

JOHNS LYNG GROUP LIMITED (ASX:JLG)

ASX Statement

August 13, 2019

JLG ACQUIRES SYDNEY BASED BRIGHT & DUGGAN GROUP PTY LTD.

Johns Lyng Group (ASX:JLG) has acquired a controlling equity interest in the Sydney based Bright & Duggan Group Pty Ltd, effective today.

Founded in 1978 by Ray Bright and Phil Duggan, Bright & Duggan is a leading Strata and Facilities Management business with 14 offices across four states and territories with more than 220 full time equivalent staff.

The business operates well-established and widely recognised strata and facilities management brands including Bright & Duggan and Cambridge Management Services and currently has more than 55,000 strata titled units under management across more than 1,500 strata schemes.

Co-founder Phil Duggan has announced his retirement from the business and the group's Executive Chairman, Trevor Bright and Managing Director, Chris Duggan will retain residual equity and key management roles into the future.

Johns Lyng Group is well placed to support the group's long-standing Management shareholders to grow Bright & Duggan in existing and new markets and additionally cross-sell Johns Lyng's range of building services. Bright & Duggan is recognised as a pioneering business in Australia's strata landscape and was recently awarded the Australasian strata management business of the year.

Key deal terms include approximately \$13.8m cash at Completion for a 51% voting / 46% economic equity interest, to be funded from Johns Lyng's existing acquisition finance facilities, plus a potential earn-out based on FY20's financial performance.

Existing net interest bearing debt of approximately \$1.5m will be assumed by Johns Lyng Group on Completion, with third party interest bearing debt to be re-financed with ANZ post Completion.

The acquisition of Bright & Duggan is expected to be earnings accretive and is forecast to contribute revenue in the order of \$31m and EBITDA of approximately \$4.5m in FY20 (excluding adjacent attached building works undertaken by Johns Lyng's core business units).

JLG Chief Executive, Scott Didier AM said the acquisition would allow for significant expansion and diversification of Johns Lyng Group's existing service offering and revenue streams.

"This acquisition is truly a game changer for Johns Lyng Group," Mr Didier said.

"The Australian strata market comprises in excess of 2.6m strata titled lots nationally. This opportunity presented a compelling investment proposition and growth opportunity for the group with inherent revenue synergies in collaboration with our other businesses.

"With a 40-year demonstrable track record, significant brand equity and a diverse client base, Bright & Duggan's capital-light business model and strong cashflow aligns well with the group.

“Leveraging the Bright & Duggan business portfolio to cross-sell and grow Johns Lyng’s other core service offerings, including emergency and scheduled repairs, and maintenance and building, is the key to this acquisition.

“That’s why we see this as a game changer for Johns Lyng Group. It will allow for national expansion, both organically and through further acquisitions, which we expect to identify in the near-term.”

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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 properties and contents after damage by insured events including impact, weather and fire events. Beginning in 1953, the Group has grown into a national business with over 600 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.