

JOHNS LYNG GROUP LIMITED (ASX: JLG)

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CEO/MD's Address – 2018 Annual General Meeting

INTRODUCTION

Good morning ladies and gentlemen and welcome to Johns Lyng Group Limited's first Annual General Meeting.

I'd like to thank our Chairman Peter Nash for his words about the history of the Company, and particularly for the way in which he described the tremendous opportunities in front of us.

I'd also like to thank my fellow Directors for their wisdom and guidance over this first 12 months as a public company. It's been a great learning curve for all of us and as with all lessons we're going to be better for it.

I'd also like to thank the entire Johns Lyng family, all business partners, managers and staff, as well as all our shareholders for committing to this journey with us.

This is the first opportunity that I, and my fellow Directors, have had to account for the operations of the business in the 2018 year and while Peter discussed where we've come from, I'd like to pick up from that and outline some new initiatives that I am sure will give you greater insight into our strategic direction for the years ahead.

CULTURE

Before I talk about the operations of the business, I would like to briefly address what I believe is the biggest single differentiator for Johns Lyng in a highly competitive and increasingly contested market place.

And that is culture.

Everyone who has worked with me knows that I'm a believer in people, and that success or otherwise is determined by the character of the people you rely on.

Over 65 years, we have diversified and expanded our service offering, to become Australia's market leading integrated building and restoration services business, operating across all states and territories.

We remain focused on our clients and our core values of respect, integrity, courtesy and honesty.

One of the most fundamentally important aspects of our day to day activity is repeat business, which is naturally based on relationships, as well as a job well-done.

Our people are our U.S.P (unique selling proposition) it is our point of difference.

High performers at Johns Lyng are bold and ambitious about their role and the success of JLG. I call these high performers Rock Stars.

They have the stamina, endurance and energy to maintain a fast pace both personally and to professionally produce results, in alignment with JLG values. They can be counted on to produce results even in the most trying times.

At Johns Lyng, we are driven by the philosophy that our talent is our greatest asset.

Our relentless passion for developing high quality talent and creating an energizing culture is built upon a well-defined set of competencies, which is based on science and practical applications.

Every dimension of the JLG talent management system is based upon their competencies.

JLG's point of difference is seen in the extreme character and integrity of our people. We take pride in selecting people with drive and energy, and those who have a positive impact on the people around them.

We have been incredibly fortunate to have Curt Mudd as a Director. Curt was previously the Global Human Resources Director for Nike and he has been instrumental in helping influence and implement the values that our culture is built upon.

Curt and his team have driven our culture to the point that it is now one of our major points of difference in the market place and as I said our U.S.P.

BUSINESS OVERVIEW

The core of our business is focused on repetitive clients of Insurance, retail and government where we can build trustworthy relationships; 75% of this business is rebuilding and restoring properties after insured events including fire, flood and impact damage.

We also operate a portfolio of complementary commercial building services, including commercial flooring, shop-fitting and emergency domestic repairs.

Focused on recurring revenues and deep client relationships, JLG's strategically aligned businesses deliver more than 30,000 discrete jobs every year.

That is more than 80 new job starts – every day of the year.

We employ over 550 FTE staff in 20 locations around Australia and we work closely with over 5,500 sub-contractors to service our customers' needs.

In 2018, we recorded revenue of \$290.4m, which represented 16.3% growth on 2017. EBITDA was \$23.5m, which was up 36.7% on 2017.

BUSINESS UNITS

We own and operate 12 brands across some 55 operating companies. The brands all co-exist and are organised into 3 main divisions.

Our Insurance Building and Restoration Services division accounted for over 75% of all our revenue and profit.

This outstanding result was driven by organic business growth as we saw the benefit of increased job volumes from peak and catastrophic weather events such as Cyclone Debbie in Queensland in March 2017.

There are three primary reasons for our ongoing focus on Insurance Building, Restoration, Retail and Government:

1. High barriers to entry;
2. Industry is relationship driven – Insurance companies, loss adjusters, insurance brokers, retailers and Government value great relationships and great service at a fair price;
3. As I said earlier, trust and credibility take years to establish. Service quality, track record and the ability to upscale in the event of a weather-related catastrophes, while maintaining standards, are critical success factors.

Our Commercial division has had a challenging year, mainly in Commercial Building and Trump Floorcoverings; we said at this time last year these businesses would recover, and they have. Daniel Meiklejohn now leads Commercial Construction and is doing an excellent job and Mark Baratta leads Trump Floorcoverings nationally and is also doing an excellent job. Both businesses have re-calibrated their staff and have excellent work in hand.

2019 FORECAST AND STRATEGY

Your Board maintains its guidance for the 2019 year:

- Group Revenue: \$285.5m
- Group EBITDA: \$17.5m
Plus
FY19 Forecast EBITDA (CAT) \$0.9m
FY19 Forecast Gain on Disposal \$4.0m
Total \$22.5m

CATASTROPHIC EVENTS

It's important to clarify how we prepare our budget and forecasts. There is no doubt that your company is well positioned to capitalise on future peak, or "CAT" events, such as Cyclone Debbie, when they occur HOWEVER, we don't forecast for such future events.

Rising CAT and extreme weather events due to changing weather patterns is expected to continue to drive higher demand for Insurance Building and Restoration Services.

On average, there are 13 major Australian cyclones per annum primarily affecting coastal regions.

Population migration is trending towards coastal regions – hence an increase in the number of households impacted is expected. Property prices are increasing annually so job costs increase and reflect in our sales.

What we do know is that CAT events present significant and proven upside. We are extremely well positioned to capitalise on these opportunities when they occur (FY18: \$10.2m).

As said, they happen, we don't budget for them and it's a great lift to our revenue when they do.

OPERATING IN 20 LOCATIONS – AUSTRALIA AND THE US

Peter and I have referred to focused efforts to grow our business in new markets. As shareholders, I am sure you will be interested to note the expansion of Johns Lyng's geographical footprint and roll-out of our full-service suite is on track.

Highlights include:

- We opened offices in Darwin, Adelaide, and most recently Hobart. We saw strong organic growth in our WA job volumes.
- The soon to open Central NSW office will service a significant regional city and its surrounds – nearly 100,000 people live in the area.
- And lastly, in February this year we opened our inaugural US office in Tampa, Florida. We have seen a pleasing increase in workflows following Hurricane Michael which occurred in October.

Your Board considered an investment into the US as prudent given the population is 13 times bigger than Australia.

And when catastrophes hit – they hit hard.

The insured cost of Hurricane Michael for instance is estimated to be around US\$10 billion.

While Moody's has estimated the cost of the recent and tragic California bushfires is around the US\$7 billion mark.

The USA is under resourced in our space and there are opportunities there.

GROWTH

We are aggressive about our growth and will continue to be. Those who know us know that we are and always have been a growth story and we will continue to grow.

Our Business Partners and managers are tasked, supported and monitored monthly on how they grow their business and as a board we are constantly looking at ways to grow both organically and via acquisitions both here and overseas.

NEW CONTRACTS WINS

Another vital plank in our growth strategy has been to ensure we aggressively and professionally seek new insurance panel work and extend our reach into the Retail and Commonwealth and State and Territory Governments.

It would be inappropriate to announce all our wins – as some arrangements must remain confidential or are currently subject to final due diligence.

What I can tell you is that:

- We were successful in growing our relationship with Suncorp – AAMI, Apia, Just Car Insurance, GIO, Shannon's, InsureMyRide, Vero, Terri Scheer, Bingle, CIL, Asteron and Tyndall insurance brands in Australia. That means any insured residential loss over \$100,000 will be managed by Johns Lyng - nationally.
- This significant expansion of our working relationship is attributable to multiple factors – none-the-least being our outstanding work in the Cyclone Debbie clean up in Far North Queensland where the Suncorp exposure was significant, not to mention the strength of the relationships we hold with our trusted peers at Suncorp.
- We were successful with Commlnsure in New South Wales and Queensland.
- We now manage Youi claims in Victoria, New South Wales and Queensland.
- And we have made real inroads with our partnership with the Victorian Government – we are now on the Emergency Management Victoria Panel, School Minor Works Panel, School Emergency Maintenance Panel and the School Asbestos Removal and Reinstatement Panel.
- **CHU**
Building and Restoration: Building
NSW all claims, QLD large loss >50k
- **Zurich**
Building and Restoration: Building
National
- **Suncorp**
Building and Restoration: Domestic Large Loss Building
National

- **Crawford Contractor Connection**
Restoration
National
- **IAG**
Building
NT, QLD
- I would like to ask our very own Pip Turnbull & Nick Carnell to stand. If you don't know, Pip manages these key relationships and is a vital cog in our growth strategy.

So, what does the Emergency Management Victoria Panel activity in Victoria mean?

If a natural disaster hits the State, chances are Johns Lyng will be leading the clean-up – hand in glove with the State's first responders. And it means we are actively engaged on a range of meaningful and rewarding projects which add to the success of our business.

I would like to congratulate Adrian Gleeson and his team for a very energetic engagement strategy focusing on government departments and investor relations nationally which has seen him in every State and Territory over the past year.

GHR PRESENTATION

I'd now like to introduce a very exciting new product that our Global Home Response business has created.

It's a trade services platform that is different to anything else in the market.

We've put together a video showcase for you that not only shows you the product but also highlights all of the features and benefits that makes this a truly unique and exciting product.

CLOSE

Thank you.

I would like to thank Paul Dwyer and Robert Kelly for their constant support and influence as well as Larisa Moran.

It would be remiss of me not to acknowledge the magnificent contribution that our C.O.O Lindsay Barber and C.F.O Matt Lunn make to our business.

I will now hand you back to Peter, and we'll be happy to take questions at the end of the formal business of the meeting.

– ENDS –

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About Johns Lyng Group Limited Johns Lyng Group Limited is an integrated building services group delivering building and restoration services across Australia. The Group's core business is built on its ability to rebuild and restore a variety of property and contents after damage by insurable events (e.g. impact, weather and fire events). Beginning in 1953, the Group has grown into a national business with over 500 employees servicing a diversified client base comprising major insurance companies, commercial enterprises, local and state government and retail customers. The Group defines itself by seeking to deliver exceptional customer service outcomes every time.