

ASX Announcement

27 February 2020

Slater & Gordon Limited FY20 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 2019.

The financial report shows an increase in total revenue and other income from continuing operations compared to the prior comparative period (PCP). The Company also reported a small statutory net loss after tax from its continuing operations.

Overall the report demonstrates an improvement in the Company’s performance from continuing operations after tax compared to the PCP and that it continues to improve its net asset position and its cashflows from operations.

Business Highlights

The half-year results reflect continued improvements and initiatives undertaken by the company during the first half of FY20. Highlights included:

- Completion of an entitlement offer, resulting in a significant reduction in net debt.
- Increased value of work in progress (WIP) driven by a combination of increasing enquiry levels, improved case mix and matter progression.
- Settling four class actions with a total settlement value of more than \$156m (estimated to provide more than 75% of settled value to clients¹) and initiating three new class actions.
- Agreement in principle has been reached with the Company’s senior lenders to extend the maturity of the Company’s Super Senior Debt Facility to July 2023 (currently due to mature in December 2020).

Statutory Results

The financial report shows the Company ended the half-year to 31 December 2019 with:

- Total revenue and other income from continuing operations of \$89.2m (31 December 2018: \$75.1m) driven primarily by positive movement in the value of WIP;
- A net loss from continuing operations after tax of \$0.9m (31 December 2018: \$9.2m);
- Operating cash inflows generated from continuing operations of \$7.0m (31 December 2018: \$1.0m);
- EBITDA of \$10.9m (31 December 2018: \$0.6m)²; and

¹ Two settlements are subject to Court approval

² H1 FY20 EBITDA includes the impact of IFRS16. H1 FY20 EBITDA ex IFRS16 is \$6.7m.

- An improved net asset position of \$158.2m (30 June 2019: \$84.2m) largely due to repayment of the Company's Syndicated Facility Agreement following the successful entitlement offer.

Chair James MacKenzie said the progress the Company continued to make was pleasing, but there was still more work to do.

"Slater & Gordon has a clear strategy and a clear vision for the future and it is the commitment to that by the Company's Board, management and staff that is continuing to drive improvement."

"While the FY20 Half Year Results are another pleasing step and are a result of the effort of all of our people, we still have more to do."

"In 2020, Slater & Gordon is celebrating its 85th year, which is an opportunity to reflect on the Company's proud history of providing a voice for Australians who need access to justice, as well as its history of innovation and deep commitment to the labour movement."

"Our shared history, purpose and values run deep within our people and it is this which is shaping our future."

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