



Annual General Meeting

**Focus on customer service and
operational excellence**





Andrew Macfarlane

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operational excellence**



2007 Group Overview



- Revenue up 20.3% to £2,216.7m
- Adjusted operating profit up 8.8% to £280.8m
- Adjusted PBTA up 1.1% to £211.4m
- Profit before income tax from continuing operations of £142.0 million (2006: £165.4 million)
- Total dividend maintained at 7.38p
- Performance from Textiles & Washroom, Pest Control, Asia Pacific, Facilities Services and Ambius divisions in line with expectation
- Overall group performance marred by City Link

City Link – What Happened



- Financial performance in first nine months on target; problems evident in Q4 (profits: £16.6m below plan)
- Foundation for integration not solid enough: too much too soon
- Revenue decline: lower volumes and lower average prices
- High costs for Q4 peak season and service credits
- Continuing in Q1 – substantial loss expected for 2008
 - but recent signs of improvement in customer service

Textiles & Washroom – Progress in 2007



- Performed better in 2007 – flat profits (after 18.8% decline in 2006)
- Greater focus on higher margin segments
- Operational improvements: France and new facilities
- Market is very price competitive
- Physical restructuring complete in UK Washroom, but a long way to go

Rentokil Pest Control – Progress in 2007



- Establishing growing presence in USA: the world's largest market
- New sales driving European growth
- New UK structure in place: revenue growing, but profits lagging
- We have a global opportunity in pest control

Facilities Services – Progress in 2007



- **Cleaning:** increased contract volumes and portfolio growth from acquisitions
 - Encouraging progress with cleaning service initiatives: “Rapid” and “SmartClean”
 - But still a tough market, as we’ve seen in Q1
- **Catering/Hospital Services:** active client profitability management
 - Exited unprofitable contracts
 - Procurement initiatives to counter rising food and distribution costs
- **Divisional profits up £7.7m**

Ambius – Progress in 2007



- Successfully launched Ambius brand throughout Europe
 - N. America completed Q1 2008
 - Customer and employee feedback very positive
- US: record Christmas sales despite some signs of economic downturn
- Expansion of service offering
 - Exploring a range of options to access bigger market opportunity than plants
 - Ambient scenting in US and Europe, artwork, fresh fruit delivery in Europe
- New management addressing performance issues in UK

Asia Pacific – Progress in 2007



- Pest control showing good growth
- Entered Chinese residential pest control market
- Launched service extensions
- Website launches
- 7.1% group revenue in 2007 (2006: 5.5%): expanding footprint in growth markets
 - Inc. Korea, India, Brunei, China and Macau



- Revenue up 6.6% to £553.6m
- Adjusted operating profit £28.7m (2007: £54.0m)
- Adjusted profit before income tax £14.6m (2007: £35.4m)
- Overall group performance marred by City Link which lost £15.4m
 - Profits from other businesses up 1%
- 2007 dividend will still be paid, subject to this AGM, but expect to reduce significantly thereafter
- Performance from Textiles & Washroom, Pest Control, Asia Pacific, Facilities Services and Ambius divisions in line with expectation
 - but some operational issues: integration in Australia and debtor days in UK

Note: at constant 2007 exchange rates



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