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Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

MEDIA RELEASE
SPOTLESS' RESPONSE TO PROGRAMMED
MAINTENANCE SERVICES AUDITED ACCOUNTS

Any enquiries should be directed to Mr. Rowan Wilkie on +61 3 9269 7303 or +61 418 577 956



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Spotless' response to Programmed Maintenance Services audited accounts

Spotless confirms that, as a result of the Programmed Maintenance Services ("Programmed") full year audited results for the year ended 31 March 2008 containing consolidated EBIT (before non-recurring items) of approximately \$52 million¹, the defeating condition to Spotless' bid², which requires that this figure is not less than \$56 million, has been triggered.

Spotless has not yet made any decision as to whether or not it will waive this condition, and continues to reserve its rights in this respect. Spotless is reviewing the audited results, and will make a decision on the waiver or otherwise of this condition in accordance with the timetable provided in the Corporations Act. The next date that Spotless must give notice of the status of the conditions of its offer is Friday 6 June 2008 (unless Spotless' offer is further extended).

Spotless is disappointed with Programmed's FY2008 result. Programmed's reported consolidated EBIT of \$54.4 million (which is after non-recurring items) is approximately 9% below the median of broker forecasts of \$59.6 million³ prior to the announcement of Spotless' Offer.

In particular, Programmed's core business, the Property Maintenance Services division has significantly underperformed, reporting FY2008 earnings before interest, tax and amortisation ("EBITA") of \$30.3 million, a fall of 10% from FY2007.

Spotless believes that Programmed on its own will remain as a niche single-service focused player, with a strategically challenged business model and will continue to come under pressure, which has been exhibited in the FY2008 result in Programmed's Property Maintenance Services business.

Spotless continues to believe that Programmed has a strong strategic fit with Spotless and the combination of the businesses will create value for shareholders of both companies. Spotless has entered into pre-bid acceptance agreements with three of Programmed's largest shareholders indicating their support for the combination of the businesses.

¹ Whilst it is market practice for companies to present EBIT before non-recurring items, Programmed has not calculated EBIT in their results presentation on this basis. EBIT (after non-recurring items) is reported in Programmed's results presentation as \$54.4 million, however, based on Spotless' initial review of these results, the EBIT before non-recurring items (specifically, before the gain on disposal of business of \$2.1 million and gain on disposal of property, plant & equipment of \$0.2 million noted on page 13 of Programmed's Appendix 4E) is approximately \$52 million. Following a more detailed review of the results, Spotless may identify further non-recurring items, and the figure referred to above should not be considered to be exhaustive.

² Consistent with market practice, Spotless' defeating condition referred to above is calculated on the basis of EBIT before non-recurring items. Non-recurring items are defined as including income and costs which are one-off in nature and not part of the core operations of the business.

³ Sourced from IBES on 26 March 2008 (day prior to announcement of the Offer).



The Spotless Offer continues to represent a substantial premium to Programmed's pre-announcement share price⁴ and the acquisition multiples implied by the Offer are at the upper end of multiples paid in precedent transactions⁵. Spotless believes that its current share price⁶ offers great value with significant re-rating potential providing substantial potential upside for Programmed shareholders, enhancing the attractiveness of the Offer premium and implied multiple.

Spotless' Offer remains highly attractive for Programmed shareholders, particularly in light of Programmed's disappointing 2008 result and the likelihood that Programmed's share price will fall in the absence of the Offer.

For further enquiries, please contact:

Rowan Wilkie
Spotless Group
T: +61 3 9269 7303
M: +61 418 577 956

Tony Osmond
Goldman Sachs JBWere
T: +61 3 9679 1399
M: +61 411 449 751

Tim Duncan
Hintons
T: +61 3 9600 1979
M: +61 408 441 122

⁴ Based on Spotless' 10 day VWAP to 27 May 2008 of \$3.39 the Offer currently represents the following premia to Programmed's pre-announcement price of \$4.54 (26 March 2008): Maximum Cash Alternative 27.7%, Majority Share Alternative - 24.4%, All Share Alternative - 21.0%.

⁵ Further details in relation to precedent transaction multiples can be found on page 8 of Spotless' Second Supplementary Bidder's Statement dated 14 May 2008.

⁶ \$3.20 on 27 May 2008.