Rentokil Initial

2012 Interim Results

3 August 2012

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Highlights

Alan Brown
Chief Executive Officer

Interim Highlights

At constant exchange rates

- Revenue growth in all business categories despite market challenges:
  - Group revenue +2.9%, +1.3%* organic
  - Acquisitions performing well; contributing 2.1%, net £27m, revenue increase
- City Link recovery plan progressing in line with expectations:
  - Q2 revenue up 5.3% on prior year, 18.3% reduction in operating loss
  - Further reduction in losses anticipated in Q3, profitability in Q4
- Further expansion of Rentokil Pest Control geographic footprint:
  - Entry into South America and the Middle East
  - Additional bolt-ons in the US and Canada

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*excluding Initial Facilities Spain, where the business is being scaled down to reduce financial exposure

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Operating & Financial Review

Jeremy Townsend
Chief Financial Officer

Financial Highlights

	Q2			H1		
	2012 £m	2011 £m	△	2012 £m	2011 £m	△
Revenue at CER	649.2	634.4	2.3%	1,282.6	1,246.0	2.9%
Adjusted PBITA at CER	57.0	55.1	3.4%	91.9	92.5	(0.6%)
Adjusted PBTA at CER	50.2	45.2	11.1%	78.1	72.8	7.3%
Adjusted PBTA at AER	47.2	46.1	2.4%	73.5	73.5	-
Operating Cash Flow at AER	39.8	31.5	26.3%	20.8	24.5	(15.1%)
Adjusted EPS at AER				2.97p	2.99p	(0.7%)

CER = constant exchange rates AER = actual exchange rates

Key H1 Financials

- Revenue +2.9%:
  - Asia +7.5%, Initial Facilities +3.7%*, City Link +3.5%, Textiles & Hygiene +3.3%, Pest Control** +3.0%
  - Organic growth +1.3%*; Q2 weaker than Q1 reflecting softer market conditions
  - Acquisitions performing well, contributing 2.1% or net £27m of revenue growth
- Adjusted operating profit of £87.3m:
  - Profit growth in Asia 26.3%, Initial Facilities 8.7%* and Textiles & Hygiene 5.7%
  - Pest** down 0.9%; gains in Northern Europe and US offset by declines in Southern Europe
  - City Link losses higher by £0.7m but performance slightly better than expected
  - Central costs higher by £4.4m, reflecting investment in Programme Olympic and creation of new Marketing & Innovation function
- One-off and restructuring costs of £14.7m including £3m charge relating to back-dated compensation issues in Australia
- £22.1m cost savings; on track to exceed FY £50m target for 2012
- H1 cash flow in line with prior year

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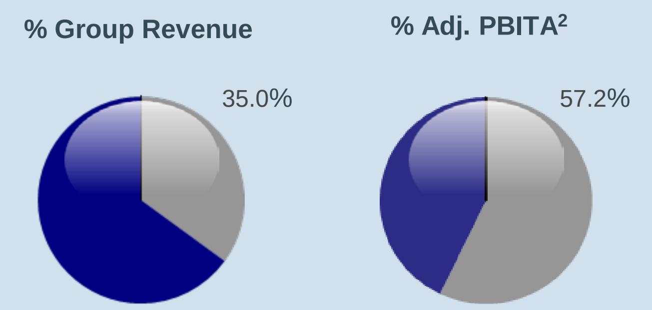
* excludes Initial Facilities Spain where the business is being scaled down to reduce financial exposure
**includes results from Ambius Division post its integration into the Pest Control Division

Textiles & Hygiene

At constant exchange rates

- Revenue +3.3% (+1.5% organic):
  - Robust performances in Germany, France and Benelux but slower growth in Q2
  - Growth in Pacific despite adverse weather in Q1
- +5.7% profit growth (+5.9% organic):
  - Benelux turnaround main contributor of profit growth
  - Excluding Benelux, profits in line with H1 2011 with declines in Medical businesses offsetting growth elsewhere



	Q2 2012	H1 2012	△ Q2	△ H1
Revenue	230.6	462.9	2.1%	3.3%
Adj. PBITA[1]	33.6	67.0	2.1%	5.7%

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes central costs

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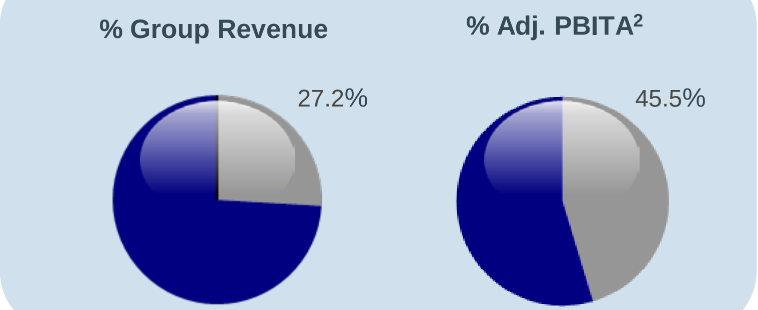
Pest Control*

At constant exchange rates

- Revenue +3.0% (+1.3% organic):
  - Strong performances in North America, UK Pest and Northern Europe
  - Weaker performance in Southern Europe and further decline in UK hygiene
- Profit -0.9% (-1.7% organic):
  - Growth in US and UK Pest offset by declines in Southern Europe and UK hygiene
- Prior-year acquisitions in Turkey and Mexico performing well
- Resumption of commercial (non-Gov.) operations in Libya
- Ambius division now integrated into Pest Control Division



	Q2 2012	H1 2012	△ Q2	△ H1
Revenue	188.2	359.2	2.5%	3.0%
Adj. PBITA[1]	33.9	53.3	1.2%	(0.9%)

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes central costs

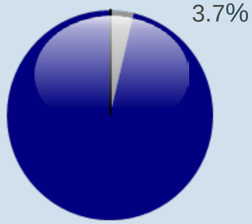
* includes results from Ambius Division post its integration into the Pest Control Division

Asia

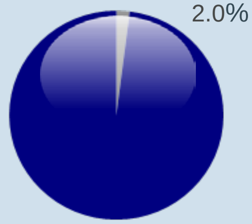
At constant exchange rates

- Revenue +7.5% (+8.6% organic):
  - Strong momentum in Malaysia and Singapore
  - Strong growth from both India and China from a small base
  - Profit +26.3% (+22.4% organic) helped by weak comparatives in H1 2011

% Group Revenue



% Adj. PBITA[2]



	Q2 2012	H1 2012	△ Q2	△ H1
Revenue	24.6	48.7	6.5%	7.5%
Adj. PBITA[1]	1.3	2.4	62.5%	26.3%

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes central costs

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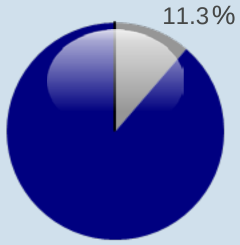
City Link

At constant exchange rates

- Loss of £18.5m on revenue up 3.5%
- Volumes up 14% but sales mix contributing to 9% fall in Revenue Per Consignment
- A good start to the recovery plan:
  - Significant reduction in direct costs
  - 61 (of 66) depots implemented new volume-based owner driver contracts
  - Improved hub and line haul efficiency; full route re-design on track for H2
  - Further consolidation of depot network; three closures in H1
- Business well prepared for Olympics period – early indications are that traffic lighter than expected but volumes also
- Improvement in financial performance expected in H2

% Group Revenue



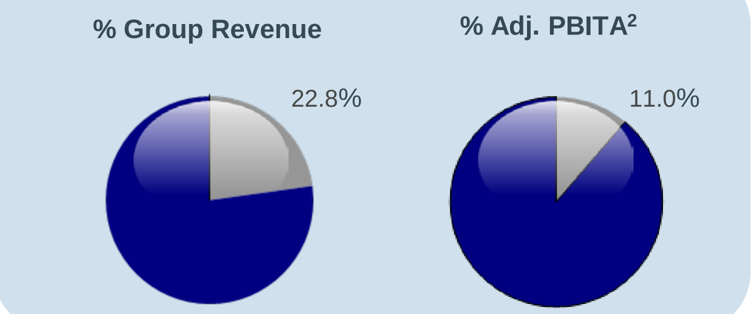
	Q2 2012	H1 2012	△ Q2	△ H1
Revenue	76.0	149.5	5.3%	3.5%
Adj. PBITA[1]	(5.8)	(18.5)	18.3%	(3.9)%

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items

Initial Facilities

At constant exchange rates

- A good performance in difficult conditions
- Revenue +3.7%* (-0.4%* organic), aided by Santia and MSS acquisition
- Integration of MSS going well:
  - Credibility in Maintenance sector enabling more wins of full-service TFM contracts, e.g. Lincolnshire Council
- Profit +8.7%* reflecting margin improvement, operational efficiency and cost reductions



	Q2 2012	H1 2012	△ Q2	△ H1
Revenue	149.4	301.5	0.1%	1.8%
Adj. PBITA[1]	6.6	12.9	13.8%	7.5%

[1] before amortisation and impairment of intangible assets, reorganisation costs and one-off items
[2] % excludes central costs

*excludes Initial Facilities Spain, where the business is being scaled down to reduce financial exposure

Interest

At actual exchange rates

	£ million	
	H1 2012	H1 2011
Net interest on bank/bond/finance lease debt	(23.1)	(23.2)
Other	(0.4)	(0.8)
Underlying Interest	(23.5)	(24.0)
Net return on pension scheme	6.1	1.6
Mark-to-market/forex adjustments	1.1	0.4
Per income statement	(16.3)	(22.0)
Average net debt	**£940m**	**£989m**
Average interest rate on bank/bond/ finance/lease debt	5.0%	4.9%

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Operating Cash Flow

At actual exchange rates

	£ million	
	H1 2012	H1 2011
Adjusted PBITA	87.3	93.2
Reorganisation costs and one-off items	(14.6)	(20.1)
Depreciation	96.5	100.9
Non-cash items[1]	4.5	4.1
EBITDA	173.7	178.1
Working capital	(50.0)	(52.1)
Capex	(106.7)	(103.9)
Fixed asset disposal proceeds[2]	3.8	2.4
Operating cash flow	20.8	24.5

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[1] Profit on sale of fixed assets, IFRS 2 etc.
[2] Property, plant, vehicles

Free Cash Flow and Movement in Net Debt

At actual exchange rates

	£ million	
	H1 2012	H1 2011
Operating cash flow	20.8	24.5
Cash interest	(37.6)	(36.1)
Cash tax	(17.3)	(29.6)
Disposal of AFS investments	2.0	-
Free cash flow	(32.1)	(41.2)
Acquisitions & Disposals	(3.7)	(13.5)
Dividends	(24.1)	-
Special pension contribution	(12.5)	-
FX and other	31.4	(16.3)
Increase in net debt	(41.0)	(71.0)
Opening net debt	(919.0)	(953.6)
Closing net debt	(960.0)	(1,024.6)

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Guidance

- On track to exceed FY guidance of £50m cost savings
- FY central costs c.£52m reflecting increased investment in Programme Olympic and creation of Marketing & Innovation function in Q1
- Slight increase year on year in average cash interest rate reflecting increase in RCF funding cost
- Pension interest benefit of £12.3m
- FY forex risk of c.£15m compared to 2011 average rates as Euro at €1.27/£
- Capex £220m to £240m - investment in T&H plant, EFR and Olympic roll out
- Adjusted effective tax rate c.24.6%, cash tax rate in line with effective tax rate*
- Company pursuing progressive dividend policy; final dividend to be decided in view of FY 2012 growth rates

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*before amortisation of intangibles and one-off items

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Strategy Update

Alan Brown
Chief Executive Officer

Objectives for 2012

Turnaround
the financial performance of City Link

Customer Care
greater customer satisfaction and retention through care initiatives and CVC

Cost Savings
from productivity, procurement and back-office rationalisation

Growth
through marketing & innovation, Programme Olympic and acquisitions

City Link Turnaround: H1 Milestones

	Q1	Q2	Q3	Q4
1 Management restructure				✓Complete
2 Price increase				✓Complete With opportunity to exceed £4.9m
3 Owner driver contract change				On Target SCP phase complete in July PAYE phase starts in Q2 with addition £3m estimated benefit
4 Linehaul efficiency				Behind Schedule Gains being made in June and July – expected to be on target in Q3
5 Centralisation of Customer Service				On target Announcements being made after successful trial in Q3

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Customer Voice Counts

Trend		Q1 2012 vs H2 2011
↑	Rentokil Initial	+4
=	Ambius	-
↑	Asia	+7
↑	Pacific	+8
↑	City Link	+4
↑	Initial Facilities	+8
↑	Textiles & Hygiene	+2
↑	Rentokil Pest Control	+2

Growth: Marketing & Innovation (M&I)

Formation of new M&I team in Q1 – its goal to position Rentokil Initial as industry leader in Pest Control & Hygiene globally for a broad range of customers

Delivering better products and services

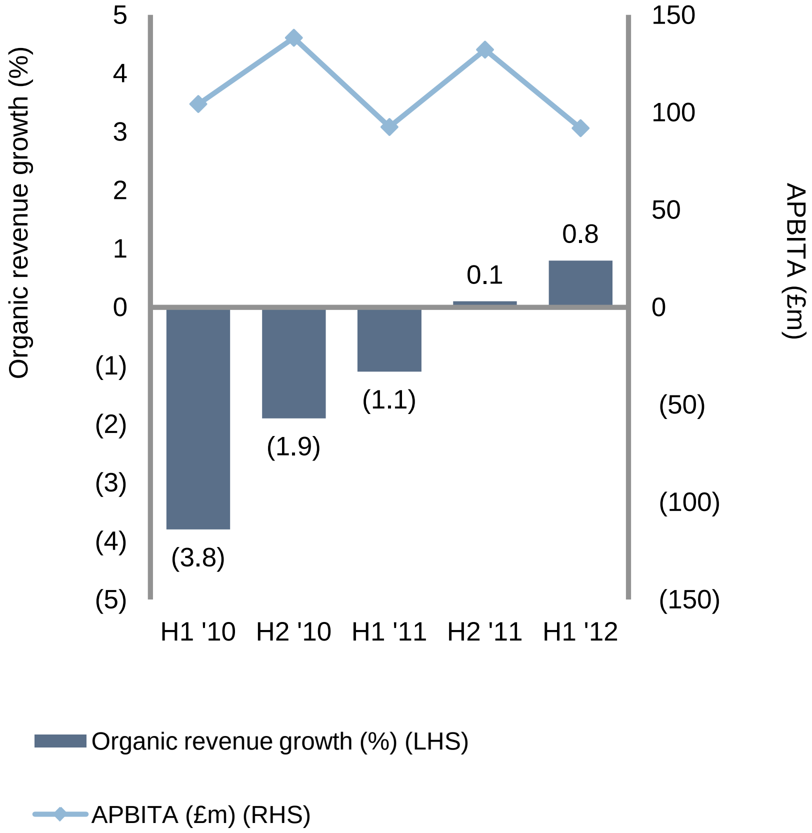
- Signature range
- Advantage development
- Surveying tools
- Information As A Service
- On Site Services
- Accelerating online
- Integrated customer offering
- Proposition delivery
- Marketing services

Nine priority projects for implementation in a number of partner countries

Growth: Organic Growth Trend 2010 to 2012

At constant exchange rates

Recent trading momentum



Improving Growth Trend

- +4.6% growth in two years despite particularly unfavourable economic conditions
- -0.5% negative impact on H1 2012 performance from Spanish Cleaning
- Excluding Spain, improvement of +5.1% from 2010
- Operational excellence agenda, including Programme Olympic, supporting performance
- Olympic & M&I to accelerate growth from 2013 and mitigate against impact of challenging markets

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Growth: Rentokil Pest Control Acquisition Strategy

Acquisition prioritisation

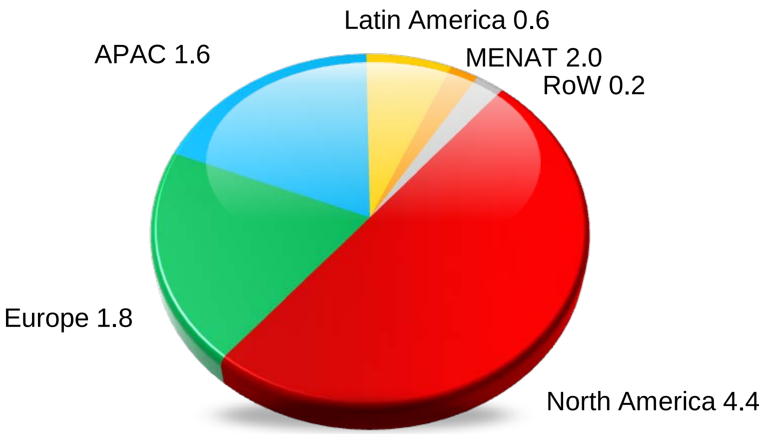
Growth potential	Core focus / New entry	
High	**Core focus** US, Canada & Mexico	**New entry** Latin America Middle East, North Africa & Turkey
Low	**Avoid** Russian Federation Other CIS Central Africa	**Opportunistic** Western Europe
	Low	**High**

Potential for relative market share

M&A strategy

- Objective
  - Build nationwide business across North America for scale and national accounts
  - Establish lead positions in emerging markets for mid to long-term growth
  - Consolidation in Europe to reinforce lead

Global Pest Control - £8.8bn



Growth: Rentokil Pest Control Acquisition Strategy

Objective

Build nationwide business across North America for scale and national accounts

Establish lead positions in emerging markets for mid to long-term growth

Consolidation in Europe to reinforce lead

Delivery in H1

Jones Pest Control:
- Based in South Carolina
- Enables extension of service offerings between Charleston & Savannah
- 2011 revenues: £0.7m

Braemar:
- Based in Halifax, Canada
- Serving Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland
- 2011 revenues: £3.2m

Asseio:
- Based in Sao Paolo, Brazil
- Serving 10 states
- Third largest Brazilian pest brand
- 2011 revenues of £7.1m

Totalai:
- Based in Dubai & Abu Dhabi
- 2011 revenues of £0.3m

Pipeline improving in both quality and quantity

Outlook for H2 2012

- Particularly challenging market conditions in Southern Europe, softening conditions in Northern Europe, including the UK
- Continued momentum in Pest, Hygiene, Textile and Facilities Management categories
- City Link productivity agenda expected to drive significant financial improvement in H2
- Cost savings in excess of target £50m
- Operational excellence agenda, including Programme Olympic, to underpin further growth in key categories and mitigate against impact of challenging markets

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2012 Interim Results

3 August 2012

Net Debt

Debt	Maturity	Net debt at 30/06/12[1,2] £m
£270m RCF	2016	(155)
£50m FRN	2013	(50)
£75m Reset Bond	2013-33	(75)
€500m Bond	2014	(405)
£300m Bond	2016	(319)
		+ 44[3]
		(960)

[1] IAS 39 fair values
[2] Headroom £115m; EBITDA / interest covenant is 4x minimum, actual 9.2x, Net debt/EBITDA covenant is 3.5x maximum, actual is 2.3x'
[3] Cash less finance leases and other debt

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Tax

At actual exchange rates

£ million

	HY 2012	Tax charge	HY 2011	Tax charge
Profit before amortisation and impairment of Intangibles, reorganisation costs and one-off items	73.5	18.1	73.5	17.8
Amortisation and impairment of intangible assets	(12.3)	(3.7)	(23.7)	(7.1)
Reorganisation costs and one-off items	(14.6)	(4.2)	(20.1)	(5.2)
Profit before tax	46.6	10.2	29.7	5.5
Adjusted effective tax rate		**24.6%**		**24.2%**
Cash tax paid		17.3		29.6

Category Revenue H1 2012 (£m)

	Pest Control	Hygiene	Textiles	Interior Plants	Facilities Services	Parcel Delivery	Other	Total
Textiles & Hygiene	33	152	212	8	-	-	40	445
Pest Control	219	70	-	56	-	-	7	352
Asia	22	25	-	-	-	-	2	49
City Link	-	-	-	-	-	150	-	150
Initial Facilities	-	12	-	-	288	-	-	300
Total	274	259	212	64	288	150	49	1,296*
Operating Margin %	18.5	18.7	14.1	5.9	4.1	(12.4)		6.8

*includes £39m of Inter-divisional revenue

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