

**SCHAFFER INCREASES DIVIDEND 50% ON INCREASED PROFIT**

Industrial and investment group Schaffer Corporation (ASX: SFC) today announced a 10% increase in half year net profit after tax of \$13.9 million compared to the prior corresponding period. The interim dividend has increased 50% to \$0.45 per share (fully franked) and will be paid on 13 March 2020. The record date is 6 March 2020.

“The half year net profit of \$13.9 million includes a non-cash unrealised gain on the Group’s non-property investments of \$3.2 million after tax. Each half, we are required to ‘mark to market’ those investments,” Mr Schaffer noted.

“The past many years of successful investments, implementation of our strategic plan for our Automotive Leather business and continued focus on operational efficiencies have positioned Schaffer Corporation to support a higher interim dividend,” Mr Schaffer said.

“That focus means we could respond effectively to another challenging half caused by external factors. As one example, revenue decreased 14% at Automotive Leather because of macro issues in Europe and China. However, the impact on profitability was significantly reduced by pro-active management of costs and further operational efficiencies.”

Schaffer Corporation remains committed to generating long-term shareholder value. As part of capital management SFC bought back \$2.3 million of its shares during the half.

Schaffer Corporation invested \$15.1 million in local and international syndicated property, direct equities and fixed income.

“We’ve utilised strong free cash flow in prior periods to aggressively pay down debt. This created significant balance sheet flexibility for the Group. We have taken advantage of that flexibility to make investments at both Automotive Leather and Group Investments,” Mr Schaffer added.

“These investments position both Automotive Leather and Group Investments to generate substantial long-term value for shareholders. We continue to take steps to build value in our directly held properties, including our Jandakot Road property, which is a major development asset for the Group.

“In terms of outlook, we expect full-year NPAT to be similar to last year. This is subject to potential impacts from the Coronavirus and its impact on the global economy, US/China trade war, the impact of Brexit during the transition period, the ongoing economic slowdown in Europe and China, and currency fluctuations,” Mr Schaffer concluded.

The Board has authorised this announcement to be released to the ASX.

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