



## ASX ANNOUNCEMENT

30 August 2019

# FULL YEAR AUDITED FINANCIAL RESULTS

PERTH, AUSTRALIA: Orbital Corporation Ltd (“Orbital UAV”, “the Company”) today announces its full year audited results and publication of its Annual Report for the financial year ending 30 June 2019 (“FY19”).

### FY19 milestones

- Official opening of a world class production facility in Hood River, Oregon, USA;
- Launch of the revolutionary Orbital UAV Modular Propulsion Solution (“MPS”);
- Expansion of the Company’s Long Term Agreement (“LTA”) with Boeing subsidiary Insitu Inc.;
- Start of production of the first propulsion system identified under the Insitu LTA; and
- Delivery of \$15 million revenue target.

These achievements demonstrate Orbital UAV’s progress against its unmanned aerial vehicle (“UAV”) focused strategy.

### FY19 preparation for sustainable growth

FY19 represents the first year Orbital UAV has operated under the expanded LTA with Insitu Inc., a wholly owned subsidiary of The Boeing Company. During this period, Orbital UAV designed, developed and commenced production of its first MPS propulsion system for Insitu. In addition, the Company has invested in the pre-production of the first Insitu designed engine identified under the LTA – scheduled to commence production in H1 FY20.

With multiple engines due to enter production, volumes are expected to increase significantly in FY20 and FY21, in line with the scope of the LTA.

### Financial results

The Company reported financial results for the year ended 30 June 2019 with revenue from continuing operations of \$15,253,000 (2018: \$21,000,000) and net loss after tax of \$5,906,000 (2018: profit of \$2,218,000).

Net loss after tax was driven by a combination of factors.

An adjustment to the Company’s production schedule in February 2019 (see ASX Announcement 7 February 2019) and a delay in production ramp-up due to near term volume constraints with a small number of suppliers in May 2019 (see ASX Announcement 16 May 2019), resulted in revenue guidance being revised from \$24 million to \$15 million.

These adjustments did not impact customer delivery requirements.



Operating costs to achieve the required internal capacity expansion at Orbital UAV's Hood River production facility, and the impairment of receivables from the divestment of non-core asset Remsafe were also contributing factors to the Company's loss.

The Company reports a strong balance sheet with cash and receivables of \$15,127,000 (2018: \$24,178,000) and net current assets of \$13,453,000 (2018: \$21,054,000).

During FY19, the Company funded the development of its proprietary Modular Propulsion Solution and invested capital to facilitate production capacity expansion in the USA. Further investment in capability improvements and working capital were made to enable full production ramp-up in support of the LTA deliverables.

## Outlook

Orbital UAV begins FY20 in production of the first propulsion system identified under its LTA with Insitu, with the second engine to commence production in H1 FY20.

The LTA covers the delivery of multiple propulsion systems and services to be applied across Insitu's entire fleet of UAV platforms and has a potential value between A\$120 million (US\$90 million) and A\$350 million (US\$262 million) over a period of five years.

Revenue guidance for FY20 is expected to be between \$25-35 million.

"Following a year of significant engine development supporting our UAV strategy, FY20 is all about delivery," said Todd Alder, CEO and Managing Director of Orbital UAV. "We are on track to achieve our production goals and committed to providing our customers with the world's leading UAV propulsion solutions."

-ENDS-

## CONTACTS

---

### Todd Alder

**CEO & Managing Director**

**Tel:** +61 8 9441 2311

**Email:** [contact@orbitalcorp.com.au](mailto:contact@orbitalcorp.com.au)

### Ian Donabie

**Communications Manager**

**Tel:** +61 8 9441 2165

**Email:** [idonabie@orbitalcorp.com.au](mailto:idonabie@orbitalcorp.com.au)

### About Orbital UAV

Orbital UAV provides integrated propulsion systems and flight critical components for tactical unmanned aerial vehicles (UAVs). Our design thinking and patented technology enable us to meet the long endurance and high reliability requirements of the UAV market. We have offices in Australia and the United States to serve our prestigious client base.

### 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. The Company 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.*

Follow us:

