

GROWTH RECOMMENDATION - AGM 2024 UPDATE

AGM Summary - 13th November 2024

Johns Lyng Group's (JLG:ASX) Annual General Meeting presents a positive outlook for the company:

Financial Performance:

- FY24 Group Revenue reached \$1.159 billion
- FY25 Group Revenue forecast at \$1.221 billion, indicating a 16.3% increase from FY24
- FY25 Group EBITDA projected at \$147.1 million, a 25.9% increase from FY24

Key Strengths:

1. Diversified Growth: Strong performance across multiple segments, including Insurance Building and Restoration Services (IB&RS), Strata Services, and Essential Home Services
2. Strategic Expansion: Successful integration of acquisitions and launch of new services, particularly in the US market
3. Customer Connect Platform: New technology implementation to streamline claims management, potentially improving operational efficiency
4. Robust IB&RS Performance: 9.0% BaU revenue increase and 20.2% EBITDA growth, supported by geographic expansion and new contracts
5. Keystone Acquisition: Expected to contribute over \$100 million in revenue and \$9 million in EBITDA for FY25, immediately earnings accretive
6. Strata Services Growth: Now the second-largest strata management provider in Australia
7. Government Partnerships: Strengthened relationships for disaster recovery services

Tone: The tone of the AGM presentation is optimistic and confident, highlighting strategic growth initiatives and strong financial forecasts. The company appears well-positioned for continued growth, with a focus on expanding its service offerings and geographical presence.

Risks: Potential risks to consider include the cyclical nature of catastrophe-related revenues and integration challenges from recent acquisitions. Overall, Johns Lyng Group presents an attractive investment proposition with its diversified business model and strong growth trajectory.

VERSUS BROKER EXPECTATIONS

Based on the Annual General Meeting (AGM) presentation and the broker expectations, we can draw the following comparisons:

Financial Performance and Outlook

AGM Guidance:

- FY25 Group Revenue forecast: \$1.221 billion (16.3% increase from FY24)
- FY25 Group EBITDA projection: \$147.1 million (25.9% increase from FY24)

Broker Expectations:

- Macquarie: Maintains Outperform rating with a \$4.90 target price
- Bell Potter: Hold rating with a \$4.40 target price
- Morgan Stanley: Overweight rating with a \$4.40 target price

The AGM guidance appears to be in line with or slightly exceeding broker expectations, given the positive ratings and maintained or increased target prices.

Key Points of Interest

1. US Performance:

- AGM: Highlights strategic expansion in the US market, including new services and partnerships
- Macquarie: Forecasts around 12% US revenue growth, noting minimal potential upside from hurricane CAT impacts

2. Acquisitions:

- AGM: Emphasizes the Keystone acquisition, expecting over \$100 million in revenue and \$9 million in EBITDA for FY25
- Morgan Stanley: Specifically notes this acquisition in their commentary, aligning with the company's guidance

3. Business-as-Usual (BaU) Performance:

- AGM: Reports 9.0% BaU revenue increase and 20.2% EBITDA growth in IB&RS
- Bell Potter: Highlights potential risks in domestic BaU margins, projecting a bottom in FY26

4. Dividend Forecasts:

- Brokers generally forecast dividends between 7.90 to 10.00 cents per share for FY25 and FY26

Tone and Outlook

Overall, the AGM presentation seems to meet or slightly exceed broker expectations, with a focus on growth strategies and positive financial forecasts that align with the more bullish analyst views.

INFOGRAPHICS

FY25 Financial Forecast

These metrics underscore a positive trajectory for Johns Lyng, indicating resilience, adaptability and a solid foundation for continued growth in both core and expanded markets.

\$1.221bn

FY25 Group Revenue (excl. CC)

+25.9%

Increase on FY24 (BoU)

\$147.1m

FY25 Group EBITDA (excl. CC & Other) ¹

+16.3%

Increase on FY24 (BoU)

¹ Including Keystone Acquisition and excluding Commercial Construction which is in the latter stages of run-off
² Other includes Keystone acquisition and Global 360, Public Company Opex and Executive Incentive Plan

A robust performance despite a challenging economic environment

\$845.3m

FY24 B&S Revenue (BoU)

+9.0%

vs. FY23 BoU Revenue

+20.2%

vs. FY23 BoU EBITDA

JB&S also diversified its client portfolio by securing significant new contracts and extensions with major insurance providers. These included new partnerships with New Zealand-based **Tower Insurance**, **Safety Culture Care**, **RAA** and **Hutch**, as well as renewals with major clients like **Hollard**, **Suncorp**, **CHU** and **QBE**.



Expanding Portfolio, Leading Industry Reform and Embracing Regulation

#2

Largest Strata Management Provider in Australia

19

Offices across the Australian Eastern Seaboard

3

Recent acquisitions: SSKB Strata, AM Strata and Your Local Strata

c.145,000

Lots/units under Management

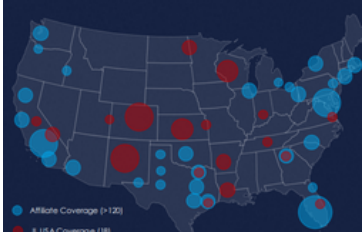
c.4,800

Buildings/Strata Schemes



Customer Connect

Johns Lyng USA Launches "Customer Connect" Platform to Streamline and Accelerate Claims Management



1 Claim Allocation

Insurance Carrier assigns job to Customer Connect, which then allocates it to a U.S. Sub-Co, Streamatic Franchise, or affiliate; homeowner signs work order with service provider, assigning all performance and credit risk to the contractor.

2 Claim Management

Customer Connect audits and manages claims for the Insurance Carrier, ensuring all SJA are met and providing detailed oversight throughout the claims process to maintain high service standards.

3 Claim Completion

Customer Connect reviews completed job for standards compliance, submits file, receives payment and compensates the contractor after fees, ensuring quality and accountability in service delivery.

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Our Commitment

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