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## Adacel Technologies Limited (ASX: ADA)

### ASX & Media Release

23 August 2016

#### Adacel profit before tax up 83% over prior year

##### Highlights for the Twelve Month Period Ended 30 June 2016

- EBITDA of A\$11.9 million on revenue of A\$47.9 million
- Profit before tax of A\$10.8 million, an increase of 83% over pcp (A\$5.9 million) and above guidance
- Growth in contributions from both Systems and Services Segments
- Strong cash flow of A\$8.1 million, an increase of 50% over pcp
- Increased final dividend (unfranked) of 1.75 cents per share, an increase of 40% over pcp
- Further growth in earnings anticipated in FY2017

##### Operating Results Summary

Key financial measures	Twelve months ended 30 June			
	A\$'000	2016	2015	% change
Revenue from continuing operations		47,917	41,914	14.3%
Gross margin		21,635	17,217	25.7%
Gross margin %		45.2%	41.1%	
EBITDA		11,881	6,922	71.6%
EBITDA %		24.8%	16.5%	
Profit before tax		10,818	5,913	83.0%
Net profit after tax		9,217	3,933	134.4%
Earnings per share (cents)		11.63	4.95	134.9%
Net cash movement		8,146	5,438	49.8%
Net cash		15,773	7,627	106.8%
Final dividend (unfranked) (cents)		1.75	1.25	40.0%
Dividends per share (cents)		3.00	2.00	50.0%

## Business Segment Reporting

The contributions for the Company's business segments can be summarised as follows:

Business segment contribution	Twelve months ended 30 June					
	2016			2015		
	Revenue	GM	GM %	Revenue	GM	GM %
A\$'000						
Systems	17,806	8,742	49.1%	18,715	6,935	37.1%
Services	30,111	12,893	42.8%	23,199	10,282	44.3%
<b>Total</b>	<b>47,917</b>	<b>21,635</b>	<b>45.2%</b>	<b>41,914</b>	<b>17,217</b>	<b>41.1%</b>

## Overview of Operating Performance

Overall, FY2016 has been a year of strong operational and financial success. However, it was also marked with sadness following the illness and subsequent death of the Company's former Chief Executive Officer, Seth Brown, in April 2016. Gary Pearson was promoted to the position of Chief Executive Officer in October 2015, having formerly been Chief Operating Officer. Under Gary's leadership the Adacel team delivered a solid financial result and consolidated the foundations for future earnings growth.

In an operational sense, the twelve month period ended 30 June 2016 was marked by a number of financial, strategic and foundational achievements which have positioned the Company for future earnings growth, including:

- Retention of key programs;
- Award and consolidation of new customer relationships;
- Enhancement and expansion of programs with the Company's existing commercial partners; and
- Early stage development, as well as soft launch, of new products/ technologies for both existing markets and potential adjacent market opportunities.

## Dividend

The Board has declared an unfranked dividend of 1.75 cents per share (2015: 1.25 cents per share), an increase of 40% over the prior corresponding period final dividend. The final dividend has a record date of 16 September 2016 and will be paid on 30 September 2016.

Total dividends to be paid for FY2016 will be 3.00 cents per share, a 50% increase on FY2015.

Adacel Chairman, Peter Landos said: "The Board is pleased to be able to report another year of significantly improved financial results and a further increase in dividends for shareholders. The Board is confident that the Company remains well positioned to take advantage of further existing and new growth opportunities as they arise".

Chief Executive Officer, Gary Pearson said: "This financial result has been driven by a number of positive factors and is the culmination of efforts by people across our organization. I am particularly pleased with the significant improvement recorded across the Company's key financial measures. The Company has been, and remains focused on operating and program management efficiencies and on consolidating and expanding our key customer partnerships. This focus has been rewarded with a strong operating cash flow and a robust balance sheet from which further growth can be pursued".

## Outlook

The Company is continuing to perform strongly and has started the 2017 financial with considerable depth and diversity in its order book. Whilst it is too early to provide specific guidance for 2017, the Board is focused on, and optimistic of, further earnings growth in 2017, subject to anticipated customer demand and on-going success with existing contracts.

**-ENDS**

### ***About Adacel***

*Adacel is listed on the ASX and is a leading developer of operational air traffic management systems, speech recognition applications and advanced air traffic control simulation and training solutions. Further information on the Company can be found on its website at [www.adacel.com](http://www.adacel.com).*

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