

*Forward thinking*  
Straight talking

# *Preliminary results* *Year ended 30 April 2022*

“Strong results, further growth  
and demonstrable resilience”

# *Presentation team*



***Neil Smith FCCA***

Finance Director



***Rod Waldie***

Chief Executive Officer



***Nick Smith***

Acquisitions Director

# Overview

- Strong financial performance
- 13.0% revenue growth
  - 10.9% organic growth for the Group
  - 8.7% organic growth in legal
  - 26.7% organic growth in consultancy
- Consultancy contributing 15.5% of Group revenue, now annualising at 20% or £32m
- PBT up 10.4%
- 5.5p final and 8.5p full year dividend



# *Overview cont.*

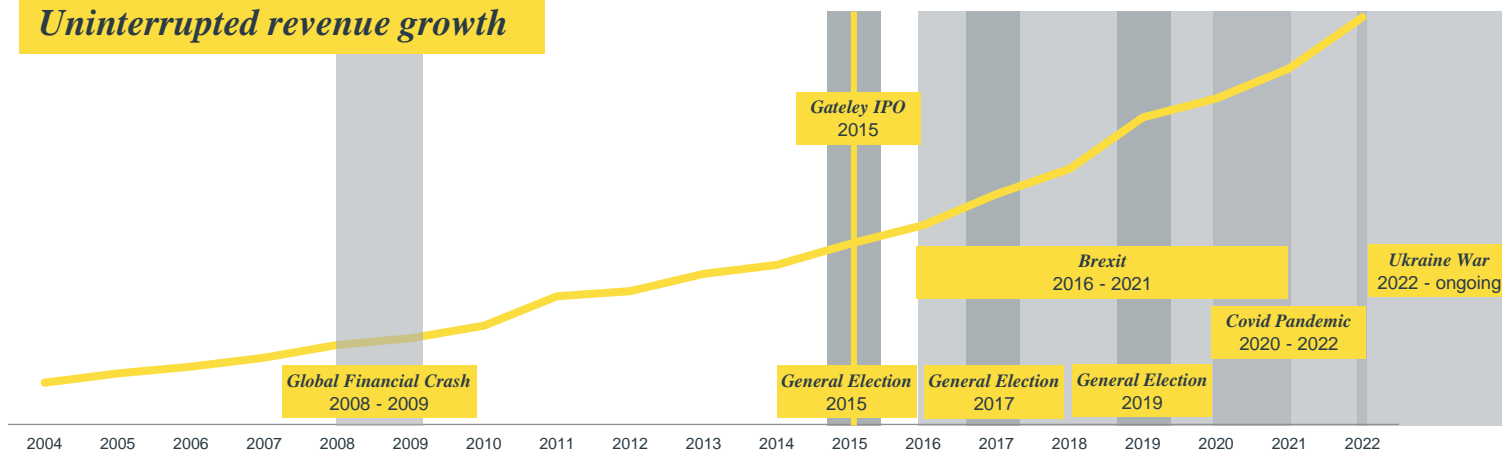
- Cost and margin control
  - Wages
  - Control measures
- Platform expansion in Year
  - Tozer Gallagher
  - Adamson Jones
  - Smithers Purslow



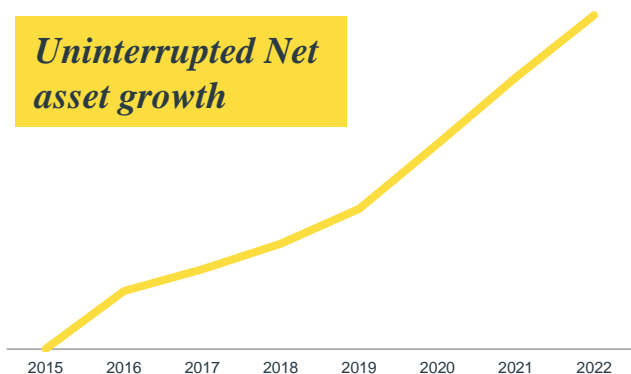
# Investment case

“deliberately designed to perform, regardless of the economic environment, and FY22’s results continue Gateley’s unbroken record of year-on-year revenue and profit growth.”

## Uninterrupted revenue growth



## Uninterrupted Net asset growth



## Dividend returns

FY 22 ANNUAL DIVIDEND

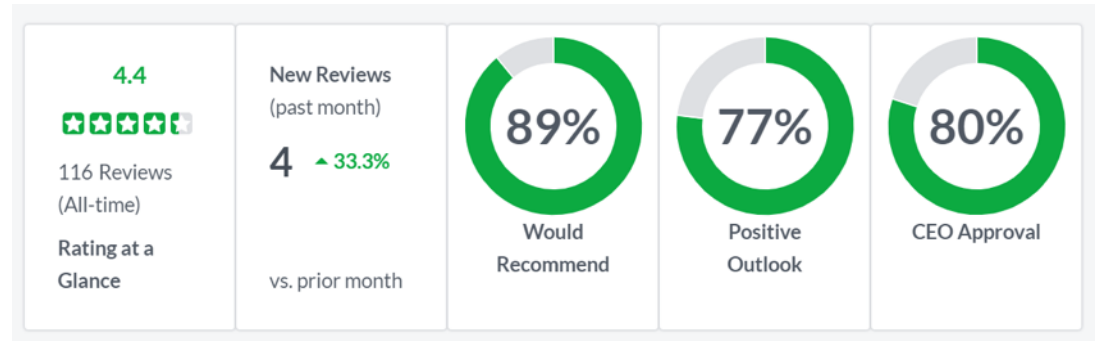
8.5p

AGGREGATE DIVIDEND SINCE IPO

43p

# People – Our most important asset

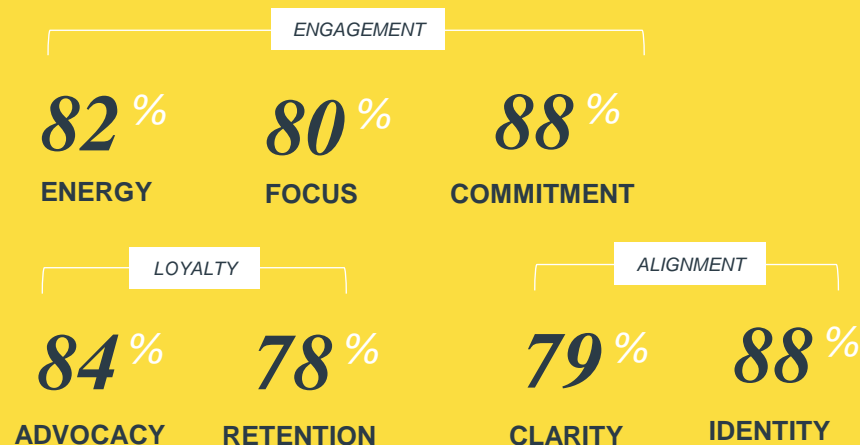
- Headcount
- Gateley Agile
- Share schemes
- People survey data
- ESG progress



## 83%

total engagement  
against a private  
sector average of 63%

### Engagement scoring





# *Outlook*

- The UK professional services sector
  - As at today
  - Macro look-forward
- Confidence underpinned by track record
  - Diversification
  - Control measures
  - Balance sheet strength
  - Performing as expected
- Current activity levels in-line



# Financial highlights

REVENUE INCREASED

**13.0 %** 

from £121.4m  
to £137.2m

PBT INCREASED

**10.4 %** 

from £16.3m  
to £18.0m

ADJUSTED FULLY DILUTED EPS INCREASED

**7.3 %** 

from 13.17p  
to 14.30p

Adjusted fully diluted EPS excludes share based payment charges, amortisation and exceptional items. It also adjusts for the future weighted average number of expected unissued shares from granted but unexercised share option schemes in issue based on a share price at the end of the financial year

BALANCE SHEET STRENGTH

Net assets increased

**22.9 %** 

from £59.3m to  
£72.9m

Net cash

**£10.4m** from £19.6m to  
£10.4m

Net cash excludes IFRS 16 liabilities

Reduction due to strategic redeployment of cash:

- M&A
- IT infrastructure

Strategic facilities secured

- RCF up to £30m - £24m headroom
- Litigation funding facility - £20m with option to increase to £50m



# *Financial highlights*

- Strong financial performance with revenue growth of 13.0%
  - Compound annual revenue since IPO of 12.3%
  - 10%+ growth across each Platform with consultancy services now 20% of annualised revenue in F23
- Strong underlying adjusted profit growth of 11.9% whilst:
  - continuing to invest in our people
  - investing in our IT infrastructure
  - addressing the current inflationary challenges
- Underlying operating margin at 16.4% (FY21: 16.9%)
- Strong activity levels of 83% (FY21: 88%)

# Income statement

	FY22 (£m)	FY21 (£m)	% movement
Revenue	137.2	121.4	+13.0%
Other income	0.0	2.5	-100.0%
Personnel costs	(86.5)	(77.5)	+11.6%
Overheads and depreciation	(28.2)	(25.9)	+8.9%
<b>Underlying operating profit before tax</b>	<b>22.5</b>	<b>20.5</b>	<b>+9.8%</b>
Margin (%)	16.4%	16.9%	-0.5%
Utilisation (%)	83%	88%	-5.0%
Dividend (p)	8.5p	7.5p	+13.3%

## › Cost mix changes

- › Payroll costs as % of revenue reduced to 63.0% (FY21: 63.8%)
- › Operating costs as % of revenue increased slightly to 17.3% (FY21: 17.2%)

Underlying operating profit before tax and underlying profit before tax excludes share based payment charges, amortisation and exceptional items)

# Balance sheet

	FY22 (£m)	FY21 (£m)	% movement
Non-current assets	59.5	44.9	+32.5%
Current assets			
- Contract assets	17.2	13.9	+23.7%
- Trade and other receivables (inc deferred tax)	56.8	43.2	+31.5%
- Cash and cash equivalents	16.1	19.6	-17.9%
<b>Total assets</b>	<b>149.6</b>	<b>121.6</b>	<b>+23.0%</b>
Non-current liabilities	(40.2)	(29.3)	+37.2%
Current liabilities	(36.5)	(33.0)	+10.6%
<b>Total liabilities</b>	<b>(76.7)</b>	<b>(62.3)</b>	<b>+23.1%</b>
<b>Net assets</b>	<b>72.9</b>	<b>59.3</b>	<b>+22.9%</b>

- › Investments made during the year in Tozer Gallagher, Adamson Jones and Gateley Smithers Purslow
- › Contract assets low as % of fees - £16.9m (12.5% of fees)
- › Trade debtors rose following increased year end billing activity and acquisitions made during the year
- › Liabilities increased due to the return of our bonus accrual

# Cash flow statement

Cashflow £m	FY 22 (£m)	FY 21 (£m)	Variance %
Operating cashflows before wc movements	26.3	25.3	+8.4%
Net working capital movement	(9.5)	4.1	
Tax paid	(4.5)	(4.0)	
<b>Cash generated from operating activities</b>	<b>12.3</b>	<b>25.4</b>	
Profit after tax	14.3	13.2	+24.7%
<b>Cash generation</b>	<b>86.0%</b>	<b>193.2%</b>	
Repayment of lease liabilities	(3.8)	(3.8)	
Receipt/(repayment) of RCF/loans	5.7	(3.8)	
Net interest	(0.2)	(0.4)	
Capital expenditure & Acquisitions	(6.9)	(0.8)	
Share schemes	1.8	0.1	
Dividends paid	(12.4)	-	
<b>(Decrease)/increase in cash</b>	<b>(3.5)</b>	<b>16.7</b>	

Net debt £m	HY 22 (£m)	HY 21 (£m)
Cash at bank	16.1	19.6
Debt	(5.7)	-
Net cash	10.4	19.6

## Strong cash performance

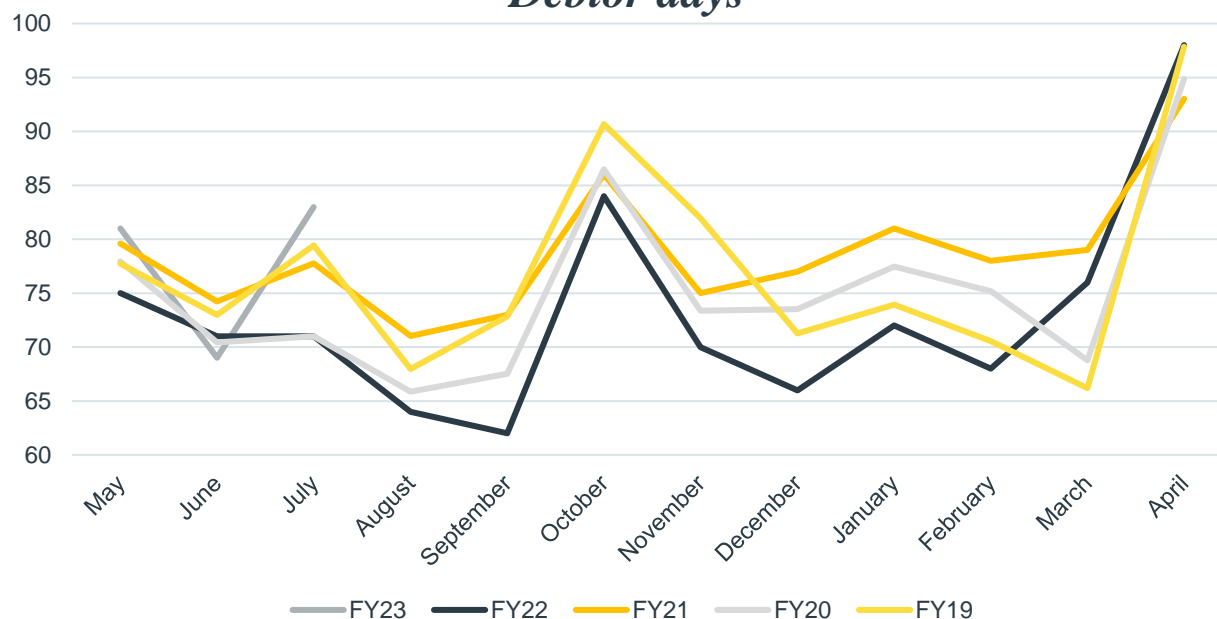
- Decrease in cash from working capital due to return of FY21 bonus accrual paid in FY22
- RCF drawn to assist acquisition of GSP
- Active share scheme increasing wider share ownership
- Three dividend payments made during year HY21 paid in June 21, FY21 paid in Oct 21 and HY22 paid in March 22

# Working capital trend

	FY 22 (£m)	FY 21 (£m)	Variance %
WIP days	49	49	-
Debtor days	113	104	+11
Total lock up days	162	153	+11

- Consistent WIP days
- Growth in Group activity towards FY22 year end led to higher annualised debtor days – Showing usual monthly trend
- Excellent cash collections post FY22

## Debtor days



Source: Management accounts (excludes GSP and not prepared on annualised revenue basis)

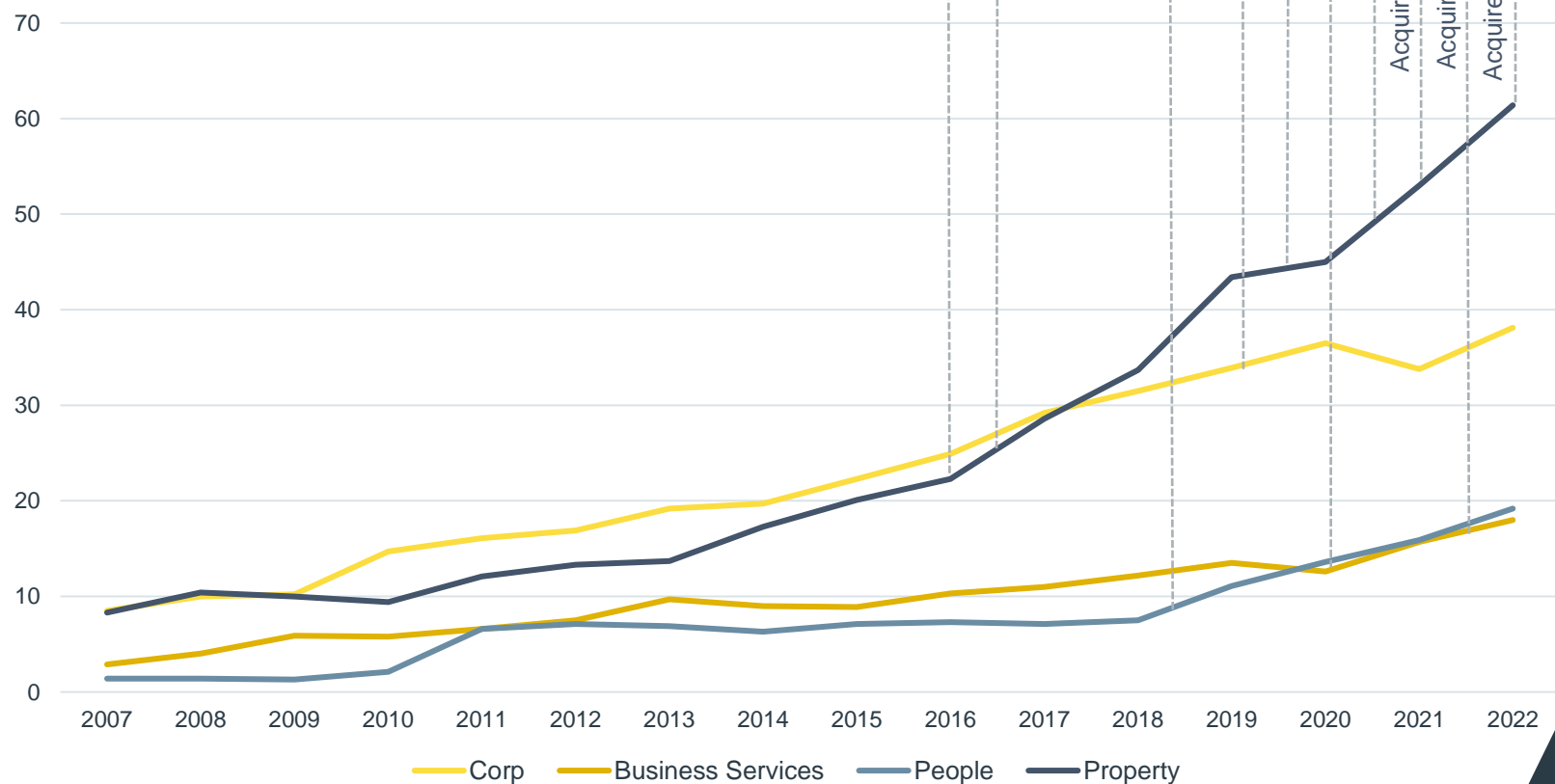


# Performance by Platform

	Business Services	Corporate	People	Property	Total
<b>FY22 Revenue (£m)</b>	<b>18.0</b>	<b>38.1</b>	<b>19.2</b>	<b>61.3</b>	<b>136.6</b>
FY21 Revenue (£m)	15.7	33.8	15.9	53.0	118.4
<b>% Growth</b>	<b>14.6%</b>	<b>12.7%</b>	<b>20.8%</b>	<b>15.7%</b>	<b>15.4%</b>
<b>FY22 Contribution (£m)</b>	<b>5.7</b>	<b>15.4</b>	<b>6.9</b>	<b>23.0</b>	<b>51.0</b>
<b>FY22 Contribution % of revenue</b>	<b>31.7</b>	<b>40.4</b>	<b>35.9</b>	<b>37.5</b>	<b>37.3</b>
FY21 Contribution (£m)	6.4	11.4	4.9	24.4	47.1
FY21 Contribution % of revenue	40.8	33.7	30.8	46.0	39.8
<b>Contribution % movement</b>	<b>(9.1)</b>	<b>6.7</b>	<b>5.1</b>	<b>(8.5)</b>	<b>(2.5%)</b>

# *Growth enhanced by our platforms*

Revenue growth by Platform £m

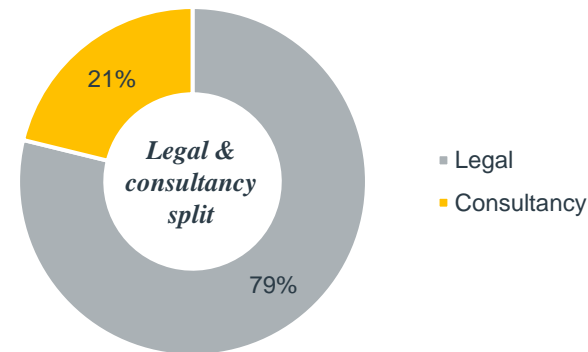
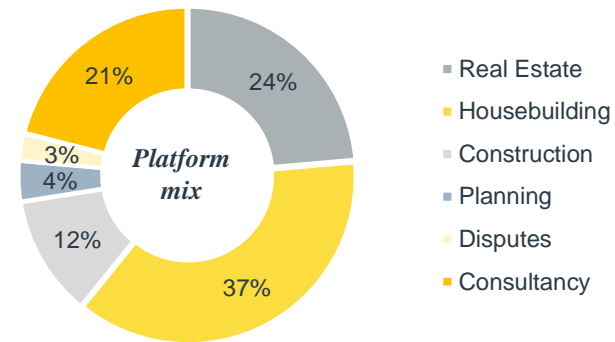


# Property Platform

15.7%  
Growth

Focused on clients' activities in real estate development and investment and in the built environment in the widest sense

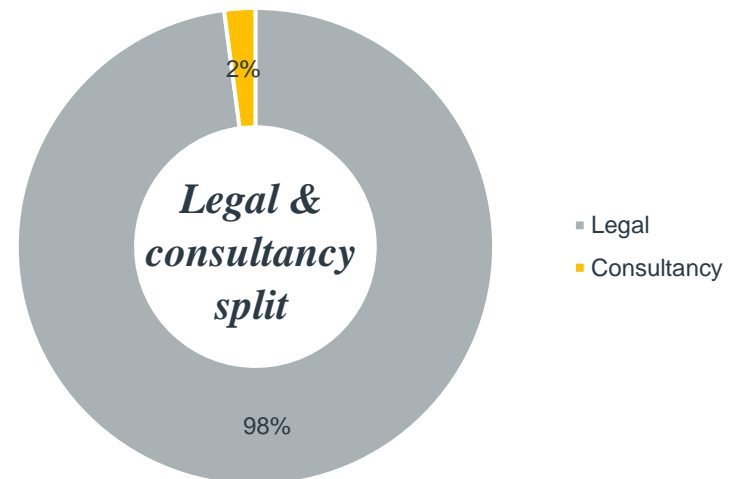
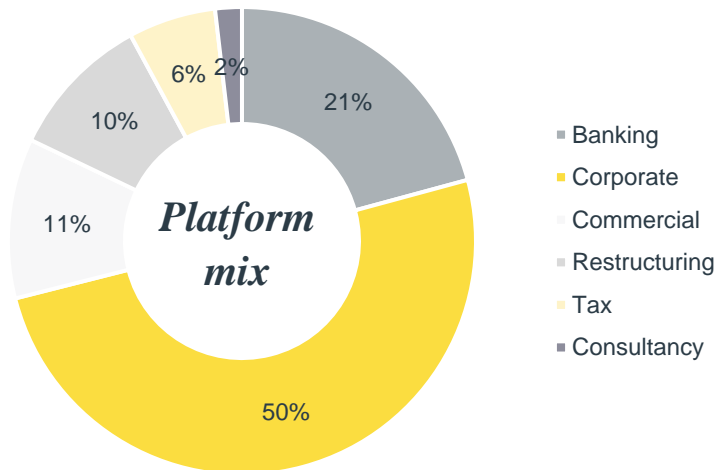
- › Core markets busy throughout the Period
- › Housebuilder team
  - › Secured numerous multi year panel appointments, increasing market share
  - › PRS/Build to Rent
  - › Later Living schemes
  - › Regulatory projects
- › Construction team
  - › Balance of contentious and non-contentious revenue in Period
  - › Contractor insolvencies driving increase in claims and bond claims work (in tandem with Tozer Gallagher)
  - › Regulatory expertise matched to a long term increase in building safety advisory (particularly cladding issues)
- › Consultancy update
  - › Tozer Gallagher - further enhancement of built environment services
  - › Gateley Smithers Purslow – an extension of our diversification strategy



# Corporate Platform

12.7%  
Growth

Focused on the corporate, financial services and restructuring markets in both transactional and business support services

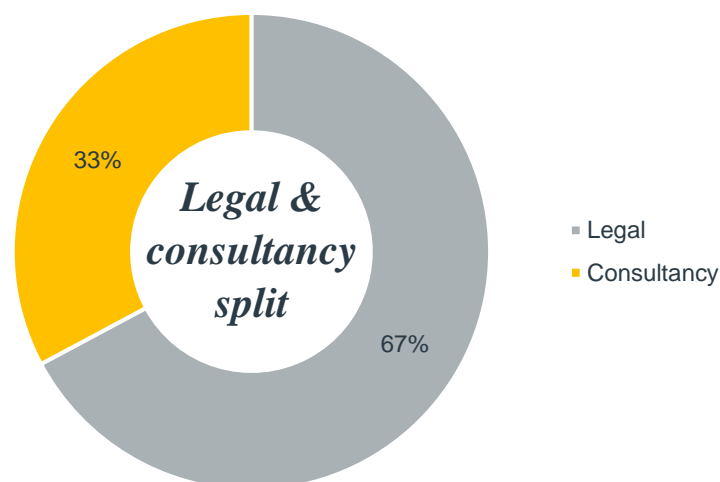
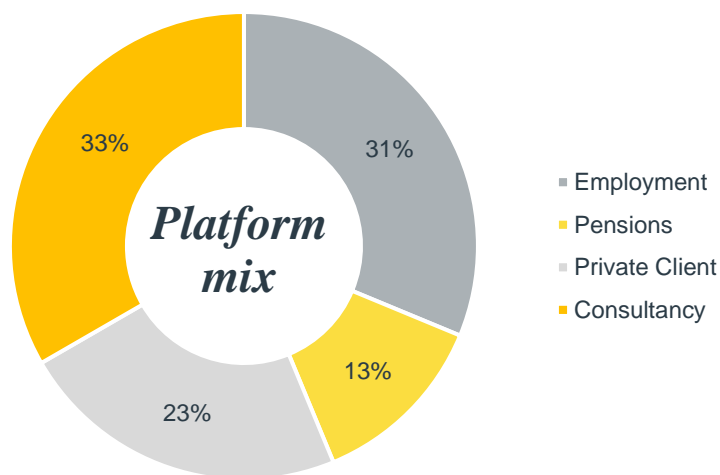


- Private Equity and M&A remained buoyant through FY22
- YTD activity levels good: > Banking support continues
- Restructuring, insolvency pipeline building and surety offering strengthened
- Consultancy contribution modest but strategic and growing

# People Platform

20.8%  
Growth

Supports clients in dealing with and developing people and in administering individuals' personal affairs



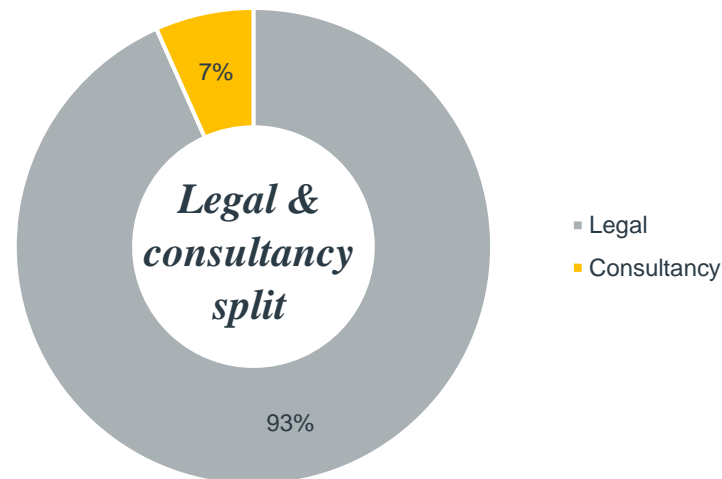
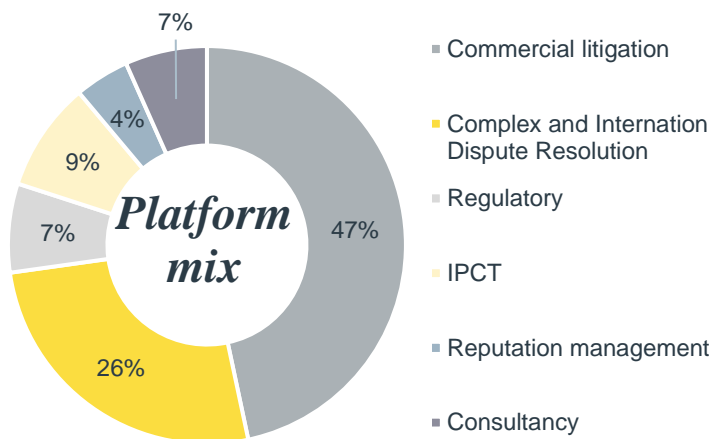
- › Return to growth with enhanced offering
- › Operational and “go to market” integration of consultancy services completed
- › Landmark year for Entrust pension trustee business



# Business Services Platform

14.6%  
Growth

Supports clients in dealing with their commercial agreements, managing risk, protecting assets and resolving disputes



- › Integration of Patent & Trademark Attorney business completed
- › Covid impact on R&D beginning to reverse out
- › Strategic growth opportunities clear & good early traction with IIS and Gateley Capitus
- › Complex/International litigation impacted by Ukraine war, but our leading team refocussing on new and strategic geographies

# *Summary and questions*

- Strong FY22 results whilst continuing to invest in and strengthen the business
- Trading in-line
- Continuation of investment strategy
- Questions?



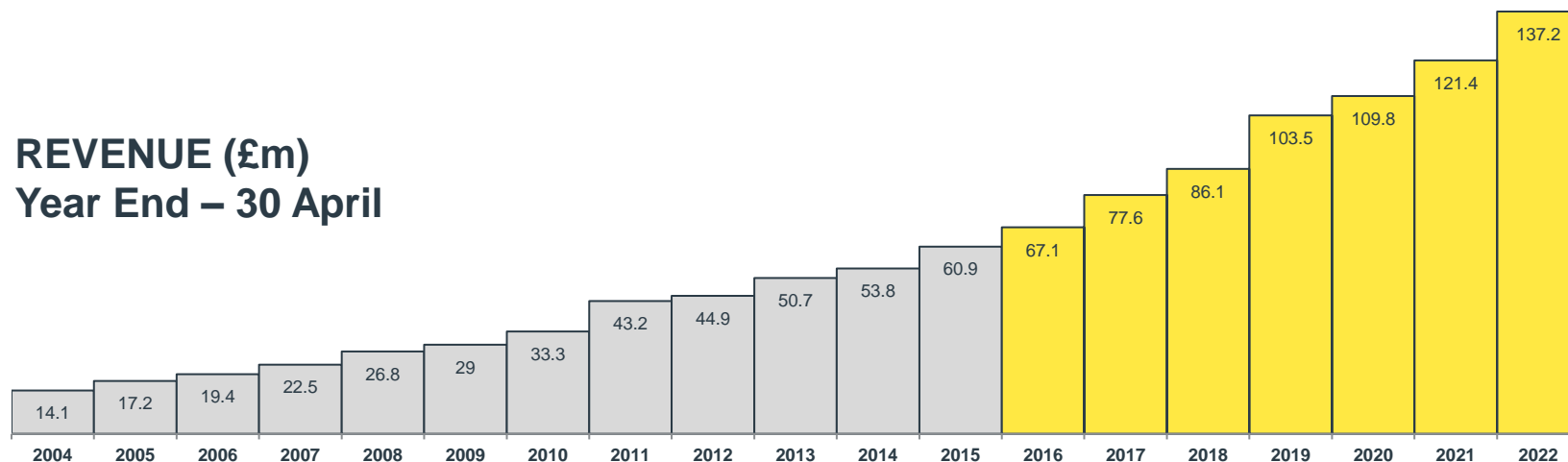
# *Questions*

Gateley /

[gateleypkc.com](http://gateleypkc.com)

# *Proven track record, resilience and growth*

**REVENUE (£m)**  
**Year End – 30 April**



- Strong post IPO financial track record continues
- Balanced business model with no overreliance on a particular client or work type
- Adaptable to shifts in economic conditions
- A strong dividend ethos to reward shareholders



# At a *glance*

## What makes us *forward thinking*

- › The first UK commercial law firm to list on the London Stock Exchange in 2015
- › A legal and professional services group which combines legal advice with consultancy expertise through our market facing Business Services, Corporate, People and Property Platforms.
- › Forward thinking about the services that we deliver, helping our clients to solve challenges and to maximise opportunities
- › A responsible business committed to levelling up the world in which we work
- › Being straight talking about what matters, inside and outside of our business: supporting diversity and inclusion, encouraging potential and ensuring a sustainable future
- › Delivering results without ever losing sight of our Gateley Team Spirit values

## Working *together*

- › Proud that 45% of colleagues participate in our Sharesave scheme vs. 25% UK average and 65% of all colleagues participate in at least one or more of our share schemes.
- › Investors in People accredited
- › A Levelling Up Partner and member of the Levelling Up Measurement TaskForce
- › Signatory to the Better Business Act
- › The only UK legal business to be ranked in the Glassdoor top 25 best companies for senior leadership.



## Room to *breathe*

- › Stonewall Diversity Champions and Law Society Gold Standard for our Diversity and Inclusion Charter
- › Active wellbeing programme and proud to be a signatory to the Mindful Business Charter
- › Engaged staff networks to support diversity and inclusion including Women in Leadership and Working Parents programmes
- › A Halo Code workplace
- › Sustainable working practices including paperlite, recycling and use of virtual technology
- › Disability confident employer

## *Trusted* to do

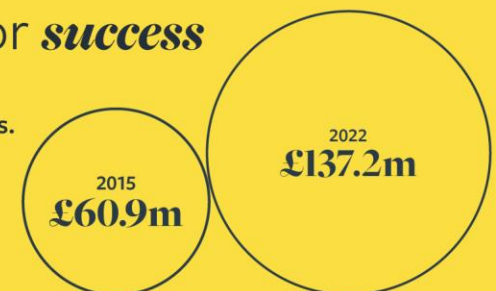
Excellent ★★★★★ 170 reviews on [review solicitors](#)

FY22 key client account management programme:

- › 67% of clients in the programme increased their fees in FY22
- › c£17m of fees generated across our account management programme last year; with
- › 350 new client relationships were nurtured
- › Rated 5 star/excellent on independent legal review platform, Review Solicitors.

## Ambitious for *success*

Double digit revenue growth in the last 7 years.



# How we *support* clients

## Property Platform

Gateley / LEGAL

Gateley / CAPITUS

Gateley / HAMER

Gateley / VINDEN  
Incorporating Tison Gallagher

Gateley / SMITHERS  
PURSLOW

## People Platform

Gateley / LEGAL

/ ENTRUST

/ KIDDY & PARTNERS

/ T-THREE

## Corporate Platform

Gateley / LEGAL

Gateley / TWEED

/ INTERNATIONAL  
INVESTMENT SERVICES

## Business Services Platform

Gateley / LEGAL

Gateley / OMEGA

/ ADAMSON JONES  
part of Gateley

“

*We like the way you always become an extended part of our team. It's not an easy thing to do and I admire how you do it. You just get the work done and it's brilliant. I would definitely say this is your USP. I don't know other firms who do this as well as you do.”*

“

*“You need to know that everything is on the same page and it's a trusted relationship piece. I do feel that Gateley are very strong in that.”*

## Where you need *us to be*

With offices in 15 UK locations, and another in Dubai, we have the regional network to provide our clients with the advice they need on their doorstep. Often face to face meetings are the quickest way to overcome difficulties and resolve misunderstandings, and we will always travel to get the job done.

