

10 February 2015

## Slater and Gordon FY15 Half Year Financial Results

- Total revenue up 37.6% to A\$245.3 million
- Net Profit After Tax (NPAT) up 46.5% to A\$33.7 million
- Normalised EBITDA margin of 23.9%
- Interim dividend up 16.7% to 3.5 cents per share

### Results Summary:

Slater and Gordon Limited (“Slater and Gordon”) delivered a strong financial performance in the six months ending 31 December 2014 with revenue, earnings and cash flow all on track to achieve full year guidance.

Total revenue was A\$245.3 million, up 37.6% on the previous corresponding period, while NPAT increased 46.5% to A\$33.7 million.

Cash flow from operations of A\$26.5 million was 78.6% of NPAT.

Net debt at 30 June 2014 was A\$161.9 million with a gearing ratio (net bank debt/equity) of 34.4%.

Directors have declared an interim dividend of 3.5 cents per share (franked to 40%), up 16.7%, payable on 23 April 2015 with a record date of 12 March 2015.

### Highlights:

- Australian Personal Injury Law practice remains resilient despite continued challenges in Queensland.
- Acquisition of Nowicki Carbone and Schultz Toomey O’Brien completed in November 2014, adding strength and capability to the Australian operations.
- Australian General Law practices making good progress.
- Re-launch of the Slater and Gordon brand in Australia.
- UK operations performing in line with FY15 financial and operational targets.
- UK integration project well progressed with new case and practice management system implementation on track for completion in March 2015.

### Group Managing Director’s Commentary:

Slater and Gordon Group Managing Director Andrew Grech said “We are pleased to be able to deliver a strong set of financial results for the half year. The Company is successfully delivering each of the key components of its growth strategy and also achieving improvements in operational performance across the Group.”

“In the UK we are making substantial progress towards our objective of becoming a leading consumer law firm. We have now secured a strong direct to consumer base, and see substantial capacity for growth. In addition to this, we are also seeing opportunities open up in other channels of new business generation which are under assessment.”

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“The integration of firms acquired last year is progressing well and only this week we achieved two key integration milestones, the move to our new premises in Manchester and the completion of phase one of the implementation of a single practice and case management system in the UK. We remain on track to complete these two important projects by the end of March this year.”

“In Australia, the Personal Injury Law practice continues to grow in line with expectations despite greater competition for clients in all markets. Our focus on managing the client intake process has delivered results and we have been pleased with the early response to the brand refresh and new advertising campaign.”

“The General Law practices are making good progress and will deliver their financial targets.”

“In terms of outlook for the rest of the financial year, I am pleased to be able to re-affirm our previous guidance in relation to FY15.”

### **Acquisition Activity:**

Slater and Gordon also announced today the proposed acquisition of two additional UK consumer law firms, Walker Smith Way and Leo Abse and Cohen. The firms will deliver combined estimated annual revenues of £18.7m (approximately A\$34.7m) and make Slater and Gordon the largest consumer law firm in Wales.

Walker Smith Way is a highly regarded consumer law firm with offices in Wales and North West England. The majority of its revenue is derived from personal injury law.

Leo Abse Cohen is a consumer and specialist personal injury law firm based in Wales with a highly regarded UK wide hearing loss practice.

Total consideration for the acquisitions will comprise payment of £15.0 million in cash (including deferred and conditional cash consideration) and the issue of £3.7 million in Slater and Gordon shares which are subject to restraints on sale.

For further details please refer to this morning's ASX disclosures.

Slater and Gordon also recently announced that it had entered into exclusivity arrangements with Quindell plc ("Quindell"), in respect of due diligence relating to the possible acquisition of operating assets of Quindell. These discussions are ongoing and remain preliminary and incomplete.

The purpose of the due diligence process is to assess whether the assets are a strategic fit and to determine their fair value for the purposes of any offer to acquire assets being made. The due diligence process may or may not result in an offer being made and any such offer may or may not be accepted by Quindell.

Slater and Gordon is also completing due diligence on a portfolio of Quindell personal injury litigation case files with rights to take a transfer of files over the coming months. This file transaction, if it occurs, will not have a material impact on FY15.

The Company will update the market as appropriate.

### **FY15 Outlook:**

At the Group level we expect:

- Total Revenue of A\$500 million (excluding UK acquisitions announced today).
- Normalised EBITDA margin of 23 – 24%.
- Cash from operations (as % NPAT) of >70%.

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**About Slater and Gordon**

Slater and Gordon Limited ("Slater and Gordon", ASX:SGH) is a leading international consumer law firm employing 1,300 people in 82 locations across Australia and 1,300 people across 14 locations in the United Kingdom. Slater and Gordon's mission is to give people easier access to world class legal services. The firm provides specialist legal services in a range of practice areas including Personal Injury, Conveyancing, Family Law and Business and Specialised Litigation Services.

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