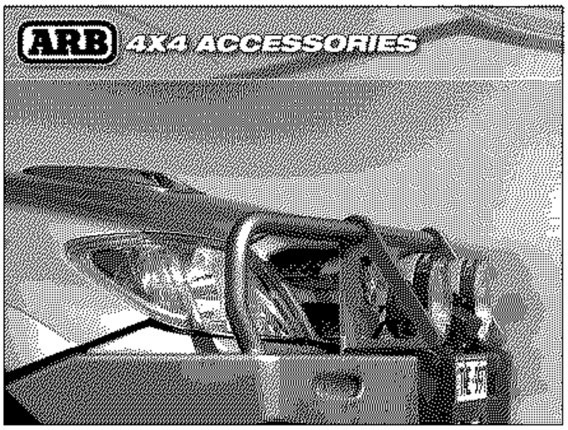

ARB CORPORATION LIMITED

MARKET UPDATE

9 Months to 31 March 2006

Presented by Roger Brown
Executive Chairman

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ARB - History

- Established 30 years ago as a private company.
- Listed as a public company, ARB Corporation Limited, 19 years ago.
- ARB manufactures and distributes Australia's largest range of accessories for 4WD vehicles.
- Strong distribution system established throughout Australia.
- Now sells through distributors to over 80 countries worldwide.

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ARB - History (cont.)

- Over the past 10 years the company has performed very well:
  - Compound sales growth rate of 14% p.a.
  - Compound export sales growth rate of 19% p.a.
  - Compound after tax profit growth rate of 23% p.a.

(figures from 1995/96 to 2004/05)

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Latest Reported Result

6 Months to 31 December 2005

- Sales growth slowed to 3.6% compared with previous corresponding period.
- Sales for 6 months were $59.1 million.
- Net profit after tax up 31% but essentially the increase was due to a property sale and leaseback.
- Export sales and sales outside the large metro areas of Melbourne and Sydney grew well.
- Sales in large metro areas in Australia declined.
- Rapidly escalating fuel price was the significant factor affecting sales growth.

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Performance for 9 Months to 31 March 2006

- Sales in the 3rd quarter increased by over 10%.
- Sales for the 9 months are now ahead by 6.5% (compared with 3.6% for the six months).
- For the year to date:
  - Sales in the Australian market, aftermarket and original equipment combined, are up 7.5%
  - Sales to all export markets including the USA are up 9%
  - Sales for our subsidiary, Kingsley Enterprises Pty Limited, are down by 10.5%.

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Current Group Sales Mix

Australian Aftermarket	48%
Exports (non USA)	18%
Exports - USA Sales	16%
Original Equipment in Australia	10%
Kingsley Enterprises	8%
	100%

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Australian Aftermarket Distribution

- ARB distributes throughout Australia from state sales offices with attached warehouses.
- State sales offices distribute to ARB stores, independent 4WD specialists and new vehicle dealers throughout each state.
- There are now 24 ARB branded stores established in Australia. Nine of these businesses are company owned, the other 15 stores are franchises.
- Three stores were opened in the 9 month period, 1 company owned and 2 franchised.

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Australian Aftermarket Distribution (cont.)

- The company intends to establish a new ARB store at Wentworthville in NSW within 12 months.
- The company's Abbotsford store in Melbourne will be relocated over the next year as the property has been sold.
- Over the next 12 months we expect another 4 independently owned ARB stores will be established in Australia.
- ARB stores provide the company with a strong, loyal distribution base in the Australian Aftermarket.

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Purchase of Western Australian Distributor

- ARB's distribution in Western Australia has historically been handled by an independent company.
- ARB acquired this business on 1 April 2006.
- The total initial investment will be approximately $2.5 million.
- Driven by the mining boom, Western Australia has a very high density of 4WD vehicles and currently has the highest vehicle sales growth of any state in Australia.

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Purchase of Western Australian Distributor (cont.)

- We are confident that the business can continue to grow rapidly under ARB's control.
- The acquisition will add net sales of approximately $6 million to ARB in 2006/07.
- It is expected to be earnings per share positive from 1 July 2006.

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Australian Aftermarket Current Conditions

- ARB's traditional customers, whether commercial or recreational, are the owners of large 4WD's (Toyota LandCruiser, Nissan Patrol Land Rover Discovery etc) and 4WD utilities (Holden Rodeo, Toyota Hilux, Nissan Navara etc).
- Over the past 5 years, the sales of new vehicles in these two segments have changed dramatically.
- Sales of new vehicles in the large 4WD segment are down and sales in the 4WD utility segment are up.

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Australian Aftermarket Current Conditions (cont.)

Unit Sales	Calendar Year 2002	Calendar Year 2005
Large 4WD's	28,537	19,083
4WD Utilities	42,039	62,728

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Australian Aftermarket Current Conditions (cont.)

- The shift has been caused mainly by the increased cost of fuel. A large quantity of the 4WD utilities sold are dual cab utilities powered by relatively economical turbo diesel engines. ARB has developed an extensive range of products for these 4WD utility vehicles.
- ARB services the needs of both new vehicle owners and the owners of older vehicles which is a competitive advantage.
- Retail activity in the Australian Aftermarket, especially in the larger capital cities, is subdued at present. Fuel price increases are a major contributing factor.

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Australian Manufacturing

- Our Kilsyth manufacturing plant was expanded substantially in January 2005 to a total area of about 7,500 square metres.
- Since this expansion, ARB's production output has not increased to the extent which we planned. This is due almost entirely to the lack of availability of skilled workers.
- This skill shortage applies to welders in particular - the mainstay of our manufacturing operations.

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Australian Manufacturing (cont.)

- We have increased output to a certain degree by the use of robotics. However, as we are an Aftermarket supplier with relatively low unit volumes, this is not always economically efficient.
- The cost of employing and then training unskilled people is very high and in many instances produces unsatisfactory results.

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Thailand Manufacturing Plant

- A Thailand manufacturing plant is being established to provide ARB with capacity to grow.
- The project started in August 2005.
- We have purchased land and buildings in the Eastern Seaboard Industrial Estate near the Laem Chabang seaport, south east of Bangkok.
- The building is 3,000 sq. metres and a further 6,000 sq. metres can be built on the land available.
- The total investment will be approximately $A6 million and includes:
  - Land and buildings
  - Purchase of major items of machinery.

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Thailand Manufacturing Plant (cont.)

- The new plant will predominantly manufacture roof racks and bull bars for the US and Thai markets.
- The first limited production of roof racks started last week.
- We are budgeting for this plant to break even by the end of the first half of 2006/07.
- In the 2005/06 year, approximately $600,000 will be expensed in the consolidated accounts to cover non-capital expenses incurred in the start up. $180,000 of this was expensed in the first half.

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Economic/Business Conditions Impacting on ARB's Performance

The Four Major Factors

– Steel Pricing
– Fuel Pricing
– Value of the Australian Dollar
– Availability of Skilled Labour (already discussed)

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Steel Pricing

- Steel is the major raw material for much of ARB's product range.
- During the 2004/5 year, the price of steel to ARB increased by over 40% which severely depressed our operating result.
- Steel prices have since stabilised and we believe we will get through the remainder of 2005/6 with no price increases and possibly some useful reductions on various product lines.
- The establishment of our Thailand operation will open up new sources of supply of steel to both our Australian and Thai operations.

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Fuel Pricing

- Fuel prices are certainly a major influence on ARB's business worldwide.
- Rising fuel prices have affected the type of 4WD most favoured by our traditional customers. Smaller turbo diesel powered dual cab pickups are now our most important market segment.
- While our first half result in 2005/6 was impacted by rapid price rises, sales growth improved in the 3rd quarter when fuel prices stabilised in Australia.
- We are yet to feel the effect in terms of sales of the fuel price increases that have occurred over the past few weeks in Australia.

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Value of the Australian Dollar

- ARB is both an exporter and importer of finished goods and components.
- Exports account for 34% of ARB's sales, whereas imports account for less than 10% of ARB's sales. Consequently a lower valued Australian dollar assists ARB's performance.
- Exports have grown by a solid 9% for the first 9 months of 2005/6 as the dollar has been relatively stable, trading mainly between 70c and 75c to the US dollar.
- Further strengthening of the Australian dollar from recent levels remains a risk factor.

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Capital Expenditure Programme

- ARB is in a very strong financial position and had a net cash balance as at 31 December 2005.
- Capital expenditure during the current half year and in the first half of 2006/07 is expected to be as follows:
  - $6.0 million - establishment of Thailand operations
  - $2.5 million - purchase of Western Australian distributor
  - $1.5 million - building of a retail store at Wentworthville, NSW
  - $2.5 million - purchase of a retail store in Melbourne to replace the Abbotsford site
  - $2.0 million - general upgrading and replacement of existing capital equipment

  $14.5 million total

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Capital Expenditure Programme (cont.)

- This amount will be funded out of ARB's expected operating cash flows and currently established bank facilities.
- Capital expenditure in the 2nd half 2006/07 and beyond is difficult to predict as it largely depends upon how quickly we can establish and grow the Thailand plant.

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Re-Sourcing Products and Components

- To improve our international competitiveness, we are reviewing the sourcing of both our products and the components for our products.
- This especially applies to products not currently made directly by ARB.
- We have already re-sourced a number of products. Currently we import products and components from the USA, Italy, South Africa, Japan, New Zealand, Thailand, China, Taiwan, Malaysia and Brazil.
- This re-sourcing initiative has assisted ARB to maintain its margins at favourable levels with the rise in the Australian dollar. We are actively looking for new sources in Malaysia, Thailand, China and Taiwan.

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Product Development

- ARB is clearly a world leader in the development of accessories for 4WD vehicles.
- It is critical for our future growth that we continue to strengthen our focus on new product innovations.
- ARB continues to spend around $250,000 per month in product development and product engineering. This amount does not include expenditure on tooling of new products.

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Product Development (cont.)

- Following the releases of the new Toyota Hilux 4WD and Nissan Navara 4WD, new Mazda, Ford and Mitsubishi 4WD pickups will be released shortly. ARB is developing new protection products, suspension systems, Air Lockers and canopies for all of these vehicles over the next 6 months.
- We are continuing to expand our range of ARB bull bars to suit American produced vehicles, especially the US big trucks. We have a range of bull bars for Ford and Chevrolet, but bars for Dodge, Nissan Titan and Toyota Tundra are yet to be developed and offer great potential.
- Many other new products are being worked on by ARB's engineering team.

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The Future

- As previously advised, the directors of ARB expect a flat profit result for the 2005/6 year when profits from property sales are excluded.
- However, we will have established the Thailand plant, purchased our Western Australian agent and continued to develop the ARB store programme throughout Australia.
- These significant initiatives provide a solid platform for further long term growth.
- Strong growth opportunities exist for ARB in both domestic and export markets.

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The Future (cont.)

- Over the next 12 months, we expect to achieve above average growth overseas in the US and Thai markets and also locally in NSW and Western Australia.
- The success of the Thailand plant is critical to provide production capacity so as to maximise ARB's future sales growth opportunities.
- Assuming economic and business conditions remain reasonably favourable, ARB expects further sales increases and a return to profit growth in 2006/7.

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