



MEDIA RELEASE

2 April 2020

ASA urges directors to oversight fairness in capital raisings

Australian Shareholders Association (ASA) is very aware that some companies have and will need to raise capital due to immediate and potential impacts of the COVID-19 coronavirus pandemic.

We acknowledge the pronouncements contained in ASX's 31 March 2020 Compliance Update and note that the waivers and emergency proposals should help directors and companies navigate the impact of the crisis with special regard to capital raisings being fair to retail shareholders. We encourage pro-rata renounceable offers with repatriation of the proceeds of an unexercised rights as a way of compensating the existing shareholders who are unable to participate at this time.

We also highlight the recommendation that companies review their published guidance and update or withdraw it where is no longer current. Where guidance is withdrawn, companies need to provide at least a sense of the impacts the current crisis is having on their company.

ASA Chair Allan Goldin said, "It is up to the directors to exercise oversight of these capital raisings ensuring they are conducted in a way to protect shareholder interests. In relation to reviews of earnings guidance, we see the withdrawal of guidance that is no longer valid is a matter of urgency. And further we expect comments withdrawing guidance to provide supporting comments that go beyond 'due to the uncertainty' and provide a sense of context".

- ENDS -

Fiona Balzer
Policy & Advocacy Manager
Fiona.balzer@asa.asn.au

Australian Shareholders' Association (ASA) is the only independent, member-funded, not-for-profit organisation that educates shareholders to become better investors and focuses on driving improvements in transparency and accountability of corporate behaviour in Australia.