



ORBITAL[®]

**POSITIONED FOR
RAPID GROWTH**

August 2016

ORBITAL is an innovative industrial technology company

ORBITAL invents, manufactures and invests in smart technology that delivers improved performance outcomes in the safety & productivity and unmanned aerial vehicle sectors

FY16 overview:

- Material investment to support growth in ORBITAL UAVE and REMSAFE
- Strong Balance Sheet position
- ORBITAL UAVE revenue deferred to H1 FY17 and will grow rapidly with expected Long Term Supply Agreement with Insitu, a subsidiary of The Boeing Company
- REMSAFE sales growth delayed by constrained capital spend in resource markets with future potential remaining strong
- Pathway to strong cash flow and value creation in FY17

CAPITAL STRUCTURE (OEC.AX)

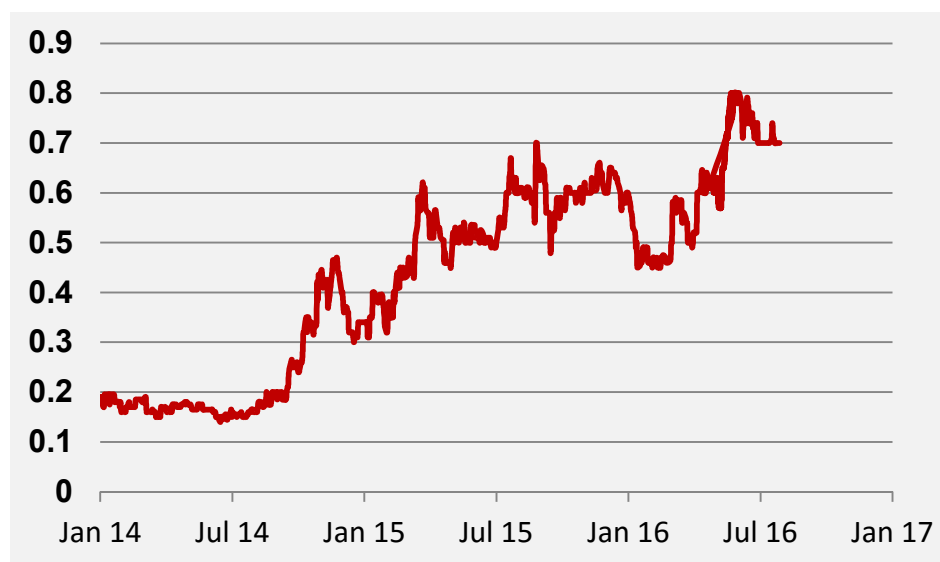
Share Price (1 Aug 2016)	\$0.70
Fully Paid Ordinary Shares	75.3m
Options	0.0m
Market Capitalisation	\$52.7m
Cash (31 st Dec 2015)	\$28.6m
Drawn Debt (31 st Dec 2015)*	\$17.2m

* Pre Convertible Note Conversion

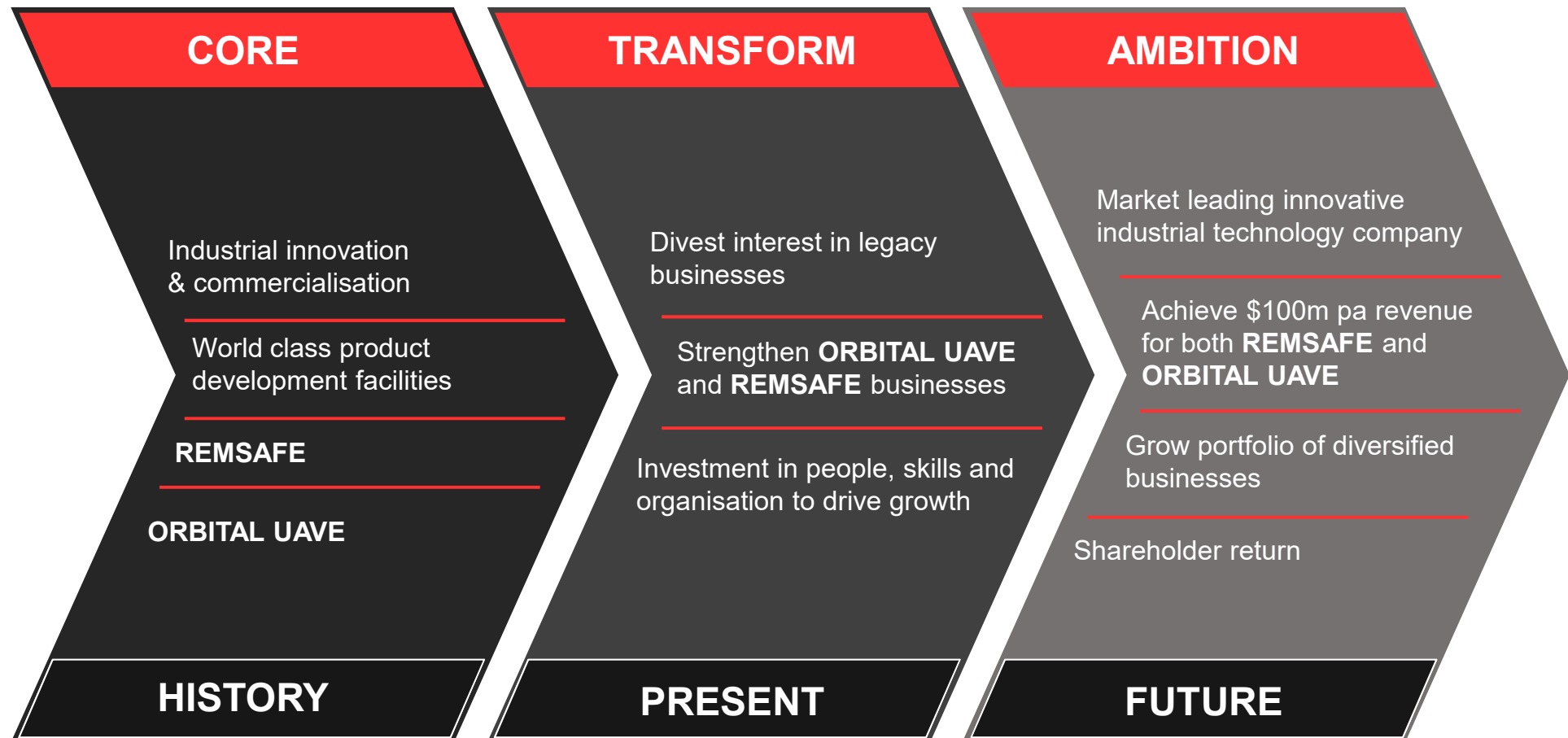
SHAREHOLDERS

UIL Limited	28.1%
John Poynton	3.7%
Terry Stinson	1.6%
John Welborn	0.9%

SHARE PRICE (Trailing 24 months)



ORBITAL is an innovative industrial technology company positioned for rapid growth



Board of Directors



Terry Stinson
Chief Executive Officer
and Managing Director



John Welborn
Chairman – Independent
Non-Executive Director



John Poynton AO
Non-Executive Director

Management Team



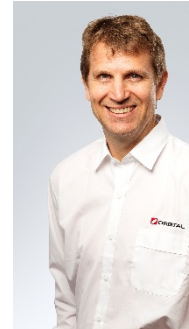
Ian Veitch
Chief Financial
Officer and
Company
Secretary



Charis Law
Chief
Commercial
Officer



Michael Lane
Managing
Director
REMSAFE



**Dr Geoff
Cathcart**
Vice President
UAVE and Chief
Technical Officer

ORBITAL consists of two businesses which, after successful commercialisation in FY16, are positioned for high revenue growth in FY17:



REMSAFE is a patented remote isolation system for global mining and industrial applications



ORBITAL UAVE builds engine and propulsion systems for unmanned aerial vehicles

***REMSAFE** is a patented and modular isolation system enabling rapid and remote de-energisation of large mining equipment, increasing worker safety, and reducing isolation downtime by up to 97%*

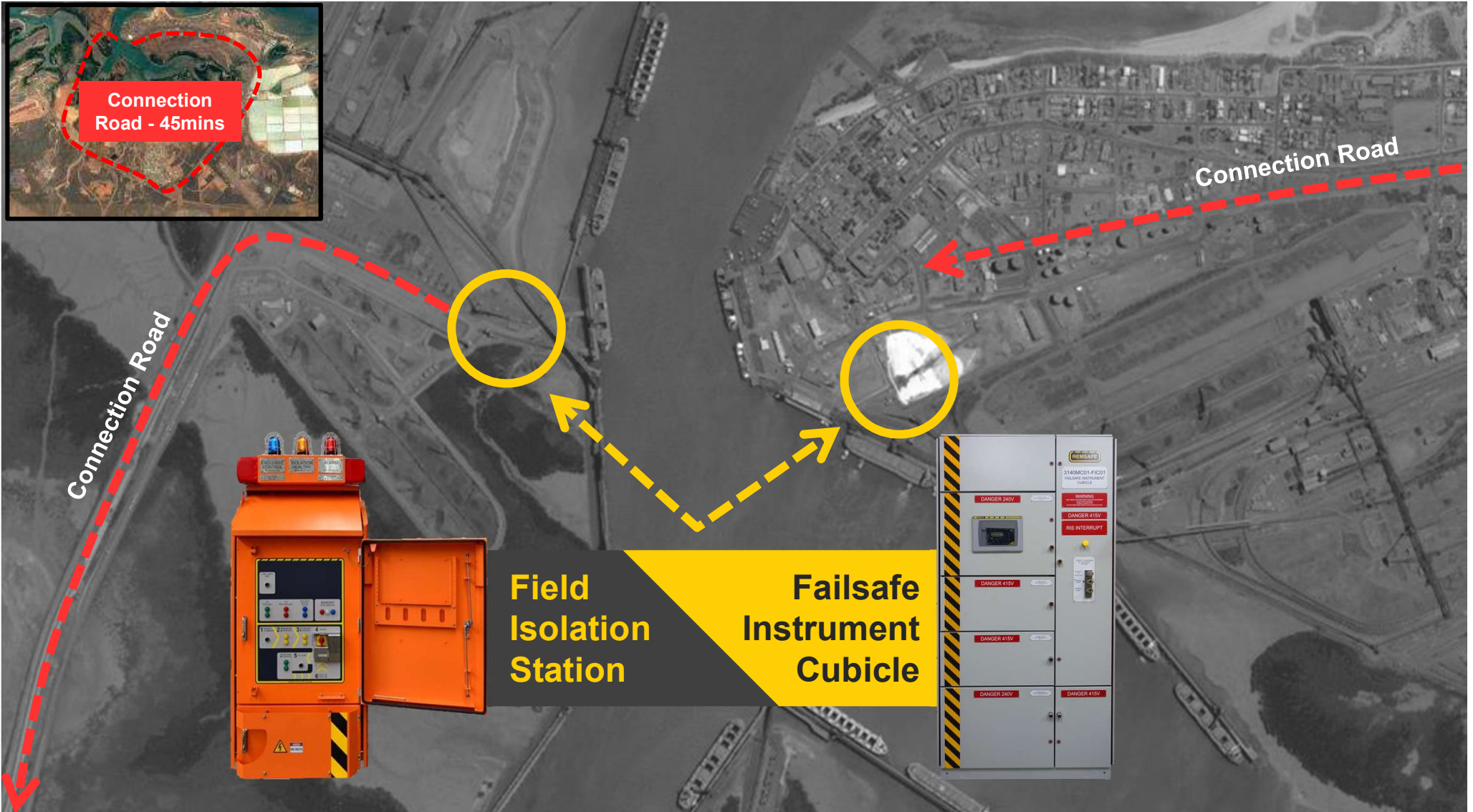
- Isolates in 3 minutes compared to a typical 45 minutes
- Eliminates exposure to deadly arc flash
- Reduces travel to substations
- Single non-specific operator
- Removes the risk of human error
- Automated, fail-safe and compliant with internationally accepted functional safety standards

ONE isolation switch

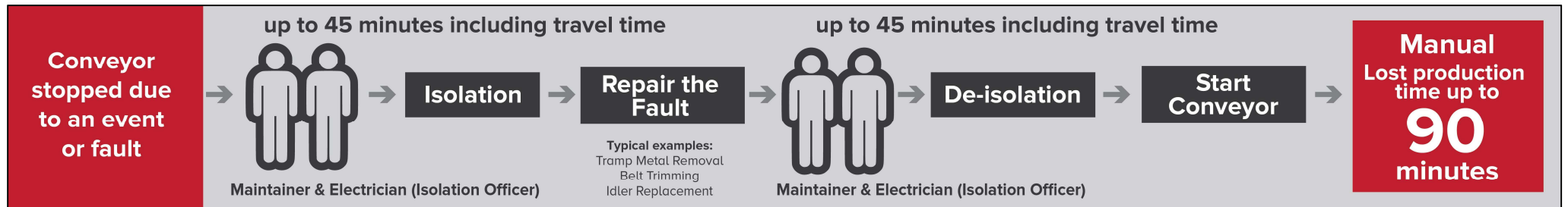
TWO buttons

THREE minutes to complete a verified, safe, full-energy isolation





Manual isolation process



REMSAFE isolation process



REMSAFE BENEFITS - SAFETY

Safety Benefits

- Automated isolation eliminates risk from human error
- Fail-safe guarantees isolation is maintained – isolation cannot be inadvertently bypassed

Recent Isolation Accident

- A recent fatality occurred in WA due to a drill arm moving unexpectedly. Department of Mines and Petroleum's contributory causes noted that an effective isolation had not been carried out and recommended that the company implement and enforce suitable isolation procedures¹

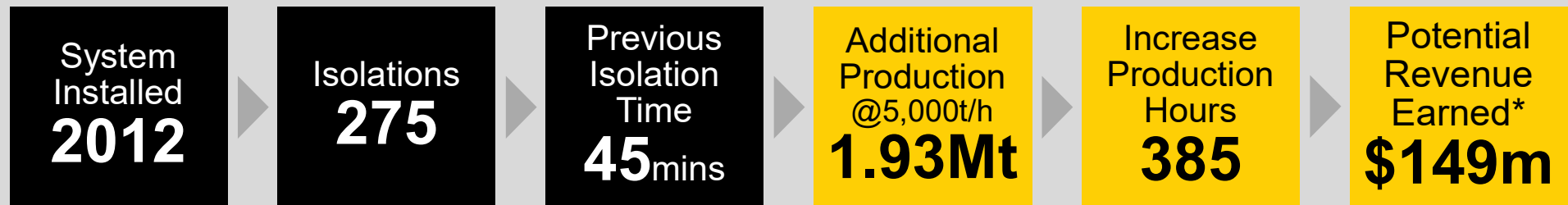
ArcFlash

- Electric arcs can reach up to 19,400 degrees Celsius – 4 times hotter than the sun surface²
- 5 to 10 ArcFlash incidences occur in the US per day² resulting in 2,000 hospitalisations² and up to 400 fatalities per year³
- Medicare for an arc flash victim often exceeds US\$1m³



REMSAFE BENEFITS - EFFICIENCY

CASE STUDY



Efficiency Benefits

- **REMSAFE** can cut total isolation downtime by up to 97%
- Reduced downtime leads to increased production availability
- Reduced manpower requirements
- Able to be customised for site specific isolation procedures

REMSAFE BENEFITS – RETURN ON INVESTMENT

Conveyor Reference	Install date	Number of Isolations to last reading	Pre REMSAFE isolation time (min)	Isolation Time with REMSAFE (min)	Average Annual production time saved (hrs)	Total production time saved to date (hrs)	Potential revenue (\$A) earned to date*
A	Sep-11	757	40	3	192	934	\$361m
B	Jan-12	275	45	3	85	385	\$149m
C	Dec-13	112	30	3	38	101	\$39m
D	Nov-14	78	20	3	26	44	\$17m
E	May-15	44	20	3	20	25	\$10m
F	Mar-16	102	20	3	162	58	\$22m
G	Mar-16	93	20	3	148	53	\$20m
H	May-16	55	20	3	154	31	\$12m

*Potential Revenue Earned based on the following assumptions: 62% Fe CFR , USD58p/t @ USD/AUD 0.75 = AUD77.33p/t. Assumed production of 5,000t p/h

RECENT HIGHLIGHTS

- 9 systems commissioned since December 2015
- Over 1,500 recorded isolations performed using **REMSAFE** to date
- **REMSAFE** systems installed with BHP Billiton, Rio Tinto and FMG
- Installed and commissioned first overseas application with Anglo American in South Africa
- In-bound enquiries from Mining (South America)
- In-bound enquiries from Rail (overseas and domestic)
- New head of sales hired, sales team expanding

GROWTH STRATEGY

- REMSAFE can be used for many other applications that require methodical isolations to reduce risk from human error and improved productivity. Other industry's include Rail, Manufacturing, Oil & Gas, Industrial Processing and Utilities.
- Currently establishing partner sales channels with major OEMs. Preliminary agreements in place.
- Maximise penetration of Australia's \$1.7b critical bulk handling equipment market (conveyors, crushers, stackers, reclaimers)
- A more refined REMSAFE product with cost reduction of around 30%
- New rental options
- Make **REMSAFE** synonymous with remote isolation

Targeting revenue of **\$100m/year**



BUILDING OUR BUSINESSES

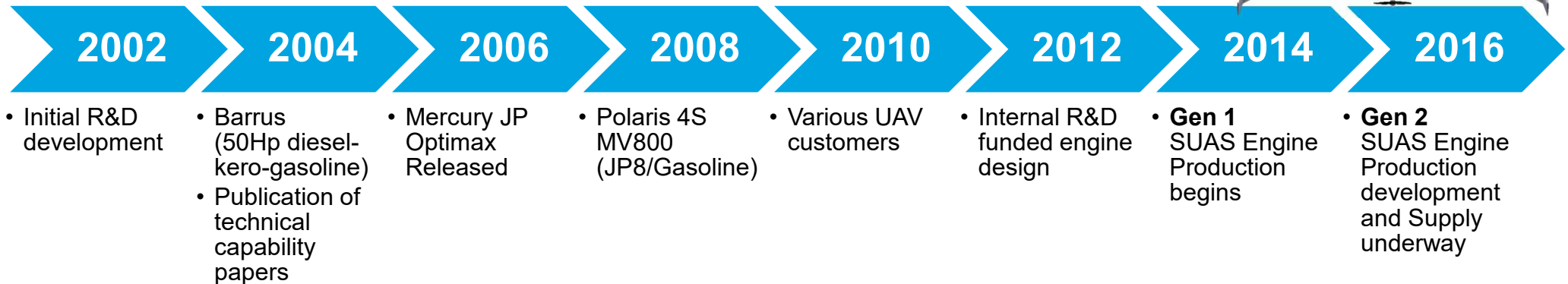
ORBITAL UAVE is the global leader in the small unmanned aerial vehicle propulsion system market, that deliver leading endurance, reliability and power-to-weight advantages.

“The Insitu-Orbital propulsion system sets a new standard for small UAV propulsion systems and delivers high performance, increased endurance, and enhanced reliability, reducing life-cycle costs for our customers”

Ryan M. Hartman, President and CEO, Insitu Inc., a subsidiary of The Boeing Company

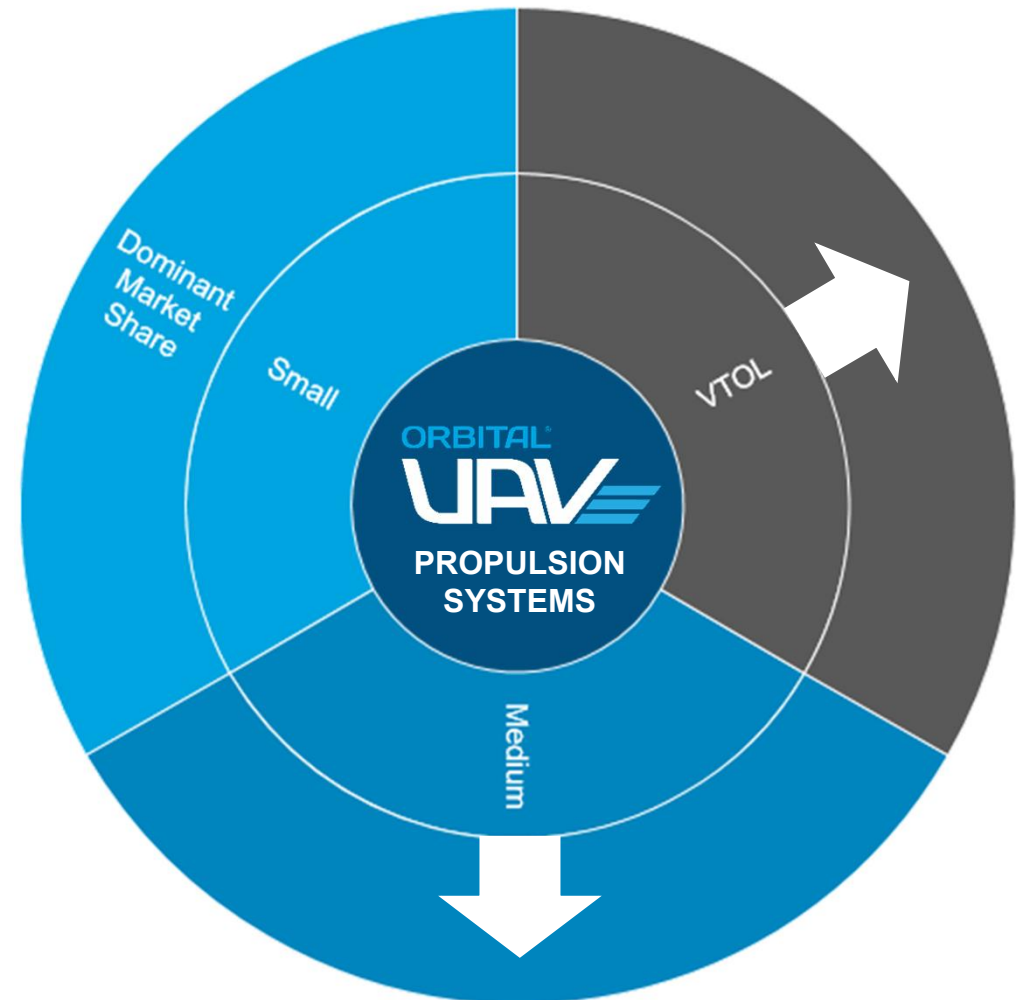
ORBITAL UAVE has over 10 years of experience as the global leader in spark ignited heavy fuel propulsion systems

TEXTRON Systems
Aerosonde 4.7 SUAS



ORBITAL UAVE's expertise and success in the Small UAV class can be leveraged to seamlessly and rapidly deliver propulsion systems for other UAV classes.

The technology behind **ORBITAL UAVE's** propulsion systems and associated proprietary componentry is applicable across all rotary, piston, and size classes.

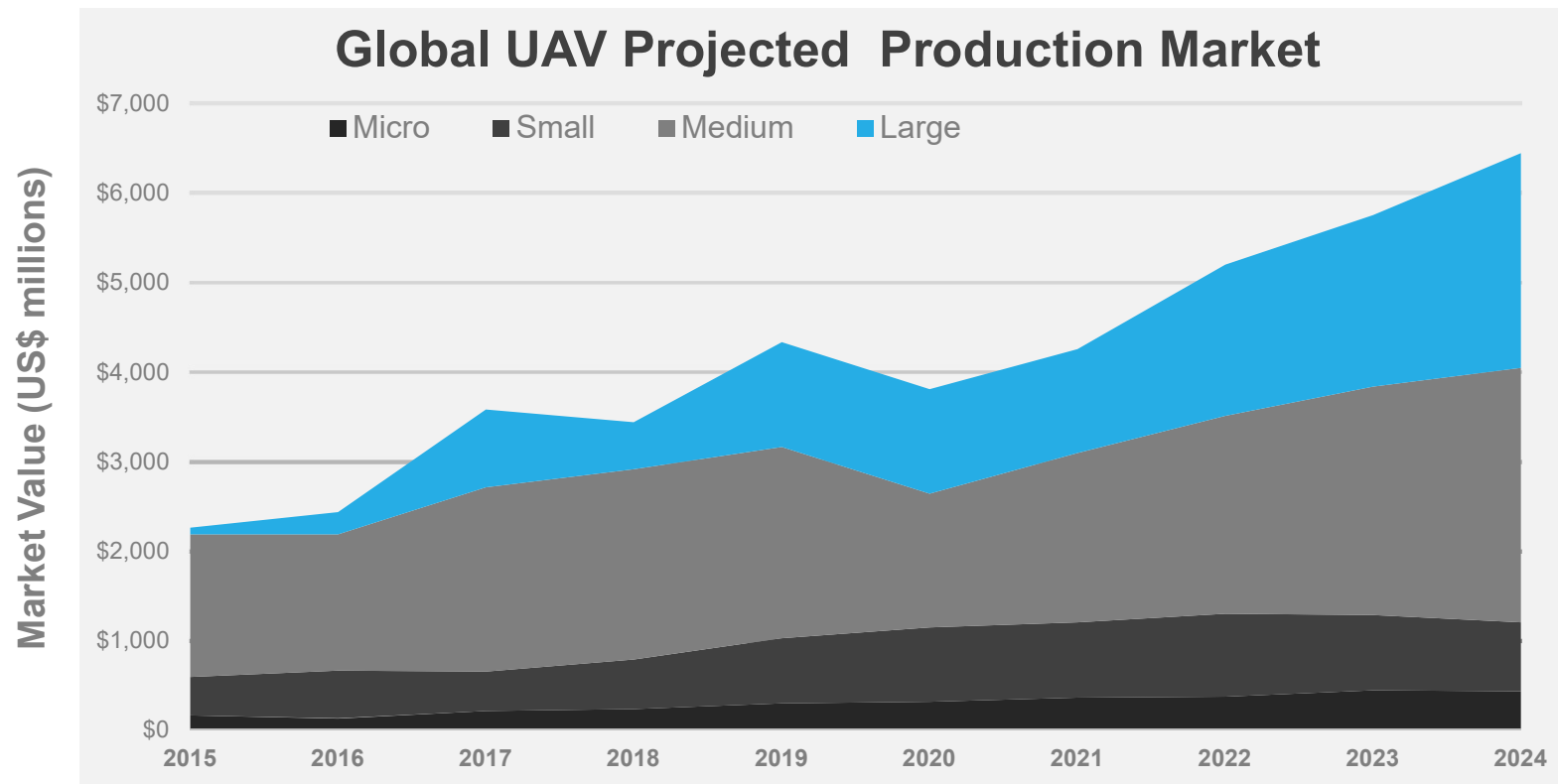




BUILDING OUR BUSINESSES

THE UAV MARKET

Global military *Small UAV System* production market projected to reach almost US\$1.0b by 2020



UAVE BENEFITS

Small Package Size Engine

High power-to-weight ratio

Fuel Efficient

Up to 40% better than today's conventional engine

Specialised Muffler

Minimizes noise and temperature profile

Electronic Control Unit

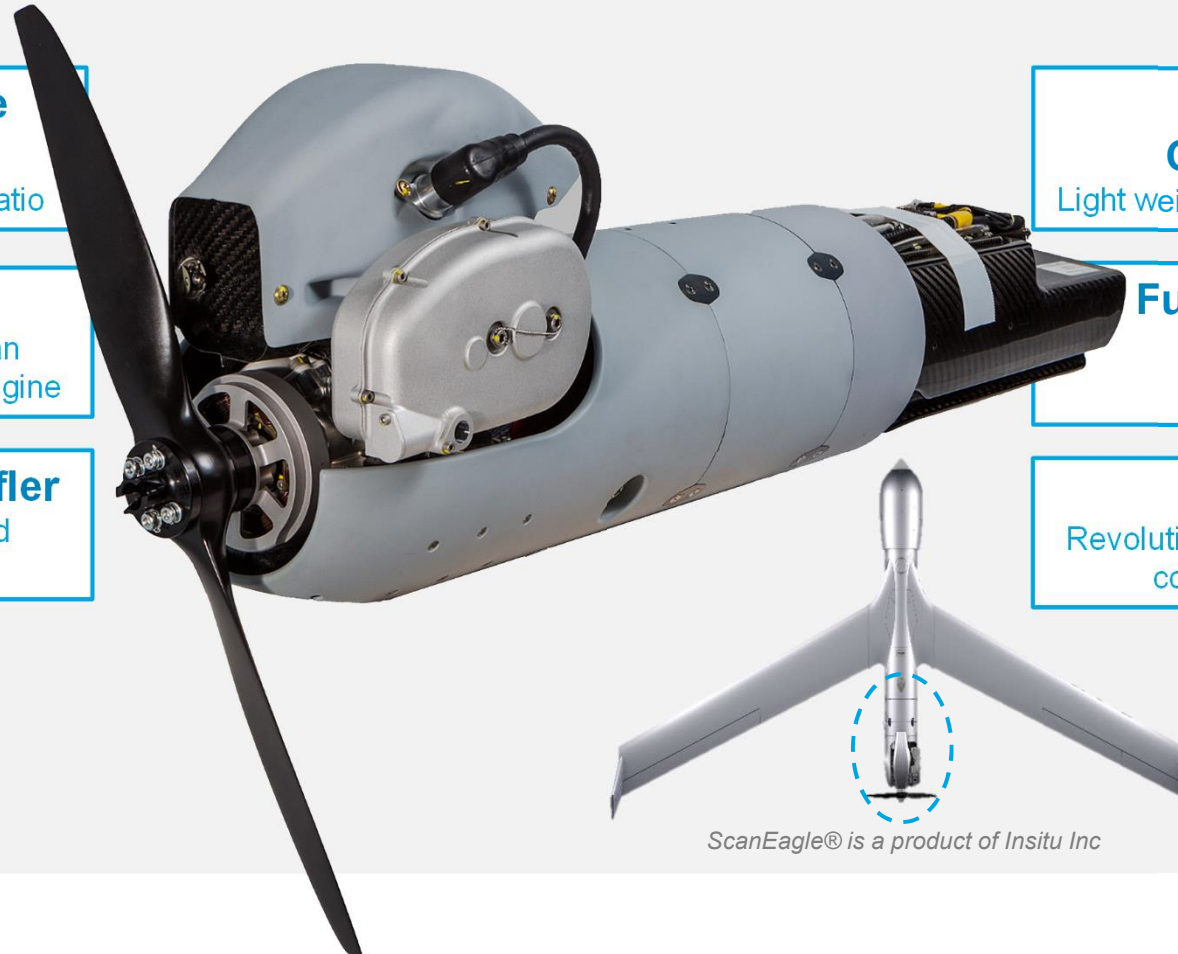
Light weight military specification

Fuel & Oil Tank System

Light weight

FlexDI™

Revolutionary proprietary fuel & combustion system



ScanEagle® is a product of Insitu Inc



COMPETITIVE ADVANTAGE

	Turbine	Diesel Compression Ignition	External Heaters etc.	High Pressure Direct Injection	Others/ Experimental	ORBITAL UAVE Propulsion System
Low Cost	x	x	✓	x	?	✓
High Power to Weight Ratio	✓	x	✓	✓	?	✓
Cold Start & Operation	✓	x	x	?	?	✓
Fuel Economy	x	✓	x	✓	x	✓
Scalable to TUAS and MALE	✓	✓	✓	x	x	✓
Reliability	✓	✓	x	?	?	✓
Ease of Logistics & Field Deployment	✓	✓	x	✓	?	✓

RECENT HIGHLIGHTS

- Received a \$12 million order from Insitu Inc., a subsidiary of The Boeing Company for UAV propulsion systems
- First production **ORBITAL UAVE** engines shipped to Insitu in May 2016
- Second batch order anticipated in 3QCY16
- Significant progress towards a long term production contract with Insitu expected by end of CY2016
- Initial development of propulsion system for Vertical Take-Off and Landing (VTOL) UAV class
- Likely reaching production capacity in Perth in circa October 2016

GROWTH STRATEGY

- **ORBITAL UAVE's** expertise and success in the Small UAV class can be leveraged to deliver world class propulsion systems for other UAV classes
- Secure long term supply agreement with Insitu
- Establish USA facility for engine service, support, manufacturing
- Set new industry benchmarks for performance, reliability and endurance
- Expand **ORBITAL UAVE** products in both the commercial and military sectors
- Investing in R&D to support new product development for VTOL and other UAV classes

Targeting revenue of **\$100m/year**

Accelerator, which was created to identify high-value business opportunities, is becoming a core Mergers and Acquisitions function of the **ORBITAL** Corporate department

- The Corporate M&A department will focus on identifying high-growth, mid-stage, industrial technology acquisition opportunities to capitalise on **ORBITAL's** proven commercialisation and engineering experience
- Orbital will be targeting bolt-on and adjacent acquisitions to expand and complement **ORBITAL UAVE** and **REMSAFE**
- Opportunities in new industrial technology sectors to diversify **ORBITAL's** industrial innovation portfolio

FY16 focused on building the foundations for growth

Realise strong revenue growth in FY17 from **REMSAFE** and **ORBITAL UAVE**

ORBITAL UAVE revenue in FY17 to grow in line with Long Term Supply Agreement expected with Insitu, a subsidiary of The Boeing Company

Expand **REMSAFE** into new markets through new sales channels and business models

FY17 to be transformational with delivery of aggressive expansion strategy of the **ORBITAL** business



CAUTIONARY STATEMENT

This presentation includes statements looking-forward that involve risks and uncertainties. These 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 presentation to reflect events or circumstances after the date of this release.



ORBITAL®

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