

JOHNS LYNG GROUP LIMITED (ASX: JLG)

ASX/Media statement

17 November 2022

Group CEO's Address 2022 Annual General Meeting

Thank you to Peter and Nick and thank you all for attending the 2022 Johns Lyng AGM.

Peter has been the Non-executive Chairman of Johns Lyng since our IPO. Peter's experience as we navigate the increasing complexity of being a large, ASX listed company is invaluable and I thank him for his service to our company. Nick was promoted to be CEO-Australia during this financial year. Australia is currently Johns Lyng's biggest market. It goes without saying that Nick has the total support of the Board and Senior Management as he takes on and grows into this important role.

The Reconstruction Experts (RE) acquisition was a watershed moment in the history of Johns Lyng. Not only was it the largest acquisition in company history and was international, it was also financed by the first equity raising we have undertaken since our IPO. I want to spend a few moments explaining why we took such a momentous step, what we've learned since we've owned RE and what the outlook is for this company and our broader US ambitions.

Since we acquired RE, I have spent four months in Denver (RE's Headquarters) and in the US more broadly. I have purchased a home in the Denver area and intend to spend a meaningful amount of time in the US. Why? I am the largest shareholder in Johns Lyng and although I am very excited about Australia, I believe that at this time I can add most value in growing our US business to create value for all our shareholders.

As with all acquisitions the starting point is people and cultural alignment. You will never hear Johns Lyng talk about creating value through re-engineering the culture of an acquired business. In my experience it is too hard and doesn't work. In Rich Whitten, Mike Barclay, Ali Kronebusch, Tami York and Steve Pilcher we have wonderful American partners and, allied with some home-grown talent in the form of Brent Adamczyk, I know we have a winning team.

The acquisition of RE, when coupled with our acquisition of Steamatic, provides us with a platform to pursue a number of attractive growth opportunities. Our strategic plan is to systematically develop a fully integrated national service offering in this compelling market.

We will leverage RE's existing insurance client relationships – along with our experience with Australian insurers, many of whom have international exposure – to grow job volumes and revenue. We knew the service offering in this segment was fragmented. Our belief, if you like, was that insurance counterparties would welcome a provider who could execute a holistic reconstruction and restoration service. We are very pleased with the initial response and although there is much work to do, we are very excited and confident about the future.

The other rationale for the acquisition was to broaden our CAT response footprint. This makes sense from geographical perspective alone. With RE's main operating states being Colorado, Florida, Texas and California, we predicted that we may be able to get involved in CAT events in

some disaster prone densely populated jurisdictions. That idea is a presentation in itself but suffice to say that our forecast has come to fruition.

At a macro level Hurricane Ian provided a pilot case for RE's involvement in CAT response. As with all our activities, in these events our initial mission is to provide support to affected communities and I am proud to report that in some small way Johns Lyng was able to support Florida communities at this time.

At the micro, company level we have been able to follow up this initial activity with contracted work and have leveraged the Steamatic business where appropriate. Some analysts are predicting that Hurricane Ian alone will be a more than US\$60bn event which gives you an indication of the scale of opportunity we are dealing with.

This is still tip of the iceberg stuff and we are conscious that one of the challenges we face is managing our growth profile in the US. I will say to you today that we will make haste slowly and although we do see wonderful growth opportunities, we will only pursue those opportunities that will create shareholder value in the near, medium and long term.

Finally turning our attention to 2023. Qualitatively I can tell you that your business is flying, and during Q1 we have seen outstanding growth in what we describe as our Business-as-Usual activities being IBR&S and Strata. In our Disaster Pillar, for those of you who live on the East Coast of Australia and particularly in Northern Victoria and Southern NSW, the recovery and reconstruction work associated from those events has only just commenced and could be expected to last longer than 12 months. We will work with government and our insurance partners to assist these communities in any way we can. Our work in SE Queensland and the Northern Rivers of NSW continues which emphasises the size and long-tail nature of these events.

At this time I reiterate the FY23 forecast we provided at the time of the FY22 results release. We forecast that Group Revenue will be \$1,030.9m with BaU work accounting for \$930.4m a rise of 27.4% over 2022. The EBITDA forecast is \$105.3m representing growth of 26.0% over the previous financial year, with BaU EBITDA forecast to be \$93m, a 43.3% increase on FY22.

On any measure these are wonderful numbers and they can only be achieved because of the tireless efforts of our wonderful staff. I would like to record once again my unconditional thanks to them. To our wonderful shareholders thank you for your support. As the largest shareholders I see you as my partners and I thank you for your investment.

Although my journey with the Group commenced in 2004 I feel as though 18 years along this path we are really only at the start of this journey. I look forward to your support in years to come.

Thank you.

ENDS

This announcement was authorised by the Disclosure Committee of Johns Lyng Group Limited.

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About Johns Lyng Group Limited

Johns Lyng Group Limited (JLG) is an integrated building services group delivering building and restoration services across Australia and the US. JLG'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, JLG has grown into an international business with over 2,000 employees servicing a diversified client base comprising major insurance companies, commercial enterprises, local and state governments, body corporates/owners' corporations and retail customers. JLG defines itself by delivering exceptional customer service outcomes every time.