

17 February 2021

ASX Market Announcements
ASX Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

SCHAFER CORPORATION LIMITED (ASX:SFC) INVESTOR PRESENTATION - HY21 RESULTS

Please find attached SFC's Investor Presentation for the first half of the 2021 financial year.

The Board has authorised the document to be released to the ASX.

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Yours sincerely

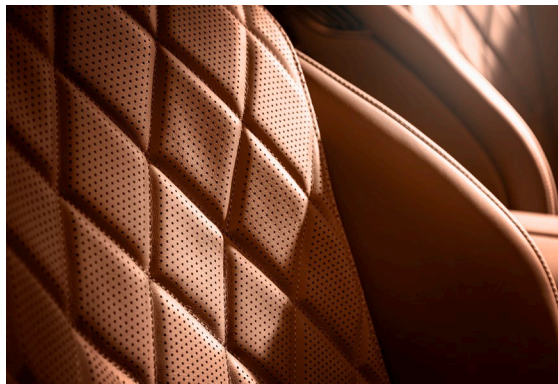


Jason Cantwell
Company Secretary

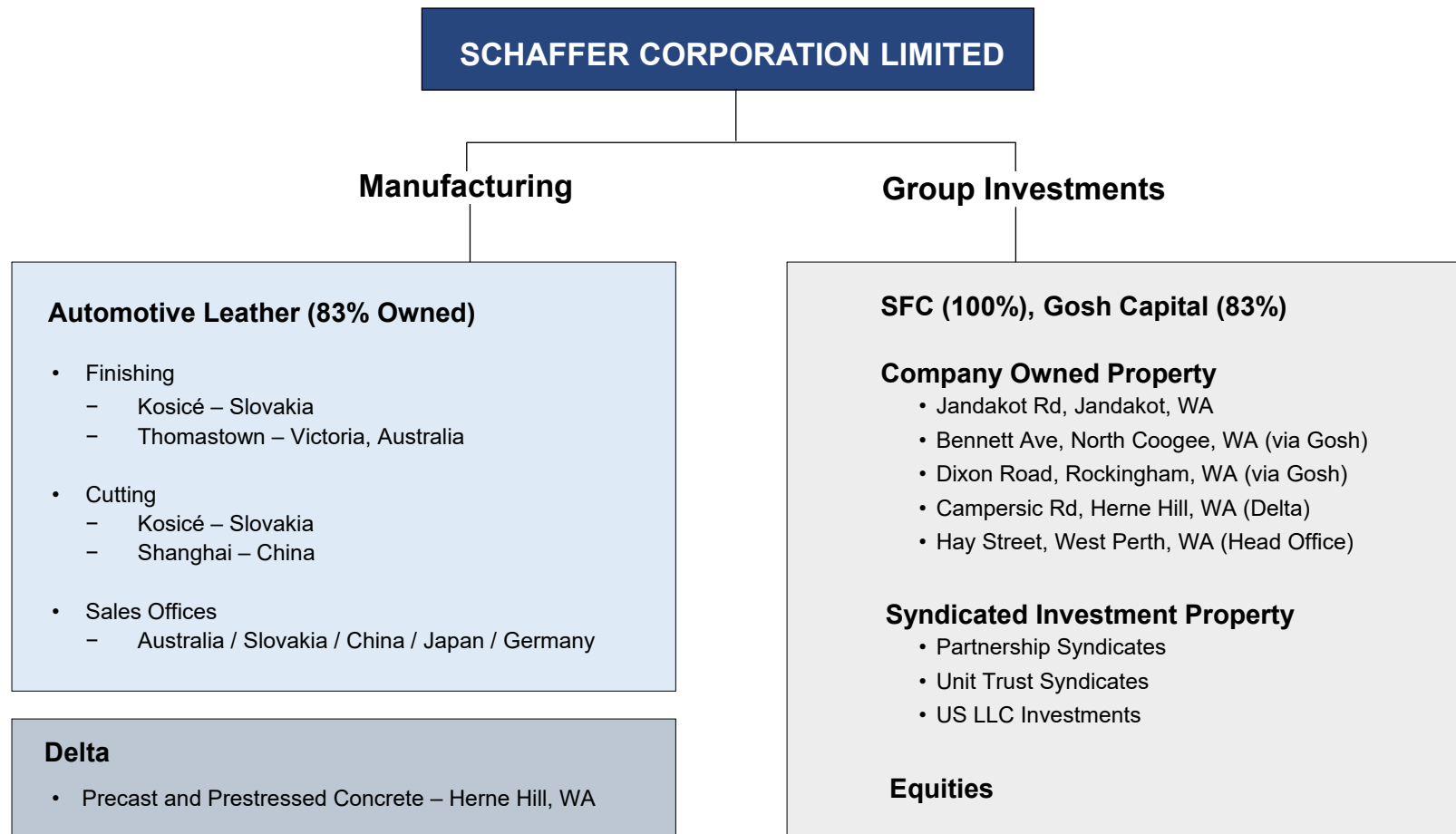


Half-Year Results Presentation December 2020

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



Organisation Chart (Core Businesses)



Group Consolidated Financial Performance

Half-Year Ending	Dec-2020	Dec-2019
Revenue (\$m)	\$102.1	\$92.7
NPAT ¹ (\$m)	\$23.1	\$13.9
EPS (cents per share)	169.5	101.6
Ordinary dividends (fully franked)	\$0.45	\$0.45

- Profit up 66% including a 13% increase in Automotive Leather profit and unrealised non-cash net gains for the Group's equity investments of \$10.0m after tax (H1 FY20: \$3.2m)
- FY21 fully franked interim dividend \$0.45 is the same as prior year and 29% higher than the FY20 final dividend
- Group investments at market value² increased to \$181.0m from \$162.6m, an increase of \$18.4m (+11%)
 - Unrealised pre-tax gains (equities) \$14.3m
 - Unrealised pre-tax losses (syndicate properties) (\$0.9m)
 - Pre-tax gains (properties held at cost) \$1.3m

1. Net profit after tax and minority interests.

2. Market value refers to pre-tax net equity value excluding minority interests.

Cash Flow

Half-Year Ending (\$m)	Dec-2020	Jun-2020	Dec-2019
NPAT	23.1	9.7	13.9
Unrealised pre-tax gains – group investments	(13.5)	(6.1)	(4.7)
Depreciation ¹	3.9	3.9	3.6
Lease payments ¹	(1.6)	(0.9)	(1.7)
Non-cash impairment of assets	-	0.2	-
Add minority interests	2.7	1.4	2.2
Change in tax provisions	2.2	0.1	(2.4)
Change in Leather trade working capital	12.1	2.5	(2.9)
Other changes in working capital	3.6	(0.8)	-
Proceeds from divestments / sale of assets	1.8	2.5	2.4
Total cash generated	34.3	12.5	10.4
Group investments	(7.3)	(2.5)	(15.1)
Capex and property development	(5.4)	(1.8)	(5.5)
Capital raised / (share buy-back)	-	(0.7)	(2.1)
Dividends paid	(7.2)	(9.5)	(7.7)
Total use of cash	(19.9)	(14.5)	(30.4)
Net debt² decrease/(increase)	14.4	(2.0)	(20.0)

Significant decrease in Automotive Leather working capital as excess hides resulting from Covid-19 shutdowns in H2 FY20 were utilised during H1 FY21.

Group investments included:

- Property US (\$2.0m)
- Property Australia (\$1.6m)
- Equities (\$3.7)

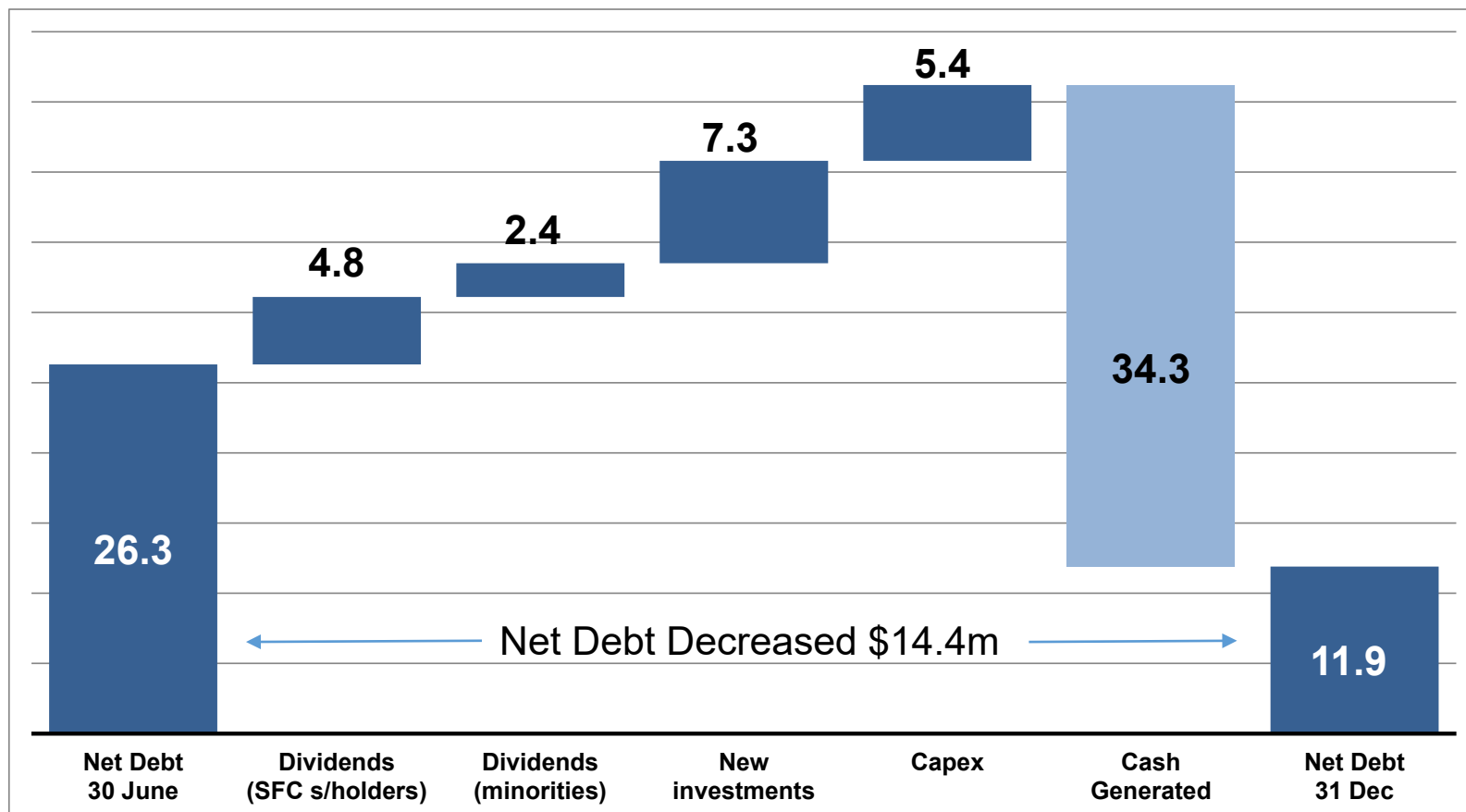
Capital expenditure included:

- ~\$2.2m for Automotive Leather including 3 new CNC machines
- ~\$1.2m for preparation of North Coogee land for sale of residential lots
- ~\$1.0m improvements to 39 Dixon Road, Rockingham to accommodate a new national tenant (property now fully leased)
- ~\$0.4m for development of Jandakot property
- ~\$0.4m for Delta

1. Depreciation includes an additional \$1.3m for depreciation on right-of-use assets recognised on the adoption of AASB 16 on 1 July 2019 (Dec 19: \$1.2m) offset by (\$1.6m) lease payments (Dec 19: \$1.7m) for leases previously classified as operating leases prior to the adoption of AASB 16 on 1 July 2019 no longer included in net profit.

2. Net Debt presented excludes lease liabilities for leases previously classified as operating leases prior to the adoption of AASB 16 on 1 July 2019 (refer to reconciliation on page 20)

Group Net Debt Decrease (\$m's)



Net debt decreased due to strong cash generation from the Automotive Leather division, including the reduction of excess hides held at 30 June as sales recovered following the Covid related industry shutdowns in H2 FY20.

Net Debt presented excludes \$23.2m (Jun 20: \$25.7m) of lease liabilities previously classified as operating leases prior to the adoption of AASB 16 on 1 July 2019 (refer to reconciliation on page 20)

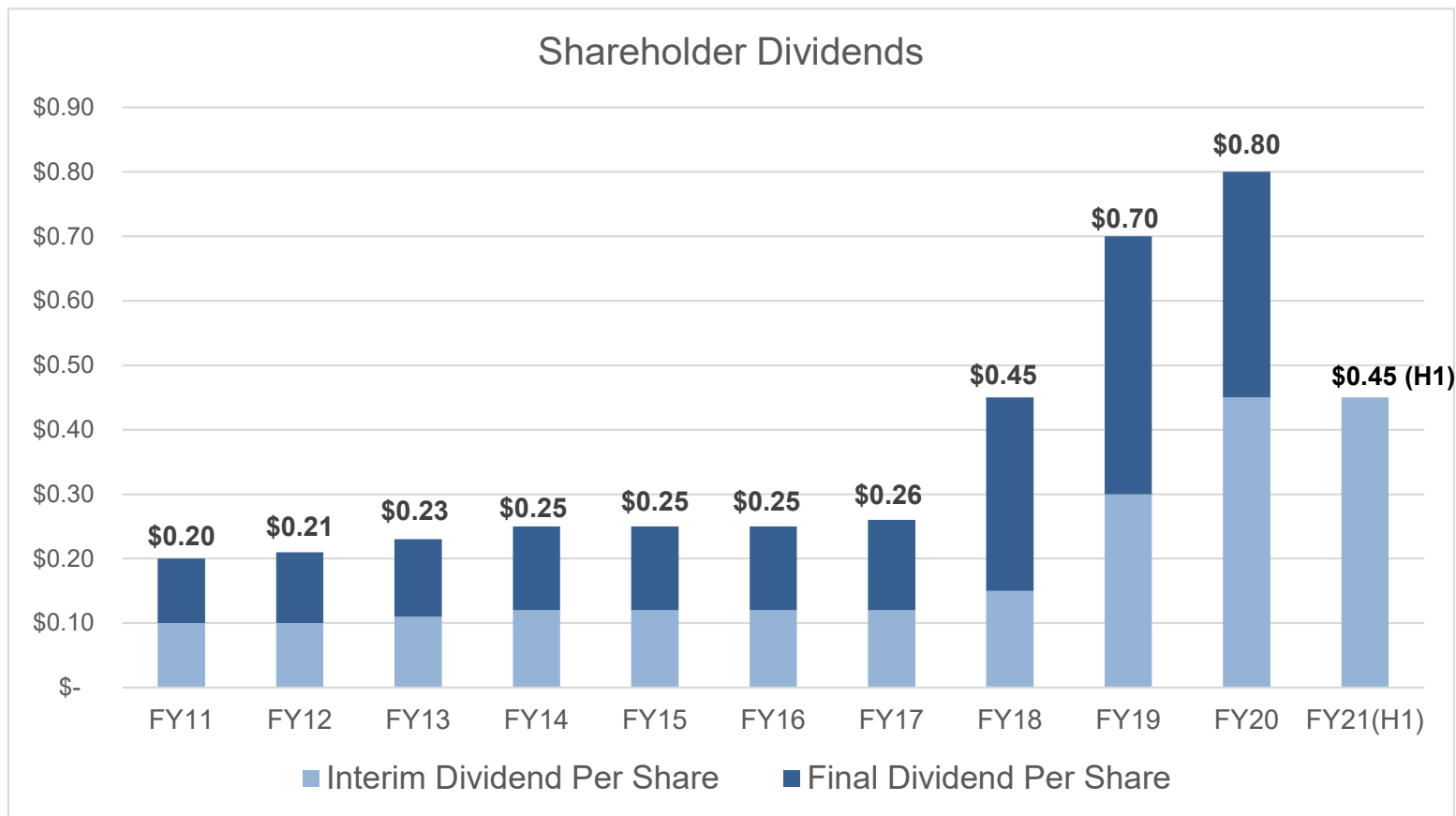
Group Net Debt Overview (\$m's)

	Manufacturing	Group Investments				
All amounts in \$m's	Automotive Leather	SFC Investments	Syndicated Investment Properties	Gosh Capital	Total 31 Dec 2020	Total 30 Jun 2020
Type of Debt:						
Bank debt	(15.8)	-	(21.7)	(6.6)	(44.1)	(53.4)
Equipment finance	(8.7)	-	-	-	(8.7)	(7.9)
Margin loan	-	(0.5)	-	-	(0.5)	-
Intercompany	-	4.0	-	(4.0)	-	-
Gross Debt¹	(24.5)	3.5	(21.7)	(10.6)	(53.3)	(61.3)
Cash and term deposits	18.8	21.6	1.0	-	41.4	35.0
Net (Debt)/Cash¹	(5.7)	25.1	(20.7)	(10.6)	(11.9)	(26.3)
% debt recourse to SFC	0%		12%	0%		

1. Gross Debt and Net Debt presented excludes \$23.2m (Jun 20: \$25.7m) of lease liabilities previously classified as operating leases prior to the adoption of AASB 16 on 1 July 2019 (refer to reconciliation on page 20)

Dividends

- The Board has declared an interim fully franked dividend of 45¢ per share, an increase of 29% compared to the FY20 final dividend.
- Payable on 12 March 2021.



Automotive Leather



Automotive Leather

Half-Year Ending (\$m's)	Dec-2020	Dec-2019
Revenue	88.8	78.5
Segment NPAT*	12.6	11.0

* NPAT excludes 16.83% minority interests.

- Revenue increased 13%
 - Significant increase in volumes as the global automotive industry recovered from the Covid-19 related industry shut-downs that occurred in H2 FY20.
 - Commencement of two new programs during the half.

Outlook

- While sales volumes are expected to improve, the outlook remains uncertain due to:
 - Ongoing impacts from Covid-19, particularly in Europe
 - Increasing hide prices
 - Disruptions in the Automotive industry supply chain
 - Strengthening AUD vs. EUR which negatively impacts our revenues
 - Overall economic uncertainty
- Due to the above, SFC expects H2 FY21 profit results to be marginally lower than the strong result achieved in H1 FY21.

Group Investments

Objective: Maximising shareholder medium and long-term value

Half-Year Ending (\$m's)	Dec-2020	Dec-2019
Revenue	4.4	4.1
Segment NPAT*	10.7	4.4

* NPAT excludes 16.83% minority interests for Gosh Capital investments.

- NPAT of \$10.7m includes unrealised gains from the revaluation of equity investments of \$10.0m after tax (H1 FY20: \$3.2m)

New Investments (H1 FY21) – Total \$7.3m

- Property \$3.6m
 - US \$2.0m
 - Australia \$1.6m
- Equities \$3.7m

Cash plus short-term deposits - \$21.6m

Group Investments – Net Equity Value

Net Equity Value Pre-Tax¹ increased to \$13.29/share (Jun 2020: \$11.94)

	Cost ² (\$m)	Book Value (\$m)	Market Value (\$m)	Net Equity Value Pre- Tax ¹ (\$m)	Net Equity Value Pre- Tax ¹ Per share	Net Equity Value ³ (\$m)
Property Used by SFC Operations	\$6.3	\$6.3	\$9.7	\$9.7	\$0.71	\$8.9
Rental Properties	\$40.7	\$38.2	\$76.7	\$50.6	\$3.72	\$38.2
Development Sites	\$11.1	\$11.0	\$46.4	\$45.4	\$3.33	\$34.0
Total Property	\$58.1	\$55.5	\$132.8	\$105.7	\$7.76	\$81.1
Other Investment Assets Excluding HTG ⁴	\$22.0	\$27.5	\$27.5	\$26.8	\$1.98	\$25.3
Cash and Term Deposits	\$21.6	\$21.6	\$21.6	\$21.6	\$1.58	\$21.6
Total Investments Excluding HTG	\$101.7	\$104.6	\$181.9	\$154.1	\$11.32	\$128.0
Harvest Technology Group (HTG) ⁴	\$2.4	\$26.9	\$26.9	\$26.9	\$1.97	\$19.6
Total Including HTG	\$104.1	\$131.5	\$208.8	\$181.0	\$13.29	\$147.6

All values represent SFC's share, i.e. 83.17% for Gosh Capital and other subsidiary held assets

1. Market value less debt
2. Depreciated cost applicable for directly owned property
3. Market value less debt and notional tax on capital gain or loss
4. SFC's investment in Harvest Technology Group (ASX:HTG) is valued at \$26.9 million at 31 December. The share price used is \$0.235, which is below the \$0.32 closing share price of HTG at 31 December 2020. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group and a capital raise completed by HTG in June 2020 whereby they raised equity from shareholders at 25% discount to the 10-day VWAP.

Group Investments - Property



IBM Building, West Perth, WA



Hometown, Cannington, WA



Parks Centre, Bunbury, WA



Magnesium Dr, Crestmead, QLD



39 Dixon Rd, Rockingham, WA



6 Centro Ave, Subiaco WA



Cope Logistics – 7 properties nationwide



DoubleTree Hilton, Burlington, Vermont, USA



Buller St, Macquarie, QLD



The Residences at Lakeview, Memphis, USA



Marriott Hotel, Yonkers, New York, USA



Fairfield Rd, Brisbane, QLD

Group Investments - Property Portfolio

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)	Notional 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%	5.6	8.0	-	(0.6)	7.4
1305 Hay Street, West Perth, WA	Head Office	SFC Direct	413	-	100%	0.7	1.7	-	(0.2)	1.5
						6.3	9.7	-	(0.8)	8.9
RENTAL PROPERTIES										
Hometown, 1480 Albany Hwy, Cannington, WA	Bulky Goods	Syndicate	59,319	20,637	25%	5.4	16.5	(9.7)	(3.4)	3.5
39 Dixon Rd, Rockingham, Western Australia	Bulky Goods	Gosh Direct	12,047	5,434	83%	8.9	9.2	(5.5)	(1.1)	2.5
Tamworth Homespace, Tamworth, NSW	Bulky Goods	Syndicate	31,160	13,050	25%	2.3	2.3	-	-	2.3
Auburn Megamall, 265 Parramatta Road, NSW	Bulky Goods	Gosh Syndicate	24,690	32,348	2%	1.1	1.1	-	(0.2)	0.9
IBM Centre, 1060 Hay Street, West Perth, WA	Commercial	Syndicate	5,797	8,466	22%	1.2	12.9	(7.2)	(3.3)	2.5
6 Centro Avenue, Subiaco, WA	Commercial	Syndicate	1,607	1,018	50%	1.0	1.0	-	-	1.0
Fairfield Road, Brisbane, QLD	Commercial	Syndicate	3,600	4,198	5%	0.8	0.8	-	-	0.9
Buller Street, Port Macquarie, NSW	Commercial	Syndicate	5,042	6,214	5%	0.8	0.8	-	0.1	0.8
7 Turner Avenue, Bentley, WA	Commercial	Syndicate	3,488	1,098	35%	0.5	0.5	-	-	0.5
Faulding Street, Symonston, ACT	Commercial	Syndicate	7,360	3,479	6%	0.4	0.4	-	-	0.4
Albany Road Real Estate Fund III	Commercial	SFC US Syndicate			1%	0.2	0.2	-	-	0.2
Pacific Brisbane Hotel, Brisbane, QLD	Hotel	SFC Direct	2,899	7,759	4%	1.0	1.0	-	0.1	1.1
Doubletree Hotel, Burlington, Vermont, USA	Hotel	SFC US Syndicate	64,600	309 rooms	6%	0.8	0.8	-	0.1	0.9
Pacific Suites, Canberra, ACT	Hotel	Gosh Syndicate	-	16,045	2%	0.8	0.8	-	0.1	0.9
Marriott Hotel, Yonkers, New York, USA	Hotel	SFC US Syndicate		17,100	4%	0.5	0.5	-	0.2	0.7
Embassy Suites, Portland, Maine, USA	Hotel	SFC US Syndicate	11,250	11,250	7%	0.4	0.4	-	0.1	0.5
Seasons Hotel, Newman, WA	Hotel	Syndicate	29,000	82 rooms	5%	0.3	0.3	-	-	0.3
Coral Cat Resort, Mackay, QLD	Hotel	Syndicate	9,148	82 rooms	5%	0.2	0.2	-	-	0.3
Lot 701 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	62,097	-	100%	3.0	12.2	-	(2.9)	9.3
Willung Rd, Rosedale, Victoria	Industrial/Rural	Subsidiary Direct	510,530	9,854	83%	1.9	2.4	-	(0.5)	1.9
Shaw Road, Townsville	Industrial	Syndicate	14,650	4,728	10%	0.8	0.8	-	-	0.9
Magnesium Drive, Crestmead, QLD	Industrial	Syndicate	16,800	8,800	12%	0.8	0.8	-	0.1	0.9
Cope Logistics – 7 properties nationwide	Industrial	Gosh Syndicate	78,042	23,575	3%	0.3	0.3	-	-	0.4
The Residences at Lakeview, Memphis, TN, USA	Residential	SFC US Syndicate	13,400	833 units	6%	1.7	1.7	-	-	1.6
Pier 5350 Apartments, Jacksonville, Florida, USA	Residential	SFC US Syndicate	89,000	43,200	7%	1.2	1.2	-	-	1.1
Parks Shopping Centre, Bunbury, WA	Retail	Syndicate	30,804	10,622	17%	1.9	7.6	(3.8)	(1.7)	1.9
						38.2	76.7	(26.2)	(12.3)	38.2

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

Group Investments - Property Portfolio (continued)

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)	Notional Tax on Capital Gain (\$m)	Net Equity Value (\$m)
DEVELOPMENT SITES										
Lot 702 Jandakot Road, Jandakot, WA	Commercial	SFC Direct	32,442	500	100%	1.3	7.0	-	(2.1)	4.9
Lot 561 Paris Road, Australind, WA	Commercial	Gosh - Unit Trust	12,000	-	4%	0.4	0.4	-	-	0.4
Lot 703 Jandakot Road, Jandakot, WA	Industrial	SFC Direct	449,639	-	100%	3.5	26.0	-	(7.2)	18.8
170 Flynn Drive, Neerabup, WA	Industrial	Syndicate	260,000	-	20%	1.5	2.8	(1.0)	(0.4)	1.4
62 Cosgrove Road, Enfield, NSW	Industrial	Syndicate	23,267	-	6%	0.2	0.2	-	-	0.2
10 Bennett Avenue, North Coogee, WA	Residential	Gosh Direct	21,035	-	83%	2.8	8.7	-	(1.8)	6.9
South Ocean Real Estate Fund	Residential	SFC US			1%	1.1	1.1	-	-	1.1
Part Lot 602 Yanchep Beach Road, WA	Residential	Gosh - Unit Trust	42,600	-	3%	0.2	0.2	-	0.1	0.3
						11.0	46.4	(1.0)	(11.4)	34.0
TOTAL SFC PROPERTY VALUE						55.5	132.8	(27.2)	(24.5)	81.1

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

- The difference between book value and market value is unrealised gains of \$77.3 million before tax and \$54.1 million after tax for directly owned property held at depreciated cost under Australian Accounting Standards.

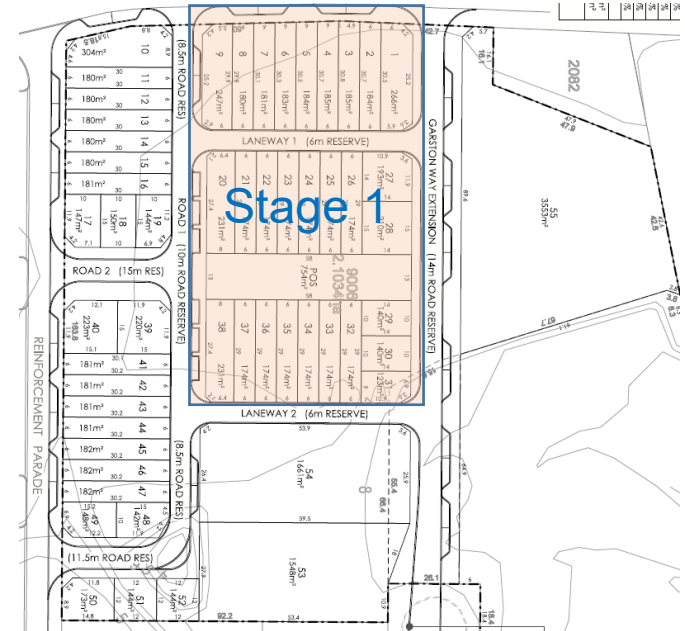
Beachside North Coogee



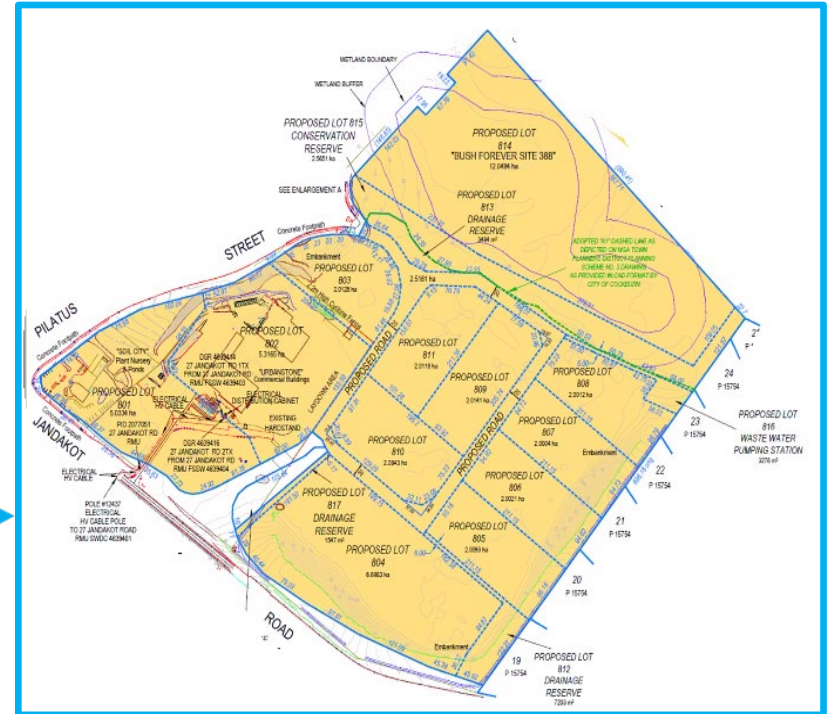
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Jandakot Road Property



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

- 38.8ha – Allowable uses are Warehouses, Showrooms, Storage, Masonry Production and Nurseries. This area includes the 6.2ha currently leased to Austral Masonry Holdings.
- 15.6ha - Designated as Bush Forever and wetland.
- The duplication of Jandakot Road and construction of a new roundabout entrance to our site are expected to commence in May 2021.
- Plans to develop the site are progressing. The expected timeframe will be determined by market conditions.
- Approximate developable lot area ~33ha after allowing for internal and external roads, drainage, buffers and the Bush Forever area.
- Currently valued at **\$45.2 million** on an “as is” basis.



Delta

Half-Year Ending (\$m's)	Dec-2020	Dec-2019
Revenue	8.9	10.1
Segment NPAT	1.0	(0.2)

- Delta has returned to profit.
- The temporary border controls in Western Australia associated with Covid-19 have made it difficult to source labour. This has increased the cost of labour.

Outlook

Some optimism due to a large project that is expected to commence in H2 FY21, and potential future benefit from increased civil infrastructure projects.

Group Outlook – FY21

- Automotive Leather sales volumes are expected to improve but SFC expects FY21 second-half profits to be marginally lower than the strong result achieved in H1 FY21 due to the risk factors mentioned below.
- Delta is expected to remain moderately profitable.
- Investments, other than directly held property, are revalued each period which could lead to profit volatility.
- The sale of residential blocks at North Coogee, Western Australia, should realise profit in H2 FY21.

Risk factors

Significant uncertainty continues to be created by:

- Ongoing impacts from Covid-19, particularly in Europe
- Increasing Automotive Leather hide prices
- Disruptions in the Automotive industry supply chain
- Strengthening AUD vs. EUR which negatively impacts our export revenues
- Overall economic uncertainty and market volatility

Non-IFRS Financial Information

Reconciliation of Net Debt excluding lease liabilities for leases previously classified as operating leases (\$m's)	As at	
	Dec-2020	Jun-2020
Interest-bearing loans and borrowings	44,582	53,333
Lease liabilities	31,899	33,624
Less lease liabilities relating to leases previously classified as operating leases	(23,153)	(25,674)
Gross Debt excluding lease liabilities relating to leases previously classified as operating leases	53,328	61,283
Less cash and cash equivalents	(40,781)	(35,016)
Less short-term term deposits (terms 90 days or greater)	(650)	-
Net Debt (as per slide 5) excluding lease liabilities for leases previously classified as operating leases prior to the adoption of AASB 16	11,897	26,267

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.

On 1 July 2019, SFC adopted AASB 16 *Leases*. Net Debt excluding interest-bearing liabilities for leases previously classified as operating leases prior to the adoption of AASB on 1 July 2019, is a non-IFRS measure that is determined to present, in the opinion of Directors, information that assists the understanding of the actual movements in Net Debt for the period.

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