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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 2018 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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All references to dollars are to Australian currency unless otherwise stated.

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**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  @adaclesystems
### FINANCIAL SNAPSHOT: 30 JUNE 2017

<table>
<thead>
<tr>
<th>Profit Before Tax of $7.9M, above top end of guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in final dividend – 2.25 cps</td>
</tr>
<tr>
<td>Special dividend – 7.75 cps</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Continued growth in Services segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower contribution from Systems segment, expected to reverse trend in 2018</td>
</tr>
<tr>
<td>Recognition of asset relating to unused tax credits</td>
</tr>
</tbody>
</table>
FINANCIAL METRICS: 30 JUNE 2017

NET CASH
A$16.4M
3.7%

GROSS MARGIN
42.1%
3.1Pts

REVENUE
A$42.4M
19.0%

EPS
11.7cps
0.7%

GLOBAL PRESENCE
40 COUNTRIES

EBITDA
A$8.8M
25.6%

PROFIT BEFORE TAX
A$7.9M
27.4%

DIVIDENDS
11.75cps
292%

Comparison – year ended 30 June 2016
REVENUE SOURCES

Existing customer-services revenue. Typically in backlog or will be awarded under an existing contract option. Generally not affected by contract timing.

Existing customers-additional systems/services. Commonly sole source awards and comprised of mostly systems revenue. Highly probable revenue, though at risk of impact by customer budgets and timing.

New customers - competitive awards. Awards most likely impacted by customer timing and given highly competitive nature of bids, often lower margin programs for the initial system deliveries.
## HISTORICAL COMPARISONS

### Revenues and Gross Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues ($’000)</th>
<th>GM ($’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$41,914</td>
<td>$17,217</td>
</tr>
<tr>
<td>2016</td>
<td>$47,917</td>
<td>$21,635</td>
</tr>
<tr>
<td>2017</td>
<td>$42,432</td>
<td>$17,884</td>
</tr>
</tbody>
</table>

### EBITDA and PBT

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA ($’000)</th>
<th>PBT ($’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$6,992</td>
<td>$5,913</td>
</tr>
<tr>
<td>2016</td>
<td>$11,871</td>
<td>$10,818</td>
</tr>
<tr>
<td>2017</td>
<td>$8,836</td>
<td>$7,851</td>
</tr>
</tbody>
</table>
HISTORICAL SEGMENT COMPARISONS

* All numbers ($’000)
REVENUE CONTRIBUTIONS BY SEGMENT

FY2017
ADACEL GLOBAL PRESENCE

PRODUCTS          INSTALLS/LICENSES
ATC SIMULATORS    364
ICE PHRASEOLOGY TRAINERS 467
AURORA ATM        15
VOICE ACTIVATED COCKPIT 63
LEXIX SPEECH UPGRADES 497
OTHER SIMULATORS  49
SIMULATOR SERVICES REVENUE

AVERAGE SERVICE REVENUE PER SIMULATOR INSTALL

$42,000

SERVICES REVENUES FROM ATC & OTHER SIMULATIONS

$17 Million

413 SIMULATORS
222 CITIES
31 COUNTRIES
In the 5 years prior to 2015, 2,795 air traffic controllers retired from the FAA.

In the 5 years prior to 2015 the FAA hired 4,400 new controllers.

Between 2015 and 2020 the FAA planned to hire an additional 6300 controllers.

14,000 federal controllers, 1280 civilian contract controllers and 10,000 military controllers provide services to 24.6 million square miles of airspace.

“Increased use of simulators are helping the FAA meet its goals........We must also integrate new technologies....From state-of-the-art simulators to satellite technology”.

Between 2017 and 2018, the FAA predict 25% of new hires lost in training attrition. Total attrition is >100% of total hires.

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### Types of Facility

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<tr>
<th>Facility Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRACON – A facility that provides radar services to departing and arriving aircraft</td>
<td>27</td>
</tr>
<tr>
<td>Tower and Radar Approach Control – Provides ATC tower and ATC radar services to departing and arriving aircraft</td>
<td>130</td>
</tr>
<tr>
<td>Additional Towers</td>
<td>130</td>
</tr>
<tr>
<td>En-Route – Provides ATC services to aircraft during the En-route (cruise) portion of the flight</td>
<td>22</td>
</tr>
<tr>
<td>Contract Towers – towers manned by private contractors</td>
<td>253</td>
</tr>
<tr>
<td>Military facilities</td>
<td>&gt;150</td>
</tr>
</tbody>
</table>

ATM SERVICES REVENUE

Zones 4, 5 and 6, FAA ATOP program, produces approximately $12M in annual services revenue.

NavPortugal (2), Fiji (7) French Guiana (8) and Norway (9) contribute approximately $4M in annual services revenue.

Iceland (1) is a legacy Aurora system not currently managed by Adacel. The New Zealand (3) system is currently part of a major modernization program that includes Adacel Aurora licenses.
### INCOME TAX

<table>
<thead>
<tr>
<th>Entity</th>
<th>Percent of Revenue</th>
<th>Tax Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adacel Inc - Canada</td>
<td>48%</td>
<td>At a federal level, the tax rate is 15%. Adacel Inc has A$11.6M of tax credits related to prior years and therefore incurs no federal taxes for the year. The provincial income tax rate for Quebec is 11.9%. Our tax provision for FY17 was approximately C$780k, however Adacel benefits from Canadian tax credit programs relating primarily to Research and Development of approximately C$1.2M each year, resulting in Zero taxes paid.</td>
</tr>
<tr>
<td>Adacel Systems Inc - USA</td>
<td>52%</td>
<td>Corporate tax rate is 34%. Although responsible for 52% of revenue, taxable income for ASI was approximately US$850k, resulting in a tax provision of approx. US$290k for FY17. There are no losses or credits available to ASI that can be applied.</td>
</tr>
<tr>
<td>Adacel Technologies Inc - AUS</td>
<td>Less than 1%</td>
<td>ATL has no taxable income though we seek to generate future income in Australia to enable the utilization of previous tax losses.</td>
</tr>
</tbody>
</table>
GROWTH STRATEGY

EXISTING CUSTOMERS
With over 400 installations, Adacel has a captive market for an ongoing series of new products and upgrades. Customers can make direct contract awards.

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.

NEW PRODUCTS
Increased competitive advantage through the introduction of new complimentary products and new technology enhancements.

EXPANDED SERVICES CAPABILITY
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, NASA.

ADJACENT/NEW MARKET OPPORTUNITIES
Grow addressable markets by adapting existing core capabilities to new adjacent markets, where Adacel technologies and skills can provide a competitive advantage.

ACQUISITIONS
Grow capabilities and addressable markets through acquisition of businesses with existing revenue streams and complimentary technologies and market spaces.
Anticipated strong earnings growth based upon the consistency and growth of Services revenue, plus new system sales awarded late in the FY2017, new ATC orders in early in FY2018 and successful award of French Territories.

Increasing level of effort on the FAA ATOP program that will contribute to further growth in the Services business.

Growing US government qualifications positions Adacel to pursue large contract opportunities in government services.

An authorized US budget for FY2018 has potential to lead to increased visibility of sales opportunities from the FAA and DoD.

Success in the new French Territories program should position us well for the award of the final two systems under this contract.

Expect high systems success rate to lead to further growth in the services business as the new systems enter the long term support phase.
Gary Pearson
Chief Executive Officer

Peter Landos
Chairman

Sophie Karzis
Company Secretary