



Contributing acquisitions, record revenue and strong cash conversions provide impressive financial performance

Company/ASX Code	NRW Holdings Ltd ASX: NWH
AGM date	Thursday November 26 2020
Time and location	1000hrs NRW Belmont WA offices. Shareholders please note it will be virtual meeting.
Registry	Link Market Services
Webcast	No
Poll or show of hands	Poll on all items
Monitor	Len Roy assisted by Stephen Weston
Pre AGM-Meeting?	Yes, with Company Secretary Kim Hyman. Apology from CFO Andrew Walsh.

Please note any potential conflict as follows: The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Governance

NWH continues with a small efficient 4 NED plus 1 MD board. Michael Arnett joined as NED July 27, 2007 and appointed chairman March 9, 2016. He is up for re-election at the upcoming AGM.

Ms Fiona Murdoch joined the board as NED February 24, 2020 and will be up for election at the AGM. Remaining NEDs are Jeff Dowling (joined August 2013) and Peter Johnston (joined July 2016). Jules Pemberton joined the board July 1, 2006 and was appointed CEO & MD July 7, 2010.

NWH complies with ASX Listing Rule 4.10.3 requiring companies to disclose the extent to which they comply with Corporate Governance Council recommendations.

Nomination & Remuneration committee is chaired by NED Michael Arnett.

Audit & Risk committee is chaired by NED Jeff Dowling.

Sustainability committee, primarily related to ESG matters, is chaired by NED Peter Johnston

Skin in the Game

Except for newly appointed NED Ms Fiona Murdoch all directors have share holdings in excess of ASA's Guideline requiring directors to hold the equivalent of one years fixed remuneration in shares.

NED Fee Cap

The NED fee cap is currently \$750k and the actual FY20 NED total remuneration was \$452,342.

Capital raising FY20

An issue of 42.1m ordinary shares under an institutional share placement at \$2.85ps totalled \$120m and a Share Purchase Plan also priced at \$2.85ps totalled \$10m. Net proceeds were primarily to support the acquisition of BGC Contracting Pty Ltd. The issue price was a 1.4% premium to NRW's adjusted closing price

of \$2.81 on the last trading day ahead of the trading halt. The total consideration for 100% acquisition of BGC Contracting shares December 9, 2019 was \$140.4m.

Forrestfield Airport Link project

NRW is in a JV with Salini Impregilo on this \$1.3bn 4-year project. NRW's share of the JV is 20%. As of June 30 FY20 NRW's share of revenue was \$58.1m pcp \$48.2m. No margin has been recognised in the financial statements for FY19 or FY20. Under the terms of the contract profit for NRW is capped at \$19m and maximum loss capped at \$8.0m. NRW does not expect either cap to apply.

Bunbury Outer Ring Road BORR project

October 13, 2020 it was announced the Southwest Connex Alliance had been awarded the \$852m 3.5-year project. NRW is a 40% partner in the five company Alliance.

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

Summary of ASA Position

The company achieved an impressive financial performance in FY20.

Total revenue \$2,062 million compares with FY19 \$1,126 million. The 83% increase is mainly due to growth in Civil & Mining business units, a full year's contribution from the RCRMT unit acquired February 2019 and 7 months contribution from BGC Contracting unit acquired December 9, 2019.

Statutory net earnings \$73.7 million compares with FY19 \$32.2 million.

Financial debt increased in FY20 to \$245 million plus \$65 million of lease debt recognised through the adoption of AASB 16

Total dividend applicable to FY20 6.5 cps FF.

Franking credits available as at June 30 FY20 35,945 pcp 47,876

Cash at hand June 30 2020 \$170m pcp \$65m. Net Debt to Equity Ratio FY20 29.6% pcp 12.2%.

Order book jumped from \$2.0bn to \$3.5bn during FY20.

NRW has four reportable business units and it is interesting comparing respective revenues & EBIT

	Statutory revenue	EBITDA margin	EBIT
Civil	\$810,998	4.0%	\$24,909
Mining	\$969,677	18.8%	\$100,341
Drill & Blast	\$172,724	12.4%	\$11,520
Mining Technologies	\$187,167	12.0%	\$15,852

1. Five Year Financial summary

Measure	2020	2019	2018	2017	2016
Market Capitalisation (30 June) - \$ million	\$793.6	\$943.5	\$630.1	\$205.9	\$58.6
Share Price at End of Year	\$1.86	\$2.51	\$1.70	\$0.64	\$0.21
Total Revenue – \$ million	\$2,004	\$1,078	\$685	\$345	\$288
EPS	18.2 cents	8.6 cents	11.6 cents	9.1 cents	7.7 cents
EPS Growth	109.3%	n/a	27.5%	18.2%	n/a
Comparative EBITDA - \$ million ¹	\$250.0	\$143.9	\$93.4	\$58.8	\$47.2
Net Profit / (Loss) After Tax - \$ million	\$73.7	\$32.2	\$42.2	\$28.5	\$21.5
NPATA - \$ million ²	\$89.7	\$40.4	\$33.9	\$16.5	\$9.8
Interim Dividend Paid	2.5 cents	2.0 cents	-	-	-
Final Dividend Declared in Respect of the Year	4.0 cents	2.0 cents	2.0 cents	-	-
Annual Total Shareholder Return (%)	n/a	49%	194%	216%	17%

1. Comparative EBITDA – Earnings before interest, tax, depreciation, amortisation, transaction costs, Gascoyne impairment and RCRMT gain on acquisition and or impairment losses.

2. NPATA – Net profit after Tax adjusted for acquisition amortisation and or impairment losses at normal tax rates.

Item 2 Resolution 1	Re-election of Mr Michael Arnett as director
ASA Vote	For

Summary of ASA Position

Mr Arnett joined the board July 27, 2007 and was appointed chair March 9, 2016.

He has 20 years' experience in corporate & commercial legal work for the resources sector.

Mr Arnett is a former consultant to, partner of, and member of the board of directors and National Head of the Natural Resources Business Unit of the law firm Norton Rose Fulbright.

ASA Guidelines nominate 12 years as the maximum time on a board for a director to be considered Independent. Therefore, we do not consider Mr Arnett an Independent director.

Following a serious bottom of financial cycle period 6 years ago and Mr Arnett's chairmanship in returning the business to a financially sound position with ff dividends and strong growth performance we support his re-election.

Item 3 Resolution 2	Election of NED Ms Fiona Murdoch
ASA Vote	For

Summary of ASA Position

Ms Murdoch was appointed NED February 24, 2020 & has 30 years of experience in the resource & infrastructure sectors both in Australia & overseas. She has held senior executive roles with AMCI Investments, MIM Holdings & Xstrata Queensland. Her major projects experience included Australia, South America, Dominican Republic, PNG & Philippines.

Ms Murdoch is a Graduate of AICD Company Director program, holds an MBA as well as an Honours Degree in Law

She is a NED of both Metro Mining Ltd (appointed May 11, 2019) and KGL Resources Ltd (appointed June 12, 2018).

Ms Murdoch serves on the board of Building Queensland and the JV Committee for the West Pilbara Iron Ore Project.

We will ask if Ms Murdoch can address her election at the AGM.

Item 4 Resolution 3	Approval of NRW Remuneration Report (within the FY20 Annual Report)
ASA Vote	For

Summary of ASA Position

Considering the growth of the business and inputs from shareholder representative groups NRW undertook a review of their remuneration in 2019 resulting in changes to TFR, STI & LTI structure. Implementation date was July 1, 2019 inclusive of LTI grants made to the CEO in November 2019.

Egan Associates assisted with the rem structure review and provided recommendations for STI and LTI plan design.

The new implemented structure is made up of

TFR including the option for salary sacrifice benefits on a tax compliant basis.

STI with financial, safety, business integration, strategic & business development hurdles. Awards are payable in cash. Up to 25% can be deferred for up to 12 months at discretion of the Nomination & remuneration committee to allow more certainty on business related outcomes.

LTI is equity based with performance periods up to four years (Two tranches – 3 and 4 years) Allocation is on a 30-day VWAP basis and performance hurdles are TSR, Earnings growth (EBITDA), and gearing levels <40%.

The CEO TFR remuneration was increased in FY20 from \$950,000 to \$1,200,000 as announced October 21, 2019 and the aggregate of STI & LTI reduced from 255% to 200% of TFR.

NRW have been consistent in defending their position of not tabling what they consider overly sensitive specific hurdle data in an extremely competitive mining/resources sector.

However, they do provide detailed Executive Director & other KMP remuneration outcomes for FY20 & FY19 in Table 5.5 page 26 of the annual report.

EXECUTIVE DIRECTORS' AND OTHER KMP REMUNERATION

The table below sets out the remuneration outcomes for each of NRW's Executive KMP for the financial year ended 30 June 2020 and 30 June 2019.

Key Management Personnel	Year	Salary & fees	Cash based incentive (STI)	Annual Leave ⁽¹⁾	Post Employment Benefits (Super)	Other Long Term Benefits ⁽²⁾	Equity Based Payments (LTI)	Total
EXECUTIVE DIRECTORS								
Mr J Pemberton	2020	1,178,997	768,000	150,473	21,003	39,207	818,939	2,976,619
	2019	929,951	356,250	57,205	20,531	15,502	900,291	2,279,730
EXECUTIVES								
Mr A Walsh	2020	703,997	348,000	37,215	21,003	-	118,100	1,228,315
	2019	679,951	210,000	18,290	20,531	-	316,563	1,245,335
Mr K Hyman	2020	363,568	-	14,459	21,003	9,755	-	408,785
	2019	356,500	-	18,929	20,531	10,669	-	406,629
Mr G Caton	2020	625,000	139,425	26,509	25,000	10,433	11,339	837,706
	2019	625,000	195,000	11,187	25,000	12,423	68,037	936,647
Mr E Buratto	2020	557,645	99,000	17,031	21,003	-	-	694,679
	2019	557,645	60,000	(2,137)	20,531	-	59,328	695,367
Mr A Broad ⁽³⁾	2020	156,595	43,759	12,042	7,876	-	-	220,272
	2019	-	-	-	-	-	-	-
Mr J Whiteman ⁽⁴⁾	2020	356,400	42,433	-	-	-	-	398,833
	2019	513,300	114,000	-	-	-	-	627,300
Mr I Gibbs ⁽⁵⁾	2020	415,383	120,079	(23,975)	19,485	(41,139)	71,924	561,757
	2019	140,143	-	6,264	9,686	2,397	27,062	185,552
Mr G Payne ⁽⁶⁾	2020	298,154	-	(52,460)	11,309	7,237	-	264,240
	2019	-	-	-	-	-	-	-
Total 2020	2020	4,655,739	1,560,696	181,294	147,682	25,493	1,020,302	7,591,206
Total 2019	2019	3,802,490	935,250	109,738	116,810	40,991	1,371,281	6,376,560

1. Represents the movement in accrued annual leave.

2. Represents the movement in accrued long service leave.

3. Mr A Broad joined on 1 March 2020 as Executive General Manager of Action Drill & Blast.

4. Mr J Whiteman ceased his role as Executive General Manager of Action Drill & Blast on 28 February 2020.

5. Mr I Gibbs joined on the 15 February 2019 as Executive General Manager of RCR Mining Technologies.

6. Mr G Payne joined on 9 December 2019 as Executive General Manager of DIAB Engineering.

Considering the FY20 financial performance and some progress in updating their remuneration structure we will support the resolution.

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