



Shine Corporate Ltd FY19 Full Year Results

Results Presentation

August 2019

Simon Morrison
MANAGING DIRECTOR

Ravin Raj
CHIEF FINANCIAL OFFICER

Disclaimer

This presentation contains 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 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.

Always Pursue Justice

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

ERIN BROCKOVICH



Agenda

1

Corporate
Overview &
FY19
Highlights

2

FY19
Financial
Results

3

FY20
Strategic
Priorities

4

Outlook

5

Questions



Corporate Overview & FY19 Highlights

Simon Morrison – Managing Director

Corporate Overview



Shine Lawyers

Personal Injury (motor vehicle, workplace, public liability)

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

Emerging Practice Areas

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

Personal Injury (motor vehicle, workplace, public liability)

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

Land, Energy & Resources

- Emanate Legal Services (QLD)
- Shine Lawyers

Family Law

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

Loss Adjustment

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

- ✓ One of Australia's largest diversified providers of litigation and specialist resolution services
- ✓ Continues an 'inch wide mile deep' strategy of litigation
- ✓ Highly experienced leadership team driving disciplined execution of our proven strategy
- ✓ Organic and acquisition synergistic offering for strong growth opportunities
- ✓ Market and innovation leader with customer-focused technology platform

Justice for a Better Outcome

The Year in Review

6000+

Client
Matters
Settled

Greater than
\$650m
in damages
for Clients

850

Team
Members

Emerging Areas

1. Silicosis
2. Abuse
3. Environmental

\$19m
settlement
traumatic
brain injury

\$1.4m
settlement
workplace
bullying

- Personal injury (motor vehicle, workplace, public liability)
- Superannuation and disability
- Abuse law

- Class actions
- Product Liability
- Aviation
- Professional and medical negligence
- Bankruptcy and Insolvency

Global and National Issues

Contamination Class Action

Katherine, Townsville, Oakey, Darwin

Medical & Professional Negligence

Mesh Class Action, Nursing Homes

Financial

Banking, Superannuation, Franchise and Wealth Management

Sexual Abuse

Representing >1000 victims in abuse claims

Employment and Discrimination

Telecommunications, Contractors & Stolen Wages

Dust Disease – Lung, Autoimmune & Arthritis

Qld government ban dry cutting artificial stone

- Transport
- Cycling
- Commercial, land and environment
- Family law
- Insurance and loss adjustment
- Defamation
- Asbestos
- Dust
- Silicosis

FY19 Highlights

Group

- Financial results within Guidance
- Class Action and disbursement funding strategy completed
- Shine Corporate Ltd. Class Action settled. No impact to balance sheet or earnings
- Continue to leverage benefits of strong online presence and branch locations
- Practice management system integration completed in Shine Lawyers (Australia) – subsidiary rollout to continue in FY19

Strategy

- Continuous improvement focus across Group - inch wide, mile deep strategy
- Building key segments and channels
- Leveraged to grow national footprint – Family Law and Class Actions
- Scalable technology to deliver competitive advantage with improved margins
- Targeted high value services and further diversifying across regions and seasonality
- Strategically positioned for sustainable long term growth

Financial

- EBITDAI⁽¹⁾⁽²⁾⁽³⁾ up 25.8% to \$47.44m
- Underlying EBITDAI⁽¹⁾ up 1.6% to \$38.33m
- NPAT down 26.6% to \$14.03m
- Underlying NPAT (excluding \$5m impairment) down 0.4% to \$19.03m
- Total dividend of 3.75 cps up 15% (unfranked)
- Gross Operating Cash Flow (GOCF⁽¹⁾⁽³⁾) up 42.9% to \$31.25m
- Underlying Gross Operating Cash Flow up 1.3% to \$22.15m
- Underlying EPS up 6.9% to 11.81 cents (excluding impairment and AASB 16)

¹ EBITDAI and GOCF are not IFRS calculations which appear in the financial statements, and have not been audited.

² EBITDAI result improved through adoption of AASB 16

³ GOCF result improved through adoption of AASB 16

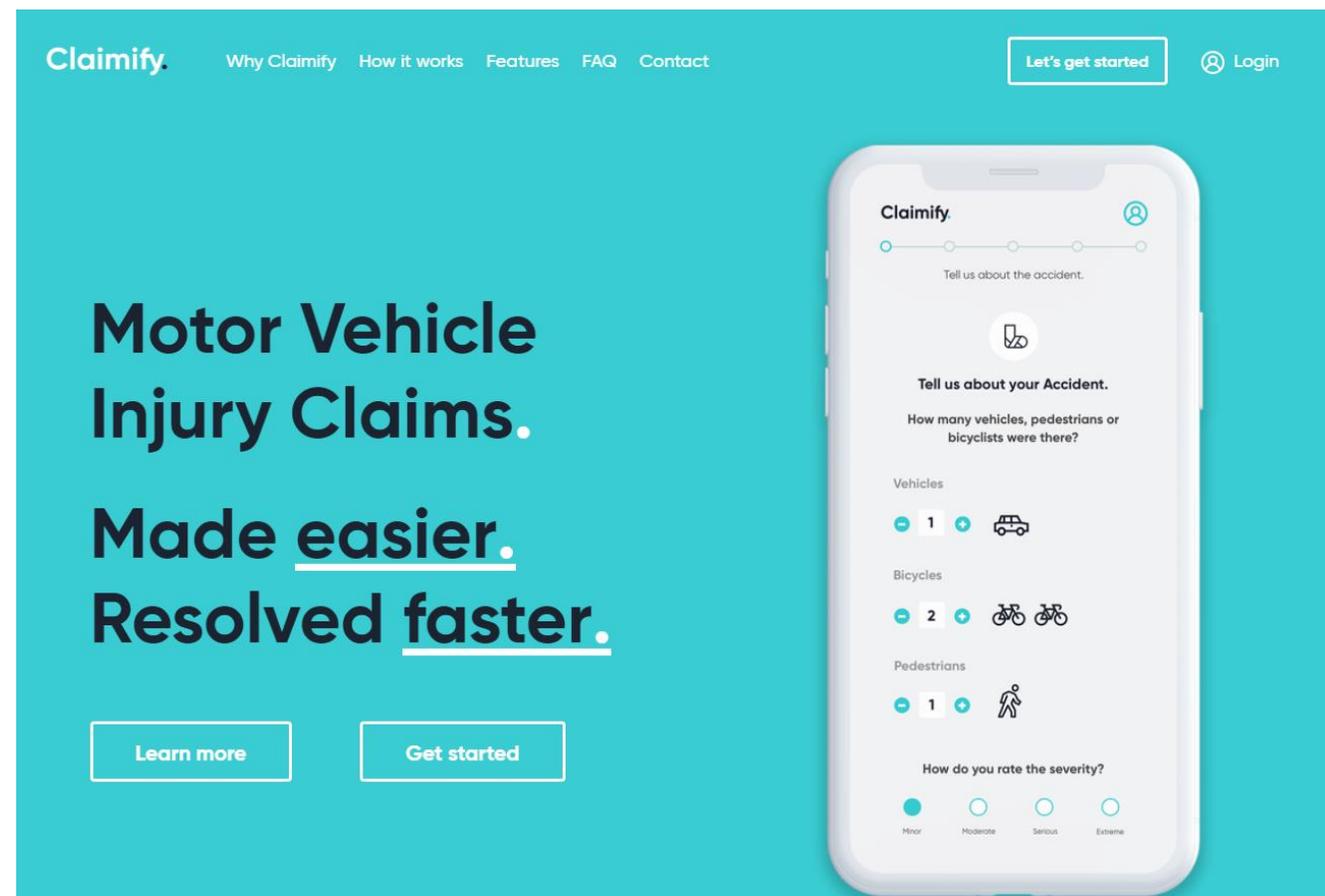
FY19 Highlights – Subsidiaries & Investments

Subsidiary	Operational Highlights
Sciaccas	Ongoing development in employment and industrial law.
Emanate Legal	Challenging conditions persist. Mining industry and infrastructure initiatives expected in 2020.
Stephen Browne	Consistent and sustained performance in Western Australia. Steadily increasing contribution to Group financial KPI's.
Bradley Bayly	Increase in Abuse cases emerging from the Royal Commission.
Best Wilson Buckley Family Law	Family law services opportunities with healthy pipeline on national basis.



Our first innovation initiative launched in May 2019.

- Claimify is an online legal platform designed to create new ways of delivering justice for consumers with a focus on ease and convenience for the client and internal process optimization.
- Features include:
 - Online self serve interview with sentiment capture
 - Artificial intelligence deep learning algorithm that predicts case outcomes
 - Online claims portal
 - Partial claims automation
 - Fixed pricing model
- For our first client, we were able to achieve Claim Lodgement within 5 business days from her first point of contact, a process that can take upwards of a month in a traditional setting

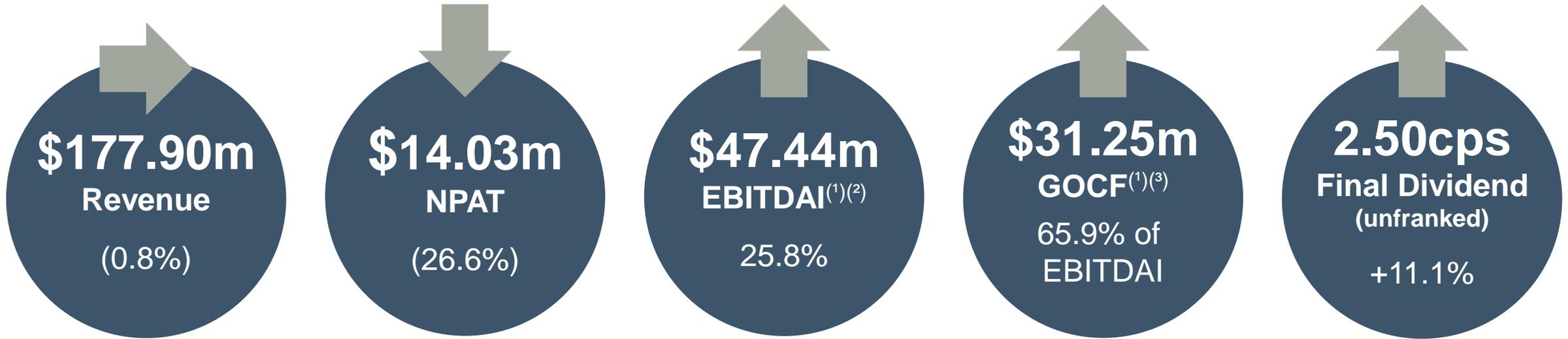




FY19 Financial Results

Ravin Raj – Chief Financial Officer

FY19 Group Results



- Underlying EBITDAI⁽¹⁾ up 1.6% to \$38.33m
- Underlying NPAT (excluding \$5m impairment) down 0.4% to \$19.03m
- Total dividend of 3.75 cps up 15% (unfranked)
- Underlying Gross Operating Cash Flow up 1.3% to \$22.15m

¹ EBITDAI and GOCF are not IFRS calculations which appear in the financial statements, and have not been audited.

² EBITDAI result improved through adoption of AASB 16

³ GOCF result improved through adoption of AASB 16

FY19 Financial Results: Detailed Profit and Loss

	FY19 (\$m)	FY18 (\$m)	Variance (\$m)	Variance (%)
Revenue	177.90m	179.37m	(1.47m)	(0.8%)
Underlying NPAT (pre-impairment)	19.03m	19.11m	(0.08m)	(0.4%)
NPAT	14.03m	19.11m	(5.08m)	(26.6%)
EBITDAI ⁽¹⁾⁽²⁾	47.44m	37.72m	9.72m	25.8%
Underlying EBITDAI	38.33m	37.72m	0.61m	1.6%
Employee Benefits Expense	(92.27m)	(90.47)m	1.80m	2.0%
Overheads	(37.90m)	(50.95)m	(13.05m)	(25.6%)

- Revenue stable notwithstanding impact of restructuring and downsizing of nonperforming work types and NSW tort reform
- Reported EBITDAI growth due to adoption of new AASB 16 accounting standard, which results in operating lease payments disclosed as depreciation and interest
- Impairment relates to Land, Energy and Resources practice. Non-cash write down of balance sheet goodwill. Underlying operations unaffected
- Underlying total overheads decreased by approximately \$3m (excluding impact of impairment and AASB 16)

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

FY19 Results Overview: Financial Highlights

	FY19	FY18	Variance (%)
EPS ³ (cents)	8.06	11.04	(27.0%)
Underlying EPS (cents)	11.81	11.04	6.9%
Final dividend per share (cents)	2.50	2.25	11.1%
FY 19 dividend per share (cents)	3.75	3.25	15.4%

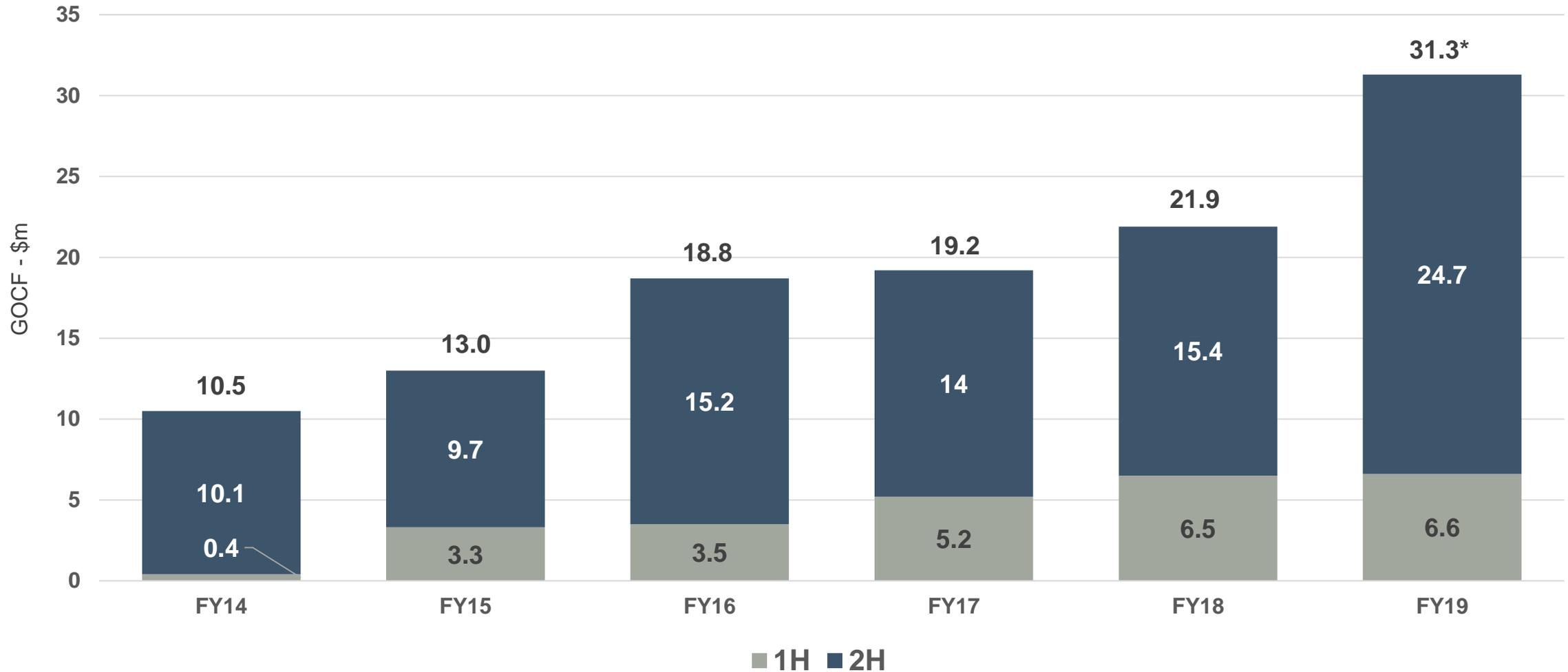
- Underlying EPS excludes impairment and AASB 16 impact
- Final and full year dividend increased as outlook for underlying operations continues to improve
- Dividends unfranked

FY19 Financial Results: Balance Sheet

AS AT (\$'000)	30 June 19	30 June 18
Cash	26,697	22,549
Receivables	15,586	13,424
Work in progress	276,487	257,037
Unbilled disbursements	84,781	78,083
PP&E and other	6,461	10,330
Intangibles	47,944	48,291
Right of Use Assets	47,624	-
Total assets	505,580	429,714
Trade payables	17,018	13,234
Disbursement creditors	65,441	55,930
Borrowings	54,413	52,956
Lease liabilities	54,538	4,774
Deferred and current tax liabilities	81,393	74,786
Provisions	9,279	9,894
Financial liabilities	1,090	333
Total liabilities	283,172	211,574
Net assets	222,408	218,140

- Cash on hand at 30 June 2019 was \$26.70m
- Net WIP grew by 7% primarily from organic growth within Shine Lawyers
- Deferred tax liability relates primarily to WIP
- Disbursement creditors grew due to implementation of new disbursement facility
- New class of Right of Use Asset and Lease liabilities created as a consequence of AASB 16
- Marginal increase in borrowings due to Carr & Co acquisition

FY19 Financial Results: Gross Operating Cash Flow

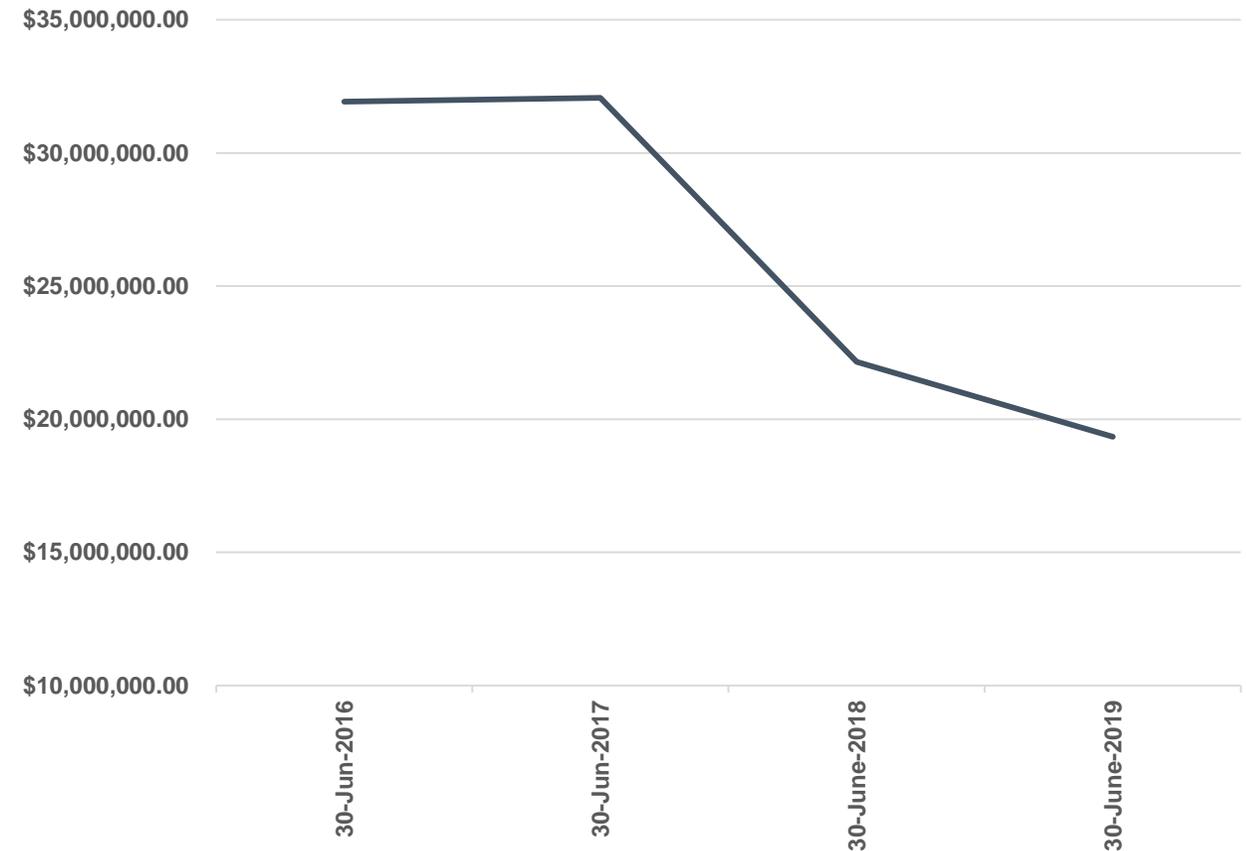


*FY19 GOCF result improved through adoption of AASB 16 and, on a like-for-like basis GOCF was \$22.15m; and the GOCF/EBITDAI ratio was 57.8%

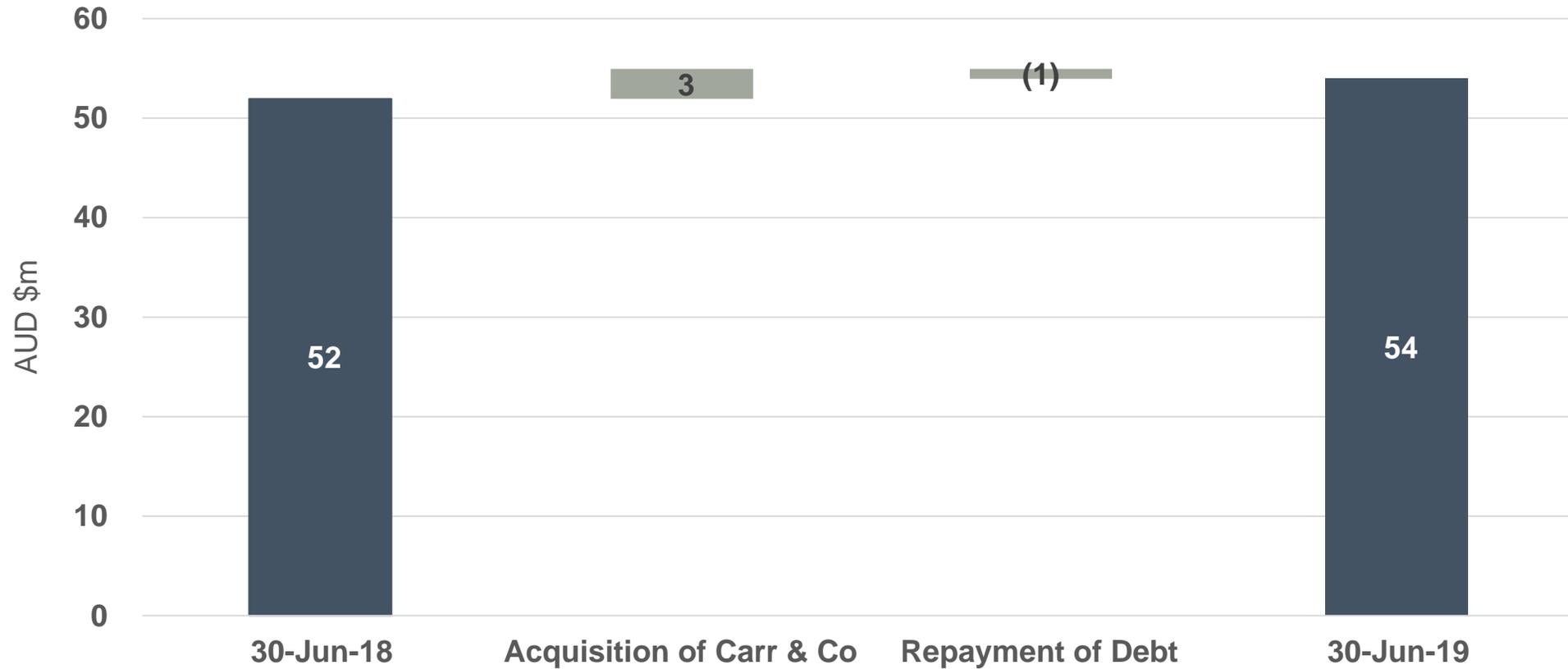
Shine Equity Funded Disbursements (Net)

- 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 60-70% of EBITDAI on track

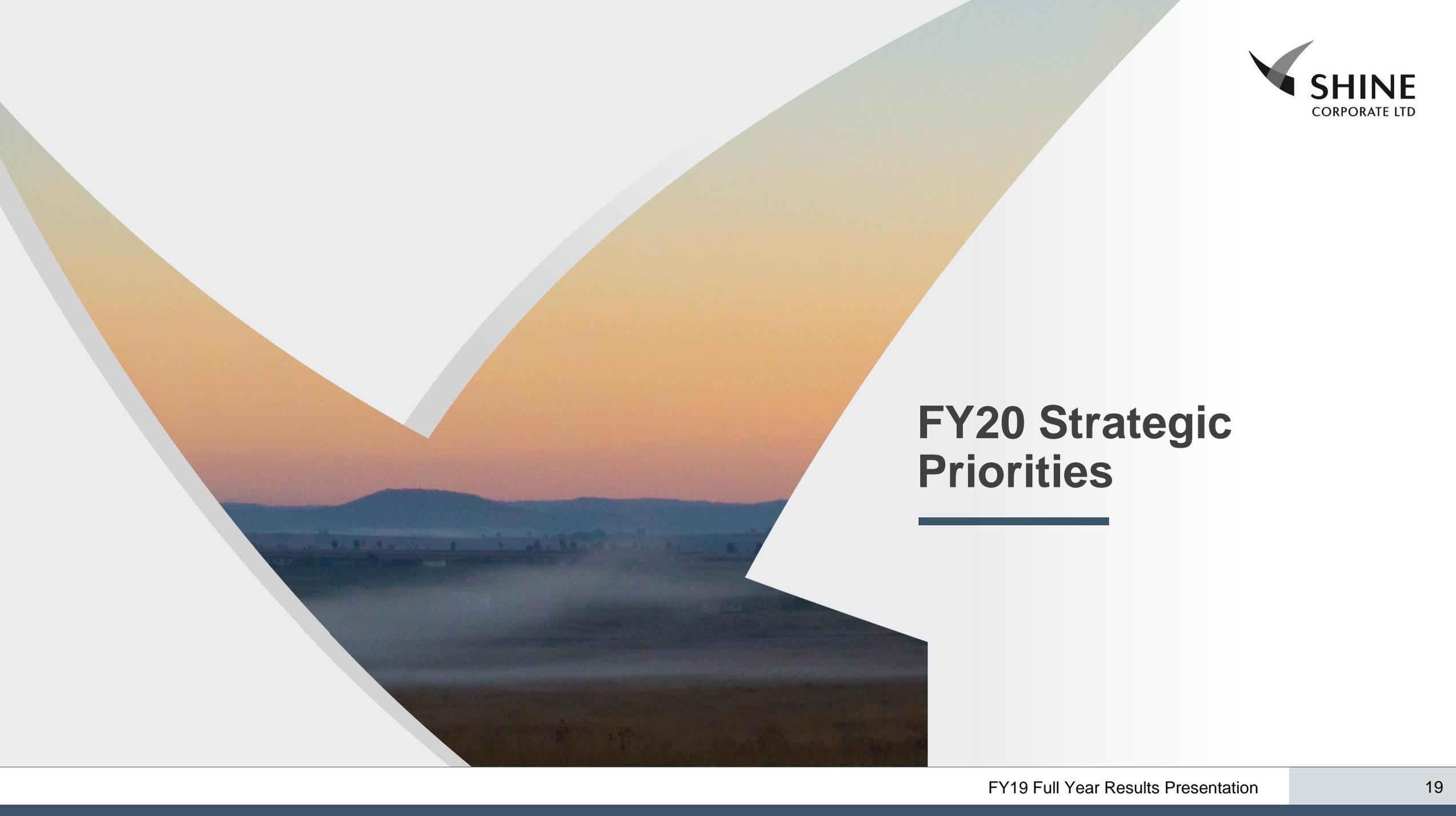
Shine Equity Funded Disbursements (Net)



Debt



* 30 June 2018 balance excludes finance leases of approximately \$5m.



FY20 Strategic Priorities

Committed to Our Long Term Strategy and Outlook

Organic Growth

- Growth opportunities in Emerging Practice Areas and Personal Injury
- Build on our national brand and support revenue pipeline
- Invest in high end / niche markets
- Innovative solutions
- Enhance customer experience

Financial

- Consistent cash flows and strong balance sheet
- Disciplined capital management
- Grow geographic revenue streams and address new customer segments and services with appropriate investment

Earnings Growth

- Invest in organic growth
- Optimise cost structure and operating efficiency while growing our investments
- Continued improvements to processes

Acquisitions Pipeline

- Develop national family law practice
- Strategic acquisitions aligned to financial metrics

FY20 Priorities and Outlook

Grow Shine

- Focus on organic growth opportunities
- Maintain considered acquisition strategy
- Expand Family Law
- Deliver on new marketing strategies

Strengthen Shine

- Continue to refine reporting processes
- Execute next stage of subsidiary integration
- Build on cost reduction strategies from FY19
- Continue focus on WIP management improvement

Innovate Shine

- Complete Phase 2 of Disruption Model Plan

Champion our Clients

- Improve client conversion rates
- Focus on customer satisfaction outcomes

Outlook

FY20 EBITDAI guidance: the Group is expecting an increase in the order of 10% in underlying EBITDAI



Questions

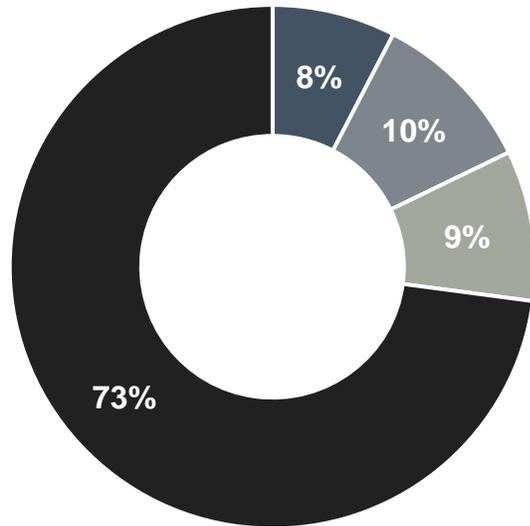
A blue-tinted photograph of a coastal landscape, showing a rocky shoreline, waves, and a cliffside, framed by large, overlapping white and grey geometric shapes.

Appendices

PI Market Profile

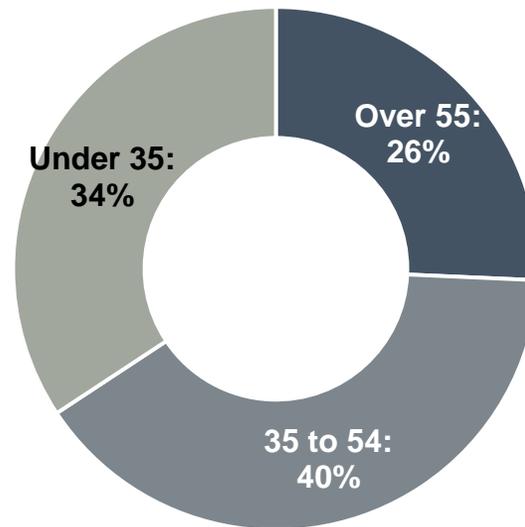
Industry fundamentals underpin long term growth

Market Share

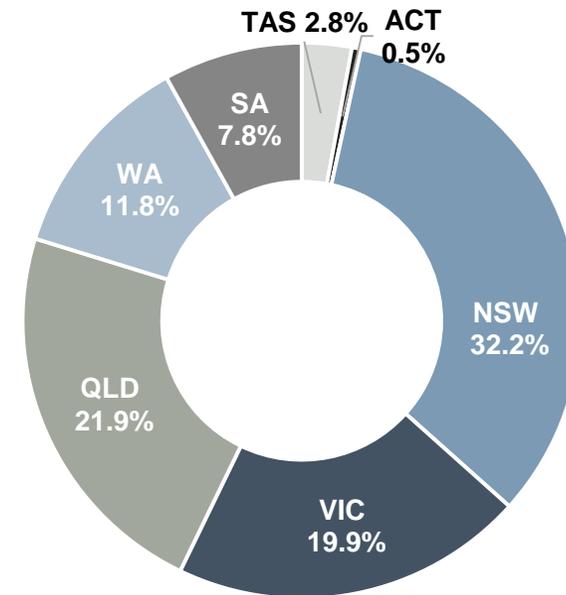


- Shine Corporate Ltd
- Maurice Blackburn
- Slater & Gordon
- Other

Client Market Segmentation



% of Firms / State



Source: IBISWorld Industry Report OD5519: Personal and Workplace Injury Lawyers in Australia June 2019

Community

Social Impact

Social and physical initiatives to improve well being and mental illness



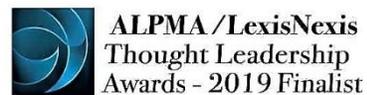
Shine a Light

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

Con Sciacca Memorial Award

Protecting rights of Australian workers

2019 recipient in recognition of safety of police officers and the public



Finalist in the ALPMA Thought Leadership Awards



**2019 Employee Program of the Year
Lawyers Weekly Australian Law Awards**