

NRW's revenue & net earnings continue to grow. Board discretion an issue.

Company/ASX Code	NRW Holdings/NWH
AGM time and date	9.00 am AWST Wednesday, 27 November 2024
Location	Duxton Hotel, 1 St Georges Tce Perth
Registry	Link Market Services
Type of meeting	Physical
Monitor	Len Roy assisted by Ian Berry
Pre-AGM Meeting	Yes, with Company Secretary Kim Hyman and GM Sustainability Jasmyn Wardell-Johnson

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

How we intend to vote

No.	Resolution description	
1	Remuneration Report	Against
2	Re-election of Ms Fiona Murdoch	For
3	Election of David Joyce	For
4	Election of Ms Adrienne Parker	For
5	Approval of Grant of Performance Rights for FY25 to CEO/MD Julian Pemberton under the NRW Performance Rights Plan	For

FY24 Headline performance metrics.

	FY24		FY23	
	Revenue	Earnings	Revenue	Earnings
	\$M	\$M	\$M	\$M
Total Revenue / EBITDA	2,913.0	334.8	2,667.1	288.8
Depreciation and Amortisation		(139.7)		(122.5)
Operating EBIT / EBITA		195.1		166.3
Amortisation of Acquisition Intangibles		(5.9)		(5.9)
Non-recurring Transactions		(28.1)		(18.3)
EBIT		161.1		142.1
Net Interest		(18.3)		(17.2)
Profit before Income Tax		142.8		124.9
Income Tax Expense		(37.7)		(39.3)
Net Earnings		105.1		85.6
NPATN		123.8		104.4

The FY24 results reflect the organic & acquisition growth strategy initiated by NRW approximately 7 years ago. Order book at year end FY24 was \$5.5bn. Cash balance was \$227.7m. Organic growth has been by incremental contracts with existing clients in the mining, resources, infrastructure & energy sectors. The company continues with the three business reporting segments Civil, Mining & Minerals, plus Energy & Technologies. Shareholder returns included FY24 interim dividend 6.5cps paid during April '24 and 9.0cps FY24 final dividend. Both are fully franked.

Business segments

Civil

Results summary (\$M)

	FY24		FY23	
	Revenue	EBIT	Revenue	EBIT
Revenue	655.5		548.0	
EBIT	29.8	4.5%	20.7	3.8%

Mining

Results summary (\$M)

	FY24		FY23	
Revenue	1,524.9		1,441.0	
EBITDA	259.3	17.0%	234.0	16.2%
Depreciation	(115.8)		(100.0)	
EBIT	143.6	9.4%	134.1	9.3%

Minerals, Energy & Technologies

Results summary (\$M)

	FY24		FY23	
Revenue	791.8		729.1	
EBIT	45.5	5.8%	30.5	4.2%

Governance

NRW has a 6 member board. We continue to discuss tenure, independence & further progress of gender balance and succession. NRW argue it is a small effective board which has deep knowledge of the highly competitive sectors in which NRW operates.

The company has increased its internal legal team to responsibly handle T & Cs review & contract negotiations.

Michael Arnett LLB	NED Chairman joined BOD July '07. Appointed Chairman 9 March'16.
Julian Pemberton CEO & MD.	Appointed 1 July '06 and CEO MD 7 July '10.
Jeff Dowling BCom CA	Appointed 21 August '13.
Peter Johnston	NED. Appointed 1 July '16. Retired 28 Nov '23
Fiona Murdoch	NED. Appointed 24 February '20.
Adrienne Parker LLB	NED appointed 13 May '24
David Joyce BE -mining	NED appointed 19 March '24

Board Committees

Nomination & Remuneration	chaired by Ind NED Fiona Murdoch
Audit	chaired by Ind NED Jeff Dowling
Risk	chaired by Ind NED Adrienne Parker
Sustainability	chaired by Ind NED David Joyce

The NED aggregate fee cap is currently \$1.5million with director & committee fees in line with industry levels.

Climate Related Financial Disclosures

NRW has now embraced the Core Elements of TCFD, Governance, Strategy, Risk Management, plus, Metrics & Targets plus GRI to assess & manage climate related risks & opportunities.

The FY24 Sustainability Report provides structures and performance data / outcomes.

Unincorporated joint operations. No change in FY24

BGC Contracting & Laing O'Rourke Aust	NorthLink WA Roads	50% interest
South-West Gateway Alliance	Bunbury Outer Ring Road	40% interest
Intelligent Freeways Alliance	Smart Freeways	46.5% interest

Key Audit Matters

The singular Deloitte key audit matter is revenue recognition. The sectors in which NRW operate necessitate well controlled & understood contractual billing arrangements. Deloitte nominated the extensive procedures they adopted in auditing NRW's FY24 revenue. No adverse findings were tabled.

Related Party transactions with KMP – Nil

Remuneration Report

NRW received a strike at the FY23 AGM and as best we can research, all proxy advisors, including ASA were generally OK with the structure & reporting detail of the rem report with the exception of the boards use of discretion.

Relative to remuneration, over the last three years NRW has actioned the following:

1. Eliminate the use of gearing as a performance measure in the LTI schemes
2. Include EPS in lieu of EBITA to ensure stronger earnings targets
3. Disclosure of performance targets in the year they are assessed.
4. Move to RTSR from Absolute TSR to eliminate market impacts and disclose relative TSR peer group.
5. Include an ESG related strategic objective as part of the STI plan
6. Engage an independent rem consultant to review framework & performance measures put in place for the FY24 STI & LTI plans

Link between CEO remuneration & company performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	105.1	85.6	90.2	54.3	73.7
Share price (\$)	3.09	2.53	1.70	1.47	1.86
Dividend (cents)	15.5	16.5	12.5	9.0	6.5
Simple TSR (%)	29.6%	58.5%	24.1%	(16.1%)	(23.3%)
EPS (cents)	23.2	19c	20.1c	12.5c	18.2c
CEO total remuneration, actual (\$m)	3.5	3.2	3.5		

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.

Rationale for Voting Intentions

Item 2 Resolution 1 Remuneration Report - Against

Whilst we acknowledged earlier in this Voting Intention that NRW has made some progressive changes to remuneration structure there are areas where the reporting does not meet our Guidelines.

STI award continues to be paid in cash compared to current best practice & our Guideline of 50% be paid in equity with a one year deferment.

NRW LTI Performance Period of 3 years whereas ASA's 4 years guideline is a more realistic representation of "Long Term".

We acknowledge the two LTI hurdles rTSR & EPS however, we disagree that a negative absolute TSR outcome is a positive for LTI award outcome. TSR & rTSR are important measures for shareholders and in the event absolute TSR is negative, and considering fairness to shareholders, the LTI award would not apply in the relevant period.

In addition, a significant concern is the use of board discretion.

- FY21 LTI Plan EBITA 33.33% weighting. Target 1 \$169m and actual \$166.3m P43 AR. Discretion used & Performance Rights awarded.
- There is also use of discretion for the COO MET STI because the EBITA performance metric was missed. The STI award took into account the FY23 actual result and forecast budgets & projections for FY24 & FY25. In effect this was discretion in favour of the MET business unit.

On balance we do not support this resolution.

Item 3 Resolution 2 Re-election of Ms Fiona Murdoch - For

Ms Murdoch has an Honours degree in Law, is a graduate of AICD Company Director program and holds an MBA. She has 30 years commercial & operational experience across Australian & International resources & infrastructure sectors.

Item 4 Resolution 3 Election of David Joyce - For

Mr Joyce has 37 years' experience delivering major projects in Australia & internationally. Experience includes initial mining developments, & delivering infrastructure, services, plus processing facilities for open pit & underground operations. He holds a B Eng (1st Class Honours) and is a director of Synergy.

Item 5 Resolution 4 Election of Adrienne Parker - For

Ms Parker LLB is a lawyer with 25 years' experience in the resources, energy & infrastructure sectors. Particularly with major projects. Her experience also includes running complex disputes.

Item 6 Resolution 5. 4. Approval of grant of Performance Rights for FY25 to CEO /MD - For

The company is proposing to issue 590,164 Performance Rights with a 3-year performance period (1 July '24 to 30 June '27) to Mr Pemberton under the NRW Performance Rights Plan which was approved by shareholders at the FY23 AGM. Mr Pemberton's fixed rem was increased from \$1,352,000 to \$1,500,000 effective 1 July '24 and the 590,164 PRs number is based upon the \$1,500,000 salary. Performance weightings are 50% each RTSR & EPS.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- *makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- *shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.
