

Orbital Corporation Ltd Update February 2013



FLEXDI
ONE ENGINE - ANY FUEL

FLEXNG



LIQID
LPG injection

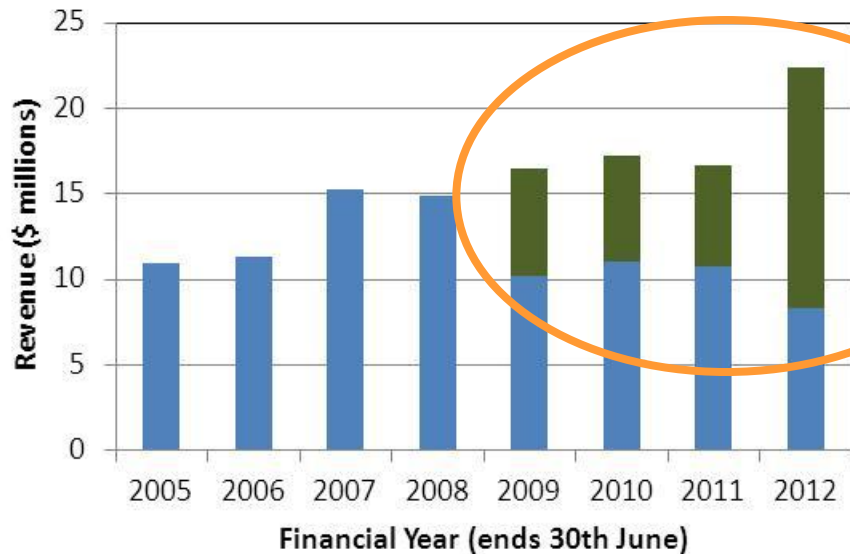
Strategy Overview and Implementation

- Transitioning to a product/systems supply company
- Reducing reliance on Consulting Services
- Engineering focused on new products
- Growing systems and components sales

Transition to a Systems Company

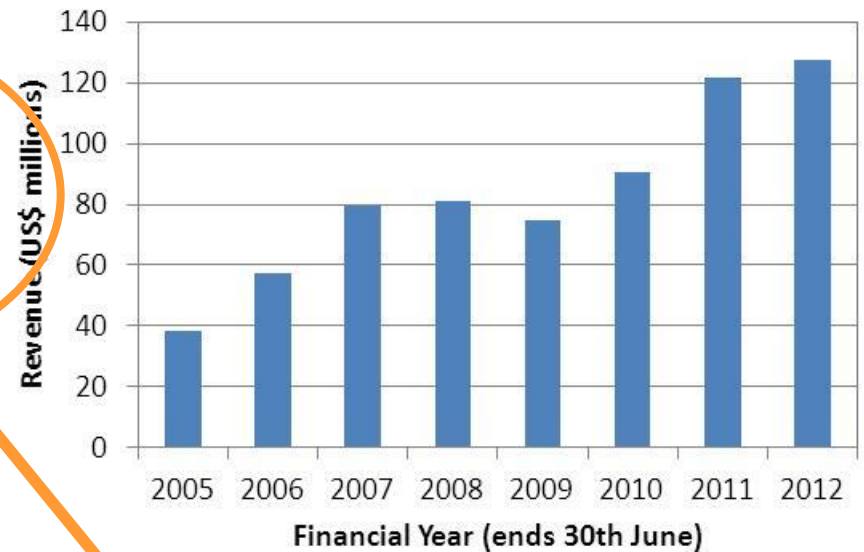
Transition

Consolidated Revenue



Model

Synerject Revenue



- System Sales revenue
- Engineering, IP and other revenue

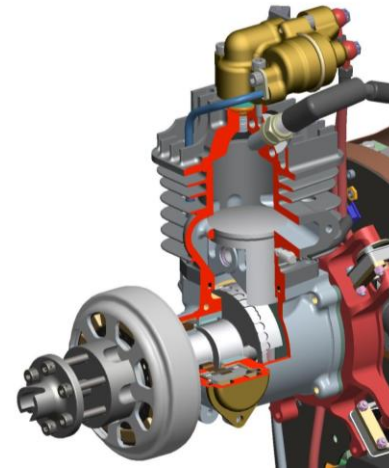
- 2012 - Highest top line sales in 8 years
- 2008 – 100% Consulting, IP & other
- 2012 – 37% Consulting, IP & other

1st Half FY13 Results

December 2012 Financial Summary		Dec-12	Dec-11
A\$'000			
System Sales	Segment revenue	11,790	7,028
	Segment result	1,289	137
Consulting Services	Segment revenue	602	5,372
	Segment result	(1,359)	(889)
Royalties and Licenses	Segment revenue	452	438
	Segment result	243	220
Total Revenue		12,844	12,838
Total Segment result		173	(532)
Synerject - equity accounted profit		2,247	2,154
Unallocated other income		182	692
Unallocated other expenses		(1,555)	(1,759)
Foreign exchange gain/(loss)		54	(22)
Finance costs (net)		(248)	(171)
Research and development		(687)	(232)
Profit before tax		166	130
Taxation		(19)	(27)
Profit after tax		147	103

New Products since 2008

- FlexDI™ UAS engine



- Liquid LPG systems

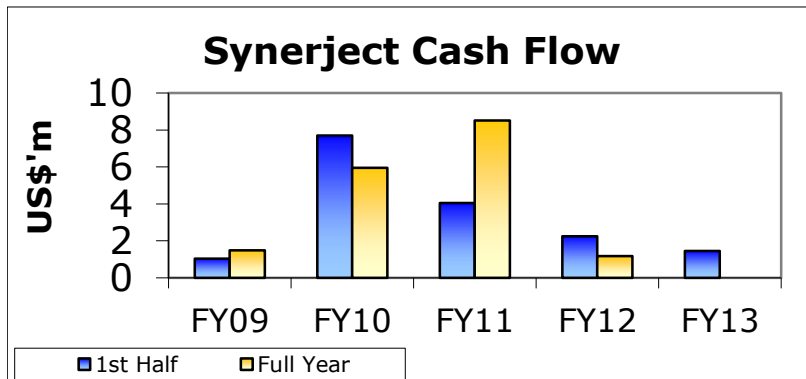
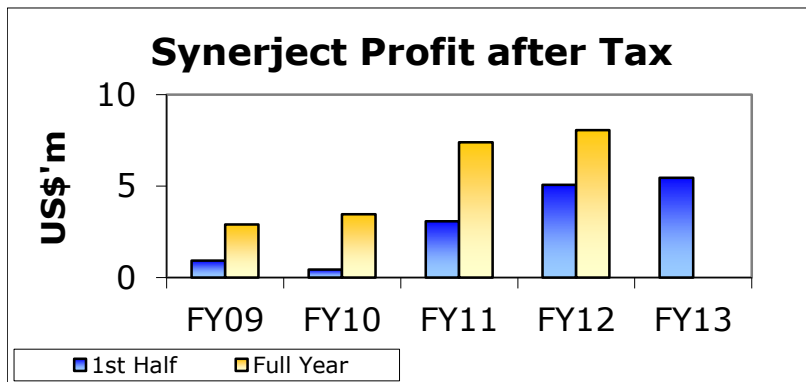
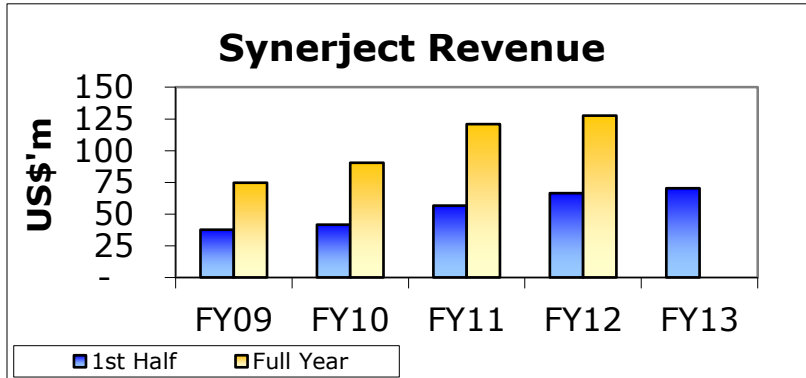


- LNG Dual Fuel (fleet trial)

Orbital's Unique Technologies and Systems

	FlexDI™ In-Cylinder Injection – Multi Fuel	Natural Gas Systems Heavy Duty	DI Natural Gas Systems Auto - Industrial	Liquid Propane (LPG) Systems – Auto
System Schematic	<p>Gasoline DI, with air assist Spark Plug</p>	<p>NG AIR Intake Manifold DIESEL</p>	<p>CNG (gas) Spark Plug</p>	<p>Liquid LPG Spark Plug</p>
Description and Application	<p>Direct in Cylinder Air Assisted DI Injection</p> <p>FLEXDI ONE ENGINE - ANY FUEL</p>	<p>LNG Substation of diesel – manifold. Inj.</p>	<p>Direct in Cylinder CNG Injection</p>	<p>Liquid LPG manifold injection</p> <p>LIQUID LPG injection</p> <p>Sprint Gas</p>

Business Sector Summary - 1



- Synerject

- 6% revenue growth H1 FY13 vs H1 FY12
- 7% improvement in Profit after Tax in same period
- Improved efficiencies
- Positive cashflow
- As of March 1, 2013, Continental will purchase addition 12% of Synerject for US\$6million
 - Ownership Continental/Orbital 70:30 respectively



Business Sector Summary - 2

- Consulting Services
 - High Australian Dollar, and global financial situation
 - Geographic
- System Sales
 - UAS sales improvement
 - LPG businesses increasing market share in tough market conditions
 - Controlling Costs
- Licensing and Royalty
 - Marine market steady, high Australian Dollar
 - Patents applied for in new product areas

	Dec-12 \$'000	Dec-11 \$'000
Revenue	602	5,372
Result	<u>(1,359)</u>	<u>(889)</u>

	Dec-12 \$'000	Dec-11 \$'000
Revenue	11,790	7,028
Result	<u>1,289</u>	<u>137</u>

	Dec-12 \$'000	Dec-11 \$'000
Revenue	452	438
Result	<u>243</u>	<u>220</u>

1st Half FY13 Results

December 2012 Financial Summary

A\$'000

Dec-12

Dec-11

Operating cash flows	(1,511)	(3,733)
Synerject dividend	445	709
	(1,066)	(3,024)
Other Capex and Development costs (net)	(180)	(407)
Financing cash flow	(9)	1,916
Movement in Cash/Term Deposits	(1,255)	(1,515)
Cash / Term Deposits	3,909	5,170
Bank Loan	2,500	2,500

Outlook

- Revenue Growth

- Potential new revenue streams in FY13 and beyond
 - UAS Market – new markets / new customers
 - Asia Natural Gas Systems opportunities
- Existing revenue streams
 - Liquid LPG systems
 - UAS Engine and EMS Systems
 - Sprint Gas - LPG/CNG distribution businesses



- Financial

- Targeting Profit in FY13
 - Continue to manage costs across group
 - R&D carefully targeted at highest potential revenue streams
- Funding
 - Options: Raise, Borrow, Sell Assets

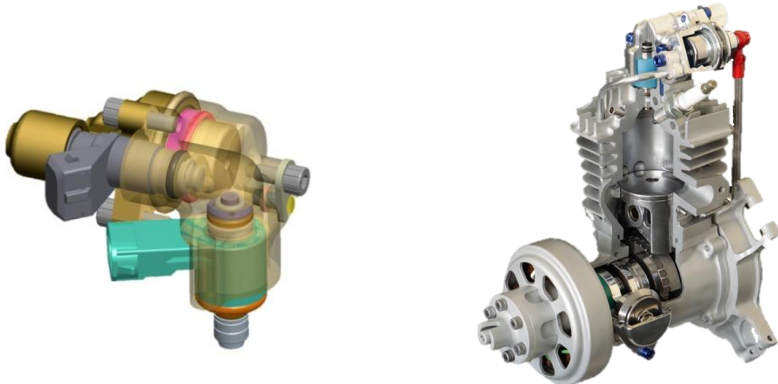


New Products - Overview

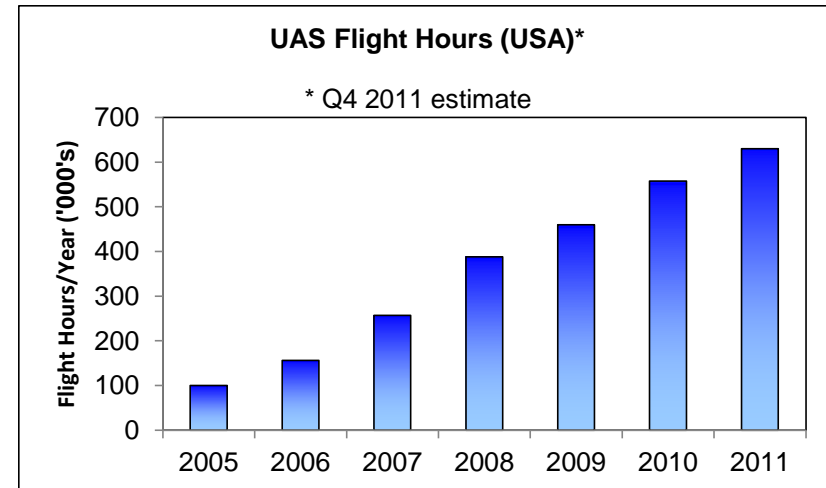
UAS – Orbital's New Business

Orbital's Production UAS Engine

- Light weight, up to 40% fuel economy improvement
- FlexDI™ spark ignition of military spec kerosene fuels
- Supply Contract to AAI Corporation
- EMS supply



UAS – Growth Market



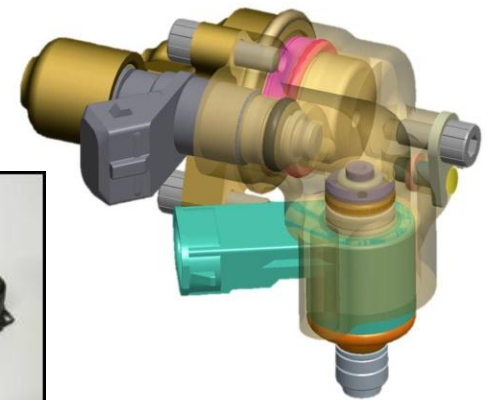
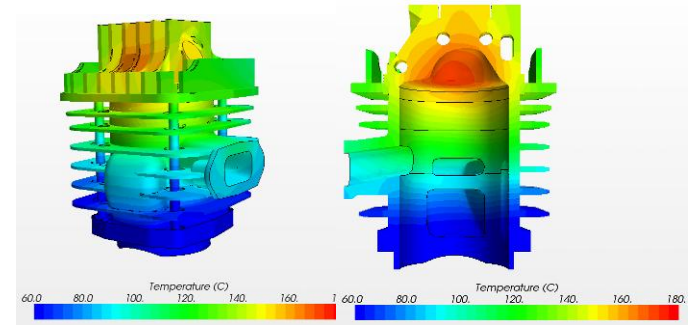
Source: <http://www.defenseinnovationmarketplace.mil/resources/UnmannedSystemsIntegratedRoadmapFY2011.pdf>

Orbital's UAS Business

- Engine Systems
- Design & Development
- Fuel Systems Supply
- Engine Management

UAS Engine Development

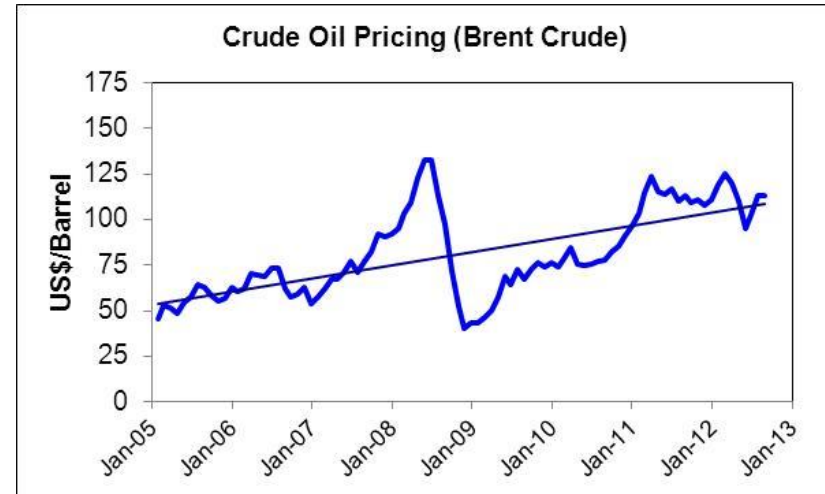
- Engine design for light weight and robustness; and for heavy fuel
- Light weight and military specification components
 - ECU
 - Fuel Rail Assembly
 - Air Compressor
 - Fuel Pump
 - Exhaust System
- Unique control algorithms
- “Plug and Play” Line Replacement Unit



LPG

Liquid LPG Systems

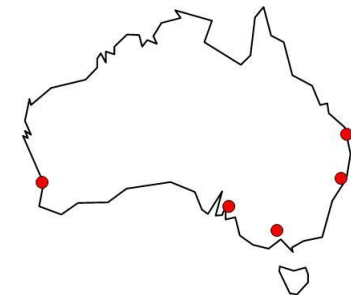
- Suppliers of Liquid LPG systems to Ford Australia and aftermarket kits for popular vehicle models
- Successful Ford EcoLPi production release - Winner of “Best Large Car under \$60,000” award
- Performance greater than the regular petrol Falcon



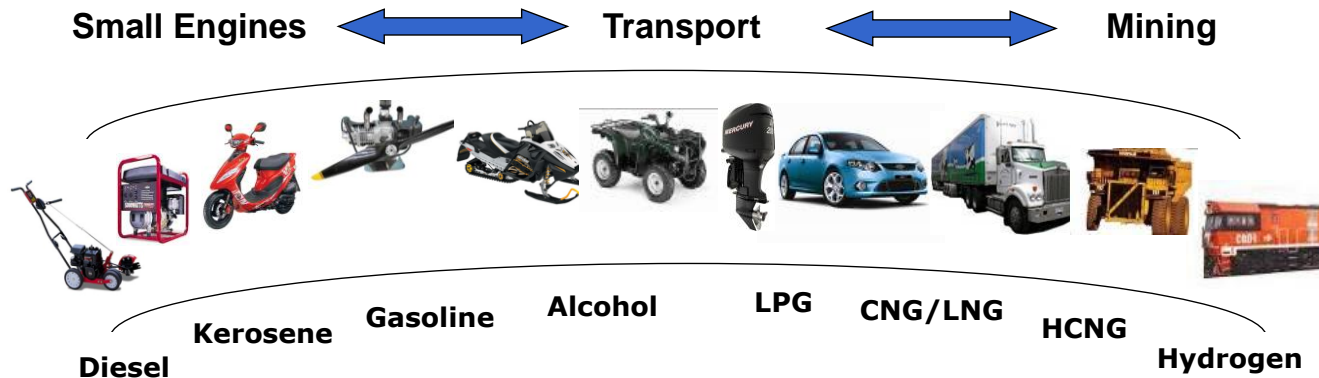
Source: <http://tonto.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=RBRTE&f=M>

Distribution Business

- Nationwide distribution (Sprint Gas Australia)
- Complete range of LPG systems
- Adding new product ranges



Thank You



**Leader in Specialised
Engine and Vehicle Systems**

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