



ORBITAL[®]
UAV

Investor Presentation
FY21 Full Year Financial Results

27 August 2021

Cautionary statement



This presentation includes statements looking-forward that involve risks and uncertainties. These 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 UAV makes no undertaking to subsequently update or revise the forward-looking statements made in this presentation to reflect events or circumstances after the date of this release.



**World leader in the
design and manufacture
of integrated engine systems
for military drones***

Presentation summary



FY21 revenue \$31.2M

Primary engine supplier to Insitu Inc. (a Boeing Company)

Customer diversification strategy to mitigate revenue concentration

Engine development programs (Textron-Lycoming, Singapore) progressing towards production

Growing defence market presents additional Tier 1 customer opportunities

Targeting FY22 net profitability, FY23 accelerated revenue growth

FY21 Financial Results

FY21 in review



FY21 revenue \$31.2M underpinned by Boeing-Insitu agreement

Two engine models in production for Boeing-Insitu

Boeing-Insitu headwinds impacted order volumes in FY21 H2

Production of third engine model for Boeing-Insitu delayed by customer design changes

Further customer diversification with Textron-Lycoming contract

Textron-Lycoming & Singapore defence company prototypes delivered

Government support and funding assist production line expansion

Profit & Loss

For the full year ended 30 June 2021



Underlying Profit & Loss	FY21	FY20
Revenue	\$31.2M	\$33.8M
Gross Profit	\$13.0M	\$13.3M
GM %	42%	39%
Overheads	(\$11.8M)	(\$12.1M)
EBITDA	\$1.2M	\$1.2M
EBITDA %	4.0%	3.7%
EBIT	(\$0.6M)	(\$0.6M)
Net loss	(\$1.3M)	(\$1.4M)

Statutory Profit & Loss	FY21	FY20
Reported EBITDA	(\$7.0M)	\$4.5M
Reported EBIT	(\$8.9M)	\$2.6M
Reported NPAT	(\$11.5M)	\$1.9M

Commentary

- FY21 Revenue of \$31.2M, impacted by Boeing-Insitu volume downgrade in H2
- Gross margin at 42%, improvement on FY20
- Overheads reduced in H2 to align to current production volumes, with FY22 to realise the full benefit of these cost reductions
- **Underlying EBITDA of \$1.2M adjusted for:**
 - US asset impairment of \$2.5M due to accounting standards;
 - One off engine reworks of \$2.4M and rework provision of \$1.7M;
 - Restructure cost of \$0.6M;
 - FX loss (net) of \$1M on the conversion of USD intercompany loan to AUD
- **FY21 Reported Net Loss of (\$11.5M) also includes:**
 - US Deferred Tax Asset of \$1.2M write down in the first half of FY21; and
 - Additional interest expense of \$0.6M associated with WA Government Loan reclassification

Balance sheet

As at 30 June 2021



	FY21	FY20
Inventory	\$12.8M	\$9.4M
Trade & other receivables	\$4.6M	\$6.1M
Trade & other payables	(\$1.7M)	(\$4.5M)
Deferred Revenue	(\$4.3M)	(\$1.3M)
Provisions & Lease liabilities	(\$5.4M)	(\$3.3M)
Net working capital	\$5.8M	\$6.3M
Property, plant and equipment (PPE)	\$1.6M	\$4.1M
Intangibles	\$2.0M	\$0.9M
Deferred Tax Assets (DTA)	\$4.1M	\$5.4M
Financial assets	\$0.8M	\$1.3M
Provisions	(\$0.1M)	(\$0.1M)
Capital employed	\$8.4M	\$11.7M
Cash & cash equivalents	\$3.1M	\$8.7M
Borrowings – WA Government Loan	(\$9.9M)	(\$8.6M)
Total net assets	\$7.3M	\$18.1M

Commentary

- Inventory increase of \$3.4M is a result of Boeing-Insitu volume downgrade, to be utilised in FY22
- Deferred revenue increase due to customer advance payments for production and engineering programs
- Provision increase includes reworks provision of \$1.7M
- PPE decrease of \$2.5M due to US asset impairment
- DTA decrease of \$1.3M due to US DTA write down
- Intangibles increase of \$1.1M due to investment in new product development
- WA Government Loan of \$9.9M was renegotiated post 30 June close, confirming the deferral of repayments over the next four years and ability to offset repayments on achievement of operational milestones

Cash flows

For the full year ended 30 June 2021



Commentary

	FY21	FY20
Net cash from operating activities	(\$1.6M)	\$3.7M
Net cash from investing activities	(\$2.1M)	(\$0.6M)
Net cash in financing activities	(\$1.2M)	(\$1.3M)
Net increase in cash	(\$4.9M)	\$1.8M
Cash & cash equivalents	\$3.1M	\$8.7M

- FY21 net cash outflow from operating activities of \$1.6M includes:
 - Reworks of \$2.4M
 - Restructure cost of \$0.6M
 - Excess inventory of \$6.5M due to Boeing-Insitu cancelled purchase orders
- FY21 net investment activities includes new product development of \$1.3M and Plant, Property and Equipment of \$0.8M
- Net cash in financing activities of \$1.2M relate to US and Australian property leases

Corporate overview



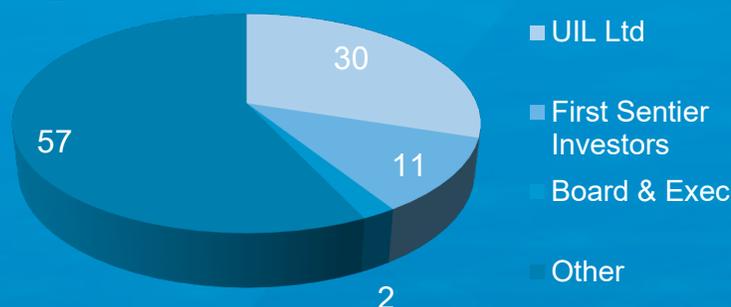
Capital Structure *As at 30 June 2021*

Fully Paid Ordinary Shares	77.7M
Closing share price	\$0.83
Market Capitalisation	\$64.5M
Basic earnings per share (cents)	(14.74) cents

Our FY22 Financial Focus

- Return to profitability
- Third engine model in production
- Investment in new production lines
- Generating positive operational cash flows
- Deliver shareholder value

Top Shareholders



John Welbom
Chairman
Non-Executive Director



- Appointed Chairman March 2015
- MD & CEO of Equatorial Resources Ltd

Todd Alder
Managing Director
& CEO



- Appointed CEO & MD in 2017
- Focusing on: financial discipline; strategy alignment; and operational efficiency

Steve Gallagher
Non-Executive
Director



- Board member since 2017
- 30 years experience as a CEO and director of global businesses

Kyle Abbott
Non-Executive
Director



- Experienced aerospace and defence industry executive
- MD of WA Specialty Alloys 1996-2015

The year ahead

FY22 outlook

Building customer revenue diversity



Boeing-Insitu 3rd engine production line operational & 4th engine development program initiated

Textron engine production line readiness

Singapore customer engine production line readiness

Securing **additional customer contracts** in H1 & H2

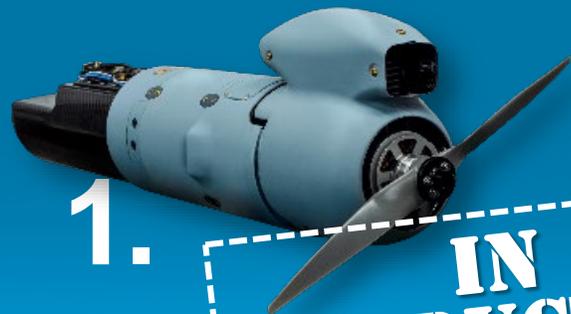
Accelerated in-house R&D, including **Northrop Grumman** hybrid

Revenue in line with FY21 and returning to net profitability



Boeing-Insitu long term agreement

Primary engine supplier to Boeing-Insitu



1.

IN PRODUCTION

Status:



2.

IN PRODUCTION

Status:



3.

Status:

PRODUCTION DELAYED TO H1 FY22



4.

Status:

Development timeline TBD



5.

Status:

Development timeline TBD



ScanEagle2



Integrator™



ScanEagle®



ScanEagle3

FY22 engine development programs

Significant long-term revenue opportunities



	Delivered	Milestone
 TEXTRON Systems	 1ST PROTOTYPE MAY 2021	2ND PROTOTYPE DUE DEC '21
 SINGAPORE DEFENCE COMPANY	1ST PROTOTYPE JUNE 2021 	2ND PROTOTYPE DUE Q1 FY22
NORTHROP GRUMMAN		DEMONSTRATION OF SYSTEM DUE FY22

Production line expansion

Accelerating revenue growth



TEXTRON Systems



FY21

FY22

FY23

ADF opportunities

Current tactical UAV programs



Australian Defence Force Tactical UAV Programs



Australian Army
LAND129 Phase 3



Royal Australian Navy
SEA129 Phase 5



TEXTRON Systems

AUSTRALIA

TEXTRON Systems

AUSTRALIA

**NORTHROP
GRUMMAN**

Raytheon
Australia

BAE SYSTEMS

Defence & UAV market

Rising budgets and increasing demand



Rising global Defence budgets

- Global defence spending reached US\$1.83 trillion in 2020 – a 3.9% annual uplift in real terms¹
- North America is the largest contributor, accounting for ~41% of the total spend and growing by 6.3% in 2020 real terms¹



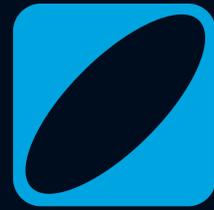
Increased UAV production & adoption

- Worldwide UAV production forecast at US\$95.5 billion 2020 – 2029²
- UAVs becoming an increasingly strategic component within global defence forces
- Technological advancements has led to increased deployment in the field



Australian sovereign industrial capability

- Defence Budget will grow over the current decade to A\$73.7 billion in 2029-30³
- Total funding over the decade of A\$575 billion³
- ~A\$270 billion of investment in Defence capability³
- Commitment to a strong, sustainable and secure defence industry supporting leading edge innovation



ORBITAL[®]
UAV

*Ready to fly...*TM

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