

ASX Announcement | 2 December, 2019

K-TIG SIGNS 8-YEAR WaaS LICENCE AGREEMENT IN SE ASIA

Highlights

- K-TIG signs 8-year Welding-as-a-Service (WaaS) Licence Agreement
- Steel-Ti Precision Welding (Singapore) becomes the first customer in SE Asia to adopt K-TIG's new WaaS licence revenue model to access K-TIG's industry-disruptive welding technology
- Steel-Ti Precision Welding (Singapore) has been incorporated by Mr Michael Teo. The Teo family have a successful track record of successful business ventures with fabrication, global shipping and logistics through a conglomerate of family owned and controlled companies throughout SE Asia, including Pacific International Lines (PIL) and Singamas
- The agreement includes long term licencing fees, fees calculated by usage and utilisation, minimum monthly charges and an advance payment
- Signing this agreement demonstrates K-TIG's ability to deliver on its growth strategy and to secure long term recurring revenue under its WaaS licencing model

K-TIG Limited (ASX: KTG) ("K-TIG" or the "Company") a technology company commercialising an industry-disruptive high-speed welding technology is delighted to announce it has signed an 8 year licence agreement under its WAAS (Welding-as-a-Service) business model with Steel-Ti Precision Welding Pte Ltd ("Steel-Ti") based in Singapore.

Steel-Ti is a newly incorporated venture by Mr Teo that will supply high value tanks and vessels to the oil & gas, aviation, and shipping industries and piping for the liquified natural gas industry to the burgeoning SE Asian and Japanese markets.

The Teo family have a strong track record of successful business ventures and are synonymous with fabrication, global shipping and logistics through a conglomerate of family owned and controlled companies throughout SE Asia, including Pacific International Lines (PIL) and Singamas.

Steel-Ti will operate from a new purpose-built manufacturing facility being constructed which will be completed in January 2020.

In addition to supplying its technology and support services, K-TIG will also provide extensive advice and support to Steel-Ti in relation to materials handling, cutting and automation equipment that will facilitate exceptional quality, high-volume output from the facility.

K-TIG’s technology

Under the terms of the licence agreement, K-TIG’s pioneering technology will record and monitor all usage to provide a transparent reporting and billing system for its licensing arrangements. K-TIG licence fees adjust automatically in line with actual production and utilisation of its technology.

Furthermore, the technology’s cloud feature allows K-TIG to continuously support its customers by storing their welding data, providing updates to software and firmware in the background, and uploading new weld routines that customers may require.

The signing of this agreement demonstrates the Company’s ability to deliver on its growth strategy by securing long-term recurring revenue generation under its WaaS licencing model.



Neil Le Quesne, President Market Development, K-TIG (left) with Michael Teo, Managing Director, Steel-Ti Precision Welding (Right)

Mr Michael Teo, Managing Director and majority shareholder of Steel-Ti Precision Welding comments:

“Steel-Ti Precision Welding is committed to constructing a state-of-the-art manufacturing facility from the ground up around K-TIG’s welding technology”

“We are excited to be the first company in SE Asia to deploy the latest generation of K-TIG’s technology and one of the first companies in the world to adopt the Welding-as-a-Service model pioneered by K-TIG.”

"The recent announcement of 'K-TIG WaaS' and being able to secure long term access to K-TIG's technology, support and cloud-based services with an infinite capacity to expand in line with our growth expectations made this a straightforward decision."

"We are strategically located in one of the world's highest-growth regions, we have exceptional commercial networks throughout SE Asia and Japan, and plan to leverage this to grow our welding business exponentially"

David Williams, CEO of K-TIG comments:

"Signing an 8-year agreement with Steel-Ti demonstrates how transformative our technology is for the industry and the market's willingness to adopt the technology."

"As I outlined at the recent AGM, this is illustrative of our strategic growth priority of a strong focus on long term recurring revenue generation and growth."

Neil Le Quesne, President - Market Development of K-TIG comments:

"K-TIG's welding technology provides such speed of output that welding is no longer the bottleneck in the fabrication process."

"Our customers are in the enviable position of being able to re-think their production from end-to-end in order to leverage the levels of automation, productivity gains and cost savings that K-TIG provides."

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About K-TIG Limited

K-TIG is a transformative, industry disrupting welding technology that seeks to change the economics of fabrication. K-TIG's high speed precision technology welds up to 100 times faster than traditional TIG welding, achieving full penetration in a single pass in materials up to 16mm in thickness and typically operates at twice the speed of plasma welding. K-TIG works across a wide range of applications and is particularly well suited to corrosion resistant materials such as stainless steel, nickel alloys, titanium alloys and most exotic materials. It easily handles longitudinal and circumferential welds on pipes, spooling, vessels, tanks and other materials in a single pass.

Originally developed by the CSIRO, K-TIG owns all rights, title and interest in and to its proprietary and patented technology, and has been awarded Australian Industrial Product of the Year and the DTC Defence Industry Award.

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of K-TIG Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.