



CSL Limited Chairman's Address – Annual General Meeting 2018

Ladies and Gentlemen,

It is the appointed time for the commencement of the Annual General Meeting of CSL Limited, a quorum is present and I declare the meeting open.

My name is John Shine and as Chairman of CSL Limited it is a pleasure to welcome you to the Company's 2018 Annual General Meeting. I also welcome all shareholders who are accessing the meeting via the webcast.

Before we start today's meeting, can I please ask you to ensure your mobile phones are turned off or switched to silent.

I also want to make sure you are familiar with the evacuation procedures that we will follow in the unlikely event of an emergency. If the evacuation alarm sounds, the venue's fire wardens will enter the room and direct us to the emergency evacuation points. Please follow their instructions.

The Notice convening the Meeting has been circulated to every shareholder and I now take that Notice as read.

May I now introduce your Board of Directors and our Company Secretary:

On your left (immediately to my right) Ms Fiona Mead, our new Company Secretary, Mr Paul Perreault, our Managing Director, Dr Brian McNamee, Dr Megan Clark, Mr Abbas Hussein, Ms Christine O'Reilly, Professor Andrew Cuthbertson, Ms Marie McDonald, Mr Bruce Brook, Dr Tadataka "Tachi" Yamada and Mr David Anstice.

You will have an opportunity to hear from the three Directors who are standing for election later in today's meeting.

In relation to the procedure for the meeting, I will give a short address and I will then ask the Chief Executive Officer and Managing Director to address you with more detailed information on our performance. We will then go through the formal business of the Meeting, during which time, shareholders and proxies will have the opportunity to comment and ask questions on each item of business.

I would now like to provide you with some of the highlights of our performance for the year ended 30 June 2018. I hope that you have taken the opportunity to read our most recent Annual Report, copies of which are available here and also on CSL's website.



I am very pleased to report that CSL delivered a strong full year reported profit, reflecting the execution of our strategy and patient-focussed workforce.

CSL's total operating revenue reached US\$7.9 billion, up 11% on a constant currency basis.

Our reported net profit after tax was US\$1.7 billion, up 29% on a constant currency basis¹, with earnings per share similarly up.

Return on invested capital, a measure which provides an insight into how well the company is turning capital into profit, was 25.9%. This compares very favourably with the average return on invested capital for Australia's top 15 companies.

Mr Paul Perreault, our CEO and Managing Director, will shortly be sharing with you some further detail across the individual business units

Turning to capital management.

Efficient capital management remains a strong focus of the CSL Board.

CSL's balance sheet and debt serviceability remain strong. Net debt to Earnings Before Interest Taxes Depreciation and Amortization currently stands at around one point three times (1.3x).

We are very much focussed on investing in future growth with our R&D and capital investments. We are also focussed on rewarding our shareholders.

Which brings me to dividends.

The Board determined a final unfranked dividend of US 93 cents per share or approximately A\$1.28 for the 2018 financial year. This dividend was paid to shareholders on 12 October. This brought total ordinary dividends for the year to US\$1.72 per share or approximately A\$2.28 per share, an increase of 30% in Australian dollars.

¹ Constant currency removes the impact of exchange rate movements facilitating comparability of operational performance. For further details, please refer to the Directors' Report on page 47 of the 2017-18 Annual Report

The reason this dividend is unfranked is that there are insufficient Australian franking credits available. Australian franking credits are dependent on the profits earned and tax paid in Australia. As CSL's business continues to grow globally, our ability to provide franked dividends declines.

I'd now like to make some comments on Corporate Responsibility, a subject of significant focus for the Board.

Today CSL released its tenth Corporate Responsibility Report, sharing with our stakeholders our performance over the reporting year. Copies of the Report can be found in the foyer and, for those listening to the AGM on webcast, on our website.

Our environmental, social and governance (also known as ESG) performance continues to be recognised externally, with CSL remaining a constituent of the FTSE4Good index and the Dow Jones Sustainability Indices (DJSI) for both Australia and the Asia Pacific region. These initiatives are globally recognised indices designed to measure the ESG performance of companies assisting investors with investment decisions.

In 2016 we announced the establishment of a new \$25 million fellowship program for discovery and translational research in Australia. We again received many applications and, last week the next two recipients of this A\$1.25 million CSL Centenary Fellows were announced. They are Dr Connie Wong from Monash University and Dr Daniel Pellicci from the Doherty Institute and MCRI. To date we have awarded six fellowships totalling awards of A\$7.5 million, and we look forward to seeing the progress of their inspiring research in the years to come.

In August 2017, CSL responded to the devastating impacts of Hurricane Harvey in the US. The Category 4 storm caused US\$125 billion in damage and affected 13 million people in multiple states. CSL and employees provided a total of US\$200,391 in financial support to relief efforts and donated 22,500 doses of influenza vaccine to help displaced residents in the hardest hit state of Texas.

We are also very proud of our support for communities in Papua New Guinea. We entered a new three-year partnership to help save the lives of people bitten by venomous snakes in PNG, with the PNG Department of Health, the Australian High Commission, and the Charles Campbell Toxicology Centre (CCTC), at the University of

PNG. PNG has some of the highest rates of snakebite death in the world and our vaccines business has committed to provide an annual donation of 600 vials of anti-venoms, with an approximate value of more than A\$1 million annually.

CSL has an Environment, Health, Safety and Sustainability Strategic Plan which ensures its facilities operate to or exceed industry and regulatory standards. This strategy includes compliance with government regulations and commitments to continuously improve the health and safety of the workforce as well as minimising the impact of operations on the environment. To drive this strategy, a Global CSL EHS Management System Standard has been implemented.

We continued our long-standing record of no work-related employee or contractor fatalities and zero safety violations or fines. Our environmental record also remains strong.”

I have been very proud to be part of an organisation that is so patient focussed. There is no doubt that CSL’s success is the result of more than 22,000 employees who are committed to saving lives and protecting the health of people around the world every day.

Our employee feedback survey conducted in May 2018 tells us our employees continue to be actively engaged, and proud to work for the company. They believe there is a promising future for them at CSL.

A testament to this level of engagement is the external recognition that our talented people and innovative workplace received. Recognition of note includes being named one of the world’s Top 50 employers by Forbes and one of Australia’s top most innovative companies. We are also proud that Thomson Reuters has named CSL in its 2018 Top 100 global Diversity & Inclusion Index. This Index ranks over 7,000 publicly listed companies to identify the top 100 publicly traded companies with the most diverse and inclusive workplaces, as measured by 24 separate metrics across four key pillars.

We also received the Patient Impact Award from Life Sciences Pennsylvania for the development of HAEGARDA, the first subcutaneous preventative treatment for patients with the life-threatening swelling disease known as hereditary angioedema, and Healthcare Innovator of the Year by the Philadelphia Business Journal.

CSL is committed to communicating effectively with our key stakeholders, including shareholders. In addition to our Annual General Meeting, our Half Year and Full Year Reports and our continuous disclosure announcements to the Australian Securities Exchange, a few years ago CSL introduced a program of regular Shareholder Briefings. This year, CSL conducted Shareholder Briefings in Perth and Adelaide, with both sessions very well attended. CSL plans to continue these briefings on a rolling basis to other Australian States and New Zealand to provide an opportunity for shareholders in these places to interact with CSL.

CSL is pleased to see that the number of shareholders has been increasing over time and that in the last year alone we have seen shareholder numbers increase by approximately 7% to now more than 158,000 shareholders [LY148,000].

I would also like to thank shareholders who responded to our invitation to submit questions to the Company ahead of today's meeting. The Managing Director and I have endeavoured to address the most common questions received in the course of our presentations this morning. As we have done for the last few years, we will also shortly be publishing on our website answers to the most commonly asked questions.

A number of shareholders have asked us if there is any intention to carry out a share split.

Shareholders may recall we did conduct a 3 for 1 share split in 2007 with the intention of increasing the liquidity and affordability of CSL shares for private shareholders. Since then we believe the market has changed.

There appears to be a general recognition by shareholders that a share-split does not change the fundamental value of the company. Despite the increase in CSL's share price over the past 4-5 years, private investors have not been deterred from buying CSL shares, with the number of shareholders increasing from less than 100,000 to more than 150,000.

Also, given the high administrative cost of conducting a share-split (upwards of a million dollars) the Board has no current plans.

As is evidenced by the strong field of proposed new appointments to the CSL Board, your Directors have been very focussed on Board renewal over the past 12 months and we have put a great deal of work into ensuring that we have the best possible Directors

at the Board table. I will deal with our new appointments later in the meeting but I will say that with today's proposed appointments, I am confident that we have achieved a very strong mix of skills and expertise right across the board which will continue to stand the company in good stead.

At the conclusion of the meeting we farewell Mr David Anstice, who has been a Director since 2008. Mr Anstice has made many important contributions to CSL, especially in his capacity as Chairman of the Remuneration & Human Resources Committee and most recently, the Innovation and Development Committee.

During this time, he has brought a strong global view to the Board and has been a strong supporter of CSL's strategy to expand its research and development activities. His insights into the biopharmaceutical industry in the US, Europe and Asia and his background as a highly successful Australian executive in the international pharmaceutical industry has been invaluable.

Your Board would like to express its sincerest thanks to him and wish him well upon his retirement from the Board.

In addition to Mr Anstice, I too will retire at the conclusion of this meeting. I have had the great honour to serve as a Director on the CSL Board for 12 and a half years, seven of which as Chair. Over this time, CSL has evolved to become one of the world's largest biopharmaceutical companies, serving patients in more than 60 countries. Since 2011, the company has entered 12 new countries as well as making a number of acquisitions, including a strategically important manufacturer of plasma products in China – where we have had a presence for over 20 years to become the leading supplier of imported albumin. In five years, we have opened 127 new plasma centres to meet unprecedented demand for our products, and made investments into emerging adjacent fields such as gene therapy with strategic acquisitions in companies such as Calimmune.

Another major milestone in the recent years was CSL's acquisition of Novartis' influenza vaccine assets to create the second largest influenza vaccines business in the world. Now known as Seqirus, we are extremely pleased that the business has met its three-year turnaround plan to achieve profitability in the most recent financial year.

As a scientist, I am particularly proud of the company's commitment to a continual investment into research and development, which has increased from \$370m in 2012 to \$702m in 2018 – a 90 percent increase

during my time as Chair. Innovation is at the heart of CSL's DNA and has been a core strength of the organisation since its inception more than 100 years ago. Today, CSL's investment in innovation is stronger than ever.

One of the great highlights of my time at CSL has been the evolution of the company to a fully integrated biopharmaceutical company.

An example of the breadth of our products is the recombinant long acting factor 9 Idelvion, which was launched in 2016. Idelvion is a therapy that prevents or reduces the frequency of bleeding episodes in people with haemophilia B. The product came out of our own research and was CSL's first genetically engineered protein product and has been truly life changing for patients.

We are also embarking on a major clinical trial with CSL112. The trial will evaluate the efficacy and safety of a novel protein infusion therapy for the reduction of early recurrent cardiovascular events following a heart attack. The phase III trial, which commenced in April this year, will enrol over 17,000 patients from medical centres around the world. This is another great example of our leadership in research innovation.

Importantly, CSL's strategic investment in research and infrastructure is supported by an outstanding global leadership team and Board. I think the calibre of management at CSL is one of its great strengths and one which I have been very proud to be associated with.

Finally, I would like to acknowledge that it has been a full and rewarding year driven by the values-based and patient centric culture of our employees. I would like to express the Board's thanks to all employees for their hard work and commitment to our values and vision.

Today, CSL is extremely well positioned to continue achieving sustainable growth. It has been tremendously rewarding to be involved with the organisation through a period of expansion and renewal. I believe we have achieved an exceptionally good balance of activity around capital expenditure, process improvement and people and culture development and I am confident that the future of CSL and the patients we serve has never been brighter.

It has been an honour to serve as your Chairman for the past seven years and I thank you for your support.



I now call on Paul to present a more detailed review of the Company's operations, including our research and development portfolio.

Professor John Shine AC
Chairman