

ASX Announcement

1 July 2020

Investor Presentation

Slater & Gordon Limited (“**Slater & Gordon**” or “**the Company**”)(**ASX: SGH**) attaches a copy of a presentation which it intends provide to investors and analysts at upcoming meetings.

ENDS

Contact:

Kate Van Poelgeest – Head of Media and Communications

(07) 3331 9720 or kate.vanpoelgeest@slatergordon.com.au

Investor Presentation

June 2020



John Somerville
Chief Executive Officer

Scott Butterworth
Chief Financial Officer

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1 Market
Opportunity

2 Business
Overview

3 Financial
Highlights

4 Trading
Update

Market Opportunity



Revenue pool^{3 4}

Personal Injury Law¹

~\$1.6bn

Avg. historical PIL industry revenue p.a.



Market growth⁵

~0-0.5%

Median industry revenue growth p.a. Civil segment growing at ~2x overall market



Market structure^{3 4}

~2,000

Fragmented industry with many smaller competitors



Competitive landscape^{3 4}

~10%

Depicts SGH's market share in PIL segment

Class Actions²

~\$240m

Average per annum in plaintiff settlements

~3-12%

Annual growth in Class Action filings

~77%

The majority of all fees paid to three firms

2nd

Represents SGH's market share ranking in the class action segment

(1) Includes Medical Negligence, Public Liability, Asbestos and Superannuation/TPD matters
(2) Includes mass torts, consumer protection, product liability, and employee rights
(3) IBIS World Industry Report OD5519
(4) Australian Law Reform Commission – Report 134
(5) Combination of (3), (4) and company estimates

Note: Class actions data based only on Federal Court actions from 2013-18

Slater & Gordon business model highlights

Personal Injury Law ¹

Deep position, great reach

- + Iconic brand
 - + leading prompted and unprompted recall
- + ~10% market share
- + High degree of client satisfaction
- + Market leading digital channels
- + Broad physical presence
- + Above-market organic growth

Litigation excellence

- + Deep expertise in case selection and management
 - + 85 years of experience
 - + Increasingly enabled by data and analytics
- + Integrated into compensation systems in major jurisdictions
 - + Policy influence
 - + Drive system efficiency

Operational strength

- + Across the past 18 months we have continued to reduce expenses and improve cash flow
- + This largely reflects the success of the business transformation program resulting in the delivery of a more streamlined business model and contemporary service offering

Class Actions ²

- + Class actions pioneer
 - + Over \$1b of compensation delivered to clients
- + #2 market position
- + Deep networks
 - + Funders
 - + Unions
 - + Plaintiff groups
 - + International

- + Recognised as some of the most resourceful, experienced and strategic lawyers in the field
- + \$0.75 in every \$1 of compensation delivered back to group members of class actions

- + Non-cyclical and resilient revenue streams in personal injury law
- + Large number of accredited specialist lawyers across all practice groups
- + Diverse workforce

(1) Includes Medical Negligence, Public Liability, Asbestos and Superannuation/TPD matters

(2) Includes mass torts, consumer protection, product liability, and employee rights

Note: Class actions data based only on Federal Court actions from 2013-18

Supported by an experienced executive team

Chief Executive Officer



John Somerville
Chief Executive Officer
KPMG

Practice General Managers



Ben Hardwick
Head of Class Actions
19 years S&G



Rachael James
General Manager
NSW MVA and Workers
Compensation and I&E
15 years S&G



Karen Murphy
General Manager
QLD
Maurice Blackburn, NFP



Jo Panagakis
General Manager
VIC MVA and
Workers Compensation
19 years S&G



Nunzio Tartaglia
General Manager
VIC and NSW Civil
and WA
4 years S&G

Corporate Services



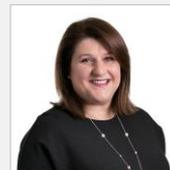
Scott Butterworth
Chief Financial Officer
BCG, NAB



Kate Malone
Chief Transformation
Officer
GE, Latitude



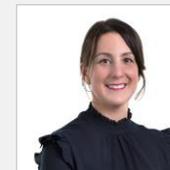
Michael Neilson
Executive Director
Legal and Governance
Crown, LendLease



Carolyn Noumertzis
Chief Human
Resources Officer
JetStar, Coles



Anthony Tomai
Chief Information Officer
Aecom, John Holland



Dina Tutungi
Chief Client Officer
19 years S&G

PIL providing a resilient earnings stream

PIL average case lifecycle

Case Selection ~14 days		Client enquiry	Brand recognition drives client enquiries
		Case selection process	Proprietary platform utilises a rigorous data analytics process to triage matters
Case Lifecycle 30 months		Lodge claim	Claim is lodged on behalf of claimant. Average 30 month lifecycle commences
		Gather evidence	Dedicated legal team progresses the client's case
		Negotiate settlement or Court	Strong historical success rate of ~70% in negotiating client settlements
6-8 weeks		Payment	Majority of cases operate under a 'No Win No Fee' basis

Class Action cases that have delivered positive client outcomes

“**NAB** reaches \$49.5 million settlement over 'junk' insurance class action” - SMH

Settled May 2020
Consumer class action

“**Government** to pay \$70m damages to 1,905 **Manus** detainees in class action” – The Guardian

Settled Sept 2017
Human rights class action

“**Vocus** shareholders receive \$35m in the settlement of a class action over alleged breaches of continuous disclosure rules” - AFR

Settled May 2020
Shareholder class action

“**Bellamy's** agrees to almost \$50m class action settlement” – Lawyers Weekly

Settled Nov 2019
Shareholder class action

“**Spotless** settles class action for \$95m” – Nine Finance

Settled May 2020
Shareholder class action

“NSW Supreme Court approves \$28.5m **Provident** class action settlement” – The Guardian

Settled Oct 2018
Shareholder class action

“**Murray Goulburn** has settled a class action for \$42 million” – ABC

Settled Jun 2019
Shareholder class action

Client acquisition activity



Key target market



- + Individuals in mid 20's to late 50's
- + Blue and white collar occupations

Strong brand attributes



- + #1 prompted and unprompted recall ¹
- + High degree of client satisfaction

Effective positioning



- + Caring yet non-adversarial & efficient
- + Supported by Australia's only in-house social work team

- + Acquisition strategy has pivoted from a focus on brand awareness, to growing client enquiries directly through targeted digital activity, and improved client nurture.
- + Maintenance of brand awareness to be achieved through broadcast media and targeted online video advertising.



Iconic brand underpinned by a strong digital asset



+ Begin your personal injury claim online within 3 minutes



+ Claims smart engine automates the triage process for personal injury claims



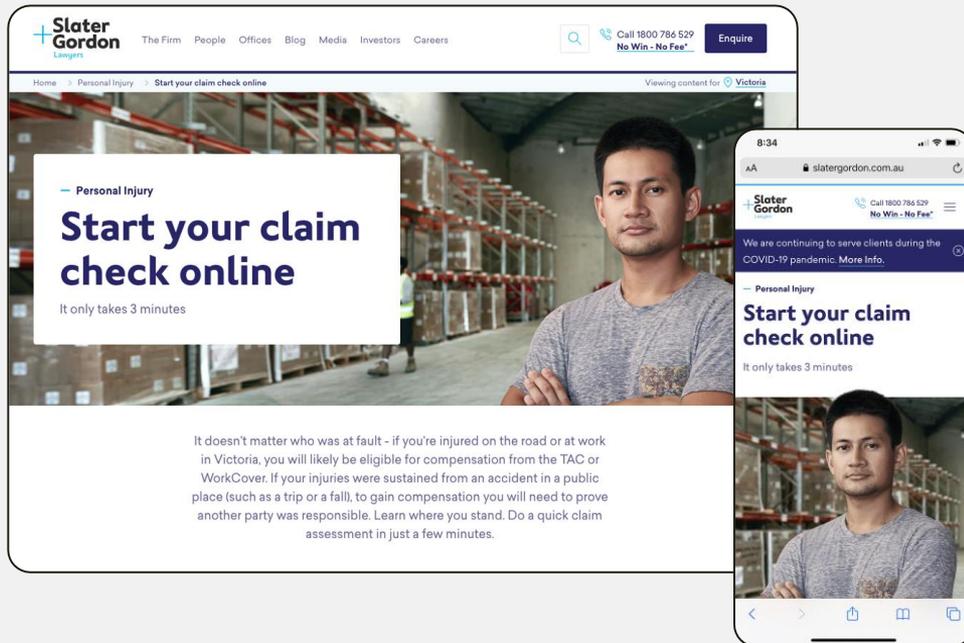
+ Once approved, book your free initial appointment



+ Select an in person or phone appointment time

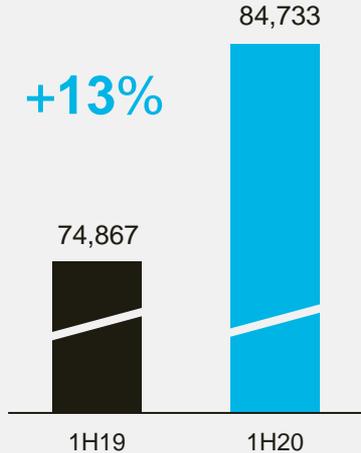


+ Appointment confirmed



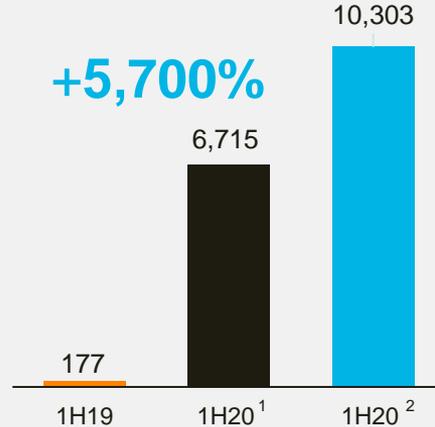
1H20 earnings highlights

Net Revenue (\$'000)



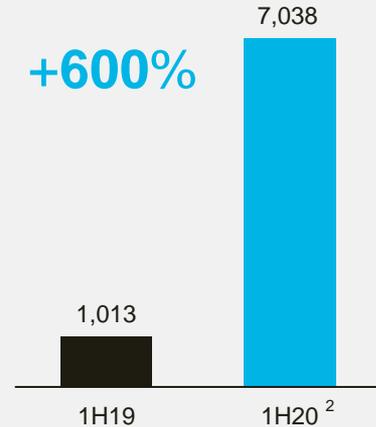
- + Strong growth in net revenue driven by increased enquiry levels, matter progression, improvements in case mix
- + Strong class actions activity with settlement of four class actions with total settlement value of \$156m and the initiation of three new class actions

EBITDA(\$'000)



- + Benefit of stronger revenue – operating cost 'jaws'
- + Increase in marketing, IT and personnel to support growth
- + AASB 16 adopted on 1 July 2019, results for 1H19 not restated

Operating Cashflow (\$'000)



- + Improved Personal Injury Law cashflow – debtor management, disbursement management

Note: 1. Excludes AASB 16

2. Includes AASB 16

EBITDA and Operating Cashflow numbers exclude discontinued operations

Trading update: business resilient during Covid-19

Key Business Update

1

Business processes have translated well to digital formats

- + All staff able to work remotely
- + Client interviews and appointments conducted via Zoom
- + Minimal impact from court closures for jury trials
- + In person independent medical examinations re-started
- + Some delays in receiving clearances from Centrelink

↑ **8.8%**¹

PIL Enquiries

2

Firm liquidity tightly managed

- + Personal Injury case progression and settlements continue
- + Some increase in technology costs, but other costs (printing, couriers etc.) have declined relative to pre Covid expectations
- + 90+ day debtor ratio has declined, some write offs of aged debt, but generally previously provided for

↓ **1.5%**¹

PIL Cases Settled

3

Business growth and development has continued

- + Pleasing levels of new personal injury enquiries

↑ **3.0%**¹

New PIL Clients

Clear strategy aligned to our clients and values

What we do  We **access justice** for all people. We champion voices struggling to be heard.

How we work  We unite to treat every client with **care and commitment**

Why we do it  We **make tomorrow better** than today for our clients

How we will win  **Differentiate** through our **care** **Passionate and skilled,** acting as **one team** **Simplify and digitize** our processes **Explore and Grow** into our **opportunities**

How we see success  **Client advocacy** **Engaged team** Leading **reputation** **Growing share** of target markets **Sustainable, investing in our communities**

Our non-negotiables  **Client focus** in all we do **Live our values** – take the lead, do it right, work well with others **Digitally powered** **Sound** governance and risk management **Strong** balance sheet and cashflows

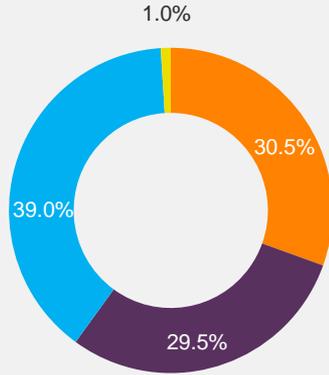
Appendix



Our services

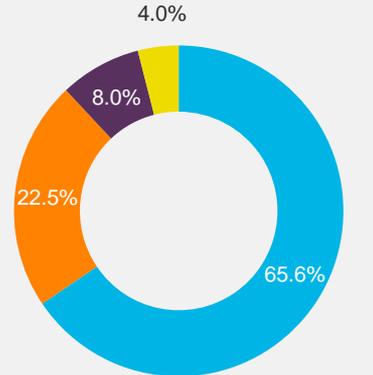
Personal Injury Law

Share of 1H20 PIL WIP by Practice¹



- Motor Vehicle Accident
- Workers Compensation
- Civil
- Other

Share of 1H20 PIL WIP by locations¹



- Vic
- NSW & ACT
- Qld
- WA

Active Indexed Personal Injury Files²



- + Rebuilt client on-boarding process
- + Activated market-leading outbound digital capability
- + Focused client growth strategies – particularly Civil

Notes:

(1) PIL WIP – Civil include, Abuse, Asbestos, Medical Negligence, Public Liability, Super and TPD
 (2) Dec 2018 has been indexed to 100

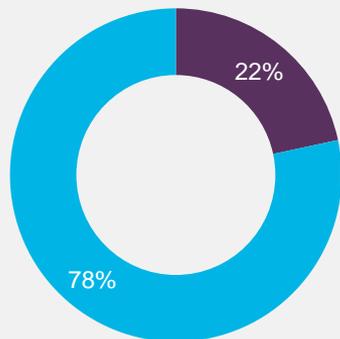
Our services Class Actions

Share of 1H20 CA WIP by action type



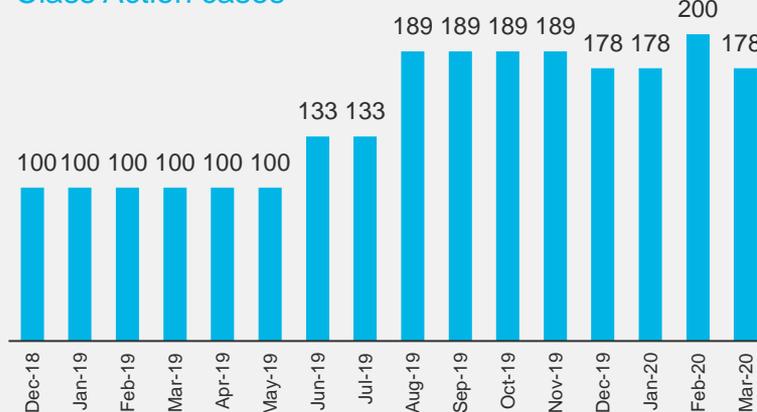
- Shareholder
- Consumer Protection
- Mass tort

Share of 1H20 CA WIP by funding source



- Litigation Funded
- No Win No Fee

Active Indexed Class Action cases¹



- + Hired additional capacity and talent
- + Implemented rigorous pipeline management processes
- + Consciously tilted to post-Royal Commission Financial Services cases, away from Shareholder cases

Notes:

(1) Dec 2018 has been indexed to 100

1H20 Profit and Loss

Slater and Gordon Income Statement¹

A\$'000	1HFY19A	1HFY20A	Variance
Fee revenue	81,103	75,981	(5,122)
Net change in work in progress	(6,802)	12,778	19,580
Other income	842	439	(403)
Bad and doubtful debts	(276)	(4,465)	(4,189)
Net revenue	74,867	84,733	9,866
Labour	(48,215)	(49,494)	(1,279)
Accommodation	(4,417)	(985)	3,432
Marketing and business development	(4,669)	(5,112)	(443)
Other expenses	(17,389)	(18,839)	(1,450)
Total operating expenses	(74,690)	(74,430)	260
EBITDA	177	10,303	10,126
Depreciation and amortization	(2,273)	(4,828)	(2,555)
Finance costs	(6,079)	(6,785)	(706)
Profit / (Loss) before tax	(8,175)	(1,310)	6,856
Income tax (benefit) / expense	1,025	(371)	(1,396)
Profit	(9,200)	(939)	8,261

1. Excludes discontinued operations

1H20 Profit and Loss

Slater and Gordon Balance Sheet

A\$'000	30-Jun-19	31-Dec-19	Variance
Cash and cash equivalents	12,633	19,452	6,819
Receivables	64,968	58,908	(6,060)
Work in progress	105,212	108,762	3,550
Other current assets	9,383	10,660	1,277
Total current assets	192,196	197,782	5,586
Property, plant and equipment	6,630	5,071	(1,559)
Right of use assets	-	22,415	22,415
Receivables	19,019	23,217	4,198
Work in progress	118,143	126,754	8,611
Intangibles and other	2,474	2,100	(374)
Total non-current assets	146,266	179,557	33,291
Total assets	338,462	377,339	38,877
Payables	53,576	48,514	(5,062)
Short term borrowings	9,852	93,249	83,397
Lease liabilities	-	7,604	7,604
Provisions	17,953	16,758	(1,195)
Total current liabilities	81,381	166,125	(84,744)
Payables	4,890	6,965	(2,075)
Long term borrowings	148,797	-	(148,797)
Deferred tax liabilities	13,901	13,272	(629)
Lease liabilities	-	28,251	28,251
Provisions	5,641	4,515	(1,126)
Total non-current liabilities	173,229	53,003	(120,226)
Total liabilities	254,610	219,128	(35,482)
Net assets	83,852	158,211	74,3589

