

SILVER CHEF LIMITED
ANNUAL GENERAL MEETING
10:30am THURSDAY 29 NOVEMBER 2018
CHAIRMAN'S ADDRESS - ALLAN ENGLISH

Introduction

Good morning ladies and gentlemen and welcome to the 14th annual general meeting of shareholders of Silver Chef Limited. For those of you who don't know me, my name is Allan English and I am the founder and Non-Executive Chairman of Silver Chef Limited. The Notice of Meeting was mailed out to all shareholders and I will take the notice as read and now declare this annual general meeting open.

At the conclusion of my address, I will ask our CEO Damien Guivarra to address the meeting, which then will be followed by the formal proceedings of the meeting.

I would like to begin by introducing my fellow Directors and Company Secretary.

Seated at the table with me are our Directors Andrew Kemp, Bede King, Sophie Mitchell and Patrick Tapper. Cherie O'Riordan, our newly appointed Company Secretary is also in attendance.

We also have our CEO, Damien Guivarra with us and our CFO, Graeme Fallet.

We acknowledge the Company's external auditor KPMG and the Company's legal representative Jones Day, who are also in attendance today.

In February 2018, the Company announced the decision to exit its GoGetta business and commenced an orderly run off of the GoGetta book.

Silver Chef now operates under a One Brand, One Industry strategy by providing funding to businesses in the hospitality sector through its tried and tested equipment funding solution, Rent-Try-Buy.

During the year the Company also restructured the management of the Australian and Canadian operations and late in the financial year undertook a detailed review of its customer arrears and idle and suspended rental assets. Following the review, the Company took additional provisions, which together with the write down of the GoGetta book, largely contributed to the statutory net loss after tax of \$48.8 million for the year ended 30 June 2018.

The changes made during the year were difficult but necessary to create continuing growth and returns. We recognise and acknowledge the pain this has caused shareholders, and our staff. I too, personally feel this pain as much as any shareholder – this year's financial result has had a significant negative impact on the English Family Foundation by reducing the funds available for donations and support to the most disadvantaged individuals in our community.

Despite these difficulties, the Board and Management remain confident in the continuing strength of Silver Chef's core hospitality business and the opportunities it presents.

GoGetta exit

The Board and Management acknowledge that the performance of the GoGetta business, and the subsequent decision to exit, has had a material impact. However, we believe the decisions made were correct for the long-term success and profitability of Silver Chef.

During FY17, the Board and Management decided to substantially reduce exposure to the light commercial vehicle sector as evidence of poor contract performance emerged. The broader decision to exit the GoGetta business was made after completing a comprehensive review of the entire portfolio:

- It became clear that GoGetta's returns were unlikely to ever match those of Silver Chef, and
- Continuing to grow the GoGetta business would have resulted in lost opportunities and returns for Silver Chef, both domestically and overseas

One brand, One industry

Following the exit of the GoGetta business, Silver Chef now operates under a One Brand, One Industry strategy. The historical success of the Company has been built around a number of factors that provide sustainable competitive advantages:

1. Experience – We have been providing our core business equipment funding model to the hospitality industry for over 32 years
2. Customers – We provide robust and flexible equipment finance for business-critical assets for hospitality businesses
3. People – We have a strong focus on hiring and developing high quality staff who are aligned to our core values and purpose
4. Risk management- Credit and risk management processes are constantly evolving to manage risks associated with hospitality customer defaults
5. Asset remarketing – We have developed deep expertise in the reconditioning and remarketing of second hand hospitality assets
6. Partnerships – We continue to strengthen our relationships with the hospitality dealer network by growing sales and marketing support

Capital management plan

The Company continues to be supported by its Lenders and has been working closely with them on an acceptable Capital Management Plan following a breach of the Company's financial covenants at 30 June 2018, caused by the large provisioning in FY18. The Company has received waivers through to 31 March 2019 and is well progressed in discussions with several debt providers, with the intention of introducing some subordinated debt into the capital structure in the new year.

Board renewal and remuneration

The Company commenced a board renewal process late in 2017, however it was put on hold following the decision to exit GoGetta. Long term directors Andrew Kemp and Bede King have indicated they would like to retire from the Board over the next 12 to 18 months. It is clearly very important that the Company attracts quality candidates and the intention is to recommence this process early in 2019 so there will be a renewed Board and the introduction of some new skills and experience.

No performance-based incentives were paid to the Executive Team during the last two financial years considering the poor financial performance of the Company. The existing Board has agreed to a 50% reduction in Board fees over the next 12 months.

Commencing in FY19, there will be a revised Long Term Incentive (LTI) plan, now to be based on Return on Assets (ROA) and growth in Earnings Per Share (EPS) of the Company. The weighting will be 60 per cent to ROA and 40 per cent to EPS growth and will (if earned based on company performance) be in the form of Performance Rights which will not vest until three years after the end of the year in which they are earned. We believe this is superior to our previous LTI Scheme which was based wholly on EPS growth and was (if earned) paid in cash over four years.

A purpose beyond profit

A key element of Silver Chef's long history of commercial success is that it chooses to run its business differently. The Company has always had a strong purpose driven culture focused on helping people achieve their dreams. This includes everyone from our customers and partners, to our people and community. This approach, while enables us to attract and retain high-quality people, has allowed us to form a deeper connection with our customers and partners, and shows that being good is good for business.

Silver Chef continues its long-standing support of Opportunity International Australia and to date, the English Family Foundation and the Silver Chef Group have helped over 1,300,000 out of poverty through workplace giving, customer and company donations and fundraising activities.

During the year, the Company recertified as a B Corporation.

Outlook

Following a deliberate slowdown in acquisition growth as we work through the waiver period with our Lenders, we are now expecting half year on year acquisition growth in Australia and NZ will be down 10% and Canada up over 50%. This will flow through to softer revenue growth in the second half of FY19. The FY19 first half result will include one-off costs associated with the right-sizing of the business and costs associated with the capital management process.

Despite the deliberately slowed growth in hospitality originations, the longer-term growth prospects remain positive with a 100% focus on hospitality that will enable deeper customer insights and unlock growth. There will be an increased focus on dedicated hospitality channels, such as coffee and pubs and clubs, led by channel managers who hold extensive industry knowledge and experience. We will also continue our measured expansion in North America by continuing to build and strengthen key partnerships with local industry bodies, suppliers and equipment dealers.

I would like to finish by thanking the leadership team and our wonderful staff for their contribution and hard work during this most challenging year. I'd like to welcome Graeme Fallet who joined us as CFO in June and thank him for the significant work he has already completed on the Company's capital management strategy. My thanks also to our Board of Directors for their ongoing support.

I'm confident that the many opportunities we have in Australia, New Zealand and North America will deliver strong returns and value for our shareholders in the future and investors can be assured of my ongoing support for the Company.

I'd now like to hand over to our CEO, Damien Guivarra for an operational update.