

ASX Announcement

Slater &
Gordon
Lawyers

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Slater & Gordon FY11 Financial Results

- **NPAT up 40.9% to \$27.9 million**
- **Revenue up 46.2% to \$182.3 million**
- **Trilby Misso revenue above forecast, Keddies in line with forecast**
- **EBIT margin on target at 26.2% (normalised)**

The board of Slater & Gordon Limited (ASX: SGH) today announced a net profit after tax (NPAT) of \$27.9 million for the year ending 30 June 2011, up 40.9% on the previous corresponding period. Revenue increased 46.2% to \$182.3 million.

The Trilby Misso and Keddies practices, which were acquired during the year, both achieved (and in the case of Trilby Misso exceeded) their FY11 revenue projections of \$28.0 million and \$11.0 million respectively. Trilby Misso generated total revenue of \$32.2 million.

As forecast, EBIT margin was higher in the second half, giving a normalised full year margin of 26.2% before costs associated with the Trilby Misso and Keddies transactions.

Cash flow from operations at 68.3% of NPAT (normalised for the acquisition transaction costs) was slightly below the target range of 70-80% due to a higher than expected proportion of client settlements occurring in the last two months of the year. The take up of client disbursement funding was also slower than expected.

Directors declared a final dividend of 3.3 cents per share fully franked, bringing the total dividend for the year to 5.5 cents, up from 5.0 cents in FY10.

"Our main focus in the second half was on the integration of the Trilby Misso and Keddies practices. The fact that we were able to achieve our target revenues for both practices is a strong indicator of the progress we've made," Slater & Gordon managing director Andrew Grech said. "We're also seeing the benefits to the organisation of bringing in a substantial number of experienced practitioners and professional staff through the acquisitions."

"It's also a reflection of the depth of the Slater & Gordon senior management team that we were able to continue to achieve strong organic growth of the base business, including more than 10% in the personal injuries practices in NSW and Victoria, while we were integrating the major acquisitions," Mr Grech added.

The Slater & Gordon group continued to extend its national network of offices during the year with Slater & Gordon offices opening in Werribee and Warrnambool (both Victoria) and Trilby Misso extending its reach into southern Queensland by opening a new office in Toowoomba and local contact centres in Loganholme and Browns Plains.

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Other highlights of the second half included the settlement and Court approval of the Oz Minerals, Fincorp and Brookland Greens class actions. In addition pending the Appeal of the Petersen Test Case in the Vioxx Class Action this month a number of other individual group members claims have now been heard by the Federal Court.

Outlook

With the full year effect of the Keddies and Trilby Misso businesses and continued organic growth, FY12 revenue is expected to be more than \$200 million with a target EBIT margin of 25% to 26%.

"We now have a very strong position in the personal injuries markets in all the largest states, with scope for further growth," Mr Grech said. "We are also well advanced with our plans to maximise the growth opportunities we've identified in other areas of consumer legal services.

Mr Grech also said that Slater & Gordon was continuing to investigate opportunities in overseas consumer legal services markets. The United Kingdom is of particular interest because of its jurisdictional similarities to Australia and the imminent introduction of legislation allowing for listed law firms to operate there.

Business priorities for the company include:

- Aggressively developing the Family Law and Private Client Services practices by the introduction of innovative service offerings and potentially by acquisition;
- Accelerating the margin improvement trend in non-personal injury practices;
- Continuing to focus on cash flow improvement;
- Completing the integration of the Keddies and Trilby Misso practices;
- Realising more value from the 80,000+ new client enquiries received in a year by increasing enquiry to client conversion rates and by increasing the take-up of other Slater & Gordon services;
- Continuing to drive organic growth in the personal injuries practices;
- Continuing to explore opportunities in overseas markets, particularly in the United Kingdom;
- Utilising opportunities arising from the growth strategy to accelerate development of the next generation of management.

ENDS

For more information

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About Slater & Gordon

Established in 1935, Slater & Gordon has built a powerful reputation as a law firm which fights for the best outcomes for everyday Australians. Innovation has been a hallmark of Slater & Gordon's long history, from the many landmark legal cases it has run and won to the controversial introduction of NoWinNoFee™ litigation. In 2007 Slater & Gordon became the first law firm in the world to list on a Stock Exchange. Today Slater & Gordon employs more than 1,000 people and offers its broad range of legal services in more than 50 metropolitan and regional locations, more than any other law firm in the country.