

**SCHAFFER INCREASES EBIT BY 31%, RAISES DIVIDEND; PREVIOUSLY REPORTED GOODWILL IMPAIRMENT REDUCES STATUTORY PROFIT BY 18%**

20 August 2014

Schaffer Corporation Limited (ASX: SFC) today reported NPAT for the 2014 financial year of \$6.2 million. Underlying NPAT, which excludes a non-cash goodwill write-down and proceeds of an insurance claim, increased by 80% to \$9.2 million from \$5.1 million. Given the strength of the underlying performance, the final dividend of \$0.13 per share to be paid on 19 September 2014 will increase the total dividend by 9% to \$0.25 per share (fully franked).

## FINANCIAL SUMMARY

	Financial Year to		
	30-Jun-14	30-Jun-13	% Change
Revenue (\$m)	163.6	138.4	18%
EBIT <sup>1</sup> (\$m)	19.3	14.8	31%
NPAT* (\$m) after \$3.7m goodwill write-off	6.2	7.6	(18%)
Earnings per share	\$0.44	\$0.54	(18%)
Ordinary dividends per share	\$0.25	\$0.23	9%
Underlying NPAT <sup>1</sup> (\$m)	9.2	5.1	80%
Underlying EPS <sup>1</sup>	\$0.66	\$0.36	80%

\* Net Profit after tax and minority interests.

<sup>1</sup> Refer to most recent Annual Report for definitions of non-IFRS measures.

Chairman John Schaffer said that the strong lift in underlying profit was driven by volume increases combined with favourable currency fluctuations in the Howe automotive leather business.

“Howe increased volume by 16% overall and 31% in Europe during the year with new model programs coming online. That increase, along with some currency-related abnormal stock profits drove Howe’s result significantly higher,” Mr Schaffer said.

“With the end of the resources construction boom in Western Australia, Delta and our other Building Materials businesses have been operating in difficult markets with subdued results. However, the work we have put into getting the systems and settings in all our businesses right means that they are well positioned for future growth.

“Our market value NTA continues to offer a substantial premium of 21% over the price of our shares, in large part due to unrealised property values supported by independent valuations.

“In the near term, we do expect results for the first half to be lower than for last year, with the uncertain conditions for Building Products and restocking with higher priced hides at Howe.

“The value in our businesses will increase further, particularly with additional volumes in Automotive Leather from 2016, when we commence several new programs, including newly awarded supply to a major European car manufacturer,” Mr Schaffer added.

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