



27 November 2017

## **Market Update**

Spotless Group Holdings Limited (Spotless) refers to the Market Update released by its parent company, Downer EDI Limited, today. This Market Update referred to the following issues relevant to Spotless.

## Guidance for the 2018 financial year

Spotless' underlying earnings for the first four months of the 2018 financial year have been consistent and predictable and Spotless is targeting underlying net profit after tax and before amortisation of acquired intangible assets (NPATA) of \$93 million, or net profit after tax of \$85 million.

Spotless has also identified individually significant items totalling \$79.7 million, including:

- management redundancies, transaction costs, and residual Strategy Reset costs of \$10.1 million:
- work in progress, mobilisation costs and other balance sheet adjustments of \$29.6 million;
- impairment of the goodwill allocated to the Spotless Laundries business of \$40 million.

One long term contract, for facility management services at the new Royal Adelaide Hospital, has been identified as an underperforming contract since commencing operations in September this year. The contract is in the first year of a 30 year term. Spotless has resourced the project with a team of senior commercial and operational management to address the issues that have affected the commencement of operations, progress contractual claims and to complete a forecasting exercise. This work is expected to take several months. All associated work in progress has been written off and is incorporated in the individually significant items referred to above. It is expected that there will be no earnings from this project recognised in the 2018 financial year.

## For further information please contact:

Michael Sharp, Group Head of Corporate Affairs and Investor Relations

+61 439 470 145