

# Rentokil Initial

## Capital Markets Day

28 September, 2021.





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# Rentokil Initial

Protecting People. Enhancing Lives.

Welcome and overview.

## Hygiene & Wellbeing: The New Pest Control.

New opportunities. New targets.

Andy Ransom, CEO



# Agenda

12.00 **Introduction: Pest Control and Hygiene**

New opportunities. New targets

Andy Ransom, CEO

12.20 **The Pest Control Industry:**

An outstanding, thriving investment opportunity

Gary Booker, Chief Marketing, Innovation  
& Strategy Officer

12.30 **Leading the Digital Transition in the Pest Industry**

Pest Control: Past, Present, Future

Our Digital Ecosystem

UK Case Study

NB. also on display in the coffee area

Phill Wood, Regional MD UK & ROW Region

Paul Donegan, Digital Innovation Director

Dave Hall, Operations Director, Pest Control, UK

13.05 **Innovation to Extend our Industry Leadership**

Innovation pipeline to fuel future growth – our strategy  
and new solutions. NB also on display in the innovation room

Lizi Jenkins, Group Innovation Director

13.15 **Value Creating M&A in Pest Control**

Chris Hunt, Group M&A Director

13.25 **Pest Control**

Long Term Growth Engine

Stuart Ingall-Tombs, CFO

13.30 **Lunch: Displays – Digital, Innovation and ESG**



# Agenda, continued.

14.00 **Hygiene & Wellbeing: The New Pest Control**

14.20 **Hygiene & Wellbeing**

A value-creating opportunity

14.40 **Core Washroom Hygiene Business**

Opportunity into Growth

Core has recovered and there's plenty of opportunity

15.20 **Coffee break**

15.35 **Expansion Outside the Washroom**

- Air purification
- Specialist Hygiene
- Medical Waste
- Dental Hygiene Waste
- Wellbeing

16.15 **The New Growth Landscape**

16.30 **Value Creating M&A in Hygiene & Wellbeing**

**Our New Growth Engine**

**New Targets and Growth Opportunities**

16.50 **Q&A with the leadership team**

Followed by Drinks Reception with the leadership team

Andy Ransom, CEO

Gary Booker, Chief Marketing, Innovation  
& Strategy Officer

Brian Lynggaard, Operations Director, UK Hygiene  
Jill Rodgers, Area Marketing Director, UK & ROW

Displays – Digital, Innovation and ESG.

Alain Moffroid, Regional MD, Europe Region

Including video contributions from:

Greg Smith, MD, Greater China

Karen Kavanagh, Marketing Director, Pacific

Mike St.Clair, SVP, Sales & Marketing, North America

Alain Moffroid, Regional MD, Europe Region

Chris Hunt, Group M&A Director

Stuart Ingall-Tombs, CFO

Andy Ransom, CEO

Displays – Digital, Innovation and ESG.

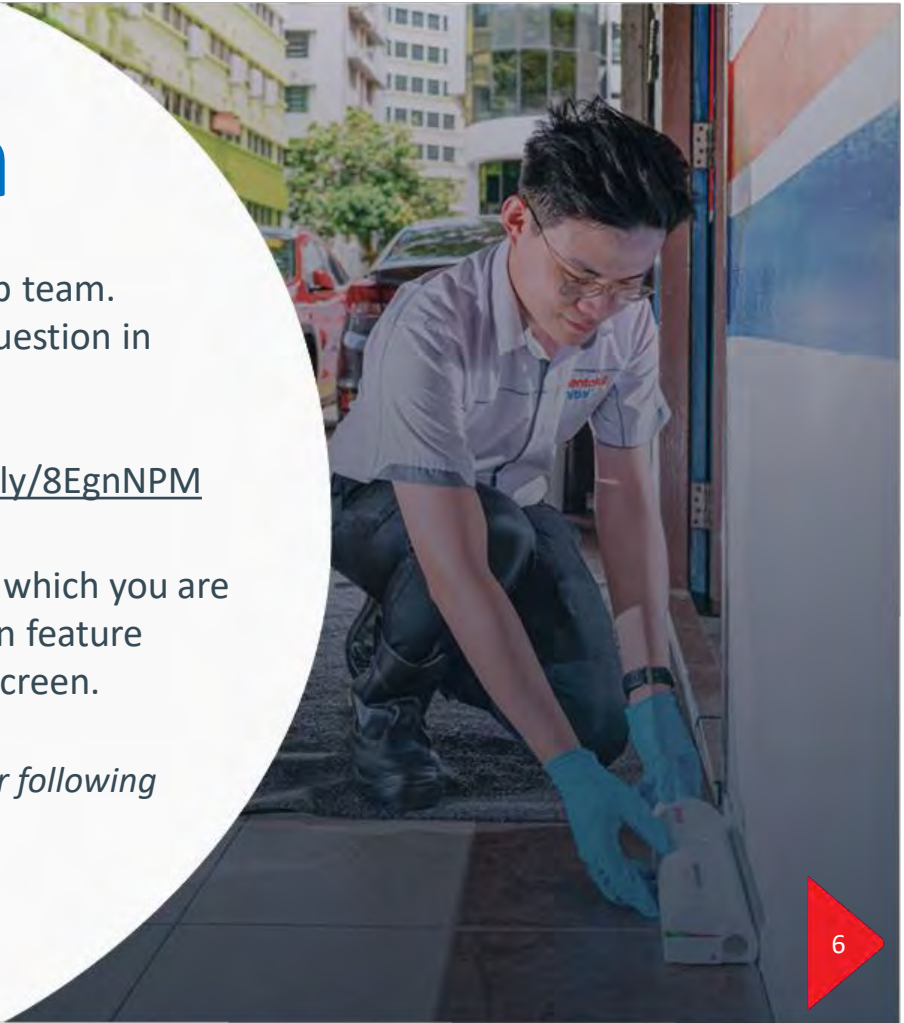


# Submit a question

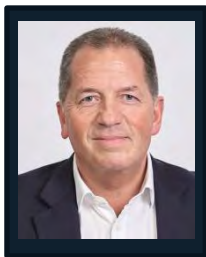
This afternoon there will be a Q&A with the leadership team. Throughout this event, if you would like to submit a question in advance please feel free to do so:

1. **If you are in the room**, please visit: <https://cutt.ly/8EgnNPM>
2. **If you are joining online** – the event website on which you are viewing today's meeting has a Submit a Question feature available through on the right hand side of the screen.

*We will attempt to answers all questions during the day or following today's event.*



# Introductions



## Andy Ransom

### Chief Executive Officer

Joined Rentokil Initial in 2008 as the Executive Director of the global Pest Control business with functional responsibility for Corporate Development, M&A, Legal & Company Secretariat. Appointed as CEO in October 2013. Prior roles included various senior management positions with ICI over 20 years.



## Phill Wood

### Regional Managing Director, UK & Rest of World

Joined Rentokil Initial in 2006, holding various senior roles in Europe before leading the UK business in 2009 and the UK & ROW Region in 2013. Prior roles included senior management positions at Lex Services/RAC for 15 years.



## Stuart Ingall-Tombs

### Chief Financial Officer

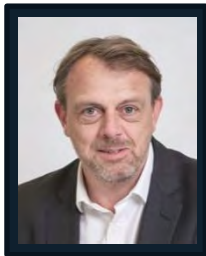
Joined the Company in 2007 as Divisional Finance Director for Rentokil then several years as Group Financial Controller and Treasurer before four years as Regional Finance Director for Europe and CFO of North America. Fellow of the Institute of Chartered Accountants in England and Wales.



## Alain Moffroid

### Regional Managing Director, Europe

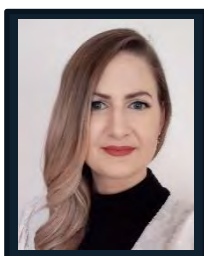
Joined Rentokil Initial in 2013 as MD Pacific. Moved to France in 2019 to take the role of MD Europe. Prior positions include senior roles in Asia and the Pacific for Unilever.



## Gary Booker

### Chief Marketing, Innovation & Strategy Officer

Joined Rentokil Initial in January 2018. Prior roles included executive leadership positions in marketing, strategy and innovation at Dixons Carphone, O2 (Telefonica) in London and Madrid, Dunlop Slazenger, and at Electronic Arts in San Francisco.

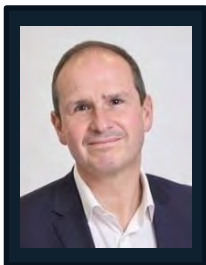


## Lizi Jenkins

### Group Innovation Director

Joined Rentokil Initial in March 2020. Prior roles have included Head of Innovation at British Gas and product development and scientific research roles at Johnson and Johnson and 3M.

# Introductions, continued



## Chris Hunt

### Group M&A Director

Joined Rentokil Initial in 2012 as Group M&A Director. Prior roles included Corporate M&A Director at AstraZeneca plc and Director, KPMG Transaction Services



## Jill Rodgers

### Area Marketing Director, UK & RoW Region

Joined Rentokil Initial as Category Manager for Initial in 2011, before moving into her current role of Area Marketing Director in 2012. Responsible for the marketing of all businesses and brands across the UK & RoW Region, supporting Sales Colleagues. Prior experience included work in the Commercial Vehicle sector for German tyre manufacturer, Continental.



## Paul Donegan

### Digital Innovation Director

Joined Rentokil Initial in 1997 and has held several senior IT management roles within the Group before becoming Digital Innovation Director in 2018. Prior to joining the Company, he held roles at Kvaerner Steel.



## Dave Hall

### Operations Director, Rentokil Pest Control, UK

Joined Rentokil Pest Control 14 years ago as Marketing and Key Account Director, and for the last 11 years has held the position of Operations Director. Responsible for Rentokil's Pest Control business in the UK.

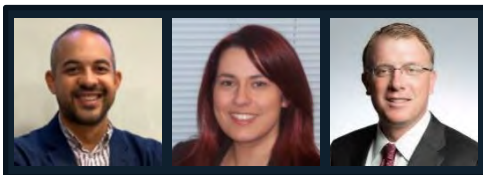


## Brian Lynggaard

### Operations Director, UK Hygiene

Joined Rentokil Initial in 2005 as Managing Director for Rentokil in Denmark having previously worked in sales and marketing positions in the UK, Denmark and Holland. Joined the UK senior leadership team as Operations Director for Initial UK in 2010.

## Video contributions by:



**Greg Smith**, MD, Greater China  
**Karen Kavanagh**, Marketing Director, Pacific  
**Mike St.Clair**, SVP, Sales & Marketing, North America





# Rentokil

Global Leaders in Pest Control.

# Pest Control is an outstanding growth industry.

The global Pest Control market continues to thrive post crisis - an essential service protecting public health.

**Global market data** - c. \$22bn in 2020 (51% in NA, c. 20% Europe, c. 20% Asia).

**No let up in the core drivers** e.g. growing middle classes and urbanisation. Every region is growing its per capita spend on pest control.

**New research** - factors influencing the decision-making process of commercial customers when selecting a pest control provider – reliable service, innovation, digital and sustainability are key.

**Robust global market.**  
Continuing to grow at 4.5% - 5%+ p.a. over the medium term.



**Strong market and growth drivers.**

Gary Booker, Chief Marketing, Innovation and Strategy Officer



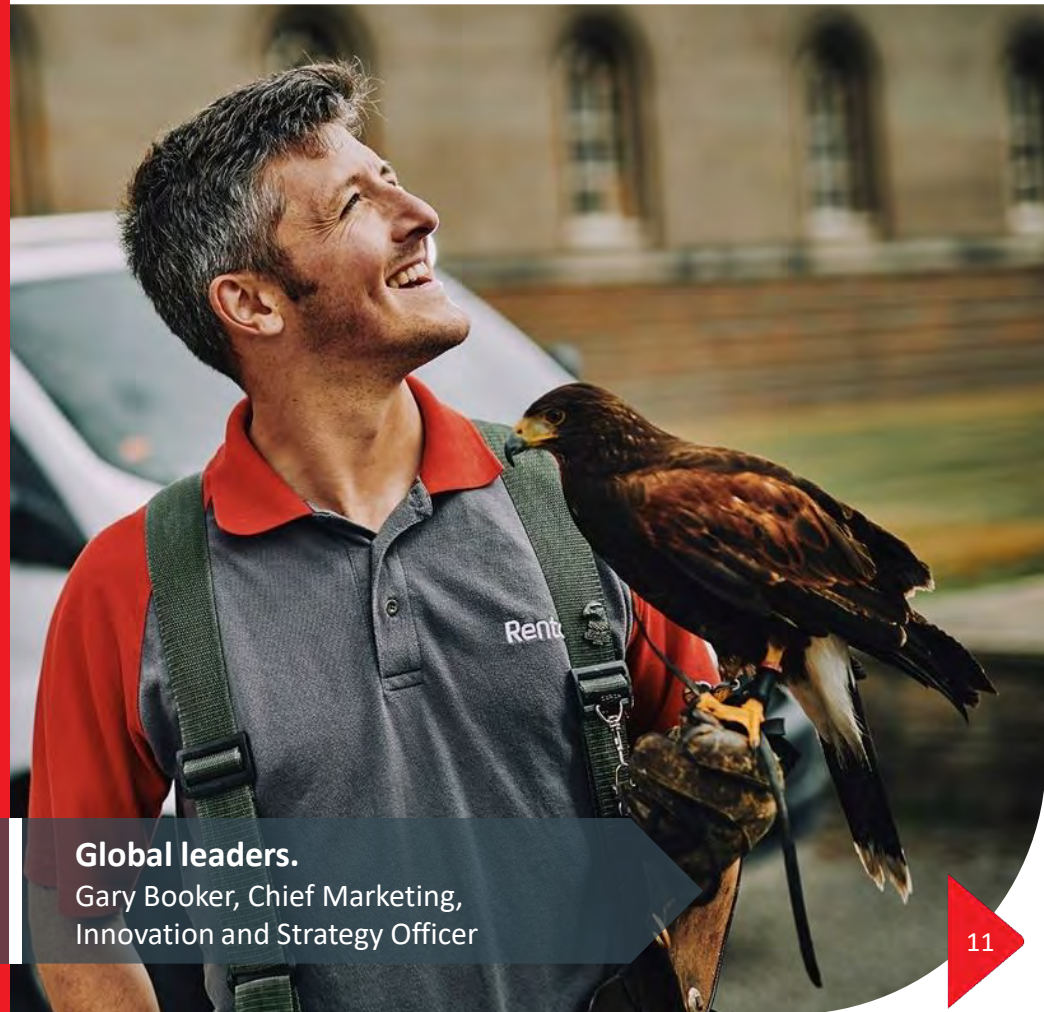
# Rentokil is the global leader in Pest Control.

**A powerful platform to build on.** Today we operate 87 countries with 56 market leading positions. This is our main platform for medium-term growth. Driving deeper into key markets, customer sectors and cities for future growth.

**Expertise that is unrivalled.** Our commitment to training and career development, innovation, digital, sustainability and service excellence is unmatched. A premium service that will deliver even higher levels of customer satisfaction.

**15.4% Revenue CAGR (H1 2015 – H1 2021).** Driven by a combination of organic drivers and M&A.

**New Rentokil Pest Control  
organic growth target of 4.5% - 6.5%  
over the medium term from 2022.**



## Global leaders.

Gary Booker, Chief Marketing,  
Innovation and Strategy Officer

# Leader in technology.

**We have made a long-term investment in our digital ecosystem.** This is in place globally - proven, robust, scalable, secure and delivering high levels of customer satisfaction. Others will have to play catch up.

**Innovation, digital and sustainability will be major drivers of growth over the medium term. Areas in which we lead.**

**Data is the next big thing - we have 10bn data records for analysis already in our system.**

**PestConnect's time has come** – a premium, commercial service. +200,000 units in the field / c. 3% commercial customers today.

*See demonstration area.*

**New ambition is to reach c. 25% of commercial customers by 2026 with PestConnect.**



## Leading in digital technology.

Phill Wood, Regional MD, UK & ROW Region  
Paul Donegan, Digital Innovation Director  
Dave Hall, UK Operations Director



# Unrivalled capabilities in innovation.

**Our innovation pipeline combines next generation pest control tools and expertise in technology.**

**The Power Centre:** No other pest control company offers this level of in-house science and innovation capability - setting new standards for pest control.

**First to deploy** connected pest control, LED Insect Light Traps and to use CO2 in rodent control.

**New showcase of projects that bring to life our pipeline:**

1. Future of monitoring with rich video media tracking of rodents.
2. Expansion of remote monitoring ranges – first products for flying and crawling insects.
3. Using data to lower chemical usage.

**Strong pipeline of innovations.  
+50 solutions and 17 patent applications underway.**



**Unrivalled innovation.**

Lizi Jenkins, Group Innovation Director

# Rentokil Property Care protecting property from woodworm and rot.

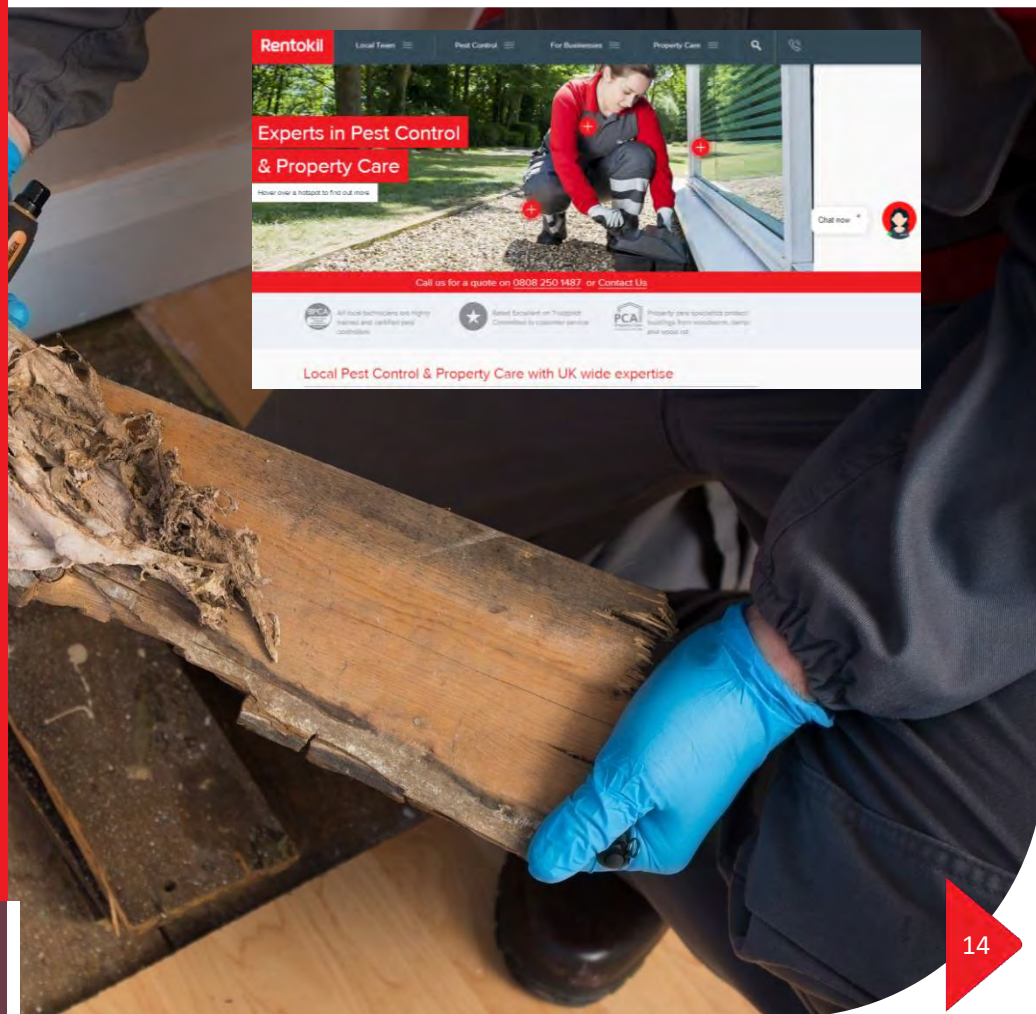
Property Care was our original Rentokil business, first registered in 1925. Clear linkage between Property Care and Pest Control – protecting property from woodworm, dry and wet rot.

**Single country operating model** – single management team, shared back office functions in the UK. High quality service and expertise - Trustpilot 'Excellent' rating with c.900 reviews.

**Some crossover** already during e.g. pest proofing installs undertaken by Property Care. Shared web presence on rentokil.co.uk in place.

£12.3m Ongoing Revenues in H1 2021, growth of 59%.  
£22.5m Ongoing Revenues in 2019.

**Joining the Pest Control Category  
as of 1/1/2022.**



# Value creating global M&A programme.

Since 2016 we have successfully acquired 228 businesses mostly in pest control with acquired revenues of over £850m. We have the network, know-how and proven acquisition model – with a deep understanding of density.

The market is highly fragmented and we remain the buyer of choice: 40,000 pest control companies globally.

North America: ~100 companies with revenues >\$5m, in line with 2016. Over the last 5 years, 43 companies sold, 42 new entrants (PCT100 List).

‘Cities of the Future’ focus where we expect to grow at higher levels.

Confidence in the sustainability  
of our global M&A pipeline.



Sustained M&A opportunity.  
Chris Hunt, M&A Director



# The Hygiene Services market has changed with higher expectations.

**Core Hygiene market growth drivers are similar to Pest Control including** growing middle classes, urbanisation and demand for higher standards. Post pandemic, we also anticipate more regulation eg workplace hygiene.

**Multiple delivery models** – direct purchase, janitorial model in the US and the professional service delivery model, also sub-contracted via Facilities Managers (FM).

**New research** - 20 markets - impact of COVID-19 on hygiene attitudes and behaviours. The benchmark of 'good' hygiene is now far higher.

**An outstanding industry with new levels of expectation and growth opportunities.**

**Core Hygiene market pre-pandemic growth rates typically of around 2% - 3% - broadly in line with GDP... now increasing as a result of the pandemic**



## Drivers and changing attitudes.

Gary Booker, Chief Marketing, Innovation and Strategy Officer



# Initial – the leading international Hygiene services business

**Unrivalled global position in core Hygiene services** - 22 market leading positions (top 3 in 38) of 65 markets.

**Industry-leading products** – best product range (hand, air and in-cubicle Hygiene) and powerful brand.

**Core Hygiene annual Ongoing Revenues of over £500m.**

## **Margins in Hygiene:**

- Post code density (as per Pest): # of customers on a route.
- Product density: # products in each premise.
- Shared overhead: Infrastructure, back office.
- M&A: Build geographic density and revenue on shared cost

**3% - 4% Organic Growth  
delivered during 2018-2019.  
Core Hygiene returned in H1 2021.**



## **Core Washroom Hygiene business.**

Brian Lynggaard, Operations Director, UK Hygiene  
Jill Rodgers, Area Marketing Director, UK & ROW



# Hygiene & Wellbeing

In response to the pandemic and increasing importance of hygiene and wellbeing services we are expanding the category – creating the right business at the right time to meet the future needs of our customers.



# Hygiene & Wellbeing.

**Wide range of services to meet the enhanced expectations for Hygiene:**

**Core Washroom Hygiene:** Using our scale, service expertise, brand, digital and innovation *inside* the washroom.

**Premises Hygiene:** Leveraging our hygiene expertise *outside* the washroom including specialist hygiene services in air care and clinical waste management.

**Enhanced Environments:** Improving the occupant experience including premium scenting, plants, air monitoring and green walls.

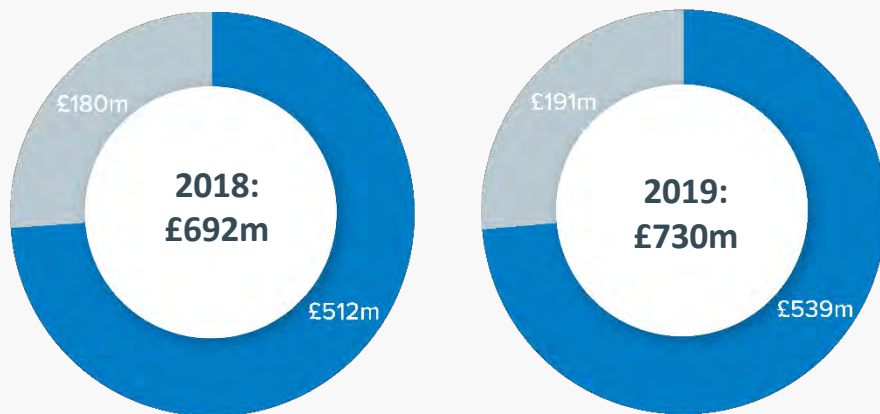
**Brings together Ambius plants and scenting; Dental Hygiene; and Cleanroom services – moving from Protect & Enhance as of 1/1/2022.**



**An expanded new category meeting the needs  
of the world today and tomorrow.**

# Hygiene and Wellbeing

Pre-pandemic Ongoing Revenue of c.£700m



- Core Hygiene Business
- Premises / Enhanced Environments – Ambius, Dental & Cleanrooms

H1 2021 now back in line with 2019



New Hygiene & Wellbeing Category: Combined Ongoing Revenues  
Note: Excludes Disinfection

Over the medium term from 2022 we will deliver 4% - 6% organic growth on the enlarged Category.\*



# Hygiene and Wellbeing

A compelling medium-term organic growth opportunity.

Growth from **core Hygiene – inside the washroom** from an enhanced Hygiene offer incl. no-touch, digital and e-commerce.

Expansion of our offer from activities **outside the washroom** (Premises and Wellbeing / Enhanced Environments) incl. air, dental hygiene and wellbeing. Plus, expansion delivered through new markets - **geographic coverage**.

**Delivering 4% - 6% Organic Growth over the medium term from 2022.\***

\* Excludes Disinfection

**c.50% of our 4% - 6% medium-term target.**

**c.50% of our 4% - 6% medium-term target.**

**Members of the management team from our operations in Europe, US, Asia and Pacific.**



# Hygiene and Wellbeing

## Strong M&A growth opportunity – same model as Pest Control

**M&A creates value through city-based density economics**, as per Pest Control. M&A team, expertise and systems in place. Delivering 5-6 deals p.a. on average.

**Proven ability to drive margins – density building.**

**Significant global M&A pipeline is being built** across the Hygiene & Wellbeing category. Momentum growing through 2022.

**Deal flow supported by an emerging pipeline of c. 80 targets.** We will also be open to the potential for larger transactions if available.

**Target £25m+ revenues p.a.**



**M&A in Hygiene & Wellbeing**  
Chris Hunt, M&A Director

# Old Group Financial targets

(until 31/12/2021)

# New Group Financial targets

(from 1/1/2022)

## Medium-term Group financial targets

### Organic Revenue Growth

Group: 3% - 4%

Pest Control: 4% - 6%

Hygiene: 2% - 3%

Workwear: n/a

### Ongoing Revenue Growth

Total Growth of 5% - 8%

### Ongoing Operating Profit Growth

Growth of c.10%

### Free Cash Flow

Conversion rate of c.90%

### Organic Revenue Growth

Group: 4% - 5% (excl. Disinfection)

Pest Control: 4.5% - 6.5%

Hygiene & Wellbeing: 4% - 6% (excl. Disinfection)

Workwear: 3% - 4%

### Ongoing Revenue Growth

Total Growth of 6% - 9% (of which M&A c.2% - 5%)

### Ongoing Operating Profit Growth

Growth of 10%+

### Free Cash Flow

Conversion rate of c.90%



# ESG is real & operational in Rentokil Initial.

**Long-term investment in our Employer of Choice programme** – driving high levels of retention and recruitment. High levels of training. New diversity programme.

**Environment programme** – net zero by the end of 2040 goal established, strategy (8 workstreams) being deployed locally. Strong local engagement. By 2025 – 10% of our fleet (c. 2,000 vehicles) will be ultra low emissions/electric.

**Vigeo Eiris ranks Rentokil Initial 1st out of 103 companies in Business Services.** ESG rated as 'AA' by MSCI, as Prime by ISS ESG (with a decile rank of 1 indicating a high relative ESG performance) and as 'low risk' for ESG by Sustainalytics.

**A responsible, purpose driven organisation.**



With a tested  
average energy  
saving of:

61%

**Innovation, Digital & ESG display areas.**  
Please visit during breaks and drinks.

# Agenda

12.00 **Introduction: Pest Control and Hygiene.**  
New opportunities. New targets

Andy Ransom, CEO

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An outstanding, thriving investment opportunity

Gary Booker, Chief Marketing,  
Innovation & Strategy Officer

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Pest Control: Past, Present, Future  
Our Digital Ecosystem  
UK Case Study  
NB. also on display in the coffee area

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Paul Donegan, Digital Innovation Director  
Dave Hall, Operations Director, Pest Control, UK

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Innovation pipeline to fuel future growth – our strategy  
and new solutions. NB also on display in the innovation room

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Chris Hunt, Group M&A Director

13.25 **Pest Control**  
Long Term Growth Engine

Stuart Ingall-Tombs, CFO

13.30 **Lunch: Displays – Digital, Innovation and ESG**



# Rentokil Initial

Protecting People. Enhancing Lives.

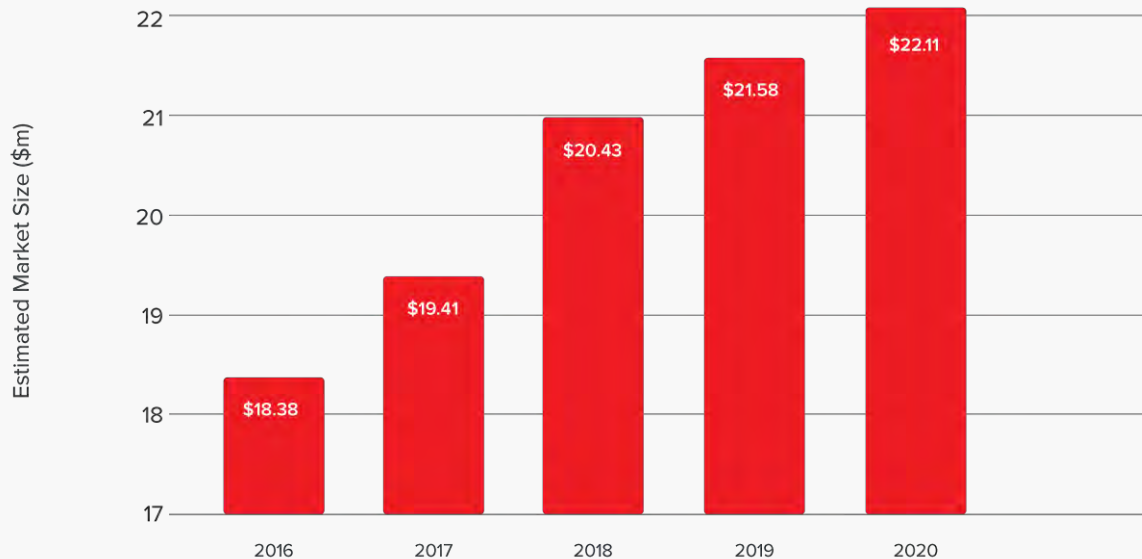
## The Pest Control Industry:

An outstanding, thriving investment opportunity

Gary Booker - Chief Marketing,  
Innovation & Strategy Officer

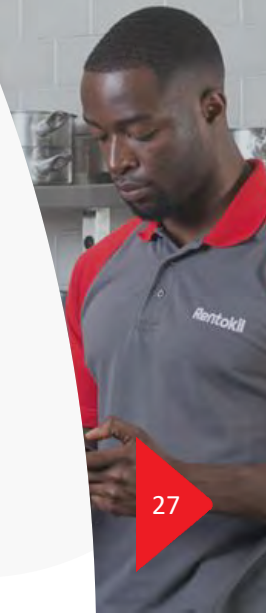


# Global Pest Control market has grown consistently over last 5 years



Total market CAGR of 4.7% over last 5 years

**Pest Control industry remains an attractive growth investment opportunity**

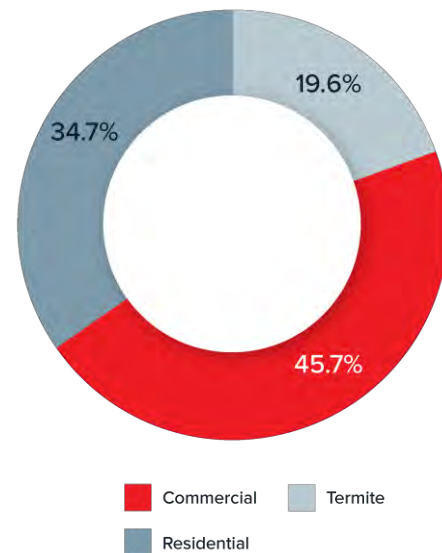


# North America dominates the global pest market, with Commercial as the largest segment

Market Value by Region (\$bn)

Continent	CAGR%		Share%
	2016-2020	2020-2026	
North America	4.2	4.3	51
Asia	6.0	6.1	21
Europe	4.9	5.0	20
Oceania	4.9	5.1	4
South America	4.8	6.0	3
Africa	3.2	4.0	1

Split by Key Segment



# Growth has been driven by the 9 factors discussed in 2018

Resilient Market with Multiple Macro Growth Drivers – In both Commercial and Residential customer segments

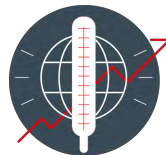
## Growing Population

World population growing by 80m people p.a and forecast to be 8.6bn total by 2030 creating further demand from pest proximity



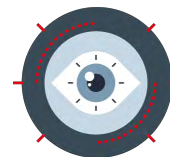
## Climate Change

By 2050 climate change is expected to cause approx. 250k additional deaths p.a. from malaria, diarrhoea and other diseases



## Standards Increase

Increasing global convergence and transparency in global standards, particularly adoption of global standards in emerging markets



## Urbanisation

70% of the population will live in cities by 2050 (1990 = 43%) where pest issues are most prevalent



## Rise of Pests

"Ratpocalypse" - global rat population estimated to increase to 7bn and increasing demand for non-toxic solutions



## Increasing Business Pressure

22% of facilities across the global food chain have some record of pest activity at any one time with significant reputational risk



## Rise of Middle Classes

160m more people join the middle class every year with increasing standards and lower pest tolerance



## Vector-borne Diseases

More than 3.9bn people in over 128 countries are at risk of contracting dengue fever, with 96m cases estimated per year



## Rise of Pest Intolerance

Pest infestations cost businesses £5.8bn p.a.





# Further climate and environmental factors drive pest growth

## Warmer climate

In 2020, the earth's surface temperature was around 0.98 Celsius degrees warmer than the 20th-century average

The number of days with an average temperature above 50C has nearly doubled:

1980-2009 = 14 days

2010-2019 = 26 days

## Pest growth and movement

25 scientific studies show a clear association between climate change and mosquito-borne disease risk

*Aedes aegypti* predicted to invade an estimated 19.96m km<sup>2</sup> by 2050, placing 49.13% of the world's population at risk of arbovirus transmission



## Impact on Pest Control

- Increasing temperatures means longer breeding periods, and longer pest seasons each year
- Insects are likely to experience one to five additional life cycles per season
- Climatic changes favour mosquito breeding conditions and extend the biting season
- This also facilitates the spread of pests into new geographies, bringing disease and an increased risk for public health
- Increased demand for more sustainable solutions

# Population growth and urbanisation remain strong factors

World population is forecast to increase to 9.1bn by 2050

Over the last 70 years the average for people living in urban areas in Asia has increased from 17.5% to 51.1%, and in North America has moved from 63.9% to 83.6%

68% of the population will live in urban areas by 2050 (vs. 55% in 2018)



## Impact on Pest Control

- Population growth and density breeds commensurate pest growth
- More buildings and development also mean more safe harbourage areas for pests to live and forage
- Increasing food production to meet demand requires high levels of pest control

# Growing middle class expectations and spending continue

Spending amongst the middle classes is expected to grow from about \$37 trillion in 2017 to \$64 trillion by 2030 accounting for a third of GDP growth

Increased spend in particular will be driven by the growing wealth and consuming classes in emerging economies

Changing expectations drive standards and ultimately regulation



## Impact on Pest Control

- 160m+ more in the middle class each year demanding ever higher sanitation standards
- Pest Control requirements grow as global sanitation expectations rise in residential and commercial premises



# Data accessibility and transparency from technology adoption

## Increased IoT

In 2020 there were 8.7bn active IoT devices worldwide, with CAGR of 11% expected - growing to 25.4bn in 2030

By 2023, M2M connections will represent 50% of the total devices and connections in the world

## More data

Global data creation is projected to grow from 64.2 zettabytes in 2020 to more than 180 zettabytes by 2025



## Impact on Pest Control

- Digitisation trends are influencing the service and solution demand from customers
- Information flows are more transparent and drive the need for ever tighter controls to protect business and reputation
- Increased data provides insights that stimulate customer needs



# Spending on Pest Control is increasing in every market

Per capita spend continues to increase driven by global trends influencing increased demand

	2020 Estimates		Pest Control per Capita (\$)			
	Pest Control (\$bn)	Pest Control as a % of GDP	2018	▲	2020	Growth % (18=>20)
Global	22.11	0.017%	2.41	▲	2.86	18%
North America	11.16	0.042%	18.02	▲	18.89	4.9%
Europe	4.35	0.014%	4.56	▲	5.23	15%
Asia	4.70	0.008%	0.62	▲	1.04	68%
India	0.47	0.005%	0.16	▲	0.34	112%
China	1.72	0.007%	0.24	▲	1.20	400%

Regional variances also influence the mix between Commercial, Residential, and Termites:

**Commercial** 34%-67%  
**Residential** 13%-42%  
**Termites** 14%-25%

# Rentokil: The largest Pest Control business in the world

The strongest #1 in the most countries

**85%**

of Global GDP is serviced by the countries we operate in

**10x**

revenue outside the USA when comparing Rentokil to Rollins and Terminix

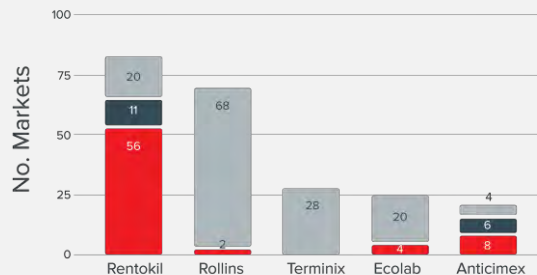


**Market leader**

in **56** of the **87** countries we operate in

## Markets #1 and #2 Position

■ Number 1 ■ Number 2 ■ Remaining Markets



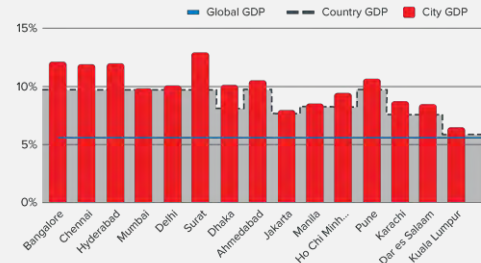
Of top 50 priority cities we estimate RI Pest Control market share as being

**10.6%**

The key cities are expected to grow GDP (2020 - 2030) at *(a higher rate than the Pest Control industry projections)*

**5.8%**

Forecast GDP 2020-2030 (CAGR) Country compared to City



# Recognised as the 'Experts in Pest Control'



## Innovation

- Innovation is in our DNA; our track record of developing award winning solutions and services is unparalleled
- Innovative data-driven technology



## Global Centre for Science & Innovation

- One of the world's largest centres for innovation, science and technical training
- Forefront of behaviour science and observational research
- Ph.D. scientists developing and testing innovative solutions



## Regulatory & Technical Compliance

- In-house regulatory team and analytical experts
- Extensive industry-leading global experience navigating regulatory, legislative and safety requirements
- Good Laboratory Practice (GLP) compliant analytical laboratory



## Training & Skills

- Strong culture of engagement and outstanding technical training across our 20,000+ highly qualified and experienced technicians
- 309k training courses undertaken in 2020



Industry leadership sustained through focus on service delivery and solution innovation

# Culture of constant Innovation drives our business success

## SCIENCE

at the heart of our approach by the experts in our global innovation centre

£21m

invested centrally over the last 3 years complimenting regional R&D spend

3,000+

Colleagues supporting our innovation agenda globally

## FIRST

to market with LED technology in Insect Light Traps (ILTs) and Connected Pest Control

50+

partners working with us to deliver best quality solutions at pace, from technology to academia.

100%

of all pipeline solutions will have a positive impact on environmental performance

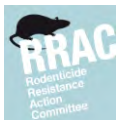
50+

innovations being progressed through our development pipeline at any one time

c.25%

of UK job sales generated from innovations launched over the previous 5 years (2019)

Rentokil  
Initial





# Rentokil's Digital Ecosystem underpins our service delivery

## Digital Ecosystem consists of:

- Detailed digital data capture and full service recording on site
- Granular level of pest activity detail and monitoring
- Suite of 24/7 always-on connected solutions
- Master, fully-interactive CommandCentre holding all data
- Full visibility of all activity - searchable by all fields (*location, pest, solution, sector, etc.*)
- Interactive customer portal for full transparency and site-by-site breakdown



## Providing clear customer benefits:

### Permanent monitoring

- Round-the-clock monitoring for pest activity = proactive pest control

### Infestation management

- Earlier identification and response before an infestation develops

### Proof & automated documentation

- Ability to track and show improvements in pest management
- Ability to prove the quality of products, brand and reputation to suppliers and customers
- Greater visibility of pest issues and resolution to prove compliance with audit and regulatory standards

### Multi-sites

- Maximum transparency through data for control of customer sites

### Better service and pest measures

- Proactive replacing traditional reactive pest control
- Ability to determine pest trends and commission preventative measures ahead of time
- Customer E-billing

Unique capability delivering compelling customer benefits and servicing efficiencies

# Customers are clear on their needs moving forwards

**76%**

of respondents say that **reliability and speed of service** is important to them when selecting a pest control provider for their business

**75%** of respondents say that the ability to deliver **new innovations** is important to them when selecting a pest control provider for their business.

**75%** respondents say **proof of service** is/would be an important feature of online pest reporting for their business

**74%** of commercial business say that the ability to offer **remote monitoring** of pests is an important deciding factor when choosing a pest control provider

**81%**

of commercial businesses say it's important that pest control provider supports their **sustainability** agenda

Minimising the amount of **pest control chemicals** being used is one of the top four ways respondents see advancements in technology helping deliver better pest control within their business



# Rentokil set for continued growth in all markets

A strong and unique position given our global footprint, our pest expertise and digital capability

## Scale

- Operating in over **85 countries** covering over **80% of the world's GDP**
- Present in **80% of the Top 250 cities** globally
- **Density** across our markets that enables us to profitably deliver the most effective service
- Targeted **M&A** building further density in-fill

## Expertise

- Over **95 years** of specialist Experience and learning
- **Science based expertise** from our qualified front line teams to global science centre
- **Technology enabled colleagues** armed with pest control data

## Innovation

- **Culture of innovation** right across the business
- Industry-leading global **R&D Innovation Centre** studying animal behaviour
- **Unique and proprietary** pest solutions

## Digital

- **myRentokil** digital platform customer portal live in 46 countries
- **PestConnect** as the world's leading integrated Pest Management solution
- Huge power from **CommandCentre** data
- End-to-end **Digital Ecosystem** for customer service delivery including monitoring payments and account management

# Rentokil Initial

Protecting People. Enhancing Lives.

## Leading the digital transition in the pest industry

Phill Wood - Regional Managing Director, UK





# Pest Control transitioning to Digital

Rentokil leading the industry as it evolves with enabling technology



# Rentokil Initial

Protecting People. Enhancing Lives.

**Our Digital Pest Ecosystem is industry leading and gives us a clear advantage over competitors**

Paul Donegan – Digital Innovation Director







# What is Digital Pest Control?

We have the platform to scale IoT globally



Frontline  
Colleague



Back Office  
Colleague



Customers

IoT Cloud Platform

Internet Gateway

Customer Site



**Rentokil**  
**Initial**

The world's best pest control devices are now connected!

## How does this work

Connected Pest Control Devices

Proprietary Secure Network

IoT Platform from Google

Colleague & Customer user Apps



# How does this work?

100% customer transparency

Colleagues digitally empowered

Digital twin of a customer's site

Does not use customer wifi

Heartbeat messages

## Devices



Internal & external devices

Mouse & rat solutions

Sustainable solutions

Over 200,000 devices already live

Scalable robust network already established

# Our LongReach Network

Can be managed remotely

Live in 26 Countries

Proprietary LongReach network

Not connected to customer's wifi



## How does this work

Regular security audits

Over 10 million messages a day

Largest sites have 1,000+ devices

LoRa Based technology

We have been investing & innovating in our technology for over 10 years

# How does this work?

Rapid agile development

“End to End” integrated solutions

Partnered with global leaders

Designed for global scale

We are Ready for Growth

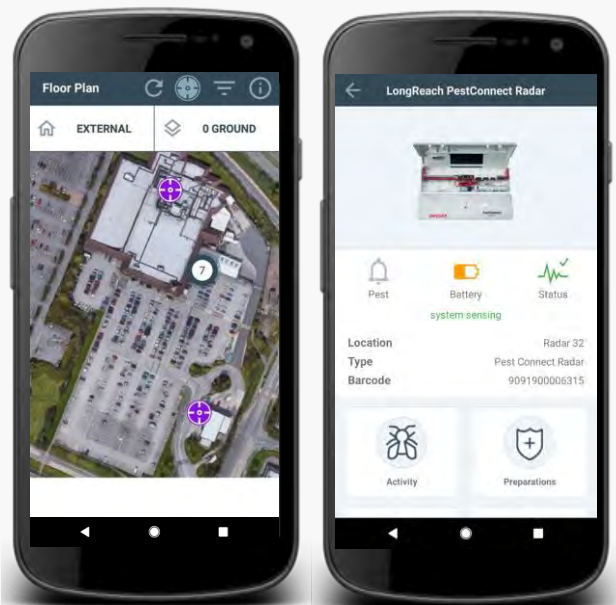
## IoT Platform







# Colleague Apps Front line



## How does this work?

Colleague experience is everything

Capture everything digitally

Guide front line to issues

Digital twin of a customer's site

# Colleague Apps - CommandCentre



## How does this work?

### Trend Analysis

Pest activity analytics for time of day, day of week, month of year. As well as weather and temperature.

### Mining our BIG DATA

To improve our service and for converting our recommendations into jobbing revenue

### Using AI & Machine Learning

Identify risk areas and help predict likelihood of future risks

# How does this work?

Safe, Secure platform

Used by Auditors & customers

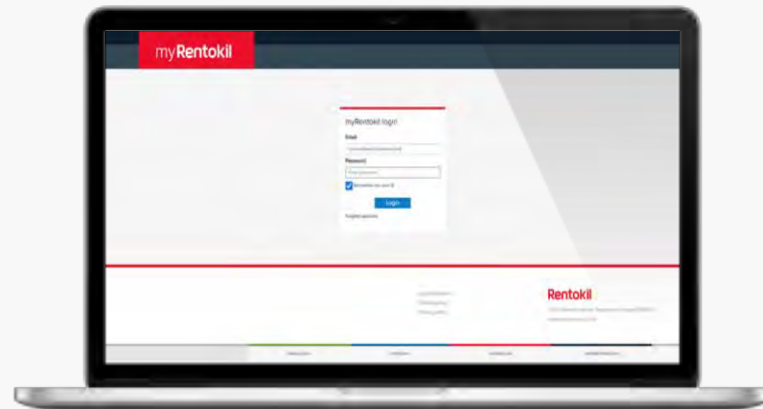
100% Transparency with customers

A single digital destination for our customers allowing them to:

- View their service history
- Manage open recommendations
- Access trend analysis & reporting
- View their bills

Over 98% of Commercial customers have access to myRentokil in 46 countries

## Customer Apps



myRentokil

# Why is it important?

We have the platform to scale IoT globally



Front line  
Colleague



Back Office  
Colleague



Customers

IoT Cloud Platform

Internet Gateway

Customer Site



## Our Digital Ecosystem

We have laid the foundation & have a solution that is designed to scale.

We have overcome the local network complexities

We have partnered with the technology giants to create the world's best Digital Pest Control solution



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## UK Case Study

Proven model to deliver a better customer experience and improve our commercial performance

Dave Hall - UK Operations Director  
Rentokil



# Targeting c.25% of commercial customer base

Delivering a Global Mass Market Digital Pest Service

## 1. Build capability in the UK as lead market

- Commercialisation / Solution Pipeline / Capability

## 2. Global Deployment Model

- Export lessons / developments to regional lead markets
- Progress already demonstrated in key markets
- Dedicated Global Team to support progress

The growth intent:

c. 25% by 2026

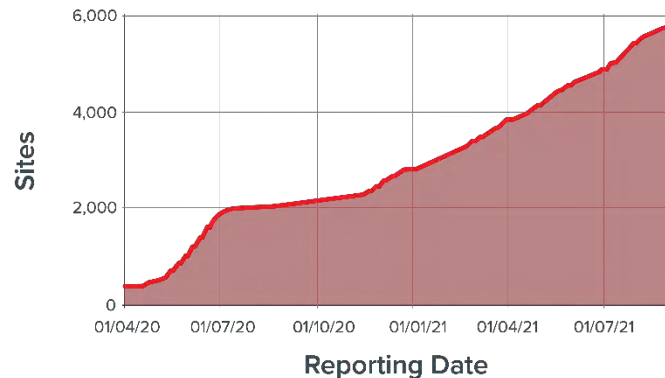


# PestConnect:

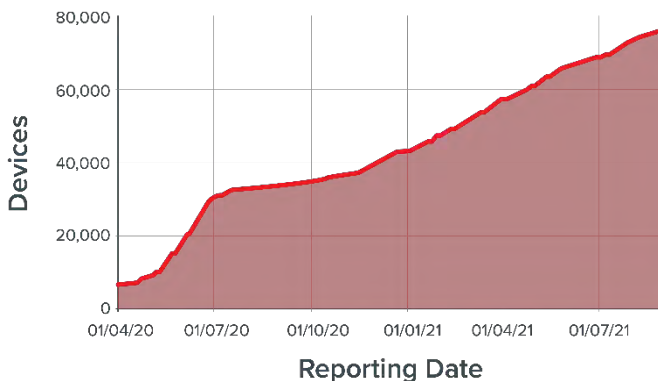
Revolutionising the Pest Industry

- UK business **launched mass market PestConnect in 2019**
- Connected Portfolio has grown by more than **4X since launch** and is now circa **10% of portfolio**
- The UK strategy **has 3 major segments**:
  - Key Account Customers
  - SME new contracts
  - SME renewals
- **The commercial business model is**:
  - Switch technician visits into 24/7/365 connected monitoring
  - Switch more portfolio into 3 year contracts

## Site Growth



## Device Growth



# PestConnect:

The Customer Benefits

## PestConnect:

Intelligent Pest Control that doesn't cost the earth

### Connected 24/7 Monitoring & Control



Our **Intelligent connect offering** effectively monitors and control rodents 24/7, saving you time and money dealing with costly infestations

### Expert Technicians



With a **team of expert technicians**, Rentokil can provide a rapid response nationwide, through the local and consistent availability of staff

### Unique and Effective Products



Tailored to your site and your needs, PestConnect provides a **real-time, early warning system** for the monitoring and control of rodents

### Intelligent Data



**Intelligent data gathering**, allows for greater insights into pest issues allowing for a more targeted approach, as well as providing benchmarking across your estate

### Sustainable Solutions



We use a **range of sustainable solutions**, to effectively control rodents without harming the environment, saving up to 40% in rodenticide use and protecting your reputation



# PestConnect:

Strong growth across the customer base

- Twin strategy targeting **New** and converting **Existing** portfolio to PestConnect
- **25%+** New Contracts sold are PestConnect, with **70%** signed up on a three year contract
- **58%** of the target convertible Existing SME Portfolio upgraded to PestConnect Contracts since the start of 2021
- Progress in both Key Accounts(KA) and SME
- Largest sectors in KA include FM and Retail (food & non-food)

## Targeting & winning with Connect in a wide range of sectors:



Restaurants



Non-Food Retail



Pubs



Food Manufacturing



FM



Leisure



Food Retail

# “Tesco Turn to Tech for Pest Control”

“Britain’s favourite supermarket” decided to use PestConnect as it uses **intelligent technology to monitor for pests in real-time, whilst also reducing reliance on rodenticides:**

- **Complements their sustainability programme** as well as keeping them compliant
- **Delivers 100% non-toxic internal monitoring & control**
- Complies with the **Campaign for Responsible Rodenticide Use (CRRU)**
- Enabled Tesco to **reduce their use of rodenticide by up to 40%**
- **Reduced pest problems** since introducing Connect despite the challenges of running a retail outfit during Pandemic
- The Tesco: Rentokil partnership is **leading the way on innovative, sustainable approaches to pest control** in the retail industry

“ Rentokil’s intelligent pest management system provides us with a wealth of data that helps us to more effectively manage pests, ensure our premises are properly pest proofed, and that robust prevention measures are in place. ”



**Tony Donovan,**  
**Head of Pest Control, Tesco**



# Delivering Effective & Sustainable Pest Control to Key Sectors

**NHS**

PestConnect installed  
in **London and  
Glasgow Nightingale  
Hospitals** during the  
Pandemic



**res**  
power for good

Protecting **Solar Cell  
Infrastructure** around  
the UK



**CBRE**

CBRE "Innovation  
of the Year"  
Winners



**eden project**

Helping to protect the  
**Eden Project** from  
unwanted rodent  
visitors, as well as  
reducing the use of  
toxic baits by up to  
40%.



# UK standard PestConnect Offer

**“We’ll give you 24/7 monitoring for rodents for more or less what you are currently paying for 8 visits”**

- Routine visits reduced to 4 from 8
- Fewer but better devices unique to Rentokil
- 24/7 monitoring
- Online reporting
- 3 year contract
- Limited change to contract price



PestConnect  
RADAR



Dual AutoGate  
Connect



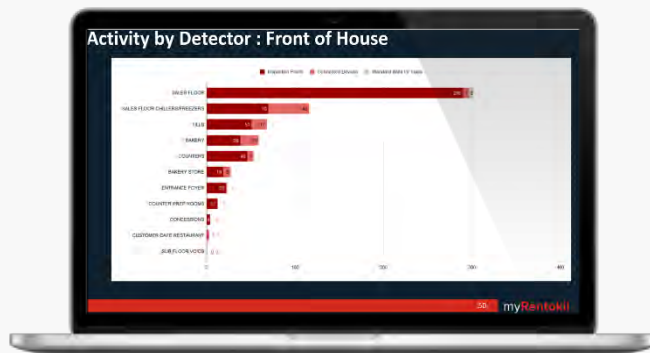
Rat Riddance  
Connect



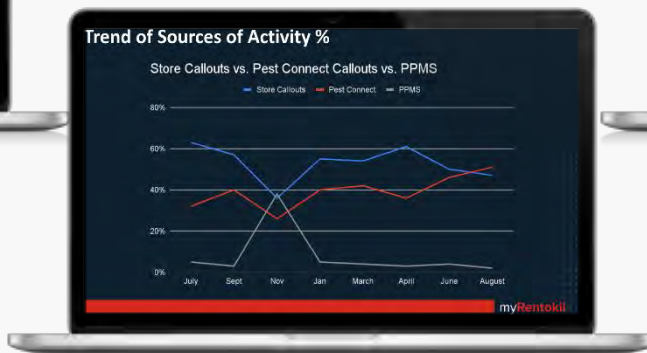
myRentokil  
Reporting



# PestConnect: Enhanced customer reporting



Source of activity



Location of activity



Industry benchmarking

# Significant investment in upskilling technician capability



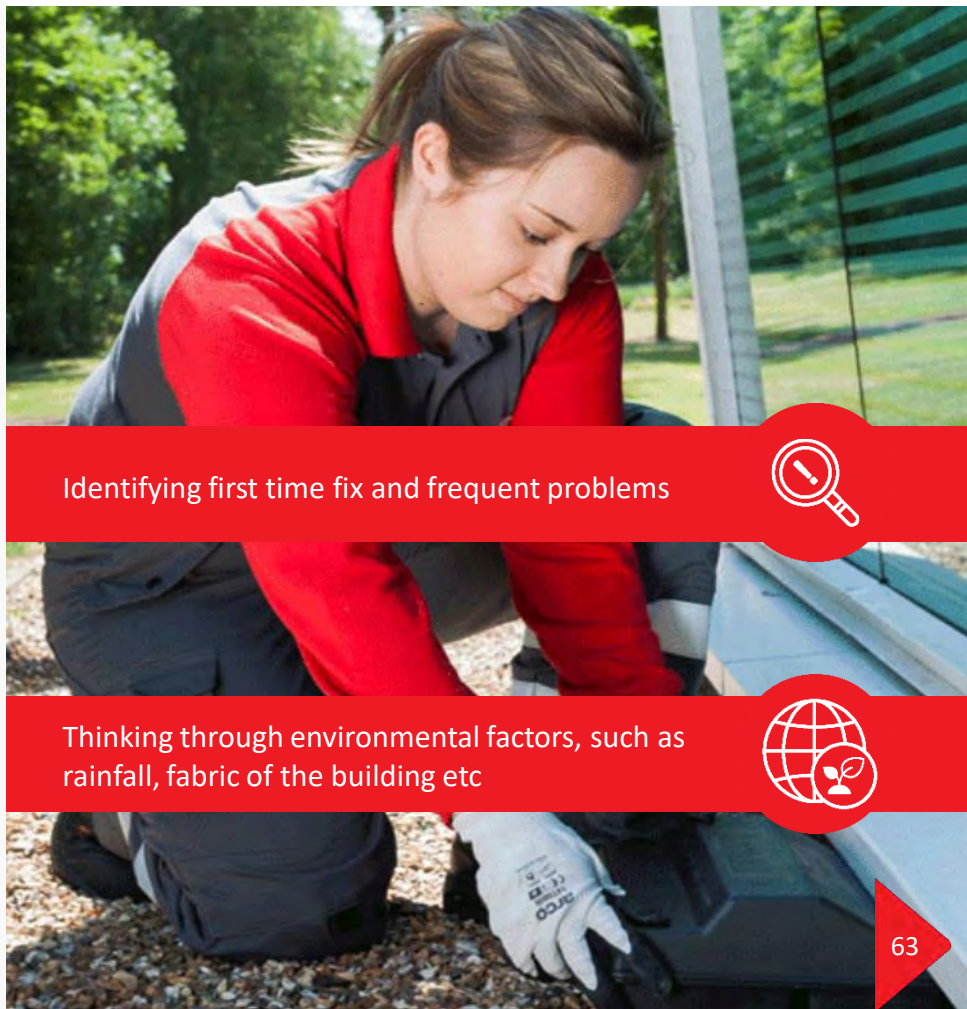
Learning to manage a connected system not just understand Pest Control



How to maintain a connected device including battery life/management



How to locate devices to maximise signal strength and pest control effectiveness



Identifying first time fix and frequent problems



Thinking through environmental factors, such as rainfall, fabric of the building etc

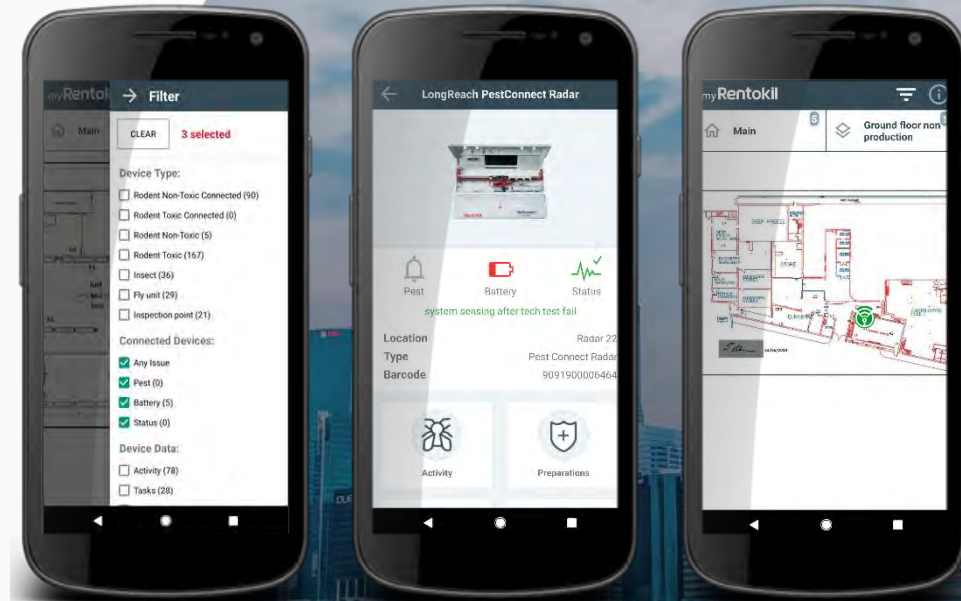


# PestConnect: 'bait box checker' to 'technical expert'

- Enhanced knowledge of site
- Less time checking bait boxes

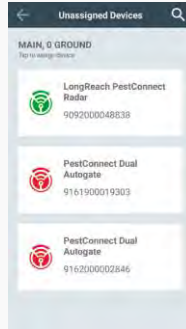
## Which means that:

- More time to focus on infestation management
- Increased opportunities to recommend other Rentokil services to enhance job revenue



# Colleague Benefits and Summary

Creating New, More Valued Roles for Technicians



- **Digital technology with integrated reporting** systems mean technicians need to be more than just 'bait checkers'
- **Upskilled, highly qualified & accredited** technicians manage these systems on the ground
- In addition, less time checking baits and more time **inspecting premises** means better value for the customer.....
- And, a more **interesting and challenging** job for the technician

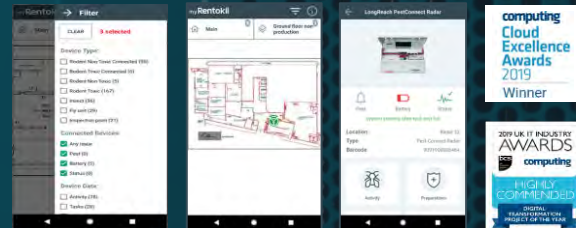


# For Customers: Switching From Control to Prevention

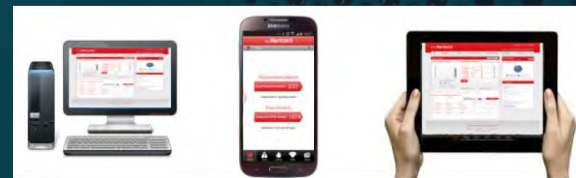


**PestConnect uses cutting-edge technology to give customers:**

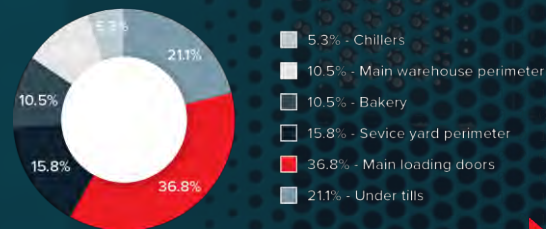
- leading the market by switching to **pest prevention via 24/7 protection** as it remotely monitors & protects their premises around the clock
- a move **away from the industry “norm” of pest control via 8+ standard visits** in the UK (with manual visits) per annum
- **minimal disruption** as effective & responsive **treatments are carried out in a safe manner, with minimal contact with the customers’ colleagues**
- **minimised risk to people**, as **technicians attend at an agreed time**, using appropriate safety measures
- **real time reporting on total onsite visibility**, from any location, as well as **details of all open recommendations**, via an **easy-to-access customer portal** (available 24/7)
- a **sustainable & humane approach** to pest control, **compliant with legislation** on rodenticide use



An award-winning floor plan app enables technicians to provide an even greater level of service



Through technology customers get “easy to access” visit detail / infestation history / recommendation status & floor plans



Customers can get activity trend analysis within a single or multiple site, as well as benchmarking across a range of sectors

# PestConnect: The Economic Case

01

Supporting  
**Revenue Growth**  
of 4.5%-6.5% per  
annum

- Customers are getting a **differentiated, reliable pest service available 24/7, 365 days a year** as opposed to the industry standard of 8 manual visits
- Rentokil can therefore **offer service differentiation** as well as **creating a barrier to market entry**
- Connect has also **resulted in longer term customer contracts**, providing **greater revenue certainty** as well as **positively impacting customer retention**

02

And contributing  
to **Margin Growth**

- It takes a **significant investment in time & money** to achieve a holistic & reliable solution like Connect
- Connect can help mitigate labour shortages but at the same time **can really enhance job satisfaction**
- And the **technology** brings real cost benefit, as it **has enabled standardisation, at scale**
- **Margin neutral at install and over time margin accretive**

# Rentokil Initial

Protecting People. Enhancing Lives.

**Innovation to extend  
our industry leadership**

**Lizi Jenkins**

Group Innovation Director



# Innovation pipeline to fuel future growth

Technology enabled solutions at the heart of our solution pipeline



Delivering better customer service, solution and service efficacy through scientific research and new technology



Focused pipeline with targeted impact to maximise commercial gain



Sustainability at the heart of our innovations with clear goals to lower the impact of pest control on the environment



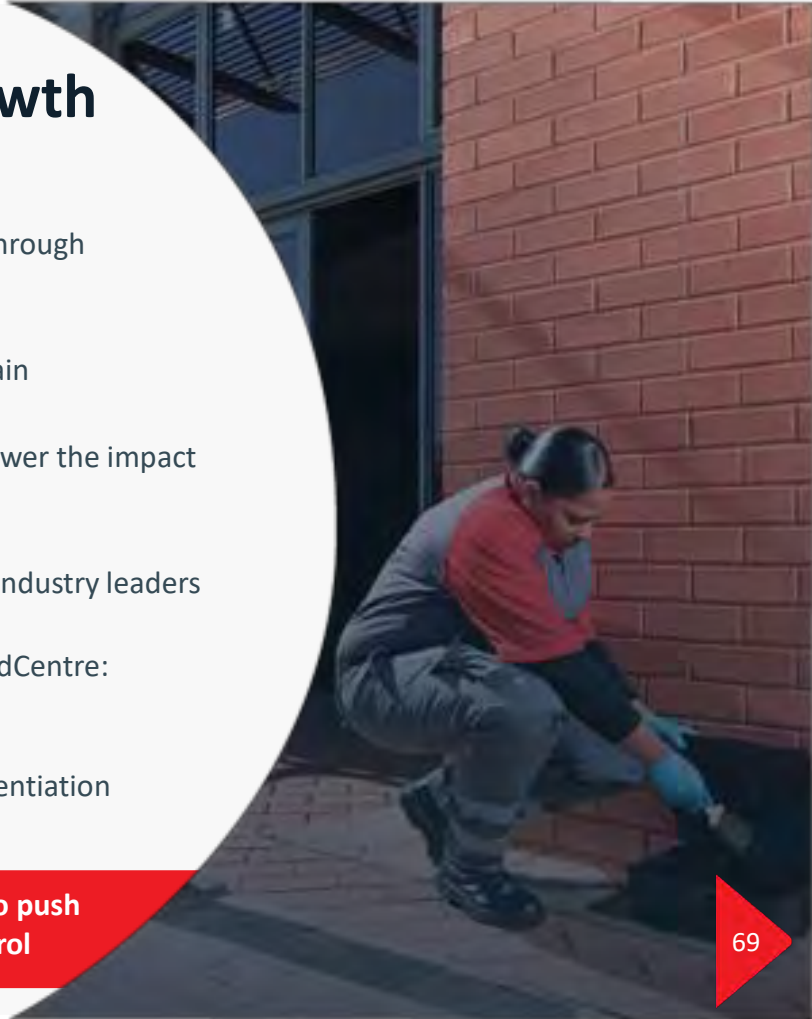
Partnering with the world's best digital, technology and chemical industry leaders



Informed innovation derived from insights generated by CommandCentre:  
- the world's largest and broadest pest control data set



Unique, proprietary, patented solutions providing sustained differentiation





# Extending our market-leading position in Connected Solutions

## Connect: Second Generation

### RADAR X

- Second generation learning
- Multi-mouse catch for better efficacy and reduced servicing
- Non-toxic and humane
- Proprietary CO2 technology
- Remote updates



# Extending our market-leading position in Connected Solutions

## Connect: Second Generation

### ERADICO GATE CONNECT

- Made from fully recycled polymer
- Meets baiting legislation
- Counts the number of pest activations
- Intelligently activates other Auto-gate devices when infestation occurs



# Extending our market-leading position in Connected Solutions

## New Solutions

### **CRAWL CONNECT**

- New crawling insect connected solution
- Proprietary technology
- Continuous, 24/7 monitoring
- Alerts based on set critical limits
- Counts and captures unwanted pests
- Species identification using AI/ML



# Extending our market-leading position in Connected Solutions

## New Solutions

### LUMNIA CONNECT

- Continuous monitoring provides immediate fly control
- Counts fly by size of species
- Species identification using AI/ML
- Alerts actions based on pest / device activity





# Data driven, dynamic pest control reducing chemical use

Leveraging proprietary data and technology for sustainable Pest Management

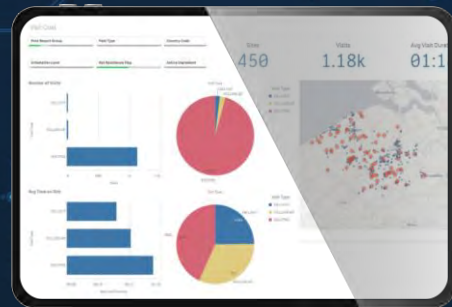
Resistance to traditional  
pest chemicals causes over  
use of chemicals



Our data and third party mapping provide  
Rentokil with unique and proprietary insights



Central data and frontline  
expertise combine to deliver  
more effective treatments



Another first for Rentokil: Our global data set provides Rentokil with a differentiated advantage to assess resistance and resolve infestations more quickly, effectively, and with lower chemical use

# Breakthrough Rich Media video analytics arrive in the industry

Revolutionising the way we monitor and diagnose pest issues

Harnessing tech of the future to bring solutions to an industry that has traditionally been slow to evolve

- Faster infestation awareness and identification as cameras track rodent activity
- Uncovering behaviours through data and analytics – giving us knowledge and proof that has simply not been there before
- Links through to proprietary Rentokil CommandCentre and customer facing myRentokil



Using the latest technology to provide an enhanced service with a lower cost base through a unique and differentiated solution

# A culture of continuous innovation

- Proven track record of delivering industry leading solutions
- Strong pipeline with over 50 solutions at different stages
- Partnering with the world's best to support the quality and pace of new solution delivery

**The goal to maintain our position as the best pest control company in the world drives our desire to deliver ever better and faster pest control solutions**



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## Value Creating M&A in Pest Control

Chris Hunt, M&A Director





# M&A is integral to our growth strategy

A strategic imperative and a core part of our DNA

## Delivery of profitable growth:

- Our model
- 5-year track record

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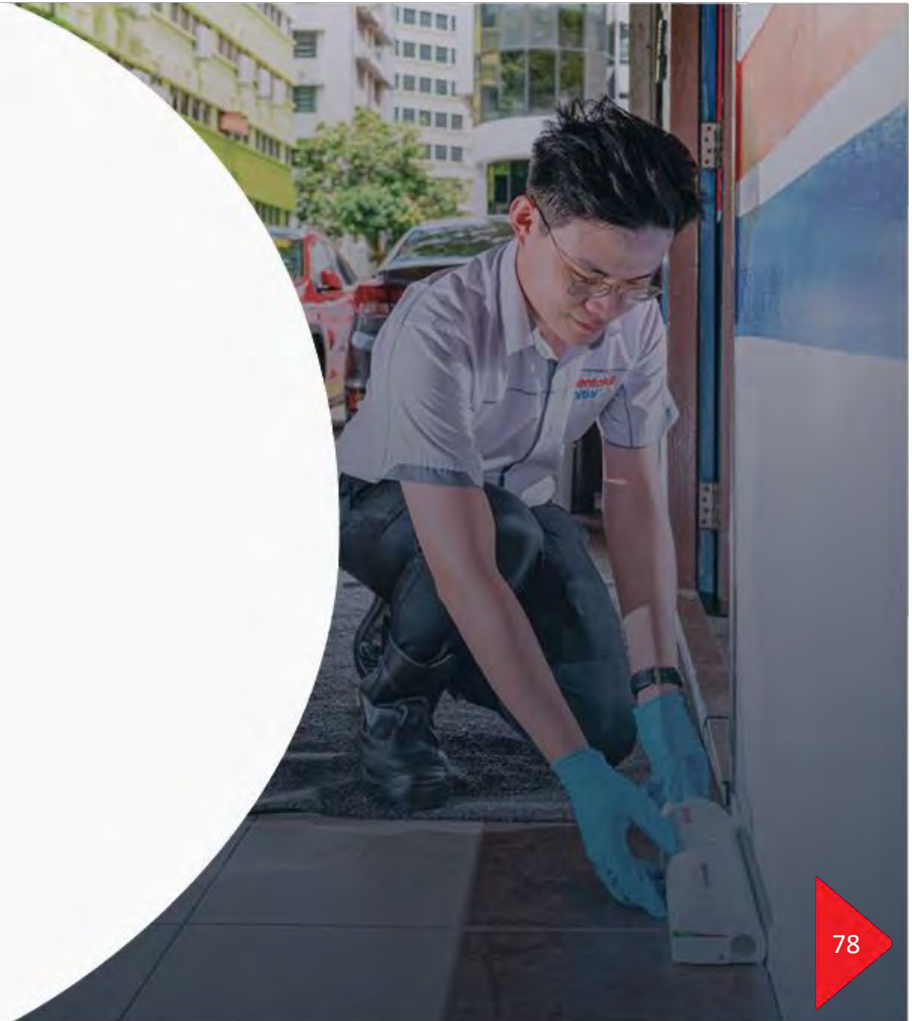
## Areas of focus for today:

- North America
- Cities of the future

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## Confidence in sustainability of the pipeline:

- Fragmented industry
- Quality, not quantity, becomes the challenge



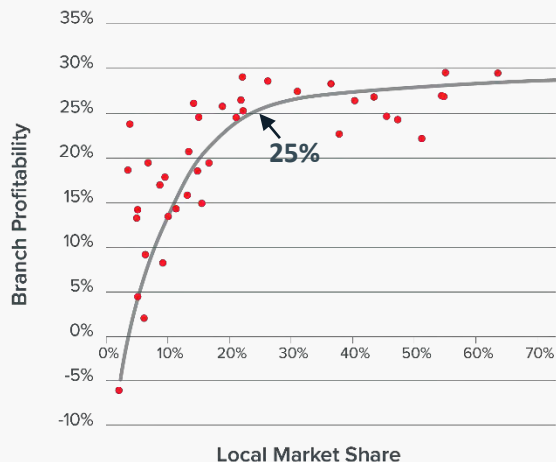
# Our Model

In-house capability to identify, evaluate, execute and integrate acquisitions at pace

## M&A builds density and APBITA

### Impact of density on branch profitability

- Our model
- 5 year track record



### Illustrative impact of a bolt-on

	Before	After
Revenue	2 x \$500,000	\$1,000,000
Synergised Profit	2 x \$50,000 10%	\$200,000 20%

### Accelerate through organic growth

- Invest in Commercial Sales Reps to drive base scale in B2B pest control
- Up-sell and cross-sell the services needed by our customers
- Where attractive, expand into residential market through local marketing activities – brand awareness, PR, events, sponsorships

## Our model for success

### 1. Disciplined Evaluation

- Quality of the Business
- Quality of its Economics

### 2. Clear Integration Plan

- Management role
- Synergy opportunities
- Leverage Rentokil technology

### 3. Strong Governance Model

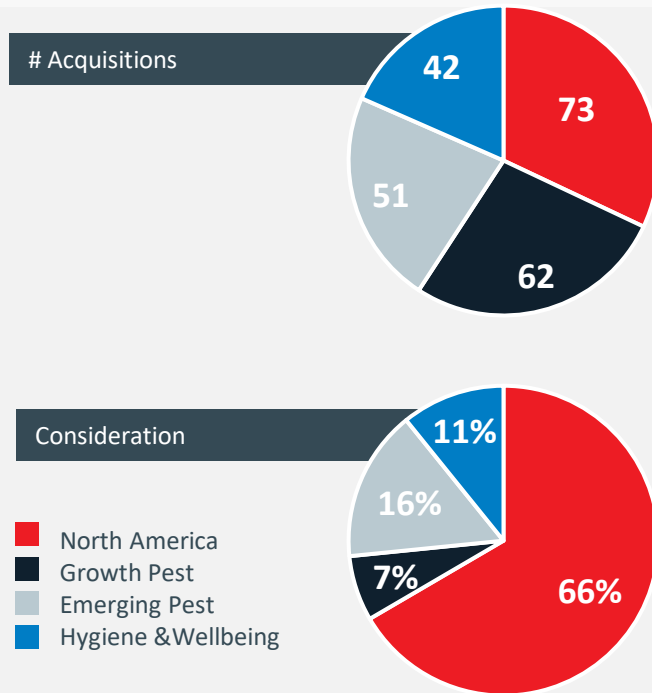
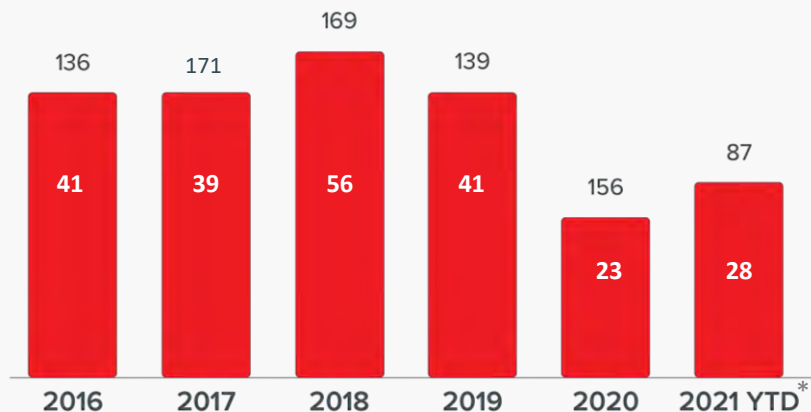
- Accountability & Follow up
- Confidence in IRR delivery

# Strong Track Record

228 deals mostly in Pest Control, £858m of acquired revenues since 2016

## M&A builds density and APBITA

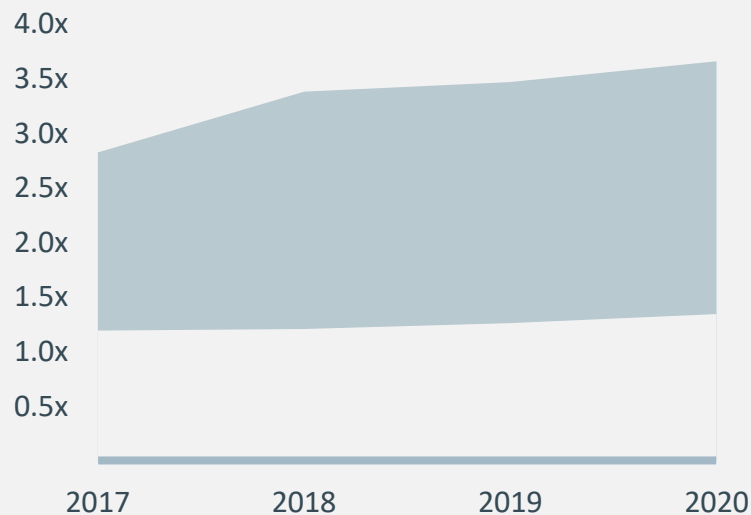
Revenue acquired (£m)



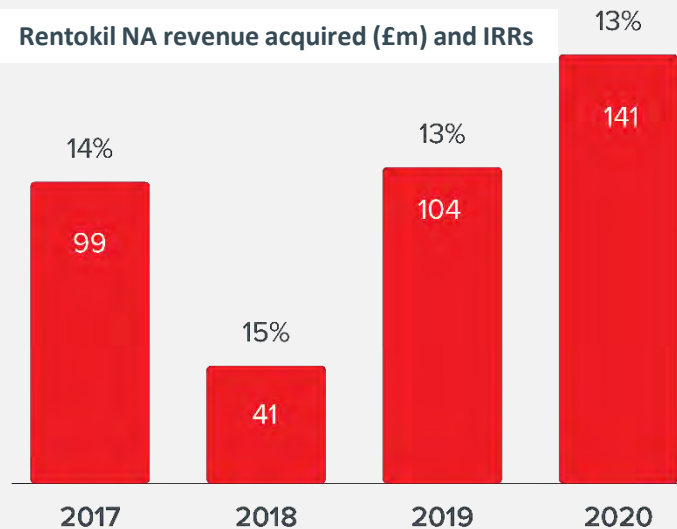
# Focus on North America

Prices have risen but returns are ahead of target<sup>1</sup> and WACC

NA pest industry revenue multiples



Rentokil NA revenue acquired (£m) and IRRs



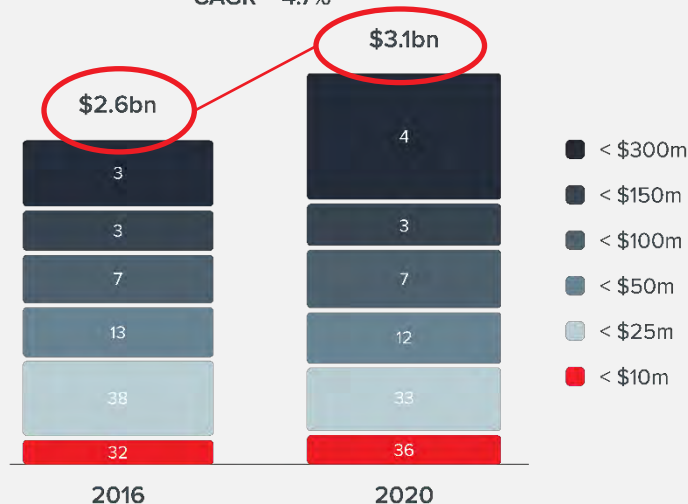


# North America Pipeline

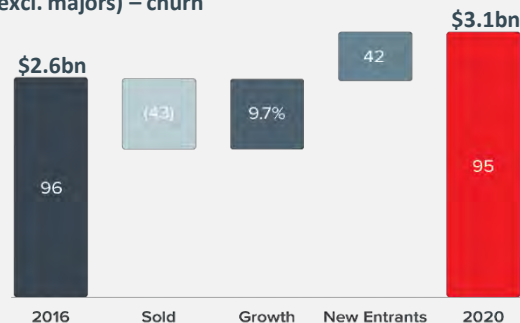
Pipeline remains robust – still ~100 companies with revenues >\$5m

## Top 100 (excl majors) – split by revenue

CAGR ~ 4.7%



## Top 100 (excl. majors) – churn



## PCT Top 100 pest control companies in NA 2020 vs 2016



- Characteristics of the 2020 “target list” are very similar to 2016
- Threshold for entry into PCT 100 is ~\$5.8m (2016: \$5.6m)
- 43 businesses have sold and been replaced by 42 new ones

# M&A in Emerging Markets

Cities of the Future

1. Forward looking GDP in emerging market countries is typically above those in established markets

2. Growth in the big cities in emerging markets tends to be higher than that of the country overall

3. The growth rate for pest control services in emerging markets is typically higher than GDP growth

> Actively building city market share greater than 25% will deliver optimal net margin

**Rentokil**  
**Initial**

## Conclusion

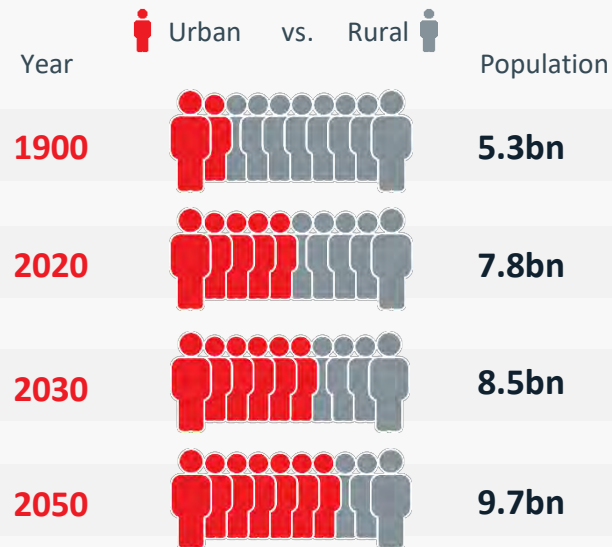
Developing a Rentokil presence in these cities gives us a stronger base for future growth over the next 10-20 years as we benefit from faster growth in these markets relative to more mature locations.



# Cities of the Future

Growing cities of the world provide a considerable opportunity

## Population & Urbanisation over Time



## Portfolio of growth opportunities from retention to organic growth

### Factors for proven growth

- 1 Emerging Markets**  
Typically grow faster than established ones
- 2 Countries with high GDP forecasts**  
Pest Control tends to grow quicker than GDP
- 3 Major Cities**  
Higher GDP than the country
- 4 25% Market Share**  
The magic number for optimal net margin in RI



### Cities opportunity

#### Where RI has presence

Organic growth and additional M&A to take market share above 15% in **125 of the Top 250** cities

#### Where RI has no presence

M&A and build density in **27 of the Top 250** cities identified

# Cities of the Future

Example: Indonesia / Jakarta

## Indonesia

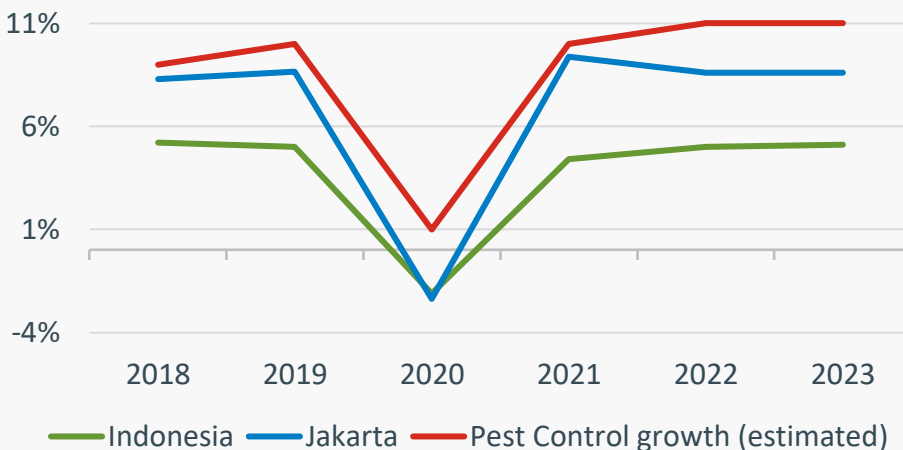
- 8th largest economy in the world
- 4th largest country by population with 266.8m people (200m more than the UK). Projected to reach 324m by 2058.
- 53% of the population in cities producing 74% of GDP

Indonesia GDP growth rate of

c.5%  
p.a.

Jakarta region GDP growth rate of

8%+ p.a.



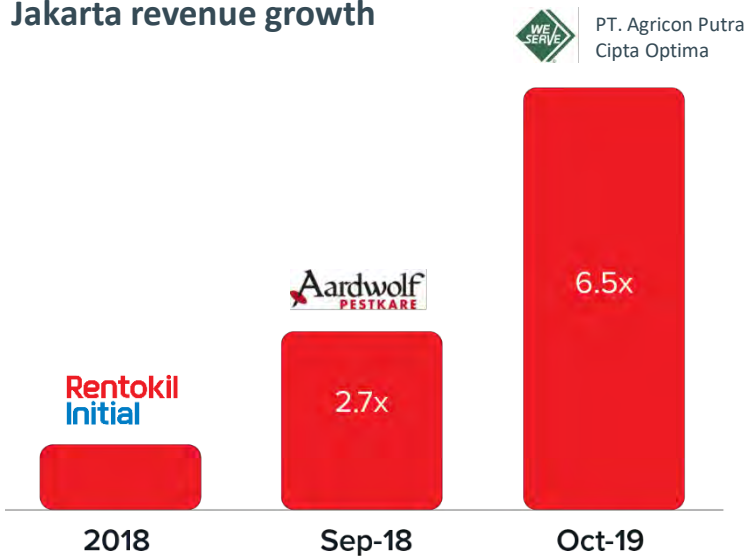
Source: Oxford Economics forecasts, PWC Cities of the Future 2016 (GDP at PPPs)  
Note: H1 2021 GDP for Indonesia post Covid was 7.07%



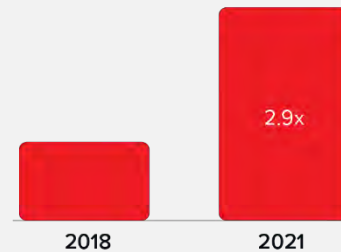
# Cities of the Future

Indonesia / Jakarta – impact of M&A

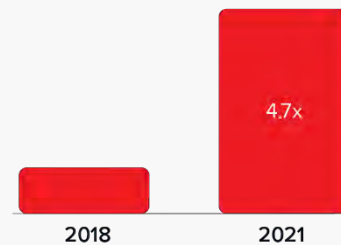
## Jakarta revenue growth



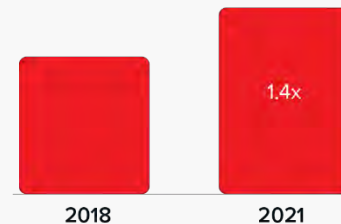
## Revenue per FTE<sup>(1)</sup>



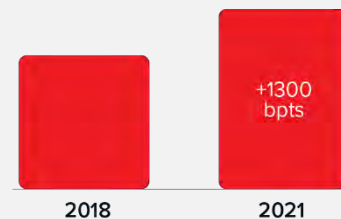
## Revenue per Branch



## Customers per FTE<sup>(1)</sup>



## GM improvement



# Pest Control M&A conclusion

Successful and sustainable programme

## Delivery of profitable growth:

- Strong record of identifying and executing value creating bolt-on acquisitions
- Disciplined evaluation, clear integration activities and governance underpins value creation
- M&A contributes 2-5% of growth to the Group

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## North America:

- Deals remain expensive
- Returns are still good and the pipeline is sustainable

---

## Cities of the future:

- In cities where we operate – Grow our market share to ~25%+
- Enter new, attractive cities



# Rentokil Initial

## Pest Control: Long-Term Growth Engine

Stuart Ingall-Tombs, CFO



# Cash Compounding Subscription Model

## Pest Control

Industry leading ESG  
E.g. non-tox.

Highly fragmented  
market with 40,000  
businesses – significant  
M&A rollup opportunity.  
Cities of the future.

Highly cash generative

Route density drives  
margins – city focus.



Strong EOC programme  
and retention levels.  
20,000+ technicians

c.1.5m customer contracts.  
64% contract / 36% job  
5-star Trustpilot  
High State of Service.

Necessary service – public  
health safety / more  
regulations and need for  
digital reporting (food etc).

Global leaders in technology  
and digital innovation –  
important for organic growth.  
Pipeline of 50+ projects.  
Digital ecosystem in place.



# Rentokil Pest Control

Global Leaders in Pest Control

## Cash-compounding, subscription growth business.

- **c.64%** portfolio / subscription business with high levels of customer retention at **84.4%\***
- Annual pricing recovery – **1.7%\*** on Portfolio
- Post code density / customer penetration density drives strong operating margins at **17.7%\***
- Organic Growth at **c.5%** to 2019 (4-year average)
- **Highly cash generative – 90%+ FCF**
- **High return on investment**
- Low capex intensive – capex to revenue **c.4.6%** (4-year average)
- Highly fragmented market – significant **M&A** roll up opportunity

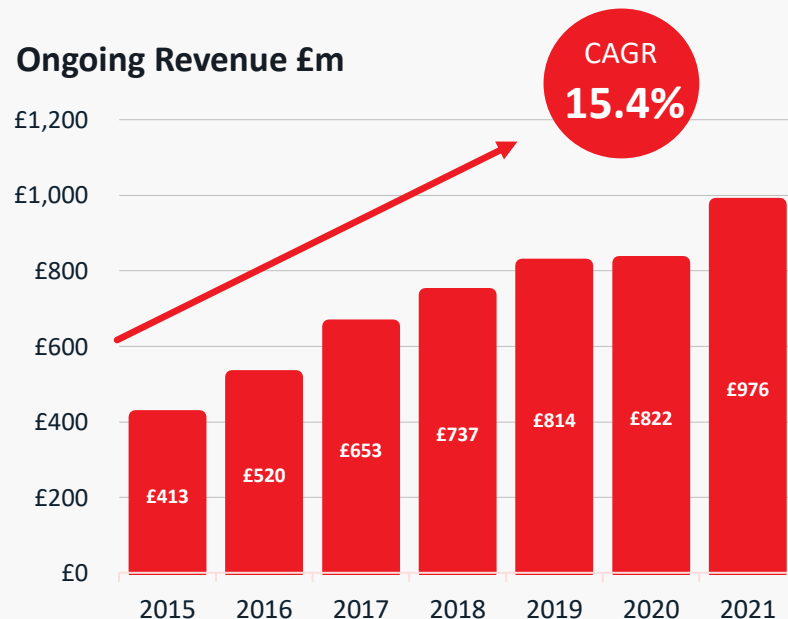
**Strongly placed to drive medium-term growth.**

\* 5-year average.

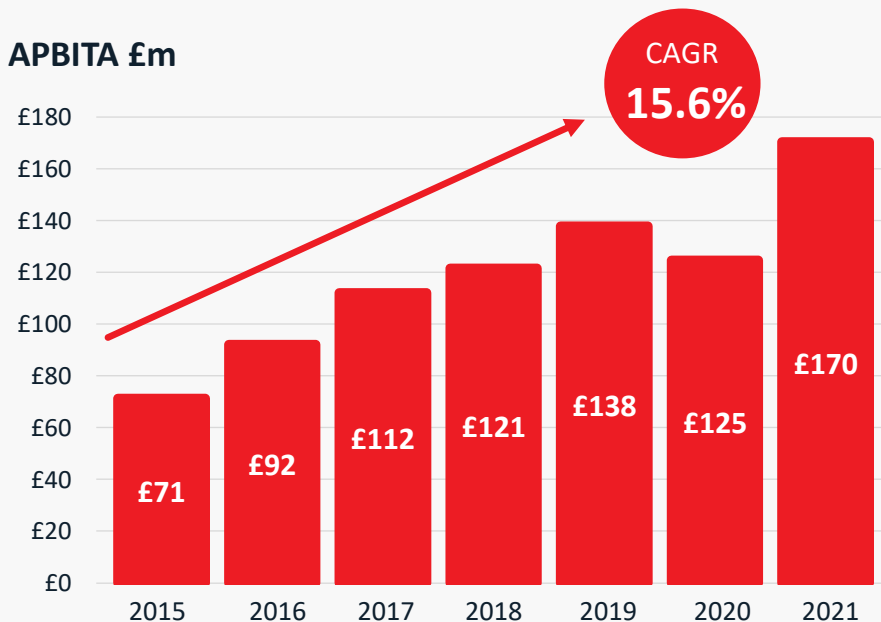
# Pest Control: Substantial Value Creation H1 2015-2021

Operating model has created substantial value

## Ongoing Revenue £m



## APBITA £m



# What have we said today?

Further momentum into our compounding growth model

1. Attractive global market growing at **4.5% - 5%+**
2. New Rentokil Pest Control organic growth target of **4.5% - 6.5%** over the medium term – further momentum for our compound growth model
3. **Strongly positioned in innovation, digital and sustainability** – driving organic growth & margins
4. **Pest Connect** - New ambition is to reach c. **25% of commercial customers** by 2026
5. **Minor changes:** Property Care joins Pest on 1/1/2022
6. Confidence in the **sustainability of our global M&A pipeline** - in North America (IRR target 12%) and Rest of World (IRR target 13%-15%) - excited by opportunity in cities of the future

## Spending on Pest Control is increasing in every market

Per capita spend continues to increase driven by global trends influencing increased demand

	2020 Estimates		Pest Control per Capita (\$)			
	Pest Control (\$/m)	Pest Control as a % of GDP	2018	2019	2020	Growth % (18-20)
Global	22.11	0.017%	2.41	2.41	2.86	19%
North America	11.36	0.042%	16.02	16.02	18.89	18%
Europe	4.26	0.014%	4.56	4.56	5.22	15%
Asia	4.79	0.008%	0.62	0.62	1.04	68%
India	0.47	0.000%	0.41	0.41	0.71	72%
China	1.72	0.007%	0.24	0.24	1.20	400%

Regional variances also influence the mix between Commercial, Residential, and Termites:

Commercial 34% 67%  
Residential 13% 42%  
Termites 14% 25%

## Innovation pipeline to fuel future growth

Technology enabled solutions at the heart of our solution pipeline

1. Delivering better customer service, solution and service efficacy through scientific research and new technology
2. Focused pipeline with targeted impact to maximise commercial gain
3. Sustainability at the heart of our innovations with clear goals to lower the impact of pest control on the environment
4. Partnering with the world's best digital, technology and chemical industry leaders
5. Informed innovation derived from insights generated by CommandCentre:
  - the world's largest and broadest pest control data set
6. Unique, proprietary, patented solutions providing sustained differentiation

Rentokil  
Initial

Our role as industry leaders is to continue to push the boundaries for more effective pest control

targeted approach, big markets

## Pest Control M&A conclusion

Successful and sustainable programme

### Delivery of profitable growth:

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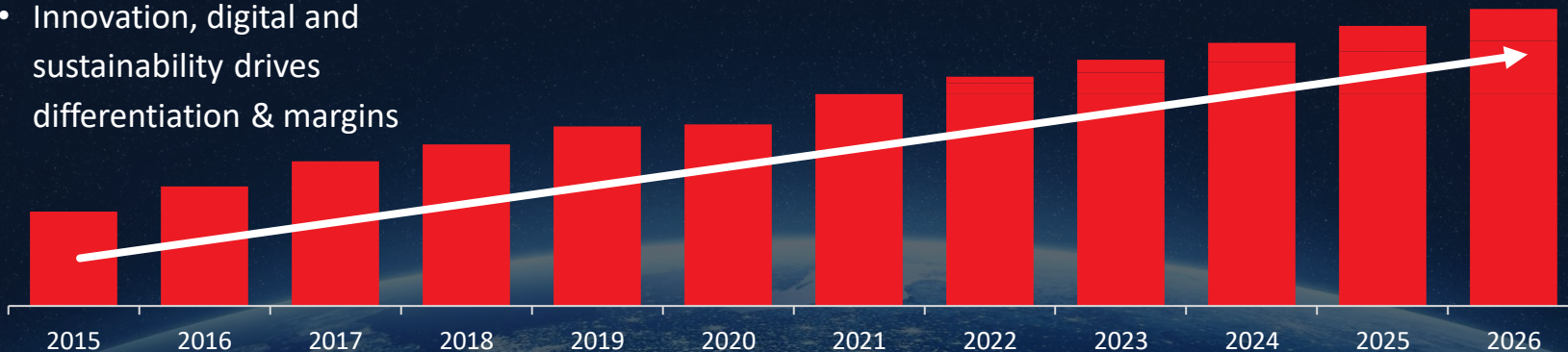
Rentokil  
Initial





# Strengthening our position as the global leader in Pest Control

- Outstanding market drivers and increasing spend per capita
- Organic Growth of 4.5% - 6.5%
- Innovation, digital and sustainability drives differentiation & margins
- Excellent global M&A pipeline
- Growth in North America
- Cities of the Future







Thank you for listening

## Lunch Break

Please return by **2pm**

# Sources

## Section - The Pest Control Industry: An outstanding, thriving investment opportunity

### Diverse and increasing spend across the globe

Source: Allied Research, Specialty Consultants Research and internal data.

### Growth has been driven by the 9 factors discussed in 2018

Source:

<https://www.un.org/development/desa/en/news/population/world-population-prospects-2017.html>  
<http://www.un.org/en/development/desa/news/population/world-urbanization-prospects-2014.html>  
[https://www.brookings.edu/wp-content/uploads/2017/02/global\\_20170228\\_global-middle-class.pdf](https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf)  
<http://www.who.int/mediacentre/factsheets/fs266/en/>  
<https://newrepublic.com/article/144392/america-verge-ratpocalypse>  
<https://www.mygfsi.com/news-resources/news/news-blog/1348-how-technology-and-innovation-are-transforming-food-safety-and-sustainability.html>  
<http://www.who.int/mediacentre/factsheets/fs387/en/>  
<https://www.rentokil.com/assets/content/files/rentokil-business-impact-report-2015.pdf>

### Further climate and environmental factors drive pest growth

Source:

[BBC news](#)

[Population change in urban areas](#)

[Vector borne disease \(source 1; source 2\)](#)

### Population growth and urbanisation remain strong factors

Sources: [Population change in urban areas](#)

### Growing middle class expectations and spending continue

Sources:

[Oxford Economics GDP Data](#)

[Brookings Institute - Rise of the Global Middle classes](#)

### Data accessibility and transparency from technology adoption

Sources:

[Population change in urban areas](#)

[Internet connection stats \(press release\)](#)

### Spending on Pest Control is increasing in every market

Sources:

[United Nations Population](#)

[Oxford Economics GDP](#)

[Allied Research and Internal data Sources](#)

### Rentokil Pest Control

[Oxford Economics GDP](#)

[Allied Research and Internal data Sources](#)

[Competitor Annual Reports](#)



# Appendix

## **Spending on Pest Control is increasing in every market**

The 2018 Pest Control per capita was previously stated as \$18.36 however this has subsequently been revised due to the following reasons:

a) In 2018, the estimated market size and population used for the calculation was based on 3 countries (US, Mexico and Canada) whereas this comparison now reflects North America as a continent.

b) Based on recent external reports, it is believed that the 2018 estimated pest control market size for the US was understated by c.1bn.

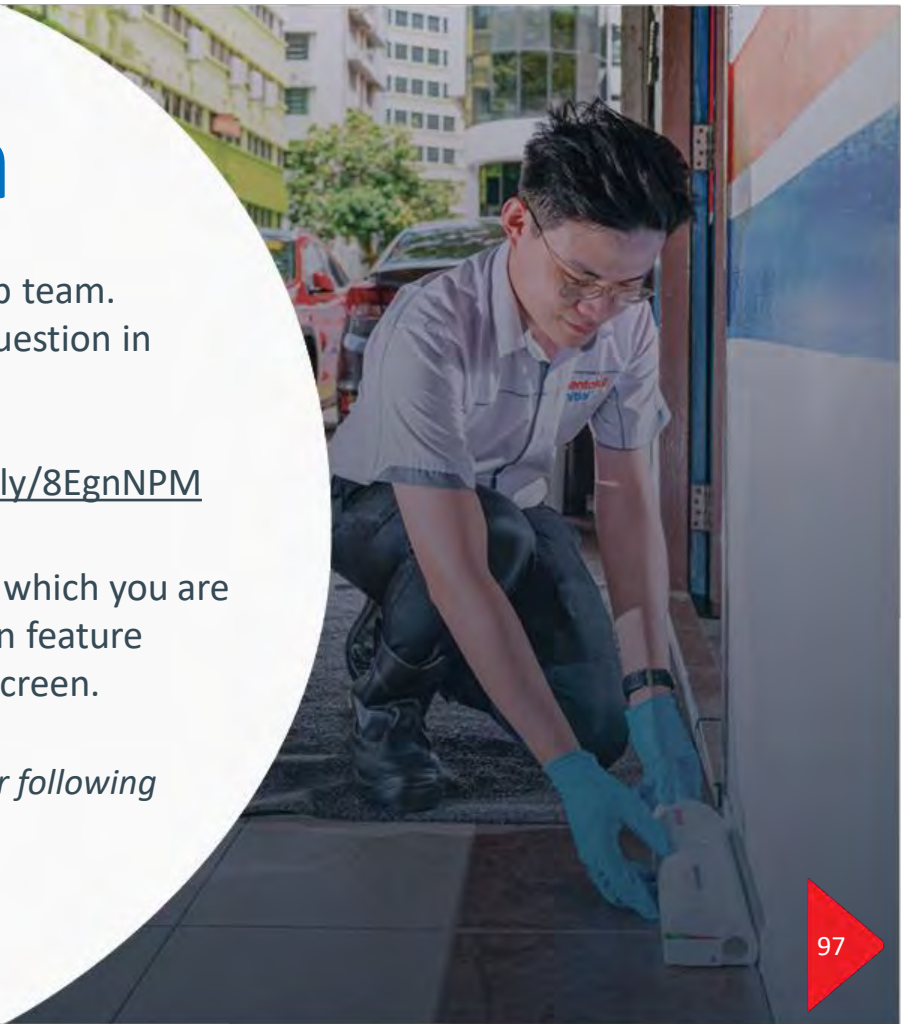


# Submit a question

This afternoon there will be a Q&A with the leadership team. Throughout this event, if you would like to submit a question in advance please feel free to do so:

1. **If you are in the room**, please visit: <https://cutt.ly/8EgnNPM>
2. **If you are joining online** – the event website on which you are viewing today's meeting has a Submit a Question feature available through on the right hand side of the screen.

*We will attempt to answers all questions during the day or following today's event.*





# Rentokil Initial

Protecting People. Enhancing Lives.

## Hygiene & Wellbeing The New Pest Control.

Andy Ransom  
CEO



# Heritage dating back +100 years

## Initial is born

Initial launches in London.

## Stock exchange

The Initial Towel Supply Company floats on the stock market.

## Factories Act, 1937.

Landmark legislation to boost hygiene in the workplace and made specific provision for hand washing facilities.

## Innovation

The first company to introduce the roller towel into the UK.

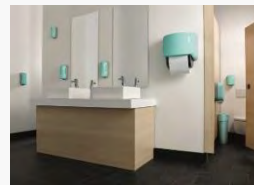
## Scale

17,880 miles of roller towelling in circulation. European expansion.

## Asia

Established in Asia - entry into Japan, Taiwan and the Philippines.

South Africa  
Caribbean



## Product development

Initial launches Signature, Colour and no-touch.



Rapid>Hygiene.  
New innovation centre.

## 120<sup>th</sup> Anniversary

Initial celebrates 120 years of service.



EV 100 °C

# Operational focus.

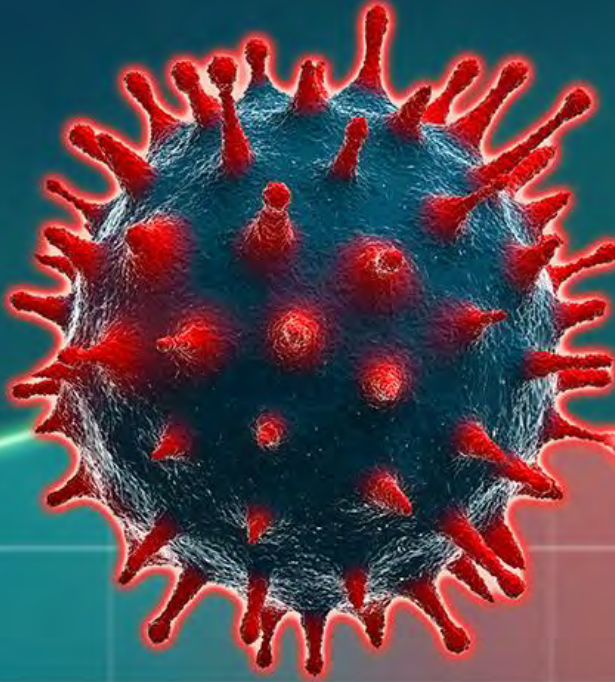
With growth at typically around GDP levels, our focus in core Hygiene has been around operational excellence.

- Committed people, respected brand & reputation.
- Best product ranges & lower cost service.
- Creating a high quality customer service culture.
- Shared overheads / back office with pest control.
- Delivering on time in full, every customer, every day.
- Digital technology overlay for productivity.
- Focused on building density.
- Created scale – c.1m premises.
- Targeted M&A to add further density.



**Historic core washrooms market growth typically c.2% - 3%.**  
**Initial Hygiene organic growth c.3% - 4% p.a. during 2018-19.**





*“84% of employees believe it is important that their employer prioritises creating a safe and hygienic workplace.” (Initial 2021)*

*“47% of people would leave a public venue if it did not appear to have good hygiene measures.” (Initial 2021)*

COVID-19 Pandemic  
Attitudes to health, hygiene and wellbeing changed forever.



# Rentokil Initial

Protecting People. Enhancing Lives.

## Hygiene & Wellbeing

The right business at the right time to meet the future needs of our customers.



# Hygiene & Wellbeing

Increasing the scale of the category.

## Washroom Hygiene

Brand leadership via innovation and science

- Hand hygiene
- Air
- In-cubicle
- No-touch products
- Digital hygiene



## Premises Hygiene

Leveraging our hygiene expertise outside of washroom

- Air purification
- Hand sanitiser
- Surface hygiene
- Specialist clinical waste management



## Hygiene & Wellbeing

**Initial** ambius

- ✓ Existing customer relationships.
- ✓ Strong brand & reputation.
- ✓ Added value insight, expertise and innovation.
- ✓ Compelling enhanced customer proposition.



## Enhanced Environments

Improving the occupant experience in the built environment.

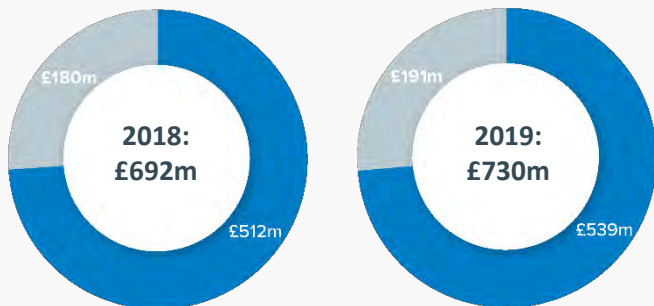
- Interior planting
- Biophilic design
- Premium scenting
- Air quality
- Green walls



# Hygiene & Wellbeing

New enlarged category with a c.£700m pre-pandemic revenue platform on which to build through Organic Growth and M&A.

Pre-pandemic Ongoing Revenue of c.£700m



Core Hygiene Business

Premises / Enhanced Environments – Ambius, Dental & Cleanrooms

H1 2021 now back in line with 2019



New Hygiene & Wellbeing Category: Combined Ongoing Revenues  
Note: Excludes Disinfection

Over the medium term from 2022 we will deliver 4% - 6% organic growth on the enlarged Category.\*

\* Note: New Organic target excludes Disinfection.

# Hygiene & Wellbeing: The new Pest Control.

## 1. Consistent Market Growth Drivers

**Population is growing** and people are choosing to live in **urban environments**.

**Global GDP** has returned to growth and more people continue to move into the **middle class with more disposal income**.

**Regulations and standards are getting stricter** with increasing transparency and accreditation (eg air quality).

**Sustainability** – more environmentally-friendly commercial spaces and service provision.

**New attitudes to health, hygiene and wellbeing** as a result of the pandemic.



### Hygiene and Wellbeing market

Gary Booker, Chief Marketing, Innovation & Strategy Officer

**In 2018, 55% of the population lived in urban areas, 68% by 2050.\***



# Hygiene & Wellbeing: The new Pest Control.

## 2. Shared, Successful Operating Model

**Focus on people-service-profit.** High barriers to operational excellence - turning up in full on time every day, with high engagement and customer satisfaction. 3.6m after-service satisfaction surveys to date - we score 4.8 / 5 (July, 2021).

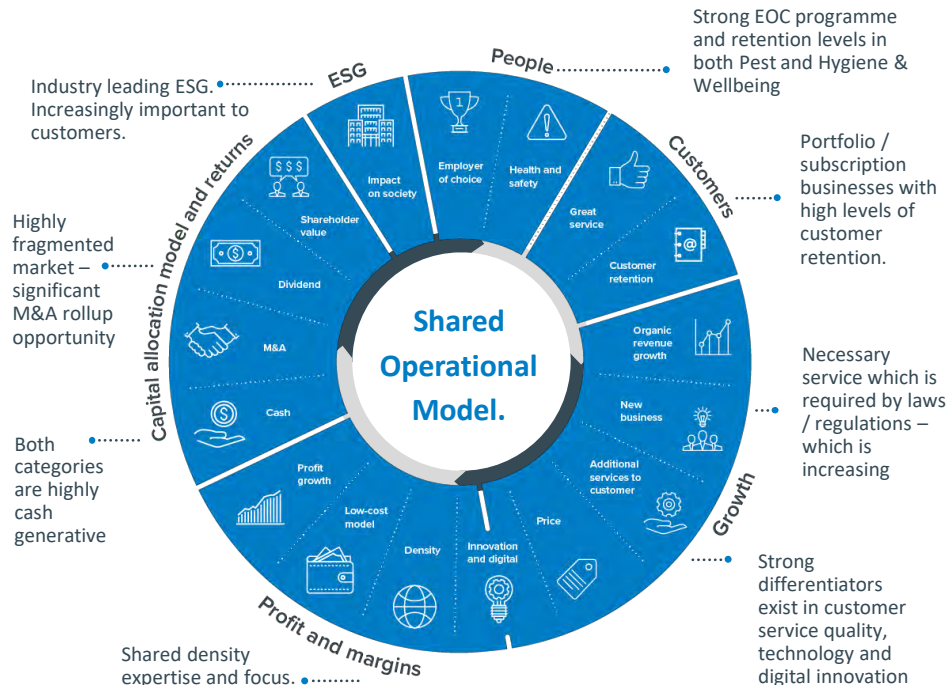
**Density experts – systems and KPIs:** Product (more products on site) and Post Code (more customers in a territory) density generates increased margins.

**Shared infrastructure and overheads.**

### Core Hygiene operating model

Brian Lynggaard, Hygiene Operations Director, UK

**c.90% portfolio / subscription business with multiple growth levers.**



# Hygiene & Wellbeing: The new Pest Control.

## 3. Organic: Inside the Washroom

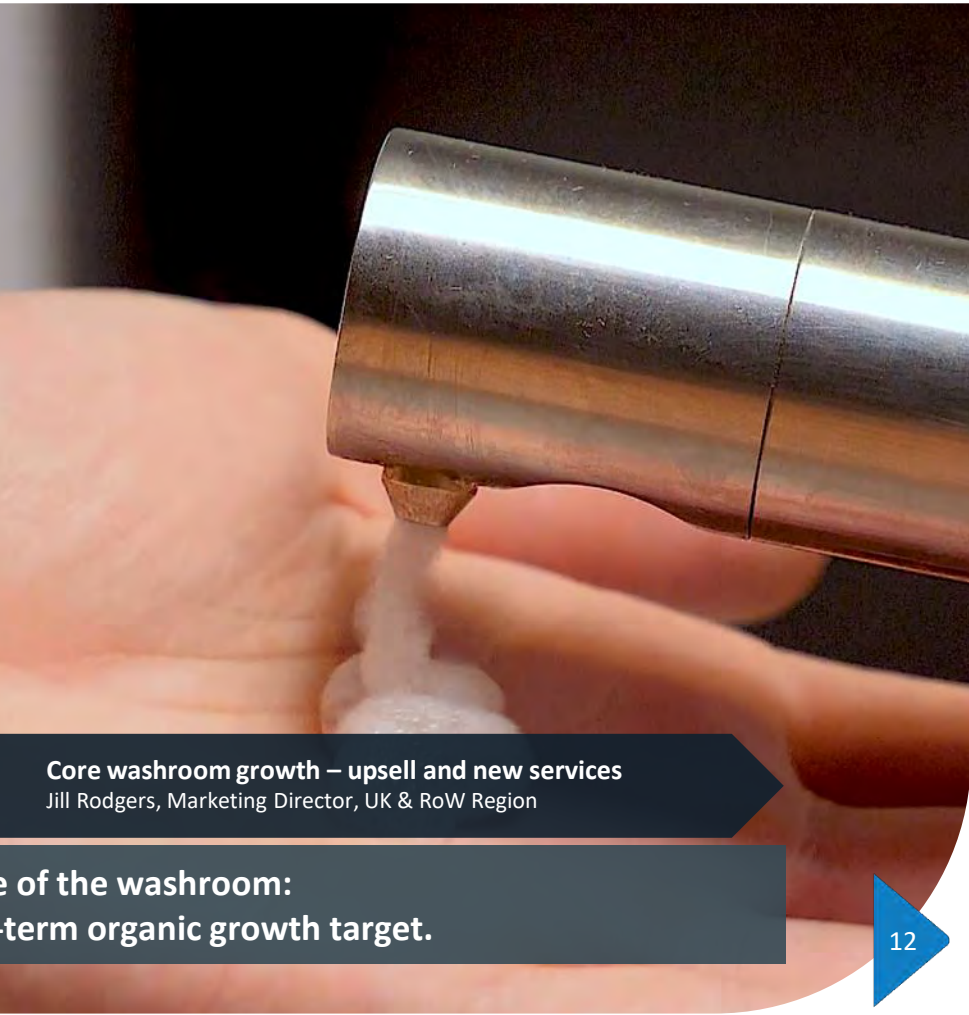
**Upsell additional solutions to satisfy 'new' needs driven by the pandemic** – using our expertise.

**Launch new services eg air care, digital and no touch** - no touch units increasing across all ranges - higher value units.

**Demand for new more sustainable services** eg significant water saving through Rapid Digital Hygiene. UK pilot saved +150,000 litres of water annually – per tap.

**Cross-sell opportunity:** Level of customers with both Pest & Hygiene services ranges from c.10% in Italy and Australia to c.35% in Malaysia.

**Core Hygiene – inside of the washroom:  
c.50% of our 4% - 6% medium-term organic growth target.**



**Core washroom growth – upsell and new services**

Jill Rodgers, Marketing Director, UK & RoW Region

# Shared commitment to Innovation & digital

Same successful model as Pest Control.

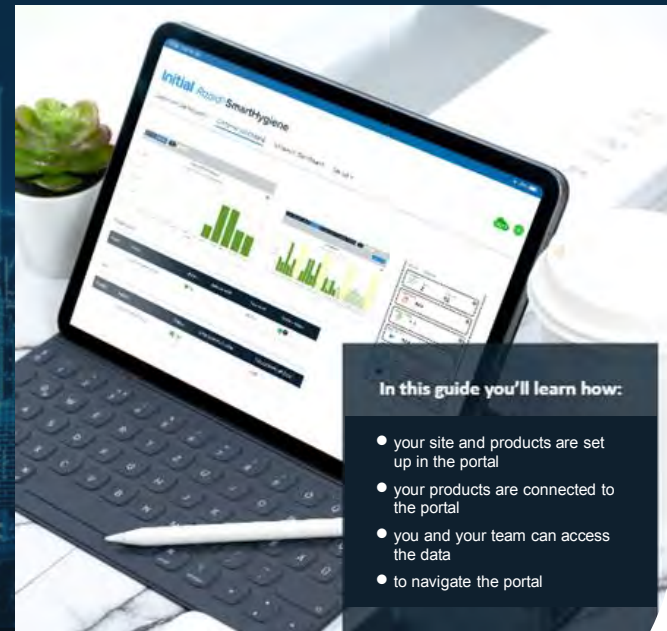
**Rapid Digital Hygiene** services being deployed in H2 following pilots in UK and US.

**Increasing customer demand for digital reporting in a post crisis world** - myInitial online platform for 24/7 customer reporting.

**Hygiene data now in our digital Command Centre** providing a new level of business insight by service line, country, customer sector, etc.

**New sales channels to existing customers** – use of chatbots, sales apps, MyInitial and e-commerce Webshop.

**Shared expertise with Pest Control in innovation and digital technology and third party partnerships.**



#### In this guide you'll learn how:

- your site and products are set up in the portal
- your products are connected to the portal
- you and your team can access the data
- to navigate the portal

# Hygiene & Wellbeing: The new Pest Control.

## 4. Organic: Premises / Environments

**Increasing global awareness of the health impact of poor indoor air quality** - outstanding air care range and exploiting opportunities in air enhancement & purification.

**Increasing regulation and focus on sustainable waste management** - leverage core expertise for fast deployment into new markets in response to the waste management requirement created by the pandemic.

**Demand for healthy buildings** - focusing plants, biophilic and large projects expertise to enhance public spaces to capture growth associated with this shift in commercial property.



### Premises Hygiene & Enhanced Environments

Members of the management team from Asia, Pacific, USA, Europe

**Premises & Wellbeing – outside the washroom:  
Expertise, science and service delivery providing differentiation.**



# Hygiene & Wellbeing: The new Pest Control.

## 5. Organic: Extended footprint

**Increasing the reach and density of our footprint in existing and new markets** - leveraging our brand and expertise – core washrooms and extending into premises & wellbeing.

**First steps in 20 markets in 2020** including re-entry into Germany and the Netherlands. Existing customer relationships in Pest Control to target.

**Entry into North America** building on existing Ambius & Pest businesses.

**Platform for additional acquisitive growth** – building density and adding further new markets.



**Extending our footprint into new markets**

Alain Moffroid, Regional MD, Europe Region

**New geographic markets:  
Leveraging our brand and expertise.**

# Hygiene & Wellbeing: The new Pest Control.

## 6. M&A growth opportunity

**Strong M&A growth opportunity** – same proven model as Pest Control.

**Hygiene deals drive better returns than Pest Control:** 1.5x vs ~2 - 2.5x in Pest Control (average revenue multiples paid 2016 – 2021 YTD).

**Proven ability to drive margins through density building.**

**Significant global M&A pipeline is being built** across the Hygiene & Wellbeing category. Momentum growing through 2022. Emerging pipeline of c. 80 targets.

Open to the potential for larger transactions if available.

**Targeting £25m+ revenues p.a.**



**M&A Hygiene & Wellbeing**

Chris Hunt, Group M&A Director

# Hygiene & Wellbeing: The new Pest Control.

We have the operational model in place, global scale & large existing customer base, innovation and digital expertise, people and brand.

- ✓ Highly cash generative – c.90% cash conversion.
- ✓ High return on investment – target IRR of 15-20%+.
- ✓ Necessary service which is required by laws / regulations – which are increasing.
- ✓ Industry-leading products and brand.
- ✓ Geographic coverage and sector focus drives national and international accounts.
- ✓ Strong differentiators in customer service quality, technology and digital innovation.
- ✓ Shared infrastructure, back office costs with Pest Control. Revenue opportunities.
- ✓ Opportunity to lead sustainability agenda in the industry.

% Contract Portfolio: Cash-compounding, global subscription business.

c.90%\*

High levels of customer retention.

86%\*

Post code density and customer penetration density

Drives strong operating margins

c.16%\*

Low capex intensive  
– capex to revenue

c.13%\*

\* 5-year average

Summary: Compelling investment case





# Hygiene & Wellbeing: The new Pest Control.

Drivers of profitable growth now in place for the extended Hygiene and Wellbeing category – creating the new Pest Control.

## Organic growth

1. Inside the Washroom incl. digital, no touch.
2. Outside the Washroom – premises/enhanced environments - incl. air care, wellbeing and specialist hygiene services.
3. International expansion

Targeting organic growth in Hygiene & Wellbeing over the medium term of 4% - 6% (excl. Disinfection).

## M&A

1. Emerging pipeline of c. 80 targets.
2. Emerging 'cities of the future' opportunity.
3. Open to the potential for larger transactions if available.

Targeting £25m+ revenues p.a.

Summary: Compelling investment case





# Agenda, continued.

14.00 **Hygiene & Wellbeing: The New Pest Control**

14.20 **Hygiene & Wellbeing**

A value-creating opportunity

14.40 **Core Washroom Hygiene Business**

Opportunity into Growth

Core has recovered and there's plenty of opportunity

15.20 **Coffee break**

15.35 **Expansion Outside the Washroom**

- Air purification
- Specialist Hygiene
- Medical Waste
- Dental Hygiene Waste
- Wellbeing

16.15 **The New Growth Landscape**

16.30 **Value Creating M&A in Hygiene & Wellbeing**

**Our New Growth Engine**

**New Targets and Growth Opportunities**

16.50 **Q&A with Management Team**

Followed by Drinks Reception with management.

Andy Ransom, CEO

**Gary Booker, Chief Marketing, Innovation  
& Strategy Officer**

Brian Lynggaard, Operations Director, UK Hygiene

Jill Rodgers, Area Marketing Director, UK & ROW

Displays – Digital, Innovation and ESG.

Alain Moffroid, Regional MD, Europe Region

Including video contributions from:

Greg Smith, MD, Greater China

Karen Kavanagh, Marketing Director, Pacific

Mike St.Clair, SVP, Sales & Marketing, North America

Alain Moffroid, Regional MD, Europe Region

Chris Hunt, Group M&A Director

Stuart Ingall-Tombs, CFO

Andy Ransom, CEO

Displays – Digital, Innovation and ESG.



# Rentokil Initial

Protecting People. Enhancing Lives.

## Hygiene & Wellbeing

A value-creating opportunity

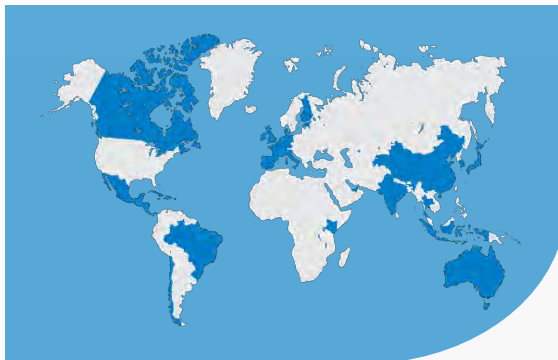
Gary Booker, Chief Marketing,  
Innovation & Strategy Officer



# Initial is the Global Leader in Hygiene and Wellbeing services



- Over 100 years of experience delivering hygiene services
- Providing service to more than 280k customers and close to 1m premises across the globe



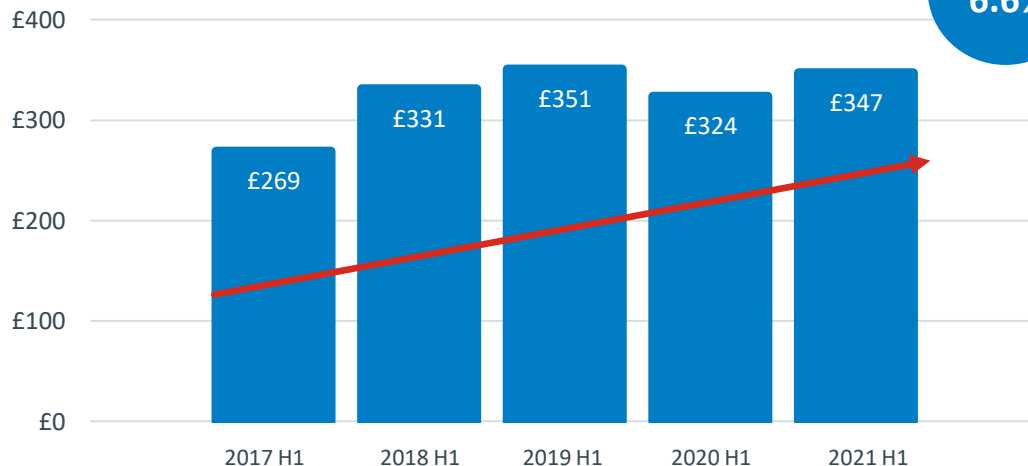
- Hygiene & Wellbeing operations in over 60 countries worldwide, 20 of which have been added over the last 18 months
- Of our 44 longer term markets, we are market leaders in 22 and 2nd in 13 markets
- We are the regional leaders in Asia, Pacific, the Caribbean and the UK



- New, dedicated Hygiene & Wellbeing R&D Centre for solution innovation, product testing and validation activities opening in October 2021
- Science based expertise across our colleagues in our central, regional and country teams that enable development and delivery of industry leading solutions

# Our Hygiene & Wellbeing business continues its strong growth trajectory

Total H&W Organic Revenue £m



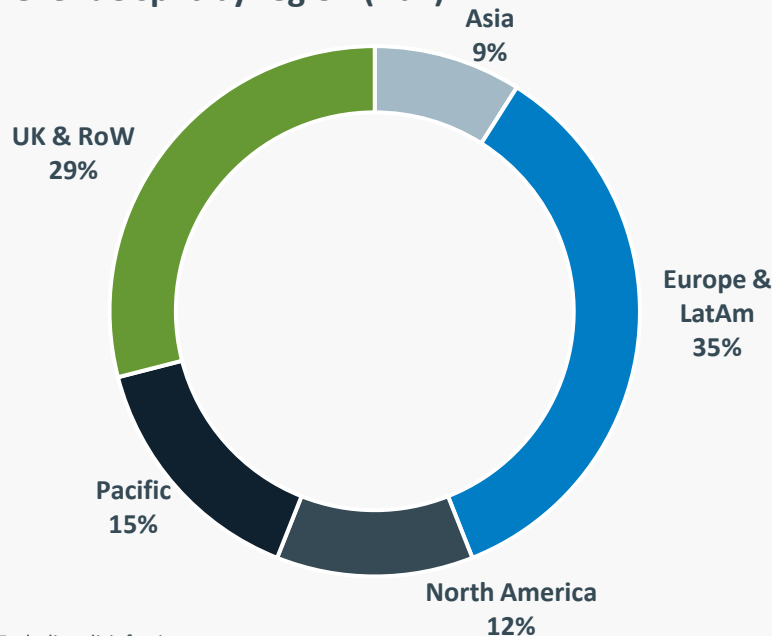
Ongoing Revenues. CAGR 2017 to 2019 (pre-pandemic) was 14.2%. Based on H1 data



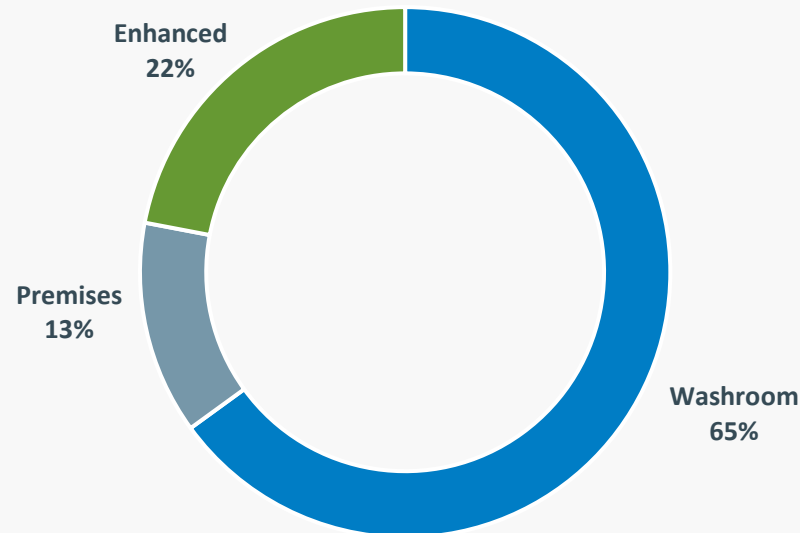


# Positive Hygiene & Wellbeing growth is coming from all regions and across our three target sectors

Revenue split by region (£bn)



Current business mix



Excluding disinfection

# Hygiene & Wellbeing benefit from same macroeconomic drivers as Pest

World population is forecast to increase to 9.1bn by 2050

Over the last 70 years the average for people living in urban areas in Asia has increased from 17.5% to 51.1%, and in North America has moved from 63.9% to 83.6%

68% of the population will live in urban areas by 2050 (vs. 55% in 2018)



## Impact on Hygiene & Wellbeing

- High density of people in urban areas increases the pressure to deliver on hygiene related services (water, clean air, sanitation)
- Higher demand and increased spend on hygiene to improve quality of life and minimise spread of disease
- Opportunity for new product and service innovation to satisfy higher hygiene demand expectations from customers and compliance with hygiene standards

# Economic growth continues to drive Hygiene & Wellbeing growth

**Global investment** will reach 115% and 121% of pre-recession levels by the end of 2021 and end of 2022 - a much faster recovery than previous downturns

**Businesses emerging** from the Covid-19 pandemic are investing in new facilities whilst demands for cleaner environments are stimulating spending

**Pent up consumer spending** and low interest rates are driving demand side growth



## Impact on Hygiene & Wellbeing

- Hygiene & Wellbeing demand set for further growth in demand from improving economic outlook
- Expected commercial growth will deliver a stronger demand for differentiated Hygiene & Wellbeing services with room for premium branded propositions
- Populations with higher disposable incomes drive growth of leisure and hospitality sectors and associated demand for higher levels of hygiene and wellbeing standards

# Middle class growth, standards & regulation all increasing demand

**Rise of middle classes – increasing disposable income**  
160m+ more in the middle class each year demanding ever higher sanitation standards

## **Sustainability**

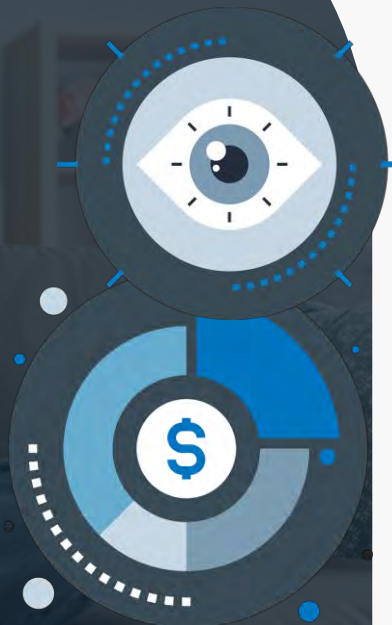
Substantive corporate net zero commitments widely in place to maintain credibility with customers and financial community

## **Legislation**

New legislation being drafted to meet demand for better hygiene standards

## **Audit Bodies**

Data is increasingly available and the resulting transparency drives required standards even higher



## Impact on Hygiene & Wellbeing

- Increased expectation and hygiene standards requirements from middle classes for new products and services such as no-touch solutions
- Increased demand for sustainable solutions, sustainable operations and sustainable commercial spaces, to maintain accreditations and ESG commitments
- New regulatory focus globally responding to need for clean air and surface hygiene standards
- Customers demand technology enabled hygiene service lines with transparency and reporting, supported by emerging monitoring technologies



# Changing views on the importance of Hygiene & Wellbeing

## Corporate Market Opportunity

The global corporate wellness market is set to reach \$66.2bn by 2027 growing at 5.9% CAGR

## Shifting Expectation Levels

More than half of Gen Y and Z report that science backed health and wellness information has become more important to them. And 60% now believe that the way we take care of our health will be the most lasting societal change after the pandemic

60% of employees expect that companies they work for need to improve the office environment to prevent staff becoming ill in the future

## Transparency and Accreditation

70% of customers research venue's hygiene credentials pre-booking compared to 40%, pre-pandemic



## Impact on Hygiene & Wellbeing

- Wellbeing is considered a core part of health fuelled by the search for a healthier lifestyle
- Enhanced workplaces require higher hygiene and wellbeing standards and service delivery to attract and retain talent and encourage employees back
- Increased requirements for data driven insight to identify and exploit commercial opportunities with the deployment of technology enabled devices

# The pandemic has had a huge impact on the whole sector

## Social impact changes

People are experiencing fears related to health and safety in public spaces, and seek assurance on stringent measures to prevent risk  
*65% of office-employed Americans want reassurance about workplace cleanliness and hygiene before going back to the office*

## Hygiene Regulation

Tighter global and national guidance becoming a legal requirement  
*Mandatory Indoor Air Quality sensors use in Belgian schools from Nov 2020*

## New technology

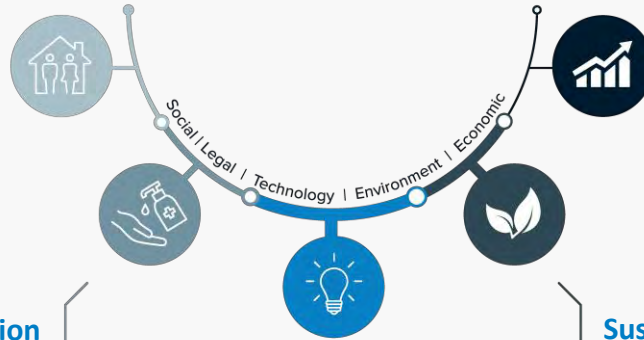
New sensor technology supports real-time hygiene standards measurement with data to allow targeted intervention  
*Technology can monitor a hand washing process with an accuracy rate of 95+%*

## Economic growth

Expected global rebound from 2 years of suppressed growth combined with increased focus on hygiene standards is expected to result in a strong burst of growth  
*OECD revised 2021 global growth forecast up from 5.6% to 5.8%*

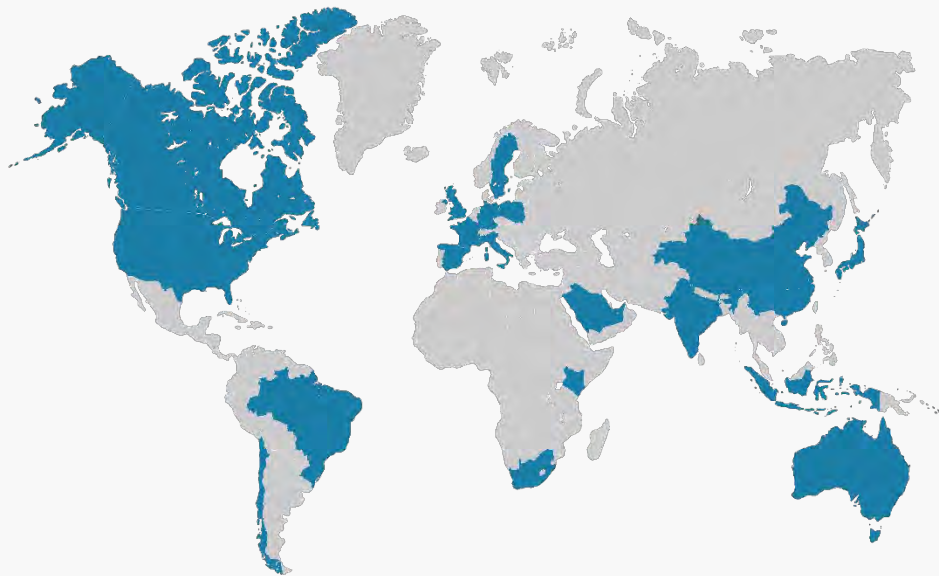
## Sustainability focus

Pollution costs and sustainability benefits increasingly recognised, with countries using recovery plans to push through environmental policy priorities  
*Global air pollution-related healthcare costs projected to increase from \$21bn in 2015 to \$176bn in 2060, with annual number of lost working days and productivity impact projected to reach 3.7bn (up from 1.2bn)*



# The largest ever Hygiene Attitudinal Survey

A global hygiene survey focusing on the impact of COVID-19 on hygiene attitudes and behaviours and its effect on people's wellbeing as a result of the pandemic



20,000 respondents  
20 countries x 1,000 respondents each

20 questions  
Country / Gender / Age split analysis

Research took place June 2021  
Carried out by independent global research agency

# The pandemic has profoundly changed attitudes and behaviour

Over **95%**

of people say they have changed their hygiene behaviours as a result of the COVID-19 pandemic

**71%** of respondents are now more fearful of the spread of germs via the surfaces they touch, than before the COVID-19 pandemic

When thinking about indoor air quality in a public venue, **72%** are more concerned about the spread of germs via the air they breathe indoors in a public venue than before the COVID-19 pandemic

**84%**

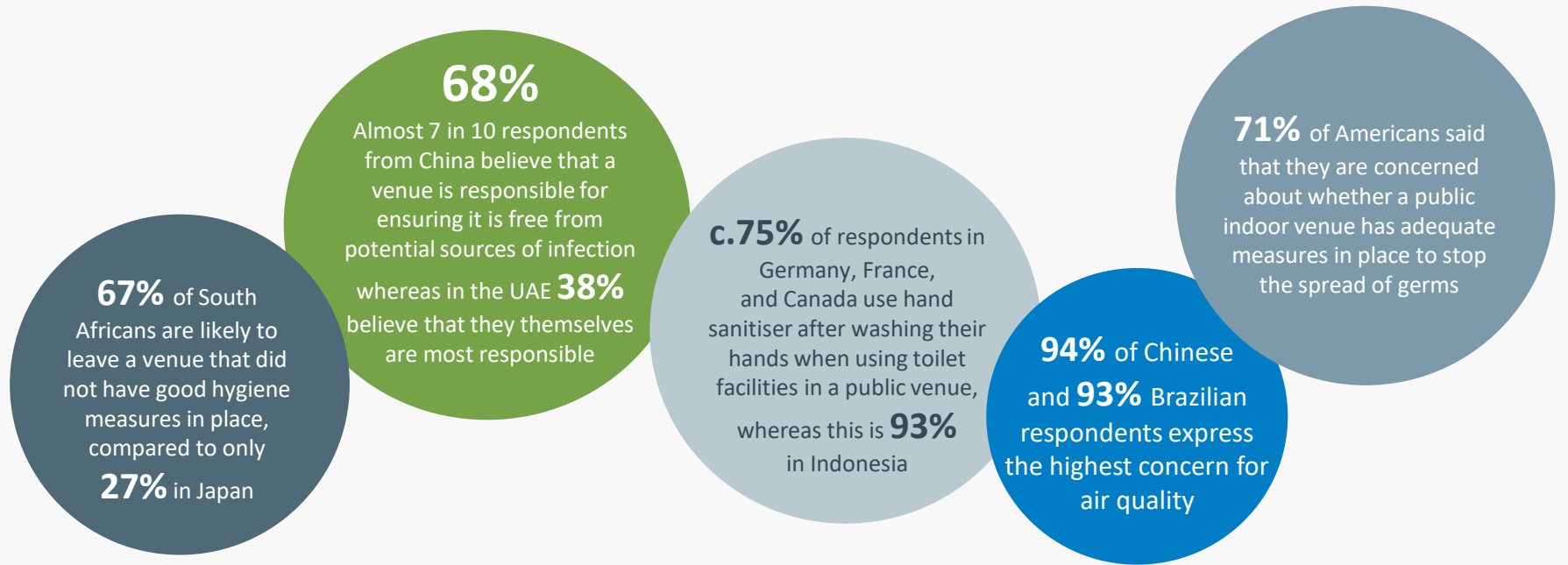
of people that work think it is important that their employer prioritises creating a safe and hygienic workplace

Since the COVID-19 pandemic, **47% people** would leave a public venue if it did not appear to have good hygiene measures in place, **48% would not go back there again**

Significant change in attitudes providing clear new growth opportunities



# Different countries have different attitudes and priorities when it comes to Hygiene & Wellbeing



# Opportunity exists across the full range of customer sectors

## Manufacturing



### Hygiene reduces absenteeism

- Staff shortages from isolating employees mean hygiene measures critical to lowering risk of cross contamination
- Risk hotspots include canteens and washroom facilities
- Holistic hygiene measures vital including air, hand and surface

## Logistics & Warehousing



### Home economy booms

- \$15.5tn industry by 2023 (CAGR 7.5%)
- Retail is the 2nd largest contributor for logistics growth
- In 2020 Amazon alone expanded square footage by +50%
- Growth in “on demand warehousing” for retailers

## Retail / Food Retail



### Health and safety a new priority

- 63% of consumers think retailers should actively promote healthy practices and will go elsewhere if not reassured
- Customers pay more for brands that are aligned with their values
- Healthy, safe and local become key; touchless automation wins

## Hospitality & Leisure



### Safety protocols include virus free

- Generation clean demands strict hygiene standards as norm
- 60% of guests research hygiene measures before booking
- Digitalisation is key: e.g. virtual check-in, digital feedback, etc.
- Potential for guests to pay extra for deeper in-room air sterilisation

## Education



### Strict hygiene becomes the norm

- Education regarded as a critical hygiene risk area
- Pupils could be washing their hands up to 8x a day
- New budgets being created for hygiene
- Increasingly CO2 monitors mandated
- On site testing as standard

## Primary Healthcare & Social Care



### Hygiene critical for safety

- Hand hygiene paramount for all visitors, staff & contractors
- PPE requirements including sanitisers, masks, gloves & face masks
- Nursing homes particularly vulnerable
- Medical standard requirements

## Transport Hubs



### Passenger reassurance is key

- Transport demand now increasing week-by-week in the most vaccinated markets
- Ongoing access to hygiene measures throughout each location / vehicle will help restore public confidence in passenger safety

## Offices / Administrative



### Keeping colleagues safe

- Offices become multi-use
- Refurbishments focus on creating healthy buildings
- Execs align return rate with vaccination deployment
- Increased ongoing demand for hygiene provision

# We have a full suite of solutions to capture growth in each area

Market CAGR 2020-2026  
**3.0 - 5.5%**

## Washroom Hygiene

Brand leadership via innovation and science

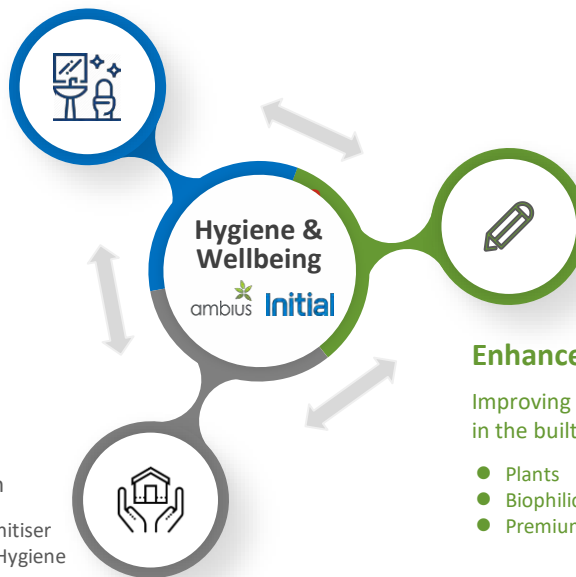
- Air
- Cubicle
- Deep Clean
- Digital
- Hand
- Surface

Market CAGR 2020-2026  
**6.0 - 6.6%**

## Premises Hygiene

Leveraging our hygiene expertise outside of washroom

- Air Purification
- Mats
- Hand Sanitiser
- Surface Hygiene



## Enhanced Environments

Improving the occupant experience in the built environment

- Plants
- Biophilic Design
- Premium Scenting
- Air Quality
- Green Walls
- First Aid

Market CAGR 2020-2026  
**5.0 - 7.3%**

# Very clear path ahead for targeted Hygiene & Wellbeing growth

## Core Washroom



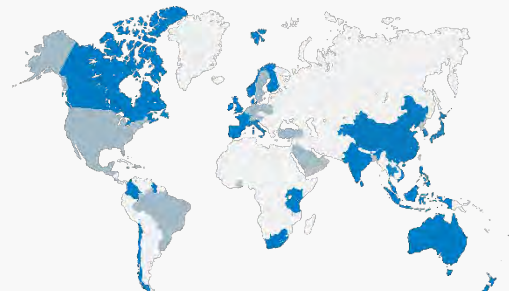
- Strong core growth for several years pre-pandemic
- Core business has returned
- Macro trends support future growth
- End-user attitudes have changed; expectations for better hygiene and enhanced solutions in the washroom

## Expansion outside the washroom



- Our Hygiene & Wellbeing expertise extends well beyond the washroom
- Enhanced opportunity to meet demand for more extensive, leading-edge hygiene services
- Build on route-based business to increase density
- Wellbeing focus to support the new office needs and ongoing protection

## Geographic Expansion



- Organic growth opportunities from existing operations
- Our hygiene services can satisfy need beyond our pre-pandemic base
- Density enhancing bolt-ons to existing operations
- M&A activity that delivers new markets



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Protecting People. Enhancing Lives.

## Opportunity into Growth

Proven, repeatable, low cost operating model as Pest Control.

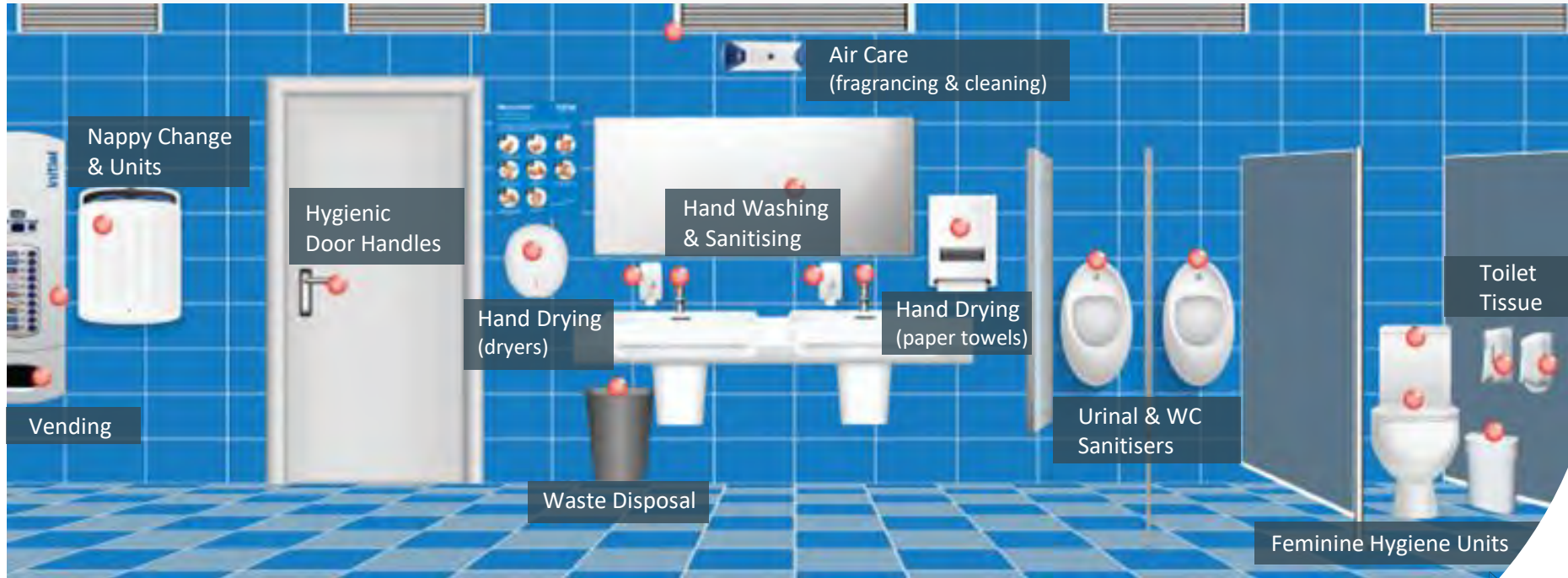
The Density Experts.

Brian Lynggaard - Washroom Hygiene Operations Director



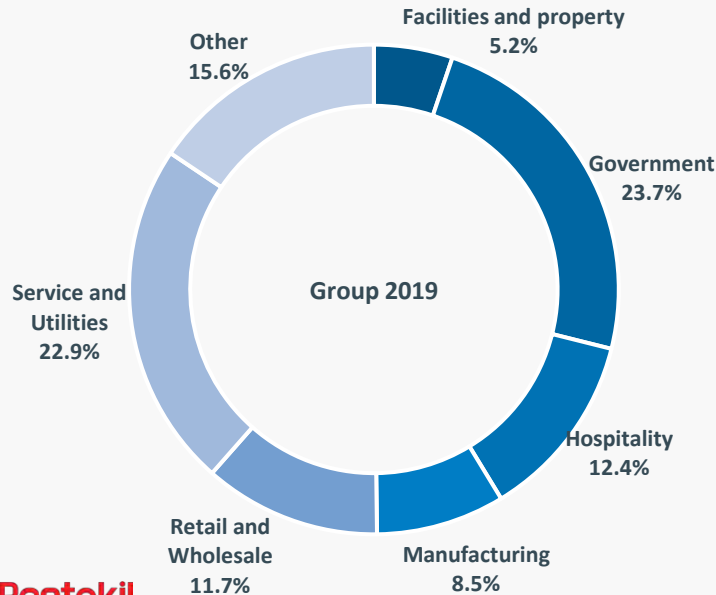
# Core Washrooms: What We Do

Provide a range of innovative products & services for **creating Safer Washrooms:**



# Core Washrooms: Who We Do It For

We service a very broad range of customers, in terms of size & sector:



- A very significant presence in the public sector
- Personal & Professional services continue to be a big customer group, as well as the FM space
- Hotels, bars & restaurants are an important category

# Core Washrooms: The Operating Model

## The Infrastructure



21 branches  
across UK



20-40 Drivers  
per Branch



Service Colleagues Return  
Branch 1-5 Days per week  
(replenish stock & drop off waste)

## Logistics



Customers Assigned to  
1 Service Colleague  
(service area)



Each Building /  
Visit is Bespoke



Services Pre-  
Planned



Fixed Service  
Schedules

## Intensity



250 Customers  
per Service  
Area

Customers Visited  
Every 1-8 Weeks  
(depending on the  
site)



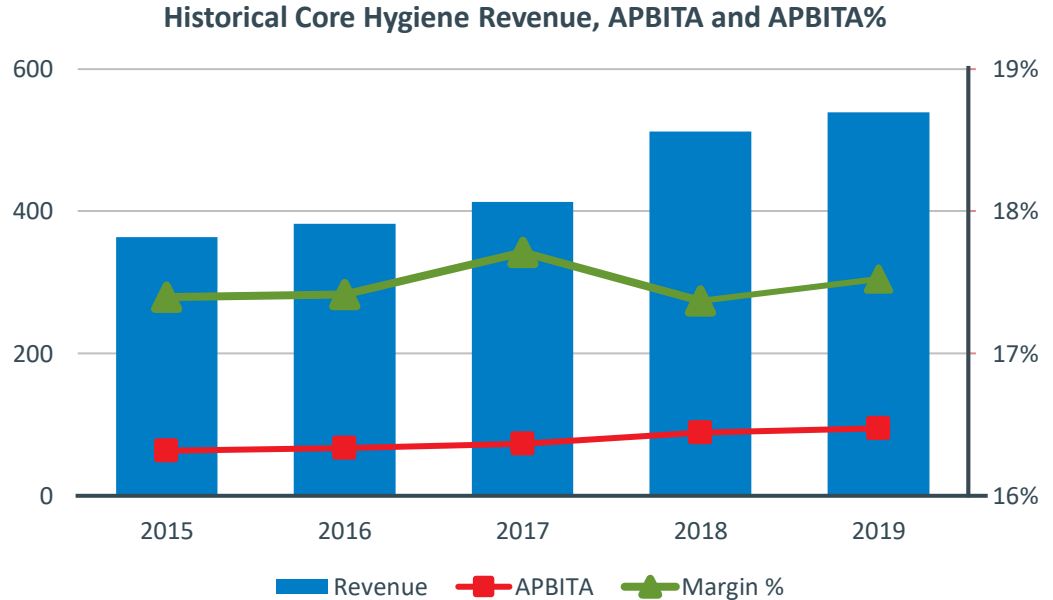
Each Driver  
Services Approx.  
500 Units per Day

Deliver on time, in full, every day, to every customer.

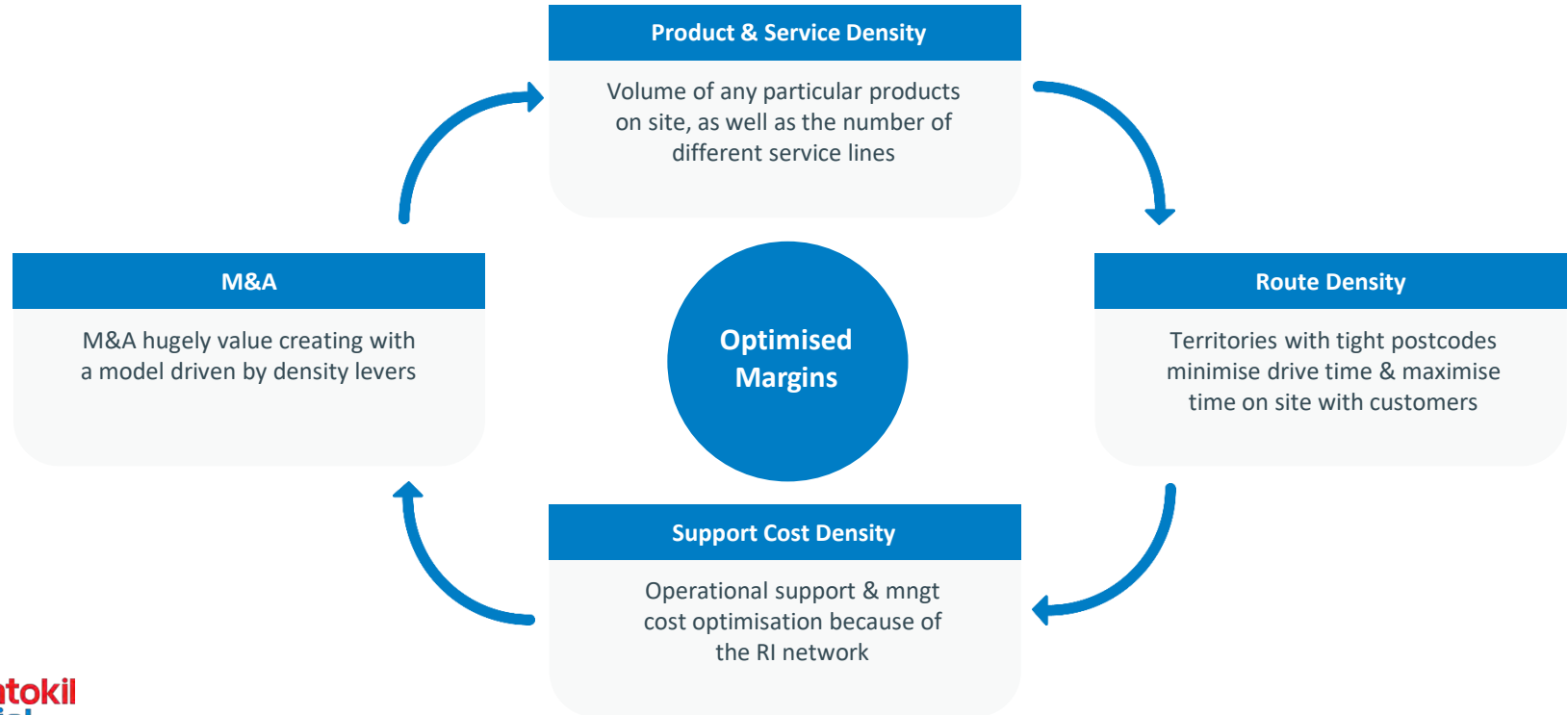


# Core Washroom is a strong business

- 44 Countries offered core washroom business for several years
- 100 years+ in washroom hygiene delivering an unmatched experience
- Industry leading serviced solutions for the washroom
- Contract business with a typical tenure of six years plus
- Revenues have returned to pre-crisis levels



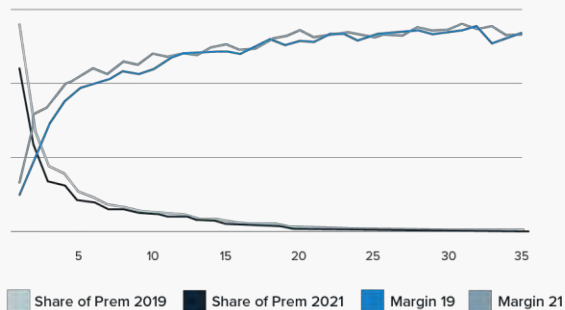
# Core Washrooms: The Business Model



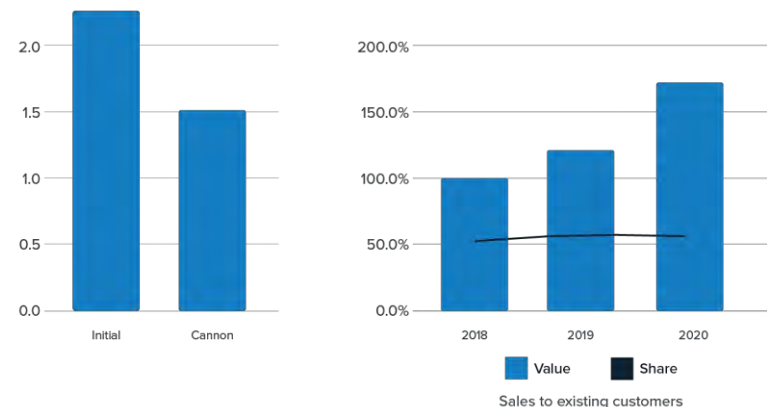
# The Business Model:

## Product & Service Density

### Product



### Service



- More products on site generate better margin
- Clarity of our economics has enabled us to drive margin improvements across the range
- Significant revenue and profit opportunity remains
  - 4% margin improvement by moving customers by one additional unit
  - Half of that in single unit customers

- Increasing the service density has the same profit impact as increasing volume
- The post Covid customer needs more and better products in the washroom
- Our unique opportunity:
  - The ex Cannon portfolio has lower service density than the Initial portfolio
  - Initial can offer better, more complete solutions to these customers
  - Customer demand for better solutions is higher than ever

# The Business Model:

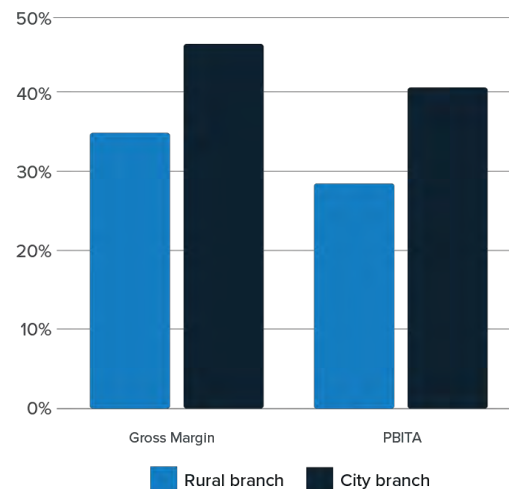
## Route Density

- That geography matters in a route based business goes without saying
- Benchmarking a city branch vs a rural branch:
  - Customer density nearly twice as strong
  - A City driver spends an hour a day less driving - more time with customers
  - And productivity therefore much higher - +16%
  - Which flows through to significantly higher gross margin and net profit
- Growing in the right places is hugely value creating
- But unlocking the value is only possible by creating route density

### Route Density

Territories with tight postcodes minimise drive time & maximise time on site with customers

	City	Rural
Drive time per day	02:58:03	04:02:36
Visits per day	41.5	34.8
Time between van journeys	00:07:38	00:10:25
Miles between van journeys	3.1	5.0
Customers per postal district	53.7	29.0





# The Business Model:

## Route Density

### Route Optimisation

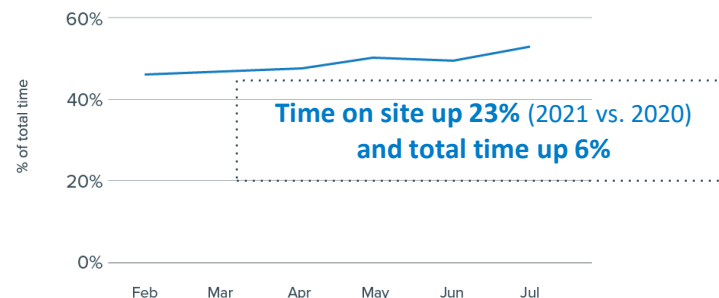


- Unlocking route density whilst maintaining world class service levels:
  - Biggest constraint is that the same person must come back to the same place - customers do not want different drivers
  - Off the shelf routing systems do not deliver that

## Route Density

Territories with tight postcodes minimise drive time & maximise time on site with customers

### Time at customers - % of total time



- Rentokil Initial systems deliver:
  - Highly reliable service time predictability
  - Drive time predictor integrated in routing
  - Routing software that is centered around one customer - one driver
  - And highly integrated monitoring tools to ensure effectiveness

# The Business Model: Support Cost Density

## Support Cost Density

- 19% reduction in local management & warehouse  
- 7% reduction in support cost as % of revenues since 2018 (3% margin)

### Regional business unit structure:

- Enables growth at incremental support cost
- Leverages Rentokil infrastructure:
  - Buildings
  - Systems
  - Support functions

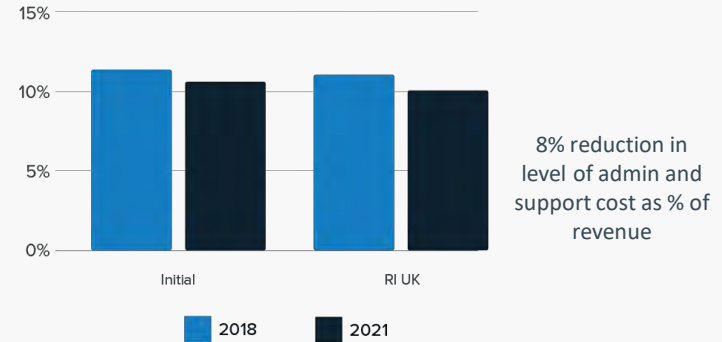
### Local branch structure:

- Also supports growth at incremental support cost:
  - Local management
  - Local warehouse and logistics
  - Local building cost

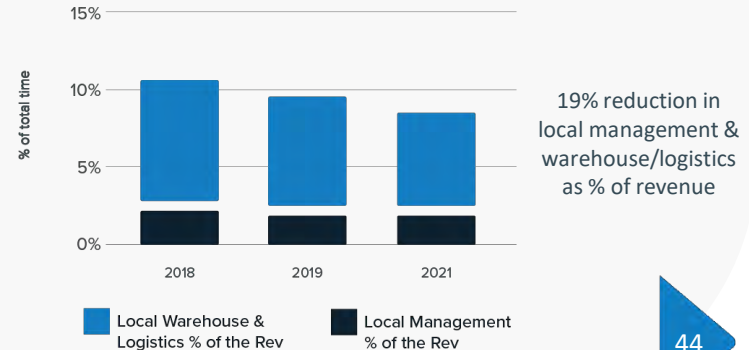


**Rentokil  
Initial**

### Admin & Support Cost - % of revenue



### Local Management & Warehouse/Logistics % of Rev



# The Business Model:

## Example of How M&A Works

### M&A

M&A hugely value creating with a model driven by density levers

#### Colleagues:

- All frontline colleagues transferred to Initial positions
- All trained to RI standard on H&S, servicing and customer service

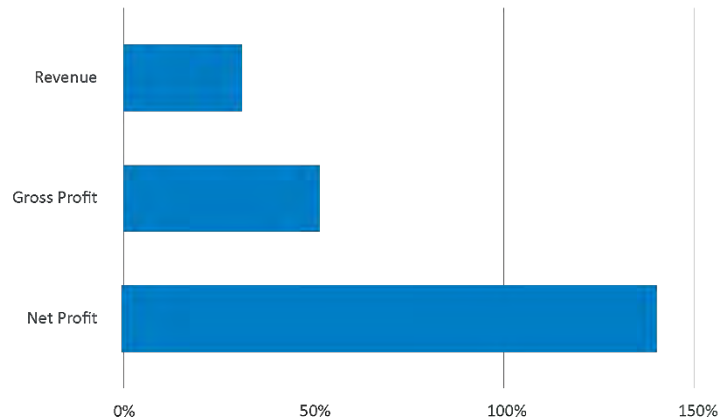
#### Real estate:

- 18 original branches in the acquired company
- 4 integrated into the Initial network

#### Routes:

- All acquisition and Initial work integrated over a 12 month period
- 24,000 premises added
- c 100 Service Areas removed

#### Revenue, Gross Profit and Net Profit Growth H1 2019 – H1 2021

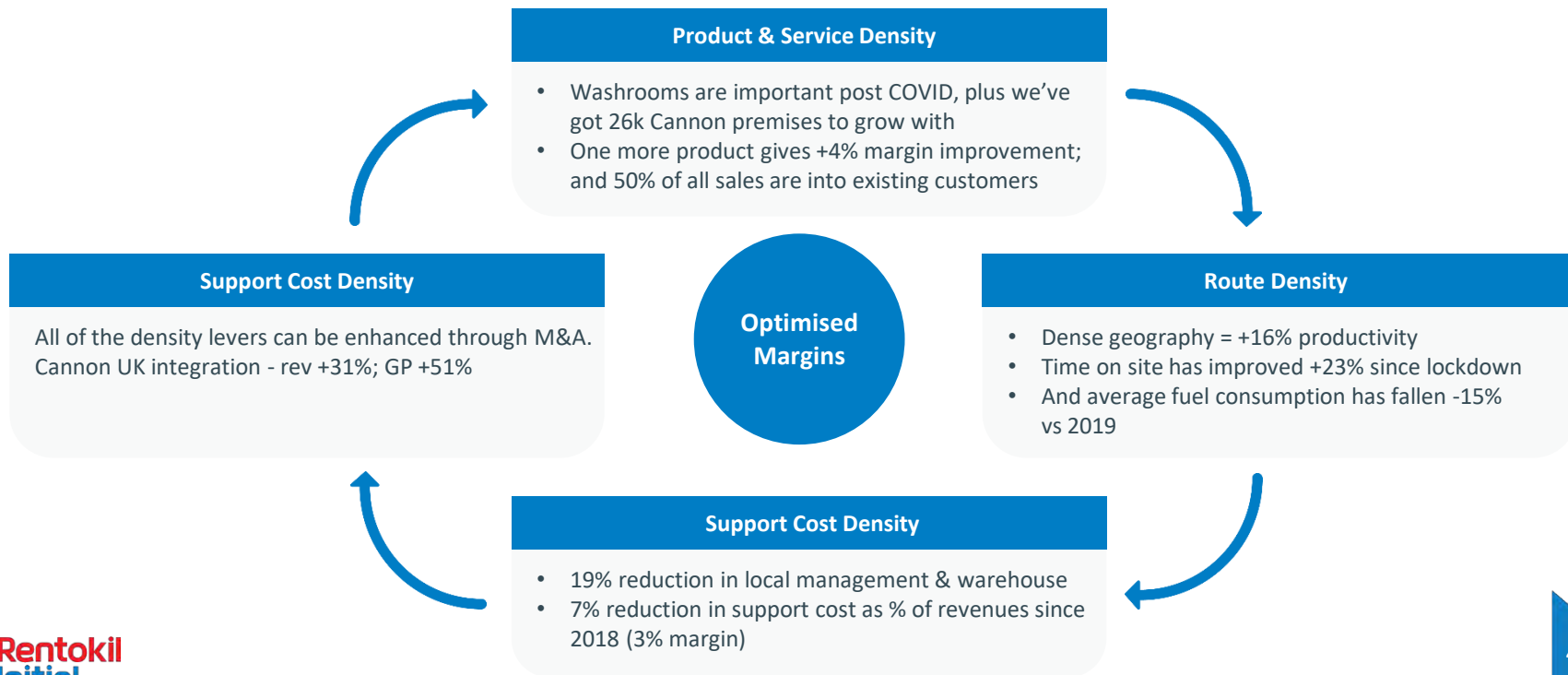


#### Underlying:



# UK Washrooms case study:

## The Business Model Headlines





# Washrooms: What COVID did

## PRE COVID

A range of services with minimal customer engagement:



## POST COVID

A fundamental change in perception of hygiene has resulted in a heightened awareness of hygienic washroom spaces:



Hygienic  
Cubicles



Healthy  
Hands



Clean  
Air

# Washrooms: Now a “Hot Topic” in the Media

**Express & Star**

## Drastic changes needed for public toilets after pandemic, says report

UK News | Published: May 24, 2020 | Last Updated: May 24, 2020

Gender neutral facilities could see men and women queuing at one door and exiting on the other side.

## Closure of public toilets causing anxiety, distress and frustration across UK

Guardian investigation and survey also finds situation is causing significant health risk

- Coronavirus - latest updates
- See all our coronavirus coverage

**The Guardian**



Coronavirus: Flushing the loo can create a cloud of virus particles which the next user might inhale, warns study

A new study warns that virus particles in the faeces of infected people could be ejected into the air when toilets are flushed

Alexander Martin  
Technology reporter @alexmartin

Tuesday 16 June 2020 10:40 UK

**sky news**



**METRO**

According to one bit of research, **69% of men don't wash their hands every time they use a toilet or urinal.**

Visit our live blog for the latest updates: **Coronavirus news live**

Another study suggests that **6% of men only wash their hands after pooing, but not after doing a number one.**



## Hygiene fears may spell the end for urinals

Everywhere you go, there is nowhere to go. The closure of many public conveniences as part of the ...

The Times - 10d

**NEWS**

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UK England N. Ireland Scotland Alba Wales Cymru Local News

**Coronavirus: When will public toilets be reopened?**

**Rentokil Initial**

# With Washrooms Recognised as a Potentially High Risk Area

The One Place  
Everyone Visits



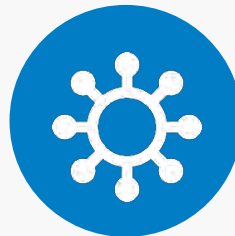
All colleagues & many visitors will use washrooms during the day

You're Reliant on  
Behaviour of Others



Did the people before you wash their hands and what did they touch before you?

Its Surfaces are Ideal  
for Coronavirus



Coronavirus survives well on hard, smooth surfaces

They don't tend to  
be well ventilated



Aerosol transmission loves inadequately ventilated spaces

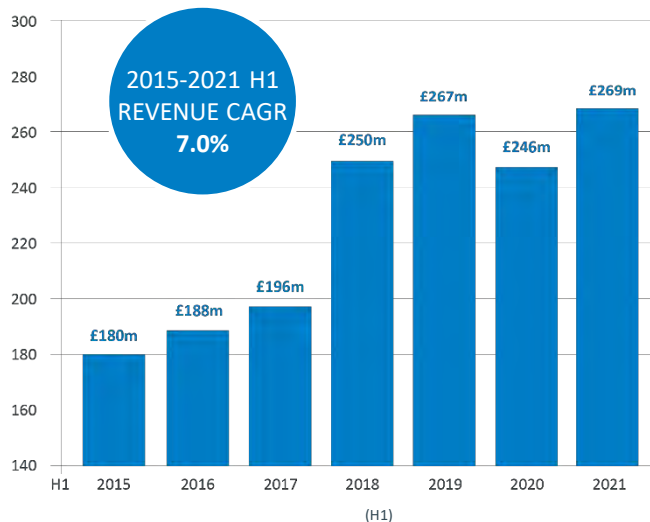
## Recovery of the Core Business



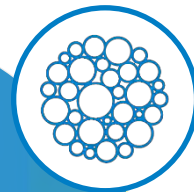
# The Core Business is Back

And this is before the “office reopening” programme has really started

Core Hygiene Ongoing Revenue



Core Hygiene is back



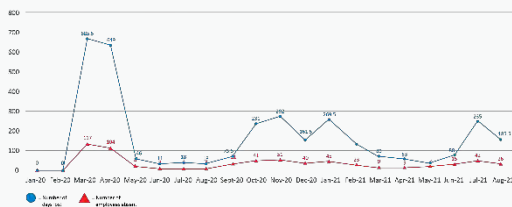
- H1 2019 revenues of £267m - growing organically by 3-4% per year
- The emergency phase of the pandemic hit our washrooms business as countries went into lockdown
- H1 2021 revenues back in line with pre pandemic levels
- And we still have sectors only partially open



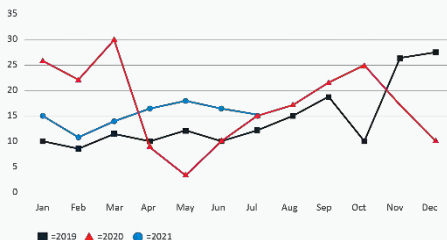
# How the UK delivered the recovery

## Colleagues

Colleague absence mngt & operational retention:

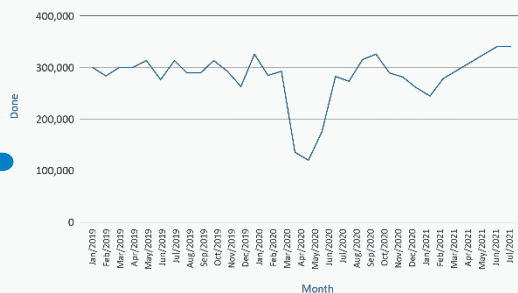


CDR Leavers 2019,2020 & 2021



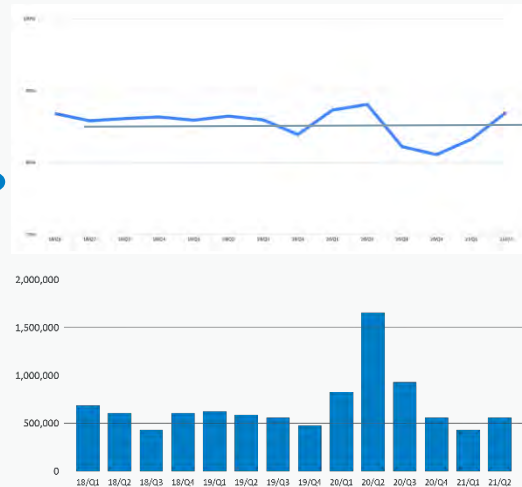
## Service Delivery

Services done over the period



## Customers

Local customer retention & local customer sales



# Rentokil Initial

Protecting People. Enhancing Lives.

**Core has recovered,  
and there's plenty  
of opportunity for  
growth**

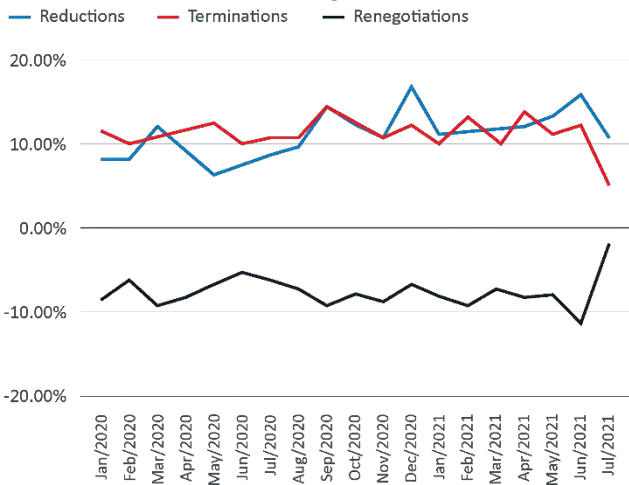
Jill Rodgers, Area Marketing  
Director, UK & ROW



# Return to the Office

Both indirectly (where we handle via FMs) and directly (where the offices are a direct customer):

Total - Reductions, Terms and Renegs as a % of Portfolio



Pandemic has led to **reduction**, NOT **termination** of services in this sector

Who

How

Office  
Reopening  
Plans



Working with them to  
create **Safer Buildings**

Safer Buildings  
encourage **Customers**  
to **Return**

Returning customers  
create **Demand for**  
**Services**

“Safer”  
Offices



Getting ready for  
the “big reopening”



Greater **Hygiene**  
Expectations



Increased  
**Frequencies**



Upgrade to  
**No-Touch**



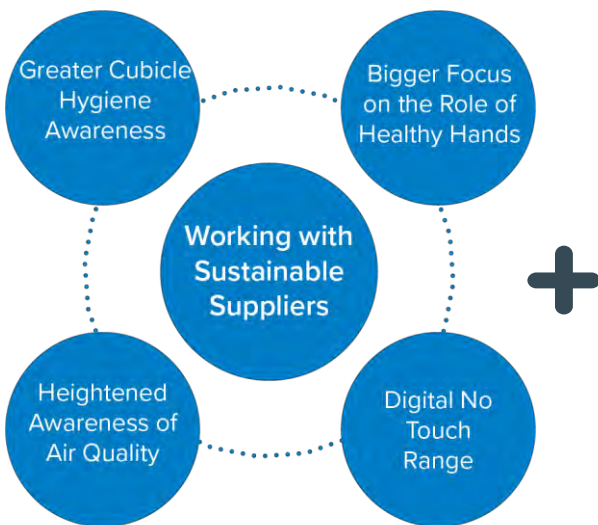
Brand New  
Services - **AIR**

# Plenty of opportunities to grow the Core Washrooms Business

A much greater interest & higher expectations from washroom users

Growing acceptance & demand for digital channels for customer engagement

A well-established business model with proven capability means being well-placed to capitalise



For speedy, cost-effective means of handling sales enquiries



For communicating with customers on a more regular basis

## The Initial Business Model



# UK Data shows People are Expecting More from Businesses / Employers

**74%**



of people are now more aware of germ hotspots than before the pandemic

**74%**



of people are now more inclined to wash their hands if soap dispenser is no-touch

**46%**



of women said employers could cater better for their needs

**Over 1/3**



of females say school / workplace washrooms need more privacy to dispose of sanitary waste discreetly

**76%**



of people agree they can easily wash / sanitiser hands to prevent surface contamination, but they can't protect themselves from breathing contaminated air

**55%**



of people are now more concerned about air quality in indoor environments than prior to the pandemic

**68%**



of people believe businesses & employers should do more to ensure they're providing clean air in their premises

**62%**



of people believe air purification systems should be mandatory in public buildings & educational facilities

**30%**



of people have indicated they won't go to work unless their employer assures them of the air quality inside the building



# Greater Cubicle Hygiene Awareness

Means more opportunities for Initial within the cubicle space:

## Growth in Demand for No Touch FHUs\*



- No touch units now account for 40% of Initial's total FHU sales and also have a premium over manual units
- They're the "go to" product for new customers, with opportunity still there with existing customers

## Opportunity for Additional Cubicle Products



- In volume terms there are more FHUs / hand & surface sanitiser / toilet tissue dispensers & consumables than anything else in a washroom
- These bring additional revenue opportunities, within existing customer base as well as new

## Providing What People Actually Want

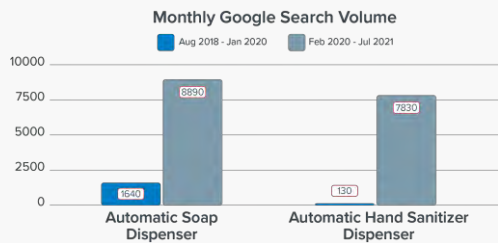


- Conducted a survey\*\*, asking people which hygiene products they'd actually want to see in a cubicle
- They all tie back to basic hygiene needs and again provide opportunities within existing customer base as well as new

# Bigger Focus on the Role of Healthy Hands

Handwashing and sanitising are now taken a lot more seriously than ever before, with a particular emphasis on no touch:

A definite behavioural change, with more people searching for & inclined to use no touch hand products:



64% of people are washing their hands more frequently when in public indoor spaces, following the pandemic



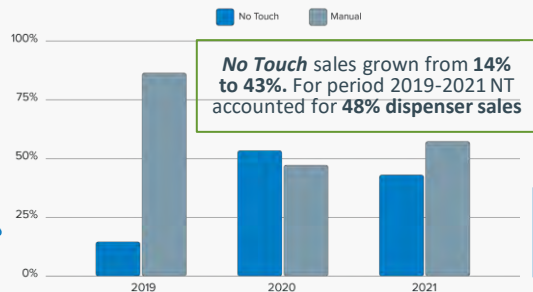
75% of people are more inclined to sanitise their hands if the dispenser supplied is no-touch



**Rentokil**  
**Initial**

Growth in sales of no touch hands range:

Growth of No Touch Sales £



Manual dispenser sales have also grown as hygiene benefits of dispensers overall are realised

Additional revenue opportunities for Initial:

- No touch dispensers have a premium over standard dispensers
- More people washing hands means increased demand for hand dryers (margin improvement with 1 additional product on site)

But with increase in frequency of use, people want products that are gentle on skin as well as kind to the environment:



Initial has an alcohol-free hand sanitiser range UltraProtect™, as well as soaps that are dermatologically tested & pH-friendly

Initial can offer a range of electric dryers using HEPA filters, running on low energy consumption



# Rapid>SmartHygiene:

A Brand New High End Washroom Range

## Rapid>Flush

A device to help prevent the build-up of scale, by injecting a unique scale inhibitor into toilets & urinals

A cubicle availability lighting system, indicating when cubicles are free for use

## Rapid>Lights

All devices can be connected, therefore giving customers data insight into washroom usage

myInitial



## Rapid>Water

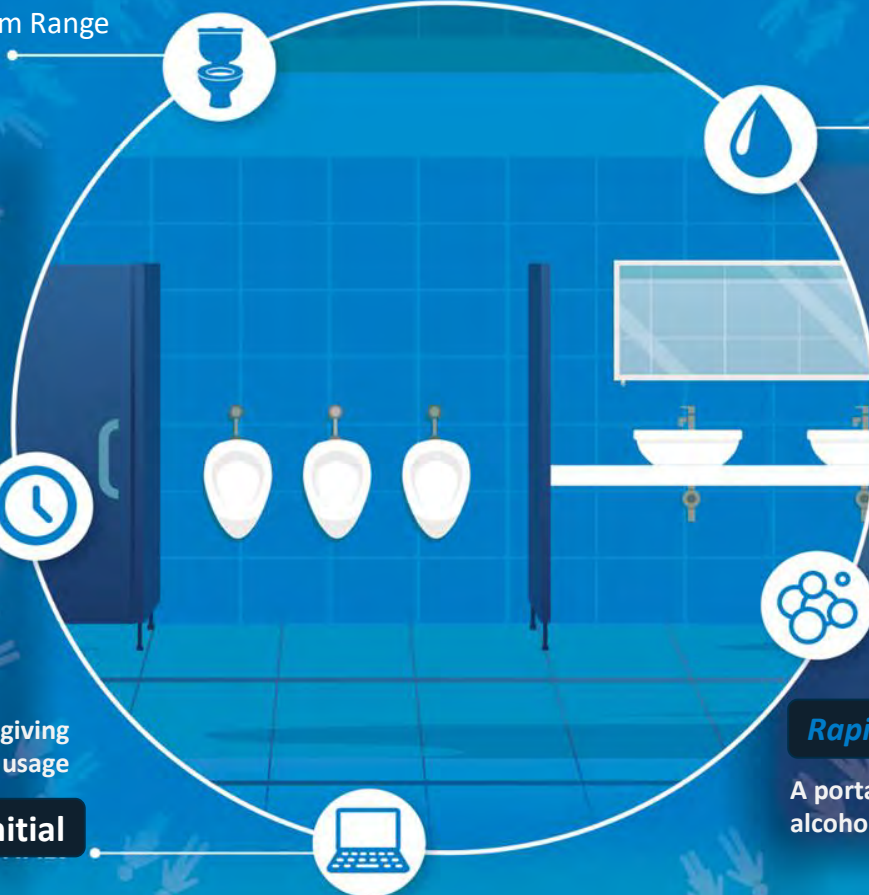
State-of-the-art no touch taps, helping to manage water consumption

Hi-tech, touch-free foam dispensers, particularly suited to high footfall areas

## Rapid>Foam

## Rapid>Sanitiser

A portable, touch-free hand sanitiser (utilising alcohol-free sanitiser) is also available in the range



# Heightened Awareness of Air Quality



Previously customers wanted an air fresh to help **mask “nasty smells”** in washrooms

The focus then shifted to a **combination of fragrance & cleaning**



Following the pandemic, the focus is now very much on products that **purify & clean air** in washrooms



Initial has products in all 3 categories, with further innovation planned for Q4 2021 / Q1 2022 - the stronger the product, the higher the margin, hence the major focus now on **VIRUSKILLER™**

**VIRUSKILLER™** - the air purifier that kills Coronavirus in the air\*

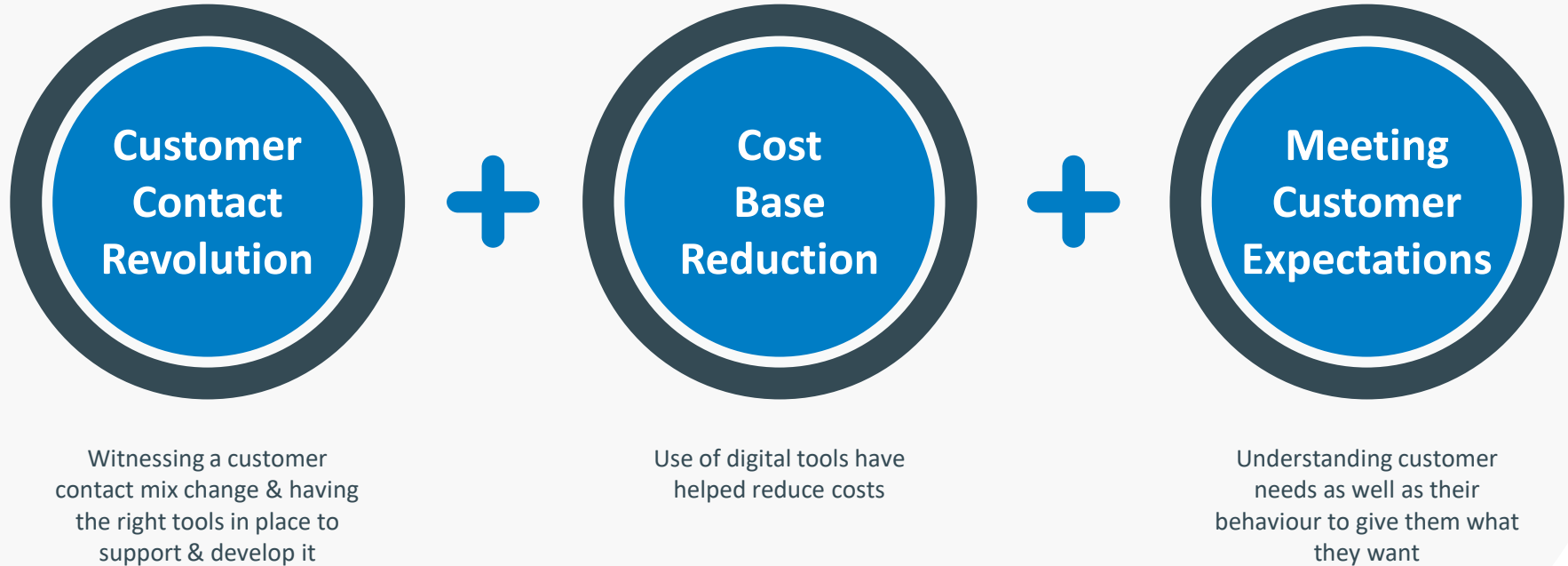
# Incorporating Technology to the Enquiry Handling Model



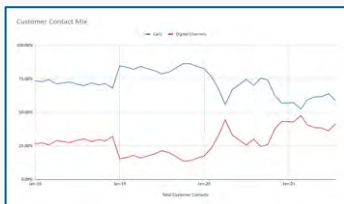


# Utilising Data, Technology & Discipline

And creating an effective sales process:



# A Revolution in How People Are Getting in Touch



A significant mix change, with **digital comms channels now accounting for an average of 40% of contacts\***

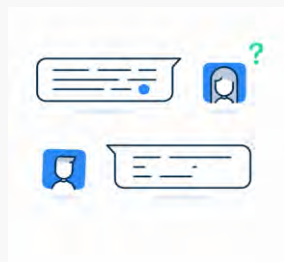


Prospects & customers have a **choice on how & when to get in touch**, using a combination of humans & technology



Even before lockdown, people were **searching outside of “standard” office hours**

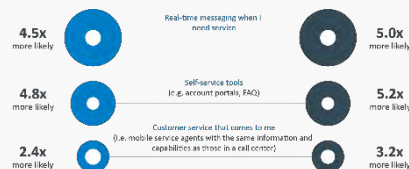
**Chat** rated as the number one tool for researching suppliers in b2b space\*\*



RI internal ticketing system

\*\* McKinsey 2020 study - how b2b sales have changed during COVID-19

\*\*\* State of the Connected Customer - salesforce.com



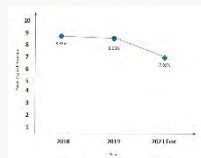
**Quick responses required, regardless of when people are asking\*\*\***

# Combining Humans and Technology has Brought a Number of Benefits



- ✓ Enquiry sales conversions in line with overall figs
- ✓ Similar average sales value
- ✓ Combining digital & humans gives the best outputs

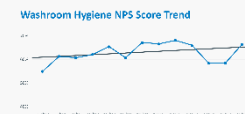
New customer "enquiry sales" output from chat is consistent with our standard rates



Contributed to a 19.7% reduction in Sales & Marketing costs & 10.4% in admin costs



Enables the higher cost "people resource" can be allocated to the higher quality leads



A better customer experience, by getting people to the Right Place at the right time, faster & an NPS of almost "world class" levels

# Incorporating Technology into Customer Communications



# myInitial: Giving Customers Information at Their Fingertips

Analysed non-sales enquiry tickets & webforms for existing customers, identifying common reasons for getting in touch - used the feedback to develop a bigger and better customer portal **myInitial** - enabling customers to self-serve, getting account information when they want it:



## Service Visits

Prior & upcoming visit details



## Contract Overview

Contract no. & services covered



## Signature Check

Provides proof of delivery



## Reporting

Bespoke reporting functionality



## Secure Downloads

Of up-to-date on services



## System Links

One click to access other Initial digital tools

### A self-serve approach for the appropriate subjects enables Initial to:

- Make it easy for customers to do business with them (& therefore links back to Net Promotes Score (NPS))
- Should help feed into growing customer retention
- And again free-up people resource to focus on the right things



# Making us Easier to do Business With

## Welcome to Initial



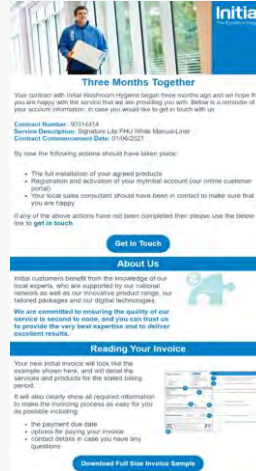
The 'Welcome to Initial' page features a top banner with a photo of a staff member. Below this, there are several sections: 'What to expect' with a list of services, 'Your account' with a 'Log up for online' button, 'How to make your first enquiry' with a 'Download full size example invoice' button, and 'Your Terms and Conditions' with a 'Log in to Initial' button. The page is designed to be user-friendly and informative, guiding new customers through the initial setup and service process.

## Meet Your Account Manager



The 'Meet Your Account Manager' page introduces Claire O'Connor, the account manager for Initial Washroom Hygiene. It includes a photo of Claire and a brief biography. Below this, there is a section titled 'Claire can be contacted on' with her phone number (07873 401120) and email address (claire.oconnor@rentokil-initial.com). The page also lists 'Service queries' and 'E-billing' options, along with a 'Download full size example invoice' button.

## Helpful Information



The 'Helpful Information' page provides a comprehensive overview of the Initial Washroom Hygiene service. It includes a 'Three Months Together' section with a photo of a staff member and a list of key points. Below this, there is a 'Get in Touch' section with a 'Contact Us' button, an 'About Us' section with a 'Download full size example invoice' button, and a 'Reading Your Invoice' section with a 'Download full size example invoice' button.

## How are Things Going



The 'How are Things Going' page is a collection of four cards, each featuring a staff member and a 'Thank You!' message. The cards are designed to provide feedback and support to customers. Each card includes a 'Thank You!' message, a brief description of the service, and a 'Contact Us' button. The cards are arranged in a 2x2 grid, making it easy for customers to find the information they need.

## Benefits of this approach include:

- It's fast as emails are automated (but personalised), with feedback automatically shared with the right departments
- Reinforce things that are working well / customers would like to see more of
- Getting earlier warning signs of an issue (& potentially resolving before becoming an issue)
- Getting feedback more regularly & at scale
- Making it easier to do business with Initial

## In Summary



# In Summary

1

A “low cost, high intensity” operating model

- Delivers services that customers need, on time, in full, every day - both pre and post pandemic

2

Clear profit levers that RI understand how to pull

- Market changes support product density
- Combination of scale & RI technology” has transformed the route density model
- And strong M&A can accelerate the profit levers as well as establishing new bases

3

Market changes are supporting growth

- People are expecting more from businesses / their employers when it comes to the hygiene space
- The switch to “no touch” is continuing, post COVID
- And a much bigger focus on indoor air quality

4

And Initial is well placed to accelerate growth

- It has a strong product portfolio & innovations to meet customer needs
- It has a strong enquiry model, effectively combining humans & technology
- And has a strong customer base to growth with



The background is a dark blue field filled with small, light blue dots, resembling a starry sky. Overlaid on this are several thin, light blue wireframe rectangles. One rectangle is oriented vertically on the left side, while another is oriented horizontally, intersecting the vertical one. A third rectangle is positioned below the horizontal one, also intersecting it. The word "Initial" is centered in the foreground in a large, white, sans-serif font.

# Initial



The background of the slide is a composite image. It features a large white circle in the center, which contains the text. Behind this circle, there is a blurred image of a modern office interior. On the left, a woman with blonde hair and glasses is smiling. On the right, a man in a white shirt and dark tie is also smiling. In the foreground, there are coffee beans and a glass jar on a table.

Thank you for listening

**15 minute break**



# Rentokil Initial

Protecting People. Enhancing Lives.

## Opportunity into Growth

Expansion outside the Washroom

Alain Moffroid,  
Regional Managing Director, Europe



Building on our route-based business and hygiene & wellbeing expertise to expand and grow our service across our customer's premises

# Expanding services outside the washroom

Hygiene services for regulated industries

## Air Care

Delivering services to enhance air in new and existing customer premises; includes quality monitoring, purification and scenting



## Wellbeing

Focusing plants, biophilic and large projects expertise to enhance public spaces  
Annual revenue at £172m with total revenue CAGR of c.4%



## Core Washroom

## Specialist Hygiene

Specialist hygiene services delivered to meet ever increasing regulation.  
Annual revenue at c.£30m with total revenue CAGR of 5.4%



## Dental Hygiene

Premium dental waste collection and processing service.  
Annual revenue at c.£12m with total revenue CAGR of 8.9%



## Medical Waste

Agile medical waste services that meet the needs of customers in highly regulated markets.  
Annual revenue at c.£29m with total revenue CAGR of c.10%



# Identifying and converting opportunities

The agile pivoting that enabled us to successfully deliver a 'new' offer of disinfection is a core part of our DNA



## Commercially Focused Mindset

Business is driven by a constant desire to identify opportunities in the market and deliver on these



## Customer Focused Operations

Sales and Operations teams are close to customer needs, with a feedback loop to management colleagues



## Science Based Expertise

Solutions are driven by a science based approach that is built on 100+ years of experience in hygiene



## Technology Enabled

Technology inherent in our connected approach facilitating; SOP development, education, contracts and marketing & sales



## Global Community

Relationships and structure that foster teamwork across the group, enabling increased pace of sharing and planning



## Local Delivery

Local delivery teams ensure fit for purpose solutions in each country, deployed at pace and generating profitable sales

In three weeks we developed a customer proposition, standard operating procedures, established a supply chain for equipment & consumables, trained over 7,000 colleagues on how to sell & service, mobilised globally to win international clients in addition to local activity. Through this we delivered over £225m 'new' revenue in 2020.

# Rentokil Initial

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## Opportunity into Growth

### Air Purification

Greg Smith, Managing Director,  
Greater China



# Air Purification & Indoor Air Quality (IAQ)

The marketplace for air purification & IAQ for a route based business

## Air Purification

- 'Pollution' a major environmental risk to health in many countries with increased profile as a consequence of the pandemic and air quality related health issues
- Increase in global awareness of the health impact of poor indoor air quality on strokes, heart disease & lung cancer, etc
- Air pollution kills 7 million people every year, 4 million of whom die from indoor air pollution<sup>1</sup>
- Pandemic fast tracked a global focus on clean indoor air
- Independent estimates for air purification devices indicate a CAGR growth rate of 10-12% between 2021 to 2028

## Indoor Air Quality (IAQ)

- WHO support facts that pathogens spread in the air thereby increasing risk of cross infection
- Many metrics but most popular are CO2, PM2.5, VOCs and Humidity
- Monitoring CO2 indicates ventilation levels as recommended by WHO for safer indoor environments
- IAQ can contribute to smart building management, improving human health and delivering cost savings through productivity and energy savings
- Growth indications of 7.7% (2020-2027) and estimated size of \$2.78bn in 2020



# Air quality focus is increasing

The pandemic and greater understanding of the impact of air quality are driving higher requirements



## Employee Locations

Offices and manufacturing premise managers are more aware than ever of the productivity and health benefits of better air quality.

They are looking to provide proof points to their employees to satisfy the ever increasing expectations.

- **84%** people who work in a shared workplace/building believe it's important\* that their employer prioritises creating a safe and hygienic workplace
- **Over half (52%)** of respondents who work in a shared workplace/building said, as a result of the COVID-19 pandemic, they are now likely to open windows and doors where possible to manage hygiene risks

## Guest Locations

Business premises such as hotels, restaurants, leisure venues and education facilities premises are realising the need to provide good air quality for those visiting their premises. Education is beginning to see legislative changes introduced. They are looking to provide differentiation and assurance to those visiting their premises.

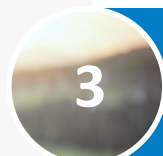
- **71%** are more concerned about the impact of poor indoor air quality in a public venue on their health than before the COVID-19 pandemic
- **72%** are more concerned about the spread of germs via the air they breathe indoors in a public venue than before the COVID-19 pandemic



End user expectations have increased and business owners are looking for solutions to provide assurance

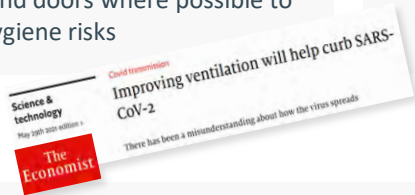


Regulation and legislation is being introduced to drive higher quality air standards - Belgium 11/20 & UK 9/21 so far...



Domestic environments are also under focus and expectations are that there will be growth in demand for home solutions

**Rentokil  
Initial**



# Air Purification

Launching in 50 countries 2021/22



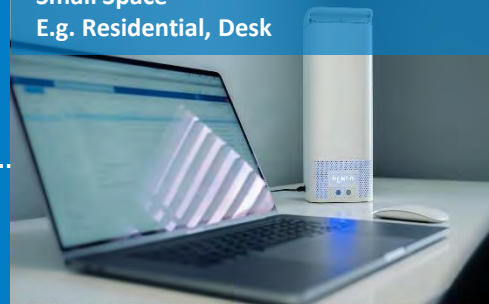
## Standard Air Purification

Inspire Air72 is a mobile air purifier using HEPA 13 filter materials to provide cleaner air to cost sensitive customers, contributing to margin growth.

## Enhanced Air Purification

VIRUSKILLER™ range is our premium air hygiene solution combining triple filters, TiO2 and a UV-C reaction chamber, enabling it to kill coronavirus in the air with a single pass. This claim ensures it is delivering solid growth across all sectors.

Small Space  
E.g. Residential, Desk



Mid  
Meeting Room

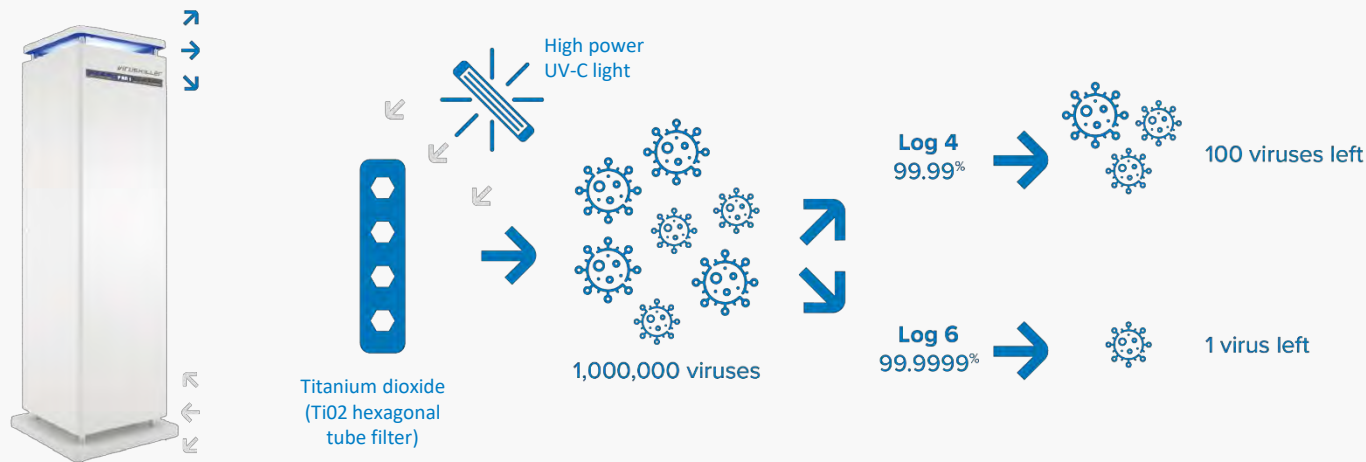


Large  
Open Office, Restaurant, Hotel



# Air Purification service delivery

Expertise, science and service delivery providing differentiation



## Installation



## Pre-Filter Cleaning, Filter Changeover & UV reactor chamber service



# Indoor Air Quality Monitoring (IAQM)

Increased focus on air is opening up the IAQM opportunity for Initial

## Historic IAQM Programme

- Detailed Report from Environmental Consultancy
- High Cost and complex outputs
- For business premises only



WHO launched new guidelines on 22 September 2021, these provide clear evidence of the damage air pollution inflicts on human health and recommend new air quality levels to protect the health of populations, by reducing levels of key air pollutants

## Initial IAQM

- Initial has experienced install and route based teams to service multiple customer sectors
  - Premises hygiene experience to enable informed recommendations
  - Solution range to support IAQ improvement - e.g. Inspire Air 72, VIRUSKILLER™, etc.
- Reporting platforms and capability to provide assurance for customers and their guests / employees
- Pilot launched in Hong Kong





# Air Care outside the washroom

Proven delivery model



"We believe that Rentokil Initial would support us with the best services and solutions in fitting VIRUSKILLER™ to the Club."

## The Hong Kong Jockey Club

- Founded in 1884, a horse racing operator.
- Hong Kong's largest community benefactor, operating as a not-for-profit organization.
- Provides dining, social, sport and recreation facilities to its approximately 23,000 members.
- Locations: 3 Clubhouses, 2 Racecourses, 100 Off-course Betting branches.
- 70 plus unit contract installed in two phases



## BRITS 2021 at The O2

- BRITs have been running since 1989 and held at The O2 since 2011
- The event in 2021 was a UK government test event and the first indoor music event for over a year
- 4,000 key workers were in attendance at the event as well as a large number of high profile music industry stars
- Organisers announced - "Another partnership has been made with Rentokil Initial as 'Official Specialist Hygiene Services Partner'. This will see the installation of a cutting edge air purification technology known as 'VIRUSKILLER™', which the venue has said is proven to kill 99.9999% of viruses, including the coronavirus."

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# Air Quality & Purification Opportunity

## Strong performance established

- H1 2021 sales of c.£3.2m in 28 countries
- Additional markets added through H2 and sales expected to surpass H1 levels to deliver a full year of £7m
- Market demand is in the increase:
  - Legislation and registration getting stronger
  - Assurance required to get people back to offices, hospitality and leisure venues

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## Opportunities for organic & acquisitive growth

- Target is to expand our coverage:
  - Increase the range of air purification devices
  - Continue to expand offer into new geographies
- IAQM will be introduced in selected markets over the next 18 months subject to the success of pilot activities
- M&A activity is being considered in several markets to enable accelerated growth across the Air Quality space
- Air Quality solutions provide a significant opportunity for growth as we establish ourselves in this new market



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## Opportunity into Growth Specialist Hygiene

Alain Moffroid,  
Regional Managing Director, Europe



# Specialist Hygiene

Wide range of services satisfies the growing customer demand

- Our service helps customers comply with current legislation by establishing and maintaining effective hygiene standards, reducing the risk of fire, and food-borne diseases across a range of commercial sectors.

## A Comprehensive Range of Specialist Hygiene Services

### Specialist Air & Water Services

- Air Con Hygiene Inspection
- Air Con System hygiene
- Air Duct hygiene
- Legionella Prevention



### Specialist Disinfection Services

Situations involving:

- Flood water, sewage
- Vacant properties
- Emergency crime scene



### Specialist Hygiene Services

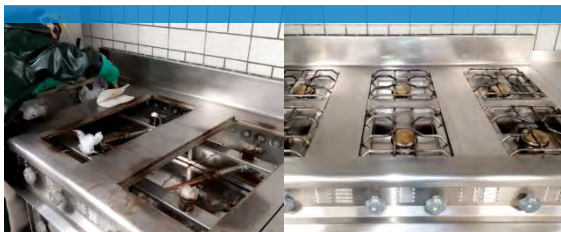
- Food Factory hygiene
- Bio-dosing service
- Commercial kitchens degreasing / fire prevention



# Specialist Hygiene

Specialised hygiene interventions that require experts to provide the service

Commercial premises require specialist hygiene interventions to satisfy regulation and the increasing requirements of post pandemic hygiene standards.



## Kitchen Hygiene

- Strong regulatory regime and enforcement in place
- Specialist hygiene treatments of professional kitchens to deliver clean & safe equipment
- Quality assurance and certification to provide assurance to operators and owners



## Legionella

- Strong regulatory regime and enforcement to prevent legionellosis
- Auditing regime, specialist hygiene treatments and certification to provide customer and public assurance



## HVAC Hygiene

- Increased recognition of the importance of air systems to provide quality air
- Regulation in place and expected to tightened
- Specialist hygiene interventions ensure clean and hygienic HVAC systems

# Specialist Hygiene

Proven delivery model



## Aged Care Provider across 450+ locations

- Partnership since 2017 for specialist hygiene services
- Contract across kitchen and ventilation hygiene
- Designed a tailor made audit to obtain a full inventory of their ventilation equipment, measure its level of cleanliness, ensure and improve the proper and hygienic functioning of the ventilation systems thanks to deep hygiene treatments.



## Global Food Retailer

- Supporting the customer in managing all the different systems (more than 2.000 in total, around 5 per premise including - water circulation systems, car washing, fire systems, cooling towers and nebulization systems).
- Services consist of a quarterly audit of all their systems with analysis of the water quality and a disinfection treatment per year. Part of the contract is a tracking tool called Mylegionella tailored to their needs, helping our customer to monitor all installations.
- Partnership and consultant model to help in dealing with all the requirements and inspections from the health ministry.



# Specialist Hygiene Opportunity

## Performance update

- Delivering revenue of c.£30m in 2019
- Forward view is that we will deliver organic growth of 5%+ as business operations normalise and increased hygiene standards create additional demand

## Opportunities for organic growth

- Portfolio being re-positioned towards higher growth/value segments, specifically around air & water
- Intent to grow contract portfolio from what are typically jobbing activities
- Regulation around Air Quality is evolving fast. Tighter rules and enforcement to be expected, driving market growth
- M&A to accelerate density and allow new market entries

# Rentokil Initial

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## Opportunity into Growth Medical Waste

Karen Kavanagh,  
Area Marketing Director, Pacific



# Medical Waste Landscape

Leverage core expertise to fast track into new geographies

## Medical Waste Disposal

- All markets are subject to World Health Organisation (WHO) standard mandatory guidelines on the disposal and management of biocide waste, further supported regionally / nationally by regulatory bodies around waste segregation, storage and disposal
- Services include clinical waste, infectious waste, sharps disposal, pharmaceutical waste and Coronavirus waste including LFT

## Key Trends Driving Demand

- Ageing population across the world continues to drive demand, alongside levels of incontinence in adults
- Increased legislation relating to PPE usage and subsequent disposal
- Personal cosmetic treatments increasing in mature economies
- Growth indications of 5.6% (2020-2025) and estimated size of \$6.8bn in 2020

### Healthcare



Specialist partner for multiple small/ medium locations such as medical centres, dentists and now covid test & vaccination centres

### Elderly care



Includes sharps, as well as clinical, offensive and sanitary waste disposal to ensure safe environments for staff and residents

### Workplace & Education



Supporting factories, offices, universities to manage to manage medical waste; includes sharps, incontinence and now pandemic related testing

### Retail



Providing a safe, convenient and secure approach to sharps and waste disposal for beauty therapy, pharmacy, tattoo parlour, barber and supermarket customers

# Medical Waste Management

Initial: Setting the standard in healthcare and infectious waste management

## Our Solutions



## Initial Medical Waste Management Proposition

- Experienced business partner in the handling, collection and disposal of hazardous and offensive clinical waste – over 20 years of experience
- Integrated model that focus on the full chain of waste management - including the legislative disciplines required.
- Agile model that provides customers with a responsive solution in times of volatile demand patterns
- Provide a transparent waste reduction, collection and disposal system for healthcare related waste
- Fully traceable waste segregation
- Rigorous compliance with legislation
- Waste minimisation and robust recycling initiatives that support our sustainability drive across all our service businesses



# The pandemic impact on medical waste

Offer the collection and disposal of waste associated with the Coronavirus pandemic

## Coronavirus testing and vaccination waste disposal

- Expectation that global vaccinations will increase and be sustained for several years. Annually there were 16.7bn injections worldwide in 2015, estimated to increase +25bn across 2021/22
- The global sharps container market is expected to grow from USD \$449.1m in 2018 to USD \$624.1m by 2026 (CAGR 4.2%)
- WHO requested a 40% escalation of disposable PPE production, which once used, requires appropriate disposal
- Lateral Flow / Antigen Tests are designated as a chemical waste stream for incineration, and PPE waste is also considered offensive waste. Both waste streams must be segregated at all times



For disposal of lateral flow testing waste by incineration



For disposal of PPE Waste by incineration / land-fill



For safe external storage of waste





# Medical Waste Management

Initial: Setting the standard in healthcare and infectious waste management

## Australia

- Sustainability commitment position us as a responsible and diligent medical waste service partner
- Agility - ad hoc response capability / high frequency collection / high tenacity to deal with peaks in waste collection demand.
- Proactive and reactive servicing competitively position us to become service partner of choice with 300 technicians and a strong fleet across the country
- Acquisition of ACES Medical Waste in 2021 allows us to expand capabilities and improve density in key geographies



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**Initial**

## UK

- Business built on “Setting the standard in healthcare and infectious waste management in the UK” with a focus on ISO certification in Quality, Environment and Health & Safety
- Operational at high margins due to ability to carry out small van waste services at a wide variety of healthcare and non-healthcare customers (v’s low margin bulk waste collection)
- Final disposal through complex partnerships with final disposal companies
- Sales and operations positioned around keeping our customers compliant with the complex legislation surrounding clinical waste.
- Huge sustainability drive in motion to push Waste-to-Energy, reduce single use plastics, introduction of recycled materials and paper-saving E-Waste documentation

**Providing an agile service to manage the unpredictability of medical waste volume**



# Medical Waste Opportunity

## Strong and sustained performance

- Operate in 11 countries: Australia, Finland, Indonesia, Ireland, Italy, New Zealand, Portugal, South Africa, Spain, Thailand and UK
- Revenue of c.£29m in 2019 with a CAGR of c.10% over last five years, delivering average margin of 24.9% across that period.

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## Opportunities for organic & acquisitive growth

- Focus will be on:
  1. Driving organic growth levels across all existing operations
  2. Converting M&A opportunities as either bolt-on to existing business or new market entry where legislation and market conditions are attractive; a number of markets identified for new entry across Asia, Pacific, Europe and North America.



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## Opportunity into Growth

### Dental Hygiene Waste

Alain Moffroid,  
Regional Managing Director, Europe



# Dental Hygiene Waste

Growth opportunity from expansion into new markets

## Dental Waste

- Collection and disposal of amalgam is highly regulated as a consequence of the Minamata Mercury Crisis (1956-68)
- Regulation in place in Europe, North America and Australia
- Regulation always includes separator maintenance and in some countries additional services for dental waste
- The market for dental mercury waste is estimated to be around c.£400m
- In addition to the disposal of dental waste, the business offers various hygiene service solutions, e.g. water analysis & pipe cleaning



**Waste Service  
Solutions**



**Hygiene Service  
Solutions**



**Precious Metal  
Solutions**



# Dental Hygiene Waste

## Proven delivery model

- **Target group:**  
Dentists & Dental Dealer.
- **Business countries:**  
Germany, Netherlands, Sweden, Norway, UK & USA.
- **Products & Services:**
  - Waste Service Solutions: collection & disposal of amalgam & medical waste, pipe cleaning, sale of suction and amalgam separation systems.
  - Hygiene Service Solutions: Fresh & Waste water analysis.
  - Precious Metal Solutions: Precious metal recovery



## USP's of Initial Dental



### SmartWay - The sustainable recycling process of amalgam separator

Reuse of amalgam separator.

Significant cost savings for our customers

Avoidance of plastic waste - 430 tons per year

Reduction of 75% CO<sup>2</sup>-Emission.

Unique in the dental sector



### Xpack - The sustainable shipping solution for amalgam separator

Reduction/avoidance of plastic materials for shipping.

Shipping solution is provided by Initial - customers do not have to take care of the packaging materials.

Reduction of 90% of outgoing packaging materials - savings of 66 tons of shipping materials (styrofoam, cardboard boxes, foils) per year.

Unique in the dental sector



## Water test

Can be easily combined with the waste service.

One service partner for several solutions.

Initial as "The Experts In Dental Services".



# Dental Hygiene Waste

Proven delivery model

## Case study customers (Netherlands):

Dental Chains - a trend!

### Customer example:

- Founded in 2014 with 3 dental clinics.
- Now: 130 dental clinics.
- Customer of Initial dental Netherlands since 2016.

### Customer example:

- Started in 2013 with 8 dental clinics.
- Now: 186 dental clinics.
- Customer of Initial Dental Netherlands since 2013.

Both customers are buying dental waste solutions and water analysis

## Case study customers (Sweden):

Hg-rid LIFE EU Project

- During 2018, Sweden's biggest provider of private health and dental care, ran an EU financed project in cooperation with Initial Dental and IVL Swedish Environmental Institute.
- The main objective of the project was to further minimise emissions of mercury from dental care service. The results should be implemented in the EU.
- This customer of Initial Dental Sweden buys all available services and products: dental waste solutions plus hygiene service solutions like water analysis and pipe cleaning.



# Dental Hygiene Waste

Trends in the dental business can provide an opportunity for further growth

## Industry Consolidation



### Dental Clinic Chains & Dental Hospitals

- Dental market is moving from small clinics to large dental hospitals and dental clinic chains.
- Due to this development the demand for one-stop-shop services is increasing.

## Service Penetration & Innovation



### “One Stop Shop” Strategy

- One partner for several solutions related to hygiene and waste disposal.
- Collection of various dental wastes at one service appointment.
- Customers oriented innovation pipeline.

## Environmental Consciousness



### Regulation Enforcement & Sustainability

- More countries expected to adopt/enforce regulation
- Sustainability in the dental practice is now a big issue, as patients and dentists are becoming more and more concerned about this topic.

## Geographical Expansion



### Expansion through Acquisition

- M&A opportunities in existing markets and selected new markets, USA, Australia, France, Norway, Austria, Switzerland.

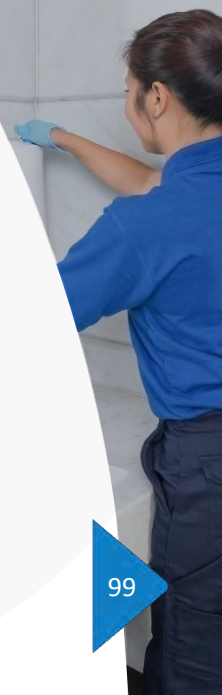
# Dental Hygiene Waste Opportunity

## Strong and sustained performance

- Operate in 6 countries: Germany, Netherlands, Sweden, Norway, USA, UK with 2019 revenue at £12m
- CAGR of 8.9% over last five years, delivering average margin of 25%+ across that period

## Opportunities for organic & acquisitive growth

- Target is to sustain high organic growth levels and target additional opportunities in new markets:
  - Service innovation to provide one stop solutions for customers
  - Sustainable solutions to benefit from environmental trend
  - Expansion through acquisitive activity where regulation and enforcement exists or develops



# Rentokil Initial

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## Opportunity into Growth Wellbeing



PremiumScenting  
With AIRQ

Mike St Clair  
SVP Sales & Marketing  
North America





# Wellbeing

Focusing our expertise on the global demand for healthy buildings

- Impact of pandemic has catalysed a shift in global mindset where health is a priority - not just avoiding being sick, but proactively being well in a holistic sense
- The global corporate wellness market is set to grow at 7% CAGR to 2028<sup>1</sup> as people search for a healthier lifestyle across work, home and leisure
- 92% of real estate investment managers expect the increased demand for healthy buildings to continue over the next three years.
- Healthy buildings are delivering rental income premiums of between 4.4-7.7%<sup>2</sup> driving a focus on health and wellness as a core part of ESG investment strategies.

## Offices

Encouraging employees into the workplace to rebuild human connections requires spaces with visible hygiene measures plus enhanced levels of comfort and flexibility for multi-use enabled by biophilic design

## Hospitality

Enhanced guest experience is delivered through biophilic design and premium aesthetics, a combination delivering increased RevPAR and better reviews

## Facilities/ Property Mgt

Seeking to create in-demand spaces that command a premium and deliver ESG goals to tenants. Visible hygiene and strong wellbeing aesthetics essential to maintain an occupied portfolio.

## Retail

Highly visible biophilic design delivers comfort levels which encourage footfall and repeat visitors.

<sup>1</sup> Grandview research 2021

<sup>2</sup> MIT Centre for Real Estate research 2021



# Wellbeing from Rentokil Initial

Meeting the global demands for healthy buildings



## Interior Planting



Combining horticultural, biophilic, commercial and design expertise to offer solutions that deliver commercial benefits related to health, comfort and productivity

- Interior plants
- Green walls
- Large projects
- Biophilic consultancy

## Plants for Air Quality



Clean air solutions deliver improved, safer air quality in public spaces - using plants to do this also delivers biophilic benefits

- Active green air purification-planters and green walls

## Premium Scenting



Premium Scenting delivers enhanced environments for premises who are looking to give their guests a better experience, it has been proven to impact dwell time, spend and perception.

- Premium Scenting

# Wellbeing

People are looking for evidence of healthy buildings

**71%** are more concerned about the impact of poor indoor air quality in a public venue on their health than before the COVID-19 pandemic

**84%** people who work in a shared workplace/ building believe it's important\* that their employer prioritises creating a safe and hygienic workplace (stat used slide 39)

Following the COVID-19 pandemic, **71%** people are concerned\* about whether a venue has adequate measures in place to stop the spread of germs

**59%** are now more concerned about whether a business in a public venue has suitable systems in place to clean the indoor air effectively\*

Studies have shown that employees may work 7 to 12 % faster and spend 15% more time focused on their primary task when they are in an environment with office plants. (CEC)

## University of Technology Sydney - Indoor Plants at Work study

- Just 3-6 indoor plants can reduce VOCs to below 100 ppb, below the recommended minimum of 500ppb
- CO<sub>2</sub> can be reduced by 10-25%
- CO<sub>2</sub> can be reduced by 20%

## Key Facts working environments with plants:

15% increase in reported levels of wellbeing  
6% more productive  
15% more creative  
14% reduction in absenteeism  
(World Green Building Council)

# Wellbeing customer success

## Proven delivery model

### Australia

- Global provider of professional technical & management support services to a broad range of markets.
- Approximately \$13.3 billion of Professional Services revenue in 2020
- Ranked #1 in Engineering New Records 2020 and 'Top 200 Environmental firms'
- Perth CBD office - a Green Star rated site, offers staff the best working environment
- Employee comfort and productivity is central to design of the building. Plants specially designed into work areas to improve air quality and productivity. Interior includes mass planting of over seven hundred individual Sansevieria plants and more than ten tonne of white pebbles. Installed into striking wooden planter boxes, specially designed for AECOM.

*"Our interior plants provide a peaceful ambience and a comfortable working environment, as well as helping us meet our sustainability objectives."* Lorraine Verdini, Facilities Manager

### North America

- Leading globally integrated real estate and investment group with 10k employees it's core expertise is in shaping cities and creating strong and connected communities.
- Partner since 2017 consulting on the plant design for the corporate offices in Chicago, New York, Los Angeles, San Francisco, Nashville, Charlotte, Atlanta.
- Lendlease's Chicago office was the first commercial interior space to receive the highest rating under the Fitwel Rating in Illinois in 2018.
- Environmental efficiency and occupant health, well-being, and productivity are central to the approach to set people up to be their best, based on the way they work. The design of their corporate offices takes special consideration for the amount of plants they have per person as part of their designs. From reclaimed wood planters to large-scale green walls the elements of healthy buildings are seamlessly integrated for optimum benefits.

# Wellbeing Opportunity

## Strong and sustained performance

- Operate in 15 countries under our Ambius brand: Australia, Belgium, Canada, Finland, France, Germany, Ireland, Netherlands, New Zealand, Norway, South Africa, Spain, Sweden, UK and USA.
- Pre-pandemic total revenue CAGR of c.4% over last five years, revenues of £172m in 2019 delivering average margins of c.14% across that period

## Opportunities for organic & acquisitive growth

- Targeting growth at 3%+ given the increased focus on wellbeing
- M&A activity will be used selectively to build out the scale of our wellbeing offer in current Ambius markets and also in new markets where we have existing operations.





# Outside the Washroom provides significant opportunity

Premises Hygiene and Enhanced Environments will complement the growth in our core washroom business

- Services that stand to benefit from post-covid
- Regulated for most, with further tightening and increased enforcement expected
- Deep expertise in the countries in which we operate enhanced by our international footprint
- Opportunity to broaden our service footprint in selected markets
- M&A an opportunity for for existing and new markets





# Rentokil Initial

Protecting People. Enhancing Lives.

## Opportunity into Growth. The new Growth landscape.

Geographic Expansion

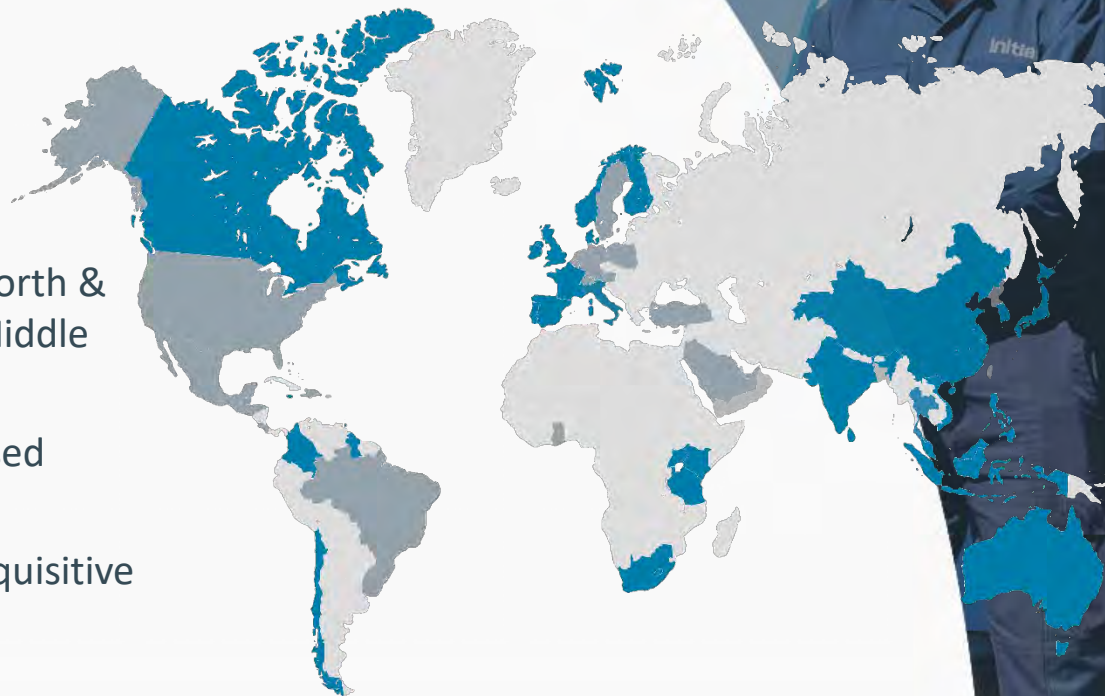
Alain Moffroid,  
Regional Managing Director, Europe



Increasing the reach and density of our footprint in existing and new markets to accelerate profitable growth

# Expanding our geographic footprint for Hygiene

1. 40+ ➡ 60+
2. Leveraging our brand and expertise
3. Expanding in five areas: North & South America, Europe, Middle East and North Africa
4. Built on existing route-based businesses
5. Platform for additional acquisitive growth







# Two entry models being adopted:



## 1. Core Washroom

Serviced hygiene solutions to satisfy air, hand, cubicle and surface requirements in washrooms across a multitude of customer sectors



## 2. Outside the Washroom

Serviced hygiene solutions to satisfy air, hand and surface requirements in commercial and public premises across a multitude of customer sectors

# Europe re-entry focused on the washroom

Delivering targeted solutions with our Hygiene 360 proposition

- Building on the existing RI footprint in Austria, Belgium, Germany, Netherlands, Poland, Sweden & Switzerland
- Following successful JV transaction with CWS, non-compete has now expired
- Leveraging management experience in the region to build the proposition and operational strategy, using the Initial brand that still has equity across the region
- Re-building a business with 2/3yr contracts, and average tenure of 7 to 10 years and a focus on key cities for density build
- Sales & Service colleagues with independent certification

Progress is solid with big wins in Belgium, Germany, The Netherlands and Switzerland.



Düsseldorf Airport **DUS**

**67%** of Polish respondents are more concerned\* now about the number of pollutants in the indoor air in a public venue than before the COVID-19 pandemic

**66%** of French respondents said that they are concerned\* about how clean a public indoor venue is following the COVID-19 pandemic.

Over **8 in 10** Germans avoid touching surfaces that others may have touched when using toilet facilities in a public venue

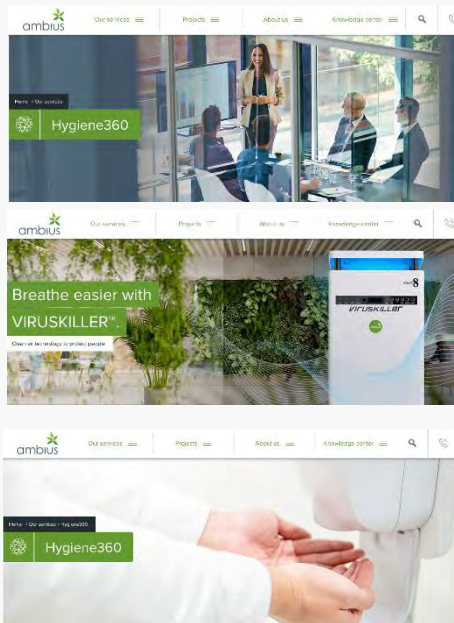


# Premises Hygiene is the focus of entry in all other markets

Growth across the rest of the world will come from best fit models based on existing businesses

## North America

- Build a premises Hygiene business under our Ambius brand in the USA from a zero base
- Thriving Ambius business with expanded hygiene services with our lead VIRUSKILLER™ solution recently launched
- Considering washroom market entry in Canada, no intention to enter the washroom market in the USA beyond our digital solutions



## Small Markets

- Building through organic and bolt on acquisitions in established pest control businesses to enter new markets and increase density
- Those markets all are relatively small and will build over time to complement our larger markets.
- Boecker acquisition in the Middle East has provided a further platform for new hygiene service market growth

# Future opportunity is significant

- Opportunity of 20+ new markets, two of which are large
- Leveraging Brand, Range, Expertise, Experience, Track Record
- Progress in building the foundation based on existing local business
- Portfolio and density build will gather pace over time
- Margins will be dilutive at first and grow over time with density
- The potential for organic growth is significant over the next five years as our operations in these markets mature
- M&A provides significant opportunity to accelerate growth across all Hygiene & Wellbeing areas in new and existing geographies



# Summary



# Rentokil Initial

Protecting People. Enhancing Lives.

## Value Creating M&A in Hygiene & Wellbeing

Chris Hunt, M&A Director



# Hygiene & Wellbeing M&A

## Agenda

1. Hygiene bolt-on M&A is remarkably similar to Pest Control
2. Deal track record and returns
3. Building the pipeline
4. Scale of ambition





# Hygiene & Wellbeing M&A

Very similar strategy to our successful pest control programme

## Our model

In-house capability to identify, evaluate, execute and integrate acquisitions at pace

### M&A builds density and APBITA



### Illustrative Impact of a Bolt-on

	Revenue	Profit
Current	£2 x £100,000	£1,000,000
Post	£2 x £150,000	£200,000

• Not including savings benefits of SOBA

### Accelerate Through Organic Growth

- Invest in Commercial Sales Reps to drive base scale in B2B pest control
- Up-sell and cross-sell the services needed by our customers
- Where attractive, expand into Residential market through local marketing activities—brand awareness, PR, events, sponsorships

### Our model for success

#### 1. Disciplined Evaluation

- Quality of the Business
- Quality of its Economics

#### 2. Clear Integration Plan

- Management role
- Synergy opportunities
- Leverage Rentokil technology

#### 3. Strong Governance Model

- Accountability & Follow up
- Confidence in IRR delivery

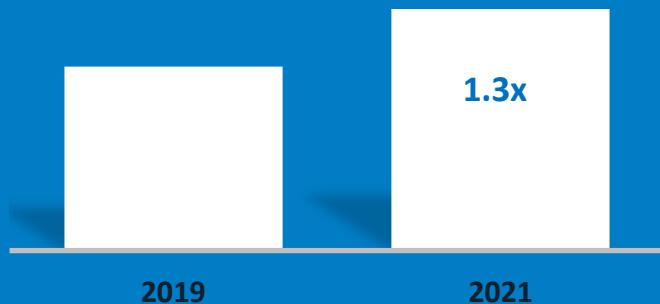
## Hygiene Targets

- Similar company characteristics to Pest Control
- Market growth from regulation & increasing customer expectations
- B2B services only
- Greater integration complexity
- Less competition for assets
- Our Initial business is a solid platform onto which to build greater scale & density

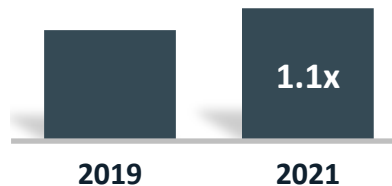
# UK Hygiene

Impact of Cannon Acquisition

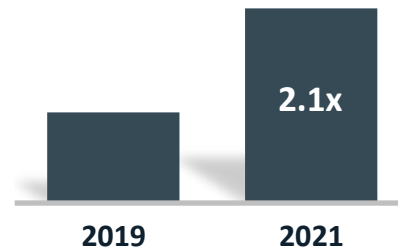
## UK Hygiene Revenue growth



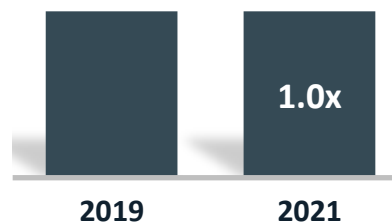
### Revenue per FTE<sup>(1)</sup>



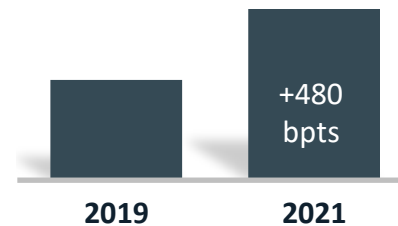
### Revenue per Branch



### Customers per FTE<sup>(1)</sup>



### GM improvement

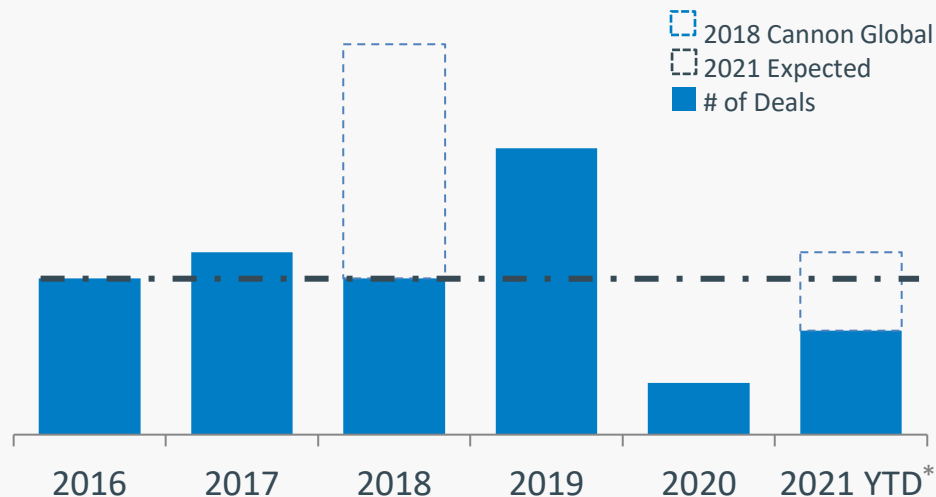


<sup>(1)</sup> FTE is Service Delivery Heads in Hygiene excluding e.g., back office

# Hygiene & Wellbeing M&A

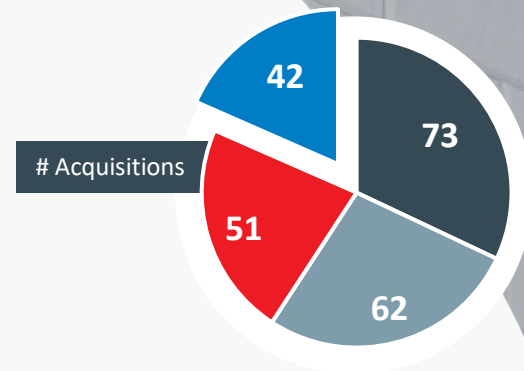
## Deal Track Record

Already delivering ~5 – 6 deals p.a.

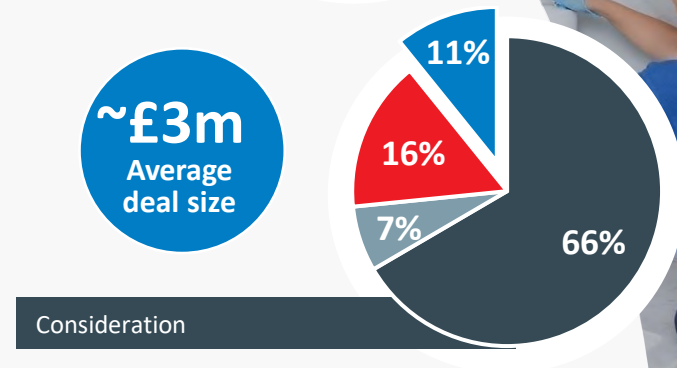


**Rentokil**  
**Initial**

\* Note: As at July 2021 including Boecker World Holding SAL, as announced at Interims.



~£3m  
Average  
deal size

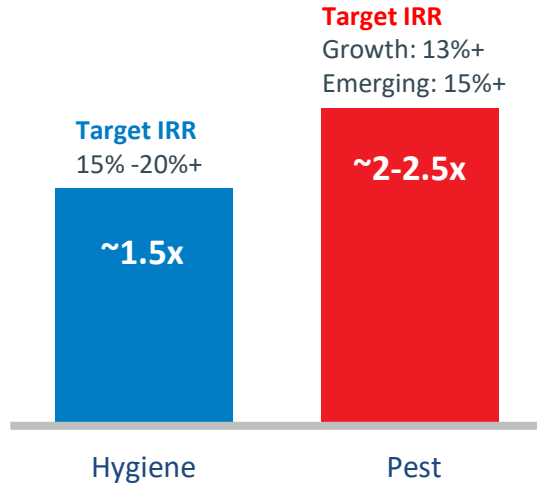


North America  
Emerging Pest  
Growth Pest  
Hygiene & Wellbeing

# Hygiene & Wellbeing M&A

Hygiene deals drive better returns than Pest Control

## Strong Returns from M&A



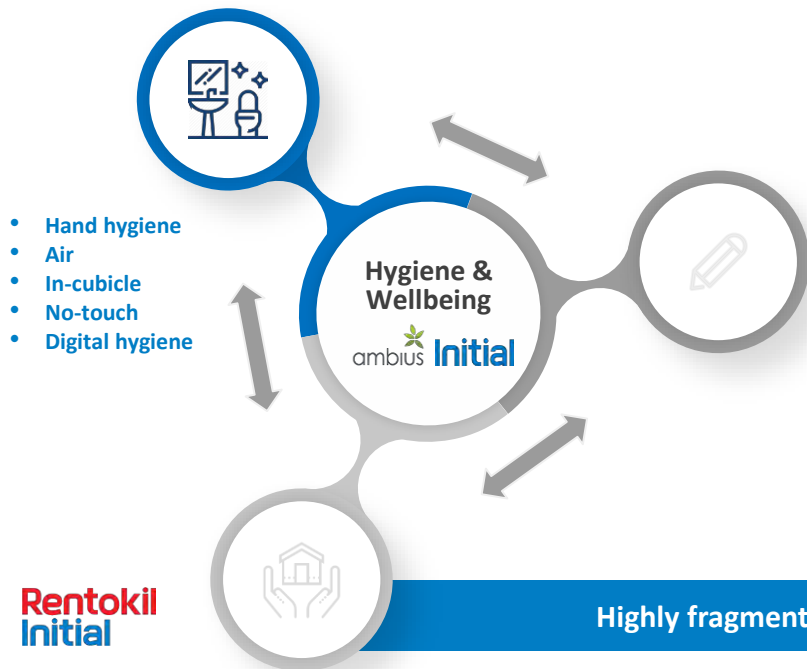
# Core Washroom – M&A.

Initiatives to build the pipeline in our core Washroom operations



## Washroom Hygiene

Scale and expertise. Brand leadership via innovation & digital.



## Areas of focus

1. **City-based hygiene bolt-ons** to our existing businesses
2. **Replace EU capability** sold to CWS
3. **Leverage pest business** / complement 20 new markets
4. **Focus on large urban areas and density plays**
5. **Identify any platforms in potential large markets** e.g., NA, India, China, Brazil and Mexico
6. **Larger competitors where we are not #1 in the market**

Highly fragmented market – bolt on opportunities



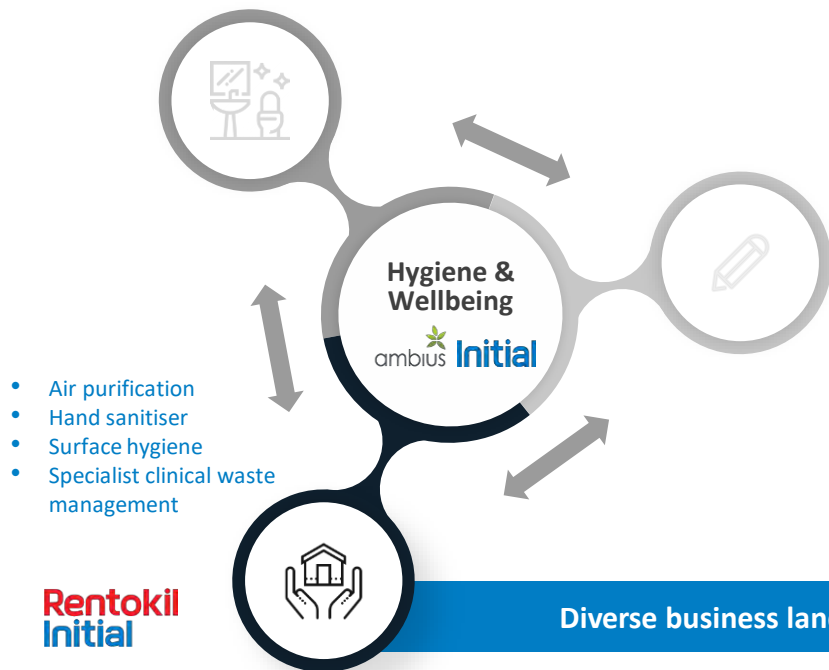
# Premise Hygiene – M&A.

Initiatives to build the pipeline – Premises Hygiene



## Premises Hygiene

Leveraging our hygiene expertise outside the washroom



### Areas of focus

1. Leverage Boecker in MENAT
2. Air Care – Monitoring, purification & Scenting
3. Specialist Hygiene
4. Medical Waste
5. Dental Hygiene

Diverse business landscape provides small-medium targets

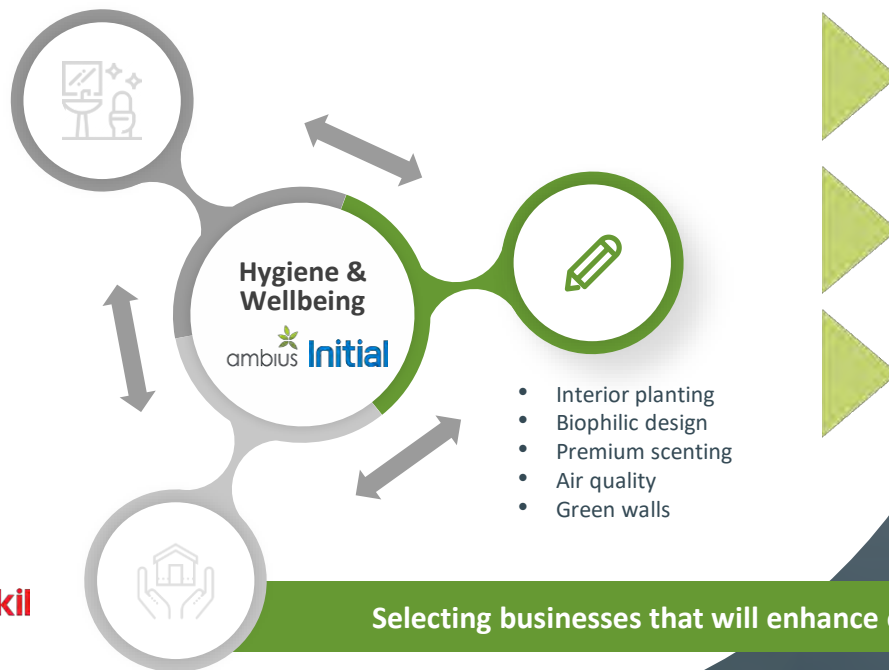
# Enhanced Environments – M&A.

Initiatives to build the pipeline – Enhanced Environments



## Enhanced Environments

Improving the occupant experience and wellbeing in premises



### Areas of focus

1. **Extensions into wellness** e.g, Air Monitoring, Premium Scenting, Green Walls, Plants, Seasonal Celebrations, Biophilic Design
2. **Partnerships** e.g., Air monitoring with market experts

# Developing M&A Pipeline of Opportunities

A broad market – services are market dependent

## Deal flow supported by an emerging pipeline of c. 80 targets:

- Actively building the relationships.
- Sellers paused during COVID-19.
- Ensures steady and sustainable supply of new deals.

## Building the pipeline:

- Locally – senior & branch managers tasked with identifying good targets.
- No brokers – using experts to help fill the early pipeline instead.
- Approaches from vendors to country managers, via our websites and social media forums.



# Hygiene & Wellbeing M&A

## Summary

### Similar characteristics to pest:

- Opportunity for growth through bolt-on acquisitions
- Following the same disciplined M&A process

### The economics are better:

- Value creation areas are the same
- Prices and competition is lower

### Track Record & ambition:

- We have spent less and done less than in pest
- We are paying increasing attention to the category and the pipeline is building well
- We are targeting £25m+ revenues p.a. over the next 5 years

**Open to the potential for larger transactions if available.**

# Rentokil Initial

Protecting People. Enhancing Lives.

## Hygiene & Wellbeing: Our New Growth Engine

Stuart Ingall-Tombs, CFO





# Cash Compounding Subscription Model

Hygiene & Wellbeing

Industry-leading ESG

Highly fragmented market – significant M&A roll up opportunity

Highly cash generative

Density experts – post code and hygiene product density plus shared overhead (IT, buildings, infrastructure etc)

**Rentokil Initial**



Strong EOC programme and retention levels.

c.90% portfolio / subscription business with high levels of customer Retention. Best products.

Necessary service – public health safety / more regulations and need for digital reporting (food etc).

Shared technology and digital innovation expertise with Pest Control – important for organic growth.

# Hygiene & Wellbeing

## Cash-compounding, subscription growth business.

- **c.89.6%** portfolio / subscription business with high levels of **customer retention at 86.0%\***
- Annual pricing recovery – **1.5% on Portfolio\***
- Postcode density and customer penetration density drives strong **operating margins at 16.2%\***
- **Highly cash generative – 90%+FCF**
- **High return on investment**
- Low capex intensive – **capex to revenue c.12.9%** (4-year average)
- Core H&W Organic growth of **3% - 3.5%** to 2019 (4-year average)
- Highly fragmented market – **significant M&A** roll up opportunity

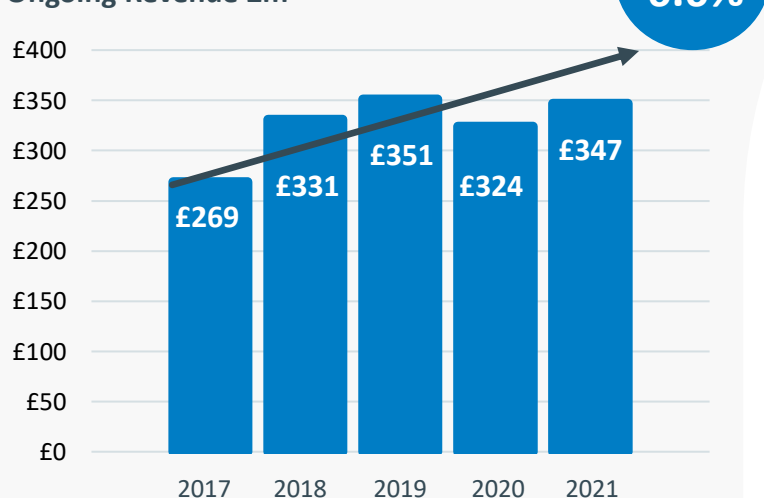
**Strongly placed to drive medium-term growth post COVID-19.**

\* 5-year average.

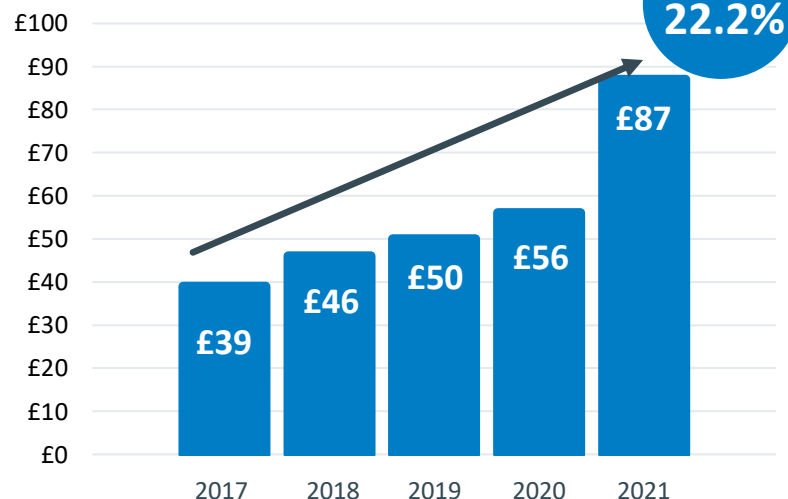
# H&W: Substantial Value Creation – H1 2017-2021

Operating model has created substantial value

Ongoing Revenue £m



APBITA £m





# What have we said today?

Further momentum into our compounding growth model

## 1. New Hygiene & Wellbeing category

c.25% larger than Core Hygiene - reflecting changing growth drivers. Ambius, Dental Hygiene and Cleanrooms join core washrooms in the new category

## 2. New organic growth target for H&W of 4% - 6% - applied

to the newly enlarged category – further momentum into our compound growth model

## 3. Strongly positioned - inside and outside the washroom

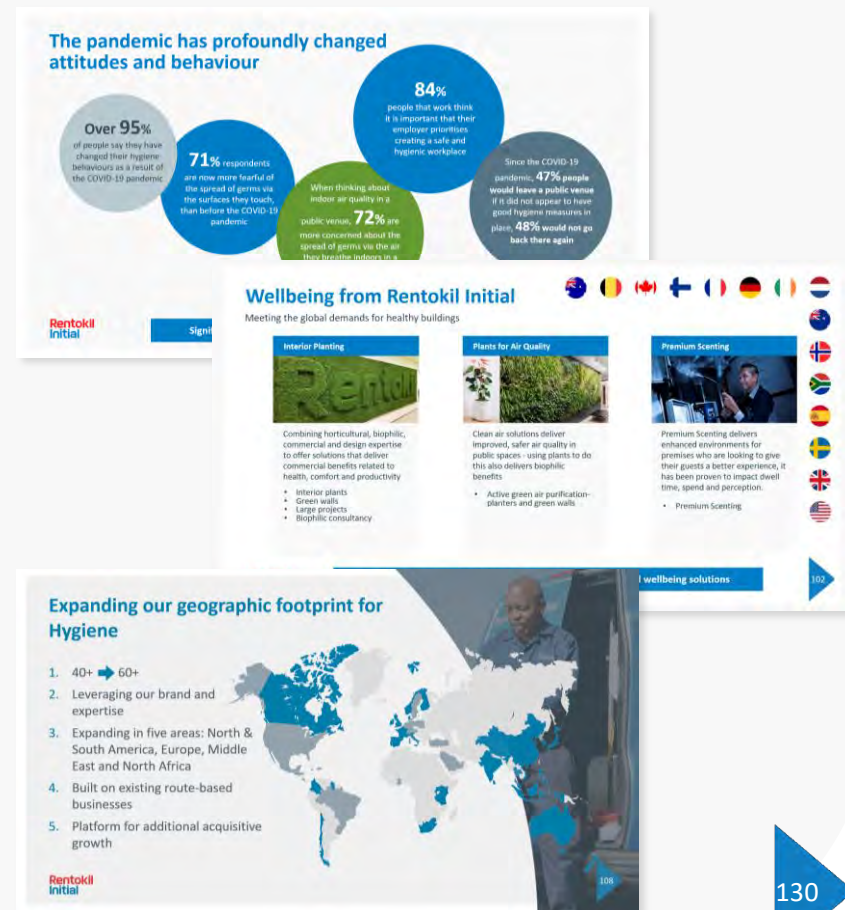
and in new markets - driving organic growth

## 4. Higher growth sectors - e.g. Air Purification growing at a

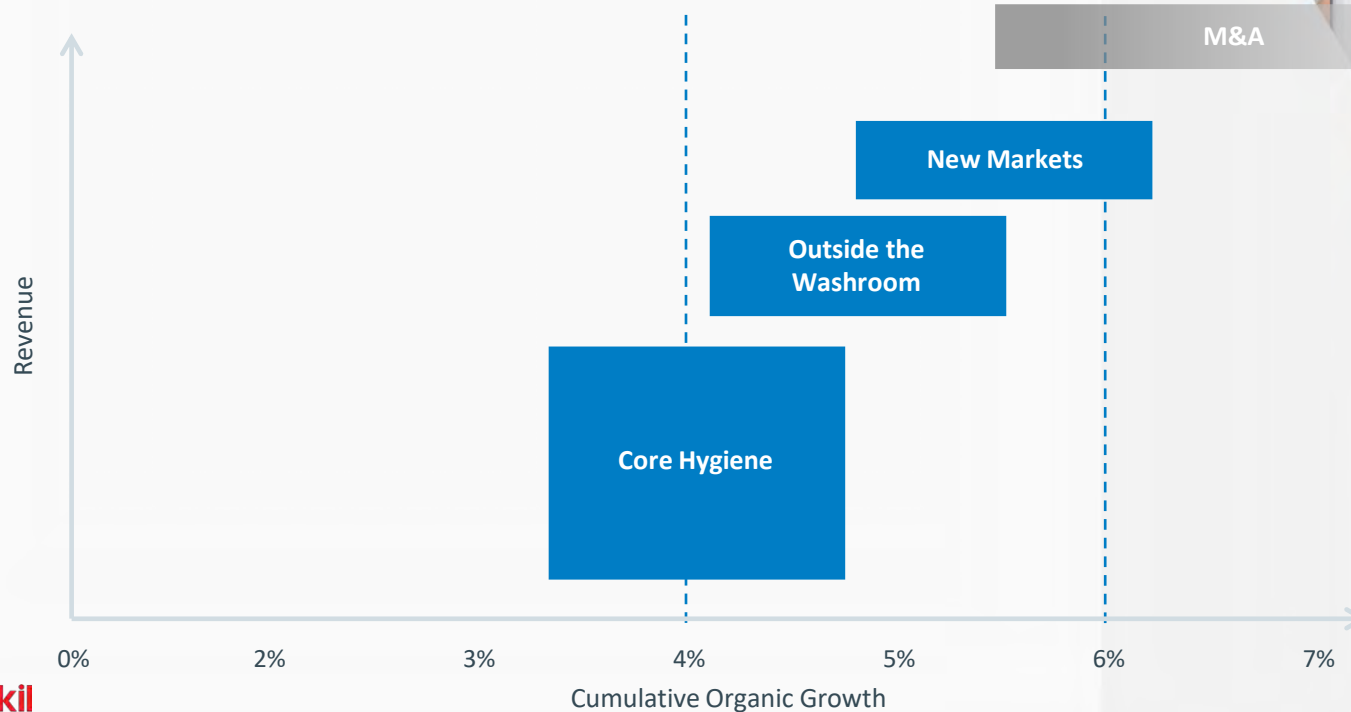
CAGR of 10% -12% to 2028

## 5. M&A opportunity - pipeline being built to deliver

c.£25m+ annualised revenues. Potential for larger transactions if available. Target IRRs at 15%-20%



# Illustration: Hygiene & Wellbeing - Organic Growth Target



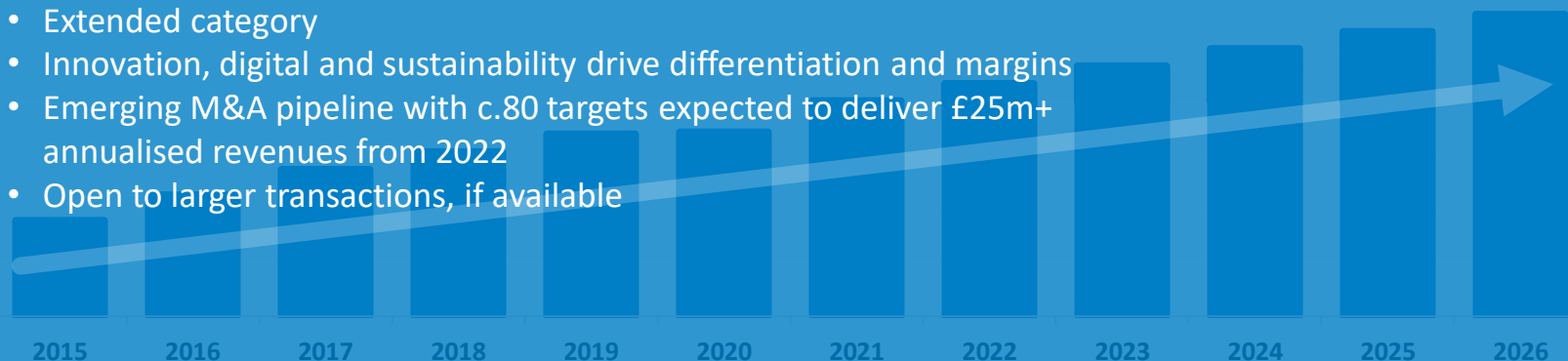


# Hygiene & Wellbeing – The journey to £1bn and beyond

Applying the higher growth rates to the extended category

£1bn+

- Attitudes and expectations have changed
- Accelerated market drivers
- Organic Growth raised to 4% - 6%
- Extended category
- Innovation, digital and sustainability drive differentiation and margins
- Emerging M&A pipeline with c.80 targets expected to deliver £25m+ annualised revenues from 2022
- Open to larger transactions, if available



# Rentokil Initial

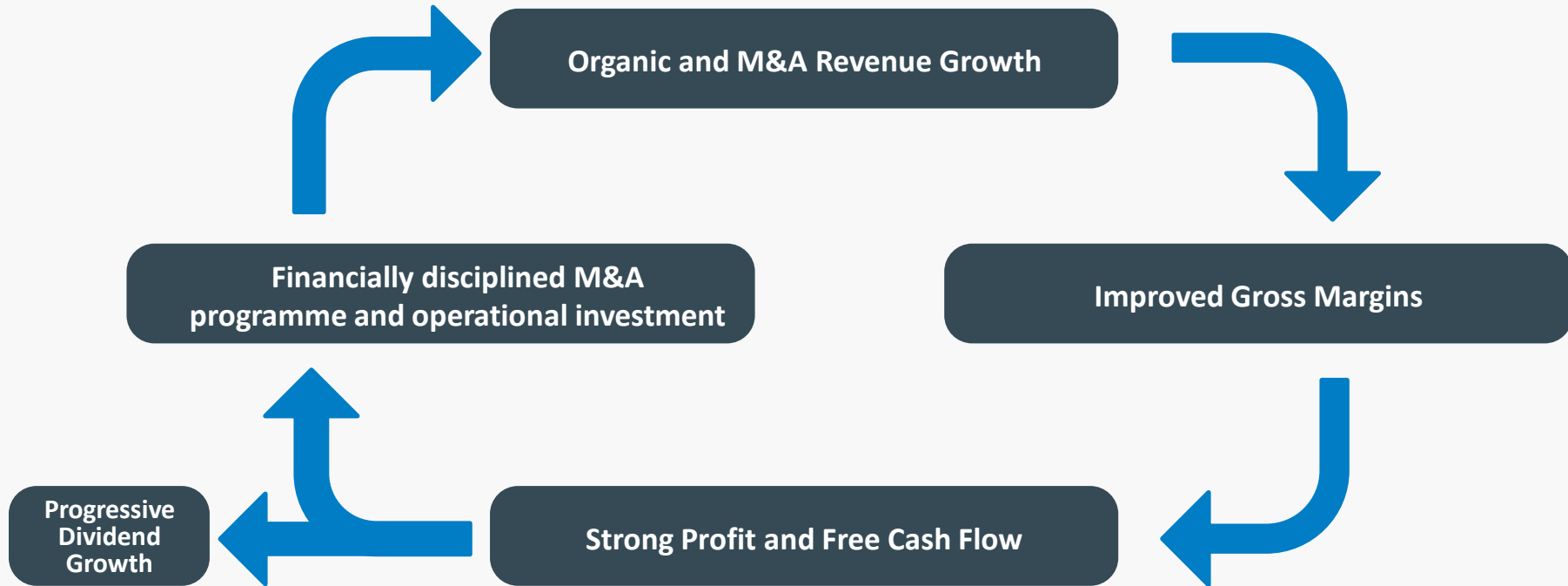
Protecting People. Enhancing Lives.

**New targets and  
growth opportunities**  
feeding our compound growth  
model.

Stuart Ingall-Tombs, CFO



## Reminder of our Compounding Growth Model



# Revenue – Strong delivery, well ahead of growth targets

## Existing Targets

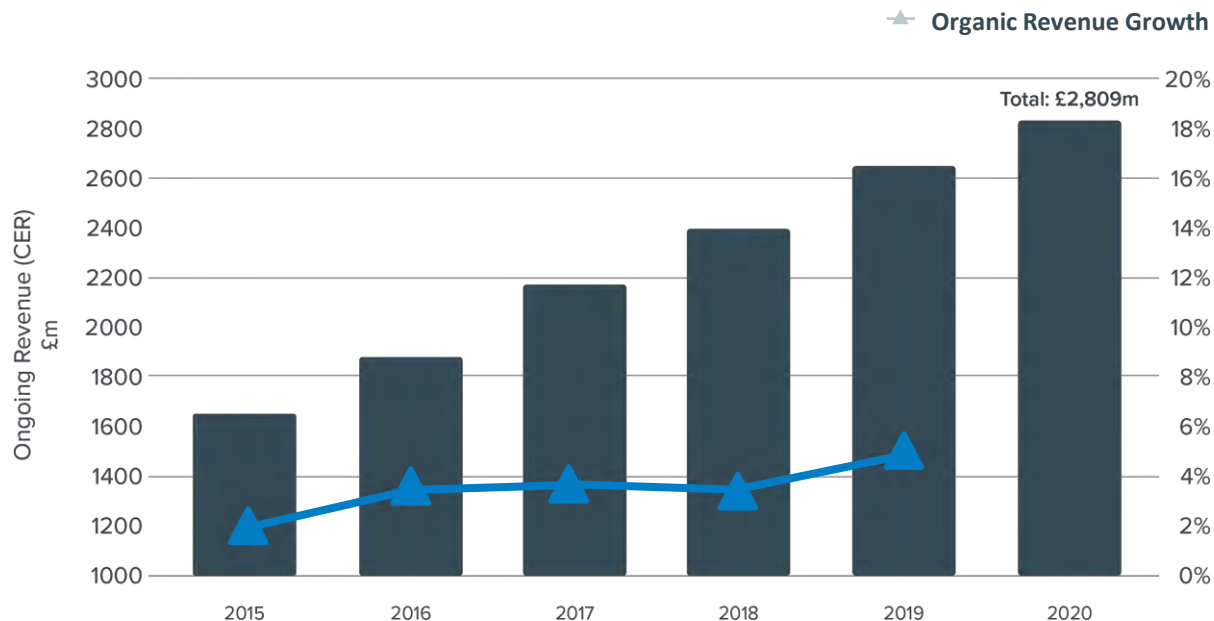
Ongoing Revenue growth (CER)

target:

5% - 8%

3% - 4%

Organic

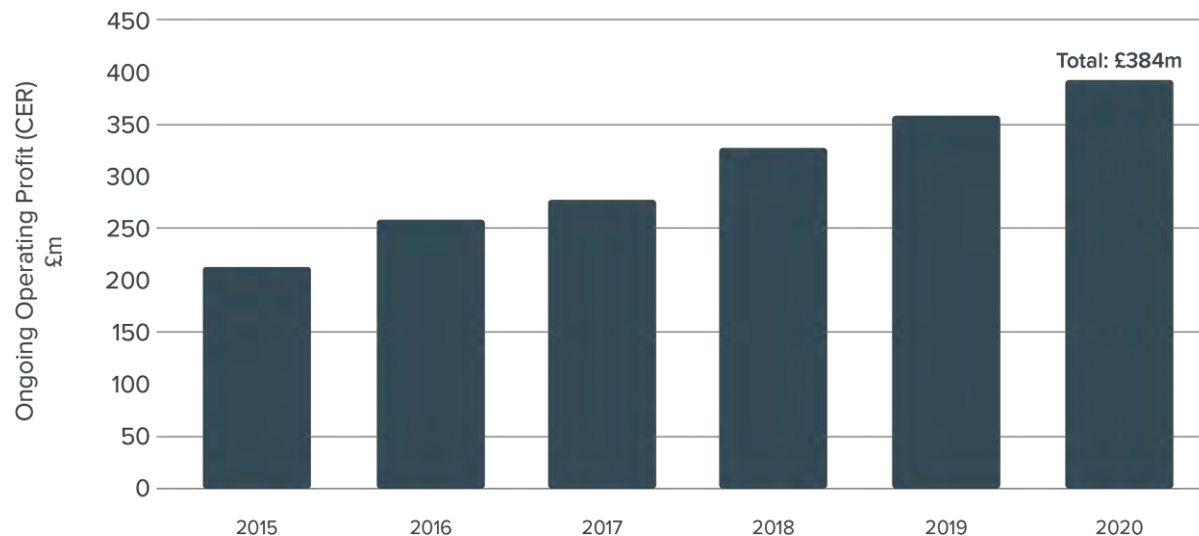


# Profit - Strong record of above-target delivery

Existing  
Targets

Ongoing  
Operating  
Profit growth

c.10% (CER)

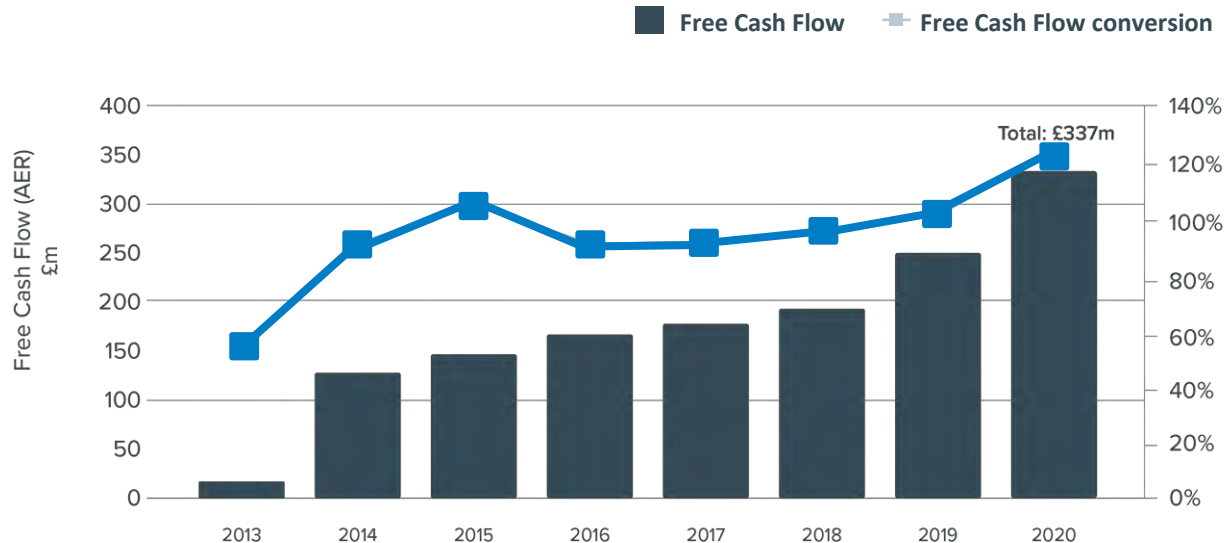




# Free Cash – Continuing delivery despite the pandemic

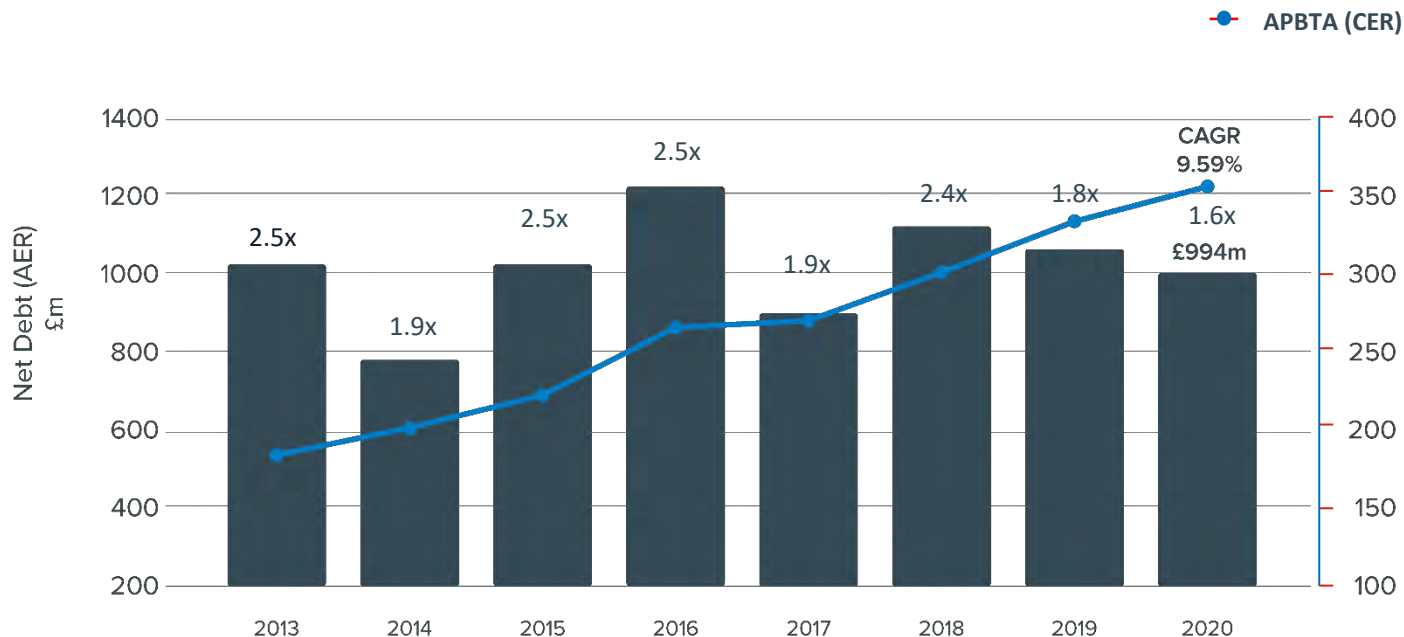
Strong and sustainable FCF delivery

c.90% conversion (AER)



# Net Debt

Net debt managed throughout this period at c.2x Net Debt / EBITDA whilst APBTA up c.90%



# Old Group Financial targets

(until 31/12/2021)

# New Group Financial targets

(from 1/1/2022)

## Medium-term Group financial targets

### Organic Revenue Growth

Group: 3% - 4%  
Pest Control: 4% - 6%  
Hygiene: 2% - 3%  
Workwear: n/a

### Ongoing Revenue Growth

Total Growth of 5% - 8%

### Ongoing Operating Profit Growth

Growth of c.10%

### Free Cash Flow

Conversion rate of c.90%

### Organic Revenue Growth

Group: 4% - 5% (excl. Disinfection)  
Pest Control: 4.5% - 6.5%  
Hygiene & Wellbeing: 4% - 6% (excl. Disinfection)  
Workwear: 3% - 4%

### Ongoing Revenue Growth

Total Growth of 6% - 9% (of which M&A c.2% - 5%)

### Ongoing Operating Profit Growth

Growth of 10%+

### Free Cash Flow

Conversion rate of c.90%

# The Growth Story is Clear – We retain our focus on margins and cash

**Organic and M&A Revenue Growth**



**Improved Gross Margins**



**Strong Profit and Free Cash Flow**

- Return of the core and strengthened dynamics in H&W give confidence in revenue growth opportunities
- Series of opportunities to improve margins over medium term
  - Pricing – ability to pass through cost inflation
  - Technology & Innovation
  - Procurement & Shared overheads
- New market entries and M&A programme will be slightly dilutive in the short term
- The Group remains capital light and innovations in technology promote working capital efficiency
- Ongoing tight cash management to maintain Free Cash Flow conversion at c.90%



# Caveat – Medium-term risks still exist

## COVID-19



- More variants/severity
- More large scale lockdowns
- Office footfall and travel never fully recover

## Execution



- Climate Change impacts become more material
- Competition for M&A increases dramatically
- Technology disruption changes dynamics

## Markets



- Some markets may prove to be more challenging or competitive
- Taxation increases limits growth

## Cyber/Data Risks



- Increased costs of protection
- Despite significant investment & focus, the 'walls are breached'
- Burden of data compliance stifles flexibility



# Last slide of our CMD in 2018...

## Transforming Our Business: 2013-2017 Strategy into action



Pest Control & Hygiene  
(% of Group Revenue)

2013

49%

2017

83%

2022



Organic growth and M&A



Net Operating Margin

8.8%

13.2%



Pest margins and leverage on  
fixed overheads

Free Cash Flow conversion

44%

87%



Reduced capital intensity and  
lower legacy provision spend

Dividend paid

£38.6m

£64.3m



Net debt to EBITDA

2.5x

c. 1.9x



Strong Free Cash Flow and  
proceeds from JV funding,  
M&A programme and  
potential balance sheet  
restructure

S&P rating

BBB-




BBB

Pension

In deficit

Fully Funded

# The Transformation Continues

	2013	2017	Current Targets	2022+
	Total Growth	4.5%	5% - 8%	6% - 9%
	Organic Revenue	-	3 – 4%	4% - 5%
	M&A Spend	£10m	FY £450m - £500m in 2021	Annual Guidance
	Net Operating Margin	8.8%	↑	↑
	APBTA Profit Growth	-	c.10%	10%+
	Free Cash Flow conversion	44%	90%	90%
	Progressive Dividends	£38.6m	↑	↑
	Net debt to EBITDA	2.5x	→	→
	S&P Rating	BBB-	BBB	BBB
	Pension	In deficit	Buy Out	Complete

# Snapshot Summary

Strongly positioned as we transition into the post-crisis world

## Old Structure

### Five Regions

NA, Europe (incl. LatAm), UK & ROW, Asia, Pacific

### Categories

Pest Control, Hygiene, Protect & Enhance

## Old Targets

### Organic Revenue Growth

Group: 3% - 4%  
Pest Control: 4% - 6%  
Hygiene: 2% - 3%  
Workwear: n/a

### Ongoing Revenue Growth

Total Growth of 5% - 8%

### Ongoing Operating Profit

Growth of c.10%

### Free Cash Flow

Conversion rate  
of c.90%

## Pest Control (1/1/2022)

- **Global market:** c.\$22bn in 2020 (NA c.50%) - continued growth: 4.5%-5%+ p.a.
- **Every region is growing its per capita spend on pest control.**
- **Core growth drivers:** Growing middle classes, urbanisation etc. unchanged.
- **c.20,000 highly trained technicians.**
- **New medium-term organic growth target:** 4.5% - 6.5%.
- **Growth being driven by innovation, digital and sustainability.**
- **Pipeline of over 50 innovations.**
- **17 patent applications relating to RI inventions.**
- **Digital pest control's time has come:** Our ambition is to reach c. 25% of commercial customers by 2026 (c.3% today).
- **Enlarged category:** UK Property Care joins from 1/1/22.
- **M&A:** Clear opportunity for value creation: NA, density building, cities of the future.

## New Structure (1/1/2022)

### Five Regions

NA, Europe (incl. LatAm), UK & Sub-Saharan Africa, Asia & MENAT, Pacific

### Categories

Pest Control, Hygiene & Wellbeing, Workwear

## New Targets (1/1/2022)

### Organic Revenue Growth

Group: 4% - 5%\*  
Pest Control: 4.5% - 6.5%  
Hygiene & Wellbeing: 4% - 6%\*  
Workwear: 3% - 4%  
\* Excludes Disinfection

### Ongoing Revenue Growth

Total Growth of 6% - 9% (M&A 2%-5%)

### Ongoing Operating Profit

Growth of 10%+

### Free Cash Flow

Conversion rate  
of c.90%

## Hygiene & Wellbeing (1/1/2022)

- **Core Hygiene market** – pre-pandemic growth typically c.2%-3%, broadly in line with GDP.
- **Expectations and importance of Hygiene and Wellbeing services have changed forever.**
- **New Hygiene & Wellbeing category** - right business at the right time to meet the future needs of our customers – including the expertise of Ambius, Dental Hygiene and Cleanrooms from 1/1/22.
- **New organic growth target: 4% - 6%** - on the enlarged category (excl. Disinfection) delivered through Core washrooms (c.50% of target), premises/enhanced environments outside the washroom and geographical expansion (c.50% of target).
- **Driving margins:** Focus on postcode density, product density, shared overheads, M&A.
- **Strong fit with Pest Control:** Shared infrastructure, cost synergies and revenue opportunities.
- **M&A:** Emerging pipeline with c.80 targets already in place. Targeting annualised revenues of £25m+ p.a. Open to the potential for larger transactions, if available.
- **Ambition to reach £1bn+ Ongoing Revenues.**

# Our plan for profitable growth from 2022

Proven model and transparent medium-term guidance

## Expertise of our Colleagues

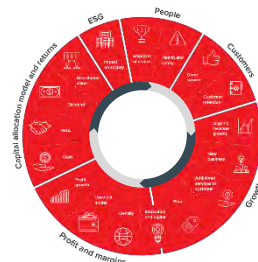


## Market-Leading Business

Pest Control	Hygiene & Wellbeing	Workwear
Organic Growth 4.5% - 6.5%	Organic Growth 4% - 6%	Organic Growth 3%-4%
Target IRR Growth* <b>13%+</b>	Target IRR <b>15%-20%+</b>	Target IRR <b>20%+</b>
Emerging <b>15%+</b>		
* NA IRR target 12%		

## Multi-local Operational Model

- North America
- UK & SSA
- Europe (incl. LatAm)
- Asia & MENAT
- Pacific



## Leadership in Digital and Innovation



## Responsible Business



## Financial Model to Compound Growth

Compounding revenue, profit and cash flow growth



**Rentokil Initial**

Group Medium-Term  
Financial Guidance:  
\* Excluding Disinfection.

Total Ongoing Revenue Growth: 6% - 9%  
Organic: 4% - 5%\*  
M&A: 2% - 5%

Ongoing Operating Profit  
Growth: 10%+

Free Cash Flow  
conversion: c.90%

# Rentokil Initial

Protecting People. Enhancing Lives.

## Q&A





# Sources

## Section - Hygiene & Wellbeing: A value-creating opportunity

**Hygiene & Wellbeing benefit from same macroeconomic drivers as Pest**

Population change in urban areas

**GDP growth continues to drive Hygiene & Wellbeing growth**

Oxford Economics GDP Data

Bloomberg 2021/09/13, Big Business Shines a Ray of Hope

**Middle class growth, standards and regulation all increasing demand**

Legislation

Post Covid learnings

Sustainability

Handwash statistic

**Changing views on the importance of Hygiene & Wellbeing**

Transparency

Gen Y and Gen Z attitudes - Global

Wellness Institute August 2020

**The pandemic has created a huge change and market opportunity**

Germany case law

Legal effects

online sales growth of health and hygiene products

Evaluation of hygiene costing

