



## ASX ANNOUNCEMENT

27 August 2012

### **Silver Chef delivers another year of strong profit and progress towards achieving its long term strategic goals**

#### **Financial Highlights Full Year 2012 compared to Full Year 2011**

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- Rental income \$84.0 million, up 34.0%
- Rental assets (at cost) \$185.4 million, up 31.3%
- NPAT \$9.0 million up 34.4%
- Operating cash flow \$56.4 million, up 29.7%
- Basic EPS 37.4 cents, up 25.9%
- Final dividend 14.5 cents per share, taking the full year fully franked dividend to 24 cents per share (2011: 20 cents per share)
- Dividend Reinvestment Plan to be reintroduced for final dividend payable 28 September 2012

Leading Australian business equipment financier Silver Chef Limited (ASX Code: SIV) has delivered another solid profit result with growth in rental income and rental assets for the year indicating that the Company is on track to meet the strategic goals set in 2010.

For the year to 30 June 2012, revenue increased by 33.8% to \$84.2 million (2011: \$62.7 million) and net profit after tax (NPAT) rose 34.4% to \$9.0 million (2011: \$6.7 million). Rental assets (at cost) grew 31.3% to \$185.4 million.

From a shareholder perspective, the good operational result is reflected in a return on average equity (ROE) of 23.6%, which is stable on an increased capital base compared to the previous year. Return on average assets (ROA) of 14.6%, increased slightly from 14.5% in 2011 and earnings per share of 37.4 cents, is an increase of 25.9% on the previous year.

Silver Chef's Chairman Allan English said the Board was pleased to declare an increased final dividend of 14.5 cents per share, fully franked, payable on 28 September 2012, taking the full year dividend to 24 cents per share, up from 20 cents per share in 2011.

"This is a great outcome for shareholders and reflects another significant year of growth for the Company."

#### **Silver Chef Limited**

Park Tower, 20 Pidgeon Cl, West End Q 4101  
PO Box 1760 Milton BC Q 4064  
ABN 28 011 045 828

**P** 07 3335 3300  
**F** 07 3335 3399  
**E** [admin@silverchef.com.au](mailto:admin@silverchef.com.au)

[www.silverchef.com.au](http://www.silverchef.com.au)



The Board has also decided that the Dividend Reinvestment Plan will be reintroduced for the final dividend payable on 28 September 2012.

Silver Chef's Chief Executive Officer Charles Gregory said "The Company has achieved successful growth into new and existing sub sectors within the food retailing sector in Australia".

"Our entry into the New Zealand market, our first offshore expansion is already producing good results in the first eight months of operation."

Mr Gregory attributed the core values, which are applied in decision making and interaction with all stakeholders, and culture at Silver Chef as being major contributors to the company's achievements.

"This was evident in our placement in the BRW's 50 Great Places to Work list for the third successive year, ranking at number 19 in 2012," he said.

"Our values have stood the company in good stead and will continue to do so as we strive to achieve the long term strategic goals, delivering growth for the business and value for the shareholders."

### **Capital Raising**

In March 2012 the Company successfully raised \$10 million through a two for 13 rights issue and extended the existing Commonwealth Bank debt facility from \$70 million to \$110 million to fund the purchase of additional rental assets in the Silver Chef business.

Internally generated cash flows funded 73% of the \$93 million in rental asset acquisitions during the year with balance funded through additional debt and equity which was well supported by shareholders.

The Company's gearing (net debt/net rental assets) remained stable at 52.2% at year-end while the mix of debt to total capital (debt plus equity) reduced to 59.7%.

### **Risk Management**

Risk management has a high priority at Silver Chef. The nature of the Company's business exposes it to two fundamental and ongoing risks – credit risk exposure to the customer base and the residual asset risk inherent in the rental asset base. Both risks were managed well during the year, evidenced in the decline in bad debts as a percentage of revenue to 0.7% (FY11: 2.7%).

The Company has over 12,000 rental agreements in place, with a significant portion of rental income for FY13 already contracted in FY12 building a strong recurring income stream.

Silver Chef's ability to refurbish and re-market used equipment efficiently also contributed to the year's outstanding performance.

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## Results summary for the Full Year ended 30 June 2012

Item	FY 2012	FY2011	Change
Rental income	\$84.0m	\$62.7m	+34.0%
Rental assets (at cost)	\$185.4m	\$141.3m	+31.3%
NPBT	\$13.1m	\$9.7m	34.7%
NPAT	\$9.0m	\$6.7m	+34.4%
Operating cash flow	\$56.4m	\$43.5m	29.7%
Basic EPS	37.4cps	29.7cps	+25.9%
Dividend (fully franked)	24.0cps	20.0cps	+20.0%

### Business Review

The Company has two divisions, Hospitality (Silver Chef) and GoGetta which provides equipment funding to small to medium sized businesses throughout Australia and New Zealand (Hospitality)

#### Hospitality

Silver Chef's hospitality division has performed in line with expectations over the year due to the Company's strong industry position, a resilient café and takeaway retail sector, significant growth in retail asset acquisition derived from the franchise sector and the Company's entry into the New Zealand market. The Company experienced successful growth into new sub sectors, notably food outlets in the franchise sector. Over 100 franchise brands were funded during the year.

Overall revenue for the division increased to \$60.1 million for the year to 30 June 2012, up 22.1% from \$49.2 million for the same period last year.

Asset acquisitions increased 31.4% to \$56.0 million as at 30 June (2011: \$42.6 million).

#### GoGetta

GoGetta, which provides equipment funding to a range of commercial industries, has also performed in line with expectations during the year, delivering solid growth in its fourth full year of operation. Revenue for the year was \$23.9 million, an increase of 77.4% over the previous year of \$13.5 million. Asset acquisitions increased 53.3% to \$37.0 million (2011: \$24.1 million).

The introduction of the Go.Own.Plus longer term rental model, which met customers existing needs, and promoted a longer contract tenor contributed towards the brand achieving a longer contract term.

Initial take up has been encouraging.

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## **Strategic Focus and Outlook**

Silver Chef's continuing success is its customer focus. The Company has experienced strong growth since listing in 2005, with market capitalisation currently around \$100 million, over 120 people employed across Australia and New Zealand and two client focused brands, each a solid business in its own right. The Company continues to ensure it has appropriate diversification in its business and funding to support the growth opportunities.

Mr Gregory said "the Company is looking forward to another year of growth both in Australia and New Zealand from both the Silver Chef and GoGetta business brands".

**For more information please visit our website [www.silverchef.com.au](http://www.silverchef.com.au) or contact:**

Charles Gregory  
Chief Executive Officer  
Silver Chef Limited  
Tel 07 3335 3300  
Mobile 0488 006 981

## **About Silver Chef**

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

The Company operates nation-wide and recently commenced operations in New Zealand and trades under two brands: Silver Chef – hospitality assets and GoGetta – broader commercial equipment.

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