



## STEALTH TO ACQUIRE SKIPPER TRANSPORT PARTS BUSINESS

Stealth Global Holdings Ltd (“Stealth” or the “Company”) (ASX: SGI), is pleased to announce that its wholly owned subsidiary, Heatley Sales Pty Ltd (“Heatleys”), has reached an agreement to acquire the business assets of Skipper Transport Parts (“STP”) for A\$4.2m. STP is currently an operating division within AMCAP, a subsidiary of Eagers Automotive Limited [ASX: APE], Australia’s largest automotive retail group.

### Highlights

- Stealth has agreed to purchase the business assets of Skipper Transport Parts (“STP”) from Eagers Automotive Limited subsidiary, AMCAP, for a cash consideration of \$4.2m.
- STP is a market leading Australian distributor of Industrial Maintenance, Repair and Operating (MRO), Automotive, Truck & Trailer, Mining, Bus and Agriculture products.
- Key assets to be acquired include:
  - › Branch store locations in Perth, Albany, Esperance, Karratha, Port Hedland, and its onsite stores operations at several customer locations across Western Australia and Queensland,
  - › 34 employees, ~1,250 customers and ~300 suppliers,
  - › Technology stock management systems and websites,
  - › ~ \$0.5m of PP&E and ~ \$3.7m of Inventory (~250,000 products in-stock).
- Stealth forecast that STP is expected to deliver Revenue of ~\$18.0m and EBITDA of ~\$1.1m within the first 12 months following the completion of the transaction, resulting in an estimated purchase multiple of ~3.8 times forecast EBITDA. Stealth reported 1H2021 Revenue of \$30.4m and underlying EBITDA of \$2.1m for the six-months trading to 31 December 2020. The collective annual revenue following completion is ~\$90 million.
- The acquisition will be funded through debt facilities provided by Commonwealth Bank, with transaction completion expected on 31 July 2021.
- Stealth has also secured a 3-year distribution agreement with AMCAP for the distribution of various Original Equipment Manufacturer ‘OEM’ genuine and after-market parts including Ford and Holden in Western Australia as well as Cummins Filtration, Donaldson and Exide Batteries Australia-wide.
- STP is a strategic fit and highly complementary to Stealth’s existing operations, allowing all Stealth’s subsidiary businesses and STP to merge and cross-sell to some 75% of all customers with its wide-range product offering and high-touch solutions models across the collective WA sales network.
- Stealth shareholders will benefit from a larger, stronger, more relevant, diversified business in a large and fragmented MRO industry where Stealth will have an advantaged market position.

### Skippers Transport Parts

STP is a market leading distributor of Industrial MRO supplies with significant exposure to customer markets: Automotive, Truck & Trailer, Mining, Bus, Agriculture and Industrial in Western Australia and Queensland; which includes the formerly four COV’s and Coventry’s Automotive branches which were rebranded in 2016 to Skipper Transport Parts. STP operates a network of five physical company branch stores in Western Australia including Perth and regional locations in Albany, Esperance, Karratha and Port Hedland. A further twelve onsite store operations exist at customer locations in Western Australia and in Queensland.

#### BOARD OF DIRECTORS

Chris Wharton<sup>AM</sup>  
Chairman

Michael Arnold  
Group Managing Director & CEO

John Groppoli  
Non-Executive Director

Alan Cransberg  
Non-Executive Director

Jessamyn Lyons  
Company Secretary

#### ISSUED CAPITAL

99.7 million Ordinary Shares

#### PRINCIPAL OFFICE

Level 2/43 Cedric Street  
Stirling, Western Australia 6021

#### CONTACT

Michael Arnold  
Group Managing Director & CEO

John Boland  
Group Chief Financial Officer

P: +61 86465 7800  
E: [investors@stealthgi.com](mailto:investors@stealthgi.com)  
W: [www.stealthgi.com](http://www.stealthgi.com)

ABN: 25 615 518 020

#### 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)

Approximately 85% of sales are to business account customers and 15% of sales to retail cash paying customers.

STP has a solid long-term industry presence, recurring deep customer relationships with several under contract, and many supplier brands are market leaders in their respective categories, established over decades of trading. The business is underpinned by its wide-ranging product offering of 1 million lines with ~250,000 in-stock, robust eCommerce platform, 34 team members, a strong technical sales and service team, and its supply chain infrastructure that will be supported in the future by Stealth's subsidiary 'Heatleys' central distribution centre in Perth.

Some 1,250 customers will transfer in the sale purchase and continue to be supported by sales and service teams, branch stores, fulfillment operations and onsite store contracts teams within several blue-chip customer locations that include Linfox, Centurion Transport and Qube Logistics. These customers represent a broad collection of industries, including large multi-national corporations, large domestic companies, small-to-medium business enterprises, government and retail consumers.

Stealth has also secured a 3-year distribution agreement with AMCAP for the distribution of AMCAP's key brands. This includes various Original Equipment Manufacturer 'OEM' genuine and after-market parts including Ford and Holden in Western Australia, and Cummins Filtration, Donaldson and Exide Batteries Australia-wide. The distribution agreement allows for continuity of supply for these brands in the acquired regional branch stores, to the onsite stores' customer base and for Heatleys to sell this range to its existing customer base as well.

Stealth forecast that STP is expected to deliver Revenue of ~\$18.0m and EBITDA of ~\$1.1m within the first 12 months following the completion of the transaction. Stealth reported 1H2021 revenue of \$30.4m and underlying EBITDA of \$2.1m for the six months ending 31 December 2020.

### The Transaction

Total purchase consideration is \$4.2m cash, representing a purchase multiple of 3.8 times FY21 EBITDA. The acquisition consideration will be fully funded through debt facilities with Commonwealth Bank of Australia. Payment will comprise:

- \$3.25m to be paid in cash on Completion date (expected 31 July 2021).
- The balance of \$0.95m is payable in cash 90 days after the completion date less amounts made for stock adjustments, any identified additional property make-good or employee entitlements to be assumed.

STP is a strategic fit and highly complementary to the existing Stealth businesses and expected to deliver significant upside and enhanced market relevance from increased scale, diversification across products, customer channels, geography, and suppliers. \$10 million of identified run-rate revenue synergies is estimated to be driven by broader product offering, cross-selling in existing and new customer markets, geographic expansion, growing the physical branch and onsite store network, increased volume buying power, and operating leverage from the new combined capabilities of the Group once network integration is deployed.

STP and Stealth's subsidiaries 'Heatleys', 'ISG' and 'C&L' operations will bolt on and use its combination of wide-range product and high-touch solutions models to cater to all customers and cross-sell the extended new range of products and services across all operating businesses. Capitalising on this advantaged position, it is expected to accelerate favourable market share gain across customer markets and with leading supplier brands, providing the basis for ease of integration, synergies, and expansion across the operating businesses. Stealth's combined Australian business of company operated branch store locations will now include Perth, Albany, Bunbury, Esperance, Kalgoorlie, Karratha, Port Hedland, Adelaide, and Brisbane. The geographical reach in Western Australia alone pivots Stealth into a market leading position.

The commencement of stock relocation from AMCAP's Distribution Centre to Heatleys main Distribution Centre is scheduled for late July followed by integration programs.

### Commentary

**Stealth Group Managing Director Mike Arnold said:** "The acquisition of Skipper Transport Parts fits Stealth's stated strategy to expand its business through disciplined organic and acquisition growth plan. The STP purchase and

2

merger is transformational in terms of a significantly expanded product and high-touch solutions offering, distribution supply chain infrastructure, eCommerce platform and deeper customer and supplier relationships.”

“STP’s physical branch and onsite stores network will allow us to enter new geographic markets to strengthen our market position and provide an endless assortment product offering suitable for customers of all sizes. Our strict criteria on strategic fit, price and delivering on long term value to our shareholders is always at the core of our decision making. Skipper Transport Parts meets these requirements.”

“STP is highly regarded as a market leading business in Western Australia and for its onsite solutions to customers. The depth of STP’s wide-ranging Industrial MRO products in the customer markets of Automotive, Truck & Trailer, Bus, Agriculture and Mining, complemented with Stealth’s existing business, will give the merged group significantly more scale and leverage from its distribution platform, branch store footprint, network reach, buying power and its broad in-stock product offering where Stealth can hold an advantaged market relevant position.”

“Importantly, comprehensive value is created by offering our customers an endless assortment of brands, products and solutions that deliver better customer experiences with more touch points instore, onsite, online, click & collect and delivery options, supported by experienced sales, service, technical and distribution professionals.”

“Stealth is well positioned to continue growing its business and capitalise on investment and growth opportunities over coming years, with a focus on capital discipline. This is underpinned by our expanding diversified business portfolio, resulting in a steady flow of recurring sales activity.”

**For further enquiries:**

Mike Arnold  
Group Managing Director & CEO  
P: +61 (0) 8 6465 7800

Chris Wharton<sup>AM</sup>  
Chairman  
P: +61 (0) 8 6465 7800

John Boland  
Group Chief Financial Officer  
P: +61 (0) 8 6465 7800

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 (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 MRO, Safety & Workplace Supplies and other related products and services using a combination of its wide-range in-stock product offering and high-touch solutions models, supply chain infrastructure, deep customer & supplier relationships, eCommerce platforms and physical store network to serve customers of all sizes in business and retail.

**About Skipper Transport Parts and AMCAP**

Skipper Transport Parts specialises in an All Makes, Best Brands approach to supporting truck and trailer customers nationally through their industry recognised workshop parts management solution. Skipper Transport Parts is a parts provider specialising in parts supply and consignment store management. It offers a comprehensive portfolio of brands to help customers evaluate their parts requirements to reduce the total cost of ownership of their equipment, with its branches positioned to provide the best possible support to major logistics fleets, small logistics fleets and independent operators, and automotive fleets. This includes the provision of tailored onsite consignment store solutions to some of the above fleets and operators. Its comprehensive portfolio of brands, products and ranges support truck and trailer, bus, automotive, mining and industrial vehicles. It has a long track record of serving in regional locations, through Coventry Group, Cova Parts and now Skipper Transport Parts.

**Established in 1968, AMCAP** is a leading parts distributor in Australia servicing the automotive, commercial and industrial sectors. Its origins were of that which became Automotive Holdings Group (AHG). AHG acquired Coventry Automotive parts in 2011 and renamed it COV’s. AHG sold the COV’s business with 25 metropolitan and some regional locations in 2016, though held onto four branch locations of Albany, Esperance, Karratha, and Port Hedland and moved them under AHG’s subsidiary AMCAP. These regional locations were rebranded Skipper Transport Parts in 2016.