



Company	Metcash Ltd
Code	MTS
Meeting	AGM
Date	28 August 2019
Venue	Wesley Conference Centre, 220 Pitt Street, Sydney
Monitor	Pamela Murray-Jones

Number attendees at meeting	88 (incl. 38 shareholders, 26 guests, 4 proxy reps)
Number of holdings represented by ASA	80
Value of proxies	\$2,371,134
Number of shares represented by ASA	826,179 (equivalent to 17 th largest holding)
Market capitalisation	\$2.4 billion
Were proxies voted?	Yes, on a poll
Pre AGM-Meeting?	Yes, with chair Robert Murray

Can Metcash recover from its aches and pains?

It was symbolic that Chair, Rob Murray was suffering with a head cold on the day of the AGM, dampening his usual upbeat style. It had certainly been another tough year for the company with total shareholder return of -16%. In addition, the financial update on the day was a mixed bag with a slow start to 2020 in hardware, not fully offset by small improvements in food and liquor.

In this context, the announcement that CEO Jeff Adams had rejected the offer of a rise in his fixed pay for the year was greeted with applause. The 0.5 cents increase in the dividend was welcomed, though less enthusiastically. And on a question from ASA, Helen Nash outlined the company's new policy on remuneration for 2020, aligning remuneration more closely to shareholder returns. However, it was not enough to appease disgruntled shareholders. The vote against the remuneration report was 20.3% and this did not appear to be entirely unexpected by the Board.

Despite this, there were some hopeful signs on the day, largely overlooked by the media.

There are indications of a more innovative approach to the challenges of being a mature business with increasing competition and a complex business model. In April, Matt Havens from BCG was appointed as manager strategy and transformation (a new role) and signs of a stronger positioning of IGA are already apparent. The film opening the AGM showed a keener differentiation of IGA

and a new, more emotive approach to attracting shoppers, different from the competition which focuses on price. (You can see it and other 2019 [promo videos on YouTube](https://youtu.be/i5_BFA_r-S0) https://youtu.be/i5_BFA_r-S0) The company has also opened the first of ten proposed trial locations for the next generation of IGA Express stores at Bondi, NSW, and customer numbers are up approximately 25% to date. However, whether these initiatives bear fruit long-term is yet to be seen.

In addition, the board has never been stronger with the newly appointed directors bringing strength in terms of knowledge of the market, supply chain management and experience in growing companies with evolving business models. At least in this, shareholders were happy and all directors up for election were voted in by over 99%. From ASA's point of view, it is also pleasing that it is a board willing to listen to the concerns of retail shareholders. Helen Nash's explanation of the new remuneration policy swayed ASA to vote undirected proxies in favour of the remuneration report for the first time in many years.