



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

**September 2015**



## 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 further five years



## SCALE & DIVERSITY

**Over 340 solicitors**  
**Over 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

**Year ended 30 April 2015**

◆ Gateley

# Financial highlights

**£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**

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**Increase in fee generating staff**

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

**Residential development team acted for all top ten UK housebuilders**

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**Successful IPO raised £30m in June 2015**

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**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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