

1st Half FY2011 Results Presentation

March 2011



ORBITAL
CORPORATION LIMITED

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 Form 20-F filings with the US Securities and Exchange Commission. 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.

Key Messages

- Strategy – Leading supplier of Engine Management Systems (EMS), focusing on alternative fuels.
- Assumption – Crude oil price will rise.
- Improving market place for Orbital and Synerject's products.
- Ford EGas Falcon to be launched with Orbital Autogas Systems (OAGS) LPG system.
- Holden Special Vehicles (HSV) introduced OAGS "Liquid" LPG system during the half year.
- \$2.7 million improvement in half year result.
- Synerject revenue increased by 36%, - US\$57 million for the half year.
- Positive operating cash flow - \$1.8 million improvement.
- Strong balance sheet.

Corporate Snapshot

- Headquarters Perth; Facilities in Perth, Sydney; Offices in USA and China.
- ASX: "OEC" – market capitalisation approximately \$17 million (11th March 2011),
- Pro-rata consolidated Revenue \$60m (30th June 2010).

- *Vision* pg 5
- *What we do – by Business Segment* pg 6
- *Markets and market drivers* pg 7
- *Half year highlights* pg 10
- *Half Year - Financial summary* pg 11
- *Synerject* pg 12
- *Alternative fuels* pg 15
- *Consulting services* pg 17
- *Intellectual property* pg 18
- *Cashflow/Capital management – sale of property* pg 19
- *Balance Sheet* pg 20
- *Key messages and outlook* pg 21

Orbital's Vision

“Leader in Specialised Engine Systems”

Small Engines



Transport



Mining














Diesel Kerosene Gasoline Alcohol LPG CNG/LNG HCNG Hydrogen

FlexDI™ - Alternative Fuels

Integration, Development and Application Expertise

Engineering Services

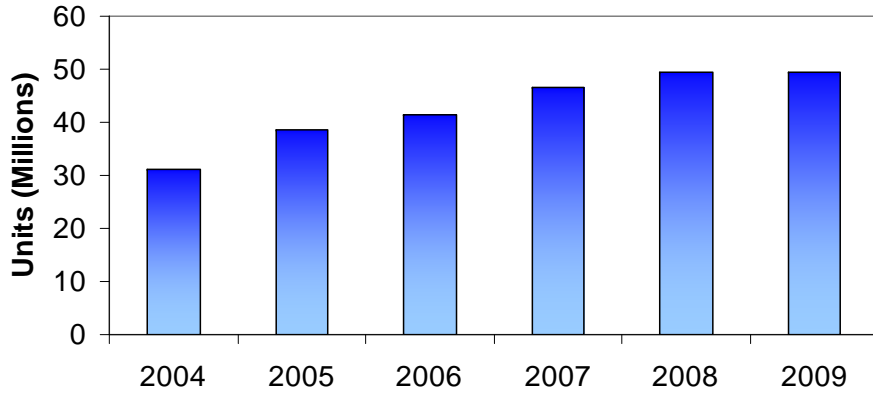
What we do – by Business Segment

| | | | | |
|------------------------------|---|---|---|--|
| <p>Business Unit</p> |  Alternative Fuels |  |  |  |
| <p>Sector</p> | <p>Automotive (LPG), HD Trucks (NG)</p> | <p>EMS (Auto, non-Auto), R&D</p> | <p>Non Auto EMS global supplier</p> | <p>Non Auto EMS</p> |
| <p>Applications</p> |    |  |  |   |
| <p>Business Unit Summary</p> | <ul style="list-style-type: none"> • Developer and supplier of Liquid LPG systems to Ford, HSV and aftermarket • Supply of LPG Vapouriser systems • Supply of LNG systems to HD truck industry • Positioned to expand into auto CNG | <ul style="list-style-type: none"> • Services to the global engine and vehicle OEM's, Governments • R&D • Application support for FlexDI™ and Alt. Fuel products • Developer of Dual Fuel Systems for heavy duty engine application | <ul style="list-style-type: none"> • Supplier of DI and PI EMS systems to Global Non Auto market | <ul style="list-style-type: none"> • Royalties and licence fees • IP for existing non auto products • Future potential in auto products (Changan) • Future potential in Alt. Fuels |

Orbital's Potential Markets

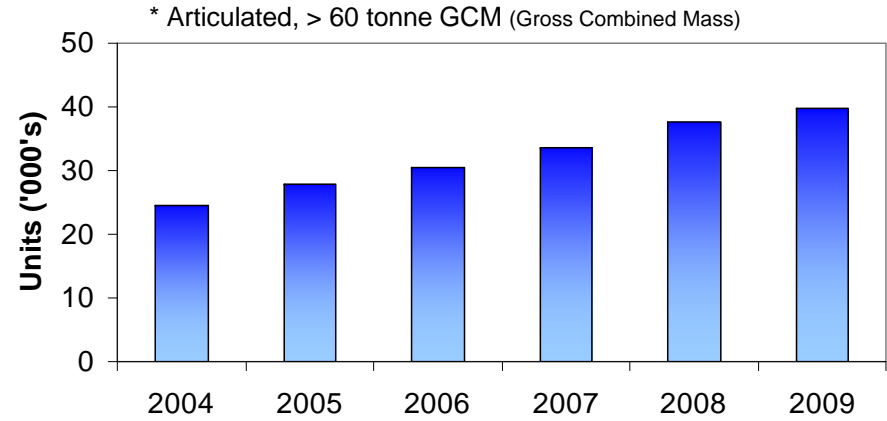


Global Motorcycle Market



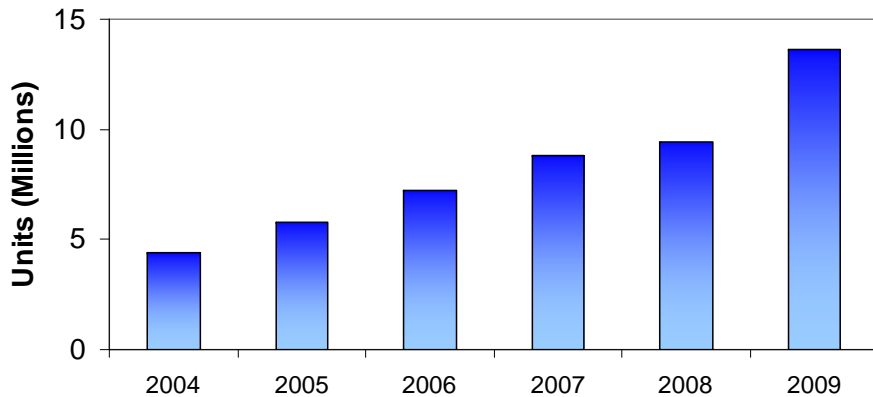
Source: Yamaha Fact Reports <http://www.yamaha-motor.co.jp/global/ir/material/index.html>

Aust. HD Truck Fleet*



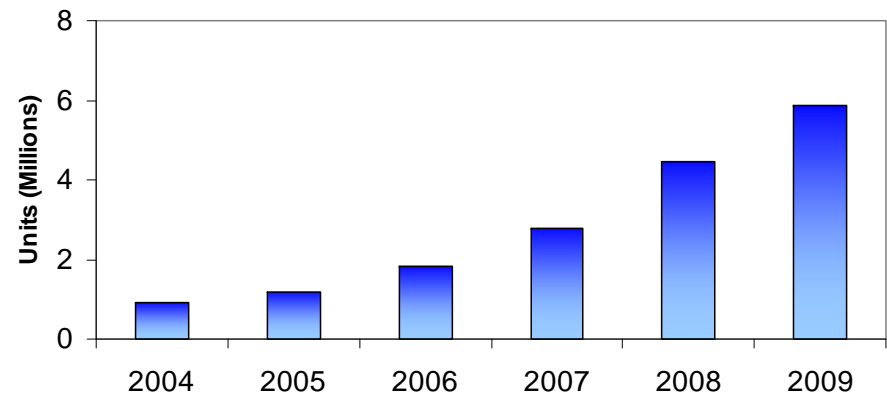
Source: <http://www.ausstats.abs.gov.au/Ausstats>

China Auto Sales



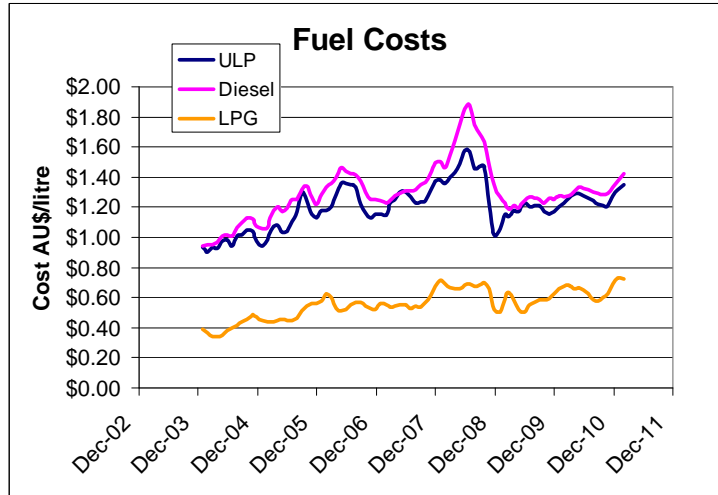
Source: china auto industry association

Asia-Pacific NG Car Fleet



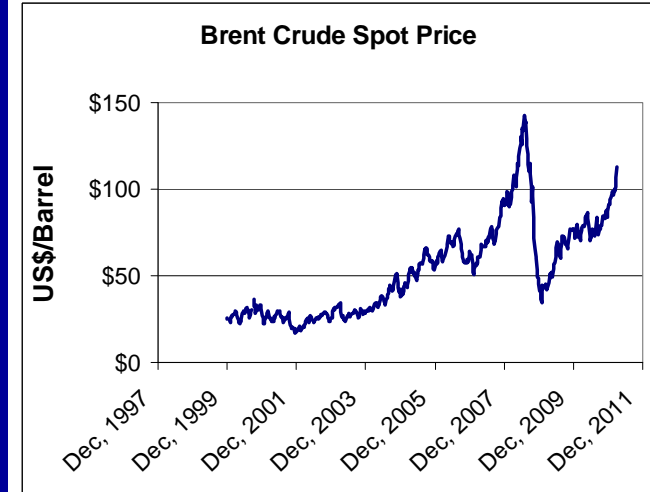
Source: IANGV

Fuel Costs to Customer



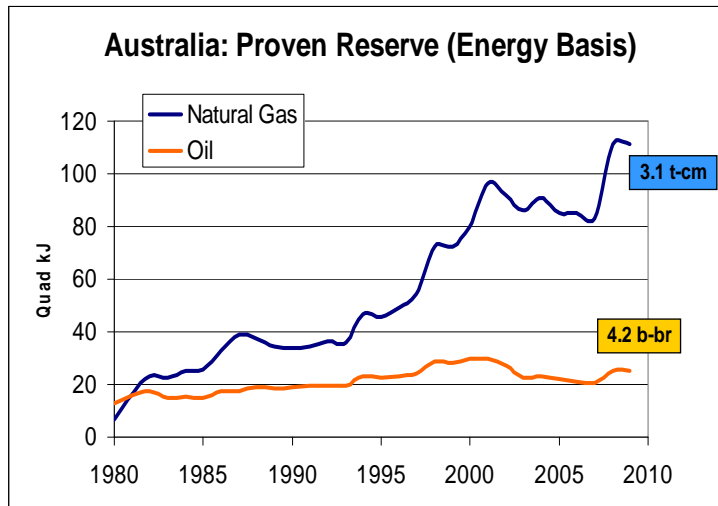
Source: http://www.fuelwatch.wa.gov.au/prices/dsp_hist_avg.cfm

Crude Oil Cost



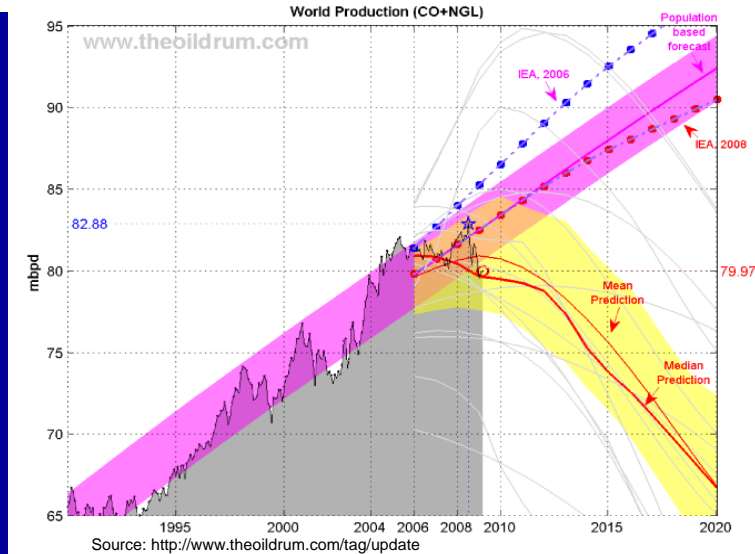
Source: http://www.eia.gov/dnav/pet/pet_pri_wco_k_w.htm

Proven Fuel Reserves Australia



Source: BP Statistical Review of World Energy June 2010

Peak Oil



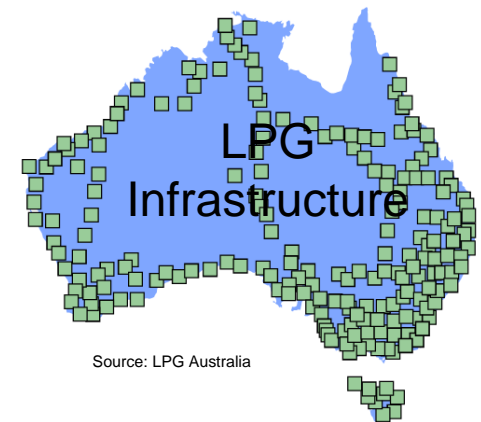
Changing Attitude to Alternative Fuels

- Fuel/Crude Oil price drives market
- Fuel Security
- Government policy changes
 - Alternative Fuels – lower CO2
- LPG infrastructure
- LNG infrastructure in development



| | CO2 savings |
|-----------------------|---------------------|
| Automotive Liquid LPG | Up to 13% |
| Automotive CNG | Up to 20 to 25% |
| Truck LNG | Up to 15% available |

Source: Orbital data



- Net profit after tax of \$29k - a \$2.7 million improvement on the result for the same period last year.
- Synerject increased sales to US\$57 million (+36%) and profit after tax to US\$2.6 million (+203%) .
- Positive operating cashflow (including Synerject dividend) - a \$1.8 million improvement on the same period last year.
- Orbital's markets were mixed with Consulting Services revenue decreasing by 9% and Royalties increasing by 6%.
- Orbital Autogas Systems (OAGS) developed additional aftermarket kits and continued preparation for the launch of the next generation LPG injection systems for the new model Ford EGas Falcon.
- Holden Special Vehicles (HSV) announced the introduction of the OAGS "Liquid" LPG system on its prestigious high performance vehicles. This includes HSV's top of the line model "Grange".
- In February 2011 Orbital completed the sale of land and buildings in Perth for \$8.65 million. Orbital will lease the facilities for 10 years, with 2 further 5 year options if required. The proceeds will be utilised to support the strategic growth plans of the company.

Financial Summary

Half Year ended 31 December 2010



| | | Dec 2010 \$'000 | Dec 2009 \$'000 |
|-------------------------------|-----------------|--------------------|--------------------------|
| Alternative Fuels | Revenue | 2,717 | 2,912 |
| | Contribution | (396) | (920) |
| Consulting Services | Revenue | 4,202 | 4,526 |
| | Contribution | 36 | (12) |
| Licences and Royalties | Revenue | 463 | 432 |
| | Contribution | 273 | 242 |
| Total | Revenue | 7,382 | 7,870 |
| | Contribution | (87) | (690) |
| Synerject | Dec 2010 | Dec 2009 | |
| | US\$m | US\$m | |
| Revenue (100%) | 56.6 | 41.6 | |
| equity accounted profit | | | 1,466 314 |
| Other income | | | 564 409 |
| Foreign exchange loss | | | (88) (107) |
| Finance costs (net) | | | (248) (289) |
| Research and development | | | (716) (96) |
| Other expenses | | | (1,087) (2,071) |
| Profit/(Loss) before tax | | | (196) (2,530) |
| Taxation | | | 225 (94) |
| Profit/(Loss) after tax | | | 29 (2,624) |

Key Points

- Return to profitability.
- \$2.7m improvement in result compared to the prior year.
- Synerject revenue up 36% to US\$56.6m.
- Overhead expenses managed closely achieving a range of savings.
- Gap in Ford EGas (LPG) business.
- Increased and targeted R&D expenditure.

42:58 joint venture of Orbital and Continental Automotive

- Largest global EMS supplier in non auto market. 12th year of operation
- Headquarters in Virginia, USA; Facilities in USA, China, France, Offices in Italy, Taiwan
- US\$90.4m revenue in FY10, US\$56.6m in H1 FY11 (vs US\$41.6m H1 FY10)

Performance Recreational



Scooters



Motorcycle



Lawn & Garden



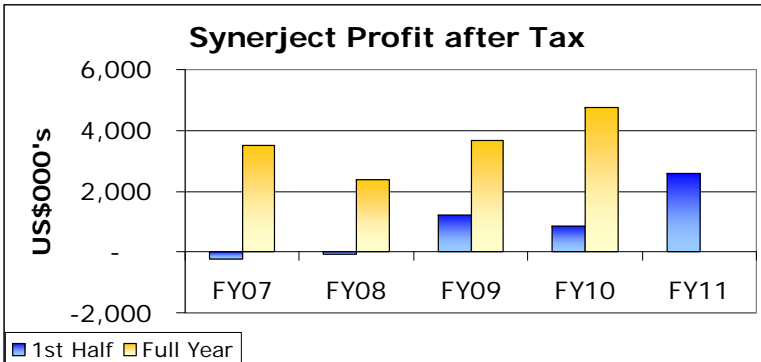
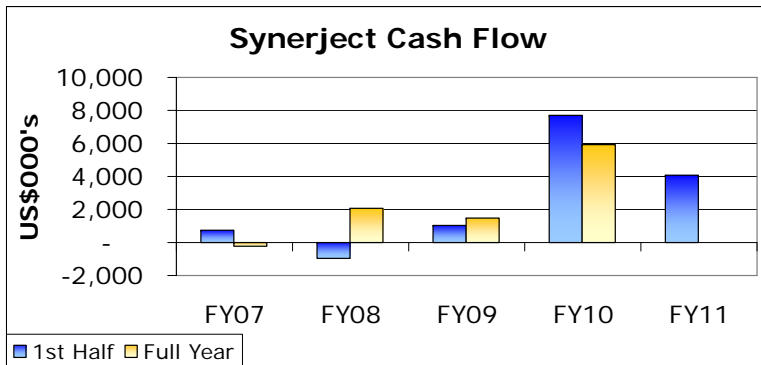
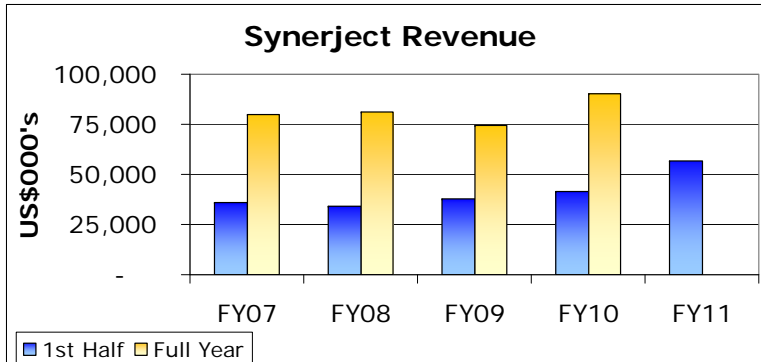
Products



Key Points

- 36% sales growth, notwithstanding that many of Synerject’s markets are still challenged by the aftermath of the global financial crisis.
- Synerject achieved sales growth compared to the same period last year primarily through additional EMS business acquired from Continental in April 2009.
- Improved efficiencies and improved EBIT margins.
- The marine and recreational markets in North America continue to show signs of recovery however volumes remain close to historically low levels and slow growth at best can be expected in the 2nd half.
- Taiwan, with its motorcycle in-field conformity emission requirements, calling for the use of EMS, continues to be a strong and growing market for Synerject.
- The equity accounted result improved by \$1.2 million notwithstanding the stronger Australian dollar compared to the US dollar.
- Synerject generated operating cash flow after capital expenditure of US\$4.1 million including the funding required to support increased working capital.
- At 31 December 2010 Synerject had a gearing ratio (net debt:equity) of 6% (June 2009: 20%).

| | Dec 2010 US\$'000 | Dec 2009 US\$'000 |
|-------------------------------------|----------------------|----------------------|
| Revenue | 56,608 | 41,584 |
| Profit after tax | 2,573 | 849 |
| Operating cashflow, including capex | 4,053 | 7,702 |
| | A\$'000 | A\$'000 |
| Equity accounted contribution | 1,466 | 314 |



Key Points

- 36% sales growth, notwithstanding that many of Synerject's markets are still challenged by the aftermath of the global financial crisis.
- Improved efficiencies and improved EBIT margins.
- Regular dividends to parents.

Outlook

- Well positioned in all Synerject's markets. The North American and Taiwanese markets are stable and/or growing providing an excellent foundation for expansion.



Alternative Fuels – Market Driven by cost, CO₂ reduction and Fuel Security

- OAGS - Developer and Supplier of Liquid LPG systems to the auto industry
- OCS - Developer and supplier of Dual Fuel LNG Systems for truck industry
- OCS - Engine System development for Ethanol and Natural Gas

LPG OE Auto



LPG Aftermarket



LNG Truck



Ethanol/CNG



Products



Key Points

- Orbital Autogas Systems (OAGS) has developed and supplies Liquid Petroleum Gas (LPG) systems to Ford Australia, Holden Special Vehicles (HSV) and to the aftermarket.
- The aftermarket system is branded “Liquid” denoting liquid versus vapour injection and is considered latest ‘benchmark’ performance. In addition, OAGS supplies the previous generation “fumigator” or “vapouriser” LPG systems for aftermarket applications.
- OAGS revenue is approximately 7% lower than the same period last year due to Ford finishing production of the previous generation LPG systems at the end of September 2010, partially offset by increased aftermarket kit sales.
- Gross margins improved due to the stronger Australian dollar compared to the Euro and a 10% decrease in overhead expenses resulted in a \$524k reduction in loss for the half year.
- HSV announced use of the OAGS system late last year for its performance vehicles and these new “Liquid” LPG injection models have been released for sale in Australia.

| | Dec 2010 | Dec 2009 |
|---------------------|----------|----------|
| | \$'000 | \$'000 |
| Revenue | 2,717 | 2,912 |
| Contribution | (396) | (920) |

Outlook

- The next generation Ford EGas LPG system will be supplied by Orbital. Ford have announced their plan to release the new models later this year.
- The LPG aftermarket market has continued to contract and currently is at record low levels.



Key Points

- Revenue for the first half was 7% lower than the previous corresponding period.
- Cost control and project efficiencies generated a break even segment result similar to last year.
- Orbital's heavy duty engine testing facility, completed in 2009 in strong demand.
- Mitchell Corporation LNG engine management systems (EMS) development program progressed
 - Several trucks have been converted.
 - The natural gas substitution rates are on target and the journey times for the trucks have decreased.
- The Changan program, applying Orbital's FlexDI™ system to the Changan vehicle continues to meet targets.
- A significant portion of work undertaken in this period was the development of heavy fuel EMS systems for Unmanned Aeronautical Vehicles (UAV's).

| | Dec 2010 \$'000 | Dec 2009 \$'000 |
|---------------------|--------------------|--------------------|
| Revenue | 4,202 | 4,526 |
| Contribution | 36 | (12) |

Outlook

- At 31 December 2010, the order book stood at \$3.5 million (30 June 2010: \$3.4 million).
- The OCS business segment will perform in line with the 1st half .
- The OCS business acts as an 'incubator' for EMS opportunities and recent developments in the UAV, heavy duty ethanol and transport (LNG) sectors may lead to niche system supply businesses.

Key Points

- Orbital earns license fees and royalties from EMS utilising its FlexDI™ systems and technology.
- The royalty bearing products today are in the marine, recreational and scooter/motorcycle markets.
- The marine and recreational markets, key markets for Orbital systems, remain subdued due to the continuation of the tough US economic conditions.
- Revenue increased by 7.2% continuing the improvement seen in the 2nd half of last financial year.

| | Dec 2010 \$'000 | Dec 2009 \$'000 |
|---------------------|--------------------|--------------------|
| Revenue | 463 | 432 |
| Contribution | 273 | 242 |

Outlook

- The look-ahead in this market remains conservative.

| Cashflow | Dec 2010 | Dec 2009 |
|-----------------------------|--------------|--------------|
| | \$'m | \$'m |
| Operating cash flow | (0.4) | (2.0) |
| - Synerject dividend | 0.7 | 0.5 |
| Capex and Development costs | (0.4) | (1.7) |
| Financing cash flow | (1.5) | (0.6) |
| Movement in Cash | (1.6) | (3.8) |

Key points

- Positive operating cashflow (including Synerject dividend).
- \$1.8 million improvement in operating cashflow (including Synerject dividend).
- During the half year Orbital repaid \$1.5 million trade facility (2009: \$0.6 million repayment).

Sale and leaseback of Perth Engineering facility

- Completed February 2011.
- Sale Price – \$8.65 million.
- Lease Term – 10 years (plus two 5 year options).
- Rental - \$745k per year (subject to fixed increases of 3% per year and market value reviews on exercise of the options).
- Profit on sale – Approximately \$4.4 million to be reflected in full year results.

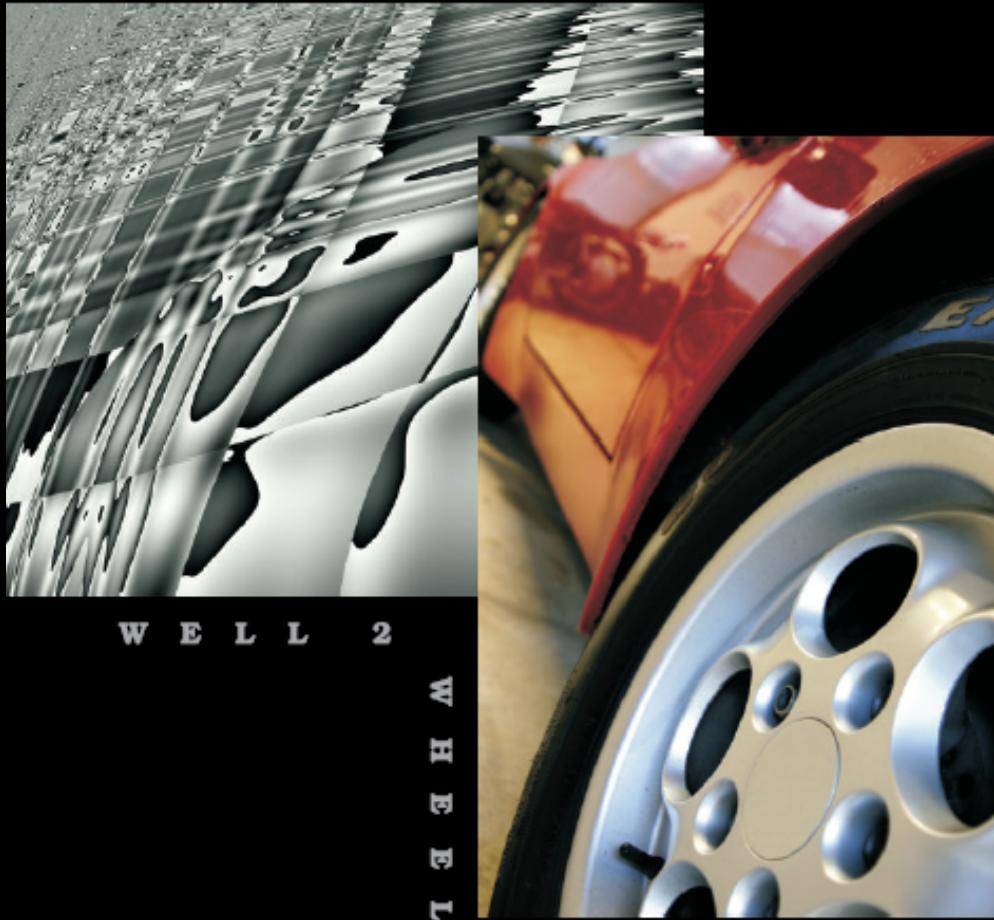
Balance Sheet

| | Dec 2010 | June 2010 |
|--|-------------|-------------|
| | \$'m | \$'m |
| Cash | 2.0 | 3.6 |
| Receivables | 4.8 | 5.1 |
| Inventory | 2.8 | 3.7 |
| Current Assets | 9.6 | 12.4 |
| Synerject Investment | 10.9 | 11.6 |
| PP&E | 7.5 | 7.9 |
| Intangibles and Goodwill | 1.7 | 1.5 |
| Other non current assets | 4.8 | 5.2 |
| Non Current Assets | 24.9 | 26.2 |
| Total Assets | 34.5 | 38.6 |
| Current trade creditors and provisions | 4.8 | 5.2 |
| Deferred Revenue | 0.3 | 0.3 |
| Government grants | 2.0 | 2.1 |
| Interest Bearing Loans | 0.5 | 2.1 |
| Non-interest bearing loans | 7.9 | 7.6 |
| Other non current liabilities | 0.1 | 0.5 |
| Total Liabilities | 15.6 | 17.8 |
| Net Assets/Shareholders Equity | 18.9 | 20.8 |

Key points

- Minimal interest bearing debt.
- West Australian Government Loan
 - Restructured February 2010
 - Term – 2010 to 2025.
 - Repayments – Commenced May 2010 at \$0.2 million per annum
 - Repayments - Increasing annually to a maximum of \$2.1 million per annum in 2023.
 - Interest free.
- Land and Buildings sold in February 2011 for \$8.65 million.
- Deferred revenue and Government Grants amortised to revenue over the next 8 years.
- Strong balance sheet.

- The strategy to invest in specialist EMS, and particularly alternative fuel applications, is supported by the long term pressure on crude oil price.
- Improving market place for Orbital's and Synerject's products.
- OAGS will see a significant increase in revenue next financial year when it experiences a full year of supply of the new LPG system for the Ford EGas Falcon.
- OAGS's revenue in the 2nd half will be adversely affected by the subdued LPG aftermarket and the gap in production of Ford EGas vehicles,
- The launch of the "Liquid" injection LPG product on the HSV line of vehicles enhances OAGS's position in the market.
- Synerject will provide a solid 2nd half result, positive cashflow, pay increased dividends and the investment in new product development will underpin growth in future years.
- The OCS, Licences and Royalty business segments will continue to perform in line with the 1st half.
- The OCS business acts as an 'incubator' for EMS opportunities and recent developments in the UAV, heavy duty ethanol and transport (LNG) sectors may lead to niche system supply businesses.
- It is anticipated that the 2nd half will provide a similar result to the 1st half.
- Orbital has a strong balance sheet to take up the growth opportunities as they arise.



Thank You