

RENTOKIL INITIAL PLC (RTO)**Q1 Trading and COVID-19 Update****Introductory remarks from Andy Ransom, Chief Executive of Rentokil Initial plc**

"On behalf of everyone at Rentokil Initial, I would like to express my sincere thanks to all those in the public services and all essential workers – including many of our colleagues and customers – for the amazing work that they are carrying out in this crisis. They are at the front line and their commitment and sacrifice is incredible."

"Our people will always be the essential driver of our success and while we are having to make some extremely difficult decisions to introduce furlough schemes and reduce salaries this is helping to protect the Company and our financial resources. The actions we are taking now will allow us to rebuild our business to full strength and to play an ever bigger role through the Recovery Phase in protecting public health and ensuring safe working environments around the world."

"As we are seeing already in China, Hong Kong and South Korea, the crisis will subside over time and when it does, it is my strong conviction that we will have the best people, skills, innovations and technologies to help our customers get quickly and safely back to business. Our people will do what they do best – Protecting People and Enhancing Lives."

Q1 headline financials

(£m)	Q1 2020	Growth	
	AER	AER	CER
Ongoing Revenue ¹	630.5	5.8%	7.2%
Revenue	634.1	4.4%	5.8%

Overview of performance in Q1 (at CER)

We made a good start to the year, with Group Ongoing Revenue^{1, 2} rising by 7.2% and Ongoing Operating Profit growing slightly ahead of revenue in the three months to 31 March 2020. Group Net Operating Margins grew in line with expectations, including in our key North America region. Cash collections were broadly in line with Q1 norms.

In the first quarter, Group Ongoing Revenue in Pest Control grew by 9.3%, Hygiene by 4.6% and Protect and Enhance by 1.9%. While the net impact from the Coronavirus outbreak was not significant for the first 10 weeks of the year, we saw a marked impact in the last two weeks of March, as the crisis deepened across the world. In March, overall Group Ongoing Revenue was 4.4% above the prior year, with Pest Control up 6.6% and Hygiene up 2.6%. Our Protect & Enhance category was more impacted, with Ongoing Revenue declining by 2.3%, and Ongoing Revenue from our France Workwear operations falling by 9.8%.

Pest Control has been designated an essential service in the majority of our markets (allowing our frontline services to continue) and the impact of the virus is also mitigated to some extent by the largely contractual nature of the portfolio and the fact that it is less impacted by business closures. The main sectors affected are HORECA (hotels, restaurants and catering) and Offices, and the impact has been biggest in those countries with the most extreme lockdown regimes.

Hygiene services have also typically been designated as an essential service but are being more impacted by the crisis because of our inability to perform regular weekly washroom services for a substantial number of customers due to business closures. Once again, the sectors that have been most affected are HORECA and Offices. Mitigating this impact to some degree, however, has been strong global demand by both Hygiene and Pest Control customers for hygiene products (such as hand sanitisers) and other hygiene services including general and specialist biohazard disinfection and deep clean services and precautionary disinfection risk assessment surveys.

The impact of the virus has varied significantly across our country operations depending on the prevalence of cases of the COVID-19 virus and the extent to which the relevant country has been placed in lockdown, for example:

- In Italy, which has been in severe lockdown for several weeks, revenues were down 15.3% in March, compared to a decline in the quarter of 5.7%;

- Our operations in India saw a decline in revenues of 20.1% in March, compared to an overall decline in the quarter of 5.4%;
- North America, which is estimated to be around two weeks behind Europe in the crisis, grew by 8.5% in March compared to 10.4% in the quarter;
- Other markets, for example Australia and Indonesia, have to date been less directly affected by the crisis with growth rates of 3.4% and 44.8% in the quarter respectively;
- In certain markets such as Hong Kong, where restrictions are being lifted, performance has been strong in the quarter, with growth of 34.5% reflecting high demand for specialist hygiene services; and
- In China our operations are now returning to normal, with all employees able to return to work.

While the impact of the COVID-19 crisis remains highly uncertain, we are expecting the impact in Q2 will be greater than in the last two weeks of March as more of our countries are impacted by lockdowns.

Essential services - protecting people and enhancing lives

The safety of our colleagues and customers is always of paramount importance and we continue to prioritise actions to protect their health and safety throughout the Coronavirus crisis. Our remote-access systems and processes are working well and we currently have c.8,500 non-frontline colleagues working from home.

Mitigating actions during the COVID-19 crisis

As noted in our announcement of 25 March, the impact from the crisis remains highly uncertain and given the current disruption across our countries, sectors and customers, we continue to expect it to have a significant impact on our performance in Q2 and beyond. We therefore withdrew our guidance for the year and are undertaking the key actions summarised below to mitigate the impact of the crisis on the Group's revenue, profit and cash.

Our approach to managing through the COVID-19 crisis is to address the challenge through three phases: 1. requirements during the **Crisis Phase**; 2. the clean-up required in the **Recovery Phase**; and 3. strategic **opportunities in the medium-term**.

1. Good progress on key action areas during the Crisis Phase

As the crisis develops, whilst we have seen significant numbers of our customers temporarily closed for business, we are also seeing an increased global demand for hygiene services (which we would anticipate is likely to increase over the coming months) including general and specialist disinfection services requiring specialist equipment and Coronavirus-specific training, and precautionary disinfection risk assessment surveys. We have also acted swiftly to reduce costs, conserve cash and boost liquidity.

We have launched specialist disinfection services globally:

- In addition to our existing 1,000 Specialist Hygiene expert technicians, we have, in just over three weeks, re-trained a further c.7,000 colleagues to perform disinfection and deep clean services;
- Disinfection services are now available in 60 markets, with a substantial pipeline of new business being built;
- We have commenced sales and marketing activities including a new COVID-19 targeted website presence; and
- We are delivering services to a wide range of customers including offices, schools, government buildings, food retailers, bus fleets and emergency vehicles. Discussions are also underway with existing international customers for multi-country contracts.

We have taken measures to reduce costs, conserve cash and boost liquidity

As previously announced we have identified over £100m of cost saving from:

- Salary reductions for the Board and senior management grades, cancellation of H1 bonus schemes and postponement of the 2020 LTIP grant;
- Reduction of the CEO's Q2 salary by 35%, with the remaining 65% donated to a new employee support fund, also to be partly funded by Rentokil Initial Cares (a programme set up in 2019 to use unclaimed shares and dividends to support charities and other good causes);
- Significant measures including furloughs and other government-funded job protection schemes, lay-offs and salary and hours reductions; and
- Significantly scaling back and refocusing all other discretionary costs.

In addition to the above, we have also taken steps to conserve cash, delivering savings of over £500m for 2020, including withdrawing our dividend and suspending our M&A programme, suspending all discretionary capex and reducing our cash tax spend. We will also be managing working capital with a heightened focus in order to optimise inventory levels and mitigate the increased risk around the delay and non-payment of receivables.

Since our previous announcement we have drawn down funds under the government's Covid Corporate Financing Facility ("CCFF"). As a result we now have c.£1.2bn of cash of which £550m is drawn down on our Revolving Credit Facility ("RCF"). The RCF has a net debt to EBITDA covenant of 3.5:1 which can be increased to 4.0x in certain circumstances. There are no covenants on the CCFF.

2. Preparing for the Recovery Phase

As businesses begin to reopen their premises, we anticipate many of our customers will have an increased requirement for our Pest Control and Hygiene services, particularly hand cleaning services and specialist disinfection clean up services. Opportunities include:

- Pre 're-opening' services including deep clean, disinfection, washroom and pest control services for offices, food retail, schools, etc.;
- Leveraging our large existing Pest Control customer base to cross-sell Hygiene services;
- Building the recently rolled out specialist disinfection services into regular contracted services;
- Extending Hygiene services beyond the washroom with additional hand and surface sanitising throughout workspaces;
- Further roll-out of connected services in Pest Control and Hygiene, enabling 24/7 remote monitoring, fewer site visits and the use of data to monitor and analyse behaviour. Our PestConnect service is currently being used to protect a number of key sites, including new hospital accounts; and
- Launching Hygiene services in new markets and broadening our core service offering.

3. Strategic opportunities in the medium term

When conditions normalise we would also anticipate a new medium-term growth phase where we will target strategic opportunities in line with expectations for tighter regulation, higher standards and increased usage of Hygiene Services across the globe.

Enquiries:

Investors / Analysts: Katharine Rycroft Rentokil Initial plc 07811 270734

Media: Malcolm Padley Rentokil Initial plc 07788 978199

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

²Due to the impact of the COVID-19 crisis, we have suspended reporting Organic Revenue and revenue from M&A growth metrics, focusing instead on Ongoing Revenue and associated impacts from the crisis.

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.