

14 February 2012

Slater & Gordon FY12 Half Year Financial Results

The board of national law company Slater & Gordon Limited (ASX: SGH) today announced its results for the six months ending 31 December 2011.

Total revenue was up 17% on the previous corresponding period to \$99.5 million. Net profit after tax was \$11.8 million.

Directors declared an interim dividend of 2.5 cents per share fully franked.

While new client enquiry rates are on target, revenue from the former Keddies practice was around \$4 million below expectations in the first half. A stronger result is expected from the practice in the second half. The vendors of the Keddies practice have agreed to a \$3 million reduction in the consideration paid for the practice with the total consideration for the Keddies acquisition now reduced to \$32 million.

Other personal injuries practices, most notably the more mature Victorian and the Trilby Misso practices, continued to perform strongly.

The heavy investment in the launch of the Family Law fixed fee offering in Victoria resulted in a large lift in new client enquiries but it has taken longer than expected to convert this into revenue. The Family Law practice is expected to have a much stronger second half.

Revenue from the Project Litigation practice is less predictable than other practices because of its reliance on the resolution of a small number of major cases. Several cases had resolved in the second half of FY11 creating a gap in the resolution pipeline and hence a reduction in revenue in the first half of this year. With a number of matters now close to resolution, the practice is expected to achieve its full year revenue target.

With a stronger second half expected, the full year guidance of revenue over \$200 million has been maintained. The full year EBIT margin, normalised for acquisition costs, is now expected to be in the range of 24-25%, down slightly from previous guidance of 25-26%. All projections are before revenue and earnings contribution from the proposed acquisition of UK firm Russell Jones & Walker.

"The Keddies acquisition in New South Wales has enabled us to secure a strong presence in the key Western Sydney, market," Slater & Gordon managing director Andrew Grech said. "While its revenue performance in the first half was disappointing, the Keddies acquisition represents the best opportunity available to underpin our future growth in personal injuries litigation in New South Wales."

"It is also pleasing to note that our other personal injuries practices were around or ahead of expectations for the half," Mr Grech added.

First Half Business Highlights

- Acquired Conveyancing Works which provides a platform to roll-out conveyancing services to clients nationally
- Successfully launched the Family Law fixed fee offering in Victoria
- Identified and subsequently announced acquisition of UK firm Russell Jones & Walker, providing a strong base for future growth in a market 4-5 times larger than Australia

Outlook

Before taking account of revenue from the proposed UK acquisition, FY12 full year revenue is still expected to exceed \$200 million. The normalised EBIT margin is now expected to be in the range of 24-25%.

The UK business is forecast to generate \$16 million in revenue for the year assuming that the transaction is completed as planned in April.

ENDS

For more information

Andrew Grech, Managing Director, Slater & Gordon Limited

(03) 9602 6839

www.slatergordon.com.au

About Slater & Gordon

Established in 1935, Slater & Gordon has built a powerful reputation as a law firm which fights for the best outcomes for everyday Australians. Innovation has been a hallmark of Slater & Gordon's long history, from the many landmark legal cases it has run and won to the controversial introduction of NoWinNoFeeTM litigation. In 2007 Slater & Gordon became the first law firm in the world to list on a Stock Exchange. Today Slater & Gordon employs more than 1,150 people and offers its broad range of legal services 60 metropolitan and regional locations, more than any other law firm in the country.