



27 February 2013

Slater & Gordon FY13 Half Year Financial Results

- Total revenue up 46.5% to \$145.7 million
- NPAT up 61.3% to \$19.1 million
- Interim dividend up 10% to 2.75 cents per share fully franked

The company performed strongly in the six months ending 31 December 2012, with revenue, earnings and cash flow all on track to achieve full year guidance. Total revenue was \$145.7 million, up 46.5% on the previous corresponding period, while net profit after tax (NPAT) was up 61.3% to \$19.1 million.

Expansion into the UK is progressing well and delivered in line with expectations of \$34.3 million in revenue and NPAT of \$3.5 million for the period. On the back of this performance Slater & Gordon is well placed to expand its operations in the UK in a market that is four to five times that of Australia.

Cash flow from operations of \$17.5 million, was (at 92%) a higher percentage of NPAT than usual for the first half. This was mainly due to the collection of the high June 2012 billings with smaller contributions from the introduction of a new disbursement funding facility and from the impact of revenue from the less capital intensive UK business.

Basic earnings per share (EPS) increased 43.0% on the previous corresponding period to 11.3 cents. Diluted EPS increased 44.7% to 11.0 cents. The company's gearing reduced from 42.8% (net debt/equity) to 40.6%.

Directors declared an interim dividend of 2.75 cents per share fully franked, up 10% on the previous corresponding period.

Business highlights

- The launch of the extensive "Slater & Gordon - *not a problem*" Australian advertising campaign has delivered a double digit year on year increase in total new client enquiries and has re-positioned the Slater & Gordon brand in the market as the provider of a full range of consumer legal services for everyday people;
- The UK business is on track to achieve its full year earnings forecast. With a solid platform now in place, opportunities for further growth in the larger UK market are being advanced;
- The Conveyancing Works Queensland business model has now been implemented in NSW and Victoria, a big step toward our objective of a consistent national conveyancing platform;
- The Nufarm and Sigma class actions were settled successfully. The settlement process in the Thalidomide class action has commenced.

Full year FY13 outlook

- Total group revenue guidance of \$290 million maintained
 - UK business on track
 - Australian personal injuries business projected to continue to grow organically at >5% pa after absorbing negative impact of NSW workers comp legislative change
 - Australian Family Law and Conveyancing practices projected to achieve double digit revenue growth
- EBITDA margin expected to be in 24-25% range
- Cash from operations (as % NPAT) target of >70%

Slater & Gordon Managing Director Andrew Grech said “Our business is in good shape, we have strong prospects for further profitable growth and we have the resources and the people to be able to deliver it.”

ENDS

For more information

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About Slater & Gordon

Established 78 years ago, Slater & Gordon has built a powerful reputation as a law firm which fights for the best outcomes for everyday people. Today Slater & Gordon offers its broad range of legal services at more locations than any other law firm in Australia and in 2012 the business entered the UK market, delivering affordable legal advice and access to justice to even more people.

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