

23 February 2018

XRF announces half-year results

XRF Scientific Ltd (“XRF” or “The Company”) today announced its results for the December 2017 half-year:

Key Highlights

- Revenue up 15% to \$12.1m from \$10.5m
- Underlying Earnings* up 21% to \$1.32m from \$1.09m
- Statutory Net Profit After Tax up 43% to \$526k from \$366k
- Operating Cash Flow up 125% to 1.2m from \$0.5m
- Germany office revenue up 88% to \$784k from \$416k in 2H17

*Net Profit Before Tax after adding back costs of \$576k (1H17: \$593k) associated with acquisitions, R & D and expansion of the Precious Metals Division.

XRF’s CEO, Vance Stazzonelli, commented on the half-year result:

“As indicated at our AGM in November, market conditions in the last half have been positive, which has led to a strong 15% increase in revenue. The increase has been driven by customers globally, in particular those involved in the mining sector. It was pleasing to see all three operating segments increase revenue and report significantly improved bottom line net results.

We are starting to see an improvement in conditions in North America, where our office in Canada increased its revenue by 26% on the PCP. The market in this part of the world continues to strengthen and results should improve again in the second half.

Sales development at our office in Germany is progressing well, which achieved \$784k of revenue during the half as compared to \$416k during the June 2017 half. The office is still in a loss position, which amounted to \$376k before tax for the December half, compared to \$434k in the June 2017 half. Our current expectation is that the office will be breaking even on a monthly basis within the calendar year.

XRF’s platinum products are experiencing a strong level of acceptance in the European markets, with the first order for an aerospace customer recently delivered. New customers for platinum labware and our core fusion products are regularly being added each month, with many of the largest customers in Germany now buying from our office.

To facilitate our expansion plan in the precious metals division, \$1.2m of new fabrication equipment was commissioned during the half, which was budgeted as part of our initial business plan. The new equipment significantly expands our production capabilities and therefore our product range, which is essential for sales development in Europe. To facilitate the equipment purchase, new debt of \$1.2m was added to the balance sheet, which included a cash refund to XRF of a \$0.5m deposit previously paid to the supplier in FY17.

Our cash position strengthened to \$1.5m as at 31 December from \$833k as at 30 June. This was assisted by the solid 125% increase in operating cash flow, which was \$1.2m for the half.

In line with the PCP, the Board has determined not to pay an interim dividend, due to the ongoing investment in the Precious Metals Division.”

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.

Read more about XRF Scientific at: <https://www.xrfscientific.com/general-overview/>