

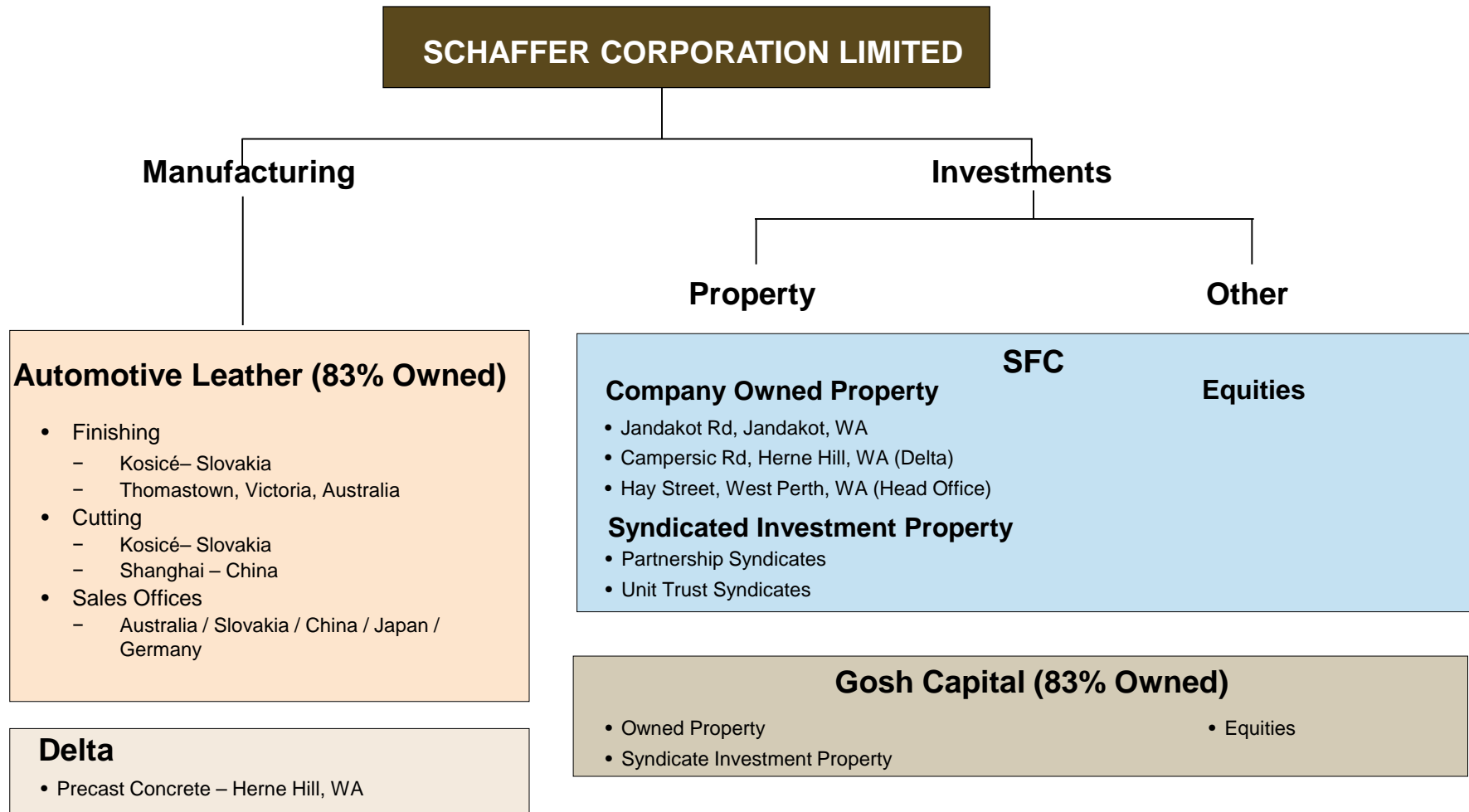


Full Year Results Presentation June 2018

Creating long-term shareholder value through the efficient operation and growth of our core businesses and investments.



Organisation Chart (Core Businesses)



Financial Performance

FY18 profit has significantly improved compared to FY17

- Automotive Leather profit included significant FX gains reflected in both revenue and profit in addition to cost efficiencies from improved operational performance.

Full-Year	Jun-2018	Jun-2017
Revenue from continuing operations (\$m)	\$227.0	\$188.5
NPAT (\$m) ²	\$23.3	\$5.9
EPS (cents per share)	\$1.67	\$0.42
Ordinary dividend (fully franked)	\$0.45	\$0.26
Underlying Profit ¹ (\$m)	\$22.5	\$8.2
Underlying EPS (cents per share)	\$1.61	\$0.58

1. Refer to slide 20 for underlying profit reconciliation.

2. Net profit after tax and minority interests.

Cash Flow

Full-Year Ending (\$m)	Jun-2018	Jun-2017
NPAT	23.3	5.9
Add depreciation	4.8	5.3
(Profit)/loss on sale of businesses and assets	(5.0)	0.2
Add non-cash impairment of assets	4.5	2.3
Add minority interests	4.9	1.7
Change in tax provisions	5.7	(1.7)
Change in Howe trade working capital	0.2	9.7
Other changes in working capital	7.8	(1.0)
Total operating cash generated	46.2	22.4
Proceeds from divestments	17.4	1.2
Capital expenditure	(6.1)	(4.2)
SFC investments	(5.4)	-
Gosh Capital investments and developments	(1.1)	(0.3)
Share buy-back	(2.0)	-
Dividends paid	(6.5)	(4.7)
Net debt reduction	42.5	14.4

Significant increase in operating cash consistent with profit performance, includes significant FX gains

Proceeds from the divestment of the Building Products division- \$17.4 million

Increase in CAPEX includes investment in Automotive Leather CNC cutting

SFC investments include:

- 5 managed equity funds
- 1 syndicate property trust

Group Net Debt

Net Debt has reduced by \$42.5 million during FY18.

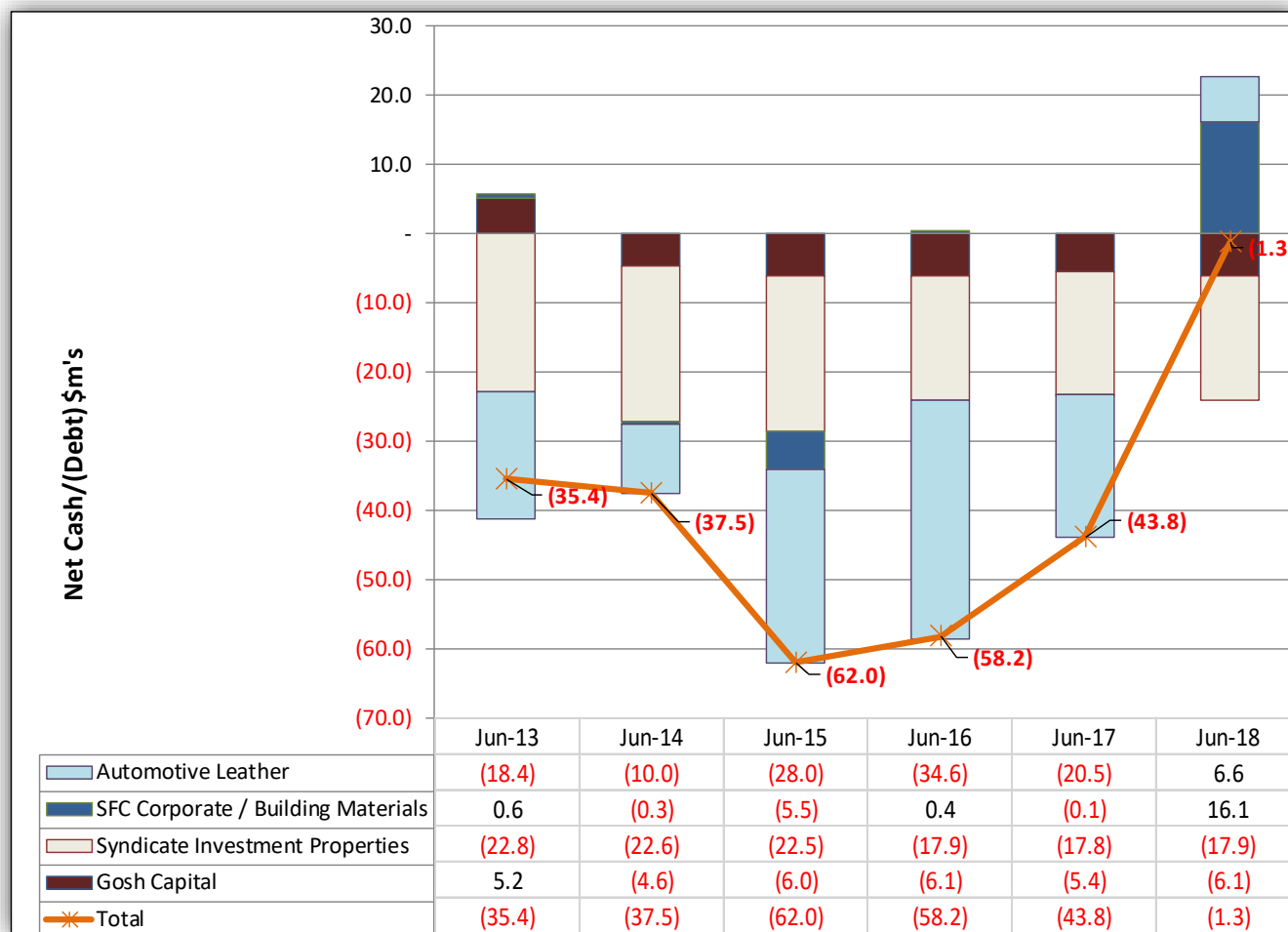
All amounts in \$m's	Automotive Leather	SFC Corporate & Building Materials	Syndicate Investment Properties	Gosh Capital	Total 30 Jun 2018	Total 30 Jun 2017
Type of Debt:						
Bank debt – recourse	-	-	2.3	-	2.3	3.8
Bank debt - non-recourse	-	-	16.8	6.1	22.9	34.5
Govt loans - non-recourse	-	-	-	-	-	10.0
Equipment finance	8.1	-	-	-	8.1	6.9
	8.1	-	19.1	6.1	33.3	55.2
Maturity Profile:						
- FY18	-	-	-	-	-	16.9
- FY19	2.3	-	-	-	2.3	14.3
- FY20	2.4	-	4.5	6.1	13.0	17.3
- FY21	2.2	-	11.0	-	13.2	4.2
- FY22 and beyond	1.2	-	3.6	-	4.8	2.5
	8.1	-	19.1	6.1	33.3	55.2
Net Debt Position:						
Gross debt	8.1	-	19.1	6.1	33.3	55.2
Cash and term deposits	(14.7)	(16.1)	(1.2)	-	(32.0)	(11.4)
Net Debt/(Cash)	(6.6)	(16.1)	17.9	6.1	1.3	43.8
% debt recourse to SFC	0%		12%	0%		

The remaining \$10.0m balance of the Automotive Leather Government Debt was repaid early during the year.

The Net Debt decrease of \$42.5m includes:

- Decrease in Howe Net Debt - \$27.1m
- Increase in Corporate Cash and term deposits - \$16.2m
- Offset by increase in other Net Debt - \$0.8m

Group Net Cash/(Debt) Trend



Net debt peaked to fund the establishment of Automotive Leather's new Slovakian finishing and cutting facility that opened in FY16.

Since then, cash has been generated by:

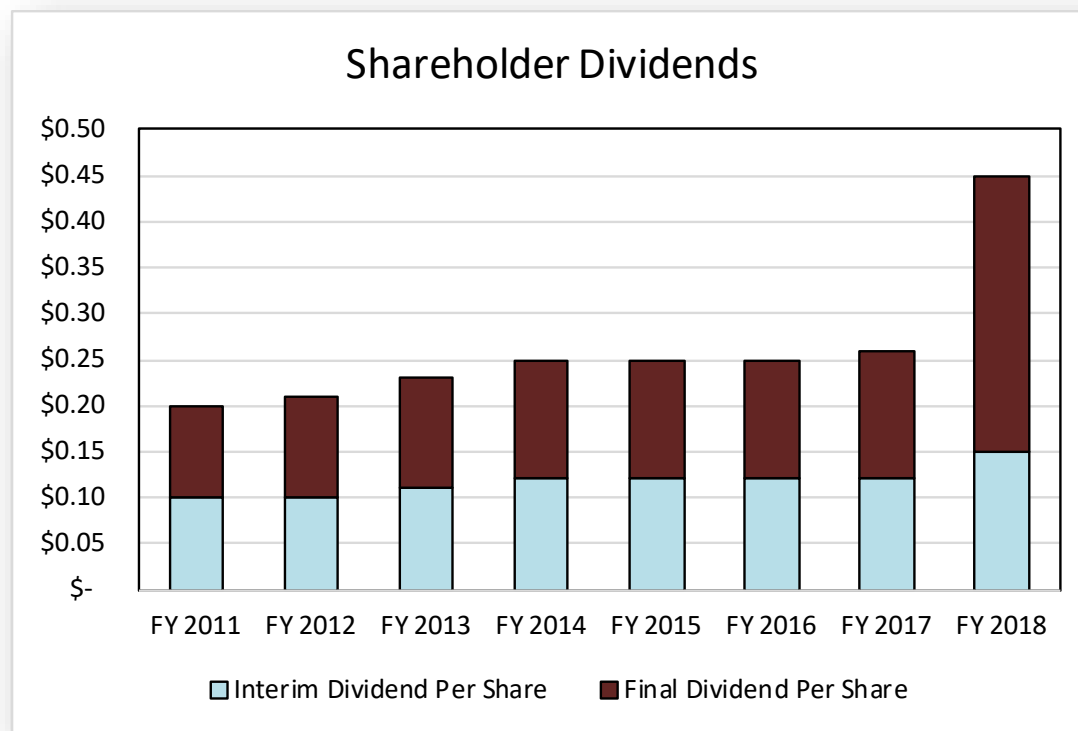
- Reduced Working Capital - Automotive Leather shipping hides direct to Slovakia rather than via Australia.
- Sale of the Building Products division in FY18.
- Automotive leather profitability, including FX impacts.

Future uses of cash:-

- Jandakot and North Coogee property developments
- Property and other investments

Dividends

- The Board has declared a final dividend of 30¢ per share fully franked, a 114% increase on prior corresponding period, payable on 14 September 2018.
- The combined interim and final dividends total 45¢ which is a 73% increase on prior year.



Automotive Leather



Automotive Leather Results

Full-Year Ending (\$m's)	Jun-2018	Jun-2017
Revenue	203.4	170.9
Segment NPAT*	23.7	7.9

* NPAT excludes 16.83% minority interests.

- Revenue and NPAT include a significant positive FX impact compared to FY17.
 - 9% appreciation of the average Euro versus US Dollar. Approximately 60% of our EUR receipts are converted to USD for hides and chemical purchases, so a stronger EUR is favourable to Howe.
 - 6% depreciation of the Australian Dollar versus the Euro. Approximately 80% of revenue is denominated in EUR, so weakness in AUD is favourable to Howe.
- Margins were positively impacted by:
 - improved cutting yields;
 - cost management and improved process efficiencies.

Outlook H1 FY19 – Similar profit to H1 FY18 (assuming FX remains at current rates)

- Further production efficiencies from CNC cutting, and FX gains.

Schaffer Building Materials



Building Materials Results

Full-Year Ending (\$m's)	Jun-2018	Jun-2017
Revenue – continuing operations	17.0	11.5
Segment Underlying* NPAT – continuing operations	(1.0)	(0.6)

* Underlying NPAT excludes (1) \$4.4m net profit after tax on sale of the Building Products divisions; and (2) \$3.2m impairment of Delta assets after tax.

- Delta (precast concrete) continues to operate in an environment with margin pressure due to increased competition.
- FY18 revenue increased due to a large civil infrastructure project, however profits decreased from increased production (labour) costs resulting from increased complexity, project administration and challenging production schedules.
- During FY18, the Building Products division was sold for higher than book value.
 - Limestone quarry tenements and production assets on 15 August 2017.
 - Urbanstone paving, masonry and natural stone manufacturing and distribution business on 22 November 2017.
 - The net impact on FY18 was \$4.4m profit after tax.

Outlook H1 FY19 – Revenue and profit performance is expected to improve compared to H1 FY18 but industry conditions are expected to remain challenging. Profits are expected to be derived from a larger number of contracts.

Investments – Property & Other

Company Owned Property



Lot 701, 702 & 703 Jandakot Rd,
Jandakot, WA

Syndicated Property



Hometown Cannington, WA



Parks Centre, Bunbury, WA



IBM Building, Hay St, West Perth, WA

Investments – Property and Other (Total Group)

	Cost ² (\$m)	Book Value (\$m)	Market Value (\$m)	Net Equity Value ¹ (\$m)
Property Used by SFC Operations	\$6.6	\$6.6	\$11.4	\$10.0
Rental Properties	\$19.4	\$23.6	\$58.4	\$24.5
Development Sites	\$8.0	\$7.7	\$41.9	\$30.7
Total Property	\$34.0	\$37.9	\$111.7	\$65.2
Equities	\$5.3	\$7.5	\$7.5	\$6.8
Term Deposits	\$15.5	\$15.5	\$15.5	\$15.5
Total Investments	\$54.8	\$60.9	\$134.7	\$87.5

* All values represent SFC's share i.e. 83.17% for Gosh Capital held assets

1. Market value less debt and tax on capital gain

2. Depreciated cost applicable for directly owned property

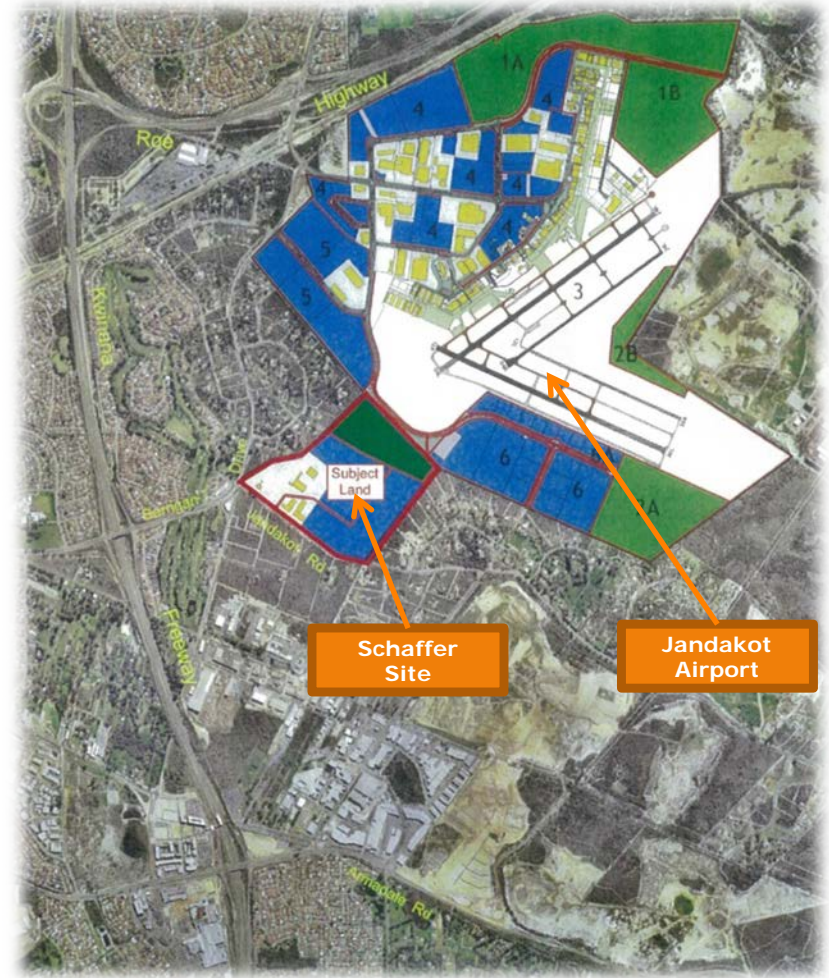
Investments - Property Portfolio (Total Group)

Address	Description	Ownership Structure	Land Size (sqm)	Current Lettable Area (sqm)	SFC Ownership %	SFC Share of Book Value (\$m)	SFC Share of Market Value (\$m)	SFC Share of Debt (\$m)	Tax on Capital Gain (\$m)	Net Equity Value (\$m)
Property used by SFC operations										
218 Campersic Road, Herne Hill, WA	Delta	SFC Direct	134,305	-	100%	6.0	9.5		(1.0)	8.5
1305 Hay Street, West Perth, WA	Head Office	SFC Direct	413	-	100%	0.6	1.9		(0.4)	1.5
						6.6	11.4	-	(1.4)	10.0
Rental Properties										
Lot 701 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	62,097	-	100%	3.3	11.2		(2.4)	8.8
IBM Centre, 1060 Hay Street, West Perth, WA	Office	Syndicate	5,797	8,466	22%	1.1	12.4	(7.2)	(3.4)	1.8
Hometown, 1480 Albany Hwy, Cannington, WA	Retail	Syndicate	59,319	20,637	25%	5.5	15.9	(7.1)	(3.1)	5.7
Parks Shopping Centre, Bunbury, WA	Retail	Syndicate	30,804	10,622	17%	2.0	6.9	(3.8)	(1.5)	1.6
39 Dixon Rd, Rockingham, Western Australia	Bulky Goods	Gosh Direct	12,047	5,434	83%	7.7	8.2	(5.1)	(0.1)	3.0
Inghams, Port Wakefield Rd, Burton, SA	Industrial	Gosh - Unit Trust	53,300	13,437	4%	0.8	0.8	-	-	0.8
Pacific Suites, Canberra, ACT	Hotel	Gosh - Unit Trust	-	16,045	2%	0.8	0.8	-	-	0.9
Cope Logistics – 7 properties nationwide	Industrial	Gosh - Unit Trust	78,042	23,575	3%	0.5	0.5	-	-	0.4
Auburn Megamall, 265 Parramatta Road, NSW	Bulky Goods	Gosh - Unit Trust	24,690	32,348	2%	1.2	1.2	-	(0.2)	1.0
Symonston, ACT	Industrial	SFC – Unit Trust	7,360	3,479	6%	0.5	0.5	-	-	0.5
						23.6	58.4	(23.2)	(10.7)	24.5
Development sites										
Lot 703 Jandakot Road, Jandakot, WA	Vacant	SFC Direct	449,639	-	100%	3.8	19.5	-	(4.7)	14.8
Lot 702 Jandakot Road, Jandakot, WA	Commercial	SFC Direct	32,442	500	100%	0.3	6.5	-	(1.9)	4.6
10 Bennett Avenue, North Coogee, WA	Residential	Gosh Direct	21,035	-	83%	1.6	11.3	-	(2.9)	8.4
170 Flynn Drive, Neerabup, WA	Industrial	Syndicate	260,000	-	20%	1.5	4.0	(1.0)	(0.7)	2.3
Lot 561 Paris Road, Australind, WA	Commercial	Gosh - Unit Trust	12,000	-	4%	0.4	0.4	-	-	0.4
Part Lot 602 Yanchep Beach Road, WA	Residential	Gosh - Unit Trust	42,600	-	3%	0.2	0.2	-	-	0.2
						7.7	41.9	(1.0)	(10.2)	30.7
Total SFC Property Value										
						37.9	111.7	(24.2)	(22.3)	65.2

Lots 701, 702 & 703 Jandakot Road

A strategic 54.4 ha property asset located between two freeways and 15 minutes south of the Perth CBD.

- 38.8 ha – The West Australian Minister for Planning approved a Scheme Amendment in November to increase the scope of Additional Uses to allow Warehouses, Showrooms, Storage, Masonry Production and Nurseries. This Additional Use area includes the 6.2 ha currently leased to Austral Masonry Holdings (Lot 701).
- A Local Development Plan subsequently approved by local Council requires a 100m buffer on the south-eastern boundary which reduces developable area by ~5.5 ha.
- 15.6 ha - Designated as Bush Forever and wetland.
- A revised Market Valuation was recently completed and valued the property at \$37.2 million (previous valuation: \$19.1 million) on an “as is” basis.



Bennett Avenue, North Coogee

Land Area: 2.1 hectares.
Zoned high density residential from industrial.
Site can accommodate approximately 175 units.



SFC Investments - Property & Other - Results

Full-Year Ending (\$m's)	Jun-2018	Jun-2017
Revenue	5.0	4.7
Segment NPAT	1.1	0.7

- Lot 701 Jandakot Road (Urbanstone factory) leased since the sale of the Urbanstone business on 22 November to Austral Masonry Holdings Pty Ltd as a triple net lease with a 10-year initial term.
- IBM building tenancy improved with additional space leased.
- Incentives to attract and retain tenants for syndicate properties remain high.

Outlook H1 FY19 – Modest increase for revenue and profit expected compared to H1 FY18 with a full 6 months' contribution for the lease at Lot 701 Jandakot Rd.

Gosh Capital - Results

Full-Year Ending (\$m's)	Jun-2018	Jun-2017
Revenue	1.4	1.4
Segment NPAT*	0.4	0.4

* NPAT excludes 16.83% minority interests..

- FY18 investments:
 - \$0.5 million in an industrial property unit trust
 - \$0.75 million in managed equities funds
- Market value of the investment portfolio is \$31.9 million (\$25.9 million net of debt) including minority interests.

Outlook H1 FY19 – Similar revenue and profit expected compared to H1 FY18.

Outlook – H1 FY19 Summary

- For H1 FY19, compared to H1 FY18, we estimate:
 - Similar profit for Automotive Leather (subject to exchange rate volatility).
 - An improvement for the continuing operations of Building Materials.
 - A modest increase in profit for SFC Property Investments
 - Similar profit for Gosh Capital.

Non-IFRS Financial Information

Underlying Profit Reconciliation (\$000's) <i>(all items after tax and minority interests)</i>	Full-Year Ending	
	Jun-18	Jun-17
NPAT	23,292	5,856
Profit on sale of Building Products division	(4,393)	-
Impairment of assets	3,150	1,629
Non-recurring costs	473	770
Profit on sale of Space 207 trust assets	-	(64)
Underlying Profit	22,522	8,191

Non-recurring costs (\$000's) <i>(all items after tax and minority interests)</i>	Full-Year Ending	
	Jun-18	Jun-17
Redundancies and Facility Shutdown Costs - Automotive Leather	473	480
Redundancies - Building Materials	-	245
Asset disposals and write-downs - Automotive Leather	-	45
Total non-recurring costs after tax and minority interests	473	770

Schaffer Corporation Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS financial measures. The non-IFRS measures should only be considered in addition to, and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

Underlying Profit is a non-IFRS measure that is determined to present, in the opinion of Directors, the ongoing operating activities of Schaffer Corporation in a way that appropriately reflects its underlying performance.

Non recurring costs are defined as those costs that resulted from unusual or once-off events that are unlikely to occur again in the normal course of business.

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