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CSL

ASX Announcement

For immediate release

16 February 2016

Half Year Result 2016

CSL Delivers Exceptional Performance

- **Double-digit sales growth in all plasma therapy groups**
- **1st shipment of Privigen® from new facility**
- **Seqirus formed – No.2 global influenza vaccines manufacturer**

CSL Limited (ASX:CSL; USOTC:CSLLY) today announced a net profit after tax (NPAT) of US$719 million for the six months ended 31 December 2015, up US$27 million or 4% on a reported basis when compared to the prior comparable period (PCP). Earnings per share (EPS) grew 6%. After excluding financials relating to the recently acquired Novartis influenza vaccines business, underlying[1] NPAT grew 7% and EPS grew 9%, at constant currency[2].

HIGHLIGHTS

Financial

- Sales US$3,056 million, up 11% on PCP
  - *Underlying[1] sales up 9% at constant currency[2]*
- NPAT US$719 million, up 4% on PCP
  - *Underlying NPAT up 7% at constant currency*
- Earnings per share US$1.55, up 6% on PCP
  - *Underlying EPS up 9% at constant currency*
- Cashflow from operations US$705 million, up 8% on PCP
- Interim dividend[3] of US$0.58 per share, unfranked for Australian tax purposes, payable on 15 April 2016
  - Converted to Australian currency, the interim dividend increased to approximately A$0.81 per share, up ~10% on PCP.

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[1] Underlying excludes financials relating to the Novartis influenza vaccines business (NVS-IV). NVS-IV was acquired on 31 July 2015.

[2] Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance. See end note (#) for further detail.

[3] For shareholders with an Australian registered address, dividends will be paid in A$ at an amount of A$0.814726 per share (at an exchange rate of A$1.4047/US$1.00), and for shareholders with a New Zealand registered address, dividends will be paid in NZD at an amount of NZ$0.874234 per share (at an exchange rate of NZ$1.5073/US$1.00). The exchange rates used are fixed at the date of dividend determination. All other shareholders will be paid in US$. As a result of the ASX's announced intention to move to a T+2 settlement cycle, CSL's ex-dividend date for its interim dividend will be 23 March 2016 (previously 22 March 2016)

Operational

- Product Portfolio
  - Double digit sales growth in all plasma therapy groups
  - CSL 654 (rIX-FP) – license under review in the U.S. and EU
  - CSL 627 (rVIII-SC) – license under review in the U.S.
  - Respreeza® approved in the EU
  - CSL 362 (AML) – licensee (Janssen) commenced phase 2 study
  - CSL 112 (rHDL) – phase 2b fully enrolled
- Operations
  - New Privigen® manufacturing facility in Broadmeadows, Australia approved by U.S. FDA
    - First Privigen® shipment in December 2015
  - New sales office opened in Russia
- Influenza
  - Novartis influenza vaccines acquisition closed
  - 'Seqirus' launched – No. 2 global influenza vaccine manufacturer
  - FLUAD™ approved by U.S. FDA
  - Quadrivalent influenza vaccines - licenses under regulatory review
- Capital management
  - A$1 billion share buyback[4] underway
  - ~US$500 million private placement completed
  - New US$1.25 billion bank debt facilities negotiated

"CSL delivered an exceptional first half result, led by double-digit sales growth in all of our plasma therapy groups," said CSL Chief Executive Officer and Managing Director Paul Perreault. "In particular we saw strong demand for our immunoglobulin products with subcutaneous immunoglobulin therapy, Hizentra®, growing at 31% and intravenous immunoglobulin therapy, Privigen®, up 13%."

"This year CSL will mark its centenary as a very different organization to the one that was founded in 1916 to ensure Australia had its own supply of sera, antitoxins and vaccines. Today, we are an established and growing global biotherapeutics leader, developing and delivering innovative therapies for patients around the world. Seqirus, our influenza vaccine business, is the second largest provider in the world with a diverse product portfolio, broad global sales reach and manufacturing capabilities in both

[4] CSL reserves the right to suspend or terminate buy-backs at any time.

northern and southern hemispheres. Overall, CSL is well positioned for sustainable growth and continuing to deliver value to shareholders."

OUTLOOK

Commenting on CSL's outlook, Mr. Perreault said, "2016 is an exciting year for CSL. The licenses for our novel recombinant coagulation products are currently under review, and pending approval, we plan to introduce these to the market later this year. We have been investing in our commercial capabilities to support the launch and rollout of these products. We have also continued to invest in our research and development pipeline and our manufacturing spine to ensure we meet growing demand. Notwithstanding this additional expenditure and the current competitive market, I can reconfirm my previous guidance for FY16 of 5% profit growth at constant currency."

Mr Perreault continued, "This guidance does not include financials associated with the acquisition of the Novartis influenza vaccines business, which we anticipate will report a loss in the range of approximately US$90 - 120 million this financial year. However, with the deal now closed a significant multi-year strategy has commenced to integrate this business and turn its performance around."

Earnings per share growth for the Group is expected to exceed profit growth, benefiting from ongoing capital management activity.

In compiling the company's financial forecasts for the year ending 30 June 2016 a number of key variables which may have a significant impact on guidance have been identified and these have been included in the footnote[5] below.

[5] 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.

OPERATING REVIEW

CSL Behring sales of US$2.5 billion grew 10% in constant currency terms when compared to the prior comparable period.

Immunoglobulin product sales of US$1,181 million grew 13% in constant currency terms.

Intravenous immunoglobulin (IVIG) sales growth was underpinned by strong demand for Privigen® with sales growth of 13% over the prior comparable period. Privigen's® expanded indication in Europe to include its use in the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP) was a significant contributor to growth in this region, especially in France and the UK. US sales into the Specialty Pharmacy segment also performed well.

Sales of subcutaneous immunoglobulin product, Hizentra®, was up 31% at constant currency, led by sales in the U.S. and Europe. New patient starts on Hizentra® and those converting from IVIG were key drivers of growth.

Albumin sales of US$376 million grew 10% in constant currency terms, driven by ongoing strong global demand. Demand in China was of particular note with growth supported by the company's ongoing successful sales penetration into Tier 2 and Tier 3 cities.

Haemophilia product sales of US$509 million increased 2% in constant currency terms. Plasma derived haemophilia sales grew 13% following successful tenders for the provision of Beriate® in European countries, including Poland and Russia. Solid Humate® growth in the U.S. was underpinned by expanded use in surgeries and immune tolerance therapy. Biostate® sales lifted in Germany, France and the U.K. A decline in sales of Helixate®, CSL's recombinant factor VIII, to a large extent offset the growth in plasma derived therapies as competition intensifies following the launch of new generation recombinant FVIII products.

Specialty products sales of US$466 million grew 14% in constant currency terms. Sales of Kcentra® (4 factor pro-thrombin complex concentrate) in the U.S. were particularly strong following an increased level of promotion and increasing brand awareness.

Following marketing authorization being granted for Respreeza® in Europe, this product was launched in Germany with plans for rollout in other European countries later this year. Respreeza® is a maintenance treatment for severe Alpha-1 Antitrypsin Deficiency patients and has been shown to slow the progression of emphysema.

Long term investment in a multi-site expansion program to meet future demand for therapies continues. In December the Board approved investment and construction of a new commercial scale manufacturing facility for recombinant coagulation factors in Lengnau, Switzerland. Also in December the first shipment of Privigen was made from a new manufacturing facility in Broadmeadows, Australia. Construction of a new albumin production facility at the same site continues. In Marburg, Germany a new quality control facility together with filling and packaging upgrades is nearing completion. At the Kankakee, U.S. site the construction of significant base fractionation plant is well progressed.

Seqirus sales of US$519 million are reported for the first time, following the combination of CSL's subsidiary bioCSL and Novartis influenza vaccines (NVS-IV) manufacturing business to form CSL's new business unit *Seqirus*. NVS-IV was acquired on 31 July 2015 and Seqirus becomes the second largest manufacturer of influenza vaccines globally. Seqirus sales of influenza vaccine have been impacted by the mild season in the northern hemisphere.

CSL Intellectual Property revenue of US$64 million declined 29% in constant currency terms. The prior comparable period included a payment from CSL's licensee Janssen Biotech Inc to develop and commercialise CSL 362, a product used to treat patients with acute myeloid leukaemia.

CAPITAL MANAGEMENT

Share Buyback

In October 2015, CSL announced its intention to conduct an on-market share buyback of up to A$1 billion. Under the Australian Securities Exchange listing rules this buyback[6] has a 12 month completion window. To date, CSL has repurchased approximately 2.4 million shares for approximately A$235 million, representing about 24% of the intended repurchase program.

[6] CSL reserves the right to suspend or terminate buybacks at any time.

CSL's balance sheet remains very sound and only modestly geared. Cash and cash equivalents totalled US$1,092 million at 31 December 2015.

During the first half of fiscal 2016 the company accessed the private placement market and raised the equivalent of approximately US$500 million as part of the company's overall debt management program. CSL also re-negotiated its major bank facilities, totalling US$1.25 billion with a maturity of 5 years.

CHANGES TO CSL BOARD

Dr Megan Clark AC has been appointed a Director of the Company effective from 16 February 2016. For further information please see separate ASX announcement.

Additional details about CSL's results are included in the company's 4D statement, investor presentation slides and webcast, all of which can be found on the company's website www.csl.com.au A glossary of medical terms can also be found on the website.

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Group Results

US Dollars

Six months ended December US$ Millions	Dec 2014 Reported	Dec 2015 Reported	Dec 2015 NVS-IV[7]	Dec 2015 Underlying[8]	Dec 2015 Underlying[8] at CC#	Change %
Sales	**2,744**	**3,056**	**294**	**2,762**	**2,996**	**9.2%**
Other Revenue / Income	96	80	4	76	79	
Total Revenue / Income	**2,841**	**3,136**	**298**	**2,838**	**3,075**	**8.2%**
Earnings before Interest, Tax, Depreciation & Amortisation	**969**	**848**	**(112)**	**960**	**1,053**	**8.7%**
Depreciation/Amortisation	91	102	9	93	102	
Earnings before Interest and Tax	**878**	**746**	**(121)**	**867**	**952**	**8.3%**
Gain on Acquisition		176	176			
Net Interest Expense / (Income)	21	27	1	26	26	
Tax Expense	165	176	5	171	188	
Net Profit after Tax	**692**	**719**	**50**	**669**	**738**	**6.6%**
Interim Dividend (US$)	0.58	0.58				
Basic EPS (US$)	1.46	1.55			1.59	9%

[7] Novartis influenza vaccines acquisition as from 31 July 2015

[8] Underlying excludes financials relating to the Novartis influenza vaccines business (NVS-IV)

(#) **Constant currency** removes the impact of exchange rate movements to facilitate comparability of operational performance. This is done in three 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"); (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) adjusting for current year foreign currency gains and losses. The sum of translation currency effect, transaction currency effect and foreign currency gains and losses is the amount by which reported result is adjusted to calculate the operational result.

Summary NPAT

Reported Net Profit after Tax	$718.8m
Translation Currency Effect (a)	$ 64.8m
Transaction Currency Effect (b)	$ (9.8m)
Foreign Currency Gains and Losses (c)	$ 13.7m
Constant Currency Net Profit after Tax *	$787.5m

(a) Translation Currency Effect $64.8m

Average Exchange rates used for calculation in major currencies (six months to Dec 15/Dec 14) were as follows: USD/EUR (0.91/0.77); USD/CHF(0.97/0.93)

(b) Transaction Currency Effect ($9.8m)

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.

(c) Foreign Currency Losses (13.7m)

Foreign currency losses recorded during the period

Summary Sales

Reported Sales	$3,056.3m
Currency Effect	$ 234.0m
Constant Currency Sales *	$3,290.3m
Less NVS-IV sales	$ 294.6m
Underlying operational business sales @ CC	$2,995.7m

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

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