



Investor Presentation
August 2020



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

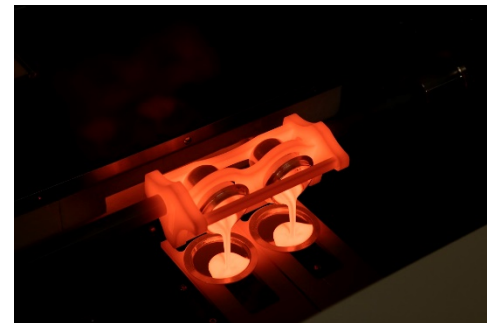


The XRF Analysis Process

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**



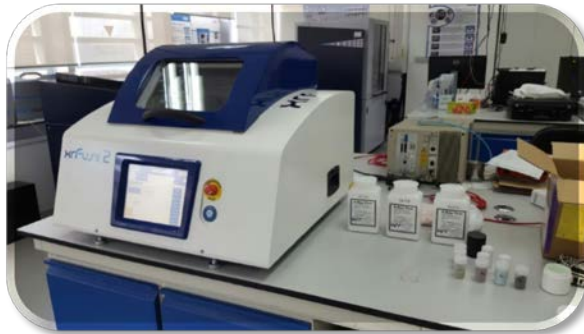
The glass disk is presented into an x-ray spectrometer for analysis



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

Full Year Results – Overview

Full Year Results

(\$m)	2020	2019	2018	2017
Sales revenue	29.1	29.0	24.2	21.5
Profit before tax	4.5	3.2	1.5	1.0
Net profit after tax	3.1	2.1	1.0	0.8
Earnings per share (cents)	2.3	1.6	0.8	0.6
Weighted average no. of shares	133,825,803	133,825,803	133,825,803	133,825,803
Dividends (cents per share)	1.4	1.0	0.30	0.24
Dividend payout ratio	60%	63%	39%	40%

Adjusted Profit Before Tax (\$)	FY2020	FY2019
Profit before tax	4,454,254	3,151,229
COVID-19 wages subsidies	(212,729)	
COVID-19 other grants/subsidies	(74,776)	
COVID-19 payroll tax refunds	(82,837)	
Interest on early loan repayment	22,496	
Redundancy and other employee payments	97,328	
Adjusted profit	4,203,736	3,151,229

Adjusted Profit Before Tax (Quarterly) (\$)	FY2020
September 2019	913,028
December 2019	1,359,378
March 2020	986,378
June 2020	944,952
Total	4,203,736

Balance Sheet

(\$m)	2020	2019	Change
Cash and cash equivalents	3.6	3.2	12%
Trade and other receivables	3.8	4.1	(7%)
Inventories	11.2	8.7	30%
Other assets	0.4	0.4	(2%)
Property, plant and equipment	8.3	8.4	(1%)
PPE lease asset*	1.0	0.0	100%
Intangible assets	15.9	16.0	(1%)
Deferred tax asset	0.9	0.9	(4%)
Total assets	45.1	41.7	8%
Trade and payables			
- platinum loan provisions	4.2	2.0	115%
- other items	2.6	3.0	(14%)
Debt (short term)	0.1	0.7	(84%)
Debt (long-term)	0.8	1.6	(47%)
Current lease liabilities*	0.4	0.0	100%
Non-current lease liabilities*	0.6	0.0	100%
Income tax liability	0.5	0.4	9%
Deferred tax liability	0.3	0.2	28%
Total liabilities	9.5	7.9	21%
Total equity	35.6	33.8	5%

- Net cash position of \$2.7m (2019: \$1m)
- *Arises from adoption of AASB 16 since 1 July 2019. See Note 18 of the Annual Report for further details
- \$1.32m reduction of debt
- Additional on-balance sheet platinum loans of \$1.9m drawn in 2H, relating to refinancing of existing off-balance sheet platinum leases. Platinum loans account for \$4.2m of total inventories

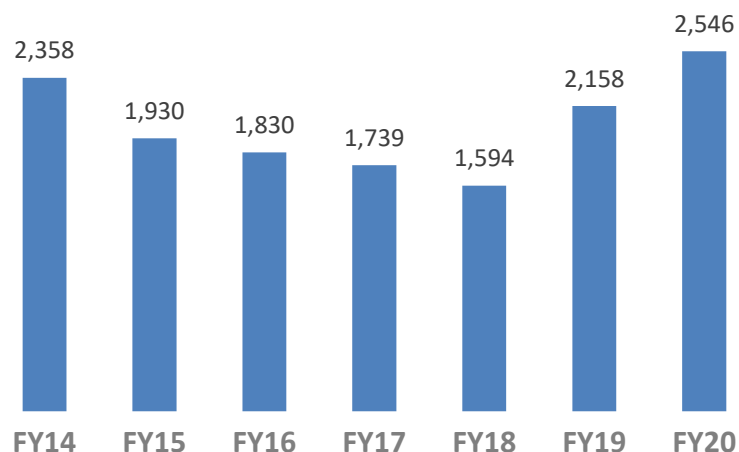
Cash Flow Statements

(\$m)	2020	2019
Net cash inflow from operating activities	4.2	3.8
Net cash (outflow) from investing activities	(0.8)	(0.6)
Net cash inflow/(outflow) from financing activities	(3.1)	(0.4)
Cash at start of period	3.2	0.4
Net increase/(decrease) in cash	0.4	2.8
Cash at end of period	3.6	3.2

Highlights:

- \$1.34m dividends paid (FY19: \$401k)
- \$1.32m debt reduction

(\$m)	FY20	FY19
Sales revenue	8.9	8.0
Change in %	11%	6%
NPBT	2.5	2.2
Change in %	18%	35%
Margin %	29%	27%



Net Profit Before Tax (\$'000)

■ Overview of FY20:

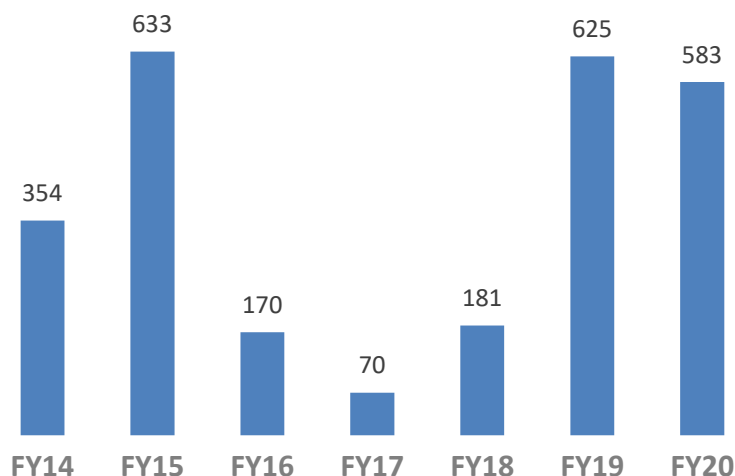
- Revenue up 11% on FY19
- NPBT up 18% on FY19
- No notable impact from COVID-19
- Conditions buoyant in the mining sector across production and exploration
- New customers acquired during FY19 now delivering regular revenue

■ Outlook:

- Sales conditions from FY20 have so far continued into FY21
- New customer acquisitions expected
- COGS stable on FY20

Capital Equipment

(\$m)	FY20	FY19
Sales revenue	8.0	9.2
Change in %	(13%)	29%
NPBT	0.6	0.6
Change in %	(7%)	244%
Margin %	7%	7%



Net Profit Before Tax (\$'000)

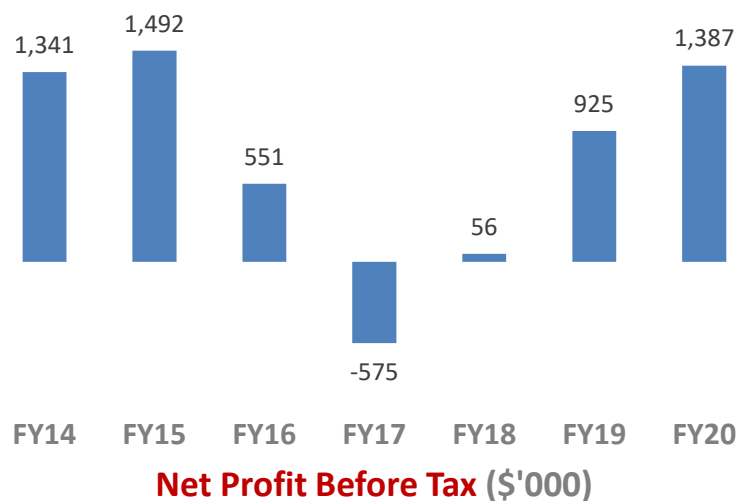
■ Overview of FY20:

- Revenue down 13% on FY19
- NPBT down 7% on FY19
- Positive conditions for first three quarters. Difficult Q4 as customers retracted CAPEX demand
- Margin improvement from increased proportion of end user sales / product mix sold and reduction in operating costs

■ Outlook:

- Large resurgence of CAPEX demand in July with order books now at above average levels. Customers proceeded with many projects that were temporarily halted in Q4
- Progressing with R&D on two new machines, expecting launch this FY. One of which is into completely new adjacent market

(\$m)	FY20	FY19
Sales revenue	13.2	13.1
Change in %	1%	19%
NPBT	1.4	0.9
Change in %	50%	1564%
Margin %	10%	7%



Overview of FY20:

- Revenue up 1% on FY19
- NPBT up 50% on FY19
- Revenue from Germany office \$3.04m vs \$2.82m in FY19. Growth was slower in 2H due to impact on Europe from COVID-19
- Domestic market remained strong through COVID-19 period, export market was affected by lockdowns
- Technical breakthroughs made at Melbourne factory, expanding industrial and semi-finished product lines – broadening the portfolio and bringing capability in-house

Outlook:

- Expecting continued growth from European operations
- Overall market share continuing to grow globally
- New platinum labware sales as a result of machines demand

Corporate Snapshot

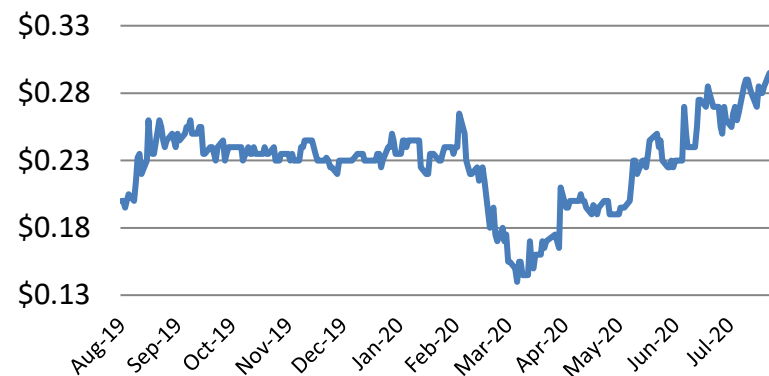
Capital Structure

Shares on issue	133,825,803
Options on issue	Nil
Share price	29c
Market cap	\$38.8m
Cash (30/06/2020)	\$3.6m (2.7 cents per share)
Debt (30/06/2020)	\$0.9m (0.7 cents per share)
Enterprise Value	\$36.1m

Directors & Management

Fred Grimwade	Non Executive Chairman
Vance Stazzonelli	Chief Executive Officer
David Brown	Non Executive Director
David Kiggins	Non Executive Director

Share Price Performance – 1 Year



Shareholder Breakdown

Directors & Management	14%
Top 20 Shareholders	53%

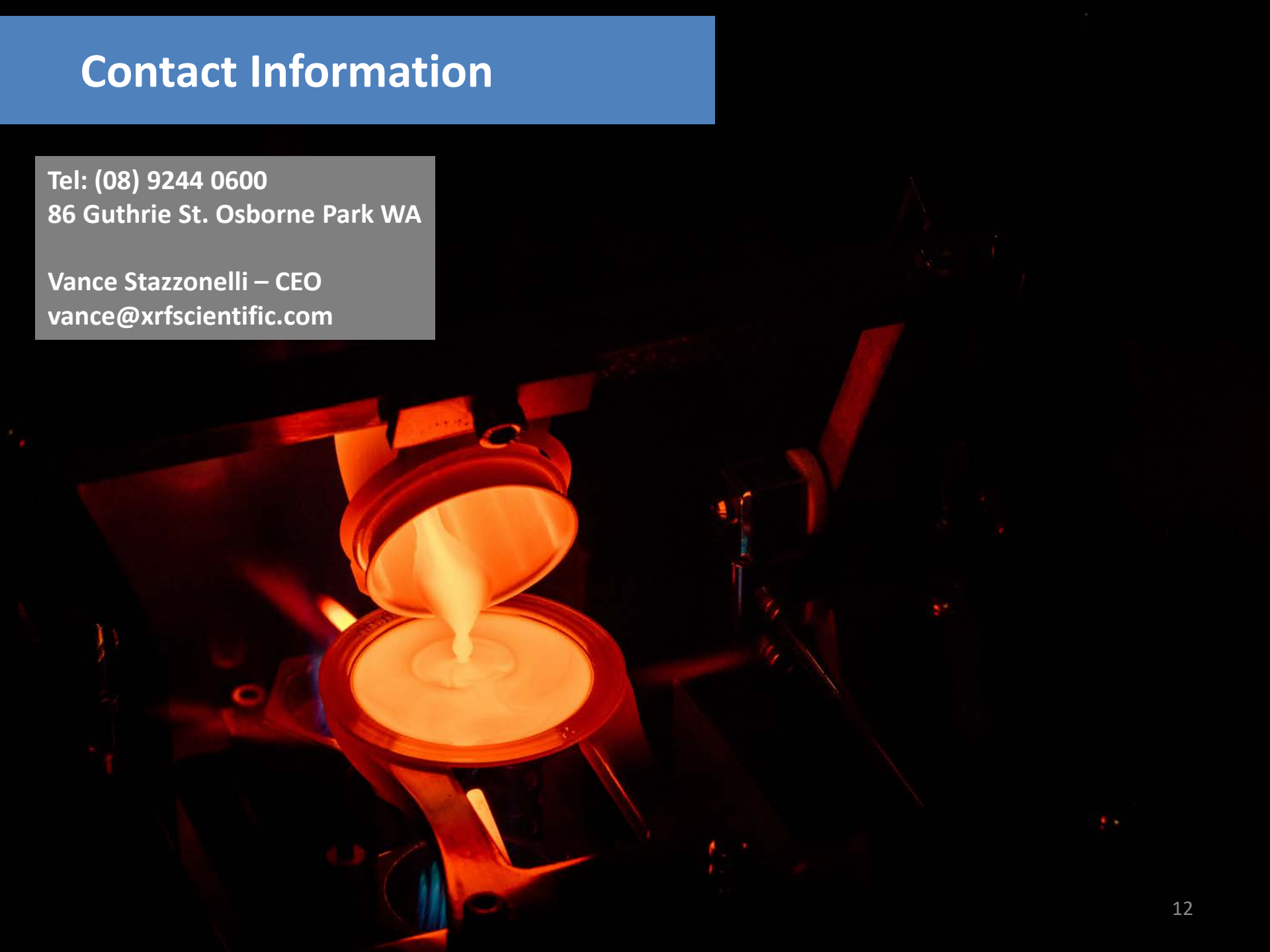
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