



<b>Company</b>	NRW Holdings Limited
<b>Code</b>	NWH
<b>Meeting</b>	AGM
<b>Date</b>	26 <sup>th</sup> November 2019
<b>Venue</b>	Duxton Hotel St Georges Terrace Perth
<b>Monitor</b>	Len Roy assisted by Stephen Weston

<b>Number attendees at meeting</b>	40 attendees including 12 shareholders
<b>Number of holdings represented by ASA</b>	13
<b>Value of proxies</b>	\$573,992.00
<b>Number of shares represented by ASA</b>	202,110
<b>Market capitalisation</b>	\$1.2billion
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with CFO Andrew Walsh & Company Secretary Kim Hyman.

## Second consecutive strike against remuneration report

Chair Michael Arnett opened the meeting acknowledging the directors and executives present. He referenced the chair commentary in the annual report and at the AGM wished to focus on NWH's people strengths, contributions and outcomes.

Mr Arnett did acknowledge Jack Gerdes' unfortunate death from 7 July 2019 and extended condolences to the family and friends. The fatality took place in Queensland.

NWH's FY19 revenue of \$1.1 billion was up 49% and Net Profit After Tax and before Amortisation (NPATA) \$40.4 million were highlighted and it was stated that the executive "people involved would be rewarded". The latter comment was with knowledge that there was a strong Against vote about to be recorded for the remuneration resolution.

Mr Arnett acknowledged some sensitivity of the NWH board in recent times and indicated relevant announcements would be made in due course.

ASA had expressed concern that Mr Arnett was no longer classified as independent given his initial appointment to the board as NED was July 27, 2007 (and has served as board Chair since March 9 2016). Whilst acknowledging past performance, we confirmed our concern at the succession planning, diversity & relevant skills for a company listed in the ASX200 with \$2.2 billion work order & \$1 billion market cap.

NWH had reinstated payment of dividends in 2018 and the total fully franked dividends declared for FY19 was 4 cps.

CEO Julian Pemberton referenced the 4 years of strong growth and the expectation the business would continue on this path. He referenced re-entry to ASX200 May 2019, \$1.0billion FY19 annual revenue, year end cash holdings & low gearing.

NWH now operated as 4 business units Civil, Mining, Drill & Blast plus Mining Technologies (the RCR Mining Technologies acquisition). The geographic & service capability diversification is putting NWH on a stronger footing.

The \$33.5m impairment relating to the Gascoyne Resources Dalgara project was a painful but responsible decision. NWH had discussed the background circumstances with ASA at an earlier meeting and we note the Administrators are working through a sales and recapitalization process to achieve a best outcome.

The impairment in the FY19 financial statements resulted in a statutory FY19 NPAT \$32.2 million.

Mr Pemberton was visibly moved when acknowledging the Jack Gerdes fatality at a Queensland coal mine July 7 '19.

The Forrestfield Airport Link in which NWH is 20% JV participant, is progressing with indicative completion 2021.

Results of meeting can be accessed via the link;

<https://www.asx.com.au/asxpdf/20191126/pdf/44byzmkq3j1f79.pdf>

ASA confirmed our Against position on the remuneration resolution (refer our Voting Intentions). Both the chairman and CFO were disappointed with ASA's position and following the second consecutive strike, the chair indicated some further review of diversity & inclusion would take into account commentary from ASA and several proxy advisors.

BGC Contracting acquisition.

Two days after the AGM NWH advised the market that it had concluded negotiations to acquire 100% of BGC Contracting for an equity value of \$116.4m and an implied enterprise value of \$310.0m excluding net cash flow generated from the economic effective date of 31/08/2019 of \$25m. Details per the link;

<https://www.asx.com.au/asxpdf/20191128/pdf/44c1k8fx2nwhc4.pdf>

Three days after the AGM NWH announced a \$120million acquisition placement involving 42.1m new fully paid ordinary shares at \$2.85 per share to institutional & sophisticated investors. A Share Purchase Plan for individual shareholders would be announced in a few weeks.