



ASX ANNOUNCEMENT

28 August 2020

FULL YEAR AUDITED FINANCIAL RESULTS

PERTH, AUSTRALIA: Orbital Corporation Ltd (“Orbital”, “the Company”) today announces its full year audited results and publication of its Annual Report for the financial year ending 30 June 2020 (“FY20”).

FY20 HIGHLIGHTS

- Delivery of \$33.8M revenue and \$1.9M net profit – top end of guidance range (\$25M to \$35M) and commitment to ongoing profitability;
- Second engine model under the Insitu Inc. long term agreement into production, with third engine in development;
- Designated Primary Engine Supplier to Insitu Inc.;
- New contracts signed with Northrop Grumman and one of Singapore’s largest defence companies;
- Visit from Australia’s Minister for Defence, Senator the Hon Linda Reynolds CSC; and
- First test flights of Orbital UAV engines in Australia.

Transition to sustainable underlying earnings

In FY20, Orbital brought its second engine model into production as part of the Long Term Agreement (“LTA”) with key customer Insitu Inc., a wholly owned subsidiary of the Boeing Company. The second model began shipping in January 2020 and contributed to operating revenue of \$33.8 million and earnings before interest and tax of \$2.6 million.

The LTA with Insitu was announced in October 2018 and forms the foundation for Orbital’s near-term revenue growth. The Agreement covers the delivery of multiple propulsion systems and services, to be applied across the Boeing subsidiary’s entire fleet of unmanned aerial vehicles (UAVs).

Financial results

The Company reported strong financial results for the year ended 30 June 2020 with revenue from continuing operations of \$33,823,000 (2019: \$15,253,000) and a net profit after tax of \$1,857,000 (2019: loss of \$5,906,000).

The Company reports a strong balance sheet with cash and receivables of \$14,681,000 (2019: \$15,127,000) and net current assets of \$11,851,000 (2019: \$13,453,000).

Net cash from operating activities during the period was \$3,726,000 (2019: \$1,783,000).



Outlook

Orbital's LTA with Boeing subsidiary Insitu remains the Company's primary focus and forms the foundation for improved revenue growth in the near term. Under the LTA, the Company begins FY21 with two engine models in production, with the third in development.

In March 2020, Orbital was designated primary engine supplier status by Insitu. Primary supplier status will increase Orbital's share of Insitu designed engine orders and provides the Company with opportunities to increase production volumes under the LTA. The award supports the Company's decision to locate Orbital's new production facility in Hood River, Oregon and provides incentive for further investment in production capacity.

Building on the successful Insitu LTA and partnership, Orbital developed further growth opportunities in the global tactical UAV market during FY20.

In March 2020, the Company signed a new MoU with one of Singapore's largest defence companies for the design, development and initial low rate production of a multi-fuel UAV engine.

In April 2020, Orbital announced a new contract with leading aerospace and defence technology company Northrop Grumman to develop a hybrid propulsion system for a Vertical Take-Off and Landing UAV.

These two new engine development contracts demonstrate Orbital's growing reputation as a world leading supplier of propulsion solutions and flight critical components in the global tactical UAV market. The Company will progress these exciting engineering development projects during FY21 while continuing to focus on its production priorities under the Insitu LTA.

-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.

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