



**Half Year Unaudited Results  
for the six months ended  
31 October 2015**

**December 2015**

◆ **Introduction and Highlights**

Michael Ward, Chief Executive Officer

◆ **Financial Review**

Neil Smith, Chief Financial Officer

◆ **Market Environment**

Nick Smith, Director (Acquisitions and Investor Relations)

◆ **Summary and Outlook**

Michael Ward, Chief Executive Officer

# Introduction and Highlights

◆ Gateley



## ESTABLISHED

**Founded in Birmingham in the 19<sup>th</sup> 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 of five years from Admission



## SCALE & DIVERSITY

**386 fee generating staff**  
**5,500 clients**  
**Ranked #3** for Corporate Deal Volume in the UK<sup>1</sup>  
**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**

<sup>1</sup> Experian Corpfin Deal Review League 2014

◆ HBJ Gateley - Affiliated independent offices excluded from IPO

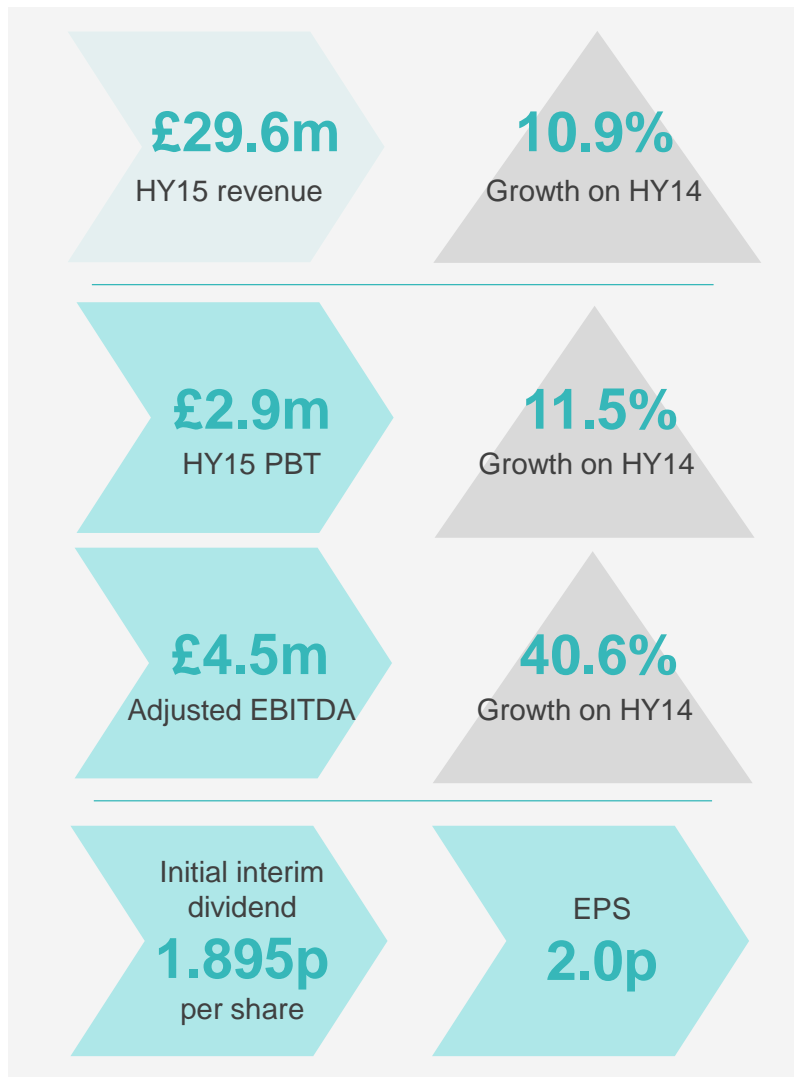
**DIFFERENTIATE**

**DIVERSIFY**

**INCENTIVISE**

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

# Financial highlights



**Solid organic revenue growth**

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**Measured expansion across all five segmental divisions**

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**UNINTERRUPTED GROWTH**  
before, during and after the IPO process

**Advised on 123 corporate deals with an aggregate value in excess of £970m**

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**3.5% increase in fee generating staff to 386**

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**Utilisation of fee generating staff at 85%**

**Smooth transition from LLP to Plc corporate structure**

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**New full service office to open in Reading**

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**Solid foundation  
for FUTURE  
GROWTH**

- ◆ **Strategic presence of a Reading office**
- ◆ **Geographic proximity to London**
- ◆ **Developing national service lines with national clients**



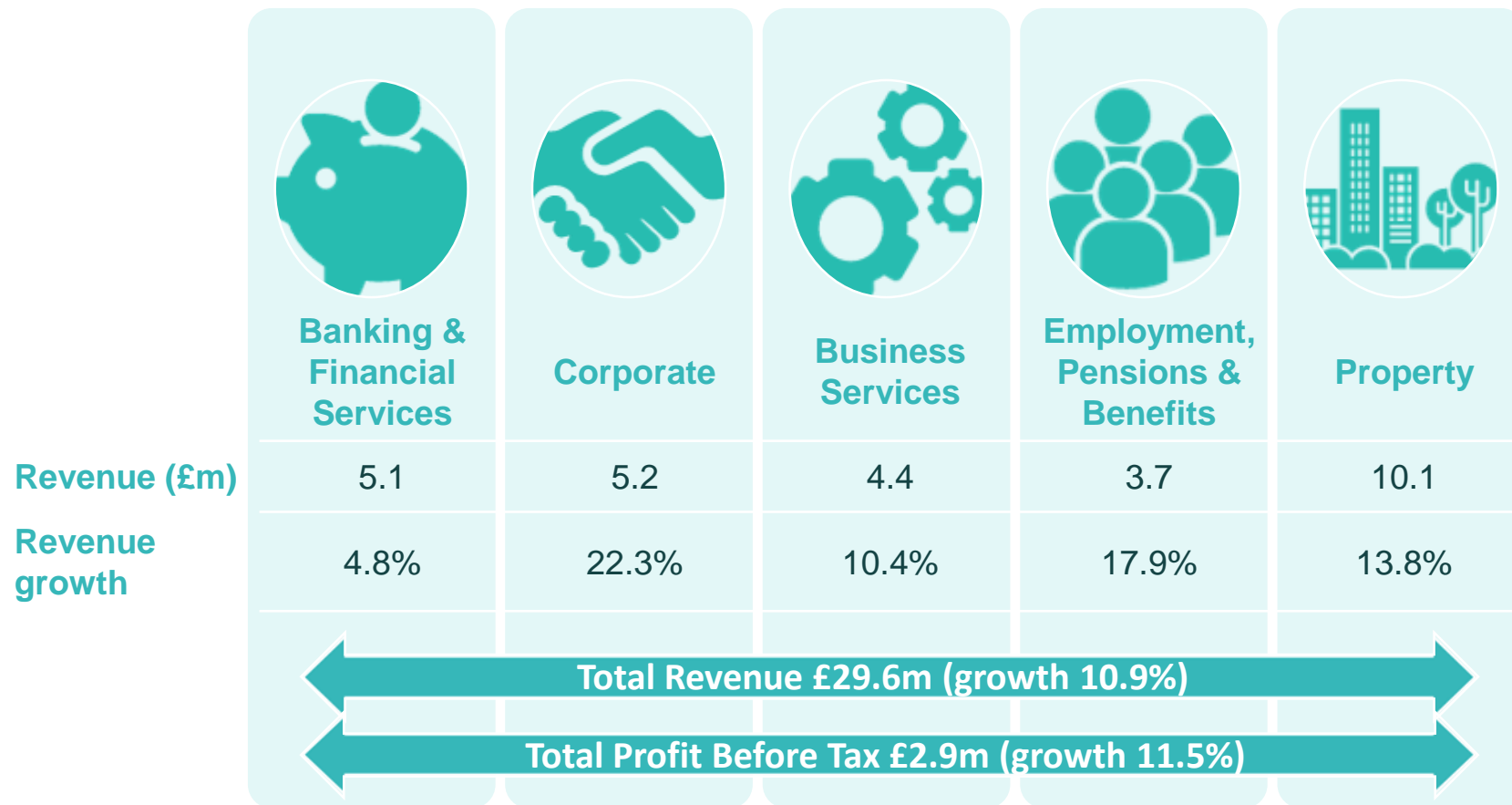
- ◆ **Strong performance unaffected by the IPO**
- ◆ **Senior hires continue to be attracted by fresh challenge**
- ◆ **Good progress towards All Employee Share Incentive Scheme**
- ◆ **New office announcement**
- ◆ **Continuing to explore strategic and value enhancing acquisitions**

**Financial Review**

◆ Gateley

# Consolidated income statement

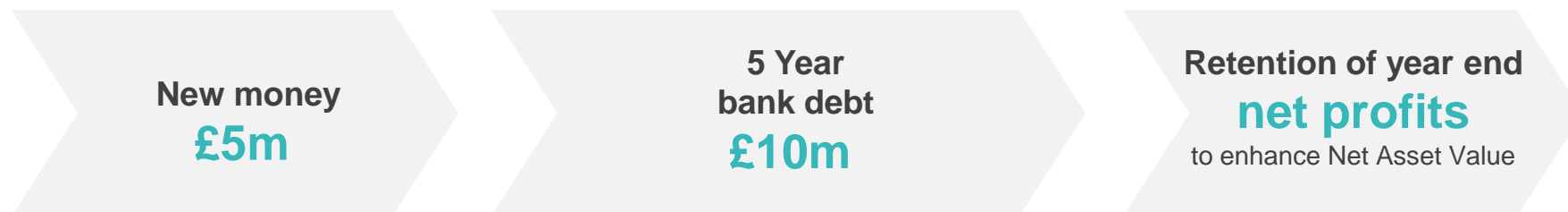
Unaudited 6 months ended 31 October 2015	H1 October 2015 £m	Pro-forma H1 October 2014 £m	Change %
Revenue	29.6	26.7	10.9
Costs	26.5	24.1	10.0
EBITDA	4.5	3.2	40.6
Operating profit	3.1	2.6	19.2
<i>Margin</i>	<b>10.5</b>	9.7	<i>80bps</i>
Profit before tax	2.9	2.6	11.5
Profit for the period	2.1	2.0	5
EPS	2.0p	1.9p	5.3
Initial interim dividend	1.895p		



Unaudited as at 31 October 2015	H1 October 2015 £m	Pro-forma H1 October 2014 £m
Fixed assets	1.7	1.9
Current assets	39.0	37.5
<i>Cash</i>	7.8	12.3
<i>Unbilled Revenue (WIP)</i>	9.3	8.2
<i>Trade receivables</i>	20.0	15.3
<i>Other Debtors</i>	1.9	1.6
Current liabilities	(23.9)	(22.2)
Long term liabilities	(9.8)	(10.1)
Net Assets (before dividend)	7.0	7.0

# Net Debt Transition

Net debt movement since 30 April 2015	As at 31 October 2015 £m	As at 30 April 2015 £m
Cash and cash equivalents	7.8	2.6
Fixed capital	-	(6.7)
Term bank loans	(9.9)	-
Net debt before loans from former members of Gateley Heritage LLP	(2.1)	(4.1)
Loans from members (formerly amounts due to members)	(9.8)	(10.2)
Net debt after loans from former members Gateley Heritage LLP	(11.9)	(14.3)



**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’<sup>\*</sup>”**

- ◆ 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
- ◆ SME market out-performing larger businesses
- ◆ enhanced position in the recruitment market
- ◆ our growth strategy and Plc status puts us in a good place

**Summary**

◆ Gateley

- ◆ **solid performance since the IPO**
- ◆ **positive start to FY16 but challenging environment remains**
- ◆ **new Plc status continues to raise our profile**
- ◆ **new and exciting opportunities in each area of our Strategic Plan**
- ◆ **management expect to deliver in line with expectations for the full year**

**Appendices**

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**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:

- ◆ print press coverage value of £1.6m since first day of dealings
- ◆ 496 print press cuttings, reaching an average of 311,000 viewers
- ◆ comprehensive national, regional, investment and business coverage
- ◆ 65,000 visitors to website since September - 45,000 of these being new



## DIVERSIFY

- ◆ **eight new Partners hired since Admission (more in ongoing discussions)**
- ◆ **residential development unit now trading in London and SE England**
- ◆ **expanded capacity following office moves in Leeds, Nottingham and new Reading office announcement**
- ◆ **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
- ◆ all employee share incentive arrangements to be implemented before the end of the financial year

## Unique and progressive ownership structure attracts talent:

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

**Five year “lock-in” (including share and cash claw-back) in place for 80 Partners (selling shareholders)**

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