



ARB Corporation Ltd

4X4 ACCESSORIES

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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 \$44.1 million for the year ended 30th June 2015. This represented a 3.6% increase over the previous corresponding period. The Company’s profit was achieved on a 10.7% increase in sales to \$329.8 million from \$297.8 million last year.

A summary of the 2014/15 result is presented below:

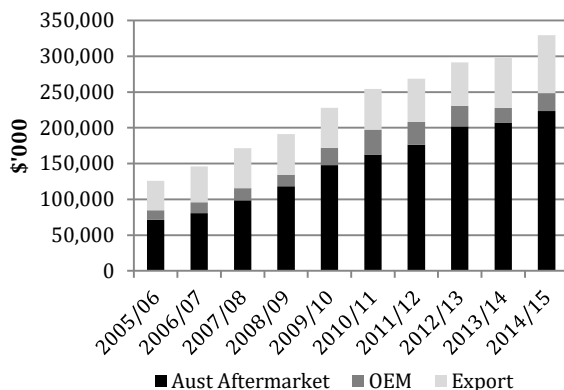
Year to 30 June	2015 \$'000	2014 \$'000	Change
Sales Revenue	329,755	297,779	+ 10.7%
Total Revenue	333,356	299,947	+11.1%
Profit Before Tax	60,016	57,291	+4.8%
Less Tax	15,923	14,721	
Net Profit After Tax	44,093	42,570	+ 3.6%
Basic EPS – cents	57.8*	58.7	
DPS – cents			
Interim	13.0	13.0	
Special	100.0	-	
Final	<u>16.0</u>	<u>16.0</u>	
Total	129.0	29.0	
Franked Amount	100%	100%	

*During the year the number of issued shares increased from 72.5 million to 79.2 million mainly as a result of the special dividend initiative in December 2014. Basic EPS has been calculated using the weighted average number of shares of 76.3 million.

The Company intends to pay a final fully franked dividend of 16.0 cents per share on the 23rd October 2015. This brings total dividends for the year to \$1.29 per share fully franked. This includes ordinary dividends of 29 cents per share and a special dividend of \$1.00 per share paid in December 2014. The Record Date for the final dividend will be the 9th October 2015.

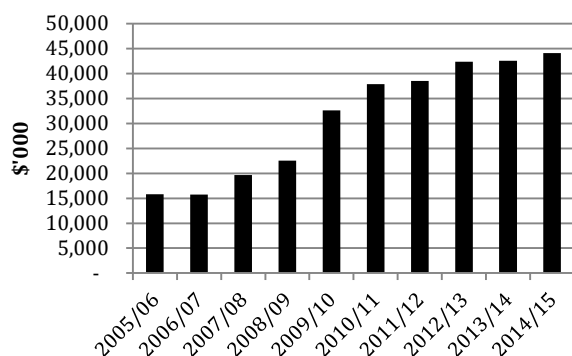
10 YEAR HISTORICAL PERFORMANCE

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



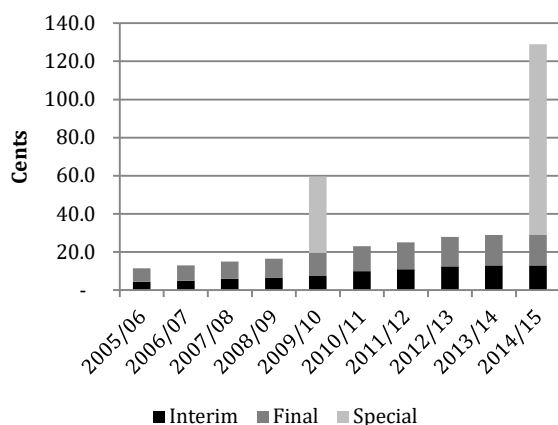
SALES REVENUE

Annual sales revenue has grown at an average compound rate of 11.3% over the past 10 years.



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 12.1% 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 2014/15 YEAR

Sales and Distribution

Sales for the period grew by 10.7% over the previous corresponding period. Sales growth was achieved in all categories of the business despite demand from customers around the world associated with the mining industry continuing to be weak. As can be seen from the table below, sales growth in the Australian aftermarket was 7.6%, while sales to export and original equipment customers grew by 17.8% and 18.5% respectively.

Customer Category	Percentage of Total Sales		Sales Growth
	12 months to June 2015	12 months to June 2014	
Australian Aftermarket	67.6%	69.6%	+7.6%
Exports	24.9%	23.4%	+17.8%
Original Equipment	7.5%	7.0%	+18.5%
	100.0%	100.0%	+10.7%

In the Australian aftermarket the Company distributes through an ARB store network, to ARB stockists, to new vehicle dealers and to various fleet operators. ARB's market-leading store network is pivotal to the Company's strength in the Australian aftermarket. Currently there are 52 ARB stores in Australia, of which 24 are Company owned. It is expected that at least 3 new ARB stores will be established over the 2015/16 financial year.

As advised in the half-year announcement, Australian warehousing capacity has been substantially increased since the beginning of the financial year. New warehouses were opened in Adelaide, South Australia, in August 2014, Liverpool, NSW, in November 2014 and Brendale, Queensland, in March 2015. All warehouses are now fully operational enabling the Company to service the Australian aftermarket more effectively.

The growth in export sales was certainly assisted by the lower Australian dollar. The new sales and warehousing facilities in the Czech Republic and in the USA also made useful contributions. Exports now represent almost 25% of the Company's sales and further growth opportunities exist with the Australian dollar at current levels.

Sales to original equipment manufacturers grew well off a low base with the run out of some important vehicles occurring in the last half.

Products and Production

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.

Over the past 18 months some very important market leading products have been released by ARB after significant investment in development. These include:

- The ARB Ascent canopy;
- The OME BP51 shock absorber;
- The ARB Summit bull bar;
- The ARB Summit rear bar; and
- The ARB aluminium bull bar.

These new products are available for a limited range of vehicles at present but releases for more vehicle fitments are occurring every month. Currently there is a significant number of new vehicle releases occurring and this provides opportunities for ARB. Consequently, the Company's R&D department is actively developing both aftermarket and OEM products for these new releases. It is also continuing to work on a number of long term product development projects.

Both the Australian and Thai manufacturing plants have operated efficiently for the full year. Both plants will be busy with new product implementation for the foreseeable future.

Financial

Profit growth was less than sales growth over the year, primarily due to higher input costs resulting from the decline in the value of the Australian dollar against both the US dollar and the Thai baht. Also, above average increases in some expense categories were incurred, largely relating to increased resourcing in key areas.

Cash flows from operating activities increased to \$40.4 million from \$36.5 million last year.

ARB invested over \$46 million in additional property, plant and equipment during the year which has significantly expanded the Company's future capacity in local and overseas markets. Notwithstanding this major capital investment programme, ARB has maintained its strong balance sheet. As at 30 June 2015, the Company had a net cash balance of \$8.1 million.

The strong financial position of the Company ensures that ARB can react quickly to appropriate opportunities, including further capital projects or suitable acquisitions.

THE FUTURE

The Company's growth in 2014/15 was achieved in the face of difficult local 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.

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 2015.



Roger Brown
Chairman
19th August 2015