



Dear Shareholder,

RESULTS

The Directors of ARB Corporation Limited (“**ARB**” or the “**Company**”) are pleased to report that the Company achieved a net profit after tax of \$49.2 million for the year ended 30 June 2017. After adjusting for a property sale in the previous corresponding period, underlying profit before tax for the period increased by 8.2% compared with the year to 30 June 2016. The effective Group tax rate increased as a greater proportion of Company profits were generated in higher taxing jurisdictions.

Sales for the year were \$383 million, an increase of 7.2% over the prior corresponding period.

The full year results are summarised below:

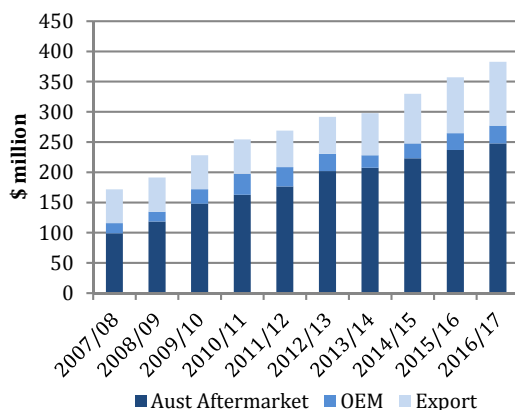
Year ended	30 Jun 17 \$'000 Statutory	30 Jun 16 \$'000 Statutory	Change	30 Jun 16 \$'000 Underlying ¹	Change
Sales	382,599	356,905	7.2%	356,905	7.2%
Other Revenue	2,320	4,319		2,334	
Total Revenue	384,919	361,224		359,239	
Profit before Tax	67,501	64,379	4.8%	62,394	8.2%
Tax	(18,349)	(16,940)		(16,166)	
Profit after Tax	49,152	47,439	3.6%	46,228	6.3%
Basic EPS - cents	62.10	59.90		58.40	
DPS - cents					
Interim	16.0	14.5		14.5	
Final	<u>18.0</u>	<u>17.0</u>		<u>17.0</u>	
Total	<u>34.0</u>	<u>31.5</u>	7.9%	<u>31.5</u>	7.9%
Franking	100%	100%		100%	

¹ Excludes Other Revenue and Profit before Tax of \$1.98 million (Profit after Tax of \$1.21 million) associated with the sale of the Company’s warehousing facility in Seattle, USA

The Company intends to pay a final fully franked dividend of 18 cents per share on the 20th October 2017. This brings total dividends for the year to 34 cents per share fully franked. The Record Date for the final dividend will be the 6th October 2017.

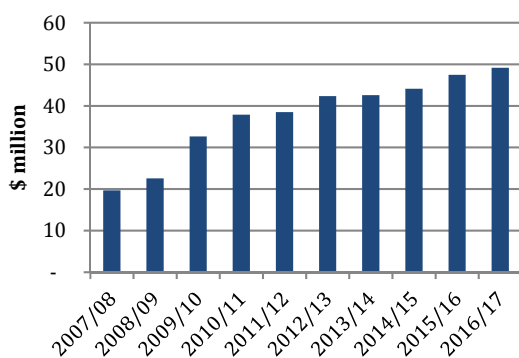
10 YEAR HISTORICAL PERFORMANCE

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



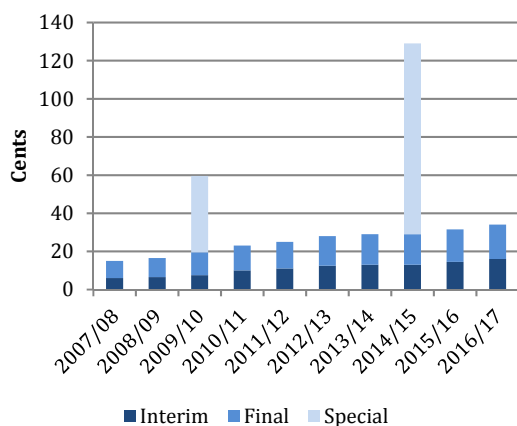
SALES REVENUE

Annual sales revenue has grown at an average compound rate of 9.3% over the past 10 years.



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 10.7% over the past 10 years.



DIVIDENDS PER SHARE

Dividends per share have grown steadily over the past 10 years with special dividends paid in 2009/10 and 2014/15. All dividends have been fully franked.

HIGHLIGHTS OF THE 2016/17 YEAR

Sales and Distribution

Sales revenue increased by 7.2% in 2016/17 over the previous corresponding period. Sales growth was achieved in all categories of the business. As can be seen from the table below, ARB's sales growth in the Australian aftermarket was 4.6%, while sales to export and original equipment customers grew by 14.3% and 5.3% respectively.

Customer Category	Percentage of Total Sales		Sales Growth
	12 months to June 2017	12 months to June 2016	
Australian Aftermarket	64.8%	66.3%	+4.6%
Exports	27.6%	25.9%	+14.3%
Original Equipment	7.6%	7.8%	+5.3%
	100.0%	100.0%	+7.2%

In the Australian aftermarket the Company distributes through the ARB store network, to ARB stockists, to new vehicle dealers and to various fleet operators. Contributions from Go Active Outdoors, Kingsley Enterprises and SmartBar are included in Australian aftermarket sales.

ARB's market leading store network is vitally important to the Company's strength in the Australian aftermarket. Currently there are 61 ARB stores in Australia, of which 25 are Company owned. At this time last year, 56 ARB stores were operating in Australia. It should be noted that three of the current stores opened during the past two months and therefore made no contribution to the 2016/17 result.

The most recently established ARB stores include new livery, technology and custom joinery. This design includes product category signage on the building, pylon signs and modern industrial interior styling. This new concept will be gradually rolled out to existing ARB stores over the next few years.

In late August 2017, Victoria's new main warehouse at Keysborough will be completed. This warehouse is expected to become fully operational by the end of this calendar year. The 16,000 square metre facility is being purpose built and will provide the Company with essential additional warehouse space.

In Perth, WA, a new Company owned retail store with a large fitting capacity will open at Canning Vale in the December 2017 quarter. This will free up much needed space at the Canning Vale main WA warehouse.

Excellent growth of 14.3% in total was achieved in export sales made from Australia, the USA, Europe, Thailand and from the recently established sales and warehousing operation in Dubai in the Middle East. The relatively high Australian Dollar against the US dollar limited the impact of excellent growth in the USA. Exports now represent a healthy 27.6% of ARB's total sales.

Sales to original equipment manufacturers started to grow again in the second half of the 2017 financial year after a slight decline in the first half. The Company has new contracts with OEM customers that should provide for continued growth into the current financial year.

Products and Production

ARB regards product development as a key element in maintaining the Company's long term competitive advantage. Research and development expenditure is continuing to increase in line with Company growth. During the year, more new vehicle releases have occurred both in Australia and overseas and new products for these vehicles are being released into the Company's factories on a weekly basis.

Work is also continuing on a number of long term development projects that will provide growth opportunities for the Company in the future. For shareholders to get a better idea of ARB's new product releases, the Company's website at www.arb.com.au is a great source of information.

As noted in the Chairman's statement for the first half, annual bonus negotiations with staff in Thailand disrupted production in the months of November and December 2016. Although difficult to quantify, this affected both sales and profit growth across the Company at the end of the first half and at the beginning of the second half. Apart from this interruption, production was at near full capacity in both the Australian and Thai production facilities for the entire year.

In the first half of 2017/18, construction will begin on the Company's previously purchased land in Thailand in the estate that houses ARB's existing manufacturing and warehousing facilities to provide capacity for further expansion.

Financial

Growth in underlying profit before tax of 8.2% during 2016/17 was higher than the corresponding growth in sales of 7.2%. Sales margins were maintained during the year and costs were well controlled despite volatility in the key Thai Baht and US Dollar currencies. Infrastructural and resource investments in recent years across the Company have facilitated cost effective sales growth.

Cash flows from operations increased to \$62.2 million from \$44.9 million last year, reflecting effective working capital management.

ARB invested \$20.4 million during the year in additional property, plant and equipment, including manufacturing equipment to increase capacity and capital expenditure across the selling networks, particularly for new and upgraded stores in Australia.

ARB is in a strong financial position with cash of \$27.6 million and no debt at 30 June 2017 enabling the Company to react quickly to appropriate opportunities, including further capital projects or suitable acquisitions.

THE FUTURE

The Company's growth in 2016/17 was achieved in an uncertain global environment. The current economic conditions still remain uncertain. However, the outlook for the Company is positive and the Board is optimistic about the future.

Demand for the Company's products currently remains healthy in many countries around the world. ARB has long term growth plans in place, both in Australia and in export markets, which include new products and improved distribution.

With strong brands around the world, capable senior management and staff, a strong balance sheet and growth strategies in place, the Board believes ARB is well positioned to achieve on-going success.

A first quarter trading update will be provided to shareholders at the AGM in October 2017.



Roger Brown
Chairman
16th August 2017