



ASX Announcement

For immediate release

18 February 2021

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Melbourne, Australia – CSL (ASX:CSL; USOTC:CSLLY)

As approved by the Board of CSL Limited, and in accordance with ASX Listing Rule 4.2A, please find attached the following documents for the half year ended 31 December 2020:

- Appendix 4D;
- Directors' Report; and
- Financial Report.

These documents should be read in conjunction with the 30 June 2020 CSL Annual Report (accessible in the "Investor" section of CSL's website (www.CSL.com) under the tab "Financial Results and Information").

Authorised for lodgment by:

A handwritten signature in blue ink, appearing to read 'F Mead', is positioned above the printed name and title.

Fiona Mead
Company Secretary

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CSL Limited

ABN: 99 051 588 348

Appendix 4D Half-year ended 31 December 2020

(Previous corresponding period: Half-year ended 31 December 2019)

Results for Announcement to the Market

	2020 US\$ million	2019 US\$ million	Percentage change
Sales revenue (revenue from ordinary activities)	5,596.1	4,709.4	18.8%
Total other revenues	143.3	201.2	(28.8%)
Total revenue and other income	5,739.4	4,910.6	16.9%
Profit before income tax expense	2,250.9	1,561.3	44.2%
Income tax expense	(440.9)	(313.3)	(40.7%)
Reported profit from ordinary activities after tax attributable to members of the parent entity	1,810.0	1,248.0	45.0%
Reported Net profit after tax attributable to members of the parent entity	1,810.0	1,248.0	45.0%

Reported

- Sales revenue up 18.8% to US\$5.6 billion.
- Net profit after tax for the year attributable to members of the parent entity up 45.0% to US\$1.8 billion.

Underlying Net Profit after Tax at Constant Currency¹

- Underlying sales revenue at constant currency up 17.0% at US\$5.5 billion
- Underlying net profit after tax for the year at constant currency up 43.8% to US\$1.8 billion

Dividends

	Amount per security	Franked amount per security
Interim dividend (determined subsequent to balance date [#])	US\$1.04	Unfranked*
Interim dividend (from the previous corresponding period, paid on 9 April 2020)	US\$0.95	Unfranked
Final dividend (prior year, paid on 9 October 2020)	US\$1.07	Unfranked

[#] Record date for determining entitlements to the interim dividend: 5 March 2021

* 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.

¹ Excludes the impact of foreign exchange movements in the period under review. Refer to the footnotes on page 2 of the Directors' Report for further detail.

Explanation of results

For further explanation of the results please refer to the accompanying press release and “Operating and Financial Review” 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 4.2A

The remainder of the information requiring disclosure to comply with Listing Rule 4.2A is contained in the attached Directors’ Report, Financial Report and media release.

¹Constant 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	\$1,810.0m
Translation Currency Effect (a)	\$ (15.8m)
Transaction Currency Effect (b)	\$ (4.1m)
Foreign Currency (Gains) and Losses (c)	\$ 4.3m
Constant Currency Net Profit after Tax [^]	\$1,794.4m

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

(a) Translation Currency Effect (\$15.8m)

Average Exchange rates used for calculation in major currencies (6 months to Dec 20/Dec 19) were as follows: USD/EUR (0.85/0.90); USD/AUD (1.40/1.46); USD/CHF (0.92/0.99); USD/CNY (6.83/7.02).

(b) Transaction Currency Effect (\$4.1m)

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 (i.e. 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 \$4.3m

Foreign currency losses recorded during the period.

Summary Sales

Reported Sales	\$5,596.1m
Currency Effect	(\$84.0m)
Constant Currency Sales [^]	\$5,512.1m

Additional Information

NTA Backing

	31 December 2020	31 December 2019
Net tangible asset backing per ordinary security ¹	US\$13.19	US\$9.24 ²

¹ Net tangible assets include the right-of-use assets recognised under AASB 16 Leases.

² The prior comparative period NTA differs from that previously published, NTA is now calculated inclusive of right-of-use assets.

Changes in controlled entities

The Group did not make any acquisitions during the financial year and did not lose control over any entities.

Audit report

The audit report is contained in the attached Financial Report.



Fiona Mead
Company Secretary
18 February 2021



CSL Limited

ABN: 99 051 588 348

ASX Half-year Report 31 December 2020

Lodged with the ASX under Listing Rule 4.2A.

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Directors' Declarations

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

This interim Financial Report does not include all of the notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by CSL Limited during the interim reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001*.

Directors' Report

The Board of Directors of CSL Limited is pleased to present their report on the consolidated entity for the half-year ended 31 December 2020.

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. Brian McNamee, AO (Chairman)
Mr Paul Perreault (Managing Director and Chief Executive Officer)
Mr Bruce Brook
Dr Megan Clark, AC
Professor Andrew Cuthbertson, AO
Mr Abbas Hussain
Ms Carolyn Hewson AO
Ms Marie McDonald

Ms Christine O'Reilly retired as a Non-executive Director at the Annual General Meeting on 14 October 2020.

Mr Pascal Soriot was appointed to the Board as a Non-executive Director on 19 August 2020. Subsequent to the half year reporting period, Mr Soriot resigned as a Non-executive Director on 1 February 2021.

Review of Operations

For the half-year ended 31 December 2020, total revenue for the Group was US\$5,739 million, up 17% (15% at constant currency) when compared to the prior comparable period. Reported net profit after tax was US\$1,810 million, up 45% (44% at constant currency) when compared to the prior comparative period.

CSL Behring

Total revenue of US\$4,315 million increased 9% at constant currency when compared to the prior comparable period.

Immunoglobulin (Ig) product sales of US\$2,157 million grew 7% at constant currency led by the market leading subcutaneous Ig product HIZENTRA®.

HIZENTRA® sales grew strongly, up 19% reflecting the benefits of home administration and the strong uptake for the treatment of CIDP (Chronic Inflammatory Demyelinating Polyneuropathy), a debilitating neurological disorder.

PRIVIGEN®, the intravenous Ig product, grew at a modest 1%, tempered by supply constraints related to COVID-19

Haemophilia product sales of US\$563 million increased 1% at constant currency.

Recombinant haemophilia products grew 5% at constant currency driven by IDELVION®, CSL Behring's novel long-acting recombinant factor IX products for the treatment of haemophilia B. IDELVION'S compelling clinical profile continues to drive patient demand and patient switching from competing factor IX products.

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Plasma derived haemophilia products declined 5% at constant currency due to competitive pressures offset to some extent by an increase in HUMATE®, which is a leading product in the US for the treatment of vWF (von Willebrand disease).

The performance of the haemophilia portfolio was also impacted by reduced doctor visits and patient consultations as a result of the COVID-19 pandemic.

Albumin sales of \$546 million increased 93% at constant currency. The strong growth reflects the successful transition to the Company's own distribution model in China where sales have returned to a more normalised level compared to the prior comparable period.

Specialty product sales of US\$899 million grew 3% at constant currency compared to the prior comparable period.

Sales of HAEGARDA®, the transformational therapy for treating patients with Hereditary Angioedema (HAE), grew strongly up 16% as new patients continued to take up the therapy and successful launches in new markets.

KCENTRA® (4 factor pro-thrombin complex concentrate) in the US grew at 6% however, was tempered by reduced elective procedures and fewer incidents of trauma due to the COVID-19 pandemic, a dynamic affecting other hospital products.

RESPREEZA® (Alpha 1 Proteinase Inhibitor) grew strongly in Europe following successful launches. This was offset by a decline in ZEMAIRA® (Alpha 1 Proteinase Inhibitor) in the US following a supply interruption.

COVID-19 vaccine manufacturing for the Australian Government is well underway with first doses planned for release in the second quarter of 2021 pending approval.

Seqirus

Total revenue of \$US1,425 million grew strongly, up 38% at constant currency driven by increased sales of seasonal influenza vaccines and the shift towards Seqirus' differentiated and high value product portfolio.

Outlook

Demand for CSL Behring's core plasma and influenza vaccine products remains robust. The COVID-19 pandemic continues to present a challenge for the plasma industry in many ways including the ability to collect plasma. To address the lower plasma collection rates and reduce the impact, CSL has implemented a number of initiatives to increase plasma collections including opening new plasma collections centres, adopting new technology and enhanced marketing initiatives. In addition to this, CSL is closely managing the supply of its medicines to ensure an equitable distribution to patients.

Seqirus has performed very well as strong demand for influenza vaccines together with its differentiated products portfolio. Consistent with previous years and the cyclical seasonal nature of the business, it is likely that Seqirus will make a loss in the second half of the year.

Despite the challenging environment, CSL is well positioned to continue to grow and deliver on its promise to patients and public health.

Response to COVID-19

The first half results contain full financial recognition of the include one-off contracted income received for the Company's efforts to develop a COVID-19 vaccine with the University of Queensland. Despite strong Phase 1 data, there were mitigating issues for which there was no easy solution in the timeframes required, resulting in the program being halted and the Australian Government order cancelled.

Prior to being cancelled, CSL had rapidly re-deployed and recruited 400 personnel from other priority projects, undertaken extensive retooling of biotech facilities across two sites in Melbourne and produced 300,000 finished doses for the planned Phase 3 clinical trial. In addition, advanced preparations were underway to launch a 28,000 cohort Phase 3 clinical trial across multiple continents, as well as significant at-risk scale-up production activities (including the manufacture of 11 million doses of vaccine) to support the Australian Government contract, and the potential to distribute a successful vaccine through international mechanisms such as the COVAX facility.

In parallel to the UQ program, CSL had also entered into an agreement with the Australian Government to manufacture 30 million doses of the Oxford University/AstraZeneca COVID-19 vaccine candidate.

Following the cessation of the UQ candidate, CSL turned its attention to accelerating the manufacture of the Oxford University/AstraZeneca COVID-19 vaccine candidate and supply an additional 20 million doses ahead of the original schedule.

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 the next page.

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 2016/191. The Company is an entity to which the Corporations Instrument applies.

Subsequent Events

Other than noting the resignation of Mr Pascal Soriot effective 1 February 2021, from the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

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

Dr Brian McNamee AO
Chairman

Paul Perreault
Managing Director

17 February 2021



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of CSL Limited

As lead auditor for the review of the half-year financial report of CSL Limited for the half-year ended 31 December 2020, 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
17 February 2021

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CSL Limited

ABN: 99 051 588 348

Financial Statements 31 December 2020

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Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2020

	Notes	Consolidated Entity	
		December 2020 US\$ million	December 2019 US\$ million
Sales and service revenue		5,596.1	4,709.4
Influenza Pandemic Facility Reservation fees		77.4	72.3
Royalties and License revenue		50.6	94.4
Other Income		15.3	34.5
Total Operating Revenue		5,739.4	4,910.6
Cost of sales		(2,267.0)	(2,069.0)
Gross profit		3,472.4	2,841.6
Research and development expenses	3	(427.3)	(445.5)
Selling and marketing expenses		(414.7)	(434.7)
General and administration expenses		(272.5)	(329.4)
Total Expenses		(1,114.5)	(1,209.6)
Operating profit		2,357.9	1,632.0
Finance costs	2	(108.7)	(74.7)
Finance income		1.7	4.0
Profit before income tax expense		2,250.9	1,561.3
Income tax expense	4	(440.9)	(313.3)
Net profit for the period		1,810.0	1,248.0
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	12	222.1	19.9
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on defined benefit plans, net of tax		(12.6)	14.0
Total of other comprehensive income		209.5	33.9
Total comprehensive income for the period		2,019.5	1,281.9
Earnings per share (based on net profit for the period)		US\$	US\$
Basic earnings per share	11	3.98	2.75
Diluted earnings per share	11	3.97	2.74

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

Consolidated Balance Sheet

As at 31 December 2020

	Notes	Consolidated Entity	
		December 2020 US\$ million	June 2020 US\$ million
CURRENT ASSETS			
Cash and cash equivalents	5	2,423.4	1,194.4
Receivables and contract assets		2,022.3	1,703.9
Inventories	6	3,633.6	3,509.5
Current tax assets		59.8	35.1
Other financial assets		4.1	3.3
Total Current Assets		8,143.2	6,446.2
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,872.8	5,366.0
Intangible assets		2,154.5	2,140.2
Right-of-use assets	7	970.1	939.4
Deferred tax assets		522.6	543.0
Other receivables		9.4	14.3
Other financial assets		17.6	14.2
Retirement benefit assets		1.2	1.4
Total Non-Current Assets		9,548.2	9,018.5
TOTAL ASSETS		17,691.4	15,464.7
CURRENT LIABILITIES			
Trade and other payables		1,620.5	1,525.4
Interest-bearing liabilities and borrowings	9	445.9	202.3
Current tax liabilities		351.3	253.7
Provisions		181.3	156.9
Deferred government grants	15	70.5	3.2
Total Current Liabilities		2,669.5	2,141.5
NON-CURRENT LIABILITIES			
Interest-bearing liabilities and borrowings	9	5,680.2	5,790.5
Retirement benefit liabilities	14	403.4	347.5
Deferred tax liabilities		394.0	352.0
Provisions		47.2	41.7
Deferred government grants	15	40.4	40.1
Other non-current liabilities		302.4	223.8
Total Non-Current Liabilities		6,867.6	6,795.6
TOTAL LIABILITIES		9,537.1	8,937.1
NET ASSETS		8,154.3	6,527.6
EQUITY			
Contributed equity	11	(4,522.8)	(4,561.0)
Reserves	12	612.1	336.3
Retained earnings		12,065.0	10,752.3
TOTAL EQUITY		8,154.3	6,527.6

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

Consolidated Entity	Contributed Equity US\$ million		Foreign currency translation reserve US\$ million		Share based payment reserve US\$ million		Retained earnings US\$ million		Total US\$ million	
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
As at the beginning of the period	(4,561.0)	(4,603.0)	7.6	(5.6)	328.7	247.7	10,752.3	9,612.3	6,527.6	5,251.4
Profit for the period	-	-	-	-	-	-	1,810.0	1,248.0	1,810.0	1,248.0
Other comprehensive income/(loss)	-	-	222.1	19.9	-	-	(12.6)	14.0	209.5	33.9
Total comprehensive income for the period	-	-	222.1	19.9	-	-	1,797.4	1,262.0	2,019.5	1,281.9
Transactions with owners in their capacity as owners										
Opening balance sheet adjustment adopting AASB 16 (see annual financial report as at 30 June 2020)	-	-	-	-	-	-	-	(65.0)	-	(65.0)
Share based payments	-	-	-	-	53.7	37.8	-	-	53.7	37.8
Dividends	-	-	-	-	-	-	(484.7)	(453.9)	(484.7)	(453.9)
Share issues										
– Employee share scheme	38.2	27.1	-	-	-	-	-	-	38.2	27.1
As at the end of the period	(4,522.8)	(4,575.9)	229.7	14.3	382.4	285.5	12,065.0	10,355.4	8,154.3	6,079.3

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Notes	Consolidated Entity	
		December 2020 US\$ million	December 2019 US\$ million
Cash Flows from Operating Activities			
Profit before income tax expense		2,250.9	1,561.3
Adjustments for:			
Depreciation, amortisation and impairment charges		280.4	204.3
Inventory provisions		80.2	86.7
Share-based payments expense		53.7	37.8
Provision for expected credit losses		(1.8)	-
Finance costs		108.7	74.7
(Gain)/loss on disposal of property, plant and equipment		(0.3)	3.8
Unrealised foreign exchange losses		116.4	(7.4)
Changes in assets and liabilities:			
Increase in trade and other receivables		(272.2)	(156.7)
Increase in inventories		(75.7)	(278.5)
Increase in trade and other payables		162.5	63.5
Increase/(decrease) in provisions and other		5.7	(35.9)
Income tax paid		(284.8)	(230.2)
Finance costs paid		(103.2)	(85.9)
Net cash inflow from operating activities		2,320.5	1,237.5
Cash flows from Investing Activities			
Payments for property, plant and equipment		(564.8)	(615.4)
Payments for intangible assets		(44.4)	(88.6)
Other investing activities		(1.8)	18.1
Net cash outflow from investing activities		(611.0)	(685.9)
Cash flows from Financing Activities			
Proceeds from issue of shares		38.2	26.9
Dividends paid	11	(484.7)	(453.9)
Proceeds from borrowings	9	14.9	227.2
Repayment of borrowings	9	(80.9)	(339.0)
Other financing activities		(1.5)	(7.8)
Net cash outflow from financing activities		(514.0)	(546.6)
Net increase in cash and cash equivalents		1,195.5	5.0
Cash and cash equivalents (net of bank overdrafts) at the beginning of the financial year		1,151.3	657.8
Exchange rate variations on foreign cash and cash equivalent balances		34.9	(3.1)
Cash and cash equivalents at the end of the period		2,381.7	659.7
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		2,423.4	669.2
Bank overdrafts		(41.7)	(9.5)
Cash and cash equivalents at the end of the period		2,381.7	659.7

Notes to the Financial Statements

For the Half-year ended 31 December 2020

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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 17 February 2021.

A description of the nature of the Group's operations and its principal activities is included in the directors' report.

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 2020.

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 2020 in accordance with the continuous disclosure obligations arising under ASX listing rules.

b. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, International Financial Reporting Standards (IFRS) and the *Corporations Act 2001*. The interim financial statements were prepared in accordance with AASB 134. It presents information on a historical cost basis, except for certain financial instruments, which have been measured at fair value. Amounts have been rounded off to the nearest hundred thousand dollars.

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.

c. Principles of Consolidation

The consolidated financial statements comprise the financial statements of CSL and its subsidiaries as at 31 December 2020. 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 for 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.

d. Foreign currency

While the presentation currency of the Group is US dollars, entities in the Group may have other functional currencies, reflecting the currency of the primary economic environment in which the relevant entity operates. The parent entity, CSL Limited, has a functional currency of US dollars. Any exchange differences arising from the translation of a foreign operation previously recognised in other comprehensive income are not reclassified from equity to profit or loss until the disposal of the operation.

If an entity in the Group has undertaken transactions in foreign currency, these transactions are translated into that entity's functional currency using the exchange rates prevailing at the dates of the transactions. Where the functional currency of a subsidiary is not US dollars, the subsidiary's assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

e. 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 2020.

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.

Note 1: Segment Information and Business Combinations

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, amortisation and impairment). 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\$ million		Seqirus US\$ million		Consolidated Entity US\$ million	
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
Sales and services to external customers	4,256.2	3,768.1	1,339.9	941.3	5,596.1	4,709.4
Influenza Pandemic Facility Reservation fees	-	-	77.4	72.3	77.4	72.3
Royalties and License revenue	50.6	94.4	-	-	50.6	94.4
Other revenue/Other income (excl interest income)	7.8	30.5	7.5	4.0	15.3	34.5
Total segment revenue	4,314.6	3,893.0	1,424.8	1,017.6	5,739.4	4,910.6
Segment Gross Profit	2,539.1	2,278.1	933.3	563.5	3,472.4	2,841.6
Segment Gross Profit %	58.8%	58.5%	65.5%	55.4%	60.5%	57.9%
Segment EBIT	1,664.6	1,288.7	693.3	343.3	2,357.9	1,632.0
Consolidated Operating Profit					2,357.9	1,632.0
Finance costs					(108.7)	(74.7)
Finance income					1.7	4.0
Consolidated profit before tax					2,250.9	1,561.3
Income tax expense					(440.9)	(313.3)
Consolidated net profit after tax					1,810.0	1,248.0
Depreciation	159.8	149.9	21.3	18.0	181.1	167.9
Amortisation	35.3	22.6	14.0	13.8	49.3	36.4
Impairment	50.0	-	-	-	50.0	-
Segment EBITDA	1,909.7	1,461.2	728.6	375.1	2,638.3	1,836.3

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

Note 1: Segment Information and Business Combinations continued

	CSL Behring US\$ million		Seqirus US\$ million		Intersegment Elimination US\$ million		Consolidated Entity US\$ million	
	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020
Segment assets	15,475.3	14,193.4	2,700.3	1,617.0	(484.2)	(345.8)	17,691.4	15,464.6
Segment liabilities	8,822.7	8,510.2	1,138.1	715.1	(423.7)	(288.1)	9,537.1	8,937.2
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
Other Information – capital expenditure								
Payments for property, plant and equipment	505.4	568.9	59.4	46.5	-	-	564.8	615.4
Payments for intangibles	40.2	73.0	4.2	15.6	-	-	44.4	88.6
Total capital expenditures							609.2	704.0

Inter-segment sales

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

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'.

Geographic	Australia US\$ million		United States US\$ million		Germany US\$ million		United Kingdom US\$ million		Switzerland US\$ million		China US\$ million		Rest of World US\$ million		Total US\$ million	
	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019	December 2020	December 2019
External Operating Revenue	318.3	349.0	3,025.4	2,678.8	438.7	414.8	353.2	275.4	177.6	156.5	332.7	58.7	1,093.5	977.4	5,739.4	4,910.6
Geographic areas	Australia US\$ million		United States US\$ million		Germany US\$ million		UK US\$ million		Switzerland US\$ million		China US\$ million		Rest of world US\$ million		Total US\$ million	
	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020
PPE, ROU, and intangible assets	1,249.1	1,063.9	3,024.9	3,011.2	986.4	936.8	401.0	362.2	2,556.1	2,298.1	483.0	477.0	296.9	296.4	8,997.4	8,445.6

Note 1b: Business Combination**Vitaeris acquisition**

On 8 June 2020 CSL acquired 100% of the equity of Vitaeris Inc. for an upfront payment of \$20m and a series of contingent payments subject to the achievement of development milestones. Vitaeris has developed clazakizumab, a potential treatment of chronic active antibody-mediated rejection, the leading cause of long-term rejection in kidney transplant recipients. There was no change to the provisional acquisition accounting disclosed in the annual financial report of CSL Limited as at 30 June 2020. The acquisition continues to be provisionally accounted for as the group finalises the assessment of the value of acquired intangibles and contingent payments.

Note 2: Expenses

Expenses	December 2020 US\$ million	December 2019 US\$ million
Finance costs	79.6	77.0
Unrealised foreign currency losses/(gains) on debt	29.1	(2.3)
Total finance costs	108.7	74.7
Depreciation and amortisation of fixed assets	181.1	167.9
Amortisation of intangibles	49.3	36.4
Impairment of fixed assets	50.0	-
Total depreciation, amortisation and impairment expense	280.4	204.3
Write-down of inventory to net realisable value	80.2	86.7
Employee benefits expense	1,320.7	1,216.0

Recognition and measurement of expenses

Total finance costs: Includes interest expense & borrowing costs, including interest expense related to AASB 16 leases. Non-AASB 16 related interest expense and borrowing costs are recognised as an expense when incurred, except where finance costs are directly attributable to the acquisition or construction of a qualifying asset where they are capitalised as part of the cost of the asset. Capitalised interest for qualifying assets during the half-year ended 31 December 2020 was \$3.7 million (2019: \$9.0 million). Interest-bearing liabilities and borrowings are stated at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the borrowing period using the effective interest method. Unrealised foreign currency gains/losses on debt is related to the EUR350m and CHF400m of Senior Unsecured Notes in the US Private Placement market. The foreign currency risk related to this debt was partially hedged as a cash flow hedge.

Depreciation and amortisation: Depreciation and amortisation of fixed assets includes depreciation of fixed assets and right-of-use assets.

Write-down of inventory to net realisable value: Included in Cost of Sales in the Statement of Comprehensive Income.

Goods and Services Tax and other foreign equivalents (GST)

Revenues, expenses and assets are recognised net of GST, except where GST is not recoverable from a taxation authority, in which case it is recognised as part of an asset's cost of acquisition or as part of the expense.

Note 3: 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.

For the half-year ended 31 December 2020, the research costs, net of recoveries, were \$427.3 million (2019: \$445.5 million).

Further information about the Group's research and development activities can be found on the CSL website.

Note 4: Tax

	December 2020 US\$ million	December 2019 US\$ million
Reconciliation between tax expense and pre-tax net profit		
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:		
Accounting profit before income tax	2,250.9	1,561.3
Income tax calculated at 30% (2019: 30%)	675.3	468.4
Effects of different rates of tax on overseas income	(187.6)	(154.7)
Research and development incentives	(30.1)	(16.8)
(Over)/Under provision in prior year	26.3	10.6
Revaluation of Deferred Tax Balances	(35.5)	-
Other (non-assessable revenue)/non-deductible expenses	(7.5)	5.8
Income tax expense	440.9	313.3

Note 5: Cash and Cash Equivalents

	December 2020 US\$ million	June 2020 US\$ million
Reconciliation of cash and cash equivalents		
Cash at bank and on hand	1,550.2	773.4
Cash deposits	873.2	421.0
Total cash and cash equivalents	2,423.4	1,194.4

Cash, cash equivalents and bank overdrafts

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. They are made up of:

- Cash on hand.
- At call deposits with banks or financial institutions.
- Investments in money market instruments with original maturities of six months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Note 6: Inventories

	December 2020 US\$ million	June 2020 US\$ million
Raw materials	1,079.1	876.8
Work in progress	1,267.7	1,361.1
Finished products	1,286.8	1,271.6
Total inventories	3,633.6	3,509.5

Note 7: Property, Plant and Equipment

During the half-year ended 31 December 2020, the Group acquired property, plant and equipment and right-of-use assets of \$615.4 million (2019: \$581.2 million).

Note 8: Commitments

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

	December 2020 US\$ million	June 2020 US\$ million
Not later than one year	558.5	505.9
Later than one year but not later than five years	81.1	79.1
Total	639.6	585.0

Note 9: Financial Instruments

For the half-year ended 31 December 2020, the Group received gross proceeds from the Group's bank facilities borrowings of \$14.9 million. Repayments totalling \$80.9 million were primarily under the Group's bank facilities and AASB16 lease arrangements. The difference between the cash flow statement movement and the movement in interest bearing liabilities on the balance sheet is attributable to exchange rate variations, amortisation of borrowing costs and lease liability movements.

As at balance date, the Group had \$1,162.7 million (June 2020: \$1,158.2 million) in undrawn liquidity available under its bank debt facilities and \$750.0 million (June 2020: \$740.0 million) under the commercial paper program.

Included in the interest-bearing liabilities and borrowings as at 31 December 2020 were AASB 16 lease liabilities of \$1,093.0 million (June 2020: \$1,034.0 million).

Note 10: Share Based Payment Plans

In 2017, CSL introduced a new long term incentive (LTI) framework. Legacy programs ceased to operate in 2020 and will be reported in 2021 for the final time.

LTI awards granted under the current framework

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 base payment plans, which are as follows:

The Executive Performance and Alignment Plan (EPA) that grants Performance Share Units (PSU) to qualifying executives. Vesting is subject to continuing employment, satisfactory individual performance and the achievement of an absolute return measure. The return measure is a seven year rolling average Return on Invested Capital.

The Retain and Grow Plan (RGP) grants Restricted Share Units (RSU) to qualifying employees. Participation in the RGP plan is broader than in the EPA plan. Vesting is subject to continuing employment and satisfactory individual performance.

Under both the EPA and RGP plans grants will vest in equal tranches on the first, second, third and fourth anniversaries of grant. For RGP commencement benefit awards, vesting dates will vary.

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

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 is no exercise price payable on PSUs or RSUs. On 1 September 2020, 156,719 PSUs and 385,370 RSUs were granted. The relevant tranche of PSUs and RSUs will exercise upon vesting on 1 September 2021, 2022, 2023, and 2024 and 1 March 2021, 2022, 2023, and 2024.

Legacy Share-based LTI issued in October 2016

The Performance Rights grant made in 2016 vested over a four year period with no retest. The EPS growth test had 100% vesting occurring at a 13% compound annual growth rate and the potential for additional vesting on the achievement of stretch EPS growth targets. The relative TSR test was against a cohort of global pharmaceutical and biotechnology companies with 50% vesting where CSL's performance is at the 50th percentile rising to 100% vesting at the 75th percentile. Options also vested over a four year period and had no performance hurdles. The Options only have value when the share price on exercise exceeds the exercise price. The company does not provide loans to fund the exercise of options.

The Non-Executive Directors (NED) Plan

The NEDs pay 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 further cost. There is a nominated restriction period, of three to fifteen years, after which the NED will have access to their shares.

On 27 August 2020, 2,228 Rights were granted under the NED Plan vesting on 23 February 2021 and 23 August 2021.

Global Employee Share Plan (GESP)

The Global Employee Share Plan (GESP) allows employees to make contributions from after tax salary up to a maximum of A\$6,000 per six month contribution period. The employees receive the shares at a 15% discount to the applicable market rate, as quoted on the ASX on the first day or the last day of the six-month contribution period, whichever is lower.

Recognition and measurement

The fair value of options or rights is recognised as an employee benefit expense with a corresponding increase in equity. Fair value is independently measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights. Fair value is independently determined using a combination of the Binomial and Black Scholes valuation methodologies, including Monte Carlo simulation, taking into account the terms and conditions on which the options and rights were granted. The fair value of the options granted excludes the impact of any non-market vesting conditions, which are included in assumptions about the number of options that are expected to vest.

At each reporting date, the number of options and rights that are expected to vest is revised. The employee benefit expense recognised each period takes into account the most recent estimate of the number of options and rights that are expected to vest. No expense is recognised for options and rights that do not ultimately vest, except where the vesting is conditional upon an unmet market condition.

Valuation assumptions and fair values of equity instruments granted

The model inputs for performance share units, restricted share units and GESP awards granted for the half-year ended 31 December 2020:

	Fair Value ¹	Share Price	Expected volatility ²	Life assumption	Expected dividend yield	Risk free interest rate
	A\$	A\$				
Performance Share Units (by grant date)						
1 September 2020 - Tranche 1	\$287.79	\$290.79	38.98%	12 months	1.04%	0.25%
1 September 2020 - Tranche 2	\$284.81	\$290.79	32.55%	24 months	1.04%	0.25%
1 September 2020 - Tranche 3	\$281.87	\$290.79	28.55%	36 months	1.04%	0.25%
1 September 2020 - Tranche 4	\$278.95	\$290.79	27.18%	48 months	1.04%	0.25%
Restricted Share Units (by grant date)						
1 September 2020 - Tranche 1	\$290.79	\$290.79	N/A	Nil	1.04%	0.25%
1 September 2020 - Tranche 2	\$289.30	\$290.79	51.10%	6 months	1.04%	0.25%
1 September 2020 - Tranche 2	\$287.79	\$290.79	38.98%	12 months	1.04%	0.25%
1 September 2020 - Tranche 3	\$286.31	\$290.79	34.14%	18 months	1.04%	0.25%
1 September 2020 - Tranche 3	\$284.81	\$290.79	32.55%	24 months	1.04%	0.25%
1 September 2020 – Tranche 4	\$283.35	\$290.79	30.42%	30 months	1.04%	0.25%
1 September 2020 – Tranche 4	\$281.87	\$290.79	28.55%	36 months	1.04%	0.25%
1 September 2020 – Tranche 5	\$278.95	\$290.79	27.18%	48 months	1.04%	0.25%
NED Rights (by grant date)						
27 August 2020 – Tranche 1	\$293.64	\$295.05	50.90%	6 months	1.00%	0.25%
27 August 2020 – Tranche 2	\$292.16	\$295.05	38.59%	12 months	1.00%	0.25%
GESP (by grant date)³						
1 September 2020	\$31.88	\$279.05	38.98%	6 months	1.04%	0.25%

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.

³ The fair value of GESP equity instruments is estimated based on the assumptions prevailing on the grant date. In accordance with the terms and conditions of the GESP plan, shares are issued at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period. The exercise price for the 1 September 2020 grant is A\$247.17.

Note 11: Shareholder Returns**(a) Dividends**

	Consolidated Entity	
	December 2020 \$ million	December 2019 \$ million
Dividends Paid		
Final ordinary dividend of US\$1.07 per share, unfranked, paid on 9 October 2020 for FY20 (prior year: US\$1.00 per share, unfranked, paid on 11 October 2019 for FY19)	484.7	453.9
Dividends determined, but not yet paid at the end of the half-year		
Interim dividend of US\$1.04 per share, unfranked, expected to be paid on 1 April 2021. The aggregate amount of the proposed dividend will depend on the actual number of shares on issue at dividend record date (prior year: US\$0.95 per share, unfranked, paid on 9 April 2020).	473.0	429.2

(b) Earnings per Share

	December 2020	December 2019
Basic EPS	US\$3.98	US\$2.75
Weighted average number of ordinary shares	454,790,828	453,750,076
Diluted EPS	US\$3.97	US\$2.74
Adjusted weighted average number of ordinary shares, represented by:	456,195,405	455,411,362
Weighted average number of ordinary shares	454,790,828	453,750,076
Plus:		
Employee share options	72,398	256,379
Employee performance rights ³	90,212	294,319
Global employee share plan	15,897	40,369
Performance and restricted share units	1,226,070	1,070,219

(c) Contributed Equity

The following table illustrates the movement in the Group's contributed equity.⁴

	Numbers of shares	US\$ million
Opening balance at 1 July 2020	454,048,707	(4,561.0)
Shares issued to employees:		
Performance Options Plan	285,046	22.4
Performance Rights Plan (for nil consideration)	178,224	-
Retain and Grow Plan (for nil consideration)	237,401	-
Executive Performance & Alignment plan (for nil consideration)	138,369	-
Global Employee Share Plan (GESP)	86,619	15.8
Closing balance at 31 December 2020	454,974,366	(4,522.8)

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.

Note 12: Equity and Reserves**(a) Contributed Equity**

	December 2020 US\$ million	June 2020 US\$ million
Ordinary shares issued and fully paid	-	-
Share buy-back reserve	(4,522.8)	(4,561.0)
Total contributed equity	(4,522.8)	(4,561.0)

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.

(b) Reserves

	Share-based payments reserve US\$ million		Foreign currency translation reserve US\$ million		Total US\$ million	
	December 2020	June 2020	December 2020	June 2020	December 2020	June 2020
Opening balance	328.7	247.7	7.6	(5.7)	336.3	242.0
Share-based payments expense	51.1	74.2	-	-	51.1	74.2
Deferred tax on share-based payments	2.6	6.8	-	-	2.6	6.8
Net exchange gains on translation of foreign subsidiaries, net of hedge	-	-	222.1	13.3	222.1	13.3
Closing balance	382.4	328.7	229.7	7.6	612.1	336.3

Note 13: Net Tangible Assets Backing

	December 2020 US\$	June 2020 US\$
Net tangible assets backing per ordinary share⁵	13.19	9.66

Note 14: Retirement Benefit Liabilities

The Group sponsors a range of defined benefit pension plans, full details can be found in Note 18 to the June 2020 Financial Statements. During the half-year ended 31 December 2020 the obligations under these plans increased from \$347.5 million to \$403.4 million. This increase is largely a result of a decrease in the discount rate applicable to the valuation of liabilities for CSL Behring GmbH. 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 2020.

Note 15: Government Grants

During the period, the Group received government grants relating to the development and manufacture of vaccines for COVID-19. Consistent with the Group's accounting policy, the Group recorded deferred government grants that are then recognised in the Statement of Comprehensive Income on a systematic basis against the related costs for which the grant is intended to compensate, over the periods in which the costs are incurred.

Note 16: Subsequent Events

Other than as disclosed elsewhere in these statements, there are no matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

⁵ Net tangible assets include the right-of-use assets recognised under AASB 16 Leases.

Directors' Declaration


In the opinion of the Directors:

- a) the financial statements and notes of the company and of the Group are in accordance with the *Corporations Act 2001* (Cth), including:
 - i. giving a true and fair view of the company's and Group's financial position as at 31 December 2020 and of their performance for the year ended on that date of the consolidated entity; and
 - ii. complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.
- 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.

This declaration is made in accordance with a resolution of the Directors.



Brian McNamee AO
Chairman



Paul Perreault
Managing Director

Melbourne
17 February 2021



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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 balance sheet as 31 December 2020, 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 2020 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 2020 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.

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Independence

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

A handwritten signature in black ink that reads "Ernst & Young".

Ernst & Young

A handwritten signature in black ink that reads "R Piltz".

Rodney Piltz
Partner
Melbourne
17 February 2021

A handwritten signature in black ink that reads "K Bodenham".

Kylie Bodenham
Partner
Melbourne
17 February 2021

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