CSL Limited

ABN: 99 051 588 348

ASX Half-year Information
31 December 2018

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction
with the 30 June 2018 Annual Report.

Contents

CSL Limited

ABN: 99 051 588 348

Appendix 4D
Half-year ended 31 December 2018

(Previous corresponding period:
Half-year ended 31 December 2017)

Results for Announcement to the Market

Reported

- Revenues from continuing operations up 8.6% to US$4.5 billion.
- Net profit after tax for the period attributable to members up 6.8% to US$1.2 billion.

Business operational performance[1]

- Sales revenue at constant currency up 10.5% to US$4.4 billion.
- Net profit after tax for the period at constant currency up 10.1% to US$1.2 billion.

Dividends

	Amount per security (US cents)	**Franked amount per security (US cents)**
Interim dividend (determined subsequent to balance date)	85.0¢	Unfranked*
Interim dividend from the previous corresponding period	79.0¢	Unfranked
Final dividend (prior year)	93.0¢	Unfranked
Record date for determining entitlements to the dividend:	14 March 2019	

***** Under Australian law non-resident withholding tax is not payable on the unfranked component of this dividend as that portion will be declared to be wholly conduit foreign income.

The Company's Dividend Reinvestment Plan remains suspended and does not apply to the interim dividend.

Explanation of results

For further explanation of the results please refer to the accompanying press release and "Review of Operations" in the Directors' Report that is within the Half-year Report.

The half-year financial statements are presented in US$ unless otherwise stated.

Other information required by Listing Rule 4.3A

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Half-year Report (which includes the Directors' Report) and Media Release.

[1] 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) by 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 net profit is adjusted to calculate the operational result.

Summary NPAT

Reported Net Profit after Tax	$1,160.7m
Translation Currency Effect (a)	$ (2.5m)
Transaction Currency Effect (b)	$ 6.3m
Foreign Currency (Gains) and Losses (c)	$ 31.5m
Constant Currency Net Profit after Tax *	$ 1,196.0m

(a) Translation Currency Effect $(2.5m)

Average Exchange rates used for calculation in major currencies (six months to Dec 18/Dec 17) were as follows: USD/EUR (0.86/0.85); USD/CHF(0.99/0.97)

(b) Transaction Currency Effect $6.3m

Transaction currency effect is calculated by reference to the applicable prior comparative 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 (i.e. to the final customer) and the relevant exchange rates applicable to each transaction.

(c) Foreign Currency Losses $31.5m

Foreign currency losses recorded during the period.

Summary Sales

Reported Sales	$4,342.6m
Currency Effect	$74.5m
Constant Currency Sales *	$4,417.1m

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

CSL Limited
Half-year Report – 31 December 2018

Contents

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by CSL Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CSL Limited
Directors' Report

The Board of Directors of CSL Limited has pleasure in presenting their report on the consolidated entity for the half-year ended 31 December 2018.

Directors

The following persons were Directors of CSL Limited during the whole of the half-year and up to the date of this report:

Dr. B A McNamee, AO (Chairman, from 17 October 2018)
Mr P R Perreault (Managing Director and Chief Executive Officer)
Mr B R Brook
Dr M E Clark, AC
Mr SA Hussain
Ms M E McDonald
Ms C E O'Reilly
Mr T Yamada, KBE

Professor J Shine, AC (former Chairman) and Mr D W Anstice, AO retired as Directors, and Professor Andrew Cuthbertson, AO was elected as a Director at the Annual General Meeting on 17 October 2018.

Review of Operations

For the half-year ended 31 December 2018, total revenue for the Group was US$4.5 billion, up 9% (11% at constant currency) when compared to the prior comparable period. Reported net profit after tax was US$1.2 billion, up 7% (10% at constant currency) when compared to the prior comparative period.

CSL Behring
Total revenue of US$3,556 million increased 8% at constant currency when compared to the prior comparable period.

Immunoglobulin (Ig) product sales of US$1,708 million grew 12% at constant currency underpinned by demand for Privigen® (10% liquid Ig) and Hizentra® (subcutaneous Ig).

Globally demand for immunoglobulin has been strong driven by increased usage for chronic therapies, including Primary Immune Deficiency and Chronic Inflammatory Demyelinating Polyneuropathy, together with increased disease awareness and diagnosis. Also contributing to growth has been the collective group of secondary immune deficiencies, which are expanding in utilisation.

Haemophilia product sales of US$536 million declined 2% at constant currency.

Recombinant haemophilia products grew 9% at constant currency driven by Idelvion®, CSL Behring's novel long-acting recombinant factor IX product for the treatment of haemophilia B. Idelvion® has seen particularly strong growth since first launched in 2016, and has now launched in 13 countries. Idelvion® has attracted 60% of patient switches from competing factor IX products, including some switches from Mononine®, CSL Behring's plasma derived factor IX product.

Afstyla®, CSL Behring's new novel recombinant factor VIII, has been growing despite intense competition and is expected to replace and expand on the economic return previously derived from Helixate®. The supply agreement for Helixate®, a third party recombinant factor VIII product, expired in December 2017.

Plasma derived haemophilia products declined 11% at constant currency arising from a confluence of factors including some manufacturing bottlenecks, tender volatility and pricing mix shift.

Albumin sales of US$420 million declined 4% at constant currency, with the main driver being a temporary constriction in import supply for China. To support ongoing demand increase for Albumin in China, CSL Behring is pursuing approval of AlbuRx®, manufactured at the Company's Kankakee site. Marketing consent for AlbuRx® is currently pending Chinese regulatory approval.

Growth in demand for albumin in European and Emerging markets has been strong.

Specialty product sales of US$803 million grew 13% at constant currency despite a very strong prior comparable period.

Sales of Haegarda® (C1 esterase inhibitor subcutaneous) in the US more than tripled over the prior comparable period, reflecting very strong patient adoption of the product. The product's attractive clinical profile continues to drive patient adherence and new patient starts.

Kcentra® (4 factor pro-thrombin complex concentrate) in the US continues to grow strongly driven by an expansion of new accounts and expanding usage in existing accounts.

Tempering growth in specialty products has been the decline in wound healing products following atypical market conditions in the prior comparable period.

Seqirus
Total revenue of US$949 million grew 21% at constant currency driven largely by increased sales of seasonal influenza vaccines.

Seqirus' portfolio of influenza vaccines is transitioning towards higher valued Quadrivalent influenza vaccines - Flucelvax® and Afluria®. This transition together with a significant increase in FLUAD® sales were the main growth drivers. FLUAD® is Seqirus' adjuvanted influenza vaccine designed to offer increased protection for over 65 year olds.

The seasonal nature of influenza gives rise to sales heavily skewed to the first half of the fiscal year in support of northern hemisphere demand; expenses are spread more evenly over the whole year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Rounding of Amounts

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable) unless specifically stated otherwise under the relief available to the Company under ASIC Corporations Instrument 2016/19. The Company is an entity to which the Corporations Instrument applies.

This report has been made in accordance with a resolution of the directors.

Brian McNamee AO Chairman	Paul Perreault Managing Director

12 February 2019

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

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Auditor's Independence Declaration to the Directors of CSL Limited

As lead auditor for the review of CSL Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review*;* and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CSL Limited and the entities it controlled during the financial period.

Ernst & Young

Rodney Piltz
Partner
12 February 2019

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2018

	Notes	December 2018 US$m	December 2017 US$m
Continuing operations			
Sales revenue		**4,342.6**	3,998.5
Pandemic Facility Reservation fees		**65.3**	60.2
Royalties and License revenue		**85.3**	63.4
Other income		**11.6**	24.5
Total Operating Revenue		**4,504.8**	4,146.6
Cost of sales		**(1,881.9)**	(1,788.7)
Gross profit		**2,622.9**	2,357.9
Research and development expenses	4	**(391.0)**	(342.9)
Selling and marketing expenses		**(422.8)**	(354.3)
General and administration expenses		**(256.1)**	(184.7)
Operating profit		**1,553.0**	1,476.0
Finance costs	3	**(96.1)**	(54.6)
Finance income		**3.5**	2.7
Profit before income tax expense		**1,460.4**	1,424.1
Income tax expense	5	**(299.7)**	(337.8)
Net profit for the period		**1,160.7**	1,086.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of hedges on foreign investments	13	**(37.8)**	(9.0)
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses) / gains on defined benefit plans, net of tax	15	**(54.4)**	23.6
Total of other comprehensive income/(expenses)		**(92.2)**	14.6
Total comprehensive income for the period		**1,068.5**	1,100.9
Earnings per share (based on net profit for the period)		**$**	$
Basic earnings per share	12	**2.56**	2.40
Diluted earnings per share	12	**2.55**	2.39

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2018

Consolidated Entity	Notes	December 2018 US$m	June 2018 US$m
CURRENT ASSETS			
Cash and cash equivalents	6	**665.8**	814.7
Receivables and contract assets		**2,076.0**	1,478.0
Inventories	7	**2,795.4**	2,692.8
Current tax assets		**27.8**	6.6
Other financial assets		**2.9**	1.6
Total Current Assets		**5,567.9**	4,993.7
NON-CURRENT ASSETS			
Other receivables		**21.4**	15.3
Other financial assets		**6.7**	6.2
Property, plant and equipment	8	**3,786.9**	3,551.4
Deferred tax assets		**315.7**	401.3
Intangible assets	2	**1,829.8**	1,802.5
Retirement benefit assets		**3.2**	4.1
Total Non-Current Assets		**5,963.7**	5,780.8
TOTAL ASSETS		**11,531.6**	10,774.5
CURRENT LIABILITIES			
Trade and other payables		**1,105.2**	1,256.8
Interest-bearing liabilities	10	**540.8**	225.7
Current tax liabilities		**78.2**	248.4
Provisions		**174.6**	180.7
Deferred government grants		**2.9**	3.1
Total Current Liabilities		**1,901.7**	1,914.7
NON-CURRENT LIABILITIES			
Other non-current liabilities		**106.3**	126.6
Interest-bearing liabilities	10	**4,107.7**	4,160.6
Deferred tax liabilities		**199.7**	193.7
Provisions		**32.8**	34.7
Deferred government grants		**36.3**	37.7
Retirement benefit liabilities	15	**295.0**	226.6
Total Non-Current Liabilities		**4,777.8**	4,779.9
TOTAL LIABILITIES		**6,679.5**	6,694.6
NET ASSETS		**4,852.1**	4,079.9
EQUITY			
Contributed equity	12	**(4,615.0)**	(4,634.5)
Reserves	13	**216.8**	224.2
Retained earnings		**9,250.3**	8,490.2
TOTAL EQUITY		**4,852.1**	4,079.9

Consolidated Statement of Changes in Equity
As at 31 December 2018

	Contributed Equity		Foreign currency translation reserve		Share based payment reserve		Retained earnings		Total	
	US$m		US$m		US$m		US$m		US$m	
Consolidated Entity	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017
As at the beginning of the period	**(4,634.5)**	(4,534.3)	**29.1**	126.0	**195.1**	168.2	**8,490.2**	7,403.9	**4,079.9**	3,163.8
Profit for the period		-		-		-	**1,160.7**	1,086.3	**1,160.7**	1,086.3
Other comprehensive profit/(loss)		-	**(37.8)**	(9.0)		-	**(54.4)**	23.6	**(92.2)**	14.6
Total comprehensive income for the period									**1,068.5**	1,100.9
Transactions with owners in their capacity as owners										
Opening balance sheet adjustment adopting AASB 15 *(see Accounting Policies disclosure)*							**74.0**		**74.0**	
Share based payments	**-**	-	**-**	-	**30.4**	11.4	**-**	-	**30.4**	11.4
Dividends		-		-		-	**(420.3)**	(323.6)	**(420.3)**	(323.6)
Share buy back	**-**	(115.9)	**-**	-	**-**	-	**-**	-	**-**	(115.9)
Share issues										
- Employee share scheme	**19.5**	6.4	**-**	-	**-**	-	**-**	-	**19.5**	6.4
As at the end of the period	**(4,615.0)**	(4,643.8)	**(8.7)**	117.0	**225.5**	179.6	**9,250.3**	8,190.2	**4,852.1**	3,843.0

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018

Consolidated Entity	Notes	December 2018 US$m	December 2017 US$m
Cash flows from Operating Activities			
Receipts from customers (inclusive of goods and services tax)		**4,291.4**	4,002.8
Payments to suppliers and employees (inclusive of goods and services tax)		**(3,288.0)**	(2,852.7)
		1,003.4	1,150.1
Income taxes paid		**(399.6)**	(254.0)
Interest received		**3.8**	2.4
Borrowing costs		**(72.4)**	(58.5)
Net cash inflow from operating activities		**535.2**	840.0
Cash flows from Investing Activities			
Payments for property, plant and equipment		**(454.5)**	(317.6)
Business acquisition, net of cash acquired	2	**-**	(441.5)
Payments for intangible assets		**(84.8)**	(108.8)
(Payments) / receipts from other investing activities		**(1.1)**	0.6
Net cash outflow from investing activities		**(540.4)**	(867.3)
Cash flows from Financing Activities			
Proceeds from issue of shares		**19.5**	6.4
Dividends paid		**(420.3)**	(323.6)
Proceeds from borrowings	10	**762.9**	1,140.9
Repayment of borrowings	10	**(503.5)**	(669.0)
Payment for shares bought back		**-**	(138.4)
Payments from other financing activities		**(5.5)**	
Net cash (outflow) / inflow from financing activities		**(146.9)**	16.3
Net (decrease)/increase in cash and cash equivalents		**(152.1)**	(11.0)
Cash and cash equivalents at the beginning of the financial year		**812.7**	843.0
Exchange rate variations on foreign cash and cash equivalent balances		**(15.7)**	9.1
Cash and cash equivalents at the end of the period		**644.9**	841.1
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the end of the period as shown in the statement of cash flows is reconciled as follows:			
Cash and cash equivalents	6	**665.8**	849.6
Bank overdrafts		**(20.9)**	(8.5)
Cash and cash equivalents at the end of the period		**644.9**	841.1

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About this Report

Notes to the financial statements:

Corporate Information

CSL Limited ("CSL") is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of directors on 12 February 2019.

a. Basis of Accounting

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of CSL Limited as at 30 June 2018.

It is also recommended that the half-year financial report be considered together with any public announcements made by CSL Limited and its controlled entities during the half-year ended 31 December 2018 in accordance with the continuous disclosure obligations arising under ASX listing rules.

b. Basis of Preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. It presents information on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments), which have been measured at fair value. Amounts have been rounded off to the nearest hundred thousand dollars.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The report is presented in US Dollars, because this currency is the pharmaceutical industry standard currency for reporting purposes. It is the predominant currency of the Group's worldwide sales and operating expenses. As of 1 July 2018 the functional currency of certain European entities was changed to USD due to the increased underlying activity denominated in USD.

c. Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2018, except for the adoption of AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments.

On adoption of AASB 9, the Group has changed the accounting for impairment losses for financial assets and contract assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach, and has calculated ECLs based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group has also entered hedge relationships under the standard's hedge accounting requirements and reclassified financial assets per the classification of the new standard.

The impact of adopting these changes are not material to the Group.

As a result of adopting AASB 15, we have revised our revenue recognition policy as follows:

Revenue is recognised when the Group satisfies a performance obligation by transferring control of the promised good or service to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the goods or services.

Further information about each source of revenue from contracts with customers and the criteria for recognition follows.

Sales: Revenue is earned (net of variable considerations, which include returns, discounts, rebates and allowances) from the sale of products and services. Sales are recognised when performance obligations are either satisfied over time or at a point in time. Generally the supply of product under a contract with a customer will represent the satisfaction of a performance obligation at a point in time, which is when control of the product passes to the customer.

Significant estimates on Seqirus sales returns is performed by management in respect of the influenza season expected to be subject to return. Management performs the estimate with inputs including historical returns, customer sales data amongst other factors.

For contracts where the customer controls the plasma (tolling contracts) and the Group provides fractionation services – the Group recognises revenue over time as the performance obligations are satisfied.

Royalties: Revenue from licensees of CSL intellectual property reflect a right to use the intellectual property as it exists at the point in time in which the licence is granted. Where consideration is based on sales of product by the licensee, it is recognised when the customer's subsequent sales of product occurs.

Licence revenue: Revenue from licensees of CSL intellectual property reflects the transfer of a right to use the intellectual property as it exists at the point in time in which the licence is transferred to the customer. Consideration is highly variable and revenue is recognised as performance obligations are satisfied and payment milestones are reached.

Pandemic facility reservation fees: Revenue from governments in return for access to influenza manufacturing facilities in the event of a pandemic. Contracts are time based and revenue is accrued progressively over the life of the relevant contract, which aligns to the performance obligations being satisfied.

The adoption of AASB 15 resulted in a change to the opening balance sheet as at 1 July 2018 as a result of accounting for our tolling contracts. The impact is a change in the timing of recognition of revenue where the Group enhances customer owned assets. Under these contracts revenue will be recognized progressively rather than at a single point of time under the predecessor accounting standard. The impact is as follows (modified retrospective transition approach):

Contract assets:	$161m
Inventories:	($62m)
Total current assets	$99m
Current liabilities	$25m
Equity	$74m

In the adoption of AASB 15, the Group has made use of the practical expedient to reflect the aggregate effect of all of the modifications that occurred before the beginning of the date of initial application.

Significant judgements and estimates in accounting for the transition adjustment and revenue earned under tolling contracts include calculating the sales value of the inventory on hand, using the estimated margin of the product sales.

There is no material impact to the revenue recorded for the six months ended December 31, 2018 as a result of adopting AASB 15. The adoption of AASB 15 gives rise to a contract asset of $160m as at 31 December 2018.

Contract assets and deferred revenue (contract liabilities): The completion of performance obligations often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in contract assets. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue. Deferred revenue is recognised as revenue when the Group performs under the contract

The Group has not adopted any accounting standards that are issued but not yet effective. Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided in the annual financial report.

d. Principles of Consolidation

The half-year consolidated financial statements comprise the financial statements of CSL Limited and its subsidiaries as at 31 December 2018. CSL has control of its subsidiaries when it is exposed to, and has the rights to, variable returns from its involvement with those entities and when it has the ability to affect those returns.

The financial results of the subsidiaries are prepared using consistent accounting policies and the same reporting period as the parent company.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full. The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated as it is controlled by the Group.

Note 1: Segment Information

The Group's segments represent strategic business units that offer different products and operate in different industries and markets. They are consistent with the way the CEO (who is the chief operating decision-maker) monitors and assesses business performance in order to make decisions about resource allocation. Performance assessment is based on EBIT (earnings before interest and tax) and EBITDA (earnings before interest, tax, depreciation and amortisation). These measures are different from the profit or loss reported in the consolidated financial statements which is shown after net interest and tax expense. This is because decisions that affect net interest expense and tax expense are made at the Group level. It is not considered appropriate to measure segment performance at the net profit after tax level.

The Group's operating segments are:

- **CSL Behring** – manufactures, markets and develops plasma therapies (plasma products and recombinants), conducts early stage research on plasma and non-plasma therapies excluding influenza, receives licence and royalty income from the commercialisation of intellectual property and undertakes the administrative and corporate function required to support the Group.
- **Seqirus** – manufactures and distributes non-plasma biotherapeutic products and develops influenza related products.

	CSL Behring US$m		Seqirus US$m		Consolidated Entity US$m	
	December 2018	December 2017	**December 2018**	December 2017	**December 2018**	December 2017
Sales of goods and services	**3,468.4**	3,288.4	**874.2**	710.1	**4,342.6**	3,998.5
Pandemic Facility Reservation Fees		-	**65.3**	60.2	**65.3**	60.2
Royalties and License revenue	**85.3**	63.4		-	**85.3**	63.4
Other revenue / Other income (excl interest income)	**2.5**	3.7	**9.1**	20.8	**11.6**	24.5
Total segment revenue	3,556.2	3,355.5	948.6	791.1	4,504.8	4,146.6
Consolidated revenue					**4,504.8**	4,146.6
Segment Gross Profit	**2,117.3**	1,979.5	**505.6**	378.4	**2,622.9**	2,357.9
Segment Gross Profit %	**59.5%**	59.0%	**53.3%**	47.8%	**58.2%**	56.9%
Consolidated Gross Profit						2,357.9
Segment EBIT	**1,249.3**	1,291.5	**303.7**	184.5	**1,553.0**	1,476.0
Consolidated Operating Profit					**1,553.0**	**1,476.0**
Interest income					**3.5**	2.7
Finance costs					**(96.1)**	(54.6)
Consolidated profit before tax					**1,460.4**	1,424.1
Income tax expense					**(299.7)**	(337.8)
Consolidated net profit after tax					**1,160.7**	1,086.3
Amortisation	**23.8**	20.4	**12.4**	6.7	**36.2**	27.1
Depreciation	**116.9**	100.9	**12.8**	13.3	**129.7**	114.2
Segment EBITDA	**1,390.0**	1,412.8	**328.9**	204.5	**1,718.9**	1,617.3
Consolidated EBITDA					**1,718.9**	1,617.3

The Seqirus business is subject to seasonality resulting from sales for the northern hemisphere influenza vaccine season. Seqirus therefore has higher revenue and profit in the first half of the financial year.

	CSL Behring		Seqirus		Intersegment Elimination		Consolidated Entity	
	US$m		US$m		US$m		US$m	
	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018	December 2018	June 2018
Segment assets	**11,077.7**	10,643.9	**1,784.3**	1,567.8	**(1,330.4)**	(1,437.2)	**11,531.6**	10,774.5
Segment liabilities	**6,444.6**	6,532.7	**1,565.3**	1,599.1	**(1,330.4)**	(1,437.2)	**6,679.5**	6,694.6
Other Information - capital expenditure, excluding Business Acquisition								
Payments for property, plant and equipment	**417.4**	732.0	**37.1**	46.8	**-**	-	**454.5**	778.8
Payments for intangibles	**72.2**	124.6	**12.6**	89.2	**-**	-	**84.8**	213.8
Total capital expenditures, excluding Business Acquisition							**539.3**	992.6

Geographical areas of operation

The Group operates predominantly in Australia, the USA, Germany, the United Kingdom, Switzerland and China. The rest of the Group's operations are spread across many countries and are collectively disclosed as "Rest of World".

	Australia		United States		Germany		United Kingdom		Switzerland		China		Rest of World		Total	
	US$m		US$m		US$m		US$m		US$m		US$m		US$m		US$m	
Geographic areas	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017	**December 2018**	December 2017
Total Operating Revenue	**340.1**	335.2	**2,328.7**	1,967.5	**375.8**	405.9	**266.1**	179.4	**113.3**	124.6	**234.6**	286.1	**846.2**	847.9	**4,504.8**	4,146.6

	Australia		United States		Germany		United Kingdom		Switzerland		China		Rest of World		Total	
	US$m		US$m		US$m		US$m		US$m		US$m		US$m		US$m	
Geographic areas	**December 2018**	June 2018	**December 2018**	June 2018	**December 2018**	June 2018	**December 2018**	June 2018	**December 2018**	June 2018	**December 2018**	June 2018	**December 2018**	June 2018	**December 2018**	June 2018
Property, plant, equipment and intangible assets	**755.5**	776.9	**1,842.4**	1,702.5	**629.7**	589.3	**322.7**	321.8	**1,585.9**	1,487.2	**470.7**	467.0	**9.8**	9.2	**5,616.7**	5,353.9

Segment Accounting Policies

Inter-segment sales are carried out on an arm's length basis and reflect current market prices.

Note 2: Business Combinations

Three business combinations occurred in the financial year ended 30 June 2018.

Ruide Acquisition

On 1 August 2017 CSL acquired 80% of the equity of Ruide from Humanwell for US$352m. Ruide develops, manufactures and commercialises plasma-derived products for the Chinese domestic market and provides a vehicle for the Group to access this growing market for plasma therapeutics. On 20 June 2018, Humanwell and CSL renegotiated the terms and conditions under which the remaining consideration would be paid. The payment of $102m for the 20% equity initially retained by Humanwell was paid in June 2018. There was no change to the acquisition accounting disclosed in the annual financial report of CSL Limited as at 30 June 2018.

Calimmune Acquisition

On 31 August 2017 CSL acquired 100% of the equity of Calimmune Inc for an upfront payment of $82m and a series of contingent payments subject to the achievement of development milestones. Calimmune has developed a suite of gene therapy technologies that may prove the basis of treatments for rare diseases. The acquisition provides CSL with a new technology platform and manufacturing process. There was no change to the acquisition accounting disclosed in the annual financial report of CSL Limited as at 30 June 2018.

Guangzhou Junxin Pharmaceutical Acquisition

On 14 May 2018 CSL acquired 100% of the equity of Guangzhou Junxin Pharmaceutical Limited. The acquired entity holds a GSP (Good Supply Practice) licence granted by the Chinese regulator. This licence enables the holder to own and sell inventory in the domestic Chinese market. In the future CSL will be able to participate more fully in the value chain for Albumin imported into China. Consideration for the transaction is payable in stages within the next twelve months. This entity will also sell Ruide manufactured product in China. There was no change to the acquisition accounting disclosed in the annual financial report of CSL Limited as at 30 June 2018.

Note 3: Expenses

Expenses	**December 2018 US$m**	December 2017 US$m
Net interest expense	**58.8**	47.3
Amortization of borrowing costs	**2.3**	1.4
Unrealized foreign currency losses on debt	**35.0**	0.0
Total Finance costs	**96.1**	48.7
Deferred financing costs on acquisition	**-**	5.9
Depreciation and amortisation of fixed assets	**129.7**	114.2
Amortisation of intangibles	**36.2**	27.1
Total depreciation and amortisation expense	**165.9**	141.3
Write-down of inventory to net realisable value	**57.0**	77.9
Rental expenses relating to operating leases	**38.0**	34.4
Employee benefits expense	**1,047.8**	910.8

Note 4: Research & Development

The Group conducts research and development activities to support future development of products to serve our patient communities, to enhance our existing products and to develop new therapies.

All costs associated with these activities are expensed as incurred as uncertainty exists up until the point of regulatory approval as to whether a research and development project will be successful. At the point of approval the total cost of development has largely been incurred.

Research and development expense includes $25.0m related to a licensing arrangement with Vitaeris. The Vitaeris transaction gives CSL rights to certain intellectual property, which is in an early stage and does not yet give rise to a demonstrated recoverable amount. If the intellectual property were to have a demonstrated recoverable amount in the future, then the charge would be reversed and the amount recognized as an intangible asset.

For the half-year ended 31 December 2018, the research costs expensed were $391m (2017: $342.9m). Further information about the Group's research and development activities can be found on the CSL website.

Note 5: Tax

The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	December 2018 US$m	December 2017 US$m
Accounting profit before income tax	**1,460.4**	1,424.1
Income tax calculated at 30% (2017: 30%)	**438.1**	427.2
Effects of different rates of tax on overseas income	**(152.1)**	(85.3)
Research and development	**(10.5)**	(6.2)
(Over)/Under provision in prior year	**-**	(7.6)
Other non-deductible expenses	**24.2**	9.7
Income tax expense	**299.7**	337.8

Note 6: Cash and Cash Equivalents

	December 2018 US$m	June 2018 US$m
Cash at bank and on hand	**498.5**	572.5
Cash deposits	**167.3**	242.2
Total cash and cash equivalents	**665.8**	814.7

Note 7: Inventories

	December 2018 US$m	June 2018 US$m
Raw materials	**938.2**	718.9
Work in progress	**1,027.4**	1,165.8
Finished products	**829.8**	808.1
Total inventories	**2,795.4**	2,692.8

Raw Materials

Raw materials comprise collected and purchased plasma, chemicals, filters and other inputs to production that will be further processed into saleable products but have yet to be allocated to manufacturing.

Work in Progress

Work in progress comprises all inventory items that are currently in use in manufacturing and intermediate products such as pastes generated from the initial stages of the plasma production process.

Finished Products

Finished products comprise material that is ready for sale and has passed all quality control tests.

Inventories generally have expiry dates and the Group provides for product that is short dated. Expiry dates for raw material are no longer relevant once the materials are used in production. At this stage the relevant expiry date is that applicable to the resultant intermediate or finished product.

Inventories are carried at the lower of cost or net realisable value. Cost includes direct material and labour and an appropriate proportion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity.

Net realisable value is the estimated revenue that can be earned from the sale of a product less the estimated costs of both completion and selling. The Group assesses net realisable value of plasma derived products on a basket of products basis given their joint product nature.

Note 8: Property, Plant and Equipment

During the half-year ended 31 December 2018, the Group acquired assets with a cost of $406.6m (2017: $364.1m). Of the amounts acquired during the half-year ended 31 December 2017 $49.5m were attributable to the business combinations disclosed in Note 2.

Note 9: Commitments

Commitments

Commitments in relation to capital expenditure contracted but not provided for in the financial statements are payable as follows:

	Capital Commitments US$m	
	December 2018	June 2018
Not later than one year	**643.9**	532.2
Later than one year but not later than five years	**199.4**	151.5
Later than five years	**-**	-
Total	**843.3**	683.7

Note 10: Financial Instruments

For the half-year ended 31 December 2018, the Group has received gross proceeds from borrowings of $762.9m comprising $320m from net issuances of commercial paper and $442.9m from the Group's bank facilities. Repayments totalling $503.5m comprising of $200m private placement and $303.5m under the Group's bank facilities. The difference between the cash flow statement movement and the movement in interest bearing liabilities on the balance sheet is attributable to amortisation of borrowing costs.

As at balance date the Group had $1,628m in undrawn liquidity available under its bank debt facilities.

Note 11: Share Based Payment Plans

A face value equity allocation methodology, being a volume weighted average share price based on the market price of a CSL share at the time of grant, is used to determine the number of units granted to a participant under each of the shared based payment plans.

Non-Executive Director Rights Plan

During the half-year the Group introduced a new equity settled scheme for Non-Executive Directors (NED). Under the plan NEDs will contribute a minimum of 20% of their pre-tax base fee in return for a grant of Rights, each Right entitling a NED to acquire one CSL share at no cost. There is a nominated restriction period, of three to fifteen years, after which the NED will have access to their shares.

On 23 August 2018, 4,978 Rights were granted under the CSL Limited Non-Executive Director Rights Plan. The exercise price for the Rights is Nil and vesting will occur on 18 February 2019 and 19 August 2019.

There have been no changes to the terms of grant of any existing instruments.

Long Term Incentives

On 1 September 2018, 159,275 Performance Share Units (PSUs) were granted to participants under the Executive Performance and Alignment Plan and 284,365 Restricted Share Units (RSUs) were granted under the Retain and Grow Plan. The exercise price for both PSUs and RSUs is nil. The PSUs and RSUs will become exercisable on 1 September in each of 2019, 2020, 2021 and 2022. The fair value of the PSUs and RSUs granted is estimated at the date of grant using an adjusted form of the Black-Scholes model, taking into account the terms and conditions upon which the PSUs and RSUs were granted.

There have been no changes to the terms of grant of any existing instruments.

The following table lists the inputs into the model used for PSUs and RSUs issued in the half-year ended 31 December 2018:

	Fair Value[1]	Share Price	Exercise Price	Expected volatility[2]	Life assumption	Expected dividend yield	Risk free interest rate
	A$	A$	A$				
Performance Share Units (by grant date)							
1 September 2018 - Tranche 1	$223.06	$225.41	Nil	17.97%	12 months	1.05%	1.99%
1 September 2018 - Tranche 2	$221.72	$225.41	Nil	20.45%	24 months	1.05%	1.95%
1 September 2018 - Tranche 3	$219.41	$225.41	Nil	20.17%	36 months	1.05%	2.25%
1 September 2018 - Tranche 4	$216.13	$225.41	Nil	20.24%	48 months	1.05%	2.34%
Restricted Share Units (by grant date)							
1 September 2018 - Tranche 1	$225.41	$225.41	Nil	N/A	Nil	1.05%	1.50%
1 September 2018 - Tranche 1	$224.24	$225.41	Nil	17.97%	6 months	1.05%	1.99%
1 September 2018 - Tranche 2	$223.06	$225.41	Nil	17.94%	12 months	1.05%	1.99%
1 September 2018 - Tranche 2	$221.89	$225.41	Nil	20.45%	18 months	1.05%	1.95%
1 September 2018 – Tranche 3	$220.72	$225.41	Nil	20.33%	24 months	1.05%	2.04%
1 September 2018 – Tranche 3	$219.57	$225.41	Nil	20.17%	30 months	1.05%	2.25%
1 September 2018 – Tranche 4	$218.41	$225.41	Nil	20.12%	36 months	1.05%	2.13%
1 September 2018 – Tranche 4	$216.13	$225.41	Nil	20.24%	48 months	1.05%	2.34%
NED Rights (by grant date)							
23 August 2018 – Tranche 1	$215.17	$216.28	Nil	19.42%	6 months	1.05%	1.98%
23 August 2018 – Tranche 2	$214.05	$216.28	Nil	17.94%	12 months	1.05%	1.98%

[1] PSUs are subject to a ROIC based performance measure.
[2] The expected volatility is based on the historic volatility (calculated based on the remaining life assumption of each equity instrument), adjusted for any expected changes.

Executive Deferred Incentive Plan (EDIP)

This plan provides for a grant of notional shares which will generate a cash payment to participants at the vesting date, provided they are still employed by the company and receive a satisfactory performance review over that period. The amount of the cash payment will be determined by reference to the CSL share price immediately before the vesting date.

The following table lists the inputs to the model used for grants issued in the half-year ended 31 December 2018:

	December 2018
Dividend yield	**1.05%**
Fair Value of Grants at reporting date, adjusted for the dividend yield and the number of days left in the vesting period	**A$185.16**

Note 12: Shareholder Returns

Dividends

Dividends paid	**December 2018 US$m**	December 2017 US$m
Final ordinary dividend of US$0.93 per share, unfranked, paid on 12 October 2018 for FY18 (prior year: US$0.72 per share, unfranked paid on 13 October 2017 for FY17)	**420.3**	323.6
Dividends determined, but not yet paid at the end of the half-year Interim dividend of US$0.85 per share, unfranked, expected to be paid on 12 April 2019. The aggregate amount of the proposed dividend will depend on the actual number of shares on issue at dividend record date (prior year: US$0.79 per share, unfranked, paid on 13 April 2018).	**385.0**	357.3

Earnings Per Share

	December 2018	December 2017
Basic EPS	**US$2.56**	US$2.40
Weighted average number of ordinary shares	**452,867,327**	452,312,078
Diluted EPS	**US$2.55**	US$2.39
Adjusted weighted average number of ordinary shares, represented by:	**454,522,423**	453,688,302
Weighted average ordinary shares	**452,867,327**	452,312,078
Plus:		
Employee share options	**351,683**	298,141
Employee performance rights[3]	**549,901**	788,179
Non-executive director's rights plan	**2,813**	-
Global employee share plan	**31,395**	29,678
Performance & Restricted Share Units	**719,303**	260,226

[3] Subsequent to 31 December 2018, 6,464 shares were issued, as required under the Employee Performance Rights Plan. There have been no other ordinary shares issued since the reporting date and before the completion of this financial report.

Contributed Equity

The following table illustrates the movement in the group's contributed equity[4].

	December 2018	
	Number of shares	**US$m**
Opening balance at 1 July	452,400,784	(4,634.5)
Shares issued to employees:		
Performance Options Plan	188,155	9.9
Performance Rights Plan (for nil consideration)	142,273	-
Retain and Grow Plan (for nil consideration)	77,358	-
Executive Performance and Alignment Plan (for nil consideration)	51,628	-
Global Employee Share Plan (GESP)	97,889	9.6
Closing balance	**452,958,087**	**(4,615.0)**

Note 13: Equity and Reserves

Contributed Equity

	December 2018 US$m	June 2018 US$m
Ordinary shares issued and fully paid	-	-
Share buy-back reserve	**(4,615.0)**	(4,634.5)
Total contributed equity	**(4,615.0)**	(4,634.5)

Ordinary shares receive dividends as declared and, in the event of winding up the company, participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company.

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance for ordinary share contributed equity has been reduced to nil, and a reserve created to reflect the excess value of shares bought over the original amount of subscribed capital. Refer to Note 12 for further information about on-market share buy-backs.

[4] Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where the Group reacquires its own shares, for example as a result of a share buy-back, those shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid to acquire the shares, including any directly attributable transaction costs net of income taxes, is recognised directly as a reduction in equity.

Reserves

	Share-based payments reserve		Foreign currency translation reserve		Total	
		US$m		US$m		US$m
	December 2018	June 2018	**December 2018**	June 2018	**December 2018**	June 2018
Opening balance	**195.1**	168.2	**29.1**	126.0	**224.2**	294.2
Share-based payments expense	**25.4**	30.1	**-**	-	**25.4**	30.1
Deferred tax on share-based payments	**5.0**	(3.2)	**-**	-	**5.0**	(3.2)
Net exchange (losses) on translation of foreign subsidiaries, net of hedge		-	**(37.8)**	(96.9)	**(37.8)**	(96.9)
Closing balance	**225.5**	195.1	**(8.7)**	29.1	**216.8**	224.2

Note 14: NTA Backing

	December 2018	June 2018
	US$	US$
Net tangible asset backing per ordinary security	**6.67**	5.03

Note 15: Retirement Benefit Liabilities

The Group sponsors a range of defined benefit pension plans, full details can be found in Note 18 to the June 2018 Financial Statements. During the half-year ended 31 December 2018 the obligations under these plans increased from $226.6m to $295.0m. This increase is largely a result of a decrease in the discount rate applicable to the valuation of liabilities for the Group's largest plan in CSL Behring AG. The effect of this change is recorded directly in equity, net of tax, and does not impact the profit and loss for the half-year. Other factors such as the level of contributions, benefit payments, currency translation differences and the value of plan assets in funded plans can affect the liability; however, these factors did not have a material impact on the six months to 31 December 2018.

Note 16: New and Revised Accounting Standards

a. New and revised standards and interpretations adopted by the Group

The Group has adopted, for the first time, certain standards and amendments to accounting standards. The impact of these changes is included in Note C.

b. New and revised standards and interpretations not yet adopted by the Group

The following new and revised accounting standards and interpretations published by the Australian Accounting Standards Board which are considered relevant to the Group, are not yet effective. Unless otherwise stated below the Group has not yet completed its assessment of the impact of these new and revised standards on the financial report.

Applicable to the Group for the year ended 30 June 2020:

AASB 16 - Leases

This standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation on the asset and interest on the liability will be recognised. The Group is in the process of undertaking an assessment of the impact of AASB 16 and has not progressed to the point of quantifying the increase in total assets (arising from the inclusion of right of use assets) or total liabilities (arising from the inclusion of lease liabilities). The new standard will change the character of various items in the statement of comprehensive income but, at this stage, is not expected to give rise to a material impact.

AASB2018-2 (Amendment to AASB 119 – Employee Benefits)

This pronouncement specifies how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. It requires entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after such an event occurs. It also clarifies that when such an event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.

IFRIC Interpretation 23 – Uncertainty over income tax treatments

IFRIC23 clarifies the application of recognition and measurement requirements of AASB 112 Income Taxes where there is uncertainty over income tax treatments. The interpretation is not expected to result in any change to the financial statements of the group.

Note 17: Subsequent Events

There are no matters or circumstances which have arisen since 31 December 2018 which have significantly affected, or may significantly affect, the operations of the Group, the results of operations, or the state of affairs of the Group.

CSL Limited
Directors' Declarations

The directors declare that, in the directors' opinion:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act* 2001, and:

- (i) give a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the consolidated entity; and
- (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution of directors.

Brian McNamee AO
Chairman

Paul Perreault
Managing Director

Melbourne
12 February 2019

Building a better working world

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Independent Auditor's Review Report to the Members of CSL Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of CSL Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Rodney Piltz	Kylie Bodenham
Partner	Partner
Melbourne	Melbourne
12 February 2019	12 February 2019