STEALTH GLOBAL HOLDINGS LTD

# ASX NEWS RELEASE

Monday, 14 August 2023

## STEALTH REPORTS HISTORIC FY23 FINANCIAL RESULTS

***Strategic success fuels strong results; Company projects more growth in 2024.***

Stealth Global Holdings Ltd (ASX: SGI), an Australian industrial distribution group, releases its preliminary unaudited financial results for the year ending June 30, 2023. Stealth will present a detailed overview of its FY23 audited results on or before August 30, 2023.

### FINANCIAL HIGHLIGHTS – RECORD 12 MONTH GROWTH

- Total Revenue of $111.0 million, an increase of 11.4%[2], or 14.9% on a daily, constant value basis.
- After accounting for discontinued unprofitable customers, revenue increased by 17.8%.
- Achieved EBITDA[1] of $5.3 million, up 32.5%.
- Profit before tax of $1.3 million, up 85.7%.
- Delivered EPS of $0.91, up 51.7%.
- Free cash flow generated of $5.6 million, significantly surpassed expectations.
- Net debt cut by 29.4%, to $7.2 million; $5.2 million is related to revolving working capital.
- Inventory as of June 30 was $14.8 million, 13.3% of annual sales, down from 14.2%.
- Conservative balance sheet with $7.7 million cash, $2.3 million undrawn in working capital.

| FINANCIAL SUMMARY | FY2023 | FY2022[2] | *Change v Prior* |
|---|---|---|---|
| Revenue | $111.0m | $99.6m | 11.4% |
| Gross Profit | $32.6m | $30.1m | 8.3% |
| EBITDA[1] | $5.3m | $4.0m | 32.5% |
| Earnings before Tax | $1.3m | $0.7m | 85.7% |
| NPAT | $0.9m | $0.6m | 50.0% |
| Basic earnings per share (EPS) | 0.91 | 0.60 | 51.7% |
| **CASH AND DEBT** | | | |
| Free cash flow | $5.6m | ($0.4m) | $6.0m |
| Cash and cash equivalents | $7.7m | $4.7m | 63.8% |
| Inventories | $14.8m | $14.1m | 4.7% |
| Net debt | $7.2m | $10.2m | (29.4%) |
| Net assets | $16.1m | $15.1m | 6.6% |
| **RATIO'S** | | | |
| Price-Earnings Ratio (PE) | 13.8x | 16.7x | 17.4% |
| Return on capital employed (%) | 9.9% | 6.0% | 390 bps |
| EBITDA margin | 4.8% | 4.0% | 18.9% |
| Inventory / Sales | 13.3% | 14.2% | -90 bps |
| Net debt ratio / EBITDA | 1.4x | 2.6x | 53.8% |

[1] *Earnings before interest, tax, depreciation, amortisation after underlying unusual costs.*
[2] *Comparatives are from continuing operations.*


**BOARD OF DIRECTORS**
Chris Wharton[AM]
Chairman

Michael Arnold
Group Managing Director & CEO

John Groppoli
Non-Executive Director

Simon Poidevin
Non-Executive Director

John Boland
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
- Skipper Transport Parts
- Industrial Supply Group
- United Tools Group

**WEBSITES**

- www.heatleys.com.au
- www.cltoolcentre.com.au
- www.skippertp.com.au
- www.isgaus.com.au
- www.unitedtools.com.au

**OPERATIONAL KEY METRICS[3]**

| FULL YEAR 2023 | % Growth v Prior Year |
|---|---|
| Sales per day | 14.9% |
| Sales value per order | 17.4% |
| Sales per employee | 19.6% |
| Gross Profit $ per day | 31.3% |
| Gross Profit $ per order | 14.2% |
| Gross Profit $ per employee | 36.7% |

[3] from distribution and retail operations, excluding buying group operations.

**SUMMARY**

Stealth has experienced solid growth due to its expansion plans, investment in e-commerce, and strong customer relationships. Unification investments have enhanced the organisation, driving volume growth, broadening product selection, enabling cross-selling and promotions, and increasing customer value.

Over the last 12 months, Company revenue, profit and free cash flow has been on an upward trajectory, helped by focusing on higher-growth opportunities and ongoing demand in the industrial consumables sector.

| CAGR (Compound Annual Growth Rate) | 3-YEAR CAGR[4] |
|---|---|
| Revenue | 29.0% |
| Gross Profit | 29.7% |
| EBITDA | 34.6% |
| NPAT | 38.1% |

[4] from continuing operations.

After keeping prices stable in the first half of FY23, Stealth reviewed its pricing strategy in the core business, adjusting prices to combat inflation. A strategy anticipated to boost future profits.

Over 95% of Stealth's products are non-discretionary. As an 'all-weather' distributor, Stealth is well-positioned to withstand economic downturns.

**OUTLOOK**

The Company's financial outlook is positive, with strong FY23 results and an upbeat outlook for the current year.

Despite fluctuations in economic conditions, the demand from mining, resources, transportation, infrastructure, construction, repairs-maintenance, and the home improvement market provide long-term resilience for the Company.

Further consolidation of operating banners in FY24 provides significant untapped revenue and cost synergies. Along with promising strategic opportunities, this is anticipated to result in outperformance in the wider industrial sector.

Capital investment will be directed at supply chain efficiency, rightsizing, channel growth, new services, merchandising, store network expansion, enhanced digital channels, (including AI), and improvements to store and distribution centres.

**-ENDS-**



An Australian Multinational Distribution Group

HEATLEYS SAFETY&INDUSTRIAL C&L ISG INDUSTRIAL SUPPLY GROUP SKIPPER TRANSPORT PARTS UNITED TOOLS

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

**For Further Enquiries:**


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|---|---|---|
| Mike Arnold<br>Group Managing Director & CEO | Chris WhartonAM<br>Chairman | John Boland<br>CFO and Company Secretary |

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## ABOUT STEALTH GLOBAL HOLDINGS

**ASX CODE: SGI**

***Industrial Supplies and Solutions for Every Workplace***

Stealth Global Holdings Limited (Stealth) is a wide range distributor of Industrial, Safety, Truck & Automotive and Workplace supplies and other related products and solutions.

Headquartered in Perth, Western Australia, Stealth provides supplies and solutions for every workplace that extends across the whole supply chain to Customers of all types and sizes. Stealth's large distribution network provides multiple channels-to-market through three operating divisions: Distribution (B2B), Retail & Trade (B2C), and Specialist Wholesale (B2B2C).

Under Stealth's portfolio is five market facing operating brands:

- Heatleys Safety & Industrial
- C&L Tool Centre
- Industrial Supply Group
- United Tools
- Skipper Transport Parts