



# **FY13 Results Presentation**

**21 August 2013**

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Not a problem.

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# Key Points

A\$297.6m group revenue exceeded guidance

EBITDA margin of 24.5%

Strong EPS growth – 12.4%<sup>1</sup> on prior year

Improving cash profile

Cash flow from operations 78% of NPAT

Final dividend 3.85 cents per share fully franked

Full year dividend 6.6 cents per share, a 10% increase on prior year



Revenue growth in Australian Personal Injuries (PI) practice 8.0%

UK business on track with full year revenue A\$70.5m<sup>2</sup> and EBITDA margin 20.5%

UK expansion ahead of schedule with acquisitions expected to deliver A\$44.8m<sup>3</sup> revenue in FY14

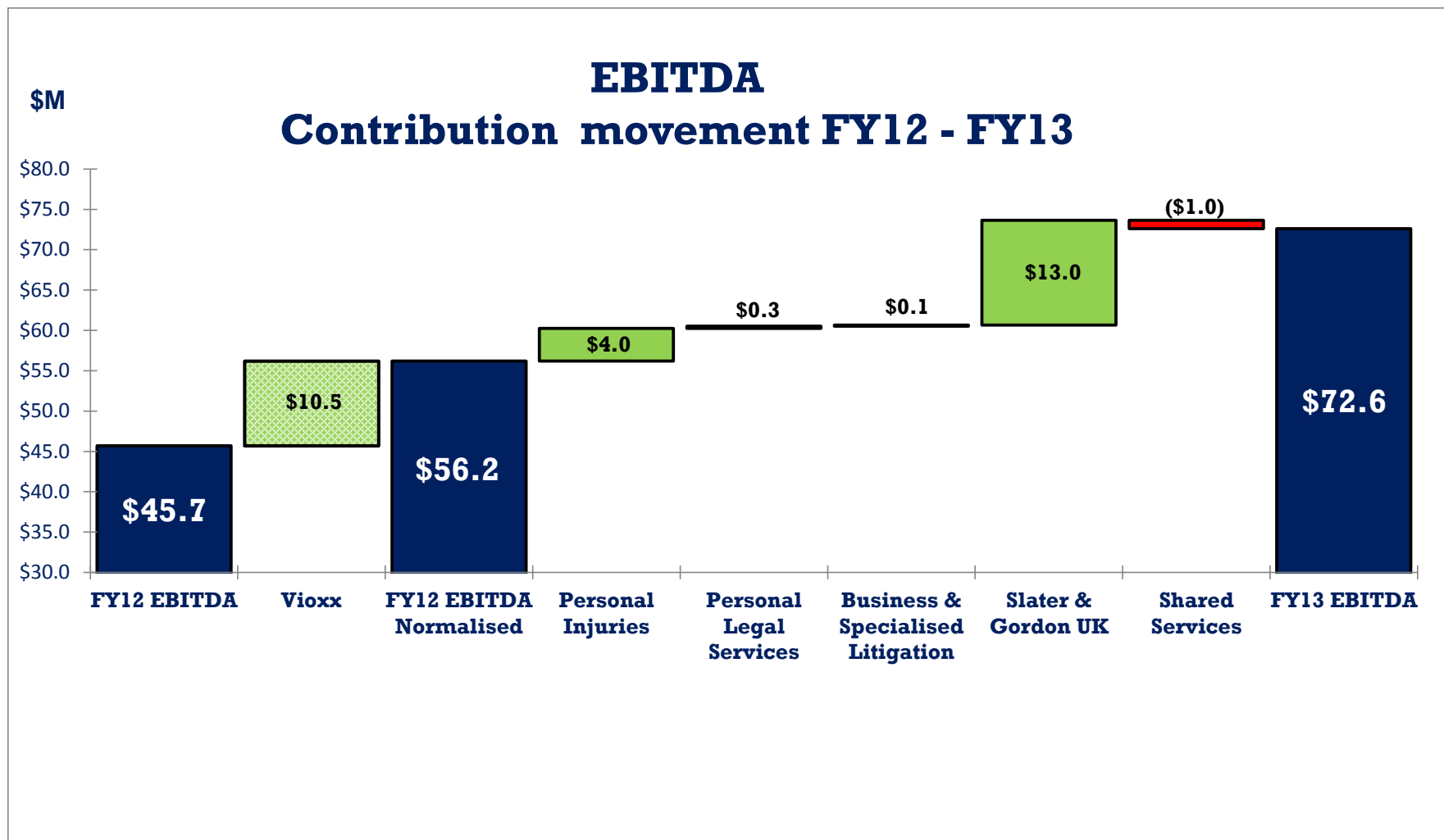
1. Normalised for VIOXX impact in FY12 and acquisition costs
2. Actual GBP:AUD exchange rate of £0.654
3. Assumes GBP:AUD exchange rate of £0.60

# FY13 – Financial Results

	FY13 A\$M	FY12 A\$M	A\$M Change	% Change
<b>Revenue</b>	297.6	217.7	79.9	↑36.7%
<b>EBITDA*</b>	72.9	57.6	15.3	↑26.6%
<b>EBITDA Margin*</b>	24.6%	25.9%		
<b>EBIT*</b>	67.9	53.9	14.0	↑26.0%
<b>EBIT Margin*</b>	22.9%	24.2%		
<b>NPAT*</b>	42.2	33.4	8.8	↑26.3%
<b>Vioxx write-off / Acquisition Costs</b>	0.3	12.0		
<b>NPAT (Post Vioxx)</b>	41.9	25.0	16.9	↑67.6%
	Cents	Cents	Cents Change	% Change
<b>Basic EPS</b>	24.2	16.2	8.0	↑49.4%
<b>Basic EPS* (Normalised)</b>	24.4	21.7	2.7	↑12.4%
<b>Diluted EPS* (Normalised)</b>	23.8	21.0	2.8	↑13.3%
<b>Full Year Dividend</b>	6.6	6.0	0.6	↑10.0%

\* Normalised for Vioxx impact in FY12 and acquisition costs

# FY13 EBITDA Bridge



## Personal Injuries

Strong revenue growth of 8.0% despite increased competition and regulatory change in NSW

Advertising campaign a driver of new client enquiries (FY13 enquiries up 8.5%)

Third party disbursement funding gaining momentum



## Personal Legal Services

Family Law, Conveyancing, Wills, Estate Planning & Probate practices established nationally

Base now established in market, approximately twice the revenue size of the plaintiff PI market

Completed client matters up 37% on prior year

## Business & Specialised Litigation Services

Successful settlements achieved in Sigma, Nufarm (H1) and GPT (H2) class actions. Settlement process commenced in Thalidomide Group Action

Expansion of service offerings (estate litigation, professional negligence and criminal defence)

Continued emphasis on client and third party funded work to build more predictable revenue growth

# FY13 Highlights – UK Operations

## Key Financial Milestones Achieved

- ✓ Revenue – A\$70.5m
- ✓ EBITDA Margin 20.5%
- ✓ Revenue Growth of 10.0%

## Key Operational Milestones Achieved

- ✓ Re-branding to Slater & Gordon completed
- ✓ Deepened management resources
- ✓ Developed brand campaign ready for launch in Q1 FY14

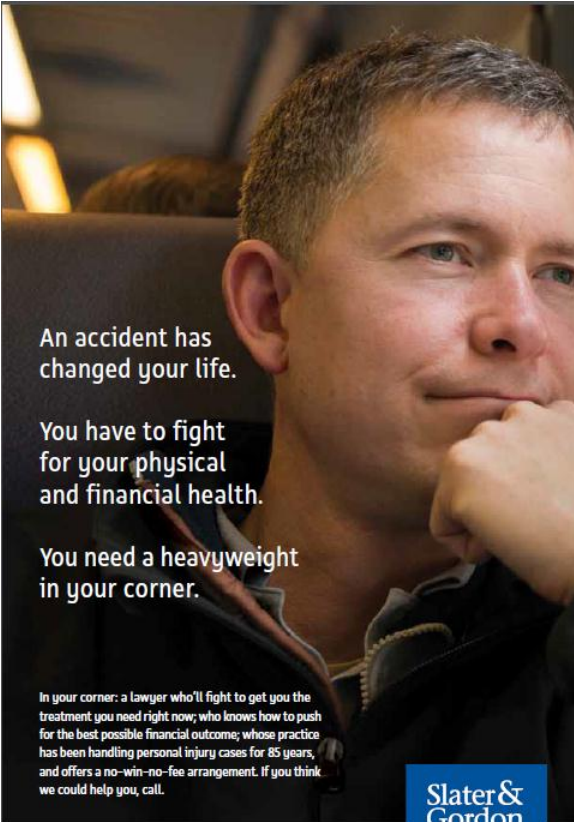


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## Strategic rationale re-enforced – new legislative landscape driving consolidation

- Accelerating consolidation of the PI claims market due to constraints on payment of referral fees
- High distress rates for small firms and claims management companies
- Claims Direct continues to be a strong channel for “fast track” PI claims
- Complex PI work favours dedicated specialist practice groups supported by a multi practice group, multi site offering



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# UK Acquisitions Update

Taylor Vinters completed 16 August 2013

Goodmans on track to be completed on 30 August 2013

Substantially completed due diligence and executed formal business sale agreement with principals of Fentons Solicitors LLP, with expectation of completion in October 2013 (Refer Appendix 5 for background)

Significant step in building depth of talent and business base required to accelerate UK growth

Discussions with Simpson Millar deferred until early 2014



# Impact of UK Acquisitions

Expected acquired annual revenue base (including Taylor Vinters, Goodmans & Fentons) of approximately \$58.3m<sup>1</sup>

EBITDA acquisition multiple blended average of  $\approx 4.3$  x (RJW FY13 multiple 4.9x)

Acquisitions EPS accretive in FY14

Principally funded from existing GBP denominated debt facility

	Annualised Revenue £M	Annualised Revenue \$M <sup>1</sup>	FY14 Pro Rate Revenue £M	FY14 Pro Rate Revenue \$M <sup>1</sup>	Completion Date
Taylor Vinters	£3.9	\$6.5	£3.4	\$5.6	16 August 2013
Goodmans	£3.4	\$5.7	£2.8	\$4.7	30 August 2013
Fentons	£27.7	\$46.2	£20.7	\$34.5	October 2013
<b>Total</b>	<b>£35.0</b>	<b>\$58.3</b>	<b>£26.9</b>	<b>\$44.8</b>	

1. Assumes GBP:AUD exchange rate of 0.60

# Outlook for FY14

Group revenue target  
of A\$320m

EBITDA margin of 23-  
24% (not including  
positive margin  
contribution from UK  
acquisitions)

Cash flow from  
Operations as a % of  
NPAT >70%

Australian PI Practice  
expected to continue  
to achieve > 5%  
revenue growth

Legislative risk in  
NSW & QLD remains.  
No material earnings  
impact expected in  
FY14

Combined Australian  
PLS and B&SLS  
Practices expected to  
achieve 10% revenue  
growth

Margins continuing to  
improve in PLS

UK business:  
FY14 forecast revenue  
of A\$80m<sup>1</sup> (excluding  
acquisitions) EBITDA  
margin of 18%

Expected FY14  
revenue from  
acquisitions of  
A\$44.8m<sup>1</sup> to improve  
FY14 EBITDA margin  
for the UK operations

1. Assumes GBP:AUD exchange rate of £0.60

# Appendix 1: FY13 – Financial Results (Aus vs UK)

	AUST \$M	UK \$M	FY13 \$M	FY12 \$M	\$M Change	% Change
<b>Revenue</b>	227.1	70.5	297.6	217.7	79.9	↑36.7%
<b>EBITDA</b>	58.1	14.5	72.6	45.7	26.9	↑58.9%
<b>EBITDA Margin</b>	25.8%	20.5%	24.5%	21.1%		
<b>EBIT</b>	54.8	12.8	67.6	42.0	25.6	↑61.0%
<b>EBIT Margin</b>	24.4%	18.2%	22.8%	19.4%		
<b>NPAT</b>	34.7	7.2	41.9	25.0	16.9	↑67.6%
<b>NPAT Margin</b>	15.3%	10.2%	14.1%	11.5%		
			Cents	Cents	Cents Change	% Change
<b>Basic EPS</b>			24.2	16.2	8.0	↑49.4%
<b>Diluted EPS</b>			23.6	15.7	7.9	↑50.3%
<b>Fully Franked Dividend</b>			6.6	6.0	0.6	↑10.0%

# Appendix 2: Balance Sheet

## Balance Sheet (Group)

	FY13	FY12
Debtor Days <sup>1</sup>	101	115
Paid Disbursement Days <sup>1</sup>	54	61
WIP Days (Australia) <sup>2</sup>	412	377
WIP Days (UK) <sup>2</sup>	232	171
Net Debt/Equity <sup>3</sup>	9.2%	42.8%
Interest Cover (times) <sup>3,4</sup>	11.0	9.2
Return on Equity <sup>3</sup>	12.1%	13.3%

1. Based on net fees

2. Based on total revenue

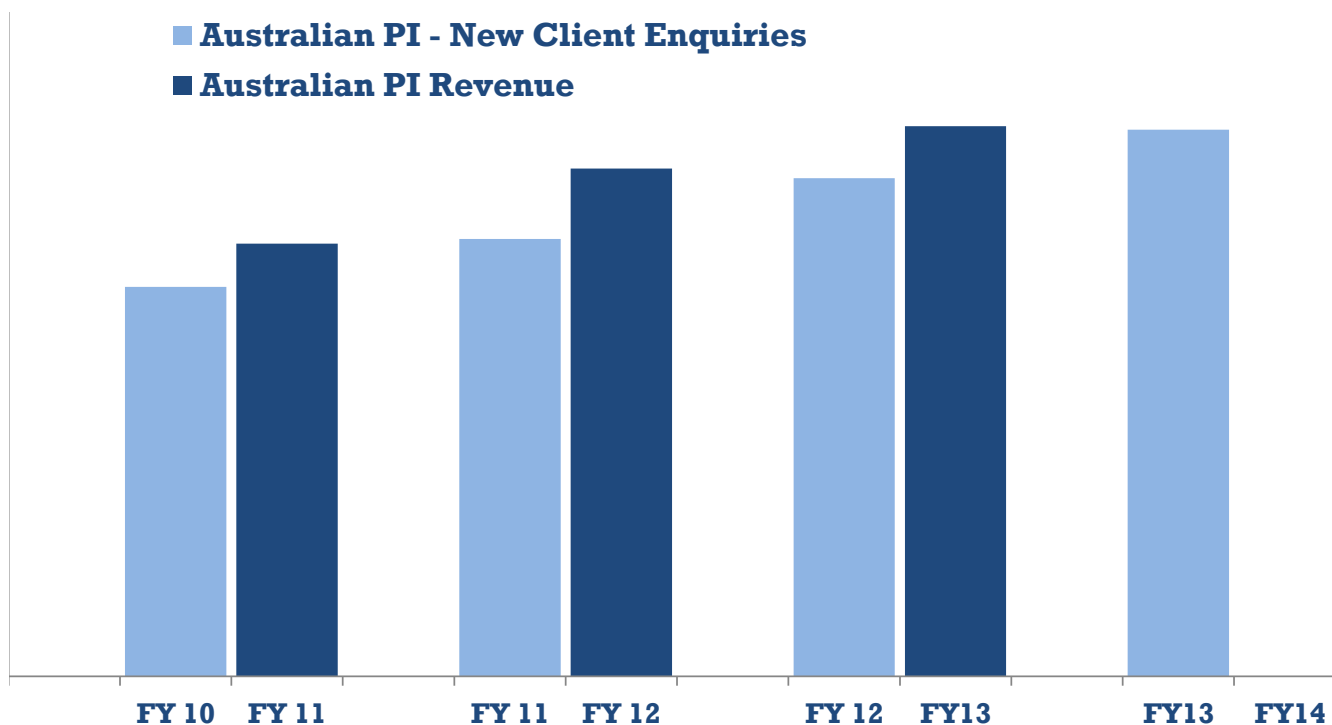
3. Normalised for Vioxx and acquisition costs in FY12

4. Interest cover excludes notional interest on deferred consideration

# Appendix 3: PI Revenue v Enquiries

Enquiries

PI Revenue



# Appendix 4: UK Acquisition Consideration

## UK acquisition consideration including Taylor Vinters, Goodmans & Fentons

UK Acquisition Consideration	£M	A\$M <sup>1</sup>
Upfront Cash (including repayment of external debt and internal loans)	£29.9	\$49.9
Equity	£5.4	\$9.0
Deferred cash (Year 1)	£3.5	\$5.8
Deferred cash (Year 2)	£5.6	\$9.3
<b>Total Acquisition Consideration</b>	<b>£44.4</b>	<b>\$74.0</b>

1. Assumes GBP:AUD exchange rate of £0.60

# Appendix 5: Overview of Fentons Solicitors

## Fentons Solicitors LLP

A Leading UK Personal Injury Firm

- Largest specialist direct to consumer claimant PI firm
- Offices in London and Manchester
- History of organic growth supported by a strong reputation in claimant PI work
- 280 staff transferring, including key people:
  - Current locations maintained
  - Current PMS will be maintained initially
  - Brand integration to occur over time
- Forecast acquired annual revenue of £27.7m
- Proposed completion date October 2013

Fentons Acquisition Consideration	£M	AS\$M <sup>1</sup>
Upfront Cash (including repayment of external debt and internal loans)	£24.25	\$40.40
Equity	£4.00	\$6.70
Deferred conditional cash over 2 years	£4.25	\$7.10
<b>Total Acquisition Consideration</b>	<b>£32.50</b>	<b>\$54.20</b>

1. Assumes GBP:AUD exchange rate of £0.60