



## STEALTH REPORTS RECORD 2021 FULL-YEAR RESULTS

Stealth Global Holdings Ltd (“Stealth” or the “Company”) (ASX: SGI) is pleased to announce its financial results for the year ended 30 June 2021 (FY21), reporting record sales and earnings.

Year ended 30 June (\$m)	2021	2020	Variance
<b>Results excluding growth investment significant item costs<sup>1</sup></b>			
Revenue	69.7	68.1	+2.5%
Gross Profit Margin %	29.0%	26.6%	9%
Underlying EBITDA <sup>2</sup>	4.5	3.2	+41%
Net Profit After Tax	1.6	1.2	+40%
Basic Earnings per Share (cents)	1.7	1.2	+35%
<b>Results including growth investment significant item costs</b>			
EBITDA	3.1	1.4	+121%
Net Profit after Tax	0.6	0.1	+481%
Operating Cashflow	2.0	0.3	+603%
Cash and Undrawn facilities Available	6.1	6.3	-3%
Net Assets	13.8	12.7	+9%
Share Price (cents)	10.5	6.9	+52%
Basic Earnings per Share (cents)	0.06	0.01	+470%

<sup>1</sup> Further detail on growth investment significant item costs is set out on page 28 of the annual report

<sup>2</sup> Earnings before interest, tax, depreciation, amortisation and impairment excluding growth investment significant item costs related to acquisitions and eCommerce technology platforms.

### 2021 Highlights

- **Record FY21 revenue** increasing 2.5% to \$69.7m compared to FY20 \$68.1m despite withdrawing from a major Africa contract and low margin customers in FY20 reducing Africa sales by \$10.1m.
  - Australian revenue lifted 17% to \$66.5m compared to FY20 \$56.6m. BSA Brands (UK) FY21 revenue increased 82% compared to FY20, to \$2.0m.
- **Record FY21 Gross Profit Margin %** of 29.0% (FY20: 26.6%) (FY19: 24.3%)
- **Record FY21 Underlying EBITDA** of \$4.5m, up 41% (FY20: \$3.2m).
- **Record FY21 statutory Net Profit after Tax** of \$0.6m (FY20: \$0.1m) including investment significant items. NPAT excluding investment cost significant items increased 40% to \$1.6m.
- **Very Strong 2H21** compared to 1H21 with revenue increasing 29% to \$39.3m, Gross Profit lifted 39% and Statutory EBITDA<sup>2</sup> increased 58%.
- **Executed two value accretive acquisitions:** C&L Tool Centre and Skipper Transport Parts that will deliver annual sales of ~ \$32m and EBITDA of ~\$2.4m from September 2021.
- **Materially advanced eCommerce data & digital capabilities** launching four new Online webshop channels in 2H21 and business-to-business direct to customer procurement systems.
- **Raising our outlook guidance** to be ahead of previous expectations in 2022 bolstered by a larger scale business and high levels of demand from both new and existing customers, industries and markets across mining, infrastructure, roads, building, construction, automotive and transportation sectors.

Stealth Managing Director, Mike Arnold, said: “Stealth has delivered an excellent FY21 result on the back of a very strong second half operational performance and the strategic repositioning of the company towards higher margin sales.

#### 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

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Stirling, Western Australia 6021

#### CONTACT

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Group Managing Director & CEO

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Group Chief Financial Officer

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#### GROUP OPERATING BRANDS

- > Heatleys Safety & Industrial
- > C&L Tool Centre
- > Skipper Transport Parts
- > Industrial Supply Group
- > BSA Brands (UK)

#### WEBSITES

- > www.heatleys.com.au
- > www.cltoolcentre.com.au
- > www.skippertp.com.au
- > www.isgaus.com.au
- > www.bsabrand.co.uk

"We continued to make significant progress against our strategic priorities, driving share and revenue growth in key markets. Our growth trajectory has been transformational. We successfully negotiated 2 more value accretive acquisitions, launched 4 new Online marketplaces, implemented a business-to-business direct to customer procurement system, and grew our supply chain infrastructure by 6 company branch stores and 17 onsite stores in new geographic locations that included the Pilbara and South West regions of Western Australia & Brisbane, Queensland."

"I am so proud of the execution by our teams as they have continued to evolve our operating model and unique multichannel assets into a larger-scale broad-line distributor, well positioned to serve more customers in attractive markets. We are fundamentally in a stronger position than we expected just 12 months ago, building a larger, more relevant and diversified business holding an advantaged market position."

"Customer demand for our products combined with our tailored supply solutions model and inventory technology is very strong, bolstered by supportive long-term trends for our industry with activity in the resources sector and investment in roads, infrastructure, building, construction, transportation, automotive and vehicle sales. For this reason, increased sales and earnings are expected in 2022 across all categories, markets, online channels and particularly with the full benefit from recent acquisitions C&L Tool Centre and Skipper Transport Parts. We now anticipate to be ahead of our previous projections, raising our outlook guidance".

## 2021 Performance Overview

### Revenue

Stealth generated record revenue in the 12-month period increasing 2.5% to \$69.7m, compared to FY20 of \$68.1m. It also delivered a strong 2H performance (refer Table 1 below) with group sales lifting 29% to \$39.3m on 1H21 and 38% up on 2H20.

Table 1

Results 2H21 from continuing operations	2H21	1H21	Variance %	2H20	Variance %
Revenue (Group)	39.3	30.4	+29	28.4	+38
Revenue (Australia excl. Online)	36.1	28.1	+28	25.7	+40
Revenue (Online)	1.8	0.5	+260	0.3	+500
Revenue (International)	1.4	1.8	-22	2.4	-42

**Total Sales in Australia, including Online, in the 2H increased by 33%** or \$9.3m on 1H21, with the same number of selling days in both periods. International sales declined after the withdrawal from a major Africa contract and low margin customers in FY20 reducing FY21 Africa sales by \$10.1m. Related net profit contribution was minimal with the contract being relatively breakeven.

**eCommerce Online sales grew nearly eight times higher** to \$2.3m in FY21, up from \$0.3m in FY20. This was aided by the C&L Tool Centre acquisition and small early sales contribution from the launch of four new Online marketplaces primarily in Q421.

**UK joint venture domestic sales increased by \$0.9m** despite the ongoing impact of COVID-19 in the UK market. Government physical distancing requirements and restrictions across the UK slowed expansion of product range across stockist stores. Bisley product was placed throughout some 80 distribution locations across the UK and in Africa in FY20. During FY21 Stealth opened 6 new stockist stores but had a temporary deferral on establishing more distributor stores and progressing potential new customer arrangements. This is expected to ease in the coming months as the COVID-19 vaccine is rolled out to the community.

### Gross Profit Margin

The Gross Margin achieved for FY21 was 29.0% of revenue, up 9% from 26.6% in FY20. Gross Profit Margins have risen from 18.5% of revenue to 29.0% over the last three years (refer Table 2 below). This is primarily driven by increased scale, operating leverage with better buying terms and concerted effort and focus on higher margin business.

Table 2

	FY21	FY20	FY19	FY18
Gross Profit % (Group)	29.0%	26.6%	24.3%	18.5%

Gross Profit Margin percentage in 2H21 was 29.8%, up from 28.1% in 1H21 and 28.2% in 2H20.

### Earnings – Record Achievement

Stealth achieved record results in Earnings Before Interest, Tax, Depreciation, Amortisation (EBITDA) and Net profit After Tax.

Underlying EBITDA<sup>2</sup> for FY21 increased 41% to \$4.5m (FY20: \$3.2m) excluding growth investment significant item costs related to acquisitions and eCommerce technology platforms. This represented a 6.4% margin on FY21 revenue up pcp from 4.7%.

Statutory EBITDA for FY21 increased 121% to \$3.1m (FY20: \$1.4m)

Net Profit After Tax for FY21 increased 40% to \$1.62m (FY20: \$1.16m) excluding growth investment significant item costs.

Statutory Net Profit After Tax for FY21 increased 481% pcp to \$0.6m (FY20: \$0.1m) and includes investment significant item costs of \$1.4m (pre-tax) primarily related to related to acquisitions and eCommerce technology platforms growth.

Statutory Net Profit After Tax for the second half of FY21 (2H21) was \$0.39m, up 126% from \$0.17m in 1H21 and up from (\$0.01m) in 2H20, driven by improvements across all businesses and using operating leverage as revenue increased. The 2H21 stronger profit performance was even more encouraging as the group only received \$0.1m of Commonwealth Government stimulus assistance in 2H21 compared to \$1.5m in 1H21 and \$1.5m in 2H20. This assistance ended in the third quarter of FY21.

Earnings per share for FY21 increased by 470% to 0.06 cents (FY20: 0.01 cents). This increase was due primarily to higher operating earnings, noting 4.8 million new shares were issued to the former shareholders of C&L Tool Centre forming part of the acquisition deal structure in December 20.

### Cash Flow

Record operating cash inflow of \$2.0m was achieved during the year, supporting the investment of \$1.5m in eCommerce digital channel capabilities and operational facilities, strengthening the Group's growth capacity. The increase in cash from operating activities is primarily the result of higher net earnings and strong and disciplined working capital management.

### Investment: - New business acquisitions and eCommerce Online digital channels

Stealth negotiated two value accretive acquisitions in the year that are expected to collectively deliver attractive annual revenue growth of around \$32m and EBITDA of \$2.4m. These were C&L Tool Centre completed in December 2020 that contributed only 7 months of income and profit in FY21, and Skippers Transport Parts which was completed 15 August 2021.

FY21 acquisition transaction costs were \$1.1m combining due diligence, advisor fees, bank refinance, integration, distribution centre set-up and reconfiguration, store refurbishment, establishing and migrating technology applications.

Stealth materially advanced its Online digital channels, investing \$0.95m in launching four new Online Marketplaces in 2H21, using a combination of internal and external resources. Stealth also acquired the benefit of two new Online marketplaces from its business acquisitions. Online marketplaces 'webshops' are expected to be a material future growth area in all Stealth businesses.

## Balance Sheet and Capital Management

Available cash and undrawn facilities were \$6.1m at 30 June 2021. Net Debt was \$4.2m, up by \$2.85m following the acquisition of C&L Tool Centre in December 2020. New Finance arrangements established with Commonwealth Bank increased facilities to \$10.1m at 30 June 2021. A further \$5.3m of facilities were added post 30 June as part of the Skipper Transport Parts acquisition.

## COVID-19

The Company continues to successfully take 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. The situation is constantly evolving and may impact earnings in the future. With the Group's main operations in Western Australia, South Australia and Queensland, it is confident of maintaining robust financial results with markets remaining open and vaccines rolled out. In the UK, physical distancing requirements and restrictions enforced by government is easing as vaccines are rolled out. Stealth will continue to monitor, assess and provide ongoing updates on the ever-changing course of events relating to COVID-19 and any impact it may have on the business.

## Strategy and Outlook

### Strategy

Stealth's strategy is focused on customer needs and uses a multichannel offer combining its Sales team, In-store, On-site, Online, Click & collect and Delivery to serve customers of all sizes. Improving the customer experience and retention is a continued focus with ~ 95% of revenue driven from repeat customers.

Stealth operates a portfolio of five leading distribution businesses that extends across the end-to-end supply chain covering Business, Trade, Retail, Service & Specialist Wholesale. Each business differentiates itself through different methods of customer engagement, order processing, and order fulfilment though using operating leverage from the combined group to drive competitive advantage.

**In FY21, Stealth continued to make significant progress on its strategy** building a larger, more relevant, and diversified business, significantly expanding its customers, suppliers, marketplaces, stores, products, team members and geography.

The acquisition of C&L Tool Centre in December 2020 and Skipper Transport Parts August 2021 has added more than 600,000 new Products, +2,500 new Customers and +1,400 new Suppliers into the portfolio. Supply Chain Infrastructure grew by 6 new company branch stores and 17 new onsite stores in new locations in Brisbane and Perth, and regional centres in Western Australia in Albany, Esperance, Karratha, Port Hedland, Newman, Kalgoorlie, and Rocklea, Mackay, and Emerald in Queensland.

**Going forward**, Stealth's differentiated Sales and Services model using a combination of its broadline MRO product offering and tailored solutions model is unlike any other single, like-for-like competitor in Australia. Stealth has built a unique and emerging market position in Western Australia and Queensland in a large, growing and highly attractive MRO industry.

**Strategic Direction:** Stealth will continue to generate value for shareholders through three key growth strategies:

1. **Continue to develop large-scale distribution model** as a broad-line distributor for Industrial MRO supplies, Safety/PPE Products, Workplace supplies, and other related products and services, increasing revenue and improving efficiencies.
2. **Hold an advantaged market position 'supplier of choice'** by creating more value and better experiences for customers to grow market share using a combination of an expansive product offering and tailored solutions models with physical stores, In-stock available products, supply chain infrastructure, deep customer relationships and online digital channels to serve customers of all types and sizes.
3. **Draw on scale and operating leverage from business combinations to improve financial performance** using the strengths and advantages in each business in the group. This includes a differentiated sales and services offer providing the widest-range, best prices, stock available, value-add supply solutions and unmatched customer service.

## Outlook

Favourable economic, industry and market trends offer Stealth opportunities in 2022, particularly with its branch and store presence across Western Australia & Queensland. Activity in resources sector and increased investment spend in roads, infrastructure, housing, building & construction, manufacturing, transportation and in vehicle sales (repairs & 4wd fit out) are continuing to drive share growth in Stealth's key markets.

Stealth's continued focus on the customer, combined with the strength and competitive advantage of its multichannel offer, be it in-store, on-site, online or over the phone, will enable the business to meet customers' increased demand.

eCommerce Online sales growth is expected to materially benefit the group in 2022 with customers having an elevated appetite for innovation, technology integration and better, more convenient buying experiences.

More broadly, growth is expected across all offline and inline channels from an active +5,500 customer list covering Business, Trade and Services and from +34,000 Retail customers.

**Stealth Managing Director, Mike Arnold, said** "Based on the strength of the business and our expectations for continued customer demand following strong comparable sales growth in the second half of last year, future online sales growth from new webshop channels and recently completing the acquisition of Skipper Transport Parts with integration with Heatleys expected to take around 60days, we continue to be encouraged a strong outlook and are confident of continued outperformance."

## Guidance

Stealth is expected to deliver stronger results in 2022 across all businesses, categories, markets. After Skipper Transport Parts is fully integrated, **Stealth now anticipates to be ahead of its previous expectations, raising its outlook to provide the following guidance.**

- **Annualised revenue rate of between \$95.0 million to \$102.0 million**
- **Annualised underlying EBITDA of between \$5.7 million to \$6.3 million**, excluding investment related significant item costs for acquisition and integration related to Skipper Transport Parts and C&L Tool Centre, and in eCommerce Online expansion.

The Skipper Transport Parts acquisition was successfully completed 15 August 2021 and integration with Heatleys is expected to take around 60 days. This involves the set-up and physical relocation of inventory (250,000 product lines) from the AMCAP distribution centre into the Heatleys distribution centre in Perth, store refurbishment, establishing and migrating technology applications from AMCAP into Heatleys ERP, and employee systems training across all branch store locations.

The COVID-19 situation is continually evolving and may continue to negatively impact global markets and supply chains. The Company will continue to monitor, assess and provide updates relating to COVID-19 and any impact it may have on the business.

## Investor Presentation Webcast

Stealth will conduct a live webinar conference call and webcast at 9.30am AWST on Wednesday September 8, 2021, to discuss the FY21 results. The webcast will be hosted by Mike Arnold, Group Managing Director and CEO, and John Boland, Group CFO.

Investors can register for the webcast at <https://attendee.gotowebinar.com/register/8645535113236212238>

Questions or queries can be submitted to [investors@stealthgi.com](mailto:investors@stealthgi.com). For those unable to participate in the live event, a webcast replay will be available shortly after the event on the company website at [www.stealthgi.com](http://www.stealthgi.com)

**For further enquiries:**

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**-ENDS-**

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

**About Stealth Global Holdings**

Stealth Global Holdings Limited (ASX code: SGI) is a broad-line business-to-business (B2B) and business-to-consumer (B2C) distributor of industrial, maintenance, repair, operating 'MRO', safety & workplace supplies and other related products and services. Headquartered in Perth, Western Australia, it provides supplies and solutions for every industry through its portfolio of five distribution businesses that extends across the end-to-end supply chain covering Business, Trade, Retail, Service & Specialist Wholesale. The five subsidiary brands are: Heatley's Safety & Industrial, C&L Tool Centre, Skipper Transport Parts, Industrial Supply Group and BSA Brands (UK) a joint venture with Bisley Workwear.