



ARB – Driving forward

Company/ASX Code	ARB Corporation Ltd/ ARB
AGM date	Thursday 15 October 2020
Time and location	Online
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Brett Morris
Pre AGM Meeting?	Yes with Secretary John Forsyth

The individual(s) (or their associates) involved in the preparation of this voting intention does not have a shareholding in this company.

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

Summary of ASA Position

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

Net profit after tax grew at a compound rate of 5.8% over the past 10 years. Net profit after tax for the year grew .3% to \$57.2 million. Sales for the year increased by 4.8% to \$465 million.

Dividends remained the same at 39.5 cents for the year fully franked. The board exercised its discretion and delayed payment of its interim dividend which had been scheduled for earlier in the year when the impact of COVID-19 was less certain on both ARB and the economy. The decision to delay the dividend reflects ARB's prudent culture which is reflected in its financing and remuneration of directors.

ARB's share price fluctuated significantly during the year as did the general share market. COVID-19 had a significant impact on the economy generally. Stimulus from government and the ability of much of the public to access their superannuation is deemed to have had an impact on ARB's sales.

The impact of COVID-19 has made conditions uncertain for ARB. The difficulty was partially offset by Jobkeeper in Australia and the Wage Subsidy Scheme in New Zealand.

ARB continues to be focussed on the future. ARB has \$41.1 million in cash as well as unused borrowing facilities. ARB spent \$12 million on R&D and released the Solis LED light and Base Rack as well as acquiring Perform Plastics and opening a 20,000 square foot warehouse centre in Thailand that will assist with more efficient distribution.

Summary

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m)	57.2	57.1	50.9	49.1	47.4
UPAT (\$m)				50.0	44.1
Share price (\$)	17.95	18.2	22.83	15.71	16.74
Dividend (cents)	39.5	39.5	37	34	31.5
TSR (%)	.81	-18.6	48	-4.2	31
EPS (cents)	71.8	71.9	64.3	62.1	59.9
CEO total remuneration, actual (\$m)	.394	.407	.390	.382	.25

For 2020, the CEO's total actual remuneration was 4.2 **times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Item 2	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The ASA supports ARB's remuneration report. Remuneration is modest as compared to companies of an equivalent size. The remuneration structure is simple and is constituted by a salary without incentives. The ASA supports the remuneration report given that the remuneration has resulted in a company that has performed very well over time.

Remuneration for its CEO (Managing Director, Mr Andrew Brown) is small for a company of its size.

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.

CEO rem. Framework for FY20	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	.394	100%	NA	100%
STI - Cash	0	0%	NA	0%
STI - Equity	0	0%	NA	0%
LTI	0	0%	NA	0%
Total	.394	100.0%	NA	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

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 resulted in ARB achieving excellent results over a long period of time.

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

Summary of ASA Position

Mr Brown was initially appointed as a Director of ARB in 1987. Mr Brown has extensive experience in ARB as an Executive Director from 1987 to 2012 and as Managing Directors from 2012 to date. Mr Brown is also a member of the Risk Committee.

Mr Brown has served more than 9 years and is no longer considered by the ASA as an independent director. Mr Brown is one of the founding members of ARB with a significant shareholding in ARB. All members of the board who have more than 3 years experience have a shareholding in the business.

The board has 7 directors. The board is under-represented with women, with the only woman being Ms Karen Phin who was appointed in 2019. The board has only two independent directors (being appointed in the last 9 years being Mr Fitzpatrick in 2016 and Ms Phin in 2019). The board does not wish to be larger than it is and has preferred a stable and experienced board in what has been a successful company and where directors with relevant talent and difficult to find.

Item 3.2	Re-election of Mr Andrew Stott as a Director
ASA Vote	For

Summary of ASA Position

Mr Stott was originally appointed in 2006. Mr Stott is a member of the Audit Committee and the Remuneration and Nomination Committee. Mr Stott has significant experience in the 4WD industry.

Mr Stott has 3,000 shares in ARB and earns \$61,194 per annum. Accordingly, Mr Stott continues to have under a years salary invested in ARB despite his long presence on the board. ARB overall has excellent participation amongst its directors for having a year of their salary invested in the company.

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