



## STEALTH REPORTS RECORD FINANCIAL PERFORMANCE IN FY2024

Stealth Group Holdings Ltd ("Stealth" or "the Company") (ASX:SGL), an Australian distribution group, is pleased to announce record results for the year ended 30 June 2024.

### FINANCIAL HIGHLIGHTS

- Company Record Revenue and Gross Profit:** achieved record group revenue of \$113.7m, up 2.4%, and gross profit of \$33.7m, an increase of 3.4%.
- Earnings Climbed:** Significant growth in Underlying EBITDA (+17.1%) and EBIT (+39.6%), with a 35% EBITDA margin achieved on incremental Revenue.
- Delivered Record Profit:** Net profit growth up 50.2%, NPAT to members \$1.4m and lowered cost of doing business from 24.5% to 24.3%.
- Record Earnings Per Share:** EPS increased by 47.6% to 1.34 cents, setting the stage for maiden fully franked dividend payment in relation to FY2024.
- Achieved Significant Cash Flow:** Stealth recorded a record result of \$10.1m in cash holdings, an increase of 31.2%.
- Reduced Net Debt:** Net debt (excluding Force acquisition) down 33% to \$4.9m, before the acquisition of Force Technology increased it to \$10.8m overall.
- Disciplined Inventory Management:** Inventory (excluding Force \$7.2m) as a percentage of revenue reduced positively to 13.0% (FY23: 13.3%), reflecting strong inventory management.
- Strengthened Balance Sheet:** Record net assets increasing to \$20.4m, up \$4.3m on FY23 (\$16.1m), ROCE% at 9.6% compared to 9.9% in FY23, and record net working capital of \$15.3m, up from \$10.7m in FY23.
- Continued Volume Growth:** Sales up 9.6% and Gross Profit up 13.7% on a per employee basis.
- Completed the acquisition** of Force Technology International in June 2024, a market-leading distributor and wholesaler of consumer tech products, adding \$45m annual sales and \$2.5m of EBITDA to FY25 trading.
- Outlook Strong:** Expectations for revenue, profits, and earnings to outperform FY24 with underlying revenue of \$159m for FY25, up 39% on FY24.

### SUMMARY TABLE

FINANCIAL SUMMARY	2024	2023	CHANGE V PRIOR	3 YEAR
Revenue	\$113.7m	\$111.0m	+2.4%	+19.4%
Gross Profit	\$33.7m	\$32.6m	+3.4%	+20.3%
EBITDA <sup>1</sup>	\$6.4m	\$5.5m	+17.1%	+32.0%
EBIT <sup>2</sup>	\$3.2m	\$2.3m	+39.6%	+35.7%
PBT	\$1.9m	\$1.3m	+48.0%	+28.3%
NPAT to Members	\$1.4m	\$0.9m	+50.2%	+40.9%
Basic earnings per share (EPS)	1.34	0.91	+47.6%	+32.8%
<b>CASH AND DEBT</b>				
Operating cash flow	\$6.3m	\$6.8m	(8.7%)	
Capital expenditure	\$1.5m	\$1.3m	20.4%	
Free cash flow	\$4.7m	\$5.6m	(15.4%)	
Cash realisation ratio (%)	128	130	(2.3%)	
Cash and cash equivalents	\$10.1m	\$7.7m	+31.2%	
Net assets	\$20.4m	\$16.1m	+26.8%	
Net debt	\$10.8m	\$7.2m	49.4%	
Net debt to EBITDA (x)	1.8x	1.4x	29.4%	

<sup>1</sup> Earnings before interest, tax, depreciation, amortisation before underlying unusual costs

<sup>2</sup> Earnings before interest, tax, after underlying unusual costs.

#### BOARD OF DIRECTORS

Chris Wharton<sup>AM</sup>  
Chairman

Michael Arnold  
Group Managing Director & CEO

John Groppoli  
Non-Executive Director

Simon Poidevin  
Non-Executive Director

John Boland  
Company Secretary

#### ISSUED CAPITAL

115.4 million Ordinary Shares

#### PRINCIPAL OFFICE

Level 2/43 Cedric Street  
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
- > Force Technology International
- > C&L Tool Centre
- > Industrial Supply Group
- > United Tools
- > Australian Workplace Supplies

#### WEBSITES

- > heatleys.com.au
- > forcetechnology.com.au
- > cltoolcentre.com.au
- > isgaus.com.au
- > unitedtools.com.au
- > toolspareparts.com.au
- > australianworkplacesupplies.com.au

**ASX: SGI**

**Stealth Group Managing Director and CEO Mike Arnold commented.** "I am pleased to announce that Stealth achieved company record financial performance in FY24, this marks our sixth consecutive year of revenue growth since listing in FY19 and 10 years since our foundation.

Throughout the year, we continued to invest strategically in our business, focusing on key areas such as technology, store upgrades, integration of business operations, centralisation, rightsizing, and brand and product range development to support growth. Our strategic initiatives, including the acquisition of Force Technology, have diversified our portfolio further, strengthened our market position and expanded our product offerings. We have also made significant progress in enhancing operational efficiencies, increasing net profit to members by 50.2%, and reducing our cost of doing business.

Looking ahead, we have reset our strategic agenda for 2025-28 to continue our growth. For FY25, underlying revenue is \$159 million, with the full-year contribution of Force Technology. Stealth will outperform its FY24 results. We remain committed to driving sustainable growth and maintaining a disciplined approach to capital management."

FINANCIAL SUMMARY CONTINUED...	2024	2023	CHANGE V PRIOR
<b>RATIO'S</b>			
Gross Margin	↑ 29.6%	29.3%	+30 bps
Cost of Doing Business	↑ 24.3%	24.5%	-20 bps
EBITDA <sup>1</sup> Margin	↑ 5.3%	4.8%	+50 bps
Inventory / Sales	↑ 19.1%	13.3%	580 bps
Return on Capital Employed (%)	↑ 9.6%	9.9%	(3.0%)
Net Debt Ratio / EBITDA <sup>1</sup>	↑ 1.8x	1.4x	29.4%
Share Price @ 30 June	↑ 0.21	0.125	+68.0%
EV <sup>4</sup> / EBITDA <sup>1</sup>	↑ 5.8x	3.7x	+54.1%

<sup>1</sup> Earnings before interest, tax, depreciation, amortisation after underlying unusual costs.

<sup>4</sup> EV (Enterprise Value) = Market Capitalisation + Net Debt. Numbers have been rounded.

## SALES AND GROSS PROFIT GROWTH<sup>5</sup>

% Growth v Prior Half-Year	Sales	Gross Profit
Per working day	0.9%	4.7%
\$ value per order	20.7%	25.2%
\$ value per employee	9.6%	13.7%

<sup>5</sup>From distribution and retail operations, excluding buying group operations.

### Net Debt

Net debt (excluding Force Technology International Pty Ltd) reduced by 32.9% to \$4.9m. The Company's Net Debt to EBITDA ratio (excluding Force acquisition) improved to 0.8 times, down from 1.4 times at 30 June 2023.

The Group repaid \$1.01m of acquisition debt (FY23: \$1.6m) and \$0.45m of deferred consideration (FY23: \$0.51m) relating to United Tools Pty Ltd in FY24. C&L acquisition debt fully repaid as of December 23, leaving acquisition debt balance of \$1.0m. Total combined original drawings were \$5.75m, with no acquisition debt to fund the Force acquisition, working capital facilities assumed.

### Balance Sheet and Cash Flows

Stealth is reporting significant cashflow generation for FY2024 with operating cash flow reaching \$6.25m, compared to \$6.84m in FY23, and free cash reaching \$4.7m, compared to \$5.6m in FY2023 (however exclusion of one-off tax refund received in FY23 normalises this to a \$0.1m increase).

Cash and cash equivalents increased to \$10.1 million as of 30 June 2024, and net debt (excluding Force Technology) reduced by 32.9% to \$4.9 million.

Net assets increased to \$20.4m, up \$4.3m on FY23 (\$16.1m). This includes \$3.1m increase from equity issued on acquisition of Force.

### Capital Allocation

The Company remains committed to a best-in-class allocation strategy focused on driving long-term, sustainable shareholder value. Investment will be directed to data, digital, and automation operational efficiency with upgrades to stores and distribution centres, as

well as in growth relating to market channels, new hire services, expanding products, merchandising and new stores.

#### **Dividend**

The Company is pleased to confirm a maiden dividend payment for FY24. Since year end, the Directors have determined to pay a fully franked final dividend of \$969,323 at a rate of \$0.0084 cents per fully paid ordinary share.

The company will issue its Dividend Reinvestment Plan on the ASX on 5<sup>th</sup> September 2024. Further details will be provided at this time.

#### **Navigating Market Challenges**

FY2023 saw pressures from inflation and rising interest rates that were dampening market demand. These challenges persisted throughout FY2024, but Stealth's performance this year reflects our ability to manage these risks successfully.

### **OPERATIONAL HIGHLIGHTS**

In FY2024, Stealth continued to invest strategically across various areas, including technology enhancements, store upgrades, and the integration and centralisation of business operations to support growth and efficiency.

The acquisition of Force Technology marked a significant expansion of our principal activities, adding a market-leading consumer technology accessories distributor to our portfolio. Through disciplined capital allocation, spending \$1.5 million, and targeted improvements like automation projects and rightsizing, we increased our profitability by 50.2% while lowering our cost of doing business from 24.5% to 24.3%.

Our trading footprint grew substantially with the addition of +3,310 new retail reseller locations for the consumer technology division, while we optimised operations by closing underperforming branches (2) and onsite customer locations (4) and reinforced our cyber protection with security upgrades.

### **STRATEGIC HIGHLIGHTS**

#### **Strategic Acquisitions and Long-term Growth**

Stealth continued to expand through organic growth and targeted acquisitions, with a focus on enhancing our distribution network and sales channels. The acquisition of Force Technology aligns with our commitment to diversification, broadening our market reach, product range and channels to market in the Commercial-Business, Trade and Retail sectors.

Our strategy centres on driving growth in revenue and profit by differentiating our offerings, scaling our operations, while renewing our distribution portfolio through value-adding transactions. We are also committed to integrating sustainable management practices to ensure long-term profitability.

#### **Supporting Our Community**

Throughout the year the Group participated in several key events that reflect our dedication to meaningful causes.

We continue to support the Cancer Council's Biggest Morning Tea, and Pink Ribbon Morning Tea, raising funds and awareness for cancer research and support services. These events are close to our hearts as many of our employees have been personally affected by cancer.

We also partnered with MLG in the MACA Cancer 200 Ride for the Perkins, a major fundraising event for cancer research in Western Australia. As a Gold Sponsor, we were proud to contribute to the collective effort that raised over \$130,000.

International Women's Day also reflected our commitment to promoting a diverse and inclusive workplace, where women represent 39% of our workforce.

### **OUTLOOK FOR FY2025**

Stealth's long-term growth strategy remains on track operating in a large, fragmented \$64 billion addressable market. Demand for Stealth's products and services across end-markets remains robust.

Short-to medium growth outlook remains positive supported by acquisition of Force Technology that will contribute \$45m of new sales to Stealth in FY25. This is 38% underlying revenue growth.

The Industrials division continues to benefit from the breadth and diversity of its business and resilient end markets, particularly in mining, resources and infrastructure. These end markets remain strong with ongoing high demand for Stealth's products and services.

Price is becoming more important to consumers in challenging economic conditions. Favourably, ~90% of products the Group sell are non-discretionary items providing price and margin resilience.

We remain optimistic that Stealth will maintain its positive momentum into FY2025. Our unique end-to-end supply chain positions us to effectively serve both our business-to-business distribution network and our retail network across Australia. The addition of Force Technology to our portfolio further enhances our growth prospects, enabling us to tap into the expanding market for smart device lifestyle products.

We plan to continue investing in, extending, and protecting our competitive advantages, including the brands and store formats that consumers love, and that businesses and trade professionals rely on to meet their needs.

- Invest in expanded ranges, channels and market share.
- Progress private-label development and exclusive brand arrangements.
- Win in wholesale, retail, commercial business, and in trade-professionals space.
- New stores and store upgrades.
- Launch of new loyalty rewards program.
- New expanded services.
- Continue to invest in digital, data and automation.
- Potential acquisitions.
- Target of \$300m revenue by 2028 at 8% EBITDA.

The Company will hold an investor briefing and presentation on the FY2024 result on Thursday 5th September 2024 at 9.30am AWST. Shareholders can register for the briefing via the link below.

Registration Link: [https://zoom.us/webinar/register/WN\\_bgbSU1VyRTCWYtUUFFpww#/registration](https://zoom.us/webinar/register/WN_bgbSU1VyRTCWYtUUFFpww#/registration)

- ENDS -

**For Further Enquiries:**

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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 Group Holdings Ltd.*

**ABOUT STEALTH GROUP HOLDINGS**

Stealth Group Holdings is a distributor, wholesaler, and a retailer of industrial maintenance, repair and operating (MRO) supplies, consumer technology products and other related products and services.

Stealth uses a combination of multichannel and single channel online business models to provide customers, primarily businesses, with a range of options for finding and purchasing products through an Australia-wide network of highly integrated distribution centres, branches, company stores, websites, retail reseller stores, and independent operators.

Stealth's diversified businesses today, distribute hundreds of leading brands which are known for their quality, are made for everyone, and designed to be used every day, to more than 40,000 businesses, institutions, trade professionals, and retail consumers. Retail consumers buy our products in-store and online. Business customers place orders online via their mobile devices or email, over the phone, through a sales representative, or in-person at local branches.

Approximately 1,100 suppliers provide Stealth with 200,000 products stocked in the company's distribution centres, stores and branches Australia-wide with a further 1 million products available on demand. Stealth employs ~250 team members directly across Australia.