



12 August 2014

Slater & Gordon FY14 Full Year Financial Results

- Total revenue up 40.4% to A\$418.5 million
- Net Profit After Tax (NPAT) up 47.2% to A\$61.1 million
- Normalised EBITDA margin of 24.6%
- Full year dividend up 21.2% to 8.0 cents per share

Results Summary:

Slater & Gordon Limited ("Slater & Gordon") delivered a strong financial performance in the twelve months ending 30 June 2014. Revenue, earnings and cash flow all exceeded full year guidance.

Total revenue was A\$418.5 million, up 40.4% on the previous corresponding period, while NPAT increased 47.2% to A\$61.1 million.

Cash flow from operations of A\$54.8 million was 89.7% of NPAT.

Net debt at 30 June 2014 was A\$101.1 million with a gearing ratio (net bank debt/equity) of 23.9%.

Directors have declared a fully franked final dividend of 5.0 cents per share, up 29.9%, payable on 24 October 2014 with a record date of 17 September 2014. The Dividend Reinvestment Plan (DRP) will be active for the final dividend at the volume weighted average prices for the pricing period from 19 September 2014 to 16 October 2014.

Highlights:

- Australian Personal Injury Law (PIL) practice continues to grow and maintain margins despite disruption caused by legislative change.
- Five UK acquisitions announced and completed during the period.
- Existing UK business and acquisitions delivered FY14 financial and operational targets.
- UK integration process well advanced and on track for completion in FY15.
- Australian General Law (GL) platform established.

Managing Director's Commentary:

Slater & Gordon Group Managing Director Andrew Grech said "I am very pleased with the Group's financial performance for FY14. We have been able to deliver the results we promised while making great progress in each of the key areas of our growth strategy. Importantly, the results reinforce our capability as a management team to deliver sustainable growth from a variety of channels whilst at the same time achieving key business improvement milestones."

"The businesses acquired in the UK are running smoothly and the integration of all acquired firms is well progressed. We have been delighted by the response to the launch of the Slater & Gordon brand which along with Claims Direct is delivering underlying revenue growth of 8% year on year.

We have now established a stable base in the UK and have the people and initiatives in place to make the best of the opportunities which are continuing to open up in that market.”

“We are also now in a position to execute more acquisition opportunities in the Australian market across both personal injury law and general law.”

“In Australia, we have undertaken several initiatives during the year focused on improving the client intake process and enhancing client satisfaction. The results have been very pleasing with improvement in key operational metrics such as calls answered, wait times and increased client satisfaction.”

“Investment in our brand in both Australia and the UK is delivering results with steady growth in new file numbers during the year.”

“We also continued to invest in our people with the announcement of a new staff share scheme and the launch of our refreshed values.”

“I am confident that we enter FY15 as a stronger and more effective business with the resources and systems in place to exploit the substantial opportunities available to us to help people get easy access to world class legal services.”

Acquisition Activity:

Slater & Gordon also announced today the proposed acquisition of Victorian specialist PIL firm Nowicki Carbone and Queensland consumer law practice Schultz Toomey O’Brien with a combined estimated annual fee revenue of A\$39 million. For more information please refer to this morning’s ASX disclosures.

FY15 Outlook:

In FY15 we expect the Australian business to deliver total revenue of A\$270.0 million comprised of 5% revenue growth from the PI practices, 10% revenue growth in General Law and a A\$25.6 million contribution from the acquisitions announced today.

Total UK revenue is expected to be A\$230.0 million comprising the expected full year contribution of acquisitions completed in FY14 and 8% revenue growth from the underlying practices.

At the Group level we expect:

- Total Revenue of A\$500 million.
- EBITDA margin of 23 – 24%.
- Cash from operations (as % NPAT) of >70%.

ENDS

For more information please contact:

Andrew Grech, Managing Director +61 3 9602 6839

Wayne Brown, CFO +61 3 9602 6929

About Slater & Gordon

Slater & Gordon Limited ("Slater & Gordon", ASX:SGH) is a leading international consumer law firm employing 1,200 people in 68 locations across Australia and 1,300 people across 13 locations in the United Kingdom. Slater & Gordon's mission is to give everyday people easier access to world class legal services. The firm provides specialist legal services in a range of practice areas including Personal Injury, Conveyancing, Family Law and Business and Specialised Litigation Services.