JOHNS LYNG GROUP LIMITED (ASX: JLG)
ASX & Media Release

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Johns Lyng Group Limited reports 38.8% increase in first half earnings and advises full year forecast upgrade

Johns Lyng Group Limited (ASX: **JLG**) is pleased to provide a forecast revenue and earnings upgrade for FY21, after delivering strong earnings growth for the FY21 first half.

Full year forecast Group EBITDA has been upgraded to $47.4 million, a 15% increase on original guidance provided in August 2020, while forecast Sales Revenue is $524.1 million, an 8% increase on the original forecast.

A record volume of BAU job registrations and a strong pipeline of work in the Group's core Insurance Building and Restoration Services (IB&RS) segment are the underlying drivers of the earnings upgrade.

This activity also drove robust first half earnings growth, with Group EBITDA of $27.7 million up 38.8% on the previous corresponding period (1H20). Group Sales Revenue for the period was $277.8 million, an 18.9% increase on 1H20.

Additionally, workflows from six different Catastrophic (CAT) events during FY20, and one in the first half of FY21, continue to contribute, with momentum expected to carry through into the second half.

2021 Financial Year - First Half Result Highlights

- **Sales Revenue:** $277.8m +18.9% (1H20: $233.7m)
  - **IB&RS BAU Revenue:** $178.6m +23.1% (1H20: $145.0m)
  - **CAT Revenue** $38.2m (1H20: $38.2m)
- **Group EBITDA[1]:** $27.7m +38.8% (1H20: $20.0m)
  - **IB&RS BAU EBITDA[2]:** $21.9m +47.1% (1H20: $14.9m)
  - **CAT EBITDA** $4.7m +19.5% (1H20: $3.9m)
- **Net profit after tax attributable to the owners of JLG (NPAT)**: $9.6m +20.9% (1H20: $7.9m)
  - **NPAT (normalised)[3]**: $11.5m +40.3% (1H20: $8.2m)
- **EPS:** 4.29 cents +20.3% (1H20: 3.56 cents)
  - **EPS (normalised)[3]**: 5.16 cents +39.6% (1H20: 3.70 cents)
- **Net assets:** $67.9m +14.9% (FY20: $59.1m)
- **Interim dividend of 2.2 cents per share (fully franked)** +22.2% (1H20: 1.8 cents per share). Represents 52% of NPAT for 1H21

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excludes transaction related expenses of $0.2m (1H20: $0.4m) and $1.8m non-recurring goodwill written off in 1H21

[2] Excluding transaction related expenses of $0.1m (1H20: $0.4m)

[3] NPAT excluding tax effected (30%) transaction related expenses of $0.3m (1H20: $0.4m) and $1.8m non-recurring goodwill written off in 1H21

FY21 Outlook

- **FY21 (F) Sales Revenue: $524.1m** (+8% upgrade vs. August 2020 Forecast)
  - FY21 (F) BAU Revenue: $479.6m +18.1% (FY20: $406.1m)
- **FY21 (F) Operating EBITDA[1]: $47.4m** (+15% upgrade vs. August 2020 Forecast)
  - FY21 (F) BAU EBITDA[1]: $42.4m +33.2% (FY20: $31.8m)

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excludes transaction related expenses of $0.2m (FY20: $0.7m) and $1.8m non-recurring goodwill written off in 1H21

Chief Executive Officer Scott Didier AM said that both the upgrade and the first half result reflected the Group's ongoing commitment to growth and reinforced its unique value proposition.

"It's pleasing to report another period of very strong earnings growth, which continues our consistent upward trajectory since we listed in 2017," Mr Didier said.

"BAU activity was yet again the cornerstone of our performance, as it has been for the past 17 years. BAU EBITDA for the first half outperformed total Group EBITDA for the first half last year, which provides a very clear indication of how strong this performance was.

"Momentum from FY20 has continued with a high volume of BAU job registrations in the pipeline for the second half, hence we have issued a forecast upgrade.

"These results are a fantastic achievement in the context of the COVID-19 pandemic, and again highlight that our business is generally insulated from broader economic and other external conditions.

"It also reinforces the amazing work our teams have done to build relationships and to keep delivering outstanding results. That's what keeps our clients coming back and driving the repeat business that is central to our success.

"Non-forecast revenue from CAT events was again very strong, with workflows stemming from CAT-related weather events during FY20 still contributing to our performance. We expect CAT-related activity to carry on into forthcoming periods.

"Additional revenues from these events again reflect our unique standing in the marketplace and our unrivalled capacity to respond.

"The most pleasing aspect is that our core BAU activity is again the underlying driver of our growth. Insurable events will always continue to occur, and that's why the market position we have built is so important.

"Organic growth was also very pleasing during the period, as we announced six new contract wins with major insurers in another great representation of our standing in the market.

"New partners include RACQ, Chubb and Westpac General Insurance Limited, among others, who are all key insurance industry players with strong customer bases. These are very important partnerships that bode well for further growth.

"We've also been clear that growth in the strata market remains a leading priority, and we made some promising ground there too during the first half, winning new contracts with three Strata-industry insurers.

"These panel appointments are not just growth opportunities, but also provide a platform to demonstrate our capability to the broader strata market.

"Further development of our strata offering remains a priority for the second half of FY21 and beyond."

Outlook and Strategy

A strong pipeline of work-in-hand in the Group's core business will carry through the second half, while recent contract wins during the first half are expected to begin to contribute.

Building a presence and capability in the strata market will remain an important focus for the remainder of FY21, and the Group is well advanced in developing its building and restoration services platform for Strata Insurers.

The Group's Commercial Construction business continued to perform soundly in the first half, after a very positive FY20. In Victoria, the business was appointed to the panel for Cladding Safety Victoria – a newly formed body which manages the rectification of unsafe buildings. Over the course of the first half, the business won contracts for 17 large scale jobs as a direct result of this appointment.

Ongoing expansion of the Group's presence in the United States markets is expected to develop over forthcoming periods, while strategic acquisitions remain under assessment.

Board and Governance Changes

During the first half, Mr Nick Carnell, Group Executive General Manager, joined the Johns Lyng Group Board of Directors.

Mr Carnell brings significant industry experience and business knowledge to the Board. His appointment represents the Board's commitment to further developing Governance capability within the Group, over the medium to long-term.

Additionally, Ms. Rebecca Weir has resigned as Company Secretary, effective 23 February 2021. Ms Weir will be replaced by Mr Hasaka Martin, appointment effective 23 February 2021.

Interim Dividend

The Board of JLG is pleased to announce an interim dividend of 2.2 cents per share (fully franked), with a record date of entitlement of 1 March 2021. The interim dividend will be paid on 16 March 2021 and represents 52% of NPAT.

This is in-line with JLG's previous guidance and Dividend Policy (40%-60% of NPAT).

Financial Reconciliation to Statutory Results

Reconciliation to Statutory Results	1H20	1H21
Sales Revenue		
BaU	195.5	239.7
CAT	38.2	38.2
Sales Revenue - Statutory	**233.7**	**277.8**
EBITDA		
BaU	16.0	23.0
CAT	3.9	4.7
EBITDA - Normalised	**20.0**	**27.7**
Transaction related expenses	(0.4)	(0.2)
Goodwill written off	-	(1.8)
EBITDA - Statutory	**19.6**	**25.7**

ENDS

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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 1,100 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.