



# ADACEL

TECHNOLOGIES LIMITED

**For the six months ended 31 December 2018**

**28 FEBRUARY 2019**

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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 2019 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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# Adacel Overview



Adacel operates in the Global Aerospace Systems market including the Air traffic management and training sectors



Strong reputation within the aviation industry, with a highly experienced management and sales team

Adacel is a leading developer of advanced simulation and control systems for aviation and defense



The company also provides software maintenance, system support, field services and on-site technical services.





# H1 2019 Highlights



USAF 5-year contract renewal, valued at up to \$32M

\$3.1m cash as at 31 December 2018



ATOP revenue increase of 35% to \$9.5M



Services revenue makes up 59.7% of total revenue



Services gross margins improved to 50.9% from 43.7%

Half-year dividend of 1 cent per share (unfranked)



# Financial results meets guidance

**\$23.75m**

Revenue decreased 6.4% pcp

**\$2.63m**

EBITDA decreased 47.9%

**\$2.25m**

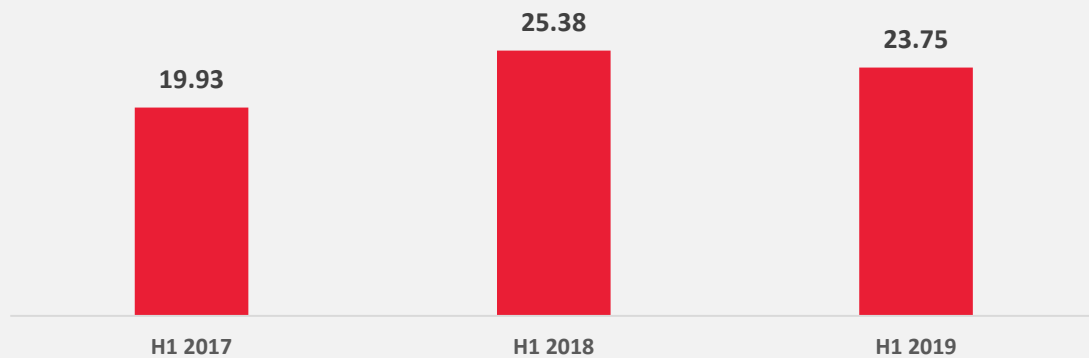
Profit before tax

## Financial Performance

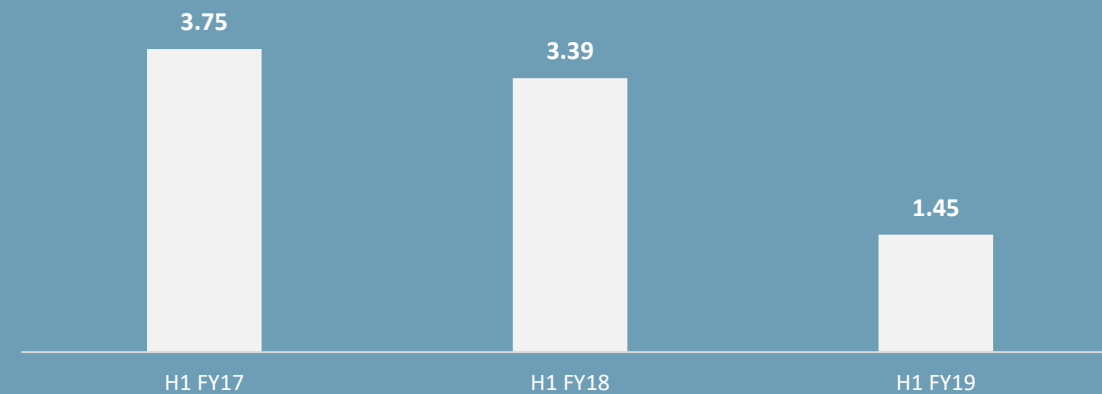
	H1 FY19	H1 FY18
A\$'000		
Revenue	23,750	25,379
Gross margin	35.4%	39.8%
EBITDA	2,633	5,053
Profit before tax	2,249	4,713
NPAT	1,454	3,390
EPS (cents)	1.9	4.3
Dividend (cents)	1.0	2.0

# 1H FY19 key financial metrics

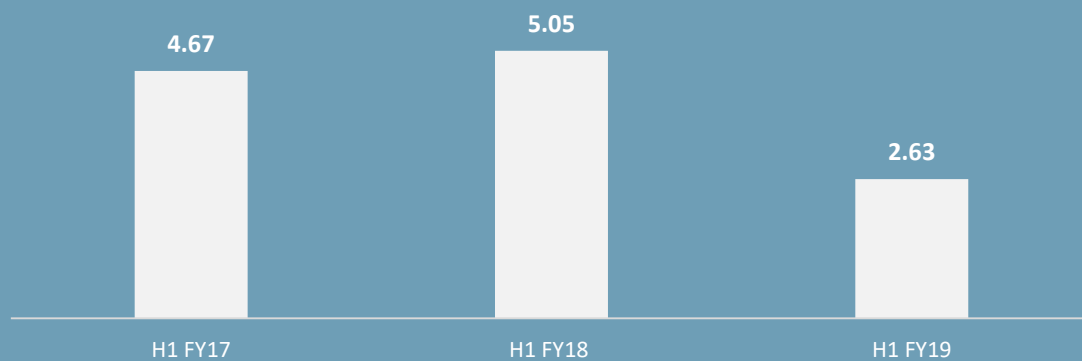
REVENUE (A\$m)



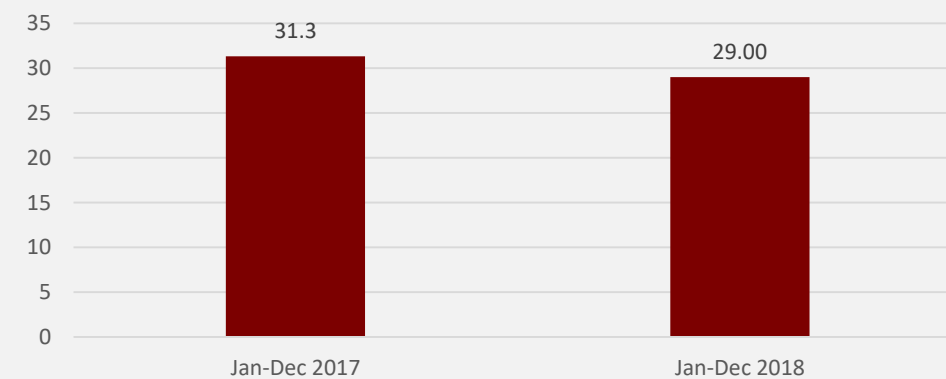
NPAT (A\$m)



EBITDA (A\$m)



ORDERS A\$m



# Increase Recurring Revenue Leveraging System Sales



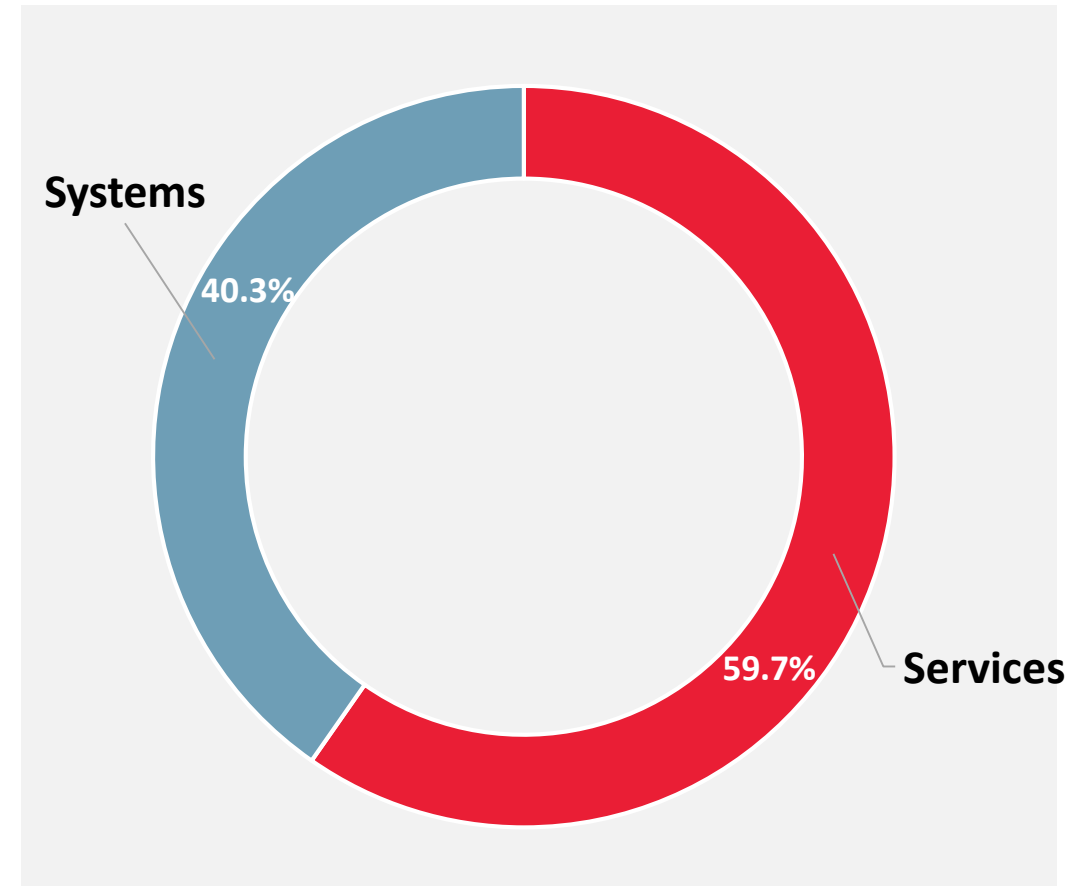
Develop a profitable, sustainable and growing recurring revenue base by leveraging existing large customer base



Acquiring new customers through the combination of best in class technologies and competitive pricing strategies.



New system sales lead to multiyear services contracts.



# Diversified business model



## Systems

Adacel produces state-of-the-art simulation and training systems, as well as air traffic management solutions for military and commercial use



## Services

Adacel provides ongoing software maintenance, support and technical services that provide a growing revenue stream for the company



## Other

Adacel is constantly pioneering new aviation technology solutions, including our Lexix speech recognition products and Voice Activated Cockpit interfaces



# Market Presence

## Current Market Opportunities



Speech Recognition



Air Traffic Management



Simulation Technology



Visual Scene Generation



Pilot Training



Controller Training

## Target Markets



Systems Integration



Homeland Security



Safety Critical Software



Subject Matter Expertise



Voice Activated Cockpit



Airport Driver Training

# Air Traffic Control Simulation & Training: MaxSim

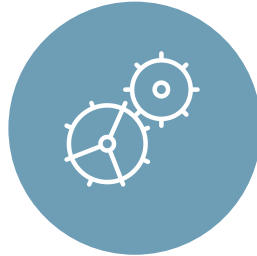
ADACEL IS A PREMIER SUPPLIER OF AIR TRAFFIC CONTROLLER TRAINING SYSTEMS



90%

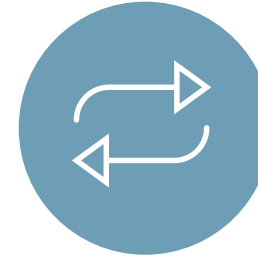
Adacel has well over 90% market share with air traffic controller training systems in the U.S.

- Installed base of more than 350 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



Training systems for use in both civil and defense environments and for research, planning and modeling of air traffic procedures. Adacel has won all major large scale simulator system deployment contracts in the USA

# Air Traffic Management: Aurora

**Aurora ATM**

	French Guiana	FAA ATOP Program	NAV Portugal Oceanic Program
			
<b>Adacel's Aurora is a real-time, distributed, open architecture air traffic management automation system</b>			

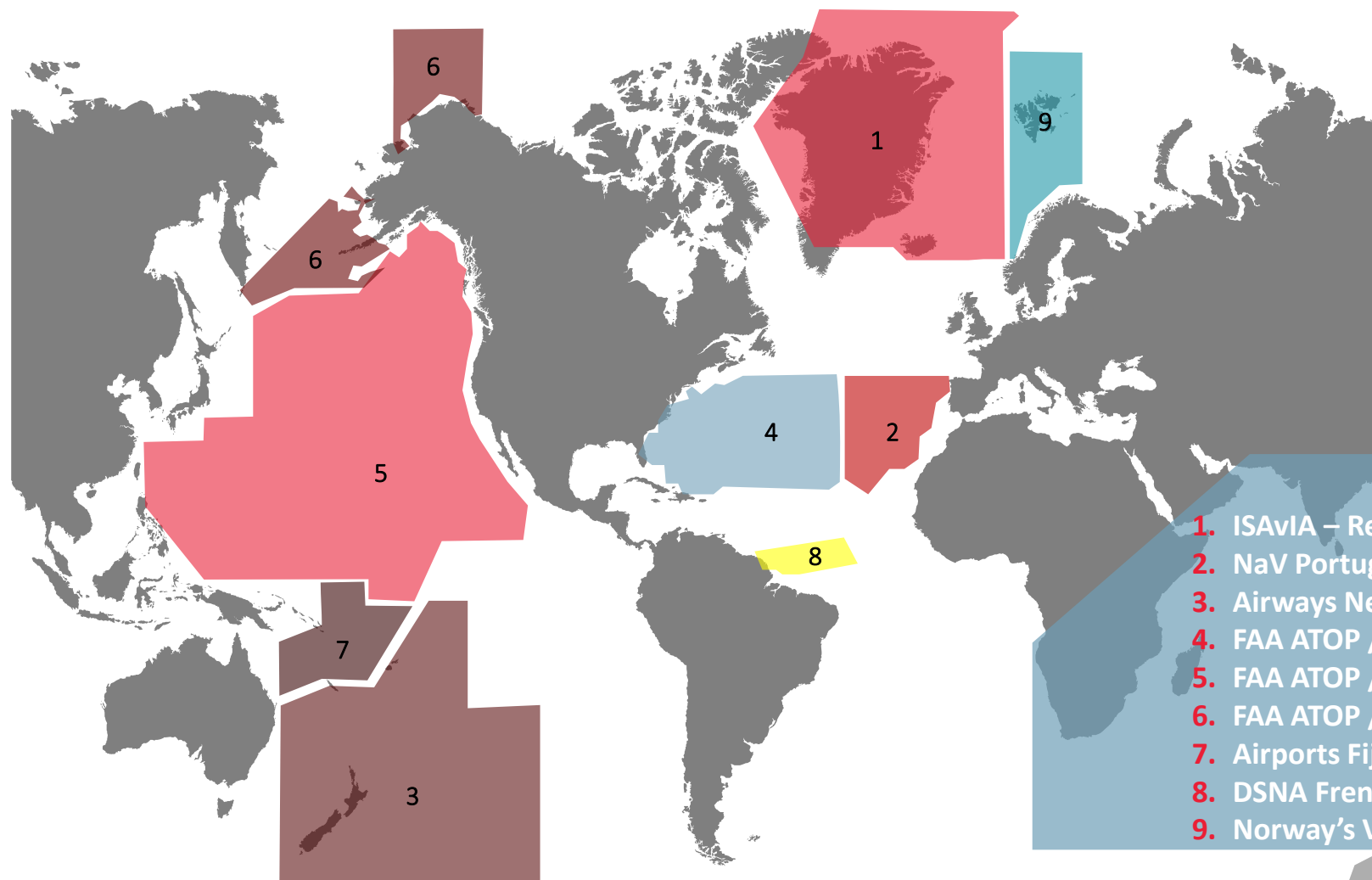
## Overview

- 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
- Built-in system flexibility easily handles the diverse mix of aircrafts using both conventional and NextGen communications

## Features

- 4-D flight profile maintenance and flight time calculations: Automatic calculation of estimated flight and fix times for all flight operations, both on and off airways
- Advanced conflict determination
- Integration of Automatic Dependent Surveillance ("ADS") and Controller Pilot Data Link Communications ("CPDLC")
- Monitoring of conformity of an aircraft's flight path to its cleared trajectory in terms of current position, time, altitude and future intentions
- Full integration with third-party radar data-processing systems and space based ADS-B
- Automatic coordination between adjacent sectors and centers
- Display of flight data and aircraft position data on high-resolution controller displays, including electronic flight strips
- Minimum safe altitude warning
- Recording and playback of all operations, resulting in benefits for training, operational analysis and investigation of incidents

# 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, covering in excess of 41 Million Sq Miles of airspace

1. ISAvIA – Reykyavik
2. NaV Portugal – Santa Maria
3. Airways New Zealand – Auckland
4. FAA ATOP / Ocean21 – New York
5. FAA ATOP / Ocean 21 – Oakland
6. FAA ATOP / Ocean21 – Anchorage
7. Airports Fiji – Nadl
8. DSNF French Guiana – Rochambeau
9. Norway's Vainer

Additional systems are due for installation in Martinique, Guadeloupe and an un-named South American country



# Services: ATM and ATC



## Extended System Support

Numerous extended support programs offered to customers

- Software and hardware extended warranties
- Annual maintenance services
- Remote system maintenance
- Telephone support
- Software upgrade services



## Field Service Support

### Field training services

- System maintenance
- System operator
- Operator and scenario creation training
- Air Traffic Instructors

### Field service representatives

- Support personnel are co-located at the customer's site to provide support services on an ongoing basis



## Government Services

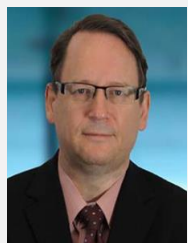
Provision of Adacel staff to support non Adacel government contracts including:

- Aviation subject matter experts
- ATC Instructors
- Systems operators
- Systems maintenance
- Software engineering
- Project management

**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.**

# Experienced Board & Management

## Senior Management



**Gary Pearson**  
Chief Executive Officer



**Brian Hennessy** - VP Business Development & Strategic Planning



**Daniel Verret (CPA, CA)**  
Chief Financial Officer



**Kevin Pickett**  
VP Operations

## Board of Directors



**Peter Landos**  
Non-Executive Chairman



**Silvio Salom**  
Non-Executive Director



**Mike McConnell**  
Non-Executive Director



**Natalya Jurcheshin (B.Comm, CA)**  
Non-Executive Director



**Sophie Karzis (B.Juris, LLB)**  
Company Secretary

# Outlook

01



Stronger H2 anticipated as key systems installations complete, and other systems roll off warranty

02



FY2019 PBT Guidance 21-32% below FY2018 (after adoption of AASB15)

03



Strong pipeline for additional ATM systems

04



New ATM business unit to be launched in March

05



Increased ATOP level of effort to continue. USAF support contract renewed for an additional 5 years

# Appendix – Corporate Overview

## CAPITAL STRUCTURE

Shares on Issue	76.63m
Remaining shares available for buy-back	6.05m
Share Price as at 27/02/2019	\$0.795
Market Capitalisation	\$59.4m
Cash as 31 December 2018	\$3.1m
Dividend per share	1 cent per share





# CONTACT US

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