Interim Results 2007

23 August 2007

Rentokil Initial

Doug Flynn

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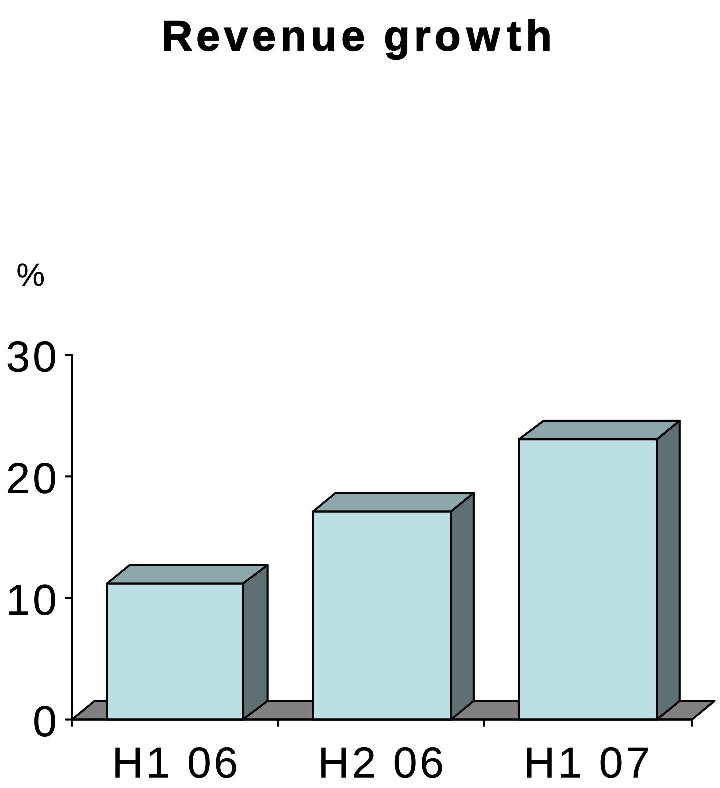
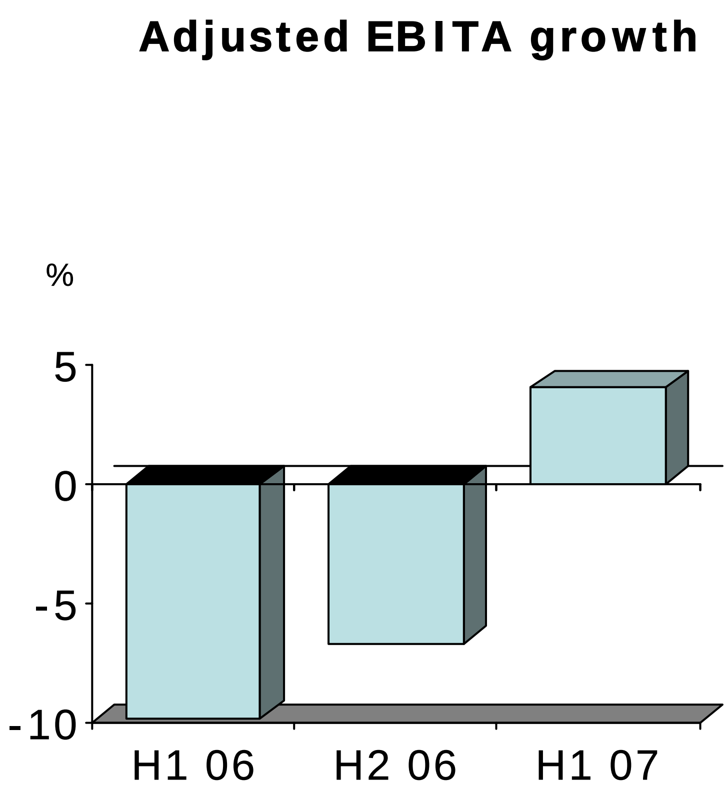
Highlights

- H1 operating and financial performance in line with plan
- Inflection point reached in terms of profits
- Turnarounds progressing: UK Pest Control, UK Washroom
- Acquisition integration on or ahead of plan in Asia Pacific/City Link
- Reshaping of the group continues
  - Investment in higher growth sectors: 50 deals for total consideration of £96 million
  - Sale of Electronic Security in UK, Netherlands and USA; France awaiting regulatory approval
- Interim dividend maintained at 2.13p
- Outlook for year unchanged; profits to move ahead strongly in H2

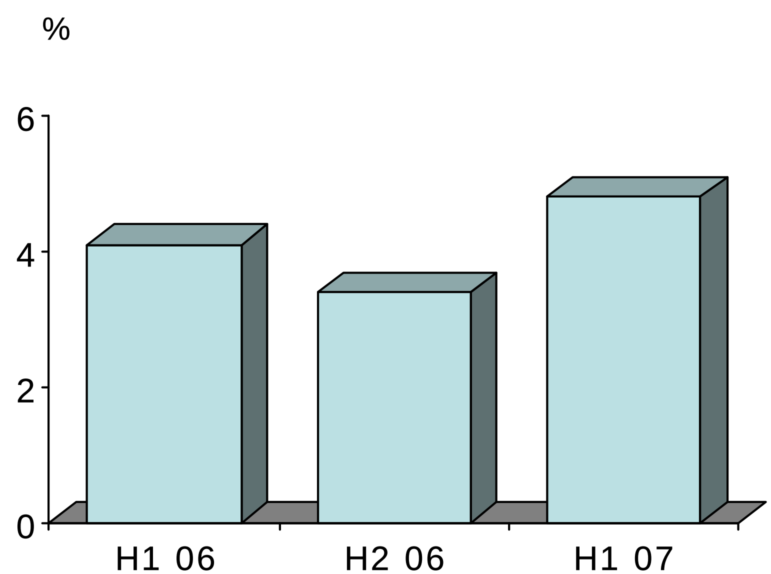
Revenue and Adjusted EBITA



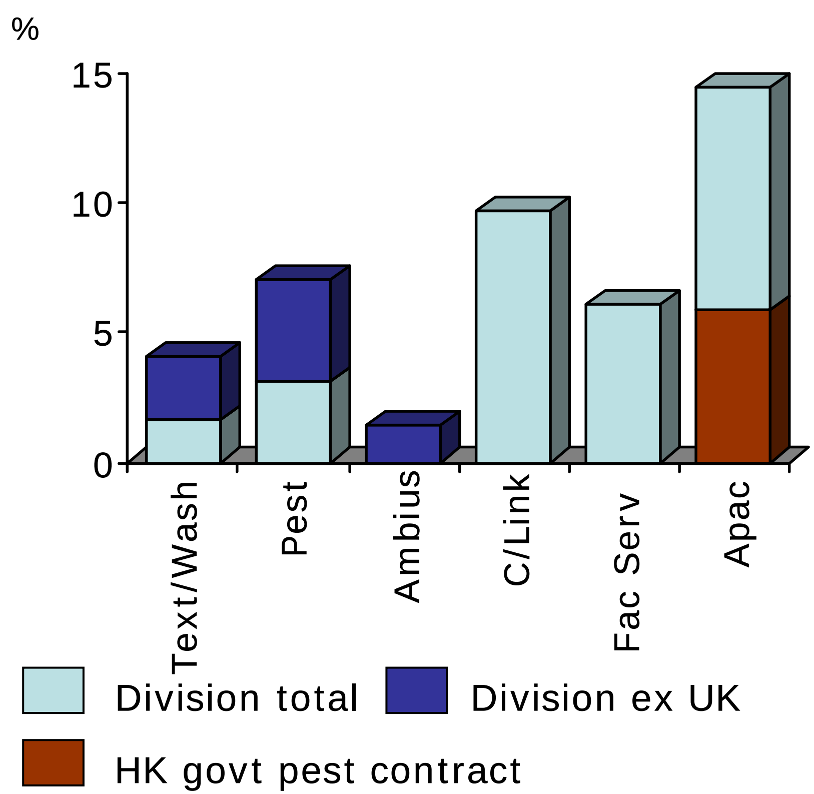


Organic Revenue

Group organic revenue growth



Divisional organic revenue growth H1 07



‘Turnarounds’ Improving

- **French Textiles and Washroom**
  - Strengthening trading
  - Textiles portfolio growth has continued over the last 10 months
  - Garments growth in small to medium size enterprises
  - Growth in washrooms through greater focus
  - Business normalising – “No longer a turnaround”
- **UK Washroom**
  - Branch consolidation and development on track
  - Improving service levels and new sales after slow start
  - Expect to complete restructuring by year end

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‘Turnarounds’ Improving

- **UK Catering and Hospital Services**
  - Improved performance and contract wins
  - Exiting unprofitable contracts
  - Costs reducing through procurement initiatives
- **UK Pest Control**
  - Bedding down new organisation structure
  - Investment in customer focus beginning to deliver platform for future growth
  - Retention continues to improve

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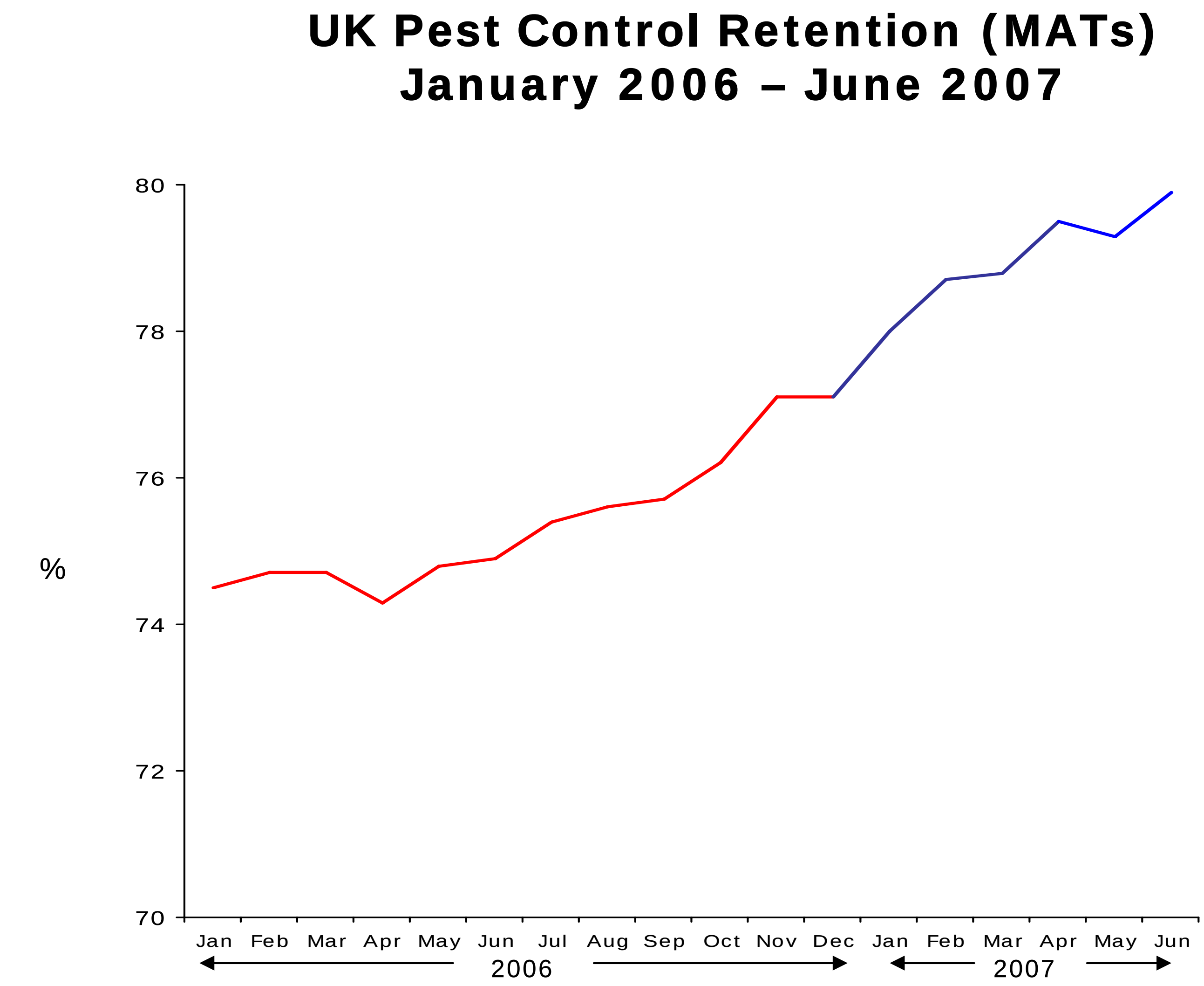
‘Turnarounds’ Improving



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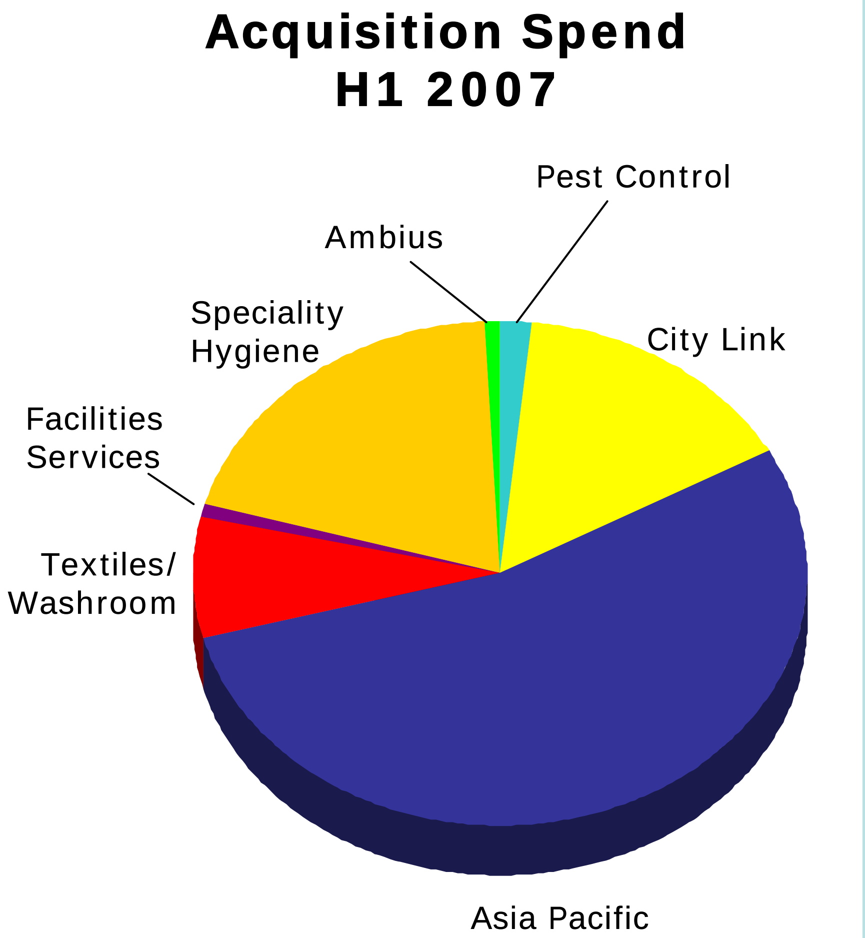
Reshaping of the Group Continues



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Basis of Preparation

- Electronic Security — Discontinued
  - UK/NL/US sold for £533m on 2 July
  - France: awaiting regulatory approval

- German hospital services — Continuing up to date of sale; P&L neutral for H1

Financial Highlights

Continuing operations
Constant exchange rates

	H1 07 £m	H1 06 £m	%
Revenue	1,074.6	873.5	*23.0*
EBITA	122.7	115.3	*6.4*
Interest	(38.5)	(20.5)	*(87.8)*
Associates	1.2	1.1	*9.1*
PBTA	85.4	95.9	*(10.9)*
One-off items	3.2	5.8	*(44.8)*
Adjusted PBTA	88.6	101.7	*(12.9)*
Free cash flow (actual exchange rates)	48.8	44.0	*10.9*
Basic EPS (continuing operations)	2.88p	3.59p	*(19.8)*
Interim DPS	2.13p	2.13p	-
FCF per share	2.70p	2.44p	*10.7*

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Adjusted PBTA

Constant Exchange Rates	Q1 07		Q2 07		H1 07	
	£m	%	£m	%	£m	%
Textiles/Washroom	25.1	*(8.1)*	28.2	*1.4*	53.3	*(3.3)*
Pest Control	10.5	*(26.6)*	18.0	*(5.8)*	28.5	*(14.7)*
City Link	10.2	*78.9*	13.9	*73.8*	24.1	*75.9*
Facilities Services	9.8	*30.7*	8.8	*15.8*	18.6	*23.2*
Asia Pacific	5.7	*16.3*	8.3	*53.7*	14.0	*35.9*
Ambius	0.4	*(42.9)*	2.2	*57.1*	2.6	*23.8*
Other	2.6	*(3.7)*	2.8	-	5.4	*(1.8)*
Central costs	(10.4)	*(52.9)*	(10.2)	*(39.7)*	(20.6)	*(46.1)*
Adjusted EBITA	53.9	*(4.3)*	72.0	*11.1*	125.9	*4.0*
Associates	0.6	-	0.6	-	1.2	*9.1*
Interest	(19.0)	*(77.6)*	(19.5)	*(99.0)*	(38.5)	*(87.8)*
Adjusted PBTA	35.5	*(23.2)*	53.1	*(4.3)*	88.6	*(12.9)*

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Initial Textiles & Washroom Services

% change versus prior year

	2006 vs. 2005				2007 vs. 2006	
	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	1.0	(1.2)	(0.7)	3.5	1.8	2.0
Organic revenue	(0.3)	(1.4)	(0.8)	3.5	2.3[1]	2.8[1]
EBITA	(16.9)	(20.7)	(53.3)	1.3	(10.7)	13.1
Adjusted EBITA	(16.5)	(21.0)	(22.5)	(14.4)	(8.1)	1.4
Retention rate (pa)	89.1%	89.4%	90.6%	90.7%	89.7%	90.2%
Net gain[2] – change in quarter (£m)	£0.3m	£0.4m	£2.2m	£6.6m	£6.4m[1]	£2.7m[1]

[1]Excludes German hospital services
[2]Includes acquisitions

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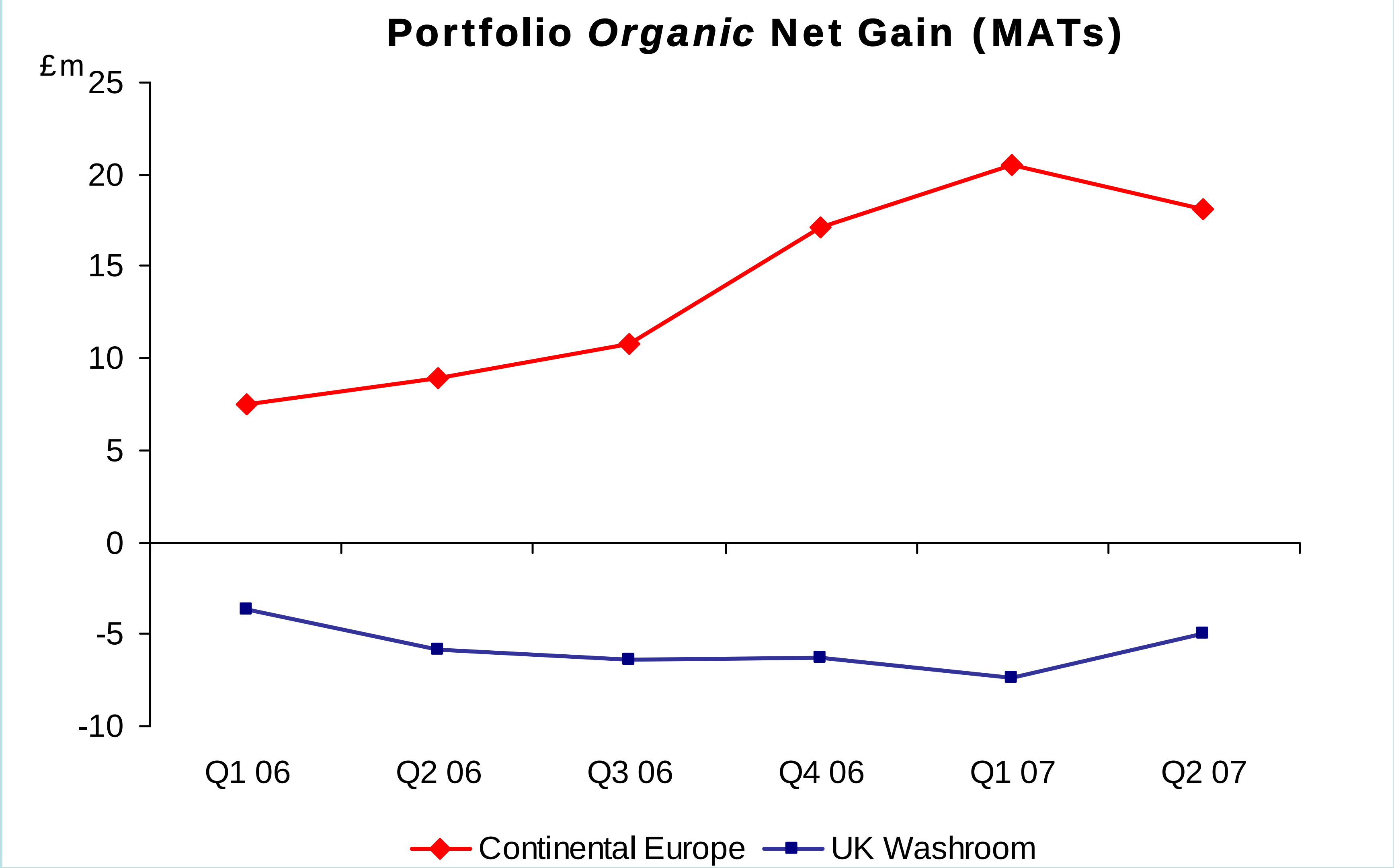

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Constant exchange rates

	H1 Revenue £m			Portfolio ave. price change[1]	Change in adjusted EBITA
	2007	2006	*Change*	%	£m
France	109.9	106.3	+*3.6%*	2.2%	(0.6)
Netherlands	37.7	36.8	+*2.4%*	0.2%	1.6
Belgium	33.8	32.7	+*3.4%*	-0.6%	0.5
Germany[2]	34.8	36.1	-*3.6%*	-0.4%	1.3
Others/divisional centre	42.1	38.3	+*9.9%*	1.8%	(2.1)
	258.3	250.2	+*3.2%*		0.7
UK[3]	42.3	44.9	-*5.8%*	0.2%	(2.5)
Divisional total	300.6	295.1	+*1.9%*		(1.8)

[1] Annualised
[2] Revenue reduction reflects withdrawal from hospital service
[3] Comprises washroom and wipers activities

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Rentokil Pest Control

Constant exchange rates

	£ million	
	Revenue	Adj EBITA
2006 H1	132.4	33.4
Changes due to:		
▪ USA (mainly Ehrlich)	+11.9	(1.6)
▪ Europe	+3.9	+0.8
▪ Other/divisional costs[1]	+0.2	(2.0)
▪ UK[2]	(1.8)	(2.1)
2007 H1	146.6	28.5

[1] £3m full year R&D and other costs transferred from centre in 2007

[2] £0.6m one off costs in H1 – completion of UK reorganisation

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UK Pest Control

	2005		2006		2007
	H1	H2	H1	H2	H1
Revenue £m	34.1	34.4	33.0	32.8	31.2
Retention rate % pa	76.7	76.7	80.4	82.4	84.2
EBITA change vs. LY			(2.7)	(6.1)	(2.1)
Adjusted EBITA change*			(2.1)	(2.4)	(2.1)

*Adjusted for one-off reorganisation/restructuring charges of:
H106 £0.6m; H206 £3.7m: H107 £0.6m

City Link

	Q1 07		Q2 07		H1 07	
	£m	%	£m	%	£m	%
Revenue	94.5	*177*	108.5	*128*	203.0	*149*
*Organic growth**		*~10*		*~6*		*~10*
Adjusted EBITA	10.2	*79*	13.9	*74*	24.1	*76*

- 8 franchisees acquired in H1 for £14m. Remaining 2 franchisees had H1 revenue of £2.9m
- Adjusted EBITA is before Target Express integration costs of £0.9m in Q1 and £1.7m in Q2

*Estimate

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City Link / Target Express Integration

	2007 £m	2008 £m
Synergies		
▪ Original estimate	Nil	Exit run rate > £10m pa
▪ Latest estimate – all in H2	2 – 3	Exit run rate > £15m pa
Integration Costs		
▪ Original estimate	6	6
▪ Latest estimate*	9	12

Depot closures

- Original estimate: net 24 (close 27, open 3)
- Latest estimate: net 40 (close 55, open 15)

*£2m in 2009

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City Link – Profit Analysis

Estimate

	H1 07 Adj EBITA[3] £m	Consideration £m
Legacy City Link business[1]	10.0	-
Regional management costs	(2.5)	-
2005 acquisitions	(0.1)	0.7
2006 acquisitions	3.2	51.2
2007 acquisitions	0.5	14.2
Target Express[2]	11.3	213.0
	12.4	
Total	22.4	279.1

Historic experience: business earns c40% annual profit in H1

[1] 2004 branches and hub, net of central costs
[2] Pre-integration costs
[3] Pre-Target Express integration costs

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Initial Facilities Services

	£ million	
	Revenue	Adj EBITA
2006 H1	254.0	15.1
Changes due to:		
▪ UK Cleaning	+27.5	+0.8
▪ Catering	(6.0)	(0.6)
▪ Hospital Services	+3.3	+1.1
▪ Other businesses/divisional overheads	+5.5	+2.2
2007 H1	284.3	18.6

- Lancaster acquired in July for £19m. 2006 revenue of £45m.

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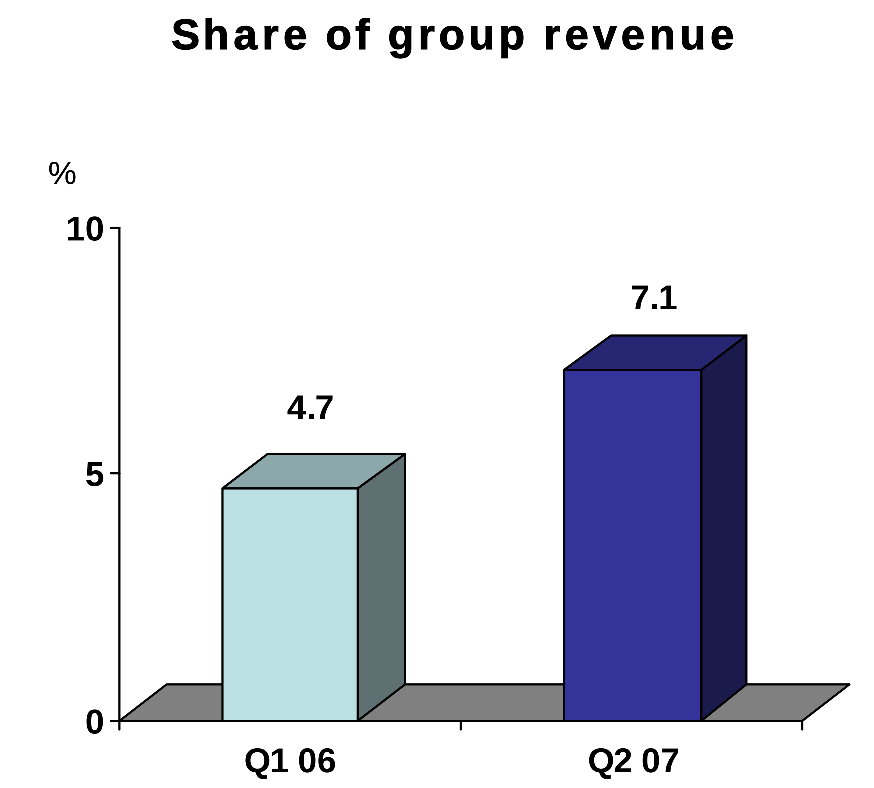
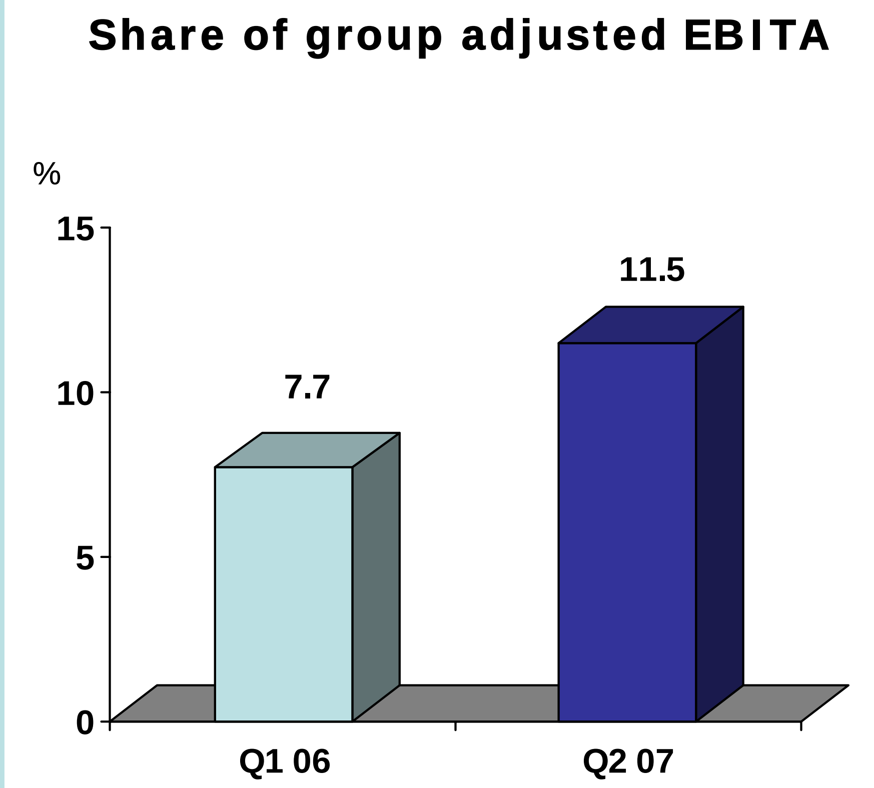
Rentokil Initial Asia Pacific





Note: Q106 based on continuing operations at that time

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Rentokil Initial Asia Pacific

	2006				2007	
	Q1	Q2	Q3	Q4	Q1	Q2
Revenue £m	22.8	23.4	25.9	30.0	34.3	39.5
*Revenue growth**	*7.4%*	*7.2%*	*17.4%*	*29.2%*	*50.4%*	*68.8%*
*Organic growth**	*6.1%*	*4.6%*	*4.7%*	*7.2%*	*6.1%*	*9.8%*
Adjusted EBITA £m	4.9	5.4	5.6	7.9	5.7	8.3
Adjusted EBITA growth	*(9.1)%*	*(5.1)%*	*(1.8)%*	*28.6%*	*16.3%*	*53.7%*

*Versus prior year. Organic growth rate Q2 2007 21.4% including HK government PC contract.

Interest

Actual exchange rates

	£ million	
	2007	2006
	H1	H1
Net interest on bank/bond/finance lease debt*	(39.2)	(21.6)
Expected return on pension scheme assets	25.4	25.8
Interest on pension scheme liabilities	(25.7)	(24.5)
	(0.3)	1.3
Unwind of discount on provisions	(1.1)	(1.1)
Mark-to-market/forex adjustments	2.0	1.0
Per income statement	(38.6)	(20.4)
Average interest rate on bank/bond/ finance/lease debt	5.5%	4.5%
Average net debt	£1,294m	£934m

*After interest received on fair value hedges

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Actual exchange rates

	2007 H1		2006 H1	
	£	%	£	%
Profit before tax (continuing ops)	65.3	*100.0%*	89.4	*100.0%*
<u>Explanation of tax charge</u>				
Expected charge at blended rate*	19.7	*30.2%*	27.7	*31.0%*
Untaxed provision release	(2.7)	*-4.1%*	-	-
Other factors affecting tax charge	0.4	*0.6%*	(0.3)	*-0.3%*
Prior year adjustments	(5.4)	*-8.3%*	(4.3)	*-4.8%*
Actual tax charge	12.0	*18.4%*	23.1	*25.9%*
Current tax	7.1	*10.9%*	16.8	*18.8%*
Deferred tax	4.9	*7.5%*	6.3	*7.1%*
Tax charge	12.0	*18.4%*	23.1	*25.9%*
Cash tax paid	7.3		20.1	

*Falling blended headline rate mainly due to reduction in 2007 Netherlands corporation tax rate

Operating Cash Flow

Actual exchange rates

	2007 H1				2006 H1
	Continuing activities before one-off items	Discontinued activities	One-off items	Total	Total
EBIT	106.0	19.4	(3.2)	122.2	106.0
Depn & amortisation	94.5	3.7	-	98.2	90.4
Non-cash items	(4.7)	-	(2.3)	(7.0)	(6.4)
EBITDA	195.8	23.1	(5.5)	213.4	190.0
Working capital	(40.9)	1.7	(18.0)	(57.2)	(24.2)
Net capex*	(74.6)	(2.6)	-	(77.2)	(80.6)
Operating cash flow	80.3	22.2	(23.5)	79.0	85.2

- European major garment plant capex £12.4m (2006: H1 £6.1m; FY £19.8m)

*Net of disposal proceeds – includes finance leases

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Free Cash Flow and Movement in Net Debt

Actual exchange rates

	£ million	
	2007 H1	2006 H1
Operating cash flow	79.0	85.2
Interest[1]	(22.9)	(21.1)
Tax	(7.3)	(20.1)
Free cash flow	48.8	44.0
Equity dividend	(94.9)	(94.8)
Acquisitions[2]	(93.6)	(124.3)
Disposals	0.6	106.8
Pension contribution	(30.0)	-
FX/other	7.0	23.9
Increase in net debt	(162.1)	(44.4)

- £533m received July 2007 from partial sale of Electronic Security
- £50m paid into pension escrow in July 2007

[1] Including finance leases
[2] Cash plus acquired debt

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2007 Rationalisation and Integration Costs

	H1 Act	H2 Est	FY Est	Benefits
	£m	£m	£m	
UK Washroom - branches	1.2			Reduces overheads by £3m from H2 07
UK Washroom – property sales profits	(2.3)			
UK Pest Control branches	0.6			Completion of reorganisation
Schaerbeek/Zele	1.0			Improves profits by £0.7m pa from 2008
Undisclosed projects		7.2		
	0.5	7.2	7.7	
City Link integration	2.7	6.3	9.0	
	3.2	13.5	16.7	

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Strategy

- Restart revenue growth
  - Improve service ➔ increase retention
  - Improve sales and marketing effectiveness
- Reshape the portfolio
  - Build towards leading market positions
  - Towards growth sectors
  - Dispose of businesses with limited potential for the group
- Improve efficiency and productivity
  - Change processes to take costs out, improve quality and customer service

Seek to maximise shareholder value and return the company to sustainable profit growth

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Trends and Expectations

- Organic growth rising across the company
- Business portfolio changes towards higher growth sectors continues
- Synergies from larger acquisitions begin to show in H2 – more in 2008/2009
- Productivity gains starting to show through

➔Adjusted EBITA up in H1, more so in H2

➔Subject to no significant change in business mix, the implications are that 2008 margin should be up YOY

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Initial Textiles & Washroom Services

- Underlying business showing steady growth
- Positive Continental European portfolio trends continue
- Expect Q3 and Q4 to be ahead of last year
- Past low point in this business, expect to see positive margin trends going forward
- Opportunities for growth
  - Garments: specialist and protective
  - Washrooms: range selling in Europe, business re-engineering in UK
  - Flat linen: strengthening of specialist markets (including nursing homes, retirement homes, patient wash)
  - Sales investment: Italy, Austria, Hungary, Poland, Czech Republic

Initial Textiles & Washroom Services

- Improving efficiency and productivity
  - Cross-border structures (regionalising for efficiency, management, administration, processing and CRM)
  - Sales productivity in major markets
  - Lowering cost of Washroom provision (procurement and service efficiency)
  - European site rationalisation (Untereisesheim → Trossingen, Schaerbeek/Zele → Lokeren, Fontenay closed)
- Lokeren: new plant in Belgium opened June 2007
  - Work on building the 20,000m^2 site began in June 2006 and was completed 12 months later
  - Net capex €10m; will save €1m p.a. from 2008
  - Capacity to handle about 90,000 pieces a week in a single shift
  - State-of-the-art water purification system - 50% of water used is recycled

Rentokil Pest Control

- Division
  - Markets continue to grow strongly
  - Growth in revenue, organic revenue and customer retention
  - Key acquisitions in continental Europe/USA
  - Roll out of websites to every country by end 2007
- Europe
  - Investment in sales delivering strong revenue growth, complementing existing high retention rates
  - Good acquisition pipeline for H2
- USA
  - Strong revenue growth
  - Q1 seasonal loss
  - Efficiency programme underway to improve “low season” profitability
- UK
  - New structure in place; High Dependency team making positive impact; greater focus on residential
  - Encouraging signs of improvement; revenue and profit stabilised at end of H1
  - Further improvement in service delivery required

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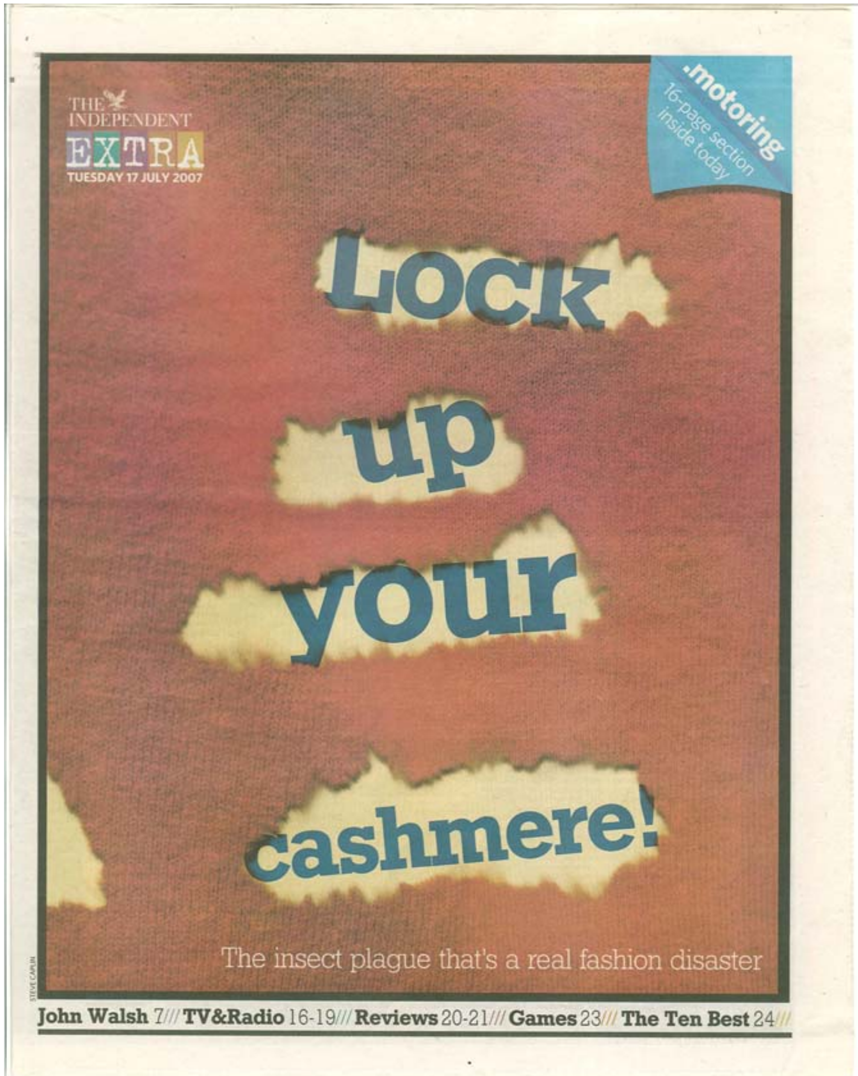
Rentokil - Powerful brand awareness



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MOTHS

The killers in your closet

Rentokil Online

- Roll-out
  - New design differentiating between residential and commercial customers
  - Now live in 40 countries; 15 Asia Pacific sites went live in August
- Visitor numbers
  - 98,000 visitors to rentokil.com sites in July
  - 550,000 visitors to all the country sites since going live
  - Average viewing 5.6 pages and 4.44 minutes
- UK: July 2007
  - Greater co-ordination and capture of leads due to Dudley Call Centre
  - Visitors up 100% vs. July 2006
  - Web calls up 400% vs. July 2006
  - Web calls overtook Yellow Pages in second half of July to become largest driver of enquiries

- Strong customer retention maintained
- Organic growth well ahead of market: stronger H1 growth in B2B than B2C
- No. of consignments up 8% vs. H1 06
- Progress in pricing and cost recovery
- European Courier Company of the Year – *Institute of Transport Management*

- Some H2 integration benefits but offset by faster integration spend this year

Integration Ahead of Schedule

December 06
Mgmt team in place

May 07
Single sales proposition. Single brand. Integrated customer service structure.

July 07
Trailer/cage harmonisation; common IT platform

September 07
Depot consolidation begins. 104 depots

October 07
100 depots

August 08
Consolidation complete. 63 depots

December 08
Network operations aligned; combined regional structure; trunking optimised

Dec 06 | May 07 | July 07 | Sep 07 | Oct 07 | Aug 08 | Dec 08

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Initial Facilities Services

- Maintaining revenue growth; new process and efficiency gains
- Cleaning
  - Daytime cleaning offers greater efficiency for customers, added profitability for IFS – one third of potential tapped
  - Reduced cost of management of smaller cleaning contracts – from mobile supervisors to tele-account management
- Catering/Hospital Services
  - Targeting larger non schools higher margin catering contracts
  - Exited unprofitable contracts in catering and hospitals
  - Procurement improved – e-auctions showing good results
- Dedicated team to focus on cross-selling other services
- Acquired Lancaster in July to improve presence in London office cleaning market

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Rentokil Initial Asia Pacific

- Exited H1 in strong position
- Public awareness of hygiene factors in region remains high – SARS, Dengue, Avian Flu etc.
- Significant service productivity improvement underway in Australian and Indonesian Washroom businesses
- Pest control growing strongly
  - Hong Kong government contract underway on time
  - Australia: strong rise in retention, organic revenue and profit
  - Integration of acquisitions on plan with benefits to come in H2 07 and 2008
  - Ding Sharn acquisition fully integrated in Taiwan, enhancing fumigation and termite offerings; now no. 1 in country
  - Fumigation services being rolled out in Australia, Singapore, Philippines and Malaysia following successful introduction in New Zealand
  - Positive start in China – over 40 jobs per day in Beijing

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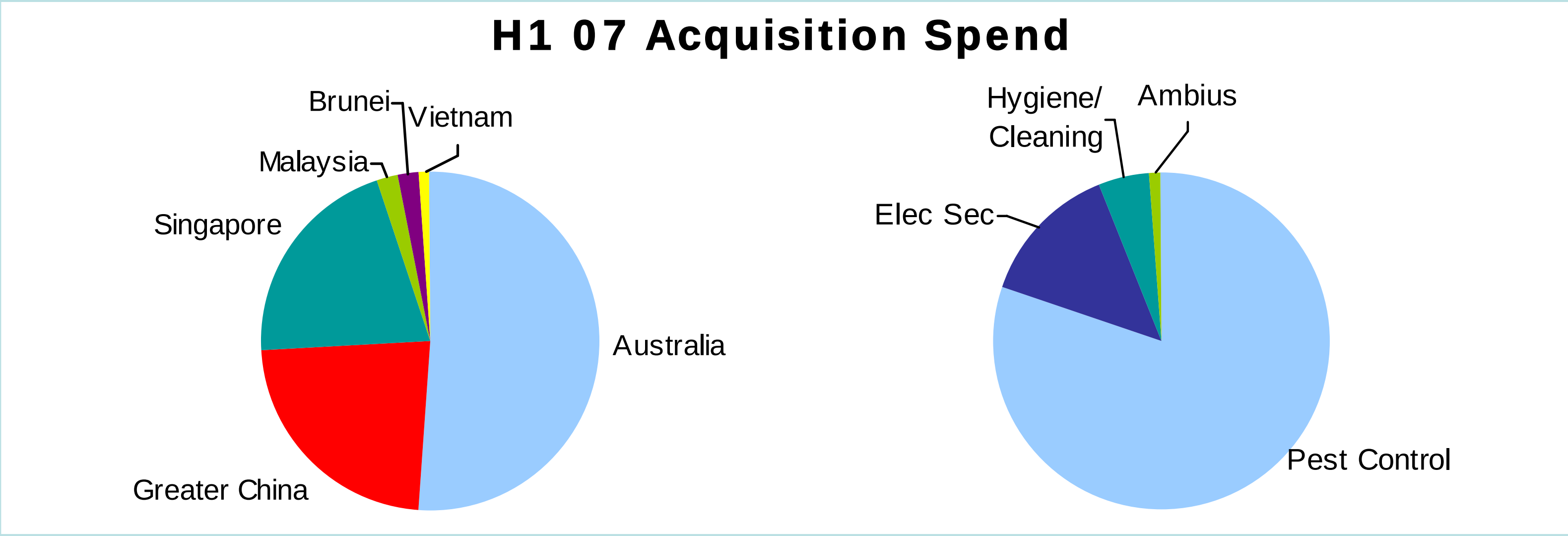
- Successful entry into IT hygiene market in Hong Kong under Ambius brand
- 23 acquisitions in H1 for consideration of £50 million; expected annualised revenue of ~£33m
- Further 7 acquisitions in July/August for consideration of £6.1m
- Good future acquisition pipeline in place



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Priorities for H2

Good evidence of progress but H2 plan requires the effort to drop through to the bottom line

- European Textiles/Washroom: portfolio development; operational efficiency
- UK Washroom: completion of re-engineering; improve retention; sustained new business sales
- UK Pest Control: return to growth following stabilisation at end of H1
- European Pest Control: continue organic growth; acquisition programme
- N. America Pest Control: continue organic growth; improve efficiency
- City Link: integration programme on track; capture seasonality benefits
- Facilities Services: maintain revenue growth; margin development
- Asia Pacific: drive organic growth; integration benefits; further acquisitions

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Outlook

- H1 performance and progress in line with plan
- Interest benefit from Electronic Security sale proceeds
  - ~£15m in H2 2007
  - ~£30m in 2008
- 2007 outlook unchanged
  - profit before tax and amortisation for year before one-off items in line with 2006 (excluding £15m interest benefit from Electronic Security)
  - expect H1 2007 to be the low point in profits
  - profits moving strongly ahead in H2
- 2008 outlook
  - mid-high single digit PBTA growth (excluding £30m interest benefit from Electronic Security in 2008 and £15m in H2 2007)
- Dividend policy unchanged

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Appendix

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UK Pension Scheme

£ million	30-06-07	31-12-06	30-06-06
Assets			
▪ Cash	0.6	-	8.3
▪ Equities	186.2	177.2	170.4
▪ Fixed income	692.0	700.8	689.7
▪ Swap portfolio	(13.0)	25.9	5.9
	865.8	903.9	874.0
Liabilities	(941.5)	(1,012.2)	(950.1)
IAS 19 deficit, pre-tax	(75.7)	(108.3)	(76.1)
	H1 2007	**H2 2006**	**H1 2006**
Opening deficit	(108.3)	(76.1)	(169.8)
Income statement	(0.6)	(1.0)	(5.1)
Contributions	30.4	2.3	6.0
Curtailment	-	12.1	4.1
Actuarial gain/(loss)	2.8	(45.6)	88.7
Closing deficit	(75.7)	(108.3)	(76.1)

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- £50 million paid into escrow in July 2007 relating to sale of Electronic Security