



ASX Announcement

Millennium Services Group Limited (ASX: MIL)

31 August 2018

Millennium FY18 Full Year Results Announcement

Highlights

- Revenue of \$282.1 million, up 12.8% on pro forma 2017
- Gross Profit of \$42.4 million, down 2.1% on pro forma 2017
- Underlying EBITDA of \$15.4 million, down 18.5% on pro forma 2017
- Statutory Net Loss after Tax of \$0.747 million

Millennium Services Group Limited (**Millennium** or the **Company**) (ASX: MIL) today announced its results for the full year ended 30 June 2018.

Underlying EBITDA of \$15.4 million was impacted by revenue mix shifts affecting margins, and reflects a short-term increase in overhead expenditure during the transitional phase.

The Company reported a statutory net loss after tax of \$0.747 million, which incorporates \$3.33 million of non-recurring increases in provisions that are largely related to legacy issues.

The Company's revenue performance was driven by strong, but disciplined, growth. While revenue was supported by new and renewed contracts in traditional areas of strength such as retail cleaning, diversification of the contract book continued into new segment areas, in line with company strategy.

Statutory EBITDA was impacted by several one-off items including public liability claims and legal expenses, employee entitlements and adjustments for non-recurring debtor recoveries.

No final dividend has been declared.

In developing the platform for profitable growth, Millennium has continued to broaden management strength, diversify its contract base, invest in technology and refine bidding processes. Overhead containment remains a strong focus area.

Craig Hanley, Chief Executive Officer of Millennium said: "The investment in our Bid team and processes has yielded strong bid outcomes and associated revenue growth for the year. The rollover of higher margin contracts, a continued revenue mix shift and a competitive pricing environment contributed to some margin pressure for the Group. Millennium retains a robust bidding process, focused on appropriate rates of return, while streamlining overheads."

SEGMENT COMMENTS

Millennium's Cleaning segment continued to record solid revenue growth, up 10.0% on the year.

During the year Millennium secured multiple national iconic retail contracts, including several outside the traditional shopping centre market. Commercial and government success in Western Australia further diversified the contract base.

Security saw strong revenue growth, up 33.1%. During the year, Millennium commenced 71 new assets to take annualised Security revenue through the \$55m pa level. Highlights of the year included entry into the event security market and continued momentum in data centres. In line with company strategy, Security continues to increase in share of the overall contract book, hitting a run rate of 18% in June, despite the overall strength in group revenues.

The pipeline of opportunities across both Cleaning and Security remains significant.

Mr Hanley commented: "Both Cleaning and Security experienced solid segment revenue growth in a competitive market. Millennium's broad national footprint, disciplined bid process and technology investment have been instrumental in securing key contract wins at returns above Millennium's cost of capital."

"Millennium has \$500 million dollars of contracted revenue secured over the next three years, helping to provide increased visibility and stability around revenue growth. Cost control will be critical. Our headcount initiatives, for instance, provided an important offset to margin pressures elsewhere in the business."

STRATEGIC INITIATIVES

Millennium is building the foundations for disciplined growth and improving shareholder return.

The new management structure and associated investments have been finalised, while active diversification of the contract book continues. The management team maintains a clear, driven, organisational focus on cost control, labour efficiency and customer partnerships. The pricing environment remains competitive. Accordingly, Millennium's bid process remains focused on disciplined pricing, overhead recovery and appropriate hurdle rates.

OUTLOOK AND GUIDANCE

Millennium's underlying business fundamentals provide a strong platform for improved returns. Increasing diversification across market segments and regions continues with improved contract book stability. Overheads remain a focus and are expected to trend lower.

Millennium expects to achieve revenue during FY19 in the range of \$290 million to \$310 million, and EBITDA in the range \$15.5 million to \$17.5 million.



INVESTOR CONFERENCE CALL

Investors and shareholders are invited to participate in a conference call briefing on Millennium's FY18 Results hosted by Craig Hanley, Chief Executive Officer, and Paul Smith, interim Chief Financial Officer.

Conference call details

Date: Friday 31 August 2018

Time: 9:30am AEST

Speakers: Craig Hanley (CEO) and Paul Smith (Interim CFO)

After dialling relevant number below please enter Conference ID: 4473 597

Australia Toll: +61 2 8038 5221

Australia Toll-free: 1800 123 296

New Zealand: 0800 452 782

Hong Kong: 800 908 865

Singapore: 800 616 2288

United Kingdom: 0808 234 0757

United States: 1855 293 1544

The presentation slides and audio webcast will be available live at:

<https://webcast.openbriefing.com/4689/>

For further details refer to the Investor Presentation and FY18 Financial Report which is available from the investor section of the Company's website (www.millenniumsg.com).

-ENDS

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