

Rentokil Initial

27 February 2020

PRELIMINARY FINANCIAL RESULTS





Protecting People. Enhancing Lives.

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Rentokil Initial

27 February 2020

PRELIMINARY FINANCIAL RESULTS

Andy Ransom, CEO





Strongest Organic Revenue growth for 15+ years.

Ongoing Revenue ahead of medium-term target (5%-8%).

Good growth in Pest and Hygiene.

8.6%

Ongoing Revenue Growth at CER.
North America FY revenues of over £1,000m.

4.5%

Organic Revenue Growth (2018: 3.7%).

10.8%

Pest Control Ongoing Revenue Growth of 10.8%; 4.9% organic growth (2018: 4.8%).
Hygiene Ongoing Revenue Growth of 5.8%; 4.3% organic growth (2018: 2.8%).





Ongoing Profit Growth ahead of medium-term target (c.10%).

Free Cash flow conversion ahead of c.90% target.

Customer retention: +30 basis points.

10.5%

Ongoing Profit Growth at CER.
Group margins +20bp, North America +50bp.

£250.7m

Free Cash Flow - £58.7m ahead of 2018.
98.6% cash conversion.

c.£30m

Pension buy-in with PIC agreed.
c. £30m (pre-tax) cash to be returned to the company.





Outstanding execution of M&A.

Capital allocation focused on Pest and Hygiene; Growth and Emerging markets.

M&A pipeline remains very strong.

41

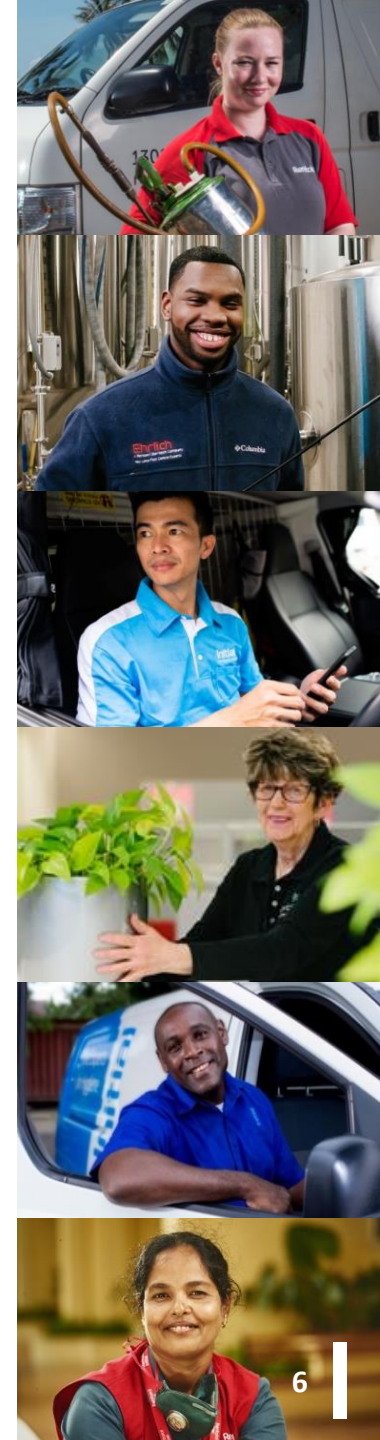
41 acquisitions in 2019.
Delivering £137m annualised revenues.
Total cash spend of £316.5m.

30

30 acquisitions in Pest Control.
£126m annualised revenues.

€430m

Divestment of 17.8% share of Haniel JV.
In addition to the €520m received in 2017.



The company has performed strongly in 2019 with a combination of organic and acquisitive growth. We are confident of delivering further operational and financial progress in 2020.

The new decade presents clear opportunities for sustainable profitable growth.

Rentokil Initial

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FINANCIAL AND REGIONAL REVIEW

Jeremy Townsend, CFO



Financial Highlights

THE **R**IGHT WAY

Revenue
£2,644.5m



8.6%

Profit
£365.5m



10.5%

Cash
£250.7m



98.6%

cash conversion**
over last 12 months

FY 2019				
£ million				
	AER	CER	Δ AER	Δ CER
Ongoing Revenue*	2,676.2	2,644.5	9.9%	8.6%
Ongoing Operating Profit*	368.1	365.5	11.3%	10.5%
Net Operating Margins		13.8%		0.2%
Adjusted PBTA	340.9	338.3	10.7%	9.8%
Free Cash Flow	250.7			
Adjusted EPS	14.43p	14.27p	10.4%	9.2%
Dividend	5.15p		15.2%	

*Ongoing Revenue and Ongoing Operating Profit exclude the results of disposed businesses.

Ongoing Operating Profit and Adjusted PBTA exclude certain items that could distort the underlying trading performance.

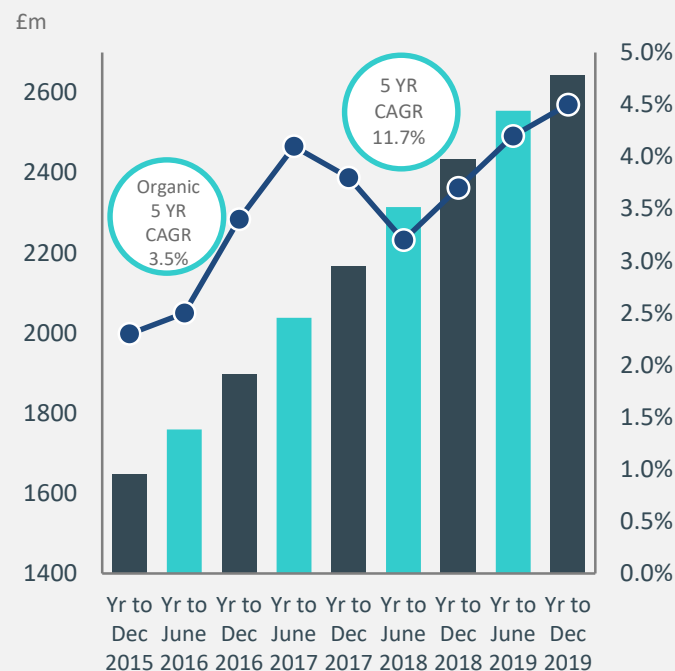
**Adjusted cash flow conversion on a trailing 12-month basis

Strong Financial Progress

A track record of delivery

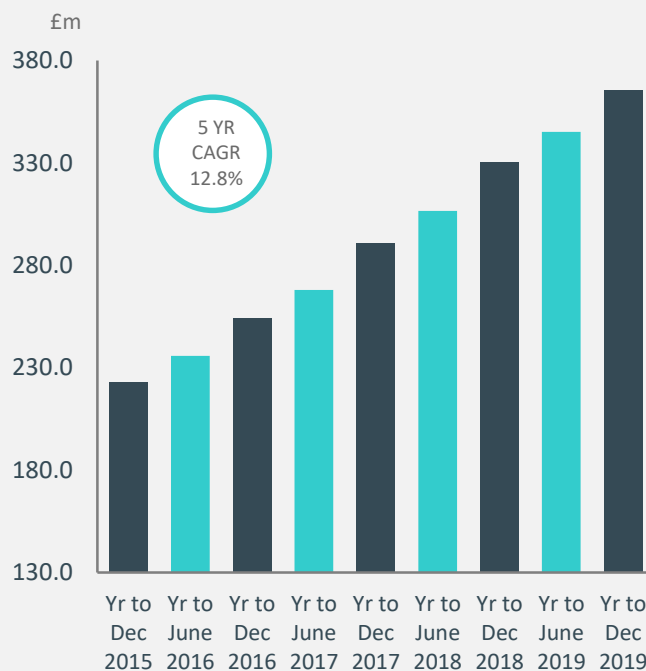
THE **R**IGHT WAY

Ongoing Revenue growth: 5%–8%, 3%-4% Organic (CER)



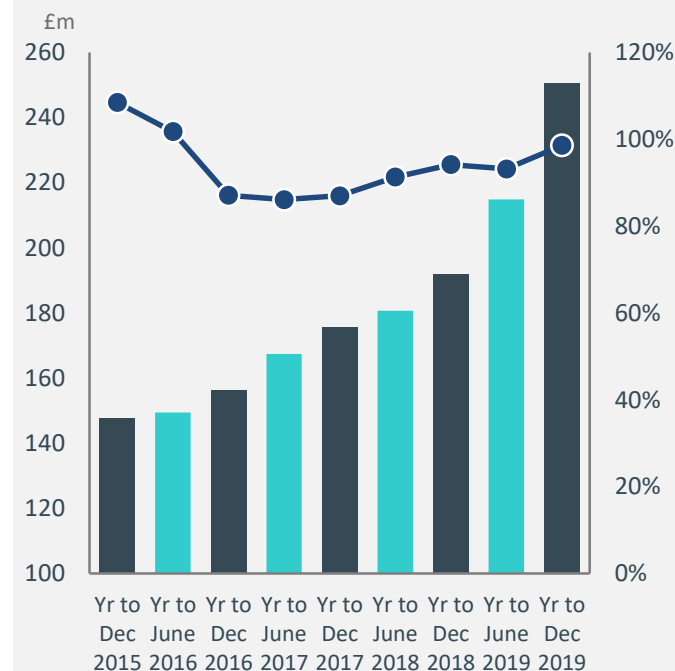
**+8.6% growth in Ongoing Revenue,
+4.5% Organic**

Ongoing Operating Profit growth c.10% (CER)



**+10.5% growth in
Ongoing Operating Profit**

Strong and sustainable delivery of Free Cash Flow, c.90% conversion** (AER)



**Free Cash Flow of £250.7m,
98.6% cash conversion over last 12 months**

*Ongoing Revenue and Ongoing Operating Profit exclude the results of disposed businesses.

Ongoing Operating Profit and Adjusted PBTA exclude certain items that could distort the underlying trading performance. Charts calculated on a 12-month trailing basis.

**Adjusted cash flow conversion on a trailing 12-month basis

Ongoing Revenue growth +11.4%

Organic Revenue growth +4.5%

Ongoing Operating Profit growth +15.3%

@CER

Group Revenue: 39% Group Profit: 33%

	2019	Growth
Ongoing Revenue	£1,040.3m	+11.4%
Ongoing Operating Profit	£147.4m	+15.3%
Operating Margin	14.2%	+0.5% points

Progress in 2019:

Ongoing Revenue growth of 11.4% in 2019, 4.5% Organic

Pest Control growth of 11.9%, up 4.4% Organic, an improving performance on 2018 (+3.8% Organic), despite unseasonably wet weather in certain parts of the country in Q2

Ongoing Operating Profit growth of 15.3%, reflecting combined impact of higher revenues and acquisitions

Net Operating Margin up 0.5% points at 14.2%, discussed further on following two slides

14 Pest Control and two Ambius acquisitions in 2019 with revenues of c.\$135m (c.£101m), ahead of the c.\$53m (c.£41m) revenues acquired during 2018

Focus for 2020:

Further delivery of revenue and profit growth, continued M&A and ongoing implementation of Best of Breed programme to drive margin expansion





11.4% increase in revenue and 50 bps improvement in Net Operating Margin

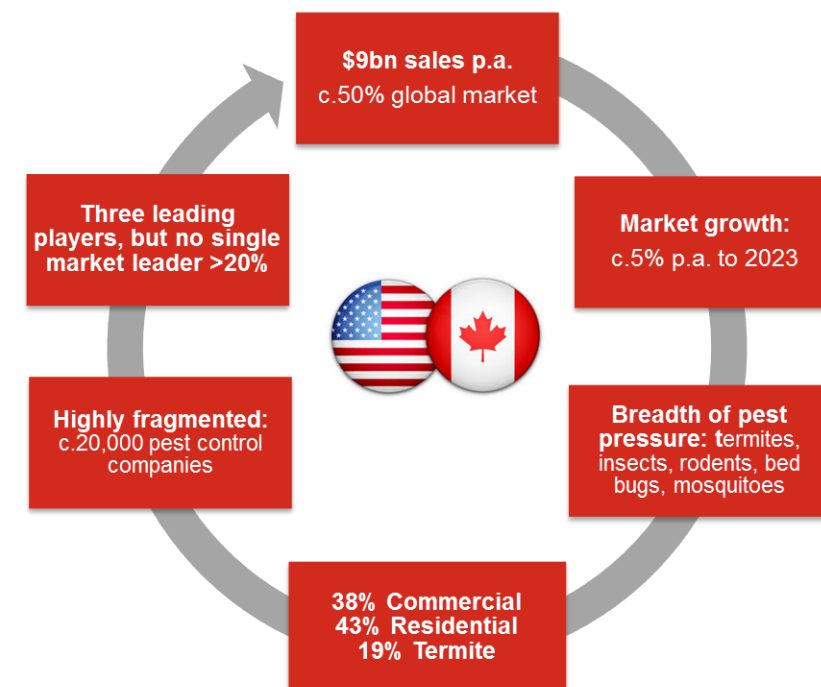
North America

Update on plan to deliver \$1.5bn revenue, 18% Net Operating Margins

THE RIGHT WAY

Building scale and local density on national footprint with circa 350 branches, 45 distribution centres, +8,000 colleagues.

Targets (FY) / Activity	Progress in 2019	
4% to 5% Organic growth	4.5% Organic growth An improving performance on 2018, but held back by wet weather in North Eastern areas of the country in Q2	
\$50m to \$80m additional revenues p.a. from acquisitions	c. \$135m of acquired revenues in 2019 An excellent performance in 2019, well above our stated targets and considerably ahead of the c.\$53m of revenues acquired in 2018	
Best of Breed (BoB) back office programme	Further good progress in procurement, service productivity and property consolidation. The IT programme is progressing to plan and we are benefiting from improved visibility through the move of data to the Google Cloud Platform	
Net Operating Margin	50 bps improvement in 2019 - driven by 70 bps improvement in Pest Services reflecting Organic Revenue growth (although impacted by wet weather in Q2), synergies from acquisitions beginning to flow through and savings from our Best of Breed programme - partially offset by 20 bps impact of lower-margin product sales	



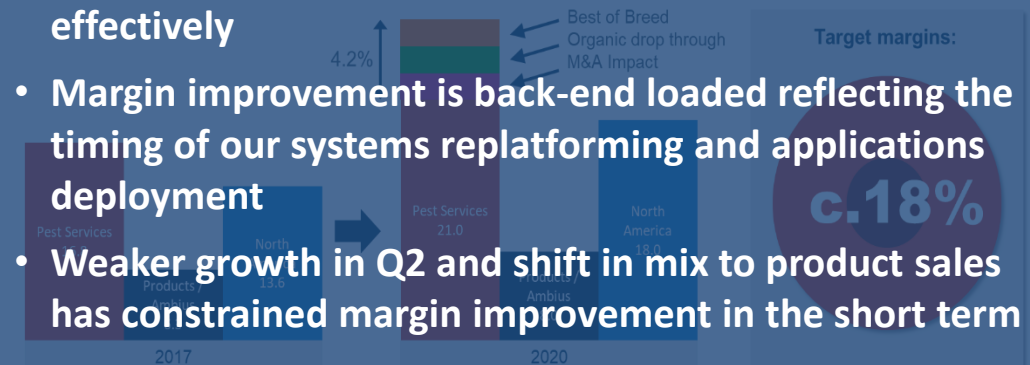
Path to \$1.5bn revenue

- Remain on track to deliver \$1.5bn revenue by the end of 2020
- 2019 revenue growth in line with 10% CAGR required in 2019/20 to hit target
- Our growth expectations remain at 12-15% per annum - Organic (4-5%) and M&A (8-10%)
- M&A pipeline remains strong



Path to 18% Net Operating Margins

- Improvements in H1 have been consolidated in H2
- Good progress with IT transformation to re-platform the business and deploy Group IT applications effectively
- Margin improvement is back-end loaded reflecting the timing of our systems replatforming and applications deployment
- Weaker growth in Q2 and shift in mix to product sales has constrained margin improvement in the short term

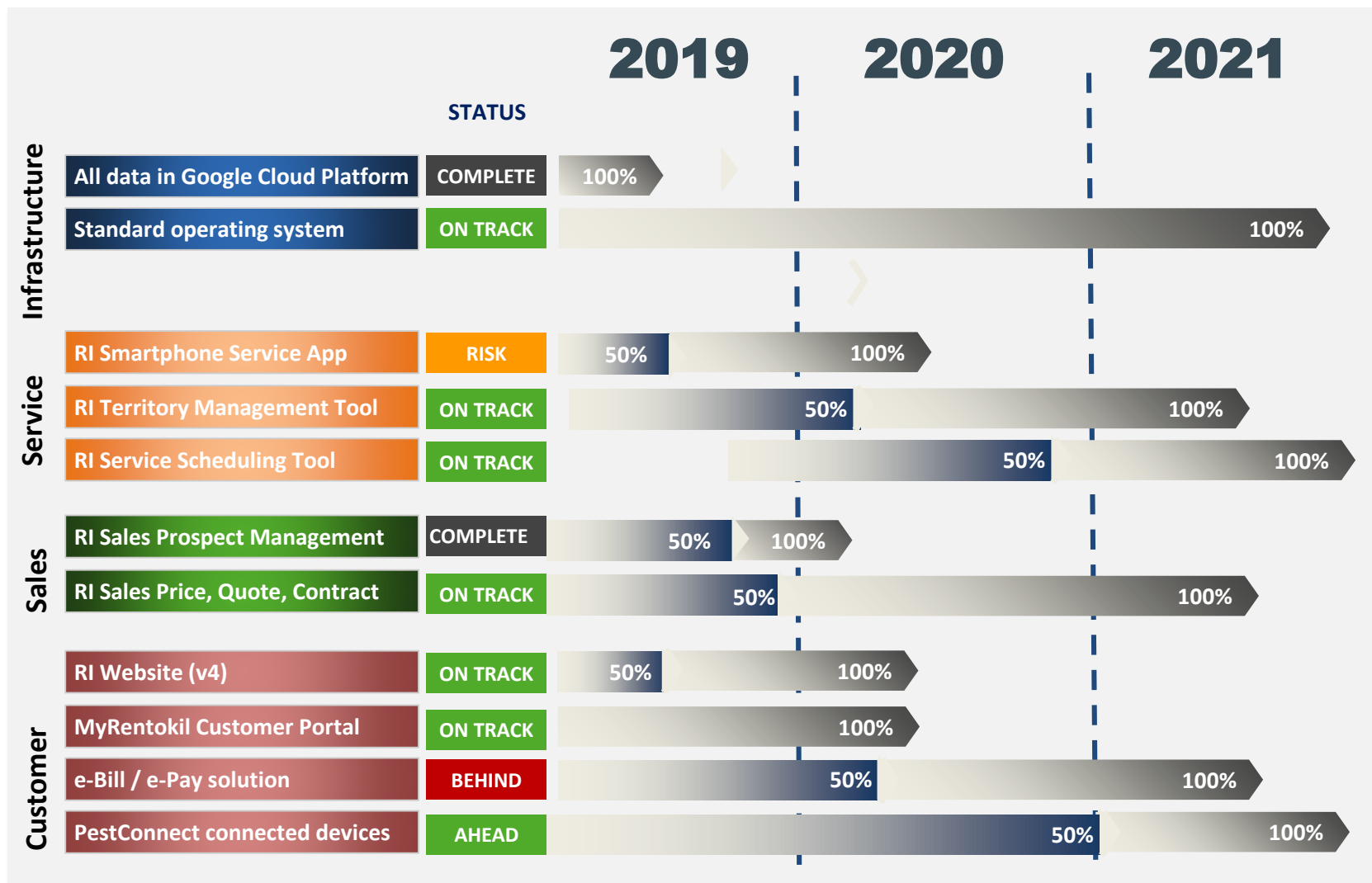


Revenue target on track for 2020, good progress towards 18% margins by end of 2021

North America

IT re-platforming and applications deployment: timeline to completion

THE RIGHT WAY



The first step in our IT programme is to create a consistent platform across the country. We transferred all the data from the business into the cloud during 2019 and the large majority of the business is now on a standard operating system.

We also migrated 16 acquisitions onto our core operating system in 2019.

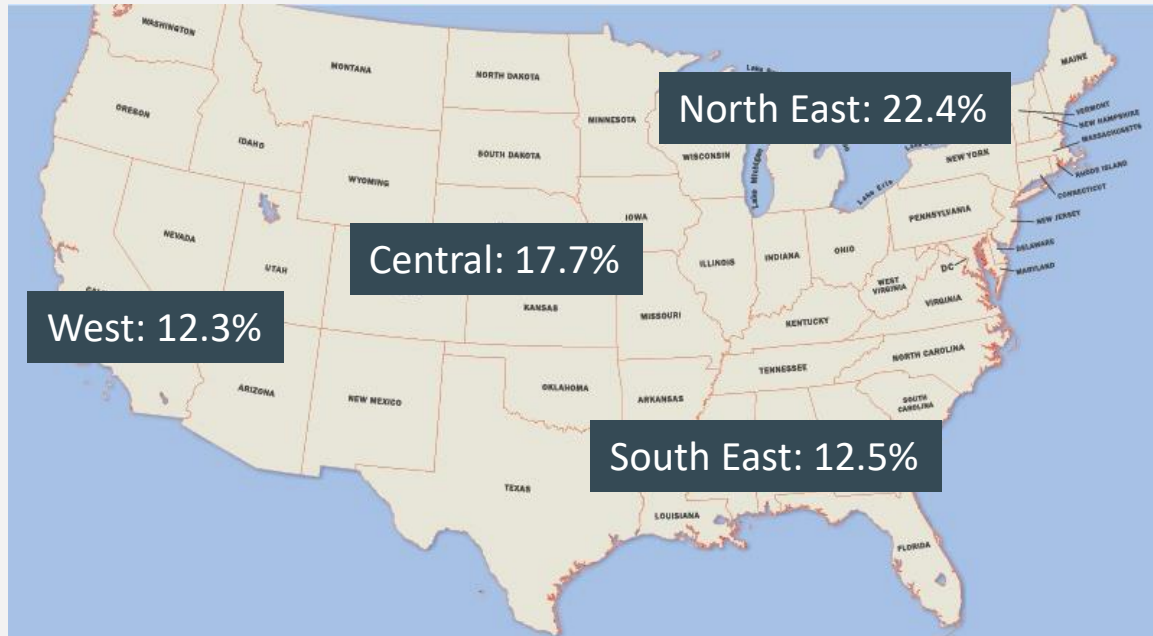
Having the data in one place and a consistent infrastructure delivers cost benefits in its own right through reduced back office costs and more effective management. It also critically allows us to deploy our Group applications across the North American region in the key areas of service, sales and customer communications.

Deployment of these applications enables the delivery of Best of Breed margin benefits in 2020 and 2021, meaning our journey to 18% margins by 2021 is weighted towards the end of this period.

North America

Pest Control margins

THE RIGHT WAY



Regional Pest Control margins vary considerably driven by the density of the branches in the regions

North East margins at 22.4% are comparable with the rest of Rentokil's Pest Control margins

Opportunity to improve margins significantly through increased density in South East, West and Central

Increased size of business (through organic growth and M&A) also drives margin improvement as well as our Best of Breed programme

NA pest margins have improved from 13.7% in 2012 to 16.6% in 2019 through the execution of our plan

North American margin improvement does not stop at 18%

Ongoing Revenue growth	+7.1%
Organic Revenue growth	+4.8%
Ongoing Operating Profit growth	+8.3%
@CER	

Group Revenue: 27% Group Profit: 30%

	2019	Growth
Ongoing Revenue	£715.0m	+7.1%
Ongoing Operating Profit	£138.1m	+8.3%
Operating Margin	19.3%	0.2% points

Progress in 2019:

Excellent Ongoing Revenue performance in Germany (+12.6%), strong growth in Southern Europe (+4.6%), and improved performances in Benelux and France, up 6.2% and 4.6%. Latin America (reported within Europe region) continues to perform very strongly, with growth of 20.5%:

- 11.3% growth in Pest Control: 4.6% from acquisitions and Organic growth of 6.7%, aided by notably strong performance in German pest operations
- 5.2% growth in Hygiene, 3.2% Organic, benefiting from strong performances across the region

8.3% increase in Ongoing Operating Profit, with strong growth in Southern Europe, Germany and Benelux

11 acquisitions in Europe and Latin America in 2019: 3 in Hygiene and 8 in Pest Control, with total annualised revenues of c.£14m

Sale of stake in Haniel JV for cash consideration of €430m

Focus for 2020:

Further growth in Pest Control and Hygiene, ongoing progress in France Workwear, building out the M&A pipeline in Europe

Strong overall performance from Europe region

Ongoing Revenue growth +6.3%
Organic Revenue growth +4.8%
Ongoing Operating Profit growth +9.3%

@CER

Group Revenue: 18% Group Profit: 23%

	2019	Growth
Ongoing Revenue	£464.8m	+6.3%
Ongoing Operating Profit	£102.3m	+9.3%
Operating Margin	22%	0.6% points

Progress in 2019:

Excellent performance from UK Pest Control and Hygiene, up 6.3% Organic and 7.9% Organic respectively, benefiting from large contract wins, record levels of customer service (excluding Cannon business), improving customer retention and one-off contracts. The UK Property Care market declined by 2.5% in the year but had a better second half with growth of 2.2%.

7.0% revenue growth from Rest of World operations, with contributions across all regional clusters in Nordics, Caribbean, Africa and MENAT

9.3% growth in Ongoing Operating Profit due to higher revenues

0.6% points increase in margins in part due to a much improved performance from UK Property Care

6 acquisitions in 2019: 3 Hygiene, 2 Pest Control and 1 Ambius with combined annualised revenues of c.£3m

Focus for 2020:

Continued growth in Pest and Hygiene and ongoing implementation of Property Care improvement plan

Excellent performance from UK Pest Control and Hygiene

Ongoing Revenue growth **+11.1%**
Organic Revenue growth **+4.7%**
Ongoing Operating Profit growth **+11.1%**

@CER

Group Revenue: 9% **Group Profit: 5%**

	2019	Growth
Ongoing Revenue	£234.4m	+11.1%
Ongoing Operating Profit	£24.2m	+11.1%
Operating Margin	10.3%	-

Japanese JV*	2019	Growth
Ongoing Revenue	£104.9m	+5.1%
Ongoing Operating Profit	£22.6m	-3.7%
Operating Margin	21.6%	-2.0% points

Progress in 2019:

11.1% increase in Ongoing Revenue, up 4.7% Organic, reflecting good performances from both Pest Control and Hygiene

- An outstanding performance in particular from Indonesia – 40.3% Ongoing Revenue growth (Pest Control: 58.2%, Hygiene: 19.7%), Organic Revenue growth of 14.1% (Pest Control: 20.1%, Hygiene 7.2%)

Ongoing Operating Profit growth of 11.1%, reflecting higher revenues:

- Progress on PCI integration has been steady although delivery of the business plan has been slower than we would have expected at this stage
- Net Operating Margins in line with prior year at 10.3%:
- Singapore margins impacted, however, by wage inflation, a slow down in jobs and key account negotiations

6 acquisitions in 2019: 4 Pest Control (in Indonesia, Malaysia, Sri Lanka and Thailand) and 2 Hygiene businesses (Indonesia and Malaysia), with combined annualised revenues of c.£17m

Focus for 2020:

Further delivery of revenue and profit growth, ongoing execution of integration of Rentokil PCI JV and other recent acquisitions and further M&A to build scale

Good growth in revenue and profit

*Reported within Share of Profit from Associates (net of tax); Rentokil Initial has a 49% share.

Ongoing Revenue growth **+2.6%**

Organic Revenue growth **+2.3%**

Ongoing Operating Profit growth **+2.5%**

@CER

Group Revenue: 7% Group Profit: 9%

	2019	Growth
Ongoing Revenue	£190.0m	+2.6%
Ongoing Operating Profit	£39.4m	+2.5%
Operating Margin	20.7%	-0.1%

Progress in 2019:

2.6% growth in Ongoing Revenue, 2.3% Organic:

- Good performance from Australia Hygiene operations, reflecting the impact of new customer contracts won in 2018 and 2019, aided by stronger sales colleague retention
- Australia Pest Control impacted by a decline in fumigation demand, partly due to import fumigation for inbound shipments increasingly being treated at point of departure along with a consolidation of operating centres
- 2.5% growth in Ongoing Operating Profit, reflecting higher revenues

Net Operating Margin decline by 0.1% to 20.7% reflecting fumigation impacts

2 small pest control acquisitions in Australia with annualised revenues of c.£2m in year prior to acquisition

Focus for 2020:

Further improvements in performance through greater service productivity and additional acquisitions in Pest Control and Hygiene

A solid performance in 2019

Operating Cash Flow

THE **R**IGHT WAY

£ million @AER	2019	2018
Adjusted Operating Profit	365.4	329.3
One-off items – Operating	(14.6)	(22.2)
Depreciation	219.8	147.1
Other ¹	26.1	17.0
EBITDA	596.7	471.2
Working capital	(7.0)	6.6
Movement on provisions	(4.0)	(10.8)
Capex	(242.6)	(183.5)
Operating Cash Flow – continuing operations	343.1	283.5

2019 Free Cash Flow performance benefiting from £36.1m increase in Adjusted Operating Profit

Depreciation and capex both increased due to IFRS 16 but offset each other, with a broadly neutral net impact

Operating cash inflow £59.6m higher than in 2018, driven by £36.1m increase in Adjusted Operating Profit and an increase in dividends received from divested stake in the Haniel JV

¹ Profit on sale of fixed assets, IFRS 2, dividend from associate, etc.

² Property, plant, vehicles

Free Cash Flow & Movement in Net Debt

THE **R**IGHT WAY

£ million @AER	2019	2018
Operating Cash Flow – continuing	343.1	283.5
Cash interest	(48.1)	(45.3)
Cash tax	(43.2)	(45.1)
Special pension contributions	(1.1)	(1.1)
Free Cash Flow – continuing	250.7	192.0
Acquisitions	(316.5)	(298.4)
Disposals	391.9	(3.1)
Dividends	(85.8)	(74.2)
Underlying decrease in Net Debt	240.3	(183.7)
FX and other	24.2	(42.5)
IFRS 16 lease obligations	(184.0)	-
Decrease in Net Debt	80.5	(226.2)
Opening Net Debt	(1,153.5)	(927.3)
Closing Net Debt	(1,073.0)	(1,153.5)

Interest payments of £48.1m are £2.8m higher than the prior year due to the impact of IFRS 16 and tax payments decreased by £1.9m reflecting the phasing of payments

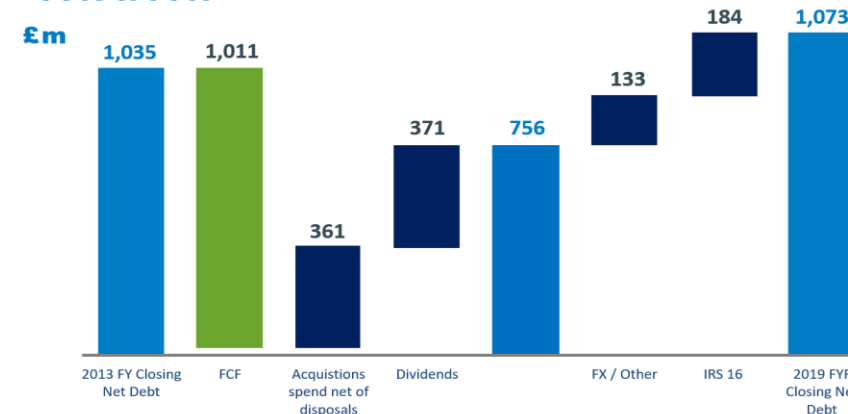
Free Cash Flow increased by £58.7m in the year, delivering a Free Cash Flow conversion of 98.6% over the last 12 months

Adoption of IFRS 16 has added £184.0m of lease obligations to net debt at 1 January 2019, together with foreign exchange translation and other items, led to an overall decrease in net debt of £80.5m and closing net debt of £1,073.0m

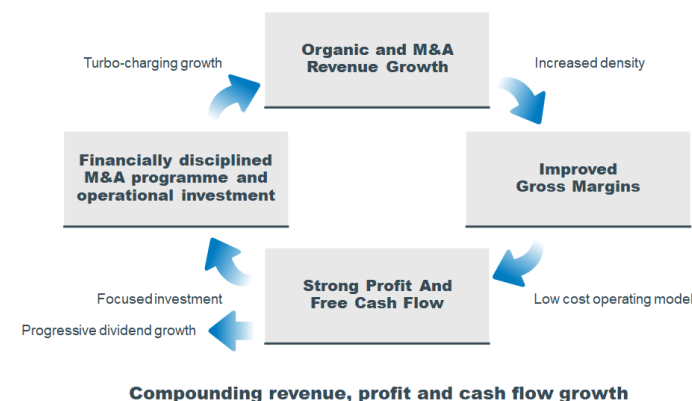
Balance Sheet

- Net debt at 31 Dec 2019: £1,073.0m, a decrease of £80.5m on Dec 2018, despite the impact of additional lease liabilities from IFRS 16 of £184m
- £737m of centrally held funds and available undrawn committed facilities
- Net debt to EBITDA ratio of 1.8x at 31 Dec 2019 (including full year impact of IFRS 16), 1.7x excluding IFRS
- €430m proceeds from sale of 17.8% stake in Haniel JV used to pay down debt and support additional funding of Group M&A programme
- €500m bond issued in May 2019 at coupon of 0.875% and maturing in May 2026. Proceeds used to refinance €500m bond that matured in September 2019. Average cost of net debt in 2019 of 3.42%
- Group's RCF extended in August to 2024. Following the September bond refinancing, RCF reduced by £50m to £550m
- Credit rating remains at BBB Stable Outlook

Net Debt Bridge FY13 to FY19



Capital Allocation



Update and impact

- Our priority is the health and safety of our employees
- To date, the main impact of the virus has been on our China operations
- This has been partly offset by enquiries for hand-washing and hand-sanitising services in other parts of the Group
- The majority of products sourced from suppliers in China are covered by existing stocks for the next few months
- At this point in time we would expect only a small net impact on the business in the first quarter
- We are monitoring the situation very closely, looking to mitigate the risk of the impact that the virus may have on our colleagues, customers and supply chain
- Should the situation continue for an extended period or become materially worse, this could obviously have a more negative impact for the rest of the year



P&L

- We continue to maintain our medium-term targets of Ongoing Revenue growth of 5% to 8% (3% to 4% Organic), Ongoing Operating Profit growth of c.10% and Free Cash Flow conversion of c.90%
- P&L interest costs in 2020 are now expected to be £8m lower than in 2019 due to the lower bond rates and the lower levels of net debt following the sale of our share in the JV with Haniel in July 2019
- Share of Profits from Associates in 2020 is anticipated to be ~£10m lower than the prior year following the disposal of the Company's interest in the JV with Haniel noted above
- At the interim results in July 2019 we guided to a positive FX impact on profits for 2020 of between £10m and £15m. Due to the recent strength of sterling, this has now reversed and should the recent strength of sterling be maintained throughout the year, it would adversely impact 2020 profits by between £10m and £15m



Market expectations reflect the above items. Based on our performance in 2019 we are confident of another strong performance in 2020

Cash Flow

- Working capital outflows are estimated in the region of £10m to £20m
- Capex, including IFRS 16, in the region of £260m to £270m
- Spend on provisions is expected to be in line with 2019 but we note that from 2021 the spend will reduce by £5m per annum as legacy property related issues are completed
- Following the bond refinancing in 2019, cash interest costs are expected to be £14m lower than in 2019
- Cash tax flows are likely to be in the range of £55m to £60m in 2020, reflecting the ongoing operating profit growth in North America and the impact of phasing in the UK and Germany
- Dividends will no longer be received from the Haniel JV (£26.4m in 2019) – this is partially offset by a special dividend from our Japanese associate of c.£6m
- Following the buy-in of the UK Pension scheme in December 2018, we are committed to convert to a full buy-out before the end of 2020 resulting in a pre-tax cash surplus of c.£30m to be returned this year



2019 Summary

THE **RIGHT** WAY

- ✓ +8.6% growth in Ongoing Revenue (vs target 5% to 8%)
- ✓ +4.5% Organic growth (vs. target 3% to 4%) – highest level in 15 years
- ✓ +10.5% increase in Ongoing Operating Profit (vs. target 10%)
- ✓ £250.7m Free Cash Flow, 98.6% conversion over last 12 months
- ✓ Sale of minority stake in Haniel JV for proceeds of €430m have been used to reduce debt and support Group M&A programme
- ✓ 41 businesses acquired in 2019 with £137m annualised revenues for cash spend of £316.5m
- ✓ Balance sheet remains robust
- ✓ Good progress towards buy-out of pension scheme – anticipate a pre-tax cash surplus of £30m to be returned to the Company in 2020
- ✓ +15.2% increase in 2019 dividend at 5.15p per share



A strong performance in 2019, with a combination of above-target organic growth and disciplined execution of M&A

Rentokil Initial

27 February 2020

RELENTLESS EXECUTION

Andy Ransom, CEO



Rentokil Pest Control

The world's leading pest control company

THE **R**IGHT WAY

- ✓ **Global leader** - number one in 55 of our 80 markets.
- ✓ **Strong Employer of Choice programme** – outstanding technical training, building expertise and careers.
- ✓ **Powerful brand.**
- ✓ **Core strength in attractive Commercial sector.**
- ✓ **Leaders in digital** - connected devices, data, AI, Apps etc.
- ✓ **Unmatched capabilities in Innovation.**
- ✓ **Disciplined M&A** – highly fragmented market of 40,000 companies, 50% in North America.



Sustainable Global Market Driven by Global 'Mega Trends'.

Growth market c.\$20bn and growing at c.5% p.a*.

Rentokil Pest Control

The world's leading pest control company

THE RIGHT WAY

Strong Performance in 2019



Revenue: £1,700.1m +10.8%

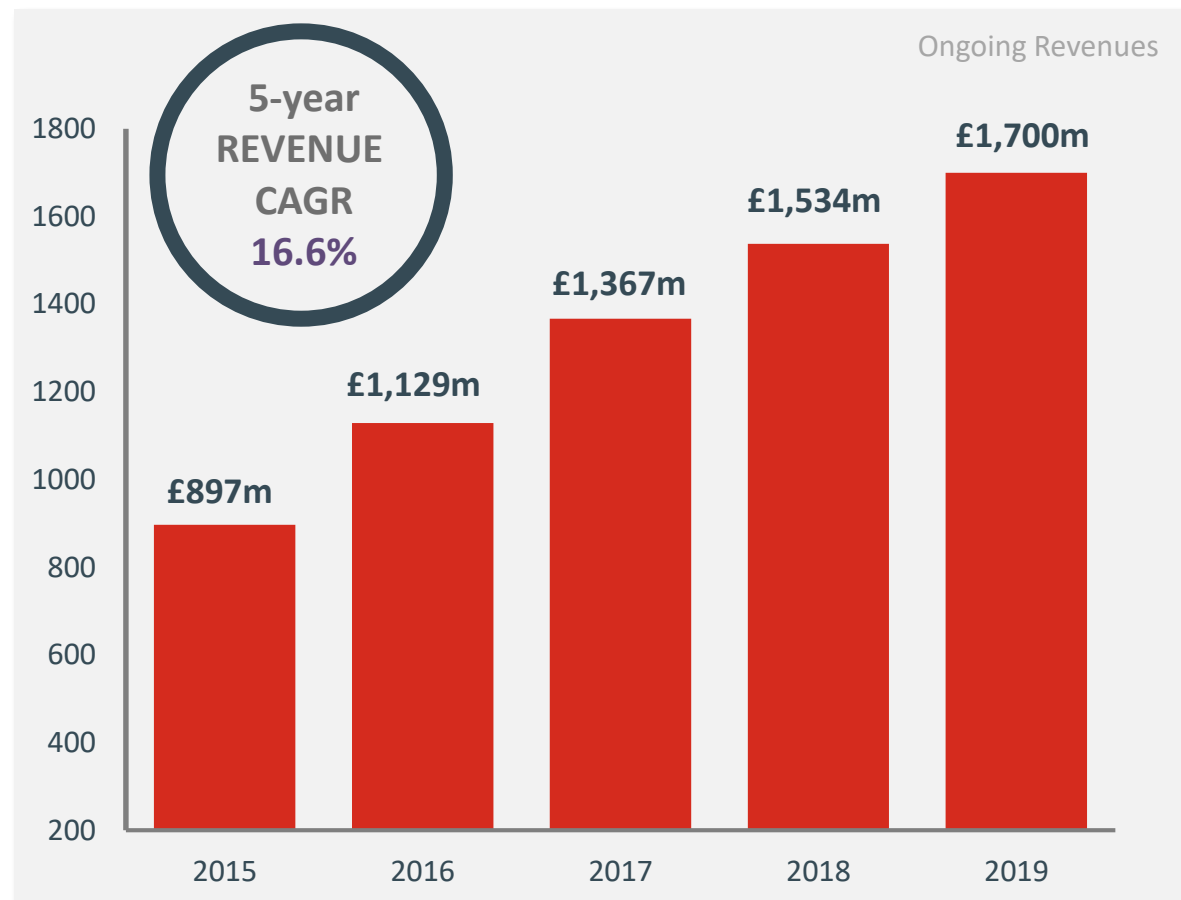
Profit: £305.4m +11.6%

+4.9% organic growth (+4.8% 2018)

France: +7.8%, Germany: +10.8%, UK: +6.3%,
North America: 4.4%, Latin America: +7.0%

+5.9% growth through acquisitions

Pest Control: 64% group revenue, 68% group
operating profit; 18% operating margin (+20 basis points).



Consistent Execution Through Organic and Acquisitive Growth.

Rentokil Pest Control

Leading in Digital

THE RIGHT WAY

Digital revolution providing insight and transparency.

PestConnect Internet of Things solutions:

Live in +25 countries. +4,000 customer sites.

MyRentokil customer reporting platform:

Live in +40 countries. Reporting 24/7 for +96% of our commercial customers.

Command Centre insight:

c.9m records processed a day from the units in the field.

A Rentokil technician visits a customer site every 4.2 seconds somewhere in the world. A photograph was taken on-site by a Technician every minute via ServiceTrak App in 2019.



Our Digital Platform is Creating a Higher Quality Business.

Rentokil Pest Control

Strong innovation pipeline

THE RIGHT WAY

Focused on premium solutions and lowering cost to serve.

Lumnia insect light traps:

+100,000 units sold to date (2019: +32% year on year)

Now on sale in over 50 countries.

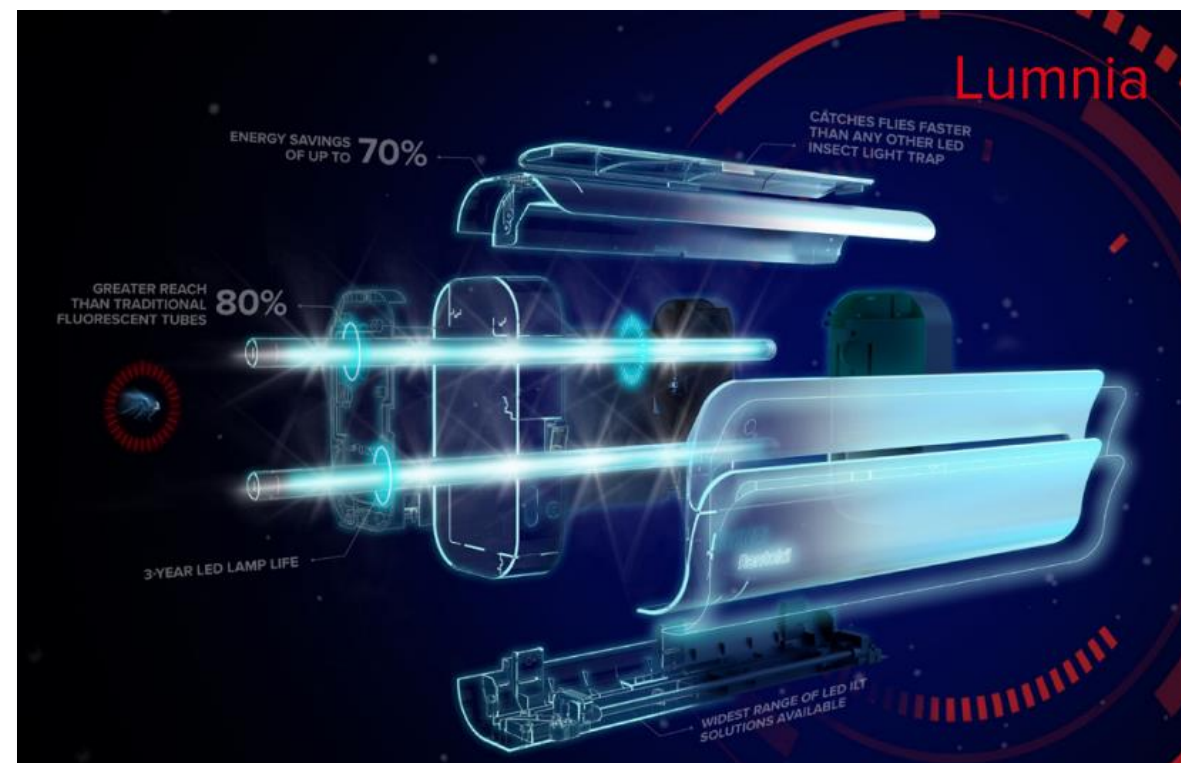
Three core products to meet customer needs with range extensions set for launch in 2020.

'Eradico' global bait box:

Currently +20 different rat bait stations used globally.

New single solution to launch in 2020.

Addresses 57 different needs and market requirements - from flexibility to take a variety of traps to digital ready.



Innovation Pipeline Focused on Digital and Sustainability.

Rentokil Pest Control

Mosquito and Vector Control services

Mosquito & Vector Control market growth of 7% CAGR to c. \$4.4bn by 2025.

Significant threat to public health in Latin America:

Brazil vector control market: c. US\$1bn p.a.

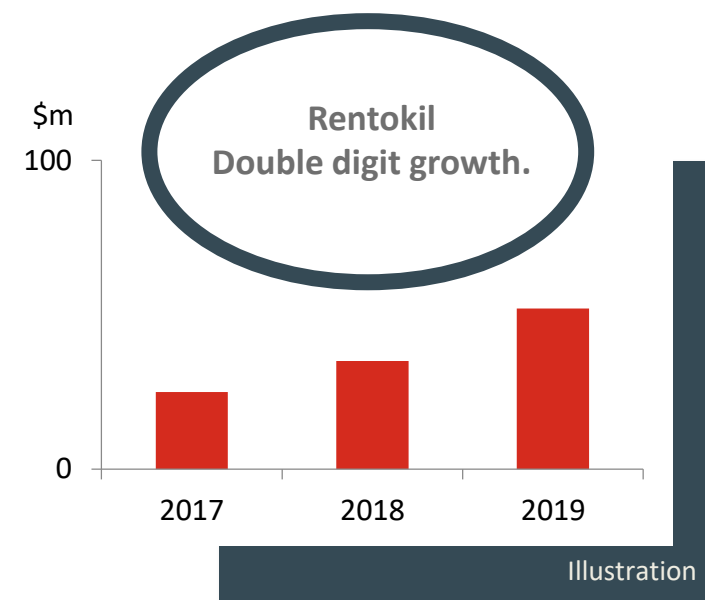
First Vector Control contract:

Secured our first local authority Vector Control contract.

Using 4-step process for highly-targeted control; developed by EcoVec, which we acquired in 2019:

1. **Traps:** Placed every 250m and then monitored by technicians.
2. **Analysis:** Type & quantity of mosquito evaluated.
3. **Digital reporting:** Public health managers easily identify infestation status (colour coded) - by city block.
4. **Targeted mosquito control activities:** By city block.

THE RIGHT WAY



Attractive Medium-term Growth Opportunity.

North America

We have created a c.\$1.4bn business in North America

THE RIGHT WAY

On track for c. \$1.5bn revenue by the end of 2020.

Strong drivers of organic growth:

National / int. accounts.

Innovation and digital roll out – c.25% Lumnia sales.

Digital marketing – local SEO.

Rentokil brand focus for commercial customers.

New product growth areas eg mosquitos.

Highly fragmented market:

c.20,000 pest control companies in NA

Strong M&A pipeline focused on city-based bolt-ons.

NA Region: 5-Year Revenue Performance

	2015	2016	2017	2018	2019
Ongoing Revenue growth <i>5-year CAGR: 19.6%</i>	16.7% \$661m	38.6% \$916m	21.1% \$1,108m	12.3% \$1,244m	11.4% \$1,386m
Organic Revenue growth <i>5-year CAGR: 4.0%</i>	2.7%	4.1%	4.7%	4.0%	4.5%
Pest Control Ongoing Revenue Growth <i>5-year CAGR: 22.2%</i>	19.7%	45.5%	23.5%	13.1%	11.9%
M&A Acquisitions / annualised revenues (US\$)	13 \$231m	15 \$142m	9 \$129m	14 \$52m	16 \$135m

c.\$1.4bn Growth Platform Created for the Decade Ahead.

The World's Largest Pest Control Market.

Rentokil Pest Control

THE RIGHT WAY

New challenge: Building 'bulkheads' in the big cities of tomorrow

Population change and urbanisation present a strategic global opportunity.

Greater density for profitable growth:

In Emerging markets – we deliver growth ahead of national GDP - in part because of population growth and economic growth is faster in the major cities.

c.4.2bn people live in cities today; 5.2bn by 2030 (UN).

India: 416m new urban dwellers by 2050.

LatAm: Bogotá will join other Latin American megacities - Rio de Janeiro, São Paulo, Mexico City, Lima and Buenos Aires – with a \$109bn economy.

The world's top 10 cities in 2035

GDP (\$ trillion, constant 2018 prices)		Population (million)		GDP growth (%y/y)	
• New York	2.5	• Jakarta	38.0	• Bengaluru	8.5
• Tokyo	1.9	• Tokyo	37.8	• Dhaka	7.6
• Los Angeles	1.5	• Chongqing	32.2	• Mumbai	6.6
• London	1.3	• Dhaka	31.2	• Delhi	6.5
• Shanghai	1.3	• Shanghai	25.3	• Shenzhen	5.3
• Beijing	1.1	• Karachi	24.8	• Jakarta	5.2
• Paris	1.1	• Kinshasa	24.7	• Manila	5.2
• Chicago	1.0	• Lagos	24.2	• Tianjin	5.1
• Guangzhou	0.9	• Mexico City	23.5	• Shanghai	5.0
• Shenzhen	0.9	• Mumbai	23.1	• Chongqing	4.9

Source: Oxford Economics. • Existing Pest market

Actively Targeting Mega Cities to Build our Positions.
25 largest 'mega cities' (+10m inhabitants) by 2035, we currently operate in 18 of them.*

* See Appendix for the listing.

Rentokil Pest Control

Jakarta: 38m people by 2035

Large population with increasing disposable income, high digital usage and tight geographic area.

Growing urban areas support our growth:

Increasing standards of pest control demanded - particularly in offices, food & beverage and pharma.

Wealthy residential clusters created.

Inflow of international businesses - eg hotel expansion (we serve 60% of hotels in Jakarta; 70% of 4* and 5* hotels).

Rentokil in Indonesia:

4,400 colleagues.

Revenues of £20.9m, +58.2% year on year.

+20.1% organic in 2019 (GDP growth of c. 5%).

THE **R**IGHT WAY



**Outstanding Team. Great Service. Strong Growth. Customer Density.
Executing Our Strategy.**

Initial Hygiene

Strong sibling business to Rentokil Pest Control

THE **R**IGHT WAY

- ✓ **Global leader** - number one in 22 of the 46 markets (top 3 in 35 markets).
- ✓ **Strong Employer of Choice programme** – outstanding engagement and training.
- ✓ **Powerful Hygiene brand.**
- ✓ **Best product ranges.**
- ✓ **Digital, connected devices and data expertise shared from Pest.**
- ✓ **Operational focus** – route and product density.
- ✓ **Disciplined M&A** – city focused market.



High-quality Business and Growing Market.

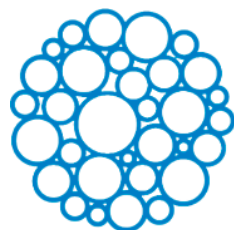
Sustainable, long-term growth prospects at GDP levels, supported by mega trends.

Initial Hygiene

One of the world's leading Hygiene services companies

THE RIGHT WAY

Strong Performance in 2019



Revenue: £546.8m +5.8%

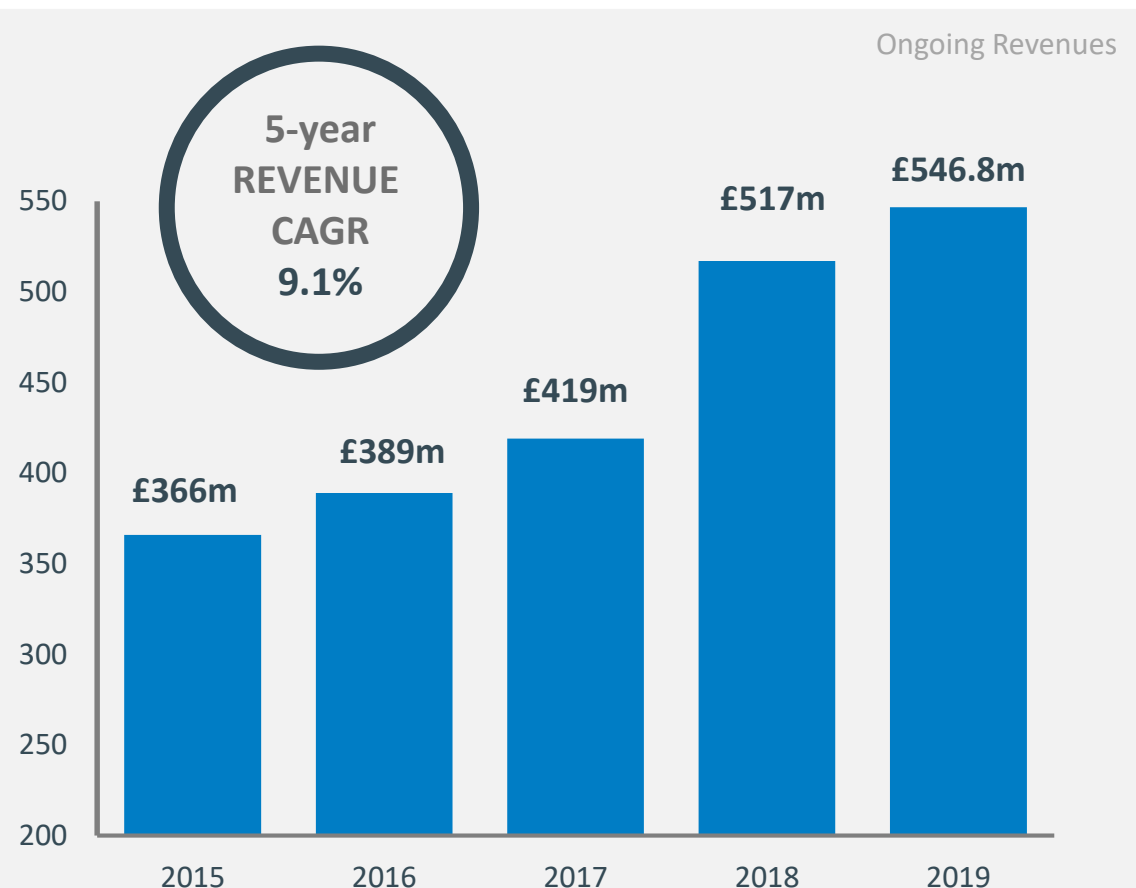
Profit: £97.3m +8.1%

+4.3% organic growth (+2.8% 2018)

France 5.1%, Germany 5.7%, Portugal 11.4%
UK 7.9%, Indonesia 7.2%

+1.5% growth through acquisitions.

Hygiene: 21% group revenue, 22% group operating profit. Net operating margin: 17.8% (+40 basis points)



Delivering Profitable Growth Through Strong Operational Execution.

Initial Hygiene

Further differentiation and service efficiency

THE **R**IGHT WAY

First Digital Hygiene range set for launch in H1 2020.

Smart solutions:

Including digital taps, digital soap dispenser, hand wash monitoring, cubicle sanitisers and air care.

Consumable monitoring:

More efficient operations – lower cost, reduced environmental impact & better guest experience, particularly high footfall sites eg airports. Soap dispenser offers +16,000 hand washes from one container. Significantly extends periods between refills.

Data available 24/7 for customers:

Observe equipment usage throughout the day.
Spot busy locations / plan maintenance and cleaning.

Further Digital Hygiene Products in Pipeline.

Rapid>Foam

Smart soap dispensers that reduce environmental impact by up to 98%.



Rapid>Flush

Automated toilet and urinal cleaning for a freshly cleaned toilet experience.



Rapid>Water

Smart faucets with a contemporary feel that reduces water consumption.



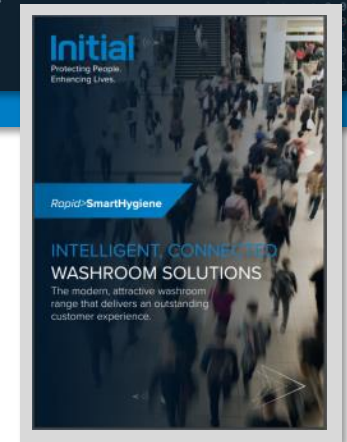
Rapid>Lights

Smart cubicle availability lighting system that keeps the flow of traffic moving, reducing congestion and providing the best possible washroom experience.



Rapid>Count

A wireless washroom footfall counter that provides continuous, 24/7 data, actively detecting washroom usage and enabling a more effective maintenance regime.



Initial Hygiene

Australia: Strong health and wellbeing culture

THE RIGHT WAY

Strong Hygiene business leading innovation deployment

Australian Hygiene market: Mainly focused on business services (eg offices and FM), hospitality (eg international hotel chains) and entertainment (eg fitness centres, pubs).

First Aid Pilot category extension: Launched in all branches, training completed.

Digital Washroom and Air Care innovations:

First customers for digital washrooms signed up for install in Q1. FMs interested in data / traffic flow monitoring. Positive feedback from customer pilots – reduced complaints and cleaning costs.

High-quality business: Service colleague retention +10.7%, state of Service +0.5%, customer retention +1.7% in 2019.

Wall mounted First Aid Kit service including change of individual modules: Door sleeve, Serious Wounds, Minor Wounds, Sprains, Eye Injury, Burns, Instant Ice and Snake Bite



Other solutions in the range



Defibrillator



Eye Wash



Portable Kit



Car Kit

Product Density Focus in Action.

Protect and Enhance

15% of group Ongoing Revenues, 10% of Ongoing Operating Profit

THE RIGHT WAY

Focus on Quality and Service



Revenue: £397.6m +3.5%

Profit: £48.7m +6.6%

France Workwear

Ongoing Revenue: £195m +3.4%.

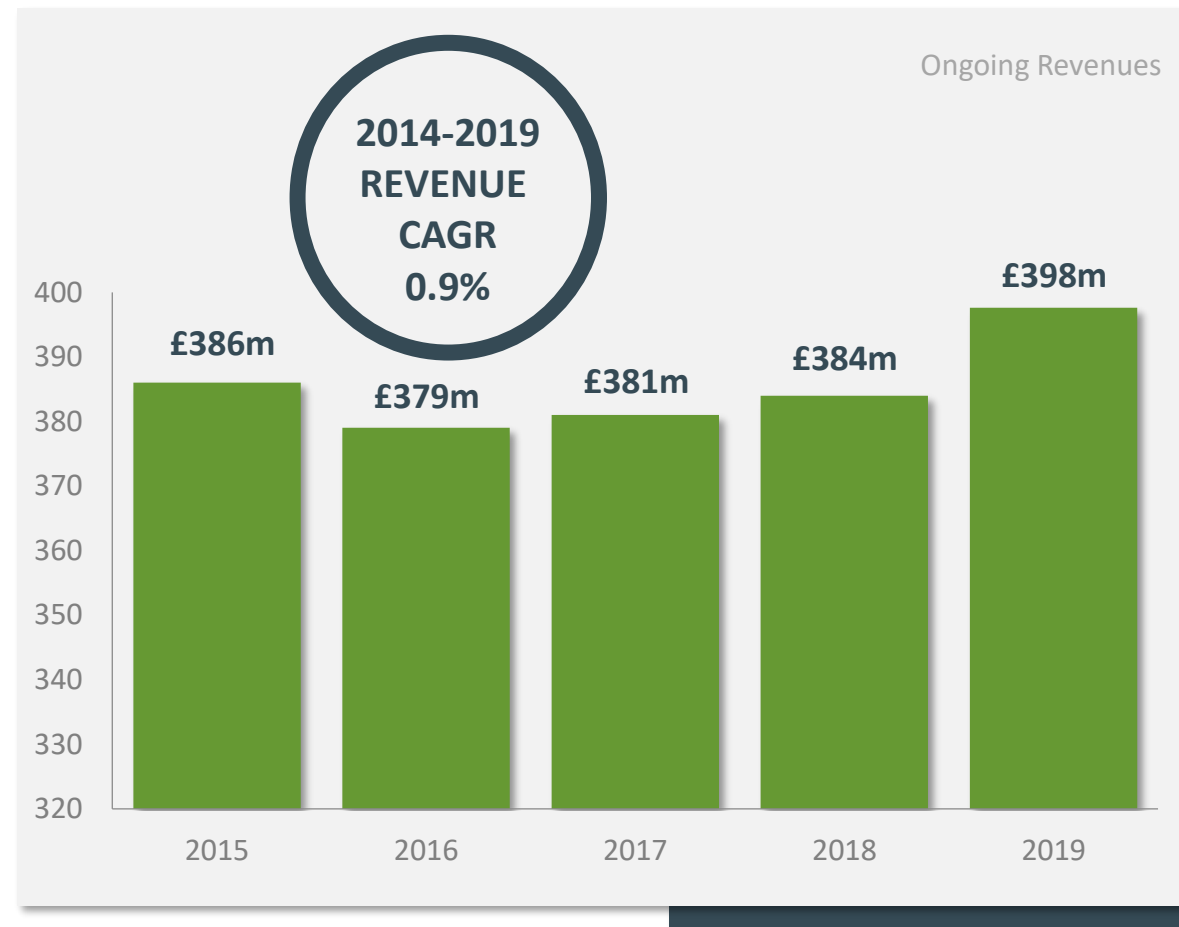
Ambius

Ongoing Revenue: £155m +4.7%. 4.0% organic growth.

UK Property Care

Ongoing Revenue: £22.5m – 2.5%.

H2 2019: Ongoing Revenue growth of 2.2%.



Encouraging Performance in 2019.
Net Operating Margin of 12.3%, an increase of 40 basis points on 2018.

Protect and Enhance

France Workwear: Year two of three-year turnaround plan

THE RIGHT WAY

Continued good operational progress with focus on product & service quality in 2019.

World-class safety standards: Significant safety improvements (Lost Time Accident rate: 0.68 vs 1.15 in 2018)

RFID: Tracking garments through process - c. 330,000 garments RFID tagged. Laundries now RFID compliant.

First electric vehicle trials.

New garment collection: 'Street-wear' collection launched successfully (more than 135 pre order registered).

Organic growth: 3.4% in 2019. Underlying profits improved, statutory employee profit share triggered.

France Workwear and Hygiene businesses will be separated during 2020.

Greater specialisation - will drive improved customer focus with greater expertise and innovation.

Duplicated overhead in 2020 of £1m.

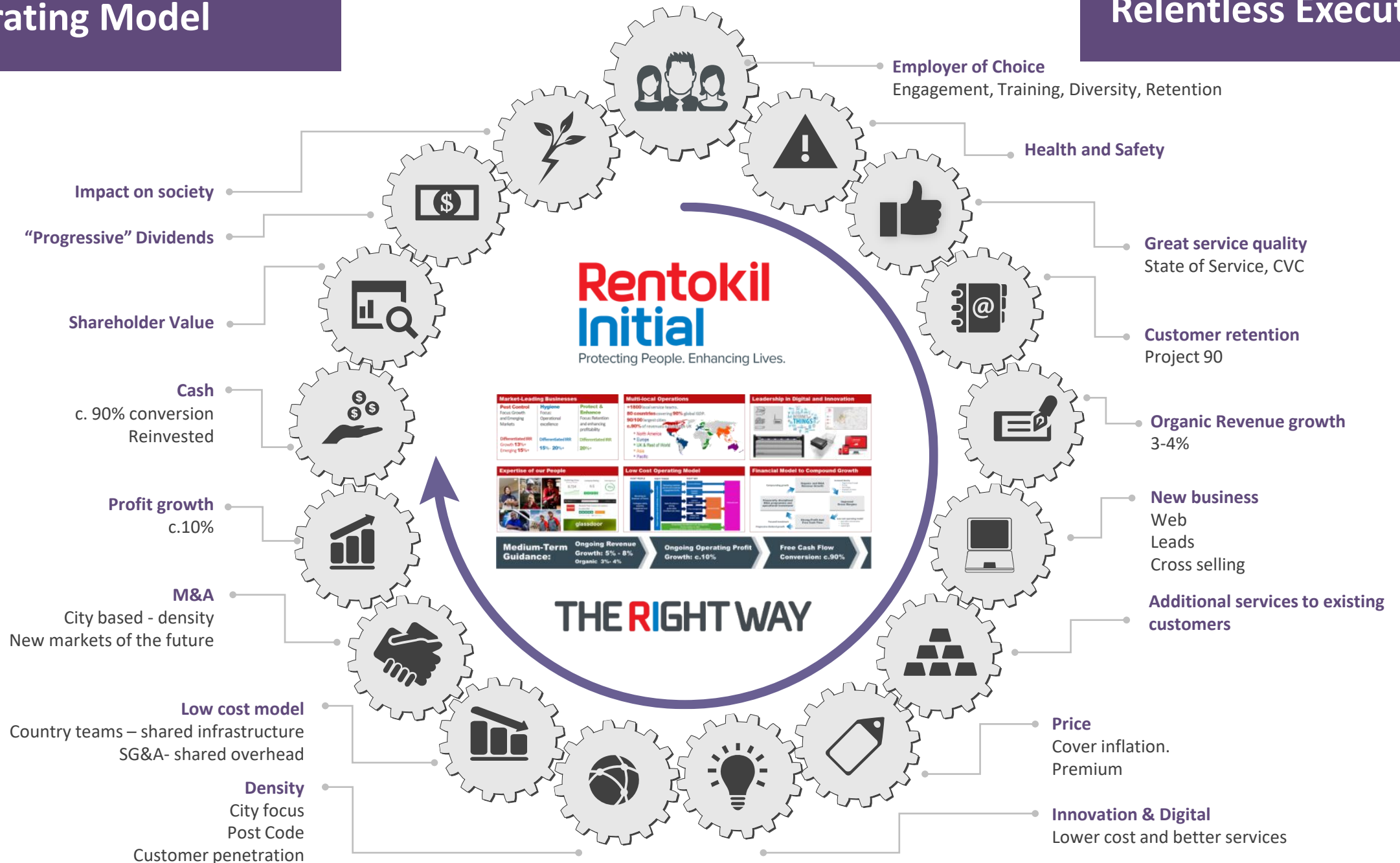
Target additional Hygiene services to customers with existing Mats and Towels offering.

A trial on a small part of the business was undertaken in 2019 and this has proved to be successful.

Consultation with unions / social partners underway.

Operating Model

Relentless Execution





Employer of Choice

Record levels of training and engagement

THE **R**IGHT WAY

Outstanding performance in 2019.

Attraction: Job applications up 159%. Applicants per hire up from 32 to 63 globally. 400 apprentices (OFSTED approved scheme), 100 graduates. Awards for workplace quality and diversity.

Training: 41% increase views of U+ training content year-on-year to 1.8m. Content development team produced c.800 assets.

Highly motivated colleagues: Engagement improved by 2% in 2019 – above the High Performance norm.

Colleague Retention: Increased by 3.7% points to 86.9% on a rolling 12-month basis – significant progress in all Regions.

Employer of Choice programme helps to mitigate impact of high employment in some markets.

Engaged Colleagues Drive High Levels of Customer Service

WINNER
BRITAIN'S
MOST
ADMIRABLE
COMPANIES
2019
Management Today

2019 **BEST PLACES TO WORK**
EMPLOYEES' CHOICE





Safety

Long-term delivery against targets

THE RIGHT WAY

2019: Record Safety Performance.

Lost Time Accidents:

16% improvement in Lost Time Accident (LTA) yr-on-yr to 0.53.
Asia and North America LTA rates below 0.5.

Working Days Lost:

26% improvement in Working Days Lost rate to 10.99.

Training: 'Safety Moments' (100+ short videos produced and shared by colleagues). Global awareness campaigns eg Electrical Safety.

**The Royal Society for the Prevention of Accidents
Gold Award**

**International Institute for Risk and Safety Management
International Risk Initiative of the Year**



World Class: Lost Time Accidents

2014: 1.00
2019: 0.53

47%

Reduction
since 2014

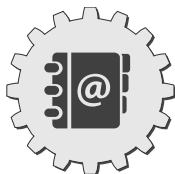
World Class: Working Days Lost

2014: 28.99
2019: 10.99

62%

Reduction
since 2014

Strong Correlation Between Safety and Performance.



Service and Retention

Standard measures and KPIs reported monthly

THE **R**IGHT WAY

Service Delivery

Consistent Measures:

- State of Service (OTIF)
- Service quality
- Incentives
- Take up of portals
- Use of technology Apps/digital




Customer Service

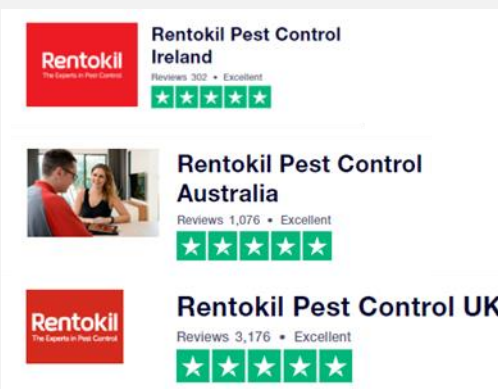
Consistent Measures:

- Customer satisfaction (NPS)
- Speed of issue resolution
- Use of TrustPilot
- Use of technology



2019 Customer Retention

 **86.2%**
+0.3%

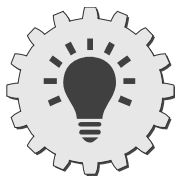


State of Service target of over 95%
2019: 97%



Customer Satisfaction (NPS)
2019: 44.5, +2.4 points

Higher Levels of Customer Service Fuel Organic Revenue Growth.



Innovation

New services for the sales teams to sell

THE RIGHT WAY

Rentokil Pest Control

Strong innovation pipeline

THE RIGHT WAY

Focused on premium solutions and lowering cost

Lumnia Insect Light Traps success:

+100,000 units sold to date (2019: +32% year on year)

Now on sale in over 50 countries.

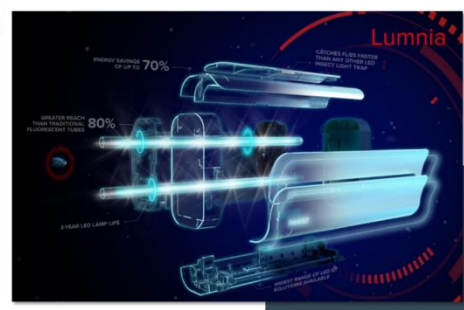
Three core products to meet customer needs with range extensions set for launch in 2020.

'Eradico' global bait box:

Currently +20 different rat bait stations used globally.

New single solution to launch in 2020.

Addresses 57 different needs and market requirements - from flexibility to take a variety of traps to digital ready.



Focused Innovation Pipeline - Digital, Key Pest Sectors and Sustainability.

30

Initial Hygiene

Further differentiation and service efficiency

THE RIGHT WAY

First Digital Hygiene range set for launch in H1 2020.

Smart solutions: Including digital taps, digital soap dispenser, hand wash monitoring, cubicle sanitisers and air care.

Consumable monitoring: More efficient operations – lower cost, reduced environmental impact & better guest experience, particularly high footfall sites eg airports.

Example: Soap dispenser offers +16,000 hand washes from one container. Significantly extends periods between refills with a 10-fold increase vs traditional units.

Data available 24/7 for customers:

- Observe equipment usage throughout the day.
- Spot busy locations in real time / plan maintenance and cleaning.



Further Digital Hygiene Products in Pipeline.

37

Strong Innovation Pipeline
Focused on Premium Services and Lowering Cost to Serve.



Low cost operating model

Single country management teams, share properties and back office

THE RIGHT WAY

IT is a key enabler of cost efficiency.

Example: First AI tool developed - algorithm for the effective scheduling of technicians.

Field trials in Malaysia during 2019:

94% of all customer visits were scheduled by the algorithm.

Replaced customer confirmation phone calls with SMS/email notifications that allow customers to reply and confirm.

Using machine learning to predict 'windows':

Using historical visit data. Taking into account seasonal variations.

Commencing our rollout of 'AI Rhythm':

Across Asia in 2020.

Customising local business rules within the algorithm - variations eg travel time walking in cities vs mopeds/cars.



Leading our Industry in Digital.



Density

Key to productivity and superior margins

THE RIGHT WAY

Route and product density - key drivers of margin expansion.

Focused on:

Reducing time between customers.

Increasing on-site productivity.

Delivered through:

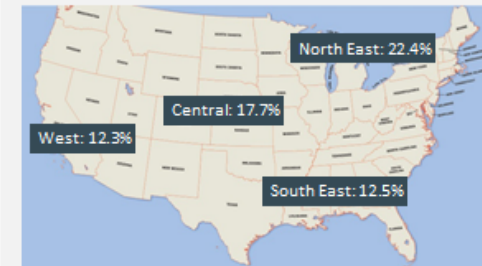
City-focused M&A, routing technology, targeted new sales, training and how we reward our people.

All used to build density.

North America

Pest Control margins

THE RIGHT WAY



Regional Pest Control margins vary considerably driven by the density of the branches in the regions

North East margins at 22.4% are in line with the rest of Rentokil's Pest Control margins

Opportunity to improve margins significantly through increased density in South East, West and Central

Increased size of business (through organic growth and M&A) also drives margin improvement as well as our Best of Breed programme

NA pest margins have improved from 13.7% in 2012 to 16.6% in 2019 through the execution of our plan

North American margin improvement does not stop at 18%

15

Continue to Target Key Cities not Countries.

New in 2019: Montevideo (Uruguay), Amman (Jordan) and Colombo (Sri Lanka).



M&A

Consistent approach delivered strong results in 2019

THE RIGHT WAY

Deals:

41 deals.
30 in Pest Control. 8 in Hygiene. 3 in P&E

Revenues / EBITA:

£137m annualised revenues.
2019 EBITA: £22.9m (at 2019 CER rates)

Growth and Emerging (Pest Control) Markets:

Growth: 19 deals, £104m annualised revenues.
Emerging: 11 deals, £22m annualised revenues.

North America Region:

16 deals, adding c. \$135m revenues (2018: c. \$53m).
Florida Pest Control, a US top 20 pest control company.

M&A Outlook:

Strong pipeline.
2020: Target spend of c. £250m.

Disciplined approach to M&A delivering returns at least in line with IRR hurdle rates.



Profit Growth and Cash

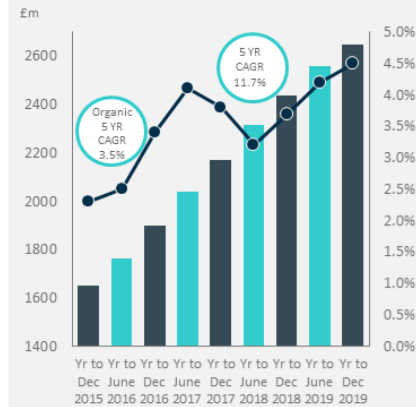
Consistent delivery

THE **R**IGHT WAY

Strong Financial Progress

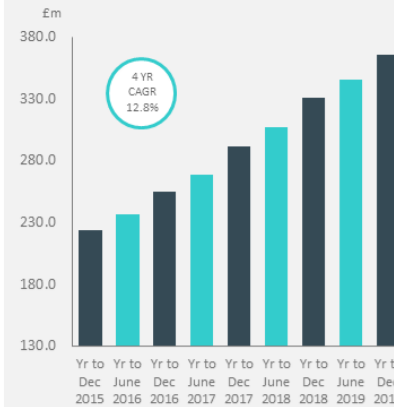
A track record of delivery

**Ongoing Revenue growth:
5%-8%, 3%-4% Organic (CER)**



**+8.6% growth in Ongoing Revenue,
+4.5% Organic**

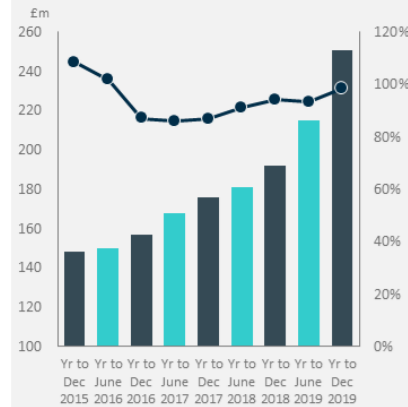
**Ongoing Operating Profit growth
c.10% (CER)**



**+10.5% growth in
Ongoing Operating Profit**

THE **R**IGHT WAY

**Strong and sustainable
delivery of Free Cash Flow,
c.90% conversion** (AER)**



**Free Cash Flow of £250.7m,
98.6% cash conversion over last 12 months**

*Ongoing Revenue and Ongoing Operating Profit exclude the results of disposed businesses.
Ongoing Operating Profit and Adjusted PBTA exclude certain items that could distort the underlying trading performance. Charts calculated on a 12-month trailing basis.
**Adjusted cash flow conversion on a trailing 12-month basis

10

Compounding Revenue, Profit and Cash Flow Growth.

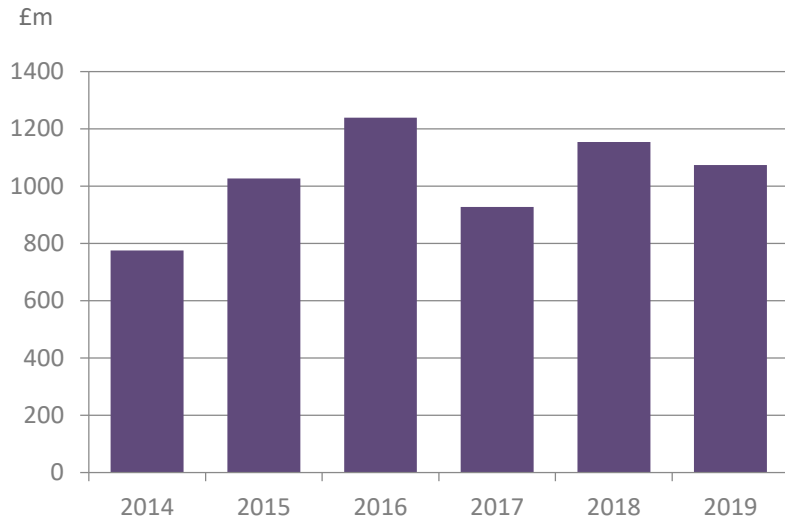


Shareholder Value and Dividend

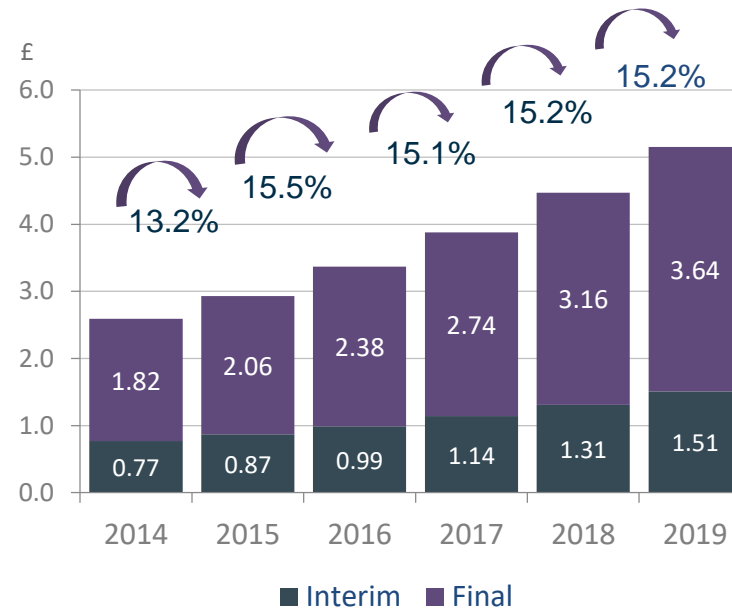
Focus on relentless execution delivering value

THE **R**IGHT WAY

Net Debt at AER



Dividends



Share Price



Total Shareholder Return of 330% (2014-2019)



Social Purpose

Protecting People. Enhancing Lives.

Clear business and social case for taking action.

Emissions target achieved ahead of target:

Reducing tonnes of carbon emissions per £m revenue by 20% - by end of 2020.
New targets to be set from 2021.

New environment plan established:

7 work streams: Vehicles, supply chain, waste, non-tox, consumables, property energy and workplace culture.

Strong ESG credentials:

MSCI 'AA' Rated.

Sustainalytics 'Low ESG Risk'.

Dow Jones Sustainability Index (S&P Global) - 7% improvement overall and a 21% improvement for Climate Strategy.

THE RIGHT WAY

EV 100 | °C

MEMBER OF
**Dow Jones
Sustainability Indices**
In collaboration with  a RobecoSAM brand



Important to All Stakeholders.



Social Purpose

Protecting People. Enhancing Lives.

Increasing demand from customers for more sustainable services.

Sustainable services:

Lumnia: Awarded The Planet Mark for carbon reduction of 62%.

Connected products: More efficient, less drive time.

Non-tox products: eg use of natural spores in cockroach control or heat treatment replacing chemicals eg for bed bugs.

Autogate: Reducing use of baits – only allows access to rodents.

Sustainable operations:

Vehicles represent c. 80% of our carbon footprint.

Signatory to the EV100 scheme for electric vehicles.

4 Pilots underway.

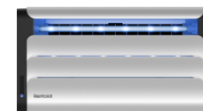
First branches with EV charging points.

Recycling: +100,000 hygiene units recycled in 2 years.



eden project

THE RIGHT WAY



Lumnia

62% average
energy reduction



IOT

No wasted journeys



Digital portals

Millions of pieces of paper saved



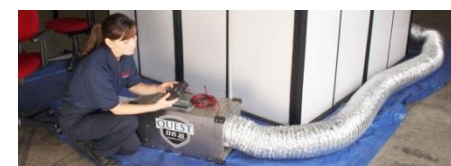
Electric vehicles

4 pilots underway



Fewer chemicals

e.g. Autogate, Entotherm



Recycling

Hygiene units in Europe



We Will Lead Our Industry with Sustainable Services.



Social Purpose

Protecting People. Enhancing Lives.

Taking immediate action with Cool Earth.

Partnership with climate change charity, Cool Earth.

Protecting c. 850 acres of rainforest from deforestation and carbon release - equivalent to our annual footprint.

Vital for carbon storage.

Funded through RI Cares, unclaimed dividends scheme.



THE RIGHT WAY



Protecting the equivalent of 850 acres of Rainforest in Papua New Guinea each year.



25,600m² of the Daintree Rainforest in Australia is protected forever through our donations.



Mitigates 100% of our carbon footprint.

Strong Support from Colleagues and Customers.

Our Purpose is at the heart of our plan.

Relentless Execution

Protecting People

Safer food - reducing risks linked to rodent infestation.

Support at times of health emergency eg CoronaVirus: Greater focus on hygiene including use of hand sanitizers and frequent hand wash.

Controlling mosquitoes linked to diseases.

Shareholders

Organic growth,
Cash,
M&A,
Dividends.

Colleagues

Safety, Training, Diversity, Retention.

Purpose
Protecting People.
Enhancing Lives.

Customers & Categories

Service,
Innovation,
Retention,
Digital.

Enhancing Lives

Reducing the spread of illness through effective hand washing facilities.

Safe disposal of needles and feminine hygiene products.

Providing plants to enhance any environment.

Strong Performance in 2019

Relentless execution: Strong organic growth and disciplined M&A

THE **R**IGHT WAY

Colleague & Customer **Retention**

Increasingly by 3.7% and
0.3% respectively.

Strong progress **Innovation**

+32% Lumnia sales.
96% myRentokil usage.

Organic Revenue Growth **4.5%**

Full year 2019.

Ongoing Revenue Growth **8.6%**

Full year 2019.

Ongoing Operating profit **10.5%**

Operating margins +0.2% pts
(Group) +0.5% pts (NA).

Free Cash Flow conversion **£250.7m**

increased by £58.7m
year on year.

Strong M&A execution **41 deals**

£137m annualised revenues
Strong pipeline.

Final Dividend **15.2%**

3.64p per share
– an increase of 15.2%

Confident of Delivering Further Progress in 2020.

Rentokil Initial



Safety



Workplace



Diversity



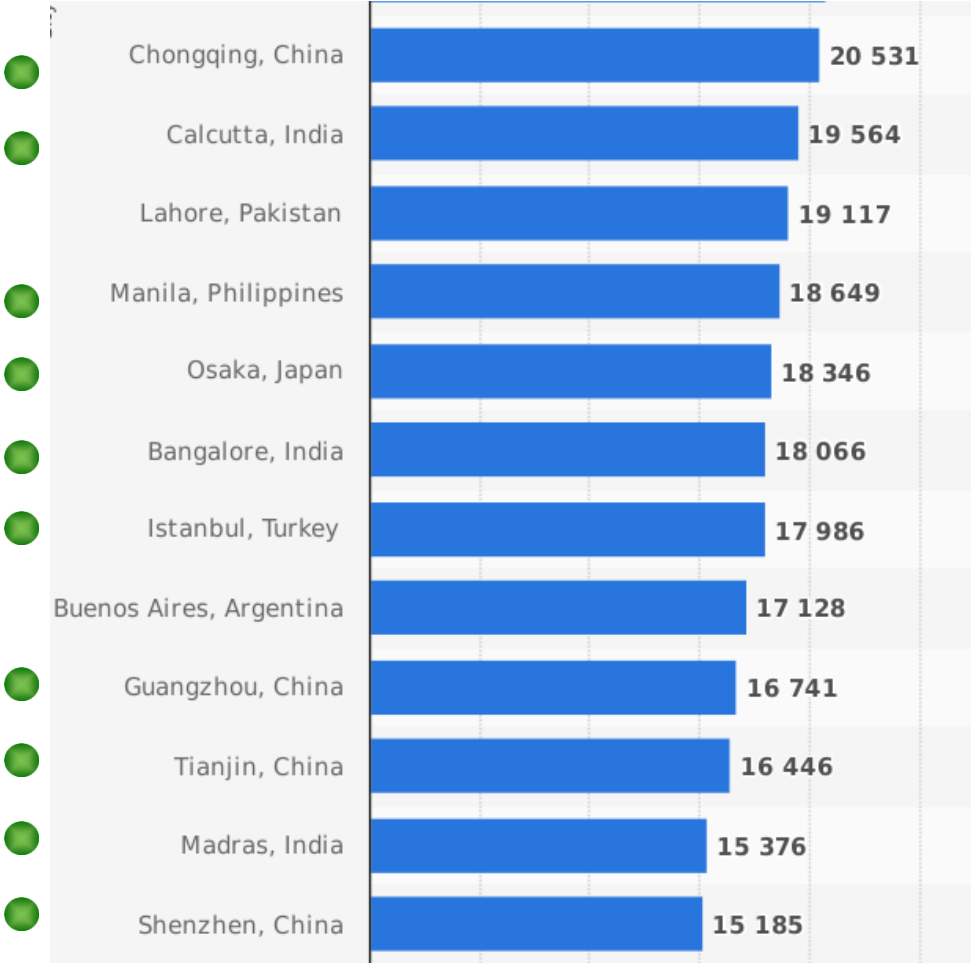
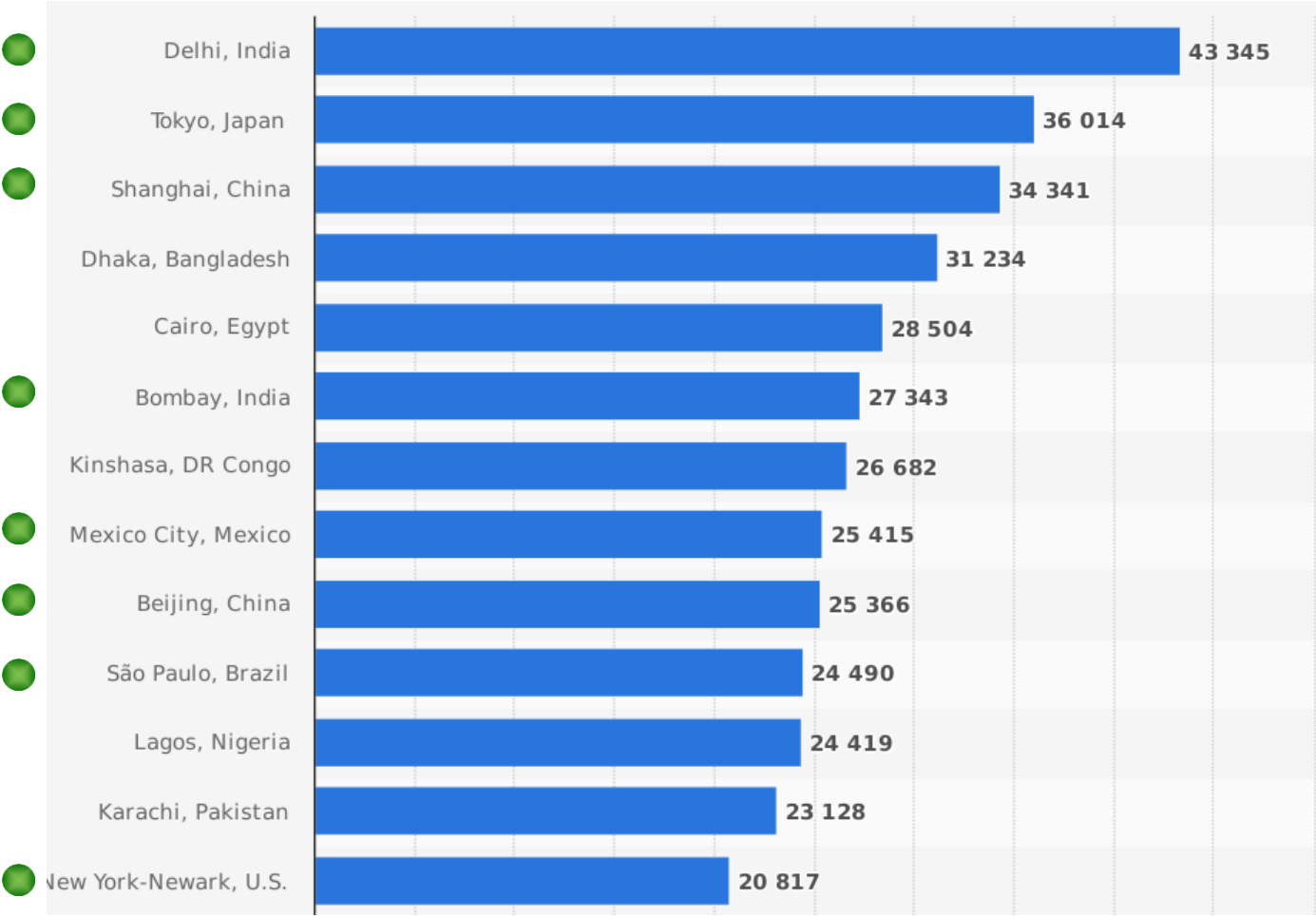
Environment

Largest Mega Cities in 2035

Currently, we operate in 18 of these 25 cities

NB. Japan – Calmic JV

Source United Nations
1,000's



India will see the biggest growth - 416 million new urban dwellers by 2050.