

Adairs 2021 AGM Report

ASX Code	ADH
Meeting Time/Date	11am, Wednesday 20 October 2021
Type of Meeting	Virtual using Link technology
Monitor	John Whittington (proxy collector)
Pre AGM Meeting?	No

A Strong Year Despite the Challenges

What the Company Does

Adairs is a leading specialty omni-channel retailer of home furnishings in Australia and New Zealand with a national footprint of stores across a number of store formats and a leading online channel. The company's strategy is to present customers with a differentiated proposition, combining on-trend fashion products, quality staples, strong value and superior in-store customer service.

Developments in the Financial Year

Adairs had a strong year with sales up 28% to \$500m (online 37%) and underlying earnings before interest and taxes (EBIT) up 98% to \$97m. Whilst JobKeeper payment were received by the company during the year, given the company's success in navigating through Covid they returned the net benefit of these payments to the Government.

During the year the company implemented a national distribution centre which is operated by DHL and made an early payment of deferred consideration to the founders of the Mocka business.

The company declared dividends of 23 cents per share and, at the end of the year, it had no outstanding debt.

Debate and Voting at the AGM

The AGM was well run starting with an overview from the Chair and then a comprehensive briefing by the CEO ([text](#) and [slides](#)). There were many questions asked and all seemed to be read in full, attributed to the questioner, and answered thoughtfully. Questions covered topics such as upgrades to online systems, the decline in sales per square metre (due to larger stores which have lower rents per square metre), DRP (unlikely), and JobSeeker.

Both directors spoke well to the election, Executive Director Michael Cherubino receiving over 97% support and Chair Brett Chenoweth receiving over 99.8% support.

There were a couple of questions about remuneration – why do executives require incentives to perform? (to remain competitive) and the appropriateness of the growth rate target in the long-term incentives (LTI). The three remuneration items – the remuneration report and issue of performance rights to both executive directors were passed but with support only about 85%.

The final two items were alterations to the terms of options issued as part of the LTI plan and the increase in the non-executive fee pool from \$600,000 to \$800,000. Both were easily passed with over 97% support.

Outlook Statements from the Company

During the meeting the CEO gave a perspective on the current market and environment. They believe that they continue to benefit from consumers' increased focus on their homes as a sanctuary, and increasingly as a place of work, entertainment, and education. They consider ongoing travel restrictions are likely to bode well for the home category. He did not, however, consider it appropriate to provide any guidance for FY22.

Meeting Statistics

Number of Holdings Represented by ASA	39
Number of Shares represented by ASA	481,621
Value of Shares represented by ASA	\$1.9 m
Number Attending Meeting	Unknown
Market capitalisation	\$663m
Were proxies voted?	Yes, on a poll