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18 November 2020

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

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The 2020 Annual General Meeting

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

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CHAIRMAN'S ADDRESS

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Group Consolidated Financial Performance

Full-Year Ending	June-2020	June-2019
Revenue ($m)	**$155.6**	$203.6
NPAT[1] ($m)	**$23.6**	$22.9
EPS (cents per share)	**171.9**	165.6
Ordinary dividends (fully franked)	**$0.80**	$0.70

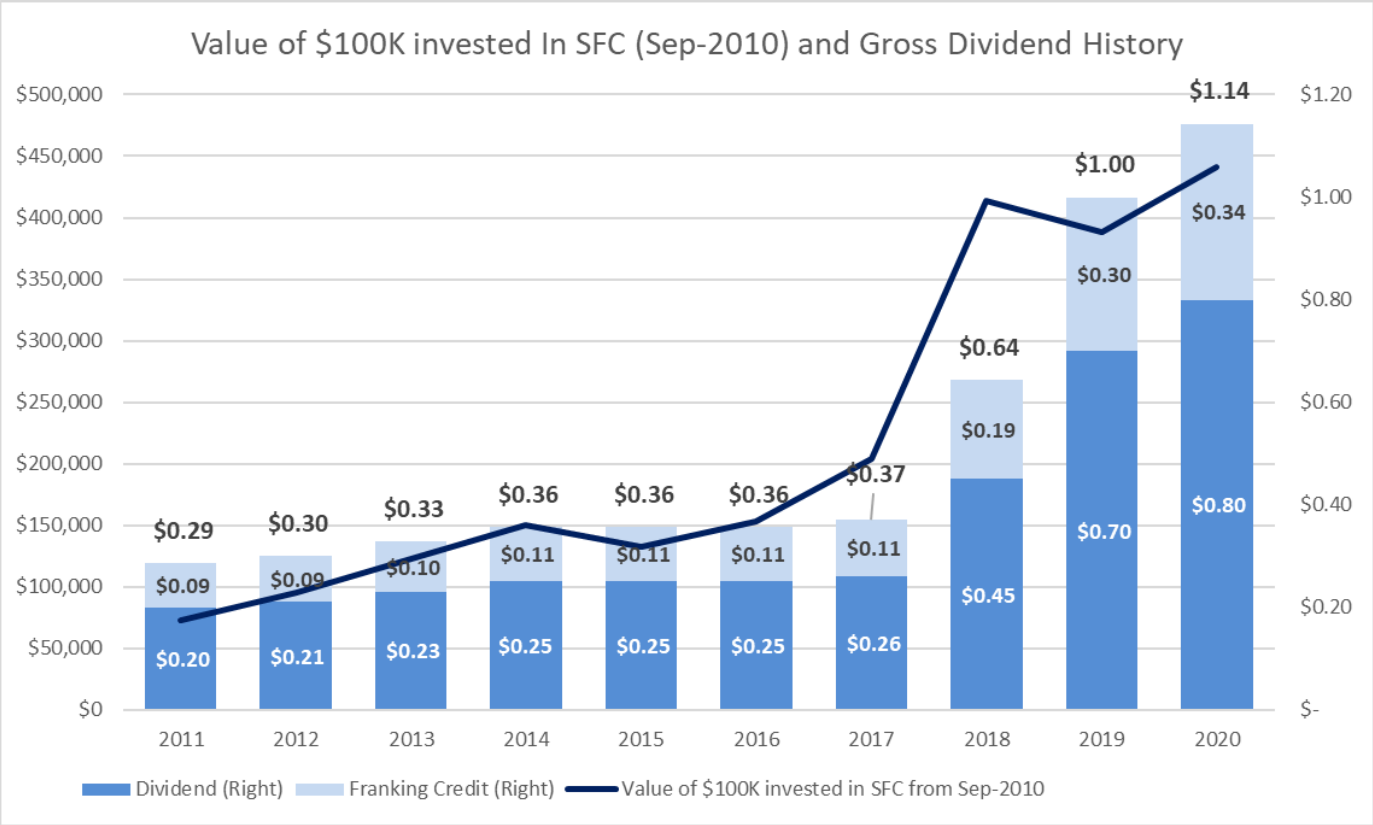
- Revenues of $155.6 million, down 24%, primarily from impact of Covid-19 on Automotive Leather
- Net Profit After Tax (NPAT*) $23.6 million, up 3.1%, includes $7.7 million unrealised non-cash net gains from the Group's investment portfolio.
- Earnings Per Share was $1.72, up 3.8%.
- FY20 annual Dividend Per Share of $0.80 fully franked, up 14.3% for the year.
- Group Investments net equity value before tax[2] increased to $162.6 million from $134.4 million, up 21%.
- Cash generated[3] of $22.9 million.

1. Net profit after tax and minority interests.
2. Pre-tax net equity value excluding minority interests
3. 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.

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Total Shareholder Return



- 5-year TSR to September 2020 an outstanding 35% p.a.
- $100,000 invested in SFC in September 2010 would be worth $441,000* by September 2020, a 10-year Compound Annual Growth Rate of 16% p.a.
- For shareholders who reinvested their dividends when received, the 10-year Compound Annual Growth Rate would be around 19%* p.a.

* Includes benefits of franking credits, assumes tax rate of 30%.

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SFC's Use of Cash and Net Debt Overview

Full-Year Ending ($m)	June-2020	June-2019
Total Cash Generated[1]	**22.9**	34.9
Less: Cash Paid to SFC Shareholders & Minorities	**(20.0)**	(15.0)
Dividends paid to SFC Shareholders	**(11.7)**	(8.3)
Dividends paid to Minorities	**(5.5)**	(6.2)
Share Buy-Back	**(2.8)**	(0.5)
Cash Available After Shareholder Payments	**2.9**	19.9
Less: Cash used for Investments & Capex	**(24.9)**	(22.9)
New Investments Made	**(17.6)**	(17.6)
Capital Expenditure	**(7.3)**	(5.3)
Net Debt[2] Increase	**(22.0)**	(3.0)

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.

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Automotive Leather





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Automotive Leather

Full-Year Ending ($m's)	June-2020	June-2019
Revenue	**130.1**	176.3
Segment NPAT*	**17.6**	23.4

* NPAT excludes 16.83% minority interests.

- Revenue decreased 26% – significantly impacted by Covid-19, particularly in Q4 of FY20.
  - European vehicle production ceased from late March until late May. Since late May, vehicle manufacturers have re-opened and volumes continue to strengthen.
  - China/Asia operations were impacted during late January until late February by Covid-19, but have since stabilised.
- Since the financial year-end, employee numbers have returned to pre-Covid levels, aligned to increased volumes.
- Second wave risks still remain.

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Group Investments

Maximising shareholder value over the medium and long-term

- Continue to grow our investment portfolio
- Access to unique investment opportunities for shareholders
- Investing in businesses and people with proven track records
- Remain flexible and opportunistic

Full-Year Ending ($m's)	June-2020	June-2019
Revenue	**7.7**	7.8
Segment NPAT*	**10.1**	1.8

* NPAT excludes 16.83% minority interests for Gosh Capital investments.

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Group Investments

Pre-Tax Net Equity Value Per Share[1] increased to $11.94/share

	Cost [2] ($m)	Book Value ($m)	Market Value ($m)	Net Equity Value Pre-Tax [1] ($m)	Net Equity Value Pre-Tax [1] Per share	Net Equity Value [3] ($m)
Total Property	$55.2	$54.0	$131.9	$104.8	$7.69	$79.6
Other Investment Assets Excluding HTG[4]	$17.2	$19.2	$19.2	$19.2	$1.42	$18.6
Cash and Term Deposits	$22.6	$22.6	$22.6	$22.6	$1.66	$22.6
Total Investments Excluding HTG	**$95.0**	**$95.8**	**$173.7**	**$146.6**	**$10.77**	**$120.8**
Harvest Technology Group (HTG) [4]	$2.4	$16.0	$16.0	$16.0	$1.17	$11.9
Total Including HTG	**$97.4**	**$111.8**	**$189.7**	**$162.6**	**$11.94**	**$132.7**

All values represent SFC's share, i.e. 83.17% for Gosh Capital and other Subsidiary held assets

1. Market value less debt, before notional tax on capital gain or loss
2. Depreciated cost applicable for directly owned property
3. Market value less debt, after notional tax on capital gain or loss
4. SFC's investment in Harvest Technology Group (ASX:HTG) is valued at $16.0 million at 30 June. The share price used is $0.135, which is below the $0.185 closing share price of HTG at 30 June 2020. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group and a capital raise completed by HTG in June whereby they raised equity from shareholders at a share price of $0.135, a 25% discount to the 10-day VWAP.

Group Investments - Property Case Study – Pier 5350

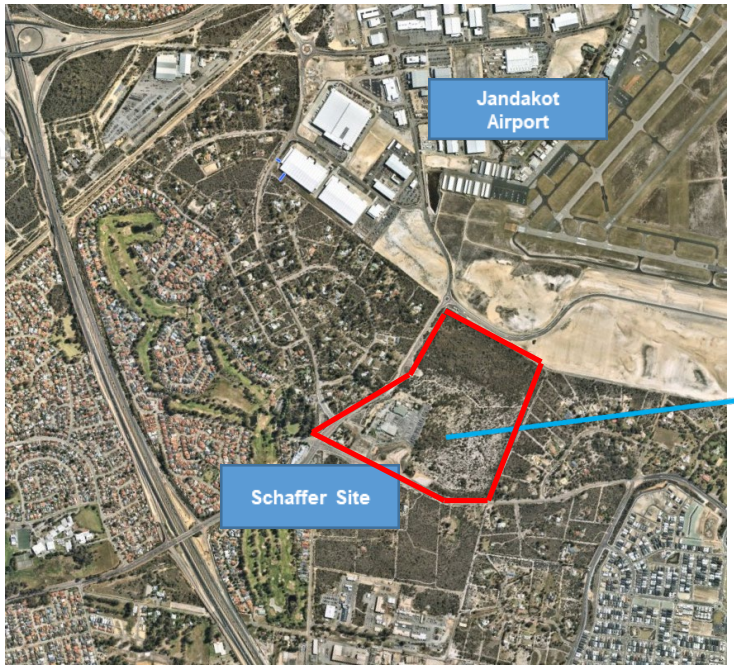


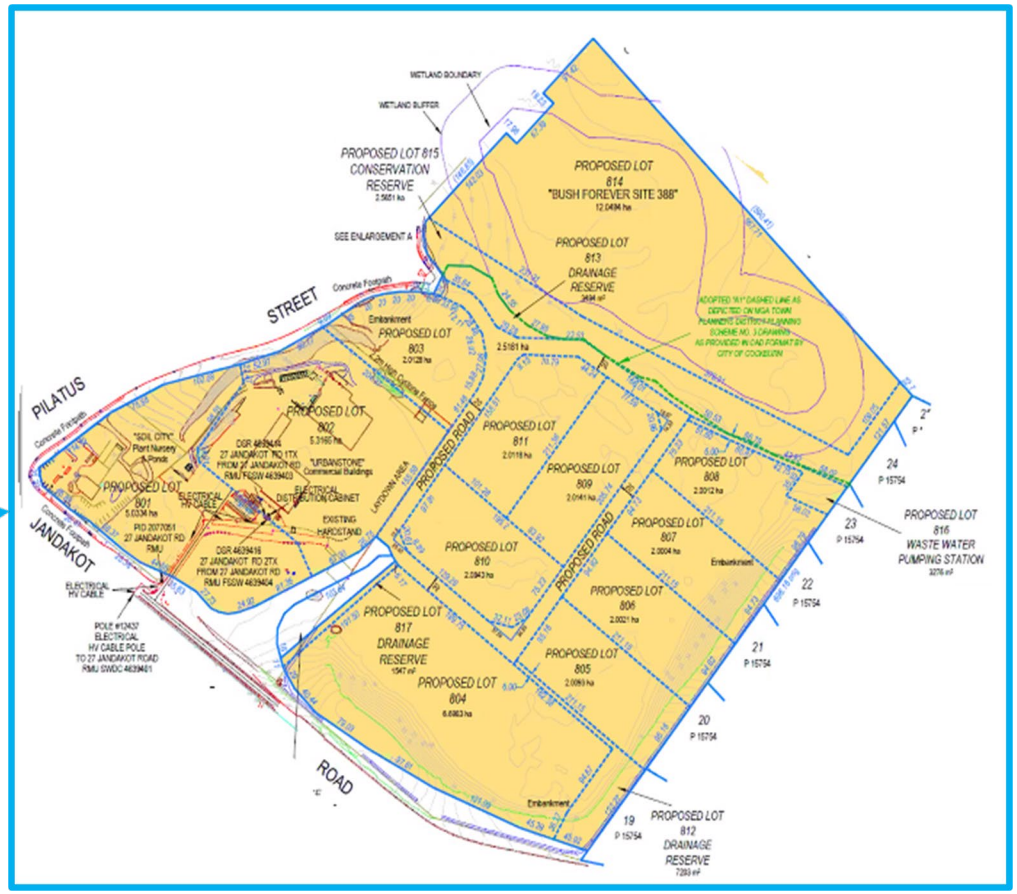
- Experienced multi-family/apartment fund manager with excellent track record – 10 previous similar projects with returns ranging from 35%-67%
- Location – Jacksonville, Florida - 400 unit apartment community
  - Short commute to Amazon's new fulfilment centre, and key banking hub including JP Morgan, Bank Of America, Citigroup, Wells Fargo
  - $2.5bn Jacksonville government redevelopment plan
- Purchase price US$32.8 million – US$78,000 / unit, 48% discount to replacement value.
- Objective to increase rentals and occupancy post refurbishment – leading to increased property valuation and refinance opportunity and return capital to equity investors.
- Outcome: 57.7% return over 2 years.

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Jandakot Property





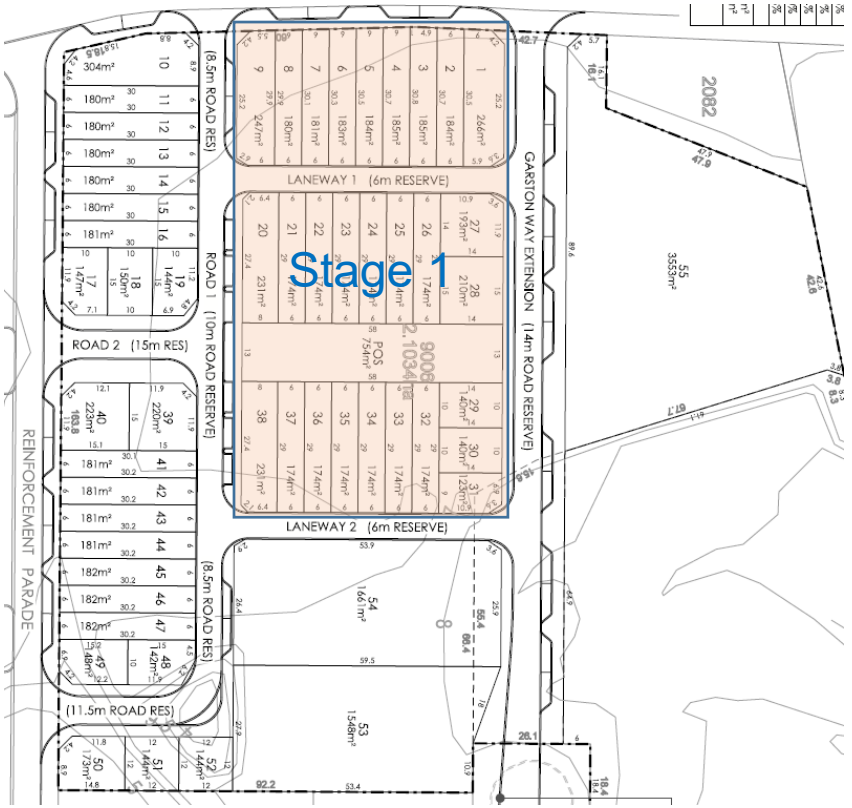
A strategic property asset located between two freeways and 15 mins south of the Perth CBD.

- 38.8ha – Allowable uses are Warehouses, Showrooms, Storage, Masonry Production and Nurseries (approximately 33ha excluding buffers, internal roads and drainage).
- Plans progressing to develop the site, expected timeframe will be determined by market conditions.
- Currently valued at **$45.2 million** on an "as is" basis at 30 June 2020 (previously $37.2 million)

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Beachside, North Coogee





A 2.1 hectare property that has been zoned high-density residential from industrial.

- State and Federal Government stimulus has accelerated interest in the site.
- Residential subdivision plans have been approved based on revised design guidelines that allow a mix of residential options, including medium density single lots.
- Stage 1 earthworks have been completed and civil works have commenced.
- We are aiming for Stage 1 titles by March 2021.

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Delta

Full-Year Ending ($m's)	June-2020	June-2019
Revenue	**17.8**	19.5
Segment Underlying NPAT*	**(0.6)**	0.0

* June-2020 Underlying NPAT excludes ($1.0m) impairment of Delta assets after tax.

- Project complexity and schedule delays impacted profit performance.
- Management remains focused on maintaining efficient cost structures relative to the quantity of work.
- Project delays have become usual in the construction industry.
- Recent government policies to help lift the economy should create further demand and opportunities.

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Group Outlook – H1 FY21

- **Automotive Leather**
  - First 6 months of FY21 looks encouraging with volumes continuing to show a strong recovery, supported by the launch of new vehicle programs in Europe and China.
  - SFC now expects FY21 first-half results to be similar to first-half of FY20. Cash flow will be stronger.
- **Delta**
  - Subdued first half for FY21, with some optimism for the second half due to large pending projects and potential benefit from government stimulus.
- **Investments**
  - Other than directly held property, investments are revalued each period which could lead to profit volatility.
- **Risk factors**

  Significant uncertainty continues to be created by:
  - Ongoing economic impact of coronavirus and the risk of a 2nd wave.
  - Brexit
  - Equity market and currency volatility remains elevated.

Dividends – H1 FY21

- SFC's operating cash flow for H1 FY21 is robust.
- Strong balance sheet and financial position.
- Subject to interim results and subsequent Board approval we expect to propose an interim dividend of 45 cents per share, fully franked

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CHAIRMAN'S ADDRESS - CONCLUSION

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

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The 2020 Annual General Meeting

QUESTIONS

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

Item 1 – Annual Report

To receive and consider the annual financial statements and reports of the directors and the auditors for the period ended 30 June 2020

This item does not require voting by shareholders

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Item 2 – Re-election of Director

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

"That Mr Michael Perrott 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	8,735,560	9,803	29,685	0
% of Valid Proxy Votes	99.6%	0.1%	0.3%	N/A

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Item 3 – Remuneration Report

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 2020 be adopted"

Proxies received and accepted for Resolution 2

Adopt Remuneration Report	For	Against	Open	Abstain
Votes	3,554,769	39,475	7,890	14,625
% of Valid Proxy Votes	98.7%	1.1%	0.2%	N/A

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CONCLUSION OF THE MEETING

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