

advertising

FINANCIAL REVIEW
BUSINESSINTELLIGENCE

CSL boss bows out, calling for more education

PUBLISHED: 13 FEB 2013 08:56:00 | UPDATED: 14 FEB 2013 00:05:24

SHARE LINKS: [📧](#) [in](#) [Tweet](#) [f Like](#) [✓ Like](#)

[A+](#) [A-](#) [🖨️](#) [Reprints & permissions](#)

GIFT ARTICLE: [📺](#) 100

RELATED NEWS

- [Comment | Big shoes to fill at CSL](#)
- [CSL dividend payments notice](#)
- [CSL half year results](#)
- [CSL executive appointment](#)



Chief executive Brian McNamee is unhappy with changes to university policy. Photo: Michele Mossop.

CARRIE LAFRENZ
In his final results announcement as head of Australia's largest healthcare company, CSL chief executive Brian McNamee has urged the federal government to invest more in universities and technology or risk Australia falling behind.

Dr McNamee, who is stepping down from the blood plasma and vaccine group in July after nearly a quarter of a century, said he was worried that universities had become factory-like with little investment.

"I have been very unhappy over the past 10 years with the changes to university policy and innovation policy," he told *The Australian Financial Review*.

"That is something that will not serve the country well for the future. I think government has walked away from funding the infrastructure of the university. "In some ways they have become undergraduate factories and they think that will translate to high wages," he said.

"We need centres of excellence and high-quality postgraduate

▪ [Chanticleer](#) | Brian McNamee has cemented his reputation as Australia's best-performing chief executive with another stellar result for CSL. But all eyes are now on his successor, who will need to be inventive to maintain the company's historic growth levels.

RELATED QUOTES

	CSL
CSL FPO (CSL)	
\$57.550	-\$0.31 (-0.54%)
Volume 1631870	Value 9.4347865E7
5 Year	1 Day

as at 16:10 Australia/Sydney 21 FEB 2013 [View Full Quote »](#)

Company Profile
Development, manufacturing and marketing of pharmaceutical and diagnostic products, cell

advertising

Linkage **20 Conversations @Harvard**
A Premier C-Suite Leadership Forum at Harvard University

READ MORE

- COMPANIES [CSL Ltd](#)
- PEOPLE [Brian McNamee](#)
- TOPICS [Company News /Earnings & Reporting , Pharmaceuticals & Healthcare Industry](#)

advertising

education. I don't think we have created an innovation and excellence culture from a science technology perspective."

Dr McNamee echoed earlier comments made by fellow healthcare CEOs at Cochlear and ResMed and their concern about industrial relations, which threatened to drive operations offshore. While CSL has manufacturing around the world, it recently expanded its plasma facility at Broadmeadows in Melbourne and faced industrial issues at the plant last year.

"There is no doubt we have also had a step backwards from an enterprise agreement perspective," he said.

Dr McNamee revealed another record result and confirmed expectations for a 20 per cent rise in net profit for the full year. First-half net profit jumped 24 per cent to \$US627 million, underpinned by growth in all of its portfolio of products and operational efficiency gains. Revenue was up 7 per cent to \$US2.5 billion.

R&D investment grew to \$190 million in the period and is likely to reach up to \$230 million this half.

CSL shares surged to a record high in early trade to \$59.12 yesterday but ended down 3¢ at \$57.21. This year the stock has doubled in value, taking its market capitalisation to \$28.9 billion.

Philo Capital head of equities Hugh Dive said CSL's result was solid, but needed to be given the high multiple of 21-times that the stock is trading at.

"Cochlear was trading on high PE but did not deliver, and got smashed 13 per cent," he said. "CSL delivered a great result but the share price closed virtually flat. This is a function of high expectations already built into the share price."

culture media and human plasma fractions.

<http://www.csl.com.au/>

Biotechnology (352010)

ASIC 051588348

ASX Announcements

20/02/13 [Change of Director's Interest Notices](#)

19/02/13 [Daily share buy-back notice - Appendix 3E](#)

18/02/13 [Daily share buy-back notice - Appendix 3E](#)

13/02/13 [Initial Director's Interest Notice](#)

 13/02/13 [Appointment of Paul Perreault as Executive Director](#)

[View All Announcements »](#)

See Also

[» People](#) [» Analysis](#) [» Financials](#)

FINANCIAL REVIEW
executivesource

Sales Director
Financial Services

- High growth segment of Financial Services
- Dynamic organisation
- Sydney based

derwent executive
executive search partners

Six months ended December US\$ Millions	Dec 2011 Reported	Dec 2012 Reported	Dec 2012 Constant Currency [#]	Change %
Sales	2,324	2,482	2,568	10.5%
Other Revenue / Income	91	84	84	
Total Revenue / Income	2,414	2,567	2,652	
Earnings before Interest, Tax, Depreciation & Amortisation	720	884	898	24.7%
Depreciation/Amortisation	86	98	102	
Earnings before Interest and Tax	634	786	796	25.6%
Net Interest Expense / (Income)	-	7	7	
Tax Expense	130	152	157	
Net Profit after Tax	504	627	632	25.4%
Interim Dividend (US cents)	37.57	50.00		
Basic EPS (US cents)	96.3	124.7	125.7	30.5%

Source: CSL

Several portfolio managers have expressed concern over the handover to Dr McNamee's successor, Paul Perreault.

"In several situations in the past, there has been a substantial re-basing after a handover," one said. "This happens more often than not when a cult CEO leaves a business."

Dr McNamee said the transition with Mr Perreault has been great.

"He has been part of that journey for years so this is about continuity," he said.

Dr McNamee said earnings per share growth is estimated to be up 24 per cent this year, exceeding profit growth, and bolstered by past and current capital management initiatives. CSL has repurchased about 3.7 million shares for approximately \$190 million, representing 21 per cent of the intended \$900 million share buyback program announced last year.

The company this half intends to raise \$US300 million via a US private placement, with funds earmarked to repay existing debt, fund CSL's capital management plan, and for general corporate purposes. Dr McNamee noted this was an efficient way to raise money and rates remained extremely attractive to a company like CSL.

Credit Suisse analyst Saul Hadassin said while sales growth of 9 per cent in constant currency at CSL's biggest division Behring was "solid without being spectacular," Other Human Health sales growth of 19 per cent constant currency a standout driven by albumin sales in China. Dr Hadassin noted that growth of 10 per cent constant currency in IG "was disappointing" given 15 per cent growth last year.

The company declared an unfranked interim dividend of US50¢, up from US37.57¢, payable on April 5.

The Australian Financial Review



Create an alert

Click on the links below to create an alert and receive the latest news as it happens

COMPANIES [CSL Ltd](#)PEOPLE [Brian Mcnamee](#)TOPICS [Company News/Earnings & Reporting, Pharmaceuticals & Healthcare Industry](#)

FINANCIAL REVIEW

News	Viewing options	Tools & Research	Financial Review Group
<ul style="list-style-type: none"> National World Business Technology Markets Personal Finance Opinion Lifestyle 	<ul style="list-style-type: none"> Mobile iPad Digital Edition <p>My afr.com</p> <p>Alerts</p> <ul style="list-style-type: none"> My Alerts Create a new Alert <p>Portfolios & Watchlists</p> <ul style="list-style-type: none"> My Portfolios Create a new Portfolio Create a new Watchlist <p>My Account</p> <p>Subscriptions</p> <ul style="list-style-type: none"> Free 14 day trial to afr.com Subscribe Now 	<ul style="list-style-type: none"> ASX Quotes ASIC Search <p>Markets Data</p> <ul style="list-style-type: none"> Australian Equities World Equities Commodities Currencies Derivatives Interest Rates <p>Share Tables</p> <p>Investment Banking League Tables</p> <p>Managed Funds</p> <ul style="list-style-type: none"> Top Performing Search Managed Funds <p>Advanced Search</p> <ul style="list-style-type: none"> Articles & Videos ASX Announcements ASX Quotes Executive Profiles <p>Other Tools & Resources</p> <ul style="list-style-type: none"> Investment Guides 	<ul style="list-style-type: none"> ➤ AFR BOSS ➤ AFR Magazine ➤ AFR TV ➤ BRW ➤ AFR Smart Investor ➤ MIS Australia ➤ AFR CFO ➤ AFR Asset ➤ Financial Review Conferences ➤ Fairfax Business Research <p>Help & Information</p> <ul style="list-style-type: none"> Help Contact Us Letters to the Editor What's in afr.com? What's in <i>The Australian Financial Review</i>? <p>About</p> <ul style="list-style-type: none"> Services About Us Advertise Online Subscription Terms Newspaper Subscription Terms Conditions of Use
<ul style="list-style-type: none"> AFR MarketWrap5pm Capital 			
<ul style="list-style-type: none"> Chanticleer Street Talk The Prince Rear Window 			
<ul style="list-style-type: none"> Special Reports 			
<p>Events</p> <ul style="list-style-type: none"> Events Register for Updates 			