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

ASX/Media Statement

29 July 2021

Johns Lyng Group acquires Steamatic Australia

Johns Lyng Group (ASX:JLG) has acquired a 60% controlling equity interest in Steamatic Australia - a leading national restoration services company, effective 1 July 2021.

The deal consolidates Johns Lyng's position as a national market leader in restoration services and represents natural progression of the Group's global expansion strategy following the acquisition of the Steamatic Global Master Franchise in FY19.

Established in 1986 under the Global Master Franchise, Steamatic Australia employs 190 staff and operates a total of 39 locations including 34 regional franchisees and five company-owned metropolitan locations.

Steamatic Australia founder and CEO Oliver Threlfall will retain the remaining 40% equity of the business and maintain day-to-day operational responsibility along with his long-standing senior management team.

The increased scale provided by Steamatic's company-owned locations and network of franchisees is expected to considerably increase Johns Lyng's capacity to service incremental business as usual (BaU) work and enhance its capability to respond to Catastrophic (CAT) events nationally.

Johns Lyng paid approximately $10.8m at Completion comprising $6.0m in cash (funded from existing reserves), $4.8m in JLG Ltd shares, plus a potential future earn-out based on the financial performance of FY22 and FY23.

Existing (net) third-party interest-bearing debt of approximately $3.8m will be assumed by Johns Lyng on Completion, with the majority to be re-financed with ANZ post Completion.

The acquisition of Steamatic Australia is expected to be immediately earnings accretive.

Steamatic's Australian operations will continue to run independently of Restorx (Johns Lyng's existing restoration services business). Importantly, clients will continue work with Steamatic on a 'business as usual' basis with no change to pricing, contractual arrangements or service quality.

Steamatic will continue to grow its client base and market share with a particular focus on:

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

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Johns Lyng Chief Executive Scott Didier AM said the acquisition reflected the Group's unchanged commitment to develop the Steamatic footprint in the global restoration services market estimated to be worth more than US$200bn p.a.

"When we secured the Steamatic Global Master Franchise in 2019, we gained access to Steamatic's existing network of 11 International Master Franchise Agreements and 39 US based franchisees," Mr Didier said.

"This created a strong platform for strategic international expansion of our restoration services offering, and we're pleased to progress this strategy through the acquisition of Steamatic Australia."

"The Group remains firmly focused on our international growth strategy with further franchise and other acquisitions currently under assessment."

"Locally, from an operational perspective, Steamatic Australia's management and service delivery will remain unchanged, with Oliver and his long-standing senior management team continuing to manage day-to-day operations."

"Importantly, all clients will continue to work with Steamatic on a business-as-usual basis while receiving the same level of service and care they have become accustomed to."

"I'd like to take this opportunity to acknowledge the fantastic work Oliver and his team have put into the Steamatic Australia business to make it what it is today – a genuine pioneer, leader and innovator in the industry."

ENDS

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

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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 and internationally. 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 1,200 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.