



Accountancy Services in Ireland

Part of Key Capital's Professional Services Sector Report Series

April 2025



Introduction

We are pleased to present the Key Capital Professional Services Sector Report.

This report marks the first instalment in our Professional Services series, in which we review accounting services in Ireland and delve into the latest market trends, valuation developments and M&A transactions.

The professional services sector encompasses a wide range of knowledge-driven industries that deliver specialised expertise. Companies rely on commercial and advisory services throughout all stages of their growth. As technological disruption accelerates, coupled with a complex macroeconomic environment and geopolitical uncertainties, the need for expert advisors to help businesses navigate emerging challenges and opportunities is expected to grow significantly.

“The professional services sector has evolved and developed significantly in the last decade with the increased digitisation of service offering, requirement for cross border service offering, and challenges attracting and retaining talent all key drivers. The pace of consolidation in the sector has increased dramatically in the last 24 months and we expect this to continue as scale, service offering and technology investment all favour the larger market participants.”

- Richard Tunney, Managing Director of Corporate Finance at Key Capital

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Local Expertise, Global Reach

Key Capital is the exclusive Irish member of IMAP, a leading M&A partnership focused on the middle market



Key Capital is the corporate finance, wealth and investment advisor of choice in Ireland for over 300 substantial families, individuals and business owners. We are an independently owned, distinctly Irish firm that works and invests with a global perspective.

Corporate Finance

€7bn+

corporate transactions advisory

Wealth Management*

€1bn+

in assets under management

Investment Management**

11

global private asset funds



60+

OFFICES IN 51 COUNTRIES

450+

IMAP M&A PROFESSIONALS WORLDWIDE

6th

IN GLOBAL RANKING 2024

52

YEARS OF M&A EXPERIENCE IN THE MIDDLE MARKET



USA

- » Boston
- » Chicago
- » Dallas
- » Denver
- » Detroit
- » Greenville
- » Irvine
- » Naples
- » New York
- » Tampa

Canada

- » Montreal
- » Toronto
- » Vancouver

Latin America

- » Argentina
- » Brazil
- » Chile
- » Colombia
- » Mexico
- » Peru
- » Panama

Europe

- » Belgium
- » Bosnia & Herzegovina
- » Croatia
- » Czech Republic
- » Denmark

- » Finland
- » France
- » Germany
- » Hungary
- » Italy
- » Netherlands
- » Poland
- » Portugal
- » Romania
- » Serbia
- » Slovakia
- » Slovenia
- » Spain
- » Sweden
- » United Kingdom

Africa

- » Congo
- » Egypt
- » Ghana
- » Mauritius
- » Morocco
- » Senegal
- » South Africa
- » Uganda
- » Zimbabwe

Asia

- » China
- » India
- » Japan
- » Thailand

Middle East

- » Bahrain
- » Kuwait
- » Oman
- » Qatar
- » Saudi Arabia
- » UAE

IMAP GLOBAL PERFORMANCE JAN – DEC 2024

252

M&A TRANSACTIONS

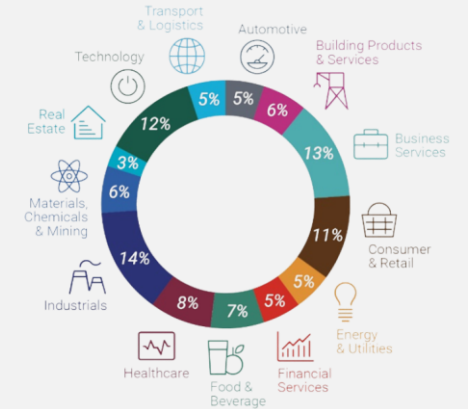
\$30bn

TRANSACTION VALUE

35%

CROSS-BORDER DEALS

DEAL DISTRIBUTION BY SECTOR



GLOBAL RANKING BY ADVISOR

1. PwC
2. Houlihan Lokey
3. Deloitte
4. Rothschild
5. KPMG
6. IMAP
7. Baker Tilly
8. Oaklins
9. BDO
10. EY

Ranking based on number of number of transactions closed in Q1-Q4 2024. Undisclosed values and values up to \$500 million.

Source: Refinitiv and IMAP internal data

*Key Capital Private Limited is regulated by the Central Bank of Ireland.

**Key Capital Investment Management Limited is regulated by the Central Bank of Ireland.

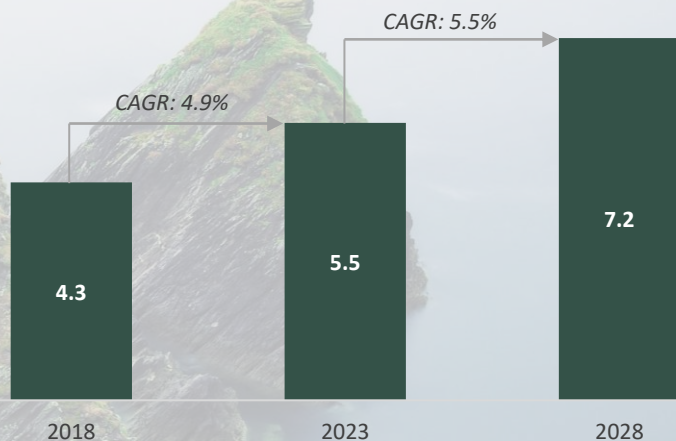
An aerial photograph of a rugged coastline. In the foreground, a stone fortification with a crenelated parapet sits on a grassy cliffside. A stone path winds through the fortification. The cliff drops steeply to a dark, rocky sea stack. The sea is a deep blue-grey, with white foam from waves crashing against the rocks. In the distance, another sea stack is visible under a pale, overcast sky.

2. Global Professional Services

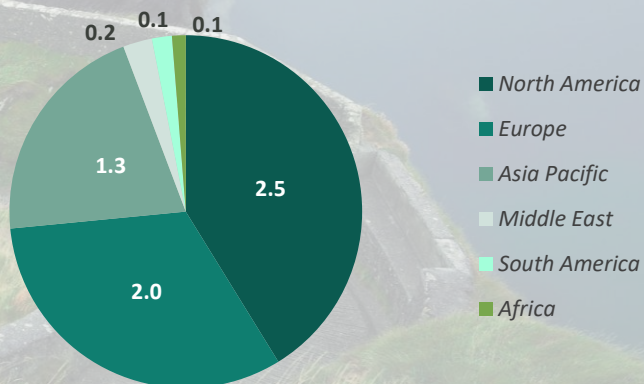
Overview

A pivotal sector with exposure to the latest megatrends which are reshaping professional services firms and their clients

Global Professional Services Market (€'tn)⁽¹⁾



Market Value by Region (2023, €'tn)⁽¹⁾



The global professional services sector encompasses sub-sectors which deliver specialised services to businesses and individuals and is integral to economic activity by supporting organisations in strategy, compliance and operational efficiency.

The global professional services sector was valued at €5.5tn in 2023 (or c.6% of global GDP) and is forecast to continue steady growth at a CAGR of 5.5%, influenced by several key megatrends.

Digital Transformation

The adoption of advanced technologies such as artificial intelligence (AI), data analytics, and cloud computing is transforming service delivery. Automation is streamlining routine tasks, while data-driven insights enhance decision-making for both professional services firms and their clients.

Inflation Fears

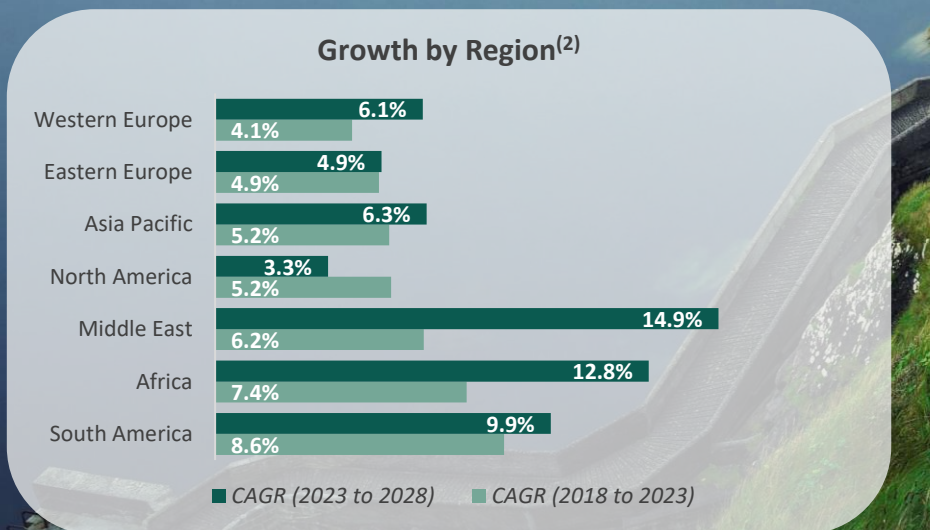
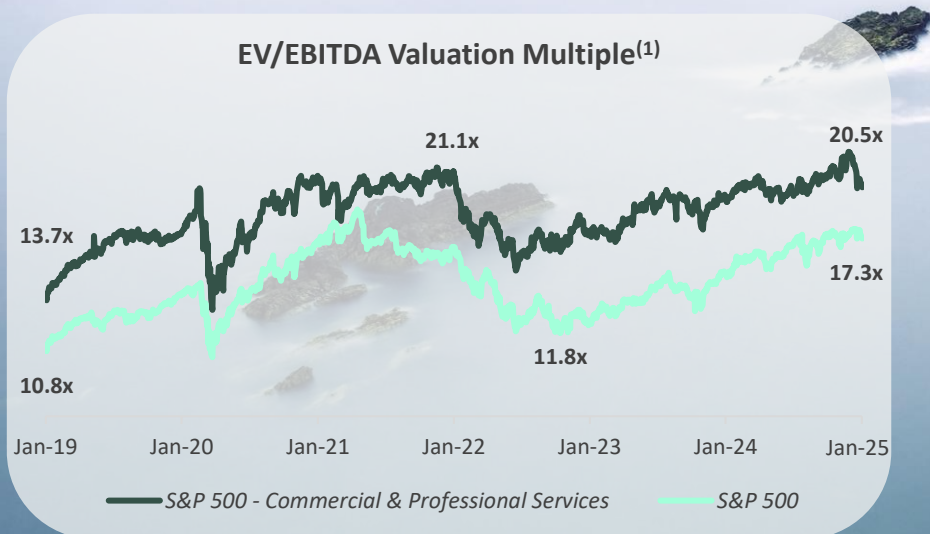
Macroeconomic trends, particularly inflation, have profoundly affected the sector. The rise in inflation has increased operational costs, with over 40% of Irish SME's forced to raise prices due to cost increases in 2024.⁽²⁾ Professional service firms, such as accountants, provide essential advice to guide clients through these tricky economic periods.

Geopolitical Movements

Economic uncertainty and geopolitical tensions have heightened in recent times with increasingly strained relations between the US, EU and UK. The Trump administration's proposed tariffs on imports from the EU will directly affect Irish companies exporting to the US – whilst ongoing threats of reciprocal tariffs from both sides have negatively affected consumer sentiment over the last year.⁽³⁾ Ultimately, tariffs would affect both sales volume and profitability, as well as increasing business uncertainty which could hamper long-term investment decisions and strategic plans.

Growth and Relative Performance

Consistent outperformance with future growth driven by developing regions



The professional services sector index has consistently traded at a valuation premium to the broader market. The sector witnessed strong organic growth after the pandemic, especially in high-growth segments such as cybersecurity and cloud technology, which facilitated a transition to remote working. The sector index is largely comprised of blue-chip multinational firms located in the western hemisphere; however, future growth is increasingly being derived from regions such as the Middle East and Africa.

Factors contributing to a valuation premium:

1. Revenue stability

Contracts are often long-term or recurring in nature, providing visibility and predictability in times of economic uncertainty.

2. Strong profitability

Professional services firms are asset-lite by nature with lower fixed costs, and many of the leading companies in the sector boast strong brand recognition which increases pricing power.

3. Positive exposure to secular trends

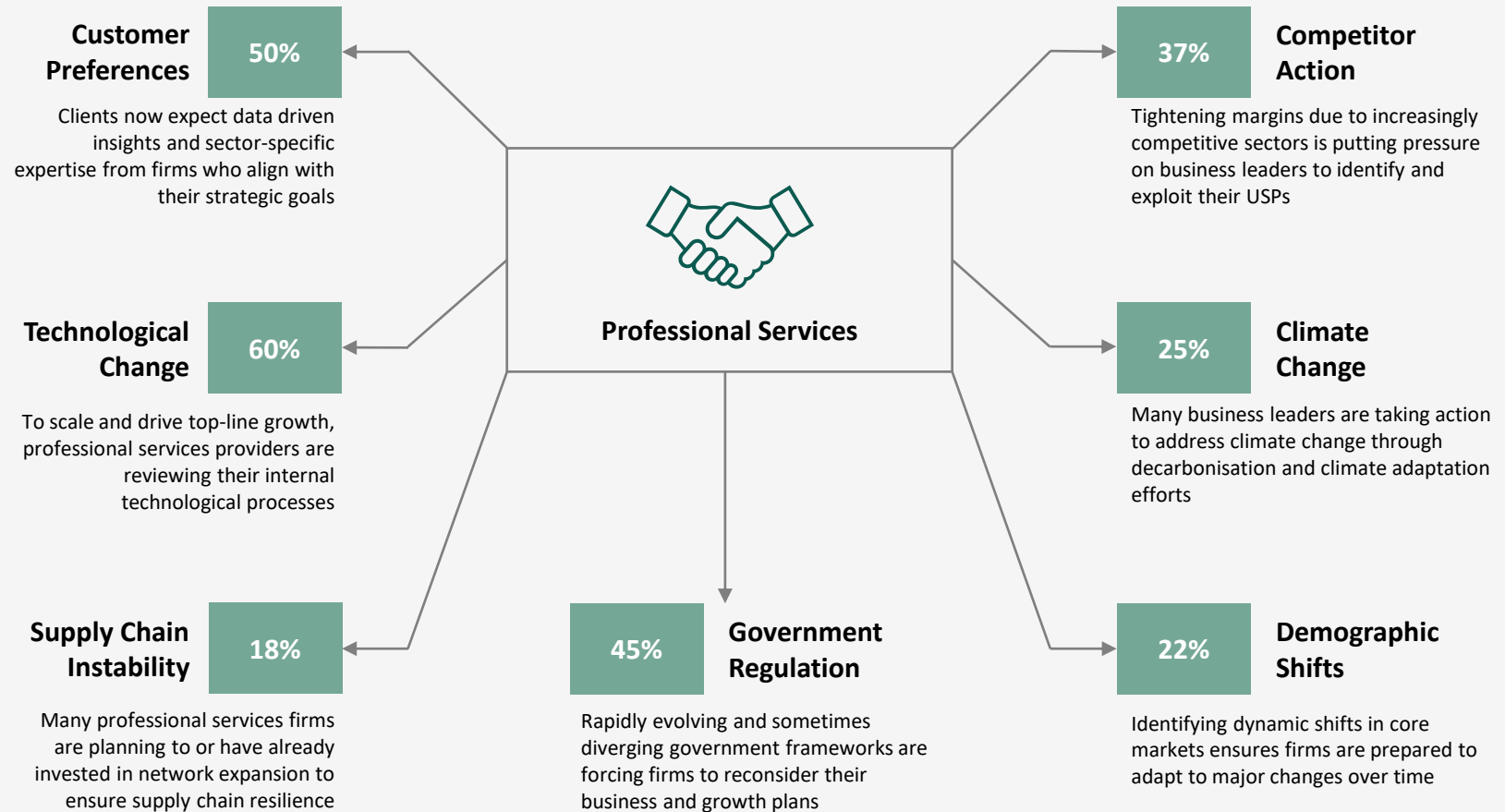
Demand for professional services has increased as businesses adapt to technological disruption, cybersecurity challenges and sustainability mandates

Constraints

The sector faces talent shortages, most notably in technology-driven roles as demand for AI integration intensifies. According to the World Economic Forum, four million technology professionals are immediately needed to bridge the gap in the cybersecurity industry alone. Additionally, domestic companies are faced with the dilemma of managing costs and investing in digitisation, as macroeconomic and geopolitical pressures have reduced budgets and dampened investment for smaller players.

Key Considerations for Professional Services CEOs

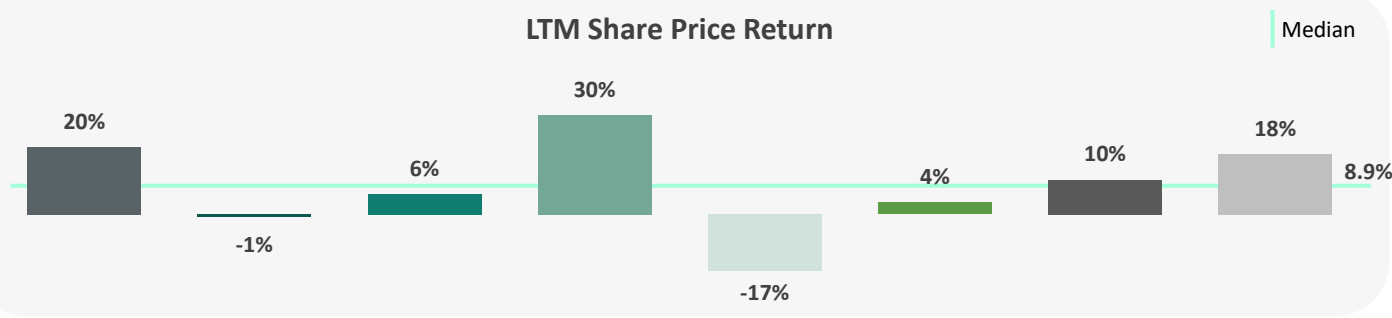
When asked to select key considerations from a list, professional services CEOs identified technological change and customer preferences as the top factors influencing how they will create, deliver, and capture value over the next three years.



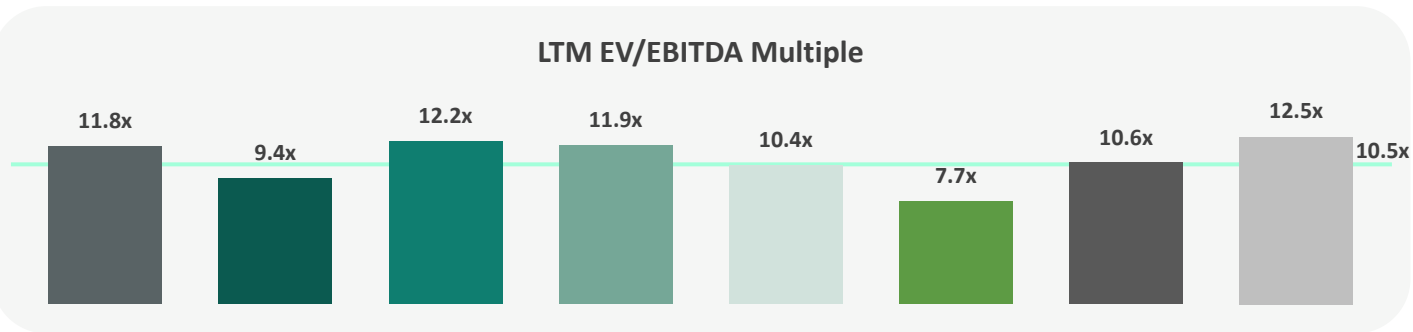
Sub-Sector Analysis

Challenged pockets in sub-sectors, but overall performance and profitability is strong

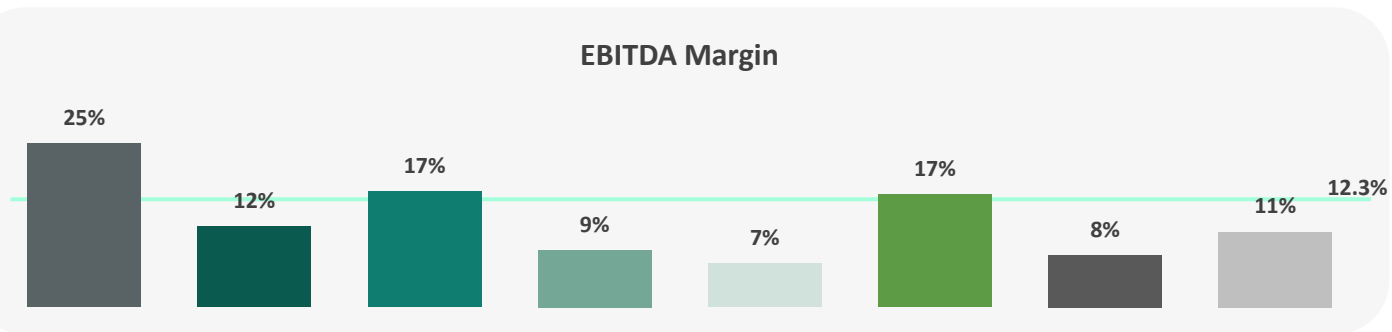
LTM Share Price Return



LTM EV/EBITDA Multiple



EBITDA Margin



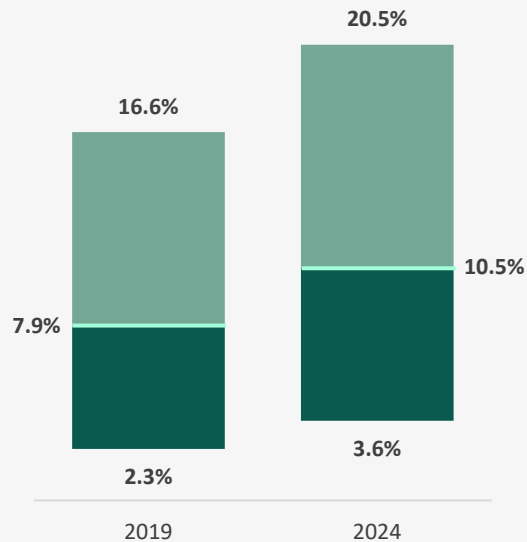
- » Financial services performed well across all barometers driven by a high-interest rate environment and easing monetary policy which will increase corporate and retail transactions
- » Recruitment has experienced share price weakness owing to tight labour conditions and macroeconomic pressures which curtailed company budgets
- » Mirroring trends in share price performance, Communication and Recruitment valuations trail peers
- » Communication includes traditional media and telecommunications which are experiencing low growth and fierce competition, negatively impacting valuation
- » Healthcare profitability lags the sector median as it typically operates on lower margins with higher capital requirements under strict regulations, while financial outperforms



Trends in Operating Metrics

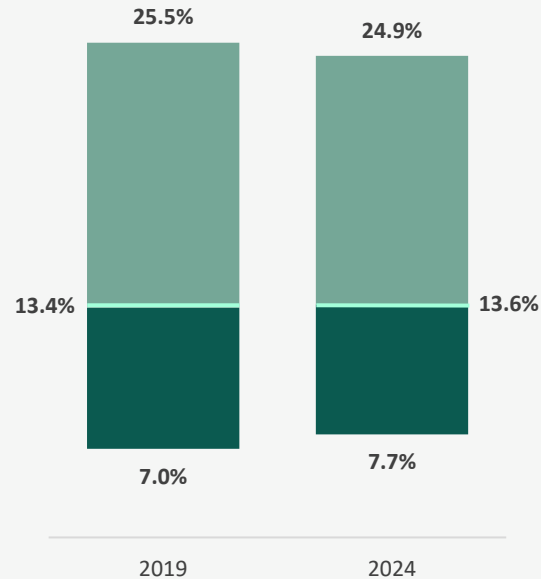
Professional services shows continued strength, highlighting the attractiveness and resiliency of the sector

Revenue Growth (3-yr CAGR)



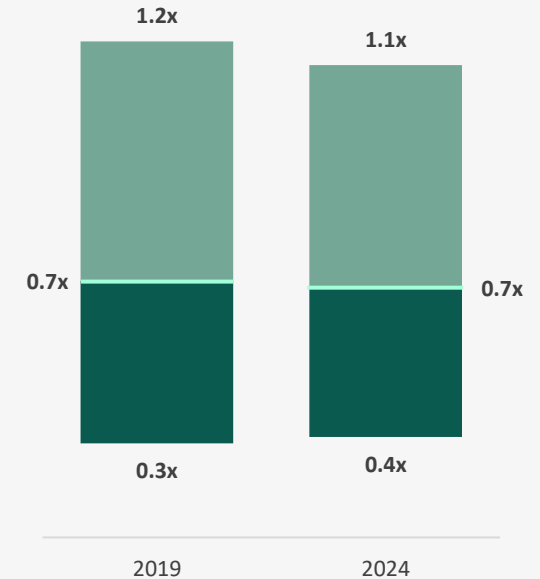
- » Revenue growth for the trailing three-year period has grown significantly in 2024 compared with 2019
- » Strong growth was driven by customer's needs for cost cutting measures and strategic consultation post-Covid, as well as strategic acquisitions to expand in emerging markets and broaden expertise in high-demand areas such as cloud technology and sustainability

EBITDA Margin (%)



- » Marginal increase in median EBITDA margin from 2019 to 2024 with a narrower interquartile range, reflecting slightly increased operational efficiency
- » Revenues have grown at a quicker pace than costs, particularly through Covid with less costs associated with hybrid working and reduced work travel

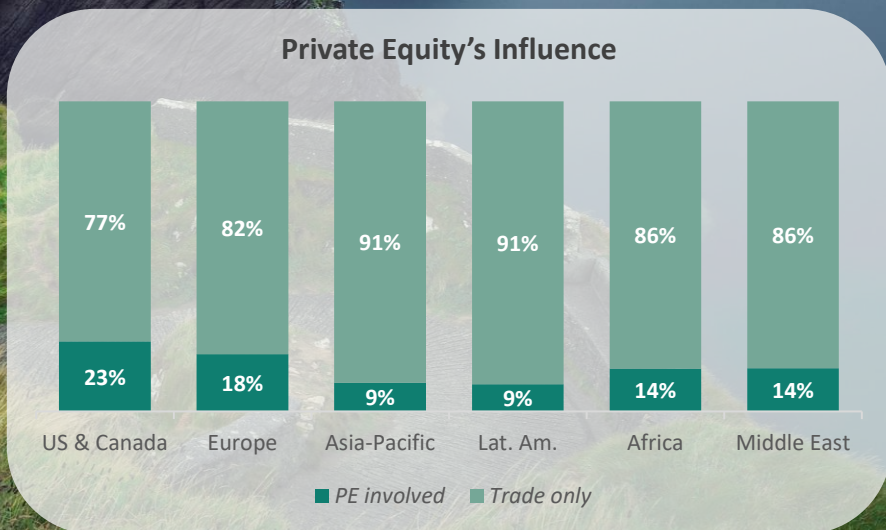
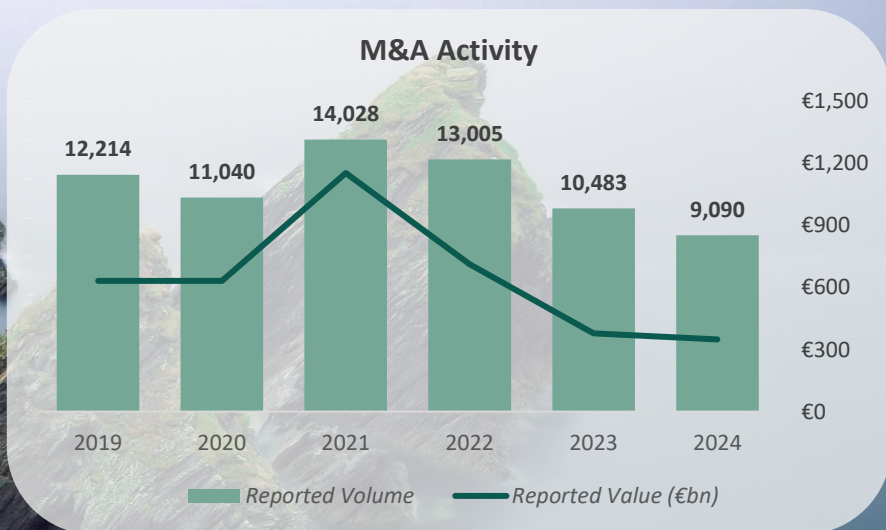
Asset Turnover Ratio



- » Asset turnover remains stable at the median, while variability between quartiles has narrowed marginally
- » Professional services firms have focused on efficiency improvements, with many streamlining global operations by divesting non-core assets or rationalising real estate footprints to leverage remote working

Global M&A Activity

An attractive sector for trade players and private equity investors



Like many sectors, professional services has seen a notable slowdown in M&A activity since the pandemic. Firms in the sector were trading at all-time highs in 2021; however, macroeconomic and geopolitical headwinds have since suppressed valuations and reduced transaction volume (professional services volume declined 25% between 2021 and 2023, compared to 29% across all sectors). Key M&A trends include:

Strategic acquisitions

Growth, innovation and competitive resiliency are key drivers of M&A activity. In accounting services, the big four firms are working hard to establish practises in new areas such as AI, law and ESG consulting.

Eg: In Jul-24, RSM, a leading global professional services firm, announced 5 acquisitions in Europe which included specialist audit and consulting firms to enhance its service offering and bolster its geographical presence.

Private Equity's Influence

Private equity is attracted to the capital-lite and cashflow generative business models, while also seeking to consolidate fragmented markets and build scale. Trade makes up the lion's share of deal activity worldwide, however, private equity involvement is growing and is most prominent in the US due to an abundance of capital, its entrepreneurial culture and favourable exit opportunities.

Eg: CVC, one of Europe's largest private equity firms, has been active in recent years having acquired Teneo (Irish consulting firm) for 10.7x EBITDA, and Deloitte's UK restructuring arm, and has expressed interest in EY Italy's consulting arm.

Digital Transformation

Firms are focusing on acquisitions to bolster technological capabilities, such as cybersecurity and AI. In particular, data breaches are a key concern for a people-intensive sector which handles significant amounts of sensitive data through an increasingly remote working environment.

Eg: In Oct-24, Thoma Bravo, a leading global software investment firm, completed a \$5.3bn take private of London-listed cybersecurity AI company, Darktrace at a 7.4x EV/Revenue multiple.

Source: CapIQ



An aerial photograph of a rugged coastal landscape. The scene features steep, dark rock cliffs that drop down to a sandy beach and the ocean. The cliffs are covered in patches of vibrant green grass. A paved path with a metal railing winds along the top of the cliffside. On the right side, a small white building with a dark roof is situated on a grassy plateau. The ocean water shows varying shades of blue and turquoise, indicating different depths and seabed compositions. The overall atmosphere is serene and scenic.

3. Professional Services in Ireland

Professional Services in Ireland

A key pillar of the Irish economy with international expertise that rivals leading global markets



Ireland has positioned itself as a global leader in professional services, driven by its unique blend of strategic advantages. As an EU member with a pro-business environment, Ireland attracts global companies with its:

- » Low corporate tax rate of 12.5%
- » Highly skilled English-speaking workforce
- » Status as a gateway to European markets

As a result, the professional services sector plays a pivotal role in Ireland's economy contributing c.€195bn in terms of GVA (Gross Value Added), which is the value of services that have been provided less input costs, in 2023 (c.40% of total GVA) with growth at a CAGR of 8.6% since 2015. The sector supports the country's multinational ecosystem of technology, pharmaceutical, and financial companies by providing critical expertise in areas such as legal and financial services, and management consulting. In 2022, foreign-owned multinational enterprises in Ireland accounted for €921.4bn in turnover, equating to over 70% of national turnover.⁽¹⁾

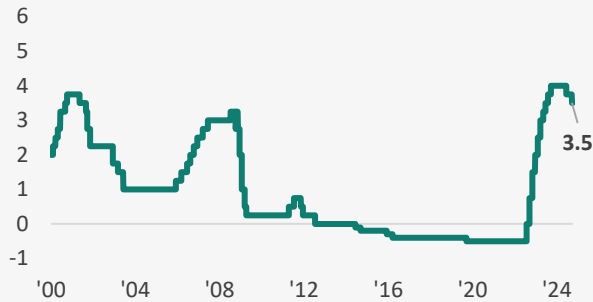
Ireland's professional services sector has been a beneficiary of Brexit, with the UK's departure from the European Union creating a shift in how companies approach their EU operations. Many international companies, particularly financial services, legal firms, and consulting groups, moved their EU headquarters or expanded operations in Ireland to maintain access to the EU's single market. Law firms such as DLA Piper and Dentons set up in Ireland post-Brexit, while Dublin accounted for 25% of all Brexit-related relocations for financial firms.⁽³⁾

Ireland has also witnessed tremendous success in sectors such as aviation finance. It is estimated that over half of the global aviation fleet is leased, and Irish-based companies account for 50 per cent of the market.⁽²⁾ Ireland's leadership in aviation finance has been fuelled by its ability to attract multinational lessors through the provision of a complementary network of professional services firms which support their operations.

Economic and Societal Drivers

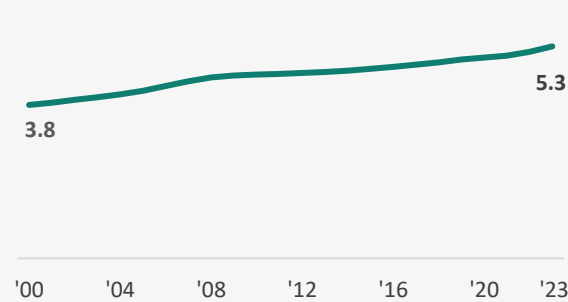
Ireland possesses strong foundations to support the growth of professional services

ECB Deposit Facility Rate (%)⁽¹⁾



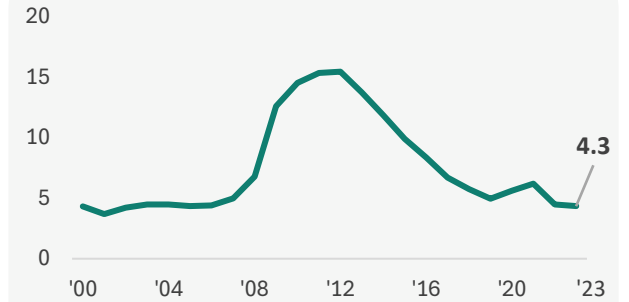
As interest rates decline following a period of increases, economic activity is expected to strengthen

Population (m)



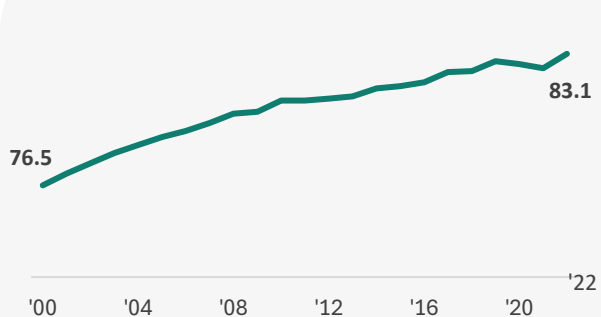
Expanding workforce and consumer base fuels corporate expansion and domestic activity

Unemployment Rate (%)



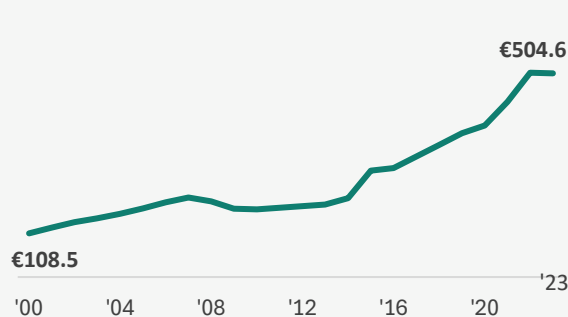
Unemployment is at its lowest level since 2002 which directly increases domestic activity in areas such as real estate and financial advice

Life Expectancy (yrs)



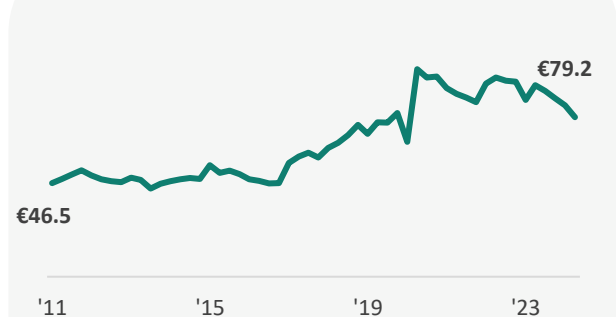
Longer life expectancy increases the need for retirement planning, pension strategy and inheritance advice

Gross Domestic Product (€'bn)



Sustained economic growth strengthens corporate investment and domestic activity

Labour Productivity (€ per hr)



Higher labour productivity correlates with improved business growth and performance

Professional Services M&A in Ireland

M&A is expected to accelerate with strong interest from overseas buyers

Professional services M&A activity in Ireland has followed global patterns with a notable peak in 2021, with both transaction value and volume falling below pre-pandemic levels in 2024. Transactions are largely concentrated in the lower mid-market with reported numbers often skewed by the lack of publicly available information. Only 14% of the c.500 transactions since 2019 reported enterprise values, and 60% were less than €50m.

In recent years, some notable transactions across key segments of professional services include:

» **2020: CPL's takeover by Japan's Outsourcing Inc.**

» Formerly listed recruitment agency, CPL, was taken private in a €318m deal by Japanese recruitment firm, Outsourcing Inc., enabling its entry into the Irish market with a view to further European expansion

» **2022: AAB merges with FPM**

» August Equity-backed business services firm, Anderson Anderson & Brown, merged with all-Ireland independent audit, accounting, tax and business advisory firm, FPM, to create a hub in Ireland after consolidating regionally in the UK

» **2022: Fairstone acquisition of Pax Financial**

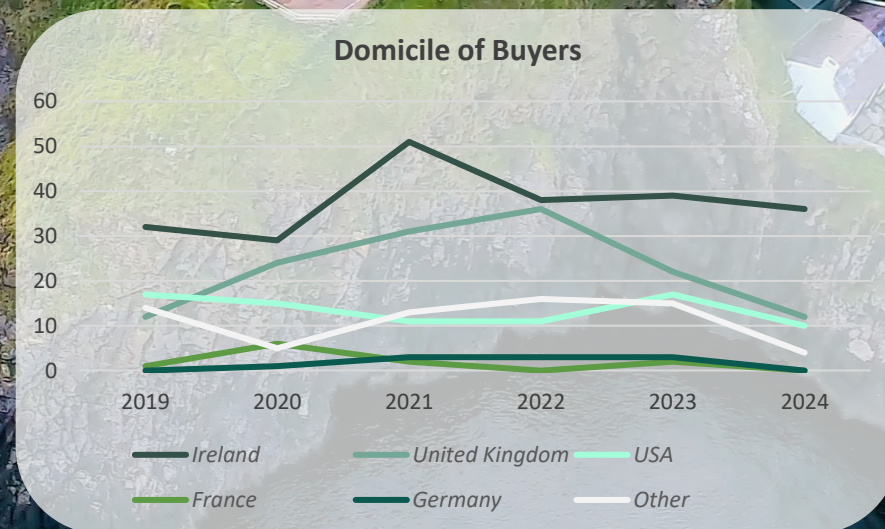
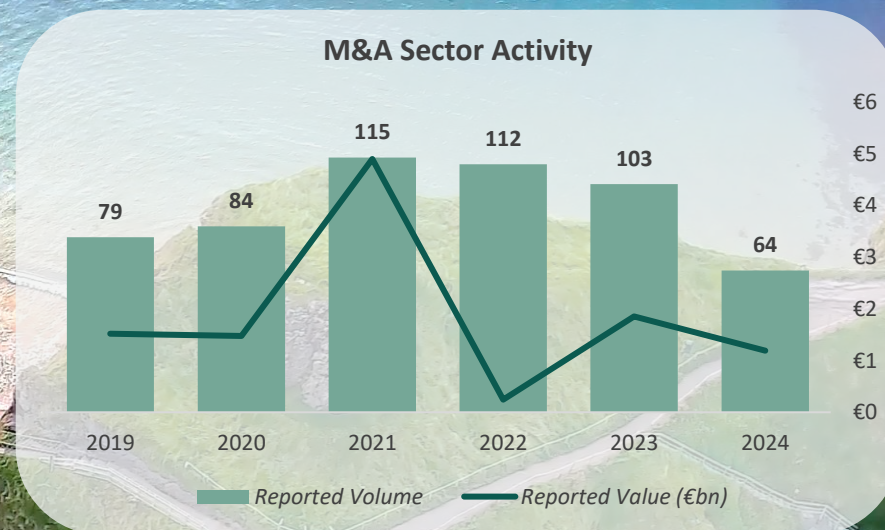
» UK wealth manager backed by TA Associates entered the Irish market through acquisition of the Dublin-based financial advisor, Pax Financial, with several bolt-ons in Ireland since

» **2024: LK Shields merger with Byrne Wallace**

» Two of Ireland's largest law firms merged to create Byrne Wallace Shields with 430+ employees including 220+ solicitors

There is significant diversity in the domicile of buyers with companies from over 25 different countries having made acquisitions in Ireland in the last five years. Domestic buyers lead the way, but there is consistent interest from international buyers, especially the UK (26% of 2024 volume) and the US (15%), who often see Ireland as a geographic focus due to its EU membership, low tax rates and appealing employee dynamics.

Source: Cap IQ



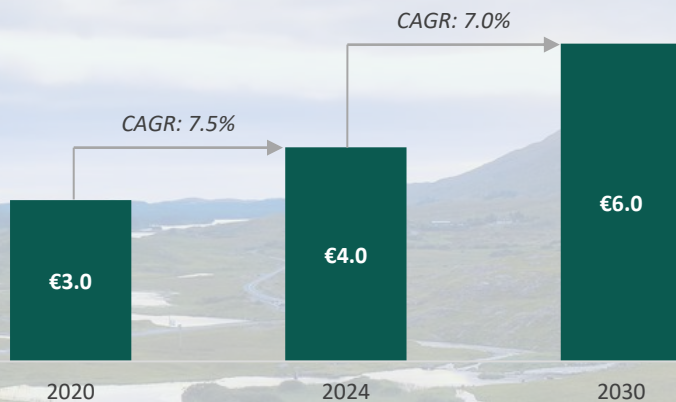
An aerial photograph of a serene landscape. In the foreground, a large, calm lake with a deep blue hue stretches across the frame. Several small, lush green islands are scattered throughout the water. The middle ground features a wide, flat expanse of green fields, possibly a meadow or tundra, with a few small buildings visible in the distance. The background is dominated by a range of rugged, dark green mountains under a sky filled with soft, grey clouds. The overall atmosphere is peaceful and natural.

4. Accounting Services in Ireland

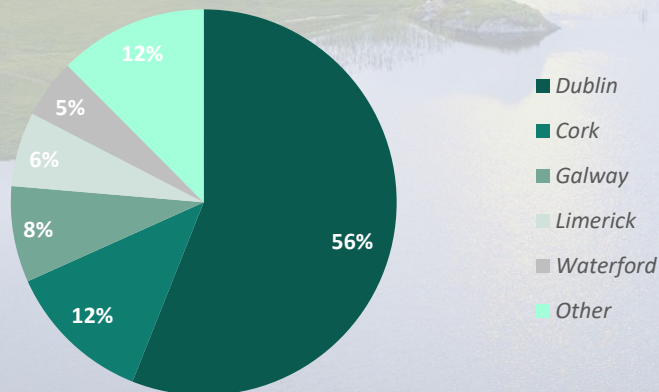
Overview

A market dominated by Dublin, but regional activity is supported by Ireland's robust and fragmented SME economy

Irish Accounting Services Market (€'bn)⁽¹⁾



Regional Breakdown⁽¹⁾



The accounting services market in Ireland operates within a dynamic regulatory environment and is currently valued at €4.0bn with expected growth at a CAGR of 7.0% through to 2030. Dublin and Cork dominate economic output in Ireland, and this is reflected in the distribution of accounting services activity with close to 70% in these cities.

Ireland has experienced consistent economic expansion driven by favourable tax conditions, a pro-business environment and sustained levels of foreign direct investment. Multinationals in sectors such as financial services, pharmaceuticals and technology require complex tax and financial advisory services which has driven demand for accounting professionals. Ireland has been able to service this demand through a highly skilled workforce (5th most educated in the world⁽²⁾) supported by internationally recognised tax and accounting professional bodies.

Ireland has a thriving small and medium enterprises ('SME') economy. According to a CSO report in 2021, SMEs accounted for 99.8% of all businesses and over 69% of persons employed in Ireland.⁽³⁾ SMEs rely heavily on the services of regional accounting and tax practises which underscores the fragmented nature of the market and provides consolidation opportunities for domestic and foreign investors. Outside of the Big Four firms the market is largely comprised of regional firms each with less than one percent market share.⁽⁴⁾

Constraints

The market is facing talent shortages, particularly those in specialist sectors such as fund accounting which has witnessed a surge in fund establishments in the past decade. However, Ireland has attractive international student visa schemes which is helping with this issue. Additionally, the advent of AI and increased digitisation adds a layer of complexity and cost to domestic accounting practises who in some cases must compete on fees against established multinational firms with deeper pockets.

Key Trends

Prevailing trends in the UK, some of which are only beginning to influence the Irish market



Digital Transformation

- » Investment in digital infrastructure such as AI to automate routine and process-driven tasks
- » According to a report by Thomson Reuters on Professional Services firms, an accountant or lawyer could save on average 4 hours a week from the benefits of artificial intelligence



Succession Planning

- » Many accounting practises in Ireland are led by ageing partners with limited succession options
- » This issue is further exacerbated by legacy partnership structures and a shortage of accountants, particularly with audit experience, according to Chartered Accountants Ireland



Niche Competencies

- » Ireland's favourable corporate tax rate has attracted a vast array of complex sectors such as fund services and aircraft leasing
- » Firms with niche competencies (restructuring, fund accounting etc) or sector specialisms typically offer clients more value-add and represent more attractive acquisition opportunities



Private Equity Interest

- » Accounting firms boast attractive business models with organic and inorganic growth opportunities
- » Recent Irish M&A activity has been driven by UK-based private equity-backed companies, however, Irish private equity is gaining traction
- » Please see next slide and slides 21-25



Consolidation for Scale

- » Private equity-backed companies and large corporates possess the resources and budgets to invest in expanding geographical footprint and adopting cutting-edge technology
- » This is driving small and medium-sized firms to seek mergers or acquisitions to maintain competitiveness

Private Equity's Influence

Compelling blend of stability and growth for high returns

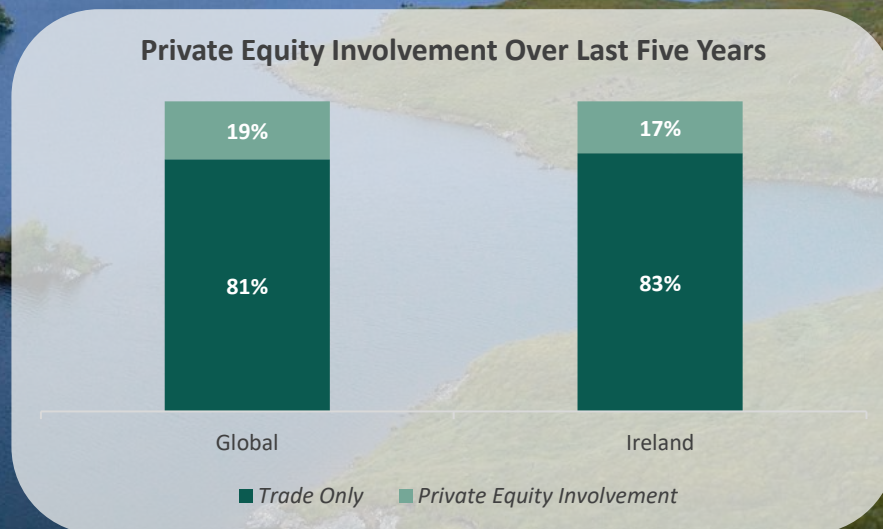
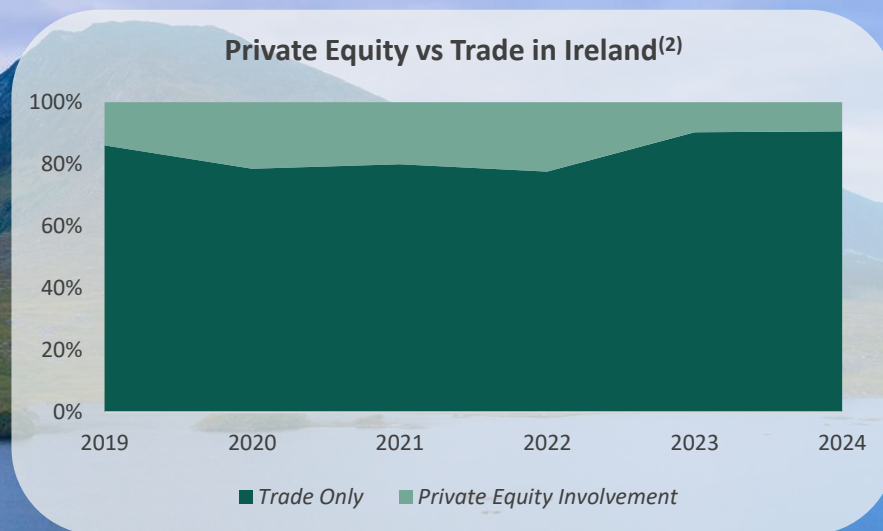
Private equity is attracted to accounting services by favourable financial characteristics such as stable profitability and low capex, opportunities for consolidation and upside from technology investment to optimise efficiency.

Furthermore, many accounting firms are shifting from a partnership structure in favour of private equity backing to accelerate growth initiatives. Traditional partnership structures limit the ability to scale and hinder talent retention of younger professionals who are deterred by the timeline to reach partner level and the associated cost to buy in.

New Mountain Capital ('NMC'), a US private equity firm who has completed two landmark transactions in the past twelve months, views the sector as aligning with its investment philosophy of 'a-cyclical' and 'defensive'.

- » In May 2024, NMC made an investment in Grant Thornton US which supported the merger of Grant Thornton's non-audit businesses in Ireland and the US. NMC has outlined plans to grow the business through investment in technology, talent and new service line capabilities
- » Separately, NMC recently sold US-based accounting firm, Citrin Cooperman, for 15x EBITDA at a valuation of \$2bn having paid 11x in 2021. Revenue grew by \$500m over that period to reach \$850m at the time of sale, driven by bolt-on acquisitions of regional accounting firms and heavy investment in technology⁽¹⁾

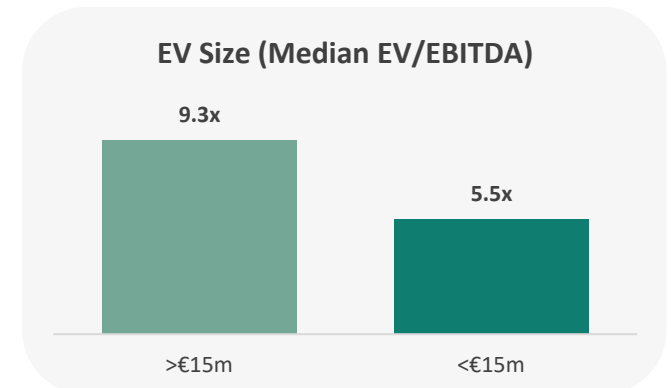
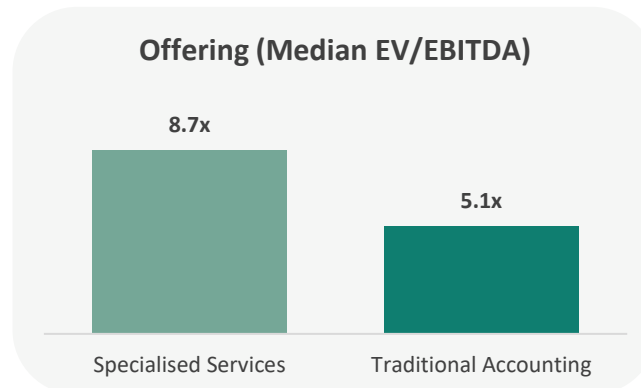
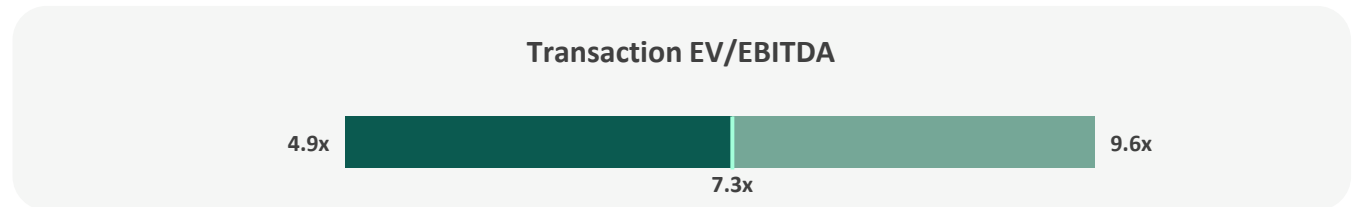
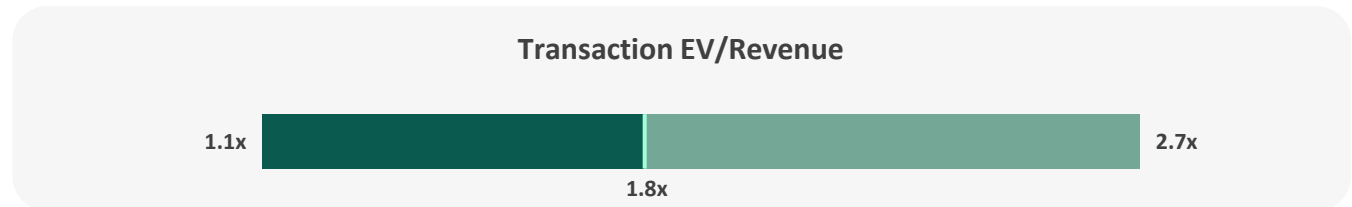
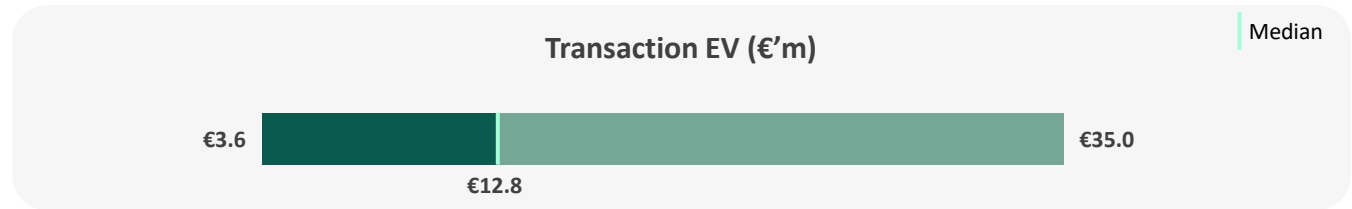
Despite significant returns, the influx of private equity brings challenges to business owners such as high debt levels, a reasonably short-term focus on growth strategy and reduced control for founders. Moreover, private equity firms often impose stringent operational oversight in the form of board seats and financial KPI targets to ensure their return on investment. Nonetheless, private equity investments bring numerous benefits to accounting services firms such as access to capital, operational expertise and strategic growth opportunities.



Valuation Analysis

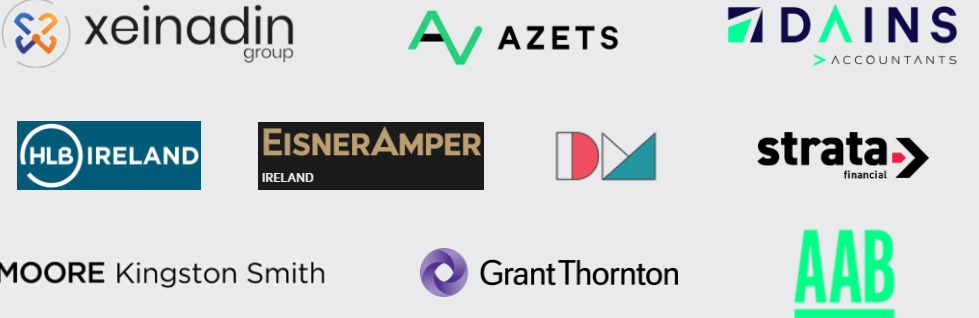


An analysis of c.50 lower to mid-market transactions in accounting services across the UK since 2019

- » We have conducted a valuation analysis of UK accounting services transactions, given the UK market is larger and provides a greater wealth of valuation data than Ireland
- » M&A activity indicated an interquartile enterprise valuation ('EV') range of €3.6m up to €35.0m, however, most deals were concentrated at the lower end with a median EV of €12.8m
- » This is indicative of a highly fragmented market, which suggests smaller regional accounting firms are the primary targets (a trend which is gaining increased transaction in Ireland in recent years)
- » There is a clear valuation premium for scale and specialised service offerings. Companies engaging in specialist services such as restructuring or tax command higher valuations, along with larger firms comprised of more diversified and corporate customer bases











Investor Universe

Strategic and financial buyers have been active in the Irish accounting services market

Category	Rationale	Active Buyers
<p>PE-Backed Consolidators</p>	<p>Private equity-backed companies who rapidly grow through inorganic expansion via roll-up strategies following an initial platform acquisition</p>	
<p>Big Four and Multinational Firms</p>	<p>Highly acquisitive to expand service offerings and drive digital transformation</p>	
<p>Other Trade Players</p>	<p>Although more opportunistic, acquisitions are used to enhance geographical presence and service offering, usually funded by a mix of company cash and external debt financing</p>	

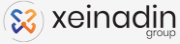







Roll-up Plays by PE-backed Consolidators (1)

Recent M&A activity in Ireland has been primarily driven by the roll-up strategies of several leading PE-backed consolidators

Buyers	Select Targets	Description
		<ul style="list-style-type: none"> » Backed by Hg and PAI Partners, Azets has made three cornerstone transactions in Ireland » Acquired Baker Tilly in Mar-23, establishing Azets' presence in Ireland to benefit from the country's strong trading ties, business connections and resilient economy » Merged with PKF O'Connor Leddy & Holmes and Cooney Carey more recently
<p>MOORE Kingston Smith</p>		<ul style="list-style-type: none"> » Waterland-backed and UK-based, Moore Kingston Smith, acquired Cork-based, Moore Ireland, to bolster international reach and better provide comprehensive support to clients » Moore Ireland is executing a "buy and build" expansion plan, evidenced by the recent bolt-on of DHKN in Galway, the largest mid-market consolidation with a combined team of 240
		<ul style="list-style-type: none"> » August Equity-backed accounting firm, AAB, acquired Newry-based and all-Ireland firm, FPM, to enter Irish market, adding Ireland to its regional hubs in England and Scotland » Actively seeking bolt-on opportunities to bolster its organic growth in Ireland with a focus on client quality and retention as seen by the acquisition of Ormsby & Rhodes in Jan-25
<p>RENATUS</p>		<ul style="list-style-type: none"> » Renatus, an Irish private equity investor, recently acquired Strata Financial, with a focus on being a truly Irish-owned, full-service provider » Strata Financial was formed by the merger between OCC and DKC Accountants (both Dublin-based) in 2022, growing further through merging with Duignan McCarthy O'Neill
		<ul style="list-style-type: none"> » Specialist accounting firm EisnerAmper Ireland, an independent member of EisnerAmper Global, received investment for growth from Irish private equity investor, MML Ireland » The minority investment will fuel strategic plans including the development of client offerings and regional growth with a west of Ireland office opening in Sligo soon












Roll-up Plays by PE-backed Consolidators (2)

Recent M&A activity in Ireland has been primarily driven by the roll-up strategies of several leading PE-backed consolidators

Buyers	Select Targets	Description
		<ul style="list-style-type: none"> » Exponent-backed Xeinadin has made 30+ acquisitions since 2022 in the UK and Ireland with a focus on regional expansion and a commitment to invest €40m+ in Ireland over 2024-25 » Xeinadin offers extensive digital transformation and back-office support to targets
		<ul style="list-style-type: none"> » Horizon Capital-backed Dains acquired McInerney Saunders to enter Irish market after consolidating in the UK, with plans to grow Irish presence through strategic acquisitions » Dains sees Ireland as a dynamic and growing market and the acquisition enhances its expertise and local insight in the Irish market
 <p>Key Capital advised</p>		<ul style="list-style-type: none"> » In 2021 London-based private equity firm Synova acquired a majority stake in DM Financial, an Irish provider of specialist accounting services to the global asset management industry » Synova has since made several bolt-on acquisitions including Solutional (Dutch-based) and Phoenix PSF (Luxembourg-based) to accelerate growth and expand both its geographic presence and service offering
		<ul style="list-style-type: none"> » Irish investor Cardinal Capital recently acquired HLB Ireland which had already been actively consolidating with 6 acquisitions including IT services provider FutureRange » The combined group has plans for a buy-and-build strategy with accountancy, business advisory and tech companies to offer a differentiated service







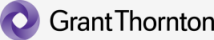

Big Four Expansion

Big 4 firms are acquiring companies to expand capabilities and service offerings

Buyers	Select Targets	Description
	 	<ul style="list-style-type: none">» Deloitte Ireland has been actively expanding its consulting and tax division. Recent deals in Ireland include; Cahill Taxation Services (2022), and cloud technology consulting company DNM (2020)
		<ul style="list-style-type: none">» EY Ireland acquired Client Solutions in 2022 to provide software and IT consultancy services to large enterprises» Also launched a standalone legal services entity in 2021 led by former Eversheds Sutherland Ireland managing partner, Alan Murphy
	 	<ul style="list-style-type: none">» In 2023, PwC Ireland acquired boutique tax practice, Twomey Moran, to boost its private tax offering» PwC Ireland also bolstered its regulatory compliance offering with the acquisition of RegTech solution, KYC-Pro, from FSCoM in 2019
	 	<ul style="list-style-type: none">» KPMG Ireland has sought to acquire further capabilities in the planning and construction industry through the acquisition of Future Analytics in 2020 and KMCS in 2022» Also launched its standalone law division in 2022 (as did EY), led by John Given with a current headcount of 70+



Other Acquisitions of Note (1)

Other large and small accounting practices across Ireland have utilised M&A as part of their growth strategy

<u>Buyers</u>	<u>Select Targets</u>	<u>Description</u>
		<ul style="list-style-type: none">» RSM UK acquired its sister firm RSM Ireland in November 2023 for a reported c.€20m. RSM Ireland is seeking to double its current size to create 200+ jobs over 3 years» RSM UK is expected to merge with its American sister company to deliver enhanced quality and integrated service offerings for the middle market (similar to Grant Thornton's merger)
		<ul style="list-style-type: none">» ETL Global acquired a 51% stake in Dublin-based Noone Casey in early 2023, and have subsequently gone on to acquire two further bolt-ons in Wexford and Dublin» ETL has plans to acquire 51% of up to 20 independent Irish accounting practices in the coming years with a focus on strong regional presence or significant sectoral expertise
		<ul style="list-style-type: none">» IFAC is an agriculture-focused professional services firm which made two strategic acquisitions in 2024 after acquiring Friel Stafford in 2023 to grow to 30 offices nationwide» Focusing on acquiring specialist practices that can integrate into the broader group whilst broadening its service offering
		<ul style="list-style-type: none">» In 2022, Grant Thornton Ireland invested €12.5m in digital identity SaaS platform, Valid8Me, recognising its complementary service offering and overlapping client base» Following a majority stake sale to private equity investor New Mountain Capital, Grant Thornton US and Ireland have merged its non-audit businesses

Other Acquisitions of Note (2)

Other large and small accounting practices across Ireland have utilised M&A as part of their growth strategy

<u>Buyers</u>	<u>Select Targets</u>	<u>Description</u>
		<ul style="list-style-type: none">» Shortly before joining global accounting network PKF Global and rebranding, Brenson Lawlor made its first acquisition, DLT Accountants, in May 2024» The strategic move broadened its service offering and level of expertise whilst also acquiring a strong client base and a highly skilled team
		<ul style="list-style-type: none">» Forvis Mazars recently acquired Cork-based James Byrne & Co to establish a presence in Cork and offer a more comprehensive network and range of services in Ireland» Plans to grow to 150 employees in the Southwest in the next two years
		<ul style="list-style-type: none">» Baker Tilly network firm, MHA, acquired Roberts Nathan in Jul-24 to form Baker Tilly Ireland after Azets acquired its previous network firm, enabling MHA's expansion into Ireland» Aiming to grow organically to 170 people and is seeking strategic acquisitions of smaller firms, potentially in the North or Connacht

Sector Credentials

Key Capital and IMAP have demonstrated global experience in accounting services transactions

INVESTCORP
PSP
Investments
Private equity investors
United States

Strategic investment in

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
Accounting practice
United States

IMAP
ADVISED ON RECEIPT OF INVESTMENT

FITZ
Secondment & BPO services
Netherlands

Acquired 100% of business operations

fit
Accounting and financial services
Netherlands

IMAP
ADVISED ON SALE OF COMPANY

TMF GROUP
Global administrative services
Brazil

Acquired 100% of business operations

PARATY CAPITAL
Fund administration services
Brazil

IMAP
ADVISED ON PURCHASE OF COMPANY

SYNOVA CAPITAL
Private Equity
United Kingdom

Acquired majority control of

Doran + Minehane
Specialist accounting services
Ireland

KEY CAPITAL
ADVISED ON PURCHASE OF COMPANY

In Nov-24, Capstone Partners (IMAP's US partner) advised PKF O'Connor Davies, a top 25 US accounting firm who is a member of PKF Global, on its strategic growth investment from Investcorp and PSP Investments

- » **Strategic rationale for the private equity investment:** "The strengthened balance sheet provides flexibility for increased M&A activity as well as investing in cutting-edge technology and new service lines"
- » **Director, Erik Larson, discusses M&A trends in accounting services in the US:** "The Accounting Services sector is experiencing a surge of investment from private equity. Such partnerships have benefited sellers through diversification of service offerings, modernisation of compensation structures, and investment to increase efficiency through offshoring and technology. Sellers will find a deep pool of motivated buyers eager to secure their platform investment in the space"

Cherry Bekaert
Assurance, tax and advisory firm
USA

Acquired 100% of business operations

accume partners
Audit, risk and compliance support
USA

IMAP
ADVISED ON SALE OF COMPANY

MERCATOR SEARCH GROUP
Search fund
USA

Acquired 100% of business operations

CHARTER IMPACT
Financial and accounting services
USA

IMAP
ADVISED ON SALE OF COMPANY

TMF GROUP
Global administrative services
Netherlands

Acquired 100% of business operations

UCMS GROUP
Payroll and accounting services
Cyprus

IMAP
ADVISED ON SALE OF COMPANY

Conclusion

Key considerations for private owners of accountancy firms



Who will buy my business?

- » Pool of buyers predominantly stems from **private equity**
- » Irish private equity firms are beginning to transact, however, most of the activity in recent years has been driven by private equity-backed companies based overseas



What is a buyer looking for?

- » Targets of scale (>€5m turnover) with a **strong regional presence** offer the most compelling investment opportunities and command higher valuations
- » Smaller companies do transact, but international interest would be limited unless the buyer finds a compelling investment rationale such as geographical expansion or a **specialist service offering**



What percentage can I sell?

- » Given pure-play trade buyers are less prevalent, the ability for sellers to **fully exit is limited**
- » Private-equity related investment vehicles typically require sellers to remain in the business post-acquisition to drive operations and assist with integration



What equity options are available?

- » The selling entity's management should seek '**sweet equity**' shares which is a form of incentive equity designed to align interests with the private equity firm
- » It is often beneficial for selling shareholders to '**roll**' or reinvest a portion of their consideration into the private equity vehicle to partake in future upside



What can I do to best prepare for sale?

- » Engage financial and legal advisors **12-24 months pre-sale** to identify any pitfalls that may arise in a sales process
- » Ensure a **strong reporting function** and **secondary management team** is in place to understand the financial drivers of the business and expedite the due diligence phases



4. Appendix

Appendix: Public Company Dataset

Benchmarking conducted using a sample public companies across 8 key sub-sectors of professional services

Financial

Firms providing banking, insurance, investment management and advisory services

- » Westwood Holdings Group, Inc.
- » Silvercrest Asset Management Group Inc.
- » LPL Financial Holdings Inc.
- » Diamond Hill Investment Group, Inc.
- » JTC PLC
- » Mattioli Woods plc
- » Aallon Group Oyj
- » Administer Oyj
- » FRP Advisory Group plc
- » Marsh & McLennan Companies, Inc.
- » OVB Holding AG
- » Fiserv, Inc.
- » Hargreaves Lansdown plc
- » Aon plc

Communication

Media, advertising, public relations, and telecommunications companies

- » Live Nation Entertainment, Inc.
- » Cinemark Holdings, Inc.
- » Warner Bros. Discovery, Inc.
- » Banijay Group N.V.
- » The New York Times Company
- » Ströer SE & Co. KGaA
- » ITV plc
- » Ipsos SA
- » WPP plc
- » Vivendi SE
- » Warner Music Group Corp.
- » Akamai Technologies, Inc.
- » Comcast Corporation
- » The Interpublic Group of Companies, Inc.
- » Charter Communications, Inc.
- » Omnicom Group Inc.
- » Fox Corporation
- » MFE-Mediaforeurope N.V.

Consulting

Management, strategy, technology, and financial consulting firms

- » Elixirr International plc
- » Alpha Financial Markets Consulting plc
- » Marlowe plc
- » Clarivate Plc
- » Huron Consulting Group Inc.
- » Arcadis NV
- » FTI Consulting, Inc.
- » Ricardo plc
- » Booz Allen Hamilton Holding Corporation
- » Multiconsult ASA
- » Willdan Group, Inc.
- » ICF International, Inc.
- » Franklin Covey Co.
- » Bureau Veritas SA
- » SGS SA
- » Forrester Research, Inc.
- » Enento Group Oyj
- » Jacobs Solutions Inc.

Healthcare

Organisations offering medical, pharmaceutical, and healthcare management services

- » Molina Healthcare, Inc.
- » UnitedHealth Group Incorporated
- » Elevance Health, Inc.
- » Cardinal Health, Inc.
- » Humana Inc.
- » Cencora, Inc.
- » Centene Corporation
- » Encompass Health Corporation
- » CVS Health Corporation
- » McKesson Corporation
- » HCA Healthcare, Inc.
- » Universal Health Services, Inc.
- » Henry Schein, Inc.
- » The Cigna Group
- » Tenet Healthcare Corporation
- » Fresenius Medical Care AG
- » DaVita Inc.
- » Quest Diagnostics Incorporated
- » Labcorp Holdings Inc.
- » Fresenius SE & Co. KGaA

IT

Technology providers, software firms, and IT consulting companies

- » Kyndryl Holdings, Inc.
- » Paycom Software, Inc.
- » Alphabet Inc.
- » Meta Platforms, Inc.
- » Capgemini SE
- » Sopra Steria Group SA
- » Accenture plc
- » Bechtle AG
- » ASGN Incorporated
- » Softcat plc
- » CGI Inc.
- » Amdocs Limited
- » Cognizant Technology Solutions Corporation
- » International Business Machines Corporation

HR & Recruiting

Talent acquisition, workforce management, and HR consulting services

- » Learning Technologies Group plc
- » Benefit Systems S.A.
- » PageGroup plc
- » Korn Ferry
- » Insperity, Inc.
- » First Advantage Corporation
- » Robert Half Inc.
- » Alight, Inc.
- » Hays plc
- » Randstad N.V.
- » Adecco Group AG
- » TriNet Group, Inc.
- » Barrett Business Services, Inc.
- » Kforce Inc.
- » ManpowerGroup Inc.

Legal

Law firms and legal service providers offering corporate, regulatory, and advisory expertise

- » Allcore S.p.A.
- » Talenom Oyj
- » Keystone Law Group plc
- » Knights Group Holdings plc
- » Gateley (Holdings) Plc
- » CRA International, Inc.
- » Resources Connection, Inc.
- » Wilmington plc

Real Estate

Property management, real estate investment, and infrastructure advisory firms

- » WSP Global Inc.
- » Foxtons Group plc
- » Information Services Corporation
- » Colliers International Group Inc.
- » Stantec Inc.
- » Sweco AB (publ)
- » CBRE Group, Inc.
- » Savills plc
- » Jones Lang LaSalle Incorporated
- » AtkinsRéalis Group Inc.
- » Cushman & Wakefield plc
- » Mountview Estates P.L.C.
- » Anywhere Real Estate Inc.
- » LSL Property Services plc

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