Rentokil Initial
Q3 Trading Update

Thursday, 23rd October 2025

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Chief Executive, Rentokil

Welcome

Good morning, everyone. Before we begin, as always, can I just draw your attention to the usual cautionary statement contained in our trading update this morning as it also applies to this call.

Agenda

I am going to start off with some brief opening remarks, and then Paul and I will be pleased to take any questions.

Financials

We are encouraged by our performance in the third quarter as the overall positive trends that we described at our interim results have continued into the second half of the year and leave us on track to deliver our 2025 results in line with market expectations.

For the three months to the 30th September, Group revenue was $1.8 billion, representing year-on-year growth of 4.6%. Organic revenue grew 3.4%, with an improvement in North America to 3.4%, and organic growth across our international businesses of 3.3%.

North America

Looking at our performance in North America in more detail. Pest Control Services organic growth was 1.8%, which compares favourably to the 0.3% seen in the second quarter. North America Business Services organic revenue growth was particularly strong in the third quarter, up 11.9%.

Back in March, we discussed how we were evolving our North America strategy to drive enhanced lead generation and a lower cost per lead. This was a comprehensive overhaul of how we were growing the business, informed by our learnings in 2024. This revised strategy included:

- Raising the bar on improving colleague retention and driving up customer retention;
- Enhancing our digital marketing to realise the benefits from better organic lead generation and higher quality, lower cost paid for leads;
- An evolved satellite branch strategy to improve customer proximity and local search visibility; and
- Moving our sales operating model back under the branch managers to drive more accountability and visibility of results.

At the half year stage, this plan showed early signs of yielding results with the improvements that we saw in lead flow in June. It is pleasing to see that this improved performance has continued.

Following the lead flow growth in June, we delivered year-on-year growth in lead flow throughout the third quarter as we focused on improving organic leads and on better targeted lower cost paid leads.

We also now reported 11 consecutive quarters of improving colleague retention. Importantly, our customer retention rate has nudged up again from the half year stage to 80.9%, where investment in the customer saves team, in particular, is having an impact.

The rollout of satellite branches is on track with 139 in operation, delivering improved lead generation through a stronger local presence together with higher volume, higher rated customer reviews. And we continue to target opening 150 satellite branches this year.

Finally, the door-to-door pilot continued in 25 sales territories, and we are encouraged by the results and we are planning an expansion of this pilot in 2026.

Standing back, you will remember that we talked about our core challenge and core opportunity to sustainably improve our North American organic revenue growth, being shifting the contract portfolio into consistent and healthy growth through:

- Customer retention;
- Pricing; and
- Winning new customer contracts.

We are pleased to see that improvement in customer retention. We also continue to deliver on pricing discipline, achieving price increases a little above the rate of inflation. Combined with the higher volume of new leads, we did see an improvement in contract portfolio net gain performance during the quarter.

For a business driving value through a contract portfolio, it is this quarterly sequential improvement, which will over time translate into stronger top line growth. The focus now is about taking the learnings from these actions and planning for 2026 as we hit Q4, which is a seasonally quieter quarter.

We have also noted for Q4 that 2024 benefited from one-off emergency mosquito control work driven by an exceptional hurricane season last year. This is not currently expected to repeat, impacting Q4 organic growth by about 60 basis points, albeit in dollar terms, it is actually very small in the context of the US business as a whole.

International (Group excluding North America)

Turning now to our International businesses, which obviously we now report excluding France workwear with the sale completed at the end of the third quarter.

International revenue grew by 4.6% with organic growth of 3.3%. Europe sustained strong growth from the first half into the third quarter, particularly in the Southern European markets of Spain, Portugal and Greece.

The UK also saw growth improve with continued strong performance in our core pest control and plants businesses, and an improved performance in the lower growth Property Services business.

Growth in the Pacific region, though remains below the average for International. Good growth in core Pest Control and Ambius was offset by adverse weather impacts on our Rural and Trackspray businesses.

Category Performance

In terms of category performance, Pest Control organic revenue growth for the Group was 3.4%, driven by good momentum in North America. Hygiene & Wellbeing grew by 3% organically, an improvement from the 0.9% in the first half as market conditions improved in the Pacific and in the UK and Sub-Saharan Africa regions, which returned to growth in the quarter.

M&A

On M&A, we completed three deals in the quarter, taking the total number of deals completed this year to 21, and representing annualised revenue in the year before acquisition of around $39 million. We were pleased to complete the France Workwear sale with the receipt of $397 million of initial cash proceeds.

As a result of ongoing cash generation and the disposal proceeds, net debt at the end of the quarter was $3.9 billion.

Outlook

Looking forward, our outlook for the remainder of the year remains unchanged. Current trading is in line with our expectations. We expect to deliver financial results for the full year, in line with market expectations.

Beyond 2025, our cost efficiency initiatives remain on track to deliver the $100 million cost reduction by the end of 2026 and to achieve an operating margin in North America above 20% post 2026.

Summary

In summary, the third quarter demonstrates a continuation of the positive momentum we began to see in the first half of the year. The International business is performing solidly and there are encouraging, but still early signs that the revised strategy we are implementing to improve sales execution and to evolve our digital marketing capabilities are beginning to have a positive impact in North America.

So with that, let me hand back to the operator to manage the Q&A. Thank you.

Q&A

Annelies Vermeulen (Morgan Stanley): Hi good morning Andy, good morning Paul. I have three questions, please. Firstly, Andy, you mentioned net gain in contracting portfolio improvement performance in Q3. Could you talk a little bit about jobbing versus contracting growth? Did you see growth in both elements in the quarter, or was one stronger than the other?

Then secondly related, if you could comment on the performance of resi versus commercial versus termites. Again, was there anything or any one area that drove more of an improvement in the quarter relative to another?

Then lastly, just putting it all together, you have spoken about improved lead flow, improved customer retention, the customer saves programme, etc. When we think about this improvement in the growth and the step up versus Q2, could you talk a little bit about your sense of how much of the improvement in the growth is both in new customers and how much of it is the improvement you think in customer saves and customer retention? Thank you.

Andy Ransom: Thanks, Annelies. We could probably do an hour just attempting to answer that question, which I promise I won't. But there is a lot in there. I will try and give you a little bit of colour.

Look, as you correctly identified, getting the business into positive healthy, consistent net gain in the portfolio is what we need to see in the business to get the sorts of levels of organic growth that this business is capable of. It was really pleasing to see that improvement in net gain. Just to remind colleagues on the line - most of the questions, I am sure, will be about North America - but the business in the US is approximately 75% of the revenues under contract and 25% is jobbing.

As I said at the half year, I am not overly concerned about the jobbing side of the business. We can always produce jobs in the business. What we have to do is to get that healthy positive net gain back into the business, and we have to get volume growth back into the business.

Without giving you specific data, jobbing was pretty good in the third quarter. As I said, do not worry too much about jobbing. Jobbing was above the average rate of growth that we have shown you there. But the net gain was the best we have had in the business for a little while, and it was encouraging to see that.

What we now need to see is can we continue net gain in the portfolio into the fourth quarter and into the first quarter, or does it revert to net loss. That is the key thing that I am looking for in the business. But the answer is we saw good jobbing, but we also saw an improvement in the portfolio.

The resi, termite, commercial - we actually saw improvements in all of those. Termite had not been great in Q2 from memory, H1. So termite performed better in the third quarter. But resi was also encouraging, and that is important to see in the business as well. Commercial was steady.

Lead flow. Yeah, look, I think it is important that we get revenue growth both from our existing customer base. But the critical thing here is we have to find new customers, and new customers to add into the contract portfolio base. Typically, with your existing customers, your opportunity is to keep them longer. Your opportunity is to upsell more services to them and your opportunity is to price to them. That is the role that the existing customers play in revenue growth.

But it is the new customers that we have to infill into the portfolio. Again, without giving you numbers, we were encouraged in the third quarter by what we saw, but we are a long way from where we need to be. If you just do the math quickly, we have got price above the rate of inflation, but we grew 1.8%. So you can do the math yourself. That tells you we still got a level of volume decline, but the decline was an improved rate of decline, if I am clear on that.

It was better than it has been but we need to see that move into positive territory. That is why we are really saying, this is early days here. We are pleased. We are not satisfied, and we are not complacent because we have a lot to do. But it is the positive momentum we have seen in net gain in the portfolio, which is what we are looking for and what we will be pushing to see, what we can do in the off quarters in the quiet season. Thanks, Annelies.

Will Kirkness (Bernstein-Société Générale Group): Thanks very much. Two questions, please. Firstly, on pricing and your initiatives there. What is the balance between lowering price to take share? Then any price reductions you are having to put in because of the customer saves initiative versus pushing through price increases?

Then secondly, I know it is just a trading statement, but I wondered if you could talk about progress on levers to improve free cash flow. Thanks

Andy Ransom: Thanks, Will. I will hand those both to Paul, I think.

Paul Edgecliffe-Johnson: Thanks, Andy, and thanks Will. On pricing, really what we are seeing here, and we talk about pricing being a little better than inflation is better pricing strategy. We have a new pricing lead in North America, and we are using the data that we have in the business better to identify where opportunities are. This is not just a vanilla approach that you ask everybody to pay you a little more. It is more sophisticated.

It is identifying where there are pockets of opportunities where we can see different types of customers, different archetypes, and then deploying different pricing strategies against different customer markets. So it is sophisticated. There is more to go for with it. We will continue to roll that out and pleased with the performance that it is giving us at the moment.

In terms of price promotion and trying to win volume on the back of reduced pricing, you will always have a component of that in a business. But that is not what has been driving the performance today.

In terms of the levers to drive free cash flow. You have heard me speak before about how important I think this is in the business, and there is an opportunity in working capital to drive that. There is also an opportunity in our capital expenditure, and to make sure that we are getting the best returns on capital from what is being deployed.

So we are pulling all those levers. I created the net debt number at the end of the period, and we will come back obviously at the full year and I will talk about the cash flow in detail. We are making progress and the machine is definitely moving. So I look forward to talking more about that remarks with the full year results.

Suhasini Varanasi (Goldman Sachs): Hi good morning. Thank you for taking the questions. I have three, please. Clearly, I think you have seen a very good improvement in growth. Can you maybe discuss the expectations into the next quarter? I appreciate that you have a potential drag of 60 bps from the business. But given the underlying improvement that you saw in the third quarter, is there any reason to believe the growth will not be at least as good as third quarter in the next one?

Second one is on 2026. It is not on financials, but given the success that you have seen on door-to-door satellite branches, etc., can you maybe share some initial thoughts on how you are thinking about investments going into 2026 and the plans for funding around that?

The third one. You previously created your margin target for more than 20% beyond 2026. Can you maybe just remind us what the building blocks that will get to there, starting with the top line? Thank you.

Andy Ransom: Thanks, Suhasini. I will take the first two and then hand over to Paul for the third one. Paul and I are not in the same place. The sound quality was not great, so I do not know whether you can get a bit closer to the mic or there is nothing we can do, but we will press on.

In terms of your first question, growth in the fourth quarter. I mean I have discovered to my pain that making forecast predictions about organic growth in the business is probably not a good use of my time or yours. It has been difficult for us to be precise with this in recent quarters. I am not going to do that.

I will make a few general observations. Are we pleased with what we are seeing on lead flow and the improved way that we are going about getting both organic search and also the new approach to pay? Yes, we are. We said that at the half year. We were asked at the half year, "are you sure it is not just the weather that you are seeing? Are you sure it is actually having an impact?" We said, "Well, we cannot rule out that weather is part of it. But it is having an impact."

We are doing things. We are changing things, and we are seeing positive results from those things. And I expect that to continue.

What does that translate to when we are in the winter, in the off season? A little bit more challenging to say. You have picked up on the 60 bps drag coming from the mosquito work relating to last year's mega hurricane season, so that is a factor.

But look, as I said in answer to Annelies' question, what we are looking for is can we see momentum in the portfolio. And I am sure you will get this. If we sell a contract for $1,200, then we get $100 of that income each month for the next 12 months. If we sell a job for $1,200, we get $1,200 of income in the month in which we sell the job. It is the building of the portfolio that gives you the momentum to take into next year. There is no reason to assume that the fundamentals that we are seeing in the business change in the fourth quarter. But that said, it is the off-season we do have that drag. So let us see.

In terms of the door-to-door on the satellite. I mean the honest answer is we are off to America next week with the Board, and then we have got the American team coming to London three, four weeks after that. That is when we will do the budget in a month's time. And there is plenty of other core questions, but two core questions that we will be asking and answering in the budget process is how many more satellites do we want to open?

What we are seeing in the satellites is really encouraging data coming off the satellites that we opened twelve and nine months ago. So there is a maturity to the satellites. There is a period of optimisation of the satellites. You have got to get enough five-star reviews in the satellite area. It is a thing that builds.

I think it is very likely that we will take a decision to add more satellites next year. And it could be material, I do not know. I mean, it could be a decent number. We simply have not done the math on that and worked through it. There is a limit to how many satellites and how many cities you believe you can optimise these in.

We will answer that very much in the next month or so. And so by the time we come back and talk to you with the prelims, we will have the answer to that question.

Similarly, door-to-door, we deliberately characterised door-to-door through this summer as a pilot. We are pleased we did it in 25 territories. I think it is highly likely that we will do that in more territories next year.

On the door-to-door programme, that does not require an investment that does not require an investment. It does not require a headline investment, but it is a different model. The door-to-door model is you are engaging a third-party. It is their sales force typically that do the door-to-door selling on your behalf with your brand, with your service proposition, and you pay them for successful results. That is how it works.

It is not like you hire another 100 people in the sales force. You do it through a third party. So it is a slightly different impact on the P&L, but it does not represent an investment as such, but it might have a different shape in the P&L.

Again, we will have a much clearer idea exactly what plan we are going to put into place. We have to fix the plan for 2026 by the end of 2025. It is locked and loaded. So by the time we talk to you next, we will be able to tell you how many sales territories we are going after in 2026. I am sure it will be more than the 2025.

Over to you, Paul, on the margins.

Paul Edgecliffe-Johnson: Thanks, Andy. I will try and speak up, and hopefully, you can hear me a little more clearly.

Andy Ransom: That is good.

Paul Edgecliffe-Johnson: It is the same story, as I talked about at the prelims back in March and the interims in August. But as we look at the business and we look at what we had historically talked about is our integration savings. But we will take the 2024 cost base and after 2026, we will have been able to taken out $100 million of cost from that cost base. There will, of course, be inflation in the cost base, but that should give everybody a good indicator of where we take numbers will be on the cost side for 2027.

Then the margin piece getting to 20%, and that is our intention. Obviously, it does require growth in the business through this year onto next year and in 2027. But that is what we are targeting for the back in target site that is important, and we continue to see a clear line of sight to it. Nothing is ever done until it is done, but that is what we are shooting to.

Oliver Davies (Rothschild & Co): Hi guys morning. Just one for me. I guess, would you be able to give us an update on the Terminix integration? How the commercial branches integration has gone this year and then the plan for 2026 in terms of residential branches and also the changes to technician pay plans?

Andy Ransom: Thanks, Oliver. Yes, it is a fair question. We have not said an awful lot. It is a Q3 trading update. So we can't cover everything in detail. How would I describe it? Look, I am pleased with where we are. We have restarted commercial, as we said we would. We are focusing on the easier end of the spectrum. So we are focusing on commercial only branches, and we are focusing on those that need to go through a PestPac to PestPac conversion. So branches that are already on a version of the end design software PestPac. So easier to do.

We have got those underway. They have started well. No issues to report. So happy with that. We will continue with that into next year.

If we look back at the integrations done prior to the pause that we put in at the beginning of the year, what we saw was excellent delivery of the cost savings and the margin improvement. But we saw a less than satisfactory performance in lead flow and in customer retention. So, we put together a very detailed action plan to say, okay, what are the things that we need to do differently to make sure that future integrations have both the benefit of the cost out, but also, we do not see the impact on lead flow. And as you recall, the satellite strategy was in part in response to that issue, but also on customer retention.

We are still working through that plan. Some of that goes into systems and system redesign. Some of it goes into process. Some of it goes into change management. So, we are making, I would say, steady progress on the further integration, but this is a fence that we are not going to rush and we do not need to rush. It is one that we have got to get right.

What we are really focused on though. Paul has just talked about the overall cost out. Some of that cost will come from branch integration, but we found a lot of other opportunities as well, which is why we are confident we will get the $100 million, and we will get to the 20% margin.

But as you said in your question, Oliver, integration involves a lot of stuff, right? It is not just systems integration. It is not just branch and physical location. It is pay plan, it is branding, it is route optimisation. There is a lot of other things that go into that.

I am feeling pretty good on the other parts of integration. I think the pay plan discussions that I was in two weeks ago, Paul and I were in two weeks ago in New York, happy with how they are coming along and we will take a decision as to how we roll that out for 2026 quite shortly in the budget process. We have made some good progress on branding.

Look, it is a complex story. We are taking our time. We have restarted. We are satisfied with what we have seen on the restart of the commercial. The finer detail and exactly what it will look like in 2026, etc., that is still to be worked through, through the budget process. Again, we will give an update with the prelims.

James Rose (Barclays): Hi there morning, I have just got one, please. It is on reinvestment. I appreciate your high-level thought there. When would it make sense to increase spend in marketing and sales, for example?

Related to that, I mean, the 20% margin target you have got, I assume that assumes turn to volume growth at some point. Is that deliverable do you think, within the same envelope of marketing spend as it is now, or does it assume some expansion and some reinvestment over time?

Andy Ransom: Thanks, James. I mean, I will take that. And Paul, if you violently disagree with my answer or you have got a better one, pile in after me.

Look, I think it is an interesting question. Marketing in particular, I mean sales and marketing, but marketing in particular, is always a challenge to work out. I think Paul famously quoted the quote with the marketing spend, half of it is wasted. The problem is you never know which half. And that is marketing spend. It is notoriously difficult to work out, are you getting the returns on investment that you demand.

And we are getting much, much better at that. We are getting much better insight on where we are spending our money and what returns we are getting. We are getting better at data, and Paul has mentioned, we have hired a data specialist.

In terms of can we see where the dollars are going, can we see what we are getting for the dollars, can we see what sort of returns we are getting from different channels, not just digital, but other channels. We are getting better, and that is really, really good.

Therefore, implicit in that is if you get to the point that you are rock solid confident that an additional dollar above your plan invested in a particular channel or in particular approach is going to give you a really good return. We can debate, is it going to give you jobs, or is it going to give you contracts? Is it going to give you an in-year return, or is it going to give you a return over the lifetime of the contract?

But if you can see that additional dollar, then you have got choices to make. Would you invest more additional dollars to get more additional growth? And to be fair, look, we have not done the budget for next year. These are the sorts of questions that we will work through in a real environment with the team, let us look at all of the channels and how do we think much like we have just talked about in terms of the satellites and the door-to-door. We will be working through that.

As we sit here, there is not big bold assumptions around the $100 million that Paul has just talked us through and the post-2026 margin. Yes, that does require some growth. It requires growth. Whether it requires volume growth or just total growth? I am not sure. Frankly, it is sensitive to volume versus total growth.

It does require growth, but we are on a trajectory to get us there. Hence, I know there is a degree of - we will believe it when we see it, which is fine. But we have a plan to get to the margin, need some growth but not stratospheric growth.

I cannot give you an answer to, could you envisage spending more in marketing? The answer is if we can see demonstrable returns from the channels and we are getting much better at this, we absolutely reserve the right to do that. We will figure that out in the budget, but that should not detract from the ability to deliver the 20% margin target post '26.

Nicole Manion (UBS): Morning Andy, morning Paul. Two questions for me, please. They are follow-ups on some of the previous ones. So sorry if there is some familiar ground. Firstly, on the pay and retention side. Just based on your previous answer, Andy, is it fair to say that within the overall colleague retention number for North America, technician retention is also still going up? Are you still in the pilot or discussion phase for pay for most technicians? Or are there some cases where you have already made changes? I guess with some of the new joiners, perhaps that pay structure maybe reflects more of what it is you are intending to move towards for everyone, or is that not the case?

Then secondly, I appreciate you have touched about a bit on satellite branches. Maybe just one more specific question there. You have got obviously a decent sample size now from the past nine months or so. Can you comment on how you think they are working, maybe especially those that have been live for longer and just essentially whether you think they are meeting what your initial expectations of what you thought they could do were?

Andy Ransom: Thanks, Nicole. Yeah, absolutely. The first one on colleague retention. Yeah, we continue to see improvement in colleague retention in North America, in the United States pest control and particularly in the technician side. I was looking at the data yesterday, I do not know whether I should be celebrating this or not, but North America has now got off the bottom run in our internal ladder of colleague retention.

Sorry to say, but the Pacific region is on the bottom. Pacific hasn't got worse. North America has got better. It is no longer worst in Group, and I have been rubbing their noses in it for some time at the bottom of the pile. They are no longer bottom in the pile. That is really, really encouraging.

And I have said this many, many times. If you have got a business like ours and people are not turning up to work either because they are just not turning up to work or you have got horrible churn in the sales force or in the service force, it is a very difficult business to run. This is a necessary but not sufficient condition for growth and success.

I could not be happier that the retention rates have improved 11 quarters in a row. Almost, we are not at the Group average yet in the states, but we are not so far off it. Yes, it is coming through techs as well.

It is a very good point actually because to be honest, we have not rolled out the universal pay plans on either on sales or service yet. I cannot remember the precise figure, Nicole. I think it is about 10% of the total North American team is on the new plan or something like that. So it is not the new pay that is driving up retention. So it is a really interesting observation.

You are quite right. We have changed pay plans for all new joiners, for example, in sales, and we made some changes to the fixed versus variable, which has had an impact on sales colleagues. But the pay for service colleagues, we have not adjusted that yet.

So as per the answer to - I forgot whose question it was a little bit earlier - we will be locking our views on that in the budget season to adjust the pay plans. And it is possible that we might go back to integration. We might go faster on the pay plan in 2026. We were originally rolling out the new pay plan branch by branch, integration by integration. It is possible that we go faster on the sales pay plan, and we may go faster on the service pay plan, decision yet to be taken. But really, really pleased on what we are seeing in colleague retention across the board in the US.

On the satellites, yes. What we are seeing, just to remind people why we are doing the satellites. In the first 12 months post-acquisition, we shut down a lot of sites and we went to colocation of branches. In the first 12, 15 months or so, we did not really see much of an impact on our search performance in the areas where we have shut physical locations. But then we did. There was a lag on it and then we saw the drop.

In part, what we have been doing is putting some of the satellites, many of the satellites in areas where we used to have a physical location, where customers used to look for us. But rather than just put the satellites exactly where the old branch used to be, we have taken the opportunity to put those satellites in more affluent neighbourhoods.

It is a fact that our services are easier to sell to wealthier individuals if you are talking with the residential and termite business. Therefore, putting our physical markers, putting our pin locators, putting our small satellite branches in areas which are more affluent, makes it more likely that you are going to find the customers or they are going to find us that want to buy our services and are happy to pay our prices for the services that we provide.

That is what we have been doing. In the first few months of opening a satellite, you do not see an awful lot of activity because the big search engines do not recognise. If you do a search, pest control near me, for the first few months, maybe the quarter, maybe two quarters, it won't be picked up. It has to mature. It has to optimise. The way you optimise it is you have got to get customer reviews.

What we do is we allocate the customers from the mother branch, from the closest physical large branch. We allocate the logical customers that are in the vicinity of the satellite, say to the customer, your new branches, one, two, three High Street. It used to be somewhere else. Then we ask our technicians when they have happy customer experiences. We ask the customers, are you happy to give us a review?

Once you have got about 10 reviews, the big search engines will pick you up. When you do search for pest control near me, after a while, you will start getting hits on their web pages. So it does take a bit of time to mature. We thought it would and it has.

The lead flow that we are getting through on the satellite branches that we opened nine months ago is actually looking really good now. That gives us the confidence to say, "Well, the ones that we opened six months ago and three months ago will continue to mature and continue to improve, and the ones that we open in Q4 this year, and I am sure into Q1 and Q2 next year, will start delivering fruit at the back end of next year and into 2027."

That is how they work. They do work. They are working. They work well. But it is just one strand of an overall multi-faceted marketing, sales and operational strategy. And the work that is going in from the team into organic search generally is actually way more important than just the satellites.

The changes that the big search engines have made through AI and AI-generated search, that is having a profound impact. I am sure you all notice it as you search now and you get AI mode and you get all of the other changes that the answer to the question you search on the internet is now an AI-generated answer.

We have to optimise the content on our web pages to be content that is responsive to the same narrative that the AI engine is going to give you. The stuff that you put on your web page needs to change, and we have made really good improvements there and significant investments in bolstering our organic search.

For me, satellites are important. It addresses a particular issue that we caused ourselves, I suppose. But the broader search and organic search programme is actually more significant, more important. Thanks, Nicole.

Allen Wells (Jefferies): Hey good morning Andy. Just two quick ones for me. I apologise if I missed this in the comments earlier but could you just maybe comment a little bit about the shape of both the North American organic growth and the lead generation as you move through the quarter? I guess I was looking for like exit rates for Q3. You helpfully gave some lead generation numbers, which I think were up 6% and a bit in June. Just any comments on how that trend has carried on sequentially through the quarter?

Then the second question. Do we need to be mindful of anything on the higher growth in business services in US Pest, which is obviously slightly lower margin and the non-repeat of the Vector Control, which again, I am not sure if that is also slightly higher margin.

Anything we just need to be mindful of on the second half margins in North America from the impact from that? Or is it too small and would not really be noticeable?

Andy Ransom: Yes. Thanks, Allen. Morning. Yes, look, you will understand we are not going to be drawn into a month-by-month, blow-by-blow. We showed the progression in the interims really for one main reason. It wasn't so much the 6.6% improvement in June, although that was clearly a high point note that everyone picked up on obviously, what the real importance of that was, was to show that we were moving from a dark place of negative year-on-year lead flow all the way through the first quarter, and it improved and improved and improved.

And we finally broke through the line, if you like, in June into positive territory. So it was not so much focused on the 6.6%. It was focused on the fact that we have moved a negative into positive territory.

We were positive in each month throughout the third quarter. I am not going to give you a real commentary. August was not as good as September. August had one fewer trading day. September had one more trading day. Pick the bones out of that.

Let me just put it this way. We were pleased with the search performance in each month across the months. Of course, the thing that you have got to get also, which is difficult, you may not see in the data, Paul and I see the data every single day without exception. We see the daily data on lead flow across the United States business. Because to a degree, it depends well, how much money did you spend in August of last year or September of last year on paid search? What was the weather like on 15th August last year? Why is search volume up 10% and on the 12th, it is down 3%?

It is very, I am going to say, volatile. It moves about a lot based on other factors. I could tell you, but I would not really tell you much. I think the important point is the stuff that we are doing is having an effect. That is really the message we want to get across. This is not coincidental. This is not a weather phenomenon.

We are satisfied. We are pleased with what we are seeing on lead flow. But again, do not forget, it is now the off-season. It is into winter. So it depends what the winter looks like.

High growth business services. I mean, you are absolutely right to call that out, business services. Roughly half of business services is our product distribution business. Products distribution business is a 6, 7% margin business. It will take something like that. And it had a really powerful third quarter.

Please do not assume that the levels of organic growth that we have seen in the business services business in the third quarter will continue at those levels. I think businesses is going well, performing nicely. But one of my bosses used to say in business, it is pretty rare to throw 6 6's by, which he means it is quite unusual for everything to get right in a particular period.

Well, in the third quarter, I think we threw 6.6% in business services. All of the businesses there. We have got distribution, we have got our lake management, we have got our brand standards business, we have got Vector Control business, and we have got our Ambius plants business. They all performed well in the third quarter.

I do not think you can read that level of growth, please do not, into the fourth quarter. You are right to call out that the margins on distribution and some of the margins on Vector are lower than the average for North America. But that is all wrapped up in the comments we have made, which is, look, we expect to deliver full year 2025, in line with market expectations, and that is where we are.

Carl Raynsford (Berenberg): Morning Andy, morning Paul. Just two clarification questions from me, please. Firstly, apologies if this is basic. But I just wanted to understand your commentary around net gain a little better. So first is the improvement. Was that across North America, or were you just referring to the contracted portfolio?

Second, in my head, net gain suggests that you have won more than you have lost basically, which suggests positive volume, but as you say, the math suggests negative volume. So I am probably misunderstanding something there. So it would be helpful if you were able to clarify that calculation, if you could please.

Andy Ransom: No problem.

Carl Raynsford: The second question. I will do both at once, if that is okay. But just a clarification on the North American growth. You note jobbing was above 1.8% reported, so that implies contracts had to be below that. But you also say there has been sequential growth. Would you be able to clarify the Q1 and Q2 numbers for contracted growth so that I can contextualise that comment, please? From what I am aware of, you only gave -0.2% for H1. Any information on both of that would be very helpful.

Andy Ransom: Sure, Carl. I will try and I will probably fail to answer your Q1, Q2 question, just as a spoiler.

Look, net gain. Let me try to break it down for you very quickly. Again, we are only talking here all the questions this morning, and I get it, have been about North America or United States Pest Control, fine. That is what we are talking about. That is the kernel of what we are addressing here.

Roughly 75% of the revenues - revenues are not sales – revenues, come from the contract portfolio. On 1st January, we start with a book of business under contract. If nothing else changes, that is the revenue that we will generate from that book of business during the calendar year. But things do change.

So to get net gain or net loss, there are basically three things that happen in your portfolio. Number one is customer retention. If you keep more customers throughout the year by value as opposed to by volume, but if you keep more customers by value than you did in the prior year, you are going to improve the value of the contract base by that.

Going from 80% to close to 81% retention but with an ambition over the next few years to get to 85% is one of the ways in which we drive up the revenue coming from the portfolio. So the first thing you can do to improve your net gain, your contract portfolio, the revenue that is under contract is to improve your customer retention.

The second thing you can do is to give price increases, which we do on an annual basis, typically on the anniversary of the contract to those customers under contract. Those are two pluses, if you like.

If you can get retention out, that is a plus. If it goes down, that is a minus. Pricing, if you put price increases up, that is a plus. If you give price discounts to hold on to a contract to an earlier question, that is a negative.

Then the third leg of the stool is new business, and that is the critical bit and that is where lead flow comes into. That is about selling contracts. That is why the difference between net gain and revenue is quite an important one. We are in danger of entering a masterclass level of Pest Control now. But the example I gave earlier are around, if I sell a contract for $1,200 and I sell that in July, I will get six times $100 revenue in the second half of the year, and then I will get six times $100 revenue in the first half of the following year. But if I sell a job, I will get $1,200, if that is the equivalent example.

Net gain is how are we performing in the period. Is the body of business under contracts larger than it was the last time we looked at it? For me, as I have been running the business a long time, it is the key leading indicator that tells you whether you have got momentum in the business because if you can keep your retention moving up, if you can keep your price levels healthy, and then you can add more business than you lose, you have got to outsell your termination.

We measure the percentage of new contract sales as a percentage of the portfolio, it's a critical measure for us. If you outsell your terms, then you will get the business into net gain. If you get the business into net gain, that sets you up for next year, provided you can keep the momentum going in the portfolio.

I know we always talk about the concept, is a complex concept. It is not the same as revenue. Revenue is what the portfolio generates in a particular period. So all of the comments that I gave on that were about US Pest Control to be honest.

On a volume basis, we have still got a leak in the bucket. Price increases above the rate of inflation, organic growth of 1.8%. By definition, well, we have got a leak in the bucket in terms of overall revenue performance coming from Pest Control in the United States. But it is improving.

That is what I said earlier. Net gain always gets worse in Q4 and Q1 because it is the off-season. It is the quiet season. If we can improve our net gain performance in Q4 and Q1, that sets us up really well for an improved performance in Q2 and Q3 next year. But we have got to do it first.

Without really unpacking the numbers into another level of detail, I cannot really do more than that in this morning's call, but happy to try and answer offline.

Carl Raynsford: Very helpful. Just the other on the North American. I know you said you cannot answer Q1, Q2. So is the comment you are making really against the H1 number, the contracted side.

Andy Ransom: Yes, look, without going quarter-by-quarter and deep into the portfolio, and I do not have the numbers in my head, if I am honest. But we saw improvement in net gain.

The second quarter was better than the first. The third quarter was better than the second. Sorry, go on.

Carl Raynsford: I am referring to the jobbing versus contracted organic growth, 1.8%. I am just saying you are basically implying contracted was worse than 1.8%. But you mentioned that that was an acceleration, the sequential growth from Q2. That was sort of the second question just around that split really. The Q2 number presumably was lower than what I thought, to be honest, in that case.

Andy Ransom: I do not know, Carl. I do not know what you thought, so I cannot answer that. But I probably have done as much damage to your question as I possibly can.

Carl Raynsford: No, I will take it offline with you. I appreciate that. Thank you for the insight.

Andy Ransom: Cheers Carl. Did we have any questions online that we need to pick up?

Operator: We have a question from the webcast from Jane. Following the big increase in the legacy termite provision in the first half was in large part driven by a step-up in cost per claim. Can you provide any insight into trends in cost per claim during Q3?

Andy Ransom: I am going to keep that one really simple. No. We tend to do balance sheet items at the half year, and we will pick that up with the prelims. Were there any other questions online?

Paul Edgecliffe-Johnson: No, Andy, there are not. We are all good online.

Andy Ransom: My final closing comments. Thank you very much for attending today. Thank you for your questions. Thank you for your interest in the company, as always. We look forward to hopefully making progress in the fourth quarter and updating you on that with the prelims early next year. Thanks very much, everyone.