

JOHNS LYNG GROUP



Johns Lyng Group Limited

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CONTENTS

- 1 Business Highlights
- 2 Strategy & Growth
- 3 CAT Update
- 4 Financial Information

Appendices

- 1 Investment Highlights & Competitive Advantage



JLG is a leading integrated building services group, delivering building, restoration, property management & disaster recovery services in Australia & the USA

1953

Beginning as Johns & Lyng Builders in 1953, our core business was originally built on our ability to remediate most building types, especially after major events such as floods and fires

2022+

c.70 years later, having grown the business exponentially, we continue to provide specialist building services for which we have become internationally renowned. Over the years, we have diversified and expanded our service offering, while remaining focused on our clients and **CORE VALUES** of:

RESPECT



Be considerate towards other people and their environment.

INTEGRITY



Always honour your promises.

COURTESY



Address people by name and always display good manners.

HONESTY



Be true to your word in all communications.

Business Model - Snapshot

JLG's core business is building fabric repair and contents restoration after damage from insured events including fire, flood and impact damage



Defensive "annuity" style revenues, CAT response upside & low operating costs



Experienced & committed management team with deep client relationships



Strong organisational culture & equity partnership model – key point of difference & source of competitive advantage



Diversified & strategically aligned service offering



Strong track record of financial performance, growth & control



Massive global market & defensive growth opportunity – 3 key pillars for growth incl. IB&RS, Strata Services & US (US market estimated at ~\$250bn alone)

1.2 Business Highlights – Portfolio Summary

- JLG is a leading integrated building services group, delivering building, restoration & strata management services nationally & in the USA
- Focused on recurring revenues & deep client relationships, JLG's strategically aligned businesses deliver >100k discrete jobs p.a.

Insurance Building & Restoration Services (IB&RS)

Building fabric repair and contents restoration after damage from insured events including: impact, weather and fire events. Hazardous waste removal, emergency domestic (household) repairs, strata management and property/facilities management.



IB&RS (\$m)	1H22(A)	Contribution
Revenue	298.0	80.3%
EBITDA	34.0	93.1%

Commercial Building Services (CBS)

Residential and commercial flooring, shop-fitting, pre-sale property staging and commercial heating, ventilation and air conditioning mechanical services.



CBS (\$m)	1H22(A)	Contribution
Revenue	26.0	7.0%
EBITDA	3.4	9.2%

Commercial Construction (CC)

Johns Lyng Commercial Builders undertakes commercial construction projects ranging from \$3m to \$20m in Victoria including Large-loss insurance rebuilds and cladding rectification work



CC (\$m)	1H22(A)	Contribution
Revenue	47.2	12.7%
EBITDA	1.2	3.3%
Revenue - other	0.2	0.0%
EBITDA - other (incl. corporate overheads)	(2.1)	(5.7%)
Total Group Revenue	371.3	100.0%
Total Group EBITDA	36.5	100.0%

1.3 Business Highlights – Global Locations



34 Locations Nationally¹

- Head Office (1)
- State/Territory Offices (5)
- Regional Offices (21)
- Operational Warehouses (2)
- Dressed for Sale (3)
- Air Control (1)²
- Unitech Building Services (1)



¹ Excluding Bright & Duggan Strata Management and Steamatic Australia
² Air Control also operates from Johns Lyng's offices in Sydney and Brisbane

bright & duggan

australia's strata leader

19 East Coast Locations¹



SHIFT

- Bright & Duggan (13)
- Capitol (3)
- Change (2)
- Brisbay (1)

¹ Structure Building Management and Shift Facilities Management operate from Bright & Duggan offices in Sydney



39 Locations Nationally

- Company-owned Locations (5)
- Franchise Locations (34)

Regional Victoria Locations

- | | |
|----------------|-------------|
| Gippsland | Brimbank |
| Bendigo | Yea |
| Ballarat | Moreland |
| Shepparton | Horsham |
| Albury-Wodonga | Warrnambool |
| Mildura | Geelong |



50 Locations Nationally

- Steamatic Headquarters (1)
- Franchise Locations (41)
- Company-owned Locations (1)



- RE Headquarters (1)
- Office Locations (6)



3 key pillars for growth: IB&RS, Strata Services & US markets (organic expansion plus M&A opportunities)

New Contract Wins (YTD22)

- CHU: national building and restoration panel (effective 1 Sept-21)
- Honey Insurance: national building and restoration panel (effective 1 Jul-21)
- Blue Zebra: national building and restoration panel (1 Jul-21)
- Steadfast Claims Solutions: national building and restoration panel (effective 1 Jul-21)
- Suncorp: domestic building contract extension across six states and territories (effective 1 Nov-21)
- Disaster Recovery Management NSW/VIC

Strata Market Focus

- Key focus on building and restoration services for Strata Insurers in FY22-FY23
- Established designated Strata Building Services division - national roll-out on track
- Significant synergies with Bright & Duggan
- Multiple cross-sell opportunities per dwelling: insurance building and restoration, emergency and scheduled trades (B2B) and Huski Home Services (B2C)
- Estimated 2.9m lots nationwide (insured value c.\$1.2bn)¹

Strategic Initiatives

- New offices opened in: Launceston, Echuca, Coffs Harbour and Wollongong
- Growth in broker market ('Emergency Broker Assist')
- Targeting new clients and panels
- Huski Home Services / JL Digital - emergency and scheduled residential repairs and maintenance (B2C)
- Deeper penetration of US market – growth platform established through acquisition of Reconstruction Experts

M&A

- 7 acquisitions complete YTD22 incl. Reconstruction Experts (effective 1 Jan-22) - integration ongoing
- Additional M&A opportunities under evaluation:
 - Consolidation of highly fragmented IB&RS and Strata Management markets
 - US platform now established – bolt-on acquisitions under assessment
 - Diversification into 'complementary adjacencies'

¹ <https://cityfutures.be.unsw.edu.au/research/projects/2020-australasian-strata-insights/>

Recent acquisitions expand presence in strategically important strata market

Strategy on Track

- Organic growth through geographical expansion, new client wins and Huski Home Services (B2C and B2B emergency and scheduled residential R&M)
- Strata and broker markets continue to be a key focus for organic growth in FY22 (insurance panels and direct facilities maintenance)
- 4 strata acquisitions completed during 1H22 plus management agreements acquired from Aligned Property Group



Acquisition of Change Strata Management (CSM), Structure Building Management (SBM), Shift Facilities Management (Shift), BrisBay and Aligned Property Group (APG) – strategic bolt-on acquisitions for Bright & Duggan

- Jul-21 (effective 1 July): 100% equity interest acquired in CSM, 75%¹ equity interest acquired in SBM and Shift
- Sep-21 (effective 1 September): 100% equity interest acquired in BrisBay plus management agreements acquired from APG
- Bright & Duggan paid \$9.09m to complete the acquisitions - funded from existing cash reserves, current debt facilities and the sell-down of 25% equity in Bright & Duggan Facilities Management (BDFM) to Mite Domazetovski (Managing Director of BDFM)
- **CSM:** manages high-end buildings in Sydney, with a portfolio of 2,974 lots across 75 strata schemes
- **SBM and Shift:** hold existing management contracts with 58 Sydney buildings, encompassing more than 7,250 lots
- **BrisBay (QLD) and APG (VIC):** manage a combined 1,601 lots across 149 schemes focused on smaller buildings
- Bright & Duggan’s current portfolio comprises approximately:



JLG’s Strata Market Strategy

- The strata market comprises more than 2.9m strata titled lots nationally – represents a compelling investment and growth opportunity with inherent revenue synergies in collaboration with the Group’s other businesses
- JLG will support long-standing management shareholders to grow Bright & Duggan in its existing markets and additionally cross-sell the Group’s various building services – multiple cross-sell opportunities per dwelling: insurance building and restoration, emergency trades, scheduled trades and Huski Home Services (direct to customer)



¹ Bright & Duggan’s net equity interest post 25% back-to-back sell-down in Bright & Duggan Facilities Management (BDFM) to Mite Domazetovski (Managing Director of BDFM)

Recent acquisitions strategically expand footprint & capacity to service incremental BaU & CAT work



Acquisition of Unitech Building Services (Unitech) – strategic bolt-on acquisition for JLG’s core IB&RS division

- Jul-21 (effective 1 July): 60% equity interest (40% equity retained by founders, Anthony and Deborah Gorle)
- Cash at Completion of \$1.9m (funded from existing cash reserves), plus potential future earn-out based on FY21 and FY22 financial performance
- Founded in 1995, Unitech has established a strong insurance client base and increases JLG’s exposure to the SA market



Acquisition of Steamatic Australia

- Jul-21 (effective 1 July): 60% equity interest
- Consideration paid at Completion of \$10.8m, comprising:
 - \$6.0m in cash (funded from existing cash reserves);
 - \$4.8m in JLG Ltd Shares; and
 - Potential future earn-out based on the financial performance of FY22 and FY23
- Existing (net) third-party interest bearing debt of \$3.8m was assumed by JLG on Completion

Overview

- Established in 1986 under the Global Master Franchise, Steamatic Australia operates a total of 39 locations including 34 regional franchisees and 5 company-owned metropolitan locations
- Founder and CEO, Oliver Threlfall retained the remaining 40% equity of the business and maintains day-to-day operational responsibility along with his long-standing senior management team
- The additional scale provided by Steamatic considerably increases JLG’s capacity to service incremental BaU and CAT work

Future strategy to grow client base and market share - focus on:

- Precision Laser Cleaning (launched 2018) – non-abrasive cleaning service for preservation and restoration without the use of chemicals, water or blasting media with a focus on industrial markets;
- Steamatic Global Recovery (launched 2018) – large insurance and non-insurance projects nationally and internationally;
- International operations – Oliver Threlfall to take a lead role in international and franchisee operations; and
- Steamatic will continue to sell its remaining franchise territories

2.2.3 Strategy & Growth - Recent Acquisitions



- 1 Jan-22: 100% equity interest in Reconstruction Experts
- Up-front Enterprise Value: US\$144m, comprising:
 - US\$144.9m Equity Value (cash paid at Completion);
 - Net cash assumed US\$0.9m; and
 - Potential future earn-out based on CY22 and CY23 financial performance
- Funded via ~A\$230m equity capital raising (~A\$187.5m Placement and ~A\$42.5m ANREO)

Overview

- Leading provider of insurance focused repair services to occupied properties
- Primary client base is Homeowner Associations (HOAs) – the US equivalent of Strata Managers / Owners' Corporations
- Generated revenue of US\$127.4m and EBITDA of US\$18.5m for FY21
- Defect / damage related insurance work contributed ~80% of FY21 revenue
- Operates in 4 key states (Colorado, Florida, California and Texas) with authorisations in place to work in a further 13 states

Increasing Number of US CAT Events (20 US\$1bn+ Weather Events During 2021)



Acquisition Rationale and Strategy

- Provides an established, profitable and growing US platform to leverage JLG's core competencies in insurance building and restoration services
- Establishes strong base from which to pursue growth in the very large estimated ~US\$100bn¹ US market for defect and damage insurance and property R&M
- Significant growth potential, having developed a successful and repeatable sales and operational delivery model in 4 key US States (c.4x times the size of Australia)
- Ambition to develop a fully national footprint over time, through organic growth and the pursuit of select M&A opportunities
- Valuable opportunity to leverage and enhance JLG's existing US footprint through Steamatic LLC
- Footprint expected to provide many additional opportunities to further implement JLG's business model in the US (e.g. "MakeSafe" services and large-loss CAT events)
- Reconstruction Experts is led by a strong, long standing, high-calibre and very experienced management team, who will be fully aligned through ongoing equity ownership

¹ Based on an independent commercial / market due diligence report as at September 2020

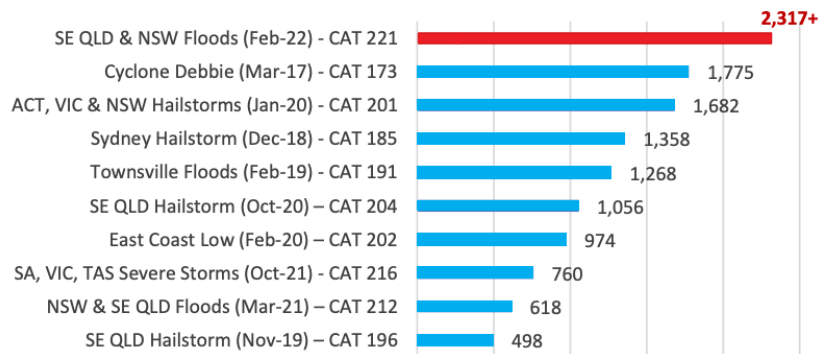
3.1 JLG CAT Response - SE-QLD & NSW Floods (Feb-22)

Unprecedented Claim Numbers – Largest CAT Event on ICA Record

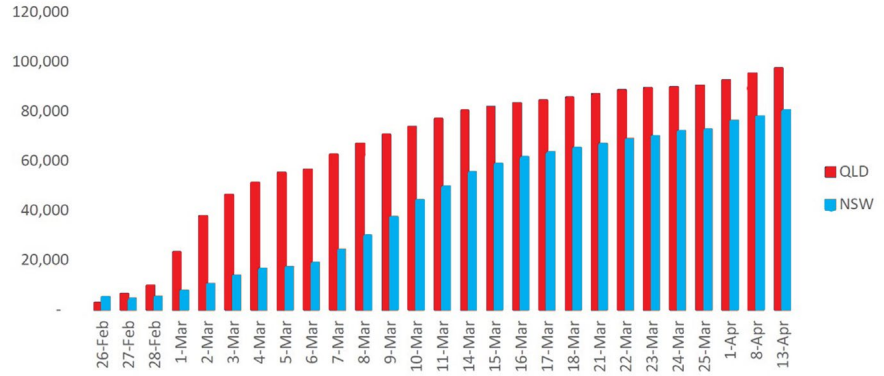
- In Feb-22, Australia’s east-coast was subject to intense rainfall which quickly broke riverbanks, swamped roads and flooded homes across the region
 - Rainfall of **887mm** fell during February – more than double the previous high of 366mm in Feb-20
 - In 3 days alone, Brisbane received 80% of its annual rainfall
 - The ICA’s current estimated cost of claims is **\$2.32bn and rising**

- JLG has enacted its CAT plan and deployed significant resources to regional office locations to service all affected LGA’s**
- On 30 Mar-22, JLG announced that it had been appointed as the Managing Contractor for the ~\$142m Property Assessment and Demolition Program**

10 Largest ICA Declared CATs During Last 5 Years (\$m)



CLAIMS COUNT BY STATE



NSW LGA's Affected by Floods & Group Office Locations



Source: Insurance Council of Australia (Apr-22)

Positive outlook - FY22(F) EBITDA: \$78.7m (+49.7% vs. FY21)

FY22 Outlook

- **Group Revenue: \$802.4m** (+11.0% upgrade¹ at 1H22)
 - **BaU Revenue: \$702.4m** (+45.8% vs. FY21 / +17.8% excl. FY22 acquisitions)
- **Group (Operating) EBITDA: \$78.7m** (+11.0% upgrade¹ at 1H22)
 - **BaU EBITDA: \$67.2m** (+57.3% vs. FY21 / +13.2% excl. FY22 acquisitions)

Potential 2H22 upside from:

- Job volume ramp up from recent contract wins;
- New clients and contracts;
- Integration of recent acquisitions – revenue synergies expected (in-particular Strata Building Services cross-sell);
- Continuing roll-out of Johns Lyng Strata Services;
- Additional strategic acquisitions under assessment; and
- Future CAT events - ICA declared 2 CAT events YTD22
 - ‘Storm Season’ typically runs from Nov-Apr each year

FY22(F) does not include any contribution from the SE-QLD & NSW Floods CAT (Feb-22) including:

- JLG’s recently announced ~\$142m contract to manage the NSW Government’s “Property Assessment and Demolition Program”
- The potential impact / contribution from other emergency and insurance rectification work
 - Both of which are too early to quantify in respect of timing / value

FY22 Forecast (\$m)	Actual FY21	Forecast (Feb-22) FY22	FY22(F) (Feb-22) vs. FY21(A) %
Revenue - BaU	481.8	702.4	45.8%
Revenue - BaU (excl. FY22 acquisitions)	481.8	567.6	17.8%
Revenue - CAT	86.5	100.0	15.5%
Revenue - CAT (excl. FY22 acquisitions)	86.5	94.0	8.6%
Revenue - Total	568.4	802.4	41.2%
EBITDA - BaU	42.7	67.2	57.3%
EBITDA - BaU (excl. FY22 acquisitions)	42.7	48.3	13.2%
EBITDA - CAT	9.9	11.6	16.9%
EBITDA - CAT (excl. FY22 acquisitions)	9.9	10.2	
EBITDA (Operating) - Total	52.6	78.7	49.7%

Margin Analysis		
EBITDA - BaU Margin	8.9%	9.6%
EBITDA - BaU Margin (excl. FY22 acquisitions)	8.9%	8.5%
EBITDA - CAT Margin	11.4%	11.6%
EBITDA - CAT Margin (excl. FY22 acquisitions)	11.4%	10.8%
EBITDA (Operating) Margin	9.3%	9.8%

JLG does not forecast for CAT events. CAT revenue is contracted run-off work from various recent CAT events.

CAT EBITDA presented for illustrative purposes only. Calculated at average IB&RS margin.

Historical CAT Revenue vs. Forecast	FY19(A)	FY20(A)	FY21(A)	FY22(F)
CAT Revenue Forecast (original at start of FY)	13.5	31.6	20.3	46.4
CAT Revenue - Actual	46.2	89.0	86.5	100.0
Historical CAT Outperformance vs. Fcst	32.7	57.4	66.2	53.6
	241.6%	181.7%	325.9%	115.3%

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Appendices.

1	<p>Annuity Style Revenues, CAT upside & Low Operating Costs</p>	<ul style="list-style-type: none"> • BaU represents >100k discrete jobs / 'everyday claim events' p.a. • Recurring BaU revenues are robust & generally insulated from macro-economic conditions • CAT events offer significant revenue & margin upside (recurring but unpredictable) • Low fixed costs mitigate business risk – JLG scales up via national panel of >6.5k subcontractors
2	<p>Experienced Management Team & Enduring Client Relationships</p>	<ul style="list-style-type: none"> • Long-standing key executive team with material equity ownership • Management is committed to the business going forward – leadership succession plan in place • Business Partners report monthly vs. Business Plan & KPI's (Group Operations ('GO') meetings)
3	<p>Market Dynamics - Attractive Industry Fundamentals</p>	<ul style="list-style-type: none"> • Market growth drivers: population, insured property values & CAT frequency/magnitude • Highly fragmented IB&RS & Strata markets (M&A consolidation opportunity) • Clients seeking integrated, national service providers – scale & track record are differentiators • High barriers to entry (relationships, brand equity, credibility, trust & admin)
4	<p>Strong Organisational Culture & Equity Partnership Model Alignment</p>	<ul style="list-style-type: none"> • Values driven, meritocratic organisational culture • Key employees (Business Partners) aligned with company performance via equity ownership
5	<p>Diversified & Strategically Aligned Service Offering</p>	<ul style="list-style-type: none"> • JLG has a market leading position with a strategically aligned portfolio of businesses • National footprint enables rapid & efficient client outcomes
6	<p>Strong Track Record of Financial Performance & Control</p>	<ul style="list-style-type: none"> • >25% revenue CAGR from acquisition in FY04-FY22(F) (c.\$12m to c.\$802m) • c.\$78.7m FY22 Forecast EBITDA
7	<p>Growth: Organic plus M&A <i>(Recent Acquisition of Reconstruction Experts Opens up the Massive US Market)</i></p>	<ul style="list-style-type: none"> • Market growth drivers: population, insured property values & CAT frequency/magnitude • Increasing panel representation & focus on key Loss Adjuster & Broker relationships • 'Right sizing' existing markets – deeper penetration in NSW, QLD & WA plus US expansion • Consolidation of fragmented IB&RS, Strata & US markets – significant cross-sell opportunities

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