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- Strong order intake above \$45m achieved in FY17 and early 2018, particularly on UAVs, Explosive and Ordnance Disposal equipment and Tac2 Sniper rifle. This represents several years of guaranteed turnover for XTEK before additional own product and maintenance revenue.
- XTEK turnover for 2016/17 almost tripled to \$9.0m compared to \$3.3m for FY16.
- XTEK turned a profit for FY17 of \$61K
- After an oversubscribed placement of \$3.1m in June 2017, the company finished the year with \$2.8m in cash and no debt. That was before the company raised \$1.5m additional cash in a successful SPP in July 2017.
- The market cap as of November is nearly \$17.94m. It was \$9.86m at the last AGM, a 82% increase in one year.
- The share price rose from 34c to 46.5c in the same timeframe, an increase of 36.8%.

Operating and Financial Overview

	FY16	FY17	% Change
Revenue from sale of goods and services \$,000	3,353	9,023	169%
Gross profit from sales of goods and services \$,000	1,270	3,497	175%
Gross profit %	38%	39%	2.6%
Net profit \$,000	(1,588)	61	
Return on sales %	(47%)	0.68%	
Share Price \$	0.34	0.46	36.8%
Market Capitalisation @ November \$000,000	9.86	17.94	82%

Significant recent tender wins during FY17 have positioned XTEK for rapid near-term revenue growth

Product	Contract details and customer	Contract size and timing
Third-Party Product		
Small Unmanned Aerial Systems	<ul style="list-style-type: none"> Supplier of Australian Army (ADF Land 129 Phase 4) 	Up to A\$100m over 5-7 years
Surveillance	<ul style="list-style-type: none"> Supply of light thrown surveillance robots ADF client 	Up to A\$0.3m
Unmanned Ground Vehicles	<ul style="list-style-type: none"> Supply of industry leading unmanned EOD Australian police forces 	Up to A\$2.4m
Bomb response equipment	<ul style="list-style-type: none"> Supply of advanced x-ray equipment for bomb response equipment Australian government client 	Up to A\$1.7m
Tac2 Sniper Rifles	<ul style="list-style-type: none"> Supply of XTEK Tac 2 Sniper Rifle systems and components Australian Army and some police forces 	Up to A\$2m
XTEK Product		
XTclave™	<ul style="list-style-type: none"> Second agreement signed with US military to evaluate XTclave™ technology 	Up to US\$0.7m over 18 months

XTEK combines exclusive value-added reseller agreements with complementary local development to bring complete and state-of-the-art solutions to its homeland security markets



- Exclusive value-added reseller agreements with leading global security brands: Blaser, AeroVironment
- High quality after-sales service, support and consultancy covering Australia and New Zealand
- Commercialising a range of new technologies in the international market
- Multiple agreements with the US Government
- XTEK intends to partner with UAS suppliers and build and sell XTEK XTatlas™-capable UAS and expects potential agreements with US Defence for XTclave™
- Australian Defence Force (ADF) Recognised Supplier and a member of the Defence Industry Security Panel – key barrier to entry
- Strategic focus on retention of high-value Original Equipment Manufacturer relationships, including AeroVironment and Blaser

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 products



- Covers a range of products and equipment, operating under the following portfolios:
 - Unmanned Aerial Systems
 - Weapons and Ancillaries
 - Explosive Ordnance Disposal (EOD) equipment
 - Protective Security Equipment
 - Forensic Products
- Customers are typically Federal Governments (mainly Australia and New Zealand)

Logistics engineering



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

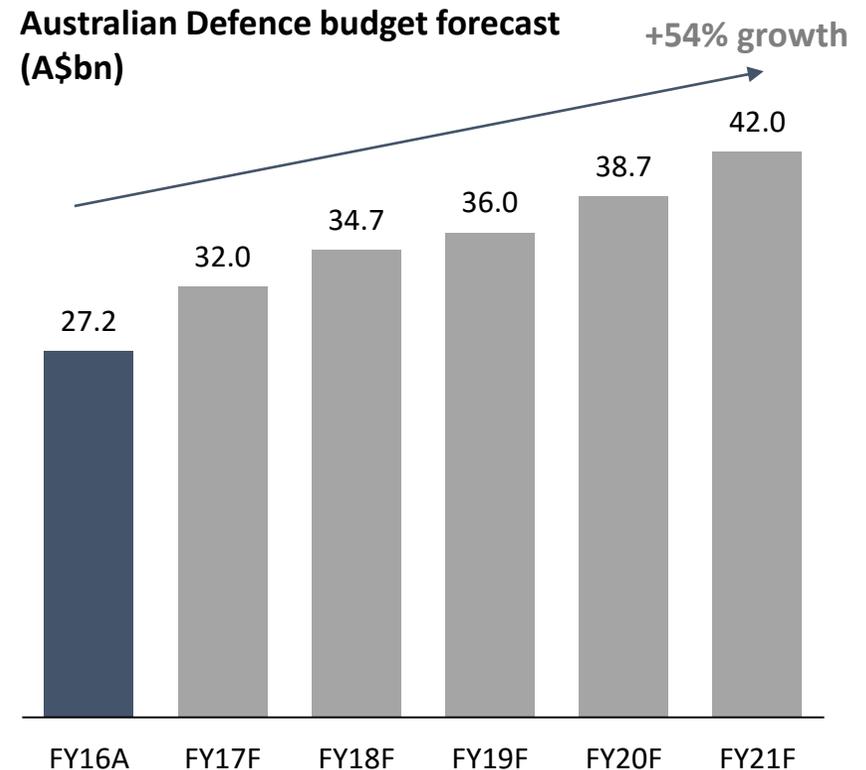
In-house product development and manufacture



- Manufacture of sniper rifles
- Development of ballistic plates/helmets for foreign governments/partners
- Currently testing on the XTclave™ advanced lightweight hard armour plate solutions for the United States Department of Defence FCT office
 - FCT assists XTEK determine best customer base for product
 - XTclave™ product development opportunities continue to be invested in by XTEK
- Xtatlus™ near real time mapping from video

Australian total defence expenditure forecast to grow by 54% to FY21 and reach an annual expenditure of 2% of GDP

- Expansion of the Australian government's defence budget presents a major opportunity for XTEK as the Australian government focuses on better technical detection and response solutions
- Recent small unmanned aerial system (SUAS) contract win is very positive for XTEK
- XTatlas™ real-time mapping capabilities presents significant value-add opportunities to complement SUAS sales



Source: Portfolio Budget Statements 17/18

XTEK has a product focus 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 has exclusive distribution of AeroVironment in Australia and New Zealand, the largest supplier of small UAS in the USA with 24,000 units worldwide

Tactical weapons & protection



- Enhancement of a third-party product. Extensive range of weapons (e.g. Tac 2), specialised ammunition (e.g. RUAG and UTM), sights, helmets and robots
- Several development and production offers for ballistic protection contracts are underway

Explosive Ordnance Disposal (EODs)



- Third-party product range consists of EOD robots and x-ray generators / systems
- Traditional customers are police and defence forces

Strong opportunity for XTEK in-house product sales

- A significant global market exists to deploy XTEK's XTatlas™ technology on both UAS and piloted aircraft
- XTEK's XTclave™ technology is a composite manufacturing process to produce advanced armour plates and helmets with a substantial reduction in weight
 - Recently signed second agreement with the US military to evaluate XTclave™ technology on helmets. Production offers for plates world wide.

XTatlas™:

- Delivers high definition video image in context to a digital map in real-time and mosaic mapping in near real-time
- The mapped areas can be the foundation of a 3D image based Common Operating Picture which can integrate multiple sensors on different platforms at headquarters for real time monitoring of an operation area
- 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 on the market worldwide



XTclave™:

- Provides up to 30% reduction in weight and similar ballistic performance
- Investment in production facility in Australia to be ready during CY18
- Agents appointed in Europe and the US
- Discussions and tests underway with a large number of potential clients and a number of Defence Forces worldwide including the US



Tac 2 sniper rifle:

- It is now one of the most accurate and advanced sniper rifles on the market
- XTEK has the right to the design



- To commercialise ballistic plates/helmets, 4 conditions needed to be fulfilled. After 10 years of research and introduction into production, all of them are now realised.
 - Superior technology with the XTclave™
 - Now well developed with a machine in operation for 3 years and good patent protection and delivering superior products
 - Products: Today 3 products have proven their superiority through extensive third party testing.
 - Thin plates for AK47 MSC protection, up to 30% lighter than competitors
 - Thick plates replacing ceramic based technology with all Polyethylene, providing lighter weight and buoyancy in water
 - Helmet protecting against AK47 MSC, unique with Polyethylene
 - Clients
 - Numerous clients worldwide have been contacted, given test results and tested plates in their own right. We are expecting first paying orders any day.
 - Production factory
 - XTEK is now establishing a production factory to be ready mid CY18 with a large XTclave™ machine and other equipment ready to start manufacturing and deliveries by then. Capacity will be around 50,000 plates per year for a turnover worth \$20 to \$30m p.a.
 - This investment was made possible by the recent capital raise done in June/July 2017.

With these 4 elements in place, we are now ready to bring XTEK to a new level of growth not presently shown in the forecast of this presentation

Material Small Unmanned Aerial System contract is a step-change transaction for XTEK, and sees the Company well placed for further contract wins

- The Minister for Defence and the Minister for Defence Industry recently announced a **A\$100m 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 could represent initial **sales revenue of over A\$40m and maintenance revenue of up to A\$9m per annum for 5-7 years**
- On the same day of the announcement, the Minister for Defence Industry confirmed that the Australian Government is **dedicating A\$200bn to growing Australia's defence capability over the next decade**
- **XTEK is well positioned to benefit from this sustained increase in Australian Government defence spending**



Quotes from Australian Government media release

**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."

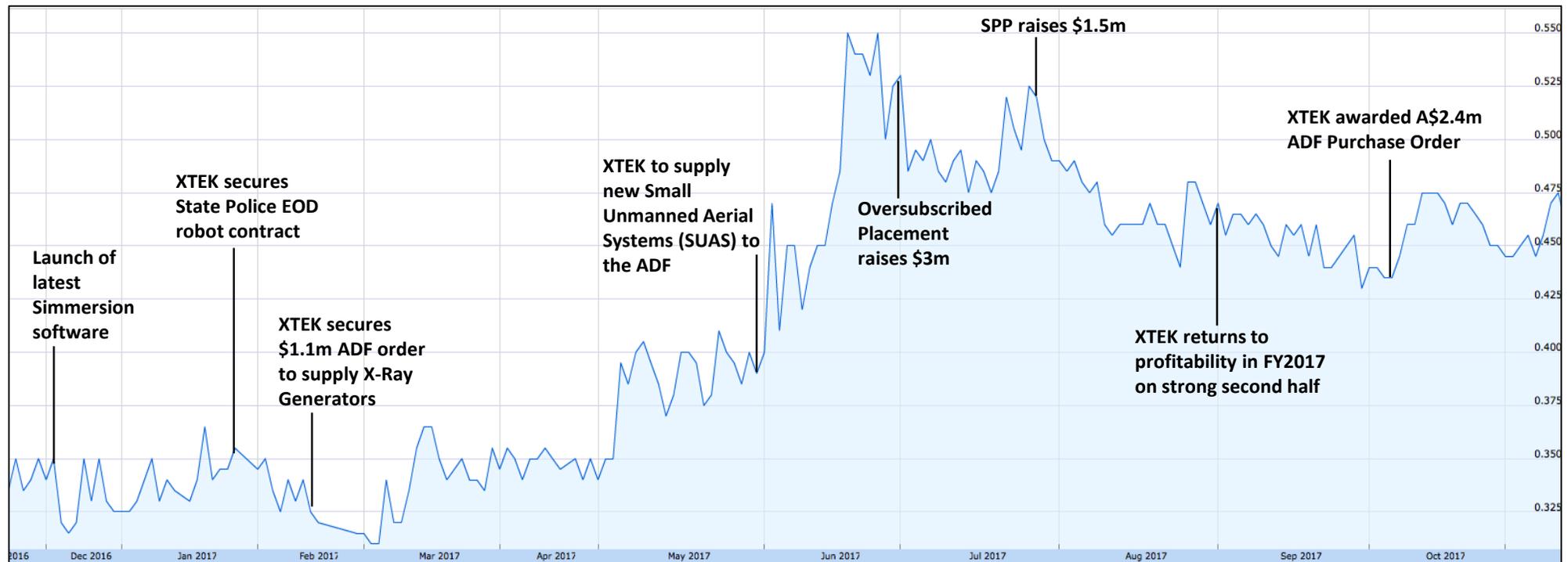
"The systems [are] small enough to be carried, assembled and used by one person, and allow the soldier to see over the hill, around the corner and down the road"

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

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

Key Recent Events

XTEK is focused on delivery in FY18 and beyond and unlocking revenues from potential upcoming supply contracts



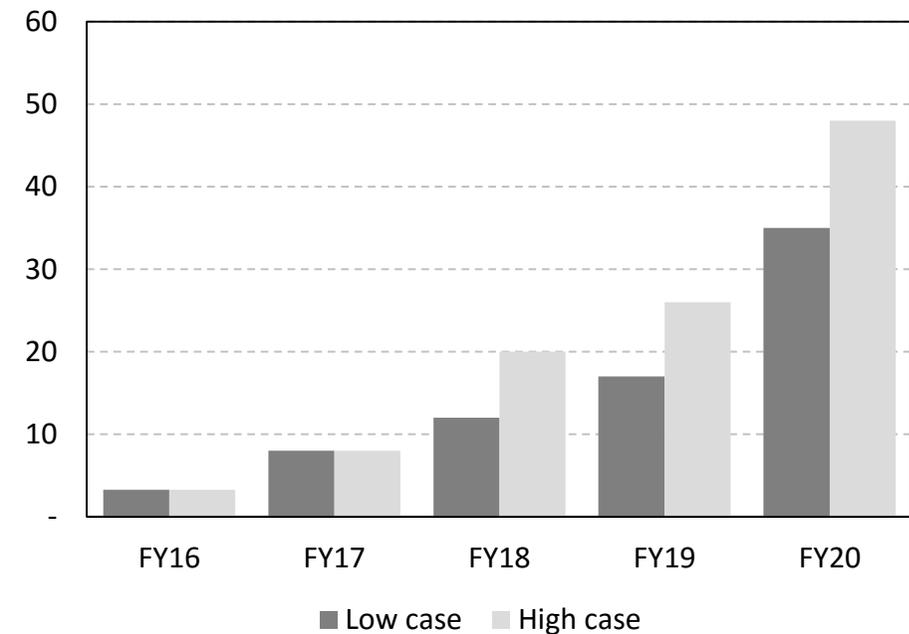
Source: Google finance

Strong sales pipeline delivered profitability in FY17 and strong growth thereafter

Key financials

- FY17 profitable
- FY18 revenue guidance of A\$11-18m
 - Gross profit expected to be in line with historical revenue margins of 20-40%
 - Continue to be cash flow positive going forward
 - As usual, half year results to be soft
- Focus on maintaining low corporate overheads
- High revenue growth continues with recent contract wins and progress with a number of others
- Manufacture of ballistic plates in new factory is NOT included in this forecast

Forecast revenues (A\$m)



Source: XTEK management forecasts (refer to important disclaimer on slide 2)

- Since the last capital raise, XTEK has committed:
 - \$200,000 of development funds to progress XTatlas™ to an industrial product
 - \$500,000 to equipment to start a new ballistic factory including a new XTclave™ capable of delivering an additional turnover of \$20m p.a. to the company.
- This investment underpins a further growth of the company beyond the forecast shown in the previous slides.
- Discussions and product tests with a number of clients worldwide are progressing and should lead to orders XTEK will start to fulfil when the factory is fully operational early in the next FY.
- XTEK prospects are looking increasingly good on the Australian as well as on the international market.
- With an increase number of shareholders – now 1,100 compared to 900 a year ago – as well as a higher level of liquidity at around 3% of total number of ordinary shares on issue, this strategy could translate into substantial share price growth opportunity.