

SCHAFFER DRIVES PROFITABILITY, INCREASES DIVIDEND

Diversified industrial group Schaffer Corporation Limited (ASX: SFC) today reported net profit after tax for the 2019 financial year of \$22.9 million (2018: \$23.3 million).

The Group declared a final dividend of \$0.40 per share (fully franked), taking total dividends for the year to \$0.70 per share (fully franked) – an increase of 56% on the prior year.

Schaffer Corporation Chairman, Mr John Schaffer, said that while revenues were lower, we were able to maintain profitability.

“This outstanding result was achieved despite significant headwinds in the global automotive industry and challenging conditions in the Western Australian construction industry,” Mr Schaffer said.

“The result was driven by continued operational efficiencies, supported by foreign currency gains, at Automotive Leather. Sales volumes fell across most original equipment manufacturers in both Europe and China as new emissions standards, Brexit uncertainty and the US/China trade war impacted on automobile sales volumes,” Mr Schaffer noted.

Mr Schaffer said that Automotive Leather’s management and employees were constantly assessing and implementing new processes and technology.

“We have expanded our investment in CNC or Computer Numerical Controlled cutting machines in the production process. The positive impact of this investment is reflected in Automotive Leather’s improved profitability,” Mr Schaffer said.

“We are experiencing persistent challenges that will significantly impact the level of profit for the Group in the first half of the current financial year. However, a delayed new material automotive program should start driving a volume increase during the second half,” Mr Schaffer noted.

“Across our property and investment portfolios, the Group continues to make substantive steps to grow shareholder value.

“Of particular note is the continuation of the development of the approximately 29 hectare (developable area) site at Jandakot, Western Australia. This site has significant long-term potential and its prospective value when developed will be a source of significant value for our shareholders”, Mr Schaffer said.

Mr Schaffer noted that the Group’s business cash flows remain strong, along with its balance sheet, financial position and tangible assets.

The Group’s investment portfolio which comprises SFC Investments and Gosh Capital (83% owned) had an estimated net equity value before tax of \$134.4 million (30 June 2018: \$110.6 million).

Despite the anticipated decrease in profit for the first half, the Directors anticipate increasing the interim dividend to 40 cents per share (fully franked).

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 8 9483 1202