

# Slater & Gordon Limited

ABN 93 097 297 400

**Presentation to Lodge Partners Conference**

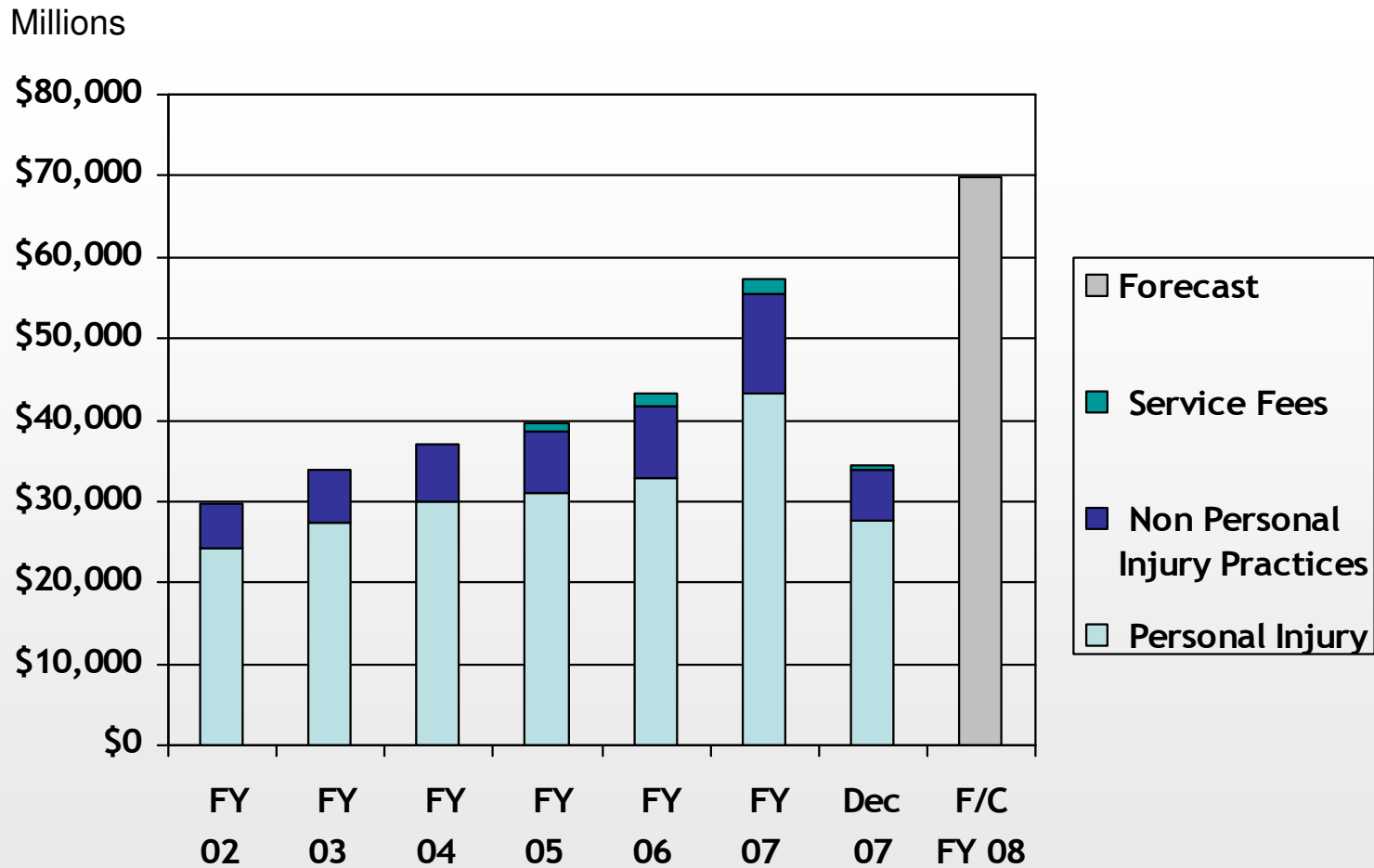
**9 April 2008**

**Andrew Grech – Managing Director**

- 70 year history - Listed 21 May 2007
- Over 500 staff in 26 locations
- Strong brand awareness - all states, territories and regions
- Scalable systems & processes
- Track record of delivering profitable growth
  - Organic and M&A

## Growth in Core Net Fee Revenue

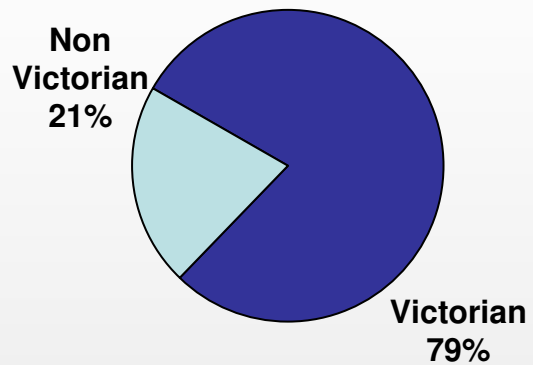
*Reputation & Results™*



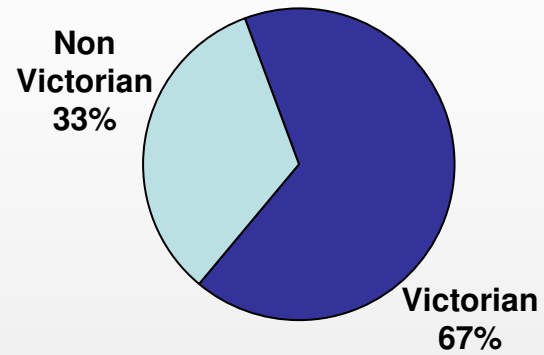
## Geographic Growth

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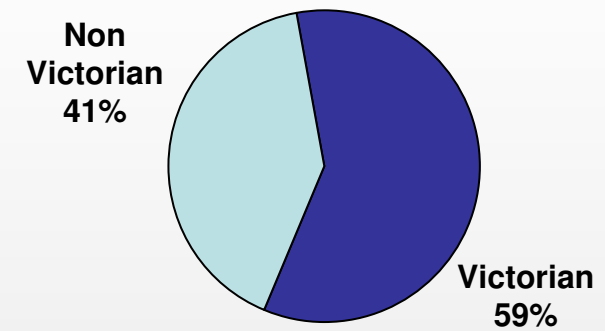
**FY 2002 Core Net Fee Revenue\***



**FY 2007 Core Net Fee Revenue\***



**HY 2008 Core Net Fee Revenue\***



\*Excludes Service Fee

## Financial highlights - first half FY08

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Total Income	↑	25.2% to \$37.4 million
Core Net Fees	↑	26.1% to \$33.8 million
EBIT	↑	44.7% to \$9.9 million
NPAT	↑	56.1% to \$6.9 million

Fully franked Dividend 2.0c per Share

	Dec 2007	Dec 2006
Core Business EBIT to Net Fee Revenue	27.8%	24.6%
EBIT to Net Fee Revenue	28.4%	24.9%
Basic Earnings per Share (cents)	7.2	7.9
Diluted Earnings per Share (cents)	6.4	6.3

## Balance Sheet

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	Dec 07	Jun 07
<b>Assets</b>		
<b>Cash Assets</b>	1,118	5,190
<b>Receivables</b>	39,204	35,496
<b>WIP</b>	77,262	67,702
<b>Other Assets</b>	23,052	14,350
<b>Total Assets</b>	140,636	122,738
<b>Liabilities</b>		
<b>Legal Creditors</b>	10,149	9,671
<b>Other Payables</b>	18,347	12,918
<b>Deferred Tax Liabilities</b>	25,866	22,803
<b>Borrowings</b>	10,844	9,797
<b>Total Liabilities</b>	65,206	55,189
<b>Net Assets</b>	75,430	67,549

## Our business

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1. Around 75% personal injury (PI) work. *Mostly No Win No Fee*
  - ▶ 7 areas of practice including asbestos, motor vehicle accident and workers compensation litigation
  - ▶ Payment at the end of the matter if successful
  - ▶ High success rate for clients - well over 90%
  - ▶ Settlements can take from 1 - 4 years depending on the jurisdiction, practice area and the matter type
  - ▶ Fees on work to date (adjusted for risk) recorded as Work in Progress until invoiced to client or third party payer
  - ▶ 92% of 06/07 balance Sheet WIP is related to PI matters - recovery history stable therefore very predictable in our hands
  
2. Most of the balance of work is either fixed price or fee for service
  - ▶ Practice areas include commercial litigation, commercial advisory, family law, industrial law and estate litigation

### 3. Project Litigation

- ▶ Funded work run out of commercial litigation practice
- ▶ Unfunded work a small percentage of total cost base
- ▶ WIP held at cost base only - project litigation WIP less than 1% of total WIP at 30 June 07
- ▶ VIOXX class action progressing - recent US settlement of similar claims
  - Expect to go to Court in 2008
- ▶ 3-4 new projects under consideration - currently going through due diligence
  - Includes Opes Prime



## Choosing a lawyer

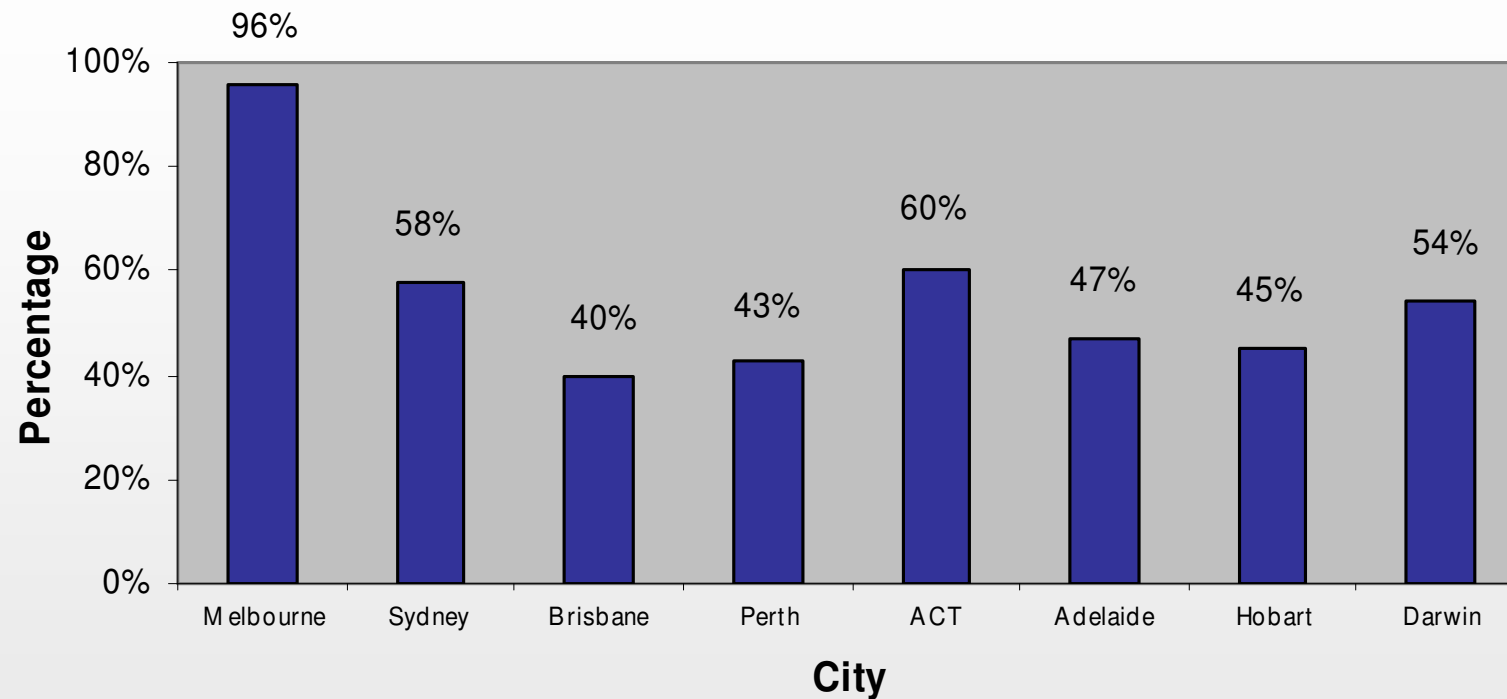
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1. Perception of special expertise in the area of the law
  - ▶ Slater & Gordon awareness highest in most markets, second in others
2. Recommendation from a trusted source
  - ▶ 82% of past S&G clients would recommend to friends, 42% have done so
  - ▶ Strong rate of referrals from unions, other lawyers, other professionals
3. Location - convenience
  - ▶ 26 locations and growing rapidly. Recent new offices in Bunbury (WA), Nowra, Coffs Harbour and Gosford (NSW), Southport (Qld) and new office soon to open in Sunshine (Vic)

## The Slater & Gordon brand

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### Brand awareness by city (and ACT) 2007



Slater & Gordon locations around Australia



## The growth opportunity

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1. Consolidation of the national personal injury markets
  - ▶ Tougher regulations means work becoming more complex, driving it to specialists such as S&G
  - ▶ Generational change - merger represents best opportunity for principals to realise value from their practices
  - ▶ S&G's profile and resources plus ability to offer tradeable shares make S&G partner of choice
  
2. Exploiting the power of the Slater & Gordon brand
  - ▶ Geographical expansion
  - ▶ Spread into broader areas of law e.g. commercial advisory for SME's and estate planning

## Acquisitions - key considerations

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- Geography
- Quality of the business and its people
- Reputation and referral sources
- Cultural fit with Slater & Gordon
- Synergies with existing S&G business
- Value in our hands

## Mergers & acquisitions

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- 11 completed since March 2006
  - 7 NSW, 2 Qld, 1 ACT, 1 WA
  - Mostly personal injury practices but also added to commercial and family law capability through acquisition
- Those completed to date range in size from \$1m to \$5m fees pa
  - Still many attractive candidates of similar size
  - Also opportunities for substantially larger transactions
- All acquisitions to date fully integrated over short time frame. Larger targets could be left more standalone for medium term
- Equity a key component in transactions
- Deferred consideration linked to post completion performance

## 2008 Financial Year - Outlook

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- On track to comfortably exceed prospectus forecast
  - Full year revenue effect of all announced acquisitions estimated at \$7 million
  - No acquisitions assumed in prospectus forecast of \$65.4 million revenue for FY08
  - Now expect \$73.5 million plus for full year
- Increased H1 EBIT margin of 26.7% unlikely to be maintained during high growth phase
  - Full year margin projected to be in line with the prospectus forecast of 24.2%
  - Margins of 25%+ proven in more mature S&G markets. Still building to that in emerging markets of NSW and Queensland
- Further acquisition opportunities to be pursued
- Resources to continue to be applied to brand marketing and to systems and processes to support growth

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## Questions?