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ASIA EDITION

Australia's CSL announces demerger of vaccines arm

August 20, 2025 | News

CSL Seqirus to be demerged as a substantial ASX-listed entity before the end of Financial Year 2026

Australian biotech firm CSL has announced its intention for CSL Seqirus to be demerged as a substantial ASX-listed entity before the end of Financial Year 2026.

CSL Seqirus is a global leader in seasonal influenza vaccines, with a highly differentiated and market leading product portfolio centred around innovations in cell and adjuvant technologies.

A demerger will allow autonomy to set an independent strategic direction, including capitalising on potential opportunities that may arise in a highly dynamic vaccines market, as well as reducing complexity, making the business more agile and efficient to manage.

The company will be chaired by Gordon Naylor, an experienced company director and former President of CSL Seqirus.

The remaining CSL group will continue to have leading market positions in multiple rare and serious diseases. These franchises have a long track record of delivering value to shareholders, and their scalable platforms will continue to benefit from the positive long-term outlook and demand for their therapies.

Both entities will have a sustainable capital structure and access to funding to pursue separate but distinct growth strategies.

The initiatives will result in a net headcount reduction of up to 15% of CSL's employee base. One-off restructuring costs are expected to be approximately $700-$770 million (pre-tax) and $560-$620 million (post-tax), all to be recognised in Financial Year 2026. The cash flow impact is expected to be $400-$450 million in Financial Year 2026, with a further $100 million expected in Financial Year 2027.

The initiatives are expected to drive annualised cost savings of $500-550 million progressively over the next three years, with the majority achieved by the end of Financial Year 2027. CSL will look to balance the reinvestment of these savings in high priority opportunities, with the need to deliver sustainable, profitable growth.