

**JOHNS LYNG GROUP LIMITED (ASX:JLG)**

**ASX Release**

20 November 2020

**CEO'S ADDRESS 2020 ANNUAL GENERAL MEETING**

Good morning Ladies and Gentlemen, and welcome.

Thanks to our Chairman Peter Nash for his words, and I'd like to also acknowledge the effort our teams put in this year to deliver such outstanding results in very challenging circumstances.

I'd like to extend thanks our shareholders for their support.

I'd also like to thank our business partners and our Board, and the Executive Leadership Team who have done an amazing job to keep this Group growing as it has over the past few years.

I said this time last year that what we achieved during the year was outstanding. I think I can go one further this year and comfortably say that this year was extraordinary.

In terms of the results themselves, but also in the context with which we achieved them.

This year demonstrated the strength of our value proposition and that we are a legitimate growth stock.

We have signed new contracts, entered new markets and launched new products over the past few years, and we have continued to perform very well during the pandemic. This kind of growth remains central to our strategy.

So, in this sense we're a rare proposition – we're a growth stock with an economically defensive position.

FY20 resulted in another record profit result for the Group, driven by unprecedented demand for our services.

We achieved sales revenue of \$495.1 million, which was a 48% increase on FY19. Group EBITDA was \$41 million – growth of 77% from FY19.

Our core Insurance Building and Restoration Services division was yet again the key driver of this performance, registering revenue growth of 52%. This division grew 17% last year – making this year's result all the more impressive.

Pleasingly we have had an extremely good start to FY21, with a high volume of job registrations and a strong pipeline of work which we expect to continue well into the second half.

As Peter indicated, we are on track with our forecast of 15% BAU Revenue growth for FY21.

The most pleasing aspect is that it is that core business that continues to deliver year on year and continues to grow.

The industry is all about relationships and repeat business and increasing allocations of work from the panels we sit on. Our people have done a wonderful job in creating a platform that leverages those relationships and gives us the very best chance of success.

We are only as good as the work we do though. We wouldn't get that repeat business if we didn't deliver, and the high customer service standards we set are also key to our success and ongoing sustainability.

Based on the performance of that core business in FY20 alone we would have outperformed FY19, but revenue from catastrophe related work was significant during the year.

This was driven by our response to six difference CAT events over the course of the year, primarily over the summer, including the devastating bushfires in Victoria and New South Wales, as well as ongoing work from events that occurred during FY19, including the Townsville floods.

As I indicated in August, this work will continue to flow through into the second half of FY21. As we have said since we listed in 2017, this CAT related work is additional to our budgeted core business work, so in that sense it's an added bonus. This year very much demonstrates that point.

To achieve all we did in FY20, against the backdrop of the COVID-19 disruption, is fantastic.

As Peter said, what this year did highlight was the unique nature of our value proposition, in that we are insulated from market factors that impact most industries.

But our people still have to get the job done and so we couldn't be prouder of them in achieving these results.

Many of our people worked from home and we had to adjust the way we did some things, but as always Johns Lyng teams find a way.

## **STRATA**

To my point about us being a growth stock - this time last year I spoke in detail about the Bright & Duggan acquisition and what that meant for our Group.

We have talked about the six different cross-sell opportunities we identified in strata and we're well on the way to cementing our offering and making this the game-changer we know it can be.

The size of the opportunity is simply huge and it's probably not possible to capture it all – but having said that, I wouldn't be surprised if our work in the strata space equals in size that to that of our core business in the next 4-5 years.

That gives you an idea of how significant this opportunity is. It's about us building the right scale and having the right people in place and we have made great progress to this point.

On top of Bright & Duggan we also acquired Capitol Strata during FY20. Our strata network now covers 71,000 units across 2,750 schemes.

A key focus for FY21 will be developing our building and restoration services platform for Strata Insurers.

In terms of organic growth, we signed a number of important contracts during the year that saw us appointed to the panels of some of Australia's largest insurers.

One of the most important was with CHU, given their dedicated focus on strata insurance.

We also signed a five-year contract extension with a major WA-based insurer and were also appointed to the panel of RAC Tasmania for insurance and restoration works.

In the early stages of the new financial year we announced contracts with Chubb, and Westpac General Insurance Limited, which will provide us with access to their national client bases.

These are significant wins in that they expand our footprint and leave us well positioned to build upon the already significant volume of job registrations we are working through so far in FY21.

## **FURTHER ACQUISITIONS**

Other acquisitions for FY20 included Air Control Australia, a heating, ventilation and air conditioning mechanical services business. Air Control's client base includes hotels, commercial office buildings and shopping centres, all of which present further cross-sell opportunities and an avenue for strata market penetration.

Our measured expansion into the USA continued, with the acquisition of the Steamatic franchise in Nashville. We identified the potential for consolidation of the existing franchises when we acquired the overall brand last year so this was a pleasing progression of that growth strategy.

## **COMMERCIAL CONSTRUCTION AND CLADDING**

Our Commercial Building and Commercial Construction businesses also delivered an encouraging performance for the year, despite the impact of COVID-19 restrictions throughout the second half, with revenue growth of 37% and 29% respectively.

Importantly, our Commercial Construction business was appointed to the panel for Cladding Safety Victoria – a newly formed body which manages the rectification of unsafe buildings. We commenced work on eight large scale jobs as a direct result.

This is a really important contract for us given the sensitivity of the cladding rectification issue in Victoria, and it's a good reflection of the relationships our team has built with the State Government representatives who are responsible for executing it.

## OUTLOOK

Finally, I'd like to touch on outlook for FY21.

We had had a fantastic start to the year and we're well on track to meet our forecast of 15% BAU revenue growth and 23% BAU EBITDA growth.

Jobs registrations for a business-as-usual operations are very high and we are continuing to work through the run-off from the CAT events of both FY19 and FY20 – and we expect these will continue to flow through all year.

In terms of strategy, we remained focused on expanding our reach through organic growth, through new contracts and boosting our work allocation from existing panels.

Inorganic growth is also a central priority, with carefully selected possible acquisitions under consideration.

By the end of FY21 we'll have a full year of contribution from our recent acquisitions – Bright & Duggan, Capitol Strata and Air Control - while we will have fully integrated the capture of cross sell opportunities through the strata market.

In closing, thanks once again to our shareholders, our people and our clients. You're all critical to the Johns Lyng journey and we thank you for joining us on it.

We look forward to more great results as FY21 progresses. Thank you.

**-ENDS-**

This announcement was authorised by the Disclosure Committee of Johns Lyng Group Limited.

For further information, contact:

### Investors & Media

James Aanensen  
t) 0410 518 590  
e) [jaanensen@prx.com.au](mailto:jaanensen@prx.com.au)

### Company Secretary

Rebecca Weir  
t) 0431 240 642  
e) [rebecca.weir@boardroomlimited.com.au](mailto:rebecca.weir@boardroomlimited.com.au)

## About Johns Lyng Group Limited

Johns Lyng Group Limited (JLG) is an integrated building services group delivering building and restoration services across Australia. JLG's core business is built on its ability to rebuild and restore a variety of properties and contents after damage by insured events including impact, weather and fire events. Beginning in 1953, JLG has grown into a national business with over 1,000 employees servicing a diversified client base comprising major insurance companies, commercial enterprises, local and state governments, body corporates/owners corporations and retail customers. JLG defines itself by delivering exceptional customer service outcomes every time.