



FY 2018 Half Year Results Investor Presentation

28 February 2018

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MANAGING DIRECTOR

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Agenda



1 **FY18 H1 Highlights**

2 **FY18 H1 Financial Results**

3 **Strategic Priorities**

4 **Outlook**

5 **Questions**



Highlights

Simon Morrison – Managing Director

IMAGE

The Darling Downs – the birthplace of Shine – in Southern Queensland

Always Pursue Justice

“Take it from me... now more than ever our community needs people to stand up for them against wrongdoing.”

ERIN BROCKOVICH



Corporate Overview

Shine Group of Companies			
			
			

- One of Australia’s largest providers of litigation and specialist resolution services
- Continues an ‘inch wide mile deep’ strategy of litigation
- Strong and capable Management with industry experience
- Advanced, customer-focused technology platform with further improvements to come
- Now poised for growth

Shine Lawyers

Personal Injury (motor vehicle, workplace, public liability)

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

Emerging Practice Areas

- Class actions
- Professional and medical negligence
- Insolvency
- Transport
- Industrial relations

Other Subsidiaries

Personal Injury (motor vehicle, workplace, public liability)

- Sciaccas (QLD)
- SB Law t/as Stephen Browne (WA)
- Bradley Bayly (WA)

Commercial, Land & Environment

- Emanate Legal Services (QLD)

Family Law

- Best Wilson Buckley Family Law (QLD)

Loss Adjustment

- Risk Worldwide (NZ) – 100%-owned subsidiary September 2016

FY2018 H1 Highlights: a strong result

1 Strong financial performance

\$7.83M
NPAT

\$16.48M
EBITDA

\$88.23M
Group Revenue

\$6.49M
GOCF

2 Operations Transformation rollout and integration underway

3 Class Actions Growing pipeline

4 Emerging practice areas Continued growth opportunities

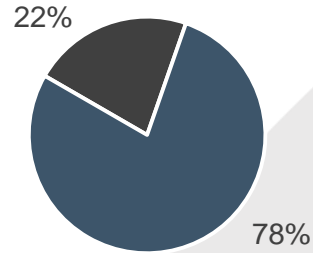
EBITDA means Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment. EBITDA is not an IFRS measurement and has not been reviewed by the Group's external auditors.

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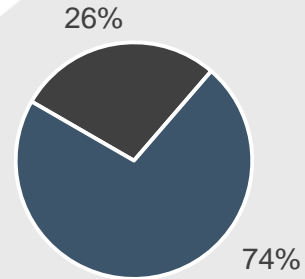
Our journey to become a more diversified Group continues

Emerging Practice Areas have increased to 34% of total Group revenue over the past three years...

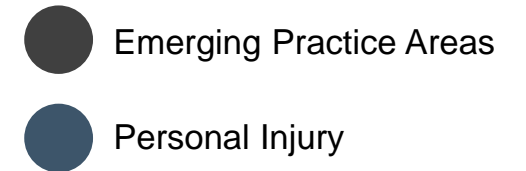
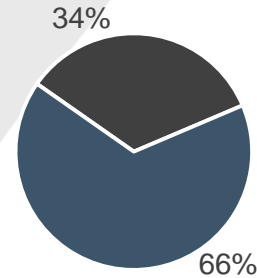
FY 15



FY 16

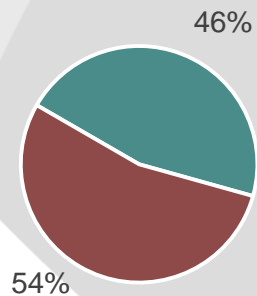


FY 17

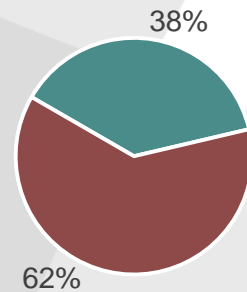


... while the Group now derives two-thirds of its revenue outside Queensland Personal Injury

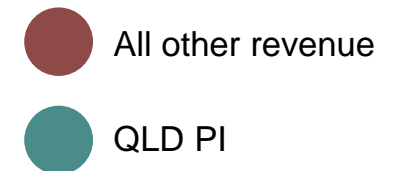
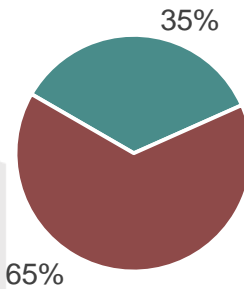
FY 15



FY 16



FY 17



H1 result driven by our 2018 strategic priorities



INVEST

- Growth opportunities in Emerging Practice Areas and Personal Injury
- National brand with established acquisitions
- Consistent cash flows and strong balance sheet



GROW

- Develop national family law practice
- Returning to growth program



STRENGTHEN

- Installed leadership team with key industry experience
- Re-execute on Group learning strategy



INNOVATE

- Delivered transformation on time and on budget
- Implementing an innovation hub



CHAMPION THE CLIENT

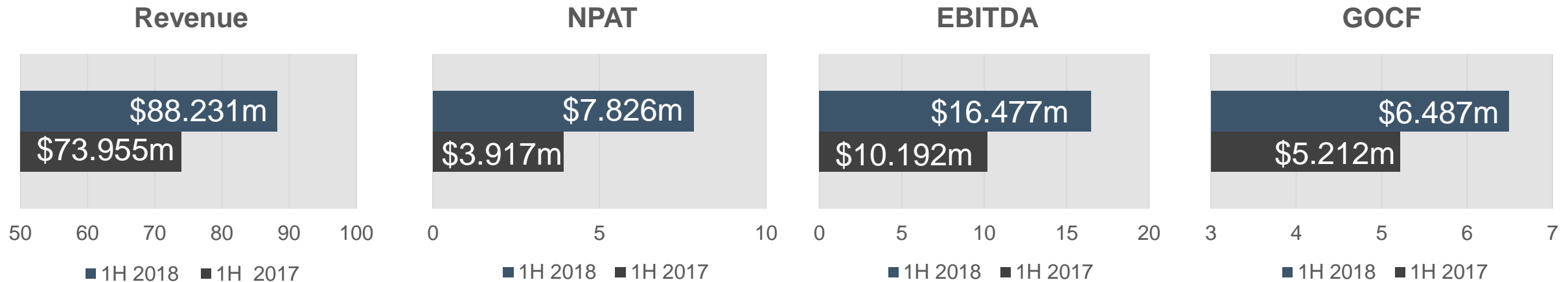
- Improving customer experience with a focus on quality
- Introducing client portal



FY18 H1 Financial Results

Ravin Raj – Chief Financial Officer

FY18 H1 Group Results



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FY18 H1 Financial Results: Detailed Profit and Loss

	FY18 H1 (\$m)	FY17 H1 (\$m)	Variance (\$m)	Variance (%)
Revenue	88.231m	73.955m	14.276m	↑ 19.30%
NPAT ¹	7.826m	3.917m	3.909m	↑ 99.78%
Impairment Charge	-	5.0m	N/A	N/A
EBITDA ²	16.477m	10.192m	6.285m	↑ 61.73%
Direct Costs	(32.481)m	(28.336)m	(4.145)m	↑ 14.6%
Overheads	(39.264)m	(37.124)m	(2.140)m	↑ 5.8%

- Revenue in FY18 H1 grew by \$14.276m (19.3%) compared to FY17 H1, attributable to organic growth and the Mesh Class Action
- Increase in overheads (flagged earlier) due mainly to increased marketing and investment in innovation
- Direct costs – increase in fee earners in line with increase in revenue

¹ NPAT means Net Profit After Tax

² EBITDA means Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment. EBITDA is not an IFRS measurement and has not been reviewed by the Group's external auditors.

FY18 H1 Results Overview: Financial Highlights

	FY18 H1	FY17 H1	Variance (%)
Revenue incl. WIP movement (\$m)	88.23m	73.96m	↑ 19.30%
NPAT ¹ (\$m)	7.83m	3.92m	↑ 99.78%
EBITDA ² (\$m)	16.4m	10.19m	↑ 61.73%
Gross Operating Cash Flow ³ (\$m) (GOCF)	6.49m	5.21m	↑ 24.57%
EPS ⁴ (cents)	4.52¢	2.26¢	↑ 100%
Dividend per share	1.0¢ (franked)	0.6¢ (unfranked)	↑ 66.66%

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⁴ EPS means Earnings Per Share.

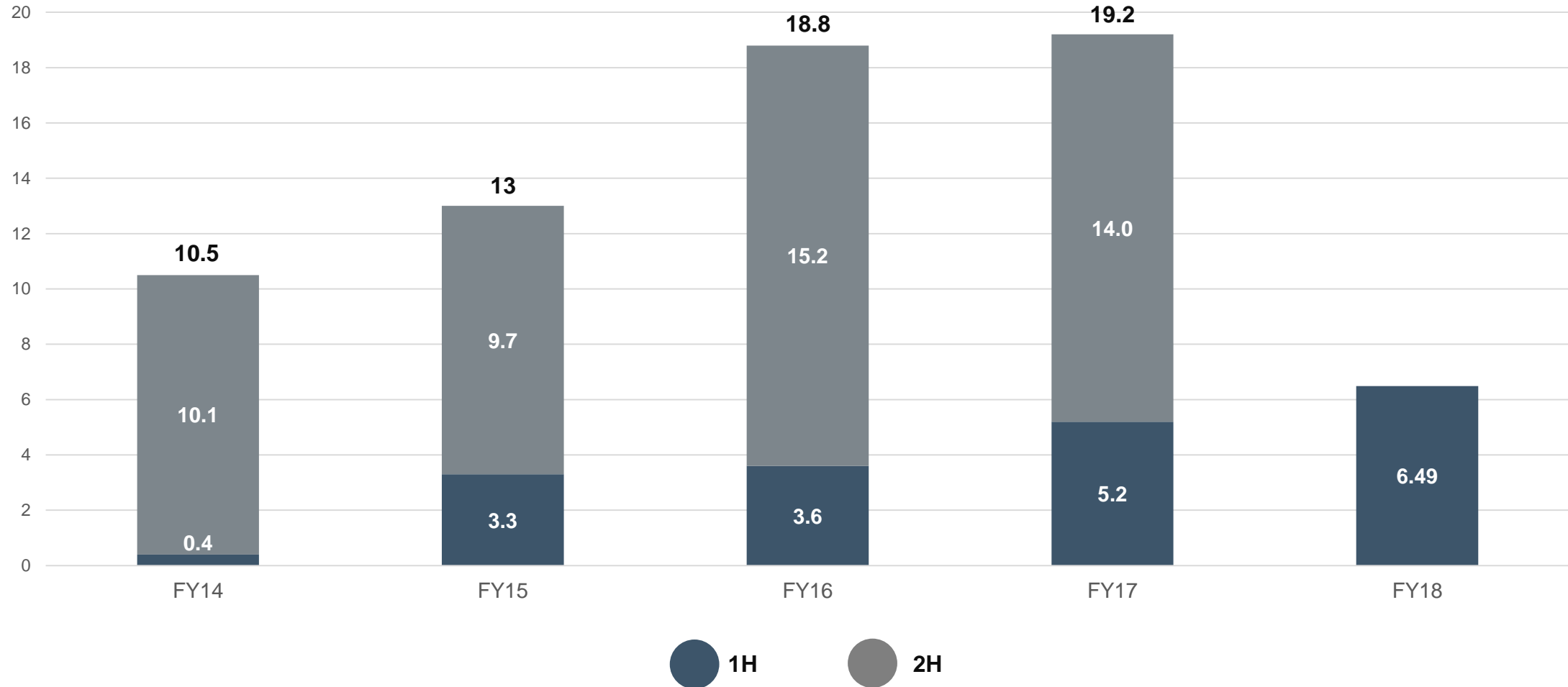
FY18 H1 Financial Results: Balance Sheet

AS AT (\$'000)	31 Dec 17	30 Jun 17
Cash	28,877	14,188
Receivables	13,701	15,458
Work in progress	247,610	226,334
Unbilled disbursements	75,708	64,176
PP&E and other	12,866	13,778
Intangibles	49,388	48,997
Total assets	428,150	382,931
Trade payables	14,714	16,682
Disbursement creditors	53,016	32,102
Borrowings	72,359	52,029
Lease liabilities	49	55
Vendor liabilities	230	3,285
Deferred tax liabilities	69,566	65,259
Provisions	9,635	9,043
Total liabilities	219,569	178,455
Net assets	208,581	204,476

- Cash on hand at 31 December 2017 was \$28.8m
- Net WIP grew by 9% (\$21m) to \$247.6m, primarily from organic growth within Shine Lawyers and the Mesh Class Action
- WIP provisions total \$54.3m (20.8%) of Gross Group WIP
- Net borrowings increased by \$5m mainly due to deferred vendor payments and asset purchases
- Deferred tax liability relates primarily to WIP
- Vendor liabilities – final two payments made during the period
- Disbursement creditors grew due to Mesh Class Action and short-term facility

FY18 H1 Financial Results: Gross Operating Cash Flow

GOCF for each half year period (\$m)



Net Debt





Strategic Priorities and Outlook

We are committed to our long term strategy by...

1.

Undertaking a Target Operating Model process across the Group to improve efficiencies and integrate our subsidiary businesses

2.

Improving the capability of our service offerings with better training, client service focus and execution

3.

Identifying growth opportunities both organic and acquisitive

4.

Continuing to improve brand awareness

5.

Capitalising on market opportunities

Marketing & Brand – Shine’s Proposition

- Strong brand awareness in key areas of operation
- An integrated portfolio of businesses and services
- Digital strategy to support the client journey
- Increased focus on key strategic partnerships
- Strong ROI focus on all marketing investment to ensure optimum channel approach
- Tighter rigour on intake and focus on client conversion





Outlook

Outlook 2018: anticipating and responding to change

Operations & Financial

Optimise our business platform

Enhance client experience

Strong balance sheet with flexibility

Leadership team with key industry experience

Deleverage with external funding opportunities

Opportunities & Growth

Investment in innovation

National marketing and brand strategy

National family law practice

Growing pipeline for class actions and emerging practice areas

Seek value accretive opportunities

FY18+ Priorities

Invest in technology

Capital discipline

EPA pipeline

Marketing & Branding

Social Justice

Career Pathways

Shareholder return

Outlook

Modest increase over FY17 EBITDA after allowing for increase of key expenditure in marketing and innovation



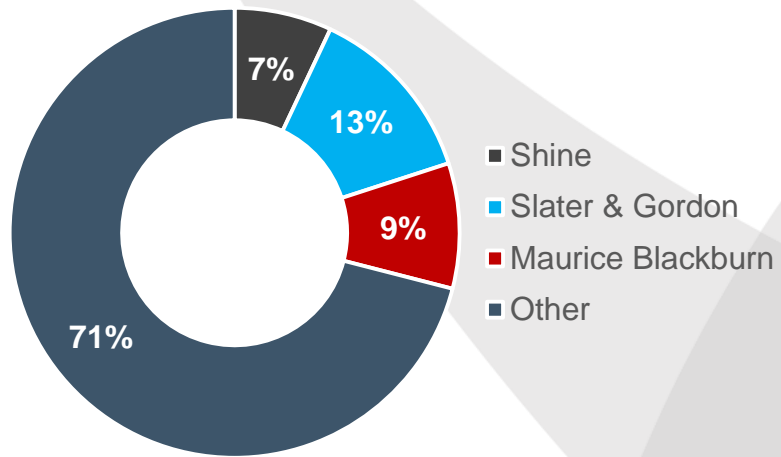
Questions



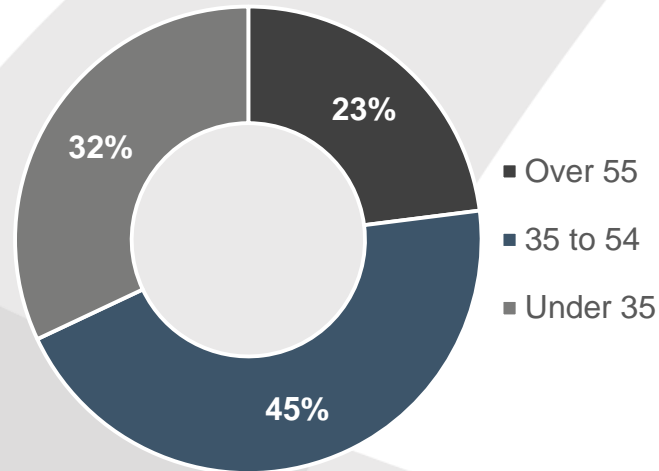
Appendices

PI Market Profile

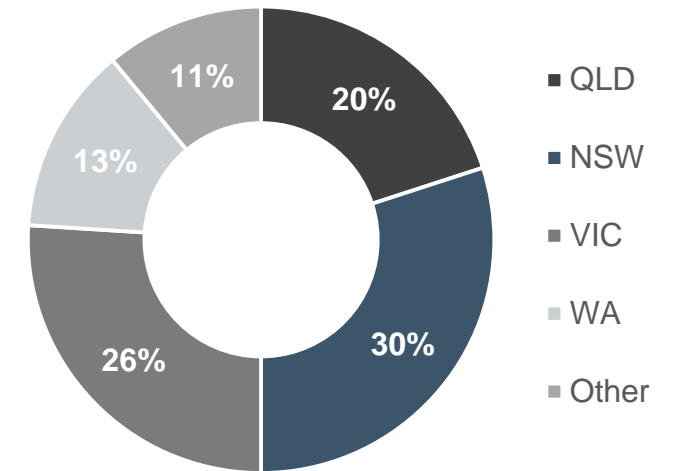
Market Share



Client Market Segmentation



% of Firms / State



Source: IBISWorld Industry Report OD5519: *Personal and Workplace Injury Lawyers in Australia* April 2017

Our People

Key Practice
Areas

Skills and
Capabilities

Australia
and
New
Zealand

- Personal injury (motor vehicle, workplace, public liability)
- Superannuation and disability
- Abuse law
- Class actions
- Product Liability
- Aviation
- Professional and medical negligence
- Bankruptcy and Insolvency
- Transport
- Cycling
- Commercial, land and environment
- Family law
- Insurance and loss adjustment
- Defamation
- Asbestos

PFAS Contamination

Oakey, Katherine, Townsville, Darwin, Wodonga



Erin Brockovich

PFAS chemicals were present in firefighting foam used by the Department of Defence in training facilities across Australia. The chemicals contaminated local soil and groundwater, negatively impacting residents, their land and their livelihood.

Sustainability and Community



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



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