

Media/ASX and NZX Release

19 June 2017

Downer Services' Offer for Spotless declared unconditional

- **Downer Services has today waived all remaining outstanding Defeating Conditions to the Offer with accelerated payment terms introduced**
- **The Offer is still scheduled to close on Thursday, 29 June 2017 (unless further extended)**
- **Downer encourages Spotless shareholders to accept the Offer promptly and without delay**

Downer EDI Limited (**Downer**) refers to its takeover offer (**Offer**) through wholly-owned subsidiary Downer EDI Services Pty Ltd (**Downer Services**) for all of the issued shares in Spotless Group Holdings Limited (**Spotless**) that it does not already own, announced on 21 March 2017.

1) Offer declared unconditional

Downer Services has today waived all remaining outstanding Defeating Conditions to the Offer and introduced accelerated payment terms. The Offer is now **unconditional**. If you intend to accept the Offer, there is no reason to delay.

2) Offer price is final

The Offer Price of \$1.15 per Spotless share is **final** and will not be increased in the absence of a superior proposal.

3) Downer Services has introduced accelerated payment terms

Downer Services has introduced accelerated payment terms to Spotless shareholders such that:

- (a) Spotless shareholders whose valid acceptances have been received by Downer Services before the date of this announcement will be paid by no later than Wednesday, 28 June 2017; and
- (b) all other Spotless shareholders who accept the Offer will be paid within 7 business days of Downer Services receiving a valid acceptance from the shareholder in accordance with the terms of the Offer.

4) Offer is still scheduled to close at 7.00pm on Thursday, 29 June 2017 (unless further extended)

The Offer is currently scheduled to close at 7.00pm (Sydney time) on Thursday, 29 June 2017 (unless further extended under the Corporations Act). Downer Services encourages Spotless shareholders to accept the Offer promptly and without delay.

5) Reasons to accept the Offer

Detailed reasons outlining why Spotless shareholders should accept the Offer promptly and without delay are set out in the third supplementary bidder's statement (**Third Supplement**) lodged with the ASX today. These reasons include:

- The Offer Price of \$1.15 cash per Spotless share provides compelling value for Spotless shareholders, being a 59% premium to the closing price of Spotless shares on 20 March 2017 (being the last trading day prior to the announcement of the Offer).
- Downer Services' unconditional, all cash Offer provides certain value for Spotless shareholders.

The Offer provides Spotless shareholders with an opportunity to realise certain cash value for their shares, with no exposure to the potential risks associated with a continuing investment in Spotless.

The alternative for Spotless shareholders is to put their faith in a company which experienced a share price decline of almost 70% in the two years prior to the announcement of the Offer¹, and which has warned shareholders of a material risk concerning its 'strategy reset', stating that "there is no guarantee as to the benefits that the strategy reset will realise."²

- Although Spotless believes that its strategy reset is demonstrating early signs of success, Spotless' FY18³ net profit after tax (pre-exceptional items) (**NPAT**) guidance, if achieved would still be materially lower than its FY16 NPAT. Spotless delivered NPAT of \$136 million in FY15 and NPAT of \$131 million in FY16.⁴ Spotless' FY18 NPAT guidance of \$85-\$100 million, which includes benefits of the strategy reset (which will then have been in place for two years), if achieved, would still be 24% to 35% lower than FY16 NPAT (at the high to low end of the guidance range respectively).⁵
- Spotless has confirmed in its Target's Statement that there is no superior offer for its shareholders to consider, despite engaging with several parties in an attempt to negotiate a superior transaction.
- If the Offer is unsuccessful and no superior proposal emerges, the Spotless share price is likely to trade at a substantial discount to the Offer. Downer Services notes that the Spotless share price at closing on 20 March 2017, the last trading day prior to the announcement of the Offer, was \$0.725.

For further information, please see the Third Supplement lodged with the ASX today.

6) Downer Services' Interest⁶ equivalent to 36.44% in the issued share capital of Spotless creates other risks to remaining a Spotless shareholder following conclusion of the Offer

As of 7:00pm (Sydney Time) on Friday, 16 June 2017, Downer Services had an Interest⁶ equivalent to 36.44% in the issued share capital of Spotless. Downer Services is the **largest shareholder in Spotless**. With Downer Services' Interest⁶ now equivalent to 36.44%, there are risks to remaining a shareholder in Spotless following conclusion of the Offer, including:

- Risk of reduced trading liquidity; and
- Risk of limited institutional support.

¹ Share price movement between 20 March 2015 to 20 March 2017 (inclusive). Source: IRESS.

² Spotless Target's Statement released to the ASX on 27 April 2017 (page 55).

³ All references to "FY17" and "FY18" in this document refer to the 12 month forecast period ending 30 June 2017 and 30 June 2018 respectively. References to "FY15" and "FY16" refer to the financial year ended 30 June 2015 and 30 June 2016 respectively.

⁴ Spotless' FY16 financial statements and results presentation, released to the ASX on 24 August 2016.

⁵ Spotless Target's Statement released to the ASX on 27 April 2017 (page 45).

⁶ Interest is defined to comprise: Downer Services' economic interest equivalent to 4.99% in the issued share capital of Spotless (accumulated via cash settled total return swap between 27 February and 7 March 2017 (inclusive) at a weighted average reference price of \$0.815 per Spotless Share), Downer Services' relevant interest in Spotless shares, and acceptances into the Institutional Acceptance Facility established by Downer Services on the terms set out in section 7 of the second supplementary bidder's statement dated 3 May 2017.

7) Acceptances under the Institutional Acceptance Facility (IAF)

Downer Services will confirm to Computershare Clearing Pty Limited ACN 063 826 228 (**Facility Operator**) that Downer Services has declared the Offer free of all Defeating Conditions (**Confirmation Letter**). Upon receiving the Confirmation Letter, the Facility Operator must deliver the Acceptance Instructions received from Eligible Shareholders by delivering all duly completed and executed Acceptance Forms and all Custodian Directions which have been lodged with the Facility Operator.

8) On-market purchases

As the Offer is now unconditional, Downer Services intends to appoint UBS as its broker to stand in the market and purchase on its behalf Spotless shares offered for sale to it on-market from today until the end of the Offer at a price of up to \$1.15 for each Spotless share.

Full details on how to accept the Offer are contained in section 7.3 of the Bidder's Statement.

For further information regarding the Offer, please refer to the Bidder's Statement which was sent to Spotless shareholders and is available via the ASX. Please call the Offer Information Line on 1300 048 144 (within Australia) or +61 3 9415 4662 (from outside Australia) if you require further information or assistance.

About Downer

Downer EDI Limited ("**Downer**") is a leading provider of services to customers in markets including: Transport Services; Rail; Mining; Utilities Services; Technology and Communications Services; and Engineering, Construction & Maintenance. We build strong relationships of trust with our customers, truly understanding and predicting their needs and bringing them world leading insights and solutions. Downer employs about 19,000 people across more than 200 sites and projects, mostly in Australia and New Zealand, but also in the Asia-Pacific region, South America and Southern Africa. For more on Downer, visit: www.downergroup.com.

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