

ARB MAIDEN ANNUAL RESULTS SINCE LISTING MEET FORECASTS

Black empowered electrical wholesaler ARB Holdings (“ARB”) today posted maiden annual results since listing in line with forecasts. Strong organic growth resulted in performance as expected for the year to June 2008, despite a weak economy which reversed the assumptions in the prospectus underlying the forecasts. Net profit grew 23,7% to R104,1 million, marking a five year milestone for the group of more than 20% growth in profitability year-on-year. ARB listed on the JSE Main Board in November 2007. The year saw the group use the R171 million raised on listing to repay the bulk of debt and expand into high growth regions.

Revenue grew 28,3% to R1,34 billion from R1,05 billion. Headline earnings of R104,1 million translated into 47,05 cents per share, up from 42,10 cents at June 2007. ARB declared a dividend for the year of 13 cents a share.

Chairman and group founder Alan Burke says: “As a leading supplier to the local infrastructure sector, ARB is benefiting from unprecedented government and parastatal spend. Our nationwide branch network and established customer relationships position ARB to capitalise on demand for electrification in the country.” Referring to stock levels that increased in the last quarter of the year, he says current inventory will enable ARB to meet anticipated higher demand as government accelerates its spend commitment to alleviate the historical backlog, and Eskom goes ahead with all planned low-cost housing connections for 2008/9.

CEO Craig Robertson points out that about 20% of group revenue is derived from large contractors supplying the infrastructure sector, which bodes well for growth. “In addition Eskom, parastatals, major industrial groups experiencing high growth and electrical contractors make up the balance of the group’s customer base.” He says the slowdown in private residential spend has only a minimal impact on ARB as this sector generates a negligible percentage of group revenue.

Robertson says increasing demand was the key driver of ARB’s expansion programme during the year. The larger, new Gauteng premises grew their contribution to group revenue to 35,6%, while a flourishing market in the Cape spurred the group to buy land for bigger premises there too. ARB further established a new foothold in Nelspruit, a 2010 host city. He says mining prospects in the coal-rich region of Mpumalanga, of which Nelspruit is the capital, should boost growth in the area together with tourism due to the proximity to the Kruger Park.

Looking ahead ARB is focusing increasingly on Africa as infrastructure development in underdeveloped economies starts to take flight. “The new Nelspruit branch will serve as a springboard into Mozambique with its positioning as the economic hub of the Maputo Development Corridor,” he says. Further, ARB set up ARB Global after year-end exclusively for exports to Africa. With only a small capital investment required for export operations, Robertson is targeting five-fold growth in export revenue in the near-term.

Locally he is confident current stock levels can accommodate expansion over the medium-term. “The rural electrification programme in KwaZulu-Natal and the Eastern Cape is set to double, and a similar major programme is underway in

Limpopo, which should drive increased demand for ARB's products in these regions," he says. "ARB is in a strong position to supply customers across a broad range of products on demand."

After year-end in July 2008 ARB established ARB Mining, a dedicated division to further penetration into the buoyant mining sector in South Africa. "The accreditation process with a number of key mining houses is off to a successful start," says Robertson.

He is upbeat about the group's prospects. "ARB's expanding national footprint, track record of almost three decades and client base in the infrastructure and mining sectors should continue translating to increased market share – particularly in Gauteng, Cape Town and Nelspruit." He concludes that a relatively young but experienced senior management tier coming up through the ranks will provide sustainable leadership to guide ARB over the long-term.

ARB shares closed yesterday at R3,45 putting the company on a historical PE of 7,33.

Ends.

Issued by: Envisage Communications
Nicole Katz
(011) 325 5944/ 083 287 2771

On behalf of: ARB Holdings Limited
Craig Robertson, CEO
(031) 910 0204/ 082 827 0111

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