

15 November 2023

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

Dear Sir/Madam,

**SCHAFFER CORPORATION LIMITED (ASX:SFC) ANNUAL GENERAL MEETING
CORPORATE PRESENTATION**

Please find attached the Corporate Presentation for the Annual General Meeting of SFC.

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

For further information, please contact:

Mr John Schaffer
Chairman
Schaffer Corporation Ltd
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Mr Ralph Leib
Chief Financial Officer
Schaffer Corporation Ltd
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Yours sincerely



Jason Cantwell
Company Secretary

2023 Annual General Meeting

15 November 2023

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

This presentation has been prepared by **Schaffer Corporation Limited** ACN 008 675 689 (“The Company”).

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2023 Annual General Meeting

Chairman's Address

Group Consolidated Financial Performance

(\$m)		FY23	FY22	\$ change
Revenue		\$183.6	\$170.4	\$13.2
NPAT ¹ from:				
Automotive Leather	1	\$11.1	\$18.1	(\$7.0)
Delta	2	\$2.0	(\$0.6)	\$2.6
Manufacturing NPAT¹		\$13.1	\$17.5	(\$4.4)
Group Investments	3	\$3.2	\$11.5	(\$8.1)
Corporate		(\$2.7)	(\$2.8)	(\$0.1)
Statutory NPAT¹		\$13.6	\$26.2	(\$12.6)
EPS		\$1.00	\$1.91	
Ordinary dividends (fully franked)		\$0.90	\$0.90	

1. Net profit after tax and minority interests.

2. Pre-Tax Net Equity Value = market value less debt (including syndicated property debt)

FY23 Statutory NPAT¹ was \$13.6m (FY22: \$26.2m)

- 1 Automotive Leather NPAT¹ of \$11.1m.
- 2 Delta NPAT¹ of \$2.0m.
- 3 Group Investments NPAT¹ of \$3.2m

Full year fully franked dividend maintained at \$0.90/share

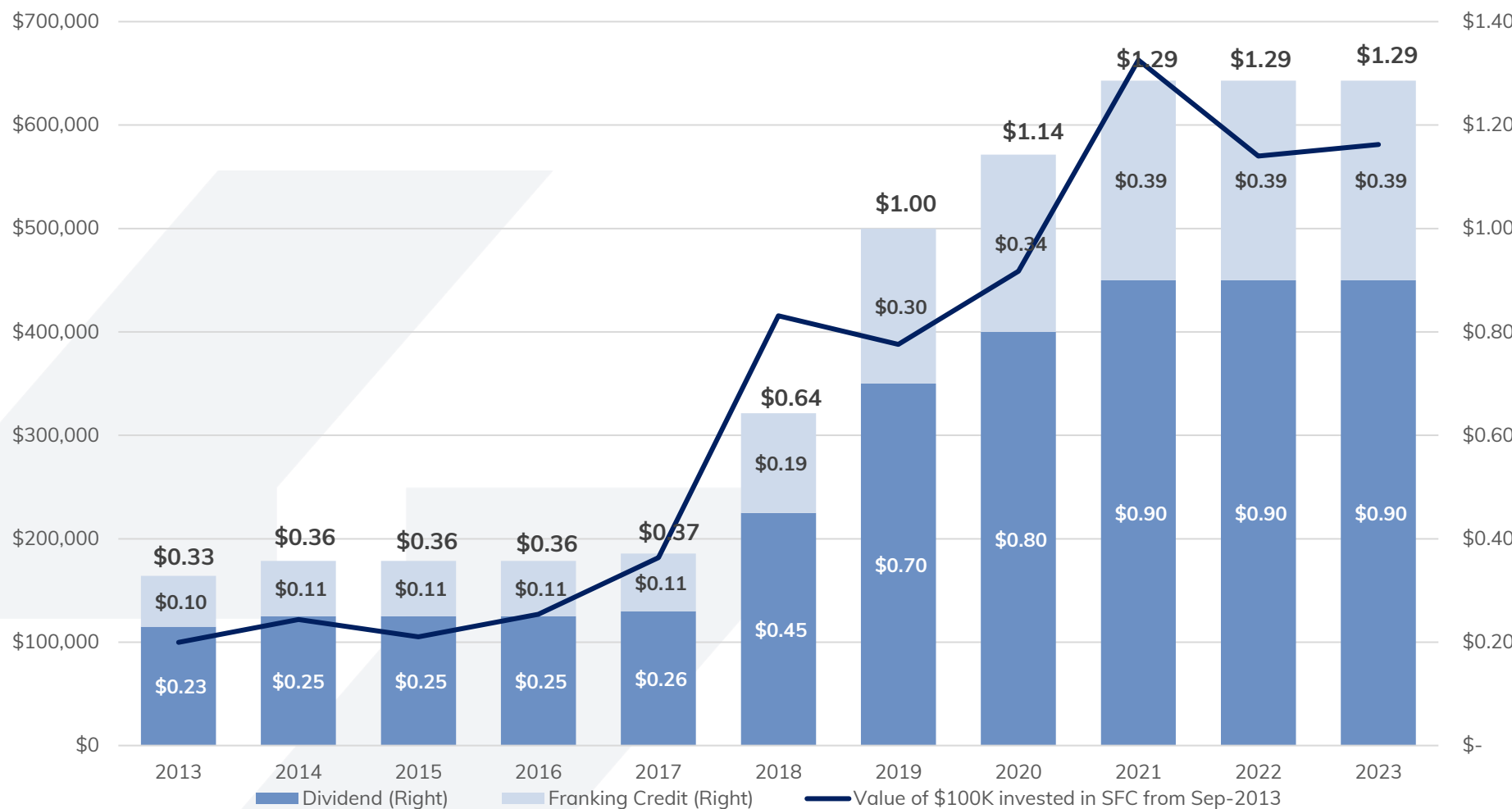
Group pre-tax net equity value² of investments of \$186.5 million, \$13.73/share

(\$m)	FY23	FY22
Total Cash Generated¹	6.1	36.1
Less: Cash Paid to SFC Shareholders & Minorities	(14.2)	(14.9)
Cash Available after Shareholder Payments	(8.1)	21.2
Less: Cash Used for Investments & Capex	(35.1)	(20.1)
New Investments	(16.3)	(8.8)
Capital Expenditure and Property Development	(18.8)	(11.3)
Net Debt² (Increase)/Decrease	(43.2)	1.1

1. Cash generated includes cash from operating activities, proceeds from divestments and lease payments for leases previously classified as operating leases prior to the adoption of AASB16.
2. Net Debt presented excludes lease liabilities for leases previously classified as operating leases prior to the adoption of AASB16 on 1 July 2019.

Total Shareholder Return (TSR)

Value of \$100K invested in SFC (Sep-2013) and Gross Dividend History



- 10-year TSR to September 2023 of 18%* p.a.
 - \$100,000 invested in SFC in September 2013 for 10-years, would be worth \$581,338 by September 2023. *
- * Assumes reinvestment of dividends and includes benefits of franking credits at tax rate of 30%.



New Range Rover - Interior

- A challenging year, impacted by multiple factors
- Revenues increased to \$143 million (FY22: \$136 million),
- NPAT was down 39% to \$11.1 million (FY22: \$18.1 million).
- Revenues, operating margins, productivity and cashflow were impacted by:
 - The delayed launch of a major renewed program.
 - Inflationary cost pressures.
 - Adverse negative currency movements (-\$2.3 million).
 - High energy costs in Europe (-\$1.0 million versus pre-Ukraine war).
 - Semiconductor chip shortages in the first half.
 - Covid-19 lockdowns in Shanghai during January and February 2023.
 - Raw material supply chain disruptions and supply chain elongation.

(\$m)	FY23	FY22
Revenue	\$142.8	\$136.0
Segment NPAT ¹	\$11.1	\$18.1

1. NPAT excludes 16.83% minority interests.



New Mercedes E-Class

1H24 Update

- Volumes for the major renewed program are close to ‘normal’ expected levels.
- New Mercedes E-Class and Porsche program launches should provide incremental volume (initially limited in 1H24 but increasing in 2H24).
- During 2H24, multiple new Audi programs should launch, and should provide further incremental volume.

Current expectations for 1H24, subject to risks:

- Revenues and profitability for the 1H24 should be higher than 2H23.
- Our current estimate for 1H24 is for:
 - Revenues to be around \$85 - \$95 million; and
 - NPAT¹ to be around \$6.5 - \$7.5 million, higher than the \$6.3m achieved in 2H23
- Cashflow generation should be strong as excess hides continue to reduce.

1. NPAT excludes 16.83% minority interests



New Mercedes E-Class Interior

Risks

- Slower than expected or delays in new program launches.
- Continued adverse currency volatility.
- Global economic uncertainties, including a global economic slowdown.
- Inflationary pressures, particularly labour and energy.



Audi A3 Interior





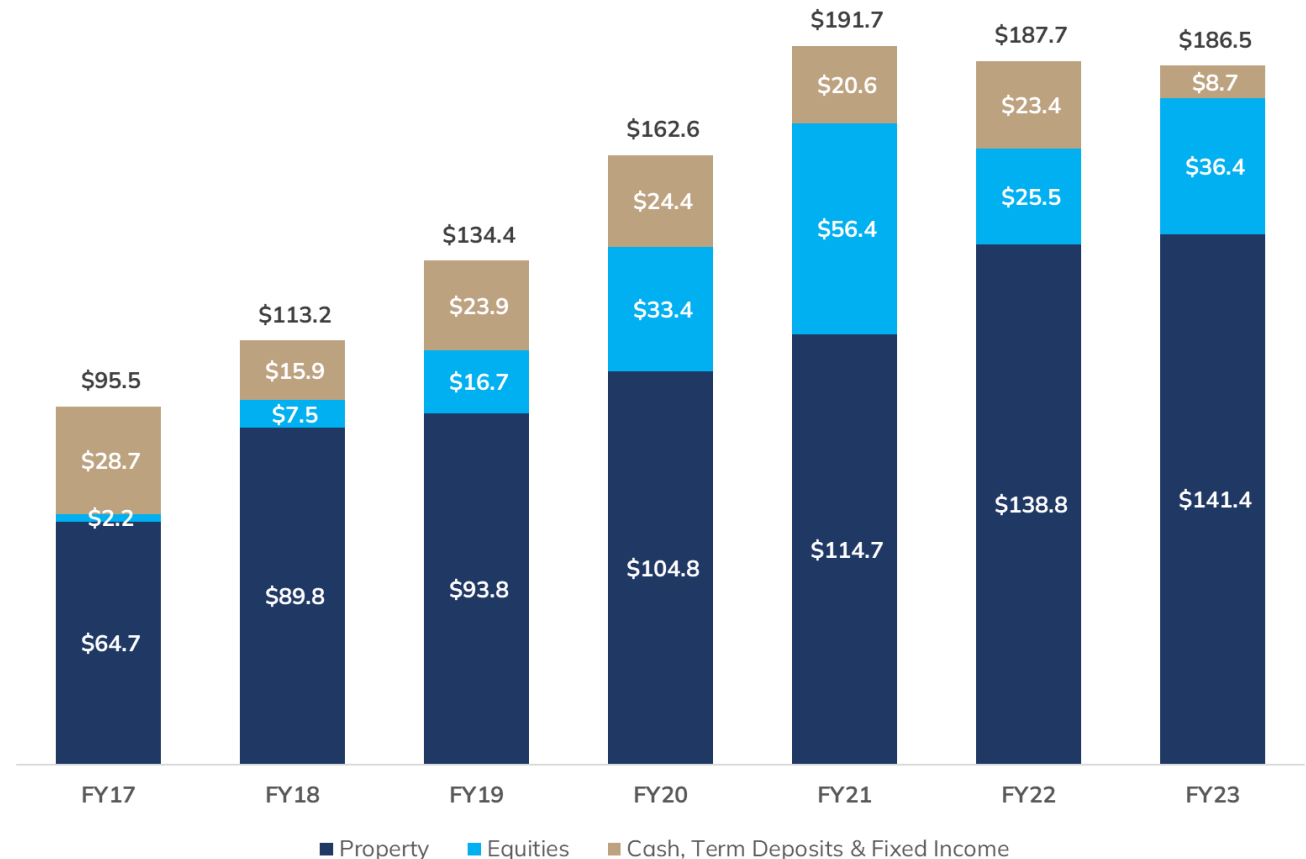
Pre-Tax Net Equity Value¹ (adjusted for syndicated property debt) of \$186.5 million or \$13.73/share

Over the past five years:

- Pre-Tax Net Equity Value¹ has increased by \$73.3 million
- We have paid shareholders \$57.3 million in fully franked dividends
- We have bought back \$6.8 million of shares at an average price of \$14.85/share

1. Pre-Tax Net Equity Value = market value less debt (including syndicated property debt)
2. All values represent SFC's share, i.e. 83.17% for Gosh Capital and other subsidiary held assets.
3. SFC's investment in Harvest Technology Group (ASX:HTG) is included in equities and valued at \$4.4m at 30 June 2023. The value per share used is \$0.03, which is below the \$0.042 closing share price of HTG at 30 June 2023. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.

Pre-Tax Net Equity Value \$'million



(\$m)	FY23	FY22
Revenue	\$ 12.1	\$ 17.2
Segment NPAT¹	\$3.2	\$11.5

1. NPAT excludes 16.83% minority interests for Gosh Capital investments
2. SFC's investment in Harvest Technology Group (ASX:HTG) is valued using \$0.03 per share which is below the \$0.042 closing share price of HTG at 30 June 2023. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.
3. Past performance is not indicative of future results

NPAT¹ of \$3.2m (FY22: \$11.5m)

The current financial years NPAT¹ includes gains of:

- \$1.6m from unrealised, non-cash revaluation of US hotel investments .
- \$0.7m from US syndicate profit distributions.
- \$0.5m from North Coogee (3 sold, 6 remaining).
- \$0.3m from Belmore Road Syndicate. Generated an IRR of 39% p.a. and 83% return on equity³.

Group Investments results also includes the following non-cash, unrealised, gains/(losses):

- +\$2.2m NPAT¹ from our investment in Updater.
- -\$3.2m after tax from our investment in HTG².

SFC Global Equity Fund

- The Fund was successfully launched ending the year up 7.6%³ net of fees with funds under management of \$18.7m.

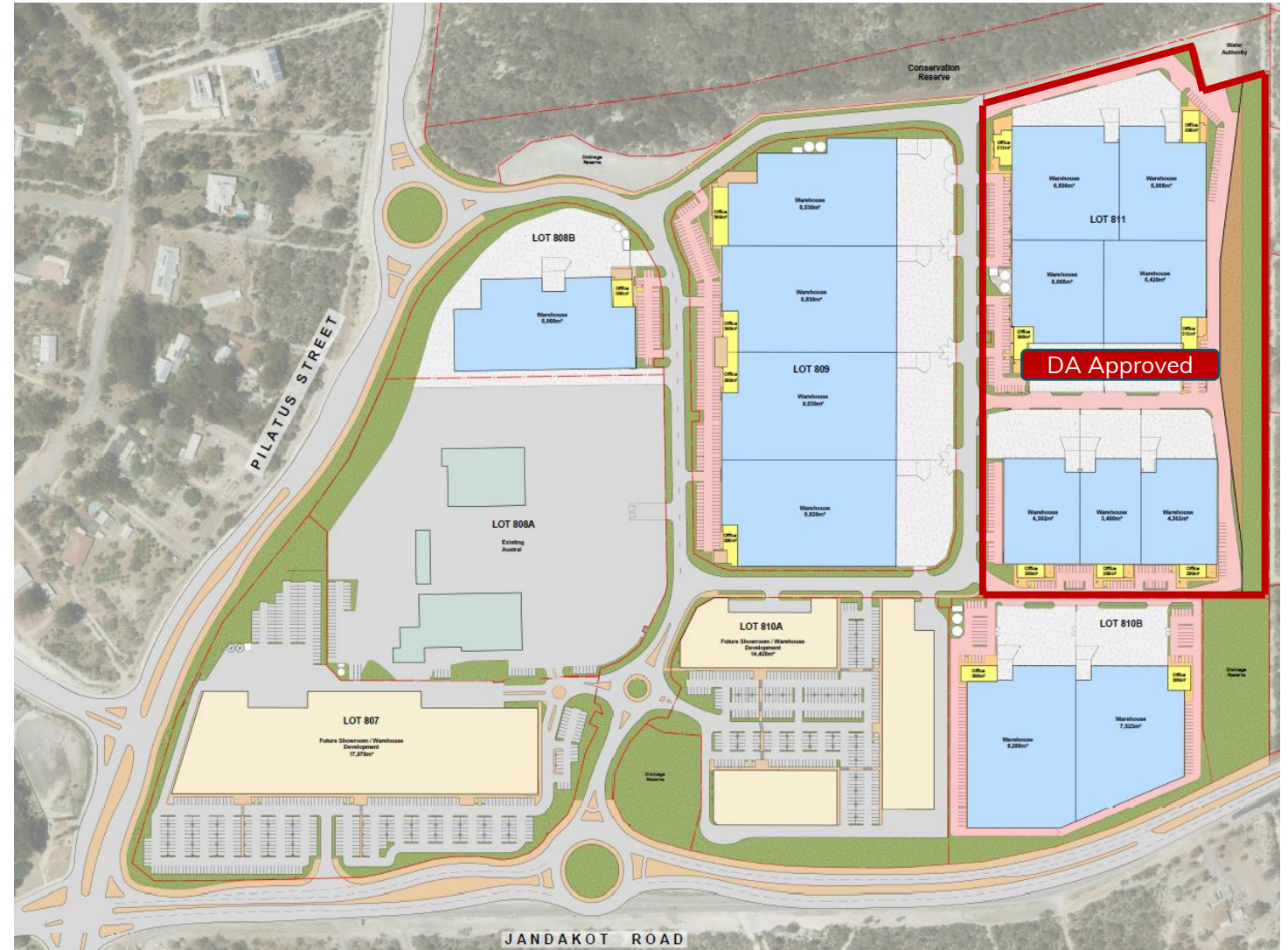


A large strategic property asset located between two freeways and 15 minutes south of the Perth CBD.

South Connect – Jandakot Logistics Estate is well located to benefit from the increased demand for logistic and “last-mile” warehousing driven by the rapid growth in e-commerce, and showrooms.

Approximate net developable area of 34ha and includes 6.2ha currently leased to Austral Masonry Holdings.

- Pre-debt valuation of **\$77.5m** on an “as is” basis (FY22: \$66.0m), an increase of \$11.5m in value after capex spend for civil infrastructure during the year. Approved construction finance facility of \$14.2m secured against 9.3ha - \$12.2m drawn down at 30 June.
- The contract for civil works well underway and is expected to be completed in 1H24.
- A Development Application (DA) approval has been granted for the first phase development of logistics warehouses (outlined in diagram).





Artist's Impression; Future Lot 811 Jandakot Road

- Future Lot 811 is now DA approved and ready for development.
- Approved for warehouse tenancies with aggregate lettable area of 36,000 square metres.



Artist's Impression; South Connect Logistics Estate, Jandakot

(\$m)	FY23	FY22
Revenue	\$28.7	\$17.3
Segment NPAT	\$2.0	(\$0.6)



Bayswater Train Station Beams

Summary

- Delta returned to profitability with NPAT of \$2.0m (FY22: -\$0.6m loss) notwithstanding challenges including:
 - Design and engineering complexity on a large project which impacted margins and cashflow during 1H23.
 - Ongoing skilled labour shortages and inflationary pricing pressures across the construction industry.

Risks

- Project delays, skilled labour shortages, supply disruptions.
- Inflationary cost pressures, including labour, steel, cement and aggregates.

Outlook

- The operating environment remains positive but challenging.
- Significant government investment in infrastructure projects is stimulating activity.
- The industry capacity remains constrained.
- Improved profit performance is expected to continue.





Albany Ring Road Production



Albany Ring Road Beams

2023 Annual General Meeting

Conclusion

2023 Annual General Meeting

Questions

To receive and consider the annual financial statements and reports of the directors and the auditors for the period ended 30 June 2023

This item does not require voting by shareholders

Resolution 1: To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Mr Michael Perrot AM who retires in accordance with the Company’s constitution and, being eligible for re-election, be re-elected as a Director”

Proxies received and accepted for Resolution 1:

Re-Election of Mr Michael Perrott AM	For	Against	Open	Abstain
Votes	8,017,447	19,110	42,766	0
% of Valid Proxy Votes	99.23%	0.24%	0.53%	N/A

Resolution 2: To consider, and if thought fit, to pass the following resolution as a non-binding **ordinary resolution**:

“That the Remuneration Report for the period ended 30 June 2023 be adopted”

Proxies received and accepted for Resolution 2

Adopt Remuneration Report	For	Against	Open	Abstain
Votes	2,926,336	15,116	20,351	7,839
% of Valid Proxy Votes	98.80%	0.51%	0.69%	N/A

2023 Annual General Meeting

Conclusion of AGM