



FY19 Half Year Results Investor Presentation

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Agenda



1

FY19 H1 Highlights

2

FY19 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				
				
				

Shine Lawyers

- 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

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
- Employment Law
- Commercial Litigation

Personal Injury (motor vehicle, workplace, public liability)

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

Land, Energy & Resources

- Emanate Legal Services (QLD)
- Shine Lawyers

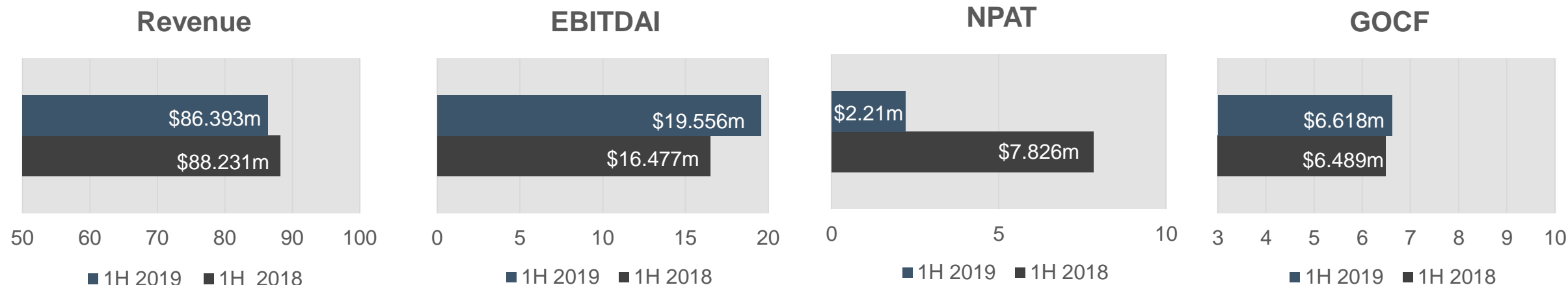
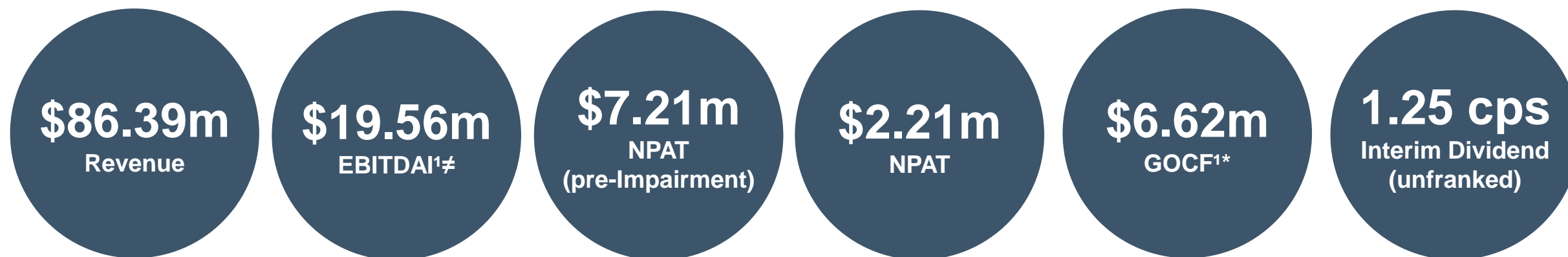
Family Law

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

Loss Adjustment

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

FY19 H1 Highlights – H1 Group Results



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

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

≠. H1 EBITDAI result improved through adoption of AASB16 and, on a like-for-like basis EBITDAI was \$15.15m

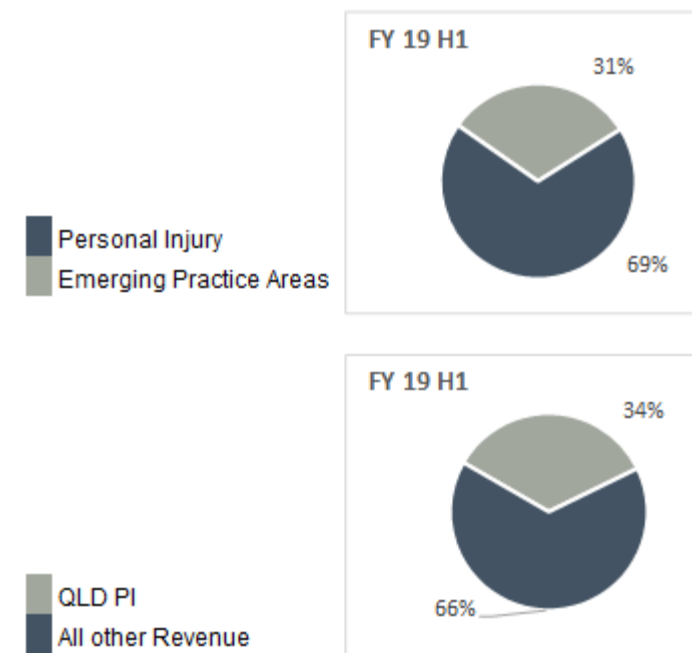
*. H1 GOCF result improved through adoption of AASB16 and, on a like-for-like basis GOCF was \$2.21m

FY2019 H1 Highlights

Executive Summary

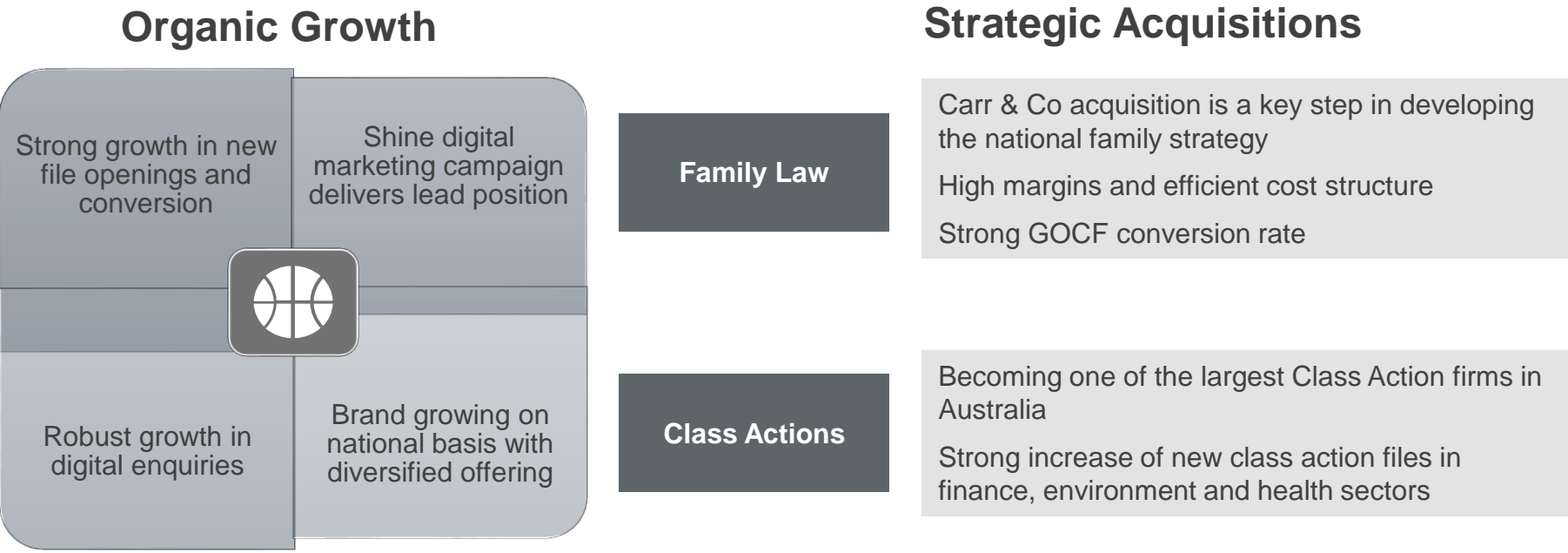
- FY19 H1 earnings consistent with historical seasonal experience.
- Outlook for 2019 remains on track
- Impairment of Goodwill (\$5m before income tax) for Land, Energy and Resources due to delay in major infrastructure initiatives and national and State energy reforms. No impact to underlying NPAT, debt facilities or bank covenants. Non-cash in nature
- Enhanced marketing strategy has improved quality and quantity of new organic work across the Group
- Negotiated strategic acquisitions of ACA Lawyers and Carr & Co which will be earnings accretive and boost growth in the future in Class Actions and Family Law
- Elite practice management system integration completed in Shine Lawyers (Australia) with subsidiary rollout continuing in 2019/2020
- New disbursements funding facilities in place
- Competitive Class Action funding options
- Class Action pipeline growing

Revenue Diversification



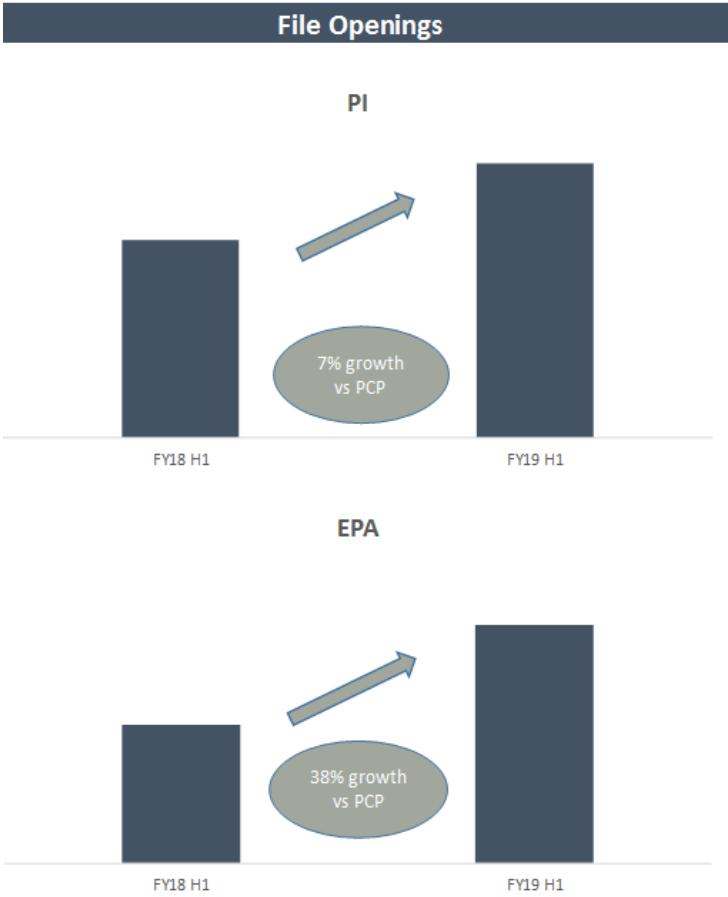
Driving and Diversifying Revenue Growth

Investment in our people and culture remains our competitive advantage



Organic Growth – Investment to Drive Growth

- Increase in total file openings to 31 December 2018
- Focus on driving actionable enquiries, increased conversion of file openings, and underlying improvement in organic growth rate
- Improvements and lift in quality of digital enquiries
- YoY conversion of enquiries improved as a result of focused initiatives on servicing our clients
- Diversified and agile channel strategy with work coming from different sources



Growth through Acquisition

Overview of ACA Lawyers

- Established in 2013
- Strong management and reputation as Corporate Class Action specialists
- Integrated with Shine Class Actions team in Sydney
- Currently leading some of the largest Class Action lawsuits in Australia

Key Terms

- Acquisition effective 1 October 2018
- Purchase price funded through working capital
- Earnings accretive FY19

Strategic Rationale

- New litigation funding options
- Consolidate class action expertise and growth – diversity of experience

Overview of Carr & Co

- Specialist family law practice
- Established in 1995
- Strong management team
- Located in central business district in Perth
- Consistently ranked as a top tier family law firm in Perth

Key Terms

- Acquisition effective January 2019
- Purchase price \$3.6m for 80% of the shares in Carr & Co
- Majority of purchase price debt funded
- Expected to be earnings accretive FY19

Strategic Rationale

- High quality acquisition and strong strategic fit
- Higher margin and growth areas
- Operating synergies across existing business operations in Perth
- National law - opportunity to deploy skills and resources across Shine Group



FY19 H1 Financial Results

Ravin Raj – Chief Financial Officer

FY19 H1 Financial Results: Detailed Profit and Loss

	FY19 H1 (\$m)	FY18 H1 (\$m)	Variance (\$m)	Variance (%)
Revenue	86.393	88.231	(1.838)	(2.08%)
NPAT ¹ (pre-impairment)	7.209	7.826	(0.617)	(7.88%)
Impairment charge	(5.0)	-	-	-
NPAT ¹	2.209	7.826	(5.617)	(71.77%)
EBITDAI ²	19.556	16.477	3.079	18.69%
Employee Benefits Expense	(46.344)	(45.336)	(1.008)	(2.22%)
Overheads	(29.655)	(30.750)	1.095	3.56%

- Marginal drop in Group revenue, but revenue growth in core business
- EBITDAI growth due to adoption of new AASB16 accounting standard, which requires re-classifying operating lease payments as depreciation and interest
- Overheads being maintained at or below FY18
- Impairment relates to Land, Energy and Resources practice. Write down of balance sheet goodwill. Underlying operations unaffected

¹ NPAT means Net Profit After Tax

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

FY19 H1 Results Overview: Financial Highlights

	FY19 H1	FY18 H1	Variance (%)
EBITDAI ¹ (\$m)	19.556m	16.477m	18.69%
Gross Operating Cash Flow ² (\$m) (GOCF)	6.618m	6.487m	2.01%
EPS ³ (cents)	1.28¢	4.52¢	(77.81%)
Dividend per share (cents)	1.25¢ (unfranked)	1.0¢ (franked)	

- Reportable EBITDAI and GOCF result improved by adoption of new AASB16 accounting standard, whereby operating lease payments are removed from operating cash outflows and reclassified as depreciation (non-cash) and interest (financing cash flow)
- Half year GOCF impacted by approximately \$4.2m of Class Action billings due 31 December 2018, with majority paid in early January 2019
- Medium term aim to improve GOCF to 60-70% of EBITDA on track
- Underlying (Pre-impairment) EPS 4.16¢
- Interim dividend increased as outlook for underlying operations continues to improve

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³ EPS means Earnings Per Share.

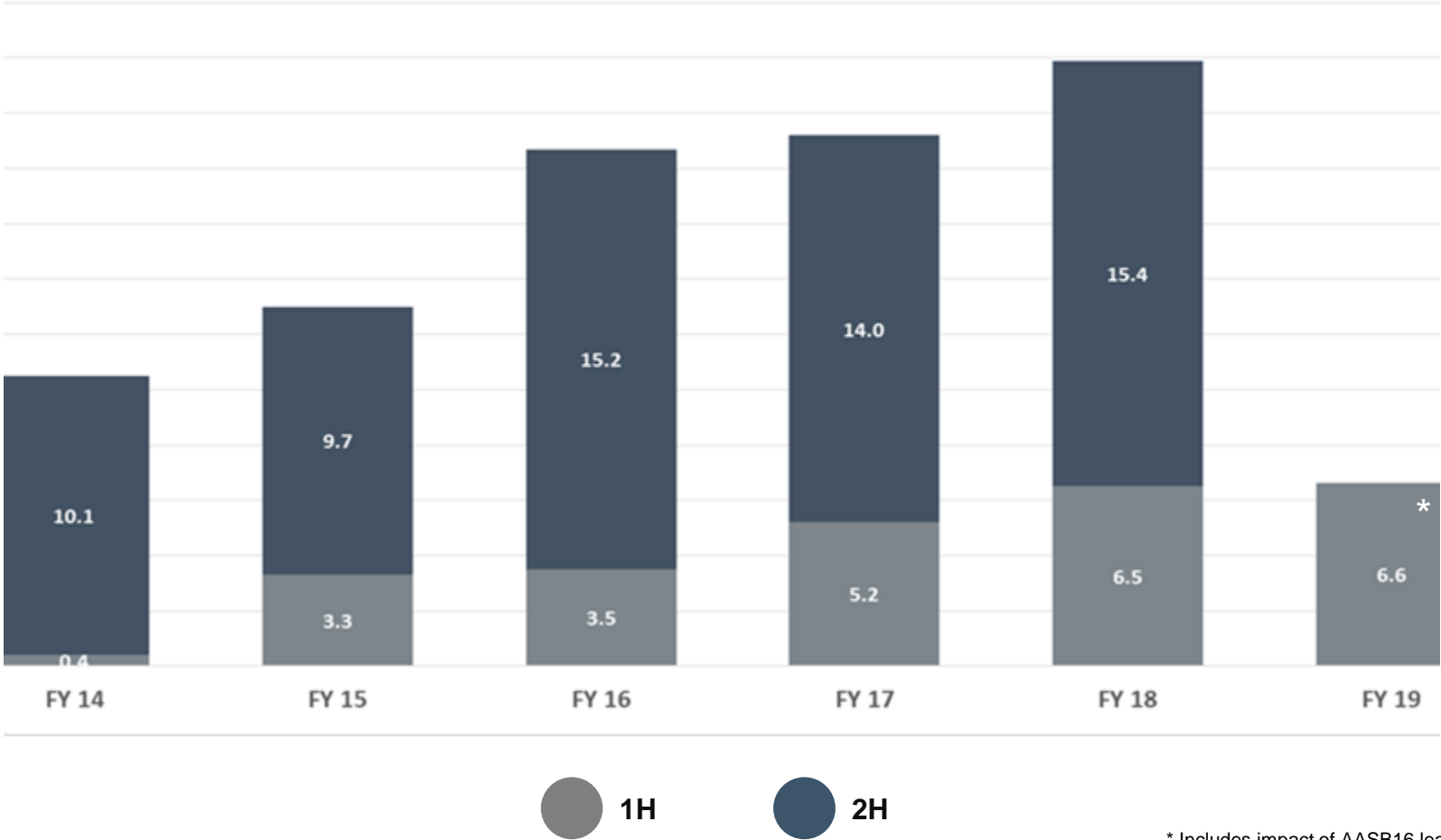
FY19 H1 Financial Results: Balance Sheet

AS AT (\$'000)	31 Dec 18	30 Jun 18
Cash	13,613	22,549
Receivables	19,293	13,424
Work in progress	268,548	257,037
Unbilled disbursements	83,358	78,083
PP&E and other	5,662	10,330
Right of use assets	46,302	-
Intangibles	45,000	48,291
Total assets	481,776	429,714
Trade payables	16,414	13,167
Disbursement creditors	62,880	55,390
Borrowings	50,887	57,464
Lease liabilities	52,530	-
Deferred tax liabilities	76,182	74,786
Provisions	8,867	9,894
Other liabilities	1,059	873
Total liabilities	268,809	211,574
Net assets	212,967	218,140

- Cash on hand at 31 December 2018 - lower than expected, offset by higher receivables
- Operational Balance sheet items consistent with 30 June 2018
- New Balance sheet items on adoption of new AASB16 accounting standard
- Marginal reduction in borrowings due to some repayment, plus AASB16 re-classification
- Drop in Group Net Assets due to adoption of AASB16 plus payment of FY18 final dividend and impairment recorded at 31 December 2018

FY19 H1 Financial Results: Gross Operating Cash Flow

Gross Operating Cash Flow (GOCF) for each Half year Period (\$m)



* Includes impact of AASB16 leases and delay in Class Actions billing recovery.



Strategic Priorities

Committed to Our Long Term Strategy

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
- 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

- Improving customer experience with a focus on quality
- Invest in organic growth
- Optimise cost structure and operating efficiency while growing our investments
- High margin niche opportunities
- Elite benefits and Innovation hub

Acquisitions Pipeline

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



Outlook

Outlook 2019



INVEST

- Invest in growth reflecting opportunities in EPA and PI
- Strong balance sheet
- Operational improvements across Group



GROW

- Establish national family law practice
- Align acquisition pipeline and opportunities to geographic footprint and service offerings
- Capitalise on legal services areas that are fragmented



STRENGTHEN

- Revenue growth remains a key objective whilst improving margins and GOCF
- Build national brand and support revenue pipeline with marketing and digital technology strategy and initiatives



INNOVATE

- Elite integration and other technological initiatives
- Provide end to end client and file management solutions
- Multiple business development initiatives to generate growth, leveraging innovative solutions



CHAMPION THE CLIENT

- Improve customer experience
- Invest in high end / niche markets

Guidance

Reaffirm expectation of modest increase in EBITDA (excluding Impairment and AASB16) for the full year over the result for FY18

Questions

IMAGE

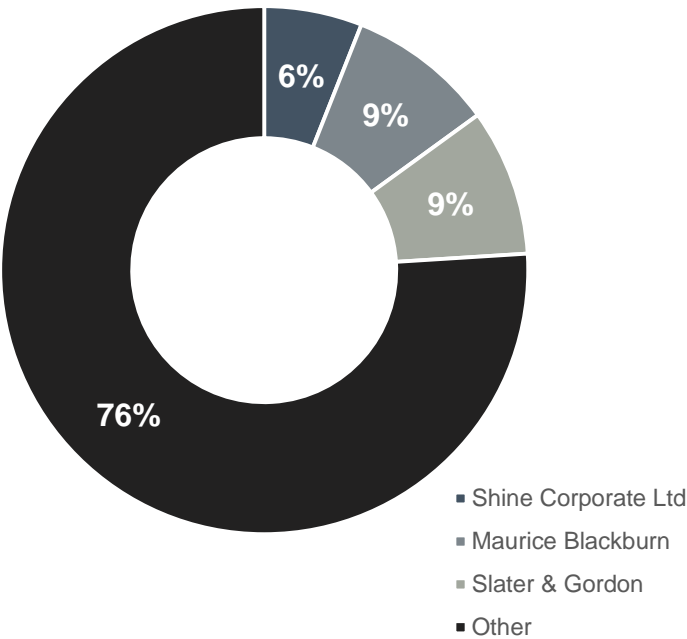
The Darling Downs – the birthplace of Shine – in Southern Queensland



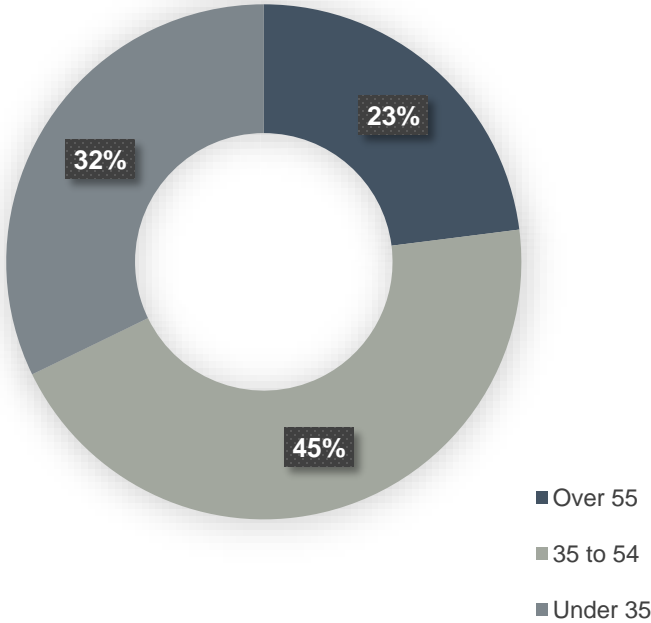
Appendices

PI Market Profile

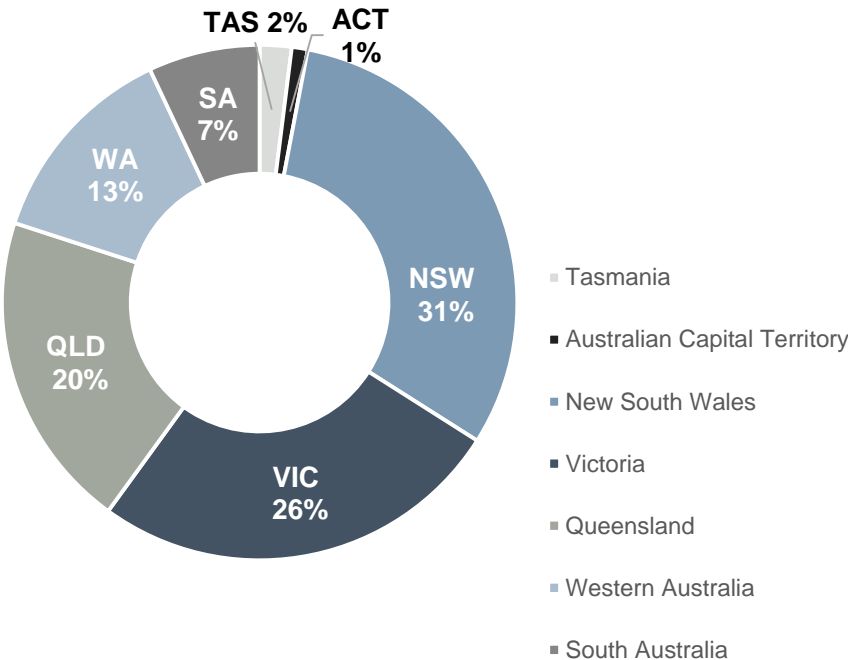
Market Share



Client Market Segmentation



% of Firms / State



Source: IBISWorld Industry Report OD5519: *Personal and Workplace Injury Lawyers in Australia* May 2018

Sustainability and 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.



Supply Chain

Working with commercial and community to develop a sustainable supply chain