

XTEK LTD
PROTECT AND SUSTAIN

Managing Director
AGM Presentation
25 November 2016



Forward Looking Statements

This presentation includes forward-looking statements that are subject to many risks and uncertainties. The risks are discussed in XTEK's ASX announcements and risks associated with economic conditions, movement in exchange rates, industry risk as well as law, regulatory and policy risk. XTEK disclaims any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

2015/16 year disappointing

- Xtek has announced a turnover of \$3.3m and a loss of \$1,580K for 2015/16
- Reasons to be found in the loss of some opportunities, staff movement and delays in the orders due to the announcement of the elections in May 16 which blocked any decision until the new year
- But also in the strategy we are following
- What are we doing about it?

What are we doing about it?

- Market in homeland security for agency products is low margin, very long term as Defence and administration decisions are slow and prone to changes depending on the political context.
- Creates a feast/famine model.
- Consequence is that the turnover has been around the \$5-6m for the last few years and the company has barely been profitable.
- A new growth strategy has been designed to deliver higher margins, steadier business and high growth based on the new products developed in the last few years
- A change of management took place in October 2016 to deliver it



Strategic background

- The Australian Government is facing an increased level of threat from terrorism demanding better technical detection and response solutions on its critical infrastructures.
- The liberal government is increasing its spending in Defence and Homeland Security following the release of the 2016 Defence White Paper which will increase Defence spending to 2% of GDP by 2022
- It is demanding higher levels of Australian Industry Content boosting a decimated industrial landscape and using the high level of skills for the sophisticated Australian workforce



New growth strategy

- In line with the new government policy and the traditional business model, XTEK is adding improved solutions to enhance its market presence, its value add and profitability:
 - Addition of new innovative product lines in its agency business which meet contemporary threats (Ronin, DetectaChem)
 - Higher value added and steadier business through local manufacture of parts using own technology – Xtek Tac 2 Sniper rifle using XTclave™ or ballistic plates for export or local market.
 - Value add on agency products by supplying wider solutions to Defence such as image processing software of the images generated by UAS(Land 129 Phase 4). Taking a prime contractor role towards Defence for new agency business
 - Commercialise mature products developed by XTEK (XTclave™, XTatlas™ and XTviz™) on a worldwide basis and/or provide services based on those unique products.
- This enhanced strategy is building on the company strengths, highly skilled staff and follows the government new direction and will deliver fast growth, steadier turnover and substantially higher margins.
- XTEK has invested heavily in the last few years to get to this level, postponing returns for shareholders, but now has the contracts, the products and the skilled staff to deliver this fast growth.

XTEK Innovations



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Xtek innovations

- XTEK has four cutting-edge innovations with large and globally addressable markets

XTclave™

patented process to create advanced ballistic protection laminates and lightweight structural composites

XTatlas™

unique contextual real-time mapping solution currently under development

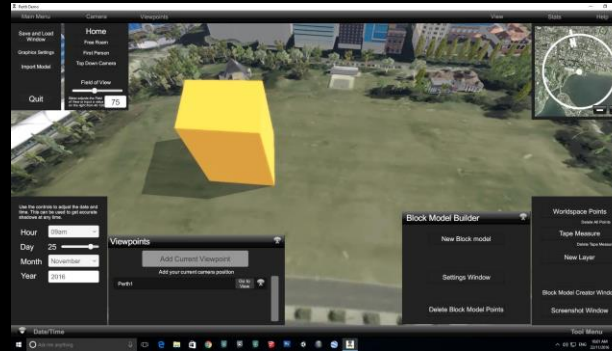
Xtek Tac 2 Sniper rifle

Xtviz™

Unique spatially accurate real-time 3D simulations of real world environments to assess impacts, such as analysis of view loss and sun shadows from a proposed new building



Australian made, worldwide potential





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XTclave™ – Game Changer

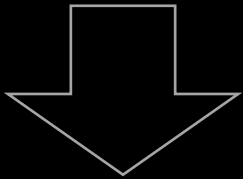


- ▶ a unique composite manufacturing solution
- ▶ stronger, lighter, stiffer and complex shaped composite items
- ▶ patented technology



XTclave™ – a unique solution

- ▶ **Problem** – need stronger, lighter, stiffer and often complex shaped parts



- ▶ **Solution:**

XTclave™



Soldier with Body Armour



Carbon fibre tube fabrication



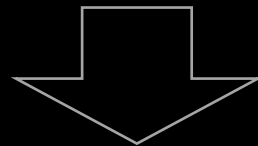
Carbon fibre weapon components

US DoD FCT Program Funding

- ▶ US DoD Foreign Comparative Testing (FCT) Program – US\$1.5m
- ▶ **Purpose** - to develop advanced lightweight hard armour plate solutions using XTclave™



Personal hard armour protective plates

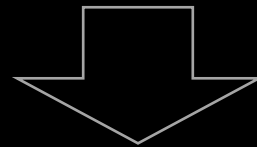


The US DoD FCT Program potentially validates the XTclave™ technology

US Market – US\$6.45bn

The US market accounts for ~50% of the global market

The personal protection hard armour market
~34% of worldwide market of US\$12.9bn



A US\$2.2bn market opportunity over 2017-
2022

Also plan to address the protective headgear
market – US\$1.48bn

Armour Business

- FCT project nearly complete. Shows very high level of performance compared to other technologies
- Direct production in Australia
- Joint venture with US manufacturers or direct production in the US
- Potential JV with other manufacturers in Asia and Europe
- Other applications being considered – helmets



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Australian XTclave™ Business

- ▶ XTclave™ plant in Adelaide to be upgraded to production size

- Continue the development of the technology
- Revenue from the sale of parts made with Xtclave



- ▶ Xtek is investigating other applications for Xtclave for high compression complex shaped carbon fibre parts for the space, aerospace and automotive industries



XAtlas™ – What is it?

XAtlas™ is an XTEK UAS sub-system,

- ▶ **Providing UAS video feeds as a spatially accurate image over digital maps;**
- ▶ **Mosaic mapping from video**
- ▶ **Business model: Licencing of software together with service providing**



XAtlas™ is a potentially disruptive game changer capability in the UAS market



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XTAtlas™ – Contextual Video

UAS video in context on Google Maps



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XAtlas™ – Mosaic Mapping



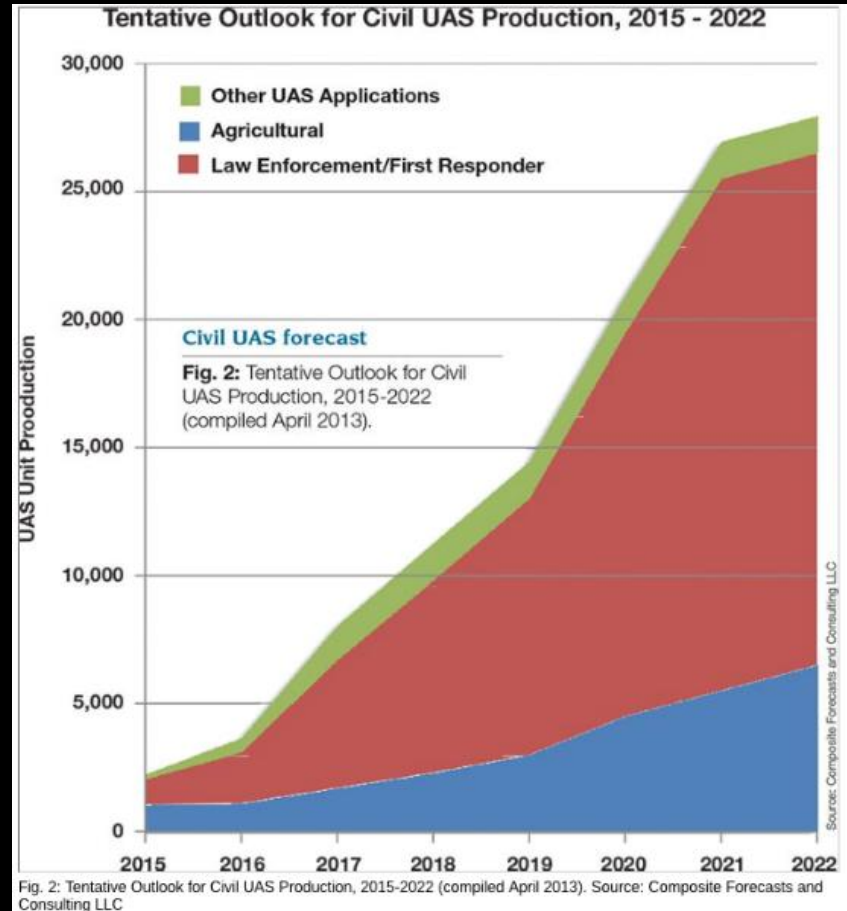
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UAS market – Forecasts

- The global market US\$6.76bn in 2014 to US\$10.57bn by 2020
- The global market for Commercial UAS is US\$1.27bn by 2020.

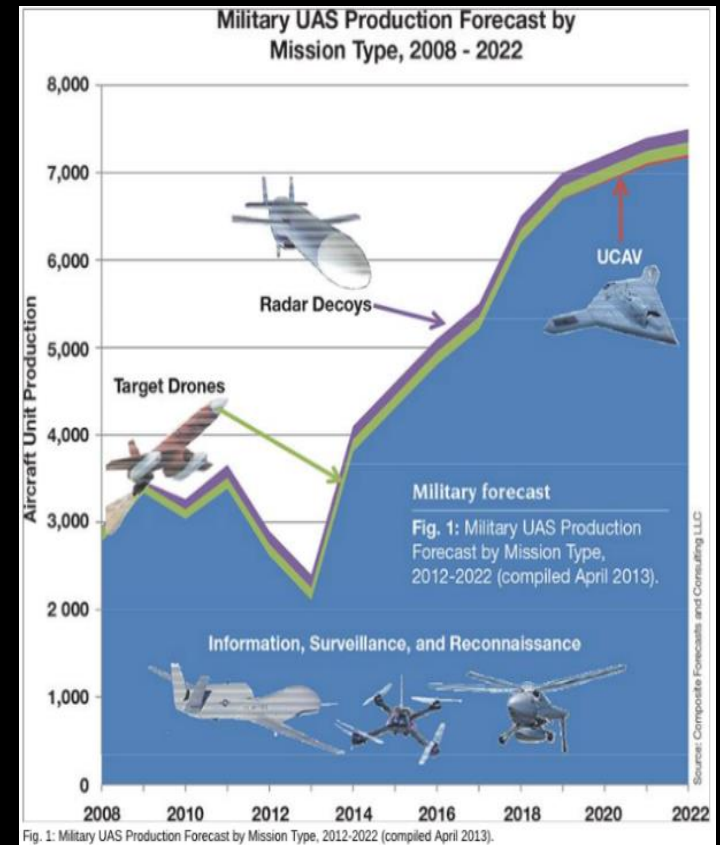
Source: MarketsandMarkets.com



Source: MarketsandMarkets.com.

UAS Military & Civil

- Military growth from 4,500 units in 2015 to 7,000 in 2020.
- Civil production growth approximately 2,500 units in 2015 to over 20,000 units in 2020.



UAS market – XTatlas™

XTEK is focused on providing XTatlas™ to the Defence and Commercial UAS markets, a multi-million \$ market opportunity over the period 2017-2020

Xtek has been in contact with the Australian Defence Forces and has found a keen interest in this visualisation technique from Army, Navy and other parts of the forces. It has also been positively assessed as a possible Common Operational Picture which could feed real time feeds from different digital platforms.

The US have also shown interest and discussions with AeroVironment have started in that direction.

UAS Business Revenue Streams

- AeroVironment Agency Account
- XTatlas™ digital imagery technology
- UAS Services. Xtek has started offering its UAS with XTatlas to map areas in near real time for commercial customers



AeroVironment

- Has supplied 85% of Pentagon UAS fleet
- Delivered more than 24,000 small unmanned aircraft worldwide
- Sold a number of small UAS to the Australian military and law enforcement agencies
- Further substantial sales to the Australian military as Xtek has been selected as the supplier of Land 129 Phase 4 for a large number of UAVs. Contract negotiation are happening as we speak for deliveries starting in 18 months.



Xtek Tac 2 Sniper Rifle

- This sniper rifle is being delivered to the ADF now
- Most of its parts are designed and manufactured by Xtek. The design is based on a very successful Blaser Tac 2 hunting rifle.
- They have been designed with a high level of involvement with the ADF, making it one of the most advanced sniper rifles on the market
- It will be proposed on the export market





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Xtviz™ 3D visualisation software

- This software is a redesign of the Simmersion software acquired by Xtek in 2015
- It offers a 3D visualisation of any landscape with high spatial accuracy
- It allows users to conduct very accurate Environmental Impact Studies, including view loss and shading from proposed buildings for architects and councils.
- The software has been built on a standard 3D simulation engine and relaunched to customers in November 2016.
- It has already been delivered to a number of customers
- Business model is based on licensing and service provision in Australia first and overseas later.



Conclusion

- Based on these 4 new products on one side, its traditional agency business and a good image in the target markets, Xtek is introducing potential products with:
 - High growth
 - High margins
 - Worldwide potential with high growth market
 - Steady turnover and cash flow

In order to bring high growth and profitability to the company

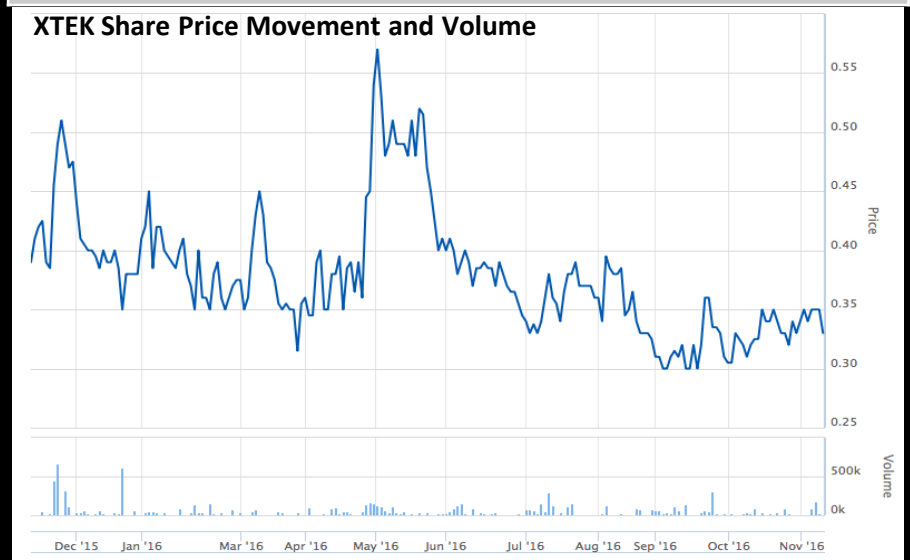
The order intake since the start of 2016/17 underpins the near doubling of the turnover for this financial year

Corporate Overview

ASX Code: XTE	
Ordinary Shares	29.5m
Options	0.5m
Market cap (@37 cents)	\$11m
Monthly Volume	1.3m
Cash (30 June 2016)	\$0.9m
Debt	\$0.1m

Major Shareholders	
UDB Pty Limited	16.7%
Fairlane Management Pty Ltd	7.1%
Wendy Wing Lin LO	5.1%
BISSAP Software Pty Ltd	2.8%
Berend Hoff	2.7%
Top 20 shareholders hold 55.77%	

Directors & Senior Management
Uwe Boettcher, Non-Executive Chairman
Ivan Slavich, Non-Executive Director
Philippe Odouard, Managing Director
Robert Quodling, Executive Director and COO
Lawrence Gardiner, Executive & Co. Secretary



Questions