



ASX Announcement

For immediate release

15 February 2017

Half Year Result 2017¹ CSL Delivers Exceptional Performance

Global biotechnology leader CSL Limited (ASX:CSL; USOTC:CSLLY) today announced a net profit after tax (NPAT) of \$806 million for the six months ended 31 December 2016, up \$87 million or 12% on a reported basis when compared to the prior comparable period (PCP). Reported earnings per share (EPS) grew 14%. Underlying² NPAT grew 36% and earnings per share (EPS) increased 39% on a constant currency (CC)³ basis, after excluding the one-off items related to the Novartis influenza vaccines business acquisition during the previous period.

PERFORMANCE HIGHLIGHTS

Financial

- Revenue \$3,677 million
 - *Up 18% at CC*
- Earnings before interest and tax (EBIT) \$1,095 million
 - *Underlying EBIT up 38% at CC*
- NPAT \$806 million
 - *Underlying NPAT up 36% at CC*
- EPS \$1.77
 - *Reported EPS up 14%*
 - *Underlying EPS up 39% at CC*
- Interim dividend⁴ increased to \$0.64 per share

¹ All figures are expressed in US dollars unless otherwise stated.

² Underlying excludes from 1H16 financials the one off items relating to the Novartis influenza vaccines business (NVS-IV), which was acquired on 31 July 2015.

³ Constant currency removes the impact of exchange rate movements to facilitate comparability. See end note for further detail.

⁴ For shareholders with an Australian registered address, dividends will be unfranked for Australian tax purposes and paid on 13 April 2017 in A\$ at an amount of A\$0.837760 per share (at an exchange rate of A\$1.3090/US\$1.00). For shareholders with a New Zealand registered address, dividends will be paid in NZD at an amount of NZ\$0.892160 per share (at an exchange rate of NZ\$1.3940/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.

Operational**CSL Behring**

- Product sales grew 18% at CC
- Privilgen® sales increased 34% at CC; Specialty Product sales were up 25% at CC
- Strong take-up of Idelvion® (rFVIX-FP)
- Afstyla® (rFVIII-SC) approved by European Commission
- CSL 830 (Haegarda®) - BLA accepted by the US FDA
- CSL 112 - positive results from phase 2b trial
- Three new monoclonal antibodies enter phase I trials
- License agreement with Momenta Pharmaceuticals to develop Fc multimer proteins

Influenza (Seqirus)

- AFLURIA® QUADRIVALENT (influenza vaccine) approved by US FDA
- Fluvad® (adjuvanted influenza vaccine) launched in the US
- First-to-market in the US for seasonal influenza vaccines

Capital Management

- New US\$550 million private placement
- New A\$500 million share buyback⁵, ~11% complete⁶

“CSL’s exceptionally strong performance is a result of the focused execution of our strategy,” said CSL Chief Executive Officer and Managing Director Paul Perreault. “Investments in commercial expansion and skills, R&D delivery, as well as a consistent and relentless focus to be the most efficient leader in our industry has paid off for shareholders. As a result, we possess the capabilities to respond to the changing dynamics of market conditions. Importantly, CSL is well positioned to sustainably deliver on its promise of providing life-saving innovations to patients around the world.”

“We continued our strategic expansion of plasma collection facilities now surpassing 160 centres in the US and Europe. First half sales highlights included 34% growth of our liquid intravenous immunoglobulin Privilgen®. Specialty Products were up 25%, and albumin increased 19%. Sales did benefit from some atypical market activity, including some competitor supply constraints. By executing on our strategy, we were well prepared to participate and provide life-saving medicines to patients in need.”

⁵ CSL reserves the right to terminate buy-backs at any time.

⁶ As at 21 December 2016

“Seqirus has made steady progress, including securing multiple new product licences and executing a number of initiatives designed to position Seqirus for profitability and growth,” Mr. Perreault added.

OUTLOOK (at FY16 exchange rates)

Commenting on CSL’s outlook, Mr. Perreault said, “CSL has never been better positioned for sustainable growth. As a global biotechnology leader, CSL is driven by its promise to develop innovative medicines and reliably supply them to patients in more than 60 countries. Our success hinges on the unmatched expertise and deep commitment of our diverse employees, all 17,000-plus spanning more than 30 nations.”

Mr Perreault added, “We expect solid ongoing demand for CSL Behring biotherapies, particularly immunoglobulins, specialty products and albumin. The one-off market conditions arising from competitor supply constraints in the first half are expected to normalise in the second half as the competition has indicated they are back on track. The haemophilia market continues to be competitive as new products enter the market, but CSL is well positioned with the recent launches of its differentiated innovative products Idelvion® (rFIX) and Afstyla® (rFVIII).”

“The turnaround of Seqirus continues to be on track. The business is expected to breakeven in FY18. Consistent with previously announced plans, Seqirus is expected to report a loss in the current fiscal year.”

“An uneven profit profile is expected for first and second half results due to timing of expenses - particularly research and development expenses - timing of milestone payments and licensing agreements, seasonality of the Seqirus business and other initiatives.”

“CSL Group’s net profit after tax (NPAT) is expected to grow in the range of approximately 18 to 20% at constant currency. This compares to the FY16 result after adjusting for the one-off gains and costs associated with the acquisition of the Novartis influenza vaccines business. Earnings per share (EPS) are again expected to exceed profit growth,” Mr. Perreault concluded.

In compiling the company's financial forecasts for the year ending 30 June 2017 a number of key variables which may have a significant impact on guidance have been identified and these have been included the footnote⁷ below.

CAPITAL MANAGEMENT

Share Buyback

In October 2016, CSL announced its intention to conduct an on-market share buyback of up to A\$500 million. To date, CSL has purchased approximately 550,000 shares for approximately A\$53 million, representing approximately 11% of the intended buyback program.

During the first half of fiscal 2017, CSL completed a US private placement raising US\$550 million as part of the company's overall capital management program. The weighted average interest rate of the new placement was 3.0% with an average life of 12.5 years.

⁷ Key variables that could cause actual results to differ materially include: the success 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, distribution, pricing, reimbursement, access or tax; litigation or government investigations, and CSL's ability to protect its patents and other intellectual property.



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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. 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 December US\$ Millions	Dec 2015 Reported	Dec 2015 Underlying ⁸	Dec 2016 Reported	Dec 2016 at CC [#]	Underlying ⁸ Change %
Sales	3,031	3,031	3,553	3,563	17.6%
Other Revenue / Income	105	105	123	127	
Total Revenue / Income	3,136	3,136	3,677	3,690	17.7%
Earnings before Interest, Tax, Depreciation & Amortisation	848	917	1,226	1,254	36.8%
Depreciation/Amortisation	(102)	(102)	(131)	(133)	
Earnings before Interest and Tax	746	815	1,095	1,121	37.6%
Gain on Acquisition	176	-	-	-	
Net Interest Expense	(27)	(27)	(38)	(39)	
Tax Expense	(176)	(181)	(251)	(255)	
Net Profit after Tax	719	607	806	827	36.2%
NVS-IV one-off (gain)/costs ⁹	(112)	-	-	-	
Underlying Net Profit after Tax	607	607	806	827	36.2%
Interim Dividend	0.58	0.58	0.64		10.3%
EPS	1.55	1.31	1.77	1.81	38.6%

⁸ Underlying excludes from 1H16 financials the one off items relating to the Novartis influenza vaccines business (NVS-IV), which was acquired on 31 July 2015.

⁹ NVS-IV one-off comprises gain on acquisition of \$176m & one off costs of \$64m (@NPAT line).

^(#) 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 (foreign currency effect). The sum of translation currency effect, transaction currency effect and foreign currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

Summary NPAT adjusted for currency effects

Reported net profit after tax	\$805.5m
Translation currency effect (a)	\$(4.3m)
Transaction currency effect (b)	\$3.1m
Foreign Currency losses (c)	\$22.2m
Constant currency net profit after tax *	\$826.5m

a) Translation Currency Effect NPAT \$(4.3m)

Average Exchange rates used for calculation in major currencies (six months to Dec 16/Dec 15) were as follows: USD/EUR (0.91/0.91); USD/CHF (0.99/0.97).

b) Transaction Currency Effect NPAT \$3.1m

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 Effect NPAT \$22.2m

Foreign currency losses during the period as recorded in the financial statements.

Summary Sales

Reported sales	\$3,553.4m
Currency effect	\$9.0m
Constant currency sales (Group)	\$3,562.4m

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