MEDIA/ASX ANNOUNCEMENT
25 August 2016

SILVER CHEF LIMITED – STRONG GROWTH IN EARNINGS CONTINUES

	FY16	FY15	Change
Revenue ($ millions)	221.1	171.0	29%
Net profit after income tax ($ millions)	22.4	15.5	45%
Net profit after income tax but before one-off loan note break costs ($ millions)	23.4	15.5	51%
Net operating cash flows ($ millions)	119.7	103.3	16%
Rental asset base *	397.9	247.1	61%
Basic EPS (cents per share)	68.9	51.4	34%
Dividend - fully franked (cents per share)	42.0	36.0	

Highlights:

- Strong compound annual growth in underlying earnings per share continues
- Growth in hospitality rental asset base* higher than expectations up 30% on 30 June 2015
- Excellent growth in GoGetta rental asset base* up 86% on 30 June 2015, with record originations of $160.1 million for the full year
- Canadian business growing strongly in line with expectations
- Second half dividend of 25 cents, making full year dividend 42 cents up 6 cents on last year
- First time impact of deferring contract acquisition costs due to strong acquisition growth

Leading equipment financier Silver Chef Limited ("Silver Chef", ASX: SIV) has today reported net profit after tax of $22.4 million for the financial year ending 30 June 2016. As previously reported, the result includes a one-off after tax break cost of $1.0 million arising from the early redemption of $30 million of loan notes on 14 September 2015. As a result, the net profit after tax for the year is $23.4 million, which is within the earnings guidance range provided by the Company.

Silver Chef delivered another record phase of asset growth for the year, reporting 45% growth in the Group's rental asset base at cost. The Company also generated strong growth in originations, with hospitality up 50% and GoGetta up 84% on the previous period. Canada delivered on its aggressive growth strategy writing $12 million of new originations and doubling its rental asset base*.

* Rental asset base includes rental assets at written down value included in property, plant and equipment, rental contracts accounted for as lease receivables at amortised cost and capitalised upfront costs of lease origination

As a consequence of this strong performance, the Board has declared a fully franked final dividend of 25 cents per share, taking total dividends in respect of FY16 to 42 cents per share. The record date for the dividend will be 5 September 2016 and the payment date will be 16 September 2016.

Executive Chairman Allan English said: "Silver Chef has again delivered outstanding period on period growth in its rental asset base and in earnings per share. The Company has delivered 18% compound annual earnings per share growth since the Company's listing in 2005. Consistent with the first half of the year, growth in the GoGetta business has exceeded our own expectations and reflects the success we have had in developing deep relationships with equipment finance brokers in both the transport and construction channels. However, the reliable, sustainable performance in the Australian hospitality sector remains the engine room of the business and we again delivered growth well above general industry trend. Our New Zealand and Canadian businesses delivered on aggressive origination targets for the year and are growing in line with plan. Our outlook for both the Silver Chef and GoGetta brands remains buoyant."

Significant non-recurring items in the 30 June 2016 result

The statutory net profit after tax includes a one-off after tax break cost of $1.0 million arising from early redemption of $30 million of loan notes on 14 September 2015. While this is a substantial one off expense against the Company's current year earnings, the funding cost savings arising from refinancing these $30 million of loan notes is substantial over the period to September 2018 (being the original repayment date of the loan notes).

The statutory net profit after tax is calculated after also deferring costs associated with originating new rental contracts for the first time. Due to the relatively short duration of the Company's rental contracts the historical period to period effect of deferring upfront origination costs ("upfront costs"), had until this financial year not been material. The substantial volume of acquisitions written during this year relative to prior years now requires the Company to apply the cost deferral requirements of *AASB 117 Leases* with effect from 1 July 2015. Upfront costs are now deferred as part of the value of new plant and equipment financed under rental contracts and amortised over a twelve month period. The effect of applying this cost deferral policy for the first time has increased net profit after tax for the year by $3.7 million which relates to prior periods. Ongoing application of this accounting standard will provide more accurate matching of upfront costs with the rental revenue streams created.

The following table calculates underlying net profit after tax for both FY16 and FY15 after taking into account the items discussed above:

All $ millions (unless otherwise noted)	FY16	FY15	Change
Net profit after tax	22.4	15.5	45%
Add back loan note break costs	1.0	-	-
Net profit after tax but before one-off loan note break costs	23.4	15.5	51%
Less deferred cost impact relating to prior periods	(3.7)	0.9	-
Underlying net profit after tax	19.7	16.4	20%

Hospitality – Australia and New Zealand

The Silver Chef business in Australia and New Zealand exceeded expectations for the twelve-month period to 30 June 2016, with growth in its asset base of 30% against the previous corresponding period. The Company remains focused on maintaining key relationships with its dealer network. We also made significant investment during the year in our digital marketing strategy and this has generated excellent results through more targeted engagement with our existing customer base.

Growth in the hospitality brand's key channels of restaurants, cafes and bars remains strong. The coffee channel also performed strongly during the year as we continue to support the expanding market of boutique coffee roasters who provide coffee machines to their customers through a free on loan program in partnership with Silver Chef. The outlook for the hospitality sector in Australia and New Zealand remains strong and we anticipate ongoing growth in originations well above underlying industry growth.

Hospitality – Canada

The Canadian hospitality business performed well for the year delivering $12 million of originations, more than double that of the previous year. The business ends the year with a rental asset base of $16 million at cost, and is delivering a small accounting profit on a monthly basis. This growing business continues to be well supported by suppliers, equipment dealers and industry bodies in the local market and we have again set an ambitious origination growth target for FY17.

The prospects for our business in Canada are strong and we have accelerated our roll-out strategy to the Eastern Provinces in order to support our existing dealer and customer base who have national operations.

GoGetta

The GoGetta business delivered a record breaking result for the year generating originations of $160.1 million. This exceptional year on year growth has been achieved through building deeper relationships with the equipment finance broker network by focusing on the two key channels of transport and construction. FY16 has proven that our unique rental product has significant appeal to small business operators in the transport and construction channels and we have developed effective systems to manage the remarketing process should assets in the channels be returned to us in accordance with our flexible rental options.

The Company expects strong growth in the GoGetta portfolio again in FY17, particularly in light of our relatively small market share, but year on year originations will revert to a more sustainable growth rate. The Company continues to refine its approach to customer credit evaluation for the GoGetta business and we expect that this will yield improvement to portfolio credit performance and increase average contract length during FY17. We believe the general outlook for small business operators in the transport and construction channels remains positive, and our rental offering will become more attractive in an environment of tightening credit from traditional lenders.

Long Term Financing Arrangements

The Company's strategy of targeting existing rental customers with strong credit performance and transitioning them into more traditional long-term financing agreements continued successfully in FY16. The lease receivable portfolio doubled during the year and is performing well in respect of credit quality. This initiative creates long term income streams for the Company and creates options for customers.

Capital Management

In August 2015, the Company established a new $300 million syndicated banking facility. This facility significantly enhanced the Company's available debt capacity and improved key terms and conditions relative to its historical bi-lateral financing arrangement. The facility enables Silver Chef to borrow directly in New Zealand and Canadian dollars and has a staggered maturity profile, which assists in reducing refinancing risk. Part of the proceeds from the refinancing were used to redeem all of the loan notes with a face value of $30.0 million. These notes were redeemed on 14 September 2015 at a premium to face value of 103%. The refinancing of these notes will generate substantial interest savings over the period to the original maturity date of the notes in 2018.

In July 2016, the Company extended available capacity in its senior syndicated banking facility by $100 million. Extension of the facility is in line with the Group's long term financing strategy and provides further capacity to fund future growth in the Company's rental asset base. The additional $100 million tranche of senior debt matures in three years and was extended on similar terms to the existing $300 million facility which commenced in September 2015.

The Company successfully completed equity capital raisings in October 2015 and April 2016, placing shares to existing and new shareholders and raising a total of $34 million of additional equity capital net of costs. The funds raised from these placements are used entirely to fund growth in the Company's rental asset base and were conducted as part of Silver Chef's ongoing capital management strategy.

The Company continues to enjoy the support of its senior lenders and continuously reviews its capital requirements to ensure an appropriate mix and diversity of funding sources. The Company is making good progress in its discussions with a number of financiers around the application of a wholesale debt funding model to the Company's rental agreements and finance leases.

FY17 Earnings Guidance

As advised in July 2016, the Company has completed its annual budgeting and planning process for FY17 and anticipates FY17 net profit after tax in the range of $23 million to $25 million. To understand growth in underlying earnings between FY16 and FY17, the deferred cost impact recognised entirely in FY16 needs to be allocated to prior financial years in accordance with table above. In setting the FY17 budget, the Company has also taken a more conservative position in respect of provisioning for bad debts in the GoGetta business. While the Company has continued to refine its credit evaluation process progressively during FY16, the Company believes that additional provisioning against credit risk is prudent in the short term based on the significant growth in the GoGetta customer base observed during FY16 and the relative stage of maturity of that portfolio.

Based on these considerations, the FY17 earnings guidance range sees the Company continue to deliver compound annual growth in earnings per share ("EPS") of approximately 18%. The ongoing investment being made in Canada is expected to support high rates of EPS growth for the Group into the medium term.

A further update on the group's earnings outlook will be provided at the Company's annual general meeting in November 2016.

Succession Planning

The Board of Silver Chef is pleased to advise that Damien Guivarra will transition to the role of Chief Executive Officer effective from 3 November 2016, the date of the Company's Annual General Meeting. From that date, Allan English will return to the Non-Executive Chairman role, allowing him to focus more time on the English Family Foundation's activities.

Mr Guivarra was appointed to the role of Chief Operating Officer in October 2015. Over the last ten years he has played an integral role in the growth of the Company holding a variety of sales focused and operational management roles. Mr Guivarra 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.

The Board congratulates Mr Guivarra on his appointment to the CEO role and is confident in the quality of the wider leadership team to continue to deliver on shareholder, staff and stakeholder expectations.

Enquiries to:

Allan English	Damien Guivarra	Doug McAlpine
Executive Chairman	Chief Operating Officer	Chief Financial Officer
(07) 3335 3300	(07) 3335 3300	(07) 3335 3300

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.