

# Australian Family Lawyers

AF Legal Group Limited

ASX: AFL

AGM Presentation

November 2019



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# Presenting today from AFL



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**Edward Finn**  
**MD and Founder**

- Founded AFL in 2015 after identifying the opportunity to launch a disruptive model in family law
- Previously worked in family law at Alpass & Associates
- Admitted as a Solicitor in 2012 and holds a Principal Practising Certificate
- Graduated with Bachelor of Law / Arts (Media & Communications) degrees at University of Melbourne



**Grant Dearlove**  
**Executive Chairman**

- 27 years experience as lawyer, company director and business owner / builder
- Practising solicitor since 1992, an equity partner with McInnes Wilson Lawyers and the last 9 years with Shine Corporate leading their emerging practice areas, growing new areas from \$2m to \$50m in revenue
- Prior positions as MD of PRDnationwide and Verifact and NED of Oliver Hume Corporation
- Bachelor of Laws, Master of Laws, MBA and Grad Dip in Applied Corporate Governance

- From kitchen table to the first family law firm listed on the ASX
- AFL has achieved in 4 years scale that takes most family law firms decades
- Family law in Australia is a \$1.1bn industry
- Highly fragmented - there is no national specialist family law firm in Australia – big opportunity!
- AFL currently has market share of ~1%;

## Our “Family Law” Offering

Divorce  
Property Settlement  
Spousal Maintenance

Children’s Matters  
Family Violence  
Appeals



## **Section 1: FY2019 Year in Review**

## Section 2: Strategy and Outlook

# FY19 Operating Highlights



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## Successful ASX Listing

**Successfully listed on the ASX on 7 June 2019 at \$0.20/share**

Raised \$5.91m via the issue of 29,562,470 shares at \$0.20 per share

No net debt at FY19 year end following listing

## Regional expansion in VIC

### Acquisition of Walls Bridges (WB)

- Established Mornington Peninsula Family Law Firm
- Operating since 2013
- Acquisition completed February 2019
- Integration has now been completed including successful roll out of client acquisition platform

## State expansion into QLD

### Acquisition of Nita Stratton Funk & Associates (NSF)

- Brisbane and Rochdale based specialist Family Law Firm
- Operating since 1999
- Queensland has the highest divorce rate in Australia on a per capita basis
- Acquisition completed in June 2019 and integration program has commenced

## Post Listing

### Operational Update

- H2 FY19 customer file openings increased ~30% versus H1 FY19
- Employment of experienced Chief Operating Officer
- Salesforce CRM implementation underway
- Strong pipelines for both acquisition of new firms and recruitment of lateral hires

# FY19 Underlying Income Statement

- Strong growth in Underlying Pro forma FY19 Profit & Loss metrics compared to prior year
- Growth was primarily driven by continued organic growth in Melbourne and Sydney (growth rates would have been higher if not for a short term drop off in revenue at Walls Bridges immediately prior to acquisition)
- H2 FY19 customer file openings increased ~30% versus H1 FY19
- Reported NPATA impacted by non-recurring items associated with the listing

\$m (consolidated)	Reported <sup>1</sup>	Pro forma Adjustments <sup>2</sup>	Underlying Pro forma <sup>3</sup>	Change on Prior Year <sup>4</sup>	Underlying Pro forma (incl. NSF) <sup>5</sup>
Revenue	0.43	4.91	5.34	+12%	6.23
EBITDA	(1.16)	2.49	1.33	+20%	1.56
NPATA	(1.20)	2.10	0.90	+27%	1.06
EBITDA margin (%)	n/a	n/a	25%	+2%	25%

Notes:

1. Reported figures as per unaudited accounts for year ending 30 June 2019
2. Pro forma adjustments include adjustments relating to the underlying pro forma full year contribution from the acquisitions of AF Legal (AFL) and Walls Bridges (WB) as if they were acquired from 1 July 2018, removal of non recurring or unusual historic costs, removal of listing transaction costs and inclusion of pro-forma head office costs associated with the listing
3. Underlying Pro forma adjusts the unaudited accounts for the year ending 30 June 2019 to include the underlying pro forma full year contribution from the acquisitions of AF Legal (AFL) and Walls Bridges (WB) as if they were acquired from 1 July 2018, removal of non recurring or unusual historic costs, removal of listing transaction costs and inclusion of pro-forma head office costs associated with the listing
4. Change on prior year is calculated by adjusting the unaudited accounts for the year ending 30 June 2018 to include the underlying pro forma full year contribution from the acquisitions of AF Legal Pty Ltd (AFL) and Walls Bridges (WB) as if they were acquired from 1 July 2017, removal of non recurring or unusual historic costs and inclusion of pro-forma head office costs associated with the listing
5. Underlying Pro forma (incl. NSF) adjusts the unaudited accounts for the year ending 30 June 2019 to include the underlying pro forma full year contribution from the acquisitions of AF Legal (AFL), Walls Bridges (WB) and Nina Stratton Funk (NSF) as if they were acquired from 1 July 2018, removal of non recurring or unusual historic costs, removal of listing transaction costs and inclusion of pro-forma head office costs associated with the listing

# Acquisitions during FY19



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## Overview

- Acquisition completed in February 2019
- Established in 2013
- Acquired for \$53,500
- Acquisition completed in June 2019
- Established in 1999
- Acquired for \$400,000

## Operating Model

- Walls Bridges and Nita Stratton Funk & Associates will maintain their brands in the market incorporating the AFL brand association
- Synergies will be derived from “front office” marketing integration and shared “back office” functions (e.g. IT, finance and admin)

## Strategic Benefits

- |                                    |   |
|------------------------------------|---|
| <b>Geographic reach</b>            | <ul style="list-style-type: none"><li>• Increased national scale, brand recognition and reach, with the combined group now having an expanded geographical presence in Melbourne CBD, Regional Victoria, Sydney CBD and Brisbane CBD</li></ul>        |
| <b>Complementary service lines</b> | <ul style="list-style-type: none"><li>• Opportunity to build on strategically important adjacent service lines (e.g. prenups, mediation)</li></ul>  |
| <b>Scale</b>                       | <ul style="list-style-type: none"><li>• Broader base of personnel and other resources to pursue growth initiatives, together with an expanded referral network nationwide</li></ul>   |
| <b>Operational efficiencies</b>    | <ul style="list-style-type: none"><li>• Longer term opportunities for improved utilisation, operational efficiency and profitability through leveraging corporate services, IT systems, resources and other infrastructure across the group</li></ul> |



Section 1: FY2019 Year in Review

**Section 2: Strategy and Outlook**

## Strategic Planning & Execution platform

- Completed One Page Strategic Plan and platform to roll out Gazelles “Rockefeller Habits”
- Engaged staff with “my plans” to drive individual goal development and rolled out incentive plans

## Growth initiatives

- Acquisition integration of NSF and WB is complete
- First lateral hire secured in Brisbane (starting H2 FY20) and expansion into Canberra planned in H2 FY20
- Board agreed internal hierarchy of growth focus: (1) Organic growth (2) lateral hires (3) acquisitions

## Marketing Platform

- Recruited online marketing expert to the Board, Kevin Lynch and global leading technology and digital marketing talent to the team
- Launched AFL 2.0 after an internal review highlighted further untapped potential in the existing platform and competitive position

## Process & Policy Reviews

- Employed stricter debtor policy and management including offshoring collections and billing process
- Developed “preferred referral” framework for counterparties

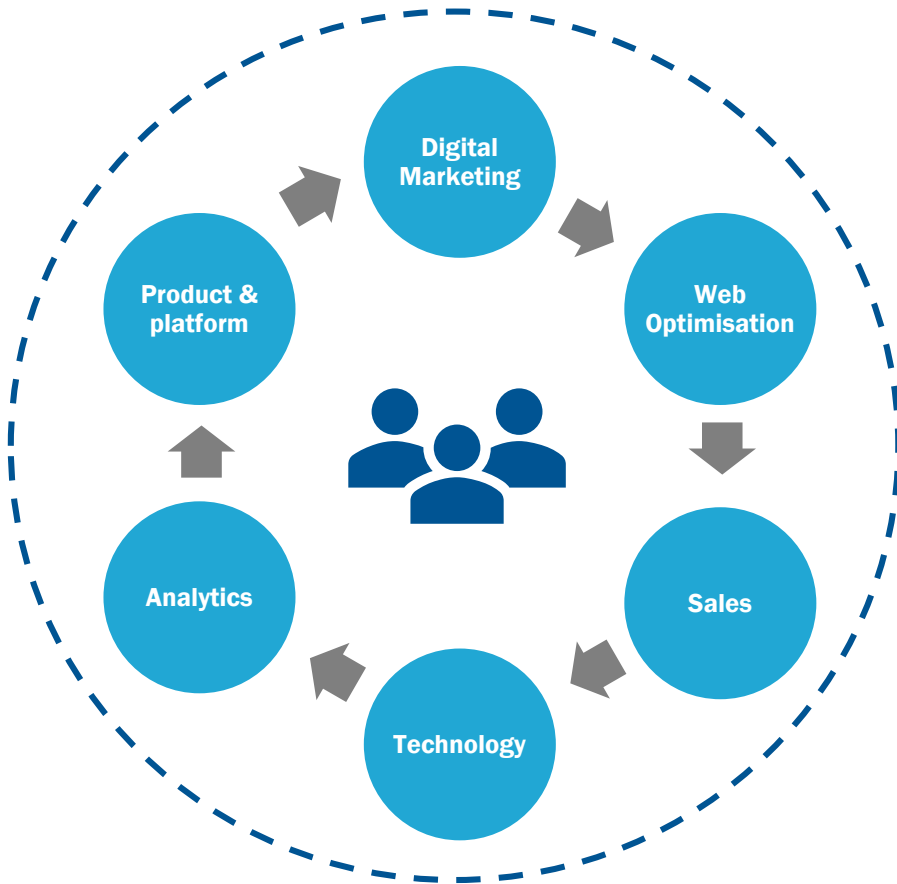
## Investment in People

- Recruited COO - deemed necessary post listing due to expansion into Brisbane via NSF
- Recruitment of online marketing expert to the Board to build capacity and address key man risk
- Transition of NED Glen Dobbie to interim CFO due to departure of previous CFO

# AFL 2.0 - World Class Marketing, Technology & Sales Capability



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## Digital Marketing

- Build in-house capability in core areas to eliminate reliance on agencies
- Diversify search investment and expand remarketing

## Website Optimisation

- Roll out new industry leading website in February 2020
- Strong CRO focus
- Agile & Nimble

## Sales

- Salesforce CRM implementation underway to improve conversion rates
- Launch dedicated call centre with consultative selling approach

## Technology

- Roll out mobile responsive CMS
- CRM as the backbone
- API Ecosystem

## Analytics

- Introduction of lead scoring and predictive analytics
- Focus on the right metrics & ROI
- Optimise channel performance

## Product & Platform

- Mobile first approach, give customers choice
- Embed robust analytics
- Build strategic partnerships (e.g. google, facebook)

**AFL 2.0 will not only enhance our competitive advantage but drive superior outcomes and ROI from our existing marketing investment**

# What will continue to set us apart?



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## Digital Capability

- In-house capability in core areas
- Focus on performance media
- First mover in new channels
- Entrepreneurial



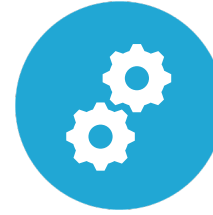
## Industry Leading Websites

- Scalable infrastructure
- Agile development approach
- Rapid deployment
- Integrated into marketing



## Leading Systems

- Salesforce CRM capabilities driving high performing call centre
- Integrated APIs: phone system
- Lead distribution model
- Predictive analytics



## Insights & Analytics

- Simplify complex data sets
- Track performance by channel
- Optimise channel performance
- Test and learn philosophy



## High-calibre team

- Talented, motivated and specialized team
- In-house capability in core areas
- Entrepreneurial

# One Page Strategic Plan



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## Core Purpose

- To become Australia's first and largest National Family Law Firm

## Core Values

- Think Different; Fanatical customer focus; Under promise, over deliver; Act like an owner; Have fun, always

## BHAG

- First and largest global family law firm

## Sandbox

- Related family law services
- Middle class Australians; capital cities and key regional towns
- No deferred / contingent matters; no single file more than 5% of revenue

## 3 Year Target

- ~10% market share across more than 10 locations in Australia

# 3 Year Goals



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## FY20

- **Launch AFL 2.0 (evolution of digital marketing platform) - #1 Priority**
- Expand into (1) new geographic region
- Recruit (2) lateral hires
- Complete acquisition integrations
- Implement salesforce CRM and recruit dedicated sales team
- Establish additional services lines
- Develop “preferred referral” framework for counterparties
- Plan implementation of new ERP to support existing growth and case flow management

Launch AFL 2.0

## FY21

- Consolidate outcomes from AFL 2.0 to turbo charge organic growth
- Expand into (3) new geographic regions
- Recruit (3) lateral hires
- Offshore non legal back of house functions
- Roll out new product offerings (e.g. online support)
- Drive word of mouth referrals to 50% across the business
- Expand C-Suite capacity and capability to support next phase of growth

Drive top-line

## FY22

- Move into new “add-on” services (eg. funding)
- Expand into adjacent sectors (e.g. wills and estates)
- Assess larger scale acquisitions
- Assess new jurisdictions

Build out platform

A dark, low-key photograph showing the silhouettes of several people in business attire standing in a room with large windows. The scene appears to be a professional meeting or presentation. The text "Thank you" is centered over this image.

**Thank you**



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