JOHNS LYNG GROUP LIMITED
(ASX: JLG)

ASX & Media Release

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Johns Lyng Group delivers robust revenue and EBITDA growth in FY21

Johns Lyng Group Limited (ASX:**JLG**) is pleased to report another robust financial performance in FY21, with Group EBITDA growing 28.3% to $52.6 million for the period, while Sales Revenue grew to $568.4 million, up 14.8% on FY20.

The result was driven by another outstanding performance from the Group's core Insurance Building and Restoration Services (IB&RS) division, supported by a solid contribution from catastrophe (CAT) response related activity.

The IB&RS division recorded 29.0% BaU EBITDA growth from FY20, driven by a consistently high volume of job registrations across the year, well supported through the signing of new and renewed contracts with important insurance industry clients.

EBITDA from CAT activity grew 7.8%, as the Group responded to major disasters in New South Wales, Queensland, Victoria and Western Australia over the course of the year.

The Group's acquisition strategy also progressed with several important strategic acquisitions completed subsequent to the end of FY21.

2021 Financial Year – Financial Performance Highlights

- **Sales Revenue:** $568.4m / +14.8% (FY20: $495.1m)
  - **IB&RS BaU Revenue:** $358.0m / +16.4% (FY20: $307.7m)
  - **CAT Revenue** $86.5m / -2.8% (FY20: $89.0m)
- **Group EBITDA[1]:** $52.6m / +28.3% (FY20: $41.0m)
  - **IB&RS BaU EBITDA[2]:** $40.9m / +29.0% (FY20: $31.7m)
  - **CAT EBITDA** $9.9m / +7.8% (FY20: $9.2m)
- **Net profit after tax attributable to the owners of JLG ('NPAT')**: $18.6m / +17.1% (FY20: $15.9m)
  - **NPAT (normalised)[3]**: $20.7m / +26.3% (FY20: $16.4m)
- **EPS:** 8.30 cents / +16.4% (FY20: 7.13 cents)
  - **EPS (normalised)[3]**: 9.24 cents / +25.6% (FY20: 7.36 cents)
- **Net assets:** $73.4m / +24.2% (FY20: $59.1m)
- **Final dividend of 2.8 cents per share (fully franked)**
  - Total FY21 dividend of 5.0 cents per share (fully franked) +25.0% (FY20: 4.0 cents per share) – represents 61% of NPAT for FY21

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excludes Transaction related expenses of $0.4m (FY20: $0.7m) and $1.8m non-recurring goodwill written off in FY21.*

[2] Excluding Transaction related expenses of $0.1m (FY20: 0.5m).

[3] NPAT excluding tax effected (30%) Transaction related expenses of $0.4m (FY20: $0.7m) and $1.8m non-recurring goodwill written off in FY21.

Chief Executive Officer Scott Didier AM said that delivering another very strong financial performance reflected Johns Lyng's true capacity for sustainable growth and the resilience of the Group in the face of unprecedented disruption to the broader market.

"These FY21 results are an excellent representation of the Johns Lyng value proposition and I think it's an extremely rewarding outcome for our people, our Board and our shareholders," Mr Didier said.

"This performance is again driven primarily by our core IB&RS division, the long-term cornerstone of our Group, and is well supported by workflows from CAT activity.

"This is exactly the dynamic that we've long stated is the clear indicator of our value.

"To perform in this way and continue to grow as strongly as we have amid the ongoing COVID-19 pandemic once again clearly demonstrates that we are broadly insulated from factors which impact the majority of the market.

"It's also a great reflection of our culture and our people who drive these results. Our core business is built on repeat clients and outstanding service outcomes, which is a testament to the commitment and hard work of our teams.

"Our consistently high job registration numbers and organic growth, through new and extended contracts underpin our business performance and are only possible through the hard work of our people.

"Our CAT response activity during the year was again a clear indication of the value of the national scale we have built, responding to disasters from southeast Queensland to coastal Western Australia.

"The growing strength of our offering was recognised late in the year when we entered into a partnership with the State Government of Victoria, for clean-up and Makesafe works on damaged properties following a significant storm event in June.

"This is a major milestone for our Group, with works expected to be conducted over several distinct phases.

"We made sound progress with our expansion into the strata market, growing our geographical footprint and completing several important acquisitions shortly after the financial year-end.

"Overall, this was a very busy and productive year for the Group. That is reflected in our FY21 results and we expect the work done during the year will consolidate our growth platform for the medium and long term."

Organic Growth

The Group recorded several new contract wins and renewals during the year with major insurance industry clients. These included Westpac General Insurance Limited, Chubb, RACQ and Honey Insurance which clearly underscores the value of our offering in the market.

We also made pleasing progress in expanding our geographical footprint, opening a series of new offices in major regional centres including Batemans Bay, Port Macquarie, Tamworth, Mildura, Warrnambool and Benalla.

Further Strategic Acquisitions and Strata Market Expansion

Following the major acquisition of Bright & Duggan in FY20, a key strategic priority in FY21 was to continue to grow our presence in the strata market and improve the efficiency of our offering, in order to capitalise on the major cross-sell opportunities we have identified.

This included growing the capacity of our Johns Lyng Strata Building Services business, our dedicated business unit delivering domestic and commercial building and restoration works for strata buildings and insurers.

We were also pleased to announce our appointment to building and restoration panels with three new dedicated strata insurance industry clients, which reflects important progress of our strata market strategy.

Subsequent to the end of the financial year, we completed three strategic strata-related acquisitions which are central to our ongoing market expansion:

- Change Strata Management is a 'bolt-on' addition to Bright & Duggan's existing portfolio, contributing an additional 2,974 lots across 75 schemes.

- Structure Building Management and Shift Building Management reflect a further step into building and facilities management. These businesses hold existing management contracts with 58 Sydney buildings, encompassing more than 7,250 lots.

We were clear when we entered the strata market that consolidation was a key goal given the fragmented nature of the sector, and so these acquisitions represent sound progress of that strategy.

Expanding into building management and capitalising on cross-selling opportunities is an important strategic step as we continue to refine our offering and service protocols in the strata market.

A further important acquisition in relation to our geographical expansion was Unitech, a South Australian-based insurance building services company, which was also completed shortly post the financial year-end.

Unitech is a well-run business, with a strong client base that presents clear synergies with Johns Lyng's core business offering and will increase our exposure to the South Australian market.

The increased reach will allow us to bolster our CAT response in the region and build capacity for our Makesafe and Large-loss insurance building offering for South Australian clients. We also expect to introduce our restoration services business, Restorx, into South Australia.

Also subsequent to the financial year-end, we completed the acquisition of Steamatic Australia, a leading national restoration services company.

Steamatic Australia currently manages 39 Australian locations including 34 regional franchisees and five company-owned metropolitan locations. This acquisition will significantly increase our national reach and our capacity to respond to CAT events.

Most importantly, it's a natural progression of our restoration services growth strategy, which began with the acquisition of the Steamatic Global Master Franchise in FY19, in a global market worth an estimated $US200 billion.

Commercial Construction

Our Commercial Construction division delivered a record financial performance in FY21, driven primarily by an increasing volume of Large-loss insurance building work. The FY21 performance followed a strong

FY20 result and is an encouraging indication of the future growth trajectory for this business leveraging important industry relationships with key stakeholders in various jurisdictions, most notably in Victoria.

The strongest example of our growing brand equity is our relationship with Cladding Safety Victoria, a Victorian state body responsible for the rectification of unsafe buildings.

We have been awarded contracts for 17 building rectification jobs over the past two years with a significant number of additional buildings scheduled for works. We also expect opportunities for cladding rectification work to increase in NSW during FY22.

It is a credit to the team to be recognised as a leader in this area in Victoria and we think this will stand us in good stead as this important program of work rolls out.

Board Composition

We were pleased to welcome Mr Nick Carnell to the Board in September 2020.

Nick is the Group Executive General Manager, overseeing company-wide operations. He commenced working with Johns Lyng in 2014, as Manager of the Group's Insurance Building business unit and has since progressed through a number of senior management roles.

Having played an instrumental role in the Group's growth in recent years, his appointment adds significant business knowledge to the expertise of the Board.

Nick's appointment brings the total number of Johns Lyng Group Board members to 10, comprising five Non-executives and five Executives.

Outlook

We are well placed for another positive year in FY22, with a strong BaU job registration pipeline ahead of us.

We also expect revenues from FY21 CAT related activity to continue to flow through FY22, while work stemming from the Victorian State Government contract, with respect to the June storms, is expected to commence early in FY22.

We will continue to assess further acquisitions and strategic growth opportunities.

Building upon our digital service capability will remain an ongoing priority, including our broker response platform, as we look to ensure our offering remains market-leading and at the cutting edge. The intent is always to enhance the customer experience and maximise efficiency in order to maintain the high standards that keep our clients coming back and ensure we keep growing.

We look forward to updating you on our progress as the new financial year progresses.

- FY22 (F) Sales Revenue: $635.4m
  - Includes BaU Sales Revenue: $588.9m (22.2% increase vs. FY21)
- FY22 (F) EBITDA: $60.1m
  - Includes BaU EBITDA: $54.9m (28.6% increase vs. FY21[1])

[1] Excluding Transaction related expenses of $0.4m and $1.8m non-recurring goodwill written off.

Dividend

On 24 August 2021, the Board declared a final dividend of 2.8 cents per share (fully franked). This final dividend is in addition to the previously announced half year (interim) dividend of 2.2 cents per share (fully franked), totalling 5.0 cents per share (fully franked) and representing approximately 61% of NPAT attributable to the owners of Johns Lyng Group for FY21.

The final dividend will be paid on 14 September 2021 with a record date of entitlement of 30 August 2021.

Reconciliation to Statutory Results	FY20	FY21
Sales Revenue		
BaU	406.1	481.8
CAT	89.0	86.5
Sales Revenue - Statutory	**495.1**	**568.4**
EBITDA		
BaU	31.8	42.7
CAT	9.2	9.9
EBITDA - Normalised	**41.0**	**52.6**
Transaction related expenses	(0.7)	(0.4)
Goodwill written off	-	(1.8)
EBITDA - Statutory	**40.3**	**50.4**

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This announcement was authorised by 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 1,400 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.