20 November 2009

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SPOTLESS GROUP LIMITED
2009 ANNUAL GENERAL MEETING
MANAGING DIRECTOR'S ADDRESS

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20 November 2009

Mr Josef Farnik
Managing Director and CEO

Spotless Group Limited AGM Address

<u>Introduction</u>

I'm pleased to address you today and report on a challenging yet productive year for the Spotless Group.

In 2009 we continued along our path of transformation and the Group delivered a sound financial performance. As the Chairman outlined, our strict financial discipline enabled Spotless to <u>minimise</u> the impact of challenging economic conditions across our business.

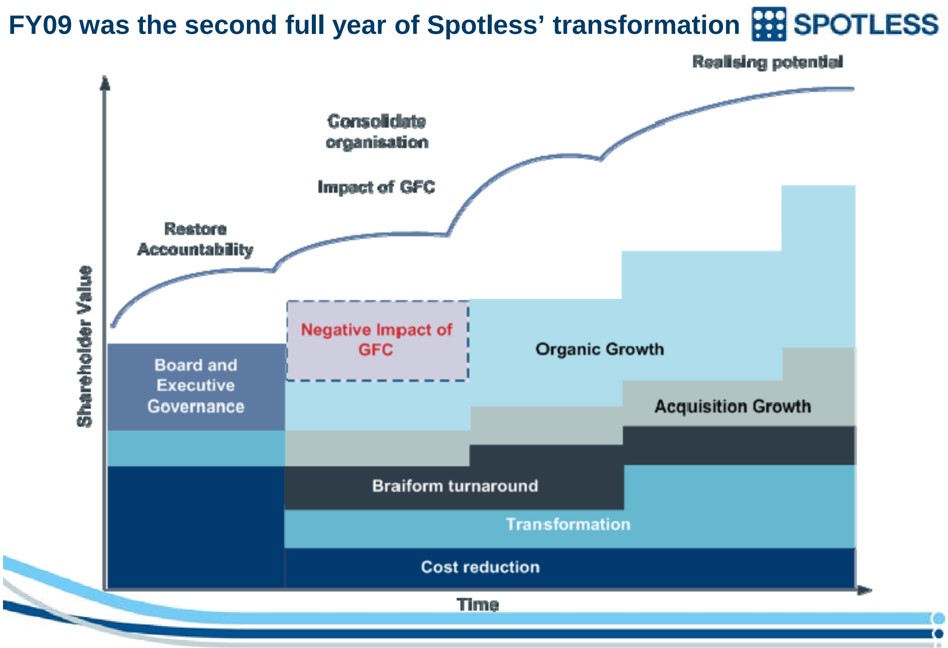
The Spotless vision transcends geography and service line to focus on client value.

To be a leading international provider of contract management service and supply chain solutions, across single, multi and fully 'managed' outcomes, tailored to meet specific client and sector requirements

Notwithstanding difficult market conditions, we have made progress on delivering on our vision, which is "*to become a leading international provider of contract management services and supply chain solutions across single, multi and fully 'managed' outcomes"*.

This vision is being pursued through a continued focus on:

- financial discipline
- growth
- our people



2009 is the second full year of the Group's transformational journey – a year of consolidation where management was vigilant in preserving the significant cost savings of the previous year and where continued restructuring occurred, providing an efficient and scalable platform for growth.

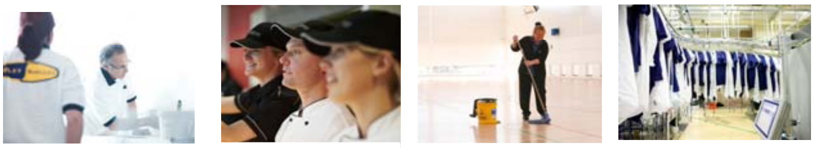
After a strongly supported equity raising referred to by the Chairman, our company now has a strong balance sheet to withstand any further economic pressures and has the ability to pursue acquisitive growth opportunities that meet our stringent financial and strategic criteria.

Importantly, we also continue to reinvest on a range of fronts that are critical to the future of the company, such as safety training and systems, environmental management, and in technology platforms that will provide efficiencies and improved operating performance.

Growth is a critical element of the Spotless strategy

SPOTLESS

- The bolt-on acquisitions acquired in FY09 are exceeding expectations
- We continue to identify acquisitions that meet strategic filters and financial hurdles



The most critical building block in our journey is the delivery of growth!

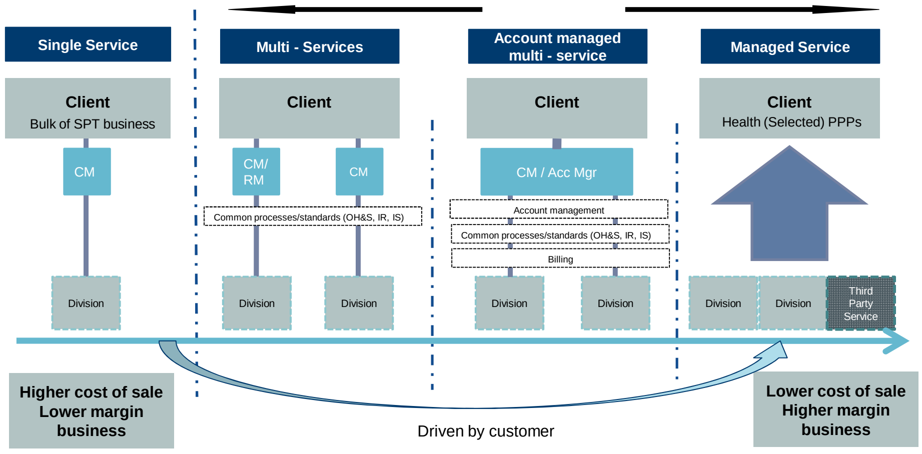
The growth agenda for Spotless is underpinned by a set of prescriptive strategic and financial filters. In 2009 the company pursued both organic and acquisitive growth opportunities to best realise shareholder and client value.

Spotless acquired three businesses in 2009. Each acquisition met our strict financial hurdles and strategic filters and it is pleasing to report that the performance of all businesses since acquisition has exceeded our initial expectations.

Looking forward, management has a strong pipeline of growth and investment opportunities currently under review.

Our Facility Services model offers significant organic growth opportunities

The vast majority of Spotless clients are currently contracted under single service contracts



In terms of *organic growth*, our focus on increasing the number of services provided to existing clients gained traction during the year. It's noteworthy to highlight that around 70 per cent of our Facility Services contracts are delivered by a single line of business. Therefore, delivering multiple services across cleaning, food, linen and laundry and managed services offers opportunities to clients and to Spotless.

- Clients benefit from greater efficiencies, multi-skilled staff, common processes and centralised systems.
- Spotless benefits through increased revenue and improved contract retention.

Ultimately it's the Group's expertise across a broad range of industry sectors, combined with deep service line knowledge that creates value for clients. For example, Spotless is the only organisation across Australia and New Zealand that can, and does, provide such a wide range of non clinical support services to the health sector.

Our sector expertise offers a tremendous growth opportunity for Spotless in 2010 and beyond.

Safety is at the centre of our commitment to people

- **32,000 people provide over 100 services and operate in over 30 countries.**

Turning now to people.

I regret to report that one Spotless employee died at work during 2009. The fatality occurred at our Honduras facility in Central America.

Every day more than 30,000 people deliver and manage over 100 specialist support services. Their commitment to customer service, problem solving and operational excellence 24 hours a day, 365 days a year is second to none:

Given the range and complexity of our operations, safety is at the centre of our commitment to people.

Management's absolute commitment to achieve zero injuries in the workplace has strengthened and we have an even greater focus on incident prevention and personal accountability.

DIVISIONAL PERFORMANCE

Before I discuss each individual business, it is noteworthy that despite the significant impact of the GFC on our Facility Services businesses, it produced an underlying result equivalent to the prior corresponding period.

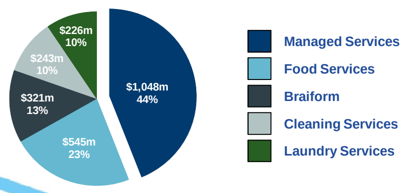
By contrast the GFC severely impacted our global Braiform business.

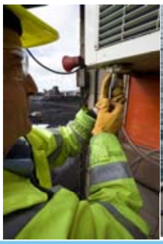
Managed Services - facility management, asset maintenance and support services

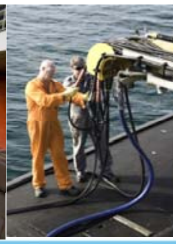
SPOTLESS

Market position	Australia: 3 New Zealand: 2 PPP market: 1
Operational Statistics	Contact centre: 1.8 million calls pa Works management system: 200,000 work orders pa Over 100,000 client nominated sites serviced
Staff numbers | clients	5,000+ people | 250+ contracts

Contribution to Spotless Revenue in FY09 ($m / % share)







<u>Managed Services</u>

In 2009, the underlying Managed Services business performed well, revenue growing 8.0 per cent to $896 million.

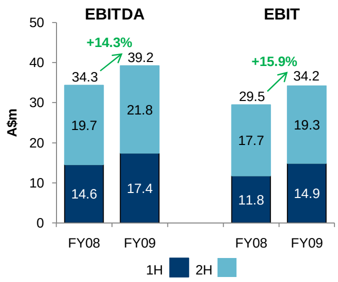
Importantly, EBIT increased by 15.9 per cent to $34.2 million. The increase in EBIT was partially impacted by some positive one-off adjustments.

Of all Spotless operations, Managed Services was the least impacted by 2009's tough economic conditions. However there was evidence of clients deferring discretionary project work and seeking price freezes or alternative options to lower the cost of services provided - particularly in the Health sector.

Spotless is involved in a number of initiatives linked to the Australian Federal Government's Economic Stimulus Program. EBIT contribution from these initiatives was relatively minor in FY09.

Managed Services financial performance

- Revenue: +8.0% to $896.4m (exc. pass-through)
  - Revenue impacted by the loss of a Defence contract and a number of smaller Industry contracts
  - New business wins in Education, Resources and organic growth in existing contracts and minor works projects
  - Flat revenue growth in New Zealand adversely impacted by FX movements
- EBIT: +15.9% to $34.2m
  - Strong result in the light of challenging economic conditions; 2H09 EBIT rose 9.0% on prior corresponding period (pcp)
  - Margin improvement as a result of cost containment within the existing contract base
  - Benefits of positive one-off adjustments



The business secured a number of new contracts in education and government sectors during the year. There were also pockets of pleasing organic growth in existing contracts – particularly the expansion of our share of the Department of Housing NSW contract.

In FY10 to date we have secured two key contracts in the resources sector. The Argyle Diamonds contract for village services in Western Australia extends our existing relationship with Rio Tinto. Additionally, a significant contract with Santos will see Spotless provide integrated Facilities Management – a combination of soft and hard FM services across seven sites. These recent wins demonstrate our strong capability in the resources sector and unique capability to combine and self deliver the full range of facility and camp services in remote locations.

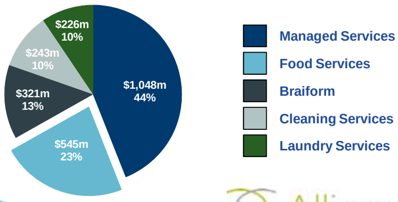
The Managed Services development pipeline remains strong and we have a forward order book greater than $8 billion at end-October.

Our PPP portfolio continues to expand, having recently secured the South Australian Schools project. We are also a consortium member of one of the two consortias short listed to tender for the new Royal Adelaide Hospital. This project represents the single largest social infrastructure PPP opportunity for Spotless to date.

Food Services - catering services and management

Market position	Australia: 1 New Zealand: 1
Operational statistics	11 stadiums, 35 branded concepts, 8 franchises 2,000+ chefs, 77m customers pa
Staff numbers | clients	14,000+ people | 600 contracts, 1,000+ service sites

Contribution to Spotless Revenue in FY09 ($m / % share)



Alliance CATERING

EPICURE

Mustard

Food Services

In FY09 the financial performance of the Food Services division was significantly influenced by economic conditions. Revenue fell 2.0 per cent to $545 million. EBIT fell 11.5 per cent to $25.3 million.

Lower function activity, declining cash sales in industrial sites and reduced client subsidies were evident across multiple contracts both sides of the Tasman for the Alliance Catering business.
The Hospitality & Retail business was impacted by the loss of high value corporate hospitality activity and reduced customer spending, particularly in airports as passenger numbers declined. While stadium attendance in Australia held, there was a general decline in attendance at New Zealand stadiums.

In order to minimise the impact of the deteriorating economic environment Spotless reduced head count wherever possible, while ensuring customer service standards were maintained. Our ability to manage labour in Food Services is critical and during the year internal restructuring and increased integration between Australian and New Zealand operations helped deliver greater efficiencies.

Food Services financial performance

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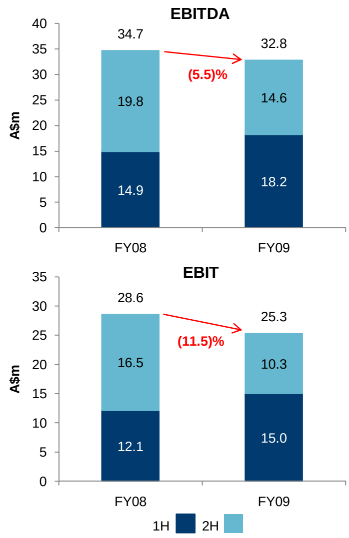
- Revenue: -2.0% to $545.3m
  - Alliance Catering impacted by reduced scope of existing contracts amidst challenging economic conditions
  - Hospitality influenced by economic conditions in all segments through the loss of high value function and corporate hospitality activity and a general decline in New Zealand stadia attendance
- EBIT: -11.5% to $25.3m
  - Consequence of reduced demand, particularly in corporate hospitality segment
  - Alliance Catering operating margins increased
  - Stadium attendances held in Australia but declined in NZ



In terms of growth, in 2009 Food Services further extended its portfolio by securing the Townsville 400 V8 Race and Sunshine Coast airport catering. 70 Alliance contracts were also renewed - reinforcing the strength of our rebranded business and education offering.

Contract wins to date in 2010 include Coles Distribution centres, NZ Parliament and WA Catholic Homes. Meanwhile the Melbourne Town Hall contract and 18 Alliance contracts have been retained.

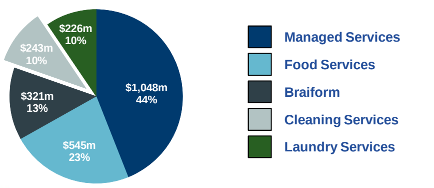
Looking forward to 2010 Food Services has a healthy pipeline of new business opportunities – including major events to be held in 2011.

The expanded contract base across our business positions it well for when the economy improves and demand is restored.

Cleaning Services - contract commercial and industrial cleaning services

Market position	Australia: 2 New Zealand: 1
Staff numbers | clients	8,500+ people 5,000 client sites
Operational statistics	Electronic auditing systems, microfibre technology

Contribution to Spotless Revenue in FY09 ($m / % share)



Cleaning Services

In FY09 revenue within the Cleaning Services division declined by 0.9 per cent to $243 million. EBIT declined by 4.2 per cent to $11.5 million.

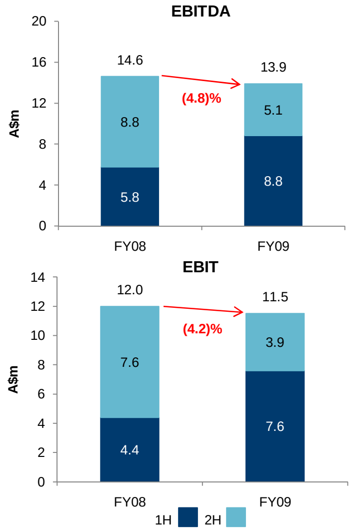
The division’s financial result was impacted by clients seeking cost reductions in response to the economic downturn. Major changes in the Industrial relations arena also took place.

Improvements in labour management and productivity that were implemented at the end of FY08 had a positive impact on profits during the first half of 2009 compared with the prior year.

Spotless worked with clients to help manage economic pressures by reducing the scope of our operations which had a detrimental impact on our full year result. As a consequence we were able to secure contract extensions with a number of key clients. The business is slowly seeing a recovery in a number of contracts as the economic climate improves.

Cleaning Services financial performance

- Revenue: -0.9% to $243.3m
  - Sales growth impacted by reduced scope of services, particularly within industrial processing and education
  - Contract gains at a Queensland power station and a major Australian property trust
  - Contract losses in New Zealand within airports and education
- EBIT: -4.2% to $11.5m
  - 2H09 EBIT (-48.7% on pcp) significantly impacted by economic downturn; worked with clients to reduce costs in some cases for contract extensions
  - First half (1H09) EBIT growth (+72.7% on pcp) caused by labour productivity improvements implemented in 2H08



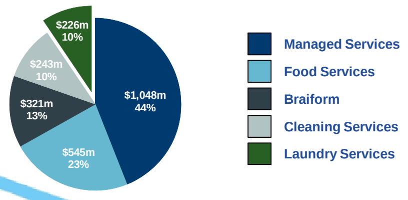
_Our Cleaning business cemented its capability in the education sector by adding the University of Adelaide and the University of Tasmania to its portfolio. Cleaning also secured major contracts in Food Processing and is now seen as a major provider in this market.

This business also has a strong new business pipeline.

Laundry Services provides linen and garment laundering services

Market position	Australia: 1 ENSIGN New Zealand: 1 Taylors
Staff numbers | clients	2,500 people | 9,000 client locations
Operational statistics	20 Plants – 14 Australia, 6 New Zealand 95,000+ tonnes per annum, 13m garments pieces p/a

Contribution to Spotless Revenue in FY09 ($m / % share)



Laundry Services
In FY09, Laundry Services revenue grew by 0.8 per cent to $226 million. EBIT fell 4.6 per cent to 26.7 million.

This division was also impacted by the GFC as demand for Garments and Industrial services declined quite significantly. Our efforts to grow our Linen business in Health and Hospitality yielded sales growth which more than offset the garment and industrial contraction. However the lower gross margin in this area led to the overall reduction in EBIT.

In this environment management has concentrated on driving further yield and operating efficiency across all plants and in particular through major capital works in South Australia and Western Australia.

Laundry Services financial performance

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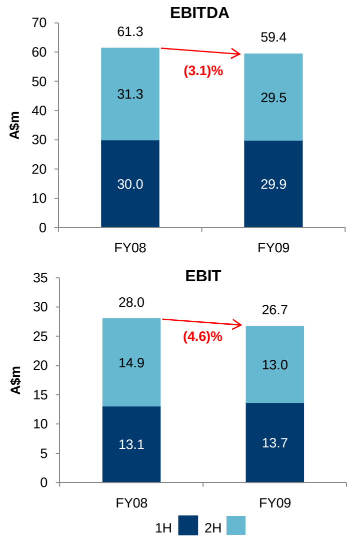
- Revenue: +0.8% to $225.6m
  - Sales growth driven by new business, particularly in health linen
  - Contraction in demand for garments
  - New Zealand local currency revenue growth was offset by unfavourable exchange rate movements

- EBIT: -4.6% to $26.7m
  - EBIT growth impacted by costs associated with implementation of operational efficiency initiatives within some laundry plants. Full benefits to flow in FY10
  - New Zealand Laundries achieved significant operational margin improvement through efficiency gains and cost reductions



This business also has a strong new business pipeline, particularly in the Health Sector as State Governments seek improved cost benefits in their hospital operations. In addition we are in dialogue with a range of Private Health operators for increased penetration of our services.

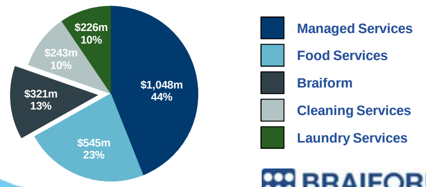
Like our other businesses, general economic recovery should see a return to traditional levels of demand for garments and industrial services which will build on our stronger Linen business.

Initiatives to further improve production efficiency, reduce water usage and optimise delivery routes are being pursued. These are aimed at securing the long term growth of our Laundry Services business. The construction of a new “Green” laundry in Queensland is well underway.

Retailer Services (Braiform) - garment hangers, print and packaging and closed loop reuse programs

Market position	Virgin GOH: number 2 Closed loop re-use: number 1
Operational Statistics	Reuses and recycles more than 750m hangers pa
Employees | Geographies	Approx 1,000 people | 30 countries

Contribution to Spotless Revenue in FY09 ($m / % share)



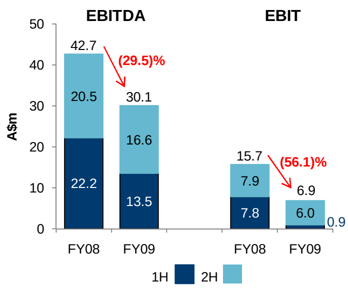
I now turn to **Retailer Services, which trades as Braiform.** In FY09 revenue declined by 5.9 per cent to $320 million. EBIT declined 56.1 per cent to $6.9 million.

Our international hanger and packaging operation was the business most impacted by the global financial crisis. In FY09 retail demand for apparel in Europe and North America actually declined and with the combined impact of destocked supply chains, the industry saw significant reduction in the sales of hangers.

Against this backdrop the restructuring effort of management focussed on further reducing the cost base of this business, augmenting efficiencies generated in 2008. Specifically in the areas of support processes and an accelerated drive to third party warehouse operations.

Braiform's financial performance

- Revenue: -5.9% to $320.7m
  - Revenue decline the result of tougher trading conditions in global retail markets, with soft retail demand in the US and Europe throughout FY09
- EBIT pre-NRIs: -56.1% to $6.9m
  - 2H09 EBIT pre-NRIs of $6.0m up from $0.9m in 1H09
  - Restructuring efforts have delivered cost savings - closure of manufacturing facilities, streamlined distribution facilities and other elements of the supply chain and a reduction in global staffing levels
  - Lower input costs, including resin
- Braiform delivered $30.1m EBITDA pre-NRIs during FY09



Growth rates expressed in US$	FY09
Revenue	(23.7%)
EBIT (pre-NRIs)	(55.3%)

Our efforts to grow the business in both reuse and virgin sales delivered additional capacity with some notable contract wins.

Contract wins with the new European re-use range were secured with Matalan, Heatons and Peacocks. We also commenced a sizer re-use program and started work with Macy's to manage waste stream via the re-use of their VICs hangers. Additionally, it has been announced that Braiform is the only global accredited hanger supplier to Walmart – the world's largest retailer.

As is the case with all our divisions, the underlying expansion of our contracts, coupled with the more efficient cost base, positions Braiform to capitalise on any economic recovery.

FY09 should be seen as a strong step forward in Braiform's overall restructuring. The business is now well positioned for growth.

Our focus on environment is an organisational necessity and source of competitive advantage

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World class 'green' laundry under construction

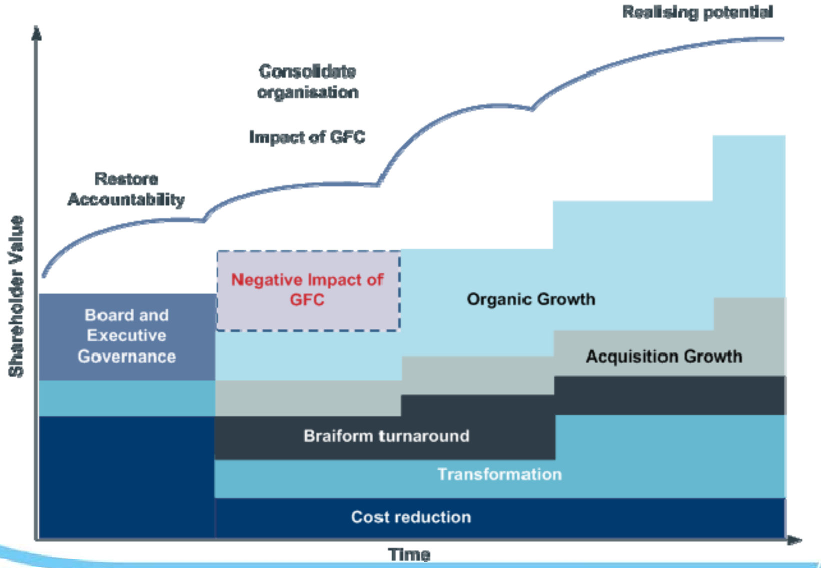
- Water consumption per kilogram slashed from 21 litres to 5
- Almost self sufficient for water via rainwater storage tanks
- Built for purpose so capacity is optimised
- Photovoltaic cells on the plant roof to provide solar energy
- Reduced energy consumption through installation of low energy equipment
- Targeting 6 Star, Green Star, Certified Rating

Moving on from divisional performance …. Spotless continues its commitment to sustainable operations by using our specialised knowledge and resources to improve our environmental impact – with particular emphases on water, waste and energy management.

To help illustrate our group wide commitment I am pleased to report that work is underway on our first greenfield laundry. The new laundry in Brisbane will be a world-class green facility optimising water and energy usage. The ability to harvest storm water, recycle water and generate energy through photovoltaic cells are all features of the laundry. Equipment is being sourced from some of the world's most advanced manufacturers to provide environmental benefits along with the industry's highest performance standards. The laundry will be operational by the end of FY10.

Striving to reduce the environmental impact of the company's operations is an organisational necessity **and** source of competitive advantage.

FY09 was the second year of a five year strategic plan



Outlook – Solid growth opportunities evident across the group notwithstanding persistent financial challenges

- Continued financial discipline
- Focus on organic and acquisitive growth
- Ongoing investment and focus on safety systems , training and personal accountability
- Confident in the strategy and outlook for the Group

Facility Services

- New business having positive impact on FY10
- Improved performance in 2010, weighted to 2H

Retailer Services

- Global economic outlook remains unclear
- FY10 will benefit from full year impact of restructuring
- Performance skewed to 2H

Looking forward, solid growth opportunities exist across Facility Services and Braiform, notwithstanding persistent external financial challenges.

Across our Facility Services business, the new business opportunities I referred to will have a positive impact. Therefore, relative to FY09, management sees improved performance for Facility Services in FY10 – with this improvement weighted to the second half.

While the global economic outlook remains unclear, Braiform also expects to produce improved results in FY10 given the full year impact of restructuring initiatives implemented throughout last year.

We remain confident that we have the right strategy to enable Spotless to fully realise its potential.

Since assuming the role of Managing Director and CEO in July last year I have been fortunate to work with a team of dedicated and highly capable individuals right across our organisation – they continue to adapt to change, embrace new opportunities and at all times remained focused on the needs of our clients and in turn the growth of Spotless. I thank them for their support.

I would also like to thank the Spotless Board for their support during 2009.

Finally, I thank you, the Spotless shareholders, for your ongoing support and interest in Spotless.

Josef Farnik
Managing Director & CEO