

Rentokil Initial plc 2024 Annual General Meeting

Wednesday, 8th May 2024

Introduction

Richard Solomons

Chairman, Rentokil Initial plc

Welcome

Good morning, and thank you all for joining Rentokil Initial's 2024 Annual General Meeting; we appreciate your continued support. The meeting today is being recorded so that shareholders and other stakeholders who cannot be present can view it on the Company's website in due course.

My name is Richard Solomons, and I'm the Chair of the Board of Rentokil Initial. It has just gone 11.30am and as we have a quorum, I now declare the meeting open.

Before we start, I should just note that there is no planned fire alarm test in the building today so if the fire alarm goes off, all attendees should exit the auditorium by the door at the back right of this room, where you will see fire exit signs in order to exit the building safely to the rear car park.

Board Members

Alongside me today are other members of the Board: Andy Ransom, our Chief Executive; Stuart Ingall-Tombs, our Chief Financial Officer; Sally Johnson, our Audit Committee Chair; and Cathy Turner, our Remuneration Committee Chair. Our General Counsel and Company Secretary, Rachel Canham, is also here today.

2023 Overview

Turning to last year's operational performance, I will make a few comments and then we will hear from Andy.

With the support of our colleagues worldwide and the leadership of a highly experienced management team, despite the continuing macro-economic headwinds, the Group has again been able to deliver:

- Revenue growth of almost 46 per cent to 5.4 billion pounds, of which organic growth was 4.9 per cent;
- Adjusted Operating Profit growth of 57 per cent to 897 million pounds; and
- We delivered a Group Margin of 16.6 per cent – which was an increase of 120 basis points.

A key area of the Board's attention during the year has been the integration of Terminix, and, as Andy will outline in a moment, the Group has made strong progress, with the combination continuing to create significant value opportunities.

Having considered the operational and financial performance of the business in 2023, the Board is recommending a final dividend of 5.93 pence per share – a 15% increase on 2022.

The Board has confidence in management's plans for maintaining the Group's performance and underlying trading momentum in 2024, and we are closely monitoring the RIGHT WAY 2 plan to reinvigorate organic growth in North America.

You will now hear from Andy on our performance during the last year and we will then take any questions, before concluding with the formal business of the meeting. Andy.

2023 Review and Q1 2024 (Global Leaders in Pest Control and Hygiene & Wellbeing Services)

Andy Ransom

Chief Executive, Rentokil Initial plc

Agenda

Thank you, Richard. Good morning everyone – and please let me add my welcome to that of the Chair.

Over the next few minutes, I will update you:

- Firstly, on the performance of our global categories of Pest Control and Hygiene and Wellbeing;
- I'll then say a few words on M&A - with the very encouraging progress we are making with our bolt-on acquisition programme - before focusing on our RIGHT WAY 2 Growth Plan for North America and the integration of Terminix;
- I will conclude with our focus on delivering long term shareholder value and a summary of the trading highlights from the First Quarter of this year.

So, starting then with Pest Control...

Pest Control

The global pest control market remains very healthy with independent market analysts forecasting growth of around 5 to 6 per cent per annum, through to 2028, which, given our global footprint in around 90 countries, we are ideally positioned to exploit.

Indeed, our focus here has delivered revenue and profit CAGRs of over 20 per cent since 2015, and, in 2023, our global pest control business continued its growth journey to around 4.3 billion pounds of revenue, with organic growth of 4.5 per cent, and we delivered margin expansion of 70 basis points.

Hygiene and Wellbeing

Moving onto Pest Control's sister category of Hygiene and Wellbeing. Here, since 2015, this business has delivered revenue and profit CAGRs of 6.5 and 8.1 per cent, respectively, and in 2023, the business delivered revenue growth of 7.8 per cent, of which 4.8 per cent was organic; profit grew by 4.1 per cent and full year margins were 18.4 per cent.

Turning to our bolt-on M&A programme...

M&A

We delivered 41 acquisitions in 2023 with combined annualised revenues of 106 million pounds. Our M&A programme continues to perform well, at or above our required hurdle rates. We have a good pipeline in place for 2024, and our current view of M&A spend this year is around 250 million pounds.

So – a good overall performance – and let’s now focus on North America.

RIGHT WAY 2 ORGANIC GROWTH PLAN

Our second half Organic Revenue performance in North America was below our expectations at 2 per cent and at 3.5 per cent for the full year.

At the heart of this, was a reduction of in-bound sales leads, contributed to by a range of factors, including the performance of our own digital marketing channels, the impact of our ongoing integration activities, increasing spend by a number of competitors and a softer consumer market.

Having analysed our organic growth performance in the second half, we created a detailed plan and put in place a very talented and experienced sales and marketing leadership team, ahead of this year’s pest season.

We’re calling this our RIGHT WAY 2 Growth Plan and it aims to enhance our performance across all aspects of organic growth in North America - from both new and existing customers, and, in particular, to increase our inbound lead flow.

We are investing for growth, with around 25 million dollars being put to work to support our growth ambitions, with investments into the team, sales leads from technicians and into our digital channels. This also includes our first advertising campaign to exploit Terminix’s position, as the most recognised pest control brand in the US.

Whilst we have a very clear action plan, and we are beginning to execute it, it will take some time to get the business to the levels of organic growth which we expect. As such, we are expecting Organic Growth in North America to be between 2 and 4 per cent in 2024 – and, as at the end of the first quarter, we remain confident in delivering on our guidance.

Integration: Synergy Delivery Ahead of 2023 Target

Touching very briefly on the excellent progress we are making on the integration:

- We have now completed Phase One, and exceeded our 2023 synergy target by 9 million dollars;
- Our branch co-locations are going well with around 100 fewer branch properties, and with a further 75 or so to be exited in 2024; and
- As we announced at the Prelims, we have increased our gross synergy target by 50 million dollars to around 325 million dollars; we will invest 25 million of that into sales and marketing; and which results in our total net synergy target increasing from 200 million dollars to around 225 million dollars. We are also extending the branch integration phase into 2026, to derisk the programme and to deliver these greater synergies.

As a reminder - our original plan was to deliver net cost synergies of 150 million dollars by the end of 2025; our latest plan takes us to 187 million dollars by that point, and then onto the 225 million by the end of 2026.

So – a good overall performance in 2023, a plan in place to reinvigorate organic growth in North America, and an increase in our gross synergy target of 50 million dollars.

Turning now to Q1...

Q1 SUMMARY

In the first three months of this year, Revenue increased by 4.9 per cent of which 3.1 per cent was organic revenue growth.

In North America, we have started to execute our RIGHT WAY 2 Growth Plan and we are beginning to see the first signs of a positive impact and a stabilised performance.

This encouraging start to 2024, combined with further progress in our M&A programme with 8 acquisitions in the first quarter, means we are well positioned for the remainder of the year.

Creating shareholder value - RTO performance versus FTSE100 over ten years

Finally, before I hand it back to Richard, turning now to shareholder value – and as you can see from the chart, our share price performance over the last ten years has increased by around 240 per cent – substantially ahead of the FTSE 100.

Creating shareholder value - RTO ten-year dividend CAGR of 14.2%

While our progressive dividend policy has delivered a compound annual growth rate of 14.2 per cent over the same ten-year period, and, overall, we have delivered a Total Shareholder Return of 287 per cent.

And so, ladies and gentlemen, a strong year for Rentokil Initial and with exciting opportunities ahead of us.

I will now hand back to Richard to continue with the formal business of the meeting.

Thank you.

Formal Business

Richard Solomons

Chairman, Rentokil Initial plc

Notice of Meeting

Thank you, Andy. Shortly, shareholders will have the opportunity to ask questions of the Board. Voting on all resolutions will open ahead of the Q&A session and will remain open until the meeting closes.

I'll now move on to the formal business of the meeting. I refer you to the notice convening this Annual General Meeting which was made available to shareholders on 27 March 2024, and contains the formal meeting resolutions and the associated explanatory notes. The required notice of the meeting has been given. I propose, with your consent, that the notice of meeting should be taken as read. Thank you.

Poll Procedure

In accordance with the Company's articles of association, voting today will be by way of a poll on each of the resolutions. This is best practice as it gives all shareholders the opportunity to participate in the decision-making of the Company and have their votes recorded in proportion to the number of shares they hold. Our registrar, Equiniti, will count the votes at the end of the meeting.

The Board considers that the resolutions are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of the resolutions as they intend to in respect of their own shareholdings.

Voting on Resolutions

Shareholders joining virtually can vote electronically, and the voting options will appear on your screen shortly once the poll is opened. Please press the option corresponding with the way you wish to vote for each resolution.

Once you have selected your choice, you will see a message confirming that your vote has been received and how you voted. If you wish to cancel your 'live' vote, please press cancel. The last option selected prior to the vote closing will be accepted by the system. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the votes for or against a resolution.

For those joining us in person today, you should have been given a poll card when you registered this morning.

If you don't have a poll card, please raise your hand now so we can provide you with one.

Many shareholders have already sent in a proxy appointing me to vote on their behalf. I will vote as they have instructed me.

If you have already submitted your votes by proxy, you do not need to vote again today unless you wish to change your previous instruction.

Resolutions

I propose that each of the resolutions set out in the Notice of Meeting and listed on the screen is put to the meeting as a separate resolution and I declare the poll open. A majority of not less than 75% of the shares voted is required to pass a special resolution, which applies to resolutions 18 to 21. For the other resolutions a simple majority of the shares voted is required.

The poll will remain open for the duration of this meeting.

Q&A

Richard Solomons: At this meeting, shareholders, corporate representatives and proxies have the right to speak and have their questions answered. If you are joining us electronically you can submit your question by clicking on the messaging icon. Please type your question and click submit.

If anyone joining electronically would like to ask a question verbally, you can press the 'Request to speak' button and follow the on-screen instructions to join the queue to ask your question in person.

If anyone attending in person would like to ask a question verbally, please raise your hand and then give your name before asking your question.

I would now like to invite questions in respect of all resolutions. I will start with the questions we received in advance of the meeting. We will then take questions in the room before taking any questions from shareholders who are joining electronically.

Rachel Canham: The following questions were received from a shareholder, James Wright, in advance of the meeting.

Two white tailed eagles involved in a project to reintroduce the species to England have recently died as a result of ingesting poisoned rats. There is nothing to suggest involvement by Rentokil operatives, but it is a concern. Is there on the horizon any new generation technology alternative to poison for controlling rodents? Does the company have any view on contraceptive chemicals that are being trialled in grey squirrels in the UK and rats in the USA? And finally, does the company have any formal or informal relationship or partnership with the RSPB or any of the County Wildlife Trusts?

Andy Ransom: Yes, it was a very good question. I think the actual case involving the two Eagles as is our understanding was that they may have actually been poisoned not from rat poison but from some other chemicals, some insecticides, which if that's the case, it's even more surprising. But we take the protection of non-target species such as precious birds incredibly seriously. We are very focused on trying to ensure that when we use rodenticides in our business, we use only the minimum quantities when required and we use devices which are designed to protect non-target species. But there is clearly some risk that on occasion non-target species are affected. Which brings the first part of the question I think really to the fore, which is are we working on new innovations, new technologies which have alternatives to poisons for controlling rodents? And the answer is we are working on those solutions. We have about 75 innovations ongoing at the moment in our innovation centre. Every single one of those innovations has a sustainability claim. Some of those are non-toxic, non-use of toxic chemicals and specifically for rodent control, we are working on what I would say is an incredibly exciting innovation. It's not ready to talk about publicly yet, it's not ready for prime time, but it's one of the exciting projects that we're working on in our innovation centre, so more to come on new generation technologies. We have looked (and I'll answer the second part of the question), at contraceptive chemicals that are being used in some parts of the world. From my memory, I believe I'm right in saying that contraceptive chemicals were used to try and control the pigeons in Trafalgar Square. So, I think there is some evidence that these chemicals can work. Our experience when we've piloted these and trialled these has not been conclusive, as not being terribly positive in our field trials, it's very difficult to get the dosage right. It's very difficult to get the frequency right. It's very difficult to get the coverage right and as with humans, if you're not getting the right level of contraceptive chemicals, then the chemicals are not doing their job. So, we will keep it under review. We've not found the perfect solution with those alternatives, but there are a number of companies that are doing more work there. Do we as a company have any relationships with the Royal Society for the Protection of Birds or similar? No, we don't have any formal relationships. We have plenty of informal relationships and I'd say in this country we are the go-to pest controller when RSPB has issues that they want to share with us and get our advice and input. But as I said right at the beginning, we take the protection of non-target species very seriously. Actually, in the annual report you'll see an interesting initiative that we are engaged in, in New Zealand. New Zealand as a as a nation is trying to make their islands predator free by 2050, which is an

incredibly ambitious programme. They are trying to protect endangered species from predators such as rodents and we're working on that project and anything we learn from projects like that we would look to see if we can use in other parts of the world. I thank you for the question. We take it very seriously. We are innovating for the future, and we have strong relationships with those bodies that are designed to look after the non-target species as I mentioned. Thank you.

Richard Solomons: Any questions in the room? Are there any questions via telephone? No. Ok, well we have a few questions electronically submitted as we're live, so do you want to put those up Rachel?

Rachel Canham: Yes, the first question is from Mr Anthony Lee. The acquisition of Terminix is a big deal. The market got spooked by a less optimistic forecast of American growth. But it is true that Rollins, one of your competitors has not seen such problems. What is the problem with Terminix?

Richard Solomons: Do you want to read the second one and Andy can maybe pick up both of these?

Rachel Canham: The next is: Terminix income is seemingly geared to the US housing market, which had a period of uncertainty. Did you buy at the wrong time?

Andy Ransom: Thanks. Well, I'm sure everyone's familiar with the Terminix acquisition. For me this is an incredibly exciting acquisition and an absolute game changing acquisition. 50% approximately of the world's pest control takes place in the United States of America. That's an incredible statistic. Half of the world's pest control takes place in the US and so for us, this transaction brings us a number one position in that market, number one in residential pest control, number one in termite pest control, number one in SME commercial and number one in big ticket commercial, so it makes us the leader in the biggest market in the world. So strategically very, very important. As I covered in my remarks earlier, we did see a slowing of growth. We have seen a slowing of growth and that is something that, to use the phrase from Mr Lee, "spooked the market". The market would have preferred not to see that. I would have preferred not to see that. My board colleagues would have preferred not to see that, but we have seen that slowing. The prime cause is the reduction of inbound leads. So, we get our new business, we get our incremental revenue from two sources: either from existing customers, which has been pretty good; or new customers where we find them on the internet and that is where to the second part of the question, we do see the greater exposure to maybe not the housing market so much as the residential consumer. So that's been our focus, that's what the RIGHT WAY 2 Growth Plan is all about. That's our focus on driving up inbound leads, selling those leads at a higher rate, installing those leads in the business and that's the critical nature of that plan. Other competitors are not engaged in big integrations as we are. They don't have IT re-platforming to do as we do. They don't have rebranding to do as we do. They don't have to integrate the pay plans of nearly 22,000 people as we do. And as I mentioned that integration programme clearly has had some impact on our on our growth over the period, but we're on it. We've got an exciting plan. We've got a top team appointed. We're gearing up for the season. We're beginning to see the impact of the RIGHT WAY 2 Growth Plan. I'm absolutely delighted with the acquisition, strategically the right acquisition. And I would say at the right time, you don't typically always get to choose when the acquisitions are available and the price at which they're available. But I think this will turn

out to be a fantastic deal for Rentokil Initial shareholders. But as I said in my remarks, we might have to be a little patient, to see all the fruits of the labours that are going into that programme to come through over the next couple of years. Thanks, Rachel.

Rachel Canham: The next questions online is also from Anthony Lee. Your debt is not well covered by operating cash flow. Is that a problem?

Stuart Ingall-Tombs: If we can go back to when we completed the Terminix deal, what we said was that by the end of 2024, our net debt to EBITDA would be less than three times, the critical metric for us. Our medium-term target was for our net debt to EBITDA to be between 2 and 2.5 times. At the end of 2023, on net debt to EBITDA was actually 2.8 times. We beat that target that we set by 12 months. And actually, if you exclude the Terminix cost to achieve, the metric was about 2.56 I think. So pretty close actually to our medium-term target and well ahead of the targets that we set at the time of the Terminix deal. We think that deleveraging in 2024 will be very modest as we go through the integration process with Terminix, but pretty confident that through 2025 and 2026 deleveraging will accelerate towards and indeed probably beyond our 2 to 2.5 times target range.

Richard Solomons: One last question I think, Rachel.

Rachel Canham: Yes, there's a final question online also from Mr Anthony Lee. As a result of the Terminix acquisition, Rentokil is now a major player in the US. Is there a danger that you may be tempted to transfer your listing to the New York Stock Exchange rather than London?

Richard Solomons: Thank you, Mr Lee. It's a very topical question. There's a number of companies very recently or a small number of companies have made that change or talked about it. We do have a secondary listing in the US already. We have a large number of US shareholders already. And I think as Andy pointed out, our focus is on driving the business forward, both the rest of the world but also in North America. And that does not require us to have a listing over there. So, we're just focused on driving the business. Thank you very much. There appear to be no further questions. We shall continue with the meeting. Thank you. We do appreciate the questions, I think they are all well targeted and it's great to hear from our shareholders.

Closing Remarks

Richard Solomons

Chairman, Rentokil Initial plc

Voting

For any shareholder who has not yet voted, please do so now. For those attending in person, please now fill in your poll cards and check you voted on all the resolutions. You printed your name or the name of the shareholder you're representing and have signed your poll card. As you leave the meeting, please place your completed poll cards in the ballot box at the exit to the room. The poll will close when the meeting ends shortly. The results of today's voting will be announced through a Regulatory News Service announcement and on our corporate website as soon as possible.

Meeting Closes

Thank you for attending today's meeting and giving us your continued support. There being no further business, I declare the meeting closed. Those joining the meeting in person today are welcome to join me and other board members for tea and coffee.

[END OF TRANSCRIPT]