



ORBITAL®

ASX RELEASE

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Orbital builds foundation for future growth

PERTH, AUSTRALIA: Orbital Corporation Limited today reports results for the year ended 30 June 2015.

KEY FEATURES

Orbital has invested in the transition to becoming a globally relevant innovative technology company that develops and sells high value products and systems. A new strategy of growth has been defined during the financial year that has resulted in an ongoing restructure of Orbital's existing businesses and diversification into new opportunities. Implementation of the new strategy has included decisions to invest in REMSAFE, to exit the unprofitable LPG businesses, and to re-position the UAV engine and propulsion system opportunity. The investments made during the year in the REMSAFE acquisition, in additional research and development, in restructuring the business to create the Orbital Accelerator division, combine to establish a strong foundation for growth.

- Statutory loss after tax of \$4.8 million largely attributable to costs associated with the divestment of the LPG businesses (\$4.1 million) and an increased investment in research and development
- Revenue of \$60.2 million represented by consolidated revenue from continuing operations of \$9.7 million, and pro-rata share of Synerject revenue of \$50.6 million
- Net tangible assets as at 30 June 2015 of \$16.3 million
- REMSAFE acquisition a game-changer
- Orbital UAVE division created to advance and develop a long term engine manufacturing business with exposure to the growing unmanned aviation market
- Decision to exit LPG related businesses due to sustained losses and limited upside
- Creation of the Orbital Accelerator, focused on identifying high value growth opportunities using innovative industrial technologies

CORPORATE PROFILE

Orbital is an innovative industrial technology company built on a 35 year track record of fundamental research, product design and development, and commercialisation. Orbital is uniquely placed to develop and commercialise cutting edge industrial products. Our focus is on profitable growth in targeted niche markets; aerospace, mining & industrial and consumer. Orbital invents and builds smart technology that delivers improved performance outcomes for our clients worldwide.

Headquartered in Perth, Western Australia, Orbital operates on a global scale both on its own, through joint ventures, and through various commercial and technical collaborations. From our world class R&D facility in Western Australia, Orbital's pioneering magic takes shape – from research and design to development, from manufacturing and commercialisation to sale to end customer.

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 using Orbital's patented FlexDI™ to secure business from the premier suppliers of unmanned aerial vehicles, Insitu division of Boeing and Textron.

The Orbital Accelerator has been launched to leverage Orbital's unique industrial innovation and commercialisation capabilities for the benefit of our stakeholders and shareholders. Orbital must grow to deliver sustainable profits and create lasting shareholder returns. Accelerator creates another channel to identify, filter, develop and commercialise new opportunities building on the successful models of Synerject and REMSAFE.

Orbital earns income from multiple channels:

- Aerospace;
- Mining & Industrial;
- Consumer; and
- Accelerator.

SEGMENT REVIEW

AEROSPACE

Unmanned Aerial Vehicles is an exciting new growth market and Orbital is positioned as the market leader for Small Unmanned Aerial Engine Systems capable of operating on heavy fuels.

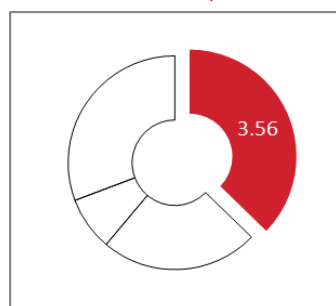
2015 KEY PERFORMANCE HIGHLIGHTS

- ▶ Significant progress made in the new propulsion system development contract for Insitu-Boeing achieving a new standard for performance and reliability in the industry.
- ▶ Delivery of additional EMS (Engine Management Systems) to the small unmanned aircraft market, both fixed wing and for unmanned helicopter applications market.

SIGNIFICANT CHANGES

- ▶ Major design, development and production contract with Insitu-Boeing, the world's largest SUAS operator.
- ▶ ORBITAL UAVE establishing as a major growth business for Orbital.

SALES \$m



METRICS

	2015 \$'000	2014 \$'000
Segment Revenue	3,560	2,750
Segment Result	492	193

FUTURE OBJECTIVES

- ▶ Secure long-term production contract with Insitu-Boeing.
- ▶ Establish USA based engine production, overhaul and technical support facility.
- ▶ Expand UAVE business into other customers, larger engine sizes and types.

Summary of Segment

Orbital's 35 year history of innovation in a wide range of engine technologies is now focused within ORBITAL UAVE. The vision for the new Orbital UAVE business is to design, develop, and manufacture the world's best leading edge engines and propulsion systems for Unmanned Aerial Vehicles ("UAV") and be the worldwide market share leader. Orbital's unique FlexDI™ technology is the world's best technology and solution for spark ignited heavy fuel engine applications and the reason Orbital is now supplying number one and two in the small unmanned aircraft market worldwide.

The UAV market is growing rapidly and ORBITAL UAVE is poised to leverage their engine expertise and experience, world class development facilities, and Orbital's proprietary FlexDI™ technology to secure commercial production contracts which will underwrite the development of the large scale UAV engine production facility in the United States.

The key focus of the UAVE business during the year was to deliver on the contract for the design, development and validation of a next generation production engine for Insitu Inc., a subsidiary of The Boeing Company (NYSE: BA), and one of the largest and most experienced UAV operators in the world. The development program will continue into early FY2016. To meet customer expectations, low volume production of UAV engines is projected to commence before the end of calendar year 2015, with production ramp-up in subsequent years. The UAV market is projected to double in the next decade and with Orbital's unique FlexDI™ technology, this is projected to be a significant growth area for the Company.

Highlights

Highlights for the year have been the development and real world demonstration of the next generation production engine for Insitu. Orbital's new small unmanned aircraft engine and propulsion system sets a new benchmark in the industry. Orbital has also developed new electronics and software products that have the performance and weight characteristics to satisfy future market requirements.

Business Model

Development and supply of high value systems, starting with engine systems, engine management systems and engine parts is the cornerstone of Orbital's growth strategy. Orbital will also be responsible for engine overhauls, which will be required on a regular basis to get the maximum life from the capital. Engine and systems supply already supplements and will soon replace Orbital's traditional revenue streams of engineering consulting services and royalties. Growth to date has been underpinned by demand for alternative fuel systems in niche markets.

Outlook

Revenues from UAVE engine and systems sales will be higher in the next financial year as we transition from the UAV engine design, development and validation programme with Insitu into low volume engine production, whilst continuing sales of EMS components to Textron. The Orbital UAVE team will concurrently develop new products for unmanned helicopters and larger unmanned aircraft applications.

MINING & INDUSTRIAL

REMSAFE optimises production, increases safety and delivers immediate cost savings.

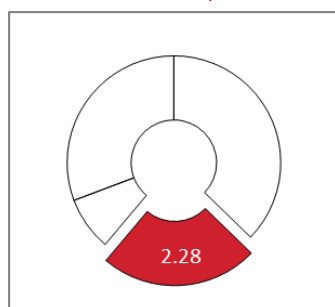
2015 KEY PERFORMANCE HIGHLIGHTS

- ▶ Acquisition of the new REMSAFE business diversifies the group into new markets with new products.
- ▶ REMSAFE has won multiple significant orders since acquisition and customer interest continues to be strong.

SIGNIFICANT CHANGES

- ▶ REMSAFE acquired in February 2015.
- ▶ REMSAFE operations integrated into Orbital Balcatta facilities.
- ▶ Expansion of customer base with first international orders.

SALES \$m



METRICS

	2015 \$'000	2014 \$'000
Segment Revenue	2,281	-
Segment Result	257	-

FUTURE OBJECTIVES

- ▶ Further expansion into new geographic locations.
- ▶ Expansion into new markets, including oil & gas, rail and other mineral resources.
- ▶ Continued development of new products offering additional features, faster installation and quicker pay-back, to expand market potential for REMSAFE.

Summary of Segment

REMSAFE is a patented, automated remote isolation system that enables plant operators to safely and promptly isolate fixed equipment from its energy source. REMSAFE optimises production, increases safety and delivers immediate cost savings.

Today REMSAFE products provide for the highest level of safety for high and low voltage electrical isolations. The old manual process of electrical isolation is avoided completely as the REMSAFE remote isolation technology allows the plant operator to isolate, on the spot, avoiding the requirement for a licensed electrician to enter switch rooms and substations and risk injury due to arc flash.

The REMSAFE system is currently utilised in Pilbara iron-ore operations by BHP Billiton, Rio Tinto and FMG and the first international installation will be operational at an Anglo American coal mine in South Africa by the end of the calendar year. The REMSAFE product is delivering on safety and productivity expectations and this is driving more sales. The new application is a pilot and with success is projected to lead to a proliferation of REMSAFE applications in South Africa.

Highlights

Orbital acquired an initial 50% interest in REMSAFE in February 2015 and moved to a 61.5% interest through funding working capital growth and research and development activities to develop the next generation of Remote Isolation System. Since joining the Orbital group, REMSAFE has won new orders at a number of Pilbara iron-ore mine sites and also won its first international order for a South African coal mine. Working with Orbital, the REMSAFE team has developed the latest product, the GEN 4; the first of these systems was recently commissioned at one the REMSAFE customer sites and is delivering on expectations. The GEN 4 is the most refined, highest featured, and lowest cost product offered to date. REMSAFE continues to leverage Orbital to develop next generation products and grow internationally.

Business Model

Orbital continues to invest in the development of an expanded business plan for REMSAFE. The extraordinary customer interest provides confidence that REMSAFE has significant potential for growth. The business model includes other applications and other industries. As a part of the model, new pathways to market are being developed by Orbital with industry alliances driving new commercialisation opportunities worldwide. Developing the right product for each market and application, and offering the REMSAFE product to these new worldwide markets is an integral part of the plan under development.

Outlook

The outlook for REMSAFE is for continued growth domestically and internationally. There are considerable growth opportunities from within the existing customer base as REMSAFE installations continue to provide productivity and safety improvements to their mine, rail and port operations. REMSAFE has already started expansion into new geographic areas and this new business stream will be a significant game changer for Orbital. REMSAFE has potential to far exceed any commercial endeavour Orbital has participated in to date, including Synerject. The current markets of Pilbara iron-ore and South African coal will be expanded into other minerals, commuter and freight rail, oil & gas and a wide range of other industries across the globe. The existing order book continues to grow with Orbital targeting rapid sales growth to annual sales in excess of A\$100,000,000.

ACCELERATOR

The Company's diversification strategy continues to deliver a reduced reliance on consulting services while identifying opportunities for innovative product and systems sales growth

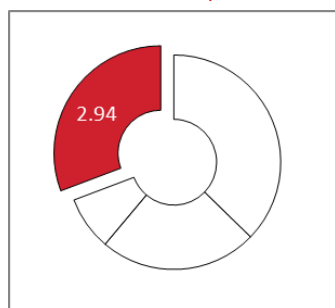
2015 KEY PERFORMANCE HIGHLIGHTS

- ▶ Broadening domestic customer base, less reliance on international customers.
- ▶ Continued revenues from the Heavy Duty Engine Testing facility.
- ▶ Facilities and labs shifting focus in support of UAVE and away from general vehicle and engine development.

SIGNIFICANT CHANGES

- ▶ Orbital Engineering Consulting becomes Accelerator with objective to identify and grow innovative ideas.
- ▶ Focused on engineering services sales from domestic customers, particularly in fuel and additive testing.
- ▶ Project selection shifting from consulting to the development of new products and systems.

SALES \$m



METRICS

	2015 \$'000	2014 \$'000
Segment Revenue	2,936	2,898
Segment Result	(375)	(842)

FUTURE OBJECTIVES

- ▶ Identify, innovate and develop new high value add products.
- ▶ Reduce but maintain Perth-based development, testing and certification facilities.
- ▶ Continue as the incubator for new product development and commercialisation.

Summary of Segment

The Board has reaffirmed its commitment to the aggressive growth strategy with focus on innovation and commercialisation of technologies as the means to deliver significant future growth and sustainable profits. To enable this strategy, Orbital is establishing a Centre for Innovation and Commercialisation with a focus on industrial technologies, "The Orbital Accelerator", will leverage off the Company's engineering expertise, world class facilities, and proven track record in the commercialisation of innovative and patent protected technologies. Through the Accelerator, Orbital transforms the historical Consulting Services Division into a well-funded technology incubator targeted at attracting new investment opportunities. Accelerator is Orbital's vehicle to assess new ideas and if commercially attractive, develop them into high value businesses that fit within Orbital's mandate for profitable growth.

Orbital provides fuel economy and emission solutions to a wide variety of engine and vehicle applications, from 150 tonne trucks through to small industrial engines. Orbital also provides contract design and analysis for the local resources industry and provides engineering and testing facility services to domestic customers and advanced engineering services for international customers based in India, Japan, China, USA, and Europe.

Throughout the year, the engineering consulting group have provided internal research and development support across the Orbital group. This is a key service made available to the group, ranging from technical support of existing products and customers through to analysis and design of potential future product offerings. At 30 June 2015, the Orbital Consulting Services (OCS) order book (inclusive of the Insitu program) stood at approximately \$1,752,000 (30 June 2014 \$3,033,000).

Highlights

OCS revenue for the year was \$2,936,000 up 1% compared to last year. Several new potential opportunities for products were identified through OCS, the process of identifying, filtering and follow-up will transfer into the Accelerator over the coming year.

Business Model

The task for the Orbital Accelerator is to field new ideas from a broad range of sources. The “filter” for new ideas and products is defined by a stringent process including technical feasibility and business plan analysis to maximise the revenue from investment.

Outlook

This year the OCS group became the Orbital Accelerator to better leverage Orbital’s technical and commercial skill base and to identify and cultivate new and innovative product opportunities. There is a significant level of innovation in Western Australia, and Australia wide. The goal is for individual inventors and small companies to use Orbital’s Accelerator group to evolve from innovation to product, and from low volume speciality sales to high volume sales potentially on a worldwide scale. Accelerator will be used to identify the next Synerject, and the next REMSAFE and add these to the Orbital group portfolio to insure delivery on our aggressive strategy focused on growth and diversification. The Accelerator group will also continue to provide a base level of contract services from advanced engineering and testing to general engineering contract work and in parallel provide another avenue to identify new opportunities and covering the overhead of maintaining our world-class capabilities and facilities.

SYNERJECT

Synerject has continued its diversification into new products and new markets

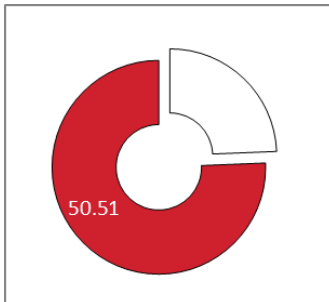
2015 KEY PERFORMANCE HIGHLIGHTS

- ▶ 0.5% decline in Revenue.
- ▶ 2.4% decline in Profit after Tax.

SIGNIFICANT CHANGES

- ▶ Continued improvement in non-traditional markets.

SALES \$m (pro-rata)



METRICS

	2015 US\$'000	2014 US\$'000
Revenue (100%)	141,054	141,746
Profit after tax (100%)	8,083	9,970
	A\$'000	A\$'000
Share of profit	2,776	3,256
Investment in Synerject	17,742	13,980

FUTURE OBJECTIVES

- ▶ Expansion of low end 2 & 3 wheeler EMS markets targeting India, China & Asia.
- ▶ Expansion of utility market with new line of low cost EMS products.
- ▶ Target growth while maintaining profitability.

Summary of Segment

Synerject, Orbital's 30:70 Partnership with Continental AG, is a key supplier of engine management systems and fuel systems to the non-automotive market. Original equipment products using Synerject's engine management systems range from the high performance motorcycle/recreational vehicles to the high volume scooter and small engine applications. Application centres in Europe, China, Taiwan and the United States provide on-site support of customer development and production programs.

Highlights

Synerject's market and product expansion has enabled that company to achieve revenue growth consistently over the last 5 years despite the severe contractions in the recreational market during and following the global financial crisis. Whilst the recreational market has somewhat improved, it is still being influenced by the current financial situation in the key USA and European markets, highlighting the success and importance of Synerject's expanded/diversified product strategy.

Business Model

Synerject continues to develop new products and new markets to expand on their product offering beyond their original markets of EMS for recreational marine product and scooters. Synerject's markets today include a range of EMS for top end motorcycles, ATV's (All Terrain Vehicles), snowmobiles, marine outboard engines and scooters through to systems specifically designed for small engines such as those used in the lawn and garden market.

Outlook

The outlook for Synerject is for continued growth in the marine and recreational segment and in the low-end 2 & 3 wheeler and utility markets in future years. The Board is actively exploring opportunities to unlock the significant value represented by Orbital's 30% joint venture interest.

CONSUMER

The Consumer segment includes Orbital Autogas Systems, Sprint Gas Australia and Royalties on Consumer products

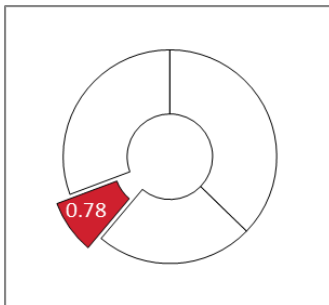
2015 KEY PERFORMANCE HIGHLIGHTS

- ▶ Royalty revenue similar year over year, high horsepower outboards retaining popularity.
- ▶ LPG businesses struggle due to continued declines in their markets, OEM and aftermarket LPG systems.

SIGNIFICANT CHANGES

- ▶ Australian Automotive LPG markets continue to decline.
- ▶ Australian automotive manufacturers to exit market by end of 2017.
- ▶ Oil prices drop significantly resulting in less interest in alternative fuels.

SALES \$m



METRICS

	2015 \$'000	2014 \$'000
Revenue	777	1,124
Segment Result	904	884

FUTURE OBJECTIVES

- ▶ Divest LPG related businesses to mitigate future losses and focus on growth opportunities.
- ▶ For royalty revenue – technical support for expansion of low end 2 & 3 wheeler EMS markets targeting India, China & Asia to increase royalty revenues.
- ▶ Identify new consumer product markets that fit Orbital's criteria for strategic growth.

Summary of Segment

Orbital Autogas Systems (OAS) developed, and is the supplier of Liquid LPG systems to Ford Motor Company of Australia for the Ford EcoLPi Falcon range of passenger cars and utilities. The Ford EcoLPi Falcon offers performance of a big family car with fuel running cost better than many mid/small sized cars. OAS sells this system into the aftermarket under the brand name "Liquid". Sprint Gas Australia (Sprint Gas) is a major nationwide distributor of LPG systems for the aftermarket. Sprint Gas offers a wide range of systems from the older generation "vapouriser" systems through to sequential injection systems and the Orbital Liquid LPG systems.

Orbital earns royalties from product using its FlexDI™ systems and technology. The royalty bearing products today are in the marine, scooter/motorcycle and SUAS markets.

Highlights

As anticipated, the LPG fuel system businesses experienced significant declines in revenues as both Ford production and the LPG aftermarket continued to be subdued. Orbital's strategy to be largest in the LPG market has been successful over the year 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.

The larger horsepower outboard engines incorporating FlexDI™ have maintained their popularity and have actually achieved a fifth consecutive year of increased volumes. Total marine volumes overall were slightly lower compared to last financial year.

Business Model

For Consumer based products Orbital is continuing to transition from selling IP and engineering to a company that develops and sells high value products and is no longer projecting significant future intellectual property based license and royalty revenues. Orbital's intellectual property portfolio is dated and there is no longer an expectation that manufacturers will pay large licence fees and ongoing royalties to gain access to the combustion and engine based technologies developed over the last 20 years.

Orbital will continue to be a company that at its core is innovation and plans to add new consumer products and business streams over time. The investment in R&D, development and commercialisation will be returned through sales of high value products to customers rather than through future royalties.

Outlook

Due to the subdued LPG systems market, Orbital has decided to exit the OAS and Sprint Gas businesses through a restructure and sale to the minority shareholder, and original founder, of Sprint Gas. This decision considered the declining LPG market, the resulting lack of sustainable profitability for future years, and the recent changes in Orbital's business focus. The company announced this intention on June 30, 2015 and subsequently 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.

Orbital will continue to receive royalties from its existing licenced two-stroke outboard engine manufacturers for a number of years still to come, however it must be noted that when production of the current models of two-stroke engines cease they are not likely to be replaced by new models incorporating our FlexDI™ technology. The two-stroke engine outboards remain popular today especially the light-weight portability of the small horsepower engines and the power/weight ratios in the performance engine category.

SUMMARY

Orbital continues to build on our strong technical and financial foundation to support future strategic growth. To prepare and focus the business for future growth, the company has made significant investments in R&D, and also made tough decisions to exit businesses and improve focus. The result of these decisions had a negative impact on the results due to; a write down of the historical LPG businesses, costs related to the acquisition and integration of REMSAFE, and investment in the development of advanced technologies to support Orbital's UAVE. These were the right decisions and the business is now on good footing to enter a phase of significant growth, and be better set to build balance sheet strength, and provide funding security.

Orbital's UAVE business remains on target to begin production of propulsion systems for Insitu, a subsidiary of Boeing early in the coming year. The supply of Orbital's UAV engine for the ScanEagle UAV is expected to underwrite plans to establish a future full-scale production facility in the United States. This new facility will deliver on Insitu's requirements and allow Orbital to expand into new UAV engine market opportunities.

Orbital's REMSAFE potential continues to grow with new orders both domestic and international. REMSAFE is creating new pathways to market through customers and key industry alliances. Planning is underway to support expansion into new regions and new industry product applications.

Orbital is an innovative industrial technology company. To expand our horizons beyond REMSAFE and UAVE, 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. Orbital has unique capabilities and Accelerator will leverage these to; attract investment opportunities, assist in the identification and acquisition of new high value businesses, and to move these new opportunities from innovation and creation to growth and sustainable profitability.

We have a renewed focus 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.

-ENDS-

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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.