

9 May 2019

Stealth Global settles ISG acquisition

Highlights

- Stealth has successfully settled the acquisition of Industrial Supply Group (ISG) for \$1.0 million, payable over a two year period and funded from existing cash reserves.
- ISG is a large highly complementary Australia-wide distribution business with a combined trading volume of approximately \$180m+ across its 27 members.
- The transaction rationale:
 - provides the Stealth group an immediate Australia-wide footprint to expand its business,
 - delivers greater overall group-wide buying power,
 - strengthens the group's offering to customers and suppliers by leveraging its integrated distribution portfolio,
 - offers competitive advantage to ISG members through new value added services and products,
 - improves competitiveness against multinationals and larger operators.
- ISG is targeting FY2020 revenue of \$2.0m and EBIT \$0.3m. Transaction costs are recognised in FY2019.



Stealth Global Holdings Ltd (ASX: SGI) ('the Company' or 'Stealth'), an international supplier and distributor of safety, industrial, healthcare, and workplace consumable products' to business customers is pleased to advise it has closed the acquisition of Industrial Supply Group (ISG) announced on 17 April 2019. The \$1.0m consideration is payable over a two year period and is fully funded from Stealth's existing cash reserves. The acquisition is expected to be EPS accretive for Stealth.

ISG is a coalition of 27 independent industrial supply companies servicing customers Australia-wide with a capacity to service national accounts. ISG members cover all states of Australia and offer a comprehensive range of industrial supplies, equipment, safety gear and associated workplace consumable products to business customers. Stealth's Heatleys business has been a member of ISG for more than 10 years, and the acquisition delivers an Australia wide distribution network and increased capability to compete with larger competitors and multinationals.

The integration of ISG's member network of 30 trade outlets across Australia with the Stealth Group's emerging national and international distribution portfolio provides a compelling and unique competitive point of difference. Growth is expected for ISG members and the Stealth group by leveraging the strength of partnerships across the integrated distribution portfolio to better serve its customers. Revenue and profit expansion is supported by utilising members operational platform to expand product range and fulfil service delivery arrangements. ISG's annual member conference to be held in June 2019, provides the forum to embark on future initiatives.

ISG is expected to generate revenue of around \$1.3m and underlying profit around \$0.2m in FY2019. Stealth will only recognise this on a pro-rata basis from the transaction completion date.

Stealth Managing Director Mike Arnold said: “The acquisition of ISG is Stealth’s third significant strategic initiative since listing on the ASX in October, following the acquisition of Heatleys and the establishment of BSA brands in the UK, a 50/50 Joint Venture with Bisley Workwear. Bisley is the market leader of specialist branded workwear apparel in Australia.

The acquisition of ISG is consistent with Stealth’s growth strategy and business model, and is expected to deliver significant strategic benefits to our Australian business. For only a modest capital outlay Stealth has gained a national partnership network of strong independent distributors that significantly increases its ability to compete against larger national and multinational competitors at a national level.

Importantly, Stealth has also maintained a solid balance sheet following our recent strategic initiatives and has capacity to fund future organic growth opportunities consistent with our strategy.”

ENDS



About Stealth Global Holdings

Founded in 2014, Stealth Global (ASX:SGI) is a successful international supply and distribution group providing a wide-range of **safety, industrial, workplace and healthcare consumable products** and **supply chain solutions** to business customers. Headquartered in Perth, Western Australia, the group operates in Australia, Africa, UK, Europe and Asia.

Stealth customers operate in and across diversified industries, though principally in the resources, construction, engineering, manufacturing, oil & gas, infrastructure, transportation, industrial services, general trade & industry sectors. Stealth is organised by geographical markets servicing customers through multiple sales and distribution channels. These include; sales representatives, branch offices, internal sales account managers, customer service centres, service partners, distributors, catalogues and online.

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