



— OUT OF THE ORDINARY

Our insights on the Consulting sector

September 2023



CMI's International Consulting practice

Our global reach can provide direct access to bidders in all key territories

UK & Europe



>130

M&A professionals

9

European offices



Ervin Schellenberg
Managing Partner



Jean-Arthur Dattée
Managing Partner



Will Godfrey
Managing Director

US



>160

M&A professionals

8

US offices



Brendan Curran
Managing Director



Justin Loeb
Head of Small & Mid-Cap
Private Equity Coverage

India



>35

M&A professionals

1

India office



Amit Bhaiya
Managing Director

Australia



Australia



Ze Min Hu
Managing Director,
Business Services

South Africa



South Africa



Marc Ackerman
Head of Corporate Finance

>€25bn

In M&A transactions (last 5 years)

65%

Sell-side transactions

>280

Transactions (last 5 years)

60%

of transactions involved financial sponsors

>375

M&A professionals worldwide

45%







Cross-border transactions

Highly relevant experience

Recent and relevant deal experience with European consulting businesses as well as US, UK and European private equity and strategic trade







Consulting deals

Leading sector expertise across the consulting services and human capital management market enables us to position best our clients

 Sold to  Sell-side adviser November 2021	 Sold to  Sell-side adviser October 2021	 Acquired  Buy-side adviser May 2021	 Sold to  Sell-side adviser April 2021	 Sold to  Sell-side adviser July 2020
--	---	---	---	--

US private equity and trade deals

Relevant experience across a range of sell-side transactions involving US bidders ensures that we have the right contacts and global expertise

 Sold to  Sell-side adviser February 2023	 Sold to  Sell-side adviser November 2022	 Sold to  Sell-side adviser February 2021	 Sold to  Sell-side adviser March 2019
--	--	--	---

UK and European private equity deals

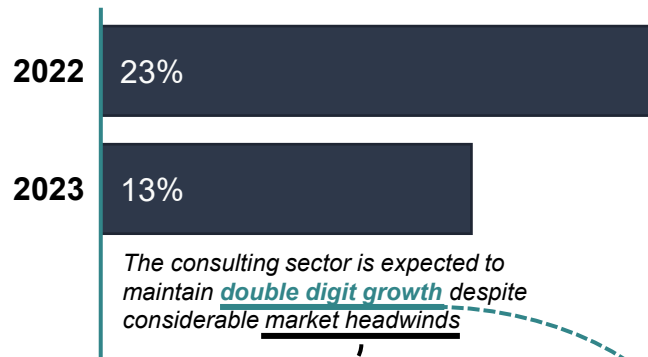
Relevant experience across a range of sell-side and buy-side transactions involving UK and European bidders and investors

 Sold to  Sell-side adviser February 2023	 Invested in  Sell-side adviser October 2022	 Sold to  Sell-side adviser July 2022	 Invested in  Buy-side adviser April 2021
--	---	--	--

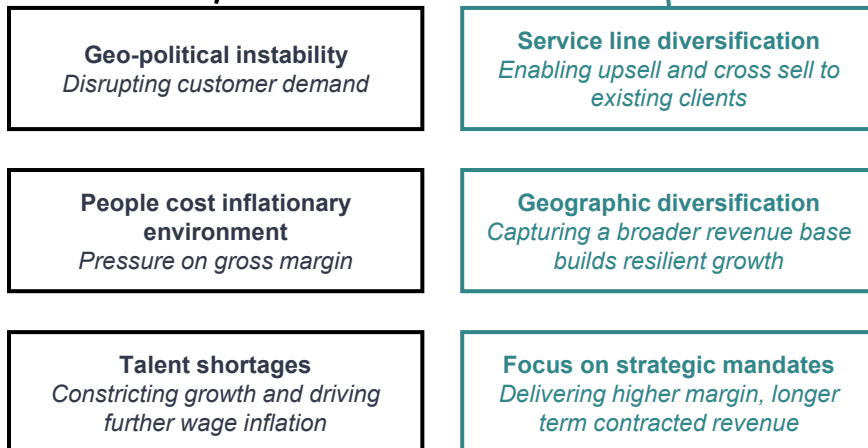
Resilience underpinning double digit market growth

The UK consulting market is expected to grow at 13% in 2023, driven by a continued diversification in client offering across both geographies and service lines

Consulting sector growth¹

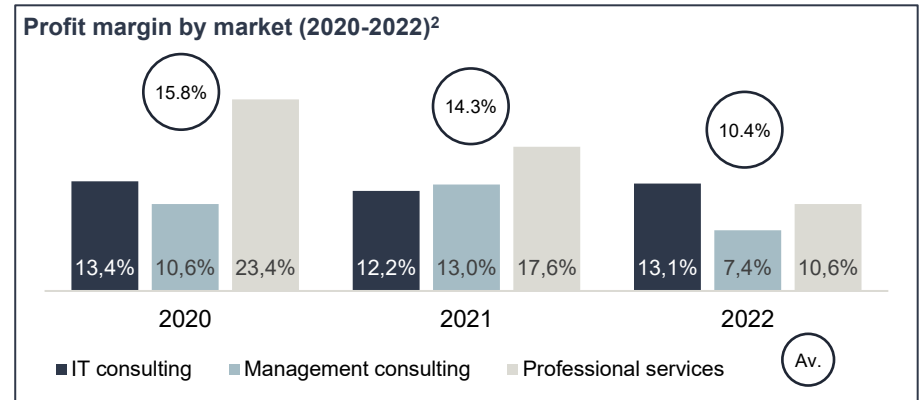


The consulting sector is expected to maintain **double digit growth** despite considerable **market headwinds**



Resilience and agility are necessary attributes for 2023

Profitability softened in the consulting markets in 2022 as people cost pressures increased



Successful consultancies are focussing on building resilience and agility into their core operating model to withstand future margin pressure:

- Investing in digital technologies to improve efficiencies, including AI (Accenture acquired generative AI platform Writer in September 2023)
- Firms have focussed on broadening their service offering, whether through M&A or strategic partnerships to build diversified revenues
- Investing in business performance insights to uncover and manage cost trends
- Focus on longer term, higher quality client relationships with greater lifetime fee value

Consolidation continues across all market segments

Overview, select M&A activity and outlook across the main market segments

Management consultancies

The worldwide market for management consulting services is estimated to be worth more than \$130 billion

Consolidation in the management consultancy space is driven by client demand for a one-stop-shop solution, leading firms to target acquisitions that broaden capabilities or geographies

Recent M&A transactions:



Operational consultancies

Approximately 30% of the global consulting market is represented by projects targeting operational, systems and value chain improvements

Recent nearshoring activities and the conflict in Ukraine are catalysts driving demand. Trends relating to AI and big data are set to open up new dimensions of operational consulting

Recent M&A transactions:



Financial services consultancies

Financial services consulting has proven highly resilient, with ongoing change in regulation, client's focus on minimising fixed cost and financial frameworks driving growth

The consolidation demand is twofold, with organisations bolstering existing capability to scale in new markets or as platforms try and enter the segment to access new, global clients

Recent M&A transactions:



Digital consultancies

Digital and transformation consulting is yet to hit maturity and exhibits growth rates among the highest across the wider consulting market

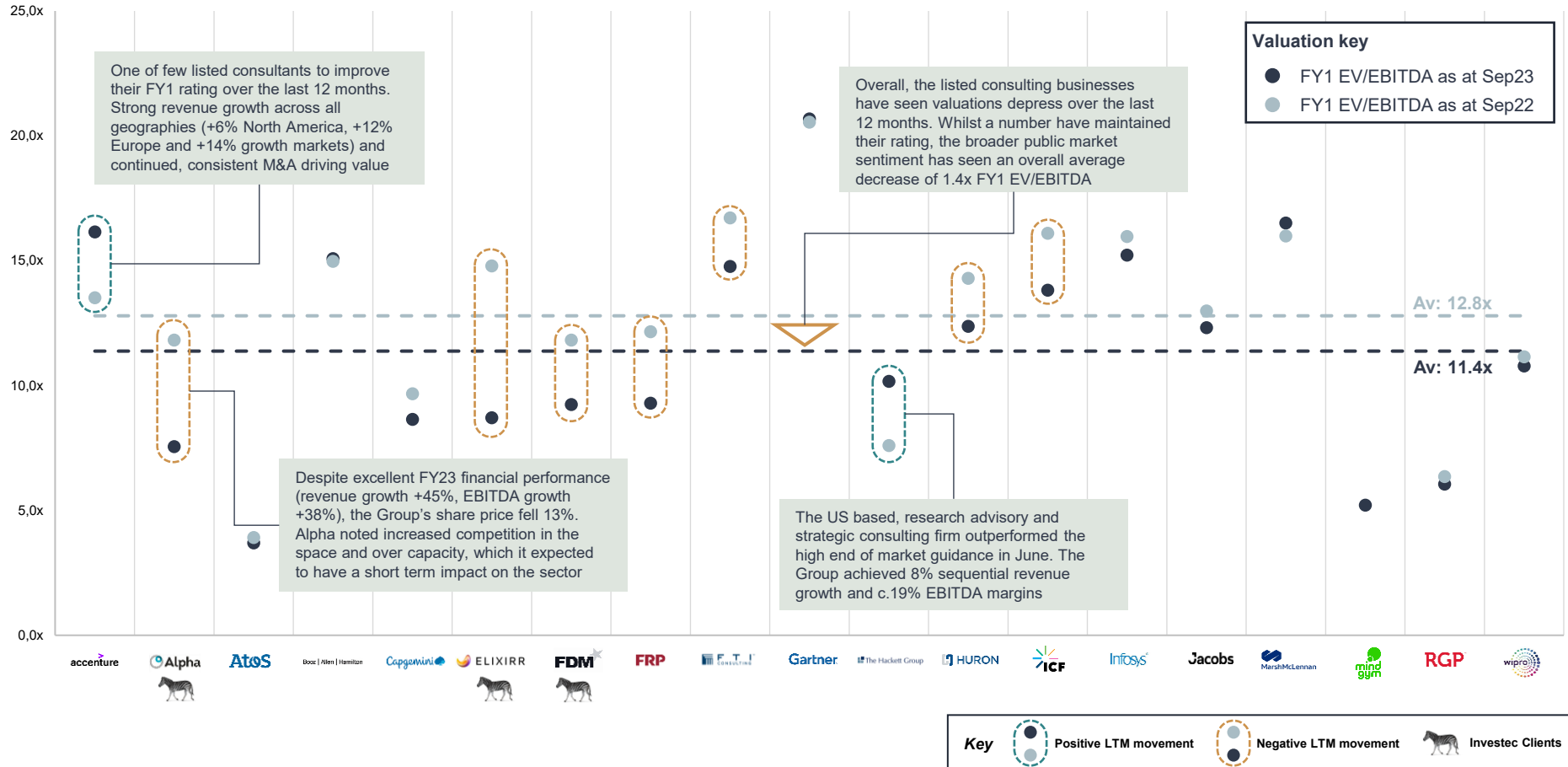
Consolidation in this segment is driven by client organisations adapting reactively to the post-pandemic era and proactively in the design of technology enabled operating models

Recent M&A transactions:



Listed consulting market valuations

Valuations are marginally down compared to September 2022, despite robust performance, reflecting the influence of broader macro factors



This document and any attachments (including any e-mail that accompanies it) (together, "this document") is for general information only and is the property of Investec Bank plc ("Investec"). Investec is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Investec is registered in England and Wales (Reg. no. 489604) with its registered office at 30 Gresham Street, London EC2V 7QP. Whilst all reasonable care has been taken to ensure that the information stated herein is accurate and opinions fair and reasonable, neither Investec nor any of its affiliates or subsidiaries or any of its or their directors, officers, employees or agents ("Affiliates") shall be held responsible in any way for the contents of this document. This document is produced solely for your information and may not be copied, reproduced, further distributed (in whole or in part) to any other person or published (in whole or in part) for any purpose without the prior written consent of Investec. Making this document available in no circumstances whatsoever implies the existence of an offer or commitment or contract with Investec or any of its Affiliates for any purpose.

No representation or warranty, express or implied, is or will be made and no responsibility or liability is or will be accepted by Investec or its Affiliates in relation to the accuracy, reliability, suitability or completeness of any information contained in this document and any such liability is expressly disclaimed. This document does not purport to be all inclusive or to contain all the information that you may need. Investec gives no undertaking to provide the recipient with access to any additional information or to update this document or any additional information, or to correct any inaccuracies in it which may become apparent.

This document does not take into account the specific investment objectives, financial circumstances or particular needs of any recipient and it should not be regarded as a substitute for the exercise of the recipient's own judgement and due diligence. Investec does not offer investment advice or make any investment recommendations. Recipients of this document should seek independent financial advice regarding the appropriateness or otherwise of investing in any investment strategies discussed or recommended in this document and should understand that past performance is not a guide to future performance, and the value of any investments may fall as well as rise.

Investec expressly reserves the right, without giving reasons therefore, at any time and in any respect, to amend or terminate discussions with the recipient of this document without prior notice and hereby expressly disclaims any liability for any losses, costs or expenses incurred by such recipient.

