

JOHNS LYNG GROUP LIMITED (ASX:JLG)

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CEO'S ADDRESS 2019 ANNUAL GENERAL MEETING

Good morning Ladies & Gentlemen, and welcome.

I'd like to reiterate the Chairman's points and thank you all for being here today.

I'd particularly like to thank our shareholders for their support, and of course our business partners and employees for their hard work over the course of the year.

I'd also like to thank Peter and our fellow Board Members.

As an Executive Team we have been ambitious, and will continue to be ambitious, with what we have set out to achieve.

The Board's support and guidance has been vital as we have established our position and then delivered strong and extremely pleasing results over the past two years.

I would again like to reinforce Peter's message about what we achieved in FY19.

Our core business has delivered consistent growth for the past decade and it was on that basis that we confidently took the Group public in 2017.

To deliver nearly 40% growth in our core activities in our first full period as a listed company is a very pleasing result. It's not surprising to us however – this is what we do. We are a sales-based organisation at every level.

It validates our message that our core business is where the true value of the Johns Lyng Group lies.

It also makes our other achievements for the year even more exciting.

From an organic growth perspective, we are extremely positive.

We have a strong pipeline of work ahead of us this year, and with the new contract wins Peter referred to earlier we've taken great momentum into the first half of FY20.

We are excited with the progress made for our Emergency Broker Response service offering. We have a fantastic team of account managers delivering on the needs of our broker clients.

By focussing our attention on brokers, the Group are able to acquire all facets of work through the entire claims process, from Makesafes to Restoration and Building.

The Group has strong relationships with some of Australia's largest broker networks and the group are well positioned to expand in this area over the course of FY20.

Since the Royal Commission there is now a greater focus on Loss Adjusting, where insurance companies are now relying on Loss Adjusters for large loss/complex claim solutions for compliance reasons.

The group has appointed a new National Account Manager to ensure we are at the forefront of developing new and existing relationships to procure new workstreams.

The Group do not forecast for CAT events; however, it is a USP of the Group's to provide scalability in times of catastrophic events. The Group have a social responsibility to ensure we support the local communities that are directly affected by these Catastrophes.

In respect of the Townsville Floods, the Group were able to utilise over 100 local trades and suppliers in response which ultimately boosts the revenue of local trade/suppliers allowing them to expand their businesses through increased job volumes.

The group Reinvested over \$600,000 to the Townsville community and provided a sponsorship programme that had a positive impact in a time of need.

I'd like to talk in a little more detail about our latest acquisition, Bright & Duggan.

I'd like to talk about why this has us really excited, and why this is a game changer for the Group.

Bright & Duggan is one of Australia's largest strata management companies. It's an award-winning business that is one of the most respected in the industry.

Bright & Duggan manage 58,000 strata lots around Australia, making them the fourth largest operator in what is a highly fragmented market.

For Johns Lyng, the opportunity to introduce our services and products into this market through Bright & Duggan's assets is considerable whilst we also create significant opportunities to grow the Bright & Duggan business itself.

While the business is one of Australia's largest strata managers with the fourth biggest slice of market share, it represents just 2% of the market.

74% of the market is comprised of smaller, "mum and dad", non-corporate entities.

Thus, this highly fragmented market presents significant opportunities for consolidation and further acquisitions.

With the addition of Johns Lyng centralised technology platforms and market leading service standards, Bright & Duggan will become the market leader with an unrivalled service offering.

The business will be even better placed to grow market share through new client wins and spreading its offering into new markets. Bright & Duggan service offering will be 3-4 times greater than its nearest opposition.

At the same time, there is considerable potential for the Bright & Duggan brand to grow and gain a greater market share through the value-add of Johns Lyng services.

From a Johns Lyng perspective, we see the potential for five different cross-sell opportunities in each strata title. These are:

- Insurance Building and Restoration
- Emergency trades

- Scheduled repairs – for strata and building managers, through our Huski Home Services product Home maintenance – direct to consumer
- Flood and water damage
- Major Events

This is why the Bright & Duggan acquisition is a “game-changer”. The opportunity is huge.

As an insurance builder, a direct relationship with a strata manager is a distinct competitive advantage.

Bright & Duggan is responsible for Owners Corporation insurance and building insurance obligations. Bright & Duggan also hold delegation of authority as Strata Managers and can initiate claims.

These are significant advantages we can leverage. Without a direct relationship with Strata managers like this there are major barriers to entry.

Another significant advantage for us is the fact CHU are the major underwriter for 40% of building insurance policies held by Bright & Duggan managed assets. JLG hold existing strong relationships with CHU.

There is an opportunity to create an Emergency Strata Response product – which is a bespoke product modelled on our existing JLG Emergency Home Response product – called Bright & Duggan Emergency Response.

Again, we can incorporate industry leading response and service level times we have set in the general market to the strata sector. That is, a single point of contact who is responsible for arranging all works in a quick and efficient manner.

This will involve a thorough on-boarding process for Bright & Duggan strata managers, and current preferred trade service providers.

The most significant – and immediate - opportunity lies in repairs, maintenance and non-insurance building works.

Across the entire Bright & Duggan portfolio there are an average of two to three calls for both emergency or non-emergency works per night.

This speaks to the volume, and the potential opportunity in front of us.

The opportunity is to add an entirely new level of value into this maintenance process.

Through our existing technology platforms, our opportunity is to streamline, coordinate and create a far more efficient process through our service offering – adding value to a level that is not currently available.

Our Huski Home Services product can be tailored, or white-labelled, for Bright & Duggan, and will be rolled out to both strata and building managers for use when engaging trades on scheduled maintenance and building works.

Additionally, there is also the opportunity to market our direct-to-consumer Huski product to both owners and tenants of individual strata titles, for scheduled maintenance works.

Our original technology platform again creates a single point of contact for customers, as well as transparency on price, attendance and job completion.

This is about introducing an innovative product and adding a level of value that the industry has not been accustomed to, or actually seen before.

Our Restoration unit Restorx Services will respond immediately in order to minimise contents, surface or structural damage.

The teams have specialised equipment that is Strata specific for all job requirements. Restorx have years of experience providing business interruption solutions – in this case getting occupants back in their homes as quickly as possible.

Utilising our current catastrophe response capabilities, the Group can respond to opportunities in the Strata space during any major event.

Johns Lyng Group has a proven track record of delivering its extensive suite of service capabilities with 24/7 availability, scalability and speed of response.

Touching on FY20 to date, I'm pleased to report that the year has started very well, and we are again being led by strong performances in BAU activity. With recent bushfire and hailstorm activity we are seeing a record number of job registrations.

As Peter suggested we remain well on track for 19% growth in Group Revenue in FY20.

We of course look forward to updating the market as at the conclusion of the half year in early 2020.

Thanks again to all our shareholders, and of course to our team.

You are without doubt the essence of the Johns Lyng Group and our achievements are only as good as the people who make them possible. So, a big thanks to all of our business partners, staff and sub-contractors.

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.