



Investor Presentation
February 2019



Company Overview

- 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

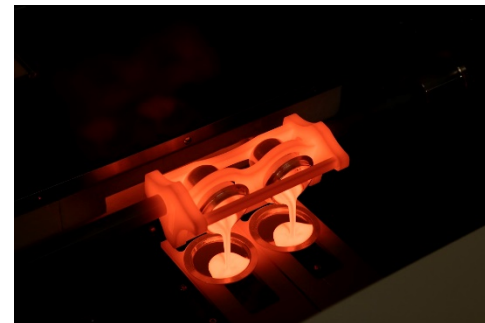


The XRF Analysis Process

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



Our Products



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

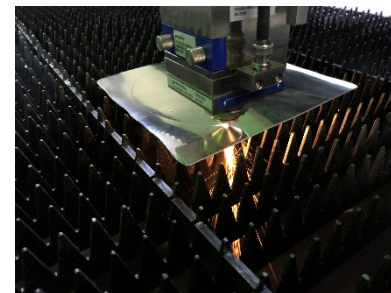
November 2016



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

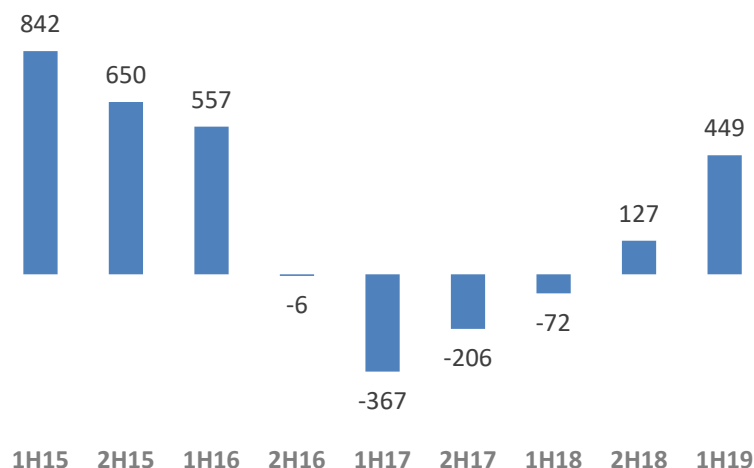
Source: Johnson Matthey PGM Market Report February 2019

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)

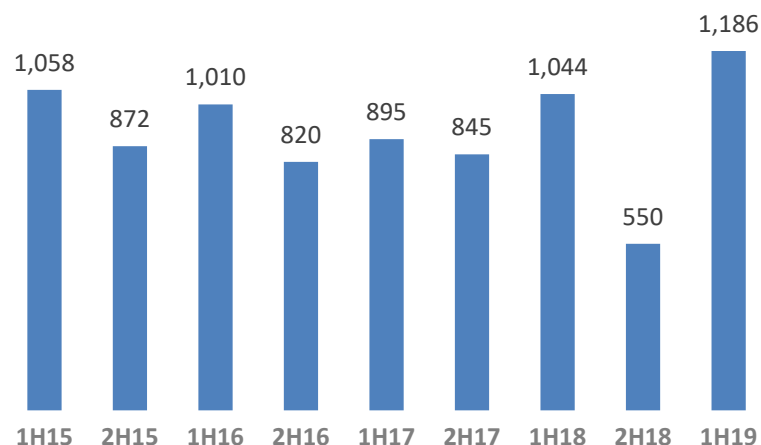
■ Overview for 1H19:

- 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:

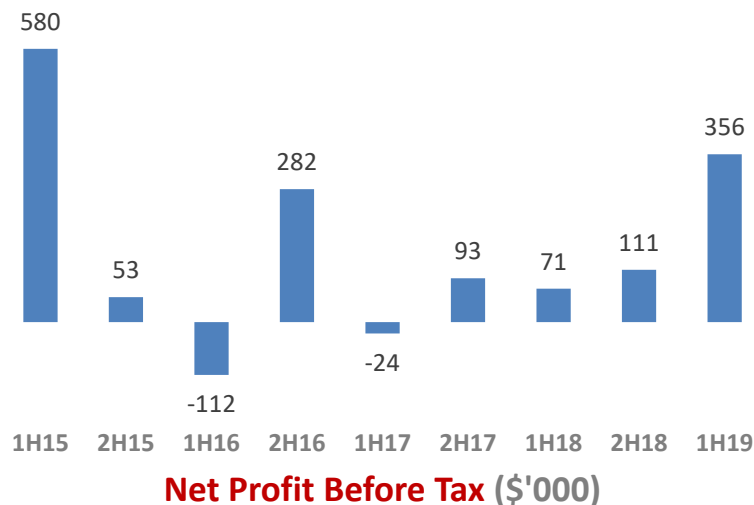
- Revenue up 29% on 2H18
- NPBT up 116% on 2H18
- New mine-site customers acquired
- Scancia (microbeads flux manufacturer) acquisition providing market share growth

■ 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

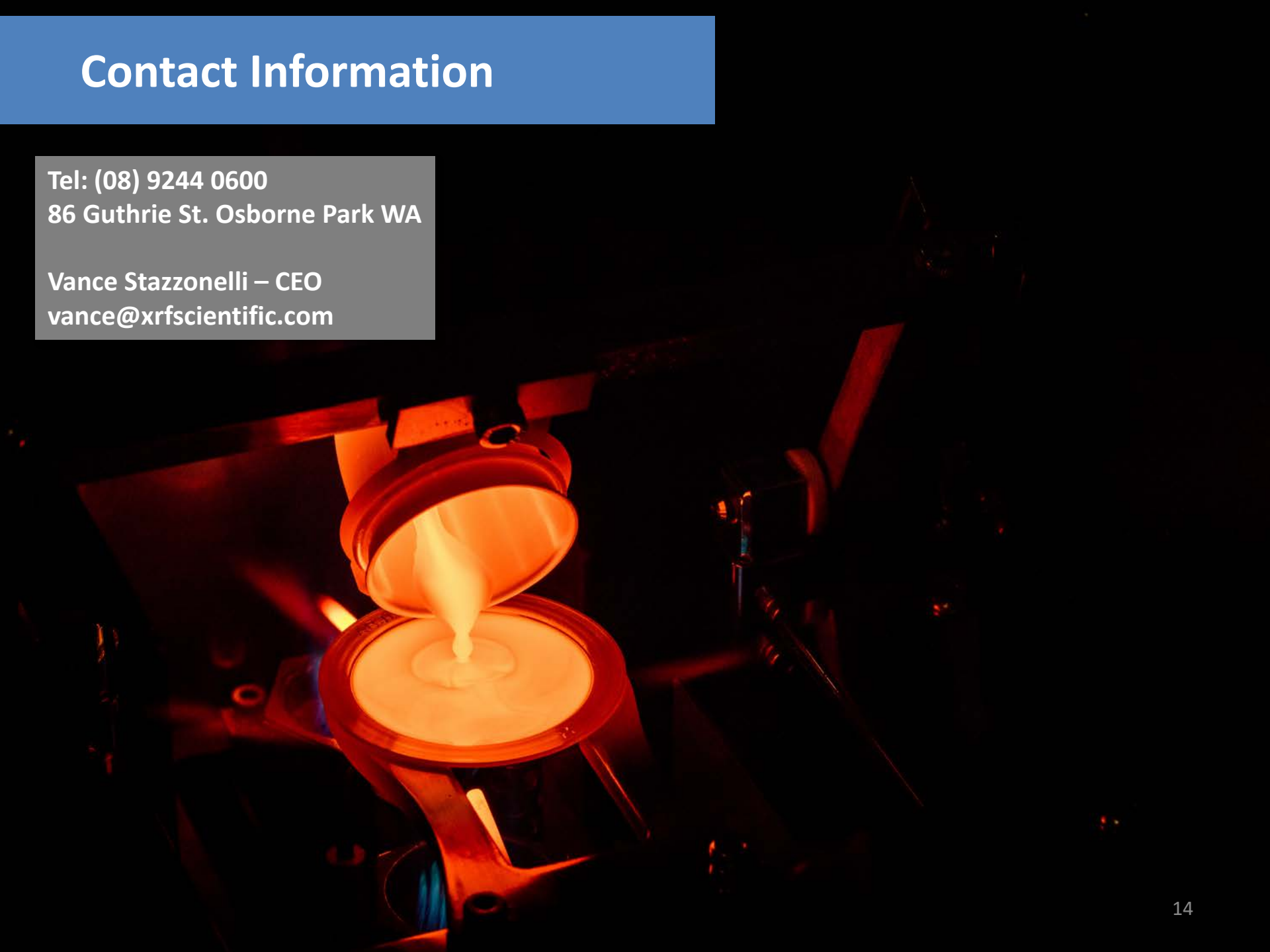
Contact Information

Tel: (08) 9244 0600

86 Guthrie St. Osborne Park WA

Vance Stazzonelli – CEO

vance@xrfscientific.com



No responsibility for contents of Investor Presentation

- To the maximum extent permitted by law, XRF Scientific Limited and representatives:
- make no representation, warranty or undertaking, express or implied, as to the adequacy, accuracy, completeness or reasonableness of this Investor Presentation or any other written or verbal communication transmitted or made available to any recipient;
- accept no responsibility or liability as to the adequacy, accuracy, completeness or reasonableness of this Investor Presentation or any other written or verbal communication transmitted or made available to any recipient; and
- accept no responsibility for any errors or omissions from this Investor Presentation whether arising out of negligence or otherwise.

Accuracy of projections and forecasts

- This Investor Presentation includes certain statements, opinions, estimates, projections and forward looking statements with respect to the expected future performance of XRF Scientific Limited. These statements are based on, and are made subject to, certain assumptions which may not prove to be correct or appropriate. Actual results may be materially affected by changes in economic and other circumstances which may be beyond the control of XRF Scientific Limited. Except to the extent implied by law, no representations or warranties are made by XRF Scientific Limited, its advisers or representatives as to the validity, certainty or completeness of any of the assumptions or the accuracy or completeness of the forward looking statements or that any such statement should or will be achieved. The forward looking statements should not be relied on as an indication of future value or for any other purpose.

No offer to sell or invitation to buy

- This Investor Presentation does not, and should not be considered to, constitute or form part of any offer to sell, or solicitation of an offer to buy, any shares in XRF Scientific Limited, and no part of this Investor Presentation forms the basis of any contract or commitment whatsoever with any person.

This Investor Presentation does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not permitted under applicable law. Distribution of this Investor Presentation in or from certain jurisdictions may be restricted or prohibited by law. Recipients must inform themselves of and comply with all restrictions or prohibitions in such jurisdictions. Neither XRF Scientific Limited, its advisers or representatives accept any liability to any person in relation to the distribution or possession of this Investor Presentation from or in any jurisdiction.