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AVTECH reorganizes and implements management changes and cost savings

AVTECH Sweden AB (publ) today announces the changes that the company notified in advance in connection to the announcement of the company's reorganization approximately one month ago. The changes are aimed at profitability through focus on Sales and through short and mid-term implementation of the company's technical solutions and consultancy opportunities.

New organization

AVTECH has implemented a new organization consisting of three business units; Business Unit Aventus NowCast, Business Unit Consultancy and Business Unit Research and Development. BU Aventus NowCast is led by David Alvord, the former CEO of AVTECH Sweden; BU Consultancy is led by Ryan Ellison, and BU Research and Development is led by Anders Palm. Christer Staaf is as communicated in earlier press-releases the newly appointed CEO of AVTECH Sweden, to participate deeply in Sales; and Jonas Saric remains the CFO. Sales and delivery responsibility resides separately within BU's Aventus NowCast and Consultancy; marketing responsibility is managed by the CEO and IR and HR responsibility is managed by the CFO.

Management changes

The following persons have resigned from their previous management positions but remain in important positions within AVTECH; David Alvord, the former CEO; Wolfgang Sagmeister, the former BU Director Products and Marketing; Alexander Seger, the former BU Director Professional Services. Jonas Saric and Anders Palm remain in their positions, but Anders Palm will during August 2013 resign from his position for an extended leave of absence. A replacement for Anders Palm has not yet been appointed.

Cost savings

AVTECH has as part of the reorganization implemented cost savings of approximately 35% of the fixed costs of the company, which will gradually have an impact during the upcoming three months. Fixed costs will be reduced from approximately 1,35 MSEK/month to approximately 0,85 MSEK/month. Savings consist mainly of a reduction of the number of employees (a reduction of four employees), partly of a reduction of miscellaneous office and IT-costs.

Strengthened focus on Sales and delivery

In spite of fewer employees the new organization significantly increases the resources dedicated to the company's Sales and implementation activities. 60% of staff is now active within BU Aventus NowCast; 30% within BU Consultancy and 10% within BU Research and Development. In addition to fixed employees AVTECH has access to a large number of qualified subcontractors who can be contracted on an assignment-basis within all Business Units in case there is a paying end-customer.



Forecast

AVTECH remains without a publicly communicated forecast on when profitability is to be achieved. A forecast will be communicated during the third quarter of 2013 in connection to when cost reductions and sales activities begin to have an impact, and in connection to additional progress of the ongoing activities to find a long term financing solution.

“The reorganization is a very important step for AVTECH to reach profitability”, says CEO Christer Staaf. “In spite of us unfortunately being forced to see some of our skilled employees leave, while down-prioritizing several of the exciting opportunities to develop unique solutions with high longer term profitability potential, I am convinced that the changes are the right ones and that they are absolutely necessary to internally and externally prove the intrinsic potential of AVTECH. The changes are not only short-term in the sense that there is an obvious need to quickly achieve profitability, i.e. to reduce costs and to increase revenue, but they are also important in the longer term. AVTECH will after finishing a successful reorganization exit the reorganization as a company with a strong inborn focus on sales and profitability, attractive not only for its current and former employees but for all stakeholders of the company”, continues Christer Staaf. “Plenty of hard work remains and pressure on staff is great, but I am proud in spite of redundancies over the manner in which our excellent employees have taken on board the challenges that AVTECH face and I am hopeful that the situation will work out for the best. The situation does in itself constitute a catalyst to ensure that we will have an even better AVTECH in the future”, finishes Christer Staaf.

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About AVTECH Sweden AB (publ)

AVTECH develops products and services for digital Air Traffic Management (ATM). Its customers include the global aviation industry; e.g. airlines, airports, aviation authorities, technology companies and airline manufacturers. By using AVTECH’s products and services, each individual flight as well as the entire airline operation can be optimized in terms of cost, noise and emission, efficiency, punctuality and safety. The head office is in Stockholm, Sweden with subsidiaries in Toulouse, France and Dubai, U.A.E. AVTECH Sweden AB is listed on NASDAQ OMX First North and has appointed Mangold Fondkommission AB as Certified Adviser.