

Strategy update

Strategic aim

Key metrics

<p> Outstanding Customer Service</p>	<ul style="list-style-type: none">  Drive customer service across all our businesses  Instil values and behaviours  Ensure personal accountability for Customer Contact Management  Measure customer satisfaction
<p> Developing Capability</p>	<ul style="list-style-type: none">  Drive performance management, global grading and HR information systems  Upgrade functional and operational management  Develop service and sales capability
<p> Delivering Operational Excellence</p>	<ul style="list-style-type: none">  Fix turnaround businesses  Develop common information systems and processes  Consistent KPIs across the organisation  Update group governance framework
<p> Lowest Cost and Maximum Cash</p>	<ul style="list-style-type: none">  Deliver £70 million cost savings in 2009  Achieve 95% cash conversion target in 2009  Drive down administration costs  Increase textiles processing productivity  Deliver procurement savings
<p> Profitable Growth</p>	<ul style="list-style-type: none">  Market segmentation and brand development  Sales effectiveness  Service expansion  Developing markets  Acquisitions

How are we doing?

 Strong progress  Progress  Limited progress

Progress in 2009

Service monitored and reported across company – State of Service 98.1%, +96% in turnaround businesses

Excellent adoption of “Service, Relationships and Teamwork” ethos

Personal accountability in place, outstanding customer queries falling rapidly

Net Promoter Scores (NPS) monitored across group operations

PDRs rolled out to top 1,900 managers, global grading of employees

New senior management teams in Pest Control, Textiles and Washrooms, Asia Pacific

Successful implementation of Technician Performance Assessment programme for Pest employees

City Link, Australia Pest, Australia Washrooms, UK Washrooms and UK Pest – off critical list and focused for growth

Good progress on driving common systems – inc. iCABS, PDAs and finance systems

KPIs now monitored across group

Central policy framework upgraded

Cost savings of £82 million (of which £54 million was from City Link)

143% cash conversion: DSO from 61 to 49 days, capex at 83% of depreciation at AER

Reduction in administration and overheads from 19% to 17.9% of revenue

Textiles restructuring underway in Belgium and France, further programmes on-going

Washrooms procurement savings proceeding well, a slower start to Textiles

Common industry and market segmentation being established across the group, services matched to customer needs through key brand propositions

Improvements in sales productivity (new customer targeting, greater focus on sales to existing customers) but overall productivity still unacceptably low

Developing markets – Libyan Pest Control contract operationally successful despite delayed payments

Acquisitions significantly curtailed in 2008/09 due to focus on operational excellence agenda

What to expect from 2010

Proactive customer management to improve query resolution times and retention and identify growth opportunities

Implementation of Account Management Cycles for new and existing contracts

Cascade NPS objectives down to branch level, launch competitor benchmarking

Talent Review of top 500 employees

Further strengthening of group sales, procurement and innovation capability

Implementation of Sales Performance Assessment programme and technician induction and training programme for Pest employees

Develop City Link growth agenda, roll out brand and customer proposition strategy in UK Pest and Washrooms

Further roll-out of iCABS and PDAs, complete Navision implementation in US, develop common Textiles operating system

Reinforce governance and business conduct rules in Q1 2010

£75 million cost savings target for 2010 (City Link depot and hub consolidation, Textiles and Washrooms procurement and plant rationalisation, other group initiatives inc. £17 million indirect procurement savings)

Reduce administration and overheads from 17.9% to 16% by 2012

Further reduction in DSO from 49 to 47 days

Cash conversion 102%+, capex 95% of depreciation, 15% reduction in stock by end 2010

Three major pilots underway to improve sales effectiveness and improve retention, success to be determined within six to nine months, adoption of new procedures thereafter

Develop service expansion and innovation agenda

Develop manned guarding capability (organic and through potential acquisition)

Identify potential acquisition opportunities in existing and developing markets (North America, Middle East, China and India)