Half Year Result 2015
CSL delivers solid first half
Strong investments for future growth

CSL Limited (ASX:CSL; USOTC:CSLLY) today announced a net profit after tax (NPAT) of US$692 million for the six months ended 31 December 2014, up US$47 million or 7% on a reported basis when compared to the prior comparable period (PCP). Earnings per share (EPS) grew 10%.

HIGHLIGHTS

Financial
- Sales US$2,744 million, up 7% on PCP
  - Up 8% at constant currency
- EBIT US$878 million, up 7% on PCP
  - Up 9% at constant currency
- NPAT US$692 million, up 7% on PCP
  - Up 9% at constant currency
- Earnings per share US$1.46, up 10% on PCP
  - Up 12% at constant currency
- Cashflow from operations US$656 million, up 28% on PCP
- Research and development investment increased to US$233 million
- Interim dividend increased 9% to US$0.58 per share, unfranked for Australian tax purposes, payable on 10 April 2015
  - Converted to Australian currency, the interim dividend increased to approximately A$0.74 per share, up 25% on PCP.

1 Constant currency removes the impact of exchange rate movements to facilitate comparability. See end note (2) for further detail.
2 Prior period result includes a one-off US antitrust class action settlement of US$64m or US$39m after tax
3 For shareholders with an Australian registered address, dividends will be paid in A$ at an amount of A$0.743850 per share (at an exchange rate of A$1.2825/US$1.00), and for shareholders with a New Zealand registered address, dividends will be paid in NZD at an amount of NZ$0.783754 per share (at an exchange rate of NZ$1.3513/US$1.00). The exchange rates used are fixed at the date of dividend determination. All other shareholders will be paid in US$. 
Operational

- Agreement to acquire Novartis' global influenza vaccine business
- Hizentra® (subcutaneous immunoglobulin) - European Medical Agency & U.S. Food and Drug Administration (FDA) approved flexible dosing
- CSL 654 (rIX-FP) – Biologics License Application submitted to the U.S. FDA
- CSL 112 (rHDL) – global phase IIb clinical trial commenced
- Kankakee albumin facility expansion received U.S. FDA regulatory approval
- Melbourne albumin manufacturing expansion announced
- A$950 million share buyback⁴ 11% completed
- €350 million private placement completed

“We delivered a solid half-year result and continued to invest in future growth as part of our strategy,” said CSL Chief Executive Officer and Managing Director Paul Perreault. “Double digit sales growth was achieved in both albumin and specialty products. Influenza vaccine sales were very strong, up 24% following a severe influenza season in the northern hemisphere.

“A key achievement in the first half was the completion of our agreement to acquire the Novartis influenza vaccine business – the company’s first major acquisition in a decade – and we have since made excellent progress in planning for integration,” Mr. Perreault said. “The deal will vault CSL to no. 2 in the global influenza vaccine industry, a sector we understand intimately. Together as one business, we will have a diverse product portfolio, extensive global sales reach and the appropriate scale of R&D and manufacturing capabilities to leverage and compete globally.”

“Investments in key growth initiatives remain on track, including our multi-site capacity expansion,” Mr. Perreault added. “We recently announced our intention to build a new albumin facility in Australia and we received regulatory approval for our expanded albumin production facility in the U.S.”

OUTLOOK (at FY14 exchange rates)

Commenting on CSL’s outlook, Mr. Perreault said, “We expect that global demand for plasma therapies will continue to grow, but the market will become increasingly competitive, with new competitors and new products. CSL possesses diversified product

---

⁴ CSL reserves the right to suspend or terminate buy-backs at any time.
portfolios, decades of market knowledge, and a strong R&D pipeline of innovative therapies – positioning the company well to compete effectively."

“The company continues to have a strong outlook, however, in light of current trading conditions we have tempered our net profit after tax guidance for FY15 to approximately 10% at constant currency. This growth is prior to the inclusion of integration costs associated with the acquisition of the Novartis influenza business. Earnings per share growth is again anticipated to exceed profit growth,” 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 below.

OPERATING REVIEW

CSL Behring sales of US$2.5 billion grew 8% in constant currency terms when compared to the prior comparable period.

Immunoglobulin product sales of US$1,122 million grew 5% in constant currency terms, with normal immunoglobulin volume growing 11%. 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). The average immunoglobulin sales price was negatively impacted as a greater proportion of sales were made into lower priced markets.

Demand for subcutaneous immunoglobulin (SCIG) was strong in both the U.S. and Europe. Hizenta® offers patients the convenience of self-administration at home. In the U.S. the expansion of administration frequency options to include flexible dosing has

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.
driven an increased penetration of the product into the Primary Immune Deficiency (PID) patient market.

*Albumin* sales of US$358 million grew 16% in constant currency terms, driven by ongoing strong global demand. Demand in China grew particularly well, boosted by improved penetration into hospitals. CSL’s uniquely broad manufacturing footprint and suite of product presentations provides an attractive portfolio of choice to customers.

*Haemophilia product* sales of US$558 million grew 3% in constant currency terms. Plasma derived haemophilia sales grew 5%, boosted by success in several European tenders and the treatment of additional immune tolerance patients. Recombinant factor VIII also grew modestly after securing a number of European tenders. This market, however, remains competitive particularly with new entrants.

*Specialty products sales* of US$443 million grew 13% in constant currency terms, with growth tempered by a sales decline of wound healing products in Japan. Excluding these sales, the remaining group of specialty products grew 16%, driven largely by sales of Kcentra® and Berinert®.

Kcentra® (4 factor pro-thrombin complex concentrate) grew strongly following the launch of the surgical indication approved by the U.S. FDA. Also during the period, the U.S. Centres for Medicare and Medicaid Services approved an extension to the new technology add-on payment for Kcentra® through to September 2015, recognising its significant clinical advancement in reversing the effects of warfarin in patients who experience acute major bleeding.

There was continued strong demand for Berinert® (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 are self-administering Berinert®.

*bioCSL* sales of A$276 million grew 15% in constant currency terms. Influenza vaccine sales grew strongly to A$116 million, driven by a severe influenza season in the northern hemisphere. Contributing to the strength of the influenza vaccine sales was the cancellation of a third party distribution agreement in the U.S. with commercial operations returning to bioCSL. Moderating bioCSL’s growth was a reduction in sales of Gardasil following the conclusion of the male “catch-up” immunisation program in Australia.
CSL Intellectual Property revenue of US$92 million declined 9% in constant currency terms, driven by a reduction in royalties received on intellectual property associated with human papillomavirus vaccines, which contributed US$64 million to revenue.

Group EBIT margin\(^6\) grew modestly to 30.9%.

**CAPITAL MANAGEMENT**

Share Buyback
During October 2014, 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\(^7\) has a 12 month completion window. To date, CSL has repurchased approximately 1.3 million shares for approximately A$108 million, representing about 11% of the intended repurchase program.

CSL’s balance sheet remains very sound and only modestly geared. Cash and cash equivalents totalled US$1,061 million as at 31 December 2014.

During the first half of fiscal 2015 the company accessed the U.S private placement market and raised €350 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

**Media:**
Sharon McHale  
Senior Director Public Affairs  
CSL Limited  
Telephone: +613 9389 1506  
Mobile +614 0997 8314  
Email: sharon.mciale@csl.com.au

---

\(^6\) EBIT margin is calculated by dividing earnings before interest and tax by total revenue.  
\(^7\) CSL reserves the right to suspend or terminate buybacks at any time.
# Group Results

**US Dollars**

<table>
<thead>
<tr>
<th>Six months ended December</th>
<th>Dec 2014 Reported</th>
<th>Dec 2015 Reported</th>
<th>Dec 2015 at CC(^a)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>2,574</td>
<td>2,744</td>
<td>2,789</td>
<td>8.3%</td>
</tr>
<tr>
<td>Other Revenue / Income</td>
<td>117</td>
<td>97</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue / Income</strong></td>
<td>2,691</td>
<td>2,841</td>
<td>2,885</td>
<td>7.2%</td>
</tr>
<tr>
<td><strong>Earnings before Interest, Tax, Depreciation &amp; Amortisation</strong></td>
<td>912</td>
<td>969</td>
<td>985</td>
<td>8.0%</td>
</tr>
<tr>
<td>Depreciation/Amortisation</td>
<td>94</td>
<td>91</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings before Interest and Tax</strong></td>
<td>818</td>
<td>878</td>
<td>893</td>
<td>9.2%</td>
</tr>
<tr>
<td><strong>Net Interest Expense / (Income)</strong></td>
<td>16</td>
<td>21</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Tax Expense</td>
<td>157</td>
<td>165</td>
<td>167</td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit after Tax</strong></td>
<td>646</td>
<td>692</td>
<td>705</td>
<td>9.2%</td>
</tr>
<tr>
<td>Interim Dividend (US$)</td>
<td>0.53</td>
<td>0.58</td>
<td></td>
<td>9%</td>
</tr>
<tr>
<td>Basic EPS (US$)</td>
<td>1.33</td>
<td>1.46</td>
<td>1.49</td>
<td>12%</td>
</tr>
</tbody>
</table>
(2) **Constant currency** removes the impact of exchange rate movements to facilitate comparability by restating the current period’s results at the prior comparable period’s rates. This is done in two parts: (a) by converting the current period 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”); 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 comparable period (“transaction currency effect”). The sum of translation currency effect and transaction currency effect is the amount by which reported result is adjusted to calculate the result at constant currency.

### Summary NPAT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Net Profit after Tax</td>
<td>$692.2m</td>
</tr>
<tr>
<td>Translation Currency Effect (a)</td>
<td>$13.5m</td>
</tr>
<tr>
<td>Transaction Currency Effect (b)</td>
<td>$(0.7m)</td>
</tr>
<tr>
<td>Constant Currency Net Profit after Tax *</td>
<td>$705.0m</td>
</tr>
</tbody>
</table>

(a) **Translation Currency Effect $13.5m**

Average Exchange rates used for calculation in major currencies (six months to Dec 14/Dec 13) were as follows: USD/EUR (0.77/0.75); USD/CHF(0.93/0.92)

(b) **Transaction Currency Effect $(0.7m)**

Transaction currency effect is calculated by reference to the applicable prior comparable period 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Sales</td>
<td>$2,744.1m</td>
</tr>
<tr>
<td>Currency Effect (c)</td>
<td>$44.6m</td>
</tr>
<tr>
<td>Constant Currency Sales *</td>
<td>$2,788.7m</td>
</tr>
</tbody>
</table>

c) **Constant Currency Effect $44.6m**

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.

® Trademarks of CSL Limited or its affiliates.