BALANCE SHEET STATEMENT

Current assets (less than 12 months)
Non-current assets

Total assets

Current liabilities (less than 12 months)
Non-current liabilities

Total liabilities

NET ASSETS

TOTAL EQUITY

Total Assets - Total Liabilities = Net Assets (Equity)

Figure 44 Key components of a Balance Sheet

Figure 45 Detailed view of ARB's Balance Sheet

BALANCE SHEET STATEMENT 2021	$'000
Current assets	
Cash and cash equivalents	84,771
Receivables	79,890
Derivative financial instruments	151
Inventories	172,958
Other assets	6,292
Total current assets	**344,062**
Non-current assets	
Property, plant and equipment	201,434
Deferred tax assets	9,977
Intangible assets	63,110
Right-of-use	39,679
Total non-current assets	**314,200**
Total assets	**658,262**
Current liabilities	
Payables	73,234
Derivative financial instruments	74
Borrowings	
Current tax liabilities	14,168
Lease liabilities	5,927
Provisions	19,414
Total current liabilities	**112,817**
Non-current liabilities	
Lease liabilities	39,200
Deferred tax liabilities	933
Provisions	19,535
Total non-current liabilities	**59,668**
Total liabilities	**172,485**
NET ASSETS	**485,777**
EQUITY	
Contributed equity	170,789
Reserves	9,522
Retained earnings	305,466
TOTAL EQUITY	**485,777**

PROFIT AND LOSS STATEMENT

Sales / Revenue	aka 'Top line'
- Cost of Goods	(COGS) Costs mainly for material & labour making the product or delivering the service aka Operating expenses
= Gross Profit	aka Earnings or Income or Operating income
- Expenses	S,G & A' (Selling, General & Administration) expenses. Money spent to develop, sell or account for the product and manage the making and selling process. Overheads which are incurred with the running of the business that cannot be directly related to the cost of making or purchasing the things the business sells
= Earnings before Interest, Depreciation and Amortisation	(EBITDA)
- Depreciation and amortisation expense	
= Earnings Before Income Tax	(EBIT)
- Income tax expense	
= Net Profit after Tax	(NPAT) aka 'Bottom line', Normalised, Underlying or profit attributable to members of the parent entity
- Abnormal or Extraordinary items	Acquisitions, holding listed companies, write offs or downs
= Net Profit After Tax and Abnormals	(NPATA) Reported or Statutory earnings

Figure 46 High-level view of the key sections of the Profit and Loss statement

PROFIT AND LOSS STATEMENT	2021 $'000
Sales revenue	623,072
Other income	2,785
Total revenue and other income	**625,857**
Materials and consumables used	(278,878)
Employee expenses	(129,093)
Government wage subsidies	9,819
Depreciation and amortisation expense	(23,513)
Advertising expenses	(5,975)
Distribution expenses	(14,467)
Finance expenses	(2,002)
Occupancy expenses	(13,820)
Maintenance expenses	(5,065)
Other expenses	(12,840)
Profit before income tax expenses	**150,023**
Income tax expenses	(37,128)
Profit attributable to members of the parent entity	**112,895**
Basic and Diluted Earnings per share (cents)	**140.0**

Figure 47 Detailed view of the Profit and Loss statement of ARB

CASHFLOW STATEMENT	2021 $'000
Cash Flows From Operating Activities	
Receipts from customers	651,141
Payments to suppliers and employees	(516,480)
Interest received	151
Finance costs	(1,864)
Income tax paid	(29,777)
Net cash provided by Operating activities	**103,171**
Cash Flows From Investing Activities	
Payments for property, plant and equipment	(33,138)
Payments for development costs	(2,754)
Payments for intangible software assets	(711)
Proceeds from sales of property, plant & equipment	783
Payments for business acquisition	(15,188)
Net cash used in Investing activities	**(51,008)**
Cash Flows From Financing Activities	
Dividends paid	
Payments for lease liabilities	(551)
Proceeds from borrowings	(5,399)
Repayment of borrowings	(3,391)
Net cash used in Financing activities	**(9,341)**
Foreign exchange differences	380
Net increase / (decrease) in cash held	**43,202**
Cash at the beginning of the financial year	41,569
Cash at the end of the financial year	84,771

Figure 49 Cashflow Statement of ARB

Figure 50 Breakdown of ARB's cashflow

	2021
Operating Cash Flow	103,171
Net capital expenditure	-35,820
Free Cashflow	67,351
Less Payments for business acquisitions	-15,188
Less dividends paid*	0
Less other net cash used in financing activities	-9,341
Plus Foreign exchange differences	380
Payment for lease liabilities	0
	-24,149
Net change in cash	43,202
Opening cash	41,569
Closing cash	84,771
	(43,202)

* Some readers may wonder why there is no cash outflow from dividends when some $54,000 was "paid out' in dividends in FY 2021. The explanation seems to lie with the new shares issued to the underwriters of the company's DRP scheme. See Consolidated Statement of Changes in Equity. In effect dividends were funded entirely by issuing new shares.

Payout Ratio (PO)	✓ Dividends / Earnings ✓ Benchmark > 50% ✓ 54,991 / 112,895 = 48.6%
Earnings per share (EPS)*	✓ Earnings / # of shares ✓ Benchmark = growing over the past 5 years ✓ 112,895 / 80.66 = 1.40
Sales per share (SPS)*	✓ Revenue / # of shares ✓ Benchmark = growing over the past 5 years ✓ 623,072 / 81.5 = 7.642
Net Profit Margin (NPM)	✓ Earnings / Sales ✓ Benchmark = steady or growing over the past 5 years ✓ 112,895 / 623,072 = 18.1%

** Morningstar has correctly used the weighted average number of shares 80.66m – See note 25. For SPS, 81.5m shares were used. This inconsistency is not material as ARB has issued relatively few shares but would be material where a company has a large cash issue as SPS would then be understated.*

Table 9 The key financial ratios derived from the Profit and Loss statement and Balance Sheet

Free Cashflow	✓ Operating cashflow – net capital expenditure ✓ 103,171 – 35,820 (33,138 + 2,754 + 711 – 783) = 67,351
Operating Cashflow	✓ Net cash from Operating activities ✓ 103,171

Table 10 Key ratios from the Cashflow Statement of ARB

			Benchmark
Earnings per Share	EPS	Earnings / Shares on Offer 112,895 / 80.66 = $140.0	Growing each year by at least 3%
Sales per Share	SPS	Sales / Shares on offer 623,072 / 81.5 = $7.64	Growing each year by at least 3%
Net Profit Margin	NPM	Earnings / Sales 112,895 / 623,072 = 18.1%	Consistent and growing
Interest Cover	IC	Earnings before tax / Expenses (Interest related) 152,025 (150,023 + 2,002) / 2,002 = 75.9	Higher than 5
Market Capitilisation	MCap	Shares on offer x Price 81,533,865 x $43.19 = $3.52b	Higher than $100m
Payout Ratio	PO	Dividends / Earnings 54,991 (23,193 + 31,798) / 112,895 = 48.6%	Higher than 40%
Return on Capital	ROC	Earnings / Equity + Long term Debt 112,895 - (2,002 x 0.7) / 485,777 + 39,200) = 21.8%	Higher than 10%
Return on Equity	ROE	Earnings / Equity (Assets - Liabilities {Book value}) 112,895 / 485,777 = 23.2%	Higher than 10%
Debt to Equity	D/Eq	Debt / Equity 45,127 (39,200 + 5,927) / 485,777 = 9.3%	Lower than 50%
Current Ratio	CR	Current Assets / Current Liabilities 344,062 / 112,817 = 3.0	Higher than 1.25
Quick Ratio	QR	Current Assets less inventory / Equity 164,661 (84,771 + 79,890) / 112,817 = 1.5	Higher than 0.75
PE / EPS Growth	PEG	PE / EPS Growth 36 / 14.2 = 2.5	Less than 1

Table 11 Key Financial Ratios and how their calculations are derived

Management	6/2012	6/2013	6/2014	6/2015	6/2016	6/2017	6/2018	6/2019	6/2020	6/2021		
ROE %	25.5	23.9	21.5	19.5	19.0	18.1	16.8	16.5	15.4	23.2		
ROC %	25.5	23.9	21.5	19.6	19.1	18.1	16.9	16.5	14.2	21.8		
Growth	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**	**EPSttm**	**HGROWTH**
EPS $	0.531	0.584	0.587	0.578	0.599	0.621	0.643	0.719	0.718	1.40	1.40	14.2%
SPS $	3.707	4.022	4.108	4.166	4.508	4.832	5.344	5.568	5.830	7.642		9.5%
Debt	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**		
DEq%	0.0	0.0	0.0	0.9	0.0	0.0	1.3	0.0	12.0	9.3		
DMCap	0.0	0.0	0.0	0.2	0.0	0.0	0.3	0.0	3.2	1.7		
Debt payback	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.8	0.4		
Liquidity	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**		
IC	0.0	0.0	0.0	100.00	100.00	100.00	100.00	100.00	46.3	75.9		
CR	3.3	3.4	3.5	3.1	3.6	3.4	2.9	3.8	3.1	3.0		
QR	1.9	2.0	1.8	1.2	1.4	1.6	1.1	1.3	1.4	1.5		
Payout	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**		
Payout %	47.1	47.9	49.4	223.2	52.6	54.8	57.5	55.0	55.0	48.6		
NPM	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**		
NPM %	14.3	14.5	14.3	13.4	13.3	12.8	12.0	12.9	12.3	18.1		
P/E and Price	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**	**TTM**	**Current**
P/E High	18.2	23.6	23.6	25.1	28.4	29.8	37.2	32.5	28.8	34.0	38.9	36.0
P/E Low	12.5	15.3	17.8	18.1	20.9	23.0	23.3	20.3	14.5	12.6	19.7	
Price high	9.65	13.82	13.88	14.49	17.00	18.50	23.94	23.32	20.64	47.58	54.46	50.46
Price low	6.65	8.93	10.46	10.49	12.52	14.28	14.99	14.55	10.40	17.68	27.62	
Company size	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**		
Shares M	72.5	72.5	72.5	79.2	79.2	79.2	79.3	79.7	79.8	81.5		
Earnings	**6/2012**	**6/2013**	**6/2014**	**6/2015**	**6/2016**	**6/2017**	**6/2018**	**6/2019**	**6/2020**	**6/2021**		
Earnings $M	38.5	42.4	42.6	44.1	47.4	49.2	51.0	57.1	57.3	112.9		
Sales $M	268.7	291.5	297.8	329.8	356.9	382.6	424.0	443.9	465.4	623.1		

Table 12 ARB's financials as per CI.