



MEDIA STATEMENT: ARB HOLDINGS LIMITED

DISCIPLINED APPROACH TO GROWTH BOOSTS ARB'S RESULTS ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2011

12 August 2011: JSE listed electrical distributor, ARB Holdings Limited (ARB), today announced its annual financial results for the year ended 30 June 2011.

Financial Highlights

- Successful launch of ARB Connect
- Revenue up 16% to R1 256 million
- Operating profit up 14% to R110.2 million
- Ungeared with R266 million cash resources
- Annual dividend of 12.25 cents per share

"As with most companies, growing the business is always a key strategic objective however, maintaining a highly disciplined approach in the pursuit of growth is what ultimately underpins a company's success. The benefits of ARB's strict approach to working capital and overhead management is reflected in the fact that the ARB Group has an ungeared balance sheet, with net cash resources of almost R266 million," says ARB Chairman and Founder, Alan R Burke.

The Group delivered gratifying results for the year, with Revenue increasing 16% to R1.26 billion, Gross Profit Margin improved from 18.4% in 2010 to 18.7% in 2011 with Operating Profit climbing 14%. These improvements were boosted by the inclusion of Paragon Electrical, which was acquired in March 2010, and the Polokwane branch which opened in July 2010 for the full year under review. Similarly, total overheads increased year-on-year due to the inclusion of Paragon Electrical and the Polokwane branch for the full year under review, whereas in the prior year Paragon Electrical was only included for the last four months. Even with this increase, the double digit increase in Operating Profit confirms the success of these strategic growth and expansion initiatives.

The Group's effective tax rate increased to 30% (2009: 28%) due to the payment, in the first half of the year, of R3 million of Secondary Tax on Companies (STC), which is a tax on dividends declared by companies that are resident in South Africa.

Pleasingly, after being down by 1% at the interim stage, headline earnings per share (HEPS) for the full year of 30.6 cents reflects growth of 5% compared to the prior year. Consistent with the increase in headline earnings, the Group declared an increased final dividend of 12.25 cents per share, payable to shareholders on 5 September 2011.



Despite the payment of shareholder distributions amounting to R63 million; Net Capital Expenditure of R16.5 million and tax and STC payments of R38 million during the year, the group still managed to increase its net cash resources to almost R266 million as at 30 June 2011.

An exciting venture, in keeping with ARB's strategy of expanding its national branch footprint, was launched in the form of "ARB Connect", a chain of smaller, centrally located retail stores aimed at the smaller electrical contractor and domestic market segments. These represent new target markets for ARB as the majority of the Group's other branches, are located in more industrialised areas. The first two ARB Connect stores, in Belville in the Western Cape and in Durban North, opened in the second quarter of 2011 bringing to fifteen the total number of ARB branches countrywide. The Group has earmarked several other regions for future "ARB Connect" store rollouts which will occur once suitable premises are secured. This rollout together with the group's other planned growth initiatives will provide further impetus to the Group's growth.

In order to ensure that the Group has both the necessary management skills, capacity and systems to successfully undertake its planned expansion, significant investments into building the Group's organisational capacity have been made.. Specific areas of focus during the year included improved corporate governance, enhancing the Group's management information system, formalising the Group's succession plan and implementing improved retention and incentive schemes. While from an operational perspective the Group has, amongst others, established a dedicated internal audit function, appointed a specialist group human resources manager, launched a new training programme and created a centralised group procurement function.

"Enhancing our organisational capacity will in turn strengthen the foundation from which our growth plans are launched. We also believe that our training initiative will provide the Group with the required resources with regards to Human Capital," says ARB CEO, Byron Nichles.

Concludes Nichles, **"These new initiatives, together with the Group's successful 32 year track record and ungeared cash-positive balance sheet, ensure that the group remains well placed to continue delivering growth and value to its shareholders."**

**** ARB also released a cautionary announcement today (12th August 2011) informing shareholders that it had entered into discussions which, if successfully concluded, could have an impact on the price at which the company's share trade on the JSE.**

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Notes to editors:

ARB is a leading, black-empowered, distributor of essential products and 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

Anchored by a head office in Durban, and with a branch network built over the past 32 years, ARB has a presence in all major business centres in South Africa - Johannesburg, Cape Town, East London, Pietermaritzburg, Richards Bay, Nelspruit, Polokwane, Pretoria and Centurion.

The group 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 has a staff complement of over 450 employees, including approximately 40 sales executives.

ARB Electrical Wholesalers is a Level 4 Contributor in terms of the Department of Trade and Industry's Broad-Based Black Economic Empowerment scorecard.

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 the growing demand for electrical products throughout South and sub-Saharan Africa.