



# BUSINESS UPDATE

21 August 2023

**millennium**

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# About this document



**Dear Shareholders,**

This document provides a Millennium Company Update focusing on our delivery against commitments made in 2022 and our growth prospects for 2024 and beyond. Key financial results for FY2023 are also presented, with the full accounts available in the Appendix 4E on our website.

**Royce Galea**

**CEO and Managing Director**

# Delivering on our commitments

Millennium has met and exceeded its 2022 commitments\*

“We will invest in business development to grow organically and through diversification into new sectors”

Major contracts secured in new sectors including; Aviation, Education, Transport & Logistics

“We will protect and strengthen our contract book through renewals and new business wins”

Contract Book renewals and new business wins to more than \$900m as of August 2023

“We will work to expand the services we provide to existing clients and expand into new geographies.”

Expansion of services provided to major retail clients from single to dual and multiple services. In August 2022 we began a new contract in Darwin completing our national footprint.

\* Financial Results 2022, Investor Presentation, 17 August 2022

# 2024: Business Upswing

**Millennium is positioned for a strong FY24 after organic growth in FY23 surpassed internal targets.**

- Total revenue is forecast to be between \$300m - \$305m in FY24, representing an increase of between 13% -15% compared to FY23. This increase has come from all areas of the business across Australia and New Zealand.
- EBITDA in FY24 is forecast to be between \$12.2m – \$13.2m
- Contract extensions of over \$310m in cleaning and security contracts across 13 major assets until June 2028
- New five-year contract for Security Services in WA and NSW with a term value of \$51m
- Three-year contract with a new global client, Amazon, across eight logistics centres in WA, SA, VIC, and NSW
- New contract for 68 Baby Bunting stores around Australia for a three-year term (with over 40% of all stores in shopping centres where Millennium provides Cleaning/ Security)
- New contract in Darwin at a retail shopping Centre, completing our national coverage and providing a platform for further growth
- Millennium's management has worked closely with our valued customers and has been able to recoup the latest Fair Work Australia National Minimum Wage increase, Superannuation and Federal and State Government increases in FY24.

# 2024: Future Dividend Policy

The Directors of Millennium are pleased to advise that they have resolved to reinstitute the dividend policy as stated in its prospectus. The dividend policy from FY24 onwards is to pay a target payout ratio of 30% to 40% of sustainable profits. Noting that payment of dividends will continue to be at the discretion of the Board and subject to liquidity.

Future payment of dividends will be dependent on factors including accretive strategic growth, an acquisition or an investment opportunity that may arise and the requirement for working capital.

It is also the intention of the Board that all dividends will be franked to the maximum extent possible.

# Enabling Growth: Executive Team



**Royce Galea**  
CEO & Managing Director



**Amarjit Sidhu**  
Chief Financial Officer



**Christopher Zyner**  
General Manager,  
People & Culture



**Annabelle Brooks**  
General Counsel



**Wayne Crewes**  
General Manager,  
Business & Strategy



**Stephen Libbury**  
Director, Security Services



**Marc Harris**  
National General Manager  
Integrated Services



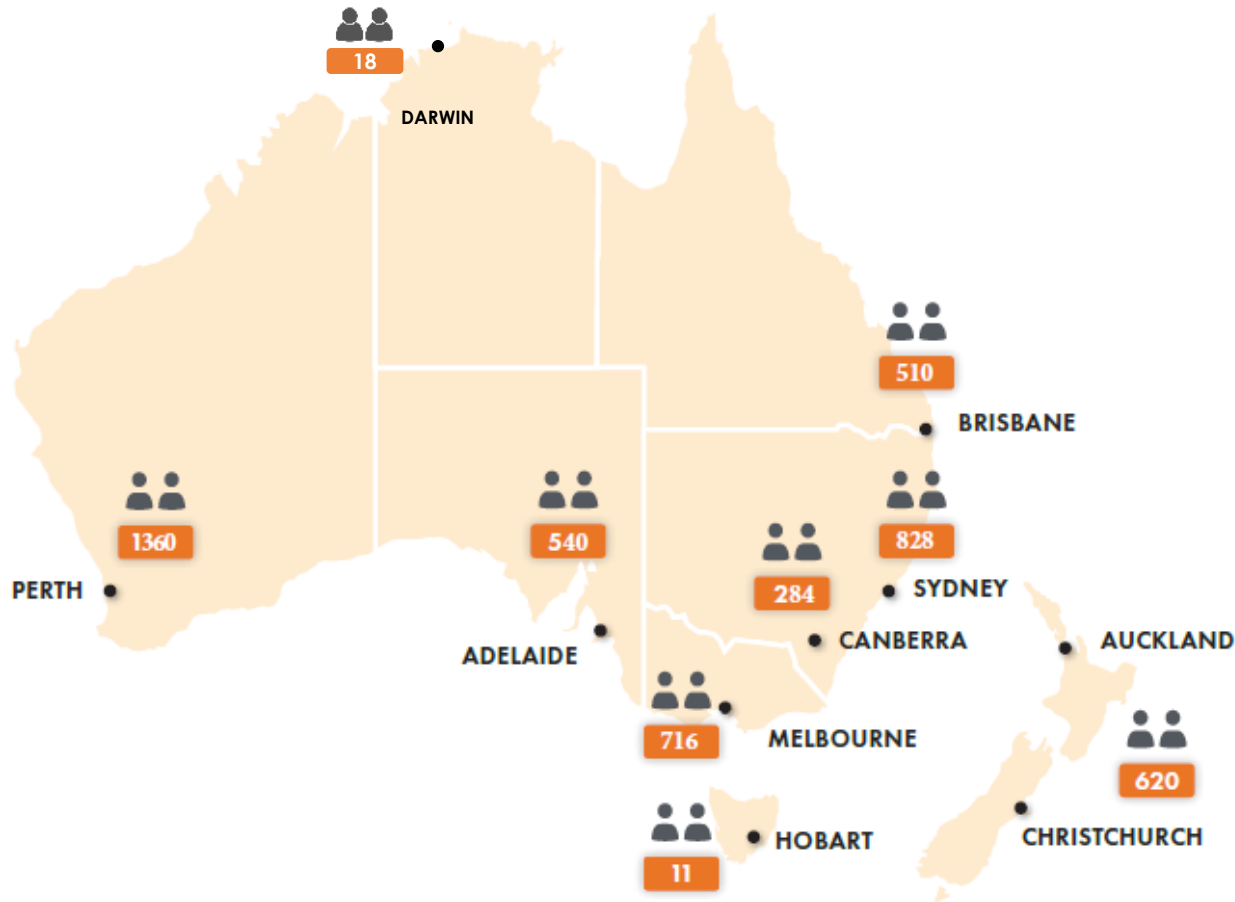
**Stuart Davis**  
General Manager  
Western Australia



**Salim Raja**  
Chief Risk & Compliance  
Officer



# Enabling Growth: **Strength in Coverage**



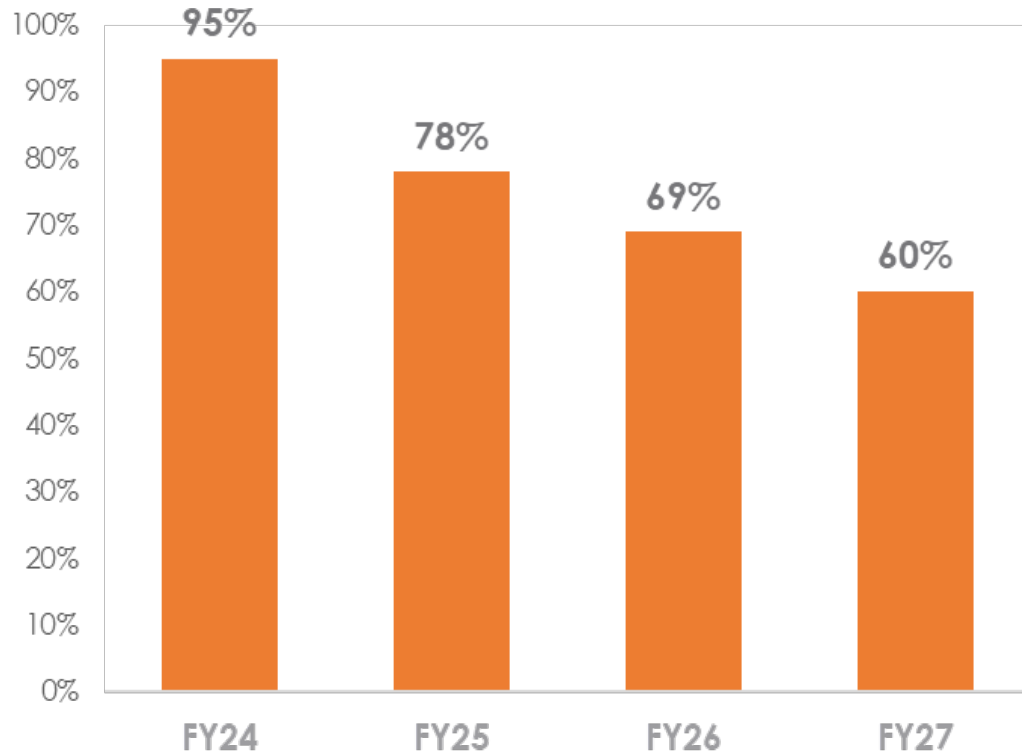
- Leading cleaning, security and integrated services business servicing key customers in the commercial property, retail and Government sectors with extensive Australia / NZ presence
- Scalable service delivery model through substantial employee base and trusted specialist partners
- Controls and Governance in place to ensure we can meet any future changes in compliance obligations or legislation
- Broad ranging client and industry base

Total employees: **4887**  
(August 2023)

# Enabling Growth: Key Customers



# Contract Revenue Roll-off



In 3 years time more than half of contracted revenue is still in place.

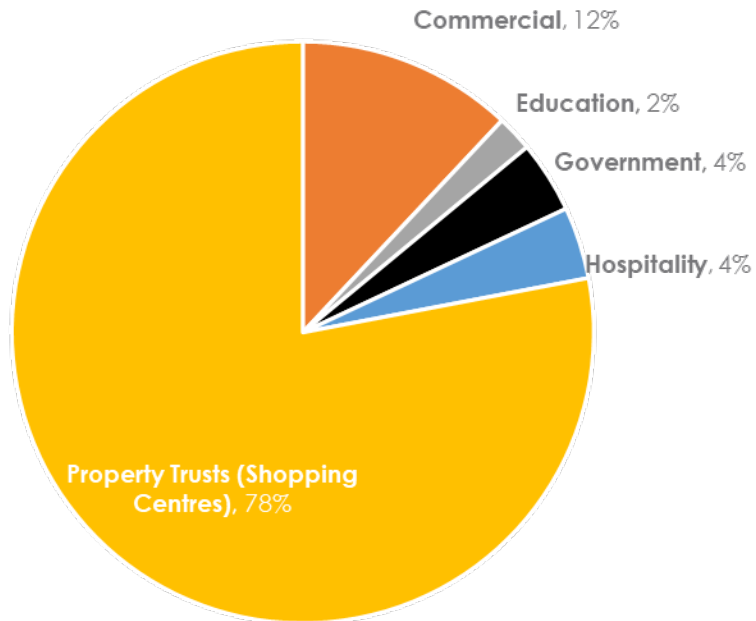
- Millennium has bolstered the contracted revenue pipeline with blue chip clients whilst simultaneously expanding gross margins and investing into more business development resources as a launch pad to further organic growth into diversified less capital intensive markets.
- Based on past performance, Millennium typically re-contracts 90% of its book from year to year.

\* Numbers above assume no early contract termination rights are exercised

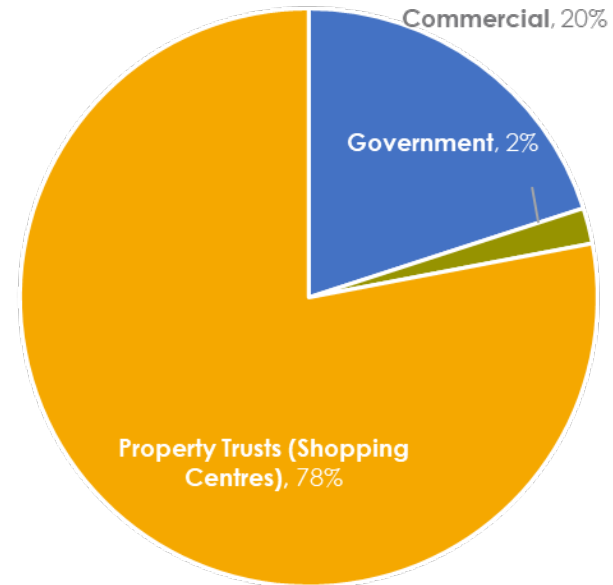
# Revenue by Industry

Millennium serves a range of customers, industries and geographies.

Cleaning - % revenue by industry FY23



Security % revenue by industry FY23





# Key Financials

# 2023 Financial Results **Summary**

- Revenue up by 2.0% from \$260.6m to \$265.8m. Excluding revenue from a Victorian Government Project which ended in FY22, revenue grew 9.3% in FY23 compared to FY22.
- Statutory overheads reduced by \$0.5m, excluding New Zealand COVID-19 subsidies
- Completion of the Victorian Government Project (Covid-19 Vaccination Centres) impacted FY23 results with gross profit reducing from \$39.8 in FY22 to \$37.7m in FY23.
- Net debt reduced by \$0.7m from \$4.0m as at 30 June 2022 to \$3.3m as at June 2023.
- Balance sheet strengthened with strong growth in net assets from \$0.4m as at 30 June 2022 to \$1.4m as at 30 June 2023.
- \$15.7m of unused debt facilities as at 30 June 2023 allowing sufficient capability to fund new contract wins.

# Revenue Growth

## Summary Income Statement\*

	FY 2022	FY 2023	Change \$m	Change %
Total Revenue	\$260.6m	\$265.8m	\$5.2m	2.0%
Gross Profit	\$39.8m	\$37.7m	(\$2.1m)	(5.3%)
Gross Margin %	15.3%	14.2%	-	-
Overheads	(\$28.7m)	(\$29.8m)	(\$1.1m)	3.8%
Overhead %	11.0%	11.2%	-	-
Share of EBITDA of equity accounted investee	-	\$0.3m	\$0.3m	100%
Underlying EBITDA	\$11.1m	\$8.2m	(\$2.9m)	(26.1%)
Reported EBITDA	\$9.1m	\$7.1m	(\$2.0m)	(22.0%)

\* Refer slide 21 for details of non IFRS / normalization adjustments

# Summary Balance Sheet

	Jun 23 \$m	Jun 22 \$m	% var	Observations
Cash	3.3	1.9	73.7%	Cash on hand increased by \$1.4m during FY23 due to \$8.4m of cash generated from operating activities, less (\$2.7m) utilised in investing activities and (\$4.3m) utilised in financing activities.
Trade receivables	16.0	17.3	(7.5%)	Continued focus on working capital management.
Equity-accounted investee	1.5	1.3	15.4%	Investment in an associate: Codee Cleaning Services. Codee is an Indigenous owned business, providing cleaning and maintenance services to a broad range of customers in Western Australia.
Plant & equipment	7.7	6.8	13.2%	
Other Assets	22.1	20.1	10.0%	\$1.0m increase in right of use assets and a further \$1.0m combined increase inventories, prepayments and deferred tax assets.
<b>Total Assets</b>	<b>50.6</b>	<b>47.4</b>	<b>6.8%</b>	
Trade payables	17.9	15.0	19.3%	
Income tax payable	0.3	2.7	(88.9%)	\$2.9m of income tax payments made during the financial year.
Employee entitlements	20.0	19.9	0.5%	
Provisions & other liabilities	4.4	3.5	25.7%	AASB 16 lease liabilities increased by \$1.1m.
Borrowings	6.6	5.9	11.9%	Debt utilisation and available funding detailed in 'Borrowings and Debt Facilities' slide. Net debt reduced from \$4.0m to \$3.3m over the financial year.
<b>Total Liabilities</b>	<b>49.2</b>	<b>47.0</b>	<b>4.7%</b>	
<b>Net Assets</b>	<b>1.4</b>	<b>0.4</b>	<b>250%</b>	\$1.0m increase in net assets due to \$0.6 profit after tax for FY23, \$0.3m increase in share-based payments reserve and \$0.1m increase from exercise of options.



# Borrowings and Debt Facilities

## Borrowings

	Drawn Jun 23 \$m	Drawn Jun 22 \$m	Debt utilization / (reduction) \$m
ANZ Bank Term Loan	0.0	1.8	(1.8)
Asset Finance	2.8	1.7	1.1
Overdraft	0.0	2.3	(2.3)
Trade Debtor Financing	2.5	0.0	2.5
Premium Funding Loans	1.3	0.1	1.2
<b>Total Debt</b>	<b>6.6</b>	<b>5.9</b>	<b>0.7</b>
Cash on Hand	3.3	1.9	(1.4)
<b>Net Debt</b>	<b>3.3</b>	<b>4.0</b>	<b>(0.7)</b>

## Debt Facilities

	Total Facilities Jun 23 \$m	Drawn Jun 23 \$m	Unused as at Jun 23 \$m
NAB Asset Finance	1.5	1.3	0.2
Non-bank Asset Finance	3.0	1.5	1.5
Trade Debtor Financing	16.5	2.5	14.0
Premium Funding Loans	1.3	1.3	-
<b>Total</b>	<b>22.3</b>	<b>6.6</b>	<b>15.7</b>

- Net debt reduced by \$0.7m.
- There were \$15.7m of unused debt facilities as at 30 June 2023 allowing sufficient capability to fund new contract wins. Cash on hand as at 30 June 2023 was \$3.3m, resulting in total available funding of \$19.0m.

# Cash Profile

## Operating cash flows

	FY 2023 \$m	
	Reported	Underlying*
<b>EBITDA</b>	<b>7.1</b>	<b>8.2</b>
Decrease in trade and other receivables	1.3	1.3
Increase in trade and other payables	2.9	2.9
Share based expense (non-cash), and changes in other assets, provisions and other balance sheet items	1.8	1.5
<b>Net operating cash inflows</b> (excluding interest and income taxes)	<b>13.1</b>	<b>13.9</b>

\$15.7m of unused financing facilities as at 30 June 2023, provides business with the ability to fund expansion of operations.



# Statutory Performance

# Summary Statutory Income Statement

	FY 2023 \$m	FY 2022 \$m
<b>Total Revenue</b>	265.8	260.6
<b>Gross Margin</b>	<b>37.7</b>	<b>39.8</b>
Other income	0.0	1.0
Incremental wage expenses (FY22: NZ COVID-19 subsidies)	0.0	(0.6)
Overheads	(30.6)	(31.1)
<b>Reported EBITDA</b>	<b>7.1</b>	<b>9.1</b>
Depreciation	(4.4)	(4.7)
Finance costs	(1.9)	(1.1)
Share of profit of equity-accounted investee, net of tax	0.2	0.1
<b>Profit Before Income Tax</b>	<b>1.0</b>	<b>3.4</b>
Income Tax Expense	(0.4)	(1.2)
<b>Net Profit After Income Tax (NPAT)</b>	<b>0.6</b>	<b>2.2</b>

# Reconciliation of Reported EBITDA to Underlying EBITDA

	FY 2023 \$m	FY 2022 \$m
<b>EBITDA reported</b>	7.1	9.1
<b><i>Adjust for non-recurring items</i></b>		
<i>Other income: Government grants recognised (New Zealand)</i>	-	(0.9)
<i>Overheads: Incremental wage costs (New Zealand)</i>	-	0.6
<i>Overheads: Non-recurring advisor fees, bank refinancing costs, due diligence costs &amp; share based payments.</i>	0.8	2.3
<b><i>Adjust for Share of EBITDA from equity accounted investee</i></b>	0.3	-
<b>EBITDA Underlying</b>	<b>8.2</b>	<b>11.1</b>



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Appendices

# Business Support Update: Environment

Millennium understands that our operations have an impact on the environment and is committed to understanding and minimising our carbon and waste footprints.

We do this by:

- Purchasing and using sustainable equipment in our operations
- Purchasing and using environmentally friendly consumables including: environmentally friendly cleaning chemicals; no single use plastic kitchen items, avoiding disposable products where possible, and reducing and replacing dangerous chemicals for cleaning activities
- Deploying water efficient robotic floor cleaners and using recycled water where possible for cleaning
- Partnering with clients and suppliers to improve sustainability practices and outcomes and encourage ongoing innovation in areas that seek to reduce, reuse and recycle resources.
- Delivering waste management programs that minimise waste production by segregating waste at the origin site; recycling waste and reducing the environmental impact of waste disposal.



In FY23 Millennium developed an **ESG snapshot document** as a precursor to beginning a comprehensive corporate carbon accounting process in 2024 ahead of regulated requirement for this by 2025.

# Business Support Update: **Safety**

## 2023 Safety Key Results

- 347 incidents lodged over the last 12-months
- 39 Lost Time Injuries (year to date). Up 4 from the same time last year.
- Lost time injury frequency rate is 8.61% compared with the industry average of 14.2% for Cleaning and 24.6% for Security.

The four key focus areas of the Safety Strategy are:

- Safety Culture, Leadership and Engagement
- Health and Safety Risk Management
- Health and Wellbeing
- Continual Safety Improvement





# Business Support Update: **Compliance**



- Strong commitment to compliance with Labour Hire legislation and Modern Slavery Act embedded in everyday work practices.
- Third annual Modern Slavery Statement submitted in December 2022
- Millennium has successfully maintained its triple ISO accreditation for Quality Safety and Environment Management System
- Millennium completed its Annual Reporting obligations under Workplace Gender Equality Act 2012
- Millennium is registered and prequalified via the following Third Party HSEQ Management Platforms: Cm3, Pulse Connect, Avetta, Beakon, Rapid Induct

# Business Support Update: Social Responsibility

## Community Focus

We are committed to being a positive member of the communities in which we operate and being respectful to all stakeholders in these communities.



## Reconciliation Action Plan 2023-2025

- In March 2023, Reconciliation Australia endorsed Millennium's Innovate Reconciliation Plan (2023-2025).
- Millennium is tracking well with implementing our RAP and will submit its annual report of activity to Reconciliation Australia in September 2023.

Millennium asked Aboriginal artist, **Lani Balzan**, to help us express our Reconciliation journey and ambitions with a painting, ***pictured opposite***. Lani is a proud Aboriginal woman from the Wiradjuri people of the three-river tribe.



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**THANK YOU**

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