



**STEALTHGLOBAL**  
HOLDINGS LTD



**STEALTHGLOBAL**  
HOLDINGS LTD

An Australian multinational leading distribution group of Industrial MRO supplies

# 2021 Annual General Meeting Presentation

Monday 29 November 2021



**STEALTHGLOBAL**  
HOLDINGS LTD

An Australian Public Listed Company. ASX Code: SGI

# SGH Board & Corporate Summary



**Chris Wharton** <sup>AM</sup>  
Chairman &  
Non-Executive Director



**Mike Arnold**  
Group Managing Director &  
CEO



**John Groppoli**  
Non-Executive Director &  
General Counsel

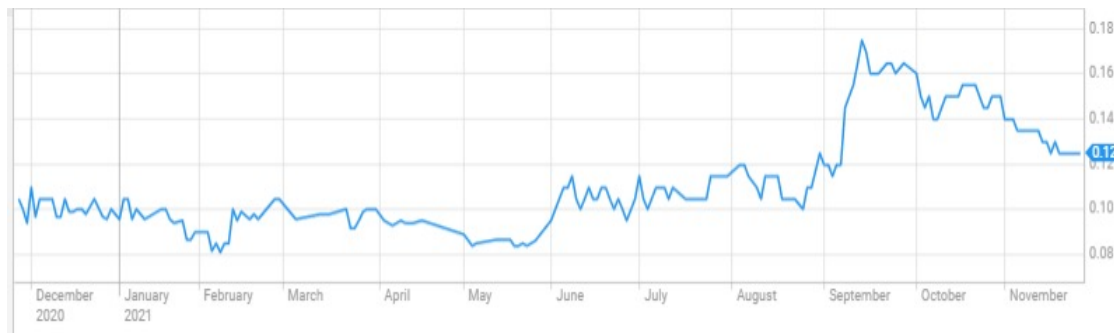


**Simon Poidevin** <sup>AM OAM</sup>  
Non-Executive Director



**Jessamyn Lyons**  
Company Secretary

## Share Price Chart



**\$12.5m**  
Market Cap

## Shareholding Register at 30 June 21

- 23%** Directors and Management
- 32%** Institutional Investors
- 11%** High Net Worth's
- 34%** Retail

Personal use only

# Leadership Team



**Mike ARNOLD**  
Group Managing  
Director & CEO



**Luke CRUSKALL**  
Group Chief Operating  
Officer



**John BOLAND**  
Group Chief  
Financial Officer



**Brendan ROSSITER**  
Group Financial  
Controller



**Jessica RICH**  
Chief Marketing  
Officer



**Phil PODGORSKI**  
Chief Information  
Officer



**Michelle SCHOEMAN**  
Group Manager  
Executive Office



**Darren BEAZLEY**  
General Manager  
Heatleys Safety & Industrial



**Karin DOUGLAS**  
General Manager - Sales  
Heatleys Safety & Industrial



**Vince ZENONI**  
General Manager  
C&L Tool Centre



**Des ELLIS**  
General Manager  
Skipper Transport Parts



**Adam SHERWOOD**  
General Manager  
BSA Brands (UK)



**Brad COLEMAN**  
General Manager  
Industrial Supply Group



**Peter REED**  
Group Manager  
People & Safety



**STEALTHGLOBAL**  
HOLDINGS LTD

# 2021 Review Progress On Strategy Looking Ahead



**Mike Arnold**

Group Managing Director & CEO



# About Stealth

## Our Key Strengths

- 01** Multichannel offering covering business, trade and retail.
- 02** Diverse distribution network with an advantaged market position.
- 03** Extensive supply chain infrastructure.
- 04** Expansive product range and in-stock offering.
- 05** Innovative supply solutions models.
- 06** Robust eCommerce data & digital platforms.
- 07** Deep partner relationships.
- 08** Collective buying scale combining Company, Independent retailers and Joint Ventures.

Access to attractive markets, with favourable drivers



## Our Vision

Build Australia's leading distribution group of Industrial MRO supplies and other related products and services, holding an advantaged market position.



# Our History Profile

Purposeful build and buy strategy since Listing on the ASX in October 2018 investing to build a larger distribution group.

## Sales Revenue



## Strategic M&A Outcomes

2018	2019			Dec 2020	Aug 2021
 Acquired 100% of Heatleys Sales	 UK launch JV with Bisley Workwear	 Acquired 100% of Industrial Supply Group	 Acquired Protect-A-Load own label brand	 Acquired 100% of C&L Tool Centre	 Acquired 100% of Skipper Transport Parts

**Next 3 years**

Continue build and buy strategy

focused on good growth opportunities, improve competitiveness and grow market share.

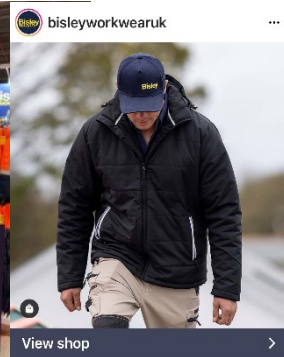
<sup>1</sup> Revenue growth despite withdrawing from low margin major Africa contract in Dec19 reducing Africa annual sales by \$17.9m from FY19 and FY21. These sales were replaced by higher margin customers in Australia and the UK. <sup>2</sup> Calendar Year (CY22) guidance of \$95m-\$102m after Skipper Transport Parts is fully integrated. Expected completion 31 December.



# A Look Inside Our Business



STEALTHGLOBAL  
HOLDINGS LTD







# Strategic Direction – Next 3 Years

Building Australia’s leading distribution group of Industrial MRO supplies holding an advantaged market position

## Group Priorities

We continue to fine-tune our strategy and focus areas

Provide a satisfactory return to shareholders

01

**Build a larger relevant business with operating leverage.**

- ↑ Differentiated sales and services
- ↑ More customer value and better experiences
- ↑ Serve all types, sizes, industries covering business, trade, retail
- ↑ Supply chain infrastructure
- ↑ Buying scale ‘Source & buy better’
- ↑ Strength through partnerships
- ↑ Ranging, merchandising, own brands

02

**Preferred Partner of choice** a genuine alternative.

03

**Deepen supplier arrangements.**

04

**Innovative customer acquisition and retention capabilities.**

05

**Grow eCommerce sales.**

**Automation & Scalable management systems.**

06

**Drive higher EBITDA margins**

- ↑ 2025 +8% EBITDA target
- ↑ Market share growth
- ↑ Lean, low-cost operating model
- ↑ Supply Chain efficiency
- ↑ Robust capital management
- ↑ Full product range made available across all businesses.
- ↑ Pursue growth opportunities in attractive markets with favourable drivers

07

**Two synergistic trading divisions focused on supply, and customer distribution.**

08

**Leading logistics and distribution capability.**

09

**Retain, attract, develop our people.**

**Responsible business practices.**

10

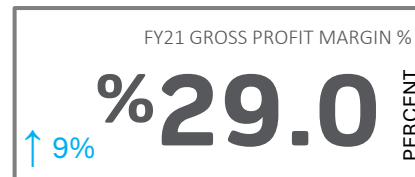
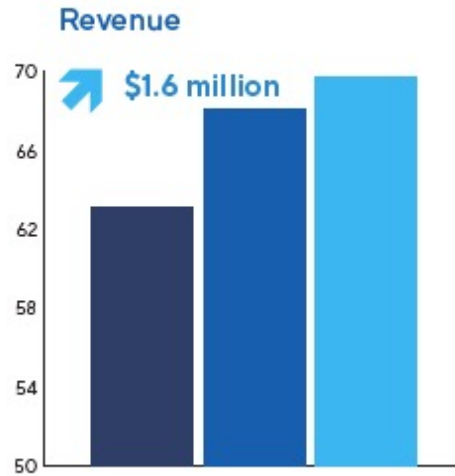
**Configure our business to meet the evolving needs of our customers.**

**Multichannel business model: Sales Team, Instore, Onsite, Online, Click & Collect, DCs, Delivery, using a network of local and national locations**



# FY21 Group Highlights – Record Year Of Revenue and Profit

↑ 2.5%	REVENUE * ^	<b>\$69.7</b>	MILLION
↑ 41%	UNDERLYING EBITDA #	<b>\$4.5</b>	MILLION
↑ 17%	AUSTRALIA REVENUE	<b>\$66.5</b>	MILLION
↑ 82%	UK DOMESTIC JV REVENUE ^	<b>\$2.0</b>	MILLION
↑ 40%	NET PROFIT AFTER TAX BEFORE SIGNIFICANT ITEM COSTS	<b>\$1.6</b>	MILLION
↑ 481%	NET PROFIT AFTER TAX & AFTER SIGNIFICANT ITEM COSTS	<b>\$0.6</b>	MILLION



Growth 
 30 June 2019 
 30 June 2020 
 30 June 2021

\* Includes BSA 100% of joint venture revenue

^ Revenue growth despite withdrawing from major Africa contract and low margin customers reducing Africa sales by \$10.1m

# Underlying Earnings Before Interest, Tax, Depreciation, Amortisation (EBITDA) excludes significant items (investments and M&A transactions)

Personal use only

# Group Highlights – A Standout Year

Progress on strategy to September 21.

## Investments made aligned to our strategy

### Acquisitions

01

- C&L Tool Centre.
- Skipper Transport Parts.
- New bank CBA and finance facilities.
- New On-site stores.
- Supply chain solutions infrastructure.

### Brands & Channels

02

- New office & showroom format upgrades.
- Brand refresh of Heatleys and ISG. Marketing online and offline.
- UK range, promotion, influencers, warehouse relocation, store stockists.
- Onsite solutions model and consumer-led inventory ranging.

### Digital & Data

03

- \$1m investment in B2B/B2C eCommerce platforms.
- On-site inventory technology and scanning linked to ERP.
- Integrated single reporting platform for data and insights.
- Improvements in task automation.



**Full benefit from investments are yet to materialise.**



# Group Highlights – A Standout Year

Progress on our strategy to September 21.

## Scale & Operating Leverage Growth

### Stores

- 6 new company stores
- 17 new onsite locations

### Locations

- Queensland: Brisbane, Mackay, Emerald
- WA: Perth, Karratha, Albany, Port Hedland, Esperance

### Product & Range

- 600,000 new products

### Team Members

- 62 new team members

### Customers & Suppliers

- 2,500 new customers
- 1,400 new suppliers

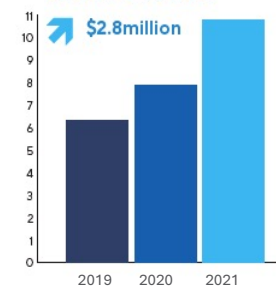
### eCommerce

- 6x new B2B/B2C online marketplaces
- Sophisticated platform for business customers

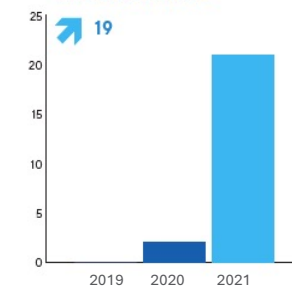


## Year-On-Year Growth

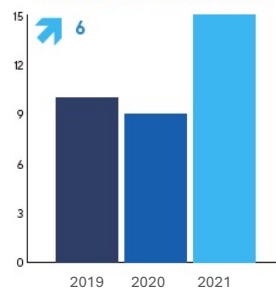
Inventory on hand in distribution centres



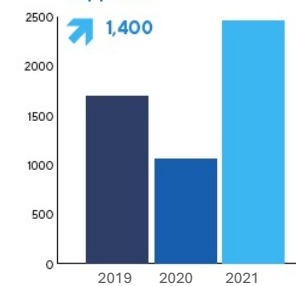
On-Site Locations



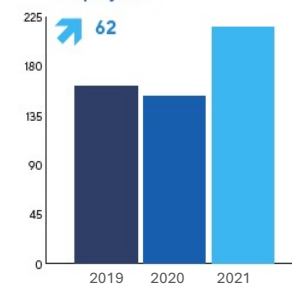
Own branch store locations



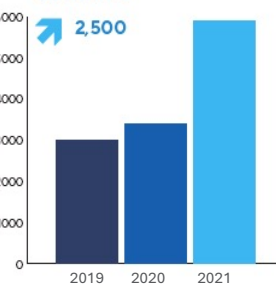
Suppliers



Employees



Customers





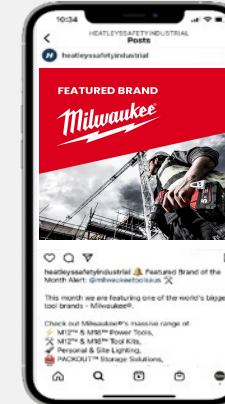
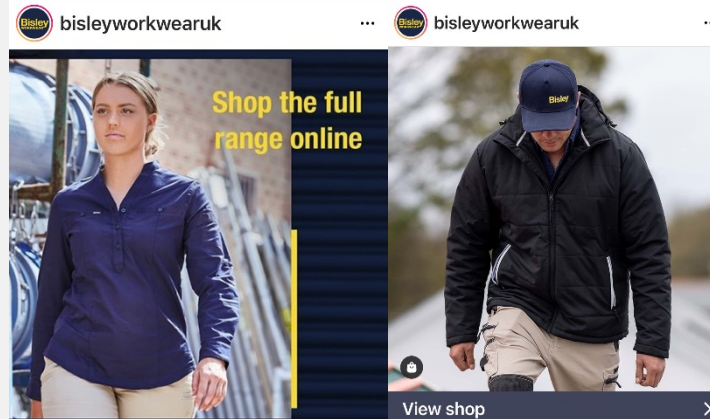
# Digital & Online Transformation

## Accelerated eCommerce platforms and Online marketplaces

					
ENHANCED	B2C / B2B	B2B / B2C	B2C	PORTAL	B2B / B2C
<a href="http://www.stealthgi.com">www.stealthgi.com</a>	<a href="http://www.cltoolcentre.com.au">www.cltoolcentre.com.au</a>	<a href="http://www.heatleys.com.au">www.heatleys.com.au</a>	<a href="http://www.bsabrands.co.uk">www.bsabrands.co.uk</a>	<a href="http://www.isgaus.com.au">www.isgaus.com.au</a>	<a href="http://www.skippertp.com.au">www.skippertp.com.au</a>

## Features

- ✓ EDI, Punchout
- ✓ Product content
- ✓ CRM
- ✓ Data & Analysis
- ✓ Internal TV channel
- ✓ Shopping Cart
- ✓ Click & Collect
- ✓ Click & Deliver
- ✓ Pay later / buy now
- ✓ Social Media
- ✓ Mobile Management
- ✓ Business Analytics
- ✓ Promotion and Advertising



**Customer uptake growing strongly**

Annual sales run-rate up 250% on FY20

# Marketing & Advertising Refresh



STEALTHGLOBAL  
HOLDINGS LTD

**HEATLEYS trade TALK**

national safe work month think safe. work safe. be safe.

**SAFETY SOLUTIONS FOR EVERY INDUSTRY**

50+ PRODUCT SPECIALS

SUPPORTED BY THE BIGGEST BRANDS

VISIT OUR NEW WEBSITE [www.heatleys.com.au](http://www.heatleys.com.au)

**SKIPPER TRANSPORT PARTS**

All Makes, Best Brands.

**GREAT DEALS INSIDE**

- PRIMAJECTA: Buy 30m Braided Cable with Projects \$25
- POWER: Power Up With ACDelco \$24
- GRE: Grease & Long Life Premium Grease with ACDelco \$8
- WARRING TRIANGLE SET: All Purpose Spill Absorber \$25
- SPRAY APPLICATOR: Heavy Duty Sprayer \$59.50
- SKIPPER: Recordless Load Bin \$20
- WALSP: Suspension & Steering Components

**Christmas SALE**

**C&L TOOL CENTRE**

www.candltoolcentre.com.au

**ISG CAPITAL EQUIPMENT CATALOGUE**

TAX TIME EOPY SPECIALS TAX TIME

JUNE - AUGUST CATALOGUE | 2021

MAY - JUNE 2021

**BEST BUYS**

INDUSTRIAL

WORKWEAR

SAVE UP TO 25% BONUS

SAVE 28%

SAVE 10%

**Bisley WORKWEAR**

WORKWEAR

WORKWEAR

WORKWEAR

More value and opportunities for our Supplier Partners 'channels to market'



# Onsite Supply Solutions Model

Serves customers with more complex or specific inventory supply needs.

## Products-On-Demand

### Customised

Tailored model for customers with more complex or specific needs.

### Managed Inventory

Dedicated Inventory placement across customer facilities, special projects and site requirements.

### Productivity

Simplicity, convenience, efficiency, cost savings, less downtime, shorter lead-times, support.

### Supply Technology

Inventory scanning, visibility, reporting, insights, invoicing with integration to company and customers ERP.

## Access Stock, Anytime, Anywhere



Expert Team



On-site Stores



Mobile Stores



Vending Solutions

## Features

- Onsite branch operation and consignment store.
- Service counter (manned or unmanned).
- Mobile stores that operate in remote or on-site locations.
- Dedicated bin storage modular systems.
- Dedicated inventory & replenishment systems.
- Inventory optimisation.





**STEALTHGLOBAL**  
HOLDINGS LTD



**STEALTHGLOBAL**  
HOLDINGS LTD

An Australian multinational leading distribution group of Industrial MRO supplies

# Looking Ahead



**STEALTHGLOBAL**  
HOLDINGS LTD

An Australian Public Listed Company. ASX Code: SGI

ersonal use only

# Trading Update

July 21 to November 21

- **Strong start to 1H22 sales. Momentum building in all markets.**
- **Company record sales month in October of \$8.47million.**
- **Multiple strategic and operational activities in progress.** Related costs in 1H22.
- **Covid impact:** Stop/start momentum from restrictions (UK, VIC, NSW, QLD).

## Several new Customer Contract Awards

Several new customer contracts awarded or finalising contract terms.

### Australia

↑ **Combined annual value of contracts >\$18m** at peak levels estimated to be in 12-18 months.

Onboarding commencement dates vary from between Nov21 – Mar22.

### United Kingdom

↑ 90-store leading builder's merchant.

## Operational Investment Costs

- Total cost of ~ \$0.76 million.
- CAPEX \$0.80 million
- Supply chain infrastructure.
- Digital platforms.
- New customer contracts pre-commencement set-up.
- Brand development, upgrade of office and store formats.

**Aligned to strategy**

## Trading Summary

**+\$8m**

↑ **Group month sales average** (Sept-Nov)

**\$45m**

↑ **1H22 sales forecast +/- 5%**  
↑ up +48% pcp 1H21  
↑ up +~14% on 2H21

**+250%**

↑ **Online sales growth up pcp FY21**  
↑ Annual run-rate +\$5m

**114**

↑ **UK stockist stores**  
↑ up 32%, 28 stores since July

**New**

↑ **UK women's range market launch** available online & in stockist stores



# Trading Update

July 21 to November 21



STEALTHGLOBAL  
HOLDINGS LTD

## Acquisition of Skipper Transport Parts completed 15 August.

- Business Asset purchase of ~\$4.2m. \$18m sales and \$1.1m underlying EBITDA.
- Physical relocation commenced in mid August. Onboarding & integration to be completed late December.
- Onboarding and integration costs incurred in 1H22 estimated at \$0.55million.

### Insights into Onboarding & Integration costs

#### Assets acquired

- \$3.7m inventory
- \$0.5m PP&E
- 5 store operations
- 1250 customers
- 300 suppliers
- 45 people
- technology inventory systems
- Websites

#### Integration Operational

- Warehouse reconfiguration housing ~500,000 new product lines
- Relocation of physical products from Amcap DC to new Skippers DC
- New storage & handling systems
- New storage binning systems included onsite stores
- Integrated 18 people into Heatleys head office

#### ERP Systems migration & onboarding

- 45x staff and training
- 981,000 product lines
- 1x Perth branch
- 4x regional branch stores
- 9x on-site stores
- Finance & operational set up of 1,250 customers, 300 suppliers
- Communication infrastructure



Personal use only

# Outlook – Investment Merits

Well positioned for future growth as a genuine alternative

01

Customer and market share growth expected across all businesses.

02

Experienced management team and Board.

03

Network growth – more stores and distribution locations.

04

Upside benefits from recent acquisitions where synergies not yet fully materialised.

05

Upside from investment made in digital and technology channels.

06

- New contract customers.
- Full product range made available across businesses.

Growing sales and earnings profile expected in calendar year 2022 and beyond aligned to our 3-year strategy.

## Stronger Market Position

- ↑ Emergent Industry Leader position in WA and Queensland.
- ↑ #1 in WA in range depth of Industrial MRO supplies.
- ↑ #2 in WA in size of closest competitor.
- ↑ Growing national network in Australia and in the UK.
- ↑ Addressable market in which the company now competes is estimated at \$40 billion.
- ↑ Favourable economic, industry and market trends.





**STEALTHGLOBAL**  
HOLDINGS LTD



**STEALTHGLOBAL**  
HOLDINGS LTD

An Australian multinational leading distribution group of Industrial MRO supplies

**Last Page**



**STEALTHGLOBAL**  
HOLDINGS LTD

An Australian Public Listed Company. ASX Code: SGI

ersonal use only