

XTEK Ltd

12:00 19 Mar 2020

XTEK receives first commercial XTclave™ order

XTEK Ltd (ASX:XTE) has received the first commercial order for its XTclave™ manufactured ballistic armour plates from Tote Systems Australia which will be used in the field by an Australian specialist law enforcement unit.

The order will provide an extremely light weight armour solution, in synergy with TOTE soft armour and Tactical Vest system.

XTEK managing director Philippe Odouard said: "This first commercial order for our XTclave™ manufactured ballistic plates is a significant milestone for XTEK.

"Until now, orders received were used for testing and validation; this important order will be deployed for use in law enforcement in Australia.

"This represents an external validation and a strong indicator of more orders to come from the industry both domestically and globally."

XTEK anticipates that the products will be delivered by the end of FY20 and is well placed to receive further orders from TOTE with other specialist teams currently trialling this new product.

"Well placed to meet growing demand"

Discussions with potential clients, domestically and globally, have progressed significantly for XTEK's advanced ballistic products recently with growing interest from new parties that are seeking novel ballistic solutions.

Odouard said: "This first important order combined with our recent Small Unmanned Aerial System (SUAS) spare parts order, (as announced on 11 March 2020), demonstrates defence spending remains consistent and stable which highlights the defensive nature of our business.

"Following our investment into this technology and capability, we are now in a strong position to meet the growing demand for these products and realise the significant value upside."

The company is well placed to service this demand, given the recent official opening of the advanced manufacturing facility in Adelaide and expects further orders of the XTclave™ manufactured products in the short to medium term.

Defence market remains strong

The company is confident that strong demand from the defence industry shows that XTEK is underpinned by the favourable global defence market and significant global defence budgets, that are typically uncorrelated with markets.

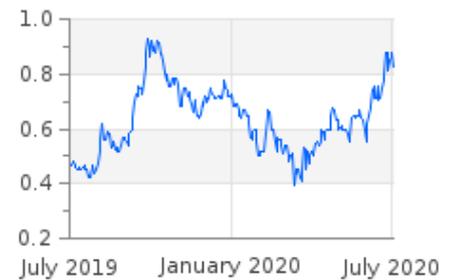
Odouard said: "Historically, we have seen that defence spending is resistant to recessions and often countercyclical to downward market trends.

"We continue to see robust demand and growing interest, supported by our control of key facilities and ongoing

Price: 0.81

Market Cap: \$43.07 m

1 Year Share Price Graph



Share Information

Code: XTE

Listing: ASX

52 week High Low
0.965 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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business development activities."

XTEK continues to receive strong support from key suppliers, including both raw materials to input into XTEK's proprietary products, and equipment from global manufacturers.

Outlook for 2020

In light of the recent global public health situation, XTEK is taking precautionary measures to ensure the safety of its staff, continuity of business and will continue to manage the situation vigilantly.

However, given that government budgets are already set, XTEK expects purchasing cycle in the defence sector is unlikely to change in the short to medium term and expects to continue to see robust demand and growing interest in products.

With key facilities (advanced manufacturing facility in Adelaide; SUAS repair and maintenance facility in Canberra), business development activities and logistics mostly within the company's control, the expectation is to meet the robust demand for XTEK's products through the remainder of FY20 and beyond.

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