

Forward thinking
Straight talking

Preliminary results
Year ended 30 April 2020

Gateley

Presentation team



Neil Smith FCCA
Finance Director



Rod Waldie
Chief Executive Officer



Nick Smith
Acquisitions Director

Overview

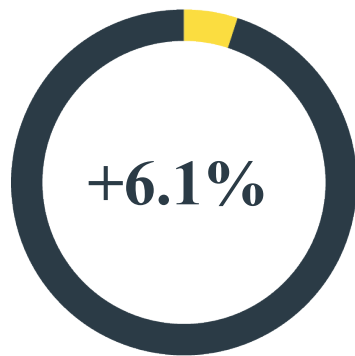
Overview

- Solid results for FY20
- Further progression of strategy implementation during FY20
- Resilience through diversification, differentiation and culture
- Managed operations aligned to profitable and cash positive trading year to date
- Cautious anticipation of continued improvement in current year trading subject to macro-economic stabilisation
- Foundations set for:
 - long-term growth;
 - the creation of a broader professional services group; and
 - enhanced profitability

Financial highlights

Financial highlights

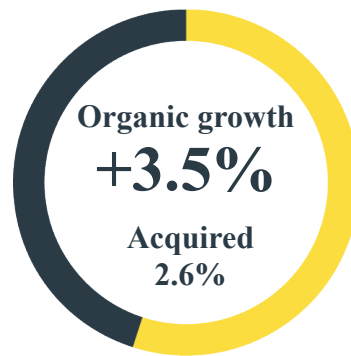
Group revenue
increased



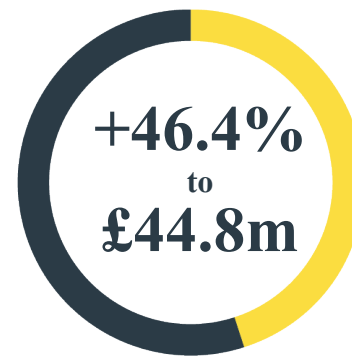
Group revenue
mix



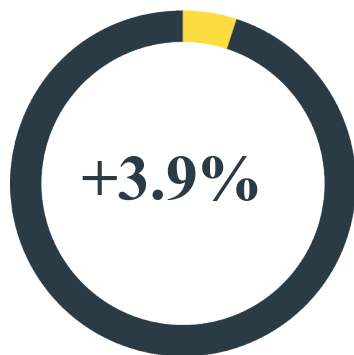
Revenue
growth



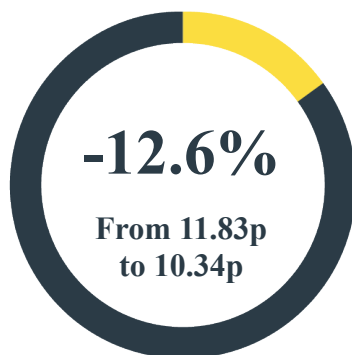
Net assets
increased



Underlying operating
PBT increased



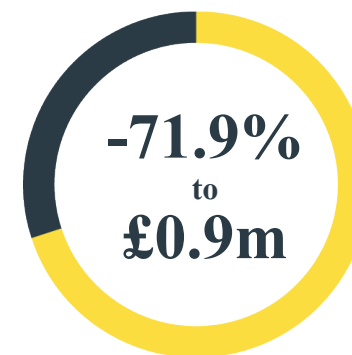
Underlying
basic EPS
decreased



PAT
decreased



Net debt
decreased



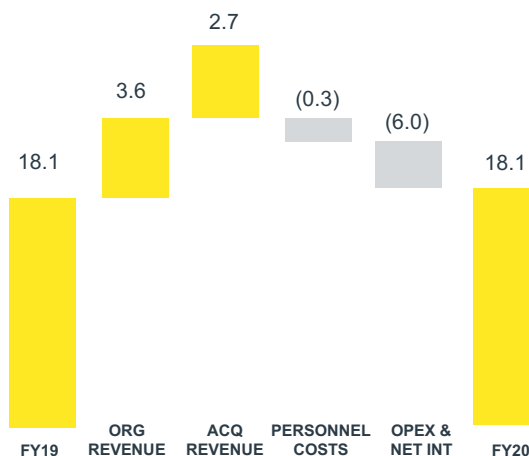
Dividend payments from FY20 results cancelled due to COVID-19

FY 20 performance

Strong performance, impacted in Q4 by COVID-19, decisions taken quickly to conserve cash

	FY 20 (£m)	FY 19 (£m)	GROWTH
Revenue	109.8	103.5	+6.1%
Underlying operating profit before tax	18.7	18.0	+3.9%
Underlying profit before tax	18.1	18.1	-
Profit after tax	11.7	13.0	-10.0%
Underlying basic EPS	10.34p	11.83p	-12.6%

Underlying PBT bridge (£m)



- Organic revenue growth impacted sharply in Q4 by COVID-19 with no time to implement plans to maintain profits at forecast levels
- Despite COVID-19 strong performance across the Group with consultancy businesses contributing £11m (10%) of revenue
- Trading margin in line with prior year, board cancelled staff bonuses as forecast revenue not met
- Decision taken to conserve cash further and cancel dividends whilst impact of COVID-19 was assessed
- Another year of strong cash generation, re-investment in 4 acquisitions prior to lockdown and top line growth

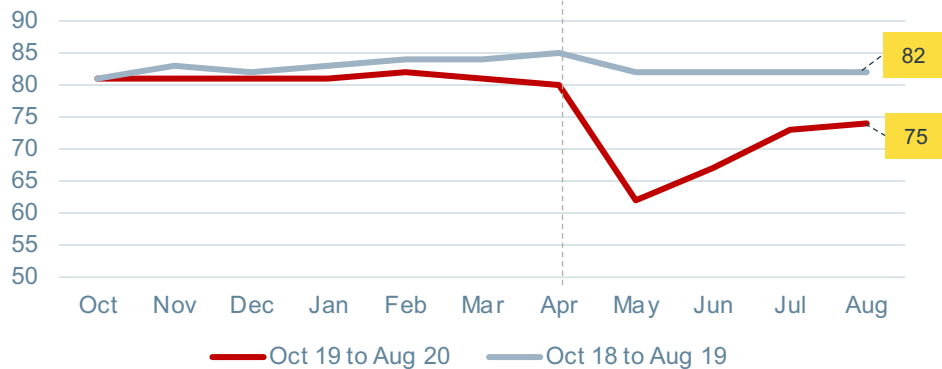
Segmental analysis

Sustainable growth through resilient and balanced service lines

	FY 20 £m	FY 19 £m	movement	Drivers for growth
Banking and Financial Services	16.7	17.0	(1.8)%	<ul style="list-style-type: none"> • Surety led instructions quieter compared to FY 19 • International litigation opportunities • Banking/Administration activity will be enhanced by COVID-19 once government assistance schemes end
Corporate	19.8	16.9	17.2%	<ul style="list-style-type: none"> • Leading deal volume teams nationally specialising in PE/M&A • London Private Wealth and tax teams performing well • COVID-19 halted corporate deal fee growth in last two months
Business Services	12.6	13.4	(6.0)%	<ul style="list-style-type: none"> • COVID-19 impact on commercial legal work • Expansion of commercial legal teams across larger national accounts • Commercial litigation steady solid performer
Employees, Pensions and Benefits	13.6	11.1	22.5%	<ul style="list-style-type: none"> • Surge in Employment related COVID-19 advice in last month • T3 acquired in year adding £1.2m • IIS expanding pipeline
Property	45.1	43.4	3.9%	<ul style="list-style-type: none"> • Long term land projects (Housebuilding) • Property developments (logistics and industrial warehousing) • National infrastructure and land owner activity increases from planning to business lease • Persona and Vinden acquired in year adding £1.2m

Activity and Working capital trends (4 mths to Aug 20)

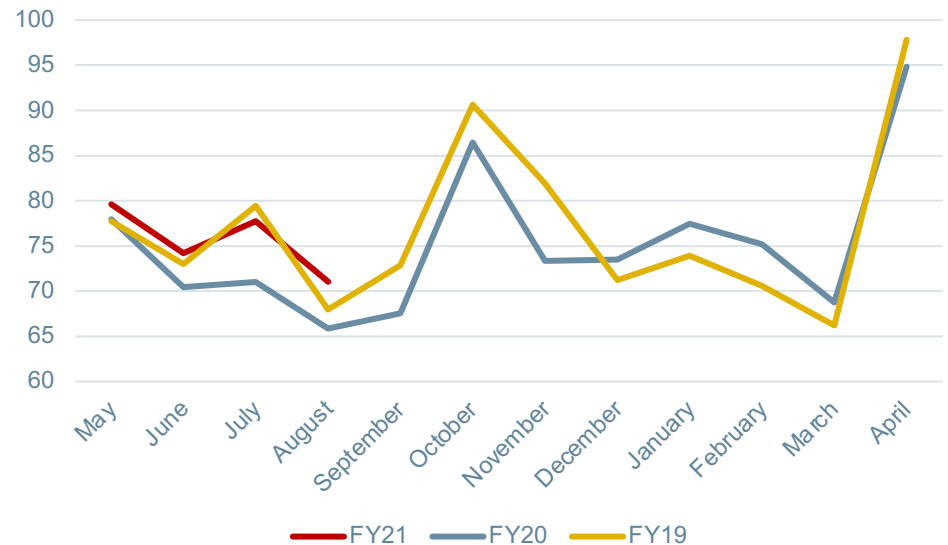
Cumulative Utilisation



- Utilisation impact recovering
- Resilience of complementary service lines

- Debtor days following historical trends in days
- Cash collections exceeded post-pandemic forecasts
- Long term projects unaffected
- No significant bad debts
- Enhanced practical measures to aid collections through pandemic

Debtor days



FY 21 cost decisions

Carefully managed costs to mitigate pandemic challenge

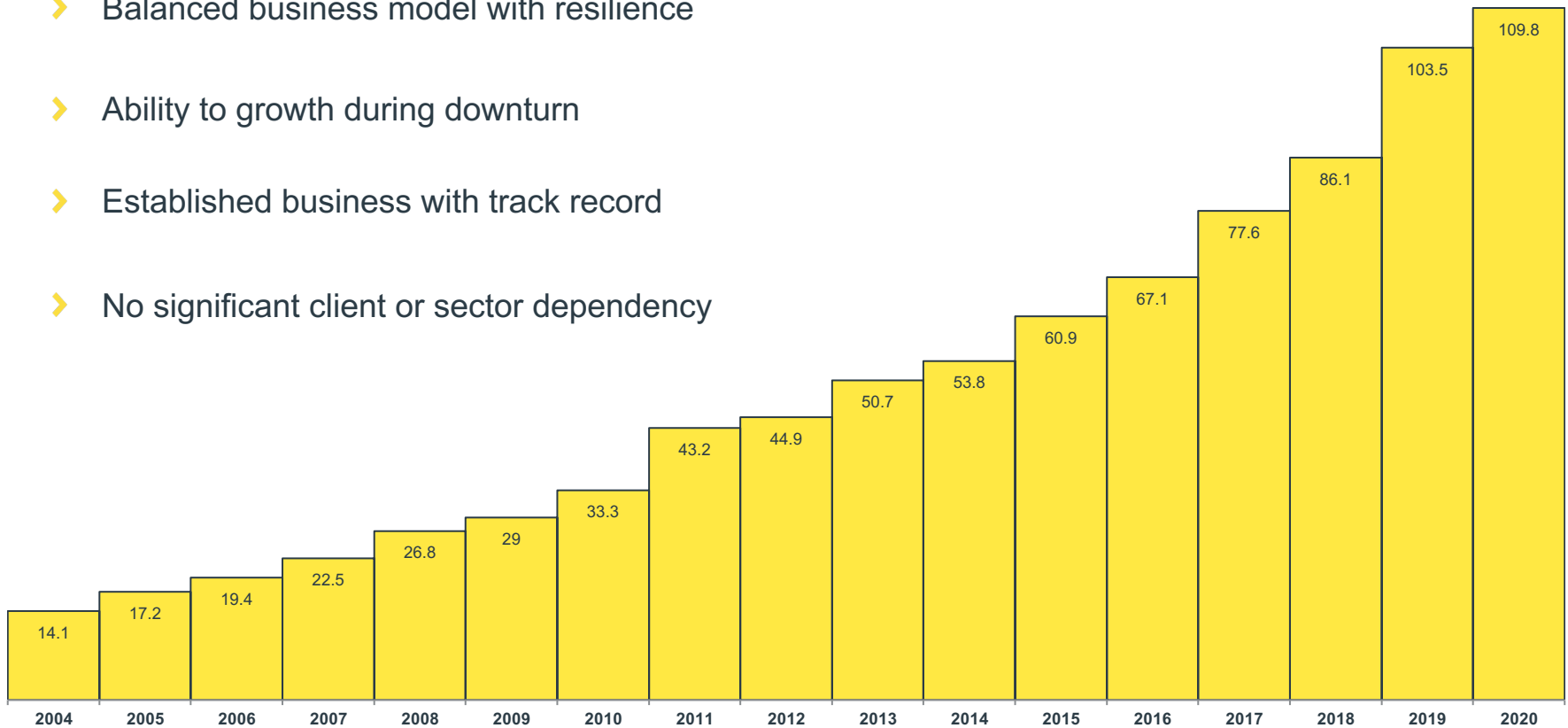
	FY20 £m	FY19 £m
Revenue	109.8	103.5
Other income	0.7	0.3
Personnel costs	(63.5)	(62.8)
Operating costs	(23.8)	(21.9)
Total underlying costs	(87.3)	(84.7)
Non-underlying costs and interest	(8.4)	(3.1)
Total costs	(95.7)	(87.8)
Profit before tax	14.8	16.0

- £5.4m from pay cuts across all staff
- £5m COVID-19 induced cost savings – property, travel, marketing
- c£2m furlough income receipts FY21
- Underlying costs for FY21 expected to be in line with FY20
- Operational gearing opportunities from new ways of working

Revenue growth through economic cycles

- YOY growth
- Balanced business model with resilience
- Ability to growth during downturn
- Established business with track record
- No significant client or sector dependency

REVENUE (£m)



Financial summary

FY20 summary

- Good momentum from FY19 into FY20, disrupted year due to Brexit, election and then COVID-19
- Further investment in staff and 4 acquisitions improving balance and increasing capacity
- Good organic growth halted by COVID-19 before cost-base could react
- Forecasts withdrawn due to COVID-19 uncertainty
- Dividends and bonuses cancelled despite another year of strong cash generation
- Significant net asset and net debt improvement

FY21 year-to-date summary

- Swift action taken to:
 - Realise cost savings
 - Conserve cash
- Ample facilities in place
- Utilised government support to avoid redundancies where it aligns with staff protection intent
- KPI trends improving monthly
- All key metrics ahead of post-pandemic expectations
- Looking to maximise operational gearing opportunities
- Revenue difficult to forecast due to current uncertainty however expecting resilience from balance of legal and consultancy offering

*A proven
business model*

Resilience

Quality

Industry rankings:

- › 2020 Experian Market IQ M&A Advisor League for H1 – ranked no 1 nationally across the UK
- › Chambers and Legal 500 – 11 'Tier 1' rankings across practice areas; 98 lawyers ranked and 13 lawyers featured in the Legal 500 Hall of Fame

Gateley Legal

- › **British Legal Awards 2019** – UK Law Firm of the Year
- › **Thames Valley Deal Awards 2020** – Corporate Law Firm of The Year
- › **Greater Birmingham Chamber of Commerce 2020 Awards:** Excellence in the Community and Excellence in Sales and Marketing
- › **The Times Best Law Firms**
- › **EPrivateClient Top 35 under 35** – two of our London associates recognised on the prestigious list celebrating the rising stars of the UK private wealth advisory sector

t-three

- › **Training Journal Awards 2019** – Best Leadership Development Programme
- › **Business Culture Awards 2019** – Best Talent Development Programme (partnering with Sainsbury's)
- › Announced as **finalists for the Business Culture Awards 2020** in three categories

Our clients

Client satisfaction survey 2020

- › Overall service quality – score of 96% good/excellent
- › Net promoter score +68

Our people

Employee engagement survey 2020

- › Employee engagement score of 82% vs 65% UK private sector average

Resilience

Scale and Breadth

- 16 legal lines
- 5 consulting lines
- 438 qualified lawyers; 21 surveyors; 10 accountants; 2 tax accountants; 11 occupational psychologists; 11 behavioural consultants
- More than 10,000 live client matters in September 2020
- 11 offices in the UK

52%

increase in
website traffic
since brand
re-launch

4k

more social
media followers
since brand
re-launch

20%

increased
click rates
since brand
re-launch

4,000

Lockdown
virtual event
delegates

17

tenders won
during
lockdown

Resilience

Revenue YOY movement (%)												
	2008	2009	2010	2012	2013	2014	2015	2016	2017	2018	2019	2020
BFS	5	81	139	9	20	6	13	11	11	3	10	-2
Corp	22	-19	-13	8	7	-1	14	13	25	13	6	17
BS	38	48	-2	8	29	-7	-1	16	7	11	11	-7
EPB	0	-7	62	7	-3	-9	13	3	-3	6	6	18
Prop	25	-4	-6	13	3	26	16	11	20	14	30	-3
Consultancy	-	-	-	-	-	-	-	0	30	62	110	53

Resilience

People

- Health & Wellbeing
- Staff survey
- Pay
- The future

Our diversity, inclusion and wellbeing network groups provide support for our people through a number of initiatives and activities:

thrive



Health & Wellbeing of all employees

pride



LGBTQ+ community

inspire



Nurture, develop and support all of our talent

unity



Recognising, celebrating and supporting people from different cultures, religions, backgrounds and those with disabilities

Connecting with our people during lockdown

Employee intranet – 25k hits per week

Employee newsletter – 85% readership

Leadership – CEO business update videos; Workplace Wednesdays

2020 Gateley Team Spirit Awards – 300 colleagues nominated, virtual ceremony in October

Senior management annual update – virtual employee roadshow in November

Resilience

Finances

Group revenue



Net assets



Net debt



Progress with strategic plan

Our “Platforms”

- Grouping professionals facing common markets/sectors
 - deeper understanding
 - a differentiated, compelling proposition
 - seamless multi-disciplinary service delivery
 - cross-selling opportunities
- Established Platforms
 - Property
 - Human Capital
- “Under construction”
 - Corporate
 - Business Services

Platform composition

Property <i>Platform</i>	Human Capital <i>Platform</i>	<i>under construction</i> Corporate <i>Platform</i>	<i>under construction</i> Business Services <i>Platform</i>
Gateley Legal Gateley Capitus Gateley Hamer Persona Associates Gateley Vinden	Gateley Legal Kiddy & Partners t-three Entrust International Investment Services	Gateley Legal Gateley Capitus International Investment Services	Gateley Legal

Theory in practice

Property Platform Town centre regeneration Infrastructure Housing schemes



➤ Stockton - on - Tees

Gateley Hamer

Gateley Legal

Persona Associates

➤ Dudley Interchange

Gateley Hamer

Gateley Legal

Persona Associates

➤ Slough

Gateley Hamer

Gateley Legal

Theory in practice

Human Capital Platform



Virtual delivery



Cyber
threat

Gateley Legal

t-three

Global Pharma Co.



- talent development programme
- experiential event
- crisis and risk management
- virtual delivery

Theory in practice

Human Capital Platform



Virtual delivery

Strategic BD
opportunity

Kiddy & Partners t-three

International Consulting
Engineering co.



- talent assessment
- leadership development
- cultural change
- virtual delivery

Theory in practice

Human Capital Platform



Gateley Legal

t-three

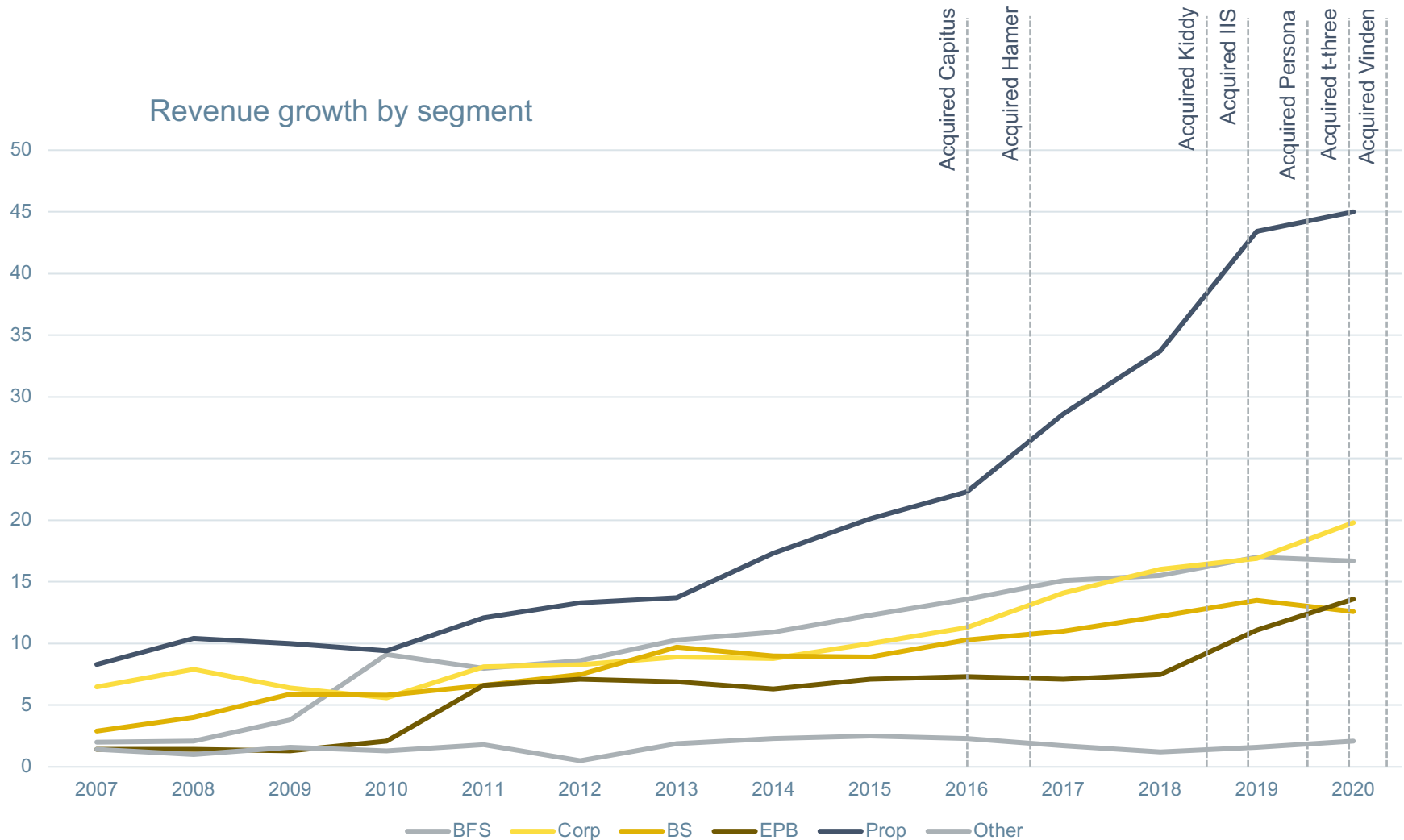
- employment law

Transport Systems co.



- coaching/ mentoring programme

Growth enhanced by our Platforms



Leveraging our Opportunity

Leveraging our Opportunity

- IPO strategy in action – differentiated, diversified and incentivised
- Improving operational efficiency – our pre-Covid strategy
 - Property – Persona Associates – Guildford
t-three – London
Gateley Tweed – Belfast
 - People – BD/Marketing
Accounts
Facilities
 - Systems – Accounts
CRM
BD/Marketing
Document management

Leveraging our Opportunity

- Improving operational efficiency – our post-Covid strategy
 - Measured cost control as restrictions relaxed
 - Flexible working for our people
 - reduces pressure on existing sq. footage
 - increases revenue per sq. ft rent
 - our IPO vision of a modern, dynamic workplace/career
 - Flexing our delivery model
 - responding to changes in client requirements
 - seamless virtual delivery adaptation
 - development of product
 - extending our reach

Outlook

Outlook

FY21

- better than expected start to FY21
- capacity to continue profitable and cash positive trading
- current uncertainty precludes sensible guidance on year-end outcome

Our Vision

- an inclusive growth mission for our people
- further diversification via acquisitions
- expanded Platforms offering with leading positions in legal and consultancy services
- indispensable to our clients
- scaling to a compelling investment in professional services

Questions?

Appendices

Strong cash generation and low net debt

Cashflow and working capital overview

- Continued strong cash generation and FCF
 - Net operating cash/PAT 99.8% (92.7%)
 - FCF/PAT 88.9% (83.1%)
- Self-funded FY20 acquisitions
- Controlled capex
- Essential to conserve cash whilst COVID-19 uncertainty remains
- Excellent bank support

Low net debt:

- Financial flexibility
- Term debt restructure due to COVID-19 including plans for FY21

Summary cash flow £m

	FY 20	FY 19
PAT	11.7	13.0
Depreciation, amortisation, impairments	6.8	2.5
Share based payment charges	0.8	0.7
Change in working capital	(7.8)	(3.8)
Change in net interest accrued (inc IFRS 16 interest)	(0.1)	(0.1)
Increase in provisions and deferred tax	3.0	2.9
Cash generated by operations (pre tax)	15.2	15.2
Tax paid	(2.7)	(3.1)
Net cash generated by operating activities	11.7	12.1
Net capex	(1.3)	(1.3)
Free cashflow	10.4	10.8
Acquisitions	(3.2)	(2.7)
Financing activities (excluding IFRS 16 interest)	(7.2)	(9.5)
Net cash decrease in cash	0.0	(1.4)
Brought forward cash at bank	2.9	4.3
Cash at year end	2.9	2.9
Debt	(3.8)	(6.1)
Net Debt	(0.9)	(3.2)

Our companies

Gateley /LEGAL

Providing comprehensive legal and business advice.

Gateley /CAPITUS

Specialising in capital allowances on commercial property, land remediation relief and tax incentives.

Gateley /HAMER

Advice on easements and wayleaves for utilities infrastructure, and compulsory purchase and compensation.

Gateley /TWEED

Specialist, multi-jurisdictional advice on reputation, media and privacy.

Gateley /VINDEN

Specialist, corporate advisory, dispute resolution and consultancy to the built environment.

/ENTRUST

An independent trustee to occupational pension schemes.

/INTERNATIONAL INVESTMENT SERVICES

Supporting businesses to realise their international growth ambitions.

/KIDDY & PARTNERS

Specialists in leadership assessment and development.

/T-THREE

Specialists in people and leadership development and behavioural change.

Our offices

With offices in 11 UK locations, and another in Dubai, we have the regional network to provide our clients with the advice they need on their doorstep.





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