



5 June 2017

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

The Board of Spotless Group Holdings (ASX: SPO) notes Downer EDI's announcement regarding a potential variation to the minimum acceptance condition for its takeover offer (Downer Offer) and continues to unanimously recommend shareholders **REJECT** the current takeover offer as it does not represent adequate value for Spotless.

Spotless Chairman, Garry Hounsell said: "Downer is clearly seeking to stimulate some momentum for their offer but, as we have maintained from the start, this offer does not reflect adequate value."

"Shareholders have a clear choice – accept Downer's offer, or back the Board's considered judgement that there will be greater value in the medium term by remaining a Spotless shareholder."

"The Spotless Directors were appointed by shareholders to exercise their best judgement to act in the best interests of all shareholders and maximise shareholder value."

The Board acknowledges that the Company's shareholder base may have differing objectives. A large portion of Spotless shareholders may have a medium to long-term investment horizon, based on the strong strategic value of the Company and its prospects as an independent company, whilst some investors who have acquired Spotless shares following the announcement of the Downer Offer are likely to have a much shorter investment horizon.

In exercising its judgement, the Board continues to believe that the Downer Offer is not in the best interests of all shareholders and does not represent adequate value.

"We have been clear in our guidance and outlook for growth and the business is demonstrating positive momentum."

"Our contract portfolio is being optimised for growth, investment in business development capabilities is driving increased win and renewal rates, and we have a strong pipeline of opportunities."





"We have a market leading portfolio of PPP contracts with total lifetime revenue of \$10.8bn, with new PPP mobilisations progressing well and wins continuing."

"Downer can clearly see the strategic value of Spotless. In their own words, Spotless will provide Downer with: 'stable businesses with resilient earnings'; 'long term contracts providing high certainty over revenues'; and 'a diversified contract portfolio across a high quality customer base', 1" Mr Hounsell said.

The Spotless Board is of the view the Downer offer represents inadequate reward for the strategic value and prospects of the business. Spotless shareholders should preserve this value for themselves.

Spotless also estimates that Downer shareholders will benefit from material synergies worth \$0.11 to \$0.33 cents per Spotless share – approximately 10 - 30% of the offer price.  $^2$ 

"The Spotless Directors continue to unanimously recommend that shareholders REJECT the Downer Offer," Mr Hounsell said.

To **REJECT** the Downer Offer, shareholders simply need to take no action in relation to the acceptance forms sent to them by Downer EDI.

Spotless Shareholder Information line is available to answer any questions on 1300 963 991 (for calls made from within Australia) or +61 1300 963 991 (for calls made from outside Australia) Monday to Friday between 8.30am and 5.30pm (AEST).

## **Enquiries**

Investor and analyst contact: Geoff Bryant General Manager, Investor Relations T +61 2 9816 9281 M +61 419 684 900 Media contact: GRACosway John Frey Founding Partner M +61 411 361 361

Rhianna Fursdon Associate Director M +61 477 029 337

<sup>&</sup>lt;sup>1</sup> Source: Financial media, company filings. Refer to page 9 of Spotless' Investor Update dated 25 May 2017 for details.

<sup>&</sup>lt;sup>2</sup> Source: Downer disclosure, Spotless Target's Statement dated 27 April 2017, Spotless calculations. Refer to page 10 of Spotless' Investor Update dated 25 May 2017 for details.