

SCHAFFER DELIVERS GROWTH

Diversified industrial group Schaffer Corporation Limited (ASX: SFC) today reported net profit after tax of \$5.9 million for the 2017 financial year, a 3% increase over the prior year. The Group also declared a final dividend of \$0.14 per share (fully franked), an increase of \$0.01 per share increasing the total dividends to \$0.26 per share (fully franked) for the year.

“Our underlying profit increased significantly by 162% to \$8.2 million, after excluding a \$1.6 million after-tax non-cash impairment of assets and \$0.8 million of restructuring costs. The improvement was driven by a step change from the Howe automotive leather business,” Mr Schaffer said.

Following a strategic decision to move finishing and cutting operations closer to Howe’s European customers, Schaffer Corporation invested heavily in expanding its Slovakian operations.

Mr Schaffer said that, with the achievement of steady state volumes at the Slovakian finishing and cutting facilities, Howe has been able to reconfigure its supply chain and reduce inventory levels, which has dramatically lowered working capital requirements.

“As a result, net debt for the Group has decreased by 25% and Howe’s net debt by 41% in the year,” Mr Schaffer noted.

Mr Schaffer commented that Schaffer Corporation is managed to create long-term shareholder value through the efficient operation and growth of our core businesses and investments.

“At balance date, market NTA had grown to \$7.83 per share. As we continue to deliver on our strategic plans, it is pleasing to see that the difference between market NTA and the company’s share price has narrowed substantially.

“We will continue to manage the Group in line with our strategy and expect Howe to deliver further earnings growth in the first half of the 2018 financial year,” Mr Schaffer added.

Howe’s first half revenue and earnings are expected to materially increase over the prior period, which did not include steady state production volumes from the Slovakian operations.

Difficult market conditions impacted the Building Materials division, particularly Delta Corporation, during the year. Those conditions appear to have stabilised but Schaffer Corporation expects a lower profit than in the first half of the 2017 financial year.

The Investment Property division and Gosh Capital are expected to deliver similar profits in the first half to the prior period.

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