



STEALTH REPORTS RECORD-HIGH 1H RESULTS

Stealth Group Holdings Ltd (the Company or Stealth) (ASX: SGI), an Australian industrial distribution group, is pleased to provide its financial results for the half-year ending December 31, 2023.

FINANCIAL HIGHLIGHTS

- **Historic Revenue and Gross Profit:** achieved Revenue of \$56.5m and Gross Profit of \$16.6m.
- **Profit Climbed:** Significant growth in EBITDA (+23.7%) and EBIT (+71.3%), with a 12% EBITDA margin achieved on incremental Revenue.
- **Lower Cost Base:** Cost of Doing Business down 30bps.
- **Record Earnings Per Share:** Half-year EPS of 0.45 cents, setting the stage for maiden final dividend announcement for FY24.
- **Achieved Strong Cash Flow:** Operating cash increased 65.2% to \$2.9m, and Free Cash increased 101% to \$2.4 million, respectively. Cash-on-hand finished at \$8.8m, a record result.
- **Reduced Net Debt:** Net debt down 42% to \$5.8 million from the previous period.
- **Inventory Tightened:** Reducing by 8.2% to reflect 13.2% of Sales, down from 14.4%.
- **Strengthened Balance Sheet:** Record net assets, highest ROCE% at 11.8% up from 6.6%, and optimised net working capital deployment investing primarily in digital and technology platforms.
- **Continued Volume Growth:** Sales up 8.2% and Gross Profit up 11.3% on a daily basis, and Sales up 9.1% and Gross Profit up 12.1% on a per employee basis.
- **Outlook Strong:** Expectations for Sales, profits, and earnings to be stronger in 2H FY2024.

SUMMARY TABLE

FINANCIAL SUMMARY	1H FY24	1H FY23	Change v Prior	3year CAGR ³
Revenue	\$56.5m	\$52.4m	+7.8%	+25.4%
Gross Profit	\$16.6m	\$15.2m	+9.3%	+27.9%
EBITDA ¹	\$2.8m	\$2.3m	+23.7%	+43.5%
EBIT ²	\$1.4m	\$0.8m	+71.3%	+205.0%
Earnings before Tax	\$0.7m	\$0.3m	+121.0%	+220.7%
Net Profit after Tax – Members	\$0.5m	\$0.3m	+49.1%	+128.5%
Basic earnings per share (EPS)	0.45	0.31	+48.4%	+124.5%
CASH AND DEBT				
Operating cash flow	\$2.9m	\$1.8m	+65.2%	
Capital expenditure	\$0.5m	\$0.6m	(9.8%)	
Free cash flow	\$2.4m	\$1.2m	+101.2%	
Cash realisation ratio (%)	133%	54%	+146.3%	
Cash and cash equivalents	\$8.8m	\$5.1m	+72.0%	
Net assets	\$16.5m	\$15.4m	+7.1%	
Net debt	\$5.8m	\$10.1m	(42.1%)	
Net debt to EBITDA (x)	1.0x	2.2x	(53.2%)	

¹ Earnings before interest, tax, depreciation, amortisation after underlying unusual costs.

² Earnings before interest, tax, after underlying unusual costs.

³ Dec 23 v Dec 20. Dec 21 and Dec 20 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

101.0 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 8 6465 7800

E: investors@stealthgi.com

W: www.stealthgi.com

ABN: 25 615 518 020

GROUP OPERATING BRANDS

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

WEBSITES

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

Stealth Group Managing Director and CEO Mike Arnold commented. "This is an excellent first half performance, with record sales, margin, profit and cash generation driven by the strength of our operating model, which enabled continued recovery of unprecedented cost inflation, and the ongoing successful implementation of our strategy.

The Company has changed a lot in its five (5) years on the ASX, completing seven (7) acquisitions, merging those in, rightsizing, building capability and evolving to meet the changing needs of customers, with the lion's share of profits being drawn from commercial and trade sectors led by Heatleys Safety & Industrial and C&L Tools. The first half performance reflects our focused execution against our long-term strategy and ability to serve customers well in this demanding environment. Our teams are driving impressive results across both business segments of Industrial and Automotive."

FINANCIAL SUMMARY <i>continued...</i>	1H FY24	1H FY23	Change v Prior
RATIO'S			
Gross Margin	↑ 29.4%	29.0%	40 bps
Cost of Doing Business	↓ 24.4%	24.7%	30 bps
EBITDA ¹ Margin	↑ 4.9%	4.3%	14.8%
Inventory / Sales	↓ 13.2%	14.4%	(8.2%)
Return on Capital Employed (%)	↑ 11.8%	6.6%	520 bps
Net Debt Ratio / EBITDA ¹	↓ 1.0x	2.2x	53.2%
Share Price @ 31 Dec	↑ 22.5c	13.5c	66.7%
EV ⁴ / EBITDA ¹	↓ 5.1x	5.2x	(1.9%)

¹ Earnings before interest, tax, depreciation, amortisation after underlying unusual costs.

⁴ EV (Enterprise Value) = Market Capitalisation + Net Debt.

Numbers have been rounded.

Sales and Gross Profit Growth⁵

% Growth v Prior Half-Year	Sales	Gross Profit
Per working day	8.2%	11.3%
\$ value per order	24.3%	26.0%
\$ value per employee	9.1%	12.1%

⁵from distribution and retail operations, excluding buying group operations.

Net Debt

Net debt reduced by 42.1% to \$5.8m (1H FY23: \$10.1m). The Group repaid \$0.6m off its fixed debt facility, leaving a balance of \$1.4m of fixed debt that will be repaid in full before 30 June 2024.

Balance Sheet

Cash on hand increased by \$3.7m to \$8.8m on 31 December 2023 against the same ending period in 2022 and by \$1.1m since 30 June 2023. Total available cash and unused funding facilities on 31 December 2023 was \$12.6m, providing support for continued investment in organic growth initiatives.

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

Dividend

Positive free cash flow of \$2.4m was generated (1H FY23: \$1.2m) supporting the ongoing repayment of net debt and the Company's proposed inaugural final dividend payment for the FY24 period.

OUTLOOK

The Company operates in a large, fragmented \$64 billion addressable market. Demand for Stealth's products and services across end-markets remains firm.

The Company is well-positioned for ongoing growth from its differentiated industry position, depth of products on offer, larger footprint and progressing on internal initiatives focused on long-term growth. Growth opportunities are anticipated to result in outperformance in the wider industrial sector.

Full Year 2024 Outlook

- Total organic sales growth of more than 10% as compared to prior year.
- Gross Profit as a % of sales between 29% - 30%.
- Net Profit Before Tax to exceed FY2023.
- Interest expense of approximately ~1.2% of sales.
- Effective income tax rate of approximately 30%.
- Earnings per share growth of +25% as compared to prior year.
- Capital expenditures of approximately \$1.1 million.

The Company will release its first-half investor presentation on Thursday 29 February 2024.

- ENDS -

For Further Enquiries:

Mike Arnold
Group Managing Director & CEO

Chris WhartonAM
Chairman

John Boland
CFO and Company Secretary

Corporate Office: +61 (0) 8 6465 7800

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

ABOUT STEALTH GROUP HOLDINGS

Industrial supplies and solutions for every workplace, all in one place.

Stealth Group 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 (B2C), and Wholesale (B2B2C).

Stealth's portfolio consists of five market facing operating brands:

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