

Sigma Healthcare Limited 2024 AGM report

ASX code	SIG
Meeting date	Thursday, 30 May 2024
Type of meeting	Hybrid
Monitor	Mike Robey and Chris Lobb
Pre AGM-meeting	With Chair Mr Michael Sammells and investor relations executive Gary Woodford

Meeting Statistics

Number of holdings represented by ASA	34
Number of shares represented by ASA	936,314
Value of shares represented by ASA	\$1.156m
Total number attending meeting	71 online and 34 in the room (105 In total)
Market capitalisation	\$2.015bn
ASA open proxies voted	ASA voted against the resolutions (except those mentioned in the commentary)

The Chairman and CEO speeches are given [here](#) and a summary of the year achievements is given [here](#). Both speakers kept to the script.

The meeting format was on a budget, with no ability to ask questions by phone and no real-time video, but the speeches were supported by a PowerPoint-like presentation. Hence the meeting was a partial hybrid.

One pre-submitted question was from a climate denier, asking why Sigma was spending time and money on climate-related tasks. The chairman replied he wasn't here to debate climate.

The only other non-ASA question was from a shareholder wanting to know when dividends would return. The response was if the merger goes ahead, together with the volume efficiencies gained by the Chemist Warehouse supply contracts, these should flow through to bigger dividends.

ASA asked why Sigma didn't use a renounceable offer in the \$400m capital raising (amounting to an increase of 54% of shares!), since those shareholders not taking up the offer were heavily diluted. The response was that it was well accepted by the market, avoiding the question of dilution for those who did not participate.

Before the remuneration resolution, the chairman made an impassioned speech about the special circumstances surrounding the long-term incentive plan, since it had been agreed with Chemist Warehouse that the Sigma CEO, Mr. Vikesh Ramsunder, was already chosen for the role. He pointed out that he was crucial to the execution of the merger. This was clearly because the chairman was aware that the votes against the Remuneration report were 47.7%, so a resounding first strike. He stated that they had made some adjustments in the past year to better align with major shareholder requirements and would take this strike as an opportunity to further engage the institutions and proxy collectors to improve the structure.

We also asked them to publish what the prior year's hurdle rate was for NPAT, since this is the financial component of the short-term incentive. The chair agreed to include this in the remuneration review.

We also critiqued the remuneration report in that it gave the board full discretion to pay out the full amount of the in-play long-term incentive, when the fair position is pro-rate. The answer was that they simply asked the voters to give them the discretion on the amount, and that it was not intended to be a decision, and that we shouldn't be concerned.

ASA asked the incoming Dr Roberts if he had the bandwidth to take on such a new director role in this merger year, given his many other commitments. His response was that this suite of responsibilities was far less demanding than his previous roles, which required substantial international travel. He gave a long summary of some of his former roles to reinforce the demands they made of his time and stated that most of the current responsibilities were not too time demanding and involved no travel. The answer convinced us to vote for Dr Roberts.

The voting for both director re-elections, and for the LTI and STI all received 95%+, but the remuneration and special arrangements for retirement benefits received 52% and 73.7%, handing Sigma a clear message that their largesse toward a talented and experienced CEO was over the top.

There was no full guidance given for the 2024/5 year; however, sales were up for the first quarter by 4.9% and they are still targeting 1.5 to 2.5% EBIT margin.

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