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

ASX Announcement & Media Release

27 February 2024

Johns Lyng Group Limited reports 28.1% increase in first half IB&RS BaU EBITDA and announces +5.0% full year EBITDA* forecast upgrade.

Johns Lyng Group Limited (ASX: **JLG**) is pleased to provide a 3.5% forecast revenue* upgrade and a 5.0% EBITDA* upgrade for FY24, after delivering strong earnings growth for the first half of the 2024 Financial Year (1H24).

Full year forecast Group Sales Revenue has been upgraded to $1.207bn and forecast EBITDA* to $136.4m.

The earnings upgrade is driven by a record volume of Business as Usual (BaU) work, supported by Catastrophe (CAT) work.

CAT revenue of $120.4m was $65.7m lower than the record result in 1H23 but represents more than 87% of JLG's original FY24 forecast CAT revenue of $137.8m - which has now been upgraded by $40m to $177.8m accordingly.

This BaU activity contributed to strong first half earnings growth. Group EBITDA* of $69.7m includes IB&RS BaU EBITDA growth of 28.1% on the previous corresponding period (1H23) to $55.0m. Group Sales Revenue for the period was $610.6m.

The depth of JLG's relationships with its insurance counterparties, strengthened over the period through several contract wins and extensions, and the continued expansion of its Strata network, forms the bedrock of the future growth prospects for the IB&RS division.

Although inherently unpredictable, workflows stemming from CAT events continue to exhibit larger and more enduring characteristics, with work from prior events extending into FY24.

JLG continued to deliver on its strategy for sustainable international growth, expanding its partner network in the United States (U.S.) and entering into milestone agreements with Allstate Insurance in the U.S. and Tower Insurance in New Zealand.

2024 Financial Year - First Half Result Highlights

- **Sales Revenue:** $610.6m (1H23: $635.6m)
  - **IB&RS BaU Revenue:** $426.1m / +13.7% (1H23: $374.8m)
  - **CAT Revenue:** $120.4m (1H23: $186.1m)
- **Group EBITDA[1] (excl. CC):** $69.7m / +8.1% (1H23: $64.5m)
- **Group EBITDA[1]:** $63.9m / +7.5% (1H23: $59.4m)

*Excluding Commercial Construction which is in the latter stages of run-off

  - **IB&RS BaU EBITDA[2]:** $55.0m / +28.1% (1H23: $42.9m)
  - **CAT EBITDA:** $15.5m (1H23: $21.3m)

- **Net Profit After Tax (NPAT):** $31.1m (1H23: $34.1m)
  - **NPAT (Normalised)[3]:** $33.5m (1H23: $34.6m)
  - **NPAT BaU (Normalised)[3]:** $25.0m / +15.8% (1H23: $21.6m)

- **NPAT-A (Normalised)[4]:** $34.9m (1H23: $35.7m)
  - **NPAT-A BaU (Normalised)[4]:** $26.4m / +16.8% (1H23: $22.6m)

- **EPS[5]:** 8.47 cents (1H23: 9.68 cents)
  - **EPS (Normalised)[6]:** 9.30 cents (1H23: 9.84 cents)
  - **EPS-A (Normalised)[7]:** 9.72 cents (1H23: 10.16 cents)
  - **EPS-A BaU (Normalised)[7]:** 6.97 cents / +17.7% (1H23: 5.93 cents)

- **Net Assets:** $460.3m (includes net cash of $53.7m)

- **Interim dividend of 4.7 cents per share** (fully franked) consistent with 1H23 and FY23. Represents approximately 56% of NPAT attributable to JLG shareholders for 1H24

[1] EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excludes transaction related expenses of $2.8m (1H23: $0.6m)

[2] Excluding transaction related expenses of $1.9m (1H23: $0.5m)

[3] NPAT excluding tax effected transaction related expenses of $2.8m (1H23: $0.7m)

[4] NPAT excluding tax effected transaction related expenses of $2.8m (1H23: $0.7m) and tax effected amortisation of acquired identifiable intangible assets of $2.0m (1H23: $1.4m)

[5] Calculated using NPAT attributable to the owners of Johns Lyng Group

[6] Calculated using NPAT attributable to the owners of Johns Lyng Group excluding tax effected transaction related expenses of $2.8m (1H23: $0.7m)

[7] Calculated using NPAT attributable to the owners of Johns Lyng Group excluding tax effected transaction related expenses of $2.8m (1H23: $0.7m) and tax effected amortisation of acquired identifiable intangible assets of $2.0m (1H23: $1.4m)

1H24 Overview

Group Chief Executive Officer and Managing Director Scott Didier AM said:

We are proud to deliver these strong results for the first half of FY24, which again underscore the resilience of our business model and operational framework. This achievement gives us the confidence to upgrade forecast Group Sales Revenue to $1.207bn and forecast EBITDA to $136.4m.*

Our IB&RS BaU work constitutes the cornerstone of JLG's earnings. With an annuity style profile, these earnings instil a confidence in our sustained revenue streams, and we anticipate substantial growth as we continue to enhance our market presence and capitalise on our diversified service portfolio, notably within our burgeoning Strata business.

During the period, we established our fifth strategic growth pillar, Essential Home Services. This followed the acquisition of Smoke Alarms Australia and Linkfire, which significantly progressed our goal of being a *full turnkey solution for homeowners, property managers, and Strata managers. Both businesses have defensive growth characteristics, with annuity style business models and strong margins, and provide a strong line of sight on future earnings.*

We made strong progress expanding our international footprint during the first half of FY24, executing an agreement to provide building repair services for Tower Insurance as part of its New Zealand panel. Tower Insurance is one of New Zealand's premier insurance brands and this partnership illustrates the adaptability and efficacy of our business model on an international scale.

In the U.S. we continued to execute on our strategy having reached an inflection point in JL USA's growth. During the period, we grew both our geographical footprint and number of Business Partners to 25. Subsequent to period end, we were pleased to announce that JL USA has been appointed to Allstate's emergency response makesafe and water mitigation panel. Allstate is one of the U.S.' largest insurers and this appointment provides us with access to a potential 16 million policy holders throughout the country. Again, this highlights both the strength of our business model internationally and the intent of our strategy.

We are also seeing an ongoing and escalating trend within our CAT business, characterised by the heightened value and prolonged duration of these events, which continue to have a multi-year impact on our business.

We are proud to support impacted communities to recover following serious weather-related events including bushfires, floods, cyclones, and storms – throughout Australia, New Zealand, and the U.S. Our reputation for quality, timeliness, and community engagement has helped generate significant workflow in this space during the period.

JLG is in a strong position to continue to deliver growth into the second half of FY24. We are excited by the opportunities ahead of us, both within Australia and abroad – particularly in the very large U.S market. Our deep partnerships, strong culture, and focus on exploring value have created defensive growth opportunities and we look forward to continuing to deliver on those in the future.

Growth in IB&RS

During the period, JLG secured new contract wins with Tower Insurance (NZ), Safety Culture Care and RAA, along with contract extensions with Hollard and Suncorp. These blue-chip counterparties are testament to JLG's reputation in Australia and abroad and JLG is pleased to have established itself as the preferred and trusted partner to facilitate insurance building and restoration work for these esteemed clients.

JLG's expansion within the Strata segment remains on track. Throughout the period, JLG finalised the acquisition of a 100% equity interest in Your Local Strata and shortly post period end, signed a binding agreement to acquire a 100% equity interest in AM Strata. These bolt-on acquisitions further bolster the portfolio of properties under management. Given the highly fragmented nature of the Strata industry there is considerable opportunity for value creation through consolidation, and JLG is proud to be the second largest manager of strata-titled properties in Australia.

Growth in CAT Activity

JLG reiterates that CAT events are growing in size and duration and delivering a positive financial impact that is commonly multi-period and multi-year in nature.

JLG's extensive experience, proficiency, and longstanding relationships with Governments and insurers ensures it is well positioned to assist affected communities through recovery and resilience efforts. The Group's Disaster Management Australia (DMA) business is now proudly Australia's market leading national disaster response company and JLG is a potential preferred partner to Governments when dealing with CAT events.

1H24 saw carry-over work from the flooding that impacted Victoria, New South Wales, and Tasmania in October 2022, the River Murray flood of December 2022, and the flood and cyclone that impacted Auckland in February 2023.

More recent CAT work stems from the storms that impacted large areas of Australia's east coast during December and January, and Tropical Cyclone Jasper in Queensland.

DMA was awarded three multi-phase work programs during the first half of FY24. These include flood and disaster recovery for Cairns Council and Douglas Council, both associated with Tropical Cyclone Jasper, and the provision of temporary emergency mobile accommodation to the Queensland Government.

In the U.S., the pipeline of follow-on work from Hurricane Ian continued during 1H24. Hurricane Ian is expected to be amongst the costliest disasters in U.S. history and is testament to the significant growth opportunity presented in the U.S.

While CAT events are innately unpredictable, JLG's strong relationships with insurers and Governments, along with its growing geographical footprint, means it expects this segment to continue to expand in future periods.

Interim Dividend

The Board of JLG is pleased to announce an interim dividend of 4.7 cents per share (fully franked), with a record date of entitlement of 4 March 2024. The interim dividend will be paid on 19 March 2024 and represents approximately 56% of NPAT.

The interim dividend is in-line with JLG's Dividend Policy (40%-60% of NPAT).

FY24 Outlook

- **FY24(F) Sales Revenue: $1.207bn**
- **FY24(F) Sales Revenue (excl. CC): $1.182bn** (+3.5% vs. August 2023 Forecast)
- **FY24(F) EBITDA[1]: $129.4m**
- **FY24(F) EBITDA[1] (excl. CC): $136.4m** (+5.0% vs. August 2023 Forecast)

[1] *EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excludes transaction related expenses of $2.8m (1H23: $0.6m)*

Financial Reconciliation to Statutory Results

Reconciliation to Statutory Results	1H23	1H24
BaU	449.5	490.2
CAT	186.1	120.4
Sales Revenue - Statutory	**635.6**	**610.6**
Less: Commercial Construction	(41.6)	(17.8)
Sales Revenue - Statutory (excl. CC)	**594.0**	**592.8**
EBITDA		
BaU	37.5	45.6
CAT	21.3	15.5
EBITDA - Statutory	**58.8**	**61.1**
Transaction Related Expenses	0.6	2.8
EBITDA - Normalised	**59.4**	**63.9**
Less: Commercial Construction (Loss)	5.1	5.8
EBITDA - Normalised (excl. CC)	**64.5**	**69.7**

ENDS

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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 2,300 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.