

TRANSFORMING FABRICATION



INVESTOR PRESENTATION
JUNE 2020

ASX: KTG



WINNER
Defence Industry
Innovator
Award

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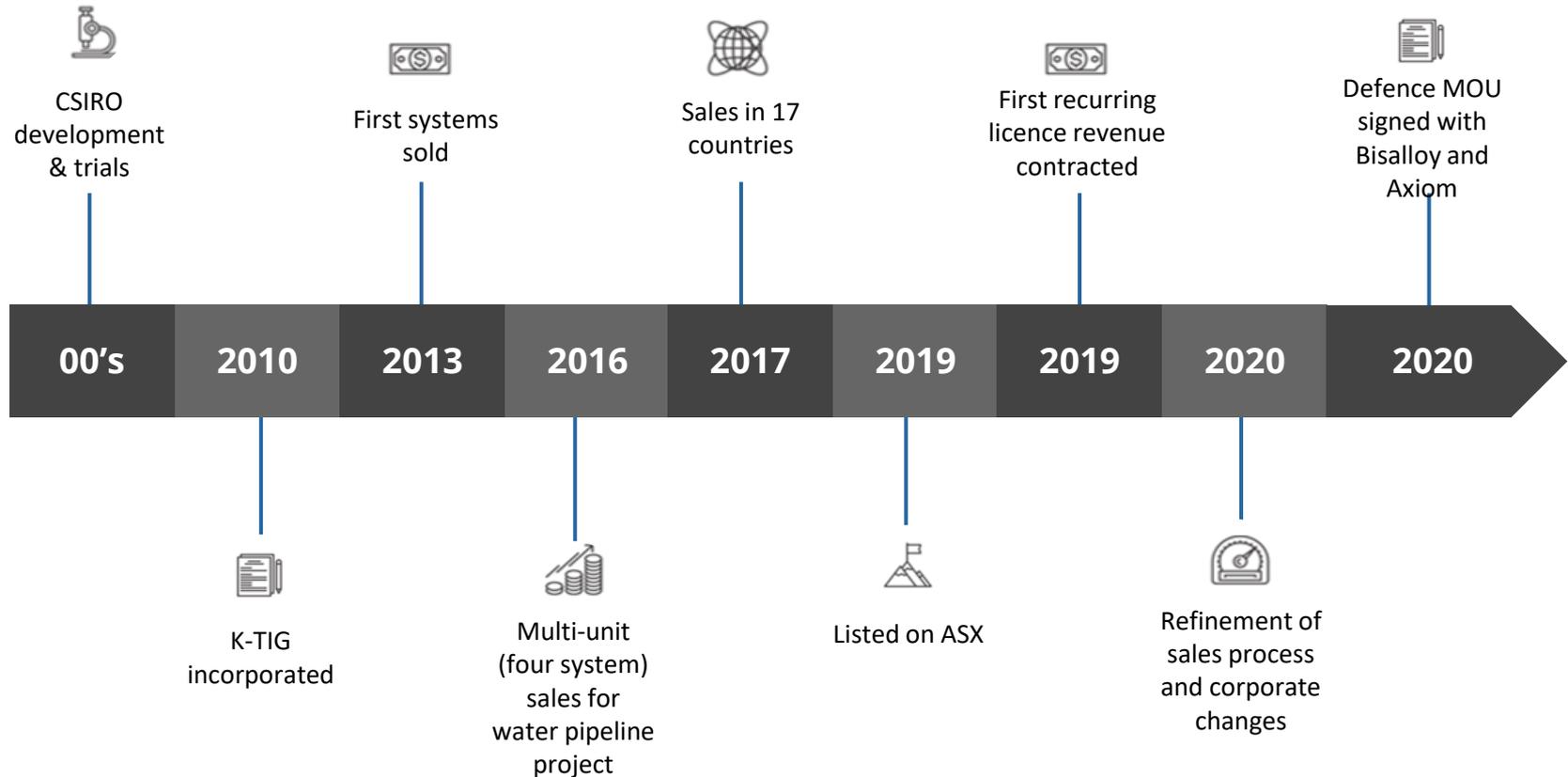
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Commercially proven & globally **certified**.

- A **transformative**, industry-disrupting welding technology that changes the economics of fabrication.
- Performs a conventional **6-hour** TIG weld in **3 minutes**.
- Reduces fabrication costs by **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.



Positioned for Growth



Global Footprint

A global footprint with industry-leading customers



Flexible Revenue Model

K-TIG is positioned to be the technology partner to major industry participants globally

Recurring Licencing Revenue

- AUD\$/m licence rate, which is **in line** with current industry dynamics;
- Service delivery via **cloud-linked controller**;
- K-TIG a **long-term partner** delivering turnkey welding parameters for different materials and specifications;
- **Licencing based on linear metres welded**;
- **Revenues linked to the production of customers**;
- Long-term, **recurring revenue** streams.



Unit Sale

- **Standalone sale** of the K-TIG technology to customers;
- Sale is **one-off** in nature;
- **One-off fees** at commencement;
- **Ownership passes** to customer.



Project Summary

- Argentinean water pipeline project awarded to Industrias Metalurgicas Jaime SRL (Jaime);
- **15km of stainless-steel pipeline** fabricated;
- 1300 x 12 metre lengths @ 1.6m diameter, 9mm thick;
- Expected project duration was **720 days**;
- **5 x K-TIG welding systems** used;
- Pipeline delivered **550 days ahead of schedule**.



Revenue Model Comparison

Unit Sales Model

- K-TIG received a one-off fee for the sale of 5 K-TIG welding systems to Jaime.
- K-TIG received fees in excess of AUD\$500,000.
- Full ownership transfer of welding system to Jaime.
- Other than one-off fee at commencement project, no further payments received.
- K-TIG did not benefit in any early completion milestones.



Licence Model

- Licence model would have provided a long-term recurring revenue stream.
- Upfront fee + minimum monthly charge + revenue per metre welded on each system.
- Like-for-like revenue for this project under Licence model when compared to unit sales revenue.
- Potential financial upside on subsequent projects completed with ongoing Licence revenue model.

K-TIG Impact | Cost Savings

K-TIG fundamentally transforms the economics of steel fabrication

Stainless Steel Pipe		Tig	K-TIG KEYHOLE TIG WELDING	
Time		6 hours		3min
Labour cost @ \$60/hr		\$360		\$3
Gas cost @75 ltr/min		\$197		\$3
Consumables cost @ \$175/kg		\$116		\$0
Total Cost		AUD\$673		AUD\$6



1% OF CONVENTIONAL
WELDING COST

Source: KTIG

Strategic Growth Priorities

1

Customer Acceleration

- Strong focus on long-term recurring revenue generation and growth;
- Structured sales process to maximise success and reduce lead conversion time;
- Industry knowledge and connectivity injected to the board.

2

USA Market Expansion

- Implementation of aggressive revenue growth strategy;
- Increase market share;
- Establish a presence in the US to drive domestic opportunities; number of shortlisted candidates identified.

3

UK & UK Nuclear

- Accelerate discussions with key UK nuclear industry players;
- Position K-TIG to maximise opportunities.

4

Defence / R&D

- Targeting the manufacture of armoured land vehicles, naval vessels including submarines, aircraft and aerospace/space systems;
- Continual improvement of technical capabilities (enhancement and automation);
- Carbon steel is a game-changer; number of successful trials completed.

US\$225bn+

Global pressure vessel market value
by 2025*

US\$21bn

Global stainless steel piping
market**

US\$93bn

Global metal fabrication equipment
market by 2025***

Status:

- **59% increase** in quarter on quarter (Jan-Jun 2020) qualified leads.
- Refined sales process and **go-to-market strategy** to accelerate customer growth and refine quality of leads.
- Recruited additional sales personnel to **expand sales bandwidth**.

Planned:

- K-TIG is **aggressively pursuing opportunities** in the stainless steel, aerospace/space, defence and nuclear sectors.
- **US market expansion** growth strategy a key strategic pillar.
- **Partner and distribution channels** being developed to accelerate revenue growth.



Source:

* Market Research Future, Global Pressure Vessel, 2020

** Market Research Future, Global Pressure Vessel, 2020

***Grand View Research, 2019

11%

Percentage value of manufacturing output to US economy*

US\$54bn

US pressure vessel market**

US\$151bn

US fabricated metal products segment in 2017***



Status:

- K-TIG's **largest market**.
- Shortlisted **candidates identified** to drive US market expansion.
- Pipeline of US market opportunities continues to grow.

Planned:

- US market development through on-the-ground direct marketing and execution of **strategic partnerships / distribution channels** to accelerate growth.

Source:

* Bureau of Economic Analysis, US Dept of Commerce, 2018

**Market Research Future, Global Pressure Vessel, 2020

***National Association of Manufacturers, 2020

17

sites across the UK require decommissioning*

£4bn

projected spend on stainless steel waste containers at Sellafield**

£121bn

Total UK nuclear decommissioning cost to 2120***

Status:

- Nuclear Advanced Manufacturing Research Centre (NAMRC) already working with a K-TIG Welding System.
- Strong **strategic relationships** built over several years with key players in nuclear reactor decommissioning industry.
- K-TIG technology **contracted** to 50% of the nuclear storage container supply.

Planned:

- K-TIG positioned to **aggressively target** the **nuclear reactor decommissioning industry** during 2020.
- Initiatives underway to **accelerate use of K-TIG Welding System** in the UK decommissioning market.

Source:
*Nuclear Decommissioning Authority
**Sellafield Ltd
***UK National Audit Office



NUCLEAR AMRC
ADVANCED MANUFACTURING RESEARCH CENTRE



AUD\$10-15bn

Estimated value of Australian LAND400 Phase 3 project*

2

Shortlisted parties to bid for LAND400 Phase 3 project*

AUD\$200bn

Australian Department of Defence estimated forward spending*

Status:

- Signed **MOU with Axion Precision Manufacturing and Bisalloy Steels** to develop sovereign capability for upcoming Australian Defence procurements including **AUD\$10-15 billion LAND 400 Phase 3 project**.
- Axion, K-TIG and Bisalloy seeking to jointly **develop sovereign capability** for Australian industry for **specialist steels vital to Australian Defence**.

Planned:

- Target **armoured land vehicles, naval vessels and aerospace and space systems**.
- Strategic partnerships.
- **Continue research** on applications for use in defence industries.
- **Partner with aerospace participant** to pilot K-TIG technology.
- Further announcements to come.



Source:
*Australian Department of Defence

June Quarter To Date

K-TIG has continued to **grow** and **convert** the pipeline despite challenges presented by COVID-19 with developments in the domestic defence and fabrication market.

	Qualified Leads	Engaged Leads	Commercial Proposals	Sold
Number of customers	51	30	10	9
Number of units	51	30	10	11

Key activities for June Quarter:

- Signed **defence MOU**;
- **5 new contracts** including converting existing customer to licence customer;
- **Significantly built out sales** infrastructure to almost **double the pipeline** for both scale and quality;
- **Started US push**; short listed candidates to drive expansion in this key growth market;
- **Secured sale in Australian domestic market**, with others in the pipeline.

<p>Client</p>	 	
<p>Detail</p>	<p>Existing customer</p> <p>Licence agreement signed March 2020</p> <p>K-TIG has deployed 3x K-TIG units</p>	<p>Existing customer</p> <p>Licence agreement signed May 2020</p> <p>ABEC Kells has multiple sites across US and Europe</p>
<p>Contract Structure</p>	<p>Contract term of 3 – 5 years</p> <p>Upfront payment per unit - AUD\$10,000 - \$15,000</p> <p>Minimum monthly amount per unit AUD\$3,000 - \$5,000</p> <p>Contract value based on minimum monthly contract term \$150,000 - \$200,000+</p>	

First domestic customer

Unit sale contract signed June 2020

Unit sale

Immediate cash flow to K-TIG

Company Overview

Capital Structure (as at 23 June 2020)

Item	No
Ordinary Shares	144,609,833
Options	8,533,580
Deferred Consideration Shares	30,075,135
Current share price	\$0.18
Market Capitalisation (undiluted)	\$26M

Top 5 Shareholders (as at 23 June 2020)

Shareholder	%
Advanced Science & Innovation Co	13.64%
N Le Quesne	8.27%
Parkside Family SA Pty Ltd	5.20%
Alium Alpha Fund / Alium Capital	5.07%
MD & LA Sharman	2.47%
Top 40 Shareholders own	60.17%

Share Price Performance (as at 23 June 2020)





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1

KTIG owns all rights to industry award-winning, proprietary patented welding technology originally developed by the **CSIRO**.

2

Proven, **revenue-generating technology** sold to **20 countries**; customers include General Electric (GE), Siemens & Bilfinger.

3

Immediate **target industries** estimated to be worth in excess of **US\$250 billion** globally.

4

Expert leadership team with proven track record & many years of commercialisation, technology & welding experience.

5

K-TIG is a **technology leader**, delivering a per meter recurring revenue model.

6

Easily scalable business model via licensing, with **long-term recurring revenue** linked to customer production & utilisation.

7

Up to **100x faster** than conventional welding, **reduces costs by more than 80%**.

8

Cloud-based control platform allows K-TIG to **deliver services remotely** and monitor, support, control and record operational performance and output.



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