



8 May 2017

## Spotless Directors continue to recommend shareholders REJECT Downer's offer

Spotless Group Holdings Limited ("Spotless") (ASX: SPO) notes Downer EDI Limited's (ASX: DOW) Second Supplementary Bidder's Statement and announcement that the Offer price for its unsolicited and highly conditional off-market takeover is now final at \$1.15 per share in absence of a superior proposal.

The Spotless Directors continue to unanimously recommend that shareholders REJECT Downer's offer.

Spotless Chairman, Garry Hounsell said: "Our position is unchanged - the Directors do not believe the Downer offer represents adequate value for Spotless shareholders."

"Spotless is at an inflection point. We have a strong core defined by our market leadership position in Facilities Services and an attractive portfolio of recurring contracted earnings, including over \$10bn in lifetime PPP revenue."

"We are set for growth. The strategy reset is clear and we have made the investments to drive growth from this unique platform. Our business development capability has been enhanced, our contract rationalisation is underway and our portfolio oriented toward long term, high margin contracts. Our pipeline of opportunities is building and win rates are increasing."

"We remain confident that the fundamental strengths of Spotless' core business, together with management's execution of the strategy reset will deliver greater value to Spotless' shareholders than the Downer offer in the medium term," Mr Hounsell said.

Spotless' Target's Statement details the reasons that underpin the Directors' recommendation and includes reaffirmed earnings guidance for FY17, earnings guidance for FY18 and an outlook statement for continued growth into FY19.

Spotless' outlook is supported by a strong level of contracted earnings in defensive sectors across Health, Education, Government and PPPs, with less than 8% of revenue for large contracts due for renewal in FY18<sup>1</sup> and \$10.8bn in contracted lifetime PPP revenues.

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<sup>&</sup>lt;sup>1</sup> Large contracts based on Top 150 identified contracts FY17 revenue. FY17 based on 1H17 actuals and 6 months of estimated revenue. Contracts due for renewal based on annualised revenue for contracts due for renewal in FY18 as a percentage of full year FY18 revenue, excludes Alfred Hospital.





"Shareholders have a clear choice - either accept the Downer offer which has been pitched relative to an all-time share price low allowing Downer's shareholders to take the benefits of Spotless' expected growth and synergies; OR REJECT the Downer offer and continue as a shareholder in standalone Spotless and enjoy the benefits of our expected growth and strategy reset," Mr Hounsell said.

All company announcements and information on the Offer are available on the Spotless website at www.spotless.com. Shareholders can also receive further information on the Offer by calling the Spotless Shareholder Information Line below:

Within Australia: 1300 963 991

Outside Australia: +61 1300 963 991

## **Enquiries**

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