



Tomorrow **starts today**

Results Announcement

February 2022

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1

Summary
& Progress

2

Financial
Results

3

Appendix

Business highlights

- + Delivered PIL¹ fee revenue increase of 5% despite impact of prolonged lockdowns on enquiries and file progression
- + Leading and growing national market share²
- + Maintained highest prompted brand awareness in all our key markets³
- + Obtained first ever Group Cost Order in a Class Action in Australia
- + Two new class actions commenced with no class actions settled in the half
- + Federal government abandons class action reform legislation

¹ Personal Injury Law

² IBIS World Industry Report OD5519 June 2021

³ Nature: November 2021 – No 1 in all Vic, NSW, WA and No 2 in Qld

1H22 performance update

Prolonged lockdowns impacted PIL market especially Vic & NSW

- 14%
\$80.2m
Net revenue ¹

- 79%
\$4.0m
EBITDA ²

- large
\$(7.5m)
Net Profit after Tax ³

- 125%
\$(1.7m)
Gross Operating
Cashflow

- 70bp
18.2%
Net gearing ⁴

- 13%
PIL enquiries

+2%
Net PIL matter
growth

+ 2
20
Active Class
Actions

-1
23
NPS ⁵

Note: Variance is to PCP
¹ Statutory revenue
² EBITDA excluding specified items as set out on p 19
³ Statutory basis
⁴ Debt excluding lease liabilities – cash / Total assets
⁵ Source - Kantar April 2021

Delivering on our strategy

Aligned to our clients and values

Differentiate through our care



- + Maintained highest prompted brand awareness in all our key markets ¹
- + Garden Point indigenous abuse survivors receive apology and compensation
- + Agreed a redress scheme with NSW government for victims of disgraced surgeon Dr Gayed
- + 73 colleagues across the firm volunteered to support Afghan refugees with immigration applications

Passionate and skilled, acting as one team



- + Health and wellbeing for our clients and people remains the highest priority, driving our Covid-19 response
- + 37 accredited specialist lawyers and 37 lawyers named in *Doyle's* List across our practice groups
- + National practice groups in place along eastern states
- + Recognised by the Bar Association of Victoria as one of only 14 private law firms, and one of only 2 plaintiff firms, in the State to have reached the Australian Law Council's Equitable Briefing Policy target of briefing women barristers
- + Signed the Charters on the Advancement of Women in the Legal Profession in Victoria and NSW

Simplify and digitalise our processes



- + Partnered with digital supplier to accelerate matter investigations
- + Standardised and digitised document storage platform implemented
- + More clients opting to initially engage with us digitally
- + Invested further into technology to enable hybrid working and support of client
- + Materially through our digitally enabled centralised settlement roll out, improving our client experience

Explore and grow into our opportunities



- + Expanded our office footprint to include a number of visiting offices and access to new attractive geographies
- + Obtained first ever Group Cost Order in a Class Action in Australia
- + Expanding our Abuse practice

¹ Nature: November 2021 – No 1 in all Vic, NSW, WA and No 2 in Qld

Well positioned in an attractive market

Iconic brand, focused business model

	Personal Injury Law ¹	Class Actions ²
 Revenue pool	~\$1.8b ³	~\$240m ⁴
 Historical growth	~<0% ³	~3-12% ⁵
 Market structure	~2,200 ³ firms Leading market share	~77% ⁵ Top 3 firm

- 
Deep physical networks staffed by skilled, diverse team
 - + ~60 ⁶ sites in VIC, NSW, ACT, QLD and WA
 - + Well represented in chosen markets
 - + Unions and other referral relationships
- 
Iconic and trusted brand
 - + 85+ years of caring for Australians' rights
 - + Maintained #1 prompted and unprompted recall ⁷
 - + Net Promoter Score of 23 ⁸
- 
Highly focused business model
 - + Personal Injury – 84% of revenue
 - + Class Actions – 14% of revenue
 - + Emerging Services ⁹ – 2% of revenue
- 
Market leading digital assets
 - + Online claim assessment tool
 - + Outbound digital capability
 - + Advanced analytics supporting business decisions

¹ Personal Injury includes Motor Vehicle Accidents, Workers Compensation and Civil (made up of Medical Negligence, Public Liability, & Asbestos) and Emerging Practice (made up of Superannuation/TPD and Abuse)

² Includes shareholder mass tort, consumer protection, product liability, and employee rights

³ IBIS World Industry Report OD5519 June 2021

⁴ Australian Law Reform Commission – Report 134

⁵ A combination of note 4 and company estimates

⁶ Includes permanent and visiting offices

⁷ Source – Nature, November 2021. # 1 Prompted and Unprompted brand awareness across Personal Injury law firms in in VIC, NSW and WA

⁸ Source – Kantar April 2021

⁹ Includes Compulsory Acquisition, Industrial & Employment. These business units individually account for no more than 1% of revenue

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

1

Summary
& Progress

2

Financial
Results

3

Appendix

Earnings overview

Business momentum impacted by prolonged lockdowns

(\$'000)	1H22	1H21	Var
Fee Revenue	78,169	77,426	1.0%
Change in WIP	6,902	20,867	(66.9%)
Bad & Doubtful Debts	(4,827)	(5,357)	9.9%
Net operating revenue before specified items	80,244	92,936	(13.7%)
Labour	(55,986)	(51,560)	(8.6%)
Non-labour costs	(20,287)	(22,590)	10.2%
EBITDA before specified items	3,971	18,786	(78.9%)
Specified items ¹	(4,127)	(4,506)	8.5%
EBITDA	(154)	14,280	Large
NPAT including other income from continuing operations	(7,685)	2,802	Large
NPAT including other income and discontinued operations	(7,547)	3,091	Large

Net revenue impacted by decline in WIP growth

- + Slowing enquiries and new matter growth – primarily in Victoria – as a result of prolonged lockdowns in 1H22, partly offset by solid PIL fee revenue growth
- + Class action fees lower arising from timing of matters settlement. WIP growth driven by the progression of a number of firm funded matters

Ordinary operating expense increase reflects ongoing strategic practice group investment

- + Higher labour costs arising from investment in growth practice groups and higher leave provisions offset by lower STIP
- + \$2.3m decrease in non-labour costs, driven primarily by lower marketing and continued focus on discretionary spend

Specified items

- + Lower LTIP costs, offset by higher costs related to legacy class action proceedings, a portion of which will be recoverable in future periods

¹ EBITDA excluding specified items as set out on p 19

Earnings movement

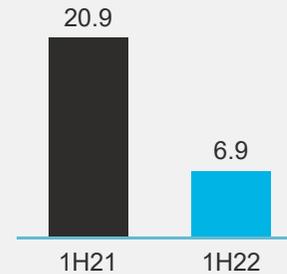
EBITDA primarily impacted by WIP movement

Net Fees (\$m)



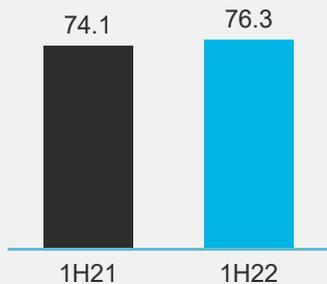
- + PIL fees 5% up, driven by higher average PIL fees per matter partially offset by lower number of settlements.
- + Class Actions fees lower due to lower settlements and shift towards firm funded matters

Change in WIP (\$m)



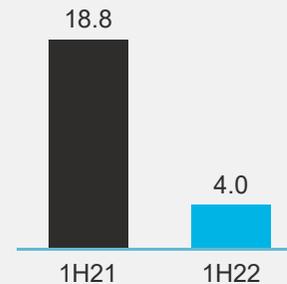
- + PIL WIP growth reduction impacted by slowing enquiries and new matter growth – primarily in Victoria
- + Class Actions WIP growth driven by increase in NWNF / GCO matters

Expenses (\$m) ¹



- + Investment in labour in targeted practice groups such as Emerging, Civil and Class Actions
- + Labour leave provisions also driving expense increase
- + Labour expense increase offset by incremental reductions elsewhere

EBITDA (\$m) ¹



- + Key driver of EBITDA movement is attributable to change in WIP

¹ Expenses and EBITDA excluding specified items as set out on p 19

Balance sheet

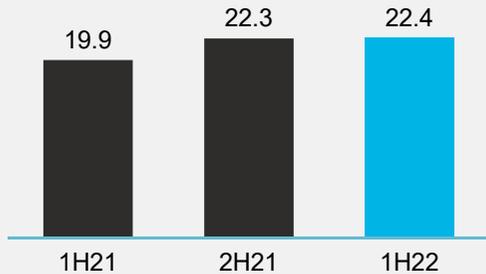
As reported (\$'000)	31 Dec-21	30 Jun-21	31 Dec-20
Assets			
Cash	29,119	20,697	19,734
Receivables	79,370	80,194	76,460
Net WIP	291,952	286,131	257,289
PPE	2,470	2,690	2,920
Right of use asset	16,260	15,572	15,020
Other	9,331	13,316	12,153
Total	428,502	418,600	383,576
Liabilities			
Payables	75,486	74,075	61,838
Borrowings	107,047	89,214	86,276
Leases	24,131	23,170	26,312
Deferred tax	19,457	22,418	17,458
Provisions	28,922	29,268	23,919
Total	255,043	238,145	215,803
Net assets	173,459	180,455	167,773

- + \$8m increase in cash primarily due to Term Loan restructuring
- + \$6m WIP movement from file mix and file progression across PIL and Class Actions
- + \$1m increase in ROU asset arising from new Sydney office lease offset by depreciation
- + Payables higher due to \$3m increase in 3rd Party funding for disbursements offset by Legal Creditor reduction
- + \$18m increase in borrowings due to \$15m increase in restructured term loan and accruing interest on SSF

Working capital

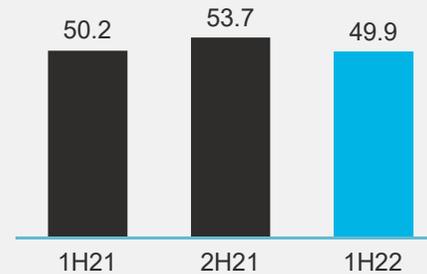
Trends remain broadly stable

WIP turnover (months) ¹



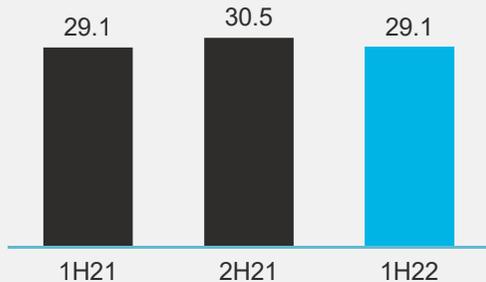
- + WIP turnover stable
- + PIL WIP turnover improving primarily due to matter duration declining
- + Increasing portion of firm funded Class Actions matters

Debtor Turns (days) ²



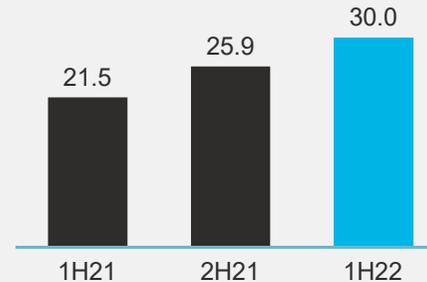
- + Reflects process improvements around centralised settlements & collections

Average 90+ days past due ratio (%) ³



- + Aged debtors stable
- + 90+ DPD reducing in quantum

Third Party Funded Disbursements (\$m) ⁴



- + Improved product design
- + Better training and utilisation

¹ Average WIP / Gross Fees x 6 for half year and x12 for full year

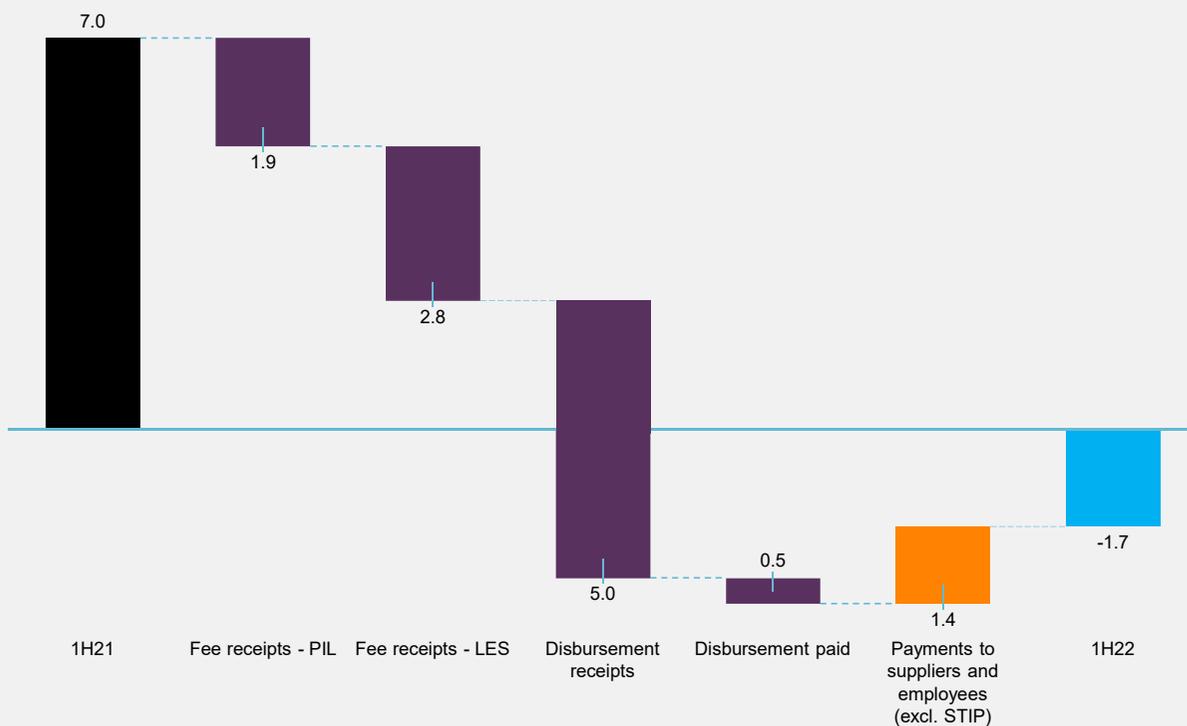
² Ending Total Debtors / Rolling 12 months Total Billings x 365 where Total Debtors and Total Billings include Fee, Disbursement, GST.

³ Average of daily ratios for each year

⁴ Period close third party funding balance – PIL practice groups only

Gross Operating Cashflow

Gross Operating Cash Flow movement (\$m)

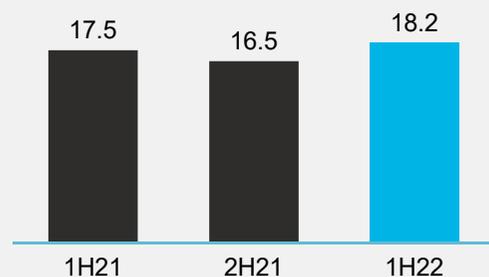


- + Lower PIL fee receipts driven by timing of billings during the period
- + LES receipts lower due to higher billing levels in 1H21
- + Lower disbursement receipts driven by lower settlements primarily within Class Actions
- + Payments to suppliers and employees benefited from lower / deferred STIP payment and lower supplier discretionary spend
- + 3rd party funding slowing the rate of growth of firm funded disbursements

Balance sheet structure

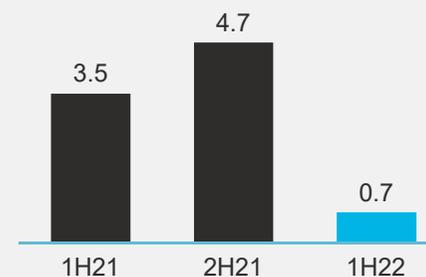
Balance sheet measures impacted by operating performance

Net Gearing (%) ¹



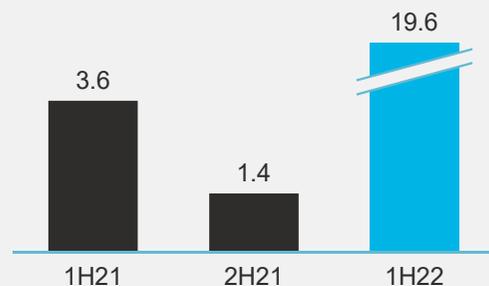
- + Benefited from restructured Term Loan facility offset by operating performance

Interest Coverage (x) ²



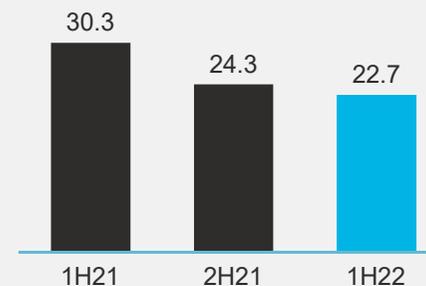
- + Most recent half impacted by operating performance

Net Debt / EBITDA (x) ³



- + Debt restructured during the period
- + Lower EBITDA

Weighted Average Time to Maturity (Months) ⁴



- + Term Loan maturity extended

¹ Total interest bearing debt excluding lease liabilities – cash / Total assets

² EBITDA excluding specified items / Finance charges excluding imputed lease interest

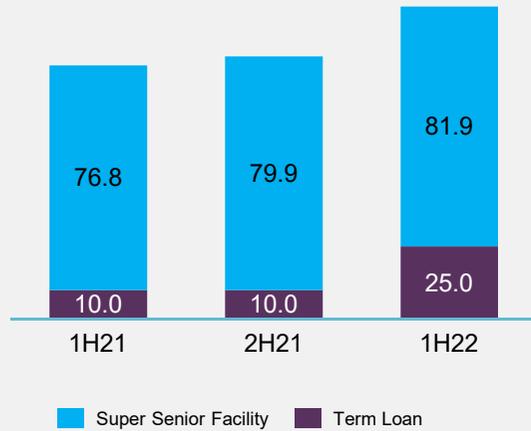
³ Total interest bearing debt excluding lease liabilities – cash / EBITDA excluding specified items

⁴ Based on time to contractual maturity from balance date, weighted by value of debt. Excludes lease liabilities

Funding summary

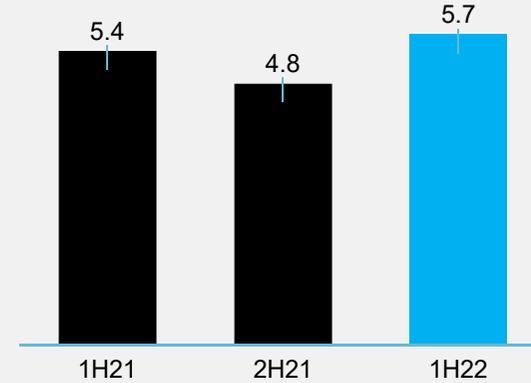
Ongoing activity to optimise funding structure

Debt profile (\$m)



- + Refinanced 3 year Term Loan facility with \$30m limit [\$25m drawn]
- + Repaid previous \$10m Term Loan
- + Increase in SSF attributable to capitalised interest

Finance charges excl. lease interest (\$m)



- + Lower interest expense in 2H21 due to partial debt paydown in 1H21
- + 1H22 finance charge costs also capture funding facility termination expense

1

Summary
& Progress

2

Financial
Results

3

Appendix

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 start today for our clients				
How we will win		Differentiate through our care	Passionate and skilled, acting as one team	Simplify and digitalise 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

Proud legacy, focused for the future

Establishment 1930's - 40's

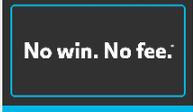


Firm founded in 1935 by Bill Slater and Hugh Gordon

Deep and enduring links to the labour movement forged



Leader in Victorian Workers Compensation reform

 Ok Tedi	 WA office opened
 Wittenoom	 HIV actions
 First to offer 'No Win No Fee'	 First to use TV

Litigation Pioneers 1950's - 2000's

Listing and Expansion 2007 - 2017

	World's first listed law firm
	QLD expansion
	NSW build out
	General Law growth
	UK Expansion

- + Bank debt acquired by hedge funds led by Anchorage Capital
- + Court approved scheme of arrangement, debt partially swapped and 95%+ firm owned by hedge funds
- + S&G Australia separated from UK business
- + Exit general law businesses, SA, TAS through divestment and wind down
- + New Board and management team appointed
- + Prioritising investment and capital to support refined business model
- + Rights issue in 2019 used to paydown debt
- + SSF maturity date extended to 2023

Recapitalisation and turnaround 2017 +

Reconciliation of PBT to EBITDA and EBITDA before specified items

\$'000	1H22	1H21
Profit before tax – excluding discontinued operations	(10,706)	5,041
Add: Depreciation and amortisation	4,123	4,165
Add: Finance charges	6,618	6,114
Deduct: Other income	(191)	(1,040)
EBITDA	156	14,280
Add: Specified items		
Retention bonuses and LTIP	763	2,523
Redundancy costs	306	634
Transformation expenditure	1,710	1,349
Other non core expenditure	1,348	-
Total specified items	4,127	4,506
Total EBITDA excluding specified items	3,971	18,786



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