



**Silver Chef(SIV) \$6.10**

THE catering equipment financier is relying on people’s love for the daily cappuccino to return it to growth, which once accorded “market darling” accolade to the stock. “The cafe and hospitality industry has consistently expanded

in the past few years and it is our expectation that the consumer’s love of a cup of coffee and dining out with friends will continue,” exec chair Allan English told holders at yesterday’s AGM.

Indeed, the resilience of cafe society has held fellow Brisbane-based stock Michel’s Patisserie and Donut King franchisor **Retail Food Group (RFG, \$4.67)** in good stead.

Silver Chef enjoyed stellar growth after listing in 2005, but the story became muddled after the company expanded into general equipment hire through its GoGetta arm. In a classic sign of trouble, CEO Charles Gregory

was replaced in February by founder English, who returned to a hands-on role.

After fixing up issues relating to GoGetta’s training and recruitment of staff, Silver Chef appears to have regained the golden touch.

English has guided to full-year earnings of \$13.75m-\$14.25m, 10 per cent higher at the midpoint than last year’s \$12.7m.

On these numbers, the stock trades on an earnings multiple of less than nine times and a yield of more than 5 per cent.

Put another way, one share would struggle to buy a double-shot inner urban latte. **Buy.**



Source: Bloomberg