

## ASX ANNOUNCEMENT

28 February 2020

### **Shine Corporate Ltd (SHJ) FY20 Half Year Results Investor Presentation**

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Attached is a copy of Shine Corporate Ltd's FY20 Half Year Results Investor Presentation.

Authorised for release by the Board



Annette O'Hara  
Company Secretary

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# Shine Corporate Ltd FY20 Half Year Results

Investor Presentation

February 2020

**Simon Morrison**

MANAGING DIRECTOR & CEO

**Ravin Raj**


CHIEF FINANCIAL OFFICER

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A woman with short blonde hair, wearing a black blazer, stands smiling in front of a large window. She is leaning on a wooden table with a vase of flowers on it.

**Shine a light on  
injustice and make  
the world a better place,  
one client at a time**



**Always stand up for the little guy**



**Dare to be different**



**Ahead of the pack**

**Erin Brockovich**  
Shine Ambassador



# Agenda

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# Overview & FY20 H1 Highlights

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**Simon Morrison – Managing Director & CEO**

# Overview



## Shine Lawyers

### Personal Injury (motor vehicle, workplace, public liability)

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

### New 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
- ✓ Portfolio of complementary businesses to deliver growth
- ✓ Highly experienced leadership team driving disciplined execution of our proven strategy
- ✓ Market and innovation leader with customer-focused technology platform



# FY20 H1 Highlights

## Group

- Financial results within Guidance and consistent with historical seasonal trends
- Market conditions in some areas of EPA mixed although remain supportive of organic growth
- ACA Lawyers and Carr & Co well integrated and performing ahead of budget
- Litigation and disbursements funding improved GOCF in FY20 H1
- Elite practice management system integration for subsidiaries is progressing

## Strategy

- Brand strategy across Group with digital marketing innovations on track
- Encouraging early results for Claimify aligned to our innovation strategy
- Strong class action pipeline
- High Court decision of common fund orders will improve quality of litigation funders and leverage market opportunities
- Strategically positioned for sustainable long-term growth

## Financial

- EBITDAI<sup>(1)</sup> up 10.78% to \$21.67m
- NPAT up 299.54% to \$8.83m
- Underlying NPAT (excluding \$5m impairment in Dec18) up 22.47% to \$8.83m
- Interim dividend of 1.50 cps up 20% (unfranked)
- Gross Operating Cash Flow (GOCF<sup>(1)</sup>) up 97.90% to \$13.10m

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

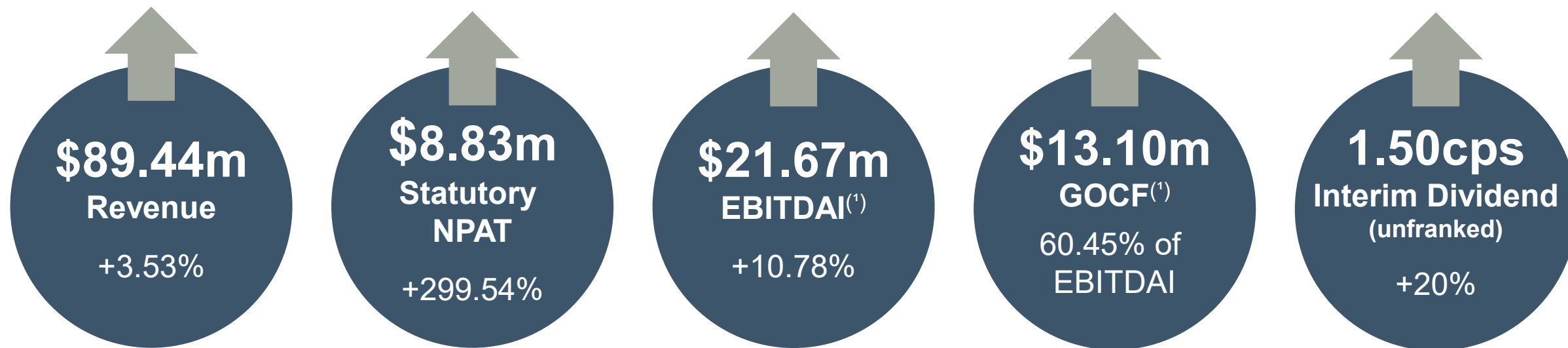
The background of the slide is a photograph of a coastal sunset. The sun is low on the horizon, casting a bright, golden glow across the sky and reflecting on the water. The foreground shows a rocky coastline with waves crashing against the shore. The image is partially obscured by large, light grey geometric shapes that frame the text on the right.

# **FY20 H1 Financial Results**

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**Ravin Raj – Chief Financial Officer**

# FY20 H1 Group Results



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



# FY20 H1 Financial Results: Detailed Profit and Loss

	FY20 H1 (\$m)	FY19 H1 (\$m)	Variance (\$m)	Variance (%)
Revenue	89.44	86.39	+3.05	+3.53
NPAT	8.83	2.21	+6.62	+299.54
Underlying NPAT (pre-impairment in FY19)	8.83	7.21	+1.62	+22.47
EBITDAI <sup>(1)(2)</sup>	21.67	19.56	+2.11	+10.78
Employee Benefits Expense	(46.25)	(46.34)	+0.09	(0.19)
Overheads	(30.46)	(29.66)	(0.80)	(2.70)

- PI Revenue - small drop due to write-offs, impact of restructuring and downsizing of nonperforming work types, and NSW tort reform
- NPA Revenue – increase in revenue due to new Family Law business in Perth, and growth in Abuse Law
- Improvement in NPAT due to new Family Law acquisition and growth in Abuse business
- Tight control over overheads and costs

<sup>1</sup> EBITDAI is not an IFRS calculation which appear in the financial statements, and have not been audited

# FY20 H1 Results Overview: Financial Highlights

	FY20 H1	FY19 H1	Variance (%)
EPS <sup>3</sup> (cents)	5.08¢	1.28¢	+296.88
Interim Dividend per share (cents)	1.50¢ (unfranked)	1.25¢ (unfranked)	+20%

- Growth in EPS due to improved profitability in first half
- Dec19 underlying EPS growth is 22.11% if Dec18 impairment excluded in PCP EPS calculation
- Interim dividend increased as outlook for underlying operations continues to improve
- Dividends unfranked

<sup>3</sup> EPS means Earnings Per Share.

# FY20 H1 Financial Results: Balance Sheet

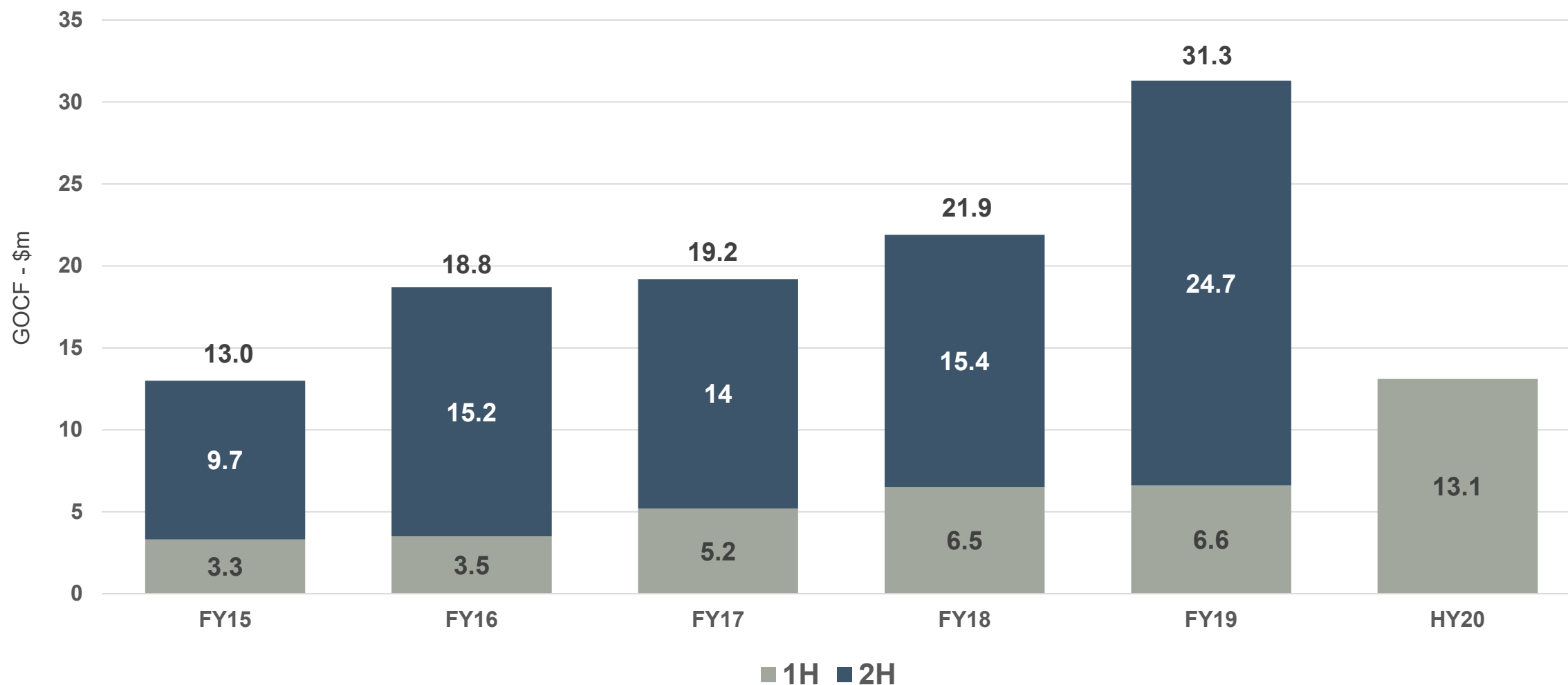


AS AT (\$'000)	31 Dec 19	30 June 19
Cash	24,171	26,697
Receivables	16,944	15,586
Contract assets - work in progress	295,760	282,972
Unbilled disbursements	85,650	78,296
PP&E and other	6,009	6,461
Intangibles	48,148	47,944
Right of Use Assets	44,116	47,624
<b>Total assets</b>	<b>520,798</b>	<b>505,580</b>
Trade payables	15,914	17,018
Unbilled disbursement creditors	77,647	65,441
Borrowings	52,605	54,413
Lease liabilities	51,497	54,538
Deferred and current tax liabilities	84,974	81,393
Provisions	9,236	9,279
Financial liabilities	1,452	1,090
<b>Total liabilities</b>	<b>293,325</b>	<b>283,172</b>
<b>Net assets</b>	<b>227,473</b>	<b>222,408</b>

- Cash on hand – marginal decrease from 30 June 2019
- Net WIP grew by 8% primarily from organic growth in Abuse Law within Shine Lawyers and Bradley Bayly
- Deferred tax liability relates primarily to WIP
- Disbursement creditors grew due to continuation of new disbursement facility and conversion of Shine funded disbursements to Client funded
- New class of Right of Use Asset and Lease liabilities created as a consequence of AASB 16
- Marginal decrease in borrowings due to amortisation



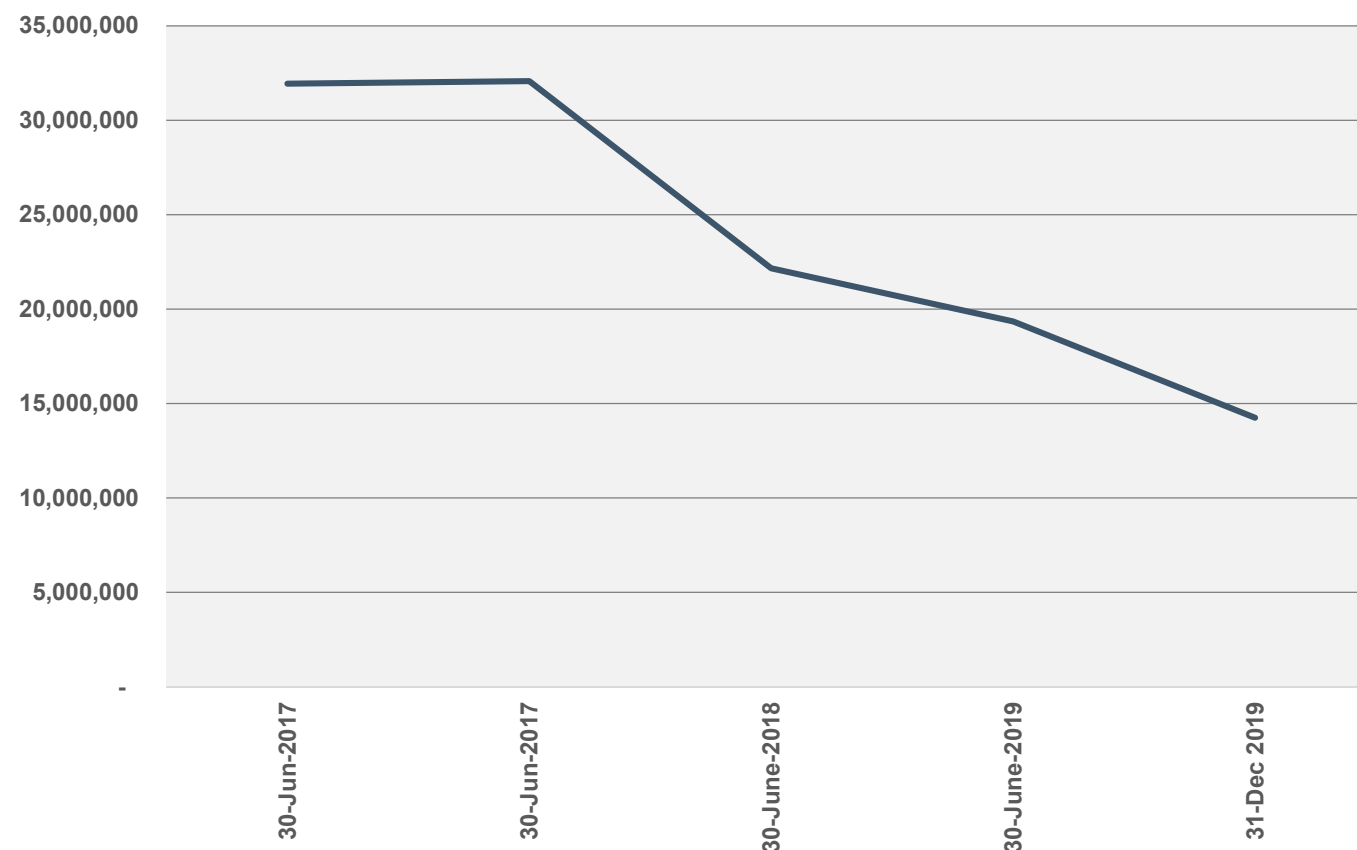
# FY20 H1 Financial Results: Gross Operating Cash Flow



# Shine Cash 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) - \$millions



# Shine Justice

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**Simon Morrison – Managing Director & CEO**



# Proposed name change from Shine Corporate Ltd to Shine Justice Ltd



A significant step in the Group’s evolution to capture the shared passion and drive to pursue justice

## Rationale

- Aligning corporate identity to our DNA
- Helps our people grow with key alignment
- Simplify our offering, message and direction
- More integrated approach
- Utilise international brand profile

## Opportunity

- To embody Shine Justice through established brands supported by shared values and services across market
- Continue to drive our behaviours, relationships and outcomes to meet the future needs of the Group.
- A platform to integrate our message

## Approach

- A collaborative process to consolidate our values, resources, technology and people talent to execute on our strategy
- Subject to shareholder approval 30 March 2020



ACA LAWYERS

Sciaccas



Claimify.



CARR & CO  
DIVORCE & FAMILY LAWYERS



Shine Justice aligns with our mission and strong commitment to justice, credibility and industry knowledge with our three core values:



**Always stand up for the little guy**



**Dare to be different**



**Ahead of the pack**



# Strategy & Outlook

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**Simon Morrison – Managing Director & CEO**

# Strategic Priorities – resilient and well positioned for the future



## Grow Shine

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- Strengthening of brand through company name change
- Continue to build relationships and innovate
- Improve conversion rates for organic growth
- Focus on better segmentation of digital marketing channels

## Strengthen Shine

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- Integrate business, realising costs synergies
- Remain well capitalised
- Leverage litigation and disbursement funding strategies
- Focus on training and development of our people

## Innovate Shine

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- Continue digital transformation and technology Disruption Model Plan
- Focus on process improvements initiatives

## Champion our Clients

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- Improve process to support customer experience and team execution
- Deliver digital capabilities to meet client needs
- Personalise customer experience

# Outlook 2020

## Organic Growth

- Focus on brand strategies across regional areas of Australia
- Market conditions mixed although remain supportive of growth
- Simplify business – structure, brands and operations
- Leverage CRM data to target customer audience efficiently
- Grow core markets with greenfield locations

## Financial and Earnings Growth

- Strengthen balance sheet that underpins growth
- Maintain disciplined capital deployment strategies
- Focus on diversified earnings and leverage existing competencies
- Focus on key services with high growth

## Operations and Innovation

- Improve capability and leadership to support growth
- Sustainable growth and innovation as core driver
- Continued improvements to processes
- Focus on improving WIP management

## Acquisitions Pipeline

- Develop opportunities to gain market share and first to market to meet changing needs of clients
- Evaluate strategic acquisitions but grow our national brands

## Outlook

Reaffirm FY20 EBITDAI guidance: Group increase in the order of 10% in underlying EBITDAI



# Questions

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# Appendices

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## Current Activity in Australia and New Zealand

### **PFAS - Contamination Class Actions**

Townsville, Darwin, Wagga, Wodonga, Edinburgh, Bullsbrook  
In-principle conditional settlement - Oakey and Katherine

### **Medical & Professional Negligence**

Mesh Class Action, Nursing Homes

### **Finance & Insurance**

Banking, Superannuation, Franchise, Wealth Management, Property

### **Aged Care**

Royal Commission into aged care, quality and safety

### **Employment and Discrimination**

Telecommunications, Contractors & Stolen Wages

### **Dust Disease – Lung, Autoimmune & Arthritis**

Qld government ban dry cutting artificial stone

## Emerging and International Issues and Trends in 2020\*

### **PFAS**

Class Actions – 3M, DowDupont and Chemours

### **Technology and Social Media**

Facebook, Quest, Lab Corp - facial recognition, data / privacy breach

### **Securities Laws**

400 class actions currently filed in USA Federal Court

### **Drugs & Supplements**

Harvoni, PPI Kidney, Zantac Carcinogen

### **Medical**

Allergen breast implant, Hernia Mesh,

### **Defective Products**

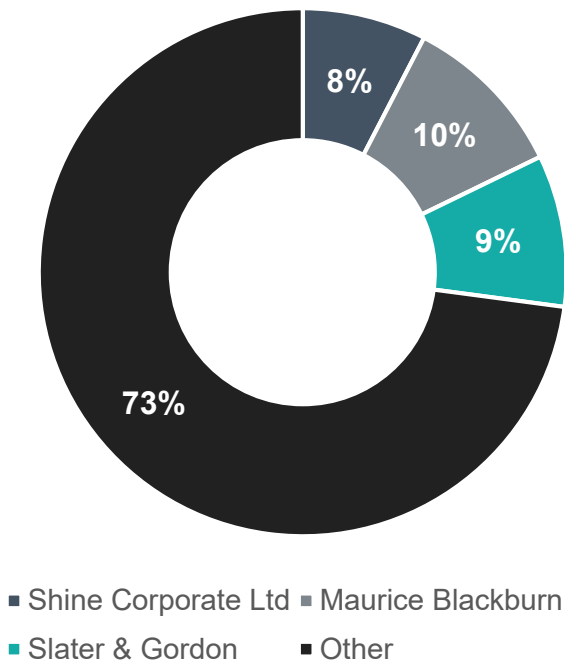
3M military ear plugs, Remington Hot Roller, RoundUp, Silicosis

\* <https://www.classaction.org/list-of-lawsuits>

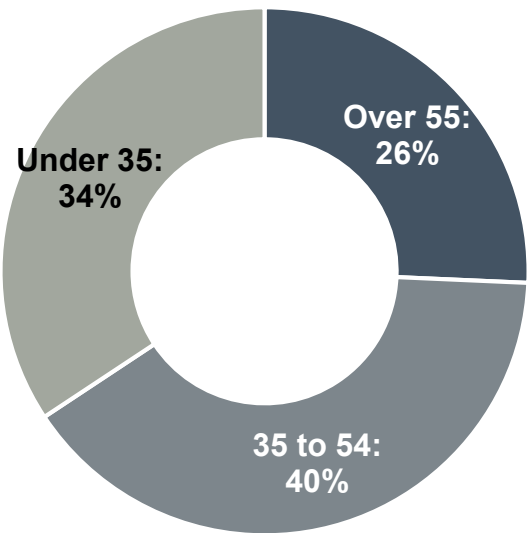
# PI Market Profile

Industry fundamentals underpin long term growth

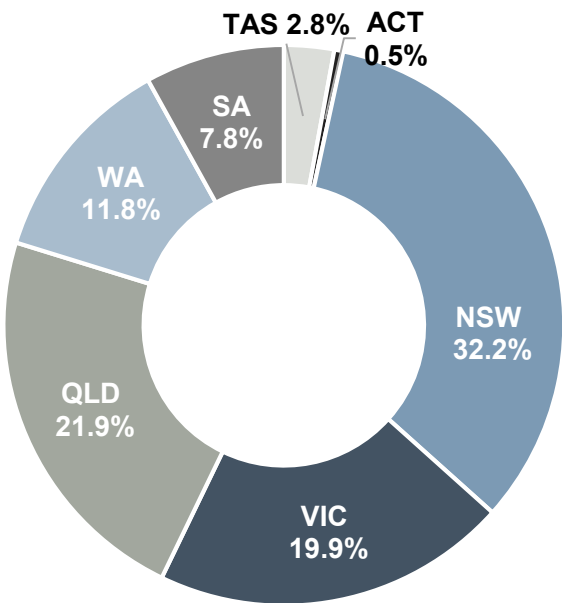
Market Share



Client Market Segmentation



% of Firms / State



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

# Sustainability and Community

## Social Impact

Social and physical initiatives to improve well being and mental illness



## Energy & Climate

Energy efficiency and alternative sources to minimise our footprint



Actively supporting schools and sporting organisations as part of promoting health and wellness and community spirit.

## 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.