

# HERBERT SMITH FREEHILLS ANNOUNCES FULL YEAR RESULTS FOR 2019/20

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Firm news

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Herbert Smith Freehills today announces its unaudited results for the year ended 30 April 2020. Headline figures include:

- Revenues were £989.9 million, up 2.5% on the previous financial year (2018/19: £965.7 million)
- Profit was £283.2 million, down 7.7% on the previous financial year (2018/19: £306.7 million)
- Profit per Equity Partner was £857,000, down 9.7% on the previous financial year (2018/19: £949,000)

[Justin D'Agostino](#), who took over as Chief Executive Officer on 1 May 2020, commented:

“It is encouraging that we achieved another year of revenue growth, underlying the core strength of our business. While profitability fell from last year, it reflects our second highest year of profitability performance.

Revenue growth would have been stronger still but for the onset of Covid-19. While the Covid crisis has required significant adjustments across the firm to how we work, I am delighted to say that our performance through the challenges it has brought has so far exceeded all our expectations.

It has been an extraordinary time to take over the role as CEO of the firm, but our teams and our clients have been adaptable and committed to adjusting to the challenges. I would like to thank all our staff for their efforts in enabling us to continue to support our clients, and our clients for their flexibility and commitment in helping us together develop effective new working models. We are fortunate that with high pre-existing take-up of agile working in many of our markets, we were able to transition smoothly to the current situation.

In terms of the performance of the firm over the financial year, I am particularly pleased with the continued flow of significant mandates to our transactional and disputes practices in our key markets of the UK and Australia, translating into leading positions in the current M&A deal tables.

Last year was also marked by particularly strong growth in the markets in which we have invested over the last five years:

- in continental Europe, the Middle East and Africa (EMEA) – our largest market for investment over the period – we saw revenue grow yet again, up 12 per cent, leading to further profit growth;
- in Asia we saw revenue grow 11 per cent and profits grew by 28 per cent;
- our New York team go from strength to strength, expanding revenues by 27 per cent; and
- our global Alternative Legal Services Business grew revenue by 9 per cent and has developed from a single location to a global offering across 11 centres with over 350 lawyers, analysts and technologists.

Overall, we saw a slower start to the last financial year, with a stronger performance in the second half of the year, notwithstanding the significant challenges of Covid-19, in particular the short term impact we saw on transactional workflows, many of which were put on hold. Our profitability was also impacted by increased operating costs relative to revenue growth and lower productivity compared to the prior year.

I look forward to working with our new leadership team to build on our achievements over recent years, and to take a fresh approach to driving change and stronger performance. We look forward to doing so through a sharp focus on productivity and profitability, and a deeper engagement with our clients and in our markets to build on our flow of key mandates. I am also fully committed to achieving our objectives in a way which seeks to build further a culture of engagement and inclusion in all our teams. We have also committed to focusing still further on digital transformation in our business and service delivery.

The year ahead remains unpredictable, but there are reasons to be cautiously optimistic. The impact of the global pandemic so far has been less severe for our business than we originally anticipated and our business pipeline has continued to build with new and important opportunities to help clients. We have already seen an increase in business activity in the first quarter of this financial year, with positive signals across many different parts of the firm in recent months. The way our people and our clients have collaboratively and proactively responded to the crisis gives us confidence to manage the uncertainty ahead.”

[James Palmer](#), Chair and Senior Partner, added:

“Last year we continued our growth in our expansion markets, in particular in EMEA, Asia, the US and our Alternative Legal Services capacity. The launch of Herbert Smith Freehills Kewei Joint Operation (JO) in the Shanghai Free Trade Zone makes us one of a handful of international firms positioned to serve clients across international and Chinese legal needs. The JO is already performing strongly. Our expansion with a leading energy team in Milan along with key recruitments in Johannesburg all take us further to the market leadership goals we aim for.

I want to thank Mark Rigotti, our Co-CEO then CEO for the last six years, for his great contribution in the role. He and the team have made key progress in professionalising our firm and providing a bedrock for the period ahead. It has been a pleasure leading the firm with him. I am also delighted to be working now with Justin as our CEO, who has already been taking the lead since March in our strong Covid-19 response efforts. Justin has taken on the role with a strong commitment to build on our progress, and to strengthen our global market positioning. He has committed to seek to achieve this through step changes in our productivity and profitability, in our client relationships, in our technology and digital capabilities and also, critically, through our culture and engagement with our people. Notwithstanding the challenges for many – both business and personal – that Covid-19 has brought, this is an exciting time for our firm as we look to balance managing those challenges with accelerating changes and outcomes for our firm.

Lastly I would like to add my thanks to Justin’s, to all of our teams around the world for the flexibility, support for others and commitment to helping our clients which has been so evident, in particular since the outbreak of the Covid-19 pandemic.”

Other highlights include:

- **Promoting 26 new partners** to the partnership - the largest promotion in the firm’s history. The gender balance of the new partners was 50:50, consistent with our average over the past few years.
- **Greater gender diversity** - we have made significant progress towards reaching our aspirational target of women comprising 35% of partners and partner leadership roles by 2023 – we now have 27% women partners and 25% in partner leadership roles and are

now the number one global law firm for women in the partnership.

- **Commitment to ethnic diversity continues globally.** Further prioritisation of cultural and ethnic diversity and inclusivity, with Justin D'Agostino and the new leadership team seeking to drive this forward, looking to introduce improved outcomes and further transparency.
- **Launching a global Digital Law Group** – over 50 specialist lawyers, working with our ALT and Legal Ops teams, have been providing legal, strategic and practical advice to our clients' biggest and most important digitalisation projects.
- **Award-winning global mental health champions programme** launched this year – we now have over 500 mental health champions globally. We continue to be a leader in LGBT+ diversity and were named in the Top Global Employers for LGBT inclusion by Stonewall. We were also named Top 20 UK employer in the 2019 Social Mobility Employer Index.
- **Delivering inspiring pro bono and citizenship work.** We contributed 75,000 hours of pro bono advice globally last year. We also reduced our carbon footprint by 27%, energy use by 13% and paper consumption by 43%.
- **Further reducing our net debt position**, to its lowest level for several years, Covid-19 notwithstanding. This follows updating our funding structure last year as part of a strong focus on financial disciplines.
- **A leading force for disputes** - the firm continues to be recognised globally as being the leading force for disputes, ranking number 1 in major legal directories and acting on landmark disputes and investigations for clients.
- **Strong performance in M&A deal tables** - our top-tier global transactional practice performed strongly in H1 this year across the deal tables: 1st in Australia, 1st in the UK, 2nd in Southeast Asia, 4th in Asia Pacific, 4th in Spain, 5th in Europe, and 8th in France.