



## ASX ANNOUNCEMENT

11 March 2019

# STANDBY FACILITY CONFIRMED

## Orbital UAV agrees unsecured Standby Working Capital Facility of up to US\$3M with majority shareholder UIL Ltd.

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') is pleased to announce that it has agreed an unsecured US\$3 million (A\$4 million) Standby Working Capital Facility ('Standby Facility') with UIL Limited ('UIL').

### Strong support from major shareholder

Investment company UIL is managed by global asset manager the ICM Group. UIL is Orbital UAV's largest shareholder, currently holding 30% of Orbital UAV shares.

The provision of the Standby Facility is a strong show of support from the Company's largest shareholder.

### Use of funds

Based on Orbital UAV's published engine development timelines, the Company has sufficient working capital to complete the development and production ramp-up of all five engines under the Company's A\$350 million<sup>(1)</sup> Long Term Agreement with Insitu Inc., a wholly owned subsidiary of The Boeing Company.

The establishment of the Standby Facility secures an additional source of working capital should the Company decide to accelerate further investments in product development, as well as providing flexibility to manage production schedule changes and customer delivery timelines.

### Facility terms

Orbital UAV will pay a 2.5% facility fee to UIL on the date the Standby Facility is established. The Standby Facility is available from 11 March 2019 to 10 September 2020.

Interest on any funds drawn down will be incurred at an interest rate of Libor (currently ~2.6%) plus 6%. Repayment of any amount drawn down is to be made via a bullet payment on the 10 September 2020.

The Standby Facility is unsecured.

The Orbital UAV Board is satisfied that the commercial terms of the Standby Facility have been agreed on an arm's length basis. All material terms of the Standby Facility are attached at Appendix A.

### Strong financial discipline

"Through strong financial discipline, Orbital UAV manages a positive balance sheet which we are committed to maintaining," said Todd Alder CEO and Managing Director of Orbital UAV.

"The Standby Working Capital Facility we have put in place provides us with an added level of security to ensure we can deliver on our production objectives.

"Establishing the Standby Facility with UIL demonstrates the commitment of our largest shareholder and its confidence in our ability to deliver long term shareholder value," said Mr Alder.



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## CONTACTS

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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.*

### Footnote(s)

<sup>(1)</sup> ASX announcement 15 October 2018 – 'Orbital UAV signs expanded LTA with Insitu Inc.'

## Appendix A

### Material terms of the Standby Facility

Borrower	Orbital Corporation Limited
Financier	UIL Limited
Facility amount	US\$3,000,000
Facility agreement date	11 March 2019
Termination date	10 September 2020 (18 months from agreement date)
Availability period	Facility available from 11 March 2019
Currency	US\$
Minimum amount of each advance	US\$1,000,000
Maximum amount of each advance	US\$3,000,000
Repayment	Repayment in full on 10 September 2020
Facility fee	2.5% of facility amount paid at facility agreement date
Establishment fees	Fixed amount of US\$, to be mutually agreed in advance, for the purposes of reimbursing the establishment costs incurred by proposed financier
Margin	6.00%
Loan interest periods	90 days or any other period agreed between the Borrower and the Financier
Interest on loans	The aggregate of the applicable: Margin; plus Libor (US\$), as set by reference to Reuters or, if not available, on the basis of rates provided by agreed reference banks.
Unsecured	