

22 April 2021

RENTOKIL INITIAL PLC (RTO) FIRST QUARTER TRADING UPDATE

A strong first quarter, reflecting a strengthening performance in our core Pest Control business supported by continued high growth in Hygiene

(£m)	Q1 2021 AER	Growth	
		AER	CER
Ongoing Revenue ¹	711.3	12.8%	15.4%
Revenue	713.6	12.5%	15.1%

Overview of performance (at CER)

We have made a good start to the year, growing Group Ongoing Revenue by 15.4%, of which 9.4% was Organic² and 6.0% was from acquisitions. Hygiene delivered a 48.5% increase in Ongoing Revenue (up 48.1% Organic), supported by a revenue contribution of £75.7m from one-time disinfection services, reducing, as anticipated, by approximately 25% on the high watermark level of £100m in Q4 2020. Pest Control delivered Ongoing Revenue growth of 10.5% and saw a return to Organic growth of 1.2% in Q1. Recovery in our core businesses, particularly Pest Control, has demonstrated growing momentum over the quarter, and we exited March 2021 with Group Organic growth of 2.5% (excluding disinfection) and Organic growth in Pest Control of 6.3%.

Regional overview (at CER)

North America delivered a very strong performance in Q1, with Ongoing Revenue of £332.6m (an increase of 39.4%), with £263.4m of revenue generated from Pest Control (up 20.7%) and a £53.6m contribution from disinfection services. Trading conditions in our UK & Rest of World operations, which have been severely impacted by lockdowns throughout Q1, are expected to improve significantly over the coming weeks, reflecting progress in the UK's vaccination programme and subsequent easing of lockdown restrictions, and we are therefore expecting performance for the region to rebound strongly in Q2. Our performance in Europe was in line with our expectations for Q1, with Germany, Southern Europe and Latin America (managed out of Europe) in positive growth territory throughout the quarter and with France and Benelux returning to growth in March. The recent reintroduction of lockdowns in parts of Europe, such as France, are likely to result in the recovery of our European markets being several weeks behind the recovery now anticipated in the UK and elsewhere. Our Asia and Pacific regions have also performed as anticipated, with the progress we have seen in Australia and New Zealand supporting our conviction that the lifting of lockdown restrictions is likely to be quickly followed by continued improvements in our core businesses.

Category overview (at CER)

Our **Pest Control** category performed very well in Q1, reflecting a return to Organic growth as well as the positive impact of recent acquisitions, including Environmental Pest Service in Florida, completed in Q4 2020. Excluding disinfection, our core **Hygiene** category declined by 6.2% (down 6.6% Organic) with the pandemic continuing to impact on regular service provision in certain countries, particularly the UK and France. Our core Hygiene operations delivered a significantly improved performance in March (a decline of 3.3%) with positive momentum continuing into April, and we expect a strong recovery in Q2 as trading conditions are anticipated to improve across the majority of our operations. Ongoing Revenue in our **Protect & Enhance** category declined by 12.3% year on year, held back by ongoing weakness in our Ambius and France Workwear businesses.

M&A

We signed seven acquisitions in Q1 – six in Pest Control and one in Protect & Enhance (Ambius) – in Australia, Canada, France, Germany, Italy, Spain and Sweden, with combined annualised revenues in the year prior to acquisition of c.£13m. We have built a substantial pipeline of high-quality opportunities and remain confident in our targeted spend of c.£400m in 2021.

Outlook

The ongoing COVID-19 pandemic presents obvious and continued uncertainty. While progress has been made in controlling the virus in certain countries, aided by vaccine roll-out programmes, other countries are seeing rising case numbers and the reintroduction of lockdowns. The path to normality is therefore predicted to be uneven, reflecting regional and country

variances, emergence of new strains and vaccine hesitancy. Notwithstanding this, we continue to expect 2021 to be a year of transition with our core services building momentum - as demonstrated by our performance in Q1 – and with disinfection volumes and prices reducing materially from the start of Q2 and leading to a significant unwind as the year progresses.

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

"I am very pleased with the performance our colleagues delivered in Q1, in particular the growth momentum achieved by our Pest Control business, and we remain confident in delivering further operational and financial progress in 2021."

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.

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 2020 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.