

26 NOVEMBER 2020

Stealth to acquire C&L Tool Centre Pty Ltd

Highlights

- Purchase consideration of \$3.83m represents a purchase multiple of 3 times FY20 EBITDA.
- C&L is a market leading Australian distributor of Industrial & Tooling supplies, Safety/PPE, Hardware, Building, Construction and Workplace consumables based in Brisbane.
- C&L delivered FY20 Revenue of \$14.3m and EBITDA of \$1.26m. Sales trading in the first four months of FY21 is tracking around 25% higher than FY20.
- The acquisition will be funded through Stealth's existing cash and debt facilities, supplemented by the issue to the vendors of \$0.48m in Stealth shares at 10cps, and deferred consideration of \$0.9m.
- C&L is very complementary to the existing Stealth business with a similar customer base, suppliers and services that allow for ease of integration, synergies, and expansion.
- Transaction completion is expected in early December 2020.

Stealth Global Holdings Ltd (Stealth or the Company) (ASX: SGI), is pleased to announce that it has reached an agreement in principle to acquire 100 percent of the issued share capital of C&L Tool Centre (C&L) Pty Ltd located in Brisbane, Queensland for A\$3.83m.

Established in 1969, C&L is a market leading distributor of Industrial & Tooling supplies, Safety/PPE, Hardware, Building, Construction and Workplace consumables to all types of customers in Australia. Approximately 80% of sales are to business customers and 20% of sales to retail customers.

The C&L business operates three divisions underpinned by 27 team members, a strong technical sales force, leading big-name brands, a mega-store, showroom, and distribution centre encompassing 2,700sqm. Almost 25% of sales orders are received and processed online through its eCommerce digital channels. C&L's systems include retail point of sale technology, providing new capability to the wider Stealth group which is focused predominantly on business customers.

C&L is very complementary to the existing Stealth business with similar customer base, suppliers and services that provide the basis in ease of integration, synergies, and expansion. It has solid long-term stakeholder relationships and high-quality products, services, and solutions. These include product sales, fulfillment, distribution, and a service dept to large multi-national corporations, large domestic companies, small-to-medium business enterprises, schools and universities, and government agencies.

Identified opportunities in revenue growth synergies for the combined businesses include cross selling, Online eCommerce, a broader range of customers, growing the physical store network, expanding product range, new distribution channels, geographic expansion and the introduction of new services and solutions from the new combined capabilities of the Group. Identified annual cost synergies are approximately \$0.5m for the combined business.

**AN AUSTRALIAN
MULTINATIONAL DISTRIBUTION
GROUP**

BOARD

Chris Wharton
Chairman

Michael Arnold
Group Managing Director & CEO

John Groppoli
Non-Executive Director

Alan Cransberg
Non-Executive Director

Karen Logan
Company Secretary

ISSUED CAPITAL

94.9 million Ordinary Shares

PRINCIPAL OFFICE

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OPERATING BRANDS

- Heatleys Safety & Industrial
- Industrial Supply Group
- Australian Workplace Supplies
- BSA Brands (UK)
- C&L Tool Centre

W: www.heatleys.com.au

W: www.isgaus.com.au

W: www.awsonline.com.au

W: www.bsabrands.co.uk

W: www.cltoolcentre.com.au

Total purchase consideration is \$3.83m, representing a purchase multiple of 3 times FY20 EBITDA. The acquisition consideration will be primarily debt funded through Stealth's existing cash and debt facilities and will comprise:

- \$2.45m to be settled in cash on 1 December 2020.
- \$0.48m in new Stealth Global shares issued at 10cents and escrowed for 12 months. These are expected to be issued on or before 1 December 2020 pursuant to the Company's 15% placement capacity under Listing Rule 7.1.
- \$0.90m deferred payment consideration to be paid over 12 months subject to achieving required profit & tenure thresholds. The sellers will also receive 25% share of net pre-tax profit earned above \$0.9 million in the 12-month period following completion.

Stealth Managing Director Mike Arnold said: "The acquisition of C&L continues Stealth's disciplined growth plan since listing on the ASX, where we have strategically expanded our product offering, our distribution capability and network, and have moved into new geographic markets. We have strict criteria on price and on delivering long term value to our shareholders and customers, and we believe C&L meets these requirements.

"C&L is a highly regarded market leading business in Brisbane though serves customers Australia wide. The depth of C&L's wide-ranging products and tailored services will give the merged businesses greater scale as we continue to build a national distribution network to deliver more customer value, better customer experiences, more stores in our network, deeper assortment of merchandise and brand range, and a more complementary team of experienced sales, product and distribution professionals.

"Stealth will continue to maintain its capital discipline and is well positioned to grow its business and capitalise on investment and growth opportunities over coming years. This is underpinned by our increasingly diverse customer base demanding wide-ranging everyday workplace items, resulting in a steady flow of recurring sales activity."

Settlement is expected to be on or before 1 December 2020 where integration and growth-based synergy programs will commence. C&L's directors and management will continue in the business under the change in ownership.

For further enquiries:

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

-ENDS-

About Stealth Global Holdings

Stealth Global Holdings Limited is an Australian Public Listed multinational distribution group (ASX code: SGI). Headquartered in Perth, Western Australia, it holds interests in Australia, United Kingdom and Africa under four competitive subsidiary brands Heatleys Safety & Industrial, Australian Workplace Supplies; Industrial Supply Group and BSA Brands (UK) a joint venture with Bisley Workwear. The diversified business operates as a supplier and distributor of workplace products and a provider of supply chain solutions to more than 3,000 business customers and 34,000 retail customers across a variety of industry sectors. Its vast range of products are stocked in distribution centres, across its widespread store network and onsite locations supported by sales & service specialists, eCommerce digital channels, fulfillment operations, delivery systems and strong marketing, content, and advertising programs.

About C&L Tool Centre

C&L is an Australian owned and operated Industrial, Hardware, Tool products supplier located in Brisbane. C&L specialises in workplace supplies, power tools, air tools, hand tools, cordless tool, welding equipment and safety gear. C&L was established in 1969. Over the past fifty plus years C&L have taken its initially small Queensland tools business and developed it into one of the leading tools and industrial products suppliers in Australia. C & L Tool Centre consists of three divisions managed by experienced team members who all work together to satisfy its customers' every requirement.