



Slater &
Gordon

Lawyers

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**Andrew Grech - Managing Director
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FY10 Results Presentation

Disclaimer

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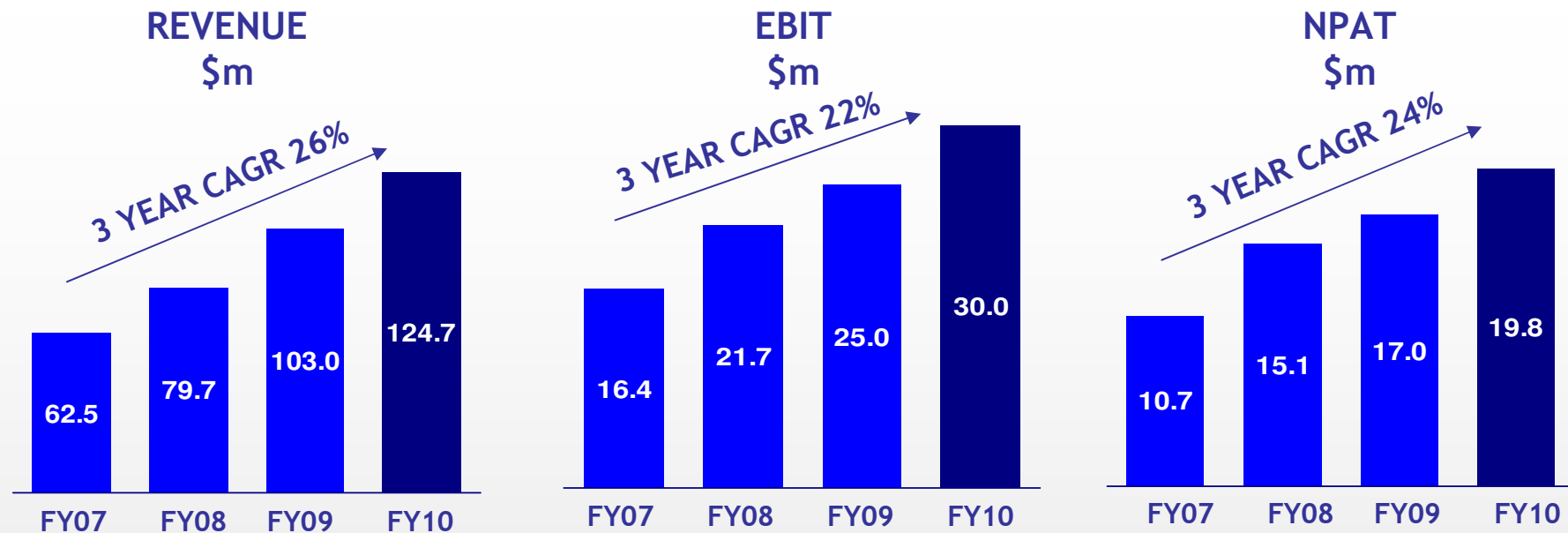
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Delivering on our Strategy

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- ▶ Slater & Gordon is the leading consumer law firm in Australia
- ▶ Well defined growth strategy - accelerated organic growth and acquisitions
- ▶ Closing the gap between revenue and NPAT growth

FY10 Financial Highlights

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- ▶ **Strong financial performance**
 - Revenue ↑ 21.1% to \$124.7 million
 - EBIT ↑ 19.9% to \$30.0 million
 - NPAT ↑ 16.1% to \$19.8 million
 - EPS ↑ 12.6% to 17.9 cents per share

- ▶ **Strong Balance Sheet**
 - Normalised net debt \$29.4 million*
 - Normalised gearing 17.5%* down from 26.8%
 - Capacity to fund future growth

- ▶ **Significant improvement in operating cash flow**
 - \$24.7m or 125% of NPAT
 - Commenced external disbursement funding

- ▶ **Full year dividend of 5.0 cents (fully franked) up 17.6% from 4.25 cents**

FY10 Operating Highlights

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- ▶ **Continued strong organic fee growth in excess of 12%**
 - 4 new greenfield offices opened

- ▶ **Proven acquisition capability**
 - Completed 5 acquisitions contributing annualised revenue of \$12 million
 - Expanded geographic reach with 6 new sites acquired
 - Announced major acquisition of Trilby Misso in June 2010 for \$57 million
 - Strong pipeline of opportunities exist to expand national footprint

- ▶ **Continued expansion and diversification of practice groups**

- ▶ **Strong growth in Project Litigation and excellent outcomes for clients**
 - Storm Financial - reached innovative Resolution Scheme agreement with the CBA on behalf of 2,000 Storm clients
 - Vioxx - judgement in favour in class action claim in March 2010
 - Regulatory roadblock for litigation funding now removed

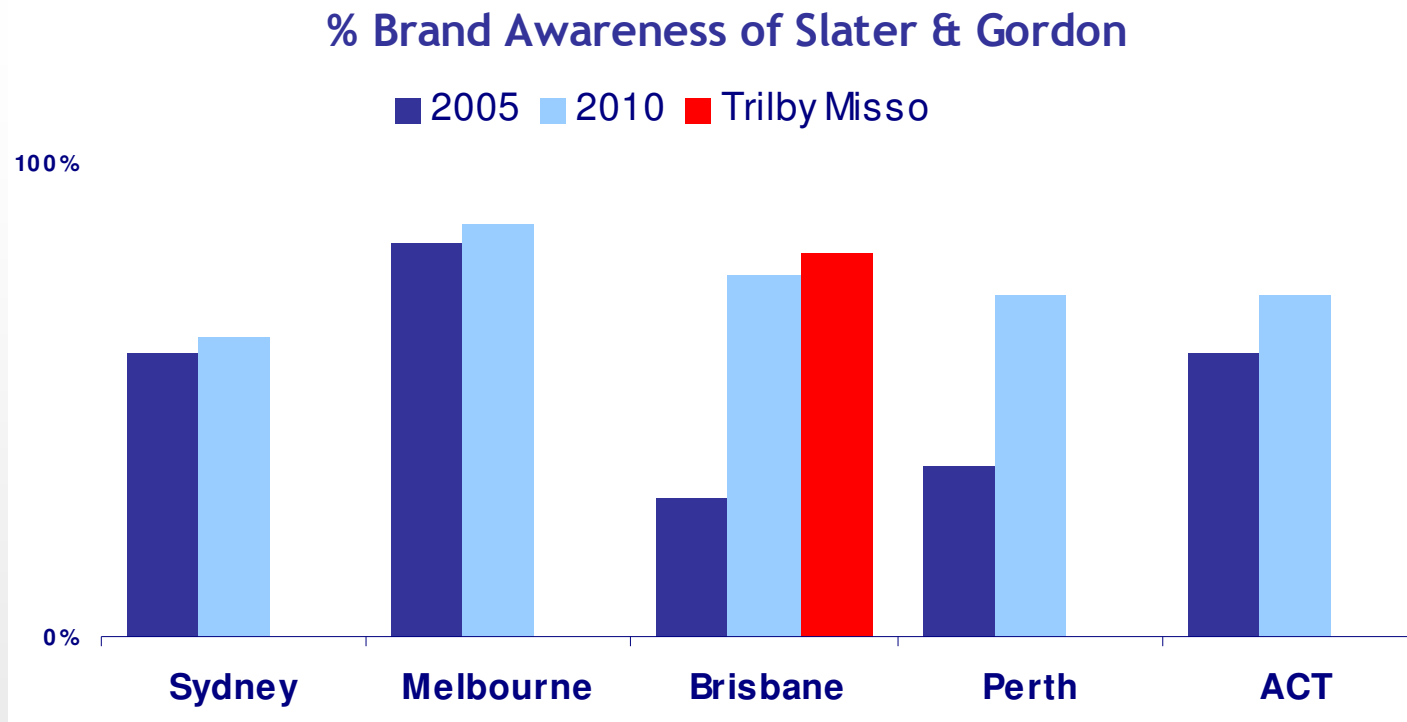
“Think about Slater & Gordon like a retailer with slow turning inventory”

Wilson HTM Research Report
June 2010

.....without product obsolescence

Strong Brand Awareness

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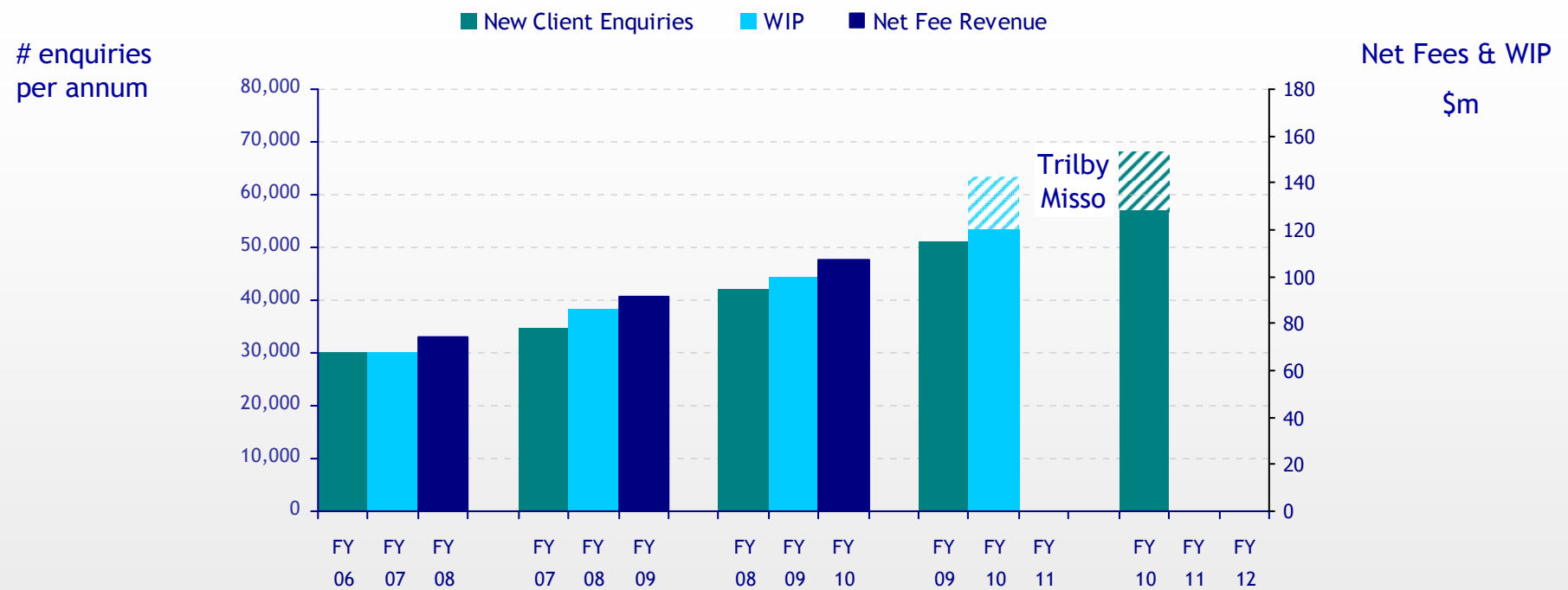


- ▶ Strong brand awareness built by quality reputation and targeted advertising

Strong Visibility on Future Performance

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Relationship of Enquiries to WIP to Fees



- ▶ Continued strong correlation between new client enquiries, WIP and net fee revenue

Strong position in a highly fragmented market

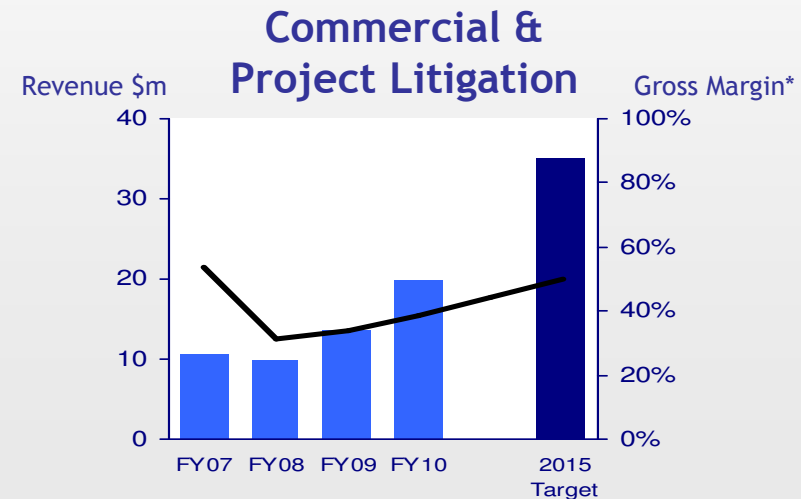
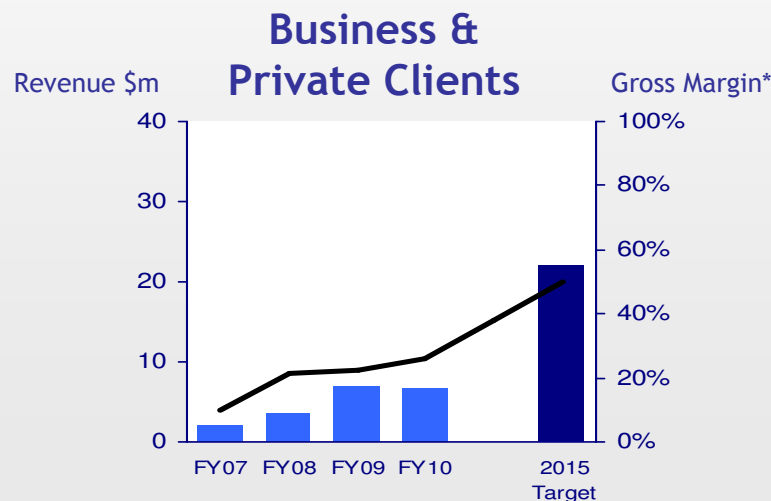
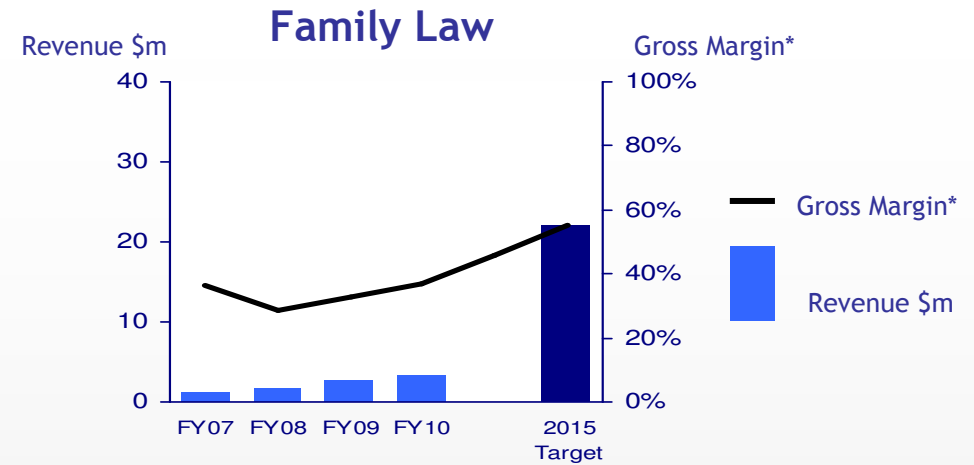
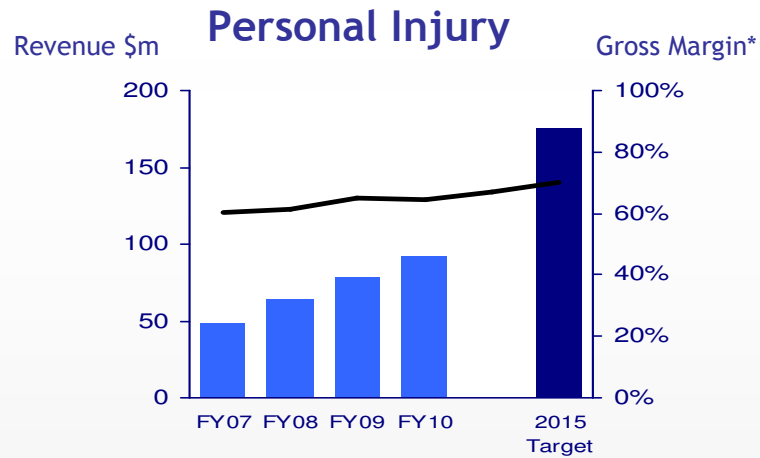
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Practice Group	Personal Injury	Family Law	Business & Private Clients	Commercial & Project Litigation
Market Size	\$550-700m	\$400-500m	\$700-750m	Not known
Current S&G Market Share	15-20%	~1%	~1%	-
2015 Target Market Share	25-30%	5%	3%	-
2015 Target Revenue	\$175m	\$25m	\$22m	\$35m

- ▶ Post 2015 continued incremental growth remains achievable in Personal Injury
- ▶ Well positioned to participate in the consolidation of the non Personal Injury consumer legal services market

Building a Sustainable & Competitive Advantage

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Project Litigation Pipeline

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Matter	Start	Comment	Expected Completion
Self Funded			
Vioxx	FY04	<ul style="list-style-type: none"> Judgment in favour of plaintiff Appealed by defendant 	FY11-FY12
Brookland Greens	FY09	<ul style="list-style-type: none"> Mediation continuing 	FY11-FY12
Fincorp	FY09	<ul style="list-style-type: none"> Preliminary Mediation in September 	FY11-FY12
Storm Financial (BOQ cases)	FY10	<ul style="list-style-type: none"> Test cases proceeding through interlocutory court procedures 	FY11-FY12
Others matters (13)		<ul style="list-style-type: none"> Various stages of completion 	FY11-FY12
Others matters (7)		<ul style="list-style-type: none"> Various stages of assessment / completion 	FY12 +
Self funded Projects Discounted WIP			\$7.9 million
Self funded Projects Paid Disbursements			\$4.6 million

Third Party Funded (15 matters)

CBA Storm Financial		<ul style="list-style-type: none"> Most SG clients' claims resolved / Most billings in FY10 	FY11 1H
Centro		<ul style="list-style-type: none"> Awaiting judgment on joinder of Centro Auditor 	FY12 +
GPT		<ul style="list-style-type: none"> Informal discussions proposed / Outcome critical to exp. completion timing 	

- ▶ Acquisition of Trilby Misso effective from 13 August 2010
 - expected to contribute from date of acquisition approx \$30 million in revenue in FY11 with EBIT margin in excess of 30%
 - expected to be in the order of 9% earnings per share accretive in FY11

- ▶ Provides expanded geographic coverage and scale in Queensland
 - combined market share of 20-25% of the personal injury market in Queensland

- ▶ Funded by successful capital raising
 - \$38 million placement to sophisticated and professional investors
 - \$1.4 million through Share Purchase Plan

Strategic Priorities

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- ▶ Continue to consolidate the national market for plaintiff personal injury legal services
- ▶ Deliver the benefits of the Trilby Misso acquisition
- ▶ Strong focus on growing market share in NSW with particular emphasis on Western Sydney
- ▶ Accelerate growth in non personal injury practices and increase profitability

Strong Momentum to Continue

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Outlook for FY11

- ▶ Continued organic revenue growth in excess of 10%
- ▶ Acquisition of additional annualised revenue of \$10-15 million
 - Acquisition of firms with up to \$10 million revenue is a core competency
- ▶ Revenue target of ~\$160 million
- ▶ EBIT margin target of 26%
- ▶ Continued improvement in cash flow management
- ▶ Balance Sheet to remain strong providing capacity for future growth

- ▶ Proven track record of delivering profitable growth
- ▶ Strong and strengthening brand position
- ▶ Positioned for further revenue and margin growth
- ▶ FY 2015 Target
 - Continue to deliver revenue growth of at least 20% per annum
 - Achieve \$250 million revenue base by FY2015



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Profit & Loss

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	FY 2010 \$m	FY 2009 \$m	% change
Total Revenue	124.7	103.0	21.1%
EBITDA	31.5	25.9	21.3%
EBITDA to Revenue	25.5%	25.5%	
EBIT	30.0	25.0	19.9%
EBIT to Revenue ¹	24.3%	24.6%	
NPAT	19.8	17.0	16.1%
EPS (cents)	17.9	15.9	12.7%
Dividend (cents)	5.00	4.25	17.6%

Balance Sheet

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	FY 2010	FY 2009
Debtor Days	97	125
Paid Disbursement Days	85	84
WIP days PI	353 ¹	352
WIP days Non PI	12	16
WIP days (Self Funded Projects)	30	29
Debt/Equity	17.5% ²	26.8%
Interest cover	11.7	17.3
Return on Equity	15.9% ²	16.2%

1 Normalised for acquisition of Adams Leyland - March 2010

2 Normalised for acquisition of Trilby Misso and capital raising

- ▶ Strong focus on improving the cash performance of the business and reducing working capital funding requirements
 - Further improvement in debtor days and paid disbursement days expected in FY11
- ▶ Balance sheet to strengthen further following completion of capital raising

Significant Improvement in Cash Flow

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	FY 2008 \$m	FY 2009 \$m	FY 2010 \$m
NPAT	15.1	17.0	19.8
Cash flow from Operations	11.6	(0.8)	24.7
% Recovery	76.6%	(4.5%)	124.7%

- ▶ Strong improvement in cash recovery in FY10
- ▶ Normalised cash flow approx 75% over the last 2 years
- ▶ Management target 75-80% annualised cash flow from operations as a % of NPAT
- ▶ External disbursement funding expected to improve cash flow in FY11

▶ Disbursement Funding

- \$3 million of external disbursement funding forecast to be diverted to ASK Funding in FY11

▶ Debt Facility

- \$53 million facility with Westpac secured to 2014

▶ Acquisition Funding

- Acquisitions continue to be funded by a blend of:
 - ⇒ cash
 - ⇒ equity
 - ⇒ deferred and conditional consideration
- Existing funding sufficient to enable ongoing acquisitions of annualised revenue of \$10-15 million

Corporate Snapshot

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Slater & Gordon Limited

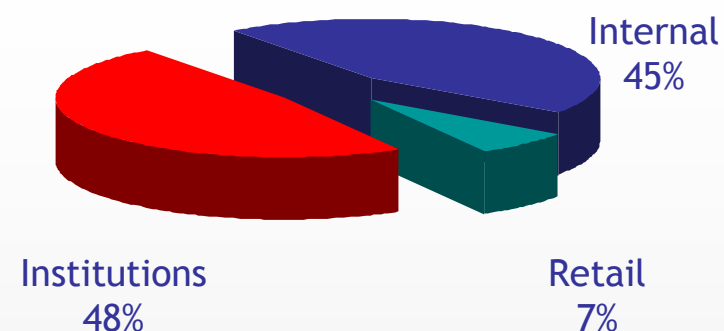
ASX Code	SGH
Revenue (FY10)	\$124.7m
EBIT (FY10)	\$30.0m
Net Debt	\$27.6m*
Shareholders Equity (FY10)	\$146.5m
Enterprise Value	\$231m
Employees	800
Shares on issue	143.5m
Market Capitalisation	~\$210m

* Normalised for acquisition of Trilby Misso and capital raising
All other figures at 17 August 2010

Share Price Performance



Shareholder Profile



Board & Management

Anna Booth	Chair
Andrew Grech	Managing Director
Ken Fowlie	Executive Director
Ian Court	Director
Erica Lane	Director
John Skippen	Director
Wayne Brown	Chief Financial Officer
Kirsten Morrison	Company Secretary