



---

# Slater & Gordon

## Leaders in Consumer Law

---

Macquarie Australia Conference 3 May 2013

**Andrew Grech**  
Managing Director

Not a problem. ▶

**Slater &  
Gordon**  
*Lawyers*



# Disclaimer

This document has been prepared by Slater & Gordon Limited (**S&G**) and comprises written materials/slides for a presentation concerning S&G.

This presentation is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by S&G that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, S&G and its respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, S&G disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of S&G since the date of this presentation.

Leading consumer law firm with core competency in building brands.



Operations spanning Australia (1,200 staff, 70 offices) & UK (480 staff, 10 offices).



80% of Australian revenue and 50% of UK revenue generated from plaintiff personal injury claims (PI).

Leveraging brand strength and national network into other high growth consumer legal services (2-3x PI Market).



Group and Class Action litigation contribute to brand strength.

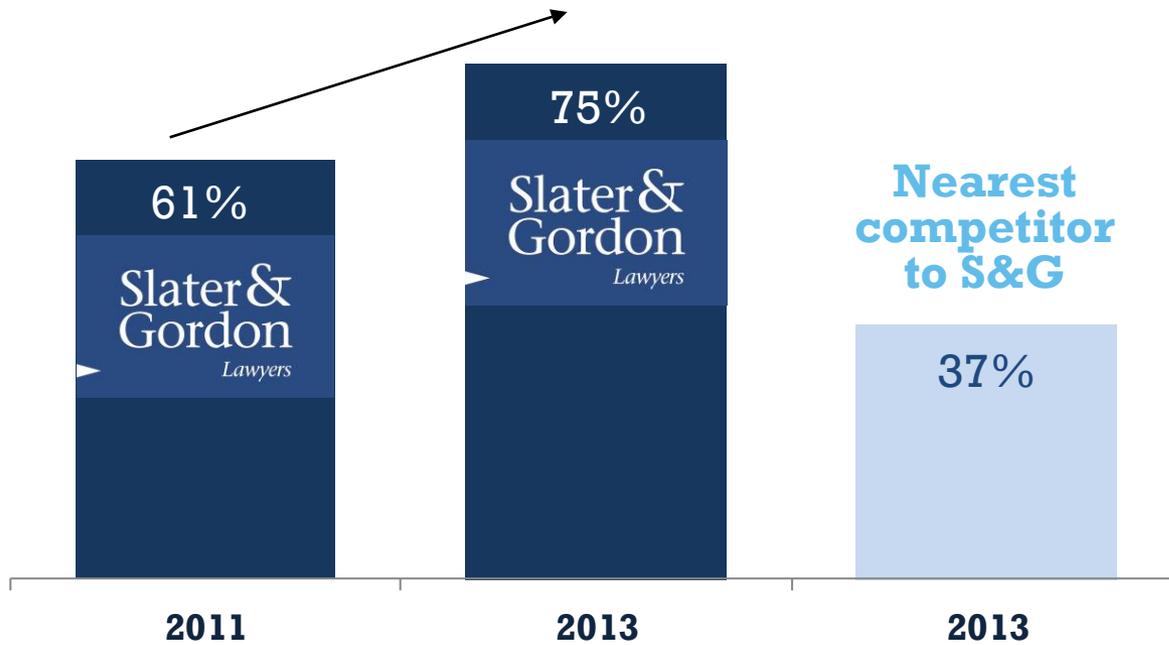


Expanded into the UK market in April 2012. Prime position in much larger (4-5x Aus.) market, creating a new growth platform.

# Australia's Best Known Law Firm

Slater & Gordon  
Lawyers

National Brand awareness survey<sup>#</sup>

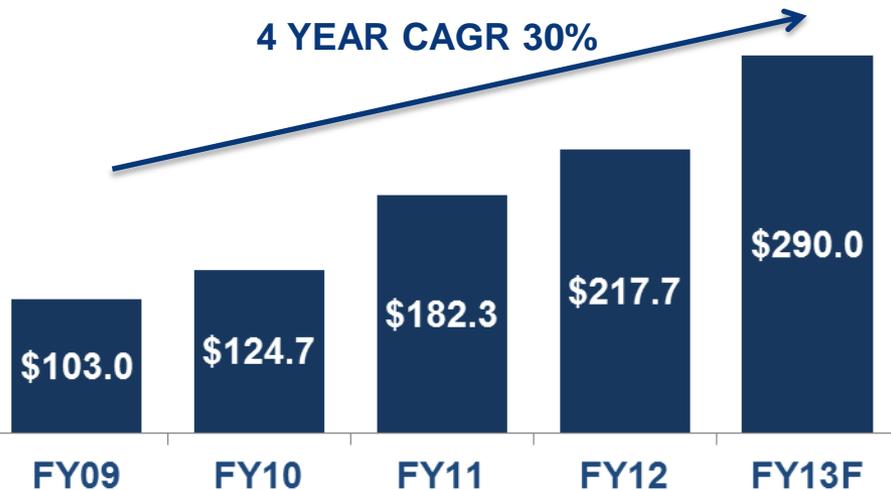


<sup>#</sup> Brand awareness study undertaken November 2011 and January 2013 by TNS

# Growth strategy is delivering results

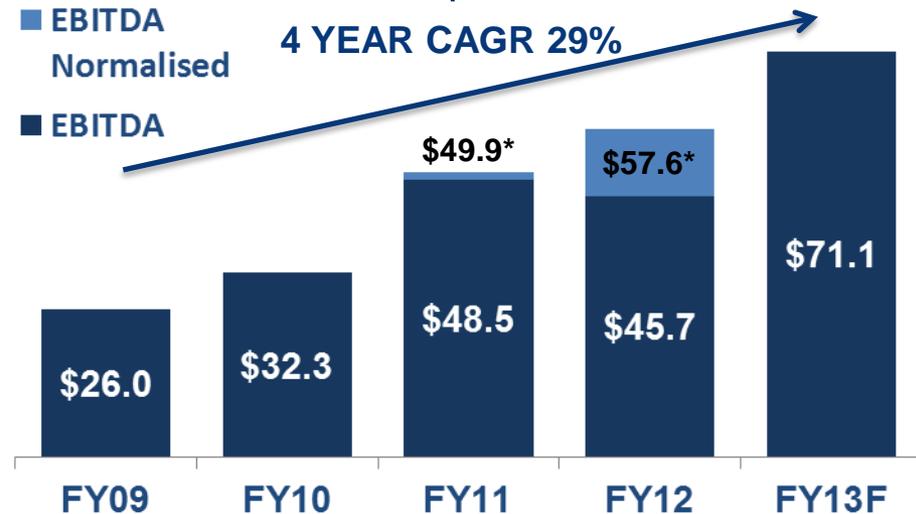
## REVENUE A\$m

4 YEAR CAGR 30%



## EBITDA\* A\$m

4 YEAR CAGR 29%



Note: FY13 forecast based on market guidance revenue of A\$290m and EBITDA margin of 24-25%

\* EBITDA CAGR has been normalised for acquisition costs in each year and Vioxx (FY12)

## “Continued strong organic growth”

### Overview

- Motor Vehicle Accidents, Workers Compensation, Civil Liability
- Majority cases → No Win-No Fee
- 95% success rate for clients
- Legislative risk is mitigated by geographic and practice area diversification

### Strategy

- Incremental gains in market share and improvement in productivity
- Organic rather than acquisitive growth – c.5-7% revenue growth per annum
- Provide internal funding for growth in non PI areas

### Target

- Target market share 25-30% by 2015
- Target revenue A\$200m by 2015

## “Substantial potential”

### Overview

- Family Law, Conveyancing, Wills & Estate Planning
- Significant and profitable sector in the consumer legal services market
- Attainable market 2-3 x Aus. PI market
- Predominantly fixed fee services
- S&G under represented – highly fragmented market

### Strategy

- Grow market share and scale
- Leverage brand via cross referrals from Personal Injury clients and member based organisations
- Limited capital funding required to support growth

### Target

- Target market share 3% by 2015 current c.1%
- Target revenue A\$35m by 2015

# Business & Specialised Litigation

## “Key brand builder”

### Overview

- Commercial litigation, Class Actions, Estate litigation and professional negligence litigation
- Contribute to building S&G brand
- Continuing to build capacity but using 3<sup>rd</sup> party litigation funders

### Strategy

- Building new practice areas – employment law and criminal defence
- Undertake targeted class action litigation alongside deeper pipeline of specialised litigation work

### Target

- Target revenue A\$30m in 2015

## “Exciting future growth platform”

### Overview

- Integration of ‘Russell Jones & Walker’ complete and performing in line with expectations. Rebranding to Slater & Gordon completed
- Secured excellent future growth platform
- UK attainable market 4-5 x Australian Market
- Fragmented: 13,000 law firms, no dominant direct to consumer law firm brand
- Legislative change “Jackson Reforms” – will accelerate consolidation

### Implications of Jackson reforms

Jackson reforms implemented April 2013

Significant impact upon Claims Management Companies (CMCs) and law firms that acquire clients via CMCs

Coupled with new Alternative Business Structure (ABS) environment is driving consolidation of the consumer legal services market

## Strategy

- **Aim to replicate S&G Australian business model in the UK**
- **Build direct to consumer brand as law firm of choice for everyday people**
- **Accelerate organic growth by investment in marketing and business development activity**
- **Strategic acquired growth:**
  - **Geographic expansion**
  - **Practice area diversification**
  - **Build management, process & systems competencies**

- **Continued strong financial performance since listing**
- **Stable and experienced management team in Australia & UK with core competencies in: strategic acquisitions, brand development and process and systems engineering**
- **Australian Personal Injury group delivers predictable revenue and earnings growth**
- **Ongoing diversification into other high growth consumer legal services**
- **UK business provides excellent future growth platform**

# Appendix 1: Corporate Snapshot

## Slater & Gordon Limited

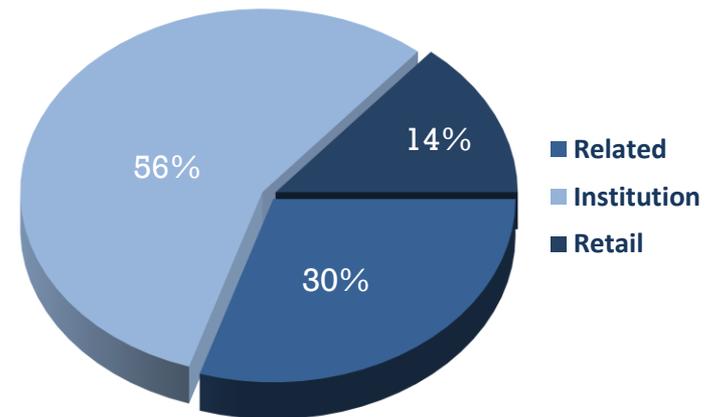
ASX Code	SGH
Net Debt (Dec' 12)	\$108.0m
Employees	1,600+
Shares on issue	171.0m
Market Capitalisation	\$453m*
Enterprise Value	\$561m*

\* Based upon share price of \$2.65 as at 29 April 2013

### Share Price Performance

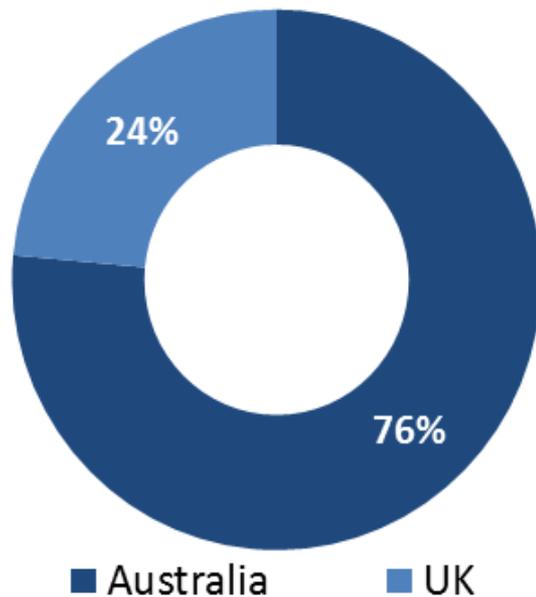


### Shareholder Profile

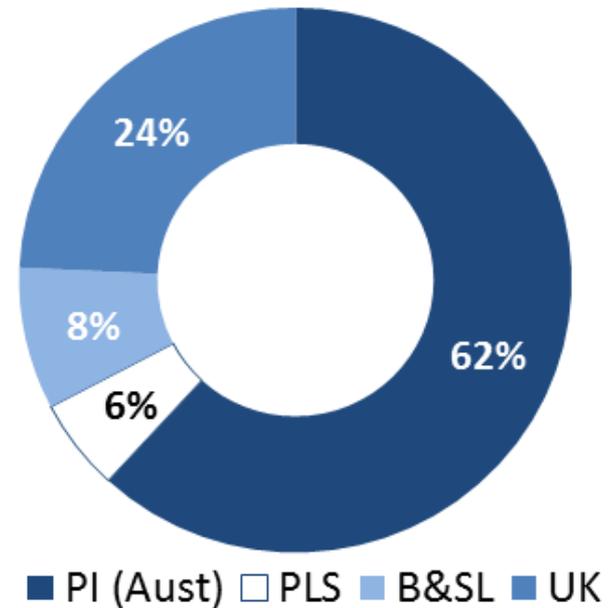


# Appendix 2: Revenue Split

### Pro-forma Revenue by Geography

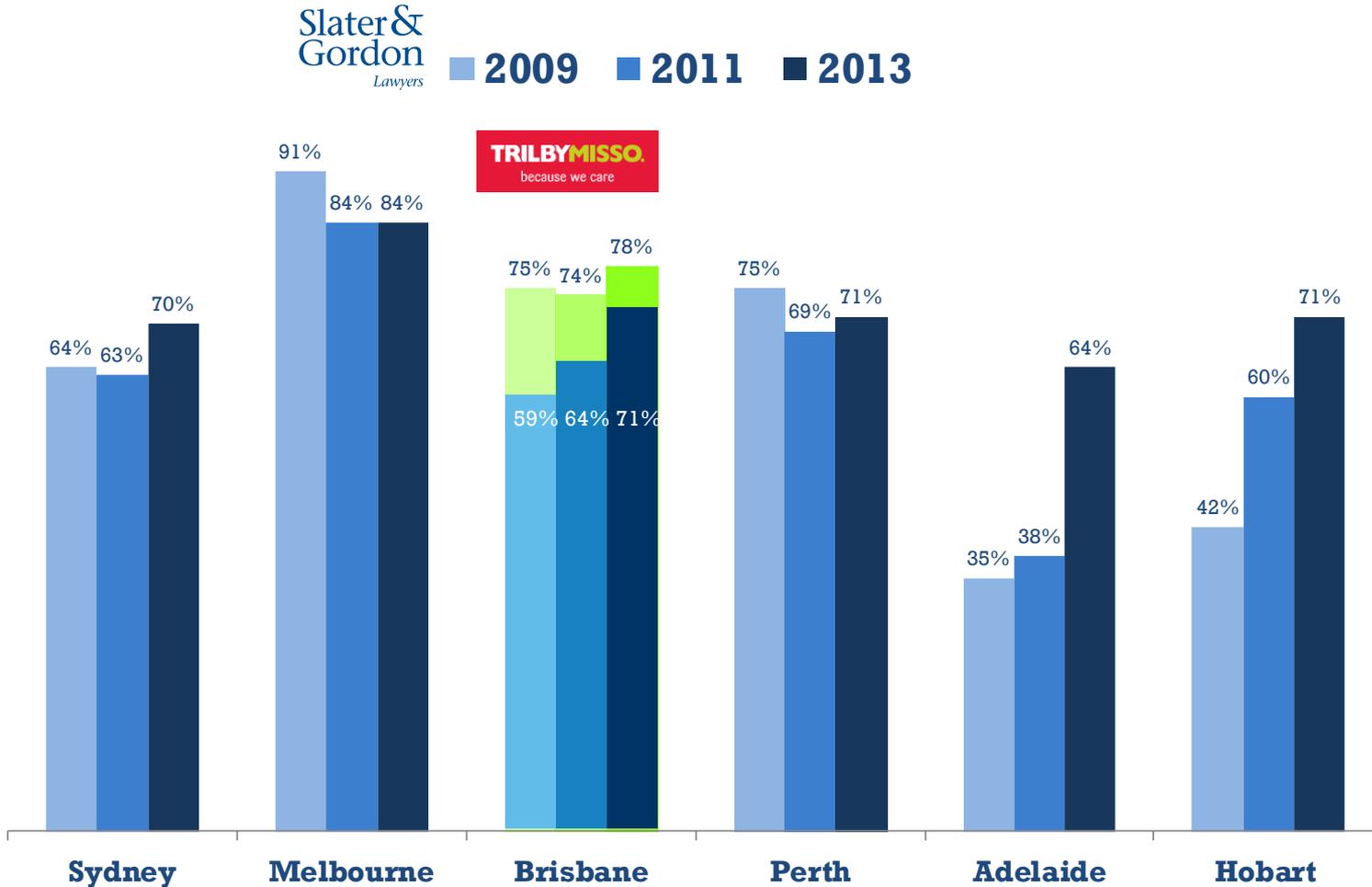


### Pro-forma Revenue by Business Unit



# Appendix 3: Australia's Leading Consumer Law Firm

## Brand awareness survey #



\* Brand awareness study undertaken in 2009, 2011 and 2013 by TNS

# Appendix 4: Continued Diversification and Growth

Opportunity for growth in all markets

Practice Group	Personal Injuries (Aust)	Personal Legal Services	Business & Specialised Litigation	United Kingdom
<b>Market Size*</b>	A\$550-700m	A\$1,100 – 1,300m	Not known	A\$9,500m +
<b>Current S&amp;G Market Share</b>	c.25%	c.1%	-	<1%
<b>2015 Target Market Share</b>	25-30%	3%	-	c.1%
<b>2015 Target Revenue</b>	A\$200m	A\$35m	A\$30m	A\$100m

\* S&G estimate based upon ABS data and internal research

# Appendix 5: Benchmarking Slater & Gordon

	FY10	FY11	FY12	CAGR	ASX Small Ords Industrials <sup>(3)</sup>
Revenue Growth	21%	46%	19%	<b>20%</b>	8.8%
Earnings Growth	24%	54%	15%	<b>21%</b>	11.6%
NPAT Growth	16%	41%	20%	<b>19%</b>	11.7%
Return on Equity	14%	14%	13%	<b>14%<sup>1</sup></b>	5.7%
Dividend Growth	18%	10%	9%	<b>6%</b>	10.9%
EV / EBIT	6.7x	8.4x	7.9x	<b>8.2x<sup>2</sup></b>	11.3x
EPS Growth	13%	6%	14%	<b>7%</b>	6.2%

1. Simple average of 3 years

2. Current EV / EBIT based upon share price of \$2.65 as at 29 April 2013 , 31 December 2012 net debt and analyst consensus FY13 EBIT

3. Source: FactSet. Median average used.