

18 November 2020

Market Announcements Office  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
Sydney NSW 2000

### **Australian Family Lawyers 2020 Annual General Meeting – Chairman’s Address**

On behalf of the Company I commence the Annual General Meeting with this Chairman’s address.

AFL’s first year post re-listing has been a significant one characterised by growth in our financial performance, geographical reach and in turn greater access to our unique family law offering for all Australians. Pleasingly this has led to growth in the share price over the period to the benefit of our long term shareholders.

At last year’s Annual General Meeting I spoke about the Board’s focus on delivering sustainable measured growth for our Company. Observers might argue that we have not necessarily been true to this edict such has been the size and speed of our expansion and success in achieving and exceeding our targets and expectations. As a result, in the significant family law market worth over \$1bn per annum in fees, we are now the only specialist family law firm in Australia that services every mainland capital.

Importantly this achievement was attained during COVID. Our modern ‘New Law’ operating model allowed us to seamlessly address the pressures created and continue to deliver for our clients. “AFL 2.0” the next iteration of our unique digital marketing strategy has also yielded improved results over the period. Our team lifted in unusual times which is a testament to the resilience of our lawyers, particularly in Melbourne. Importantly for shareholders our performance during COVID demonstrates not only the defensive nature of family law but that AFL has the model and team to execute in its sandbox.

Shortly, I will highlight the year’s achievements and outline our strategy for future growth. Before doing that, I wish to acknowledge our clients and all Australians whose lives this year have been disrupted by world events. Loss of work, forced isolation, home schooling and illness both physical and mental does place enormous pressure on relationships such that they struggle and more often than not don’t survive. Our Lawyers at AFL have been true to our values in helping these Australians. I thank them for their dedication to their profession and our clients.

**Grant Dearlove**  
Executive Chairman





# ANNUAL GENERAL MEETING

# INVESTOR PRESENTATION

November 2020

[www.australianfamilylawyers.com.au](http://www.australianfamilylawyers.com.au)



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# ABOUT US



# Australia's largest specialised family law firm

We help our customers get better outcomes by providing counsel and resolution on complex family matters





+10

offices



+35

employees



+50%

revenue growth p.a.<sup>1</sup>



~1%

market share

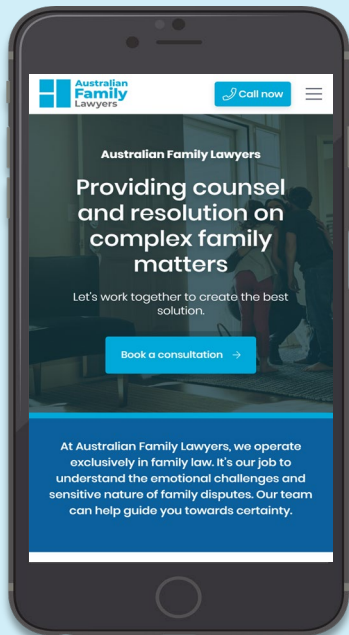





1. FY17-FY20 CAGR (compounded annual growth rate)

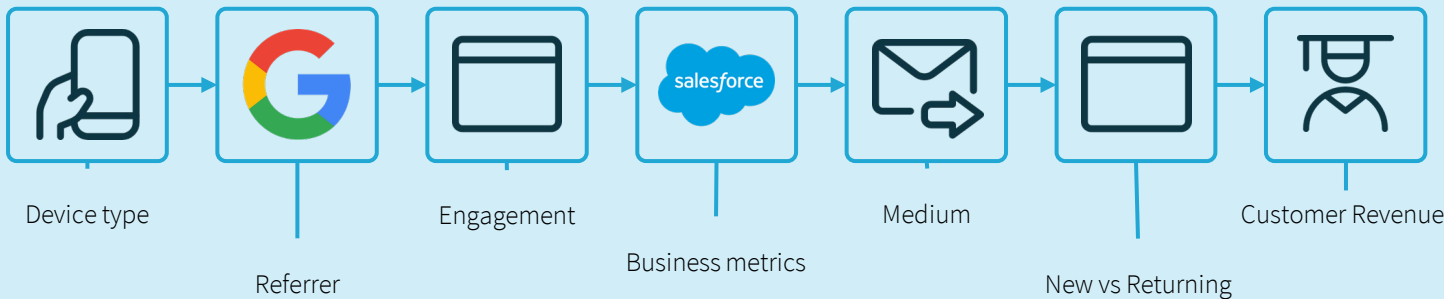
# We have disrupted the way law firms find customers...



We utilize digital marketing techniques used in other online industries to attract customers in the family law industry

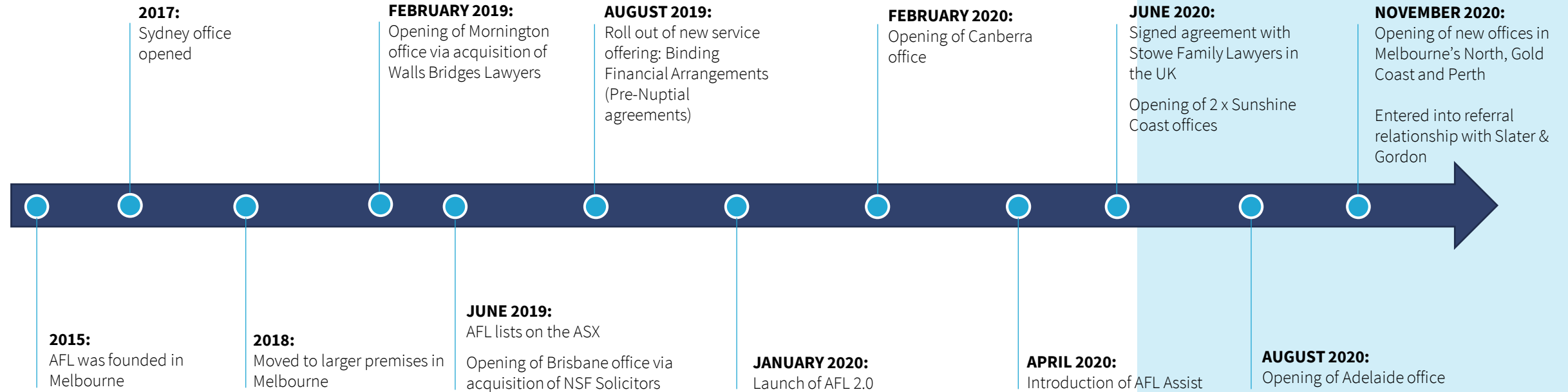


-  **Mobile first**  
An optimised experience for small screens
-  **Performance**  
An architecture built for fast page loads and content delivery
-  **Technology**  
Introducing an ecosystem of world class integrated technology for scalability and business insights
-  **Insights**  
End to end behavioural and sales reporting for ongoing optimisation



# Timeline since inception

AFL was founded in 2015 and has rapidly expanded to 11 offices since the IPO in June 2019



# We have delivered strong growth since IPO in June 2019

Strong annual growth was delivered on FY19 performance across all key operational metrics

## Revenue

**\$6.9m**

**+39%**

Growth on FY19

## Gross Profit

**\$3.6m**

**+58%**

Growth on FY19

## Operating EBITDA<sup>1</sup>

**\$2.6m**

**+52%**

Growth on FY19

## Underlying EBITDA<sup>2</sup>

**\$1.7m**

**+41%**

Growth on FY19



- ✓ H2 FY20 recorded +48% growth on FY19
- ✓ Record revenue and file openings in May 2020 and June 2020 respectively
- ✓ +34% growth in file openings versus FY19 reflects robust pipeline for FY21

- ✓ +6% margin expansion on FY19
- ✓ Improved utilization of workforce was realized despite upfront cost impact of 4 new offices in FY20

- ✓ Strong revenue growth is now building scale and delivering operating leverage on largely fixed overhead base

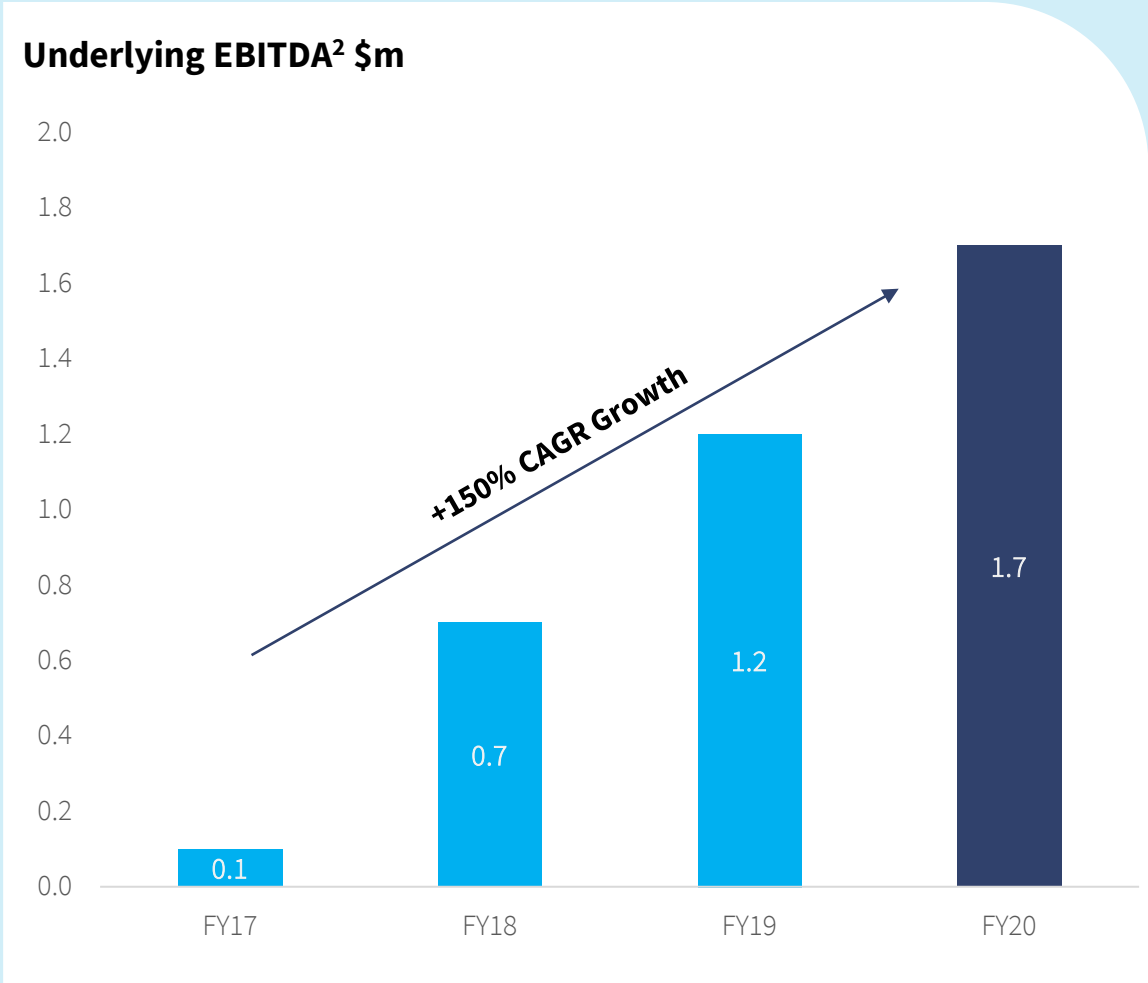
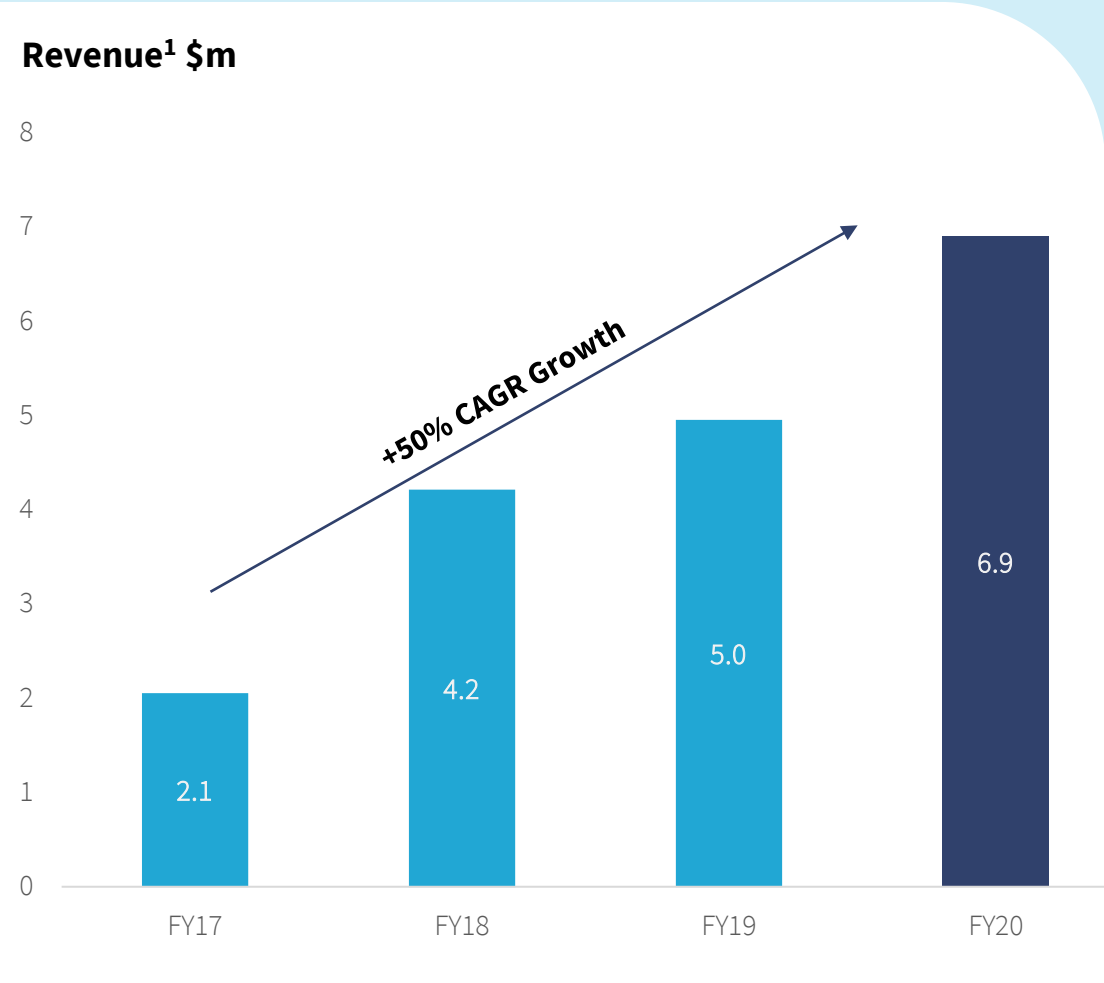
- ✓ Upside from new offices launched in H2 and roll out of AFL 2.0 is yet to be realized
- ✓ No material impact from COVID

1. Operating EBITDA adjusts the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 2020 to include the removal of non recurring or unusual costs, removal of head office costs and costs associated with being listed on the ASX  
2. Underlying EBITDA adjusts the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 2020 to include the removal of non recurring or unusual costs



# Historical revenue and EBITDA

Strong historical CAGR<sup>3</sup> growth in both revenue and EBITDA since FY2017



1. Total revenue in Appendix 4E for the 12 month period ending 30 June 2020 has been adjusted to include the removal of non recurring or unusual income items. FY17- FY19 revenue has been prepared on the same basis as the 12 months ending 30 June 2020

2. Underlying EBITDA for FY20 adjusts the Appendix 4E statutory EBITDA for the 12 month period ending 30 June 2020 to include the removal of non recurring or unusual costs. FY17- FY19 Underlying EBITDA has been prepared on the same basis as the 12 months ending 30 June 2020

3. Compounded annual growth rate

# Investment Highlights



The **largest specialised family law firm in Australia** in less than 5 years



Disrupting the way law firms acquire clients with its proprietary client acquisition engine



**First mover advantage** across client acquisition engine, use of technology and availability of capital in the family law market



Very large, highly fragmented industry ripe for consolidation with **no national competitors**



Management team / board with **successful track record** in professional services and online technology platform businesses



Undemanding valuation with strong potential



## \$1.1bn+

potential market opportunity



## +150%

EBITDA CAGR (FY17-FY20)



## ~1%

market share



## +50%

Revenue CAGR (FY17-FY20)



## Best-in-class

client acquisition engine



## Finalist x 2

Australian Legal Awards

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# MARKET UPDATE

# Operational highlights



Record high quarterly and monthly revenue and earnings in Q1 and September 2020

## HIGHLIGHTS – YEAR TO DATE

- ✓ Record high quarterly and monthly revenue, Operating EBITDA and Underlying EBITDA in Q1 and September 2020 respectively
- ✓ Recruited lateral hires (x7) and opened new offices (x4) in Adelaide, Perth, Melbourne's North and the Gold Coast
- ✓ Rolled out affiliate marketing strategy to target new client lead channels (e.g. Slater & Gordon referral relationship)
- ✓ Launched an additional service line targeted at providing family law services to corporates
- ✓ Strong pipeline of organic, lateral hire and acquisition growth opportunities currently under review

# Q1: Financial highlights

Record growth continued across all financial metrics in Q1

YTD<sup>1</sup> Revenue  
\$2.4m



LTM<sup>2</sup> Revenue  
\$7.5m



YTD Gross Profit  
\$1.5m



LTM Gross Profit  
\$4.2m



YTD Operating EBITDA<sup>3</sup>  
\$1.1m



LTM Operating EBITDA<sup>3</sup>  
\$3.1m



YTD Underlying EBITDA<sup>4</sup>  
\$0.8m



LTM Underlying EBITDA<sup>4</sup>  
\$2.2m



1. YTD refers to the 3 month period ending 30 September 2020

2. LTM refers to the 12 month period ending 30 September 2020

3. Operating EBITDA adjusts the unaudited management accounts to include the removal of non recurring or unusual costs, removal of head office costs and costs associated with being listed on the ASX

4. Underlying EBITDA adjusts the unaudited management accounts to include the removal of non recurring or unusual costs



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# INDUSTRY OVERVIEW

# Family law is a very large, highly fragmented market

Long-term stable volumes, an increase in de facto relationships and rising net household wealth = attractive market



**\$1.1bn**  
market size



**No**  
national players



**+50,000**  
divorces per annum



**3rd**  
largest personal legal services market

In contrast to personal injury law, there is no dominant or national player in family law. This is despite the fact that the two markets are of a similar size

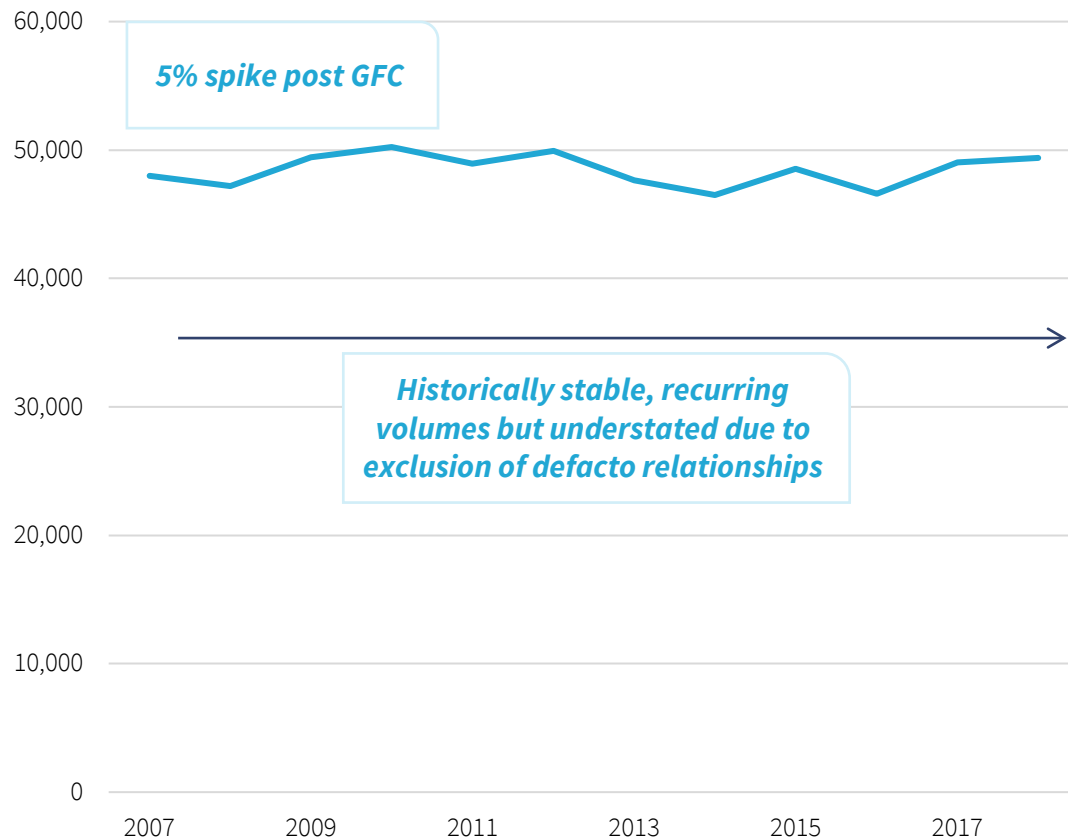
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Big Opportunity

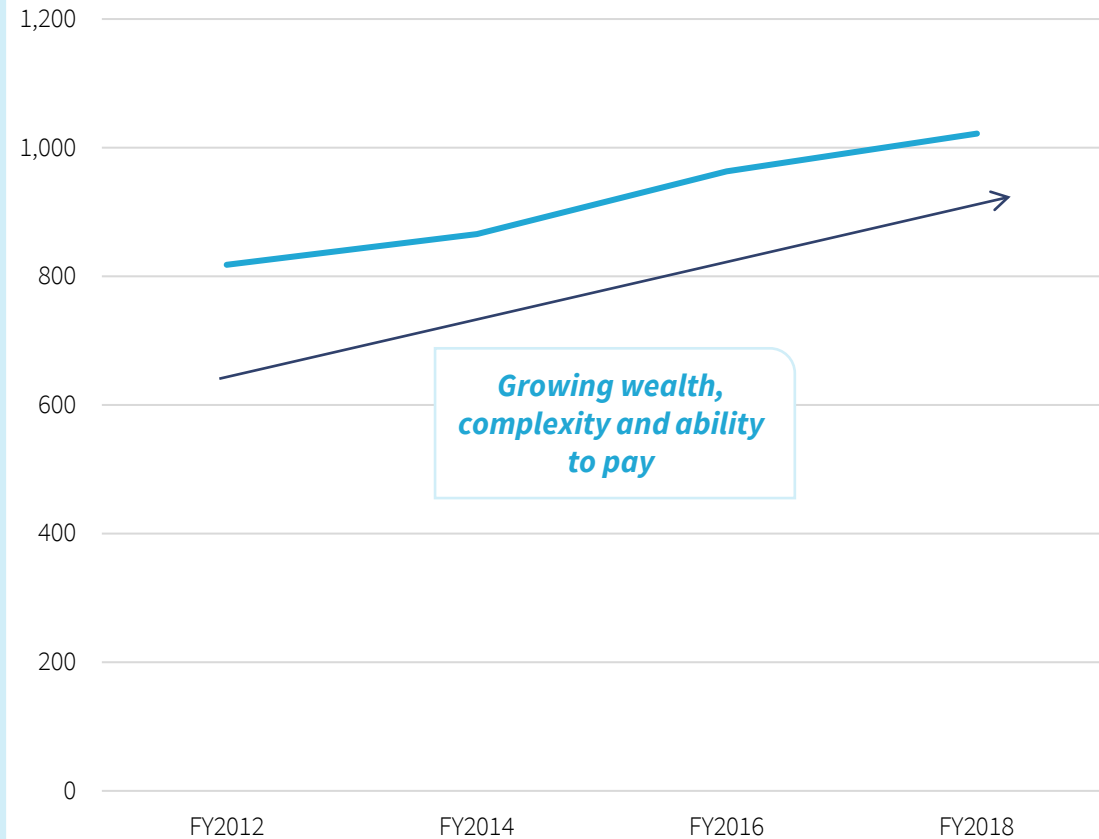
# Market exhibits defensive characteristics but with growth potential

Long term stable volumes with tailwind drivers due to the increased prevalence of de facto relationships and growing asset pools

**Total Divorces | 2007 to 2018**



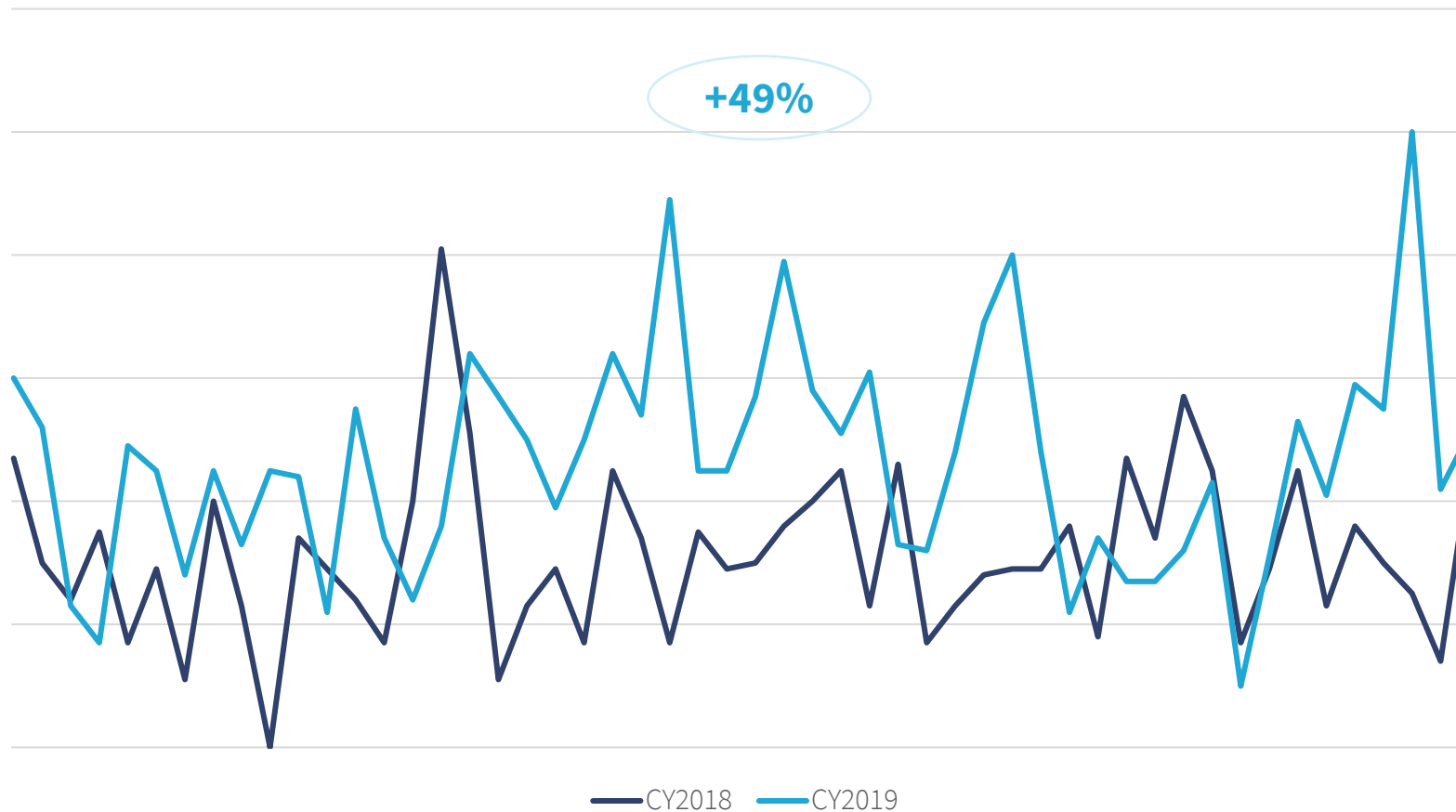
**Household Net Worth (000's) | FY2004 to FY2016**



# Strong growth in online search volumes for “divorce”

Google searches for the term “divorce” surged to their highest point in 12 months in July 2020

Google Search Volumes: CY2018 v CY2019



*“I wouldn’t be surprised if in the next year or two we see more couples file for divorce. Its consistent with what occurred after the global financial crisis”*

Courtney Mullen  
Australian Family Lawyers

The Australian, July 2020

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# STRATEGIC OVERVIEW



# Who are we?



We want to be the first and largest global family law firm in the world

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## CORE PURPOSE



To become Australia's first and largest National Family Law Firm

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## CORE VALUES



Think Different; Fanatical customer focus; Under promise, over deliver; Act like an owner; Have fun, always

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## BHAG



First and largest global family law firm

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## SANDBOX



Related family law services

Middle class Australians; capital cities and key regional towns

Limited deferred / contingent matters; no single file more than 5% of revenue

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## 3 YEAR TARGET



~10% market share across more than 10 locations in Australia

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# What have we achieved since IPO?

All FY20 annual priorities set at IPO were completed and FY21 is ahead of schedule



## LAUNCH AFL 2.0

Launched in January 2020 and has driven **improved marketing performance** (volume of leads and cost per lead)



## NEW GEOGRAPHIES

Opened **8 new offices**:  
Brisbane, Canberra, Sunshine Coast (2), Adelaide, Perth, Melbourne's North and the Gold Coast



## LATERAL HIRES

Acquired **7 additional lateral hires** in existing and new offices

**Strong pipeline** of lateral hires and acquisitions are under review



## BEST IN CLASE MARKETING PLATFORM

Built **in-house** digital marketing capability

Rolled out **affiliate marketing strategy**

Created **Marketing Advisory Board**



## ADDITIONAL SERVICE LINES

Launched **Binding Financial Arrangements**

Launched **Corporate Service Offering**

Launched **AFL Assist**



# Where are we going?

3 Year Plan tracking ahead of schedule

## FY20

- **Launch AFL 2.0 - #1 Priority**
- Expand into (1) new geographic region
- Recruit (2) lateral hires
- Complete acquisition integrations
- Implement salesforce CRM and recruit dedicated sales team
- Establish additional services lines



**Launch AFL 2.0**

**Exceeded Expectations**

## FY21

- **Presence in all state and territories in Australia - #1 Priority**
- Consolidate outcomes from AFL 2.0 to turbo charge organic growth
- Recruit (1) lateral hire per office
- Offshore non legal back of house functions
- Roll out new product and channel offerings (eg. online support, affiliates)



**Drive top-line**

**Ahead of Schedule**

## FY22

- Move into new “add-on” services (eg. funding)
- Expand into adjacent sectors (eg. wills and estates)
- Assess larger scale acquisitions
- Assess new jurisdictions
- ~10% market share of family law market in Australia



**Build out platform**

**THANK YOU**

