

**RENTOKIL INITIAL PLC (RTO)**  
**FIRST QUARTER TRADING UPDATE FOR 3 MONTHS ENDED 31 MARCH 2009**

Results	Q1 2009 AER	Growth vs. Q1 2008	
		AER	CER
Revenue	<b>£634.6m</b>	9.8%	(1.2%)
Operating profit*	<b>£28.7m</b>	(7.7%)	(26.8%)
Adjusted profit before tax**	<b>£21.6m</b>	16.1%	(18.7%)
Operating cash flow	<b>£57.6m</b>	238.8%	192.5%

*AER – actual exchange rates; CER – constant 2008 exchange rates*

*\*before amortisation of intangible assets, \*\* before amortisation of intangible assets and one-off items*

### Operational Highlights

Strong operating cash flow of £57.6 million (£17.0 million in Q1 2008) with progress on accounts receivable, creditors & capital expenditure

Excellent progress on implementation of seven-point plan at City Link, with consistently high customer service and additional cost savings mitigating revenue decline

Introduction of six-point recovery plan for UK Pest Control

New leadership in Textiles and Washrooms Europe

Further improvement of customer service KPIs across the group

2009 outlook remains unchanged

### Alan Brown, Chief Executive Officer of Rentokil Initial plc, said:

“The first quarter has seen further progress against Rentokil Initial's turnaround programme, now one year in the making. Strong focus on service, cost and cash has enabled us to deliver profit slightly ahead of expectations despite tough trading conditions in the UK and US. Service levels have improved further and cash generation has been excellent.

“We continue to expect profit growth in Q3 and Q4 compared to 2008. However, the turnaround is still at an early stage of implementation in market conditions that remain challenging.”

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A conference call for analysts and shareholders will be held today at 09.00am. To join this call, please dial +44 (0) 20 7806 1955 (UK), +33 (0) 1 70 99 42 95 (France), +852 3002 1356 (Hong Kong), and +1 718 354 1389 (US) quoting reference code 8184401. A recording of the call will be available for 14 days on the following numbers: UK: +44 (0) 20 7806 1970, France: +33 (0) 1 71 23 02 48, Hong Kong: +852 3002 1607 and US: +1 718 354 1112 quoting access code 8184401#.

## Financial Summary

£million	First Quarter		
	2009	2008	change
<b>Pro forma continuing operations<sup>1</sup></b>			
<b>At 2008 constant exchange rates<sup>2</sup></b>			
Revenue	<b>584.2</b>	591.3	(1.2%)
Operating profit before amortisation of intangible assets <sup>3</sup> and one-off items <sup>4</sup>	<b>27.8</b>	34.3	(19.0%)
One-off items <sup>4</sup>	<b>(3.8)</b>	(1.5)	(153.3%)
Operating profit before amortisation of intangible assets <sup>3</sup>	<b>24.0</b>	32.8	(26.8%)
Amortisation of intangible assets <sup>3</sup>	<b>(13.3)</b>	(12.4)	(7.3%)
Operating profit	<b>10.7</b>	20.4	(47.5%)
Share of profit from associates (net of tax)	<b>0.7</b>	0.7	-
Net interest payable	<b>(12.0)</b>	(14.7)	18.4%
Profit before income tax	<b>(0.6)</b>	6.4	-
Adjusted profit before income tax <sup>5</sup>	<b>16.5</b>	20.3	(18.7%)
Operating cash flow <sup>6</sup>	<b>50.9</b>	17.4	192.5%
<b>Continuing operations<sup>1</sup></b>			
<b>At actual exchange rates</b>			
Revenue	<b>634.6</b>	578.1	9.8%
Operating profit before amortisation of intangible assets <sup>3</sup> and one-off items <sup>4</sup>	<b>32.5</b>	32.6	(0.3%)
One-off items <sup>4</sup>	<b>(3.8)</b>	(1.5)	(153.3%)
Operating profit before amortisation of intangible assets <sup>3</sup>	<b>28.7</b>	31.1	(7.7%)
Amortisation of intangible assets <sup>3</sup>	<b>(14.8)</b>	(12.1)	(22.3%)
Operating profit	<b>13.9</b>	19.0	(26.8%)
Share of profit from associates (net of tax)	<b>1.0</b>	0.7	42.9%
Net interest payable	<b>(11.9)</b>	(14.7)	19.0%
Profit before income tax	<b>3.0</b>	5.0	(40.0%)
Adjusted profit before income tax <sup>5</sup>	<b>21.6</b>	18.6	16.1%
Operating cash flow <sup>6</sup>	<b>57.6</b>	17.0	238.8%

<sup>1</sup>All figures are for continuing operations and are unaudited.

<sup>2</sup>Results at constant exchange rates have been translated at the full year average exchange rates for the year ended 31 December 2008. £/\$ average rates: Q1 2009 1.4421; Q1 2008 1.9859; FY 2008 1.8527. £/€ average rates: Q1 2009 1.0952; Q1 2008 1.3159; FY 2008 1.2597.

<sup>3</sup>Other than computer software.

<sup>4</sup>See Appendix 4 for further details.

<sup>5</sup>Before amortisation of intangible assets and one-off items.

<sup>6</sup>Cash flow before interest, tax, acquisitions, disposals and foreign exchange adjustments.

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

### Basis of preparation

Segmental information has been presented in accordance with IFRS 8 "Operating Segments" which the group has implemented with effect from 1 January 2009. Prior year comparisons have been restated. In all cases references to operating profit are for continuing businesses before amortisation of intangible assets (other than computer software). References to adjusted operating profit and adjusted profit before income tax also exclude items of a one-off nature, totalling a net cost of £3.8 million (2008: £1.5 million) that have impacted the results. They relate mainly to the group's restructuring programme and consist of redundancy and reorganisation costs and the closure and relocation of the London corporate head office. They have been separately identified as they are not considered to be "business as usual" expenses and have a varying impact on different businesses and reporting periods. An analysis of these costs by division is provided in Appendix 4. All comparisons are at constant 2008 full year average exchange rates.

## QUARTERLY REVIEW (at constant exchange rates unless stated to the contrary)

First quarter revenue for the group as a whole of £584.2 million was 1.2% lower than prior year at constant exchange rates, but 9.8% higher at actual exchange rates. The Textiles and Washrooms division achieved revenue growth of 4.5%. The Pest Control and Ambius divisions have experienced a slowdown in both new contract sales and job sales while the Initial Facilities Services division has been negatively impacted by contract reductions and terminations. Adverse economic conditions in the UK coupled with a major reduction in customer numbers in the early part of 2008 has lead to a 10.7% decline in City Link revenue compared to Q1 2008. Nevertheless, the turnaround is proceeding well. Slowing international trade affected fumigation sales in the Asia Pacific division, contributing to a 0.8% revenue decline in the quarter.

The quarterly portfolio decline of £21.9 million was made up of new business wins of £67.0 million, net price increases of £19.1 million and acquisitions/disposals of £1.2 million, offset by terminations and reductions of £109.2 million.

Group operating profit (before amortisation of intangible assets, other than computer software, of £13.3 million) of £24.0 million was 26.8% lower than in 2008. Adjusted operating profit (before amortisation of intangibles and one-off items) of £27.8 million showed a decrease of 19.0% year-on-year. Adjusted profit before income tax (again, before amortisation of intangible assets and one-off items) fell 18.7% to £16.5 million.

Adjusted operating profit includes unusual charges of £3.8 million mainly consisting of £3.5 million in Textiles & Washrooms (mostly redundancy, together with provisions relating to the integration of Raywerk in Austria) and £1.6 million in Pest Control, partially offset by accrual releases in City Link of less than £1.0 million. Comparable charges for Q1 2008 were £6.4 million of which £9.1 million related to City Link, partly offset by property profits in the centre, Facilities Services and Pest Control.

The group's revenue and profit at actual rates of exchange benefited from the weakness of Sterling compared to 2008. First quarter revenue growth at actual exchange rates was 9.8% (against a decline of 1.2% at constant rates) and adjusted profit before income tax was 16.1% higher year-on-year at £21.6 million.

### Net debt and cash flow

£ million at actual exchange rates	Year to Date		
	2009 Q1 £m	2008 Q1 £m	Change £m
Adjusted profit before income tax	32.5	32.6	(0.1)
One-off items	(3.8)	(1.5)	(2.3)
Depreciation	55.6	43.8	11.8
Other non-cash	1.2	(1.9)	3.1
EBITDA	85.5	73.0	12.5
Working capital	21.1	(8.2)	29.3
Capex - additions	(53.3)	(53.8)	0.5
Capex - disposals	4.3	6.0	(1.7)
Operating cash flow	57.6	17.0	40.6
Interest	(41.6)	(43.8)	2.2
Tax	1.3	(2.8)	4.1
Free cash flow	17.3	(29.6)	46.9
Acquisitions/disposals	(7.6)	(22.8)	15.2
FX and fair value adjustments	64.1	(17.6)	81.7
Decrease/(increase) in net debt	73.8	(70.0)	143.8
Closing net debt	(1,288.4)	(1,017.1)	(271.3)

Operating cash flow of £57.6 million at actual rates of exchange was £40.6 million higher than Q1 2008 supported by higher EBITDA (£12.5 million) and less working capital (£29.3 million). At constant rates of exchange the improvement was £33.5 million of which approximately £20 million is attributable to accounts receivable, £8 million to stocks and creditors and £6 million to reduced capital expenditure.

Tax and interest payments were £6.3 million lower than the previous year mainly as a result of a £3.3 million corporation tax rebate in the UK in respect of prior years and a difference in the timing of interest payments. Cash outflow in relation to interest costs amounted to £41.6 million and was much higher than the income statement charge due to the timing of annual interest payments on bonds. It is

anticipated that cash outflow on interest for the remainder of 2009 will be approximately half that incurred in Q1. Free cash inflow for Q1 was £17.3 million compared with last year's outflow of £29.6 million.

Acquisition activity has slowed and consumed only £7.6 million (2008: £22.8 million) which, coupled with fair value and foreign exchange gains of £64.1 million, left net debt at £1,288.4 million, compared with net debt at the end of 2008 of £1,362.2 million.

## **UK Pest Control recovery plan**

At the 2008 year-end results on 20 February, we stated that although the UK Pest Control business remains very profitable, it has demonstrated long-term decline in revenue, profit and market share.

The root cause of this decline has been the combination of poor or highly variable service quality and a lack of investment in differentiation and service expertise. As a result, customers have been lost to local and regional competitors.

As with our other turnaround businesses, implementation of a restructuring programme (introduced in 2006) has had a negative impact on service quality and customer focus. Over the past year we have made good progress in improving customer service (which is now consistently above 98%) but there is much still to be done.

The current economic slowdown has further exacerbated the challenge as terminations have risen, new contract and job sales have become harder to achieve and customers have become more price sensitive.

Going forward, the business will work to a six-point plan, major elements of which involve:

- Management changes – in addition to the recent appointments of a new managing director and finance director, further changes to the team and organisation structure will be made in order to refocus attention on local customers
- Focus on a series of quick wins to improve service and cash performance
- Focus on service responsiveness and customer relationship management
- Driving organic growth in the three major customer groups (commercial SMEs, national accounts and residential)
- Investing in training and development to ensure Rentokil has the best technicians and surveyors in the UK
- Implementing an aggressive cost agenda around technician productivity and administration / overhead reduction

## **Outlook**

Our outlook for 2009 is unchanged from that given at the time of the year-end results in February.

## DIVISIONAL PERFORMANCE

### Initial Textiles and Washroom Services

£ million	First Quarter		
	2009	2008	Change
<b>At 2008 constant exchange rates:</b>			
Portfolio – net movement (appendix 1)	11.2	10.8	
Revenue	182.9	175.1	4.5%
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	22.2	29.6	(25.0%)
<b>At actual exchange rates:</b>			
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	25.2	28.4	(11.3%)

<sup>1</sup> Other than computer software

Revenue for the division increased by 4.5%, with France up 6.1% and Germany up 8.7%. These increases were partially offset by revenue decline in Spain, down 9.0% as a result of the continued downturn in the hospitality industry impacting the linen business.

Adjusted operating profit decreased by £7.4 million on the prior year, of which £3.9 million was due to unusual items associated with re-organisation costs together with post-acquisition integration costs for Raywerk in Austria. After adjusting for these items both France and Germany were ahead of the prior year. Furthermore, margins were depressed in a number of markets where price increases have not covered cost escalations.

Net portfolio growth for the quarter of 1.7% was largely due to price increases. The Q1 portfolio retention rate was 81.9%. State of service has remained consistently high during the period at 99.6%.

Operating cash flow was strong with good progress on accounts receivable and on capital expenditure.

A new divisional managing director and finance director were appointed during the quarter. Key initiatives in Q2 include a review of the division's manufacturing footprint and a review of the sourcing strategy, while bedding down cost control initiatives and cash flow processes in all countries of operation.

### Initial Facilities Services

£ million	First Quarter		
	2009	2008	change
<b>At 2008 constant exchange rates:</b>			
Portfolio – net movement (appendix 1)	(23.5)	6.3	
Revenue	158.6	165.2	(4.0%)
Adjusted operating profit (before one-off items amortisation of intangible assets <sup>1</sup> )	4.0	6.1	(34.4%)
<b>At actual exchange rates:</b>			
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	4.1	6.1	(32.8%)

<sup>1</sup> Other than computer software

The challenging market conditions experienced by the Initial Facilities Services division throughout the second half of 2008 have continued into the first quarter of 2009. Revenue decreased by 4.0% primarily due to a number of contract terminations in the second half of 2008. Q1 adjusted operating profit declined by 34.4% year-on-year, due largely to UK Washrooms and retail cleaning, plus unusual gains of £0.7 million in Q1 2008.

Market conditions in UK Cleaning, especially in the retail sector, remain difficult with customers looking to reduce their specifications with a view to delivering cost savings. We are also seeing building closures and a higher level of business administrations. First quarter revenue was 1.8% lower than on the prior year reflecting a number of retail contract losses in the second half of 2008. We continue to pursue new contracts strongly and are seeing some improvement in new business.

Catering revenue is in line with the prior year. Following our 2007 decision to exit a number of unprofitable schools contracts and initiatives undertaken in the first half of 2008, retained contracts are now delivering consistently higher, though still below sector average margins. Procurement activity on food buying is also delivering substantial benefits.

Hospital Services revenue declined year-on-year due to the loss of two large hospital contracts at the end of 2008. Profit, however, was significantly better as a result of the business moving away from low-margin contracts.

In the UK Washrooms business, service levels continue to improve (96.1% at the end of March). However, tough market conditions resulted in revenue falling £2.0 million quarter-on-quarter. Nevertheless, continued operational improvement and cost reduction initiatives are expected to return the business to profitability for the year as a whole, despite prevailing market conditions. Accounts receivable over 90 days have reduced by 25% from their peak in mid-2008, though are still at high levels.

Excluding Washrooms, Facilities Services debt over 90 days has fallen from 14% in Q1 2008 to 8% at the end of March.

## City Link

£ million	First Quarter		
	2009	2008	Change
<b>At 2008 constant exchange rates:</b>			
Revenue	<b>85.0</b>	95.2	(10.7%)
Adjusted operating loss (before one-off items and amortisation of intangible assets <sup>1</sup> )	<b>(6.1)</b>	(15.4)	60.4%
<b>At actual exchange rates:</b>			
Adjusted operating loss (before one-off items and amortisation of intangible assets <sup>1</sup> )	<b>(6.1)</b>	(15.4)	60.4%

<sup>1</sup> Other than computer software

City Link's first quarter operating loss of £6.1 million is broadly similar to the underlying loss in Q1 2008 after taking account of £9.1 million of unusual costs booked last year. This was achieved despite corresponding revenues being £10.2 million lower at £85.0 million. Compared to Q4 2008, total operating costs fell by £10.1 million (10.0%), albeit on revenue some £12.2 million below the Q4 2008 seasonal peak. Q1 parcels volumes were down 8.1% on Q1 2008 and revenue per consignment (RPC) weakened by 3.8% on Q1 2008.

City Link's customer base has remained broadly consistent with recent quarters although many are trading at lower levels. Nevertheless, the business has traded consistently since the poor weather in early February.

Customer Service levels improved further during the quarter and are now consistently above 99%. Implementation of actions to restore customer call handling to depots is proceeding to plan and will be completed on schedule by the end of Q2.

Delivery vehicle fleet numbers reduced by approximately 13% during the quarter. Total employee numbers fell by 8%. These reductions are being facilitated by the rollout of handheld terminals which will be completed by the end of Q2. Rollout of an improved scheduling tool (Virtual Warehouse Gateway) is progressing according to schedule. Depot numbers have been reduced from 98 to 91 during the quarter.

The level of aged debt over 60 days is now some two thirds below the corresponding period in 2008. Debtor days have improved over the quarter.

## Rentokil Pest Control

£ million	First Quarter		
	2009	2008	change
<b>At 2008 constant exchange rates:</b>			
Portfolio – net movement (appendix 1)	2.6	5.6	
Revenue	99.2	100.4	(1.2%)
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	13.0	16.1	(19.3%)
<b>At actual exchange rates:</b>			
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	14.5	15.7	(7.6%)

<sup>1</sup> Other than computer software

Overall revenue decreased by 1.2% on Q1 2008, with UK revenue falling by 15.2%. The rate of new contract business declined by 15.9%; job sales fell by 8.4%. Retention rates have declined marginally in most countries.

Adjusted operating profit declined by 19.3% predominantly due to continued weakness in the UK and Spain and an adverse movement in unusual items of £2.3 million from Q1 2008 to Q1 2009.

State of service has remained consistently high across the business, the strongest year-on-year improvements coming from Denmark, the UK, Italy, Belgium and Finland.

Across continental Europe revenue grew by 2.2%. Spain continues to suffer from a breakdown in financial controls stemming back from 2006 and from a challenging economic environment.

UK revenues were down 15.2% due to a 23% decline in job sales and a reduction in retention rate to 72.1% from 81.9% in Q1 2008. This is due in part to difficult economic conditions but also to inadequate focus on customers and on competitor activity over an extended period of time. Elsewhere in the statement a six-point action plan sets out the actions we are taking to fix the UK Pest Control business. State of service has continued to improve and is now at record levels. Debt over 90 days is now at its lowest level in two years and days sales outstanding have improved over the quarter.

North America grew revenue by 3.3%.

The division delivered a strong cash performance with contributions from accounts receivable, creditors and capital expenditure.

## Rentokil Initial Asia Pacific

£ million	First Quarter		
	2009	2008	change
<b>At 2008 constant exchange rates:</b>			
Portfolio – net movement (appendix 1)	(9.9)	2.7	
Revenue	48.0	48.4	(0.8%)
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	5.2	6.5	(20.0%)
<b>At actual exchange rates:</b>			
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	5.2	6.5	(20.0%)

<sup>1</sup> Other than computer software

Revenue in Asia Pacific declined 0.8% compared to Q1 2008. Declining fumigation sales have impacted performance. Adjusted operating profit decreased by 20.0% as a result of bad debt provisions, the loss of fumigation sales and tough comparators in the Australian Washrooms business.

Nevertheless, recovery of both the Australian Washrooms and Pest businesses is proceeding well.

## Pacific

Revenue increased by 1.4%. Service levels in our Australian Pest Control businesses have been good during the period reaching levels over 95%. The business is experiencing some pricing pressure as customers become more sensitive on costs.

In Pink Healthcare, our Australian Washrooms business, state of service remains consistently high at over 95%. Revenue was marginally higher but, as with Pest Control, there is some pressure on pricing. Profit for the quarter was impacted by investment in service levels.

Further progress has been made on accounts receivable, reduction in overhead costs and procurement savings.

Our businesses in New Zealand have performed well during the quarter.

## Asia

Revenues fell by 3.6%, primarily as a result of the disposal of the Malaysian water business. Excluding this, revenue increased. Growth has been dampened by significant declines in the fumigation business in Singapore and Malaysia as a result of slowing world trade.

Profit declined somewhat due to an increase in bad debt provisions and the adverse impact of a downturn in the profitable fumigation business. Restructuring of our fumigation operations has been implemented to mitigate the effects of falling demand.

## Ambius

£ million	First Quarter		
	2009	2008	Change
<b>At 2008 constant exchange rates:</b>			
Portfolio – net movement (appendix 1)	(2.3)	2.3	
Revenue	26.8	28.0	(4.3%)
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	1.0	1.5	(33.3%)
<b>At actual exchange rates:</b>			
Adjusted operating profit (before one-off items and amortisation of intangible assets <sup>1</sup> )	1.2	1.4	(14.3%)

<sup>1</sup> Other than computer software

Ambius revenue fell 4.3% on the prior year as a result of increasing contract terminations and a 13.2% decline in job sales. Adjusted operating profit fell 33.3% year-on-year. Divisional retention declined from 85.2% for 2008 to 74.3% for Q1 2009.

Turnover in Europe declined 3.4%. Difficult economic conditions are now being experienced in most countries. Profit was impacted by increased redundancy costs as the business adjusts service headcount in line with portfolio movement.

First quarter performance in North America has again been weak with turnover falling 5.5% on the prior year. Conditions in the US economy remain extremely challenging and continue to affect the portfolio with retention rates falling to 69.4% (Q1 2008: 82.5%). Job sales declined 18.4% year-on-year.

Sales of new brand extension services, including ambient scenting and fresh fruit delivery, have continued to rise during the period and now account for 14.2% of total contract sales, compared to 7.6% last year.

In addition to adjusting service headcount in line with portfolio movement, Ambius continues to look for all opportunities to review and reduce its cost base to reflect current economic conditions.

Operating cash flow improved over Q1 2008. This has been achieved through a focus on working capital and tight control over capital expenditure.



## Central Costs

£ million	First Quarter		
	2009	2008	change
<b>At 2008 constant exchange rates:</b>			
Central costs	(11.5)	(10.1)	(13.9%)
<b>At actual exchange rates:</b>			
Central costs	(11.6)	(10.1)	(14.9%)

Central costs in the first quarter were £11.5 million compared to £10.1 million in 2008, primarily as a result of profits on the sale of properties in 2008 not repeated in 2009.

## One-off Items

Details of the one-off items incurred in the period for which adjustments have been made are set out in Appendix 4. They relate to the group's restructuring programme and consist of redundancy and reorganisation costs and the closure and relocation of the London head office. They have been separately identified as they are not considered to be "business as usual" expenses and have a varying impact on different businesses and reporting periods. In the first quarter of 2009 these amounted to £3.8 million (2008: £1.5 million) and represent the costs associated with the closure and relocation of the London corporate office together with redundancy costs relating to the continued integration of the City Link and Target Express businesses.

## Interest

Interest payable for the first quarter of £11.9 million (2008: £14.7 million), at actual rates of exchange, was £2.8 million lower than 2008. The reduction was primarily due to a year-on-year reduction in interest rates of £3.4 million coupled with a £2.6 million benefit from IAS 39 hedge ineffectiveness on our £300 million bond. A further year-on-year benefit of £0.3 million was due to lower IAS 19 pension interest. These benefits were partly offset by an adverse variance of £3.5 million caused by higher average net debt in the quarter.

## Funding

At 31 March 2009 the balance sheet carrying value of the group's net debt was £1,288 million. Of this, £906 million is represented by capital market notes issued by the group and the earliest maturity of any of these instruments is 2013. Of the balance of the group's debt of £382 million, £410 million is drawn under the group's central committed bank facilities and the balance comprises net cash and is made up of cash in the businesses and offset by other borrowings. At 31 March 2009 the group had undrawn headroom on its committed bank facilities of £215 million.

In early April the group took advantage of the low interest rates prevailing in the financial markets to fix its future interest exposure on the £300 million 2016 capital market note (which had been swapped at inception to generate a floating position) with effect from 30 September 2009. This action now means that the group has approximately 60% of its current net debt position fixed until at least 2014 at an average rate of 4.7% (including credit spreads). For 2009 the group now has over 85% of its forecast interest cash flows fixed or hedged.

## ANNUAL CONTRACT PORTFOLIO - CONTINUING BUSINESSES

3 Months to 31 March 2009 (unaudited)

<u>£m at constant 2008 exchange rates</u>	<u>1.1.09</u>	<u>New Business/ Additions</u>	<u>Terminations / Reductions</u>	<u>Net Price Increases</u>	<u>Acquisitions /Disposals</u>	<u>31.3.09</u>	<u>31.3.09 at actual exchange</u>
Textiles & Washroom Services	645.8	28.5	(29.3)	11.3	0.7	657.0	751.5
Facilities Services*	575.9	17.0	(43.1)	2.6	-	552.4	561.7
Pest Control	304.0	12.0	(13.8)	4.0	0.4	306.6	354.3
Asia Pacific	152.0	6.5	(16.9)	0.5	-	142.1	152.2
Ambius	95.0	3.0	(6.1)	0.7	0.1	92.7	109.9
<b>TOTAL</b>	<b>1,772.7</b>	<b>67.0</b>	<b>(109.2)</b>	<b>19.1</b>	<b>1.2</b>	<b>1,750.8</b>	<b>1,929.6</b>

\*Includes net adjustment of £62.8m at 1 January 2009 for the addition of catering, which has been reclassified to a portfolio business.

## Notes

**Contract portfolio definition:** Customer contracts are usually either “fixed price”, “as-used” (based on volume) or mixed contracts. Contract portfolio is the measure of the annualised value of these customer contracts.

**Contract portfolio valuation:** The contract portfolio value is typically recorded as the annual value from the customer contract. However, in some cases – especially “as-used” (based on volume) and mixed contracts – estimates are required in order to derive the contract portfolio value. The key points in respect of valuation are:

**“As-used” contracts:** These are more typical in Textiles and Washroom Services and Catering, where elements of the contract are often variable and based on usage. Valuation is based on historic data (where available) or forecast values.

**Income annualisation:** In some instances, where for example the underlying contract systems cannot value portfolio or there is a significant “as-used” element, the portfolio valuation is calculated using an invoice annualisation method.

**Inter-company:** The contract portfolio figures include an element of inter-company revenue.

**Job work and extras:** Many of the contracts within the contract portfolio include ad hoc and/or repeat job work and extras. These values are excluded from the contract portfolio.

**Rebates:** The contract portfolio value is gross of customer rebates. These are considered as a normal part of trading and are therefore not removed from the portfolio valuation.

**New business/Additions:** Represents new contractual arrangements in the period with a new or existing customers and additional business added to existing contracts.

**Terminations/Reductions:** Represent the cessation or reduction in value of an existing customer contract or the complete cessation of business with a customer.

**Net Price Increases:** Represents the net change in portfolio value as a result of price increase and decreases.

**Acquisitions/Disposals:** Represents the net value of customer contracts added or lost as a result of businesses acquired or disposed in the period.

**Retention rates:** With effect from Quarter one 2009, retention rates are calculated on total terminations (terminations and reductions) with prior periods restated to a comparable basis. In prior periods these were based on terminations excluding reductions.

## Segmental Analysis (at constant exchange rates)

(at 2008 constant exchange rates)

	3 months to 31 March 2009 £m (unaudited & unreviewed)	3 months to 31 March 2008 £m (unaudited & unreviewed)
<b>Business Analysis</b>		
<b><u>Revenue</u></b>		
Textiles & Washroom Services	182.9	175.1
Facilities Services	158.6	165.2
City Link	85.0	95.2
Pest Control	99.2	100.4
Asia Pacific	48.0	48.4
Ambius	26.8	28.0
Segmental revenue	600.5	612.3
Inter group trading	(16.3)	(21.0)
Continuing operations at constant exchange rates	584.2	591.3
Exchange	50.4	(13.2)
Continuing operations at actual exchange rates	634.6	578.1
<b><u>Adjusted operating profit</u></b>		
Textiles & Washroom Services	22.2	29.6
Facilities Services	4.0	6.1
City Link	(6.1)	(15.4)
Pest Control	13.0	16.1
Asia Pacific	5.2	6.5
Ambius	1.0	1.5
Central Costs	(11.5)	(10.1)
Segmental profit	27.8	34.3
One-off items (Appendix 4)	(3.8)	(1.5)
Amortisation of intangibles*	(13.3)	(12.4)
Continuing operations at constant exchange rates	10.7	20.4
Exchange	3.2	(1.4)
Continuing operations at actual exchange rates	13.9	19.0

\* Other than computer software

## Segmental Analysis (at actual exchange rates)

	3 months to 31 March 2009 £m (unaudited & unreviewed)	3 months to 31 March 2008 £m (unaudited & unreviewed)
(at 2008 actual exchange rates)		
<b>Business Analysis</b>		
<b><u>Revenue</u></b>		
Textiles & Washroom Services	208.3	168.2
Facilities Services	161.0	164.5
City Link	85.0	95.2
Pest Control	112.8	97.0
Asia Pacific	52.1	47.5
Ambius	31.7	26.7
Segmental revenue	650.9	599.1
Inter group trading	(16.3)	(21.0)
Continuing operations at actual exchange rates	634.6	578.1
<b><u>Adjusted operating profit</u></b>		
Textiles & Washroom Services	25.2	28.4
Facilities Services	4.1	6.1
City Link	(6.1)	(15.4)
Pest Control	14.5	15.7
Asia Pacific	5.2	6.5
Ambius	1.2	1.4
Central Costs	(11.6)	(10.1)
Segmental profit	32.5	32.6
One-off items (Appendix 4)	(3.8)	(1.5)
Amortisation of intangibles*	(14.8)	(12.1)
Continuing operations at actual exchange rates	13.9	19.0

\* Other than computer software

## One-off Items

	3 months to 31 March 2009 £m (unaudited & unreviewed)	3 months to 31 March 2008 £m (unaudited & unreviewed)
Textiles & Washroom Services	-	-
Facilities Services	-	-
City Link	(0.8)	(1.5)
Pest Control	-	-
Asia Pacific	-	-
Ambius	-	-
Central Costs	(3.0)	-
At constant exchange rates	(3.8)	(1.5)
Exchange	-	-
At actual exchange rates	(3.8)	(1.5)

One-off costs relate to the group's restructuring programme and consist of redundancy and reorganisation costs and the closure and relocation of the London corporate head office. They have been separately identified as they are not considered to be "business as usual" expenses and have a varying impact on different businesses and reporting periods.