

JOHNS LYNG GROUP LIMITED (ASX: JLG)

ASX Statement

23 September 2024

JOHNS LYNG ACQUIRES KEYSTONE GROUP, STRENGTHENING IB&RS GROWTH PILLAR

Johns Lyng Group (**ASX: JLG**) is pleased to announce the acquisition of an 87.5% controlling equity interest in Queensland-based Keystone Group (Keystone) - one of Australia's leading Insurance Building & Restoration Services (IB&RS) businesses.

Keystone services a recurring blue-chip customer base providing insurance repairs, restoration and hazardous material removal through its subsidiaries, Rizon, Remeed, and Corvex.

Over recent years, Keystone has developed a significant commercial insurance arm which is highly complementary to Johns Lyng's offerings. Keystone's dedicated team of professionals expertly manage building works on minor to complex commercial insurance projects.

The acquisition strengthens JLG's IB&RS strategic growth pillar which provides predictable and recurring base line revenue through everyday insurance events. The transaction supports JLG's position as a market leader and increases its scale and capacity to effectively respond to large-scale catastrophic (CAT) weather events.

In accordance with JLG's equity partnership model, Keystone's experienced management team will retain a 12.5% equity stake in the business and Johns Lyng will sell an additional 7.5% equity interest to management post-Completion to ensure ongoing strategic alignment.

Johns Lyng will pay upfront consideration of \$44.1m in cash plus \$3.6m in JLG fully paid ordinary shares (Shares) to be issued on Completion which is expected in the first half of FY25 (effective 1 July 2024). The Shares will be issued to continuing management to create deep alignment with the broader Johns Lyng Group. Additionally, there is an aggregate earn-out of up to \$21.4m, contingent on FY25 and FY26 EBITDA thresholds being achieved by the Keystone business.

The acquisition is expected to be immediately earnings accretive, with an expected contribution to FY25(F) revenue of more than \$100m and EBITDA of approximately \$9.0m.

Quotes attributable to JLG Australia CEO, Nick Carnell:

The acquisition of Keystone Group represents a significant milestone for Johns Lyng as we continue to solidify our position as a leading provider of Insurance Building & Restoration Services in Australia and New Zealand.

Keystone's defensive growth characteristics, strong reputation and management expertise, coupled with our strategic focus on expanding our BaU capacity and enhancing responsiveness to catastrophic events, positions us well to meet the growing demands of the market.

We are excited to welcome Keystone's experienced team to the JLG family and look forward to the tremendous value this acquisition will bring to our clients and stakeholders.

Update Re: SSKB Strata and Chill-rite Acquisitions

As announced on 2 August, Johns Lyng will complete the acquisition of SSKB Strata and Chill-rite HVAC during the first quarter of FY25. As per the announcement, the total upfront aggregate consideration is \$57.6m (\$28.8m in cash and \$28.8m in Shares). In response to JLG's recent share price decline, Johns Lyng will exercise its option to decrease the Share component of the consideration and increase the cash component. Accordingly, JLG will now pay \$54.9m in cash and \$2.7m in Shares.

Update Re: Group Debt Facilities

In order to fund the cash consideration of its recently announced acquisitions, Johns Lyng will draw down under its recently increased existing revolving credit facility with ANZ.

Pro-forma total net debt / FY25(F) EBITDA is expected to be approximately 0.86x and provides ample headroom of more than \$100m in total undrawn and committed credit facilities.

ENDS

This announcement was authorised by the Disclosure Committee of the Board 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 USA. 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.