

ASX Announcement

22 October 2015

Address by Margaret Jackson AC, Chairman Spotless Annual General Meeting 2015

Please see attached address to be delivered by Margaret Jackson AC, Chairman, to shareholders at Spotless' Annual General Meeting to be held at 2.00pm today at ZINC at Federation Square, River Terrace, cnr Flinders & Swanston Street, Melbourne.

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SPOTLESS GROUP HOLDINGS LIMITED – ANNUAL GENERAL MEETING 2015

CHAIRMAN'S ADDRESS

Spotless is an extraordinary team. Today, there are more than 39,000 Spotless team members managing facilities, projects and events across Australia and New Zealand. We are one of the largest employers in the country.

We are proud to be a part of major events that bring the community together. We are proud to support Defence personnel by managing their assets and facilities. We are proud to contribute to the smooth functioning of hospital and medical facilities all over the country whether it be by feeding patients, cleaning wards or doing the laundry.

We are proud of what has been achieved over the last year.

Results

When I addressed shareholders this time last year, I flagged that 2015 would be a year of growth for Spotless. I am pleased to report that, thanks to the efforts of the Spotless team, at all levels, your company's performance exceeded prospectus forecasts and delivered impressive growth on the previous year.

- Statutory sales revenue up 9.6% on last year to \$2,872.9 million (pro forma sales up 12.3%).
- Statutory EBITDA up 70.2% to \$316.4 million (pro forma EBITDA up 25.5%).
- Statutory NPAT up 511.5% to \$142.8 million (pro forma NPAT up 34%).
- Adjusted NPAT grew 31.9% to \$150.2 million.

These results were achieved through an unrelenting focus on current and prospective customers, resulting in significant new business wins and landmark contract renewals, as well as continued focus on costs.

Given this strong reported result, the Board declared total dividends of 10 cents per share for the financial year.

Costs

The company's record financial result for the year also demonstrates the sustainability of our cost base. Our cost structure over the last 3 years has benefited from reductions in overheads, procurement reviews and property, insurance and contract efficiency savings. We are committed to maintaining margins in line with our global competitors and we continue to win work on this basis

Contract Wins

The quality of our service to our customers, underscoring our broad capability and the strength of local management, continues to be reinforced by our success in securing new and extending existing customer contracts. During the year, Spotless was awarded a number of renewed and new contracts with annualised revenues of \$1.3 billion.

Notable new wins included:

- Facilities management contracts for the Melbourne Airport Terminal, WA Department of Housing, the New Zealand Defence Force (Southern Region) and Arrum Aged Care.
- Catering contracts for Newcastle Airport, Emirates lounges nationally and Jetstar at Brisbane International Airport as well as Adelaide City Council, Auckland City Council and Calvary Health.
- A combination of facilities management, township management, catering and cleaning contracts for BHPB's Kurra Village near Newman, BHP Billiton's Olympic Dam and Leonora Village in WA.

Renewals

Long term Spotless clients including Melbourne Cricket Ground, the South Australian Government, the Australian Department of Defence and the University of Western Australia also renewed long term contracts with Spotless during the year.

Growth Strategy

Spotless' growth strategy is underpinned by four pillars:

- underlying market growth;
- outsourcing penetration;
- market share growth; and
- expansion opportunities in adjacent services and customer sectors.

As we move into the year ahead, your Board and Management team remain firmly focused on this strategy and we believe the combination of market growth and our unique competitive position in the market ensures we are well placed to continue delivering value for shareholders.

PPP's

We see significant upside in Public Private Partnerships (PPPs). Spotless is the leading operator of social infrastructure PPPs across Australia and New Zealand with ten operational projects and four contracts currently being mobilised. These contracts have a combined average length of ~27 years, providing a secure long-term revenue stream.

We are proud that Spotless has recently been selected as a preferred bidder on both the WA Schools PPP and Victorian New Schools PPP, delivering a combined 23 schools across Australia.

Our PPP revenues were ~\$112m in FY15 and Spotless expects incremental annualised revenue of ~\$130m from projects reaching full operational phase in FY16 and FY17.

Acquisitions

Consistent with our growth strategy, we continued to pursue bolt on acquisition opportunities in the second half to further expand our service offering, consolidate our leadership position and further enhance our ability to self-deliver services.

This remains a key differentiator for Spotless. Today, Spotless is less reliant on subcontracting. This provides us with a real competitive advantage when it comes to quality, safety, service consistency, oversight and managing risk.

During the year, Spotless acquired and is currently integrating AE Smith, Australia's leading air conditioning and mechanical services provider. This acquisition provides a platform for growth into technical services.

We also recently acquired Utility Services Group, Australia's leading provider of retail meter reading and installation services, providing a growth platform in the utilities sector. Utility Services Group had annual revenues of \$200 million at the time of acquisition, in July.

Spotless also made three smaller bolt-on acquisitions during the financial year - Aladdin Laundry, International Linen Service and TechGuard Security.

Together, these transactions have enhanced and expanded our service offering to customers and complemented our existing services lines.

Your Board and Management Team continue to evaluate opportunities to acquire quality businesses with the objective of enhancing our client value proposition and reinforcing our position as Australia's leading integrated facility services provider. However, we are cautious with shareholder funds and will not pursue growth for growth's sake.

With strong cash generation and total undrawn facilities of \$275 million at 30 June 2015, Spotless remains well placed to self-fund growth opportunities that will add value for our shareholders over the long term.

The Spotless Workforce

Spotless has grown its front line team from 33,000 at the time of our initial public offering in 2014 to more than 39,000 today. We have welcomed team members from businesses we've acquired and we have also grown the team organically – pleasingly adding 1,000 new jobs in the 2015 financial year.

We are proud of the role we play as a major employer in both Australia and New Zealand and we continue to invest in workforce diversity, indigenous employment and training opportunities.

I'd like to take a moment to talk about safety given the size of our team and the diversity in their roles and locations across Australia and New Zealand – serving clients in locations as disparate as schools, hospitals, stadiums and remote mine sites.

In this context, running consistent and effective safety programs is both a priority and a challenge.

During the year, we continued to focus on identifying innovative solutions for managing safety risks. These initiatives resulted in a 42% reduction in lost time injury frequency rate; a 30% reduction in days lost following injury (severity rate); and an 8% reduction in the number of claims.

Your Board and senior management team are absolutely committed to achieving the highest standard of safety across the business.

CEO Appointment

This is Bruce Dixon's last AGM as Spotless Managing Director and CEO after announcing his retirement earlier this year.

Bruce has enjoyed a long history with Spotless, having originally joined the team in 1987, before returning to Spotless as Managing Director and CEO in 2012. Bruce was instrumental in the privatisation and turnaround of the business as well as its successful relisting on the ASX in 2014.

On behalf of the Board, shareholders and staff, I would like to congratulate Bruce on his career with Spotless and in particular for his vision, his hard work and his commitment to Spotless' transformation over the past three years. We wish him well in his pursuits post retirement.

Following an international search, the Board announced that Martin Sheppard would join us later this year as Managing Director and Chief Executive Officer.

Martin will shortly retire from KPMG, where he has been a senior partner, leading client services teams providing professional services to some of Australia's largest companies and government bodies. Spotless will benefit from Martin's experience in leading complex tenders, mergers and acquisitions and successful integration projects as we continue to pursue growth opportunities in line with our strategy.

We look forward to Martin commencing to lead the Spotless team on or before 1 December 2015.

Outlook

We believe the combination of market growth and our unique competitive position ensures we are well placed to continue delivering value for shareholders. As we stated back in August, subject to economic conditions, we expect the FY16 results to materially exceed the FY15 results.

On behalf of the Board, I would like to thank you, our shareholders, for your continued support.