



ARB – Top gear moving forward

Company/ASX Code	ARB Corporation Ltd/ ARB
AGM date	Thursday, October 14, 2021
Time and location	11:00 am online
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Brett Morris
Pre AGM Meeting?	Yes with Chairman Roger Brown, Secretary John Forsyth and Director Robert Fraser

The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

Summary of issues for meeting

ARB is a leading manufacturer and distributor of 4WD accessories and related products.

ARB has been resilient during Covid19 despite impact to shipping. The company has achieved a 97% increase in profit over the last year with significant growth in original equipment sales, export and aftermarket sales.

Chairman Mr Roger Brown and Ms Karen Phin will seek re-election.

Company Secretary Mr John Forsyth will retire as a director of the company having contributed significantly to ARB’s success since he was appointed to the ARB board 34 years ago. Mr Forsyth has met with the ASA before many past AGM’s and has been a pleasure to deal with. The ASA wish Mr Forsyth well for the future.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Governance and culture

The board is currently constituted by 7 directors. The board will have 6 directors after the AGM for a period of time while ARB seeks a replacement for Mr Forsyth. Of the 6 directors remaining, there is 1 woman. This is below the ASA’s target of 30% women. After the appointment of a new director there will be 3 of the 7 independent (or with less than 12 years on the board). This is slightly less than the ASA’s 50% target.

The ASA supports ARB’s resolutions and observe that as the founders of ARB retire, there will be an opportunity to achieve a greater number of women on the board and independent directors. The ASA observes that ARB has been very successful over a long period of time.

Financial performance

Net profit after tax grew by 97% from last year to \$112.9 million. Sales increased by 33.9% from the previous year. ARB has achieved a compound rate of 11.5% increase in profit over the past 10 years.

Key Board or senior management changes

Company Secretary Mr John Forsyth will retire from the ARB board having served 34 years on the board and contributed significantly to ARB's growth and numerous achievements. The board is constituted by broadly and appropriately skilled directors.

The retirement of Mr Forsyth will mean that there will be 6 directors after the AGM and that ARB will seek to appoint a further director after the AGM.

ASA focus issue (not discussed under remuneration report or re-election of directors)

ARB continues to be focussed on the future. ARB has \$85 million in cash as well as unused borrowing facilities. ARB is building a new 30,000 square meter facility in Thailand, it acquired Truckman during the year and continues to re-brand its stores among other plans that pave the way to long term goals for the company.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	112.9	57.2	57.1	50.9	49.1
Share price (\$)	43.19	17.95	18.20	22.83	15.71
Dividend (cents)	68.0	39.5	39.5	37.0	34.0
Simple TSR (%)	144.4	-0.2	-18.6	47.6	-4.2
EPS (cents)	140.0	71.8	71.9	64.3	62.1
CEO total remuneration, actual (\$m)	0.460	0.394	0.407	0.390	0.382

For 2020/2021, the CEO's total actual remuneration was **5 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking by the share price at the start of the year).

Item 2	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The remuneration structure is simple and is constituted by a salary without incentives. The ASA supports the remuneration report.

Effective from 1 April 2020, Mr Roger Brown (Chairman), Mr Andrew Brown (Managing Director) and Mr John Forsyth chose to take a 50% reduction to their total remuneration (excluding Mr Andrew Brown’s motor vehicle benefit). Each of the other directors took a 30% reduction to their total remuneration. The cost reduction measure was in response to COVID-19.

The increase in pay for directors for 2021 is the reinstatement of their remuneration to what 2020 levels would have been without Covid plus an increase for CPI.

ARB has a low level of remuneration for a company of its size. Management believes that conservative remuneration establishes a financial prudent financial management throughout its business. The low level of remuneration has driven a conservative view on spending through the business and has resulted in ARB achieving excellent results over a very long period of time.

Item 3.1	Re-election of Mr Roger Brown as a Director
ASA Vote	For

Summary of ASA Position

Mr Brown was Executive Chairman of ARB from 1987 to 2016. From 2016 Mr Brown has been the non-executive Chairman. Mr Brown is a member of the Risk Management Committee.

Mr Brown is one of the founding members of ARB with a significant shareholding in ARB. Mr Brown is no longer considered by the ASA as an independent director. Mr Brown like all members of the board have at least a years income in shares in ARB.

Mr Brown has extensive experience within the automotive industry and is a non-executive Director of AMCIL Limited.

Item 3.2	Re-election of Ms Karen Phin as a Director
ASA Vote	For

Summary of ASA Position

Ms Phin was appointed as a non-executive director of ARB in 2019 and is a member of the Audit Committee and the Remuneration and Nomination Committee.

Ms Phin is a corporate advisor on capital markets, capital management and funding strategies. Ms Phin is a non- executive Director of Omni Bridgeway Ltd and Magellan Financial Group Limited and member of the Takeovers Panel.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY20	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.460	100%	0.460	100%
STI - Cash	0	0%	0	0%
STI - Equity	0	0%	0	0%
LTI	0	0%	0	0%
Total	0.460	100.0%	0.460	100%