



FY17 Half Year Results Presentation

Simon Morrison
MANAGING DIRECTOR

Ravin Raj
ACTING CFO

28 February 2017



Agenda

FY17 H1 Results Overview

Simon Morrison

Strategic Priorities and Update

Simon Morrison

FY17 H1 Financial Results

Ravin Raj

FY17 Outlook

Simon Morrison

Questions

Disclaimer

This presentation may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Shine Corporate Ltd and certain plans and objectives of the management of Shine Corporate Ltd.

Such forward-looking statements involve both known and unknown risks, uncertainties, assumptions and other important factors which are beyond the control of Shine Corporate Ltd and could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements.

Shine Corporate Ltd and none of its officers, advisers or any other person makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statements or any outcomes expressed or implied by any forward-looking statements.

The information contained in this presentation does not take into account investors' investment objectives, financial situation or particular needs. Before making an investment decision, investors should consider their own needs and situation and, if necessary, seek professional advice.

To the maximum extent permitted by law, none of Shine Corporate Ltd, its directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising out of, or in connection with it.

FY17 H1 Results Overview

Simon Morrison MANAGING DIRECTOR



FY17 H1 Results Overview

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

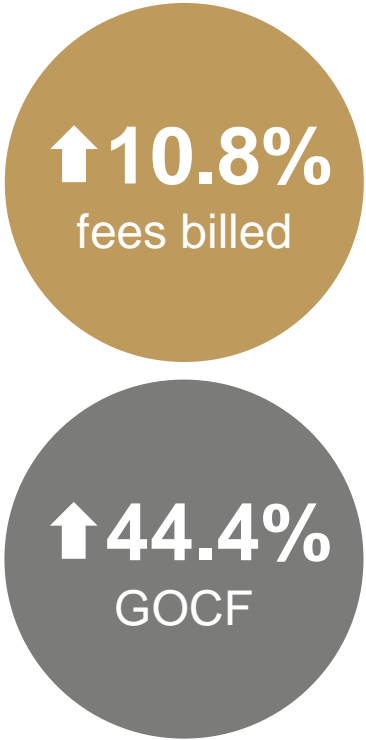
Other Subsidiaries

- Personal Injury (motor vehicle, workplace, public liability):
 - Sciacas (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



FY17 H1 Results Overview: Financial Highlights

	FY17 H1	FY16 H1	Variance	Variance %
Revenue ¹ incl. WIP movement (\$m)	74.0	64.0	10.0	↑ 15.5%
NPAT ² (\$m)	3.9	1.3	2.6	↑ 194.3%
EBITDA ³ (\$m)	10.2	2.1	8.1	↑ 385.7%
Gross Operating Cash Flow ⁴ (\$m) (GOCF)	5.2	3.6	1.6	↑ 44.4%
EPS ⁵ (cents)	2.26	0.77	1.49	↑ 193.5%
Dividend per share (unfranked)	0.6 cents	-	-	-



¹ FY16 H1 included negative impact on revenue from provision adjustment of \$14.4m

² NPAT means Net Profit After Tax

³ 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.

⁴ Gross Operating Cash Flow is not an IFRS measurement and has not been reviewed by the Group's external auditors. GOCF means net cash provided by operating activities excluding finance costs and income tax.

⁵ EPS means Earnings Per Share.

FY17 H1 Results Overview: Operational highlights

- Solid billings growth in Shine Lawyers, Bradley Bayly and Best Wilson Buckley Family Law
- New emerging practice areas gaining market traction
- Marketing campaign stimulated organic growth
- Competitive landscape continued to add pressure in H1

Strategic Priorities & Update

Simon Morrison MANAGING DIRECTOR



Strategic Priorities



Future and Innovation

- Leverage the benefits of a stronger online presence combined with our physical locations
- Invest in learning and development
- Embrace technology
- Become a lean business
- Program management office realise benefits



Growth

- “Inch Wide, Mile Deep”
- Organic opportunities
- Focus on plaintiff based damages litigation and emerging practice areas
- Continue to diversify and grow personal injury outside Qld
- Value accretive acquisitions
- Brand awareness
- Take advantage of legislative change



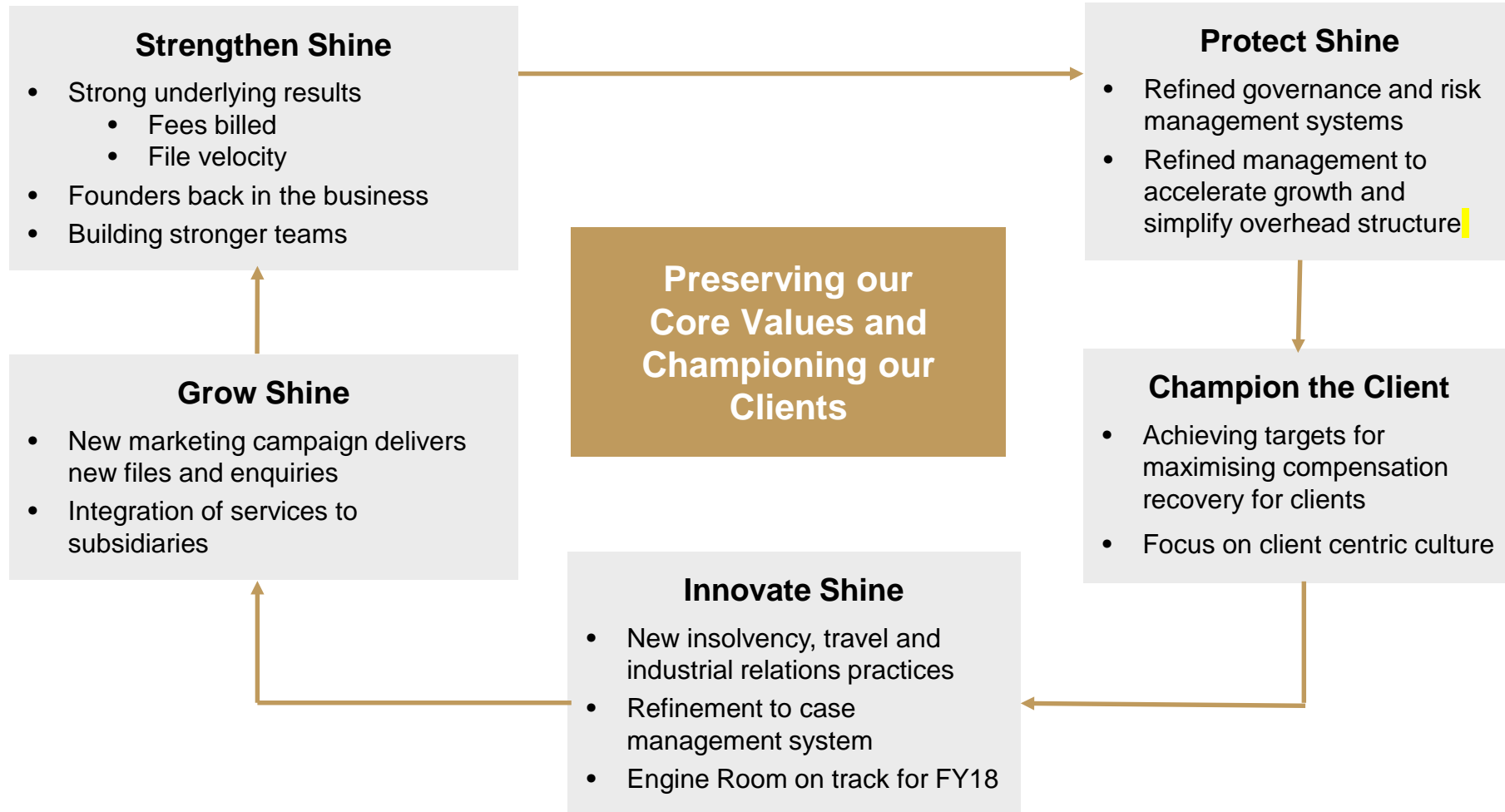
Operations

- Nimble management structure
- Renewed focus internally on core values and legal processes
- Focus on team culture
- Integrate Group functions
- Structural approach to cost improvement
- Marketing campaign and PR to drive enquiries and conversion rates



Clients

- Core values
- Right Wrong
- Training
- Accountability to clients
- Connect more closely to clients



FY17 H1 Financial Results

Ravin Raj ACTING CHIEF FINANCIAL OFFICER



FY17 H1 Financial Results: Detailed Profit and Loss

	1H17 (\$m)	1H16 (\$m)	Variance (\$m)	Variance %
Revenue ¹	74.0	64.0	10.0	↑ 15.5%
NPAT ²	3.9	1.3	2.6	↑ 194.3%
Impairment Charge	(5.0)	-	(5.0)	-
EBITDA ³	10.2	2.1	8.1	↑ 385.7%
Direct Costs	(28.3)	(28.5)	0.2	↓ (0.7%)
Overheads	(37.1)	(32.8)	(4.3)	↑ 13.1%

- Revenue in FY17 H1 grew by \$10.0m (15.5%) compared to FY16 H1, which was impacted by the \$14.4m revenue provisioning adjustment. Net revenue declined in NSW but this was offset by strong growth in QLD, VIC and WA
- Overheads increased due to administration salaries, spend on digital marketing and the full year impact in FY17 of subsidiaries acquired in FY16 (BWB)
- Record fees billed in H1 of \$71.0m, up 10.8% on the prior corresponding period
- Non-cash impairment charge of \$5.0m relating to Goodwill in the Energy & Resources practice
- Interim dividend of 0.6 cents per share (unfranked)

¹ FY16 H1 included negative impact on revenue from provision adjustment of \$14.4m

² NPAT means Net Profit After Tax

³ 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.

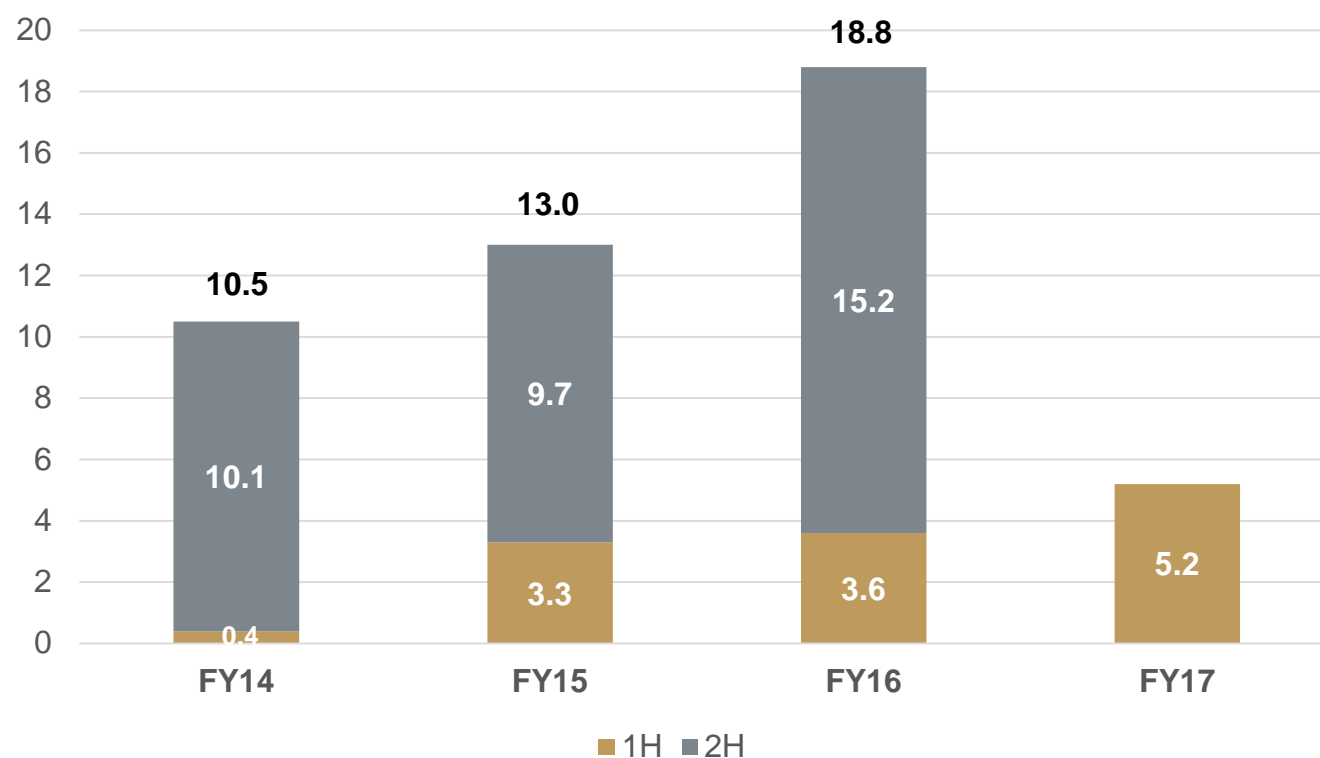
FY17 H1 Financial Results: Balance Sheet

AS AT (\$m)	31 Dec 16	30 Jun 16
Cash	11.9	12.1
Receivables	12.7	17.1
Work in progress	212.5	203.0
Unbilled disbursements	56.9	52.9
PP&E and other	7.2	10.2
Intangibles	46.3	45.7
Total assets	347.5	341.0
Trade payables	10.8	9.8
Disbursement creditors	19.7	21.0
Borrowings	47.4	29.0
Lease liabilities	4.8	3.9
Vendor liabilities	5.7	15.1
Deferred tax liabilities	59.5	60.0
Provisions	10.2	12.4
Total liabilities	158.1	151.2
Net assets	189.4	189.8

- Cash on hand at 31 Dec 2016 was \$11.9m
- Net WIP grew by 4.7% (\$9.5m) to \$212.5m, primarily from organic growth within Shine Lawyers and the acquisition of Claims Consolidated in December 2016
- WIP provisions total \$56.8m (21.1%) of Gross Group WIP balances (30 June 2016: \$52.4m, 20.5%)
- Borrowings increased by \$18.4m due to the funding of vendor deferred and contingent consideration, and the acquisitions of Claims Consolidated and RWW NZ
- Vendor liabilities represents the fair value of the remaining deferred and contingent consideration payable to vendors over the next 12 months. \$10.4m was paid to vendors during the half, funded by borrowings
- Deferred tax liability relates primarily to WIP and disbursements
- Debt to equity ratio of 25.0%

FY17 H1 Financial Results: Gross Operating Cash Flow

GOCF for each half year period (\$m)



- GOCF increased from \$3.6m in FY16 H1 to \$5.2m in FY17 H1, driven by:
 - Receipt of DePuy class action fees
 - Aged debtors collection
- This was offset by an increase in class action disbursements in FY17 H1

FY17 Outlook

Simon Morrison MANAGING DIRECTOR



Outlook for the Remainder of FY17

Operations & Financial

- Improved organic growth and economies of scale across the Group
- Leveraging marketing and brand strategy
- Sustained focus on gross margins through ongoing improvements in file management
- Focus on Group's billings and cash conversion
- Fewer layers of management, better and faster decision making across the business
- Established industrial relations practice in January 2017
- FY17/18 renewed focus on core values and legal processes

Opportunities & Growth

- Strong pipeline of work in Emerging Practice Areas (in particular class actions)
- Continue to seek value accretive opportunities for growth organically and by acquisition

Market

- Legal market continues to be challenging including Personal Injuries and Energy & Resources practice areas
- Shine is continuing to monitor the regulatory landscape

Guidance

- **FY17 full year EBITDA:**
 - Reaffirmed in the range of \$36m - \$40m
 - Currently expected to be at the lower end of this range

Questions

