

Chairman's statement

Supporting our people, delivering for our clients

Jonathan Bloomer
Chairman



Dear shareholder,

I am delighted to welcome you to our Annual Report and equally delighted to introduce myself as your new Chair. I have been the Chairman of DWF Group for a little over five weeks and so I want to begin by thanking my predecessor, and now Group CEO, Sir Nigel Knowles, and our Deputy Chairman, Chris Sullivan, for their contributions and support in helping me prepare this statement.

I am very pleased to have taken on the role of Chairman of DWF. It is a differentiated business in a highly competitive industry that is on the verge of a period of significant change. The Group is very well positioned to capitalise on this change, and I am looking forward to working with the Board to implement the strategy set out by Sir Nigel, aimed at taking DWF forward to a new phase of sustainable and profitable growth.

Business and markets

Like all businesses in our sector and beyond, we face the considerable challenge of navigating an unpredictable global economy that will continue to be affected by COVID-19 for the foreseeable future.

COVID-19 had a significant impact on our business, but we have done a number of things to ensure DWF has the strength and resilience to perform throughout this financial year.

These include implementing a cost-savings programme that will realise £15m of savings in this financial year, and an agreement with lenders that provides access to a secondary revolving credit facility ('RCF') of £15m, in addition to our existing RCF of £80m, with a relaxation of certain covenants.

While we moved quickly to further strengthen liquidity and increase operational efficiency, we have also seen performance improve markedly since April, as our differentiated offering and range of services remain in demand. Our strong relationships with institutional clients in our key sectors have also ensured that our cash collection has been healthy.

Our employees and culture

COVID-19 has also had a significant impact on our ways of working. Throughout this period, our priority has been the health and safety of our people. An outstanding response from our IT and other central services teams ensured that more than 95% of our people were able to work from home during the strictest lockdown periods. A significant proportion of our people continue to work remotely, and we have put in place numerous measures to support them in doing so, with a particular focus on their physical and mental wellbeing.

We are now carefully implementing plans for phased returns to offices, dependent on the specific circumstances and governmental guidance in our respective locations.

The importance DWF places upon culture has been impressed upon me since my appointment. The Group has made further progress this year to support partner and employee recognition, improve and harmonise benefits, perform strongly in leading Diversity & Inclusion ('D&I') rankings, and make a significant community impact.

Strategy and capital allocation

Despite the disruption caused by the COVID-19 pandemic, we made very good progress with our strategy in FY20. Among the principal capital allocations the Group made, the acquisitions of RCD and Mindcrest have helped develop further our International and Managed Services businesses. We anticipate reinvesting around half of the £15m of FY21 cost savings as we continue targeted, strategic investments in our capabilities.

Dividend

Like many listed businesses, the impact of COVID-19 has caused us to review our position on paying a full-year dividend. This is a matter we have given great consideration to, as we know the importance of a dividend, to both our external and internal shareholders.

The proposal of a final dividend for FY20 underscores our current confidence in FY21 trading and outlook. We are seeing our approach to providing integrated legal services through our Complex, Managed and Connected proposition resonate with clients. This is driving an encouraging pipeline of new work. At the same time, we continue to look for further operating efficiencies to build upon the cost reductions we announced in May and July and the office rationalisations that are well underway.

ESG

The Board recognises that Environmental, Social and Governance matters are of greater importance than ever before. Your Board performed well in ensuring effective governance in our business and you can read more detail on the activities and priorities of our governance committees on pages 64 to 91. We also strive to make a positive social and environmental impact, most notably through our CSR activities and the work of the DWF Foundation, which you can read about on pages 36 to 43.

Living our values

The culture within our business is underpinned by our five core values. This year, more than ever, we have seen our people living our values as they have responded to the challenges presented by COVID-19. This has been clear in the way our people have supported each other, our clients and our communities.

This year we launched DWF Achievers, a recognition platform that allows colleagues to congratulate each other for living to our values. Since its launch earlier in year, there have been more than 9,000 recognitions through the platform.

See pages 36 to 43 for more information.

Jonathan Bloomer

Chairman
7 September 2020