Third Quarter 2023 Earnings Webcast Presentation

Rollins, Inc.

October 26, 2023

SAFE HARBOR

Statements made in this earnings presentation may contain forward-looking statements that involve risks and uncertainties concerning the Company’s business and financial results. We have based these forward-looking statements largely on our current opinions, expectations, beliefs, plans, objectives, assumptions and projections about future events and financial trends affecting the operating results and financial condition of our business. Such forward looking statements include, but are not limited to, statements regarding the Company's belief that the demand environment is healthy, the Company is focused on delivering strong growth in incremental margins, the Company remains well positioned to continue to drive growth through acquisition, the Company is focused on driving growth while evaluating several initiatives aimed at improving productivity, the Company is well positioned to continue to deliver strong results, that the Company is focused on executing additional programs that it believes will improve the efficiency of its business model, improvement in gross margin and current demand environment provides a sense of optimism, that the Company continues to focus on implementing continuous improvement initiatives that it believes will improve the efficiency of its business, the Company is evaluating a number of initiatives that are aimed at improving performance, the Company plans to invest for growth while actively maintaining balance across all categories of capital allocation, the Company’s current staffing levels respond to favorable demand trends and to accelerate modernization efforts, and the Company’s belief that it has a healthy pipeline of acquisitions and the Fox acquisition is leading to robust growth in M&A.

Our actual results could differ materially from those indicated by the forward-looking statements because of various risks, timing and uncertainties including, without limitation, the failure to maintain and enhance our brands and develop a positive client reputation; our ability to protect our intellectual property and other proprietary rights that are material to our business and our brand recognition; actions taken by our franchisees, subcontractors or vendors that may harm our business; general economic conditions; the effects of a pandemic, such as the COVID-19 pandemic, or other major public health concern on the Company's business, results of operations, accounting assumptions and estimates and financial condition; adverse economic conditions, including, without limitation, market downturns, inflation and restrictions in customer discretionary expenditures, increases in interest rates or other disruptions in credit or financial markets, increases in fuel prices, raw material costs or other operating costs; potential increases in labor costs; labor shortages and/or our inability to attract and retain skilled workers; competitive factors and pricing practices; changes in industry practices or technologies; the degree of success of our termite process reforms and pest control selling and treatment methods; our ability to identify, complete and successfully integrate potential acquisitions; unsuccessful expansion into international markets; climate change and unfavorable weather conditions; a breach of data security resulting in the unauthorized access of personal, financial, proprietary, confidential or other personal data or information about our customers, employees, third parties, or of our proprietary confidential information; damage to our brands or reputation; new or proposed regulations regarding climate change; any noncompliance with, changes to, or increased enforcement of various government laws and regulations, including environmental regulations; possibility of an adverse ruling against us in pending litigation, regulatory action or investigation; the adequacy of our insurance coverage to cover all significant risk exposures; the effectiveness of our risk management and safety program; general market risk; management's substantial ownership interest and its impact on public stockholders and the availability of the Company's common stock to the investing public; and the existence of certain anti-takeover provisions in our governance documents, which could make a tender offer, change in control or takeover attempt that is opposed by the Company's Board of Directors more difficult or expensive. All of the foregoing risks and uncertainties are beyond our ability to control, and in many cases, we cannot predict the risks and uncertainties that could cause our actual results to differ materially from those indicated by the forward-looking statements. The Company does not undertake to update its forward-looking statements.

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

The Company has used the non-GAAP financial measures of organic revenues, organic revenues by type, adjusted net income, adjusted earnings per share (“EPS”), earnings before interest, taxes, depreciation and amortization (“EBITDA”), EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, incremental EBITDA margin, adjusted incremental EBITDA margin, free cash flow, free cash flow conversion, net debt, and net leverage ratio in this earnings presentation. Organic revenue is calculated as revenue less acquisition revenue. Acquisition revenue is based on the trailing 12-month revenue of our acquired entities. Adjusted net income and adjusted EPS are calculated by adding back to the GAAP measures those expenses resulting from the amortization of certain intangible assets and adjustments to the fair value of contingent consideration resulting from the acquisition of Fox Pest Control and restructuring costs related to restructuring and workforce reduction plans and by further subtracting the tax impact of those expenses. EBITDA is calculated by adding back to net income interest, taxes, depreciation and amortization and EBITDA margin is calculated as EBITDA divided by revenue. Adjusted EBITDA and adjusted EBITDA margin are calculated by adding back to EBITDA those expenses resulting from the adjustments to the fair value of contingent consideration resulting from the acquisition of Fox Pest Control and restructuring costs related to restructuring and workforce reduction plans. Incremental EBITDA margin is calculated as the change in EBITDA divided by the change in revenue. Adjusted incremental EBITDA margin is calculated as the change in adjusted EBITDA divided by the change in revenue. Free cash flow is calculated by subtracting capital expenditures from cash provided by operating activities. Free cash flow conversion is calculated as free cash flow divided by net income. Net debt is calculated as total long-term debt less cash and cash equivalents. Net leverage ratio is calculated by dividing net debt by trailing twelve-month EBITDA. These measures should not be considered in isolation or as a substitute for revenues, net income, earnings per share or other performance measures prepared in accordance with GAAP.

Management uses adjusted net income, adjusted EPS, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, incremental EBITDA margin, and adjusted incremental EBITDA margin as measures of operating performance because these measures allow the Company to compare performance consistently over various periods. Management also uses organic revenues and organic revenues by type to compare revenues over various periods excluding the impact of acquisitions. Management uses free cash flow to demonstrate the Company’s ability to maintain its asset base and generate future cash flows from operations. Management uses free cash flow conversion to demonstrate how much net income is converted into cash. Management uses net debt as an assessment of overall liquidity, financial flexibility, and leverage. Net leverage ratio is useful to investors because it is an indicator of our ability to meet our future financial obligations. Management believes all of these non-GAAP financial measures are useful to provide investors with information about current trends in, and period-over-period comparisons of, the Company's results of operations. An analysis of any non-GAAP financial measure should be used in conjunction with results presented in accordance with GAAP.

A non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that either 1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows, or 2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

See the appendix for a reconciliation of non-GAAP financial measures used in this presentation with their most comparable GAAP measures.

THIRD QUARTER OVERVIEW

Q3 2023 FINANCIALS[1]

Revenue **$840M**	Revenue Growth **15.2%**
Gross Margin **53.8%**	Adjusted EBITDA Margin[1] **24.8%**
Adjusted Earnings Per Share[1] **$0.28**	Free Cash Flow[1] **$121M**

HIGHLIGHTS

- Delivered double-digit revenue growth across all service lines, organic revenue[1] was up over 8% and M&A drove 7% growth
- 150 bps improvement in gross margin. Organic and inorganic contributions
- Adjusted EBITDA[1] also improved 150 basis points driven by leverage across the P&L
- Free cash flow of $121 million impacted by timing of payments at quarter end

Strong Q3 Performance; Organic Revenue +8% and Margins Expanded by 150 bps

[1]These amounts are non-GAAP measures (see Appendix)

BALANCED 2023 OUTLOOK

WHAT WE ARE SEEING

Organic Growth
Healthy market growth and strong execution driving strong organic growth with good performance across all major service areas

Healthy Margin Performance
Good leverage across the income statement

Staffing Remains Strong
Entering the fourth quarter with very good staffing levels to respond to favorable demand trends

WHAT WE EXPECT

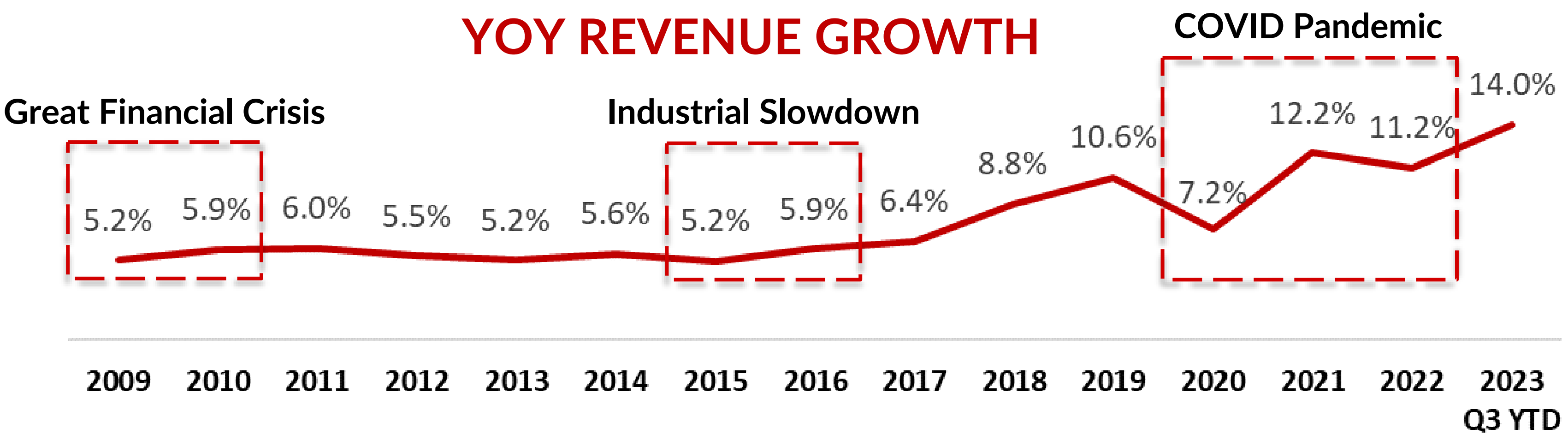
Continued Growth
Focused on delivering strong growth in Q4

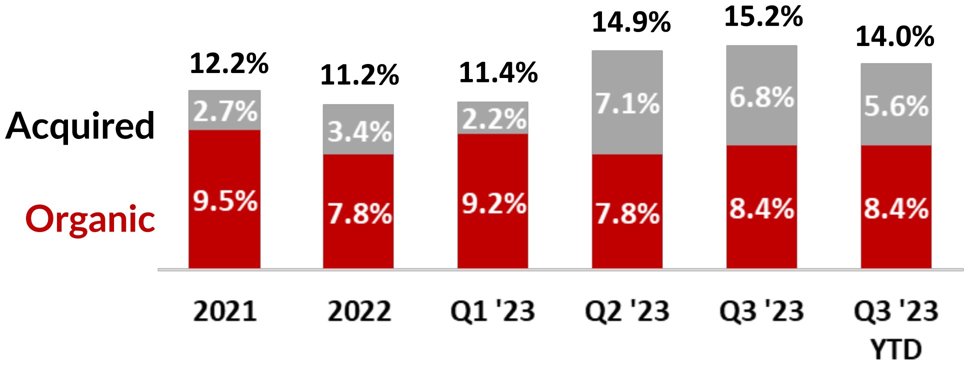
Margin Expansion Opportunities
Continued execution of modernization program in Q4 and beyond

Disciplined Capital Allocation
Investing for growth while actively maintaining balanced approach to capital allocation

Focused on Delivering Continued Growth in the Fourth Quarter

REVENUE GROWTH TRENDS





Resilient Business Model Drives Consistent Growth

HIGHLIGHTS

Resilient business that has grown through economic cycles

Growth acceleration began pre-COVID and has continued

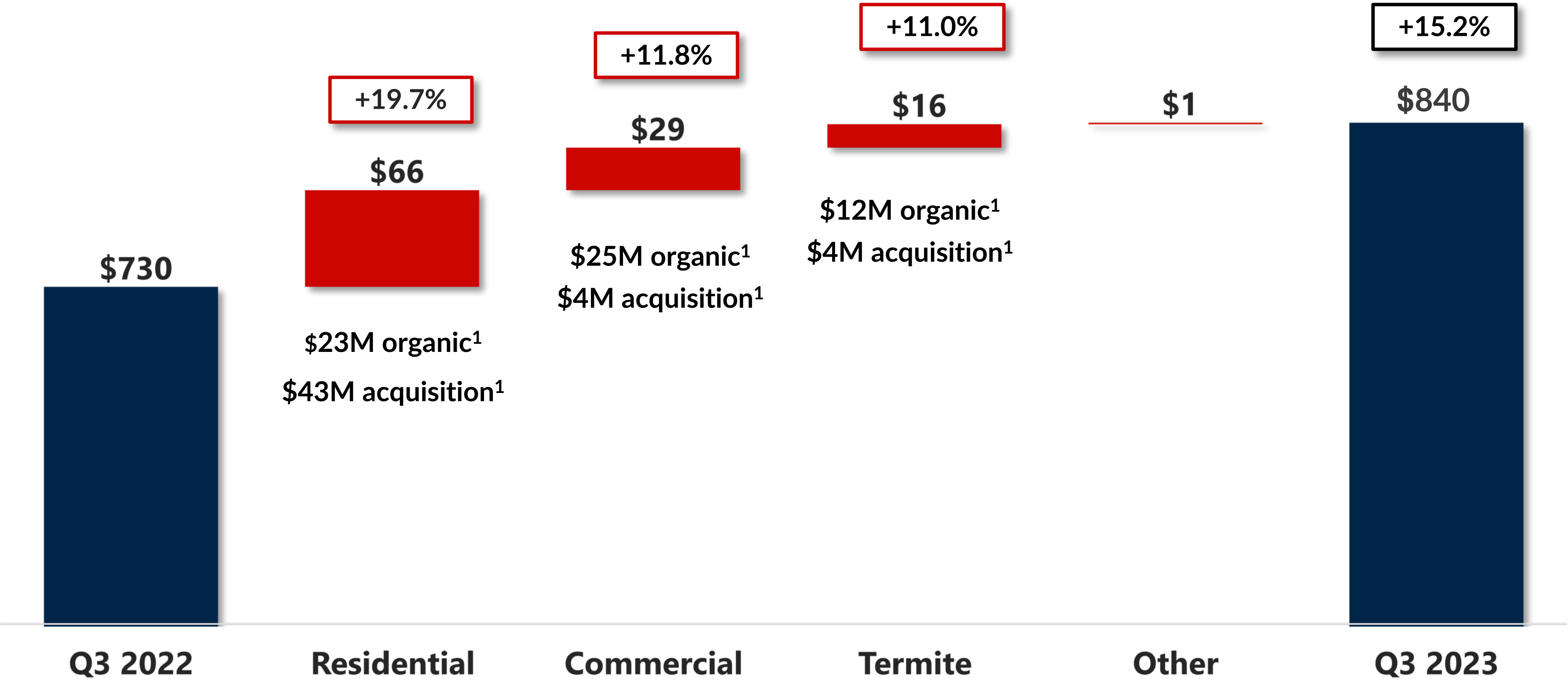
- Consistently delivered HSD organic growth over the last 11 quarters

Leveraging multiple avenues to attract new customers

- Digital marketing
- Door-to-Door
- Home builders and R/E
- Brand cross-selling
- Investing in Commercial
- Targeted verticals

Disciplined M&A, and a strong industry reputation makes Rollins an acquiror of choice

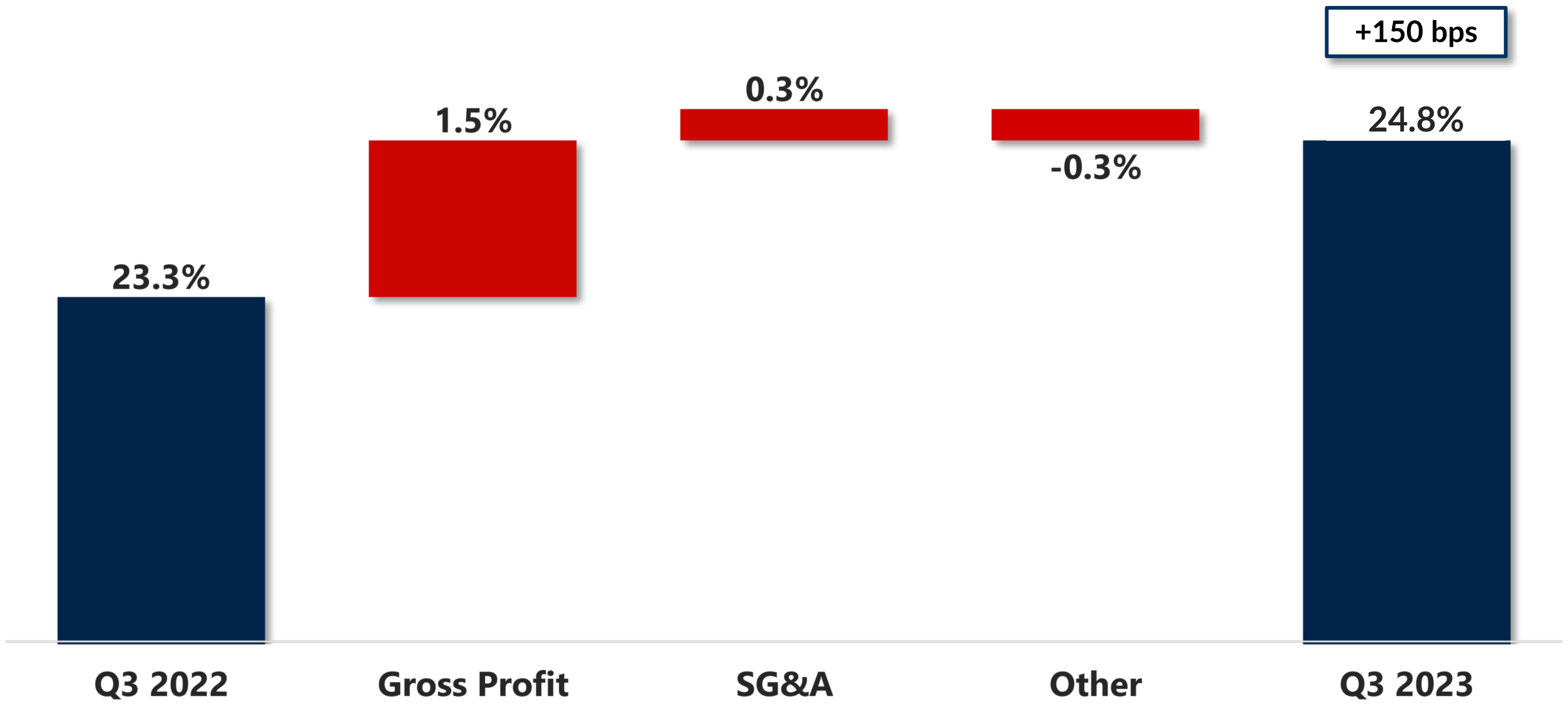
QUARTERLY REVENUE GROWTH



Double-Digit Revenue Growth Across All Three Service Lines

[1]These amounts are non-GAAP measures (see Appendix)

QUARTERLY ADJUSTED EBITDA MARGIN [1]



150 bps Margin Expansion; Adjusted Incremental Margins Almost 35%

[1]These amounts are non-GAAP measures (see Appendix)

HIGHLIGHTS

Gross Profit

- Gross margin 53.8%
- Pricing continues to outpace inflation +50 bps
- More favorable auto claims experience drives +70 bps
- Fox acquisition +30 bps accretive

SG&A

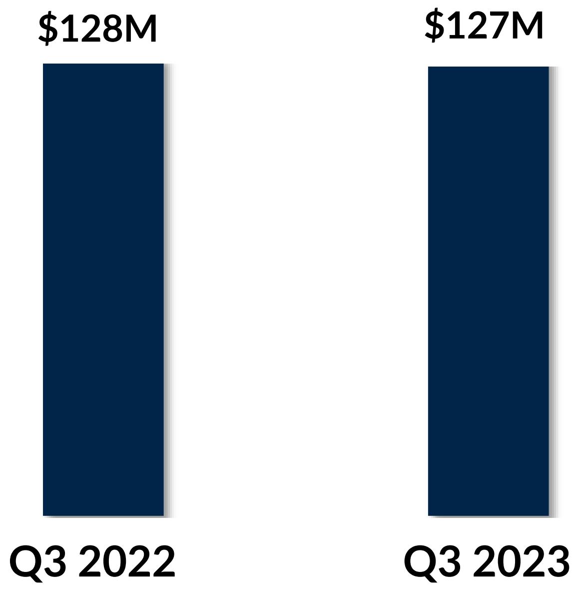
- Benefits from leverage on people costs and improved auto claim experience more than offset headwinds from increased advertising and selling expenses

Other

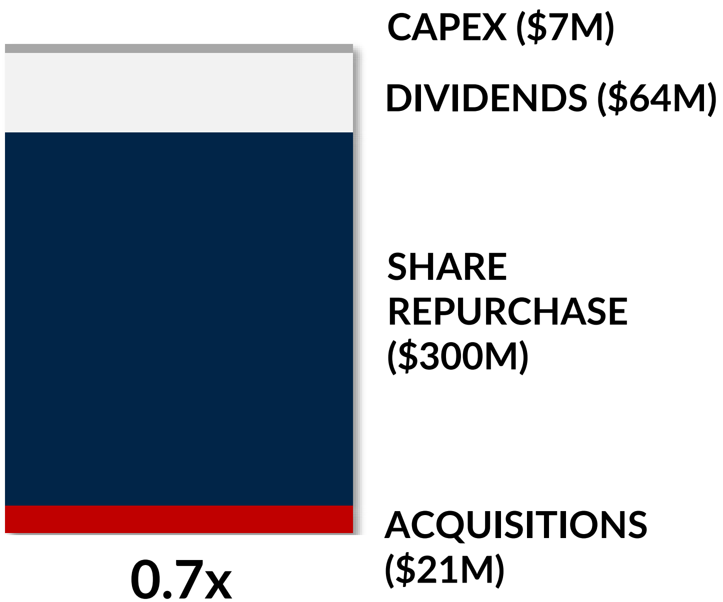
- Lower gains on asset sales

CASH FLOW AND USE OF LIQUIDITY

CASH FLOW FROM OPERATIONS



CASH FLOW AND LIQUIDITY



0.7x

NET DEBT TO EBITDA [1]

Solid Cash Flow Generation and Balanced Capital Allocation Strategy

[1]These amounts are non-GAAP measures (see Appendix)

HIGHLIGHTS

Cash Generation
- Free Cash Flow Conversion was ~94%
- Strong balance sheet with modest levels of debt

Acquisitions
- Closed 4 acquisitions in Q3 and 19 year to date

Dividends
- Healthy dividend +30% yoy Q3 YTD
- 53% of Free Cash Flow paid in Q3
- Increased dividend another 15% in Q4

Net Leverage
- Well below 1x of EBITDA
- Expect to maintain a balanced capital allocation approach

ROLLINS

KEY TAKEAWAYS

Focus on Modernization

Broadened banking relationships and expanded revolver from $200 million to $1 billion in early 2023

Executed restructuring program in home office to improve back-office efficiencies

Hiring key talent across the organization to accelerate modernization efforts

Exceptional Performance

Healthy pipeline of acquisitions, Fox acquisition leading to robust growth from M&A

Robust organic growth across all service areas

Essential nature of services provides consistency in business growth across all cycles

Margins Remain a Focus

Focus on pricing and productivity has resulted in increased margins across a number of key income statement categories

Strong improvement in margins with and without acquisitions

Balance Sheet Provides Flexibility

Strong balance sheet with modest levels of debt post Fox acquisition and recent share repurchase

Timing of payables impacting quarterly cash flow; YTD conversion well above 100%

Balanced approach to capital allocation

APPENDIX

Reconciliation of GAAP and non-GAAP Financial Measures

Set below are reconciliations of non-GAAP financial measures used in this investor presentation, and our earnings release and conference call with their most comparable GAAP measures.

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Variance				Variance	
(unaudited, in thousands, except per share data)	**2023**	2022 (5)	$	%	**2023**	2022 (5)	$	%
Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS								
Net income	**$ 127,777**	$ 108,943			**$ 326,154**	$ 284,329		
Fox acquisition-related expenses (1)	**5,262**	—			**10,523**	—		
Restructuring costs (2)	**5,196**	—			**5,196**	—		
Tax impact of adjustments (3)	**(2,677)**	—			**(4,024)**	—		
Adjusted net income	**$ 135,558**	$ 108,943	26,615	24.4	**$ 337,849**	$ 284,329	53,520	18.8
EPS - basic and diluted	**$ 0.26**	$ 0.22			**$ 0.66**	$ 0.58		
Fox acquisition-related expenses (1)	**0.01**	—			**0.02**	—		
Restructuring costs (2)	**0.01**	—			**0.01**	—		
Tax impact of adjustments (3)	**(0.01)**	—			**(0.01)**	—		
Adjusted EPS - basic and diluted (4)	**$ 0.28**	$ 0.22	0.06	27.3	**$ 0.69**	$ 0.58	0.11	19.0
Weighted average shares outstanding - basic	**490,775**	492,316			**491,980**	492,285		
Weighted average shares outstanding - diluted	**490,965**	492,430			**492,158**	492,398		

(1) Consists of expenses resulting from the amortization of certain intangible assets and adjustments to the fair value of contingent consideration resulting from the acquisition of Fox Pest Control during the quarter. While we exclude such expenses in this non-GAAP measure, the revenue from the acquired company is reflected in this non-GAAP measure and the acquired assets contribute to revenue generation.

(2) Restructuring costs consist of costs primarily related to severance and benefits paid to employees pursuant to restructuring and workforce reduction plans.

(3) The tax effect of the adjustments is calculated using the applicable statutory tax rates for the respective periods.

(4) In some cases, the sum of the individual EPS amounts may not equal total non-GAAP EPS calculations due to rounding.

(5) Certain condensed consolidated financial statement amounts relative to the prior period have been revised as detailed in our annual report on Form 10-K for the year ended December 31, 2022. The impact of this revision on the Company's previously reporting condensed consolidated financial statements for the three and nine months ended September 30, 2022, includes a decrease to depreciation and amortization expense of $1.7 million and $5.2 million, respectively, and an increase in the provision for income tax expense of $0.4 million and $1.2 million respectively. This revision affects these specific line items and subtotals within the consolidated statements of income and cash flows.

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			Variance				Variance	
(unaudited, in thousands, except per share data)	**2023**	2022 [5]	$	%	**2023**	2022 [5]	$	%
Reconciliation of Net Income to EBITDA, Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin								
Net income	**$ 127,777**	$ 108,943			**$ 326,154**	$ 284,329		
Depreciation and amortization	**24,668**	22,561			**73,609**	68,293		
Interest expense, net	**5,547**	846			**10,797**	2,294		
Provision for income taxes	**44,293**	37,595			**113,428**	92,018		
EBITDA	**$ 202,285**	$ 169,945	32,340	19.0	**$ 523,988**	$ 446,934	77,054	17.2
Fox acquisition-related expenses [1]	**1,050**	—			**2,097**	—		
Restructuring costs [2]	**5,196**	—			**5,196**	—		
Adjusted EBITDA	**$ 208,531**	$ 169,945	38,586	22.7	**$ 531,281**	$ 446,934	84,347	18.9
Revenues	**$ 840,427**	$ 729,704	110,723		**$ 2,319,192**	$ 2,034,433	284,759	
EBITDA margin	**24.1 %**	23.3 %			**22.6 %**	22.0 %		
Incremental EBITDA margin			29.2 %				27.1 %	
Adjusted EBITDA margin	**24.8 %**	23.3 %			**22.9 %**	22.0 %		
Adjusted incremental EBITDA margin			34.8 %				29.6 %	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow								
Net cash provided by operating activities	**$ 127,355**	$ 127,285			**$ 375,541**	$ 342,537		
Capital expenditures	**(6,868)**	(7,886)			**(21,279)**	(22,921)		
Free cash flow	**$ 120,487**	$ 119,399	1,088	0.9	**$ 354,262**	$ 319,616	34,646	10.8
Free cash flow conversion	**94.3 %**	109.6 %			**108.6 %**	112.4 %		

(1) Consists of expenses resulting from the amortization of certain intangible assets and adjustments to the fair value of contingent consideration resulting from the acquisition of Fox Pest Control during the quarter. While we exclude such expenses in this non-GAAP measure, the revenue from the acquired company is reflected in this non-GAAP measure and the acquired assets contribute to revenue generation.

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			Variance				Variance	
(unaudited, in thousands)	**2023**	2022	$	%	**2023**	2022	$	%
Reconciliation of Revenues to Organic Revenues								
Revenues	**$ 840,427**	$ 729,704	110,723	15.2	**$ 2,319,192**	$ 2,034,433	284,759	14.0
Revenue growth from acquisitions	**(49,971)**	—	(49,971)	—	**(114,273)**	—	(114,273)	—
Organic revenues	**$ 790,456**	$ 729,704	60,752	8.4	**$ 2,204,919**	$ 2,034,433	170,486	8.4
Reconciliation of Residential Revenues to Organic Residential Revenues								
Residential revenues	**$ 404,305**	$ 337,878	66,427	19.7	**$ 1,073,575**	$ 922,448	151,127	16.4
Residential revenues from acquisitions	**(42,974)**	—	(42,974)	—	**(91,067)**	—	(91,067)	—
Residential organic revenues	**$ 361,331**	$ 337,878	23,453	7.0	**$ 982,508**	$ 922,448	60,060	6.5
Reconciliation of Commercial Revenues to Organic Commercial Revenues								
Commercial revenues	**$ 272,207**	$ 243,478	28,729	11.8	**$ 762,573**	$ 683,748	78,825	11.5
Commercial revenue growth from acquisitions	**(3,456)**	—	(3,456)	—	**(10,688)**	—	(10,688)	—
Commercial organic revenues	**$ 268,751**	$ 243,478	25,273	10.4	**$ 751,885**	$ 683,748	68,137	10.1
Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues								
Termite and ancillary revenues	**$ 155,099**	$ 139,668	15,431	11.0	**$ 458,527**	$ 406,155	52,372	12.9
Termite and ancillary revenues from acquisitions	**(3,541)**	—	(3,541)	—	**(12,518)**	—	(12,518)	—
Termite and ancillary organic revenues	**$ 151,558**	$ 139,668	11,890	8.5	**$ 446,009**	$ 406,155	39,854	9.8

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	Three Months Ended September 30,				Nine Months Ended September 30,			
			Variance				Variance	
(unaudited, in thousands)	**2022**	2021	$	%	**2022**	2021	$	%
Reconciliation of Revenues to Organic Revenues								
Revenues	**$ 729,704**	$ 650,199	79,505	12.2	**$ 2,034,433**	$ 1,823,957	210,476	11.5
Revenue growth from acquisitions	**(23,709)**	—	(23,709)	—	**(61,748)**	—	(61,748)	—
Organic revenues	**$ 705,995**	650,199	55,796	8.6	**$ 1,972,685**	1,823,957	148,728	8.2
Reconciliation of Residential Revenues to Organic Residential Revenues								
Residential revenues	**$ 337,878**	$ 307,747	30,131	9.8	**$ 922,448**	$ 835,871	86,577	10.4
Residential revenues from acquisitions	**(13,909)**	—	(13,909)	—	**(35,818)**	—	(35,818)	—
Residential organic revenues	**$ 323,969**	$ 307,747	16,222	5.3	**$ 886,630**	$ 835,871	50,759	6.1
Reconciliation of Commercial Revenues to Organic Commercial Revenues								
Commercial revenues	**$ 243,478**	$ 218,648	24,830	11.4	**$ 683,748**	$ 618,183	65,565	10.6
Commercial revenue growth from acquisitions	**(3,693)**	—	(3,693)	—	**(9,857)**	—	(9,857)	—
Commercial organic revenues	**$ 239,785**	$ 218,648	21,137	9.7	**$ 673,891**	$ 618,183	55,708	9.0
Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues								
Termite and ancillary revenues	**$ 139,668**	$ 117,423	22,245	18.9	**$ 406,155**	$ 350,791	55,364	15.8
Termite and ancillary revenues from acquisitions	**(6,107)**	—	(6,107)	—	**(16,073)**	—	(16,073)	—
Termite and ancillary organic revenues	**$ 133,561**	$ 117,423	16,138	13.7	**$ 390,082**	$ 350,791	39,291	11.2

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Set below are reconciliations of non-GAAP financial measures used in this investor presentation, and our earnings release and conference call with their most comparable GAAP measures.

(unaudited, in thousands)		**Period Ended September 30, 2023**
Reconciliation of Long-term Debt to Net Debt and Net Leverage Ratio		
Long-term debt [(1)]	$	599,000
Less: cash		142,247
Net debt	$	456,753
Trailing twelve-month EBITDA	$	669,934
New leverage ratio		0.7x

[(1)] As of September 30, 2023, the Company had outstanding borrowings of $599.0 million under the Credit Facility. Borrowings under the Credit Facility are presented under the long-term debt caption of our condensed consolidated balance sheet, net of $2.4 million in unamortized debt issuance costs as of September 30, 2023.

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