

INVESTOR UPDATE

30 August, 2013

Leading provider of appliance
and electrical products.

MANUFACTURING - DISTRIBUTION - SUPPORT

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Appliance Parts | Lighting & Electrical | Service | Industrial

INVESTOR UPDATE

Restructuring plan is well
advanced with completion due
December 2013

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Restructuring Plan Update

The restructuring plan which commenced in October 2012 is nearing completion with many milestones already achieved.

These include:

- New board appointed – October 2012
- Restructuring plan formulated – November 2012
- Night shift and Saturday shifts closed – December 2012
- Factory staff training implemented – December 2012
- \$2.34M raised via 2 for 1 rights issue – December 2012
- Acquired competitor Grimwood Appliance Parts – December 2012
- 28 redundancies implemented generating \$1.4m in savings – March 2013
- Production processes and systems implemented – March 2013
- Stokes Badge business sold - March 2013
- Established Stokes Lighting division – March 2013
- New Stokes e-commerce website launched – June 2013
- Acquired appliance service business “Aussie Whitegoods Rescue” – June 2013
- Identified a further \$1m in savings for implementation by – December 2013
- Product pricing review commenced – July 2013
- ERP system upgrade - September 13
- Installed new senior management team

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Business Overview Update

- The business is now re-positioned for growth in 2014 to compliment its strong position in appliance parts with new revenue streams being generated from Appliance Service and Lighting.
- Major investment has been made in the new senior management team as well as the upgrading of the companies ERP systems and website.
- The acquisitions and integration of Grimwood Appliance Parts and Aussie Whitegoods Rescue have been successful and ahead of internal targets.
- The fixed cost base will have been reduced by 30% (\$2.4m) on completion of the restructuring plan with full benefits in 2014.
- Strong start to new year with sales ahead of internal budgets.
- We continue to seek further products and / or acquisitions to accelerate growth.

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Financial Summary – Annual Financials

	FY 2012 (\$'000)	FY 2013 (\$'000)
Sales	14,251	12,769
EBIT	(1,237)	(1,063)
Interest	160	120
Restructure items	-	(2,042)
PBT	(1,397)	(3,225)
Normalised PBT	(1,397)	(1,183)

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Financial Summary – Half Yearly Financials

	6 mths to June 12 ('000)	6 mths to Dec 12 ('000)	6 mths to June 13 ('000)
Sales	7,427	6,402	6,367
EBIT	(741)	(632)	(431)
Interest	69	67	53
Restructure	-	(1,642)	(400)
PBT	(810)	(2,341)	(884)
Normalised PBT	(810)	(699)	(484)

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Financial Summary – Balance Sheet

	2013 \$	2012 \$
Current Assets		
Cash and cash equivalents	732,663	116,322
Trade and other receivables	1,789,562	1,887,260
Inventories	1,792,222	3,144,221
Other	61,037	53,437
Total Current Assets	4,375,484	5,201,240
Non-Current Assets		
Property, plant and equipment	231,664	190,904
Intangibles	199,486	25,001
Total Non-Current Assets	431,150	215,905
Total Assets	4,806,634	5,417,145
Current Liabilities		
Trade and other payables	1,520,352	1,502,266
Interest-bearing loans and borrowings	1,261,984	1,261,037
Provision for restructuring costs	575,105	-
Provisions - Employee benefits	721,556	934,992
Total Current Liabilities	4,078,997	3,698,295
Non-Current Liabilities		
Provisions – Employee benefits	110,805	76,933
Total Non-Current Liabilities	110,805	76,933
Total Liabilities	4,189,802	3,775,228
Net Assets	616,832	1,641,917
Equity		
Contributed equity	8,521,019	6,321,134
Accumulated losses	(7,904,187)	(4,679,217)
Parent Entity Interest	616,832	1,641,917
Non-Controlling Interest	-	-
Total Equity	616,832	1,641,917

