



# SILVER CHEF LIMITED

## 1H16 INVESTOR PRESENTATION

**2005**  
Silver Chef listed on ASX

**2011**  
Silver Chef New Zealand established

**2016**  
Silver Chef 30 Year Anniversary

**1986**  
Silver Chef Established by Executive Chairman Allan English

**2008**  
Launched GoGetta in Australia

**2013**  
Silver Chef Canada established



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# Silver Chef Group – Outstanding six months of growth

## Performance highlights

- Excellent growth in GoGetta asset base up 36% on 30 June 2015 - record acquisitions of \$75 million in period
- Growth in hospitality asset base higher than expectations up 15% on 30 June 2015
- Canadian business growing strongly in line with expectations
- Half-year dividend 17 cents up 1 cent on previous corresponding period
- First time impact of deferring contract acquisition costs due to strong acquisition growth
- Full year earnings guidance in the range of \$23 million to \$24 million

## Financials

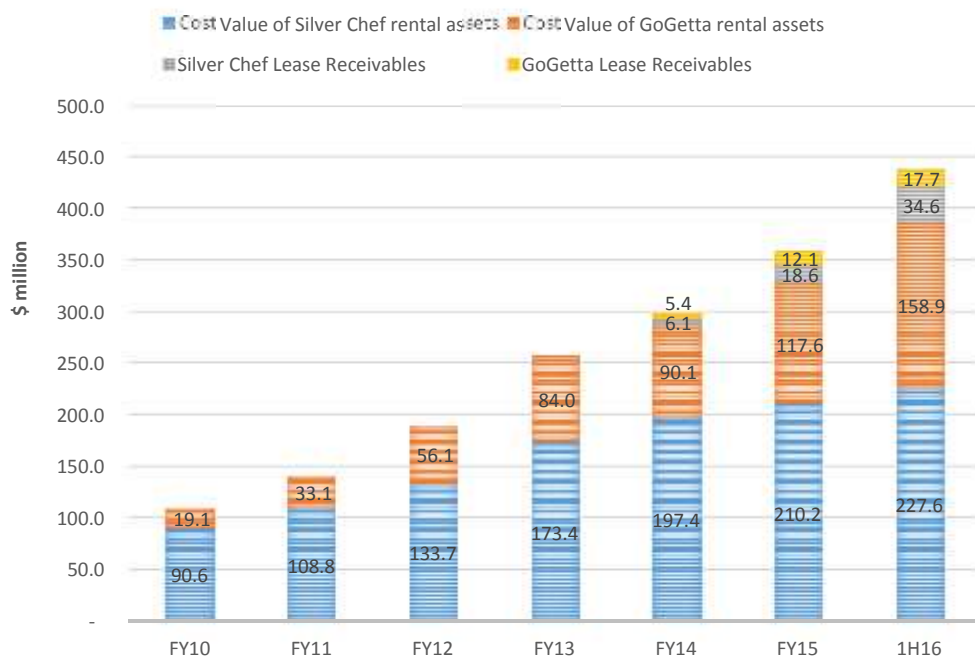
	<i>1H16</i>	<i>1H15</i>	<i>Change</i>
Revenue (\$ millions)	<b>\$100.7m</b>	\$83.0m	21%
Rental assets (at cost) and lease receivables (\$ millions)	<b>\$446.8m</b>	\$335.0m	33%
NPAT (\$ millions)	<b>\$10.3m</b>	\$7.1m	45%
Net operating cash flows (\$ millions)	<b>\$53.5m</b>	\$50.3m	6%
Basic EPS	<b>32.8cps</b>	24.0cps	37%
Dividend (fully franked)	<b>17.0cps</b>	16.0cps	6%

## Strategy and outlook

- Focus on GoGetta growth, particularly within the transport and light commercial sectors
- Continued strong underlying outlook for domestic hospitality
- Build momentum in Canada and aggressively grow the asset base
- Continue to convert existing customers to longer term lease arrangements
- Evaluate alternative funding solutions to support growth and maintain gearing

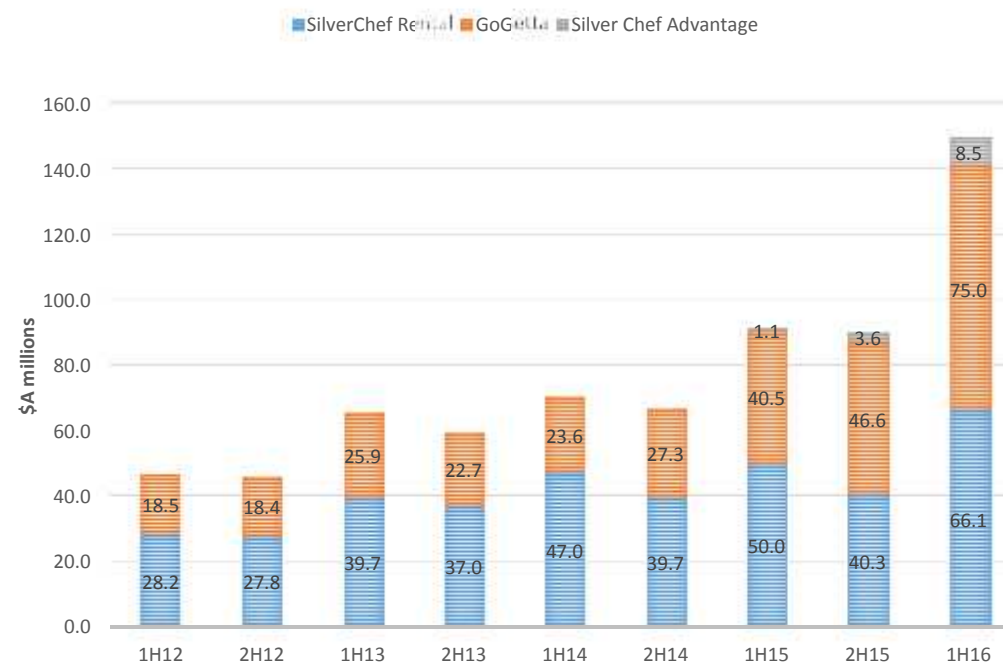
# Growth surpassed expectations in both brands

## COST VALUE OF RENTAL ASSETS AND WDV OF LEASE RECEIVABLES



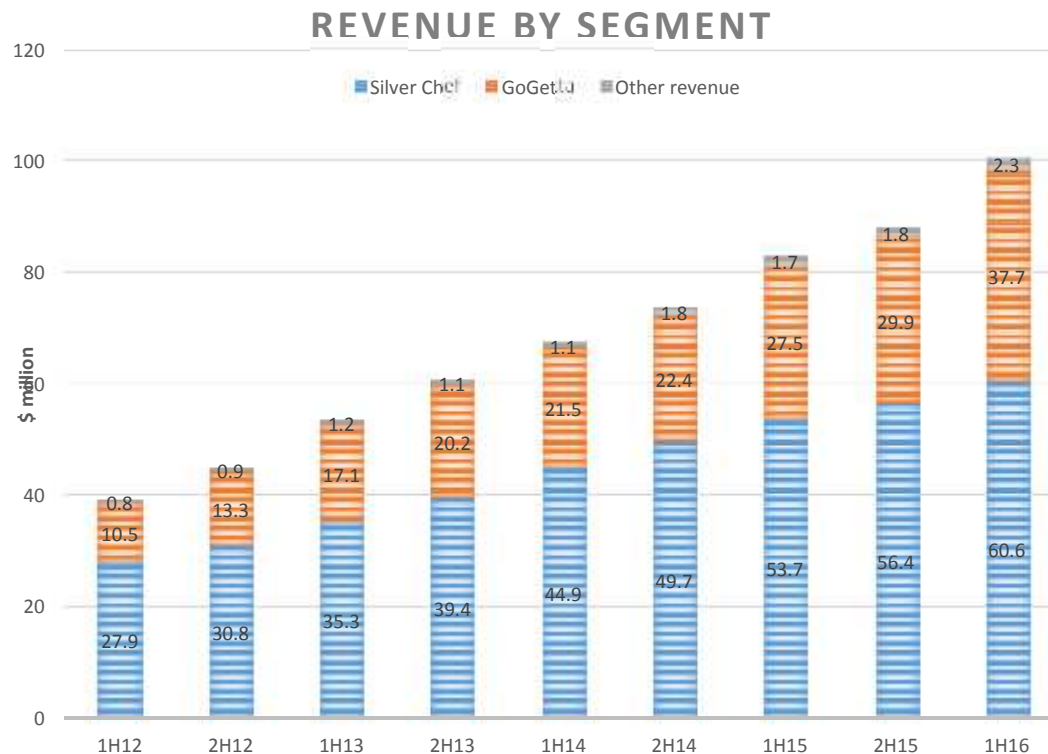
\* For comparability with prior periods, we have excluded from the 1H16 rental asset base upfront costs which are now deferred in accordance with AASB 117 Leases and reported as part of plant and equipment.

## GROUP ASSET ACQUISITIONS\*



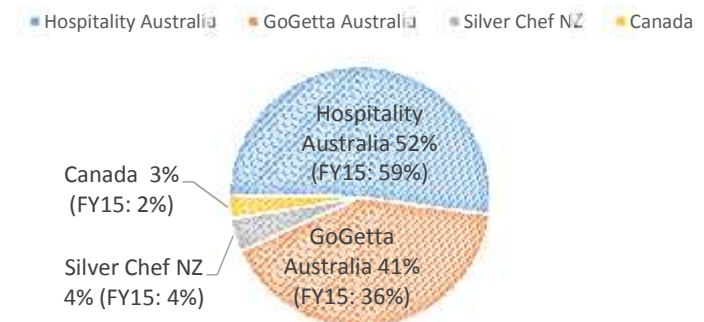


# Strong current and future revenue from asset base



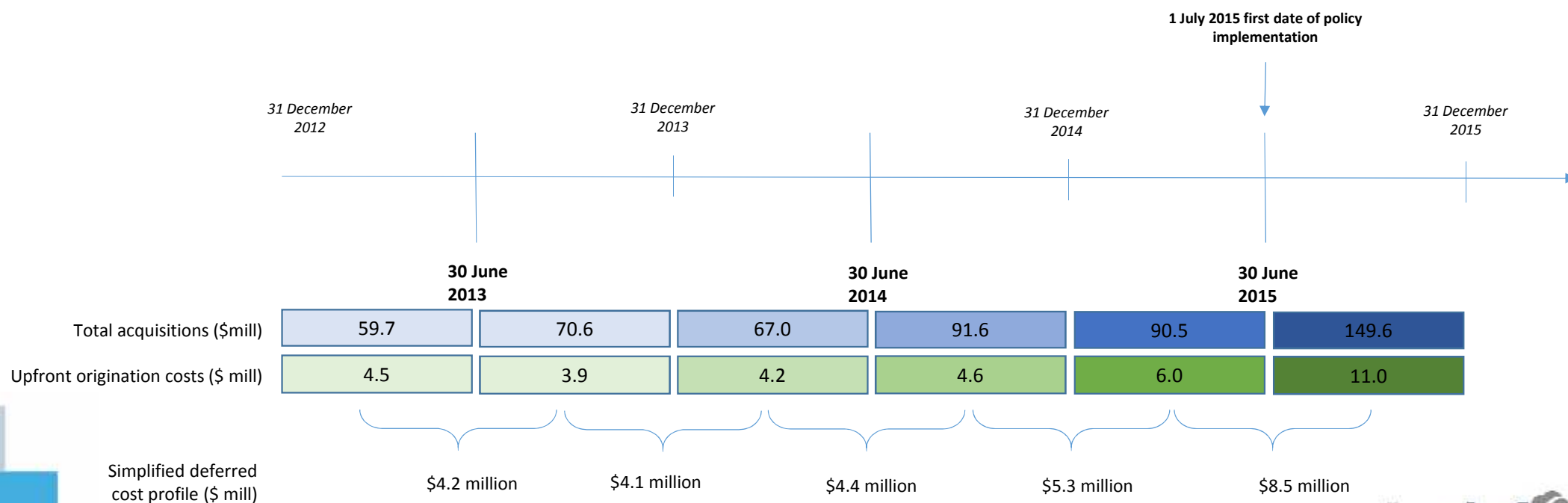
- Revenue up 21% to \$100.7 million (1H15: \$83.0 million)
- Hospitality revenue up 13% to \$60.6 million (1H15: \$53.7 million)
- GoGetta revenue up 37% to \$37.7 million (1H15: \$27.5 million)
- GoGetta proportion of asset base continues to increase
- Strong earnings momentum through enlarged asset base

## ASSETS BY SEGMENT 1H16



# Growth requires deferral of upfront lease origination costs

- Silver Chef has historically experienced relatively constant growth in upfront origination costs due to acquisition rate and the structure of upfront origination costs
- AASB 117 requires upfront origination costs to be deferred and amortised over the life of the lease
- The accounting impact of expensing as incurred as opposed to deferring over the subsequent twelve months has historically been immaterial
- Step change in acquisition volumes in 1H16 means the accounting impact of deferring has now become material
- The deferral policy has been applied with effect from 1 July 2015 with no retrospective adjustment



# Impact of upfront cost deferral and revised earnings guidance

	\$ millions		
	Reported NPAT after upfront costs deferred in accordance with AASB 17 Leases	Reported NPAT if upfront costs not deferred in accordance with AASB 17 Leases	Difference
<b>Half year to 31 December 2015</b>			
NPAT before one-off break costs re loan notes	11.3	5.7	
Loan note break costs	(1.0)	(1.0)	
<b>NPAT</b>	<b>10.3</b>	<b>4.7</b>	<b>5.6 #</b>
<b>Full year guidance to 30 June 2016</b>			
NPAT before one-off break costs re loan notes	23.0 – 24.0	18.5 – 19.5	
Loan note break costs	(1.0)	(1.0)	
<b>NPAT</b>	<b>22.0 – 23.0</b>	<b>17.5 – 18.5</b>	<b>4.5</b>

- Deferral of upfront origination costs from 1 July 2015 (without retrospective adjustment) has a material impact on 1H16 results
- The full year impact depends on acquisition rate in the second half, which the Company has assumed reduces slightly in line with seasonal trends
- One-off loan note break costs are non-recurring and do not form part of the Company's ongoing financing cost structure

# The increase in net profit after tax of \$5.6 million recognized in the six month period arises because of first time application of the policy with effect from 1 July 2015. Prior period adjustment was not material but profit impact during this six month period would have been reduced if the policy had been applied historically.

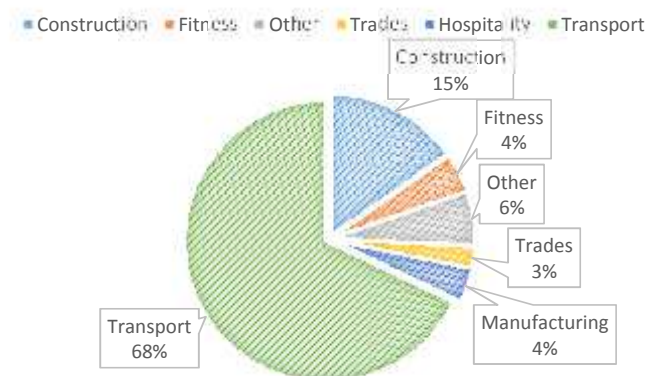
# GoGetta Growth

- Record breaking acquisitions for the period ending 31 December 2015, far surpassing expectations
- Continued focus on transport sector – light commercial vehicles, trucks/trailers and small to medium sized construction equipment
- Significant upfront acquisition costs incurred in the six month period, driven need to adopt cost deferral policy
- Substantial momentum in rental asset base will deliver strong earnings growth over coming periods



Key divisional statistics - GoGetta	
Employee numbers	50
Rental asset numbers	15,817
Rental asset costs	\$158.9m
Rental asset WDV	\$125.0m
Finance lease receivables	\$17.7m
Average contract life	24 months
Average contract size	\$28,403
Customer numbers	5,252

GoGetta rental asset base by sector





# Hospitality Australia

- Outperformed growth expectations for the period to 31st December 2015
- New growth opportunities identified within the franchise sector
- Silver Chef outlook in Australia remains strong as a consequence of sustained underlying growth in the hospitality and tourism market sectors

## Key divisional statistics – Hospitality (Australia)

Employee numbers	107
Rental asset numbers	59,984
Rental asset costs	\$200.2m
Rental asset WDV	\$122.8m
Finance lease receivable	\$33.5m
Average contract life	29 months
Average contract size	\$10,381
Customer numbers	10,198



# Hospitality Canada

- Business now generating monthly net accounting profit
- Rental asset base of CAD\$9.8 million in line with growth expectations
- Signed first major coffee deal, assisting with the rollout of espresso coffee machines under a large free on loan program
- Expansion into eastern states now underway with four dedicated sales staff outside of British Columbia
- Growing support from suppliers, equipment dealers and industry bodies

Key divisional statistics – Hospitality (Canada)	
Employee numbers	18
Rental asset numbers	3,817
Rental asset costs	CAD \$11.3m
Rental asset WDV	CAD \$9.8m
Finance lease receivable	CAD \$0.9m
Customer numbers	523



	Population <sup>1</sup>	Foodservice Market <sup>2</sup>	Total outlets <sup>2</sup>
Canada	35 million	\$US63 billion	109,213

1. Source: BIS Shrapnel  
2. Source: The Mezzanine Group – Market Research Report (September 2013)

# Hospitality New Zealand

- Further investment in local sales and customer services representatives to improve value proposition and local customer support
- Business performed in line with expectations for the period to 31 December 2015
- Outlook remains optimistic with sustained underlying growth in the market

## Key divisional statistics – Hospitality (New Zealand)

Employee numbers	7
Rental asset numbers	4,704
Rental asset costs	NZD \$17.0m
Rental asset WDV	NZD \$11.8m
Customer numbers	758



	Population <sup>1</sup>	National Sales <sup>2</sup>	Total outlets <sup>2</sup>
New Zealand	4.6 million	\$NZ 8 billion	15,366
1. Source: Stats- Govt NZ 2. Source: Restaurant Association of New Zealand (March 2014 est)			

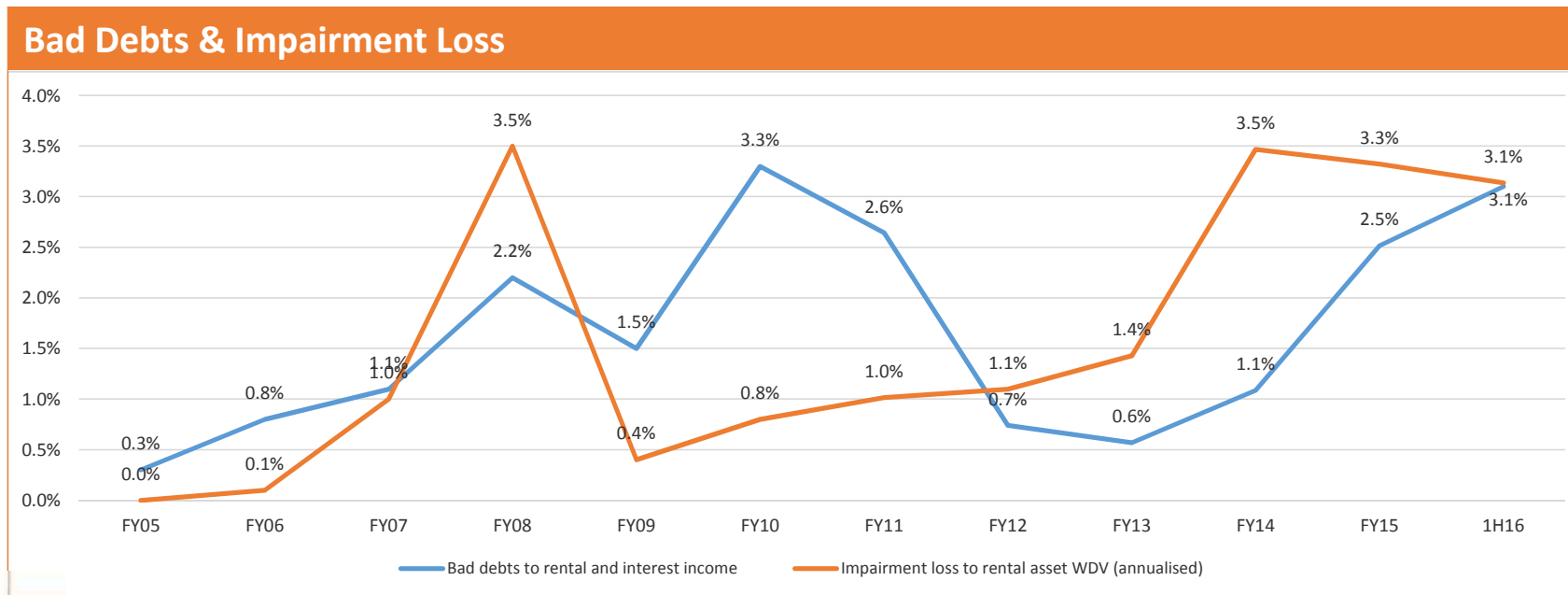
# Capital Management

- 54% of the period's asset acquisitions funded from internally generated cash flows, down on prior periods due to accelerated growth in GoGetta
- \$78.2 million of debt drawn in period to 31 December under new Syndicated Facility to fund rental asset acquisitions
- The Company continuously reviews its capital requirements to ensure an appropriate mix and diversity of funding sources
- Group exploring other funding alternatives
- Long term rental book now > \$50 million

Equity	Debt	Funding strategy
<ul style="list-style-type: none"> <li>○ Gross gearing no more than 70%</li> <li>○ Reinvestment of cash operating profits into rental asset base</li> <li>○ Attractive dividend policy maintained</li> </ul>	<ul style="list-style-type: none"> <li>○ New 5 bank senior syndicated debt facility executed during the period</li> <li>○ Senior syndicated facility provides improved maturity to the group's debt profile and creates headroom to support growth</li> <li>○ \$30 million of 8.5% loan repaid early, will generate substantial interest savings moving forward (\$1.0 million of one-off break costs incurred)</li> <li>○ \$100 million of base rate exposure of the senior syndicated facility hedged for 3 years at 2.22% fixed (hedge accounting applied)</li> </ul>	<ul style="list-style-type: none"> <li>○ Evaluating funding alternatives including ABS structures against its rental and long term lease contracts</li> </ul>

# Credit and Residual Asset Risk

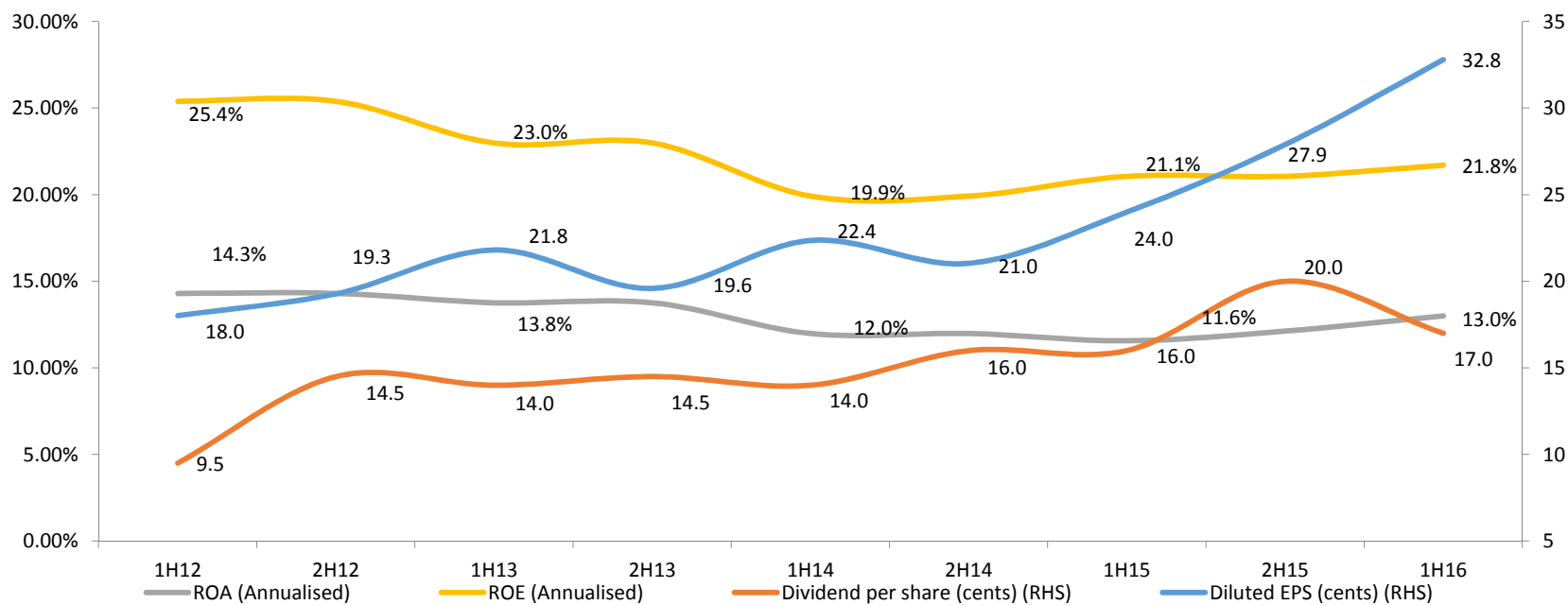
- Highly diversified client base with largest client representing less than 1.0% of rental income
- Long term provisioning for doubtful debts and impairment normalising in range of 2.5% to 3.5% of revenue per annum
- No major credit default or asset loss issues in the period





# Earnings and Returns

## Historical Financial Performance



## Profit and Loss

\$ millions	1H15	1H16	Change
Revenue	83.0	100.7	21%
Expenses from ordinary activities	(27.4)	(30.5)	11%
Loss on sale of plant and equipment	(2.9)	(3.9)	36%
<b>Earnings before interest, depreciation, amortisation, impairment and tax</b>	<b>52.7</b>	<b>66.3</b>	<b>26%</b>
Depreciation and impairment	(38.8)	(45.7)	18%
Finance costs	(3.8)	(5.9)	55%
<b>Profit before income tax</b>	<b>10.1</b>	<b>14.7</b>	<b>46%</b>
Income tax expense	(3.0)	(4.4)	47%
<b>Net profit after tax</b>	<b>7.1</b>	<b>10.3</b>	<b>45%</b>
Earnings per share			
Basic earnings per share (cents)	24.0	32.8	37%
Diluted earnings per share (cents)	24.0	32.8	37%

- Strong revenue growth a combination of enlarged asset base and inertia from prior periods
- Depreciation and loss on sale growth driven by growth in the depreciable asset base
- Finance costs up in light of underlying growth in assets, and includes loan note break costs

# Financial Position

\$ millions	30-Jun-15	31-Dec-15	Change
<b>Assets</b>			
Cash	1.6	7.5	369%
Trade receivables and other	8.5	9.5	12%
Lease receivables	30.6	52.3	71%
Other current assets	2.3	5.4	135%
Rental assets at WDV	216.0	276.4	29%
Other non-current assets	12.9	10.9	-16%
<b>Total assets</b>	<b>271.9</b>	<b>362.0</b>	<b>33%</b>
<b>Liabilities</b>			
Trade and other payables	44.5	47.2	6%
Employee benefits	2.3	2.3	0%
Loans and borrowings	141.1	217.7	54%
Financial liabilities	-	0.4	-
<b>Total liabilities</b>	<b>187.9</b>	<b>267.6</b>	<b>42%</b>
<b>Net Assets</b>	<b>84.0</b>	<b>94.4</b>	<b>12%</b>

- Strong growth in long term lease portfolio
- Significant growth in fixed asset base driven from record acquisitions
- Substantial draw down against debt facilities during the period to support acquisition growth

# Cash Flow

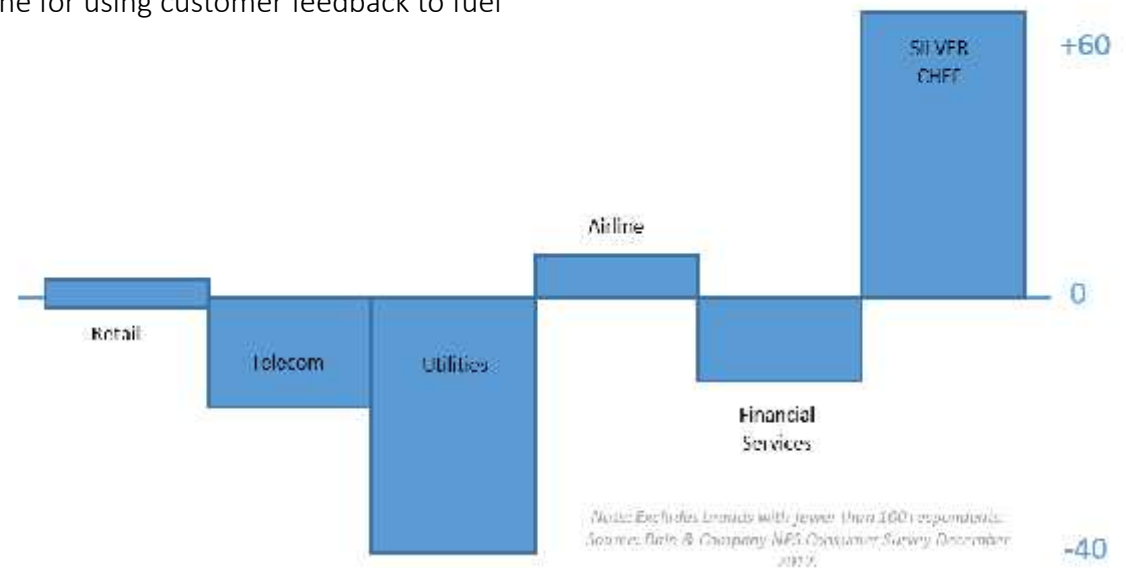
\$ millions	1H15	1H16	Change
Net cash from operating activities	50.3	53.5	6%
Payments for plant and equipment	(94.0)	(150.3)	60%
Proceeds from sale of plant and equipment	24.0	27.7	15%
Net proceeds from borrowing	26.0	75.9	191%
Proceeds from issue of shares	0.0	5.5	-
Dividend paid	(3.8)	(5.5)	45%
Other	(0.9)	(0.9)	-
Increase in cash in period	1.6	5.9	
Cash at end of 31 December	3.1	7.5	

- Operating cash flow significantly impacted by upfront costs of acquisitions
- Substantial draw down against debt facilities during the period to support acquisition growth
- Capital placement in 1H16 to assist in acquisition growth

# Excellent ongoing customer satisfaction levels

- Silver Chef strives to maintain a reputation of exceptional service by using insights and customer-first thinking to deliver quick, easy, personalised experiences
- This focus means we can delight our customers and improve our value proposition to our broker and dealer channel partners
- We measure our performance using Net Promoter Score (NPS) through surveying new, existing and end of term customers and partners. NPS is a loyalty metric and a discipline for using customer feedback to fuel growth
- Silver Chef consistently achieves NPS in excess of 60

Net promoter score growth 2014 - 2015	
Average NPS 2014	61
Average NPS 2015	65
Growth	+ 4 points





## We are a 'B Corp' Organisation

- B Corporations are an emerging group of companies that are using the power of business to create a positive impact on the world and generate a shared and durable prosperity for all
- There are more than 1,300 Certified B Corps from 41 countries and 130 industries working together toward one unifying goal: to redefine success in business
- Silver Chef became a Certified B Corporation in June 2015. The B Corporation certification is a validation of Silver Chef's commitment to social and environmental responsibility. It reinforces that, as a business, our core values & culture, which encompass helping others, are as much of a focus as bottom line profitability
- Silver Chef's largest shareholder, The English Foundation, is a non-profit foundation that uses its dividend income to support Opportunity International and other charities. In conjunction with Opportunity International and the English Foundation, Silver Chef has to date funded more than five hundred and twenty thousand people out of poverty



# Outlook

- Expectation of continued strong growth in GoGetta book based on unique product offering and low market share in the transport and light commercial sectors
- Encouraging growth in domestic hospitality asset base - higher than industry growth average, expected to continue into second half
- Canadian momentum expected to increase with expansion into eastern provinces
- System development initiatives executed over the previous twelve months are now in the implementation phase and expected to drive overhead efficiencies into future accounting periods
- Recent acquisition of experienced personnel into senior executive roles has improved the depth of the management team
- Full year after tax earnings will now be in the order of \$23.0 million to \$24.0 million. If the upfront cost deferral policy discussed in this presentation had not been applied, the previous earnings guidance range of \$18.5 million to \$19.5 million would remain unchanged.



# About Silver Chef Limited

# Company Overview

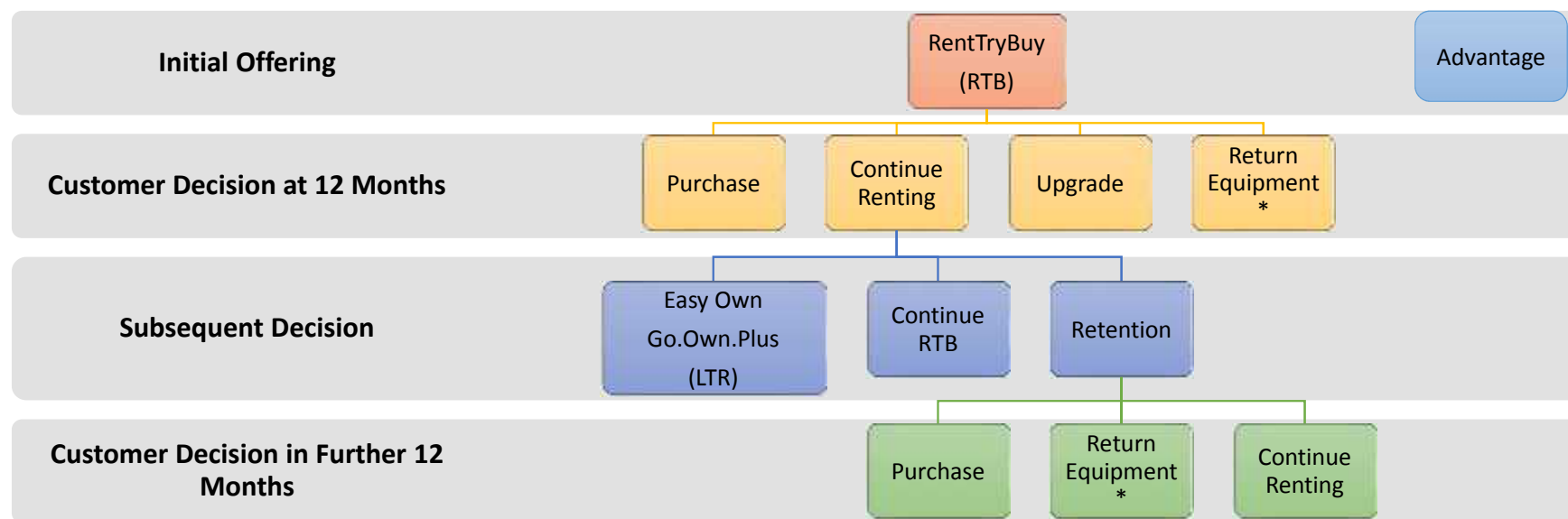
ASX Trading Information		
Share Price	22 Feb 16	\$8.42
52-w Trading Range		\$6.43 - \$10.14
Issued Shares		31.3m
Market Capitalisation		\$263.5m
Debt		\$217.2m
Cash / Term Deposits	31 Dec 15	\$7.5m
Enterprise Value		\$473.2m

Major Shareholders (at 22 Feb 16)	Shares	Interest
Allan English and Related Parties	9.0m	28.4%
Directors and Staff	2.1m	6.7%
Institutional Investors	10.5m	33.3%
Retail Investors	10.0m	31.5%

Key performance measures	
Lost time injury frequency rate	nil
Net promoter score	71

Silver Chef Customer Value Proposition
<ul style="list-style-type: none"> <li>▪ Low weekly rental payments</li> <li>▪ Frees up working capital</li> <li>▪ The ability to 'try before you buy'</li> <li>▪ Upgrade at any time</li> <li>▪ Minimum 12 month agreement</li> <li>▪ Customer receives a 75% net rental rebate if they exercise their option to purchase</li> <li>▪ Simple, obligation-free application process</li> </ul>

# Product and Key Features

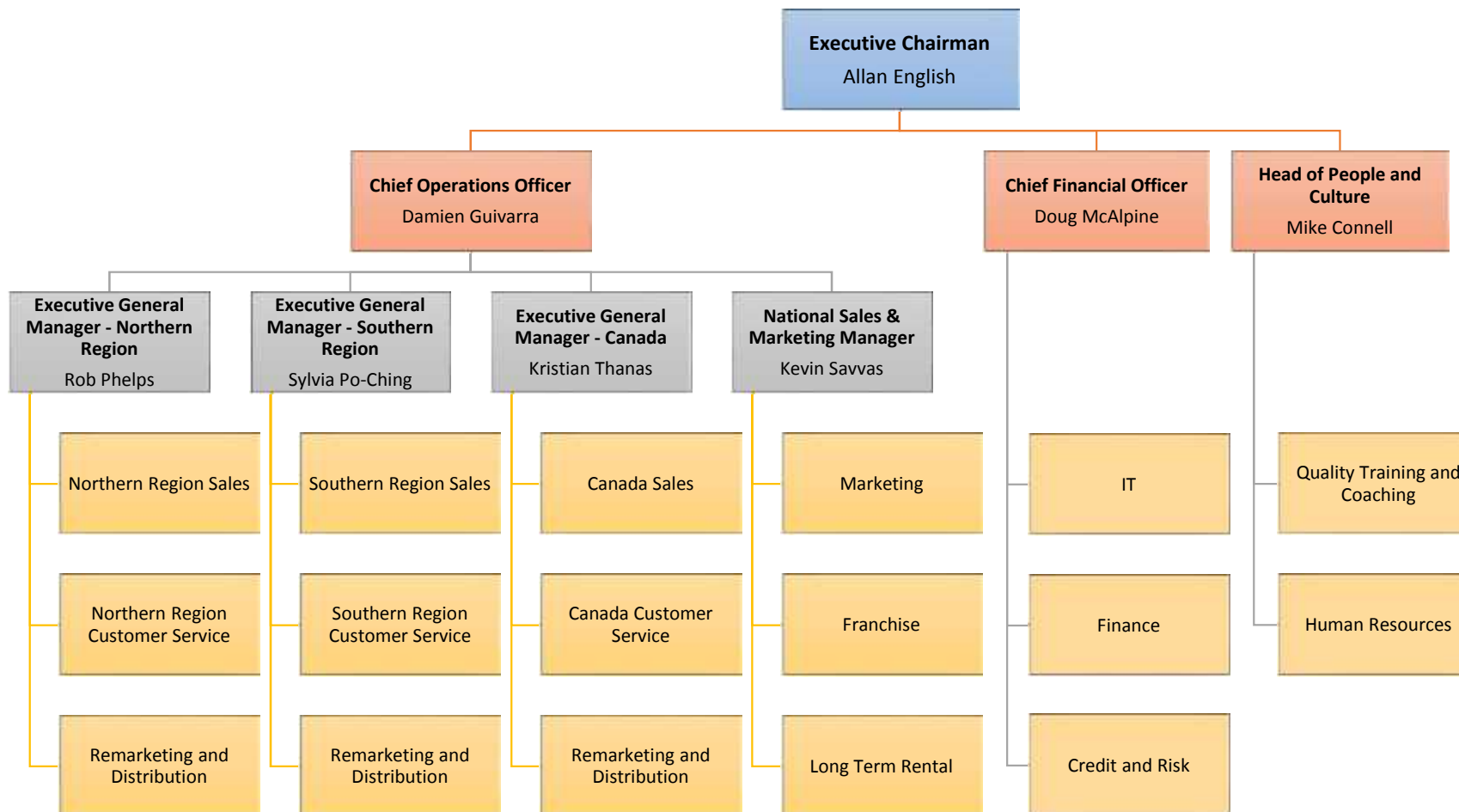


	RTB	Retention	LTR	Advantage
<b>Length of Contract</b>	12 Months	12 Months	36 Months	48 Months
<b>Operating / Finance Lease</b>	Operating	Operating	Finance	Finance
<b>Typical Rental Rate</b>	5-6% per month	20% Discount off RTB rate	30% Discount off RTB rate	3.5-4.0% per month
<b>Other Features</b>	n/a	n/a	n/a	6 Months Rent Free; Franchise Only

\* Assets are refurbished at our facilities and 80% re-rented within 60 days



# Organisation Chart



# Silver Chef Leadership Team



**Allan English**  
*Executive Chairman*

The founder of Silver Chef Limited, Allan has had extensive experience in the hospitality and service and rental sectors. Allan was the Managing Director from 1986 to June 2010 after which he was appointed non-executive Chairman. On 13 February 2014, Allan was appointed Executive Chairman upon the resignation of the former Chief Executive Officer. He is active in, and has great interest in, the not for profit sector as well as acting as Director for the English Family Foundation.



**Damien Guivarra**  
*Chief Operating Officer*

Mr Damien Guivarra was appointed to the role of Chief Operating Officer in October 2015. Over the last ten years Mr Guivarra has played an integral role in the growth of the Company holding a variety of sales focused and operational management roles. He spent the last three years managing the Northern Region business across both the Silver Chef and GoGetta brands. Prior to joining Silver Chef, he held a variety of national sales and marketing roles.



**Doug McAlpine**  
*Chief Financial Officer*

Doug is a Chartered Accountant and commenced as Silver Chef's Chief Financial Officer in August 2014. He brings to the company 15 years of accounting and finance experience, including Financial Officer and Company Secretary of public companies in Australia. His previous experience includes Chief Financial Officer of Stanmore Coal Limited and prior to that Chief Financial Officer of Watpac Limited and Ariadne Limited. Doug has strong competencies in the areas of accounting, capital management, corporate governance and risk management.

## Silver Chef Leadership Team (cont'd)



**Sylvia Po-Ching**

*Executive General Manager, Southern Region*

The longest serving member of Silver Chef Group's leadership team, Sylvia has been with the business since 1999. Sylvia has previously taken the principal responsibilities for operational development and new market expansion. She played a pivotal role in establishment of operations in New Zealand and translated that success into the Canadian market. Sylvia returned to Australia and is now responsible for the operational management of Silver Chef and GoGetta in Victoria, South Australia, Western Australia, Northern Territory and Tasmania.



**Rob Phelps**

*Executive General Manager, Northern Region*

Robert has more than 25 years of experience in the financial sector, including executive positions with RemServ, St George Banking Group and National Australia Bank. Robert has a track record of achieving industry leading customer satisfaction levels and high performance sales cultures. As Executive General Manager he is passionate and dedicated to delivering superior customer service and building strong and mutually rewarding relationship with partners and clients.



**Kristian Thanas**

*Executive General Manager, Canada*

Kristian joined Silver Chef in 2012 as part of a new business development role in the hospitality sector in NSW. With a significant personal history of entrepreneurial activity in starting and selling his own businesses in the hospitality sector, he was an integral member of the Canadian start up team in late 2013. Kristian has historically been a Silver Chef customer and vendor providing him with a unique insight into the Silver Chef business model, value system and the company's objectives for its stakeholders. Kristian is now Executive General Manager of the Canadian business overseeing the growth within that rapidly growing market and is also a member of the company's executive management team.

## Silver Chef Leadership Team (cont'd)



**Mike Connell**

*Head of People and Culture*

Mike Connell joined the company in January 2016. Mike has over 25 years in Human Resources with a broad range industries and markets both within Australia and Asia. Recent experience includes senior executive roles with Downer Mining, Ansaldo STS and Thiess. Mike lead the development of people strategies and their implementation in these dynamic and project based organisations during critical phases of operational growth. Mike has also considerable experience with Wesfamers Ltd both in human resources and also operational roles and was also a member of the Advisory Board of the Georgiou Group. Mike is in the final stages of completing his PhD in Management the focus of which is achievement of effectiveness by corporation's through the alignment of their financial and moral-based goals.



**Kevin Savvas**

*National Sales & Marketing Manager*

Kevin Savvas started with the Company in 2011 as the Northern Region Sales Manager for Silver Chef implementing key strategic initiatives that led to exceptional growth in a core market. Kevin's approach to innovation and leadership is derived from his extensive experience in the advertising and technology space. Since that initial role, Kevin has held three progressive roles in the organisation working across the Silver Chef and GoGetta brands. His management and leadership experience and demonstrated ability to generate acquisition results across both brands made him the ideal candidate for the National Sales & Marketing Manager role on the Executive Leadership Team. Kevin's remit for the role is to provide support to the regions and directly lead the national marketing, franchise, coffee and long term rental functions of the business.