

## SCHAFFER REPORTS STRONG FULL-YEAR PROFIT

Diversified industrial and investment group Schaffer Corporation Limited (ASX: SFC) today reported net profit after tax of \$38.8 million, up 65% over the prior financial year. The Group also declared a final dividend of \$0.45 per share (fully franked), bringing ordinary dividends for the year to \$0.90 per share (fully franked) – up 12.5% over the prior year.

Schaffer Corporation Chairman, Mr John Schaffer, attributed the profit increase to a strong rebound at Automotive Leather and the continued increase in contribution to earnings from Group Investments.

“Last year, Automotive Leather was significantly impacted by OEM factory closures caused by Covid-19. Its result this year was driven by two new customer programs and a strong recovery in volumes from existing programs,” Mr Schaffer said.

“In addition, Group Investments represents a growing proportion of Schaffer Corporation’s underlying assets and valuation. The pre-tax net equity value of the Group’s investments increased by 18% to \$191.7 million or \$14.04 per share, up from \$11.95 per share a year ago. It includes \$16.1 million of new investments and cash deposits of \$17.5 million,” Mr Schaffer noted.

Mr Schaffer said that the Group’s net debt has also fallen by 65% to \$9.0 million.

“Our low gearing and strong balance sheet positions us well to adapt to changing market conditions and be opportunistic in our investments. We continue to grow Group Investments with the objective of maximising shareholder value over the medium and long-term,” Mr Schaffer added.

Mr Schaffer highlighted the Group’s property development site at Jandakot Road, Jandakot.

“Jandakot Road is 34 hectares of developable land and is 15 minutes from Perth’s CBD. We have received subdivision approval, and clearing and earthworks for the developable area should be completed by November 2021. By the first half of calendar 2022, the required duplication of Jandakot Road should be completed. The independent ‘as is’ valuation is presently \$45.2 million,” Mr Schaffer said.

“Also, further land sales from our Beachside development at North Coogee, are expected to realise cash and profits for the Group Investments division.” Mr Schaffer concluded.

Mr Schaffer said that the impacts of Covid-19 and semiconductor chip shortages made forecasting difficult.

“Since February 2021, a global semiconductor chip shortage has progressively worsened, leading to sporadic production line shutdowns of most European OEM’s. The chip shortage is slowing production in the face of strong global demand for new cars. It is likely to impact Automotive Leather’s sales volumes and profitability in the first quarter. We should have more clarity during the second quarter and will update shareholders at the Annual General Meeting in November,” Mr Schaffer noted.

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