

**THE LAWYER**

Market Reports

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**SAMUEL GOLDMAN**

**THE LAWYER UK 200  
THE TOP 100**

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**2017**

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# THE LAWYER UK 200

## THE TOP 100

### 2017

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# THE LAWYER UK 200

## THE TOP 100

### 2017

The UK 100 is based on UK firms ranked 1-100 by revenues. Revenue and other metrics such as headcount are obtained through direct submissions to *The Lawyer*. When a submission is not received, revenues and headcount are estimated based on publicly available information and *The Lawyer's* market insight analysis. These estimates are then put to firms for comment.

Revenues are based on firms' most recent full financial year. For most this is the 12 months ending 31 March 2017.

This report includes a series of tables that showcase the top and bottom 10 firms by the annual change of various metrics. These include revenue, RPL, RPP, PEP, net profit, lawyer numbers and many others. Firms which have estimated any of these figures, either last year or the previous year, are not included in the top 10 tables.

#### Merged firms

The UK 100 omits firms' full financials and headcount metrics for merged firms after they have had a full financial year as a merged entity. Therefore Gowling WLG and Roysds Withy King appear in this year's report for the first time.

For UK mergers (when both legal entities are headquartered in the UK), year-on-year financial and headcount growth comparisons are based on the previous year's figures for the largest of the legacy firms. Therefore, Roysds Withy King's revenues are compared with that of legacy Withy King in the previous year.

For international mergers (when one of legal entities is not headquartered in the UK) year-on-year financial and headcount growth comparisons are based on the previous year's financials of the UK firm. Therefore, Gowling WLG's revenues are compared with that of legacy Wragge Langley Graham in the previous year.

Many UK firms have merged since the production of last year's report but are included in this year's report as their separate legal entities. This is because they have not yet had a full financial year as a merged entity. These firms include Eversheds Sutherland, Gordon Rose & Bright, CMS Cameron McKenna Nabarro Olcott, Bond Dickinson and Macleay Murray & Spens.

The Lawyer UK 200 Top 100 Firms was researched by The Lawyer Research Service



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# THE MIGHTY MIDDLE

After a slow start due to the referendum, most UK top 100 firms managed respectable revenue growth last year, but over the past decade it is the mid-tier firms that have made the greatest strides

The majority of law firms in the top 100 of the *The Lawyer* UK 200 grew revenues last year, despite a slow start quarter following the referendum, with only 16 firms posting lower or flat revenue. Around a third achieved a 10 per cent increase. Yet in terms of a one-year comparison, there were few clear patterns to pick out. In this market fragmentation is the new normal.

Mergers and acquisitions do not feature heavily in this year's rankings. The most marked exception is King's College London, which took place at the beginning of 2016/17 and accordingly saw revenue rise 111 per cent. Within the top 40, the firms that have risen over a 10 per cent revenue rise mostly did it through working harder. Three of the four magic circle firms saw revenue growth exceed 10 per cent, with Allen & Overy up 16 per cent (for more on the magic circle, see page 12). Hogan Lovells' 19 per cent turnover increase was enhanced by dollar billings, so the standout firms in 2017 were Fieldfisher, Watson Farley & Williams, Osborne Clarke and Holman Fenwick.

What links them all is, first, their highly defined brands based around sectors: Fieldfisher and Osborne Clarke in tech and Watson Farley & Williams and Holman Fenwick in transport, logistics and resources. Secondly, all four have prioritised overseas growth; all apart from Holman Fenwick, which focuses more on Asia, have been developing a serious European footprint. In other words, the best performers on 2016/17 figures are those firms that have had the confidence to expand internationally on the basis of a recognisable market niche, and who have been able to communicate that to clients and laterals alike.

Fieldfisher opened five offices during a seven-month period in 2016/17, four of them overseas, giving it new bases in the Netherlands, Italy, Birmingham, Beijing and Shanghai. Managing partner Michael Chissick has made it his mission to open in every major European commercial capital; next on the list is Spain. The firm piled on the revenues by 34 per cent, from £123m to £165m. UK revenue, which still accounts for the majority of Fieldfisher's turnover, grew from £94m to £110m, an increase of 16 per cent.

Watson Farley & Williams (WFW) had a 21.8 per cent increase in revenue, from £131.2m to £159.8m. WFW's overseas offices contributed £97.7m (61 per cent) last year, an increase of 32 per cent from the previous year. In comparison, its UK revenue growth was at a slower pace, up 9 per cent to £62.1m in 2016/17. WFW continued to build its overseas offering last year, mostly with lateral hires. Co-managing partner Lothar Wegener notes that the firm's investments in core practice groups through lateral hiring and internal promotions



The best performers are those firms that have had the confidence to expand internationally on the basis of a recognisable market niche – and communicate that clearly to clients

is driving global expansion. More recently, the firm has been prioritising growth in the US, with partner chairman Francis Kane relocating from London to New York in June 2016 to drive further growth. The firm also hired a number of lawyers in New York, including Mishcon de Royce & Perle's civil litigation and white-collar defence head Jonathan.

Insurance and trade specialists Clyde & Co and Keatinge both continued a targeted acquisition trail in the Americas and respectively saw 12 per cent and 8 per cent growth in revenue.

## How the mid-tier went global

As law firms began to recover from the post-Lehman slump, the UK mid-tier turned their attention away from the domestic market towards international jurisdictions. At the time, it seemed counter-intuitive: why might mid-market law firms spend precious investment in potentially risky ventures abroad? The answer was simple. Growth. The congested UK market held little prospect of new revenue streams, particularly given the renewed expansion by US firms into London.

The investments have largely paid off. In the last four years mid-tier firms have collectively boosted overseas revenue 48 per cent, from £590m in 2014 to £872m in 2017 (this only includes mid-tier firms for which historical jurisdictional revenue

Top 10 revenue risers

Firm	2017 revenue (£m)	% increase
Gowling WLG	390	111%
Knights	23	60%
Fieldfisher	1	36%
Roy & Wainwright	31	28%
Partners LLP	78	25%
Keystone J	26	22%
Watson Farley & Williams	160	21%
Hogan Lovells	1,420	1%
Osborne Clarke	209	17%
Allen & Overy	1.5	16%

Top 10 revenue fallers

Firm	2017 revenue (£m)	% decrease
Olswang	97	-14%
Shepherd & Wedderburn	51	-5%
Bristows	41	-4%
Brabners	29	-3%
Capsticks	38	-3%
Addleshaw Goddard	198	-2%
Clarke Willmott	43	-2%
Walker Morris	42	-2%
Blake Morgan	74	-1%
BLM	107	-1%

Top 10 RPL risers

Firm	2017 RPL (£k)	% increase
Ashfords	224	35%
Knights	147	31%
Thrings	225	25%
Watson Farley & Williams		22%
Fieldfisher	353	21%
Berwin Leighton Paisner	444	19%
Herbert Smith Freehills	460	16%
Hogan Lovells	544	15%
Ince & Co	370	14%
JMW	187	15%

Top 10 RPL fallers

Firm	2017 RPL (£k)	% decrease
Mills & Reeve	238	-28%
Moore Blatch	195	-14%
Bristows	308	-11%
Fieldfisher	174	-11%
Addleshaw Goddard	296	-9%
Shepherd & Martineau	23	-9%
Bovan Brittan	19	-7%
Macfarlanes	498	-7%
Sackers	568	-7%
Browne Jacobson	210	-6%

breakdowns are available). This means that 42 per cent of the increase in total revenue during the last four years has come from overseas work.

Let's look closer at the revenue positions in 2007 and 2017 in *The Lawyer UK 200*. The top 20 firms by revenue have remained largely the same, despite a series of international mergers such as Herbert Smith with Freehills, Lovells with Hogan & Hartson, Ashurst with Blake Dawson and Norton Rose with half the globe. But it's the slice of firms from 20 to 35 in *The Lawyer UK 200* 2017 rankings that are the most interesting. Six firms barely moved positions over 10 years in relative terms: Irwin Mitchell, DAC Beachcroft, Macfarlanes and Travers Smith. Addleshaw Goddard and Nabarro dropped relative positions; 2017 will be the last year Nabarro appears in the table following its absorption into CMS. The new entrants into this segment all owe their position to revenue increases fuelled by a mixture of organic growth, mergers and bolt-ons – with much of that growth coming from overseas. Conspicuous among these firms are Osborne Clarke, up 11 places since 2007 and £126.2m in revenue; Stephenson Harwood, up 11 places and £104.7m in revenue; Holman Fenwick Willan, up 10 places and £97.4m in revenue; Fieldfisher, up 11 places and £97.3m in revenue; Watson Farley & Williams, up 21 places and £105.8m in revenue.

Their performances are all the more remarkable because ▶

48%  
 THE GROWTH IN OVERSEAS REVENUE OF THE MID-TIER FIRMS  
 42%  
 OF THE MID-TIER'S TOTAL REVENUE RISE IN THE LAST FOUR YEARS HAS COME FROM THEIR OVERSEAS PRACTICES

# GLOBAL LONDON INDEX

Two trends emerge from this year's Global London Index: the internationalisation of UK firms, and the ever-growing market penetration of their US rivals

The total number of US-headquartered firms that have made it into this year's 100-firm Global London Index, formerly the UK Market Register, has risen by three per cent to 29. If the ever-growing penetration of the UK, and particularly London, legal market by US firms is underlined, this year alone should serve as

Indeed, this was very much the year of the US firm, at least in terms of UK revenue growth. Of the 32 firms in this year's Global London Index that posted a double-digit rise in revenue, only 12 are headquartered in the UK. The other 20 have their HQs in the US.

White & Case, the number one firm in the current issue of *The Lawyer US Top 50 Firms in London* market report, is also the highest-ranked US firm in the Global London Index, after posting a 16 per cent rise in UK revenue last year to £215m, while the second-placed firm Latham & Watkins shows a rise of 13 per cent to £207m.

An important factor to note here is the impact of the weakness of sterling on the performance of US firms in this ranking. The data for all US firms has been taken from *The Lawyer US Top 50 Firms in London* ranking, which is in dollars. It has then been converted to sterling at the rate of \$1:£0.74017. On a pre-conversion basis White & Case's UK revenue would have risen by 2 per cent.

At the other end of the scale, Proskauer is the smallest of the three US firms that make it into this ranking for the first time, with a UK revenue of £41m. The other two are: Quinn Emanuel Urquhart & Sullivan on £45m and Morgan Lewis on £55m.

Since 2007 White & Case's UK revenue has considerably more than doubled, rising by 130 per cent from £93.6m to £215m while the firm has increased its UK revenue over the past five years by 71 per cent.

Shearman & Sterling has seen a similar 77 per cent rise over the same period while Milbank Tweed Hadley & McCloy's UK revenue has grown by 91 per cent during this five-year period.

All of these are dwarfed, however, by the growth of Simpson Thacher & Bartlett's UK office, which has grown by 179 per cent over the past five years, from an estimated £38m to last year's £107m.

Notably, all of this group of firms have achieved their growth without a merger, instead preferring to take the route of lateral hires coupled with internal promotions and, of course, winning significant instructions from clients.



“While the main contributors to growth have been our real estate and funds practices, all of our practice areas have grown to some extent”

Jason Glover, Simpson Thacher

The firm's London head Jason Glover says its City growth has come from a variety of sources over the past 10 years.

“It's partly the result of increased activity from our historic clients such as Blackstone, Apax, EQT, Melrose and KKR and partly from securing new clients such as Charterhouse and Cinven,” says Glover. “Whilst the main contributors to that growth have been our real estate and funds practices, all of our practice areas have grown to some extent.

“What has been particularly gratifying is that, with the

# SHREWD SIDETRACKS?

This year the UK 200 has begun tracking the trend for law firms to launch non-law consultancies. Right or wrong, they might be small, but their potential may be huge

Are law firm consultancy businesses worth the bother? Or to put it another way, are they generating enough revenue to make setting them up worth the effort? Certainly, there has been a proliferation of law firm-linked consultancies in recent years, with a myriad of models targeting a range of sectors. Research by *The Lawyer* for this year's UK 200 confirms that a significant number of law firms are now offering non-law consultancy services, either provided in-house off the back of the law firm or via taking a stake in an existing business or by setting up a partnership with an external consultancy.

For the first time, this year's UK 200 survey has attempted to assess the size of this market. The annual survey included a question which, in contrast to the highly detailed nature of those relating to traditional law firms, simply asked firms to tell us if they operated a consultancy or not.

Twenty-three per cent of this year's UK 200 firms that responded to the question (144 firms in total) confirmed they had at least one consultancy. Hogan Lovells alone operated four.

The responses to the UK 200 show that the biggest proportion (38 per cent) of firms with consultancies are those with a turnover of £200m or more. With 16 firms answering the question in this bracket, that means six are now running some kind of associated consultancy.

At the other end of the top 100 ranking, only 13 per cent of firms (five of 39) in the £22m to £50m bracket reported having launched a consultancy.

The trend line seems clear: the larger a firm's turnover, the more likely it is to operate an associated consultancy. And this makes sense, as the number one reason cited by most firms for launching these consultancies is that they allow for the provision of a wider range of integrated services to clients (see below). The bigger the firm, the deeper the bench of skills and services.

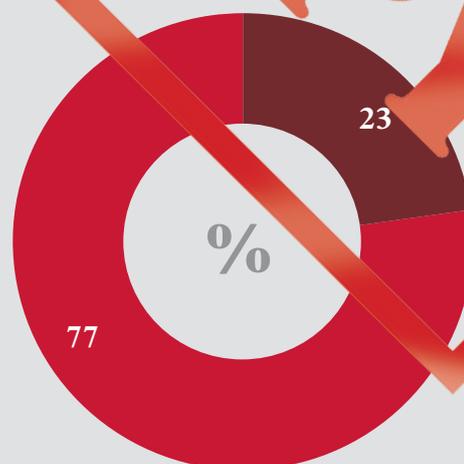
That said, 23 per cent of the Independents that answered the question (64 firms) said they did have a consultancy, suggesting that a significant minority of firms (15 respondents) in *The Lawyer's* second 100 ranking are actively seeking ways of broadening their range of services to clients and differentiating their practices in the UK legal market's most crowded battleground.

## From the smallest beginnings

For this year's report we did not ask firms to provide details about revenue derived from these consultancies, although several did offer this information during interviews. Likewise, we

“ Law firms' consulting arms tend to be non-core and relatively tiny in terms of revenue, but a significant number of this year's top 200 firms now operate some sort of service, and the range is growing and surprising

Does your firm operate any non-law services consultancies? (144 respondents)



■ Yes ■ No



# HOLMAN FENWICK WILLAN

## FINANCIAL AND FIRM OVERVIEW

Holman Fenwick Willan's (HFW) global revenue for 2016/17 jumped 13 per cent, from £143.1m to £165.7m, a new record. This is the second year of revenue growth since 2014/15, when turnover rose 13 per cent. Last year the firm's London office saw a 4 per cent rise, contributing 25 per cent of the total revenue (£74.6m), while the overseas offices' revenue grew at a faster rate.

However, the profit rose by only 1 per cent, from £42.1m to £42.6m. Average profit per equity partner in 2016/17 stood at £532,000, an increase of 3 per cent from the previous year. Both ends of the equity spread also saw a 3 per cent boost, with the bottom end rising from £307,000 to £316,000 and the top increasing from £614,000 to £632,000.

Total remuneration to all classes of partner grew by 5 per cent, from £55.6m to £58.5m. However, average earnings per partner dropped by 3 per cent, from £370,000 to £358,000, following a large increase in partner numbers. Average revenue per lawyer increased by 9.3 per cent from £345,000 to £379,000.

## STRATEGY

HFW senior partner Richard Crump attributed the strong revenue increase both to an underlying growth in the business due to investment in overseas offices and foreign exchange fluctuations. On a currency-neutral basis, global revenue increased by around 6 per cent.

HFW has continued its strategy of deepening its bench strength in its core sectors of construction, aviation, shipping, insurance,

commodities and energy. Last year saw a renewed recruitment drive by the firm, making 120 legal hires in London and overseas. HFW also expanded its international platform. In August 2016 it opened an office in Saudi Arabia in association with Al-Enezee and an office in Kuwait in association with Rula Al-Jani Law Office.

In a more ground-breaking move, last year HFW merged with London civil litigation firm the Large Farrow Kimmins McGrath & Co., which the firm described as a major driver of energy and marine matters. The merger added eight partners and nine associates, and gave HFW its first office in the US.

Further expansion in the UK and a permanent base in Indonesian capital Jakarta via a local association of lawyers.

## BUSINESS MIX

With a sector focus on shipping, trade and energy, litigation and arbitration remained the largest revenue-generating practice group, contributing 71 per cent of total revenue or around £117.6m, up 4 per cent from £111.6m in 2015/16. By partner numbers, it is also the largest with 114 partners.

Corporate, with 33 partners, accounted for 15 per cent or £24.9m, a 20 per cent jump from £20m, while the 12-partner finance practice generated 8 per cent, or £13.3m, of firmwide revenue.

## PERSONNEL

Last year the firm had a total of 876 staff, over half of whom (53 per cent, or 467) were based outside the UK. Total staff saw a 4 per cent rise,

STATISTICS		RANK
16%	<b>Turnover:</b> £165.7m	28
9%	<b>RPL:</b> £379.2k	24
1%	<b>Net profit:</b> £42.6m	28
-12%	<b>Profit margin:</b> 25.7%	46
3%	<b>PEP:</b> £532k	32
-3%	<b>EPP:</b> £358k	33
7%	<b>RPP:</b> £1,013.2k	41
<b>Equity spread:</b> £316k-£632k		
6%	<b>Lawyers:</b> 437	35
9%	<b>Partners:</b> 164	29

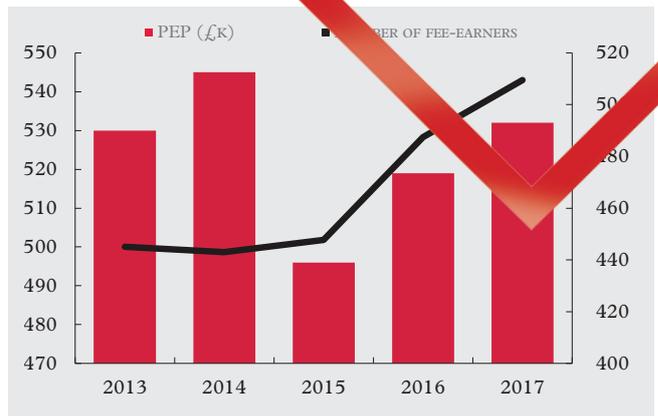
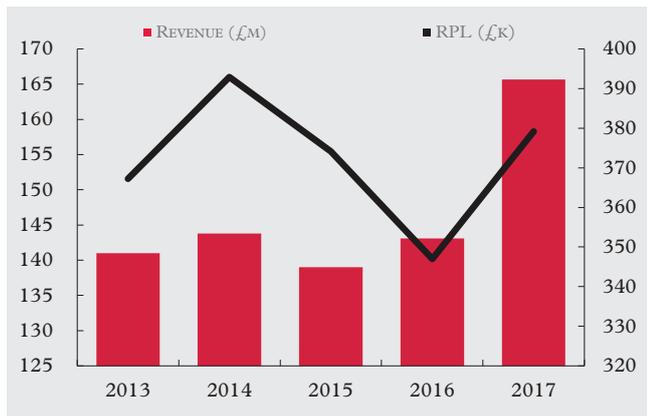
from 841 in 2015/16. The number of fee-earners grew by a similar rate from 487 to 510, of whom were trainees. Qualified lawyer headcount rose by 6 per cent, to 437, while the number of partners rose 8.6 per cent to 164, largely thanks to the US merger. However, the number of equity partner fell by two, to 80.

## FINANCIAL MANAGEMENT/ REMUNERATION STRUCTURE

HFW operates a modified lockstep. It had a locked budget of 125 at year-end, average working progress was 23 days at year-end, while average debtors stood at 102. Borrowers at the end of last financial year stood at £11.6m, the cash balance at £1.8m.

## CLIENTS

HFW's clients include Apax Partners, a International United Petroleum & Chemicals (Unipet Beijing), International Commercial Services (ICTSI) Group, Panama Canal Authority and Panifics Groupe. ■



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