

ANNUAL GENERAL MEETING 2016



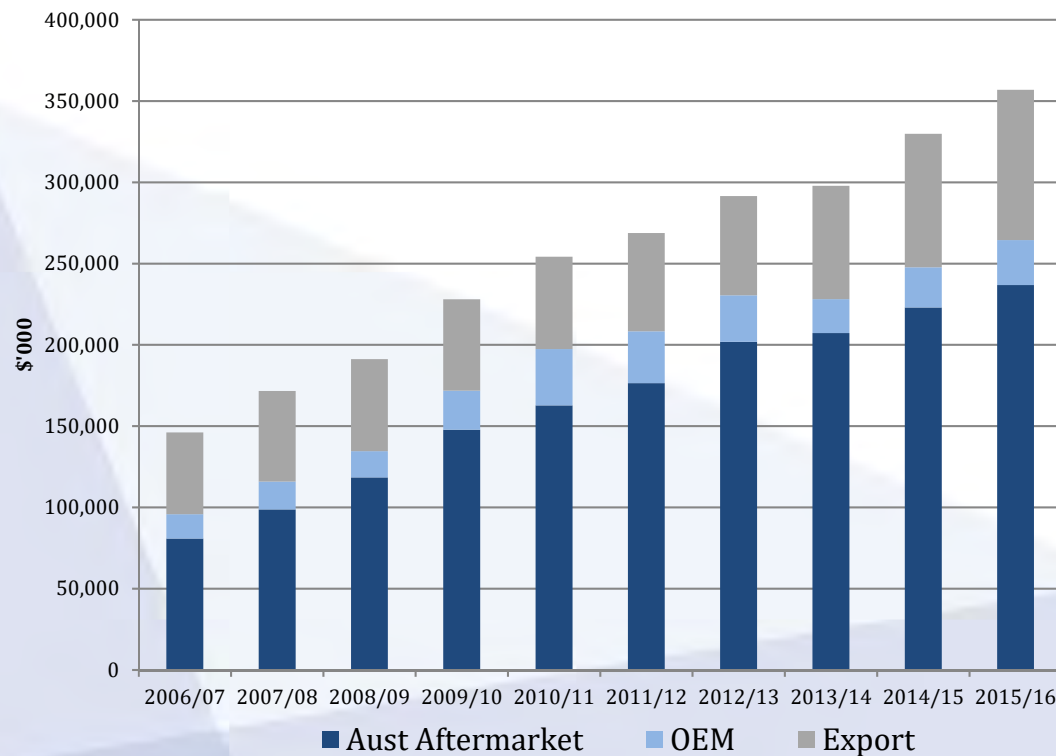
RESULTS SUMMARY

Year to 30 June	2016 \$'000	2015 \$'000	Change
Sales Revenue	356,905	329,755	+8.2 %
Total Revenue	361,224	333,356	+8.4 %
Profit Before Tax	64,379	60,016	+7.3 %
Less Tax	16,940	15,923	
Net Profit After Tax	47,439	44,093	+7.6 %
Basic EPS – cents	59.9	57.8	
DPS – cents			
Interim	14.5	13.0	
Final	<u>17.0</u>	<u>16.0</u>	
Total	31.5	29.0*	+8.6 %
Franked Amount	100%	100%	

FY 2016 Final Dividend to be paid on the 21st October, 2016

* A special fully franked dividend of \$1.00 per share was also paid in November, 2014

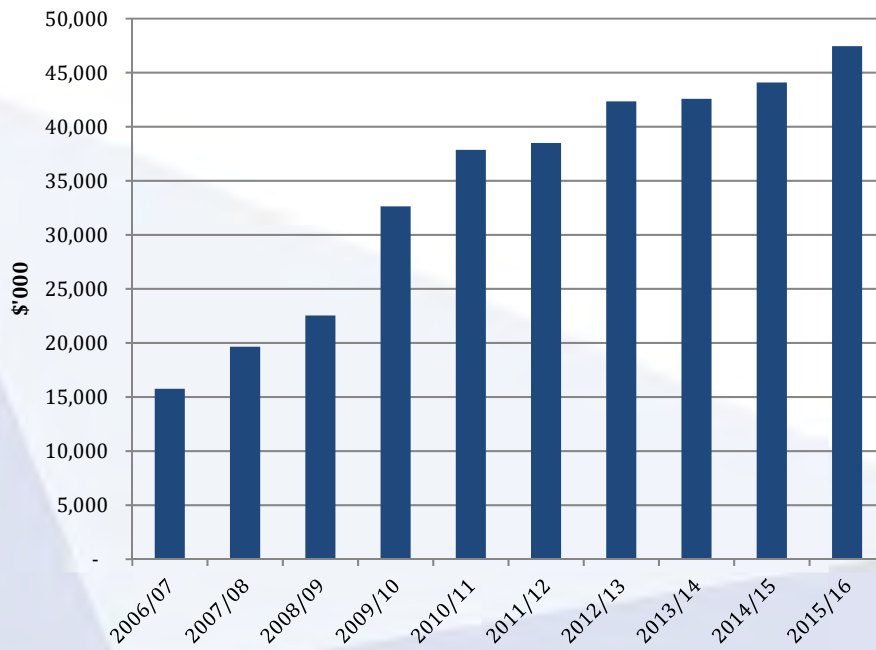
HISTORICAL PERFORMANCE



SALES REVENUE

Annual sales revenue has grown at an average compound rate of 10.4% over the past 10 years

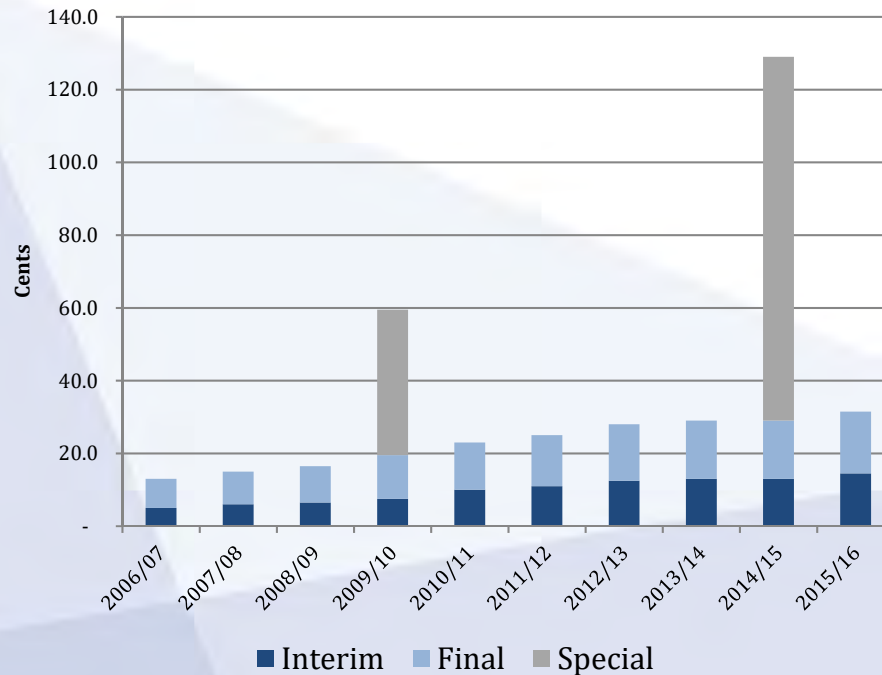
HISTORICAL PERFORMANCE (cont.)



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 13.0% over the past 10 years.

HISTORICAL PERFORMANCE (cont.)



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.

SALES BY CATEGORY

Customer Category	Percentage of Total Sales		Sales Growth
	12 months to June 2016	12 months to June 2015	
Australian Aftermarket	66.3%	67.6%	+6.2%
Exports	25.9%	24.9%	+12.6%
Original Equipment	7.8%	7.5%	+12.2%
	100.0%	100.0%	+8.2%



NEW VEHICLE SALES

- ARB's customers in Australia use 4WD utilities, largely dual cabs and large and medium SUV's.
- ARB has developed an extensive range of accessories for most of these vehicles.
- New vehicle sales volumes are important to ARB but the extremely large 4WD car park in Australia of both new and used 4WD's provide excellent growth opportunities for the company.
- Many other markets around the world have grown in a similar way to Australia, including the USA.



AUSTRALIAN MARKET

New Vehicle Sales 4WD Categories Most Important to ARB

Financial Year	All SUV's	4WD Utility
2010/11	230,645	96,741
2011/12	282,476	106,469
2012/13	323,109	138,521
2013/14	338,411	132,687
2014/15	376,579	135,396
2015/16	431,199	140,897
Average annual growth rate over the last 5 years	13%	8%



AUSTRALIAN MARKET (cont.)

New Vehicle Sales 4WD vs Total Vehicle Sales

Financial Year	Total SUV & 4WD Utility	Total Vehicles	Total SUV & 4WD Utility % of Total Market
2010/11	327,386	1,000,647	32.7%
2011/12	388,945	1,060,055	36.7%
2012/13	461,630	1,137,889	40.6%
2013/14	471,098	1,122,467	42.0%
2014/15	511,975	1,131,706	45.2%
2015/16	572,096	1,175,121	48.7%

- Sports Utility 4WD's and 4WD Utilities have become a very important part of all vehicle sales in Australia.

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AUSTRALIAN AFTERMARKET

2015/16 Sales Growth 6.2% (66.3% of total company sales)

- Major impact – release of many new vehicles in the first half.
 - Nissan Navara, Mitsubishi Triton, Toyota Hilux and updated Ford Ranger and updated Land Cruiser 200 series.
- Also release of a new vehicle category – Pick Up Variant's: Mitsubishi Pajero Sport, Isuzu MU-X, Colorado 7, Ford Everest and Toyota Fortuner. A great new opportunity going forward.
- Better growth in 4th quarter
- Australian aftermarket growth not consistent across all states and territories.



AUSTRALIAN AFTERMARKET (cont.)

- Distribution
 - Sales & warehousing in each State and Territory
- ARB Stores 56 (24 corporate) up from 52
 - The four new stores are located Brookvale and Wagga Wagga in NSW, Jindalee in QLD and Echuca in VIC.
- ARB Stockists
- New vehicle dealers
- Fleets

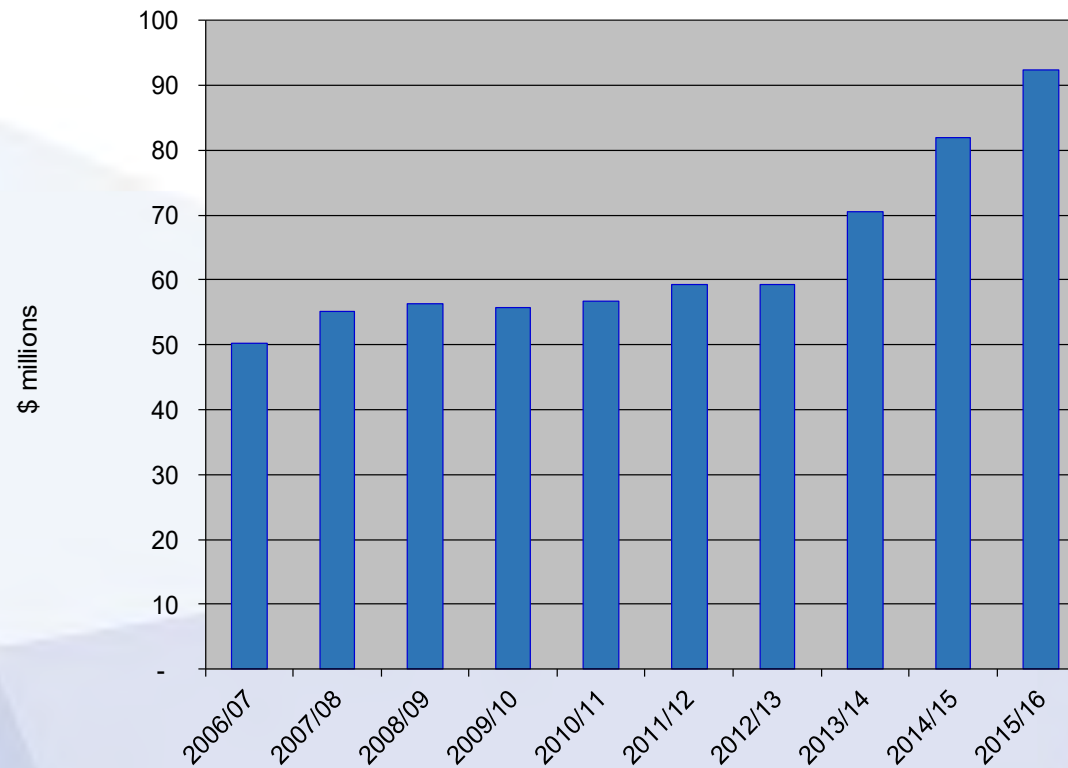


AUSTRALIAN AFTERMARKET (cont.)

- Warehousing – new warehousing was established in South Australia, Queensland, New South Wales and the ACT over past 2 years.
- New warehousing capacity is now being added for Victoria. Construction of a new 16,000 square metre facility will soon be commenced. Other existing leased facilities will be consolidated back to ARB's head quarters in Kilsyth or to the new warehouse.
- A new sales and fitting facility near the Canning Vale head office in Western Australia has been purchased and is being renovated and fitted out at the moment.
- Fitting Capacity – definitely a bottleneck in some locations recently. Further capacity being looked at.

EXPORT SALES

Export sales have grown at an average annual compound rate of 7% over the last 10 years but have grown more rapidly in the past three years.



EXPORT SALES (cont.)

2015/16 Sales Growth 12.6% (25.9% of total Company sales)

- Growth a little slower in last quarter due to higher Australian dollar and slow down in economies dependent on oil and gas exports.
- Export sales are made from Australia, the USA, Thailand and Europe.
- Introducing Dubai in the Middle East as a new sales and distribution point.
- The European sales and warehouse operation based in the Czech Republic has preformed well.



EXPORT SALES (cont.)

- ARB has increased its focus on achieving growth in export markets by:
 - strengthening the sales teams in Australia, Thailand, the USA, Europe and more recently in the Middle East
 - improving distribution by increasing the warehousing capacity in the USA, Thailand, Europe and now in the Middle East.
- The 4WD vehicle market that ARB services is strong in many parts of the world and provides good growth prospects.
- Export Sales growth is a top priority for ARB.



ORIGINAL EQUIPMENT SALES

2015/16 Sales Growth 12.2% (7.8% of total Company sales)

- Sales were better than expected for the year. Although ARB lost some previously important contracts, the contracts it did retain performed better than expected.
- Growth is expected to slow a little over next 12 months but good opportunities exist going forward from 2017/18, both locally and overseas.
- OEM sales are important to the company but are low margin, however this in many cases can be offset by high volumes.



PRODUCT DEVELOPMENT

- Product development is critical to ARB's future and is always one of our major investments.
- The Board is pleased to advise that ARB has recently established a design engineering capability in the USA to cater for that market's special requirements.
- Most major new products released over the past 2 years have been very successful.



4X4 ACCESSORIES

NEW SUMMIT BULL BAR AND SIDE RAILS INTRODUCED FOR MANY 4WD'S



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4X4 ACCESSORIES

NEW SUMMIT REAR STEP TOW BAR AVAILABLE FOR ALL RECENTLY RELEASED 4WD UTILITY MODELS



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4X4 ACCESSORIES

THE ARB ASCENT CANOPY IS NOW AVAILABLE FOR ALL IMPORTANT DUAL CABS



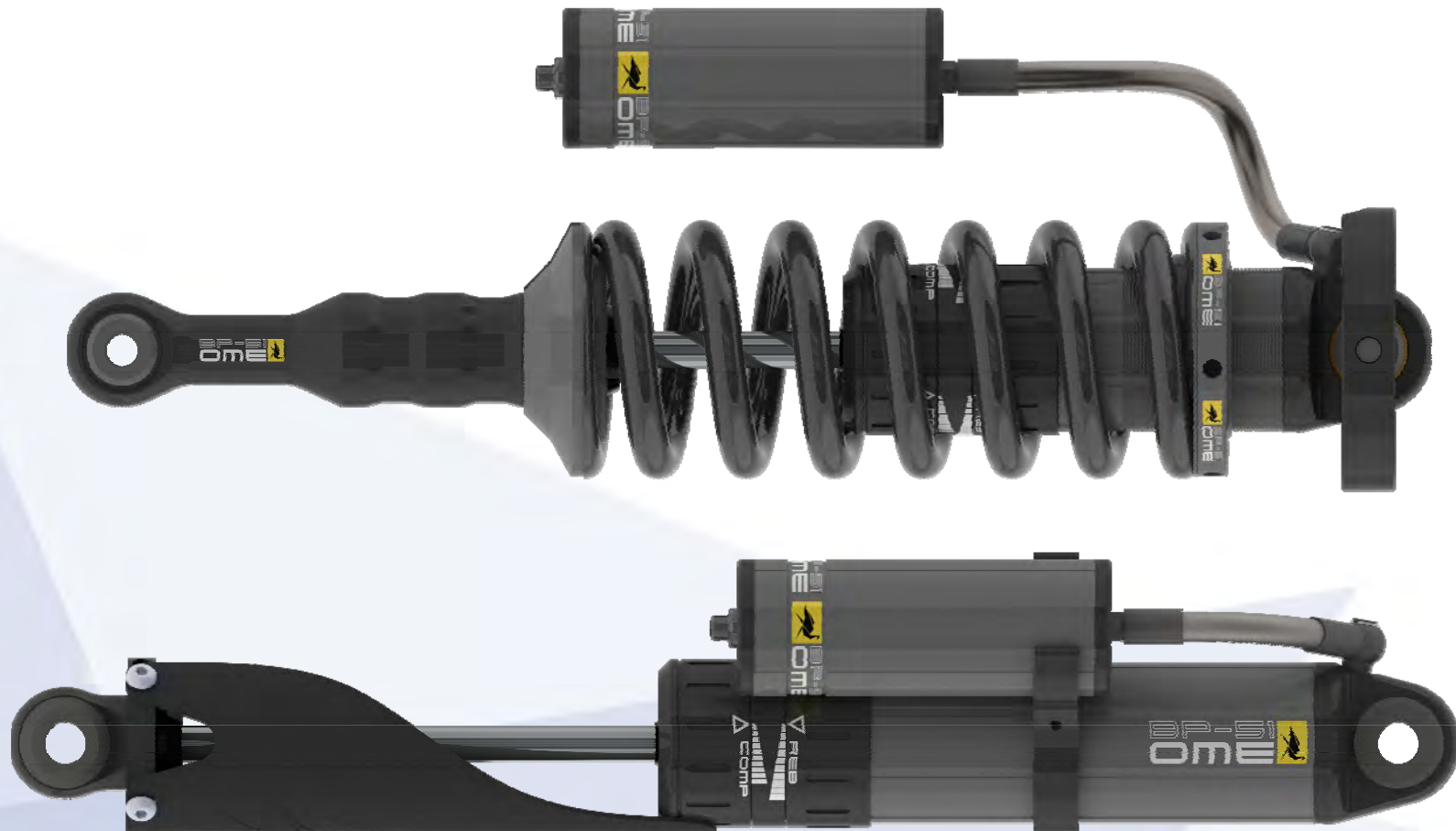
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4X4 ACCESSORIES

OME BP-51

HIGH PERFORMANCE BYPASS SHOCK ABSORBERS DESIGNED BY ARB AND MADE IN HOUSE BY ARB



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INTENSITY LED LIGHTS

LED DRIVING LIGHTS DESIGNED BY ARB AND PRODUCED IN THE USA



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4X4 ACCESSORIES

ARB FRONTIER TANK

HIGH CAPACITY ROTARY MOULDED PLASTIC FUEL TANKS MANUFACTURED BY ARB AT SMARTBAR FACILITY





ARB ALLOY BULL BAR BEING RELEASED THROUGHOUT THE RANGE OVER THE MEDIUM TERM



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4X4 ACCESSORIES

ARB MODULAR BULL BAR, GREAT PRODUCT, BUT YET TO SELL IN GOOD VOLUMES IN THE USA



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PRODUCT DEVELOPMENT (cont.)

- Sales growth was hampered by the unusually high number of new vehicle releases made simultaneously in the first half of the year.
- During the past few months the product development team has substantially caught up with outstanding development projects related to the high number of new vehicle releases in 2015/16.
- The Company is continuing with a number of long term development projects to provide for ARB's future growth.



PRODUCTION

- Busy in both Australia and Thailand plants over the year.
- To provide for future global warehousing and manufacturing space, ARB has purchased a further 55,000 square metres of land in the same estate as we currently occupy in Thailand. This land will allow for duty free zoned warehousing and distribution to be conducted.
- Development of this site will proceed in stages as required over the medium term.

FINANCIAL

- The Board was pleased with sales growth of 8.2% but profit growth was hampered by increases in product development and manufacturing costs associated with the large number of new products released over the year.
- Cash flow strong at \$44.9 million.
- Strong balance sheet with no debt and cash balance of \$13.8 million at 30th June, 2016.
- Maintenance capital expenditure is approximately \$10 to \$12 million per annum. Additional expenditure will be incurred this year on the various property investments noted previously in this report.



THE FUTURE

- Should establish 4 new Australian ARB stores in 2016/17.
- Development of ARB Middle East, our sales and warehousing operations in Dubai servicing the Middle East and North Africa.
- Strengthening distribution in the USA and Central and South America.
- Continued release of new products to world markets.
- ARB is pleased to report that sales growth of about 8% was achieved in the first quarter of 2016/17.
- Consequently, the Board is optimistic about the future outlook for the Company but remains cautious in the short term given the current economic environment and the severe instability in some parts of the world.



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