

13 November 2024

ASX Market Announcements  
ASX Limited  
4<sup>th</sup> 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  
+61 8 9483 1201

Mr Ralph Leib  
Chief Financial Officer  
Schaffer Corporation Ltd  
+61 8 9483 1208

Yours sincerely



Jason Cantwell  
Company Secretary

# 2024 Annual General Meeting

13 November 2024

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

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# 2024 Annual General Meeting

Chairman's Address

Full-Year ending June (\$m)	FY24	FY23	% Change <sup>2</sup>
Revenue	\$226.2	\$183.6	23.2%
Net Profit After Tax (NPAT) <sup>1</sup> from:			
Automotive Leather	<sup>1</sup> \$15.3	\$11.1	38.7%
Delta	<sup>2</sup> \$4.5	\$2.0	122.5%
<b>Manufacturing NPAT<sup>1</sup></b>	<b>\$19.8</b>	<b>\$13.1</b>	<b>51.6%</b>
Group Investments	<sup>3</sup> \$10.5	\$3.2	226.2%
Corporate	(\$3.2)	(\$2.7)	(20.4%)
<b>Statutory NPAT<sup>1</sup></b>	<b>\$27.1</b>	<b>\$13.6</b>	<b>99.0%</b>
EPS	\$1.99	\$1.00	99.1%
Ordinary Dividends (fully franked)	\$0.90	\$0.90	

1. Net profit after tax and minority interests

2. Reflects percentage change up or down of the current period compared to the previous corresponding period using non-rounded NPAT.

3. Pre-tax Net Equity Value = market value less debt (including syndicate property debt)

**FY24 Statutory NPAT<sup>1</sup> increased 99% to \$27.1m (FY23: \$13.6m)**

- <sup>1</sup> Automotive Leather NPAT<sup>1</sup> of \$15.3m.
- <sup>2</sup> Delta NPAT<sup>1</sup> of \$4.5m.
- <sup>3</sup> Group Investments NPAT<sup>1</sup> of \$10.5m, which includes an \$8.1m after-tax unrealised revaluation associated with South Connect Jandakot.

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

**Group pre-tax net equity value<sup>3</sup> of investments of \$210.9m or \$15.53/share**

(\$m)		FY24	FY23
<b>Total Cash Generated<sup>1</sup></b>	<b>1</b>	<b>48.7</b>	6.1
<b>Less: Net Cash Paid to SFC Shareholders &amp; Minorities</b>	<b>2</b>	<b>(16.9)</b>	(14.2)
<b>Cash Available after Shareholder Payments</b>		<b>31.8</b>	(8.1)
<b>Less: Cash Used for Investments &amp; Capex</b>		<b>(14.3)</b>	(35.1)
New Investments		(5.6)	(16.3)
Capital Expenditure and Property Development	<b>3</b>	(8.7)	(18.8)
<b>Net Debt<sup>2</sup> Decrease/(Increase)</b>		<b>17.5</b>	(43.2)

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.

**1 Strong cash generation<sup>1</sup> of \$48.7m (FY23: \$6.1m) primarily related to:**

- Improved profitability from Automotive Leather and Delta.
- Reduction of Automotive Leather working capital due to lower hide inventory.

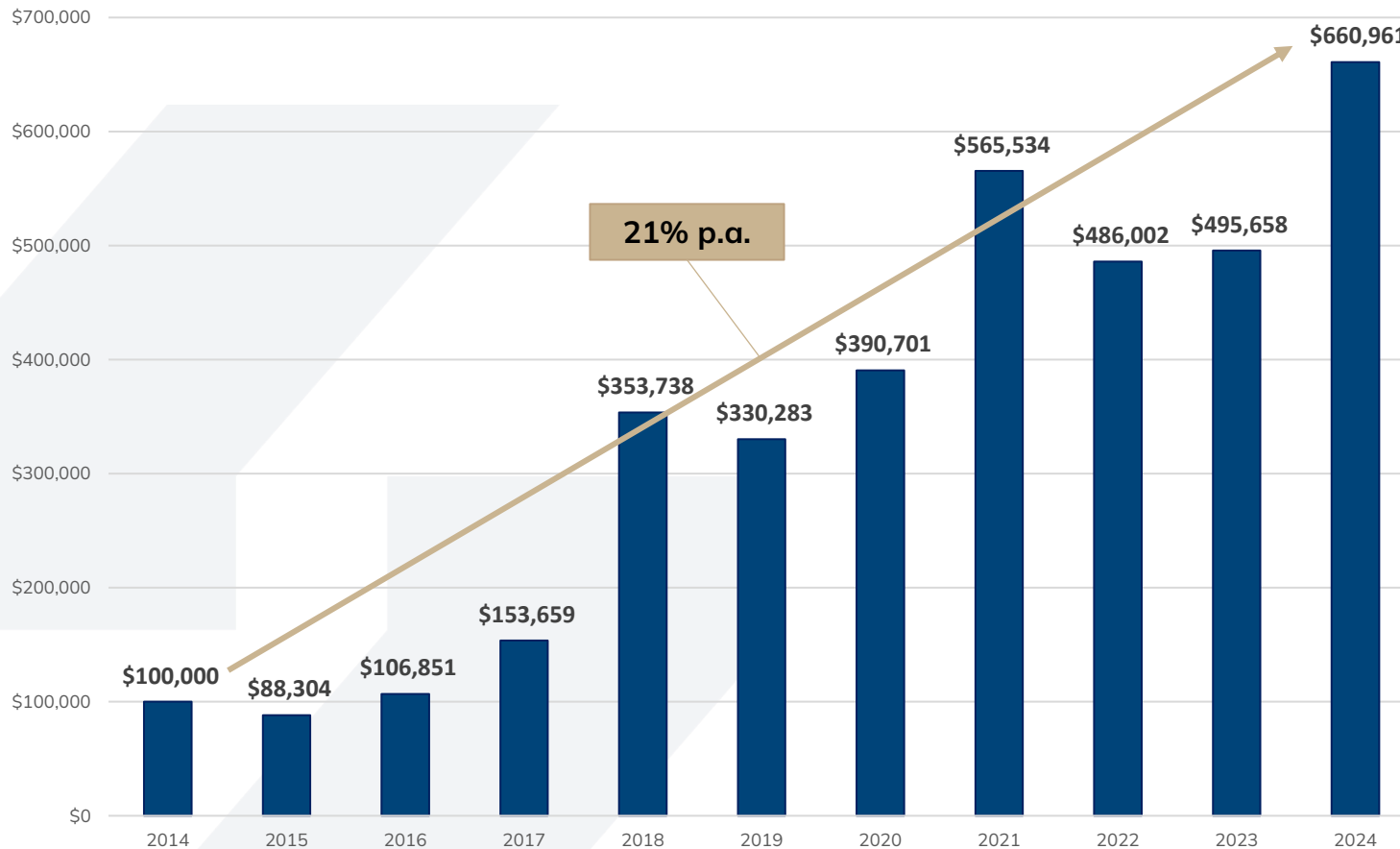
**2 Dividends paid**

- (\$16.9m) dividends paid to SFC and minority shareholders.

**3 Lower capital expenditure:**

- (\$5.2m) for development of Jandakot property
- (\$2.0m) for Automotive Leather
- (\$1.5m) for Delta

### Value of \$100K invested in SFC (Sep-2014)



- 10-year TSR to September 2024 of 21%\* p.a.
- \$100,000 invested in SFC in September 2014 for 10-years, would be worth \$660,961 by September 2024. \*

\* Assumes reinvestment of dividends and includes benefits of franking credits at tax rate of 30%.





All new electric Porsche Macan



A good year with further room for improvement.

- Revenues increased 27% to \$182m (FY23: \$143m)
- NPAT<sup>1</sup> increased 39% to \$15.3m (FY23: \$11.1m).
- Revenues and cashflow benefited from:
  - The launch of a new Mercedes program.
  - Renewed Land Rover program reaching 'normal' sales volumes.
  - A \$16m reduction in working capital – mainly hide inventories.
- While the overall performance was good, the launch of new programs during the financial year negatively impacted profit margins due to increased design complexity and lower production tolerances.

(\$m)	1H24	2H24	FY24	FY23
Revenue	\$92.8	\$89.1	\$181.9	\$142.8
Segment NPAT <sup>1</sup>	\$7.8	\$7.5	\$15.3	\$11.1

1. NPAT excludes 16.83% minority interests.



2024 Porsche Macan

## Current expectations for 1H25, subject to risks:

- Our main luxury automotive customers in Europe have recently reported their quarterly results.
- Jaguar Land Rover reported good results, with some weakness in Europe and China. Six-month results were impacted from the flooding of a key aluminum supplier, which reduced production on two of the models we supply. Land Rover intend to recover this volume over the next few months.
- Audi, Porsche and Mercedes reported weaker results as competition in Asia and weaker sales in Europe impacted results.
- Sales volumes supported by launch of multiple new programs including Audi and Porsche.
- Subject to risks, profits for 1H25 should be higher than 2H24.

## Risks

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



2024 Porsche Macan - Interior



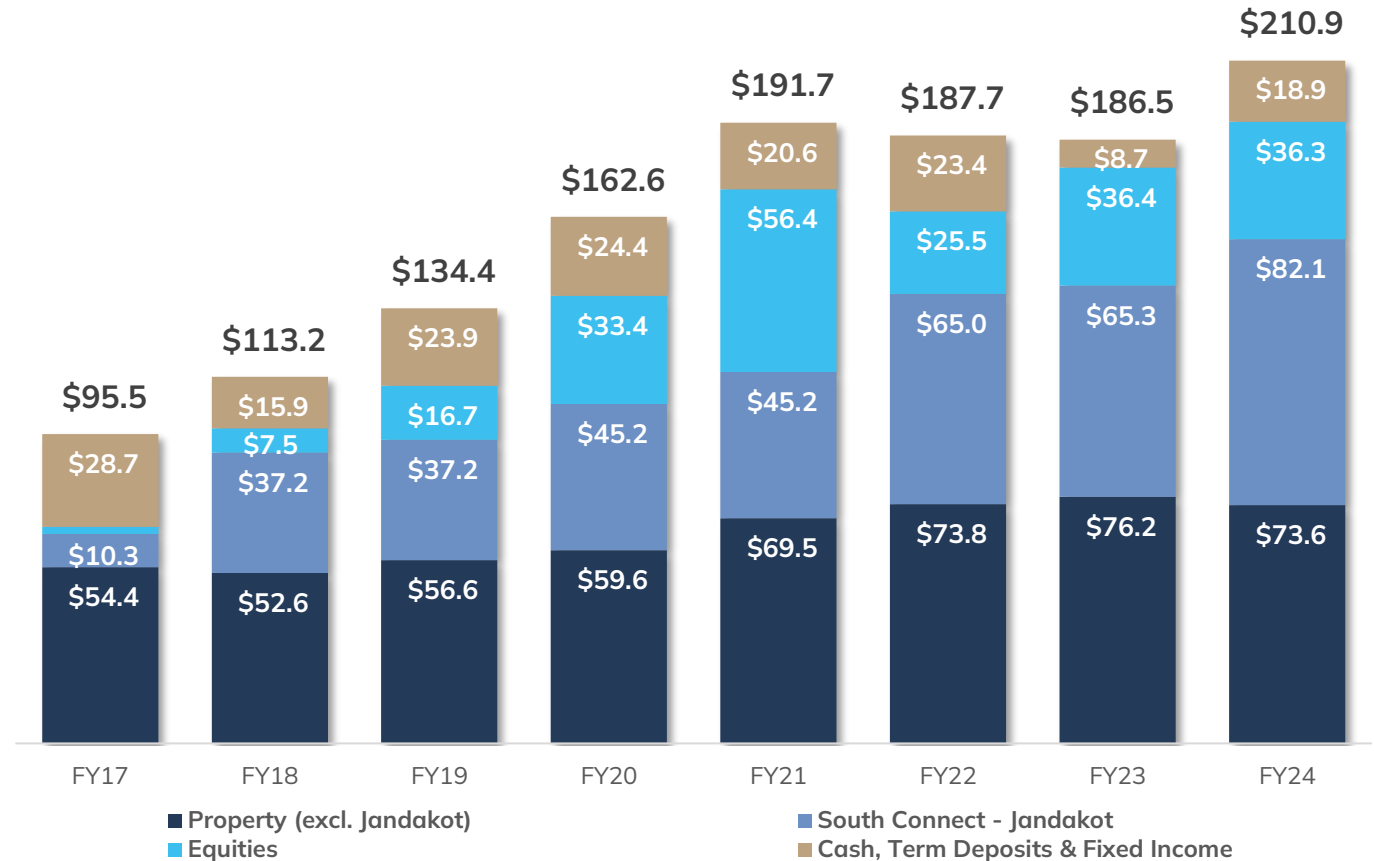




## Pre-Tax Net Equity Value<sup>1</sup> of \$210.9m or \$15.53/share

Over the past seven years:

- Pre-Tax Net Equity Value<sup>1</sup> has increased by \$115 million.
- While having:
  - paid shareholders \$76 million in fully franked dividends
  - bought back \$9 million of shares at an average price of \$14.19



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 using a value per share of \$0.0066, which is below the \$0.019 closing share price of HTG at 30 June 2024. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.

Full-Year ending June (\$m)	FY24	FY23
Revenue	\$13.2	\$12.1
Segment NPAT <sup>1,2</sup>	\$10.5	\$3.2

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

2. SFC's investment in Harvest Technology Group (ASX:HTG) is included using a value per share of \$0.0066, which is below the \$0.019 closing share price of HTG at 30 June 2024. The discount to the closing price takes into consideration the significant volume of HTG shares held by the Group.

- Group Investments represents a growing proportion of the Group's underlying assets and valuation.
- We continue to grow the division opportunistically with the objective of maximising shareholder value over the medium and long-term.
- Approximately 74% (\$156m) of SFC's Group Investments assets are property, the largest portion being South Connect Jandakot.
- Most of the property assets are value-add, focusing on potential medium to long-term capital gains.
- A further 18% (\$38m) is invested in cash and highly liquid equities with a bias towards quality and value through the internally managed SFC Global equity funds and other externally managed equity funds.

### SFC Managed Equity Funds

- The equity funds ended FY24 with combined funds under management of \$22.3m (FY23: \$17.3m).





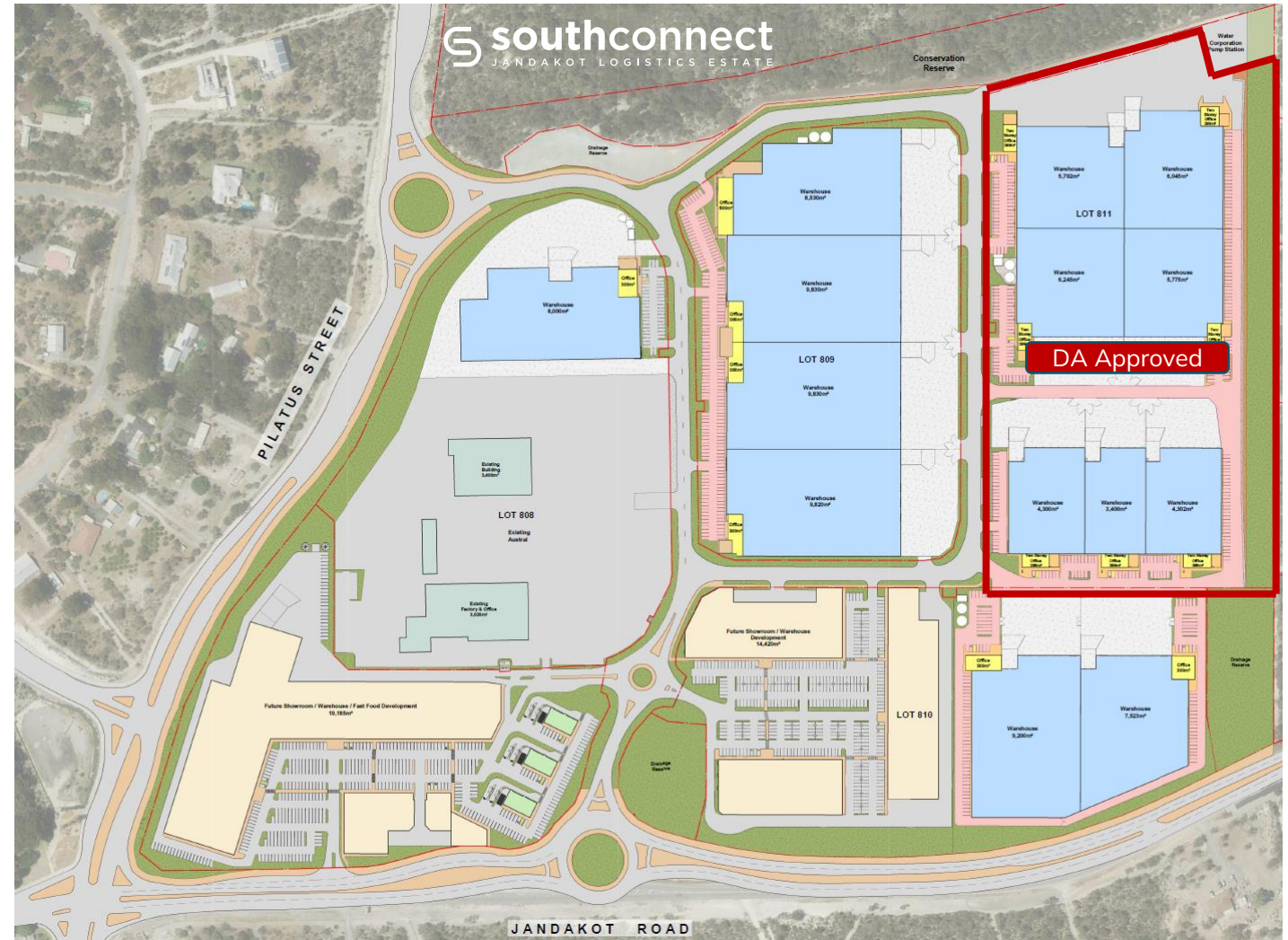


A large strategic property asset located between two freeways and 15 minutes south of the Perth CBD.

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 **\$94.3m** on an “as is” basis (FY23: \$77.5m), an increase of \$16.8m in value including \$5.2m capex spent to complete civil infrastructure during the year. The contract for civil works is complete.
- A Development Application (DA) approval has been granted for the first phase development of logistics warehouses (outlined in diagram).



Full-Year ending June (\$m)	FY24	FY23
Revenue	\$31.1	\$28.7
Segment NPAT	\$4.5	\$2.0



Albany Ring Road Project under construction 2023

\* Image courtesy of Main Roads WA

### Summary

- Delta increased NPAT to \$4.5m (FY23: \$2.0m):
  - Improved operational efficiencies

### Outlook

- Given its current order book, we expect Delta's strong performance to continue during 1H25.
- The operating environment remains positive but challenging.
- Government investment in large-scale infrastructure projects is moderating
- Industry capacity will become available resulting in pressure on margins.

### Risks

- Project delays
- Skilled labour shortages, supply disruptions
- Inflationary cost pressures
- Increased industry production capacity



# 2024 Annual General Meeting

Conclusion



# 2024 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 2024

*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**:

“To consider, and if thought fit, to pass the following resolution as an ordinary resolution: "That Mrs. Danielle Blain AM who retires in accordance with the Company’s constitution and, being eligible for reelection, be re-elected as a Director.”

Proxies received and accepted for Resolution 1:

Re-Election of Mrs. Danielle Blain AM	For	Against	Open	Abstain
Votes	8,235,555	0	10,191	1,750
% of Valid Proxy Votes	99.9%	0%	0.1%	N/A

**Resolution 2:** To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“To consider, and if thought fit, to pass the following resolution as an ordinary resolution: "That Mr. Anton Mayer 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 2:

Re-Election of Mr Anton Mayer	For	Against	Open	Abstain
Votes	8,235,555	0	10,191	1,750
% of Valid Proxy Votes	99.9%	0%	0.1%	N/A

**Resolution 3:** 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 2024 be adopted”

Proxies received and accepted for Resolution 3

Adopt Remuneration Report	For	Against	Open	Abstain
Votes	3,549,798	11,810	6,451	10,118
% of Valid Proxy Votes	99.5%	0.3%	0.2%	N/A



# 2024 Annual General Meeting

Conclusion of AGM