



4X4 ACCESSORIES

2012
AGM

2012 ANNUAL GENERAL MEETING

2012



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ARB CORPORATION LIMITED
2012 ANNUAL GENERAL MEETING

Presented by Roger Brown
Executive Chairman



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Summary of 2011/12 Result

Sales Revenue up 5.7% to \$269 million

Pre Tax Profit up 2.9% to \$52.79 million

Net Profit After Tax up 1.7% to \$38.50 million

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Dividend

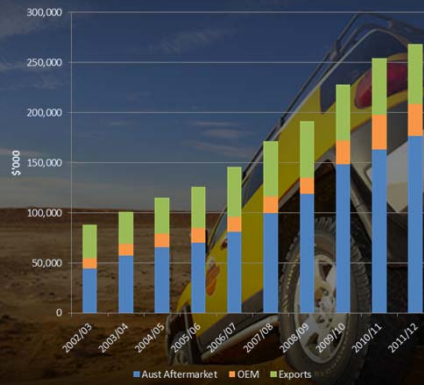
- The Company has declared an increased final fully franked dividend of 14 cps, payable on 19th October, 2012.
- This brings total ordinary dividends for the year to 25 cps fully franked, compared with 23 cps last year. This is an increase of 8.7% to shareholders.

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Sales Revenue

10 Year Company Performance

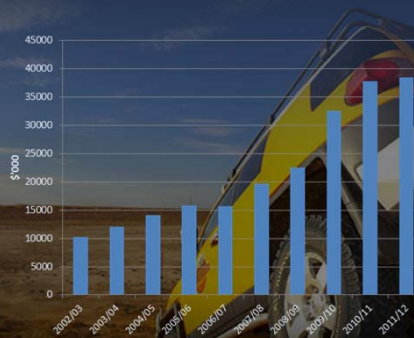
Annual sales revenue has grown at an average annual compound rate of 13.2% over the past 10 years



Net Profit After Tax (ex property sales)

10 Year Company Performance

Net profit after tax has grown at an average annual compound rate of 15.8% over the past 10 years (excluding profits from property sales in 2004/05 and 2005/06)



Dividends

10 Year Company Performance

Dividends per share have grown steadily over the past 10 years with Special Dividends paid in 2004/5 and 2009/10. All dividends have been fully franked



Sales Growth by Market Segment

2011/12 compared with 2010/11

| | |
|---|----------------|
| Australian Aftermarket Sales (including Thule & Kingsley) | up 8% |
| Australian Original Equipment Sales | down 8% |
| Export Sales (ex Australia) | up 6% |
| Export Sales (via USA subsidiary) | up 7% |
| TOTAL SALES | up 5.7% |

Sales Growth

- Sales growth was impacted by the lack of availability of new 4WD's in many world markets for the first three quarters of 2011/12.
- The lack of supply was caused by the earthquake and resultant tsunami in Japan in March 2011 followed by the floods in Thailand in November 2011.
- The impact on vehicle supply is well illustrated by the following table relating to 4WD Utility sales in Australia.

Sales Growth

Impact of Japanese and Thai natural disasters on 4x4 utility sales in Australia

| Period | Units Sold 2011/12 | Units Sold 2010/11 | Change |
|------------------------|--------------------|--------------------|--------------|
| 9 months July to March | 73,187 | 71,004 | +3.1% |
| 3 months April to June | 33,282 | 25,737 | +29.3% |
| Total | 106,469 | 96,741 | 10.1% |

4WD vehicle production and sales progressively recovered and by April 2012 output had returned to above pre natural disaster levels for most affected vehicle manufacturers. This caused a spike in demand for ARB products which exceeded the Company's capacity to satisfy.



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ARB's Australian Aftermarket Distribution

- ARB distributes throughout Australia from state sales offices with attached warehouses.
- Distribution is to ARB stores, independent 4WD stockists and new vehicles dealers throughout each state.
- As at 30th June 2012 there were 44 ARB stores in Australia (compared with 40 at the same time last year) and well over 100 independent stockists.
- New ARB stores were established at:
 - Orange, NSW (company owned)
 - Burleigh Heads, QLD (independent)
 - Bundaberg, QLD (independent); and
 - Welshpool, WA (independent)

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ARB's Australian Aftermarket Distribution

- In July 2012, the Company acquired the business of Top Gear Accessories in Alice Springs, Northern Territory. This business will become an ARB store later this year.
- The Company has also acquired a property in a Perth suburb to establish another company owned ARB store during the current financial year.
- Of the present 44 ARB stores in Australia 16 are owned by the company.
- For the year Australian Aftermarket Sales represented 66% of total sales.

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Australian Export Sales

- Export sales grew by 6% over the prior year.
- Strength of the Australian Dollar was a major impediment to export growth.
- Economic gloom in many markets around the world constrained demand.
- Maintaining sales above last year's level under the circumstances was a good result.
- Sales made by ARB Thailand are included in these figures and are becoming a useful contributor.
- For the year exports ex Australia plus Thailand sales represented 12% of total sales.

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USA Sales

- Air Locker Inc the Company's subsidiary in the USA services markets in the USA, Canada and Central and South America.
- Sales were up by 10% in US Dollar terms but up 7% in Australia Dollar terms due to the further strengthening of the Australian dollar during the year.
- Profitability was improved over the year through the introduction of better cost controls.
- Demand in the market is showing signs of improvement.
- For the year sales ex the US subsidiary represented 10% of total sales.

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Original Equipment Sales

- These sales comprise all the products and services ARB supplies direct to Original Equipment Manufacturers (OEM's).
- The customers include companies such as Toyota, Nissan, Isuzu, Suzuki etc..
- Sales to OEM's were down 8% over the prior year.
- Sales in this category were impacted during the year by the lack of new vehicles available for extended periods.
- For the year, sales to OEM's represented 12% of total sales.

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Manufacturing and Warehousing

- Production planning during the year was difficult due to the very uncertain new vehicle supply levels.
- ARB plants in both Australia and Thailand have been running at near full production capacity since March 2012.
- ARB continues to invest in new and more efficient equipment in all plants.
- Warehousing is near capacity at all facilities but split and second shifts are being introduced to cope with increased demand.

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Manufacturing and Warehousing

- We are pleased to advise that a new company owned 18,000 *m*² facility in Thailand will be complete within a month, although fit out of this facility will take quite some time to finalise.
- This investment was announced at last years AGM. The building is near the Company's existing Thai manufacturing plant in Rayong, Thailand.
- This new facility will provide additional manufacturing capacity and, more importantly, warehousing space to service customers in Australia and around the world.

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Products

- 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.
- The 2011/12 year was a year in which a significant number of new vehicle releases occurred providing new product opportunities for ARB. Consequently, the Company's R&D department was very busy developing both aftermarket and OEM products for this multitude of new vehicles released around the world.
- ARB is also continuing to work on a number of long-term product development projects.

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Financial – Balance Sheet

- ARB strengthened its balance sheet during the period and had a net cash surplus of \$33.2 million at the 30th June 2012.
- This compares with a net cash surplus of \$30.7 million at the 30th June 2011.
- The Company's strong financial position ensures that ARB can react quickly to appropriate opportunities, such as further earnings accretive capital projects or suitable acquisitions of products or business.

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Financial – Exchange Rates

- Exchange rates have fluctuated significantly over the year.
- The Company has some natural exchange rate hedges through its operations in Australia, USA and Thailand and also through its overseas purchasing and selling arrangements.
- However, changes in exchange rates affect costs in different geographic markets and ARB believes that more stable currency markets generally create a better business environment for the Company over the longer term.

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Senior Management Changes

- The Board is pleased to announce that Executive Director, Mr. Andrew Brown was formally appointed as Managing Director of the Company in August 2012. Andrew has, in effect, been performing in that role for some time and has been instrumental in many of the activities that have resulted in the strong performance of the Company over many years.
- Mr. Roger Brown remains Chairman and an Executive Director.
- To manage the Company's current level of business and facilitate its expected future growth, ARB has expanded and strengthened its senior management team.

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Senior Management Changes

The following senior management changes and new appointments have been made since the last AGM.

- ARB's current Business Development Manager who manages all the company's export sales has been given the extra responsibility for OEM sales both locally and around the world.
- The current Marketing Manager has been promoted to the position of National Sales and Marketing Manager and will look after all ARB's aftermarket and fleet sales in Australia
- Recently Air Locker Inc. appointed a new President who will be responsible for managing and growing that business in the USA, Canada and Central and South America.

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Senior Management Changes

- A new IT Manager has been appointed, with the intention of installing a new ERP system at ARB over the next few years.
- A new “in house” Legal Counsel has been appointed to assist in managing the larger and more complex business that ARB has become today. and;
- A Supply Chain Manager has been appointed to control logistics and product supply from ARB’s numerous warehouses around the world.
- Employee numbers have increased over the year, the full benefits of which are expected to be realised in future periods.

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Growth Strategy

ARB’s main growth strategies can be summarised as follows:

- Increasing output from the Company’s manufacturing plants as demand requires.
- Continuing the development of new products - ARB is clearly a world leader in the development of accessories for 4WD vehicles and the Company’s focus on new product development is being increased.
- Further expanding ARB’s store network throughout Australia, particularly in areas where 4WD vehicle sales are strong.

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Growth Strategy (cont.)

- Expanding the recently established ARB Off Road business, which distributes ARB's product to the Thai market via existing resellers. The market for our products in Thailand is strong at present.
- Ensuring Kingsley Enterprises has new products to supply its existing customers both locally and overseas.

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Growth Strategy (cont.)

- Providing the resources required to allow Thule Car Rack Systems to grow within the Australian market - Thule moved to a new headquarters with additional warehousing and office space early in the year.
- Further strengthening ARB's small but highly effective marketing department which is the envy of the Company's competitors worldwide.
- Selectively acquiring new products or businesses if suitable opportunities arise.
- Concentrating ARB's sales efforts in areas of the world where oil extraction, mining, aid and relief and agriculture are creating high demand for 4WD vehicles.

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Outlook

- The Company's record 2011/12 result was achieved in the face of very challenging global market conditions.
- The Board is optimistic about the future outlook for the Company but remains cautious in the short term given the current economic environment, and capacity limitations.
- The strength of the Australian dollar against the US dollar, the Euro and the English Pound has made exporting very difficult and product cheaper for ARB's competitors in Australia who predominantly rely on Asian imports. However, the Company is performing well notwithstanding these conditions.

Outlook (cont.)

- New vehicle supply has now returned to normal around the world.
- ARB is well positioned to achieve on-going success despite the present economic challenges:
 - strong brands around the world
 - a strengthened senior management team and capable staff
 - a strong balance sheet, and;
 - well defined growth strategies.
- The Board is pleased to advise that sales for the first quarter of 2012/13 were up by approximately 10% over the corresponding prior period. However predicting demand going forward remains difficult.



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FORMAL BUSINESS



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Financial Report

Item 1:

To receive and consider the financial report of the Company and the reports of the Directors and Auditors for the year ended 30 June 2012.



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Remuneration Report

Item 2:

To consider and, if thought fit, pass the following resolution as a non binding ordinary resolution:

“That the shareholders adopt the Remuneration Report which was contained in the Directors’ Report that was provided to shareholders as part of the 2012 Annual Report.”

| Vote type | Voted | % |
|---------------|------------|-------|
| For | 32,613,345 | 94.99 |
| Against | 1,118,326 | 3.26 |
| Open-Usable | 599,620 | 1.75 |
| Open-Cond | 0 | 0.00 |
| Open-Unusable | 0 | N/A |
| Abstain | 812,947 | N/A |
| Excluded | 10,440,618 | N/A |

Election of Directors

Item 3.A:

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr. John Forsyth, a Director retiring in accordance with the Company’s Constitution, being eligible, is re-elected as a Director of the Company”.

| Vote type | Voted | % |
|---------------|------------|-------|
| For | 42,073,283 | 92.31 |
| Against | 2,369,981 | 6.30 |
| Open-Usable | 634,592 | 1.39 |
| Open-Cond | 0 | 0.00 |
| Open-Unusable | 0 | N/A |
| Abstain | 7,000 | N/A |
| Excluded | 0 | N/A |



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Election of Directors

Item 3.B:

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Mr. Andrew Stott, a Director retiring in accordance with the Company’s Constitution, being eligible, is re-elected as a Director of the Company”.

| Vote type | Voted | % |
|---------------|------------|-------|
| For | 41,851,754 | 91.83 |
| Against | 3,091,510 | 6.78 |
| Open-Usable | 634,592 | 1.39 |
| Open-Cond | 0 | 0.00 |
| Open-Unusable | 0 | N/A |
| Abstain | 7,000 | N/A |
| Excluded | 0 | N/A |

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Thank you for your attendance

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