



SILVER CHEF LIMITED
2019 ANNUAL GENERAL MEETING

2.00pm

MONDAY 18 NOVEMBER 2019
CHAIRMAN'S ADDRESS - ALLAN ENGLISH

Introduction

Good afternoon ladies and gentlemen and welcome to the 15th annual general meeting of shareholders of Silver Chef Limited. For those of you who don't know me, my name is Allan English and I am the founder and Non-Executive Chairman of Silver Chef Limited.

The Notice of Meeting was despatched to all shareholders and I propose to take the notice as read and now declare this annual general meeting open.

I would like to begin by introducing my fellow Directors and seated at the table with me are Andrew Kemp, Bede King, Sophie Mitchell and Patrick Tapper.

We also have our CEO, Damien Guivarra and CFO and Company Secretary, Graeme Fallet in attendance.

We acknowledge the attendance of the Company's external auditor Jillian Richards from KPMG along with representatives from the Company's legal advisor Jones Day.

The 2019 year was always going to be a challenging year following the write-downs taken in 2018 and the requirement to raise significant capital to remedy the Company's bank defaults.

You will all recall that in February 2018 we announced the decision to exit the Go Getta business and commenced an orderly run down of the Go Getta book. The company also restructured the Hospitality business and undertook a detailed review of its customer arrears and its idle and suspended rental assets.

The combination of these two events saw the company breach its lending covenants by material amounts.

To rectify this the Company settled on a parallel process of introducing subordinated debt to Silver Chef's capital structure while at the same time exploring options to raise funding from private equity and other sources.

After protracted negotiations with our banks the Board, with the support of the banks, recommended the effective sale of the Company to Next Capital via a Scheme of Arrangement.

Following the recommendation to shareholders, Blue Stamp Company, Silver Chef's second largest shareholder advised that it intended to vote against the Scheme and proposed a \$60m recapitalisation.

While the Board supported the Blue Stamp proposal and was well advanced in increasing the recapitalisation above \$60m, the Company was unable to agree acceptable terms with its banks. The Blue Stamp proposal was withdrawn with the agreement of Blue Stamp Company and this ultimately resulted in the recommendation being voted on today to sell the Hospitality Business to Next Capital.

Following completion of the sale if approved today the board will consider the most tax effective means of distributing the proceeds of the sale.

One of the considerations in respect to timing will be the progress in dealing with ASIC in respect to finalising customer remediation in respect to a number of GoGetta light commercial vehicle contracts that the regulator considers as constituting consumer lending without an appropriate licence.

We expect that this remediation will take place over the next six months.

Given this and the need to consider the structure of the distribution, we are hopeful that an interim distribution can be made in the second half of this financial year.

We expect to realise approximately \$20 million from the GoGetta book out of which we have provided \$5.8 million for customer remediation and related costs. We will keep shareholders informed of progress in respect to GoGetta.

Throughout FY19 the Company carefully managed a reduction in Hospitality originations to preserve capital, which negatively impacted profitability.

A statutory net loss after tax of \$64.9 million was incurred for the year ended 30 June 2019, the main component of this loss being the \$44.7 million derecognition of tax assets following the expected sale of the hospitality business. In addition, costs associated with implementation of the capital management plan and other restructuring costs were expensed. Full details are contained in the statutory financial report sent to Shareholders.

During the year under review management achieved several operational milestones:

- Launch of the SilverChef online application portal and subsequent rollout to 350 plus dealers in Australia and 90 plus in Canada
- Delivery of a new Global sales framework
- Execution of a new partner incentive and engagement platform delivering growth through the traditional dealer market
- A further restructure of the Hospitality business with implementation of a \$5m cost out program to reset the cost base of the business

- Continued run down of the Go Getta book with zero net debt outstanding to the banks at the end of September 2019
- Implementation of an enhanced credit risk framework delivering improved bad debt and impairment along with more sophisticated budgeting capabilities required following adoption of the accounting standard dealing with financial instruments AASB9.

Subject to the shareholder vote later in the meeting and completion of the transaction this will be my last meeting as Chair of Silver Chef as I intend to step down as Chairman with Andrew Kemp to succeed me.

While I intend to stay on as a Board member post completion of the sale of the Hospitality business, Sophie Mitchell and Patrick Tapper will be stepping down from the Board upon completion of the transaction expected to be on 29th November 2019.

I would like to offer my personal thanks to both Sophie and Patrick for their contribution during their time on the Board and in particular to Sophie who led the independent Board committee through the sale process.

On a personal note, after 33 years since founding the business and with many stellar performances as a listed company in prior years, the past two years has been extremely disappointing with significant loss in shareholder value. Many of the decisions made were on assumptions of very different outcomes.

As the founder and largest shareholder I share your pain and disappointment.

I will now proceed to the formal part of the meeting.