



**ORBITAL<sup>®</sup>**  
**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\***

(\* Tactical Unmanned Aerial Vehicles 'UAVs')



# 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



## Commentary

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

- 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)
<b>Net working capital</b>	<b>\$5.8M</b>	<b>\$6.3M</b>
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)
<b>Capital employed</b>	<b>\$8.4M</b>	<b>\$11.7M</b>
Cash & cash equivalents	\$3.1M	\$8.7M
Borrowings – WA Government Loan	(\$9.9M)	(\$8.6M)
<b>Total net assets</b>	<b>\$7.3M</b>	<b>\$18.1M</b>

## 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



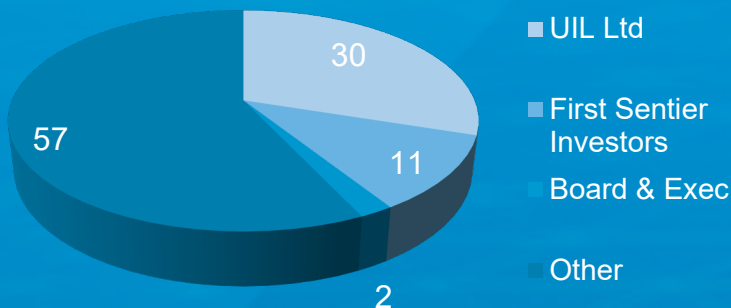
## Capital Structure *As at 30 June 2021*

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 Welborn

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** 3<sup>rd</sup> engine production line operational & 4<sup>th</sup> 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

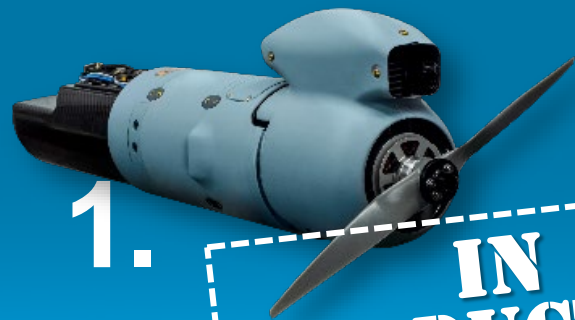
Revenue in line with FY21 and returning to net profitability

ORBITAL®  
UAV  
**Hood River**  
USA

ORBITAL®  
UAV  
**Perth**  
Australia

# Boeing-Insitu long term agreement

Primary engine supplier to Boeing-Insitu



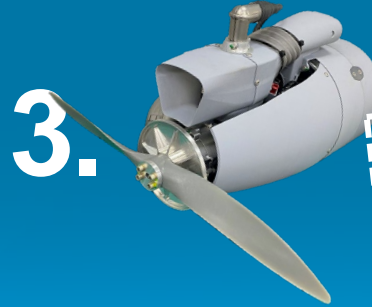
Status:

**IN  
PRODUCTION**



Status:

**IN  
PRODUCTION**



Status:

**PRODUCTION  
DELAYED TO  
H1 FY22**



Status:

**Development  
timeline TBD**



Status:

**Development  
timeline TBD**



ScanEagle2

Integrator™

ScanEagle®

ScanEagle3

Images stylised for confidentiality reasons

# FY22 engine development programs

Significant long-term revenue opportunities



Delivered

Milestone



**TEXTRON** Systems



**1<sup>ST</sup> PROTOTYPE  
MAY 2021**

**2<sup>ND</sup> PROTOTYPE  
DUE DEC '21**



**SINGAPORE  
DEFENCE  
COMPANY**

**1<sup>ST</sup> PROTOTYPE  
JUNE 2021**



**2<sup>ND</sup> 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**



**TEXTRON** Systems  
AUSTRALIA



Royal Australian Navy  
**SEA129 Phase 5**



**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 terms<sup>1</sup>
- North America is the largest contributor, accounting for ~41% of the total spend and growing by 6.3% in 2020 real terms<sup>1</sup>



## Increased UAV production & adoption

- Worldwide UAV production forecast at US\$95.5 billion 2020 – 2029<sup>2</sup>
- 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 2029-30<sup>3</sup>
- Total funding over the decade of A\$575 billion<sup>3</sup>
- ~A\$270 billion of investment in Defence capability<sup>3</sup>
- Commitment to a strong, sustainable and secure defence industry supporting leading edge innovation

1. Source: *The Military Balance*, International Institute for Strategic Studies  
2. Source: *World Military UAV Profile & Forecast 2020-21*, Teal Group Corporation  
3. Source: 2020 Defence Strategic Update





*Ready to fly...*<sup>TM</sup>

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