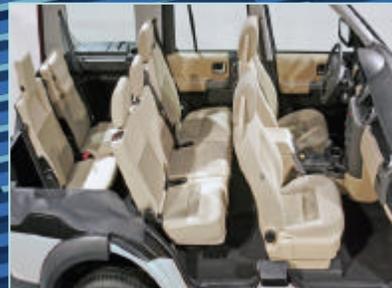


Schaffer Corporation

Full Year Results Presentation June 2009





Lower Property earnings largely offset by rise in earnings for Building Materials & Automotive Leather

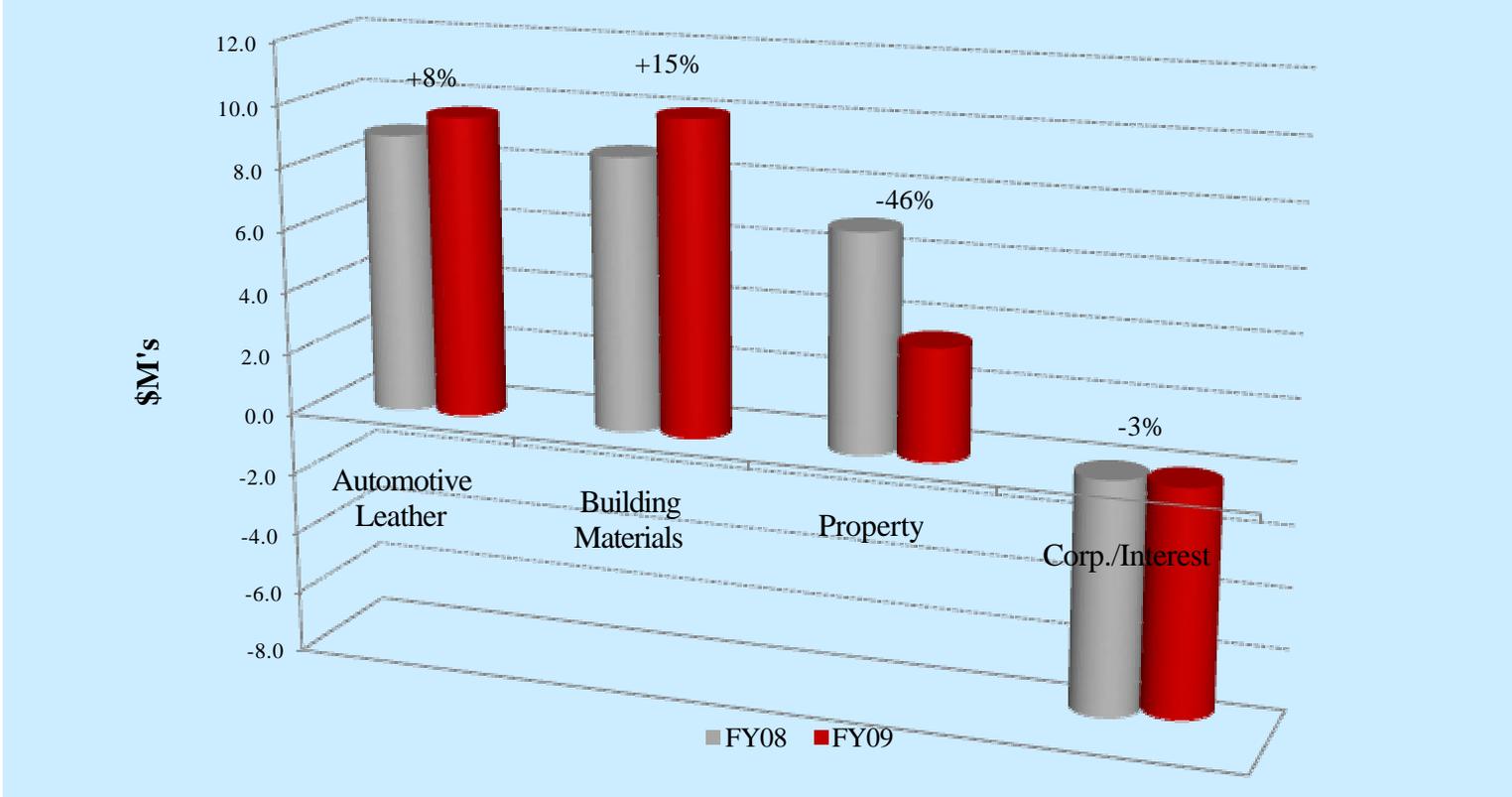
Full Year Ending 30 Jun (A\$m)	to Jun-09	to Jun-08	% change
Revenue	169.5	195.9	-13%
EBITDA	26.9	27.9	-4%
EBIT (net interest basis)	21.3	22.1	-3%
Net profit	10.5	10.9	-4%
<i>Net profit excluding property sales</i>	<i>10.5</i>	<i>8.0</i>	<i>+31%</i>
EPS	0.74	0.77	
Return on average capital employed (ROACE)	16%	17%	
Ordinary dividend (fully franked)	\$0.45	\$0.50	

- ❑ Excluding property sales, NPAT increased by 31%.
- ❑ No material property sales in FY09. Prior year result included sale of 71 Queens Rd in Melbourne, and land sales at Mindarie Keys WA, residential marina development.



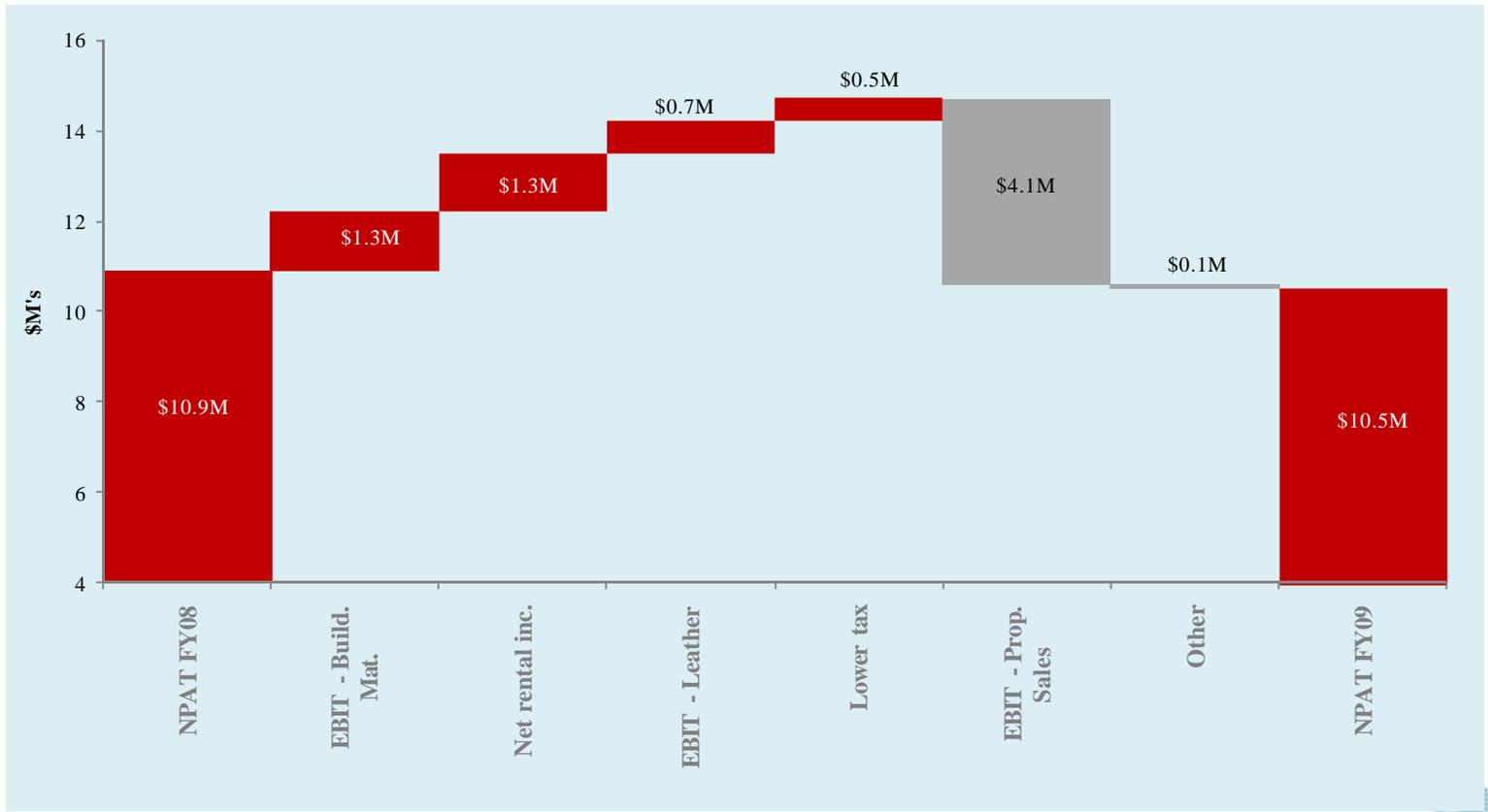


Net Profit before Tax





NPAT Evolution





Cash flow

Year Ending 30 Jun (A\$m)	Jun-08	Jun-09
EBITDA	27.9	27.5
Net interest paid	(5.4)	(5.4)
Tax paid	(6.5)	(1.4)
Howe change in trade working capital	12.7	(16.0)
Other changes in working capital	(4.8)	2.4
Total operating cash generated	23.9	7.1
Net Debt reduction/(increase)	(18.0)	1.5
Capital expenditure	9.9	5.9
Acquisitions (incl. retail property sites)	14.6	-
Divestments	(2.4)	(0.1)
Dividends paid	7.6	7.1
Increase (decrease) in cash on deposit	12.2	(7.3)
Total cash applied	23.9	7.1

Operating cash flow in H1 negative \$9.9m, in H2 positive \$17m !!





Jun-08 Debt Position

	Build. Mat. + Corp.	JV Invest. Properties	Automotive Leather	Total at 30/06/09
<u>Type of Debt :-</u>				
Bank Debt - recourse	21.2	3.2	-	24.4
Bank Debt - non-recourse	-	23.4	-	23.4
Govt. Loans - non-recourse	-	-	34.6	34.6
Equipment Finance	1.6	-	-	1.6
Gross Debt	\$ 22.8	\$ 26.6	\$ 34.6	\$ 84.0
<u>Interest Type :-</u>				
Fixed rate	\$ 1.6	\$ 9.2	\$ 13.6	\$ 24.4
Variable rate	\$ 21.2	\$ 17.4	\$ 21.0	\$ 59.6
<u>Maturity Profile :-</u>				
- FY10	\$ 0.5	\$ 7.5	\$ 2.0	\$ 10.0
- FY11	\$ 0.5	\$ 7.7	\$ 2.0	\$ 10.2
- FY12	\$ 21.6	\$ 3.8	\$ 30.6	\$ 56.0
- FY13+	\$ 0.2	\$ 7.6	\$ -	\$ 7.8
	\$ 22.8	\$ 26.6	\$ 34.6	\$ 84.0
<u>Net Debt Position :-</u>				
Gross Debt	22.8	26.6	34.6	84.0
Cash & bank balances	(4.1)	(1.2)	(9.1)	(14.4)
Net Debt	\$ 18.7	\$ 25.4	\$ 25.5	\$ 69.6

3 distinct and separate “debt pools”.

Separate loan facilities for each individual JV property investment.

Debt associated with the JV properties and Automotive Leather division is essentially “non-recourse” against other assets within the group.

Unutilized debt facilities of \$16.6m at 30 June 2009.





Interest Cover

	Building Materials	Auto Leather	Property	Other	Total
EBIT	10,032	9,608	3,558	(1,891)	21,307
Interest (net)	1,456	2,249	1,670	-	5,375
Interest Cover	6.9	4.3	2.1	n/a	4.0

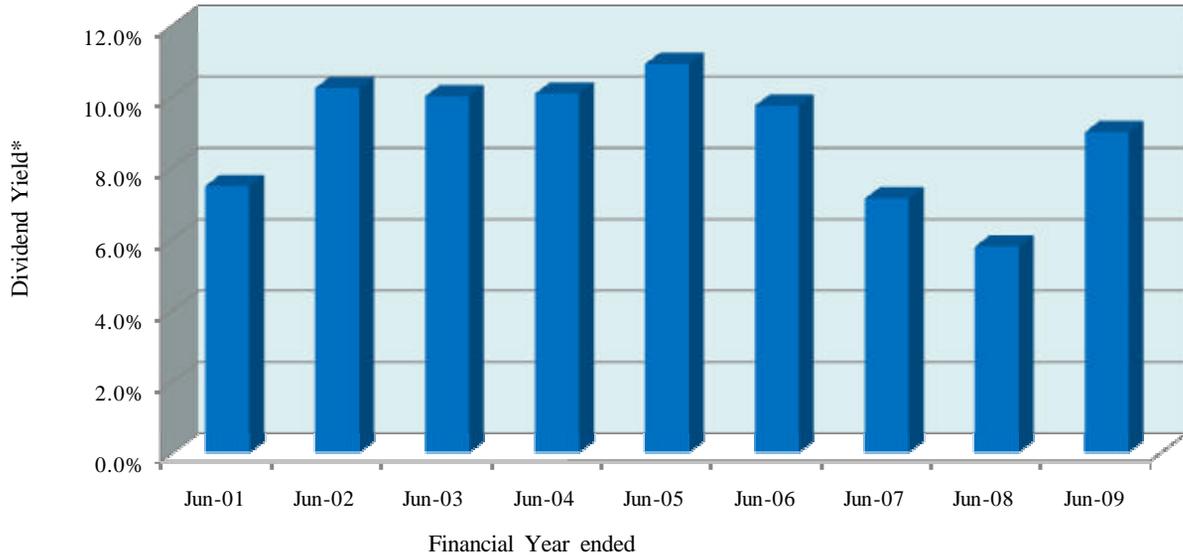
All interest cover and LVR ratios fall well within lending covenants (if applicable), across each separate debt facility.





SFC Dividend Yield History

Average dividend yield of 8.9% over the past 10 years, fully franked !!
Over \$93m paid out in dividends.



* - Yield based on mean average share price for the year





Automotive Leather





Automotive Leather Results

A\$M	Jun-08	Jun-09	% change
Revenue	119.9	96.6	-19%
Segment EBIT	8.9	9.6	+8%
Margin	7%	10%	

- Revenue down due to lower volumes, primarily in North America & Europe, however sales in Asia increased slightly.
- EBIT & margin improvement due to depreciation of the AUD, and aggressive cost cutting.





Automotive Leather -Global Footprint





The business remains well positioned to be globally competitive, and depreciation of the AUD has improved profitability.

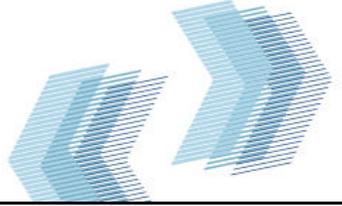
- Revenue in Asia increased slightly despite slump in global automobile sales.(China now manufacturing more cars than North America).
- New supply contract award from a major car manufacturer will commence in the second half of FY10.
- Focus remains on optimizing working capital requirements and maximizing free cash flow. Over \$11m of free cash flow generated in the second half of FY09.





Schaffer Building Materials

Building Products





Building Materials Results

Building Materials			
A\$M	Jun-08	Jun-09	% change
Revenue	65.6	66.0	+1%
Segment EBIT	8.7	10.0	+15%
Margin	13%	15%	

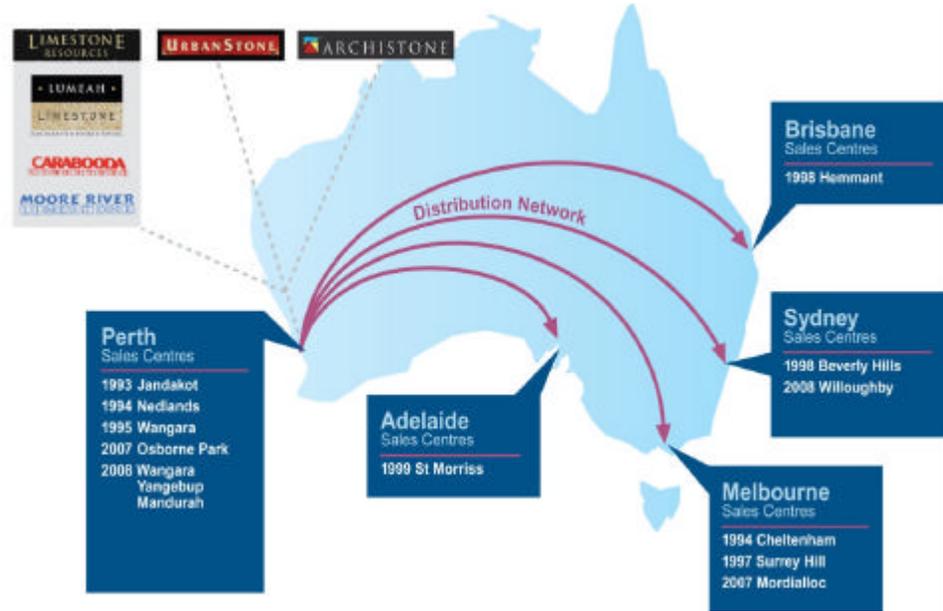
- Record activity level for Delta Corporation's pre-stressed and pre-cast concrete business.
- Improved productivity and lower integration costs (Building Products) result in higher margins.
- Markets conditions for paving and walling products remain subdued, but restructuring and streamlining of manufacturing facilities has positioned the Building Products group to improve profitability in FY10, subject to reasonable building activity.





Building Products (paving, walling & imported products)

- National network of 13 Urbanstone Central stores/display centres across the country.
- Looking at opportunities to organically expand retail network nationally, in the next few years.
- Expanded product range to be introduced in FY10.





Delta Corporation (pre-cast & pre-stressed concrete)

- The strategy to invest in upgrading manufacturing and storage facilities has resulted in outstanding returns in FY09.
- Production levels are likely to return to more “normal” levels in the current financial year.
- Major projects completed in FY09 included the Perth-Bunbury highway project, Century City & Bishop’s See high rise buildings in the Perth CBD, and infrastructure works for the Woodside Pluto LNG project.
- Several significant opportunities exist for new contracts on pending major resource and infrastructure projects.



Bishop’s See Building, Perth WA



New Perth Bunbury Highway
(Lakes Interchange.)



Property



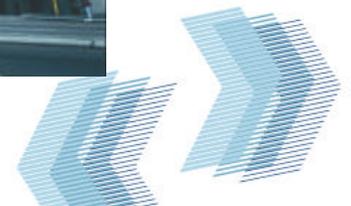
616 St Kilda Rd, Melbourne



IBM Building, Hay St, West Perth



89 St Georges Tce, Perth





Property Result

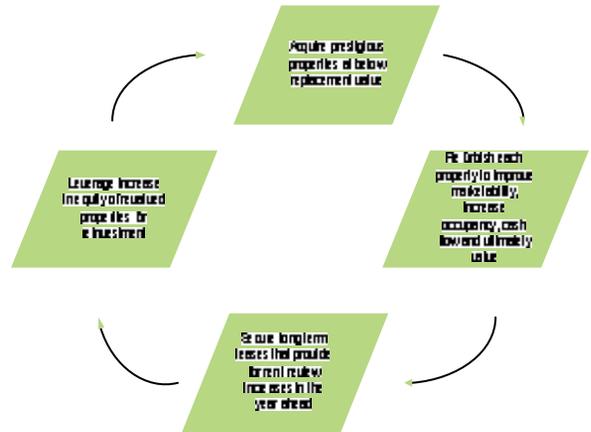
A\$M	Jun-08	Jun-09	% change
Revenue	9.8	6.5	-34%
Segment EBIT	6.6	3.6	-46%
Margin	67%	55%	

- Revenue and earnings negatively impacted by lack of property sales in comparison to prior year (sale of Queens Rd Melbourne \$1.4m EBIT & Mindarie Keys land sales \$2.9m EBIT).
- 50% growth in underlying net rental income.
- Conservative accounting policy on property values resulted in negligible asset impairment write downs in 2009 (<\$200k).
- All rental investment properties continue to generate positive cash flow after interest , and management is comfortable with all syndicate's gearing levels.





Valuable portfolio of assets with recurring income & substantial unrealized capital gains



- JV investment portfolio of 7 commercial and retail properties in WA & Victoria, plus an industrial sub-division (Neerabup WA) . Mindarie Keys residential sub-division now virtually complete.
- 9 wholly owned properties, plus one 83% owned property in WA. Primarily owner occupied by Building Materials division.
- Sale and leaseback of two smaller suburban retail properties post balance date. Net proceeds of \$2.7m used to reduce bank debt. Minimal profit impact .



Parks Shopping Centre, Bunbury WA





Syndicated JV investment partners are industry experts with track record of success

Perth

Property	SFC interest
IBM Centre (1995)	22.1%
Home Town (1998)	25%
89 St George's Terrace (1999)	20%
Crosslands Bunbury (1999)	16.7%
Joondalup (2006)	11%
Canning Vale (2006)	20%



Melbourne

Property	SFC interest
Oce House (1997)	20%





Outlook – H1 2010

- **Building Materials**
 - More “normal” activity levels at Delta are likely to result in materially lower revenue and EBIT for the division compared to 2009.
 - Building Products earnings are expected to improve slightly, but a significant improvement remains dependent upon an increase in residential and commercial construction activity nationwide.
- **Leather**
 - AUD volatility will impact earnings.
 - Assuming average exchange rates of AUD/USD - 0.80 or better, and AUD/EUR - 0.56 or better, EBIT for the first half is expected to be higher than the corresponding period last year. New supply contract awards are not expected to have a material impact until the second half of the financial year.
- **Property**
 - Net rental income from investment properties is expected to be slightly higher than last year, due to the impact of 2008 rent reviews.
 - No material property sales are expected in the first half (sale and leaseback of two Urbanstone Central retail properties in July/August will have minimal profit impact).





Outlook - Dividends

- The Board currently expects to pay an ordinary dividends at 40c per share for the 2010 financial year. Nevertheless future dividends will be subject to reasonably favourable trading conditions, and possible changes to the future group cash and debt position and additional capex requirements.

