

Interim results for the six months ended 31 October 2023

*“Resilient H1 performance,
cautious on H2”*



Presentation team



Neil Smith FCCA
Chief Financial Officer



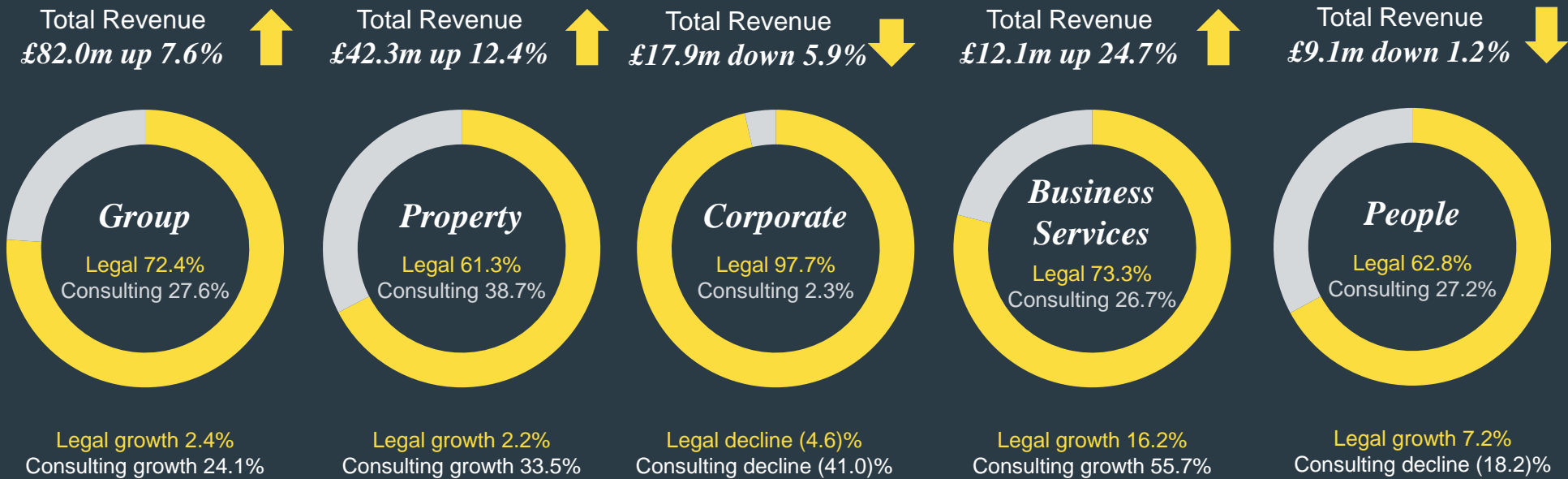
Rod Waldie
Chief Executive Officer



Nick Smith
Acquisitions Director

H124 overview

- Revenues up 7.6% and underlying profit before tax up 4.6%
- Continuing diversification – consultancy revenue as % of total H124 revenue up from 23.9% to 27.6%
- Growth in net assets from £74.6m to £83.3m



Investing for growth – Platform expansion

- Legal Services class action team created via hiring plus related IT system and marketing investment
- International arbitration team created via hiring
- Acquisition of RJA – expansion of surveying services with expertise in the affordable housing sector
- GSP – investment to increase capacity to meet growth in specialist services to UK property insurers
- Further investment in integration of acquired businesses

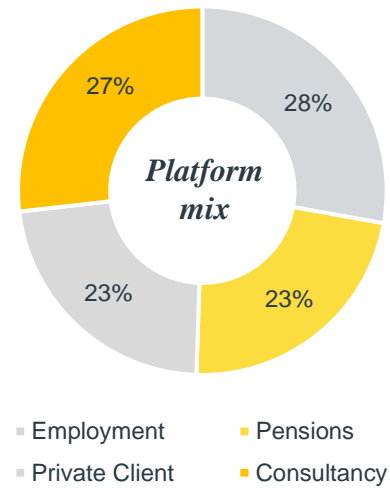
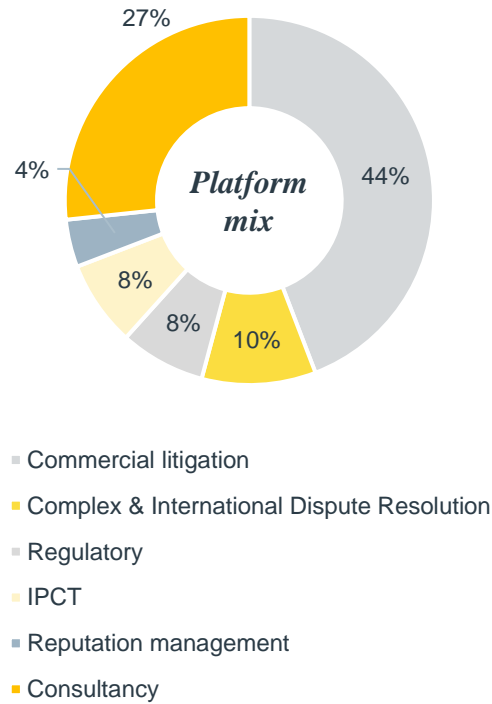
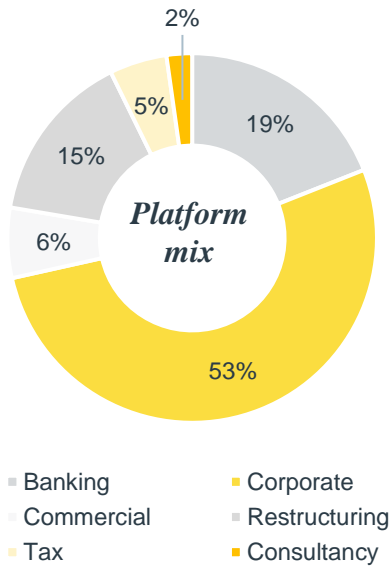
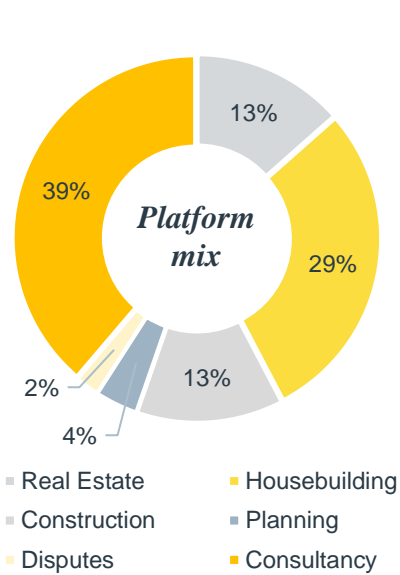
Platform insight

Property Platform

Corporate Platform

Business services Platform

People Platform



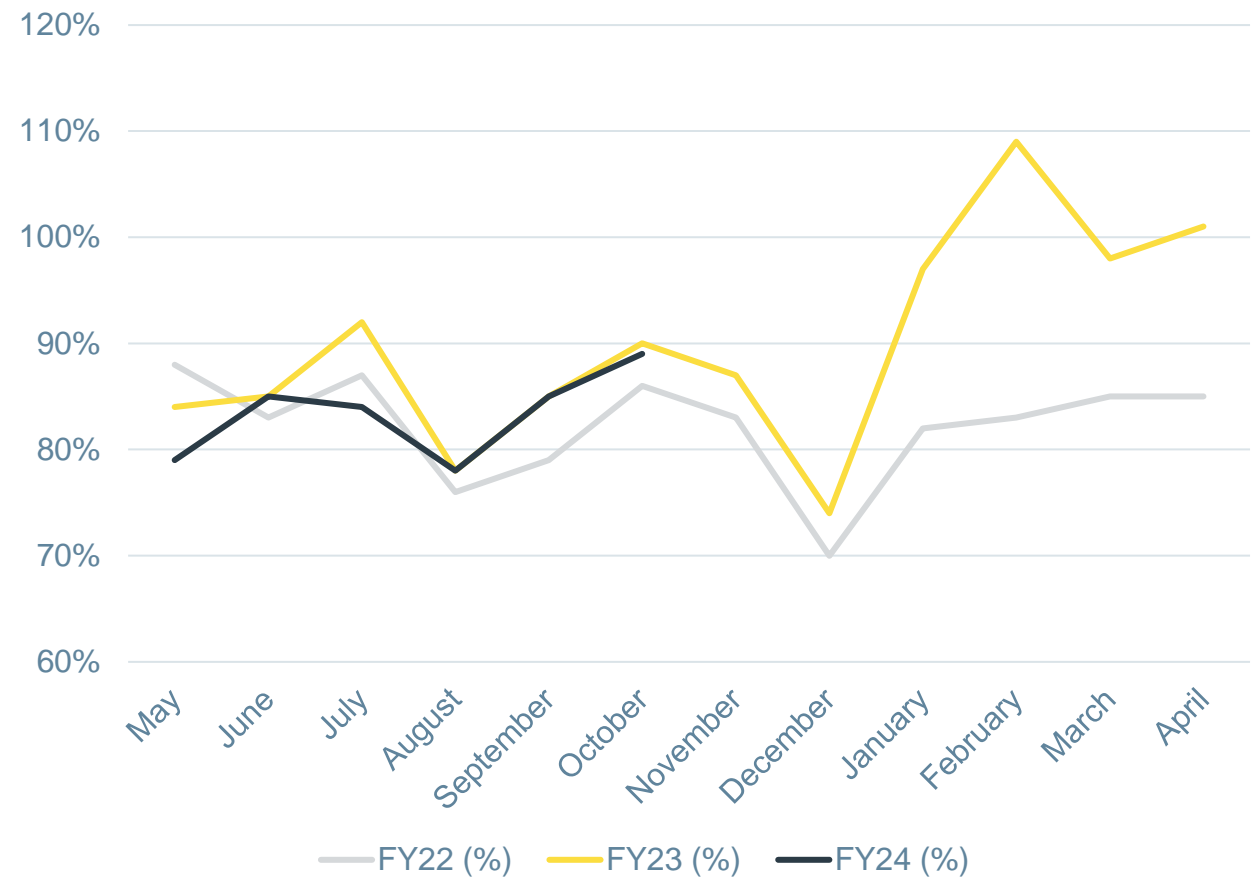
Fundamentals



Key financials

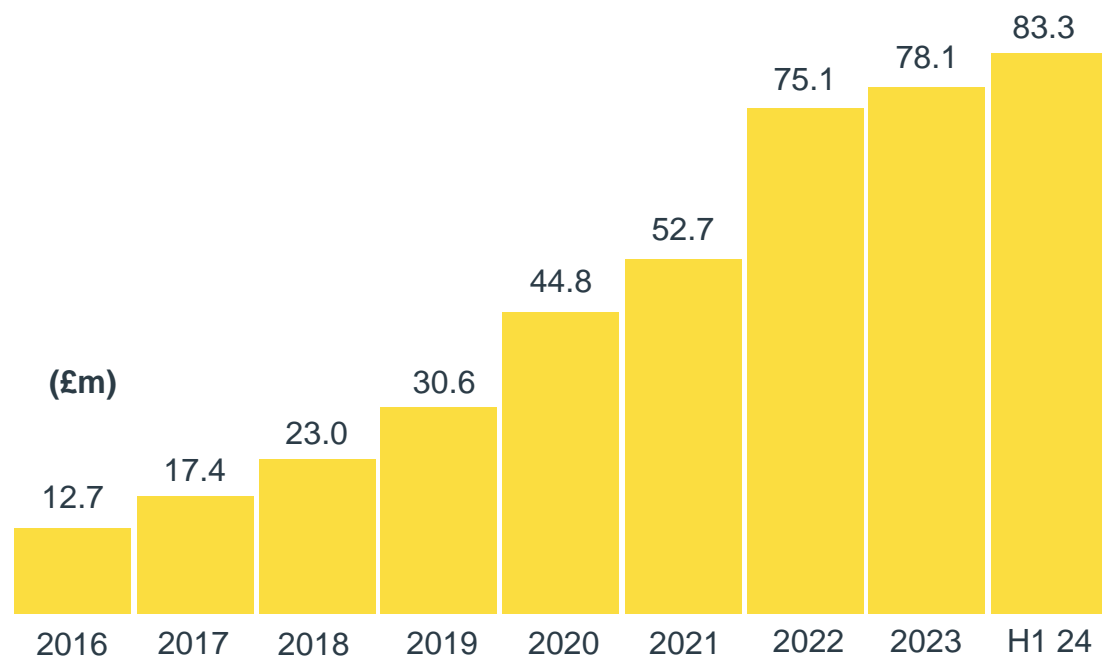
	H124	H123 (restated)
Revenue	£82.0m	£76.1m
<i>Revenue growth</i>	7.6%	22.2%
<i>Organic revenue growth</i>	4.9%	9.8%
Underlying profit before tax	£10.0m	£9.6m
Underlying profit before tax margin (%)	12.2%	12.6%
<i>Staff costs (excl. IFRS 2)/Revenue %</i>	63.3%	61.7%
<i>Utilisation (%)</i>	83%	89%
Underlying diluted EPS	6.40p	6.15p
Underlying diluted EPS growth	4.1%	6.8%
Interim dividend (p per share)	3.3p	3.3p
Lock-up days	163 days	159 days
Adjusted Free cash flow as % of adjusted profit after tax	17.4%	(18.3)%
Net (debt)/cash (ex IFRS 16)	£(2.2)m	£1.1m
Net asset value	£83.3m	£74.6m

Activity trends



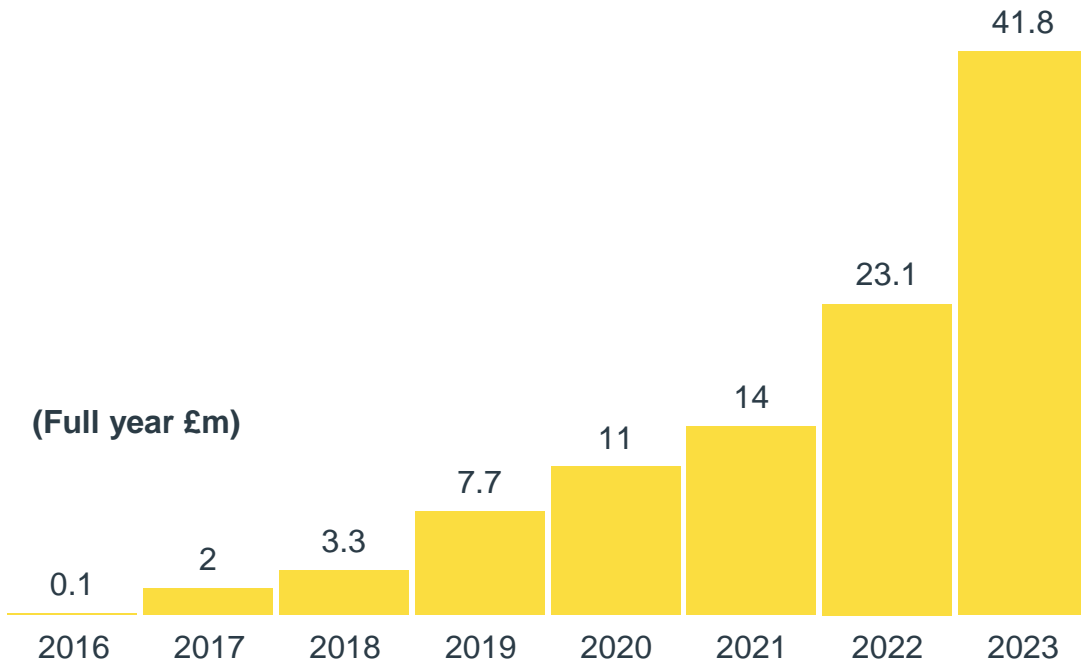
- Utilisation 83% (H1 23: 89%)
- Q2 into Q3 outlook
- PY Q4 trajectory
- Rate increases
- Conversion
- Impact of pivot – transactional vs contentious

Balance sheet growth



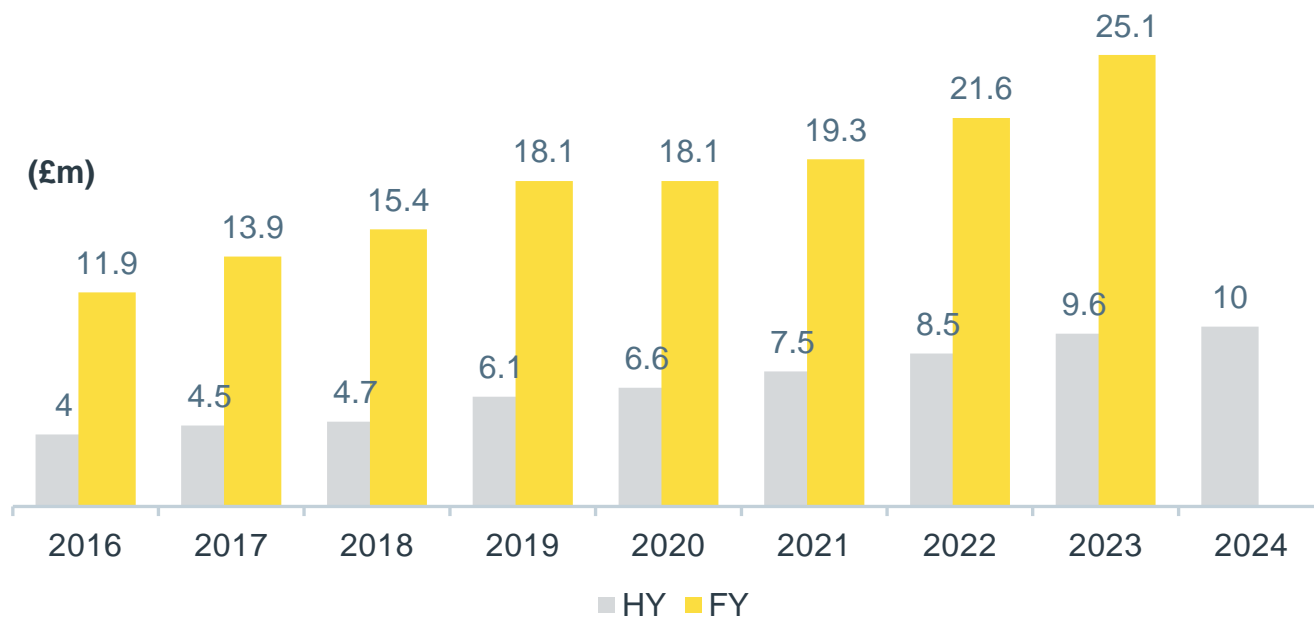
- Balance sheet growth
- Conservative WIP recognition policy - WIP as % of fees lowest of peers
- Good cash position, slight decrease to net debt
- Significant funding headroom from supportive long-term banks aligned with Group strategy
- Net assets reduced via PYA due to IFRS 3 adjustments

Consultancy income growth



- Consultancy service lines established across all four Platforms
- H1 24 – 27.6% of Group revenue from consultancy services
- Both acquisitive and organic growth opportunities exist in consultancy
- Enhanced cross-selling and project upgrading opportunities
- Operational gearing opportunities especially via premises, systems and centralisation

Underlying profit before tax growth



- CAGR 11.5% since IPO to FY24
- Underlying profit margin
- Operational gearing
- Significant future opportunities to grow top line and enhance profitability

M&A



Update, approach and pipeline

- Prior-Period deals integrating well and contributing strongly
- RJA completed 20th July 2023, 14 in total
- Informed by opportunity, de-risked by investments to date
- Breadth of opportunity – 4 Platforms, modest and scale, additive and strategic
- At the heart of our plan – growth and resilience

Operational highlights & outlook



Responsible Business Report

Delivering results that delight our clients, inspire our people and support our communities



Why our Responsible Business Strategy matters

- A component of our Purpose
- Business community = engine for change
- Alignment with clients' related expectations and objectives
- Culture, recruitment and employee satisfaction
- Generating greater value over time

Progress and ambitions for 2023/24

- Third annual Responsible Business Report released in September 2023 – 15 of 15 targets achieved
- Highlights include:
 - Launched volunteering policy;
 - Set attainment of net zero emissions by 2040;
 - Launched new charity partnership with Alzheimer's Research UK;
 - Further enhanced partnerships with:
 - UA92
 - SportsAid
- 15 new objectives set for 2023/24

People highlights

- Key statistics:
 - Total Group headcount increased to **1,498**
 - Fee earner headcount increased to **1035 (+3.5%)**
 - **126** internal promotions
 - **70%** of employees are share or option holders
- Launched two new internal networking groups:
 - Influence; and
 - Ignite
- Appointment of Colin Jones as NED – Sept 23
- Appointment of David Wilton as NED – Feb 24



Summary and outlook

- Track record of growth
- Continuing to invest in infrastructure and people
- Progressive differentiation via value enhancing acquisitions in consultancy services
- Aided by a strong balance sheet, with low net debt and significant headroom in RCF
- Stable dividend
- Maintaining cautious outlook for H2 24

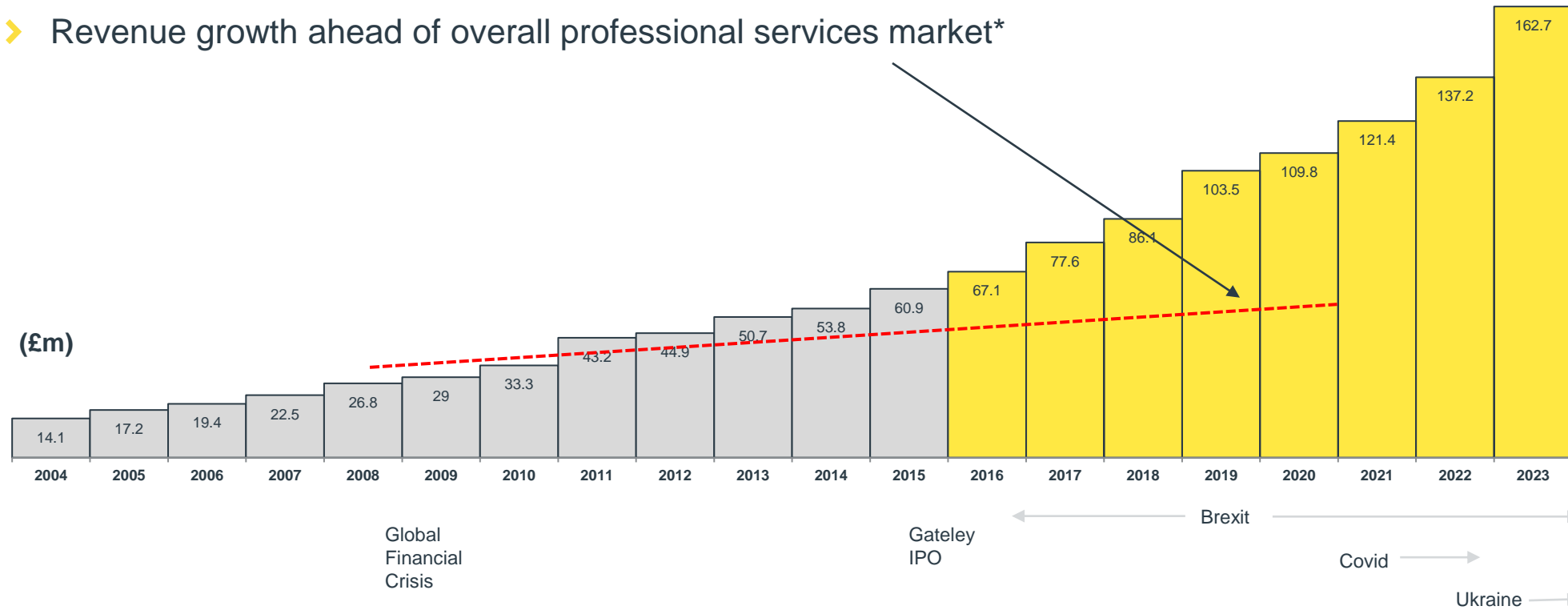
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Appendices

Track record

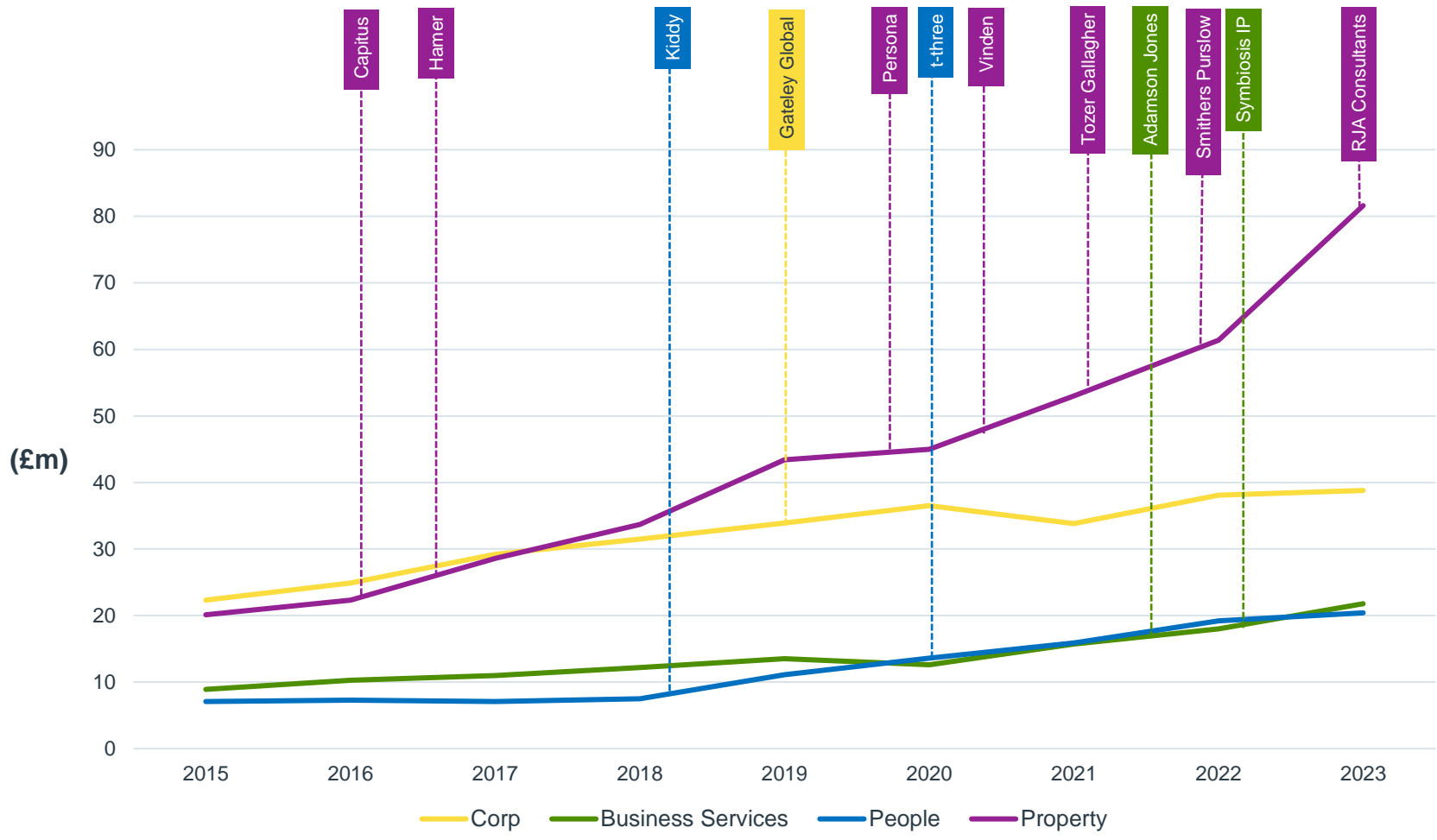
- Revenue, underlying profit before tax and dividend growth via consistent strategy
- Revenue growth ahead of overall professional services market*



- Proposed 3.3p Interim dividend, in line with last year

*ONS data 2008-2020

Growth enhanced by our Platforms

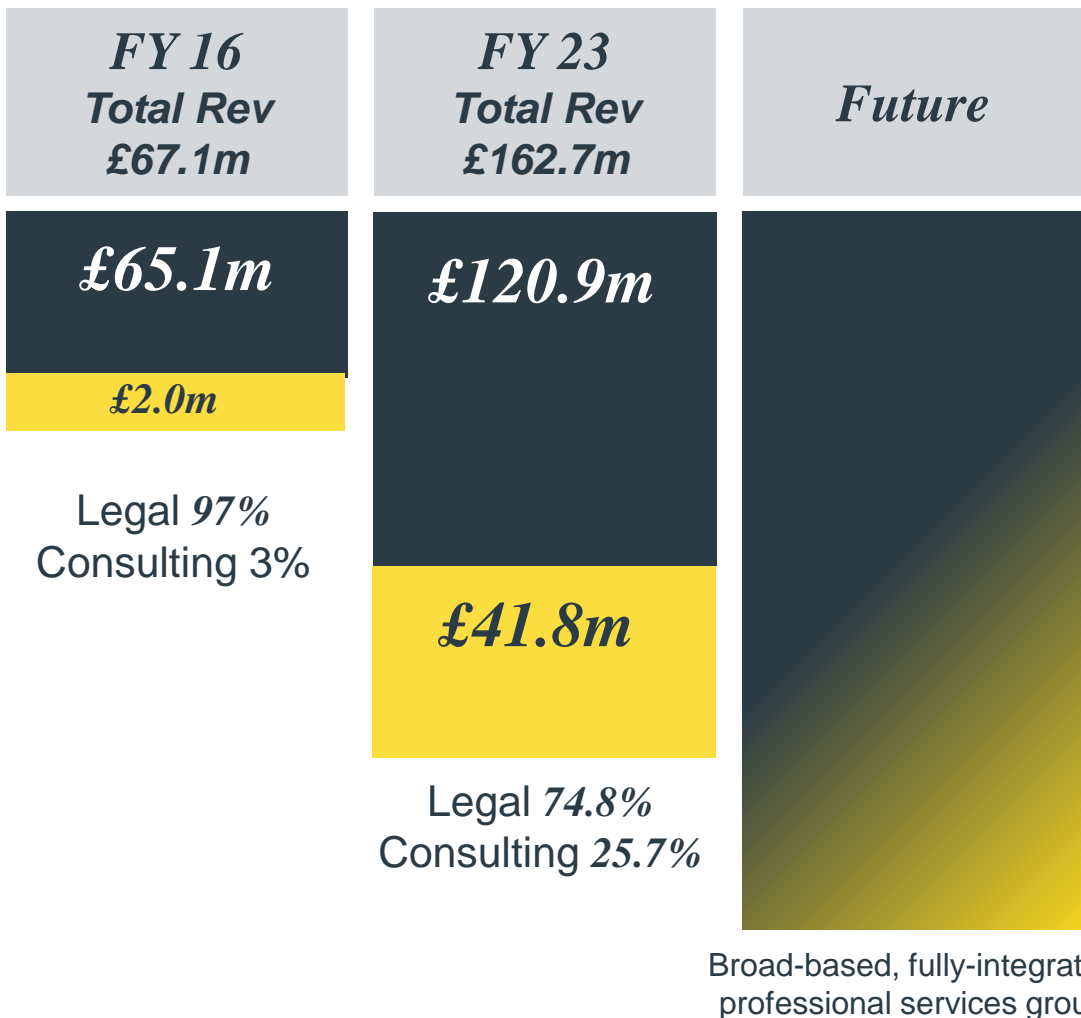


Platform benefits

- Client alignment
- Client expansion
- De-risking new business pipeline
- Targeted framework for M&A

Revenue growth by Platform £m

Acquisitions – consistent application of criteria and approach



What must an acquisition bring?

- A strategic opportunity
- New or complementary service line
- Client or sector adjacency
- Cross sales opportunities
- Establishment of market relevance

What must an acquisition deliver?

- Growth
- Margin

Progress to date

- 14 acquisitions completed
- 12 Consultancy, 2 Legal
- 7 Property, 2 People, 2 Business Services, 2 Legal and 1 Corporate
- Consultancy revenue now £41.8m, 25.7% (FY23 £23.1m, 23.1%)
- 358 total headcount, 279 professionals trading out of 15 locations

Income statement

	H1 24 (£m)	H1 23 restated (£m)	H1 23 prior year adjustment (£m)	H1 23 prior to restatement (£m)
Revenue	82.0	76.1	-	76.1
<i>Personnel costs, excluding IFRS 2 charge</i>	<i>(52.0)</i>	<i>(47.0)</i>	-	<i>(47.0)</i>
<i>Depreciation</i>	<i>(2.5)</i>	<i>(2.5)</i>	-	<i>(2.5)</i>
<i>Impairment of trade receivables</i>	<i>(0.7)</i>	<i>(0.6)</i>	-	<i>(0.6)</i>
<i>Other operating expenses</i>	<i>(18.2)</i>	<i>(16.0)</i>	-	<i>(16.0)</i>
Operating profit before non-underlying operating and exceptional items	8.6	10.0	-	10.0
Non-underlying operating items	(2.6)	(3.2)	(1.7)	(1.5)
<i>Exceptional items</i>	-	-	-	-
Operating profit	6.0	6.8	(1.7)	8.5
Net finance income	1.4	(0.5)	-	(0.5)
Profit before tax	7.4	6.3	(1.7)	8.0
Taxation	(1.2)	(1.7)	-	(1.7)
Profit after tax	6.1	4.6	(1.7)	6.3

Balance sheet

	H1 24 (£m)	H1 23 (£m)	H1 23 prior year adjustment (£m)	H1 23 prior to restatement (£m)
Non-current assets	43.6	45.6	(19.7)	65.3
Current assets				
- Contract assets	26.2	22.2	-	22.2
- Trade and other receivables (inc deferred tax)	73.6	68.0	15.1	52.9
- Cash and cash equivalents	11.6	7.9	-	7.9
Total assets	155.0	143.7	(4.6)	148.3
Non-current liabilities	(45.4)	(41.4)	5.1	(46.5)
Current liabilities	(26.3)	(27.7)	-	(27.7)
Total liabilities	(71.7)	(69.1)	5.1	(74.2)
Net assets	83.3	74.6	0.5	74.1

Cash flow statement

Cashflow £m	H1 24 (£m)	H1 23 (£m)	H1 23 prior year adjustment (£m)	H1 23 prior to restatement (£m)
Profit after tax	6.1	4.7	(1.7)	6.4
Operating cashflows before wc movements	9.4	11.2	(1.5)	12.7
Net working capital movement	(7.2)	(9.2)	(0.1)	(9.1)
Tax paid	(2.5)	(2.0)	-	(2.0)
Cash generated from operating activities	(0.3)	0.0	(1.6)	1.6
Investing activities	3.3	(0.2)	1.0	(1.2)
Repayment of lease liabilities	(2.0)	(2.0)	-	(2.0)
Receipt/(repayment) of RCF/loans	7.0	1.0	-	1.0
Dividends paid	(8.0)	(6.8)	-	(6.8)
Other investments	0.5	(0.2)	-	(0.8)
Financing activities	(2.5)	(8.0)	0.6	(8.6)
Increase in cash	0.5	(8.2)	-	(8.2)
Cash b/fwd	11.1	16.1	-	16.1
Cash c/fwd	11.6	7.9	-	7.9