

**Interim results**  
for six months ending 31 October 2018

♦ Gateley Plc

Strong results from an established, resilient  
and progressive business

January 2019

## Financial highlights - A strong first half

Group revenue increased

**+20.1%**

Organic revenue increased

**+10.2%**

Acquired revenue increased

**+9.9%**

Since FY18 two further acquisitions

**GCL / Kiddy**

Adjusted EBITDA increased

**+24.8%**

PBT increased

**+18.6%**

PAT increased

**+18.0%**

H1 19 dividend increased

**18.2% to 2.6p**

## Strong growth since IPO

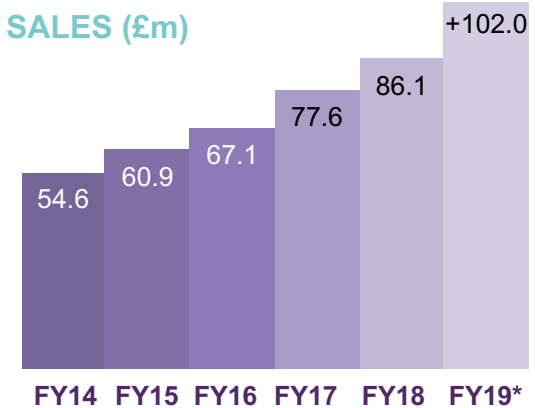
### We have provided investors with:

- Continued growth
- A progressive dividend

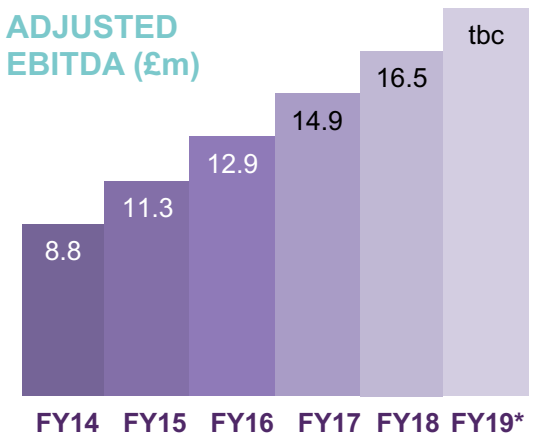
### In our first three full years, since IPO:

- Revenue **up 37% (CAGR 11%)**
- Adjusted EBITDA **up 46% (CAGR 13.4%)**
- Adjusted EPS **up 22.8% 8.98p to 11.03p FY18**
- Net Asset value **up FY15 £nil to £23m H1 19**
- Dividend total **21.84p since H1 16**

SALES (£m)



ADJUSTED EBITDA (£m)



## Operational highlights

- Successful retention of existing legal panel appointments
- Appointment to a number of new panels
- Completed 2 acquisitions
- Attraction of new lateral hire partner talent
- Retention of existing talent
- Awards achieved
- Experian MarketIQ No. 1 M&A legal adviser by deal volume
- Cross-selling of non-legal services
- £12.9m of investment in litigation funding
- Entrust independent trustee of pension fund assets in excess of £750m

♦ Gateley Plc

---

# Financial review

## Strong first half performance

	H1 19	H1 18	GROWTH
Revenue	£46.4m	£38.6m	+20.1%
Adjusted EBITDA	£6.6m	£5.3m	+24.8%
Profit after tax	£3.9m	£3.3m	+18.0%
Basic EPS	3.52p	3.10p	+13.5%
Interim dividend per share	2.60p	2.20p	+18.2%

### Higher adjusted EBITDA margin:

- Up 0.5ppts to **14.2%**

### Strong cash generation:

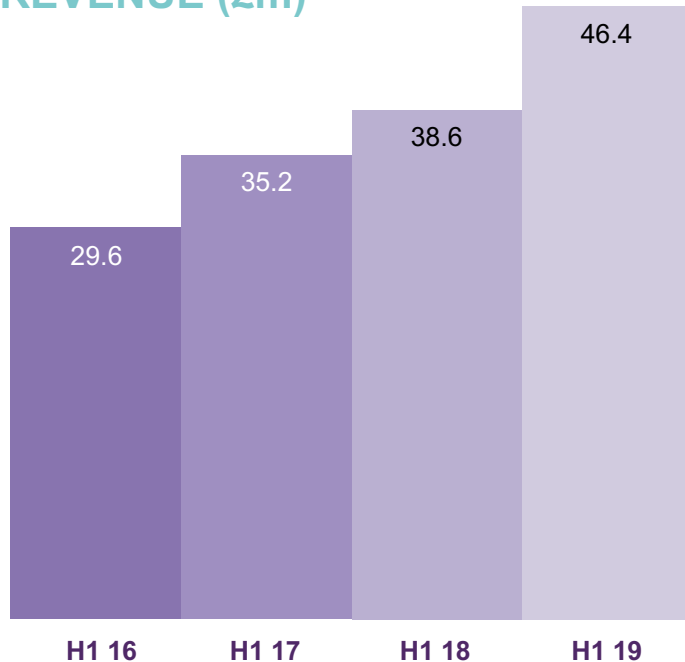
- **87.4%** operating cash conversion

### Additional lines

- GCL
- Kiddy & Partners

## H1 revenue up since IPO

REVENUE (£m)



- Revenue up **56.8%** since IPO (14.8% CAGR)
- Growth in four of our five groups
- Diversified from 15 to 21 business lines
- Annually largest client 2.68% of revenue (FY18)
- Top 10 clients 17.8% of revenue (FY18)

## Strong increase in H1 profitability

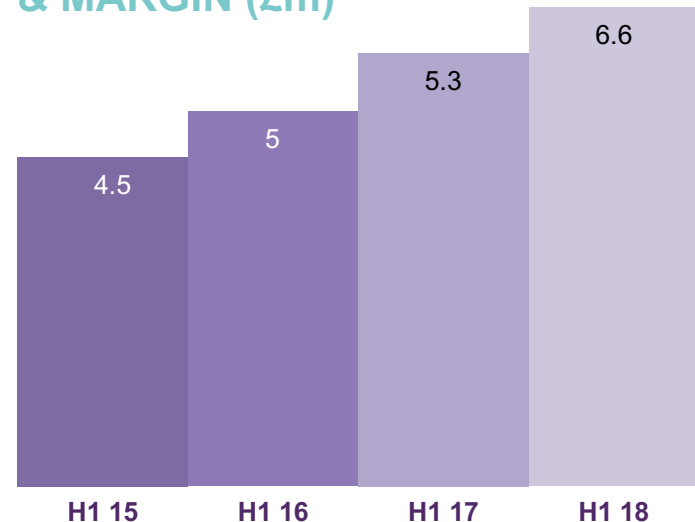
### H1 adjusted EBITDA £6.6m

- Up **£1.3m** on FY 18 (+24.8%)
- **46.7%** since IPO

### H1 adjusted EBITDA margin of 14.2%

- Up **0.5ppts** on H1 18

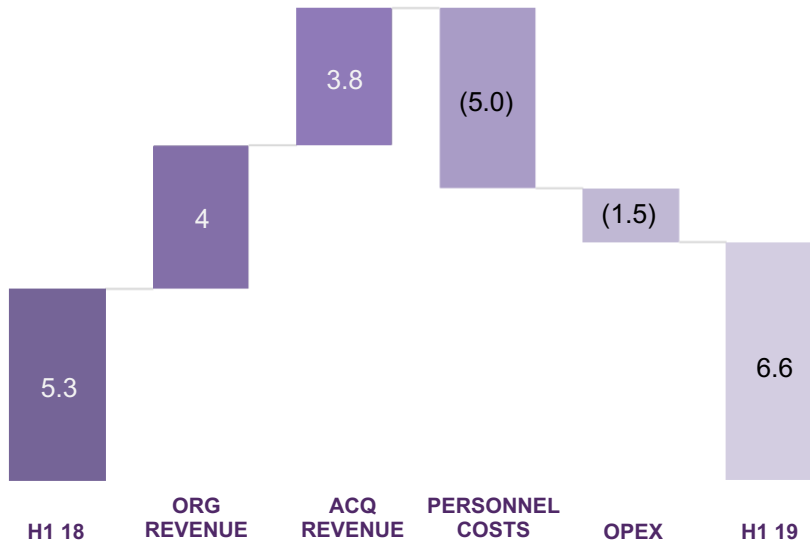
### ADJUSTED EBITDA & MARGIN (£m)





## EBITDA growth

### EBITDA Bridge (£m)



### Adjusted EBITDA 24.8% up

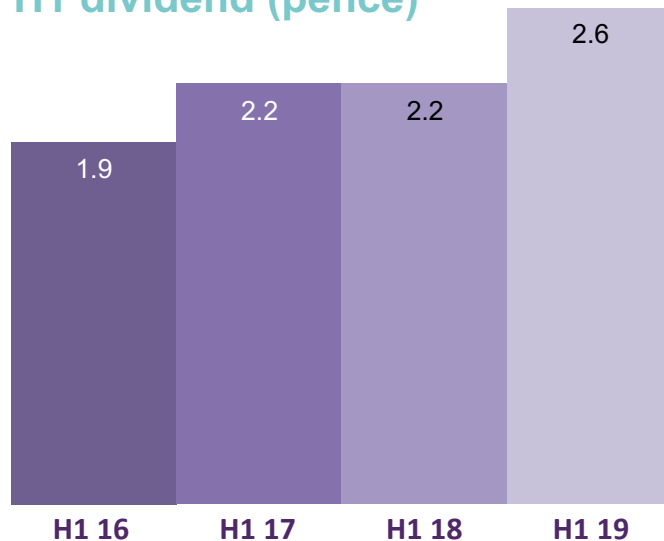
- Strong revenue growth
- Adjusted EBITDA margin up 0.5ppts
- Headcount growth (organic & acquisitions) +17.3%
- Opex increasing slower than revenue

### PAT 18.0% up

### Basic EPS 13.5% up

## Increasing H1 dividend

H1 dividend (pence)

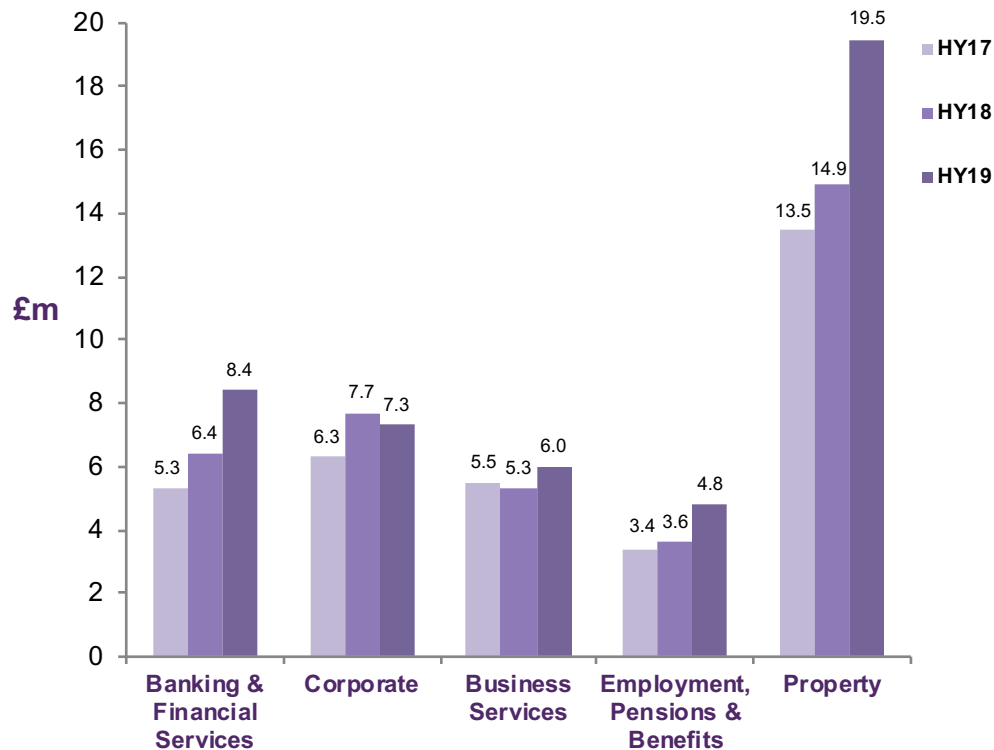


### H1 dividend up 18.2%

- 37% growth H1 dividend in 3yrs
- 11.1% CAGR

**Maintaining progressive policy**

# H1 Group revenue growth since IPO

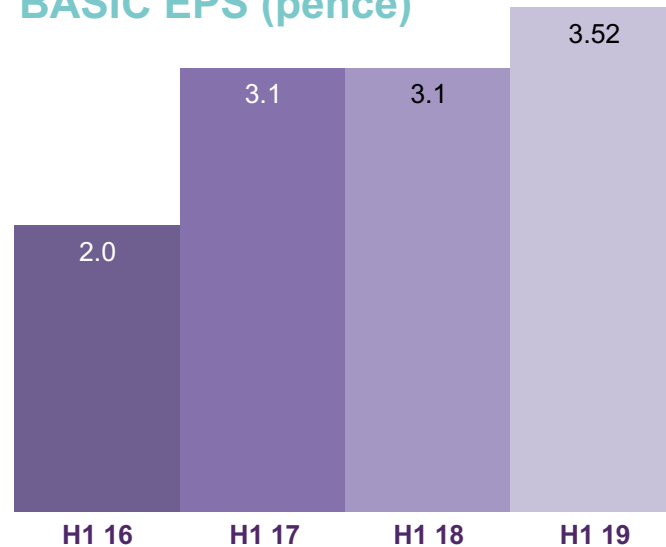


## Total & CAGR by Group

- B&FS - **67%** (CAGR 19%)
- Corporate - **40%** (CAGR 12%)
- Business Services - **36%** (CAGR 11%)
- EP&B - **31%** (CAGR 9%)
- Property - **93%** (CAGR 24%)

## ... driving further EPS growth

BASIC EPS (pence)



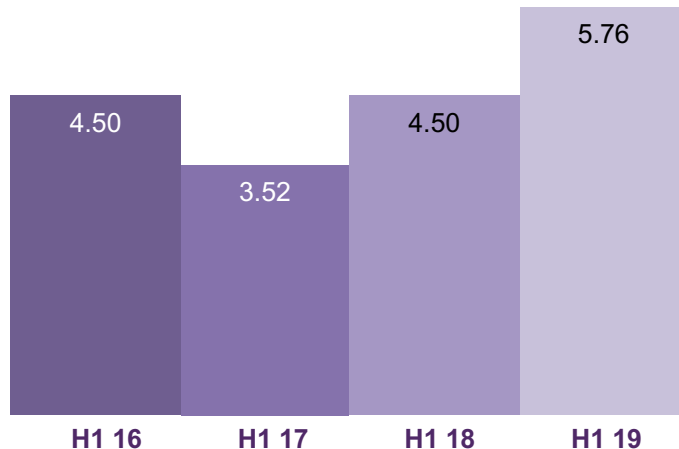
**PBT up 18.6%**

**EPS up 13.5% to 3.52p**

£m	H1 19	H1 18
Operating profit	4.96	4.37
Finance costs	0.07	(0.13)
PBT	5.03	4.24
Effective tax rate	22.3%	21.9%
PAT	3.91	3.31
Weighted av shares (m)	110.86	106.89
Basic EPS (p)	3.52p	3.10p

## Financing and cash flow

### H1 CASH GENERATION FROM OPERATIONS (£m)



### H1 19 cash generated from operations £5.76m (H1 18: £4.50m)

- 87.4% of adjusted EBITDA (H1 18: 85%)
- 92.6% average conversion rate since IPO based on FY result

### Net debt at 31 Oct 18 of £8.2m

- £1.1m increase since last year to £8.2m (H1 18 £7.1m)
- £3.0m new term debt (financing acquisitions)
- £1.3m current accounts of former GCL partner loans (H1 19 £0.85m unpaid)

### £8m of overdraft facilities

- Supporting working capital, unchanged

## Property group

Services we do provide:

- Housebuilders - planning, joint ventures, land acquisition, site set up, disputes, plot sales
- Real estate legal advice to commercial occupiers, developers, financiers, banks (good and bad book) and investors
- Planning advice
- Construction advice contentious and non-contentious
- Advice to surety providers - drafting surety documents and advising on recovery/claims
- Gateley Capitus
- Gateley Hamer

---

**We don't provide domestic conveyancing services  
(whether in London, the south east or elsewhere)**

---

♦ Gateley Plc

---

# Legal Market Environment & Acquisitions

## Legal Market Environment

- As yet no visible Brexit or macro-economic negative impact
- Caution amongst law firm managers
- Merger activity continues
- 2018 generates more investment in legal-tech development than ever before but transformational “mechanisation” of commercial law remains a thing of the future
- Law businesses must go forward: people, product, platform, delivery
- More challenging times an opportunity for established and well-financed businesses



## Acquisitions

- 4 completed to date
  - Capitus (acquired April 2016)
  - Hamer (acquired Sept 2016)
  - GCL (acquired May 2018)
  - Kiddy (acquired July 2018)
- All acquired at no more than 5 x EBITDA and no more than 55% cash
- All well-integrated into the Gateley Group
- All contributing well to Gateley Group results

## Acquisitions

- Acquisitions pipeline has never been stronger
- In the past six months multiple discussions under all five groups
- Our focus remains:
  - Strength of business line fit (cross-selling potential and realistic new channel to market)
  - Strength of cultural fit (integration and sustainability)
  - Viability of transaction structure (commitment to delivery of long-term, profitable growth)
  - Financial stability (earnings-enhancing and scale of opportunity)

## Acquisitions

- Plan remains to invest around all 5 of our legal groups, but only as strength of opportunity dictates
- Landscape of opportunity huge - over 50\* approved professional bodies in law, accounting & finance, property, construction & built environment, and human resources alone

♦ Gateley Plc

---

# Outlook and strategy

## Outlook and strategy

H2 has started well with further strong growth in revenue and profitability, and the fundamentals are in place for this to continue.

Seeking further growth:

- Organically through cross selling
- Expansion of service lines
- Accretive acquisitions into a well-balanced and resilient business

♦ Gateley Plc

---

# Appendices

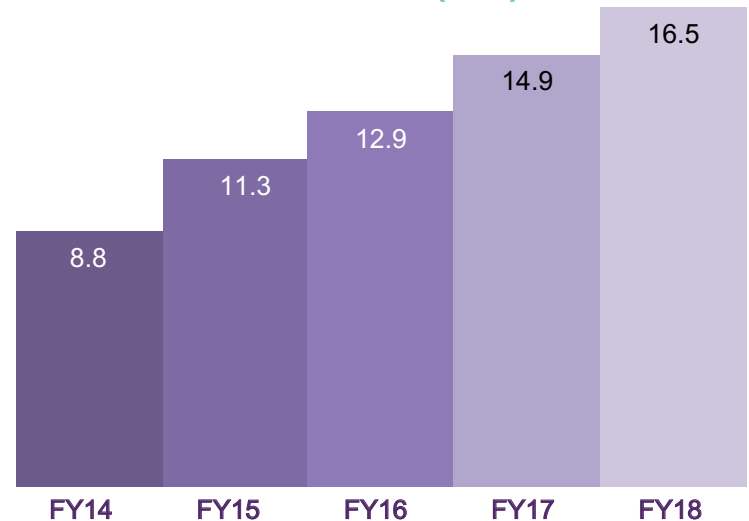
## Strong increase in full year profitability

### Adjusted EBITDA £16.5m

- Up **£1.6m** on FY 18 (+10.6%)
- **87.5%** in 4 years

**Adjusted EBITDA margin  
of 19.2%**

ADJUSTED EBITDA (£m)



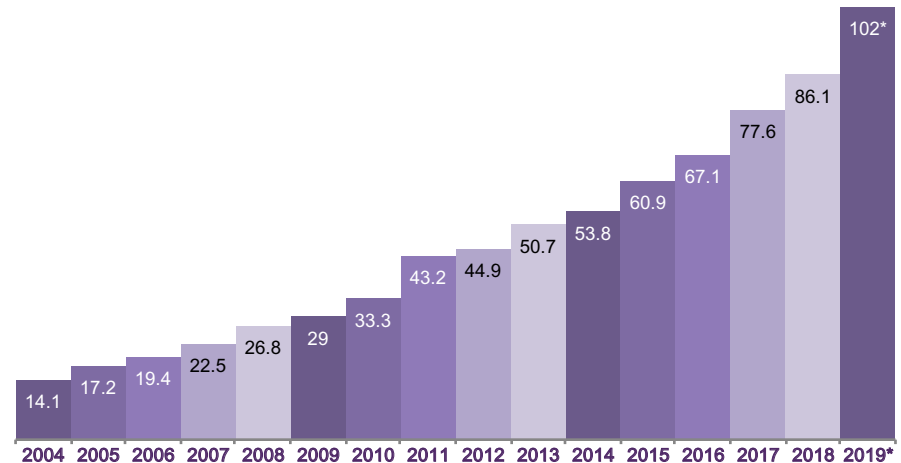
## Revenue growth through economic downturns

Revenue growth every  
YoY since 1986

Resilience during downward  
point of economic cycles

- 2010 best value transaction
- Firepower during a downturn

REVENUE (£m)





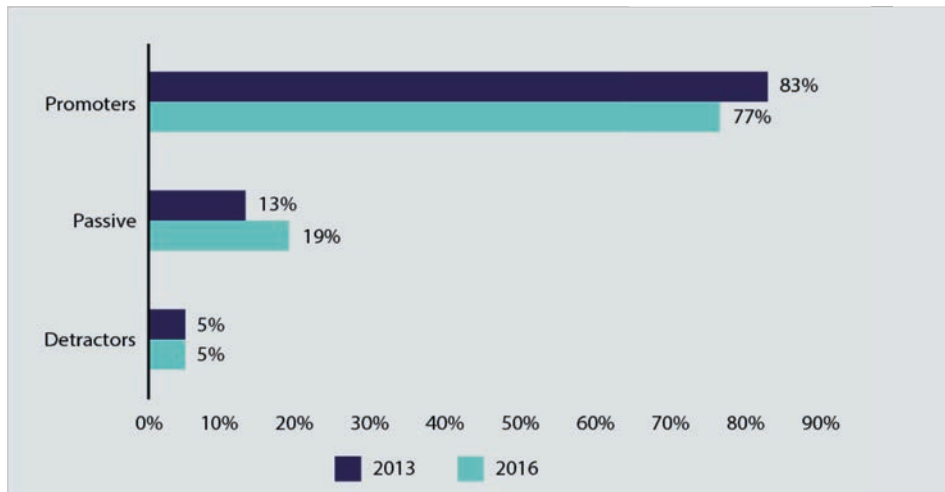
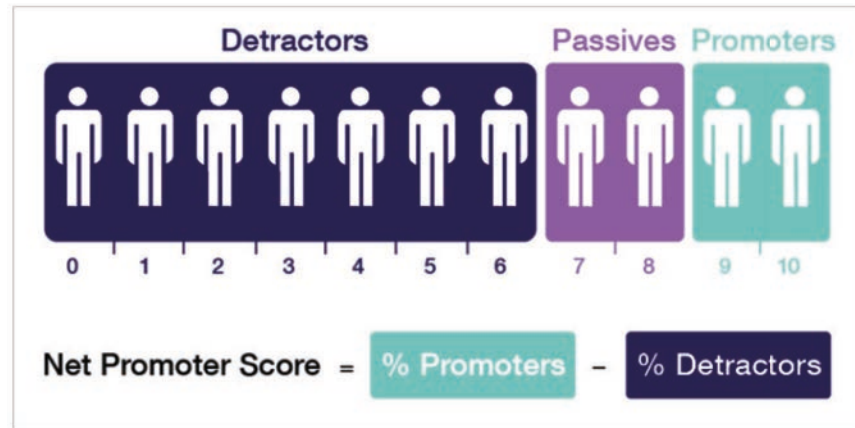
## Attraction of new legal partners

	H1 19	17/18	16/17	15/16	14/15	13/14	12/13	11/12	10/11
Joiners	8	9	8	13	3	4	2	4	1
Promotions	7	6	3	2	1	3	1	0	0
Leavers	0	-5	-1	-4	-8	-4	-9	-2	-4
Net	15	10	10	11	-4	3	-6	2	-3

## Net Promoter Score

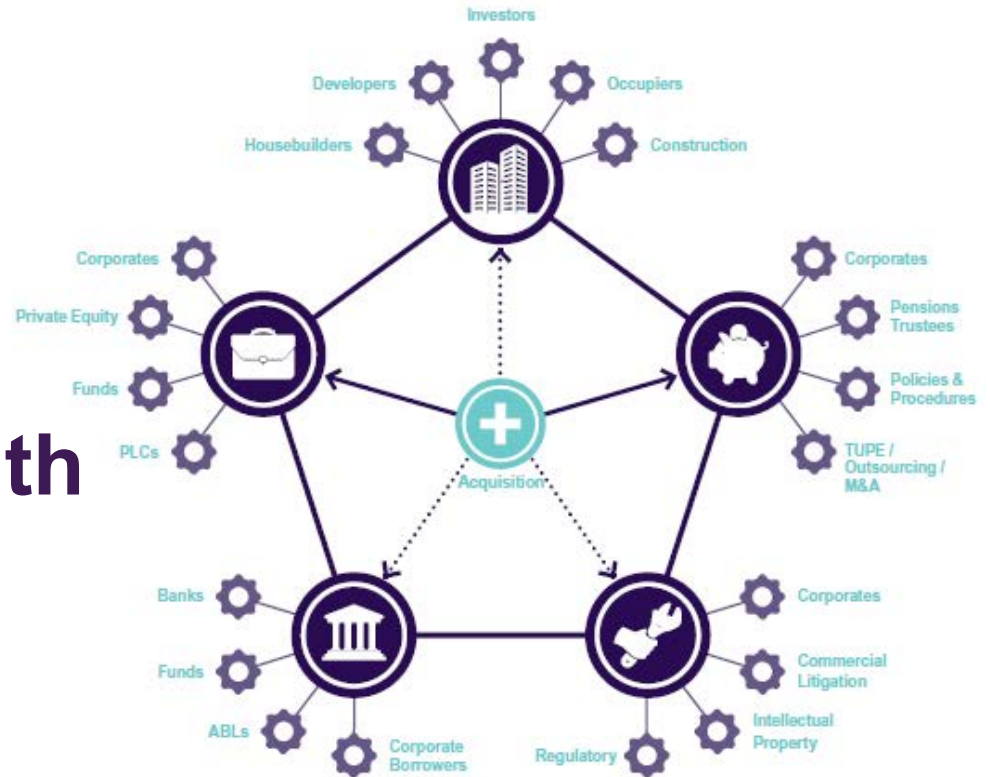
Clients were asked how likely they would be to recommend Gateley Plc to peers and colleagues.

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.



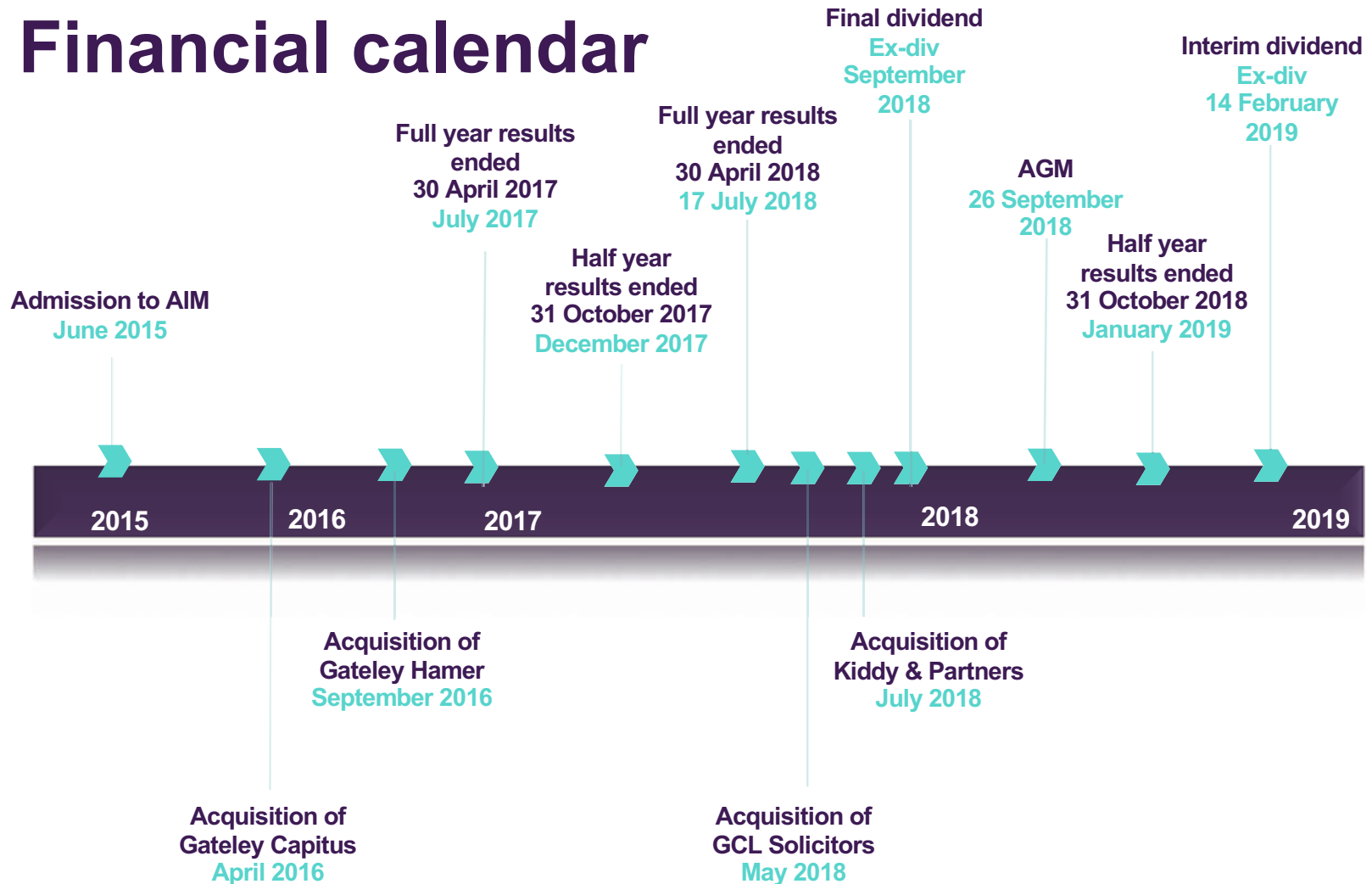
# Collective strength & growth

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

# Financial calendar



# Recognition (award wins)

## APRIL 18

- **Thames Valley Deals Awards 2018**

- Winner of Law Firm of the Year
- Joint Winner of Young Dealmaker (under 35): Mark Metcalfe
- Winner of Small Deal of the Year (under £10m) for: Rowan International MBO supported by Connection Capital

## SEPTEMBER 18

- **Midlands Dealmakers Awards 2018**

- Winner of Corporate Law Firm of the Year *"Gateley chalked up more Midlands deals than any other firm during the year."*
- Winner of International Deal of the Year for: £280m sale of Kee Safety
- Winner of SME Deal of the Year for: MBO of Precision Micro from Meggitt
- Winner of Outstanding Contribution Award: CEO Michael Ward *"As the first winner of this new award, Ward was hailed as one of the region's pre-eminent M&A lawyers who has steered Gateley to become one of the Midlands' most active law firm in terms of deal volume."*

## OCTOBER 18

- **The Times' 200 Best Law Firms 2019**

- Featured in the list for the first time - listed firms are put on the list following client feedback
- Commended for 'Company & Commercial, Mergers & Acquisitions (Business Law)' in The Times' 200 Best Law Firms 2019

## Recognition (shortlisted awards)

### MARCH 18

- **Manchester Legal Awards 2018**
  - Shortlisted for Corporate and Commercial Team of the Year
- **Birmingham Law Society Awards 2018**
  - Shortlisted for Law Firm of the Year

### APRIL 18

- **Thames Valley Deals Awards 2018**
  - Shortlisted for Lawyer of the Year: Andrew Peddie

### MAY 18

- **East Midlands Dealmakers Awards 2018**
  - Shortlisted for Legal team of the year
  - Shortlisted for SME deal of the year for:
    - Management buyout of Bridge Farm Nurseries
    - Management buyout of Dale Power Solutions
    - Management buyout of Retail Assist

### JULY 18

- **Yorkshire Rainmaker Awards 2018**
  - Shortlisted for Legal Dream Team

### SEPTEMBER 18

- **Midlands Dealmakers Awards 2018**
  - Shortlisted for Deal of the Year for:
    - £280m sale of Kee Safety
    - Sale of Westleigh Group to Countryside Properties for £135m

### OCTOBER 18

- **North West Dealmakers Awards 2018**
  - Highly commended for Deal of the Year (sub £10m) for: Acquisition of HCS STERIS by Vernacare
  - Shortlisted for Deal of the Year (sub £10m) for: Foresight Investment into DA Languages
  - Shortlisted for Deal of the Year (£10m - £50m) for: BGF funding for APS Group
- **AIM Awards 2018**
  - Gateley Plc shortlisted for Best use of AIM Award
- **Leasing World Awards 2018**
  - Finalist for Asset Finance Legal Team of the Year

### NOVEMBER 18

- **Leasing Life Awards 2018**
  - Finalist for Asset Finance Legal Provider of the Year