



FY17 Results Investor Presentation

25 August 2017

IMAGE

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

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Agenda



1 **FY2017 Highlights**

2 **FY2017 Financial Results**

3 **FY2018 Strategic Priorities & Outlook**



2017 Highlights

Simon Morrison – Managing Director

Shine Corporate Overview

- ✓ Achieved Guidance
- ✓ Management restructure completed
- ✓ Results underpin long-term sustainability
- ✓ Continue to diversify and grow PI outside QLD
- ✓ Engine Room completed and rollout underway



QUEENSLAND

Brisbane	Ipswich	
Bundaberg	Helensvale	
Bundall	Logan	
Caboolture	Mackay	
Cairns	Maroochydore	
Carindale	North Lakes	Best Wilson Buckley Family Law Brisbane, Ipswich and Toowoomba
Chermside	Robina	
Dalby	Springwood	Sciaccas Lawyers Brisbane
Gladstone	Stones Corner	
Gympie	Toowoomba	Emanate Legal Townsville and Roma
Hervey Bay	Townsville	

NEW SOUTH WALES

Fairfield	
Liverpool	
Newcastle	
Parramatta	
Sawtell	
Sydney	
	Shine New Zealand Auckland

VICTORIA

Ballarat	
Dandenong	
Geelong	
Melbourne	
Reservoir	
Sunshine	
	Risk Worldwide Shine New Zealand Christchurch

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 /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

FY2017 Highlights

Group

- Financial results within Guidance
- Engine room to deliver integrated and flexible solutions
- Cash conversion improving
- FY17 2H cost review completed / 2018 plan underway
- Appointment of Ravin Raj as Chief Financial Officer

Strategy

- Continued focus - inch wide, mile deep strategy
- Develop existing emerging practice areas in marketplace
- Growth opportunities are measured on a value accretive approach

Financial

- Group revenue 9% higher
- EBITDA up \$11.5m (46%) to \$36.5m
- Profit before tax up \$7m (39%) to \$25.5m
- NPAT up \$5.4m (36%) to \$20.2m
- Final dividend of 2 cps (100% franked)
- EBIT margins 30% improvement
- Gross Operating cash flow up \$0.35m to \$19.25m
- GOCF / EBITDA ratio: 53%

1. EBITDA and GOCF are not an IFRS calculation which appear in the financial statements, and have not been audited.

FY2017 Highlights



5912
Client
Matters
Settled

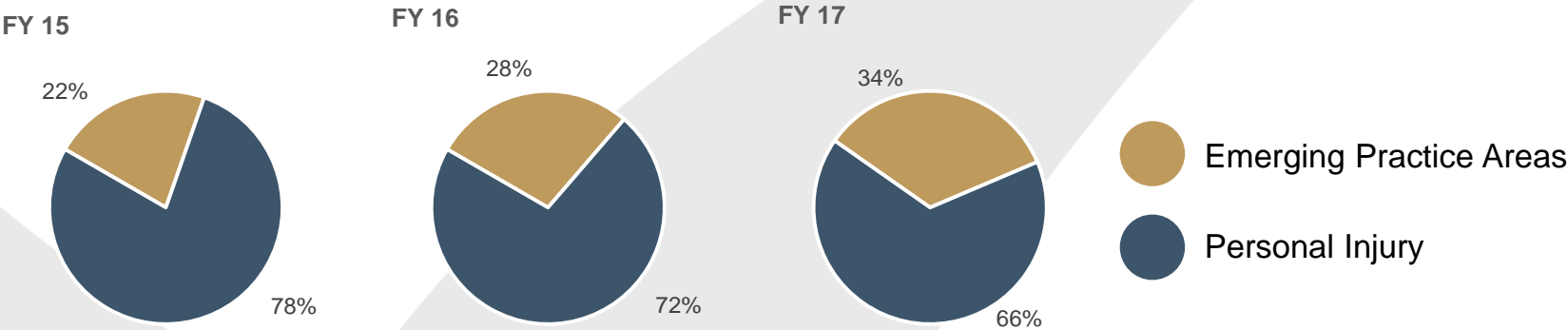
\$648m
Damages
for Clients

**Significant
Australian
Class
Action**
J&J Mesh

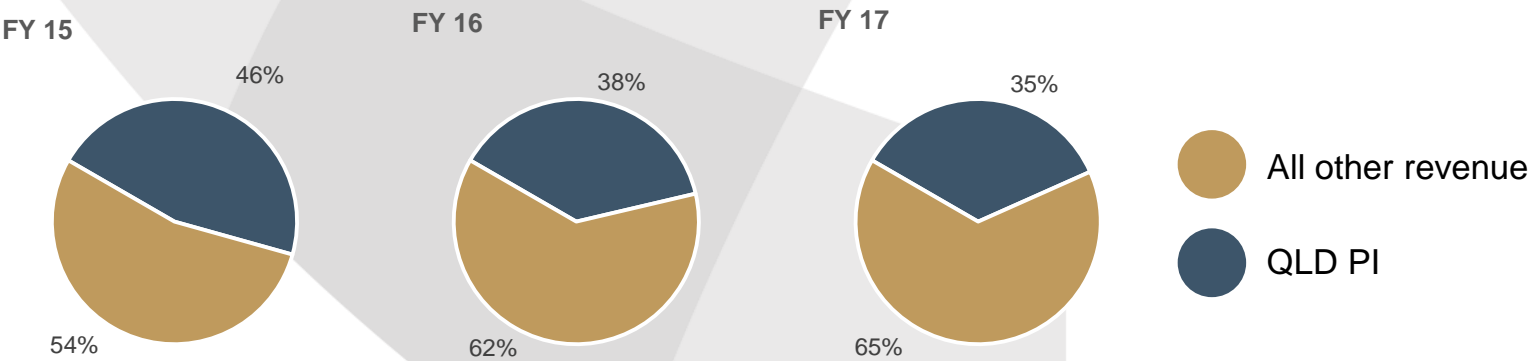
855
Employees

**Landmark
Decision**
Northern
Territory
Asbestos

FY2017 Highlights – Key Segments



Emerging Practice Areas have increased to 34% of total group revenue while the group now derives two-thirds of its revenue outside QLD PI.



FY2017 Highlights – Subsidiaries

Subsidiary	Operational Highlights
Sciaccas	Appointment of Advisory Board in Q4 FY17 to seek new market share; key staff retained
Emanate Legal	Improvement in the CSG sector late FY17 . Business well placed to capitalise on improving economic conditions in mining and infrastructure.
Stephen Browne	Continued strong contribution to Group EBITDA; additional branch office opened in Joondalup WA.
Bradley Bayly	Strong EBITDA and cash flow generation during the year.
Best Wilson Buckley Family Law	Fees billed exceeded budget on the back of organic growth; additional branch office opened in Ipswich QLD.
Risk World Wide NZ	New business opportunities identified in the residential sector of the earthquake claims market.

Commentary

- Improved 2H performance from Subsidiaries – 2H EBITDA up vs 1H
- Integration plan developed and roll out commenced August FY17
- Two branch offices opened FY17 (WA and QLD)

Sciaccas

emanate
LEGAL

STEPHEN BROWNE
PERSONAL INJURY LAWYERS

BRADLEY BAYLY LEGAL

bestwilsonbuckley
FAMILY LAW

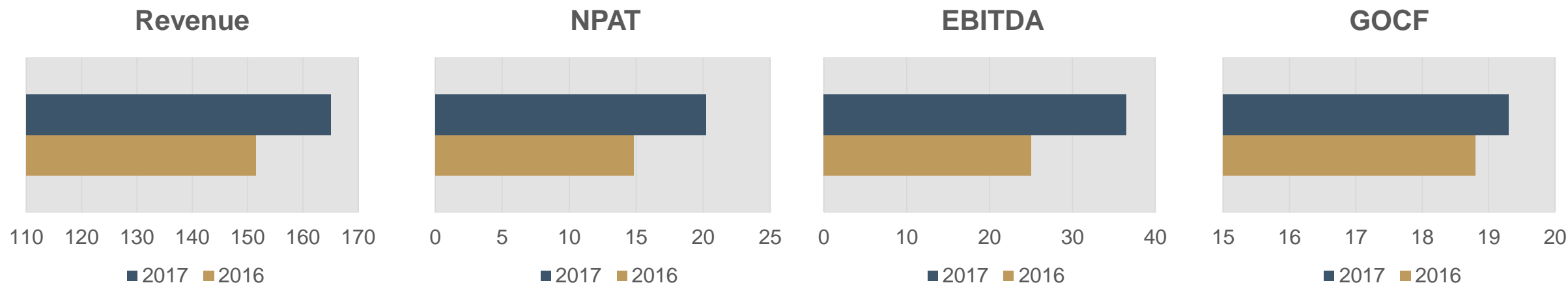
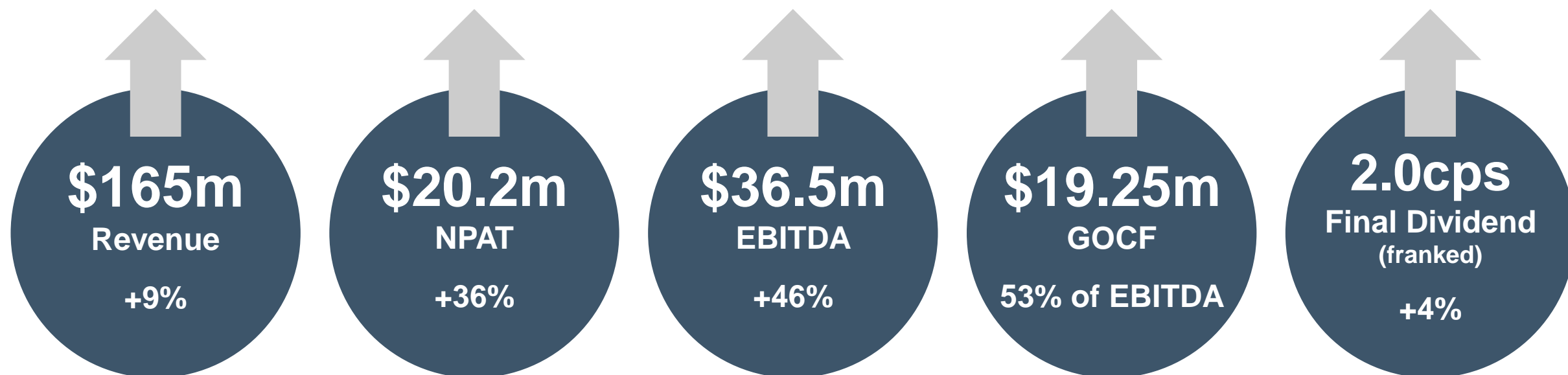
RW RiskWorldwide



FY2017 Financial Results

Ravin Raj – Chief Financial Officer

Group Results FY2017



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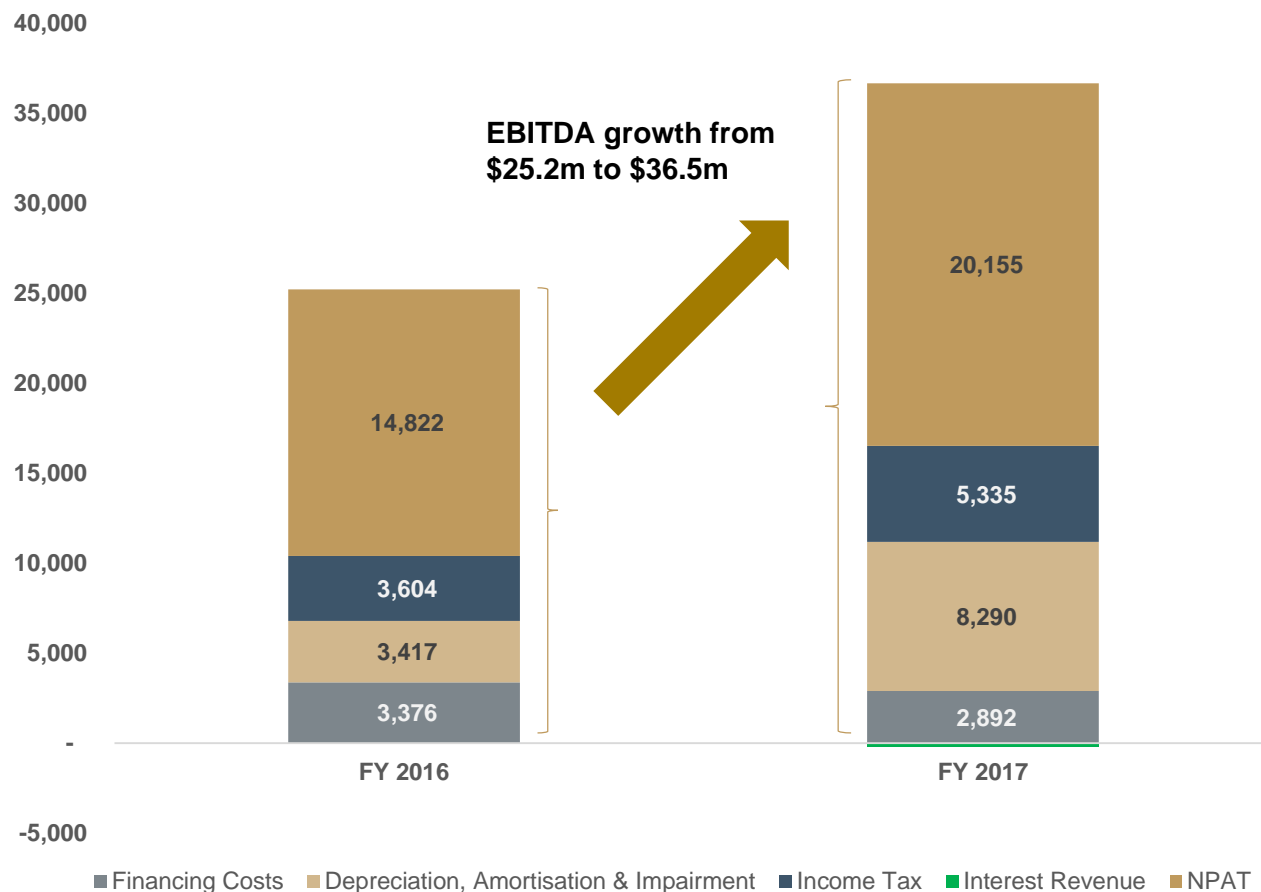
Results at a Glance FY2017

	FY17 (\$m)	FY16 (\$m)	Variance (\$m)	Variance (%)
Revenue	165.0	151.5	+ 13.5	+ 9%
NPAT	20.2	14.8	+ 5.4	+ 36%
Impairment Charge	5.0	0.0	N/A	N/A
EBITDA	36.5	25.0	+ 11.5	+ 46%
Pre-tax	25.5	18.5	+ 7.0	+ 39%

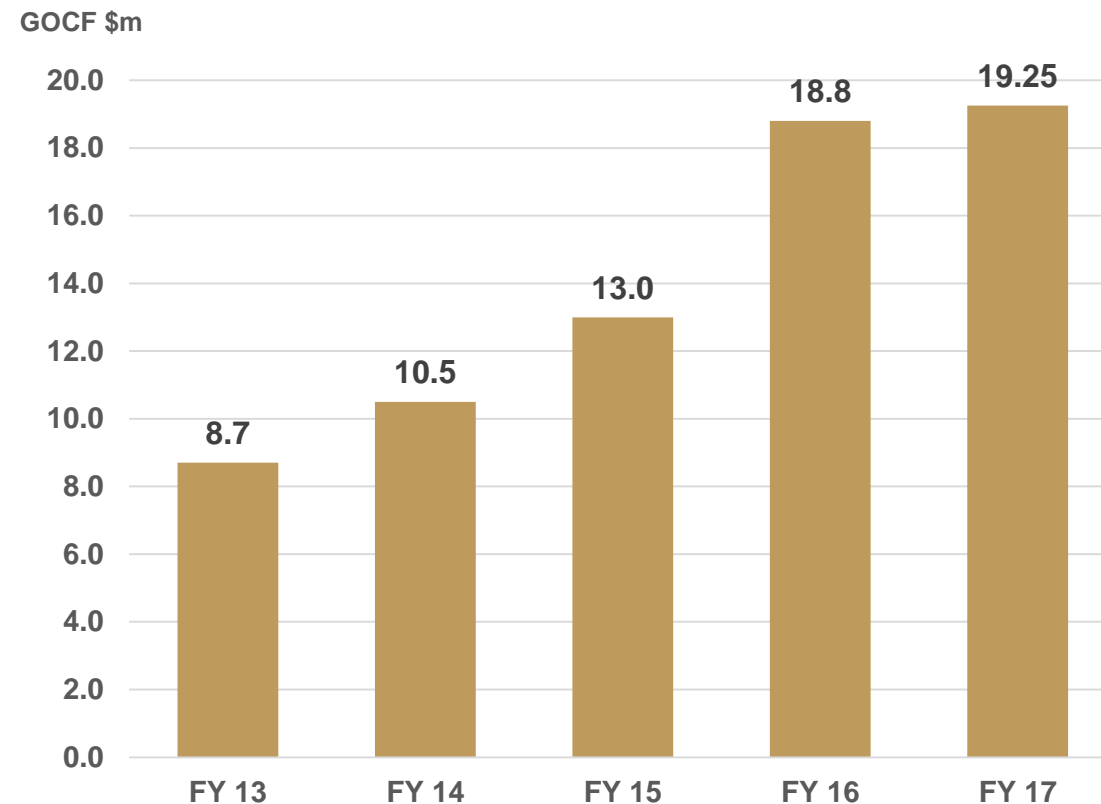
1. EBITDA and GOCF are not an IFRS calculation which appear in the financial statements, and have not been audited.

FY2017 Financial Results

NPAT to EBITDA Reconciliation - \$'000's



Gross Operating Cash Flow (GOCF)



1. EBITDA and GOCF are not an IFRS calculation which appear in the financial statements, and have not been audited.

FY 2017 Results – GOCF / EBITDA ratio

	Net revenue (\$m)	EBITDA (\$m)	GOCF (\$m)	GOCF as a % of EBITDA
Core PI Business & Subsidiaries	128.9	27.7	15.3	55%
New Practice Areas & Class Actions	36.1	8.8	4.0	45%
Total	165.0	36.5	19.3	53%

New Practice Areas include:

- Transport
- Family Law
- Superannuation
- Insolvency
- Medical Law
- Workplace Relations

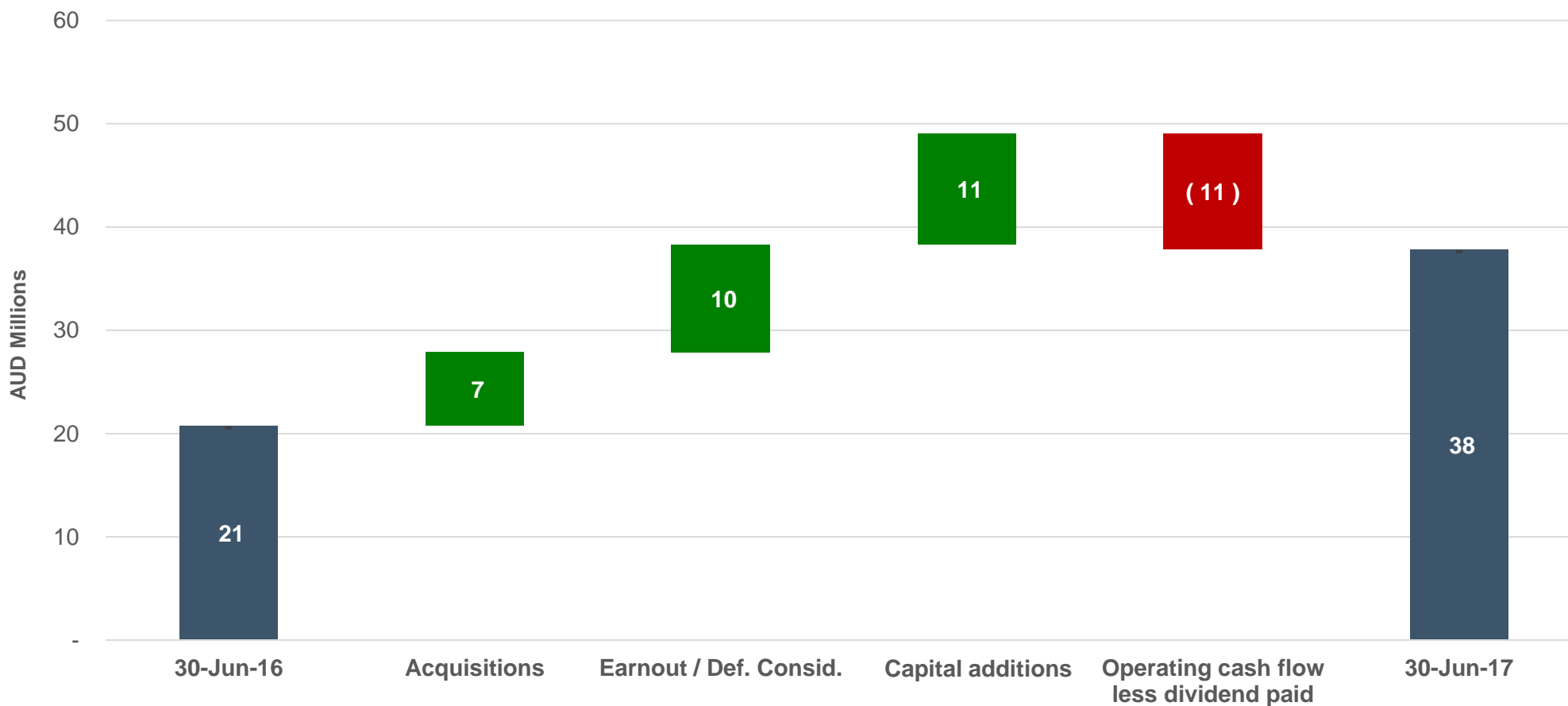
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FY2017 Results: Balance Sheet

As at (\$m)	30-Jun-17	30-Jun-16
Cash & Receivables	33.2	33.0
Work in Progress	226.3	203.0
Unbilled disbursements	64.2	52.9
PP&E and intangibles	57.1	51.1
Other assets	2.1	1.1
Total Assets	382.9	341.1
Trade Payables	16.7	13.3
Disbursement Creditors	32.1	21.0
Borrowings	52.0	32.9
Other Financial Liabilities	3.3	15.1
Current & deferred tax liabilities	65.3	60.0
Provisions	9.0	9.0
Total Liabilities	178.5	151.3
Net Assets	204.4	189.9

- Balance sheet remains strong
- Cash on hand at 30 June 17 was \$14.18m
- Net WIP growth of \$23.3M
- Debt increased \$19.1m to \$52m
- Working capital was \$16.55m, up \$0.626m
- Cash generated from operations was \$19.25m, cash conversion ratio 52.75%
- Vendor liabilities – only 2 payments remaining – approximately \$3.3m
- Debt to equity ratio of 25.4%

Net Debt





2018 Strategic Priorities and Outlook

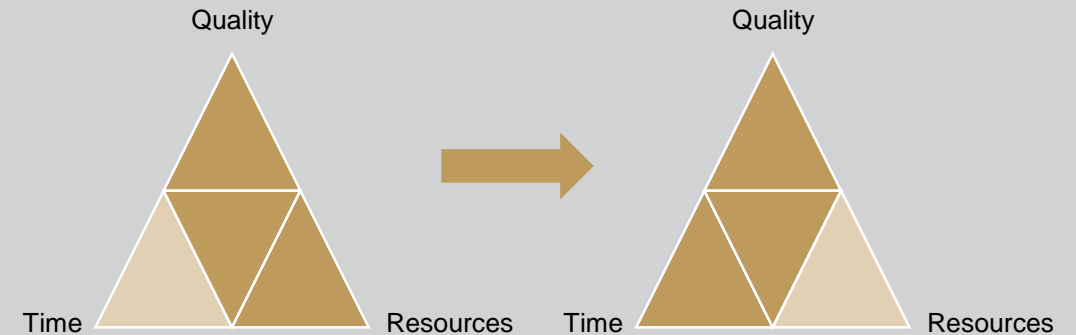
2018 Initiatives

Growth



- Continue to develop, invest and build new growth channels
- Continued diversification into emerging practice litigation & Class Actions
- Focus on value accretive acquisitions
- Achieving targets for maximising compensation for clients
- Continue to diversify and grow personal injury outside QLD

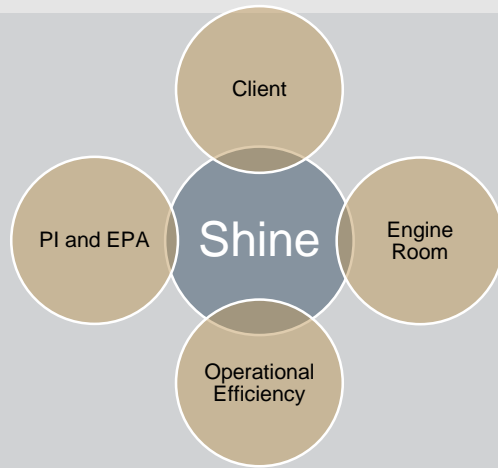
Engine Room / Innovation



- Initial rollout commenced in QLD August 2017
- Focus on reducing underlying costs and leveraging investment in growth initiatives and capabilities
- Leverage the benefits of stronger online presence combined with our physical locations
- Focus on client centric culture

2018 Initiatives

Operations and Client



- Focus on team culture
- Improving cashflow conversion, recoverability, disbursement and class action funding
- Accelerate new practice areas / develop new revenue channels
- Integration of subsidiaries back office
- Improve client onboarding, case selection and client experience

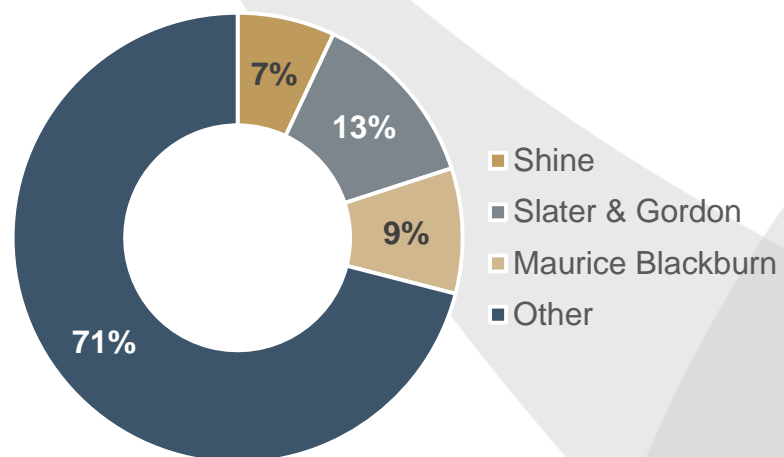
Brand and Marketing



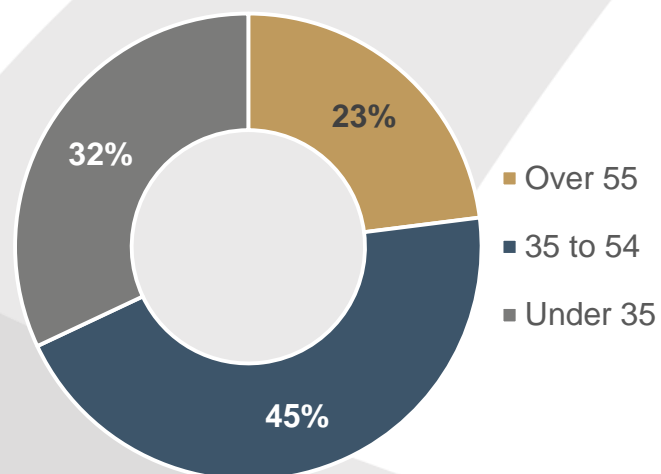
- Significant increase in marketing investment in 2018
- Strong brand and growing market awareness affirms our leadership
- “Right Wrong” Brand and marketing opportunities – values driven business

PI Market Profile – 2016-17

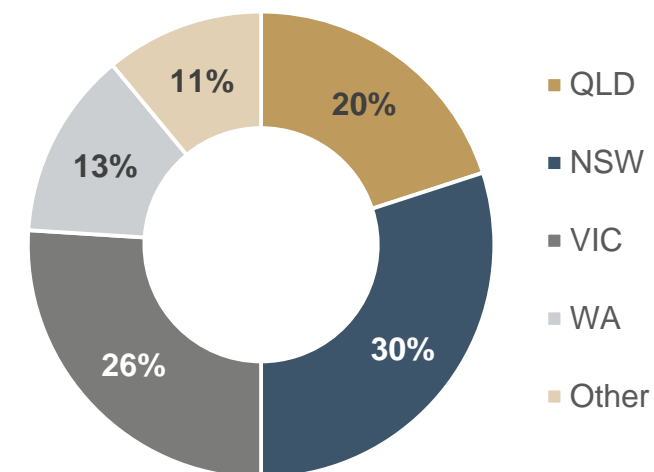
Market Share



Client Market Segmentation



% of Firms / State



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

Outlook 2018

Operations and Financial

Strong balance sheet + substantial unused funding facilities

Improved organic growth and economies of scale across the Group

Sustained focus on gross margins through ongoing improvements in file management

Opportunities and Growth

Significant investment in business improvement and innovation

Continue to seek value accretive opportunities through organic growth and by acquisition

Strong pipeline for class actions and emerging practice areas

OUTLOOK

Modest increase in FY17 EDITDA after allowing for increase in key expenditure on marketing and innovation.

Questions
