FY18 FINANCIAL RESULTS 31 AUGUST 2018



a new millennium in integrated services

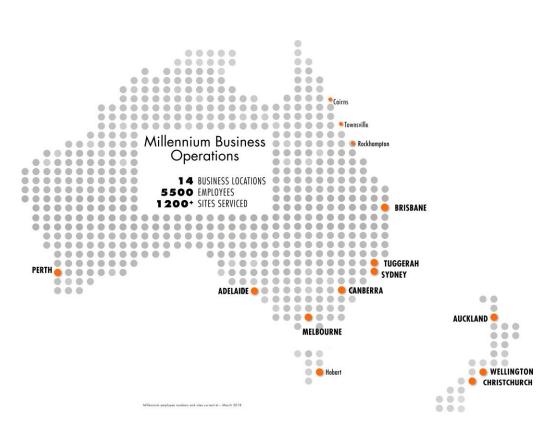
Agenda

- 1 Overview
- 2 Operational Performance
- **3** Financial Performance
- 4 Strategy and Outlook
- 5 Appendices

1. Overview

Millennium's Foundations

Building a foundation for disciplined growth and improved shareholder return



- Year of consolidation and resolution of legacy issues
- New management structure and associated investments finalised – appropriate National capability to manage risk effectively
- Contract book continues to diversify with growth in security services and commercial cleaning
- Clear, driven organisational focus on cost control, labour efficiency and high quality service
- Bid process focused on disciplined pricing, overhead recovery and significant premium to WACC



Financial Snapshot – Underlying Pro-forma

\$282.1m

Up 12.8% on pro-forma FY17

GROSS PROFIT \$42.4m

Down 2.1% on pro-forma FY17

UNDERLYING EBITDA \$15.4m

Down 18.5% on pro-forma FY17

- Solid revenue growth reflecting improved bid process and strong market positioning
- Encouraging new sales in Security Services
 - 71 new sites commenced in FY17/18
- Over \$116m of new contract wins and renewals
 - Net increase \$52m annualised
- Underlying EBITDA affected by:
 - Revenue mix of wins/renewals/losses shifting weighted average gross margins lower
 - Competitive pricing environment
 - Double up of overheads at peak of management transition
 - Dual system/process costs prior to Airlite integration
- Statutory net loss after tax of -\$0.75m
 - Incorporates provisioning of \$3.3m largely related to legacy issues



2. Operational Performance

People and Safety

Corporate Social Responsibility, diversity and safety are areas of organisational focus

Safety, Training & Compliance

- Compliance division delivering results in WHS
- Audit and training focus to ensure improved safety and LTIFR outcomes
- Organisationally compliant to new ISO standards

Diversity & Social Responsibility

- Diversity Maintained WGEA compliance
- Focused on increasing female representation across the organisation
- Continued development of recruitment and procurement services with indigenous partners









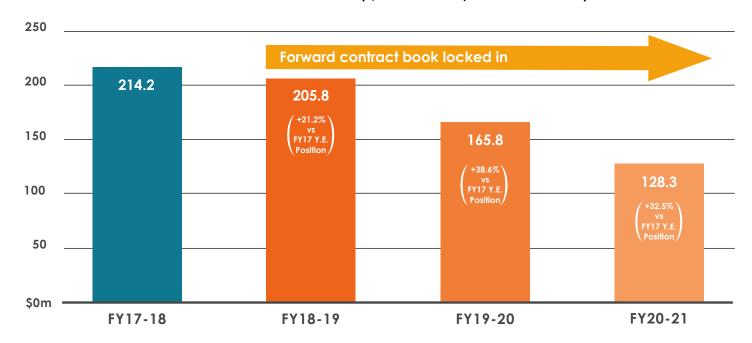




Strengthened contract book value and longevity

CONTRACT BOOK 'IN CONTRACT ONLY'

Annual Revenue (\$millions per annum)



- Contracted revenue position has improved significantly versus last year with \$500m in contract over next three years
- A strengthening forward position provides increased visibility on revenue stability and growth,
 reinforcing capability and footprint



Positive bid activity underpinned by diversification

NEW WINS

\$66.5m

Annualised

TOTAL RENEWALS

\$49.7m

Annualised

CURRENT PIPELINE IN EXCESS OF

\$162m

- Net growth of \$52m a positive reflection of our reputation and credibility associated with ASX listing
- De-risking of portfolio through geographical and segment diversification:
 - New wins across all Australian states and New Zealand
 - Education, Health and Commercial sectors have grown to represent more than 10% of net new wins
 - Solid progression in the Security Services Sector including first contract in South Australia
 - Strong growth post June 30 with \$7.4m in contract wins of which 93% is non-retail sector
 - Growing diversity in pipeline remains strong with more than 25% of total opportunity in entertainment, commercial and industrial sectors



Cleaning segment highlights





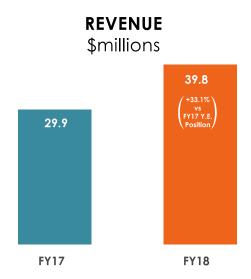
UNDERLYING GROSS PROFIT

\$millions



- New and renewed cleaning contracts worth \$87m pa
- Multiple successful bids on large national iconic retail contracts outside of traditional shopping centre market
- Commercial and Government success in WA/QLD providing further diversification
- Gross profit decreased due to tendering mix and competitive pricing environment
- Significant pipeline of opportunities with \$132m across non-retail and traditional retail markets
- National success for banking sector retail and commercial portfolio across New Zealand (not part of FY18 result)

Security segment highlights



UNDERLYING GROSS PROFIT \$millions

6.0

(+27.7% vs PY17 Y.E. Position)

FY18

FY17

- New and renewed security contracts worth \$24m pa
- Commenced at 71 new sites to take annualised revenue through \$55m
- First contract commenced in the event security market
- Continued growth from banking, finance and IT sectors
- Security represented 14.1% of total revenue for the year.
 Month of June run rate 18.3%, demonstrating strong forward growth
- Significant pipeline opportunities of \$27.7m



Investment in innovation

Enabling national contract wins, improved quality and labour efficiencies

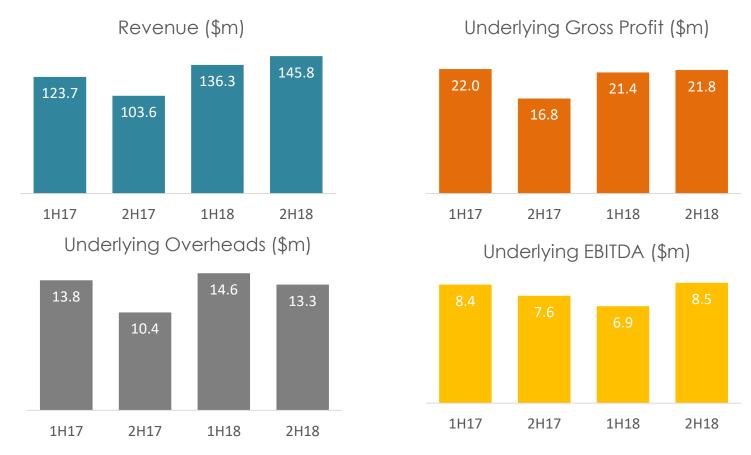
Improved Compliance Improved Event Security iAuditor DIVEPRO Body 10 Camera **TECHNOLOGY** DETECTION Automated Time and Transcend Metrasens **EQUIPMENT** Attendance 00 **PROCESSES Improved Cost and Improved Quality Efficiency MARKET CLEANING** iMops iVacs BBS – Building Breakdown **EQUIPMENT LEADER** Schedule COMMUNICATION **Improved Service Efficiency Market Leading Innovation** Motorola TRBOnet **Avidbots INNOVATION**

3. Financial Performance

Key Financials

- Revenue \$282.1m, up 12.8% on pro-forma FY17
- Gross Profit \$42.4m, down 2.1% on pro-forma FY17
- Underlying EBITDA \$15.4m, down 18.5% on pro-forma FY17
- Statutory Net Loss after Tax: (\$0.75m), down 115% on FY17
 - Incorporates provisioning of \$3.3m largely related to legacy issues

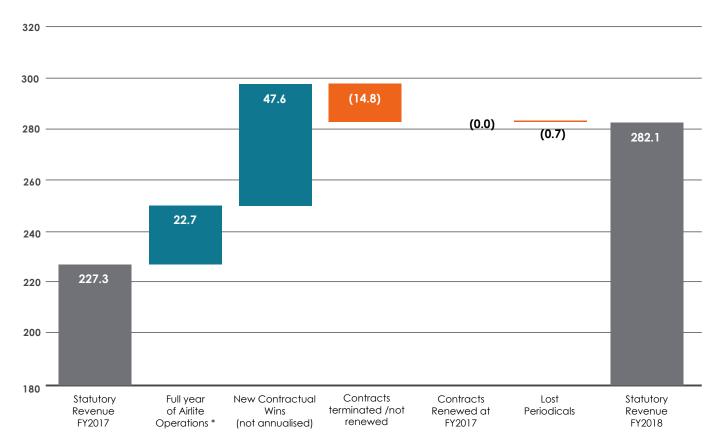
Income Statement – half yearly analysis



- Solid revenue growth 1H into 2H due to momentum in contract wins and renewals
- Drop in overheads from 1H to 2H as emerged from transitioning process

Revenue

FY18 REVENUE bridge (\$m)

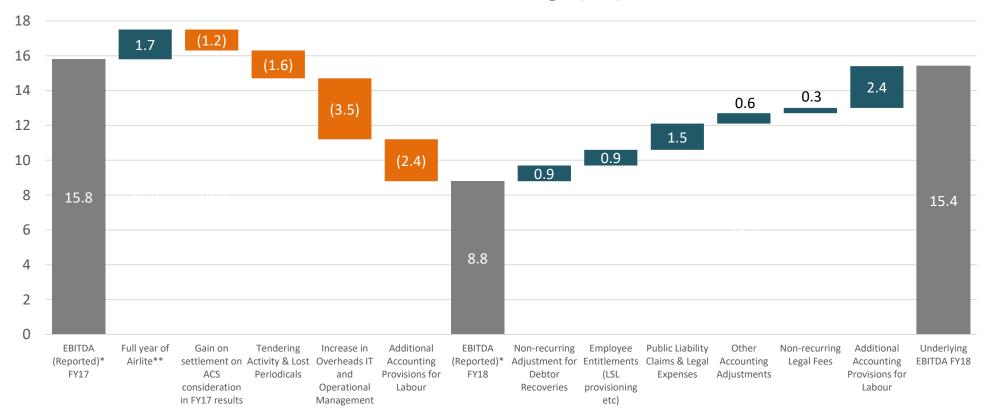


- * The Airlite Group was acquired in November 2016. The statutory revenue for FY2018 included the full 12 months of revenue from the Airlite business compared to 8 months of Airlite revenue in the prior year.
- ** Contracts at total annual approximate value of \$50m renewed at FY2017 prices as part of total tendering activity during the year.



EBITDA

FY18 EBITDA Bridge (\$m)



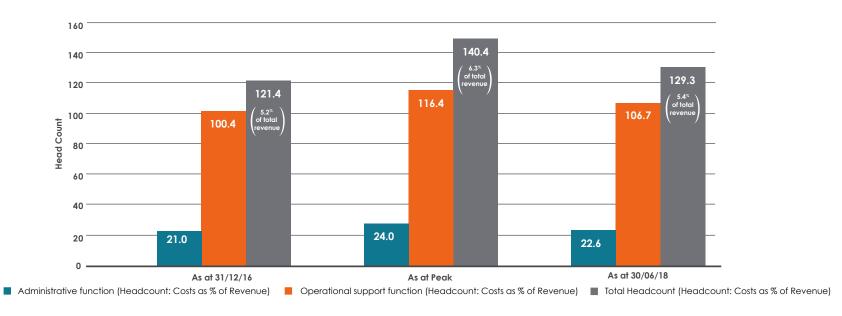
- * Earnings before interest, taxes, depreciation and amortisation (EBITDA) as disclosed at Note 4 in the June 2018 Appendix 4E.
- ** The Airlite Group was acquired in November 2016. The Group's performance for FY2018 included the full 12 months of operations from the Airlite business compared to 8 months in the prior year.

EBITDA Commentary

- Gross profit margins were impacted by competition in retail sector resulting in pricing pressure around contract renewals in cleaning
- Some higher margin contracts rolled off during the period
- Security revenues grew strongly, experienced less margin pressure and experienced the benefit of lower capital requirements
- Near term objective is to continue improving the efficiency of operations, including active
 management of overheads, ensuring pricing is consistent with high levels of quality and compliance
 and meets required return on capital metrics
- Leveraging benefit of head office initiatives
- One-off legacy issues affected Statutory EBITDA in FY18:
 - Public liability provisioning
 - Payroll instrument audits
 - OSR case and potential contractor payroll tax recoveries

Management Overhead Analysis

OVERHEADS ADMINISTRATION & OPERATIONAL SUPPORT STAFF



- Current headcount has risen 6.5% since 2016 addressing capability and growth focused on governance, risk management and systems improvement
- Cost has risen ~11% primarily due to investment in management capability critical in growing the business and managing risk
- Following a period of transition which saw a spike in headcount due to overlap, the Group is now well positioned to grow its revenue per headcount
- Further opportunities for operational efficiencies lie with modest investment in IT enhancements



Summary Balance Sheet

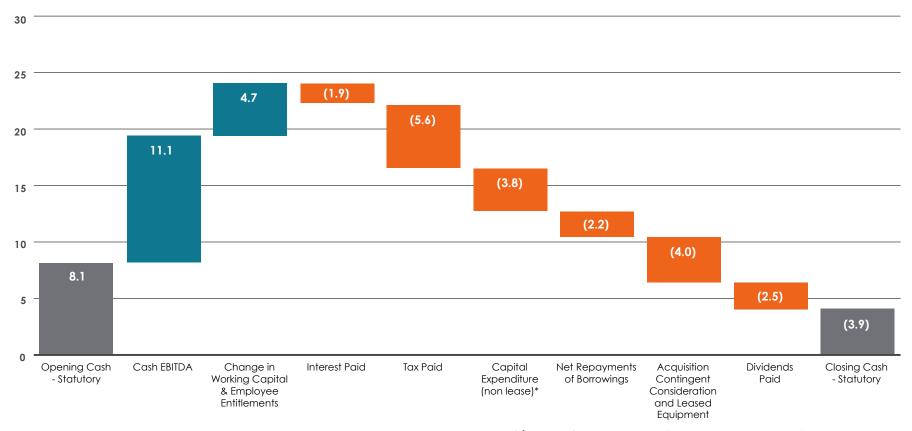
Summary Balance Sheet					
	FY18 (\$m)	FY17 (\$m)	Var (%)	G	
Current Assets	31.2	27.6	13.2	Statutory B	
Non-Current Assets	62.2	59.0	5.4	Loans and	
Total Assets	93.4	86.6	7.9	Cash & Ca	
Current Liabilities	76.2	41.8	82.2	Net Debt	
Non-Current Liabilities	7.9	32.3	-75.4	EBITDA	
Total Liabilities	84.1	74.1	13.5	Net Debt/E	
Net Assets	9.3	12.5	-25.2	Underlying	
Issued Capital	19	19	0	oridenying	
Retained Earnings & Reserves	-9.6	-6.5	48.6		
Total Equity	9.3	12.5	-25.2		

Net Debt/EBITDA					
Gearing FY18 (\$m)					
Statutory Basis (\$m)	FY 18				
Loans and Borrowings	28.2				
Cash & Cash Equivalents	4.0				
Net Debt	24.3				
EBITDA	8.8				
Net Debt/EBITDA	2.76x				
Underlying EBITDA	15.4				

- Ongoing renegotiation of banking facility, now complete, required a movement of \$39m of borrowings to current liabilities as at 30 June
- The facility has been renewed with little variation in terms

Cash flow and capital expenditure

STATUTORY CASH FLOW \$m



- Capex spike in FY18 driven by investment in robotics (\$1.8m) and significant period of retendering (\$1.7m)
- The benefits of the higher capex in FY18 will span future periods



4. Strategy and Outlook

Strategic Initiatives

- New organisational structure
- Introduction of Group Executive, Compliance with direct responsibility for contract risk, quality and efficiency
- Bid process now complete and centralised disciplined hurdle focus
- Key account relationship management
- IT systems consolidation underway

CONSOLIDATE

CENTRALISE

GROW

ENHANCE

- Improved and disciplined bid price modelling
- Focus on repositioning low margin contracts at retender driving net increase to gross margin

- Transformative business redesign
- Centralised procurement initiatives
- Robotics-led labour efficiencies



Outlook and Guidance

- Underlying business fundamentals provide a platform for improved returns
- Diversification across market segments and regions continues with improved contract book stability
- Overheads remain a focus and are expected to trend lower
- Expectation is stable FY19 earnings base to support disciplined growth
- Millennium expects to achieve revenue during FY19 in the range of \$290 million to \$310 million, and EBITDA in the range \$15.5 million to \$17.5 million

5. Appendices

Summary Income Statement

Summary Underlying Income Statement (\$m)								
	L	Inderlying	9	Stat		Underlying		Stat
	H1	H2	FY17	Stat	H1	H2	FY18	Stat
Revenue	\$123.7	\$103.6	\$227.3	\$227.3	\$136.3	\$145.8	\$282.1	\$282.1
Underlying Gross Profit	\$22.0	\$16.8	\$38.8	\$38.8	\$21.4	\$21.8	\$42.4	\$41.8
Underlying Overheads	-\$13.8	-\$10.4	-\$24.2	-\$23.2	-\$14.6	-\$13.3	-\$27.9	-\$30.41
Underlying EBITDA	\$8.4	\$7.6	\$160	\$15.8	\$6.9	\$8.5	\$15.4	\$11.2

Summary Statutory Income Statement

Summary Statutory Income Statement (\$m)					
	FY18	FY17			
Total Revenue	282.07	227.31			
Gross Margin	40.99	38.80			
Operating EBITDA	8.79	14.08			
Transaction & Other Costs	0.00	0.00			
Reported EBITDA	8.79	14.08			
Depreciation & Amortisation	(7.70)	(5.64)			
Interest	(2.08)	(1.57)			
Profit Before Tax	(0.99)	(6.87)			
Income tax benefit/(expense)	0.24	(1.83)			
Net Profit After Tax (NPAT)	(0.75)	5.04			

Important notice and disclaimer

This document and the contents of this presentation (together the **Presentation**) has been prepared by Millennium Services Group Limited (ACN 607 926 787) (the **Company** or **Millennium**).

The Presentation contains general summary information about Millennium's business and activities which is current at the date of the Presentation. The information should not be considered comprehensive or complete and has not been independently verified. It has been prepared without taking account of any person's financial situation, objectives or particular needs. It does not comprise investment, taxation, legal or other advice. Any person reading the Presentation must make an independent assessment of its contents and seek independent financial, taxation, legal or other advice, appropriate to their own circumstances.

The Presentation is not and should not be considered to be an offer or invitation to acquire securities. It is not a prospectus, product disclosure statement or other disclosure document under Australian law or the law of any other jurisdiction. It does not comprise investment advice or a recommendation to acquire or dispose of any securities in Millennium.

Millennium and its related bodies corporate (and each of their respective directors, officers, agents, employees and advisers) have used reasonable endeavours to ensure that the information contained in the Presentation is not misleading but they make no representation or warranty as to the accuracy, reliability or completeness of the information or opinions contained in the Presentation. To the maximum extent permitted by law, they disclaim all liability arising from all loss of any kind which a person may sustain as a result of reliance on the Presentation.

Unless otherwise stated, all dollar values in this Presentation are Australian dollars (\$AUD).

The Presentation contains forward looking statements, including projections and opinions (**Forward Statements**). These are indicated where words such as "expected", "may", "intend", "likely", "should", "plan", "forecast", "estimate", "consider", "believe", "anticipate", or similar words are used. The Forward Statements are based on assumptions, statements of current intention and opinion and predictions as to possible future outcomes as at the date of this Presentation. The actual outcomes may differ materially from the Forward Statements, based on changes in circumstances, events, risks and general economic conditions.

Statements about past performance do not represent a guide to future performance (and should not be relied upon as such) and are given for illustrative purposes only.

This Presentation should be read in conjunction with Millennium's other periodic and continuous disclosure announcements which are available at www.asx.com.au

