



Company	Reece Group
Code	REH
Meeting	AGM
Date	Thursday 29 October 2020
Venue	Online using Lumi system
Monitor	John Whittington (proxy collector)

Number attendees at meeting	Unknown
Number of holdings represented by ASA	33
Value of proxies	\$1.414m
Number of shares represented by ASA	99,190
Market capitalisation	\$9.22bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	No

Like their Showrooms, a Polished Presentation

Reece is a distributor of plumbing, bathroom, heating, ventilation, air-conditioning, and refrigeration products in Australia, New Zealand, and, more recently, the sunbelt region of the United States. Reece celebrated its hundredth birthday this year and is ~67% owned by the Wilson family with both the Executive Chair and the CEO members of the family.

Reece has a record year with the share price increasing from ~\$9.92 a year ago to \$14.27 on the day of the AGM. Revenue for the year was up 10% to \$6.0bn, profit up 13% to \$229m, and cash flow from operations increased 2.3 times to \$601m.

The AGM was very professionally presented – probably the most professional and engaging this monitor has seen – with video participation from all directors and audio-visual presentations during the meeting. It still, however, was a pale imitation of a physical meeting. The Chair, CEO, and CFO presentations can be [read here](#). What was surprising was that long-standing Chair, Alan Wilson, let the (independent) Deputy Chair, Tim Poole, run a lot of the meeting and answer most of the questions.

There were a substantial number of questions, however most of the ASA’s questions were heavily edited which took out any context and made it easy to “answer”. We don’t know if this happened with other questions. It was also interesting to see that most questions were displayed on the

screen during the answer. This was an excellent idea which worked well and which more companies should adopt.

The ASA asked questions about why the capital raising wasn't a renounceable rights issue (not really answered as too much of the question omitted), why the CEO & CFO targets included all the benefits but not all the costs of their decisions (not really answered), whether the director standing for election would buy any Reece shares (no), why the CEO's LTI this year had substantially lower targets and higher maximum value (intending to increase it further, believe targets have been through an incredibly robust process), and why they do not disclose the number of options to be issued (will look at it for next year).

Shareholder questions primarily covered US margins, expansion opportunities, and bathroom offering. Stephen Mayne answered a lot of questions covering issues such as the capital raising, how much time the Chair spends on Reece and when he is likely to retire (he is 80), will the Chair hand over to the Deputy Chair, cohesion in the Wilson family, property valuations, and whether the independent directors knew the Wilson family before they joined the board (yes).

The Remuneration Report and CEO's equity grant were supported by 88% and 90% of shareholders respectively (with the Wilson's family holding excluded from voting), and the other items were easily passed with 98+% support.