

Annual General Meeting  
27 November 2017

**millennium**  
SERVICES GROUP LIMITED

*a new millennium in integrated services*

# WELCOME and Introductions

# Introducing the Board

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**Peter Anderson**  
Chairman



**Greg McCormack**  
Non-executive Director



**Stephen Williams**  
Non-executive Director



**Sally McCutchan**  
Non-executive Director



**Ross Gavanich**  
Executive Director



**Craig Hanley**  
Executive Director & CEO

# Agenda

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1. Welcome and introductions
2. Chairman's address – Peter Anderson
3. Chief Executive Officer's address – Craig Hanley
4. Business of the Annual General Meeting



## Chairman's Address

Peter Anderson

# Strong platform for future growth

## **Solid Foundation**

- Strong underlying business performance
- Successfully growing cash generative business with financial performance agnostic to business cycle
- Strong, long term relationships with blue chip clients

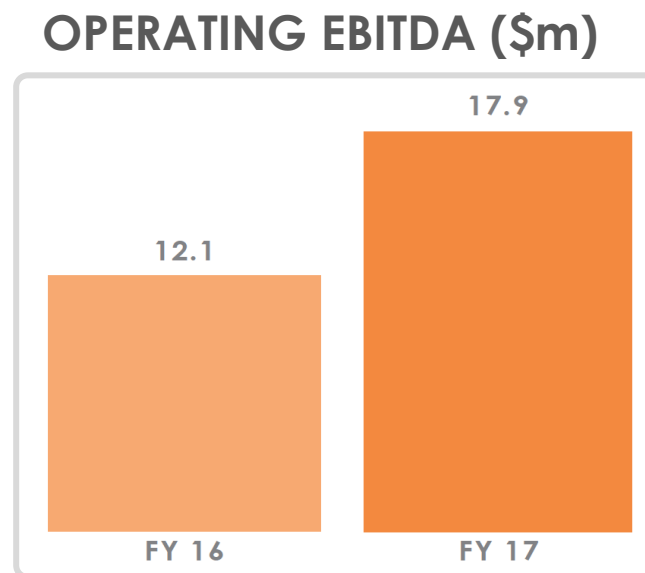
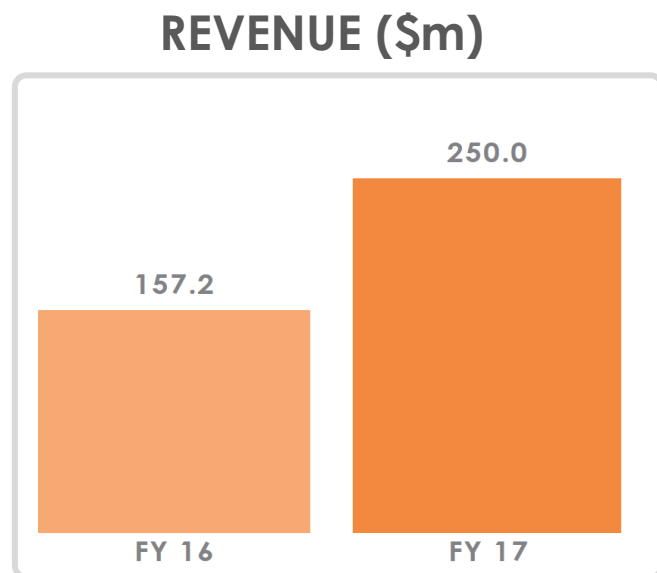
## **Scale & Diversification**

- Strategic acquisition of Airlite cemented our national footprint
- Investing in growth of the Security division
- Scale and diversification across services, sectors, clients and geographies

## **Innovation & Opportunity**

- Investing in innovation and technology, notably iMop and iCart
- Strengthened leadership, corporate governance and risk management structures
- Strategically positioned to capitalise on known pipeline of opportunities in key target markets and adjacent sectors

# Revenue and EBITDA growth



- Pro-forma revenue of \$250.0m up 59% on FY16
- Pro-forma operating EBITDA of \$17.9m up 48% on FY16

# Dividends and capital management

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- Final fully franked dividend of 5.4 cents per share
- Total dividends for FY17 of 8.9 cents per share (gross yield 8.2%)
- Record date: 15 September 2017
- Payment date: 5 October 2017
- Dividend policy remains unchanged
- Adequately funded within existing debt facilities to support future growth initiatives

# Management & Board

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**New CEO**  
**Craig Hanley**

**New Directors**  
**Ross Gavranich**  
**Sally McCutchan**



# Remuneration

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- In FY17, the Board introduced a new Long Term Incentive Plan
- The LTI plan seeks to better align the interest of management and shareholders by allowing management to build a meaningful shareholding position in the company, subject to performance hurdles
- The LTI plan provides incentives for the sustainable and maintained long term financial performance of the Company
- For further details on Executive remuneration, please refer to the 2017 Remuneration Report contained in Millennium's Annual Report

# Closing remarks

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- FY17 strong financial performance
- The achievement of our strategic objectives has laid the foundation for future growth
- Millennium has the scale, diversification, national footprint and breadth of services to drive profitable growth and sustainable value for shareholders and all stakeholders



## Chief Executive Officer's Address

Craig Hanley

# Strong increase in full year profit

## Summary Pro Forma Income Statement

	FY17	FY16	% var
<b>Total Revenue</b>	\$250.0m	\$157.2m	59.0%
<b>Operating EBITDA</b>	\$17.9m	\$7.6m	135.5%
<b>Dividend</b>	8.9cps	4.4cps	102%

### CLEANING

87% of  
total FY17  
revenue

### SECURITY

13% of  
total FY17  
revenue

# Acquisitions: consolidating national footprint



- National footprint cemented through transformational acquisition of Airlite Group
- Airlite successfully integrated with 'best of breed' systems and processes embedded across Millennium's network
- Leveraging reputation, scale and geographical reach to secure contracts with national clients
- Disciplined approach to evaluating opportunities for further growth

# Strong organic growth

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- **Contract wins** - 41 new or renewed contracts worth more than \$70 million in annualised revenues
- **Improved longevity** - over 80% of the contract book in the > 3 year expiry segment
- **Myer contract win**
  - National, long term contract
  - Cleaning services to around 70 stores and distribution centres
  - First national footprint contract success
  - Validates client value proposition and strategic plan

# Strength of contract book



**\$229.987m**  
**FY17 CONTRACT  
REVENUE**

**91%**  
**OF REVENUE  
IN  
CONTRACT**

**747**  
**CONTRACTS**

**80%**  
**OF CONTRACTS  
> 3 YEAR  
EXPIRY**

# Strategy

1.

## **CONSOLIDATE** Executive Leadership Group

- Strengthened management capability
- Enhanced finance function
- Investment in talent – Security

2.

## **GROW** Security Cleaning Integrated Services

- Grow security to circa 30% of group revenue within 2 years
- Drive organic growth from critical mass in cleaning and integrated services
- Strategic acquisitions in complementary sectors and services

3.

## **CENTRALISE** Processes

- Improve quality, efficiency and consistency through centralisation of internal services

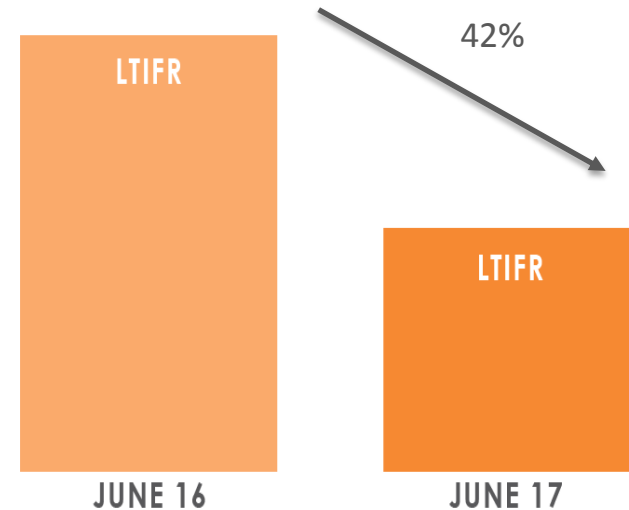
4.

## **ENHANCE** CRM Governance Incentives

- Implement enhanced CRM and strengthened governance structures to support strategic plans
- Introduce STI & LTI

# Committed to safety

- Safety of our 5000-plus employees is of paramount importance
- Lost Time Injury Frequency Rates (LTIFR) reduced by more than 42% from 2016
- Safety compliance is governed by our IMS and aligned to international ISO: 9001 standards
- This year, Millennium achieved WGEA compliance, a step towards achieving greater diversity



# FY18 Outlook

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- **Strong start to FY18**
  - Recent contract wins and pipeline of opportunities in line with expectations
- **Reaffirm FY18 guidance**
  - FY18 pro-forma revenue expected to be approximately \$290 million
  - FY18 pro-forma EBITDA expected to be approximately \$20 million
  - FY18 earnings will be strongly weighted towards the second half
    - 1H/2H weighting revenue: 46/54
    - 1H/2H weighting EBITDA: 30/70

# Closing remarks

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- Our business is in great shape
- Solid platform for future growth
- Strength of contract book
  - Value
  - Longevity

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