For Immediate Release

ARB PROFITS DOWN AMIDST TOUGH TRADING CONDITIONS

- **Revenue down 3% to R2.15 billion**
- **Operating profit down 3% to R196.5 million**
- **Headline earnings per share decreased by 0.6% to 49.99 cents**
- **Ungeared net cash position of R226.8 million**
- **Annual dividend unchanged at 20.1 cents per share**
- **Special dividend of 10 cents per share**

Johannesburg, 21 August 2015. ARB Holdings Limited ("ARB"), one of South Africa's largest independent distributors of electrical and lighting products, delivered a consistent set of results for the year ended 30 June 2015. Billy Neasham, Chief Executive Officer of ARB Holdings, said that: "It has been a difficult trading year, especially for the Electrical division which saw a decrease in sales due to a lack of infrastructure spend and the lack of significant capital expenditure by Eskom in the rural electrification program."

Group financial performance

The Group experienced an overall decrease in revenue of 3% to R2.15 billion, compared to the R2.22 billion in the prior year. Despite the slight decrease, ARB was able to increase gross profit margin for the year from 23.8% to 24.1% primarily due to the lighting division's higher margins contributing a larger percentage of the Group's trading margin this year. Operating profit decreased by 3% to R196.5 million (2014: R203.0 million).

Headline earnings per share for the year decreased marginally by 0.6% to 49.99 cents (2014: 50.28 cents).

Cash generated by operations improved 19% to R170.3 million (2014: R143.7 million) and at year-end, ARB remained ungeared with R226.8 million cash on hand. "Given the marginal decline in headline earnings the ARB Board took the decision to leave the annual dividend unchanged at 20.1 cents per

ARB Holdings Limited

share. Furthermore the Group has been cash generative and has cash resources in excess of its operational requirements, which enabled the Board to again declare a special dividend of 10 cents per share," said Neasham.

Divisional review

Electrical division

The Electrical division's revenue decreased by 7.2% to R1.74 billion compared to R1.88 billion in the prior year as a result of the lack of any significant infrastructure spend along with Eskom's funding issues which affected sales in the division's overhead line business. Operating profit decreased by 11.5% to R122.7 million (2014: R138.6 million), resulting in a slight decrease in operating profit margin to 7.0% (2013: 7.4%).

Lighting division

The Lighting division was able to maintain its strong first half earnings through the introduction of new product categories and a focus on key customer gains. The division grew revenue by 21.3% to R425.5 million (2014: R350.8 million) while operating profit increased by 10.9% to R43.8 million (2014: R39.5 million). Due to a delay in the issue of Letters of Authority by the National Regulator of Compliance Specifications and employee cost increases, the division's operating margin decreased to 10.3% (2014: 11.3%).

Prospects

Electrical division

This division expects a continuation of the current tough market conditions with little improvement expected with Eskom's electrification program, or any improvement in infrastructure spend. Given these conditions the Electrical division will maintain its focus on operational efficiencies and expansion of the number of branches.

Lighting division

With the launch of new products and its continued market share gains, the Lighting division remains well positioned for future growth and will continue to focus on key customer gains.

"We do not anticipate a significant improvement in the overall trading conditions in the near future and therefore the Group will continue to focus on operational efficiencies, market share gains and evaluating possible acquisition opportunities to grow the business," concluded Neasham.

Ends

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