



MEDIA STATEMENT: ARB HOLDINGS LIMITED

ARB 2010 ANNUAL RESULTS

- rewards shareholders

12 August 2010: JSE listed electrical wholesaler, ARB Holdings Limited (ARB), today announced its annual results for the year ended June 2010.

The group delivered satisfactory results for the year, with the second half significantly outperforming the same period in the previous year. Its strong cash position and an ungeared balance sheet have enabled ARB to return 25 cents per share to shareholders consisting of a dividend of 11.5 cents per share and a capital reduction distribution out of the company's share premium of a further 13.5 cents per share (2009: 10 cents per share).

"Although trading conditions remained tough throughout the year, several key strategic objectives were achieved. These included the further expansion of our national footprint and an improvement in our Broad-Based Black Economic Empowerment. We are also proud to be rewarding our loyal shareholders through our largest distribution to date," said Alan Burke, ARB founder and Chairman.

The highlights for the year under review were as follows:

- Acquisition and integration of Paragon Electrical
- Improvement in BBBEE rating from a Level 6 to a Level 4 contributor
- Net cash on hand increased to R261 million
- Net tangible asset value per share up 11% to 216 cents per share
- Dividend of 11.5 cents per share
- An additional R31.7 million returned to shareholders via capital reduction distribution

Although ARB started experiencing the positive impact of a recovery in the Rand Copper Price towards the end of the financial year, the effects of commodity price volatility and price deflation in the first half



countered this recovery and resulted in headline earnings per share decreasing slightly, by 5%, from the 30.91 cents per share reported in 2009.

Revenue declined by 8% for the year but pleasingly, the gross profit margin increased by almost 1% to 18.4% as a result of a more stable trading environment in the second half of the year.

Excluding Paragon Electrical's overheads, which were consolidated for the last 4 months of the year, total cash overheads declined by 6% year-on-year reflecting the success of group's disciplined approach to cost containment.

Cash remained a core focus for the group. It generated net cash of R60 million during the year, resulting in net cash resources of R261 million at 30 June 2010.

"Our focus on strict working capital management enabled us to generate strong cash reserves through the recession which, together with our ungeared balance sheet, places us in a very favourable position to take advantage of attractive acquisition opportunities when they arise. Our cash resources grew to R261 million despite a capital distribution to shareholders of R23.5 million and the proceeds paid for the acquisition of Paragon Electrical of R22.7 million. We also spent R9.7 million on capital expenditure during the year," said Byron Nichles, ARB CEO.

In line with the stated strategy of growing market share and extending its national footprint, ARB concluded the acquisition of Paragon Electrical in March 2010. The strategic location of the 5 Paragon Electrical wholesaling branches meant that ARB gained an immediate and well-established presence throughout the fast growing Pretoria and Centurion markets. The branches also serve as a base from which ARB accesses and services other surrounding high growth regions. The business has been fully integrated into ARB Electrical Wholesalers. In line with expectations, Paragon Electrical's contribution to the current year's results was negligible. ARB however expects the value enhancing effects of the acquisition to become more apparent in the next financial year.

Not only did ARB expand through acquisition, but post the year end, the company also grew organically by opening a new branch in Polokwane, the 13th branch in the group. "Our new branch in Polokwane provides



the group with a formal presence in the Limpopo province, which it didn't previously have. This branch is fully functional, and will serve as a platform from which to service South Africa's northern neighbours," said Nichles

ARB plans to continue its quest to grow its market share and footprint through a combination of acquisitions and new branches. Integration and diversification opportunities will also be pursued where beneficial.

"As and when the economy recovers, we expect that ARB will benefit from increased activity in the mining and manufacturing sectors," said Nichles

The continued electrification of Africa remains a large opportunity for ARB and with its new branch in Limpopo, the company is well positioned to supply all the necessary electrical products for these and other infrastructural projects.

-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, Polokwane and recently, Pretoria and Centurion, through the



acquisition of Paragon Electrical.

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

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