



# An introduction to DWF

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Hardman & Co Investor Forum  
18 November 2021

[dwfgroup.com](http://dwfgroup.com)



# Safe harbour statement

This presentation and the subsequent question and answer session may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. There are risk factors that could cause results to differ materially from those expressed or implied by such statements.

DWF disclaims any intention or obligation to revise or update any forward-looking statements that may be made during this presentation or the subsequent question and answer session, regardless of whether those statements are affected as a result of new information, future events or otherwise.

# Agenda

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1. Who we are

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2. The global legal services market

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3. Our strategy

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4. Financial Review

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5. Q&A

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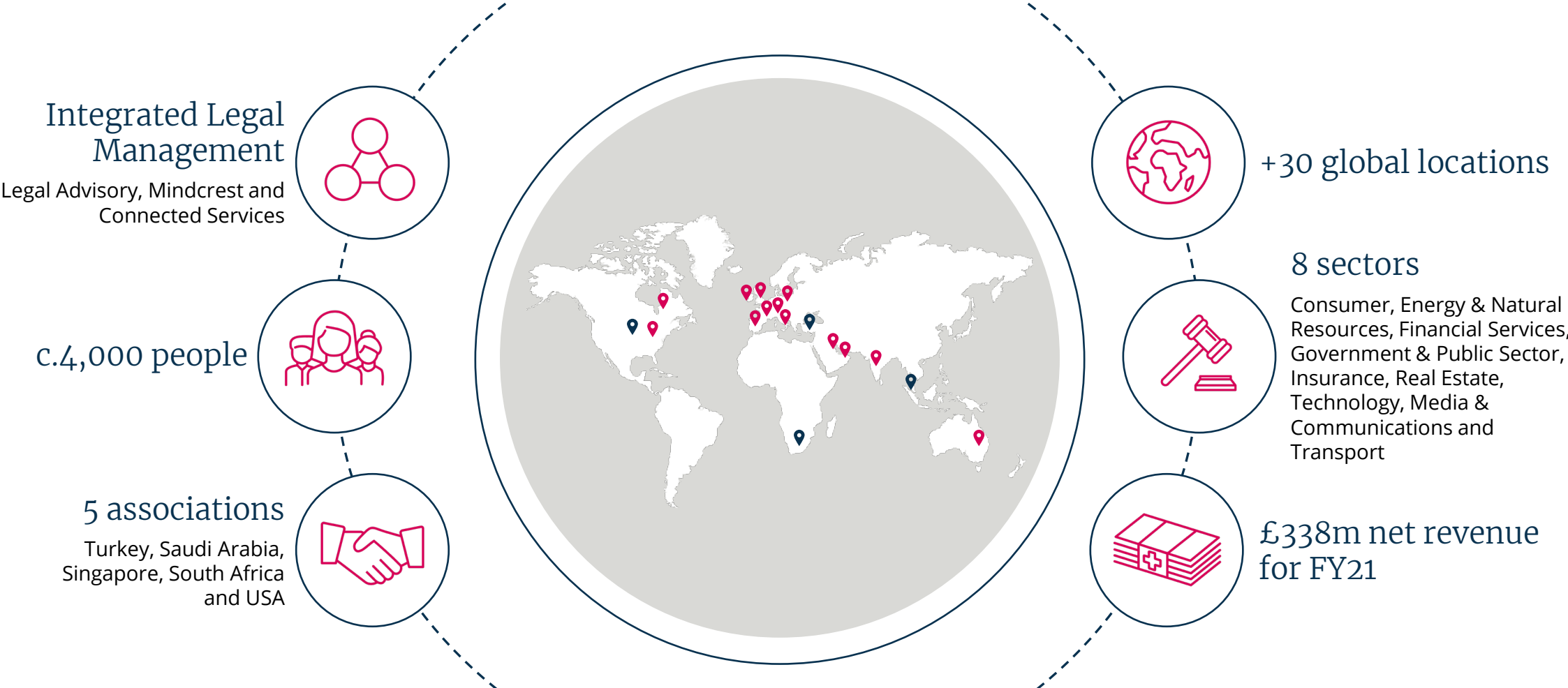
**Chris Stefani**  
Chief Financial Officer

Chris joined the management team of DWF LLP in April 2016 and was appointed to the Board of DWF Group plc in September 2018.

He has around 20 years of experience in the professional services sector and held a number of finance roles at EY between 2010 and 2016, including as Finance Director of EY's EMEA Advisory business.

Chris has extensive experience in advising executive boards on all aspects of financial management, control, and performance and profitability improvement, as well as a track record of business optimisation to drive profit improvements and/or cost savings while also supporting revenue growth.

# Who we are: a leading global provider of integrated legal and business services



# The global legal services market

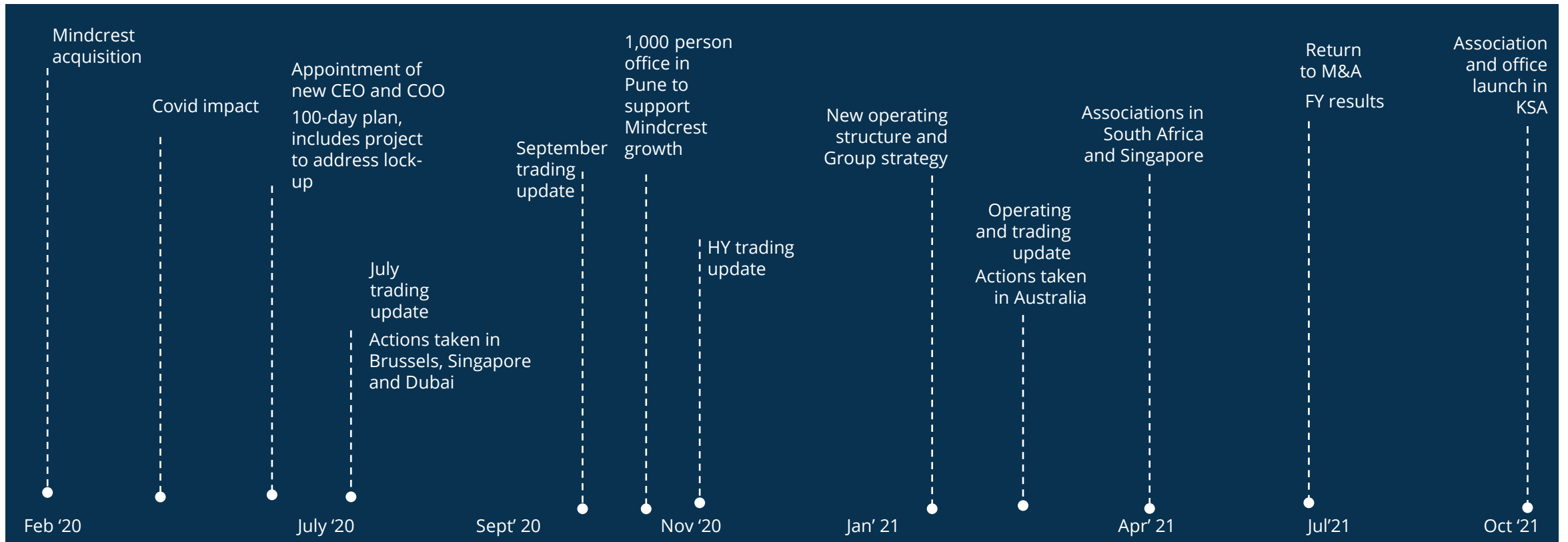
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## Six trends underpinning the global legal services market

- **Strong global growth:** in 2021 the global legal industry is estimated to be worth \$750bn, with a projected compound annual growth rate of c.5%. The industry is forecast to be worth in excess of \$900bn by 2025 (Statista)
- **Acceleration in the ALSP market:** the alternative legal services market is significantly outperforming the sector as a whole, growing at c.15% each year and rapidly gaining acceptance among blue chip General Counsel (Thomson Reuters)
- **Rationalising supply chains:** nearly three-quarters of General Counsel believe they have too many legal services suppliers and want to procure more of the services they need from fewer providers to achieve cost savings and simplify operations (EY)
- **Huge fragmentation:** no single law firm commands even 1% of the global legal services market, whilst in the UK alone there are 45 law firms generating revenue in excess of £100m (The Lawyer)
- **ESG rises up the agenda:** more blue chip companies are including ESG considerations as factors when choosing their providers, including automatic panel reappointments for firms with the strongest ESG credentials
- **Looking to list:** there are seven law firms listed in London and whilst only DWF is on the Main Market this is anticipated to change as more firms embrace the opportunities public ownership provides

# 18 months of transformation

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**DWF half-year results will be published on Thursday 9 December**

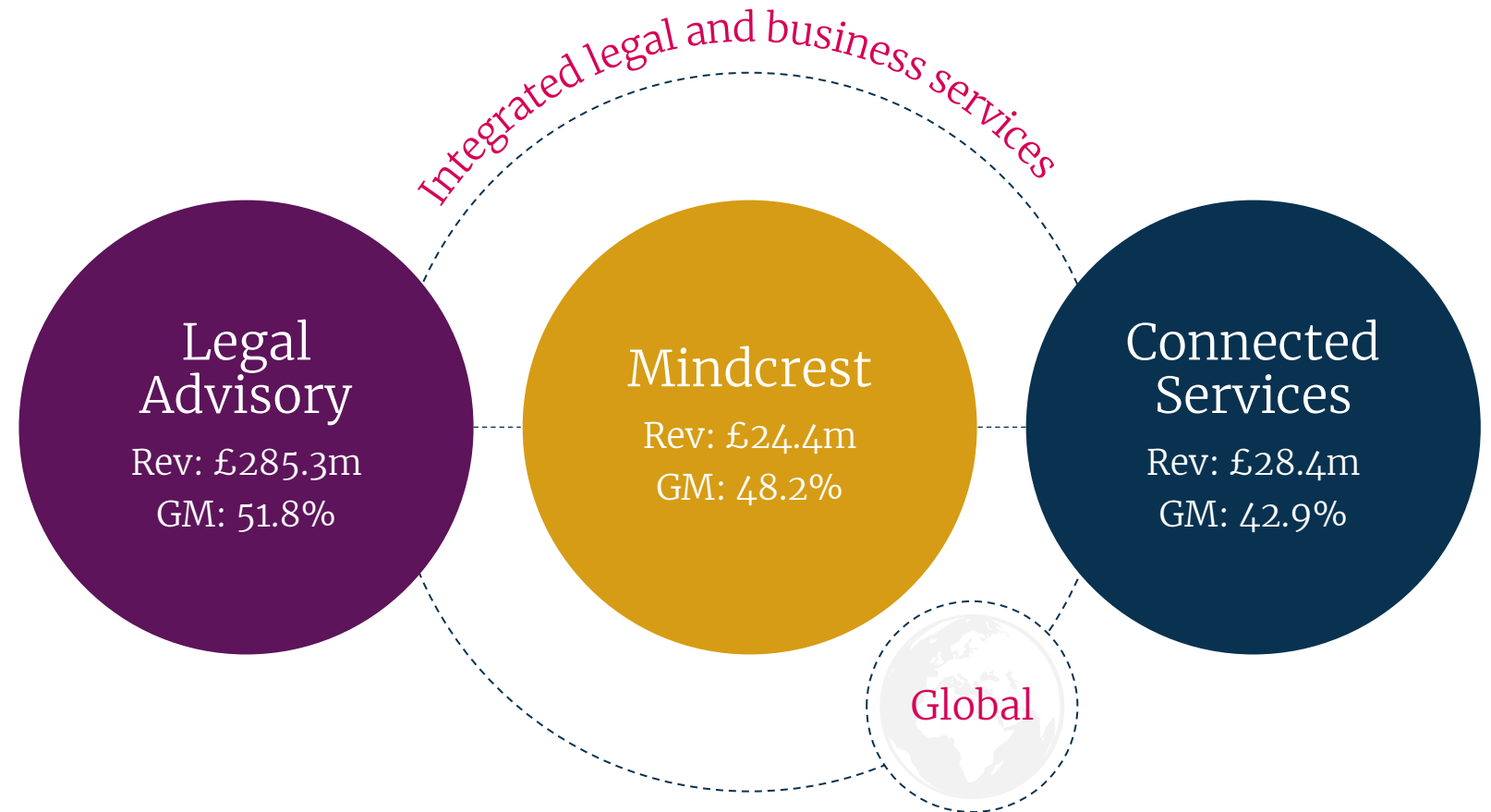
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Our vision is to become the leading global provider of integrated legal and business services

Our single **Integrated Legal Management** approach simplifies the supply chain, delivers greater efficiency, price certainty and transparency without compromising on quality and service.

- **Legal Advisory:** premium legal advice, commercial intelligence and relevant industry experience
- **Mindcrest:** outsourced and process-led legal services, designed to standardise, systematise, scale and optimise legal workflows
- **Connected Services:** our range of products and business services that enhance and complement our legal offering

# Our strategy

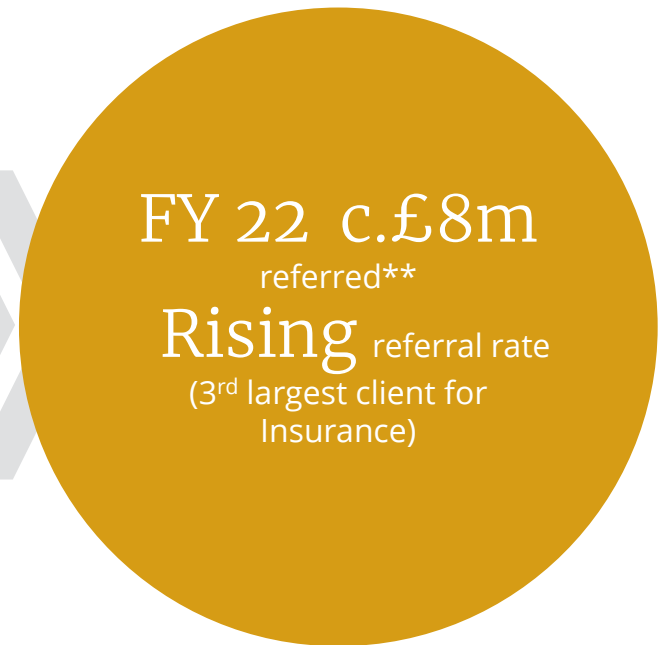
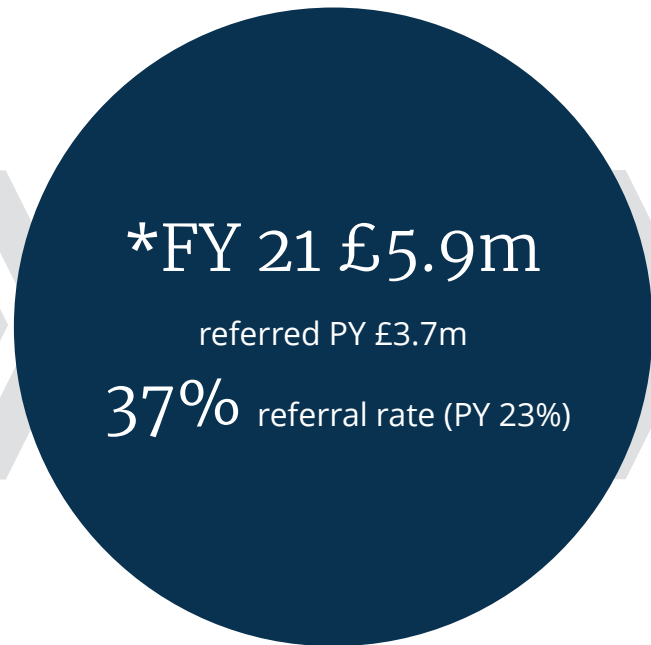


# Integrated Legal Management

Connected Services



Legal Advisory



Collaboration

Client sharing

Increasing revenue capture



# ESG – a responsible business

## Our purpose

Our purpose is to deliver positive outcomes with our colleagues, clients and communities.

## DWF – leading ESG credentials



### Environment

- Committed to set science-based targets
- Managing carbon emission aligned to 1.5c pathway
- Participant in UN's SDG Ambition
- ISO14001 accredited



### Social

- Published our new D&I Strategy
- 5 STAR Futures programme advances social mobility
- £200,000+ donated through DWF Foundation
- Well-placed in key rankings

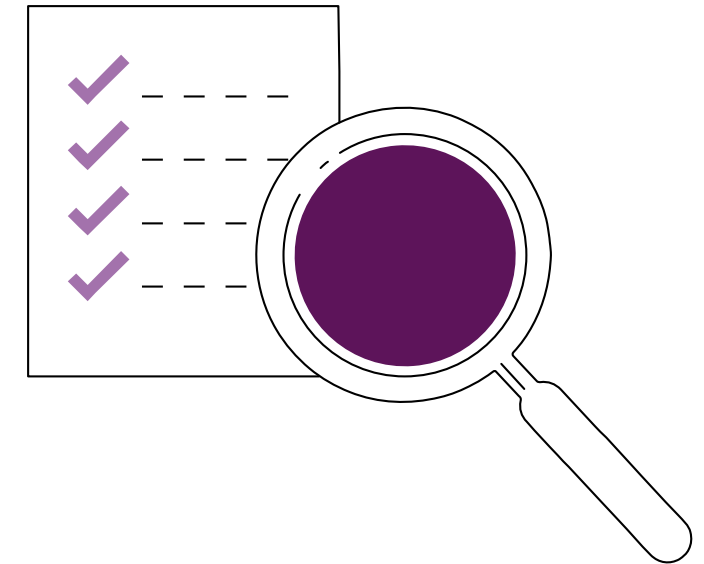


### Governance

- All Executive Directors have ESG objectives linked to bonus
- 30%+ female representation on PLC and Executive Boards
- 20% workforce representation on PLC Board

## What's to come

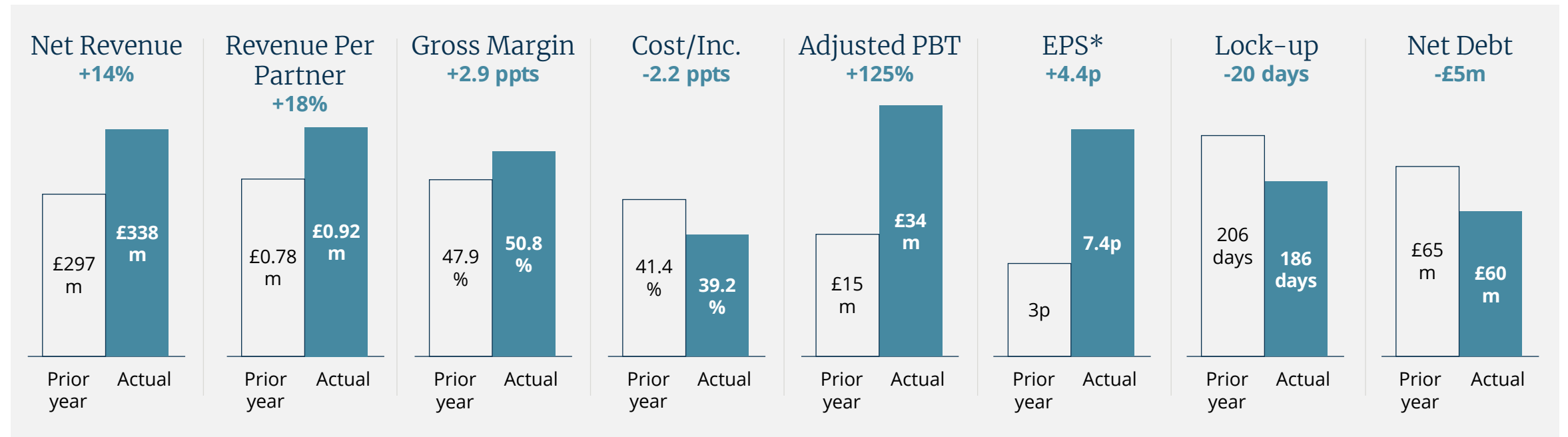
Group ESG Strategy to be published on 9 December, alongside our half-year results



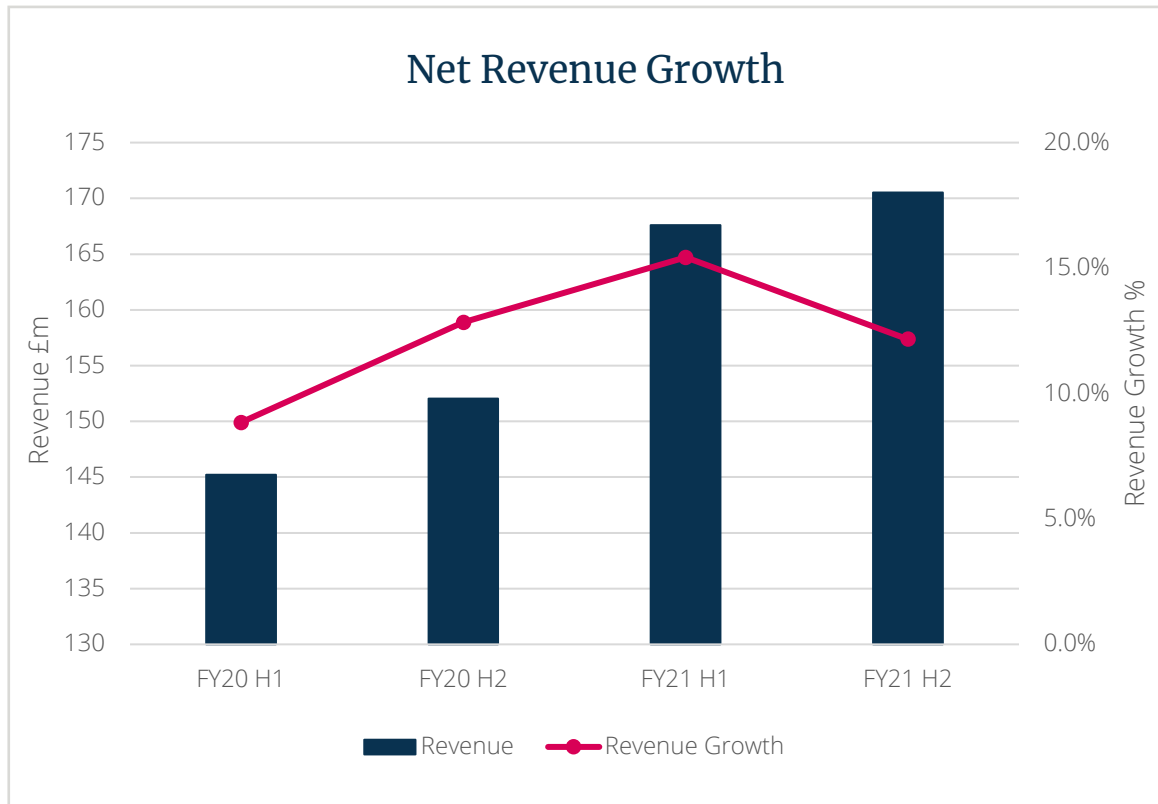
# Financial highlights

## FY21: Outperformance on all metrics

Revenue growth, gross margin expansion, cost/income reduction, working capital improvement and profit transformation

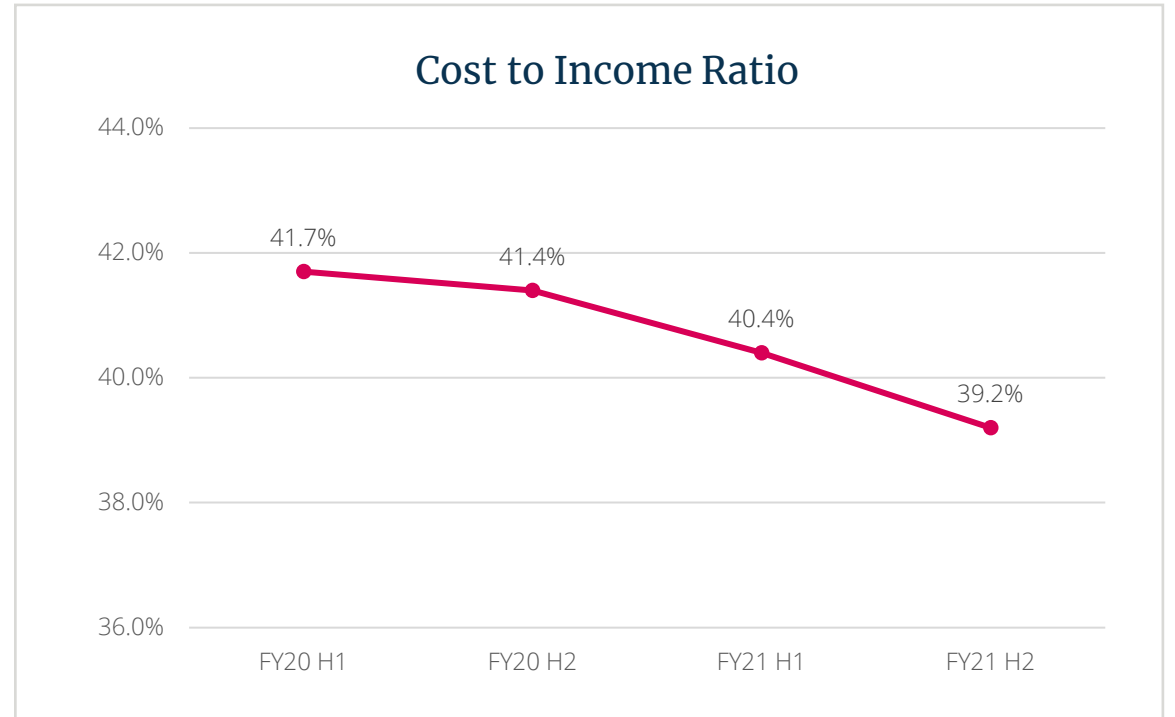
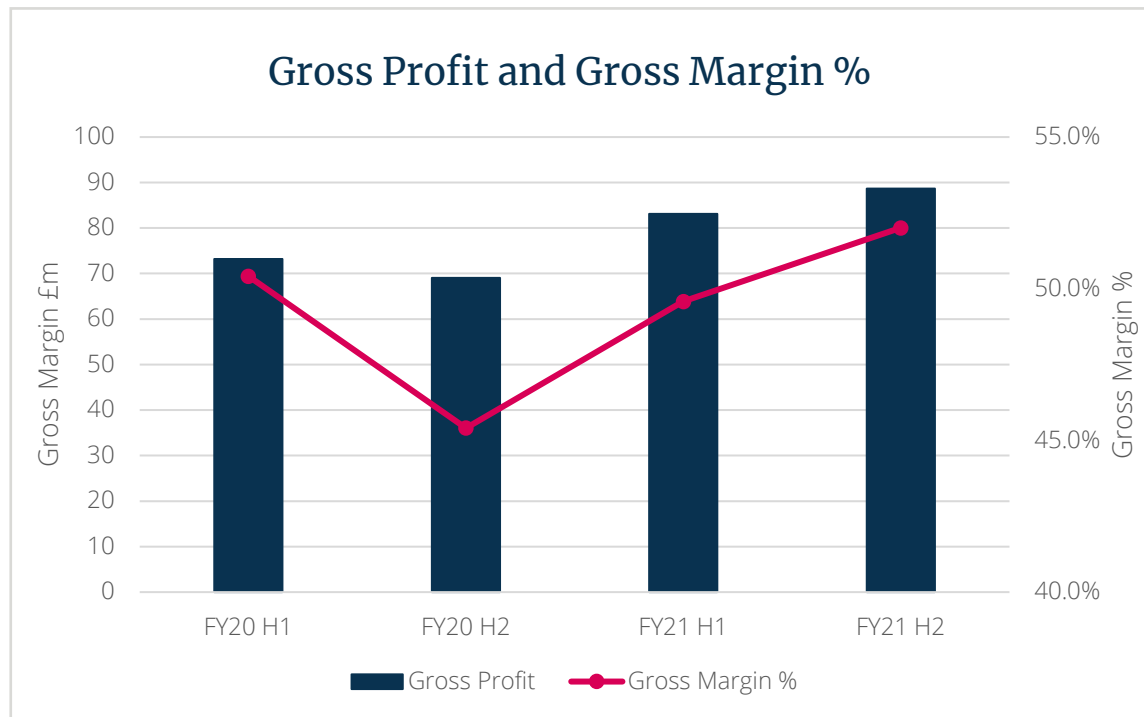


# Net revenue growth

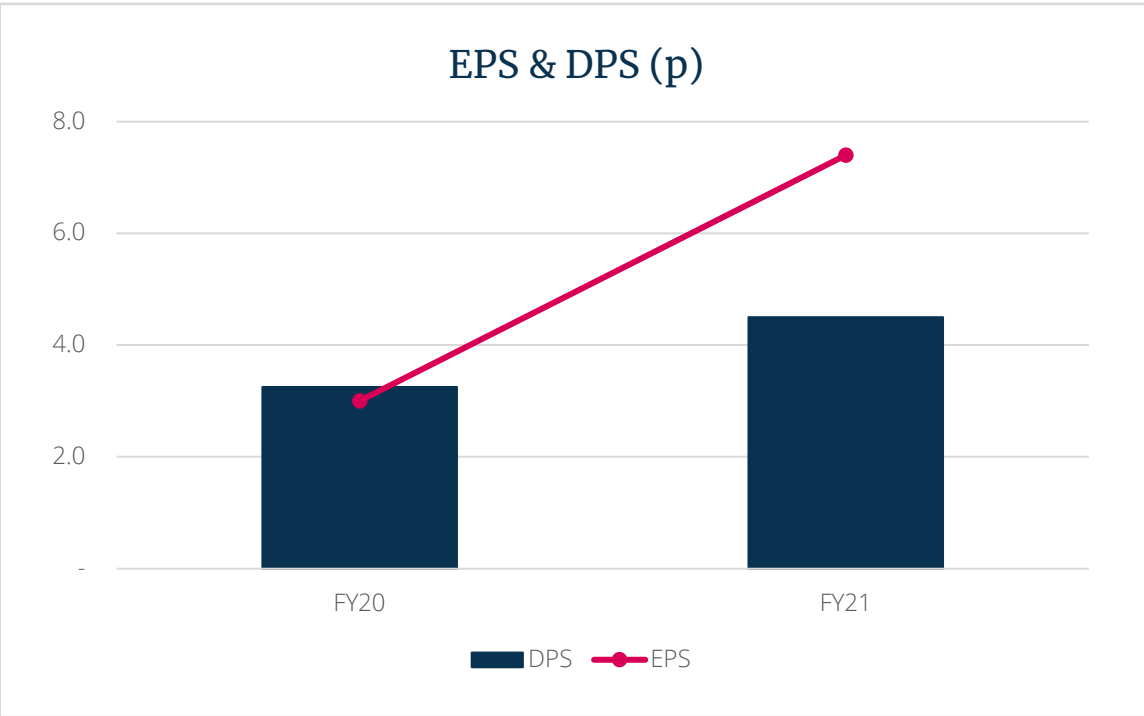
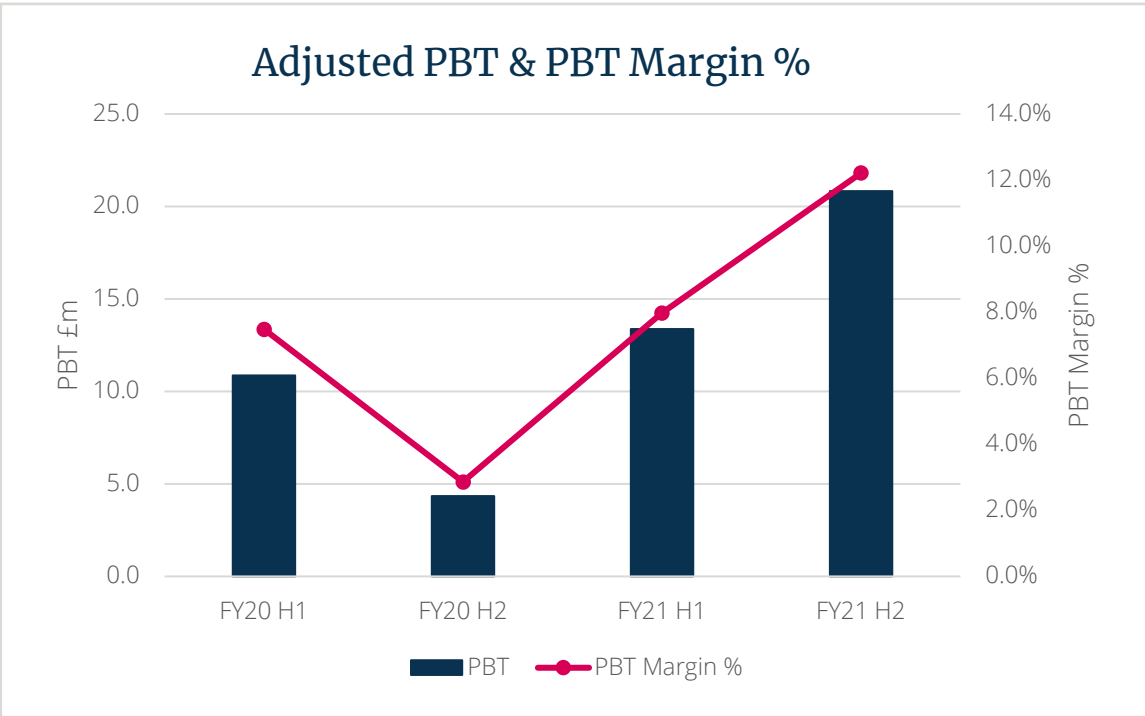


1. 14% YOY net revenue growth
2. Growth aided by FY set of results from DWF Spain and Mindcrest.
3. 8% Organic growth achieved with good performance in all divisions
4. Growth achieved despite the scale back of operations in Australia & Dubai as well as closure of Singapore and Brussels

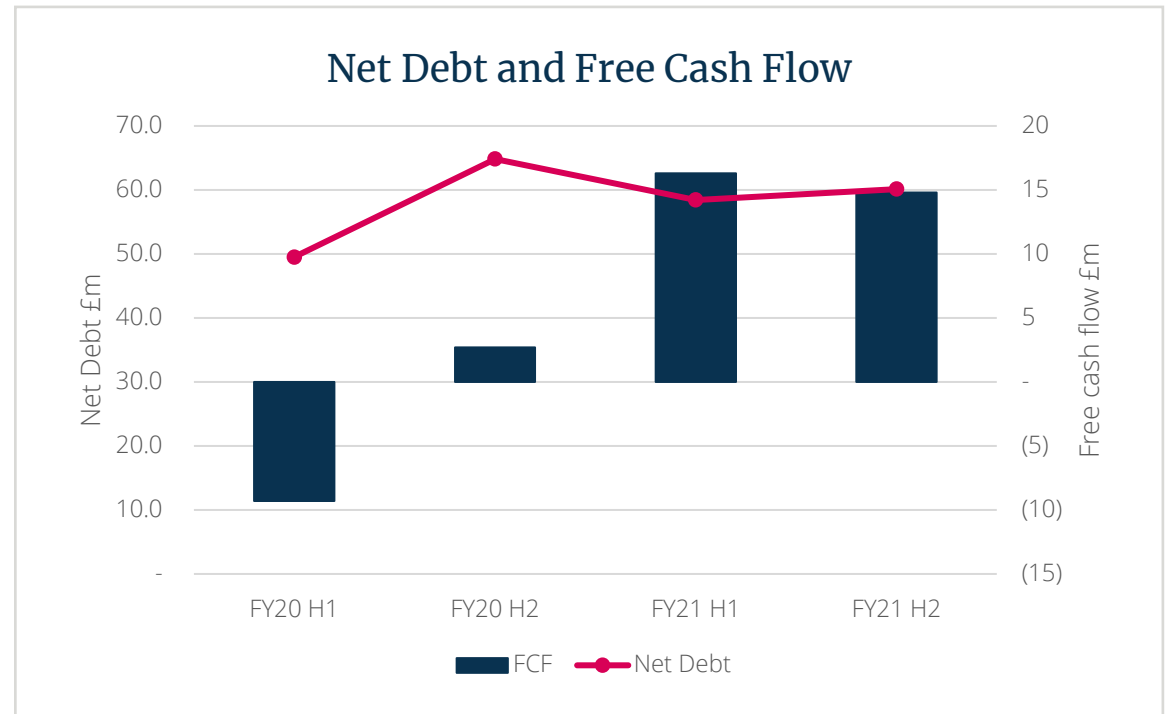
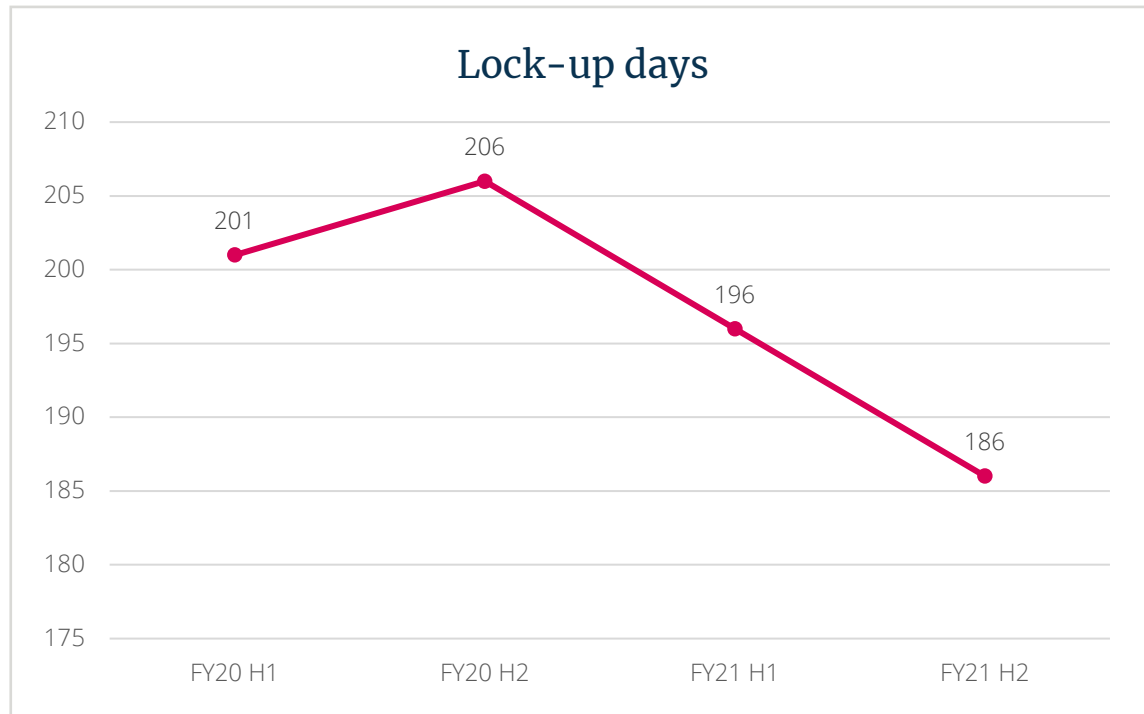
# Gross Margin and Cost to Income



# Adjusted PBT, Adjusted Diluted EPS and DPS



# Lock-up, net debt and free cash flow



# Capital management framework

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## Dividends

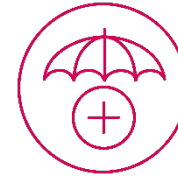
- Progressive policy
- Target pay-out of up to 70% of adjusted profit after tax
- Interim Feb/March, final October
- Interim target 1/3rd of PY full year dividend



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## Borrowings/Leverage

- Target to operate between 0.5 and 1x pre-IFRS 16 EBITDA



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## M&A

- Deployment of capital to support and accelerate our stated organic growth strategy
- Bolt-ons financed through own resources



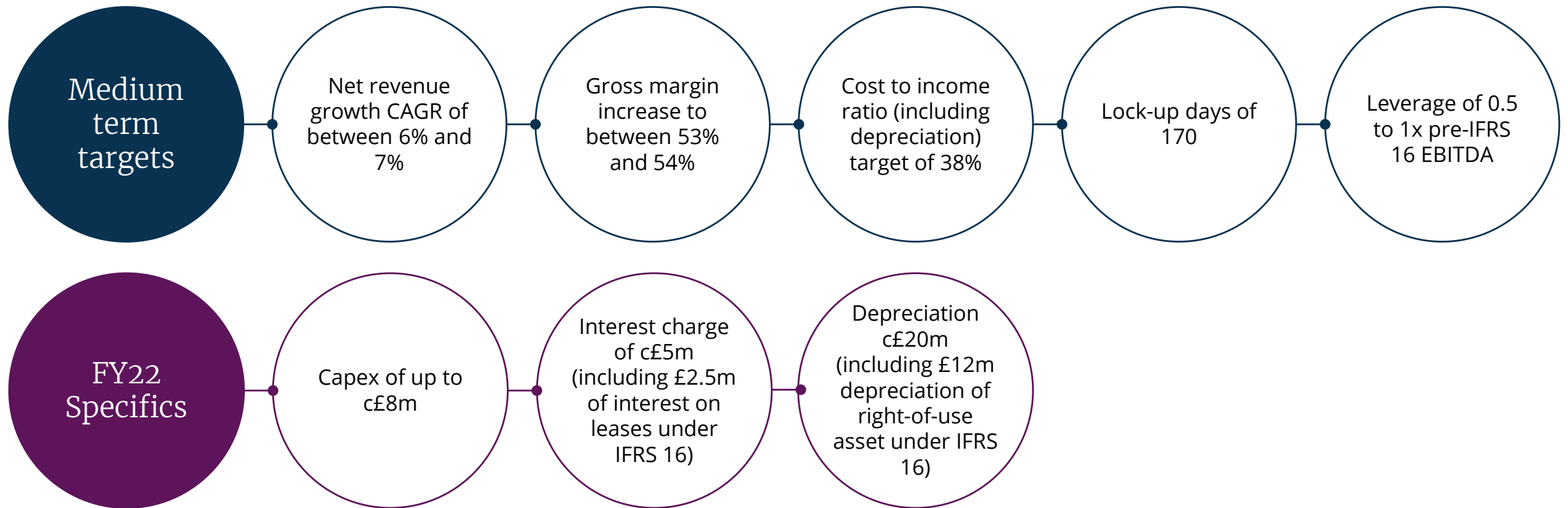
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## Capital Expenditure

- Up to £8m per year
- Focus on strategic projects (eg scale-up of Mindcrest operations), IT systems and infrastructure, and enabling future ways of working

# Guidance

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Guidance is organic base case only, no M&A assumed



# Summary

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FY21 was a strong performance despite the restructuring of a number of locations

Strong recovery year following on from FY20, which was impacted by Covid. Current trading in FY22 shows a continuation of the positive trends.



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1. Strong activity levels supported **8% organic growth**, with acquisitions performing well to deliver **14% overall net revenue growth**



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2. **Gross margin increased** and on an upward trajectory, **cost to income ratio also improving**



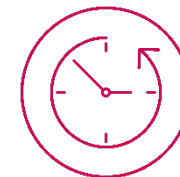
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3. Revenue development, direct cost savings and cost to income ratio are driving an **improving PBT margin contribution**



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4. **Lockup days reducing, driving free cash flow**, and moving into benchmark range.



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5. **Net debt is reducing** with strong cash collections and despite the deferred consideration outflows in the year, assisted by remaining COVID-19 deferrals



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6. **EPS increased by 147%** to 7.4p, with full year **DPS of 4.5p**

# Why invest in DWF?



A photograph of a glass of water on a desk. The glass is filled with water and sits on a reflective surface. To the right, a notepad with a red pen is visible. The background is a blurred window with vertical blinds. A white rectangular box is overlaid on the left side of the image, containing the text 'Q&A' and a vertical line.

Q&A



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DWF is a leading global provider of integrated legal and business services.

Our Integrated Legal Management approach delivers greater efficiency, price certainty and transparency for our clients.

We deliver integrated legal and business services on a global scale through our three offerings; Legal Advisory, Mindcrest and Connected Services, across our eight key sectors. We seamlessly combine any number of our services to deliver bespoke solutions for our diverse clients.

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