

Acquisition The transaction shall consolidate the company as the fifth largest audit company in Brazil

BDO incorporates Baker Tilly's operations

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The audit and consulting company BDO will incorporate the major part of Baker Tilly's operations in Brazil. The transaction, formalized this Friday, includes the São Paulo, Rio de Janeiro and Ribeirão Preto (SP) offices, which total an estimated turnover of R\$ 33 million for this year and 250 professionals.

With the transaction, the company resulting from this business combination should end the year with nearly R\$ 160 million in revenues and about 1.3 thousand professionals, as informed by the companies.

The merger shall consolidate BDO as the fifth largest company of the sector in the country, though in a far position from the other four big companies of the sector - PwC, Deloitte, EY, and KPMG - repeating the market situation globally.

"We are very pleased to add to our team competent professionals, who are recognized in the market, and we will have a good mix of young and more experienced personnel", said Raul Corrêa da Silva, Chairman and CEO of BDO.

According to the International Accounting Bulletin's ranking, Grant Thornton held the fifth position until last year, with revenues of R\$ 140 million - but the market considers that the most relevant portion of this revenue comes from its outsourcing division, with a small portion of auditing services.

Oswaldo Nieto and Ricardo Rodil, who were among the main partners at Baker Tilly in Brazil, will join BDO's team. Eduardo Tavares is another partner from Baker Tilly that shall have a leadership position.

The negotiation does not foresee payment by BDO to Baker Tilly's team, but only the sum of operations. And since the weight of turnover contribution is close to 80%/20%, this division shall also represent the corporate structure and be reflected in the executive committee, as Rodil explained to **Valor**.

According to him, who is committed to stay for at least seven years in the company, the "marriage to BDO is perfect" and provides better conditions for the Company to fight in the upper middle market segment. Additionally, Rodil highlights that the merger provides opportunity of faster professional growth to the team Barker Tilly was forming.

In addition to the three offices that were merged, Baker Tilly Brazil has operations in Belo Horizonte, Brasília, Curitiba, Manaus, Porto Alegre, Recife and Vitória. These other units are independently managed and may continue in the current network or negotiate a migration to BDO, if they wish to.

The Brazilian BDO had to be recreated after KPMG acquired the operations of the former BDO Trevisan in March 2011. The international network then joined RCS, leaded by Raul Corrêa da Silva, at that time a partner of Crowe Horwarth.

At the time of the network swap, RCS had a turnover of R\$ 40 million and has significantly grown since then, although without big acquisitions.

The growth strategy was mainly based on focusing on small and medium sized companies and opening regional offices; there are currently 21, a larger number than the one recorded by the Big Four.

Regaining as clients relevant public companies, such as JBS and Marfrig, that were unable to continue with KPMG due to the mandatory rotation, also helped.

Silva has revealed that the talks lasted almost one year. To dedicate to the merger, he even abdicated his duties at the Brazilian soccer club Corinthians, his great passion. Who knows Silva, can imagine how difficult that was.