STEALTH GLOBAL HOLDINGS LTD.

ASX:SGI

A MULTINATIONAL DISTRIBUTION GROUP

Providing everyday workplace consumable products and supply chain solutions to business customers.

AGM Presentation

29 NOVEMBER 2019

ASX:SGI

Websites – Our business brands

	Our Group portfolio	Link
1	Group Overview – Stealth Global Holdings	www.stealthgi.com
2	Heatleys Safety & Industrial	www.heatleys.com.au
3	BSA Brands (UK)	www.bsabrands.co.uk
4	ISG – Industrial Supply Group	www.isgaus.com.au

Part 1
The Past 12 Months

We are building a world-class distribution organisation

Stealth Group Overview

We are building a world-class sales and distribution organisation

OUR BUSINESS

ASX Code
SGI

We are an Australian multinational distribution group providing workplace consumable products and supply chain solutions to business customers.

As a supplier and distributor, we offer a comprehensive assortment of products in the categories of **Safety, Industrial and Workplace** providing customers with purchasing options and solutions that are essential in the operation of their business.

We serve large to small size customer types across multiple industries, focused on and sold to the Industrial & Trade customer markets and the broader general workplace environment.

Headquartered in Perth, our group operates in Australia, UK, Africa, Asia, Europe.

OUR OPERATING BRANDS

HEATLEYS safety&industrial

ISG INDUSTRIAL SUPPLY GROUP

BSA BRANDS (UK)

A 50/50 JV between Stealth Global Holdings and Bisley Workwear

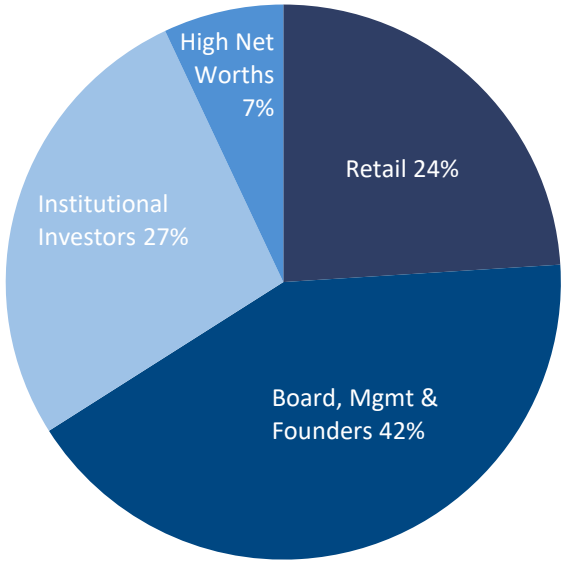
Corporate

We are building a world-class sales and distribution organisation

CORPORATE SNAPSHOT	
Listed on ASX October 2018	
ASX Code	**SGI**
Shares on Issue	94.9m
Market Cap @ 27 November 2019	**$9.4m**
Share Price @ 27 November 2019	9.9 cents
Net Cash at June 30, 2019	$0.4m
Available Finance Facilities at June 30, 2019	$7.4m
Total Net Assets @ June 30, 2019	$13.0m
Trading Multiple - EV/EBITDA (FY19 Proforma Underlying EBITDA of $2.6m)	**3.1 x**
PE Ratio on Proforma NPAT	**8.4 x**

* EV/EBITDA and PE ratios based on FY2019 results

SGI SHARE OWNERSHIP



At 27 Nov 19

Group facts

Did you know that….?

We are an Australian multinational distribution group providing workplace consumable products and supply chain solutions to business customers.

Net sales 2019	Employees	Products	Customers	Key Supplier Partners	Suppliers
75 million	160+ 53% male / 47% female	40,000 $7m held in our DC's	3,000+	130+	2,000+

Customers Markets

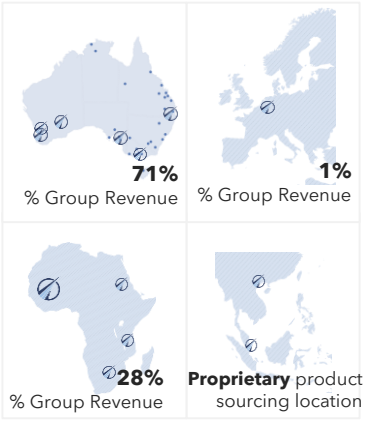
- Industrial & Trade
- Resources
- Infrastructure
- Manufacturing
- Engineering
- Construction
- Transportation
- General Industry
- Government

10 core

Geographical Markets

- Australia
- UK
- Europe
- Africa
- Asia

5



Own branch and distribution locations (10,000sqm)	10
Independent member network trade outlets locations	27
Distributor partners trade outlet locations we are in now	74+
Australia and International delivery	

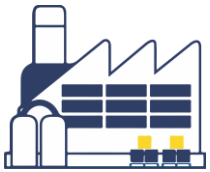
Business Model – How it Works

World-class sales and distribution organisation

- Integrated service portfolio with key sales and distribution verticals.
- Working in partnership with leading manufacturers, brands, independents and specialist suppliers.
- Comprehensive market coverage across Australia, Africa, UK, Europe, Asia.

Primary Activities

Manufacturer/ Supplier



Brand Products Source & Procure

- Distributed Brands
- Proprietary Brands
- Bespoke Brands

Distribution & Logistics

- Inbound Logistics

- Warehousing
- Distribution Centres

- Branch Offices
- Trade store outlets
- Distributors / Resellers
- Vending Machines
- Onsite Solutions

- Delivery by Road, Air, Rail, Sea

Sales & Marketing

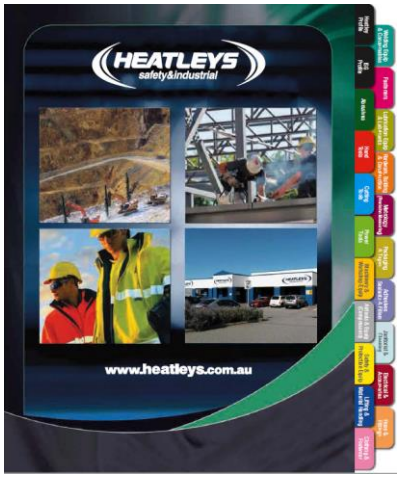
- Sales and Service Reps
- Customer Support
- Branch & Trade Outlets
- Website, EDI & Online
- Catalogues
- Vending Machines
- Onsite Solutions
- Click and Collect
- Distributors / Resellers

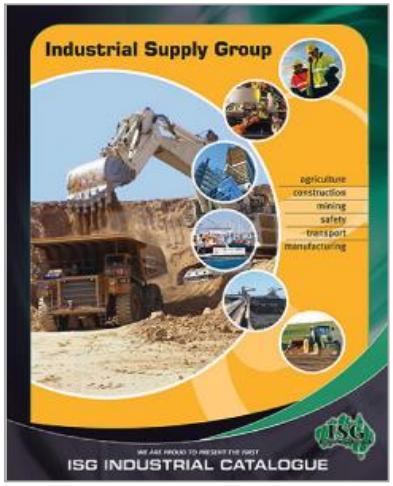
Customer

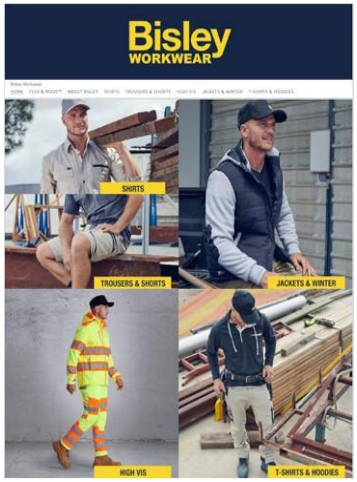
Reseller

Physical Appearance Sample

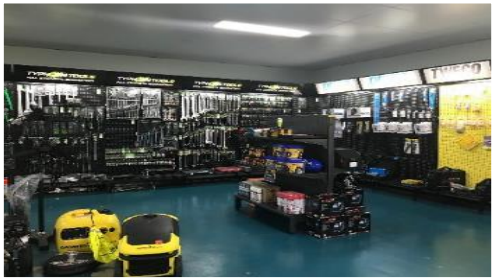
44 distribution locations in Australia and Internationally







OUR OPERATIONS



Our Journey Over The Last 12 Months

We focused on delivering on our strategy and positioning the business for growth.

- Transitioning from private to public company.
- We invested to build a stronger more competitive business.
- Achieved significant growth and transformational change.
- Increased revenue by $40m (to $63m) and employee headcount tripled to 162.
- Innovative business model is emerging forming an unrivalled distribution network.

1 Oct 2018
- ASX Listing
- Heatleys acquisition

2 Dec 2018
- Heatleys integration completed

3 Feb 2019
- H1 report
- Sales growth at double digit levels

4 Mar 2019
- JV with Bisley Workwear in the UK
- Formal Trading partnership with UK's Troy group offers gateway to ~420 trade outlets

5 May 2019
- Acquired Industrial Supply Group
- Established an Australia-wide distribution footprint adding 27 new locations

6 Aug 2019
- FY19 result
- Revenue increased by $40m

7 Oct 2019
- Acquired Protect-A-Load Brand

We aim to be a market leading dominant player

Transformational Change 2018 to 2019

	30 JUNE 2019	30 JUNE 2018	APPROXIMATE GROWTH
Statutory Revenue	$63.1 million	$23.5 million	$39.6 million
Statutory sales to customers based in Australia	$41.6 million	$3.1 million	$38.5 million
Employees	162	48	114
Customers	~3,000	~80	~2920
Suppliers	~2,000	~620	~1380
Distribution locations	44	5	39
Own branch office trade outlet locations	10	3	7
Inventory on hand in Distribution Centres	$6.3 million	$0.3 million	$6.0 million
Net Assets	$13.0 million	($0.6) million	$13.6 million

Transformational Journey

This will deliver superior medium-longer term shareholder value

In the past 12 months we made some tough but sound decisions that impact on our earnings in the short term, but we look beyond shortermism and remain firm on getting the settings right for the future.

Changed our Africa Strategy

1. Entered into Joint Venture with Bisley Workwear establishing BSA Brands (UK).
2. Bisley is a world-class market leading brand – dominant market leader in Australia
3. BSA Brands (UK) requires investment in 2020 – longer term program with significant upside opportunity.
4. Upfront investment in BSA will reflect in our profitability H1/20

Changed our contract arrangements with our largest customer Capital Drilling for supply to Africa region.

1. New transactional arrangements takes effect January 2020.
2. Ongoing revenue and margins to be received, but at a lower level.
3. Short term impact on revenue and margin in Africa region.
4. Offset with new business contribution commencing H2/20 at higher gross margins.

Prospectus Forecasts

1. Change in Africa strategy resulted in some revenue and earnings being diverted into new JV
2. Investment in BSA Brands – inventory to suit market compliance, store rollout, lead-time for sales traction

FY19 Statutory Financial Performance

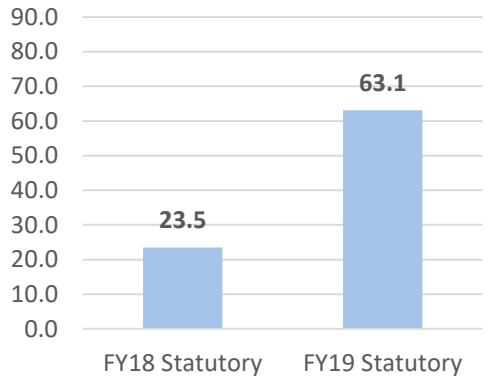
FY19 REVENUE AND EBITDA COMMENTS

- FY18 EBITDA on a Statutory basis before IPO transaction costs of $0.47m
- FY19 Revenue increased by ~$40 million, recognising only 9 months revenue of Heatleys, acquired 27 Sept18.
- Underlying Operating EBITDA is before IPO transaction costs and Unusual cost items (1).
- FY19 Underlying EBITDA addbacks $1.0m of IPO Transaction costs and Unusual costs.
  - IPO $0.22m
  - BSA establishment & launch $0.56m
  - Acquisition evaluation $0.13
  - Other professional services $0.11m.

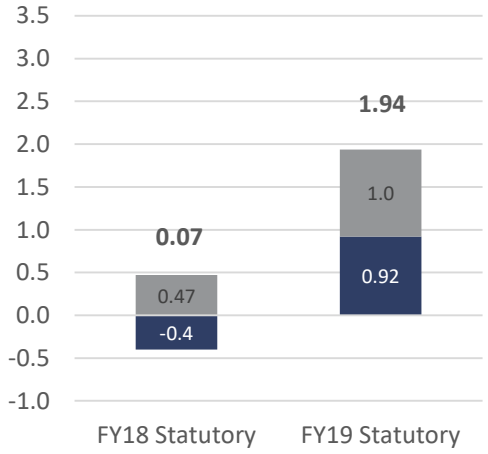
EBITDA actual

Addback of IPO costs and Unusual items to reflect Operating EBITDA

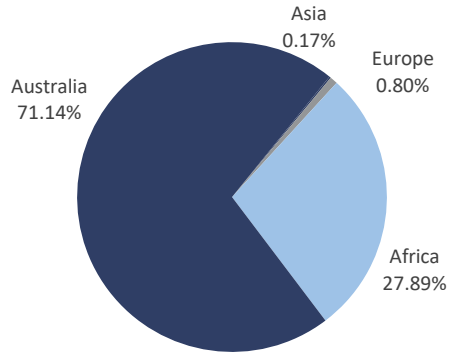
REVENUE $m



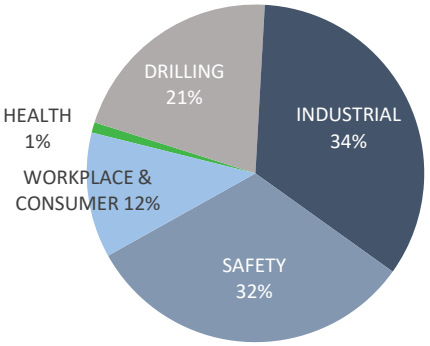
OPERATING EBITDA $m



GEOGRAPHIC SALES WHERE CUSTOMER IS BASED



PRODUCT SALES BY CATEGORY



(1) Unusual cost items relates to joint venture establishment & marketing, acquisition evaluations and professional services, including private to public transition

Part 2

The Next Chapter
Strategy and Outlook

Our pathway from 2019
to the future

Strategy and Vision

Vision

To create Australia's leading multinational distributor offering a broad-range of everyday workplace consumable products and supply chain solutions to business customers, focusing on Industrial & Trade customer markets.

Purpose

To have diversity across our portfolio of brands, customer types, geography and business partners connecting our customers with our products across multiple sales channels and markets, supported by our network.

Aim next 5 years

Revenue	EBITDA Margin	Organic Sales Growth	Investment Return
$200m+	8%+	~10% YoY	Pay dividends

Strategy

Continue building on our existing business units	Leverage business combinations	Continue to develop customer markets and product offering	Expand our operating platform	Acquire complementary businesses

Value Proposition

- Comprehensive assortment of products to support customers with purchasing options.
- Integrated Australia wide and International network that incorporates distribution centres and convenient widespread trade outlets.
- Selection of multiple sales channels offering choice, competitive prices and a simplified customer experience.
- Strong sales and service capability 'local, regional, international' with deep technical knowledge.
- A one-stop-shop for supply and delivery across five continents.

Our Operating Model – How it Works

Integrated Product Sales & Distribution Portfolio

Business Model

BRAND PRODUCTS

Safety / PPE
Consumables

Industrial / MRO
Products

Workplace Consumables

SOURCING PROCUREMENT

Distributed Brands
Proprietary Brands
Bespoke Brands

Category Management
Quality Control
Product Development
Market Research/Analysis

INBOUND LOGISTICS

Freight and Consolidation

WAREHOUSING OPERATIONS

Distribution Centres

Inventory ~40,000 products

Access to 300,000 products

BRANCH NETWORK

Branch Offices

Trade Store Outlets

Distributor Partners

SALES & MARKETING

Sales and Service Reps

Customer Service & Technical Support

Trade Branch Outlets

Website, EDI and Online

Catalogues

Vending

DISTRIBUTION

Order Fulfillment

Delivery

Trade Branch Network; And Click & Collect

Onsite Solutions

Vending

Comprehensive market coverage across Australia, Africa, UK, Europe, Asia

Sales Channels and Customer Markets

Reaching our Customers Across Multiple Industries

CUSTOMER BENEFIT

Customers benefit from our purchasing power, comprehensive product range, distribution network, and the ease of having multiple choices for supply.

Connecting our products across multiple sales channels

- Sales and Service Representatives
- By Phone Internal sales and Customer Service
- Trade Retail Own Branches
- Click and Collect
- Independent merchants' member-based network partners
- Distributors and Resellers
- Websites eCommerce channels
- 3rd party Webshops
- Catalogues

Main Customer Markets

Industrial	Resources	Infrastructure	Manufacturing	Engineering
Trade	Construction	Transportation	Government	General Industry

Our Plan in 2020

Business Model Generation - Projects - Roadmap

We are building a compelling world class business

- Continue to invest to develop stronger competitive advantage and scaled business.
- Our emerging distribution network includes a mix of internal capabilities and independent partnerships.
- We expect significant revenue growth in the medium term.
- Strategy to leverage business combinations, expand operating platform, continue to develop customer markets.

1 Heatleys

From maturity in Western Australia to beyond

- Expand Heatleys Australia-wide and Internationally
- More large and medium size customers

2 ISG

From embryonic to maturity

- Expand member base
- New brands, features and benefits
- International partnerships

3 BSA Brands

From embryonic to maturity

- Build brand awareness
- Continue UK store rollouts
- Expand range on offer
- Add complementary brands
- Sell into Europe and Africa and other select markets

4 Products & Services

- Expand proprietary range for margin uplift
- More brand distribution rights
- Advance Integrated supply chain solutions

5 M&A

- Complementary acquisitions in Australia and Internationally

6 Partnerships

- Form key partnerships in Europe, Africa, Asia, USA with large distribution groups

we are getting the settings for the future right, returning value to shareholders

Heatleys Roadmap

Milestones - Projects - Roadmap

A broad-range supplier and distributor of everyday workplace consumable products and bespoke supply chain solutions

Current Business

1. In Australia, annual Sales growth by ~20%.
2. Won two national customer accounts at ~$2m sales per annum.
3. UK business trading name will change to Heatleys Safety & Industrial – single brand approach.

Next Steps - Focus

1. Continued growth with customers in existing and new markets.
2. Australia east coast expansion.
3. Win more large and medium size customers in Australia and Internationally that spend over $2m per annum.
4. More proprietary products for margin improvement.

Investment

1. Marketing, promotion and social media.
2. Expand proprietary and distributed brand range with exclusivity.
3. eCommerce and Online ordering systems.
4. Distribution centre in Perth almost at capacity. New 6,500sqm facility by mid CY2020 (40% more capacity).

Innovation & Development

1. New future leaders and Internship program.
2. Leverage ISG network to support service delivery in our national expansion.
3. ‘Click and collect’ customer offering to be introduced.
4. Global integration distribution network via key global partnerships.

Industrial Supply Group (ISG)

Milestones - Projects - Roadmap

Cooperative distribution group of Independent trade merchants with combined trading volume of ~$180m per annum

Aim to grow revenue from $1m to $20m over the next 3 years.

Current business

1. Expand member base and partners in Australia and Internationally.
2. Better buying power, deeper service network, more features and benefits on offer.
3. Introduce our proprietary range and new exclusive distributed brands.

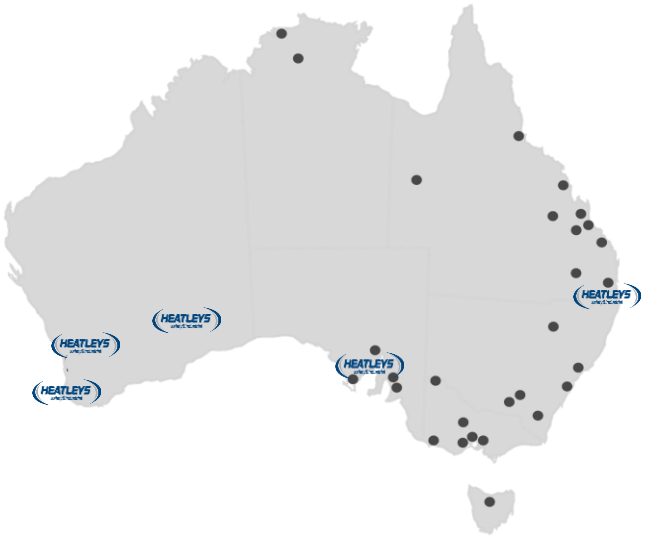
Next Steps - Focus

1. Appointed new senior executive commencing January 20.
2. Introduce three new brands products (Protect-A-Load, Workwear, Industrial).
3. International expansion and collaboration.
4. Appoint >10 new members in 2020.

Investment

1. New brands and inventory to support sales programs.
2. Marketing, trade shows, trade magazines, flyers, store & online promotions.
3. Digital transformation where members and suppliers are integrated.
4. Expand International strategic partnerships with large groups.

Trade Outlet Network



Industrial Supply Group (ISG)

Innovation in Development

Establishing international partnerships with large distribution groups in Europe, Africa, Asia and USA, working collaboratively to leverage business combinations and deliver solutions for customers.

Developing a vertically integrated supply chain across various countries

Next Steps in development

1. **Europe/UK opportunity – leveraging business combinations**
   - strategic engagement / alignment of capabilities
   - large cooperative industrial distribution group.
   - 6 European partners in 19 countries, a network of ~2250 independent members with 4,100 trade store outlets. Trading volume ~A$14billion.

2. **Building Africa and Asia 'in-country' partnerships**
   - **ISG**, as a single source supplier, provides country based independent distributors, access to world-wide consumable supply options.
   - Country based partners are also integrated into **Heatleys** to support order fulfillment and service delivery requirements to its local and international customers.

Emerging Network

A compelling point of differentiation and competitive advantage

Cross border sales, new brands, stronger buying power, sharing of capabilities and cost structures, **an extended network to deliver customer solutions**

BSA Brands (UK)

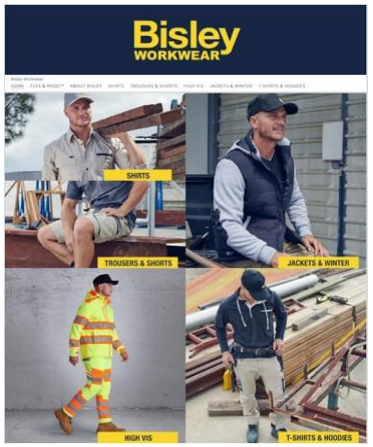
Milestones - Projects - Roadmap

89 buses across the UK

Building brand awareness / promotion

Promotions

In Troy and Trades magazines



Product Range

Hi-Vis, Wet Weather, Trades, Workplace

Store point-of-sale and rollout

Only workwear brand in the UK doing this

Stocked in 54 stores across the UK and 5 distributors in Africa

Potential 200+ stores in 24 months

Trade Days

17 trade days attended in 2019

BSA Brands (UK)

Milestones - Projects - Roadmap

A wholesale distribution business specialising in workwear and safety wear servicing the UK, Africa, Europe and other select international markets.

Current Business

1. Overwhelming market response to Bisley Workwear.
2. Number of store roll outs – 54 trade outlets today
3. Execution of brand marketing, seasonal campaigns, trade shows & online
4. Imminent arrival of Winter Range and Hi-Vis workwear range.

Next Steps - Focus

1. Sales growth and product ranging in ~80 trade outlets by June 2020
2. 3rd party Online platforms (including Amazon) and Africa via distributors
3. Downstream customer contracts 'end users'
4. Range expansion and introduction of women's range.

Investment

1. $1b addressable market – our target is 5% market share in 5 years
2. Stock, range expansion and sales resources
3. 89 buses with Bisley Workwear in the UK
4. 17 Trade show events attended with 11 more planned for Q3/20.
5. Trade magazines, promotions, sample giveaways to stores and end users
6. Amazon Platform and content advertising with A+ content

In a $1b addressable market our target is ~5% market share in five years.

Innovation & Development

1. **Product development**: trousers, shirts, shorts, jackets specific to UK and European markets
2. **Exclusive distribution rights** under license agreements providing direct factory manufacturer arrangements
3. **Introduce two (2) new** complementary world-class market leading brands in CY2020 (footwear + safety wear).

Outlook – we remain very optimistic

Global economic sentiment in general remains somewhat unpredictable and cautious. We remain convinced about our future on the back of our positive growth in the Australian and UK markets, as well as other opportunities that we are progressing globally & regionally.

Organic Growth

- Focused on developing our three core business units. Heatleys, ISG and BSA Brands.
- Continue to build and evolve our portfolio offering diversified products and services
- A number of meaningful organic opportunities in all our markets exist.
- ~$40m pipeline of new business opportunities underway with large and medium size customers.

Financial

- **Remain committed to our $200m target by 2024**
- **Key investments;** inventory, people, marketing, market development, partners, acquisitions, technology
- **Key investments; inventory, people, marketing, market development, partners, acquisitions, technology**
  - ✓ *Appointed three senior executives (Finance, eCommerce, Onboarding, ISG) to be ready for the future.*
- **UK venture** from start-up requires upfront investment. This will be reflected in our H1 profitability.
  - ✓ *A full year result of plus or minus $200k is expected. Subject to timing of sales programs.*
- **We reset our Africa service offering** placing a greater focus on higher margin business.
- **Solid EBITDA and Gross Margin growth from 2021 after the embryonic phase of BSA Brands and ISG**

Partnerships & Acquisitions

- We will advance a number of partnership initiatives and expect to announce these imminently.
- We will consider acquisitions that are complimentary and provide revenue and earnings uplift.

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LAST PAGE

Full Year Presentation FY19

2 SEPTEMBER 2019 | ASX:SGI