

The background of the slide is a composite image. On the left, a woman in a white lab coat and safety goggles stands next to a man in a white lab coat who is looking through a microscope. On the right, a large, semi-circular inset shows a close-up of an Asian woman with long dark hair, wearing a light blue collared shirt, looking out of a window at a blurred outdoor scene.

# CSL Limited

**2017 Full Year Results**

16 August 2017

CEO – Paul Perreault

CFO – David Lamont



# Legal Notice

## Forward looking statements

The materials in this presentation speak only as of the date of these materials, and include forward looking statements about CSL Limited and its related bodies corporate (CSL) financial results and estimates, business prospects and products in research, all of which involve substantial risks and uncertainties, many of which are outside the control of, and are unknown to, CSL. You can identify these forward looking statements by the fact that they use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “may,” “assume,” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Factors 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; acquisitions and divestments; research collaborations; litigation or government investigations, and CSL’s ability to protect its patents and other intellectual property. The statements being made in this presentation do not constitute an offer to sell, or solicitation of an offer to buy, any securities of CSL.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including CSL). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements are based.

Subject to any continuing obligations under applicable law or any relevant listing rules of the Australian Securities Exchange, CSL disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of CSL since the date of these materials.

## Trademarks

Except where otherwise noted, brand names designated by a <sup>™</sup> or ® throughout this presentation are trademarks either owned by and/or licensed to CSL or its affiliates.

# 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

# Delivering on Strategy



## Growth

- **Global Ig market leader**
  - Focused commercial execution
- **Innovation in haemophilia**
  - IDELVION® new standard of care
  - AFSTYLA® new generation rFVIII
- **Exceptional growth in specialty products**
  - HAEGARDA® approved
- **Ruide providing access to high growth China market**

# Delivering on Strategy



## Innovation

- 3 global launches in 15 months
- Largest ever CIDP clinical study completed
- 3 new mAbs into phase 1 trials
- Collaboration to develop Fc mimetic
- Commercial scale cell based influenza vaccine



## Efficiency

- 5 years of margin expansion
- Most efficient plasma collection network
  - Industry leading expansion
- Track record of reliable supply
- Major progress on capital expansion projects

# Delivering on Strategy



## Influenza

- On-track to profitability
- Broad product portfolio driving strong sales growth
- Shipping commenced of >50m doses to US
- Four-fold increase in seasonal output at Holly Springs
- Multi-market pandemic vaccine agreements



## People & Culture

- Workforce ~20,000
- Maintaining and growing a values based culture
  - Patient focus
  - Geographic expansion
  - Talent development
  - Employee engagement
  - R&D capabilities

# Revenue Highlights

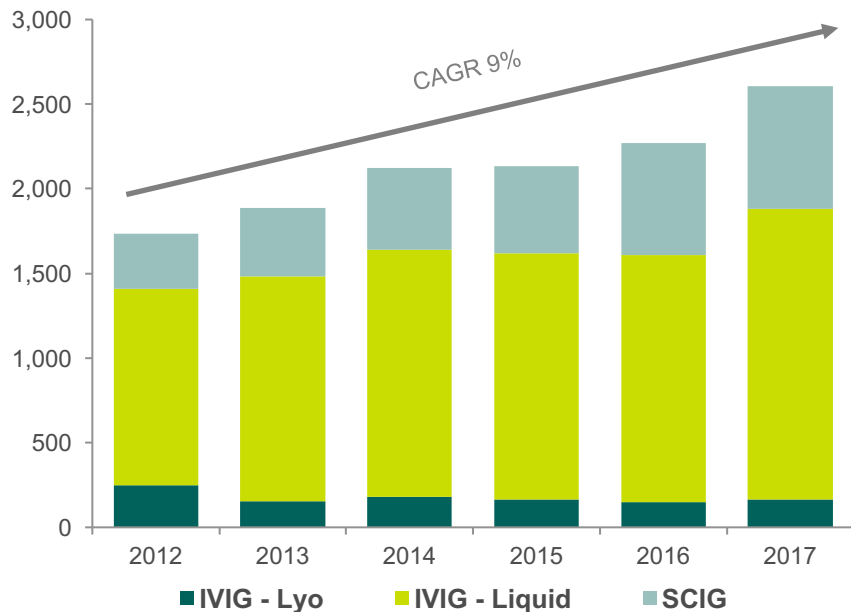


IMMUNOGLOBULINS \$2,774m +14% <sup>1</sup>	HAEMOPHILIA \$1,023m +4% <sup>1</sup>	SPECIALTY \$1,174m +20% <sup>1</sup>	ALBUMIN \$840m +7% <sup>1</sup>	SEQIRUS \$900m +23% <sup>1</sup>
				
<ul style="list-style-type: none"> <li>• Privigen® up 21%<sup>1</sup></li> <li>• Hizentra® up 10%<sup>1</sup></li> <li>• Total Ig<sup>2</sup> up 16%<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Strong demand for IDELVION®</li> <li>• Transition from Helixate® to AFSTYLA®</li> </ul>	<ul style="list-style-type: none"> <li>• Kcentra® up 35%<sup>1</sup></li> <li>• Berinert® up 31%<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Expansion into additional cities</li> <li>• China sales growth 13%</li> </ul>	<ul style="list-style-type: none"> <li>• Flud®<sup>2</sup>, QIVs and TIV all contributing</li> <li>• Sustainable increase in pandemic reservation fees</li> </ul>

# Strong Demand for Ig Products



CSL Global Ig Sales (USD\$m)



- SCIG in CIDP largely untapped
  - Hizentra® CIDP approval mid CY18
  - CIDP is largest Ig indication



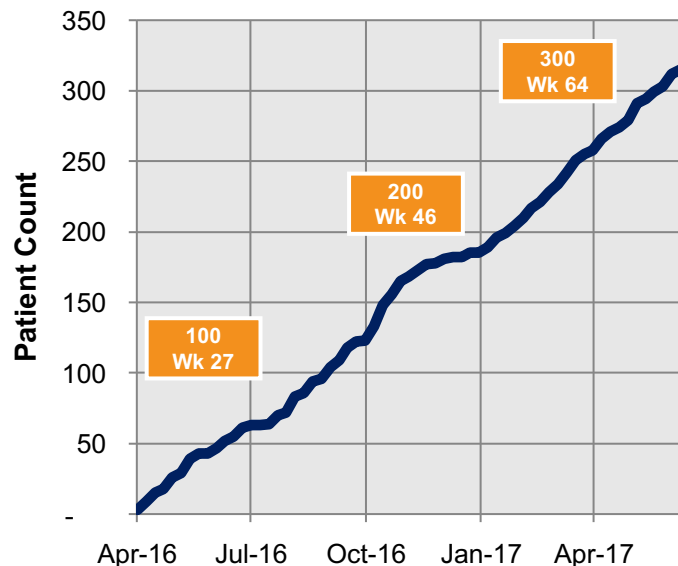
- Developing new indications
  - Myositis
  - Scleroderma
- Fc mimetic technology in development
  - Momenta deal
  - Internal capabilities



# New Products in Haemophilia



## US IDELVION® PATIENT GROWTH



*27 weeks for 1st 100 patients  
19 weeks for 2nd 100 patients  
17 weeks 3<sup>rd</sup> 100 patients*

- IDELVION® demand exceptionally strong
  - Capturing >2/3 of patient switches
- AFSTYLA® switches largely being driven from Helixate®
- IDELVION® & AFSTYLA® delivers sales growth and margin expansion in the recombinant coagulation portfolio

# Specialty Products – HAEGARDA®



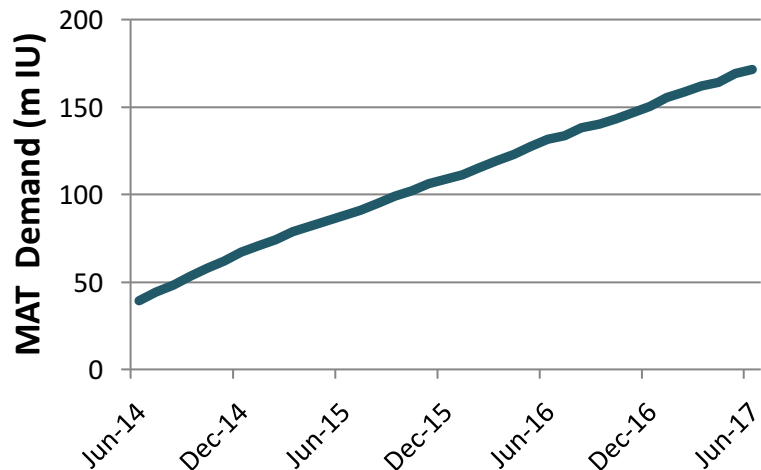
- Product launched July 2017
- 7 year orphan exclusivity
- First and only subcutaneous formulation
- 95% reduction in HAE attacks
- >99% reduction in the need for rescue medication
- Strong patient, physician and provider engagement



# Specialty Products – Kcentra®/Beriplex®

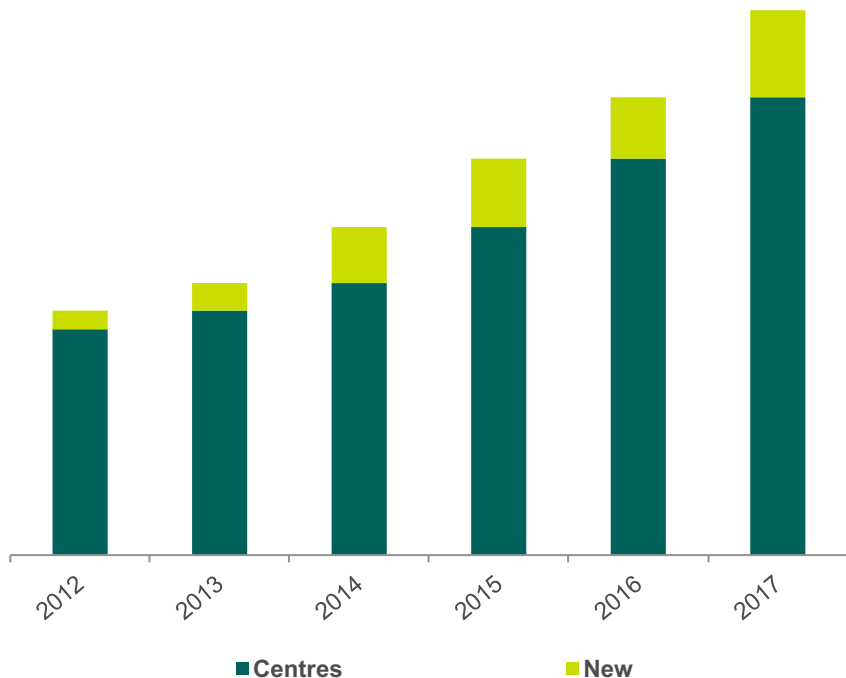


## US Kcentra® demand since launch (volume)



- US account expansion and penetration
- Broader awareness and understanding within hospital departments
- Demand for urgent Warfarin reversal remains robust in many markets
- Japan launch 2H17

# Growing the most efficient Plasma Collections Network



## As at June 2017

- Collection centres 176
- Unmatched rate of centre openings
  - 2-3 per month

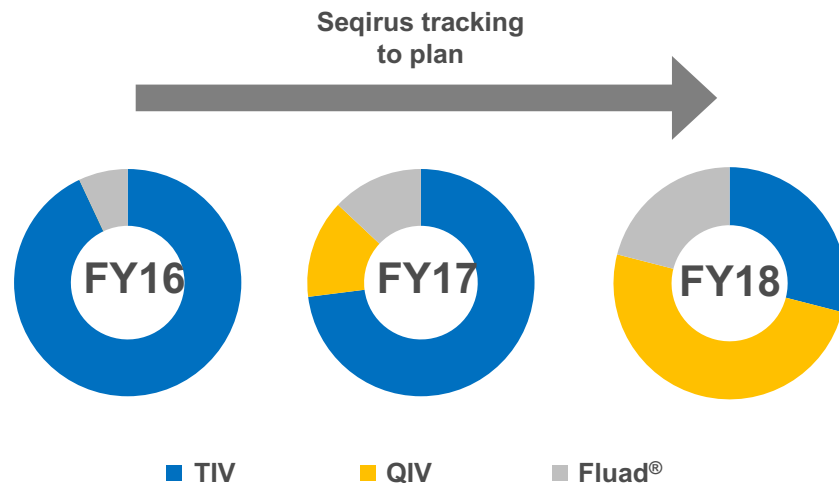
## Outlook

- ~25 to 30 centre openings in FY18
- CPL improves as more centres at peak efficiency
  - ~3 years from opening
- Replicating efficiencies in China over time



- Strong Revenue Growth
  - Fluad® and QIVs continue to build share in the US
  - TIV demand robust in many markets
  - Increase in pandemic reservation fees
  - US 2017/18 season tracking to plan
- Operational Highlights
  - Four fold increase in Holly Springs output
  - Exiting GSK fill & finish following 2018 southern hemisphere season
  - Liverpool formulation suite nearing completion
  - First wave of Seqirus ERP live on 3 July

## Seasonal Influenza Sales Mix

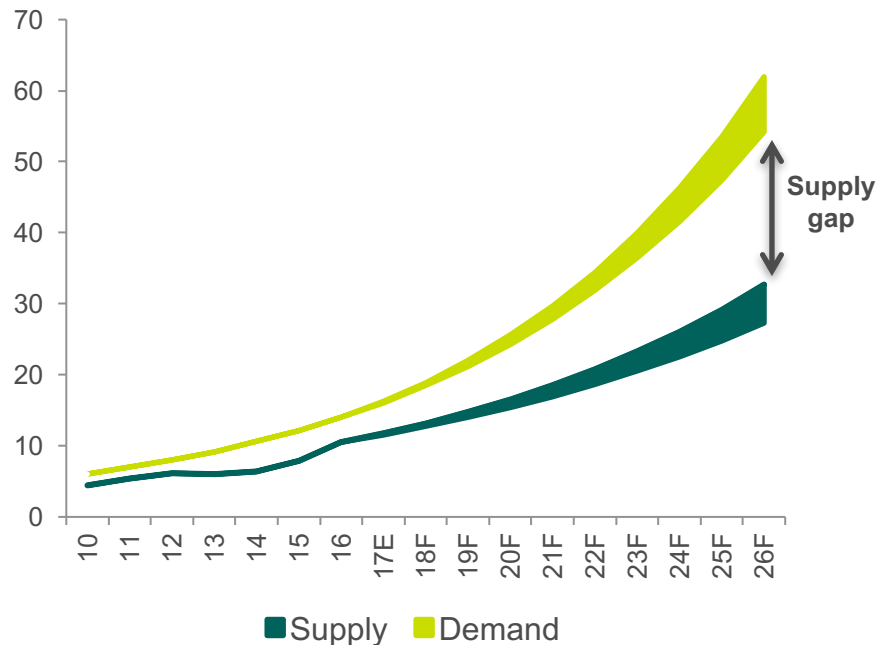


# Ruide Provides Presence in High Growth Market



## China IVIG domestic supply & demand

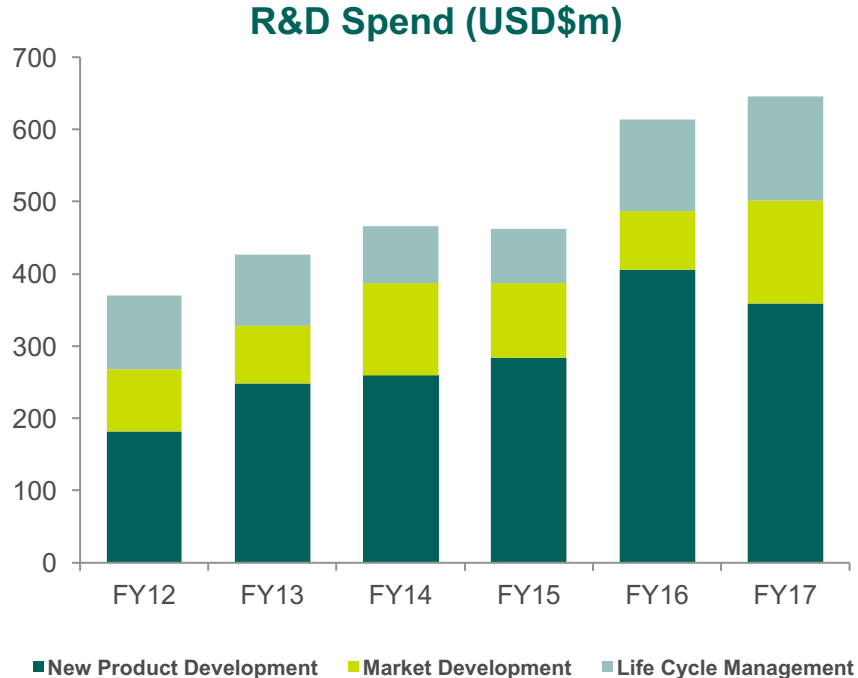
Millions of vials  
(2.5g / vial)



- Acquisition of a majority stake in Chinese plasma fractionator Ruide
  - Modest entry point to key market
  - Deal closed 2 August 2017
  - CSL Behring has operational control
- Plasma products market in China
  - ~US\$3.3b in 2016
  - 5 year growth rate ~15%
- China is the fastest Ig growth market
  - Second in volume to the US
  - Demand forecasted to outstrip supply
- Planning for plasma centre expansion



# Innovation a Key Driver of Out-Performance



- Growing proportion of spend directed to new product development
  - Hizentra® & Privigen® - CIDP indications
  - Fc Mimetics
  - Monoclonal antibody expertise
  - Influenza vaccine
    - Cell-derived seed innovation
    - QIV development & expanding age indications
  - CSL112 planning for phase III
  - Transplant – improving organ function & reducing rejection

# Financials

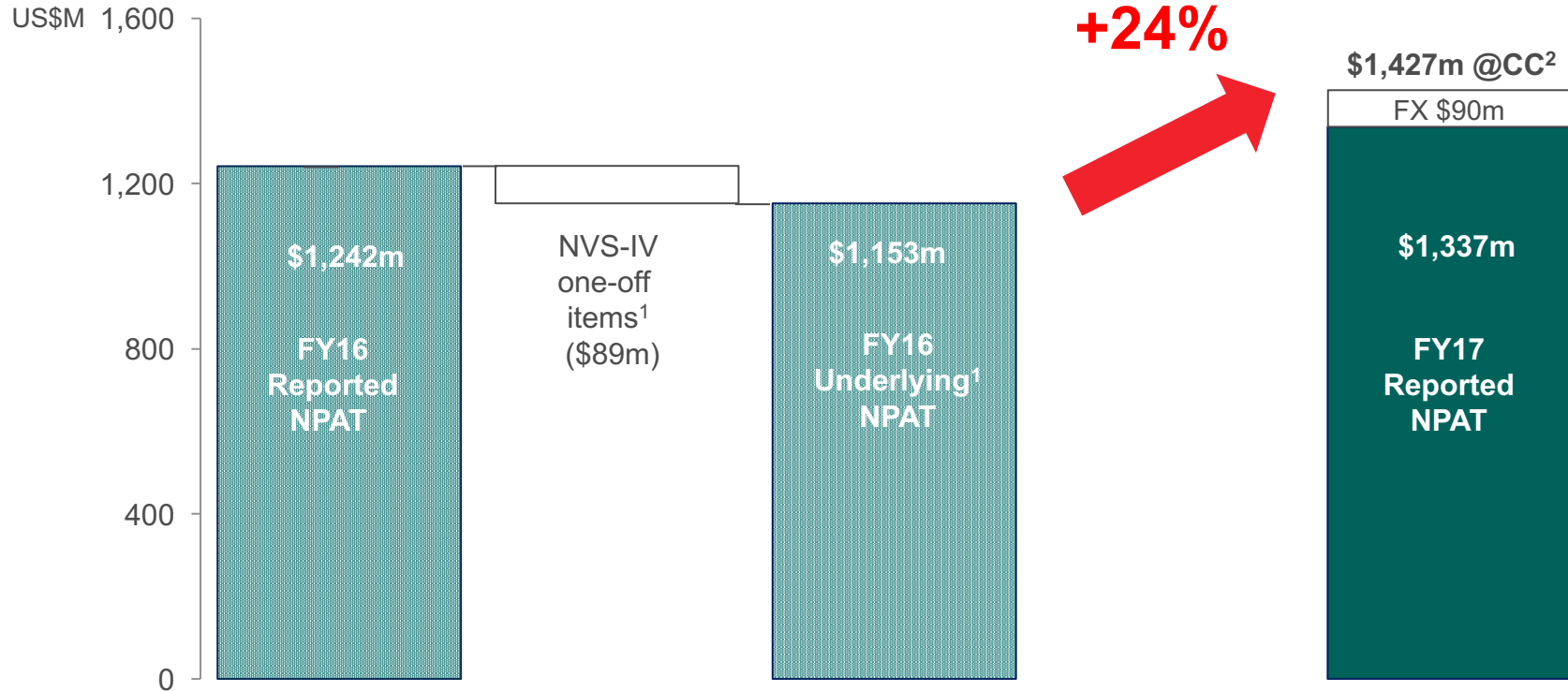
CFO – David Lamont



**CSL**<sup>™</sup>



# Financial Highlights



<sup>1</sup> Excludes one-off items relating to the acquisition of the Novartis influenza vaccines business (NVS-IV), acquired on 31 July 2015.

<sup>2</sup> Constant Currency (CC) removes the impact of exchange rate movements, facilitating comparability of operational performance. See end note for further detail.

# Financial Highlights



Full year ended June US\$ Millions	FY 2016 Underlying <sup>1</sup>	FY 2017 Reported	FY 2017 at CC <sup>2</sup>	Change <sup>3</sup> %
Total Revenue	6,115	6,923	7,002	15%
EBIT <i>EBIT margin</i>	1,529 25.0%	1,769 25.6%	1,878 26.8%	23%
NPAT	1,153	1,337	1,427	24%
Cashflow from Ops	1,178 <sup>4</sup>	1,247	-	6% <sup>4</sup>
ROIC	26.8% <sup>5</sup>	24.5%	-	-

<sup>1</sup> Excludes one-off items relating to the acquisition of the Novartis influenza vaccines (NVS-IV) business acquired on 31 July 2015

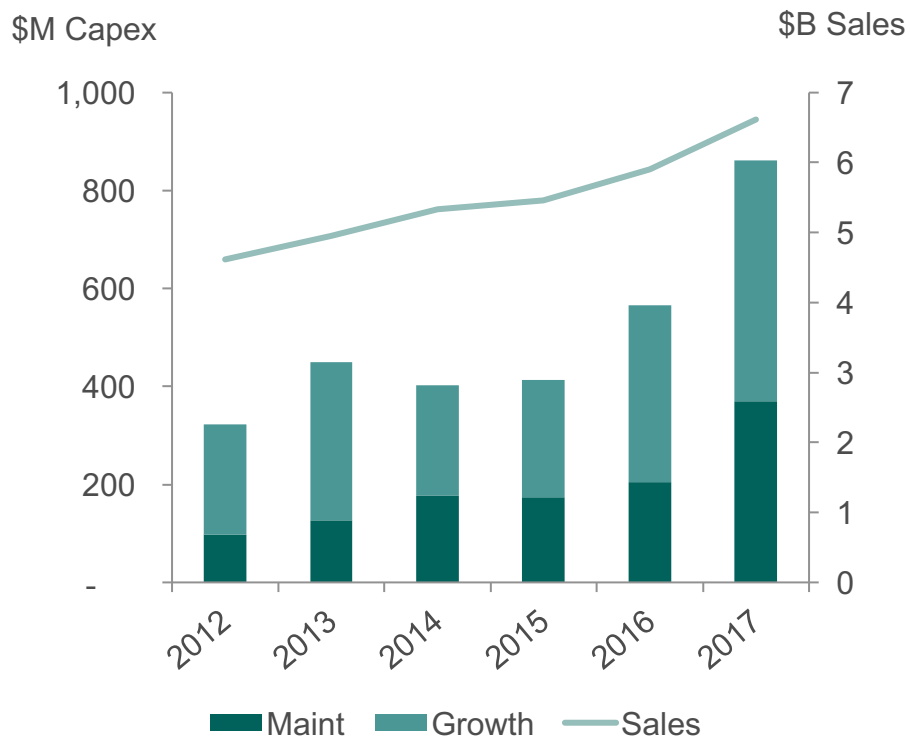
<sup>2</sup> Constant Currency (CC) removes the impact of exchange rate movements, facilitating comparability of operational performance. See end note for further detail.

<sup>3</sup> Percentage change is based off FY16 underlying financials which excluded the one-off items relating to the Novartis influenza vaccines business (NVS-IV), which was acquired on 31 July 2015

<sup>4</sup> Based on reported numbers

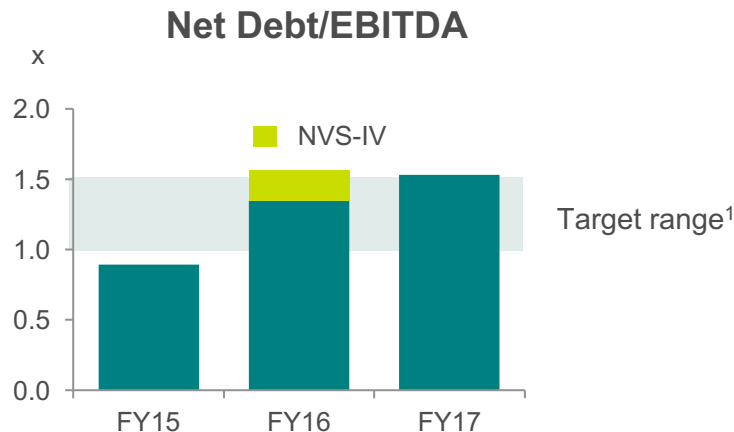
<sup>5</sup> Based on reported numbers including the gain acquisition of NVS-IV of \$176m

# Investing to Support Sales Growth



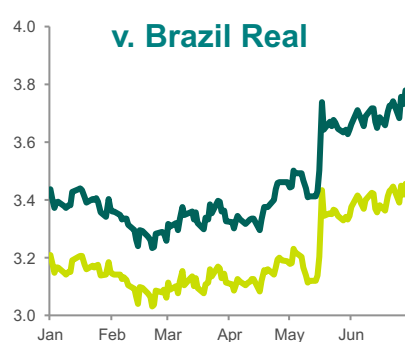
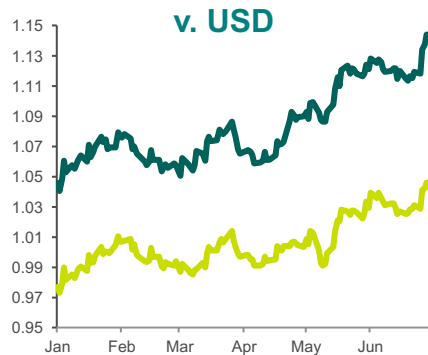
- Key projects
  - Lengnau
  - Kankakee & Marburg: New base fractionation capacity
  - Marburg: Additional Haegarda<sup>®</sup> / Berinert<sup>®</sup> capacity
  - Broadmeadows: New albumin & Ig capacity
  - Bern: New Ig capacity
  - New collection centers
  - Upgrade to ERP systems
- FY18 ~\$900m to \$1bn
  - Two thirds being growth projects

# Prudent Capital Structure



- Net Debt to EBITDA target<sup>1</sup> 1.0 – 1.5x
  - Currently ~1.5x; targeting lower end in 2yrs
- Strong investment grade ratings
  - Moody's A3, stable outlook
  - S&P A-, stable outlook
  - Facilitate debt diversification
  - Access wider debt markets
- Capital management
  - A\$45m remaining on existing buyback
  - Foreshadowing
    - ~US\$600m private placement in 1H18
    - No buyback in FY18

# Foreign Exchange



EUR ■

CHF ■

## Environment

- CSL sells into ~60 countries
- Size of exposure in South America, Eastern Europe, China is increasing
- Manufacturing sites (Switzerland & Germany) carry weight of FX exposure

## FX drivers in FY17

- Significant & rapid strengthening of CHF & EUR in last 6 weeks of financial year
- Lengthy period between US plasma collections & product sales

# Outlook for FY18<sup>1</sup>



**NPAT ~ \$1,480 – 1,550m @ CC<sup>2</sup>**  
**Revenue growth ~8% @ CC<sup>2</sup>**

- Continued strong demand for plasma and recombinant products
- Ig & albumin growth dependent on access to plasma
  - ~25 to 30 new collection centre openings in FY18
- Haegarda<sup>®</sup> launch
- Seqirus tracking to plan
- Planning for CSL 112 (apoA-I) Phase III continuing
- Investing to support sales growth: FY18 ~\$900m to \$1bn

## Financial Appendix



# Group Results

Full year ended June US\$ Millions	FY 2016 Reported	FY 2016 Underlying <sup>1</sup>	FY 2017 Reported	FY 2017 At CC <sup>2</sup>	Change %
<b>Sales</b>	<b>5,909</b>	<b>5,909</b>	<b>6,616</b>	<b>6,688</b>	<b>13%</b>
Other Revenue / Income	206	206	307	314	
<b>Total Revenue / Income</b>	<b>6,115</b>	<b>6,115</b>	<b>6,923</b>	<b>7,002</b>	<b>15%</b>
<b>Earnings before Interest, Tax, Depreciation &amp; Amortisation</b>	<b>1,658</b>	<b>1,749</b>	<b>2,048</b>	<b>2,163</b>	<b>24%</b>
Depreciation/Amortisation	(220)	(220)	(279)	(285)	
<b>Earnings before Interest and Tax</b>	<b>1,438</b>	<b>1,529</b>	<b>1,769</b>	<b>1,878</b>	<b>23%</b>
Gain on Acquisition	176		-		
Net Interest Expense	(58)	(58)	(79)	(80)	
Tax Expense	(314)	(318)	(353)	(371)	
<b>Net Profit after Tax</b>	<b>1,242</b>	<b>1,153</b>	<b>1,337</b>	<b>1,427</b>	<b>24%</b>
Total Dividend	\$1.26		\$1.36		8%
EPS	\$2.689	\$2.495	\$2.937	\$3.134	25.6%

<sup>1</sup> Excludes one-off items relating to the acquisition of the Novartis influenza vaccines business, acquired on 31 July 2015

<sup>2</sup> Constant Currency (CC) removes the impact of exchange rate movements, facilitating comparability of operational performance. See end note for further detail.



# CSL Behring Sales

Full year ended June US\$ Millions	FY 2016	FY 2017	FY17 CC <sup>1</sup>	Change %
<b>Immunoglobulins</b>	<b>2,457</b>	<b>2,774</b>	2,811	<b>14%</b>
<b>Albumin</b>	<b>811</b>	<b>840</b>	868	<b>7%</b>
<b>Haemophilia</b>				
- Recombinants	415	<b>461</b>	466	<b>12%</b>
- Plasma	585	<b>562</b>	570	<b>(3)%</b>
<b>Specialty</b>	<b>977</b>	<b>1,174</b>	1,175	<b>20%</b>
<b>Total Product Sales</b>	<b>5,245</b>	<b>5,811</b>	5,891	<b>12%</b>
<i>Other sales (mainly plasma)</i>	12	24		
<i>Total Sales</i>	5,257	5,835		

# Notes

(#) 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	\$1,337.4m
Translation currency effect (a)	\$ (0.5m)
Transaction currency effect (b)	\$ 36.0m
Foreign Currency gains & losses (c)	\$ 54.3m
Constant currency net profit after tax *	\$1,427.2m

## a) Translation Currency Effect \$(0.5m)

Average Exchange rates used for calculation in major currencies (twelve months to June 17/June 16) were as follows: USD/EUR (0.92/0.90); USD/CHF (0.99/0.98).

## b) Transaction Currency Effect \$36.0m

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 \$54.3m

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

## Summary Sales

Reported sales	\$6,615.8m
Currency effect	\$72.7m
Constant currency sales*	\$6,688.5m

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

# CSL Limited

Contact – Mark Dehring  
VP Investor Relations  
Telephone: +613 9389 3407  
Email: [mark.dehring@csl.com.au](mailto:mark.dehring@csl.com.au)



**CSL**<sup>TM</sup>