

Stocks / Australia / Capital Goods



XRF Scientific

ASX:XRF Stock Report

LAST PRICE

AU\$1.15

MARKET CAP

AU\$157.6m

7D

-0.9%

1Y

107.2%

UPDATED

22 Jun, 2023

DATA

Company Financials

+1 Analyst

★

Add note

Add to portfolio

...

XRF Stock Overview

XRF Scientific Limited manufactures and markets precious metal products, specialized chemicals, and instruments for the scientific, analytical, construction material, and mining industries in Australia, Canada, and Europe.

About the company

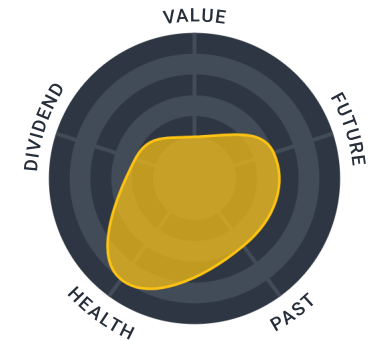
REWARDS

- ★ Trading at 11% below our estimate of its fair value ▶
- ★ Earnings are forecast to grow 10.92% per year ▶
- ★ Earnings grew by 26.9% over the past year ▶

RISK ANALYSIS

XRF passed our risk checks.

See All Risk Checks



Snowflake Analysis
Excellent balance sheet with acceptable track record.

Data

Learn

...

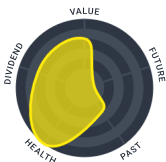
My Notes 0



Capture your thoughts, links and company narrative

Add note

XRF Scientific Limited Competitors



Korvest
ASX:KOV
AU\$85.4m



LaserBond
ASX:LBL
AU\$81.4m



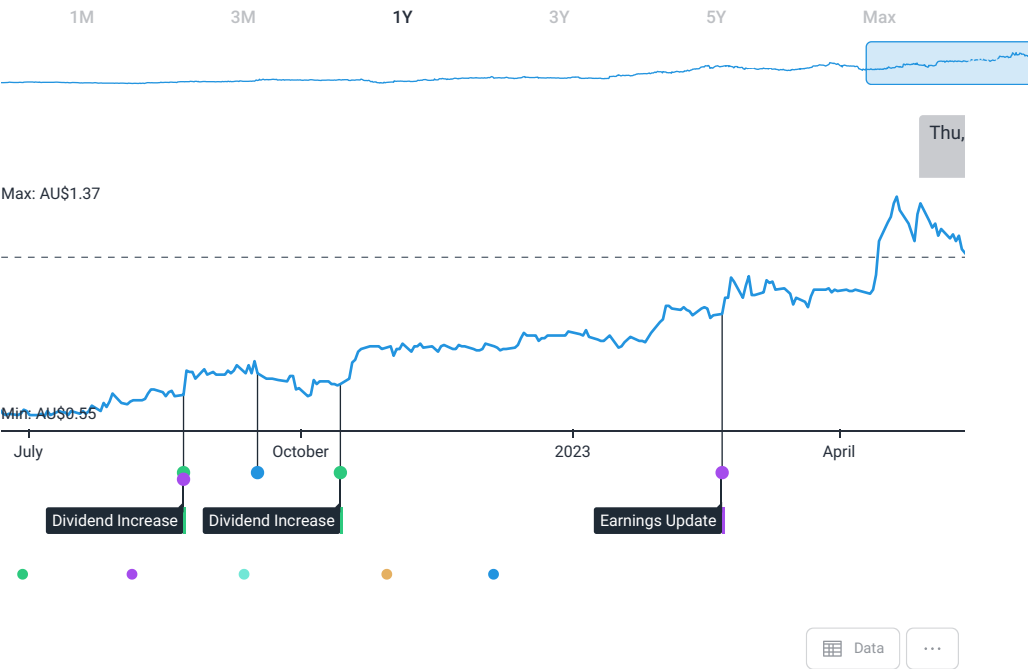
Environmental Gr...
ASX:EGL
AU\$73.3m



VEEM
ASX:VEE
AU\$55.6m



Price History & Performance



Recent News & Updates

- P/E

Investor sentiment improves as stock rises 19%

May 22
- Non-Executive Director recently bought AU\$61k worth of stock

May 10
- P/E

Investor sentiment improves as stock rises 18%

Apr 14
- Now 23% undervalued

Feb 27
- First half 2023 earnings released: EPS: AU\$0.028 (vs AU\$0.021 in 1H 2022)

Feb 22
- Does XRF Scientific (ASX:XRF) Deserve A Spot On Your Watchlist?

Feb 02
- See more updates

Shareholder Returns

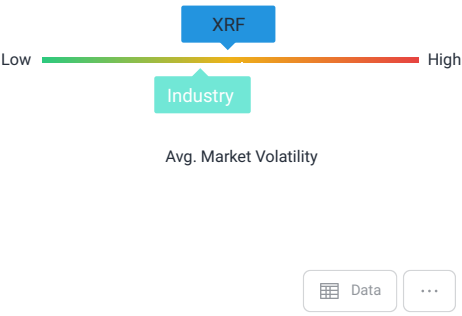
| | XRF | AU Machinery | AU Market |
|----|--------|--------------|-----------|
| 7D | -0.9% | -3.0% | 2.0% |
| 1Y | 107.2% | 11.6% | 11.3% |

See full shareholder returns

Return vs Industry: XRF exceeded the [Australian Machinery industry](#) which returned 11.6% over the past year.

Return vs Market: XRF exceeded the [Australian Market](#) which returned 11.3% over the past year.

Price Volatility



Stable Share Price: XRF is not significantly more volatile than the rest of Australian stocks over the past 3 months, typically moving +/- 8% a week.

Volatility Over Time: XRF's weekly volatility (8%) has been stable over the past year.

About the Company

| | | | |
|---------|-----------|-------------------|---|
| Founded | Employees | CEO | Website |
| 1972 | n/a | Vance Stazzonelli | https://www.xrfscientific.com |

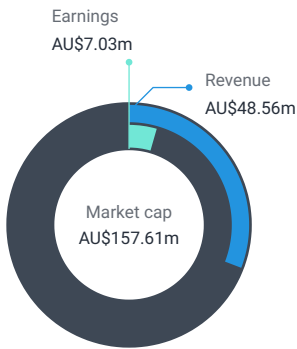
XRF Scientific Limited manufactures and markets precious metal products, specialized chemicals, and instruments for the scientific, analytical, construction material, and mining industries in Australia, Canada, and Europe. It operates through Capital Equipment, Precious Metals, and Consumables segments. The Capital Equipment segment designs, manufactures, and services automated fusion equipment, and high temperature test and production furnaces, as well as general laboratory equipment.

The Precious Metals segment manufactures products for the laboratory and platinum alloy markets. The Consumables segment manufactures chemicals and other supplies for analytical laboratories. The company was founded in 1972 and is based in Osborne Park, Australia.

Show less



XRF Scientific Limited Fundamentals Summary



22.4x

P/E Ratio

3.2x

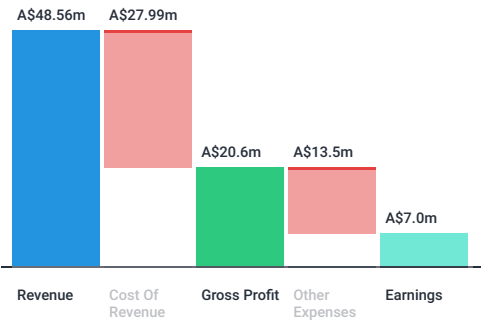
P/S Ratio

Is XRF overvalued?
[See Fair Value and valuation analysis >](#)

Data

...

Earnings & Revenue



Last Reported Earnings

Dec 31, 2022

Next Earnings Date

n/a

| | |
|--------------------------|--------|
| Earnings per share (EPS) | 0.051 |
| Gross Margin | 42.36% |
| Net Profit Margin | 14.48% |
| Debt/Equity Ratio | 12.2% |

How did XRF perform over the long term?
[See historical performance and comparison >](#)

Data

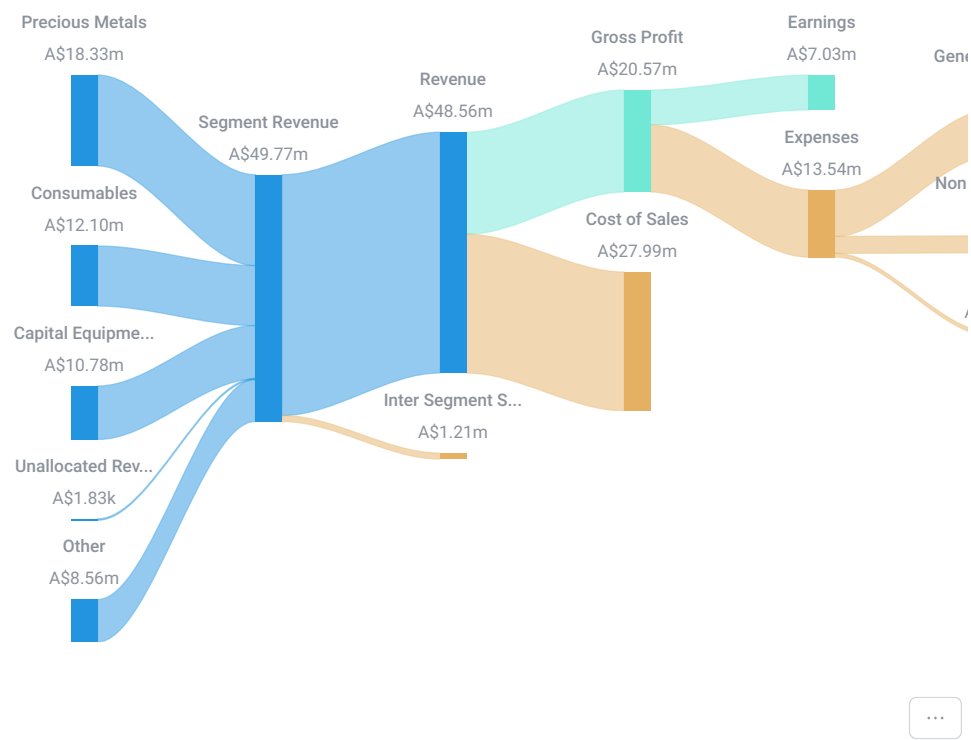
...

i This section of the company report contains some beta features. [Give Feedback.](#)

Revenue & Expenses Breakdown Beta

How XRF Scientific Limited makes and spends money. Based on latest reported earnings, on an LTM basis.

+



Dividends

2.2%

Current Dividend Yield

48%

Payout Ratio

Does XRF pay a reliable dividends?
[See XRF dividend history and benchmarks >](#)



[Give Feedback.](#)

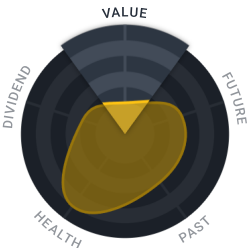


1 Valuation

Is XRF undervalued compared to its fair value, analyst forecasts and its price relative to the market?

Valuation Score 1/6

- ☒ Price-To-Earnings vs Peers >
- ☒ Price-To-Earnings vs Industry >
- ☒ Price-To-Earnings vs Fair Ratio >
- ☒ Below Fair Value >
- ☒ Significantly Below Fair Value >
- ☒ Analyst Forecast >



1.1 Key Valuation Metric

Which metric is best to use when looking at relative valuation for XRF?

PE PS PB Others

★ **Key metric:** As XRF is profitable we use its Price-To-Earnings Ratio for relative valuation analysis.



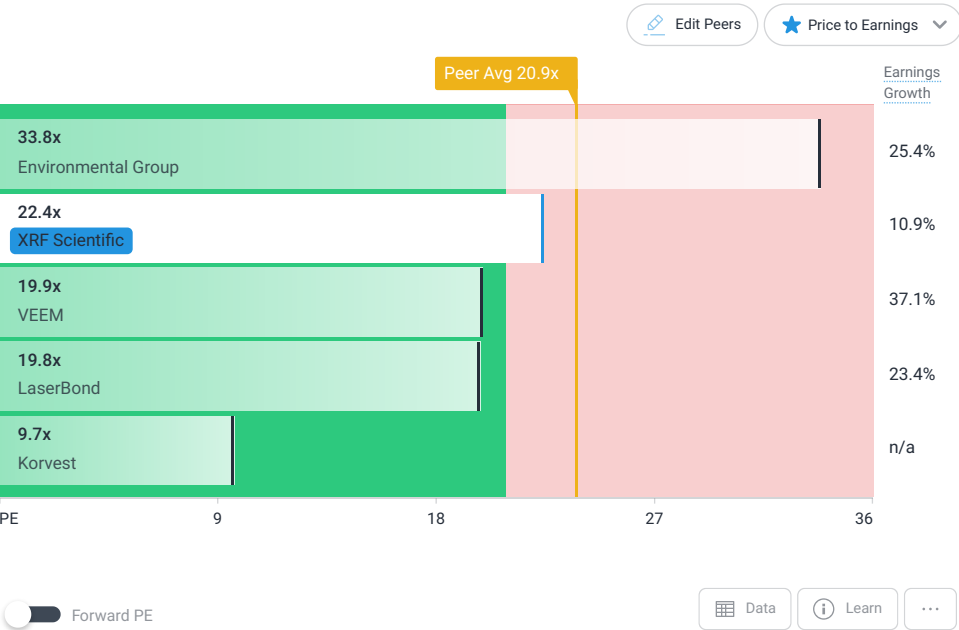
22.4x
PE Ratio

☒ Forward PE

+

1.2 Price to Earnings Ratio vs Peers

How does XRF's PE Ratio compare to its peers?

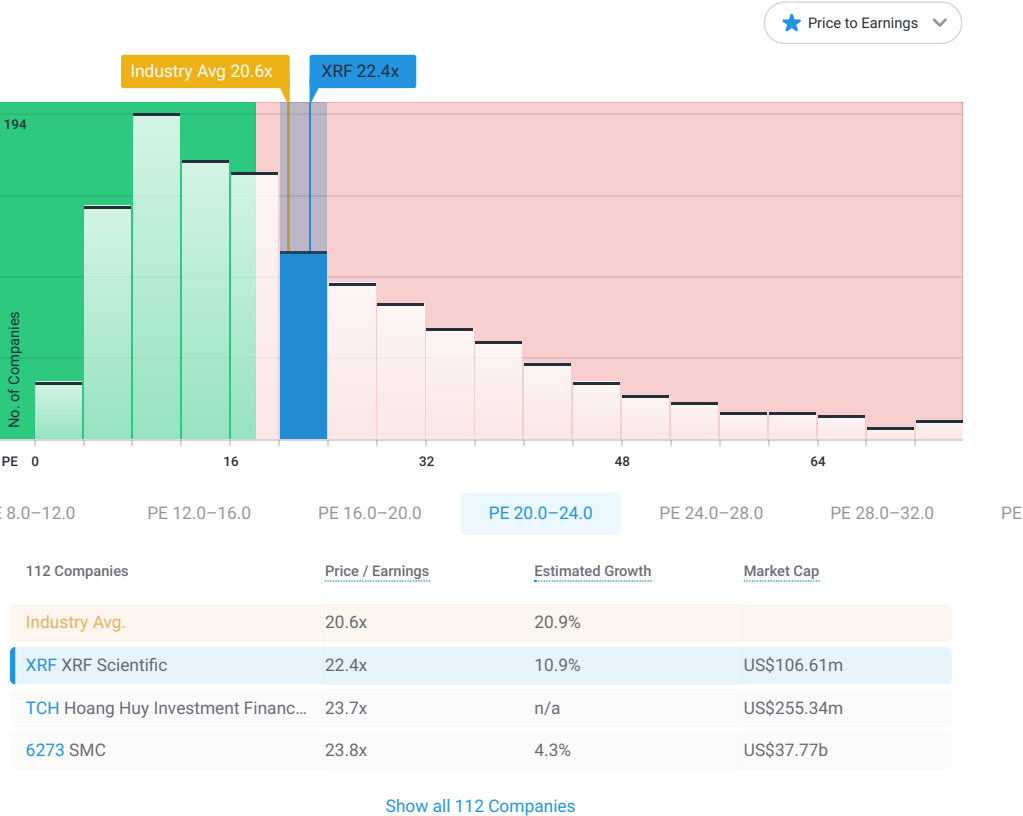


✗ **Price-To-Earnings vs Peers:** XRF is expensive based on its Price-To-Earnings Ratio (22.4x) compared to the peer average (20.9x).

+

1.3 Price to Earnings Ratio vs Industry

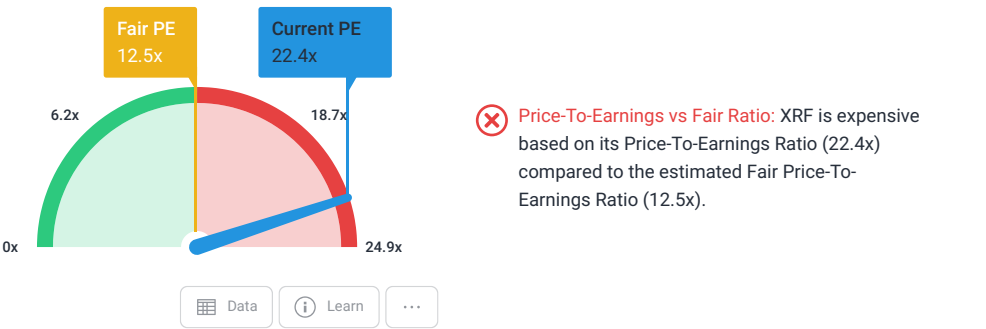
How does XRF's PE Ratio compare vs other companies in the Global Machinery Industry?



✗ **Price-To-Earnings vs Industry:** XRF is expensive based on its Price-To-Earnings Ratio (22.4x) compared to the Global Machinery industry average (20.7x)

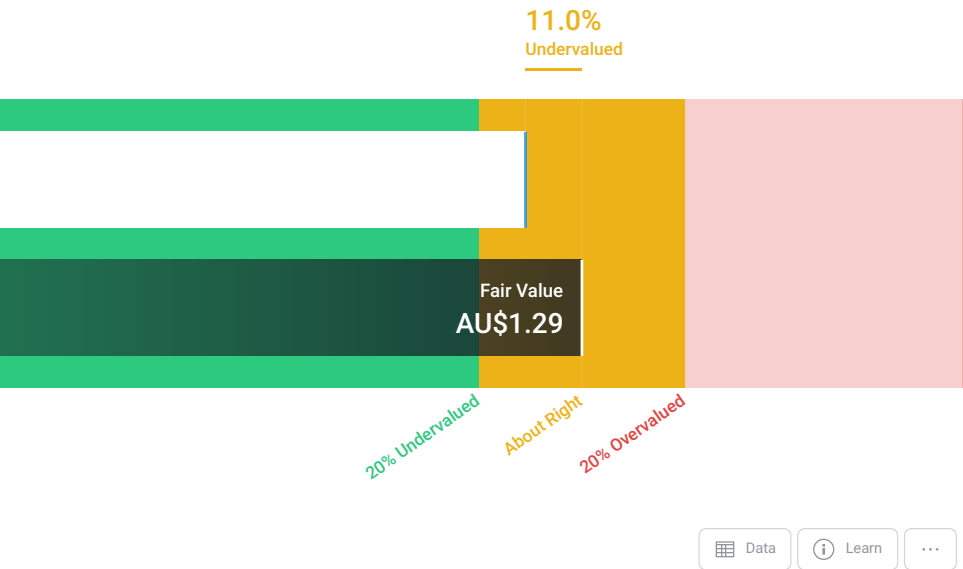
1.4 Price to Earnings Ratio vs Fair Ratio

What is XRF's PE Ratio compared to its Fair PE Ratio? This is the expected PE Ratio taking into account the company's forecast earnings growth, profit margins and other risk factors.



1.5 Share Price vs Fair Value

What is the Fair Price of XRF when looking at its future cash flows? For this estimate we use a Discounted Cash Flow model.



- Below Fair Value: XRF (A\$1.15) is trading below our estimate of fair value (A\$1.29)
- Significantly Below Fair Value: XRF is trading below fair value, but not by a significant amount.

1.6 Analyst Price Targets

What is the analyst 12-month forecast and do we have any statistical confidence in the consensus price target?



Analyst Forecast: Insufficient data to show price forecast.

1.7 Discover undervalued companies



Potentially undervalued companies in the Capital Goods industry.



+

2 Future Growth

Future criteria checks 3/6 ✓✓✗✓✗✗



XRF Scientific is forecasted to grow earnings and revenue by 10.9% and 12.1% per annum respectively. EPS is expected to grow by 10.7%. Return on equity is forecast to be 14.5% in 3 years.

Key information

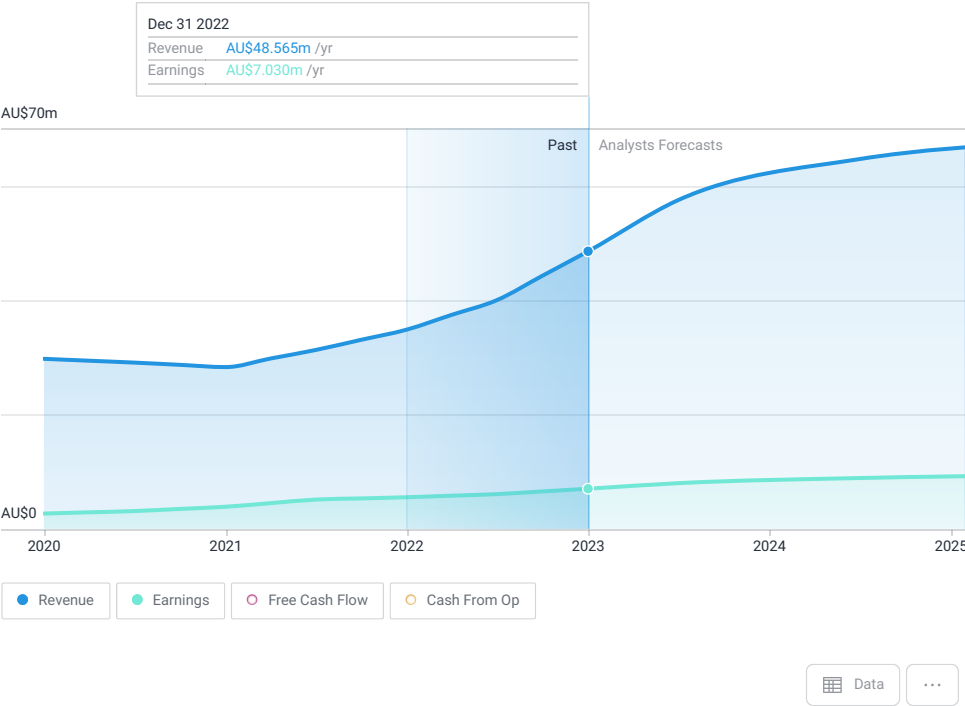
| | |
|---------------------------|-----------------|
| 10.9% | 10.7% |
| Earnings growth rate | EPS growth rate |
| Machinery earnings growth | 20.9% |
| Revenue growth rate | 12.1% |
| Future return on equity | 14.5% |
| Analyst coverage | Low |
| Last updated | 26 Feb 2023 |

Recent future growth updates

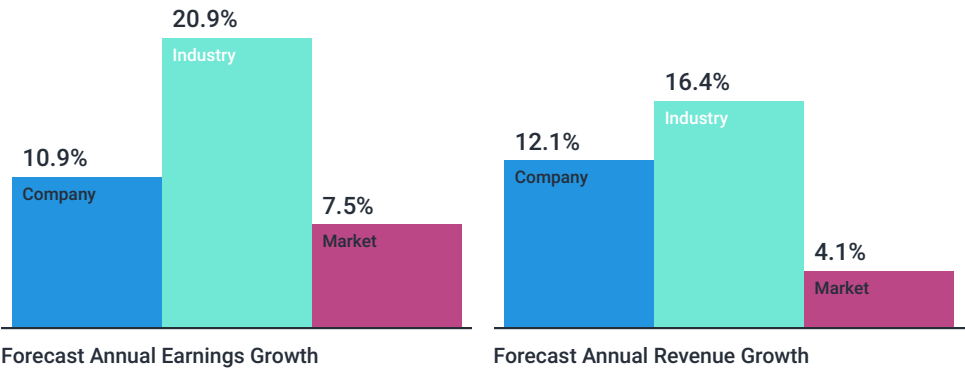
- Price target increased to AU\$0.65
Apr 27
- Price target increased to AU\$0.46
Aug 17

Show all updates

2.1 Earnings and Revenue Growth Forecasts



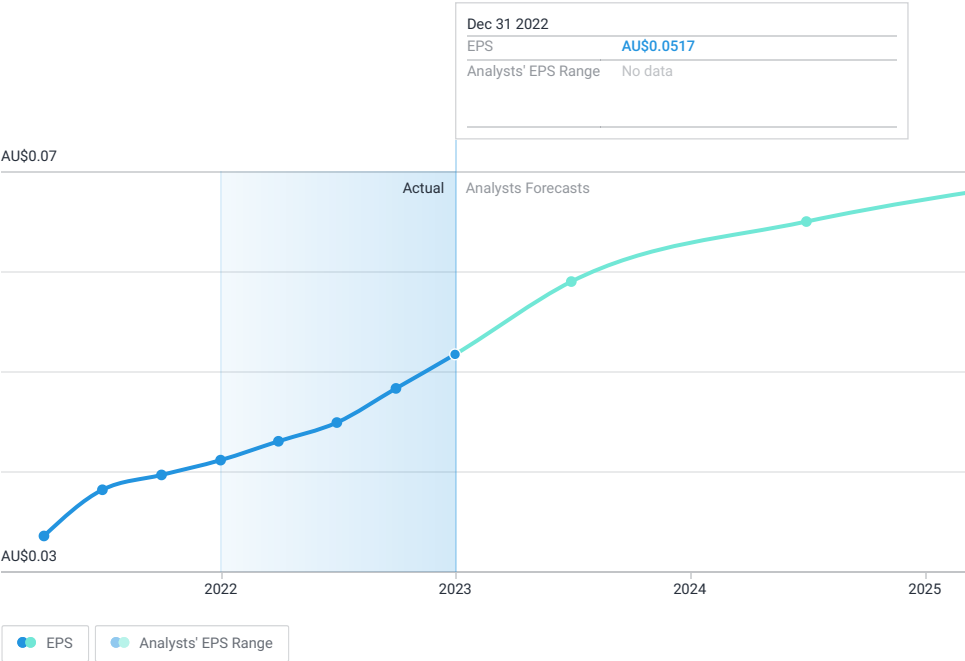
2.2 Analyst Future Growth Forecasts



Data ...

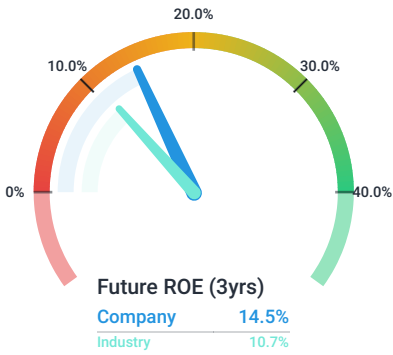
- ✔ **Earnings vs Savings Rate:** XRF's forecast earnings growth (10.9% per year) is above the savings rate (2%).
- ✔ **Earnings vs Market:** XRF's earnings (10.9% per year) are forecast to grow faster than the Australian market (7.5% per year).
- ✘ **High Growth Earnings:** XRF's earnings are forecast to grow, but not significantly.
- ✔ **Revenue vs Market:** XRF's revenue (12.1% per year) is forecast to grow faster than the Australian market (4.1% per year).
- ✘ **High Growth Revenue:** XRF's revenue (12.1% per year) is forecast to grow slower than 20% per year.

2.3 Earnings per Share Growth Forecasts



Data ...


2.4 Future Return on Equity




⚠ Future ROE: XRF's Return on Equity is forecast to be low in 3 years time (14.5%).



2.5 Discover growth companies



High growth companies in the Capital Goods industry.





3 Past Performance

Past criteria checks 3/6



XRF Scientific has been growing earnings at an average annual rate of 36%, while the Machinery industry saw earnings growing at 18.7% annually. Revenues have been growing at an average rate of 12.1% per year. XRF Scientific's return o...

Key information

| | |
|---------------------------|-----------------|
| 36.0% | 35.7% |
| Earnings growth rate | EPS growth rate |
| Machinery Industry Growth | 18.7% |
| Revenue growth rate | 12.1% |
| Return on equity | 16.4% |
| Net Margin | 14.5% |
| Last Earnings Update | 31 Dec 2022 |

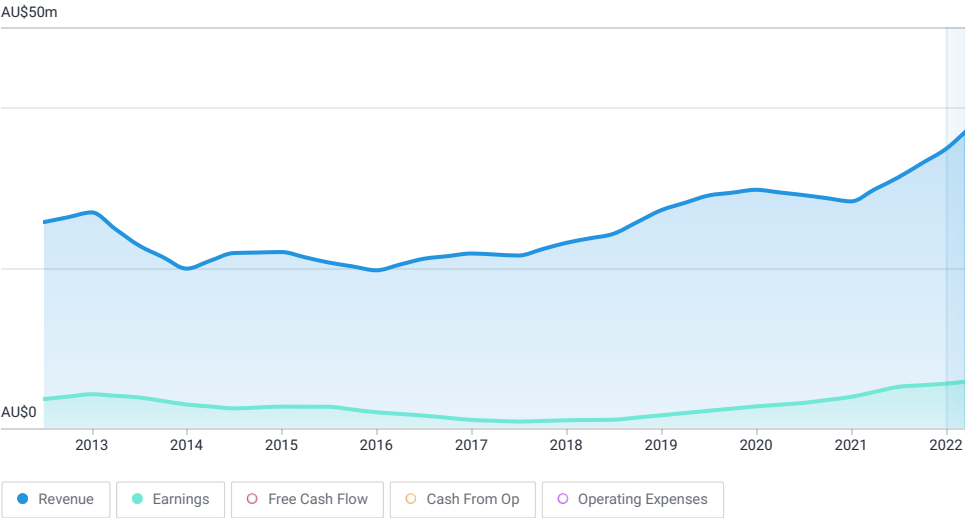
Recent past performance updates

- First half 2023 earnings released: EPS: AU\$0.028 (vs AU\$0.021 in 1H 2022)
Feb 22
- Full year 2022 earnings released: EPS: AU\$0.045 (vs AU\$0.038 in FY 2021)
Aug 24
- First half 2022 earnings: EPS exceeds analyst expectations while revenues lag behind
Feb 24

Show all updates

3.1 Earnings and Revenue History

| | |
|---------------------|-----------------|
| Dec 31 2022 | |
| Revenue | AU\$48.565m /yr |
| Earnings | AU\$7.030m /yr |
| 14.5% profit margin | |



Data

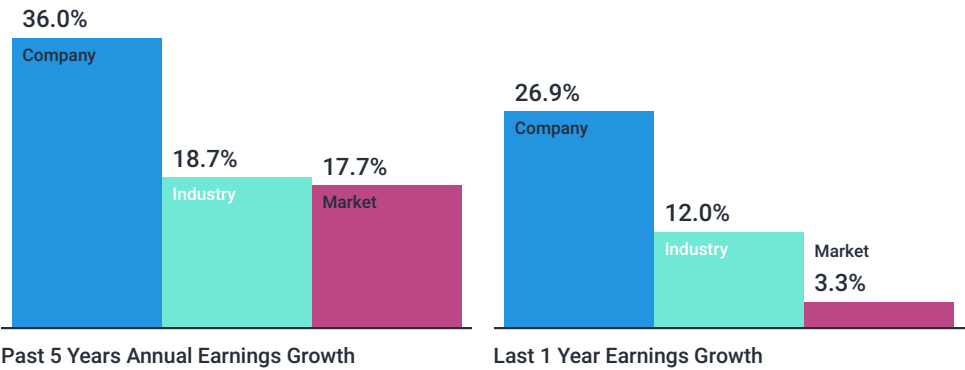


Quality Earnings: XRF has high quality earnings.

Growing Profit Margin: XRF's current net profit margins (14.5%) are lower than last year (15.9%).

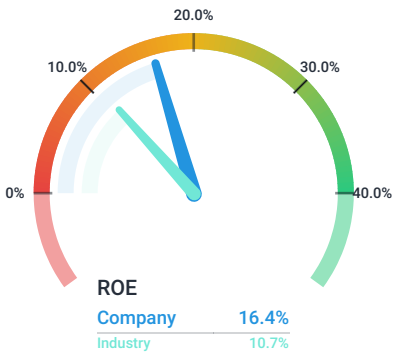


3.2 Past Earnings Growth Analysis



- ✔ **Earnings Trend:** XRF's earnings have grown significantly by 36% per year over the past 5 years.
- ✖ **Accelerating Growth:** XRF's earnings growth over the past year (26.9%) is below its 5-year average (36% per year).
- ✔ **Earnings vs Industry:** XRF earnings growth over the past year (26.9%) exceeded the Machinery industry 12%.

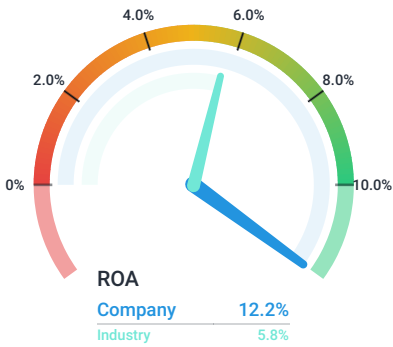
3.3 Return on Equity



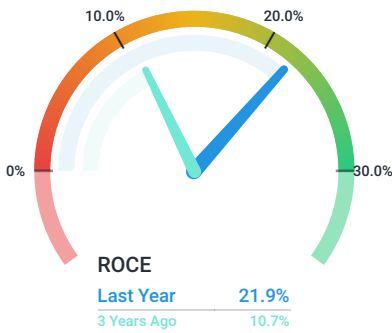
✖ **High ROE:** XRF's Return on Equity (16.4%) is considered low.



3.4 Return on Assets



3.5 Return on Capital Employed



3.6 Discover strong past performing companies



Strong past performing companies in the Capital Goods industry.





4 Financial Health

Financial Health criteria checks 5/6 ✓✓✓✗✓✓



XRF Scientific has a total shareholder equity of A\$44.9M and total debt of A\$5.5M, which brings its debt-to-equity ratio to 12.2%. Its total assets and total liabilities are A\$58.6M and A\$13.7M respectively. XRF Scientific's EBIT is A\$10.4M...

Key information

| | |
|-------------------------|------------|
| 12.2% | AU\$5.46m |
| Debt to equity ratio | Debt |
| <hr/> | |
| Interest coverage ratio | 77x |
| <hr/> | |
| Cash | AU\$6.06m |
| <hr/> | |
| Equity | AU\$44.87m |
| <hr/> | |
| Total liabilities | AU\$13.69m |
| <hr/> | |
| Total assets | AU\$58.56m |

Recent financial health updates

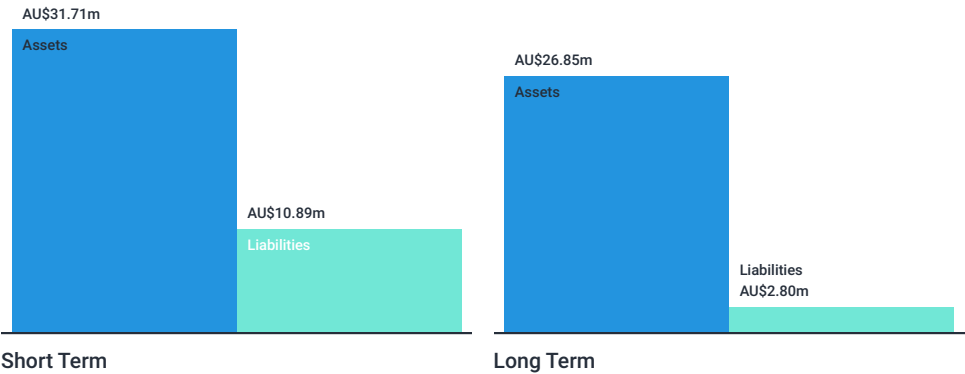
XRF Scientific (ASX:XRF) Seems To Use Debt Rather Sparingly
Oct 19

We Think XRF Scientific (ASX:XRF) Can Manage Its Debt With Ease
May 13

Does XRF Scientific (ASX:XRF) Have A Healthy Balance Sheet?
Apr 20

Show all updates

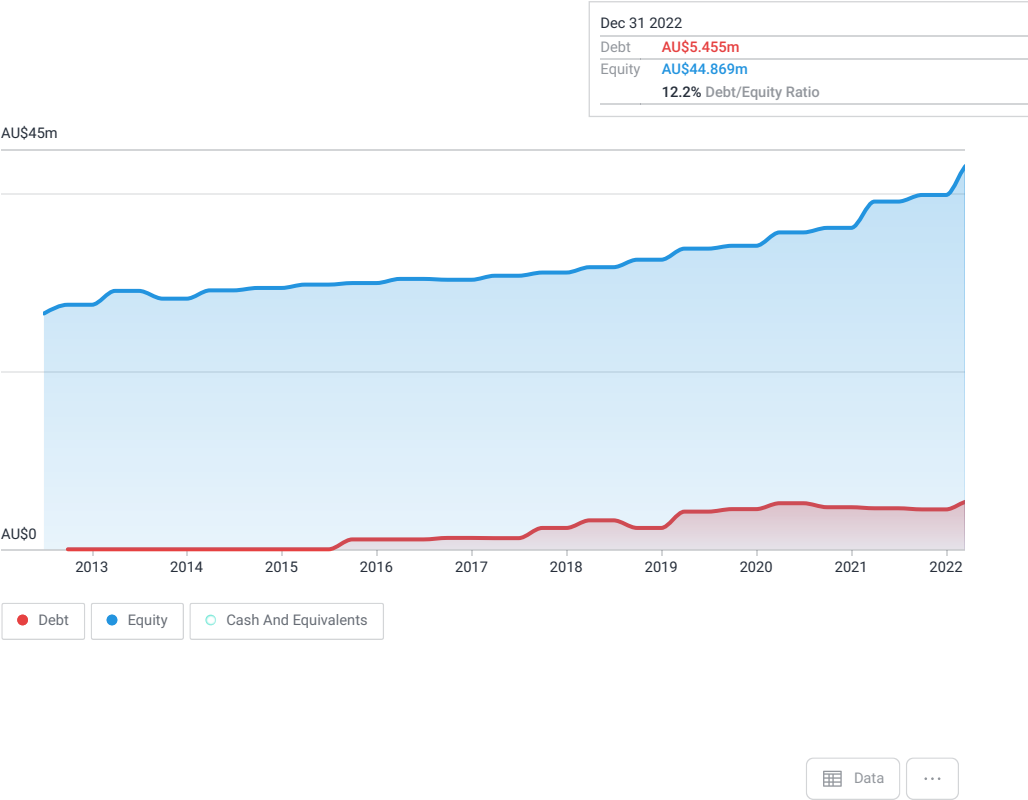
4.1 Financial Position Analysis



- ✓ Short Term Liabilities: XRF's short term assets (A\$31.7M) exceed its short term liabilities (A\$10.9M).
- ✓ Long Term Liabilities: XRF's short term assets (A\$31.7M) exceed its long term liabilities (A\$2.8M).



4.2 Debt to Equity History and Analysis



- ✔ **Debt Level:** XRF has more cash than its total debt.
- ✘ **Reducing Debt:** XRF's debt to equity ratio has increased from 7.7% to 12.2% over the past 5 years.
- ✔ **Debt Coverage:** XRF's debt is well covered by operating cash flow (67.7%).
- ✔ **Interest Coverage:** XRF's interest payments on its debt are well covered by EBIT (77x coverage).

4.3 Balance Sheet


| Assets | | Liabilities + Equity | |
|---------------------------------------|---|----------------------|-------------------------------|
| Long term & Other Assets AU\$18.6m | Physical Assets AU\$8.8m | Equity AU\$44.9m | Debt AU\$5.5m |
| Inventory AU\$16.8m | Receivables AU\$8.3m | | Other Liabilities AU\$4.3m |
| | Cash & Short term Investments AU\$6.1m | | Accounts Payable AU\$4.0m |

+

4.4 Discover healthy companies



Healthy companies in the Capital Goods industry.



+

5 Dividend

Dividend criteria checks 2/6 ✗ ✗ ✗ ✓ ✓ ✗



XRF Scientific is a dividend paying company with a current yield of 2.17% that is well covered by earnings.

Key information

| | |
|-------------------------------|----------------------------|
| 2.2% Dividend yield | 48% Payout ratio |
| Industry average yield | 3.2% |
| Next dividend pay date | n/a |
| Ex dividend date | n/a |
| Dividend per share | AU\$0.025 |
| Earnings per share | AU\$0.051 |
| Dividend yield forecast in 3Y | 2.9% |

Recent dividend updates



XRF Scientific Limited Announces Dividend That Relates to the Financial Reporting or Payment Period Ended on June 30, 2022, Payable on October 15



Upcoming dividend of AU\$0.025 per share
Sep 22

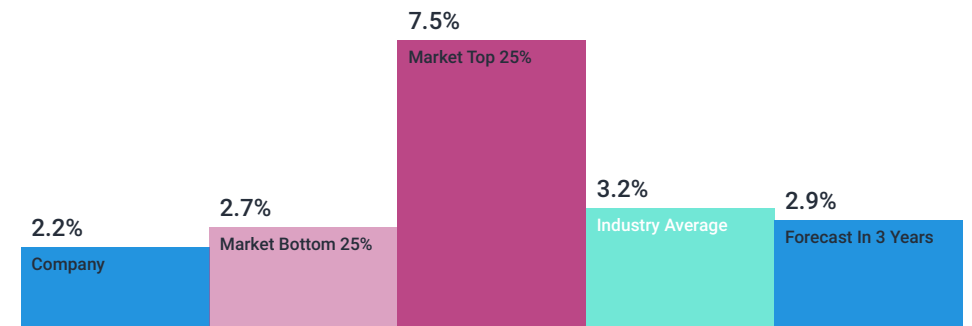


XRF Scientific Limited Announces Fully Franked Ordinary Dividend for the Year Ended June 30, 2022, Payable on 14 October 2022
Aug 23

Upcoming dividend of AU\$0.02 per share

[Show all updates](#)

5.1 Dividend Yield vs Market



Current Dividend Yield Vs Market & Industry

Data

- ✗ **Notable Dividend:** XRF's dividend (2.17%) isn't notable compared to the bottom 25% of dividend payers in the Australian market (2.7%).
- ✗ **High Dividend:** XRF's dividend (2.17%) is low compared to the top 25% of dividend payers in the Australian market (7.54%).



5.2 Stability and Growth of Payments



- ✗

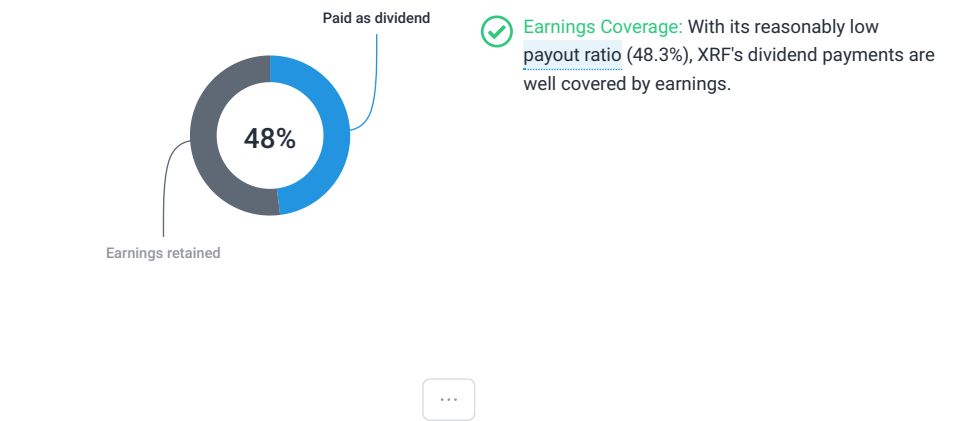
Stable Dividend:

XRF's dividend payments have been volatile in the past 10 years.
- ✓

Growing Dividend:

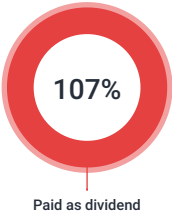
XRF's dividend payments have increased over the past 10 years.


5.3 Earnings Payout to Shareholders



+

5.4 Cash Payout to Shareholders



 **Cash Flow Coverage:** With its high cash payout ratio (107%), XRF's dividend payments are not well covered by cash flows.



5.5 Discover strong dividend paying companies



Strong dividend paying companies in the AU market.



6 Management

Management criteria checks 4/4

XRF Scientific's CEO is Vance Stazzonelli, appointed in Jun 2008, he has a tenure of 5.33 years. His total yearly compensation is A\$408.70K , comprised of 71.4% salary and 28.6% bonuses, including company stock and options. H...

Key information

Vance Stazzonelli

Chief executive officer

AU\$408.7k

Total compensation

| | |
|---------------------------|---------|
| CEO salary percentage | 71.4% |
| CEO tenure | 15yrs |
| CEO ownership | 0.5% |
| Management average tenure | 9.8yrs |
| Board average tenure | 11.1yrs |

Recent management updates

Non-Executive Director recently bought AU\$61k worth of stock

May 10

Insufficient new directors

Nov 16

XRF Scientific Limited, Annual General Meeting, Oct 21, 2022

Sep 16

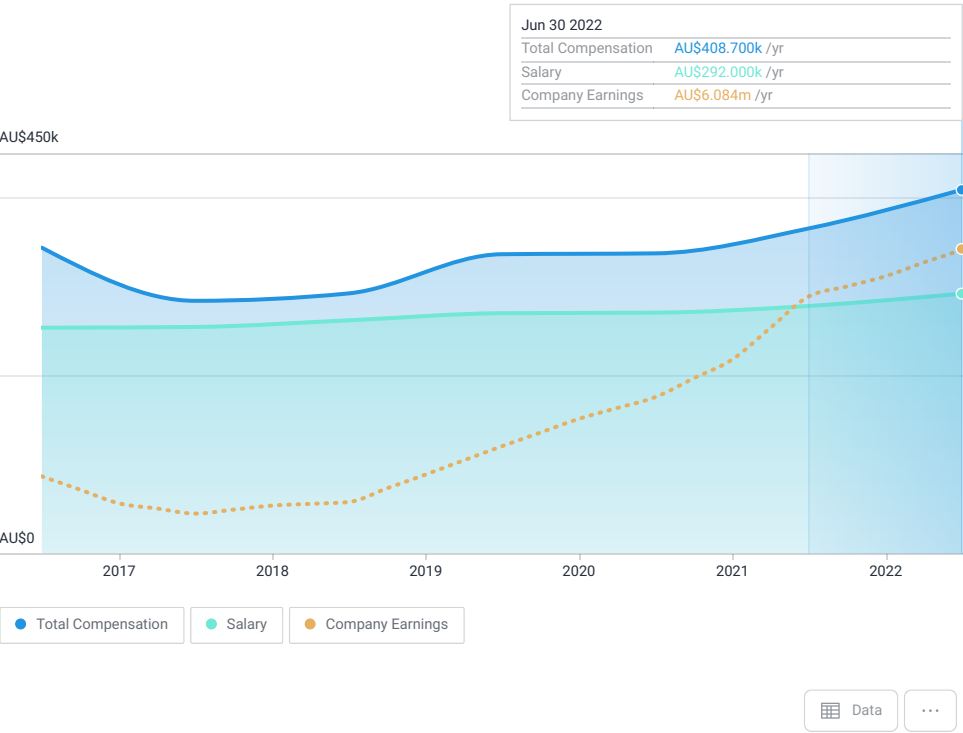
Insufficient new directors

Apr 27

Insufficient new directors

Show all updates

6.1 CEO Compensation Analysis



- ✓ **Compensation vs Market:** Vance's total compensation (\$USD276.45K) is about average for companies of similar size in the Australian market (\$USD288.11K).
- ✓ **Compensation vs Earnings:** Vance's compensation has been consistent with company performance over the past year.



6.2 CEO

Vance Stazzonelli

15yrs

Tenure

AU\$408,700


Compensation

Mr. Vance Stazzonelli, B.Comm has been the Chief Executive Officer of XRF Scientific Limited since August 6, 2012 and Company Secretary since June 16, 2008. Mr. Stazzonelli has been Managing Director and Director of XRF Scientific Limited since February 2018. He served as the Chief Financial Officer of XRF Scientific Limited since October 2009.

He served as an Acting Chief Executive Officer of XRF Scientific Limited from March 29, 2012 to August 2012. He served as an accountant and had been managing XRF's accounts since January 2008. He holds Bachelor of Commerce (Professional Accounting).

Show less


6.3 Leadership Team

| Name | Position | Tenure | Compensation | Ownership |
|---|----------------------------------|--------|--------------|---------------------|
|  Vance Stazzonelli | MD, Company Secretary & Director | 15yrs | AU\$408.70k | 0.54% A\$ 851.0k |
|  Andrew Watson | CFO & Joint Company Secretary | 9.8yrs | AU\$249.00k | 0.035% A\$ 55.1k |
|  Stephen Prossor | Business Development Manager | 8.9yrs | AU\$152.54k | 1.95% A\$ 3.1m |

Show less

9.8yrs

Average Tenure

 **Experienced Management:** XRF's management team is seasoned and experienced (9.8 years average tenure).



6.4 Board Members

| Name | Position | Tenure | Compensation | Ownership |
|--|------------------------------------|---------|--------------|---------------------|
|  Vance Stazzonelli | MD, Company Secretary & Director | 5.3yrs | AU\$408.70k | 0.54% A\$ 851.0k |
|  Frederick Grimwade | Independent Non-Executive Chairman | 11.1yrs | AU\$94.00k | 0.38% A\$ 596.8k |
|  David Kiggins | Non-Executive Independent Director | 11.1yrs | AU\$68.10k | 0.16% A\$ 244.8k |
|  David Brown | Non-Executive Director | 19yrs | AU\$240.91k | 7.36% A\$ 11.6m |


Show less

11.1yrs

Average Tenure

65yo

Average Age











 **Experienced Board:** XRF's board of directors are seasoned and experienced (11.1 years average tenure).



7 Ownership

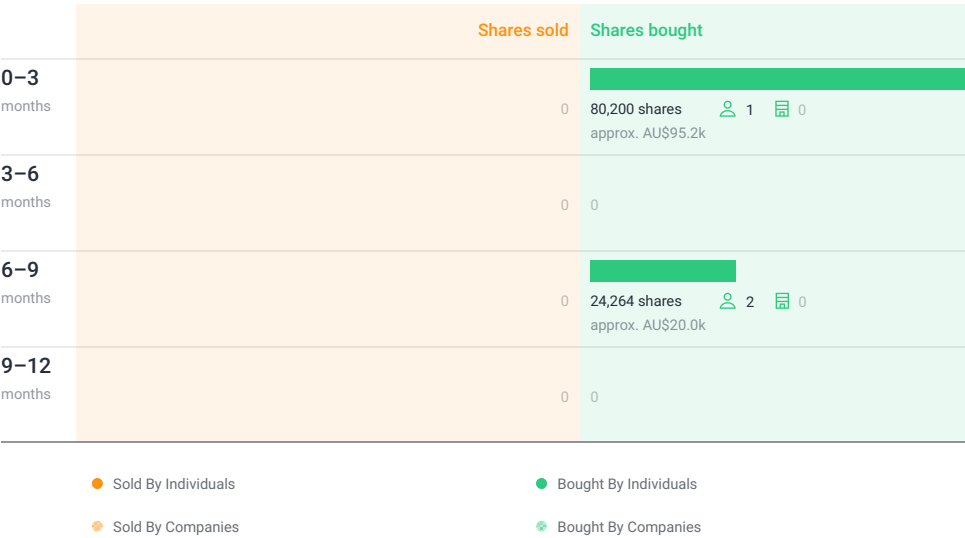
Who are the major shareholders and have insiders been buying or selling?

7.1 Recent Insider Transactions

| Date | Value | Name | Entity | Role | Shares | Max Price |
|-----------|----------------|-------------------|------------|---|--------|-----------|
| 16 May 23 | Buy AU\$21,696 | David Brown | Individual |   | 19,200 | AU\$1.13 |
| 09 May 23 | Buy AU\$60,180 | David Brown | Individual |   | 51,000 | AU\$1.18 |
| 26 Apr 23 | Buy AU\$12,500 | David Brown | Individual |   | 10,000 | AU\$1.25 |
| 25 Oct 22 | Buy AU\$10,989 | Vance Stazzonelli | Individual |   | 13,484 | AU\$0.81 |
| 24 Oct 22 | Buy AU\$9,001 | David Brown | Individual |   | 10,780 | AU\$0.83 |

ASX:XRF Recent Insider Transactions by Companies or Individuals

Insider Trading Volume



Insider Buying: XRF insiders have bought more shares than they have sold in the past 3 months.



7.1 Ownership Breakdown



Data

...

Dilution of Shares: Shareholders have not been meaningfully diluted in the past year.

7.1 Top Shareholders

Top 22 shareholders own 40.89% of the company

| Ownership | Name | Shares | Current Value | Change % | Portfolio % | |
|-----------|-------------------------------|------------|---------------|----------|-------------|-------------|
| 8.14% | Michael Korber | 11,149,077 | A\$12.8m | 0% | no data | <div></div> |
| 7.36% | David Brown <div></div> | 10,090,200 | A\$11.6m | 0.8% | no data | <div></div> |
| 4.97% | Evelin Investments Pty Ltd. | 6,806,709 | A\$7.8m | 0% | no data | <div></div> |
| 3.35% | Private Portfolio Managers | 4,587,089 | A\$5.3m | 0% | 10.5% | <div></div> |
| 2% | Great Western Capital Pty Ltd | 2,735,048 | A\$3.1m | 0% | no data | <div></div> |
| 1.95% | Stephen Prossor <div></div> | 2,669,767 | A\$3.1m | 0% | no data | <div></div> |
| 1.73% | Pebadore Pty. Ltd. | 2,375,000 | A\$2.7m | 0% | no data | <div></div> |
| 1.71% | Mandel Pty. Ltd. | 2,350,000 | A\$2.7m | 0% | no data | <div></div> |
| Show less | | | | | | |



8 Company Information

XRF Scientific Limited's employee growth, exchange listings and data sources

8.1 Key Information



Name: **XRF Scientific Limited**
Ticker: **XRF**
Exchange: **ASX**
Founded: **1972**
Industry: **Industrial Machinery and Supplies and Components**
Sector: **Capital Goods**
Implied Market Cap: **AU\$157.607m**
Shares outstanding: **137.05m**
Website: <https://www.xrfscientific.com>

8.1 Location



XRF Scientific Limited
86 Guthrie Street
Osborne Park
Western Australia
6017
Australia



8.1 Listings


| Ticker | Exchange | Primary Security | Security Type | Country | Currency | Listed on |
|--------|--------------------------------------|------------------|-----------------|---------|----------|-----------|
| XRF | ASX (Australian Securities Exchange) | Yes | Ordinary Shares | AU | AUD | Oct 2006 |
| XRF | CHIA (Chi-X Australia) | Yes | Ordinary Shares | AU | AUD | Oct 2006 |

8.1 Company Analysis and Financial Data Status

| Data | Last Updated (UTC time) |
|------------------------|-------------------------|
| Company Analysis | 2023/06/22 00:00 |
| End of Day Share Price | 2023/06/22 00:00 |
| Earnings | 2022/12/31 |
| Annual Earnings | 2022/06/30 |

All financial data provided by Standard & Poor's Capital IQ.

Unless specified all financial data is based on a yearly period but updated quarterly. This is known as Trailing Twelve Month (TTM) or Last Twelve Month (LTM) Data. Learn more [here](#).

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