

SHINE CORPORATE LTD

FY16 RESULTS

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INVESTOR PRESENTATION 2016

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SHINE A LIGHT ON
INJUSTICE AND
MAKE THE WORLD
A BETTER PLACE ONE
CLIENT AT A TIME



OPERATING HIGHLIGHTS

CONTINUING THE JOURNEY OF TRANSFORMATION

-
- > Achieved revised EBITDA and GOCF guidance for FY16
 - > Disciplined execution – FY16 Ignite (transformation) program implemented
 - > Strengthened operating model:
 - Work in progress adequately provisioned – focused on recoverability
 - Continue to diversify earnings base
 - > Focused on growth – acquisitions performing well

FY16

HEADLINE RESULTS

	FY16	REVISED FY16 GUIDANCE	RESULT
Statutory EBITDA	\$25.0m	\$24m-\$28m	✓
Gross Operating Cash Flow	\$18.8m	40% of EBITDA	✓
Record year for fees billed			✓
Record year for Gross Operating Cash Flow			✓
Net Debt to Equity reduced from 19.0% (31 Dec 15) to 10.9%			✓
Final dividend 2.5 cents per share			✓

TRANSFORMATION PROGRAM

DELIVERED ON FY16 OBJECTIVES

STRENGTHEN SHINE	PROTECT SHINE	CHAMPION THE CLIENT	INNOVATE SHINE	GROW SHINE
> Record fees billed > Improvement in file velocity > Succession planning and retention strategy implemented	> Strengthened governance and risk management capabilities > Implemented dynamic, actuarially based provisioning methodology	> DePuy class action settlement – largest in Shine’s history > Record amount of compensation recovered for clients	> Established Insolvency and Travel practices > Engine Room Program delivering on scope, time and budget	> Successful new marketing campaign > Increase in enquiries due to new marketing campaign > Expanded Disability & Super practices to subsidiaries

ENGINE ROOM¹

UPDATE

Significant progress on new Enterprise Legal Management System and Business Process Optimisation

- > Engaged Thomson Reuters Elite to implement globally recognised Enterprise Legal Management Solution
- > Leverages global best in class solution, minimises need for customisation
- > Improved case management and workflow, client management and financial management capabilities
- > Underpins optimisation of business processes
- > Innovative platform for growth and ongoing strategic use of technology to support business objectives

FY17 focus on implementation

- > On track to roll out within original timeframe and budget
- > Program Management Office tracking key business benefits

¹ IT Platform

FY16 FINANCIAL RESULTS

DANIEL WILKIE
CHIEF FINANCIAL OFFICER



RESULTS

AT A GLANCE

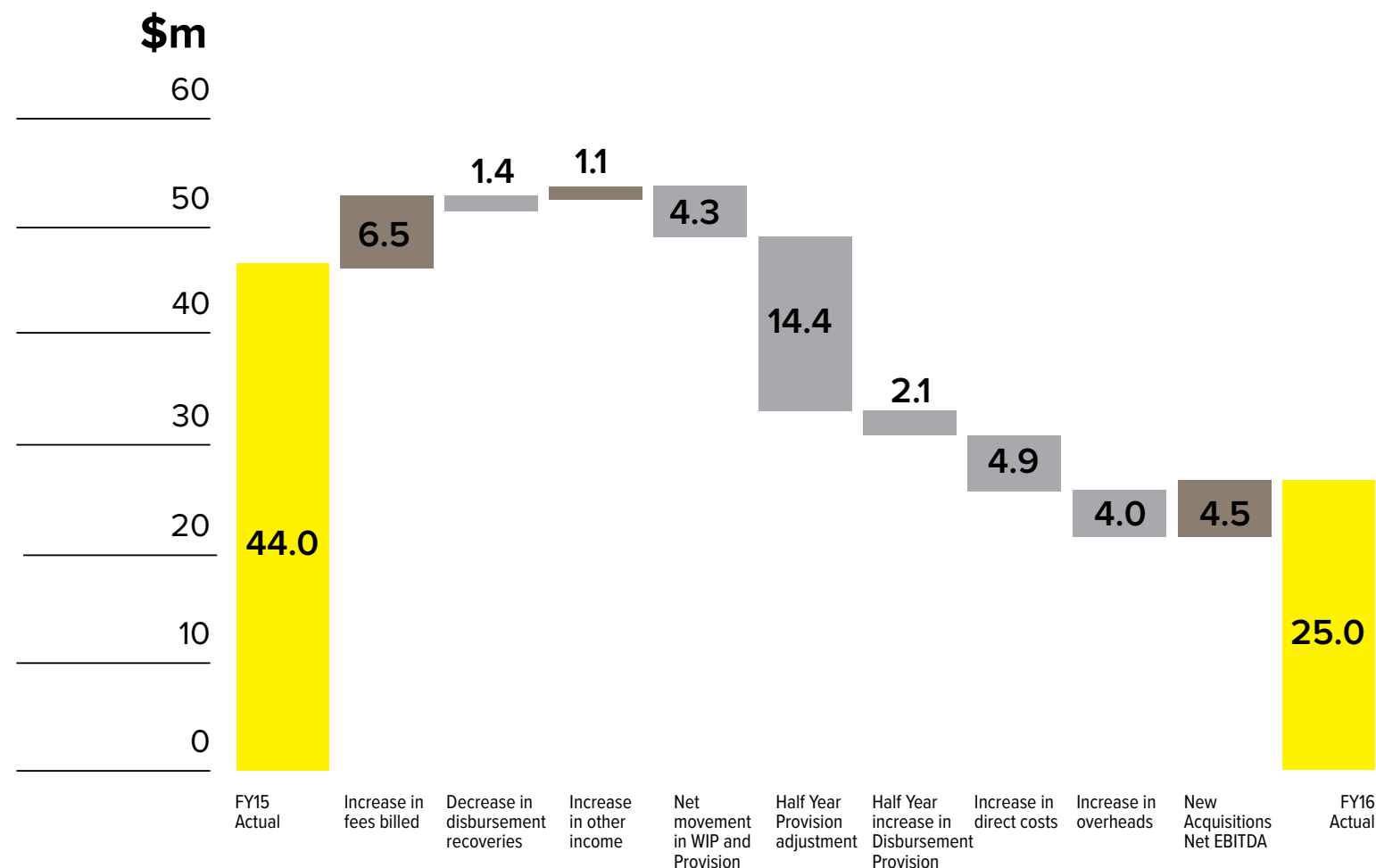
AS AT	FY16 H1	FY16 H2	FY2016	FY2015
Revenue ¹ (\$m)	64.0	87.5	151.5	150.9
Statutory EBITDA (\$m)	2.1	22.9	25.0	44.0
Normalised EBITDA ² (\$m)	2.5	23.1	25.6	45.4
Statutory NPAT (\$m)	1.3	13.5	14.8	29.6
Normalised NPAT ³ (\$m)	1.6	13.7	15.3	30.6
Gross operating cash flow (\$m)	3.6	15.2	18.8	13.0
Dividends declared (cents per share)	—	2.5	2.5	3.75
EPS (cents)	0.8	7.8	8.6	17.2

1 Includes impact on revenue from provision adjustment of \$14.4m

2 Normalised EBITDA is after adjusting statutory EBITDA for acquisition costs of \$0.6m (31 Dec 15: \$0.4m, 30 Jun 15: \$1.4m)

3 Normalised NPAT is after adjusting for acquisition costs (after tax) of \$0.5m

EBITDA BRIDGE

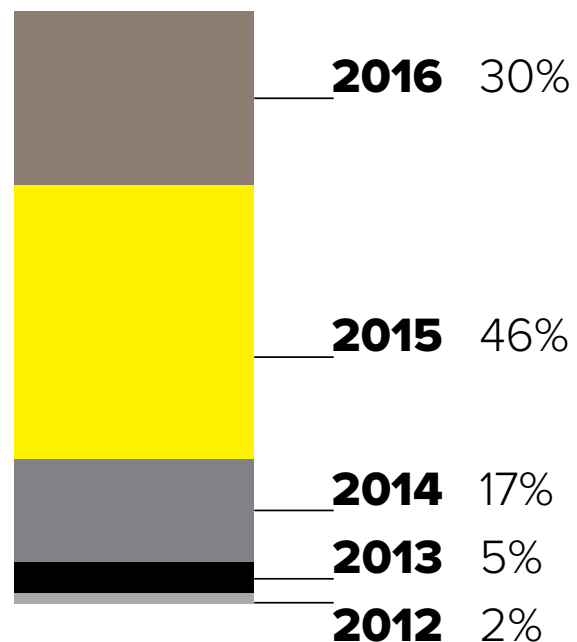


- > Growth in revenue for Personal Injury and Emerging Practice Areas was offset by the recognition of provisions against the recoverability of WIP
- > Strong contributions to revenue and earnings from new subsidiaries Bradley Bayly and Best Wilson Buckley Family Law

CASH FLOW

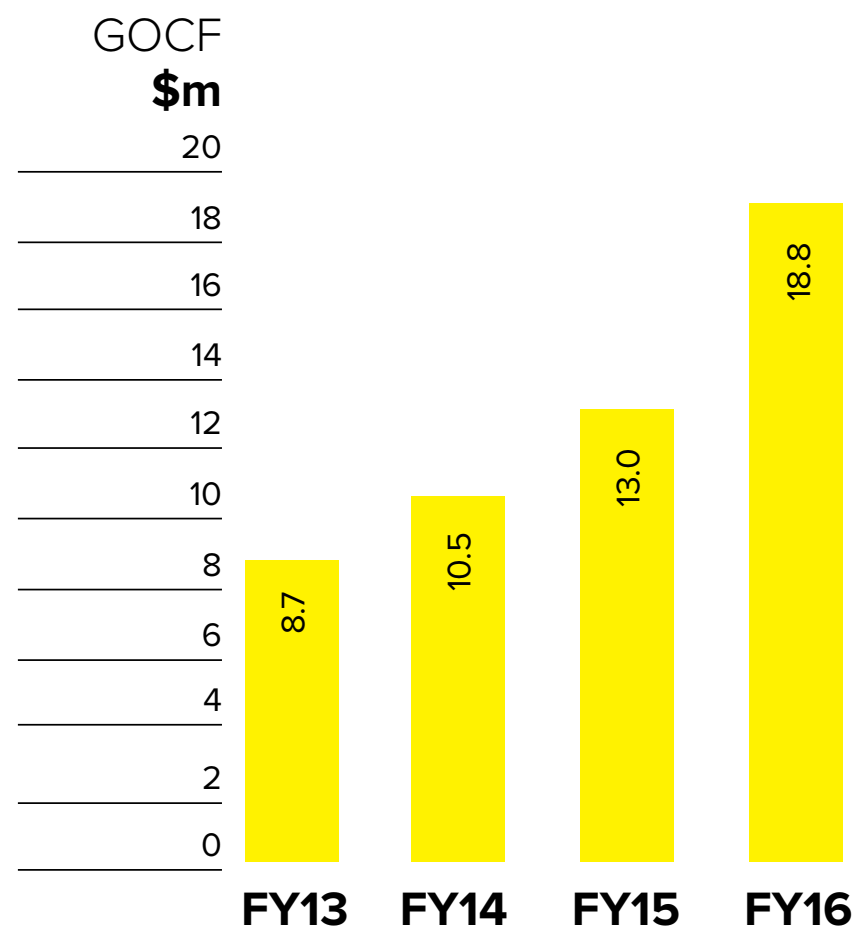
(SHINE LAWYERS)

SHINE LAWYERS:
FEES BILLED IN FY16 BY YEAR IN
WHICH WIP PERFORMED



> Work in Progress is realised in operating cashflow over a number of years (see chart). The level of operating cash flow is dependent on the overall value of fees billed and operating expenses in any one year.

GROSS OPERATING CASH FLOW (GOCF)



- > GOCF increased from \$13m to \$18.8m
- > The increase in GOCF was driven by:
 - strong billings in May and June 2016
 - internal focus on improving timeframes for cash collection
 - net disbursement funding grew by \$5.8m
 - focus on debtor collections
- > The strong cash flow enabled the Group to pay down some of its short term borrowings

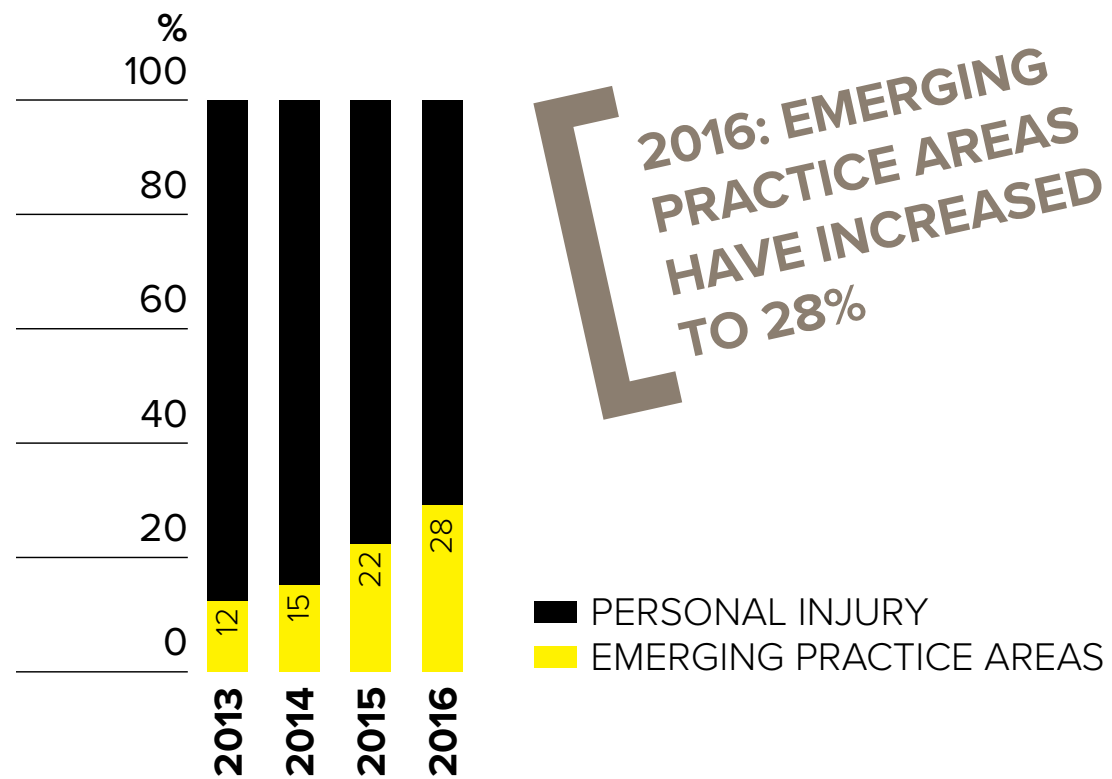
PROVISIONING UPDATE

FOCUSED ON EXECUTION

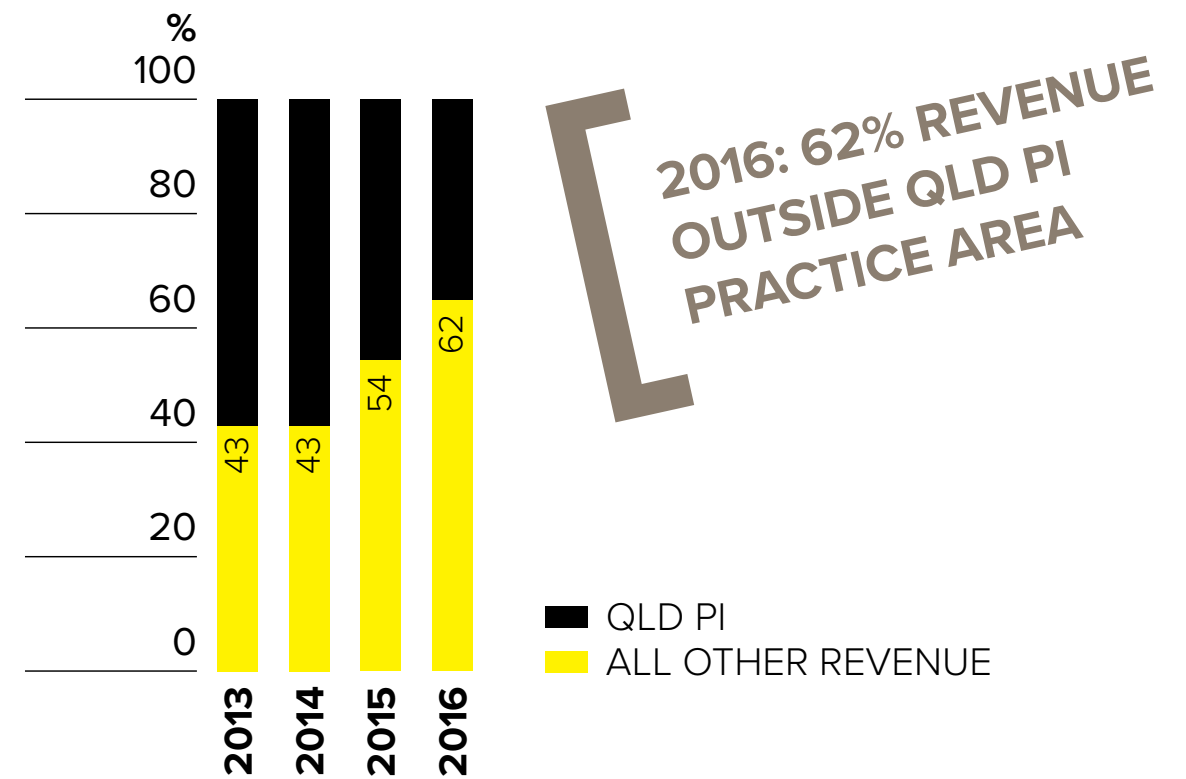
-
- > Adjustment to WIP and disbursements provisioning methodology and debtors:
 - One-off \$17.5m adjustment in H1 FY16
 - > Strengthened provisioning methodology:
 - Provisions against WIP are made monthly based on historical recoverability rates
 - WIP and associated disbursements are fully provided if a case is assessed during the reporting period as “unlikely to be successful”
 - Includes a component for the risk of a matter for which no provision is currently held ultimately closing for no fee
 - > Typically applies to Shine Personal Injury (PI) business and not acquired businesses and class actions
 - > Management actions driving improvement in recoverability
 - > Focus on file to fee earner ratios, risk appetite and ensuring matters are allocated to the appropriate team

REVENUE DIVERSIFICATION

INCREASING REVENUE FROM
EMERGING PRACTICE AREAS



INCREASING REVENUE
OUTSIDE QLD PI



GROWTH

SUBSIDIARIES' EXPANSION

- > Improved H2 performance from Subsidiaries – H2 EBITDA up vs H1
- > Subsidiaries' EBITDA FY15 vs FY16 increase by \$3.3m (29%)
- > Strong cash flow generation

SUBSIDIARY	OPERATIONAL PERFORMANCE
Sciaccas	— H1 performance impacted by Qld Work Cover reforms, stronger file openings in H2
Emanate Legal	— Improving growth in WIP driven by new work types
Stephen Browne	— Superior operating margin and cash flow generation
Bradley Bayly	— Positive contribution to YoY Group EBITDA and record fees billed for FY16
Best Wilson Buckley Family Law	— Absorbed Sciaccas Family Law post-acquisition — Positive contribution to YoY Group EBITDA (acquired October 2015)

BALANCE SHEET

AS AT (\$M)	30 JUN 16	30 JUN 15
Cash and receivables	33.4	29.9
Work in progress	203.0	190.7
Unbilled disbursements	52.9	48.6
PP&E and intangibles	51.9	46.2
Other assets	0.7	0.7
Total assets	341.5	316.1
Trade payables	13.3	10.1
Disbursement creditors	21.0	16.7
Borrowings	32.9	21.7
Other financial liabilities	15.1	26.2
Current & deferred tax liabilities	60.0	56.5
Provisions	9.0	8.7
Total liabilities	151.3	139.9
Net assets	189.8	176.2

STRONG BALANCE SHEET:

- > Cash on hand at 30 June increased by \$2.7m to \$12.1m
- > Net WIP grew by 6.45% or \$12.3m to \$203m primarily from organic growth
- > Other financial liabilities represent deferred and contingent consideration payable to vendors over the next two years. \$10m of these amounts were paid to vendors after 30 June
- > Deferred tax liability relates primarily to WIP
- > Low net debt to equity ratio of 10.9%

NET DEBT

AND BANKING FACILITIES

MEASURE	\$M
Net debt at 30 June 2015	12.3
Acquisitions	9.6
FY15 contingent and deferred consideration payments	6.3
Repayment of working capital loan	(11.0)
Increase in leases (IT project)	5.6
Other movements in cash and debt (eg overdrafts)	2.3
Net debt at 30 June 2016	20.7
Equity	189.8
Net debt ratio	10.9%

NET DEBT

- > Net debt at 31 December 2015 was \$32.2 million (19%)
- > Acquisition payments in FY16 included Bradley Bayly \$6.2m and Best Wilson Buckley Family Law \$3.4m
- > Expect to receive fees and disbursements from DePuy settlement in August

BANKING FACILITIES

- > Limit of facilities: \$88m
- > Ample headroom
- > Gearing ratio (debt to net WIP) is 19.6% as at 30 June 2016

FY17 OUTLOOK

COURTNEY PETERSEN
MANAGING DIRECTOR



TRANSFORMATION PROGRAM

FY17 KEY INITIATIVES

STRENGTHEN SHINE	PROTECT SHINE	CHAMPION THE CLIENT	INNOVATE SHINE	GROW SHINE
> Refined operating model > Improving recoverability > Commitment to a high performing culture in line with our values	> Improved vendor and contract management > Optimise disbursement and key category spend > Address potential NSW CTP Reforms > Legislative improvements for victims of abuse	> Client onboarding and case selection and allocation > Continue to increase use of litigation and disbursement funding	> Implement Enterprise Legal Management System > Deliver interactive client portal	> Stronger focus on growing Emerging Practice Areas > Continue to seek value accretive acquisitions > Improve marketing effectiveness

EXPECTATIONS

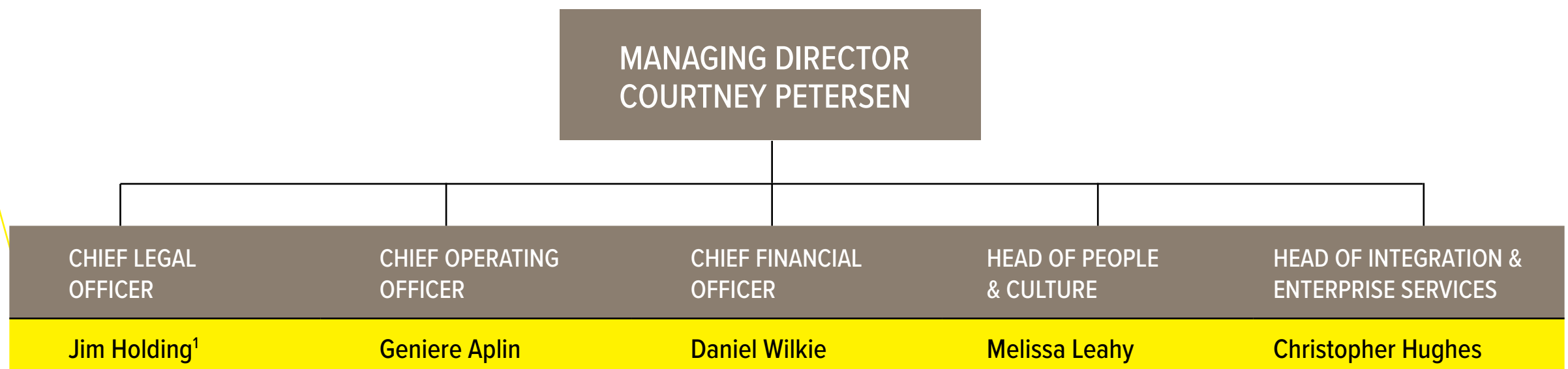
FOR OPERATING OUTLOOK

- > Personal Injury market continues to be challenging
- > Strong pipeline from Emerging Practice Areas (in particular class actions)
- > Continue to seek profitable opportunities for growth organically or by acquisition in Personal Injury or Emerging Practice Areas
- > Monitoring potential impact of:
 - NSW CTP reform
 - Unwind of QLD Workers' Compensation reform
- > Targeting steady improvement in recoverability
- > Underlying business recovery continuing

APPENDICES



CORPORATE MANAGEMENT STRUCTURE



1 Jim Holding will commence on 5 September 2016

OFFICE LOCATIONS



- SHINE LAWYERS
- EMANATE LEGAL – TOWNSVILLE, ROMA & BRISBANE
- SCIACCAS LAWYERS – BRISBANE
- STEPHEN BROWNE PERSONAL INJURY LAWYERS – PERTH

- BRADLEY BAYLY LEGAL – PERTH & ALBANY
- RISK WORLDWIDE NZ – CHRISTCHURCH
- BEST WILSON BUCKLEY – BRISBANE & TOOWOOMBA
- MEMBER OF SHINE INTERNATIONAL ALLIANCE

