



ARB Corporation Ltd

4X4 ACCESSORIES

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ARB Corporation Limited results summary for the year ended 30th June 2012

RESULTS

ARB Corporation Limited ("ARB" or the "Company") achieved a net profit after tax of \$38.5 million for the year ended 30th June 2012. This represented a 1.7% increase over the prior year's net profit after tax.

The result was achieved in a very challenging year, particularly in relation to the disruption to the 4WD vehicle supply due to the floods in Thailand, but also in terms of the economic difficulties faced by many countries in which the Company's export customers operate.

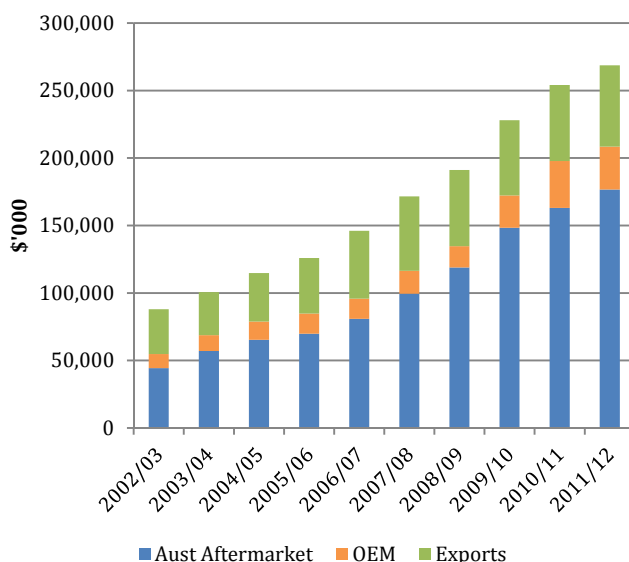
The Company's profit was achieved on a 5.7% increase in sales to \$269 million from \$254 million last year. A summary of the 2011/12 result is presented below:

Year to 30 June	2012 \$'000	2011 \$'000	Change
Sales Revenue	268,718	254,171	+ 5.7%
Total Revenue	271,843	256,553	
Net Profit Before Tax	52,788	51,315	+ 2.9%
Less Tax	14,289	13,461	
Net Profit After Tax	38,499	37,854	+ 1.7%
Basic EPS – cents	53.1	52.2	
DPS – cents			
Interim	11.0	10.0	
Final	<u>14.0</u>	<u>13.0</u>	
Total	25.0	23.0	
Franked Amount	100%	100%	

The Company intends to pay an increased final fully franked dividend of 14.0 cents per share on the 19th October 2012. This brings total ordinary dividends for the year to 25 cents per share fully franked, compared with 23 cents per share fully franked last year. The Record Date for the final dividend will be the 5th October 2012.

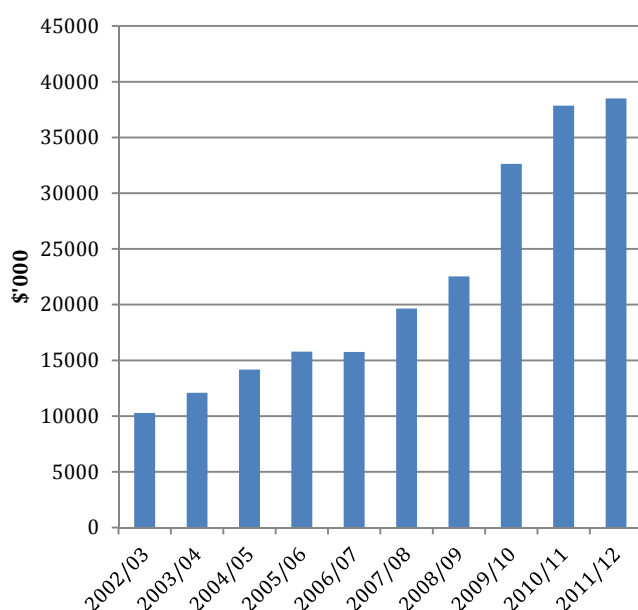
10 YEAR HISTORICAL PERFORMANCE

The sales, profits and dividends per share performance of the Company over the past 10 years is illustrated in the graphs below:



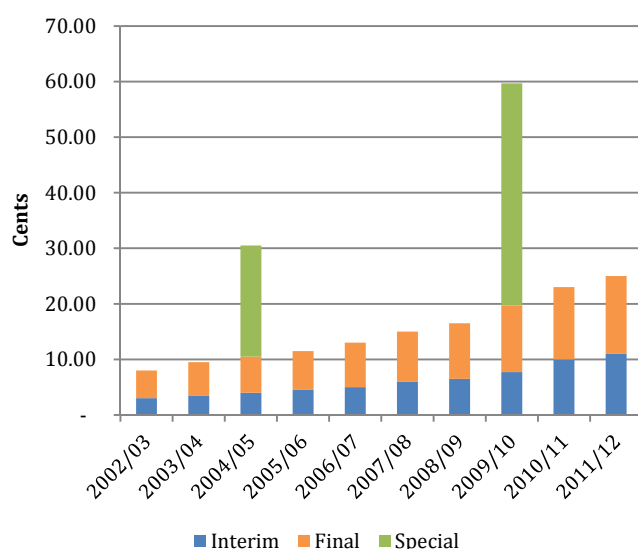
SALES REVENUE

Annual sales revenue has grown at an average compound rate of 13.2% over the past 10 years.



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 15.8% over the past 10 years.



DIVIDENDS PER SHARE

Dividends per share have grown steadily over the past 10 years with special dividends paid in 2004/05 and 2009/10. All dividends have been fully franked.

HIGHLIGHTS OF THE 2011/12 YEAR

Sales

The Company's sales growth for the 2011/12 year of 5.7% was achieved despite some significant adverse impacts on the supply of new 4WD vehicles worldwide. Two major natural disasters affected new vehicle supply during the period. Early in the first half, supply of 4WD vehicles from both Japan and Thailand continued to be impacted by the Japanese earthquake and tsunami which occurred in March 2011. Vehicle supply problems were compounded by the floods in Thailand which severely restricted vehicle availability worldwide from November 2011 until March 2012 in some of ARB's key market segments.

The serious impact of the natural disasters in Japan and Thailand on sales of new 4WD vehicles in Australia during the first nine months of the financial year is illustrated in the following table.

Impact of Japanese and Thai natural disasters on 4x4 utility sales in Australia

Period	Units Sold 2011/12	Units Sold 2010/11	Change
9 months July to March	73,187	71,004	+3.1%
3 months April to June	33,282	25,737	+29.3%
Total	106,469	96,741	+10.1%

4WD vehicle production and sales progressively recovered and by April 2012 output had returned to above pre-flood levels for most affected vehicle manufacturers, causing a spike in demand for ARB products which exceeded the Company's capacity to satisfy.

Of total group sales for the year, the Australian aftermarket accounted for 66%, whilst export sales represented 22% and sales to vehicle manufacturers (OEMs) were 12%.

The Company's export sales, direct from Australia and Thailand and to customers via ARB's US subsidiary Air Locker Inc., were severely hampered by the strong Australian dollar and poor economic conditions in a number of markets. Sales in the USA increased by 10.2% in US dollar terms and by 6.9% when consolidated in Australian dollars. Overall, total export sales in Australian dollar terms increased by 5.9% for the year to 30 June 2012 compared with the prior year.

ARB's market leading store network and warehousing operations throughout Australia were further expanded and strengthened during the period. The Company opened a new ARB store at Orange, NSW and ARB licensed stores were established at Burleigh Heads and Bundaberg in Qld and Welshpool in WA during the year. As at 30 June 2012 there were 44 ARB stores in Australia, 16 of which were Company owned. ARB stores will continue to be added to the distribution network as opportunities arise.

In July 2012, the Company acquired the business of Top Gear Car & 4WD Accessories in Alice Springs, NT.

Products

ARB regards product development as essential and it is a key element in maintaining the Company's long-term competitive advantage. Expenditure on R&D was increased over the period and new products are regularly being released to ARB's markets worldwide.

The 2011/12 year was a year in which a significant number of new vehicle releases occurred and these provide opportunities for ARB. Consequently, the Company's R&D department is actively developing both aftermarket and OEM products. It is also continuing to work on a number of long-term product development projects.

Manufacturing

Manufacturing capacity planning during the year was difficult due to the uncertain impact on vehicle production of the floods in Thailand. Information on the extent of disruption and the timing of the recovery was difficult to obtain.

Regardless of the 2011/12 issues, plans to increase capacity to meet future demand were implemented during the year and construction of a new warehouse and factory in Thailand is well under way. Completion of the building is expected in late 2012, followed by the setting up of manufacturing and warehousing operations. Some facility improvements will also be required in Australia during the 2012/13 year.

Financial

ARB strengthened its balance sheet during the period and had a net cash balance of \$33.2 million at the 30th June 2012. This compares with a net cash balance of \$30.7 million at the 30th June 2011.

The Company's strong financial position ensures that ARB can react quickly to appropriate opportunities, such as further earnings accretive capital projects or suitable acquisitions.

Exchange rates have fluctuated significantly over the year. The Company has some natural hedges through its operations in Australia, USA and Thailand and also through its purchasing and selling arrangements. However, changes in exchange rates affect costs in different geographic markets and management believes that more stable currency markets generally create a better business environment for the Company over the longer term.

Staff

To handle the Company's current level of business and its expected future growth, ARB has increased its senior management team. Three senior appointments have been made to strengthen areas which required additional management resources. Employee numbers have also increased over the year but the full benefit from the higher staff levels has not yet been fully realised.

The Board is pleased to announce that executive director Mr Andrew Brown has been formally appointed Managing Director of the Company. Andrew has, in effect, been performing in that role for some time and has been instrumental in many of the activities that have resulted in the strong performance of the Company over many years.

Mr Roger Brown remains as Chairman and executive director. The Board expresses its appreciation for Roger's excellent contribution as Managing Director and is pleased that his contribution to the Company will continue with his ongoing involvement.

THE FUTURE

The Company's modest growth in 2011/12 was achieved in the face of very difficult industry and global market conditions. The current economic environment remains challenging. However, the outlook for the Company is positive and the Board is optimistic about the future, notwithstanding capacity constraints which are limiting growth in the short term. A first quarter trading update will be provided to shareholders at the AGM in October 2012.

ARB's main growth strategies remain focused on achieving the following:

- increasing output from the Company's manufacturing plants as demand requires;
- further strengthening ARB's store network throughout Australia, particularly in areas where 4WD vehicle sales are strong;
- fast tracking the development of new products to supply ARB's aftermarket customers both locally and overseas;
- developing the Thule Car Rack Systems and ARB Off Road businesses;
- ensuring that Kingsley Enterprises has new products to supply its existing customers both locally and overseas; and
- concentrating the Company's sales efforts in areas of the world where industries and other activities are creating high demand for 4WD vehicles.

With strong brands around the world, very capable senior management and staff, a strong balance sheet and growth strategies in place, ARB is well positioned to continue on-going success despite the global economic challenges.



Roger Brown
Chairman
15th August 2012