



# ASX Announcement

For immediate release

14 February 2018

## Half Year Result 2018<sup>1</sup>

CSL Limited (ASX:CSL; USOTC:CSLLY) today announced a reported net profit after tax (NPAT) of \$1,086 million for the six months ended 31 December 2017, up 35% or 31% on a constant currency (CC)<sup>2</sup> basis. Earnings per share (EPS) grew 36% or 32% on a constant currency basis.

### PERFORMANCE HIGHLIGHTS

#### Financial

- Revenue \$4,147 million, up 11% at CC<sup>2</sup>
- Earnings before interest and tax (EBIT) \$1,476 million, up 31% at CC
- NPAT \$1,086 million, up 31% at CC
- EPS \$2.40, up 32% at CC
- Interim dividend<sup>3</sup> increased to \$0.79 per share, up 23%

#### Operational

##### CSL Behring

- Immunoglobulin sales up 13% on trailing period at CC
- Exceptionally strong demand for Idelvion® (rFIX-FP)
- Specialty Products sales up 19% on trailing period at CC

##### Seqirus

- Seasonal influenza vaccine sales up 43% - strong QIV growth
- Holly Springs cell culture facility – output up four fold
- FLUAD® approved in the UK

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<sup>1</sup> All figures are expressed in US dollars unless otherwise stated.

<sup>2</sup> Constant currency removes the impact of exchange rate movements, facilitating comparability of operational performance. For further detail please refer to CSL's Financial Statements for the Half Year ended December 2017 (Directors' Report).

<sup>3</sup> For shareholders with an Australian registered address, the final dividend of US\$0.79 will be unfranked for Australian tax purposes and paid on 13 April 2018 in A\$ at an amount of A\$1.004959 per share (at an exchange rate of A\$1.2721/US\$1.00). For shareholders with a New Zealand registered address, dividends will be paid in NZD at an amount of NZ\$1.087830 per share (at an exchange rate of NZ\$1.3770/US\$1.00). The exchange rates used are fixed at the date of dividend determination. All other shareholders will be paid in US\$. CSL also offers shareholders the opportunity to receive dividend payments in US\$ by direct credit to a US bank account.



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## Innovation

- Privigen<sup>®</sup> (10% liquid IVIG) approved for CIDP in US
- Hizentra<sup>®</sup> (SCIG) positive CHMP recommendation for CIDP in the EU
- Proprietary stem cell gene therapy platform - Calimmune acquisition
- Transplant franchise expanding – Vitaeris collaboration

## Efficiency

- Plasma collection centre openings on track
- Major capital projects - start-up phase
  - o Broadmeadows
    - Privigen module 4
    - Alburex<sup>®</sup> facility
  - o Kankakee – base fractionation facility

“CSL’s focused execution of our strategic priorities delivered outstanding results in the first half, especially considering the strength of the prior comparable period,” said CSL Chief Executive Officer and Managing Director Paul Perreault. “Our results reflect the effectiveness of our patient-focused R&D pipeline, robust demand for our differentiated products, and market leadership positions around the world. Investments in R&D, production and commercial capabilities have positioned us well for sustainable growth and continue to deliver on our promise to patients with rare and serious diseases.”

“In the half, we successfully launched Haegarda<sup>®</sup>, a transformational therapy for patients with Hereditary Angioedema (HAE). Haegarda<sup>®</sup> provides unprecedented reduction in oedema attacks and significantly reduces the need for rescue medication,” Mr. Perreault noted.

“High demand continues for Idelvion<sup>®</sup>. Based on feedback from patients and healthcare providers it is clear that our next generation recombinant coagulation therapy, which has now been launched in 13 countries, is quickly becoming the new standard of care for Haemophilia B patients.”

“Our immunoglobulin products Hizentra<sup>®</sup> and Privigen<sup>®</sup> continued to deliver strong performance. To some extent their growth has been masked by atypical market conditions in the prior comparable period when some competitors experienced supply constraints. A comparison of the immunoglobulins sales to the trailing period (six months ended June 2017) saw the immunoglobulin portfolio growing 13%,” Mr. Perreault added.



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“Seqirus continues to progress as planned. The Holly Springs facility, which produces a unique cell culture seasonal influenza vaccine, quadrupled the number of FLUCELVAX<sup>®</sup> doses produced this season. While significant work remains, our strategy for Seqirus is paying off.”

“Our emerging transplant franchise is developing well. We are investigating the use of current CSL products to treat patients with graft versus host disease or experiencing antibody mediated rejection. In addition we also entered into a collaboration with Vitaeris for a monoclonal antibody as part of our growing transplant capabilities,” Mr Perreault concluded.

## **OUTLOOK (at FY17 exchange rates)**

Commenting on CSL’s outlook, Mr. Perreault said, “Solid ongoing demand for CSL Behring biotherapies is expected, including the strong patient uptake of our newly approved specialty product Haegarda<sup>®</sup>.”

“The haemophilia market continues to evolve and our new generation products, Idelvion<sup>®</sup> (rFIX-FP) and Afstyl<sup>®</sup> (rFVIII-SC) are well placed in the market. Looking forward, we expect Helixate<sup>®</sup> sales to decline as the product winds down. Competition in the factor VIII space remains intense as new entrants come to market.”

“An uneven profit profile for CSL is expected for the first and second half results, due to the seasonality of the influenza business and the timing of expenses – particularly research and development,” Mr. Perreault added.

“CSL Group’s net profit after tax for FY18 is now expected to be in the range of approximately \$1,550 to \$1,600 million at constant currency,” Mr. Perreault concluded.

In compiling the company’s financial forecasts for FY18, a number of key variables which may have a significant impact on guidance have been identified and these have been included the footnote<sup>4</sup> below.

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<sup>4</sup> Key variables that could cause actual results to differ materially include: the success and timing of research and development activities, decisions by regulatory authorities regarding approval of our products as well as their decisions regarding label claims; competitive developments affecting our products; the ability to successfully market new and existing products; difficulties or delays in manufacturing; trade buying patterns and fluctuations in interest and currency exchange rates; legislation or regulations that affect product production,



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## CAPITAL MANAGEMENT

### *Capital management*

During the first half of FY18, CSL completed a US private placement raising approximately US\$700 million for general corporate purposes, as part of the company's overall capital management program.

## FURTHER INFORMATION

Additional details about CSL's results are included in the company's 4E statement, investor presentation slides and webcast, all of which can be found on CSL's website [www.csl.com.au](http://www.csl.com.au). A glossary of medical terms can also be found on the website. For further information, please contact:

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## Group Results

| Half year ended Dec<br>US\$ Millions                                      | Dec<br>2016<br>Reported | Dec<br>2017<br>Reported | Dec<br>2017<br>at CC <sup>5</sup> | Change<br>% <sup>5</sup> |
|---------------------------------------------------------------------------|-------------------------|-------------------------|-----------------------------------|--------------------------|
| <b>Sales</b>                                                              | <b>3,553</b>            | <b>3,999</b>            | <b>3,941</b>                      | <b>11%</b>               |
| Other Revenue / Income                                                    | 124                     | 148                     | 147                               |                          |
| <b>Total Revenue / Income</b>                                             | <b>3,677</b>            | <b>4,147</b>            | <b>4,088</b>                      | <b>11%</b>               |
| <b>Earnings before Interest, Tax,<br/>Depreciation &amp; Amortisation</b> | <b>1,226</b>            | <b>1,617</b>            | <b>1,575</b>                      | <b>28%</b>               |
| Depreciation/Amortisation                                                 | (131)                   | (141)                   | (138)                             |                          |
| <b>Earnings before Interest and Tax</b>                                   | <b>1,095</b>            | <b>1,476</b>            | <b>1,437</b>                      | <b>31%</b>               |
| Net Interest Expense                                                      | (38)                    | (52)                    | (52)                              |                          |
| Tax Expense                                                               | (251)                   | (338)                   | (330)                             |                          |
| <b>Net Profit after Tax</b>                                               | <b>806</b>              | <b>1,086</b>            | <b>1,055</b>                      | <b>31%</b>               |
| Interim Dividend                                                          | 0.64                    | 0.79                    |                                   | 23%                      |
| EPS                                                                       | 1.77                    | 2.40                    | 2.33                              | 32.0%                    |

<sup>5</sup> Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance. For further details please refer to CSL's Financial Statements for the Half Year ended December 2017 (Directors' Report).



## **2018 Half Year Results**

14 February 2018

Paul Perreault CEO & MD  
David Lamont CFO

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# Delivering on Strategy



## Growth

- Ig sales up 13% on trailing period @ CC<sup>1</sup>
- Exceptionally strong HAEGARDA® launch
- IDELVION® fast becoming standard of care
- Specialty Products up 19% on TP @ CC<sup>1</sup>



## Influenza

- Seasonal influenza vaccine sales up 43% on PCP @ CC
- Holly Springs
  - doses produced quadrupled
- FLUAD® - UK approval



## Innovation

- Privigen® approved for CIDP in US
- Hizentra® positive CHMP recommendation for CIDP in EU
- Proprietary stem cell gene therapy platform
  - Calimmune acquisition
- Emerging Transplant franchise
  - Vitaeris collaboration



## People & Culture

- Appointments
  - Bill Campbell – Commercial
  - Elizabeth Walker – HR
- Calimmune & Ruide integration



## Efficiency

- Collection centre openings on track
- Major capital projects – start-up phase

1. Growth shown at constant currency to remove the impact of exchange rate movements facilitating comparability of operational performance. See end note for further detail.



# CSL Behring Revenue – 1H18

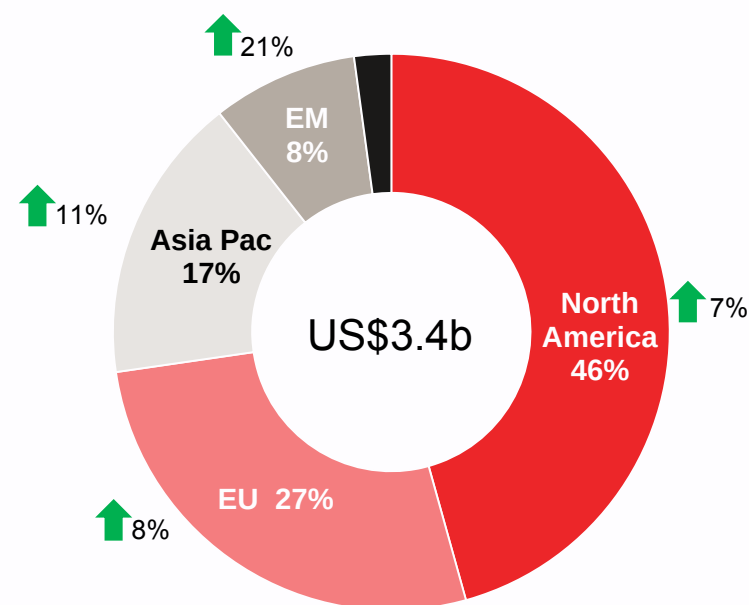


## Therapeutic Group

| Therapy         | PCP <sup>1</sup><br>1H18 vs<br>1H17 | TP <sup>1</sup><br>1H18 vs<br>2H17 |
|-----------------|-------------------------------------|------------------------------------|
| Immunoglobulins | 7.4%                                | 12.6%                              |
| Haemophilia     | 5.1%                                | 5.6%                               |
| Albumin         | 3.9%                                | 8.3%                               |
| Specialty       | 20.4%                               | 19.4%                              |
| Other           | (23.3)%                             | (40.0)%                            |
| <b>Total</b>    | <b>8.1%</b>                         | <b>10.1%</b>                       |

**Atypical market 1H17  
stronger TP growth**

## Region



1. Growth percentages shown at constant currency to remove the impact of exchange rate movements, facilitating comparability of operational performance. See end note for further detail.  
PCP – Prior Comparable Period. TP – Trailing Period.

# Strong Ig Growth



- Strong Ig growth, especially the US
  - Up 13% on TP @ CC<sup>1</sup>  
*(atypical market conditions 1H17)*
- CIDP is largest Ig indication
  - Privigen® approved for CIDP in US
  - Hizentra® CIDP approval exp. 1H CY18
- Carimune® – migration to next generation products

Hizentra®

**SCIG market leader**

**7 years and 51 countries**

**90,000 patient years**

**~5m exposures**

**Most prescribed SCIG worldwide**

**60% of new SCIG starts**

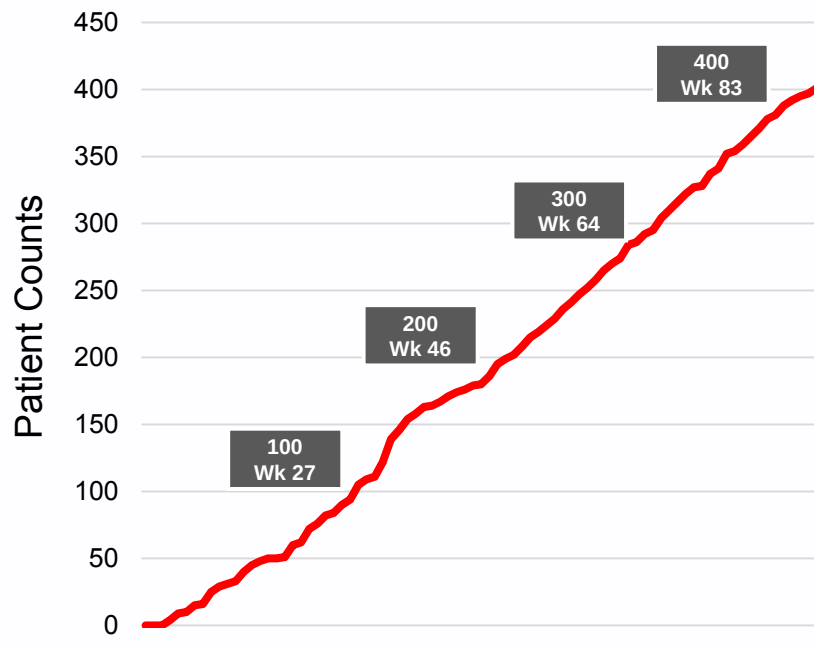
**SCIG is the  
fastest growth segment**

1. Growth/Numbers shown at constant currency to remove the impact of exchange rate movements, facilitating comparability of operational performance. See end note for further detail.

# Haemophilia



## US IDELVION® PATIENT GROWTH



- Launched in 13 countries: exceptional growth
- Market leadership in a number of countries
- Japan exceeding patient expectations following 2 week prescription limit removed Dec 2017



- Launched in 13 countries
- Very competitive market

# Specialty Products



Very successful chronic drug launch in the US

- Transformational product
- Natural C1-INH replacing missing or dysfunctional protein
- 95% reduction in attacks



- Up 32% on PCP in US
- Warfarin still in high use
- Continued significant use of fresh frozen plasma for reversal of bleeding
- Strong launch and acceptance in Japan

# Efficiency



## Plasma Collections

- Unparalleled growth in collection centre openings – on track
- Latent efficiency gains in fleet as new centres mature
- New Donor Management System rolled out
- Plasma supply tightness continues

## Major capital projects - start-up phase

- Broadmeadows
  - Privigen® module 4
  - Alburex® facility
- Kankakee base fractionation facility

# Innovation



## TRANSPLANT

- Emerging franchise
- High unmet need
- Leverages existing products
- Vitaeris collaboration

## CIDP

- Privigen® approved in US
- Hizentra®
  - positive EU recommendation
  - US approval anticipated 1H18

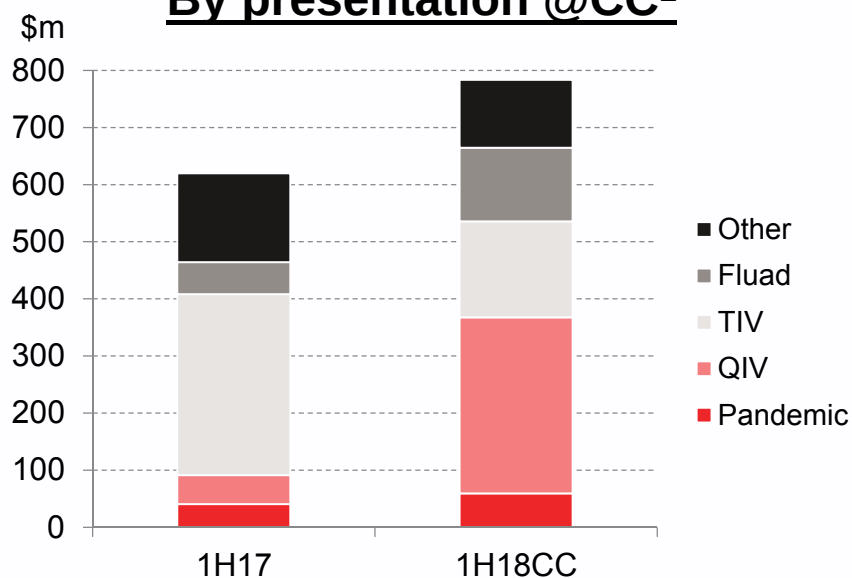
## OTHER DEVELOPMENTS

- Proprietary stem cell gene therapy platform - Calimmune acquisition
- CSL112 - Phase 3 study commencing 1H CY18
- CSL730 (Fc Multimer) – Phase 1 trial commenced

# Seqirus Revenue – 1H18

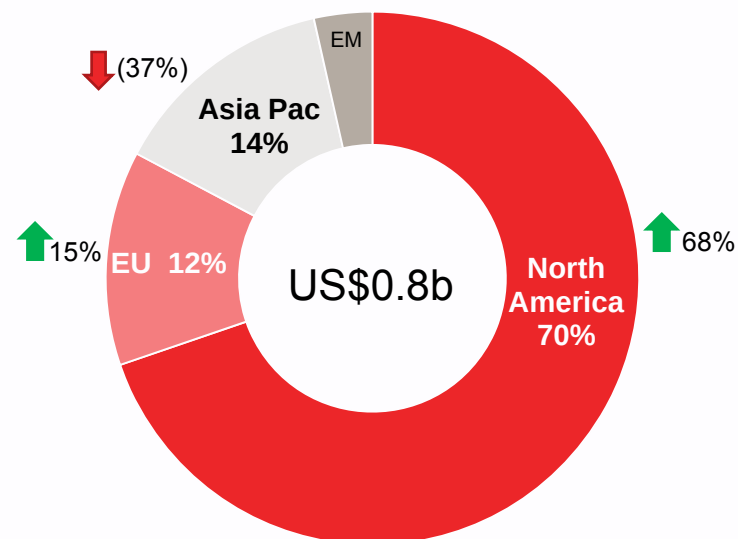


**By presentation @CC<sup>1</sup>**



**Switch to QIV & Fluad  
creating revenue growth**

**Region**



1. Growth shown at constant currency to remove the impact of exchange rate movements, facilitating comparability of operational performance. See end note for further detail.

# Seqirus – Operational Highlights



- Approval of FLUAD in the UK
  - The only recommended vaccine for 65+ in 2018/19 season
- First use of cell-specific virus seed in production of FLUCELVAX
- Holly Springs cell culture facility – output up four fold
- Submission of cell-based QIV dossier for EU registration
  - Preparations underway for 2019/20 season launch
- Near completion of formulation suite in Liverpool, with further expansion planned in fill & finish



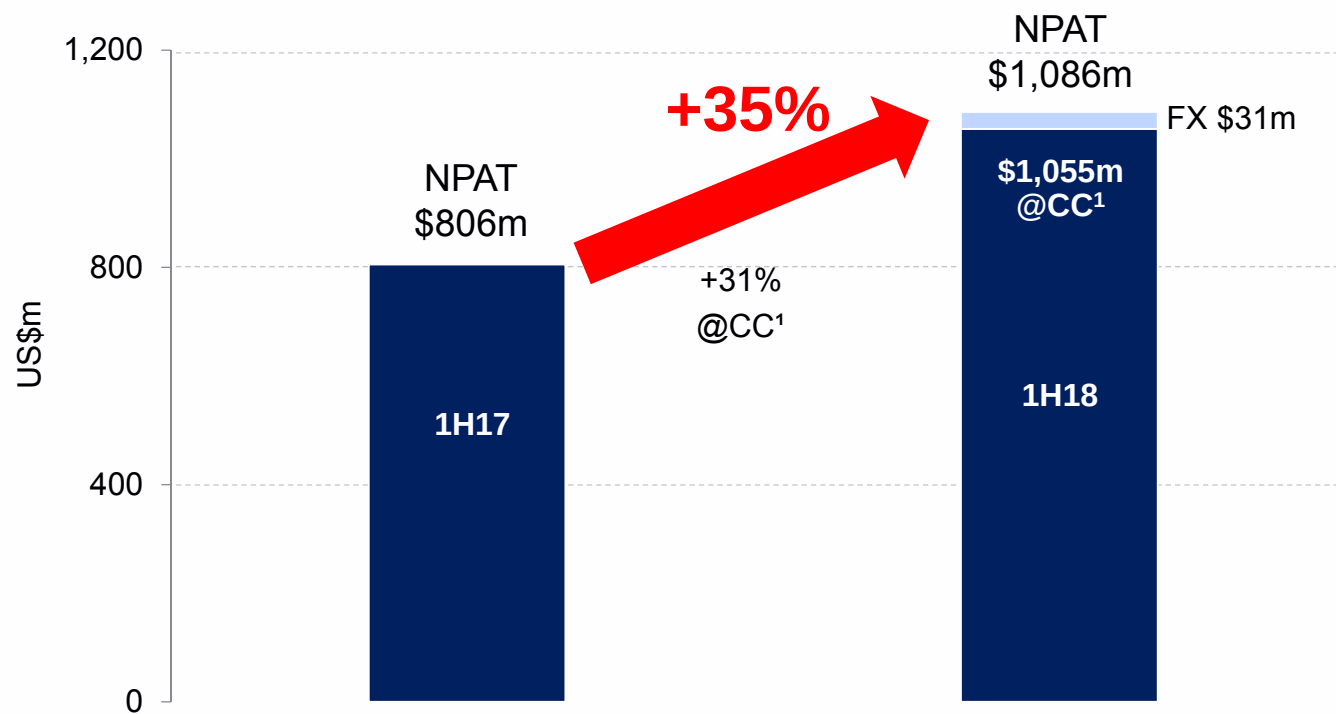
Strategy on track



# Financials

David Lamont - CFO

# Financial Highlights - NPAT



<sup>1</sup> Constant Currency (CC) removes the impact of exchange rate movements facilitating comparability of operational performance. See end note for further detail.

# Financial Highlights - Group

| Half year ended Dec<br>US\$ Millions | 1H17<br>Reported | 1H18<br>Reported | 1H18<br>at CC <sup>1</sup> | Change<br>%      |
|--------------------------------------|------------------|------------------|----------------------------|------------------|
| Total Revenue                        | 3,677            | 4,147            | 4,088                      | 11% <sup>1</sup> |
| EBIT                                 | 1,095            | 1,476            | 1,437                      | 31% <sup>1</sup> |
| <i>EBIT margin</i>                   | <i>29.8%</i>     | <i>35.6%</i>     | <i>35.1%</i>               |                  |
| NPAT                                 | 806              | 1,086            | 1,055                      | 31% <sup>1</sup> |
| Cashflow from Ops                    | 664              | 840              | -                          | 27%              |
| ROIC <sup>2</sup>                    | 31.2%            | 32.8%            | -                          | -                |
| EPS                                  | 1.77             | 2.40             | 2.33                       | 32% <sup>1</sup> |
| DPS                                  | 0.64             | 0.79             | -                          | 23%              |

<sup>1</sup> Constant Currency (CC) removes the impact of exchange rate movements facilitating comparability of operational performance. See end note for further detail.

<sup>2</sup> Annualised.

# Financial Highlights - Segments

## CSL Behring

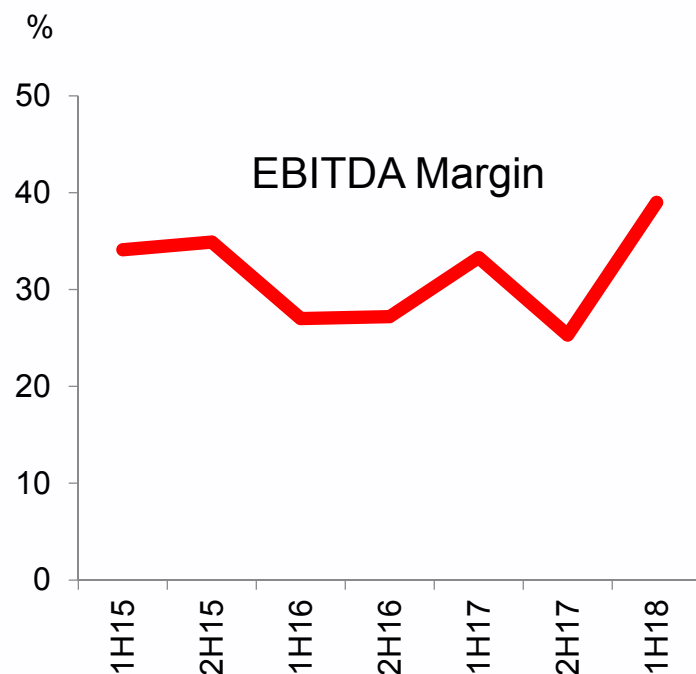
| US\$<br>Millions | 1H17<br>Reported | 1H18<br>Reported | Change<br>% at CC <sup>1</sup> |
|------------------|------------------|------------------|--------------------------------|
| Sales            | 2,976            | 3,289            | 9%                             |
| Other Rev.       | 81               | 67               | (16%)                          |
| Total Rev.       | 3,057            | 3,356            | 8%                             |
| EBIT             | 1,098            | 1,291            | 15%                            |
| EBIT margin      | 35.9%            | 38.5%            |                                |

## Seqirus

| US\$<br>Millions | 1H17<br>Reported | 1H18<br>Reported | Change<br>% at CC <sup>1</sup> |
|------------------|------------------|------------------|--------------------------------|
| Sales            | 577              | 710              | 22%                            |
| Other Rev.       | 43               | 81               | 86%                            |
| Total Rev.       | 620              | 791              | 26%                            |
| EBIT             | (3)              | 185              | -                              |
| EBIT margin      | (0.5%)           | 23.3%            |                                |

<sup>1</sup> Constant Currency (CC) removes the impact of exchange rate movements facilitating comparability of operational performance. See end note for further detail.

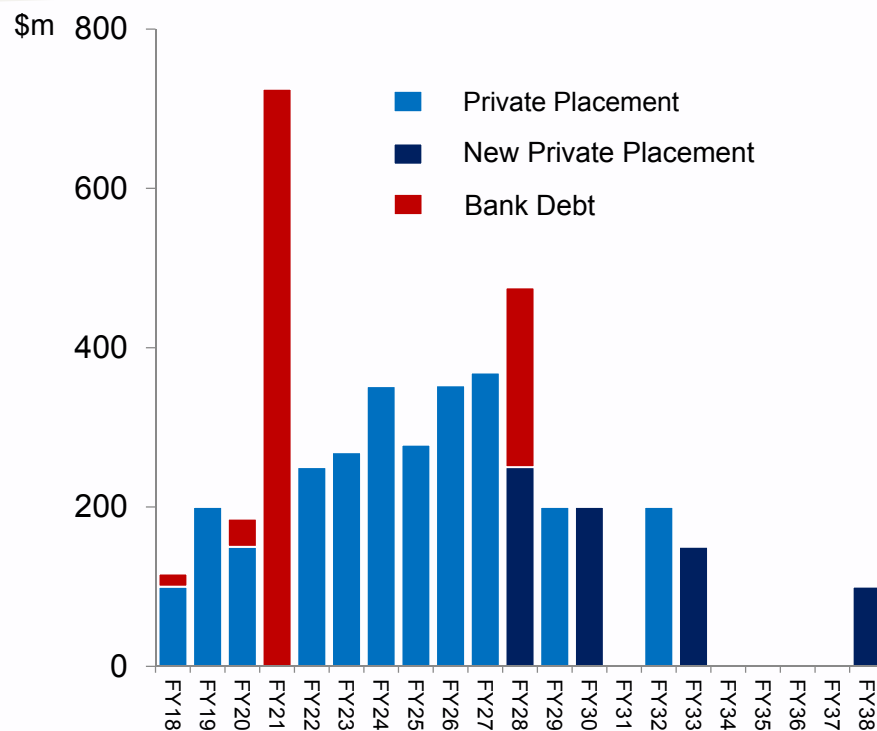
# Margin Growth



## Margin drivers

- Ig mix shift
- Transition of Haemophilia portfolio
- Growth in speciality products
  - Haegarda® & Kcentra®
- Uneven expenditure phasing
- Strong seasonal Seqirus performance

# Debt Maturity Profile



## New US\$700m private placement

- Completed October 2017
- Weighted average fixed rate of 3.36%
- Average life of 13.1 years

## Total debt portfolio

- Weighted average rate of ~2.7%

# Outlook for FY18<sup>1</sup>

***NPAT updated to range  
~\$1,550m to \$1,600m @ CC<sup>2,3</sup>***

- Business environment expectations 2H18
  - Continued strong demand for plasma therapy products
  - Transitioning of Haemophilia portfolio
  - Uneven expenditure phasing
  - Accelerated R&D investment 2H
  - Seqirus seasonality – loss making 2H

## Innovation 2H<sup>1</sup>

***CSL112 Phase 3  
commencing***

***Hizentra<sup>®</sup> CIDP  
approval***

<sup>1</sup> For forward looking statements, refer to Legal Notice on page 2

<sup>2</sup> Constant Currency (CC) removes the impact of exchange rates movements to facilitate comparability

18 <sup>3</sup> Full year FX impact is expected to be ~\$10m favourable, assuming current rates remain steady for the remainder of the year

# Financial Appendix



# CSL Behring Sales

| Half year ended December<br>US\$ Millions | Dec<br>2016  | Dec<br>2017  | Dec<br>2017<br>CC <sup>1</sup> | Change<br>% <sup>1</sup> |
|-------------------------------------------|--------------|--------------|--------------------------------|--------------------------|
| <b>Immunoglobulins</b>                    | <b>1,426</b> | <b>1,558</b> | 1,532                          | 7%                       |
| <b>Albumin</b>                            | <b>433</b>   | <b>452</b>   | 450                            | 4%                       |
| <b>Haemophilia</b>                        |              |              |                                |                          |
| - Recombinants                            | 234          | 260          | 254                            | 8%                       |
| - Plasma                                  | 282          | 297          | 288                            | 2%                       |
| <b>Specialty</b>                          | <b>588</b>   | <b>717</b>   | 708                            | 20%                      |
| <b>Total Product Sales</b>                | <b>2,963</b> | <b>3,284</b> | 3,232                          | 9%                       |
| <i>Other sales (mainly plasma)</i>        | 13           | 5            | 5                              |                          |
| <i>Total Sales</i>                        | 2,976        | 3,289        | 3,237                          |                          |

<sup>1</sup> Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability. See end note for further detail.

# Seqirus Sales

| Half year ended December<br>US\$ Millions | Dec<br>2016 | Dec<br>2017 | Dec<br>2017<br>CC <sup>1</sup> | Change<br>% <sup>1</sup> |
|-------------------------------------------|-------------|-------------|--------------------------------|--------------------------|
| <b>QIV</b>                                | <b>51</b>   | <b>308</b>  | 308                            | 504%                     |
| <b>TIV</b>                                | <b>317</b>  | <b>171</b>  | 168                            | -47%                     |
| <b>Adjuvanted</b>                         | <b>56</b>   | <b>131</b>  | 129                            | 130%                     |
| <b>Pandemic</b>                           | <b>41</b>   | <b>60</b>   | 59                             | 44%                      |
| <b>Other / In-licence</b>                 | <b>155</b>  | <b>121</b>  | 120                            | -23%                     |
| <b>Total Revenue</b>                      | <b>620</b>  | <b>791</b>  | 784                            | 26%                      |

<sup>1</sup> Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability. See end note for further detail.

# Notes

(#) Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance for the Group. This is done in three parts: a) by converting the current year net profit of entities in the group that have reporting currencies other than US Dollars, at the rates that were applicable to the prior comparable period (translation currency effect); b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior comparable period (transaction currency effect); and c) by adjusting for current year foreign currency gains and losses. The sum of translation currency effect, transaction currency effect and foreign currency gains and losses is the amount by which reported net profit is adjusted to calculate the operational result.

## Summary NPAT

|                                          |            |
|------------------------------------------|------------|
| Reported net profit after tax            | \$1,086.3m |
| Translation currency effect (a)          | \$ (19.0m) |
| Transaction currency effect (b)          | \$ 21.3m   |
| Foreign Currency (gains) & losses (c)    | \$ (33.5m) |
| Constant currency net profit after tax * | \$1,055.1m |

## a) Translation Currency Effect \$(19.0m)

Average Exchange rates used for calculation in major currencies (Six months to Dec 17/Dec 16) were as follows: USD/EUR (0.85/0.91); USD/CHF (0.97/0.99).

## b) Transaction Currency Effect \$21.3m

Transaction currency effect is calculated by reference to the applicable prior year exchange rates. The calculation takes into account the timing of sales both internally within the CSL Group (ie from a manufacturer to a distributor) and externally (ie to the final customer) and the relevant exchange rates applicable to each transaction.

## c) Foreign Currency Gains (\$33.5m)

Foreign currency gains recorded during the period.

## Summary Sales

|                          |            |
|--------------------------|------------|
| Reported sales           | \$3,998.5m |
| Currency effect          | \$ (57.4m) |
| Constant currency sales* | \$3,941.1m |

\* Constant currency net profit after tax and constant currency sales have not been audited or reviewed in accordance with Australian Auditing Standards.

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