# JOHNS LYNG GROUP


**Johns Lyng Group Limited**

**Results Presentation**

Full-year ended 30 June 2023 (**FY23**)

29 August 2023

# Johns Lyng Group - Presenters

**Scott Didier AM**

Group
Chief Executive Officer

**Lindsay Barber**

Group
Chief Operating Officer

**Nick Carnell**

Australia
Chief Executive Officer

**Matthew Lunn**

Group
Chief Financial Officer

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Director, Investor &
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**Gemma Sholl**

Executive Assistant


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***Appendices***

// Johns Lyng Group

# #01

# Business Highlights.

At the heart of our business is an **entrepreneurial desire** to continue to **develop and grow** – without limits, anything is possible.

*Insurance Building & Restoration Services Brands*

JOHNS LYNG GROUP

## Record FY23 financial performance, solid balance sheet & very strong work-in-hand

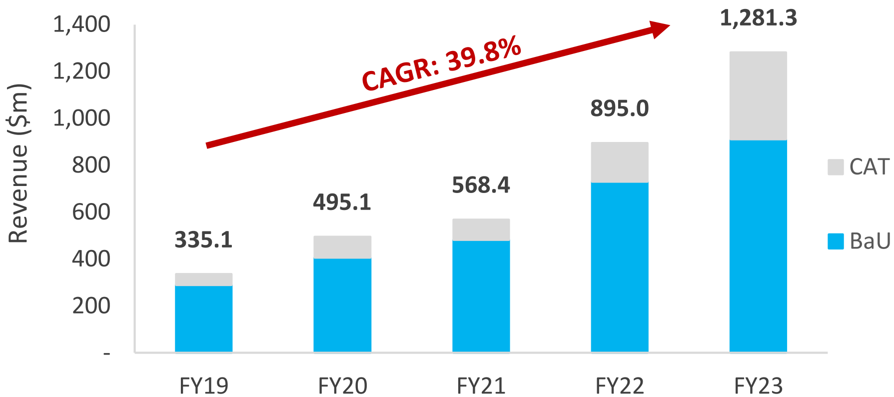
### FY23 Group Profit & Loss

| | | | |
|---|---|---|---|
| Revenue<br>**$1.281bn**<br>**+43.2%** | EBITDA<br>**$119.4m**<br>**+42.9%** | NPAT[1]<br>**$62.8m**<br>**+64.3%** | EPS[1]<br>**17.94 cents**<br>**+75.3%** |
| Revenue (BaU)[2]<br>**$847.6m**<br>**+32.5%** | EBITDA (BaU)[2]<br>**$94.1m**<br>**+40.9%** | NPAT-A[3]<br>**$67.5m**<br>**+41.7%** | EPS-A[3]<br>**19.46 cents**<br>**+40.0%** |

### FY23 Group Balance Sheet, Cash Flow & Dividend

| | | |
|---|---|---|
| Cash Conversion[4]<br>**142.7%** | Total FY23 Dividends<br>**9.0 cps**<br>**+57.9%** | Net Assets<br>**$394.2m**<br>**+$61.4m** |
| Operating Cash Flow[4]<br>**$165.4m** | Payout Ratio<br>**c.52%** | Net Cash<br>**$71.9m** |

### Historical Revenue ($m)




JOHNS LYNG USA

### FY23 Contribution

| | |
|---|---|
| Revenue<br>**A$247.6m**<br>**+24.6%[5]** | EBITDA<br>**Margin**<br>**c.11%[6]** |

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results
[1] Calculated using statutory NPAT / statutory NPAT attributable to JLG shareholders as applicable
[2] Excludes Commercial Construction
[3] Calculated using statutory NPAT excl. tax effected transaction expenses, other non-recurring expenses and tax effected amortisation of acquired intangible assets
[4] Calculated using operating cash flow pre-interest and tax
[5] Calculated vs. 2H22(A) annualised
[6] Excludes Steamatic Inc. (Global Master Franchise) and Reconstruction Experts (Florida BaU) which was impacted by Hurricane Ian (CAT) during FY23

# 1.2 Business Highlights – FY23 Summary

JOHNS LYNG GROUP

**Record FY23 result despite widespread cost & supply chain pressures underscores JLG's 'Defensive Growth' investment thesis**

**Strong platform for growth with launch of new brands & services in the US & significant CAT work-in-hand**

### FY24 Earnings Guidance

- Group Revenue: $1.176bn / EBITDA: $128.0m
- Group BaU Revenue[1]: +18.5% / BaU EBITDA[1]: +20.1% vs. FY23

### Strong Balance Sheet & Ample Liquidity

- Net cash: $71.9m plus undrawn (committed) facilities: >$80m

### Corporate Governance Update

- Board restructure: 5 Independent NED's and 3 ED's
- New "Securities Trading" and "Related Party Transaction" policies approved and issued

### Results / Recent Trading

- Strong 2H23 run-rate with momentum into FY24 (record job registrations and work-in-hand pipeline)
- Management will continue to provide regular market updates

### Organic Growth Strategy Unchanged

- Organic growth via geographical expansion, new client / contract wins and diversification into 'complementary adjacencies'
  - New client and panel wins / extensions expected to deliver incremental IB&RS job volumes during FY24
- Strata and broker markets continue to be a key focus for FY24
  - Continuing roll-out of Johns Lyng Strata Services and "Emergency Broker Response" service
- US market growth – US platform well established

### FY23 Acquisitions Completed

A1Estimates, ADPEN STRATA, MAINLAND BUILDING SERVICES, NORTH SHORE STRATA MANAGEMENT, Advanced Community Management Pty. Ltd.

Completed Post-year End: SmokeAlarms Australia, LINKfire, YOUR LOCAL STRATA

- Additional buy-out of Trevor Bright's 44.5% minority equity interest in Bright & Duggan
- Additional strategic acquisitions under assessment

### JLG's 'Defensive Growth' Investment Thesis

- Very large domestic and international market opportunity
- IB&RS revenues are non-discretionary spend for customers
  - Recurring (annuity style) revenues materially insulated from economic cycles
- JLG's subcontractor base >14.5k
  - JLG's deep regional relationships and certainty of ongoing work allocation for subcontractors are key differentiators
- Structural nature of IB&RS panel arrangements (predominantly cost-plus contracts) offers protection from inflationary pressures
- Client diversification mitigates concentration risk – largest individual insurance counterparty contributes <4% of revenue
- >135k jobs completed in FY23 – very large job volumes mitigate project concentration risk
- Blue chip counterparties (predominantly insurance companies and Governments) - mitigates credit risk
- Strong balance sheet (net cash) offers protection from rising interest rates

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

[1] Excludes Commercial Construction

# 1.3 Summary – Current CAT Events

JOHNS LYNG GROUP

## Record FY23 CAT result with significant work-in-hand expected to contribute to multiple future periods

**SE QLD & NSW Floods (Feb-22)**

- Rainfall of 887mm fell during Feb-22 – more than double the previous high. The ICA's current estimated cost of claims is c.$6.0bn (largest Australian CAT event on record)
- **In Mar-22, JLG announced it had been awarded a c.$142m contract to manage the NSW Government's "Property Assessment and Demolition Program"**

**VIC, NSW & TAS Floods (Oct-22)**

- Severe flooding across VIC, NSW and TAS - rainfall of c.300mm fell in VIC with TAS experiencing >400mm. The ICA's current estimated cost of claims is c.$726m
- **In Oct-22, JLG announced it had been appointed by the VIC Government (Emergency Recovery Victoria) to assist those affected by the flood disaster**

**Hurricane Ian Florida, US (Oct-22)**

- Large and destructive near Category 5 Atlantic hurricane - deadliest hurricane to strike Florida since 1935 resulting in over 157 fatalities. The National Oceanic and Atmospheric Administration estimate total losses of c.US$115bn, making it the costliest in Florida's history and third-costliest in US history
- **Makesafe USA completed a significant number of jobs during the initial response with Express USA and Reconstruction Experts continuing to carry out emergency and reconstruction work**

**SA River Murray Floods (Dec-22)**

- Severe flooding of the River Murray in SA as a result of interstate rain and flood events (particularly in VIC) – river flow rate peaked at 186GL per day with c.3.5k private residences affected
- **In Apr-23, JLG announced it had been appointed by the SA Government ("River Murray Flood Clean-up Program") to assist those affected by the flood event**

**Auckland Floods & Cyclone (Feb-23)**

- Rainfall of c.240mm fell on 27 Jan-23 (equal to a summer's worth of rain), followed by severe storms and winds caused by Cyclone Gabrielle. The ICNZ's current estimated cost of claims is c.NZ$3.2bn
- **Johns Lyng New Zealand (launched during FY23) has completed a significant number of jobs in relation to the severe damage caused by the Auckland Floods and Cyclone Gabrielle. JL NZ continues to respond to insurance claims in respect of the event**

Source: Insurance Council of Australia, National Oceanic and Atmospheric Administration, SA Department for Environment and Water and Insurance Council of New Zealand

# 1.4 Business Highlights – Portfolio Summary

JOHNS LYNG GROUP

- JLG is a leading integrated building services group, delivering building, restoration, property management, essential home services and disaster recovery services in Australia, New Zealand and the USA
- Focused on recurring revenues and deep client relationships, JLG's strategically aligned businesses deliver >135k discrete jobs p.a.

## Insurance Building & Restoration Services (IB&RS)

Building fabric repair & contents restoration after damage from insured events incl. impact, weather & fire events.

Disaster & Catastrophe response for insurance companies & Governments.

Hazardous waste removal & emergency domestic (household) repairs.

Strata & property management.

Essential home services incl. smoke alarm compliance & fire safety services.

| IB&RS ($m) | FY23(A) | Contribution |
|---|---|---|
| Revenue | 1,146.6 | 89.5% |
| EBITDA | 136.8 | 114.6% |

## Commercial Building Services (CBS) & Commercial Construction (CC)

Commercial flooring, shop-fitting, pre-sale property staging & commercial HVAC services.

Johns Lyng's commercial construction operations are now in run-off with existing projects expected to be completed in the next 12 months.

| CBS ($m) | FY23(A) | Contribution |
|---|---|---|
| Revenue | 71.6 | 5.6% |
| EBITDA | 8.4 | 7.0% |

| CC ($m) | FY23(A) | Contribution |
|---|---|---|
| Revenue | 62.5 | 4.9% |
| EBITDA | (19.0) | (15.9%) |
| Revenue - other | 0.7 | 0.1% |
| EBITDA - other (incl. corporate overheads) | (6.8) | (5.7%) |
| **Total Group Revenue** | **1,281.3** | **100.0%** |
| **Total Group EBITDA** | **119.4** | **100.0%** |

# 1.5 Business Highlights – Global Locations

JOHNS LYNG GROUP

**54** ANZ Locations[1]

- Head Office (1)
- State/Territory Offices (6)
- Regional Offices (37)
- Operational Warehouses (3)
- Novari Collective(2)
- Air Control (4)[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

**17** East Coast Locations

Capitol FOLLOW THE LEADER · change strata management · structure BUILDING MANAGEMENT · SHIFT · BrisBay Pty Ltd · NORTH SHORE STRATA MANAGEMENT · ADPEN STRATA · Advanced Advanced Community Management Pty. Ltd.

- Bright & Duggan (14)
- Capitol (3)


STEAMATIC total cleaning & restoration

**40** Locations Nationally

- Company-owned Locations (5)
- Franchise Locations (35)

**Regional Victoria Locations**

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


**51** Locations Nationally

STEAMATIC Restoration | Construction | Cleaning

- Steamatic Headquarters (1)
- Franchise Locations (40)
- Company-owned Locations (1)

RE

- RE Headquarters (1)
- Office Locations (8)

// Johns Lyng Group

# #02

# Financial Information.

Our deep industry **experience** and diversified service offering creates a **unique** blend of **talent** and **capabilities** which is a sustainable source of **competitive advantage**.

*Commercial Building Services & Construction Brands*

JOHNS LYNG GROUP

## Consolidated Group FY23 EBITDA: $119.4m (+42.9% vs. FY22)

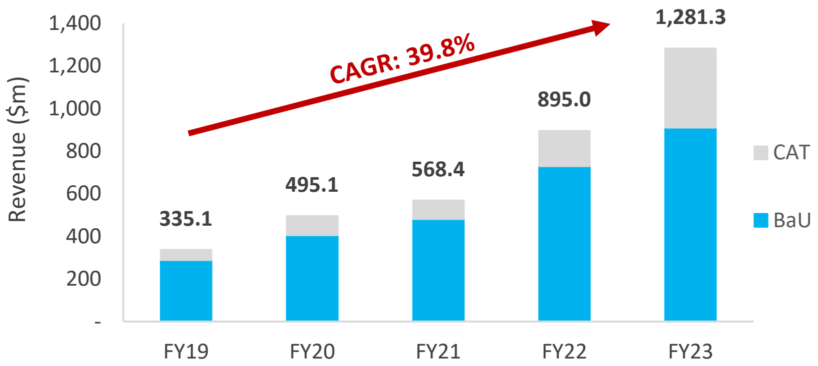
### Revenue (Group)

- **Total Revenue: $1.281bn** (+43.2%)
- **BaU Revenue: $910.1m**
  - Excl. CC: $847.6m (+32.5%)
- **CAT Revenue: $371.3m** (+125.3%)

### EBITDA (Group)

- **Total EBITDA: $119.4m** (+42.9%)
- **BaU EBITDA: $75.1m**
  - Excl. CC: $94.1m (+40.9%)
- **CAT EBITDA: $44.3m** (+137.9%)

### Historical Revenue ($m)




| Consolidated Profit & Loss ($m) | Actual FY22 | Actual FY23 | FY23(A) vs. FY22(A) % |
|---|---|---|---|
| Revenue - BaU | 730.2 | 910.1 | 24.6% |
| **Revenue - BaU (excl. CC)** | **639.4** | **847.6** | **32.5%** |
| Revenue - CAT | 164.8 | 371.3 | 125.3% |
| **Revenue - Total** | **895.0** | **1,281.3** | **43.2%** |
| **Gross Profit** | **196.5** | **275.1** | **40.0%** |
| *Margin (%)* | *22.0%* | *21.5%* | |
| EBITDA - BaU | 64.9 | 75.1 | 15.7% |
| *Margin (%)* | *8.9%* | *8.3%* | |
| **EBITDA - BaU (excl. CC)** | **66.8** | **94.1** | **40.9%** |
| *Margin (%)* | *10.4%* | *11.1%* | |
| EBITDA - CAT | 18.6 | 44.3 | 137.9% |
| *Margin (%)* | *11.3%* | *11.9%* | |
| **EBITDA - Total** | **83.6** | **119.4** | **42.9%** |
| *Margin (%)* | *9.3%* | *9.3%* | |

| Historical Revenue ($m) | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|
| BaU | 288.9 | 406.1 | 481.8 | 730.2 | 910.1 |
| CAT | 46.2 | 89.0 | 86.5 | 164.8 | 371.3 |
| **Total Revenue** | **335.1** | **495.1** | **568.4** | **895.0** | **1,281.3** |
| *CAT % of Total Revenue* | *13.8%* | *18.0%* | *15.2%* | *18.4%* | *29.0%* |
| *CAT % of IB&RS Revenue* | *17.7%* | *22.4%* | *19.5%* | *21.9%* | *32.4%* |

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

# 2.2 Segment Analysis – IB&RS

JOHNS LYNG GROUP

## EBITDA growth: +61.2% (incl. 39.6% BaU growth & record CAT activity)

### Revenue (IB&RS)

- **Total Revenue: $1.147bn** (+52.6%)
- **BaU Revenue: $775.3m** (+32.2% / +13.9% excl. acquisitions)
- **CAT Revenue: $371.3m** (+125.3%)

### EBITDA (IB&RS)

- **Total EBITDA: $136.8m** (+61.2%)
- **BaU EBITDA: $92.5m** (+39.6% / +31.6% excl. acquisitions)
- **CAT EBITDA: $44.3m** (+137.9%)

| Segment Analysis - IB&RS ($m) | Actual FY22 | Actual FY23 | FY23(A) vs. FY22(A) % |
|---|---|---|---|
| **Revenue - BaU** | **586.5** | **775.3** | **32.2%** |
| Revenue - BaU (excl. FY22 & FY23 acquisitions) | 445.9 | 507.9 | 13.9% |
| Revenue - CAT | 164.8 | 371.3 | 125.3% |
| Revenue - CAT (excl. FY22 & FY23 acquisitions) | 145.1 | 337.8 | 132.8% |
| **Revenue - Total** | **751.3** | **1,146.6** | **52.6%** |
| **EBITDA - BaU** | **66.3** | **92.5** | **39.6%** |
| *Margin (%)* | *11.3%* | *11.9%* | |
| EBITDA - BaU (excl. FY22 & FY23 acquisitions) | 44.6 | 58.7 | 31.6% |
| *Margin (%)* | *10.0%* | *11.6%* | |
| EBITDA - CAT | 18.6 | 44.3 | 137.9% |
| *Margin (%)* | *11.3%* | *11.9%* | |
| EBITDA - CAT (excl. FY22 & FY23 acquisitions) | 14.5 | 39.1 | 169.1% |
| *Margin (%)* | *10.0%* | *11.6%* | |
| **EBITDA - Total** | **84.9** | **136.8** | **61.2%** |
| *Margin (%)* | *11.3%* | *11.9%* | |

**CAT EBITDA presented for illustrative purposes only.**

**Calculated at average IB&RS margin.**

### Recent CAT & Peak Events[1]

| | | | |
|---|---|---|---|
| Sydney Hailstorm (Dec-18) - CAT | ACT, VIC & NSW Hailstorms (Jan-20) – CAT | **Cyclone Seroja, WA (Apr-21) - CAT** | **Hurricane Ian (Oct-22) – CAT** |
| Townsville Floods (Feb-19) - CAT | East Coast Low (Feb-20) – CAT | **VIC Storms & Floods (Jun-21) - CAT** | **SA River Murray Floods (Dec-22)** |
| NSW & QLD Bushfires (Sept-19) – CAT | Central QLD Hailstorm (Apr-20) | VIC Earthquake (Sept-21) | **Auckland Floods & Cyclone (Feb-23) – CAT** |
| Rappville, NSW Bushfires (Oct-19) – CAT | **SE QLD Hailstorm (Oct-20) – CAT** | **SA, VIC, TAS Severe Storms (Oct-21) - CAT** | **JLG does not forecast for CAT events. Forecast CAT revenue and EBITDA relates to the contracted work-in-hand from various recent CAT events** |
| QLD, NSW, VIC & SA Bushfires (Nov-Feb-20) – CAT | Perth Hills, WA Bushfire (Feb-21) – CAT | **SE QLD & NSW Floods (Feb-22) - CAT** | |
| SE QLD Hailstorm (Nov-19) – CAT | **NSW & SE QLD Floods (Mar-21) – CAT** | **VIC, NSW & TAS Floods (Oct-22) - CAT** | |

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

[1] Active CAT events which contributed to FY23 highlighted red

# 2.2.1 Segment Analysis – CBS & Commercial Construction

JOHNS LYNG GROUP

## Strong recovery out of COVID-19 restrictions for CBS

**Commercial Building Services**

- **Revenue: $71.6m** (+36.0%)
- **EBITDA: $8.4m** (+60.2%)
  - Continued recovery post COVID-19 with job volumes and work-in hand remaining high

**Commercial Construction**

- **Revenue: $62.5m**
- **EBITDA: ($19.0m)**
  - Challenging FY23 market conditions driven by significant input cost inflation compounded by numerous subcontractor liquidations which eroded margins for the current contracted work-in-progress
  - The Group's Commercial Construction operations are now in run-off. Going forward, existing resources will be focused on large-loss insurance building work
  - Existing Commercial Construction projects are expected to be completed over next 12 months

| Segment Analysis - CBS ($m) | Actual FY22 | Actual FY23 | FY23(A) vs. FY22(A) % |
|---|---|---|---|
| **Commercial Building Services** | | | |
| Revenue | 52.6 | 71.6 | 36.0% |
| **EBITDA** | **5.2** | **8.4** | **60.2%** |
| *Margin (%)* | *9.9%* | *11.7%* | |

| Segment Analysis - CC ($m) | Actual FY22 | Actual FY23 | FY23(A) vs. FY22(A) % |
|---|---|---|---|
| **Commercial Construction** | | | |
| Revenue | 90.8 | 62.5 | (31.2%) |
| **EBITDA** | **(1.8)** | **(19.0)** | |

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

JOHNS LYNG GROUP

## Strong balance sheet, ample liquidity & sufficient capacity to fund organic growth & bolt-on M&A

### Balance Sheet (30 Jun-23)

- Net assets: $394.2m (+$61.4m)
- Net cash: $71.9m
  - Undrawn (committed) revolving credit facilities: >$80m
  - Ample liquidity and sufficient balance sheet capacity to fund organic growth and current bolt-on M&A pipeline

### Capital Efficiency Metrics[1]

- Strong capital efficiency metrics driven by asset-light balance sheet including:
  - RoCE: 63.0% (FY22: 59.0%)
  - RoE: 36.4% (FY22: 30.3%)

### Earnings per Share

- EPS: 17.94 cents (+75.3% vs. FY22)
- EPS-A (normalised)[2]: 19.46 cents (+40.0% vs. FY22)

| Balance Sheet ($m) | Actual Jun-22 | Actual Jun-23 |
|---|---|---|
| Total Assets | 640.1 | 785.5 |
| Net Assets | 332.8 | 394.2 |
| Cash | 57.0 | 130.0 |
| Debt (3rd Party) | (35.3) | (58.2) |
| **Net Cash / (Debt)** | **21.7** | **71.9** |

| Capital Efficiency Metrics[1] ($m) | Actual FY22 | Actual FY23 |
|---|---|---|
| **Return on Capital Employed (RoCE)** | | |
| EBITDA (excl. FY22 & FY23 acquisitions) | 57.8 | 80.4 |
| Adjusted SH Funds + 3rd Party Debt | 98.0 | 127.5 |
| **Return on Capital Employed** | **59.0%** | **63.0%** |
| **Return on Equity (RoE)** | | |
| NPAT Attributable to JLG SH's (excl. FY22 & FY23 acquisitions) | 20.5 | 30.5 |
| Equity Attributable to JLG Shareholders | 67.8 | 83.9 |
| **Return on Equity** | **30.3%** | **36.4%** |

| Earnings per Share (EPS) (cents) | Actual FY22 | Actual FY23 |
|---|---|---|
| Earnings per Share - Statutory | 10.24 cents | 17.94 cents |
| **Earnings per Share - A - Normalised** | **13.90 cents** | **19.46 cents** |

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

[1] Refer to Appendix 3 for detailed reconciliation of capital efficiency metrics

[2] Calculated using NPAT attributable to JLG shareholders excl. tax effected transaction expenses, other non-recurring expenses and tax effected amortisation of acquired intangible assets

# 2.4 Cash Flow & Working Capital

JOHNS LYNG GROUP

## Highly cash generative business with low capex requirements

### Capital Expenditure

- Capex primarily consists of vehicles, plant and equipment
  - Fleet includes 767 vehicles at 30 Jun-23 vs. 618 at 30 Jun-22
  - FY23 growth capex includes c.$6.5m 'temporary accommodation assets' purchased as part of JLG's CAT response for VIC Government
    - Elmore temporary accommodation village delivered during FY23 for flood affected families including supply and installation of accommodation units and infrastructure

### Working Capital

- Working capital cycle is actively managed - strong focus on cash flow with materially consistent working capital metrics

### Cash Conversion

- Operating cash flow (pre-interest and tax): $165.4m (c.142.7% cash conversion from EBITDA). Temporarily bolstered in FY23 by:
  - Large customer prepayment of c.$20.9m (2H23); and
  - Working capital normalisation post 2H22 mobilisation and spike in job volumes in response to SE QLD & NSW Floods CAT (Feb-22)
  - Pro-forma cash conversion from EBITDA: 100.2%

### Final Dividend (FY23)

- Final dividend of 4.5 cents per share (fully franked)
- Total FY23 dividends: 9.0 cents per share (+57.9% / c.52% payout ratio)
  - Record date: 4 Sep-23 / payment date: 18 Sep-23
  - Dividend policy unchanged: 40%-60% NPAT[1]

| Capital Expenditure ($m) | Actual FY22 | Actual FY23 |
|---|---|---|
| Plant & Equipment | 5.6 | 6.5 |
| Temporary Accommodation Assets (JL Disaster Mgt) | - | 6.5 |
| Plant & Equipment - Total | 5.6 | 13.0 |
| Motor Vehicles | 5.5 | 10.4 |
| Leasehold Improvements | 0.3 | 1.6 |
| Computer Equipment | 0.0 | 0.0 |
| Capitalised Software Development | 1.2 | 1.1 |
| **Total Capital Expenditure** | **12.6** | **26.1** |

| Working Capital ($m) | Actual FY22 | Actual FY23 |
|---|---|---|
| Days Sales Outstanding (12m average) | 57.7 | 46.5 |
| Days Purchases Outstanding (12m average) | 75.2 | 56.0 |

| Cash Conversion ($m) | Actual FY22 | Actual FY23 |
|---|---|---|
| **EBITDA (Normalised)** | **83.6** | **119.4** |
| Normalisations[2] | (9.4) | (3.5) |
| **EBITDA (Statutory)** | **74.1** | **115.9** |
| Movement in Accrued Income | (29.9) | 28.3 |
| Movement in Income in Advance | 11.6 | 30.2 |
| Movement in Work in Progress (Net) | (18.3) | 58.5 |
| Movement in Debtors & Creditors (Net) | (18.6) | (13.3) |
| Movement in Working Capital - Other | 2.2 | 2.0 |
| **Movement in Working Capital - Total[3]** | **(34.7)** | **47.2** |
| Non-cash Items | 2.7 | 2.3 |
| **Net Cash from Operating Activities (Pre-interest & Tax)** | **42.2** | **165.4** |
| **Cash Conversion (%) - Statutory** | **56.9%** | **142.7%** |
| Less: Customer Prepayment | - | (20.9) |
| **Cash Conversion (%) - Pro-forma (excl. Prepayment)** | **56.9%** | **124.7%** |
| Add: Movement in Accrued Income | 29.9 | (28.3) |
| **Cash Conversion (%) - Pro-forma (excl. Prepayment & AI)** | **97.2%** | **100.2%** |

[1] Statutory NPAT attributable to JLG shareholders

[2] Normalisations include transaction expenses and other non-recurring expenses - Refer to Appendix 1 for detailed reconciliation to statutory results

[3] Movement in working capital per note 35 of FY23 Annual Report (movements exclude acquisitions during the relevant period)

Select Clients

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# #03

# Strategy & Growth.

Whether they are core business **acquisitions, start-ups** or opportunities in '**complementary adjacencies**', JLG is well positioned to embrace and capitalise on **growth initiatives**.

# 3.1 Strategy & Growth

JOHNS LYNG GROUP

## Significant progress against strategic priorities during FY23

### New Contract Wins & Extensions

- **Youi**: 5-year national building & restoration contract;
- **Austbrokers**: national building & restoration contract (evergreen);
- **Suncorp**: 1-year national commercial building panel extension;
- **QBE**: 3-year national building contract extension;
- **Allianz**: 1-year national restoration contract extension;
- **Comminsure**: 1-year national building and restoration contract extension;
- **IAG**: 5-year national building contract extension;
- **IAG**: 3-year national restoration contract extension;
- **RACQ**: 3-year QLD building & restoration contract extension;
- **JL Disaster Mgt**: multi-phase work programs awarded:
  - VIC Gov (Oct-22 Floods): debris clean-up, property assessments and Elmore temporary accommodation;
  - SA Gov (Dec-22 Floods): River Murray Flood Clean-up Program; and
  - QLD Gov (event preparedness): temporary emergency mobile accommodation

### Strategic Initiatives

- Opened a number of new offices in FY23 including: Davenport, Shepparton, Moruya Heads, Noosa Heads and Auckland (NZ)
- Growth in broker market ("Emergency Broker Response" service)
- Targeting new clients and panels
- US market penetration – growth platform now established with RE, plus roll-out of Business Partner equity model in US
- New service lines launched: JL Disaster Management, JL Energy, JL New Zealand, Makesafe USA, Express USA and US CAT response

### M&A

- 5 acquisitions completed during FY23 - integration ongoing, plus the acquisition of Smoke Alarms Australia and Linkfire (effective 1 July 2023) and Your Local Strata (effective 1 Sep-23)
- Additional buy-out of Trevor Bright's 44.5% equity interest in B&D
- Additional M&A opportunities under evaluation:
  - Consolidation of highly fragmented IB&RS, Strata Management and Essential Home Services markets
  - US platform established – bolt-ons under assessment

### Strategic Growth Priorities by Pillar (FY24+)[1]

*Organic growth complemented by strategic & bolt-on M&A*

1. **IB&RS (ANZ):** Develop new client relationships, insurance panel penetration, product and service innovation and geographical expansion
2. **Strata Services:** Grow strata building services and cross-sell with strata management
3. **Essential Home Services:** Launch additional services and cross-sell opportunities
4. **Disaster Management:** Build deeper Government relationships
5. **Johns Lyng USA:** Continue roll-out of JLG's brands, geographical expansion and cross-sell opportunities

[1] Refer to Appendix 4 for a detailed discussion of JLG's Strategic Growth Pillars

# 3.2 JLG's Strategic Growth Pillars

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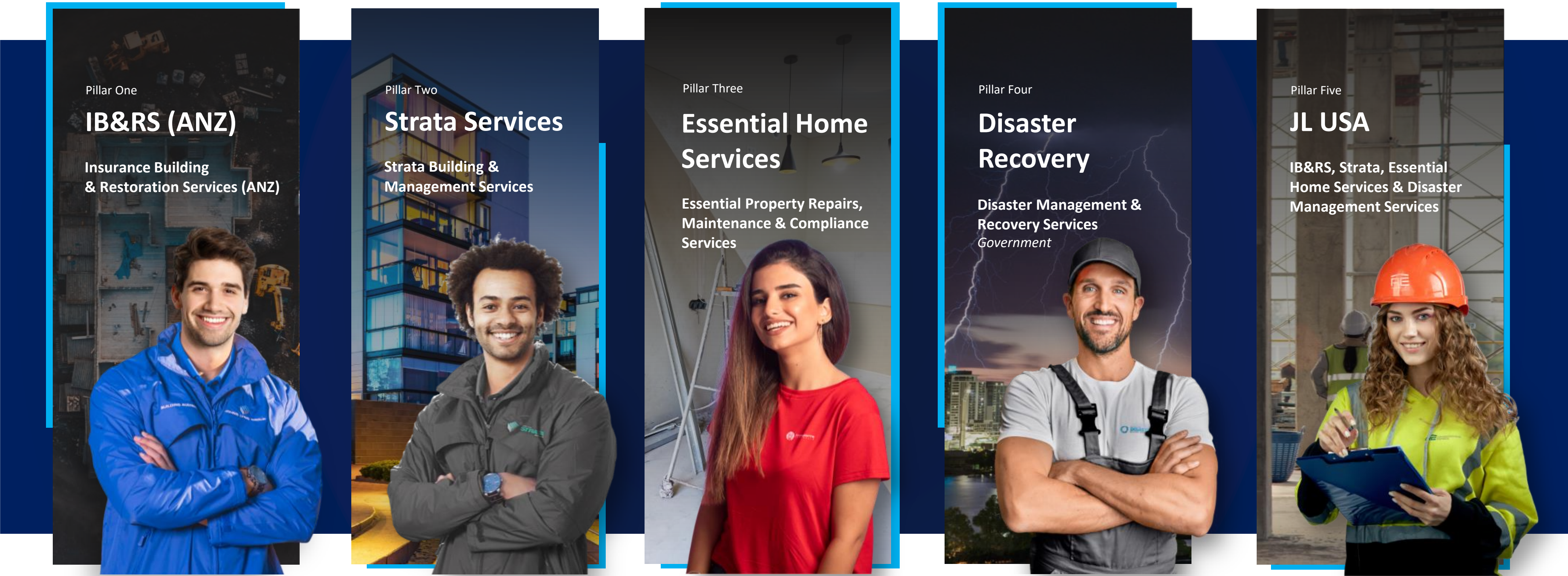
## Refer to Appendix 4 for a detailed discussion of our strategic objectives




## Organic growth complemented by strategic & bolt-on M&A

# 3.3 JL USA – Progress Snapshot

JOHNS LYNG GROUP

## US operations performing well with roll-out of new service lines & implementation of Business Partner equity model underway

**1**

### Strong FY23 Earnings

Plus upside from Hurricane Ian

**2**

### Integration complete

- Business Partner equity model implemented (13 Business Partners across JL USA as at 30 June 2023)
- Strategic plan in place
- Cultural alignment exceeding expectations

**3**

### Hurricane Ian

**First CAT event since acquisition** – demonstrates size of US opportunity and Management's capability to respond

**4**

### New Service Line Roll-out

Commenced roll-out of key JLG brands alongside Reconstruction Experts and Steamatic

### FY23 Financial Performance (JL USA)

**A$247.6m**

**(+24.6%[2])**

**FY23 Revenue**

**c.11%[1]**

**FY23 EBITDA Margin**

### Roll-out of JLG Service Lines & Equity Partnership Model

JOHNS LYNG USA

*Active brands now operating under JL USA*

RECONSTRUCTION EXPERTS | STEAMATIC Restoration & Cleaning | JOHNS LYNG MAKESAFE BUILDERS | JOHNS LYNG EXPRESS BUILDERS

*Roll-out of 'tried and tested' JLG equity partnership model in the US with **13 Business Partners** as at 30 June 2023 across 4 States (Colorado, California, Texas and Florida)*

[1] Excludes Steamatic Inc. (Global Master Franchise) and Reconstruction Experts (Florida BaU) which was impacted by Hurricane Ian (CAT) during FY23

[2] Calculated vs. 2H22(A) annualised

# 3.4 JL USA – Progress Update

## US operations performing well with key leadership team in place

| Priority | Launch New Services | Cross-sell | Geographical Expansion | New Business Partners & Regional Leaders |
|---|---|---|---|---|
| **Description** | • Roll-out of Johns Lyng's successful Australian brands and operating model in the US across existing locations | • Leverage RE's long-term relationships with HOA's and Steamatic's brand equity to cross-sell within the JL USA group | • Expand US footprint through opening of new offices and / or strategic bolt-on acquisitions | • Implement Johns Lyng's 'tried and tested' Business Partner equity model in US |
| **Achievements** | • Launch of JL Express and JL Makesafe across multiple States<br>• New service lines complement existing RE and Steamatic operations | • Multiple cross-sell opportunities already realised between RE and Steamatic (see case studies below) | • New office locations and M&A opportunities currently under assessment<br>• Strategic plan in place - 'Growth Roadmap' collaboratively agreed with Management | • 13 Business Partners as at 30 June 2023 across 4 States (Colorado, California, Texas and Florida) |

### US Cross-sell Case Studies

#### Case Study 1: Steamatic to RE

| | |
|---|---|
| **Apr-21** | Steamatic New Mexico client suffers total loss |
| **Feb-22** | Steamatic reaches out to RE for support |
| **Feb-22** | RE pitches to client and signs $2m 'no-bid' contract |


*Apartment building fire in Carlsbad, New Mexico*

#### Case Study 2: RE to Steamatic

| | |
|---|---|
| **Apr-22** | McBride fire in New Mexico destroys over 200 structures near Las Vegas |
| **Aug-22** | RE pitches HOA after property mgt client reaches out and wins $4m 'no-bid' contract |
| **Sep-22** | RE refers c.$300k revenue to Steamatic New Mexico franchise for single family home losses |

*McBride fire in New Mexico*

## Recent acquisitions expand presence in strategically important strata market

- 3 bolt-on strata acquisitions completed during FY23 (plus 1 post-year end) and acquisition of Trevor Bright's 44.5% minority equity interest in Bright & Duggan

**Acquisition of North Shore Strata (NSS), Adpen Strata (Adpen), Advanced Community Management (ACM) and Your Local Strata (YLS) – strategic bolt-on acquisitions for Bright & Duggan (B&D)**

- **North Shore Strata:** 80% controlling equity interest acquired effective 1 Nov-22. NSS is a QLD-based strata management company with 1,751 lots under management across 250 schemes - $1.74m cash at Completion[1] plus an earn-out of up to $446k payable in cash
- **Adpen:** 100% equity interest acquired effective 1 Nov-22. Adpen is a Brisbane-based strata management company with 372 lots under management across 40 schemes - $116k cash at Completion[1]
- **Advanced Community Management:** 100% equity interest acquired effective 1 Apr-23. ACM is a Sydney-based strata management company with 2,262 lots under management across 74 schemes - $2.43m cash at Completion[1]
- **Your Local Strata:** 100% equity interest acquired effective 1 Sep-23 (post-year end). YLS is a Sydney-based strata management company with 3,077 lots under management across 187 schemes - $2.23m cash at Completion[1]
- As announced to the market on 26 Aug-22, post the retirement of Trevor Bright as Executive Chairman of Bright & Duggan, JLG acquired his 44.5% equity interest in B&D for $25.6m ($15.4m (60%) in cash and $10.2m (40%) in JLG Ltd shares)
- As at 30 Jun-22 Bright & Duggan's portfolio comprised:

**>95k** Lots / Units

**>3.8k** Buildings / Strata Schemes

**JLG's Strata Market Strategy**

- The Australian strata market comprises more than 3.1m 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 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 'behind the door' services (direct to customer)

[1] Net of a 10% retention pending finalisation of customary post-Completion purchase price adjustments

# 3.5.1 Strategy & Growth - Recent Acquisitions

## Recent IB&RS acquisitions strategically expand the Group's estimating capacity to service incremental volume & support entry into New Zealand

**Acquisition of A1 Estimates (A1) – strategic bolt-on acquisition for JLG's core IB&RS division**

- 60% controlling equity interest acquired effective 1 Nov-22
  - 40% equity retained by founder, Tom Jordan
- $1.515m cash at Completion, plus deferred consideration of $550k payable in JLG Ltd shares and an earn-out of $276k paid during the year in JLG Ltd shares
- A1 is a Byron Bay-based insurance repairs estimating business that is well-known to the Group having worked as a key subcontractor for JLG's "Flood Property Assessment Program" in Northern NSW
- A1 represents an important step in expanding the Group's estimating capacity

**Acquisition of Mainland Building Services (MBS) – New Zealand bolt-on acquisition for JL NZ's core IB&RS division**

- 80% controlling equity interest acquired (via asset purchase) effective 1 May-23
  - 20% equity retained by founders, Gary Middlemass and Dale Uhrbom (10% each)
- Mainland Building Services is a Christchurch-based insurance builder with extensive experience in the NZ market
- The acquisition supports JLG's recent entry into New Zealand (office opened in Auckland in FY23), with Business Partners Gary and Dale to lead Johns Lyng NZ's operations across the South Island

# 3.5.2 Strategy & Growth - Recent Acquisitions

## Recent acquisitions set the foundation for JLG's 5th Strategic Growth Pillar – "Essential Home Services", with annuity style business models underpinned by subscription-based revenue[1]

**Smoke Alarms Australia (SAA) – platform acquisition to enter the smoke alarm, electrical and gas compliance, testing and maintenance services market**

- 100% equity interest acquired effective 1 Jul-23 (post-year end)
  - Intention to sell a c.10% equity interest to existing senior management (on vendor finance) – in-line with JLG's existing Business Partner equity model
- $50.1m cash at Completion, plus a potential earn-out of up to $11.0m linked to FY24 EBITDA payable in cash or JLG Ltd Shares at JLG's discretion
- SAA is a Sydney-based national provider of smoke alarm, electrical and gas compliance, testing and maintenance services
  - Founded in 2005, SAA is the second largest provider in Australia completing c.284k jobs p.a.
  - Customer base predominantly consists of landlords (via real estate agents)

**Linkfire – platform acquisition to enter the fire and essential safety services market**

- 70% controlling equity interest acquired effective 1 Jul-23 (post-year end)
  - 30% equity retained by existing senior management
- $11.7m cash at Completion, plus a potential earn-out of up to $6.25m linked to FY24 and FY25 EBITDA payable in cash or JLG Ltd Shares at JLG's discretion
- Linkfire is a provider of fire and essential safety services in Victoria and Newcastle (NSW)
  - Founded in 1998, Linkfire has grown to become a leader in its existing markets servicing >8.5k buildings p.a.
  - c.80% of Linkfire's customer base consists of strata managers / owners' corporations

- *The acquisitions were funded by a successful and oversubscribed institutional placement and share purchase plan which raised a total of $70m*
- *SAA and Linkfire are strong standalone businesses that set the foundation for JLG's 5th Strategic Growth Pillar – "Essential Home Services"*
- *Access to JLG's senior management and networks will help boost SAA's and Linkfire's already strong standalone growth, while presenting significant cross-sell and industry consolidation opportunities via select M&A*
- *The acquisitions align with JLG's strong track record of expansion via highly complementary acquisitions with annuity style business models underpinned by defensive, non-discretionary products and services*

[1] Refer to Appendix 4 for a detailed discussion of JLG's Essential Home Services Growth Pillar

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# #04

# FY24 Forecast.

JLG has a demonstrable track record of **growth and financial control**. Significant market opportunities exist to continue this trend.

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## Record outlook - FY24(F) EBITDA: $128.0m (BaU +20.1% vs. FY23[1])

### FY24 Forecast

- **Group Revenue: $1.176bn**
  - **BaU Revenue (excl. CC): $1.005bn** (+18.5% vs. FY23 / +12.1% excl. acquisitions)
- **Group EBITDA: $128.0m**
  - **BaU EBITDA (excl. CC): $113.0m** (+20.1% vs. FY23 / +12.0% excl. acquisitions)
- Strong momentum from FY23 expected to continue to drive results - potential FY24 upside from:
  - Job volume ramp up from recent contract wins;
  - New clients and contracts;
  - Deeper market penetration in WA, SA, NT and TAS;
  - Continuing roll-out of Johns Lyng Strata Services;
  - Roll-out of additional JLG service lines in the US;
  - Integration of recent acquisitions - revenue synergies expected;
  - Additional strategic acquisitions under assessment; and
  - Ongoing CAT responses plus potential future CAT events - 3 CAT events during FY23 across Australia, NZ and the US

| FY24 Forecast ($m) | Actual FY23 | Forecast FY24 | FY24(F) vs. FY23(A) % |
|---|---|---|---|
| **Revenue - BaU (excl. CC)** | **847.6** | **1,004.6** | **18.5%** |
| Revenue - BaU (excl. FY23 & FY24 acquisitions & CC) | 846.4 | 948.4 | 12.1% |
| Revenue - CAT | 371.3 | 137.8 | |
| Revenue - CAT (excl. FY23 & FY24 acquisitions) | 371.1 | 137.8 | |
| **Revenue - Total (excl. CC)** | **1,218.8** | **1,142.3** | |
| Revenue - Commercial Construction | 62.5 | 33.7 | |
| **Revenue - Total** | **1,281.3** | **1,176.0** | |
| **EBITDA - BaU (excl. CC)** | **94.1** | **113.0** | **20.1%** |
| EBITDA - BaU (excl. FY23 & FY24 acquisitions & CC) | 90.6 | 101.4 | 12.0% |
| EBITDA - CAT | 44.3 | 16.8 | |
| EBITDA - CAT (excl. FY23 & FY24 acquisitions) | 42.7 | 16.1 | |
| **EBITDA - Total (excl. CC)** | **138.4** | **129.9** | |
| EBITDA - Commercial Construction | (19.0) | (1.9) | |
| **EBITDA - Total** | **119.4** | **128.0** | |

| Margin Analysis | | |
|---|---|---|
| *EBITDA - BaU Margin (excl. CC)* | *11.1%* | *11.3%* |
| *EBITDA - BaU Margin (excl. FY23 & FY24 acquisitions & CC)* | *10.7%* | *10.7%* |
| *EBITDA - CAT Margin* | *11.9%* | *12.2%* |
| *EBITDA - CAT Margin (excl. FY23 & FY24 acquisitions)* | *11.5%* | *11.7%* |
| *EBITDA - Total Margin (excl. CC)* | *11.4%* | *11.4%* |

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

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

| Historical CAT Revenue vs. Forecast | FY20(A) | FY21(A) | FY22(A) | FY23(A) |
|---|---|---|---|---|
| CAT Revenue Forecast (original at start of FY) | 31.6 | 20.3 | 46.4 | 100.5 |
| CAT Revenue - Actual | 89.0 | 86.5 | 164.8 | 371.3 |
| **Historical CAT Outperformance vs. Fcst** | **57.4**<br>*181.7%* | **66.2**<br>*325.9%* | **118.3**<br>*254.8%* | **270.8**<br>*269.4%* |

Note: normalised financials presented under AASB 16 (Leases) - Refer to Appendix 1 for detailed reconciliation to statutory results

[1] Excludes Commercial Construction

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# Appendices.

JLG's **high performance culture** drives consistent, high **quality outcomes** for clients and additional repeat business.

# Appendix 1: Financial Reconciliation to Statutory Results

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| Reconciliation | FY22 | | | FY23 | | | FY24 |
|---|---|---|---|---|---|---|---|
| | 1H22 (A) | 2H22 (A) | FY22 (A) | 1H23 (A) | 2H23 (A) | FY23 (A) | FY24 (F) |
| **Revenue** | | | | | | | |
| **IB&RS** | | | | | | | |
| **IB&RS - BaU** | **231.3** | **355.2** | **586.5** | **374.8** | **400.5** | **775.3** | |
| IB&RS - CAT | 66.7 | 98.0 | 164.8 | 186.1 | 185.2 | 371.3 | 137.8 |
| **IB&RS - Total** | **298.0** | **453.2** | **751.3** | **560.9** | **585.7** | **1,146.6** | |
| *IB&RS - FY22 & FY23 Acquisitions - BaU* | *(24.3)* | *(116.3)* | *(140.6)* | *(135.2)* | *(132.2)* | *(267.4)* | |
| *IB&RS - BaU (excl. FY22 & FY23 Acquisitions)* | *207.0* | *238.9* | *445.9* | *239.6* | *268.3* | *507.9* | |
| *IB&RS - FY22 & FY23 Acquisitions - CAT* | *(0.4)* | *(19.3)* | *(19.7)* | *(13.7)* | *(19.7)* | *(33.4)* | |
| *IB&RS - CAT (excl. FY22 & FY23 Acquisitions)* | *66.3* | *78.8* | *145.1* | *172.4* | *165.4* | *337.8* | |
| *IB&RS - Total (excl. FY22 & FY23 Acquisitions)* | *273.4* | 317.7 | *591.0* | *412.1* | 433.7 | *845.8* | |
| **CBS** | 26.0 | 26.6 | 52.6 | 33.0 | 38.6 | 71.6 | |
| **CC** | 47.2 | 43.6 | 90.8 | 41.6 | 20.9 | 62.5 | |
| **Other** | 0.2 | 0.2 | 0.3 | 0.1 | 0.5 | 0.7 | |
| **Total Revenue (Statutory)** | **371.3** | **523.7** | **895.0** | **635.6** | **645.7** | **1,281.3** | **1,176.0** |
| **Total Revenue (Normalised)** | **371.3** | **523.7** | **895.0** | **635.6** | **645.7** | **1,281.3** | **1,176.0** |
| **FY24 (F) Reconciliation** | | | | | | | |
| *Total - FY23 & FY24 Acquisitions - CAT* | | | | | | *(0.2)* | - |
| ***Total - CAT (excl. FY23 & FY24 Acquisitions)*** | | | | | | ***371.1*** | ***137.8*** |
| **Total - BaU (Normalised)** | **304.6** | **425.7** | **730.2** | **449.5** | **460.6** | **910.1** | **1,038.3** |
| *Total - FY23 & FY24 Acquisitions - BaU* | | | | | | *(1.2)* | *(56.2)* |
| ***Total - BaU (Normalised excl. FY23 & FY24 Acquisitions)*** | | | | | | ***908.8*** | ***982.1*** |

| Reconciliation | FY22 | | | FY23 | | | FY24 |
|---|---|---|---|---|---|---|---|
| | 1H22 (A) | 2H22 (A) | FY22 (A) | 1H23 (A) | 2H23 (A) | FY23 (A) | FY24 (F) |
| **EBITDA (AASB 16)** | | | | | | | |
| **IB&RS** | | | | | | | |
| IB&RS - BaU | 24.1 | 33.0 | 57.0 | 42.5 | 46.7 | 89.2 | |
| *IB&RS - Normalisations - Transaction Costs* | *2.3* | *6.9* | *9.2* | *0.5* | *0.3* | *0.8* | |
| *IB&RS - Normalisations - Porter Davis Bad Debt Write-off* [1] | - | - | - | - | *2.5* | *2.5* | |
| **IB&RS - BaU (Normalised)** | **26.4** | **39.9** | **66.3** | **42.9** | **49.6** | **92.5** | |
| IB&RS - CAT | 7.6 | 11.0 | 18.6 | 21.3 | 23.0 | 44.3 | 16.8 |
| **IB&RS - Total (Normalised)** | **34.0** | **50.9** | **84.9** | **64.3** | **72.5** | **136.8** | |
| *IB&RS - FY22 & FY23 Acquisitions - BaU* | *(5.2)* | *(18.3)* | *(23.5)* | *(19.7)* | *(15.3)* | *(35.0)* | |
| *CAT Margin Adjustment (Pre-Acquisition EBITDA Margin)* [2] | *0.6* | *1.3* | *1.9* | *1.8* | *(0.5)* | *1.3* | |
| *IB&RS - BaU (excl. FY22 & FY23 Acquisitions)* | *21.7* | *22.9* | *44.6* | *25.0* | *33.7* | *58.7* | |
| *IB&RS - FY22 & FY23 Acquisitions - CAT* | *(0.0)* | *(2.2)* | *(2.2)* | *(1.6)* | *(2.4)* | *(4.0)* | |
| *CAT Margin Adjustment (Pre-Acquisition EBITDA Margin)* [2] | *(0.6)* | *(1.3)* | *(1.9)* | *(1.8)* | *0.5* | *(1.3)* | |
| *IB&RS - CAT (excl. FY22 & FY23 Acquisitions)* | *7.0* | *7.6* | *14.5* | *18.0* | *21.1* | *39.1* | |
| *IB&RS - Total (excl. FY22 & FY23 Acquisitions)* | *28.7* | *30.4* | *59.1* | *43.0* | *54.8* | *97.8* | |
| **CBS** | 3.4 | 1.9 | 5.2 | 3.6 | 4.7 | 8.3 | |
| *Normalisations - Transaction Costs* | *0.0* | *0.0* | *0.0* | *0.1* | *0.0* | *0.1* | |
| *CBS (Normalised)* | *3.4* | *1.9* | *5.2* | *3.7* | *4.7* | *8.4* | |
| **CC** | 1.2 | (3.0) | (1.8) | (5.1) | (13.9) | (19.0) | |
| **Other** | 0.9 | 1.4 | 2.3 | 1.4 | 1.9 | 3.3 | |
| Public Company Opex | (0.6) | (0.6) | (1.2) | (1.4) | (1.3) | (2.7) | |
| *Normalisations - Transaction Costs* | 0.2 | 0.0 | 0.2 | 0.1 | 0.0 | 0.1 | |
| *Public Company Opex (Normalised)* | *(0.4)* | *(0.5)* | *(1.0)* | *(1.4)* | *(1.2)* | *(2.6)* | |
| Executive Incentive Plan | (2.5) | (3.5) | (6.0) | (3.5) | (4.0) | (7.5) | |
| **Total EBITDA (Statutory)** | **34.0** | **40.1** | **74.1** | **58.8** | **57.1** | **115.9** | **128.0** |
| *Total Normalisations* | 2.5 | 7.0 | 9.4 | 0.6 | 2.9 | 3.5 | - |
| **Total EBITDA (Normalised)** | **36.5** | **47.1** | **83.6** | **59.4** | **60.0** | **119.4** | **128.0** |
| **FY24 (F) Reconciliation** | | | | | | | |
| *Total - FY23 & FY24 Acquisitions - CAT* | | | | | | *(0.0)* | - |
| *CAT Margin Adjustment (Pre-Acquisition EBITDA Margin)* [2] | | | | | | *(1.6)* | *(0.8)* |
| ***Total - CAT (excl. FY23 & FY24 Acquisitions)*** | | | | | | ***42.7*** | ***16.1*** |
| **Total - BaU (Normalised)** | **28.9** | **36.1** | **64.9** | **38.1** | **37.0** | **75.1** | **111.1** |
| *Total - FY23 & FY24 Acquisitions - BaU* | | | | | | *(5.1)* | *(12.4)* |
| *CAT Margin Adjustment (Pre-Acquisition EBITDA Margin)* [2] | | | | | | *1.6* | *0.8* |
| ***Total - BaU (Normalised excl. FY23 & FY24 Acquisitions)*** | | | | | | ***71.6*** | ***99.5*** |

[1] Relates to a non-recurring bad debt write-off in respect of a repairs, maintenance and warranty defect contract with Porter Davis prior to liquidation. JLG does not have any contracts of this nature with any other home builders

[2] CAT EBITDA presented for illustrative purposes only - calculated at average IB&RS margin. Margin adjustment required to recalculate average IB&RS margin when presenting figures excluding acquisitions

# Appendix 1: Financial Reconciliation to Statutory Results (Cont.)

JOHNS LYNG GROUP

| Reconciliation | FY22 | | | FY23 | | |
|---|---|---|---|---|---|---|
| | 1H22 (A) | 2H22 (A) | FY22 (A) | 1H23 (A) | 2H23 (A) | FY23 (A) |
| **EBIT, PBT, NPAT & CAPEX (AASB 16)** | | | | | | |
| Depreciation & Amortisation | (6.2) | (9.2) | (15.4) | (9.5) | (11.7) | (21.2) |
| **EBIT** | | | | | | |
| Statutory | 27.8 | 31.0 | 58.7 | 49.3 | 45.4 | 94.7 |
| **Normalised** | **30.2** | **37.9** | **68.1** | **50.0** | **48.3** | **98.2** |
| Net Interest | (1.0) | (1.2) | (2.2) | (0.5) | (0.8) | (1.3) |
| **PBT** | | | | | | |
| Statutory | 26.8 | 29.8 | 56.5 | 48.9 | 44.6 | 93.4 |
| Transaction Related Bank Fee Amortisation (Interest) | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 |
| **Normalised** | **29.2** | **36.8** | **66.0** | **49.5** | **47.5** | **97.0** |
| Income Tax Expense | (8.2) | (10.2) | (18.3) | (14.7) | (15.9) | (30.6) |
| **NPAT** | | | | | | |
| Statutory | 18.6 | 19.6 | 38.2 | 34.1 | 28.7 | 62.8 |
| **Normalised** | **21.1** | **26.6** | **47.7** | **34.8** | **31.6** | **66.4** |
| **CAPEX** | | | | | | |
| Capex - Total | 5.3 | 7.3 | 12.6 | 15.4 | 10.7 | 26.1 |

# Appendix 2: AASB 16 to AASB 117 (Leases) Reconciliation

JOHNS LYNG GROUP

| AASB 16 to AASB 117 Reconciliation | FY22 | | | FY23 | | |
|---|---|---|---|---|---|---|
| | 1H22 (A) | 2H22 (A) | FY22 (A) | 1H23 (A) | 2H23 (A) | FY23 (A) |
| **EBITDA - Statutory (AASB 16)** | **34.0** | **40.1** | **74.1** | **58.8** | **57.1** | **115.9** |
| Less: Rent Expense Adjustment | (3.1) | (3.8) | (6.8) | (4.2) | (4.9) | (9.1) |
| **EBITDA (AASB 117)** | **30.9** | **36.4** | **67.3** | **54.6** | **52.2** | **106.8** |
| **EBIT - Statutory (AASB 16)** | **27.8** | **31.0** | **58.7** | **49.3** | **45.4** | **94.7** |
| Less: Rent Expense Adjustment | (3.1) | (3.8) | (6.8) | (4.2) | (4.9) | (9.1) |
| Add: Depreciation Expense Adjustment | 2.8 | 3.4 | 6.2 | 3.8 | 4.4 | 8.1 |
| **EBIT (AASB 117)** | **27.4** | **30.6** | **58.0** | **48.9** | **44.9** | **93.7** |
| **PBT - Statutory (AASB 16)** | **26.8** | **29.8** | **56.5** | **48.9** | **44.6** | **93.4** |
| Less: Rent Expense Adjustment | (3.1) | (3.8) | (6.8) | (4.2) | (4.9) | (9.1) |
| Add: Depreciation Expense Adjustment | 2.8 | 3.4 | 6.2 | 3.8 | 4.4 | 8.1 |
| Add: Net Interest Expense Adjustment | 0.4 | 0.5 | 0.9 | 0.5 | 0.5 | 1.0 |
| **PBT (AASB 117)** | **26.9** | **29.9** | **56.8** | **48.9** | **44.6** | **93.5** |
| **Net P&L Impact** | **(0.1)** | **(0.1)** | **(0.2)** | **(0.0)** | **0.0** | **(0.0)** |
| RoU Assets | 16.9 | | 18.6 | 18.3 | | 24.6 |
| RoU Lease Liabilities | (18.9) | | (20.7) | (20.4) | | (26.6) |
| **Net Assets Impact** | **(2.0)** | | **(2.1)** | **(2.1)** | | **(2.1)** |

# Appendix 3: RoCE & RoE Reconciliation

JOHNS LYNG GROUP

| Capital Efficiency Metrics ($m) | Actual FY22 | Actual FY23 |
|---|---|---|
| **Return on Capital Employed (RoCE)** | | |
| EBITDA[1] (excl. FY22 & FY23 acquisitions) | 57.8 | 80.4 |
| Shareholders' Funds (excl. FY22 & FY23 acquisitions[2]) | 76.7 | 113.8 |
| NCI Share of Intangibles NBV | (7.4) | (5.0) |
| Gross Debt (3rd Party) (excl. FY22 & FY23 acquisitions) | 28.7 | 48.7 |
| Surplus Cash (Estimate) | - | (30.0) |
| **Adjusted SH Funds + 3rd Party Debt** | **98.0** | **127.5** |
| **Return on Capital Employed** | **59.0%** | **63.0%** |
| **Return on Equity (RoE)** | | |
| NPAT Attributable to JLG SH's[3] (excl. FY22 & FY23 acquisitions) | 20.5 | 30.5 |
| Shareholders' Funds (excl. FY22 & FY23 acquisitions[2]) | 76.7 | 113.8 |
| NCI Liability (excl. FY22 & FY23 acquisitions) | (9.0) | 0.1 |
| Surplus Cash (Estimate) | - | (30.0) |
| **Equity Attributable to JLG Shareholders** | **67.8** | **83.9** |
| **Return on Equity** | **30.3%** | **36.4%** |

[1] Excluding transaction expenses and other non-recurring expenses - Refer to Appendix 1 for detailed reconciliation to statutory results
[2] Pro-forma calculation excludes $225.9m funds received from JLG's equity capital raising announced 13 Dec-21 and the P&L and balance sheet impact of FY22 & FY23 acquisitions
[3] Calculated using NPAT attributable to JLG shareholders excl. tax effected transaction expenses and other non-recurring expenses

# Appendix 4: JLG's Strategic Growth Pillars – IB&RS (ANZ)

JOHNS LYNG GROUP

**IB&RS has a long history of delivering growth – currently targeting a number of organic opportunities across new clients, increased insurance panel representation, geographical expansion plus strategic & bolt-on M&A**

| Strategic Priorities – Significant Run-way for Continued Growth in Australia | |
|---|---|
| **Objective** | **Priorities / Targets** |
| **1. Develop new client relationships** | • Targets identified and engaged<br>• Cross-sell end-to-end IB&RS service capability<br>• Relationship building and nurturing<br>• Industry sponsorship, market engagement and visible brand presence |
| **2. Insurance panel penetration** | • Breadth of opportunity with existing insurers – significant number of additional panel opportunities nationally<br>• Continue to join new insurer panels<br>• Continue to increase panel allocation and grow market share |
| **3. Product & service innovation** | • "Emergency Broker Response" service is a 'game changer'<br>– 100% broker take-up rate (win-win scenario)<br>– 100% opportunity conversion rate (circumvents insurer panels)<br>– Current barriers to entry create an exclusive market position |
| **4. Geographical expansion** | • JLG is the only national player – regional network and local relationships are key differentiators<br>• Opened a number of new offices in FY23 including: Davenport, Shepparton, Moruya Heads, Noosa Heads and Auckland (NZ)<br>• Plan to continue leveraging existing relationships with clients and subcontractors to continue regional roll-out<br>– Strategically entered NZ market in 1Q23 with "Rockstar" Business Partner<br>▪ Existing clients underwriting the start-up phase – job allocations increasing exponentially plus upside from inaugural CAT response<br>– Significant organic opportunities exist in underweight geographies including: WA, SA, NT & TAS |
| **5. M&A** | • Additional opportunities under assessment |

## Leadership Team

**Josh Barnes**
COO, Johns Lyng Australia

**Daniel Meiklejohn**
EGM, JL Strata & Commercial Brands

JOHNS LYNG GROUP

**54** ANZ Locations


STEAMATIC total cleaning & restoration

**40** Locations Nationally

# Appendix 4: JLG's Strategic Growth Pillars – Strata Services

**Strata Services is a natural growth area given the attractive market fundamentals & unique opportunity for JLG to provide integrated insurance related & direct building & restoration services to strata managers & owners' corporations**

**JLG's Strata Market Strategy**

| Opportunities | Rationale |
|---|---|
| **1. Attractive market fundamentals** | • Strong EBITDA margins<br>• Recurring revenues from 'sticky' clients<br>• High cash conversion from EBITDA (asset light business)<br>• Low credit risk |
| **2. Highly fragmented market with opportunity for consolidation** | • 3.1m lots nationally (JLG is currently #2 player in the space managing >95k lots)<br>• Low risk of revenue cannibalisation on acquisition – relationships are between individual strata managers and owners corporations<br>• Opportunity supported by successful track record of strategic and bolt-on M&A |
| **3. Significant synergies** | • Revenue synergies include:<br>— Strata Insurance Building & Restoration Services – revenue has grown exponentially from a standing start over the last c.4 years<br>— Strata Building Services including:<br>▪ B2B (non-insurance R&M in building common areas); and<br>▪ B2C (non-insurance R&M for homeowners and tenants) – aligned with Essential Home Services pillar<br>— Operating synergies and efficiencies exist with every strata management acquisition |
| **4. M&A** | • Additional opportunities under assessment |

## Leadership Team

**Emily Doherty**
CEO, Bright & Duggan

**Chris Duggan**
MD, Bright & Duggan

bright & duggan
australia's strata leader

**17** **East Coast Locations**


**>95k**[1]
Lots / Units

**>3.8k**[1]
Buildings / Strata Schemes

[1] Number of lots and schemes as at 30 June 2023

# Appendix 4: JLG's Strategic Growth Pillars – Essential Home Services

JOHNS LYNG GROUP

## The Essential Home Services market is a natural progression for JLG – underpinned by our deep experience & core competencies including expert project management of high-volume trades for non-discretionary products and services

- Effective 1 Jul-23, JLG acquired Smoke Alarms Australia ("SAA") and Link Fire Holdings ("Linkfire") which set the foundation for JLG's Essential Home Services Strategic Growth Pillar
- The provision of fire, electrical and gas compliance, testing and maintenance services are highly complementary and create significant cross-sell opportunities
- Both acquisitions are led by high-calibre and experienced management teams who will be fully aligned through ongoing equity ownership – consistent with JLG's equity partnership model
- **JLG has a long history and successful track record in the space -** in 2014 JLG merged its "Your Caretaker" product with RACV to form the highly successful "Emergency Home Assist" membership program

your caretaker · RACV · Emergency Home Assist

- JLG sold its 49% equity interest in the JV to RACV in 2018 (restraints now expired)

**Essential Home Services – Attractive Market Fundamentals**

- Annuity style revenues underpinned by subscription/membership models
  - SAA has c.284k active subscribers (landlord customers via >2.4k property manager clients)
  - Linkfire services >8.5k buildings p.a. for Strata Manager clients
- Non-discretionary products and services supported by ongoing compliance/regulation
- Multiple client opportunities: Homeowner, Insurer, Property Manager & Strata Managers etc.
- High job volumes align with JLG's core business and expert project management skill-set
- Strong EBITDA margins with very large Australian and US market opportunities

**Leadership Team**

**Troy Thomson**
CEO,
Smoke Alarms Australia

SmokeAlarms AUSTRALIA

**Alistair Nicoll**
Managing Director,
Linkfire

LINKfire

### JLG's Expert Capabilities

| Expert Management & Co-ordination of High-volume Trades (JLG's core business) | Superior Customer Service (Insurer standard KPI's) | Established Scale & Local Presence (>14.5k subcontractor network) |
|---|---|---|

### Essential Home Services

*Annuity style revenues, underpinned by subscription / membership models with Homeowner, Insurer, Property Manager & Strata Manager counterparties*

- Repairs & Maintenance
- Fire safety inspections
- Building & pest inspections (pre-purchase)
- Pest control
- Electrical safety & exterior maintenance
- Locksmith services
- Electrical testing & gas services
- Disability access & modification / construction
- Window & glass replacement
- Integrated security (monitoring & response)
- Solar panel & EV (installation & maintenance)
- HVAC maintenance

***Full suite of services to be built-out over time***

# Appendix 4: JLG's Strategic Growth Pillars – Disaster Management

JOHNS LYNG GROUP

## JLG's experience & track record in delivering insurance building & restoration services for CAT events makes it a natural partner for Governments responding to large scale natural disasters & risk reduction efforts

- During FY22, JLG launched "Johns Lyng Disaster Management" – specifically assisting State and Local Governments with major event preparation, response and resiliency initiatives
- JLG's track record of service delivery, capability and local community engagement has resulted in milestone contracts with a range of governments including:

| | Project |
|---|---|
| 2021 | **Victorian Storms Recovery**<br>• Hazardous tree and debris removal on private land across 39 LGA's |
| | **Victorian Storm Recovery Contract Extensions**<br>• Hazardous tree removal program extended to public land |
| | **NSW Government Flood Recovery**<br>• >5k structural assessments and demolitions of total losses<br>• Ext. 1: Construction of 4 temporary accommodation villages for displaced residents<br>• Ext. 2: Government funded home repairs for low-income earners |
| 2022 | **Victorian Flood Recovery**<br>• >2k all hazard inspections (incl. structural)<br>• >13.5k secondary impact assessments for council assets<br>• Establishment and management of State-wide waste transfer and recycling facilities<br>• Property demolition and Makesafe programs<br>• Parks Victoria hazardous tree removal works |
| 2023 | **South Australian Flood Recovery**<br>• Co-ordinate and manage immediate risks to people and property, co-ordinate clean-up activities and dispose of debris across 9 affected LGA's |

### Leadership Team

**Nick Wiesener**
Head of JL Disaster Management Australia

**Jeff Ryan**
General Manager, JL Disaster Management Australia

***Emerging Government opportunities - Federal and State Governments are increasingly motivated to invest in reducing disaster risk with significant Federal ($200m p.a.) and State funding to support disaster risk reduction programs***

# Appendix 4: JLG's Strategic Growth Pillars – Johns Lyng USA

JOHNS LYNG GROUP

## JLG is pursuing a number of attractive growth opportunities in the US given the platform it has developed through the acquisition of Steamatic & Reconstruction Experts

- Strategic plan to systematically develop a fully integrated national service offering including: Makesafe, Insurance Building, Restoration and Disaster Management via organic growth and select M&A opportunities
- US market opportunity is compelling - BaU market is valued at c.US\$121bn[1] and is forecast to grow to c.US\$148bn[1] by FY28, with the catastrophe market historically adding an additional US\$30bn-110bn[1] in value each year

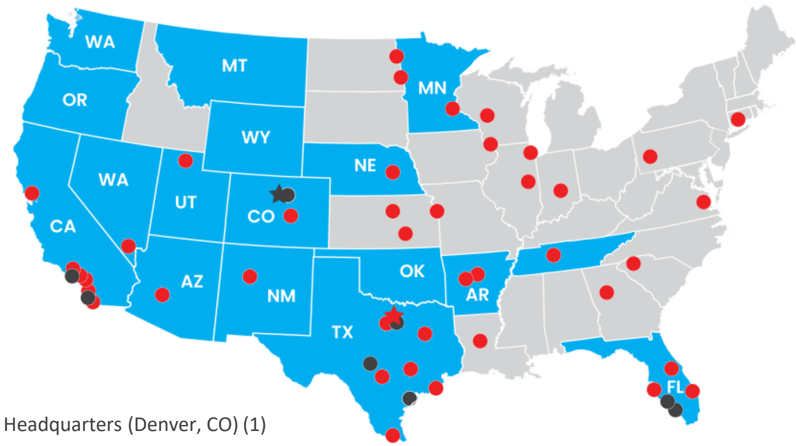
| Objective | Priorities / Targets |
|---|---|
| 1. Launch & develop JLG's existing full suite of services in US market | • Transfer of Australian IP to US business - ongoing<br>JOHNS LYNG EXPRESS BUILDERS · JOHNS LYNG MAKESAFE BUILDERS · RE RECONSTRUCTION EXPERTS · STEAMATIC Restoration & Cleaning<br>• Emergency CAT response – currently responding to Hurricane Ian in Florida<br>— CAT response to fast-track full service BaU business in Florida |
| 2. Cross-selling opportunities | • Leverage RE's and Steamatic's existing client relationships to grow job volumes and revenue<br>• Opportunity to cross-sell services to capture large multi-scope projects |
| 3. Geographical expansion | • Strategic plan to systematically develop a fully integrated national service<br>• Leverage existing relationships with clients and subcontractors to build credentials in new regions<br>• Steamatic will provide a 'soft-landing' in new States |
| 4. M&A | • Additional opportunities under assessment – in particular interstate IB&RS and property management (strata)<br>• Increasing awareness of JLG in US market is supporting enquiries from potential business vendors<br>— JLG's permanent capital and partnership model is an attractive alternative to PE for owner-managers |

## Leadership Team

**Rich Whitten**
CEO,
Johns Lyng USA
Joined: 2011 (RE)

**Brent Adamcyzk**
President,
Johns Lyng USA
Joined: 2013 (JLG)

**Ali Kronebusch**
CSO,
Johns Lyng USA
Joined: 2006 (RE)




- ★ RE Headquarters (Denver, CO) (1)
- ● RE Office Locations (8)
- ■ RE authorised to conduct business (17)
- ★ Steamatic Headquarters (Dallas) (1)
- ● Steamatic Locations (41)

[1] Per Independent Expert Report (18 July 2023)

# Appendix 4: JLG's M&A Capability Supports All 5 Strategic Growth Pillars

JOHNS LYNG GROUP

## JLG's robust investment criteria is non-negotiable

**1 Management is critical**

- Deal structures reflect JLG's partnership approach to deal making
- Vendors retain a meaningful equity interest & value JLG as a growth partner

**2 Cultural fit is a deal breaker**

- Financial rationale comes second to cultural fit with management

**3 Strategic Rationale**

**Strategic rationale built around:**

- Recurring revenues & high cash conversion
- Revenue synergies – scope to cross-sell into enlarged client base
- 'Sticky clients' underpinned by strong relationships
- Low risk of revenue cannibalisation post-Completion
- Scope for continued organic growth post-Completion
- EPS accretion & key metric analysis

**4 Disciplined approach to capital allocation & due diligence**

- Executive Management own >25% of listed company stock, hence complete alignment with shareholders (no deal hubris – we have walked away from numerous deals)

## Strategic Acquisitions

**Successful M&A program post-IPO**

- bright & duggan strata professionals — **Aug-19**: Strata Services 'platform acquisition'
- unitech building services — **Jul-21:** IB&RS bolt-on in SA (underweight market)
- STEAMATIC Restoration & Cleaning — **Jul-21:** Strategic acquisition of #2 national restoration company
- RE Reconstruction Experts — **1 Jan-22:** US market 'platform acquisition'
- LINKfire.com.au / SmokeAlarms — **1 Jul-23:** Foundation of JLG's 5th Pillar: "Essential Home Services"

**Additional strategic & bolt-on opportunities currently under assessment across all growth pillars**

# Appendix 5: Investment Highlights & Competitive Advantage

JOHNS LYNG GROUP

| | |
|---|---|
| **1 Annuity Style Revenues, CAT upside & Low Operating Costs** | • BaU represents >135k discrete jobs / 'everyday claim events' p.a.<br>• Recurring BaU revenues are robust & generally insulated from macro-economic conditions<br>• CAT events offer significant revenue & margin upside (recurring but unpredictable)<br>• Low fixed costs mitigate business risk – JLG scales up via national panel of >14.5k subcontractors |
| **2 Experienced Management Team & Enduring Client Relationships** | • Long-standing key executive team with material equity ownership (>25% JLG Ltd stock)<br>• Management is committed to the business going forward – leadership succession plan in place<br>• Business Partners report monthly vs. Business Plan & KPI's ("GO Meetings") |
| **3 Market Dynamics - Attractive Industry Fundamentals** | • Market growth drivers: population, insured property values & CAT frequency / magnitude<br>• Highly fragmented ANZ & US markets (M&A consolidation opportunity)<br>• Clients seeking integrated, national service providers – scale & track record are differentiators<br>• High barriers to entry (relationships, brand equity, credibility, trust & admin) |
| **4 Strong Organisational Culture & Equity Partnership Model Alignment** | • Values driven, meritocratic organisational culture<br>• Key employees (Business Partners) aligned with company performance via equity ownership |
| **5 Diversified & Strategically Aligned Service Offering** | • JLG has a market leading position with a strategically aligned portfolio of businesses<br>• National footprint enables rapid & efficient client outcomes |
| **6 Strong Track Record of Financial Performance & Control** | • c.26% revenue CAGR from acquisition in FY04-FY24(F) (c.$12m to c.$1.176bn)<br>• c.$128m FY24 Forecast EBITDA |
| **7 Growth: Organic plus M&A** *(Recent Acquisition of Reconstruction Experts Opens up the significant US Market)* | • Market growth drivers: population, insured property values & CAT frequency / magnitude<br>• Increasing panel representation & focus on key Loss Adjuster & Broker relationships<br>• 'Right sizing' existing markets – deeper penetration in WA, SA, NT, TAS & NZ plus US expansion<br>• Consolidation of fragmented ANZ & US markets – significant cross-sell opportunities |

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