



**UBS Support Services Conference
20 September 2006**

**Doug Flynn - CEO
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Key Themes

- Good progress against our priorities to restart top line growth and improve customer retention
- Building stronger strategic positions in key markets through structural changes and acquisitions
- Focus moving to productivity and process improvement initiatives
- Stronger and fitter – but still much to do

First Half Highlights

- First half in line with expectations
- Substantial one-offs
- Performance improvement initiatives progressing
- Customer retention up
- City Link transformation
- Platform for growth in US pest control
- Asia Pacific investment
- Disposal of guarding; closure of UK textiles

Financial Summary

Continuing operations
Actual exchange rates

	Q2		H1	
	2006	vs LY	2006	vs LY
Revenue (£m)	523.6	+11.9%	1,018.6	+11.1%
Operating profit ¹ (£m)	71.1	-1.5%	132.3	-9.3%
Interest/associates (£m)	(9.5)	+41.4%	(19.8)	+23.6%
PBTA ² (£m)	61.6	+10.0%	112.5	-6.2%
Profit before tax (£m)	55.9	+9.2%	102.1	-6.8%
EPS (pence)			4.09	-6.8%
DPS (pence)			2.13	-
Free cash flow			44.0	-53.4%

¹ Before amortisation and exceptional items

² Profit before tax, amortisation and exceptional items

Profit Before Tax & Amortisation

Continuing operations
Constant exchange rates

	Q2		H1	
	2006	vs LY	2006	vs LY
	£m	%	£m	%
Profit before tax	56.0	+8.5	101.8	-7.2
<i>Add back:</i> Exceptional costs	-	-	-	-
Amortisation	5.6	+12.0	10.3	-1.0
PBTA	61.6	+8.8	112.1	-6.7
<i>Add back:</i> One-off costs charged against operating profit	3.1	-50.0	6.6	-8.3
Adjusted PBTA	64.7	+3.0	118.7	-6.8
Effect of acquisitions on PBTA ¹	3.5		3.8	

¹ PBTA in 2006 from 2006 acquisitions and incremental benefit of 2005 acquisitions. See appendix for details.

Revenue Trends

	%			
	Headline		Organic	
	Q2	H1	Q2	H1
Textiles & Washroom Services	-1.2	-0.1	-1.4	-0.8
Pest Control	+42.6	+28.8	-1.5	+1.1
Tropical Plants	+2.9	+5.1	+0.8	+1.9
Electronic Security	+3.0	+7.5	-4.4	-0.7
City Link	+48.6	+42.3	+9.5	+11.1
Facilities Services	+10.1	+12.0	+8.6	+10.4
Asia Pacific	+6.3	+6.4	+4.6	+5.3
Other	+2.6	+3.2	+2.6	+3.2
	<u>+11.1</u>	<u>+10.5</u>	<u>+1.9</u>	<u>+3.5</u>

Adjusted PBTA

Constant exchange rates	Q1		Q2		H1	
	£m	%	£m	%	£m	%
Textiles & Washroom Services	27.4	-16.5	27.9	-21.0	55.3	-18.8
Pest Control	14.3	-5.3	19.1	+14.4	33.4	+5.0
Tropical Plants	0.8	-27.3	1.4	-26.3	2.2	-26.7
Electronic Security	7.6	-5.0	8.7	-8.4	16.3	-6.9
City Link	5.7	+9.6	8.0	+11.1	13.7	+10.5
Facilities Services	7.5	-20.2	7.6	+2.7	15.1	-10.1
Asia Pacific	5.0	-9.1	5.6	-5.1	10.6	-7.0
Other	2.9	-6.5	3.1	-3.1	6.0	-4.8
Central costs	(6.8)	-13.3	(7.3)	+9.9	(14.1)	-
Group operating profit¹	64.4	-13.2	74.1	-6.2	138.5	-9.6
Associates	0.6	-	0.5	-28.6	1.1	-15.4
Interest	(11.0)	-6.8	(9.9)	+41.4	(20.9)	+23.2
Adjusted PBTA	54.0	-16.3	64.7	+3.0	118.7	-6.8

¹Before customer list amortisation

Recap of Priorities for 2006

Strategic

- Active business portfolio management
- Systematic growth plans for all businesses

People and structure

- Establish high performance, outward looking, innovative culture
- Develop & upgrade next management level
- Introduce appropriate incentives

Operations

- Progress performance improvement initiatives
- Productivity improvements
- Return to growth trajectory through marketing & sales effectiveness

Active Portfolio Management

Acquisitions

- JC Ehrlich (US pest)
- Pink (Aust. washroom)
- CWS branded AsiaPac washroom & dustmat
- 4 City Link franchises
- 13 bolt-ons

Total consideration:
£128m

Disposals

- Manned guarding
 - UK
 - Canada
 - USA
 - Belgium

Total proceeds:
£150m

Note: as at 24 August 2006

Removing Corporate Clutter

- 75 surplus properties
- UK textiles surplus properties
- Other minor businesses exited
 - Ailsa environmental remediation
 - UK timber preserving
- Sale of Felcourt

Note: as at 24 August 2006

City Link

Transformation from hub/trunker operator to integrated parcels business ahead of schedule

- Expected to be completed in 2007
- Franchise buy-back
 - At 30 June owned 41 of 70 branches
- Customer-facing structure being introduced
 - Regional customer centres
 - Integrated systems from consignor to consignee
- Continuing to take market share
 - H1 parcel volume up 10% vs 4% estimated market growth in our sector

Asia Pacific

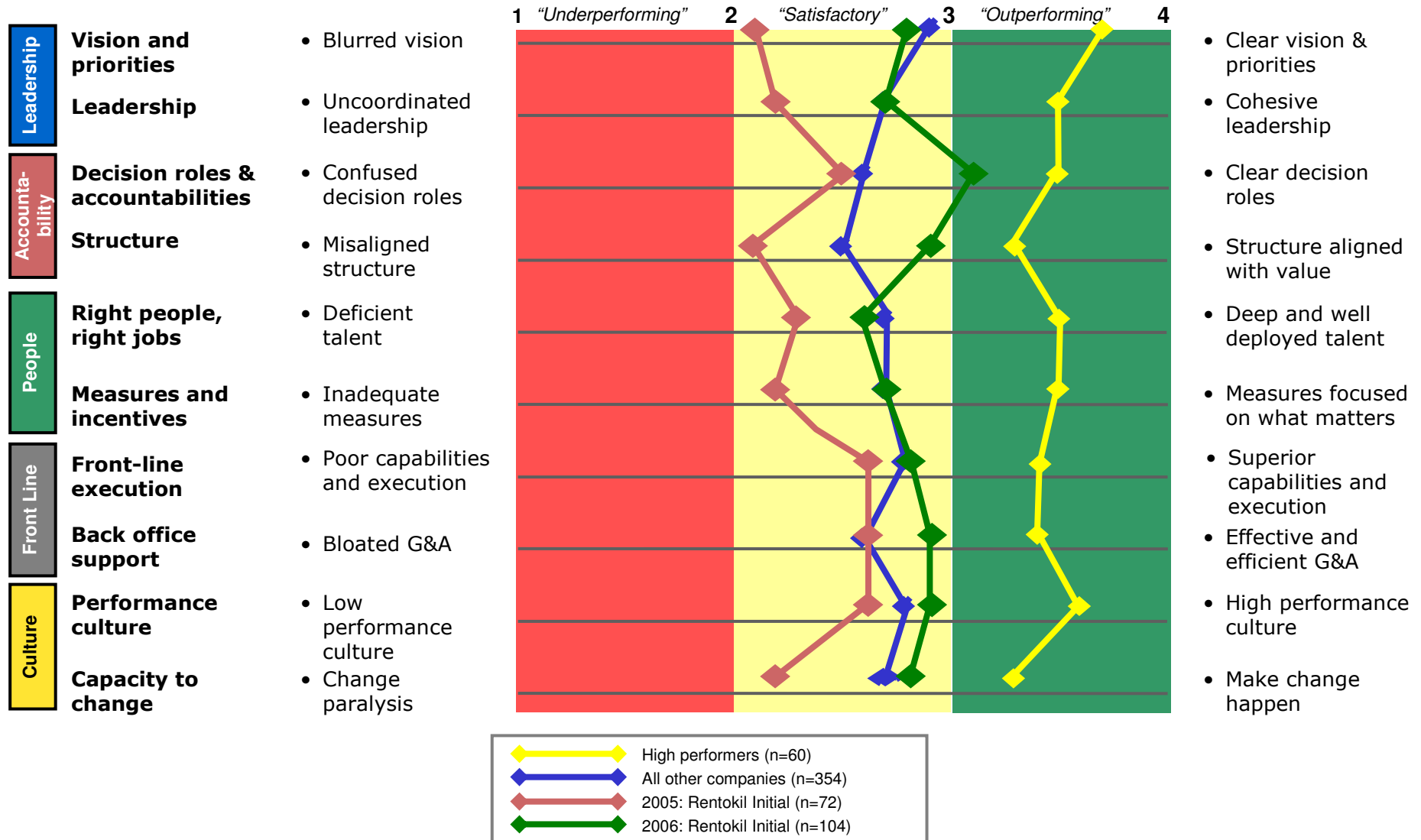
Transforming scale, market position and shape to allow us to play bigger and more dynamic role in rapidly growing region

- Strong senior management team
- Develop and upgrade next management level
- Acquisitions to build strategic positions
 - Pink Healthcare
 - CWS branded washroom and dust mat business
 - Other key deals in Taiwan, China, Singapore and New Zealand

People & Structure

- Culture
 - Leadership development
 - Creating high performance, customer focused culture; still a long way to go to embed throughout company
- Develop and upgrade next management level
 - Leadership evaluation completed
 - Key appointments at business unit head level
- Introduce appropriate incentives
 - LTIP approved by shareholders at AGM in May

Changing Culture



Sources : Rentokil Initial organisation survey – self-reported (May 2005, May 2006); Benchmark data - Bain & Company high performance organisation database (n=414) – March 2006

Major Performance Improvement Projects

French Textiles

Build upon strong strategic position to create more dynamic, efficient and commercially capable operations

- Reorganisation complete; yet to achieve full benefits
- Improvement in retention
- Mid-year price increases to recover higher fuel/energy costs
- Some signs of volume recovery with existing customers
- Improvement in processing productivity

Major Performance Improvement Projects

UK Washroom

Rebuild quality washroom services business and fully integrate old operations with processes which will deliver customer needs effectively

- Winning new business – new sales up year-on-year
- Improvement in productivity of service and field sales
- Retention being impacted by combined washroom/textiles customers
- Branch reduction: 50 → 35 → 20
- CRM and service enquiries being centralised
- Systems integration to be completed in Q4

Major Performance Improvement Projects

UK Pest Control

Recapture the high ground; retain and win customers through service knowledge and customer focus with efficient delivery

- New management team
- Changes planned now deeper and more wide-reaching
- Solid upward trend in retention
- Early signs of revenue growth
- Reversing downward trend in large customer accounts
- Management layer removed

Major Performance Improvement Projects

European Washroom

Create revitalised, efficient and customer focused growing business

- Integration complete
- New lines of business and new products introduced
- Portfolio gains in some markets
- Efforts to increase number of customers having some success
- Some markets reorganised

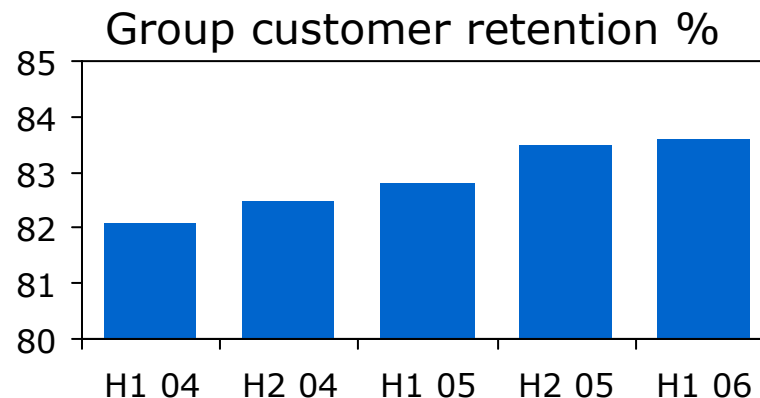
Productivity and Process Improvements

Opportunity to improve quality, customer responsiveness and costs through processes we employ

- Administrative efficiency - 'Work Smarter'
- Service efficiency
- Processing and site rationalisation
- Management efficiency
- Head office activities and headcount
- Sales efficiency and routes to market

Customer Retention

- Actions taken resulted in good progress in some businesses
 - European pest control
 - European washroom
 - Some parts of Asia Pacific
- Overall improvement in retention for fifth consecutive half



- Continues to be important area for attention
 - Absolute value
 - Indicator of health of service business
 - Lead indicator of sales

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Outlook

- H2 textiles & washroom services profit likely to be broadly flat with H1
- Other divisions expected to demonstrate improving profit trends during H2
- Anticipate return to modest PBTA growth in 2007 as result of initiatives taken
- Expect to maintain dividend in 2006