



For Immediate Release

ARB REMAINS POISED FOR GROWTH, WITH STRONG CASH RESERVES

- Revenue down 4.7% to R1.1 billion
- Operating profit down 2.6% to R98 million
- Headline earnings per share decreased by 0.4% to 24.79 cents
- Ungeared net cash position of R129 million

Johannesburg, 12 February 2015. ARB Holdings Limited (“ARB”), one of South Africa’s largest distributors of electrical and lighting products, delivered a satisfactory set of results for the six months ended 31 December 2014. Billy Neasham, Acting Chief Executive Officer of ARB Holdings, said that: “although revenue and operating profit declined we are satisfied with the results considering the tough operating environment, especially in the Electrical sector.”

Group financial performance

Overall revenue decrease by 4.7% to R1.11b, compared to the R1.15b in the prior comparable period due to a decrease in trading performance from ARB Electrical Division. Gross profit for the period decreased marginally, however through competent trading disciplines, the Group’s gross profit margin increased from 21.6% to 22.5%.

ARB experienced a decrease in operating profit of 2.6% to R98m (2013: R100.3m) with the operating margin staying in line with the previous period at 8.8% (2013: 8.7%). Attributable profit for the period remained static at R58.3m (2013:R58.5m).

Headline earnings per share for the interim period decreased marginally by 0.4% to 24.79 cents (2012: 24.88 cents).

The Group remains strongly cash generative, ending the period with no debt and net cash resources of R129.2m compared to R116.4m at the end of December 2013 - an increase of 11%.

ARB’s balance sheet remains solid with a net asset value per share of 297.84 cents (2013: 277.95 cents).

Divisional review

Electrical Division

The Electrical Division experienced a decreased in revenue of 9.6% to R890.2m (2013: R984.9m), mainly due to the lack of infrastructure spend as well as a lack of expenditure from Eskom. Gross margins improved to 18.9% and a tight control on overheads was maintained. The division reported a disappointing decrease in operating profit of 11.8% to R59.2m (2013: R67.1m) with the margin remaining in line with the previous period at 6.6% (2013: 6.8%).



Lighting Division

Another pleasing set of results was achieved by the Lighting Division with an increase of 23% in revenue to R213.5m (2013: R173.5m) as traction was gained through the introduction of new product categories and the addition of new customers. The division's operating profit grew by 15.8% to R23.3m (2013: R20.2m). Gross margins were down slightly with overheads rising 20%, resulting in a slightly lower operating profit margin of 10.3% (2013: 11.6%).

Prospects

Electrical Division

While it is anticipated that market conditions are set to remain challenging for the remainder of the financial year, the Electrical Division has taken steps to improve its market competitiveness and profitability.

Lighting Division

Although the consumer market remains under pressure, the contribution from new customer and product categories ensures that the Lighting Division is well placed to continue the momentum of the first six months of the financial year.

Neasham said in conclusion that, "In line with our growth and expansion strategy and with a net cash position of R129m, we will continue to look for earnings-enhancing acquisitions with a focus on related diversification."

Ends

Issued on behalf of: **ARB Holdings Limited**
Contact: Billy Neasham, Acting Chief Executive Officer
Tel: +27 31 910 0203

Compiled and released by: **Keyter Rech Investor Solutions**
Contact: Lynne Bothma
Tel: 087 351 3815
Email: lynne@kris.co.za

Issue date: **12 February 2015**
JSE code: ARH
Website: www.arbhold.co.za