



## MEDIA STATEMENT: ARB HOLDINGS LIMITED

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### ARB INTERIM RESULTS

**09 February 2010:** JSE listed electrical wholesaler, ARB Holdings Limited (ARB), today announced its interim results for the six months ended 31 December 2009.

**“Although we faced tough trading conditions we are happy to report improved operating performance in comparison to the immediately preceding six month period. In the circumstances, we believe this to be a credible set of results,”** said Alan Burke, ARB founder and Chairman.

The group achieved marginal volume growth, while significant sales price deflation of between 20% and 25% resulted in a 16% decline in revenue to R544 million. Net cash resources increased to R239 million as at the end of 2009 and continued focus on working capital management resulted in improved inventory levels of 71 days compared to 88 days in the prior year and an unchanged debtors' collection period. Though the group's gross margin decreased to 18.1% from the comparative period (19.3%), it increased 2.7% in comparison to the immediately preceding 6 month period.

Over 60% of the group's revenue is derived from power cable and conductor products, the main components of which are copper and aluminium, which in the past months were negatively affected by the price deflation. Furthermore, the recovery in the copper price in US Dollars was largely offset by the strengthening of the Rand against the US Dollar resulting in the average daily copper price per ton in Rands over the period being 8% lower than during the corresponding period.

In early December 2009, the group announced their acquisition of the business of Pretoria based electrical and lighting wholesaler, Paragon Electrical Group (Paragon), as a going concern. **“This was a key acquisition for the group, and our first since listing on the JSE. The strategic location of the Paragon branches means ARB will now have an immediate and well-established presence throughout the fast growing Pretoria and Centurion markets. The branches will also serve as a base from which we are able to access and service the nearby, high growth regions of Witbank and Rustenburg,”** said Byron Nichles, ARB CEO.

The acquisition is set to enhance ARB's buying power and allow the group to provide a holistic electrical products supply solution to customers, through the combination of the complimentary focuses of the companies. In addition, improved operational efficiencies and enhanced economies of scale will be achieved through integration of Paragon into ARB's existing electrical wholesaling business and leveraging ARB's established centralised administration and support functions. **“The acquisition has since been unconditionally approved by the Competition Commission, however we expect the full impact of the acquisition to be evident only in the next financial year,”** said Nichles.

Africa remains an exciting market for the group and will remain a strong focus in the coming months as management investigates the suitable entry points and business model for penetrating sub-Saharan Africa. In line with the company's stated growth strategy, management will continue to focus on acquisitive and organic growth prospects to increase market share. **“Our strong cash position and ungeared balance**



sheet places us in a good position to take advantage of value-enhancing opportunities that may arise. In this regard, we are already at the advanced stages of establishing a new branch in the second quarter of 2010," said Nichles.

**-ENDS-**

**Notes to editors:**

ARB is a leading, black-empowered, southern African electrical wholesaler, providing the essential materials required for the electrification of large scale industrial and parastatal projects. ARB provides a wide range of internationally recognised and SABS approved products across three main categories:

- Power and instrumentation cable
- Overhead line equipment and conductors
- General electrical contracting materials

Having grown locally through the supply of products for the electrification of rural areas and low cost housing, ARB is uniquely positioned to capitalize on these extensive infrastructural opportunities.

Anchored by a head office in Durban, and with a branch network built over the past 30 years, ARB has a presence in all major business centres in South Africa - Johannesburg, Cape Town, East London, Pietermaritzburg, Richards Bay, Nelspruit and recently, Pretoria and Centurion, through the acquisition of Paragon.

The group, incorporating Paragon, offers a wide range of locally manufactured and imported products to over 5 000 customers throughout South and sub-Saharan Africa servicing five strategic business sectors:

- Large and Heavy Industry
- Parastatals
- Construction Industry
- Electrical Contractors including those working on government's overhead electrification programme and independents; and
- Mining Industry

The group listed on the Main Board of the JSE in November 2007 with the strategy to accelerate ongoing organic growth and enable ARB to further expand both nationally and across the continent, as well as continue its penetration of new high-growth markets.

ARB, incorporating Paragon, has a staff complement of over 450 employees, including approximately 40 sales executives.

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