



Full year results for year ending 30th April 2018

JULY 18

Presentation team



Michael Ward
CEO

- Instrumental in the development of Gateley
- Joined Gateley in 1987
- Elected Senior Partner in 2001
- Over 25 years' experience as a corporate lawyer, advising private and public companies, private investors and management teams
- Formerly President and Treasurer of the Birmingham Law Society
- Former President of Greater Birmingham Chamber of Commerce



Neil Smith FCCA
Finance Director

- 14 years audit experience with Grant Thornton
- Joined Gateley in 2008
- Became Finance Directors in 2011
- First non-lawyer owner of Gateley following change to ABS status
- Part of Management team through opening of Manchester, Leeds, Reading, Belfast and Guildford offices
- IPO Finance Lead
- Member of LSE Midlands Regional Advisory Group



Nick Smith
Acquisitions Director

- Over 25 years' experience in national and international corporate finance, capital markets, private equity and M&A
- Formerly co-head of Nomura's Integrated Finance Group, a principal finance business focussed on asset-backed deals across Western and Central & Eastern Europe

“A pioneering, law-led professional services group working together to deliver 100% client satisfaction by making the complex simple”

- Introduction & 2017/18 Highlights
- Financial Review
- Market Environment & Acquisitions
- What's next?

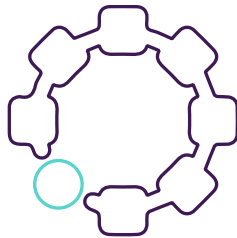


Introduction and Highlights

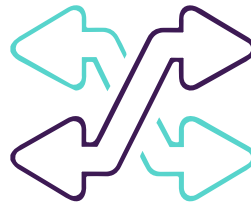
Michael Ward



We are confident our strategy remains the right one for the continued, profitable growth of the Group



Differentiate



Diversify



Incentivise

An established investment choice, profitable, proven track record

Established



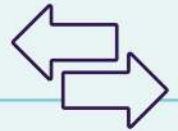
- A leading national commercial law and complementary professional services group
- Growth achieved both organically and by acquisition
- 16 business lines + 5 complementary professional services
- Gateley Capitus, Gateley Hamer, Entrust, Kiddy & Partners and Global Mobility

Financial Strength



- Track record of delivering profitable growth
- Pre IPO 14.3% Revenue, 14.8% Operating profit CAGR
- 3 years since IPO in line with market expectations
12.3% Revenue, 15.4% Operating profit CAGR
- Strong cash generation
- Well-balanced business with counter-cyclical work streams
- Strong and strengthening balance sheet, with continued investment in the business

Scale & Diversity



- 500+ fee generating staff and 5,500 clients
- Attractive employer proposition in FY18; we made 21 lateral hires, including partners, legal directors and associates. 30 new partners hired since IPO
- We act for 18 of the top 20 housebuilders
- UK's most active Corporate legal adviser for 2017¹
- 4th most active adviser in Europe²
- Geographic and sector diversity, no single client, sector or governmental dependency; downturn protection through counter-cyclical work-streams

Objective



- Maximise opportunities created by changing market dynamics
- Accelerate growth; organically and by acquisition
- Become one of the UK's leading legal and allied professional services providers

¹ 2017 Experian Corpfin M&A Advisor League Table

² International M&A Review. Experian Business Research: H1 2017

Evolution of Gateley



- Continued financial success
- Ongoing investment to deliver future growth
 - 101 Partners at IPO (81 IPO shareholders) now 131
 - Further Partner hires and promotions (FY 16 - 11, FY 17 - 10, FY 18 - 9)
 - Expansion of service lines:
 - International Arbitration - London*
 - Private Wealth - Manchester*
 - Restructuring - Manchester*
 - Litigation - Leeds*
 - Commercial - Reading & Leeds*
 - Employment - London & Leeds*
 - Acquisitions: GCL Solicitors (Guildford office) / Kiddy & Partners (London)
- Successful free-float increase from 34.0% to 39.9%
- Greater opportunities as a result of Plc status and progress
- Law firm flotations

Financial Review

Neil Smith



Continued investment since IPO

◆ Gateley Plc



**Banking &
Financial
Services**



Corporate



**Business
Services**



**Employment,
Pensions &
Benefits**



Property

FEE EARNER GROWTH

At IPO (June 15)	72	55	48	40	134
FY18	78	85	57	42	226
(increase %)	(8%)	(55%)	(19%)	(5%)	(69%)

REVENUE GROWTH

CAGR since IPO	8.0%	17.0%	11.1%	1.8%	18.8%
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CONTINUED YEAR-ON-YEAR GROWTH AS ONE BUSINESS

Revenue & Profit



FY18

- 11% Revenue growth (2017: 15.7%)
- 11.7% PBT growth (2017: 18.8%)

5 year CAGR

- Revenue - 10.9%
- PBT - 23.4%

3 year CAGR (since IPO)

- Revenue - 12.3%
- PBT - 14.3%

EPS & Dividend



- FY18 EPS - 11.03p growth of 15.1% from 9.43p in FY17
- Dividend proposed for approval at AGM on 26 September 2018 of 4.8p per share (2017: 4.4p)
- Total dividend of 7.0p (2017: 6.6p)
- Dividend Yield +4%

People



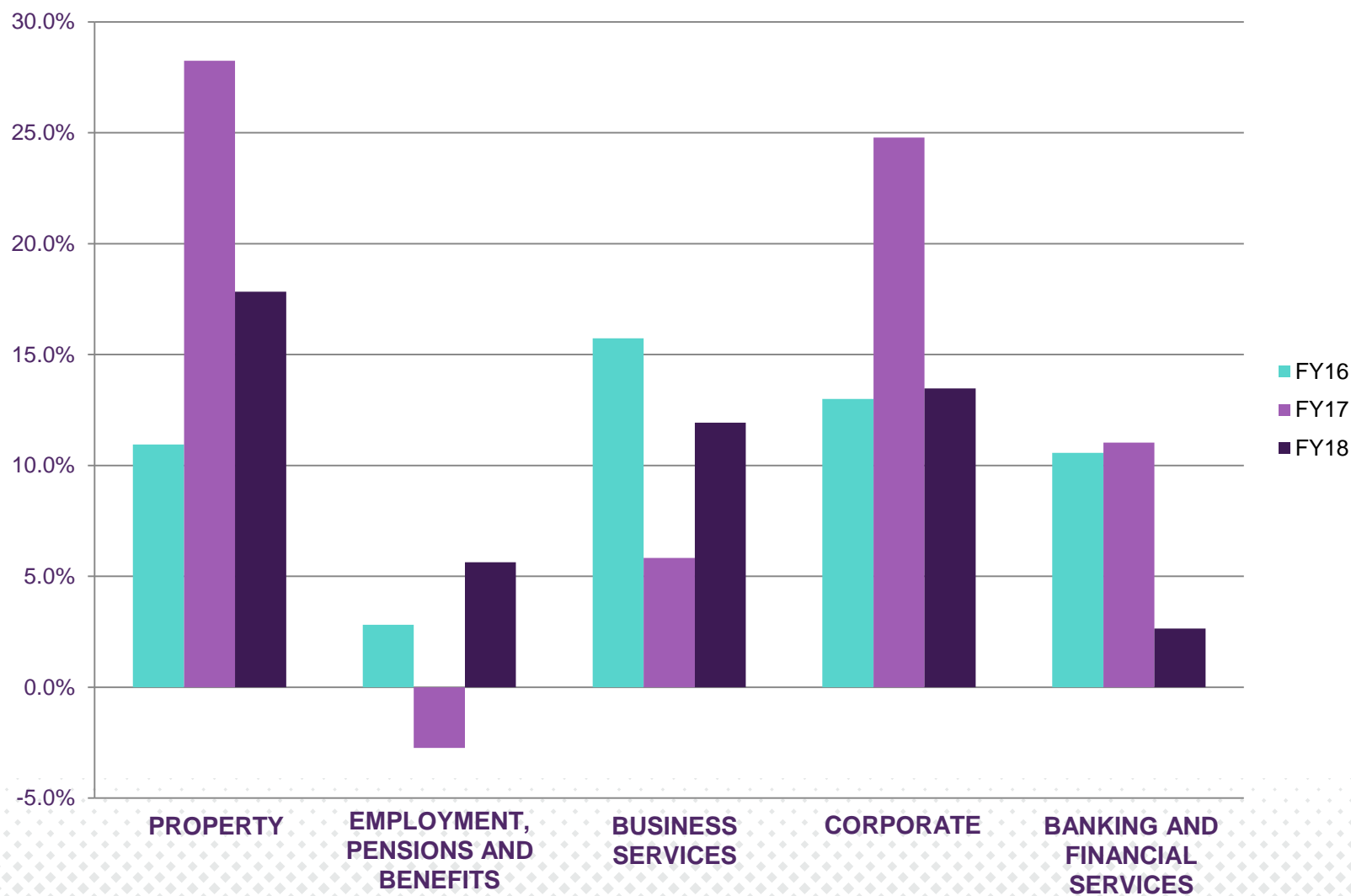
- Total average staff number increase since IPO from 599 to 757 (pre GCL and Kiddy)
- Including GCL and Kiddy currently 574 legal staff and 35 professional staff in complementary service lines
- 131 Partners, risen from 101 at IPO in June 15
- 39.9% free float

Cash



- Continued strong cash generation
- FY18 net cash flows from operating activities totalled £12.2m (104% of PAT)
- Net debt decreased from £4.8m to £0.7m
- Further debt of £3m to be taken on in FY19 over new 5 year term

Revenue growth since IPO by Group (%)



Consolidated income statement

ANNUAL RESULTS - APRIL 2018	FY18 £m	FY17 £m	FY16 £m
Revenue	86.1	77.6	67.1
Personnel costs	(52.6)	(45.6)	(39.0)
Other operating costs (excluding non-underlying items but including other income)	(17.0)	(17.1)	(15.2)
Total cost	(69.6)	(62.7)	(54.2)
Adjusted EBITDA	16.5	14.9	12.9
<i>Margin</i>	19.2%	19.2%	19.2%
Depreciation and amortisation	(1.5)	(1.3)	(0.7)
SBP and non underlying items	(0.7)	(0.3)	(1.0)
PBIT	14.8	13.3	11.2
Interest	(0.2)	(0.2)	(0.2)
PBT	14.6	13.3	11.0
Retained PAT	11.8	10.0	8.6
Basic EPS	11.03p	9.43p	8.18p
Total dividend per share	7.0p	6.6p	5.66p

Balance sheet

AS AT 30 APRIL 2018	FY18 £m	FY17 £m	FY16 £m
Non-current assets*	5.5	6.2	4.2
Current assets	45.7	41.8	43.5
<i>Cash</i>	4.3	2.7	9.8
<i>Unbilled Revenue (WIP)</i>	10.7	10.5	9.9
<i>Trade receivables</i>	28.5	26.1	20.8
<i>Other Debtors</i>	2.2	2.5	3.0
Non-current liabilities (including £3.0m (2017 £5.0m of debt)	(3.6)	(5.6)	(8.1)
Current liabilities (including £2.0m (2017 £2.5m of debt)	(24.6)	(25.0)	(26.9)
Net Assets (before final dividends)	23.0	17.4	12.7

*Includes £3.3m (FY17:£3.8m) intangible asset values remaining from the acquisitions of Gateley Capitus Limited & Gateley Hamer Limited

Three option schemes in existence:

OPTION TYPE	% AWARD FOCUS	DATE OF ISSUES
SARS (Growth shares)	50%	June 15, Oct 16, Oct 17
<ul style="list-style-type: none"> Directed at senior level appointments that are driving growth and service delivery within the group 		
CSOPs	25%	Oct 16, Oct 17
<ul style="list-style-type: none"> Discretionary award to associates, senior associates, legal directors and their equivalent levels within our support services team 		
SAYE	25%	Sept 16, Sept 17
<ul style="list-style-type: none"> Available to all staff at 20% discount to MV 55% take up below partner level 		

Market Environment & Acquisitions

Nick Smith



The pace of change is quickening!

◆ Gateley Plc

THE
AMERICAN LAWYER
POWERED BY LAW.COM

The Death of the Law Firm Partnership Vote?

With an eye on efficiency, firms are ditching old methods for a more corporate form of governance.

By Gina Passarella Cipriani

21 February 2018

THE LAWYER

Firm launches 'panic button' for overworked lawyers

9 February 2018

LegalWeek

Eversheds Sutherland scraps annual appraisals and introduces reverse mentoring in performance management shift

24 May 2018

LegalWeek

Deloitte UK to acquire US law firm's international offices as Big Four legal services push continues

6 June 2018

Law firm leader predictions 2018

◆ Gateley Plc

“The drive for differentiation between firms will get stronger and stronger. I think we’ll see more mid-market firms looking for combinations to position themselves differently and to seek scale.”

**BEN TIDSWELL,
CHAIRMAN,
ASHURST**

“My view of 2018 is a positive one. In any period of disruption there is always work for lawyers to do.”

**SIMON LEVINE,
GLOBAL CO-CEO,
DLA PIPER**

“There will be an increasing need to look at how we deliver legal services.”

**MARK RIGOTTI,
CHIEF EXECUTIVE,
HERBERT SMITH FREEHILLS**

“Cobotics”* - The first step to AI

◆ Gateley Plc

“Initially focus on developing the full potential of your employees by applying automation to routine work; then you can proceed to concentrate on human - machine collaboration.”

**PAUL DAUGHERTY,
CO-AUTHOR OF HUMAN + MACHINE,
CTO ACCENTURE**



*See appendices for full definition

The emergence of the quoted law sector

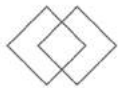
◆ Gateley Plc

◆ Gateley Plc

KEYSTONE LAW

rosenblatt

Knightsplc



GORDON DADDS



With others to come?

◆ Gateley Plc



fieldfisher

Others?



Our flotation plan progresses

◆ Gateley Plc



Gateley◆Capitus

Gateley◆Hamer



Global Mobility

Kiddy & Partners



4 Acquisitions since IPO

- Capitus and Hamer acquisitions integrated well
- GCL and Kiddy integration focus in 18/19

Gateley • Capitus

Gateley • Hamer



Kiddy & Partners

Focus:

- Immediately earnings enhancing
- Positively contributing to financial result
- Strong margins and growing revenues

Our criteria:

- Strategic and cultural fit
- Complementary client base
- Deal structure aligned to Gateley's IPO (c 50/50 mix of cash and shares)

The synergies:

- Revenue cross selling
- Economies of scale
- Personnel costs no more than 55% of fees

	HAMER £m	CAPITUS £m	GCL £m	KIDDY £m	TOTAL £m
Last recorded revenue	1.8	1.5	6	2.4	11.7
Last recorded profit	0.6	0.5	0.6	0.2	1.9
Total Consideration paid to date	1.69	2.9	4.15	0.85	

What next?

Michael Ward



- Plc status continues to raise our profile, creating opportunities
- Seek further growth in a well-balanced and resilient business
- Continued execution of strategic plan
 - Deliver 100% client satisfaction
 - Consider further lateral hire opportunities
 - Continue to develop national offering
 - Further integration and investment in complementary businesses
- Further enhancement of our offering for the benefit of all stakeholders

**An established investment choice with a proven track record
pre and post IPO**

Appendices

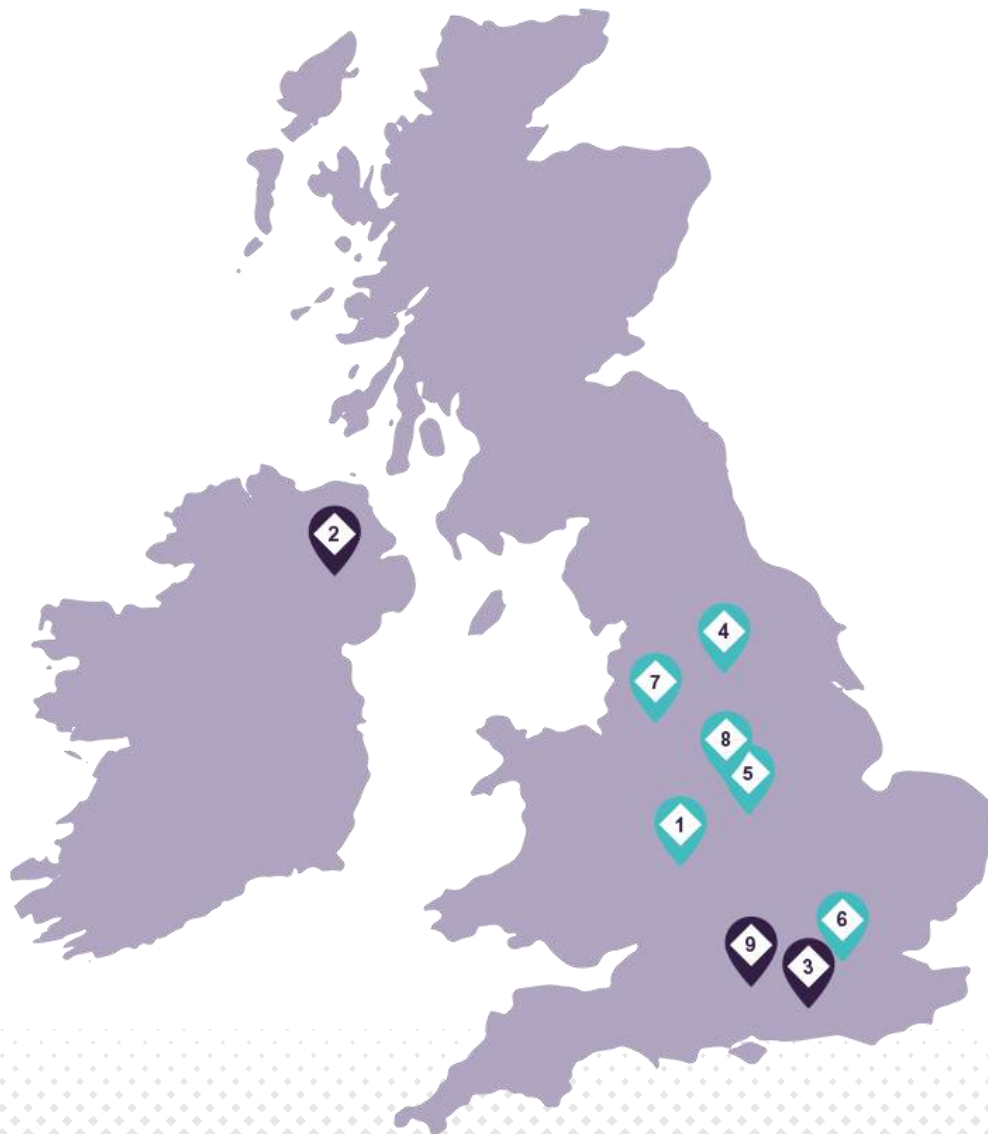


Gateley office locations

◆ Gateley Plc

- ◆ 1 Birmingham
- ◆ 2 Belfast
- ◆ 3 Guildford
- ◆ 4 Leeds
- ◆ 5 Leicester
- ◆ 6 London
- ◆ 7 Manchester
- ◆ 8 Nottingham
- ◆ 9 Reading

◆ = opened / acquired since IPO



Gateley is well positioned to ride out any storm and to continue to win market share:

- A track record of profitable growth
- A clear plan, a quality offering, a strategic business
- Offering all the services mid-market clients are likely to need
- Gateley <1% of overall £30bn market
- Economic volatility promotes a need for legal advice (contract redrafting, changes in workforce, asset disposals, balance sheet restructuring etc.) and promotes litigation
- Gateley is a cost-effective solution when compared to leading City and international firms

- No EU referendum impact immediately visible in our business
- Our clients currently telling us the same
- Gateley has shown itself resilient for the last **15 years+** through good and more challenging times
- Moving to Plc created the platform for continued growth even anticipating, as we did, a continuing challenging environment

A stable, broad-based & resilient business

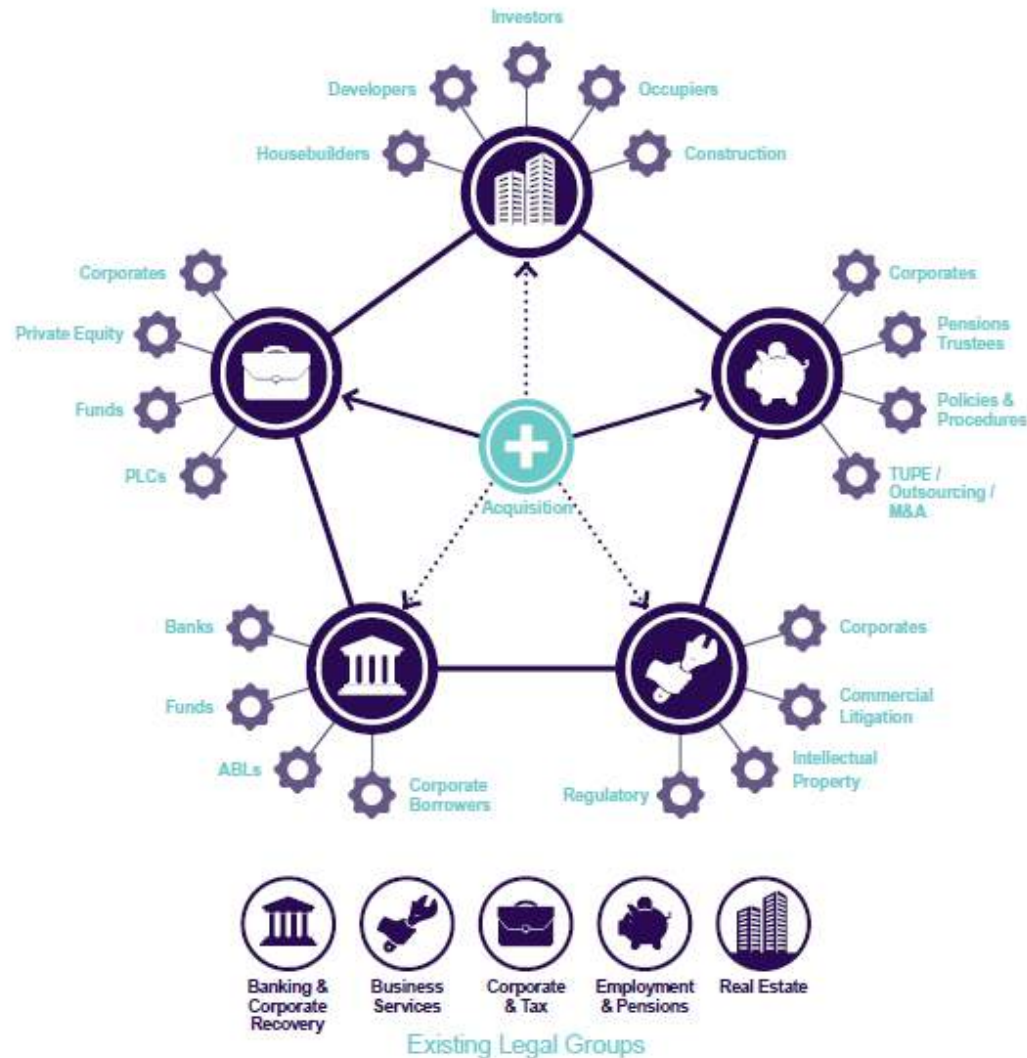
Broad-based, with no significant dependencies:

- No sector dependency
- No client dependency
- No legal discipline dependency
- No geographic dependency
- No London markets dependency
- No overseas capital commitments or FX exposure
- No governmental dependency
- Counter-cyclical work streams
- A mid-market focus, largely national
- An established, mature business in all but one of our trading locations
- A strong and loyal client base (98% of clients recommend us)

A stable, broad-based & resilient business

Collective Strength & Growth

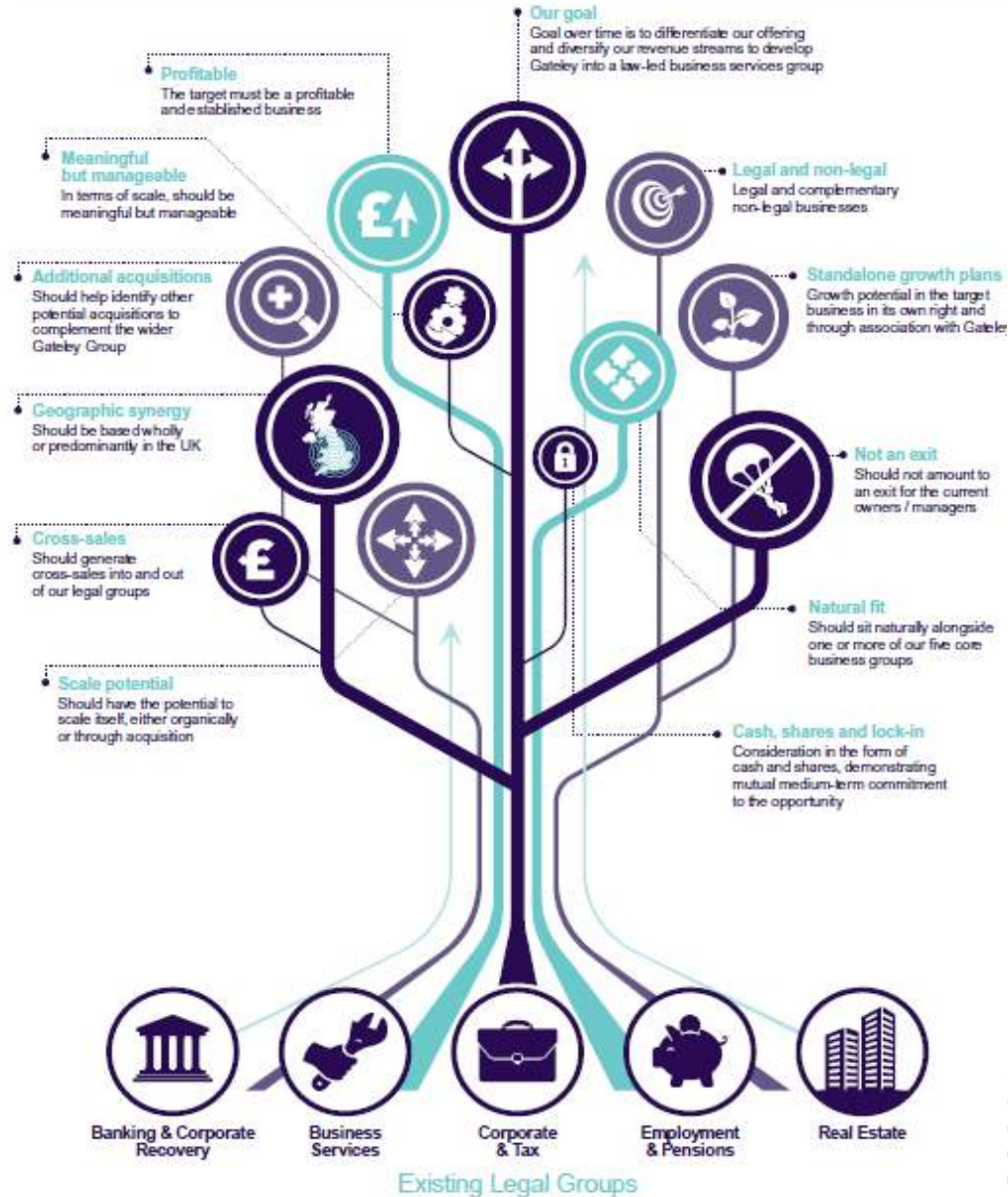
Working together to generate sales into and out of Gateley's existing business



Businesses acquired will support each other, and our legal operations, to create a broader, more relevant offering

Collective Strength & Growth Acquisition Criteria

◆ Gateley Plc

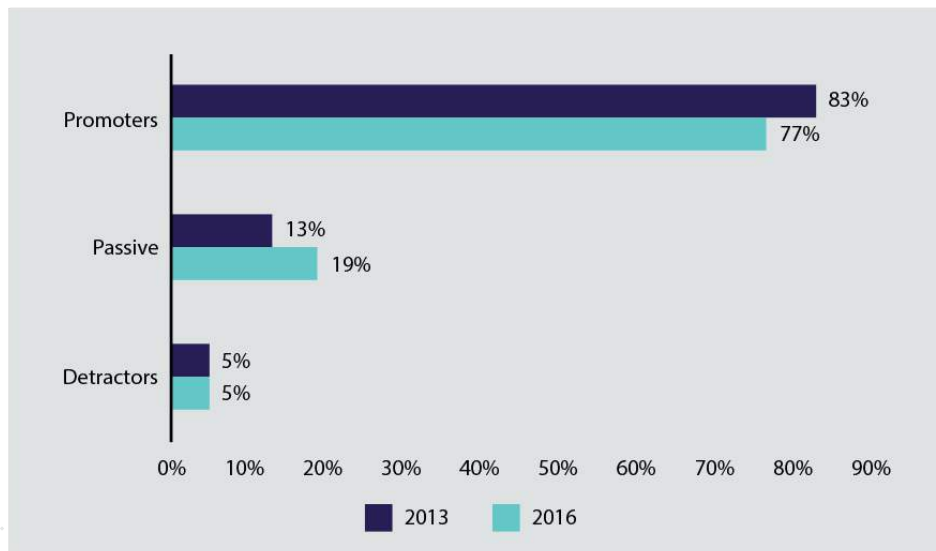
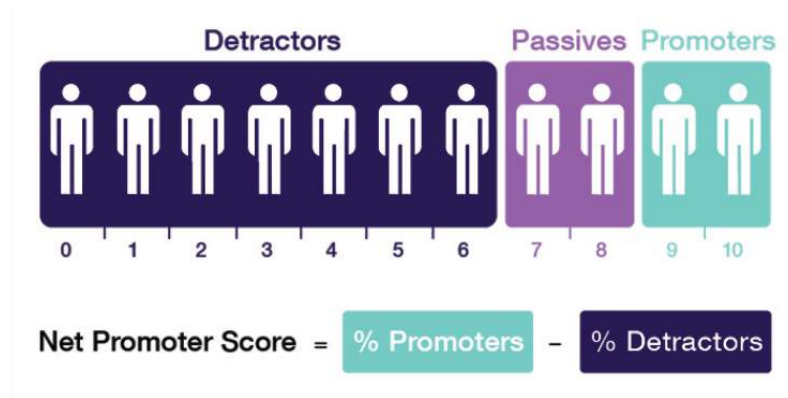


Net Promoter Score

◆ Gateley Plc

Clients were asked how likely they would be to recommend Gateley Plc to peers and colleagues.

Clients were asked to provide a rating on a scale from zero to 10, with zero equating to not being at all likely to recommend through to 10 being very likely to recommend.



+72 NPS 2016

+78 NPS 2013

A leading firm of Human Capital consultants specialising in assessment, talent management and leadership development.



“Kiddy have helped our senior team make a significant shift in performance and capability.”

TEA COLAIANNI,
GROUP HR DIRECTOR,
MERLIN ENTERTAINMENTS



“Kiddy’s work with our global executives has been invaluable.”

PAULINE HOWELL,
VP TALENT & STRATEGIC STAFFING,
COBHAM PLC



“Kiddy proved instrumental in our putting a well-knit, high performing team together.”

TRUETT TATE,
CEO ANZ NORTH AMERICA
AND FORMER CEO WHOLESALE BANKING,
LLOYDS BANKING GROUP

Gateley Hamer is a specialist property consultancy providing expert advice relating to easements & wayleaves for utilities infrastructure, and compulsory purchase & compensation.

Expertise in valuation and negotiation, also offering:

- Utilities compensation
- Compulsory Purchase Order

Gateley◆Hamer



Whether you acquire and manage commercial properties, develop new schemes or occupy and refurbish, capital allowances on a property purchase could yield a cash benefit of up to 20% of the total purchase price or a refurbishment return 40% of the total expenditure.

Energy and water efficient technology can yield a 100% write-off in the year of expenditure or a 19% tax credit if the expenditure creates a loss.

Specialist chartered surveyors & tax specialists, also offering:

- R&D
- International tax
- On & offshore
- Land remediation



Specifically, what is cobotics?

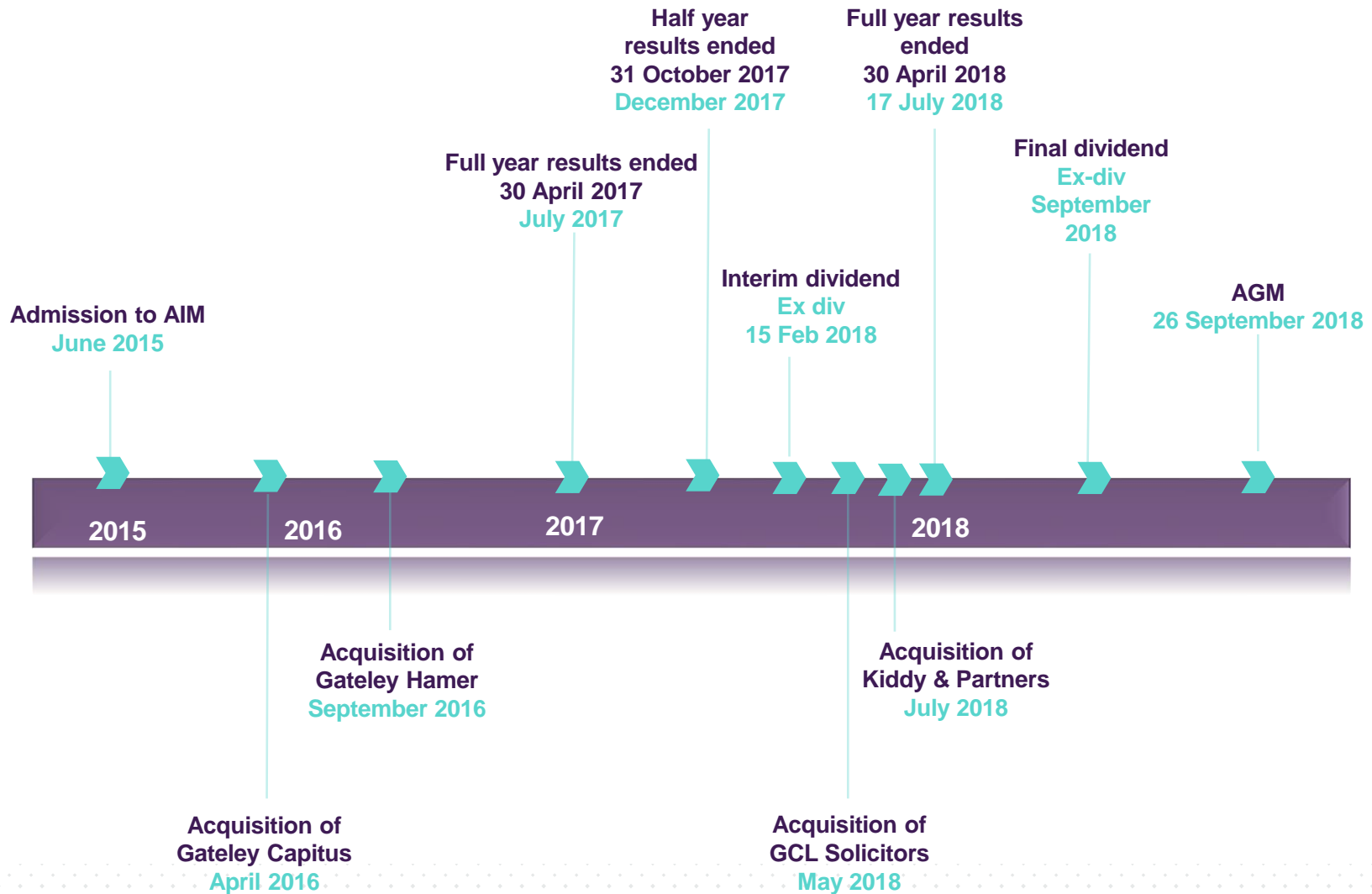
Tasks that are arduous, difficult, or to which people add little value are transferred to machines. The operator works in direct contact with the robot or in its immediate environment. With such proximity the operator can decide whether to interact or not with the machine. Operators remain necessary for their detailed observation skills, and so deal with the most complex part of the assembly. Contrary to popular belief, the factory of the future, though featuring more automation, is always staffed by people. Jobs change, leading to the development of new skills and new training that are yet to be identified. Over the course of changes in industry, trades have altered, but people, who are the source of innovation, remain central.

VINCI ENERGIES

“Cobotics is the next, natural step in developing manufacturing technology that will allow for a blending of skilled roles. We envisage that people will make larger, more strategic decisions while delegating the repetitive and intricate aspects of production to a robot.”

DAVE HOLMES,
MANUFACTURING DIRECTOR BAE SYSTEMS

Financial calendar



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