



4X4 ACCESSORIES

Dear Shareholder

ARB CORPORATION LTD

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RESULTS

The Directors of ARB Corporation Limited (“**ARB**” or the “**Company**”) report that the Company generated sales revenue of \$693.2 million for the financial year ended 30 June 2024 (“**FY2024**”), up 3.3% compared with the previous financial year.

Profit before tax of \$142.7 million represents growth of 17.1% over the previous financial year, excluding a one-off capital expense of \$2.5 million relating to the final deferred consideration payment for the acquisition of the Truckman business and a one-off capital gain of \$1.2 million relating to the sale of a factory in Thailand.

Profit after tax excluding these two adjustments was \$104.1 million, up 18.1% compared with the previous financial year.

Reported profit for FY2024, which includes the two adjustments noted above, was \$141.4 million before tax and \$102.7 million after tax. This represents an increase of 15.8% and 16.1% respectively over the previous financial year.

The full year results are summarised below:

Year ended	30 Jun 24 \$'000	30 Jun 23 \$'000	Change
Sales revenue	693,154	671,240	3.3%
Other revenue	5,599	3,797	
Total revenue	698,753	675,037	3.5%
<u>Profit excluding adjustments</u>⁽¹⁾			
Profit before tax	142,662	121,810	17.1%
Tax expense	(38,539)	(33,621)	
Profit after tax	104,123	88,189	18.1%
Basic EPS - cents	126.66	107.60	17.7%
<u>Reported Profit</u>			
Profit before tax	141,419	122,076	15.8%
Tax expense	(38,736)	(33,621)	
Profit after tax	102,683	88,455	16.1%
Basic EPS - cents	124.91	107.92	15.7%
DPS (cents): Interim	34.0	32.0	
Final	<u>35.0</u>	<u>30.0</u>	
Total	69.0	62.0	11.3%
Franking (at 30% tax rate)	100%	100%	

(1) Profit before tax excluding adjustments is a non-IFRS measure. For FY2024, it excludes an expense of \$2.498 million (before and after tax) for the final deferred contingent consideration for the Truckman business and a gain of \$1.255 million (\$1.058 million after tax) achieved on the sale of a factory in Thailand. For FY2023, it excludes a non-cash net gain of \$0.266 million reflecting a \$13.673 million write back to profit of the provision for deferred contingent consideration that was not expected to be paid, offset by an impairment to goodwill expense of \$13.407 million. As the FY2023 adjustments relate to the taxation cost base, there is no associated tax impact.

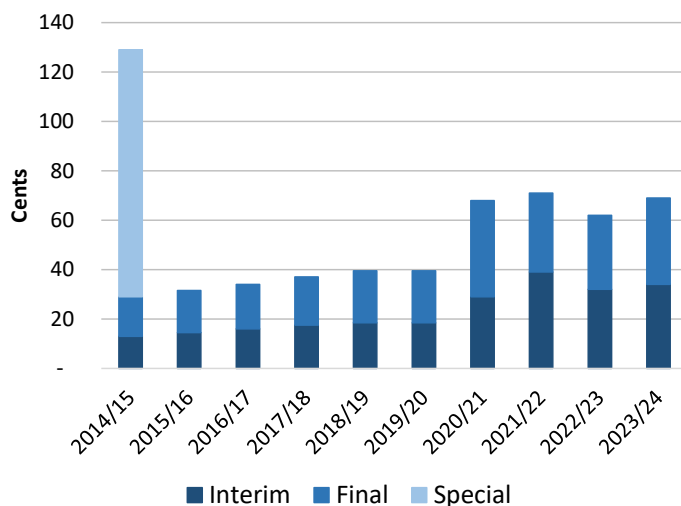
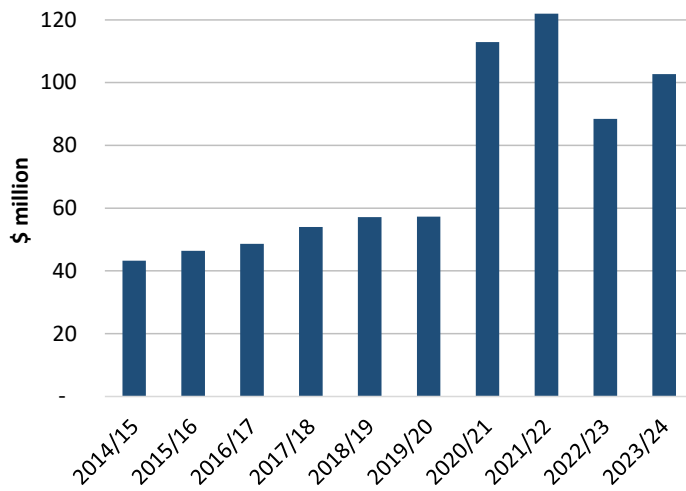
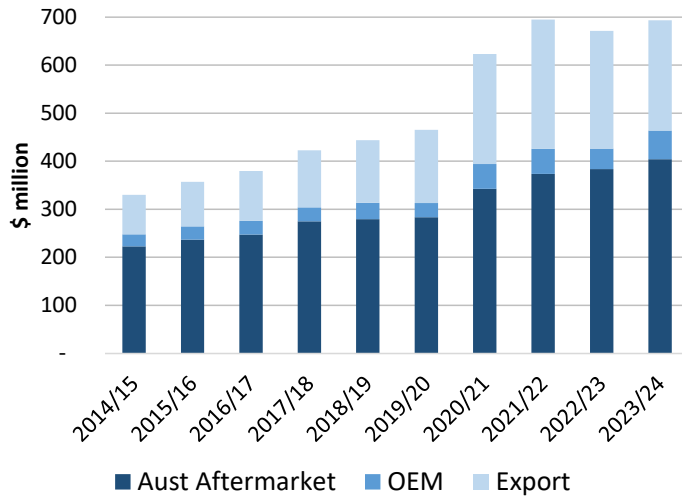
The Company has declared a final fully franked dividend of 35.0 cents per share. This brings total dividends for the year to 69.0 cents per share fully franked, an increase of 11.3% compared with last year. The final dividend will be paid on 18 October 2024 and the Record Date will be 4 October 2024. The ARB Dividend Reinvestment Plan and Bonus Share Plan (the “**Plans**”) will be in operation for the final dividend to assist with the funding of ARB’s ongoing expansion programme.

Information about the Plans, which will apply to the final dividend, can be found on the Company’s website at <https://www.arb.com.au/about/investor-relations/>. Investors wishing to make or change an election to participate in either of the Plans can do so online via the Computershare Investor Centre website at www.computershare.com.au/easyupdate/arb or by phoning Computershare on 1300 850 505.

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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:



HIGHLIGHTS OF THE 2023/24 YEAR

Sales and Distribution

The Company’s sales revenue grew by 3.3% in FY2024 compared with the previous year. This reflects sales growth of 0.2% in the first half and sales growth of 6.4% in the second half of the financial year.

The Australian Aftermarket category achieved sales growth of 5.4%, Original Equipment Manufacturers (“OEM”) achieved sales growth of 40.5% whilst Exports sales declined 6.5%:

Customer Category	Percentage of Sales		Sales Growth
	12 months to Jun 2024	12 months to Jun 2023	
Australian Aftermarket	58.3%	57.2%	5.4%
Exports	33.1%	36.5%	(6.5%)
Original Equipment	8.6%	6.3%	40.5%
Total	100.0%	100.0%	3.3%

ARB’s distribution network across the wider Australian Aftermarket is a key competitive strength, incorporating sales through its Company owned and licensed ARB branded store network and sales to ARB stockists, to new vehicle dealers and to fleet operators. ARB also distributes to niche Australian Aftermarket segments through its GoActive Outdoors (THULE products), Kingsley Enterprises and SmartBar divisions.

Sales into the Australian Aftermarket achieved modest growth of 5.4% during FY2024. Pleasingly, however, growth of 7.1% in the second half was stronger than the first half following disruptions caused by industrial disputes across Australian ports in the first half and the implementation of initiatives to relieve fitting constraints.

Total new vehicle sales in Australia increased by 12.6% in FY2024 compared with FY2023 and current customer orders remain strong in Australia. ARB’s key individual target vehicles include the Ford Ranger, Toyota Hilux and Isuzu D-Max which were the three highest selling vehicles in Australia in 2024.

Branded ARB stores are an integral part of the Company’s distribution network throughout Australia. The total number of ARB stores remains at 74, of which 30 are Company owned. The Company expects to open an additional four ARB stores and upgrade five existing stores to the ARB flagship store format in FY2025.

ARB’s partnership with Ford via the successful Ford License Accessory (“FLA”) programme continues to expand. FLA provides consumers with the option of purchasing select ARB products directly from Ford dealers with a Ford extended 5-year accessory warranty and, shortly, with the option to fund the purchase on Ford Finance.

Export sales declined 6.5% in FY2024, reflecting a decline of 13.6% in the first half and minor growth in the second half. International trading conditions remain challenging, particularly in the US where the broader industry has experienced a downturn and ARB’s major wholesale customer continued to divest stores. However, ARB remains focused on implementing a number of new initiatives which the Board is confident will deliver long-term brand and sales growth in the USA.

ARB successfully launched a direct-to-consumer eCommerce site in the US which is achieving positive results. The Company also commenced selling to Toyota USA under a new contract featuring ARB branded content fitted to the new halo platform Tacoma Trailhunter. This partnership will grow revenue for ARB USA while elevating brand awareness throughout the US. In addition, the Company will announce a new contract in FY2025 with Toyota USA.

The Company decided some time ago to change its supplier of OME Nitrocharger shock absorbers to ensure this product’s future both in terms of manufacturing quality and access to advanced technology. Unfortunately, the new supplier experienced manufacturing difficulties which significantly affected the Company’s ability to supply product for much of FY2024. This markedly reduced sales of the OME range in major export markets, where it is a significant product line, and significantly impacted the Australian aftermarket. The Company is pleased to advise that the OME situation is now resolved and shock absorber sales have returned to historical levels.

The UK based Truckman business achieved strong sales and profit growth as new vehicle supply returned to the UK market after two years of subdued market conditions as a result of reduced new vehicle supply into the UK market.

ARB’s sales in New Zealand were significantly impacted in the first half of FY2024 by the introduction of the “Ute Tax” in that country. Since the removal of this tax on 1 January 2024, ARB’s business in New Zealand is slowly recovering in line with the general economy and new vehicle sales. ARB remains very positive for future growth in New Zealand.

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Accessory sales to OEMs increased 40.5% in FY2024 after a temporary lag in FY2023 due to the timing of OEM contracts and new vehicle launches. ARB anticipates further OEM sales growth in FY2025, noting that the new Trailhunter business with Toyota North America will be reported through export sales.

Products and Engineering

ARB's long-term competitive advantage has been maintained through excellence in product development. The Company's continued focus on the engineering and development of new products provides a point of difference to market and further long-term product development projects are planned for release throughout 2025.

ARB launched a number of significant long-term development products during FY2024, including the Altitude Electronic Rooftop Tent, the Nacho driving lights range, the new MT-64 shock absorber range and parabolic leaf springs and airbags for Toyota's LC70. The Company continues to expand the application of existing products to new vehicle models, successfully delivering capable and feature packed products.

The Company's website at www.arb.com.au provides further information on ARB's new product releases.

Investments in Associates

ARB invested in two US based 4x4 accessories companies during 1H FY2024:

- ARB acquired a 30% interest in ORW USA, Inc. ("**ORW**") for US\$5.0 million. ORW now operates 11 retail stores in the US and ARB's investment will accelerate ORW's plans to expand its retail network; and
- ARB acquired a 49% interest in Nacho LED LLC ("**Nacho**") for US\$2.0 million. Nacho is a startup development company and ARB's investment will accelerate the development of innovative lighting solutions for the 4x4 and automotive industries.

The ORW and Nacho investments complement ARB's core strengths and enhance the Company's growth strategy. ARB's management team has interacted with the principals of Nacho and ORW over many years and the Company looks forward to contributing to the future growth of both businesses.

Financial

ARB achieved a profit before tax of \$142.7 million, excluding the two non-IFRS adjustments explained in note (1) on the first page of this Chairman's Statement. This 17.1% growth in profit compared with the previous financial year was achieved on sales revenue growth of 3.3% and reflected improved sales margins throughout FY2024.

Cash flows generated from operations of \$125.3 million compared favourably with the reported net profit after tax of \$102.7 million and were up 39% from \$90.4 million in FY2023.

Cash generated by operations was used to purchase property and equipment of \$48.0 million, make investments in associates (ORW and Nacho) of \$11.0 million, fund the final deferred consideration instalment for the Truckman business of \$5.0 million and distribute cash dividends of \$44.7 million.

ARB's cash reserves of \$56.5 million and no debt as at 30 June 2024 ensure the Company is well placed to continue investing in people, new products, property, distribution networks, equipment and businesses to facilitate growth.

THE FUTURE

The Company's outlook remains positive with ongoing healthy demand for ARB's products, a consistently strong order book, retail store development and expansion, stabilised new vehicle supply around the world, healthy gross profits despite high inflation and new products recently and soon to be released to market.

The Company remains focused on business expansion through the development of new products and new distribution channels via a compelling new product development roadmap, further expansion of ARB's store network and continued expansion of export distribution, organically and via acquisition.

ARB is well positioned to achieve long-term success with strong brands around the world, loyal customers, capable senior management and staff, a strong balance sheet and growth strategies in place.

A first quarter trading update will be provided to shareholders at the Company's Annual General Meeting on 17 October 2024.



Robert Fraser
Chairman
20 August 2024

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