

JOHNS LYNG GROUP LIMITED (ASX: JLG)

ASX & Media Release

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Chairman's Address – 2018 Annual General Meeting

Good morning ladies and gentlemen, I'm Peter Nash, Chairman of the Board of Johns Lyng Group Limited and it is my pleasure to welcome you to the Company's first Annual General Meeting.

Johns Lyng has had a long and successful history in the building industry dating back to 1953 when the Company was founded as Johns & Lyng Builders.

Over the past 13 years, Scott Didier, along with Lindsay Barber, our Chief Operating Officer, and the outstanding team they assembled, built the Johns Lyng Group into Australia's leading integrated building services company with a strong focus on the insurance sector.

Our successful listing on the Australian Securities Exchange in October 2017 was undertaken primarily to allow the Company to continue to pursue the rapid growth it had undertaken in recent years.

Both organic and non-organic growth opportunities continue to present themselves in the insurance sector of the building industry. Significantly, and perhaps uniquely, this growth is not tied to the normal economic cycles that can create volatility in the broader building sector.

That is a critical point worth focusing on for just a moment. This is where the distinct advantage and opportunity lies for Johns Lyng.

Our core business is built on our ability to rebuild and restore a variety of properties and contents after damage from insured events such as impact, weather and fire.

A general insurance claim is something that many, if not most Australians will experience at some stage of their life. And in terms of weather and fire related claims most of the environmental evidence suggests more significant claims volumes both in terms of numbers and intensity going forward.

The science here is compelling - Australia will experience increasingly volatile weather patterns in the future. Further, demographic trends indicate increased population density in areas more affected by such volatility, particularly coastal regions.

It is against this backdrop that we are confident in anticipating a continuing upward trend in insurable events over the medium to longer term.

Why? Because we are the only truly national provider in this sector of the building industry. We can respond to events equally in urban, regional and rural areas of Australia and we have the capacity and flexibility to respond to catastrophic and peak weather events as well as the thousands of everyday claims that occur.

This positioning is unique and enables us to provide a service offering to Australia's major insurance companies that our competitors cannot match.

As a result, we have strong working relationships with most of Australia's leading general insurance companies such as Suncorp, Allianz, QBE and IAG to name just a few. It is a core focus of our business to continue to grow and expand our relationships with insurance companies, brokers and assessors along with our complementary businesses that provide shop-fitting, refurbishment and the more recent developments with government contracts.

Whilst on the topic of insurance companies it would be remiss of me not to mention the Royal Commission into Financial Services and its interaction with the Johns Lyng Group.

The Royal Commission has undoubtedly reinforced the need for general insurers to respond more promptly and with greater focus on quality outcomes for their customers. This is a solution that is at the very core of our business, and what we offer to those insurance companies and their customers. Prompt, high quality service that allows people to get back to their day to day lives after difficult events.

So, your Board believes the outlook for our business remains strong, and I hope you'll agree our solid financial performance during our first year as a listed company validates that belief. There are a few highlights which I would like to call out.

- Revenue at \$290.4m represented 16.3% growth on 2017 and was 4.3% higher than our Prospectus forecast.
- Our EBITDA was \$23.5m, excluding IPO and transaction related costs, which was up 36.7% on 2017 and 12.5% on our Prospectus forecast.
- The star performer was our key division, Insurance Building and Restoration Services, which accounted for the lion's share of our revenue and our growth.

It is in this division and like areas where we can cultivate and serve high quality repetitious clients that we expect to concentrate our future investment and growth initiatives.

Our other divisions, Commercial Building Services and Commercial Construction were more challenged by economic and operational circumstances and did not meet our expectations for them. Our focus on these businesses going forward will be to ensure they make an appropriate strategic and financial contribution to our business as a whole.

Our statutory net profit for the year was \$18.3m which allowed us to pay an inaugural dividend of 1.9 cents a share whilst maintaining strength and capacity in our balance sheet to pursue growth opportunities.

By any definition this represents a strong financial result and prudent financial management of your company.

This is very much in line with what your Board set out to achieve when we listed in October of last year. The transition from private to public company can be a challenging one and it is a journey that can take time. We feel we have made excellent progress and are well positioned to move forward.

On this front we welcomed two new Non-Executive Directors to the Board during the year. Robert Kelly joined the Board in December 2017. Robert is the CEO of the Steadfast Group and brings to the Board a wealth of insurance sector related knowledge and insight.

Larisa Moran joined the Board in September. Larisa is the Global Chief Operating Officer of Woods Bagot, an international architectural and design firm, and brings to the Board extensive operational and financial experience.

We will of course be voting on their election to the Board later in the meeting and needless to say they come with the strong endorsement of the rest of the Board.

Before I hand over to Scott, on behalf of shareholders I would like to thank him and the rest of the management team for their efforts over the last 12 months. I am confident they are the right team to lead our company and continue to deliver results for shareholders.

– ENDS –

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About Johns Lyng Group Limited Johns Lyng Group Limited 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 property and contents after damage by insurable 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 government and retail customers. The Group defines itself by seeking to deliver exceptional customer service outcomes every time.