

Litigation Capital Management Limited
2018 Half Year Results Presentation
Investor Roadshow
19 March 2018

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Chief Executive Officer

The logo for Litigation Capital Management (LCM) features the letters 'LCM' in a bold, sans-serif font. The 'L' and 'C' are white, while the 'M' is orange. The letters are set against a dark blue background that is part of a larger graphic element consisting of a diagonal split between white and dark blue.

LCM

EXPERIENCE COUNTS

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1H18 Financial & Operational Highlights

- The loss for LCM after providing for income tax amounted to \$1.27M for the half year ended 31 December 2017. This compares with a loss for the corresponding 2016 period of \$2.36M.
- As announced to the market on 27 February 2018, as a result of the Completion of two Litigation Projects (funded directly by LCM), LCM has generated revenue of approximately \$20.2M and a contribution to EBITDA of \$12.3M. This subsequent event is likely to enable LCM to move to a healthy statutory profit position for FY2018.
- The financial performance of the two Litigation Projects which have Completed positively contributes to LCM's historical financial performance with a running IRR over the last 6.5 years (inclusive of losses) of 82%. A third Litigation Project (funded pursuant to the IPFA*) has settled but is subject to certain post- settlement events and is not expected to be finally completed for approximately 12 months. |
- The Directors of LCM are extremely pleased with this result which demonstrates the progress the Company is making and its ability to generate significant profits going forward and management's ability to make sound and prudent investments in litigation opportunities.

*International Partner Funding Arrangement

Strong Litigation Project performance

1H18 Litigation Project Highlights

- LCM's portfolio of Litigation Projects is now the largest (in terms of number and aggregate Gross Claim Size) that it has been since its inception.
- LCM is proud to have managed Litigation Projects over the last 6.5 years that have produced a ROIC of 2.5x at an average time to maturity of 26 months at an IRR (inclusive of losses) of 82%.
- As at 31 December 2017 LCM had \$19M capital invested in Litigation Projects as compared with \$12.5M as at 30 June 2017, an increase of 52% in 6 months.
- LCM is currently managing 16 Litigation Projects, (13 of which LCM is financing directly) with an aggregate Gross Claim Size of c. \$1.06B.
- LCM has also conditionally agreed to fund a further 5 claims with an aggregate Gross Claim Size of \$387.9M.
- The organically generated revenue received by LCM will enable it to make additional investments in viable and profitable Litigation Projects.

Significant growth in Litigation Project portfolio

Current Litigation Project portfolio

- Following the Completion of 2 Litigation Projects in February 2018, there are currently 16 Litigation Projects in the portfolio, 5 of which are forecast to Complete this FY2018 (2 of these have already resolved in principle).
- LCM is managing a portfolio with Gross Claim Size of c. \$1.06B (\$893M of which it is funding directly).

Forecast Completion	FY18	FY19	FY20	Total
LCM	3	9	1	13
IPFA*	2	1	0	3
Total	5	10	1	16

Litigation Project Pipeline

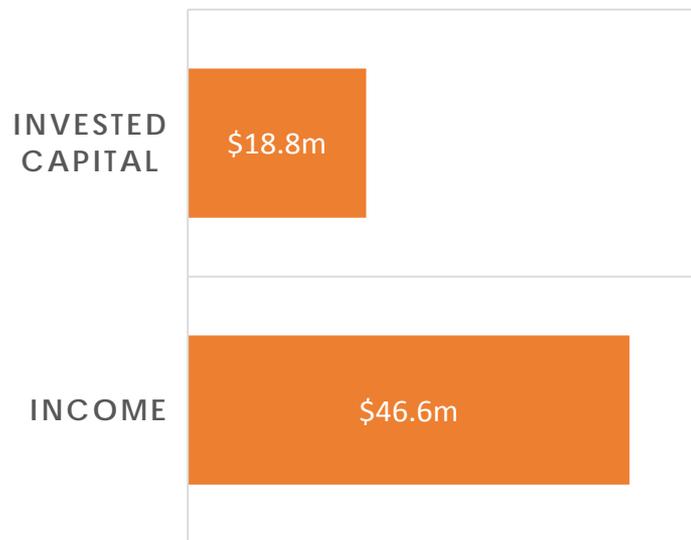
- At present there are 25 Pipeline Projects, 5 of which are subject to a conditional funding agreement. These 5 conditional projects have an aggregate Gross Claim Size of c. \$387.9M.
- The current Pipeline Projects have an aggregate:
 - estimated Gross Claim Size of c. \$2.6B
 - estimated budget of \$104M
- 64 applications for litigation funding were received in the first half of FY2018 compared with 31 in the corresponding period for FY2017.

*International Partner Financing Agreement

Strong Litigation Project Performance – 80% profitable in the last 6.5 years with an IRR of 82%

Since Inception:

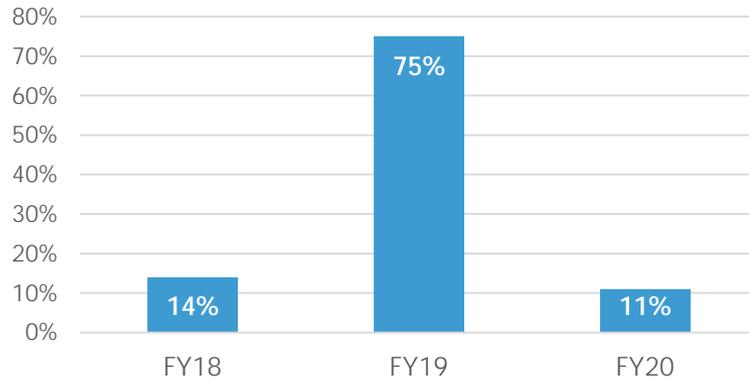
- LCM has managed 50 Litigation Projects (comprising 194 separate cases) to Completion since 1998.
- 40 of these Litigation Projects (80%) have been profitable.



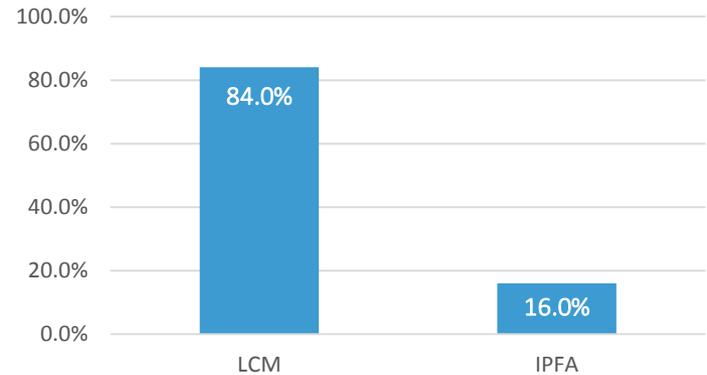
- LCM has managed 28 Litigation Projects to Completion in the last 6.5 years.
- \$46.6m was returned on total Invested Capital of \$18.8m at an IRR of 82% (across all 28 Litigation Projects).
- Return on Invested Capital (ROIC) during this period was 2.5x (across all Completed Litigation Projects).
- The average time to Completion was 26 months.
- ROIC means the proceeds from a settlement or judgment that LCM receives in respect of Litigation Project divided by the Invested Capital on a Litigation Project.

LCM's Litigation Project Portfolio

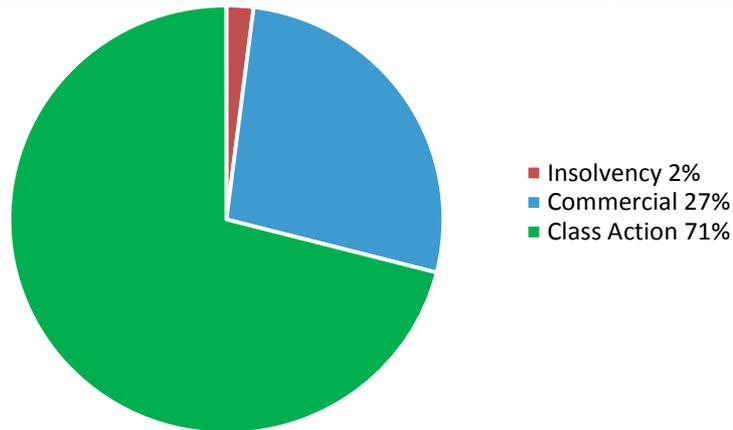
Gross Claim Size by Completion year - %



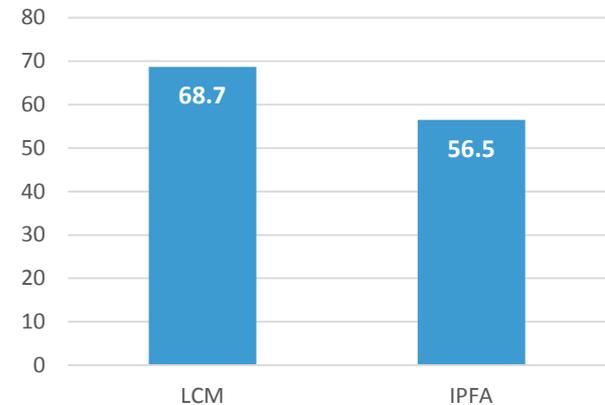
Gross Claim Size by financing entity - %



Gross Claim Size by type of Litigation Project - %



Average Gross Claim Size by financing entity - \$m



Summarised financial performance – Income Statement

(AU\$'000s)	1H18	1H17	Change
Revenue and other income	112	3	109
Net profit on derecognition of intangible assets	30	165	(135)
Total Income	142	168	(26)
Expenses:			
Corporate and office expenses	(614)	(671)	57
Legal and professional fees	(59)	(134)	75
Employment expenses	(973)	(598)	(375)
Foreign exchange loss	-	(310)	310
Finance costs	(221)	(1,664)	1,443
IPO listing expense	-	(182)	182
Depreciation	8	0	8
Net loss before tax	(1,733)	(3,392)	1,659
Income tax (expense)/benefit	463	976	(513)
Profit/(Loss) for the year	(1,270)	(2,416)	1,146

Summarised Balance Sheet

(AU\$'000s)	31 Dec 2017	30 Jun 2017	Change
Assets:			
Cash and cash equivalents	421	1,863	(1,442)
Litigation Projects	17,879	11,684	6,195
Other	139	44	95
Total Current Assets	18,438	13,590	4,848
Litigation Projects	1,081	786	295
Deferred tax asset	10,014	7,766	2,248
Other	189	8	181
Total Non Current	11,285	8,561	2,724
Total Assets	29,723	22,151	7,572
Liabilities:			0
Total Current Liabilities - Other	4,819	2,037	2,782
Deferred Tax	5,214	3,429	1,785
Borrowings	4,200	0	4,200
Total non current liabilities	9,464	3,456*	6,008
Total Liabilities	14,283	5,493	8,790
Equity	15,440	16,658	(1,218)

Note: numbers may not add due to rounding. * Includes \$26,862 of employee benefits

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