

FINAL TRANSCRIPT

Thomson StreetEventsSM

RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Event Date/Time: Nov. 07. 2008 / 4:00AM ET

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

CORPORATE PARTICIPANTS

Alan Brown

Rentokil Initial Plc - CEO

Andrew Macfarlane

Rentokil Initial plc - CFO

CONFERENCE CALL PARTICIPANTS

Mark Shepperd

UBS - Analyst

Andrew Ripper

Merrill Lynch - Analyst

Richard Evans

King Street Capital - Analyst

Jaime Brandwood

UBS - Analyst

David Hancock

Morgan Stanley - Analyst

PRESENTATION

Operator

Good day ladies and gentlemen and welcome to the Rentokil Initial third quarter trading update conference call for analysts and shareholders. Today's conference is being recorded.

At this time I would like to turn the conference over to Mr. Brown. Please go ahead sir.

Alan Brown - Rentokil Initial Plc - CEO

Good morning everyone, thank you for joining the Rentokil Initial third quarter results call. I'm Alan Brown, Rentokil's Chief Executive. With me I have Andrew Macfarlane, our Chief Financial Officer.

Overall, despite a pretty extraordinary period of turbulence in global markets, and a worsening economy and our own well-reported legacy issues, I think we've produced a fairly stable performance in quarter three compared to the previous quarters this year.

During this time we've continued to make strong improvements in customer service, and more recently extended the maturity of our financing facilities. Group revenue at constant exchange rates was maintained at GBP562 million in the quarter, and at constant exchange rates for the year-to-date, GBP1.68 billion, which is up 3.2%.

Quarter three adjusted profit before tax at actual exchange rates was GBP23 million. This was adversely affected by GBP6 million bad debt provision taken in our UK Washrooms business in order to deal with the legacy service issues which extend back to 2007.

Since September 30, the Group has raised GBP125 million of new debt securities through the issue of two new notes. Once we have repaid the GBP250 million bond, which matures on November 19, we estimate we will have at least GBP350 million of headroom in our committed facilities, which is more than adequate for our requirements.

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

As you would expect, we have a major focus on cash within the Company, and on accounts receivable in particular. Our collection performance is starting to improve in those businesses where we've had significant operational issues.

Turning to operational developments. The number one priority when I joined in April, was to focus on improving customer service across the Group. I'm really pleased to say that there have been further strong improvements during the third quarter with every division performing close to or above service level targets. We've had some notable customer service successes; I'll repeat out a few to you. Of course, City Link is now operating at close to 99% on-time service; UK Washrooms has made really significant improvement, up 10 points to 95%; UK Pest has moved from the low 90%s and at a high 80%s last year to 98.5% in the quarter. And in Australia a big turnaround, the Washrooms business in particular has moved from a really woeful position of somewhere in the high 50%s earlier on this year to 93% in quarter three.

I think this improvement in customer service is indicative of the passion and the energy of our frontline colleagues, and indicative of the focus we now have on our operational excellence agenda in the business. Of course, there is an enormous amount still to do, particularly on the cost effectiveness side.

Finally, I'm pleased to report that our reputation as the experts in pest control has reached North Africa. During quarter three we secured a major contract in Libya, a three year contract worth GBP25 million over the life of the contract. This will cover rodent control in Libya's major cities and is one of a number of government initiatives in Libya to improve the standard of living in that country. A team from the UK will start work on this contract next month.

In summary, I'm pleased with the progress we have made on customer service, and I'm also pleased to say that our agenda for 2009 and beyond is now very clear within the business.

Whilst it's impossible to predict the future trading conditions, a large part of the recovery of Rentokil Initial remains in our own hands. In particular the turning around of the performance with City Link and our Washrooms businesses in the UK and Australia and, indeed the UK Pest business. And I'm confident that we will get there over an extended period of time by ensuring the entire Group remains focused on achieving our operational excellence agenda.

Finally, our outlook for the remainder of 2008 remains unchanged.

Now I'd like to hand back to Sylvia, the operator, to take any questions.

QUESTIONS AND ANSWERS

Operator

Thank you Mr. Brown. (Operator Instructions) We will take questions in the order received and we will take as many as time permits. And our first question for today comes from Mark Shepperd from UBS. Please go ahead.

Mark Shepperd - UBS - Analyst

Morning, Alan. I wonder if you can just expand a little bit on what you think the trend is in the Parcels business? Because clearly you're improving the quality of the service offering there, but we're seeing a deteriorating economic background. How do you reconcile those two factors in terms of what's happening in your business?

And can you give us a little bit more thoughts about your projections for the fourth quarter in terms of the revenue expectations you have?

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Alan Brown - Rentokil Initial Plc - CEO

Yes, Mark, good morning to you. It's a complicated situation, no doubt about it. The revenue trend is clearly reflecting an increasingly difficult UK economic environment. The revenue trend I would describe as broadly flat going through September and October, a slight uptick, but somewhat less than one would expect to see at this time of the year. It is, I'm absolutely sure, not us; I'm absolutely sure it's the market and I know we've said that before, but every indication is that we are doing a good job of retaining customers. We're not retaining everyone, but we're doing pretty well. But the volume within our customers is low across the board and one or two exceptions.

I think the whole industry really is on tenterhooks as to the extent and the time period of the seasonal uplift. I think we're all in the same boat to a certain extent, but certainly the Christmas rush is absolutely later than we would have anticipated, well would have anticipated in a normal year. It's actually not that much of a surprise, given what's going on in the marketplace. And I think that we're all -- everyone's pretty fearful of an absolutely huge surge in the last two to three weeks of December. I have to say that's looking more and more likely that it's going to be that way, given the lack of consumer confidence. But we know what happens, of course, when you get close to Christmas then the credit cards come swinging out. So it's going to be a bit of a handful to manage.

We have put a lot of thought into how we'll manage that. We think we can do it. We would expect, I think, given the increasing profile of Amazon in our business, that we will see a bigger upsurge in December than we would historically have done, if the markets had been normal, I have to say.

So it's a complicated situation, Mark. What we can control, of course, is the costs in the business and there, there's no doubt we've made enormous strides over the last two to three months, even with the short-term staff. And at this stage I wouldn't want to predict 2009 really for any of our divisions, but I would still indicate with regard to City Link we'd be pretty confident we'll see a material improvement in the bottom line, despite the fact that we're not expecting much movement in the top line (multiple speakers).

Mark Shepperd - UBS - Analyst

By virtue of those cost reductions that you've made, you're confident they've dropped out, or they will be dropping out?

Alan Brown - Rentokil Initial Plc - CEO

Absolutely. There's 1,000 people left the business; we're down from 7,500 to, I think we said 6,800 at the end of September. It's dropped since then; I think we're actually paying about 6,500 at the moment. There's probably another 100 who are on the payroll who are not working for some reason, not getting paid.

The number of vans come out of the business over 400 now out of a fleet of 3,300. I think you know that we paid something like GBP20 million in credits to our customer over a 12 month period, roughly April to April 2008. And we've made enormous strides into cutting that right, right back. I would be disappointed if we spent any more than GBP5 million on credits over the next 12 months. So we've made enormous progress. So even if the revenue is broadly flat, we will see a material improvement in the City Link bottom line.

I must say I'm really impressed with the operational capability of the new management team. We still, of course, have the longer term structural issues to sort out, how we get from 100 to 80 depots, how we get from two hubs to one. We know how to do it, and not worried with the implementation, but doing it economically is still an unresolved issue. But that's more for 2010, late 2009.

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Mark Shepperd - UBS - Analyst

So you've just got to see how this Christmas happens, or doesn't happen, as the case may be?

Alan Brown - Rentokil Initial Plc - CEO

Sure, and I don't think it's material risk with regard to the Group as a whole in terms of the 2008 quarter four outlook. It is clearly a factor within City Link itself.

Mark Shepperd - UBS - Analyst

Yes, sure. Okay, that's very helpful, thank you.

Operator

Thank you. And our next question comes from Andrew Ripper from Merrill Lynch. Please go ahead.

Andrew Ripper - Merrill Lynch - Analyst

Yes, good morning chaps. I've got a few questions. Just to finish off on Mark's Parcels' point in terms of the fourth quarter. You say that your outlook for the year on Parcels hasn't changed and I think the last couple of results you talked about a loss of GBP45 million, which would imply a loss of about GBP4 million in the fourth quarter after a loss of GBP12 million in the third quarter. And I know, obviously, there's a revenue caveat to that; I think you said you need a minimum of sales of GBP375 million. But if you could just plug those numbers in, that would suggest an GBP8 million reduction in losses in Q4 with no sequential increase in revenue. And I just want to check with you, Alan, that given the cost reductions and your comments about credits that, that math works. You're basically saying you think you can get about an GBP8 million reduction on the proviso that revenue for the full year is at least GBP375 million.

Alan Brown - Rentokil Initial Plc - CEO

Yes, I think broadly speaking we're there or thereabouts. And yes, certainly we're seeing that coming through. We've seen that certainly the underlying losses have been falling by about GBP1 million a month in the last two to three months, absolutely. There's some noise around still having some one-off positives and negatives, but the underlying numbers, the losses have been dropping pretty rapidly.

Andrew Ripper - Merrill Lynch - Analyst

Yes, okay, good.

Andrew Macfarlane - Rentokil Initial plc - CFO

And, Andrew, if we sustain our current service levels, then by the time we get to the year end we will not need such big provisions as historically we've had for things like transit liability claims. We've been making strong inroads into the older part of the debtors' ledger; we've more than halved the over 90 day portion of the ledger during the course of this year. We'll need lower bad debt provisions. And that, together with some in-year benefit of cost savings will close the gap.

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Andrew Ripper - Merrill Lynch - Analyst

Okay, fine. And then just moving on to cash flow. Can you give us a sense at this stage -- I appreciate you've probably be working on the, or are in the process of working on the budget for 2009. Can you give us a sense of what your CapEx plans are for 2009?

And on the working capital, I know you had a target to reduce DSOs from about 55 to 45. Can you say where you are within that? Is there still quite a bit of scope basically? It's not an easy time obviously to chase the debtors but are you still confident that you can maybe pull GBP50 million, GBP60 million from DSOs?

Alan Brown - Rentokil Initial Plc - CEO

Andrew, I don't really want to be drawn too much on the CapEx side prior to the 2009 budget discussions. As I say before, we have not seen our recovery is dependent on huge investment, I'd rather just leave it at that for the moment. We can come back perhaps at the prelims and talk a bit more about the strategy in some detail. But at the moment, all I'd say is broadly speaking I don't see any massive CapEx issues to hand or maybe one or two investments in City Link perhaps might be slightly outside the norm but nothing too major.

With regard to DSOs, yes it's tough but we are all over it in terms of trying to make inroads into this DSO issue. I'm not confident we're going to get from 55 to 45, I think that's a tough call, but I'm pretty confident we're going to move in the right direction over the next six months.

Andrew Ripper - Merrill Lynch - Analyst

Yes, okay. And just obviously, as far as the CapEx issue is concerned, it ties into Textile & Washroom which is by far your most capital intensive division. It looks like for the first nine months you've had reasonable growth in the European business. Do you have much visibility in terms of the next few quarters? And can you make some comments perhaps about how the French business is performing and what your outlook is for France please?

Alan Brown - Rentokil Initial Plc - CEO

Yes, we can make some comments. The CapEx tends to comes a bit ahead of the other growth coming through, so this year has been relatively more on equipment for rental perhaps than we'd originally budgeted because of the growth coming through in the French business. I don't think that one could really be confident of the recent bit of growth in the French business continuing, given the economic outlook. There's nothing specific about our business and it's just being a sensible man, looking at what's going on, you'd have to say it's unlikely we'll be able to continue that growth of rate. And we're obviously watching very carefully, for example, in that particular sector which is the car manufacturing sector, very carefully for the employee numbers. Because even though we've got the contract, if the employee numbers start to pull down then we won't be doing quite as many garments for them.

So I would directionally not gave thought that 2009 is likely to be a big year in terms of expenditure on equipment for rental.

Moreover, we are engaging or likely to engage A.T. Kearney to look at our capacities in our processing plants. I have not been happy with our capacity utilization in our 60-odd processing plants around Europe but I'm very much hopeful that by engaging some professional assistance, we will find a way to make do if you like, with our current estate or I'll have to continue investing in plant. But that's something, as I say, we'll have more visibility on by the time we get to the strategy discussion and the prelims when we get to the end of February next year.

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Andrew Ripper - Merrill Lynch - Analyst

Yes, so you might be able to tell us more at the finals. Okay, in terms of the growth, where is the growth coming from in France?

Alan Brown - Rentokil Initial Plc - CEO

Service industry, SNCF, Compass Group by and large, that's where we've seen growth.

Andrew Ripper - Merrill Lynch - Analyst

And what is your auto exposure, do you know?

Alan Brown - Rentokil Initial Plc - CEO

It's not -- I don't know. We were certainly into Peugeot, into Citroen. It's not 30% of the business but it's probably more than 10% in that sort of order.

Andrew Ripper - Merrill Lynch - Analyst

Yes, okay.

Alan Brown - Rentokil Initial Plc - CEO

We'll check on that Andrew, actually.

Andrew Ripper - Merrill Lynch - Analyst

And then come back to me, yes, okay. And just in terms of the comments about third quarter performance for the division, I think you said that profits were flat in the European business. Was that comment based on constant FX?

Alan Brown - Rentokil Initial Plc - CEO

Yes it would be.

Andrew Ripper - Merrill Lynch - Analyst

Yes, okay. And just then just finally on the UK. If you put the GBP6 million of extra bad debt provisions to one side, obviously then all of the profit decline for the division was due to the UK. I appreciate it's a small business. What's your outlook on it now? You seem to have had an improvement in customer service but the revenues seem to be going backwards -- still going backwards at a rate of knots. Have you got any sense of when you'll be able to return the business to profitability and any sense of stabilization in terms of portfolio trends?

Alan Brown - Rentokil Initial Plc - CEO

The business has moved forward a lot over the last three months in terms of management and in terms of an agenda; motivation of the business has dramatically improved. So all of the soft signs in the business, I have to say, are really terrific. I'm also delighted

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

to say that the rollout of the Pest systems, the [Icab] systems I've talked about into the Washroom systems went absolutely beautifully without a hitch. And we now have all of our drivers in the Washrooms business using the latest in terms of hand-held terminal technology. And the impact on customer service and on administration has been quite profound already, even in the few weeks that we've had it installed.

But no, I'm not able to say Andrew that the direction in the portfolio has changed dramatically. I think what I could certainly say is that the rate of loss is significantly reducing but we're not yet on the front foot and I don't think that's going to happen until we get into 2009. But the way things are going at the moment, I would be quite optimistic of a turn in the portfolio somewhere during 2009.

Andrew Ripper - Merrill Lynch - Analyst

Yes, okay. And then just finally from me, just on the costs side, fuel costs, energy costs. I think you said they were about GBP80 million last year. Obviously oil price coming down and do you think you'll get much benefit for next year if oil prices stay where they are? Give us a sense?

Alan Brown - Rentokil Initial Plc - CEO

We'll get a bit of benefit. We might get a bigger benefit from the reduction in the interest rate. Don't forget that one.

Andrew Ripper - Merrill Lynch - Analyst

Yes, okay thanks.

Alan Brown - Rentokil Initial Plc - CEO

So it's all going the same way this discussion Andrew. The cost situation is looking better, but the revenue line is edgy itself.

Andrew Ripper - Merrill Lynch - Analyst

Yes, okay, fair enough. Thanks for being able to discuss.

Alan Brown - Rentokil Initial Plc - CEO

Thank you.

Operator

Thank you. And we will now move to [Richard Evans] from King Street. Please go ahead.

Richard Evans - King Street Capital - Analyst

Hi, just a quick question on the funding. I note that you say that the guarantee from 1927 maybe extended to any other notes issued between October and December this year. I was just wondering what plans you actually had to issue further notes?

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Andrew Macfarlane - *Rentokil Initial plc - CFO*

No plans at the moment.

Richard Evans - *King Street Capital - Analyst*

Okay.

Alan Brown - *Rentokil Initial Plc - CEO*

Well, we're pretty happy with our financing situation Richard, but obviously we want to communicate with the markets openly to reserve our position, but there's no intention to do any other fundraising in the near future.

Richard Evans - *King Street Capital - Analyst*

Okay, thanks.

Operator

Thank you. (Operator Instructions). And our next question comes from Jaime Brandwood from UBS. Please go ahead.

Jaime Brandwood - *UBS - Analyst*

Morning. I just wondered if I might be able to start by asking whether there's anywhere left now where your customer service levels are below 90%?

Alan Brown - *Rentokil Initial Plc - CEO*

Jaime, good morning.

Jaime Brandwood - *UBS - Analyst*

Or anywhere significant left where your service levels are below 90%?

Alan Brown - *Rentokil Initial Plc - CEO*

Absolutely not, absolutely not. I was thinking about Fiji and the Caribbean and Kenya, where I'm not entirely confident of the voracity of our reporting systems, but setting aside those, we're in pretty good shape. As I say, this has been really the major success we've had over the last six months that we've resolved this issue. And some of the areas now, I think, not only is the service acceptable, it's actually excellent.

Jaime Brandwood - *UBS - Analyst*

This is quite a tough question to answer, but I guess you've talked about how, for example, in Parcels the fact that you've now got the customer service levels up. For example, you're going to see a year-on-year reduction in customer credits. And I wonder whether you might be able to say across the Group as a whole, vis-a-vis where your average service level was in '08 versus where

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

your average service level is probably going to be in '09, what the year-on-year reduction in total such impact would be, be it customer credits, bad debt provisions etc? What you might estimate the year-on-year benefit of that to be?

Alan Brown - *Rentokil Initial Plc - CEO*

Could I estimate? I'll try and do something. I'll try and wing something for you, just looking at the two big businesses.

I've already indicated that I think on City Link, that it's not quite year-on-year, but certainly if I look at the 12 months running through to April 2008, we spent the guts of GBP20 million and I would expect going into 2009 it's going to be nearer GBP5 million.

Now if you look at 2008 calendar year, we probably won't have spent GBP20 million, I guess nearer GBP15-ish million, so it's probably a GBP10 million year-on-year benefit, maybe a bit more than that.

If I look at Washrooms in the UK --

Jaime Brandwood - *UBS - Analyst*

That was Parcels then that you started with?

Alan Brown - *Rentokil Initial Plc - CEO*

I'm sorry.

Jaime Brandwood - *UBS - Analyst*

That was Parcels that you started with was it?

Alan Brown - *Rentokil Initial Plc - CEO*

Yes, sorry I started with Parcels, yes. If I look at Washrooms in the UK, then clearly we've taken an additional GBP6 million plus on bad debt, which you wouldn't expect next year. And we have spent pretty substantial amounts of money on credits. And I would have thought that will be getting up to the region of maybe a GBP5 million year-on-year improvement. Can you see any better numbers Andrew there?

Andrew Macfarlane - *Rentokil Initial plc - CFO*

No because in UK Washroom because we've quite a lot of service disruption last year, this year's probably about GBP2 million worse than last year, but obviously we're expecting a significant improvement in that as we go into 2009.

Alan Brown - *Rentokil Initial Plc - CEO*

So I would have thought across the Group as a whole, you could be talking GBP20 million; GBP10 plus Parcels, GBP5 plus from UK Washrooms and bits and pieces elsewhere.

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Jaime Brandwood - UBS - Analyst

Okay. Just looking at the GBP25 million of cost cuts that you're expecting to have as a run rate by year end in Parcels, is that pretty much hit now in terms of the GBP25 million? Could you do any more or do you think you're pretty close to the bone now as far as Parcels is concerned?

Alan Brown - Rentokil Initial Plc - CEO

No, there's a lot more to come but the next big trench in my view is more structural; it's about getting from 100 depots to 80 and two hubs to one. The two hubs to one will take some time, I don't think that's going to come before 2011. The 100 to 80 will come, I think quarter-on-quarter, as we start to get to the point where we can reintegrate the Target and the City Link networks.

That is being constrained at the moment by IT systems but again, as I've indicated, I would have thought that by the time we get through the first and second quarter next year, we will have overcome that hurdle then we'll see some incremental benefit by being able to -- significant incremental benefit by being able to merge the networks. But that's I think going to come through really pretty late on in 2009, in addition perhaps to the GBP25 million.

And before we get too carried away, one has to come back and stress that the Parcels market in the UK is looking pretty difficult at the moment. So we are banking on pushing ahead with those savings to perhaps give us some contingency against a softer top line than we would have hoped for.

Jaime Brandwood - UBS - Analyst

And at this point are you willing to quantify any cost cuts elsewhere over and above in '09/'10?

Alan Brown - Rentokil Initial Plc - CEO

The general indication I'm giving is that the further opportunity for reduction in cost is very significant but again it's more structural in nature. We have to sort out our procedures, our processes and our systems to enable us, for example, to operate our accounts receivable with less than 600 people, because we are currently expending 600 people on just getting the money in, which is absolutely ludicrous. But to get -- it's not as if they're being lazy, we've just got to do things differently. And we know we can do things differently but we just want to take time to put in place the various actions to enable us to do that more effectively.

Jaime Brandwood - UBS - Analyst

That's 600 people across the Group right?

Alan Brown - Rentokil Initial Plc - CEO

Yes.

Jaime Brandwood - UBS - Analyst

Great. And actually Mark's just put something in front of me. Can we ask about any restructuring charges that you might be taking in 2009?

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

Alan Brown - *Rentokil Initial Plc - CEO*

There may be some modest restructuring charges but again, I think we're better to come back at the prelims for that. I don't see there's going to be massive provisions but there will be some charges here and there.

Jaime Brandwood - *UBS - Analyst*

Okay, thanks very much.

Alan Brown - *Rentokil Initial Plc - CEO*

Thank you.

Operator

Thank you. And our next question comes from David Hancock from Morgan Stanley. Please go ahead.

David Hancock - *Morgan Stanley - Analyst*

Hi, good morning, just a couple of questions from me. Firstly on the Textile & Washroom business in Continental Europe. In terms of the mandate for A.T. Kearney and what they're looking at, how much do you think the improvements in efficiency in that business can come from operational procedures versus structural changes perhaps in the industry? Would you consider partnerships with other players? Does their mandate involve just operational procedures or taking a broader structural view?

Second question is on the reporting systems, and you mentioned the voracity of reporting systems in some of your smaller countries. But for the Group as a whole, how much progress do you feel you've made in terms of improving management information? And when do you think you'll be in a position where you're happy with the level of detail you have in terms of management information?

And then the final question for Andrew. On the interest charge for 2009, the previous guidance that you've given of a GBP10 million increase I think was assuming paying an extra 300 basis points on the increase in debt from the notes that were maturing, or from the replacements of the notes maturing. Can you, now that you've made more plans on financing, give us an update on your expectations for interest charge for '09 please? Thanks.

Alan Brown - *Rentokil Initial Plc - CEO*

David, thanks for your questions. I'll try and deal with the first few and Andrew then can fix what I've got wrong and then he can talk about the interest charge.

With regard to the T&WS business in Europe, the A.T. Kearney brief is solely operational. I should say we've not finalized this yet, we're still in discussion with them but our previous -- my previous experience in ICI with A.T. Kearney is very good in this area but it is purely operational. We want to see how we can run our plants better. We want to see whether we can run with less plants of course.

With regard to restructuring, I think it's well understood in the European context that there are three or four big players, looking from a pretty strategic point of view, there clearly is an opportunity for some of those players to integrate somewhere along the line. I think that's just anyone looking at the marketplace would say that. I don't think that's going to happen in the immediate

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

future but it's clearly something that over a period of years might come about if the players get themselves into a situation where they feel that the combination is the right thing to do.

With regard to management information, the situation is mixed. We've got very good central consolidation tools and we have a vision for where we want to be, by focusing basically on two tools which will be implemented right throughout all the Rentokil Initial network.

At the moment, however I am -- and Andrew is not happy with the quality of the controls I would say, more than the management information, in many of our smaller operations. And that is clearly an area that we're having to focus on. It's now new. It's been there for some considerable period of time but clearly, with the operational focus we've brought in the business, it is bringing out more clearly some of the control issues we have in the smaller units.

I don't think that these are material in the context of the Group as a whole but we do have a rash of issues in some of our smaller operations to sort out. So that is something which is getting attention at the moment. Andrew over to you.

Andrew Macfarlane - *Rentokil Initial plc - CFO*

In terms of interest David, you're right in that our plan had been to try and refinance the whole of the GBP250 million maturing bond and I thought we'd probably have to pay about 10% interest on that. In the event, we've done GBP125 million and the notes we've issued have been linked to LIBOR rather than fixed rate. I don't think -- well we've got no plans to do any more capital markets issuance in the short-term.

So when I look ahead to next year, assuming that the cuts in base rate feed through into LIBOR, then it's possible that interest rates -- the interest charge will just be flat next year.

David Hancock - *Morgan Stanley - Analyst*

Great, thank you very much.

Operator

(Operator Instructions). Mr. Brown, it appears we have no further questions at this time.

Alan Brown - *Rentokil Initial Plc - CEO*

Gentlemen, many thanks for your interest -- continued interest in Rentokil Initial. I look forward to telling you more about our odyssey at the prelims in February next year. Bye-bye.

Operator

Thank you, this will conclude today's conference call. Thank you for your participation ladies and gentlemen. You may now disconnect.

Nov. 07. 2008 / 4:00AM, RTOKY - Q3 2008 Rentokil Initial plc Trading Update Conference Call

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2008, Thomson Financial. All Rights Reserved.