Rollins, Inc. Reports Fourth Quarter and Full-Year 2008 Financial Results

Company Records Revenues of $1.0 Billion for Full Year; 11th Consecutive Quarter of Improved Earnings Results

-- Revenue increased 14.9% for the quarter and 14.0% for full year, including the effect of acquisitions

-- Net income up 5.2% for the quarter and 6.5% for the full year

-- Earnings per diluted share rose 8.3% for the quarter to $0.13 from $0.12 and 7.8% to $0.69 from $0.64 for the full year

ATLANTA, Jan. 28 /PRNewswire-FirstCall/ -- Rollins, Inc. (NYSE: ROL), a premier North American consumer and commercial services company, today reported unaudited financial results for its fourth quarter and year ended December 31, 2008.

The Company recorded fourth quarter revenues of $248.1 million, an increase of 14.9% over the prior year's fourth quarter revenue of $216.0 million. The increase was primarily due to revenues from HomeTeam Pest Defense. Revenue growth excluding the April 2008 acquisition of HomeTeam Pest Defense improved 0.2%(1). Revenue growth in the 4th quarter was impacted somewhat by the poor economic conditions as well as the decline in the Canadian dollar.

Net income increased 5.2% to $12.6 million or $0.13 per diluted share for the fourth quarter ended December 31, 2008, compared to $11.9 million or $0.12 per diluted share for the same period in 2007. EBITDA increased 28.4% for the quarter(2).

During the fourth quarter, the Company repurchased 835,300 shares of common stock at a weighted average price of $15.57 per share, with a total of 1,385,475 shares repurchased in 2008.

For the year-ended December 31, 2008, revenues rose 14.0% to slightly over $1.0 billion, compared to $894.9 million for the prior year. This increase is principally due to the Company's efforts to increase its commercial business, an increase in the number of sales, while maintaining customer retention and the acquisition of HomeTeam. Excluding the revenue of HomeTeam Pest Defense, revenues for the year improved 3.0%(1).
Rollins' net income for the full year rose 6.5% to $68.9 million, or $0.69 per diluted share, compared to net income of $64.7 million, or $0.64 per diluted share for the prior year. EBITDA increased 13.5% for full year 2008(2).

Rollins' balance sheet continued to grow with total assets increasing to $572.5 million and stockholder's equity of $228.4 million.

Gary W. Rollins, President and Chief Executive Officer of Rollins, Inc. stated, "We are pleased with the results we have achieved for both our fourth quarter and full year. Despite the tough economy, we made headway this year growing our revenues and increasing our profitability. In addition, we achieved a milestone this year when the Company's revenues topped $1.0 billion for the first time. We continued to see the benefits from our program investments, which have generated improved sales growth as well as improved service efficiency".

"Our strong balance sheet has allowed us to continue our plan to make strategic acquisitions. HomeTeam Pest Defense has been a great addition to our Company. We are extremely pleased with the contributions that HomeTeam has made to our revenues and profits. They have exceeded our expectations, and we look forward to them playing a significant role in the company going forward."

Mr. Rollins concluded, "It is difficult to determine when the economy will turnaround and the financial crisis will end; however we believe that we are well positioned to respond appropriately and adjust our business to meet these uncertainties. We will continue our plan to make prudent investments to grow our business both organically and through strategic acquisitions. We are positive about our Company's opportunities in the new year."

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 expectation that Home Team Pest Defense will play a significant role in our growth strategy going forward; the Company believes that it is well positioned to adjust its business to meet uncertainties in the economy; the Company's plan to continue its strategy to make prudent investments to grow its business both organically and through strategic acquisitions; and the Company's excitement about its opportunities in the new year. 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.

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

At December 31, (unaudited) 2008 2007

ASSETS
Cash and cash equivalents $13,716 $71,280
Trade receivables, short-term 56,884 52,618
Accounts Receivable - Other 2,185 1,839
Materials and supplies 10,893 8,846
Deferred income taxes 20,018 17,162
Other current assets 13,142 8,495
Total Current Assets 116,838 160,240

Equipment and property, net 78,625 77,370
Goodwill 187,266 126,684
Other Intangible Assets 25,719 9,232
Customer Contracts 129,092 63,056
Deferred income taxes 17,886 7,576
Trade receivables, long-term 11,124 8,409
Prepaid Pension - 16,624
Other assets 5,967 6,037
Total assets 572,517 475,228

LIABILITIES
Loans outstanding $65,000 $ -
Capital leases 450 1,186
Accounts payable 18,782 19,140
Accrued insurance 15,404 13,505
Accrued compensation and related liabilities 56,334 45,910
Other current liabilities 28,569 26,587
Unearned revenue 88,288 81,678
Total Current Liabilities 272,827 188,006

Capital leases, less current portion 171 601
Accrued pension                             20,353  
Long-term accrued liabilities               50,733  53,068  
Total Liabilities                           344,084 241,675  

STOCKHOLDERS' EQUITY                       
Common stock                                 100,041 100,636  
Retained earnings and other equity          128,392 132,917  
Total Stockholders' Equity                  228,433 233,553  
Total Liabilities and Stockholders' Equity  $572,517 $475,228  

ROLLINS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands except per share data)
(unaudited)

Fourth Quarter Ended  Twelve Months Ended
December 31,         December 31,  

REVENUES  
Customer services             $248,076  $215,954  $1,020,564  $894,920  

COSTS AND EXPENSES  
Cost of services provided      133,050   117,199     534,494   468,665  
Depreciation and amortization    9,096     6,586      33,443    27,068  
Sales, general and administrative 84,120    74,633     339,078   296,615  
(Gain)/loss on sales of assets      23        61        (166)      (52)  
Interest (income)/expense, net     913      (749)        761    (2,289)  
227,202   197,730     907,610   790,007  

INCOME BEFORE TAXES                20,874    18,224     112,954   104,913  
PROVISION FOR INCOME TAXES          8,321     6,290      44,020    40,182  
NET INCOME                        $12,553   $11,934     $68,934   $64,731  

NET INCOME PER SHARE - BASIC        $0.13     $0.12       $0.69     $0.65  
NET INCOME PER SHARE - DILUTED      $0.13     $0.12       $0.69     $0.64  

Weighted average shares outstanding - basic 98,851 99,854 99,209 100,299  
Weighted average shares outstanding - diluted 99,659 101,051 100,081 101,409  

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

Three Months Ended Dec. 31, $Better/ %Better/  
2008  2007   ($Better/ ($Better/  

Net Revenues                   $248,076 $215,954  $32,122  14.9%  
Less: Revenues from HomeTeam Pest Defense 31,694 - 31,694  
Revenue Excluding HomeTeam Pest Defense $216,382 $215,954 $428 0.2%  

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

<table>
<thead>
<tr>
<th></th>
<th>Twelve Months Ended Dec. 31,</th>
<th>$Better/</th>
<th>%Better/</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
<td>(Worse)</td>
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<tr>
<td>Net Revenues</td>
<td>$1,020,564</td>
<td>$894,920</td>
<td>$125,644</td>
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<tr>
<td>Less: Revenues from</td>
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<tr>
<td>HomeTeam Pest Defense</td>
<td>98,931</td>
<td>-</td>
<td>98,931</td>
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<tr>
<td>Revenue Excluding</td>
<td></td>
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<tr>
<td>HomeTeam Pest Defense</td>
<td>$921,633</td>
<td>$894,920</td>
<td>$26,713</td>
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ROLLINS, INC. AND SUBSIDIARIES
RECONCILIATION

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended Dec. 31,</th>
<th>$Better/</th>
<th>%Better/</th>
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<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
<td>(Worse)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$12,553</td>
<td>$11,934</td>
<td>$619</td>
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<td>Add: Provision For</td>
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<tr>
<td>Income Taxes</td>
<td>8,321</td>
<td>6,290</td>
<td>2,031</td>
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<tr>
<td>Interest (Income)/</td>
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<tr>
<td>Expense</td>
<td>913</td>
<td>(749)</td>
<td>1,662</td>
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<td>Depreciation of</td>
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<tr>
<td>Fixed Assets</td>
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<td>3,276</td>
<td>580</td>
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<tr>
<td>Amortization of</td>
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<td></td>
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<tr>
<td>Intangible Assets</td>
<td>5,240</td>
<td>3,310</td>
<td>1,930</td>
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<tr>
<td>EBITDA</td>
<td>$30,883</td>
<td>$24,061</td>
<td>$6,822</td>
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ROLLINS, INC. AND SUBSIDIARIES
RECONCILIATION

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

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<th>Twelve Months Ended Dec. 31,</th>
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<th>%Better/</th>
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<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
<td>(Worse)</td>
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<tr>
<td>Net Income</td>
<td>$68,934</td>
<td>$64,731</td>
<td>$4,203</td>
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<tr>
<td>Income Taxes</td>
<td>44,020</td>
<td>40,182</td>
<td>3,838</td>
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<tr>
<td>Interest (Income)/</td>
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<tr>
<td>Expense</td>
<td>761</td>
<td>(2,289)</td>
<td>3,050</td>
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<tr>
<td>Depreciation of</td>
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<tr>
<td>Fixed Assets</td>
<td>14,205</td>
<td>13,677</td>
<td>528</td>
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<tr>
<td>Amortization of</td>
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<tr>
<td>Intangible Assets</td>
<td>19,238</td>
<td>13,391</td>
<td>5,847</td>
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<tr>
<td>EBITDA</td>
<td>$147,158</td>
<td>$129,692</td>
<td>$17,466</td>
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CONFERENCE CALL ANNOUNCEMENT
Rollins, Inc.
(NYSE: ROL)

Management will hold a conference call to discuss Fourth Quarter results on:
Wednesday, January 28, 2009 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 800-257-6566 domestic; 303-262-2161 international at least 5 minutes before start time.

REPLAY: available through February 4, 2009

Please dial 800-405-2236/303-590-3000, Passcode: 11124781

THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT www.viavid.net

Questions?

Contact Janet Jazmin at Financial Relations Board at 212-827-3777 Or email to jjazmin@financialrelationsboard.com

SOURCE Rollins, Inc.