

SILVER CHEF LIMITED – FIRST HALF RESULTS

Highlights:

- Strong growth in underlying earnings and dividend returns to shareholders
- Substantial growth in GoGetta acquisitions resulting in a strong earnings contribution
- Both Canada and New Zealand contributing well to Hospitality division performance as expected
- Increased the Group's available debt capacity to \$140 million and extended to 31 December 2016¹
- Focus on core value system, particularly providing superior levels of customer service
- Full year earnings guidance revised upward to a range of \$15.2M to \$15.7M

	1H15	1H14	Change
Revenue	\$83.0m	\$67.4m	+23.0%
Rental assets (at cost) ² and lease receivables	\$335.0m	\$282.0m	+18.7%
NPAT	\$7.1m	\$6.5m	+9.5%
Net operating cash flows	\$50.3m	\$40.7m	+23.7%
Basic EPS	24.0cps	22.4cps	+ 7.3%
Dividend (fully franked)	16.0cps	14.0cps	+14.3%

Leading equipment finance provider Silver Chef Limited (ASX:SIV) has today reported a 9.5% increase in net profit after tax to \$7.1 million (1H14: \$6.5 million) for the six months ended 31 December 2014. The Board has declared a 16.0 cent fully franked interim dividend. The dividend has a record date of 10 March 2014 and is payable on 24 March 2014.

Silver Chef Executive Chairman Mr Allan English said, "This half-year result reflects a strong overall performance, particularly from the GoGetta division, and positions the Company to deliver an improved full year result."

¹ Documentation for these changes was executed in February 2015

² Increase of 12% on 30 June 2014 balance (\$299.0m).

Hospitality - Australia

The hospitality division performed in line with expectations during the first half with acquisitions of \$50.0 million. The hospitality rental asset base including lease receivables are now \$221.1 million at cost, up 9.0% from 30 June 2014. As the hospitality rental asset base continues to grow, it becomes more challenging to deliver the annual acquisition volumes necessary to drive compound net growth in line with historical levels. Demand for Silver Chef's Rent.Try.Buy rental product remains resilient, and the Company is continuing to innovate in response to customer and market dynamics. The Company will continue to focus on initiatives to extend the average life of its contracts, which will enhance the annuity stream income inherent in the Company's rental asset base.

Hospitality – Canada and New Zealand

The Canadian business continued to perform within expectations during the period, reporting a cash profit breakeven for the six month period and an accounting loss of \$0.4 million. The business is expected to be accounting profit breakeven early in calendar year 2016. The business is now well established with a core management team in place that is focused on building effective, long term relationships with both the equipment dealer network and the franchise market.

New Zealand also performed in line with expectations for the period, with the opening of an office in Auckland which complements our presence in the South Island. The new office provides enhanced brand visibility and an improved local platform for managing the Company's relationships with its customers and dealers.

GoGetta

The initiatives implemented upon Allan English's return to an executive role in February 2014 have delivered record growth in GoGetta's asset acquisition volume, being 72% up on the previous corresponding period and 51% on the second half of FY14. GoGetta acquisitions of \$40.5 million in the first half saw the rental asset base and lease receivables increase to \$113.9 million, up 18.4% from 30 June 2014.

In respect of the GoGetta division's performance for the half, Mr English said "Increasing our focus on the light commercial vehicle and construction sectors has delivered strong growth during the first half and resulted in solid performance in industry sectors where we can lend against business critical assets and are comfortable in managing residual asset risk. Our relationships with equipment dealers and brokers are operating effectively once again and we are optimistic about the future growth prospects of the GoGetta brand. Due to internal sales commission and third party finance broker commissions payable upfront on these acquisitions, significant revenue improvement is expected in the second half of the financial year."

Financial Position

The Company ends the six months to 31 December 2014, with \$250.3 million of gross assets and net assets of \$71.3 million. Silver Chef has maintained strong support from its financiers and increased its borrowing capacity by a further \$20 million subsequent to 31 December 2014. With the new appointment of senior financial management in the six months to December 2014, Silver Chef initiated a series of process improvement projects with a significant focus on the business' debt collection process.

This work identified a number of areas where processes can be improved using both internal and external collection resources to reduce outstanding arrears and protect the Company's rental asset base. This has led to the decision to increase impairment expense to \$4.1 million in the current period.

With effect from 1 July 2014, Silver Chef has revised the useful life assessment applicable to rental assets, so that all long life rental assets are depreciated over a three year period with a 35% residual value. This allows, to the largest extent possible, the economic cost of the Group's asset base to be matched against the revenues it derives over the life of its rental contracts. The establishment of a residual value at the end of the initial three year depreciation period, is also more reflective of the value implicit in the Group's idle asset base pending deployment under a secondary rental contract. This is reflected as a change in accounting estimate in the half year accounts.

Employee costs and other operating costs increased compared to the previous corresponding period as a result of establishing offices in Canada and Auckland subsequent to 31 December 2013, but also further investment in our Melbourne operation including the remarketing and distribution facility located in Laverton. Strong growth in revenue has been achieved in these areas during the period.

Silver Chef remains committed to improving efficiency and creating enhanced leverage from its overhead cost base. In this regard, the Company is making good progress in delivering a digitally enhanced, integrated contract management and billing platform.

Outlook

Silver Chef advises that net profit after tax for FY15 has been revised upward to a range of \$15.2 million to \$15.7 million.

As announced at the Company's Annual General Meeting on 16 October 2014, the Company's founder Mr Allan English intends to continue in the role of Executive Chairman until at least 31 December 2015.

Don Mackenzie
Company Secretary

ENDS

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About Silver Chef

Silver Chef was established in 1986 to help businesses fund their equipment needs through the Rent-Try-Buy® and Rent-Grow-Own® Solutions. This keeps their options open and preserves their cash to grow their business.

Silver Chef Limited is an Australian Securities Exchange-listed company (ASX Code: SIV) focused on rentals of commercial equipment to small-to-medium enterprise. The Company has operations in Australia, New Zealand and Canada and operates under two brands: Silver Chef – hospitality assets and GoGetta – broader commercial equipment.

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