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# **Arotech Training And Simulation Division Receives \$36M Follow-On Order For Its Virtual Clearance Training Suite Program**

## **Company Updates Full Year Guidance for 2014**

ANN ARBOR, Mich., June 23, 2014 /PRNewswire/ -- FAAC Incorporated, part of Arotech Corporation's (Nasdaq GM: ARTX) Training and Simulation Division, has received an Engineering Change Order from the U.S. Army's Program Executive Office for Simulation, Training, and Instrumentation (PEO STRI) valued at \$36 million; \$20.4 million of this amount is funded, with an additional \$15.6 million in options. The change order to FAAC's Virtual Clearance Training Suite (VCTS) program reconfigures the previously contracted 28 training suites to match the U.S. Army's current operational concept for Route Clearance companies and includes options for continued contractor logistical support of the fielded systems.

VCTS simulates the wide array of large and small technical devices, purpose-built mine-protected security, detection, & clearing vehicles to train the ever-evolving tactics and techniques used by the U.S. Army to combat improvised explosive devices. The reconfiguration effort will commence immediately and continue through 2016.

"It is important to train as you fight; because you fight as you have trained," said Kurt Flosky, Arotech Training and Simulation's Executive Vice President. "We are very pleased to receive this extension to our existing VCTS program. This change proposal will utilize the inherent flexibility of the solution to ensure that the fielded VCTSs simulate the actual configuration of today's Route Clearance teams as their mission and equipment continues to evolve. The fielded systems to date have been well received by the units and we are pleased to be able to continue our support of the VCTS program and play a key role in maximizing its effectiveness."

Arotech also announced that it is updating its full-year 2014 revenue and EBITDA expectations. The timing of recent awards and planning of programs in hand has altered Arotech's 2014 revenue guidance to be in the range of \$105 to \$111 million while increasing net backlog to \$80.6 million (as of June 1, including the funded portion of this order). Given improvement in margins as well as the favorable product mix of orders in hand, Arotech expects to improve its overall profitability levels. Arotech updates its expectations for full year adjusted EBITDA to be in the range of \$7.8 to \$8.3 million.

### **About Arotech's Training and Simulation Division**

Arotech's Training and Simulation Division (ATSD) provides world-class simulation based training solutions. ATSD develops, manufactures, and markets advanced high-tech multimedia and interactive digital solutions for engineering, use-of-force, and operator training simulations for military, law enforcement, security, municipal and private industry personnel. The division's fully interactive operator training systems feature state-of-the-art

vehicle simulator technology enabling training in situation awareness, risk analysis and decision-making, emergency reaction and avoidance procedures, conscientious equipment operation, and crew coordination. The division's use-of-force training products and services allow organizations to train their personnel in safe, productive, and realistic environments. The division provides consulting and developmental support for engineering simulation solutions. The division also supplies pilot decision-making support software for the F-15, F-16, F-18, F-22, and F-35 aircraft, simulation models for the ACMI/TACTS air combat training ranges, and Air-Refueling Boom Arm simulators.

Arotech's Training and Simulation Division consists of FAAC Incorporated ([www.faac.com](http://www.faac.com)), IES Interactive Training ([www.ies-usa.com](http://www.ies-usa.com)), and Realtime Technologies ([www.simcreator.com](http://www.simcreator.com)).

### **About Arotech Corporation**

Arotech Corporation is a leading provider of quality defense and security products for the military, law enforcement and homeland security markets, including multimedia interactive simulators/trainers and advanced zinc-air and lithium batteries and chargers. Arotech operates two major business divisions: Training and Simulation and Battery and Power Systems.

Arotech is incorporated in Delaware, with corporate offices in Ann Arbor, Michigan, and research, development and production subsidiaries in Alabama, Michigan, South Carolina and Israel. For more information on Arotech, please visit Arotech's website at [www.arotech.com](http://www.arotech.com).

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*Except for the historical information herein, the matters discussed in this news release include forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect management's current knowledge, assumptions, judgment and expectations regarding future performance or events. Although management believes that the expectations reflected in such statements are reasonable, readers are cautioned not to place undue reliance on these forward-looking statements, as they are subject to various risks and uncertainties that may cause actual results to vary materially. These risks and uncertainties include, but are not limited to, risks relating to: product and technology development; the uncertainty of the market for Arotech's products; changing economic conditions; delay, cancellation or non-renewal, in whole or in part, of contracts or of purchase orders (including as a result of budgetary cuts resulting from automatic sequestration under the Budget Control Act of 2011); and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2013 and in Exhibit 99.3 to Arotech's Current Report on 8-K, filed on April 1, 2014, and other filings with the Securities and Exchange Commission. Arotech assumes no obligation to update the information in this release. Reference to the Company's website above does not constitute incorporation of any of the information thereon into this press release.*

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