RENTOKIL INITIAL PLC (RTO)
INTERIM MANAGEMENT STATEMENT
2 May 2014

(£m)	Q1 2014	Growth	
	AER	AER	CER
Revenue	**412.3**	**(5.7%)**	**(0.6%)**
Adjusted operating profit[1]	**38.8**	**(1.0%)**	**7.6%**
Adjusted profit before tax[2]	**25.1**	**(7.0%)**	**5.7%**
Profit before tax	**19.3**	**6.0%**	**21.7%**

Revenue (at CER)

On an organic basis revenue increased by 0.4%, driven by good growth in our Emerging (+8.8%) and Growth (+2.2%) quadrants. Revenue performance was held back by lower revenues in the Protect & Enhance quadrant (-1.7%) and, as expected, Benelux in particular. Acquisitions, primarily in our Emerging and Growth quadrants, contributed 1% to revenue, while disposals in our Manage for Value quadrant of our Belgian flat linen business and Korean JV in 2013 reduced revenue by 2%, to give total revenue for the period down 0.6%.

Profit (at CER)

Adjusted operating profit increased by 7.6%, reflecting growth in France, Germany, North America and Asia as well as lower central and regional overheads, partly offset by lower profits in the Benelux.

Adjusted profit before tax at actual exchange rates has been negatively impacted by £2.4m due to the strengthening of Sterling. Based on current exchange rates the impact of currency movements would be around £14m for the full year (£1m less than the £15m referred to at the time of the preliminary results).

Restructuring and one-off costs for continuing operations were significantly lower in Q1 at £2.1m versus £5.1m last year contributing to the increase in profit before tax of 21.7%. We now expect restructuring and one-off costs to be in the region of £10m for the year (c. £10m lower than indicated at the preliminary results).

Cash

Cash flow in the quarter was in line with expectations, with the group on track to generate a significant improvement in free cash flow in the year through lower restructuring costs, as well as reduced capex and lower working capital outflows and pension contributions. The proceeds from the sale of Initial Facilities, amounting to £250m, were received on 18 March.

M&A

We continue to expand our global footprint in pest control, acquiring 10 businesses in Q1 with a combined expected revenue impact this year of £22.4m. These include the acquisition of a leading Chilean pest business as well as four small transactions in North America. The group also acquired small pest control businesses in Ireland, Italy and Spain.

Commenting on the Q1 results Andy Ransom, CEO of Rentokil Initial plc, said:

"I am pleased to report that revenue, profit and cash performance in the first quarter has been in line with our expectations. Good organic revenue growth was achieved in our Emerging and Growth quadrants while, as expected, challenging trading conditions persisted in our Protect & Enhance markets, Benelux in particular.

"As indicated in our strategy presentation in February our immediate focus is improved profitability and cash generation. Profit growth in the quarter reflects the benefit of more effective businesses and reducing overheads, as well as lower restructuring and one-off costs, and we are on track to deliver a significant increase in free cash flow in 2014. We remain confident in making further progress in the remainder of the year."

All figures exclude Initial Facilities which was sold on 18 March 2014 and City Link which was sold on 29 April 2013
AER – actual exchange rates; CER – constant 2013 exchange rates
[1] *before amortisation and impairment of intangibles (excluding computer software), reorganisation costs and one-off items*
[2] *before amortisation and impairment of intangibles (excluding computer software), reorganisation costs/one-off items and net interest credit from pensions*

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Conference Call

A conference call for investors and analysts will be held at 9.15am (UK time) today to discuss this statement.

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Notes:

The Company groups its categories and geographies into a growth potential and profit contribution matrix. Allocation to each quadrant will drive implementation and execution of the right strategy for each business and facilitates efficient allocation of capital to where it is most needed and where it will generate the best returns:

Emerging:

- Geographies include: Asia, the Middle East, North Africa, Turkey, East Africa and Latin America

Manage for Value:

- Geographies include: Ireland, Spain, Portugal, Italy and Greece

Growth:

- Geographies include: North America, UK, Germany, Austria, Switzerland and the Caribbean

Protect & Enhance:

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