

28 August 2017

Millennium FY17 Full Year Results Announcement

Strong result positions Millennium for future growth

- Pro-forma revenue of \$250.0 million, in line with guidance and up 59% on FY16
- Pro-forma Operating EBITDA of \$17.9 million, in line with guidance and up 48% on FY16
- NPAT of \$6.2 million, up from \$0.7 million in FY16
- Contract book significantly strengthened
- Transformational acquisition of Airlite cements national footprint
- Final dividend of 5.4 cents per share (fully franked), taking the total dividend to 8.9 cents per share for FY17

Summary Financials

\$ million	FY17	FY16	Variance
Pro-forma results			
Revenue	250.0	157.2	59%
EBITDA	17.9	12.1	48%
Statutory results			
Revenue	227.3	105.4	116%
EBITDA	15.8	4.2	276%
NPAT	6.2	0.7	787%
Dividend (cps)	8.9	4.4	102%

Craig Hanley, Chief Executive Officer of Millennium Services Group (Millennium) said, “We have achieved a strong full year result, with pro-forma revenue up 59% and pro-forma operating EBITDA up 48% year-on-year, driven by the transformational acquisition of Airlite and the strong performance of our underlying business, where we won new and renewed contracts valued at over \$70 million in annual revenues.

“Millennium has a clear vision and strategy to build out a national integrated service offering and the acquisition of Airlite delivers on that strategy. Airlite cemented our national footprint and we are now advantageously positioned to fulfil nationally-based, large volume contracts.

“Following another active 12 months of tendering, our contract book is stronger than it has ever been. We have a strong portfolio of national, long-term, multi-service contracts. These contracts are diversified across a blue-chip client base, and over 80% of contracts are in the 3 year-plus expiry range.”

Millennium announced a final dividend of 5.4 cents per share fully franked, providing shareholders with a full year dividend of 8.9 cents per share fully franked. This represents a gross dividend yield of 8.2%¹.

Strengthened Contract Book

During the financial year, Millennium won new and renewed contracts valued at over \$70 million in annual revenues.

¹ Based on Millennium's closing share price on 25 August 2017

Mr Hanley said, “Our success in winning new contracts and extending existing contracts across services, sectors and geographies is testament to the strength of our capabilities and our reputation of delivering high quality services in a consistent, nationally integrated manner.”

Solid Financial Position

Millennium maintains a solid financial position, with a cash balance of \$8.1 million and net debt² of \$21.7 million as at 30 June 2017.

Millennium is adequately funded within its existing debt facilities, with headroom to continue to fund future growth initiatives.

Dividend

The Board has declared a fully franked final dividend of 5.4 cents per share, bringing the total dividend for FY17 to 8.9 cents per share.

This equates to a payout ratio of 50%, which is within the Company’s stated policy of 40% to 60% of NPAT (after adding back the impact of contract and trademark amortisation).

The dividend record date is 15 September 2017 and is payable to shareholders on 5 October 2017.

Strategy

During the 2017 financial year, Millennium continued to execute on its stated strategy to become Australasia’s leading integrated services provider.

Commenting on the strategy, Mr Hanley said: “Since listing in November 2015, Millennium has experienced significant growth, both organic and through acquisition. In line with our strategic imperatives, we refreshed our leadership structure, centralised processes and strengthened governance structures to actively support the expansion of our business and the execution of our long-term strategic plans.”

Outlook

The strong financial and operational performance of the 2017 financial year provides a strong platform to create long-term value and sustainable earnings growth.

Millennium remains active in the tendering market and is in a strong position to unlock the benefits of recent acquisitions and realise the growth potential of the Security business.

Millennium’s solid balance sheet provides flexibility to fund future growth initiatives and the Company will continue to canvas value-accretive acquisition and consolidation opportunities to expand its sector and service offering, as well as its geographic presence.

FY18 Guidance

Millennium has achieved a positive start to the 2018 financial year, securing a long-term, five-year national contract with Myer.

“We are delighted to announce today that we have been awarded a national, long-term contract with Myer, one of Australia’s iconic companies. Millennium will provide cleaning services to approximately 70 Myer stores and

² Net debt = Borrowings as at 30 June 2017 + bank guarantees – cash & cash equivalents

distribution centres across all States and the ACT. This national appointment validates our strategy to build-out an integrated services offering across a national footprint,” said Mr Hanley.

Millennium expects a continuation of strong revenue growth in FY18. EBITDA growth will be moderated by an increase in overheads year-on-year, which is primarily driven by the front-end investment in the management team that joined the business from February this year, as well as further investment in the Finance team. This investment means our overhead people-related cost base is now largely set for future growth.

Subject to the timing of further impending contract wins, Millennium is targeting:

- FY18 pro-forma revenue of approximately \$290 million (growth of 16% year-on-year);
- FY18 pro-forma EBITDA of approximately \$20 million (growth of 12% year-on-year);
- FY18 NPAT of approximately \$7 million (growth of 13% year-on-year); and
- FY18 EPS of approximately 15 cents per share (growth of 13% year-on-year).

Due to the expected revenue and margin skew to the second half of FY18, 1H18 revenue is expected to represent approximately 46% of FY18 revenue whilst 1H18 EBITDA is expected to represent approximately 30% of FY18 EBITDA.

Millennium’s 2017 Annual General Meeting will be held on Monday 27 November 2017.

-ENDS-

Conference call details

The Company will hold an analyst and investor conference call today at 9.30am AEST to discuss today's announcement. The conference call will also be webcast. Please see full details below.

Date: Monday 28 August 2017

Time: 9:30am AEST

Speakers: Craig Hanley (CEO), Damien Gray (CFO)

Conference-call dial-in

***After dialling relevant number below please ENTER CONFERENCE ID: 5899 6283**

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

Live webcast link

<http://webcast.openbriefing.com/3833>

-ENDS-

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