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Candle moves into key Asian markets with E.L Consult acquisition

Candle has acquired the Asian business of executive research company E.L Consult to provide a springboard to expand its brands into key Asian markets.

E.L Consult was founded in Australia 30 years ago, and moved into Asia 20 years ago.

While E.L Consult's Australian business (which is not part of the acquisition) is relatively small, the Asian operations have 75 staff in China, (Beijing, Shanghai and Shenzhen), Hong Kong, Singapore and Malaysia (Kuala Lumpur).

The E.L operations will come under Candle's Lloyd Morgan executive recruitment brand and their name will be changed after a short transition period.

Candle CEO Rob Collins told *Shortlist* that the Lloyd Morgan brand was chosen because it had the closest cultural and business fit with E.L Consult, but Candle would also use the E.L offices as a launching pad for expansion of its other specialty brands.

"This is an important first step into Asia for the Candle group that will ultimately provide a springboard for further international expansion, not only for Lloyd Morgan, but also for our other brands. Acquiring a mature business with an experienced management team reduces the risks inherent in entering new markets. We are now in a very strong position to be able to grow further organically and via acquisition in a region rich with opportunities."

E.L Consult was founded by Grant Montgomery in Sydney in 1976. The Asian business was launched ten years later by Montgomery and his partner, Alfred Chown. Chown still runs the Asian operations and will continue to work in the business.

E.L Consult services a range of markets and industries including banking and finance, ITC, logistics, manufacturing, oil and gas, garment and textile and the government sector.

E.L Consult has also developed a flow of candidates back and forth from Asian markets to the Middle East.

Candle will pay an initial deposit of around A\$3 million in cash and scrip with capped incentive payments over a four-year period.

Collins said that, as with all Candle's acquisitions, the deal was "very leveraged to the upside" and would reward the vendors according to performance.

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However, he warned that Candle's expansion into Asia would require investment and was a long-term move.

"Given that the opportunities in the region are significant, we expect to re-invest profits in further expansion. Consequently, we expect the investment to be earnings per share neutral in the next few years. The strategic and financial benefits of this investment will flow from then on," he said