

2018

ANNUAL GENERAL MEETING



silverchef

hospitality equipment funding *personalised*

AGENDA

1. FY18 Results
2. Our Business
3. Our Strategy
4. Trading Update
5. Outlook



FY18 REVIEW

1



Underlying hospitality business
net profit before tax

\$17.3m



Hospitality rental
revenue

\$178.4m



Statutory net loss after tax of

\$48.8m



Implementation of enhanced
CREDIT & RISK
framework



Hospitality asset base (at
cost) growth

11.9%



Implementation of a

\$200m

Securitisation Facility



Significant multi-year business
TRANSFORMATION
project commenced



Strong
GROWTH
in New Zealand and
Canada asset base

FULL YEAR RESULTS SUMMARY

KEY FINANCIAL STATISTICS

\$ millions (unless otherwise stated)	FY18	FY17	Change
Revenue	287.1	286.0	0.4%
Rental assets (at cost)	635.0	657.2	(2.3%)
Net operating profit/(loss) after tax	(48.8)	20.2	(337.6%)
Net operating cash flows	165.9	152.9	8.5%
Basic EPS (cents per share)	(124.5)	55.3	(321.3%)
Dividend paid (cps)	35.1	37.9	(7.4%)

OVERVIEW OF RESULTS

30 JUNE 2018 – SEGMENT SPLIT

\$ millions	Hospitality (pre overhead)	GoGetta (pre overhead)	Unallocated overheads	Total
Revenue	178.4	104.2	4.5	287.1
EBITDA	57.7	14.6	(13.5)	58.8
Profit/(loss) before tax	12.3	(53.3)	(27.5)	(68.4)
Net profit/(loss) after tax	8.0	(37.0)	(19.8)	(48.8)

30 JUNE 2018 – UNDERLYING PERFORMANCE

\$ millions	Hospitality (pre overhead)	GoGetta (pre overhead)	Overheads	Total
Ongoing operations	34.0	-	(17.0)	17.0
Discontinuing operations	-	(1.0)	(10.0)	(11.0)
One-off impairments	(22.0)	(52.0)	-	(74.0)
Profit/(loss) before tax	12.0	(53.0)	(27.0)	(68.0)
Income tax	(4.0)	16.0	7.2	19.2
Net profit/(loss) after tax	8.0	(37.0)	(19.0)	(48.8)

UNDERLYING EARNINGS BRIDGE

\$ millions (unless otherwise stated)	Hospitality	GoGetta	Total
Underlying ongoing operations	17	-	17
Discontinuing operations	-	(11)	(11)
Debtors impairment >90 days	(9)	(24)	(33)
One-off impairment large exposures	(8)	-	(8)
Rental asset impairment	(4)	(21)	(25)
ASIC remediation	-	(4)	(4)
Borrowing costs write-off	(1)	(3)	(4)
Profit/(loss) before tax	(5)	(63)	(68)

The loss constitutes:

- A write down of expected returns from the GoGetta business
- Customer remediation and related costs
- A write off of borrowing costs relating to the previous bank facility
- A strategic and deliberate reset of provisions for the arrears and rental asset book on a go-forward basis



ONE BRAND, ONE INDUSTRY
OUR BUSINESS



Silver Chef Rent-Try-Buy

5



PURCHASE
You can purchase at anytime with a net rental rebate back toward your purchase price

RETURN
Return the equipment that no longer suits your needs

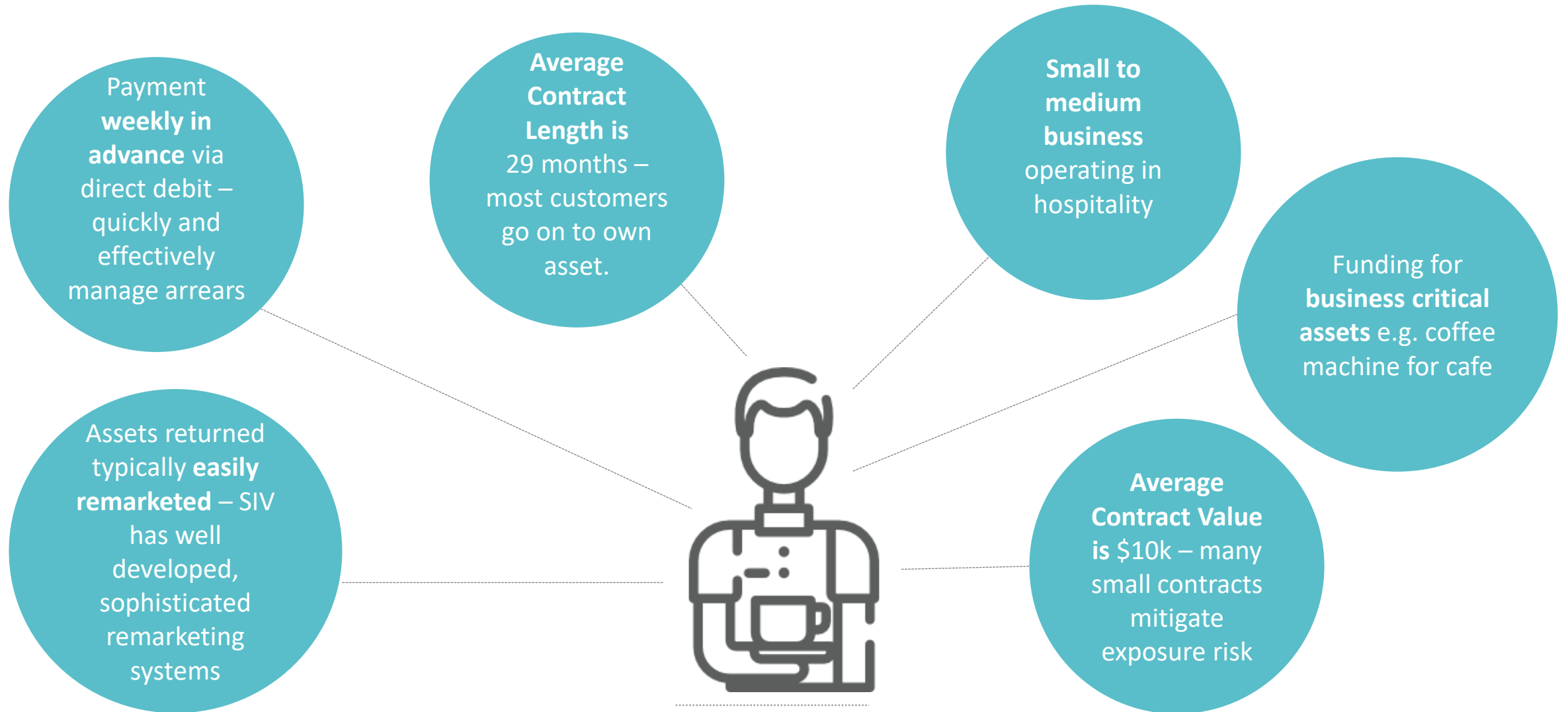
UPGRADE
Return your existing equipment and obtain new equipment to better suit your business needs

RENT
Continue to rent and the purchase price will continue to drop with each weekly payment

EASY OWN
Work towards ownership with a 30% discount on weekly rental payments on 36m contract or 15% on 24m contract

THE SILVER CHEF Business Model

KEY CHARACTERISTICS



OUR
STRATEGY



Multi-Year Transformation Project



4 KEY PILLARS

1

**ONE BRAND,
ONE INDUSTRY**

Leverage 32 years of customer insight and understanding

Return to our core

Return to the predictable, consistent & proven business model

2

**RESTRUCTURE/IMPROVE
ESSENTIAL CAPABILITIES**

Sets the Group up for the next phase of growth – deeper customer insights

Unlock profitable channels such as coffee and pubs & clubs

Continue to align cost base to historical hospitality levels post GoGetta

Focus on continuous improvement of 'essential' core capabilities – collections, certified used

3

TECHNOLOGY

Deliver operational efficiency and scale

Roll out of Silver Chef Online Application Portal

\$4M investment in system development – contract and debtor management

4

**INTERNATIONAL
EXPANSION**

First and foremost, stabilise current business

No like for like competitor in other markets

Expand global footprint in proven business model

97,000 hospitality businesses in Canada – SIV currently has over 1500

TRADING UPDATE



FOCUS: BAD DEBT



- Focus on improving upfront Credit Risk Management
 - Tightened Large Exposures Policy
 - Tightened Franchise Credit Policy
- Reengineered Collections processes
 - In-house 1 to 12 weeks
 - Outsource post 12 weeks
 - Contracts fully provided for at 12 weeks
 - Both debt and assets are still pursued post the 12 week mark
- **First 4 months of FY19, Bad Debt levels are running at target and historic level of between 2.5%-3.5% of rental income**

FOCUS:

ONLINE APPLICATION & APPROVAL



- **350+** dealer partners
- **\$13.9m** funded
- **50%** reduction in process time



- **60+** dealer partners
- **\$3.7m** funded
- **50%** reduction in process time

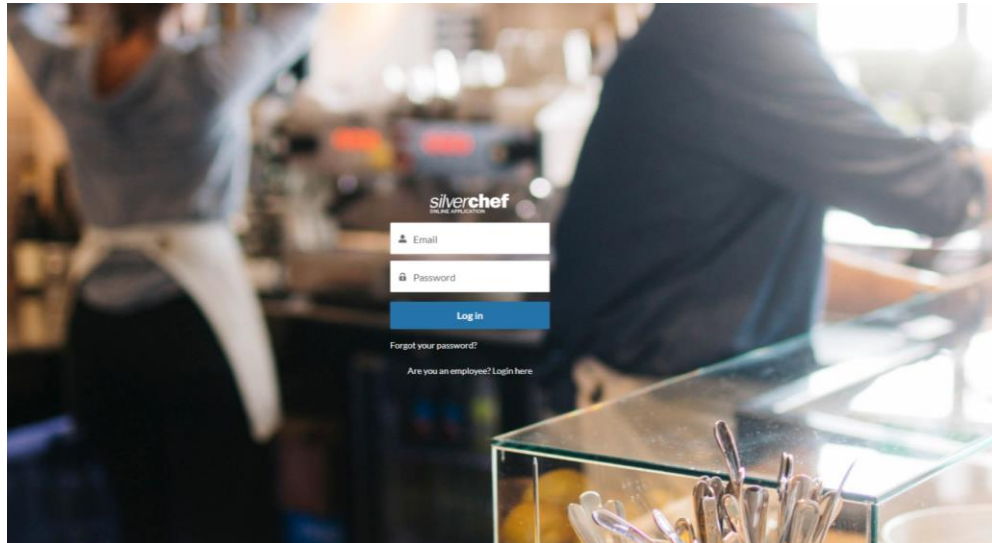


- To be deployed in **Q3**
- **75+** dealer partners

FOCUS: OVER 50% GROWTH YOY



ROLLED OUT NEW TECHNOLOGY Silver Chef Online Application



PARTNER INCENTIVE PROGRAM



Run Off Process

GoGetta Equipment Funding



GOGETTA EXIT AND RUN OFF PROCESS

The GoGetta Run down process continues to generate cashflows inline with expectations:

- **\$100 million in cash recovered on the GoGetta portfolio**
- Bank debt repayments in line with Lenders expectations
- **\$44.6 million net debt position as at 31 October 2018**
- 5075 Live contracts still left in portfolio
- Agreement reached with an auction house for agreed purchase price on all returned GoGetta assets from the portfolio
- Continued investigation of ways to maximise cash returns from the GoGetta book, by selling components or all of the portfolio

(\$ millions)	Rental Assets	Net Debt
As at 30 June 2018	91.9	77.0
Customer contract payouts and idle asset sales	(26.1)	(17.3)
Depreciation	(11.7)	-
Operating costs and interest	-	3.4
Rental revenue	-	(18.5)
As at 31 October 2018	54.1	44.6

UPDATE ASIC

- We continue to work co-operatively with ASIC regarding the allegations that GoGetta engaged in Consumer Lending without a licence
- Silver Chef made provisions of \$3.8m for the expected remediation payments in the 2018 full year accounts
- No definitive timeframe for when the ASIC investigation will be finalised
- Silver Chef is committed to ensuring the matter is resolved as quickly as possible

OUTLOOK



THE YEAR AHEAD



Return to core business
HOSPITALITY



Continue to
REDUCE
overheads



Continue
RUN OFF
of GoGetta business



Apply strict
CREDIT & RISK
Management strategy



Unlock
GROWTH
Opportunities in AU, NZ
and CA



Execute
**CAPITAL
MANAGEMENT
PLAN**
by 31 March



Ongoing investment of
\$4m
into digital transformation



Execute multi-year business
TRANSFORMATION
project