

For Immediate Release – 30 June 2015

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Orbital's Growth Strategy Update

- Orbital's UAV Engine business (UAVE) remains on target to successfully conclude negotiations for a commercial contract with Insitu, a subsidiary of Boeing. The commercial contract for the supply of Orbital's UAV engine and propulsion system for the ScanEagle UAV is expected to underwrite a decision to establish full-scale production facilities in the United States to deliver on Insitu's requirements and allow Orbital to expand into further UAV engine development and manufacture.
- REMSAFE potential continues to grow with new orders, new pathways to market created with industry alliances, and initial work completed on expansions into new regions and new industry product applications.
- Synerject, the world's largest independent supplier of non-automotive engine management systems, is a joint venture founded by Orbital and represents a successful business model of commercialisation. The Board is actively exploring opportunities to unlock the significant value represented by Orbital's 30% joint venture interest.
- Orbital's retail LPG businesses are to be sold as part of the Company's focus on investing and building high value growth business opportunities.
- Orbital is establishing a Centre for Innovation, "The Orbital Accelerator", to leverage off the Company's engineering expertise, world class facilities, and experience in commercialising high value products. The intention is to convert Orbital's historical Consulting Services Division into a well-funded incubator that will attract investment opportunities and assist in the identification and acquisition of new high value business's that fit within Orbital's mandate to build shareholder value.
- Orbital is in a strong financial position. The Company has invested in technologies that support growth during the current financial year and consequently it is expected the Company will record an accounting loss, including the write down of the historical LPG businesses, costs related to the acquisition and integration of REMSAFE and development of advanced technologies to support Orbital's UAVE growth initiative. Orbital is targeting significant revenue growth in the coming financial year with a commitment to balance sheet strength and funding security.
- Orbital remains focused on developing and acquiring innovative products and technologies that can be commercialised to deliver safety, performance and efficiency with the immediate objective of increased revenue and improved profitability and deliver significant growth of the Company's market capitalisation and increased shareholder wealth.

The Board of Orbital Corporation Limited ("Orbital" or "the Company") (ASX: OEC) is pleased to provide the following update on the Company's growth strategy:

Orbital UAV Engine ("Orbital UAVE")

Insitu Inc. ("Insitu"), a subsidiary of The Boeing Company ("Boeing"), have chosen Orbital as the preferred supplier of engines and propulsion systems for the new generation ScanEagle Unmanned Aerial Vehicle "UAV". Negotiations between Orbital and Insitu are progressing on a Production Contract for the commercial supply of the new Orbital UAV engine and propulsion system for Insitu's ScanEagle UAV.

ScanEagle is one of the most widely recognised light reconnaissance UAVs in use globally, and after more than 10 years in operation, is currently used by more than 20 countries. Orbital has been working with Insitu since January 2013 as part of an initial design, development and validation contract to supply a next generation engine and propulsion system for the ScanEagle UAV program.

Before making the decision to choose Orbital as their preferred supplier, Insitu conducted a rigorous selection process to identify the engine supplier that could supply the best technical solutions, and also had the ability to meet Insitu's rigorous production and supplier quality requirements.

The ScanEagle Production Contract is expected to underwrite a decision to establish full-scale production facilities in the United States to deliver on Insitu's requirements and allow Orbital to expand into further UAV engine development and manufacturing for defense and commercial UAV applications. Orbital has 30 years of engine design and development experience and the most advanced small aviation engine development facility in the world. These combined with the Company's patented FlexDI technology heavy fuel solution makes Orbital uniquely placed to be the industry leader in the UAV engine market.

The UAV engine market is globally significant and growing rapidly. The small unmanned aircraft vehicle ("SUAV") market is projected to almost double from annual sales of US\$700 million to more than US\$1.3 billion over the next six years.

In addition to the development of the ScanEagle propulsion system, research and development is currently underway to demonstrate the benefits of Orbital's unique and patented fuel and control systems for bigger UAV engines, including rotary type engine applications. The rotary engine is the preferred engine for helicopter UAV's due to its compactness, high power to weight, and low vibration. There is significant demand for heavy fuel engines in larger UAV categories and Orbital is targeting the Medium Altitude Long Endurance (MALE) category as a potential opportunity. The MALE UAV market is estimated at \$1.4 billion this year and is projected to grow to almost \$2 billion by 2021. Orbital is working to expand into the MALE UAV market with both conventional and rotary engines.

REMSAFE Pty Ltd ("REMSAFE")

The unique REMSAFE system quickly and safely de-energises and isolates bulk handling plant and equipment from all motive energy sources. Initially used for mining applications, REMSAFE's products have potential to be applied to all applications where energy sources must be isolated for safety; whether electrical, hydraulic, pneumatic or kinetic energy in isolation or in combination. The REMSAFE System replaces a time-consuming, expensive, and potentially hazardous manual processes with a fast, affordable and safe system. REMSAFE has developed and installed Remote Isolation Systems which significantly reduce the electrical isolation and re-activation time for bulk handling mining equipment such as; conveyors, crushers, loaders, stackers and reclaimers while also significantly enhancing safety by removing the potential for dangerous "arc-flash" incidents typically associated with manual isolation of high voltage electrical switching.

Orbital continues to invest in the development of an expanded business plan for REMSAFE with confidence built on extraordinary customer interest and successful exploration of potential for expansion into new industries and product applications. After originally acquiring 50% of the business in February 2015, Orbital's ownership interest in REMSAFE has grown to 62% by virtue of ongoing working capital adjustments. The Company expects to further consolidate ownership of the business as the opportunity arises.

Building the existing order book

Orbital recently announced (see ASX announcement dated 25 June 2015) that REMSAFE has secured a new order from a local Western Australian major iron ore mining company. This new REMSAFE product installation is additional to previous orders from the same customer, with additional units projected to be purchased both near term, and over the coming years.

The new order confirms REMSAFE's Remote Isolation System continues to provide a compelling solution to Western Australia's large iron ore miners and that this market for REMSAFE products will continue to grow. REMSAFE technology and products have been successfully deployed in Pilbara based applications since 2012 by the industry leaders: BHP-Billiton Limited, Rio Tinto Limited, and Fortescue Metals Group Limited.

New marketing alliance

In addition to growing REMSAFE's existing order book, Orbital is investigating new pathways to market REMSAFE products both to existing users and to new possible product applications.

Orbital has agreed the key terms of a proposed Marketing Cooperation Agreement with a leading global engineering and project delivery company. The agreement outlines the terms under which the companies will work together to identify and secure mutual opportunities related to the global distribution of REMSAFE remote

isolation systems in energy and natural resources infrastructure applications.

Currently the REMSAFE team is working within the marketing alliance to identify industry targets and specific opportunities that will lead to sales growth.

Expansion into new markets

REMSAFE have completed the initial technical and safety site assessment work to facilitate the development and completion of a formal customer proposal for the provision of units for a major international mining company with operations across the globe. The potential product application is for conveyor systems in a coal mining operation which would represent an expansion of REMSAFE from iron ore related applications.

Orbital is in the preliminary stages of establishing international marketing, sales and technical support alliances which would facilitate ongoing expansion. Initial response from potential international customers is very positive. In addition to significant incremental opportunities for sales growth in the coal industry REMSAFE is only just starting to explore related opportunities in underground mining, and in the Oil and Gas industry, both domestic and international. Successful expansion into these new geographic and industry markets has the potential to dwarf the \$350 million market identified for REMSAFE products within the Western Australian iron ore industry.

Award winning technology

REMSAFE has been named as a finalist for the 2015 Austmine Innovator of the Year. REMSAFE has been recognised as one of the most Innovative companies in mining and was included in the finalist at the recent Austmine conference held in Queensland, as a finalist Western Australia Innovator of the Year 2012, and Michael Lane will also be a featured speaker at the Arc Flash and Isolation Safety Conference in August.

Synerject Joint Venture

Synerject is the world's largest independent supplier of non-automotive engine management systems. Created in 1997 as a joint venture between Continental Automotive Corporation ("Continental") and Orbital, the business continues to market products for recreational vehicles, snowmobiles, marine outboards, scooters, and other small engine applications as well as develop new products. Synerject's main expertise is in gasoline fuel injection system design, components manufacturing and system integration and is built upon a combination of Orbital's expertise and intellectual property ("IP") in these areas as well as Continental's strength in systems and components. The Synerject joint venture has delivered considerable revenue and profits to Orbital and represents a successful commercialization of the Company's IP. The Synerject business is a positive example of Orbital's business model and the Company intends to continue to search for new and profitable joint ventures that will enhance Orbital's value proposition.

The Synerject joint venture is now 30% Orbital and 70% Continental. The business is controlled and operated by Continental, as the majority owner, with Orbital having minimal influence in guiding Synerject's future direction and decision making, especially related to marketing, product management, and dividend policy. With the joint venture achieving annual sales last year in excess of US\$140million and profit after tax of US\$10 million, the Board of Orbital believes the full value of the Company's 30% ownership interest in the Synerject joint venture is not reflected in the Company's market capitalisation. Orbital's aggressive growth strategy is focused on investment and active management in the commercialisation of innovative technology and the Board is actively exploring opportunities to maximise the value of the Company's investment in Synerject.

Sale of LPG Businesses

Orbital has been a leader in alternative fuel systems in the Australian market, offering lower operating costs, reduced greenhouse gas emissions, and increased fuel security. Orbital Autogas Systems ("OAS") developed the Liquid LPG Injection system ("LPI") for the Ford Falcon ECOLPI range of sedan and utility vehicle and an aftermarket variation of the LPI system for sale in Australia. The initiative was a technical success for Orbital and was awarded "Best Large Car Under \$60,000" at the Australia's Best Cars awards for their new Ford Falcon EcoLPI in 2011. In the same year Orbital acquired a 55% stake in Sprint Gas Australia ("Sprint Gas"), a major wholesale distributor of LPG and CNG systems for the Australian aftermarket. Both OAS and Sprint Gas have experienced limited revenue growth since, despite significantly increasing market share.

Orbital's strategy to be largest in the LPG market has been successful with a combined market share estimated at sixty percent. Unfortunately this growth in market share is not sufficient for a national distribution enterprise to generate sustainable profits. Considering the declining LPG market, the resulting lack of sustainable profitability, and the recent changes in Orbital's business focus, the Orbital board have decided to exit the existing LPG businesses which may result in an accounting write-down of business value in the current year. The current book value of Orbital Autogas is \$1.5m and Sprint Gas is \$1.2m. The Company has initiated discussions with our partner and key suppliers with the goal of facilitating the sale of Orbital's LPG businesses in a manner that has minimal impact to ongoing trading. Further information on the proposed exit plan will be provided in due course.

The Orbital Accelerator

The Board has reaffirmed its commitment to the aggressive growth strategy with focus on innovation and commercialisation of technologies as the means to deliver improved profitability and growth of the Company's market capitalisation. To enable this strategy, Orbital is establishing a Centre for Innovation, "The Orbital Accelerator", to leverage off the Company's engineering expertise, world class facilities, and experience in the commercialisation of innovative and patent protected technologies. The intention is to convert Orbital's historical Consulting Services Division into a well-funded incubator that will attract investment opportunities and be used as a vehicle to assess new ideas and if commercially attractive, be developed into high value business's that fit within Orbital's mandate for profitable growth and to build shareholder value.

Orbital remains focused on developing and acquiring innovative products and technologies that can be commercialised to deliver safety, performance and efficiency with the immediate objective of increased revenue and improved profitability and deliver significant growth of the Company's market capitalisation and increased shareholder wealth.

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About Orbital

Orbital is an international developer of innovative technical solutions. Headquartered in Perth, Western Australia, Orbital stock is traded on the Australian Stock Exchange (OEC).

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.