

Annual General Meeting

28<sup>th</sup> October 2010

***Orbital Corporation Ltd***  
***22<sup>nd</sup> Annual General Meeting***



**ORBITAL**  
CORPORATION LIMITED

# Agenda

- Introduction by Chairman
- Chief Executive Officer's Address
- Formal Business
- Questions and Answers

# Annual General Meeting

28<sup>th</sup> October 2010

## *Chairman's Address*

# Financial Highlights

## FY10 financial highlights:

| A\$'000  |              | FY10      | FY09     |
|--|--------------|-----------|----------|
| Consulting Services  | Revenue      | 9,621     | 8,798    |
|  | Contribution | 1,031     | 319      |
| Alternative Fuels  | Revenue      | 6,203     | 6,264    |
|  | Contribution | ( 1,727)  | ( 739)   |
| Licences and royalties   | Revenue      | 1,199     | 1,115    |
|  | Contribution | 37        | ( 1,130) |
| Total Revenue  |              | 17,023    | 16,177   |
| Total Contribution   |              | ( 659)    | ( 1,550) |
| Synerject Revenue (100%)   | FY10         |           |          |
|  | US\$90.4m    | US\$74.6m |          |
| Synerject - equity accounted profit                              |              | 1,874     | 1,846    |
| Other income   |              | 644       | 128      |
| Government grant on restructure of loan                          |              | 7,695     | -        |
| Profit on sale of interest in Synerject (after tax)              |              | -         | 2,492    |
| Other expenses   |              | ( 4,913)  | ( 4,020) |
| Finance costs (net)  |              | ( 513)    | ( 386)   |
| Profit/(loss) before tax   |              | 4,128     | ( 1,490) |
| Taxation (excluding tax effect of sale of interest in Synerject) |              | 388       | ( 961)   |
| Profit/(loss) after tax  |              | 4,516     | ( 2,451) |

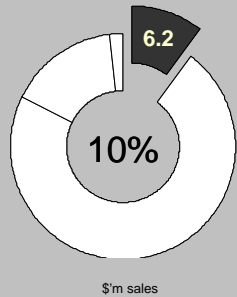
# Annual General Meeting

27<sup>th</sup> October 2010

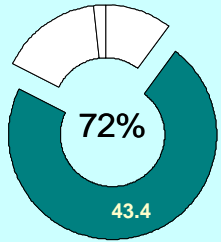
## *CEO's Address*

# Year in Brief – Key Points

- 2<sup>nd</sup> Half profitability
- Continuous improvement – Efficiency gains
- OAGS
  - Ford production gap
  - Liquid LPG Systems aftermarket sales
  - HSV flagship vehicle
- WA Government loan restructure
- Actively pursuing Alternative Fuels Business Strategy
  - Alternative Fuels market continues to grow
  - Vision 2010/AIIC – Gaseous fuels key future pillar
  - Developing product roadmap
  - Cultivating business alignments in the industry
  - Continuing customer development



- OAGS generated revenue of \$6,203k, with a loss of \$1,727k
- Australian LPG system aftermarket subdued this year due to low petrol prices, reduced rebate and future excise introduction
- Increased investment for next generation “Liquid” LPG system for OEM and Aftermarket
- Opened new Arndell Park facility in Sydney for distribution, service and administration
- Ethanol initiative continues with VSE and in Europe



Orbital Share of Synerject Sales \$'m



- Revenue of US\$90,375k compared to US\$74,635k in the previous year
- Profit after tax of US\$4,744k up 30% from US\$3,662k
- Market recovery in marine and recreational product in North America in H2
- Taiwan strong market for Synerject driven by the stringent emission standards.
- Expanding supply of high end electronic control units to motorcycle and snowmobile manufacturers

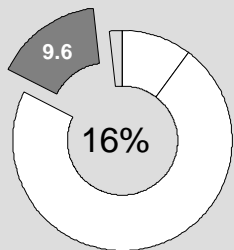




# Consulting Services – Year in brief



- Revenue of \$9,621k, up 9.4% from \$8,798k
- Contribution of \$1,031k, compared to \$319k in previous year
- Key Activities:
  - Mitchell Corp LNG Program
  - HD Test Facility
  - European Advanced Engineering contracts
    - Gaseous and Petrol
  - Changan demonstrator program for the FlexDI™ passenger car application on schedule
  - Green Car Innovation Fund grant from the Australian Federal Government
  - UAV (Unmanned Aeronautical Vehicle) FlexDI™ engine development
  - Orbital Resource Group (ORG)

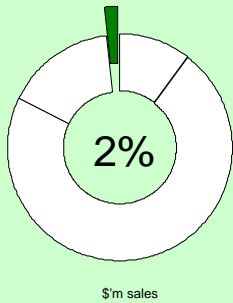


\$'m sales

Orbital Resources Group  
Capability Statement

RESOURCES





- Revenue \$1,199k, up 7.5% from \$1,115k
- Contribution of \$37k compared to \$1,130k loss in previous year
- North American marine market showed improvement in H2, however still well down on pre global financial crisis market.
- Negative foreign exchange impact of \$180k due to strengthening Australian Dollar
- Bajaj – slower growth then anticipated
  - Technical/performance benchmark

# Lessons from 2010

- Our core businesses (Engineering and Licensing) offer minimal revenue growth in short term
- EMS for Alternative Fuels – Growth Market
  - Matches our skillset, partners and increasing market demand
- Orbital needs growth – Acquisition or Partnership will require investment over time
- Capital Sources:
  - Building and land sale
  - Capital raising
  - Strategic Partnerships
  - Strategic Investors

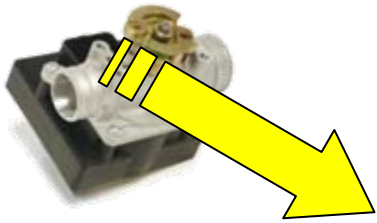
# Orbital's Market Update

- LPG Market in Australia remains subdued
- Global Natural Gas auto market continues to grow
- Ethanol market good in Brazil, delays in requirement for Direct Injection application
- Improvement in recreational and marine market, but well below pre GFC days
- UAV market call for heavy fuel capable engines emerging
- Consulting Engineering – India, China, Mining/Resource key focus, but always a challenge

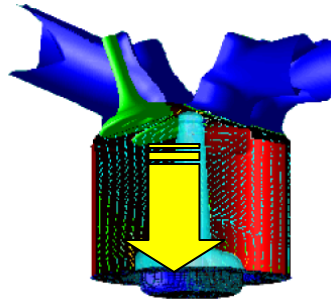
# Strategy Development

# Orbital's Vision

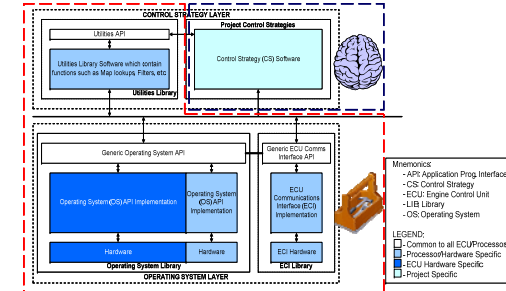
## Components



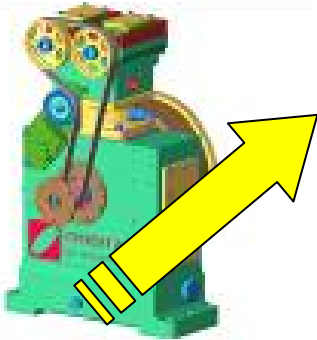
## Combustion



## Control Systems and Software



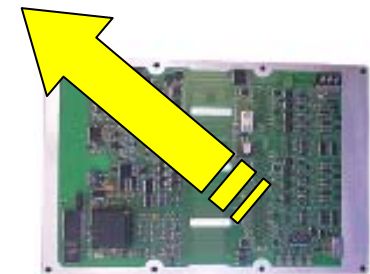
# Leader in Engine Management Systems for Alternative Fuels and Specialised Markets



## Engine Testing and Design



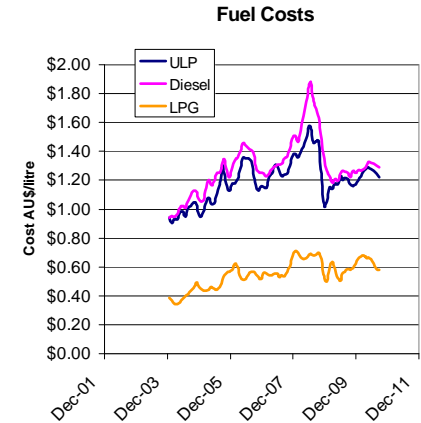
## Fuel Systems



## Electronic Hardware Design

# Alternative Fuels – Growth Potential

## ➤ Cost to User

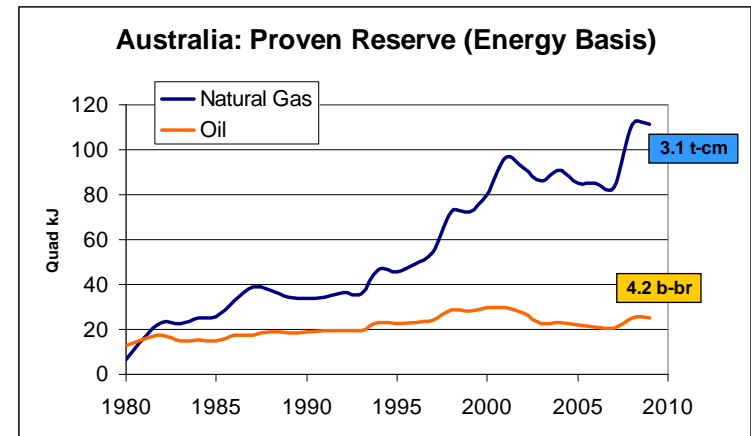


Source: [http://www.fuelwatch.wa.gov.au/prices/dsp\\_hist\\_avg.cfm](http://www.fuelwatch.wa.gov.au/prices/dsp_hist_avg.cfm)

## ➤ Greenhouse Gas

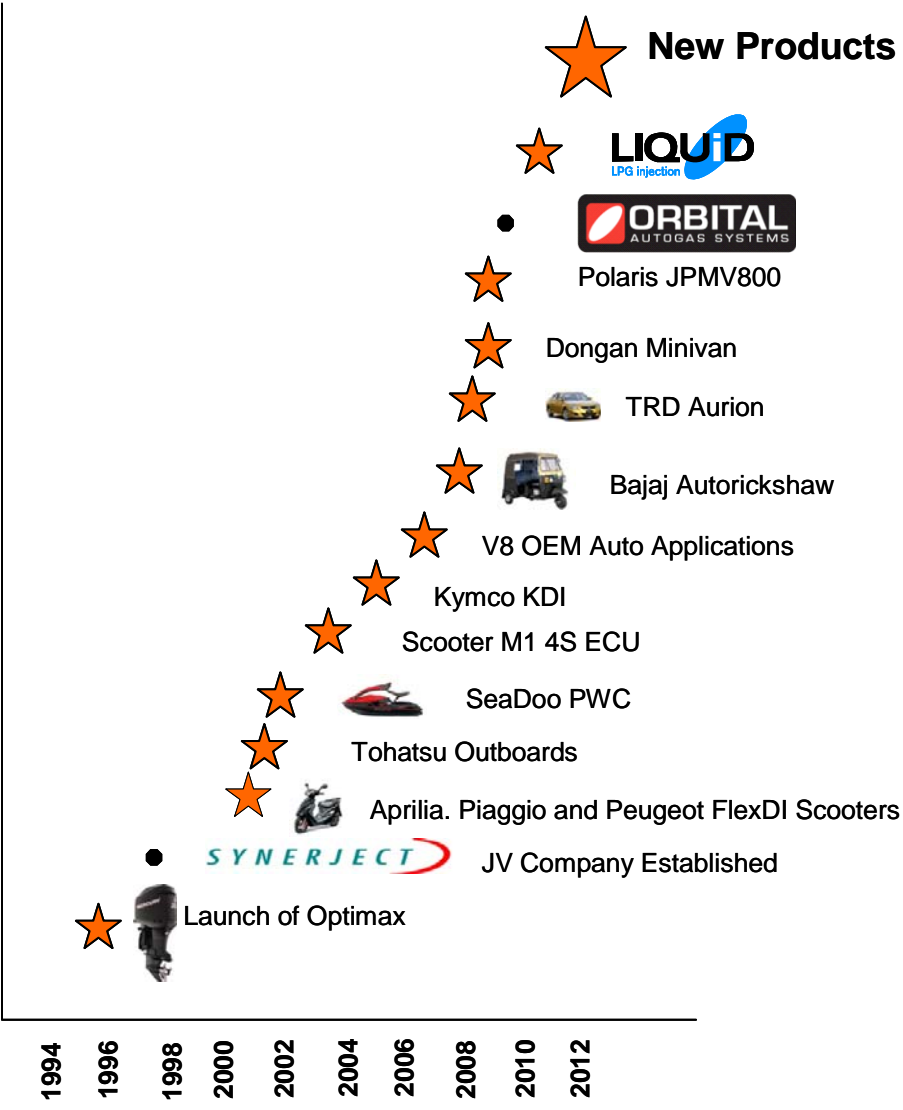
- Liquid LPG Auto up to 13% reduction
- CNG Auto up to 25% reduction
- LNG Heavy Duty up to 15% savings available

## ➤ Fuel Security



Source: BP Statistical Review of World Energy June 2010

# Orbital's Value in Alternative Fuel EMS market

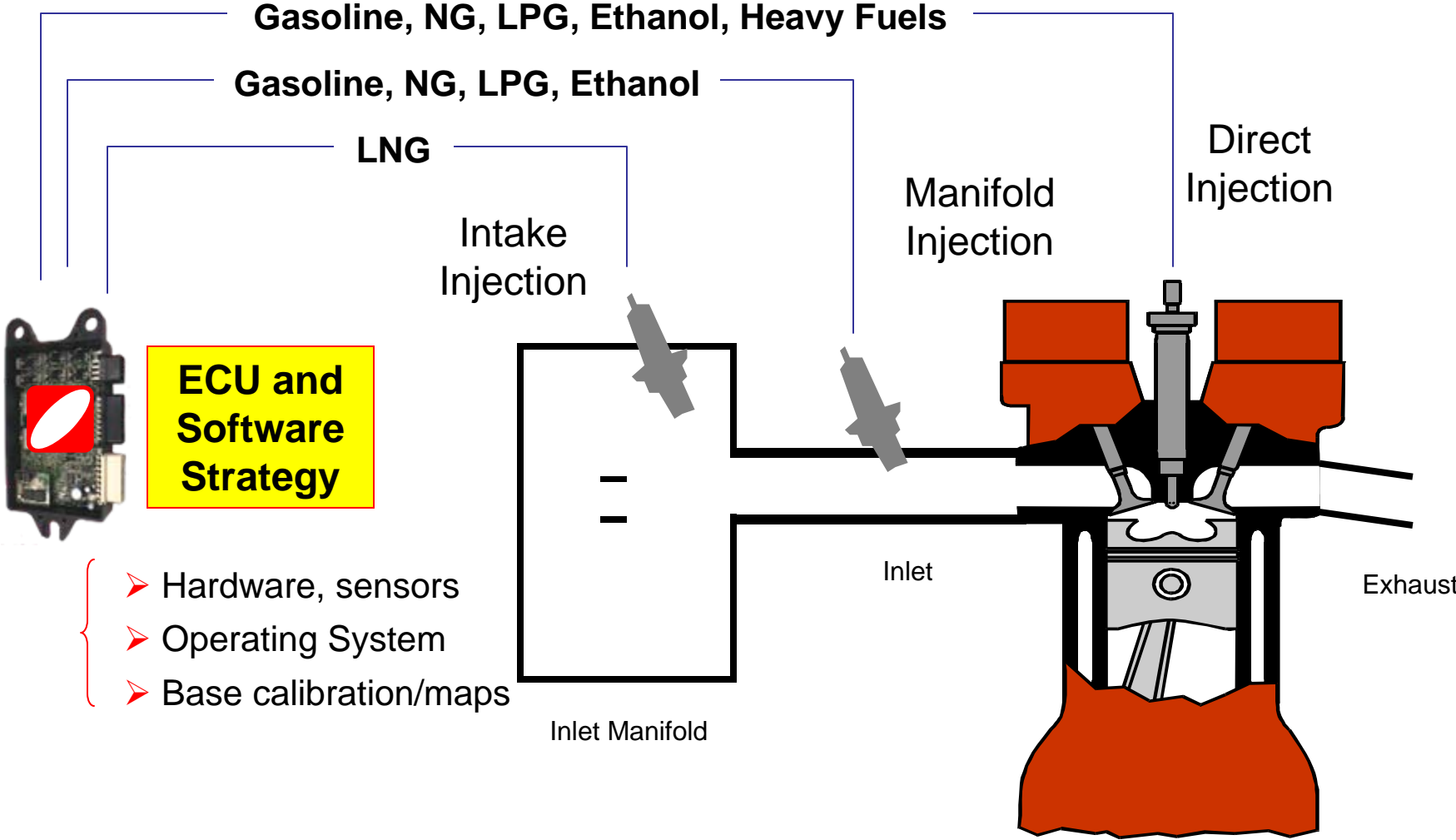


## Orbital's Value

- EMS Product Track Record
- Experience
- Technology
- Market
- Supply base
- Partners
- EMS Product Plan



# Common ECU and Software Platform Strategy













# Implementing the Strategy

# Implementation - Strategy































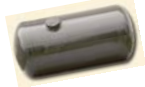


- Partnerships in EMS
  - India EMS
  - S America EMS
  - Asia NG
- New Business Generation
  - LNG Heavy Duty
  - UAV
  - Automotive LPG & CNG



# Target Market Sectors

| Sector                | Automotive  | Heavy Duty Transport   | Non Auto EMS  | Consulting Services   | IP Revenue   |
|-----------------------|---|--|---|---|--|
| Applications          |    |    |                              |    |   |
| Business Unit         |    |    |                              |    |   |
| Business Unit Summary | <ul style="list-style-type: none"> <li>• Supplier of LPG Vapouriser systems</li> <li>• Developer and supplier of Liquid LPG systems</li> <li>• Orbital well positioned to expand into auto CNG</li> </ul> | <ul style="list-style-type: none"> <li>• Developer of Dual Fuel Systems for heavy duty engine application</li> <li>• R&amp;D for Ethanol and other renewable fuel for HD and Industrial engine market</li> </ul> | <ul style="list-style-type: none"> <li>• Supplier of Di and PI EMS systems to Global Non Auto market</li> </ul> | <ul style="list-style-type: none"> <li>• Services to the global engine and vehicle OEM's, Governments</li> <li>• R&amp;D support to Corporation and FlexDI applications/customers</li> <li>• Developing UAV DI engines and systems</li> </ul> | <ul style="list-style-type: none"> <li>• IP for existing non auto products</li> <li>• Future potential in auto products (Changan)</li> <li>• Future potential in Alt. Fuels</li> </ul> |

# Orbital EMS Product Planning Matrix

|                      | PI Gasoline/NG<br>2W and 3W   | DI Gasoline<br>Motorcycle, 3W   | DI Gasoline<br>Recreational   | Liquid LPG<br>Pass Car  | Pass. Car CNG  | DI LPG, CNG<br>Pass Car  | Heavy Duty<br>Truck LNG<br>(Dual Fuel)   |
|----------------------|---|---|---|---|--|--|--|
| System Integration   | <b>Orbital</b><br>     | <b>Orbital</b><br>     | <b>Orbital</b><br>           | <b>Orbital</b><br>                           | <b>Orbital</b><br>                | <b>Orbital</b><br>                              | <b>Orbital</b><br>          |
| Injectors            |                        | <br>SYNERJECT          | <br>SYNERJECT                | <br>Continental                              |                                   | <br>SYNERJECT                                   | <br>Nikki                   |
| ECU Hardware         | <br>Multiple Suppliers | <br>Multiple Suppliers | <br>Multiple Suppliers       | <br>Continental                               | <br>Continental                   | Manufactured to<br>Orbital<br>Specification<br> | <b>Orbital</b><br>          |
| Operating System     | <b>Orbital</b><br>     | <b>Orbital</b><br>     | <b>Orbital</b><br><br>For OE | <b>Orbital</b><br>                           | <b>Orbital</b><br><br>Or Supplier | <b>Orbital</b><br>                              | <b>Orbital</b><br>          |
| Fuel Tanks           | OEM<br>supply   | OEM<br>supply   | OEM<br>supply   | <br>Best<br>Quality/Price                   | <br>Best<br>Quality/Price       | <br>Best<br>Quality/Price                     | <br>Best<br>Quality/Price |
| Other key components | Synerject<br>Continental<br>UCAL Others   | Synerject<br>Continental<br>UCAL Others   | Synerject<br>Continental<br>Others  | Vialle<br>Continental<br>Motonic Others<br> | Continental<br>Nikki Others  | Synerject<br>Continental<br>Motonic Nikki<br>Others  | Nikki<br>Continental<br>Woodward<br>Others   |

# Delivering on the Strategy

- Markets ✓
- Products ✓
- Skill base and facilities ✓
- Partners or acquisitions (speed to market) ✓
- Funding ✓

# Annual General Meeting

27<sup>th</sup> October 2010

## ***Formal Business***

# Item 2 – Financial Reports

- To receive and consider the financial statements for the year ending 30<sup>th</sup> June 2010 together with the Director's Report and the Auditor's Report



# Item 3 – Remuneration Report

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- To adopt the Remuneration Report for the financial year ended 30 June 2010

# Item 4 – Re-election of Director

- That Dr V. Braach-Maksvytis who retires by rotation in accordance with Article 9.3 of the Company's Constitution and, being eligible, offers herself for re-election, be elected as a Director of the Company

# Item 5 – Long Term Share Plan – T. Stinson

- That approval is given for all purposes (including ASX Listing Rule 10.14 and exception 9 to ASX Listing Rule 7.2) for the issue of up to 8,750,000 fully paid ordinary shares in the Company, directly or indirectly, to Mr T D Stinson under the Company's Executive Long Term Share Plan

# Item 6 – Consolidation of Shares

- That for the purposes of section 254H of the Corporations Act 2001 (Cwlth), ASX Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that every ten shares be consolidated into one share, and where this consolidation results in a fraction of a share being held by a shareholder, the directors of the Company be authorised to round that fraction up to the nearest whole share in accordance with article 1.1 of the constitution of the Company, with the consolidation to take effect on a date to be announced to the ASX in accordance with the requirements of the Listing Rules.

# Annual General Meeting

27<sup>th</sup> October 2010

***Questions***

# Annual General Meeting

27<sup>th</sup> October 2010

***Thank You***