

Adacel Technologies Ltd

March 2017



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COMPANY



Profile

Adacel is a leading developer of advanced simulation and control systems for aviation and defense. The Company operates in the Global Aerospace Systems market including operational Air Traffic Management, Airport and Air Traffic Control Training, and Airborne Vehicle Systems. Adacel operates two business segments, Systems and Services.

Systems

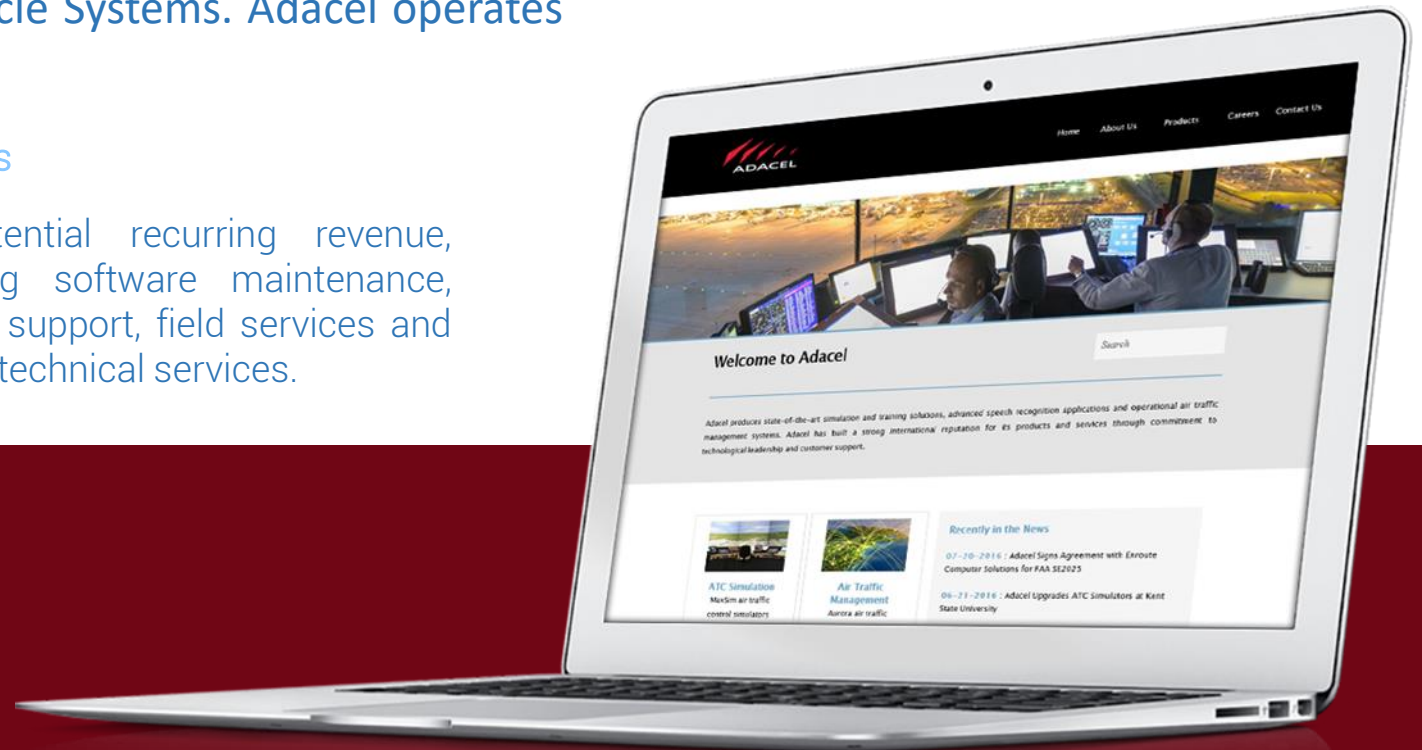
All sales of integrated software systems, system upgrades and products covering both operational control and simulation markets.

Services

All potential recurring revenue, including software maintenance, system support, field services and on-site technical services.



www.adacel.com @adacelsystems



ADACEL GLOBAL PRESENCE



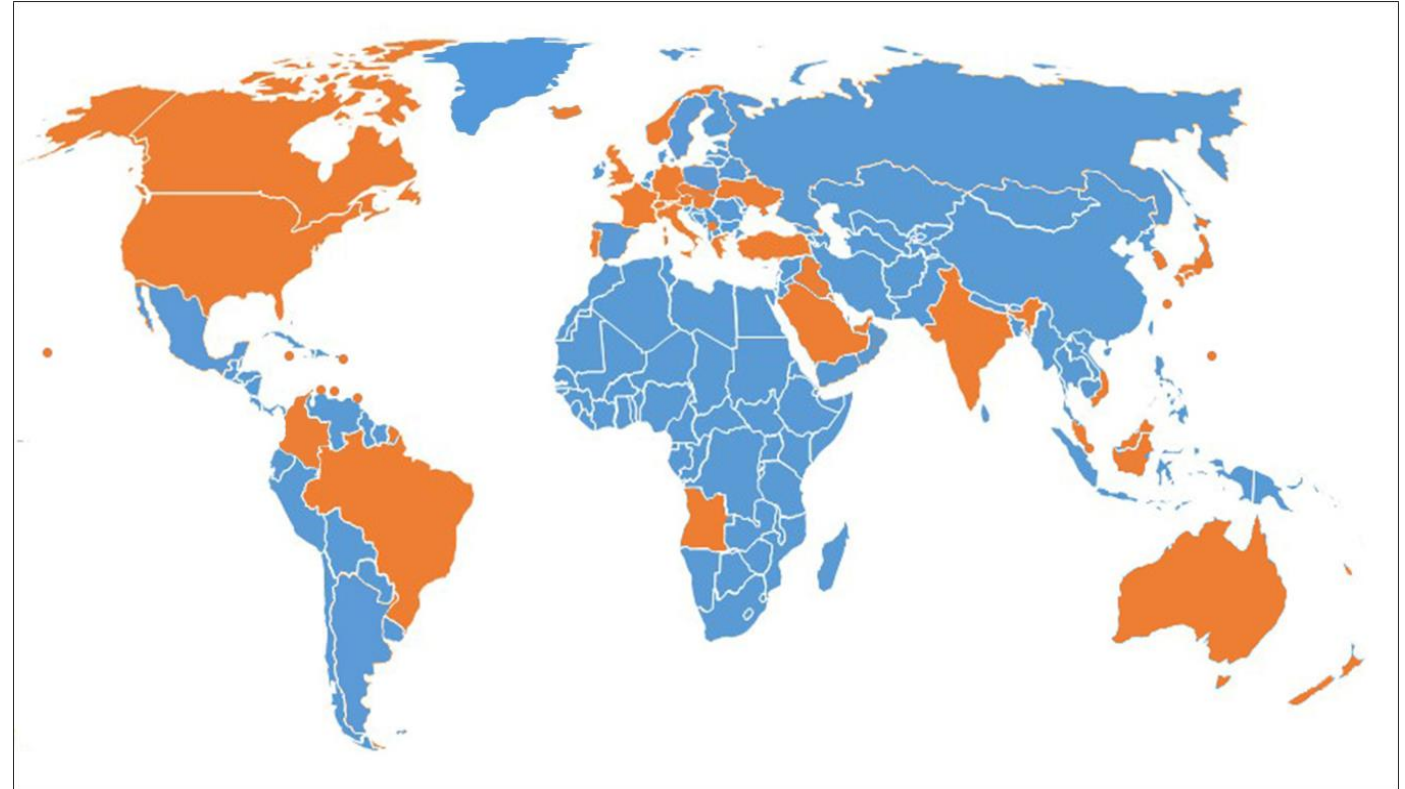
 **225**⁺¹⁹
EMPLOYEES

ATC **+13**
354
Installations

IN **+13**
232
Worldwide Locations

AURORA ATM
9
Installations

40⁺²
COUNTRIES



FINANCIAL METRICS – 6 Months to Dec 2016



NET CASH
A\$14.9M
▲ 32%

EPS
4.7cps
▼ 34.7%



EBITDA
A\$4.67M
▼ 31.6%



TOTAL REVENUE
A\$19.9M
▼ 19.0%

SYSTEMS
REVENUE
A\$3.97M
▼ 61.7%



GROSS
MARGIN
43.8%
▼ 1.7Pts



GLOBAL
PRESENCE
40
COUNTRIES

363
Installations

SERVICES
REVENUE
A\$16.1M
▲ 9.6%

DIVIDENDS
1.75cps
▲ 40%



Comparison – 6 Months to Dec 2015

REVENUE SOURCES

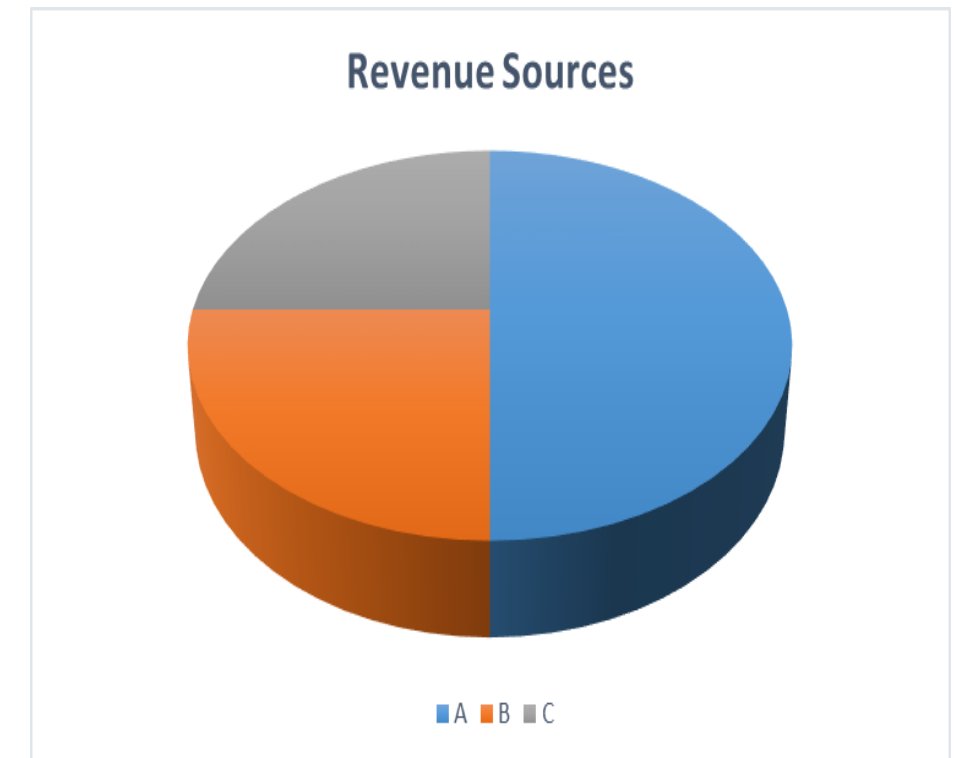


Overview of types of revenue sources

▶ **A** Historically reliable services revenue from existing customers. Is typically in backlog or will be awarded as an option on an existing contract. Not typically affected by contract timing.

▶ **B** Additional sales to existing customers. It is commonly non-competitive sole source awards and comprised of mostly systems revenue. Although this revenue is highly probable, it may be impacted by customer budgets and award timing.

▶ **C** Competitive awards from new customers. These awards are the most likely to be impacted by customer timing and given their highly competitive nature, they are often lower margin programs for the initial system deliveries.



FISCAL YEAR 2017 OUTLOOK



Market and Earnings Drivers

SIMULATION

- US Navy has announced US\$25M of planned simulation purchases over the next 3 years
- FAA has recently started hiring of 1400 new air traffic control students that will increase demand for training systems
- FAA hiring policy change expected to increase student enrollment in CTI schools (universities with FAA certification).

SERVICES

- Changes to the FAA labor policies expected to result in further controller shortages leading to the demand for more instructors for controller training
- US Federal Employee hiring freeze will likely result in additional subcontracting opportunities
- FAA Tower Data Flow Management contract awarded calls for integration with Adacel simulation

ATM

- French government expected to award contract for new ATM system in Martinique and Guadeloupe
- Systems are part of the French Territories modernization program, Adacel won the first system in 2015
- Adacel one of only 3 companies qualified by the French Government to bid
- New opportunities as a participant in the New Zealand ATM program

REVENUES

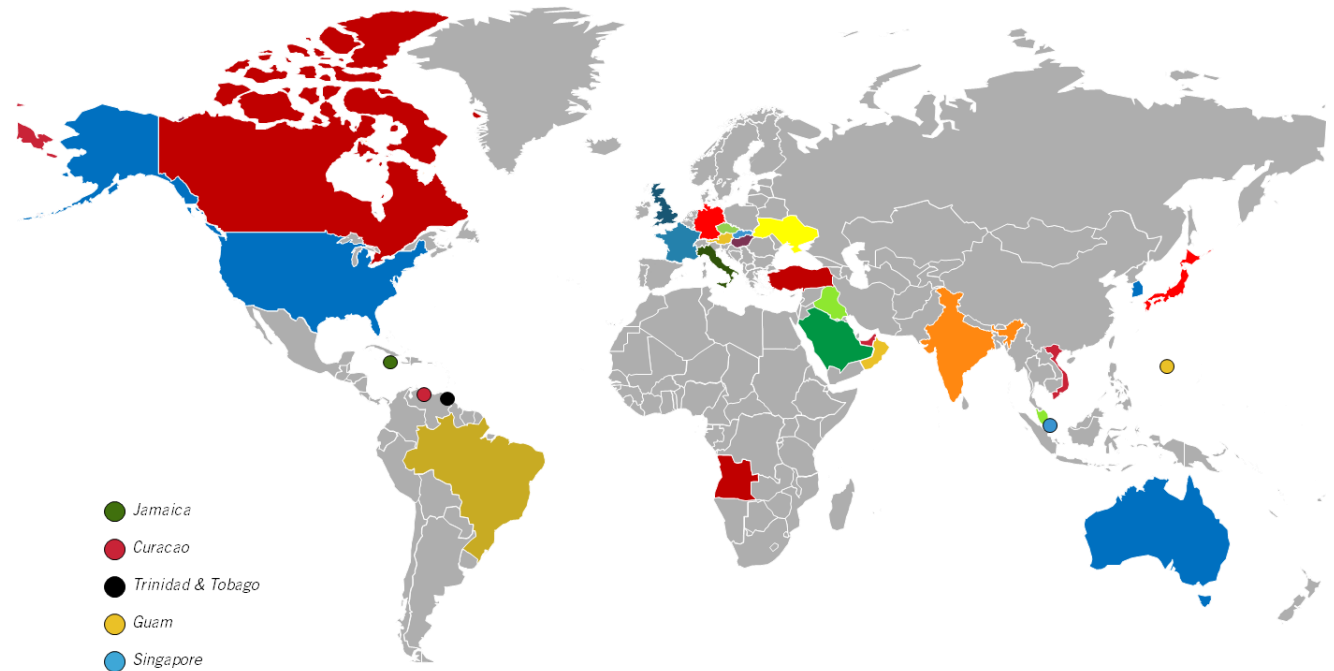
- Opening orders book for FY2017 was the strongest opening in the Company's history
- Additionally FAA ATOP program is contractually funded for the full fiscal year
- Long term recurring revenue contracts account for approximately 50% of forecast revenue

Air Traffic Control Simulation & Training



Adacel is a premier supplier of air traffic controller training systems for use in both civil and defense environments and for research, planning and modeling of air traffic procedures

- Adacel's has well over 90% market share with air traffic controller training systems in the U.S.
 - Installed base of 342 air traffic training simulators
 - Adacel's MaxSim is the core of the ATC simulation and training offering
- MaxSim provides a complete range of training solutions, providing the right tool at the right time enabling students to be engaged at all times throughout the training program
- The only system widely deployed outside of the ATC schoolhouse environment
- Improves content delivery by spreading the teaching workload to self-teach tools with sharable content and auto-feedback that engages today's tech-savvy students and frees instructors to better budget their time
- Adacel has won all major large scale simulator system deployment contracts in the USA



MaxSim Example Configurations



MaxSim is the world's leading air traffic tower simulation system due to its unique combination of advanced features and ease of use



Radar Suite



360 Degree Wrap Around Tower



Single Seat Self-Paced



Reconfigurable - Portable



Small Footprint Tower



Table Top



Ruggedized Mobile

MaxSim Visual Scenes





Adacel has the industries largest inventory of airport 3D environments



Additional Simulation Offerings



Adacel has leveraged its existing core intellectual property to pursue a variety of complementary product offerings that help to further enhance the training experience for its customers and diversify the Company's revenue base

| Air Traffic Control in a Box ("ATCiB") | Flightline Driver System | Critical Infrastructure Simulator | LEXIX Speech Recognition System |
|--|---|---|--|
| <p>Software suite which provides intelligent virtual air traffic control for existing pilot training systems</p> <p>Virtual ATC controllers manage the aircraft scenario and create real world environments for the operators training</p> | <p>Provides a high-fidelity airport environment to simulate the conditions of driving on an airfield in support of enhancing operator situational awareness</p> <p>Utilizes MaxSim 3-D databases for site-specific training</p> | <p>VAST is a flexible simulation product intended to address the needs of the homeland security and emergency preparedness training market</p> <p>High-fidelity environment mimicking security control room operations center and the critical infrastructure environment</p> | <p>Adacel features speech-recognition interfaces with many of its simulator applications, including the Company's MaxSim and ICE air traffic control products, as well as ATCiB</p> <p>Provides speech recognition interface to third party applications</p> |
|  |  |  |  |

Air Traffic Management: Aurora



Aurora ATM



Aurora Software Overview

- Adacel's Aurora is a real-time, distributed, open architecture air traffic management automation system
 - Unique upgrade path program provides virtually unlimited expansion to meet ANSP's ongoing requirements
 - Integrated into powerful, low-cost, off-the-shelf processors and high-resolution displays

Aurora Benefits

- Commonality and interoperability with the world's widest deployed Oceanic ATM system covering 41m Square Miles of global airspace
- Reduced flight times and routing distance resulting in lower fuel costs and carbon emission, through the capabilities of the Aurora advanced 4 Dimensional conflict detection system
- Increased airspace capacity through reduced separation minimums
- Gate-to-gate capabilities provides low cost replacement or addition of advanced ATM functions using satellite technologies

FAA ATOP Program



NAV Portugal Oceanic Program



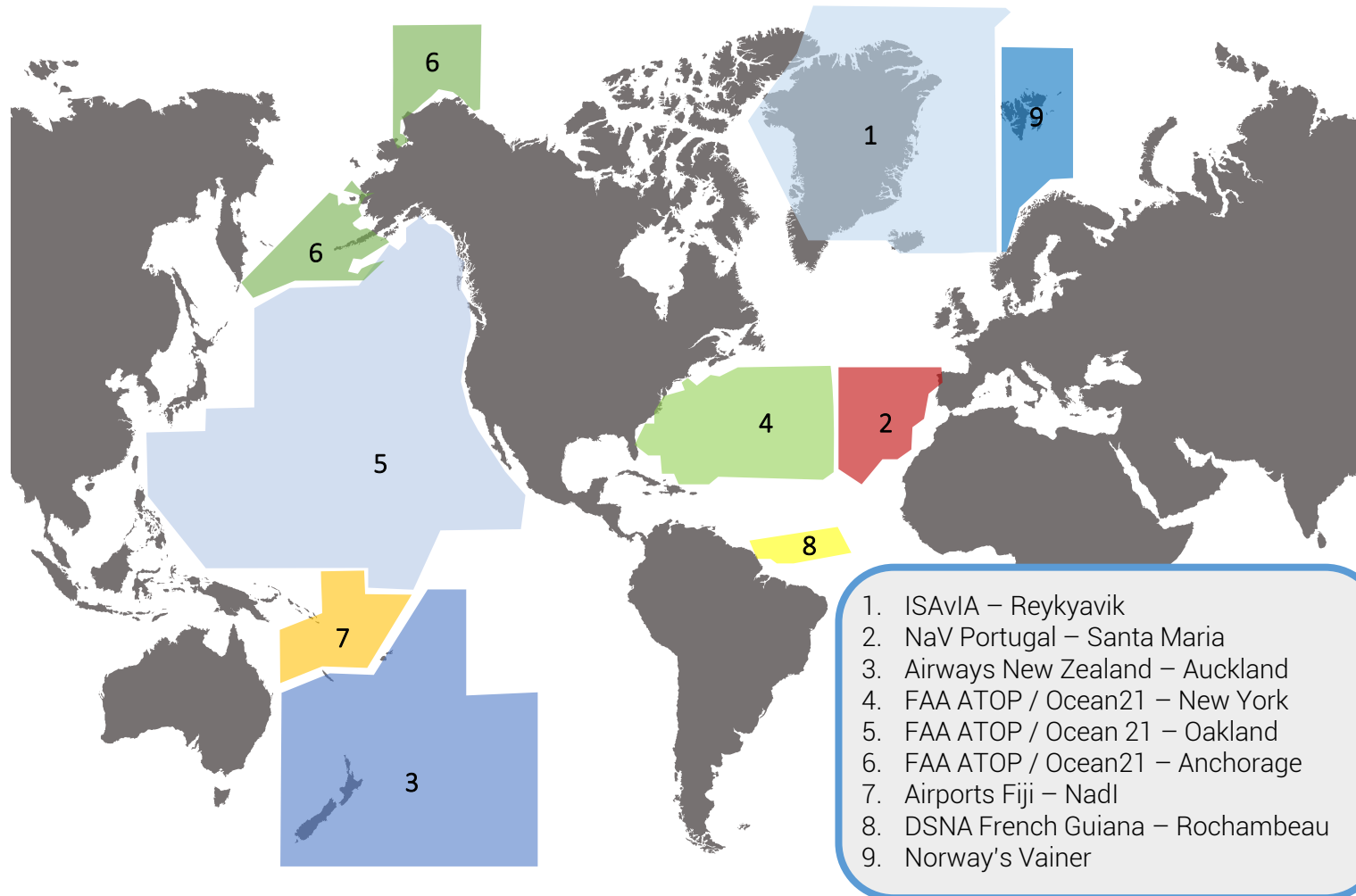
French Guiana



Air Traffic Management Global Footprint



Adacel has become one of the most recognized brands in the specialized world of air traffic management by focusing on the market niche of oceanic and non-radar-based air traffic management.



Services



Adacel's increased focus on high-quality post-sales service and support has expanded the Company's addressable market and transformed its revenue mix, while creating a strong base of high-margin, annuity-like revenue

| Extended System Support | Field Service Support | Government Services |
|--|--|--|
| <p>Numerous extended support programs offered to customers</p> <ul style="list-style-type: none">• Software and hardware extended warranties• Annual maintenance services• Remote system maintenance• Telephone support• Software upgrade services | <p>Field training services</p> <ul style="list-style-type: none">• System maintenance• System operator• Operator and scenario creation training• Air Traffic Instructors <p>Field service representatives</p> <ul style="list-style-type: none">• Support personnel are co-located at the customer's site to provide support services on an ongoing basis | <p>Provision of Adacel staff to support non Adacel government contracts including:</p> <ul style="list-style-type: none">• Aviation subject matter experts• ATC Instructors• Systems operators• Systems maintenance• Software engineering• Project management |



COMPANY SNAPSHOT



ASX : ADA

SHARES ON ISSUE– 79.3M

Senior Management



Gary Pearson
Chief Executive Officer



Brian Hennessey
V.P. Business Development



Jean-Philippe Duval
V.P. Finance

Board of Directors



Peter Landos
BEco (ANU)
Non-Executive Chairman



Julian Beale BE, MBA
Non-Executive Director



Silvio Salom
Non-Executive Director



David Smith BE
Non-Executive Director



Sophie Karzis B.Juris, LLB
Company Secretary



Natalya Jurcheshin
B Comm (Melb)
Non-Executive Director

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Peter Landos
Chairman



Sophie Karzis
Company Secretary