Strategic merger activity & organic growth see BDO surpass US$7bn revenues

- Revenues up 8.81%
- 28 mergers completed in the past 12 months
- BDO China revenues up 16%, leading to a CICPA ranking of 4 - ahead of EY & KPMG

BDO today announced a total combined fee income for the year ended 30 September 2014 of US$ 7.02bn / €5.17bn – an 8.81% increase year on year in US dollars. BDO is now represented in 151 territories.

BDO's growth can largely be attributed to three factors:

- The scale and breadth of BDO's ongoing merger programme, designed to ensure the network leads the consolidation of the mid-tier
- Organic growth across the board - best exemplified in the US and China
- New firms joined BDO in Fiji, Réunion Island, Bangladesh, Papua New Guinea and Sierra Leone, and a number of firms enlarged their territories, adding Laos (Malaysia), Afghanistan (Pakistan) and the Maldives (Sri Lanka).

These newly merged and acquired firms bring new people, talent and expertise to the BDO network which now includes 110 member firms. Including its exclusive alliances, BDO has 1,328 offices and just under 60,000 partners and staff worldwide. Our people numbers represent an increase of 5.4% compared to 2013.

BDO's key M&A and growth activity includes the following:

- The US firm achieved revenues of US $833 million in the 2014 fiscal year ending June 30 -up 22% year on year. These gains were fuelled in equal measures by organic growth (+11%) and the firm's expansion strategy (+11%). Organic growth was driven by an increased demand for services across all business lines as the firm's assurance (+21.3%), tax (+22.7%) and consulting (+23.3%) practices each achieved strong increases in revenue. The firm completed four acquisitions during the year, including the key addition of Top 100 firm Alpern Rosenthal in Pittsburgh and two additions in the important Texas market

- BDO Canada undertook six mergers in the last year alone, bringing more than CAD 20 million to the firm, and it expects to remain active on the merger front into 2015 and beyond
- Revenues across the Americas region were up by 11.1%, with the big player in Latin America being BDO Brazil, which has grown its revenues by 17% and has expanded its number of offices to provide representation in 20 cities nationally. BDO firms in Central America are poised for growth, with the addition of three or four new territories on the horizon
- In Asia Pacific, the four mergers undertaken by BDO China in the past year puts the firm in a good position to take advantage of Chinese economic reform and build on this year's 16% revenue growth. The former RSM correspondent firm joined BDO in Bangladesh, adding 100 partners and staff in a key export market in which BDO is one of only two of the large six networks represented across all service lines. BDO is one of the few top tier networks with a presence across all 10 countries in ASEAN
- In Europe, the UK firm showed a 27% increase in turnover in its first full year since their merger with PKF. In Norway, the acquisition of seven firms added €10 million to the firm's annual turnover, strengthening its position as a firm in the same bracket as the country's big four. BDO Turkey acquired IK, headquartered in Ankara and with strategic access to the public sector market.
- In South Africa, mergers with leading firm CAP Chartered Accountants and restructuring firm UNLEASH were realised and 1 January 2015 will see the conclusion of the firm's merger with RW Irish-Alliott Inc, providing a full suite of business support services. Meanwhile in the Middle East, BDO Jordan is now one of the five largest firms in the country as a result of their merger with Abbasi & Co.

The network's service line fee splits remain similar to previous years, with a slight decrease in audit & accounting to 57.5% (from 59.3% in 2013) and a similar increase in the advisory stream's revenues – at 21.9%, overtaking the tax stream's percentage of 20.6% (20.1% in 2013) and reflecting the network's strategic focus on tax and advisory.

Martin van Roekel, global CEO of BDO said: “Accountancy’s mid-tier is on a consolidation course. The large firm accounting market has been consolidating for some years, driven by the requirements of midsize and large global clients. The mid-tier of our profession is now on a parallel path, as smaller networks and firms seek to meet the increasingly international needs of mid-market companies pursuing growth markets. Such businesses are not always best served by the biggest networks, which focus on the very largest companies. “The best fit for them are mid-tier advisers with a truly global footprint, an efficient infrastructure and proven capabilities. At BDO, we are actively increasing our presence in the US – a ‘re-emerging’ economy – and also in the emerging markets that we know are central to our clients’ growth strategies. China is a prime example: the switch to a service-led economy provides real opportunity and we are already bigger here than EY and KPMG. This is part of the reason for the network’s sustained growth and in turn gives us the momentum and power to lead the consolidation of the mid-tier and continue our cycle of expansion. By 2018 we predict only two or three substantial mid-tier networks with a global presence will be left standing.”