

ASX ANNOUNCEMENT

07 February 2019

ENGINE DEVELOPMENT PROGRESS

FY19 revenue guidance update

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') today announces revised revenue guidance of A\$20 million for financial year 2019 ('FY19') and provides the following update on its engine development progress.

As previously announced (ASX Announcements: 15/10/2018), under the terms of its expanded Long Term Agreement ('LTA') with key customer Insitu Inc. ('Insitu'), a wholly owned subsidiary of The Boeing Company, Orbital UAV is committed to delivering:

- The assembly, supply and overhaul of three highly configurable propulsion systems, forming Orbital UAV's Modular Propulsion Solution; and
- The assembly, supply and overhaul of two Insitu designed engines – built and serviced from Orbital UAV's operational facility in Hood River, Oregon, USA.

Long Term Agreement with Insitu Inc.

5 years (from October 2018); Potential value up to A\$350M

Deliverables

Five engines into production

Orbital UAV - Modular Propulsion Solution	Insitu designed engines
 SOP: Q2 2019	 SOP: Q3 2019 <small>Illustrative purposes only*</small>



*Due to design confidentiality.

Modular Propulsion Solution ('MPS')

With core common componentry being a hallmark of the revolutionary MPS, development work on all three highly configurable Orbital UAV designed propulsion systems continues to run to plan.

The MPS approach offers our customer Insitu, a Boeing company, unparalleled technical and volume flexibility combined with rapid system deployment. Further, the MPS provides inventory and supply chain advantages that return significant cost and quality benefits to the customer.



The first derivative of the MPS to enter production will be a 50cc model featuring Orbital UAV's patented FlexDI™ technology.

Start of production ('SOP') of this model will begin in FY19 as planned.

The second and third of the three MPS systems are scheduled to begin production in FY20.

Insitu designed engines

SOP of the first of two Insitu designed engines has been pushed back to Q3 2019 – previously Q2 2019 – as Orbital UAV and Insitu continue to work together to finalise the technical review and engine performance validation processes.

With the scheduling adjustment falling across financial years, Orbital UAV has revised its revenue guidance for FY19 to A\$20 million.

This amended timeframe does not impact customer delivery requirements nor Orbital UAV's advised LTA potential value range of A\$150M to A\$350M over the next five years.

"Delivery of the targets set out within our LTA with Boeing subsidiary Insitu remains our core strategic focus," said Todd Alder, CEO and Managing Director of Orbital UAV.

"This is a significant period of development and advancement for Orbital UAV and we continue to invest in our business's near-term growth through internal capacity expansion and continued internal capability improvements.

"With two world class production facilities in Australia and the USA now operational, a five-year LTA worth up to A\$350 million with Insitu, and five engines scheduled for production in FY20, our business growth strategy remains firmly on track," said Mr Alder.

-ENDS-

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About Orbital UAV

Orbital UAV provides integrated propulsion systems and flight critical components for tactical unmanned aerial vehicles (UAVs). Our design thinking and patented technology enable us to meet the long endurance and high reliability requirements of the UAV market. We have offices in Australia and the United States to serve our prestigious client base.

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. The Company 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.