Rentokil Initial

2014 Interim Results Presentation

Andy Ransom, Chief Executive
Jeremy Townsend, Chief Financial Officer

1 August 2014

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2014 Interim Results
Putting Our Strategy Into Action

Andy Ransom
Chief Executive

Introduction

- Encouraging H1 progress
- Simpler organisation post sale of IFS with clear regional structure
- Momentum in M&A
- Solid profit delivery with reduction in central overheads
- Strong cash performance with significant reduction in restructuring and one-off costs

THE RIGHT WAY… STRATEGY INTO ACTION

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2014 Interim Results

Jeremy Townsend
Chief Financial Officer

Financial Highlights (Continuing Operations)

	Q2			H1		
£ million	2014 £m	2013 £m	△	2014 £m	2013 £m	△
Revenue at CER	466.4	451.0	3.4%	896.7	883.4	1.5%
Revenue – ongoing	466.0	448.7	3.9%	895.8	872.2	2.7%
Adjusted PBITA at CER	65.3	60.5	8.0%	106.6	99.0	7.7%
Adjusted PBTA at CER	56.1	47.7	17.6%	83.7	73.9	13.3%
Adjusted PBTA at AER	52.4	48.9	7.2%	77.5	75.8	2.2%
PBT at CER	50.9	29.1	74.9%	72.3	46.5	55.5%
Operating Cash Flow at AER				51.5	23.8	
Adjusted EPS at AER				3.26p	3.04p	7.2%
Dividend				0.77p	0.70p	10.0%

CER = constant exchange rates AER = actual exchange rates
Ongoing Revenue represents revenue with disposals removed.

Delivering Shareholder Value

Strategy into action - 2014 priorities

Sustainable Profit Growth

- Sales force to focus on yield management
- Service productivity
- Branch admin rationalisation
- £10m reduction in central and divisional overheads

Medium-term target: High single-digit profit growth

Increased Free Cash Flow

- Lower capex - £20m reduction versus 2013
- IT capex <£25m
- Restructuring costs <£20m versus £60m in 2013
- Reduced working capital outflows

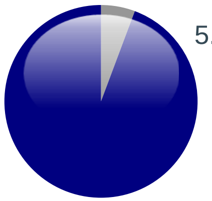
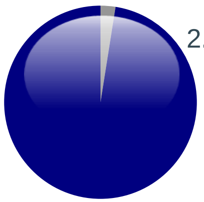
Medium-term target: Significant improvement in free cash flow

THE RIGHT WAY

Asia

At constant exchange rates

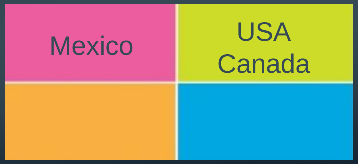
- Ongoing revenue +6.1% (+5.6% organic)
- Adjusted PBITA[1] +12.9%
  - Good performances from pest and hygiene categories
  - Combined revenue growth of 26% from India, China and Vietnam
  - High-single digit revenue growth from Indonesia and Malaysia
  - Profit growth reflects the leverage from revenue growth with margins up 0.8% points
  - Further margin improvement opportunities from yield management and service productivity/improved density

% Group Revenue	% Adj. PBITA[2]
	

	Q2 2014	H1 2014	△ Q2	△ H1
Revenue	£26.1m	£50.8m	(0.4%)	(0.4%)
Adj. PBITA[1]	£1.8m	£3.5m	5.9%	12.9%
Margin %	6.9%	6.9%	0.4%	0.8%

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes divisional overheads

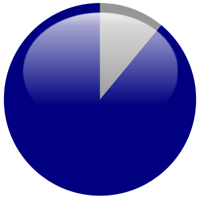
North America



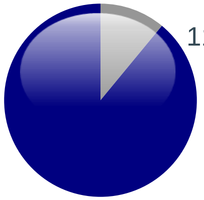
At constant exchange rates

- Ongoing revenue +5.0% (+0.7% organic)
- Adjusted PBITA[1] +19.1%
  - Revenue growth driven by acquisitions
  - Organic revenue growth impacted by adverse weather conditions on East and West coast – performance stronger in Central US
  - Strong profit growth driven by acquisitions as well as further margin improvement from back office rationalisation
  - Further margin improvement opportunities through service productivity/increased density

% Group Revenue



% Adj. PBITA[2]



	Q2 2014	H1 2014	△ Q2	△ H1
Revenue	£95.7m	£171.6m	5.4%	5.0%
Adj. PBITA[1]	£14.3m	£15.6m	17.2%	19.1%
Margin %	14.9%	9.1%	1.5%	1.1%

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items

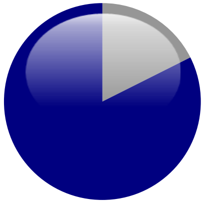
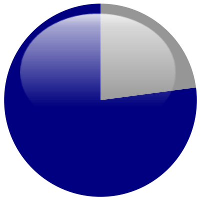
[2] % excludes divisional overheads

UK and ROW

Middle East Turkey, Africa	UK Caribbean
Ireland	Nordics

At constant exchange rates

- Ongoing revenue +4.5% (+2.4% organic)
- Adjusted PBITA[1] +4.2%
  - Continued growth from UK pest and hygiene categories, and pest jobbing work in particular
  - Strong revenue growth in RoW particularly in the Middle East and the Caribbean, offset by lower revenues in South Africa (mostly due to industrial action faced by a customer in the mining sector)
  - Margins held back by pricing pressure in South Africa, new contract set-up in UK and integration of Green Compliance acquisition
  - Margin improvement opportunities in service productivity

% Group Revenue	% Adj. PBITA[2]
	

	Q2 2014	H1 2014	Δ Q2	Δ H1
Revenue	£80.1m	£157.0m	5.0%	4.4%
Adj. PBITA[1]	£17.3m	£32.3m	3.6%	4.2%
Margin %	21.6%	21.9%	(0.3%)	-

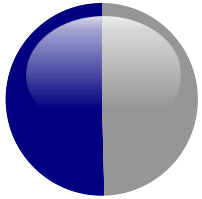
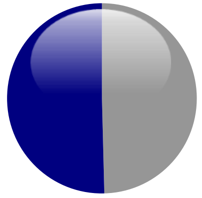
[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes divisional overheads

Europe

Latin America	Germany Austria Switzerland
Spain, Portugal Italy, Greece	France Benelux

At constant exchange rates

- Ongoing revenue +1.4% (-0.3% organic)
- Adjusted PBITA[1] -3.3%
  - Revenue growth in Germany (1.2%) and France (1.3%) offset by decline in Benelux (-2.6%)
  - Benelux revenues impacted by weak service performance in 2013 and economic conditions resulting in contract terminations and price pressure
  - Profit decline in Benelux (£5.7m). Key focus
  - Profit growth in France (£2.0m) supported by focus on yield management and branch admin rationalisation
  - Opportunities to support margins in Europe through yield management, service productivity and branch admin & back office rationalisation
  - Good progress in Latin America (which is supported out of the Europe Region): Entry into Chile - acquisition of Bestway and Chileno Allemena.

% Group Revenue	% Adj. PBITA[2]
 49.6%	 53.7%

	Q2 2014	H1 2014	△ Q2	△ H1
Revenue	£228.6m	£445.8m	3.1%	(0.2%)
Adj. PBITA[1]	£40.2m	£76.0m	(3.4%)	(3.3%)
Margin %	17.6%	17.0%	(1.2%)	(0.6%)

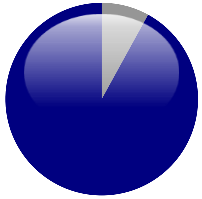
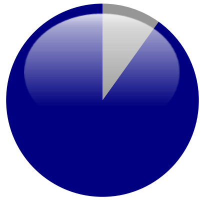
[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes divisional overheads

Pacific

Australia, Fiji
New Zealand

At constant exchange rates

- Ongoing revenue -0.6% (-0.6% organic)
- Adjusted PBITA[1] +4.5%
  - Revenue decline driven by reduced Pest jobbing and product sales
  - Margin improvement supported by branch administration rationalisation and procurement savings
  - Further margin improvement opportunities from improved service productivity

% Group Revenue	% Adj. PBITA[2]
	

	Q2 2014	H1 2014	△ Q2	△ H1
Revenue	£35.9m	£71.5m	(0.3%)	(0.6%)
Adj. PBITA[1]	£7.1m	£14.0m	6.0%	4.5%
Margin %	19.8%	19.6%	1.2%	0.9%

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes divisional overheads

Delivering Shareholder Value
Strategy into action - 2014 priorities

Sustainable Profit Growth – “Report card” for H1

- **Sales force to focus on yield management**
  - Good progress in France in H1 – opportunities across Group, especially Benelux, Germany and Asia
- **Service productivity**
  - Further opportunities across the Group, combined with increased density from M&A
- **Branch admin rationalisation**
  - Has driven significant margin improvements in France, Australia and North America in H1
- **£10m reduction in central and divisional overheads in 2014**
  - On track to deliver this
- **Targeting *medium term* high single digit profit growth**
  - 7.7% profit growth in H1 supported by above activities

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Operating Cash Flow

At actual exchange rates

	H1 2014	H1 2013
Adjusted PBITA	100.2	100.7
Reorganisation costs and one-off items	(2.3)	(20.5)
Depreciation	92.1	102.4
Non-cash items[1]	(2.4)	1.4
EBITDA	187.6	184.0
Working capital	(29.3)	(41.8)
Movement on provisions	(8.7)	(4.5)
Capex	(101.2)	(115.8)
Fixed asset disposal proceeds[2]	3.1	1.9
Operating cash flow – continuing operations	**51.5**	**23.8**
Operating cash flow – discontinued operations	(35.5)	(47.9)
Operating cash flow	16.0	(24.1)

[1] Profit on sale of fixed assets, IFRS 2 etc.
[2] Property, plant, vehicles

Free Cash Flow and Movement in Net Debt

At actual exchange rates

	H1 2014	H1 2013
Operating cash flow - continuing	51.5	23.8
Cash interest	(34.4)	(30.3)
Special pension contributions	-	(12.5)
Disposal of available-for-sale investments	-	1.3
Cash tax	(12.4)	(17.6)
Free cash flow - continuing	4.7	(35.3)
Free cash flow – discontinued	(35.5)	(47.9)
Free cash flow	(30.8)	(83.2)
Acquisitions	(41.7)	(4.8)
Disposals	253.1	0.9
Restricted cash disposed (IFS)	(16.3)	-
Dividends	(29.2)	(25.9)
FX and other	40.5	(19.6)
Reduction/(Increase) in net debt	175.6	(132.6)
Opening net debt	(1,034.8)	(989.5)
Closing net debt	(859.2)	(1,122.1)

Delivering Shareholder Value

Strategy into action - 2014 priorities

Increased Free Cash Flow – "Report Card" for H1

- **Lower capex - £20m reduction versus 2013**
  - £16m reduction in H1
- **IT Capex <£25m**
  - Half year spend of £7m; full year investment estimated at £20m
- **Restructuring costs <£20m versus £60m in 2013**
  - P&L charge significantly reduced in H1 – full year P&L estimated at £10m – cash cost of c£15m
- **Reduced working capital outflows**
  - Working capital outflows reduced by £13m in H1
- **Targeting significant improvement in free cash flow**
  - On track to deliver significant (c£80m) improvement in free cash flow in 2014
- **S&P upgrade to BBB (stable outlook) on 30 June 2014**

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Guidance for H2

- Central and divisional overheads - below £70m in 2014 (£10m reduction on 2013 H1 run-rate)
- Interest costs £50m – reflecting benefits of 2012 and 2013 refinancing; cash impact in line with P&L charge
- Exchange rate impact – c.£17m adverse impact to P&L from strengthening of Sterling (previous guidance £14m)
- P&L impact of restructuring costs c.£10m; cash impact c.£15m
- Adjusted effective tax rate 24%; cash tax payable of c.£40m in year
- Other cash flow guidance:
  - Working capital outflow at or below £20m
  - Net capex at or below £210m
  - M&A spend on acquisitions c. £60m - £80m

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Putting our Strategy into Action

Andy Ransom

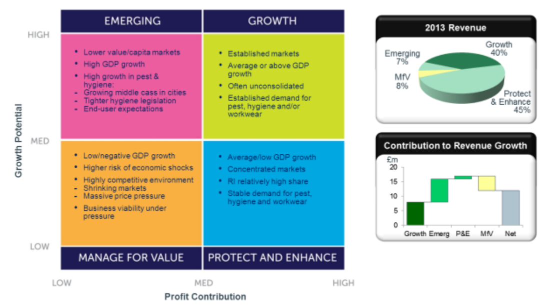
Chief Executive

Summary of Strategy

A **Focused** Plan

- A clear organisation built around a low cost operating model
- Tight focus on three lead categories
- One RI approach to leverage our capabilities and best practice

Differentiated in its Delivery



- Clear framework to drive performance through differential management
- Back-to-Basics on growth levers with customer service at their core
- Strong M&A pipeline and capability

Driven for Shareholder Value

- Restructuring largely complete: a strong base for profitable growth
- Putting strategy into action with pace
- Relentless focus on shareholder value
  Growth ⇨ Profit ⇨ Cash

THE RIGHT WAY

A Differentiated Plan for Shareholder Value

Delivering Shareholder Value

Driving Higher Revenue

- Focus on:
  - Our chosen categories
  - Strength in core competencies
- Local management freed up to drive local sales growth
- Applying operational levers but flexed to local environment

Medium-term target:
Mid-single digit revenue growth

Sustainable Profit Growth

- Restructuring largely complete
- Significant reduction in central and divisional overheads
- Low cost regional and country operating model
- Service productivity
- Pricing and margin management

Medium term target:
High-single digit profit growth

Increasing Cash Conversion

- Increase operating cash conversion
  - Manage working capital tightly
  - Capex in line with depreciation
  - Cutting out restructuring costs
- Balanced use of cash
  - Investment in M&A
  - Progressive dividend policy
  - Incremental reduction in debt

Medium term target:
Significant improvement in free cash flow

THE RIGHT WAY Differentiated | Sharing Best Practice | Working as a Group | Delivering at Pace

Our Three Categories

Services That Protect People and Enhance Lives

Rentokil Pest Control

Protecting People

- From the risks of pest-borne disease

Enhancing Lives

- With service that protects the wellbeing of people and the reputation of our customers' brands

Initial Hygiene

Protecting People

- From the risks of poor hygiene and cross-contamination

Enhancing Lives

- With service that protects the health of our customers and enhances the working environment

Initial Workwear

Protecting People

- From the risks of injury in the workplace

Enhancing Lives

- With comfortable workwear that people are proud to wear.

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Protecting People, Enhancing Lives

2014 H1 Category Analysis

Ongoing basis excluding divested businesses

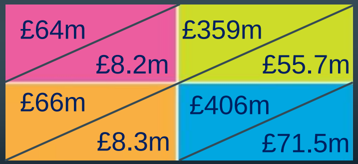
At CER

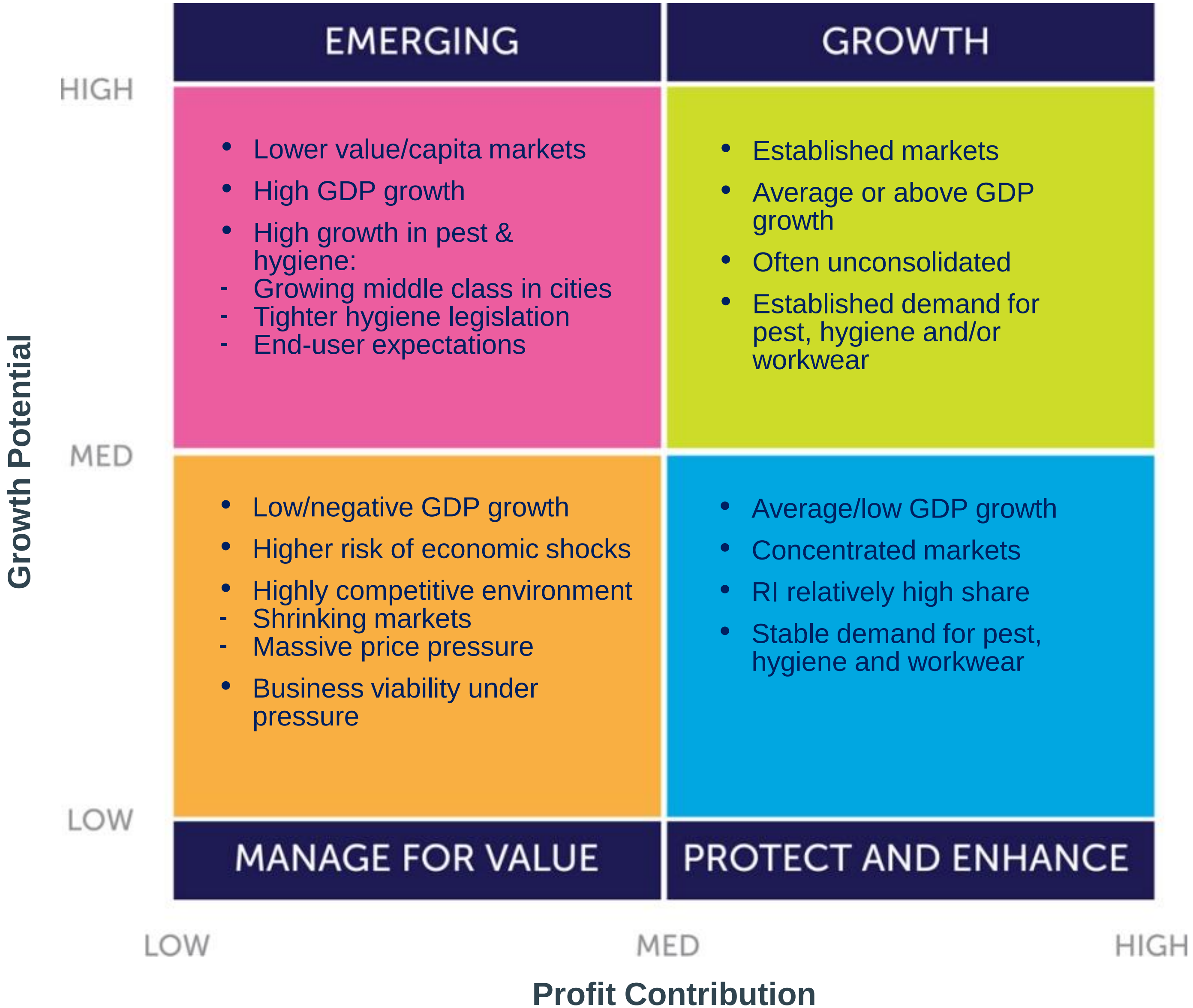
	2014 Revenue (£m)						2014 Profit (£m)					
	Q1	Δ	Q2	Δ	H1	Δ	Q1	Δ	Q2	Δ	H1	Δ
Pest Control	161.8	4.6%	193.2	**8.5%**	355.0	**6.7%**	22.5	8.2%	39.7	**10.0%**	62.2	**9.3%**
Hygiene	117.3	0.8%	118.7	**1.3%**	236.0	**1.0%**	22.6	-1.7%	23.0	**-3.4%**	45.6	**-2.6%**
Workwear	105.3	-0.9%	107.6	**0.9%**	212.9	**0.0%**	13.3	-10.1%	14.8	**-6.9%**	28.1	**-8.5%**
Other	45.4	-1.5%	46.5	**-0.6%**	91.9	**-1.1%**	2.2	46.7%	3.1	**6.9%**	5.3	**20.5%**
GROUP	429.8	1.5%	466.0	**3.9**	895.8	**2.7%**	41.2	7.9%	65.2	**8.0%**	106.4	**7.9**

- Ongoing Revenue in Workwear and Hygiene categories slightly ahead in Q2
- Ongoing performance, excluding Benelux:
  - Hygiene revenue increased by 1.7% and profit by 1.9% in H1
  - Workwear revenue increased by 0.8% and profit by 2.9% in H1

Differentiated Plan for Driving Shareholder Value

Quadrant approach - different strategies





- 4 distinct quadrants
- Each business and category mapped against a number of factors such as GDP growth, competitive environment and performance

Differentiated Plan for Driving Shareholder Value

Countries and categories

£64m / £8.2m	£359m / £55.7m
£66m / £8.3m	£406m / £71.5m

Growth Potential: HIGH / MED / LOW

Profit Contribution: LOW / MED / HIGH

EMERGING

- **Categories:**
  - Pest
  - Hygiene
- **Geographies:**
  - Asia
  - Mid East, N Africa, Turkey
  - Latin America
  - Africa
  - Mexico

GROWTH

- **Categories:**
  - Pest
  - Hygiene
  - Cleanroom (Workwear)
- **Geographies:**
  - North America
  - UK
  - Germany, Austria, Switzerland
  - Caribbean

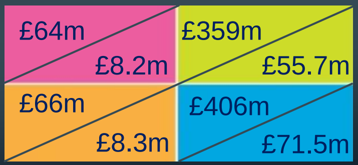
MANAGE FOR VALUE

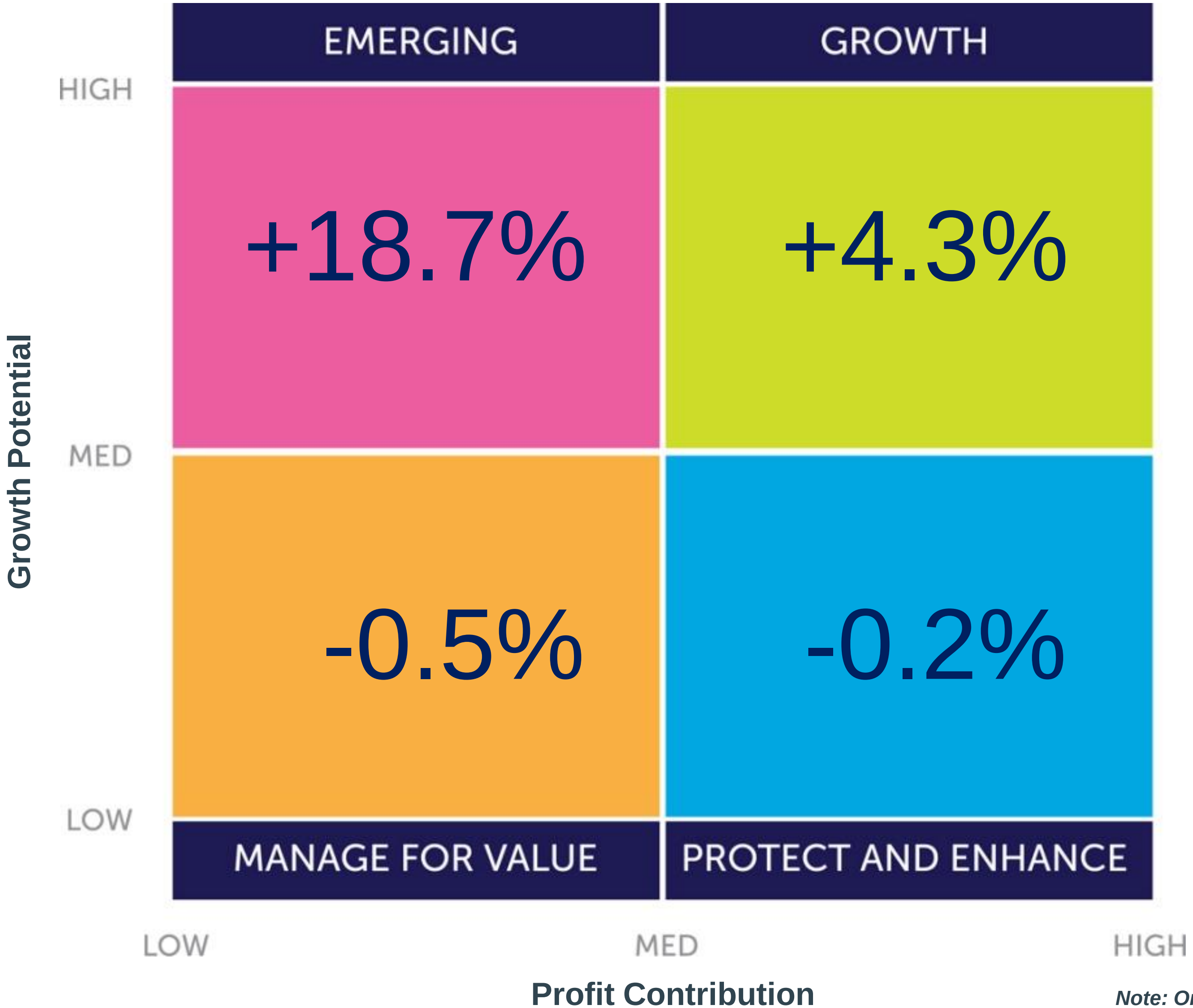
- **Categories:**
  - Ambius (Plants)
- **Geographies:**
  - Ireland
  - Spain
  - Portugal
  - Italy
  - Greece

PROTECT AND ENHANCE

- **Categories:**
  - Hygiene
  - Workwear
- **Geographies:**
  - France, Benelux
  - Nordics
  - Australia, New Zealand, Fiji
  - South Africa

H1 2014 Revenue Performance by Quadrant

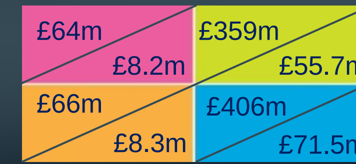


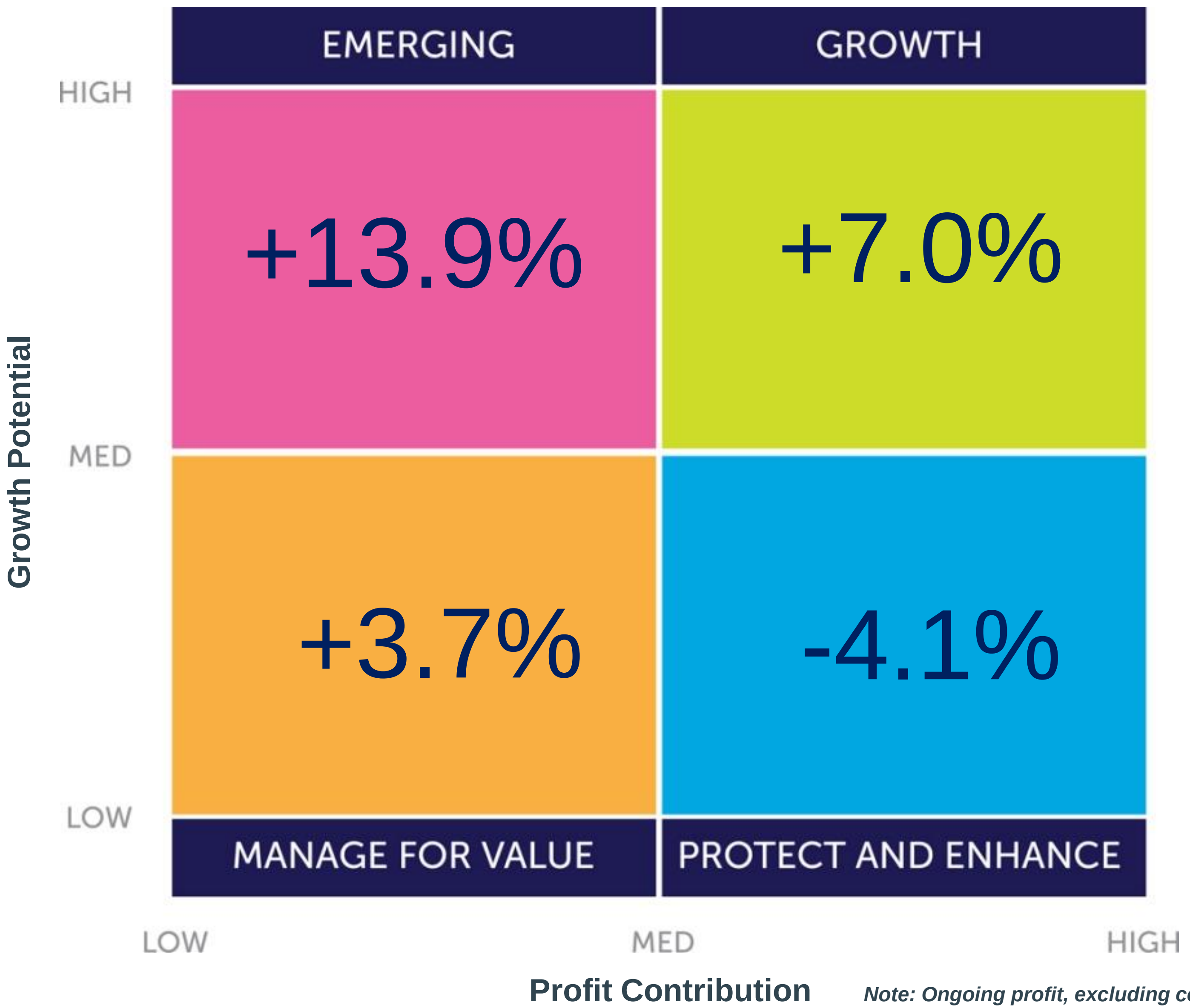


- Emerging - growth fuelled by acquisitions in Latin America and organic growth in Asia
- Growth – good performance in UK in H1
- Q2 improved performance
  - Emerging +26.9%
  - Protect & Enhance +0.7%

Note: Ongoing revenue

H1 2014 Operating Profit Performance by Quadrant





- Emerging and Growth – good progress.
- Manage for Value – focus on profit improvement strategies in H1
- Protect & Enhance held back by Benelux (Workwear and Hygiene)

Note: Ongoing profit, excluding central & divisional overheads

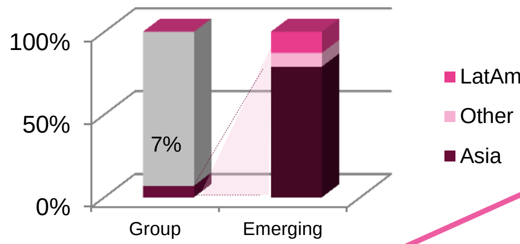
Emerging:
Build Leading Positions in Pest & Hygiene

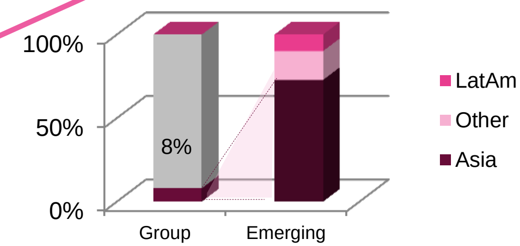
Asia, Mid East
Turkey, Africa
LatAm

EMERGING

- **Categories:**
  - Pest
  - Hygiene
- **Geographies:**
  - Asia
  - Mid East, N Africa, Turkey
  - East Africa
  - Latin America

H1 Rev: £64m vs £54m H1 2013





H1 Op Profit: £8.2m vs £7.2m H1 2013
H1 Op Margin:12.7% vs 13.2% H1 2013

Financial Characteristics

- Revenue growth above already high GDP growth
- Investment in capability and organic growth
- Directing sales to
  - Brand sensitive customers
  - Areas for route density
  - Extending footprint

Growth Levers	Priority
Where to Play	
Mastering Our Markets	✓
Building The Pipeline	✓
Sales Brilliance	
Delivering Our Promise	
Engaging Our Customers	

M&A Strategy

- Pest led new market entry / extending to new cities
- Acquire local management capability as future leaders
- Bolt-ons for coverage/density
- Accept lower IRR (>15%) after adjusting for risk

Latin America

Building leading positions in LatAm

- **Chile (incl. Colombia): two deals in H1**
  - Bestway
    - Pest control, hygiene and business services
    - Leader in Hygiene in Chile
    - Operating in Colombia (4th economy & fastest growing in LatAm)
    - Revenue of £11m: EBITA of >30%
  - Chileno Alemana
    - Pest concentrated in Santiago; already fully integrated
- **Brazil:**
  - Organic growth at c.40% in H1 reflecting attractive market
  - Number 2, currently focused on Rio and São Paulo
- **Next steps**
  - Continue to acquire businesses (city focused) in Brazil, Chile & Colombia. Bolt-on acquisitions in the pipeline.

Driving growth in Asia

- China fragmented market with no clear leader yet
  - RI growing +33% mainly in the food retail and processing sectors
  - Gross margin: 30.2% in H1 2014 (22.8% in H1 2013)
- RI India now number 3 in the market
  - Accelerating growth with entry into Gujarat through a small acquisition in June
- Clear market leadership in Indonesia
  - Double digit growth through contract wins in the Retail sector

Next steps

- Accelerate acquisitions to build scale, density and service capability
- Build density in China and India by focusing sales teams activity into key cities and industrial zones and through acquisitions
- Continue to strengthen Key Account Management to be partner of choice for brand sensitive customers
- Strengthen Sales Leadership at branch level to grow lower customer tiers and build density
- Service productivity and capability development initiatives in key countries

Manage for Value:

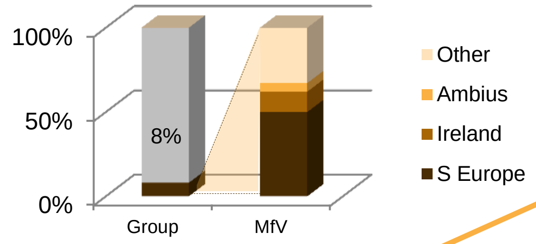
Aggressive Cost Management & Selective Divestments

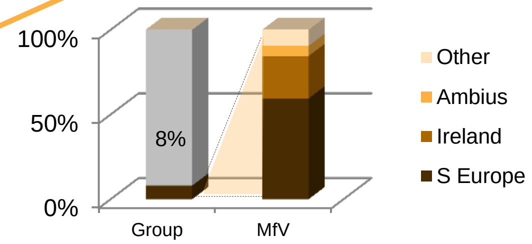
Ireland, Spain, Portugal, Italy, Greece

MANAGE FOR VALUE

- **Categories:**
  - Ambius (small markets)
- **Geographies:**
  - Ireland
  - Spain, Portugal, Italy, Greece

H1 Rev: £66m vs £67m H1 2013





H1 Op Profit: £8.3m vs £8.0m H1 2013
H1 Op Margin: 12.5% vs 12.0% H1 2013

Financial Characteristics

- Revenue growth with GDP (or flat where negative)
- Focus on productivity and route density
- Reducing cost base and constraining capital
- Major focus on retention

Growth Levers	Priority
Where to Play	
Mastering Our Markets	✓
Building The Pipeline	✓
Sales Brilliance	
Delivering Our Promise	✓
Engaging Our Customers	✓

M&A Strategy

- Bolt-ons for density
- Requires high IRR (~30%)

Divestments

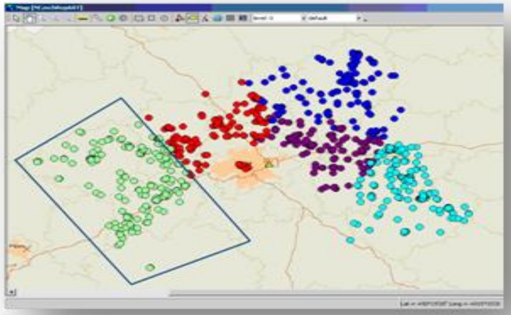
- Sub-scale, non-core assets

Manage for Value: Southern Europe
Strategy into Action

Ireland, Spain, Portugal, Italy, Greece

Italy Hygiene - Service Productivity Improvements

- **Productivity improvement programme:** better service planning, improved scheduling, re-zoning of service technicians
- **Targeted upselling**: Strong sales strategy to increase density of more services per existing customers
  - Improved portfolio by each technician by 6%
  - Improved state of service from 97.5 % to 98%
  - Reduced number of Service Technicians by 5%
  - Operating margins increased by 300bps



Spain Medical - Divestment

- Minor player in the Spanish market with limited geography presence. Highly competitive market; limited opportunity to grow due to strong competitor #1 in the market.
- Completed the disposal at begin of June.
- Annualised 2013 revenue £2.3m

Protect & Enhance:
Building Profit and Cash Contribution

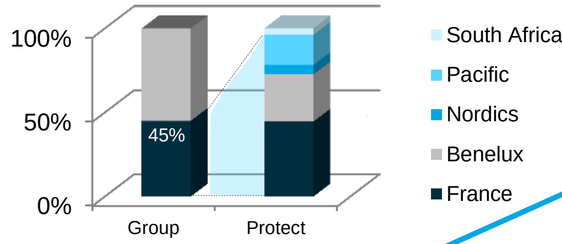
France, Benelux, Nordics, Pacific, South Africa

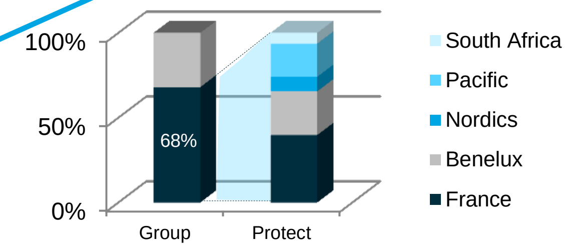
PROTECT & ENHANCE

- **Categories:**
  - Hygiene
  - Workwear

- **Geographies:**
  - France, Benelux
  - Nordics
  - Australia, New Zealand
  - South Africa

H1 Rev: £406m vs £407m H1 2013





H1 Op Profit: £71.5m vs £74.5m H1 2013
H1 Op Margin: 17.6% vs 18.3% H1 2013

Financial Characteristics

- Revenue growth in line with GDP growth
- Focus on productivity and route density
- Focus on retaining and growing existing customers
- Developing new offers

Growth Levers	Priority
Where to Play	✓
Mastering Our Markets	✓
Building The Pipeline	✓
Sales Brilliance	✓
Delivering Our Promise	✓
Engaging Our Customers	✓

M&A Strategy

- Consolidating regional and local strength
  - Bolt-ons for density
  - Build out sub-scale branches
- Acquire new capabilities in adjacent service areas
- Above average IRR (20-25%)

Protect & Enhance: France

Strategy into Action

France

PRICING STRATEGY IN FRANCE

- **Actions grounded on detailed financial analysis** - by customer, sector, branch, sales route
- **Focus on yield management** - pricing strategies for high and low margin customers
- **Linked to sales colleague incentivisation** - covering both new sales and contract renewals

Net Margins in France up 1.0%pts in difficult economic environment

Protect & Enhance: Benelux

Strategy into Action

Benelux

Drivers of weak performance

- Challenging economic conditions
- Highly competitive markets
  - Increased pricing pressure, especially large contracts
- Unacceptable service levels in 2013
  - Significant disruption caused by plant restructures
  - Workwear supply chain & systems
  - Management team too internally focused

Plan to stabilise performance

- New MD and FD in place to improve management capability
- Focus on Workwear & Hygiene service levels
  - Resolution of workwear supply chain issues
  - Focus on key customer service KPIs
  - Increased investment in customer account management
- Sales team focus on yield management, similar to France

Result

- Contract terminations
- Price erosion on contract renewals
- Ongoing Revenue reduction vs 2013 of 2.6% and profit reduction of 23.8%

Focus

- Improving customer retention
- Stabilising gross margins
- Reducing profit decline

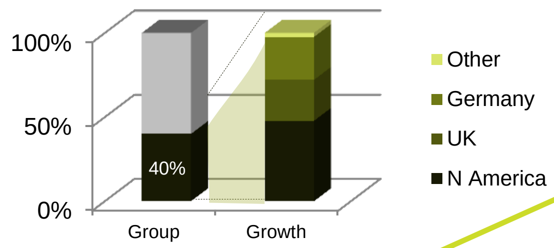
Growth:
Deploy All Levers and Bulk Up With M&A

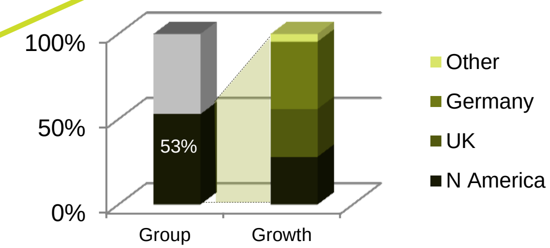
N America, UK, Germany, Austria Switz, Caribbean

GROWTH

- **Categories:**
  - Pest
  - Hygiene
  - Cleanroom (Workwear)
- **Geographies:**
  - North America
  - UK
  - Germany Austria, Switzerland
  - Caribbean

H1 Rev: £359m vs £345m H1 2013





H1 Op Profit: £55.7m vs £52.1m H1 2013
H1 Op Margin: 15.5% vs 15.1% H1 2013

Financial Characteristics

- Grow revenue above GDP
- Investing to take share and develop existing customers
- Balancing development to
  - Driving route density
  - Filling gaps in footprint

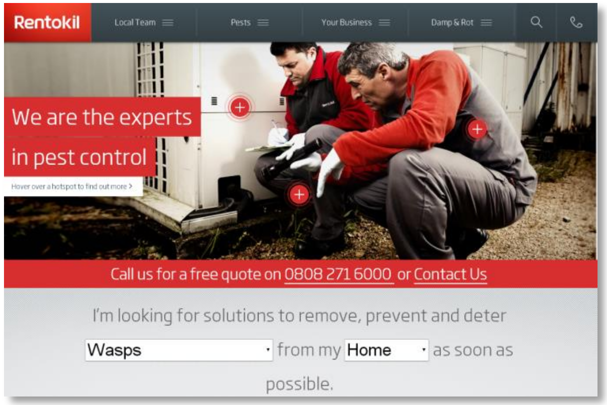
Growth Levers	Priority
Where to Play	✓
Mastering Our Markets	✓
Building The Pipeline	✓
Sales Brilliance	✓
Delivering Our Promise	✓
Engaging Our Customers	✓

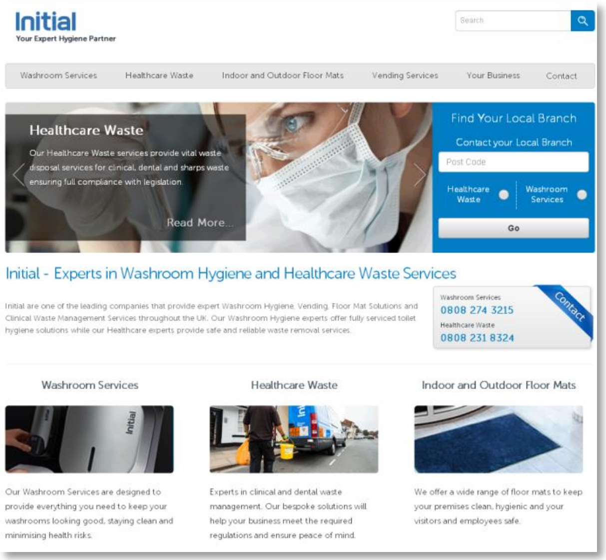
M&A Strategy

- Extend geographic reach into new cities
- Build out sub-scale branches
- Lower IRR (>15%) as platform for future growth

Organic Growth

- Building the sales pipeline
  - New websites
  - Increasing web traffic, search performance and brand awareness through PR
  - Internal lead generation - up 30% - using internal Social Media (Google+)
- Delivering the right product offer
  - New service launches now delivering c.30% of revenues



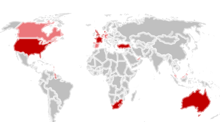


Growth
Strategy into Action

UK

Pestaurant

11



Countries

20,000+

Attendees

1000+

News articles & mentions

21

Television interview & mentions

51

Radio interview & mentions

3,210

#pestaurant tweets

1.2m

Facebook reach

1.02m

Linkedin impressions

6,000

Video views

6,109

Visitors to pestaurant.com

19,409

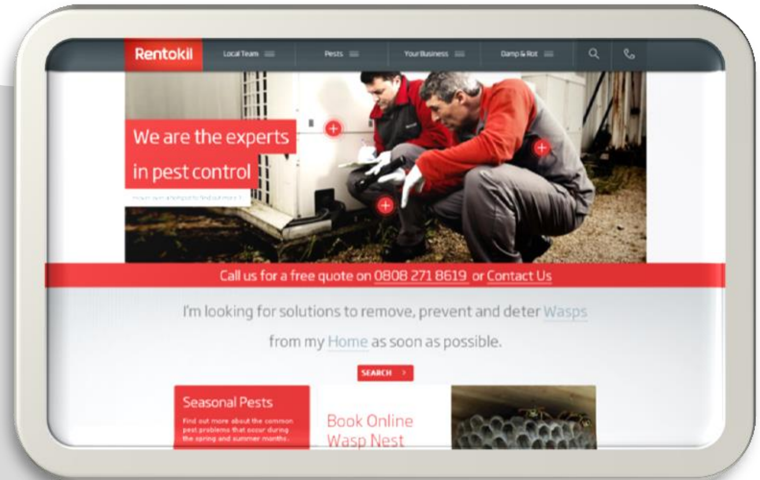
Visitors to local country sites

Growth
Strategy into Action

UK

Pestaurant

New: www.rentokil.co.uk



34%est

Of our new pest business comes from enquiries

+57%

Enquiries for pest control (year on year)

300+ UK articles over 12 months
500 UK mentions on Facebook
700 UK mentions on Twitter

facebook twitter

M&A – Continued Progress Through H1

Strategy into Action

- 17 deals completed
- £34.7m annualised revenues
- First steps in Chile and Mozambique
- Building density across North America and Europe
- High-quality pipeline notably NA, LATAM & Asia

M&A Process

Strategy into Action

Identify key target cities and companies to maximise density and growth potential

c. 100+ target cities

c. 500+ target companies

Contact programme monitored monthly by dedicated in-house M&A team with sophisticated financial modelling

c. 50+ live prospects
6 M&A professionals

All offers submitted to the Investment Committee

(CEO, CFO and Group Financial Controller)

50+ offers submitted in the last 12 months

Detailed due diligence performed

35 deals completed in last 22 months to 31/03/14

Combined performance of deals completed since H1 2012 currently delivering profits 30% above the approved business case

Strategy into Action

- **Organisation**
  - Added focus – regions and categories ✓✓✓
- **Strategy**
  - Applying differentiated, quadrant strategy, with different levers for growth ✓✓
  - Divested non-core businesses ✓✓✓
- **Medium-term target: Mid-single digit revenue growth**
  - Improved organic growth in Q2 ✓
  - M&A - pursue targets in high growth markets and add local density ✓✓✓
- **Medium-term target: High single-digit profit growth**
  - Significant reduction in restructuring costs / one offs ✓✓✓
  - Reduced central and divisional overheads ✓✓✓
  - Profit improvement inc. pricing, yield management and service productivity ✓✓
  - Return Benelux to profitable growth X
- **Medium-term target: Significant improvement in sustainable cash flow**
  - £51.5m in H1 was £28m ahead of the prior year ✓✓✓
- **Reduce debt and progressive dividend policy**
  - Net debt reduced by £263m year on year ✓✓✓
  - Dividend up 10% to 0.77p per share ✓✓✓

Rentokil Initial

THE RIGHT WAY

Putting Strategy into Action

And now it's your turn…