

(£m)	Q1 2019 AER	Growth	
		AER	CER
Ongoing Revenue¹	603.6	10.6%	8.9%
Revenue	607.4	10.3%	8.6%

Overview

Trading has started well across our businesses in Q1 with Ongoing Revenue¹ increasing by 8.9%, of which 4.0% was Organic Revenue² growth (Q1 2018: 3.2%, FY 2018: 3.7%) and 4.9% was from acquisitions.

Ongoing Revenue in Pest Control grew by 12.0%, 5.0% Organic (Q1 2018: 4.7%), with good performances being delivered across both Growth and Emerging markets, which rose by 12.1% and 11.5% respectively. Hygiene has made a very positive start to the year, with Ongoing Revenue growth of 7.2% and Organic Revenue growth of 4.3% (Q1 2018: 1.8%). Ongoing Revenue in our Protect & Enhance markets was in line with Q1 2018.

M&A

We signed eight acquisitions in Q1, four in Pest Control (primarily in North America and Latin America) and four in Hygiene, with combined annualised revenues of c. £29m in the year prior to purchase. We are encouraged about our prospects for further M&A this year and our pipeline of value-enhancing opportunities is strong. Our guidance for M&A spend in 2019 remains in the range of £200m to £250m.

Pension Scheme and Funding

In December 2018 the Company reached agreement for a bulk annuity insurance 'buy-in' for its UK Defined Benefit Pension scheme ("the Scheme") in contemplation of a full 'buy-out' which is expected to complete in early 2020. Good progress towards buy-out is being made and we now anticipate a pre-tax cash surplus of c. £40m will be returned to the Company on completion.

Ahead of the refinancing of our €500m bond maturing in September this year, we are intending to hold a non-deal, bond investor education roadshow in London, France, Germany, the Netherlands, Nordics and Asia. We will release further details in due course.

Commenting on today's announcement Andy Ransom, Chief Executive, said:

"We have had a good start to 2019 and I'm pleased with our performance in the first three months of this year. I am confident of another year of successful growth for the Company, in line with market expectations."

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¹Ongoing Revenue represents the performance of the continuing operations of the Group (including acquisitions) after removing the effect of disposed or closed businesses.

²Organic Revenue represents the growth in Ongoing Revenue excluding the effect of businesses acquired during the year. Acquired businesses are included in organic measures in the year following acquisition, and the comparative period is adjusted to include an estimated full year performance for growth calculations.

AER – actual exchange rates; CER – constant 2018 exchange rates

This announcement contains statements that are, or may be, forward-looking regarding the Group's financial position and results, business strategy, plans and objectives. Such statements involve risk and uncertainty because they relate to future events and circumstances and there are accordingly a number of factors which might cause actual results and performance to differ materially from those expressed or implied by such statements. Forward-looking statements speak only as of the date they are made and no representation or warranty, whether expressed or implied, is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Other than in accordance with the Company's legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules), the Company does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Information contained in this announcement relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance. Nothing in this announcement should be construed as a profit forecast.