

RENTOKIL INITIAL PLC (RTO) - THIRD QUARTER TRADING UPDATE

18 October 2018

(£m)	Q3 2018	Growth	
	AER	AER	CER
Ongoing Revenue ¹	637.4	10.2%	11.8%
Revenue	641.1	6.3%	8.2%

Overview (CER)

Ongoing Revenue increased by 11.8% in Q3, of which 4.1% was Organic Revenue² growth (H1 2018: 3.0%, Q3 2017: 3.7%) and 7.7% was from acquisitions. Adjusting for the impact of Hurricane Irma on our operations in Puerto Rico in September 2017, Group Organic growth was 4.4%.

Pest Control grew by 11.4% (5.3% Organic and 5.7% adjusting for Puerto Rico), with good performances being delivered across both Growth and Emerging markets. The business enjoyed favourable weather conditions across Europe and the UK which has supported stronger jobbing revenues. North America grew Ongoing Revenue by 12.1% (4.6% Organic and 5.3% adjusting for Puerto Rico).

Hygiene revenues increased by 22.0% (2.8% Organic) reflecting continued progress from initiatives to drive Organic growth and the contribution from the acquisitions of Cannon Hygiene Services and CWS Italy. Ongoing Revenue in our Protect & Enhance markets grew by 0.7% (0.7% Organic) reflecting improvements in France Workwear and Ambius. Ongoing market weakness continued to impact the performance of our UK Property Care business in the third quarter, albeit this was at an improved rate of decline compared to H1.

M&A

We acquired 16 businesses (14 in Pest Control, one in Hygiene and one in Ambius) across all our regions in Q3 with annualised revenues of £39.0m. For the year to 30 September 2018 we have acquired a total of 39 businesses (34 in Pest Control, four in Hygiene and one in Ambius) primarily in Emerging and Growth markets. Annualised revenues of the businesses acquired so far in 2018 totalled £156.3m in the year prior to purchase. Our M&A pipeline going into Q4 and 2019 remains strong.

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

"I am pleased with the performance of the group in the third quarter. We continue to successfully deploy our market-leading innovations and digital applications to our customers and to execute our value-creating M&A programme, and we remain on track to meet expectations for the full year."

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

²Organic Revenue represents the growth in Ongoing Revenue excluding the effect of businesses acquired during the year. Acquired businesses are included in organic measures in the year following acquisition, and the comparative period is adjusted to include an estimated full year performance for growth calculations.

AER – actual exchange rates; CER – constant 2016 exchange rates

This announcement contains statements that are, or may be, forward-looking regarding the Group's financial position and results, business strategy, plans and objectives. Such statements involve risk and uncertainty because they relate to future events and circumstances and there are accordingly a number of factors which might cause actual results and performance to differ materially from those expressed or implied by such statements. Forward-looking statements speak only as of the date they are made and no representation or warranty, whether expressed or implied, is given in relation to them, including as to their completeness or accuracy or the basis on which they were prepared. Other than in accordance with the Company's legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules), the Company does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Information contained in this announcement relating to the Company or its share price, or the yield on its shares, should not be relied upon as an indicator of future performance. Nothing in this announcement should be construed as a profit forecast.