

# ASX RELEASE

11 July 2017

## Spotless announces continued contract wins and renewals, maintains REJECT recommendation

Spotless Group Holdings Limited (Spotless) (ASX: SPO) is pleased to announce a number of new contract wins and renewals today with a combined total contract value of over \$250 million, including:

- Taronga Zoo – a new catering contract to be serviced by Spotless' premium catering and events business, EPICURE, for five years;
- South Australia Health – short-term extension of essential support services to three metropolitan Adelaide hospitals;
- Port Authority of NSW – renewal of the security services contract for an additional three years; and
- Myer – renewal of the facilities management contract for an additional five years.

Spotless also advises that it has reduced its preliminary unaudited net debt position by approximately \$65 million during the second half of FY17, approximately \$15 million better than the Company's previous guidance for the year ended 30 June 2017.

Spotless Chairman, Garry Hounsell, said: "*The contract wins and renewals of over \$250 million announced today reflect the continued positive momentum of the business.*"

"*These recent wins and renewals, along with the improved net debt position are further evidence that the strategy reset put in place under Spotless CEO Martin Sheppard is delivering tangible results for shareholders,*" he said.

Spotless also notes that the recently acquired Cabrini laundry is now operational following a highly successful mobilisation process. The 9,000 sqm purpose-built eco-laundry employs 160 staff and features high-tech equipment and water treatment facilities. It strengthens Spotless' linen capabilities and maintains the Company's market-leading position in the Victorian healthcare sector.

Given the positive momentum of the business and the fact that a large minority of Spotless shareholders controlling over 35%<sup>1</sup> of shares on issue have not accepted Downer's Offer, the Spotless Board maintains its recommendation to shareholders to **REJECT** Downer's Offer.

Mr Hounsell, said: "*While shareholders weigh the benefits and risks associated with remaining minority shareholders of Spotless, the Board continues to hold the view that Downer's opportunistic Offer does not represent adequate value.*"

<sup>1</sup> Based on Downer's latest substantial notice lodged on 11 July 2017.

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*“If it doesn’t achieve its original objective of gaining outright control and full ownership of Spotless, Downer may well need to make a new, improved offer to convince remaining Spotless shareholders to accept.*

*“There of course can be no guarantee of such an offer emerging. Although there are risks associated with remaining a minority shareholder, these risks are mitigated while Spotless remains listed and there is a large and supportive minority shareholding,” he said.*

With its Offer having already been open for more than three months, Downer remains well short of its strategic objective of outright control of Spotless. Spotless shareholders should note that yesterday’s announcement to the market gives Downer the option to announce a further extension to its Offer at any time today up until the currently scheduled close of the Offer at 7.00pm today (AEST).

While maintaining its recommendation to **REJECT** the Offer, the Spotless Board has nevertheless commenced discussions with Downer in relation to the composition of the Board, to reflect Downer’s shareholding in Spotless. The Board will advise the outcome of these discussions once finalised.

The 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

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