



Investor Presentation
February 2019



- Manufacturer of consumables and equipment for mining and industry, for X-Ray Fluorescence (XRF) analysis – a powerful long-established analytical technique, vital to the discovery, evaluation, qualification and production of most metals and control of material manufacturing processes

X-Ray Flux and chemicals



Platinum Labware and Precision Platinum Products



Specialised furnaces and laboratory equipment

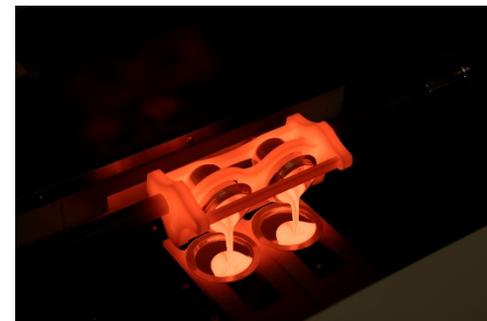


The XRF Analysis Process

Samples are sent from production to the laboratory



The samples are then processed into a fine dust



The sample dust is then fused into a glass bead using **XRF Scientific's products**



The glass disk is presented into an x-ray spectrometer for analysis





Laboratory



Industry



Samples

Materials:

- Cement
- Steel
- Glass
- Ceramics
- Research
- Education

Mining



Samples

Minerals:

- Iron ore
- Nickel
- Copper
- Aluminium
- Bauxite
- Manganese
- Uranium
- Lithium
- Mineral sands
- Commercial labs

Sample sources:

- Production
- Shipping
- Exploration

Half Year Results – Overview



| (\$m) | Half Year Results | | | Full Year Results | | |
|-------------------------------------|-------------------|-------------|-------------|-------------------|-------------|-------------|
| | 1H19 | 1H18 | Change | 2018 | 2017 | 2016 |
| Sales revenue | 15.0 | 12.1 | 24% | 24.2 | 21.5 | 21.0 |
| EBITDA | 2.1 | 1.2 | 80% | 2.5 | 1.7 | 3.0 |
| Profit before tax | 1.6 | 0.7 | 118% | 1.5 | 1.0 | 2.4 |
| Acquisition costs | 0.0 | 0.2 | (100%) | 0.2 | 0.1 | 0.2 |
| Platinum Division expansion costs | 0.2 | 0.4 | (34%) | 0.8 | 1.1 | 0.5 |
| Bank Refinancing costs | 0.1 | 0.0 | 100% | 0.0 | 0.0 | 0.0 |
| Underlying profit before tax | 2.0 | 1.3 | 49% | 2.5 | 2.2 | 3.0 |
| Net profit after tax | 1.1 | 0.53 | 105% | 1.0 | 0.8 | 1.5 |
| Earnings per share (cents) | 0.8 | 0.4 | 105% | 0.8 | 0.6 | 1.2 |
| Weighted average no. of shares | 133,825,803 | 133,825,803 | | 133,825,803 | 133,825,803 | 133,126,318 |
| Dividends (cents per share) | 0.0 | 0.0 | | 0.30 | 0.24 | 0.5 |
| Dividend payout ratio | | | | 39% | 40% | 43% |

Balance Sheet

| (\$m) | 1H19 | 2H18 | Change |
|-------------------------------|-------------|-------------|------------|
| Cash and cash equivalents | 1.2 | 0.4 | 194% |
| Trade and other receivables | 4.9 | 4.1 | 20% |
| Inventories | 8.6 | 7.6 | 13% |
| Other assets | 0.5 | 0.4 | 17% |
| Property, plant and equipment | 8.4 | 8.5 | (1%) |
| Intangible assets | 15.9 | 16.0 | (1%) |
| Deferred tax asset | 0.9 | 0.9 | (1%) |
| Total assets | 40.4 | 37.9 | 7% |
| Trade and payables | | | |
| - platinum loan provisions | 2.0 | 1.0 | 105% |
| - other items | 2.8 | 2.2 | 23% |
| Debt (short term) | 0.7 | 1.4 | (52%) |
| Debt (long-term) | 1.7 | 0.9 | 96% |
| Income tax liability | 0.4 | 0.4 | (3%) |
| Deferred tax liability | 0.2 | 0.3 | (17%) |
| Total liabilities | 7.8 | 6.2 | 26% |
| Total equity | 32.6 | 31.7 | 3% |

- Platinum loans increased, increasing inventories and provisions (payables) by \$1m in 1H19
- Group lending facilities refinanced with HSBC Australia:
 - \$0.1m refinancing costs expensed in 1H19
 - \$1m of factory loan moves back to long-term debt
- One global banking system
- Precious metals inventory financing

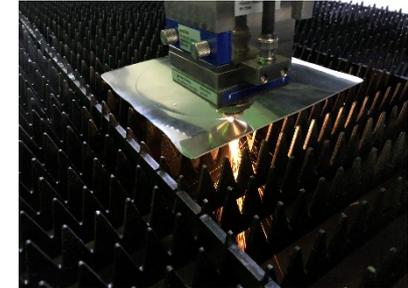
Cash Flow Statements

| (\$m) | 1H19 | 2H18 | 1H18 |
|---|-------|-------|-------|
| Net cash inflow from operating activities | 1.3 | (0.4) | 1.2 |
| Net cash (outflow) from investing activities | (0.2) | (0.6) | (1.4) |
| Net cash inflow/(outflow) from financing activities | (0.3) | (0.1) | 0.8 |
| Cash at start of period | 0.4 | 1.5 | 0.8 |
| Net increase/(decrease) in cash | 0.8 | (1.1) | 0.7 |
| Cash at end of period | 1.2 | 0.4 | 1.5 |

Highlights:

- Operating cash flow strengthening in line with improvement in profits
- Manufacturing equipment investments were made in FY18 for Precious Metals expansion

Precious Metals Expansion



New Germany Office

25+ years experience in sales and production of platinum products

August 2016

New Melbourne Factory

2100 sqm owned by XRFs, \$1.8m cost plus \$0.9m improvements

November 2016

Production Improvements

Enhance existing products, improve core production methods, expand existing product lines

Ongoing since 2016

New Equipment

Investments made to expand production capability and our product range

FY18

Expanding in Europe

Sale of fusion products into new European countries

Ongoing



New Product Developments

New additional Precision Platinum components into significantly larger industries than labware markets e.g. aerospace, measurement control components, glass industry

2017 onwards



Precious Metals Expansion

| Germany Office Financials | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|------------------|
| <i>\$AUD</i> | 1H17 | 2H17 | FY17 | 1H18 | 2H18 | FY18 | 1H19 |
| Germany office revenue | 193,376 | 416,072 | 609,448 | 783,671 | 1,072,142 | 1,855,813 | 1,126,776 |
| Germany office result | (447,657) | (434,236) | (881,893) | (376,085) | (411,514) | (787,599) | (247,152) |
| Benefits delivered to other XRF divisions | | | | | | 232,426 | 132,465 |
| Net result from expansion activities | | | | | | (555,173) | (114,687) |

| Platinum Demand: Industrial '000 oz | | | |
|--|--------------|--------------|--------------|
| | 2016 | 2017 | 2018 |
| Chemical | 476 | 490 | 550 |
| Electrical | 230 | 230 | 273 |
| Glass | 247 | 366 | 466 |
| Medical & Biomedical | 217 | 220 | 224 |
| Petroleum | 175 | 233 | 311 |
| Other | 461 | 483 | 497 |
| Total | 1,806 | 2,022 | 2,321 |

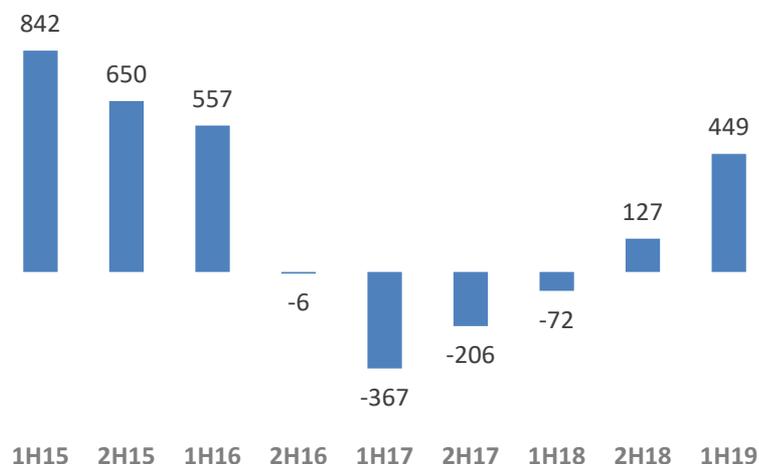
Source: Johnson Matthey PGM Market Report February 2019

Note: Platinum price ~\$1100 AUD per oz Feb 19

XRF Scientific target segments

- First profit of \$5k recorded in January 2019
- Results so far are within our 5 year internal forecasts
- We expect our market shares to continue to grow rapidly this year
- Material impact to group profits expected in the short to mid term (1-2 years)
- Key industries: aerospace, glass, measurement instrumentation

| (\$m) | 1H19 | 2H18 | 1H18 |
|----------------------|------------|------------|--------------|
| Sales revenue | 6.4 | 5.8 | 5.2 |
| Change in % | 10% | 13% | 12% |
| NPBT | 0.4 | 0.1 | (0.1) |
| Change in % | 252% | 277% | (65%) |
| Margin % | 7% | 2% | (1%) |



Net Profit Before Tax (\$'000)

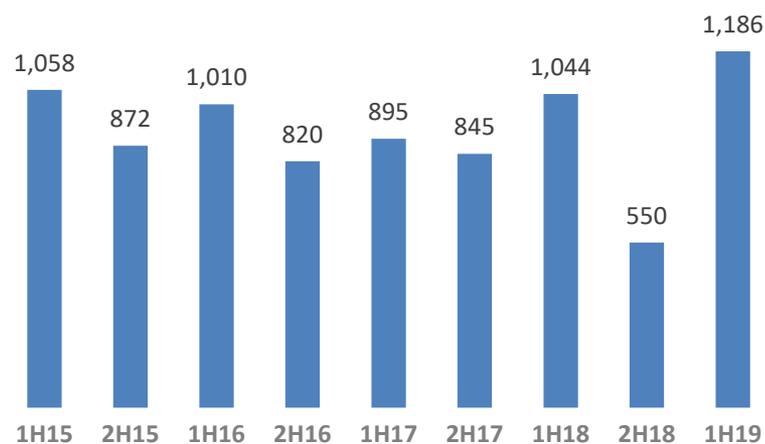
Overview for 1H19:

- Revenue up 10% on 2H18
- NPBT up 252% on 2H18
- Remanufacturing services and new product sales strong across the board
- Significant progress with Germany financial performance
- New technical precision products continued to be developed for European customers

Outlook:

- Expect continued growth in line with increased level of mining related activity and European expansion

| (\$m) | 1H19 | 2H18 | 1H18 |
|----------------------|------------|------------|------------|
| Sales revenue | 4.4 | 3.4 | 4.1 |
| Change in % | 29% | (18%) | 13% |
| NPBT | 1.2 | 0.6 | 1.0 |
| Change in % | 116% | (47%) | 24% |
| Margin % | 27% | 16% | 25% |



Net Profit Before Tax (\$'000)

Overview for 1H19:

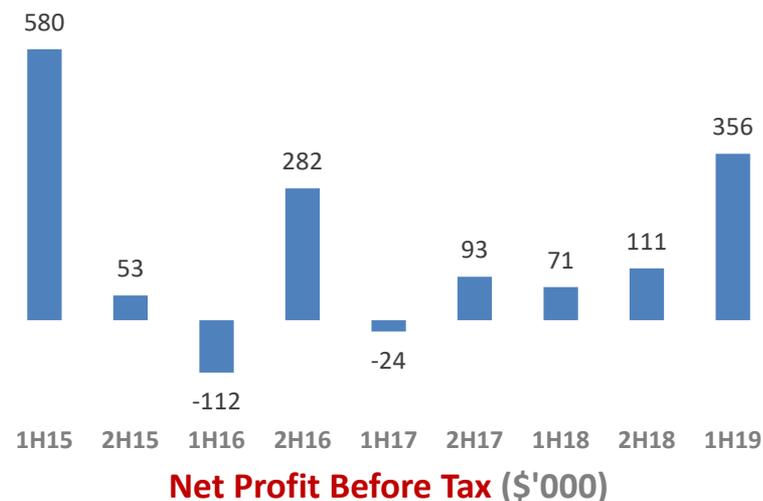
- Revenue up 29% on 2H18
- NPBT up 116% on 2H18
- New mine-site customers acquired
- Scancia (microbeads flux manufacturer) acquisition providing market share growth

Outlook:

- Market share expected to continue to expand due to availability of microbeads flux product – we have the most comprehensive product range of fluxes on the market

Capital Equipment

| (\$m) | 1H19 | 2H18 | 1H18 |
|-----------------|------------|------------|------------|
| Sales revenue | 4.9 | 3.8 | 3.3 |
| Change in % | 28% | 17% | 3% |
| NPBT | 0.4 | 0.1 | 0.1 |
| Change in % | 221% | 58% | (24%) |
| Margin % | 7% | 3% | 2% |



Overview for 1H19:

- Revenue up 28% on 2H18
- NPBT up 221% on 2H18
- Record level of orders received and 3 month order book being maintained: new labs and replacement capex
- Launch of Phoenix GO S gas only fusion machine

Outlook:

- Machines order book continues to be strong
- Further development of new complementary products

Our plans for 2019

- Continuing our expansion in the Precious Metals Division, with the aim of delivering material group profit growth in the short to medium term (1 to 2 years)
- Acquire a greater market share for Consumable products
- Continue development of new Capital Equipment products
- Expand international revenue and grow into new areas such as India, Japan and Russia
- Increase margins through cost saving initiatives, starting to take effect late 2H19
- Continue to pursue M&A opportunities. Our targets are complementary manufacturing companies, in the laboratory supply or precious metals sectors
- Work to improve our scale/market cap and the share price

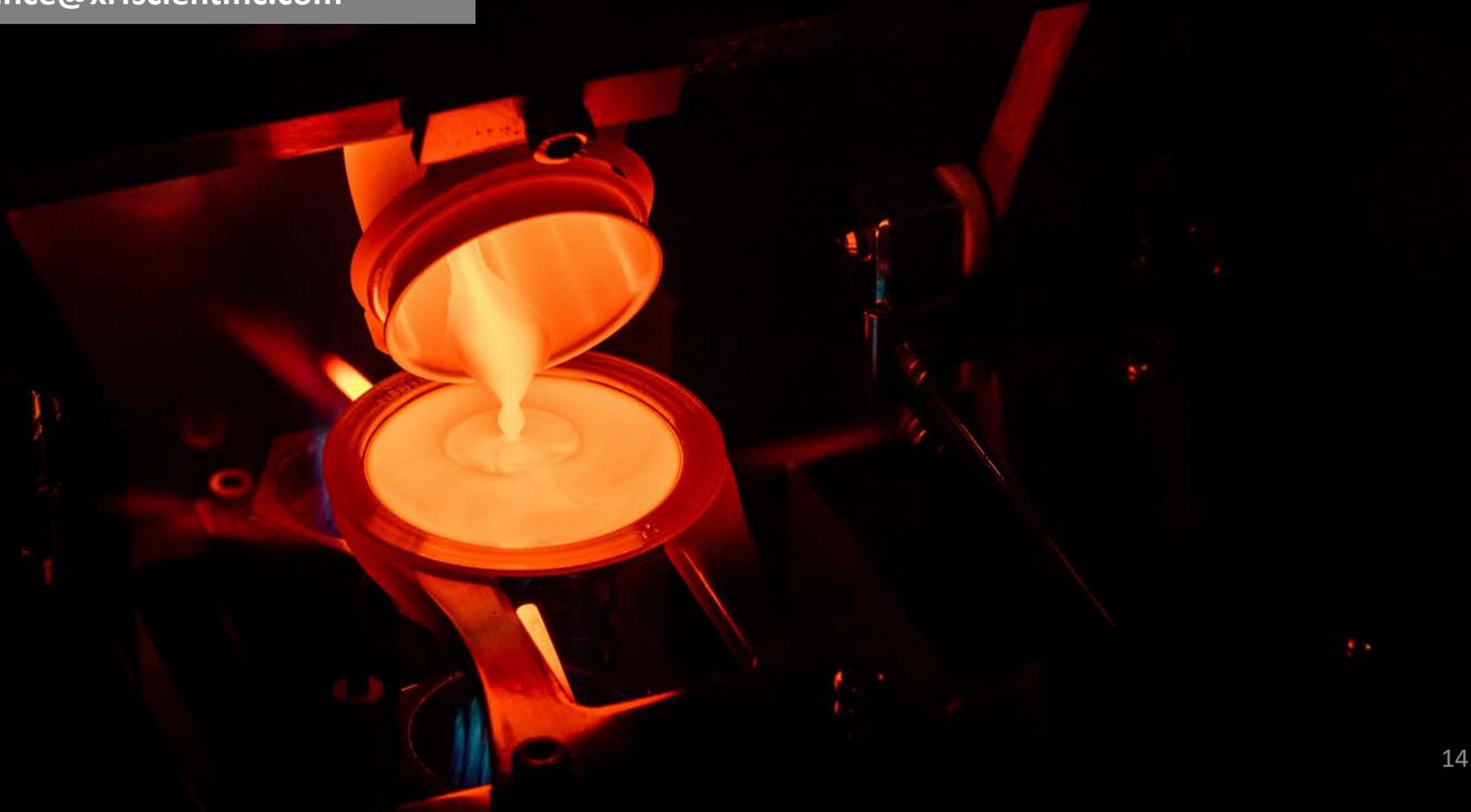
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