



For Immediate Release

## ARB ACHIEVES CONTINUED GROWTH IN SUBDUED MARKET

- Revenue up 14% to R2.2 billion
- Operating profit up 27% to R203.0 million
- Headline earnings per share increased by 27% to 50.28 cents
- Ungearred net cash position of R197.6 million
- Annual dividend up 24% to 20.1 cents per share
- Special dividend of 10.0 cents per share

*Johannesburg, 20 August 2014.* ARB Holdings Limited (“ARB”), South Africa’s largest independent distributor of electrical and lighting products, delivered a pleasing set of results for the year ended 30 June 2014. Byron Nichles, Chief Executive Officer of ARB Holdings, commented: “Notwithstanding the tough trading environment both our Electrical and Lighting divisions were able to not only gain market share but also improve their operating margins. As a board, we are very pleased with the results achieved for the year.”

### Group financial performance

The Group attained an overall increase in revenue of 14% to R2.22 billion, compared to the R1.94 billion in the prior year. Gross profit margin for the period increased from 21.9% to 23.8% primarily due to enhanced trading and procurement discipline and strong growth in higher margin cash and retail sales. With well controlled overheads throughout the Group, ARB was able to increase operating profit by 27% to R203.0 million (2013: R160.5 million).

Headline earnings per share for the year increased by 27% to 50.28 cents (2013: 39.55 cents).

Cash generated by operations decreased by 27% to R143.7 million (2013: R197.2 million) however, in the prior year, cash generation was boosted by the unwinding of Industrial Cable Suppliers’ overstocked position inherited on the acquisition of that business. At year-end, ARB remained ungeared with R198 million cash on hand. “Due to the strongly cash generative nature of the business and the desire to return excess cash to shareholders, ARB increased the annual dividend to 20.1 cents per share (2013: 16.2 cents) coupled with a decision by the board to approve an additional special dividend of 10.0 cents per share,” said Nichles.



## **Divisional review**

### *Electrical division*

The Electrical division achieved a 12% increase in revenue to R1.88 billion compared to the R1.68 billion in the prior year. This despite the division experiencing a disappointing fourth quarter due to the disruption caused by the many public holidays in April and early May, prolonged union strikes and a slowdown in Eskom's Electrification projects. Operating profit increased by 37% to R138.6 million (2013: R101.3 million), improving the division's operating margin to 7.4% (2013: 6.0%).

### *Lighting division*

Another excellent set of results was achieved by the Lighting division on the back of new product categories and key customer gains. Revenue grew by 25% to R350.8 million (2013: R281.2 million) while operating profit increased by 30% to R39.5 million (2013: R30.5 million). Operating margin increased from 10.8% to 11.3% due to tight cost controls exercised by the division's management team.

## **Prospects**

### *Electrical division*

The protracted labour unrest, moderating economic growth and subdued levels of fixed investment activity, resulting in tough trading conditions for the Group, are likely to continue. The Electrical division will however continue to drive operational efficiencies within the business and is poised to benefit from the much anticipated implementation of the National Development Plan.

### *Lighting division*

Despite increased pressure on consumer spending, the Lighting division is well placed to continue to deliver top and bottom line growth.

"While hopeful, we do not see an easing in any of our operating markets in the foreseeable future. As such, we will continue to drive organic growth and efficiencies in both our trading divisions and with an ungeared balance sheet we will continue to evaluate strategically aligned acquisitions," concluded Nichles.

**Ends**



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**Issue date:**

**JSE code:**

**Website:**

**20 August 2014**

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