



ORBITAL®

ASX RELEASE

For Immediate Release: 5 September 2016

UAV business taking off Second \$12.8 million order received

- Orbital has received a second US\$9.7 million (A\$12.8 million) order for the supply of UAV propulsion systems to Insitu Inc., a subsidiary of The Boeing Company.
- This new order is a further batch order to bridge Insitu's customer requirements while the parties develop a Long Term Agreement for the supply of propulsion systems, engine rebuilds, spares and service.
- Long Term Agreement expected to be agreed and executed before the end of 2016.

Orbital UAVE – Ready for take off

Orbital Corporation Limited (ASX: OEC) ("Orbital" or "the Company") is pleased to announce it has received a further batch order for propulsion systems from Insitu Inc. ("Insitu"), a subsidiary of The Boeing Company ("Boeing"), valued at US\$9.7 million (A\$12.8 million).

The propulsion systems are required by Insitu to meet customer demand for the Insitu ScanEagle UAV, one of the world's most widely recognised fixed wing light reconnaissance UAVs. ScanEagle is an industry leader which has been in operation around the world for more than 10 years. The incorporation of Orbital's unique propulsion system represents a major upgrade to the ScanEagle program.

The significant production order from Insitu is the second quantity of propulsion systems which will be delivered to Insitu to meet immediate customer requirements. Insitu and Orbital continue to negotiate a long term supply agreement, which is expected to be in place before the end of the 2016 calendar year.

Orbital has been working with Boeing and Insitu since January 2013 as part of an initial design, development and validation contract to supply a new engine and propulsion system for Insitu's existing and future platforms. An initial production order, also valued at US\$9.7 million, was received by Orbital in August 2015 (see ASX announcement dated 26 August 2015 "New \$12 million UAV Order").

Orbital has commenced commercial manufacture of Orbital UAV propulsion systems and shipments of the first production order commenced in May 2016 (see ASX announcement dated 2 May 2016 "Orbital ships first production UAV engines"). Shipments to fulfil the initial order will continue through the balance of the 2016 calendar year. The new order announced today provides a solid revenue outlook for the first half of the 2017 calendar year and is expected to be consolidated into the long term supply agreement.

Propulsion systems to fulfil the current Insitu orders will be manufactured at Orbital's facilities in Perth. In parallel, the Orbital UAVE team is working with Insitu and actively planning the first phase of Orbital's expansion into the US, starting with local US technical support, repair, and rebuild capabilities. Planning has also begun for US based manufacturing operation projected to commence in late 2017.

"The demonstrated performance of the propulsion systems from the first batch order confirmed that the Insitu-Orbital engine will greatly enhance the reliability and capability of the ScanEagle unmanned air vehicle," said Don Williamson, vice president and general manager, Insitu Defense. "We are pleased to continue to work with Orbital UAVE to bridge customer requirements and service the growing demand for the ScanEagle system."

Orbital's CEO and Managing Director, Mr. Terry Stinson, stated "This new order is a key milestone confirming Insitu's confidence in the Insitu-Orbital propulsion systems delivered to date. Insitu and Orbital have jointly achieved thousands of hours of successful bench testing, and hundreds of hours of flight testing to insure that this product sets a new benchmark in the industry. The need for this interim order indicates that there is growing market demand for the product. Production and shipment of UAVE propulsion systems to Insitu continues as we work towards a long term supply agreement. Orbital continues to invest in the UAVE business and remains committed to driving revenue growth and future profitability through our new UAVE business, and through new adjacent opportunities for expansion and diversification in the rapidly growing unmanned vehicle market."

The Insitu-Orbital UAV propulsion systems

Orbital technology is setting a new benchmark for UAV propulsion systems and engines. Orbital's UAV engine is the first reciprocating internal combustion propulsion system to be engineered from the ground up specifically for UAV applications. The new technology delivers advancements not available on other aircraft in the same class, including real-time monitoring and diagnostics of all critical systems, sensor and actuator redundancy, and extensive "black box" recording capability. The new package will deliver the world standard for performance, power to weight, ability to run on heavy fuel, cold start capability, fuel efficiency, and many other advancements. The engine is integrated with UAVE designed and supplied compact fuel and oil tank modules into a complete stand-alone propulsion system, simplifying the assembly of the UAV and allowing easy in-field servicing.

Insitu's ScanEagle UAV

ScanEagle is a high value UAV system, with a complete system comprising six air vehicles, a ground control station, remote video terminal, a launcher and a runway-independent SkyHook recovery system. It is not uncommon for each system to also include spare engines and propulsion systems. The wide acceptance of ScanEagle as a leader in its class creates a significant opportunity for Orbital to build a high revenue business producing and supplying Orbital UAV engines to Insitu and their growing global customer base.

-ENDS-

CONTACTS

Terry Stinson

CEO & Managing Director

Tel: +61 8 9441 2311

Email: AskUs@orbitalcorp.com.au

Website: www.orbitalcorp.com.au

About Orbital

ORBITAL is an innovative industrial technology company.

ORBITAL invents and builds smart technology that delivers improved performance outcomes for our clients in the aerospace, mining & industrial and consumer sectors.

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 development, manufacturing and implementation.

Delivering state-of-the-art products and services within the industrial technology sector is what we do.

ORBITAL's technology leadership is exemplified by the patented REMSAFE remote isolation system for global mining and industrial applications and Orbital's® UAVE business that produces and supplies engine and propulsion systems for unmanned aerial vehicles.

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.