

XTEK Ltd

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XTEK starts financial year with strong September quarter

XTEK (ASX:XTE) entered the FY18 financial year off the back of a strong year in FY17 with the company returning to profitability and a number of significant contracts secured.

During the past quarter, XTEK signed the \$42 million three year contract to provide small unmanned aerial systems (SUAS) for the Australian Defence Force (ADF).

Furthermore, maintenance of this capability may represent an additional up to \$50 million over the next 5 to 7 years.

This contract represented a major step-change for XTEK in regard to sales and has the company strongly placed for future contract wins.

XTEK also continues to generate revenues across a range of other sources.

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Philippe Odouard, managing director, commented

"The current financial year is about ensuring our company can further capitalise on the continued expansion of defence and security budgets in Australia and the emphasis that governments both state and federal are placing on local design expertise.

"We are also rapidly progressing the development and commercialisation of our in-house technologies, with the highlight being the development of our new commercial scale XTclave plant which is expected to be commissioned in the current financial year."

Commercialisation of in-house products

XTEK continues to receive significant interest for its ballistic products and is building a strong pipeline of potential new clients as it works towards the commissioning of its new generation XTclave manufacturing plant.

The plant will be used for the commercial scale production of composite body armour plates and shells for helmets.

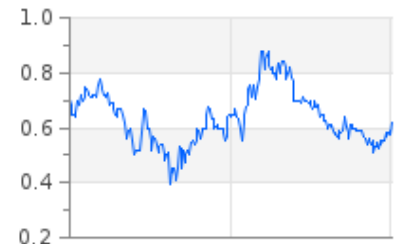
It is expected to be commissioned before the end of the current financial year.

Strong interest is also being generated in XTEK's XTAtlas digital imagery technology with a number of commercial pathways identified across unmanned aerial vehicle operators and defence and homeland security agencies.

Price: 0.615

Market Cap: \$43.57 m

1 Year Share Price Graph



November 2019 June 2020 November 20

Share Information

Code: XTE

Listing: ASX

52 week High Low
0.91 0.385

Sector: Aerospace

Website: www.xtek.net

Company Synopsis:

XTEK Ltd (ASX:XTE) is focused on the delivery of protection and sustainment solutions for the government, law enforcement, military and commercial sectors.

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Outlook

XTEK has a strong sales pipeline that is expected to drive further revenue growth in FY18 - guidance for FY18 is current \$11 to \$18 million.

The revenue contribution for FY18 should include contributions from across the company's three key revenue sources: sales, services and in-house development and manufacture.

Sales will be built on the growing spending by Australian State and Federal Governments on defence and tactical capabilities as well as the focus on commercial opportunities for the in-house XTatlas and XTclave technologies.

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