



Company	NRW Holdings Ltd
Code	ASX code NWH
Meeting	AGM
Date	Thursday 26 November 2020
Venue	Virtual Online meeting
Monitor	Len Roy supported by Stephen Weston

Number of holdings represented by ASA	23
Value of proxies	\$0.96m
Number of shares represented by ASA	320,325
Market capitalisation	\$1.3billion
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Company Secretary Kim Hyman. Apology from CFO Andrew Walsh

Record financial performance and fourth acquisition under negotiation.

High Against votes on chairman re-election and remuneration.

Chairman Michael Arnett opened the virtual meeting and referenced an extraordinary year.

The integration of BGC Contracting had been successful and all business units were performing strongly. The tender pipeline was also strong. The enlarged NRW capabilities mix was facilitating incremental growth opportunities. The company had a record order book of \$3.5bn.

There was brief mention of the possible acquisition of Primero Group Ltd which is involved in design, construction & operation of mining projects. NRW & Primero had worked together on a number of mining projects in recent years.

If completed the Primero acquisition would be the company's fourth over a 3-4 year period starting with Golding Group in 2017, RCR mining Technologies in 2018 & BGC Contracting 2019.

The acquisition strategy was about strengthening the defensive nature of the NRW businesses and being better able to flex with cyclic resource sector & infrastructure opportunities.

The election of Ms Fiona Murdoch as a independent NED was an important part of board development following her appointment February 2020. She received 99.53% support.

ASA questioned the relatively low EBIT margin in the civil business unit and the NRW response indicated it was in part due to the competitive nature of the sector and that the EBIT margin

across the total business is more relevant as all four units enable NRW to perform packaged projects.

Results of meeting

The chairman received 29.02% Against with his re-election. Whilst Mr Arnett had successfully chaired the company through a turbulent period to one of strong financial growth including return of dividends, we suspect the significant Against vote may reflect frustration with board succession.

The remuneration report received 42.38% Against which may be a reflection of concerns at the overall level of the CEO's remuneration package.

[Results of Meeting \(iguana2.com\)](#)

ASA have had governance discussions with NRW acknowledging successful growth acquisitions and financial performance but stressing concern with board and senior executive resources being over stretched.

A few days after the virtual AGM NRW announced the details of the offer to acquire Primero Group. The Bidders Statement was issued December 2 '20 and values Primero Group at approximately \$100m. Acquisition is based upon \$0.275 cash and 0.106 NRW shares for each Primero Group share. Media reports indicate Primero have secured \$285m of contracts in FY21 and holds preferred contractor status across projects totalling \$900m. Due Diligence of Primero contracts will be strategically important.

Regular NRW AGM attendees were disappointed the virtual meeting was limited to formalities, the CEO did not provide his normal expansionary presentation on NRW activities and there was no opportunity for face to face discussion with the directors & senior management.