



Shine Justice Ltd FY20 Results

Investor Presentation

August 2020

Simon Morrison

MANAGING DIRECTOR & CEO

Ravin Raj

CHIEF FINANCIAL OFFICER



CARR & CO
DIVORCE & FAMILY LAWYERS

Claimify.

STEPHEN BROWNE
PERSONAL INJURY LAWYERS

my insurance
claim

RW RiskWorldwide

emanate
LEGAL

bestwilsonbuckley
FAMILY LAW

BRADLEY BAYLY LEGAL



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Kathryn Gill & Others vs. Ethicon Sarl & Others

Historic judgment against Ethicon for
3 lead applicants representing
thousands of women affected by
faulty Mesh implants

**Shine a light on injustice and make the
world a better place, one client at a time**



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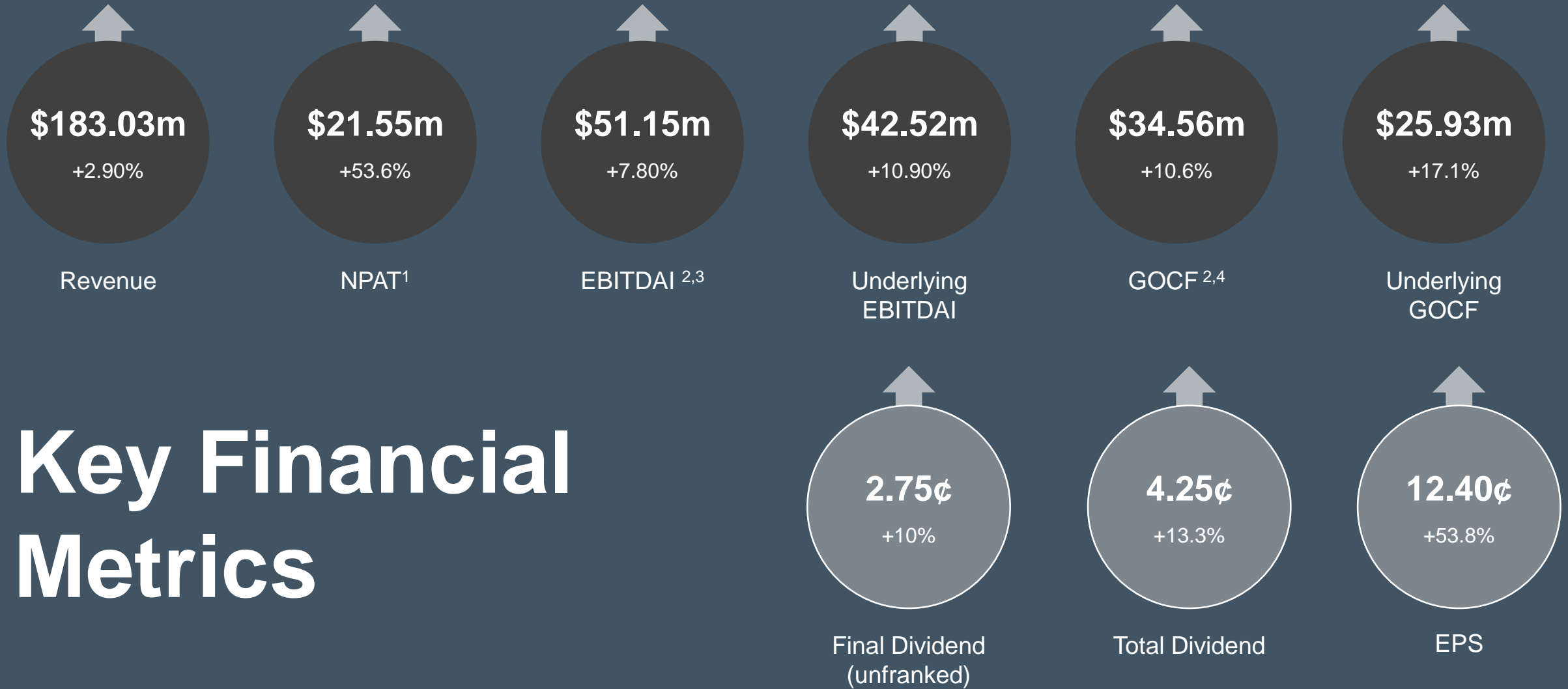
Agenda



FY20 Highlights

Simon Morrison

Managing Director & CEO



Key Financial Metrics

¹ FY19 NPAT was affected by a \$5 million impairment; on a like for like basis (excluding the FY19 impairment), NPAT increased by 13.2% in FY20

² EBITDAI and GOCF are not IFRS calculations which appear in the financial statements, and have not been audited.

³ EBITDAI result improved through adoption of AASB 16

⁴ GOCF result improved through adoption of AASB 16



- Strong market position and diversification strategy achieves solid earnings growth and delivery on guidance despite COVID-19 challenges
- Resilience of PI (Personal Injury) and NPA (New Practice Areas) business with growth potential in FY21 despite impact of COVID-19
- Growth in key operational metrics of client enquiries and leads
- Mesh class action. Expected recovery of costs following successful judgment in FY21
- Assessment of strong pipeline of Mesh group member claims expected to follow for a number of years
- Robust class-action pipeline
- Litigation and disbursements funding strategy improved cash conversion
- Claimify and technology innovations tracking well

Year in Review



FY20 Financial Results

Ravin Raj
Chief Financial Officer



FY20 Financial Results

Detailed Profit and Loss

	FY20 (\$m)	FY19 (\$m)	Variance (\$m)	Variance (%)
Revenue	183.03	177.90	+5.13	+2.9
NPAT	21.55	14.03	+7.52	+53.6
Underlying NPAT (pre-impairment)	21.55	19.03	+2.52	+13.2
EBITDAI ^{1,2}	51.15	47.44	+3.71	+7.8
Underlying EBITDAI	42.52	38.33	+4.19	+10.9
Employee Benefits Expense	92.11	92.27	(0.16)	(0.2)
Overheads	39.37	37.90	+1.47	+3.9

- PI Revenue – reduction in revenue primarily due to write-offs, impact of restructuring and downsizing of non-performing work types in prior periods
- NPA Revenue – increase in revenue due to full year impact of new Family Law business in Perth and growth in Abuse Law
- Improvement in NPAT due to the benefit of closure of non-performing business in previous years
- Tight control over overheads and costs

¹ EBITDAI is not an IFRS calculation which appear in the financial statements, and have not been audited.

² EBITDAI result improved through adoption of AASB 16



FY20 Financial Results

Financial Highlights

	FY20	FY19	Variance (%)
EPS (cents)	12.40	8.06	+53.8
Final dividend per share (cents)	2.75	2.50	+10.0
Total FY20 dividend per share (cents)	4.25	3.75	+13.3

- Growth in EPS due to improved profitability
- Final and total dividend increased as business continues to improve
- Dividends unfranked

Balance Sheet

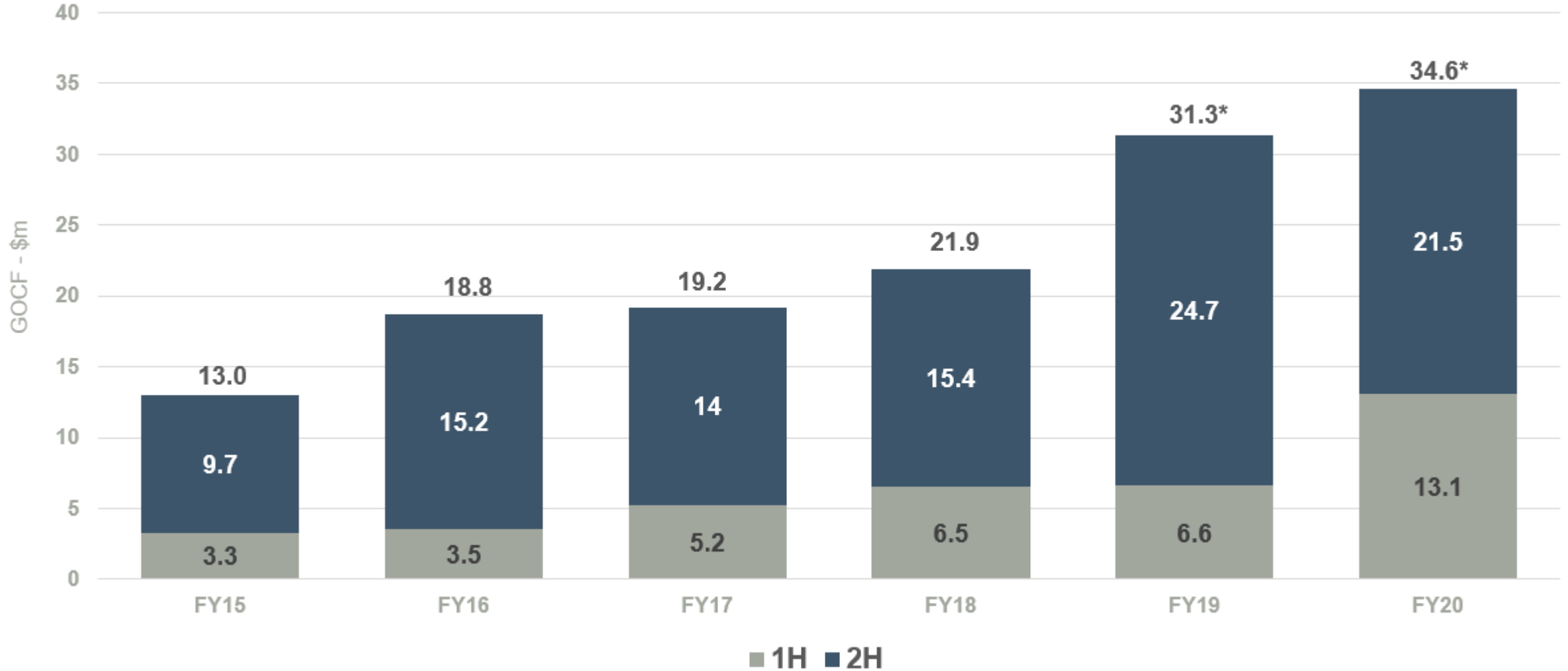


AS AT (\$'000)	30 June 20	30 June 19
Cash	32,812	26,697
Receivables	12,404	11,723
Contract assets - work in progress	305,102	282,971
Income tax receivable	322	306
Unbilled disbursements	89,268	78,296
Other financial assets at amortised cost	4,698	3,863
PP&E and other	6,217	6,156
Intangibles	48,949	47,944
Right of Use Assets	40,647	47,624
Total assets	540,419	505,580
Trade payables	16,020	17,018
Disbursement creditors	83,644	65,441
Borrowings	52,499	54,413
Lease liabilities	48,447	54,538
Deferred and current tax liabilities	91,864	81,393
Employee benefit obligations	8,912	7,641
Provisions	1,659	1,638
Financial liabilities	154	1,090
Total liabilities	303,199	283,172
Net assets	237,220	222,408

- Cash on hand at 30 June 2020 stood at \$32.8m
- Net WIP grew by 8% primarily from organic growth within Shine Lawyers
- Unbilled disbursements grew in line with WIP growth
- Deferred tax liability relates primarily to WIP
- Marginal decrease in borrowings due to net repayment of bank facilities drawdowns
- Disbursement creditors growth due to conversion of Shine funded disbursements to being funded by external provider



Gross Operating Cash Flow

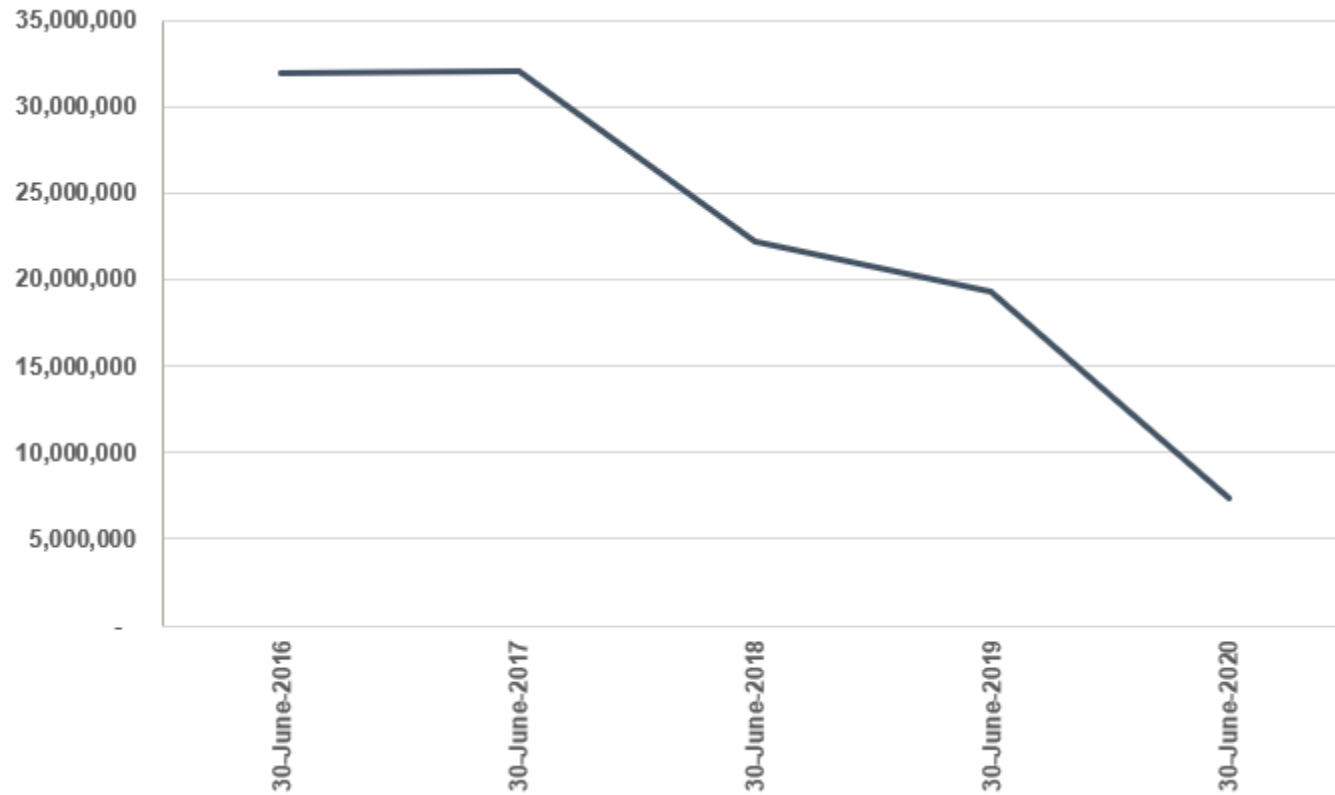


*FY19 & FY20 GOCF result improved through adoption of AASB 16. In FY20, on a like-for-like basis GOCF was \$25.93m; and the GOCF/EBITDAI ratio was 60.9%.



Shine Cash Funded Disbursements (Net)

Shine Equity Funded Disbursements (Net)



- **Cash flow improvement strategy commenced FY17 to secure:**
 - Long term new disbursement funder
 - Litigation funding of all new Class Actions
- Return of significant Shine equity funds back into the business
- Medium term aim to improve GOCF to 65 - 75% of EBITDAI on track



Investing in Shine Justice & Operating Environment

Simon Morrison

Managing Director & CEO

Shine Justice

One Unifying Message

Personal Injury (motor vehicle, workplace, public liability)

- Lean, standard, major claims
- Superannuation and disability
- Abuse law

Land, Energy & Resources

- Emanate Legal Services (QLD)
- Shine Lawyers

New Practice Areas

- Class actions
- Professional and medical negligence
- Employment Law
- Commercial Litigation

Family Law

- Best Wilson Buckley Family Law (QLD)
- Carr & Co (WA)

Personal Injury (motor vehicle, workplace, public liability)

- Sciaccas (QLD)
- Stephen Browne (WA)
- Bradley Bayly (WA)

Loss Adjustment

- Risk Worldwide (NZ)
- My Insurance Claim (NZ)



We are a
Purpose-driven
company

We are relatively
Immune to
economic cycles

We have significant
Growth opportunity

Why invest in Shine Justice? *Our Market Opportunities*



We have **37** Class Actions either commenced or in the pipeline

21 Class Actions Pipeline by Sector



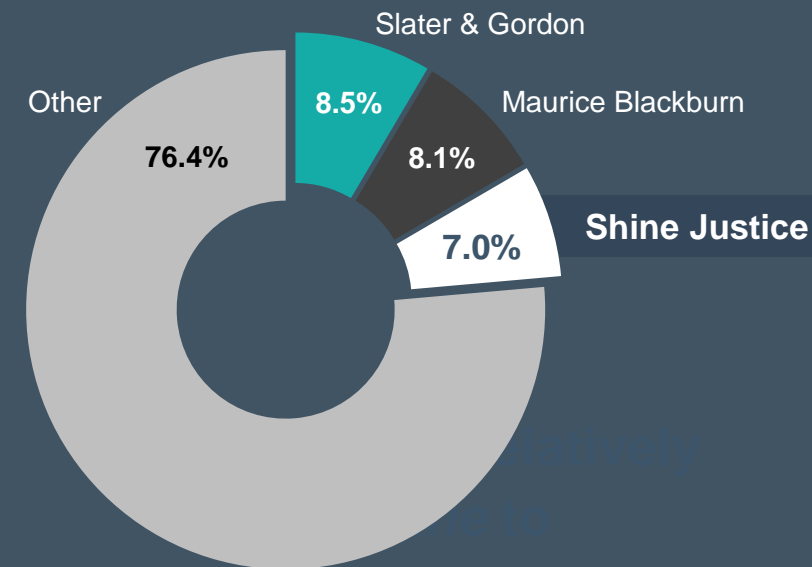
16 Current Filed Class Actions

1. PFAS (Bullsbrook WA, Darwin NT, Townsville QLD, Richmond NSW, Wagga Wagga NSW, Wodonga VIC, Edinburgh SA)
2. Worley Parsons
3. BSA Ltd
4. Raby Bay
5. CBA – Australian Retirement Group Pty Ltd – Bank West
6. AMP
7. Tandem
8. Stolen Wages WA
9. Ruby Princess
10. Iluka
11. Westpac Banker Trust Life
12. Oakey & Katherine PFAS
13. J&J Mesh
14. AMS Mesh
15. Colonial First State Group Insurance
16. IOOF

Strong outlook for growth

Market share growth opportunities in PI

PI Market Share



Source: IBISWorld Industry Report OD5519: *Personal and Workplace Injury Lawyers in Australia June 2020*

We welcome our new Board Directors



Graham Bradley AM
Chairman

Graham Bradley is an experienced company director and is currently Chairman of HSBC Bank Australia Limited, EnergyAustralia Holdings Limited and United Malt Group Limited (ASX:UMG). He is also a Director of The Hongkong & Shanghai Banking Corporation Limited, Chairman of Infrastructure NSW and a member of the Advisory Council of the Australian School of Business at the University of New South Wales. His previous roles include Chairman and non-executive Director of GrainCorp Limited, Managing Director of Perpetual Limited, senior roles at Blake Dawson and McKinsey & Company, Director of Stockland Corporation Limited, President of the Business Council of Australia and Deputy President of the Takeovers Panel.



Teresa Dyson
Non-Executive Director

Ms Dyson is an experienced company director, whose career has spanned both the public and private sectors. Ms Dyson is an admitted lawyer and has previously been a partner at a global law firm and professional services firm. Teresa is currently a Director of Seven West Media Limited (ASX:SWM), Power & Water Corporation (NT), Energy Queensland, Genex Power Limited (ASX:GNX), National Housing Finance & Investment Corporation, Gold Coast Hospital and Health Board, Energy Super and Fare Limited and is a member of the Foreign Investment Review Board and the Takeovers Panel.



David Bayes
Non-Executive Director

Mr Bayes is Chairman of Plarre Foods Pty Ltd (trading as Ferguson Plarre Bakehouses), Non-executive Director of Sigma Healthcare Limited (ASX:SIG) and has previously held a variety of board and executive positions, including Chief Executive Officer of Choice Hotels Australasia, Chief Operating Officer of Mortgage Choice Limited (ASX:MOC), Chief Executive Officer and Director of Bakers Delight, Non-executive Director of Chiquita Brands South Pacific Ltd, Non-executive Director of North Western Healthcare Network and Vice President and Director of McDonald's Australia. David is a Non-executive Director of the Australian Institute of Company Directors (AICD) and President of the Victoria Council of the AICD. Mr Bayes has over 35 years' experience in multi-outlet retail business.





Regulatory Update & COVID-19

Regulatory Update – Class Actions

Key Summary Points

- 1 July 2020 Supreme Court of Victoria approved contingency fee model
 - Court will have discretion and supervision over contingency fee arrangements
 - Allows law firms to compete with litigation funders and potentially increase access to justice and returns to group members
- August 2020 application of AFSL and Managed Investment Scheme framework for litigation funders. Likely to impact smaller funders and limit or remove speculative risk
- Resources and experience to lead the market in product, consumer financial services, and environmental cases minimising any impact in class action reform
- Temporary easing of public company continuous disclosure rules not expected to impact long term opportunities

COVID-19 Response and Operational Update

Key Summary Points

- The majority of Shine cases across all work types are “long-tail”
- Shine has historically maintained consistent trading through economic downturns given the defensive nature of its operations
- Operations were temporarily impacted as a result of the lockdown and social distancing measures
- Implemented operational levers to optimise cashflow and preserve liquidity
- Comprehensive steps to emerge strongly from the challenges of COVID-19
- Employees supported to work from home with **no impact** on productivity
- Branch operations returning in staged process in line with health protocols
- Agile and flexible approach to meet client demands in current market
- Managing discretionary and capex expenditure



2021 Strategic Priorities and Outlook



Outlook 2021



Grow Shine Justice

Focus on growth opportunities, particularly organic growth in our PI and Class Action Practice Areas

Strengthen Shine Justice

Execute on WIP management improvement initiatives, conversion and cycle time reduction opportunities

Innovate Shine Justice

Apply technology solutions from Claimify to other parts of the Shine business.

Champion the Client

Improve on client communication offerings and utilise digital platforms for greater client access.

GUIDANCE

Expected continuation of EBITDAI growth in FY21 in the order of a high single digit percentage increase, subject to unforeseen COVID-19 impacts



Appendices



Financial Discipline for Sustainable Growth

Growth

- Invest in organic growth/ acquisitions using our skills and resources
- Derive high margin service for top line growth
- Prudent marketing strategies to offset current market conditions
- Expand geographic reach

Capital

- Optimise capital, litigation and disbursements funding
- Improve cash conversion
- Leverage financial resources for market share
- Prepare for opportunities in times of reform

Operations

- Simplify business structure and operations
- Identify and develop talent
- Grow in selected services
- Improve productivity and file management processes

- ✓ **Fundamentals remain strong**
- ✓ **Resilient industry**
- ✓ **Drive value across the Group**



Class Actions

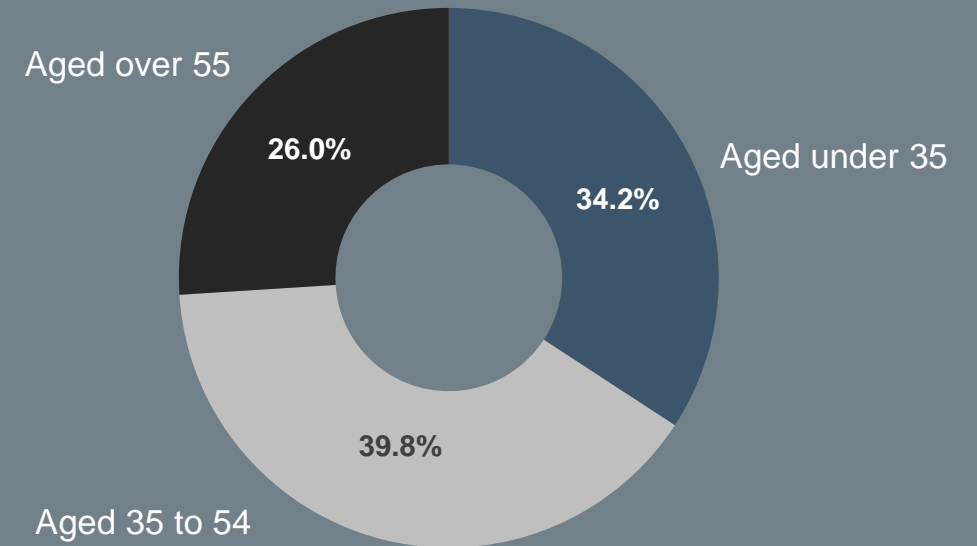
COVID-19

- Workplace / home based incidents expected to increase
- Aged care facilities
- Tourism

Personal Injury

- Motor vehicle accidents - growth in line with historical trends due to population growth and increase in car ownership
- Workplace Health & Safety - Changes to legislation resulting in stricter health and safety regulation and greater scope for compensation as a result of Covid 19

PI Client Market Segmentation



- 74% of client market < 55 years old – long term sustainable opportunities with greater public understanding and awareness of remedies and anticipated increase in claim frequency
- Competition and marketing costs likely to restrict growth in smaller firms and ability to retain talent

Anticipated Industry Trends 2021+



Social Impact

Social and physical initiatives to improve well being and mental illness



Energy & Climate

Energy efficiency and alternative sources to minimise our footprint



Actively supporting schools and sporting organisations as part of promoting health and wellness and community spirit.

Shine a Light

Shine A Light Foundation supports charitable organisations that promote prevention, rehabilitation, education and safety programs for people impacted by injury, injustice and adversity.

Sustainability and Community