

CSL Limited

2017 Half Year Results

15 February 2017

CEO – Paul Perreault
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CSL™



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Strategic Objectives

Growth	Maximize portfolio value & deliver new product launches
Efficiency	Be the most efficient, highest quality plasma player
Influenza	Deliver on influenza strategy
Innovation	Pursue new opportunities to diversify portfolio and enhance growth
People & Culture	Create a culture that attracts, retains and develops the best talent

CSL Behring

- Product sales up 18% @ constant currency¹
- Strong take-up of Idelvion[®]
- Afstyla[®] approved by EC
- CSL 830 (Haegarda[®]) – BLA accepted by US FDA
- CSL 112 – positive results from phase 2b trial
- Three new monoclonal antibodies enter phase 1 trials
- License agreement with Momenta to develop Fc multimer proteins

¹ Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability of operational performance. See end note for further detail.

Seqirus

- Afluria[®] Quadrivalent approved by US FDA
- Flud[®] launched in the US
- First to market in US for seasonal influenza vaccines

Capital Management










- New US\$550 million private placement completed
- New A\$500 million share buy-back¹ underway
 - ~11% complete²

¹ CSL reserves the right to suspend or terminate buy-back at any time

² As at 21 December 2016

Sales Highlights

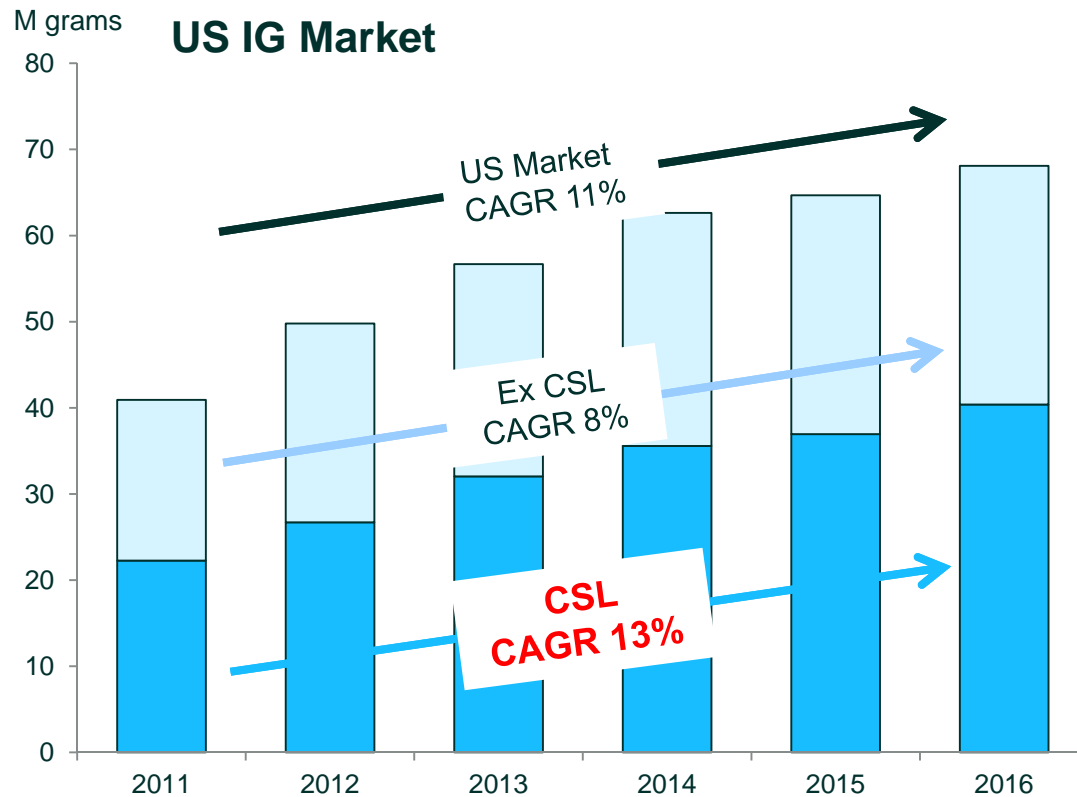
Growth

	Drivers	Commentary
IMMUNOGLOBULINS sales \$1,426m +22% ¹	 	<ul style="list-style-type: none"> • Focussed sales & marketing efforts • CIDP indication in Europe • New patients, increasing home treatment
HAEMOPHILIA sales \$514m +2% ¹	 	<ul style="list-style-type: none"> • Strong patient penetration of Idelvion® in US & EU • Transition from Helixate®
SPECIALTY sales \$590m +25% ¹	 	<ul style="list-style-type: none"> • Restructured & fully established sales force • Increasing awareness and diagnosis of HAE
ALBUMIN sales \$433m +19% ¹		<ul style="list-style-type: none"> • Enhanced sales & marketing efforts in China • Solid growth in Turkey & Brazil
SEQIRUS revenue \$620m +14% ¹	 	<ul style="list-style-type: none"> • More normal influenza season • Zostavax* public launch in Australia <p><small>* Zostavax is a registered trademark of Merck & Co. Inc</small></p>

¹ Growth shown at constant currency to remove the impact of exchange rate movements, facilitating comparability of operational performance.

Market Share Growth

Growth



Hizentra®

- SCIG leadership
- CIDP indication anticipated in 2018

Privigen®

- EU label expansion - CIDP

Commercial Operations

- Enhanced capabilities, skills & focus

IG – Strategic Imperatives

Growth



GROW

our Current
Franchise by:

- Maximising current indications globally: continue geographic expansion; accelerate subcutaneous growth; launch 5 & 10 ml PFS in 2017



BUILD

a Leading Neuro
Franchise by:

- Focusing on CIDP: PRIVIGEN® today, HIZENTRA® in the near term; new neurology indications such as myositis in the future



EXPAND

the Global
Franchise by:

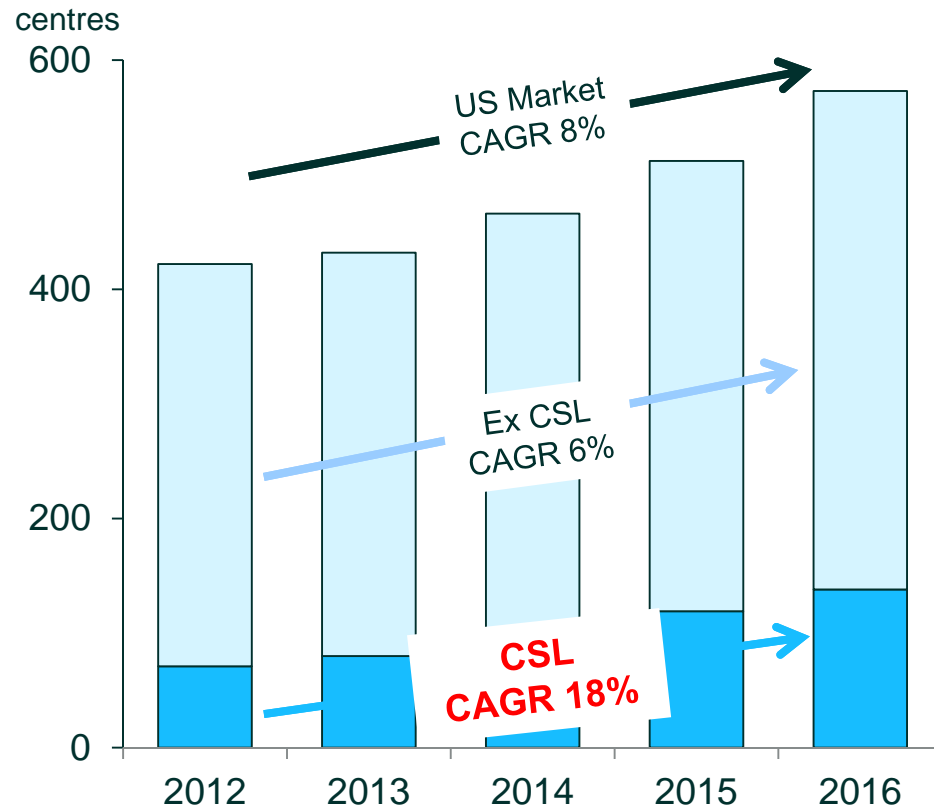
- Continue to invest in a broad range of potential new indications, product innovations and disruptive technologies

Category
Leadership

CSL

US Plasma Collection Centres

Efficiency



Source: PPTA & CSL

CSL leading growth

Growth

- CSL has opened approx. 70 centres in the last 3 years

Efficiency

- Collection centres take 2-3 years to be optimised
- Single integrated platform
- Donor payments increasing
- Plasma market tight



Seqirus on track

FY16
Acquisition

- Organisational redesign
- Integrated processes
- Culture change

FY18
Breakeven

- Full-year impact of product launches
 - Flucelvax® QIV
 - Afluria® QIV
 - Fluad®
- Optimise R&D spend
- New information systems
- Exit transitional services agreements

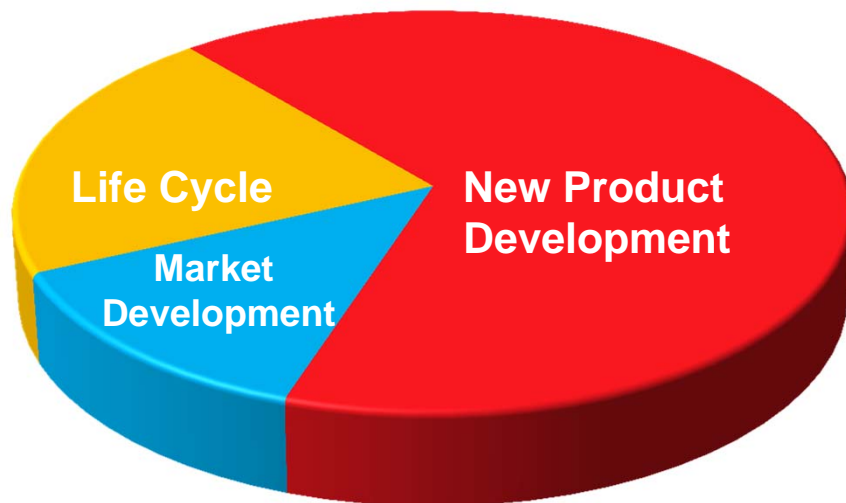
FY20
Revenue US\$1bn; 20% EBIT

- Deliver on Holly Springs
 - Step change in output
 - Drive efficiency
- Optimise product portfolio
 - Fluad® growth
 - TIV to QIV
- Fill and finish facility at Liverpool

Diversifying the Portfolio

Innovation

R&D Investment
FY16 - \$614m



New Product Development accounted for two thirds of R&D in FY16

- ~7% of sales

Protein Science focus

- Plasma based
- Recombinant technology

Three new monoclonal antibodies into Phase I trials

CSL Behring free cash flow funding future growth in Biotech

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Near Term Products



2016	2017	2018	2019	2020	2021
PRIVIGEN® IsoLo	PRIVIGEN® CIDP US	HIZENTRA® CIDP US/EU	HIZENTRA® CIDP Japan PRIVIGEN® Japan PID/SID		
IDELVION® US IDELVION® EU IDELVION® Japan AFSTYLA® US	AFSTYLA® EU/Japan				CSL689 rVIIa-FP Prophylaxis CSL689 rVIIa-FP On Demand
	CSL830 HAEGARDA™ US KCENTRA® Japan	CSL830 EU			
AFLURIA® QIV 18+ US & AUS FLUAD® TIV 65+ US FLUCELVAX® QIV 4+ US	AFLURIA® QIV 5-17yr US AFLURIA® QIV 5-17yr AUS	AFLURIA® QIV 6m-5yr US FLUAD® QIV 6m-5yrs US	AFLURIA® QIV 6m-5yr AUS QIV EU		

Core Capabilities:

Immunoglobulins
Haemophilia
Specialty Products
Vaccines & IP

* Calendar Years



Collaboration and License Agreement with Momenta for recombinant Fc mimetic molecules

- Neurological indications treated by Ig are mediated by the Fc portion of Ig molecule
- M230 is a trimeric Fc construct and a selective immunomodulator of Fc receptors
- Plan to start Phase I clinical trial this year
- Research collaboration for additional Fc multimer proteins

Investment in the newly established A\$230 million Biomedical Translation Fund

- Largest life sciences fund in Australia, managed by Brandon Capital Partners

Launch of A\$25 million CSL Centenary Fellowships

Global Workforce

People & Culture





Financials

CFO – David Lamont



Financial Highlights

Growth 

Revenue \$3.7 billion, up 17% (up 18% @CC¹)

EBIT \$1,095 million

- *Underlying² EBIT up 38% @CC*

NPAT \$806 million

- *Underlying NPAT up 36% @CC*

EPS \$1.77

- *Underlying EPS up 39% @CC*

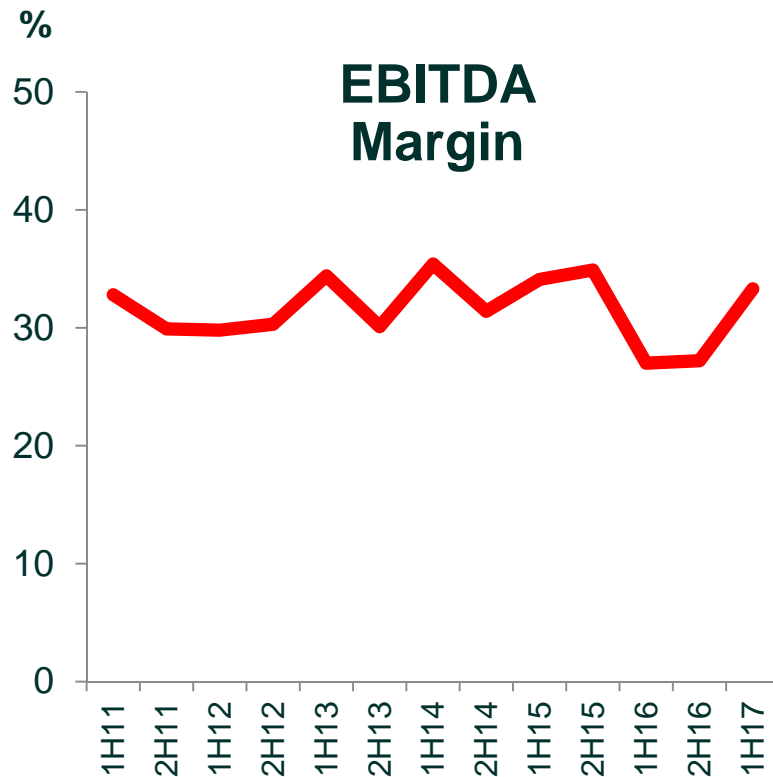
Interim dividend increased to \$0.64

¹ Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability of operational performance. See end note for further detail.

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

Margin Development

Growth



1H17

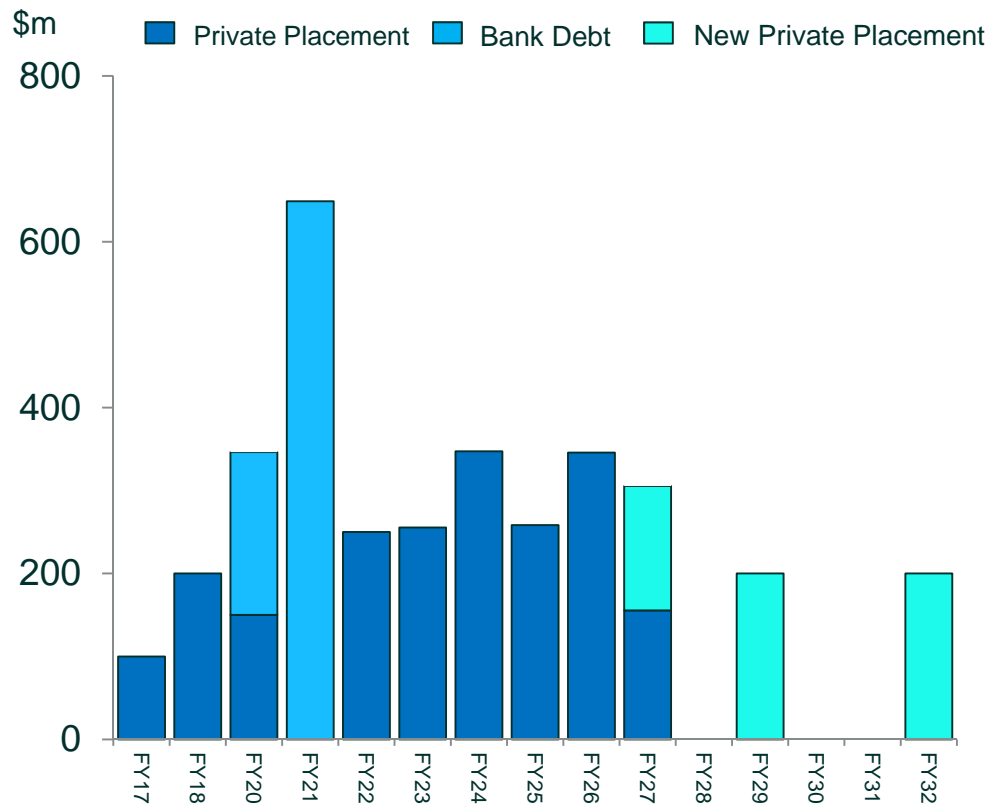
- Sales growth, especially specialty products
- Seqirus – turnaround progress

Outlook¹

- Margin to continue to benefit from transition to rCOAGs
- Portfolio mix benefits, especially with specialty product growth
- Ongoing Seqirus turnaround activity

Debt Maturity Profile

Efficiency



New US\$550m private placement

- Completed October 2016
- Weighted average fixed rate of 3.0%
- Average life of 12.5 years

New bank debt facility

- A\$350m with maturity of 3 years

Total debt portfolio

- Weighted average rate of ~2.5%

Liquidity

- Total liquidity \$1,581m
- Total undrawn facilities \$697m
- Cash \$884m

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Notable Items

Change in presentation of Financial Statements

- Alignment with internal reporting
- Expands revenue disclosure on face of P&L
- New segment disclosure – including gross profit

Expenses

- Phasing of R&D skewed towards 2H
- Borrowing costs up in line with debt levels
- Tax - product mix shift giving rise to higher 1H ETR
 - anticipate ~20 to 22% ETR for FY17

Seqirus

- Gross profit skewed to 1H in line with northern hemisphere influenza vaccine sales
- Indicative Seqirus sales 75% / 25% - 1H / 2H. Costs even over year
 - 1H16 includes only 5 months NVS-IV financials (acquired 31 July 2015)
 - Impacts expenses but July is typically a low sales month

NPAT growth² ~ 18-20% @ CC³ **EPS growth to exceed NPAT growth**

Outlook for remainder of FY17

- Continued strong demand for plasma therapy products
- Ongoing growth in rCOAGs sales contribution

Uneven profit profile between 1H and 2H arising from –

- Competitor product supply returning
- Seasonality of the Seqirus business
- Timing of expenses, particularly research and development
- Momenta agreement
- Timing of payments from partners

Near term R&D highlights

- Planning for CSL 112 (apoA-I) Phase III continuing
- Haegarda[®] approval anticipated in 1H FY18

¹ For forward looking statements, refer to Legal Notice on page 2

² Excludes one-off gains and costs (net \$90m) relating to the acquisition of NVS-IV from FY16

³ Constant Currency (CC) removes the impact of exchange rates movements to facilitate comparability

Financial Appendix



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Group Results

Half year ended December US\$ Millions	Dec 2015 Reported	Dec 2015 Underlying ²	Dec 2016 Reported	Dec 2016 at CC ¹	Underlying ² 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 ³	(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%

¹ Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability of operational performance.

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



CSL Behring Sales

Half year ended December US\$ Millions	Dec 2015	Dec 2016	Dec 2016 CC ¹	Change %
Immunoglobulins	1,181	1,426	1,442	22%
Albumin	376	433	447	19%
Haemophilia				
- Recombinants	203	232	233	15%
- Plasma	306	282	287	(6%)
Specialty	466	590	584	25%
Total Product Sales	2,532	2,963	2,992	18%
<i>Other sales (mainly plasma)</i>	5	13	13	
<i>Total Sales</i>	2,537	2,976	3,006	

FY17 Financial Guidance

CSL GROUP		
Full year ended June US\$ Millions	FY16 Actual	FY17 Guidance ¹
Reported Net Profit after Tax	1,242	
NVS-IV one-offs ³	(90)	
Underlying NPAT	1,152	~18-20% growth @CC ²
<i>FX Impact⁴</i>		~(50M)

¹ For forward looking statements, refer to Legal Notice on page 2

² Constant Currency (CC) removes the impact of exchange rates movements to facilitate comparability. See end note for further detail.

³ Comprises gain on acquisition ~\$176.1m & one off acquisition related costs of \$86.6m (@NPAT line)

⁴ Assumes current rates remain steady for the remainder of the year

Notes - 1

(#) 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.



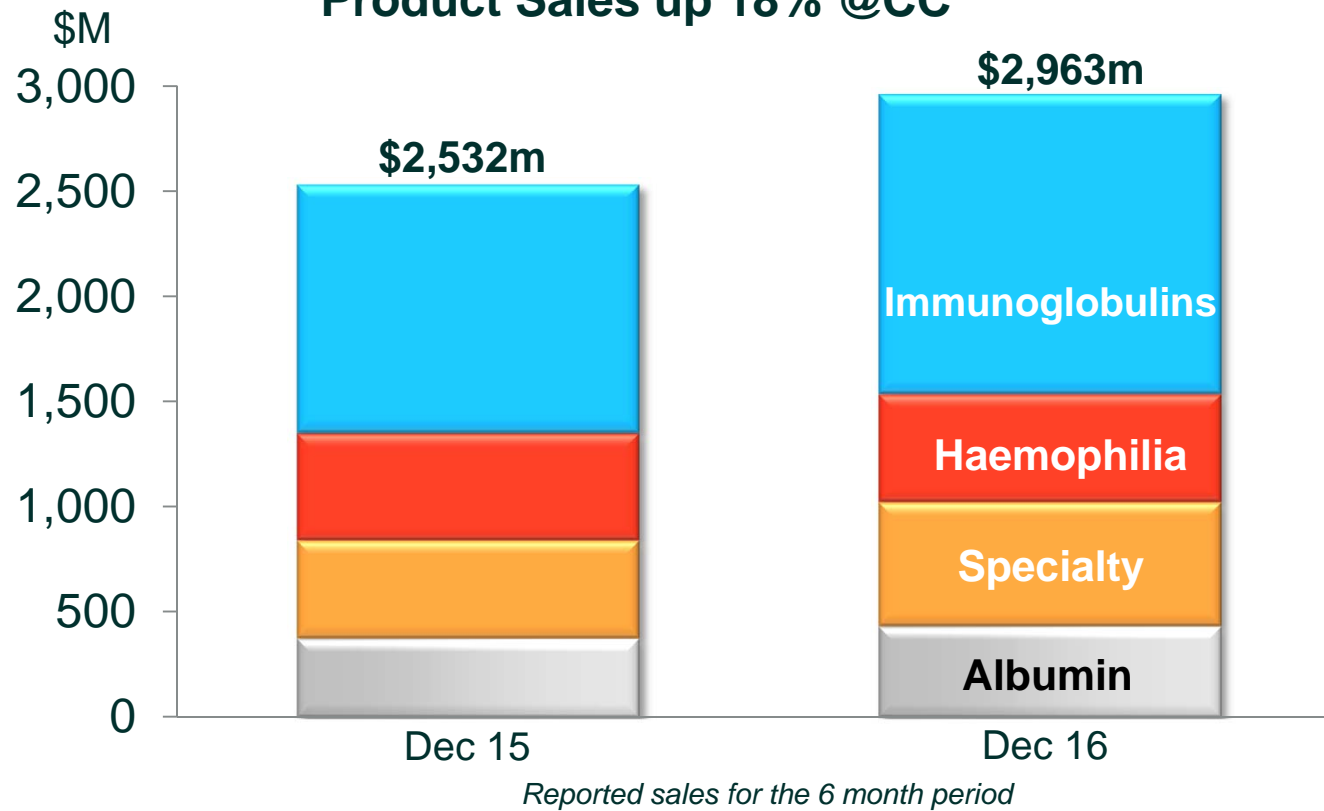
Business Unit Appendix



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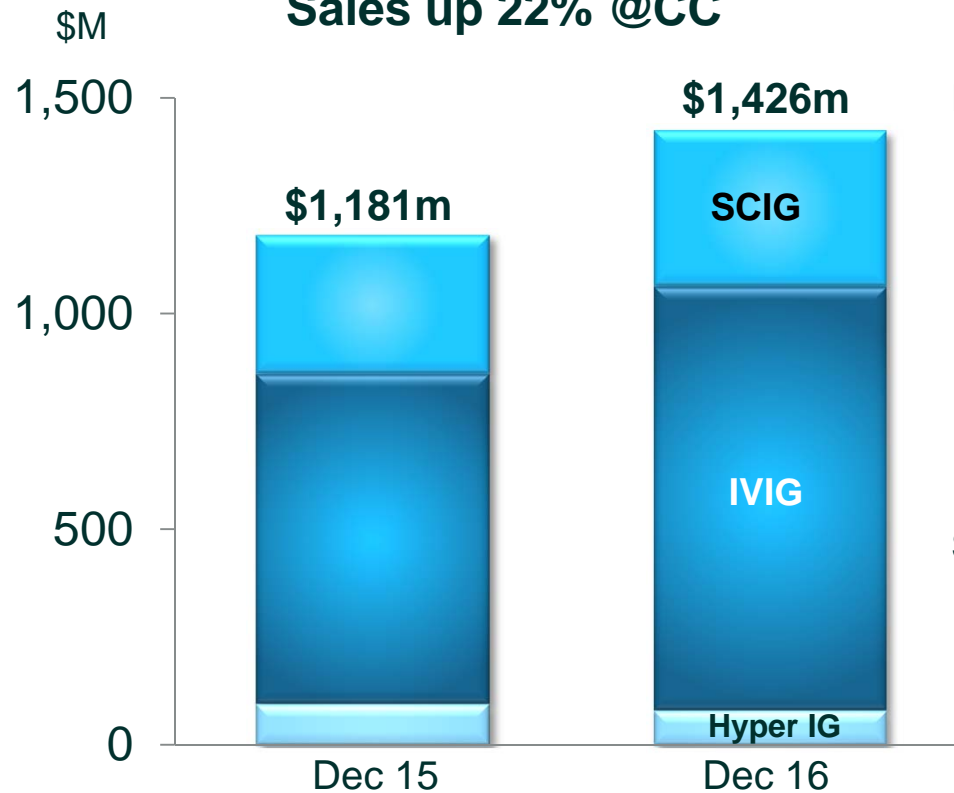
CSL Behring

Product Sales up 18% @CC



Immunoglobulins

Sales up 22% @CC



Reported sales for the 6 month period

Highlights

IVIG – Privigen® up 34%

- Market growth in hospital segment and non-acute segment
- Focussed sales and marketing efforts
- Operational capacity
- Competitor supply constraints
- Successful launch in Turkey
- CIDP indication in Europe continuing to underpin strong growth

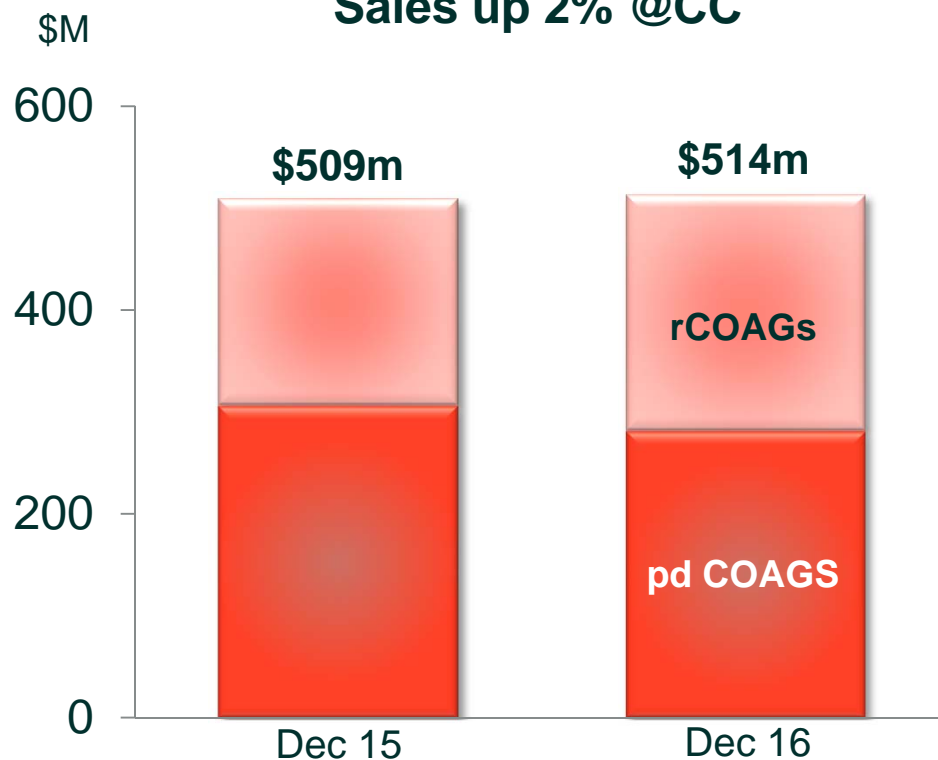
SCIG – Hizentra® up 14%

- New patients, increasing home treatment and selective partnering with key speciality pharmacies
- New market entrant



Haemophilia

Sales up 2% @CC



Reported sales for the 6 month period

Highlights

rCOAGs up 15%

- Strong uptake of Idelvion® in US and EU
- Growth offset to some extent by decline in Helixate®

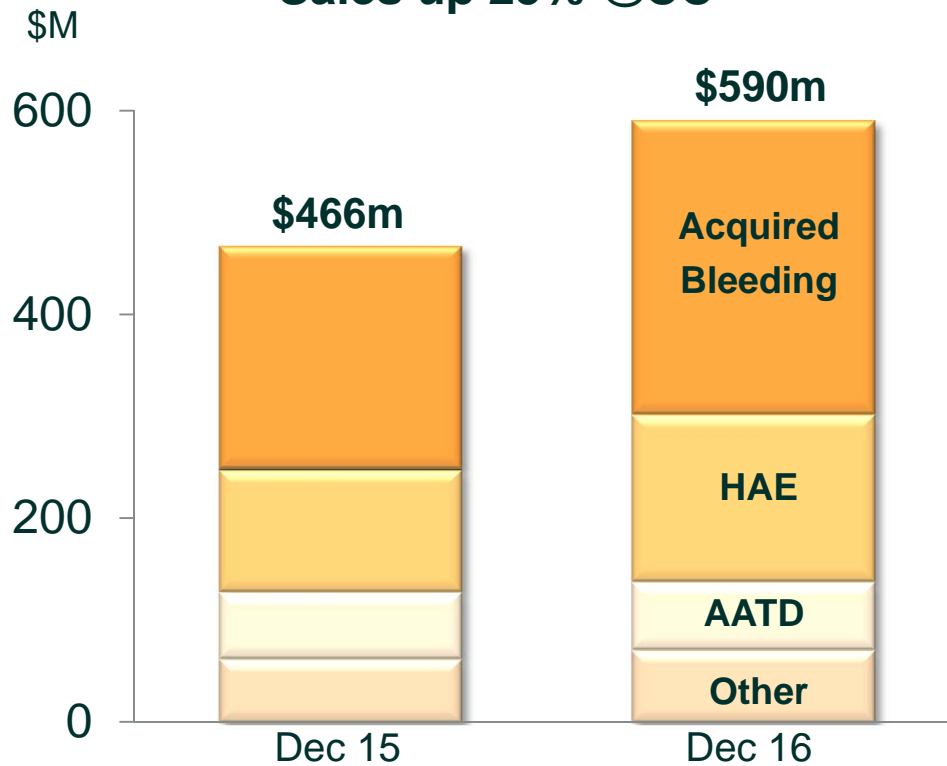
pdCOAGs down 6%

- Phasing of Russian tender
- Lower share of Polish tender
- Volatility in surgical and ITT usage



Specialty

Sales up 25% @CC



Reported sales for the 6 month period

Highlights

Kcentra® / Beriplex®

- Restructured and fully established sales force
- Deeper penetration into hospital market

Berinert® P

- Increasing awareness and diagnosis of HAE
- Competitor product supply disruption

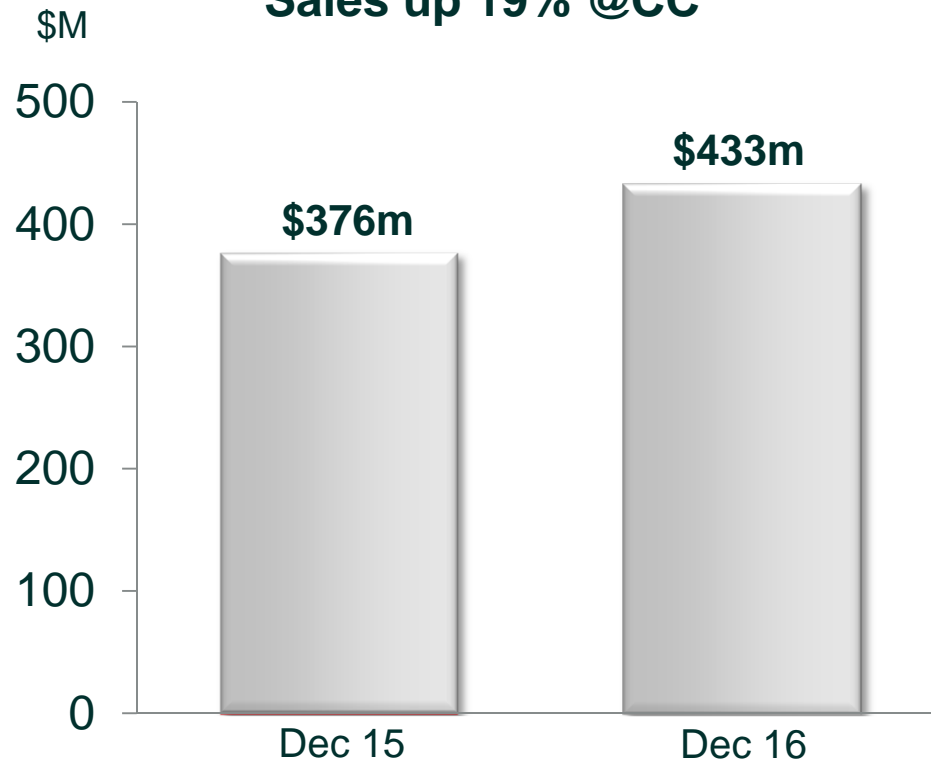
Beriplast®

- Strong increase in Japan



Albumin

Sales up 19% @CC



Reported sales for the 6 month period

Highlights

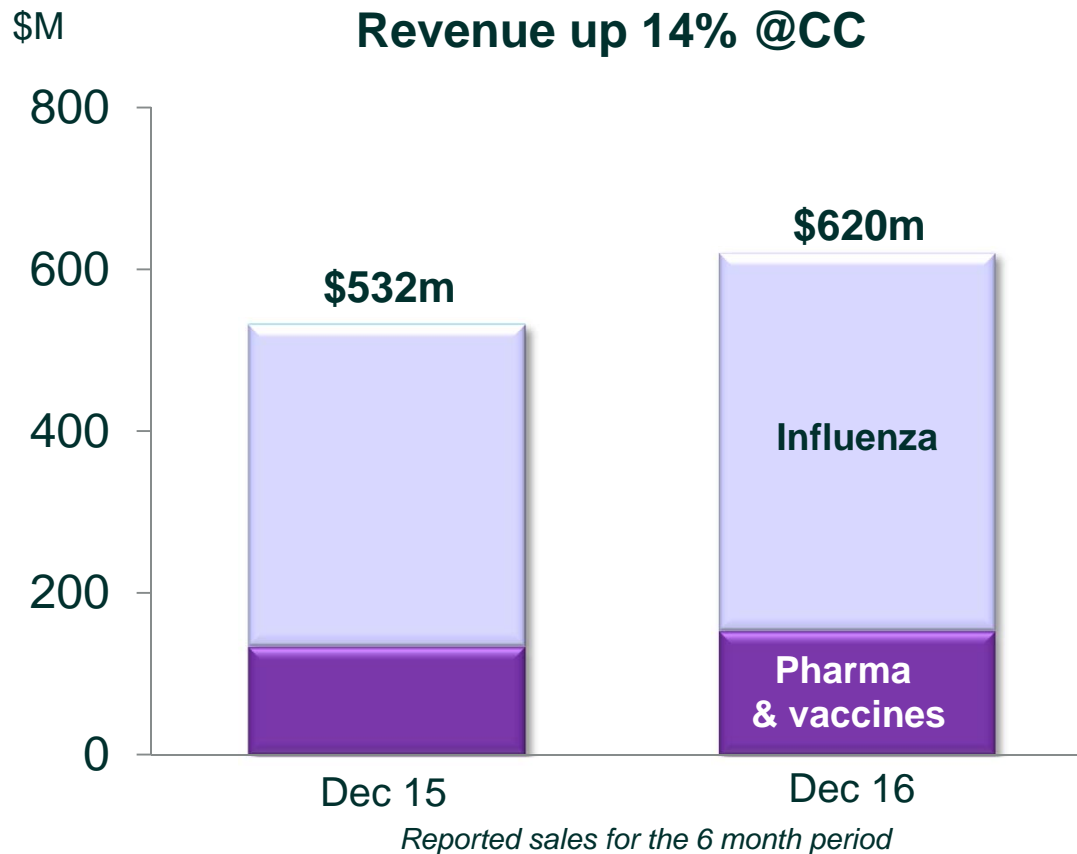
China

- 35% sales growth
- Enhanced sales, marketing and distribution efforts
- Expanded market access into Tier 2 & 3 cities and new hospital listings

Solid sales growth in Turkey and Brazil



Seqirus



Highlights

- Influenza revenue \$464 million
- Flucelvax[®] QIV launched in US
- Afluria[®] QIV approved in US and Australia
- First to market in US for influenza vaccines
- Zostavax* launched in public market in Australia

* Zostavax is a registered trademark of Merck & Co. Inc

