



EOS WINS \$410m DEFENCE EXPORT ORDER

Canberra 30 January 2018

Electro Optic Systems, (ASX: EOS) has been awarded an AU\$410 million contract to supply significant quantities of its new R-400S-Mk2 remote weapons systems to an overseas customer. This contract brings sales of this new EOS product to AU\$600 million in the first 12 months of product release.

The contract award was announced by EOS' CEO, Dr Ben Greene, at a ceremony marking the official opening of a major new EOS development and production facility in Hume, ACT by the Minister for Defence Industry, the Hon. Christopher Pyne MP.

In opening remarks Dr Greene said: "This new weapon system was initiated in 2005 under a US Army contract to develop next-generation weapon systems. After 7 years of development and 4 years of testing around the world in many harsh environments, the new system entered production in 2017."

"This innovative technology for the first time allows 30 mm cannon systems to be deployed with unprecedented accuracy on light vehicles, significantly enhancing lethality and protection without compromising mobility, and at low cost. It meets and over-matches current threats."

"All \$600 million of new contracts are deliverable in monthly shipments from 2018-2022 and follow-on awards for additional equipment, spare parts, servicing and support are expected. EOS is also negotiating contracts with other customers who have completed their tendering process and already selected EOS. Further awards are likely."

The end-user for the contract is not disclosed. All EOS defence products are subject to formal approval of the buyer by both the USA and the Commonwealth of Australia, through established export licence processes. Only countries allied to Australia or the US qualify for receipt of this technology. Disclosure of the end-user identity could degrade the impact of the technology, and would not be in the national interest.

Australia's export credit agency, Efic, provided assistance to EOS for this major expansion of defence industry capability, via a working capital facility and finance guarantee.

Minister for Trade, Tourism and Investment, Steven Ciobo MP, said Efic's support demonstrates how the Turnbull Coalition Government is assisting Australian advanced manufacturers to become exporters.

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“The trade finance Efic provides is helping Australian businesses like EOS export their products and services to the world. Their success will create and sustain Australian jobs,” Mr Ciobo said.



Photo: The new EOS 30mm remote weapon system integrated with the U.S. Army JLTV

The Hume facility was developed during 2017 to meet the high demand for EOS' products and will employ around 180 staff by late 2018. It was developed in cooperation with the ACT government.

Addressing the remarkable success of the new product, Dr Greene, said the company's success had its genesis in R&D.

“Technology is the key discriminator in modern defence and aerospace products. EOS has a large R&D commitment where we focus principally on leap-ahead technologies and creating new markets. Our space and defence insights are so valued by customers that we are often invited to work inside customer organisations to address intractable problems with novel technology,” Dr Greene said.

“Under two US Army contracts and its expert management from 1992-2007, EOS developed and perfected the remote weapon system which is now in common use globally.”

“EOS has now re-invented this market by providing 30 mm cannon capability. We have identified significant demand and already secured \$600 million, or 100% of all contracts issued since EOS opened this new market.”

“The new contract extends and deepens EOS’ partnership with Orbital ATK which is the manufacturer of the 30 mm cannon used by EOS. The two companies have collaborated for more than a decade on the breakthroughs achieved in weight reduction and accuracy improvement which now allow 30 mm cannon to be deployed on light, inexpensive and highly mobile military vehicles.”

“It is especially pleasing that the Australian Army is equipped with several hundred EOS systems which enhanced our soldiers’ protection and lethality in Afghanistan. A large proportion of these have already been upgraded by EOS with the new technology, which gives Australian forces a significant operational advantage which other countries are only now acquiring. EOS and its many Australian employees are proud of the contribution they make to our Defence Force personnel.”

“The support of the Commonwealth has been very important. Efic has provided significant project finance, and DFAT and Australian Embassy staff have efficiently coordinated complex licencing issues with their US counterparts.”

“Finally, Minister for Defence Industry, the Hon. Christopher Pyne MP has visited foreign capitals with me to provide assurance of Australia as a reliable defence partner and supplier to its allies. This effort and support is acknowledged.”

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ABOUT ELECTRO OPTIC SYSTEMS (ASX:EOS; OTC:EOPSY)

EOS operates in two sectors: Defence Systems and Space Systems.

- EOS Defence Systems specialises in technology for weapon systems optimisation and integration, as well as ISR (Intelligence, Surveillance and Reconnaissance) for land warfare. Its key products are next-generation vehicle turrets and remote weapons systems.
- EOS Space Systems sector specialises in applying EOS-developed optical sensors to detect, track, classify and characterise objects in space. This information has both military and commercial applications, including managing space assets to avoid collisions with space debris, missile defence and space control.