

Carsales.com 2023 AGM report

ASX code	CAR
Meeting date	Friday, 27 October 2023
Type of meeting	Hybrid
Monitor	Henry Stephens assisted by Mike Robey
Pre AGM-meeting	With Chair Patrick O'Sullivan, Kim Anderson (Director) and Nicole Birman (Company Secretary)

Meeting Statistics

Number of holdings represented by ASA	78
Number of shares represented by ASA	247,000
Value of shares represented by ASA	\$6.9m
Total number attending meeting	75 attendees (50 on-line)
Market capitalisation	\$10.5 billion
ASA open proxies voted	ASA voted in favour of all the resolutions

Carsales is a very successful well-run global Australian company (more than 50% of revenue is now offshore) with a good corporate governance structure that successfully aligns shareholder and executive interests. The ASA does not have any major issues with the company.

However, we note the Chair Patrick O'Sullivan, who was successfully re-elected as a Director of the Company, has been on the Board for 16 years. We thought this long tenure and the consequent loss of independence explained why he received a substantial negative vote of 27% against. The tenure issue was a discussion point in our pre-AGM meeting with the Chair where he said a succession plan was afoot.

Despite his length of tenure, the ASA voted for Patrick O'Sullivan as we view himself and the CEO as being deeply committed and the driving force behind the success of the company. We spoke to the CEO in advance of the meeting and suggested a way forward for his Chair was to nominate an independent non-executive director as a retail shareholder representative, but this was merely put on notice. During the meeting the chairman stated, in response to a question of the high against vote, that the reason in fact was that the proxy advisor ISS viewed him as over-boarded.

A second significant vote was the 16% against the remuneration report. One of the proxy houses voted against the motion because the threshold with the short-term incentive plan was too low (which the ASA supported).

All the other resolutions passed with 90% favourability or higher.

We supported the re-election of Wal Pisciotta, even though he has been on the Board for 27 years, because he was a founder and a major shareholder in the company valued at over \$250 million.

Wal gave an emotional speech in support of his re-election in which he supported the Chair and CEO as a dynamic duo and that he appreciated the support of shareholders and looked forward to being on the Board for a long time!

He also took the opportunity to bag the tick-the-box proxy advisors and called upon them to exercise discretion in circumstances where proven high-performance boards don't meet all the proxy house assessment criteria.

Stephen Mayne proffered Wal with legend status and asked when he will step down and the answer was, he will step down when he can no longer continue! Wal is the major philanthropic donor to a large neuroepidemiology research program into multiple sclerosis.

The CEO gave a presentation, available [here](#)

The key messages from the speech are as follows:

- Great long-term shareholder return.
- YOY growth of 50% in most financial metrics.
- Operational metrics also well up across the board.
- Market opportunity around \$2 to \$3b in their four key markets. US, Asia, Americas, and Australia. Each segment was discussed.
- Delivers growth under varied economic conditions.
- Outlook positive in all segments but not quantified.
- Digitisation growing and a key area of development for the future.
- Will benefit from current mega trends in the automotive markets.
- Discussed AI. They are long-term opportunities, but they have been using AI for some time already.
- Sustainability. Published first Taskforce on Climate-Related Financial Disclosures Report this year among other developments. Good corporate citizen position.

ASA asked several questions about the Remuneration Report, the election of Directors, and a question about the flow of technology between Trader Interactive and Australia. The automotive market is more sophisticated than other verticals and therefore Australia is currently an exporter of technology, but this will evolve into a two-way process with Trader Interactive.

Stephen Mayne asked the CEO if they had bought or sold shares on the market which were not part of his STI or LTI incentive scheme. The answer was yes as he had recently bought stock to the value of \$2 million.

On the issue of changing the name of the company to CAR Group Limited, the CEO said it was important to change the name to better reflect the international nature of the business. It will be enacted when ASIC changes the business registration. The company wanted to keep the name of CAR because of the ASX ticker code and to retain brand equity built up over many years.

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