

27 NOVEMBER 2020

## Chairman's AGM Address

Stealth Global Holdings Ltd (ASX: SGI) (the Company or Stealth) is pleased to present a copy of the Chairman's Address to be made at the Annual General Meeting of the Company commencing at 11:00 am today.

### For further enquiries:

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Group Managing Director & CEO  
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Chairman  
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This announcement was authorised to be given to the ASX by the Board of Directors of Stealth Global Holdings Ltd.

**-ENDS-**

### About Stealth Global Holdings

Stealth Global Holdings Limited is an Australian Public Listed multinational distribution group, headquartered in Perth, Western Australia, with interests in Australia, United Kingdom and Africa under four competitive subsidiary brands Heatleys Safety & Industrial, Australian Workplace Supplies; Industrial Supply Group and BSA Brands (UK) a joint venture with Bisley Workwear. The diversified business operates as a supplier and distributor of safety/PPE, industrial and workplace items and a provider of supply chain solutions to more than 3,000 business customers and 34,000 retail customers across a variety of industry sectors. The vast range of items is stocked in distribution centres, onsite locations and in a convenient and widespread store network supported by sales & service specialists, eCommerce digital channels, fulfillment operations, delivery systems and strong marketing, content and advertising programs.

**AN AUSTRALIAN  
MULTINATIONAL DISTRIBUTION  
GROUP**

### BOARD

Chris Wharton  
Chairman

Michael Arnold  
Group Managing Director & CEO

John Groppoli  
Non-Executive Director

Alan Cransberg  
Non-Executive Director

Karen Logan  
Company Secretary

### ISSUED CAPITAL

94.9 million Ordinary Shares

### PRINCIPAL OFFICE

Level 2/43 Cedric Street  
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### CONTACT

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### OPERATING BRANDS

- Heatleys Safety & Industrial
- Industrial Supply Group
- Australian Workplace Supplies
- BSA Brands (UK)
- C&L Tool Centre

W: [www.heatleys.com.au](http://www.heatleys.com.au)

W: [www.isgaus.com.au](http://www.isgaus.com.au)

W: [www.awsonline.com.au](http://www.awsonline.com.au)

W: [www.bsabrands.co.uk](http://www.bsabrands.co.uk)

W: [www.cltoolcentre.com.au](http://www.cltoolcentre.com.au)

Good morning ladies and gentlemen, both here at the offices of BDO and those watching us live online.

Welcome to the 2020 Annual General Meeting of Stealth Global Holdings Ltd, an Australian Securities Exchange listed company.

In my statement in the Annual Report, I described 2020 as an “extraordinary year by any measure “. This was no understatement.

With the world turning upside down and grappling with the consequences of the COVID 19 pandemic, the Stealth Group was able to deliver admirable growth in revenue and underlying earnings in FY2020.

Group revenue lifted 8% to \$68.1 million, and Underlying Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased to \$3.2 million from \$1.9 million last year.

This excluded \$1.77 million in one-off expenditure on investment related activities.

The Group reported a statutory Profit of \$0.1 million, which I believe is a commendable outcome, given the major impact on the Group’s business from COVID-19 in the second half.

Again, as I commented in our Annual Report, but I believe it is worth repeating today, some of the factories that supply products to Stealth are located in the Wuhan province in China.

Because of long term relationships, Stealth Managing Director and CEO, Mike Arnold, was able to determine in the first week of January, that the domestic Chinese COVID-19 situation was far worse than was initially portrayed.

He and the team, quickly moved to secure inventory supply, which left our business in extremely good stead as the full COVID-19 scenario developed over the course of the next month, or so.

Government actions to contain COVID-19 shut down entire economies for an extended period – a situation that was unthinkable eight months ago.

The impact for us was mainly felt in our British joint venture, which had been expanding rapidly prior to COVID-19.

Thankfully, we are back on track in the UK, with some solid sales emerging in that market. In fact, confirmed sales for 2021 already outstrip sales in 2020.

Nonetheless the COVID-19 situation remains uncertain and can change quickly, as we have seen with second wave outbreaks that have necessitated a return to restrictions and lockdowns.

Therefore, the Company continues to take, a significant number of proactive measures to ensure the long-term sustainability of the business and to protect the safety and wellbeing of its employees, customers and the communities in which it operates.

A detailed health and safety plan and improved protective hygiene processes were swiftly implemented to protect staff as COVID unravelled, and we continue to watch the situation closely. We are encouraged by recent news of successful COVID-19 vaccine trials and look forward to a normalisation of economic activity in 2021.

Given the magnitude of global events since January, it is possible to overlook the progress Stealth has made during the course of the full financial year.

We achieved record annual revenue performance in Australia and are on back track with our UK business with 80 store locations in the UK ranging Bisley Workwear. As already mentioned, improved sales are already “in the bag” for 2021. The company has maintained a solid balance sheet position, with low net debt providing stability and growth funding capacity.

The total number of suppliers was reduced by 47%, driving efficiency gains and total customer accounts increased by 405 to 11,631, with a high level of repeat sales activity across the customer base.

The implementation of a targeted cost management program has delivered an annual fixed cost reduction of \$1.4 million. This significantly improved cost base adds extra grunt and scope to increase business capability.

We successfully completed important strategic initiatives during the year to better position the company for future growth.

I am very excited by the accelerating development of our e-commerce platforms. This investment will better serve our growing customer base and provide customers with enhanced access to our products in a post COVID-19 world.

Our disciplined approach to capital management and business investment served us well during the year.

I posed the proposition in the Annual Report that the acquisitions you don’t make can be just as important as the ones you do make. A number of potential acquisitions of scale were identified and assessed during the year and one significant opportunity was declined because it did not ultimately meet our strict financial criteria

An important transaction that did proceed was our recent agreement to acquire C&L Tool Centre for \$3.8m. Mike will talk about this a bit more in his CEO’s address, but I will say that C&L is very complementary to the existing Stealth business with a similar customer base, suppliers and services. C&L will also be a meaningful contributor to the Group earnings having delivered \$1.3m in EBITDA in 2020.

I would like to take this opportunity to welcome any C&L employees that may be joining via the webcast.

Other material strategic opportunities are still being considered or are under review to grow the business and add value for our shareholders. This is entirely in line with our business model of growing the business organically and through astute acquisition.

Mr Peter Unsworth retired from the board in October 2019. Peter was a founding Director of Stealth and I acknowledge and thank him for his contribution to the company.

In April we welcomed Mr Alan Cransberg as a Non-Executive Director.

Alan was Chairman and Managing Director of Alcoa Australia before retiring in 2016 and is a former Chairman of West Coast Eagles Football Club and current Chairman of the Wirrpanda Foundation and brings a wealth of relevant global business experience to the Stealth Board.

Alan is already making a significant contribution to the board and the company.

Before I conclude, and hand you over to Mike, I would like to reiterate our commitment to growing the company and delivering the right returns to Shareholders. The business disruptions from COVID-19 and the difficult but appropriate strategic decision to put profits ahead of sales in relation to our major customer, as mentioned in the Annual Report, have contributed to the share price continuing to not reflect the value and potential of the company.

That said, we have the right strategy and the right management team to deliver on our strategic aim of growing annual revenue to more than \$200 million by 2025, with the commensurate profits.

In closing, I would like to thank fellow Directors John Groppoli and Alan Cransberg, and our hard-working Company Secretary, Karen Logan, for their tremendous contributions during the year.

It would be completely remiss of me not to thank and applaud in the highest terms our dynamic Managing Director and Chief Executive Officer, Mike Arnold, and his dedicated team of executives and staff.

Every single member of Stealth's team has contributed to this crazy past year and it has counted.

Finally, I would like to thank our shareholders, for their continued trust and support of the company, it means a lot to us.

I'll now hand you over to Mike Arnold.