



EXPERIENCE COUNTS

SYDNEY | MELBOURNE | ADELAIDE | BRISBANE

ASX Announcement

20 August 2018

LCM achieves substantial revenue growth and a record profit for FY18

FY18 Key Highlights

- Six Litigation Projects completed in FY18 generating \$29.2m in Revenue (up from FY17 revenue of \$3.4m), and a \$16.0m contribution to EBITDA at a ROIC of 137%
- Profit before tax of \$12.0m up from a loss of (\$2.9m) in FY17
- Statutory NPAT of \$8.6m up from a loss of (\$2.3m) in FY17
- Cash NPAT of \$12.0m up from a loss of (\$2.9m) in FY17
- \$27.1m cash generated by investment activities increased versus \$3.4m in FY17
- Cash balance at 30 June of \$13.8m up from \$1.9m reflecting successful project completions as well as the cash reinvested for future growth
- Total Equity increased by 53% to \$25.4m as at 30 June 2018, with a 41% Return on Average Equity

Litigation Capital Management (ASX: LCA or “LCM”) is pleased to announce its results for the full year ended 30 June 2018 (FY18).

Commenting on the results, LCM Chief Executive Officer Patrick Moloney said: *“We are extremely pleased with the results achieved in this our first full financial year since listing on the ASX. Our record results in FY18 are the outcome of a consistent application of our methodology which leads to projects which we select to fund, achieving a profitable outcome.”*

LCM has generated revenue of \$29.2 million in FY18, \$14.6 million of which was invested in our projects and further growth, while still maintaining a healthy cash balance of \$13.1 million at year end, up from \$1.9 million at 30 June 2017.

We believe these results reflect our successful business model and place LCM in an ideal position for the expansion of our business. We plan to expand both geographically and in relation to the type and size of the projects that we fund. We see potential for growth in the areas of international arbitration and corporate portfolio funding and plan to open an office in Singapore by the end of the calendar year. Our rigorous risk management framework and treasury function will continue to be run out of Sydney.”

Projects

During FY18, six litigation projects completed, generating revenue of \$29.2m, up from \$3.4m in the prior corresponding period (pcp). As at 30 June 2018 LCM is funding 14 Projects with an estimated aggregate Gross Claim Size of c.\$1,194m. 10 of these are forecast to complete in FY19. LCM has also conditionally agreed to fund a further 6 Projects with an estimated aggregate Gross Claim Size of \$330m.

As at 30 June 2018 there were 27 Projects in LCM's Pipeline, which have an aggregate Gross Claim Size of \$2.4b and an estimated aggregate budget of \$121m.

LCM Chief Executive Officer Patrick Moloney said:

"Our Portfolio is looking the best it ever has with an increase to the number of applications received as well as the spread of those applications across jurisdictions as well as areas of law".

Capital Management

During the first quarter of FY18, LCM entered into a facility which provided \$4m of debt capital. This was repaid in full during the year from organically generated revenue. LCM is engaged in discussions and negotiations with a number of capital providers for additional capital, sources ranging from managed funds to debt and where appropriate, additional equity. Additional capital will enable LCM to take advantage of opportunities available and increase the size of the Litigation Projects it can finance.

Outlook

- 10 Litigation Projects are expected to complete in FY19
- Encouraging Pipeline of 27 Litigation Projects, 6 of which are subject to a conditional funding agreement – driving LCM's next stage of growth
- LCM will continue to apply its methodology of rigorous due diligence, active case management and continuity of the team
- International Expansion: further development and diversification of the portfolio of Litigation Projects planned in Singapore and Hong Kong
- Singapore branch office expected to be completed by end of CY18
- In relation to the international expansion, all Risk Management for the portfolio and Treasury functions for LCM will remain with Head Office in Australia.

Investor Contact:

Orla Keegan, Executive Director
Market Eye
P: +61 2 8097 1201
E: orla.keegan@marketeye.com.au

Litigation Capital Management Limited provides litigation financing and ancillary services to enable the recovery of funds from legal claims in Australia. It serves companies and individuals primarily in the areas of commercial and insolvency matters, and class actions. Litigation Capital Management Limited was founded in 1998 and is based in Sydney, Australia.