

ASX Announcement/Media Release

25 February 2008

Dyno Nobel Limited Delivers Significant Underlying Earnings

Dyno Nobel (ASX: DXL) today announced a net profit after tax and before significant non-recurring items of US\$101.9 million for the year ending 31 December 2007, representing an increase of 20.4 per cent over the prior year.

Non-recurring items for the period totalled US\$67.6 million after-tax, with the primary component being a US\$52.4 million (US\$74.9 million pre-tax) write-down on the carrying value of Moranbah related assets. The balance of the non-recurring items incurred during the financial year primarily comprised costs associated with business restructuring, corporate advisory and costs associated with Project Imagine, Dyno Nobel's business efficiency program.

12 month period ended 31 December 2007	US\$ millions	Growth on prior year
Revenue	\$1,398.8	12.9%
EBITDA *	\$231.6	28.8%
NPAT ¹	\$101.9	20.4%
EPS *	12.5 cents	19.0%
NPAT ² (includes significant non-recurring items)	\$42.7	(48.7%)
EPS (includes significant non-recurring items)	4.2 cents	(59.2 %)

*excludes significant non-recurring items

1.Underlying NPAT is net of after tax effects of distribution to Step-up Preference security holders

2.Statutory NPAT is before gross value of distribution to Step-up Preference security holders

Dyno Nobel Chief Executive Officer, Mr Peter Richards, said the results highlighted the strength of Dyno Nobel's model. "The underlying business continues to deliver significant and consistent earnings growth through leading market positions in North America and Australia, a focus on operational efficiency and earnings accretive acquisitions".

Mr Richards attributed the growth in 2007 earnings to a number of factors including new business wins in Asia Pacific, successful re-entry into targeted high growth markets, part year earnings impact from recent acquisitions (Castonguay, Sasol Dyno Nobel, Fabchem) and diversification of the revenue base in North America, where Dyno Nobel is participating in the exponential growth in the fertilizer market.

"In North America Dyno Nobel has once again retained its position as the leading explosives company. Despite macro headwinds in the US, the Company's manufacturing diversity and extensive distribution

Dyno Nobel Limited
(ABN 44 117 733 463)
Level 24, 111 Pacific Highway
North Sydney NSW 2060 Australia
Telephone: +61 2 9968 9000 Facsimile: +61 2 9968 9530

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Groundbreaking Performance

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platform enabled us to generate growth in earnings before interest and tax of 16.3 per cent and improve gross margins through market diversification, improved pricing and operational efficiencies”.

“Revenue in Asia Pacific increased by 28.5 per cent from 2006 as a result of strong demand from the coal and metals sectors and new business wins. The result was also boosted by a significant increase in electronic detonator sales over 2006,” Mr Richards said.

Dyno Nobel's operating cashflow increased by 63.9 per cent to US\$132.1 million reflecting the Company's continued focus on improved profitability and working capital management. This is illustrated by the EBITDA to cash conversion rate of 92.7 per cent, an increase of 14.3 per cent on 2006.

Moranbah project

Dyno Nobel announced the indefinite suspension of the Moranbah project in December 2007 pending a full review of options for the project. While positive progress has been made in this respect project evaluation continues. Any decision to restart the Moranbah project requires a de-risking of Dyno Nobel's position and the economics of the project to meet internal financial criteria. Supply options also continue to be evaluated in the event that the project is not restarted and Dyno Nobel is confident of meeting its customer obligations in 2008/09 at an acceptable cost.

Capacity expansions

The Cheyenne facility expansion remains on budget and on schedule for completion mid 2008. Expanded production capacity of 200,000 short tons of ammonium nitrate solution (ANSOL) per annum will position Dyno Nobel to leverage strong short-term agricultural fertilizer demand and capture long-term growth in the Powder River Basin region.

Similarly, de-bottlenecking at the QNP ammonium nitrate plant in Moura, Queensland will deliver an incremental 30,000 tonnes of ammonium nitrate into a supply constrained Australian market. Project completion is targeted for December 2008.

Acquisitions and joint ventures

In 2007 Dyno Nobel completed nine acquisitions and joint ventures. Consistent with the Company's re-entry strategy, the investment in Fabchem provides Dyno Nobel with a strategic foothold in the high growth Chinese market. The Sasol Dyno Nobel joint venture enables the Company to access the Southern African initiation systems market where migration towards non-electric technology is accelerating. The remaining seven acquisitions expand Dyno Nobel's distribution footprint and value offering.

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Project Imagine

Dyno Nobel's continuous improvement program, Project Imagine, is tracking ahead of schedule with US\$4.6 million of annualised savings already locked in. Mr Richards said management was confident of delivering the budgeted US\$20 million in earnings improvements in 2008 across sales and service, procurement, freight, and manufacturing.

Outlook

Earnings Before Interest and Tax for the second half of 2007 grew 15.7 per cent on the previous six-month period reflecting strong business momentum, and in 2008, Dyno Nobel expects to see continued underlying earnings growth.

New regional business wins and continued strength in the Australian coal and metals markets will drive earnings growth in Asia Pacific. Despite continued weakness in the US housing market, the North American earnings outlook remains robust given the strength in the fertilizer market.

Mr Richards said, "There is no doubt 2008 will be another challenging but exciting year for Dyno Nobel. However, the strength of Dyno Nobel's business model and strong growth in the Asia Pacific region and US fertilizer market will help to offset exposure to US housing demand and potential slowdown in economic growth.

"We have an extensive global manufacturing and distribution footprint that can't easily be replicated. Our strong track record of financial performance, stable pricing arrangements, revenue diversification and lack of exposure to commodity prices contribute to the low volatility of Dyno Nobel's underlying earnings and attractiveness as an investment opportunity".

The Dyno Nobel Board of Directors has determined that a dividend on second half earnings will not be declared pending a final decision on the Moranbah project.

-ENDS-

For media enquires contact:

Peter Brookes, Cannings 0407 911 389.

Sonja Kukec, Dyno Nobel 0437 766 483.

Background

Dyno Nobel

Dyno Nobel (ASX – DXL) is a leading supplier of industrial explosives and blasting services to the mining, quarrying, seismic and construction industries. Dyno Nobel is the market leader in North America - the largest explosives market in the world - and the second largest supplier in Australia - the third largest explosives

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market in the world. Dyno Nobel traces its roots back to Alfred Nobel, the inventor of the detonator and dynamite, and since the 1920s has focused on the commercial development of industrial explosives.

Dyno Nobel employs more than 3,300 people and has 36 manufacturing facilities in Australia, Canada, the US, Mexico, Papua New Guinea and Indonesia. Dyno Nobel is currently listed in the ASX S&P 200 and is renowned for its excellent safety performance and as a provider of innovative explosive products and services, which together deliver groundbreaking performance for its customers.

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