Johns Lyng Group Limited

Results Presentation

Full-year ended 30 June 2022 (**FY22**)

29 August 2022

Johns Lyng Group - Presenters

Scott Didier AM

Group
Chief Executive Officer

Lindsay Barber

Group
Chief Operating Officer

Nick Carnell

Australia
Chief Executive Officer

Matthew Lunn

Group
Chief Financial Officer

Adrian Gleeson

Director, Investor &
Business Relations

Gemma Sholl

Executive Assistant

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// Johns Lyng Group

#01

Business Highlights.

At the heart of our business is an **entrepreneurial desire** to continue to **develop and grow** – without limits, anything is possible.

Insurance Building & Restoration Services Brands

JOHNS LYNG GROUP

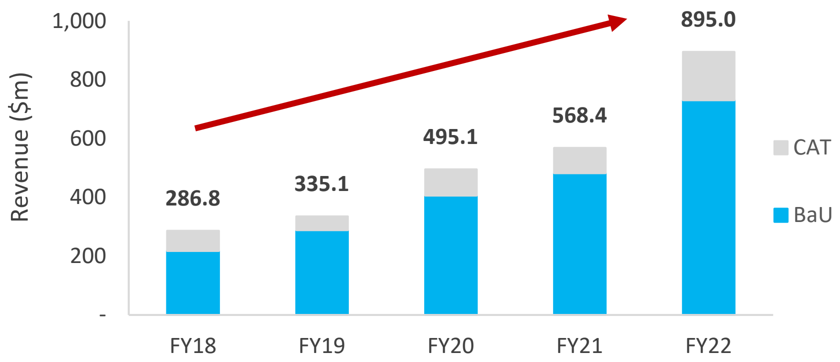
Record FY22 financial performance, solid balance sheet & very strong work-in-hand

FY22 Financial Performance

- **Group Revenue: $895.0m** (+57.5% vs. FY21 / BaU +51.6%)
- **Group EBITDA: $83.6m** (+58.9% vs. FY21 / BaU +52.1%)
- **NPAT[1]: $38.5m** (+40.1% vs. FY21)
  - **NPAT-A[2]: $47.7m** (+59.3% vs. FY21)
- **EPS[1]: 10.34 cents** (+24.5% vs. FY21)
  - **EPS-A[2]: 13.90 cents** (+49.2% vs. FY21)
- **2H22 Final Dividend: 3.0 cents per share**
- **FY22 Total Dividends: 5.7 cents per share** (+14.0% vs. FY21 / ~59% NPAT[1] payout ratio)

Consolidated Profit & Loss ($m)	Actual FY21	Actual FY22	FY22(A) vs. FY21(A) %
Revenue - BaU	**481.8**	**730.2**	**51.6%**
Revenue - CAT	86.5	164.8	90.4%
Revenue - Total	**568.4**	**895.0**	**57.5%**
EBITDA - BaU	**42.7**	**64.9**	**52.1%**
Margin (%)	*8.9%*	*8.9%*	
EBITDA - CAT	9.9	18.6	88.1%
Margin (%)	*11.4%*	*11.3%*	
EBITDA - Total	**52.6**	**83.6**	**58.9%**
Margin (%)	*9.3%*	*9.3%*	

Historical Revenue ($m)



- **Net assets: $333.0m**
  - Net cash: $21.7m
  - Undrawn (committed) revolving credit facilities: >$50m
  - Ample liquidity and sufficient balance sheet capacity to fund organic growth and current bolt-on M&A pipeline

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

[1] Calculated using statutory NPAT / statutory NPAT attributable to JLG shareholders

[2] Calculated using statutory NPAT excl. tax effected transaction expenses, tax effected amortisation of acquired intangible assets and $1.8m non-recurring goodwill write-off in FY21 only

1.2 Business Highlights – FY22 Summary

JOHNS LYNG GROUP

Strong organic growth despite widespread cost & supply chain pressures underscores 'Defensive Growth' investment thesis plus transformational acquisition of US-based Reconstruction Experts

FY23 Earnings Guidance

- Group Revenue: $1,030.9m (+15.2% vs. FY22)
- Group EBITDA: $105.3m (+26.0% vs. FY22)

Strong Balance Sheet & Ample Liquidity

- Net cash: $21.7m plus undrawn (committed) facilities: >$50m

Results / Recent Trading

- Strong 2H22 run-rate with momentum into FY23 (record job registrations and work-in-hand pipeline)
- Management will continue to provide regular market updates

Organic Growth Strategy Unchanged

- Organic growth via geographical expansion, new client / contract wins and diversification into 'complementary adjacencies'
  - New client and panel wins expected to deliver incremental IB&RS job volumes during FY23
- Strata and broker markets continue to be a key focus for FY23
  - Continuing roll-out of Johns Lyng Strata Services and 'Emergency Broker Response' product
- Grow US market presence – US platform now established with recent acquisition of Reconstruction Experts

FY22 Completed Acquisitions

change strata management · structure building management · SHIFT · BrisBay Pty Ltd · unitech building services · STEAMATIC Restoration & Cleaning · RECONSTRUCTION EXPERTS

- Additional 1Q23 (Aug-22) buy-out of Trevor Bright's 44.5% minority equity interest in Bright & Duggan
- Additional strategic acquisitions under assessment

Macro Risks & COVID-19

- IB&RS revenues are non-discretionary spend for insured customers
  - Recurring (annuity style) revenues materially insulated from COVID-19 impact under most lock down scenarios
- Access to trades has been materially unaffected to date
  - JLG's deep regional relationships and certainty of ongoing work allocation for subcontractors are key differentiators
- Structural nature of IB&RS panel arrangements (predominantly cost-plus contracts) offers protection from current global inflationary pressures
- Strong balance sheet (net cash) offers protection from rising interest rates

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

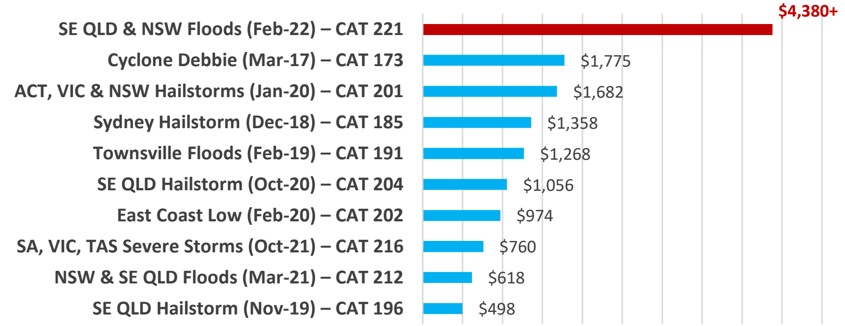
1.3 Summary - SE-QLD & NSW Floods (Feb-22)

Unprecedented Claim Numbers – Largest CAT Event on Record

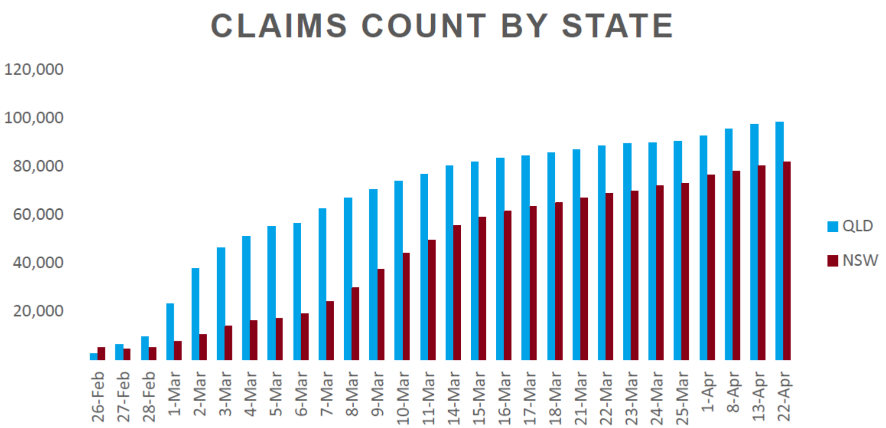
- In Feb-22, Australia's east-coast was subject to intense rainfall which quickly broke riverbanks, swamped roads and flooded homes across the region
  - Rainfall of **887mm** fell during February – more than double the previous high of 366mm in Feb-20
  - In 3 days alone, Brisbane received 80% of its annual rainfall
  - The ICA's current estimated cost of claims is **$4.4bn and rising**

- **JLG has enacted its CAT plan and deployed significant resources to regional office locations to service all affected LGA's**
- **On 30 Mar-22, JLG announced it had been awarded a ~$142m contract to manage the NSW Government's "Property Assessment and Demolition Program"**

10 Largest ICA Declared CATs During Last 5 Years ($m)



NSW LGA's Affected by Floods & Group Office Locations



1.4 Business Highlights – Portfolio Summary

JOHNS LYNG GROUP

- **JLG is a leading integrated building services group, delivering building, restoration & strata management services across Australia & the USA**
- **Focused on recurring revenues & deep client relationships, JLG's strategically aligned businesses deliver >100k discrete jobs p.a.**

Insurance Building & Restoration Services (IB&RS)

Building fabric repair and contents restoration after damage from insured events including: impact, weather and fire events. Hazardous waste removal, emergency domestic (household) repairs, strata management and property/facilities management.

IB&RS ($m)	FY22(A)	Contribution
Revenue	751.3	83.9%
EBITDA	84.9	101.6%

Commercial Building Services (CBS)

Residential and commercial flooring, shop-fitting, pre-sale property staging and commercial heating, ventilation and air conditioning mechanical services.

CBS ($m)	FY22(A)	Contribution
Revenue	52.6	5.9%
EBITDA	5.2	6.3%

Commercial Construction (CC)

Johns Lyng Commercial Builders undertakes commercial construction projects ranging from $3m to $20m in Victoria including large-loss insurance rebuilds and cladding rectification work

CC ($m)	FY22(A)	Contribution
Revenue	90.8	10.1%
EBITDA	(1.8)	(2.2%)
Revenue - other	0.3	0.0%
EBITDA - other (incl. corporate overheads)	(4.7)	(5.6%)
Total Group Revenue	**895.0**	**100.0%**
Total Group EBITDA	**83.6**	**100.0%**

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

1.5 Business Highlights – Global Locations

JOHNS LYNG GROUP

38 Locations Nationally[1]

- Head Office (1)
- State/Territory Offices (5)
- Regional Offices (23)
- Operational Warehouses (2)
- Novari Collective(3)
- Air Control (3)[2]
- Unitech Building Services (1)

1 Excluding Bright & Duggan Strata Management and Steamatic Australia

2 Air Control also operates from Johns Lyng's offices in Sydney and Brisbane

bright & duggan

australia's strata leader

17 East Coast Locations[1]

Capitol FOLLOW THE LEADER

change

structure BUILDING MANAGEMENT

SHIFT

BrisBay Pty Ltd

- Bright & Duggan (14)
- Capitol (3)

STEAMATIC total cleaning & restoration

40 Locations Nationally

- Company-owned Locations (5)
- Franchise Locations (35)

Regional Victoria Locations

Gippsland	Brimbank
Bendigo	Yea
Ballarat	Moreland
Shepparton	Horsham
Albury-Wodonga	Warrnambool
Mildura	Geelong

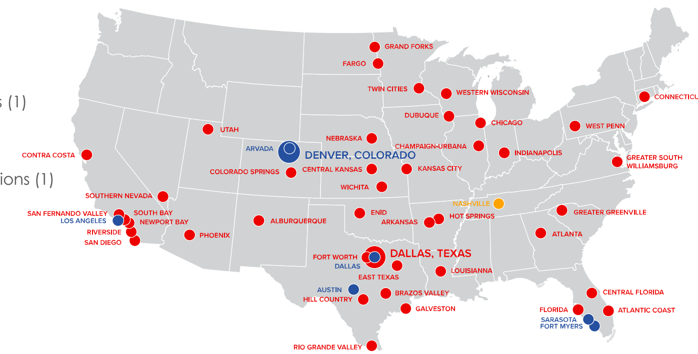
50 Locations Nationally

STEAMATIC

- Steamatic Headquarters (1)
- Franchise Locations (41)
- Company-owned Locations (1)

RE

- RE Headquarters (1)
- Office Locations (6)



// Johns Lyng Group

#02

Financial Information.

Our deep industry **experience** and diversified service offering creates a **unique** blend of **talent** and **capabilities** which is a sustainable source of **competitive advantage**.

Commercial Building Services & Construction Brands

2.1 Financial Summary – Group Profit & Loss

Consolidated Group FY22 EBITDA: $83.6m (+58.9% vs. FY21)

Revenue (Group)

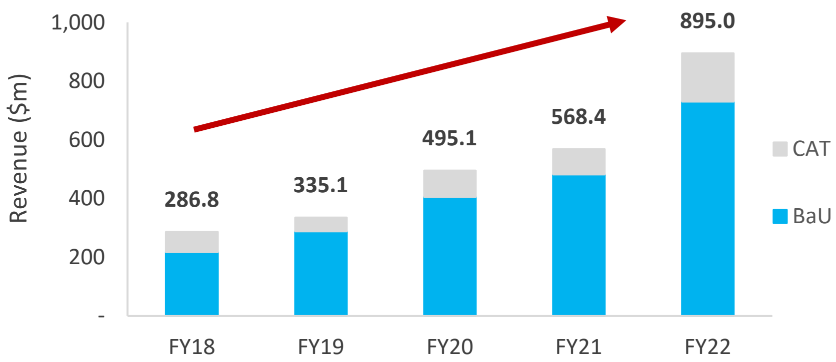
- **Total Revenue: $895.0m** (+57.5%)
- **BaU Revenue: $730.2m** (+51.6%)
- **CAT Revenue: $164.8m** (+90.4%)

EBITDA (Group)

- **Total EBITDA: $83.6m** (+58.9%)
- **BaU EBITDA: $64.9m** (+52.1%)
- **CAT EBITDA: $18.6m** (+88.1%)

Consolidated Profit & Loss ($m)	Actual FY21	Actual FY22	FY22(A) vs. FY21(A) %
Revenue - BaU	**481.8**	**730.2**	**51.6%**
Revenue - CAT	86.5	164.8	90.4%
Revenue - Total	**568.4**	**895.0**	**57.5%**
Gross Profit	**119.6**	**196.5**	**64.4%**
Margin (%)	*21.0%*	*22.0%*	
EBITDA - BaU	**42.7**	**64.9**	**52.1%**
Margin (%)	*8.9%*	*8.9%*	
EBITDA - CAT	9.9	18.6	88.1%
Margin (%)	*11.4%*	*11.3%*	
EBITDA - Total	**52.6**	**83.6**	**58.9%**
Margin (%)	*9.3%*	*9.3%*	

Historical Revenue ($m)



Historical Revenue ($m)	FY18	FY19	FY20	FY21	FY22
BaU	217.6	288.9	406.1	481.8	730.2
CAT	69.2	46.2	89.0	86.5	164.8
Total Revenue	**286.8**	**335.1**	**495.1**	**568.4**	**895.0**
CAT % of Total Revenue	*24.1%*	*13.8%*	*18.0%*	*15.2%*	*18.4%*
CAT % of IB&RS Revenue	*31.1%*	*17.7%*	*22.4%*	*19.5%*	*21.9%*

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

2.2 Segment Analysis – IB&RS

JOHNS LYNG GROUP

EBITDA growth: +67.0% (incl. 61.9% BaU growth & significant CAT activity)

Revenue (IB&RS)

- **Total Revenue: $751.3m** (+69.0%)
- **BaU Revenue: $586.5m** (+63.8% / +24.6% excl. FY22 acquisitions)
- **CAT Revenue: $164.8m** (+90.4%)

EBITDA (IB&RS)

- **Total EBITDA: $84.9m** (+67.0%)
- **BaU EBITDA: $66.3m** (+61.9%)
  - FY21 margin temporarily bolstered by peak COVID-19 cost savings
  - FY22 margin temporarily supressed by large upfront CAT mobilisation costs
- **CAT EBITDA: $18.6m (+88.1%)**

Segment Analysis - IB&RS ($m)	Actual FY21	Actual FY22	FY22(A) vs. FY21(A) %
Revenue - BaU	**358.0**	**586.5**	**63.8%**
Revenue - BaU (excl. FY22 acquisitions)	358.0	445.9	24.6%
Revenue - CAT	86.5	164.8	90.4%
Revenue - CAT (excl. FY22 acquisitions)	86.5	145.1	67.7%
Revenue - Total	**444.6**	**751.3**	**69.0%**
EBITDA - BaU	**40.9**	**66.3**	**61.9%**
Margin (%)	*11.4%*	*11.3%*	
EBITDA - BaU (excl. FY22 acquisitions)	40.9	44.6	9.0%
Margin (%)	*11.4%*	*10.0%*	
EBITDA - CAT	9.9	18.6	88.1%
Margin (%)	*11.4%*	*11.3%*	
EBITDA - CAT (excl. FY22 acquisitions)	9.9	14.5	46.7%
Margin (%)	*11.4%*	*10.0%*	
EBITDA - Total	**50.8**	**84.9**	**67.0%**
Margin (%)	*11.4%*	*11.3%*	

CAT EBITDA presented for illustrative purposes only.

Calculated at average IB&RS margin.

Recent CAT & Peak Events			
Bushfires (Dec-18) – CAT	NSW & QLD Bushfires (Sept-19) – CAT	Central QLD Hailstorm (Apr-20)	VIC Earthquake (Sept-21)
Coolgardie, WA Hailstorm (Dec-18)	Rappville, NSW Bushfires (Oct-19) – CAT	**SE QLD Hailstorm (Oct-20) – CAT**	**SA, VIC, TAS Severe Storms (Oct-21) - CAT**
Cyclone Owen, QLD (Dec-18)	QLD, NSW, VIC & SA Bushfires (Nov-Feb-20) – CAT	Perth Hills, WA Bushfire (Feb-21) – CAT	**SE QLD & NSW Floods (Feb-22) - CAT**
Victoria Storms (Dec-18)	SE QLD Hailstorm (Nov-19) – CAT	**NSW & SE QLD Floods (Mar-21) – CAT**	**JLG does not forecast for CAT events. Forecast CAT revenue and EBITDA relates to the run-off work from various recent CAT events**
Sydney Hailstorm (Dec-18) - CAT	**ACT, VIC & NSW Hailstorms (Jan-20) – CAT**	**Cyclone Seroja, WA (Apr-21) - CAT**	
Townsville Floods (Feb-19) - CAT	**East Coast Low (Feb-20) – CAT**	**VIC Storms & Floods (Jun-21) - CAT**	

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

Active CAT events highlighted red

2.2.1 Segment Analysis – CBS & Commercial Construction

JOHNS LYNG GROUP

Strong recovery out of COVID-19 restrictions for CBS & CC repositioned with focus on large-loss insurance

Commercial Building Services

- **Revenue: $52.6m** (+15.0%)
- **EBITDA: $5.2m** (+50.6%)
  - Strong recovery out of COVID-19 restrictions for CBS portfolio businesses (as foreshadowed)
  - Sales rebound from delayed projects, compounded by operating leverage delivered FY22 margin expansion

Commercial Construction

- **Revenue: $90.8m** (+16.6%)
- **EBITDA: ($1.8m)**
  - Record financial performance in 1H22
  - Challenging 2H22 driven by significant input cost inflation which eroded margins for the current contracted work-in-progress
  - As a result of the current market dynamics, the Board and Management have resolved to scale back the Group's commercial construction operations to focus on large-loss insurance building and other bilaterally negotiated commercial projects under a managed cost-plus or construction management model only
  - Accordingly, this will significantly reduce the division's risk profile going forward

Segment Analysis - CBS ($m)	Actual FY21	Actual FY22	FY22(A) vs. FY21(A) %
Commercial Building Services			
Revenue	45.7	52.6	15.0%
EBITDA	**3.5**	**5.2**	**50.6%**
Margin (%)	*7.6%*	*9.9%*	

Segment Analysis - CC ($m)	Actual FY21	Actual FY22	FY22(A) vs. FY21(A) %
Commercial Construction			
Revenue	77.8	90.8	16.6%
EBITDA	**2.1**	**(1.8)**	
Margin (%)	*2.7%*	*(2.0%)*	

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

2.3 Balance Sheet

JOHNS LYNG GROUP

Strong balance sheet, ample liquidity & sufficient capacity to fund organic growth & bolt-on M&A

Balance Sheet (30 Jun-22)

- Net assets: $333.0m
- Net cash: $21.7m
  - Undrawn (committed) revolving credit facilities: >$50m
  - Ample liquidity and sufficient balance sheet capacity to fund organic growth and current bolt-on M&A pipeline

Capital Efficiency Metrics

- Strong capital efficiency metrics driven by asset-light balance sheet including:
  - RoCE[1]: 59.0%
  - RoE[1,2]: 30.3%

Earnings per Share

- EPS: 10.34 cents (+24.5% vs. FY21)
- EPS-A (normalised)[3]: 13.90 cents (+49.2% vs. FY21)

Balance Sheet ($m)	Actual Jun-21	Actual Jun-22
Total Assets	248.4	649.9
Net Assets	73.4	333.0
Cash	43.3	57.0
Debt (3rd Party)	(17.8)	(35.3)
Net Cash / (Debt)	**25.5**	**21.7**

Capital Efficiency Metrics ($m)	Actual FY21	Actual FY22
Return on Capital Employed (RoCE)		
EBITDA (excl. FY22 acquisitions)[4]	52.6	57.8
Shareholders' Funds (excl. FY22 acquisitions)[1]	73.4	76.7
NCI Share of Intangibles NBV	(5.3)	(7.4)
Gross Debt (3rd Party) (excl. FY22 acquisitions)	17.8	28.7
Adjusted SH Funds + 3rd Party Debt	**86.0**	**98.0**
Return on Capital Employed	**61.2%**	**59.0%**
Return on Equity (RoE)		
NPAT Attributable to JLG (excl. FY22 acquisitions)[2]	20.7	20.5
Shareholders' Funds (excl. FY22 acquisitions)[1]	73.4	76.7
NCI Liability (excl. FY22 acquisitions)	(7.8)	(8.9)
Equity Attributable to JLG Shareholders	**65.6**	**67.8**
Return on Equity	**31.5%**	**30.3%**
Earnings per Share - Statutory	8.30 cents	10.34 cents
Earnings per Share - A - Normalised[3]	**9.31 cents**	**13.90 cents**

[1] Pro-forma calculation excludes $225.9m funds received from JLG's equity capital raising announced 13 December 2021 and the P&L and balance sheet impact of FY22 acquisitions
[2] Calculated using NPAT attributable to JLG excl. tax effected transaction expenses and $1.8m non-recurring goodwill write-off in FY21 only
[3] Calculated using NPAT attributable to JLG excl. tax effected transaction expenses, tax effected amortisation of acquired intangible assets and $1.8m non-recurring goodwill write-off in FY21 only
[4] Excluding FY22 acquisitions, transaction expenses and $1.8m non-recurring goodwill write-off in FY21 only

2.4 Cash Flow & Working Capital

JOHNS LYNG GROUP

Highly cash generative business, low capex requirements & consistent working capital dynamics

Capital Expenditure

- Capex primarily consists of motor vehicles and PP&E purchases
  - Motor vehicle fleet includes 618 vehicles at 30 Jun-22 vs. 403 at 30 Jun-21

Working Capital

- Working capital cycle is actively managed - strong focus on cash flow
- Materially consistent working capital metrics

Cash Conversion

- Operating cash flow (pre-interest and tax): $42.2m (~56.9% cash conversion from EBITDA)
  - Significant BaU and CAT job volume temporarily suppressed 4Q22 cash flow hence spike in working capital (accrued income) at year-end
  - Accrued income was invoiced post year-end – **97.2%[1] pro-forma cash conversion from EBITDA**

Dividend (FY22)

- Final dividend of 3.0 cents per share
- Total FY22 Dividends: 5.7 cents per share (+14.0% / ~59% payout ratio)
  - Record date of entitlement: 2 September 2022
  - Dividend payment date: 19 September 2022
  - Dividend policy unchanged: 40%-60% NPAT[2]

Capital Expenditure ($m)	Actual FY21	Actual FY22
Plant & Equipment	2.4	5.6
Motor Vehicles	3.7	5.5
Leasehold Improvements	0.6	0.3
Computer Equipment	0.1	0.0
Capitalised Software Development	0.1	1.2
Total Capital Expenditure	**6.9**	**12.6**

Working Capital ($m)	Actual FY21	Actual FY22
Days Sales Outstanding (Count-back)	36.4	41.8
Days Purchases Outstanding (Count-back)	42.3	46.3

Cash Conversion ($m)	Actual FY21	Actual FY22
EBITDA (Normalised)	**52.6**	**83.6**
Normalisations[3]	(2.2)	(9.4)
EBITDA (Statutory)	**50.4**	**74.1**
Movement in Accrued Income	(6.7)	(29.9)
Movement in Working Capital - Other	(5.7)	(5.5)
Movement in Working Capital - Total	(12.3)	(35.4)
Non-cash Items	2.8	3.5
Net Cash from Operating Activities (Pre-interest & Tax)	**40.9**	**42.2**
Cash Conversion (%) - Statutory	**81.2%**	**56.9%**
Add: Movement in Accrued Income	6.7	29.9
Cash Conversion (%) - Pro-forma	**94.4%**	**97.2%**

[1] Adjusted for accrued income at 30 Jun-22

[2] Statutory NPAT attributable to JLG Shareholders

[3] Normalisations include transaction expenses and $1.8m non-recurring goodwill write-off in FY21 only - Refer to Appendix 1 for detailed reconciliation to statutory results

Select Clients

// Johns Lyng Group

#03

Strategy & Growth.

Whether they are core business **acquisitions, start-ups** or opportunities in '**complementary adjacencies**', JLG is well positioned to embrace and capitalise on **growth initiatives**.

JOHNS LYNG GROUP

4 key pillars for growth: IB&RS, Strata Services, Disaster Management & US Markets

New Contract Wins

- Honey: national building and restoration panel (1 Jul-21)
- Blue Zebra: national building and restoration panel (1 Jul-21)
- Steadfast Claims Solutions: national building and restoration panel (1 Jul-21)
- CHU: national building and restoration panel (1 Sept-21)
- Suncorp: domestic building contract extension across six states and territories (1 Nov-21)
- Johns Lyng Disaster Management – NSW & VIC Government

Strategic Initiatives

- New offices opened in: Launceston, Echuca, Coffs Harbour Wollongong and Bairnsdale
- Growth in broker market (‘Emergency Broker Response’ product)
- Targeting new clients and panels
- Deeper penetration of US market – growth platform established through acquisition of Reconstruction Experts

Strata Market Focus

- Key focus on building and restoration services for Strata Insurers in FY23
- Established designated Strata Building Services division - national roll-out on track
- Significant synergies with Bright & Duggan
- Multiple cross-sell opportunities per dwelling: insurance building and restoration, emergency and scheduled trades (B2B) and ‘behind the door’ services (B2C)
- Estimated 2.9m lots nationwide (insured value c.$1.2tn)[1]

M&A

- 7 acquisitions completed during FY22 - integration ongoing
- Additional 1Q23 (Aug-22) buy-out of Trevor Bright’s 44.5% minority equity interest in Bright & Duggan
- Additional M&A opportunities under evaluation:
  - Consolidation of highly fragmented IB&RS and Strata Management markets
  - US platform established – bolt-ons under assessment
  - Diversification into ‘complementary adjacencies’

[1] https://cityfutures.be.unsw.edu.au/research/projects/2020-australasian-strata-insights/

3.2 Strategy & Growth - Recent Acquisitions

JOHNS LYNG GROUP

Recent acquisitions expand presence in strategically important strata market

Strategy on Track

- Organic growth through geographical expansion, new client wins and diversification into 'complementary adjacencies'
- Strata and broker markets continue to be a key focus for organic growth in FY23 (insurance panels and direct facilities maintenance)
- 4 bolt-on strata acquisitions completed during FY22 (plus management agreements acquired from Aligned Property Group) plus recent (post year-end) acquisition of Trevor Bright's 44.5% minority equity interest in Bright & Duggan

bright & duggan strata professionals

change strata management

structure BUILDING MANAGEMENT

BrisBay Pty Ltd BODY CORPORATE ESTABLISHMENT & MANAGEMENT

SHIFT

JOHNS LYNG STRATA SERVICES

Acquisition of Change Strata Management (CSM), Structure Building Management (SBM), Shift Facilities Management (Shift), BrisBay and Aligned Property Group (APG) – strategic bolt-on acquisitions for Bright & Duggan (B&D)

- Jul-21 (effective 1 July): 100% equity interest acquired in CSM and 75%[1] equity interest acquired in SBM and Shift
- Sep-21 (effective 1 September): 100% equity interest acquired in BrisBay plus management agreements acquired from APG
- Bright & Duggan paid $9.09m to complete the acquisitions - funded from existing cash reserves, current debt facilities and the sell-down of 25% equity in Bright & Duggan Facilities Management (BDFM) to Mite Domazetovski (Managing Director of BDFM)
- **CSM:** manages high-end buildings in Sydney, with a portfolio of 2,974 lots across 75 strata schemes
- **SBM and Shift:** hold existing management contracts with 58 Sydney buildings, encompassing more than 7,250 lots
- **BrisBay (QLD) and APG (VIC):** manage a combined 1,601 lots across 149 schemes focused on smaller buildings
- As announced to the market on 26 August 2022, post the retirement of Trevor Bright as Executive Chairman of Bright & Duggan, JLG acquired his 44.5% equity interest in B&D for $25.6m ($15.4m (60%) in cash and $10.2m (40%) in JLG Ltd shares)
- Bright & Duggan's current portfolio comprises approximately:

~89k Lots / Units

~3.5k Building/ Strata Schemes

JLG's Strata Market Strategy

- The strata market comprises more than 2.9m strata titled lots nationally – represents a compelling investment and growth opportunity with inherent revenue synergies in collaboration with the Group's other businesses
- JLG will support long-standing management shareholders to grow Bright & Duggan in its existing markets and additionally cross-sell the Group's various building services – multiple cross-sell opportunities per dwelling: insurance building and restoration, emergency trades, scheduled trades and 'behind the door' services (direct to customer)

[1] 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)

3.2.1 Strategy & Growth - Recent Acquisitions

Recent IB&RS acquisitions strategically expand footprint & capacity to service incremental BaU & CAT work

Acquisition of Unitech Building Services (Unitech) – strategic bolt-on acquisition for JLG's core IB&RS division

- Jul-21 (effective 1 July): 60% equity interest (40% equity retained by founders, Anthony and Deborah Gorle)
- Cash at Completion of $1.9m (funded from existing cash reserves), plus potential future earn-out based on FY22 financial performance
- Founded in 1995, Unitech has established a strong insurance client base and increases JLG's exposure to the SA market

Acquisition of Steamatic Australia

- Jul-21 (effective 1 July): 60% equity interest
- Consideration paid at Completion of $10.8m, comprising:
  - $6.0m in cash (funded from existing cash reserves);
  - $4.8m in JLG Ltd Shares; and
  - Potential future earn-out based on the financial performance of FY22 and FY23
- Existing (net) third-party interest bearing debt of $3.8m was assumed by JLG on Completion

Overview

- Established in 1986 under the Global Master Franchise, Steamatic Australia operates a total of 40 locations including 35 regional franchisees and 5 company-owned metropolitan locations
- Founder and CEO, Oliver Threlfall retained the remaining 40% equity of the business and maintains day-to-day operational responsibility along with his long-standing senior management team
- The additional scale provided by Steamatic considerably increases JLG's capacity to service incremental BaU and CAT work

Future strategy to grow client base and market share - focus on:

- Precision Laser Cleaning (launched 2018) – non-abrasive cleaning service for preservation and restoration without use of chemicals, water or blasting media with a focus on industrial markets;
- Steamatic Global Recovery (launched 2018) – large insurance and non-insurance projects nationally and internationally;
- International operations – Oliver Threlfall to take a lead role in international and franchisee operations; and
- Steamatic will continue to sell its remaining franchise territories

3.2.2 Strategy & Growth - Recent Acquisitions

RECONSTRUCTION EXPERTS

- 1 Jan-22: 99.5% equity interest in Reconstruction Experts
- Up-front Enterprise Value: US$144m
- Potential future earn-out based on CY22 and CY23 financial performance
- Funded via ~A$230m equity capital raising (~A$187.5m Placement and ~A$42.5m ANREO)

Overview

- Leading provider of insurance focused repair services to residential, commercial and industrial properties
- Primary client base is Homeowner Associations (HOAs) – the US equivalent of Strata Managers / Owners' Corporations
- Defect / damage related insurance work contributes ~80% of revenue
- Operates in 4 key states (Colorado, Florida, California and Texas) with authorisations in place to work in a further 13 states

Increasing Number of US CAT Events
(20 US$1bn+ Weather Events During 2021)

<u>**Acquisition Rationale and Strategy**</u>

- Provides established, profitable and growing US platform to leverage JLG's core competencies in insurance building and restoration services
- Establishes strong base from which to pursue growth in the very large estimated ~US$100bn[1] US market for defect and damage insurance and property R&M
- Significant growth potential, having developed a successful and repeatable sales and operational delivery model in 4 key US States. (c.4x times the size of Australia)
- Long-term strategy is to develop a full-service model with a national footprint, through organic growth and the pursuit of select M&A opportunities
  - Valuable opportunity to leverage Steamatic LLC's existing footprint and client relationships; and
  - Launch additional (existing) JLG service lines including Make-sake, Express Building and Emergency CAT response etc.
- Reconstruction Experts is led by a strong, long standing, high-calibre and very experienced management team, who will be fully aligned through ongoing equity ownership

[1] Based on an independent commercial / market due diligence report as at September 2020

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FY23 Forecast.

JLG has a demonstrable track record of **growth and financial control**. Significant market opportunities exist to continue this trend.

4.1 FY23 Forecast

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Positive outlook - FY23(F) EBITDA: $105.3m (+26.0% vs. FY22)

FY23 Forecast

- **Group Revenue: $1,030.9m** (+15.2% vs. FY22)
  - **BaU Revenue: $930.4m** (+27.4% vs. FY22 / +10.1% excl. FY22 acquisitions)
- **Group EBITDA: $105.3m** (+26.0% vs. FY22)
  - **BaU EBITDA: $93.0m** (+43.3% vs. FY22 / +28.4% excl. FY22 acquisitions)
- Strong momentum from FY22 expected to continue to drive results - potential FY23 upside from:
  - Job volume ramp up from recent contract wins;
  - New clients and contracts;
  - Deeper market penetration in WA, SA, NT and TAS;
  - Continuing roll-out of Johns Lyng Strata Services;
  - Integration of recent acquisitions - revenue synergies expected from:
    - Roll-out of Reconstruction Experts in the US; and
    - Strata Building Services cross-sell;
  - Additional strategic acquisitions under assessment; and
  - Future CAT events
    - 'Storm Season' typically runs from Nov-Apr each year

FY23 Forecast ($m)	Actual FY22	Forecast FY23	FY23(F) vs. FY22(A) %
Revenue - BaU	**730.2**	**930.4**	**27.4%**
Revenue - BaU (excl. FY22 acquisitions)	589.7	649.3	10.1%
Revenue - CAT	164.8	100.5	
Revenue - CAT (excl. FY22 acquisitions)	145.1	99.0	
Revenue - Total	**895.0**	**1,030.9**	**15.2%**
EBITDA - BaU	**64.9**	**93.0**	**43.3%**
EBITDA - BaU (excl. FY22 acquisitions)	43.3	55.6	28.4%
EBITDA - CAT	18.6	12.2	
EBITDA - CAT (excl. FY22 acquisitions)	14.5	11.4	
EBITDA - Total	**83.6**	**105.3**	**26.0%**

Margin Analysis		
EBITDA - BaU Margin	*8.9%*	*10.0%*
EBITDA - BaU Margin (excl. FY22 acquisitions)	*7.3%*	*8.6%*
EBITDA - CAT Margin	*11.3%*	*12.2%*
EBITDA - CAT Margin (excl. FY22 acquisitions)	*10.0%*	*11.5%*
EBITDA - Total Margin	*9.3%*	*10.2%*

JLG does not forecast for CAT events. CAT revenue is contracted run-off work from various recent CAT events.

CAT EBITDA presented for illustrative purposes only. Calculated at average IB&RS margin.

Historical CAT Revenue vs. Forecast	FY19(A)	FY20(A)	FY21(A)	FY22(A)
CAT Revenue Forecast (original at start of FY)	13.5	31.6	20.3	46.4
CAT Revenue - Actual	46.2	89.0	86.5	164.8
Historical CAT Outperformance vs. Fcst	**32.7**	**57.4**	**66.2**	**118.3**
	241.6%	*181.7%*	*325.9%*	*254.8%*

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

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Appendices.

JLG's **high performance culture** drives consistent, high **quality outcomes** for clients and additional repeat business.

Appendix 1: Financial Reconciliation to Statutory Results

Reconciliation	FY21			FY22			FY23
	1H21 (A)	2H21 (A)	FY21 (A)	1H22 (A)	2H22 (A)	FY22 (A)	FY23 (F)
Revenue							
IB&RS							
IB&RS - BaU	**178.6**	**179.4**	**358.0**	**231.3**	**355.2**	**586.5**	
IB&RS - CAT	38.2	48.4	86.5	66.7	98.0	164.8	
IB&RS - Total	**216.7**	**227.8**	**444.6**	**298.0**	**453.2**	**751.3**	
IB&RS - FY22 Acquisitions - BaU	-	-	-	*(24.3)*	(116.3)	*(140.6)*	
IB&RS - BaU (excl. FY22 Acquisitions)	*178.6*	*179.4*	*358.0*	*207.0*	*238.9*	*445.9*	
IB&RS - FY22 Acquisitions - CAT	-	-	-	*(0.4)*	*(19.3)*	*(19.7)*	
IB&RS - CAT (excl. FY22 Acquisitions)	*38.2*	*48.4*	*86.5*	*66.3*	*78.8*	*145.1*	
IB&RS - Total (excl. FY22 Acquisitions)	*216.7*	227.8	*444.6*	*273.4*	317.7	*591.0*	
CBS	22.3	23.5	45.7	26.0	26.6	52.6	
CC	38.8	39.1	77.8	47.2	43.6	90.8	
Other	0.1	0.2	0.2	0.2	0.2	0.3	
Total Revenue (Statutory)	**277.8**	**290.5**	**568.4**	**371.3**	**523.7**	**895.0**	**1,030.9**
Total Revenue (Normalised)	**277.8**	**290.5**	**568.4**	**371.3**	**523.7**	**895.0**	**1,030.9**
Total - CAT	38.2	48.4	86.5	66.7	98.0	164.8	100.5
Total - FY22 Acquisitions - CAT	-	-	-	*(0.4)*	*(19.3)*	*(19.7)*	*(1.5)*
Total - CAT (excl. FY22 Acquisitions)	***38.2***	***48.4***	***86.5***	***66.3***	***78.8***	***145.1***	***99.0***
Total - BaU (Normalised)	**239.7**	**242.2**	**481.8**	**304.6**	**425.7**	**730.2**	**930.4**
Total - FY22 Acquisitions - BaU	-	-	-	*(24.3)*	*(116.3)*	*(140.6)*	*(281.1)*
Total - BaU (Normalised excl. FY22 Acquisitions)	***239.7***	***242.2***	***481.8***	***280.3***	***309.3***	***589.7***	***649.3***

Reconciliation	FY21			FY22			FY23
	1H21 (A)	2H21 (A)	FY21 (A)	1H22 (A)	2H22 (A)	FY22 (A)	FY23 (F)
EBITDA (AASB 16)							
IB&RS							
IB&RS - BaU	21.8	19.0	40.9	24.1	33.0	57.0	
IB&RS - Normalisations - Transaction Costs	*0.1*	*(0.0)*	*0.1*	*2.3*	*6.9*	*9.2*	
IB&RS - BaU (Normalised)	**21.9**	**19.0**	**40.9**	**26.4**	**39.9**	**66.3**	
IB&RS - CAT	4.7	5.2	9.9	7.6	11.0	18.6	
IB&RS - Total (Normalised)	**26.6**	**24.2**	**50.8**	**34.0**	**50.9**	**84.9**	
IB&RS - FY22 Acquisitions - BaU	-	-	-	*(5.2)*	*(18.3)*	*(23.5)*	
CAT Margin Adjustment (Pre-Acquisition EBITDA Margin) [1]	-	-	-	*0.6*	*1.3*	*1.9*	
IB&RS - BaU (excl. FY22 Acquisitions)	*21.9*	*19.0*	*40.9*	*21.7*	*22.9*	*44.6*	
IB&RS - FY22 Acquisitions - CAT	-	-	-	*(0.0)*	*(2.2)*	*(2.2)*	
CAT Margin Adjustment (Pre-Acquisition EBITDA Margin) [1]	-	-	-	*(0.6)*	*(1.3)*	*(1.9)*	
IB&RS - CAT (excl. FY22 Acquisitions)	*4.7*	*5.2*	*9.9*	*7.0*	*7.6*	*14.5*	
IB&RS - Total (excl. FY22 Acquisitions)	*26.6*	*24.2*	*50.8*	*28.7*	*30.4*	*59.1*	
CBS	(0.1)	1.7	1.6	3.4	1.9	5.2	
Normalisations - Transaction Costs	*0.1*	*0.0*	*0.1*	*0.0*	*0.0*	*0.0*	
Normalisations - Trump NSW/QLD G'will W'off	*1.8*	-	*1.8*	-	-	-	
CBS (Normalised)	*1.8*	*1.7*	*3.5*	*3.4*	*1.9*	*5.2*	
CC	1.2	0.9	2.1	1.2	(3.0)	(1.8)	
Other	0.1	0.6	0.7	0.9	1.4	2.3	
Public Company Opex	(0.3)	(0.4)	(0.7)	(0.6)	(0.6)	(1.2)	
Normalisations - Transaction Costs	0.1	0.1	0.2	0.2	0.0	0.2	
Public Company Opex (Normalised)	*(0.2)*	*(0.3)*	*(0.5)*	*(0.4)*	*(0.5)*	*(1.0)*	
Executive Incentive Plan	(1.8)	(2.3)	(4.1)	(2.5)	(3.5)	(6.0)	
Total EBITDA (Statutory)	**25.7**	**24.7**	**50.4**	**34.0**	**40.1**	**74.1**	**105.3**
Total Normalisations	2.0	0.2	2.2	2.5	7.0	9.4	-
Total EBITDA (Normalised)	**27.7**	**24.9**	**52.6**	**36.5**	**47.1**	**83.6**	**105.3**
Total - CAT	4.7	5.2	9.9	7.6	11.0	18.6	12.2
Total - FY22 Acquisitions - CAT	-	-	-	*(0.0)*	*(2.2)*	*(2.2)*	*(0.2)*
CAT Margin Adjustment (Pre-Acquisition EBITDA Margin) [1]	-	-	-	*(0.6)*	*(1.3)*	*(1.9)*	*(0.7)*
Total - CAT (excl. FY22 Acquisitions)	***4.7***	***5.2***	***9.9***	***7.0***	***7.6***	***14.5***	***11.4***
Total - BaU (Normalised)	**23.0**	**19.7**	**42.7**	**28.9**	**36.1**	**64.9**	**93.0**
Total - FY22 Acquisitions - BaU	-	-	-	*(5.2)*	*(18.3)*	*(23.5)*	*(38.1)*
CAT Margin Adjustment (Pre-Acquisition EBITDA Margin) [1]	-	-	-	*0.6*	*1.3*	*1.9*	*0.7*
Total - BaU (Normalised excl. FY22 Acquisitions)	***23.0***	***19.7***	***42.7***	***24.2***	***19.1***	***43.3***	***55.6***

[1] CAT EBITDA presented for illustrative purposes only and calculated at average IB&RS margin. Margin adjustment required to recalculate average IB&RS margin when presenting figures excluding acquisitions

Appendix 1: Financial Reconciliation to Statutory Results (Cont.)

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Reconciliation	FY21			FY22		
	1H21 (A)	2H21 (A)	FY21 (A)	1H22 (A)	2H22 (A)	FY22 (A)
EBIT, PBT, NPAT & CAPEX (AASB 16)						
Depreciation & Amortisation	(4.5)	(5.0)	(9.6)	(6.2)	(8.9)	(15.1)
EBIT						
Statutory	21.2	19.6	40.8	27.8	31.3	59.0
Normalised	**23.2**	**19.8**	**43.0**	**30.2**	**38.2**	**68.5**
Net Interest	(0.8)	(0.9)	(1.7)	(1.0)	(1.2)	(2.2)
PBT						
Statutory	20.4	18.7	39.1	26.8	30.1	56.9
Transaction Related Bank Fee Amortisation (Interest)	0.0	0.0	0.1	0.0	0.0	0.1
Normalised	**22.4**	**19.0**	**41.4**	**29.2**	**37.1**	**66.4**
Income Tax Expense	(6.3)	(5.3)	(11.7)	(8.2)	(10.2)	(18.4)
NPAT						
Statutory	14.0	13.4	27.5	18.6	19.9	38.5
Normalised	**16.1**	**13.6**	**29.7**	**21.1**	**26.9**	**48.0**
CAPEX						
Capex - Total	3.7	3.2	6.9	5.3	7.3	12.6

Appendix 2: AASB 16 to AASB 117 (Leases) Reconciliation

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AASB 16 to AASB 117 Reconciliation	FY21			FY22		
	1H21 (A)	2H21 (A)	FY21 (A)	1H22 (A)	2H22 (A)	FY22 (A)
EBITDA - Statutory (AASB 16)	**25.7**	**24.7**	**50.4**	**34.0**	**40.1**	**74.1**
Less: Rent Expense Adjustment	(2.4)	(2.5)	(4.9)	(3.1)	(3.8)	(6.8)
EBITDA (AASB 117)	**23.3**	**22.2**	**45.5**	**30.9**	**36.4**	**67.3**
EBIT - Statutory (AASB 16)	**21.2**	**19.6**	**40.8**	**27.8**	**31.3**	**59.0**
Less: Rent Expense Adjustment	(2.4)	(2.5)	(4.9)	(3.1)	(3.8)	(6.8)
Add: Depreciation Expense Adjustment	2.1	2.2	4.3	2.8	3.4	6.2
EBIT (AASB 117)	**20.9**	**19.4**	**40.3**	**27.4**	**30.9**	**58.4**
PBT - Statutory (AASB 16)	**20.4**	**18.7**	**39.1**	**26.8**	**30.1**	**56.9**
Less: Rent Expense Adjustment	(2.4)	(2.5)	(4.9)	(3.1)	(3.8)	(6.8)
Add: Depreciation Expense Adjustment	2.1	2.2	4.3	2.8	3.4	6.2
Add: Net Interest Expense Adjustment	0.4	0.4	0.8	0.4	0.5	0.9
PBT (AASB 117)	**20.5**	**18.8**	**39.3**	**26.9**	**30.2**	**57.1**
Net P&L Impact	**(0.1)**	**(0.1)**	**(0.2)**	**(0.1)**	**(0.1)**	**(0.2)**
RoU Assets	14.4		13.5	16.9		18.6
RoU Lease Liabilities	(16.2)		(15.3)	(18.9)		(20.7)
Net Assets Impact	**(1.8)**		**(1.9)**	**(2.0)**		**(2.1)**

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