Rollins, Inc. Reports Record Third Quarter Financial Results

10th Consecutive Quarter of Improved Earnings Results

ATLANTA, Oct. 22 /PRNewswire-FirstCall/ -- Rollins, Inc. (NYSE: ROL), a premier North American consumer and commercial services company, today reported unaudited financial results for the third quarter ended September 30, 2008. Revenues grew 16.7% to $277.9 million compared to $238.1 million for the third quarter ended September 30, 2007. Revenue growth excluding our recent acquisition of HomeTeam Pest Defense improved 2.6%(1).

The Company recorded net income of $19.8 million or $0.20 per diluted share for the third quarter ended September 30, 2008, compared to $18.8 million or $0.19 per diluted share for the third quarter ended September 30, 2007, a 5.5% increase. EBITDA increased 11.5% for the same period(2).

During the quarter, the Company repurchased 51,400 shares of common stock at a weighted average price of $16.85 per share, with a total of 550,175 shares repurchased year-to-date. In total, approximately 464,000 additional shares may be purchased under programs previously approved by the Board of Directors.

Commenting on the Company's results, Gary W. Rollins, President and Chief Executive Officer of Rollins, Inc. commented, "We were pleased to again report record results for the quarter. Commercial pest control revenue growth remains strong, though demand has weakened slightly in our residential pest control and termite control business.

"The strength of our business model and our ability to generate strong free cash flow mitigates some of the risks that many companies are experiencing from the turmoil of today's credit markets. These positive factors have allowed us to pay off $49 million of the $90 million we borrowed in April of this year to make the HomeTeam acquisition."

Mr. Rollins concluded, "It is difficult to know when the economy might rebound and the financial crisis will end; however we believe that we are well positioned to adjust our business to meet these uncertainties. We will continue our strategy to make prudent investments to grow our business both organically and through strategic acquisitions."

(1) Additional disclosure regarding this financial measure is included in the financial tables attached to this press release.
(2) EBITDA is a financial measure which does not conform to generally accepted accounting principles (GAAP). Additional disclosure regarding this non-GAAP financial measure is included in the attachment to this press release.

Rollins, Inc. is a premier North American consumer and commercial services company. Through its wholly owned subsidiaries, Orkin, Inc., PCO Services, HomeTeam Pest Defense, Western Pest Services, and The Industrial Fumigant Company, the Company provides essential pest control services and protection against termite damage, rodents and insects to over 2 million customers in the United States, Canada, Mexico, Central America, the Caribbean, the Middle East and Asia from over 500 locations. You can learn more about our subsidiaries by visiting our Web sites at www.orkin.com, www.pestdefense.com, www.westernpest.com, www.indfumco.com, and www.rollins.com. You can also find this and other news releases at www.rollins.com by accessing the news releases button.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This release contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include the Company's belief that it is well positioned to adjust its business to meet the economy's uncertainties; and that the Company will continue to make prudent investments to grow its business both organically and through strategic acquisitions. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including without limitation, general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's pest and termite process reforms and pest control selling and treatment methods; the Company's ability to identify and integrate potential acquisitions; climate and weather trends; competitive factors and pricing practices; potential increases in labor costs; uncertainties of litigation; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. A more detailed discussion of potential risks facing the Company can be found in the Company's Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2007.

ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$16,334</td>
<td>$81,821</td>
</tr>
<tr>
<td>Trade receivables, short-term</td>
<td>68,032</td>
<td>59,584</td>
</tr>
<tr>
<td>Accounts Receivable - Other</td>
<td>1,717</td>
<td>1,846</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>11,117</td>
<td>8,244</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>18,323</td>
<td>16,969</td>
</tr>
<tr>
<td>Other current assets</td>
<td>8,320</td>
<td>8,382</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>123,843</td>
<td>176,846</td>
</tr>
<tr>
<td>Equipment and property, net</td>
<td>77,963</td>
<td>77,633</td>
</tr>
<tr>
<td>Goodwill</td>
<td>182,834</td>
<td>126,577</td>
</tr>
</tbody>
</table>
Other Intangible Assets                       25,126             9,167
Customer Contracts                          125,354            65,641
Deferred income taxes                       8,309              12,588
Trade receivables, long-term                9,009              8,921
Prepaid Pension                             18,259              -
Other assets                                 6,604              6,039
Total Assets                                $577,301          $483,412

LIABILITIES
Loans outstanding                           $41,500          $    -       
Capital leases                               661              1,240
Accounts payable                            20,037            15,637
Accrued insurance                           14,855            13,277
Accrued compensation and related liabilities 53,842            49,352
Other current liabilities                    52,294            49,352
Unearned revenue                            99,297            90,191
Total Current Liabilities                   259,486           196,635
Capital leases, less current portion         360              881
Accrued pension                              -              6,946
Long-term accrued liabilities                54,394            54,288
Total Liabilities                           314,240           258,750

STOCKHOLDERS' EQUITY
Common stock                                 100,864           101,184
Retained earnings and other equity          162,197           123,478
Total Stockholders' Equity                  263,061           224,662
Total Liabilities and Stockholders' Equity  $577,301          $483,412

ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30,
(in thousands except per share data)
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Third Quarter Ended</th>
<th>Nine Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer services</td>
<td>$277,911</td>
<td>$238,116</td>
</tr>
<tr>
<td>COSTS AND EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services provided</td>
<td>145,415</td>
<td>123,029</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>9,031</td>
<td>6,885</td>
</tr>
<tr>
<td>Sales, general and administrative</td>
<td>91,440</td>
<td>78,154</td>
</tr>
<tr>
<td>(Gain)/loss on sales of assets</td>
<td>(154)</td>
<td>(17)</td>
</tr>
<tr>
<td>Interest (income)/expense, net</td>
<td>174</td>
<td>(466)</td>
</tr>
<tr>
<td>INCOME BEFORE TAXES</td>
<td>245,906</td>
<td>207,585</td>
</tr>
<tr>
<td>PROVISION FOR INCOME TAXES</td>
<td>32,005</td>
<td>30,531</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>$19,804</td>
<td>$18,765</td>
</tr>
<tr>
<td>NET INCOME PER SHARE - BASIC</td>
<td>$0.20</td>
<td>$0.19</td>
</tr>
<tr>
<td>NET INCOME PER SHARE - DILUTED</td>
<td>$0.20</td>
<td>$0.19</td>
</tr>
<tr>
<td>Weighted average shares outstanding - basic</td>
<td>99,233</td>
<td>99,912</td>
</tr>
<tr>
<td>Weighted average shares outstanding - diluted</td>
<td>100,096</td>
<td>100,977</td>
</tr>
</tbody>
</table>
ROLLINS, INC. AND SUBSIDIARIES
RECONCILIATION
REVENUE EXCLUDING HOMETEAM PEST DEFENSE

Three Months Ended
September 30, 2008  2007  \$Better/  %Better/
                     (Worse)  (Worse)
Net Revenues        $277,911  $238,116  $39,795    16.7 %
Less: Revenues from
HomeTeam Pest Defense  33,499   -   33,499
Revenue Excluding
HomeTeam Pest Defense $244,412  $238,116   $6,296    2.6 %

ROLLINS, INC. AND SUBSIDIARIES
RECONCILIATION
REVENUE EXCLUDING HOMETEAM PEST DEFENSE

Nine Months Ended
September 30, 2008  2007  \$Better/  %Better/
                     (Worse)  (Worse)
Net Revenues        $772,488  $678,966  $93,522    13.8 %
Less: Revenues from
HomeTeam Pest Defense  67,237   -   67,237
Revenue Excluding
HomeTeam Pest Defense $705,251  $678,966  $26,285    3.9 %

ROLLINS, INC. AND SUBSIDIARIES
RECONCILIATION
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

Three Months Ended
September 30, 2008  2007  \$Better/  %Better/
                     (Worse)  (Worse)
Net Income          $19,804  $18,765  $1,039    5.5 %
Add: Provision For Income Taxes  12,201  11,766   435    3.7
Interest (income)/ Expense  174  (466)   640  137.3
Depreciation and Amortization  9,031  6,885  2,146  31.2
EBITDA              $41,210  $36,950  $4,260  11.5 %

ROLLINS, INC. AND SUBSIDIARIES
RECONCILIATION
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

Nine Months Ended
<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>$Better/ %Better/</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$56,381</td>
<td>$52,797</td>
<td>$3,584 6.8 %</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision For Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>35,699</td>
<td>33,892</td>
<td>1,807 5.3</td>
</tr>
<tr>
<td>Interest (income)/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expense</td>
<td>(152)</td>
<td>(1,540)</td>
<td>1,388 90.1</td>
</tr>
<tr>
<td>Depreciation and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>24,347</td>
<td>20,482</td>
<td>3,865 18.9</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$116,275</td>
<td>$105,631</td>
<td>$10,644 10.1 %</td>
</tr>
</tbody>
</table>

CONFERENCE CALL ANNOUNCEMENT
Rollins, Inc. (NYSE: ROL)

Management will hold a conference call to discuss Third Quarter results on:

Friday, October 24, 2008 at:
10:00 a.m. Eastern
9:00 a.m. Central
8:00 a.m. Mountain
7:00 a.m. Pacific

TO PARTICIPATE:
Please dial 866-249-5225 domestic;
303-262-2161 international at least 5 minutes before start time.

REPLAY: available through November 1, 2008 (11:59PM) ET
Please dial 800-405-2236/303-590-3000, Pass code: 11121303
THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT
www.viavid.net

SOURCE Rollins, Inc.