

# *Interim results for the six months ended 31 October 2024*

*Strong activity in H1, full year results expected  
to be in line with market consensus*

*15 January 2025*



Gateley /

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# *Presentation team*



***Neil Smith FCCA***

Chief Financial Officer



***Rod Waldie***

Chief Executive Officer



***Nick Smith***

Acquisitions Director



# *CEO overview*



# *H1 25 overview*

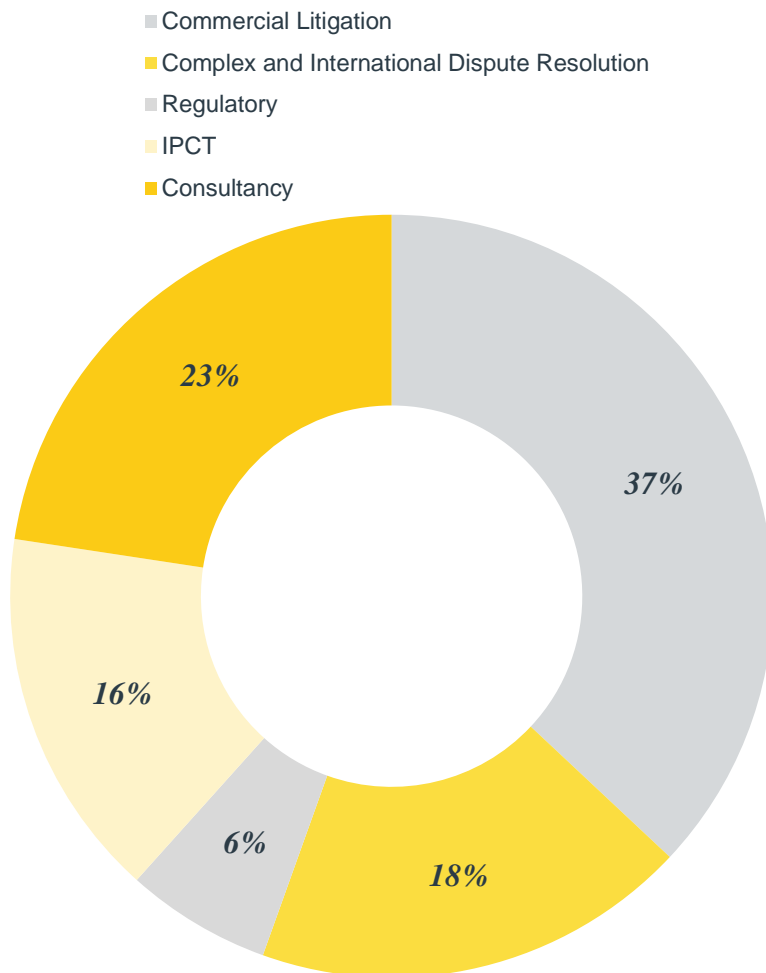
- Revenues up 5.3% (Organic 3.2%) and underlying operating profit up by 5.8%
- Activity levels across the Group increased with fee earner utilisation at 88% (H1 24: 83%)
- Investments in:
  - Platforms
  - Systems
  - People
- Consultancy now 29.8% of revenues
- Underlying operating profit margin maintained at 10.5% (H1 24: 10.5%)
- Net cash £1.2m (H1 24: net debt £(2.2)m)
- Maintained 3.3p interim dividend in line with H1 24
- Outlook – Full year results expected to be in line with market consensus

# H1 25 Platform overview

	Business Services	Corporate	People	Property	Total
H1 25 Revenue (£m)	14.3	18.7	9.3	44.0	86.3
H1 24 Revenue (£m)	13.2	16.8	9.6	42.3	82.0
Revenue growth	8.5%	11.1%	(3.9)%	4.1%	5.3%
Organic revenue growth	8.5%	11.1%	(3.9)%	(0.1)%	3.2%
Legal/consultancy revenue mix % split	77/23	96/4	71/29	57/43	70/30
H1 25 Segmental contribution (£m)	5.3	8.0	9.3	13.9	30.7
H1 25 Segmental margin	36.8%	42.9%	37.2%	31.6%	35.5%
H1 24 Segmental contribution (£m)	3.3	5.3	2.8	15.0	26.4
H1 24 Segmental margin	25.0%	31.3%	29.2%	35.4%	32.2%

# *H1 25 Business Services Platform highlights*

## *Business Services* Platform Mix

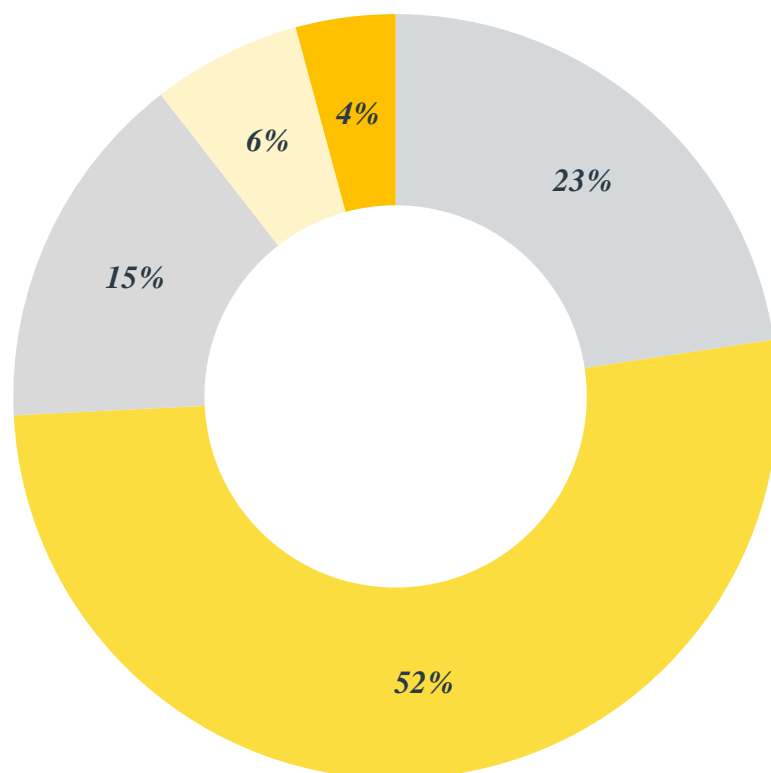


- Revenue growth +8.5% versus H1 24
- Services are counter-cyclical or economically agnostic in nature
- Good returns from recent investment in complex international dispute resolution
- Likely tailwinds for regulatory services
- Consultancy services:
  - 22.9% of Platform revenue;
  - Recent investment in IP valuation and commercialisation expertise adding value

# *H1 25 Corporate Platform highlights*

*Corporate*  
Platform Mix

■ Banking ■ Corporate ■ Restructuring ■ Tax ■ Consultancy



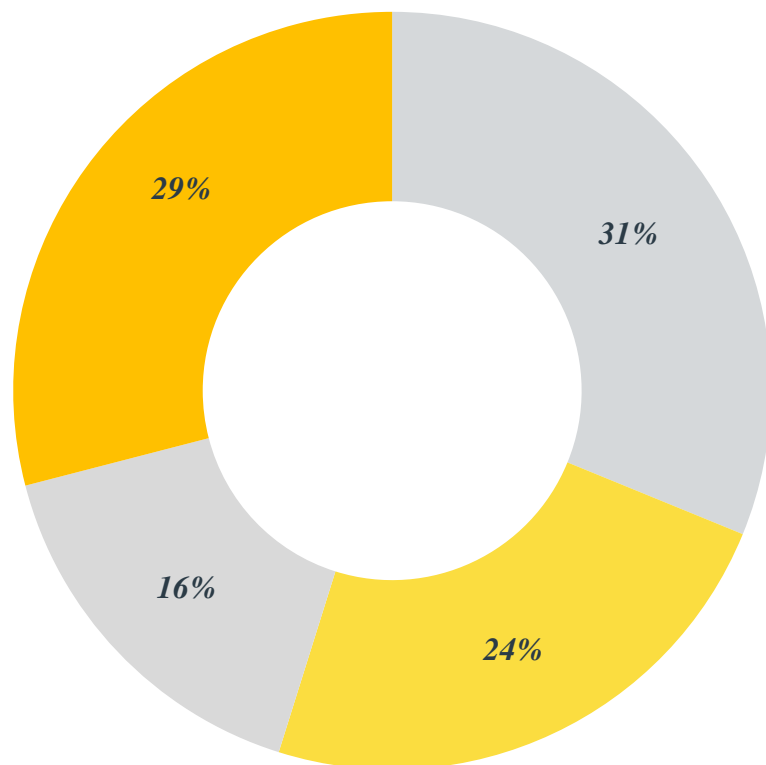
- Revenue growth +11.1% versus H1 24
- Strong transaction services activity throughout the period
- Anticipated on-going increase in restructuring advisory activity
- In-Period investment in x3 legal services lines with laterally hired Partners
- Further international reach planned
- Gateley Global benefitting from Group credentials in valuable mandate from West Midlands Combined Authority



# *H1 25 People Platform highlights*

*People*  
Platform Mix

■ Employment ■ Pensions ■ Private Client ■ Consultancy

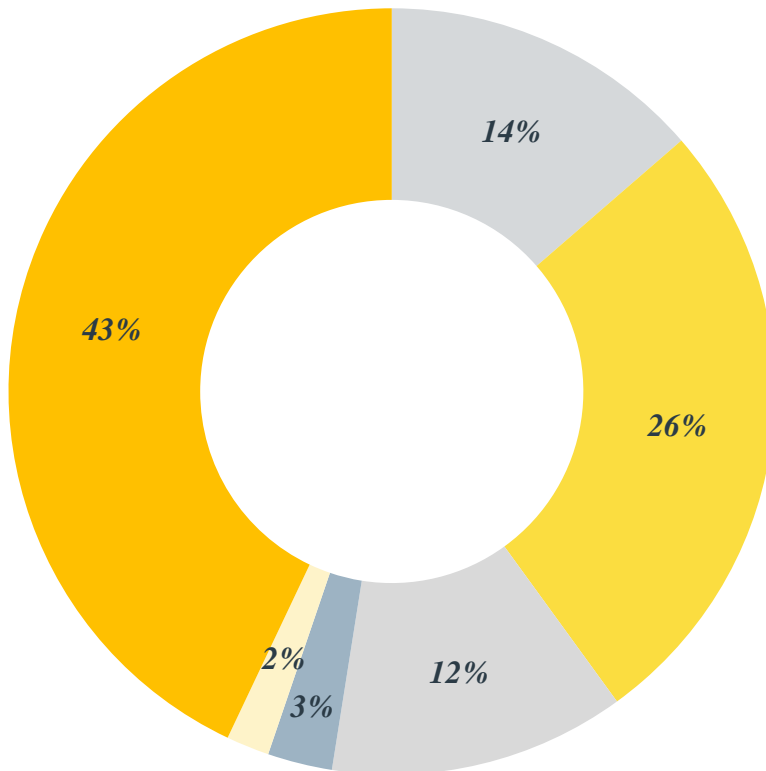


- Private client services:
  - Headcount contraction impaired Platform revenue growth (3.9%)
  - Core offer now focused on HNW clients
- Legal services employment and pension teams grew revenue by 10%, with tailwinds from:
  - Recent employment legislation; and
  - Pension scheme full liability buy-out activity
- Consultancy services in growth and delivered 29% of Platform revenue

# *H1 25 Property Platform highlights*

*Property  
Platform Mix*

Real Estate   Housebuilding   Construction  
Planning   Disputes   Consultancy



- Revenue growth +4.1% versus H1 24
- Proven resilience from mix in Platform services
- Consultancy services contributed 43% of Platform revenue
- In-Period investment, including x4 legal service lines with laterally hired Partners
- Anticipated tailwinds from:
  - Government policy – planning legislation, housing strategy and building safety directives;
  - inflationary pressures in construction industry
  - recent weather events
- Platform margin contracted due to investments

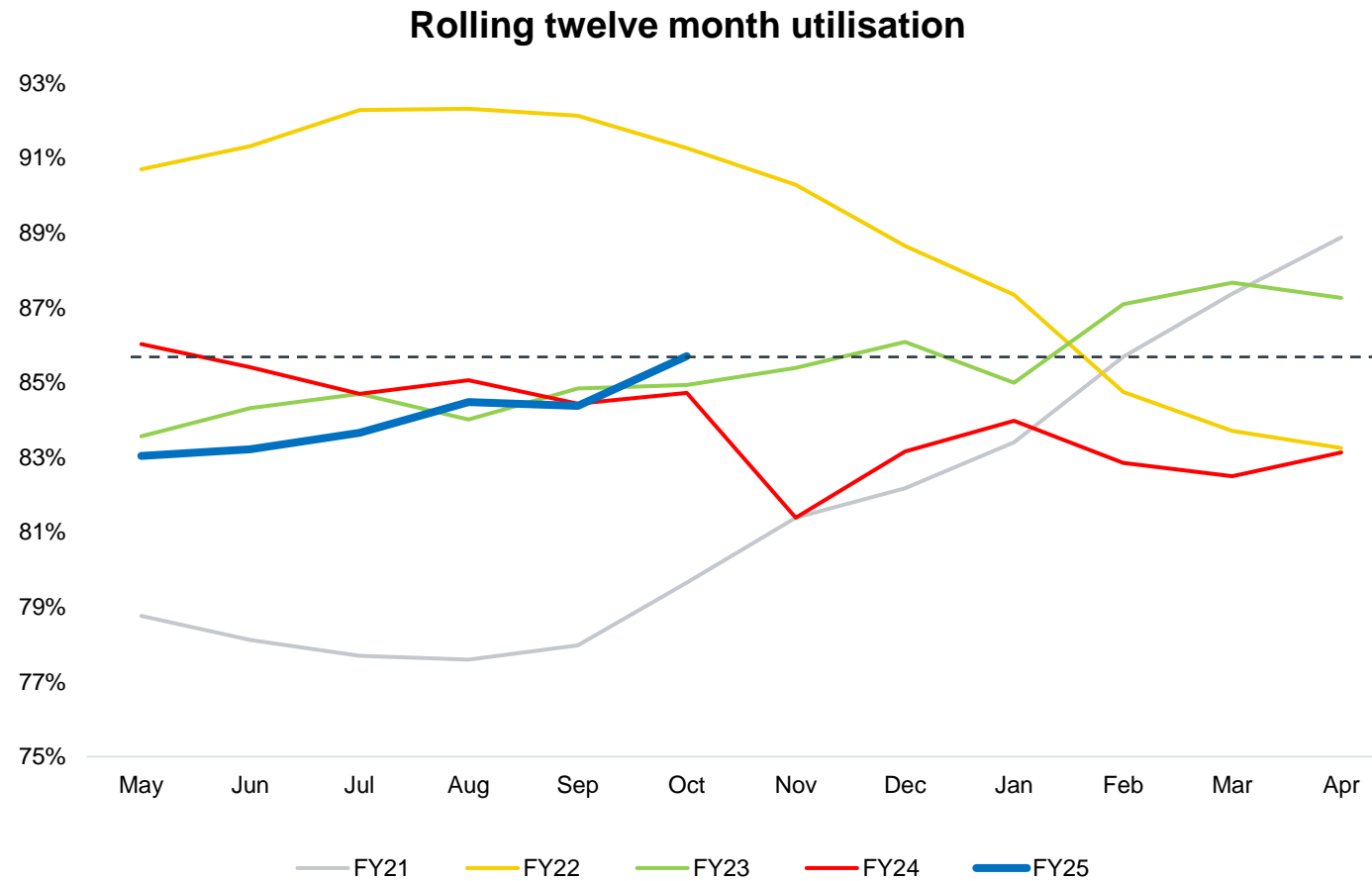
# *Financials*



# *Financial summary*

- Strong activity levels maintaining on track growth
- Journey towards margin improvement
- Measured discipline in balance of capital allocation
- Strong balance sheet

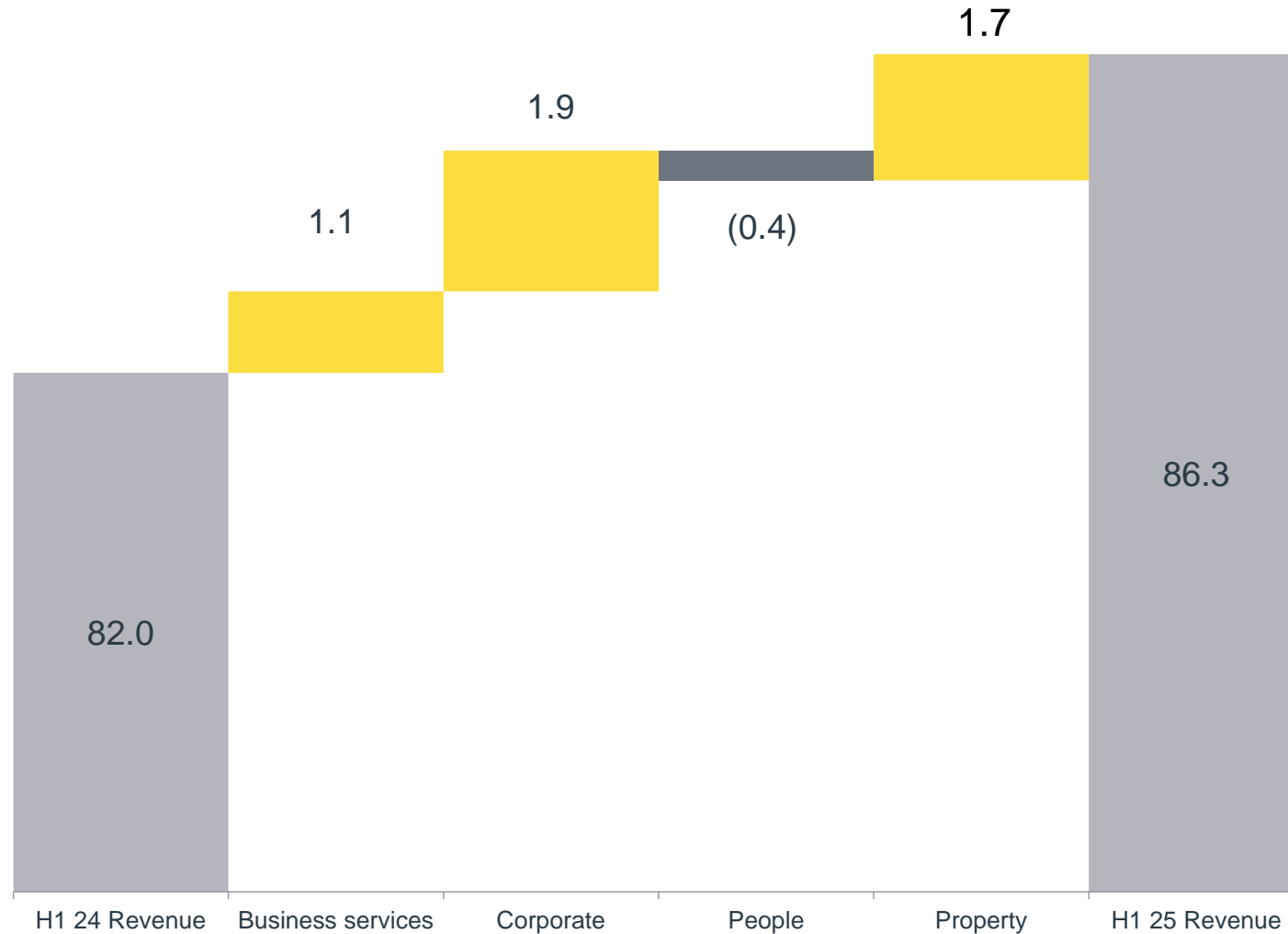
# Monthly activity / fee earner utilisation



- Indicator of sufficient demand and staffing levels
- H1 25 88% vs H1 24 83%
- 85% is our budgeted/benchmarked utilisation
- H1 25 impact on utilisation is encouraging
- H1 25 activity by Platform
  - Business Services 80% (H1 24: 80%)
  - Corporate 89% (H1 24: 80%)
  - People 93% (H1 24: 75%)
  - Property 88% (H1 24: 87%)



# *H1 25 revenue bridge* £m



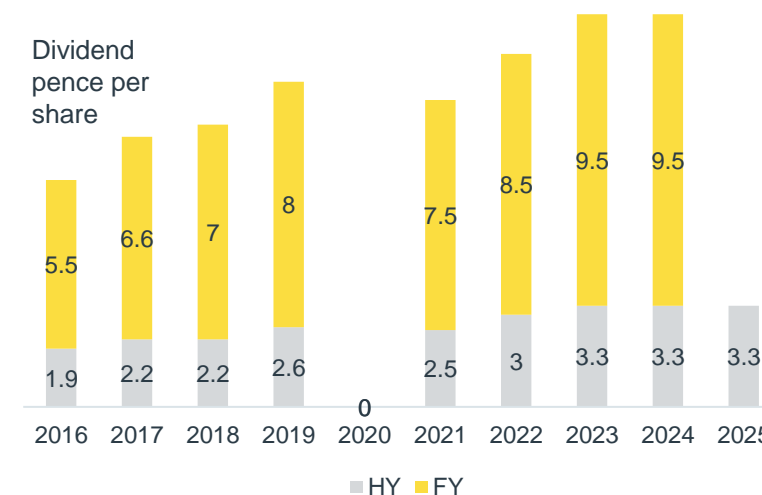
- Revenue growth drivers
  - Business Services – Returns from investment in International Arbitration
  - Corporate – Strong pre budget growth
  - People - Contracted private client offering offset by strong Employment and Pension legal performance
  - Property – All acquisitive growth from RJA
- H1 25 fees 46.3% of FY 25 consensus revenue (H1 24: 48.3%)
  - Reflective of slow Q1
  - H1 enhanced by pre budget activity throughout Q2
- H1 25 Underlying PBT 43.1% of FY 25 consensus (H1 24: 43.5%)

# Key financials

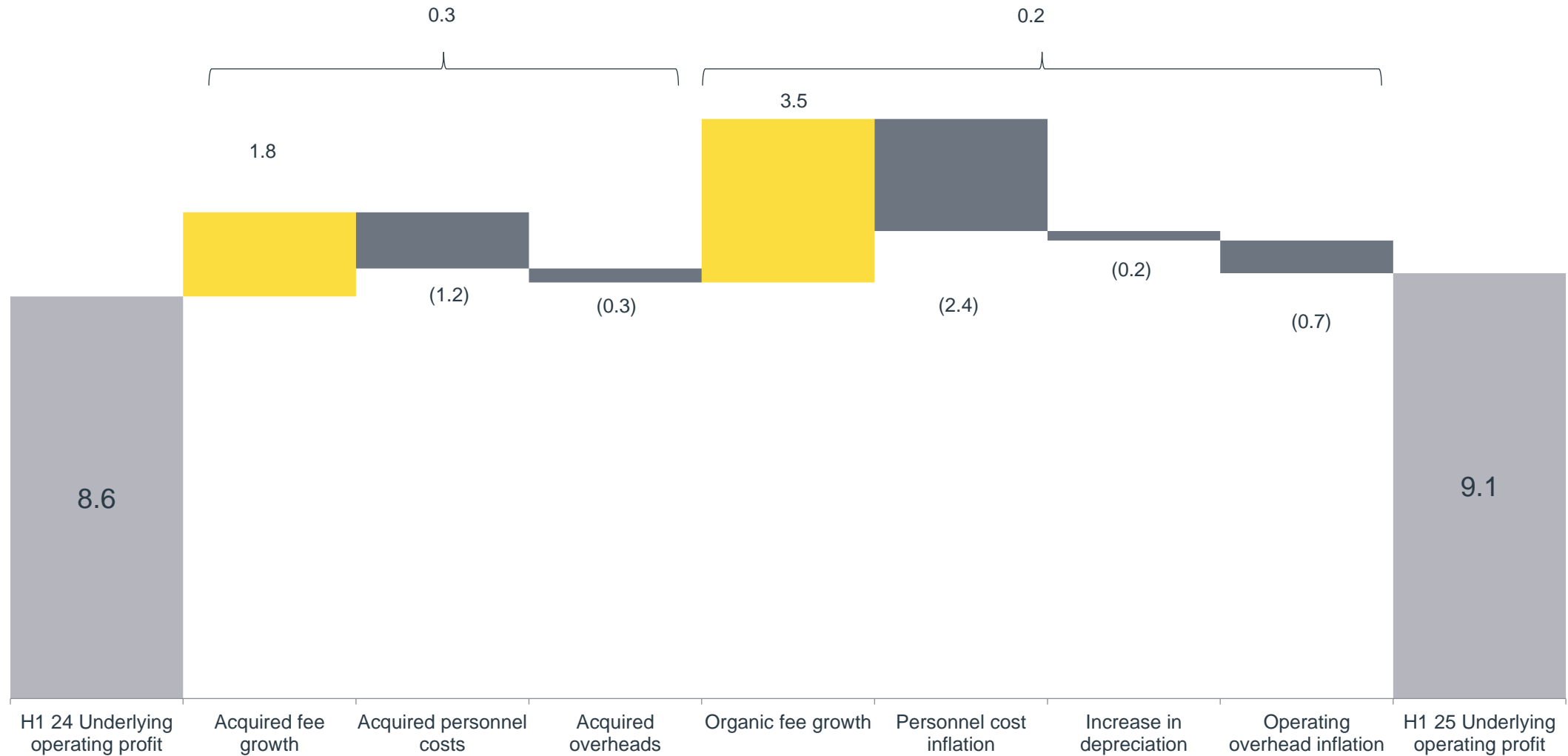
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	H1 25	H1 24
Revenue	£86.3m	£82.0m
Revenue growth	5.3%	7.6%
<b>Organic revenue growth</b>	<b>3.2%</b>	<b>5.1%</b>
Utilisation	88%	83%
Staff costs (excl IFRS 2) (Revenue £m/% of revenue)	£54.7m 63.4%	£52.0m 63.4%
Other operating expenses (Revenue £m/% of revenue)	£19.1m 22.2%	£18.2m 22.1%
Operating profit before non-underlying operating and exceptional items	£9.1m	£8.6m
<b>Underlying operating profit margin</b>	<b>10.5%</b>	<b>10.5%</b>
Underlying profit before tax	£10.6m	£10.0m
Underlying profit before tax margin	12.3%	12.2%
Underlying diluted EPS	6.63p	6.40p
<b>Underlying diluted EPS growth</b>	<b>3.6%</b>	<b>4.1%</b>
<b>Interim dividend</b>	<b>3.3p</b>	<b>3.3p</b>

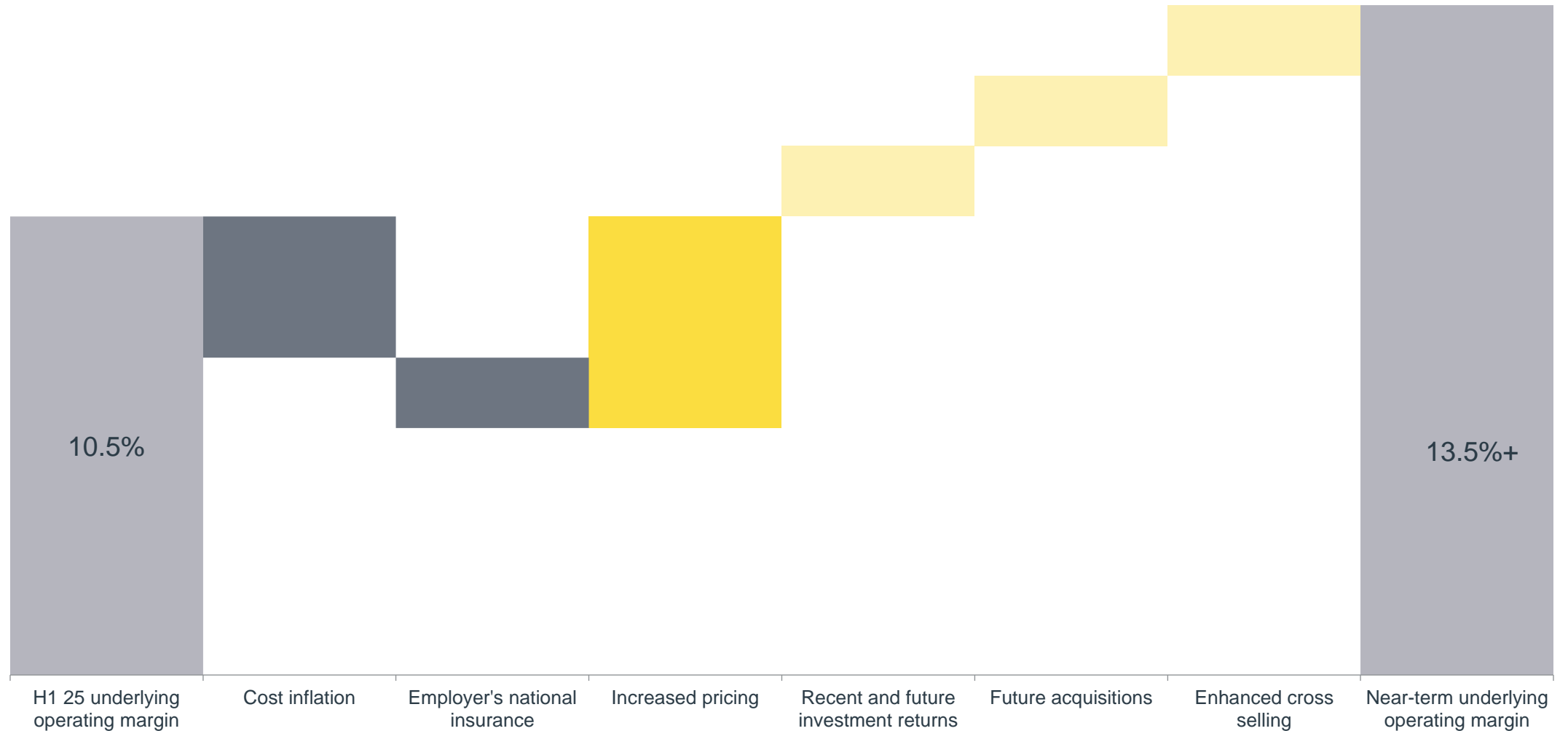
- Balanced overall performance
  - Majority organic revenue growth
  - Maintaining good cost control
- Underlying operating profit margin maintained with focus on improvement
- 3.6% growth in diluted EPS in line with organic growth
- Interim dividend maintained



# *H1 25 underlying operating profit bridge*      £m



## *Near-term underlying operating profit margin ambition (%)*



# Cash flow and balance sheet strength

Cashflow £m	H1 25 (£m)	H1 24 (£m)
Operating cashflows before wc movements	10.3	9.3
Net working capital movement	(6.3)	(7.1)
Tax paid	(3.4)	(2.5)
<b>Net cashflow from operating activities</b>	<b>0.5</b>	(0.3)
Repayment of lease liabilities	(2.1)	(2.0)
Receipt of RCF/loans	0.0	7.0
Net interest received	2.1	2.1
Capital expenditure & Acquisitions	(0.4)	0.9
Share schemes cash movements	(2.6)	0.8
Dividends paid	-	(8.0)
<b>(Decrease)/increase in cash</b>	<b>(2.5)</b>	0.5

	H1 25 (£m)	H1 24 (£m)
<b>Net cash/(debt)</b>		
Cash at bank	14.2	11.1
Debt (excluding IFRS 16)	(13.0)	(13.3)
<b>Net cash/(debt)</b>	<b>1.2</b>	(2.2)

	H1 25	H1 24
Lock-up days	162	163
Debtor days	91	98
Net asset value	£80.8m	£83.3m

Free cashflow	H1 25 (£m)	H1 24 (£m)
Net cashflow from operating activities	0.5	(0.3)
Repayment of lease liabilities	(2.1)	(2.0)
Net interest received	2.1	2.1
Capital expenditure & Acquisitions	(0.4)	(0.3)
<b>Free cashflow</b>	<b>0.5</b>	1.5

## Key cashflow movements

- › Payment of employee bonuses
- › RJA earn out consideration
- › Purchase of shares by EBT
- › Dividend paid post period end - Nov

## Strong balance sheet with headroom

- › Low debt
- › Net cash
- › Improved lock up days
- › Improved debtor days
- › £17m of cash headroom on current RCF

## Enhancing Free cashflow

- › Careful capital allocation
- › Margin improvement
- › Funding of significant litigation



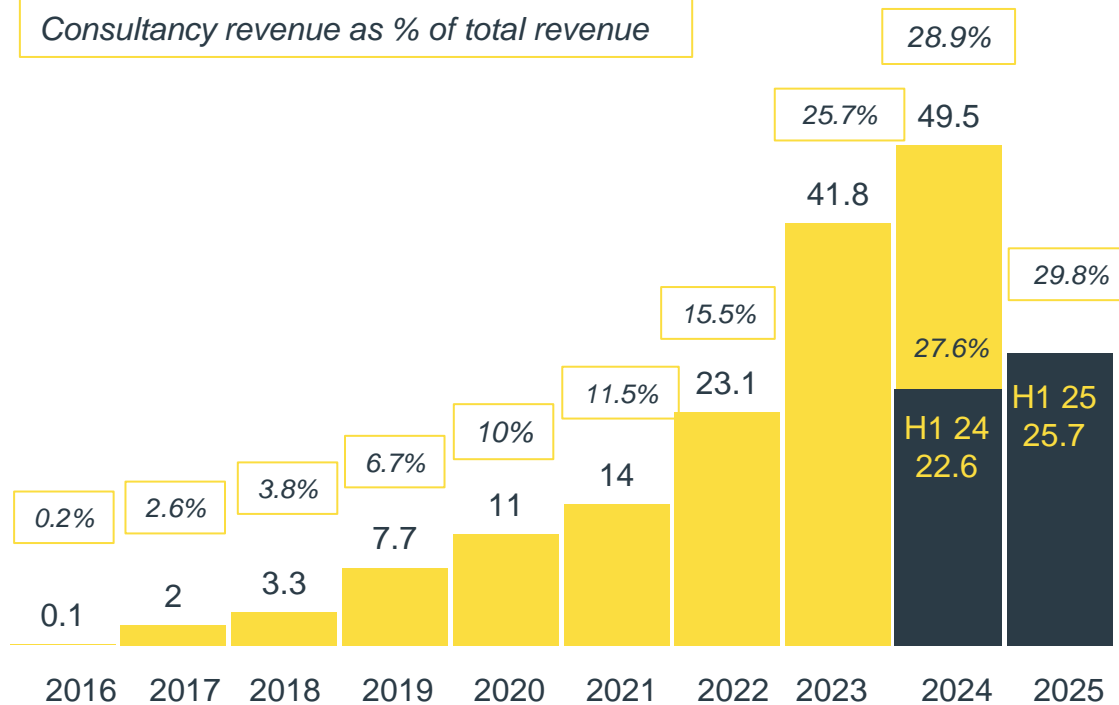
# *M&A*



# Consistent approach to M&A

Consultancy revenue £m

Consultancy revenue as % of total revenue



- Measured, progressive diversification
- 15 acquisitions in 9 years
- 4 Platforms established
- 30% consultancy “milestone”
- Consultancy £25.7m or 29.8% of Group revenue
- Promising Pipeline

# M&A

- All Group consultancy businesses were acquired
- Consultancy acquisitions resulted in:
  - 4 established Platforms
  - 30+ new service lines
  - 322 additional professional staff
  - 19 new locations
- Transformation delivered against uninterrupted growth
- Secured multiples reflect good potential for growth
- Balance sheet and integration methodology support further expansion

# *People and Responsible Business*





# *Our people*

- Top 40 law firm – rising in rankings from 45 at IPO to 37 today
- Uniquely differentiated – 322 Consultants
- Headcount:
  - Total group headcount increased to 1,565 (up 4.5%)
  - Fee earner headcount increased to 1,081 (up 4.4%)
  - 10 lateral partner hires in period
- 70% of employees are share or option holders
- Appointment of Edward Knapp as Chairman
- Winners of 20 awards and shortlisted for 82 between Jan 24 and Dec 24
  - Birmingham Law Society – EDI award
  - May 24 – Professional services team of the year at the Property Week awards





# *Progressive incentivisation and equity re-circulation*

- Creating a point of positive, competitive differentiation in line with IPO strategy
- Making the internal “equity journey” more transparent
- Facilitating internal equity **re-circulation**
- Flexible enhancement of EBT role alongside reduced equity issuance
- Minimising dilution



# *Responsible Business Report*

## *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

## *Progress and ambitions for 2024/25*

- Fourth annual Responsible Business Report to be launched end of July 2024
  - Launch of the Purpose Pod
  - Partnership with environmental charity the Heart of England Forest
  - Supporting over 100 good causes through fundraising or volunteering
  - Continued progress towards our environmental target of being net zero by 2040



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

# *Summary*





# *Summary and Outlook*

- Strong H1 performance against improved activity levels
- Invested further in growth – both people and Platforms – in line with IPO strategy
- Investments performing/returning well
  - GSP
  - RJA
  - International arbitration
- Investment to drive long-term margin improvement
  - Pricing
  - WIP management/conversion into fees
- Current M&A pipeline promising
- Confident in strategy; optimistic on outlook “The strength of our H1 performance, including improved activity levels across the Group and the growing contribution from our recent investments, leaves us looking forward with greater confidence.”

# *Appendix*

# *Gateley overview*

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



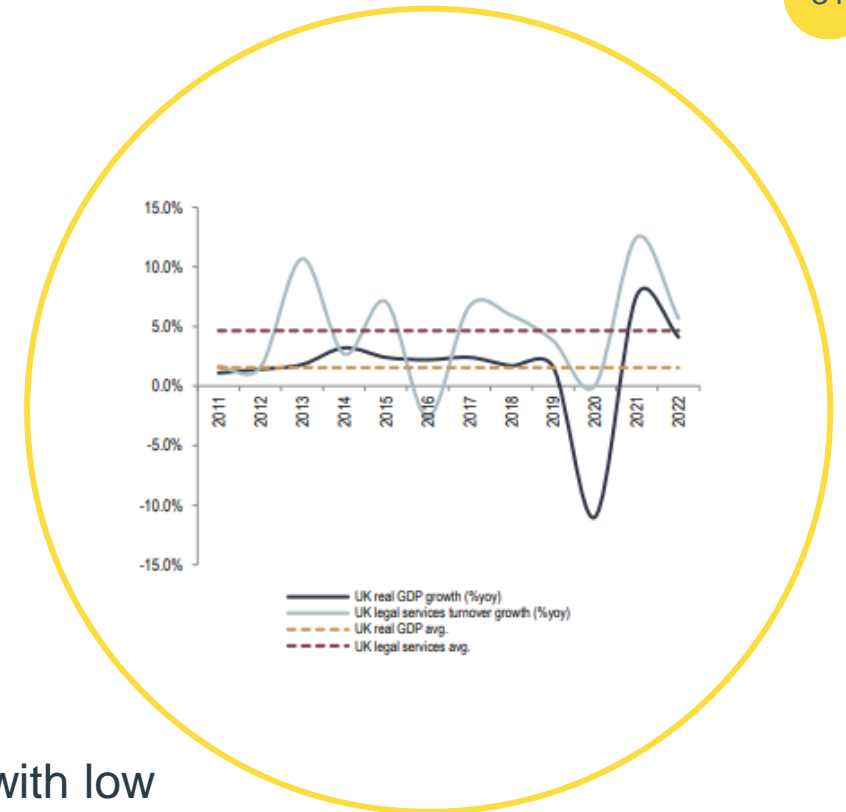
# *Gateley – overview*

- Professional services group based on our legal foundation with more than 1,000 fee earners nationwide
- Organised into four Platforms – Property, People, Business Services, Corporate
- Very diverse client base with good balance of cyclical/non-cyclical revenue streams
- Achieved objectives set at IPO in 2015 to diversify and grow organically and by acquisition to deliver superior, “through the cycle” growth
- 15 acquisitions since IPO for £57m (c 50/50 cash/shares)
- Non-legal consultancy services now 28.9% of revenues
- Fragmented market offers considerable optionality
- High level of internal share ownership
- Strong commitment to responsible business ethos

# *Legal services heartland*

- UK market of c£44bn – still highly fragmented (9,500 firms) and mainly partnership-based
- Top 100 firms >50% of market by turnover
- Partnerships suffer from lack of access to capital
- Market growth rate since 2010 of c5%pa
- Gateley is a top 40 law firm with a nationwide presence – rising from **45** at IPO to **37** today
- Gateley has achieved consistent headcount growth in fee-earners with low churn rate
- Wide range of activities enables “through the cycle” performance
- More recently, lower corporate activity and slowing housing market\* being balanced by increased exposure to contentious activity (e.g. litigation, employment), shift to affordable housing, insolvency

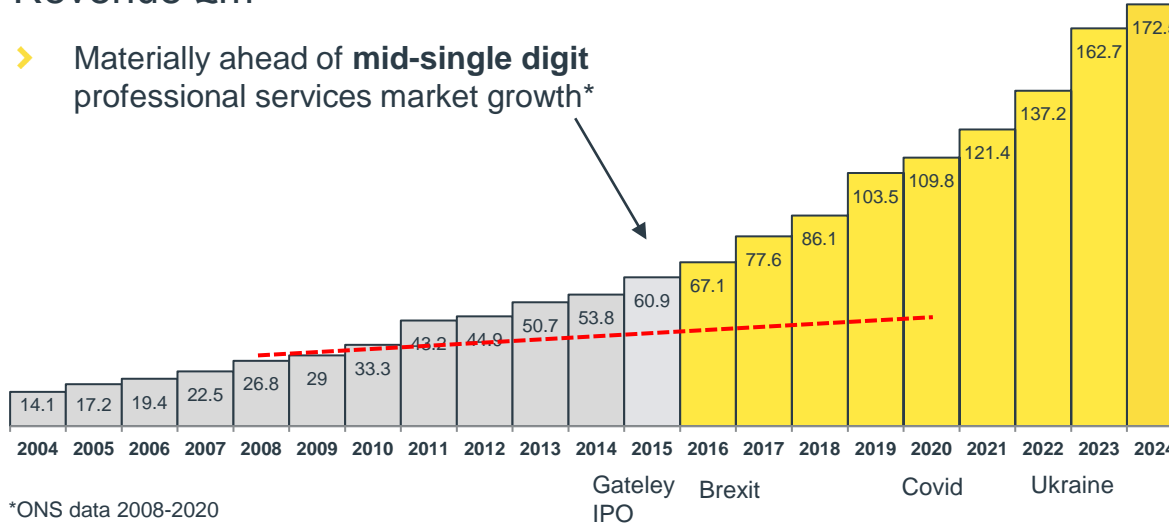
*\*Gateley provides a variety of legal services to all top 20 housebuilders but is not directly exposed to residential conveyancing*



# Reminder of “Through the cycle” growth

## Revenue £m

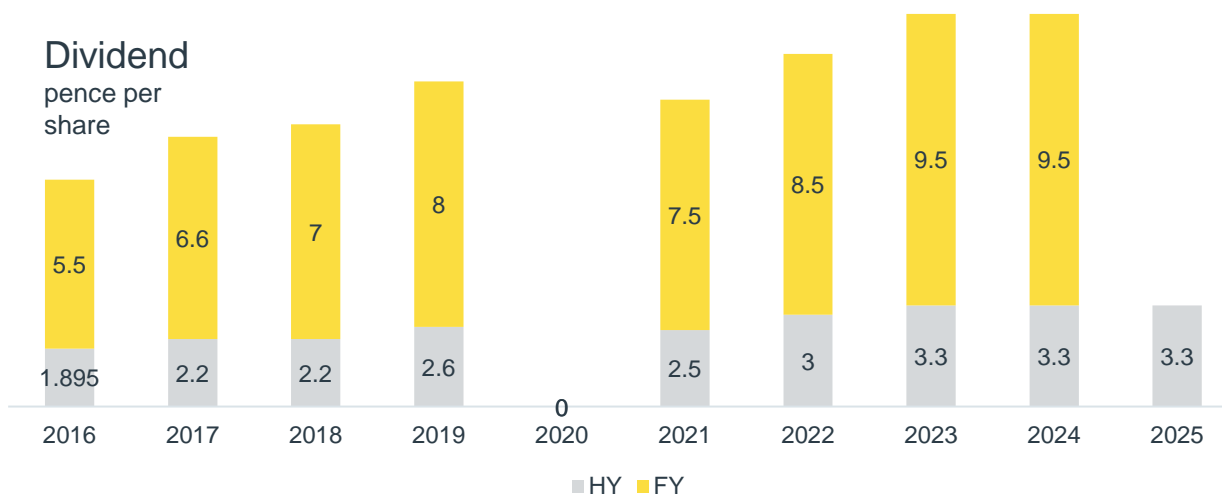
- Materially ahead of **mid-single digit** professional services market growth\*



- Application of consistent strategy
- Growth delivered during radical reshaping and development of the Group
- Consistently ahead of **mid-single digit** professional services market growth
- **CAGR since IPO 12.3% (organic 8.5%)**

## Dividend

pence per share

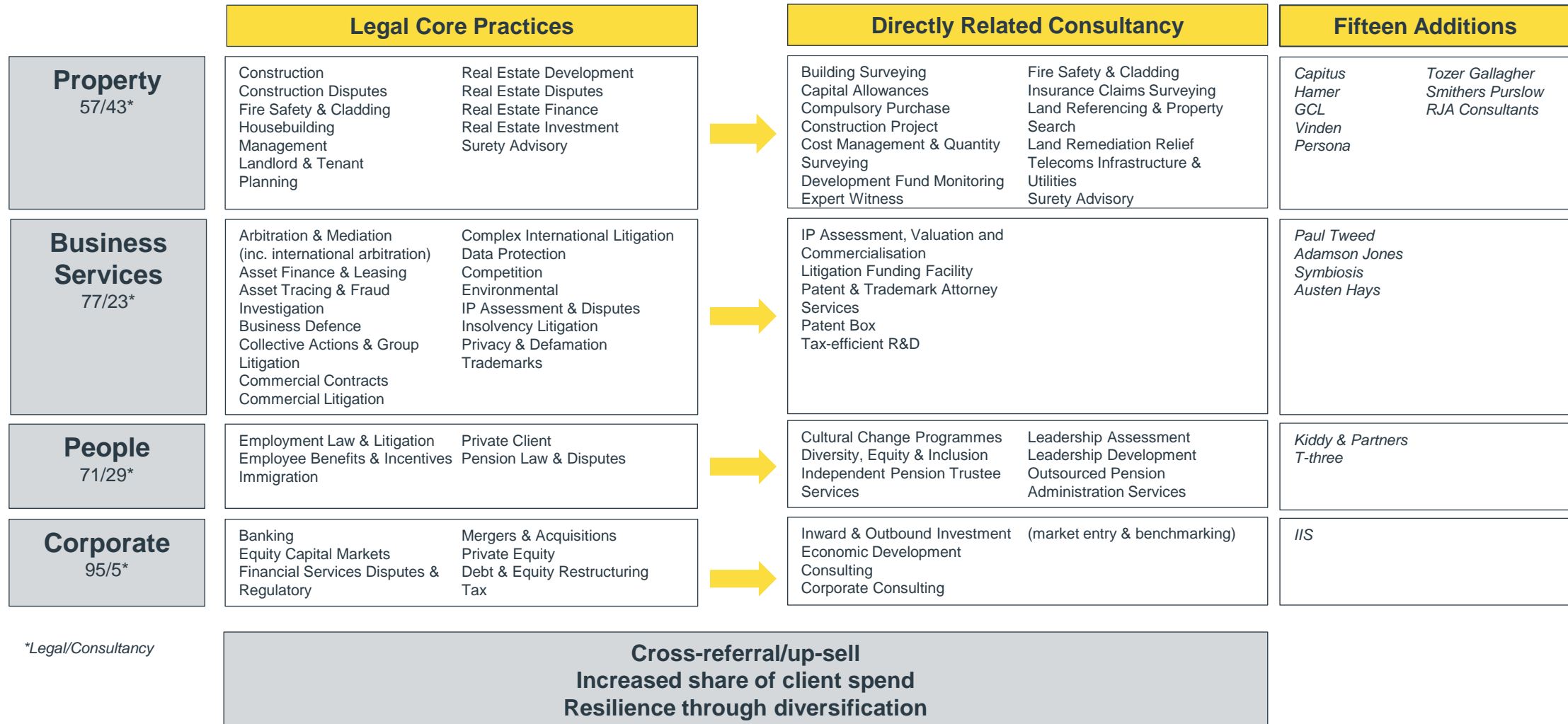


- 65.4p total dividends since IPO @ 95p
- **H1 25 interim dividend maintained at 3.3p**

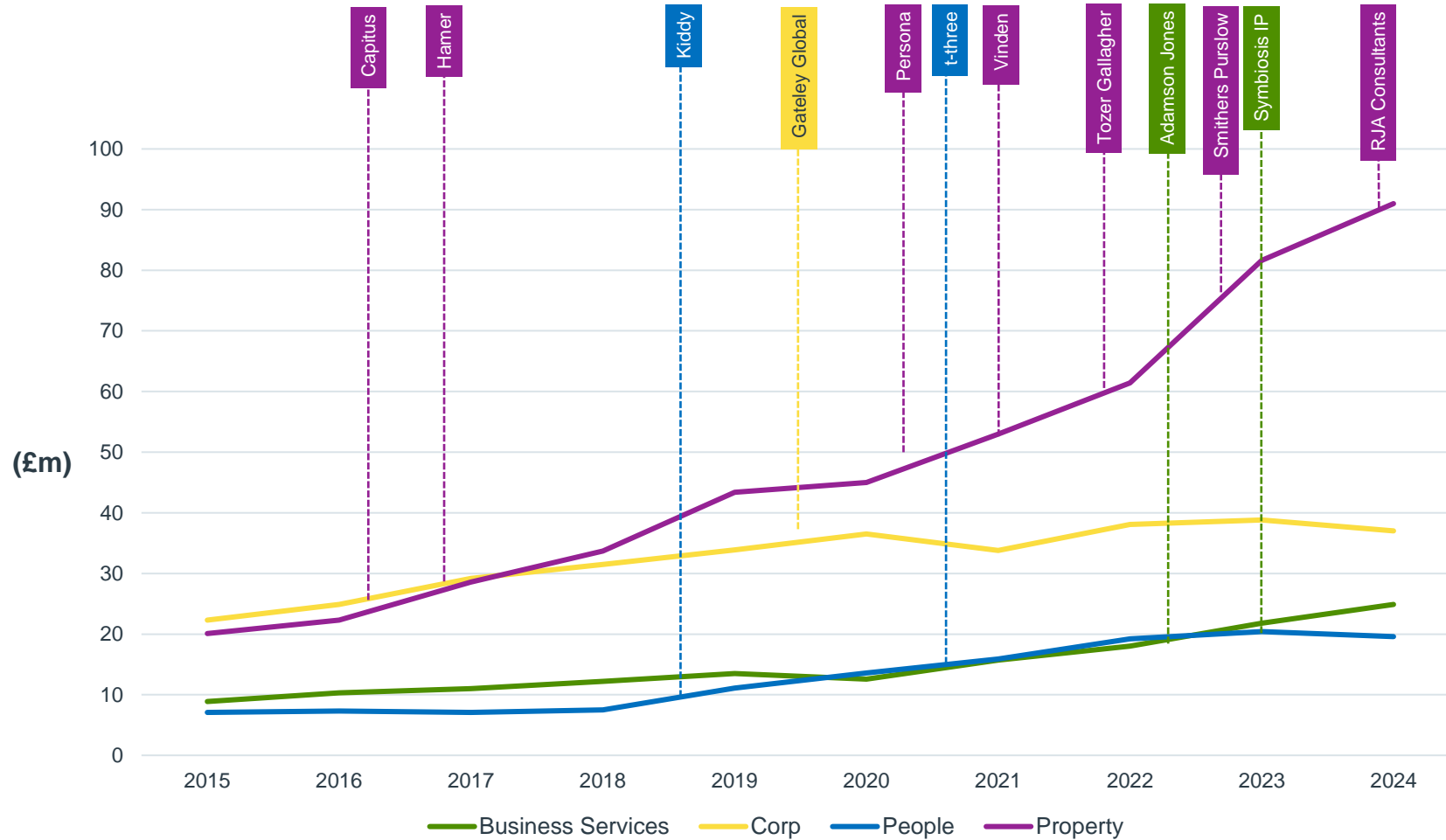
# *Balanced investment for growth*

- Since IPO we have funded from our free cashflow, a progressive investment strategy, to fuel our future growth
- Consistent year-end net cash track record after constant investment and strong dividend
- Broad and balanced approach to capital allocation
  - Acquisitions
  - System investment – 3E, Class Action, AI
  - People – lateral hires, pay and equity incentivisation

# Diversification strategy by adjacency



# Growth enhanced by our Platforms



## Platform benefits

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



Our purpose is to deliver results that delight our *clients*, inspire our *people* and support our *communities*

Our business model creates a platform for scalable and sustainable growth. Our strong market reputation and the culture and Gateley Team Spirit that sits at the heart of our business enables the delivery of integrated legal and complementary business services across our four market facing Platforms.

## Delivering *results*

- › An unbroken track record of revenue and profit growth through multiple economic cycles.
- › 6% revenue growth in FY24 to £172.5m, with net assets of £80.3m
- › Attractive income stream with 70% of adjusted post-tax profits earmarked for dividends.

## Inspiring our *people*

- › 1536 employees, of which over 1000 are fee earners.
- › 159 internal promotions during FY24.
- › The only UK legal business to be ranked in the Glassdoor top 25 best companies for senior leadership.
- › Proud that 70% of employees are share or option holders.
- › 5 employee community groups to support diversity, inclusion and belonging.
- › Investors in People accredited.
- › In 2023 our CEO was recognised in The Lawyer's Hot 100 for business leadership and setting the benchmark for listed law firms.
- › Winner of the 2024 Birmingham Law Society 'Equality, Diversity and Inclusion' award.

## Supporting our *communities*

- › A commitment to achieving net zero by 2040 and with a carbon reduction plan to reduce emissions by 50% by 2030.
- › Sustainability Task Force reports progress to the Strategic Board on a monthly basis identifying risks, opportunities and progress made.
- › Strong sustainability governance framework with Strategic Board accountability which ensures that climate-related risks are managed in line with our Group-wide risk management framework.
- › Taskforce on Climate Related Financial Disclosures ("TCFD") included within our FY24 Annual Report.
- › An active CSR programme through our Gateley Gives committees in each office which fundraised over £100,000 last year.
- › We raised over £100,000 for good causes last year.

## Delighting our *clients*

- › Rated 5 star/excellent on independent legal review platform, Review Solicitors.
- › Winner of the 'Legal/Professional Team of the Year' award at Property Week's RESI Awards 2024
- › Winner UK law Firm of the Year 2023 Insider Midlands Residential Property Awards and shortlisted in the 2024 Insider North West Residential Property Awards.
- › Shortlisted as Corporate Law Firm of the Year at the 2024 Dealmakers Awards in the Midlands.

- › Listed in six areas in 2024 The Times Best Law Firms.
- › Shortlisted for residential property and dispute resolution in the 2023 Yorkshire Legal Awards.
- › Shortlisted as regional Law Firm of the Year in the 2023 Real Deals Private Equity Awards.
- › Recognised in 47 areas by Legal 500 2024 and 28 areas by Chambers & Partners 2024.