



2025 Half Year Results
31 July 2025

Andy Ransom: Good morning ladies and gentlemen and thank you all for joining us today online. In a few moments, Paul will provide you with details of our financial and regional performance for the six months ended 30th of June. I'll then come back to provide a brief update on our markets and businesses, before we focus on North America, and then take any questions.

Please do note, that to ask a question today you will need to dial the separate conference call number, shown on the right-hand side of this chart, details are also in today's RNS.

So let me just start with a high-level summary of the First Half. Our performance was in line with expectations, with Revenues at a Group level increasing by 3.1 per cent, to 3.36 billion dollars, and with organic growth of 1.6 per cent. Our International region delivered organic growth of 2.7 per cent and, in North America, Organic Growth was 1.1 per cent, increasing from 0.7 per cent in the first quarter, to 1.4 per cent in the second.

We delivered Group Adjusted PBT of 418 million dollars and a Group Operating Margin of 15.2 per cent, 120 basis points lower than in the same period last year, reflecting the anticipated year on year reduction in North America. Cash flow conversion was healthy, and the divestment of our French Workwear operations remains on track for around the end of Q3. Paul will cover all of this in more detail shortly.

Moving on to North America, on the right-hand side. At the time of our Prelims in March, we outlined a number of priorities for this year, aimed at improving our inbound lead flow.

In particular, we have adjusted our marketing tactics, to put greater emphasis on non-paid, or organic, lead generation - and in the second quarter we began to use a fuller suite of marketing tactics. We continued to enhance our customer proximity and local visibility - for example to get improved results from local searches like "pest control near me" - through the opening of our new satellite branches - and, we have now increased the number of these low-cost satellites from 36 at the end of the first quarter, to now 100 at the end of Q2. Our brand awareness has also continued to improve - up by three percentage points; and, importantly, as you can see, we delivered in-bound lead growth in our residential and termite business of 6.6 per cent in June, returning to year-on-year lead growth, for the first time this year.

On the door-to-door sales pilot - while still early days, this is also off to an encouraging start, and I'll provide more details later.

In the first half we also continued to improve our data analytics and insights, and we now have a more granular branch-level assessment - which we are using to support our plan for targeted growth initiatives and for future integration planning.

Our focus for the second half is therefore to continue to deliver our RIGHT WAY 2 Growth plan focusing on customer retention; on pricing; on trusted advisor leads; on broader marketing execution and branding; and on the door to door pilot - all with the aim to continue to build out lead flow and, in particular, to focus on the key area of growing our customer contract portfolio through improved contract sales, customer retention and pricing. We'll focus on further optimising our satellite branches and rolling out our new locations, towards the 150 mark by the year end and we plan to resume integration in the second half with our Commercial branches, as well as deliver a detailed programme of work to make further process, system and execution improvements, ahead of the 2026 planned branch migrations.

Importantly - while our refined timelines may mean not all branches are fully integrated by the end of next year - our expectations of the 100 million dollar cost reduction opportunity from the integration, and attaining an operating margin in North America above 20 per cent, post 2026, remain unchanged.

So with that, now let me hand it over to Paul.

Paul Edgecliffe-Johnson: Thank you, Andy, and good morning everyone. I'll run through the key financials of the first half, then move through our regional performance, then explain how our improving data analytics are helping shape our plans to improve our North American performance.

Unless I state otherwise, all numbers are on a continuing operations basis (i.e. excluding our France Workwear business which we announced the sale of at the end of May - I will talk more about that later). Any comparative performance will be on a constant currency basis. With the move to dollar reporting we have also taken the opportunity to simplify and update our constant currency reporting to a more conventional basis. Overall, we have delivered a solid performance, in line with our expectations, for the first half.

Revenue was up 3.1% to three billion, three hundred and sixty four million with Organic Revenue up 1.6%. North America was up 2% or 1.1% on an organic basis as pricing more than offset reduced volumes. Adjusted operating profit was \$511m, a decrease of 4.5%,

with the decline in North America more than offsetting higher profits in International. Our Group Adjusted Operating Margin was 15.2%.

I'm pleased with our free cash flow performance with cash conversion at 93%, ahead of our 80% guidance. This was driven principally by improved working capital performance and this remains an absolute priority. Net Debt to adjusted EBITDA stands at 2.8x, up slightly since the year end, reflecting approximately \$175m of adverse foreign exchange impact on period-end net debt. We've maintained our H1 dividend per share at 4.15 cents, payable on 22 September to shareholders on the register on the 15th of August.

Looking now at our performance in North America where we saw revenue up 2.0% to two billion one hundred and six million. Organic Revenue grew 1.1%, with Quarter 2 at 1.4%, up from Q1 which was 0.7%. Adjusted Operating Profit was \$356 million, down 7.3%, bringing the Adjusted Operating Margin to 16.9%. This principally reflects cost inflation and lower volumes, despite continued good price realisation.

It was pleasing to see colleague retention increased 1.4 percentage points to 80.7% and customer retention also improve to 80.5%. And as Andy will talk about more, lead flow returned to growth in June for the first time this year, up 6.6%. We acquired 8 businesses with combined revenues of approximately \$18 million in the year prior to purchase.

One of our team's priorities has been to improve our data analysis so we can get to the heart of our recent performance issues and we are starting to see the benefit of the work we've been doing. We now have better data on a branch by branch basis which will allow us to drive improvement in underperforming branches and also refine our integration activities as we move forwards.

As we analyse our branches, the sales performance differentials are characterised by wide variations in lead flow and customer retention. Pricing performance, however, is very consistent across the portfolio. We can see clearly that where our lead generation and customer retention processes are working well we are delivering strong and sustained organic growth, well ahead of market growth.

In terms of driving lead growth, we are refocussing our marketing budgets towards organic lead generation, we now have 100 satellite branches in operation (up from 32 at quarter 1 and we expect an additional 50 by year end) and our summer door to door sales pilot is showing encouraging early progress.

In terms of integration, in the Second Half we will re-start with standalone, mainly commercial branches and complete a detailed programme of work to make process, system and execution improvements in previously migrated branches, where lead flow and

customer retention are not yet at their required levels. Our expectations of the c.\$100 million cost reduction opportunity from the integration and attaining an operating margin in North America above 20% post 2026 remain unchanged, but our refined timelines may mean not all branches are fully integrated by that time.

Moving to our International business, which encompasses all regions outside North America. International revenue was 1 billion 251 million dollars, a 5.1% increase year on year. Organic Revenue grew by 2.7%. Pest Control organic growth was strong at 3.8%, while Hygiene & Wellbeing grew slightly more slowly at 1.1%, as the UK and Pacific businesses saw more challenging market conditions. We saw our strongest performance in Europe and Asia MENAT, driven by pricing and growth in Southern Europe, India, and Indonesia. In the UK a strong core pest control performance was negatively impacted by UK Property Services which was impacted by the slowdown of the UK commercial property market and tightening Local Authority spending.

Adjusted Operating Profit for International increased by 4.6% to \$242 million. The Adjusted Operating Margin remained broadly unchanged at 19.3%, reflecting strong pass-through pricing. Europe and Asia/MENAT delivered solid profit growth, aided by pricing and scale in India and Indonesia. The UK & Sub-Saharan Africa saw strong margins despite a challenging macro backdrop.

We achieved excellent colleague retention rates of 90.4% and customer retention remains strong at 85.2%. We continued our bolt-on M&A program, acquiring 10 businesses with total annualised revenues of approximately \$17 million.

At the end of May, we announced an agreement with H.I.G. Capital for the sale of our France Workwear business. Strategically it reinforces our focus on our core Pest Control and Hygiene and Wellbeing sectors and financially it increases our cash generation going forward. The transaction values France Workwear at a gross enterprise value of approximately €410 million (c.\$465 million) including an earn-out mechanism of up to €30 million (c.\$34 million) linked to the business's performance in 2026. Total net cash proceeds are expected to be approximately €370 million (c.\$420 million) and completion of the sale is expected to occur late in Q3 or early in Q4.

From an accounting perspective, the business has been classified as an asset for sale since May 31, 2025, and as you will see, it is reported as a discontinued operation in our Half Year 2025 financials. Assets held for sale are not depreciated, so this will reduce depreciation by approximately \$50 million to \$60 million this year (within discontinued operations), depending on when the transaction completes, and by approximately \$80 million annually. In the half year, there was around an \$8 million depreciation benefit.

The sale will add approximately 100bps to our cash conversion ratio and reduce capital expenditure by approximately \$100 million on an annual basis.

Turning now to Group cash flow, it was a strong performance with free cash flow conversion of 93%, ahead of our guidance of 80%. The main driver was the working capital performance, with an improvement of \$64 million year on year, as we focus on managing creditors, debtors and inventory levels more tightly.

The movement on provisions of \$40m predominantly reflects the increase in the provision for Termite Damages claims, which I will cover in a moment - Cash costs in relation to claims in the half year were similar to last year.

Net Capital expenditure was \$88 million for the period, in line with last year. Lease payments amounted to \$90 million, also very similar to last year. On the financing side, cash interest payments of \$106 million decreased by \$25 million compared to the previous year. This was driven by a change in the timing of some of our bond interest payments. Cash tax payments were \$43 million, an increase of \$7 million year on year.

M&A remains an important part of our growth strategy and cash spent on current and prior year acquisitions totalled \$83 million. Dividend payments amounted to \$198 million.

The cash impact of one-off and adjusting items was \$48 million compared to \$52m in the first half of last year, largely attributable to Terminix integration costs. We issued two inaugural dollar bonds in April, raising \$1.25 billion, significantly extending the tenure of our debt. We used \$700m of the proceeds to repay a corporate bond due to expire later this year. The significant movement in the Euro to dollar exchange rate between the year end and this period end added approximately \$175 million to our net debt, based on the rate at the end of June.

As I mentioned earlier, maximising our cash and cost efficiency is very much a priority for the team. We have made good progress in working capital through focusing on disciplined execution and we will continue to focus on this. Full year working capital outflow expectations continue to be in line with our previous guidance of a \$75-85 million outflow, albeit we will aspire to do better than this.

The sale of France Workwear will mean around \$100m less annual capex going forwards. M&A remains a key growth enabler and we now expect to invest a total of \$200m this year. We continue to look to improve efficiency in our cost base. We have multiple programmes underway, including headcount reductions, procurement initiatives, and some offshoring.

We are continuing to see significantly fewer filed termite warranty claims. Our open termite claims have also reduced by 23% compared to Half One 2024.

However, in the first half of this year we saw an increase in the number of complex litigation claims, outside of Mobile Alabama, and a 9% increase in the cost per termite warranty claim in the period, as a proactive strategy to solve customer problems and reduce litigation continues and as we resolve several large legacy claims. As a result, the provision in relation to such claims, has increased from \$236m at the period end to \$276m at Half One 2025.

I won't go through this slide in detail but to note this is on a continuing operations basis for the full year compared to our previous guidance which was for the whole Group.

In summary, we've delivered an in-line performance in the first half with a strong conversion of profit into cash. We continue to improve our data analytics which will help us drive North American performance going forwards. It is early days but we are seeing encouraging recent lead flow from our growth initiatives which Andy will talk more about shortly. We continue to make progress on our cost efficiency programs and in optimising our working capital, while the sale of France Workwear makes us a more focused, cash-generative business.

As we look at the remainder of the year we expect to perform in line with market expectations. Thank you. I'll now hand you back to Andy.

Andy Ransom: Thank you, Paul. Over the next few minutes, I'm going to cover off a few important topics. First, I am going to remind everyone what excellent markets we are in, and take a look at their long-term growth rates. After that, I will show that we have an excellent opportunity in our international region, which now accounts for 37 per cent of the Group, before shining a light on North America.

Whilst around 80 per cent of our North American business is our Pest business, the other 20 per cent, which rarely gets a mention, is our excellent Business Services companies and they are all performing well. That will then leave us with our US pest business which is 25 per cent made up of one-off jobs but 75 per cent of which is our contract portfolio.

Getting the contract portfolio into consistent and healthy growth is our core challenge and our core opportunity, and so I will spend a fair amount of time discussing the three areas that we have to win in, to achieve that contract portfolio growth – those being customer retention, pricing and, vitally important, winning new customer contracts.

So let's get underway and I'll start with Pest Control, which accounted for 83 per cent of Group Revenues in the First Half.

Over the past decade, the global pest control industry is estimated to have virtually doubled from 14.4 billion dollars in 2014 to 27.3 billion dollars in 2024, a CAGR of 6.6 per cent and in North America, market growth has broadly matched that of the International region, at around six and a half per cent. This global growth was driven by key factors such as

increased regulation and legislation, urbanisation, the rise of the middle classes, consumer demand for higher hygiene standards, and the impacts of climate change.

Now, encouragingly, the forecast growth for the next ten years remains very healthy with the latest independent market forecasts, projecting market growth levels - will broadly double again - in line with the past 10 years, at a CAGR of around 6.2 per cent. We therefore expect the value of this incredible global industry to reach approximately 50 billion dollars by around 2034.

In Hygiene & Wellbeing, which accounted for 17 per cent of Group Revenue in the first half, we hold a global leadership position in core Hygiene services across 70 markets. We offer industry-leading products in hand, air, and in-cubicle hygiene, and we are increasing our focus on washroom dignity, and services for an ageing population.

As well as shared operational and functional overheads, this business shares operational efficiency opportunities with Pest Control - deploying the same technologies, aggregating its procurement purchases, and often cross-selling services across the combined customer base. With future market growth expected at around 4 per cent, the business is also well-placed for long-term growth, above expected GDP levels.

So we're operating in two very healthy global markets. So, now let's drill down a level and look at our reporting regions, and I'm going to start with International.

The International Region accounted for 37 per cent of our Group Revenues in the First Half and comprises high-quality businesses in largely non-cyclical markets across 87 countries in Europe, the United Kingdom, Asia, MENAT, Latin America, and the Pacific and we are a leader in pest control in key future growth markets such as India, China and Indonesia. Pest Control accounts for 60 per cent of the Revenues in International. This is a region with strong core markets and here we are focused on driving growth through global accounts; through our industry-leading innovations; the rollout of our connected technologies; and through our excellent M&A programme.

Our second reporting region is, of course, North America, which delivered 63 per cent of our Group Revenues. As you can see on the right-hand side, 81 per cent of our 2.1 billion dollars of Revenue in the First Half came from Pest Control, and 19 per cent from Business Service operations.

Our North America region has strong fundamentals: the continued improvement in colleague retention - up by a further 2.9 percentage points; good progress on customer satisfaction with customer retention now at 80.3 per cent - ahead of the 79.3 per cent for the same period last year; and a combination of powerful, national, regional and specialist brands.

So, let's drop down a level again and I start with Business Services. These are strong, well-run businesses that are operated independently of our US Pest Control business and they each have deep expertise in their respective specialist areas:

- Ambius for interior planting
- VDCI for public sector mosquito vector control
- SOLitude for lake management
- Steritech for food hygiene and brand standards auditing
- Target, which is our Pest Control and Turf & Ornamental products distribution business, and
- Our Canadian Pest Control operations.

And in the First Half, these businesses generated Revenues of around 400 million dollars, with an Organic Growth rate of 5.8 per cent. So a very encouraging First Half in Business Services - these are excellent businesses, they're operating in strong markets, and they've got good future growth prospects, as noted on the slide.

So, turning now to US Pest Control. Let me start with one-time jobbing revenues. In our US Pest Control business, roughly one quarter of our revenues come from one-time jobs. Now these could be something straightforward such as a residential wasp nest job for a new residential customer, or it could be something like a significant bird proofing job for an existing commercial customer.

One-time jobs are typically easier to sell than contracts, and, in the First Half, our jobbing revenues were up 3.6 per cent; 1% being organic growth. Over 40 per cent of our jobbing revenues typically come from up-selling services to existing contracted customers, which is why our Trusted Advisor technician lead programme is so important, with the other 60 per cent of jobbing revenues coming from new customers who do not currently have a contract with us yet.

Looking at our Trusted Advisor technician lead programme, we've driven technician participation rates from around 40 per cent in 2023 to around 50 per cent in 2024 - and, now, as at the end of June, rates have reached 64 per cent, with all five US markets now operating at or over the 60 per cent level. On internet leads, we've refocused our marketing spend, and we've supported SEO with new digital content, improved local webpages, as well as with direct mail and email campaigns to new and existing customers.

Whilst on job pricing - our focus is on improving the basics in areas such as new product launches, as we introduced innovations for both upselling to existing customers and targeting new customers; rate card harmonisation across our brands; and readiness to support seasonal promotions and campaigns.

Whilst we are far from satisfied with our level of job sales so far this year, we believe we have a solid plan focused on better leads from digital marketing and from our Trusted Advisor programme; together with the better use of our pricing lever.

So, let's drill down again and focus on what I see as our main challenge – and that is growing our contract portfolio. The benefits of our subscription style contract business are significant - with the certainty of having around 75 per cent of revenues on contract, unlike many other business models which start with zero revenue on the 1st of January. We can also apply our annual price increases and we can plan our operational routes more effectively.

In the first half, we delivered contract revenue of around 1.3 billion dollars - but as you can see, this declined very slightly year on year by 0.2 per cent, if we remove acquisitions. So clearly, contract revenue is our biggest challenge – but it's also our biggest opportunity and our focus here is on three key drivers: on customer retention, on annual pricing, and on new contract sales.

On customer retention - our 'Drive to 85' programme is designed to transform our customer retention capability over time, and, in the First Half, we saw an overall improvement in retention of 100 basis points, now sitting at 80.3 per cent. Whilst we are pleased to see progress made, our overall ambition for customer retention, over time, is to drive it up towards 85 per cent, closer to the average for the rest of the Group.

In terms of the Drive to 85 programme, our team is focused on getting the basics right - on service adherence; on speed of sale to install; on customer communications; and on billing and scheduling. We have invested in our 'Customer Saves' team and this has been instrumental in our efforts, with the team improving its performance now for 6 months in a row and with saves up from 20 per cent in January to 26 per cent in June; and we are also developing a predictive churn model - which will assign a Customer Risk Score to each customer and so enable us to take a more proactive approach to potential future churn.

So, in summary, we are making progress in customer retention, we've got a clear ambition, and we've got a clear plan to achieve it over time.

Turning now to the second leg of achieving contract portfolio growth, that of pricing - and here we are making good progress with strong pricing discipline to both new and existing customers - achieving price increases in the first half, above the rate of inflation. However, we've got an opportunity to go further, and we've added leadership with our first Vice-President of Pricing, who is now assembling a small team, dedicated to a smarter and more sophisticated approach to pricing.

Having identified that price increases are stickier with customers who pay us by bank autopay, we have now successfully tested new autopay adoption tactics - increasing penetration from around 52 per cent to 60 per cent.

The third leg of achieving contract portfolio growth is to win more new contract customers and to do this, as I have explained previously, we need to improve our in-bound lead generation, through a broader range of marketing and brand initiatives.

Historically, we've been overly reliant on paid for digital channels, which, while effective in many respects, has limited our overall lead generation potential, and has incurred higher associated costs per lead. Our renewed focus is on a broader range of full-funnel lead growth activities. In the second quarter, spend has been refocused on awareness channels like Meta and YouTube. This shift is designed to maximise the benefits of our marketing spend and drive an increased volume of inbound new customer leads.

We've also launched a comprehensive programme to bolster our local online presence. In the first half, we've added around 200 local web pages of new content, significantly increasing our local share of voice in key markets. Overall, we've implemented 20 initiatives to target a broader channel mix, to support both national and regional brands, and ultimately to drive increased lead flow.

We also recognised a historic underinvestment in building our brands, which is critical for long-term sustainable growth. This shift is already yielding positive results with our June Brand Health Report showing Terminix's Top-of-Mind awareness up 4 per cent to 32 per cent, and total unaided awareness up 3 per cent to 54 per cent.

So now, let's turn to the rollout of our satellite branches. This is a key component of our local market penetration strategy and is proving to be an important part of our paid and organic search strategy.

We launched the first wave of pilot satellite branches late last year and in the first quarter of this year. Obviously, it takes time for these new branches to be effective, and I'm pleased to report that the first 25 per cent of these satellite branches are fully optimised, are generating good lead flow, and, importantly, they are also profitable. By the end of June, we had 100 satellite branches operational, and we are making good progress towards having around 150 satellite branch locations by year end.

The performance of these locations continues to increase as they mature and build their number of local five-star reviews. So branches that have been live for 90 days or more, significantly outperform new locations, averaging approximately three times more leads per month and demonstrating the importance of establishing a strong local presence and building brand awareness.

And here you can see the outcome of our targeted actions taken in the second quarter - with Residential and Termite inbound lead generation up by 6.6 per cent in the month of June - and so delivering positive lead flow growth for the first time this year. Whilst it is too early to be certain that this encouraging performance will continue throughout the third and fourth quarters, we are certainly encouraged by what we are seeing.

As well as actions to drive inbound digital leads, we launched our Door-to-Door pilot in the second quarter, operating across 23 branches, and this programme is off to an encouraging start. The pilot is primarily focused on residential contract sales, specifically our "Pest Free 365" plans, which offer comprehensive protection from the main pest types, along with targeted upselling of services for ticks and mosquitoes, for example.

As of June 30th, the pilot had already generated approximately 12 million dollars in annualised sales, and contributed about 2.2 million dollars in revenues during the period. The pilot will continue throughout the summer, with a planned full-scale deployment being in scope for next year.

So a quick recap here: We operate in highly attractive, structural growth markets with healthy 10-year outlooks. We have an unrivalled footprint in the markets outside of the US and in the US, we have an excellent portfolio of standalone operations in Business Services, which are performing well.

In the US Pest Control market, the long-term growth trends look set to continue. We are the largest operator in that market, but we have been underperforming over the last two years.

We've got a plan to improve our one-time jobbing performance which accounts for about a quarter of our revenues. However, the foundational need here is for us to get our contract portfolio into healthy, long-term growth. And to do this, we need to be successful in three key areas: Firstly, in Customer Retention, where we have a plan to get from 80 per cent towards 85 per cent over time, and where we have seen progress over recent months. Secondly, on pricing, where we are also making good progress; but most importantly, on sales of new customer contracts where we have seen some areas of progress in the second quarter, but where we need to continue to execute more effectively to drive up more leads, and to convert more of those leads into sales, over the coming quarters.

So I'll finish with this final summary slide - there is no change to our Full Year guidance. We remain very focused on growth; the integration restarts shortly, starting with our more straight-forward Commercial branches, and we are confident that our North American business will be operating at a 20 per cent plus margin post 2026.

Thank you very much. We will now open it up for questions. As I said at the beginning, please submit your questions via the questions tab online or join the conference call using the numbers provided and the access code. We'll pause just for a moment for the operator to line up the questions. Thank you very much.

Q&A

Suhasini Varanasi (Goldman Sachs): Hi. Good morning. Thank you for taking my questions. Two for me, please. On the termite provision claims that have been revised up in this period, can you maybe discuss how should we think about future changes to provisions next year? So, for example, next year, if the cost per claim goes up again, will there be another revaluation? I think that's the first part. And secondly, how should we think about claims generally into the second half of the year versus the first half? Is it evenly spread out? Do you expect any acceleration or any changes in the trends? The next question is on the quarterly growth rate. It's good to see the improvement in North America. General pest control, including business services. But did you see any changes towards the quarter end on the growth in June? Or are you seeing any changes in July, for example? Any colour, that would be helpful. Thank you.

Paul Edgecliffe-Johnson: Thanks, Varanasi. The termite provision, yes, we put that up in the first half. It's a fairly mechanistic calculation. And although we're pleased with the progress we're making and that we're being able to reduce down the number of claims that we've got, our recent experience is that on the non-litigated claims, the cost of settling those claims, some of which are rather more complicated claims, is up 9%. And as a result of that, as we look out over future years, we have to increase the provision there. To your question, what would happen in the second half and next year if we saw a variance in the cost per claim up or down, then it is sensitive to our most recent experience. So yes, it could come down again, it could go up. Our cash out in relation to the provision is in line with what we'd expected. And that's the number that I most look at, because this is going to continue to be volatile as a number of factors come into play.

In terms of the quarterly improvements, Q1, Q2, obviously, Q1 and I spoke about this at the first quarter results that had the headwind of the extra trading day last year from the leap year. And then if you normalise it across the two, yes, perhaps a little bit better in quarter two, but broadly unchanged and certainly not at the level that we're aspiring to. We don't give a comment on current trading. So not looking at July. July is actually not finished yet even. But we were encouraged, obviously, by the better performance that we saw on leads, which in due course we would expect to lead into better sales and better revenues. Thanks, Suhasini.

Suhasini Varanasi: Thank you very much.

Operator: The next question comes from Oliver Davies of Rothschild & Co, Redburn. Your line is now open. Please go ahead.

Oliver Davies (Rothschild & Co, Redburn): Hi Andy. Hi, Paul. Just a couple of questions for me. I guess in Q1, you mentioned that paid digital search returned to positive growth in March. And then you've obviously mentioned overall lead flow growing in June for the first time this year. So I guess a couple of questions on that. Are you able to give us an indication of the split between digital and organic leads within that total lead data? And then secondly, can you help us understand how digital and non-digital leads progressed throughout the quarter? My second question, in terms of one-off jobs, I think you've seen a bit of a slowdown there. I think mid-single-digit growth last year. I think you mentioned 6% in Q1. Why have you seen a slowdown in the second quarter there? Thanks.

Andy Ransom: Thanks, Oliver. Look, I'm not going to give you a split of our spend between the channels. This is a competitive environment. And where we spend in paid search means competitors look at that as we look at where they're spending as well. So it's a pretty competitive environment. The data we're showing here is all leads. That includes paid leads, organic leads, and it includes tech leads as well.

And really, what we're saying here is we did talk about the fact that we became overreliant on paid search, and that's because we weren't yet able to get the organic channels working as we needed to. What you've seen over the last two quarters, and in particular in Q2, is a progressive move by us to take money out of paid search and put it into organic search and into other broader channels, like I say, with Meta and top-of-funnel marketing advertising as well. So it's a migration of spend. We've kept the spend broadly the same across the period, but spending less in the paid area, but also happily, the cost per lead is coming down in the paid, so we're getting more effective and more efficient in the paid channels, but also deliberately spending fewer dollars there - taking those dollars and putting them into organic. So it is a very, very detailed endeavour here and Paul and I get daily reports. Literally, at the end of each day, we can see what the lead performance is. We can see what's coming from paid, what's coming from organic and what's coming from technician leads. And broadly speaking, the story is paid leads down, organic up, and tech leads up as well. I could, but I can't give you the breakdown of how we split that spend. But that's what you should expect to see more of in the future. I don't think we're close to optimising where we want to be here, but we are encouraged by what we've seen, and we're certainly encouraged by what we've seen in the most recent weeks. So let's hope it continues into the second half of the year. Sorry, what was the question on -

Paul Edgecliffe-Johnson: In relation to your question on one-off jobs, Ollie, it is always going to be a little bit variable quarter by quarter. What we're really focusing on is driving better performance in getting our contracts signed up. And we're really focusing the sales force onto that because that's the key area of weakness that hasn't been good enough in recent times. If we can address that, then obviously that's recurring revenue, as Andy was talking

about, is that subscription base. That's our biggest priority. We will see some variability in jobs quarter by quarter. Thanks, Ollie.

Oliver Davies: Great. Thank you.

Operator: The next question comes from Annelies Vermeulen of Morgan Stanley. Your line is now open. Please go ahead.

Annelies Vermeulen (Morgan Stanley): Good morning, Andy. Good morning, Paul. I have three questions, please. Firstly, on your inbound lead flow, which you called out as very positive in June, 6.6%, Rollins also saw a very strong period in June, driven by very favourable weather. So could you comment on how confident you are that that inbound lead flow was down to your execution on marketing, relative to a very favourable market backdrop driven by sunshine? Secondly, on this predictive churn model, could you elaborate on what you look for in that churn model in terms of indicators that would imply a customer is at risk of leaving? Have you had any indications of accuracy yet from that pilot, where it's correctly identified customers that are looking to leave? And I'd also be interested if it's given you any more detail on why customers are cancelling and the reasons for attrition. And then thirdly, just on door-to-door, you mentioned a full-scale deployment next year. Could you clarify, does that mean you're planning to roll it out across your entire portfolio in North America, from the 23 branches? I think you said today, or will that remain more selective in certain regions? Thank you.

Andy Ransom: Thanks, Annelies. When the big yellow thing comes out in the sky, there's no doubt that that has an impact on insects crawling, biting, stinging insects. So there'll be some weather in the numbers. It's incredibly difficult to sift that out and say what the weather impact is. But we are confident that we are seeing returns for the efforts that we're making. So, again, I can't break it out and say, how much do we think is weather? How much are self-help measures? We're certain that the things that we're doing, we can test, and they are having an impact. As we've said, we're not going to get into month by month, but clearly we wouldn't be sharing June data so positively if we weren't seeing some similar results in the month to date. So I think that's further evidence. This is not just a weather thing. But as I said, can we say it's going to continue through the full second half? Not yet able to do that.

The predictive analytical churn model won't surprise you Annelies, it is an AI tool. And the great thing about AI is that we can set the model over multiple databases. So we measure our customer happiness, we measure NPS, we measure customer satisfaction. We know when a customer has sent in a complaint. We know when a customer is paying late. We know when we've missed a customer visit, so we can put all of those data points into the model and ask the model to predict based on this. Have we got a cohort of customers who

statistically are more likely to churn than others? And then, based on that, the question is, what do you want to do with that information? And that's the interesting bit. And that's the bit we need to fully test in the market. Having got a list of customers more likely to churn than others, we then put in extra efforts to make those customers happy. So if it's a specific recurrent pest issue, we go back and try and solve that issue. It's early days, but it's exciting data. And to your point about, can you be sure that it works? We've also taken last year's data and pushed it through the model to see if we had that last year, how accurate would it have been to predict accurately? And it's surprisingly accurate. But like most things with AI, you have to train the model. So it's early days. It's exciting. The data scientists and the IT people are having a lot of fun with it. The question now is, can we put that into operational effectiveness? But it looks very interesting.

On the door-to-door, we deliberately only set a pilot this year. I'm on record as being something of a sceptic around the door-to-door model, and I have to say, I'm really pleased with what we're seeing in the door-to-door model. But it is a summer sales model. Effectively going back to the point you made about the weather and the door-to-door sales teams knock on doors when it's hot and sweaty, and when the insects are hatched and people are seeing mosquitoes, or they're seeing ants, or they're seeing other insects typically. And so it is a summer sales program. But America being a huge continent with extreme weather in the southeast, for example, the season for door-to-door in Florida is a lot longer than it is in the northeast, for example. So what we'll be doing through the balance of this year is we'll continue through the summer. We're actually looking to see if parts of Florida and California would sustain a door-to-door model into the fall, into autumn. And then at the back end of the year, we'll put together the program because we work with third parties on the door-to-door model, we'll put the details of precisely how many branches at which parts of the United States, and which months we're going to do it for. But what I'm saying is it is very likely to be a material scale-up from the 23-branch pilot we did this year.

Paul Edgecliffe-Johnson: And the only thing I'd add on that, Annelies, is that, like we have with the satellite branches, where this year we said, and we have delivered that we would cover that within our existing marketing spend by just really prioritising - that in 2026 would be my expectation again. As Andy says, yes, we've got plans for a full-scale deployment. You're not signalling that that's going to lead to a major increase in the marketing costs.

Andy Ransom: Thanks, Annelies.

Annelies Vermeulen: That's very clear. Thank you.

Operator: The next question comes from Nicole Manion of UBS. Your line is now open. Please go ahead.

Nicole Manion (UBS): Thank you. Good morning, Andy. Good morning, Paul. I have two questions, please. Firstly, you mentioned that one of the things you're still looking to address is the historic underinvestment in building some of your brands. I know there's a lot of moving parts at the moment in terms of the various investments you're making, and you're having to rebalance things after you've become overreliant on paid for, for instance. But I guess the question is, overall, are you confident that you can fund what you need to do by funnelling spend from one area to another? Or do you need to still step up those investments? Does that make sense?

And then secondly, just a clarificatory one really. You said you remain confident in the 100 million cost savings and 20% margin post-2026. But there's a comment in there, I think, around a refined timeline. Can you just explain what's meant by that precisely? And apologies if I've missed something obvious on that bit. Thank you.

Andy Ransom: Cheers, Nicole. Thank you. As we sit here today, I'll do this from memory. I don't have the data in front of me, but roughly 50% of US pest revenues are branded Terminix. Roughly 30% are branded with one of the 9 or 10 regional brands that I've mentioned before. So brands like Florida Pest Control and Western Exterminator. And then roughly 20% are branded as independent standalones. So what that tells you is that the independent standalones will cease to be branded as independent standalones and they will become either Terminix branded, which we think is well funded, or they'll become one of the nine brands. What we are saying is we have to support those nine brands alongside the Terminix brand. The effort that has gone in in the last quarter into those nine brands, or most of them, is going into organic search. So there are a lot of things you can do with brand support. We've not gone down, for example, TV ads for the nine brands. We have gone down the TV ads for Terminix. The majority effort to improve the performance of the regional brands is coming out of paid. We're not coming out of paid, but reducing paid and really putting our efforts into organic search.

As we sit here, we're not saying we need to put more money. We think we've got the balance about right. But as we get better and we surely will get better, as we get better and we get smarter, we can see stronger demonstrable returns on investment for where we put those dollars. If there's a good case to say, hey, look, if you put an extra dollar here, you're going to get \$4 back there, I'm pretty sure the CFO would be pushing us to look at the potential for spending more. But that's not the plan, Nicole. It's not in H2. And it's not in the forward plan. So that's the answer to the first one on the underinvestment on brands and as I say, we're doing a lot of work on Terminix because it's nearly 50% of the revenue.

On the comment on branch migrations, look, all we're simply saying here, and I think it deserves unpacking a little bit there, I don't think that you've missed anything. We did say

the last time out, we expected all of the branches to be fully integrated by the end of next year. And what we're saying here is, look, we have a path to the 100 million savings that we've talked about. We have a path to the 20% net operating margin that we've talked about. We may not get all of the branches fully integrated by the end of 2026. They will take the time that they take.

We are restarting the integration shortly now, and we're restarting on what we consider more straightforward, simpler, commercial-only branches, and many of them are already on the same IT system, so they're pest pack to pest pack conversions. We'll start the bigger branch integration program next year, but it might not all get finished by the end of 2026, but we still get to the 100 million. That's how you should understand that. Hopefully, that was clear.

Paul Edgecliffe-Johnson: Thanks, Nicole.

Nicole Manion: Yeah, that's very helpful. Thank you.

Operator: The next question comes from James Rose of Barclays. Your line is now open. Please go ahead.

James Rose (Barclays): Hello. Morning. I've got three, please. Two on leads and one on branch integrations. Firstly, on leads, could you talk about the quality of the improvement of leads you've seen so far and the conversion? Are they better than what you got from paid search leads last year? And then secondly, do you see that the leads you're getting are fuelling contract sales more than they were previously, rather than going into jobbing work? And then the final questions on the branches you've already integrated and have said are not up to standards, what are the execution improvements you've highlighted or flagged in those which you want to tweak or change going forward? Thank you.

Andy Ransom: Thanks, James. It's really difficult. We're into masterclass-level questions now, which is always a challenge, certainly for me. Look, you've got two funnels at work here. You've got a marketing funnel and you've got a sales funnel. So, in the marketing funnel and those who are into this would be very familiar with what I'm talking about. You've got top-of-funnel activity. So, building brand awareness all the way down to paid search and organic search at the bottom of the marketing funnel. And what we're saying is we're investing in the top of the funnel in brand awareness. Brand awareness is the best quality sort of leads, because if you're searching for Terminix, that means you're very likely to buy from Terminix. That's why we drive up the top of funnel and brand awareness, so as we see people calling us on the phone because they want to speak to Terminix, that's a very good chance that they want Terminix to solve their problem.

If you go to the bottom end of the funnel and you have technician leads, the conversion rate of technician leads is not typically as good. We call them creative leads because we've got our technicians trying to convince a customer that they need a solution, that the customer didn't even know that they had a problem. So, it's not surprising that the conversion of tech leads comes in at a lower rate. This is always a mix effect. It's really quite difficult to unpick that and give you a decent answer. What I think we're saying is the quality of leads that's coming in through top of mind, top of funnel awareness, brand-based leads is good quality, and we can see that improving. Technician leads, which are improving in number, by their nature will have a lower conversion rate. I wouldn't consider them poor quality leads, but they convert at a lower rate. That's the answer to that.

Again, next detail of a question you said, are they feeding contracts or are they feeding jobs? Really difficult to say. Most leads typically start life, James, as a job. They just do. You've got a mouse running around the kitchen. You don't yet know that you need a contract from us. You think you just want someone to solve the mouse running around the kitchen, or you've got a wasp nest in the garden. But the nature of our business is such that even if you only have a job, we will try and sell you that job, and then we will try and convert you into a contract customer. So having taken the job to do the wasp nest, we then seek to convince you actually, if we put you on a subscription contract, you get four visits a year, you get unlimited call outs. You're covered for multiple pests. So really difficult to actually say is a lead a job or is it a contract, because the majority will start life as a job and you convert into a contract.

Your question about the integrated branches and what we're seeing there, and what we're doing about it, I suppose, on the good news on the integrated branches, the colleague retention, that's the technician retention and sales retention of the people working in those branches is very good. We're pleased about that. We changed all the pay plans, and we're broadly happy there. We may tweak those pay plans further, but that seems to have gone okay.

The big area that we need to work on is lead flow. Our old friend Lead Flow. And it's probably not surprising if you've had two branches and you've closed one, you had two locations, you've got one, you had two brands, you've now got one. You've got a lot of moving pieces here, and it's the lead flow that has been the most significant. So all of the stuff that we've talked about using data analytics, getting smarter, where we're putting the money into both paid and organic, that's a big focus for us going forward. We've got to see the lead flow in those integrated branches to a healthier level than where it is today. Customer retention, we always expect customer retention would dip when you integrate branches. It has dipped. We need to see it coming back. Broadly speaking, we know how to get customer retention improvements. And I've gone through some of that earlier today. The two things we're really working on is how do we get really good lead flow and when you

integrate the branches and how do you ensure that the customers remain happy through that process? Looking so far as colleague experience is pretty good, pay plan is pretty good. I don't think any of you would want us to blithely push forward aggressively into integrating if we haven't satisfied those two questions. The plan we've got now is we'll integrate some of the easier, more straightforward, more standalone, more commercial and more pest pack to pest pack branches in the second half. And we'll spend the second half really getting the playbook in good shape to restart the bigger integration wave next year.

Paul Edgecliffe-Johnson: Thanks, James.

James Rose: Thank you. Thanks a lot. Cheers.

Operator: The next question comes from Will Kirkness of Bernstein Society General Group. Your line is now open. Please go ahead.

Will Kirkness (Bernstein Société Générale Group): Thanks very much. I've got three questions, please. Firstly, I just wondered if you could give any metrics on the satellite stores in terms of revenue profile or EBIT ramp as they start to mature or perhaps return on investment. Secondly, just on the US retention, the 85%, obviously, you've talked about that before in terms of where the group is, but I think you've maybe felt that it would be tough for North America to get there. So 85% as a target feels like a step up. I just wonder if you're seeing something positive in the data that's giving you a bit more confidence there. My last question is just around hygiene and well-being. I think Q2 growth there was 0.4% organic. I just wondered if you could quantify - you talked about price now. I wonder if you could talk about what the price component was. Thanks very much.

Andy Ransom: Thanks, Will. Let me try and unpack that. I don't think you're going to be surprised with my answer to the first question in terms of giving you the metrics in terms of the satellites. I have probably said as much as I can, really. The satellites are small. They're a small physical office. Often, a business park or high street location branded Terminix, typically, with a few people working in the office and these are people that already exist in the organisation. So the incremental cost of the operation is the least cost. And running the office, the technicians already exist from the mother branches, the salespeople already exist from the mother branches, admin already exist, so the branches per se don't carry a big cost other than the actual cost of the physical location.

The number of leads that come in, I haven't disclosed that, but they start slowly, and until you get - I think it's ten, until you get ten reviews, customer reviews, the big search engines don't recognise you. So when I talk about these branches getting optimised, you've basically got to get loads of customers spotting you and making happy reviews, five-star reviews. Once you get a volume of five-star reviews, then you turn up on search.

In terms of return on investment, it's relatively straightforward for us to get the number of leads to more than pay the cost of the branches. But that's not our ambition, of course, our ambition is to drive up significant volumes of local search. We've fully funded the cost of the 100 and the 150 branches, all within the operating plan. It's not like we've had to put a big chunk of extra cost into the business.

On US retention, you're absolutely bang on. I would say two things in terms of the 85 and the rest of the group. The rest of the group is about 85, but it should be 87, 88. Let's be clear. The ambition for retention is an ambition in North America at 85. But I tell you, if we get the North American business US pest control, up to 82, 83, that will make a significant impact on organic growth. In the slides, I've given you enough to do the maths for yourselves on this. Once you work out what the value of the portfolio is and you put an extra three percentage points of retention on that, given it's three quarters of the business, you can work it out for yourself.

I was quite careful with my words. I didn't say we're going to get to 85. I said we're going to move towards 85. Eighty-five is the aspiration. That's everyone in our North America business is very familiar with what is 'drive to 85'. They all know it. So the ambition is clear. And is there any reason why we couldn't get to 85 in the US over time? No, there isn't. But would I be happy if we get to 82, 83 over the next couple of years? Yeah, I would, but I also think the 85 in the group needs to move up as well. So hopefully, that squares the circle, why that all sort of makes sense.

Look, hygiene and well-being is a mixed bag of performance, really; most of the businesses, the bigger businesses actually did reasonably well. We had three material contributors to the weaker performance. It is hygiene and well-being. And so, within wellbeing, we have our Ambius business, that's the plants business. Last year, we had a big, big piece of volume through cruise liners, cruise ships. I think we did the biggest cruise ship in the world, and that was a significant win in the period. And we didn't have those repeat this year. So the Ambius piece of it dropped in period. But that's not a structural issue. I'm not remotely worried about that.

In the Pacific region, what we saw is that a lot of good business was sold in the pandemic for air hygiene devices. The Australians and New Zealanders, in particular, bought a lot of devices to kill airborne bugs during the pandemic and post-pandemic. And frankly, the world isn't worried about bugs in the air as they were at that time. So we've seen an unwind of some COVID contracts in the Pacific.

And the third market that underperformed in the period was the UK and Ireland and a big piece of that, I hate to bring up COVID after all these years. We had some benefits last year with COVID credits being released last year, which we talked about last year, and they

obviously don't repeat again this year. Some of it is comp, some of it is lumpy, big job performance out of the Ambius. I'm not overly worried about hygiene and well-being. It's in a decent marketplace, it needs to perform better than it did in the first half, that's for sure. But it's mainly coming out of those three places. Thanks, Will.

Will Kirkness: That's helpful. Cheers.

Operator: The next question comes from James Beard of Deutsche Bank. Your line is now open. Please go ahead.

James Beard (Deutsche Bank): Thanks. Morning. One question from me. On their call last week, Rollins referenced the impact of Google AI summaries on traffic to their websites. I was just wondering whether you'd seen the same impact during the period as they have and what you've been doing to manage and mitigate that.

Andy Ransom: Thank you, James. The masterclass continues. I love it. Google indeed did release their AI mode in Google search. I think they released it in the States actually about four months ago. They just announced they're releasing it here in the United Kingdom. It's part of what's been going on, frankly, in search now for the last year or two. I read a statistic the other day, and it was on ChatGPT, so it must be true, mustn't it? The statistic said that in the United States over the last 12 months, 60% of all searches no longer result in a click. By which that means that either people weren't searching for something that they wanted to buy, or it means that they got their answer from AI. And I mentioned this, I think, last time we were talking. Part of what we're doing in - I mentioned we've refreshed 200 pages of content, and a lot of that in the regional brands as well as the Terminix brand - what we're doing now is making sure that the content of our sites is the content that the AI model, the AI large language model is looking for. So you have to have better quality content. You have to anticipate, well, what are the questions that searchers are really going to be asking? And what are the answers that AI is going to give them? And does your website have the content to feed that answer? Because if it does, the AI answer will often feature you in their answer. I know it's a bit wordy, what I'm saying there. The short point is we're very aware of the Google changes. We're a Google company. We often describe ourselves as a Google company. We're very close to Google as an organisation. So we're very aware of the changes, and we've been very, I won't say quick, but we're working hard on content to optimise the content to the latest changes in the AI model. And it's not just Google. Other search engines are doing similar things.

This is not a Rentokil Terminix phenomena. It's not a pest control phenomena. It's a global phenomena with the big search engine companies trying to make sure that they can keep their income from search and we have to be nimble and quick and thoughtful, and that's

what we're doing. We're focused on the quality of the content to match it up with what the AI likely answer to the most obvious questions will be.

Paul Edgecliffe-Johnson: Thank you, James.

James Beard: Thanks.

Operator: The final question comes from Suhasini Varanasi of Goldman Sachs. Your line is now open. Please go ahead.

Suhasini Varanasi (Goldman Sachs): Thank you. I just have a couple of quick follow-ups, please. Is there an update on the appointment of the CEO in North America? Any update there? And just on the guidance for the year, when you say it's going to be in line with market expectations, if we had to mechanically just adjust for the Workwear disposal, I think your consensus on company compiled is 922 of PBT. Do we just take off 57 million from that, which was last year's work by profits to get to this year's number on PBT? Thank you.

Andy Ransom: Thanks, Suhasini. I will certainly cover the first one. CEO North America, I'll say something when I've got something to say on the subject. What I will tell you is the guy that's running it, Alain, who I mentioned before, who's worked with me for 16 years and spent 16 years running pest control businesses around the group and running marketing, is doing a brilliant job. He's absolutely flying in that role. The team have responded to him really, really well. I'm very happy that we've got Alain there on an interim basis. When we've got something we can update, I'll gladly share it, but I'm happy with where we are. I'm happy with the process.

Paul Edgecliffe-Johnson: Suhasini, your question around guidance, it is unavoidably a little bit more complicated with the accounting that we have to use now for this discontinued operation. Our commentary around being in line with expectations is on an apples-to-apples basis. So that consensus number that you reference is effectively what we look at our internal expectations against and say, yes, we believe we are in line with that. When the business does exit, then at that point I think consensus will change, people will take it out, and there will be an adjustment for the profit exiting, but also for the depreciation. Those factors will both have to be put in. But as we look at what people have for the France workwear business in their numbers, then extracting that will still mean that we are in line with market expectations post. But thank you for the question, Suhasini. I think that wraps up the call today.

Suhasini Varanasi: Thank you.

Andy Ransom: Thanks, everyone. Thanks for joining us. Really appreciate it. And I look forward to updating you with the Q3 results in just a few weeks time. Thanks, everyone.

Paul Edgecliffe-Johnson: Thanks, everyone. Bye now.

[END OF TRANSCRIPT]