

# Silver Chef Limited (SIV)

2010 Results Presentation



- FY 2010 Financial Results
- Business Overview
- Inside Our Business
- Financial & Investor Highlights
- Investment Proposition
- Summary

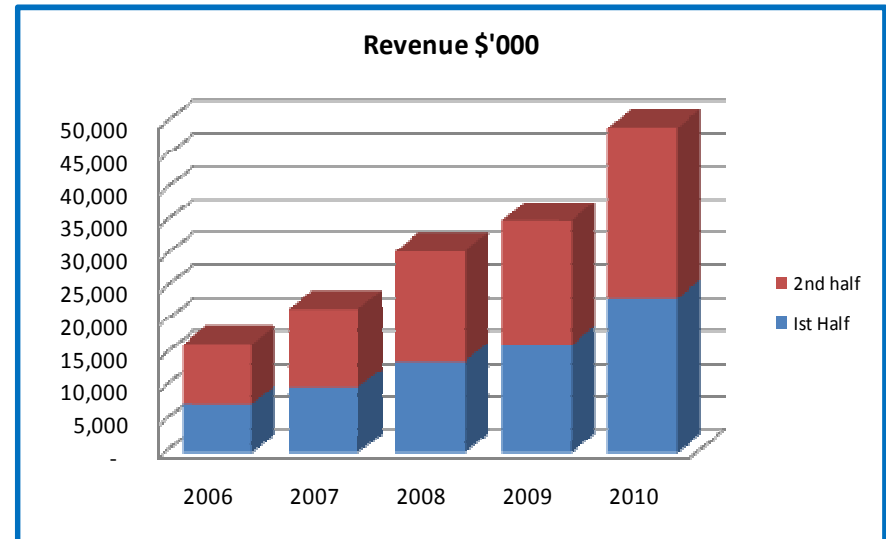
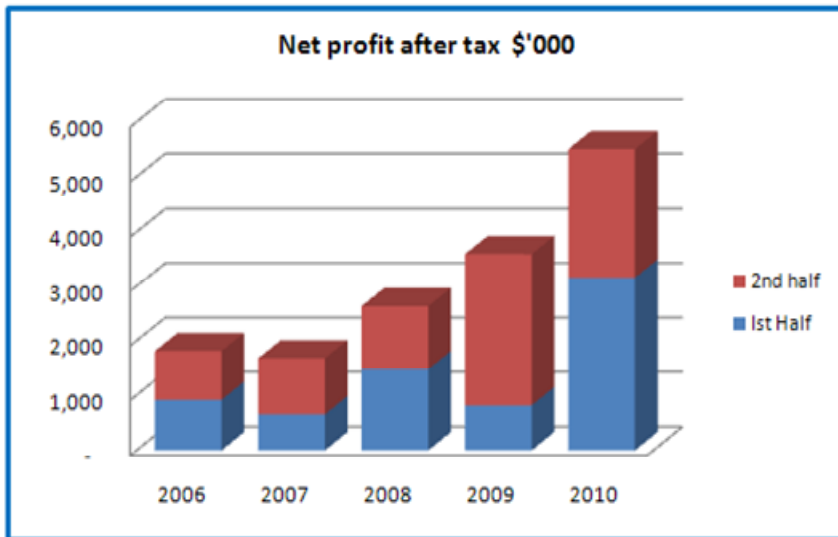


# FY 10 Financial Highlights

\$'000	FY 10	FY 09	Change
Revenue	49,352	35,221	40%
EBITDA	32,195	23,283	38%
EBITDA Margin	65%	66%	
NPBT	7,505	3,931	91%
Tax	(2,001)	(339)	
NPAT	5,504	3,592	53%
Basic EPS	28.0	22.5	24%
Annual DPS (cents per share)	18.0	14.0	29%
EBITDA/Interest Expense	10.8	7.5	43%
NPBT/Rental Income	15.3%	11.3%	36%
ROCE (EBIT/Capital Employed)	17.1%	14.6%	17%
Market Capitalisation	49,390	16,582	



# FY 10 Financial Highlights



# BUSINESS OVERVIEW

- Long Term Commercial Equipment Rental Company
- Primarily in Hospitality Sector
- \$109m assets under management
- Over 6,000 Clients
- 63m Market Capitalisation
- 23.1% CAGR in EPS since listing in 2005



## Overview – Our Success Story

- 24-year trading history
- The opportunity - pizza oven story
- Developing the “Rent. Try. Buy.” model
- ASX listing 2005
- Expansion - GoGetta launched in 2008



## Rent. Try. Buy. Model

- Low weekly rental
- 75% rebate
- One-year minimum term
- Flexible options that are client focused
- 13 Week Rental Bond





## Inside Our Business

What has the model delivered?

- Recurring annuity style income stream – 70%
- A large client base with low concentration
- Low bad debts
- 29-month contract average in Hospitality
- Strong investor returns since 2005



# RISK MANAGEMENT



## Managing Risk - CREDIT

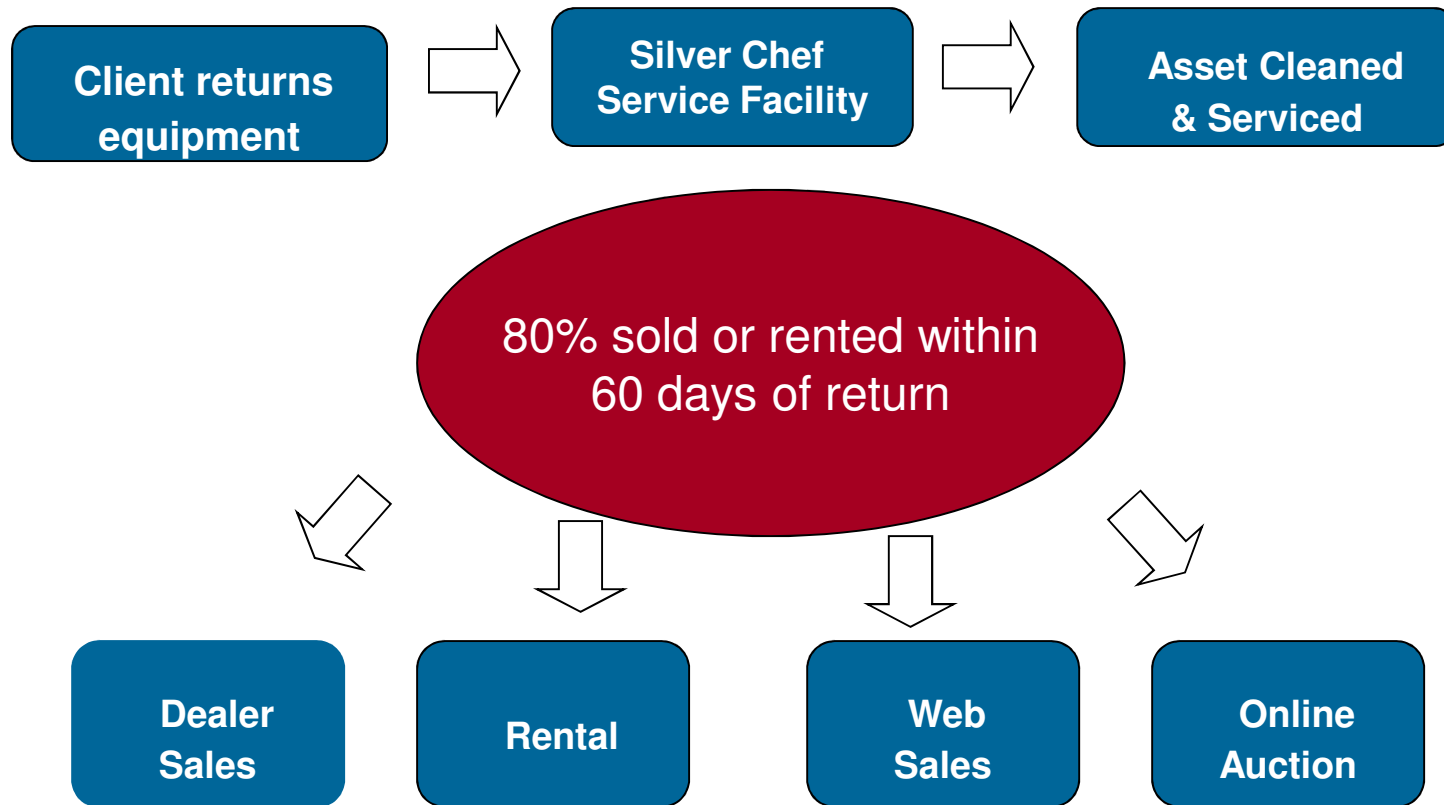
- Low bad debts
- Weekly in advance direct debts to accounts
- 13-week rental bond
- No client larger than 1%
- 50% to 60% credit approval rate
- Low bad debts



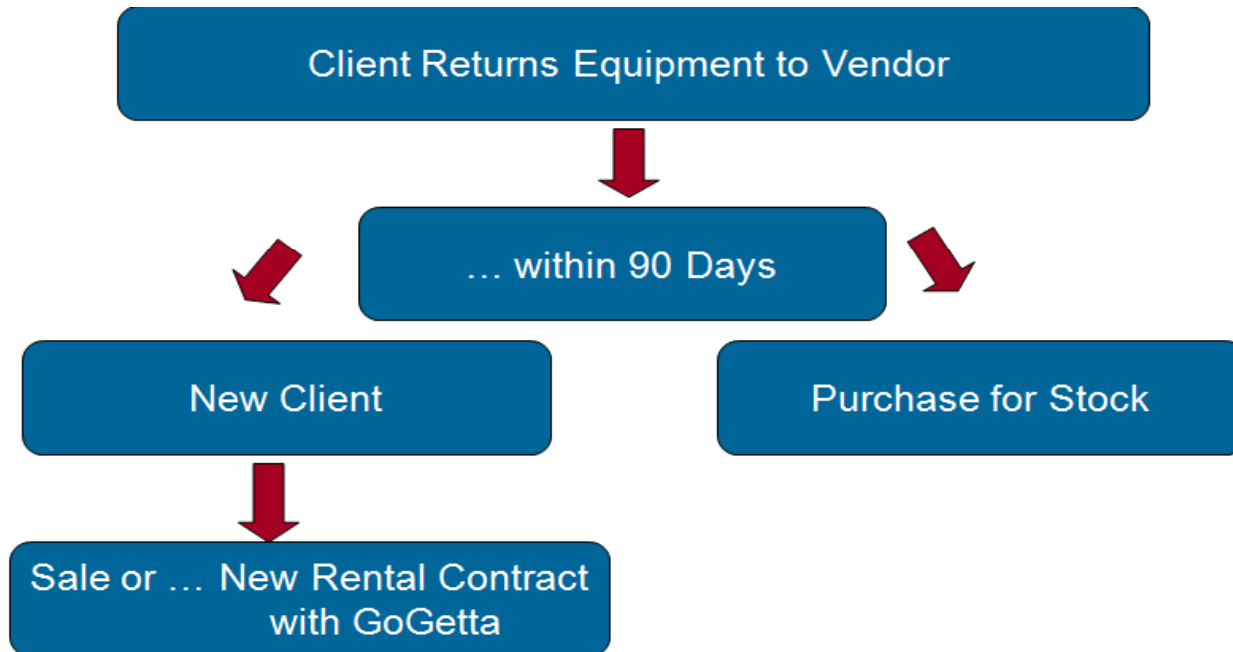
## Managing Risk - ASSET

- Finance - the business critical asset
- 95% of rental assets earning income
- Majority of rental assets ultimately purchased by client
- Residual asset risk mitigated

# Asset risk management - hospitality



# Asset risk management - GoGetta



## Managing Risk – Interest Rate

- \$30 million hedge in place @ 6.46% to April 2012 (71% of existing borrowings)
- Pro active interest rate risk management strategy
- Significant margin between WACC and rental rate

## Managing Risk – Other

- Internal audit & risk review process
- Risk identification and management process
- Robust business model
- Two important numbers – 80% & 80%



# FUNDING



## Inside Our Business - Funding

- 3 Year \$74 Million Debt Facility with CBA – drawn to \$43 million
- DRP in place to preserve cash
- Successful capital-raising program 2010
- \$45m per year internally generated



# OUR PEOPLE



## Inside Our Business - Our People

- Core Values – TRAFIC
- Investing in our people – Training Academy
- Incentive-based pay – Alignment
- Annual conference
- Experienced & dynamic leadership team
- Low staff turnover
- Experienced balanced board led by Allan English



# BRW Great Place to Work Survey

# 25<sup>th</sup>



*“Taking everything into account I would say this is a great place to work”*

90% Yes

*“Management has a clear view of where the organisation is going and how to get there”*

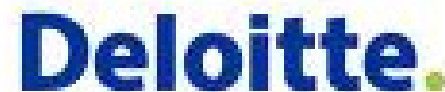
94% Yes

*“Management is competent at running the business”*

100% Yes

*“I’m proud to tell others I work here”*

90% Yes



# OUR CLIENTS



# Inside Our Business - Our Clients



## Our Clients

- Harry – our profile client!
- Engaging our clients
- The HISI report

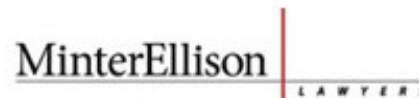
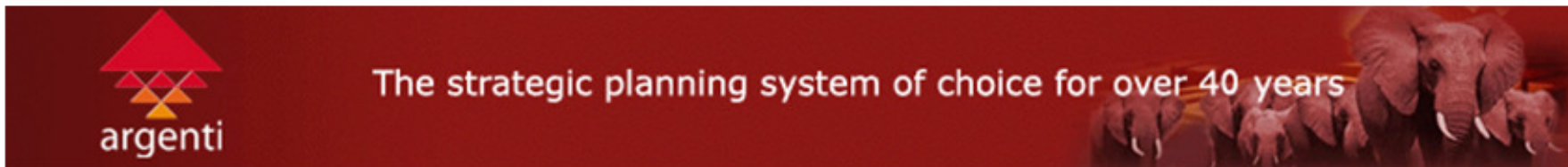




# STRATEGY DEVELOPMENT & EXECUTION



# Growth Strategies - Strategic Planning & Execution



## Growth Strategies -

Silver Chef Hospitality

Organic growth

Franchise market & broker strategy testing

GoGetta

Managed organic growth

Australian market, Sector strategy



# FINANCIAL & INVESTOR RESULTS

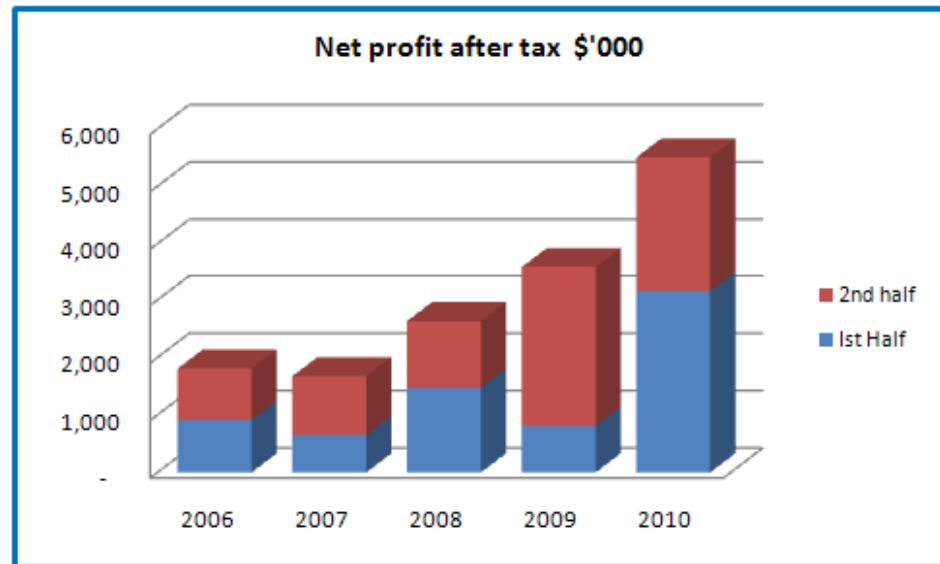


## Investor Highlights

- Market cap at ASX listing 2005
  - \$13.4 million
- Market cap August 2010
  - \$63 million (share price @\$2.90)
- 23.1% CAGR in EPS since 2005

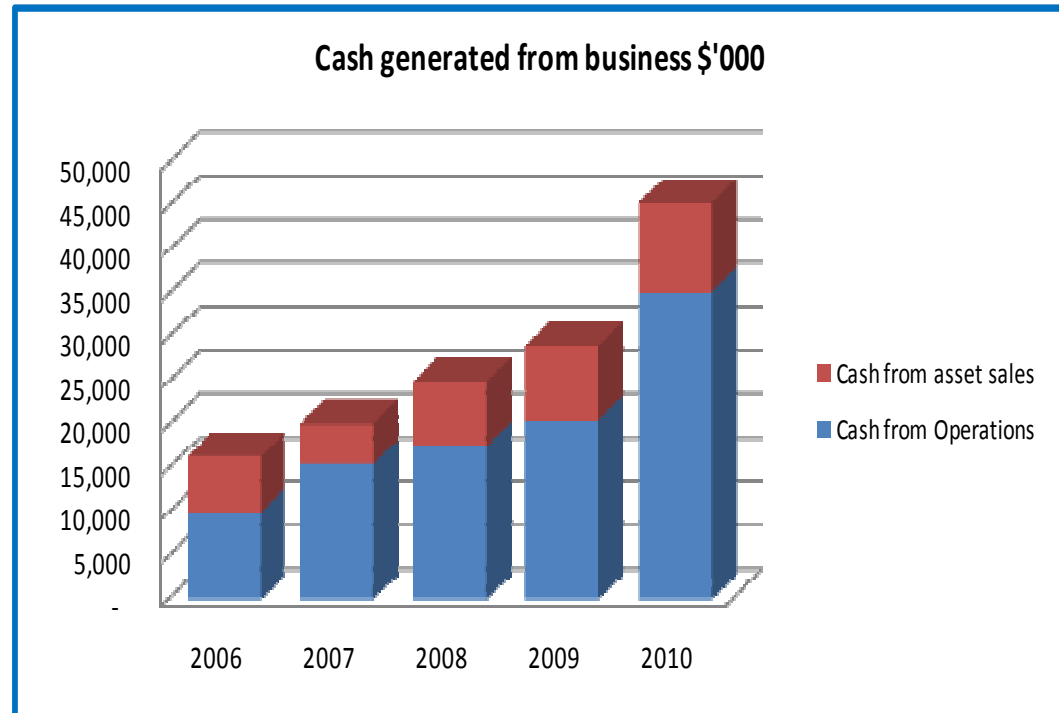
## Financial Highlights

- Revenue \$49.1 million up 40%
- NPBT \$7.5 million up 91%
- NPAT \$5.5 million up 53%
- EPS 28 cents per share up 24%

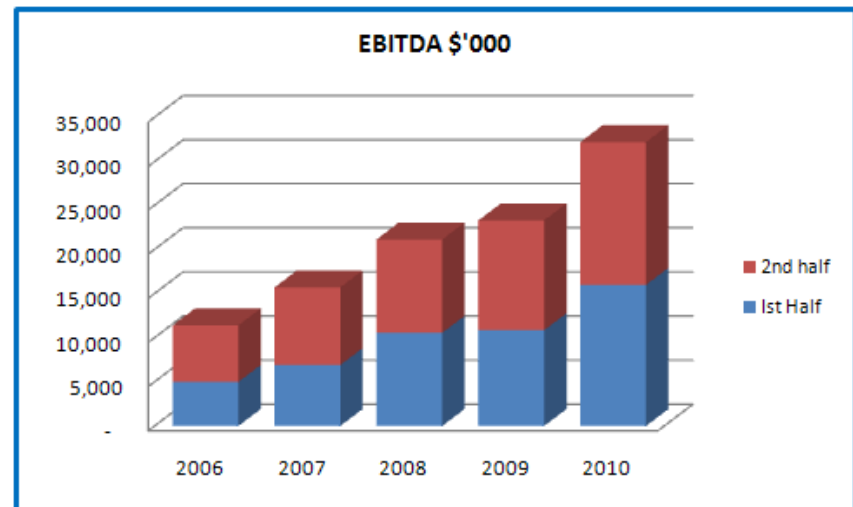
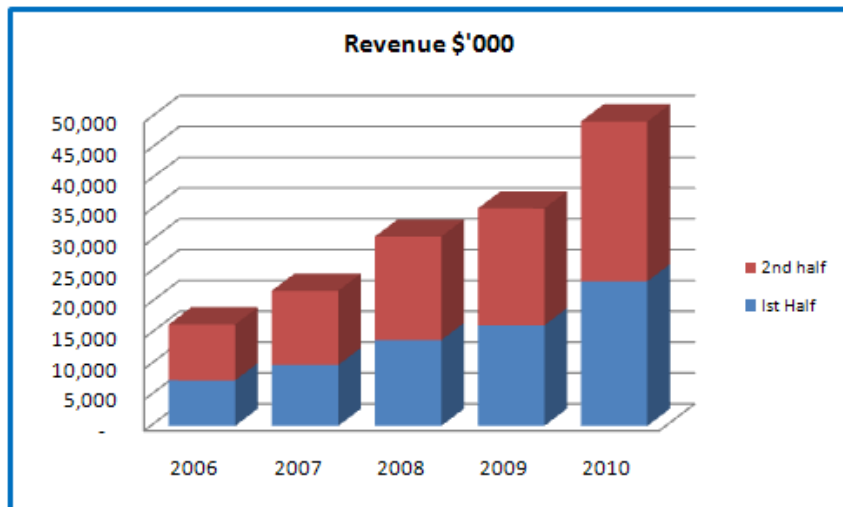


# Cash generated

- Cash generated from business increased 57%

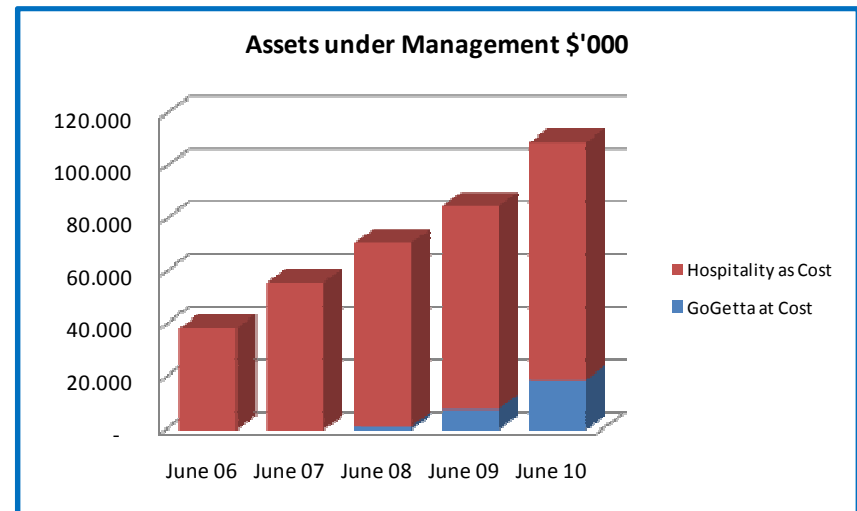
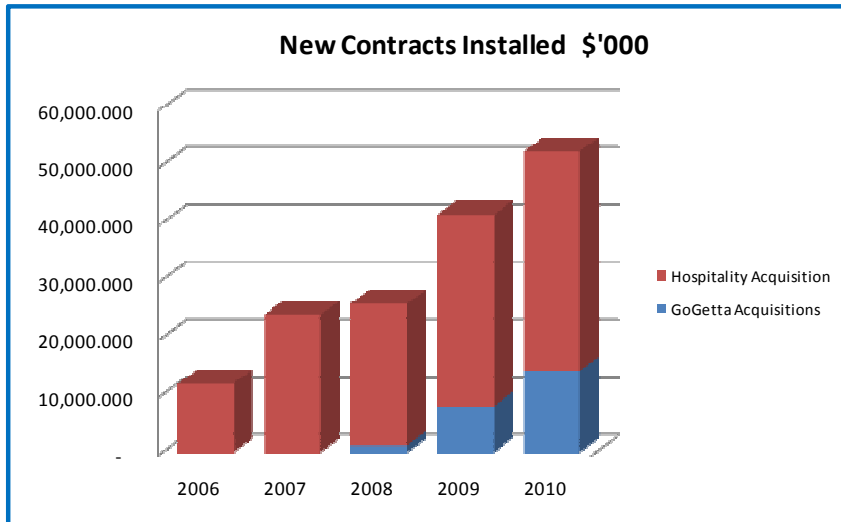


# Revenue/EBITDA Trend

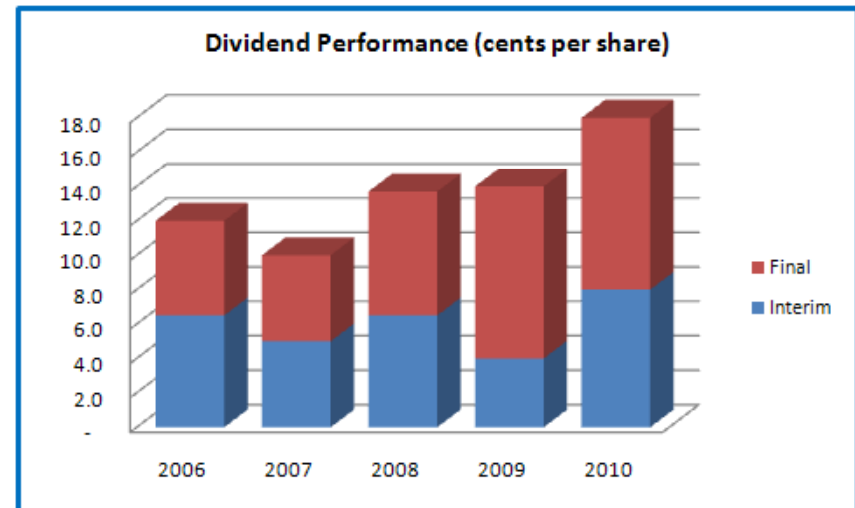
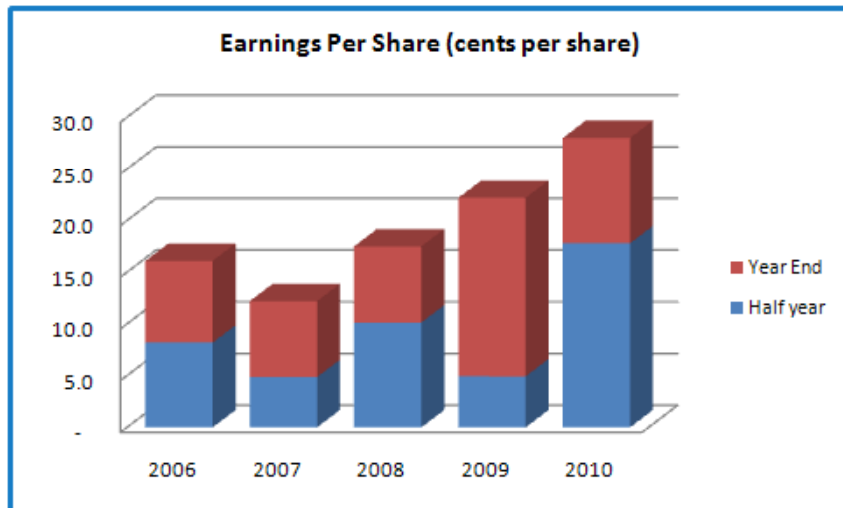




# Rental Asset Trends



# EPS/Dividend Trends



# Balance Sheet

\$ million	2010	2009
Cash/Receivables	5,116	3,631
Investment properties	4,020	6,452
Property Plant and equipment	73,460	57,375
Other Assets	846	1,135
Deferred tax assets	2,235	931
<b>Total assets</b>	<b>85,677</b>	<b>69,524</b>
Trade and other Creditors	1,631	910
Customer Security bonds	14,100	11,298
Provision for tax	1,842	(207)
Borrowings	42,794	42,091
Employee benefits	445	324
<b>Total Liabilities</b>	<b>60,812</b>	<b>54,416</b>
<b>Net assets</b>	<b>24,865</b>	<b>15,108</b>

- Commenced orderly liquidation of investment properties.
- Moved to tax liability from tax receivable due to affect of the investment allowance credit in 2009.

# New CBA facility

\$'000	Total facility	Drawn	Undrawn Facility
Commercial Bills	70,000.0	39,234.5	30,765.5
Property Loans	2,600.0	2,372.5	227.5
	72,600.0	41,607.0	30,993.0
Credit Cards	100.0	50.0	50.0
Equipment finance	300.0	100.0	200.0
Bank Guarantees	500.0	110.0	390.0
Direct Debit Limit	1,200.0	1,200.0	-
	74,700.0	43,067.0	31,633.0

- 3 year term
- Novation of existing interest rate hedges

# Potential Threats and Areas of Focus



## Summary

- Market innovator with unique business model
- Robust business model
- High degree of certainty – recurring income streams
- Successful risk management
- Strong Management team & Balanced Board
- Strategies in place for future growth in existing and new sectors



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