



Company	Metcash Ltd
Code	MTS
Meeting	AGM
Date	26 August 2020
Venue	Online
Monitor	Pamela Murray-Jones with Gary Barton

Number attendees at meeting	N/A
Number of holdings represented by ASA	56
Value of proxies	\$1.4m
Number of shares represented by ASA	470,781
Market capitalisation	\$3.05 billion
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Rob Murray, Chairman

Silver linings

Virtual AGMs are certainly not as engaging as live events. Following a rather deadpan presentation by Rob Murray that added little to his comments in the Annual Report and a somewhat stilted report from Jeff Adams, Tonianne Dwyer, speaking to her re-election and answering ASA's question on her workload, stood out as a bright spot with her colourful backdrop and her direct communication. It is a model that others could certainly emulate.

On the whole, Metcash is not a company that seems willing to "tell it like it is". Shareholders were given a lot of good news – COVID-19 has been a boost to local shopping, liquor and DIY hardware sales. However, the reports were scattered with figures which excluded the loss of Drakes sales and 7-Eleven; and "excluding customers impacted by the restrictions." ASA monitors questioned whether such events should not simply be accepted as normal business, but this was not addressed and the Chairman did not commit to making any forecast for 2021 except to say that the company expected to be profitable.

ASA also asked questions regarding:

- The Total Tools acquisition
- Ms Dwyer's workload
- Lack of clarity of the REM report
- Payment of bonuses
- And the LTI remaining at 3 years, not 4 years (though there will be no grants this year or next)

The Chairman expressed his "disappointment" that ASA, unlike the analysts, were dissatisfied with the REM report, not appearing to appreciate that ASA's question did not relate to quantity of information, but the quality of information. However, he did offer to discuss ASA requirements further. It should be noted the conversation with Metcash on REM has now been ongoing for 3 years and while there has been some movement in payment of incentives in equity, they have still failed to deliver a report that is succinct and candid in how much is being paid to KMPs; how it is being paid (% cash and % equity) and why it is being paid. There is still a strong bias to cash bonuses. On this basis ASA voted against the REM.

There were few other questions, no doubt as shareholders come to grips with the new online medium for AGMs. Those questions that were offered related to inventories, audit fees, risk, fuel discount and AGMs returning to normal.

All resolutions were passed by over 99%.