

Release to the Australian Securities Exchange

Investor Presentation

Canberra – Monday 19 February 2018: XTEK Limited (ASX: XTE, 'XTEK', the 'Company') is pleased to release an updated investor presentation, to be presented in meetings with investors and brokers as part of a non-deal roadshow being conducted in Melbourne, Sydney and Brisbane. The presentation outlines XTEK's compelling investment case, business strategy and outlook.

Key investment highlights

- **Market leader in the homeland security and defence market** for the military, law enforcement and commercial sectors across Australasia
- **De-risked revenue pipeline** with record A\$43m revenue contracted
- Well positioned to accelerate the commercialisation of its **world class proprietary products**
- Current product portfolio complemented with **market leading global defence products**, in areas of UAS, EOD equipment, tactical weapons, ballistic protection and forensic equipment
- **Extensive capabilities across the full value chain** including design, development, manufacturing, procurement, sales, marketing, distribution, maintenance and support
- Experienced senior leadership with **distinguished military and law enforcement background, extensive security and defence knowledge and global commercialisation expertise**
- Significant market opportunity with **defence spending set to increase significantly** in Australia and key global markets

XTEK Managing Director, Philippe Odouard, commented:

"Our business continues to perform well. We are very excited about the market potential of our XTclave™ and XTatlas™ technologies and look forward to their continued commercialisation progress. The Company expects its strong performance to continue into the future with further defence contract wins expected from both the Australian Government and internationally." ENDS

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
19 February 2017

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About XTEK Limited

XTEK Limited is a leading company in the Australian Homeland Security Market. XTEK's knowledge and expertise is focused on the delivery of protection and sustainment solutions for the government, law enforcement, military and commercial sectors.

The supply and maintenance of Small Unmanned Aerial Systems (SUAS) is a major focus for XTEK.

In addition, XTEK has developed a range of new technologies which it is now commercialising for the international market. XTclave™ composite protection products and XTatlas™ real time contextual video provide novel solutions for western military forces.

For more information visit the XTEK website at www.xtek.net



INVESTOR PRESENTATION
February 2018
ASX: XTE



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- Current product portfolio complemented **with market leading global defence products**, in areas of UAS¹, EOD¹ equipment, tactical weapons, ballistic protection and forensic equipment
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- Experienced senior leadership with **distinguished military and law enforcement background, extensive security and defence knowledge and global commercialisation expertise**
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1. UAS: unmanned aerial systems; EOD: explosive ordnance disposal

XTEK represents a premier emerging defence and homeland security opportunity

Trading information

Share price (13 Feb 2018)	A\$0.670
52 week low / high	A\$0.305 / A\$0.670
Market capitalisation	A\$26.7m
Cash (Jan 2018)	A\$4.1m
Debt (Jan 2018)	-
Enterprise value	A\$22.6m

Major shareholders

Uwe Boettcher (<i>Non-Executive Chairman</i>)	13.2%
Mrs Wendy Wing Lin Lo	6.3%
Fairlane Management	5.3%

Share price performance (last 12 months)



Source: IRESS

Senior leadership at XTEK have strong experience and long standing relationships within the Australian Defence Force and broader defence technology sector

Philippe Odouard

Managing Director

- 25+ years management experience of defence related companies globally
- Former Managing Director at Quickstep Holdings Limited (ASX:QHL)
- Commercialised Quickstep from start-up phase to A\$50m revenue of composites
- Secured US\$720m parts contract from Lockheed Martin's F-35 combat aircraft
- Former Senior Manager of Thales for large defence contracts development and execution



Robert Quodling

Executive Director and COO

- 40+ years operational and executive experience in the global defence and aerospace sectors
- Former Officer of the Australian Defence Force (1975-1994) holding a range of command and operational appointments
- Former General Manager at Electro Optic Systems (ASX: EOS)
- Co-founder, CEO and Executive Director of Simmersion Holdings (acquired by XTEK in 2015)

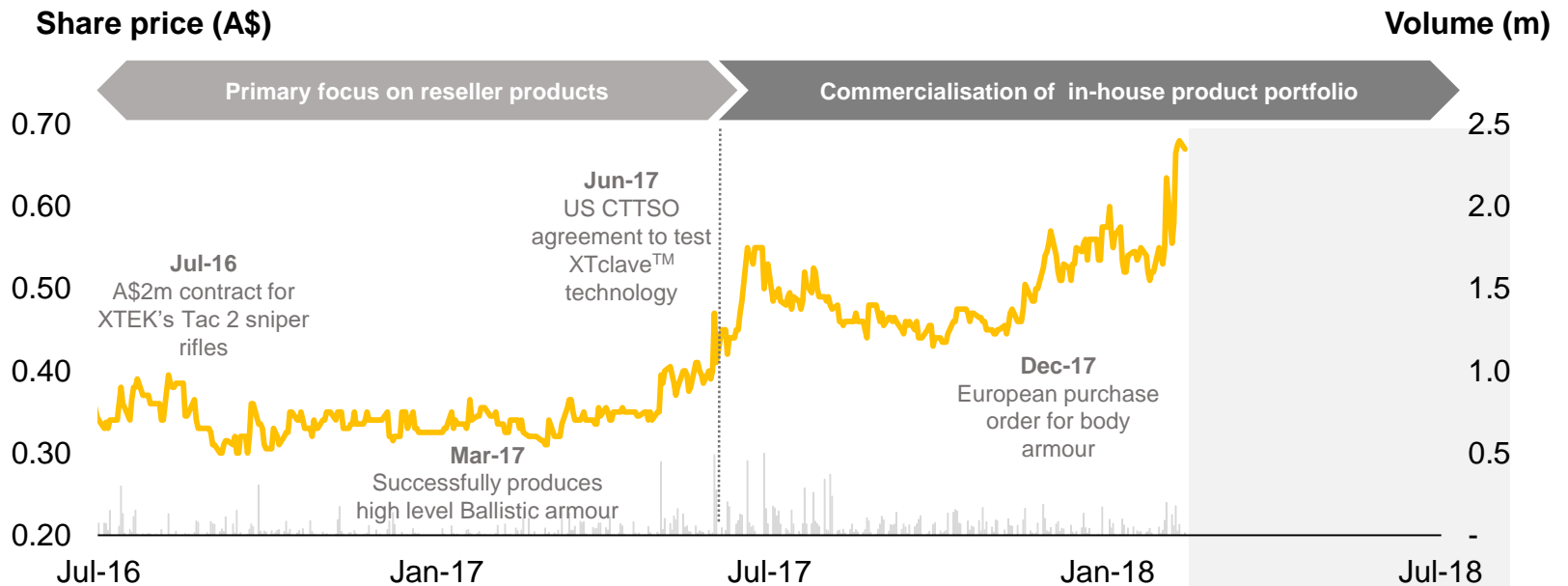


XTEK's management team leverages extensive defence sector knowledge and experience to optimise the XTEK product mix to deliver shareholder value

Share price and financial performance

XTEK is at an inflection point as it accelerates the commercialisation of more than 10 years of R&D investment and is well positioned for further growth

More than 10 years of R&D and product validation



	FY16A		FY17A		FY18F guidance
Revenue	A\$3.4m		A\$9.0m		A\$11m to A\$18m
Net profit	(A\$1.6m)		A\$0.1m		na
Contracted revenue¹	A\$0.3m		A\$4.4m		A\$43m

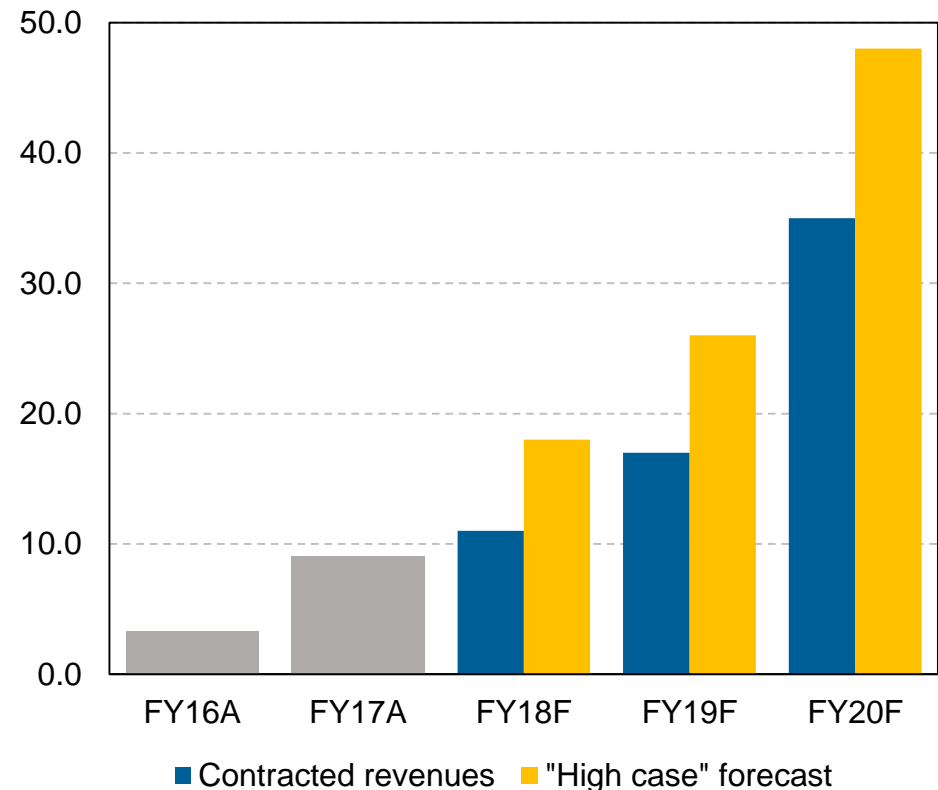
1. FY16A - As at February 2016; FY17A – as at February 2017; FY18F as at February 2018

Strong revenue pipeline expected to deliver a strong 2H FY18 result as XTEK rapidly continues to execute its commercialisation plans

Overview

- XTEK achieved profitability in FY17A
- High revenue growth continues with recent contract wins and progress with a number of others
- Expect to maintain FY18F revenue guidance of A\$11m to A\$18m
 - Gross profit expected to be in line with historical margins of 20% to 40%
 - Continue to be cash flow positive going forward
 - As previously reported, 1H FY18 affected by the seasonality of the business
- Continued focus on maintaining low corporate overheads while investing in product development

Forecast revenue (A\$m)^{1,2}



Source: XTEK management forecasts (refer to important disclaimer on slide 18)

1. Contracted revenues include associated logistics maintenance revenue
2. Revenues from the manufacture of ballistic plates in the new factory is not included in this revenue forecast

Forecast revenue mix

Significant recent tender wins position XTEK for rapid near term revenue growth in 2017 and beyond

Product	Contract	Key contract details
Small Unmanned Aerial Systems (SUAS)	Up to ~A\$100m¹ over 5-7 years	<ul style="list-style-type: none"> Under contract for the supply of SUAS to Australian Army (ADF Land 129 Phase 4a) – A\$38m Sustainment of SUAS fleet over next 5-7 years – up to A\$48m
Tac 2 Sniper Rifles	up to ~A\$1.4m	<ul style="list-style-type: none"> Supply of XTEK Tac 2 Sniper Rifle systems and components Australian Army
Unmanned Ground Vehicles	up to ~A\$1m	<ul style="list-style-type: none"> Supply of industry leading unmanned EOD ground vehicles Australian police forces
Bomb response equipment	up to ~A\$2.6m	<ul style="list-style-type: none"> Supply of advanced x-ray equipment for bomb response operations Australian government client
Surveillance	up to ~A\$0.3m	<ul style="list-style-type: none"> Supply of light thrown surveillance robots ADF client

1. Includes ~ A\$12m of delivered contracts

XTEK is well positioned to capitalise on a favourable domestic and international defence macro-thematic environment

Overview

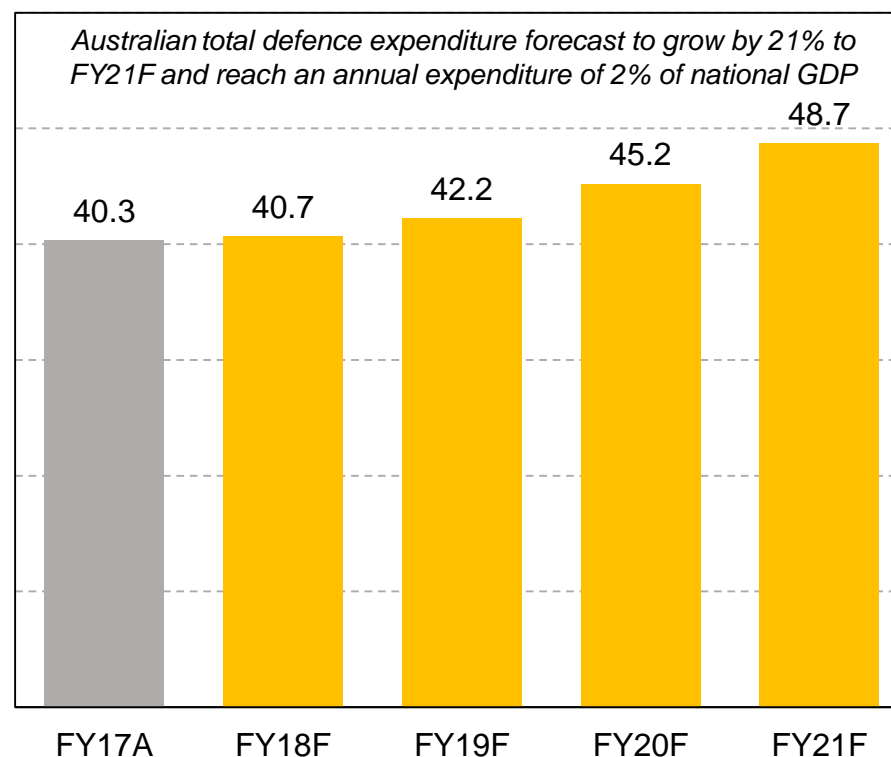
- Global and regional security threats are driving the expansion of the Australian government's defence budget over the next 5 years
- This presents a major opportunity for XTEK as the Australian government focuses on better technical detection and response solutions
- The Australian government is focusing its defence budget on:

- Increased supply of **Australian content**
- **Strong investment in advanced technology**
- **Creation of local jobs** for Australian defence suppliers

Strong alignment with XTEK's objectives

- Further, the A\$3.8bn Australian government defence export strategy, announced in January 2018, plans to make Australia one of the leading defence exporters globally
 - **Potential to optimise XTEK's value, with access to favourable funding solutions**

Australian defence budget forecast (A\$bn)



Source: Portfolio Budget Statements 17/18

XTEK combines exclusive distribution agreements with complementary proprietary development to bring market leading art solutions to its customers



- ADF Recognised Supplier and a member of the Defence Industry Security Program
- Strategic focus on retention of high value Original Equipment Manufacturer relationships, including AeroVironment and Blaser

- Exclusive distribution agreements with leading global security brands
- High quality after sales service, support and consultancy covering Australia and New Zealand

- Development and world wide commercialisation of proprietary innovations with high market potential
- Global opportunities in synergy with existing products and relationships

XTEK maintains its FY18 revenue guidance of A\$11m-A\$18m which is comprised of relatively equal contributions from three key revenue sources:



Value-added reseller products¹

Covers a range of products and equipment:

- Unmanned Aerial Systems
- Weapons and Ancillaries
- Explosive Ordnance Disposal (EOD) equipment
- Protective Security Equipment
- Forensic Products



In-house product development and manufacture²

- Manufacture of sniper rifles
- Development of ballistic plates/helmets
- Currently testing on the XTclave™ advanced lightweight hard armour plate solutions
- XTatlas™ near real time mapping from video



Logistics engineering

- XTEK's logistical engineering division offers:
 - Service and repairs
 - Training
- Provides after-market services for primary sales
- Annuity revenue-like

1. Refer to slide 11 for more detail
2. Refer to slide 12 for more detail

XTEK's re-seller business focuses on three main sectors; UAS, tactical weapons & protection, and explosive ordnance disposal



Unmanned Aerial Systems (UAS)

- Key near term opportunity for XTEK with major government expenditure in UAS
- XTEK exclusively distributes AeroVironment in Australia and New Zealand, the largest supplier of small UAS in the USA with 24,000 units worldwide

Includes XTEK's in-house **XTatlas™** offering



Tactical weapons & protection

- Extensive range of weapons specialised ammunition (e.g. RUAG and UTM), sights, helmets and robots
- Several development for ballistic protection contracts are underway

Includes XTEK's proprietary **XTclave™** technology, and **Tac 2 Sniper Rifle**



Explosive Ordnance Disposal (EOD)

- Product range consists of EOD robots and x-ray generators / systems
- Traditional customers are police and defence forces
- A\$2.4m purchase order received from the Australian Defence Force in October 2017

XTEK's in-house portfolio of products are innovative and valuable additions to homeland security, with further product development in the pipeline



XTAtlas™

- Delivers **high definition video** image in context to a digital map in **real-time** and mosaic mapping in near real-time – allowing for **digital targeting and real time monitoring of an operation area**
- **Current drone / UAS video feeds are currently incapable** of overlaying a video image in context to a map or of producing accurate mapping on the fly
- **Truly unique capability** in significant global market



XTclave™

- **Proprietary and patented manufacturing process** for ballistic protection plates and other complex composite products
- Provides **up to 30% reduction in weight** and similar ballistic performance
- Investment in production facility in Australia to be ready **during CY18**
- **First European order received in December 2017**
- Discussions and tests underway with a large number of potential clients and a number of Defence Forces worldwide



Tac 2 sniper rifle

- One of the most **accurate and advanced sniper rifles currently on the market**
- XTEK has the **right to the design** of the rifle
- XTEK also **manufactures the key product parts** of the rifle
- **Successful operational service** in extreme conditions with the Australian Military Special Forces over a number of years

Material contract represents a step-change transaction, and ensures XTEK is well positioned for further contract wins

Overview

- In July 2017, The Minister for Defence and the Minister for Defence Industry announced a A\$101m investment in new world class SUAS capability through XTEK
- The investment includes payments for the prime contract and support of the equipment to XTEK
- For XTEK, this represents initial sales revenue of over A\$40m and potential maintenance revenue of up to A\$9m p.a. for 5 to 7 years following delivery
- XTEK remains on track to deliver the initial range of SUAS to the Australian Defence Force by July 2018
- On the same day of the announcement, the Minister for Defence Industry confirmed that the Australian Government is dedicating over A\$200bn to growing Australia's defence capability over the next decade

Quotes from the Australian Government

The Honourable Christopher Pyne MP

Minister for Defence Industry
Leader of the House
Federal Member for Sturt

Senator the Honourable Marise Payne

Minister for Defence
Senator for New South Wales

New small unmanned aerial systems for ADF

"A new world-class surveillance and reconnaissance capability acquired by Defence will give our soldiers an edge on the front line."

"The systems [are] small enough to be carried, assembled and used by one person, and allow the soldier to see over the hill, around the corner and down the road"

*"The WASPAE will be ... acquired through Canberra based company, **XTEK**"*

*"The majority of maintenance and support will be carried out in Australia by **XTEK**."*

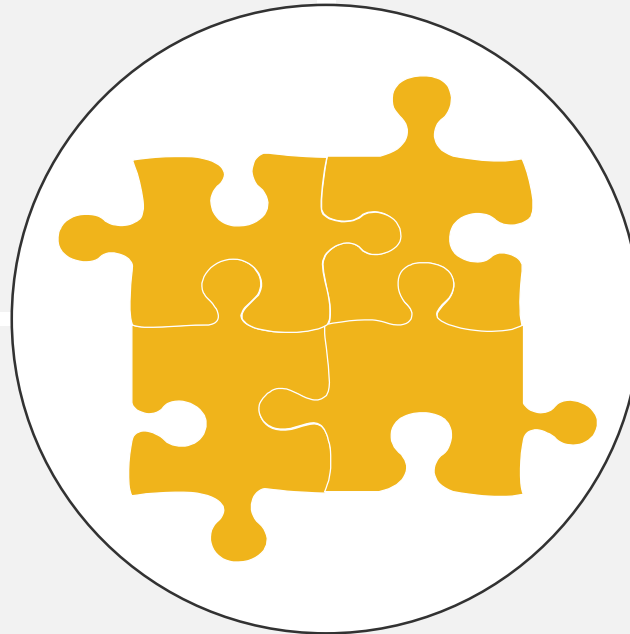
XTEK meets the four key requirements to commercialise its XTclave™ business

Superior technology

- Now well developed with a machine in operation for 3 years delivering best in class products
- IP ownership and patent protection strategy in place

Product efficacy

- 3 products have proven superiority through extensive third party testing
- Thin plates are up to 30% lighter than competitors, providing AK47 MSC protection
- Thick plates replace ceramic based technology Polyethylene, providing lighter weight and buoyancy in water



Client relationships

- Numerous clients worldwide have been contacted, given test results and successfully tested plates internally
- First European order received in December 2017

Production factory

- Production factory, including a large XTclave™ machine to be ready in 2018
- Capacity of approximately 50,000 plates per year for a turnover worth A\$20 to A\$30m p.a.
- Capital raise in July 2017 provides sufficient resources for expansion

We are now ready to grow the XTclave™ market substantially

XTEK is well positioned to capitalise on major projects both domestically and internationally in 2018 and beyond

- **Commence demonstration of XTatlas™ technology** in mid 2018
- **Progress construction of XTclave™ production plant**
- Further purchase orders for **XTclave™ Small Arms Protective Insert (SAPI) plates**
- **Delivery of SUAS to the Australian Defence Force in July 2018**, with correlated maintenance revenues to follow
- **Further defence contract wins** with the Australian Government, utilising XTEK's well established and existing strategic relationships

Appendix



- Board and senior management profiles

Uwe Boettcher Non-Executive Chairman	<ul style="list-style-type: none"> ▪ Principal of the law firm, Boettcher Law ▪ Chairman of Kord Defence, KordTech Pty Limited and Health Innovate ▪ A founding Committee Member and former Chairman of Capital Angels and Inaugural Chairman of the Griffin Accelerator ▪ Foundation Fellow of the Australian Association of Angel Investors, Fellow of the Australian and New Zealand College of Notaries and a Fellow of the Australian Institute of Banking and Finance, Past Secretary of ANU Connect Ventures and ANU/MTAA Super Venture Capital and past Treasurer of the Law Society of the Australian Capital Territory
Ivan Slavich Non-Executive Director	<ul style="list-style-type: none"> ▪ Over 25 years of senior management experience in the energy, government, banking and telecommunications ▪ Proven track record as an exceptional leader and motivator in developing and implementing strategic innovations, business process re-engineering and integration, resulting in substantial improvement across business sales and profitability
Robert Quodling Executive Director and COO	<ul style="list-style-type: none"> ▪ Experienced leader and motivator of high performance commerce teams in the defence and aerospace sectors at the operational and executive level ▪ Diverse skills in corporate governance, planning, project management, marketing, sales and business development. Held a range of command and operational appointments in the Australian Army between 1975 and 1994
Philippe Odouard Managing Director	<ul style="list-style-type: none"> ▪ Over 25 years in general management of Defence related companies in Australia and overseas ▪ Developed Quickstep from a start up to a leader in composite manufacture and technology with \$50m revenue. ▪ Specialised in developing and commercialising new technology in a Defence environment
Lawrence Gardiner Company Secretary	<ul style="list-style-type: none"> ▪ Served with the Australian Army and specialised in logistics management and EOD operations ▪ Also served in senior executive roles with the Australian Federal Police in counter terrorist first response and protective security operations ▪ Director of the International Association of Bomb Technicians and Investigators for over 11 years
David Brooking Chief Financial Officer	<ul style="list-style-type: none"> ▪ Thirty years experience in the accounting and finance industries, strong corporate knowledge across the areas of property development and professional services industries. ▪ Focussed on both the financial results as well as process improvement across his areas of responsibilities

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