



XTEK

INVESTOR PRESENTATION

June 2019

www.XTEK.net | ASX: XTE

CORPORATE OVERVIEW

XTEK is focused on commercialising proprietary products globally and becoming an integral part of the global supply chain within the Australian defence industry

Trading information

Share price (28 May 2019)	A\$0.445
No of shares	40.6m
Market capitalisation	A\$18.1m
Net debt / (net cash) ¹	(A\$6.6m)
Enterprise value	A\$11.5m

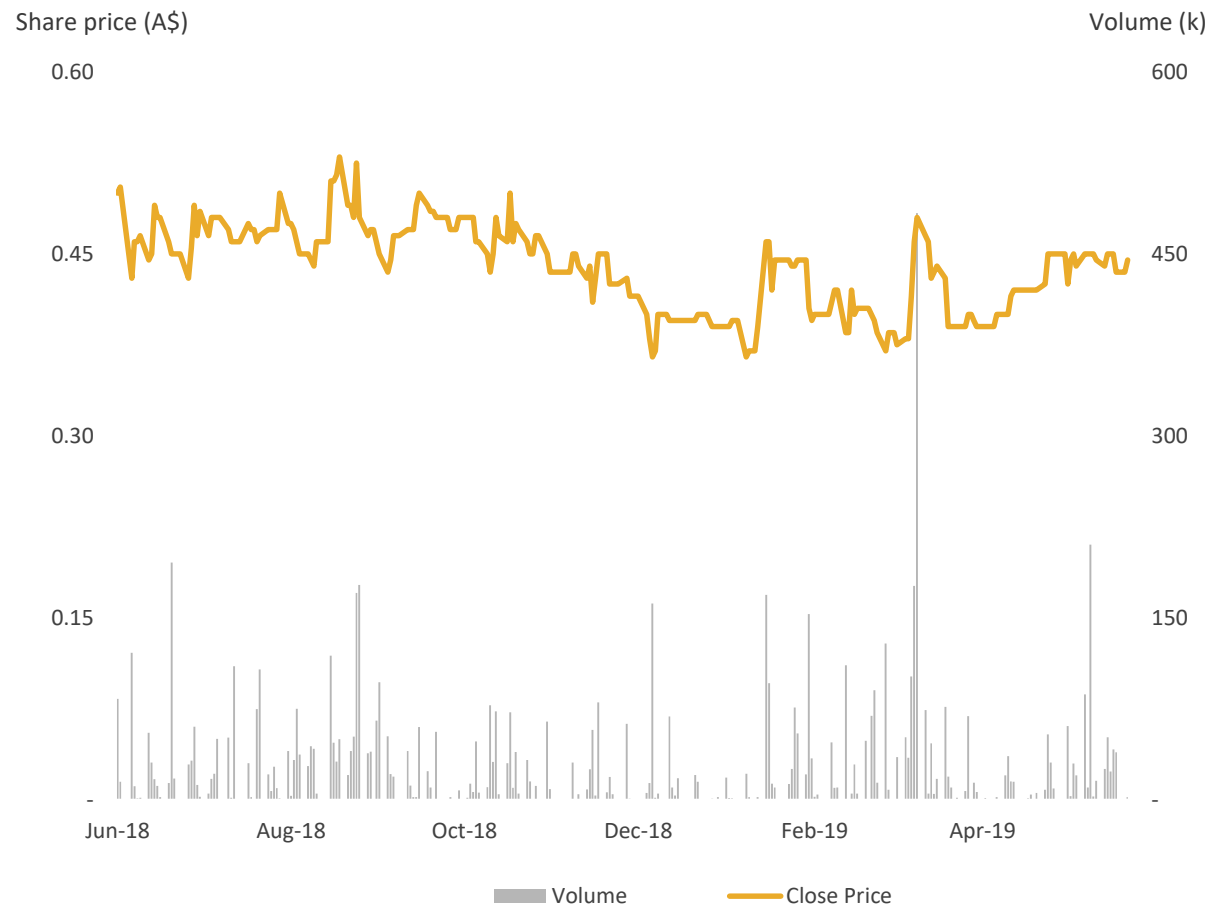
XTEK Board

Uwe Boettcher	Non-Executive Chairman
Philippe Odouard	Managing Director
Robert Quodling	Executive Director
Ivan Slavich	Non-Executive Director
Chris Fullerton	Non-Executive Director

Major shareholders

Uwe Boettcher	13.2%
Mrs Wendy Wing Lin Lo	6.2%
Fairlane Management	5.2%

LTM share price performance



Source: IRESS, company information

1. Cash as at 31 December 2018

OPERATIONAL STRATEGY

XTEK's focus on commercialising proprietary products leverages existing strategic networks and relationships to deliver shareholder value



High margin proprietary products with global opportunities in high growth sectors

Financial stability secured with a profitable underlying business, with exclusive distribution agreements from key defence customers

XTEK has grown its engineering capability to deliver more value, adding in new products and increasing its margin

KEY ACTIVITIES AND PRODUCT FOCUS

XTEK is focused on being the supplier of choice for a range of products and support services to the defence, law enforcement and government sectors globally

Proprietary products

Reseller products and services



Ballistic products and technology

XTclave™ technology enables market leading products - ballistic plates, helmets and more; additional advanced composite solutions



Intelligence and surveillance

A platform technology designed for existing UAS, providing real time intelligence from low cost UAS Full Motion Videos (FMVs)



Additional defence related products

Product distributor and service supplier; exclusive AeroVironment distributor¹; exclusive Heckler & Koch value-added reseller²



XTclave™ products



XTatlas™

Focused on SUAS sales and aftermarket support and leveraging distribution networks

1. Exclusive distributor in Australia and New Zealand for SUAS products
 2. Exclusive value-added reseller in Australia for weapon systems

XTclave™ PRODUCTS

Innovative design, advanced materials and state-of-the-art process enables XTEK to deliver a range of breakthrough, market-leading performance and lightweight XTclave™ products with access to large markets

Ballistic armour products

XTEK key focus is on developing high performance, lightweight ballistic armour products including plates, helmets and armour for large scale assets



Armour plates



Helmet shells



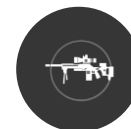
Platform armour

Global Armour Materials Market

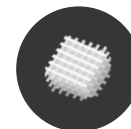
US\$12.1bn by 2022

Advanced composite solutions

Product enhancement enable lightweight, customised composite solutions to be used across a range of products and explore other significant market opportunities



Lightweight systems



Carbon products



Space satellite and launcher systems

Global Advanced Composites Market

US\$41bn by 2024

Source: Markets and Markets, Armor Materials Market (2018); Grand View Research Inc., Advanced Composites Market Size Worth (2018);

1. Ballistics and Armour products are XTEK's current focus and a minimum viable product (MVP); this will allow the Company to validate learning and gain feedback for future product development

XTclave™ BODY ARMOUR OVERVIEW

XTEK's is focused on producing the world's lightest and strongest body armour for military, defence and law enforcement agencies, using its XTclave™ patented manufacturing technology

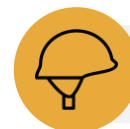


XTclave™ ballistic armour plates

- ✓ A range of leading products offering excellent ballistic protection: some are **up to 30% lighter**; and some provide **increased product life and added buoyancy**
- ✓ **Validation** from numerous international defence clients
- ✓ **Achieved domestic and international orders** for SAPI¹ plates



1. SAPI: Small Arms Protective Insert



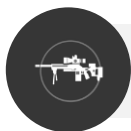
XTclave™ helmet shells

- ✓ Only composite helmet that can **stop common AK-47 bullets**
- ✓ **US Department of Defense funded** testing program for Ballistic Helmets using XTclave™
- ✓ **Finalising development** in Adelaide facility



XTclave™ COMPOSITES OVERVIEW

XTEK's advanced composite solutions provide an opportunity to utilise proprietary technology in industries both within and outside defence

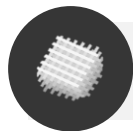


Lightweight systems

- Includes using XTclave™ to produce lightweight, high performing sniper rifle parts for XTEK's Tac. 2 for the Australian Defence and Police forces



XTEK produced components



Carbon products

- Using XTEK's patented consolidation technology, produce high fibre volume fraction composites



Composite materials



Metals



Polymers



Space satellite and launcher systems

- Leveraging technical advantages, including achieving a higher specific strength to weight ratio
- Unique advantage of reducing plastic outgassing due to ultra high process pressure, often considered a limiting factor for lightweight plastics use in space



XAtlas™ REAL-TIME SITUATIONAL AWARENESS

Targeting near term commercial discussions to achieve further sales in global markets, following first commercial sales to the ADF for evaluation purposes and first international sale

XAtlas™ is a SUAS software application that provides real time intelligence from low cost UAS Full Motion Videos (FMVs)

- ✓ **Significant upside potential as XAtlas™ can be retrofitted** to existing UAS, with AeroVironment having delivered more than 25,000 UAS globally
- ✓ Provide **near real time 3D modelling and mapping at a fraction of the cost** of similar data from large UAV systems
- ✓ Strong **relationship with AeroVironment** and significant **global interest** from users and suppliers
- ✓ **Potential for diverse uses** including law enforcement, search and rescue, and disaster response and asset inspection



Source: Geobuiz "Geospatial Industry Outlook & Readiness Index" 2018 edition, Geospatial Media & Communications; AeroVironment

SUAS: SMALL UNMANNED AERIAL SYSTEMS

The ADF SUAS contract underpins ongoing distribution business and positions XTEK favourably for growth

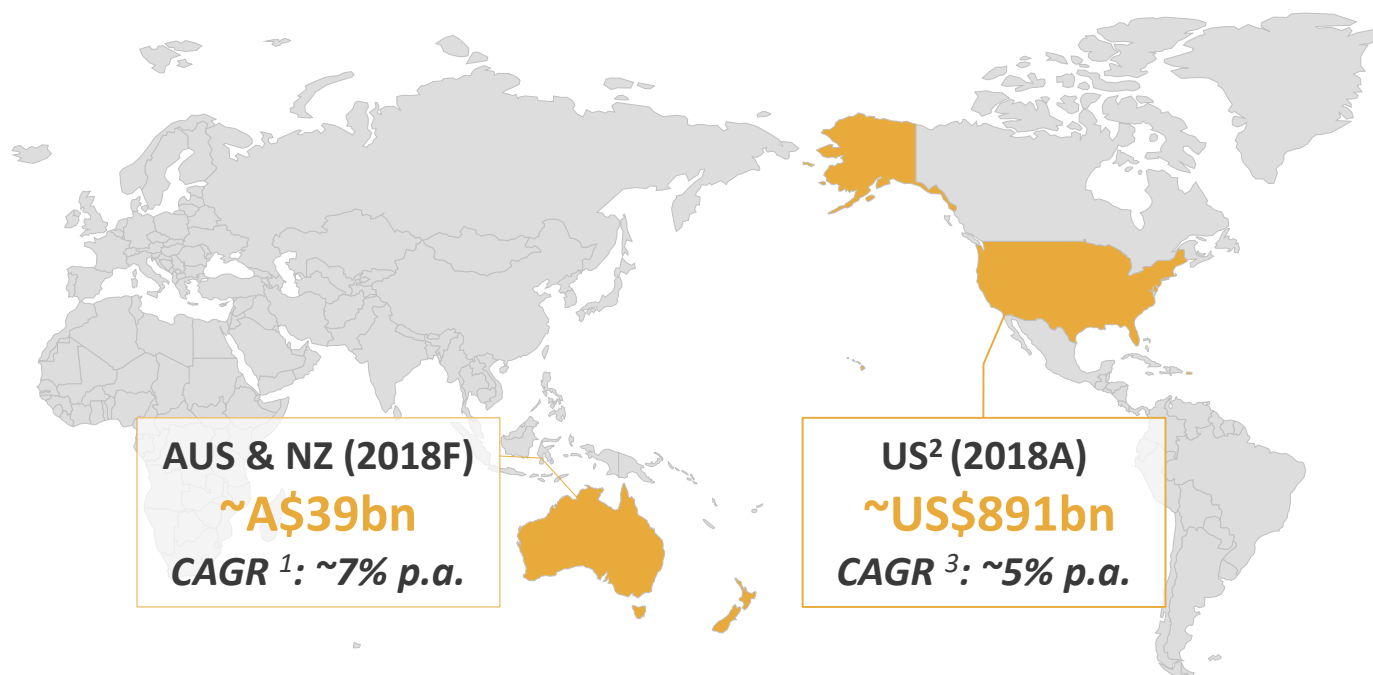


- XTEK has an **exclusive agreement with AeroEnvironment**, the leading SUAS supplier globally, for Australia and New Zealand
- In July 2017, **XTEK secured a ~A\$42m initial contract** to deliver a range of AeroVironment WASP AE SUAS products to the ADF
- Completed first delivery of WASP AE SUAS products to the ADF, with the **potential to expand beyond existing supply contract**
- Opportunity exists for XTEK to **leverage its strong networks with the ADF and AeroVironment** in tendering for additional SUAS contracts in the future
- New programs being bid and delivered in Australia and overseas on larger systems like Puma as needs for SUAS grows in the market after first utilisation

FAVOURABLE DEFENCE SECTOR THEMES

XTEK is well positioned to capitalise on favourable domestic and international trends in defence spending

Defence and military expenditure in key target markets



Underpinned by the highest level of global military expenditure in over 25 years, estimated to be more than **US\$1.8tn** in 2018 (~2.1% of global GDP)

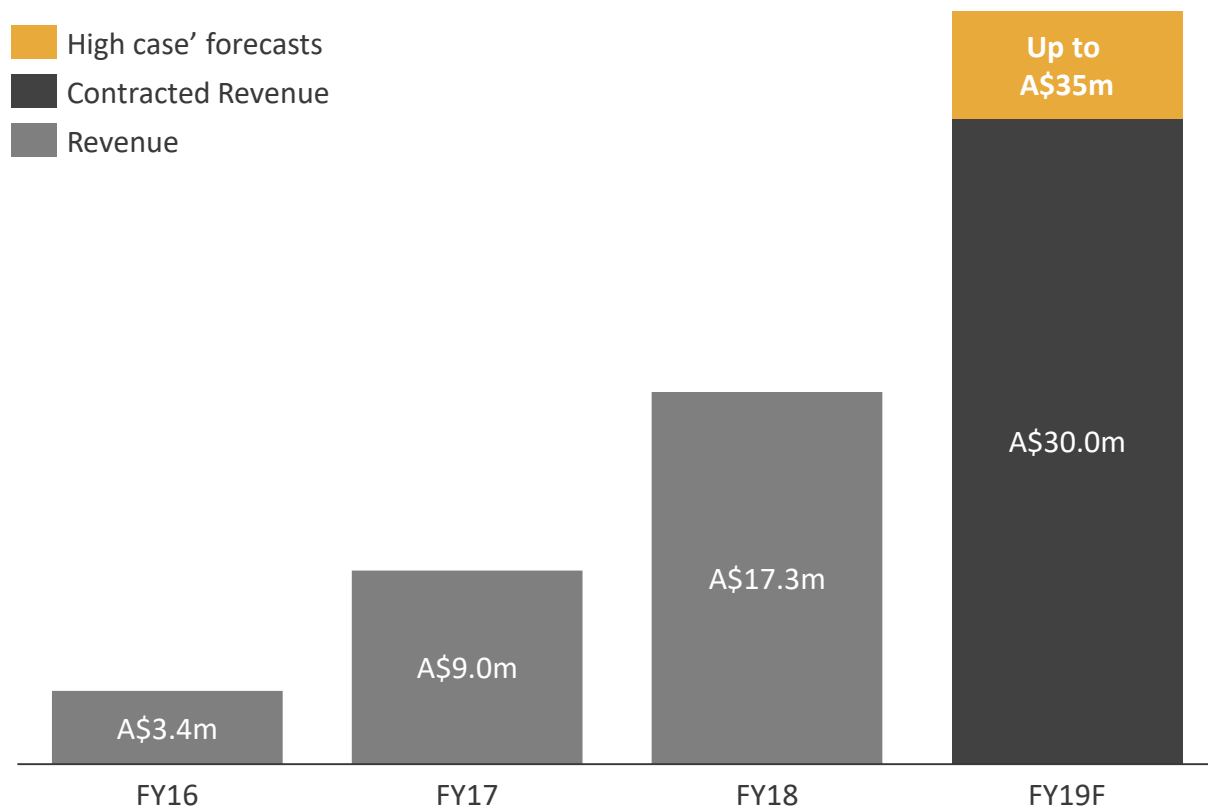
Source: Australian Government Department of Defence; Australian Defence 2018; SIPRI 2018; NZ Government Budget 2018; The balance 2019; Trading Economics 2018; Defense News 2019

1. Australian compound annual growth rate, measured from 2018 to 2026
2. Includes base budget for the Department of Defense; overseas contingency operations for DoD; other (including Department of Veterans Affairs, Homeland Security and FBI)
3. Compound annual growth rate, measured from 2017 to 2018

OUTLOOK

XTEK continues to execute on its operational strategy and is well positioned to deliver further revenue growth in FY19, with a further increase in expected revenue guidance to A\$30m-A\$35m

FY19 revenue guidance¹ (A\$m)



Key catalysts

- Develop XTclave™ production capabilities, receive first significant orders to fill \$20m factory capacity
- Closing significant sales and distributors for XTatlas™ software
- Complete further SUAS deliveries and associated maintenance services
- Win further defence contracts and additional purchase orders

Source: company information

1. Contracted revenue exclude associated logistics maintenance revenue; revenue guidance excludes revenue from ballistic plates

KEY INVESTMENT HIGHLIGHTS

XTEK is accelerating the commercialisation of high-margin proprietary products in key markets and is underpinned by favourable market sentiment within the domestic and global defence industry

Favourable defence market sentiment globally

- Western defence budget increasing above inflation to >2% of GDP, while Aus. defence budget increasing to >A\$50bn with focus on local content

Commercialising high-margin proprietary products

- XTclave™ and XTatlas™ products have achieved first international sales
- XTclave™ manufacturing facility expected to be complete in 2H CY2019

Profitable reseller business with growth opportunities

- Established ADF supplier, contracted to for SUAS fleet / support services
- Supply leading brands to growing Australian client base / sales channels

Well positioned underpinned by strong financial outlook

- Strong operational performance, financial position and revenue pipeline of A\$46m¹ enables the assessment of value accretive opportunities

1. Contracted orders to be delivered as at end April 2019

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