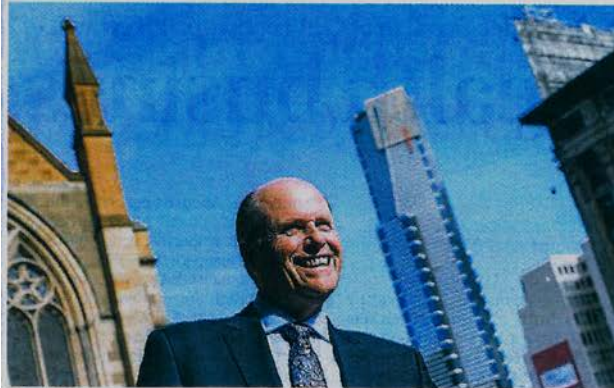




Companies & Markets

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CSL chief Paul Perreault said 10 years in China is paying off. PHOTO: JOSH ROBSTONE

CSL wins by playing the long game in China

Jessica Gardner

CSL chief executive **Paul Perreault** says the blood product and vaccine maker is better placed than its competitors to benefit from rising demand in China because it has played a long game.

The \$31 billion company's supply of the blood protein albumin into the country was one of the fastest growing segments in a strong full-year result that exceeded expectations. Mr Perreault said Chinese revenue from albumin – used by hospitals to treat burn patients – surged 29 per cent in the 2014 financial year.

CSL will now expand into "tier-two" hospitals. "The advantage is we've been in China for over 10 years," he said. "Compared to some of our competitors who are rushing over now... we have the ability to take advantage of our longevity and the relationships we've established."

Philo Capital fund manager **Hugh Dive** said the fact that Chinese customers were "clamouring for their products" was a reflection of CSL's strong growth prospects. But he said its ability to grow revenue without losing sight of costs was one of the most pleasing aspects of its results.

"In 2008, CSL had \$US3.2 billion (\$3.4 billion) in revenue and they've increased revenue up to \$US5.5 billion but they have been able to maintain margins."

Net profit after tax for the Melbourne-based company rose 7.8 per cent to \$US1.31 billion. Revenue rose 7.7 per cent to \$US5.33 billion – marginally under the \$US5.4 billion consensus, said Bloomberg.

Mr Perreault said net profit would grow at 12 per cent and earnings before interest and tax would grow at 15 per cent in the 2015 financial year, in constant currency.

The stock rose 2.6 per cent to \$67.24. It

CSL

Full year	2013	2014
Sales (\$USm)	4,950	5,335
Pretax (\$USm)	1,480	1,637
Net (\$USm)	1,211	1,307
EPS	\$US2.43	\$US2.70
Final div*	US\$2¢	US\$2¢
- Payable		Sept 10
	Close	Change
Shares (last)	\$67.24	+\$1.69

has fallen 0.8 per cent in the past year. Mr Dive said the weakness may be tied to investors moving their healthcare exposure into recent floats like Healthscope.

The plasma business, **CSL Behring**, had sales growth of 10 per cent in constant currency to \$US4.9 billion. Within plasma, Mr Perreault identified blood thinning reversal agent Kcentra as a key factor in the speciality products division's 18 per cent revenue growth to \$US848 million.

Hizentra, which treats immunodeficiency, was a "stand out performer" in the immunoglobulin unit that reported 12 per cent revenue growth to \$US2.3 billion, he said. The approval of HyQvia from rival Baxter would take some market share, but was not a major concern. "Hizentra grew around 19 per cent this past year. I don't expect that's going to tail off significantly."

Sales of haemophilia products fell 4 per cent to \$US1.1 billion, due to intense competition among drug developers.

UBS analyst **Andrew Goodsall** said CSL had outperformed its rivals in the past six months. "Most of their peers had reported subdued growth. You could probably conclude that CSL has taken some share."

The board declared a dividend of US\$60¢ per share, unfranked, to be paid on September 10.