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hospitality equipment funding  
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ASX ANNOUNCEMENT – 19 August 2010

## Silver Chef Ltd lifts NPBT 91% in record annual result

### Highlights

- NPBT up 91% to \$7.5 million
- Rental income up 40% to \$49.1 million
- Pre-tax profit margin increases to 15.3% from 11.3%
- Fully year fully franked dividend 18 cps (2009:14 cps)
- EPS 28 cps (2009: 22.5 cps)

Leading business equipment financier **Silver Chef Limited (ASX Code: SIV)** today announced record full year financial results after a 40.7% lift in rental incomes drove net profit before tax (NPBT) 91% higher to \$7.5 million.

Chairman Allan English said Silver Chef's strategy of organic growth of its two equipment rental divisions during the year ending June 30 resulted in the Company's best financial performance since its 2005 ASX listing.

Silver Chef grew rental assets under management by 29.5% during the year across its two business divisions, Hospitality and the newer GoGetta division which finances a broad range of commercial equipment. Net operating cash flows also increased by 71% to \$35.2 million.

Net profit after tax (NPAT) rose 53% to \$5.5 million (2009: \$3.6 million) after taxation expenses increased to \$2million for the year, compared with \$0.3 million in 2009. The company had benefited from a lower 2009 tax expense due to an investment allowance that applied to qualifying assets.

Silver Chef also announced a final dividend of 10 cents per share fully franked taking the Company's full year dividend to 18 cents per share fully franked. The payment is 28.6% higher than the 2009 dividend of a fully franked 14 cents per share.

The Company increased earnings per share (EPS) to 28 cents per share (2009: 22.5 cps).

### Results summary

Item	FY2010	FY2009	Change
Rental Income	\$49.1 million	\$34.9 million	+ 40%
NPBT	\$7.5 million	\$3.9 million	+ 91%
Pre-tax profit margin	15.3%	11.3%	+35%
NPAT	\$5.5 million	\$3.6 million	+ 53%
Final Dividend	10cps	10cps	-
Annual Dividend	18cps	14cps	+28%
EPS	28cps	22.5cps	+24%
Assets under management	\$109.4 million	\$84.5 million	+29%
Net Operating cash flows	\$35.2 million	\$20.5 million	+71%
Shareholder equity	\$24.8 million	\$15.1 million	-

## Results review

Mr English said the Company had performed exceptionally well throughout the year. Rental income had been slightly stronger in the second half compared with the first half, reflecting continuing momentum in growth generated by the larger volume of assets under management.

"This record result has confirmed the strength of our rent-try-buy equipment finance offer in the marketplace," Mr English said. "The small-to-medium sized businesses we target are very enthusiastic about our offer because it allows them to finance equipment purchases from operating cash flows and retain working capital to grow their businesses."

Silver Chef Chief Executive Officer Charles Gregory said the Company had increased rental assets across the hospitality and GoGetta divisions during the year. Total rental assets under management, at cost, increased 29.5% to \$109.44 million from \$84.5 million in 2009.

"Our Hospitality division now has \$90.37 million in rental assets, an increase of 17.9%, and GoGetta's assets more than doubled off a lower base, increasing to \$19.07 million from \$7.87 million a year earlier," Mr Gregory said.

"The growth in our rental assets reflects demand from customers in our core Hospitality division and the increases in business volumes we are achieving in the newer GoGetta division, which has now been operating for two years."

## Half Year trading review.

The following items are identified to assist in the analysis of the two six month periods in the financial year.

	<b>1<sup>st</sup> Half</b>	<b>2<sup>nd</sup> Half</b>	<b>Full Year</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax	4,201	3,304	7,505
Included in above profit were the following items			
Gain/(loss) in fair value of interest derivative	222	(243)	(21)
Loss due to fair value adjustment for investment properties	(23)	(537)	(560)
Bad debt expense	(654)	(950)	(1,604)
Sale of used equipment	4,470	5,711	10,181
Cost of sale used equipment	(5,017)	(7,205)	(12,222)
Loss on sale of used equipment	(547)	(1,494)	(2,041)

## Funding

Silver Chef increased equity funds during the year via a \$6.53 million entitlement offer and share placement finalised during the year. After the end of the financial year, on July 29, 2010, Silver Chef announced it had replaced a \$45 million funding facility with a \$74.7 million three-year facility from a new lender chosen through a tender process, Commonwealth Bank of Australia.

## **Dividend**

The Board has approved a final dividend of 10 cents per share fully franked, payable on 30 September 2010. Shareholders will be able to utilise a Dividend Reinvestment Plan introduced during the year.

## **Outlook**

Mr Gregory said Silver Chef in FY2010 completed essential groundwork for expanding the business and was now entering its next growth phase.

"Silver Chef took significant steps during the past year to strengthen the Company's operating and financial structures," Mr Gregory said.

"We completed our leadership transition on 1 July 2010 as part of our strategy to prepare Silver Chef for additional opportunities. Silver Chef also activated business plans which are focused on continuing growth in our two divisions, Hospitality and GoGetta.

"Silver Chef is expecting to continue delivering growth through the 2011 financial year. At 30 June 2010 we had \$109.4 million of rental assets under management and we plan to grow this asset base, lifting our rental income and profit.

"Our growth plans for the 2011 financial year are underpinned by our newly expanded funding facilities. Silver Chef's new \$74.7 million facility from the Commonwealth Bank and our internally generated cash flows of approximately \$45 million plus a year give us more-than-adequate funding options to grow the business."

Neil Burton  
Company Secretary

## **ENDS**

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## **About Silver Chef**

Silver Chef was established in 1986 to help businesses fund their equipment needs through our Rent-Try-Buy Solution. 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 long term rentals of commercial equipment to small-to-medium enterprise.

The Company has nation-wide operations and operates under two brands: Silver Chef - hospitality assets; and GoGetta - broader commercial equipment.