

INVESTOR BRIEFING

Adacel Technologies Ltd 12 Months Ended 30 June 2016



Gary Pearson – Chief Executive Officer
Brian Hennessey – Vice President Business Development



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This document contains certain "forward-looking statements". Indications of, and guidance on, future earnings and financial position and performance, including Adacel's financial year 2017 outlook, are forward-looking statements, as are statements regarding Adacel's plans and strategies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Adacel, which may cause actual results to differ materially from those expressed or implied in such statements. Adacel cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive, or that Adacel's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this document and Adacel assumes no obligation to update such information.

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FY 2016 FINANCIAL METRICS



NET CASH
A\$15.8M
▲ 107%

EPS
11.63cps
▲ 135%



EBITDA
A\$11.9M
▲ 72%



TOTAL REVENUE
A\$47.9M
▲ 14.3%

SYSTEMS REVENUE
A\$17.8M
▼ 4.9%



GROSS MARGIN
45.2%
▲ 10%

 GLOBAL PRESENCE
38 COUNTRIES

350
Installations

SERVICES REVENUE
A\$30.1M
▲ 29.8%

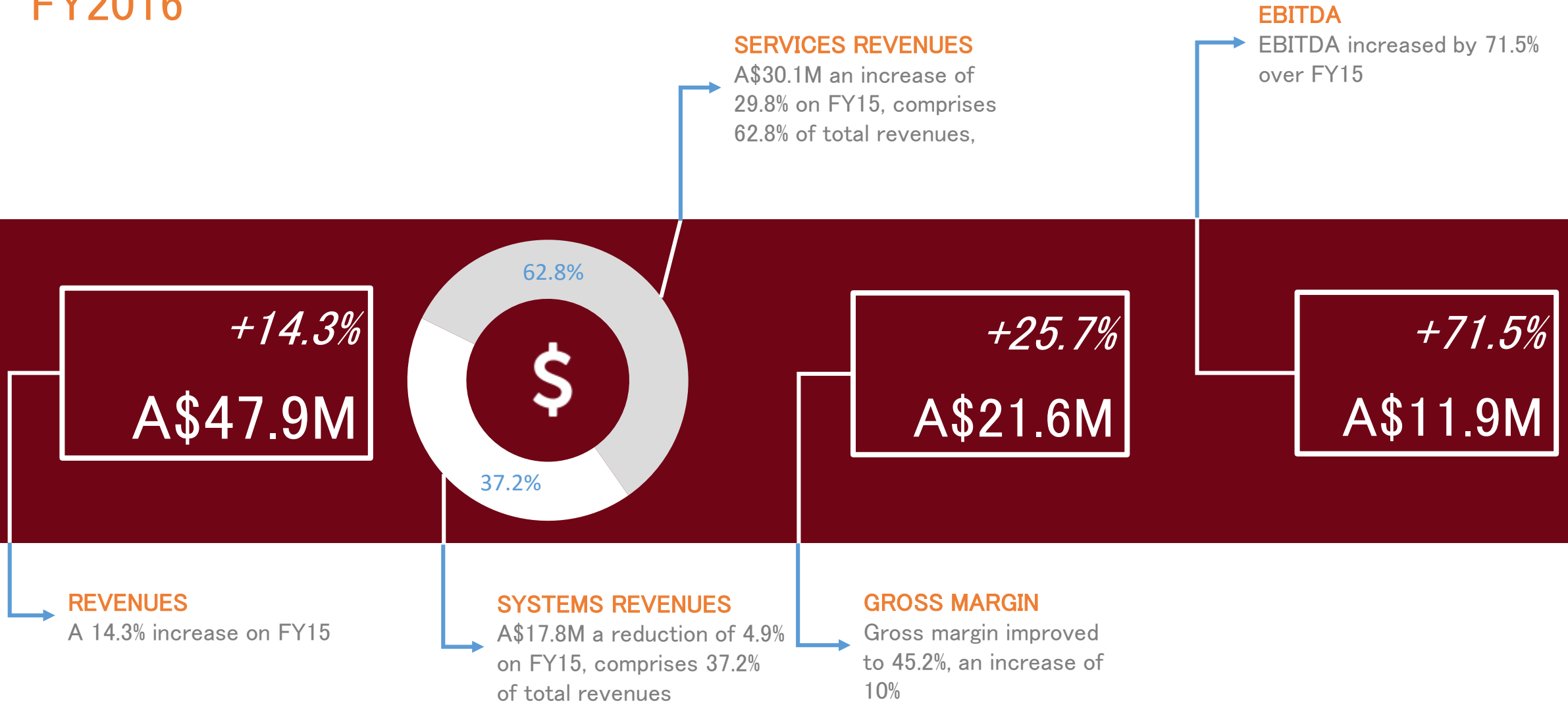
DIVIDENDS
3cps
▲ 50%



FINANCIAL RESULTS – HIGHLIGHTS



FY2016



GROWTH



Highlights Fiscal Years 2014 to 2016

Fiscal Year 2014

Fiscal Year 2015

Fiscal Year 2016

A\$33.1M

A\$41.9M

A\$47.9M

REVENUE

38.7%

A\$12.8M

41.1%

A\$17.2M

45.2%

A\$21.6M

GROSS MARGIN

A\$2.6M

A\$6.9M

A\$11.9M

EBITDA

A\$1.8M

A\$5.9M

A\$10.8M

PROFIT BEFORE TAX

REVENUE

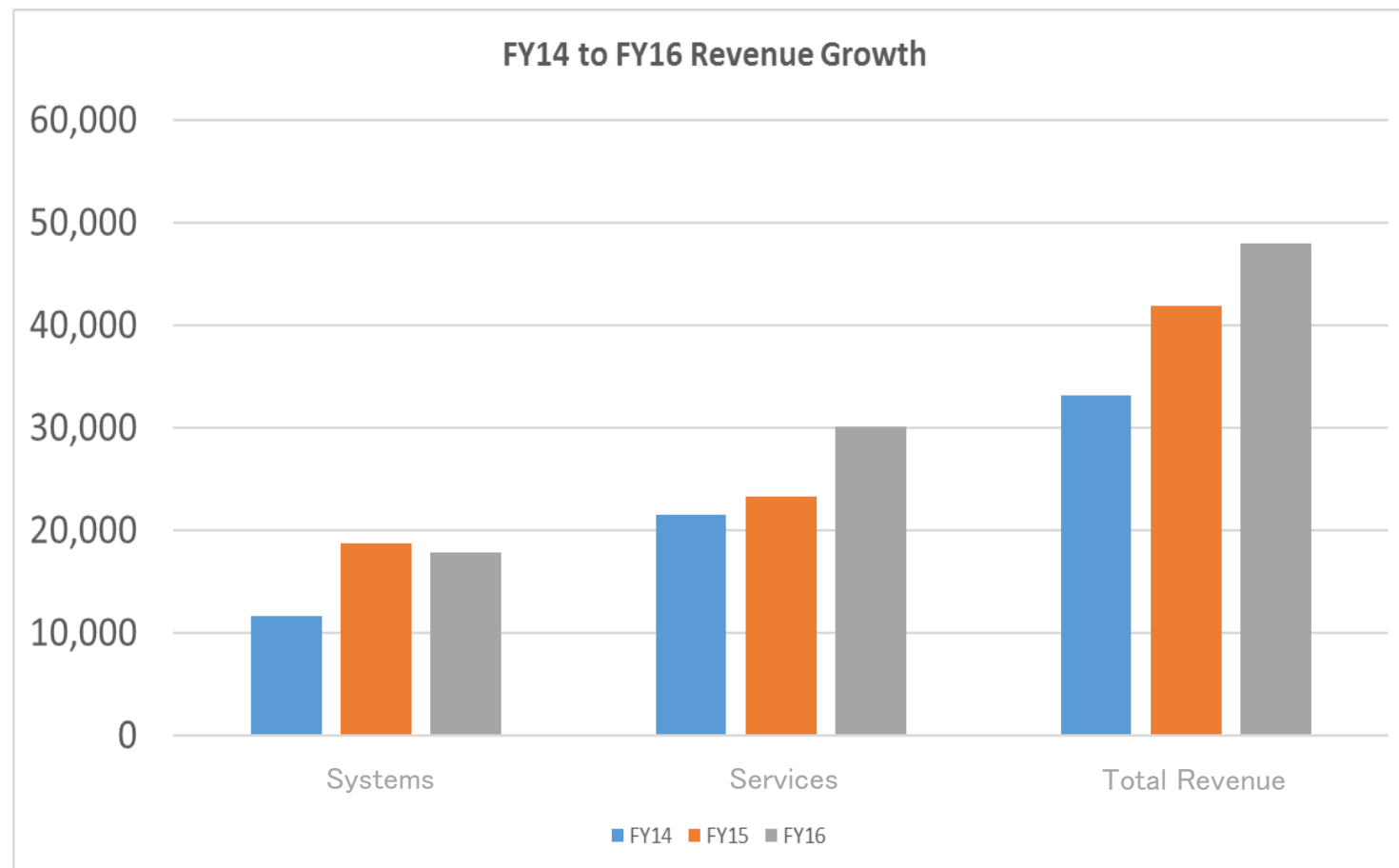


Highlights Fiscal Years 2014 to 2016

FY14
A\$33.1M
Total Revenue

FY15
A\$41.9M
Total Revenue
+27%

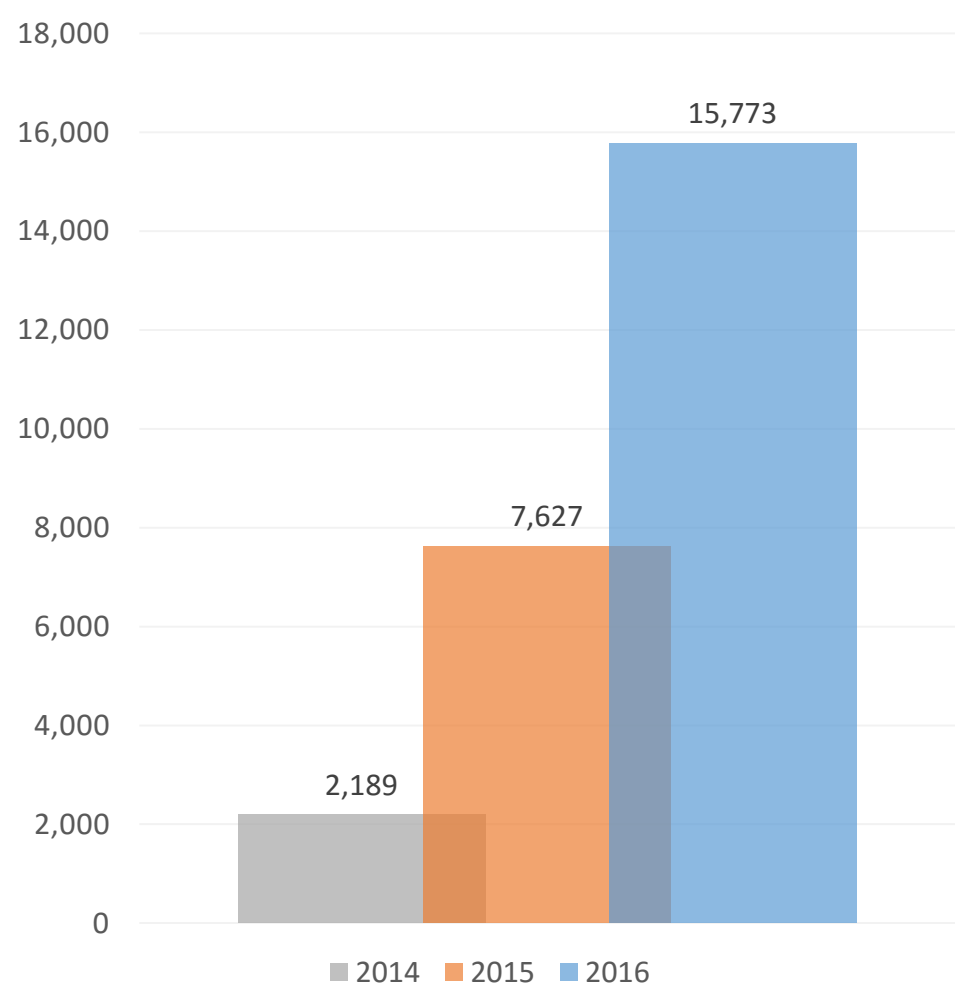
FY16
A\$47.9M
Total Revenue
+14%



CASH FLOW



CASH AT END OF PERIOD (A\$000')



CASH FROM OPERATING ACTIVITIES

	FY2016	FY2015
Receipts from customers	51,455	39,872
Payments to suppliers and employees	-36,869	-33,988
Payments for research and development expenditure	-1,342	-480
Refund of security deposit	40	134
	13,284	5,538
Net increase in cash held	8,159	4,915
Cash at the beginning of financial year	7,627	2,189
Effects of exchange rate on cash	-13	523
Cash at the end of financial year	15,773	7,627

BUSINESS SEGMENTS



Systems

Total Revenue

A\$17.8M

Gross Margin

A\$8.7M

Revenue Composition

Civil

A\$9.7M

Military

A\$8.1M

North America

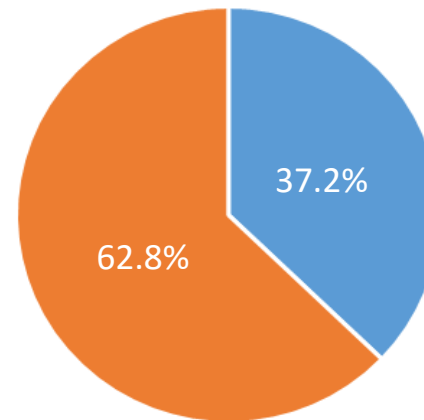
A\$10.6M

Rest of World

A\$7.2M

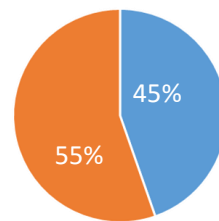
FY2016 SEGMENT RESULTS

Segments



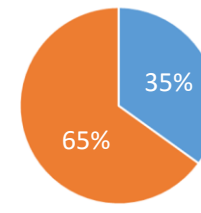
■ Systems ■ Services

FY 15 Revenues



■ Systems ■ Services

FY 14 Revenues



■ Systems ■ Services

Services

Total Revenue

A\$30.1M

Gross Margin

A\$12.9M

Revenue Composition

Civil

A\$25.4M

Military

A\$ 4.7M

North America

A\$28.5M

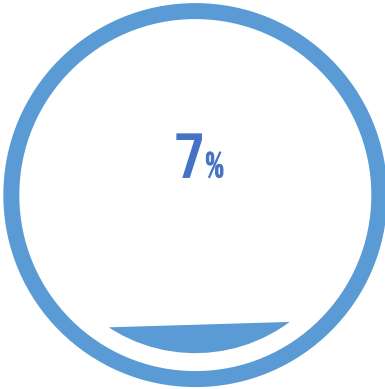
Rest of World

A\$ 1.6M

SALES BY PRODUCT CATEGORY



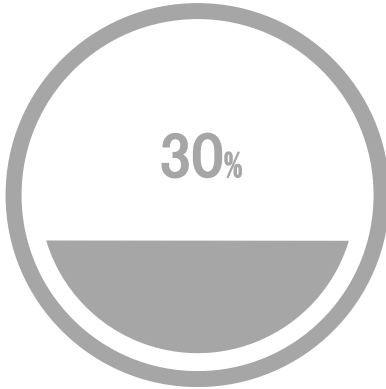
Percentage of Total Revenue FY2016



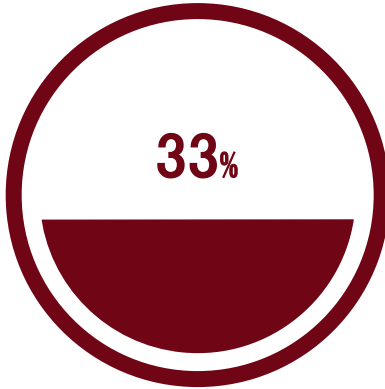
**ATM
SYSTEMS**



**SIMULATION
SYSTEMS**



**ATM
SERVICES**



**SIMULATION
SERVICES**

COMMENTARY



Business Segments

SYSTEMS

New Systems sales saw a reduction of 4.9% from FY15 reflecting market conditions. Gross Margins of A\$8.7M were up 26.1%. This is as a result of stronger program performance and increased high margin software license revenues.

REVENUE MIX

Civil programs continue to dominate with 73% of total revenue, an increase of 10% over FY15. This is as a result of various multi year programs with customers including the FAA, French Guiana, NAVPortugal and Air Services Australia.

SERVICES

A strong focus on new recurring revenues saw the services segment contribute 62.8% of total revenue and 59.6% of total GM.

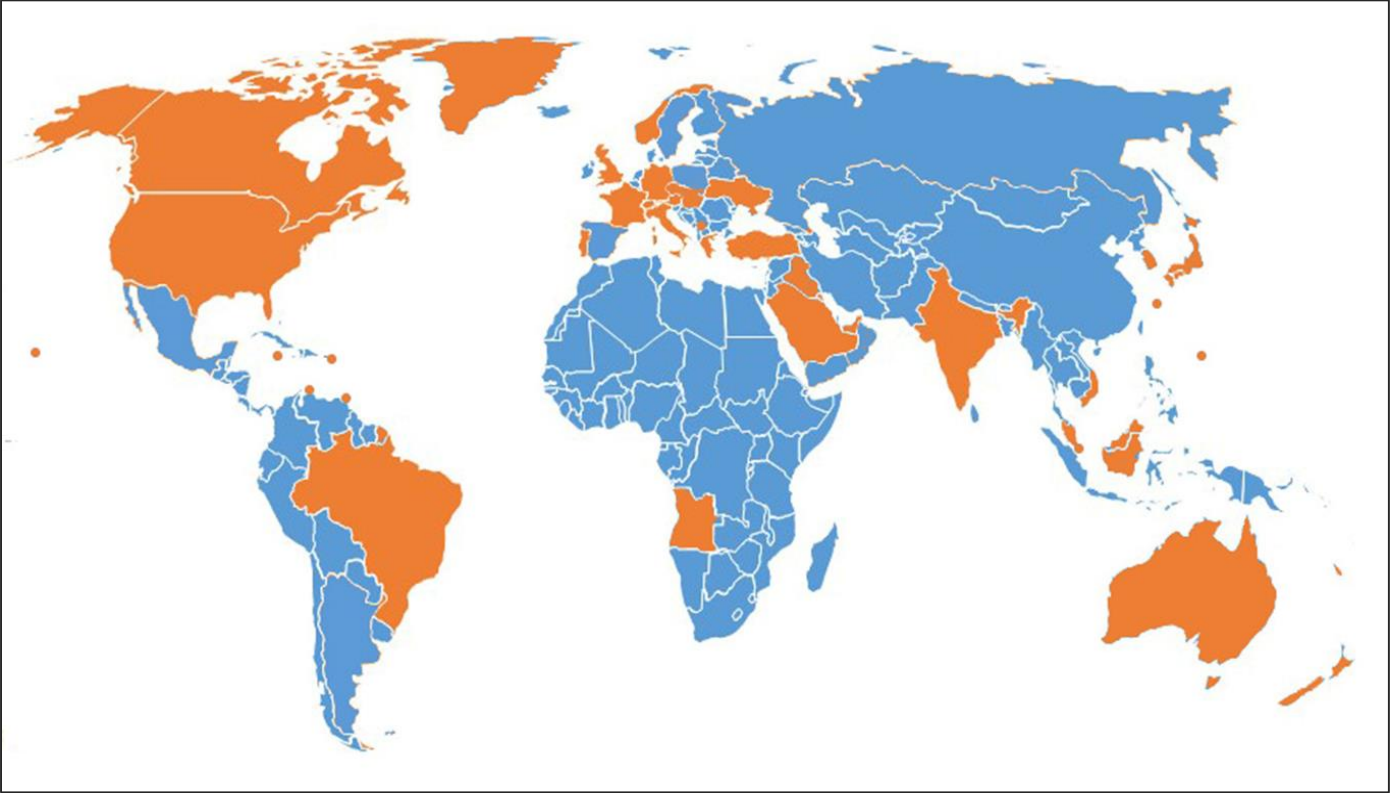
OTHER

ATM and Simulation & Training revenue split remains similar to FY15. North America continues to provide the majority of revenue with 82%, largely attributable to long term relationships with a significant number of US based customers.

ADACEL GLOBAL PRESENCE



214
EMPLOYEES



ATC

341

Installations

IN

219

Worldwide Locations

AURORA ATM

9

Installations

38

COUNTRIES

CUSTOMER DATA



Longest Active Contract

18 Years

NavPortugal

Largest Customer (FY16)

US\$11.1M

Lockheed Martin

Oldest Customers

FAA

Uni. North Dakota

Hungaro Control

Embry Riddle

Austro Control

Lockheed Martin

USAF

US Army

Canada DND

Brazil CAA

NavPortugal

Italy ENAV

Average Age
of Current
Contracts

8.3Yrs

Average Age
of 12 Oldest
Contracts

15Yrs

Airspace
Controlled by
Aurora

**41 Million
Sq. Miles**

% of Earth's
Surface
Controlled by
Aurora

21%

Number of
Simulator
Training
Positions

>1500

Average
Revenue (FY16
) Top 10
Contracts

US\$3.1M

MARKETS



Simulation Technology

Visual Scene Generation

Speech Recognition

Safety Critical Software

Subject Matter Expertise

Systems Integration



CORE CAPABILITIES

EXPANDING ADDRESSABLE MARKETS

Pilot Training

Controller Training

Air Traffic Management

Voice Activated Cockpit

Airport Driver Training

Homeland Security



GROWTH STRATEGY



EXISTING CUSTOMERS

With over 340 installations, Adacel has a captive market for an ongoing series of new. Customers can make direct contract awards.

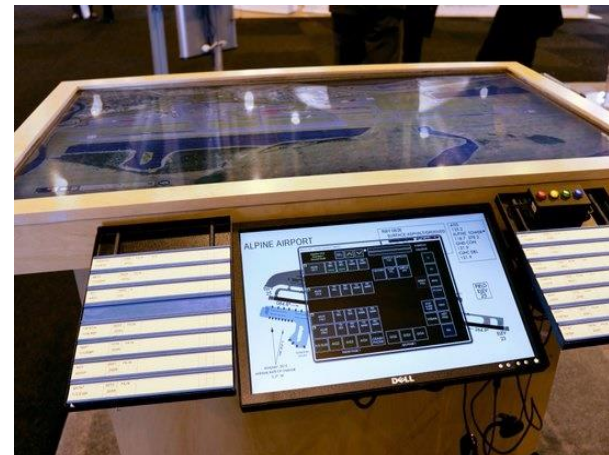


SERVICES EXPANSION

Add additional Simulation and ATM customers that lead to multi-year support. Leverage US government contract qualifications and experience to further expand into additional government services programs, e.g., CTC, SE2025

NEW CUSTOMERS

Capture new customers through a strategy of best value pricing and technology advantages, resulting in a larger opportunity for services contracts and premium product upgrades.



ACQUISITIONS

Grow capabilities and addressable markets through acquisition of businesses with existing revenue streams and complimentary technologies and market spaces.

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
- FAA Tower Data Flow Management contract awarded calls for integration with Adacel simulation
- SE2025 teaming agreement expected to lead to research and development opportunities with the FAA

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

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

SUMMARY



Growth drivers will continue to be global spend; in particular USA on simulation and training and new systems in our key market segments

Growing services revenue component provides longer term visibility of revenues resulting in increasing confidence in growth predictions

Adacel will continue to evaluate acquisitions that complement organic growth and provide access to larger addressable markets

In the absence of acquisitions, the Company will investigate all efficient capital management alternatives for shareholders.

Adacel anticipates continuing growth in revenues across both Systems and Services business segments

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



Kevin Courtney FCA FAICD
Non-Executive Director

COMPANY



Profile

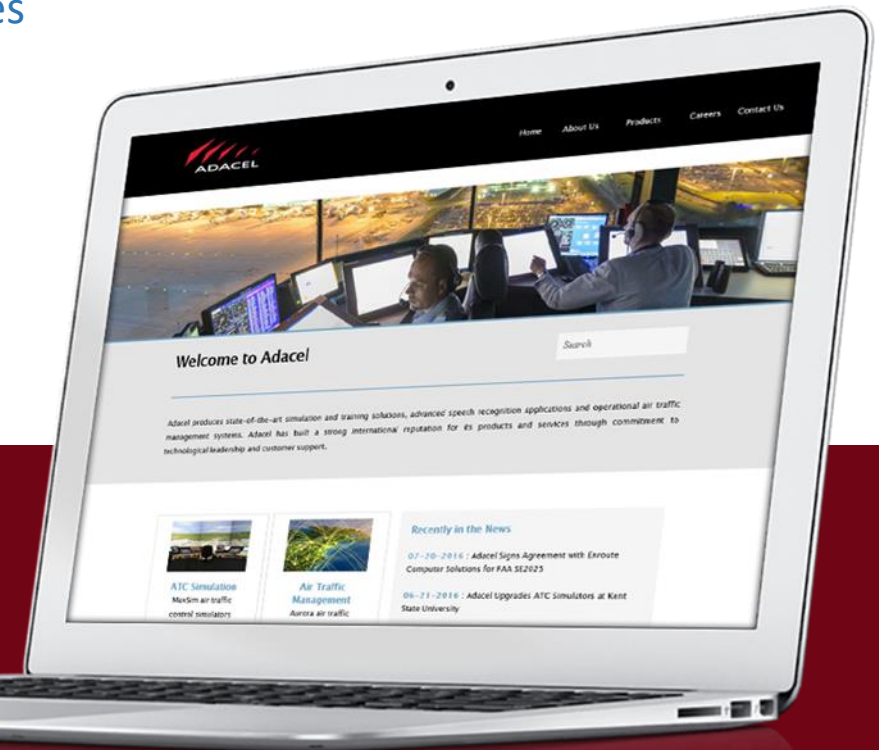
Adacel is a leading developer of advanced simulation and control systems for aviation and defense. The Company operates in the Global Aerospace Systems market including operational Air Traffic Management, Airport and Air Traffic Control Training, and Airborne Vehicle Systems. Adacel operates two business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



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Gary Pearson
Chief Executive Officer



Peter Landos
Chairman



Sophie Karzis
Company Secretary