



# Half Year Results

to 31 December 2013



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# First Half Results Overview\*

Total revenue

+ 26%

Rental assets (at cost)\*

+ 7%

NPBT

+ 10%

NPAT

+ 10%

Underlying NPAT

- 1%

\* Compared to the prior corresponding period except for rental assets at cost which shows the movement from the balance as at 30 June 2013.

# Results Overview

## Revenue and earnings

- Revenue up 26% to \$67.4 million (1H13: \$53.6 million).
- Net profit after tax of \$6.5 million (1H13: \$5.9 million) includes gains relating to write back of long term incentive accrual (\$0.4 million after tax) and a change in recognition of long term contracts (\$0.3 million after tax).
- Underlying earnings impacted by slower growth in the GoGetta business and costs of investing for longer term growth in Canada (1H14 pre tax cost of \$0.6 million).
- Fully franked interim dividend of 14.0 cents per share (2013: 14.0 cents).

## Asset acquisitions

- Total rental assets (at cost) increased 7% to \$274.5 million (30 June 2013: \$257.4 million).
  - Hospitality asset acquisitions of \$47.0 million – up 27% from 30 June 2013.
  - GoGetta asset acquisitions of \$23.6 million – up 4% from 30 June 2013.

## Strategy

- Growth – Continued expansion of Silver Chef into Canada & New Zealand.
- GoGetta – refocus on training and underlying product value to customer.
- Funding – core bank facility (CBA) increased to \$120 million and extended to December 2015.
- Melbourne service facility now completed and operational.

# Rental assets under management (at cost)

## Group

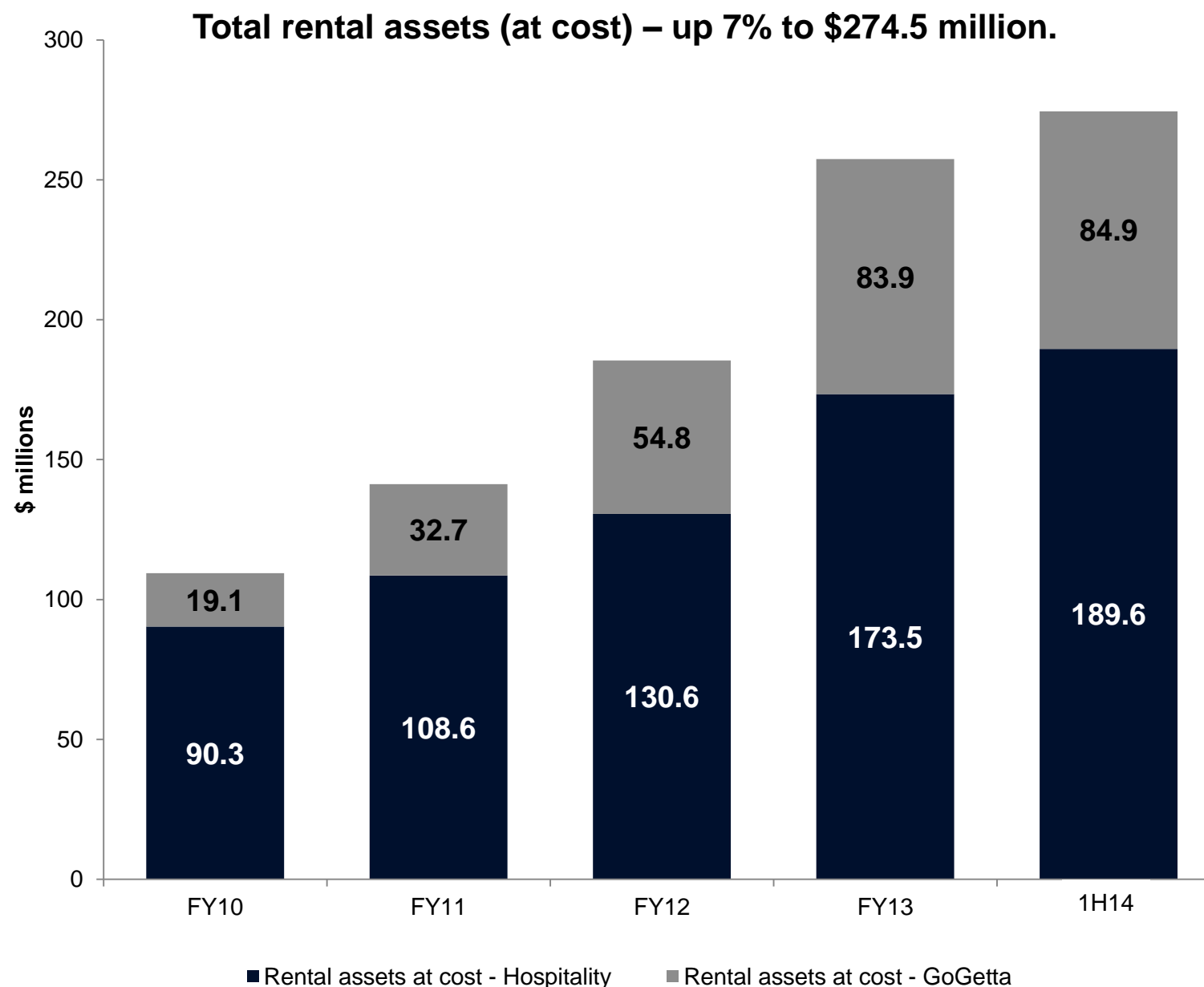
- Total rental assets (at cost) – up 7% from 30 June 2013 to \$274.5 million.
- Total acquisitions of \$70.6 million – up 18% on 2H13.

## Hospitality

- Rental assets up 9% from 30 June 2013 to \$189.6 million.
- Asset acquisitions of \$47.0 million – up 27% on 2H13.

## GoGetta

- Rental assets up 1% from 30 June 2013 to \$84.9 million.
- Asset acquisitions of \$23.6 million – up 4% on 2H13.



# Profit & Loss

\$ millions	1H13	1H14	Change 1H14
Revenue	53.6	67.4	26%
Expenses from ordinary activities	(17.4)	(22.6)	30%
Depreciation	(22.7)	(29.4)	30%
Finance Costs	(3.2)	(3.4)	4%
Change in fair value of derivative financial instruments	0.3	-	-
Change in fair value of investment properties	(0.1)	-	-
Loss on sale of plant and equipment	(2.1)	(2.8)	33%
<b>Profit before income tax</b>	<b>8.4</b>	<b>9.2</b>	<b>10%</b>
Income tax expense	(2.5)	(2.8)	12%
<b>Net profit after tax</b>	<b>5.9</b>	<b>6.5</b>	<b>10%</b>
<b>Underlying net profit after tax</b>	<b>5.9</b>	<b>5.8</b>	<b>-1%</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	21.9	22.4	2%
Diluted earnings per share (cents)	21.8	22.4	3%

# Financial Position

	\$ millions	30 June 2013	31 December 2013
<b>Assets</b>			
Cash		1.3	3.6
Lease Receivables		-	1.7
Other current assets		5.5	6.6
Non current lease receivables		-	5.8
Rental assets at WDV		173.5	183.7
Other non current assets		9.6	16.1
<b>Total assets</b>		<b>190.0</b>	<b>211.7</b>
<b>Liabilities</b>			
Trade and other payables		34.7	35.0
Tax payable		2.9	1.4
Employee benefits		1.9	2.5
Loans and borrowings (non current)		91.3	106.5
<b>Total liabilities</b>		<b>131.8</b>	<b>146.8</b>
<b>Net Assets</b>		<b>58.2</b>	<b>64.9</b>

Change  
(FY13 – 1H14)

**+ 179%**

-

**+ 19%**

-

**+ 6%**

**+ 67%**

**+ 11%**

**+ 1%**

**- 50%**

**+ 29%**

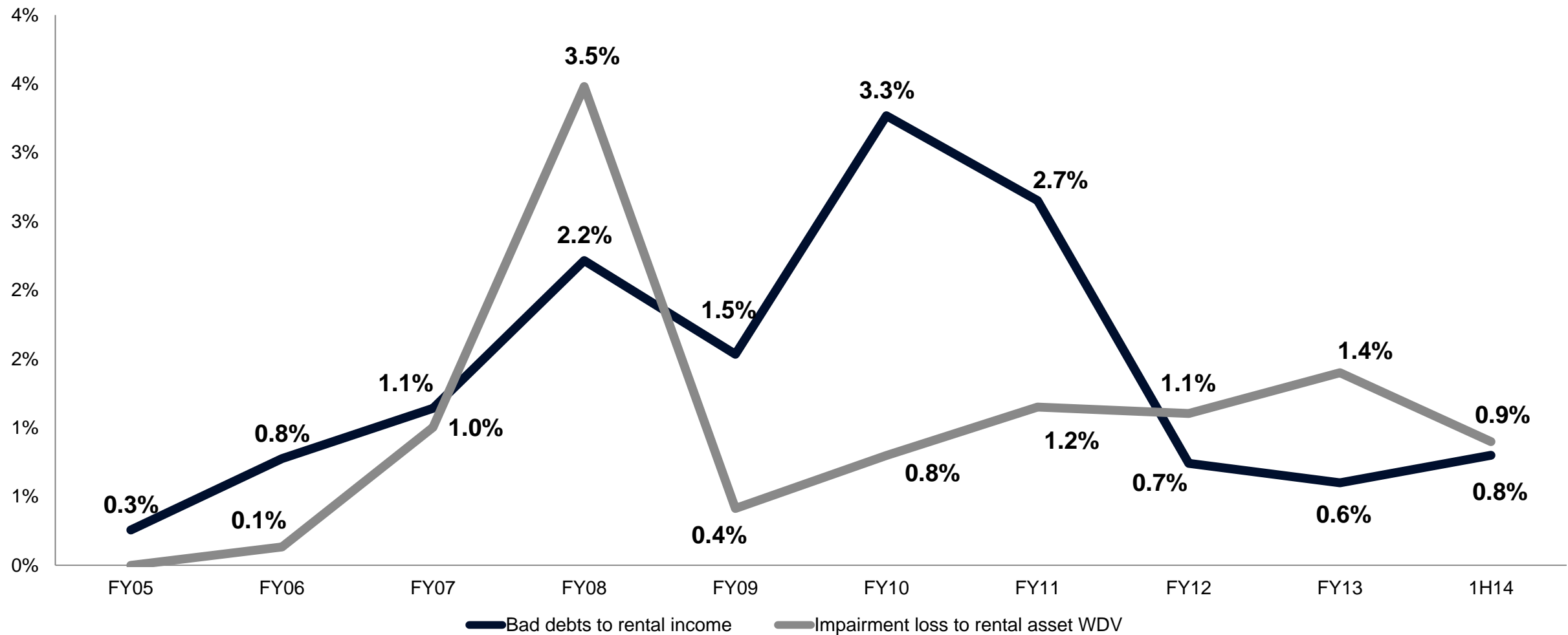
**+ 17%**

**+ 11%**

**+ 11%**

# Risk Management

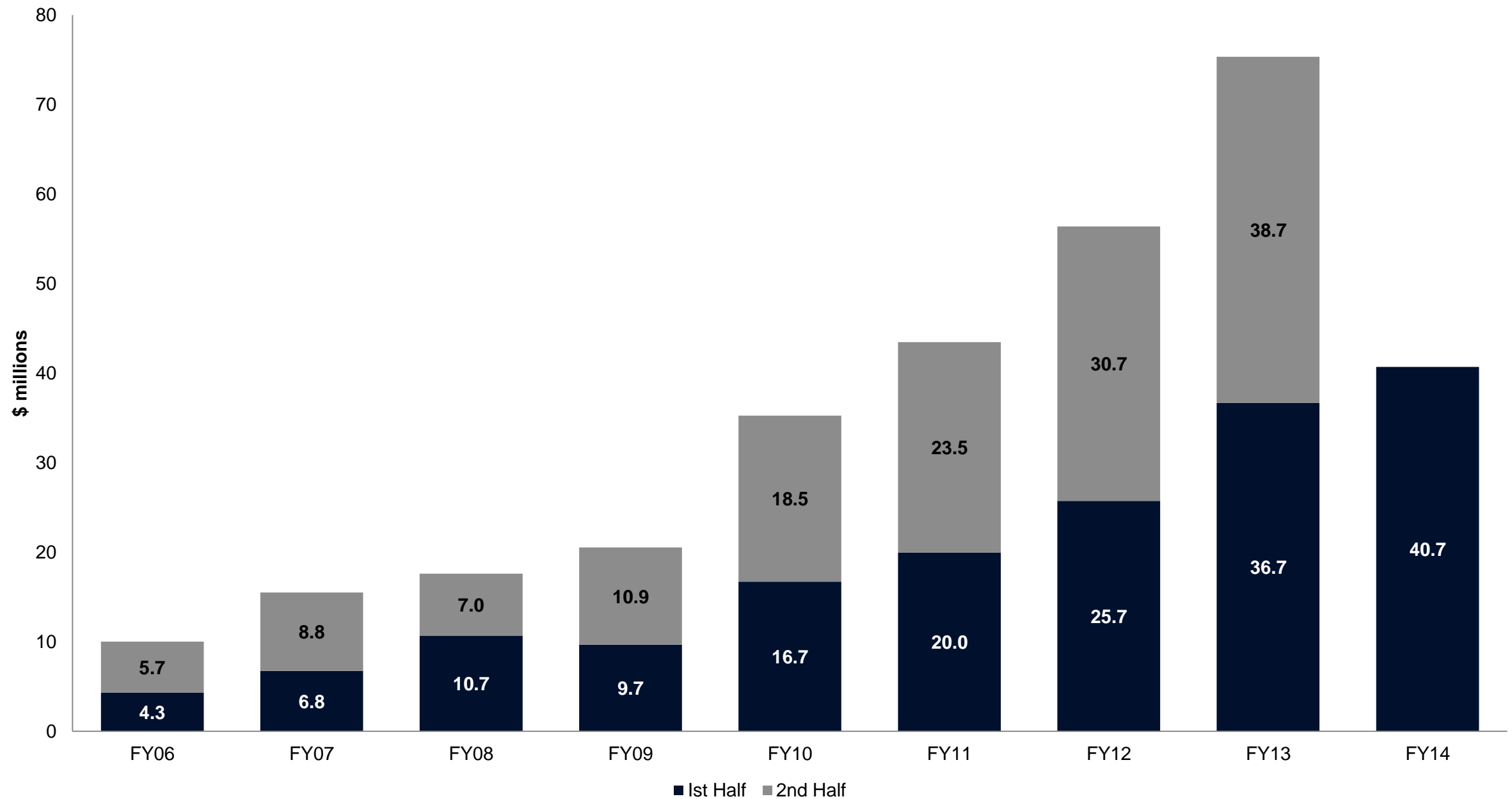
- Asset repatriation capacity expanded with opening of new service facility in Melbourne.
  - New facility in Melbourne to service Victoria, Western Australia, Tasmania and South Australia.
  - Full strategic and operational benefits to be felt over long term.
- Client base remains highly diversified - largest client represents less than 1.0% of rental income.





# Operating Cash Flow

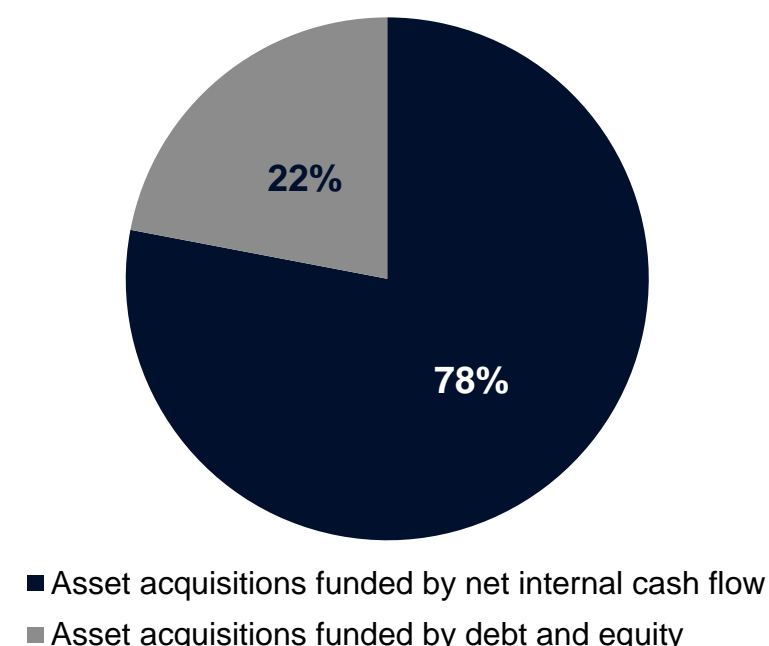
Operating Cash Flow from Operations up 11%



# Funding

- Silver Chef utilises a diverse range of funding to support the growth of the business through the acquisition of assets for rental to clients.
- In 1H14 the Company acquired \$70.6 million worth of rental assets (at cost) of which 78% (\$54.7 million) was funded from internally generated cash flows and the balance was funded from debt and equity.
- As at 31 December 2013, 57% of the carrying amount of the Company's rental assets was funded by debt.

Rental Asset Funding Source – First Half

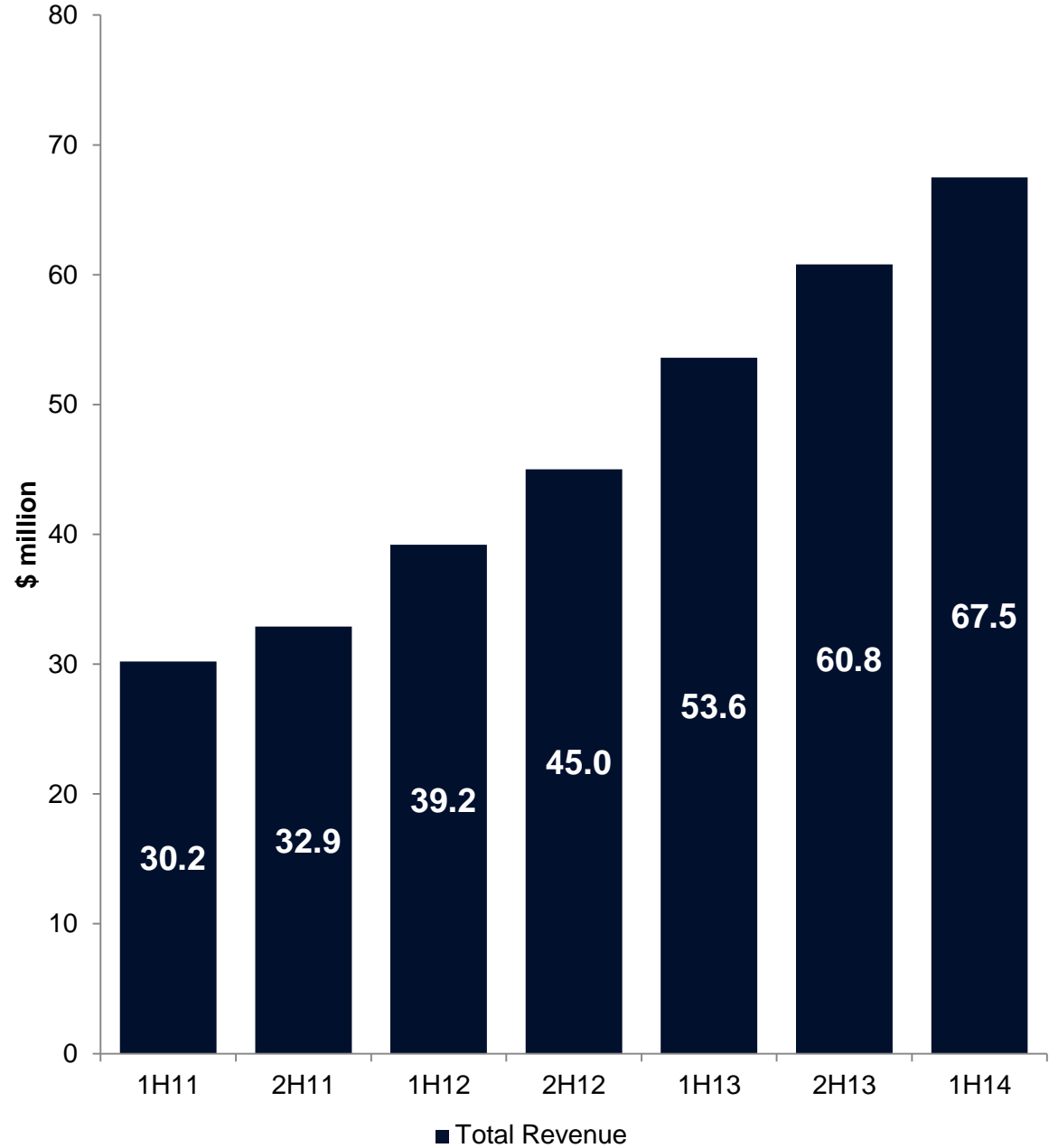


## Sources of Debt/Equity Funding

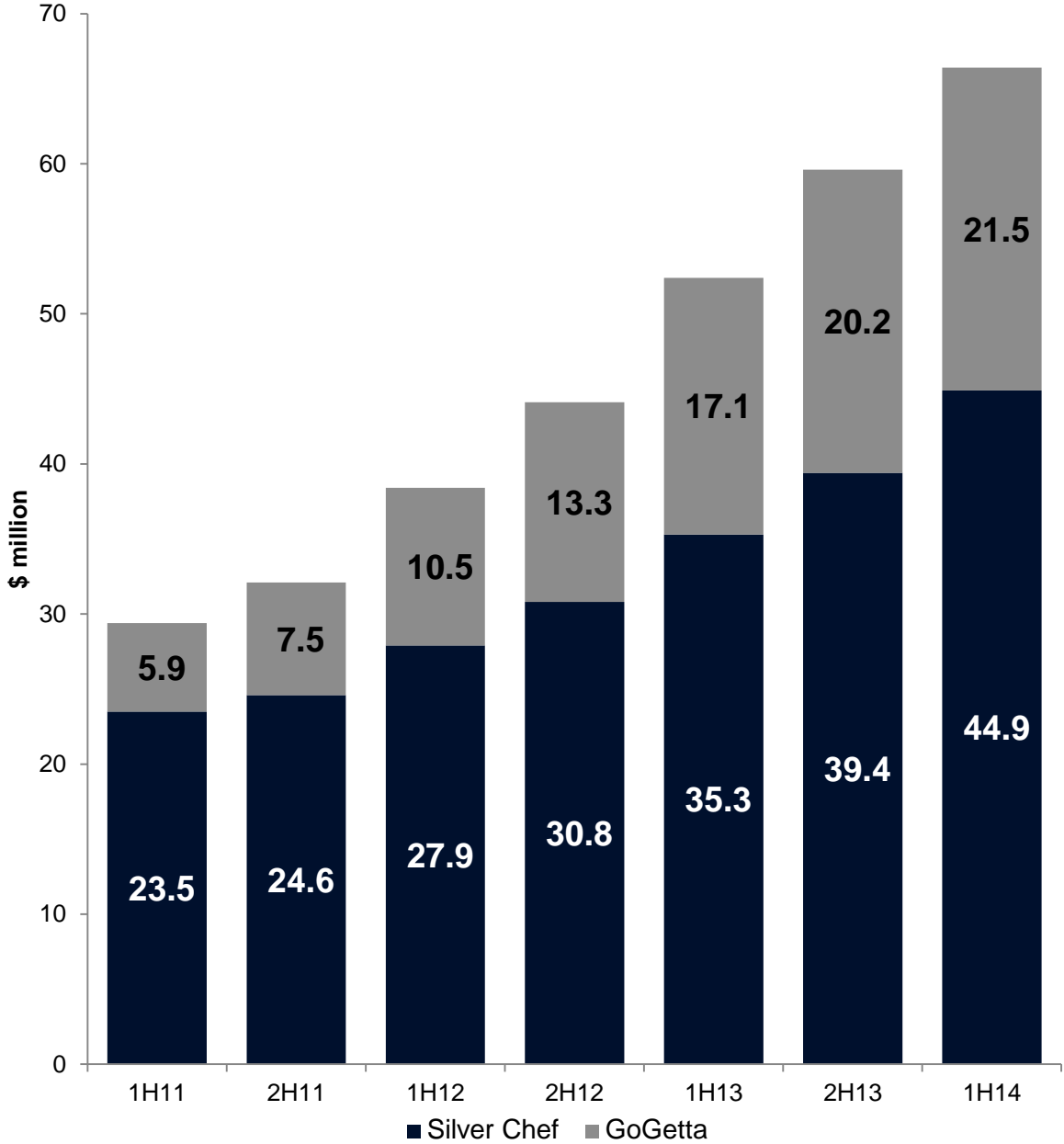
Equity	Debt (Bank)	Debt (Notes)
<ul style="list-style-type: none"> <li>○ Company aims to fund approximately 30% of total assets with equity.</li> </ul>	<ul style="list-style-type: none"> <li>○ Primary debt facility of \$120 million held with Commonwealth Bank.</li> <li>○ Expires December 2015</li> <li>○ As at 30 December 2013, the facility was drawn to \$75.1 million.</li> </ul>	<ul style="list-style-type: none"> <li>○ In August 2012 Silver Chef issued six-year senior unsecured fixed rate notes to raise \$30 million.</li> <li>○ Coupon rate of 8.5% fixed pa.</li> <li>○ Matures September 2018</li> </ul>

# Revenue Analysis

Total Revenue up 26%

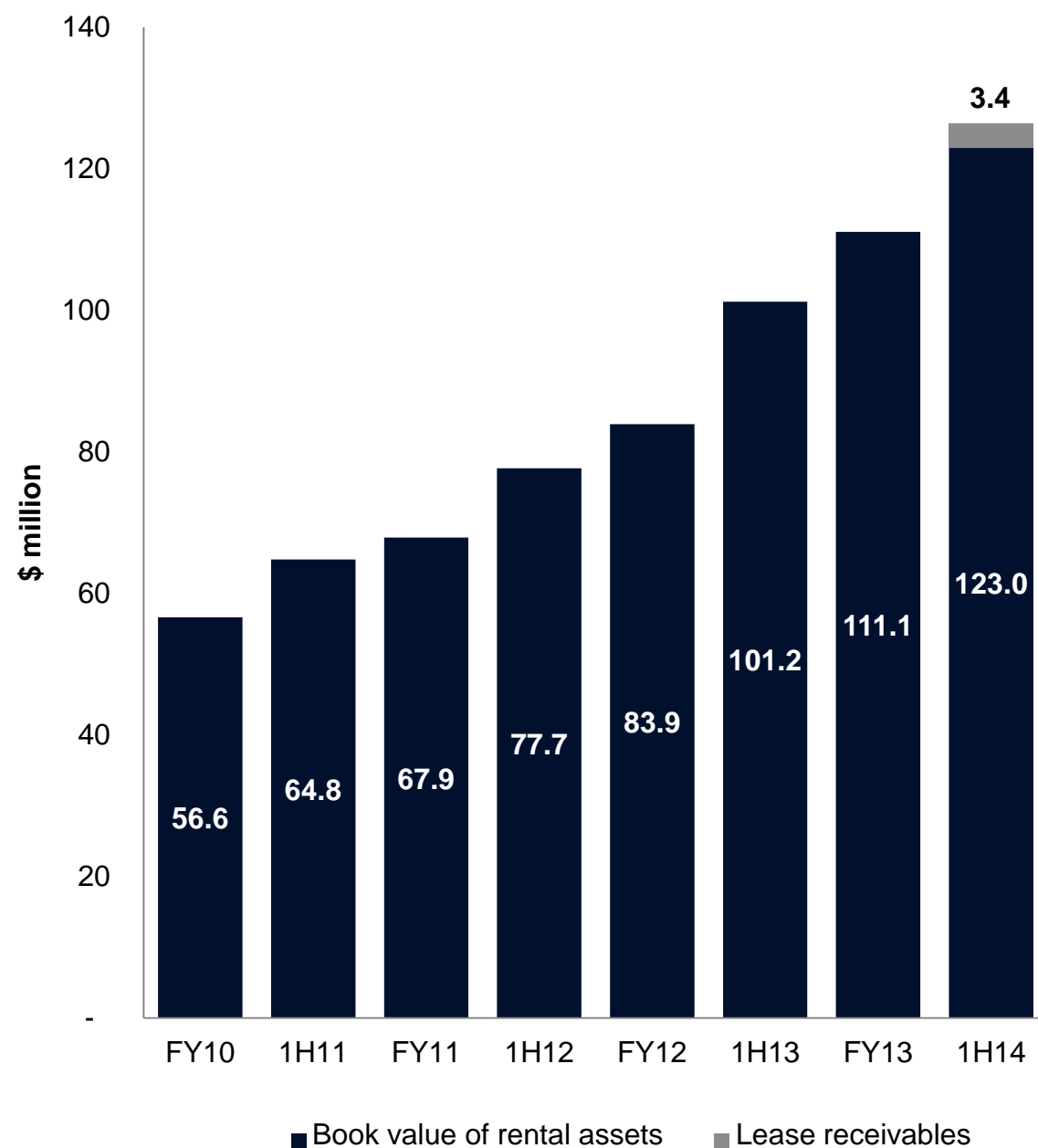


Income by Segment

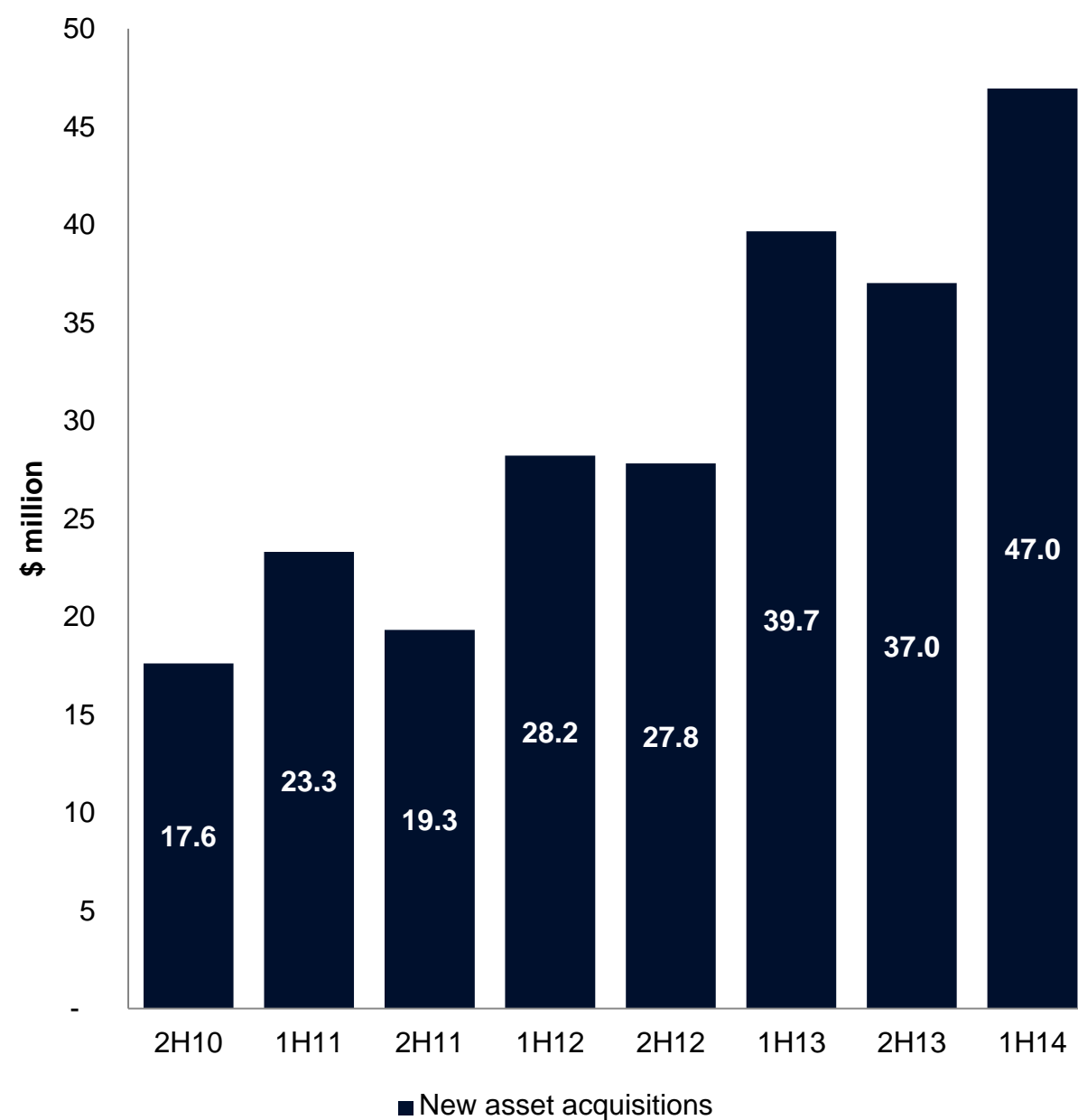


# Rental assets – Silver Chef

## Book value of rental assets



## Silver Chef asset acquisitions



# Silver Chef – Trading Update

## Australia

- Performing in line with expectations.
- Continued growth in franchise sector and Pubs & Clubs.
- Investment in Melbourne service facility completed.

## New Zealand

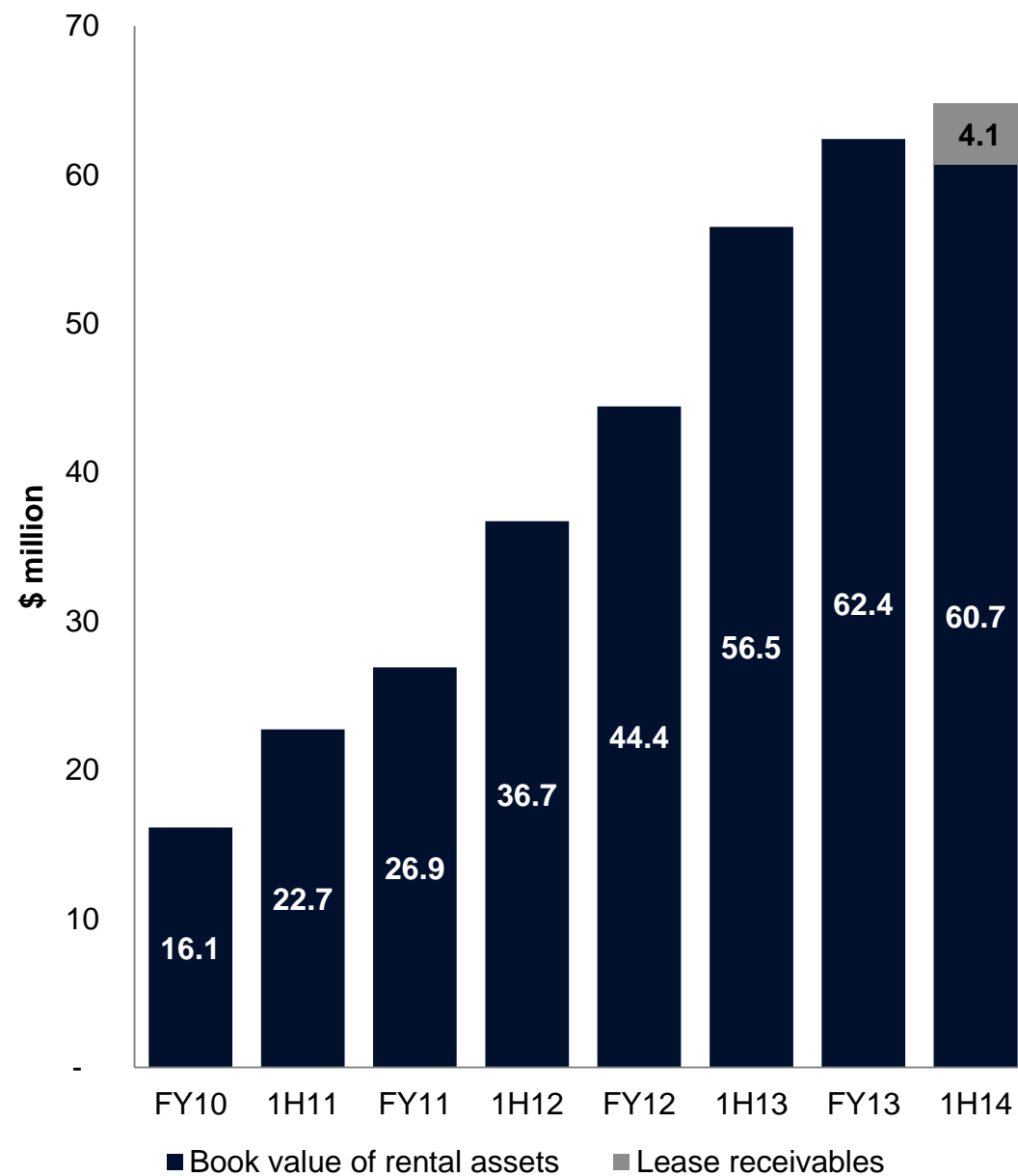
- Continues to grow well.
- Growth expected to accelerate in second half with recruitment of sales person in South Island.

## Canada

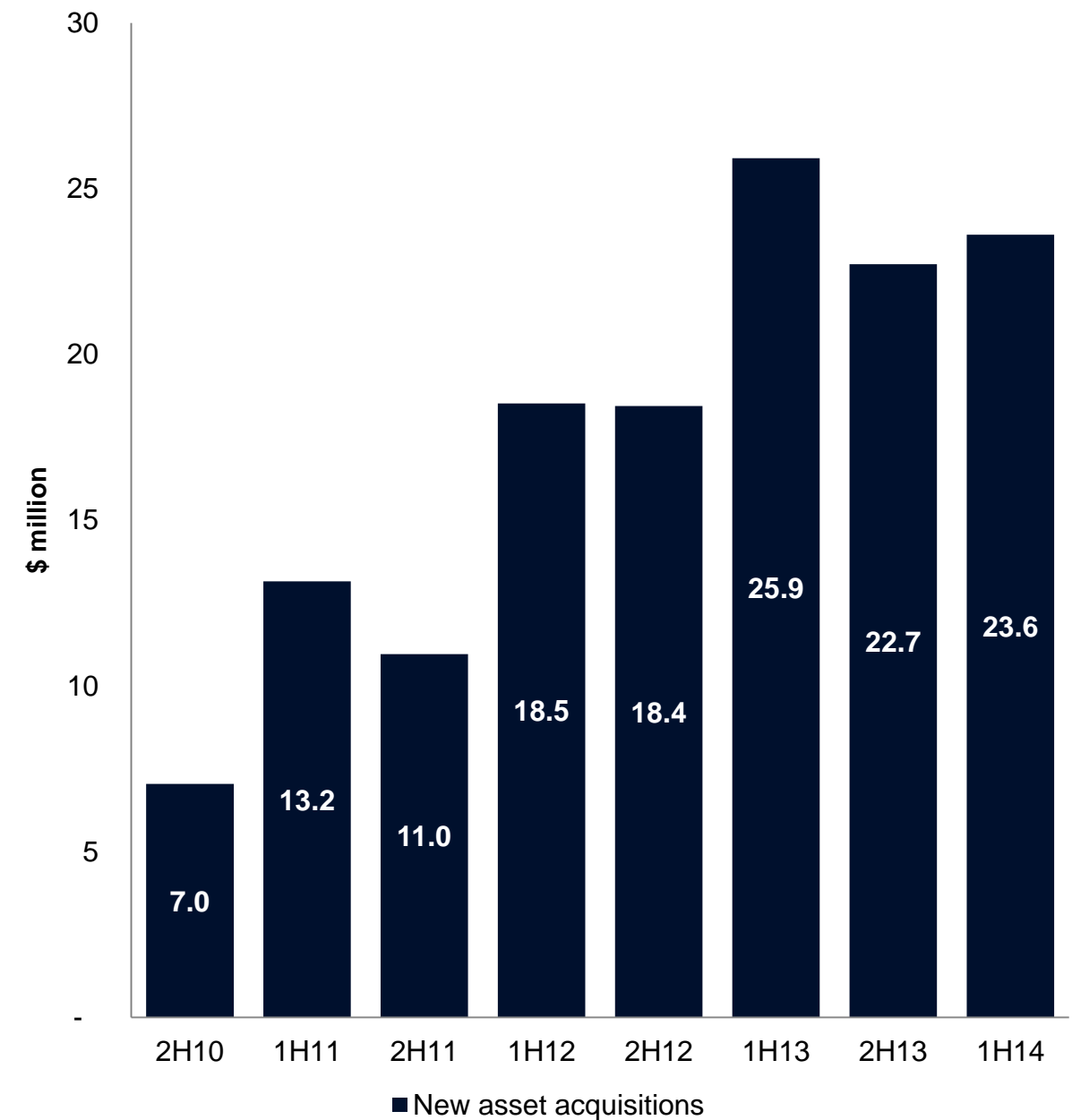
- Still early days but signs are encouraging.

# Rental assets - GoGetta

**Book value of rental assets**



**GoGetta asset acquisitions**



# GoGetta – Trading Update

## Acquisitions

- Slower than anticipated acquisition rate in first half due to a range of internal factors.
- Issues associated with recruitment and training of appropriate sales staff.

## Impact

- Lower asset base will primarily impact second half revenue.

## Response

- Remain committed to returning GoGetta to previous levels of growth.
- Focus on the advantages of the GoGetta product for small business.
- Business remains resourced and prepared for growth.
- Increasing expertise in certain segments (trucks and trailers, gyms, point of sale and light construction).
- Actively identifying and targeting new segments.

# Strategy

## Group

- Continued focus on delivering ten year Argenti strategic plan – currently in year four.

## Silver Chef

- Australia – continue to grow core markets.
- New Zealand – capitalise on growing presence and brand awareness.
- Canada – establish and build foundations for long term, sustainable business.

## GoGetta

- Retain focus on Australia.
- Build deeper penetration into core markets.
- Refocused on training and customer advantage.





# Outlook

- Net profit after tax for FY14 expected to be between \$12.3 million and \$12.7 million.
- Net profit after tax translates to earnings per share of between 42 cents and 44 cents.
- Full year result to be impacted by:
  - Lower GoGetta revenue.
  - Further investment in establishing Canadian business - \$1.7 million pre-tax for full year.
  - Establishing Melbourne facility - \$1 million pre-tax for full year.
  - Reclassification of long term rentals - \$1.1 million pre-tax benefit for full year.