



Investor Presentation
August 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

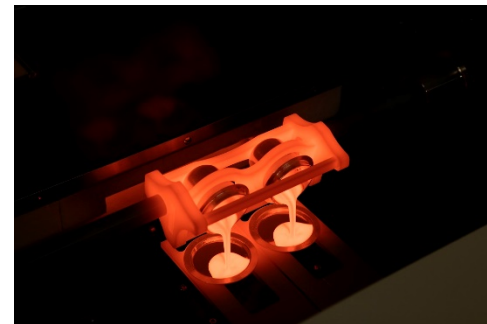


The XRF Analysis Process

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

Full Year Results

(\$m)	2019	2018	2017	2016
Sales revenue	29.0	24.2	21.5	21.0
EBITDA	4.1	2.5	1.7	3.0
Profit before tax	3.2	1.5	1.0	2.4
Acquisition costs	0.0	0.2	0.1	0.2
Platinum Division expansion costs	0.4	0.8	1.1	0.5
Bank Refinancing costs	0.1	0.0	0.0	0.0
Underlying profit before tax	3.6	2.5	2.2	3.0
Net profit after tax	2.1	1.0	0.8	1.5
Earnings per share (cents)	1.6	0.8	0.6	1.2
Weighted average no. of shares	133,825,803	133,825,803	133,825,803	133,126,318
Dividends (cents per share)	1.0	0.30	0.24	0.5
Dividend payout ratio	63%	39%	40%	43%

Balance Sheet

(\$m)	2019	2018	Change
Cash and cash equivalents	3.2	0.4	680%
Trade and other receivables	4.1	4.1	(1%)
Inventories	8.7	7.6	14%
Other assets	0.4	0.4	1%
Property, plant and equipment	8.4	8.5	(1%)
Intangible assets	16.0	16.0	0%
Deferred tax asset	0.9	0.9	1%
Total assets	41.7	37.9	10%
Trade and payables			
- platinum loan provisions	2.0	1.0	100%
- other items	3.0	2.2	31%
Debt (short term)	0.7	1.4	(50%)
Debt (long-term)	1.6	0.9	77%
Income tax liability	0.4	0.4	14%
Deferred tax liability	0.2	0.3	(17%)
Total liabilities	7.9	6.2	27%
Total equity	33.8	31.7	7%

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

Cash Flow Statements

(\$m)	2019	2018
Net cash inflow from operating activities	3.8	0.8
Net cash (outflow) from investing activities	(0.6)	(1.9)
Net cash inflow/(outflow) from financing activities	(0.4)	0.7
Cash at start of period	0.4	0.8
Net increase/(decrease) in cash	2.8	(0.4)
Cash at end of period	3.2	0.4

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



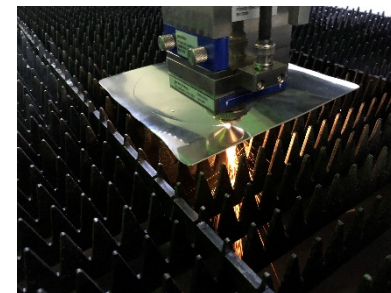
New German Operations
25+ years experience in
sales and production of
platinum products
August 2016



New Melbourne Factory
2100 sqm owned by XRFs,
\$1.8m cost plus \$0.9m
improvements
November 2016

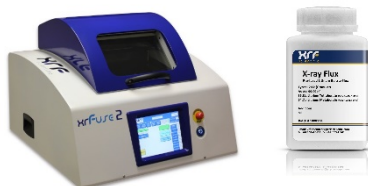


Production Improvements
Enhance existing products, improve
core production methods, expand
existing product lines
Ongoing since 2016



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
2017 onwards



Precious Metals Expansion

German Operations Financials									
\$AUD	1H17	2H17	FY17	1H18	2H18	FY18	1H19	2H19	FY19
German operations revenue	193,376	416,072	609,448	783,671	1,072,142	1,855,813	1,126,776	1,696,436	2,823,212
German operations result	(447,657)	(434,236)	(881,893)	(376,085)	(411,514)	(787,599)	(247,152)	(123,667)	(370,819)
Benefits delivered to other XRFs divisions						232,426	132,465	180,853	313,318
Net result from expansion activities						(555,173)	(114,687)	57,186	(57,501)

Platinum Demand: Industrial '000 oz			
	2017	2018	2019
Chemical	463	540	569
Electrical	233	266	269
Glass	366	478	376
Medical & Biomedical	218	221	227
Petroleum	230	372	288
Other	607	582	593
Total	2,117	2,459	2,322

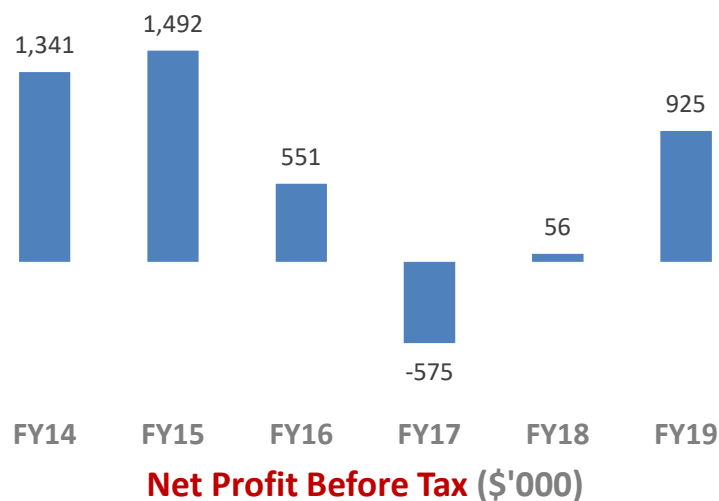
Source: Johnson Matthey PGM Market Report May 2019

Note: Platinum price ~\$1250 AUD per oz August 19

XRF Scientific target segments

- **Major investments complete which slowed capex in FY19:** team, equipment and facility all in place for new precision platinum products being added to our portfolio
- First profit of \$5k recorded in January 2019. 2H included two months of profit
- 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)	FY19	FY18
Sales revenue	13.1	11.0
Change in %	19%	23%
NPBT	0.9	0.1
Change in %	1564%	(110%)
Margin %	7%	1%



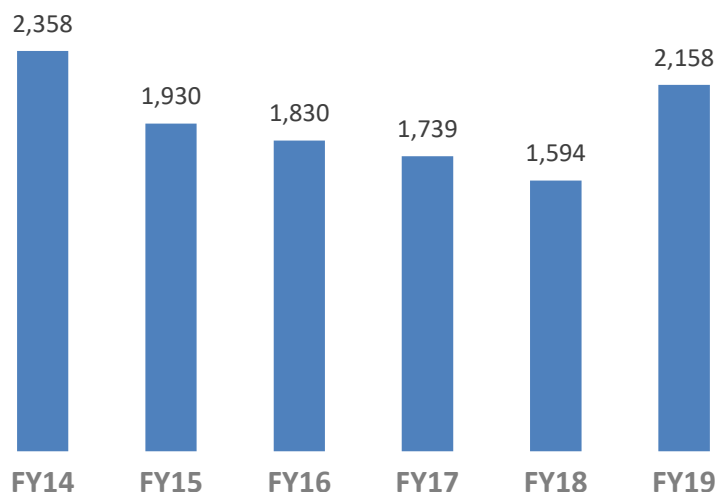
■ Overview of FY19:

- Revenue up 19% on FY18
- NPBT up 1564% on FY18
- Positive conditions across Australia, North America and Europe
- Remanufacturing services and new product sales strong across the board
- Improvement in results from Germany
- Key manufacturing developments made in Melbourne factory

■ Outlook:

- Continued revenue growth from Germany
- Additional manufacturing capabilities to be developed in Melbourne factory

(\$m)	FY19	FY18
Sales revenue	8.0	7.5
Change in %	6%	9%
NPBT	2.2	1.6
Change in %	35%	(8%)
Margin %	27%	21%



Net Profit Before Tax (\$'000)

■ Overview of FY19:

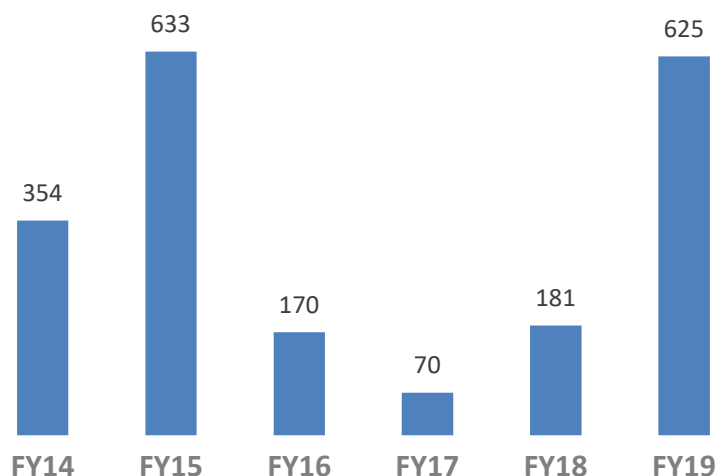
- Revenue up 6% on FY18
- NPBT up 35% on FY18
- Growth in market share from new microbeads flux product line (Scancia acquisition)
- New mine-site customers acquired

■ Outlook:

- Positive start to FY20 with a good level of sales activity
- Additional customer acquisitions

Capital Equipment

(\$m)	FY19	FY18
Sales revenue	9.2	7.1
Change in %	29%	13%
NPBT	0.6	0.2
Change in %	244%	161%
Margin %	7%	3%



Net Profit Before Tax (\$'000)

■ Overview of FY19:

- Revenue up 29% on FY18
- NPBT up 244% on FY18
- High order levels driven by replacement capex and new mine sites
- Launch of Phoenix GO S machine

■ Outlook:

- Continue to expand installed machine base internationally, with growth in spare parts/service revenue
- New product development activity, with launches planned for FY20

Our plans for 2020

- 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
- Continue to pursue M&A opportunities. Our targets are complementary manufacturing companies, in the laboratory supply or precious metals sectors
- Continue to work on growing shareholder returns through building the scale and profitability of our businesses, increasing our market cap/share price and ongoing growth in dividends

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