

PRESS RELEASE

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2013 Saw Highest Level of UK Law Firm Mergers Ever Recorded



2013 was a record year for UK law firm mergers with 28 deals announced involving at least one Top 100 UK firm, or firms that when merged will likely join the Top 100 firms over 2014. This is according to research by Jomati Consultants, (see MergerLine UK at www.jomati.com)¹ and fulfils our prediction of increasing legal market consolidation that we made last January.

In 2012 there were 26 announced mergers involving at least one Top 100 UK law firm, itself a record in the world's second largest legal market after the US. The increasing levels of consolidation indicate that the forces driving this surge in law firm combinations are growing stronger and that we have not yet reached their peak. We predict that 2014 will be another record year for mergers involving UK law firms. There have been several strategic patterns for mergers in 2013:

- The personal injury and insurance sectors continue to see the emergence of a group of major national players, such as Slater & Gordon and DWF respectively, which have driven many of the mergers.
- The need to build national coverage in the UK has seen a number of firms combine to offer clients a fuller service, including CMS Cameron McKenna's merger with Dundas & Wilson in the rapidly consolidating Scottish market.
- The combination of firms to gain greater critical mass and 'bench strength' across key practice areas such as Wragge & Co's deal with Lawrence Graham, and Penningtons with Manches, though the latter was also a 'rescue' deal.
- And international firms have continued to make tactical acquisitions around the world, such as Hogan Lovells' merger with South Africa's Routledge Modise, and Norton Rose Fulbright's takeover of Canada's Armstrong Mitchell.

There was only one major global merger in 2013, though it was highly significant, combining SJ Berwin with Chinese/Australian firm King & Wood Mallesons.

¹ Data represents publicly reported mergers involving UK-based law firms in the Top 100, or likely to enter this group as a result of their merger, starting from January 2013.

Tony Williams, Jomati Principal and former managing partner of Clifford Chance, says: “In 2012 we could clearly see that the long awaited consolidation of the UK legal market had begun and it has continued throughout 2013. This market changing process is now playing out in dynamic fashion and we do not expect it to end anytime soon.”

“The personal injury and insurance sectors will see several more years of consolidation. In addition, many of the UK’s most ambitious commercial firms will see that they do not have time to grow solely organically when so much is changing around them and will seek to merge with regional and also City peers. Quite simply, larger firms have the capacity and visibility to grow their client base and invest in new premises, new practices and new locations, especially internationally. On the international front we can expect more tactical acquisitions across Africa, Canada and Australia, as well as within Europe, which remains a hugely important market to UK law firms and their clients. The improving state for the UK economy is clearly increasing the appetite for mergers.”

“The outlook for major UK/US mergers remains challenging partly due to the profitability disparity between US and UK firms. However, there is still a strong level of interest if the right merger candidate can be found. In any case, 2014 will see further consolidation of law firms right across the UK 100 and beyond. We should all prepare for a busy year.”

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Notes for Editors

- Jomati Consultants LLP also works in a strategic alliance with US-based Altman Weil, Inc, which first created MergerLine, primarily in relation to the US market. (Please see: <http://www.altmanweil.com/MergerLine>).
- All mergers listed on mergerline UK are for announced deals and that have been made public in 2013, some of which will complete in 2014.