

KPMG delivers strong growth and record revenues for FY14

- Strong growth of 6.3% leads to record global revenues of US\$24.8 billion
- Hired 18,000 new graduates, total workforce grew to 162,000, up from 155,000 in FY13
- Maintained a multi-year, US\$600 million, investment program to continuously enhance the KPMG audit
- Significant investment and acquisitions in Data & Analytics capabilities

LONDON Wednesday 10 December 2014: KPMG International today announced record-high aggregated network revenues of US\$24.82 billion for the fiscal year ending 30 September 2014, representing a 6.3% increase in local currency terms over the previous year.

“The companies we serve are operating in an increasingly complex, global and rapidly changing environment, which demands that we provide a broad range of services and solutions, seamlessly and consistently across the world. The quality and breadth of professional services we offer, combined with significant investments we’ve made to strengthen and broaden our services and capabilities, has enabled us to achieve strong and sustainable growth in 2014. At the same time, we have recruited 18,000 graduates and grown our headcount to 162,000 professionals.” said John B Veihmeyer, Chairman, KPMG International.

Strong regional results

The Americas delivered strong growth over the prior year, with revenues rising by 10.1%, driven by a 15.1% growth in Advisory revenues, 8% increase in Tax and an 8.7% increase in Audit revenues.

Europe Middle East and Africa (including India) revenues grew by 4.7%, with strong growth in Ireland, Spain, Switzerland and the UK, as many of the region's leading economies returned to growth.

The Asia Pacific region realized revenue growth of 3.8%, a positive performance in the context of the challenging economic conditions for many of the region’s leading economies.

KPMG has a longstanding commitment to supporting clients in the world's fastest growing economies and this focus drove 17.8% annual growth in revenues in India, 11.1% in the Middle East, 10.5% in Africa, 8.0% in ASEAN and 7.3% in China.



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Growth in Audit, Tax and Advisory

KPMG saw increased growth in FY14 in Audit, Tax and Advisory.

Audit

Audit performed strongly, with member firm revenue increasing 3.8% to US\$10.46 billion, up from 1.2% growth in the prior year. This growth was achieved against the backdrop of a global market for audit and assurance services which has become increasingly competitive and challenging. We continue to see intense price pressure on audit engagements and the introduction of European Union audit reforms is driving an unprecedented level of audit tenders.

"The US\$600 million multi-year investment to continuously enhance the quality of the KPMG audit, was maintained and extended, and we were proud to win a number of significant audit appointments including: American Airlines, Mapfre, ING, Panasonic, Renault and Vale." said John Veihmeyer.

Tax

Tax revenues grew 6.1% to US\$5.27 billion, up from 4.2% in FY13, driven by an increased demand for tax compliance and tax advisory services in all three of our regions.

KPMG continued to lead the way in the global dialogue on the future evolution of tax transparency and morality, with KPMG experts contributing research, thought leadership and articles to further this important debate. KPMG's publicly available [Global Tax Principles](#) sets out the standards which KPMG tax professionals follow in their work delivering tax services for their clients.

Advisory

Total Advisory revenues for the year were up by 10.4% to US\$9.09 billion, up from 6.5% in FY13, driven by:

- Strengthening demand for KPMG's Management Consulting services, which delivered 9.6% growth.
- Risk Consulting services which grew 12.3% from FY13.
- Transactions and Restructuring, where increased demand from a more active market delivered growth of 10.8%.

Investing for future growth

KPMG is at the mid-point of a five year, US\$1 billion, global investment program aimed at developing new Data & Analytics solutions, incorporating state of the art technology and investing in high growth markets. As an example, in the past two weeks, KPMG has in the U.K. announced a strategic alliance with McLaren,



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which will apply McLaren Applied Technologies' ('MAT') predictive analytics and technology to KPMG's audit and advisory services, and taken an equity stake in Bottlenose, the market leading real time trend intelligence company.

KPMG also completed a number of other significant transactions through FY14 with respect to:

- SAFIRA, widely regarded as one of the world's leading provider of IBM's Business Process Management services (KPMG in Portugal)
- Cynergy, a pioneering digital and mobile technologies company (KPMG in the US)
- Qubera, a cyber-security firm providing services to many Fortune 500 and Global 2000 companies (KPMG in the US & UK)
- Rothstein Kass, a leading US-based provider of professional services to hedge funds and the Alternative Investment industry (KPMG in the US).

A leading choice for talent

KPMG has maintained its long-standing focus on recruiting top talent in FY14, recruiting a record high of 54,000 graduates and experienced hires, including 350 new partners who joined from outside. KPMG's global workforce grew by almost 7,000 to over 162,000 partners and staff, the highest number of individuals ever employed across the network.

John Veihmeyer added, "KPMG remains a leading choice for graduate talent, and we were proud to be voted in the Top 5 most attractive global employers in the annual Universum 'World's Most Attractive Employers to Work For' poll of around 200,000 degree students."

Other FY14 highlights:

- KPMG's member firms now serve more than 80% of Global Fortune 500 companies.
- KPMG Capital, the investment fund for KPMG member firms to acquire, invest or partner with innovative cutting-edge technology businesses, announced its first investments.
- Continued investment in Management Consulting, with strong capabilities in key areas like HR transformation; procurement; outsourcing & supply chain; customer & enterprise performance management; and CIO advisory.
- Continued significant investment in global Centers of Excellence including Financial Services, Government, Infrastructure, Energy & Natural Resources, Healthcare, Climate Change & Sustainability and Human Resources bringing together KPMG experts around the world to develop practical solutions for client issues.
- Simultaneous publication of KPMG's International Annual Review and Transparency Report.



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Notes to editors:

Combined revenues of KPMG member firms by region (U.S. \$ billion)

| Regions | Current | Prior | Local Growth (%) | US\$ Growth (%) |
|----------|----------------|----------------|------------------|-----------------|
| Americas | \$8.51 | \$7.88 | 10.1% | 8.0% |
| Asia | \$3.86 | \$3.90 | 3.8% | (1.0%) |
| Pacific | | | | |
| EMA | <u>\$12.45</u> | <u>\$11.64</u> | <u>4.7%</u> | <u>7.0%</u> |
| Total | <u>\$24.82</u> | <u>\$23.42</u> | <u>6.3%</u> | <u>6.0%</u> |

Functions

| | | | | |
|----------|----------------|----------------|--------------|--------------|
| Audit | \$10.46 | \$10.21 | 3.8% | 2.4% |
| Tax | \$5.27 | \$4.97 | 6.1% | 6.0% |
| Advisory | <u>\$9.09</u> | <u>\$8.24</u> | <u>10.4%</u> | <u>10.3%</u> |
| Total | <u>\$24.82</u> | <u>\$23.42</u> | <u>6.3%</u> | <u>6.0%</u> |

Average Headcount (FTE)

| | Current | Prior | |
|----------------|----------------|----------------|-------------|
| Partners | 9,137 | 8,991 | 1.6% |
| Professionals | 124,753 | 119,348 | 4.5% |
| Administration | <u>28,141</u> | <u>26,841</u> | <u>4.8%</u> |
| Total | <u>162,031</u> | <u>155,180</u> | <u>4.4%</u> |



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The following global reports have also been issued by KPMG International today:

[KPMG International Annual Review:](#)

The International Annual Review reflects on our record of achievement over the past fiscal year, demonstrating the insights and expertise of KPMG professionals and the unrelenting focus on acting with integrity and quality in everything we do.

[KPMG International Transparency Report:](#)

This report provides insights and details on how we continually strive to enhance audit quality, which is a direct reflection of our network's unwavering commitment to audit quality, an integral element of our business and culture.

[UN Global Compact – 2014 Communication on Progress:](#)

KPMG International has been a signatory to the United Nations Global Compact since 2002. The 'Communication on Progress' report describes the ways in which we are implementing the ten principles of the Compact and supporting broader development objectives.

About KPMG International

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 155 countries and have more than 162,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

The financial information set forth represents combined information of the separate KPMG member firms that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

KPMG Capital is an investment vehicle for KPMG member firms to invest in data and analytics tools and solutions. It is not open to third-party investment.