Ferrovial Services Australia Pty Ltd (ACN 609 542 556)
Level 33, 101 Collins Street, Melbourne, Victoria, 3000

1 February 2016

The Manager
Company Announcements Office
ASX Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir or Madam

Takeover bid by Ferrovial in relation to Broadspectrum Limited

Ferrovial Services Australia Pty Ltd (ACN 609 542 556) is an indirectly wholly owned subsidiary of Ferrovial, S.A..

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth), I attach a Fourth Supplementary Bidder's Statement dated 1 February 2016, which supplements the Replacement Bidder's Statement dated (and lodged with ASIC) 23 December 2015.

The Fourth Supplementary Bidder's Statement supplements and is to be read together with the replacement Bidder's Statement dated 23 December 2015 (which reflects the original Bidder's Statement dated 7 December 2015 as amended by the First Supplementary Bidder's Statement dated 23 December 2015), the Second Supplementary Bidder's Statement dated 20 January 2016 and the Third Supplementary Bidder's Statement dated 27 January 2016.

The Fourth Supplementary Bidder's Statement was lodged with ASIC today.

Yours faithfully

Kate Zorzi
Company Secretary
Ferrovial Services Australia Pty Ltd
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Attach

This document is a supplementary bidder's statement dated 1 February 2016 under section 643 of the *Corporations Act 2001* (Cth) (the ***Corporations Act***). This is the fourth supplementary bidder's statement issued by Ferrovial Services Australia Pty Ltd (ACN 609 542 556) (***Ferrovial***) in relation to its takeover offer for Broadspectrum Limited (ABN 69 000 484 417) (***Broadspectrum***) dated 6 January 2016 (the ***Offer***). This supplementary bidder's statement (***Fourth Supplementary Bidder's Statement***) supplements and is to be read together with the Replacement Bidder's Statement dated 23 December 2015 (which reflects the Original Bidder's Statement dated 7 December 2015 as amended by the first supplementary Bidder's Statement dated 23 December 2015), the Second Supplementary Bidder's Statement dated 20 January 2016 and the Third Supplementary Bidder's Statement dated 27 January 2016 given by Ferrovial to Broadspectrum (collectively the ***Bidder's Statement***). This Fourth Supplementary Bidder's Statement will prevail to the extent to any inconsistency with the Bidder's Statement. A copy of this Fourth Supplementary Bidder's Statement was lodged with ASIC on 1 February 2016. Neither ASIC nor any of its officers take any responsibility for the contents of this Fourth Supplementary Bidder's Statement. This Fourth Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Ferrovial. Words and phrases defined in the Bidder's Statement have the same meaning in this Fourth Supplementary Bidder's Statement unless context requires otherwise.

FERROVIAL HAS SERIOUS CONCERNS ABOUT BROADSPECTRUM'S TARGET'S STATEMENT AND THE ERNST & YOUNG VALUATION

1 February 2016

Dear Broadspectrum shareholder,

We are writing to outline some serious concerns that we have with the Broadspectrum Target's Statement and the accompanying valuation report from Ernst & Young. The Target's Statement responded to the Offer by Ferrovial to acquire all of your shares in Broadspectrum for $1.35 cash per Broadspectrum Share.

In summary, the concerns include:

1. **The Ernst & Young value range is unrealistic and inconsistent with market benchmarks, as it**:
   a. proposed a **101 - 133% premium** versus typical transaction premia of 20 - 40%[1];
   b. is based on "maintainable" earnings in the non-DSP business that are **$86 - $106 million higher than FY2015 levels**[2]**.** This assumption is unjustifiably high;
   c. implies an EV / "maintainable" EBIT multiple for that non-DSP business of **26x - 115x**[2], exceeding every reference value benchmark identified; and
   d. has **ignored trading prices** in the 6 months prior to the Offer being announced[3].

2. **The earnings base is concentrated, not diversified** – Broadspectrum repeatedly asserts that they have a diversified portfolio, however they never focus on earnings contribution. 107% of Broadspectrum's <u>earnings</u> base comes from one division, DSP[4]. The remainder of the business <u>generated a loss</u> in FY2015[5]. Further, a significant proportion of DSP revenue and earnings appears to be generated from one contract with the Australian Department of Immigration and Border Protection (***DIBP***), which appears likely to decline materially when it is finally renewed (as acknowledged by Ernst & Young)[6].

3. **There are serious concerns around the post 2016 outlook that Broadspectrum have not disclosed** – Post FY2016, there are two main issues: 1) the new DIBP contract[7] terms appear likely to reduce DIBP average annual revenues by approximately $370 million (i.e. approximately 50%)[8]. Ernst & Young even estimate "maintainable" DSP earnings are $81 million lower than 2015 levels; 2) the non-DSP segments are heavily exposed to the extremely challenged oil & gas and resources industries and hence are unlikely to recover quickly. It is therefore difficult to see how the current Broadspectrum earnings are sustainable. We believe the negative outlook for the DIBP contract should be made transparent to shareholders and valued appropriately.

4. **The Offer is not opportunistic and market conditions have been ignored** – Since December 2014, prices for key commodities have fallen 40%[9] and peer share prices by 31%[10]. Since the Announcement Date in December 2015, markets and peers have fallen significantly. If

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[1] As per page 40 of the Ernst & Young report

[2] Including corporate costs. "Maintainable" EBIT calculated as Ernst & Young's "maintainable" EBITDA of $270 - 290 million less FY2015 D&A of $7 million for DSP and $90 million for non-DSP. D&A figures for DSP and non-DSP as per Broadspectrum's FY2015 Annual Report. Note that this total $97 million D&A figure is $3 million lower than Ernst & Young's "maintainable" D&A of $100 million as per page 57 of the Ernst & Young report. Maintainable EBIT for non-DSP segments including corporate costs of $5 - $25 million, compared to FY2015 Underlying EBIT of $(81) million for non-DSP segments including corporate costs

[3] As per page 37 of the Ernst & Young report

[4] FY2015 Underlying EBIT, excluding corporate costs

[5] FY2015 Underlying EBIT of $(81) million for non-DSP segments including corporate costs

[6] Page 39 of the Ernst & Young report

[7] Current DIBP contract due to expire in February 2016

[8] Annual revenue for the current DIBP contract is calculated by dividing the total contract value of $1.22 billion over 20 months ($61 million per month or $732 million for the FY2015 year). Revenue for the new DIBP contract is implied by dividing the $1.8 billion preferred contracts revenue (assumed to be DIBP), as disclosed in the Target's Statement (page 30) and the Ernst & Young report (page 15), over 5 years ($360 million per year). Broadspectrum, in May 2015, noted that margins for the DIBP contract are likely to be lower going forward (page 14 of the Transfield Services presentation at the Macquarie conference, 6 May 2015)

[9] Crude Oil price down 40% and Iron Ore price down 40%, from 22 December 2014 (being the date that the Broadspectrum rejected Ferrovial's previous proposal) to 29 January 2016

[10] From 22 December 2014 to 29 January 2016. Peers include Monadelphous, Spotless, Downer, UGL, RCR, Programmed and WorleyParsons

Broadspectrum had traded in line with peers since the Announcement Date, its price would be $0.73 per share[11]. We believe the current market is a reality that cannot be ignored by shareholders, or dismissed by Broadspectrum as a "disconnect" between the share price and the Company's business performance[12].

5. **Broadspectrum ignores significant negative changes since December 2014 –** The Target's Statement claims that the Broadspectrum business is stronger now than it was in 2014[13]. However, when the above factors are considered, namely, increased EBIT concentration in DSP and the likelihood of material decline in that segment, the challenging outlook for the non-DSP segments and the overall deterioration in market conditions and peer share prices, there has been a significant negative change in the business outlook and valuation. Given the lack of disclosure regarding some of these issues, we believe shareholders may be misled as to the value of the business.

6. **The most appropriate comparable multiples support Ferrovial's offer** – To justify their views on value, Broadspectrum references a range of international transactions, based on companies that operate in different markets, as well as certain domestic trading companies like Lend Lease and CIMIC, which are far larger and very different to Broadspectrum. When a more appropriate set of comparable trading multiples is used, the Ferrovial offer represents a 69% premium to the price implied by the peer average FY2017 EV/EBIT trading multiples[14] – clearly reflecting a significant takeover premium. This is <u>even before</u> any adjustment is made for Broadspectrum's FY2015 earnings base being concentrated.

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Ferrovial stands by its cash Offer of **$1.35 per Broadspectrum share**, offering you the opportunity to receive a 59% premium to Broadspectrum's share price prior to the announcement of the Offer.

The Broadspectrum share price had declined 50% since 22 December 2014 to **$0.85 per Broadspectrum share** at the time of announcement of the Offer. Broadspectrum's peers have fallen 14%[11] since the Offer was announced. We expect the Broadspectrum share price to fall significantly in the absence of our takeover offer, as it did after the Board rejected Ferrovial's previous proposal.

We believe shareholders should form their own views, and must be provided with more fulsome disclosure of the current prospects for the business.

Please take the time to read this Fourth Supplementary Bidder's Statement carefully before making a decision. We encourage you to **ACCEPT** our offer by filling out an acceptance form.

Please note that Ferrovial has now extended its Offer to close at 7.00pm (Sydney time) on 22 February 2016 (unless extended further in accordance with the Corporations Act). If you have any questions, please contact the Offer Information Line on 1300 782 154 (from within Australia) or +61 3 9415 4131 (from outside Australia).

Yours sincerely,

Santiago Olivares, Director
SIGNED on behalf of Ferrovial Services Australia Pty Ltd
Dated 1 February 2016

[11] Peer share prices from 7 December 2015 to 29 January 2016 have declined by 14% on average.
[12] Refer Broadspectrum's ASX Statement dated 21 January 2016
[13] As per Section 2.4 of the Target's Statement
[14] Peer average multiple as at 29 January 2016 of 5.2x EV/FY2017 EBIT. Enterprise Value calculated as the sum of net debt and equity value. For breakdown of broker forecasts, see Appendix A to this Fourth Supplementary Bidder's Statement

FERROVIAL HAS SERIOUS CONCERNS ABOUT BROADSPECTRUM'S TARGET'S STATEMENT AND THE ERNST & YOUNG VALUATION

1. Concerns in relation to the Ernst & Young report

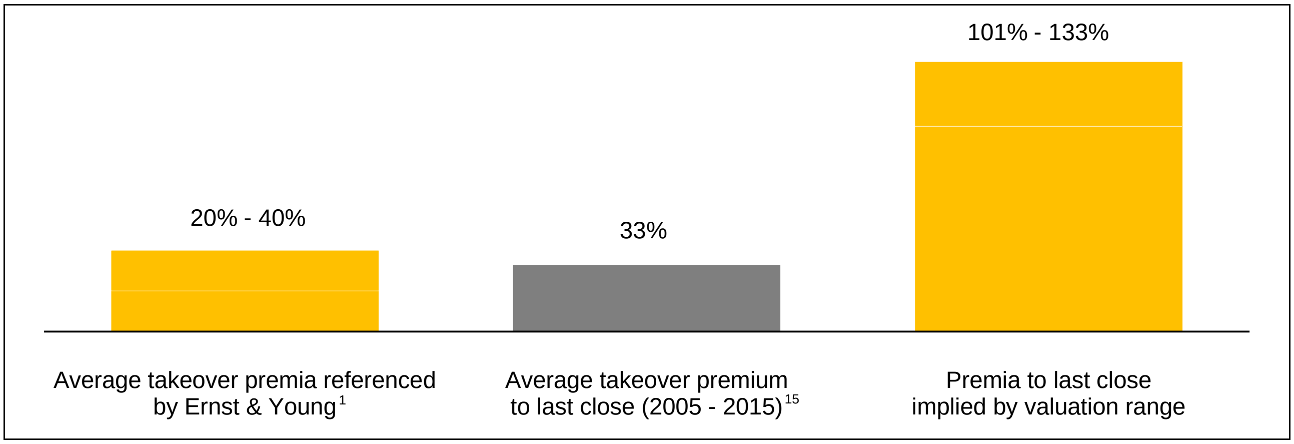
Ferrovial believes that there are number of fundamental issues in the Ernst & Young report commissioned by Broadspectrum's directors:

a. The implied premium significantly exceeds all reasonable benchmarks

The Ernst & Young value range of $1.71 – $1.98 per Broadspectrum share implies a highly unusual premium of 101 – 133% to the undisturbed Broadspectrum closing share price on 4 December 2015, the last trading day prior to the Announcement Date. This is way higher than the usual range of 20 – 40% identified by Ernst & Young[1] and the average one day takeover premium for all transactions since 2005[15].

Ferrovial's Offer already represents a 59% premium to the closing price on 4 December 2015, the last trading day prior to the Announcement Date.

Figure 1: Valuation premia



Source: Target's Statement, Company filings, Bloomberg

b. Ernst & Young's "maintainable" earnings for non-DSP are far too high

Ernst & Young's valuation has used "maintainable" earnings for the non-DSP (non-Defence, Social and Property) segments that are **$86 - $106 million** higher than the Underlying EBIT in FY2015[2]. In contrast, in FY2015, the non-DSP segment underlying EBIT declined by $107 million, reflecting worsening conditions.

Non-DSP consists of Infrastructure, Resources and Industrial, Americas and Corporate segments, which have significant exposure to mining and oil & gas. The backdrop for this unrealistic increase is an environment where commodity prices have approximately halved over the last 12 months[16], the average share prices of major oil & gas companies have declined by approximately 41%[17] over the last 12 months and the outlook is extremely challenging (as acknowledged by Broadspectrum's peers)[18].

For these reasons, Ferrovial believes Ernst & Young's "maintainable" EBIT is unjustifiably high.

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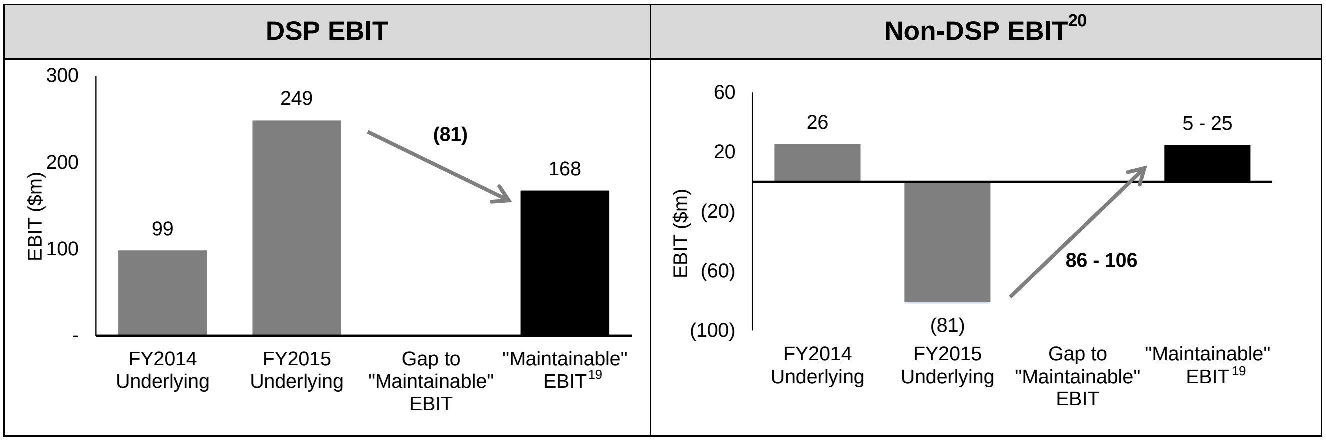
[15] Average premium over the close price for the last trading prior to announcement of the offer for transactions announced between 1 January 2005 and 31 December 2015 involving ASX listed target entities where the target valuation was greater than $100 million is 33%. Source: Bloomberg
[16] Change in commodity prices is set out in Figure 6 to this Fourth Supplementary Bidder's Statement
[17] Including Santos, Origin Energy, Woodside Petroleum and Oil Search, some of whom are clients of Broadspectrum, as listed in the Ernst & Young report. From 22 December 2014 to 29 January 2016
[18] See for example Downer – AGM Chairman and CEO Addresses to shareholders (4 November 2015), Monadelphous – 2015 AGM Address and Updated Outlook (17 November 2015), Programmed – 2015 Half Year Results Media Release (19 November 2015), Spotless – Trading Update (2 December 2015) and WorleyParsons – AGM Addresses (27 October 2015)

Figure 2: Gap to "Maintainable" EBIT[19]



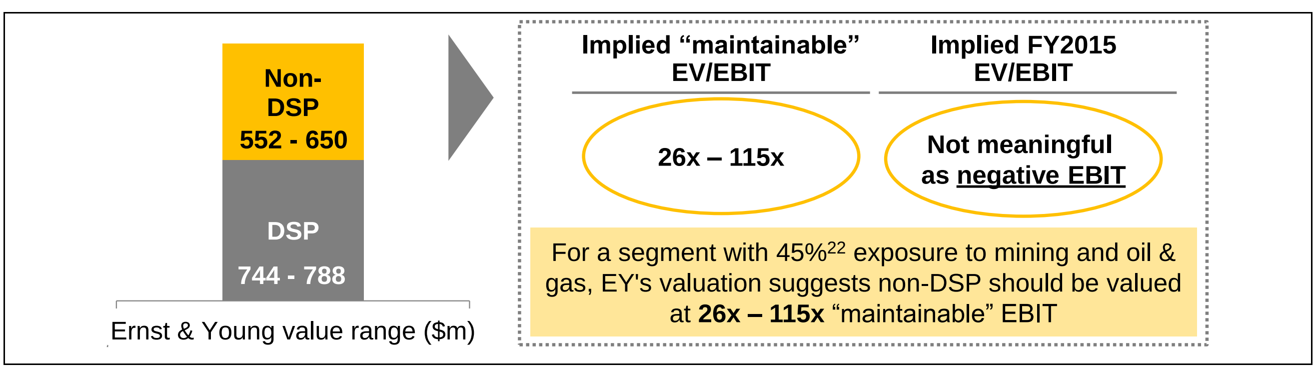
Source: Target's Statement, company filings

c. Ernst & Young's valuation range implies an EV / "maintainable" EBIT multiple for non-DSP of 26x – 115x

Ernst & Young has attributed a value of $552 – $650 million to the non-DSP segments. Even adopting the "maintainable" EBIT assumptions used by Ernst & Young (which Ferrovial believes are unjustifiably high), this implies an EV/EBIT multiple of 26x – 115x. This issue arises as Ernst & Young inappropriately uses EBITDA multiples as the primary basis for their valuation, which implies a very high mid-point multiple of even "maintainable" EBIT for Resources & Industrials (25x) and Americas (11x), a more reasonable 8x for Infrastructure and a very low 3x for the Corporate segment. While the components of depreciation and amortisation are not entirely clear, illustratively, if Ernst & Young had used the same approach, being a weighted average, of EBIT multiples (rather than EBITDA) to calculate the value of corporate costs, the implied value range reduces to $1.29 - $1.55[21]. This range would reduce further if lower multiples were used for Resources & Industrials and Americas.

This multiple range is significantly higher than any of the transaction precedents disclosed in the Target's Statement and, in Ferrovial's view, is not realistic for a business that was loss making in FY2015 and operating in highly challenging end-markets.

Figure 3: Implied non-DSP multiple



Source: Target's Statement

[19] "Maintainable" EBIT calculated as Ernst & Young's "maintainable" EBITDA less FY2015 D&A of $7 million for DSP and $90 million for non-DSP. D&A figures for DSP and non-DSP as per Broadspectrum's FY2015 Annual Report. Note that this total $97 million D&A figure is $3 million lower than Ernst & Young's "maintainable" D&A of $100 million as per page 57 of the Ernst & Young report
[20] Non-DSP EBIT includes corporate costs
[21] If "maintainable" corporate costs including D&A ($61.5 - $66.5 million), are valued at the weighted average EBIT multiple of 6.2x - 6.3x implied by Ernst & Young's valuation of the other segments, this would result in a valuation of corporate costs of $(384) - (420) million compared to $(168) - (200) million used by Ernst & Young. This would reduce the value range by $216 - $220 million ($0.42 - $0.43 per share). Corporate costs including D&A based on Ernst & Young's "maintainable" corporate costs of $35 - 40 million less FY2015 D&A of $26.5 million for the Corporate segment. $(384) - (420) million value range based on valuing $61.5 million of corporate costs at 6.2x and $66.5 million at 6.3x respectively

d. Ernst & Young has ignored trading prices in the six months prior to the offer being announced

Ernst & Young note that they have "*not cross-checked [their] assessed range of values to Broadspectrum's historical share price for the six months leading to the Announcement Date*"[23]. Given 82% of the company's shares were traded during this six month period[24], Ferrovial believes this is a serious flaw in the analysis. Current market circumstances cannot be ignored.

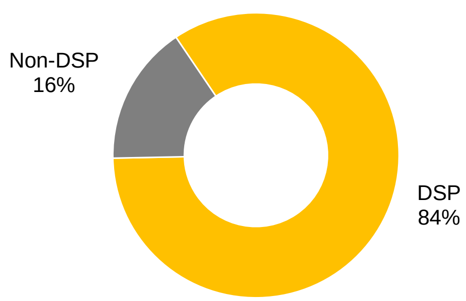
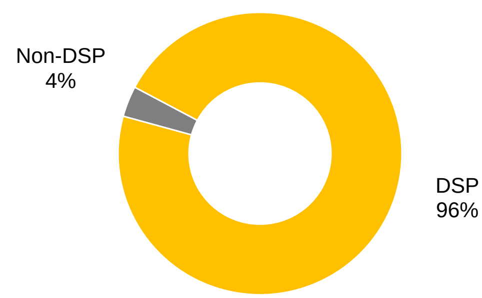
2. The earnings base is concentrated, not diversified

107% of Broadspectrum's Underlying EBIT (pre corporate costs) in FY2015 came from one division, DSP. This increased from 58% in FY2014. The remainder of the business was loss making[5]. A significant proportion of DSP revenue and earnings appear to be generated from one contract and the DSP earnings appear likely to decline materially (as acknowledged by Ernst & Young)[25].

We believe the earnings concentration should be made clear to shareholders and valued appropriately.

Figure 4: FY2015 Divisional concentration

Underlying EBIT (pre-corporate costs)		**Underlying EBIT (post-corporate costs)**	
DSP	107%	DSP	148%
Non-DSP	(7%)	Non-DSP	(48%)

Underlying EBITDA (pre-corporate costs)	**Underlying EBITDA (post-corporate costs)**
	

Source: Company filings
Note: Segmental EBITDA and EBIT for FY2015 as per Broadspectrum's FY2015 Annual Report

[23] Page 37 of the Ernst & Young report
[24] From 4 June 2015 to 4 December 2015, including shares traded on ASX and CHI-X
[25] Page 39 of the Ernst & Young report

3. Outlook for Broadspectrum beyond FY2016

The Target's Statement contains repeated references to the "positive outlook" for Broadspectrum as a key reason why Broadspectrum shareholders should reject the Ferrovial takeover Offer. However, two key issues are likely to impact the outlook materially:

a. DSP outlook

- Earnings from Broadspectrum's DSP segment appear likely to decline significantly post FY2016. Any new contract with DIBP may provide up to $370 million (or approximately 50%) less revenue per year[8] during the life of the contract than the current DIBP contract, and be at lower margins[26]
- Even the Ernst & Young report suggests the maintainable EBITDA for the DSP segment is $81 million lower than FY2015[27]
- Separately, the Ernst & Young report suggests ongoing residual revenues for DSP (ex-DIBP) are underpinned by c.$0.5 billion per annum of contracts in-hand[27]. If it is assumed that these revenues generate an 8 - 10% EBIT margin, it implies an approximate $200 - $210 million gap to the EBIT achieved by DSP in FY2015[28], which would need to be filled with earnings from the new DIBP contract and other new business

b. Non-DSP outlook

- This decline in earnings from the DSP segment requires a dramatic increase in earnings from Broadspectrum's non-DSP segments (being Resources and Industrial, Americas, Infrastructure and Corporate) to compensate
- It is extremely difficult to see how this will occur. Those non-DSP segments had an underlying EBIT loss in FY2015, and are heavily exposed to the oil & gas and resources industries, which have been significantly impacted by falls in commodity prices and competitive tendering

In May 2015, Broadspectrum noted that it expected revenue and margin from the current DIBP contract to decline[26]. In the Target's Statement, Broadspectrum said nothing about this issue. The Target's Statement fails to adequately disclose these major risks for you as a Broadspectrum shareholder.

Ferrovial assumes that Broadspectrum will renew the DIBP contract. If this were not the case, clearly the value of the business would be materially lower.

Further, Broadspectrum has not disclosed that analysts are forecasting no growth for the overall Broadspectrum earnings in FY2016 or FY2017[29].

c. Contract announcements have been minor relative to the potential earnings reduction

Broadspectrum has announced some new contracts since the Offer was announced. These contracts replaced and extended existing contracts (NSW Land and Housing Corporation) or were very small (AGL Energy Limited and Queensland Urban Utilities together have expected revenue of $35 million per year).

If the margin on all these contracts was consistent with that achieved by the respective segments, they would contribute less than $10 million incremental EBIT per year[30]. This is immaterial, particularly when considered in conjunction with the potential substantial decline in earnings from the DSP segment.

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[26] Page 14 of the Transfield Services presentation at the Macquarie Conference, 6 May 2015
[27] As per page 39 of the Ernst & Young report
[28] FY2015 DSP EBIT was $249 million. At 8 - 10% margin $500 million revenue achieves $40 - $50 million EBIT.
[29] See Appendix A
[30] Assumes that the NSW Housing contract is worth $950 million over five years or $190 million per year. Of this $190 million, only $95 million is assumed to be incremental. Applying Broadspectrum's FY2014 DSP EBIT margin of 8.2% (to remove any distorting impact of the current DIBP contract) implies an additional $7.8 million EBIT per year. The AGL and QUU contracts together contribute an implied $35 million in revenue per year. Applying Broadspectrum's FY2015 Infrastructure EBIT (pre-provisions) margin of 4.6% implies an additional $1.6 million EBIT per year

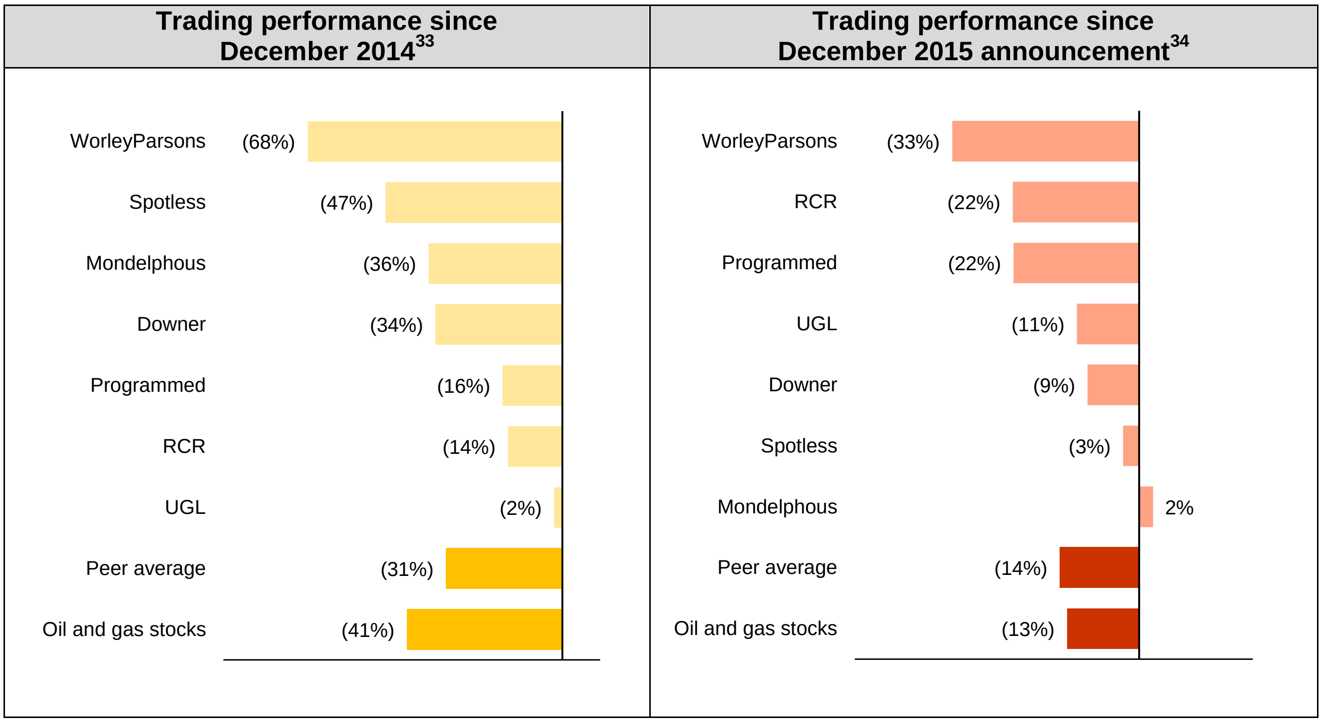
4. The Ferrovial Offer is not opportunistic and market conditions have been ignored

Since December 2014, prices for key commodities have fallen 40%[9] and peer share prices by 31%[10].

Further, since the announcement of Ferrovial's Offer, global stock market indices have fallen materially and Broadspectrum's peers have fallen a further 14%[31].

If Broadspectrum had traded in line with peers since the Announcement Date, its share price would be $0.73 per share[32].

Figure 5: Recent trading performance



Source: IRESS

Ferrovial believes that these declines reflect a worsening outlook and increased uncertainty and ignoring these price movements and concerns about the outlook is unjustified from a shareholder perspective.

Broadspectrum claims that the offer is opportunistic, however Ferrovial notes that the Broadspectrum price traded below the pre announcement price of $0.85 per share in each of 2013, 2014 and 2015.

[31] Calculated as the simple average of peers' performance based on closing share prices on 7 December 2015 and 29 January 2016. Peers listed in Appendix A to this Fourth Supplementary Bidder's Statement

[32] Assuming Broadspectrum's share price of $0.85 prior to Announcement Date declined by 14%, being the average share price decline of its peers since the Announcement Date

[33] Based on closing prices on 22 December 2014 and 29 January 2016. Oil and gas stocks comprise of Santos, Origin Energy, Woodside Petroleum and Oil Search

[34] Based on closing prices on 7 December 2015 and 29 January 2016

5. Broadspectrum ignores significant negative changes in the business since December 2014

Broadspectrum has ignored a number of these key issues in presenting the business as being stronger than when Ferrovial presented a previous proposal in December 2014. Across a range of metrics, Broadspectrum is now in a worse position than in December 2014.

Figure 6: December 2014 vs. Now

Metric	Position in December 2014	Position now (current Offer)	Improvement since 2014 proposal?
Concentration of DSP Underlying EBIT to total earnings (pre-corporate costs)[35]	58%	107%	✘
Resources & Industrial Underlying EBIT[35]	$35m	$(24)m	✘
Infrastructure Underlying EBIT[35]	$43m	$31m	✘
Americas Underlying EBIT[35]	$(7)m	$(23)m	✘
Corporate costs Underlying EBIT[35]	$(46)m	$(66)m	✘
Peer share price performance	n/a	(31%)[36]	✘
Prices for key commodities			
Crude oil	US$60/bbl[37]	US$36/bbl[38]	✘
Iron ore	US$69/dmt[37]	US$42/dmt[38]	✘
Copper	US$6,427/tn[37]	US$4,542/tn[38]	✘

Source: Company filings, IRESS

When the above factors are considered, namely, increased EBIT concentration in DSP, the likelihood of material revenue and earnings decline in that segment, the poor performance and challenging outlook for the non-DSP segments and the overall deterioration in market conditions and peer share prices, there has been a significant negative change in the business outlook and valuation. Given the lack of disclosure regarding some of these issues, we believe shareholders may be misled as to the value of the business.

Ferrovial notes that some of the metrics Broadspectrum discloses do demonstrate improvement. For example, net debt has declined. However, this appears largely a result of the cashflow contribution from the DSP division, which is expected to decline materially going forward[39]. Further, neither Ernst & Young nor the Target's Statement take into account the significant net debt-like items (of up to $106 million[40] or $0.21 per share) that reduce equity value.

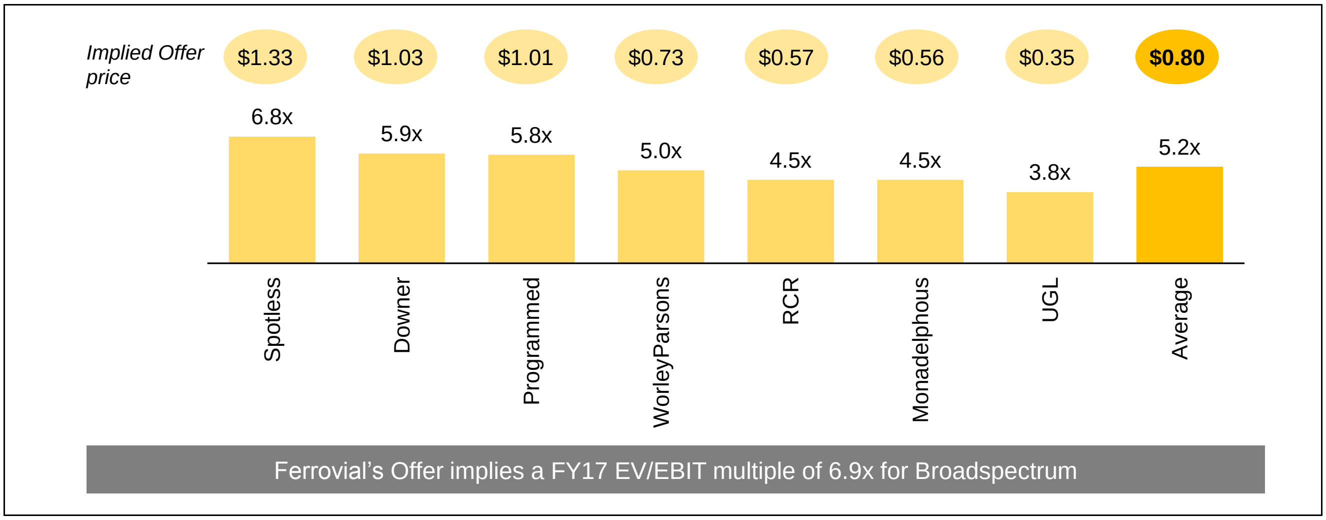
[35] As per previous financial year (FY2014 and FY2015)
[36] Calculated as the simple average of peers performance based on closing share prices on 22 December 2014 and 29 January 2016. Peers listed in Appendix A to this Fourth Supplementary Bidder's Statement
[37] As at 22 December 2014 (IRESS)
[38] As at 29 January 2016 (IRESS)
[39] The Ernst & Young report at page 39 suggests that "maintainable" EBITDA for the DSP segment is $81 million lower than in FY2015
[40] Comprising current tax liabilities of $72 million, receivables financing of $15 million, unamortised borrowing costs of $17 million and future finance charges on finance leases of $3 million, as per Broadspectrum's FY2015 Annual Report

6. The most appropriate comparable multiples support Ferrovial's offer

To justify their views on value, Broadspectrum references a range of international transactions, based on companies that operate in different markets, as well as certain domestic trading companies like Lend Lease and CIMIC, which are far larger and very different to Broadspectrum. Whilst no company will be a perfect comparison to Broadspectrum, the most appropriate comparable companies typically operate in common geographies and are subject to the current market environment that is impacting Broadspectrum.

When a more appropriate set of comparable trading multiples is used, the Ferrovial Offer represents a 69% premium to the price implied by the peer average FY2017 EV/EBIT trading multiples[41]. This clearly demonstrates a substantial premium is being paid relative to other businesses that investors could acquire.

Figure 7: Peer trading multiples



Source: Company filings, IRESS, Thomson, broker consensus (refer Appendix A to this Fourth Supplementary Bidder's statement)

Ferrovial also notes that a large number of the businesses that Broadspectrum is being compared to have far less earnings concentration, which in Ferrovial's view should attract a discount.

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A lot has changed in the last 12 months

The Broadspectrum Board references Ferrovial's December 2014 proposal on numerous occasions in its Target's Statement. At that stage Ferrovial was not aware of how high DSP concentration would be, the extremely weak subsequent performance of non-DSP segments (as shown in Broadspectrum's FY2015 results) and the significant changes in market outlooks for the segments of Broadspectrum's businesses that were required to mitigate the acknowledged reduction in DSP earnings. Circumstances have changed significantly. So has the value of the business.

Ferrovial stands by its Offer of **$1.35 cash per Broadspectrum share**, offering you the opportunity to receive a 59% premium to Broadspectrum's share price prior to the announcement of the Offer. There is a substantial risk that the Broadspectrum share price may fall should Ferrovial's $1.35 cash Offer not proceed.

[41] Multiples as at 29 January 2016 and calendarised to June year end

Appendix A: Average broker forecasts

Broadspectrum average broker forecast FY2016 and FY2017 EBIT				
	Number of broker forecasts used in average	**Range of broker forecasts used in average**	**Date range of broker forecasts used in average**	**Selection criteria for inclusion in average**
Broadspectrum FY2016 forecasts	5	\$159 - \$180 million; average of \$169 million	27 August 2015 – 21 December 2015	FY2015 results announcement date, being 27 August 2015
Broadspectrum FY2017 forecasts	5	\$157 - \$181 million; average of \$169 million	27 August 2015 – 21 December 2015	FY2015 results announcement date, being 27 August 2015
Broadspectrum comparable trading peers average broker forecast FY2017 EBIT				
UGL	4	\$77 - \$97 million; average of \$88 million	24 August 2015 – 28 October 2015	FY2015 results announcement date, being 24 August 2015
RCR	5	\$58 - \$61 million; average of \$59 million	20 August 2015 – 1 December 2015	FY2015 results announcement date, being 20 August 2015
Monadelphous	5	\$81 - \$97 million; average of \$88 million	18 August 2015 – 20 January 2016	FY2015 results announcement date, being 18 August 2015
WorleyParsons	6	\$292 million - \$363 million; average of \$323 million	26 August 2015 – 27 October 2015	FY2015 results announcement date, being 26 August 2015
Programmed	6	\$116 million - \$128 million; average of \$122 million	6 November 2015 – 19 November 2015	Skilled merger scheme implementation date, being 16 October 2015
Downer	6	\$274 million - \$306 million; average of \$287 million	6 August 2015 – 4 November 2015	FY2015 results announcement date, being 6 August 2015
Spotless	4	\$226 million - \$284 million; average of \$246 million	25 August 2015 – 23 December 2015	FY2015 results announcement date, being 25 August 2015