

28 November 2016

MILLENNIUM SERVICES GROUP LIMITED 2016 ANNUAL GENERAL MEETING

- 1. CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S ADDRESSES**
- 2. CHAIRMAN'S COMMENTS ON THE 2016 REMUNERATION REPORT**

CHAIRMAN'S ADDRESS

Today I will provide an overview of the Company's results for the 2016 financial year and then comment on more recent achievements.

As I reflect on Millennium's first year as a listed entity, it has been without doubt the busiest and most productive year in the Company's 13-year history.

It has also been a challenging year for our organisation and for you, our shareholders, given the drop in share price, post listing. The delay in commencement of a number of key contracts amongst other things heavily impacted our share price and we are working assiduously to restore value for shareholders.

The Board and executive team of Millennium have a clear vision and strategy for the business to become one of the leading cleaning, security and maintenance service providers in Australasia, and I'm pleased to now take you through the Company's FY16 performance.

FY16 Achievements

The financial year ended 30 June 2016 was a significant year for Millennium, with a number of highlights. The most significant of these was the successful listing in November 2015 on the Australian Securities Exchange, which provided increased capital that has allowed the Company to pursue an unprecedented level of commercial opportunities.

Millennium's drive to expand saw the Company acquire the business and assets of ACS at the time of listing in November 2015, followed by the acquisition of the business and assets of the Canberra-based NCSA in February 2016. Both businesses have been successfully integrated into the Millennium operating structure and are delivering solid results.

Our successful expansion into New Zealand continued during FY16. Millennium now has appropriate infrastructure in place in New Zealand which provides a profitable foundation from which to expand the business.

Safety is a primary focus at Millennium and I am pleased to report that even with the pace of change being experienced within our organisation, Millennium maintained its impeccable safety record.

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FY16 Results

At a financial level, notwithstanding the delay in commencement of several major contracts, the Company delivered its strongest annual result on record, reflecting the unprecedented level of tender activity and the impact of acquisitions.

Millennium achieved significant year-on-year revenue and EBITDA growth of 30.9% and 68.1% respectively and maintained strong gross margins in FY16.

Pleasingly, the delayed contracts that were expected to fall in FY16 were all in place at 30 June 2016, which means the Company will realise the full first year contract value in FY17. As a result, Millennium's contract book profile has been significantly strengthened and is now at its strongest point ever.

Your Board declared a final fully franked dividend of 4.4 cents per share for the period ending 30 June 2016, which represents a gross yield of 5.24% based on the share price at the time the dividend was declared. It was paid in September.

CEO Mark Baldwin will cover off in more detail later the composition of the financial numbers achieved, along with other highlights of FY16, as well as provide you with a trading outlook update. In summary, we are very well placed to deliver another year of profitable growth for our shareholders in FY17.

Strategic Priorities

As always, we continue to focus on the balance between organic growth and transactional activity to deliver earnings growth through FY17 and beyond. Our key strategic priorities are:

- To continue to grow strongly, both organically and through acquisitions;
- Expand by sector and geography;
- Diversify by leveraging our customer base and expanding our range of services; and
- Enhance People & Systems by continually strengthening and improving our operational and management capabilities.

Mark will address this further in his address, including an update on Millennium's progress against these strategic priorities.

Acquisitions Update

In line with our strategic priorities, Millennium has completed three acquisitions since IPO – ACS, NCSA and Airlite Group. The integration of the ACS and NCSA businesses are progressing well.

Most recently, Millennium acquired Western Australia's premier facilities services business, Airlite, on 21 October. The acquisition of Airlite was strategically significant for Millennium because it completed the Australasian footprint of the business and delivered to the Group the market leading industry knowledge and operational expertise of Airlite's management team.

Airlite is a large, profitable and organically growing business with remarkable similarities to the Millennium business in terms of team culture and services supplied. The businesses will integrate exceptionally well and enable Millennium to offer a truly national capability to its clients.

Management Team Enhanced

Building Millennium's management strength and capability has been a key priority during this time of national expansion and integration.

I am very pleased to advise that Craig Hanley, has accepted the role of Chief Operating Officer of Millennium commencing in February 2017. Craig gives us exceptional management capability with a specific focus on our security offering. He has excellent and long established relationships with Millennium's clients and across the sectors that Millennium operates within.

Millennium will be a much stronger business with Craig on our team and we expect our security division to grow strongly as a direct result.

Finance Function Strengthened

Following Millennium's listing, your Board committed to a review of the Finance function with a view to strengthening Millennium's capabilities in this area. Following that review, the Board was pleased to appoint Damien Gray as Chief Financial Officer in May 2016.

Damien has already initiated a number of resource and process improvements, including the appointment of a Financial Controller. Damien will make additional changes in coming months including the implementation of a new SAP finance system to further improve the reliability of Millennium's forecasting, reporting and operations management capability.

I am confident that Millennium's finance function is now significantly better placed to service the needs of the business in FY17 and beyond.

Closing Remarks

On behalf of the Board, I would like to thank CEO Mark Baldwin, CFO Damien Gray, their management team and all Millennium employees for their tireless efforts and dedication to accomplishing the many achievements listed above in FY16.

Your Board and executive team will continue striving to ensure that acquired businesses are seamlessly integrated into Millennium's operating structure and that our teams of employees remain focused on delivering quality client service.

To you our shareholders, we thank you for your ongoing support of Millennium as we negotiate another exciting year. Millennium has a bright future ahead of it, and our strong expectation is that FY17 is shaping up to be another year of profitable growth for the Company.

I'd like to hand over to Mark Baldwin, Chief Executive Officer, who will discuss the performance of our operations in more detail against our strategic objectives, and provide a trading update on the first quarter performance of financial year 2017. I will then return to conduct the formal business of the meeting.

CHIEF EXECUTIVE OFFICER'S ADDRESS

Before I begin, I would like to introduce you to Millennium's management team who will stand up so you can see them.

We are joined by Annabelle Brooks, our General Counsel, Royce Galea, our Director of Operations and Damien Gray our CFO and Company Secretary. Our Chairman has previously introduced Stephen Lidbury, Millennium's Director of Security and Ross Gavranich, Airlite Executive Director.

Together our executive team has extensive experience and is focused on delivering Millennium's strategic objectives.

FY16 Highlights

The 2016 financial year was a year of strong growth for Millennium as we transitioned from a private to a publicly-listed Company. Our business performed well laying a strong foundation for 2017, despite timing delays to the start of a number of large contract wins that impacted our FY16 performance.

- Pro-forma revenue increased 30.9% year-on-year versus FY15 to \$157.2 million¹
- Pro-forma EBITDA was up 68.1% year-on-year versus FY15 to \$12.1 million²
- Strong gross margins were maintained

As at 30 June 2016, Millennium held \$6.7 million in cash on the balance sheet and maintained a significant undrawn position on its \$26.6 million facility with ANZ.

Importantly, our FY16 result was achieved through a balance between strong organic growth and strategic acquisition activity and I will now take you through an update on Millennium's progress against each of its strategic priorities.

Growth

The ability for Millennium to leverage its national footprint is the key to our success. Our strategies for achieving growth are:

- Firstly, cross-selling additional services to our existing clients, most notably our capacity to now provide facility and maintenance services in the East and security services in the West;
- Secondly, continuing to build and strengthen our Security offering nationally and targeting one third of revenue. To this end, we announced the appointment of Craig Hanley as Chief Operating Officer to the Group, who will commence in early 2017 and focus on strengthening our security and integrated services capabilities; and
- Thirdly, identifying accretive acquisitions within the market that continue to provide opportunity for further consolidation, as the demand for compliant, value-adding services increases.

The acquisition of Airlite Group just last month has fulfilled a significant part of the acquisition strategy articulated by the company at the time of listing in November 2015, expanding the

¹ FY16 pro-forma revenue of \$157.2 million includes the contribution of National Cleaning Services Australia (NCSA) from 1 February 2016.

² FY16 pro-forma EBITDA of \$12.1 million includes the positive impact of \$0.4 million of consumable stock-on-hand adjustments moved to the balance sheet. These adjustments represent a change in treatment from that used in the preparation of Millennium's 2015 Prospectus.

Company's geographic reach to that of a truly national service provider and across an enhanced range of services and blue chip clients.

The completed acquisition is 100% debt funded through a \$42.0 million consolidated facility package finalised with our lenders ANZ and is expected to be immediately earnings per share accretive.

Expansion Activities

During the year, we responded to an unprecedented high level of contract tender opportunities. I was particularly pleased with our success rate in securing new business in the later part of FY16, the majority of which was with major blue-chip clients on favourable five-year terms. This has greatly strengthened our contract book.

At the same time, we have been able to deliver our premium service to an increasing number of our existing blue chip clients, building long-term relationships.

Millennium also made measurable headway towards the objective of expanding our services geographically and into new sectors. We bolstered our Australian east coast presence through ongoing expansion of new contracts into northern New South Wales and the Australian Capital Territory (ACT).

After acquiring ACS (completed at IPO) and NCSA (completed in February 2016), I am pleased to report that the integration of both businesses is proceeding as planned. The NCSA acquisition in Canberra has provided a solid platform for ongoing expansion in Government commercial cleaning unlocking a significant volume of opportunity for us. The ACS business is providing a regional base in the high growth corridors of NSW Central Coast and the Hunter region.

We also launched operations in the North and South Islands of New Zealand and in just twelve months we have significantly expanded our client services. The opportunities for profitable growth in New Zealand and the ACT are considerable for our business and I am excited about what we can achieve in these jurisdictions in the years ahead.

Diversification

The acquisition of Airlite represents a transformational step change for Millennium and provides us with a national footprint, meaningful scale, broader service offering and increased competitiveness.

Whilst many opportunities exist within Millennium's current core markets of cleaning and security, strategic expansion into the growing integrated services market also represents a significant opportunity.

People and Systems

Millennium now employs more than 4000 people throughout its business. I will now briefly touch on some of the things that we do to acknowledge and develop our great people.

I am proud of our Company's unparalleled track record of service delivery and customer satisfaction, which is only made possible by our talented, hardworking team members. Our services are delivered to internationally recognised compliance standards in Environmental Management, Quality Assurance and Occupational Health & Safety.

Training is a key focus at Millennium. At the core of the Company's training program are our newly developed "M2M" on-line induction and training modules to ensure our people are fully trained and we maintain our competitive edge.

As Peter mentioned we will also continue to invest in our management capabilities as we move through this busy period of growth and integration. I thank Damien, our CFO, for his valuable contribution to the finance function since he joined the Company just a few months ago. And I look forward to having our new Chief Operating Officer Craig Hanley on board in February 2017.

Trading Update and FY17 Outlook

Turning our attention to our FY17 trading outlook. Following the Airlite acquisition announced on 21 October, the Company now expects FY17 pro-forma³ revenue to be in the range of \$246 million to \$256 million, with FY17 pro-forma EBITDA to be in the range of \$17.7 million to \$18.6 million – this is inclusive of approximately \$1.3 million of incremental acquisition and integration related costs.

Pro-forma capital expenditure is expected to be in the range of \$4.1 million - \$4.6 million.

It is not anticipated that the Airlite acquisition will lead to material overhead savings for the combined Group in FY17.

Summary

I would sincerely like to thank every member of the Millennium team for their substantial efforts in making this a successful year for the Company. I would like to thank the Board and my management team for their support and dedication during this challenging and rewarding phase in Millennium's development.

In the year ahead, we will be concentrating our efforts on cross-selling additional services to our existing client base, growing our security division and targeting accretive acquisition opportunities. There are many opportunities that stand ahead of us and our passionate team is motivated to capitalise on these. I look forward to bringing you further updates on our progress and performance through FY17.

-ENDS-

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³ This incorporates the results of Millennium and Airlite as if they were a consolidated group for the whole 12 months.