

CSL 2023 AGM report

ASX code	CSL
Meeting date	11 October 2023
Type of meeting	Hybrid
Monitor	Michael Muntisov
Pre AGM-meeting	With Remuneration Committee Chair, Dr Megan Clark, and Company Secretary Fiona Mead.

Meeting Statistics

Number of holdings represented by ASA	742
Number of shares represented by ASA	1,276,846
Value of shares represented by ASA	\$324m
Total number attending meeting	220 physical attendees, 229 online
Market capitalisation	\$122 billion
ASA open proxies voted	ASA voted in favour of all the resolutions

CSL has some of the most loyal shareholders in Australia. You recognise familiar faces each year. And little wonder when you consider the stats that the Chairman flashed up during his address. A \$1000 investment in CSL at its public float in 1994 is today worth \$576,000.

The 2023 AGM was CSL's first as a hybrid meeting and it was logistically flawless. Questions were received from the floor, online and even from a shareholder in Busselton on the telephone. A change from previous years was addressing the formal agenda items all at once and then inviting questions on any of the items all at the same time. This meant question topics switched quickly from share price weakness to remuneration to mRNA, but it did have the advantage of hearing all of an individual shareholder's disparate questions while they were at the microphone.

In his address, the Chairman Brian McNamee, announced the appointment of a new director, Ms Samantha Lewis to the board commencing 1 January 2024. She is currently a director at Nine Entertainment Co, and Orora Ltd.

In his first address at an AGM, new CEO Dr Paul McKenzie outlined the company performance last year and spent some time outlining the initiatives the company is pursuing to improve margin in its largest division, the CSL Behring plasma business. These included cost per litre reduction, new products, yield improvement, and scale/efficiency.

He went on to confirm guidance for FY24 of a 9 to 11% growth in revenue and a 13 to 17% increase in underlying profit. With regard to the Vifor acquisition he saw priorities being unlocking the value in this business by leveraging the CSL network and a patient blood management initiative.

A surprise in the voting was a high vote against the Remuneration Report which, at 23%, nearly triggered a first strike. It appears that two proxy advisers did not see the LTI targets as sufficiently challenging given the way they were structured, which the chair put down to CSL not explaining the targets well enough.

All non-remuneration resolutions were comfortably passed.

ASA asked the new CEO what he thought was CSL's single biggest opportunity and risk. His answer as to opportunity was "the continued journey of our sustainable growth" across all three businesses. The biggest risk was "the fragility of the supply chain" caused by world events.

There were many questions from interested shareholders, many of whom identified as ASA members. These included questions on audit quality, the size of print in the annual report, mRNA, poor recent share price, and the Vifor acquisition.

The chairman's answer to the Vifor question alluded to no significant acquisitions in the foreseeable future, at least until the Vifor business is well embedded. He also hinted that there were always surprises in any acquisition and that they have to work through it.

His answer to the share price weakness was that they cannot control the share price and that interest rates had risen faster than anyone had anticipated, and this affects valuations.

Interested shareholders can watch the AGM recording including Q&A here.

https://players.brightcove.net/5840105215001/default_default/index.html?videoid=6338814163112

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