

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 \$51.0 million for the year ended 30 June 2018. Excluding an under provision for taxes in prior years expensed in the current year of \$3.0 million, net profit after tax was \$54.0 million for the year to 30 June 2018 compared with \$49.2 million in the prior year. This represents an increase of 9.9%.

Net profit before tax of \$74.4 million represents an increase of 10.2% compared with \$67.5 million in the prior year. The Board believes the pre-tax result, which excludes the material impact of taxation in the current year, more accurately reflects the operating performance of the Company during the period.

Sales for the year were \$424 million, an increase of 11.7% over sales of \$380 million in the prior corresponding period.

The full year results are summarised below:

Year ended	30 Jun 18 \$'000	30 Jun 17 \$'000	Change
Sales	423,975	379,593	11.7%
Other Revenue	2,469	1,613	
Total Revenue	426,444	381,206	11.9%
Profit before Tax	74,372	67,501	10.2%
Tax	(23,403)	(18,349)	
Profit after Tax	50,969	49,152	3.7%
Add back:			
Under-provision of taxes in prior years ¹	3,041	-	
Net profit excluding under-provision of taxes in prior years¹	54,010	49,152	9.9%
EPS - cents	64.3	62.1	
DPS - cents			
Interim	17.5	16.0	
Final	<u>19.5</u>	<u>18.0</u>	
Total	<u>37.0</u>	<u>34.0</u>	8.8%
Franking	100.0%	100%	

Note 1. In accordance with ARB's announcement to ASX on 15 December 2017 and the half year Financial Statements released on 21 February 2018, the reported results for the financial year ended 30 June 2018 include a payment for additional taxes of \$3.0 million in relation to the period from 1 July 2013 to 30 June 2017. The Board believes the results adjusted for the impact of this expense more accurately reflect the operating performance of the Company in the current financial year.

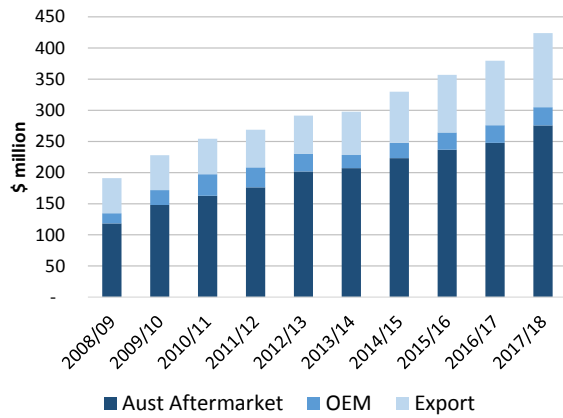
The Company intends to pay a final fully franked dividend of 19.5 cents per share on 19 October 2018. This brings total dividends for the year to 37.0 cents per share fully franked. The Record Date for the final dividend will be 5 October 2018. The ARB Dividend Reinvestment Plan and Bonus Share Plan will be in operation for the Final Dividend.

Information about the ARB Dividend Reinvestment Plan and Bonus Share Plan 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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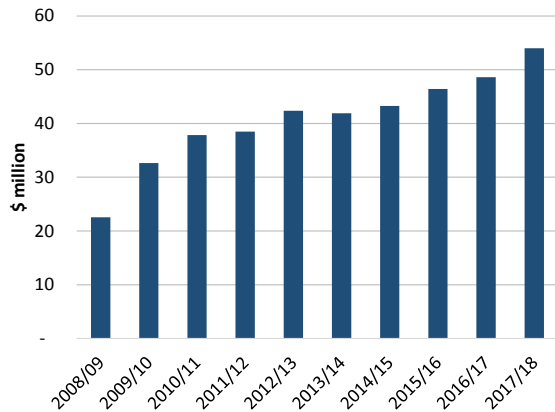
10 YEAR HISTORICAL PERFORMANCE

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



SALES REVENUE

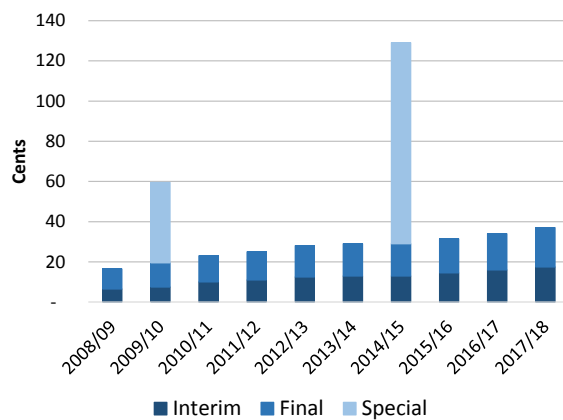
Annual sales revenue has grown at an average compound rate of 9.5% over the past 10 years.



NET PROFIT AFTER TAX

Net profit after tax has grown at an average compound rate of 10.6% over the past 10 years.

(Normalised for 2018 tax adjustment. See Note 1 on prior page.)



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 2017/18 YEAR

Sales and Distribution

Sales revenue increased by 11.7% in 2017/18 over the previous corresponding period. Sales growth was achieved in all categories of the business as can be seen from the table below.

Customer Category	Percentage of Total Sales		Sales Growth
	12 months to June 2018	12 months to June 2017	
Australian Aftermarket	65.1%	64.8%	+11.4%
Exports	28.0%	27.6%	+14.7%
Original Equipment	6.9%	7.6%	+2.8%
	100.0%	100.0%	+11.7%

ARB's sales to the Australian aftermarket grew by 11.4% and now represent 65.1% of the Group's sales.

Sales growth for the year was above the average in Queensland, New South Wales, Tasmania, South Australia and Western Australia. Growth in Victoria was below average but was cycling off very high growth figures for the past five years. Northern Territory growth was below average due to capacity constraints.

In the Australian aftermarket the Company distributes through the ARB store network, to ARB stockists, to new vehicle dealers and to various fleet operators. Contributions from GoActive Outdoors, Kingsley Enterprises and SmartBar are included in the Australian aftermarket sales segment.

ARB's market leading store network is vitally important to the Company's strength in the Australian aftermarket. Currently there are 63 ARB stores in Australia, of which 25 are Company owned. At this time last year, 61 ARB stores were operating in Australia. It should be noted that the two new stores were opened in the past two months and therefore made no contribution to the 2017/18 result. Another new ARB store will open in September 2018 and it is expected that at least two more ARB stores will be established prior to the end of the 2019 financial year. The new ARB store format has been well received by customers and is continuing to be rolled out across relocated and existing stores.

Victoria's new main warehouse at Keysborough in Melbourne was completed in September 2017. This 16,000 square metre warehouse is now fully operational and is providing improved warehousing and delivery services to customers in Victoria and around Australia.

Export sales grew by a strong 14.7% and now represent 28.0% of the Group's sales.

Growth was achieved in export sales made from the Company's distribution centres in Australia, the USA, the Czech Republic, Thailand and from the United Arab Emirates.

ARB sells its products to distributors around the globe. The 4WD market is growing in many parts of the world and continues to provide strong growth potential for ARB. Exports remain a key focus for ARB, attracting further investment in both infrastructure and marketing.

Sales to Original Equipment Manufacturers (OEM) grew by 2.8% for the year and now represent 6.9% of the Group's sales.

Some OEM projects were delayed in the second half due to programme complications but these projects are planned to commence shortly. Accordingly, the Company is confident of better OEM sales growth in the 2018/19 year.

Products and Production

ARB regards product development as a key element in maintaining the Company's long term competitive advantage. Research and development expenditure is continuing to increase in line with Company growth. During the year, more new vehicle releases have occurred both in Australia and overseas and new products for these vehicles are being released into the Company's factories on a weekly basis.

Important new vehicle releases were the Jeep Wrangler JL and the Mercedes Benz X Class. In addition, there were a number of model face lifts including Toyota Prado, Toyota 70 Series LandCruiser, Nissan Patrol Y62, Mazda BT50, Isuzu MUX, Jeep Grand Cherokee, Isuzu DMAX and Toyota Hilux Rogue.

ARB maintained a steady stream of new product releases throughout the year, most notably including the releases of LINX, ARB Tailgate Assist, the ARB hydraulic JACK and Summit Raw Rear Bars for utilities.

Work is also continuing on a number of long term development projects that will provide growth opportunities for the Company in the future. For shareholders to get a better idea of ARB's new product releases, the Company's website at www.arb.com.au is a great source of information.

The Company advises that work on the new 20,000 square metre global warehouse in Thailand has commenced and will provide increased warehousing and manufacturing space in the second half of 2019.

The Company is pleased to report that the annual bonus negotiations in Thailand this year progressed smoothly to a satisfactory settlement. Also, a new three-year EBA has been agreed with the warehouse and factory staff in Australia resulting in a good outcome for all parties.

Financial

In the half year report to December 2017 it was noted that stock availability was a critical factor in achieving improved sales growth. It is pleasing to report that stock levels rose by only \$3 million in the past six months as adequate stock levels were reached to maintain growth.

Despite significant expenditure on property, plant and equipment and inventory over the year the Company remains in a net cash positive position at the end of the financial year.

ARB's strong balance sheet with no net debt ensures that the Company is well placed to take advantage of investment opportunities going forward.

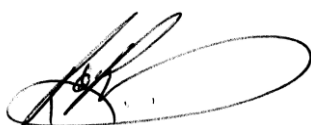
THE FUTURE

The Company's growth in 2017/18 was achieved in an uncertain global environment. The current economic conditions still remain uncertain. The severe drought in the eastern Australian states will certainly affect ARB's business to some extent. 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 on 18 October 2018.



Roger Brown
Chairman
22 August 2018