net leverage (post-IFRS 16) x                 | 1.57x        | 1.58x        | 1.70x        | 1.70x        | 1.66x        | 1.60x        | 1.60x        | 1.35x        |
| Net gearing (incl. leases) %                  | 30%          | 32%          | 36%          | 36%          | 36%          | 35%          | 35%          | 31%          |
| <b>Trade working capital</b>                  | <b>604</b>   | <b>683</b>   | <b>688</b>   | <b>688</b>   | <b>725</b>   | <b>752</b>   | <b>752</b>   | <b>698</b>   |
| <b>Trade working capital to sales %</b>       | <b>7.9%</b>  | <b>8.6%</b>  | <b>8.5%</b>  | <b>8.5%</b>  | <b>8.7%</b>  | <b>9.0%</b>  | <b>9.0%</b>  | <b>8.2%</b>  |

SOURCE: COMPANY DATA & BELL POTTER SECURITIES ESTIMATES

**Trade working capital intensity:** ORI is committed to improving cash conversion and trade working capital efficiency towards top quartile standards. Over FY26, we expect ORI to hold a higher level of inventory across its global network given its focus on security of supply.

**Net leverage:** ORI’s capital management framework outlines a target net leverage range of 1.25-2.00x, with flexibility to temporarily go above the top-end to achieve funding of strategic growth initiatives. ORI seeks to maintain its investment grade credit rating.

**Debt mix & liquidity:** ORI’s debt stack consists primarily of long-term US Private Placement bonds - \$2,143m of the \$2,585m interest bearing liabilities fair value at 31 March 2025 - with the residual value comprising bank loans and other facilities. Figure 24 outlines ORI’s debt maturity profile at 31 March 2025. In Jul’25, ORI completed a US\$390m (equivalent) issuance of fixed rate unsecured notes in the US Private Placement market. Funds raised were used to pay down US\$150m of notes maturing in CY25; the balance was used to repay drawn committed bank facilities.

**Available liquidity:** At 31 March 2025, ORI had cash of \$720m and undrawn debt facilities of \$1,200m, for available liquidity of \$1,920m.

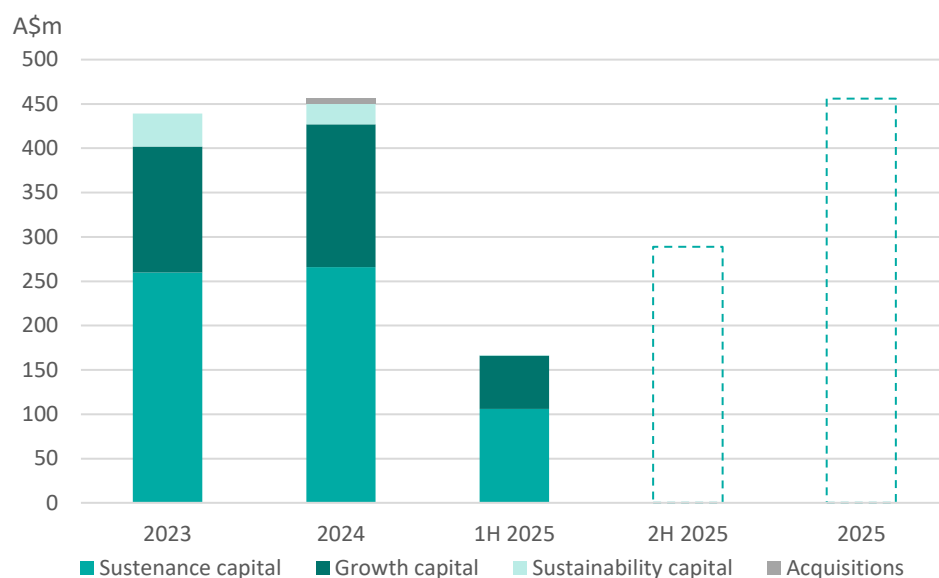
**Table 6 - Historical & forecast cashflow & ratios**

| Cash flow metrics - \$m                   | FY24        | 1H FY25    | 2HFY25e     | FY25e       | 1HFY26e    | 2HFY26e    | FY26e      | FY27e       |
|---|-------------|------------|-------------|-------------|------------|------------|------------|-------------|
| Operating cash flow                       | 808         | 245        | 490         | 734         | 489        | 531        | 1,020      | 1,216       |
| Capex & payments for intangibles          | -456        | -167       | -283        | -450        | -190       | -266       | -455       | -468        |
| <b>Free cash flow</b>                     | <b>351</b>  | <b>78</b>  | <b>206</b>  | <b>284</b>  | <b>299</b> | <b>266</b> | <b>565</b> | <b>749</b>  |
| Payments for acquisitions                 | -1,532      | 0          | 0           | 0           | 0          | 0          | 0          | 0           |
| Share issue proceeds / (buyback payments) | 431         | -14        | -308        | -321        | -92        | 0          | -92        | 0           |
| Debt proceeds (repayment)                 | 213         | 205        | -120        | 85          | -75        | -75        | -150       | -100        |
| Repayment of leases                       | -84         | -42        | -43         | -85         | -45        | -47        | -92        | -100        |
| Dividends paid                            | -170        | -130       | -122        | -252        | -166       | -140       | -306       | -324        |
| Other financing activities                | -12         | -10        | 0           | -10         | 0          | 0          | 0          | 0           |
| <b>Net change in cash</b>                 | <b>-528</b> | <b>100</b> | <b>-386</b> | <b>-287</b> | <b>-78</b> | <b>3</b>   | <b>-75</b> | <b>225</b>  |
| <b>Cash conversion (post-IFRS16) %</b>    | <b>93%</b>  | <b>65%</b> | <b>92%</b>  | <b>79%</b>  | <b>92%</b> | <b>96%</b> | <b>94%</b> | <b>103%</b> |
| FCF yield %                               | 3.5%        | 1.5%       | 4.1%        | 2.8%        | 6.0%       | 5.4%       | 5.7%       | 7.6%        |

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

**Capital expenditures & payments for acquisitions:** ORI anticipate annual capital expenditure to be within the range of \$450-460m. Historically, sustenance spend has made up 60-65% of total capital expenditure, primarily allocated to facility maintenance, safety upgrades and turnarounds. ORI has guided for FY25 capital expenditure to be consistent with FY24 (\$456m), with a 2H skew to growth spend. We have not provisioned for any forthcoming acquisitions.

**Figure 22 - Historical & expected capex (ORI guidance)**



SOURCE: COMPANY DATA

**Dividend payments:** ORI targets a payout ratio of 40-70% of underlying earnings (with franking subject to availability). Franking may be possible from FY27.

**Active on-market share buy-back program:** ORI expect to complete a \$400m share buy-back program within 12 months of its 1H FY26 results (currently 77% complete - 18 Sep'25).

# AN & sodium cyanide facility turnarounds

**Table 7 - Technical Ammonium Nitrate & sodium cyanide facility list**














| Facility name                                      | Location                            | Supply  | Capacity                 |
|--|-------------------------------------|---|--------------------------|
| Burrup (Orica 45%; Yarra International - Operator) | Burrup Peninsula, Western Australia | Technical Ammonium Nitrate                    | 330ktpa                  |
| Kooragang Island (100% ORI)                        | Newcastle, New South Wales          | Technical Ammonium Nitrate                    | 430ktpa                  |
| Yarwun (100% ORI)                                  | Gladstone, Queensland               | Technical Ammonium Nitrate and sodium cyanide | >500ktpa TAN; ~95ktpa SC |
| Bontang (49% ORI; Armindo Group 51%)               | Bontang, Indonesia                  | Technical Ammonium Nitrate                    | 300ktpa                  |
| Carseland (100% ORI)                               | Alberta, Canada                     | Technical Ammonium Nitrate                    | 500ktpa                  |
| Winnemucca (100% ORI)                              | Nevada, USA                         | Sodium cyanide (78% solution; 22% solid)      | 95ktpa                   |
| Alvin (100% ORI)                                   | Texas, USA                          | Sodium cyanide (100% solid)                   | 50ktpa                   |

SOURCE: COMPANY DATA

**Figure 23 - FY25-26 scheduled maintenance & turnarounds**

**FY2025, FY2026 scheduled maintenance and turnaround schedule<sup>1</sup>**

 AN assets  Cyanide assets

|   |                                       | 1H2025  | 2H2025  | 1H2026  | 2H2026  |
|---|---------------------------------------|---|---|---|---|
|    | <b>Kooragang Island (NSW)</b>         |    |   |   |   |
|   | <b>Yarwun (QLD)</b>                   |   |   |   |    |
|   | <b>Burrup (WA)</b>                    |   |   |   |   |
|   | <b>Bontang (Indonesia)</b>            |   |   |   |   |
|   | <b>Carseland<sup>2</sup> (Canada)</b> |  |   |   |  |
|  | <b>Winnemucca (USA)</b>               |  |  |   |  |
|   | <b>Alvin (USA)</b>                    |   |  |   |  |
|   | <b>Yarwun (QLD)</b>                   |   |   |  |   |

SOURCE: COMPANY DATA; NOTE: 1 INDICATIVE TIMING ONLY. LARGER ICONS REPRESENT EVENTS EQUAL TO OR GREATER THAN 4 WEEKS DURATION. SMALLER ICONS REPRESENT EVENTS BETWEEN 2 TO 4 WEEKS DURATION; 2 1H2025 TURNAROUND COMPLETED IN OCTOBER 2024

Expenditures relating to facility turnarounds make up the majority of ORI's sustenance capital expenditure. ORI spent \$260m on sustenance capital expenditure in FY23 and \$266m in FY24.

Turnaround deliveries are an essential part of ORI's BS and SMC operations. Larger turnaround outages are scheduled well in advance to ensure AN and sodium cyanide supply flows to customers are not materially disrupted. This usually involves building inventories within the global network, sourcing product internally or organising short-term third-party supply agreements. In addition, managing gas and ammonia supply is important as some agreements involve take-or-pay provisions and may require re-directing volumes into spot markets or absorbing cost penalties.

# Board & management

**Table 8 - Board of Directors & management**

| Director           | Position                                    | Appointed to position in |
|--------------------|---|--------------------------|
| Malcolm Broomhead  | Non-executive Chairman                      | Jan-16                   |
| Vik Bansal         | Non-executive Director (Chair-elect)        | Aug-25                   |
| Sanjeev Gandhi     | Managing Director & Chief Executive Officer | Apr-21                   |
| John Beevers       | Non-executive Director                      | Feb-20                   |
| Mark Garrett       | Non-executive Director                      | Jan-23                   |
| Denise Gibson      | Non-executive Director                      | Jan-18                   |
| Dr Vanessa Guthrie | Non-executive Director                      | Feb-23                   |
| Karen Moses        | Non-executive Director                      | Jul-16                   |
| Gordon Naylor      | Non-executive Director                      | Apr-22                   |
| James Crough       | Chief Financial Officer                     | Jun-24                   |

SOURCE: COMPANY ANNUAL REPORT & WEBSITE

## Board of Directors & executive team

### Malcolm Broomhead – Non-executive Chairman

Chairman of the Nominations Committee. Former Chairman of Asciano Limited and former Director of BHP Group Limited. Director of the Walter & Eliza Hall Institute, and Council Member of Opportunity International Australia.

### Vik Bansal – Non-executive Director (Chair-elect)

Non-executive Director of Brambles Limited and Soul Patts, Chair of LGI Limited and Board Member of Cement, Concrete and Aggregates Australia (CCAA), and Sunstate Cement. Former Director of the National Waste & Recycling Industry Council, the Waste Management and Resource Recovery Association of Australia, and not-for-profit Disability Services Australia and Chief Executive Officer and Managing Director of Boral Limited. Vik has also held previous leadership roles within InfraBuild, Cleanaway and NYSE-listed Valmont Industries.

### Sanjeev Gandhi - Managing Director & Chief Executive Officer

Sanjeev was appointed Managing Director and Chief Executive Officer of Orica on 1 April 2021, after previously holding the role of Group Executive and President of Australia Pacific, and Asia since July 2020. Sanjeev is a former Executive Director of publicly listed German Chemical company BASF SE. During his 26-year career with BASF, Sanjeev held several senior marketing, commercial and business leadership roles including Head of Asia Pacific and Head of Global Chemicals Segment (Intermediates and Petrochemicals). Sanjeev is the Chair of the Centre for Australia-India Relations (CAIR) CEO Network, a Member of the Australia India CEO Forum and joint working group for Energy, Resources, Net Zero and Critical Minerals, a Member of the CSIRO Energy Advisory Group (CEAG) and a Member of the Asialink Business Advisory Council.

### John Beevers - Non-executive Director

Chair of the Safety & Sustainability Committee, and member of the Innovation & Technology Committee and the Nominations Committee. Non-executive Director of Syrah Resources Limited and Lynas Rare Earths Limited. Former Director of QUT Bluebox, the commercialisation arm of Queensland University of Technology. Former Managing Director and Chief Executive Officer of GroundProbe. Former executive roles within the Orica Group, including Global Technology Manager, Group General Manager of Chemical Services and Chief Executive Officer of Orica Mining Services.

**Mark Garrett - Non-executive Director**

Member of the Innovation and Technology Committee, Board Audit and Risk Committee and the Nominations Committee. Member of the Board of UMICORE NV/SA. Former Chief Executive Officer at Borealis AG and Marquard & Bahls AG, and former Chairman of the Supervisory Board of OMV AG.

**Denise Gibson - Non-executive Director**

Co-founder and Chairman of Ice Mobility, a director of the Consumer Technology Association, and the Consumer Technology Association Foundation, both not-for-profit organisations. Founder and former CEO of Brightstar US and former director of Aerial Technologies Inc and NASDAQ listed VOXX International Corporation.

**Dr Vanessa Guthrie - Non-executive Director**

Chair of the People & Remuneration Committee, member of the Safety & Sustainability Committee and the Nominations Committee. Non-Executive Director of Santos Limited and Lynas Rare Earths Limited. Director and Deputy Chair of Cricket Australia. Chancellor of Curtin University. Former Deputy Chair and Director of Adbri Limited, Managing Director and CEO of Toro Energy Limited, Chair of Minerals Council of Australia and former Non-executive Director of companies including Australian Broadcasting Corporation, Vimy Resources Limited, Tronox Holdings PLC (NYSE-listed) and North American Construction Group Ltd (TSE and NYSE listed). Former Member of Australia-India Council and Board Member of Infrastructure Australia.

**Karen Moses - Non-executive Director**

Member of the People and Remuneration Committee, the Board Audit and Risk Committee and the Nominations Committee. Director of Charter Hall Group, Snowy Hydro Limited and Belvoir St. Theatre. Fellow of the Senate of Sydney University. Former Director of Boral Limited, SAS Trustee Corporation, Australia Pacific LNG Pty Limited, Origin Energy Limited, Contact Energy Limited, Energia Andina S.A., Australian Energy Market Operator Limited and VENCORP, Energy and Water Ombudsman (Victoria) Limited, Sydney Dance Company, Sydney Symphony Limited, Music in the Regions Limited, and former Chair of the NSW Artform Board for Dance and Physical Theatre.

**Gordon Naylor - Non-executive Director**

Chair of the Board Audit & Risk Committee, and member of the Safety & Sustainability Committee and the Nominations Committee. Non-executive Chair of Medical Developments International and a Director of Celleo Biotech Pty Ltd. Former President of Seqirus, a member of the CSL Group. Former Executive leadership roles within the CSL Group, including Chief Financial Officer.

**James Crough - Chief Financial Officer**

James was appointed Chief Financial Officer in June 2024 and has responsibility for the group-wide finance function, taxation and treasury portfolios. James joined Orica in 2019 as Vice President of Finance, Australia Pacific and Asia. Subsequently, he was the Interim Group Executive and President - Australia Pacific and Asia and was appointed as Group Executive and President - North America in October 2021. Before joining Orica, James held senior financial and executive roles with Incitec Pivot Ltd, including Chief Financial Officer and Interim President of Incitec Pivot Fertilisers. James has over 20 years of experience in executive finance roles across Australia, Asia, Europe and the United States.

SOURCE: COMPANY WEBSITE & REPORTS



# Capital structure

**Table 9 - Capital structure**

|                                    |               |
|------------------------------------|---------------|
| Cash \$m                           | 720           |
| Debt \$m                           | 2,585         |
| Lease liabilities \$m              | 346           |
| <b>Net debt (incl. leases) \$m</b> | <b>2,212</b>  |
| Issued shares m                    | 474           |
| Share price \$                     | 21.20         |
| Market cap \$m                     | 10,042        |
| Net debt \$m                       | 2,212         |
| <b>EV (undiluted) \$m</b>          | <b>12,254</b> |
| Options / rights m                 | 7             |
| Issued shares (diluted) m          | 480           |
| <b>Market cap (diluted) m</b>      | <b>10,180</b> |
| Net debt \$m                       | 2,212         |
| <b>EV (diluted) \$m</b>            | <b>12,392</b> |

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

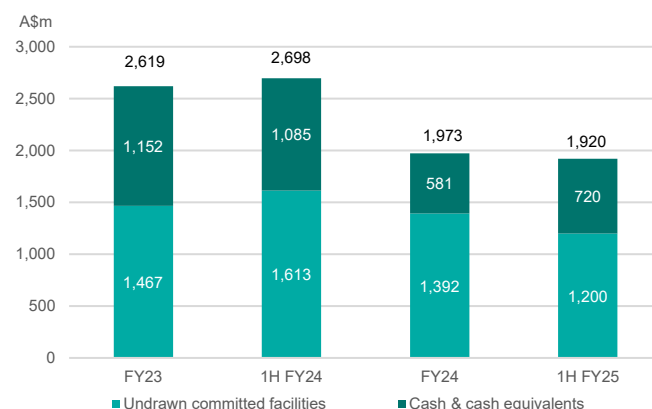
In Jul'25, ORI completed a US\$390m (equivalent) issuance of fixed rate unsecured notes in the US Private Placement market. Funds raised were used to pay down US\$150m of notes maturing in CY25; the balance was used to repay drawn committed bank facilities. The debt issuance extends ORI's average drawn debt tenor to 5.8 years (up from 4.1 years at 1H FY25).

**Figure 24 - Committed facility maturity profile (A\$m) at 1H FY25**



SOURCE: COMPANY REPORT  
NOTE: CEFC IS CLEAN ENERGY FINANCE CORPORATION

**Figure 25 - Available liquidity**



SOURCE: COMPANY REPORT

ORI has an active \$400m on-market share buy-back program (announced in Mar'25). The program is currently 77% complete (18 Sep'25).

# Orica (ORI)

## Company description

ORI is a leading solution provider to the global mining and infrastructure markets. These solutions include the manufacture and supply of explosives, blasting systems, speciality mining chemicals (sodium cyanide and emulsifiers) and the provision of orebody intelligence, geotechnical and structural monitoring products and services. ORI has undergone a strategic pivot in recent years, transforming the company (through acquisitions) into a more diversified product and service provider, with emerging Speciality Mining Chemicals (SMC) and Digital Solutions (DS) segments to complement legacy Blasting Solutions (BS) operations. ORI expect to deliver an 80% / 20% EBIT split for Blasting / Beyond Blasting in FY25, compared with 86% / 14% in FY23, with aspirations declared to reach parity (50% / 50%; no timeline announced).

## Investment thesis: Initiate with Buy; TP\$23.00/sh

We expect ORI to grow underlying EBIT across each segment in the short-to-medium term. ORI is well positioned to deliver rapid de-leveraging over FY26-27 (in the absence of M&A), with scope for capital management to prioritise increasing shareholder returns via an extension to the share buy-back program and dividends.

## Valuation methodology

Our ORI valuation is based on a 50% / 50% blend of discounted cash flow and ROIC-based valuation methods. The DCF valuation approach values each segment and makes provisions for Global Support costs. We apply a WACC of 8.6% and TGR of 3.0% to both methods.

We initiate coverage of ORI with a Buy recommendation and Target Price of \$23.00/sh.

# Investment risks

## Risk to investment thesis

Key risks to ORI include, although are not limited to:

**Commodity price volatility:** ORI's performance is directly tied to the health of the global mining industry. Fluctuations in the prices of key commodities can significantly impact demand for ORI's products and services.

**Infrastructure investment cyclicality:** ORI is leveraged to investment for infrastructure construction in key geographies, which is cyclical. During down-cycles, ORI's Blasting Solutions and Digital Solutions segments may experience reduced sales.

**Geopolitical and economic uncertainty:** Global economic conditions, trade tensions, and political instability in the regions where ORI operates can affect mining activity, supply chains, and overall operations.

**Competition risk:** ORI supplies homogenous explosive products. Its ability to deliver a differentiated offerings from competitors is key to maintaining a competitive edge.

**Safety and product security:** Given the nature of its products (commercial explosives), ORI has a high-risk profile for safety incidents. This includes the risk of fatalities and serious injuries to employees and contractors, as well as the need for strict product security to prevent misuse.

**Supply chain and input costs:** ORI is exposed to risks related to the cost and availability of key raw materials, such as gas and ammonia, which can impact profitability. Supply chain disruptions can also affect production and delivery.

**Operational disruptions:** Unplanned maintenance shutdowns at manufacturing plants and other operational issues can lead to increased costs and reduced production volumes. In addition, longer than planned turnarounds can impact ORI product supply and financials.

**Acquisition risk:** Inorganic growth has been and is expected to remain a key pillar of ORI's capital management and growth strategy. Earnings growth through acquisitions is risky and requires careful due diligence prior to deal execution. Insufficient understanding of the risks, earnings growth potential and competitive dynamics associated with a newly acquired business may lead to compression of ORI's RONA to levels below its internal hurdles.

**Debt management risk:** ORI has historically flexed its gearing and net leverage ratios above target ranges during periods of organic and inorganic growth or cyclically depressed earnings. Prudence is key to managing these risks during future cycles to maintain debt levels within reasonable boundaries, or risk dilutive equity raisings.

**ESG risk:** ORI could face increasing scrutiny relating to its environmental impact and social responsibility. The company must maintain a transparent approach to managing its "license to operate" through initiatives seeking to enhance safety across operations and reduce carbon and greenhouse emissions, otherwise risking social pushback.

**FX risk:** As a global company, ORI's earnings are exposed to currency exchange rate movements, which can impact the translation of foreign earnings into Australian dollars.

**Litigation risk:** ORI may be subject to contingent liabilities from ongoing litigation around intellectual property and commercial disputes. Protecting IP relating to value-added, premium products and services is paramount to ensure robust commercial outcomes are delivered.

**Reputation risk:** Poor delivery of services, failures, adverse media coverage or other publicity may impact ORI's brand and reduce the demand for its products and services, adversely impacting relationships with potential and existing customers and/or employees.

# Orica

as at 18 September 2025

Recommendation  
Price  
Target (12 months)

Buy  
\$21.20  
\$23.00

Table 10 - Financial summary

| Date  |       | 18/09/25 |         |         |         |         | Bell Potter Securities                                   |      |          |          |          |          |          |                       |       |
|---|-------|----------|---------|---------|---------|---------|--|------|----------|----------|----------|----------|----------|-----------------------|-------|
| Price   | \$/sh | 21.20    |         |         |         |         | Joseph House (jhouse@bellpotter.com.au, +61 3 9235 1624) |      |          |          |          |          |          |                       |       |
| Target price  | \$/sh | 23.00    |         |         |         |         |  |      |          |          |          |          |          |                       |       |
| PROFIT AND LOSS                                     |       |          |         |         |         |         | FINANCIAL RATIOS   |      |          |          |          |          |          |                       |       |
| Year ending 30 September                            | Unit  | 2023a    | 2024a   | 2025e   | 2026e   | 2027e   | Year ending 30 September                                 | Unit | 2023a    | 2024a    | 2025e    | 2026e    | 2027e    |                       |       |
| Revenue   | \$m   | 7,945    | 7,663   | 8,124   | 8,361   | 8,509   | VALUATION  |      |          |          |          |          |          |                       |       |
| COGS & operating costs                              | \$m   | (6,855)  | (6,425) | (6,654) | (6,818) | (6,900) | EPS (underlying)   | c/sh | 80.5     | 85.4     | 106.7    | 118.0    | 128.5    |                       |       |
| Underlying EBITDA                                   | \$m   | 1,091    | 1,238   | 1,471   | 1,543   | 1,609   | EPS growth   | %    | 6.1%     | 6.0%     | 24.9%    | 10.6%    | 8.9%     |                       |       |
| Depreciation & amortisation                         | \$m   | (393)    | (432)   | (493)   | (509)   | (521)   | PER  | x    | 26.3x    | 24.8x    | 19.9x    | 18.0x    | 16.5x    |                       |       |
| Underlying EBIT                                     | \$m   | 698      | 806     | 977     | 1,034   | 1,088   | DPS  | c/sh | 43.0     | 47.0     | 60.1     | 67.5     | 73.0     |                       |       |
| Net interest expense                                | \$m   | (144)    | (177)   | (200)   | (191)   | (176)   | Franking   | %    | 0%       | 0%       | 0%       | 0%       | 0%       |                       |       |
| Underlying profit before tax                        | \$m   | 554      | 628     | 778     | 843     | 912     | Yield  | %    | 2.0%     | 2.2%     | 2.8%     | 3.2%     | 3.4%     |                       |       |
| Tax expense   | \$m   | (166)    | (185)   | (228)   | (249)   | (270)   | FCF/share  | c/sh | 101.2    | 74.1     | 58.9     | 120.6    | 160.3    |                       |       |
| Underlying NPAT                                     | \$m   | 388      | 444     | 550     | 593     | 642     | FCF yield  | %    | 4.8%     | 3.5%     | 2.8%     | 5.7%     | 7.6%     |                       |       |
| Adjustments (post-tax)                              | \$m   | (137)    | 115     | (381)   | (18)    | -       | EV/EBITDA  | x    | 11.2x    | 9.9x     | 8.3x     | 7.9x     | 7.6x     |                       |       |
| Reported NPAT                                       | \$m   | 251      | 559     | 169     | 576     | 642     | EV/EBIT  | x    | 17.6x    | 15.2x    | 12.5x    | 11.9x    | 11.3x    |                       |       |
| Non-controlling interest                            | \$m   | (19)     | (34)    | (29)    | (34)    | (34)    | LIQUIDITY & LEVERAGE                                     |      |          |          |          |          |          |                       |       |
| Reported NPAT attributable to owners                | \$m   | 296      | 525     | 140     | 542     | 608     | Net debt / (cash)  | \$m  | 923      | 1,618    | 2,131    | 2,057    | 1,732    |                       |       |
| Underlying NPAT attributable to owners              | \$m   | 369      | 409     | 520     | 560     | 608     | Net debt / Equity  | %    | 22.8%    | 35.6%    | 48.3%    | 44.8%    | 35.3%    |                       |       |
|   |       |          |         |         |         |         | Net debt / Net debt + Equity                             | %    | 18.6%    | 26.2%    | 32.6%    | 30.9%    | 26.1%    |                       |       |
|   |       |          |         |         |         |         | Net debt / EBITDA  | x    | 0.9x     | 1.4x     | 1.6x     | 1.5x     | 1.2x     |                       |       |
|   |       |          |         |         |         |         | EBITDA / net interest expense                            | x    | 7.6x     | 7.0x     | 7.4x     | 8.1x     | 9.1x     |                       |       |
| CASH FLOW STATEMENT                                 |       |          |         |         |         |         | PROFITABILITY RATIOS                                     |      |          |          |          |          |          |                       |       |
| Year ending 30 September                            | Unit  | 2023a    | 2024a   | 2025e   | 2026e   | 2027e   | EBITDA margin  |      | %        | 13.7%    | 16.1%    | 18.1%    | 18.5%    | 18.9%                 |       |
| OPERATING CASH FLOW                                 |       |          |         |         |         |         | EBIT margin  |      | %        | 8.8%     | 10.5%    | 12.0%    | 12.4%    | 12.8%                 |       |
| Receipts from customers                             | \$m   | 9,070    | 8,487   | 8,665   | 8,323   | 8,491   | Return on assets   |      | %        | 4.5%     | 4.8%     | 5.7%     | 6.1%     | 6.5%                  |       |
| Payments to suppliers and employees                 | \$m   | (7,911)  | (7,389) | (7,543) | (6,870) | (6,829) | Return on net operating assets                           |      | %        | 12.6%    | 12.8%    | 13.3%    | 13.9%    | 14.3%                 |       |
| Tax paid  | \$m   | (170)    | (179)   | (232)   | (242)   | (270)   | Return on equity   |      | %        | 10.1%    | 10.5%    | 12.5%    | 13.4%    | 13.7%                 |       |
| Net interest  | \$m   | (130)    | (162)   | (194)   | (191)   | (176)   | Return on capital employed                               |      | %        | 10.9%    | 11.1%    | 12.9%    | 13.8%    | 14.2%                 |       |
| Other   | \$m   | 40       | 51      | 39      | -       | -       | Return on invested capital                               |      | %        | 13.4%    | 13.6%    | 14.5%    | 14.8%    | 15.4%                 |       |
| Operating cash flow                                 | \$m   | 899      | 808     | 734     | 1,020   | 1,216   |  |      |          |          |          |          |          |                       |       |
| INVESTING CASH FLOW                                 |       |          |         |         |         |         | SEGMENTS   |      |          |          |          |          |          |                       |       |
| Capital expenditures                                | \$m   | (418)    | (435)   | (431)   | (434)   | (445)   | Year ending 30 September                                 | Unit | 2023a    | 2024a    | 2025e    | 2026e    | 2027e    |                       |       |
| Payment for acquisitions                            | \$m   | (275)    | (1,532) | (0)     | -       | -       | Blasting Solutions                                       |      |          |          |          |          |          |                       |       |
| Disposal of assets                                  | \$m   | 70       | 287     | 12      | -       | -       | Revenue  | \$m  | 7,356    | 6,873    | 7,002    | 7,116    | 7,210    |                       |       |
| Other   | \$m   | (41)     | (32)    | (20)    | (21)    | (23)    | EBIT   | \$m  | 669      | 755      | 890      | 918      | 955      |                       |       |
| Investing cash flow                                 | \$m   | (665)    | (1,713) | (439)   | (455)   | (468)   | EBIT margin  | %    | 9.1%     | 11.0%    | 12.7%    | 12.9%    | 13.2%    |                       |       |
| Free cash flow                                      | \$m   | 460      | 351     | 284     | 565     | 749     | Specialty Mining Chemicals                               |      |          |          |          |          |          |                       |       |
| FINANCING CASH FLOW                                 |       |          |         |         |         |         | Revenue  | \$m  | 378      | 500      | 748      | 814      | 837      |                       |       |
| Proceeds from share issues / (payments for buyback) | \$m   | (14)     | 431     | (321)   | (92)    | -       | EBIT   | \$m  | 51       | 69       | 99       | 113      | 124      |                       |       |
| Debt proceeds / (repayments)                        | \$m   | (116)    | 213     | 85      | (150)   | (100)   | EBIT margin  | %    | 13.4%    | 13.8%    | 13.2%    | 13.9%    | 14.8%    |                       |       |
| Dividends paid                                      | \$m   | (141)    | (170)   | (252)   | (306)   | (324)   | Digital Solutions  |      |          |          |          |          |          |                       |       |
| Other   | \$m   | (81)     | (96)    | (94)    | (92)    | (100)   | Revenue  | \$m  | 212      | 290      | 374      | 431      | 462      |                       |       |
| Financing cash flow                                 | \$m   | (351)    | 377     | (582)   | (640)   | (524)   | EBIT   | \$m  | 54       | 70       | 90       | 109      | 118      |                       |       |
| Change in cash                                      | \$m   | (117)    | (528)   | (287)   | (75)    | 225     | EBIT margin  | %    | 25.6%    | 24.1%    | 24.1%    | 25.3%    | 25.6%    |                       |       |
| BALANCE SHEET                                       |       |          |         |         |         |         | HALF YEARLY ASSUMPTIONS                                  |      |          |          |          |          |          |                       |       |
| Year ending 30 September                            | Unit  | 2023a    | 2024a   | 2025e   | 2026e   | 2027e   | Year ending 30 September                                 | Unit | 1H 2023a | 1H 2024a | 1H 2025a | 1H 2026e | 1H 2027e |                       |       |
| ASSETS  |       |          |         |         |         |         | Revenue  | \$m  | 3,998    | 3,657    | 3,941    | 4,109    | 4,165    |                       |       |
| Cash  | \$m   | 1,152    | 581     | 334     | 258     | 483     | COGS & operating costs                                   | \$m  | (3,493)  | (3,101)  | (3,225)  | (3,345)  | (3,376)  |                       |       |
| Receivables   | \$m   | 759      | 785     | 770     | 808     | 825     | Underlying EBITDA  | \$m  | 505      | 557      | 716      | 764      | 789      |                       |       |
| Inventories   | \$m   | 868      | 869     | 1,070   | 1,042   | 987     | Depreciation & amortisation                              | \$m  | (183)    | (203)    | (244)    | (252)    | (257)    |                       |       |
| Capital assets                                      | \$m   | 3,360    | 3,627   | 3,823   | 3,924   | 4,021   | Underlying EBIT  | \$m  | 323      | 354      | 472      | 512      | 532      |                       |       |
| Intangibles   | \$m   | 1,406    | 2,572   | 2,521   | 2,495   | 2,475   | Net interest expense                                     | \$m  | (82)     | (75)     | (100)    | (97)     | (89)     |                       |       |
| Other assets  | \$m   | 1,221    | 1,164   | 1,241   | 1,241   | 1,241   | Underlying profit before tax                             | \$m  | 241      | 279      | 372      | 415      | 442      |                       |       |
| Total assets  | \$m   | 8,767    | 9,598   | 9,758   | 9,769   | 10,033  | Tax expense  | \$m  | (72)     | (84)     | (108)    | (123)    | (131)    |                       |       |
| LIABILITIES   |       |          |         |         |         |         | Underlying NPAT  | \$m  | 168      | 195      | 264      | 292      | 311      |                       |       |
| Payables  | \$m   | 985      | 1,050   | 1,152   | 1,097   | 1,114   | Adjustments (post-tax)                                   | \$m  | (86)     | 158      | (340)    | (18)     | -        |                       |       |
| Borrowings  | \$m   | 2,075    | 2,198   | 2,465   | 2,315   | 2,215   | Reported NPAT  | \$m  | 82       | 354      | (76)     | 275      | 311      |                       |       |
| Provisions  | \$m   | 563      | 601     | 628     | 628     | 628     | Non-controlling interest                                 | \$m  | (5)      | (16)     | (13)     | (17)     | (17)     |                       |       |
| Leases  | \$m   | 297      | 323     | 368     | 406     | 436     | Reported NPAT attributable to owners                     | \$m  | 123      | 338      | (89)     | 258      | 294      |                       |       |
| Other liabilities                                   | \$m   | 796      | 879     | 732     | 732     | 732     | Underlying NPAT attributable to owners                   | \$m  | 164      | 179      | 251      | 276      | 294      |                       |       |
| Total liabilities                                   | \$m   | 4,715    | 5,051   | 5,346   | 5,179   | 5,125   |  |      |          |          |          |          |          |                       |       |
| NET ASSETS  |       |          |         |         |         |         | VALUATION SUMMARY  |      |          |          |          |          |          |                       |       |
| Share capital                                       | \$m   | 3,421    | 3,899   | 3,602   | 3,509   | 3,509   | Diluted shares on issue                                  |      |          |          |          |          |          |                       |       |
| Reserves  | \$m   | (241)    | (551)   | (276)   | (276)   | (276)   | 12-month valuation                                       |      |          |          |          |          |          |                       |       |
| Retained earnings                                   | \$m   | 808      | 1,112   | 1,009   | 1,279   | 1,597   | Valuation method   |      |          |          |          |          |          | Weight (%Val. (\$/sh) |       |
| Total equity  | \$m   | 3,989    | 4,459   | 4,334   | 4,512   | 4,830   | DCF  |      |          |          |          |          |          | 50%                   | 12.11 |
| Non-controlling interest                            | \$m   | 63       | 89      | 78      | 78      | 78      | ROIC   |      |          |          |          |          |          | 50%                   | 10.86 |
| Total shareholder equity                            | \$m   | 4,052    | 4,548   | 4,412   | 4,590   | 4,907   | Blended equity valuation                                 |      |          |          |          |          |          | 100%                  | 22.98 |
| Weighted average shares                             | m     | 454      | 474     | 482     | 469     | 467     | Current share price (\$/sh)                              |      |          |          |          |          |          |                       | 21.20 |
|   |       |          |         |         |         |         | Upside to current share price (%)                        |      |          |          |          |          |          |                       | 8.4%  |

SOURCE: BELL POTTER SECURITIES ESTIMATES

### Recommendation structure

**Buy:** Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

**Hold:** Expect total return between -5% and 15% on a 12 month view

**Sell:** Expect <-5% total return on a 12 month view

*Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.*

*Such investments may carry an exceptionally high level of capital risk and volatility of returns.*

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