



ORBITAL®

ASX RELEASE

13<sup>th</sup> February 2018

## ORBITAL HALF YEAR UPDATE

- **Key milestones achieved during half year strengthen Orbital's UAV strategic focus:**
  - **Dedicated Orbital UAV facility established in the United States;**
  - **Successful divestment of REMSAFE for cash payment of A\$2.2 million;**
  - **Power and weight improvements completed for Mark II N20 propulsion system; and**
  - **Receipt of US flight clearance for the new Orbital Mark II N20 propulsion system.**
- **Cash and receivables as at 31 December 2017 of A\$20.9 million.**
- **Orbital maintains full year revenue guidance of ~A\$22 million and expects a modest full year profit.**

Orbital Corporation Limited (ASX:OEC) ("Orbital" or "the Company") is pleased to present an update on the Company's performance for the financial half year ended 31 December 2017.

During the half year period Orbital completed the initial A\$12M N20 batch order delivery to Insitu-Boeing and the \$800k Mark II N20 engine performance upgrade, exceeding the targeted power and weight improvements our customer desired. In addition the Company received advice that the new Mark II N20 engine received full US flight clearance requiring expedited assemblies in preparation for deployment early this year.

In line with Orbital's focussed UAV strategy the Company completed the divestment of its non-core REMSAFE division, for an unconditional cash payment of A\$2.2 million. The divestment provides additional working capital and Management the opportunity to focus exclusively on the Company's rapidly expanding UAV business.

To facilitate the Company's expansion, and fast track additional revenue streams, Orbital has secured an exclusive lease over a purpose built facility in the Hood River region of the US, a hub of drone technology companies and the location of Insitu-Boeing.

Orbital's Managing Director and CEO, Mr Todd Alder, commented: "Through our strong relationship with one of the world's leading suppliers of tactical UAVs I am confident of building our Company's successes over the course of 2018. Our goal for FY18 remains transitioning the business into a profitable engine and flight critical component supplier, building a platform for global revenue expansion and increasing profits."

With a strong order book in the second half of the current financial year, Orbital maintains full year revenue guidance of A\$22 million, and as a result expects to deliver a modest full year 2017/18 profit. Orbital's preliminary unaudited accounts, for the half year ended 31 December 2017, record revenue of A\$5.9 million and a net loss after tax of A\$1.5 million, primarily driven by the timing of shipment and revenue for N20 UAV engines delivered to Insitu-Boeing. Management are closely monitoring the shipment schedule for the Mark II N20 UAV engine propulsion systems and will update the market as required.

The Company's cash, term deposits and receivables as at 31 December 2017 were A\$20.9 million.

Orbital's audited half year accounts for the period ending 31 December 2017 are expected to be released to the market on 26 February 2018.

**-ENDS-**

## CONTACTS

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### About Orbital

*ORBITAL invents, builds and delivers superior performance for our clients in the unmanned aerial vehicle sector.*

*ORBITAL operates on a global scale and is headquartered in Perth, Western Australia. From a world class facility, ORBITAL's innovation magic takes shape – from research and design to product development, validation, manufacturing and implementation.*

*Delivering state-of-the-art products and services within the unmanned aerial vehicle sector is what we do.*

### Forward Looking Statements

*'This release includes forward-looking statements that involve risks and uncertainties. These forward-looking statements are based upon management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company that could cause actual results to differ materially from such statements. Actual results and events may differ significantly from those projected in the forward-looking statements as a result of a number of factors including, but not limited to, those detailed from time to time in the Company's Annual Reports. Orbital makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.'*