

SCHAFFER ANNOUNCES \$11.2 MILLION HALF YEAR PROFIT

Industrial and investment group Schaffer Corporation (ASX: SFC) today announced a half year net profit after tax of \$11.2 million. SFC will pay an increased interim dividend of \$0.15 per share (fully franked), up 25% over the prior year.

SFC Chairman, Mr John Schaffer, said Automotive Leather drove the increased profit.

“Automotive Leather increased both revenue and its NPAT, as it improved volumes and efficiency at its European operations,” Mr Schaffer said.

“We are benefiting from the years of planning and execution that underpinned our European expansion. However, Automotive Leather reports in Australian dollars and, in the first half, certainly benefited from favourable exchange rate movements.

“The average AUD:EUR rate depreciated by 5%, increasing AUD revenues, and the average EUR:USD rate appreciated by 9%, effectively decreasing major input costs,” Mr Schaffer noted.

Also during the half, via two separate transactions, SFC sold its Building Products business unit, resulting in a \$4.4 million after-tax contribution to the result.

Automotive Leather’s result and the sales of the Building Products business unit facilitated SFC reducing Group net debt by almost 80% to \$7.4 million.

Mr Schaffer said that the Group’s resultant low gearing provided capacity to fund future growth opportunities.

“We are assessing opportunities across our properties, particularly land at Jandakot and other investments,” Mr Schaffer said

“In the half, the Jandakot land was subject to a Minister-approved Scheme Amendment that increased the scope and area of the uses to which the property can be put.

“Those now include warehouses, showrooms, storage, masonry production and nurseries on a site of approximately 39 hectares,” Mr Schaffer added.

Mr Schaffer noted that along with the Jandakot property, SFC was assessing opportunities across its Gosh Capital portfolio – now valued at \$32.4 million (\$26.4 million net of debt) – and further investment options for the cash generated by Automotive Leather and the Building Products sales.

“We are assessing options for both internally and externally managed investments in a vehicle indicatively called SFC Capital,” Mr Schaffer said.

“In terms of outlook, we expect Automotive Leather’s volumes, revenue and profit for the second half to be similar to the first half – subject of course to exchange rates. Across the Group, we anticipate a similar result to the first half,” Mr Schaffer concluded.

For further information, please contact:

Mr John Schaffer
Chairman
Schaffer Corporation Ltd
+61 8 9483 1201

Mr Jason Cantwell
Group Financial Controller & Company Secretary
Schaffer Corporation Ltd
+61 9483 1202