

27 November 2017

Millennium Services Group Limited

2017 Annual General Meeting – Chairman’s Address and Chief Executive Officer’s Address

Peter Anderson – Chairman

Introduction

This morning I will make some introductory remarks regarding your Company’s performance in the 2017 financial year, as well as board composition and governance, before handing over to our Chief Executive Officer Craig Hanley, who will provide a more detailed review of Millennium’s activities during the 2017 financial year, as well as some observations about the outlook for the Company.

FY17 Achievements

The 2017 financial year has been a significant year of achievement for your Company, with extensive work undertaken by the Board and management team to progress a number of strategic initiatives aimed at building a strong platform for future growth.

The major initiative was the acquisition of Airlite, a leading provider of cleaning and integrated services in Western Australia. The Airlite acquisition was a landmark transaction which, by completing our Australian footprint, transformed Millennium into a truly national integrated services business with stronger growth prospects. Importantly, Airlite has been successfully integrated and has already made a meaningful contribution, both financially and operationally, to provide benefits to clients and shareholders alike.

We aggressively pursued our stated objective to grow our Security division by investing significantly in new talent. We opportunistically secured the expertise of a number of key security executives to build on our existing capabilities. Significant opportunities now present themselves in this sector and Millennium is strategically positioned to respond. We anticipate meaningful near-term opportunities within our Security business, but we have invested for the longer term. In our view, the two-to-five year outlook for Security is excellent.

We continued to invest in innovation and technology to create value and productivity improvements for our clients, with Avidbot, iMop and iCart technologies successfully deployed across the Group.

To support the sustained profitable growth of our increasingly complex national business, we also strengthened our corporate governance and risk mitigation structures by formalising our Executive Leadership Group and bolstering our Finance capability.

I am pleased to report that safety performance improved, and the CEO will comment further on Millennium's safety metrics and wider occupational health and safety efforts later on this morning.

Financial Performance

Millennium's 2017 financial performance, which Craig will also take you through in further detail, clearly demonstrates the strength of its business model.

We were pleased to deliver strong financial performance for the 2017 financial year with pro forma revenue increasing 59 per cent to \$250 million and pro forma Operating EBITDA growing 48 per cent to \$17.9 million. Pleasingly, this growth was driven by the solid performance of our underlying business, as well as the contribution from Airlite.

Capital Management

Your Board declared a fully franked final dividend of 5.4 cents per share, which was paid on the 5 October. The final dividend brought total dividends to 8.9 cents per share, which represents a gross yield of 8.2 per cent based on the share price at the time the dividend was declared.

Following our regular review, we have maintained our dividend policy of paying out 40 to 60 per cent of sustainable profits.

Millennium continues to maintain a conservative capital position to support its continued growth, both organically and through acquisitive growth opportunities that enhance shareholder value.

Management & Board

In June 2017, we were pleased to announce the appointment of Craig Hanley as the Company's new CEO.

Craig has well and truly hit the ground running as CEO. Craig joined Millennium as Chief Operating Officer in February 2017 and those of us who worked with him during that time, or encountered him when he was CEO of SecureCorp, are not surprised by how well he has taken to the task.

Craig is extremely well regarded within the industry and has the right experience and expertise to lead Millennium in its next phase of growth.

I would also like to thank our previous CEO, Mark Baldwin, who stepped down after seven years in the position. Mark was instrumental in leading the Company's evolution from a primarily East Coast-based private company to its public listing two years ago.

There have been other changes to our Board since our last AGM.

As part of the Airlite acquisition, we welcomed Airlite's Executive Chairman Ross Gavranich to the Board. With over 30 years of leadership in the facilities services industry, Ross adds his depth of experience and insightful, valuable contributions to Board deliberations.

Consistent with the Company's long-term succession plan, Stephen Lidbury has stepped down from the Board, with effect from the 25th of October, to facilitate board diversity and generational change. I would

like to acknowledge the significant contribution that Stephen made to the establishment of the Company and to its first few years of operation. I wish to sincerely thank him for his hard work and dedication as a Director of the Company.

With the vacancy created by Stephen's departure, the Board appointed Sally McCutchan as a non-executive director. Sally has impressive experience in finance and funds management, with particular expertise in strategy and governance. I believe Sally will be an exceptional Director of Millennium, and we will seek your support for the appointment of Sally shortly.

The process of succession planning and board renewal is ongoing, as is our long-term commitment to diversity of representation in our non-executive director ranks.

The Board now comprises six directors, with four non-executive directors, who are assessed as independent.

I am confident that your Board has a strong mix of relevant skills and experience to successfully pursue the Company's next phase of growth.

Remuneration

While discussing our people, it is appropriate to also discuss the remuneration arrangements at Millennium.

As mentioned at the FY17 results announcement, following a comprehensive review of Millennium's executive remuneration structure, the Board has introduced both Short and Long Term Incentive Plans.

In addition to the resolutions relating to the accounts, the remuneration report and the election of directors, you will shortly be asked to vote on a Long Term Incentive Plan grant proposed for our Chief Executive Officer, Craig Hanley, under our new incentive plan for 2018.

I would like to take this opportunity to provide you with some context for the new incentive structure and how it will apply to the CEO.

The Long Term Incentive Plan has two key objectives:

- 1) To facilitate senior management executives building a meaningful shareholding position in the Company, subject to appropriate performance hurdles being met, so that they are aligned with the interests of shareholders generally; and
- 2) To provide incentive for the sustainable and maintained long-term financial performance and growth to enhance shareholder value in the company.

The Long Term Incentive Plan will be implemented via two distinct phases to facilitate appropriate near-term share ownership by senior executives.

The Board believes that it is in shareholders' interests to provide the CEO with an equity based, long-term incentive to ensure there is alignment between shareholder outcomes and CEO reward and we ask that you support this resolution.

Closing Remarks

Overall, we are very pleased with your Company's performance in 2017.

The Company has the scale, diversification, national footprint and breadth of services to drive profitable growth and sustainable value for shareholders and all stakeholders. Your Board and management team are focused on ensuring that every dollar of capital deployed achieves our minimum acceptable return and continue to implement operating processes to ensure that outcome. We have every reason to be optimistic for 2018 and beyond.

I would like to thank my Board colleagues for their contribution and commitment during the year.

On behalf of the Board, I would like to recognise the dedication and contribution of all Millennium employees to the Company's ongoing success.

Finally, we thank you, our shareholders, for your continued support.

I now invite Craig Hanley to address his first AGM as Millennium's CEO.

Craig Hanley – Chief Executive Officer

Introduction

Thank you Peter and good morning everyone.

It is a pleasure to be here with you today to present a review of Millennium's performance for the 2017 financial year and provide comments about the outlook for the Company at this, my first AGM for Millennium.

FY17 Results

As the Chairman has highlighted, Millennium delivered a strong financial result in the 2017 financial year, driven by the transformational acquisition of Airlite and the strong performance of our underlying business.

Pro forma revenue increased 59 per cent year-on-year to \$250 million; pro forma operating EBITDA was up 48 per cent on prior year to \$17.9 million; and our pro forma gross margins held steady at 17.2 per cent.

In terms of divisional performance, Cleaning and Integrated Services contributed 87 per cent to Group total revenue for the 2017 financial year and remains our primary segment.

Security is currently contributing close to 13 per cent of the Group's total revenue, however with identified current and future opportunities, we see Security on track to reach 30 per cent of total Group revenues within the next two years.

Growth – Acquisitions

The acquisition of Airlite in the first half of the financial year was a transformative, strategically significant investment for Millennium. It completed the Group's national footprint and increased our scale, service offering and competitiveness.

The Airlite acquisition has exceeded our expectations at every turn – not only in financial terms, but also in delivering the Group the market leading industry knowledge and operational expertise of Airlite's management team.

The integration of Airlite is largely complete and 2018 will be the first full year contribution.

New Zealand is a continued focus, where we have increased our management and business development presence.

We also remain alert to value-accretive acquisition and consolidation opportunities which align with our diversification strategy and risk management objectives.

Growth – Organic

The most critical element in delivering sustainable value for our shareholders is our ability to generate profitable organic growth.

Pleasingly, the momentum in the Company's underlying business continued, driven by an unprecedented level of tendering activity.

During the financial year, we won or renewed 41 contracts, spread across services, sectors and geographies, worth more than \$70 million in annualised revenues.

The quantum and quality of these wins and renewals is compelling evidence of our high quality service and superior client value proposition, as well as our strategy.

Perhaps the best example is being awarded a national, five-year contract with Myer, where we are now providing cleaning services to around 70 Myer stores and distribution centres across all States and the ACT. It was also our first foray into the Tasmanian market and our first national footprint contract success, reflecting our truly national capability.

Strength of Contract Book

As at 30 June 2017, we had 747 contracts in place covering more than 1200 core sites across Australasia.

Millennium continues to benefit from its existing contracts with long-term, blue-chip clients, which provide a solid baseline of revenue. In fact, over 91 per cent of our revenue is in-contract, which provides us with a predictable revenue base and a strong platform for future growth.

In addition, the longevity of our contract expiration profile has been bolstered, with over 80 per cent of the contract book in the 3 year-plus expiry segment which reflects our continued success in securing long-dated contracts, which is counter to industry trends and which underpins the stability of our business.

In terms of value, our contract book movement has almost tripled in comparison to our position 12 months ago and our position upon listing. The total value of contracted services over the next five years is in excess of \$800 million. This is a baseline position that we can only improve upon.

Strategy

As you are aware, Millennium has grown significantly since its listing in November 2015, both organically and through acquisition.

To actively support our expanded business and its next phase of growth, we focused on four key areas of improvement during the financial year.

Specifically, we:

- 1) Refreshed our leadership structure with the formalisation of the Executive Leadership Group and strengthened our Finance function to further improve the reliability of Millennium's forecasting, reporting and operational management capability;
- 2) Secured the expertise of a team of highly experienced Security executives to bolster our existing capabilities to ensure that we are well positioned to capture the significant known security tender opportunities currently in the market;
- 3) Strengthened our ability to respond to tender opportunities by establishing a centralised bid team; and
- 4) Enhanced our organisational governance structures.

We are confident that our established infrastructure, processes and systems will enable us to execute our strategy to drive future profitability and sustainable growth.

Safety

Our growth and operational excellence is only possible because of our 5000-plus people across Australia and New Zealand. Therefore, their welfare, safety and training is of paramount importance.

We have implemented a range of site-based health, safety and training initiatives over the past year to increase team awareness, skills and communication. These initiatives are delivered and tracked through our comprehensive online employee learning systems and have seen us reduce our Lost Time Injury Frequency Rate by 42 per cent year-on-year.

Our services continue to be delivered to internationally recognised compliance standards in Environmental Management, Quality Assurance and Occupational Health & Safety and we were recently successfully recertified to these standards.

I am also pleased to advise that the organisation is compliant with the standards set by the Workplace Gender Equality Agency.

Outlook

Turning now to an update on year-to-date trading and the outlook for the balance of the 2018 financial year.

We started the financial year with the strongest forward contract book in the Company's history and since then we have been successful in securing new contracts with many existing and new clients.

However, as mentioned in August, the front-end investment in the Security management team that joined us from February this year, as well as further investment in the Finance team, will see FY18 earnings strongly weighted towards the second half.

Notwithstanding, based on recent contract wins, current contracts in hand and the visible pipeline of opportunities, our revenue momentum will continue to strengthen throughout the balance of the year. As a result, in respect of the full year outlook for the Group, I am pleased to reaffirm our guidance for FY18 revenue of approximately \$290 million and FY18 EBITDA of approximately \$20 million.

Closing Remarks

Our business is in great shape. Our contract book is stronger than it has ever been, both in terms of value and longevity. We have a solid platform for future growth which will enable us to continue to deliver value for our shareholders and the best possible experiences for our clients.

I would like to take the opportunity to thank all of our employees for their contributions throughout the year and their continued dedication to delivering excellence to our clients. I would also like to thank the Board and my management team for their support since I have taken on the role of CEO.

And to our shareholders, thank you for your continuing support of Millennium.

I would now like to hand back to Peter to continue with the formal business of the meeting.

-ENDS-

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