JOHNS LYNG GROUP LIMITED
(ASX: JLG)

ASX & Media Release

30 August 2018

Johns Lyng Group Limited Full Year Financial Results FY18

Johns Lyng Group Limited (**JLG**), one of Australia's leading integrated building services providers today announced its financial results for the full year ended 30 June 2018 (**FY18**).

Financial Results (and comparison to FY17)

- Sales revenue: $290.4m (16.3% increase versus FY17)
- EBITDA[1]: $19.8m (17.1% increase versus FY17)
- **Pro forma[2] EBITDA: $23.5m (36.7% increase versus FY17)**
- Net profit after tax including other comprehensive income (**NPAT**[3]): $14.6m (9.6% increase versus FY17)
- NPAT[3] attributable to the owners of JLG: $10.7m (6.1% increase versus FY17)
- Net cash[4]: $16.4m ($44.2m increase versus FY17)
- Final dividend of 1.9 cents per share (fully franked), representing 58% of NPAT attributable to the owners of JLG pro rata from IPO date. This is in-line with JLG's previous guidance and Dividend Policy (40%-60% of NPAT)

Notes

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

*[2] After adding back $3.7m of non-recurring Initial Public Offering (**IPO**) and other transaction costs expensed to the profit or loss account during FY18 (FY17: $0.3m).*

[3] Includes $3.7m of non-recurring IPO and other transaction costs expensed to the profit or loss account during FY18 (FY17: $0.3m) (not allocated to non-controlling interest equity holders) and a net income tax expense of $2.0m (lower effective tax rate resulting from JLG's unit trust structure pre-IPO and the initial recognition of deferred tax assets on IPO (predominantly relating to employee provisions and capital raising costs)).

[4] Net cash includes $1.4m of beneficiary entitlements comprising unpaid distributions to unitholders in subsidiary trusts. The significant increase in net cash versus FY17 is attributable to the Group's trading profits during the year plus the proceeds of the primary capital raising component of JLG's IPO discussed below.

Key Highlights

Financial Performance

- FY18 financial outperformance versus FY17 and FY18 Prospectus Forecast:
  - Sales revenue: $290.4m (16.3% increase versus FY17 and broadly in-line with FY18 Prospectus Forecast); and
  - Pro forma EBITDA: $23.5m (36.7% increase versus FY17 and 12.5% ahead of FY18 Prospectus Forecast).
- JLG's strong financial performance during FY18 was driven by increased job volumes in the Insurance Building and Restoration Services division resulting from peak and catastrophic (**CAT**) weather events such as Cyclone Debbie in Queensland (March 2017).

Net Cash from Operating Activities

- Net cash from operating activities was $16.6m driven by strong EBITDA cash conversion.

Net Assets

- JLG's balance sheet net asset position was $34.5m as at 30 June 2018 representing an increase of $48.8m versus FY17. Net assets were significantly bolstered by the Group's trading profits during the year plus the proceeds of the primary capital raising component of JLG's IPO.

Managing Director Scott Didier AM said that FY18 Group performance was pleasing having outperformed FY18 Prospectus Forecast EBITDA by 12.5%.

"FY18 was a landmark year for JLG, successfully completing our IPO on 26 October 2017 provided access to capital markets to fund growth opportunities including the expansion of JLG's service offering and geographical footprint. We are now leveraging the positive momentum post IPO into JLG's growth strategy for FY19 and beyond."

Portfolio Management

JLG undertook a detailed review of its Commercial Building Services division during the year which resulted in the following portfolio management and optimisation initiatives:

Global Home Response (GHR)

- Club Home Response Pty Ltd, GHR's emergency domestic response service joint venture with RACV was divested on 17 July 2018 for cash consideration of $4.2m. All restraints of trade were lifted to enable GHR to pursue its own strategic plan in FY19 and beyond.

Sankey Glass (Sankey)

- JLG's review determined Sankey to be a non-core operation. Sankey was subsequently divested to Express Glass on 4 July 2018 for cash consideration of $0.3m.

FY19 Outlook

The Board of JLG is pleased to advise that JLG continues to trade in-line with expectations:

- FY19(F) Sales revenue: $295.7m
- FY19(F) Headline EBITDA: $22.5m[1]
  - +7.7% increase versus FY18 Prospectus Forecast EBITDA
  - Materially in-line with FY18 Headline EBITDA
  - +31.4% business as usual (**BaU**) EBITDA increase versus FY18
  - +14.0% normalised[2] BaU EBITDA increase versus FY18
  - Significant upside from future CAT events and the pursuit of M&A opportunities

[1] Excludes future CAT events - JLG does not include future CAT activity in its forecast (refer to FY18 Results Presentation).

[2] Normalisations include: FY18 Suncorp large-loss contract start-up costs, USA start-up costs and non-recurring specific project write-downs in Trump Floorcoverings (refer to FY18 Results Presentation).

Domestic Growth

JLG continues to make good progress with the expansion of its geographical footprint and national roll-out of its full service suite:

- NT (Darwin) office opened (July 2017);
- SA (Adelaide) office opened (November 2017); and
- Organic growth in WA job volumes is tracking in-line with expectations.

The Board is pleased with the progress of organic growth initiatives and encouraged by the level of BaU job volumes from existing and new clients including: Major Insurers, Loss Adjusters, Insurance Brokers, Corporates and Government.

International Expansion

JLG opened its first US office in Tampa (FL) in February 2018.

Business development initiatives are currently underway with JLG's highly experienced and credentialed team currently building relationships with Major Insurers and Loss Adjusters in the US market.

M&A

JLG continues to see numerous opportunities in the market for consolidation in its core business and diversification into 'complementary adjacencies'. The Board will consider select acquisitions in an orderly and controlled manner.

Dividend

On 29 August 2018, the Board declared a final dividend of 1.9 cents per share (fully franked), representing 58% of NPAT attributable to the owners of JLG pro rata from the date of IPO.

This is in-line with previous guidance and JLG's Dividend Policy (40%-60% NPAT attributable to shareholders). The final dividend will be paid on 11 October 2018 with a record date of entitlement of 20 September 2018.

ENDS

For further information, contact:

Investors & Media:	Company:
James Aanensen	Sophie Karzis
PRX	Company Secretary
t) 0410 518 590	t) 03 8622 3351
e) jaanensen@prx.com.au	e) sk@ccounsel.com.au

About Johns Lyng Group Limited

Johns Lyng Group Limited (**Group**) is an integrated building services group delivering building and restoration services across Australia. The Group's core business is built on its ability to rebuild and restore a variety of properties and contents after damage by insured events (e.g. impact, weather and fire events). Beginning in 1953, the Group has grown into a national business with over 500 employees servicing a diversified client base comprising major insurance companies, commercial enterprises, local and state governments and retail customers. The Group defines itself by seeking to deliver exceptional customer service outcomes every time.