

ARB HOLDINGS' MAIDEN INTERIMS BEAT FORECASTS

Driven by ongoing electrification projects, electrical wholesaler ARB Holdings (“ARB”) today posted maiden interim results for the six months to December 2007 ahead of pre-listing forecasts. Growth in profit attributable to shareholders of R45,1 million exceeded forecasts. The black-empowered group debuted on the JSE main board in November 2007.

Revenue for the interim period increased 17,3% to R596,4 million compared to R508,6 million in the comparative period in 2006. This translated into headline earnings per share of 21,7 cents, up from 20,7 cents at the same time last year.

ARB offers a wide range of products including power and instrumentation cabling, conductors, overhead line hardware, insulators and transformers and general electrical contracting materials. Clients include major construction companies, parastatals, electrical contractors including those working on government’s overhead electrification programme and independents.

Chairman Alan Burke attributes the performance primarily to organic growth, with the Gauteng region contributing the lion’s share (34%) of the increase in revenue. “ARB’s strong performance in Gauteng affirms the company’s strategy to strengthen our presence in this lucrative market.” Gauteng further serves as the group’s springboard into neighbouring regions. He adds that cross-border shipments also increased during the period generating good growth in revenue and profits, making Africa an increasing target market for expansion.

With the R179 million new capital raised on listing enabling the group to repay the majority of borrowings, ARB now has R54,6 million cash on hand to fund expansion nationally and in sub-Saharan Africa.

“We have established a task team to streamline our geographic expansion as well as target new client sectors such as mining,” says CEO Craig Robertson. Within Africa the group is targeting rural infrastructure and corporate electrification, as well as the new mines in the pipeline in Zambia, Angola, the DRC, Mozambique and Botswana. He says ARB will prioritise for expansion new regions where the group has already secured new contracts but does not yet have an established presence.

Robertson remains confident of future prospects. “Despite negative sentiment worldwide and challenges in South Africa including Eskom, we have not seen a drop-off in major electrification projects.” He adds: “Prior to the rolling power outages Eskom had already committed R1 trillion over the next 20 years, which market commentators believe may have to increase to enable Eskom to achieve appropriate capacity as quickly as possible.” In addition he points out that the Department of Minerals & Energy has approved R1 billion for connectivity in 2008/9 in schools, clinics and low-cost housing.

He says government’s multi-billion infrastructure and low-cost housing commitment bode well for ARB’s long-term growth. “Government’s continued support for rural development should mitigate any negative impact that Eskom’s increased commitment to urban infrastructure may have on the rural electrification programme,”

says Robertson. To support his contention Eskom has confirmed that the budgeted 100 000 connections for low-cost homes in 2008 are going ahead as planned. As the fastest-growing supplier to the electrification of homes and buildings across the country, ARB has recognised expertise in supplying rural infrastructure expansion.

Robertson says in the short-term the group is set to achieve its forecast expansion organically, although the company is not ruling out the possibility of acquisitions. “Should we identify an appropriate earnings-enhancing acquisition, we will consider this to accelerate expansion plans.”

Burke concludes: “ARB is firmly on track to achieve forecast increases in revenue from R1 billion to R1,3 billion and in headline earnings from R84,2 million to R101,4 million for the year to June 2008.”

ARB shares closed yesterday at R3,95 with the company trading on a twelve month trailing PE of 10,9.

Ends.

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