

# TRANSFORMING FABRICATION



**INVESTOR PRESENTATION**  
March 2021

ASX: KTG



**WINNER**  
Defence Industry  
Innovator  
Award

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Commercially proven & globally **certified**.

- A **transformative**, industry-disrupting welding technology that changes the economics of fabrication.
- Performs a conventional **6-hour** multi-pass TIG weld into a **3 minute** single pass weld.
- Reduces fabrication costs by up to **80-95%**.
- Welds to the highest-grade welding quality.
- **Proprietary technology** meets all relevant US, European and Australasian welding standards and certified by Lloyds and Bureau Veritas.



A global footprint with industry-leading customers



**SIEMENS**

**CORE PIPE**

**aibel**



**Esterline**  
Darchem Engineering

**DMTC** DEFENCE MATERIALS  
TECHNOLOGY CENTRE



**BILFINGER**



**Callidus**  
GROUP



**SHARPSVILLE**  
CONTAINER



**Fosdalen Industrier**

**TITAN**  
METAL FABRICATORS



**Aqseptence**  
Group

**DONCASTERS**



**NUCLEAR AMRC**



**IMI**  
**JAIME**  
INDUSTRIAS METALURGICAS

# Strategic Pillars | Status

1

## Customer Acceleration & USA Market Expansion

- K-TIG signs first distribution agreement with Key Plant USA and as part of the distribution agreement Key Plant establishes a demonstration site in Houston
- K-TIG expects to accelerate the distribution model in Q2 2021, with further distribution agreements being developed
- K-TIG to further accelerate sales in the US through the establishment of its own demonstration site in Pennsylvania, which will provide in country technical support and establish in country logistics to manage spares and system sales which will dispatch ex works in country - Expected to significantly improve market attractiveness as well as pipeline conversion times

2

## Nuclear

- UK nuclear remains a key strategic initiative despite challenges presented by Covid-19
- K-TIG is in active discussions with a number of UK industry partners / participants
- K-TIG has made sales into the USA low level waste container fabrication market

3

## Defence

- K-TIG recently announced an MOU, with Hanwha Defence Australia, targeting the armored vehicle market
- K-TIG's partner Axiom secured federal funding to pursue strategically vital defence project, which includes a key defence market vertical of Low Distortion Welding. This development project will position the technology for Naval ship and submarine contracts
- K-TIG expects to make further announcements in the defence sector during 2021

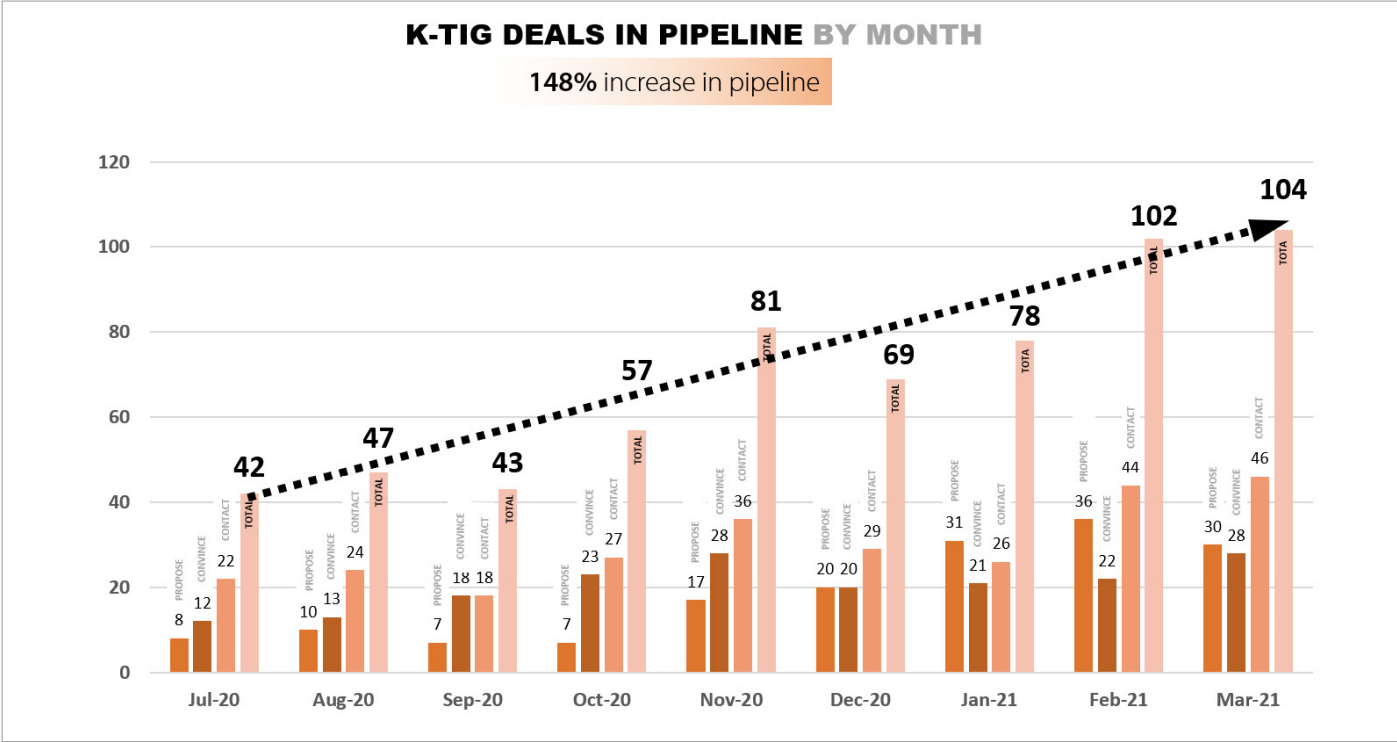
4

## R&D

- K-TIG set to enter the global carbon steel market significantly growing its addressable market by successfully welding high strength carbon steel
- K-TIG is continuing to invest into a number of R&D projects

# Pipeline

K-TIG's pipeline continues its quarter-on-quarter growth



## Strategic Priority 4 | Defence Strategy – Go to market

Globally the defence industry is expected to expand to USD 1.9 trillion<sup>1</sup> annually, with Australia expected to spend AUD 270 billion<sup>2</sup> over ten years.

K-TIG has identified Armored Steel (Armored Vehicles) and Low Distortion Welding (Naval Ships and Submarines) as the two significant market segments in defense that the technology has very distinct quality and assurance advantages in.

K-TIG's technology advantages in the defence sector include:

- ✓ Low energy inputs and reduced passes, which mean lower physical distortion and degradation of the original steel's mechanical properties. This should result in stronger armour and reduced thickness, which equals less weight
- ✓ The K-TIG system captures weld data 50 times per second, which results in better quality controls and assurance for the end product
- ✓ The system is designed to be highly automated, which is inline with global defense trends and in particular the USA's target of >70% of the Next Generation Fighting Vehicle<sup>3</sup> program heavy welds to be constructed via automated welding.

1. Stockholm International Peace Research Institute <https://www.sipri.org/>  
2. *A safer and stronger Australia - Budget 2020-21* | Department of Defence Ministers  
3. *Army introduces weld automation for next generation combat vehicles* | Article | The United States Army



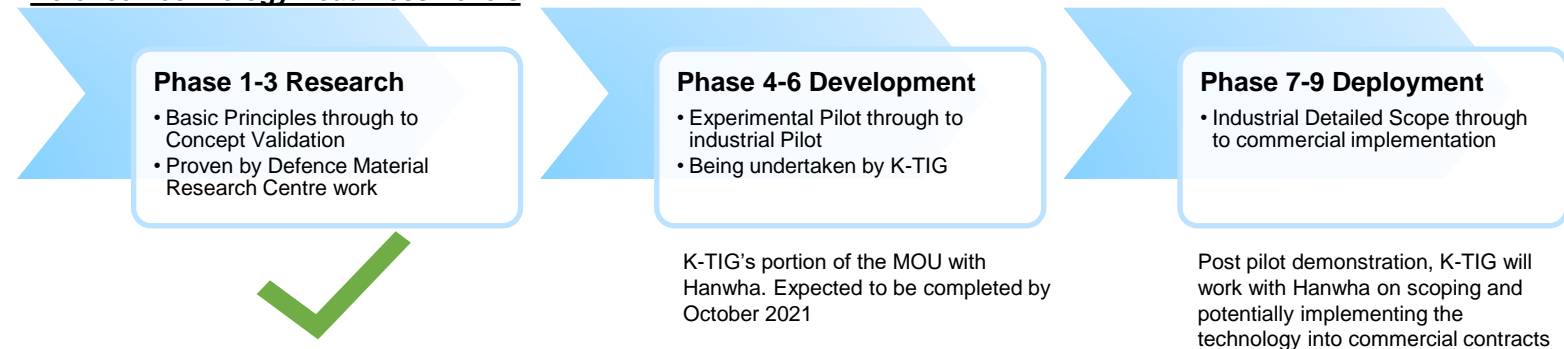
# Strategic Priority 4 | Armored Vehicle Market

Globally the defence industry is expected to spend USD 26 billion<sup>1</sup> annually on armored vehicles, with Australia expected to spend USD 180-200 million annually. The majority of this spend relates to the 8116 contract and the landforce 400 phase 3 contract, which total AUD 2.6 billion<sup>2</sup> and AUD 18-27 billion<sup>3</sup> respectively

K-TIG is positioning itself to be the technology of choice in the delivery of subsurface armored components for this sector globally

K-TIG estimates that of the USD 26 billion total market approximately 50%, USD 13 billion, is the vehicle construction, and of that 50%, USD 6.5 billion, is fabrication. K-TIG's addressable market in the Armored Vehicle fabrication segment is ~ USD 1.3 billion

## Defence Technology Readiness Levels



Project	Annual Spend	K-TIG's Domestic Armoured Vehicle addressable market <sup>4</sup>	K-TIG's Global Armoured Vehicle addressable market <sup>4</sup>
Global Armored Vehicles	USD 26 Billion	USD 100 million p.a.	USD 1.3 billion p.a.

1. BCC Research LLC MFG050A Military Armored Vehicles and Tanks Manufacturing: Global Markets to 2022

2. [Government to consider howitzer acquisition strategy - Australian Defence Magazine](#)

3. Defence Connect - <https://www.defenceconnect.com.au>

4. The addressable market refers to K-Tig's estimate on the amount of fabrication that can be performed by the technology.



## Strategic Priority 4 | Significance of Hanwha MOU

- K-TIG has signed a Memorandum of Understanding to develop advanced keyhole welding procedures for Hanwha Defense Australia and Hanwha Defense Corporation. The Hanwha group is a 69-year-old, Korean listed, “Fortune Global 500” Company <sup>1</sup> with reported revenue of USD 57.5 billion in 2019
- Hanwha is the preferred supplier for the Australian Army’s multi-billion-dollar Land 8116 self-propelled artillery project and one of two contenders shortlisted for the Land 400 Phase 3 Infantry Fighting Vehicle project
- K-TIG will work with Hanwha to develop automated welding procedures for the manufacture of components of the Land 8116 and Land 400 Phase 3 vehicles



<sup>1</sup>. [Hanwha Corporation, Ranked 277... | Hanwha](#)

## Strategic Priority 4 | Low Distortion Welding – Naval Ships & Submarines

Globally the defense industry is expected to spend USD 53 billion<sup>1</sup> annually on Naval Ships and Submarines, with Australia expected to spend AUD 50 billion<sup>2</sup> on the SEA 1000 attack submarine program and AUD 35 billion<sup>2</sup> on the SEA 5000 Hunter Class frigate program.

The K-TIG technology is well positioned, with its low energy inputs, to be the technology of choice in the delivery of low distortion hardened steel components for this market.

### Defence Technology Readiness Levels

#### Phase 1-3 Research

- Basic Principles through to Concept Validation



#### Phase 4-6 Development

- Experimental Pilot through to industrial Pilot

K-TIG's MOU with Axiom and Bisalloy will prove the technology at an industrial pilot phase. This is expected to be delivered by November 2021. K-TIG will own all IP developed on the welding procedures developed under this project.

#### Phase 7-9 Deployment

- Industrial Detailed Scope through to commercial implementation

K-TIG is working with a number of global defence companies on a road map to scope the potential implementation of the technology into commercial defense applications. The company expects to make further announcements in this area over the course of the year.

## Strategic Priority 4 | Significance of the Axiom MOU

- K-TIG partner Axiom secures AUD\$1M in funding from the Centre for Defence Industry Capability (CDIC) to develop advanced armour and structural welding processes for local defence projects.
- Funding will support the acquisition and deployment of specialist K-TIG welding equipment within Axiom's new secure facility built to "top secret" level for advanced defence manufacturing.
- K-TIG will work with Axiom and Bisalloy Steel to develop sovereign defence manufacturing capability for Australia with international export potential.

Successful completion of phases 7-9 of the TRL will see the technology's readiness level at a point where it can be commercially deployed on defence contracts. K-TIG believes the logical contracts to target are components of the Australian SEA 1000 Attack Submarine and SEA 5000 Hunter Class Frigate programs. K-TIG expects to make announcements in this area through out calendar 2021 and 2022.



# Corporate Snapshot

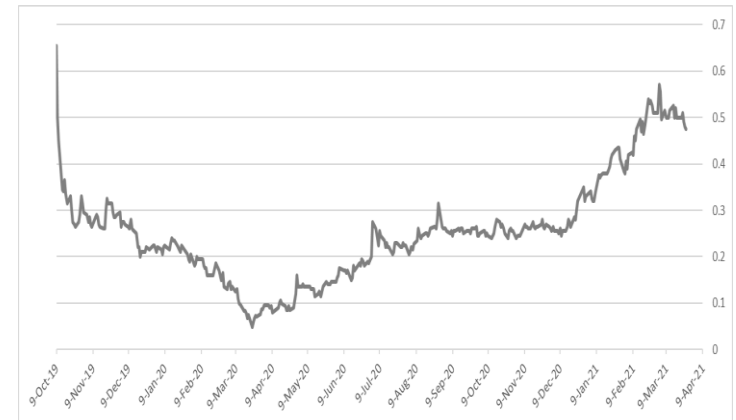
## Market data

Item	No
ASX code	KTG
Ordinary Shares	167.0m
Market Capitalisation	\$79.3m
Cash on hand (31.12.20)	\$6.8m
Listed on ASX	9 October 2019
Issue price	\$0.20
Current share price (26.3.21)	\$0.475
52 week high	\$0.57
52 week low	\$0.072

## Top 5 Shareholders

Shareholder	%
Advanced Science & Innovation Co	11.80%
HSBC Custody Nominees (Australia)	7.42%
Neil Le Quesne	7.16%
Parkside Family SA Pty Ltd	4.50%
J P Morgan Nominees Australia	4.45%
Top 40 Shareholders own	65.47%

## KTIG Share Price Performance



# TRANSFORMING FABRICATION

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