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## **ASX & Media Release Adacel Technologies Limited (ASX: ADA)**

**Melbourne, Friday 14 November 2014**

### **Chairman's Address to Shareholders 2014 Annual General Meeting**

Good morning ladies and gentlemen. My name is Peter Landos and I am the Chairman of Adacel Technologies Limited. I welcome you to the Company's 2014 Annual General Meeting.

The Board and Management of Adacel were pleased to deliver a third consecutive year of underlying profitability. Whilst it was a slower year than forecast in regards to orders and revenue, the Company's balance sheet remains strong and the demand for the Company's products and technological expertise over the medium term are good. Company investment in research and development amounted to approximately US\$2.0 million, in addition to program funded investments of another approximately US\$10.0 million.

During the period, the Company, across both its air traffic management and air traffic control simulation businesses, maintained its strong position of incumbency in the North American civil and military airspace markets. In particular, the relationships with each of the Federal Aviation Administration and US Air Force and US Army have consolidated on their strong foundations and recent contract renewals and expansions represent examples of the Company's product excellence and technological expertise.

In the international environment, the market has continued to be a challenge and the Company's track record has been less consistent. Due to a number of factors out of the Company's control, including counter-party financial constraints and geopolitical risks, significant new business has been more difficult to achieve. That being said, we are extremely proud of the work we continue to do with our key international partners, including Air Services Australia, Royal Australian Airforce, NAV Portugal, Norway's Avinor, Italy's ENAV, Hungaro Control and Fiji.

During the 2014 financial year, we continued to evolve the organisation to address our immediate and future business needs. Implementing this strategy with immediate actions has resulted in approximately US\$2.5 million of annualised cost reductions. These actions will contribute to future profitability.

The Company has maintained its key focus on the following:

- Disciplined program management;
- Tight operating cost control;
- Targeted research and development expenditure on core intellectual property; and
- Maintenance and nurturing of key customer relationships.

The Board is encouraged by the activity levels achieved in the first four months of the 2015 financial year; it has been a solid start and provides reason for a level of confidence for the results for the 2015 year. Whilst the Company is not in a position to provide specific guidance at this

stage, we are reasonably optimistic of improved profitability in 2015 over 2014. The Board and management are firmly focused on achieving our internal profit and cash flow targets. The Company takes its continuous disclosure obligations very seriously and accordingly, will update the market as soon as required under the regulatory guidelines.

I would like to thank shareholders for their continued confidence in the Company, and thank my fellow board members and all of the Company's management, staff and contractors for their efforts over the year.

I will now hand over to Seth Brown, the Company's CEO, who has made the trip from Orlando, USA to present to shareholders today and to visit our customers in this region. Seth will provide greater detail regarding the year in review and the opportunities ahead.

I look forward to sharing some refreshments with you at the conclusion of the Annual General Meeting.

**-ENDS**

**For further information, contact:**

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***About Adacel***

*Adacel Technologies Limited is a leading developer of advanced simulation and control systems for the civil aviation and defence sectors. Since its establishment in 1987, Adacel has built an international reputation for its products and services through a commitment to technological leadership and customer support. From advanced simulation to air traffic management and voice recognition systems, training and professional services, Adacel's products can be found in more than 30 countries. Adacel is listed on the ASX and further information on the Company can be found on its website at [www.adacel.com](http://www.adacel.com).*