

29 August 2016

XRF announces 2016 full-year result

XRF Scientific Ltd (“XRF” or “The Company”) today announced their result for the 2016 financial year.

Key Highlights

- Revenue from ordinary activities, up 2% to \$21.1m (FY15: \$20.7m);
- Underlying Pre Tax Earnings (NPBT)*, down 22% to \$3.0m (FY15: \$3.9m);
- Net Profit After Tax (NPAT), down 42% to \$1.5m (FY15: \$2.6m);
- Earnings Before Interest and Tax (EBIT), down 33% to \$2.3m (FY15: \$3.5m);
- Earnings Per Share (EPS), down 42% to 1.2c (FY15: 2.0c);
- Fully franked final dividend of 0.3 cents per share;
- Dividend payout ratio of 43% for FY16

*Net Profit before Tax after adding back costs of \$0.7m (FY15: \$0.3m) that relate to acquisitions, R & D and expansion of the Precious Metals Division, expensed to profit & loss.

The level of profit achieved was a result of steady sales of consumables, with a reduced performance from our precious metal and capital equipment products. An improved Underlying Profit Before Tax of \$1.64m was delivered in the second half, as compared to \$1.40m in the first half.

Capital equipment products generated a loss of \$112k in the first half, which was turned around into a profit of \$170k for the full-year. Precious metals products sales were reasonably steady throughout FY16, however sales were weak for this product line in the second half in certain areas such as North America.

Sales to the mining industry remained steady but at the lower levels experienced for the past few years. As a result, the focus continued to remain on developing sales in industries outside mining, in particular outside Australia. As a result of acquisitions, international market development and new product releases, the majority of XRF’s revenue is now outside Australia.

XRF’s CEO, Vance Stazzonelli, commented on the full-year result: “We are pleased to deliver another year of profits to shareholders. XRF has been one of few companies with high exposure to the mining industry to remain profitable throughout the cycle. Credit is due to the Management Team at XRF, for remaining committed to keeping XRF as a leader in its field, and ensuring the cost structure of the business remains in check at all times.

During the year we continued with our new product development activities. This resulted in the release of a new automated flux weighing machine, “xrWeigh Carousel”, which has been well received by the market.

The main acquisition completed during the year was that of Socachim SPRL, based in Brussels. The business has been successfully integrated into XRF and the level of profits in the first seven months of operations have been in line with our expectations.

As announced in November 2015, the Company is making a significant investment in its Precious Metals division, specifically in the capital assets and operations in Melbourne and in the establishment of our German and European operations. We have purchased a significantly larger facility in Melbourne and are commencing final commissioning, which we expect to deliver operational capacity in September. The focus in 2017 will be in enhancing our product quality and expanding production into new product lines. The German operations commenced in August and will deliver improved technical and sales expertise in targeting both the German and the wider European markets – this represents a major investment in the region and is not expected to be cashflow positive until FY18.

Whilst the key growth focus in FY17 is the Precious Metals division expansion, a number of acquisition opportunities continue to be assessed. The majority of these opportunities are smaller bolt-on deals, within our financial capacity and in XRF's existing target industries."

Dividend

The Board is committed to its strategic investment in the Precious Metals division, which is expected to deliver significant growth and improve shareholder return in the medium term. The capital assets and operations in Melbourne and the establishment of our German and European operations are cashflow negative in the short term and as a consequence the Board has reduced the annual dividend payout ratio in order to invest in this growth.

The Company is pleased to announce that the Board has declared a final dividend for the year of 0.3 cents per share. In conjunction with the interim dividend already paid in March, this provides a dividend payout ratio of 43%. The Record Date for determining entitlements to the dividend will be 16 September 2016. The payment of the dividend will occur on 30 September 2016.

Please direct any inquiries to:

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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.