

29 August 2018

XRF announces full-year result

XRF Scientific Ltd (“XRF” or “The Company”) today announced its results for the June 2018 full-year:

Key Highlights

- Revenue up 13% to \$24.3m from \$21.5m
- Underlying Earnings* up 12% to \$2.5m from \$2.2m
- Statutory Net Profit After Tax up 29% to \$1.024m from \$794k
- Operating Cash Flow up 417% to \$808k from \$156k
- Germany office revenue up 205% to \$1.86m from \$609k
- Strong activity in early FY19, with record Consumable and Capital Equipment sales

*Net Profit Before Tax after adding back costs of \$962k (2017: \$1.2m) associated with acquisitions, R & D and expansion of the Precious Metals Division.

XRF’s Managing Director, Vance Stazzonelli, commented on the full-year result:

“We are pleased to deliver this improved result to shareholders for FY18. Market conditions remained positive throughout the year and we are expecting FY19 to be significantly better. This is a result of increased activity in the mining sector, new products launched and improved financial performance from the Precious Metals Division expansion.

Sales activity across our Consumable and Capital Equipment product lines are currently tracking at record levels. After a large inflow of orders in June, the sales order book for our electric fusion machines is currently out to three months, compared to the typical 4-6 weeks from the last few years. This is a result of growing demand for our xrFuse machines, which includes the xrFuse 1 that was launched this year. As well as our customers now spending more on Capex, the xrFuse machines have developed a reputation of being a reliable sample preparation workhorse, since the first machine was launched four years ago.

The second half was slower than the first for the sale of Consumable products, due to lower levels of exploration activity, however sales have picked up significantly since starting FY19. In July our sales were extremely robust, with a record \$1m achieved, compared to the monthly average of \$627k over FY19. We are expecting our market share to grow, which will be assisted by the addition of the microbeads flux product line, with the Scancia production plant now fully commissioned in Perth.

The office in Germany had a quieter Q3 with sales activity increasing in Q4. July 2018 was its best performance yet with revenue of EUR 102k and its monthly loss reduced to EUR 28k (unaudited), compared to the average of EUR 43k in FY18. Our current expectation is still that the German office will be breaking even on a monthly basis within the calendar year. Our products continue to experience strong acceptance in Europe, with new customers regularly being added for Labware and Precision products.

The Board has determined to maintain the dividend payout ratio for the year at approximately 40% of NPAT, declaring a final fully franked dividend of 0.3 cents per share.

Our Chairman Mr Ken Baxter has advised that after thirteen years as a Director and nine as Chairman, he will be retiring from the Board at the Company's 2018 AGM. The Board is extremely grateful for Mr Baxter's extensive contribution to XRF Scientific during the term of his appointment. Mr Grimwade will be taking over as Chairman effective the close of the 2018 AGM. Mr Grimwade has been a Non-Executive Director since 1 May 2012 and is currently Chairman of CPT Global Ltd and Non-Executive Director of Select Harvests Ltd and Australian United Investment Company Ltd."

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About XRF Scientific:

XRF Scientific Limited is an Australian listed company (ASX: XRF) based in Perth, Western Australia. XRF manufactures equipment and chemicals, which are distributed to production mines, construction material companies and commercial analytical laboratories, in Australia and overseas, and used in the preparation of samples for analysis.

XRF has manufacturing, sales and support facilities located in Perth, Melbourne, Europe and Canada, plus a global network of distributors. The Company has representation in the United States, South America, Africa, the Middle East and Asia and has a customer base that includes multinational blue-chip customers such as:- BHP Billiton, Rio Tinto, Vale, South 32, Glencore, Alcoa, Lafarge, Holcim, ArcelorMittal, CSIRO, Intertek, Bureau Veritas, SGS and ALS.

XRF's technology is used to measure the composition and purity of materials and is mainly applied in industrial quality control and in process control for manufacturing processes in industries such as metals and mining, construction materials, chemicals and petrochemicals.

XRF's products help customers to improve product quality and performance, increase productivity and yield and reduce downtime and waste. Its businesses have established positions in their specialised markets.

Read more about XRF Scientific at: <https://www.xrfscientific.com/general-overview/>