

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

ASX & Media Release

29 August 2022

Johns Lyng Group reports significant growth and record financial performance for FY22

Johns Lyng Group (ASX: **JLG**) today announced its financial results for the financial year ended 30 June 2022 (FY22).

The Group recorded another year of significant growth and a record financial performance. Sales Revenue increased 57.5% to \$895.0m and EBITDA increased 58.9% to \$83.6m from FY21.

The result was underpinned by a strong performance from the Group’s core Insurance Building and Restoration Services (IB&RS) division, which contributed business as usual (BaU) Revenue of \$586.5m, an increase of 63.8% on FY21.

There was also a significant contribution from catastrophe (CAT) response related activity, which contributed Revenue of \$164.8m, a 90.4% increase on FY21.

The Group made significant progress on its acquisition strategy through the year, highlighted by the acquisition of US-based Reconstruction Experts on 1 January 2022.

During FY22, Johns Lyng was admitted to the ASX 300 companies index.

2022 Financial Year – Financial Performance Highlights

- **Sales Revenue:** \$895.0m / +57.5% (FY21: \$568.4m)
 - **IB&RS BaU Revenue:** \$586.5m / +63.8% (FY21: \$358.0m)
 - **CAT Revenue:** \$164.8m / +90.4% (FY21: \$86.5m)
- **Group EBITDA¹:** \$83.6m / +58.9% (FY21: \$52.6m)
 - **IB&RS BaU EBITDA²:** \$66.3m / +61.9% (FY21: \$40.9m)
 - **CAT EBITDA:** \$18.6m / +88.1% (FY21: \$9.9m)
- **Net profit after tax (NPAT):** \$38.5m / +40.1% (FY21: \$27.5m)
 - **NPAT (normalised)³:** \$46.5m / +57.2% (FY21: \$29.6m)
 - **NPAT-A (normalised)⁴:** \$47.7m / +59.3% (FY21: \$29.9m)

¹ EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excludes transaction related expenses of \$9.4m (FY21: \$0.4m plus \$1.8m non-recurring goodwill written off)

² Excluding transaction related expenses of \$9.2m (FY21: \$0.1m)

³ NPAT excluding tax effected transaction related expenses of \$9.4m (FY21: \$0.4m plus \$1.8m non-recurring goodwill written off)

⁴ NPAT excluding tax effected transaction related expenses of \$9.4m (FY21: \$0.4m plus \$1.8m non-recurring goodwill written off) and tax effected amortisation of acquired identifiable intangible assets of \$0.7m (FY21: \$0.2m)

EPS⁵: 10.34 cents / +24.5% (FY21: 8.30 cents)

- **EPS (normalised)**⁶: 13.59 cents / +47.1% (FY21: 9.24 cents)
- **EPS-A (normalised)**⁷: 13.90 cents / +49.2% (FY21: 9.31 cents)
- **Net assets**: \$333.0m / +353.6% (FY21: \$73.4m)
- **Final dividend of 3.0 cents per share (fully franked)**
 - Total FY22 dividend of 5.7 cents per share (fully franked) +14.0% (FY21: 5.0 cents per share) – represents 59% of NPAT for FY22

Group Chief Executive Officer, Scott Didier AM, said that the record financial performance amidst a background of ongoing global pandemic conditions as well as broader economic uncertainty reflects the Group’s resilience and growth capabilities.

“We are pleased to once again deliver such a strong result for our shareholders, with significant growth across all key metrics,” Mr Didier said.

“To do so in such a challenging and unpredictable year highlights that we are largely insulated from traditional market volatility and have a robust value proposition across all our segments.

“I’d like to acknowledge the sustained efforts of our people, who have continued to go above and beyond to deliver for our customers and stakeholders despite it being a particularly busy and challenging year for many people around the world. The strength of the Johns Lyng culture is something that I often emphasise and this year it has shown its true importance in creating a resilient team.

“As in recent periods, our performance this year was materially driven by the IB&RS division – the cornerstone of the Group. FY22 included record levels of CAT activity and the financial contribution from recent events is expected to continue to flow into future periods.

“Having developed our capabilities in this area and established a proven disaster response model that centres around supporting communities, we are pleased to see the strength of our IB&RS division which continues to grow.

“During FY22 we were honoured to play a part in the recovery efforts for two major CAT events, the June 2021 Victorian storms and the severe flooding that impacted parts of Queensland and New South Wales in February 2022. We are proud of our long history of supporting Australian communities to rebuild following natural disasters and we look forward to continuing to work with the State Governments and those impacted.

“We have a solid pipeline of work in our IB&RS division that will flow into the coming period. The value we bring in this space is based on our relationships and the outstanding quality of our service offering – the number of contract wins and extensions achieved during FY22 attest to this.

“We were also pleased to progress our Strata Services growth strategy, with the acquisition of several bolt-on businesses. We also extended our building and restoration services for strata insurers, which provides us with significant cross-sell opportunities.

⁵ Calculated using NPAT attributable to the owners of Johns Lyng Group

⁶ Calculated using NPAT attributable to the owners of Johns Lyng Group excluding tax effected transaction related expenses of \$9.4m (FY21: \$0.4m plus \$1.8m non-recurring goodwill written off) and tax effected amortisation of acquired identifiable intangible assets of \$0.7m (FY21: \$0.2m)

⁷ Calculated using NPAT attributable to the owners of Johns Lyng Group excluding tax effected transaction related expenses of \$9.4m (FY21: \$0.4m plus \$1.8m non-recurring goodwill written off) and tax effected amortisation of acquired identifiable intangible assets of \$0.7m (FY21: \$0.2m)

“This year we acquired US-based Reconstruction Experts, a leading provider of insurance focused repair services to residential, commercial and industrial properties. This is our largest acquisition yet, providing us with a fantastic opportunity to grow into the US market through geographical expansion and diversification of service offering. Importantly, Reconstruction Experts’ management team share our culture and values and are excited to join JLG.”

Organic Growth

During FY22, Johns Lyng achieved a number of new contract wins and extensions, which contributed to our strong performance, including leading insurance industry clients CHU, Suncorp, Honey Insurance, Blue Zebra and Steadfast Claims Solutions in addition to landmark contracts with the NSW and VIC Governments.

The Group also opened new offices in Launceston, Echuca, Coffs Harbour, Wollongong and Bairnsdale, helping to facilitate increased work allocation from insurance panels.

Acquisition of Reconstruction Experts

On 1 January 2022, JLG made a significant and highly strategic acquisition with the purchase of Reconstruction Experts (RE). The US-based provider of insurance focused repairs to residential, commercial and industrial properties was acquired for US\$144.9m cash at Completion, plus a potential earn-out based on the future financial performance of the business.

RE provides significant organic growth opportunities in the US, including geographical expansion and diversification of RE’s current service offering to include makesafe, express building, restoration and emergency CAT response. The acquisition also provides significant cross-sell opportunities through Steamatic’s US franchise network.

Following the acquisition, Scott Didier temporarily relocated to Denver, where RE is based, to lead the cultural integration of the company and oversee the execution of the sales and growth strategy.

The acquisition of RE was funded via a successful A\$230m equity capital raise.

Further Strategic Acquisitions and Strata Market Expansion

Throughout the year, JLG continued to grow its Strata Services offering, which comprises strata management and building works for insurance companies and owners’ corporations. Scaling up “Johns Lyng Strata Services” is a strategic priority for the Group, with the strata market representing a compelling investment and growth opportunity, with significant additional revenue opportunities. During FY22, the Group (via its subsidiary Bright & Duggan) made a number of bolt-on acquisitions, including:

- Change Strata Management (100%¹ equity interest)
- Structure Building Management (75%² equity interest)
- Shift Facilities Management (75%² equity interest)
- BrisBay Strata Management (100%¹ equity interest)

¹ Bright & Duggan’s equity interest

² Bright & Duggan’s net equity interest post 25% back-to-back sell-down in Bright & Duggan Facilities Management (BDFM) to Mite Domazetovski (Managing Director of BDFM)

Together, these new strata and building management acquisitions hold management contracts covering 11,611 lots across 256 buildings/strata schemes. Each dwelling presents multiple cross-selling opportunities including insurance building and restoration services and emergency and scheduled trades.

During FY22, Johns Lyng made two further strategic acquisitions in the IB&RS space.

The Group acquired a 60% controlling equity interest in Steamatic Australia, a leading national restoration services company. This acquisition further consolidates Johns Lyng's position as a market leader in restoration services with a truly national service offering and follows the Group's acquisition of the Steamatic Global Master Franchise in FY19. The Group's increased scale and capacity across company-owned locations and Steamatic's network of franchisees adds significant resources to service incremental BaU work and CAT events.

The Group also acquired a 60% controlling equity interest in South Australian-based insurance building services company, Unitech Building Services. With a strong base of insurance industry clients, Unitech presents multiple opportunities for Johns Lyng to expand in South Australia, including growing its makesafe and large-loss insurance building service offerings and introducing restoration services business, Restorx, into the state.

Acquisition of Trevor Bright's 44.5% Non-controlling Interest in Bright & Duggan

On 26 August 2022, Johns Lyng announced the retirement of Bright & Duggan Executive Chairman, Trevor Bright, and the Completion of the acquisition of his 44.5% equity interest in the JLG subsidiary specialising in strata and building management.

The purchase price was \$25.6m for the 44.5% equity interest comprising \$15.4m in cash (funded from existing cash reserves and debt facilities) and \$10.2m in JLG shares (50% subject to escrow for 6 months).

FY23 Forecast

Johns Lyng is well placed for another strong year in FY23, with the first quarter maintaining the positive momentum of FY22. We have a solid BaU job registration pipeline and expect strong revenues from FY22 CAT related activity to flow through FY23 and beyond.

We will continue to assess further acquisitions and strategic growth opportunities across all segments and will look to further grow our presence in the strata market.

- **FY23 (F) Sales Revenue:** \$1,030.9m
 - Includes BaU Sales Revenue: \$930.4m (27.4% increase vs. FY22)
- **FY23 (F) EBITDA:** \$105.3m
 - Includes BaU EBITDA: \$93.0m (43.3% increase vs. FY22)

Dividend

On 29 August 2022, the Board declared a final dividend of 3.0 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 2.7 cents per share (fully franked), totalling 5.7 cents per share (fully franked) and representing approximately 59% of NPAT attributable to the owners of Johns Lyng Group for FY22.

The final dividend will be paid on 19 September 2022 with a record date of entitlement of 2 September 2022.

Reconciliation to Statutory Results	FY21	FY22
Sales Revenue		
BaU	481.8	730.2
CAT	86.5	164.8
Sales Revenue - Statutory	568.4	895.0
EBITDA		
BaU	42.7	64.9
CAT	9.9	18.6
EBITDA - Normalised	52.6	83.6
Transaction related expenses	(0.4)	(9.4)
Goodwill written off	(1.8)	-
EBITDA - Statutory	50.4	74.1

ENDS

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

For further information, contact:

Investors & Media

Stephen Kerr
t) 0411 055 322
e) skerr@prx.com.au

Company Secretary

Hasaka Martin
t) 0424 685 041
e) hasaka.martin@emersonoperations.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 and the US. 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 an international business with over 2,000 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.