



# CSL Limited

## 2017 Half Year Results

15 February 2017

*CEO – Paul Perreault*  
*CFO – David Lamont*



**CSL™**

# 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; 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>TM</sup> or ® throughout this presentation are trademarks either owned by and/or licensed to CSL or its affiliates.

# Strategic Objectives

|                             |  |
|-----------------------------|--|
| <b>Growth</b>               | Maximize portfolio value & deliver new product launches              |
| <b>Efficiency</b>           | Be the most efficient, highest quality plasma player                 |
| <b>Influenza</b>            | Deliver on influenza strategy  |
| <b>Innovation</b>           | Pursue new opportunities to diversify portfolio and enhance growth   |
| <b>People &amp; Culture</b> | Create a culture that attracts, retains and develops the best talent |

## CSL Behring

- Product sales up 18% @ constant currency<sup>1</sup>
- Strong take-up of Idelvion<sup>®</sup>
- Afstyl<sup>®</sup> approved by EC
- CSL 830 (Haegarda<sup>®</sup>) – BLA accepted by US FDA
- CSL 112 – positive results from phase 2b trial
- Three new monoclonal antibodies enter phase 1 trials
- License agreement with Momenta to develop Fc multimer proteins

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

## Seqirus

- Afluria® Quadrivalent approved by US FDA
- Fluad® launched in the US
- First to market in US for seasonal influenza vaccines

## Capital Management

- New US\$550 million private placement completed
- New A\$500 million share buy-back<sup>1</sup> underway
  - ~11% complete<sup>2</sup>

<sup>1</sup> CSL reserves the right to suspend or terminate buy-back at any time

<sup>2</sup> As at 21 December 2016

# Sales Highlights

Growth

**IMMUNOGLOBULINS**  
sales \$1,426m +22%<sup>1</sup>

## Drivers

privigen<sup>®</sup>  
Hizentra<sup>®</sup>

## Commentary

- Focussed sales & marketing efforts
- CIDP indication in Europe
- New patients, increasing home treatment

**HAEMOPHILIA**  
sales \$514m +2%<sup>1</sup>

IDELVION<sup>®</sup>  
AFSTYLA<sup>®</sup>

- Strong patient penetration of Idelvion<sup>®</sup> in US & EU
- Transition from Helixate<sup>®</sup>

**SPECIALTY**  
sales \$590m +25%<sup>1</sup>

Kcentra<sup>®</sup>  
BERINERT<sup>®</sup>

- Restructured & fully established sales force
- Increasing awareness and diagnosis of HAE

**ALBUMIN**  
sales \$433m +19%<sup>1</sup>



- Enhanced sales & marketing efforts in China
- Solid growth in Turkey & Brazil

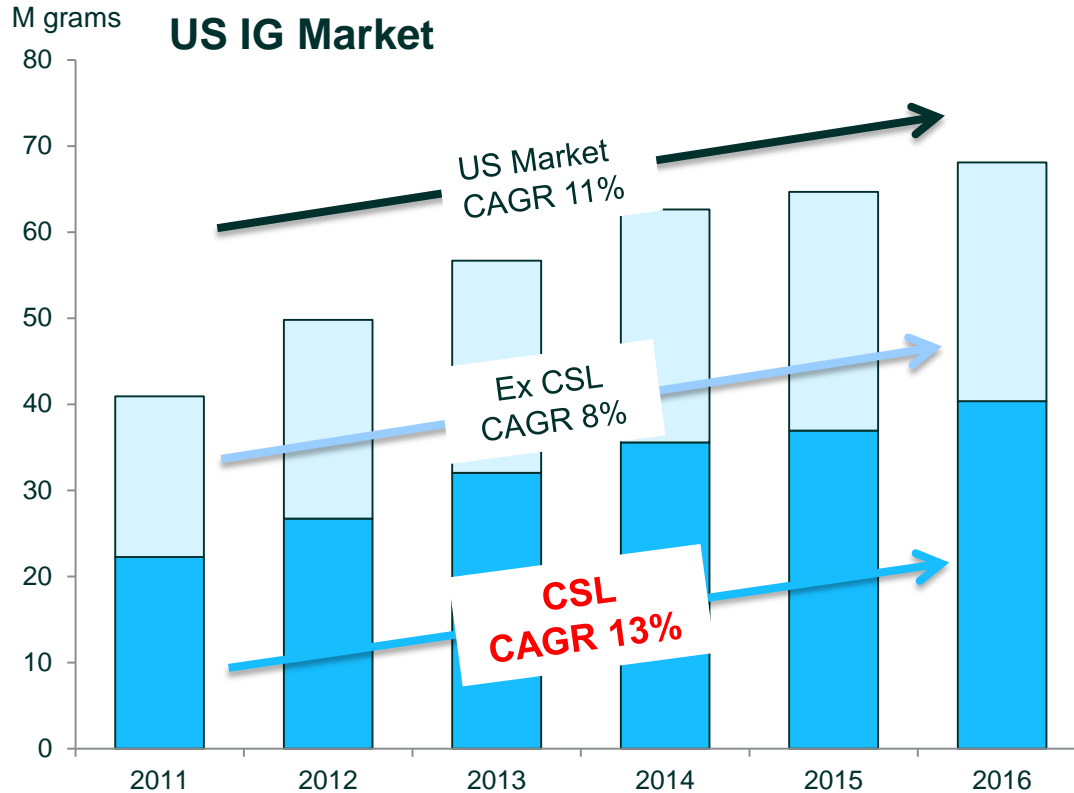
**SEQIRUS**  
revenue \$620m +14%<sup>1</sup>

FLUCELVAX<sup>®</sup>  
Influenza Vaccine  
afluria<sup>®</sup>  
INFLUENZA VACCINE

- More normal influenza season
- Zostavax\* public launch in Australia

\* Zostavax is a registered trademark of Merck & Co. Inc

<sup>1</sup> Growth shown at constant currency to remove the impact of exchange rate movements, facilitating comparability of operational performance.



### Hizentra®

- SCIG leadership
- CIDP indication anticipated in 2018

### Privigen®

- EU label expansion - CIDP

### Commercial Operations

- Enhanced capabilities, skills & focus



## GROW

our Current  
Franchise by:

- Maximising current indications globally: continue geographic expansion; accelerate subcutaneous growth; launch 5 & 10 ml PFS in 2017



## BUILD

a Leading Neuro  
Franchise by:

- Focusing on CIDP: PRIVIGEN® today, HIZENTRA® in the near term; new neurology indications such as myositis in the future



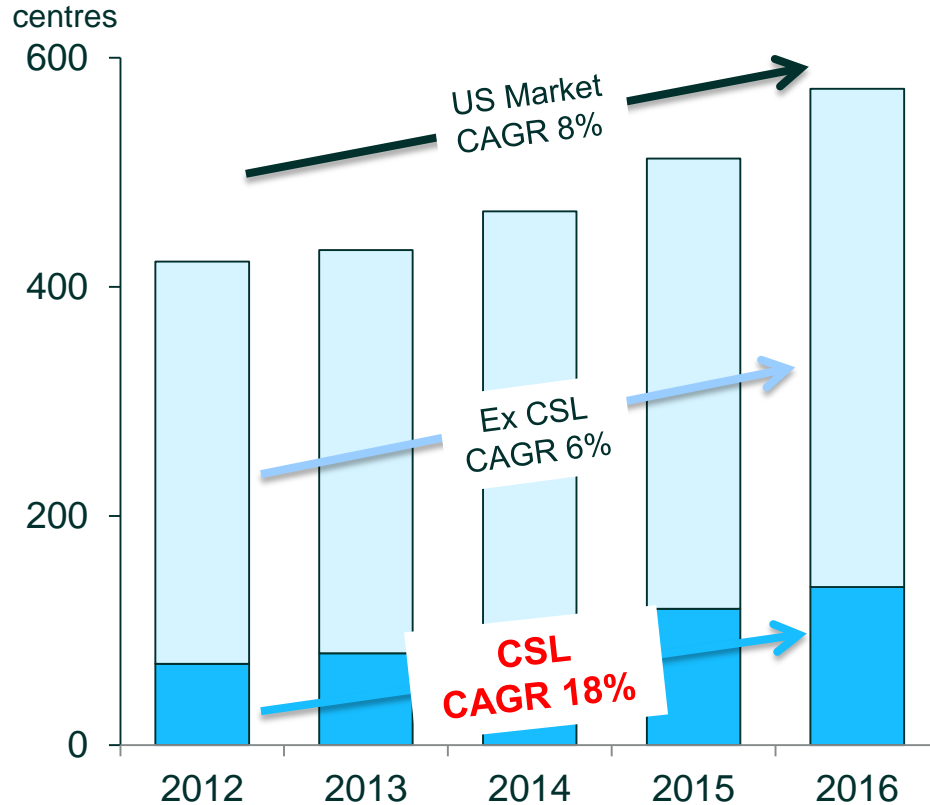
## EXPAND

the Global  
Franchise by:

- Continue to invest in a broad range of potential new indications, product innovations and disruptive technologies

Category  
Leadership





Source: PPTA & CSL

## CSL leading growth

### Growth

- CSL has opened approx. 70 centres in the last 3 years

### Efficiency

- Collection centres take 2-3 years to be optimised
- Single integrated platform
- Donor payments increasing
- Plasma market tight

## Seqirus on track

### FY16 Acquisition

- Organisational redesign
- Integrated processes
- Culture change

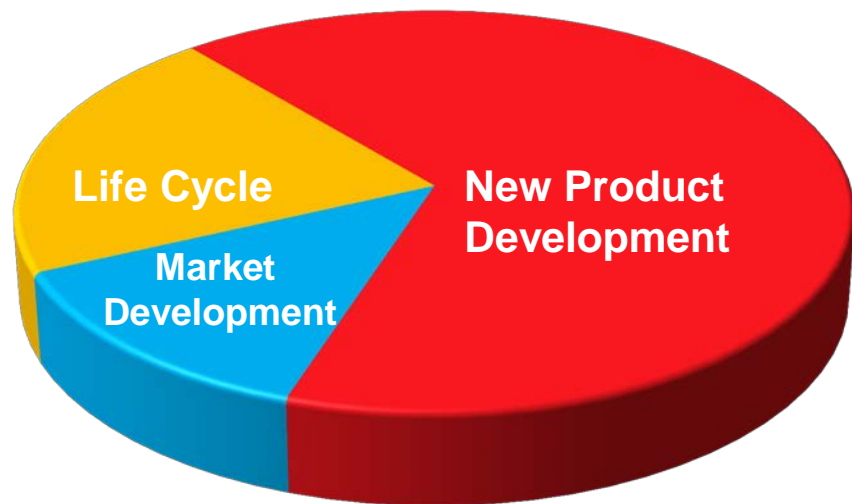
### FY18 Breakeven

- Full-year impact of product launches
  - Flucelvax® QIV
  - Afluria® QIV
  - Fluad®
- Optimise R&D spend
- New information systems
- Exit transitional services agreements

### FY20 Revenue US\$1bn; 20% EBIT

- Deliver on Holly Springs
  - Step change in output
  - Drive efficiency
- Optimise product portfolio
  - Fluad® growth
  - TIV to QIV
- Fill and finish facility at Liverpool

## R&D Investment FY16 - \$614m



New Product Development accounted for two thirds of R&D in FY16

- ~7% of sales

Protein Science focus

- Plasma based
- Recombinant technology

Three new monoclonal antibodies into Phase I trials

**CSL Behring free cash flow  
funding future growth in Biotech**

# Near Term Products

Innovation

| 2016  | 2017  | 2018  | 2019  | 2020 | 2021   |
|---|---|---|---|------|--|
| PRIVIGEN®<br>IsoLo  | PRIVIGEN®<br>CIDP US                            | HIZENTRA®<br>CIDP US/EU   | HIZENTRA®<br>CIDP Japan<br><br>PRIVIGEN®<br>Japan PID/SID |      |  |
| IDELVION® US<br>IDELVION® EU<br>IDELVION® Japan<br>AFSTYLA® US                  | AFSTYLA®<br>EU/Japan                            |   |   |      | CSL689 rVlla-FP<br>Prophylaxis<br><br>CSL689 rVlla-FP<br>On Demand |
|   | CSL830<br>HAEGARDA™ US<br><br>KCENTRA®<br>Japan | CSL830<br>EU  |   |      |  |
| AFLURIA® QIV<br>18+ US & AUS<br>FLUAD® TIV<br>65+ US<br>FLUCELVAX®<br>QIV 4+ US | AFLURIA® QIV<br>5-17yr US                       | AFLURIA® QIV<br>6m-5yr US<br>FLUAD® QIV<br>6m-5yrs US<br>AFLURIA® QIV<br>5-17yr AUS | AFLURIA® QIV<br>6m-5yr AUS<br><br>QIV<br>EU               |      |  |

Core Capabilities:

Immunoglobulins

Haemophilia

Specialty Products

Vaccines & IP

\* Calendar Years



## Collaboration and License Agreement with Momenta for recombinant Fc mimetic molecules

- Neurological indications treated by Ig are mediated by the Fc portion of Ig molecule
- M230 is a trimeric Fc construct and a selective immunomodulator of Fc receptors
- Plan to start Phase I clinical trial this year
- Research collaboration for additional Fc multimer proteins

## Investment in the newly established A\$230 million Biomedical Translation Fund

- Largest life sciences fund in Australia, managed by Brandon Capital Partners

## Launch of A\$25 million CSL Centenary Fellowships

## Our Organisation



# Financials

*CFO – David Lamont*

**Revenue** \$3.7 billion, up 17% (up 18% @CC<sup>1</sup>)

**EBIT** \$1,095 million

- *Underlying<sup>2</sup> EBIT up 38% @CC*

**NPAT** \$806 million

- *Underlying NPAT up 36% @CC*

**EPS** \$1.77

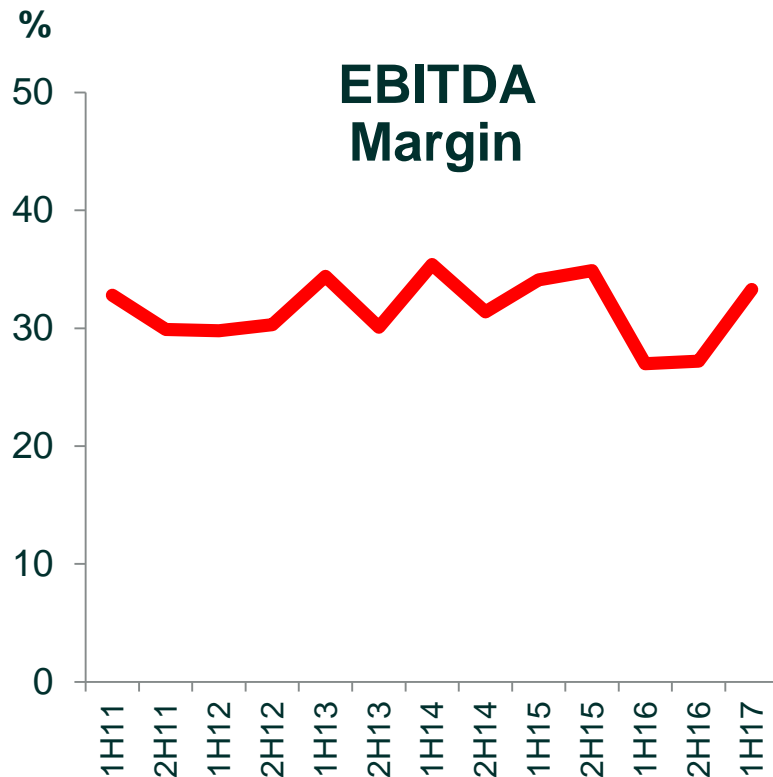
- *Underlying EPS up 39% @CC*

**Interim dividend** increased to \$0.64

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

<sup>2</sup> Underlying excludes from PCP financials the one-off items relating to the Novartis influenza vaccines business (NVS-IV), which was acquired on 31 July 2015.



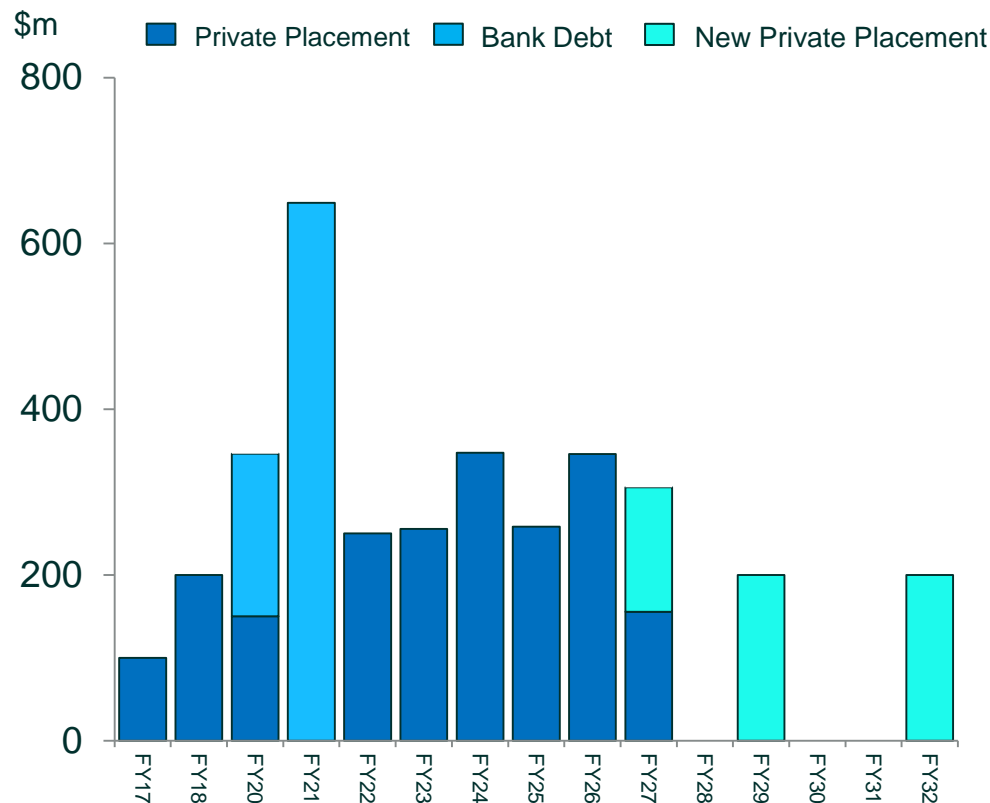


## 1H17

- Sales growth, especially specialty products
- Seqirus – turnaround progress

## Outlook<sup>1</sup>

- Margin to continue to benefit from transition to rCOAGs
- Portfolio mix benefits, especially with specialty product growth
- Ongoing Seqirus turnaround activity



## New US\$550m private placement

- Completed October 2016
- Weighted average fixed rate of 3.0%
- Average life of 12.5 years

## New bank debt facility

- A\$350m with maturity of 3 years

## Total debt portfolio

- Weighted average rate of ~2.5%

## Liquidity

- Total liquidity \$1,581m
- Total undrawn facilities \$697m
- Cash \$884m

# Notable Items

## Change in presentation of Financial Statements

- Alignment with internal reporting
- Expands revenue disclosure on face of P&L
- New segment disclosure – including gross profit

## Expenses

- Phasing of R&D skewed towards 2H
- Borrowing costs up in line with debt levels
- Tax - product mix shift giving rise to higher 1H ETR
  - anticipate ~20 to 22% ETR for FY17

## Seqirus

- Gross profit skewed to 1H in line with northern hemisphere influenza vaccine sales
- Indicative Seqirus sales 75% / 25% - 1H / 2H. Costs even over year
  - 1H16 includes only 5 months NVS-IV financials (acquired 31 July 2015)
    - Impacts expenses but July is typically a low sales month

## **NPAT growth<sup>2</sup> ~ 18-20% @ CC<sup>3</sup>** **EPS growth to exceed NPAT growth**

### Outlook for remainder of FY17

- Continued strong demand for plasma therapy products
- Ongoing growth in rCOAGs sales contribution

### Uneven profit profile between 1H and 2H arising from –

- Competitor product supply returning
- Seasonality of the Seqirus business
- Timing of expenses, particularly research and development
- Momena agreement
- Timing of payments from partners

### Near term R&D highlights

- Planning for CSL 112 (apoA-I) Phase III continuing
- Haegarda<sup>®</sup> approval anticipated in 1H FY18

<sup>1</sup> For forward looking statements, refer to Legal Notice on page 2

<sup>2</sup> Excludes one-off gains and costs (net \$90m) relating to the acquisition of NVS-IV from FY16

<sup>3</sup> Constant Currency (CC) removes the impact of exchange rates movements to facilitate comparability

# Financial Appendix



# Group Results

| Half year ended December<br>US\$ Millions                                 | Dec<br>2015<br>Reported | Dec<br>2015<br>Underlying <sup>2</sup> | Dec<br>2016<br>Reported | Dec<br>2016<br>at CC <sup>1</sup> | Underlying <sup>2</sup><br>Change<br>% |
|---|-------------------------|--|-------------------------|-----------------------------------|--|
| <b>Sales</b>  | <b>3,031</b>            | <b>3,031</b>                           | <b>3,553</b>            | <b>3,563</b>                      | <b>17.6%</b>                           |
| Other Revenue / Income  | 105                     | 105                                    | 123                     | 127                               |  |
| <b>Total Revenue / Income</b>   | <b>3,136</b>            | <b>3,136</b>                           | <b>3,677</b>            | <b>3,690</b>                      | <b>17.7%</b>                           |
| <b>Earnings before Interest, Tax,<br/>Depreciation &amp; Amortisation</b> | <b>848</b>              | <b>917</b>                             | <b>1,226</b>            | <b>1,254</b>                      | <b>36.8%</b>                           |
| Depreciation/Amortisation   | (102)                   | (102)                                  | (131)                   | (133)                             |  |
| <b>Earnings before Interest and Tax</b>                                   | <b>746</b>              | <b>815</b>                             | <b>1,095</b>            | <b>1,121</b>                      | <b>37.6%</b>                           |
| Gain on Acquisition   | 176                     | -                                      | -                       | -                                 |  |
| Net Interest Expense  | (27)                    | (27)                                   | (38)                    | (39)                              |  |
| Tax Expense   | (176)                   | (181)                                  | (251)                   | (255)                             |  |
| <b>Net Profit after Tax</b>   | <b>719</b>              | <b>607</b>                             | <b>806</b>              | <b>827</b>                        | <b>36.2%</b>                           |
| NVS-IV one-off (gain)/costs <sup>3</sup>                                  | (112)                   | -                                      | -                       | -                                 |  |
| <b>Underlying Net Profit after Tax</b>                                    | <b>607</b>              | <b>607</b>                             | <b>806</b>              | <b>827</b>                        | <b>36.2%</b>                           |
| Interim Dividend  | 0.58                    | 0.58                                   | 0.64                    |                                   | 10.3%                                  |
| EPS   | 1.55                    | 1.31                                   | 1.77                    | 1.81                              | 38.6%                                  |

<sup>1</sup> Constant Currency (CC) removes the impact of exchange rate movements to facilitate comparability of operational performance.

<sup>2</sup> Underlying excludes from 1H16 financials the one off items relating to the Novartis influenza vaccines business (NVS-IV), which was acquired on 31 July 2015

<sup>3</sup> NVS-IV one-off comprises gain on acquisition of \$176m & one-off costs of \$64m (@NPAT line).

# CSL Behring Sales

| Half year ended December<br>US\$ Millions | Dec<br>2015  | Dec<br>2016  | Dec 2016<br>CC <sup>1</sup> | Change<br>% |
|---|--------------|--------------|-----------------------------|-------------|
| <b>Immunoglobulins</b>                    | <b>1,181</b> | <b>1,426</b> | 1,442                       | <b>22%</b>  |
| <b>Albumin</b>                            | <b>376</b>   | <b>433</b>   | 447                         | <b>19%</b>  |
| <b>Haemophilia</b>                        |              |              |                             |             |
| - Recombinants                            | 203          | 232          | 233                         | 15%         |
| - Plasma                                  | 306          | 282          | 287                         | (6%)        |
| <b>Specialty</b>                          | <b>466</b>   | <b>590</b>   | 584                         | <b>25%</b>  |
| <b>Total Product Sales</b>                | <b>2,532</b> | <b>2,963</b> | 2,992                       | <b>18%</b>  |
| <i>Other sales (mainly plasma)</i>        | 5            | 13           | 13                          |             |
| <i>Total Sales</i>                        | 2,537        | 2,976        | 3,006                       |             |

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

# FY17 Financial Guidance

| CSL GROUP                             |                |                                    |
|---------------------------------------|----------------|------------------------------------|
| Full year ended June<br>US\$ Millions | FY16<br>Actual | FY17<br>Guidance <sup>1</sup>      |
| <b>Reported Net Profit after Tax</b>  | 1,242          |                                    |
| NVS-IV one-offs <sup>3</sup>          | (90)           |                                    |
| Underlying NPAT                       | 1,152          | ~18-20% growth<br>@CC <sup>2</sup> |
| <i>FX Impact<sup>4</sup></i>          |                | ~(50M)                             |

<sup>1</sup> For forward looking statements, refer to Legal Notice on page 2

<sup>2</sup> Constant Currency (CC) removes the impact of exchange rates movements to facilitate comparability. See end note for further detail.

<sup>3</sup> Comprises gain on acquisition ~\$176.1m & one off acquisition related costs of \$86.6m (@NPAT line)

<sup>4</sup> Assumes current rates remain steady for the remainder of the year



# Notes - 1

(#) 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            | \$805.5m |
| Translation currency effect (a)          | \$(4.3m) |
| Transaction currency effect (b)          | \$3.1m   |
| Foreign Currency losses (c)              | \$22.2m  |
| Constant currency net profit after tax * | \$826.5m |

## a) Translation Currency Effect NPAT \$(4.3m)

Average Exchange rates used for calculation in major currencies (six months to Dec 16/Dec 15) were as follows: USD/EUR (0.91/0.91); USD/CHF (0.99/0.97).

## b) Transaction Currency Effect NPAT \$3.1m

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 NPAT \$22.2m

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

## Summary Sales

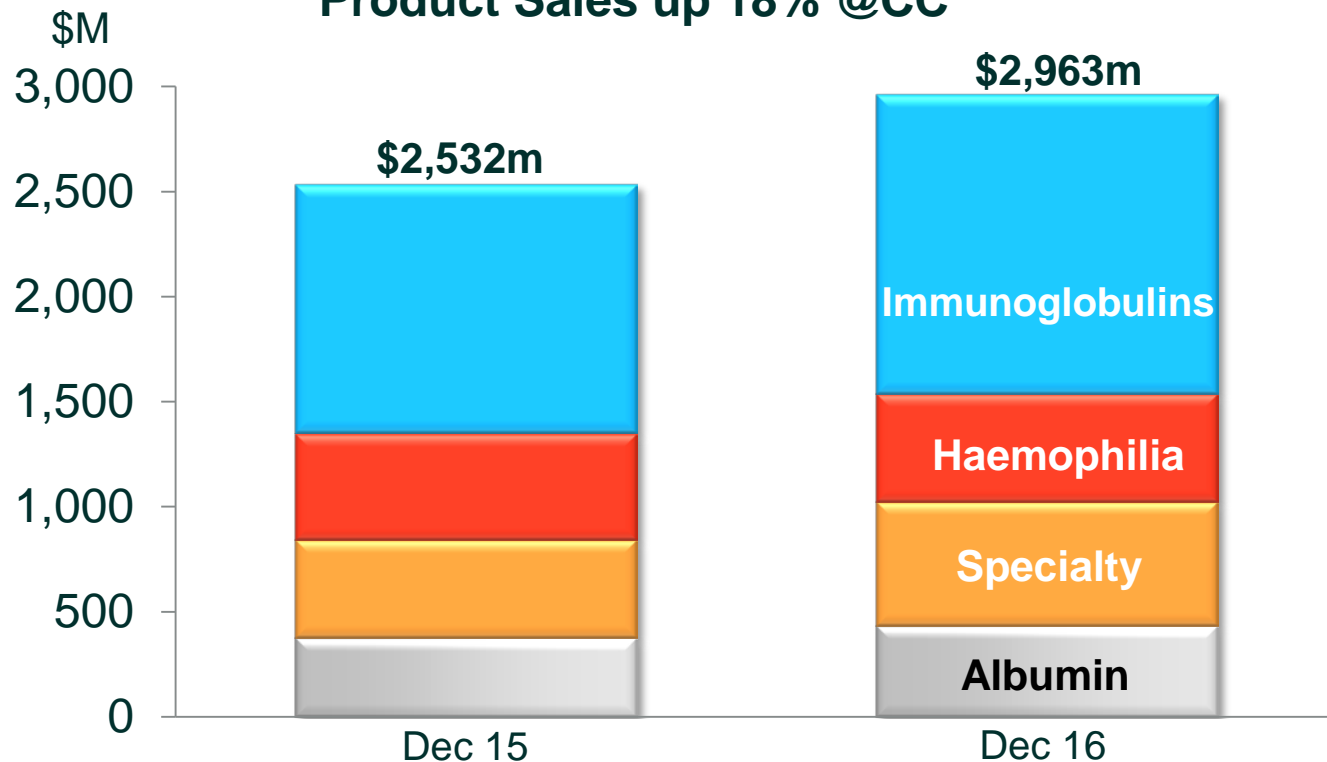
|                                 |            |
|---------------------------------|------------|
| Reported sales                  | \$3,553.4m |
| Currency effect                 | \$9.0m     |
| Constant currency sales (Group) | \$3,562.4m |

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

# Business Unit Appendix

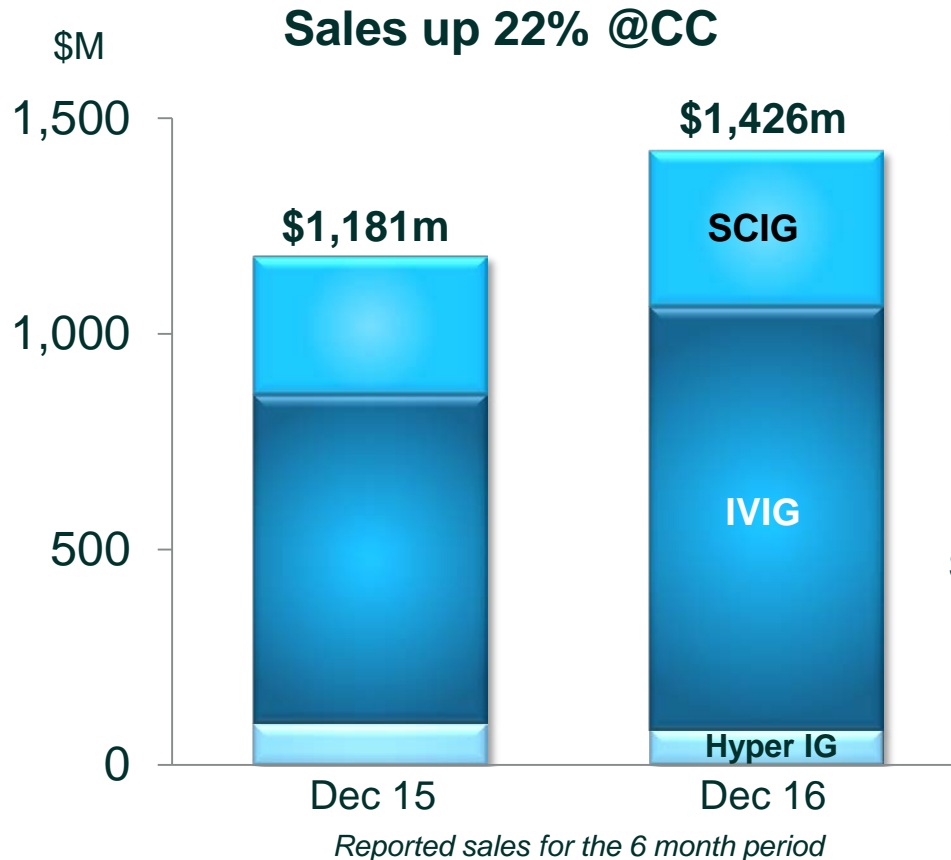


## Product Sales up 18% @CC



*Reported sales for the 6 month period*

# Immunoglobulins



## Highlights

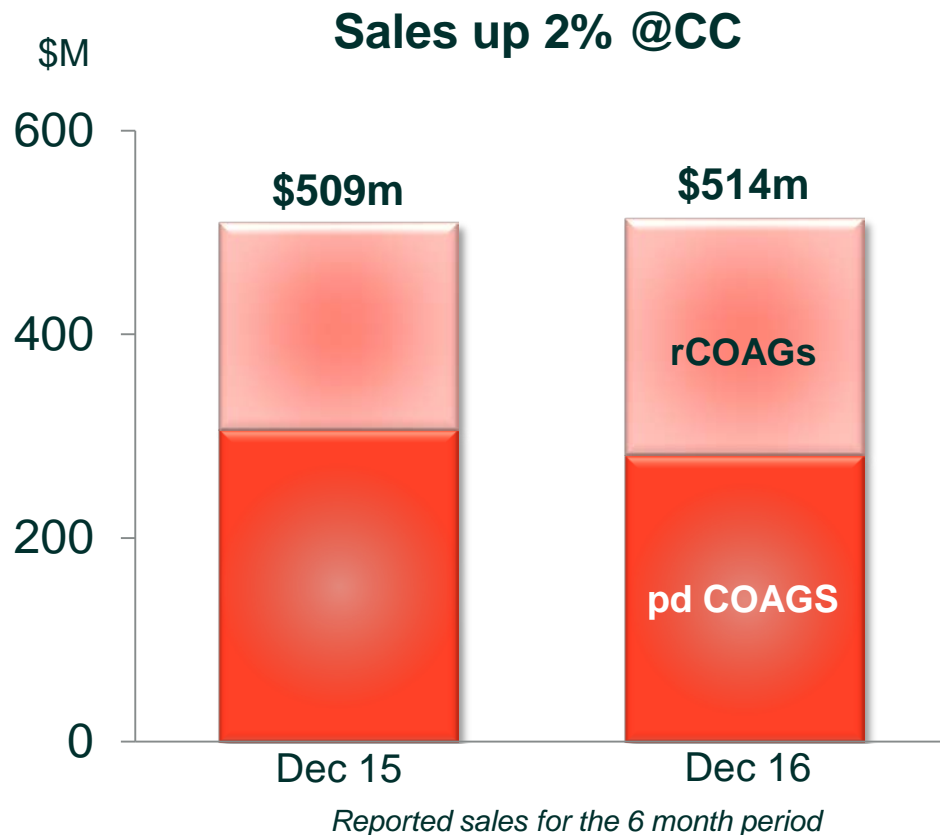
IVIG – Privigen® up 34%

- Market growth in hospital segment and non-acute segment
- Focussed sales and marketing efforts
- Operational capacity
- Competitor supply constraints
- Successful launch in Turkey
- CIDP indication in Europe continuing to underpin strong growth

SCIG – Hizentra® up 14%

- New patients, increasing home treatment and selective partnering with key speciality pharmacies
- New market entrant

# Haemophilia



## Highlights

rCOAGs up 15%

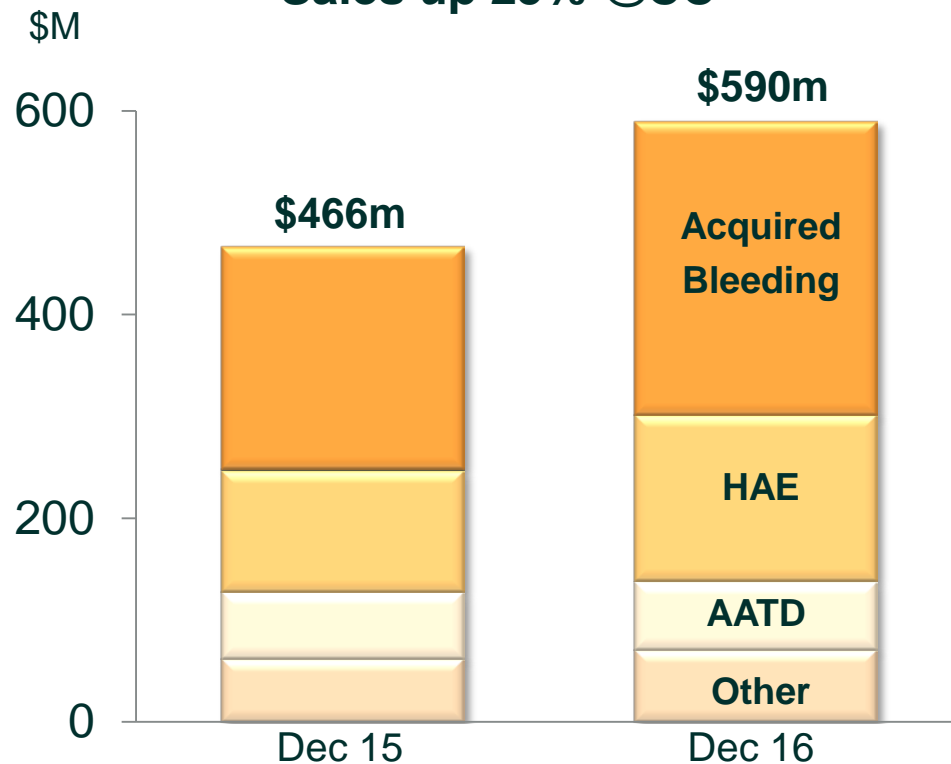
- Strong uptake of Idelvion® in US and EU
- Growth offset to some extent by decline in Helixate®

pdCOAGs down 6%

- Phasing of Russian tender
- Lower share of Polish tender
- Volatility in surgical and ITT usage

# Specialty

## Sales up 25% @CC



*Reported sales for the 6 month period*

## Highlights

### Kcentra®/ Beriplex®

- Restructured and fully established sales force
- Deeper penetration into hospital market

### Berinert® P

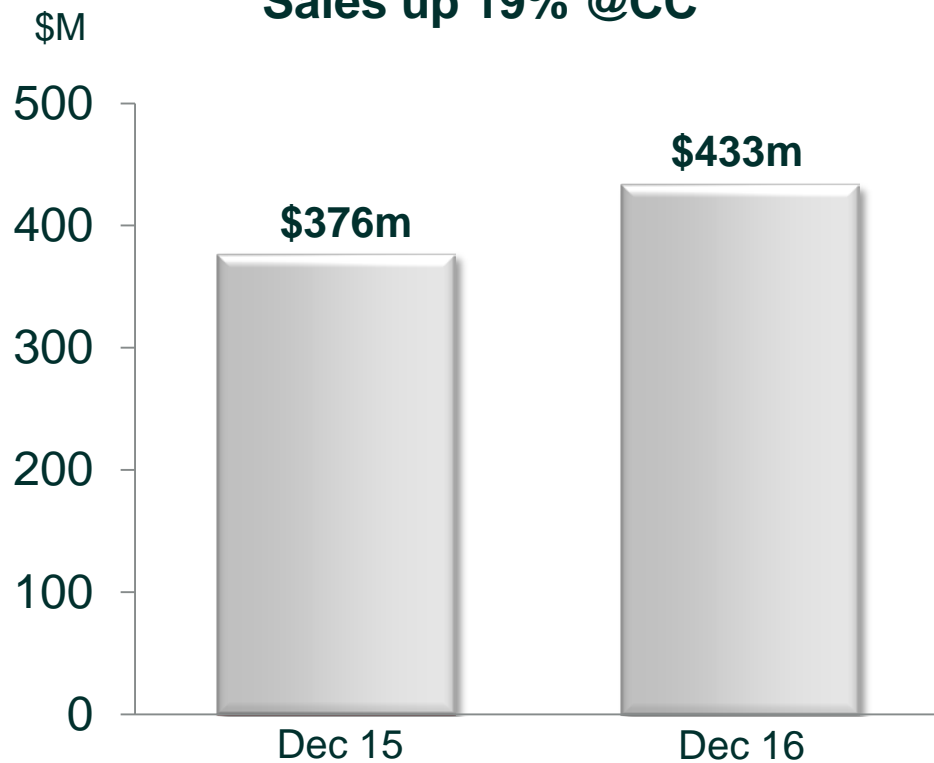
- Increasing awareness and diagnosis of HAE
- Competitor product supply disruption

### Beriplast®

- Strong increase in Japan

# Albumin

**Sales up 19% @CC**



*Reported sales for the 6 month period*

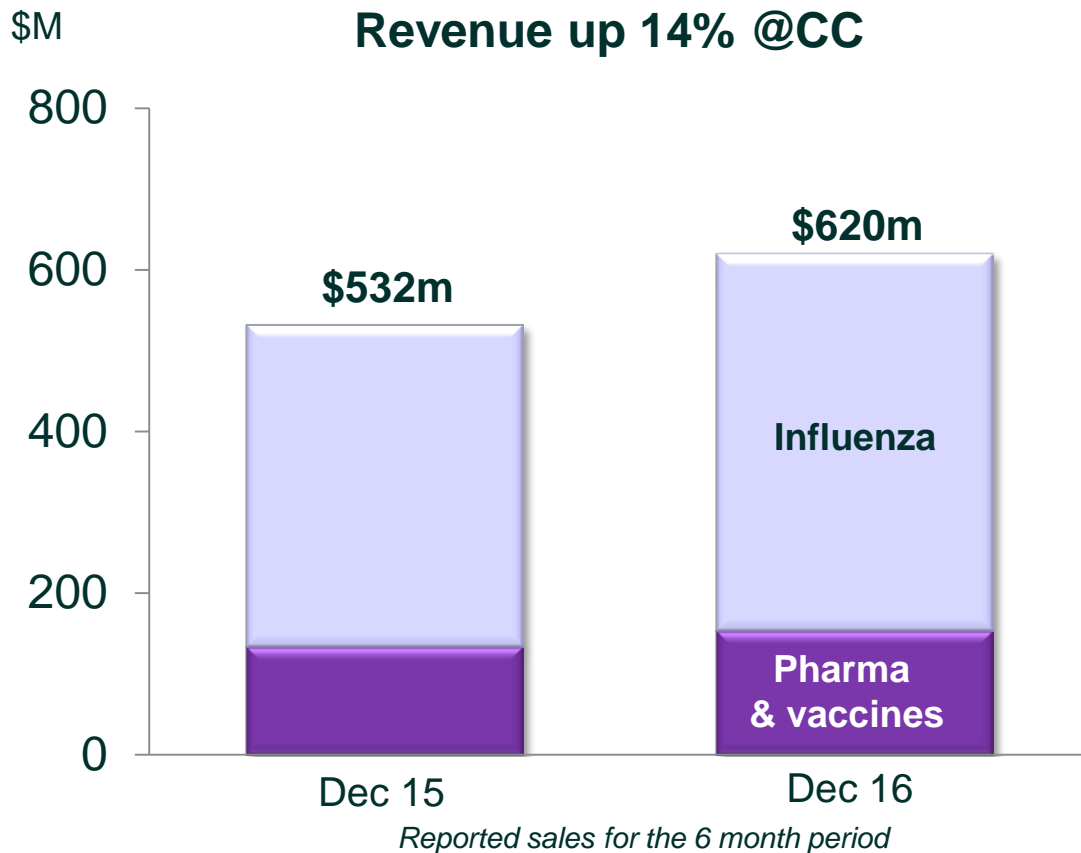
## Highlights

### China

- 35% sales growth
- Enhanced sales, marketing and distribution efforts
- Expanded market access into Tier 2 & 3 cities and new hospital listings

Solid sales growth in Turkey and Brazil

## Revenue up 14% @CC



## Highlights

- Influenza revenue \$464 million
- Flucelvax® QIV launched in US
- Afluria® QIV approved in US and Australia
- First to market in US for influenza vaccines
- Zostavax\* launched in public market in Australia

*\* Zostavax is a registered trademark of Merck & Co. Inc*