



ASX Announcement

2 February 2017

Changes to format of CSL Group Financial Statements

CSL Limited (ASX:CSL; USOTC:CSLLY) today released details of changes in the format of elements of the CSL Group Financial Statements. The disclosures will be applicable from the half year financial statements to be released on 15 February 2017 and will be used in the full year financial statements for the 2016/17 year and subsequent financial statements.

To assist users of the company's financial statements, in the attachment we have presented historical data in the new format for the half year ended 31 December 2015 and the full year ended 30 June 2016.

These changes are part of the ongoing process of improving the relevance of the financial statements to users.

Changes to the Consolidated Statement of Comprehensive Income

In order to present clearer information about the operating revenues earned by the Group disclosure on the face of the Statement has been expanded to include sale of goods, pandemic facility reservation fees, royalty and licence revenue and other revenue.

Cost of sales will now include any costs directly incurred in the earning of revenue and gross profit will be calculated as Total Operating Revenue less cost of sales.

The one item previously disclosed in Other Revenue that is not included in Total Operating Revenue is Finance Revenue, this is now presented below the Operating Profit sub-total.

Operating Profit disclosed on the face of the Statement is equal to Earnings before Interest and Tax (EBIT).



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Changes to the Segment Note

During the first half of the financial year the Group conducted a review of internal reporting to the CEO (who is the Chief Operating Decision Maker) and determined that the separate reporting of the CSL Intellectual Property financial results was no longer relevant to the CEO review of financial performance. Additionally the separate disclosure of Unallocated Revenue less Unallocated Expense was also deemed to be unnecessary.

As a consequence the number of operating segments has been reduced to two – CSL Behring and Seqirus. The revenues and expenses of the CSL Intellectual Property segment and those previously disclosed as Unallocated are now included in the CSL Behring segment. This reflects the manner in which these costs are managed by the leadership team and reported to the CEO.

Attached is the Profit & Loss Statement (which forms a part of the Consolidated Statement of Comprehensive Income) showing the revised and prior format for each of the half year to December 2015 and the full year to June 2016, and the revised Segment disclosures for the same periods. The attachment provides a reconciliation of the Segment EBIT between the revised and prior disclosures.

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Revised Disclosures

Profit & Loss Statement		6 months to Dec-15	
		<i>New</i> US\$m	<i>Previous</i> US\$m
Sales of Goods	1/2	3,030.4	3,056.3
Pandemic Facility Reservation Fees		32.6	
Royalties and Licence Revenue		65.6	
Other Income		7.1	
Total Operating Revenue		3,135.7	
Cost of Sales		(1,629.7)	(1,620.2)
Gross Profit		1,506.0	1,436.1
Other Revenue	2		86.0
Research & Development Expenses		(283.9)	(283.9)
Selling and Marketing Expenses		(281.0)	(281.0)
General and Administration Expenses	3	(195.5)	(205.0)
Operating Profit		745.6	752.2
Finance Costs		(33.6)	(33.6)
Finance Income	4	6.6	
Gain on Acquisition		176.1	176.1
Profit before Income Tax Expense		894.7	894.7
Income Tax Expense		(175.9)	(175.9)
Net Profit for the Period		718.8	718.8

Profit & Loss Statement		12 months to Jun-16	
		<i>New</i> US\$m	<i>Previous</i> US\$m
Sales of Goods		5,909.5	5,909.5
Pandemic Facility Reservation Fees		68.7	
Royalties and Licence Revenue		122.7	
Other Income		14.4	
Total Operating Revenue		6,115.3	
Cost of Sales		(3,052.8)	(3,034.8)
Gross Profit		3,062.5	2,874.7
Other Revenue	2		219.7
Research & Development Expenses		(613.8)	(613.8)
Selling and Marketing Expenses		(620.9)	(620.9)
General and Administration Expenses	3	(390.3)	(408.3)
Operating Profit		1,437.5	1,451.4
Finance Costs		(71.6)	(71.6)
Finance Income	4	13.9	
Gain on Acquisition		176.1	176.1
Profit before Income Tax Expense		1,555.9	1,555.9
Income Tax Expense		(313.5)	(313.5)
Net Profit for the Period		1,242.4	1,242.4

1 Certain Pandemic Facility Reservation Fees in the NIV business were disclosed as Sales in the December 2015 accounts. These have been reclassified in the new disclosures to facilitate comparability between periods.

2 Other Revenue was detailed in a note to the accounts and included Finance Income which is now presented separately. Other Revenue in the December 2015 accounts included \$6.7m that has been reclassified as Pandemic Facility Reservation Fees.

3 Royalty expense incurred in connection with the Royalty Income has been reallocated from General and Administration Expenses to Cost of Sales.

4 Finance Income was previously disclosed in Other Revenue.

Revised Disclosures

Segment Note

New Disclosure	6 months to Dec-15			
	CSL Behring US\$m	Seqirus US\$m	Total CSL US\$m	
Sales of Goods	2,537.4	493.0	3,030.4	
Pandemic Facility Reservation Fees	0.0	32.6	32.6	
Royalties and Licence Revenue	65.6	0.0	65.6	
Other Income	1.0	6.1	7.1	
Total Operating Revenue	2,604.0	531.7	3,135.7	
Segment Gross Profit	5	1,383.4	159.6	1,543.0
Segment EBIT	5	843.0	(28.4)	814.6
Gain on Acquisition			176.1	
Acquisition related costs			(69.0)	
Finance Income			6.6	
Finance Costs			(33.6)	
Consolidated profit before tax			894.7	
Income Tax Expense			(175.9)	
Consolidated Net Profit after Tax			718.8	

Segment EBIT reconciliation

Segment EBIT per December 2015 accounts	841.9	(97.4)	744.5
Transfer of CSL IP Segment EBIT	23.5	0.0	
Transfer of unallocated revenue less costs	(22.4)	0.0	
Reallocation of Acquisition related costs	0.0	69.0	
Revised Segment EBIT	843.0	(28.4)	814.6
Operating Profit per the Profit & Loss			745.6
Difference	6		69.0

Segment Note

New Disclosure	12 months to Jun-16			
	CSL Behring US\$m	Seqirus US\$m	Total CSL US\$m	
Sales of Goods	5,257.4	652.1	5,909.5	
Pandemic Facility Reservation Fees	0.0	68.7	68.7	
Royalties and Licence Revenue	122.6	0.1	122.7	
Other Income	3.9	10.5	14.4	
Total Operating Revenue	5,383.9	731.4	6,115.3	
Segment Gross Profit	5	2,934.5	163.5	3,098.0
Segment EBIT	5	1,773.0	(244.5)	1,528.5
Gain on Acquisition			176.1	
Acquisition related costs			(90.9)	
Finance Income			13.9	
Finance Costs			(71.6)	
Consolidated profit before tax			1,556.0	
Income Tax Expense			(313.5)	
Consolidated Net Profit after Tax			1,242.5	

Segment EBIT reconciliation

Segment EBIT per June 2016 accounts	1,802.6	(335.7)	1,466.9
Transfer of CSL IP Segment EBIT	27.9	0.0	
Transfer of unallocated revenue less costs	(57.3)	0.0	
Reallocation of Acquisition related costs	0.0	90.9	
Minor reallocations/rounding	(0.2)	0.2	
Revised Segment EBIT	1,773.0	(244.6)	1,528.4
Operating Profit per the Profit & Loss			1,437.5
Difference	6		90.9

5 COGS is \$37m lower and Segment EBIT \$37m higher than in the Profit & Loss Statement as a result of reclassifying a fair value adjustment (required by accounting standards) to inventory as a one-off acquisition cost. This has been done to facilitate comparability between periods.

6 The difference between Segment EBIT and Operating Profit of \$69.0m for the half year and \$90.9m for the full year is a result of presenting one-off adjustments (that are embedded in the profit and loss statement above Operating Profit) below the Segment EBIT line. This has been done to facilitate comparability between periods.