

FY19 PRELIMINARY UNAUDITED FINAL RESULTS

Year in Review:

- Reported Statutory Net Loss after Tax of \$18.6M
- Underlying¹ Hospitality (inclusive of Group overheads) Net Loss before Tax of \$10.6M
- Deliberate slowdown of Hospitality originations due to capital constraints
- Hospitality restructure undertaken expected to realise \$5M savings in FY20
- Launch of the Silver Chef Online Application Portal
- GoGetta run off continuing in line with expectations with approximately \$150M cash generated.

Silver Chef Limited ("Silver Chef" ASX: SIV) today reported a statutory net loss after tax of \$18.6 million, driven largely from costs associated with implementation of the Capital Management Plan, a deliberate reduction in Hospitality originations, restructuring costs and the application of the new accounting standard, AASB9 Financial instruments.

Summary Statutory Results

(\$ millions unless otherwise stated)	30 June 19	30 June 18
Revenue	235.4	287.1
Net profit/(loss) before income tax	(25.1)	(68.4)
Net profit/(loss) after income tax	(18.6)	(48.8)
Net operating cash flows	173.5	165.9
Hospitality rental assets and lease receivables [#]	422.0	429.4
Basic EPS (cents per share)	(47.4)	(124.5)

Note: The above financial result is unaudited. Tax deferred asset recoverable value is dependent on the successful recapitalisation of the Company and compliance with tax legislation. Audited Financial Statements are expected to be completed no later than 30 September 2019. [#] Rental assets at cost include capitalised upfront costs of lease origination and lease receivables at amortised cost.

Chief Executive Officer, Damien Guivarra said, "FY19 has been a very challenging year following the deliberate slowdown of originations while the Company sought to raise the necessary capital required by the Company's financiers to recapitalise the Company. While this has materially impacted the Company's FY19 earnings the business has made significant progress in the Business Transformation project outlined in FY18."

¹ Please refer to the table "A reconciliation of underlying net profit / loss before tax to statutory net loss before tax"

Hospitality Operational Review

The Hospitality asset base reduced during the year following the deliberate slowdown of acquisitions in September 2018. The slowdown was a direct consequence of the capital constraints placed on the business following the breach of financier covenants at 30 June 2018.

The Underlying¹ loss for the Hospitality business inclusive of Group overheads is \$10.6 million.

Table – A reconciliation of underlying net profit / loss before tax to statutory net loss before tax

(\$ million unless otherwise stated)	Hospitality Direct	Group Overheads	Hospitality Total	GoGetta Direct	Group
Statutory profit/(loss) before tax	10.4	(27.7)	(17.3)	(7.8)	(25.1)
Capital Management Plan costs	-	3.9	3.9	-	3.9
Restructuring costs	0.8	2.0	2.8	0.2	3.0
ASIC remediation provision	-	-	-	2.0	2.0
Underlying earnings before tax	11.2	(21.8)	(10.6)	(5.6)	(16.2)

During the year the overall Hospitality asset base decreased by 2% to \$422 million[#]. Globally originations were \$164 million, a reduction of \$21 million on the prior year.

Global Originations* and Rental Assets including Lease Receivables[#]	2019	2019	2018	2018
(\$ million unless otherwise stated)	Originations	Assets	Originations	Assets
Australia	128	334	149	354
New Zealand	14	41	17	38
Canada	22	47	19	37
Total	164	422	185	429

*Includes re-rentals

[#] Rental assets at cost include capitalised upfront costs of lease origination and lease receivables at amortised cost.

GoGetta

The run-off of the GoGetta book continues to perform in line with expectations with approximately \$150 million of cash generated since commencement. Impairments taken during FY18 largely protected the Company against the downside risk inherent in the back end of the process. Importantly, this has left a quality 'good' book of over 1,500 customers with quality assets paying their weekly rent, which will deliver cashflows over the coming 12 to 24 months.

The net bank debt at 30 June 2019 was \$6.7 million and is expected to be less than \$3 million by 31 August 2019.

Management continues to work with ASIC to resolve the formerly communicated matter regarding the GoGetta business.

¹ Please refer to the table "A reconciliation of underlying net profit / loss before tax to statutory net loss before tax"

Business Transformation

Silver Chef has continued to execute its multi-year Business Transformation Project which is aimed at returning the Company to its consistent, predictable and proven hospitality only business model. Several milestones over the year include:

- Implementation of an enhanced credit risk framework delivering improved bad debt and impairment metrics;
- Implementation of a \$5 million Cost Out Program to reset the cost base of the business;
- Launch of the Silver Chef Online Application Portal and subsequent roll out to 350+ dealers in Australia and 90+ dealers in Canada – delivering internal efficiencies and improved customer experience;
- Delivery of a new Global sales framework – driving consistent quality and growth;
- Execution of a new Partner Incentive/Engagement Platform – delivering growth through the traditional dealer market.

Capital Management Plan

The Group has been in breach of its debt covenants under its Syndicated Debt Facility and its Securitisation Warehouse Facility since 30 June 2018. Waivers have been extended through the period conditional on a minimum capital requirement of \$45 million to be available to repay the Syndicate Debt Facility and to ensure the Syndicated Lenders' Hospitality net debt to net rental asset ratio is no greater than 65%.

The Company pursued several alternative options during the period to raise the necessary capital to recapitalise the Company. Following an exhaustive process, the Company announced on 11 April 2019 that it had received an indicative, non-binding conditional offer from Next Capital Pty Ltd to acquire all the shares in Silver Chef.

Scheme of Arrangement

On 3 July 2019 the Company announced it had entered into a binding Scheme Implementation Agreement with a consortium of investors investing under the leadership of Next Capital Pty Ltd to acquire all the shares in the Company (except those shares elected to be retained by the Founder Shareholders) by way of a scheme of arrangement (Scheme). In addition, the investors also agreed with financiers to provide additional working capital to the Company subject to the Scheme being implemented. The amount of capital to be provided to the Company is sufficient to remedy the debt covenant breaches under the Syndicated Debt Facility and its Securitisation Warehouse Facility and provide working capital to meet the Company's current growth projections.

Silver Chef will hold a general meeting at 1:00 pm on Friday, 6 September 2019 at Avro Room, Royal on the Park, 152 Alice Street, Brisbane, Queensland 4000. The Silver Chef Scheme Meeting and the Founder Shareholder Scheme Meeting will be held following the general meeting at the same location.

Going Concern

The preliminary financial report has been prepared on a going concern basis, on the basis of the Director's recommendation to shareholders to accept the Scheme which is supported by the Company's financiers. Refer Note 1(g) of the Preliminary Financial Report.

The Company's financiers have provided waivers until 30 November 2019 conditional on implementation of the Scheme. If the Scheme is terminated and after a 30 day negotiation period the Company and the financiers are unable to agree on a viable alternative proposal, then the Group's financiers will have the right to seek repayment of the Group's outstanding borrowings. If this occurs, there is significant uncertainty that the Group will continue as a going concern and it may be required to realise assets at amounts different to their carrying amounts and settle liabilities other than in the ordinary course of business.

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About Silver Chef

Silver Chef was established in 1986 to help businesses fund their equipment needs through the 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 rentals of commercial equipment to small-to-medium enterprise. The Company has operations in Australia, New Zealand and Canada.

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