



**Press release
For immediate release**

ACQUISITION OF INDUSTRIAL CABLE SUPPLIERS BOOSTS ARB'S GROWTH AND EXPANSION DRIVE

ARB Holdings Limited (ARB Holdings) is pleased to announce that its major subsidiary, ARB Electrical Wholesalers (Pty) Limited (ARB Electrical), South Africa's largest independent distributor of electrical products, such as power cables, overhead line conductors and equipment, general low voltage products, lamps and lighting, has acquired 100% of Industrial Cable Suppliers (Pty) Limited (ICS) for a purchase consideration not greater than R55 million. Byron Nichles, CEO of ARB Holdings, said: "We are really excited about the deal as ICS's strong reputation, operational similarity and its strategic geographical footprint makes it a natural fit for our business. We believe that this transaction will be earnings and value enhancing from the outset."

ICS was established in 1979 as an independent specialist distributor of low, medium and high voltage power cables as well as electric wire products. Through its two strategically located branches, in central Johannesburg and in Rustenburg, ICS supplies the mining sector, local industry, electrical contractors and other electrical wholesalers. The key properties occupied by ICS, in both Johannesburg and Rustenburg, are also being acquired by ARB Holdings.

Nichles commented: "There are numerous value-enhancing opportunities for ARB Electrical that we see arising from this transaction, like increasing our market share in the mining sector, extending our national branch network to 17 branches across South Africa, augmenting our purchasing power and bolstering the operational management team, to name but a few."

The consideration of nearly R55 million payable by ARB Electrical equates to a premium of approximately 14.7% to ICS' net tangible asset value and is payable in cash, in three installments over a period of nine months from the effective date of the transaction. In terms of the JSE Listings Requirements, this transaction is categorised as a Category 2 transaction. Normal warranties, indemnities and restraint of trade undertakings are in place and the transaction is subject to *inter alia* Competition Commission approval.

"We have requested that Mr Kobrin, the incumbent Managing Director of ICS, remains in the business to facilitate the smooth handover of the operations to ARB



Electrical. The agreement with Mr Kobrin will not be for a period of longer than 12 months;” stated Nichles.

ARB Holdings calculated that its *pro forma* headline earnings per share for the six months ended 31 December 2011 would have been 18.51 cents, being 18.0% higher, had both ARB Holdings’ acquisition of a 60% interest in Eurolux (which became effective on 3 January 2012) and the ICS transaction been concluded effective 1 July 2011.

Nichles concludes: “We believe that the ICS acquisition will enhance ARB Electrical’s market positioning by opening up opportunities in new market sectors as well as furthering our strategy to expand our geographical footprint across South Africa.”

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Contact:

ARB Holdings Limited

Byron Nichles, CEO

Tel: (012) 663-5244

Issued and released by:

Keyter Rech Investor Solutions

Lynne Bothma

Tel: (011) 447-2993

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