ASX Announcement

26 February 2019

Slater & Gordon Limited FY19 Half-Year Financial Results and Business Update

Slater & Gordon Limited (“Slater & Gordon” or “the Company”)(ASX: SGH) today lodged its half-year results to 31 December 2018.

The results show the Company continues to improve its expenses and cashflow from operations however also show a decline in total revenue and other income from continuing operations and in net asset position. This reflects the business-wide transformation program, which has resulted in a more streamlined operating model and a clearly defined service offering.

The restructure of the Company’s Board and Executive Leadership Team is now also complete.

Business Highlights

The half-year results reflect continued improvements and initiatives undertaken by the Company during the first half of FY19. Highlights included:

- Significant investment in the Company’s business-wide transformation program is delivering a more streamlined business model and contemporary service offering.
- Further changes to the Company’s Board effective 25 September 2018 with Hayden Stephens resigning as a Director. Slater and Gordon’s Chief Executive Officer John Somerville was appointed Managing Director and the Company’s General Counsel & Company Secretary, Michael Neilson, was appointed Executive Director, Legal and Governance. The Board now comprises James MacKenzie (Chair), Merrick Howes, Michael Neilson, Elana Rubin, John Somerville, Nils Stoesser and Jacqui Walters.
- The appointment of Scott Butterworth as Chief Financial Officer effective 7 November 2018.

Statutory Results

The Company reported a net loss after tax for the half-year ended 31 December 2018 of $10.3m. This compares to a net profit after tax for the half-year to 31 December 2017 (“PCP”) of $141.2m, which was significantly impacted by discontinued operations, in particular the one-off gain of $211.2m on disposal of the Company’s UK business which occurred in December 2017.

The financial report also shows the Company ended the half-year to 31 December 2018 with:

- Total revenue and other income from continuing operations of $75.1m, compared to $85.3m in the PCP, largely due to reduced income from the Company’s personal injury law business, partially offset by improved class action revenues.
- Expenses relating to continuing operations of $83.3m, which were $23.4m lower than in the PCP, primarily reflecting the benefits of the Company’s transformation program, together with a reduction in the costs of implementing that program.
- A net loss from continuing operations before tax of $8.2m (PCP: net loss of $21.4m).
- Operating cash inflows generated from continuing operations of $1.0m, which is up from the PCP (cash outflows of $0.4m) due to improved management of the Company’s working capital.

- A net asset position of $42.6m (30 June 2018: $63.3m) reflecting the Company's operating loss and the initial adoption of *AASB 9 – Financial Instruments.*

Chair, James MacKenzie, said that while the results reflected the continuation of the substantial work undertaken to stabilise and transform the Company, there was still a long way to go.

"We have come a long way in the past 12 months. This time last year we had just completed a recapitalisation of the business and were embarking on our transformation program.

The business now has a simplified operating model and a clearly defined service offering; and we are now in a position where we are focused on the future and growing our core services.

Undoubtedly these results show that there is still work to do to continue to improve but they also show that we are heading in the right direction.

We will continue to deliver improvements to the business to focus on what we do best: investing in high calibre people to enable us to make a difference to the many thousands of Australians who need our help."

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