

RENTOKIL INITIAL PLC - THIRD QUARTER TRADING UPDATE

Another strong quarter: Ongoing Organic Revenue growth of 5.5% our highest level in over 10 years, continued progress in M&A, on track to meet expectations for the full year

(£m)	Q3 2019	Growth	
	AER	AER	CER
Ongoing Revenue¹	723.0	13.6%	9.8%
Revenue	727.2	13.4%	9.6%

Overview (CER)

Ongoing Revenue increased by 9.8% in Q3, of which 5.5% was Organic² (H1 2019: 4.2%, Q3 2018: 4.1%) and 4.3% was from acquisitions.

Ongoing revenue in Pest Control grew by 12.3% (5.9% Organic), with good performances delivered across both Growth and Emerging markets, which grew by 12.2% and 12.7% respectively. Our North American, UK & Rest of World and Latin American operations delivered particularly good growth in the period.

Our Hygiene business performed well during the quarter, with Ongoing Revenue increasing by 5.5%, and Organic Revenue rising by 4.8%. This reflects good growth in the UK, Europe and Pacific and the ongoing contribution from acquisitions.

Ongoing Revenue in our Protect & Enhance category grew by 4.9% (4.5% Organic), reflecting a solid performance from both France Workwear and Ambius, and an improved performance from our UK Property Care business which encouragingly delivered positive growth.

During the third quarter the Company undertook its biennial survey of our 40,000 colleagues around the world. 90% of our colleagues participated and the results continued to place Rentokil Initial in the global High Performance group of leading companies for both Colleague Engagement and Enablement.

M&A

We acquired 15 businesses in the quarter across all of our regions (except Pacific), with annualised revenues of c. £15m. 12 Pest Control businesses were acquired, predominantly in North America and Latin America. For the year to 30 September 2019 we have acquired a total of 32 businesses (24 in Pest Control, five in Hygiene and three in Protect & Enhance) primarily in Emerging and Growth markets. Annualised revenues of the businesses acquired so far in 2019 totalled c. £70m in the year prior to purchase. Our M&A pipeline going into Q4 and 2020 remains strong.

Conclusion of CMA reviews

The CMA's reviews into the acquisitions of Cannon UK and MPCL (formerly Mitie Pest) concluded on 30 September following completion of the partial divestments required on each by the CMA. Integration of the retained businesses is now proceeding at pace.

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

"I am pleased with our Q3 results and our Group Organic Growth of 5.5% is our highest level of quarterly Organic Growth in over a decade. Pest Control has performed well, growing organically by 5.9%, and Hygiene has demonstrated further momentum, growing organically by 4.8%. Our performance in Q3, combined with further progress in our value-creating M&A programme, means we remain on track to meet expectations for the full year.

"I am also delighted to see the excellent results of our colleague survey. We continue to deliver world-class standards of colleague engagement and enablement, and we see this in turn resulting in outstanding service for our customers and higher levels of retention. I'd like to thank all of our colleagues for their ongoing commitment and determination to be the best at what we do."

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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.