

CHAIRMAN'S PRESENTATION

Chairman's presentation at the Annual General Meeting of ARB Corporation Limited on 17 October 2019.



INTRODUCTIONS

Welcome to our shareholders, business partners and guests

Directors of the Board:

Roger Brown Non-executive Chairman of the Board

Andrew Brown Managing Director

Adrian Fitzpatrick Non-executive Director

John Forsyth Non-executive Director

Robert Fraser Non-executive Director

Karen Phin Non-executive Director

Andrew Stott Non-executive Director



PRESENTERS

Roger Brown Non-executive Chairman of the Board

Roger was previously the Executive Chairman of ARB from the time it listed in 1987 through to 2016 and the Managing Director from 1987 to 2012. Prior to that he was the Managing Director of ARB Engineering Pty Ltd, the private company from which ARB Corporation Ltd was formed, for 10 years.

Damon Page Chief Financial Officer & Company Secretary

Damon joined ARB as the Chief Financial Officer in 2014. He was previously the General Manager Finance executive for a large manufacturing and exporting agribusiness with \$2.9 billion turnover. Prior to that he was an Account Director at Deloitte.

Damon has extensive experience dealing with Boards and their committees, shareholders, executive management teams and other key internal and external stakeholders.

Lachlan McCann Chief Operating Officer

Lachlan commenced at ARB in 2002 in Export Sales & Business Development. He served as Managing Director for ARB's Thailand business for four years and is currently responsible for global sales and marketing, warehousing and distribution, products and services and information technology.

Lachlan has a strong sales and business development background and has overseen the development of all international operations. In June 2019, Lachlan McCann was appointed Chief Operating Officer.



FY2019 FINANCIAL HIGHLIGHTS

\$443.9M
Sales change from 2018 \$5.0%

- Sales grew in all key parts of the business.
- Sales growth achieved in tougher trading conditions
- Growth inhibited by decline in new vehicle sales in Australia.

\$77.7 M

PBT change from 2018 4.5%

- · Growth broadly in line with sales revenue growth.
- Impacted by Weaker Australian dollar
 - Operational cost pressures
 - Margin management.

- Comparable Profit After Tax (PAT) increased by 5.8% over the prior year.
- Reported PAT growth of 12.1% included a one-off provision for taxes expensed in the prior year.



FY2019 FINANCIAL HIGHLIGHTS

Capital expenditure of

\$23.6M

Significant investment in property:

- Free-trade zone global warehouse in Thailand
- New store sites
- Continued roll out of new flagship store format.
- Investment in manufacturing equipment.

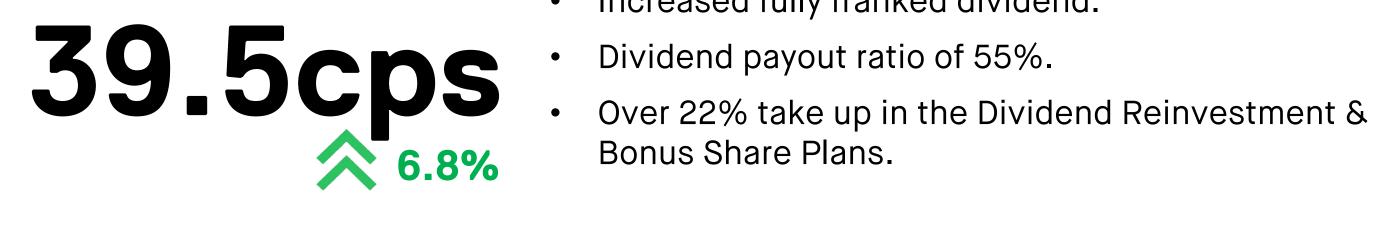
Net debt of



No net debt, consistent with June 2018, despite significant capital investment.

A strong balance sheet ensures the Company is well placed to take advantage of investment opportunities.

Total fully franked dividends of

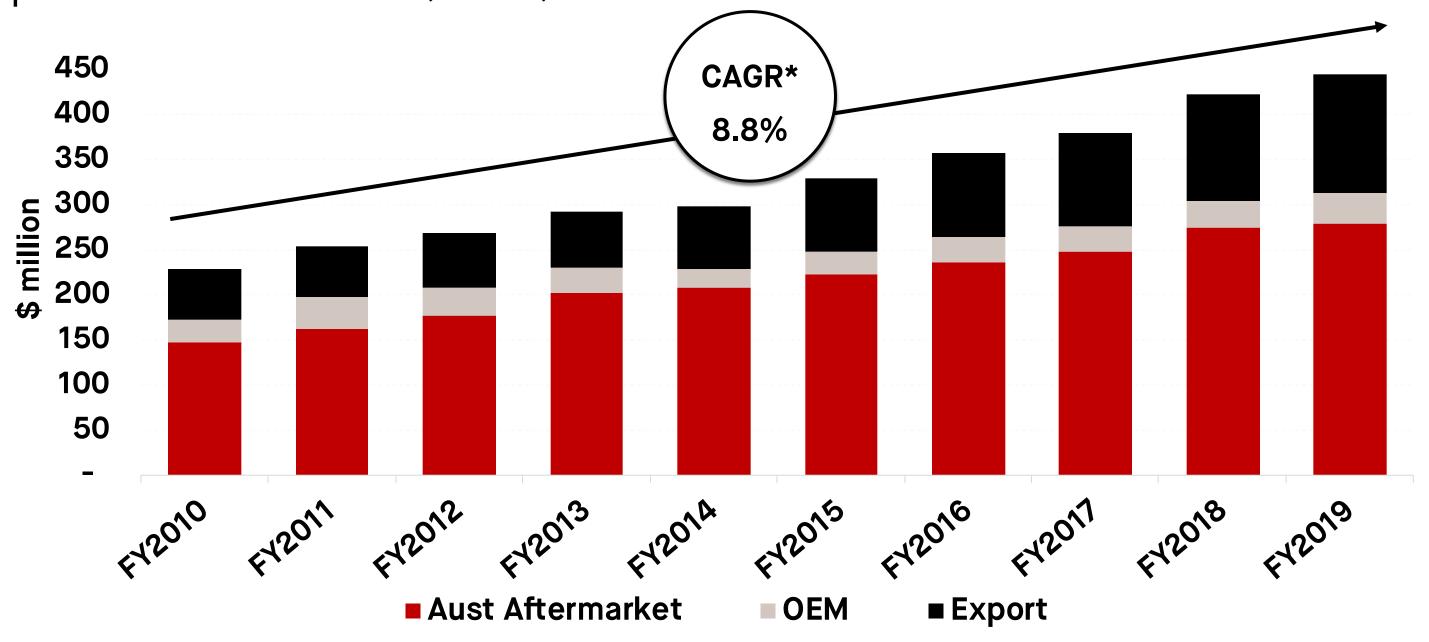


- Increased fully franked dividend.



HISTORICAL PERFORMANCE

SALES REVENUE (A\$m)

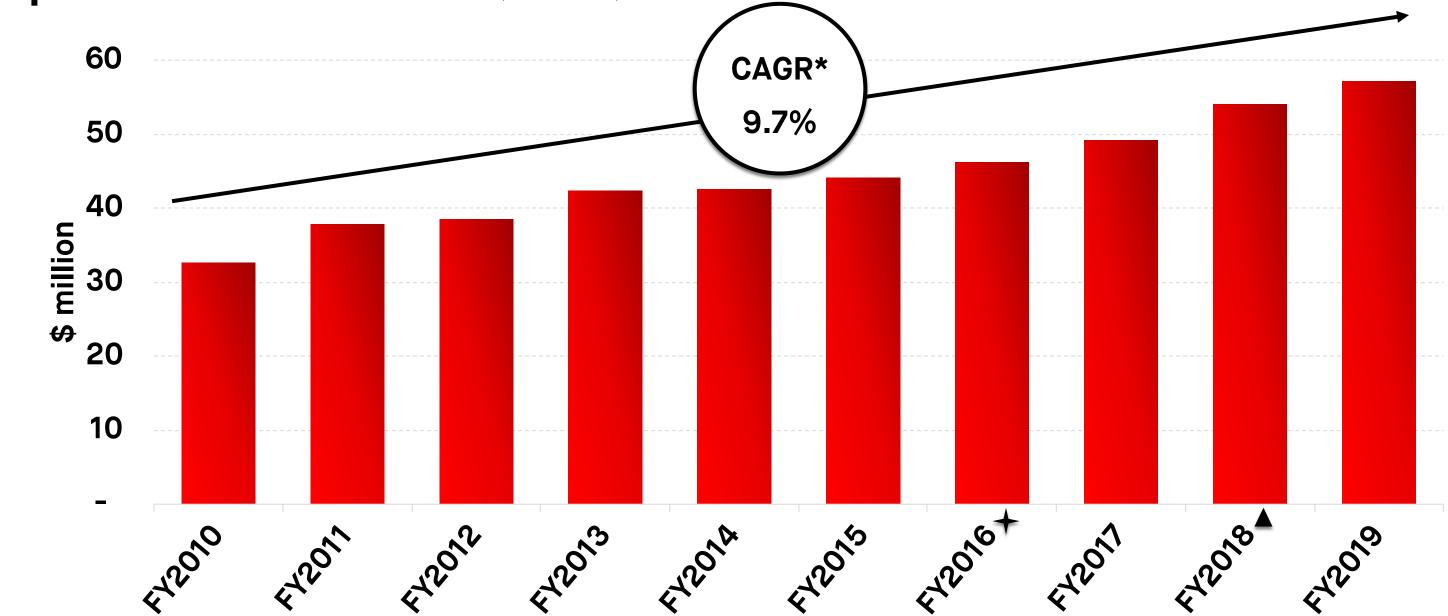


^{*} Compound Annual Growth Rate (CAGR)



HISTORICAL PERFORMANCE

PROFIT AFTER TAX (A\$m)

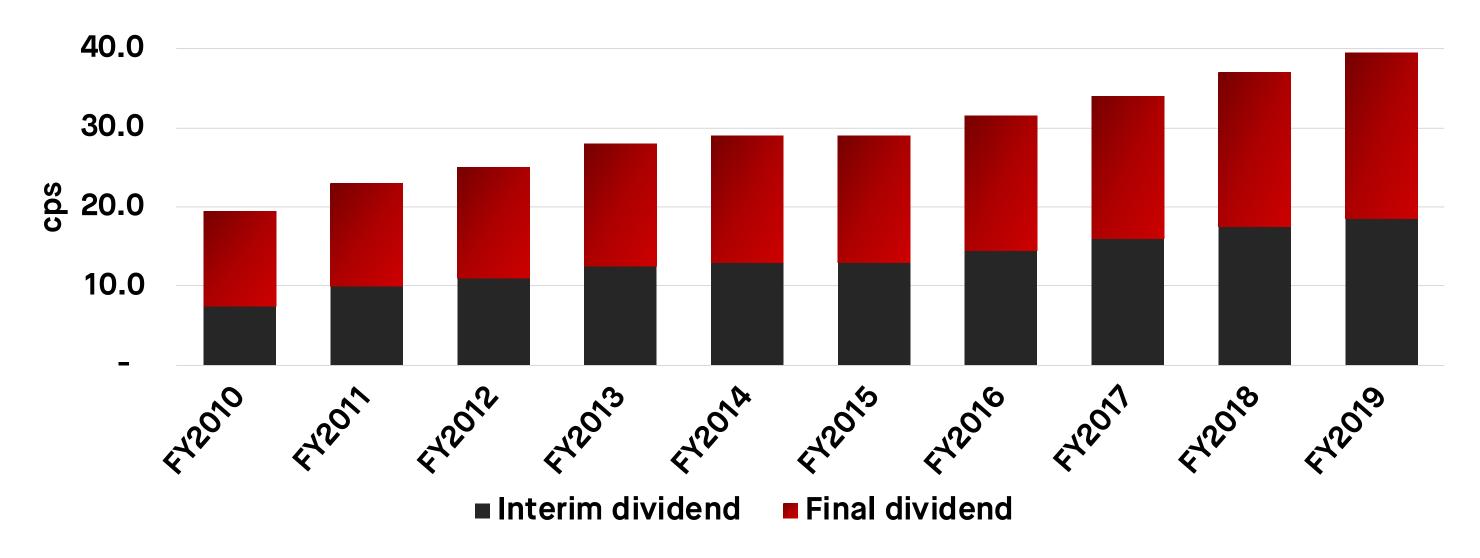


- ★ Excluding property sale in FY2016
- ▲ Includes impact of multi year tax adjustment in FY2018
- * Compound Annual Growth Rate (CAGR)



HISTORICAL PERFORMANCE

DIVIDENDS PAID (cps)



- All dividends have been fully franked
- Dividends paid have grown steadily over the last 10 years in line with PAT
- Special dividends paid in 2010 & 2015



SALES BY **CATEGORY**

AUSTRALIAN AFTERMARKET



(includes: ARB Aftermarket, SmartBar, Kingsley Enterprises and GoActive Outdoors)

Total new vehicle sales down 7.8% New vehicle sales of medium to large SUVs and 4WD utilities down 1.6%

EXPORTS



9.8%

Growth achieved in export sales from Australia, USA, Thailand, **UAE and Czech Republic**

ORIGINAL EQUIPMENT

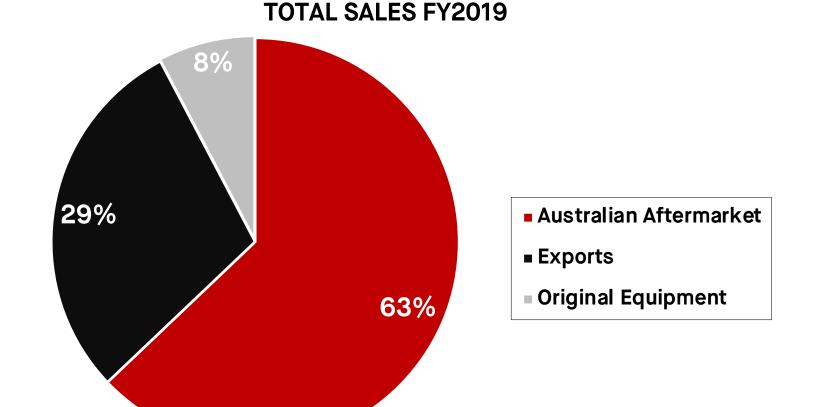


17.1%

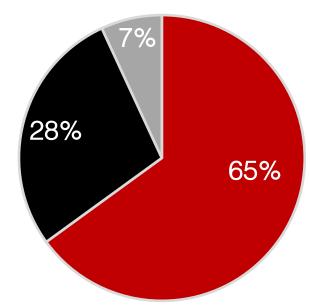
Commencement of new contracts with OEMs

5.0%

» TOTAL SALES GROWTH



TOTAL SALES FY2018





AUSTRALIAN NEW VEHICLE SALES

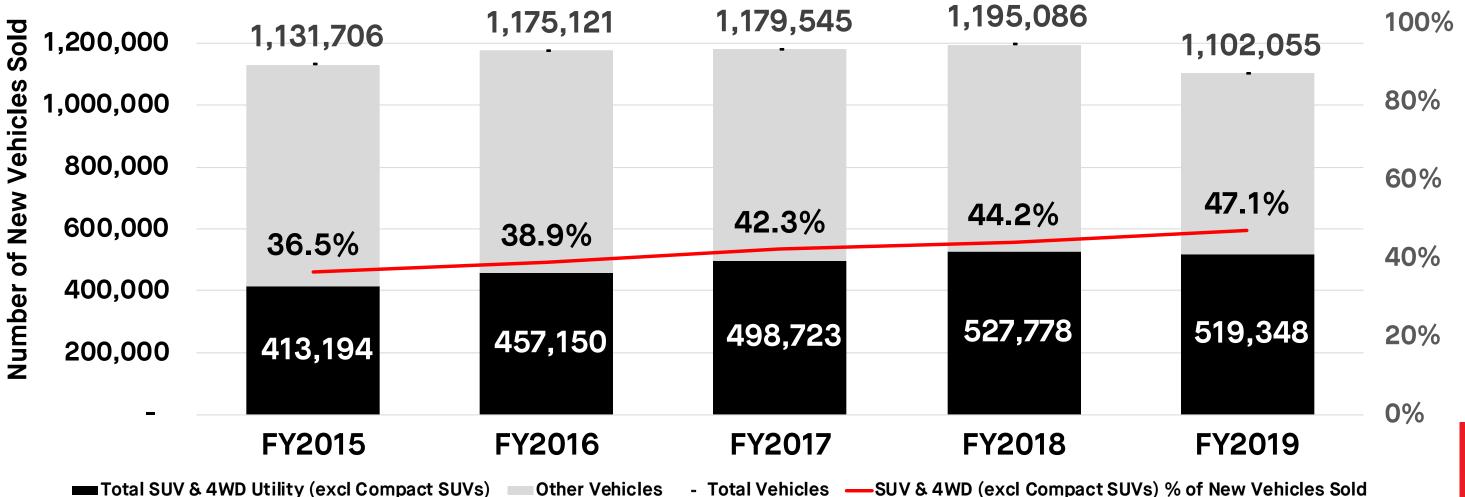
- ARB supplies an extensive range of accessories for both new and used 4WDs. Used 4WDs remain an important part of ARB's customer base.
- New vehicle sales are important to ARB. In the last financial year:
 - New vehicle sales in ARB's target categories (Medium and Large Sport Utility Vehicles (SUVs) and 4WD utilities), declined 1.6%; whilst
 - Total new vehicle sales declined 7.8%.
- Total new vehicle sales continue to trend down:
 - Down 6.7% in the July 2019 to September 2019 quarter.
- OEMs continue to focus on SUVs and 4WD utilities.
 Planned new models and model face lifts provide ongoing product development and sales opportunities.



AUSTRALIAN NEW VEHICLE SALES

- New vehicle sales, including ARB's target vehicles, have decreased for the first time in several years.
- 4WD Utilities and 4WD SUVs continue to increase, from 36.5% of new vehicles sold in Australia in FY2015 to 47.1% of new vehicles sold in FY2019.

NB: Compact SUVs are excluded from the SUV numbers as they are not typically accessorised.





AUSTRALIAN AFTERMARKET

Modest sales increase of 1.6% (62.9% of total Company sales) for the year.

- Flat result achieved across all sales channels: Corporate ARB Stores, Licensed ARB Stores, and Stockists. Dealer sales were negatively impacted inline with new vehicle sales.
- Queensland, New South Wales and Victoria had flat results cycling off a strong prior year while Tasmania, South Australia, Western Australia and Northern Territory grew modestly. All states encountered challenges with lower new vehicles sales.
- The ARB network currently consists of 66 stores of which 27 are company owned. Since prior reporting the number of ARB stores has grown by three with new stores in Warragul, Victoria and in South Headland and Bunbury Western Australia.
- ARB Corporation has acquired two independent licensed ARB stores in Bundaberg and Rockhampton, Queensland. ARB relocated the Rockhampton store to a new flagship building.

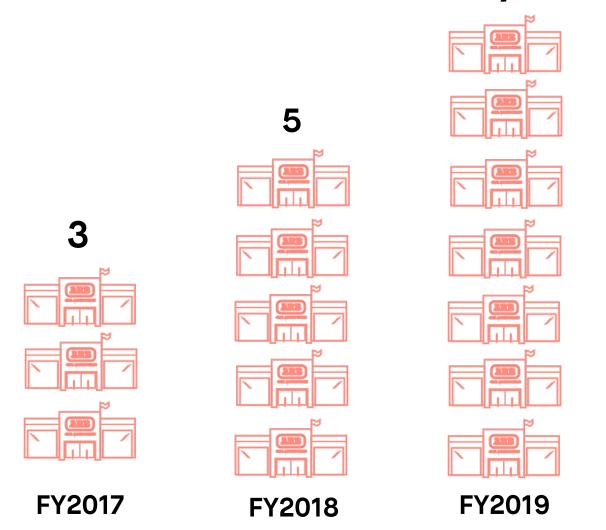


AUSTRALIAN AFTERMARKET

FLAGSHIP STORES COMPLETED

Since the ARB Flagship Store was conceptualised in 2016, ARB and ARB licensed operators continue to invest in the ARB flagship store format.

15 new flagship stores completed in the last three years:

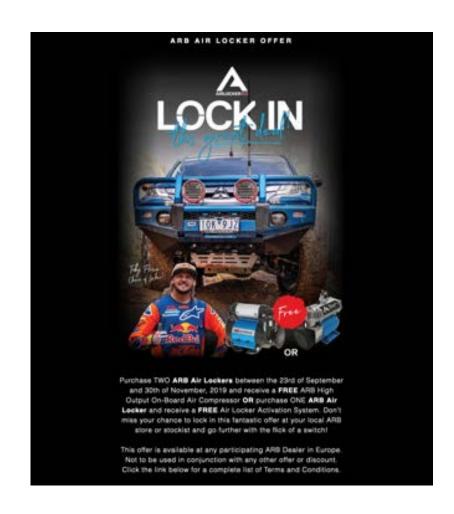






AUSTRALIAN AFTERMARKET

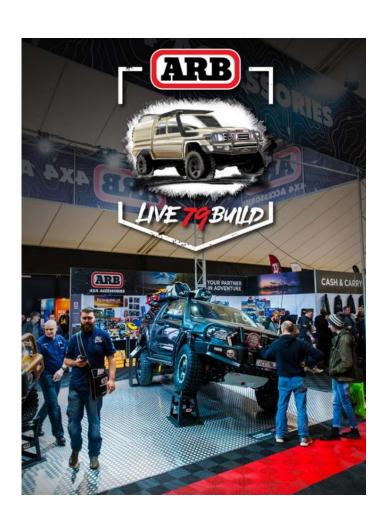
Despite lower new vehicle sales ARB continues to invest in sales and marketing initiatives to strengthen its brand and product position in the Australian Aftermarket.



Brand Ambassador Toby
Price featuring in the ARB
Air Locker promotion.



ARB takes its quarterly 4x4
Culture magazine to its
fans with the 2020 'Live'
event.

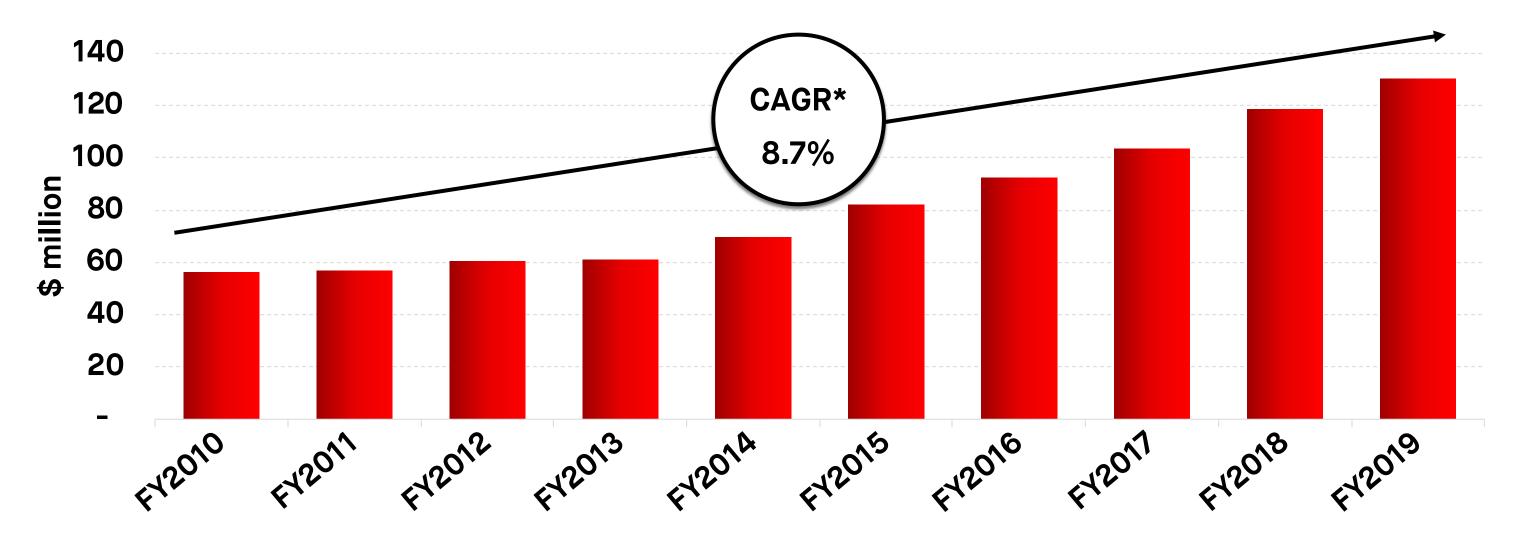


Continued investment in major shows & events nationwide.



ARB continues to target a greater share of the international 4WD sector.

Export sales improved in-line with the recent trend, growing at an average compound rate of 13.3% over the last 5 years and 8.7% over the last 10 years.





^{*} Compound Annual Growth Rate (CAGR)

Sales growth of 9.8% (29.4% of total Company sales) for the year.

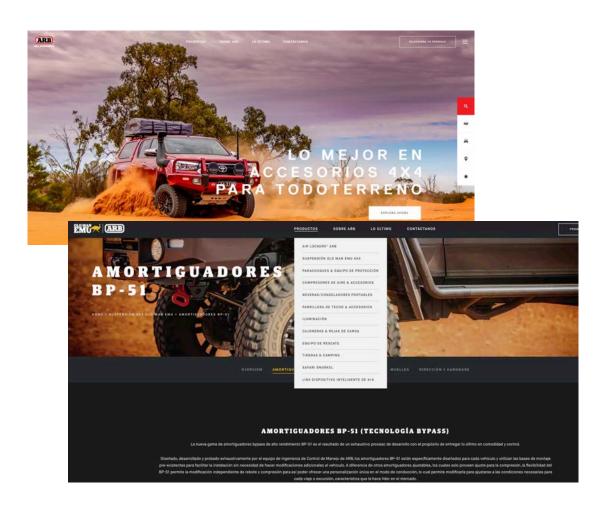
- Exports benefitted from a weak Australian dollar to promote Australian manufactured products in overseas markets.
- ARB USA achieved strong growth in North, Central and South American markets. Fiat Chrysler's
 focus on the new JL Jeep and pick-up variant 'Jeep Gladiator' will aid continued US growth. In
 addition, the Auto Manufacturers' emphasis on mid-sized 'overlanding' focused pick-up (i.e.
 Ford Ranger, Chevrolet Colorado and Toyota Tacoma) will benefit ARB USA sales.
- ARB Europe continued to grow due to improved localisation of its sales & marketing presence across Europe. ARB Middle East and Thailand based South East Asian sales also reported good growth.
- ARB's export teams remain focused on global fleet and commercial opportunities in diverse sectors including mining, aid agencies, fire & rescue and security services.



LOCALISATION

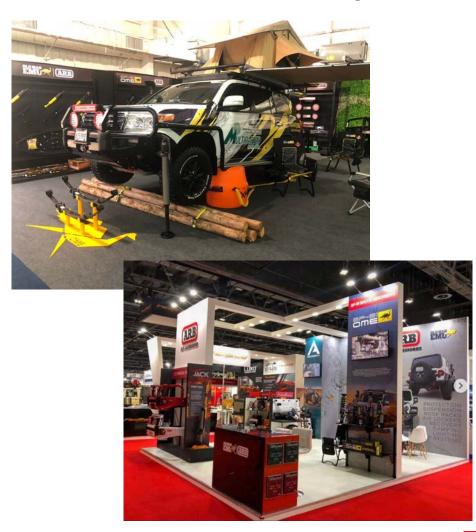
For improved market penetration ARB has localised key aspects of its sales force, marketing

resources, customer service, warehousing and distribution.





Social Media



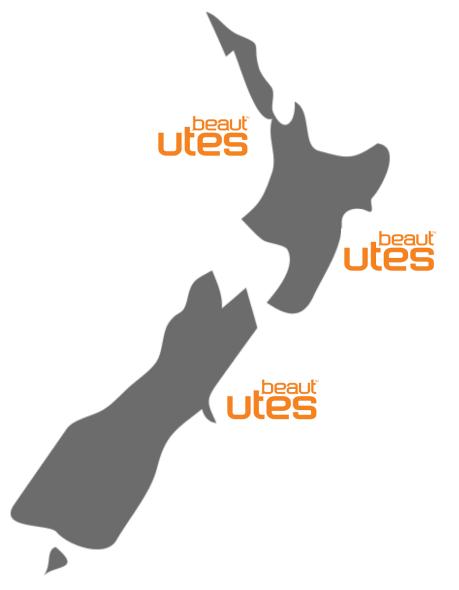
Shows & events





NEW ZEALAND

- On 1st October 2019, ARB acquired the assets of Advanced Equipment Limited trading as 'Beaut Utes' based in Hamilton, New Zealand.
- Advanced Equipment has operational presence in Auckland,
 Christchurch and Hamilton. The Auckland site includes a modern retail showroom.
- Advanced Equipment has focused its business on pick-up accessories, primarily commercialising pick-up bed covers such as canopies and hardtops.
- Advance Equipment sells amongst other products the ARB Classic and ASCENT canopies.
- Advance Equipment employs circa 50 staff.
- This business provides a strong foundation into New Zealand for all ARB products.
- This acquisition is expected to be EPS positive in the second half of this financial year.





ORIGINAL EQUIPMENT

Strong sales growth of 17.1% (7.7% of total Company sales) for the year.

- ARB continues to maintain strong commercial and strategic relationships with key Original Equipment Manufacturers (OEMs) both in Australia and overseas.
- Lower margins in selling to the OEMs have been significantly impacted by the strengthening Thai Baht.
- As global OEMs seek higher revenue from declining vehicle sales, ARB is well placed to grow as a strategic supplier to the OEMs.
- A number of OEM contracts are due to commence in the second half of this financial year.
 These are a mixture of replacement and all-new contracts. However, sales to OEMs will remain flat in the first half of this financial year.
- In conjunction with Ford North America, ARB has designed and developed a winch compatible bumper for the US Ranger to be released by Ford to market in early 2020.



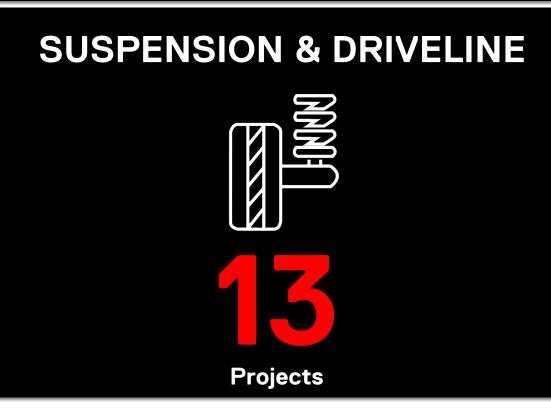
Product development and innovation remains key to ARB's competitive advantage.

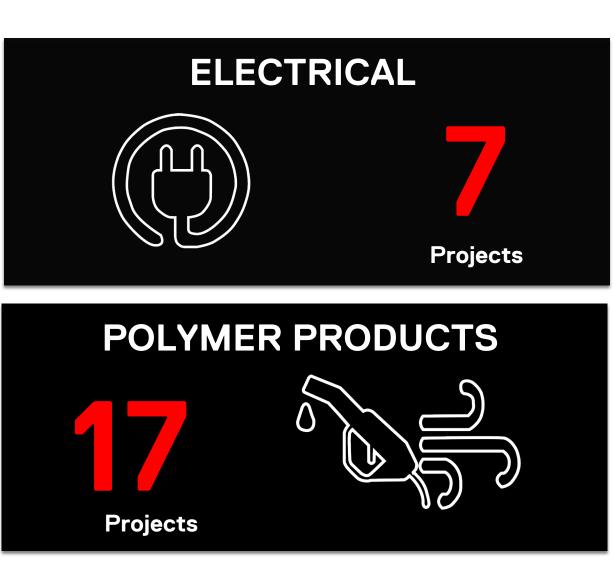
ARB grew its investment in new products from \$9.5M to \$13M an increase of 36.7% over FY2018 and 80% over FY2017.

- ARB has focused engineering resources on platform development during FY19:
 - Range expansion for Jeep JL Wrangler and Gladiator
 - Mitsubishi Triton
 - Suzuki Jimny
 - Ford Ranger US release.
- In addition engineering resources have been heavily focused on innovative developments for existing products and a number of exciting all new products to be presented to the market in coming years.
- Range expansion in BP-51 shock absorber, Summit RAW Rear Step Tow Bar and additions to the LINX module have supported growth.
- ARB's R&D resources include a team of 50+ development engineers, supported by 25+ production engineers in Australia, Thailand and the USA.

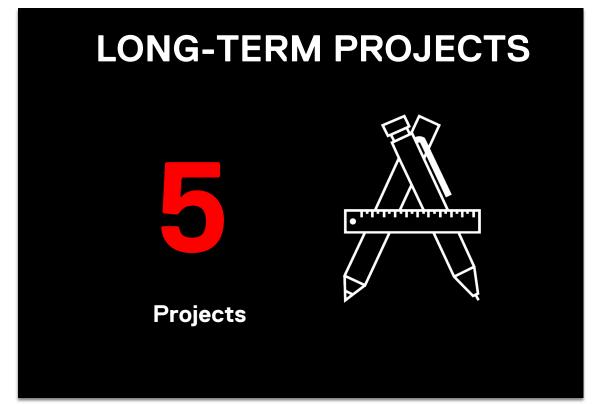


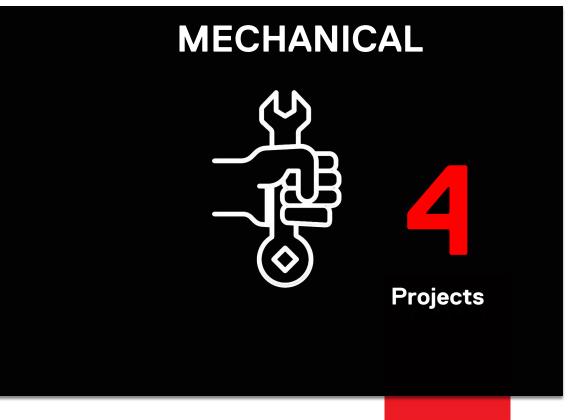














JEEP JL WRANGLER PRODUCT DEVELOPMENT

- JL Jeep Wrangler product development completion.
- 55 unique part numbers created for JL Jeep.
- Parts promoted through customized packages to meet different customer segments.



SUZUKI JIMNY

- ARB partnered with Suzuki Australia to develop a full range of accessories ahead of the Australian vehicle launch for the Suzuki Jimny.
- Suzuki Australia launched the ARB modified Jimny "J-BOX" for its official Australian release.
- Internationally, the Suzuki Jimny is recognised as an iconic 4x4 vehicle.





PRODUCTION







- The new 21,770 m2 warehouse in Thailand situated in a free-trade zone is now complete and will commence operation in October 2019.
- The new warehouse supports:
 - ARB's global supply chain management
 - Frees up space for manufacturing in ARB's other Thai sites.
 - Allows ARB to import globally sourced products into a central location for consolidation with Thai manufactured product for efficient redistribution to global warehouses and distributors.
- Land adjacent to the building is available for future development.

OUTLOOK

In the Chairman's Statement in this year's Annual Report dated 20th August 2019 we noted:

"The Company's growth in 2018/19 was hampered by difficult local and global market conditions. Specifically, new car sales in Australia posted their biggest annual fall in more than nine years. In addition, the Australian dollar declined to its historically weakest position against the Thai Baht.

Although the lower Australian dollar increases ARB's offshore revenue opportunities, in the short term it has a significant impact on the cost of the Company's Thai manufactured products and negatively impacts sales margins. The Company is taking measures to offset the increased cost, but the exchange rate will continue to affect the Company's performance throughout the first half of the new financial year."

These circumstances are persisting. In the first quarter to 30th September 2019 sales grew by approximately 5%. However, the strong US dollar and Thai Baht have reduced gross profit margins and there have been further declines in vehicle sales. Increased selling prices and other cost reductions are expected to offset the reduction in gross profit over time but it is likely that net profit for the current half will be below that achieved in the first half of the previous financial year.

With strong brands around the world, capable senior management staff, and a strong balance sheet and growth strategies, the Board believes ARB is well positioned to achieve long term success.



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