Bernstein Strategic Decisions conference

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WK: Good afternoon, everyone. Welcome to Bernstein's SDC. I'm very happy to have Paul Edgecliffe-Johnson here, the CFO of Rentokil. He's been in the role for 18 months now.

I'll sort of – I've got some questions here. We'll sort of run through a bit of a structure. I'll obviously get to the question about Q3 trading later on, but there's a bit of stuff around industry, company, strategy, and all that kind of good stuff beforehand.

You're welcome to use the QR code and to drop questions into Pigeonhole, and then they will pop up here on my iPad.

Okay. So, let's get started.

North America, 60% of the business, but dominates probably 100% of the conversations. Can you give us a run-through of sort of the mid-single digit growth, the sort of structural growth we've seen historically, and the outlook and what are the drivers around that?

PEJ: So, there has over an extended period of time been structural growth in the North American pest control market. And obviously, it's a combination of price and volume. Customers are actually very price insensitive once they're in our network, and that continues over a long period of time. Pest control is a little bit like insurance. So, once you've got a contract, it's quite painful to swap out of it. So, you just need to make sure you don't create any friction points.

On the volume side then, as people become wealthier, have nicer homes, then they want the insurance of pest control. We also see a demographic change as people are less likely to do things for themselves than previous generations. So, pest control can be quite technical and messy, and people don't want to have to deal with this.

Growing urbanization. As more people move into cities, then there are more pests in the cities, and they can create more issues in an urban environment. So, that has also been a driver of greater demand.

Climate change, both in terms of actual temperature but also in terms of length of season. The length of the warm season is also a driver of people deciding that they need pest control. And that has actually driven a great proliferation of different sorts of pests, actually in North America and around the world, and bringing in different viruses which are actually quite difficult to contain. So, on both the commercial and the residential side, that's driven greater need for pest control.

So, there's a lot of structural opportunities for us to take advantage in an industry that continues to grow, and it's a very fragmented industry, outside of Rollins, who are our big competitor, and ourselves.

WK: So, I think if we feed into Rollins – so, the PCT, Pest Control Technology, puts together their top 100; I think you guys and most companies feed in their data to help them do that – I think Rollins is just about number one and Rentokil, combined with Terminix, number two. Can you talk a bit about sort of market structure, competitive dynamics, go-to-market?

PEJ: Sure. So, I mean, in every industry – it's a very local market, pest control. You don't really win or lose on a national basis. There are some customers from a commercial perspective that we do serve nationally. So, if you, for example, win the Walmart account, that might be across the whole of states, or it might be you're servicing a chain of hospitals but nationally. But most of the business is local.

And in any local MSA in North America, there's going to be lots of different pest control companies that you could choose, whether you're thinking as a residential homeowner or as an operator of a small business. So, it's competitive everywhere.

It's a pretty sensible competitive environment though. It's not like UK grocery, where if Tesco takes some share, then Sainsbury's has lost share or whatever. The industry continues to grow. There's not practices being deployed to try and steal each other's customers. Everybody coexists.

But there are always lots of options, and we tend to run a national brand. So, we'll have Terminix or Rentokil, and then you'll also have local brand options, which are brands that have grown up in those locations. So, your Western Exterminator, that's more on the West Coast. And that feels more like a local, regional brand than the bulge bracket, Terminix brand, which is very well known across the U.S.

WK: Let's just quickly hop overseas and maybe quickly touch on the rest of the group – so, the 40% that sits internationally – biased towards pest control versus hygiene and well-being. But perhaps if you could just sort of briefly touch on the dynamics there. I think there's some great businesses, particularly in the UK.

PEJ: So, Rentokil started in the UK more than 100 years ago and started actually treating the timbers in the House of Commons and grew out from that. We've got a very long heritage in the UK. And our UK business has been run by the same leadership team for a long period of time. It sort of thinks of itself and operates a bit like sort of Stella Artois, that reassuringly expensive way of going to market. There will be lots of cheaper ways to get pest control in the UK, but there's a lot of good reasons to use Rentokil.

And we have very high retention rates. We charge a premium price, deliver a premium service. It's all commercial pest control. We do have some residential business. It tends to be more for those very few oligarchs left in the UK who haven't decided to go to Greece or somewhere else for tax advantages. So, that business is smaller than it used to be.

But really, it's focused on commercial and runs high levels of growth. And that's one of the things that particularly encourages me, that although the UK economy is not exactly doing particularly well, we are able to grow year on year our pest control business there high single digits. Winning customers, putting through price increases.

A lot of this is about how we grow our business. So, our technicians are incented and trained that if they go to site, that they have to, after that visit, log a certain number of leads, which is as they walk around their site, with the site supervisor, if it's Tesco or the Royal Lancaster Hotel, they will need to say, "Hmm, there's a problem here, here, here and here," and log at least those with the – and then follow up with the cost of remediating it. Because if you choose not to remediate it and you have a pest issue afterwards, well, that's down to you as the site supervisor. But there are always opportunities to do more jobs and those jobs can be quite lucrative.

So, you win the customer, and then you do more as you add on jobs. And that allows us to grow both through volume, through price, and then through incremental add-on opportunities through the year.

So, that's the UK business. And I'd say that that is our blue ribbon, top-class pest control business.

We have operations in 90 countries around the world, and that's either pest or pest and hygiene or, some places, probably just hygiene. We make 93% of our operating profit in the top twenty. So, we have a lot of small operations that have been built up over time through acquisition.

We have good businesses of scale in France, in Germany, in Italy, in Switzerland. Think about the European markets. A number of countries in Asia; so, Thailand, Vietnam. And then down in Australia, we've got strong businesses as well.

So, we do try to focus on the larger economies, because this is where the biggest opportunity is. We've got a very large business in India, which has been fast growth, and that is actually more residentially orientated, which is unusual for us.

So, lots of opportunities to continue to grow.

If I look at the second quarter pest control growth, it was sort of 5.5%, or so, across all those businesses, with a range of outcomes. So, UK, around the top.

In the hygiene business, which is mainly washrooms – so, having contracts to go into offices or other facilities, hotels, et cetera, and manage the washrooms – that is a more capital-intensive business because the dryers, the mats, and everything else you see in those washrooms are our expenditures. They belong to us. They're effectively leased to customers.

And it's a less branded business. So, opportunities to drive a price premium to be the Stella Artois there is less. But we have some very strong positions around the world in that industry.

WK: Perfect. And just then before we get into some of the more recent developments, I thought it'd be good to maybe just touch on margins. I think you've got quite a strong track record in delivery on cost efficiencies. Essentially, you've brought those to Rentokil, good progress at the first half. So, what do you see as the most important areas that drive margin within this company?

PEJ: So, I mean, I've been a public company CFO for 15 years now, and there's always opportunities to reduce cost in a business. The extent of it depends on where you're starting from. So, in my old world, I was the CFO at IHG for ten years, and I moved that from being largely an onshore-delivered back office to an offshore-delivered back office. I drove a lot of procurement, a lot better understanding of what drove costs in the business so people really understood the impact of decisions that they were making around, for example, technology.

Rentokil is very much an onshore company. So, in each of our markets they will currently have an HR solution, a legal solution, a finance solution, a sales admin solution. And those people will all sit supporting their local markets.

So, in North America, for example, we have hundreds – we had, when I joined, hundreds of accounts receivable clerks working from home in North America. Same with accounts payable. Same with customer support. Same with sales support, et cetera. That is quite an expensive way of doing business. So, we have been addressing that over the last 18 months, and we've moved some thousands of jobs to lower labor cost locations and also improved the effectiveness of what we're doing.

So, it's that opportunity to stand back and see what are we actually trying to achieve, what services does the business need, and where best do we source those services from, whether it's insourced or outsourced, and what's most critical.

In combination of that, we've been driving better procurement. So, in our washrooms business, thinking, well, we actually only need one type of paper towel rather than 250 different SKUs there, which drives more complexity. So, looking at standards disciplines there and applying those broadly across a large business operating in lots of different markets, with lots of different services to customers, allows us to drive up margins. Because clearly, that's a big opportunity for this group.

We have said that we can take at least $100 million of cost out of our North American business by the end of 2027, and that's a combination of the offshoring I've talked about, outsourcing, and also looking at things like technology spend. We spend a lot of money on technology, because we try to optimize our technological solutions across all the different markets that we operate in. As we go forward, we'll think about whether it's possible to have one solution that is then just deployed more broadly.

WK: So, margin is definitely important, but most of the sort of investor conversations focus on growth. So, if we think about now – this is slightly unfair, given that you weren't in the business in 2021, I think, when Terminix was announced; in 2022, when it completed; and then the revisions, negative revisions, to growth happened from about '23 – but if you could perhaps talk about that business coming in, some of the maybe strategic missteps around that with the benefit of hindsight, and then how the board is looking at the new strategy and turning that around.

PEJ: So, I mean, hindsight is a wonderful thing. Hindsight is 20/20. It's easy to sort of look at something and say, "Well, why was it done that way?" If you think about what Rentokil was in North America prior to the acquisition of Terminix, it was a roll-up of lots of different acquisitions that had been bought maybe over a ten-year period before to get to a true scale position in the North American pest control market.

And the North American pest control market is by far the most attractive market to be in around the world. It grows rapidly, duopolistic, and there's only a small penetration of pest control still into the broader population of households. So, still a very long runway of growth. So, it is very rational to say you would want to be in North America to the greatest possible extent.

The only thing to buy is Terminix. Managed to buy Terminix. Terminix had been owned by private equity, had been listed, had had a lot of different CEOs over previous 10, 15 years. But if you go back in time, it had a fantastic reputation, has almost 100% brand recognition in the market, and very high propensity to trial. So, it was very well accepted by its customer base. So, it's a good starting point.

With an existing business which is more commercially focused and then a residential business that's being bolted on to that, there were a lot of changes that had to be effected. And the focus there that was, first of all, attempted was probably more around driving costs out of the business. So, looking into a North American location and saying, well, there's some historic Rentokil branches here, and now there's a Terminix branch. So, we should amalgamate that and have one uber branch which will serve the whole area. And that allows us to remap technicians' routes to allow them to be more effective.

Technician route effectiveness is very important to the cost base. If you can make a technician's route during the day more linear so they're not having to go 40 minutes off to a customer, 40 minutes off to another customer, et cetera, then you can get far greater effectiveness out of the cost of that technician's day.

So, all very rational in terms of driving the business more effectively.

But the problem was as that started to be implemented, it caused a number of ripples in how the business actually worked.

Under the Google Search algorithm, how people will find us as a possible provider of their pest control is typically "pest control near me." So, that's the standard search term. If you used to have five branches which would be close to people and you move down to one branch and that branch is new, that branch, from being new, doesn't score so well on the Google Search algorithm. And you've got one point of presence; so, you are not closer to customers that you want to be close to anymore.

So, in 2024, after a number of these branch amalgamations have been effected, we saw a very significant deterioration in leads. So, that was one component.

A second component was that we changed under the strategy that was being implemented there in our systems. So, Terminix used to exist on one IT platform, and we moved them onto the Rentokil platform. That was a very difficult transition for technicians who had always worked in one environment. And as we changed technicians for customers, the customers didn't like that friction.

So, in combination, that strategy didn't serve us well.

When I started at the beginning of 2025, we commenced with what we called strategic pivots. So, to move away from the branch amalgamation strategy and just say we'll keep the branches and actually to add more branches in. So, we've added a number of very small low-cost branches, which gives us now 800 branches across the U.S., which is very similar to what Rollins, our big competitor, have.

We decided to coexist with two IT stacks; so, the Mission and the PestPac stack. And so, we haven't had to have that that friction point.

And although we do seek to create as much effectiveness in technician routes as we can, the pain of losing customers when we changed it wasn't sufficient. So, we have moved away from that target, in conjunction with which we've been investing more into some of our smaller brands as local brands, rather than focusing on our large national brands of Terminix and Rentokil.

And those have all driven higher levels of performance, particularly in our residential business. So, I would say that that those have all been successful and have driven us closer than we were at the start of 2025 to our first target, if you like, of achieving market-level growth.

WK: So, if we think about the interims, there were some sort of tweaks to strategy and some updates there. Before we get into that, the sort of pillars of growth, I suppose, that have been spoken about – customer retention, leads, conversion from leads, pricing, these new small and regional stores – can you give a bit more detail about those as building blocks, how they contribute, any steers on time frame, et cetera, to get back to growing back into the growth rate you should be at?

PEJ: Sure. So, in terms of how do we grow sustainably at 5%-plus, a component of that is pricing. As I said earlier, our customers are relatively price insensitive. So, we are able to do inflation-plus pricing.

Our retention is running sort of around 80-odd percent. So, that is quite a lot of customers that every year we have to replace just to hold to a static volume level. And we are currently in negative volumes. So, we're doing better than inflation on price, but we're probably losing customer count.

So, we need to replace a lot of customers every year, and that means we have to generate a lot of leads into our sales funnel, and then we have to be as effective as we can be in converting those potential leads into new customers and then in starting the work at the customer's premises. And then in any year, you only recognize a proportion of the annual contract. So, you have to do it as early in the year as possible. And there is a while before the portfolio builds up and starts to fully deliver us the sales growth from any additional customers being added.

So, the key for us from where we are today is adding more customers in – pricing is pretty good – and in holding on to the customers that we have. So, we've been making progress in driving up our retention rate, but there's still more to do there. And that's about reducing friction points and pain points for customers. I said earlier getting a renewal – so, getting a new price from us for your contract – can be a friction point. But actually, whether it's 4% increase or a 6% increase doesn't seem to make a lot of difference with that level of price elasticity that we see.

Not turning up for an appointment is something that can cause customers to cancel their contracts with us. So, we work very hard on the basics of delivering strong customer service every day.

So, pricing is good, volume not yet where it needs to be, and the components to volume being more customer acquisition and stronger retention.

WK: One sort of pushback I get is around free cash flow. So, you talked about costs before. There's sort of a pushback, I guess, around the quality of earnings and the debate there. There's been fairly persistent one-off items, I suppose driven largely by this period of flux. And then I think you're quite keen on capital intensity. So, we've actually seen pretty good progress in CapEx to sales. Working capital maybe looks like a bit more of a slower burn. So, I wonder if you could help us with some of those free cash flow and quality of earnings points.

PEJ: So, if we go back to 2024, we saw a poor working capital performance in the business. And that improved in 2025, and the first half of 2026 was better. It does require a lot of focus to make sure that we are getting paid as quickly as possible and that we're managing our suppliers well and managing stock levels well. But that's just some good discipline.

And the challenge that we always get – and it's one I put on to our teams – is that Rollins run at a positive working capital cycle. So, more than 100% cash conversion, which will mean that effectively they're being paid for the work before they're paying the technicians and paying for the costs. That may be something that's achievable for us over time, but that means changing contractual terms with a lot of different customers. So, there's more opportunity there, but it'll take a while to effect that.

But working capital is much better than it used to be.

In terms of what we spend in the business, we have quite high requirements around fleet – so, that's the biggest use of CapEx – together with in the washrooms business, as I said, you have to continue to replace all the FF&E that exists in there.

We have historically been buying businesses around the world and spending, say, $250 million a year on acquiring new companies. It will be a significantly lower level than that for 2026; so, maybe sort of half that level.

We would happily buy businesses and add them into our estate because if you can integrate companies and customers in areas where you already have roots, then you can drive a lot of efficiency and effectiveness. So, that can be a very good way to grow. The challenge we have at the moment in North America is that private equity is very keen on pest control. So, they bid the prices up very high. And we do have strong disciplines as to what we're prepared to pay for businesses.

So, we will spend CapEx on acquiring businesses, but they've got to be good businesses, with strong strategic rationale, and we've got to see a way to getting an attractive return on capital we deploy there.

We reduced our leverage, as you saw, at the first half within our leverage range now. So, that's the first time since the acquisition of Terminix we're back within the sort of 2x, 2.5x net debt to EBITDA level that I think is appropriate for this business. And that includes about half a turn of capitalized leases. So, on true debt external debt definition we're sub 2x now.

And so, the opportunity is if we don't spend money on acquiring businesses or on fleet, et cetera, is to return it to shareholders. And that's something the business hasn't done for a while, but it's certainly part of the debate.

WK: Great. So, bringing us up to speed now to the Q2, to the interim results, I don't think we really had a change in strategy. I think we got more details. It was the first time we heard from Mike as the new CEO. I don't think consensus earnings numbers would have changed, but shares were down 20% on the day, and I think that's a combination of taking away the 20% target for FY 27, in addition to growth being slightly slower in pest control services in Q2 versus Q1.

So, can you just, I guess, talk through the decision on margins in North America? So, what's the extra investment, any kind of quantification on what it's for, what you hope for it to achieve. And then, I guess, zooming in on growth, I think you pointed to commercial leads in termites. So, maybe talk through some of those moving parts as well.

PEJ: So, Mike Duffy is our new CEO. He joined us in April, and he's been working through how do we get the business growing at a faster clip and spending a lot of time out in the field and talking with branch leadership, talking with people who are operating the North American business.

I think our ambition, our objectives, our strategy are unchanged from where they were 18 months ago when I joined, which is we want to grow the North American business as fast as we can.

When I joined, I could see there was a lot of poorly spent money in the business in marketing, and I think we've made a lot of progress in reallocating that behind more productive areas of spend.

We've reduced a lot of spending in the business, taking out roles that don't need to be based in the North American locations and putting them elsewhere in the world. And that's allowed us to fund quite a lot of investment back into North America.

And we're still on track to reduce the North American cost base by $100 million by the end of 2027.

As we look at the competencies and as we look at what investment we need to put into North America, though, to get up to market levels of growth and then beyond, we're seeing that there's a few areas where we think we're underinvested. And these are areas that over time have been stripped back or not invested in sufficiently across the business on a systemic basis.

So, one is training. And with a very large field-based workforce, continuing to train them up is important, and that's not just being online training. There's a lot of online training that's available for us, but we don't think that is sufficient and sufficiently effective. So, we will be making a material investment behind training of our technician workforce and of our salespeople so that we can see better outcomes there.

The other area where we think there's an opportunity and has more of a direct impact into our results is in driving better levels of sales excellence. So, at the moment, our sales teams are supported by a relatively small number of sales managers. So, compared to other industries that we benchmark to and where Mike has worked before, salespeople are undermanaged and undersupported from that basis. So, that's an area where we think there's opportunities to invest more into.

The area where, just to be clear, we're not saying that we need to invest more into is into marketing. When I start to talk about investment, I know that people always get a little anxious as to are we going to be writing checks for tens of millions of dollars to Google to just try and buy more business that way. We have tried that before. It doesn't work.

So, these are investments into competencies in the business, into building a stronger, more effective workforce. When that cost goes in, our cost base still be higher than our competitor Rollins is, as a percentage of revenue. So, there's still a lot of cost that can come out.

So, this is an investment ahead of the curve. Our focus will remain very heavily on being more efficient and effective in North America. And I think there's plenty of opportunity to take cost out over time of our North American cost base.

We've also said that the funding for the investment we'll make into North America will be from cost savings we'll make elsewhere in the business; so, the disciplines I spoke about earlier around offshoring, outsourcing, procurement, et cetera. We deployed into our North American business first, but they have similar applications into our business all around the world. And that'll drive a significant cost reduction there.

Similarly, we have a lot of IT costs in the business as we've been optimizing our IT solutions right across all of our 90 markets. And as we move forwards and we're more focused into our North American business, there's an opportunity to revisit that, which will allow us to run with lower levels of IT over time.

So, those will allow us to fund those new investments into North America without reducing the group margins in 2027. And then we would expect that over time the margins will continue to accrete as we drive more revenue in and we seek to reduce more cost out of the business.

WK: In terms of the sort of go-to-market approach, one tweak that came about was a split of the pest business in terms of facing commercial markets and resi markets. Can you talk about how that change or you hope that to lift growth and what the costs to achieve that are and practicalities of it?

PEJ: So, thanks, Will. So, commercial pest control and residential pest control are similar in some ways, but very different in others. The commercial pest control business, about a third of that is the national accounts; so, the Target's, the big hospital chains, the big hotel chains, et cetera. And two-thirds of that is SMEs; so, the local pizza shop, et cetera. Local pizza shops will probably find their pest control supplier in the same way the residential homeowner would; so, through Google. On a national account basis, it's more likely it's going to be through procurement, doing RFPs, et cetera. So, there are different requirements in each of those.

There's also a different requirement around the level of training, sometimes the level of equipment, levels of chemicals that you can use commercially versus residentially.

So, pulling those businesses apart so we're clearer as to what are the metrics that we're looking at for each, helping them have slightly different cultures, potentially slightly different liveries that they're operating under, will drive greater performance for us in residential and commercial and be clearer as to what we're actually trying to achieve there.

Retention levels of customers should be significantly higher in commercial. It'll also make sure that as we go and we talk to a Whole Foods, a Target, et cetera, they understand the tools that we are able to bring. So, in the UK, where we have a very successful commercial business, one of the major tools in our armory there is what we call PestConnect, which is our Internet of Things-enabled network of optical devices and sensors that we can install in a location that allows us to look at any pest activity, capture it with cameras, identify the pest, look at where they're coming from, and then understand and propose to the customer what the remediation is.

That's fast-seeding. Nobody else has that proprietary technology. We haven't historically deployed that into North America. So, that's something that we're now bringing in and will be offered to those North American customers. And so, certainly, the initial customer response to that has been very favorable, particularly in a very regulated environment like the U.S., where you need to demonstrate what you're doing to keep your premises safe.

So, having different tools for different issues is going to be more part of what we're doing as a separation of that residential and commercial stream.

WK: PestConnect, do you think that enhances things like customer retention and pricing? I was talking to someone earlier today and said, "Is it an issue?" Like, he was talking, comping it to Match.com. And there's a view being that if you're Match.com, you don't really want people to match because then your pool of people is reduced. If people don't think they've got a pest problem, do they no longer pay for pest control? I would have thought actually that you need to keep running with it, especially in certain regions. So, are there – have you seen clear benefits to connected devices, AI-enabled solutions, et cetera?

PEJ: So, I mean, your premise that people seeing they don't have a pest is a reason not to want pest control is true. And actually, quite often with customers when they say why they're canceling the contract, residential customers say, "Well, I don't see any pests." So, you've always got to leave one.

But from a commercial perspective, actually it does create more stickiness once you're in and there's all the devices there and then they understand the data that they get from the devices and you're able to demonstrate that and then they're able to show that. If anybody's pitching against you to try and get your pest control contract, they say, "Okay, so can you just tell me what your connected devices solution is?" Either they're not going to have one or it's going to be inferior.

So, what we have found where we've deployed it is that our retention rates are significantly higher. And it actually requires less technician time on site because you can identify the problem. The customer that's actually very difficult to make money from is where there's an infestation, because then you're there all the time. So, really, what you want to do is get a location to be pest-free pretty much, and then when you turn up and you identify opportunities to do more for the customer to keep them pest-free, then that's an additional job. But you really don't want pests on your premises. And a connected device solution is the best way of us achieving that.

WK: Let's go back to the group, the shape of the group. You mentioned that 7% of EBIT is from 70 countries. I appreciate you're not going to put a For Sale sign up here, but can you talk about the kind of businesses you like and don't like and what we should think about any trimming haircuts to complexity?

PEJ: So, I mean, last year we sold our France Workwear business, which is one that I wasn't particularly – I didn't feel fitted our model particularly well. Quite capital-intensive. Didn't benefit from branding, et cetera. And we've exited a small specialist hygiene business already this year. We're looking at getting out of a number of very small markets.

So, as you say, there are a lot of small markets that we operate in. And if we can operate in those markets under a generic tech solution and in a simple way that doesn't create complexity, that may be fine. If we can't and it is creating more complexity, they're hard-to-service markets or they require a lot of travel to or management, it probably doesn't make sense for us to be in them. And how we effect that over time selling them down, closing them down, we will have to work through.

But it's good discipline for us to continue to review everything that's been done historically and see does it continue to make sense. We're not going to deploy more capital unless we're clear that it's going to be in pursuit of our strategic aims and not just because we already have a business in that market.

WK: And the disposal proceeds as and when they fall through reduce leverage and then become part of any consideration for returns, that's fair to assume?

PEJ: Yes, I think that's fair. I mean, as I said, we're within our leverage range now and sub-2x true external debt. There's not many opportunities to buy things around the world. So, if we do have surplus capital, then we're very happy to return it to shareholders.

WK: LLMs has been a popular discussion point. We did some work that sort of looked at the likelihood of some of these models to recommend Rentokil brands and Rollins' key brand – really, Terminix and Orkin – and found that they sort of underindexed the main brands, or main brands underindexed. Is this something – I appreciate it's probably a small part of lead generation here – but how does the business look at that and what to think about evolving that offering and trying to push your way up the priority list?

PEJ: So, solving sort of a multifactorial problem, which is what we've got to do as we look at our leads and work out what is having what impact on lead generation, is always a little challenging. So, we are looking at LLMs and in North America what impact that's having. But if we think that is having a meaningful impact, how do we organize ourselves to show up best in an LLM search world? And there are always things that you can do to your environment to make sure that we perform optimally.

So, if it is around, for example, the hypothesis it's around review rankings, and often people who leave reviews for large national chains is because they've had an issue and it's a way for them to get attention, we need to make sure that we are on top of that and we're addressing that rapidly or before it gets to the point where somebody wants to leave us a negative review. So, if it hasn't mattered too much historically and we do have good customer engagement and feedback scores, it won't necessarily be top of management's agenda. If there are things that we identify as more important than driving search now in the LLM world, then that will get addressed with more attention than it was historically.

So, I don't think it's a major change to the opportunity to us. It may mean that we just have to pivot slightly in terms of how we take advantage of that opportunity. But it's still under review.

Just hired a new chief marketing officer in the States. He's got a lot of experience in digital marketing, a technical background. So, he's looking at this and seeing what's the right solutions for us.

WK: I think there's been a lot of hiring. So, we've had group CEO, head of North America, chief transformation officer, marketing. Any more to come? I think you maybe thought heads of commercial and...

PEJ: Heads of commercial and residential is a structural change that we're intending to make, and we've got good candidates internally who can do that as we organize ourselves differently and set ourselves up for success.

I mean, really this is sort of Jacob's Ladder of change. When we bought Terminix, a lot of the leadership then left. So, it's bringing in the right people who have the right skills to take that business forward.

WK: And in terms of sort of signposts and ways for us to assess what's going on, are there any plans for the Q3 print, which I guess normally would be a pretty brief revenue update, any plans to give us a bit more color of all the changes that have been going on? I get asked about CMD, whether that might be on the cards for next year. And then I also get asked about listing location and things like that. So, the center of gravity feels like it's drifting stateside. So, I wonder if you could sort of talk about some of these maybe near-term catalysts we might look out for medium-term view through a CMD.

PEJ: So, I mean, all good subjects, all under review with the board as to what's the optimal approach there.

My own view is that I prefer to talk about what we've done than what we intend to do and to be very specific. And I think with a new North American CEO, I mean, by the time we come round to the third quarter results on the 22nd of October, Rafa will have been in seat for only a couple of months. So, to say he needs to come out and explain what he's done and what impact that's had, that feels pretty rapid.

So, nothing's off the table. We'll see what the right approach is. But I think that's pretty unlikely.

And yes, we do get asked about – and if you go back to, I think, 2024, the board was fairly explicit that it keeps a U.S. listing under review. There's no structural impediment to us doing a U.S. listing. We already have an ADR over there and actually have a large U.S. shareholder base. So, there's a well-trodden path to it, but no decision has been made.

And just because Mike is based in the U.S. doesn't mean that we'll necessarily end up with a U.S. listing. I think making sure that at any point that if that decision was made that we had a very clear story to a different investor universe would probably make sense.

WK: And then just in terms of, I guess, final thoughts, any part of the story where you feel if investors want to extrapolate the slowing in the rate of growth you saw in Q2 onwards, anything you feel that people don't always kind of fully appreciate about the story and about the rehabilitation of growth?

PEJ: So, there's an enormous amount of opportunity in this business, and that's what attracted me to it when I first looked at it and thought well – it was then the number one. And I think it's now sort of on a par revenue-wise rise with Rollins, with the best recognized brand, more investment into R&D and technology than its competitor, and distribution right across the North American market. So, there's nothing that prevents it from performing just as well as Rollins does, apart from operations.

So, how do we organize ourselves to be optimally effective? And that sort of opportunity doesn't come around very often in an industry where there is a lot of growth. When I came in and found the cost opportunities were greater than I'd expected, and we're capitalizing on those and we'll continue to capitalize on those, and that will fund the investment that we need behind growth.

It's just a question of time, and I know that because it's a story that's had a few oscillations on the curve and on the way, that it is frustrating for investors who've been part of the story to see the need for more time. But deploying the right strategy and then seeing the results from it I think will be the future for us.

WK: Perfect. Wonderful. Thanks so much for your time.

And before you run off, I'm going to give you some trainers. You'll have seen the debate on the health of the billion-dollar brand. So, here are some of your own burn-to-run trainers.

But really appreciate your time, Paul. Thank you very much indeed. Thank you.

PEJ: Thanks very much. Thank you.