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

ASX Release

November 21, 2019

CHAIRMAN'S ADDRESS 2019 ANNUAL GENERAL MEETING

Fellow shareholders

2019 - our first full year as a listed company – was particularly pleasing on several fronts.

We delivered a very strong financial performance, and also took some significant steps forward in the execution of our inorganic growth strategy. We have created a sound platform for future growth.

What makes this performance most pleasing is that we have delivered precisely the level and type of growth that we have been talking to you, our shareholders about, as well as the broader investor market.

Strong growth in our core Insurance Building and Restoration Services division, both Business as Usual and CAT, and strategic growth through a number of acquisitions.

We have been transparent about the goals we have set out to achieve and we've been equally diligent in reaching those goals.

In terms of acquisitions, CEO Scott Didier will shortly talk in more detail about most our recent acquisition, that of a controlling interest in **Bright and Duggan**, one of Australia's largest strata property managers.

Bright and Duggan represents a significant opportunity for the Group, in terms of organic growth and the expansion of our services into new markets.

It was one of three acquisitions we completed during, and just after the closure of, FY19. The others being **U.S. based Steamatic Inc** – a water, fire and flood restoration services business that provides us with strong growth options in the large U.S. market – and **Dressed For Sale**, an established pre-sale residential property staging and styling business.

While they are quite different, these businesses again represent fantastic growth opportunities through the delivery and integration of our services into new markets.

So, 2019 was a very productive from a strategic growth perspective.

In terms of our financial performance, the 2019 result speaks volumes about the strength of our core business and our major competitive advantage. That is important because we have been very clear since we listed that within our core division "business as usual" activities (BAU as we call them) represent the greatest value of our Group.

FY19 Group Revenue was $335.1 – a 16.8% increase on FY18. Most importantly, Group revenue from BAU activities was $288.9m – up 32.7% – and in our core Insurance Building and Restoration Services division there was an impressive 39.9% increase in BAU revenue.

Strong revenue growth enabled us to deliver an NPAT of $13.4m, up 25% and a dividend of 3c per share.

During our results presentations in August, Scott spoke about the significance of the performance of our core Business as Usual operations in the context of the previous year and I'd like to reiterate the point here.

The FY18 result was strongly supported by non-recurring revenues from Cyclone Debbie recovery work – which was the most significant catastrophe (or 'CAT') event in the Group's history.

So to outperform 2018 on the back of our BAU operations is an excellent validation of our core business and indeed underlines our message about valuing us primarily on that performance.

From an organic growth perspective, our team did a fantastic job in securing more than 10 new contract wins and extensions with major insurance clients during the year.

This industry is based on strong relationships, which are the key to regular repeat business, and forming new commercial partnerships. This year's achievements in an organic growth sense are testament to the reputation for customer service and quality work we have earned.

Our results say a lot about our people who have been critical in firstly establishing that reputation for quality, and then strengthening it through their dedicated hard work.

With respect to CAT response-related work in 2019, our exceptional BAU performance was supported by revenues from two major, non-forecast CAT events during the year – the Sydney Hailstorm and the Townsville floods.

Combined, these events will deliver more than $60 million in revenue during FY19 and FY20.

Revenues from CAT events yet to occur are non-forecast and, as in prior years, are an additional bonus to our BAU activity, when they occur.

I mentioned last year that we know CAT events are likely to become more common in coming years. This is why building a strong national footprint has been an important priority, and as a result we now have an unrivalled capacity to respond when these events occur.

In this regard, I'd like to acknowledge the role our teams play in engaging with local communities when we do respond to CAT events. Beyond helping residents get back on their feet, we make it a priority to engage local trades and support local business in the process.

In Townsville earlier this year we worked with a wide variety of local businesses, particularly in estimating and delivery services, as part of the recovery effort. This capacity to employ locally is another benefit of our national coverage.

Another distinct advantage of investing in the Johns Lyng Group is the fact that we are not tied to general economic conditions. Our performance is mostly linked to the weather, and other insurable events, and our results over recent periods yet again reflects that.

It's also encouraging that the market is beginning to understand and value that distinct point of difference, which can be clearly seen in the stability of our share price of late.

Markets are always subject to periods of volatility and even more so in the past 12-18 months as a variety of global economic and political factors influence investor sentiment.

Even as recently as early October, in one week alone the ASX dropped 150 points. At the same time, the Johns Lyng price increased marginally.

Granted, we are still young and we don't appear in any indexes. But regardless, I think this consistent, gradual upward trend shows that we are valued in part because the market understands we are not tied to broader market conditions.

While Scott will address the road ahead in greater detail, I'd like to note that with respect to FY20 the year has started very well, and we are seeing strong work flows from our BAU and CAT activity.

At this point we don't intend to update our forecast, but we remain confident we will meet our target of 19% growth in Group Revenue for the year.

I'd like to thank our shareholders for seeing value in us and coming with us on the journey so far. I'd like to think we have demonstrated our value in the past two years and we're excited about what lies ahead.

I'd also like to again thank our hard-working team. The Group's excellent performance is thanks to the work you put in.

Culture is very much an in-vogue term in corporate circles these days but in our case Scott and his team have demonstrated that we are indeed ahead of the field in terms of culture. Our results speak to that quite clearly.

I would also like to address some specific questions we have received from shareholders in relation to the vesting hurdles for the performance rights which are the subject of a number of the resolutions to be put to shareholders at today's meeting.

In particular, investors have asked how the Return on Equity (**RoE**) hurdle is set and why the performance rights are measured and vest at annual intervals over 3 years rather than at the end of 3 years.

In relation to the RoE hurdle, this is set based on the EBITDA forecast we provide at the start of each financial year. In simple terms, this hurdle is achieved if the business meets or exceeds its forecast performance.

In relation to the annual measurement, Directors felt this was appropriate whilst the Company was establishing a track record as a listed entity where every reporting period is critical to building confidence in our management team.

The Board is currently conducting a review of its Employee and Executive Incentive Plan which will consider whether the measurement criteria remain appropriate.

Thank you all.

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 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.