

Millennium FY17 Interim Results

- Robust revenue and earnings momentum during the half, with pro-forma revenue of \$123.7 million, up 62% on prior corresponding period (pcp) and pro-forma EBITDA of \$9.0 million, up 73% on pcp
- Statutory net profit after tax of \$2.3 million
- Strong gross margins maintained, underscored by high-quality service client value proposition
- Contract book profile significantly strengthened
- Airlite performing well and in line with expectations; integration progressing to plan
- Interim dividend of 3.5 cents per share (fully franked)

Millennium Services Group (ASX:MIL) is pleased to announce its results for the six months ended 31 December 2016, delivering 62% growth in pro-forma revenue and 73% growth in pro-forma EBITDA, whilst maintaining strong gross margins.

Summary of results

\$ million	1H17	1H16	Change
Pro-forma results¹			
Revenue	123.7	76.3	62%
EBITDA	9.0 ²	5.2	73%
Statutory results			
Revenue	101.0	24.6	311%
EBITDA	6.1	(2.4)	354%
NPAT	2.3	(2.7)	185%

1. This incorporates the results of Millennium and Airlite as if they are a consolidated group for the period 1 July 2016 to 31 December 2016

2. Pro-forma 1H17 EBITDA exclusive of \$0.8 million of incremental acquisition and integration related costs

Millennium Chief Executive Officer, Mark Baldwin commented, "Our strong interim 2017 result builds on the momentum that we established in the 2016 financial year, reflecting good progress towards our stated strategy to build a high-quality cleaning, security and facilities maintenance services business in Australia and New Zealand.

"The transformational acquisition of Airlite during the half delivered on our strategy to complete our national footprint. This has put the foundations in place for Millennium to leverage its national presence, build meaningful scale, develop a broader service offering and strengthen its competitive position going forward.

"Over the half, Millennium generated strong growth in both revenue and earnings, boosted by the contribution from Airlite. We also delivered solid organic growth, as we secured major new contract wins and portfolio renewals. Gross margins also remained strong, underscoring our high-quality customer value proposition," said Mr Baldwin.

Contract Book

During the half, Millennium was awarded a number of new and renewed contracts, including:

- Scentre Group – renewal of cleaning contract at Westfield Doncaster; expansion of scope to include Security services at Westfield Geelong, Westfield Airport West and Westfield Plenty Valley; and new cleaning contracts at Westfield Newmarket and Westfield St Lukes in New Zealand;
- Vicinity Centres – renewal of several cleaning contracts in Victoria, New South Wales and Queensland;
- QIC – renewal of major cleaning contracts in Queensland;
- ISPT – new cleaning contracts at two sites in Canberra;
- Blackstone – new cleaning contract in South Australia; and
- Charter Hall – new cleaning contracts in New South Wales.

Mr Baldwin said, “These new contract wins and renewals validate our high-quality service client value proposition and clearly demonstrate our capacity to leverage our scale, Australasian footprint and breadth of services to secure long-dated, expandable contracts.”

Solid Financial Position

Millennium maintains a solid financial position, with net debt¹ of \$22.7 million as at 31 December 2016.

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

Dividend

Reflecting the company’s sustainable earnings and growth outlook, the Board has declared a fully franked interim dividend of \$0.035 per share. The dividend record date is 10 March 2017 and is payable to shareholders on 4 April 2017.

Outlook

Growing the Security Division

The Board has a stated strategic imperative to grow the Security division to circa 30% of total Group earnings.

Significant opportunities now present themselves in this sector and Millennium is strategically positioned to respond, having recently secured the expertise of five experienced security executives to bolster its existing capabilities.

The enhanced Security division will be led by Craig Hanley, who commenced as Chief Operating Officer of Millennium on 1 February 2017.

FY17 Guidance

Millennium is pleased to reaffirm its FY17 outlook provided on 21 October 2016, subject to timing of contract wins:

- FY17 pro-forma² revenue expected to be in the range of \$246 million to \$256 million;
- FY17 pro-forma² EBITDA expected to be in the range of \$17.7 million to \$18.6 million³; and
- FY17 pro-forma² capital expenditure expected to be in the range of \$4.1 million to \$4.6 million.

¹ Net debt = Borrowings as at 31 December 2016 + bank guarantees – cash & cash equivalents

² This incorporates the result of Millennium and Airlite as if they were considered a consolidated group for the whole 12 months

³ Inclusive of incremental acquisition and integration related costs

Due to the unbudgeted opportunistic investment in the Security division, FY17 pro-forma EBITDA is expected to be at the lower end of the range.

Commenting on the Company's outlook, Mr Baldwin said: "Our first half result, together with the Company's bias of earnings towards the second half, demonstrates that we are on track to deliver on our full year revenue and earnings expectations.

"The investment in building the expertise and capability to support the growth of our Security business reflects our confidence in its future trajectory. We are focused on leveraging this investment to create value and deliver sustainable growing returns for our shareholders."

Conference call details

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

Date: Tuesday 28 February 2017

Time: 9:30am AEDT

Speakers: Mark Baldwin (CEO), Damien Gray (CFO)

Conference-call dial-in

***After dialling relevant number below please ENTER CONFERENCE ID: 6616 1799**

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/3033>

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