

Quintet Yorkway takes controlling interest in Talent



Left to right: Talent's global CEO Mark Nielsen, Quintet Yorkway's Doug Farrell, Ben Trollip, Talent founder Richard Earl, Quintet Yorkway's Michelene Hart and Paul Batchelor.

- **EXCLUSIVE**

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- NO COMMENTS

Investment group Quintet Yorkway has taken majority ownership of the David Gonski-backed Talent International, as it pushes ahead with Talent's growth plans and keeps the door ajar for a medium or long-term ASX listing.

Sydney-based Talent is a technology recruitment, contracting and IT consulting services firm with 15 offices in Australia, New Zealand, the UK, Germany and the US.

Quintet — prior to a merger with Yorkway — acquired a 25 per cent stake in Talent in 2018, and the firm has now boosted that holding to about 80 per cent as part of a selldown by founder Richard Earl. Mr Earl will continue to be a shareholder, though, alongside key staff who will account for 20 per cent of the company's ownership.

Quintet Yorkway counts former AMP chief executive Paul Batchelor as its executive chairman and former Citigroup banker Douglas Farrell as a managing partner. High-profile investors in the Talent deal include the Gonski family, former UBS Australia CEO Matthew Grounds and his former UBS lieutenant, now Barrenjoey executive chairman, Guy Fowler.

Mr Farrell said Talent was an attractive investment given the IT contracting industry was growing at about 2.5 times gross domestic product across Australia and New Zealand.

“We see contracting businesses as quite distinct from recruitment businesses, and we see them as much more stable and recurring in the sense that it's more service based,” he said.

An initial public offering is a potential option for Talent over the medium to long term.

An IPO was “not something we want to do in the short term but clearly if the business continues to grow, in the trajectory that it has, we think that might be possible down the track”, Mr Farrell said.

If Talent were to join the local bourse, it would sit alongside ASX-listed peer People Infrastructure, headquartered in Queensland.

Talent’s other main rivals in this market are Japanese-owned Peoplebank and South African-owned Paxus.

As part of increasing its stake in Talent, Mr Batchelor will transition to non-executive chairman and Mr Earl moves to a non-executive director role.

On the Talent investment, Mr Batchelor said: “It’s a business in a sector that we think is extremely attractive.

“It’s certainly part of that overall gig economy, which is a trend which is going to accelerate.”

But Talent did have to navigate a tough 2020, as COVID-19 stymied hiring plans for several months and markets such as Melbourne were hit by lockdowns.

While Talent’s revenue climbed to \$724.2m in the 12 months to July 5, 2020, from \$637.3m in the same period a year earlier, net profit fell to \$1.1m from \$2.8m, the company’s latest accounts show.

Still, Talent appears on track to achieve a \$1bn annual revenue milestone by late 2023, after outlining the target in 2018.

Earnings before interest, tax, depreciation and amortisation increased to \$13.4m, from \$10.5m and has doubled since 2018.

Federal and state governments account for about half Talent’s revenue and it has customers across sectors including education, resources and financial services.

Talent’s global CEO, Mark Nielsen, said the business was heavily focused on staff engagement and culture and was “tracking well” financially too, despite some headwinds earlier on during the pandemic.

“Most of that growth is organic growth, there’s hardly any acquisitions bar one small deal we did in New Zealand last year,” he said.

“We presented a ‘warts and all’ plan that was fully transparent and everybody knew exactly what was required of them, and we tried to take away fear.”

Mr Nielsen said Talent’s contractor numbers had increased marginally year on year by December, and permanent roles were tracking almost back at pre-pandemic levels.

Talent is benefiting from the COVID-19 digitisation drive and also expects to get a boost from more mergers and acquisitions, as they typically involve technology integrations.

Yorkway last year announced a merger with Quintet Partners, –creating a private markets investment company with about \$260m in funds under management.

Thérèse Rein, the wife of former prime minister Kevin Rudd, advised Talent at the time of the initial Quintet investment.

She founded Ingeus, which was sold to a US employment firm in 2014, in a deal reported to be worth as much as \$220 million.

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