



**4X4 ACCESSORIES**

# ANNUAL GENERAL MEETING

COMPANY PRESENTATION • 19 OCTOBER 2023





# Welcome to our shareholders, business partners and guests.

Robert Fraser	Chairman of the Board
Andrew Brown	Managing Director
Roger Brown	Non-Executive Director
Shona Faber	Non-Executive Director
Adrian Fitzpatrick	Non-Executive Director
Karen Phin	Non-Executive Director
Andrew Stott	Non-Executive Director





This presentation has been prepared by ARB Corporation Limited (ARB).  
The information in this presentation is current as at 19 October 2023.

This presentation is not an offer or invitation for subscription or purchase of securities or a recommendation with respect to any security. Information in this presentation should not be considered advice and does not take into account the investment objectives, financial situation and particular needs of an investor. Before making an investment in ARB any investor should consider whether such an investment is appropriate to their needs, objectives and circumstances and consult with an investment adviser if necessary. Past performance is not a reliable indication of future performance.

ARB has prepared this presentation based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation.

To the maximum extent permitted by law, none of ARB, its directors, employees or agents, nor any person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation may contain forward looking statements that are subject to a range of risk factors and uncertainties. Whilst the statements are considered to be based on reasonable assumptions, the statements themselves and the assumptions upon which they are based may be affected by a range of circumstances which could cause actual results to differ significantly from the results expressed or implied in these forward-looking statements.



## AGM PRESENTERS

### Robert Fraser

**CHAIRMAN OF THE BOARD – APPOINTED 30 SEPTEMBER 2022**

Robert was appointed as the Company's first Non-executive Director in 2004. He was previously Chairman of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Mr. Fraser has over 35 years of investment banking experience, specialising in mergers and takeovers, corporate and financial analysis, capital management, equity capital markets and corporate governance.

### Lachlan McCann

**CHIEF EXECUTIVE OFFICER – APPOINTED 5 JULY 2022**

Lachlan commenced at ARB in 2002 in Export Sales and Business Development.

Lachlan has a strong background in sales, business development and operations and oversaw the development of each international ARB operation from 2009. He served as Managing Director for ARB's Thailand business from 2008-2012 and subsequently as Chief Operating Officer until his appointment as Chief Executive Officer.

### Damon Page

**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

Damon joined ARB as the Chief Financial Officer in 2014 and assumed the role of Company Secretary in 2019.

He was previously the General Manager Finance Executive for a large public manufacturing and exporting agribusiness with \$2.9 billion turnover. Prior to that he was a large audit firm Account Director.

### Dennis Horton

**DIRECTOR OF MANUFACTURING AND ENGINEERING**

Dennis commenced his career at ARB in 1996 as a Warehouse Leader.

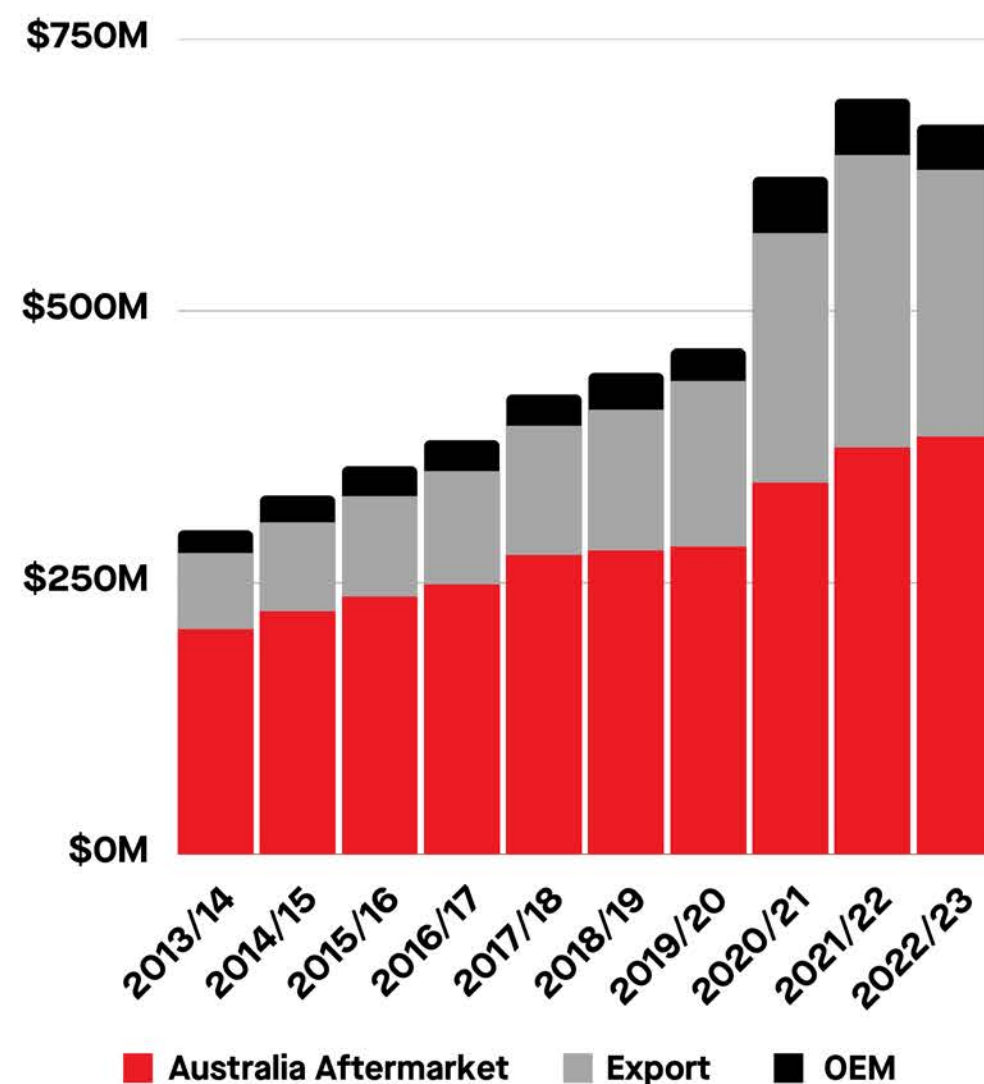
Dennis has extensive manufacturing expertise and has been responsible for ARB's manufacturing operations since 2006. He has served as the Managing Director for ARB's Thailand business since 2015 and assumed oversight of ARB's engineering operations in July 2022.



# AGM FY23 FINANCIAL HIGHLIGHTS

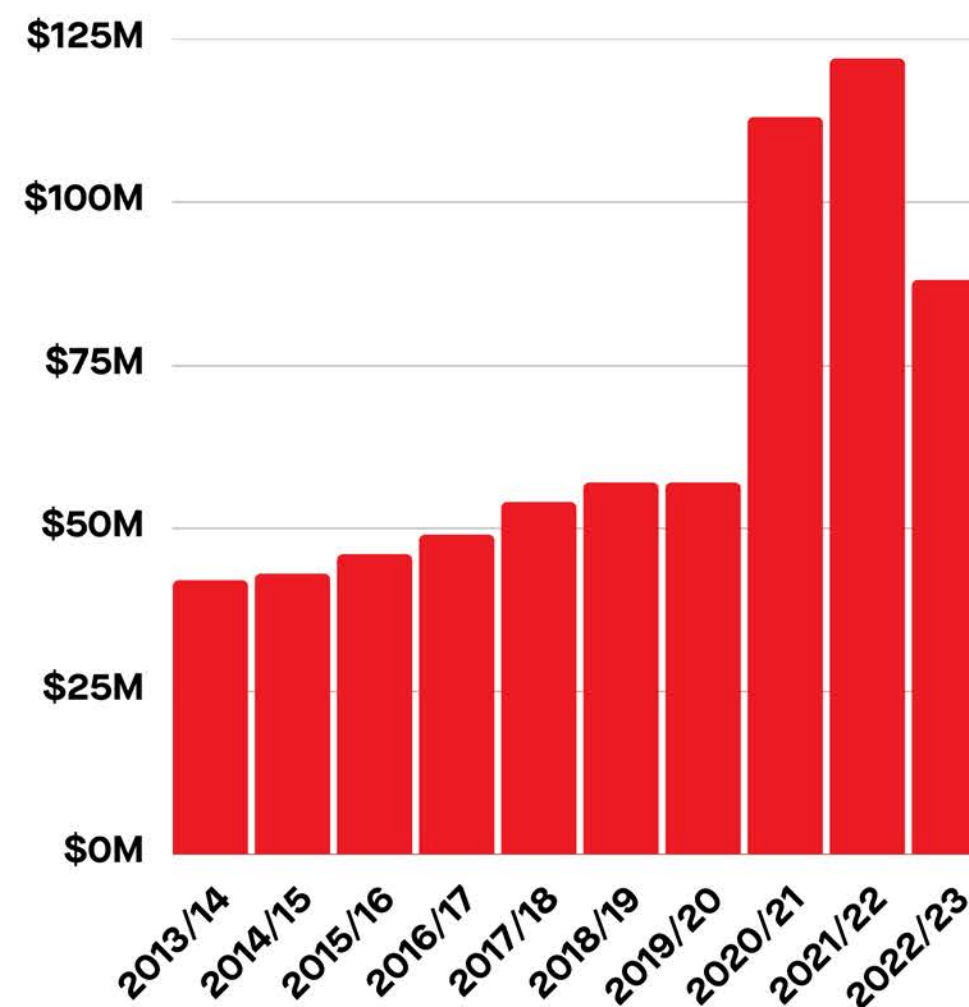


**DOWN 3.4%**  
10 YR CAGR 8.7%  
**SALES REVENUE**  
**A\$671.2M**



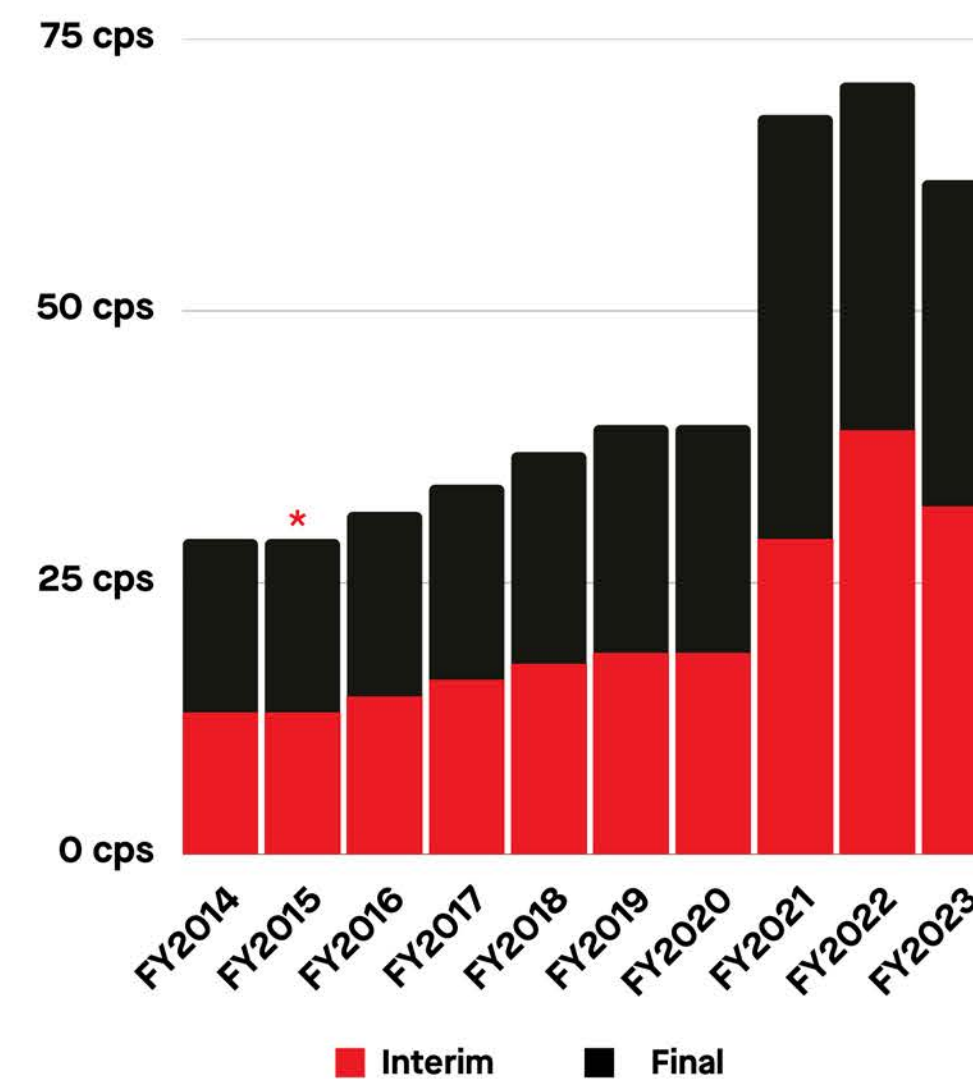
Consolidation of significant sales growth achieved in FY2021 and FY2022

**DOWN 27.5%**  
10 YR CAGR 7.6%  
**PROFIT AFTER TAX**  
**A\$88.5M**



FY2023 profitability impacted by high global inflation, a weaker Australian dollar, factory recoveries and provisioning for obsolescence and warranty

**DOWN 12.7%**  
**FULLY FRANKED DIVIDENDS**  
**62 CPS**



\* Excludes special dividend of 100 cps in 2015



## AGM FY23 FINANCIAL HIGHLIGHTS



**\$90.4M**

CASH FLOWS  
FROM OPERATIONS

**\$88.5M**

Profit after tax

Inventory value +\$9.6m due  
to weaker AUD and inflation  
Inventory volumes decreased  
New product ranges introduced

**\$40.6M**

PAYMENTS FOR PROPERTY,  
PLANT AND EQUIPMENT

**\$21.6M**

Property

**\$19.0M**

Plant & Equipment

**\$45.3M**

FULLY FRANKED @ 30%

FY22 Final dividend 39.0 cps  
FY23 Interim dividend 32.0 cps  
Fully franked @ 30% tax rate

FY23 Interim Dividend  
DRP & BSP takeup of 15%

**\$44.9M**

NET CASH  
HOLDINGS

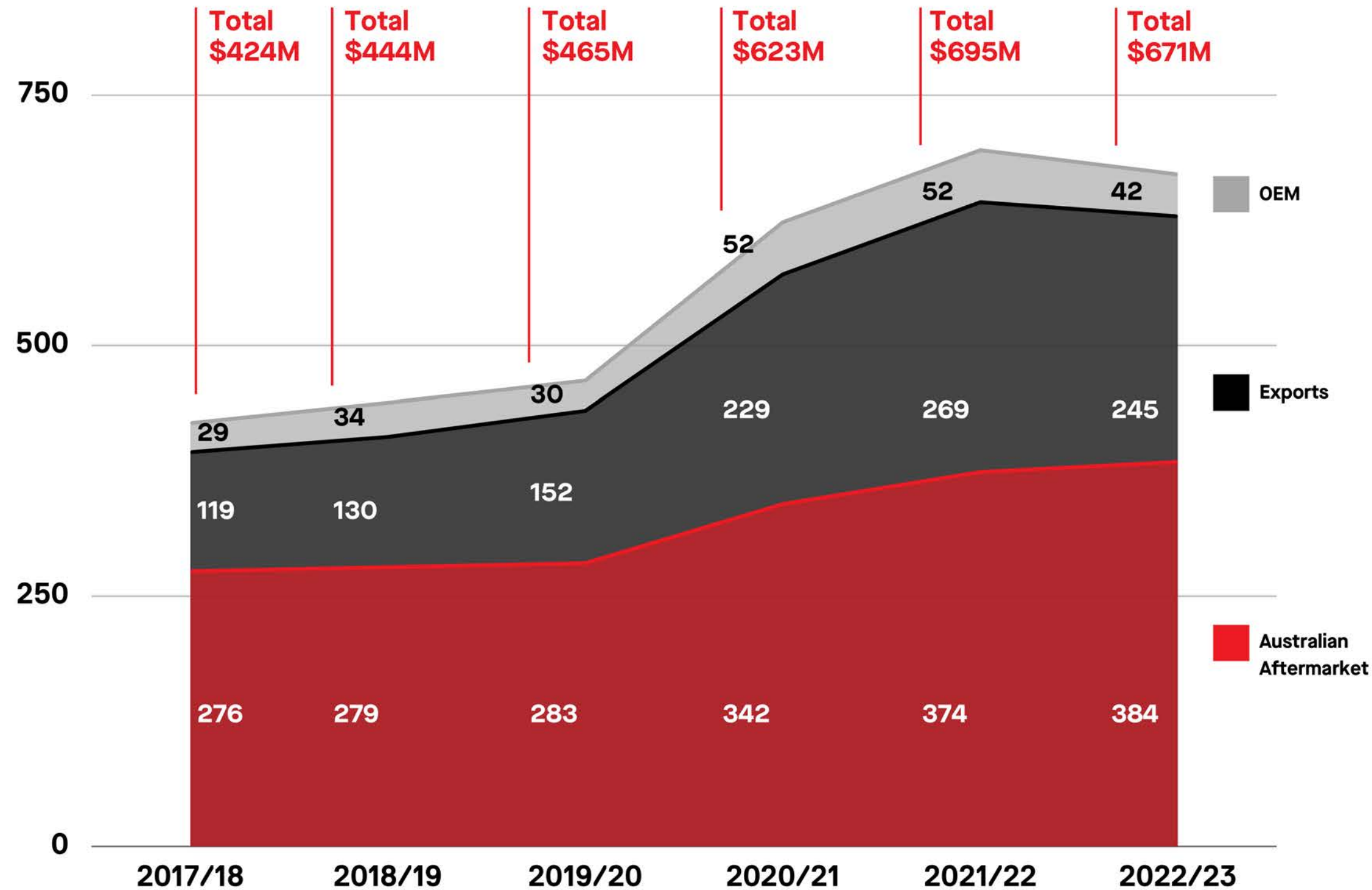
**\$0**

Debt

Net cash down \$7.8m



## AGM SALES REVENUE SUMMARY



### AUSTRALIAN AFTERMARKET

UP **2.6%** 57.2% of sales  
PY: 53.8%

### EXPORTS

DOWN **8.7%** 36.5% of sales  
PY: 38.7%

### OEM

DOWN **18.5%** 6.3% of sales  
PY: 7.5%





4X4 ACCESSORIES

# SAFETY AND TRAINING





### RISKS

- Complex business with a variety of risks.
- Many independently managed sites.
- International businesses.
- Cultural differences regarding safety.
- Manual manufacturing processes.
- Multiple warehouses with racking and mobile plant.
- Accessory installation facilities.



### ACTIONS

- New safety manager appointed.
- ARB-U mandatory safety training for all employees.
- ARB-U mandatory training for managers.
- External consultants to assist with best practice policies and procedures.
- Improved recording and reporting to provide greater visibility.
- Engaging workforce in cultural change.
- Identify and control critical risks.

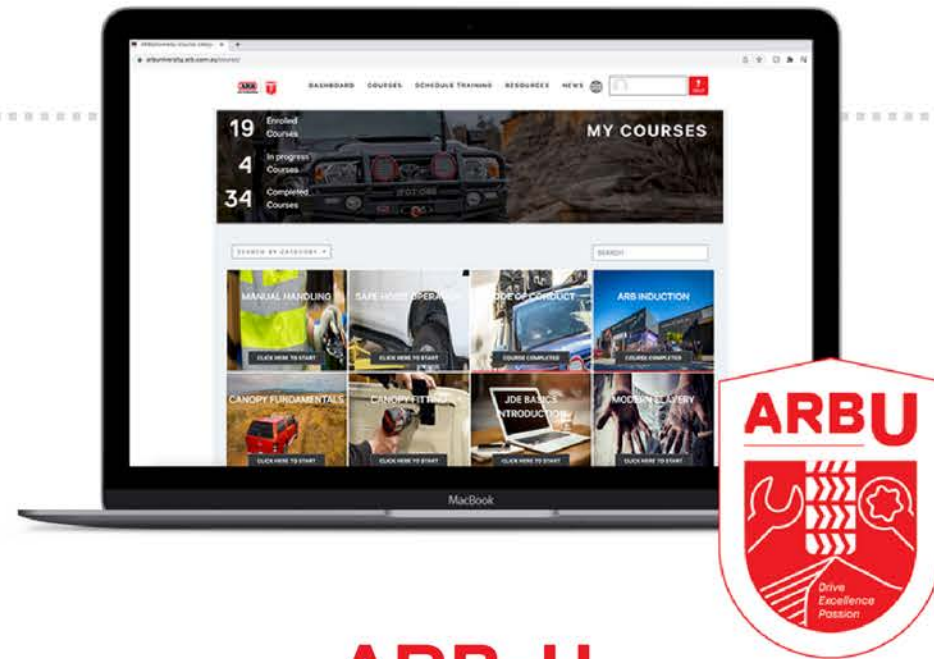


### PSYCHOSOCIAL HEALTH

- Headspace push-up challenge.
- Movember involvement.
- RUOK? Day focus and activities.
- Mental Health for Managers training.
- Mental Health awareness webinars.
- Mental Health first aiders.
- Psychosocial safety focused policies.
- Employee Assistance Programme provides confidential counselling.



## AGM TRAINING & DEVELOPMENT



### ARB-U

- 88 online short training courses are now developed.
- Mandatory induction and safety training for all English-speaking employees.
- Mandatory training for managers.
- Training records and reporting.



### OTHER TRAINING

- Development pathways established for welders, painters and accessory fitters.
- Additional online and in-person training programs for more in-depth subjects.
- Focused topic webinars.
- External training providers to target specific development needs.







4X4 ACCESSORIES

# ENGINEERING & MANUFACTURING





**AGM ENGINEERING**

**OUR ENGINEERS**  
**4 COUNTRIES**  
**8 SITES**  
**120+ ENGINEERS**

**OUR ENGINEERING TEAMS HAVE  
COMPLETE DEVELOPMENT CAPABILITY  
WITH EXPERTISE ACROSS THE  
FOLLOWING RIGOROUS PROCESSES.**



Recent significant new product developments, ARB Earth Camper and OME MT64 go through these extensive design and development workflows.





## **SUCCESS BY DESIGN**

### **RECENT PRODUCT DEVELOPMENTS INCLUDE**

- ARB Earth Camper.
- OME MT64 Shock Absorber.
- Zenith Bullbars.
- ARB Hardlid designed by ProForm.
- Parabolic Leaf Springs and Airbags.
- Intensity IQ Lights.
- Smartbar Under Vehicle Armour.
- Kingsley Covert Winch.

### **PRODUCT DEVELOPMENT PIPELINE**

- Constant flow of ideas being considered for development.
- Significant volume of ARB and OEM projects in work.
- Significant volume of projects approved and in the queue.
- Local and International platforms, with US vehicles receiving focused attention.
- Continued investment in R&D.







### UPDATE

- 4 countries
- 8 sites
- 1,000+ employees
- 130,000+ sqm factories
- Added 5 robot welding cells with more automation planned.
- Approximately \$15M proposed investment in PP&E next 24 months.
- Investment includes purchase of the Smartbar site in Adelaide.



### CHALLENGES

- Higher rates of resignation post-COVID.
- Post-COVID employee "burnout".
- Skilled labour shortages.
- Rising salary expectations.
- Local suppliers and service providers closing or relocating.
- Skilled labour immigration condition changes.



### OPPORTUNITIES

- Skilled immigration programme with Thai workers successful.
- Creating training pathways for skilled positions.
- Increased salaries in key skilled positions.
- Importance of local manufacturing.
- Importance of Thai manufacturing.









4X4 ACCESSORIES

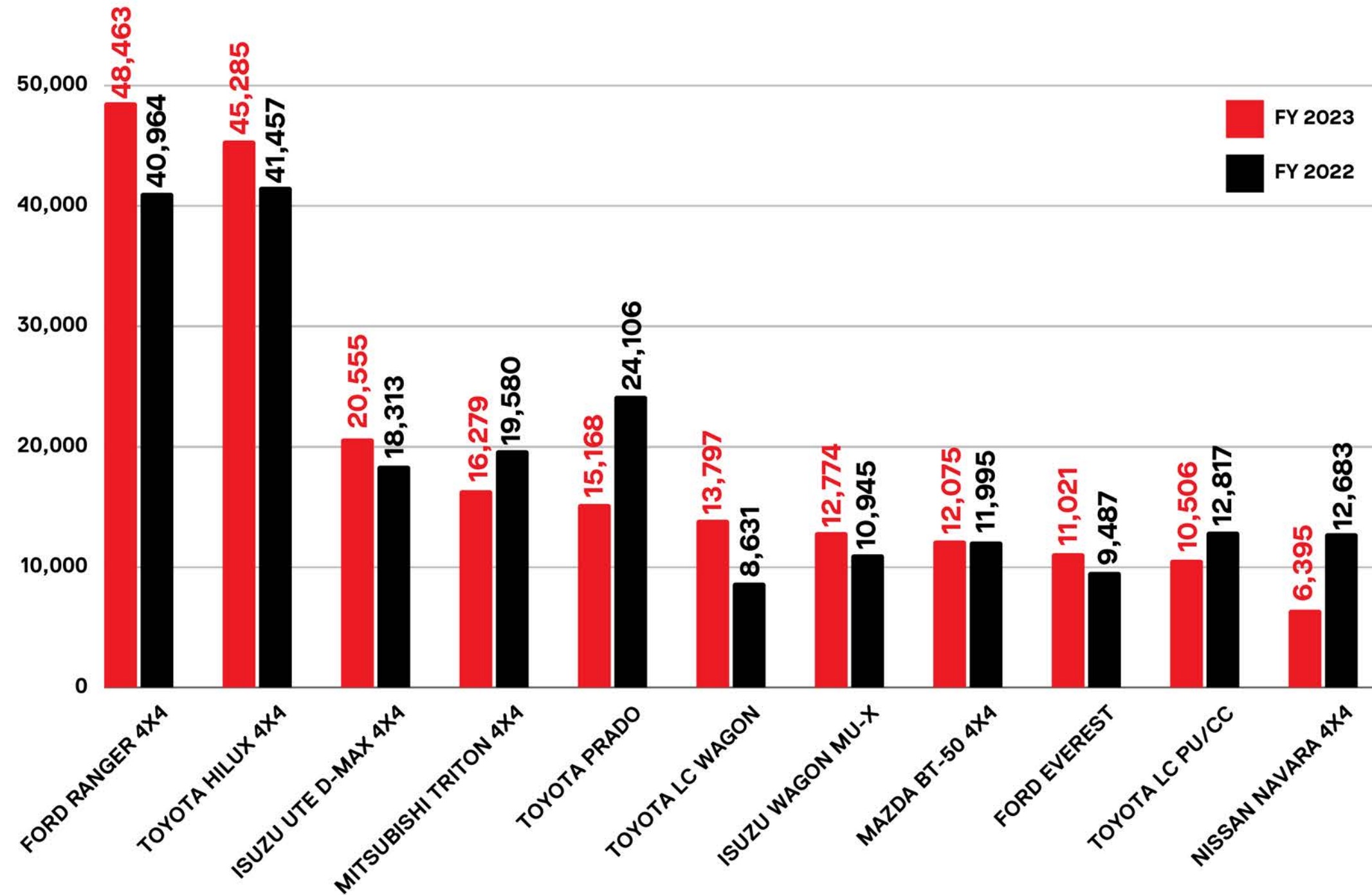
# AUSTRALIA



## AGM TARGET VEHICLE SALES AUSTRALIA



Number of Vehicles sold (000s); Percentage change FY23 v FY22



Improved vehicle supply in 2H FY23 compared with 1H FY23.

Consistency of supply by make & model remained a challenge.

Healthy volumes of 4x4 Ford Ranger and Toyota HiLux a highlight.

Healthy recovery to Toyota LC300 from Toyota LC200.

Sales of 4x4 pick-ups and SUVs have been healthy in Q1 FY24.



## AGM ARB RETAIL STORES AUSTRALIAN AFTERMARKET as at 30th June 2023

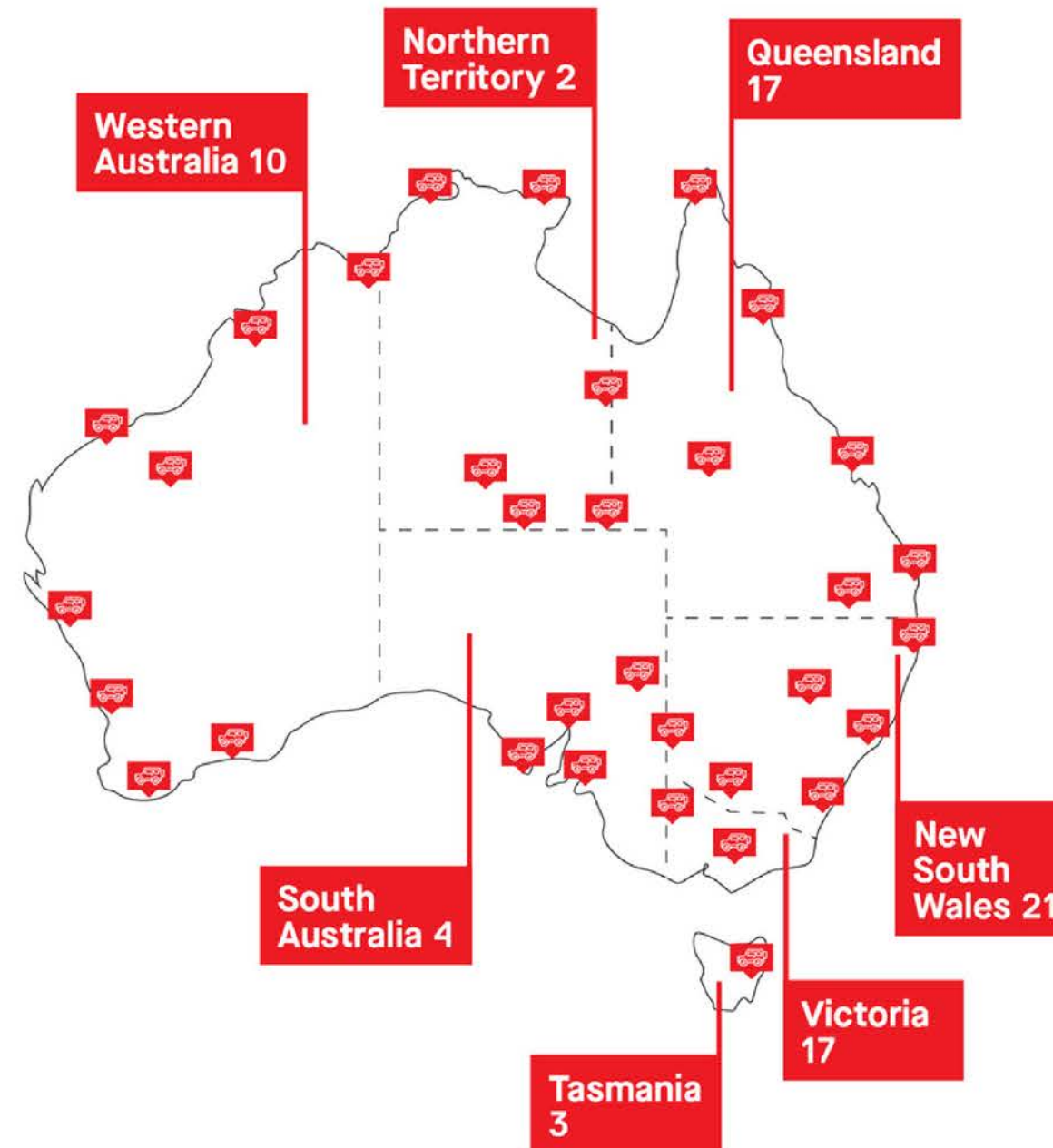


**74** ARB STORES  
IN TOTAL  
NATIONWIDE

**30** ARB  
COMPANY  
OWNED  
STORES

**44** ARB  
BRANDED  
STORES

**150+**  
STOCKISTS AND  
INDEPENDENT RESELLERS



Short to medium term flagship store roadmap well developed to accelerate new stores.

By the end of CY 2024, ARB expects to upgrade 10 existing sites to Flagship stores (5 corporately owned and 5 independently owned)

In addition ARB is planning to open a further 5 new stores (corporately owned and independently owned) by the end of CY2024

The resources to increase the pipeline of new store developments beyond CY24 are well developed.

Australian Aftermarket represented 57.2% of total FY23 sales and was up 2.6% despite challenging market conditions. Total orders remain historically high.





### ORDER BOOK

- Order intake through Q1 remained strong.
- Order book remains at historically high levels.
- ARB Corporate stores and Independent ARB stores & stockists remain focused on short-term fitting output.
- ARB's bank of fleet business, extending out months, continues to grow.



### FITTING CAPACITY

- Key initiatives of up skilling workforce, fast track induction, technician pathway and skilled migration progress positively.
- A total of 12 off-shore employees have been contracted to join ARB. 8 are now in branches and 4 are due before the end of CY23.



### FORD AU

- FLA program remains a focus for the business.
- Ranger and Everest vehicle availability has been more consistent.
- Further growth opportunities within the partnership remain.
- Ford and ARB continue to collaborate on integration of new ARB products into the FLA line up.



### ARB-X

- ARB retail customers expect a premium service to match ARB's premium products.
- New customer experience program to refocus on consumer retail experience with ARB will be delivered internally over the next three months.
- The initiative is intended to drive customer retention.





4X4 ACCESSORIES



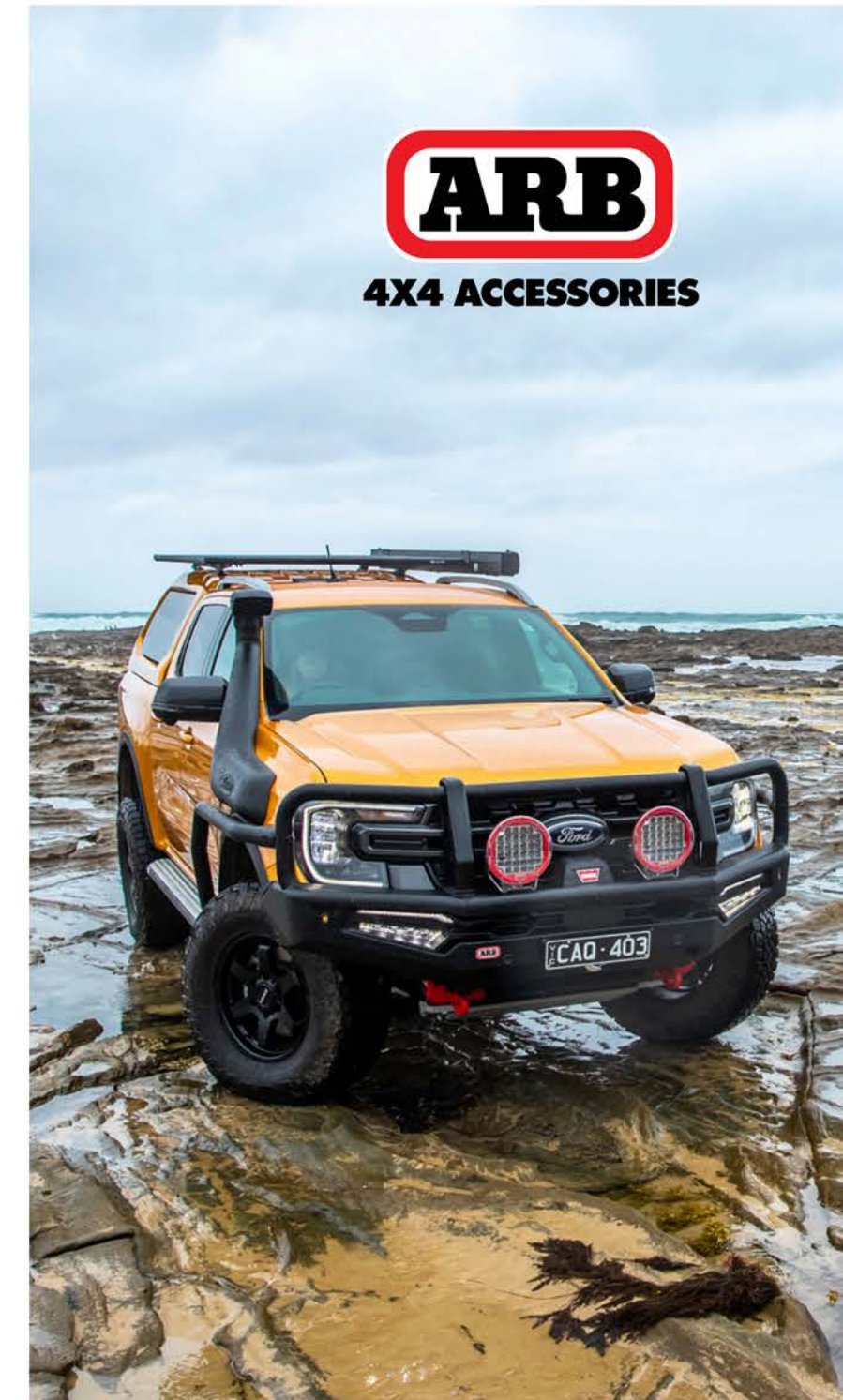
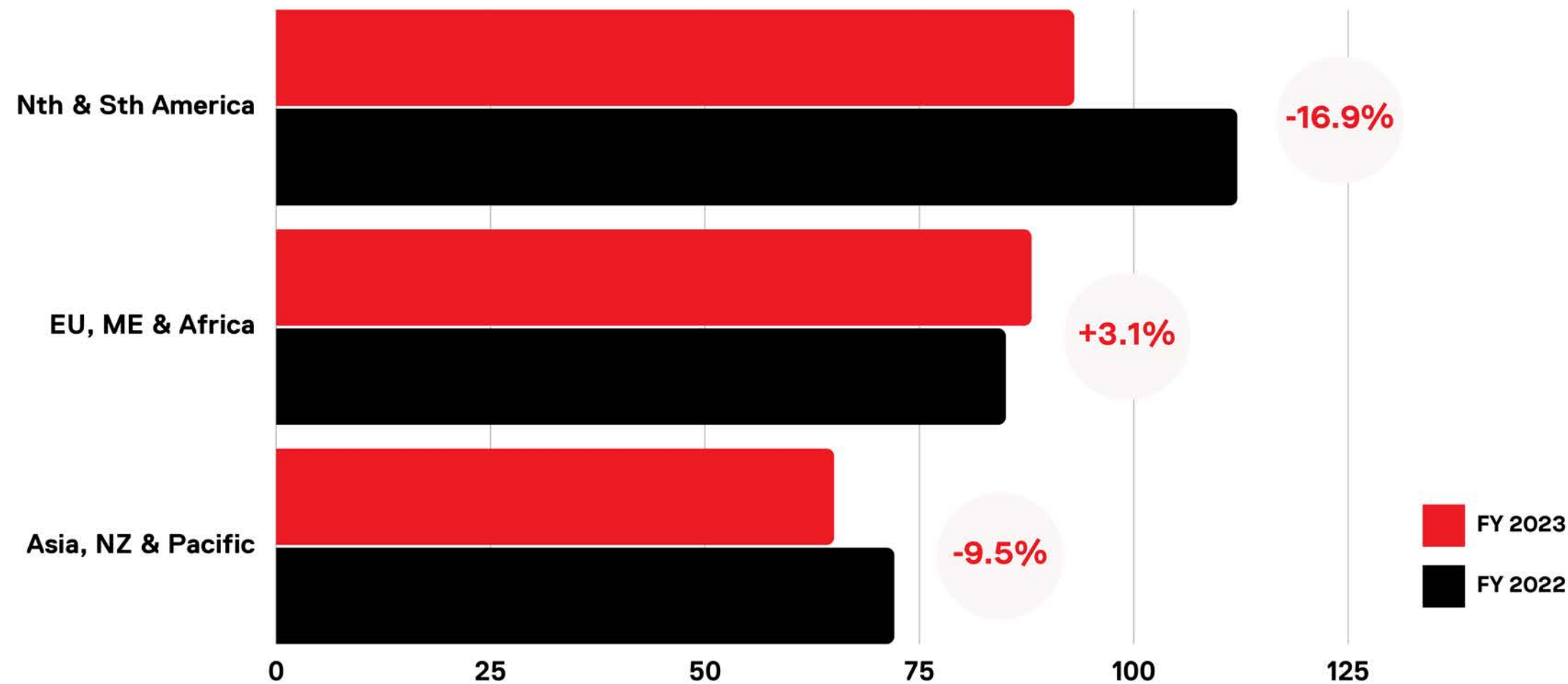
# INTERNATIONAL



## AGM EXPORTS

Export sales represents 36.5% of total sales.

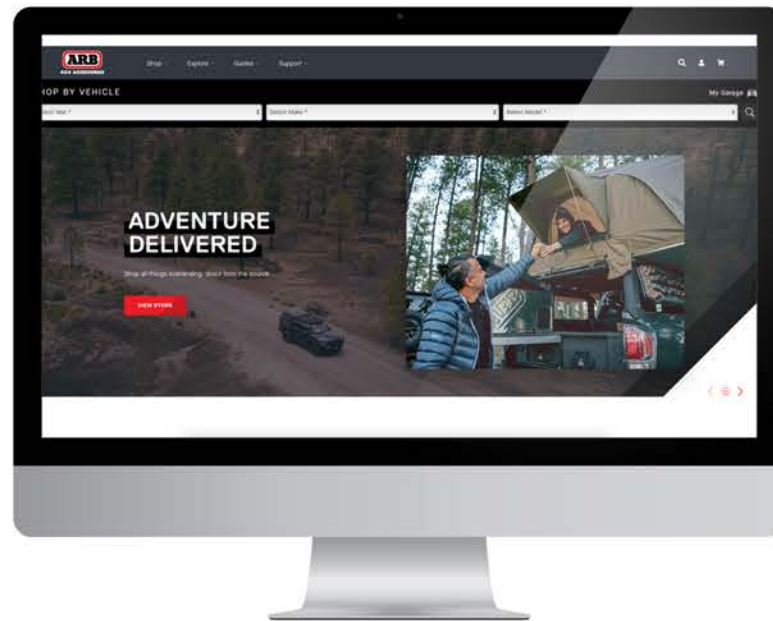
### ARB EXPORT SALES BY REGION (A\$ millions)



- Truckman business in the UK recovered in H2 of FY23 following a recovery in new pick-up sales, This trend has continued into Q1 of FY24.
- The New Zealand business continues to face challenges, directly related to the Clean Car tax. Should the new government in repeal the tax this will help ARB's New Zealand business.



### ECOMMERCE SITE



- Web site is live and functioning today.
- Stage 1 of internal testing complete.
- Stage 2 has the site open to 1,800 employees, friends, family & industry contacts. Targeting 100 transactions prior to public launch.
- Public launch expected in December.

### SEATTLE RETAIL



- Seattle retail store will likely be delayed to original forecast of Q1 CY24.
- Contractor negotiations on cost and scope of build continue.
- Architectural design & interior layout complete.
- Despite other retail investments the ARB Flagship store remains a key priority for ARB USA.

### OEM



- The Trailhunter program with Toyota USA remains on schedule.
- Key personnel in the US have been employed to support USA OEM business.
- New contracts with existing OEM partners have been awarded to ARB.
- Ford and ARB have 15 accessories ready for launch with the all-new US Ranger, due Q4 CY24.

### WHOLESALE BUSINESS



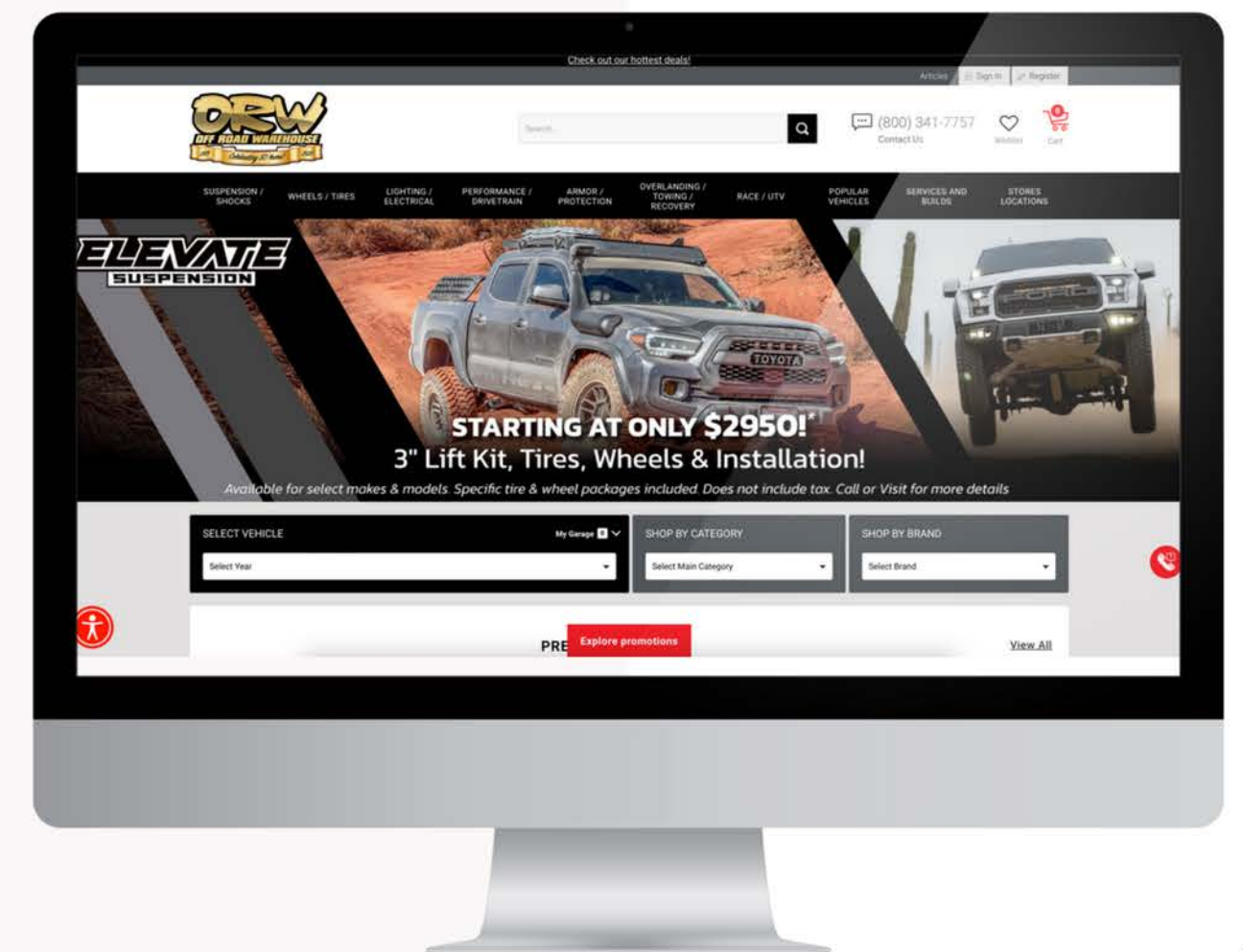
- Remains the core of ARB's US business.
- Market is soft, the industry is going through a challenging time.
- ARB engineering continues to dedicate resource to US product development.
- ARB's continued drive to bring new, innovative products to our channel partners in the US continues.

**Sales to the Americas down 16.9% in FY23. Profit trending positively due to GP and favorable FX despite weaker sales**





- Off Road Warehouse (ORW) is a US retail business located largely in South West USA specializing in the sale and fitting of 4x4 accessories and off road performance products.
- ORW is majority owned by Greg Adler, the former CEO and Managing Director of TransAmerican / 4WP. ORW employs a number of key former TAP / 4WP executives.
- ORW has nine retail locations, 1 signed new location and 2 sites under a letter of intent.
- ORW has 113 employees.
- ARB has acquired a 30% ownership in ORW.
- ARB's investment of US \$5M includes capital for expansion.
- The agreement provides specific rights for ARB to enhance the sale of ARB products within ORW stores.
- The agreement provides ARB specific ownership rights in the future.
- ORW has a B2C eCommerce site to support retail business as well as a wholesale dealership focused sales team.
- Further details of the agreement remain commercially confidential.



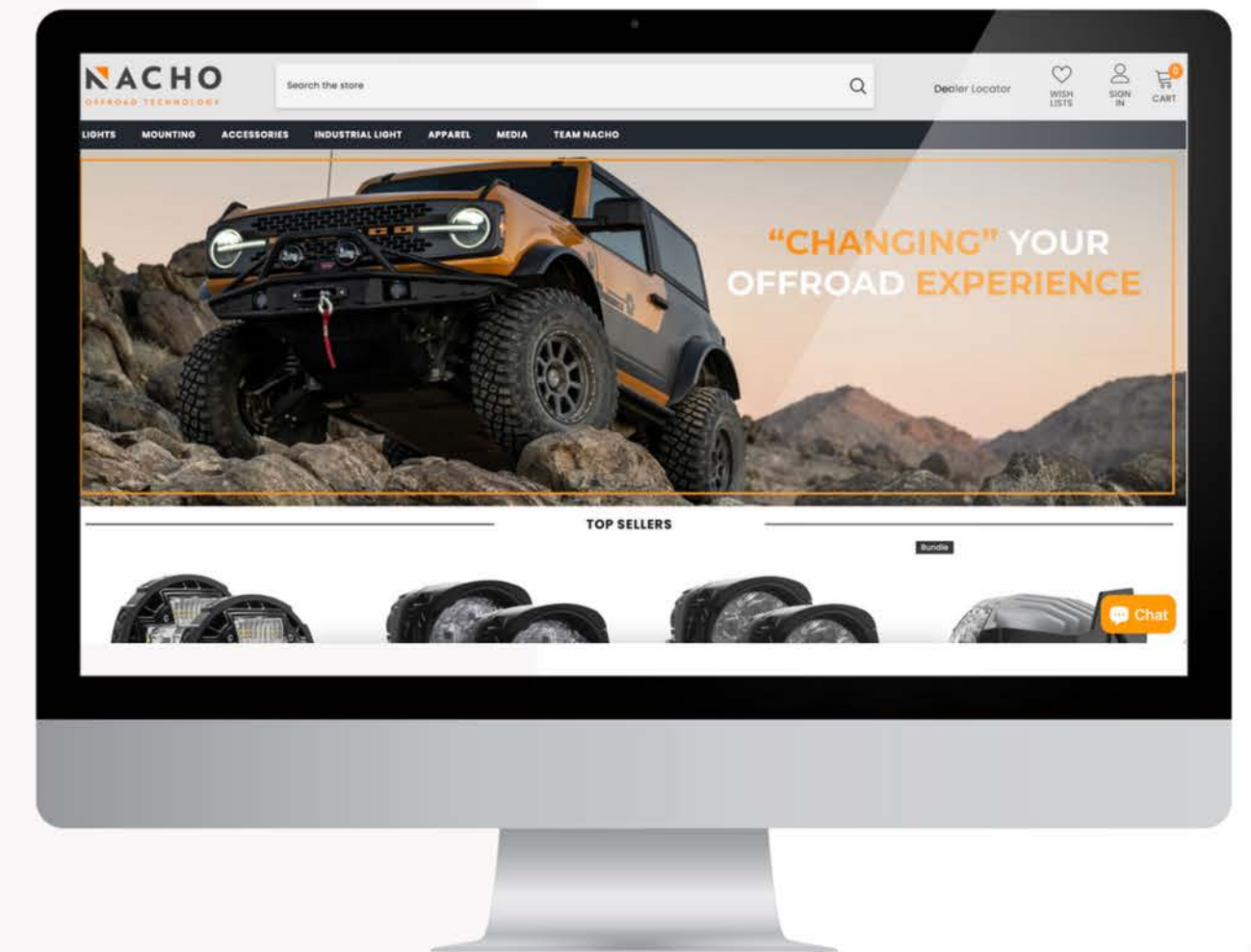


**AGM USA NACHO**



**NACHO** DRIVEN BY **ARB**

- NACHO is a Phoenix based start-up company that specialises in off-road lighting with a focus on the US market.
- NACHO owns a number of unique lighting innovation patents.
- NACHO is majority owned by Steve Adams, a former founder of Rigid Industries.
- NACHO employs a number of experienced executives from the off-road lighting industry.
- NACHO has a focused range of off-road lights with a healthy product development list for future expansion.
- ARB has acquired a 49% ownership in Nacho.
- ARB's investment of US \$2M includes capital for expansion.
- ARB will support NACHO using our global sales & distribution network.
- NACHO manufactures product at its head office in Phoenix, Arizona. The business will consider future manufacturing at ARB's Thailand production sites.
- The agreement provides ARB specific ownership rights in the future.
- NACHO sells through a B2C eCommerce platform as well as aftermarket wholesale customers.







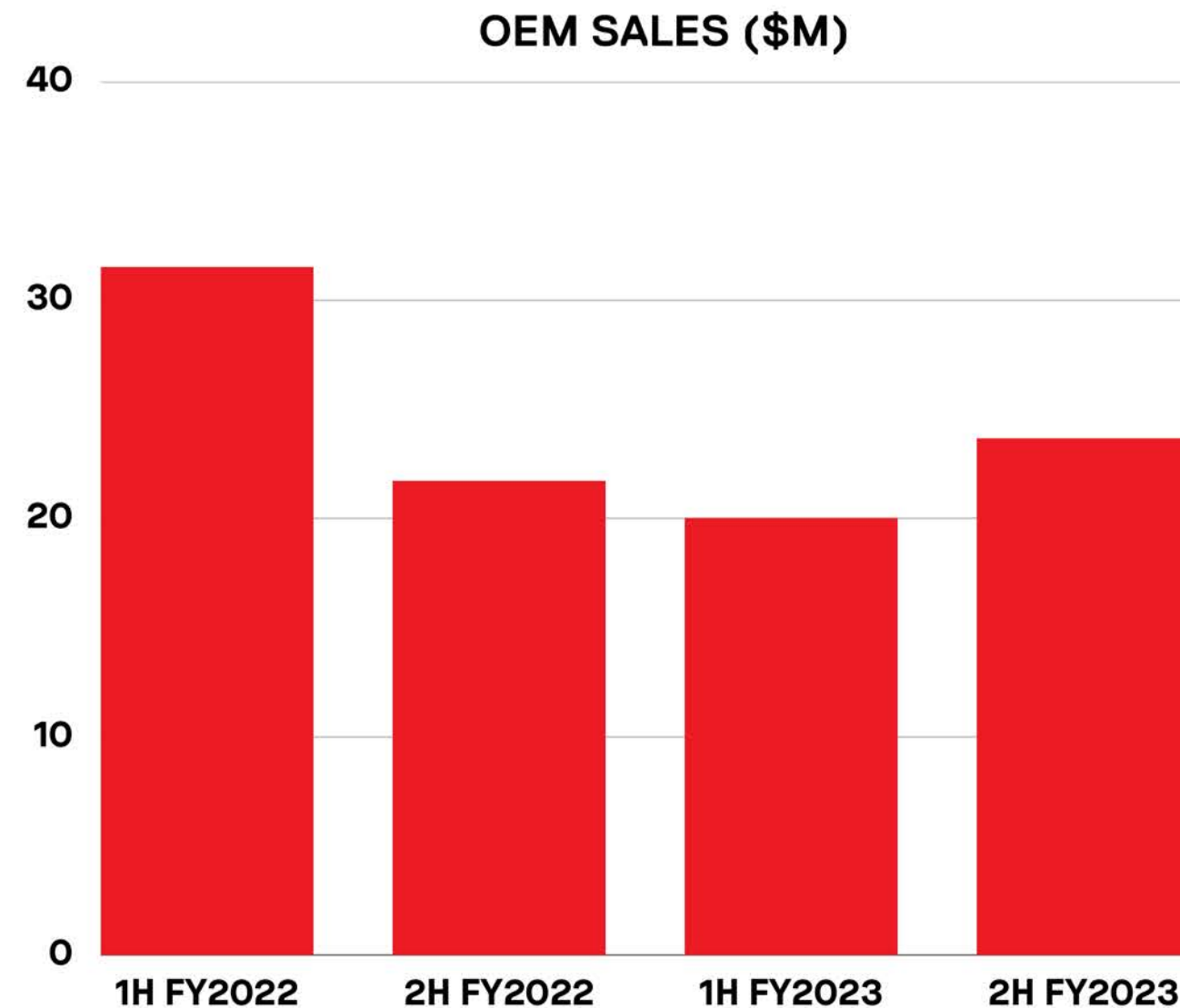
4X4 ACCESSORIES

OEM





## AGM ORIGINAL EQUIPMENT MANUFACTURERS



Overall OEM sales declined 18.5% on a YOY basis. However 2H FY23 sales increased 19.7% on 1H FY23 and 7.6% over 2H FY22.

OEM sales represented 6.3% of total FY23 sales.

Australian OEM business pipeline is strong. Key long-term OEM partners have awarded ARB renewal contracts across updated models coming to market late CY23 and throughout CY24.

Sales to OEMs are forecast to grow steadily in FY24, especially in 2H FY24 as new contracts come on-line.

ARB continues to work closely with OEM partners on future programs including various EV pick-up platforms due to come to market in the next 5-years.





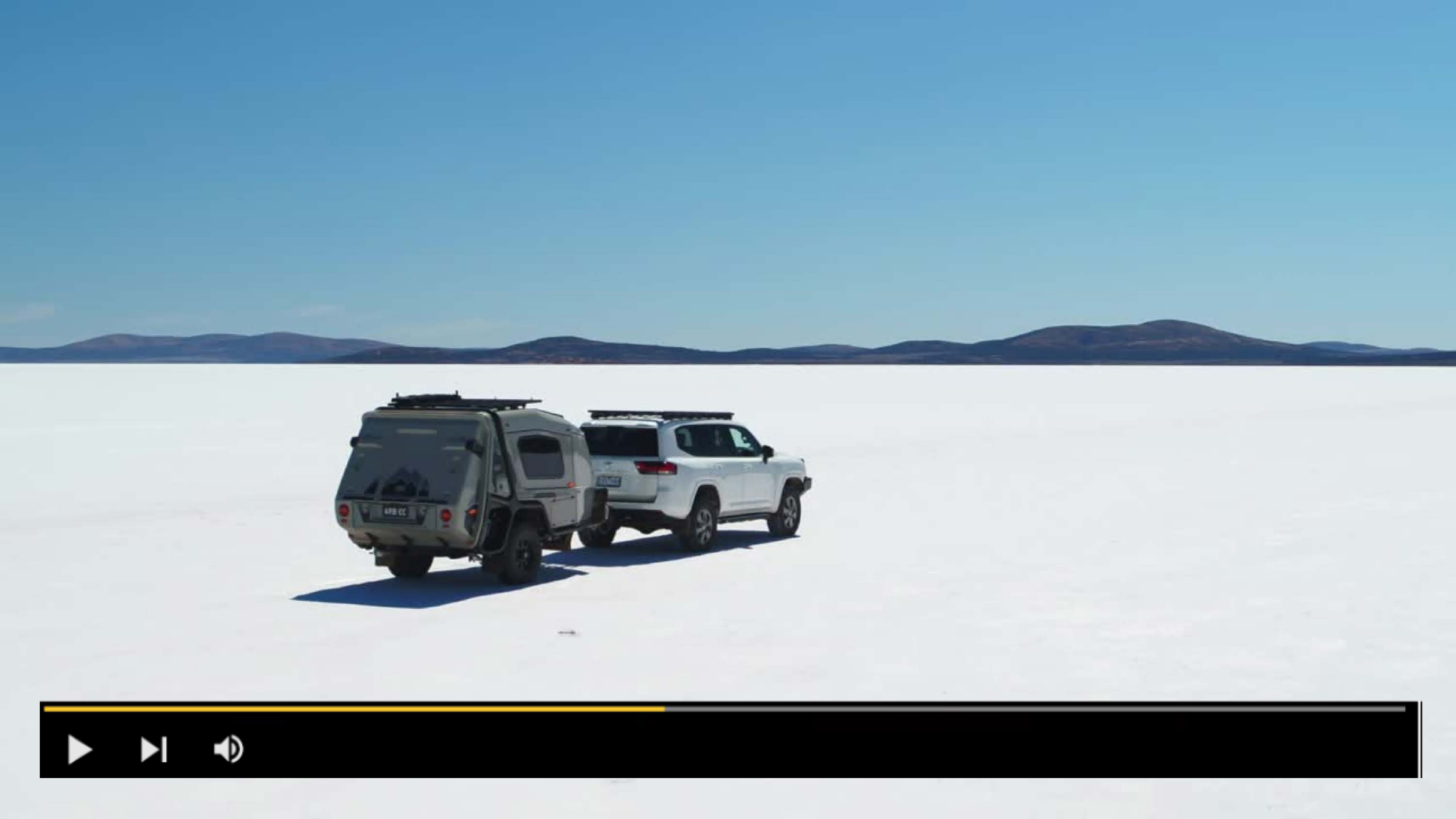


4X4 ACCESSORIES

# PRODUCTS









## AGM PRODUCT EARTH CAMPER



### ALWAYS ON MEDIA RESULTS

Our Earth Camper digital campaign continues to exceed our performance benchmarks. This exceptional performance underscores the remarkable level of interest and enthusiasm continuing to surround this product.

**1.5M+**

TOTAL IMPRESSIONS

**50k**

TOTAL CLICKS

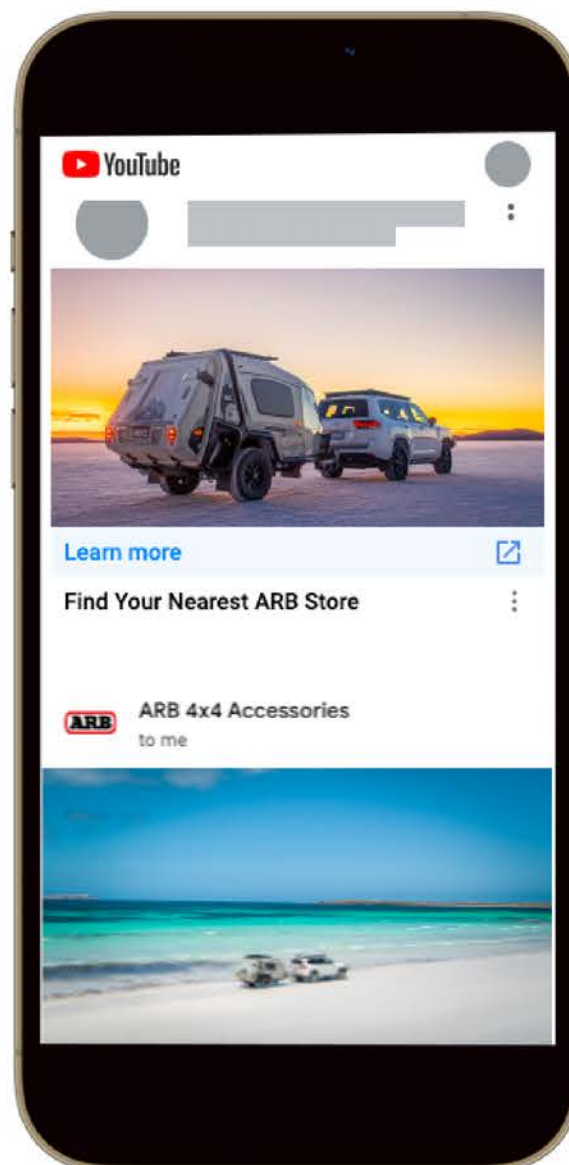
**10k+**

DIRECT CONSUMER  
ENQUIRIES

**1,800+**

DETAILED LEAD  
GENERATION FORMS

Date range: 3rd of July to 20th of September



### SALES

- Focus for the business has been on display units, quality of product and lead generation.
- We have good orders and will continue to deliver campers at progressively higher levels in coming months.

### PRODUCTION

Production is progressing as we implement complex build process. Quality and feature enhancements have presented opportunities for late product refinement which has affected output.

### INTERNATIONAL

- Orders from international markets have been received.
- Some markets with similar or lower compliance standards than Australia can be sold into.
- Compliance work for the USA and Europe has commenced with timing for those markets within CY2024.

### MARKETING

Global marketing has exceeded expectations and continues to grow.





## AGM MT64 LAUNCH



### SOCIAL MEDIA: ORGANIC

Strong performance from our launch posts across both FB + Instagram



**400k**  
POST REACH

**5.5k**  
REACTIONS

**2.3k**  
CLICKS

### SALES

- Demand has exceeded production output as the product hits the market.
- Order intake has been equally split between domestic and international markets.
- At this time MT-64 has not cannibalised sales of other shock models.

### PRODUCTION

Production is ramping up to meet demand. With range expansion, sell through to end-users and general market acceptance, we will consider further production expansion.

### RANGE

- Launch covered around 10 key vehicle models.
- Engineering resource for range expansion has been planned through most of CY24.
- MT-64 was available for a couple of US applications at launch and is a focus alongside AU applications.

### MARKETING

Global marketing has exceeded expectations and continues to grow.



### CULTURE MAGAZINE

**300**

CLICKS TO MT64  
LANDING PAGE

### WEB

**45.1k**

TOTAL SITE VISITS

**56s**

ENGAGEMENT TIME







## AGM MARKETING UPDATE

A focus on creating the right content for our audience has seen significant increase in engagement across our ARB owned channels, especially social media platforms, website and our customer databases.

With content moving towards video, we have focused on education and entertainment, while showcasing our large range of products, new and existing, to enable an adventurous lifestyle around the world.



### NEXT LEVEL COMFORT

**ARB Parabolic Leaf Springs & Air Bag System**

Old Man Emu's Parabolic Leaf Springs with an Air Bag Kit gives you the flexibility to cater for a varying load of up to 600kg. Whether it is for tools during the week and a rooftop tent on the weekends, ARB's Parabolic Leaf Springs and Air Bag Kit system has you covered.

LEARN MORE [www.arb.com.au](http://www.arb.com.au)

OLD MAN EMU | ARB 4X4 ACCESSORIES

ALL-NEW  
**VOLKSWAGEN AMAROK**

Suite of ARB accessories

**ARB**  
4X4 ACCESSORIES

AVAILABLE NOW | FIND OUT MORE [ARB.COM.AU](http://ARB.COM.AU)

**GIVE DAD THE GIFT OF ADVENTURE**  
With an ARB Gift Card.

SCAN TO PURCHASE [www.arb.com.au](http://www.arb.com.au)

**ARB**  
4X4 ACCESSORIES

**UNLOCK ADVENTURE**  
GO FURTHER WITH ARB AIR LOCKERS

**SAVE \$250**

When you buy an **ARB Air Locker** and an **Air Compressor**

**ARB**  
4X4 ACCESSORIES

LEARN MORE [www.arb.com.au/unlock-adventure](http://www.arb.com.au/unlock-adventure)

**MT64**  
THE ULTIMATE ALL-ROUND SHOCK. BIGGER. BOLDER. SMOOTHER.

OLD MAN EMU | **ARB**

[www.arb.com.au/MT64](http://www.arb.com.au/MT64)

INTRODUCING  
**IQ**  
REVOLUTIONARY DRIVING LIGHTS

• ALL IN ONE LIGHT  
• ADAPTS TO ALL DRIVING CONDITIONS  
• FULL CONTROL AT YOUR FINGERTIPS

**ARB**  
4X4 ACCESSORIES

LEARN MORE [www.arb.com.au](http://www.arb.com.au)

**HARD TO BEAT.**  
Introducing the ARB HardLid

LEARN MORE [www.arb.com.au](http://www.arb.com.au)

**ARB**  
4X4 ACCESSORIES

INTRODUCING THE  
**ARB EARTH CAMPER**  
FOLLOW YOU ANYWHERE

LEARN MORE [arb.com.au/earth-camper](http://arb.com.au/earth-camper)

**ARB**  
4X4 ACCESSORIES

**EASTER IS BETTER BY THE CAMPFIRE.**

LEARN MORE [www.arb.com.au](http://www.arb.com.au)

**ARB**  
4X4 ACCESSORIES

**EXTENSIVELY TESTED IN THE MONGOLIAN CLIMATE**

POWERED IN AUSTRALIA  
TESTED IN MONGOLIA

- Internal Bypass Shock Absorber
- Adjustable compression and rebound
- Designer and manufactured by ARB

OLD MAN EMU | **ARB**  
4X4 ACCESSORIES



- Marginal sales growth of 0.7% was achieved in Q1 FY24 including:
  - 2.1% growth in Australian Aftermarket sales,
  - 35.4% growth in sales to OEMs, offset by
  - 7.8% decline in Export sales.
- Gross margins achieved in Q1 FY24 have returned to the historical levels achieved in FY21 and FY22.
- Unaudited profit after tax in Q1 FY24 grew by approximately 10% compared with the corresponding quarter last year.
- ARB's cash balance has grown to \$64m at the end of Q1 FY24 from \$45m at June 2023, with no debt, whilst inventory levels remain flat.





## AGM OUTLOOK

- ARB's Aftermarket order book remains strong and the Company is accelerating its store development programme.
- ARB's Export order book is holding at recent levels with persisting challenging circumstances in the USA. The recent investment in ORW (US retail stores) provides a direct channel to grow retail sales of ARB branded products in the USA.
- Sales to OEMs should continue to grow in FY24 and into FY25 based on contracts already in place.
- New vehicle supply and lead times have improved globally.

**The Board believes that the Company is well-positioned to achieve long-term success through:**

**Strategic partnerships with key OE customers in Australia and the USA.**

**Expansion of the Australian Aftermarket with new and upgraded retail stores and stockists.**

**Increased distribution and manufacturing capacity to accommodate future growth.**

**A pipeline of new product developments and releases.**

**A well balanced management team with a blend of long-term ARB and experienced external executives.**





# THANK YOU

