

SCHAFFER'S \$12.7M HALF-YEAR PROFIT, INTERIM DIVIDEND DOUBLED

Industrial and investment group Schaffer Corporation (ASX: SFC) today announced a half-year net profit after tax of \$12.7 million, up 12.7% compared to the same period last year. SFC will pay an interim dividend of \$0.30 per share (fully franked), a 100% increase over the prior corresponding period.

SFC Chairman, Mr John Schaffer, said the result reflected Schaffer Corporation's focus on operational efficiencies and generating long-term shareholder value.

"It is pleasing to announce increased profitability and a significant increase in our dividend for our shareholders. While Automotive Leather revenues were down, operational efficiencies in our business and Delta returning to profitability helped," Mr Schaffer said.

Schaffer Corporation continues its multi-year investment and focus on efficiencies in Automotive Leather. This includes the recent introduction of Computer Numerical Controlled (CNC) cutting machines alongside our traditional leather cutting methods.

"Automotive Leather profitability also benefitted from the depreciation of the AUD:EUR exchange rate. The average AUD:EUR rate depreciated by 5%, increasing revenues and margins in our reporting currency of Australian dollars," Mr Schaffer noted.

Mr Schaffer said that the dividend and investments reflected the strength of Schaffer Corporation's business despite the recent uncertainty in the global economy.

"Our focus is always on generating long-term shareholder value. The increased dividend reflects the benefit of decisions taken across several years. Similarly, the expenditure on our assets and investments positions the Group to deliver value in years to come," Mr Schaffer said.

"An example is the approximately 33 hectares of developable land bounded on one side by Jandakot Road. Part of the site houses our former UrbanStone masonry operations, for which we entered a long-term lease arrangement with the purchaser of UrbanStone. We recently received our sub-division application approval to cede land for the duplication of Jandakot Road and construct a roundabout entrance to the site. We will continue to invest in this site to deliver its full shareholder value."

"In terms of outlook, we expect Group NPAT for the full year to be similar to last year. This is of course subject to the potential impact on our business from Brexit, China/US trade negotiations, slowing economic growth, lower volumes in the automotive industry and currency volatility," Mr Schaffer concluded.

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