



For Immediate Release

STRONG TRADING BOOSTS ARB EARNINGS

- Revenue up 20% to R1.15 billion
- Operating profit up 31% to R100 million
- Headline earnings per share increased by 35% to 24.88 cents
- Ungeared net cash position of R116 million

Johannesburg, 13 February 2014. ARB Holdings Limited (“ARB”), South Africa’s largest independent distributor of electrical and lighting products, delivered an excellent set of results for the six months ended 31 December 2013. Byron Nichles, Chief Executive Officer of ARB Holdings, said that: “a milestone in the group’s history has been achieved with revenue breaking through the R1 billion mark in an interim period for the first time.”

Group financial performance

The Group achieved an overall increase in revenue of 20% to R1.15 billion, compared to the R964.7 million in the prior comparable period. The growth in revenue is attributable to excellent trading performances from both the Electrical and Lighting divisions. Gross profit and gross profit margin for the period increased from R196.0 million to R249.5 million and 20.3% to 21.6%, respectively primarily due a renewed focus on trading disciplines, particularly in the Electrical division.

ARB increased operating profit by 31% to R100.3 million (2012: R76.5 million) with an improvement in operating margin from 7.9% to 8.7%. Attributable profit for the period improved by 29% to R58.5 million from R45.5 million in December 2012.

Headline earnings per share for the interim period increased by 35% to 24.88 cents (2012: 18.43 cents).

The Group remains strongly cash generative ending the period with no debt and net cash resources amounting to R116.4 million.

As part of the Group’s R17.1 million capital expenditure, R7.0 million relates to the new, custom built branch in Nelspruit. “The relocation of ARB Electrical Wholesalers’ Nelspruit branch to a more central location brings ARB closer to its customers resulting in improved service levels,” said Nichles.

ARB’s balance sheet remains strong with a net asset value per share of 277.95 cents (2012: 253.47 cents).

No interim dividend was declared, in line with the company’s policy to distribute an annual dividend at year-end.



Divisional review

Electrical division

On the back of a strong trading performance, the Electrical division increased revenue by 19% to R984.9 million (2012: R829.0 million). As a result of well controlled overheads, the division reported an impressive 44% increase in operating profit to R67.1 million (2012: R46.4 million) and an increased operating profit margin of 6.8% compared to 5.6% in the prior period.

Lighting division

The Lighting division achieved another pleasing set of results with an increase of 24% in revenue to R173.5 million (2012: R139.7 million) due to the introduction of new product categories and customer gains. The division's operating profit grew by 40% to R20.2 million (2012: R14.4 million) with an improved operating profit margin of 11.6% (2012: 10.3%).

Prospects

Electrical division

Trading conditions are expected to remain tough for the remainder of the financial year, with low levels of construction spend, continued labour action and declining commodity prices impacting the mining and public sectors. "Despite these conditions, we are confident that the Electrical division is well placed to maintain the momentum established in the first half of the year," said Nichles.

Lighting division

Although consumer spending is coming under increased pressure, the contribution from new customer rollouts and new product categories ensure that the Lighting division is geared to build on the solid trading performance achieved in the first six months of the financial year.

"With a net cash position on hand of R116 million, and in line with our growth strategy, we will continue to look for earnings enhancing acquisitions with a focus on related diversification," concluded Nichles.

Ends



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Issue date:

JSE code:

Website:

13 February 2014

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