

Xtek share price rises 11% on FY20 revenue guidance

[Chris Chitty](#) | July 7, 2020

Yesterday, the **Xtek Ltd** ([ASX: XTE](#)) share price was up 11.39% to \$0.88 cents following the release of the company's unaudited revenue guidance for the 2020 financial year.

What was in the announcement?

Xtek announced that it expects financial year 2020 revenue to be in excess of \$42 million. This compares to financial year 2019 revenue of \$37.9 million. According to the announcement, revenue growth was driven by strong performance by a company that was recently acquired by Xtek, HighCom Armour Solutions. Revenue was additionally boosted by the supply and support of small unmanned aircraft systems.

The company also announced that margins are improving as it shifts toward the supply of proprietary products. According to the announcement, this trend of improving margins is set to continue going forward.

The company also announced that its manufacturing capabilities had been improved. This would allow it to produce a higher volume of its products and increase revenue. According to the company, these capabilities have the potential to produce up to around \$40 million per year in revenue, which is double previous forecasts. The enhanced capabilities in manufacturing by the company included optimisation of its XTclave body armour production. Xtek has added XTclave manufacturing equipment to its production facility in Adelaide and is also adding a second machine in the US.

According to the announcement, improved manufacturing facilities will assist the company in achieving its goal of becoming a \$100 million dollar business in the medium term.

Xtech also included in its announcement that it is well placed to serve a growing interest in its ballistic solutions. It expected to receive further orders in the near to medium term which underpin future revenue expectations.

About the Xtech share price

Xtech provides products for use by governments, law enforcement agencies, military, the space sector and other commercial sectors. Its products include composites, small aerial unmanned aircraft, body armour and real time contextual video. Its products are in use by Western military forces and other government agencies.

This year has seen Xtech reach significant milestones with the opening of a production facility, initial orders received for some of its products and a grant received for work on a satellite launch by the Australian Space Agency.

The Xtech share price is up 131.6% from its 52 week low of \$0.38 cents. It has risen 15.8% since the beginning of the year. The Xtech share price is up 100% since this time last year.

<https://www.fool.com.au/2020/07/07/xtek-share-price-rises-11-on-fy20-revenue-guidance/>