



Adacel Technologies Limited
ABN 15 079 672 281
Suite 1, 342 South Road
Hampton East, Victoria 3188 Australia
T. +61 3 8530 7777
F. +61 3 9555 0068
W. www.adacel.com

Adacel Technologies Limited **(ASX: ADA)**

ASX Release

8 November 2018

FY2019 Earnings Guidance

Melbourne, November 8, 2018 – Adacel Technologies Limited (ASX: ADA) (**Adacel** or the **Company**) anticipates that profit before tax for the first half of the 2019 financial year (**FY2019**) will be approximately 65-70% lower than the prior corresponding period.

The Company currently expects a stronger second half versus the first half of FY2019 with profit before tax for the full year anticipated to be 25-35% below FY2018. Whilst the performance in the first half has been impacted by the previously announced loss of the FAA Tower Simulation Support Contract and related issues, the reduced full year forecast includes additional investment in research and development, sales and marketing capabilities as well as foreign exchange movements.

The forecast has been prepared prior to any adjustments to revenue under the new accounting standard, AASB15: Revenue from Contracts with Customers.

Legal Proceedings Commenced Against Adsync Technologies Inc.

In November 2017 the Company was notified that the FAA Tower Simulation Support Contract, previously handled by Adacel, would be awarded to Adsync Technologies Inc. Adacel protested the decision and the protest was denied.

Before the award, the Company had notified Adsync Technologies of its intent to pursue legal action for breach of contract and infringement of intellectual property rights. The Company has recently initiated the legal process and is pursuing all available legal avenues, including the recoupment of appropriate financial damages and costs.

In light of the commencement of legal proceedings against Adsync on an unrelated, though broadly connected, contract the Company has taken a prudent position to remove all FAA Tower Simulation System revenue contribution from its FY2019 forecasts until a resolution is clear.

All other activities with the FAA remain unaffected by the issues surrounding the Support Contract, particularly, in relation to the ATOP program where activities have continued to increase in the period, as previously anticipated and disclosed.

The Company will provide shareholders with updated information on the status of both the legal proceedings against Adsync Technologies and its discussions with the FAA when new information becomes available.

Conference Call

The Company's Chairman, Peter Landos and Chief Executive Officer, Gary Pearson will host a conference call in connection with this announcement at 9.00am on 9 November 2018.

Conference call details:

Australia: 1800 685 494

International: +61 3 8687 0650

The conference call will be recorded and archived on the Company's website, www.adacel.com.

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About Adacel

Adacel is a leading developer of advanced simulation and training solutions, speech recognition applications and operational air traffic management systems. Adacel is particularly well known for innovations within the ATC simulation and speech recognition fields. The Company's products are widely used throughout North America, Europe, the Middle East and the Asia Pacific region. Adacel is listed on the ASX and further information on the Company can be found on its website at www.adacel.com.

For further information, contact:

Peter Landos
Chairman
+61 (0) 3 9921 7116
peter.landos@thorney.com.au

Gary Pearson
Chief Executive Officer
+1 407 581 1534
gary.pearson@adacel.com

Sophie Karzis
Company Secretary
+61 (0) 3 8622 3351
sk@ccounsel.com.au