

Release to the Australian Securities Exchange

XTEK Provides FY20 Revenue Guidance Underpinned By Strong Performance

Monday, 6 July 2020: XTEK Limited (ASX: XTE) (XTEK, or the Company) is pleased to announce that the Company expects to deliver FY20 revenue in excess of A\$42m (unaudited). XTEK also provides an update on its ballistics operations including the recent progress of the optimised XTEK manufacturing capability (including XTclave™) resulting in an increase to production capacity and potential revenue generation.

Key Highlights

- XTEK expects to achieve FY20 revenue in excess of A\$42m (FY19: \$37.9m)
- XTEK manufacturing capability (including XTclave™) optimised with the ability to produce up to ~A\$40m p.a. of revenue, doubling previous forecast
- XTEK is well placed to service growing interest in its ballistic solutions with further orders expected in the near-to-medium term, underpinning XTEK's future revenue expectations

XTEK Managing Director, Philippe Odouard, said:

"We are delighted with our strong financial performance in FY20, especially given the increased volatility and uncertainty in the recent trading period. In addition, we have also progressed the optimisation of the XTclave™ manufacturing capability, which has efficiently unlocked significant value by increasing our production capacity and revenue generation potential."

"We have the key pillars in place internally to build towards a A\$100m business in the medium term, with a growing pipeline supported by our active and advanced discussions with potential customers, distributors and suppliers. The multiple ballistics opportunities on the horizon in the near to medium term, is further underpinned by the global market trend towards soldier survivability and expected increase in defence spend in key markets."

FY20 revenue estimated to be in excess of A\$42m

XTEK is pleased to advise it expects FY20 revenue to be greater than A\$42m (unaudited). This represents at least 10% growth from FY19 revenue (FY19: A\$37.9m). FY20 revenue growth is driven by strong performance in the newly acquired HighCom Armor Solutions Inc. ('HighCom') in the US, and ongoing SUAS supply and support. In addition, a shift towards proprietary products in FY20 has also supported improvement in gross margins. Given the focus on higher margin proprietary products, further substantial improvements in margin trends are expected going forward.

XTclave™ optimisation increases manufacturing efficiency

Following the installation of the commercial scale XTclave™ equipment in the manufacturing facility in Adelaide, XTEK has progressed the optimisation of the XTEK armour manufacturing capability. This production capacity provides the opportunity for XTEK to generate up to ~A\$40m per annum in Adelaide, which represents a significant increase from the previous production forecast capacity of ~A\$20m per annum revenue. In addition to the Adelaide XTclave™ facility, XTEK plans to install a second machine in the US in the medium term, which together with other armour manufacturing systems could potentially contribute a further ~A\$40m p.a. Two fully utilised XTclave™ based facilities provide a revenue potential of up to ~A\$80m from XTEK's XTclave™ manufactured products alone and underpins the Company's medium term objective of becoming a A\$100m business.

XTEK in a strong position to service high demand and expected orders

As global defence spending continues to grow with Governments' focus on soldier survivability, XTEK remains well placed to capitalise on these market trends. Given the continued increase in demand, both locally and internationally, XTEK is leveraging its advanced production, its existing domestic and international orders and market position to further drive ongoing discussions and negotiations with potential customers and distributors. Further order expectations remain high, with XTEK receiving positive feedback on multiple products to date.

ENDS

Signed for and on behalf of XTEK Limited:



Lawrence A Gardiner
Company Secretary
6 July 2020

General enquiries:
Philippe Odouard, Managing Director
XTEK Limited
T: +61 2 6163 5507
E: philippe@xtek.net

Media enquiries:
Rod North, Managing Director
Bourse Communications Pty Ltd
T: +613 9510 8309 M: +61 408 670 706
E: rod@boursecommunications.com.au

About XTEK Limited

XTEK Limited provides high-quality products to deliver tailored solutions to the government, law enforcement, military, space and commercial sectors. XTEK is focused on developing and commercialising its proprietary technologies by leveraging its established distribution network. These technologies include XTclave™ produced ballistic products and advanced composite solutions, and XTatlas™ real time contextual video, which provide unique solutions for western military forces and other government agencies. In addition, the supply and maintenance of Small Unmanned Aerial Systems (SUAS) remains a focus for XTEK.

HighCom Armor Solutions, Inc is a US-based market provider of body armour and personal protective equipment that was acquired by XTEK in 2019.

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