

ASX Announcement

30 November 2015

Impact of Proposed UK Regulatory Changes

Slater and Gordon Limited (“the Company”) reaffirms its 2016 financial year Guidance of A\$1,150m Fee Revenue and A\$205m EBITDAW. The Company remains in compliance with its obligations to financiers and notes that its debt covenants are not related to market capitalisation.

As reported at the Company’s recent AGM the operating performance of Slater Gordon Solutions (“SGS”) continues to improve with the trading activity of the overall UK business (including SGL) expected to contribute positively to gross operating free cash flow in December underpinning confidence in the Company’s guidance for the 2016 financial year.

Assessment of the impact of any changes to the law relating to road traffic accident (“RTA”) Whiplash cases on the 2017 financial year and beyond is difficult given the lack of detail available at this stage, the fact that the Ministry of Justice has foreshadowed that the consultation process will not commence until January 2016 and that the earliest date of implementation for any changes to the recoverability of general damages in minor whiplash cases will likely be April 2017. On that basis the full impact of any changes may well not have effect during the course of the 2017 financial year.

Group Managing Director, Andrew Grech said:

“These proposals will not have any impact on the Slater and Gordon Lawyers (“SGL”) business in Australia. Nor are they expected to have a material impact on the SGL business in the UK, given practice diversity and the profile of clients for whom SGL acts.

“It is also important to note that the proposals (even if enacted in their current form) do not eliminate the right to claim compensation, or the opportunity for people injured in road traffic accidents to obtain advice and assistance with the claims process. While the impact of the proposed changes to SGS cannot yet be reliably estimated, nevertheless, in our view:

- demand for credit hire and repair services will be unaffected;
- medical reporting and rehabilitation services will continue to be sought by and for injured people; and
- SGS is well positioned to continue to be a leading provider of services to people who require legal and other assistance as a result of RTA’s in the UK in the 2017 financial year and beyond.

“Throughout our 80 year history the Company has gained unique experience in responding to regulatory changes when they occur. We have successfully done this on many occasions beginning in the 1990s in Victoria and more recently in New South Wales and Queensland. This is what we will do in the UK. Our growth has in no small part been enabled by the consolidating drive of regulatory reform”.

Given that the consultation process is yet to begin, it would be premature for the Company to provide financial guidance post FY16 and it will not do so until details of the final form of any changes are released by the UK Government.

The Company looks forward to participating in the foreshadowed consultation process both directly and through the various professional bodies and interest groups which will be consulted over coming months and will update the market as further information becomes available.

ENDS

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