

ASX Announcement

Millennium Services Group Limited

(ASX: MIL)

29 August 2019

Millennium FY19 Full Year Results Announcement

Dear Shareholders

I am pleased to advise that, although facing significant challenges over the last Financial Year, the last 9 months have seen the Millennium team undertake a successful restructure of the Company which has set it on a path for consolidation, profitability, and growth.

FY19 has certainly been a year of two halves.

Since the appointment of the new Board in October 2018 we have appointed a new CEO and CFO who, together with the support of the Millennium and Airlite teams, have embarked on a detailed Business Improvement Plan which has made early and significant progress towards addressing the challenges we identified in our H1 presentation.

Some of the positive outcomes that the Company has achieved to date include:

- A \$4.9M turnaround in underlying EBITDA for FY19 - from a (\$2.4M) underlying EBITDA in the first half, to an underlying EBITDA of \$2.5M in the second six months, setting the Company on a clear and sustainable path to profitability.
- Received confirmation from the ANZ Bank of their continuing support for the Company which will allow time to review the terms and conditions of a debt restructure and a general reset of the Company's financial position.
- Implementing a Business Improvement Plan that includes a structural reorganisation, an administrative head-count reduction to control overheads, resolution of historical practices as well as taking actions leading to more efficient and cost-effective operations. The implementation of this Plan is expected to deliver annualised savings of \$11M and other benefits, expected to be progressively realised throughout FY20 and into FY21, without compromising Millennium's excellent service delivery to our many clients.
- Consolidation and improvement in our cash position by reducing outstanding debtor days and by negotiating a trade finance facility with Scottish Pacific.
- Introduced leading edge technology to improve reporting, controls, rostering, and the delivery of services.

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- Improving the integration of the WA based wholly owned and successful Airlite business into the Millennium Group, with improved reporting and management structures.
- Resetting the Millennium Balance Sheet of items that were restricting the opportunity to take the Company forward.

It is from this positive base that Millennium will continue to consolidate and grow our business. The Board and Senior Management have set targets for the next two years, to diversify and de-risk the business and improve profitability by continuing its market leader status in the retail cleaning sector and its growth in the security sector, but also by looking for new opportunities in commercial (non-retail) cleaning, facilities management, and other related services.

In particular, Millennium will look to expand its current footprint in the government, education and infrastructure sectors.

Millennium's client list in New Zealand continues to grow with our recent appointment to the new Westfield flagship centre "Newmarket", in Auckland. The Company now has a business development presence in both the North and South Islands and expects strong and profitable growth in NZ as a result.

Every member of the Millennium and Airlite teams have contributed to the Company's strong performance over the last 6 months. The MIL Board is confident that the actions taken, and being taken, will improve the business further, restore confidence in the Company and improve shareholder value.

My thanks to my fellow Board members for their commitment and support, also to our executive team, in particular CEO Darren Boyd and CFO Michael Constable, and to everyone on the Millennium and Airlite teams for their hard work, support and loyalty over the last year.

Finally, my thanks to you – our shareholders. I look forward to sharing our future successes with you.

Yours Sincerely



Roger Smeed

Chairman
Millennium Services Group

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