

Rentokil Initial

Annual General Meeting

14 May 2014

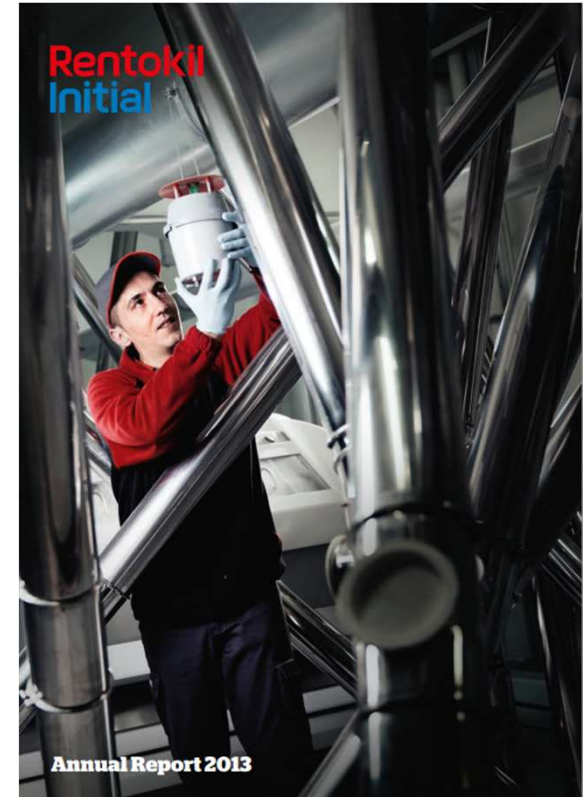




Welcome and Introduction

John McAdam
Chairman

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Overview

John McAdam
Chairman



2013 Highlights and Q1 Results 2014

Andy Ransom
Chief Executive

2013

At constant exchange rates

- Revenue £2.3bn (+3.2%), reflecting largely contribution from Western acquisition:
 - Quarter-on-quarter improvement in organic growth in core businesses: +1.1% in Q4, +0.5% for the year
- Adjusted operating profit up 4.1% to £257m
- Profit before tax £122.6m at AER (+13.8%); 2012 impacted by refinancing one-off
- Operating cash flow £141.2m, down £53.6m due to working capital outflows and increased restructuring & capex costs
- Further expansion of global pest control presence through acquisition of 19 bolt-ons with combined revenues of £19m
- Recommended final dividend of 1.61p; full year dividend of 2.31p (+10% increase)

Solid financial performance despite ongoing economic challenges

Disposal of Initial Facilities to Interserve Plc

- Indicated in 2013 that Initial Facilities was non-core: site based, UK-centric and sub-scale
- Proceeds reflect a fair price based on market multiples
- Combined with 2013 sale of City Link, group can now focus on three core categories of **pest control**, **hygiene** and **workwear**
- Significantly improves underlying financial metrics of group (net operating margins and APBITA growth) except for short-term EPS
- Sale proceeds - £250m cash - to enhance capability to fund M&A, pursue progressive dividend policy and pay down debt



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THE **R**IGHT WAY

A Differentiated Plan for Shareholder Value



Introduction

1. Business Context

- Last five years – significant investment to address business challenges
 - Major operational progress
 - But financial performance held back while changing organisation, systems and ways of working
 - Challenging economic back-drop

2. The New Plan: The RIGHT Way

- Building on the platform
- Clear on **how** we will run the business to deliver profitable growth
 - Focus: a new model
 - A differentiated plan to drive growth strategies and investment decisions

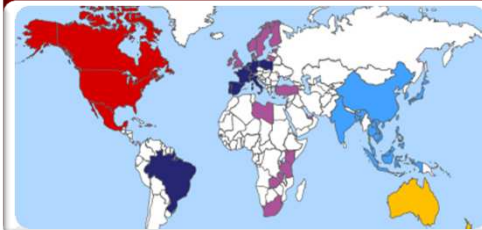
3. Medium-Term Objectives

- Mid-single digit revenue growth, supported by M&A
- High-single digit profit growth, leveraging revenue ambitions
- Significant sustainable improvement in free cash flow:
 - M&A investment ~£50m pa
 - Progressive dividend policy
 - Incremental reduction in debt

The Rentokil Initial Model

The New Plan

Our Business Organisation



Strong Regional Businesses

- Europe
- North America
- Asia
- Pacific
- UK & Rest of World

Our Core Competencies



Category Leadership



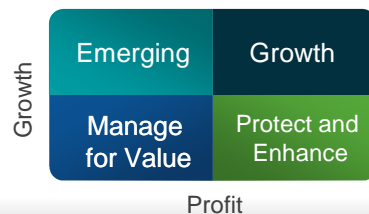
Our Colleagues As Experts

Lean, Multi-Business Ops



Managing for Profitable Growth

Differential Strategies



Enhanced by focused M&A

Six Operational Growth Levers

- Targeting our Offer
 - Where to Play
 - Mastering our Markets
- Sales Effectiveness
 - Building the Pipeline
 - Sales Brilliance
- Retention & Growth
 - Delivering Our Promise
 - Engaging Our Customers

Category Leadership

Focused On Three Core Categories



Rentokil Pest Control



- Our Lead Category
 - Worldwide market leadership
 - Leading player in most markets
 - Tangible differentiation
- The Engine for Growth
 - Vehicle for new market entry
 - The US opportunity

Initial Hygiene



- Complementary to Pest
 - Linked offer in Environmental Health
 - Similar skill sets for colleagues
 - Compatible operational model
- Strong contribution to profit & cash
 - Shared management and overhead
 - Good gross margins
 - Leadership positions outside Europe

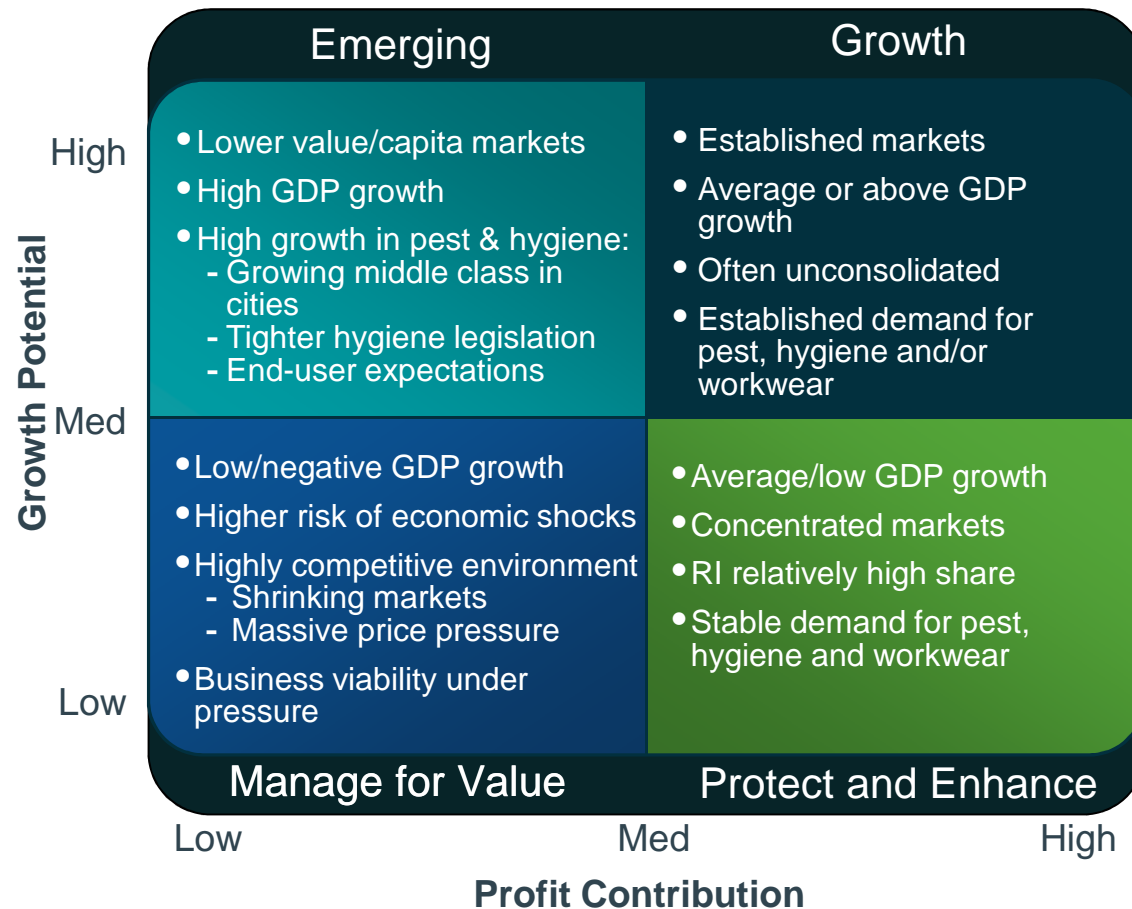
Initial Workwear



- A good business to be in
 - Leading player in European Textiles
 - Strong position in Workwear
 - Opportunity in Cleanroom
 - Good profit generation
- A complementary fit with Hygiene
 - Shared brand with linked service
 - Integrated route-based operations

Using our Business Profiling Matrix....

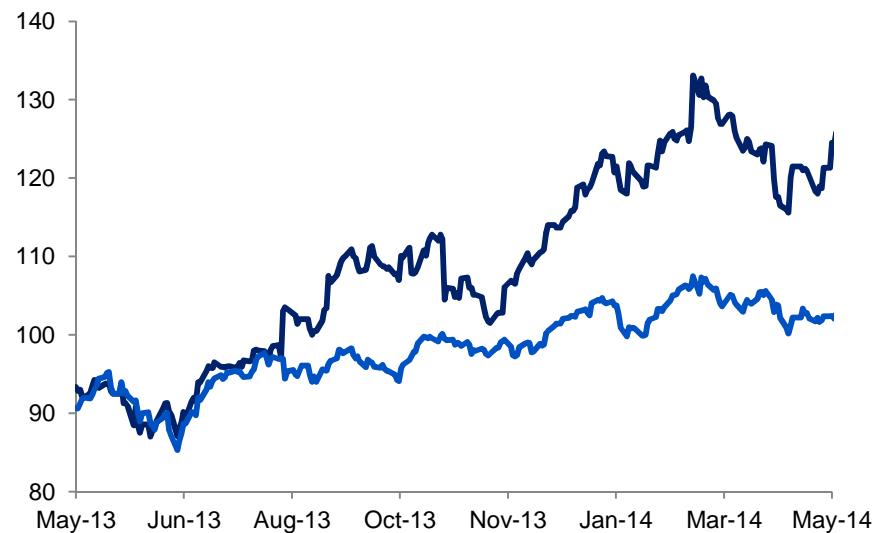
...to flex business strategies



- Relative emphasis on growth levers
 - Targeting our offer to right customers
 - Sales effectiveness
 - Retention and growth initiatives
- Portfolio management to deliver balanced shareholder return
 - Setting growth, profit & investment objectives by quadrant
 - Differential IRR hurdles for acquisitions and investment
 - Targeted acquisitions

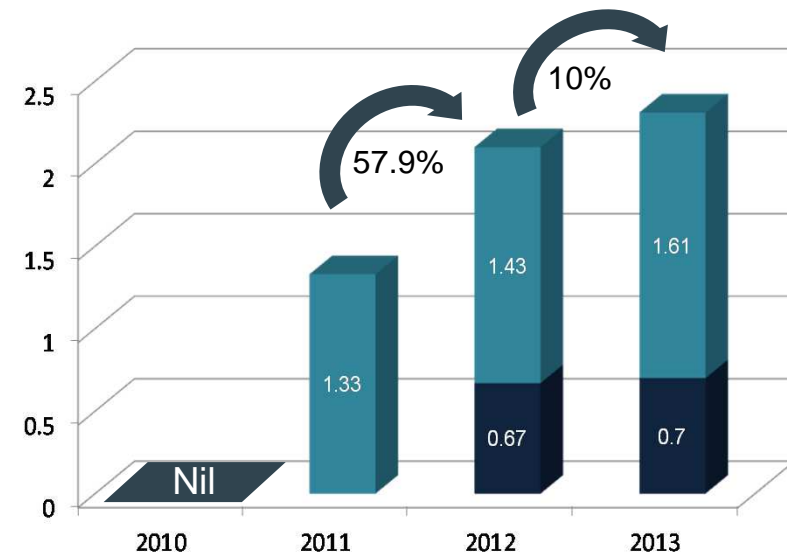
Share Price Performance and Dividend Progression since 2013 AGM

■ RTO Share Price
■ FTSE 250



33% increase in share price

■ Interim
■ Final



10% increase in dividend

Total shareholder return over 36% over last 12 months

Rentokil Initial plc Pension Scheme

- **2006:** pension scheme investment strategy changed to remove investment risk and address 35% deficit:
 - c £320m in contributions paid into the scheme; change in investment strategy creating significant value despite financial markets turbulence
- **2014:** pension in strong position - worth c.£1.2bn and just over 100% funded on an ongoing basis
- Post 2013 valuation agreement reached between Company and Trustee that:
 - Returns generated on scheme's assets probably sufficient to meet current liabilities negating need for further contributions
 - Annual payment of £3.2m over the next three years to be paid to an escrow account
 - Should scheme be over 100% funded at the next triennial valuation, funds held in escrow to be released back to the Company

Q1 2014 Trading Update

At constant exchange rates

- Organic revenue +0.4% driven by:
 - Strong growth in Emerging (+8.8%) and Growth (+2.2%) market quadrants
 - Acquisitions (in Emerging and Growth quadrants) contributing 1% to revenue, while disposals (Belgian Flat Linen and Korean JV) reduced revenue by 2%
 - But held back, as expected, by lower revenues in Protect & Enhance (1.7%), particularly the Benelux (-5.8%)
- Restructuring and one-off costs for continuing operations significantly lower in Q1 at £2.1m versus £5.1m last year resulting in an increase in profit before tax of 21.7%
- Cash flow performance on track to deliver significant improvement this year
- Further expansion of global pest control presence through acquisition of 10 businesses with expected revenue impact this year of £22.4m

**Q1 revenue, profit and cash in line with our expectations...
...we remain confident in making further progress this year**

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John McAdam
Chairman

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Questions

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Formal Business
Resolutions

Formal Business - Resolutions

1. To receive the directors' report and accounts
2. To approve the directors' remuneration policy report
3. To approve the directors' annual remuneration report
4. To declare a final dividend
5. To re-elect John McAdam as a director
6. To re-elect Peter Bamford as a director
7. To re-elect Richard Burrows as a director
8. To re-elect Alan Giles as a director
9. To re-elect Peter Long as a director
10. To re-elect Andy Ransom as a director
11. To re-elect Angela Seymour-Jackson as a director
12. To re-elect Jeremy Townsend as a director
13. To appoint KPMG LLP as the Company's auditor
14. To authorise the directors to agree the auditor's remuneration
15. To authorise calling a general meeting on 14 days' notice
16. To authorise the directors to allot shares
17. To disapply statutory pre-emption rights
18. To authorise the board to make market purchases of its own shares
19. To authorise the making of political donations

Voting

- Please complete your poll card by ticking the relevant box
- Please place your completed poll card in one of the ballot boxes on exit
- The poll result will be announced tomorrow morning

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Annual General Meeting

Thank you for attending
14 May 2014

