

# FY14 RESULTS PRESENTATION

12 AUGUST 2014

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# FY14 – STRONG FINANCIAL RESULT

Delivering well managed growth and improving operational effectiveness

Group revenue up 40.4% to A\$418.5m

Normalised EBITDA margin<sup>1</sup> of 24.6%

Cash flow from operations 89.7% of NPAT

Australian Personal Injury Law (PIL) practice remains strong

UK underlying business and acquisitions on track

Continuing strong growth opportunities in both Australia and UK

Announced today – two acquisitions with annual revenue of A\$39m

1. Normalised for acquisition costs A\$4.1m, one off WIP adjustment relating to the acquisition of Fentons A\$7.4m and an onerous lease provision for existing Manchester premises A\$6.1m. Refer Appendix 5.

# FY14 – FINANCIAL RESULTS

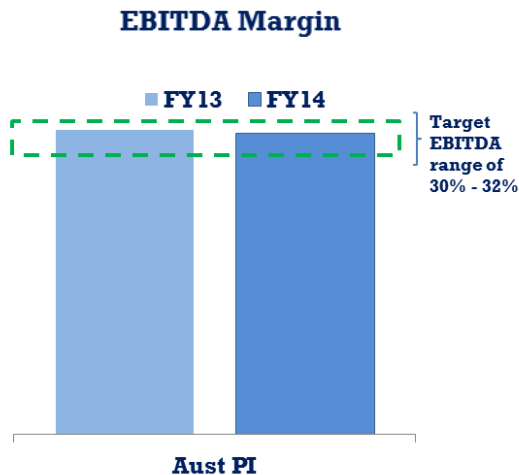
	FY14 A\$M	FY13 A\$M	A\$M CHANGE	% CHANGE
<b>REVENUE<sup>1</sup></b>	418.5	298.0	120.5	40.4%
<b>EBITDA (NORMALISED)<sup>2</sup></b>	100.8	72.9	27.9	38.3%
<b>EBITDA MARGIN (NORMALISED)<sup>2</sup></b>	24.6%	24.6%	-	-
<b>NPAT</b>	61.1	41.5	19.6	47.2%
<b>OPERATING CASH FLOW % NPAT</b>	89.7%	78.0%	-	-
	CENTS	CENTS	CENTS CHANGE	% CHANGE
<b>BASIC EPS</b>	30.3	23.9	6.4	26.8%
<b>DILUTED EPS</b>	29.8	23.3	6.5	27.9%
<b>FULL YEAR DIVIDEND</b>	8.0	6.6	1.4	21.2%

1. Includes one off WIP adjustment relating to the acquisition of Fentons.
2. Refer Appendix 5.

# AUSTRALIAN OPERATIONS

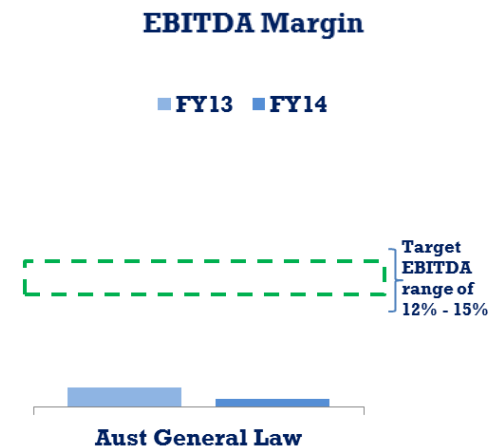
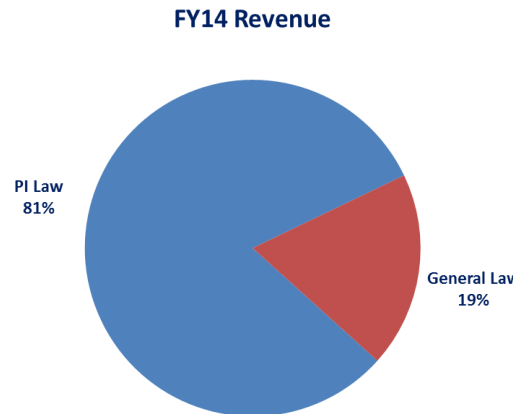
## Personal Injury Law

- Core PIL business remains strong
- Strong performance in Victoria and NSW
- Underperformance in Queensland
- Continued opportunities for acquisitions



## General Law

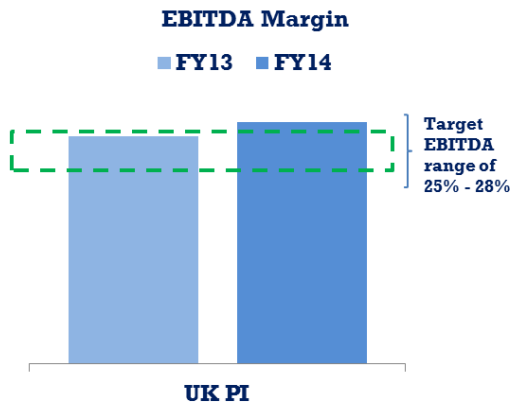
- Further investment required to build scale
- Good progress in Family Law & Conveyancing
- Class Action pipeline replenished
- Targeted specialised litigation practices clearly defined with good growth opportunities



# UK OPERATIONS

## Personal Injury Law

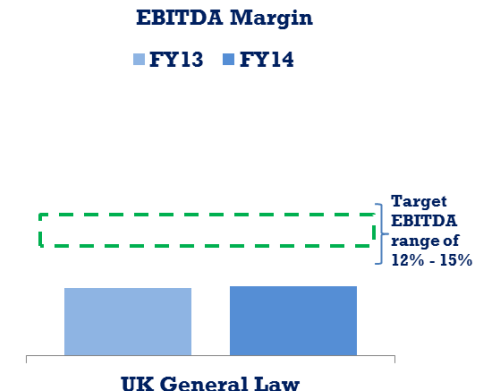
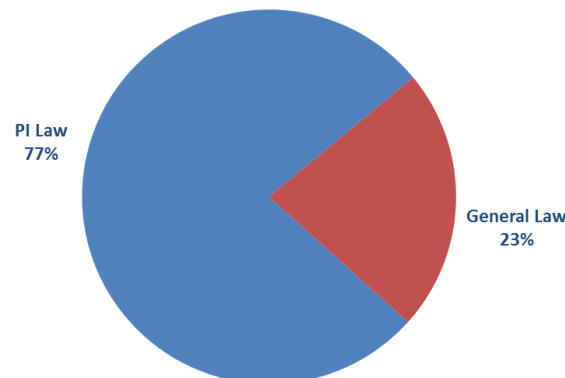
- Core S&G business and acquired businesses delivered FY14 targets
- Strong performance from Fentons
- Regulatory environment stabilising and providing opportunity to accelerate consolidation
- Priority is to increase proportion of Multi Track/Serious Injury work



## General Law

- Strong opportunities to scale up smaller practices and optimise profitability levels
- Opportunities to broaden range and depth of competence across major regional centres
- Acquisition opportunities available

FY14 Revenue



# UK INTEGRATION UPDATE

## Integration well progressed

- Transitioning acquired brands to S&G



- New Practice Management System implementation – October 2014/March 2015
- Manchester property consolidation March 2015

## Marketing & Business Development activity delivering results

- Steady growth in S&G call volumes and case intake
- Web traffic and Google search data trending upwards
- Substantial increase in earned media for S&G



# ACQUISITIONS

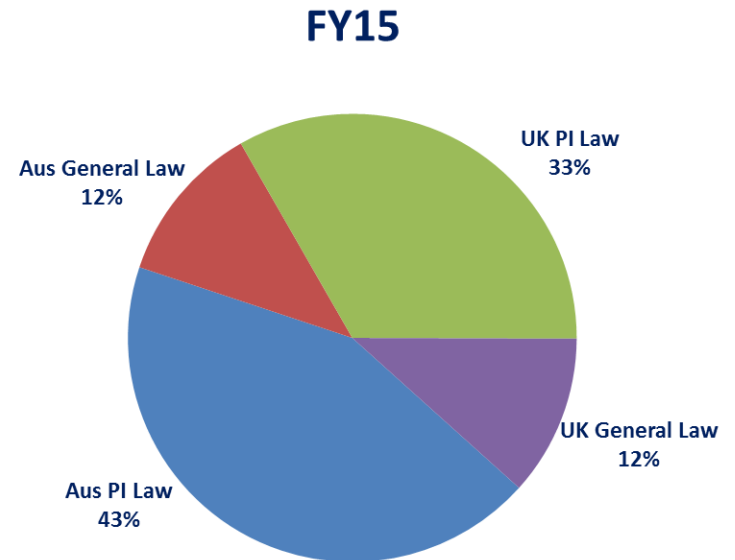
	AUSTRALIA	UK
<b>STRATEGIC FOCUS</b>	Strengthen and protect core markets and accelerate practice area diversification	Fill geographic gaps or under-weight pockets in terms of specialist practice groups
<b>PIPELINE</b>	Nowicki Carbone <sup>1</sup> – Victoria. Revenue A\$26m Schultz Toomey O’ Brien <sup>2</sup> – Queensland. Revenue A\$13m	Strong with good prospects of further acquisitions being completed in FY15.
<b>OPERATIONAL CAPABILITY &amp; CAPACITY</b>	M&A Co-ordination and integration teams now in place in Australia & UK Well tested and disciplined due diligence, transaction structure and integration methodology	
<b>FUNDING</b>	On average acquisitions delivered within pricing range of 3.5 – 4.5 x EBITDA multiple, with consideration comprised of cash paid on completion, the issue of ordinary S&G shares, deferred consideration subject to conditions being achieved and deferred consideration. Acquisitions to be funded from existing debt facility and the issue of equity to vendors Net Bank Debt/Equity ratio target range of 30% – 40% post acquisitions	

1. Subject to completion of formal due diligence.
2. Formal due diligence substantially completed. Subject to formal transaction documentation being agreed and executed.



# OUTLOOK FOR FY15

- Group revenue target of A\$500m<sup>1, 2</sup>
- EBITDA margin of 23% – 24%
- Cash flow from Operations as a % of NPAT >70%



1. Includes contribution of A\$25.6 m from acquisitions announced and to be completed in FY15, subject to final due diligence and formal documentation execution.  
 2. Assumes GBP:AUD exchange rate of £0.54.

# APPENDIX 1: FY14 FINANCIAL RESULTS

	<b>FY14 A\$M</b>	<b>FY13 A\$M</b>	<b>A\$M CHANGE</b>	<b>% CHANGE</b>
<b>REVENUE</b>	418.5	298.0	120.5	40.4%
<b>EBITDA (NORMALISED)<sup>1</sup></b>	100.8	72.9	27.9	38.3%
<b>EBITDA MARGIN (NORMALISED)<sup>1</sup></b>	24.6%	24.6%	–	–
<b>EBIT (NORMALISED)<sup>1</sup></b>	93.8	67.9	25.9	38.1%
<b>EBIT MARGIN (NORMALISED)<sup>1</sup></b>	22.9%	22.9%	–	–
<b>NPAT</b>	61.1	41.5	19.6	47.2%
	<b>CENTS</b>	<b>CENTS</b>	<b>CENTS CHANGE</b>	<b>% CHANGE</b>
<b>BASIC EPS</b>	30.3	23.9	6.4	26.8%
<b>BASIC EPS (NORMALISED)<sup>1</sup></b>	31.3	24.1	7.2	29.9%
<b>DILUTED EPS (NORMALISED)<sup>1</sup></b>	30.8	23.4	7.4	31.6%
<b>FULL YEAR DIVIDEND</b>	8.0	6.6	1.4	21.2%

1. Refer Appendix 5.

# APPENDIX 2: FY14 RESULTS (AUS & UK)

	AUST A\$M	UK A\$M <sup>2</sup>	FY14 A\$M	FY13 A\$M	\$M CHANGE	% CHANGE
<b>REVENUE</b>	236.0	182.5	418.5	298.0	120.5	40.4%
<b>EBITDA (NORMALISED)<sup>1</sup></b>	57.3	43.5	100.8	72.9	27.9	38.3%
<b>EBITDA MARGIN (NORMALISED)<sup>1</sup></b>	24.4%	24.9%	24.6%	24.6%	–	–
<b>EBIT (NORMALISED)<sup>1</sup></b>	53.8	40.0	93.8	67.9	25.9	38.1%
<b>EBIT MARGIN (NORMALISED)<sup>1</sup></b>	22.9%	22.9%	22.9%	22.9%	–	–
<b>NPAT</b>	33.7	27.4	61.1	41.5	19.6	47.2%
<b>NPAT MARGIN</b>	14.3%	15.0%	14.6%	13.9%	–	0.7%
			CENTS	CENTS	CENTS CHANGE	% CHANGE
<b>BASIC EPS</b>			30.3	23.9	6.4	26.8%
<b>DILUTED EPS</b>			29.8	23.3	6.5	27.9%
<b>FULLY FRANKED DIVIDEND</b>			8.0	6.6	1.4	21.2%

1. Refer Appendix 5.

2. Actual average exchange rate for FY14 of £0.5649.

# APPENDIX 3: BALANCE SHEET

## BALANCE SHEET (GROUP)

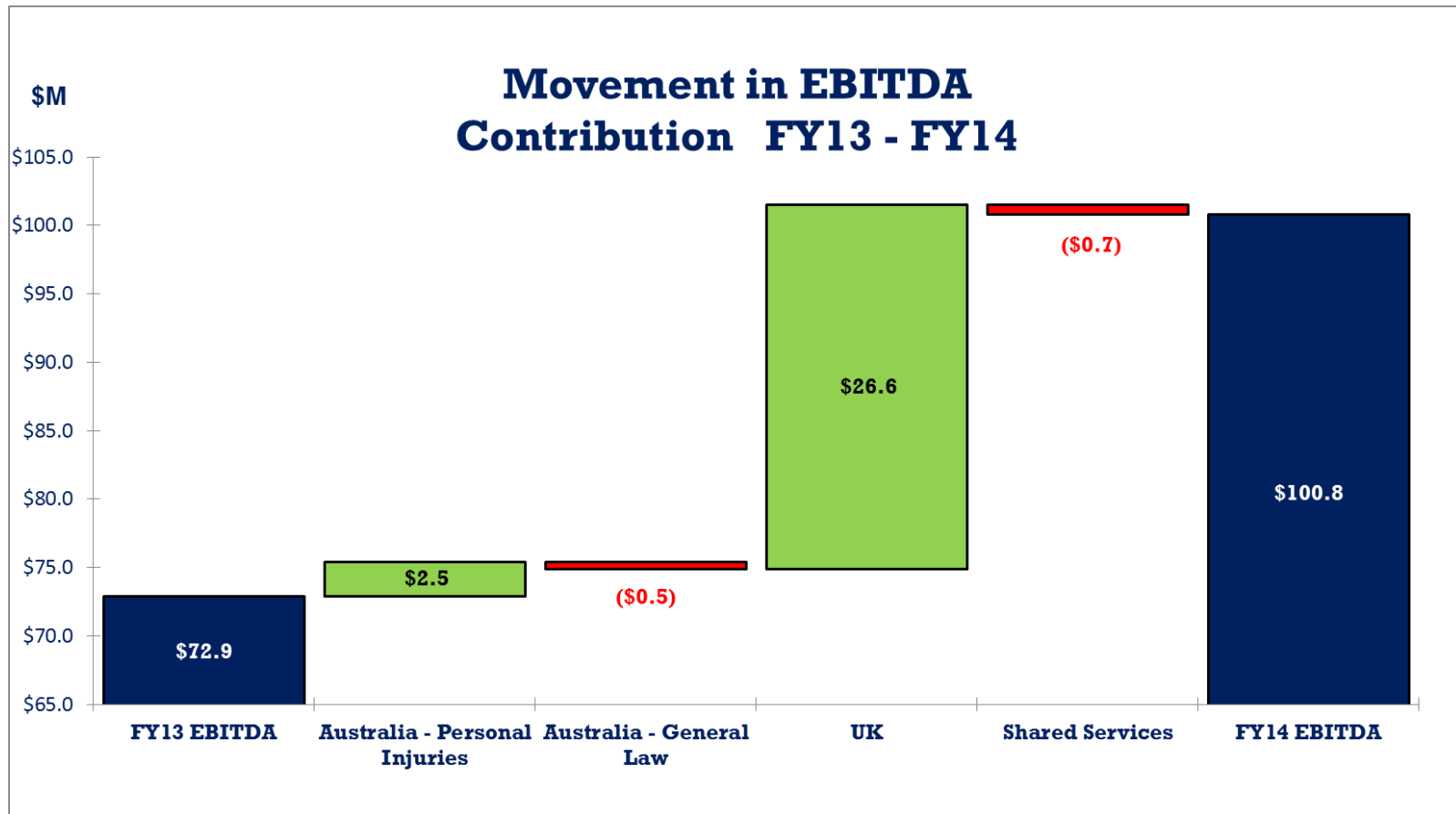
	<b>FY14</b>	<b>FY13</b>
<b>DEBTOR DAYS<sup>1</sup></b>	92	101
<b>PAID DISBURSEMENT DAYS<sup>1</sup></b>	43	54
<b>WIP DAYS (AUSTRALIA)<sup>2</sup></b>	441	412
<b>WIP DAYS (UK)<sup>2</sup></b>	304	232
<b>NET BANK DEBT/EQUITY</b>	23.9%	9.2%
<b>INTEREST COVER (TIMES)<sup>3</sup></b>	17.0	11.0
<b>RETURN ON EQUITY</b>	15.2%	12.1%

1. Based on net fees.

2. Based on total revenue.

3. Interest cover excludes notional interest on deferred consideration.

# APPENDIX 4: EBITDA BRIDGE

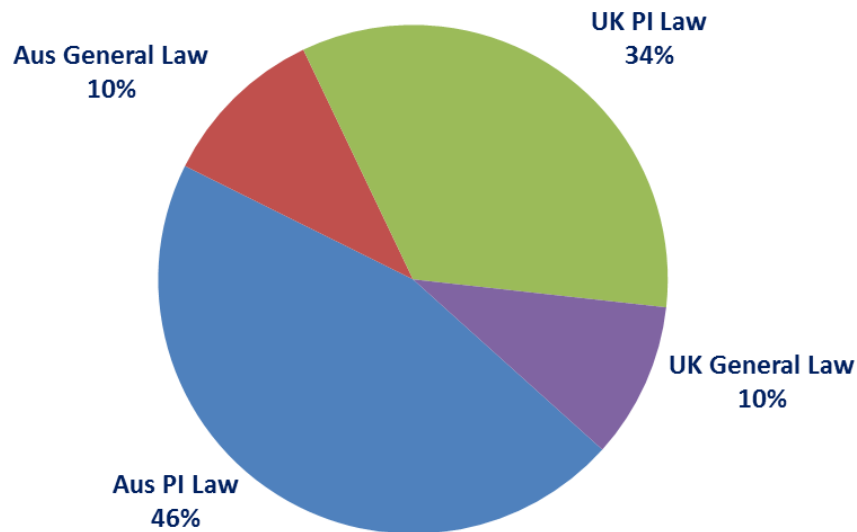


# APPENDIX 5: NORMALISED ITEMS

	<b>GROUP A\$M</b>	<b>%CHANGE FY14-FY13</b>
<b>REVENUE</b>	418.5	40.4%
<b>WIP ADJUSTMENT (FENTONS ACQUISITION)</b>	(7.4)	–
<b>REVENUE (NORMALISED)</b>	411.1	38.0%
<b>EXPENSES</b>	(334.0)	41.2%
<b>RENT/ADMIN EXPENSES</b>	6.1	–
<b>ACQUISITION COSTS</b>	4.1	–
<b>EXPENSES (NORMALISED)</b>	(323.8)	36.9%

# APPENDIX 6: FY14 & FY15 REVENUE

## FY14



## FY15

