# Slater & Gordon Ltd Annual General Meeting

## 25 October 2012

## Andrew Grech – Managing Director

Not a problem.

Slater & Gordon Lawyers

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# Key Points

- **$217.7m group revenue and 26.7% EBITDA* (normalised) for Australian business exceeds guidance after stronger H2**
- **Strong EPS growth (FY12 normalised* EPS up 10% year on year)**
- **Defensive growth characteristics – consistently outperforming ASX Small Ordinaries Index average**
- **Organic growth in core Australian Personal Injuries practice groups exceeded the target range of 5-7%**
- **Strategic diversification provides long term organic growth upside:**
  - UK business off to good start in line with expectations
  - Conveyancing and Family Law practices in Australia primed for double digit revenue growth
- **Cash flow from operations below guidance of 65-70% of NPAT* (normalised) due to billing being weighted to June 2012 more strongly than expected**
- **VIOXX – $10.5m write-down of WIP and disbursements impacting full year profit (non-cash impact)**

** Normalised for VIOXX impact and acquisition costs in FY12*

# FY12 – Business Highlights

- **Consolidated presence in Queensland and NSW post acquisitions of Trilby Misso and Keddies in FY11:**
  - Trilby Misso continuing to grow organically
  - Stronger second half by former Keddies practices – now integrated into Slater & Gordon NSW practice – provides solid platform for future organic growth
  - Continued expansion of geographic footprint in Australia

- **Expanded service offerings:**
  - Acquisition of Conveyancing Works, the largest specialist conveyancing firm in Australia and roll-out of new conveyancing model nationally on track
  - Family Law fixed fee product launched, nationally now the largest family law practice in Australia

- **Expanded into the UK via acquisition of Russell Jones & Walker:**
  - Delivers geographic expansion and diversification in market 4-5 times that of Australia
  - New platform for long term growth

- **Continuing to build the brand and achieve strong results in client and staff satisfaction surveys:**
  - Strong media and advertising presence has continued to raise brand awareness
  - Client satisfaction survey results show continuing improvement with achievement of 91% client satisfaction levels in most recent survey (March 2012)
  - Employee satisfaction survey results show continuing improvement satisfaction levels rising to 86% in most recent survey (April 2012)

# Strategic Priorities

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- **Australian Personal Injuries:**
  - Deliver steady organic growth notwithstanding competitive and legislative threats
  - Exploit scale to build efficiency
  - Provide internal funding program for accelerated organic growth in non-PI areas

- **Australian non-PI:**
  - Continued expansion to meet demands of clients for consumer legal services other than in personal injuries litigation
  - Continued emphasis on client and third party funded work to build predictable revenue growth in the non personal injuries litigation practices
  - Roll-out successful Conveyancing Works model nationally
  - Build profitability of national Family Law practice

- **UK:**
  - First priority is to settle business into the S&G group and deliver forecast results
  - Set stage for long term growth plans

# Outlook – FY13

- Australian PI business expected to continue to enjoy 5%+pa organic revenue growth
- UK business on track to achieve acquisition FY13 forecast revenue of $72m[1]
- Combined revenue target of $290m[1]
- EBITDA margin target of 24% - 25%
- Cash from Operations as a % of NPAT target >70%

*1. Assumption of GBP:AUD exchange rate of £0.65*

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