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executive search

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MARKET INSIGHT

The last 12 months has been a time of consolidation and application across all industry sub-sectors. Just like in the bushfire-affected parts of Victoria, we are now seeing the green shoots of recovery. The town hall has been rebuilt, the footy team is running around again, and the warning sirens are all in working order! We are starting to see confidence returning slowly, along with a cautious and measured return to selective hiring. Across all our areas of specialisation, the competition for talent and the fear of being left behind are starting to take hold again, and this is likely to mean opportunity for those who want it.

We have compiled some more specific information on the shape the recovery is taking in each of our areas of specialisation, below, and we would welcome your feedback on any of these observations.

Investment Banking

Coinciding with the recent > 40% rise in the local equity market, has been a return in labour demand at integrated, full service investment banks. Larger international banks started re-hiring bankers at all levels in June 2009 (for the first time in close to eighteen months). Unique to Australia, investment banks have benefited from unprecedented volumes of secondary capital raising transactions. Coupled with the staff cutbacks of 2008, this ECM revenue will underpin improved 2009 profits for many major investment banks.

This market rebound has been stronger and quicker than many participants expected. Renewed hiring activity also highlights what now appears to be an over-correction in staff cutbacks in the fourth quarter last year and first quarter 2009. As a consequence institutions are using the large pool of idle talent to selectively re-hire high quality professionals who can enhance particular product and industry focused teams. In addition, there is anecdotal evidence of a re-opening of offshore transfers and promotions, which is creating opportunity for replacement hires in Australia.

However despite the return of deal activity, many bankers are reporting difficulty in completing transactions as corporate clients maintain a cautious outlook into the second half of the year.

Recent Investment Banking Appointments:

- David Cann, MD Utilities to ML from RBS
- Tony Burgess, Global Co-Head M&A, DB to Palladio Partners
- Barclays Capital are in the process of establishing an M&A platform with an MD and D hire
- Steve Hammerton, Director, ML to Palladio
- Nick Sims from UBS to MD Goldman Sachs
- Paul Harris from ML to MD Resources, Citibank
- Citi has picked up Phil Lewis as head of FIG and Shane Taylor as MD Corporate Banking

- Tim Longstaff joining Deutsche Consumer Retail Healthcare Team from RBS
- UBS Property team to Merrill Lynch
- JP Morgan Property team to Merrill Lynch and Moelis & Co
- New entrants from the US are Silverfern (a Private Equity focussed advisory house) and Moelis & Co
- Nomura has picked up John Hanson (Head of M&A) and Ian Maxton (Head of FIG)

For further information please contact Andrew Valentine on 03 9653 8610 or avalentine@jmichel.com.au

Equities

We have seen a huge turnaround in hiring over the last couple of months. You just need to look at the public moves that have taken place of late.

- CBA have hired a number of senior analysts across the financials, property and resources space.
- CLSA have continued to hire senior analyst across consumer, gaming, industrials and financials to bolster the new team in Sydney.
- UBS have picked up a senior equity sales professional and a couple of key hires in equity research. A senior commodities analyst for Sydney and a senior resources analyst to be transferred to London.
- RBS, MS and CBA have all advertised for associate analysts. Key sectors across the board are small caps, industrials, resources and financials.
- Stonebridge has hired a new Head of Research and plan to continue to grow that business
- Linwar have also hired a new Head of Research and also plan to grow their business
- MS picked up a senior equity sales professional from ML as did CBA from Macquarie in Melbourne.

There is a flurry of hiring going on. Firms are seeking to re-staff quickly to take advantage of what is expected to be a good 2010.

For further information please contact Michael Lee on 03 9653 8620 or mlee@jmichel.com.au

Risk Management

It seems as though we are heading towards a return to strategic hiring in this community. The current employment market is still quite static, but momentum is building in the planning and budgeting of teams. The wide-ranging restructures which took place at the end of 2008 had a real impact on confidence.

We expect the risk market to start to climb in early 2010 but for its recovery to be slow and last well into 2011. Risk is unquestionably still at the forefront of all companies' considerations but we can't be sure how quickly this will translate into tangible opportunities for candidates.

In a capital-contained environment, lenders are starting to apply more rigour to the return they achieve from each investment. We are starting to see specific teams being created to drive this process, and this is likely to generate opportunity for people with a background in either quantitative credit risk management or else active portfolio management.

For further information please contact Toby Aikins on 03 9653 8650 or taikins@jmichel.com.au

Funds Management & Alternatives

The market is currently changing on a day to day basis. Where there was very little activity three months ago, clients are now starting to hire again, albeit selectively. It would appear that companies may have reduced staff expecting a more protracted downturn, and are currently finding themselves understaffed in the current environment.

There is a genuine but cautious flow of capital back to the market which is encouraging.

Emphasis is on trying to have new employees locked in for 2010 – which appears to be the focus for many companies. It would seem that 2009 is to be forgotten, and 2010 is a new beginning!

Property which has been dormant for the longest time seems to be starting to show some early indications of picking up – although more in boutique houses as opposed to the more traditional listed property groups or LPTs.

The main difference in the market now from 3 months ago, is that good candidates are willing to consider a move. It is more of a given that banks/fund managers will survive this market, so the risk has been removed

from the company potentially collapsing or downsizing, and is now back on the individual – i.e. can I achieve what is required of me in this new organisation?

For further information please contact Michael Lee on 03 9653 8620 or mlee@jmichel.com.au

Private Equity

Largely the Private Equity market has changed little in our view from last year's downturn, and by its nature it takes longer to change momentum than, say, Investment Banking (reflecting more what happens in Asset Management for example).

One change from last quarter we are seeing is the prospective exit or sell down of some of the Private Equity assets, particular examples being Myer and Katmandu. This will put some fees into the coffers of the PE advisory brigade but in the short term won't affect hiring in the PE teams we think. Off the back of this and an improvement in the investment market sentiment we may see some funds go on capital raising exercises or those that have been seeking to raise capital get closer to some form of closure.

For further information please contact Andrew Valentine on 03 9653 8610 or avalentine@jmichel.com.au

Corporate/Institutional Banking

There has been a number of 're-cuts' in terms of sector portfolios and all Banks are trying to consolidate key clients – new business is at a premium.

Resources, Healthcare and Infrastructure have been active in the past 12mths but hiring has slowed – there is considerable focus on Financial Sponsors and Retail sectors (who have been hardest hit).

Banks are seeking broader product experience across structured debt, advisory disciplines but with some understanding of equity also.

There has also been consolidation of some specialist product team (like leveraged or asset finance) back into broader coverage models.

There have been some firms hiring 'blended coverage' people – across client and product experience – a return to the 'Senior Banker'.

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