



# ASX Announcement

For immediate release

13 August 2014

## Full Year Result 2014

**CSL Delivers Strong Result with EPS up 11%  
Exceptional Performance in Specialty Products  
Board to Consider Further Share Buyback  
Final Dividend lifted to US\$0.60 per share**

CSL Limited (ASX:CSL; USOTC:CSLLY) today announced a net profit after tax (NPAT) of US\$1,307 million for the full year ended 30 June 2014, up US\$96 million or 8% on a reported basis when compared to the prior comparable period (PCP). The result includes a one-off U.S. antitrust class action litigation settlement. Earnings per share (EPS) grew 11%, benefiting from current and past capital management initiatives

## HIGHLIGHTS

### Financial

- Revenue US\$5,504 million, up 8% on PCP
  - *Up 9% at constant currency*<sup>1</sup>
- EBIT US\$1,637 million, up 11% on PCP
  - *Up 10% at constant currency*
- NPAT US\$1,307 million, up 8% on PCP
  - *Up 8% at constant currency*
- Reported earnings per share US\$2.70, up 11% on PCP
  - *Up 11% at constant currency*
- Research and development investment increased to US\$466 million, up 9% on PCP
  - *Up 11% at constant currency*
- Final dividend<sup>2</sup> increased 15% to US\$0.60 per share, unfranked for Australian tax purposes, payable on 3 October 2014
  - The final ordinary dividend converted to Australian currency increased to approximately A\$0.65 per share, up 14% on PCP

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

<sup>2</sup> For shareholders with an Australian registered address, dividends will be paid in A\$ at an amount of A\$0.648480 per share (at an exchange rate of A\$1.0808/US\$1.00), and for shareholders with a New Zealand registered address, dividends will be paid in NZD at an amount of NZ\$0.710220 per share (at an exchange rate of NZ\$1.1837/US\$1.00). The exchange rates used are fixed at the date of dividend determination. All other shareholders will be paid in US\$.

- Total ordinary dividends converted to Australian currency increased to approximately \$A1.24 per share, up 17% on PCP.

**Operational**

- Hizentra® (subcutaneous immunoglobulin)
  - U.S. approval for flexible dosing
  - Japanese approval for treatment of primary immune deficiency and secondary immune deficiency
- Kcentra® (4 factor pro-thrombin complex concentrate) - approved by U.S. FDA for surgical use
- CSL 362 (acute myeloid leukaemia) – license agreement with Janssen Biotech, Inc.
- Alpha-1 (hereditary lung / liver disease) – innovative diagnostic test kit launched
- bioCSL business turnaround progress
- A\$950 million share buyback<sup>3</sup> 93% complete
- New ~€300 million private placement foreshadowed
- Board to consider further share buyback<sup>3</sup> of up to A\$950 million
- U.S. antitrust class action litigation settled
- Sponsored Level 1 American Depository Receipts program established

CSL Chief Executive Officer and Managing Director, Paul Perreault said “We delivered a successful year in a competitive and dynamic global market. Double digit growth in immunoglobulin, albumin and our specialty products portfolio underpinned our strong result. Of particular note has been the performance of our specialty product Kcentra®, the first four factor prothrombin concentrate approved in the U.S. Our subcutaneous immunoglobulin, Hizentra®, has likewise been a stand-out performer.”

“Turning around bioCSL has progressed although considerable work remains. Our decision last year to create a separate business unit is paying off with a range of targeted efficiency and growth initiatives underway.”

“There has been significant investment in our future growth this year. Our new Biotechnology manufacturing facility at Broadmeadows, Australia, was officially opened in May. Major expansion programs are underway at our manufacturing sites in the U.S., Germany and Switzerland. We finished construction of our new global Privigen® facility located in Broadmeadows and announced Switzerland as the location for our new commercial recombinant manufacturing facility. CSL Plasma opened its 100<sup>th</sup> plasma

<sup>3</sup> CSL reserves the right to suspend or terminate buy-backs at any time.

collection centre in April and expanded laboratory and logistics operations," Mr Perreault said.

### **OUTLOOK (at FY14 exchange rates)**

Commenting on CSL's outlook, Mr Perreault said, "We continue to see robust global demand for plasma therapies. Our broad suite of products together with a multisite capacity expansion program strongly positions the company in a competitive market. In the recombinant haemophilia space we anticipate a new generation of products to enter the market over the next few years. CSL is well placed to compete with a portfolio of innovative recombinant therapies in the final stages of development."

"This financial year, at constant currency, we anticipate net profit after tax to grow approximately 12% and earnings before interest and tax to grow approximately 15%. Earnings per share growth will again exceed profit growth expectations as shareholders benefit from the ongoing effect of past and current share buybacks. I'm pleased to foreshadow that following the completion of the current share buyback program the Board of Directors will consider a further on-market share buyback of a similar amount to the current program of \$A950 million," Mr Perreault said.

In compiling the company's financial forecasts for the year ending 30 June 2015 a number of key variables which may have a significant impact on guidance have been identified and these have been included in the footnote<sup>4</sup> below.

### **OPERATING REVIEW**

**CSL Behring** sales of US\$4.9 billion grew 10% in constant currency terms, when compared to the prior comparable period.

---

<sup>4</sup> 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.

*Immunoglobulin* product sales of US\$2,320 million grew 12% in constant currency terms, with 'normal' immunoglobulin growing 13%. Global market conditions remain robust, but competitive. Intravenous immunoglobulin sales growth was underpinned by strong demand for Privigen® which benefited from an expanded indication in Europe to include its use in the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP). Latin America sales were also strong. Sales of Carimune® continued to perform well, particularly in the US following market segmentation initiatives.

Demand for subcutaneous immunoglobulin (SCIG) was particularly strong in both the U.S. and Europe. Hizentra® offers patients the convenience of self-administration at home. In the US the expansion of administration frequency options to include flexible dosing has driven an increased penetration of the product into the Primary Immune Deficiency (PID) patient market.

*Albumin* sales of US\$694 million grew 16% in constant currency terms. Albumin demand in China remained vigorous with sales boosted through improved penetration into new market segments. This growth followed a strong prior period in China arising from a change in the business model aimed at streamlining our distribution. European sales were robust and assisted by cautionary statements from the regulator in relation to the use of hydroxyethyl starches, which are sometimes used as an alternative to albumin. Albumin demand continues to be robust in the rest of the world and especially strong in Brazil.

*Haemophilia* product sales of US\$1,064 million declined 4% in constant currency terms. Plasma derived haemophilia sales were impacted by the conclusion of a number of treatment programs for immune tolerance patients in Europe. In addition, sales of plasma derived haemophilia products in tender markets can vary period to period. There was growth in plasma derived haemophilia products in certain Eastern European and Middle Eastern markets. Recombinant factor VIII sales declined 1% in constant currency terms, a function of a change in sales mix and influence from the number of clinical trials underway for new generation recombinant factor VIII products where patients receive clinical trial products at no cost.

*Specialty products* sales of US\$848 million grew 18% in constant currency terms. In April 2013, the U.S. Food and Drug Administration (FDA) approved Kcentra® (4 factor pro-thrombin complex concentrate) for urgent warfarin reversal in patients with acute major bleeding. This was followed in December 2013 with approval for an expanded indication to include the urgent reversal of acquired coagulation factor deficiency

induced by vitamin K antagonist (e.g. warfarin) therapy in adult patients needing urgent surgery or other invasive procedures. These developments have underpinned strong growth in U.S. demand for Kcentra®. The U.S. Centres for Medicare and Medicaid Services approved a new technology add-on payment for Kcentra® in August 2013 recognising its significant clinical advancement for reversing the effects of warfarin in patients who experience acute major bleeding. Kcentra® was granted Orphan Drug Marketing Exclusivity for a period of 7 years effective December 2013 based on the approved surgical indication.

The period under review saw strong demand for Berlinert® (C1-esterase inhibitor concentrate), which is used for the treatment of acute attacks in patients with hereditary angioedema. In 2012, the U.S. FDA approved a label expansion to include self-administration and now in excess of 70% of patients using Berlinert® self-administer.

Zemaira® (Alpha-1 proteinase inhibitor) sales grew solidly in the U.S., supported by the introduction of a new diagnostics test kit which improves the accuracy of diagnosis. Zemaira is used by patients with Alpha<sub>1</sub>-Proteinase Inhibitor deficiency and related emphysema.

**bioCSL** sales of A\$433 million declined 4% in constant currency terms. Influenza sales totalled A\$125 million. Strong demand in the U.S. was more than offset by a reduction in European sales following the market exit by bioCSL's business partner in that region. Sales of vaccine to immunise against measles, mumps and rubella grew strongly after successfully tendering for the Australian National Immunisation Program.

**CSL Intellectual Property** revenue of US\$145 million grew 8% in constant currency terms driven by the granting of a license to Janssen Biotech, Inc., to progress CSL's acute myeloid leukaemia product currently in development. Royalty contributions from human papillomavirus vaccine intellectual property contributed US\$119 million to revenue.

**Group EBIT margin<sup>5</sup>** grew modestly to 29.7%.

---

<sup>5</sup> EBIT margin is calculated by dividing earnings before interest and tax by total revenue.

**CAPITAL MANAGEMENT***Share Buyback*

During October 2013, CSL announced its intention to conduct an on-market share buyback of up to A\$950 million. Under the Australian Securities Exchange listing rules this buyback<sup>6</sup> has a 12 month completion window. To date, CSL has repurchased approximately 12.8 million shares for approximately A\$882 million, representing about 93% of the intended repurchase program.

CSL's balance sheet remains very sound and only modestly geared. Cash and cash equivalents totalled US\$609 million as at 30 June 2014, with interest bearing liabilities totalling US\$1,890 million. Undrawn debt facilities totalled \$192 million.

*Capital management foreshadowed during FY15*

Following the completion of the current buyback, which has A\$68m remaining, the Board of Directors will consider a further on-market share buyback program of up to A\$950 million.

During the first half of fiscal 2015 the company intends to approach the U.S private placement market to raise approximately €300 million as part of the company's overall debt management program.

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 the company'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:

**Investors:**

Mark Dehring  
Head of Investor Relations  
CSL Limited  
Telephone: +613 9389 2818  
Email: [mark.dehring@csl.com.au](mailto:mark.dehring@csl.com.au)

**Media:**

Sharon McHale  
Senior Director Public Affairs  
CSL Limited  
Telephone: +613 9389 1506  
Mobile +614 0997 8314  
Email: [sharon.mchale@csl.com.au](mailto:sharon.mchale@csl.com.au)

<sup>6</sup> CSL reserves the right to suspend or terminate buybacks at any time.



# ASX Announcement

---

Page 7

13 August 2014

Tim Duncan  
Hintons & Associates  
Phone: +613 9600 1979  
Mobile: +614 0844 1122  
Email: [tduncan@hintons.com.au](mailto:tduncan@hintons.com.au)

® Trademarks of CSL Limited or its affiliates.

## Group Results

*US Dollars*

Full year ended June US\$ Millions	Jun 2013 Reported	Jun 2014 Reported	Jun 2014 at CC <sup>#</sup>	Change %
<b>Sales</b>	<b>4,950</b>	<b>5,335</b>	<b>5,375</b>	<b>8.6%</b>
Other Revenue / Income	150	169	170	
<b>Total Revenue / Income</b>	<b>5,100</b>	<b>5,504</b>	<b>5,546</b>	<b>8.7%</b>
<b>Earnings before Interest, Tax, Depreciation &amp; Amortisation</b>	<b>1,681</b>	<b>1,832</b>	<b>1,823</b>	<b>8.4%</b>
Depreciation/Amortisation	202	195	199	
<b>Earnings before Interest and Tax</b>	<b>1,480</b>	<b>1,637</b>	<b>1,624</b>	<b>9.8%</b>
Net Interest Expense / (Income)	18	33	31	
Tax Expense	250	297	290	
<b>Net Profit after Tax</b>	<b>1,211</b>	<b>1,307</b>	<b>1,304</b>	<b>7.6%</b>
Total Ordinary Dividend (US\$)	1.02	1.13		11%
Final Dividend (US\$)	0.52	0.60		15%
Basic EPS (US\$)	2.43	2.70	2.69	11%

(#) **Constant currency** removes the impact of exchange rate movements to facilitate comparability by restating the current year's results at the prior year's rates. This is done in two 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 year ("translation currency effect"); and (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 year ("transaction currency effect"). The sum of translation currency effect and transaction currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

Summary NPAT

Reported Net Profit after Tax	\$1,307.0m
Translation Currency Effect (a)	\$ (31.9m)
Transaction Currency Effect (b)	\$ 28.6m
Constant Currency Net Profit after Tax *	\$1,303.7m

(a) Translation Currency Effect (\$31.9m)

Average Exchange rates used for calculation in major currencies (twelve months to Jun 14/June 13) were as follows: USD/EUR (0.7383/0.7741); USD/CHF(0.9054/0.9403)

(b) Transaction Currency Effect \$28.6m

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.

Summary Sales

Reported Sales	\$5,334.8m
Currency Effect (c)	\$40.4 m
Constant Currency Sales *	\$5,375.2m

c) Constant Currency Effect \$40.4m

Constant currency effect is presented as a single amount due to the complex and interrelated nature of currency impacts on sales.

\* Constant Currency Net Profit after Tax and Sales have not been audited or reviewed in accordance with Australian Auditing Standards.