

MIRA INFORM REPORT

Report No. :	521911
Report Date :	30.07.2018

IDENTIFICATION DETAILS

Name :	ARB CORPORATION LTD
Registered Office :	44 Garden Street, Kilsyth, VIC 3137
Country :	Australia
Financials (as on) :	30.06.2017
Date of Incorporation :	20.02.1987
Legal Form :	Listed Public Company
Line of Business :	<ul style="list-style-type: none"> The subject operates as Australia's largest manufacturer and distributor of 4x4 accessories. Products include recovery straps, hi-lift jacks, hand winches, air lockers, bull bars, side rails and protection steps, reversing cameras, fridge freezers, canopies, roof racks, apparel, tyre accessories, battery systems and lights.
No. of Employees :	Over 1,100

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Australia	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

AUSTRALIA - ECONOMIC OVERVIEW

Following two decades of continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system, Australia enters 2018 facing a range of growth constraints, principally driven by the sharp fall in global prices of key export commodities. Demand for resources and energy from Asia and especially China is growing at a slower pace and sharp drops in export prices have impacted growth.

The services sector is the largest part of the Australian economy, accounting for about 70% of GDP and 75% of jobs. Australia was comparatively unaffected by the global financial crisis as the banking system has remained strong and inflation is under control.

Australia benefited from a dramatic surge in its terms of trade in recent years, although this trend has reversed due to falling global commodity prices. Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas Project, will significantly expand the resources sector.

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the WTO, APEC, the G20, and other trade forums. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with ASEAN and New Zealand. Australia continues to negotiate bilateral agreements with Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the 10 ASEAN countries and China, Japan, Korea, New Zealand and India.

Source : CIA

CORPORATE REPORT

REGISTERED NAME ARB CORPORATION LTD
ACN: 006 708 756
ABN: 31 006 708 756

SUMMARY PANEL

Established 1975
Incorporated 1987
Status Trading
Line of Business Manufacture of 4 wheel drive accessories and components
Chief Executive Officer ANDREW HARRY BROWN

EXECUTIVE SUMMARY

ARB Corporation Ltd - consolidated

	As at 30 June 2017	As at 30 June 2016	Change (%)
Revenue	\$384,919,000.00	\$361,224,000.00	6.56%
Profit b/tax	\$67,501,000.00	\$64,379,000.00	4.85%
Profit a/tax	\$49,152,000.00	\$47,439,000.00	3.61%
Net Profit Margin	12.77%	13.13%	-0.36%

During fiscal 2017, the subject recorded consolidated Net Cashflows from operating activities totalling \$62,207,000.

As at 30 June 2017 the subject recorded consolidated Working Capital of \$119,392,000 and a current ratio of 3.4 to 1 indicating strong liquidity levels.

Consolidated Net Assets totalled \$272,341,000 as at 30 June 2017. At this date, the subject further recorded a Debt to Equity ratio of 0.19 to 1 showing low levels of gearing. After deducting intangibles of \$24,550,000 this results in a Net Worth of \$247,791,000.

CORPORATE SEARCH

Company Type Listed Public Company

Incorporation State: VIC

Incorporation Date: 20 FEB 1987

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Registered Office

44 Garden Street,
Kilsyth
VIC 3137

Current Directors Total: 6

FITZPATRICK, ADRIAN ROBERT: Appointed: 01.07.2016
3 INGLEBRAE CT ESSENDEN, VIC 3040
DOB: 07.05.1956

ANDREW PETER STOTT – Appointed: 01 JUL 2006
7 Acre Place, MALVERN, Victoria 3144
DOB: 17 JAN 1957

ROBERT DARIUS FRASER – Appointed: 19 FEB 2004
6 COWDROY Avenue CAMMERAY, New South Wales 2062 Australia
DOB: 24 SEP 1965

ANDREW HARRY BROWN – Appointed: 31 MAR 1987
36 RUTHVEN Way RINGWOOD EAST, Victoria 3135
DOB: 28 APR 1958

BROWN, Roger George
7 Ruby St
HAWTHORN, VIC 3122

FORSYTH, John Robert
47 Broadway
CAMBERWELL, VIC 3124

Current Secretaries Total: 1

JOHN ROBERT FORSYTH – Appointed: 01 OCT 2004

Share Structure - Classes Total: 1

ORD ORDINARY SHARES: 79343950 – amount paid: \$109,801,083

SECURITY INTERESTS

Effective 30 January 2012 the Personal Property Securities Register (PPSR) was introduced to give the different Commonwealth, State and Territory laws and registers regarding security interests in personal property under one national system.

As a result of PPS Reform a number of existing Commonwealth, State and Territory personal property security registers will close. Interests registered on existing security interest registers will be migrated to the national PPS

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Register. Subsequently Registered Charges are no longer lodged with the Australian Securities and Investments Commission (ASIC).

BUSINESS STRUCTURE

TRADING ADDRESS	42 to 44 Garden St KILSYTH, VIC 3137
TELEPHONE	(613) 9761 6622
FACSIMILE	(613) 9761 6807
WEBSITE	www.arb.com.au
BRANCHES	The subject maintains 25 company owned stores
OFFICES	MOOREBANK, NSW NUNDAH, QLD REGENCY PARK, SA CANNINGVALE, WA
CONTROLLED ENTITIES	Air Locker, Inc. - United States of America Kingsley Enterprises Pty Ltd - Australia Off Road Accessories Ltd - Thailand ARB Off Road Ltd – Thailand ARB Europe s.r.o Czech Republic
BANK	ANZ BANKING GROUP
EMPLOYEES	Over 1,100

BACKGROUND

The subject was incorporated in Victoria on 20 February 1987 as Empire Holdings Ltd before adopting the current style on 31 March 1987.

The subject has origins that date back to 1975, when company founder, Tony Brown, was inspired by a 4WDing trip through the top end of Australia. ARB (the initials of Anthony Ronald Brown), was subsequently founded.

In 1987 the subject listed on the Australian Stock Exchange.

In 1991 a USA office was established.

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In December 2012 the Company completed the construction of an additional new factory and warehouse of 17,500 square metres in Rayong, Thailand.

In July 2012, the Company acquired the business of Top Gear Car & 4WD Accessories in Alice Springs, NT.

OPERATIONS

The subject operates as Australia's largest manufacturer and distributor of 4x4 accessories.

Products include recovery straps, hi-lift jacks, hand winches, air lockers, bull bars, side rails and protection steps, reversing cameras, fridge freezers, canopies, roof racks, apparel, tyre accessories, battery systems and lights.

The group also has an international presence, with an office in the USA and an export network that extends through more than 100 countries around the globe.

Brands include ARB, Old Man Emu, IPF, Warn Winches, Rhino Roof Bars, Bushrangers, AVM, Redarc, Ctek and Hayman Reese.

Activities are conducted from premises located at the above listed trading address.

ADVERSE

A search of records of on 25 July 2018 failed to trace any litigation listed against the subject at that date.

FINANCES

Below is a summary of the subject's income results for the past two financial years.

ARB Corporation Ltd - consolidated

	As at 30 June 2017	As at 30 June 2016	Change (%)
Revenue	\$384,919,000.00	\$361,224,000.00	6.56%
Profit b/tax	\$67,501,000.00	\$64,379,000.00	4.85%
Profit a/tax	\$49,152,000.00	\$47,439,000.00	3.61%
Net Profit Margin	12.77%	13.13%	-0.36%

The subject achieved a net profit after tax of \$49.2 million for the year ended 30 June 2017. After adjusting for a property sale in the previous corresponding period, underlying profit before tax for the period increased by 8.2% compared with the year to 30 June 2016.

During fiscal 2017, the subject recorded consolidated Net Cashflows from operating activities totalling \$62,207,000.

As at 30 June 2017 the subject recorded consolidated total current assets of \$167,177,000. They included cash of \$27,643,000, receivables of \$50,840,000 and inventories of \$88,020,000.

Current liabilities at the same date totalled \$49,785,000 and included payables of \$35,279,000 and provisions of \$11,695,000.

As at 30 June 2017 the subject recorded consolidated Working Capital of \$119,392,000 and a current ratio of 3.4 to 1 indicating strong liquidity levels.

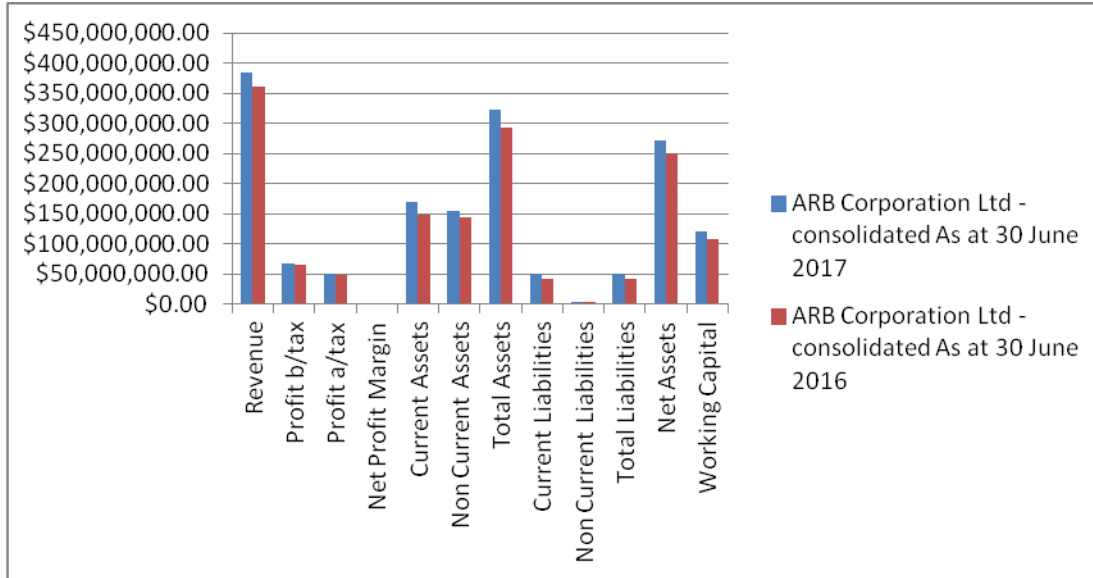
At this time the subject had access to financing facilities with a combined limited of \$12,750,000. These facilities were drawn to \$564,000 at this time.

Consolidated Net Assets totalled \$272,341,000 as at 30 June 2017. At this date, the subject further recorded a Debt to Equity ratio of 0.19 to 1 showing low levels of gearing. After deducting intangibles of \$24,550,000 this results in a Net Worth of \$247,791,000.

For the six months ended 31 December 2017 the subject recorded consolidated revenue of \$210,047,000 which resulted in an operating profit before tax of \$35,705,000 and an operating profit after tax of \$23,447,000.

ARB Corporation Ltd - consolidated

	As at 30 June 2017	As at 30 June 2016	Change (%)
Revenue	\$384,919,000.00	\$361,224,000.00	6.56%
Profit b/tax	\$67,501,000.00	\$64,379,000.00	4.85%
Profit a/tax	\$49,152,000.00	\$47,439,000.00	3.61%
Net Profit Margin	12.77%	13.13%	-0.36%
Current Assets	\$169,177,000.00	\$148,466,000.00	13.95%
Non Current Assets	\$154,066,000.00	\$143,342,000.00	7.48%
Total Assets	\$323,243,000.00	\$291,808,000.00	10.77%
Current Liabilities	\$49,785,000.00	\$40,944,000.00	21.59%
Non Current Liabilities	\$1,117,000.00	\$1,256,000.00	-11.07%
Total Liabilities	\$50,902,000.00	\$42,200,000.00	20.62%
Net Assets	\$272,341,000.00	\$249,608,000.00	9.11%
Working Capital	\$119,392,000.00	\$107,522,000.00	11.04%
Current Ratio	3.40	3.63	-6.29%
Debt to Equity	0.19	0.17	10.55%



TRADE SURVEY

A trade survey on the subject traced the following accounts:

(Selection Steel) Nominated supplier is yet to respond to correspondence.

Trade payment records from further sources in the past 4 months have traced the following data for the subject.

Total Owing: \$110,862

Total Past Due: \$8,248

Within terms: \$102,614

1 – 30 days past due: \$7,393

31 – 60 days past due: \$416

61 – 90 days past due: \$40

91+ days: \$399

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.70
UK Pound	1	INR 89.99
Euro	1	INR 79.98
AUD	1	INR 50.80

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	TPT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)