

# Millennium Services Group Ltd

## Solid underlying contract growth

Millennium Services Group Ltd (ASX:MIL) has released its Q1 FY23 cash flow incorporating updated revenue commentary. Contracts revenue rose 4% despite cycling the last of the QIC contract expiry (underlying growth estimated at ~11%). Ad-hoc revenues were lower as guided and forecast as COVID-related activity declined. Operating cash flow was negative \$4.7m, similar to the pcg due to both the timing of collections and the number of fortnightly wage payments in a quarter. For these reasons MIL quarterly cash flow can be volatile but not an area of concern. Net debt excluding trade financing (related to the funding of wage payment timing) ended the quarter at \$1.4m. The renegotiation of finance facilities remains well advanced and is key for the resumption in dividend payments. MIL's share price has performed well since July 2022, up 78% against the selected peer average of 11%. Despite this performance the group continues to trade at a 55% FY22a EV/EBITDA discount to the peer group. A multiple closer to the peer group would imply a share price of \$1.20/share.

## Business model

MIL is a human services business with a focus on the essential services of cleaning and security, bidding for predominantly long-term contracts that have annual contract adjustments to protect MIL from movements in labour resource costs. Additional volumes over and above those contracted can be gained from ad-hoc services, which represent ~15% of group revenue at a higher average margin. Satisfying contractual obligations utilising a vast workforce and procuring consumables for the jobs within the contracted price is key to profitability. Historically focusing on cleaning and security services within major shopping centres, MIL is looking to de-risk the retail exposure by moving into new sectors including aviation, aged care, education and government. An increased focus on compliance (Fair Work, Modern Slavery Act and Labour Hire regulations), and utilising the ASX-listed nature of the business to demonstrate transparency in these important areas (which most large private companies can't achieve), will be keys in this push.

## Debt renegotiation remains a key catalyst

MIL quarterly cash flow numbers can be volatile depending on the timing of collections and the payment of wages. Revenue trends (higher contract/lower ad-hoc) and gross margins (a touch higher than FY22) have been well flagged, so there are few surprises in the September quarter 4C. With net debt at \$1.4m (ex-trade finance) the renegotiation of debt facilities and removal of dividend covenants is a key catalyst in coming months. On our estimates a 50% pay-out ratio on FY23 EPS estimates would imply a yield of 12% fully franked.

## Relative EV/EBITDA implies a \$1.20 valuation

Our assessed peer group average FY22 EV/EBITDA multiple implies a \$1.20/share valuation for MIL (5.3x EV/EBITDA), and we see no reason why this business does not deserve multiples closer to the peer average given average contract length (three-five years), relative working capital intensity and market opportunities. Recent M&A activity would imply a valuation of \$0.84/share based on the (ASX:ASH) purchase of Linc Personnel, and \$2.14/share based on the (JSE:BVT) acquisition of BIC. To sense check, our DCF valuation is \$1.15/share.

### Historical earnings and RaaS estimates (in A\$m unless otherwise stated)

| Year end | Adj. revenue | Und. EBITDA | NPAT rep. | EPS adj. (c) | P/E (x) | EV/Adj. EBITDA |
|----------|--------------|-------------|-----------|--------------|---------|----------------|
| 06/21a   | 273.7        | 11.6        | 2.2       | 0.07         | 6.4     | 1.9            |
| 06/22a   | 260.6        | 11.1        | 2.3       | 0.09         | 5.6     | 2.3            |
| 06/23f   | 266.0        | 11.8        | 5.2       | 0.11         | 4.3     | 1.9            |
| 06/24f   | 276.6        | 12.5        | 5.9       | 0.13         | 3.7     | 1.4            |

Source: Company data, RaaS estimates for FY23f and FY24f

## Q1 FY23 Cash Flow/Update

### Human Services

31<sup>st</sup> October 2022

### Share Details

|                       |         |
|-----------------------|---------|
| ASX code              | MIL     |
| Share price           | \$0.48  |
| Market capitalisation | \$22.0M |
| Shares on issue       | 45.9M   |
| Net debt at 30-Sep-22 | \$1.4M  |
| Free float            | ~31.5%  |

### Share Performance



### Upside Case

- Converting a portion of the tender pipeline over the next 18 months
- Successfully diversify industry exposure to include government, education and aged care
- EPS accretive/complementary acquisitions

### Downside Case

- Competitive margin pressures re-emerge
- Sizable contract loss
- Timing of wages growth vs contracts clauses

### Board of Directors

|                 |                        |
|-----------------|------------------------|
| Stuart Grimshaw | Chairman               |
| Royce Galea     | CEO                    |
| Rohan Garnett   | Non-Executive Director |
| Darren Perry    | Non-Executive Director |

### MIL Group Contacts

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### RaaS Contacts

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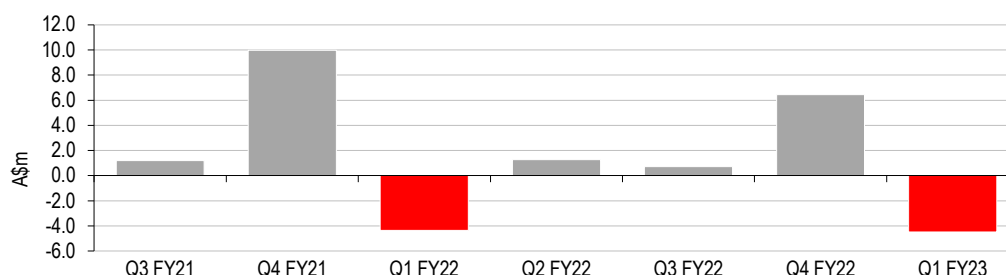
\*The author owns shares

## Q1 FY23 Revenue/Cash Flow Update

Key takeaways from the Q1 FY23 4C cash flow release include:

- **Negative cash flow of \$4.7m**, which was similar to Q1 FY22 due to the timing of prior quarter collections and the payment of an extra fortnight's wages. For these reasons MIL's quarterly cash flow numbers are volatile quarter to quarter as the chart below demonstrates.

**Exhibit 1: MIL quarterly cash flow history**



Source: Company announcements

- **Net debt (excluding trade financing) of \$1.4m.** The currently finance facilities expiry at the end of December and the company is "well under way in the process of seeking to renegotiate its finance facilities". This is key for the resumption of dividends currently restricted by existing covenants.
- **Improved contract revenue with growth of 4.0%** despite cycling the last of the QIC contract expiry during the quarter. Adjusted for QIC (~\$3.8m in the PCP) we estimate underlying growth closer to 11%.
- **Lower ad-hoc revenues at 8% of revenue**, down from 15% in Q1 FY22, and while guided (due to a reduction in Victorian Government COVID activity) is at the low end of management guidance.

**Exhibit 2: MIL quarterly sales history (in A\$m unless otherwise stated)**

|                      | Q1 FY22     | Q2 FY22     | Q3 FY22     | Q4 FY22     | Q1 FY23     |
|----------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales</b>         | <b>65.6</b> | <b>66.1</b> | <b>65.9</b> | <b>62.9</b> | <b>63.3</b> |
| Contract             | 55.9        | 54.8        | 55.4        | 55.9        | 58.2        |
| Ad hoc               | 9.7         | 11.4        | 10.5        | 7.0         | 5.1         |
| % growth             | 2.0         | (6.5)       | (5.0)       | (9.1)       | (3.5)       |
| <b>Sales mix (%)</b> |             |             |             |             |             |
| Contract             | 85          | 83          | 84          | 89          | 92          |
| Ad hoc               | 15          | 17          | 16          | 11          | 8           |

Source: Company announcements and RaaS estimates

Contracted sales through the year are very similar quarter-to-quarter and highlight the predictability of the business. Ad-hoc sales are declining as a % of sales as COVID-related work comes to an end.

## Outlook

### Revenue

Management is targeting 8%-10% organic contract revenue growth in FY23, which is in-line with our current expectations, reconciled in the table below. This growth will be required to offset lower ad-hoc revenue (forecast at 10% of revenue against 15% in FY22) and the last quarter of QIC contract expiry.

Management has revealed 97% of FY22 revenue is contracted in FY23, 81% in FY24 and 53% in FY25, highlighting the longer-term nature of contracts relative to our selected peers.

### Exhibit 3: FY23 MIL sales reconciliation

| Variable   | A\$   |
|--|-------|
| Starting revenue base (FY22)                         | 260.6 |
| Less ad-hoc normalisation (from 15% to 11% of sales) | (9.6) |
| Less remaining QIC contract expiry (Sept qtr)        | (7.0) |
| Add implied contract organic growth                  | 21.0  |
| FY23 RaaS forecast revenue                           | 266.0 |
| (Implied contract revenue growth)                    | 9%    |

Source: RaaS estimates

### Gross margin

The gross profit margin has been guided to 15.5%, up from 15.3% in FY22 despite the reduction in the ad-hoc mix (higher margin) on the back of procurement initiatives.

### Operating costs

Despite wage costs being passed through there has been an increased focus on business development investment which is factored into our cost assumptions. Other costs remain relatively flat and exclude any assumptions of “one-off” costs.

## Relative Peer Group Valuation

We compare MIL to other listed small-cap players that rely heavily on human resources and to a lesser extent equipment to deliver their services to typically larger clients.

The table below summarises actual FY22 metrics across a wide range of variables. MIL currently trades at a material (55%) discount to the FY22 EV/EBITDA peer average of 5.3x despite generally better contract terms, similar gross margins, and generally lower working capital requirements. Since 1 July 2022, the peer group has risen an average of 11% against a 78% increase in the MIL share price.

### Exhibit 4: Peer group financial comparison – FY22 (in A\$m unless otherwise stated)

| Company name              | Ticker | Share price (cps) | Mkt. cap. | FY22 net debt | Adj. FY22 (f) EBITDA | FY22 (f) revenues | GP%       | Working capital/sales % | EV/ Sales (x) | EV/ EBITDA |
|---------------------------|--------|-------------------|-----------|---------------|----------------------|-------------------|-----------|-------------------------|---------------|------------|
| GR Engineering            | GNG    | 2.26              | 351       | (97.8)        | 56.4                 | 652               | 12        | (1)                     | 0.39          | 4.5        |
| PeopleIn                  | PPE    | 3.16              | 318       | 45.7          | 47.1                 | 682               | 15        | 8                       | 0.53          | 7.7        |
| Licopodium                | LYL    | 6.99              | 278       | (99.4)        | 32.4                 | 229               | 27        | 10                      | 0.78          | 5.5        |
| Southern Cross Electrical | SXE    | 0.67              | 174       | (53.1)        | 35.3                 | 553               | 13        | 11                      | 0.22          | 3.4        |
| Ashley Services           | ASH    | 0.67              | 96        | 3.6           | 18.7                 | 450               | 16        | 6                       | 0.22          | 5.3        |
| <b>AVERAGE</b>            |        |                   |           |               |                      |                   | <b>17</b> | <b>7</b>                | <b>0.43</b>   | <b>5.3</b> |
| Millennium                | MIL    | 0.48              | 22        | 4.0           | 11.1                 | 261               | 15        | 1                       | 0.10          | 2.3        |

Sources: Company financials, RaaS estimates; \*Pro-forma

## DCF Valuation

Our DCF valuation sits at \$1.15/share with key assumptions including:

- WACC 11.3% including a RFR of 3.5%, beta of 1.2x and equity risk premium of 6.5%;
- Medium-term growth rate of 3.0%, perpetuity growth of 2.2%; and
- Sustainable gross margin of 15.3% and EBITDA margin of 4.6%.

#### Exhibit 5: MIL base-case DCF valuation

| Parameters                      | Outcome       |
|---------------------------------|---------------|
| Discount rate / WACC            | 11.3%         |
| Beta                            | 1.2x          |
| Terminal growth rate assumption | 2.2%          |
| Sum of PV (\$m)                 | 28.9          |
| PV of terminal value (\$m)      | 27.9          |
| PV of enterprise (\$m)          | 56.8          |
| Debt (cash) (\$m)               | 4.0           |
| Net value – shareholder (\$m)   | 52.8          |
| No. of shares on issue (m)      | 45.9          |
| NPV (\$/share)                  | <b>\$1.15</b> |

Source: RaaS estimates

## Outlook And Investment Case

- The group operates in markets worth an estimated \$11.7b (cleaning) and \$9.8b (investigation and security services), according to IBISWorld. In the cleaning business (~70% of MIL revenue) MIL has less than 2% market share in a market where the top-four largest players have less than 10% of the market, offering significant market-share opportunities.
- A recent IBISWorld report on the Australian cleaning sector suggests following CAGR growth of -0.5% between FY17 and FY21f, the cleaning sector will grow by a CAGR of 3.6% between FY22 and FY26 on the back of a COVID recovery and a trend to more regular and comprehensive cleans.
- The group's three-year growth strategy will look to use the current balance sheet, ASX listing and trading history to increase "value-add" services, participate in industry rationalisation, and use technology such as rostering and traffic-flow systems and robotics to improve operating efficiencies.
- The acquisition of 49% of Codee Cleaning Services in December 2021 overlays industry consolidation with an increasing focus on ESG.
- Net debt was just \$1.4m as at September 2022 (excluding trade finance), providing a solid base from which to grow and/or acquire while looking at capital management options. MIL has undrawn banking facilities of \$14.9m.
- Gross margins are back to "targeted" levels and based on historical and peer analysis we feel these margins are sustainable at ~15% and EBITDA margins 4.5%-5.0%.
- A change in debt covenants would pave the way for the resumption of dividends. Based on FY22 RaaS adjusted EPS forecasts, a 50% pay-out ratio at current prices would imply a dividend yield of 12%.
- Recent M&A transactions of similar businesses add valuation support to MIL, namely the 75% purchase of Linc Personnel by Ashley Services for 3.4x EBITDA, and the 100% acquisition of BIC by Bidvest for ~8.8x EBITDA.

**Exhibit 6: Financial Summary (in A\$m unless otherwise stated)**

| Millennium Services (ASX:MIL) |        |        |        |       |       | Share price (27 October 2022)       |       |          |          |         |         | A\$     |       | 0.480 |
|-------------------------------|--------|--------|--------|-------|-------|-------------------------------------|-------|----------|----------|---------|---------|---------|-------|-------|
| Profit and Loss (A\$m)        |        |        |        |       |       | Interim (A\$m)                      |       | H121     | H221     | H122A   | H222A   | H123F   | H223F |       |
| Y/E 30 June                   | FY20A  | FY21A  | FY22A  | FY23F | FY24F | Revenue                             | 159.7 | 138.7    | 131.7    | 128.9   | 131.9   | 134.1   |       |       |
| Revenue                       | 257.3  | 273.7  | 260.6  | 266.0 | 276.6 | EBIT DA                             | 7.0   | 4.7      | 6.7      | 4.4     | 6.5     | 5.3     |       |       |
| Gross profit                  | 30.8   | 40.8   | 39.8   | 41.1  | 42.6  | EBIT                                | 4.7   | 2.0      | 4.4      | 2.2     | 4.4     | 3.3     |       |       |
| GP margin %                   | 12.0%  | 14.9%  | 15.3%  | 15.5% | 15.4% | NPAT (normalised)                   | 2.5   | 0.9      | 2.7      | 1.0     | 2.9     | 2.1     |       |       |
| Underlying EBIT DA            | 4.0    | 11.6   | 11.1   | 11.8  | 12.5  | Minorities (AT)                     | 0.0   | 0.0      | 0.0      | 0.1     | 0.1     | 0.1     |       |       |
| Depn                          | (5.9)  | (4.9)  | (4.6)  | (4.0) | (3.8) | NPAT (reported)                     | 1.9   | 0.3      | 1.9      | 0.2     | 2.9     | 2.1     |       |       |
| Minorities (AT)               | 0.0    | 0.0    | 0.1    | 0.1   | 0.1   | EPS (normalised)                    | 0.041 | 0.007    | 0.041    | 0.005   | 0.062   | 0.045   |       |       |
| EBIT                          | (1.9)  | 6.8    | 6.7    | 7.9   | 8.9   | EPS (reported)                      | 0.041 | 0.007    | 0.041    | 0.005   | 0.062   | 0.045   |       |       |
| Interest                      | (3.2)  | (1.8)  | (1.2)  | (0.6) | (0.5) | Dividend (cps)                      | 0.000 | 0.000    | 0.000    | 0.000   | 0.000   | 0.000   |       |       |
| Tax                           | 5.3    | (1.6)  | (1.6)  | (2.2) | (2.5) | Imputation                          |       |          |          |         |         |         |       |       |
| NPAT (adj)                    | 0.3    | 3.4    | 3.9    | 5.2   | 5.9   | Operating cash flow                 | na    | na       | na       | na      | na      | na      |       |       |
| Adjustments                   | 1.7    | (1.2)  | (1.6)  | 0.0   | 0.0   | Free Cash flow                      | na    | na       | na       | na      | na      | na      |       |       |
| NPAT                          | 2.0    | 2.2    | 2.3    | 5.2   | 5.9   | Divisionals                         | H121  | H221     | H122A    | H222A   | H123F   | H223F   |       |       |
| Abnormals (net)               | 14.5   | 15.2   | 0.0    | 0.0   | 0.0   | Cleaning                            | 107.9 | 109.0    | 99.6     | 103.5   | 100.4   | 107.8   |       |       |
| NPAT (reported)               | 16.5   | 17.4   | 2.3    | 5.2   | 5.9   | Security                            | 27.2  | 29.7     | 32.1     | 25.3    | 31.5    | 26.3    |       |       |
| Cash flow (A\$m)              |        |        |        |       |       | (Other)                             | 24.7  | -        | -        | -       | -       | -       |       |       |
| Y/E 30 June                   | FY20A  | FY21A  | FY22A  | FY23F | FY24F | Total Revenue                       | 159.7 | 138.7    | 131.7    | 128.9   | 131.9   | 134.1   |       |       |
| EBIT DA (inc cash rent/JK)    | 19.4   | 29.3   | 10.0   | 10.7  | 11.4  |                                     |       |          |          |         |         |         |       |       |
| Interest                      | (3.2)  | (1.8)  | (1.2)  | (0.6) | (0.5) | Gross profit                        | 21.7  | 19.1     | 21.0     | 18.8    | 21.1    | 20.1    |       |       |
| Tax                           | 0.5    | (0.1)  | (2.4)  | (2.2) | (2.5) | Underlying GP Margin %              | 16.1% | 13.8%    | 15.9%    | 14.6%   | 16.0%   | 15.0%   |       |       |
| Working capital changes       | (16.6) | 12.9   | (1.6)  | (0.1) | (0.1) | Operating Costs                     |       |          |          |         |         |         |       |       |
| Operating cash flow           | 0.1    | 40.3   | 4.8    | 7.8   | 8.3   | Employment                          | 15.9  | 9.4      | 8.8      | 8.9     | 9.0     | 9.1     |       |       |
| Mtce capex                    | (2.2)  | (2.2)  | (1.8)  | (1.9) | (1.9) | Other                               | 6.2   | 5.0      | 5.5      | 5.5     | 5.6     | 5.7     |       |       |
| Free cash flow                | (2.1)  | 38.1   | 3.0    | 6.0   | 6.4   | Exceptional                         | - 7.3 | -        | -        | -       | -       | -       |       |       |
| Growth capex                  | 0.0    | 0.0    | 0.0    | 0.0   | 0.0   | Total costs                         | 14.8  | 14.4     | 14.3     | 14.4    | 14.6    | 14.8    |       |       |
| Acquisitions/Disposals        | 0.0    | 0.0    | 0.0    | 0.0   | 0.0   |                                     |       |          |          |         |         |         |       |       |
| Other                         | (1.7)  | (2.1)  | (2.2)  | (2.0) | (2.0) | EBITDA                              | 7.0   | 4.7      | 6.7      | 4.4     | 6.5     | 5.3     |       |       |
| Cash flow pre financing       | (3.8)  | 36.0   | 0.8    | 4.0   | 4.4   | EBIT DA margin %                    | 4.4%  | 3.4%     | 5.1%     | 3.4%    | 4.9%    | 3.9%    |       |       |
| Equity                        | 0.0    | 0.0    | 0.0    | 0.0   | 0.0   | Margins, Leverage, Returns          |       | FY20A    | FY21A    | FY22A   | FY23F   | FY24F   |       |       |
| Debt drawdown/(repay)         | 1.6    | (21.4) | (2.0)  | (3.0) | (1.6) | EBIT DA margin %                    |       | 1.6%     | 4.3%     | 4.3%    | 4.4%    | 4.5%    |       |       |
| Net Dividends paid            | 0.0    | 0.0    | 0.0    | 0.0   | 0.0   | EBIT margin %                       |       | (0.7%)   | 2.5%     | 2.6%    | 3.0%    | 3.2%    |       |       |
| Net cash flow for year        | (2.2)  | 14.6   | (1.2)  | 1.0   | 2.8   | NPAT margin (pre significant items) |       | 0.8%     | 0.8%     | 0.9%    | 1.9%    | 2.1%    |       |       |
| Balance sheet (A\$m)          |        |        |        |       |       | Net Debt (Cash)                     |       | 34.6     | 0.3      | 4.0     | 0.1     | -4.2    |       |       |
| Y/E 30 June                   | FY20A  | FY21A  | FY22A  | FY23F | FY24F | Net debt/EBIT DA (x)                | (x)   | 8.6 x    | 0.0 x    | 0.4 x   | 0.0 x   | -0.3 x  |       |       |
| Cash                          | 1.8    | 7.3    | 1.9    | 2.8   | 5.5   | ND/ND+Equity (%)                    | (%)   | 63.5%    | 11.5%    | 111.7%  | (1.8%)  | 32.4%   |       |       |
| Accounts receivable           | 29.8   | 18.0   | 17.3   | 17.7  | 18.4  | EBIT interest cover (x)             | (x)   | n/a      | 0.3x     | 0.2x    | 0.1x    | 0.1x    |       |       |
| Inventory                     | 1.2    | 1.1    | 1.2    | 1.3   | 1.3   | ROA                                 |       | (6.0%)   | 11.6%    | 13.1%   | 16.2%   | 17.1%   |       |       |
| Other current assets          | 2.6    | 2.3    | 1.9    | 4.6   | 4.9   | ROE                                 |       | nm       | nm       | nm      | nm      | nm      |       |       |
| Total current assets          | 35.5   | 28.8   | 22.3   | 26.3  | 30.1  | ROIC                                |       | nm       | nm       | nm      | nm      | nm      |       |       |
| PPE                           | 8.6    | 7.0    | 6.8    | 5.8   | 5.0   | NTA (per share)                     |       | -0.60    | -0.21    | -0.15   | -0.04   | 0.03    |       |       |
| Goodwill                      | 7.5    | 7.5    | 7.5    | 7.5   | 7.5   | Working capital                     |       | 14.8     | 1.9      | 3.5     | 3.6     | 3.7     |       |       |
| Right of use asset            | 2.9    | 3.0    | 1.7    | 1.7   | 1.7   | WC/Sales (%)                        |       | 5.7%     | 0.7%     | 1.3%    | 1.3%    | 1.3%    |       |       |
| Deferred tax asset            | 7.4    | 8.5    | 7.8    | 7.8   | 7.8   | Revenue growth                      |       | (12.7%)  | 6.4%     | (4.8%)  | 2.1%    | 4.0%    |       |       |
| Equity accounted Investee     | 0.0    | 0.0    | 1.3    | 1.3   | 1.3   | EBIT growth pa                      |       | nm       | (463.7%) | (1.1%)  | 18.3%   | 12.2%   |       |       |
| Total non current assets      | 26.4   | 26.0   | 25.0   | 24.0  | 23.2  | Pricing                             |       | FY20A    | FY21A    | FY22A   | FY23F   | FY24F   |       |       |
| Total Assets                  | 61.9   | 54.9   | 47.4   | 50.3  | 53.3  | No of shares (y/e)                  | (m)   | 45.9     | 45.9     | 45.9    | 45.9    | 45.9    |       |       |
| Accounts payable              | 16.3   | 17.3   | 15.0   | 15.4  | 16.0  | Weighted Av Dil Shares              | (m)   | 45.9     | 45.9     | 45.9    | 45.9    | 45.9    |       |       |
| Short term debt               | 36.4   | 5.5    | 4.7    | 1.7   | 0.1   |                                     |       |          |          |         |         |         |       |       |
| Provisions                    | 22.4   | 22.6   | 20.0   | 20.4  | 21.2  | EPS Reported                        | cps   | 0.359    | 0.379    | 0.049   | 0.112   | 0.129   |       |       |
| Lease liabilities/other       | 0.8    | 5.5    | 3.4    | 3.4   | 3.4   | EPS Adjusted                        | cps   | 0.006    | 0.074    | 0.085   | 0.112   | 0.129   |       |       |
| Total current liabilities     | 76.0   | 50.9   | 43.1   | 40.9  | 40.7  | EPS growth (norm/dil)               |       | nm       | nm       | 14%     | 32%     | 15%     |       |       |
| Long term debt                | 0.0    | 2.1    | 1.2    | 1.2   | 1.2   | DPS                                 | cps   | 0.000    | 0.000    | 0.000   | 0.000   | 0.010   |       |       |
| Other non current liabs       | 5.8    | 4.1    | 2.7    | 2.7   | 2.7   | DPS Growth                          |       | n/a      | n/a      | n/a     | n/a     | n/a     |       |       |
| Total long term liabilities   | 5.8    | 6.2    | 3.9    | 3.9   | 3.9   | Dividend yield                      |       | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 2.1%    |       |       |
| Total Liabilities             | 81.8   | 57.1   | 47.0   | 44.7  | 44.6  | Dividend imputation                 |       | 30       | 30       | 30      | 30      | 31      |       |       |
| Net Assets                    | (19.9) | (2.3)  | 0.4    | 5.6   | 8.8   | PER Adjusted (x)                    |       | nm       | 6.4      | 5.6     | 4.3     | 3.7     |       |       |
|                               |        |        |        |       |       | PE market                           |       | 15       | 15       | 15      | 15      | 15      |       |       |
| Share capital                 | 19.0   | 19.1   | 19.1   | 19.1  | 19.1  | Premium/(discount)                  |       | nm       | (57.0%)  | (62.4%) | (71.5%) | (75.1%) |       |       |
| Reserves                      | (8.5)  | (8.3)  | (7.9)  | (7.9) | (7.9) | EV/EBIT DA                          |       | 14.0     | 1.9      | 2.3     | 1.9     | 1.4     |       |       |
| Retained Earnings             | (30.3) | (13.1) | (10.8) | (5.6) | (2.5) | FCF/Share                           | cps   | (4.535)  | 83.023   | 4.895   | 13.012  | 13.902  |       |       |
| Minorities                    | 0.0    | 0.0    | 0.0    | 0.0   | 0.0   | Price/FCF share                     |       | (10.584) | 0.578    | 9.807   | 3.689   | 3.453   |       |       |
| Total Shareholder funds       | (19.9) | (2.4)  | 0.4    | 5.6   | 8.7   | Free Cash flow Yield                |       | (9.4%)   | 173.0%   | 10.2%   | 27.1%   | 29.0%   |       |       |

Source: RaaS

# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**

### About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR. This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

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RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

**What Financial Services are we authorised to provide?** RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

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### Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

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We may also receive a fee for our dealing service, from the company issuing the securities.

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If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: [www.afca.org.au](http://www.afca.org.au); Email: [info@afca.org.au](mailto:info@afca.org.au); Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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