Australian Shareholders' Association
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Company	Orica
Code	ORI
Meeting	AGM
Date	22 December 2020
Venue	Online
Monitor	Adam Raymond, assisted by Belinda White

Number attendees at meeting	Unknown
Number of holdings represented by ASA	132 shareholders
Value of proxies	$5.7m
Number of shares represented by ASA	368,868 (equivalent to 16th largest holder in Top 20 List)
Market capitalisation	$6,311m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Malcom Broomhead, Chair of Orica's board

Upbeat presentation, but serious dark clouds loom

The Orica AGM was virtual this year, and that probably triggered a reduction in the shareholder participation in comparison with previous years.

The Chair, Mr Broomhead, and Chief Executive Officer (CEO), Mr Calderon, emphasised a good safety outcome for the company this financial year (FY), with no fatalities and a 29% reduction in the serious injury case rate.

A key comment from Mr Calderon was that the purchase of Exsa helped move the Orica customer base away from coal. He also noted that the percentage of revenue based on coal (thermal and metallurgical) had dropped from 17% to 16% in the last FY and was expected to drop another 1% in the medium term (he didn't define how long that period was).

In spite of many upbeat comments, the forecast for Orica doesn't expect the effects of COVID-19 and the Australia - China trade tensions to resolve for at least 18-24 months. The impact of the trade dispute was largely not felt this FY but is now impacting demand to the tune of 10,000 tonnes of Ammonium Nitrate (AN) per month by the time of the AGM, which probably explains the 10+% drop in the share price over the past month.

In response to a question from the ASA, the CEO noted that major shareholders (Australian Super are now the largest shareholder in Orica as an example) are now interested in a broad range of different aspects of mitigation of greenhouse gas emissions, including the planning, governance and customer impact. They say that the current plan, that is focussed on a 40% cut by 2030, has firm shareholder approval.

While the capital raising resulted in a significant dilution of retail shareholder equity, Mr. Broomhead maintained that if retail shareholders had taken up the offered A$30,000 share offer, then only a very small percentage of the shareholders would have experienced a dilution in their equity position.

The voting did contain a few surprises. The re-election of Mr Broomhead to the board was almost unanimous and Mr Beevers election to the board received strong support. The remuneration report, while well off a strike, had a 7.5% against vote, denoting a strong thread of discontent. More notable was the 15.7% vote against the granting of rights for the long-term incentive for Mr Calderon (this vote is required under ASX rules for any director to get rights granted to them).