



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



CSL

Business Description

CSL Limited (CSL) is a major international biopharmaceutical company that develops, manufactures, markets and distributes biopharmaceutical and allied products globally. Geographic segments include the USA, Germany, Australia, Switzerland, and other countries. The operational businesses include CSL Behring (incorporating CSL Plasma) and CSL Biotherapies.

Strategy Analysis

The Australian strategy is focused on the successful role out of Merck's Gardasil product which CSL has the domestic rights to. This market is buoyed by the government's national HPV vaccination program. CSL is also aiming to increase expenditure on biotechnology research and so diversify its risk and increase the probability of discovering its next new star compound. The international strategy is to retain its competitive position by extracting the highest financial yield from its blood. Research on extending the use of blood plasma products to a variety of different conditions will widen the addressable market. Development of higher margin branded compounds aims to further differentiate product and increase margins. CSL will use excess financial capacity to invest in promising biotechnology within its field of expertise, taking acquisitions from the laboratory to the market. CSL reported NPAT down 10.7% to \$940.6m for the year ended 30 June 2011. This result included an unfavourable foreign exchange impact of \$116m. On a constant currency basis, operational NPAT grew 14% after excluding a one-off contribution from the sale of pandemic influenza vaccine (H1N1) in the prior period. Revenues from ordinary activities were \$4.32bn, down 6.6% from last year. Diluted EPS was 173.60 cents compared to 185.19 cents last year. Net operating cash flow was \$1.02bn compared to \$1.17bn last year. The final dividend declared was 45 cents, taking the full year dividend to 80 cents, in line with 80 cents last year. Looking ahead to fiscal 2012, the company anticipates similar trading conditions to fiscal 2011.

27 January 2012

Recommendation

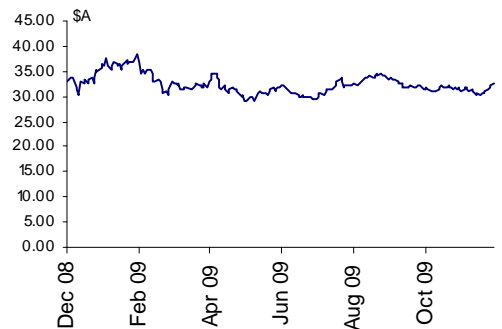
Recommendation: Neutral
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CSL
Stock price: \$30.87
Market cap: \$16,033m

	Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	939.7	1076.2	1103.9	1133.6
Adjusted e	\$m	939.7	1076.2	1103.9	1133.6
EPS adjusted	¢	181.8	217.0	223.1	229.1
EPS growth	%	4.9	19.3	2.8	2.7
PE	x	17.0	14.2	13.8	13.5
PE relative	x	1.4	1.4	1.5	1.4
DPS	¢	85.7	101.5	104.0	106.8
Yield	%	2.8	3.3	3.4	3.5
Franking	%	2.7	2.6	2.6	2.6

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
CSL Behring	80.5	25.5	30.7	-14.0%	-4.0%
Other Human Health	17.2	7.9	9.7	8.0%	8.0%
Intellectual Property Licensing	2.2	500.8	86.5		
Total	99.9	534.2	126.9		
Results by Geography				Dividend Reinvestment Plan	
USA	38.3	0.0	0.0	Shareholder	Yes
Rest of World	29.9	0.0	0.0	Discounts	No
Germany	15.4	0.0	0.0		
Australia	12.6	0.0	0.0		
Switzerland	3.8	0.0	0.0		
Total	100.0				

Company contact details:

CSL Limited
45 Poplar Rd
Parkville VIC 3052
Tel: +61 3 9389 1911
www.csl.com.au

If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

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