



## STEALTH DELIVERS EARNINGS UPLIFT IN 1H 2021

Stealth Global Holdings Ltd (ASX: SGI) (Stealth or the Company) a leading Australian based multinational distributor of industrial, safety & workplace products serving various markets across its diversified business portfolio in Australia, United Kingdom, Asia, and Africa, is pleased to provide its final audit reviewed results for 1H 2021.

### 1H 2021 Highlights

- **Revenue:** \$30.4 million, down \$9.3 million (\$8.2 million Africa) or 23% on 1H 2020, but up 7.0% on 2H 2020, with a particularly stronger 4Q (October - December).
- **Gross Profit margin** increased to 28.1% from 25.4% in 1H 2020.
- **Underlying EBITDA<sup>1</sup>** of \$2.10 million up 20% on 1H 2020, and up 46% on 2H 2020. A record half-year result for Stealth.
- **Statutory Net Profit After Tax** of \$0.17 million (including \$0.95 million of investment related costs) versus NPAT of \$0.03 million in 1H 2020 and \$0.07 million in 2H 2020.
- **Net Debt** of \$3.45 million as at 31 December, up by \$2.07 million following acquisition of C&L Tool Centre in December 2020, and pay down of \$0.38 million during the half year.
- **Completed \$3.83 million acquisition** in December 2020 of Queensland market leading distributor 'C&L Tool Centre' (C&L). C&L will contribute sales & profit in the full 2H 2021 period.
- **Growth funding capacity:** Strong working capital position with ~\$5.0 million available on 31 January 2021. Increased finance facilities of \$10.5 million (previously \$7.4 million).
- **Outlook:** Positive sales and earnings momentum expected to continue in FY21. Stealth remains on track for longer term growth targets. Its strategic aim is to reach \$200 million revenue with EBITDA margin of 8%+ by 2025.

### 1H 2021 Result

As advised in the Company's recent 1H 2021 trading update (ASX announcement 11 February 2021), Stealth's trading performance improved in 1H 2021 building on the momentum started in the second half of FY2020 despite COVID-19 continuing to impact market conditions.

1H 2021 Revenue was \$30.4 million, down \$9.3 million on 1H 2020 primarily due to the change in the Company's Africa strategy in December 2019 to refocus on more profitable customers. This resulted in significantly improved earnings in line with the strategy.

1H 2021 underlying EBITDA (excluding investment related costs) was up 20% on 1H 2020 to \$2.1 million, with a higher gross margin and a focus on cost containment contributing to a 57% increase in statutory EBITDA of \$1.15 million (after \$0.95 million in investment related costs).

### Australia

Australia sales now make up more than 94% of Group revenue following the change in the Africa strategy (around 78% in 1H 2020). Australia sales declined by 6.5% in 1H 2021 compared to

<sup>1</sup> Underlying EBITDA results reflect the Directors' assessment of the result for the ongoing business activities of the Company to exclude acquisition and investment costs of \$0.95 million (1H-2019: \$1 million) relating to the acquisition of C&L Tool Centre, establishing new bank finance arrangements, paid redundancies caused by COVID-19, one off two-year tenure bonus paid to five key executives of Heatley's post October 2018 acquisition and growth-related investments where no or little corresponding revenue has been received in the period but is expected in future periods. EBITDA reflects the underlying Earnings Before Interest, Tax, Depreciation, and Amortisation and is a non-IFRS measure.

### BOARD OF DIRECTORS

Chris Wharton AM  
Chairman

Michael Arnold  
Group Managing Director & CEO

John Groppoli  
Non-Executive Director

Alan Cransberg  
Non-Executive Director

Karen Logan  
Company Secretary

### ISSUED CAPITAL

99.7 million Ordinary Shares

### PRINCIPAL OFFICE

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### GROUP OPERATING BRANDS

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

### WEBSITES

- > [www.heatleys.com.au](http://www.heatleys.com.au)
- > [www.ctoolcentre.com.au](http://www.ctoolcentre.com.au)
- > [www.isgaus.com.au](http://www.isgaus.com.au)
- > [www.awsonline.com.au](http://www.awsonline.com.au)
- > [www.bsabrands.co.uk](http://www.bsabrands.co.uk)

1H 2020 largely as a result of the continued impact of COVID-19. Trading conditions in 2H 2020 were significantly impacted by Government lockdowns and travel restrictions, and Stealth's 1H 2021 Australia sales improved by 11.3% on 2H 2020 as the States and regions have managed restrictions and lockdowns supported by Government economic stimulus, and Stealth capitalised on increased demand for PPE and hygiene products. These products continue to be high demand.

### International

BSA Brands (UK) (Stealth 50%) delivered revenue of \$1.09 million up 56% on 1H 2020, with improved gross profit contribution. The joint venture established a network of 74 new distributor stores across the UK and 4 in Africa during FY2020, driving the increased sales and earnings. However, the UK economy effectively shut down from March 2020 and continues to be impacted causing a temporary deferral of expansion of distributor stores in the UK and progressing potential new customer arrangements. The Company remains committed to developing the Bisley range in the UK and Africa markets.

### Investments

Stealth continued to invest in bolt on business acquisitions and in new capabilities during the period, consistent with its growth strategy and disciplined approach to capital management. The Company completed the \$3.83 million acquisition of C&L Tool Centre on 1 December 2020 adding annual sales of \$14 million and annual EBITDA of \$1.3+ million. In addition, Stealth identified and assessed several other potential acquisitions. Total costs for advisory, due diligence and establishing new bank finance arrangements were around \$0.35 million. Several opportunities are still being considered to deliver value accretion.

Stealth also invested \$0.31 million in eCommerce digital platforms during the period, including the launch of the new Bisley United Kingdom B2C Online e-store, and development of two other new Online e-store websites to be launched in March and April 2021 for Business and Retail customers in Australia.

### COVID-19

Despite the complex environment presented by COVID-19, Stealth continued to strengthen its relationship with customers, further accelerated eCommerce digital programs and respond to the changing needs of customers. Stealth used the period to challenge its cost base and has reduced its operating cost structure including some redundancies at a cost of \$0.1 million and has also instigated a temporary deferral on establishing more BSA Brand distributor stores in the UK.

With preventive government measures gradually being relaxed and vaccination programs now underway in Australia and the United Kingdom, market conditions are improving to support continued sales growth in Australia in the second half of FY2021 subject to any further government lockdown measures being undertaken. It is anticipated that the United Kingdom will see improvement in market conditions mid-2021. The Company continues to monitor and proactively manage ongoing impacts from COVID-19. The situation is constantly evolving and may impact earnings in the future.

### Outlook and Growth

Stealth continues to make good progress on its strategy seeing positive results from all parts of the business, despite the interruption caused by COVID-19. The Company is very encouraged by stronger trading conditions at the commencement of calendar year 2021 (January and February sales up over 5% year-over-year), which support expectations for continued sales and earnings growth in 2H 2021.

The Company is well positioned to capitalise on growth organically and by acquisition, together with the upcoming launch of two new Online e-stores tailored for customers in trade, retail and business and its e-business platform specifically for business customers. The Company re-iterates the aim of reaching \$200 million of Revenue by 2025. Organic growth-related programs and further acquisitions will be integral to achieving this.

**Group Managing Director Mike Arnold said** "Stealth's 1H 2021 results confirm the recent positive trading update and show the company's pivot to higher margin customers has delivered results. We have invested carefully in our national distribution network in Australia and establishing our foundations in the UK. We will continue to build our capabilities through internal investment and acquisition opportunities. "As a result, Stealth is very well positioned to benefit from increased business activity beyond COVID and we expect increased revenue scale to drive longer term margin and earnings growth."



**For further enquiries:**

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This announcement was authorised to be given to the ASX by the Board of Directors of Stealth Global Holdings Ltd.

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[About Stealth Global Holdings](#)

Stealth Global Holdings Limited (ASX code: SGI) is a leading Australian Public Listed multinational distribution group. Headquartered in Perth, Western Australia, it holds interests in Australia, United Kingdom, Asia and Africa under five competitive subsidiary brands Heatley's Safety & Industrial, C&L Tool Centre, Australian Workplace Supplies, Industrial Supply Group and BSA Brands (UK) a joint venture with Bisley Workwear. The diversified business operates as a distributor of Industrial, Safety & Workplace Products and a provider of Supply Chain Solutions to more than 4,000 business customers and 34,000 retail customers across a variety of industry sectors. Its vast range of products are stocked in distribution centres, across its widespread store network and onsite locations supported by sales & service specialists, eCommerce Online digital channels, fulfillment operations, delivery systems and strong marketing, content, and advertising programs.