

SCHAFFER MAINTAINS DIVIDENDS FOR THIRD YEAR

Investment and manufacturing group Schaffer Corporation Limited (ASX: SFC) today reported net profit after tax of \$13.6 million for the 2023 financial year. The Group declared a final fully franked dividend of \$0.45 per share, bringing the full-year dividends to \$0.90 per share, consistent with the dividends for the last two financial years.

Mr John Schaffer, the Chairman of Schaffer Corporation, noted that the dividends reflected the financial strength of the Group despite decreased earnings.

“Earnings decreased primarily due to a challenging year for the Automotive Leather division, which was impacted by the delayed launch of a major renewed program, adverse currency volatility and inflationary cost pressures,” said Mr Schaffer.

Mr Schaffer continued, “The delayed program ended the financial year close to ‘normal’ volume levels, which bodes well for the next financial year”. Mr Schaffer added that Automotive Leather had won new programs with Mercedes, Porsche and Audi that should all be launching at various times over the next 12 months.

“It is pleasing that Delta returned to profitability, generating a \$2 million profit. Delta is experiencing strong orders and opportunities with ongoing government infrastructure projects in Western Australia,” Mr Schaffer noted.

Group Investments had a steady year in a challenging environment. Mr Schaffer noted that pre-tax net equity value of the Group’s investments was \$186.5 million or \$13.73 per share at 30 June.

“We continued to develop South Connect Jandakot, our largest investment asset. South Connect is located between two freeways and just 15 minutes south of Perth’s CBD. We will finish civil works during this half and have already received approval for the first phase of logistics warehouses. It’s an exciting time for a strategic asset that will benefit from the increased demand for logistic and ‘last-mile’ warehousing for ecommerce,” Mr Schaffer said.

In the 2023 financial year, SFC funded the development of South Connect with \$11.2 million from a construction finance facility.

Mr Schaffer said that forecasting continued to be difficult with many risks ranging from currency volatility, global economic uncertainties, and ongoing inflationary pressures.

Mr Schaffer said that, as previously noted, the fair value method applied to SFC’s equity investments may result in volatility of earnings, both up and down.

“Automotive Leather will benefit from normal volumes from the major renewed program as well as from new program launches over the next twelve months. Revenue and profitability for Automotive Leather should be stronger in this half compared to the second half last year. As always, we will further update shareholders at the Annual General Meeting in November,” Mr Schaffer concluded.

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