



## ASX ANNOUNCEMENT

29 July 2021

# FY21 PRELIMINARY RESULTS

Orbital UAV announces unaudited revenue of A\$31M for FY21

### FY21 FINANCIAL HIGHLIGHTS (UNAUDITED)

- A\$31.2M revenue
- A\$1.2M underlying EBITDA
- A\$10.8M net loss after tax

### OUTLOOK

- Increasing market demand for Orbital UAV's unique technologies and product capabilities will continue to create new customer opportunities.
- Customer demand for existing products expected to be stable in current year resulting in FY22 revenue in line with FY21.
- Sustainable long-term revenue growth expected to accelerate in FY23 as current development programs move into production.

PERTH, AUSTRALIA: Orbital Corporation Ltd ('Orbital UAV', 'the Company') announces unaudited preliminary results for the Financial Year ending 30 June 2021 ('FY21') and provides an outlook for the Financial Year ending 30 June 2022 ('FY22').

### FY21 financial performance

Orbital UAV's unaudited revenue for FY21 of A\$31.2M is at the lower end of the Company's revised guidance for the period of between A\$30M and A\$40M.

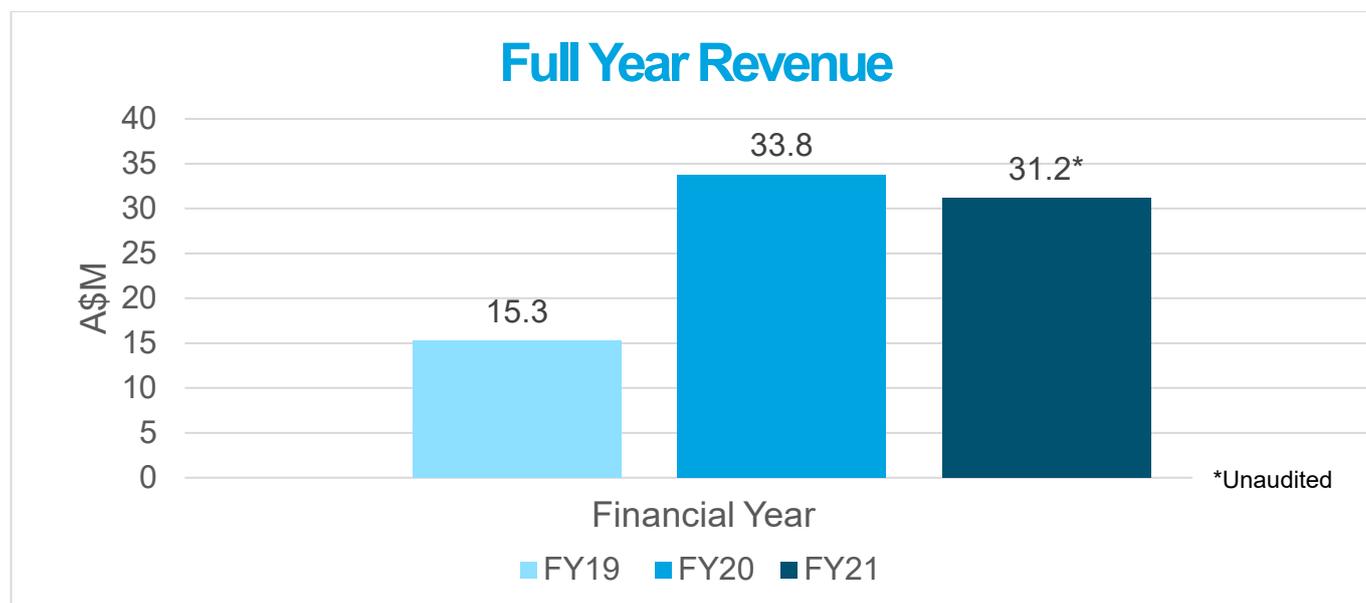
Underlying earnings before interest, tax, depreciation and amortisation ('EBITDA') was A\$1.2M.

Various abnormal accounting treatments recorded during the period totalled A\$9.5M. These negative one-off adjustments to EBITDA included, US asset impairment (A\$2.5M), deferred tax asset release (A\$1.2M), engine rework and provisions (A\$4.1M), restructure costs (A\$600k) and an unrealised FX loss from a US intercompany loan (A\$1M). Including interest, tax, depreciation and amortisation is expected to result in an unaudited net loss after tax for FY21 of A\$10.8M.

The strong first half performance in FY21 (HY revenue: A\$19M, HY operational profit: \$0.6M) was impacted in the second half by the previously advised reduction in key customer Boeing-Insitu's order volumes for one engine model in Orbital UAV's production line (see ASX release, 01 February 2021).

In addition, production of the third engine model under Orbital UAV's Long Term Agreement ('LTA') with Insitu, a wholly owned subsidiary of the Boeing Company, has been delayed due to additional customer requested design revisions.

Production of Orbital UAV’s third engine model for Boeing-Insitu is scheduled to commence in the current half-year.



### FY22 outlook

Revenue in FY22 is expected to be in line with FY21 results and will continue to be underpinned by production revenue from the five engine models included in the Boeing-Insitu Long Term Agreement. During FY22, the Company will have three engine production lines in operation under the Agreement.

Orbital UAV maintains operations in Australia and the United States and remains confident the Company’s customer diversification strategy will generate additional engineering development programs. The Company is targeting profitability on stable revenue in FY22 and expects revenue growth and profitability to accelerate in FY23 with additional engine models entering production.

“Over the past six months we have taken action to ensure Orbital UAV is structured appropriately and best positioned strategically to continue to deliver on our long-term market opportunity,” said Todd Alder, CEO and Managing Director of Orbital UAV.

### Engine development programs

Since the start of 2020, Orbital UAV’s customer diversification strategy has resulted in the Company’s customer portfolio expanding from foundation customer Boeing-Insitu to now include, Lycoming Engines (a subsidiary of Textron Inc.), Northrop Grumman, and one of Singapore’s largest defence companies. Orbital UAV is now working with all these leading tactical drone manufacturers on development programs for new engine products. With a growing portfolio of global defence customers, Orbital UAV’s engine development programs represent significant long-term revenue opportunities.

### Lycoming Engines / Textron Systems

The Orbital UAV-designed, 150cc engine development program for Textron Systems’ Aerosonde program was announced in March 2021, with a first prototype engine delivered in May 2021. The next major milestone will be the shipment of second iteration prototype engine in December 2021. The program is anticipated to transition into production in 2022. (see ASX release, 13 May 2021).

### Insitu Inc.

Orbital UAV is developing the third engine model production line under its LTA with Boeing-Insitu. Start of production of the third engine model is now scheduled for Q2 FY22. The LTA remains foundational to the Company’s long-term outlook and consists of a total of five engine models.

### Singapore Defence Company

The engine design and development program for one of Singapore’s largest defence companies continues as planned. A first engine system for evaluation and acceptance was delivered to the customer in June 2021. Additional prototypes for further evaluation requirements have been requested, in line with the program milestones (see ASX release 02 June 2021).

### Northrop Grumman

Research and development work on a hybrid propulsion system continues, with Orbital UAV targeting a successful demonstration of the system to the customer in 2021. The hybrid system will combine an electric motor with Orbital UAV’s flight-proven heavy fuel engine. The system is intended for future integration into a vertical take-off and landing vehicle and has the potential to address the growing demand for greater payload power.

“This strong pipeline of work continues to demonstrate Orbital UAV’s increasing status as the world leader in spark ignition, heavy fuel engines for tactical unmanned aerial vehicles,” said Mr Alder. “We remain committed and focused on meeting customer expectations and timeframes,” he said.



**Our increasing customer portfolio**  
Global Defence Prime Contractors

**Tier 1 Defence Prime Contractors**

- INSITU**  
A Boeing Company  
Primary engine supplier to power Insitu’s entire fleet of tactical UAVs
- TEXTRON Systems**  
**LYCOMING**  
Engine development program and supply agreement for up to 10 years
- SINGAPORE DEFENCE COMPANY**  
Engine design and development contract with one of Singapore’s largest defence companies
- NORTHROP GRUMMAN**  
R&D contract to design and develop a hybrid propulsion system for VTOL application

### Strategic outlook

As geopolitical tensions rise, the intelligence, surveillance and reconnaissance capability that unmanned aircraft systems (‘UAS’) provide will continue to be an integral and increasing part of modern defence forces. Defence spending globally remains high and market research continues to predict significant growth in the UAS market over the coming decade.

“The growing tactical UAS market remains Orbital UAV’s core focus. We are building long-term, strategic partnerships with established global defence contractors in this sector, as well as making progress with newer players entering the market,” said Mr Alder.



“The Company’s most recent contract with Textron subsidiary Lycoming Engines represents a significant new revenue stream in the mid-term. We are continuing to work to secure additional defence prime customers this calendar year.

“Our engines and associated technologies have accumulated hundreds of thousands of flight hours and with that comes a growing reputation for capability, quality and reliability. We are now leveraging that reputation to build our pipeline of opportunities, as we look to expand Orbital UAV’s customer base and market share,” said Mr Alder.

**Note:** Orbital UAV has today released an investor presentation to accompany this announcement.

-ENDS-

## CONTACTS

---

Announcement authorised by:

**Todd Alder**

**CEO & Managing Director**

**Tel:** +61 8 9441 2311

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

For further information, contact:

**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:

