



**Full Year Results
Year ended 30 April 2015**

September 2015



ESTABLISHED

Founded in Birmingham in the 19th century
Leading national practice with regional focus
Growth achieved both organically and by acquisition
Investment in national footprint already made, platform for growth in place
Senior management team since 2007 committed for a minimum further five years



SCALE & DIVERSITY

Over 340 solicitors
Over 5,500 clients
Ranked #3 for Corporate Deal Volume in the UK¹
Geographic and sector diversity, no governmental dependency, downturn protection through counter-cyclical work-streams



FINANCIAL STRENGTH

Track record of delivering profitable growth
Strong cash generation
Counter cyclical work streams
15 business lines



OBJECTIVE

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

¹ Experian Corpfin Deal Review League 2014

◆ HBJ Gateley - Affiliated independent offices excluded from IPO

Year ended 30 April 2015

◆ Gateley

£60.9m

FY15 revenue

11.5%

Growth on FY14

£11.3m

Adjusted Pro-forma EBITDA*

28.4%

Growth on FY14

Pro-forma total
dividend yield up to

5.4%

Pro-forma
EPS up to

7.4p

Strong cash generation

**Broad base and national presence provides
predictable earnings:**

No one client represents >4% of revenue

**Stable PROFITABLE
GROWTH with relatively
fixed cost base**

* Adjusted Pro-forma EBITDA – profit after pro-forma partners' pay but before interest, depreciation and pro-forma corporation taxation

Advised on more than 250 corporate deals with an aggregate value in excess of £1.5bn

Increase in fee generating staff

Utilisation of fee generating staff at 85%

Residential development team acted for all top ten UK housebuilders

Successful IPO raised £30m in June 2015



**Solid foundation
for FUTURE
GROWTH**



Gateley has built a quality offering; catering for national and local needs



Legal services currently provided through five Groups and 15 different business lines all working together to cross-sell

- ◆ **first full-service commercial law firm to list**
- ◆ **£30m raised**
- ◆ **strong institutional support**
- ◆ **almost 100 existing clients became shareholders**
- ◆ **all staff received shares**

Growth strategy
Delivering on IPO promises

◆ Gateley

DIFFERENTIATE

DIVERSIFY

INCENTIVISE

**Plc structure has created the
platform for growth**



DIFFERENTIATE

The only full-service commercial law firm:

- ◆ available for external investment on a public market
- ◆ to be able to offer corporate paper for potential acquisitions
- ◆ to be able to offer equity to its staff
- ◆ with a corporate balance sheet and the capacity to build long-term shareholder value

Profile significantly enhanced:

- ◆ IPO press coverage value of £1.1m (based on advertising rates)
- ◆ 425 press cuttings, reaching an average of 85,000 people per day over IPO period (7.6m in total)
- ◆ comprehensive national and international coverage
- ◆ 80,000 new visitors to our website



DIVERSIFY

- ◆ **seven new Partners hired since Admission (seven more in ongoing discussions)**
- ◆ **residential development unit now trading in London and SE England**
- ◆ **expanded capacity following office moves in Leeds and Nottingham**
- ◆ **priority sectors (legal and non-legal) being identified for proactive targeting**
- ◆ **increased profile and Plc status generating expansion opportunities**



INCENTIVISE

Wider and earlier ownership by employees:

- ◆ all staff hold equity
- ◆ 7.2m shares optioned to senior employees subject to performance over three years
- ◆ an all employee share incentive arrangements to be implemented

Unique and progressive ownership structure attracts talent:

- ◆ ability to build long-term value appeals
- ◆ seven partners joined since IPO
- ◆ seven more new partner conversions ongoing

Five year “lock-in” (including share and cash claw-back) in place for all 81 Partners

Market environment

◆ Gateley

F/Y 2014/15 “has seen the dynamics of the UK legal market turn on its head as national-driven law firms outperformed those at the top of the table, including the ‘Magic Circle’*”

- ◆ total LB100 revenue down 1%, Gateley up 11.5%
- ◆ total LB100 lawyer headcount down 2%, Gateley Plc up 3%
- ◆ LB100 average profit per equity partner up 10%, Gateley Plc adjusted pro-forma EBITDA up 28.4%
- ◆ pressure on “global footprint” firms

Salary pressure starting to build

Speed of innovation changing

- ◆ the first full-service, publically quoted law firm!
- ◆ emergence of sub-brands
- ◆ technology advances

* Legal Business Magazine “LB100 Survey 2014/2015”

- ◆ broader economy improving
- ◆ requirements of clients are changing
- ◆ fees
- ◆ responding to salary pressure whilst managing overall costs
- ◆ our growth strategy and Plc status puts us in a good place
- ◆ SME market out-performing larger businesses
- ◆ enhanced position in the recruitment market

Financial review

◆ Gateley

Pro-forma consolidated income statement

Year ended 30 April 2015 £'m	Audited LLP 2015	Pro-forma change 2015	Unaudited pro-forma 2015	Unaudited pro- forma 2014
Revenue	60.9	-	60.9	54.6
Costs	(37.3)	(13.8)	(51.1)	47.2
Operating profit	23.6	(13.8)	9.8	7.4
<i>Margin</i>	38.9%		16.1%	13.6%
Profit before tax	23.6	(13.8)	9.8	7.4
Profit for the year	23.6	(16.0)	7.7	5.7
EPS			7.4p	5.4p
Pro-forma dividend yield			5.4%	4.0%

Pro-forma balance sheet

As at 30 April 2015 £'m	Audited LLP 2015	Pro-forma change 2015	Unaudited pro-forma 1 May 2015	Audited LLP 2014
Fixed assets	1.7	-	1.7	1.7
Current assets	34.4	7.1	41.5	30.9
<i>Cash</i>	2.7	7.1	9.8	2
<i>Unbilled Revenue (WIP)</i>	8.7	-	8.7	7.3
<i>Trade receivables</i>	21.2	-	21.2	19.0
<i>Other Debtors</i>	1.8	-	1.8	2.6
Current liabilities	(35.6)	5.7	(29.9)	(32.9)
Long term liabilities	(0.5)	(9)	(9.5)	(0.6)
Net Assets	-	3.8	3.8	(0.9)

New money
£5m

(£3.8m net proceeds assisting
LLP to PLC transition)

**5 Year
bank debt**
£10m

**Retention of
net profits**
enhancing Net Asset Value

- ◆ strong year to 30th April 2015
- ◆ IPO the right decision
- ◆ new and exciting opportunities
- ◆ still a tough environment

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