

Rollins, Inc.
Analyst/Investor Day
May 14, 2026

Presenters

Lyndsey Burton, VP of Investor Relations
Jerry Gahlhoff, President and CEO
Scott Weaver, Chief Operating Officer, Orkin
Stanford Phillips, President of Rollins Brands USA
Ken Krause, Executive Vice President and CFO
Ed Donoghue, Vice President Sales
Jamie Holyoak, President, Fox Pest Control
Mitch Smith, President, Saela Pest Control
Jeff Dunn, Co-President, Northwest Exterminating
Cam Glover, Vice President of Marketing, Orkin
Clay Scherer, Senior Vice President, Operational Support
Renee Pearson, Senior Vice President, Chief Information Officer

Q&A Participants

Tim Mulrooney – William Blair
Manav Patnaik – Barclays
Josh Chan – UBS
Jason Haas – Wells Fargo
Curt Nagle – Bank of America
Tomo Sano – J.P. Morgan
Connor Cerniglia – Bernstein
Alex Lakritz – Goldman Sachs

Lyndsey Burton

Good morning, and welcome to Rollins Incorporated's 2026 Investor and Analyst Conference. My name is Lyndsey Burton, and I'm the Vice President of Investor Relations for Rollins. This morning, you'll be hearing from members of our leadership team. Following their presentations, all of our presenters will be available for a question and answer session.

Also joining us today, we have several of our brand and field leaders with us. We're honored to have them representing our 22,000-plus teammates from across the world. Please take the time to introduce yourself to them. Our field leaders are wearing white button downs with their respective logos on them. And we're so appreciative that so many of our teammates have taken the time to be here today.

Before I turn it over to Jerry, I'd like to remind everyone that today's presentations made by our team include forward-looking statements as defined by the Private Securities Litigation Reform

Act of 1995. These statements are subject to risks and uncertainties that could cause actual results to differ materially from our expectations and projections.

These risks and uncertainties include, but are not limited to the factors identified on this slide and in our filings with the Securities and Exchange Commission. Today's presentations also include certain non-GAAP measures. Reconciliation of these measures can be found in the appendix of today's presentation, which will be posted to our website.

It's now my pleasure to introduce our President and CEO, Jerry Gahlhoff.

Jerry Gahlhoff

Good morning, everyone, and thank you all for taking the time to join us for our 2026 Investor and Analyst Conference. As you probably know, I joined Rollins through the acquisition of HomeTeam in 2008. I'm now in my third year as CEO, and I'm tremendously proud to be here representing our 22,000-plus teammates. Today, we're going to review some of the progress we have made over the past few years and we'll highlight some of the opportunities for our business going forward.

As you know, we have a strong track record of performance going back several decades. We are obsessed with longevity. Orkin, which was acquired by Rollins over 60 years ago, celebrates 125 years this year. Northwest and Clark are each celebrating their 75th anniversary. Also, HomeTeam celebrated their 30th anniversary last year. Our Western Pest Services brand is nearing 100 years of service. And Waltham Pest Services celebrates over 130 years.

We've been at this a long time. And while we are proud of our legacy, we're also cautious of complacency. We must always be working to improve our craft. Throughout our history, we have demonstrated our ability to navigate changing business environments, competitive dynamics, macro pressures and technological advancements.

We've done this by consistently prioritizing what is most important in our business, our customers and our teammates. We've shared with all of you the work we've been doing to unify the cultural touch points that all our brands share through the creation of the Rollins way, six words, three two-word couplets that comprise our recipe for continued sustainable growth and long profitable relationships with our customers and teammates. They are the enabler to help us become a better company as we become a bigger company.

Once again, we find ourselves in the midst of significant change. Everywhere you look, there is a headline about AI and the impact it's having and will have on the world. Here's the reality. AI is making certain types of knowledge cheaper and easier to acquire. But in a world where information is free, human interaction becomes more valuable than ever before. AI can't show up fast and in person when a customer has a rat in the kitchen. That's heroic impact.

AI can't sympathetically wedge in an urgent service request for a customer in distress over bed bugs, but our technicians and customer service specialists can work together to make that happen. That's being essential together. AI can't bring up the trash cans from the street or give your Golden Retriever, Benny, a dog treat. That's being remarkable. AI can't do any of the things that leave a lasting impression on a customer to drive the loyalty we desire. That doesn't mean that AI doesn't have a place in our business; it absolutely does.

We view it as an enabler for better customer and teammate experiences, which you'll hear Renee discuss in her presentation. If the Rollins' way is our how, then our strategic objectives are the specifics of what we are focused on to make our company better while we become bigger. These are consistent with what we spoke to you about in May of 2024 and helped drive alignment throughout our organization.

Taking the long-term view, we believe that the most impactful investment we can make is in our people, not just in their technical skill set, but in their empathy, emotional intelligence creativity and problem-solving skills. These are the skills that will appreciate in value in an AI world because they drive meaningful human connections. This is why we focused our efforts on training and development programs aimed at addressing these skills head on. These investments in our people are critical because our teammates are the connection to our customers.

We teach concepts around servant leadership to our teams and have begun measuring our impact. Approximately 80% of our teammate population participated in our recent employee engagement survey and scored us an 85% in servant leadership, while overall teammate engagement is at 86%. These are best-in-class engagement scores, and we are proud of these results. There's always work to do, as this is an important area of focus for a company like Rollins, whose purpose is to serve customers and support one another.

Safety is another key initiative when it comes to putting people first. There is nothing more important than ensuring that our people make it home safely at the end of the day. We're encouraged by improvements that we have seen in collision frequency rates and injury frequency rates, as we have implemented new tools and training to reinforce our safety culture here at Rollins.

Higher costs from insurance and claims can impact our profitability from time to time. Claims associated with auto accidents can take several years to resolve, which is why we are focused on reducing the number of claims going into the pipeline over time. Improvements in our collision frequency rates are positive signals that we are gaining traction here, and we can hopefully reduce the number and severity of claims in the future.

We have strong brands, talented people and a large customer base, but we also know there are areas where the experience can be better and more consistent. In order to make more meaningful and measurable progress, we have recently made structural changes within our

organization. We've created a customer experience team led by Chief Customer Experience Officer, Thomas Tesh.

Thomas' team has a clear purpose, to materially improve the customer experience in ways customers can feel. The scope of the team will touch all three of the main components of service itself. The first is operational, working through the logistics of getting a professional in a truck where they need to be, when they need to be there. This also encompasses other things like payments, billing and scheduling.

Next, we have the opportunity to improve the execution of treatment protocols. This work will focus on providing the right service using the right protocols, products and procedures with an emphasis on consistency. You'll hear more about these efforts from Clay and his technical team who are partnering with Thomas in this area.

And finally, we need to focus on relationships and communication, going above and beyond to deliver a remarkable experience through every touch point we have with our customers. This is about the soft skills, listening, empathy, communicating effectively as we work to remove friction from all aspects of the customer experience. The work of the customer experience team will translate into meaningful results. Every percentage point of improvement translates to top line sustainability and millions of dollars of impact to our bottom line, while increasing the lifetime value of a customer.

Improving customer loyalty isn't just the responsibility of one group. It requires all of us. The customer is at the center of every decision we make and today, you'll hear about a number of different initiatives aimed at improving the depth and breadth of our relationships with customers. This is the foundation of our growth mindset. A growth mindset starts with constantly striving for self-improvement. Improving oneself sets the stage for us to help one another get better, so that we can deliver excellent service and grow our relationships with customers.

In addition to expanding our customer base and increasing customer retention, we're also focused on increasing our depth of relationship with them. We have made significant progress in bundling and cross-selling our services to earn more of our customers' wallet. But with an average number of services per customer of less than two today, there remains significant opportunity. Our ancillary service offerings touch less than 5% of our customer base today and are largely concentrated in Orkin.

We have the opportunity to continue to expand that area of our business by penetrating more of our current customer base and by offering more of these services throughout our portfolio of brands. Another aspect of growth mindset is how we structure ourselves operationally. I have a short video for you that illustrates our brand strategy, which favors smaller, more nimble branches with close proximity to our customers.

[Video Begins]

Unknown

In the journey of a branch manager, imagine the branch as a balloon that you are filling. At first, the expanding is easy, fast to fill, full of energy and excitement, fearless with no worry of mistakes popping in the balloon, plenty of room to grow, progress visible with each pump, but as it reaches capacity, it gets tougher. Putting more into the balloon is harder. Cautiousness sets in. Afraid it may pop, the fun and excitement start to fade. Seeing progress becomes much more difficult.

Our focus has shifted from excitement and filling the balloon to worry and fear that we don't lose what we have accomplished. Tension can easily set into our team, but this is where the growth mindset lies. When we think about expanding branches, we want to stay on the side of energy and excitement. It's much more exciting to do that. Splitting a branch means returning to the fun side faster, being able to sustain expanded growth again, quickly re-inflating both balloons.

It's exciting for our teammates, creating new jobs and leadership opportunities. It leads to a better customer experience, because we can focus more on taking care of them. While it's work to start another balloon, it helps us grow by creating more jobs, more customers and a better experience for our team and for our customers. Embrace the growth mindset and start your journey of growth and expansion, because when we grow, everyone wins.

[Video Ends]

Jerry Gahlhoff

As the video describes, smaller branches are less complicated and are more intimate for our teammates, resulting in a family-like field. While this is great for organic growth, our culture has also strengthened along the way. And finally, as a complement to our growth mindset, our dedication to continuous improvement and operational efficiency is another key tenet of our strategy. You'll hear this message reinforced throughout many of the presentations today, as we are constantly striving to improve service levels and optimize our business.

Our teammates are the foundation of a performance culture that has been ingrained in our business from our earliest days. It is reflected in every aspect of our business from how we compensate our people to the positive peer culture we seek to foster across our portfolio of brands. You'll hear from the team today about the progress we've made in driving collaboration. We're better today than we've ever been at sharing best practices, talent, competitive insights and even business leads.

In recent months, we've had 68 teammates transfer between our brands. Several years ago, that was a rare occurrence. We continue to break down walls and initiate collaboration efforts that will benefit all of Rollins. There's more work to be done in this area, but we continue to

evolve, balancing a decentralized model and the entrepreneurial spirit that makes our multi-brand approach so successful, while also harnessing the scale of Rollins and the power and benefits that our portfolio of brands yields.

Doing this will unlock our full potential. It's our superpower. There are five main points we hope to leave you with today that reinforce why we believe we are positioned to continue our long track record of success. Our ability to effectively combine our scale with local execution, helps us extend our leadership position in a large and fragmented market. We invest for growth while embracing a culture of continuous improvement, further enhanced by our modernization journey. And finally, our financial engine of compounding cash flow to reinvest in our business, coupled with a strong balance sheet and disciplined approach to capital allocation enables industry-leading financial performance and value creation.

Before I turn it over to the team, I want to thank you again for joining us and for your interest in our company. I know you will walk away with a strong understanding of our powerful model for shareholder value creation and why we believe we are well-positioned to extend our leadership position in our market. Thank you.

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Ladies and gentlemen, please welcome Chief Operating Officer, Scott Weaver.

Scott Weaver

Good morning, everyone. I'm Scott Weaver, Chief Operating Officer of Orkin USA. For more than a decade, I've had the honor of serving Orkin in leadership roles across both our residential and commercial businesses, including helping transform and scale Orkin's commercial business into a significant growth engine for Rollins. With more than 30 years in the consumer services space, leading service, sales and operations, I've learned that what makes Rollins special isn't just our 125-year history, it's our ability to continue evolving, innovating and executing at a high level, while remaining relentlessly focused to our customers, our people and long-term growth.

Orkin's 125th anniversary is a milestone that reflects not just longevity, but the strength of a durable, resilient business model built on consistent execution, trusted relationships and a category with long-term relevance, and we're just one of 1% of publicly traded companies that have withstood this test of time. As we look ahead, our focus is simple, continue building on that foundation while evolving the business to capture the next phase of growth.

At our investor conference in 2024, we outlined a strategy focused on strengthening our revenue model, building disciplined execution and accelerating growth in commercial. Since that time, we've seen that strategy translate into tangible results across our teammates and our culture, residential execution and commercial sales. This consistent performance, margin expansion and scalable growth reinforces our confidence in both the direction of the company and the scalability of our model.

Today, I'm going to share an update on our progress and how we're positioned to win across our business, supported by our teammates, our culture and our residential advantages, along with our commercial differentiators. We're guided by our Orkin Ethos, a set of values that guide how we operate internally and externally. Since we launched our Orkin Ethos, Jerry and team have introduced the Rollins' way. It embodies the culture of servant leadership, and it's shared throughout the Rollins family of brands.

These two cultural touch points are complementary and additive to one another. One reminds us that we're part of a powerful portfolio of brands, which is our superpower. The other is unique to Orkin and celebrates our distinct culture and history. When we talk about why we win in the market, it starts with our culture and our teammates. We've made meaningful investments in training and people-first initiatives. In addition to over 160 hours of first year training, we've expanded our grow mentor program, giving every branch manager level and higher, a mentor to help build our future leadership pipeline.

Our teammates can also participate in a variety of employee resource groups, such as the Orkin's Women Impact Network and Mission First Veterans Resource group. Teammates can participate in Orkin serves, which is our corporate social responsibility initiative. Since launching in 2022, nearly 9,000 teammates have given more than 14,000 hours of service to their communities.

We've also aligned performance more directly to customer outcome with a compensation plan tied to a scorecard that measures customer satisfaction and service metrics. The scorecard provides actionable coaching insights for our leaders to help our teammates provide a better customer experience and creates a clear link between field execution and financial performance. We believe that these three things, training, people-first initiatives and performance-based compensation are enabling us to improve first year teammate retention by 12% year-over-year and, ultimately, to execute on our growth goals.

One of our core advantages is our ability to combine national scale with local execution. Our national footprint provides consistency, infrastructure and investment capacity, while our local teams drive accountability and responsiveness in the markets we serve. Our seven division presidents have nearly 200 years of combined leadership experience at Orkin.

Supporting our scale is the strength of our brand. Our national awareness builds trust before the first interaction, and our consistent service reinforces that trust over time. That brand strength allows us to invest in technology and capabilities like our redesigned Orkin My Account platform for residential customers, which improves the customer experience while increasing efficiency across our operations.

On the commercial side, we're investing in Orkin Insight a comprehensive customer portal that provides service data and analysis on a customizable dashboard to help businesses manage all

aspects of pest management. When you bring it together, our people, our brand and our operating model, it creates a highly scalable foundation for growth. At the center of our strategy is a single operating model supporting two complementary growth engines, residential and commercial.

Both are built on recurring service, which creates consistency in cash flow and a resilient foundation across economic cycles. Our shared infrastructure and disciplined local execution also result in a highly predictable revenue base with strong visibility, stability and embedded pricing opportunities. It also provides an occasion to sell additional ancillary services to these customers, which increases stickiness and share of wallet. Residential provides scale and frequency, while commercial represents a higher value, more complex opportunity with meaningful upside in both growth and margin.

Looking forward, our strategy is clear. We're refining our structure into smaller, more agile operating units to increase focus, speed and accountability, while strengthening leadership alignment and investing in technical expertise. This is reflected in our branch strategy, which generally favor smaller, more nimble branches near our customers and enables a more local approach to execution.

Since 2024, we've added 27 new branch locations, both net new and from branch splits. A large majority of these locations are co-located, so we didn't have the additional costs required to open new physical locations these operations. Across the board, we've seen that, that tighter execution, clear accountability and a more refined operating structure are directly translated into stronger growth and improved operating performance.

In Kentucky, we have a great example of executing this strategy with strong results. After separating residential and commercial operations, we saw a significant acceleration in the rate of growth across both segments, with commercial growth increasing materially following the split. The residential PC business grew by 2.6x. Termite and ancillary services grew by 4.5x, and our commercial business grew by 4.4x. Together, the average acceleration was 4.2x what it was when the branches were a combo, residential and commercial location.

This reinforces a key point, focused operating structures drive better outcomes. Because our training and technology infrastructure is already in place, these new locations find success quickly. Importantly, much of this growth is generated from within our current markets, allowing us to scale efficiently while expanding operating margins over time.

We're seeing this kind of success across our dedicated commercial operations. Over the past two years, we've seen a 25% CAGR in dedicated commercial field sales, specifically, and it validates our decision to continue having a dedicated focus on this portion of our business. I'll touch a little more on the reasons why we win in commercial shortly.

Now I'd like to spend a few moments focusing on our residential business. Our advantage here has always been grounded in our brand strength, consistency, experience and most importantly, trust. In addition to having investments in training, which are driving greater consistency across the organization, our enhancements to routing and scheduling technology are improving efficiency and elevating the customer experience.

At the same time, we're reducing nonproductive time, increasing capacity per technician and improving route density. The result is greater trust from our customers and a more efficient, higher performing model, driving stronger retention, improved customer outcomes and increased revenue per customer. Together, these dynamics strengthen in the economic profile of the residential business and support sustained margin-accretive growth.

Cross-sell opportunities for additional home services represent an important growth opportunity within our existing residential customer base. Today, only a relatively small share of our customers use complementary non-pest management services, creating meaningful room to grow share of wallet and deepen the customer relationship. What makes this especially attractive is that the opportunity is not just incremental revenue, it's proven to increase retention and strengthen lifetime value. So when we think about growth, we're not only thinking about new customers, we're also thinking about how to create more value from the customer relationships we already have.

One example of this is our mosquito service. In 2020, we began focusing on increasing this service with both existing and new customers. Since that time, mosquito sales have grown more than 100%. Additionally, it's been the biggest driver of growth for the overall customer value, helping it increase by 34% over the last five years. Today, bundling mosquito control with our traditional pest control service is our lead offering for new customers calling to start service with us. A little later, Ed Donoghue will share how Orkin made this transformation and focus the brands have on it today.

Transitioning to our other growth engine, commercial, remain uniquely positioned to grow. This is a nondiscretionary highly fragmented market, creating a meaningful opportunity for scale providers to take share. We're disciplined in how we compete, not on price but on expertise, reliability and outcomes. We're prioritizing growth in high-value verticals like food processing, logistics, health care and hospitality, where expertise and consistency matter most.

While these segments are more complex, they deliver strong retention, larger accounts and greater long-term value. To support this, we've invested deeper into technical expertise, including dedicated entomologists with strong commercial experience, enabling us to solve more complex challenges in highly-regulated environments. To fully capture this opportunity, our commercial business is structured across two complementary channels, national accounts and local accounts.

Our national accounts business focuses on large multi-location customers, and we're benefiting from a clear shift towards vendor consolidation. As customers look for single-source partners who can deliver consistent, high-quality service at scale, we are well-positioned to win larger, longer duration contracts with meaningful expansion potential. At the same time, our local accounts teams continue to drive share within existing markets, leveraging strong relationships and brand presence to deepen penetration and expand services at the branch level.

The result is a more scalable, higher-quality growth model built on larger accounts, deeper relationships and increasing lifetime value, supporting sustained growth and margin expansion over time. Commercial growth is also coming from within the customer base, similar to our residential business. As relationships deepen, we're expanding into adjacent services, increasing share of wallet and driving higher revenue per customer. In addition to our standard pest control agreements, our customers are finding value in services such as bird control, drain care and scent services. These areas are seeing anywhere from double to quadruple sales growth over the past year.

Leading with expertise, being proactive and delivering national scale with local execution, paired with deep vertical knowledge sets us apart in the market. We reinforced this with the Orkin Triple Guarantee, ensuring accountability, responsiveness and customer satisfaction. The result is a premium position in the market, supporting durable growth and margin expansion over time.

When you step back, our story is straightforward. We've built a durable recurring revenue model in a growing resilient category. We've made meaningful progress by improving execution, strengthening our commercial business and expanding our capabilities. And looking ahead, we see significant runway to continue gaining share, expanding margins and compounding value over time.

Underpinning all of this is our ethos, a consistent set of values that shape how we serve customers, support our teammates and execute across the business. So while 125 years is a milestone we're proud of, it's really just the foundation for what comes next. We're excited about the opportunities ahead and confident in our ability to capture them.

To close, I'd like to share a video that we've created for our teammates to kick off our year-long celebration, highlighting our strong legacy and casting a vision for the next 125 years. Thank you.

Unknown

Ladies and gentlemen, please welcome President, Rollins Brands USA, Stanford Phillips.

Stanford Phillips

Good morning. I'm Stanford Phillips, and I have the privilege of leading Rollins US brands. I've been on both sides of acquisitions, as part of a family business that was acquired and now

helping steward acquisitions at scale. From an investor standpoint, our focus is simple, protect the two drivers of durable returns in local service, teammate retention and customer trust. We do that by keeping strong, local brands, leaders, adding capability and multiplying performance through collaboration across the family.

Let me start with the Northwest story and what it taught me. That's me in the photo, along with my brother, our dad and our grandfather. And for a long time, I wasn't sure I wanted to be in this business. I grew up in it, worked summers in the field, then went to college and explore other paths. A couple of years into studying marketing, I realized I wanted to apply what I was learning to something I cared about. So I came back to Northwest to see if I could help build something special.

Northwest is my family's business. My grandfather started it in 1951 in Northwest Atlanta with a simple idea, earn trust one home at a time. My dad took over in the '90s, with a focus on growing the business so that my brother and I could join one day. When my brother Steven and I joined in the early 2000s, we worked to model the servant leadership and relationship focus, our dad and grandfather built the business on. We doubled down on culture, leadership and developing people because we believed if we took care of teammates, they would take care of customers.

That focus fueled growth across Georgia and into neighboring states. I still remember being out in the field early and realizing how much of the job is relationship. You're not just solving a pest problem, you're being invited to someone's home or business. You keep promises, notice details and represent a local brand people talk about in the community.

That's why brand is never just marketing for us. It's the lived experience that teammate delivers day after day. When we started to consider partnering with Rollins, our biggest questions weren't about financials; they were about people and legacy. Would our teammates be honored and valued? Would the Northwest brand remain something our teammates could still be proud of? Would there be a real opportunity to grow, develop and build careers? And would Rollins want the leadership that got the business here, to stay and keep leading?

When you're the one being acquired, it's personal. So we kept asking, what will this feel like for our teammates on Monday morning? That became our North star, and it's the same lens we use today when Rollins welcomes a new company into the family. What we learned through that process changed the way I think about acquisitions forever. The very things that we were trying to protect, culture, teammates, local reputation and the brand were the exact reasons Rollins wanted to acquire Northwest.

We kept our filter clear. How do we make this a great experience for our teammates? We earn trust quickly. Our teammates stay focused on customers. The brand stayed strong and Northwest has thrived every year since. When you get that part right, results follow. Customers

feel continuity, teammates stay engaged, and you can invest in capabilities without disrupting identity.

Since joining Rollins, I've grown, Northwest has grown and the broader organization has grown. Stephen continues to lead Northwest today alongside Jeff Dunn, who you will get to hear from later. I now have the honor of leading the Rollins US brands alongside incredible leaders, all of whom joined Rollins the same way I did, through an acquisition. And that shared been-there experience is a big reason our approach feels different when we welcome a new company into the family.

So my experience and Jerry's experience of being acquired, shapes how we approach acquisitions today. We don't view M&A as buying revenue or integrating locations, we view it as joining families, welcoming new teammates, stewarding the legacy brand and earning trust market by market. We start with culture. We look for companies with strong values, strong local trust and leaders who have built something their teams are proud of. We put people first, because they didn't choose Rollins, they chose the company we're acquiring.

So we put ourselves in their shoes, acknowledge uncertainty and show through actions that we're here to invest, not erase. We protect the brand. The name on the truck matters. Keeping brand identity and local pride helps retain teammates and customers. We add capability without taking away ownership. Shared resources, tools, training and best practices make great local businesses even stronger. When teammates feel valued, customers feel valued, retention and performance follow and that's what drives durable returns.

If you remember nothing else, remember this, we built acquisitions through culture, people and brands. Protect those three and loyalty and performance take care of themselves. When we do that well, we don't just add companies, we expand the reach and the strength of the entire family.

Here's what makes the US brands platform durable, we're a family of strong regional brands with broad US coverage and more than one way to win. Different brands succeed in different markets, geographies and go-to-market models, giving us diversification, resiliency and reach. We serve customers through multiple entry points, residential and commercial, recurring programs, specialty services, inbound demand, proactive outreach and new construction relationships.

Each channel is supported by the go-to-market approach that fits best. For marketing, call center sales, door-to-door, builder partnerships and field-driven prospecting so we can meet customers how they prefer to buy. As expectations change, the question is, how do we meet customers where they are and expand the services they want? We do that through collaboration, share what works and scale it quickly.

One brand pilots, another adds training or messaging, another brings operational expertise, while keeping the local brand relationship intact. That's the sweet spot, local trust plus shared capability. And it sets up the next opportunity, using that shared capability to expand into new services. When our brands share insights, talent and capabilities, we move faster and unlock growth that no single brand could create alone.

Here are examples of brands helping each other grow without each team starting from scratch. Northwest and HomeTeam are sharing best practices around the customer experience, with Net Promoter Scores above 90; Fox and Saela helping other brands like HomeTeam introduce door-to-door tactics with proven playbooks and training, leading to HomeTeam growing termite sales 90% in Q1.

HomeTeam is passing qualified wildlife leads to CriterControl and Trutech, to serve customers end-to-end. During a six-week pilot in South Florida, this collaboration led to a 45% increase in revenue growth. Our Western brand is partnering with the Orkin call center to leverage leadership, tools and processes to expand sales capability, resulting in 40% growth in call center sales over the prior year. Fox's call center sales team is performing outbound cross-sell initiatives for other brands to add services and strengthen the depth of relationship. And we are learning from Orkin's sales playbook to better utilize Rollins' in-house financing option, which is up 70% across the brands, growing ancillary services to meet customer needs.

Last year, all of Rollins worked together to improve the first year teammate experience by identifying key moments that matter across our brands. This resulted in an onboarding road map that enhanced retention enabling us to hire 550 fewer teammates while still achieving our growth and talent targets. That's the advantage of a family of brands, test in one place, learn fast, and scale what works. This creates value not only for Rollins but for our shareholders as well.

On the left, you see a collection of larger platform acquisitions that we've done throughout our history. Their collective value at the time of acquisition was \$1.1 billion. Today, their collective value is over \$8 billion. That's \$7 billion of value that's being created just from a handful of the larger acquisitions we made. When you combine that, we're protecting people and brands, the result is clear, teammates grow and advance in their careers, brands become bigger and better, acquisitions delivered true value creation and legacy's last, positioning us to be the acquirer of choice in our industry.

So as we look ahead, the runway is significant. More markets to add, more services to deliver and more value to unlock as best practices travel faster brand-to-brand. We've proven the model works, and we're building the next chapter with the same discipline we started with, take care of teammates, honor the brand and serve customers exceptionally well. This is the Rollins' way, and we are just getting started. Thank you.

Unknown

Ladies and gentlemen, please welcome Executive Vice President, Chief Financial Officer, Ken Krause.

Ken Krause

Good morning, everyone. Before I start to walk through some of my prepared commentary, I just want to take the time in the spirit of essential together to recognize the events team, Rachel and Melanie and the team, as well as the Investor Relations team with Lyndsey and Alex, for all they've done to put together such a great day. So thanks for everything you're doing. I appreciate that.

I know Jerry began the day thanking each of you for taking the time to join us, but I'd also like to thank you for spending time with us, to learn more about our business and interacting with some of our teammates that are here with us today. I'd like to spend the next 20 or so minutes and discuss our differentiated brand strategy. I'd like to moderate a discussion with several of our brand leaders that are here with us today as well.

As Stanford mentioned, we have an exceptional track record when it comes to M&A. We have a culture-focused acquisition strategy and invest in the companies we acquire to catalyze further growth in the brand, but also further growth in our people. We started over 60 years ago when Rollins acquired Orkin, and we've been adding high-quality businesses to the portfolio ever since.

We compete in a large and very fragmented market. In the US alone, we have well over 30,000 competitors. These competitors range in size from under \$1 million in annual revenue, to over \$1 billion. There's been a lot of consolidation in our space in the last decade, but even with this consolidation, the market and the pipeline of potential acquisition targets continues to expand.

It's interesting, when you compare the PCT top 100 list today versus a decade ago, you can see that the number of scaled players and revenue have grown considerably. The revenue CAGR of the top 100 companies is over 8% for the past 10 years. Comparatively, in the same time period, our revenue CAGR at Rollins is over 9%. We continue to see a very healthy and growing opportunity set in this very fragmented market.

And we've been successful growing through M&A throughout our history and are often times, as Stanford had mentioned, are referred to as the acquirer of choice in the industry, due to our focus on preserving brands and investing in our people. We focus on investing in the new team members that come on board while keeping many of our acquired brands intact. Our playbook is focused on finding targets that we can partner with to grow. And you'll hear from a few of our brand leaders shortly when we discuss how we're investing in the growth of the acquired brands.

We execute with great discipline, and we don't need to have any single opportunity, which puts us in a very enviable spot. We have a playbook that's working and we continue to see

opportunities to execute this strategy across an expansive opportunity set. Over the past three years, we've invested just under \$1 billion in almost 100 acquisitions, bringing in approximately \$400 million of revenue and \$90 million of EBITDA at the date of acquisition. This has helped us exceed our target of 2% to 3% annual growth from M&A during this time period.

The acquisitions we've executed on since 2023 have created just under \$3 billion of value for our shareholders. You've heard me talk about the key financial criteria that we use when evaluating potential M&A, but let's look at those criteria through the lens of two of our more recent platforms, the Fox and Saela acquisitions. We want partners that are accretive to our organic growth and that don't dilute our customer retention metrics, which is a really important attribute and factor for us.

We focus on acquiring brands and businesses that provide margin accretion post synergies. Year one earnings accretion is certainly important, and ensuring we acquire businesses that are not any more capital intensive than our business and can improve our already strong cash flow profile, is certainly important for us. And last but certainly not least, return on invested capital is very critical.

Our focus is on acquiring brands that can drive ROIC above our cost of capital by year three if not sooner. And as you can see, both Fox and Saela have met or exceeded or are on track to meet or exceed each of these factors. As we transition to our panel discussion, I want to highlight three important aspects of our multi-brand approach.

First, we believe our multi-brand approach is a unique, competitive differentiator. The combination of Orkin and our strong group of regional and specialty brands enables multiple bites at the apple with potential customers. Second, our brands provide us with multiple channels through which we can access customers. Digital marketing, cross-selling, service bundling, local advertising and door-to-door programs enable a balanced and very disciplined approach to customer acquisition.

We also have important relationships with homebuilders and real estate market communities through brands like HomeTeam and Northwest. We've successfully capitalized on this multichannel approach to drive strong customer growth. And finally, you heard both Scott and Stanford discussed the cross-sell opportunity in their presentations, but you'll hear from our field leaders shortly on how this is taking shape throughout the portfolio.

So now, if I can ask Ed Donoghue, Jamie Holyoak, Mitch Smith and Jeff Dunn to join me on stage for our panel discussion. Fellas, it's good to see you. Great to have you on the stage with me. It's always lonely up here when you're by yourself. But no, Ed Donoghue joins us here today. Ed's been with the company, been with Orkin for over four decades and has been a really important contributor to building out our ancillary sale opportunities and all the growth we've seen around ancillary.

So we're going to spend a little bit of time with Ed, talking about that. Jamie Holyoak joined us from Fox. So Jamie heads up our Fox business. He has been the leader behind that business and leading all of our teammates and delivering such exceptional results. So we're going to spend a little bit of time going into detail around the door-to-door business and the culture that we have at Fox.

Mitch Smith joins us as well. Mitch was actually an Orkin employee, going back some time. And Mitch came to us again through the Saela acquisition, kind of a boomerang. And so he came back to the organization. But he's leading such a great business with what we're doing out at Saela and all the great performance we're seeing there.

And then, of course, Jeff Dunn, if you were here two years ago, you got the opportunity to interact with Jeff. And Jeff is doing a great job on the Northwest business. And we're going to spend a little bit of time talking about that business as well. And so why don't we just start with Ed and start to talk through the ancillary opportunity. And a lot of times, people look at us and they ask, well, is this really pest control? What are we doing for the customer? Like, how does it connect with our underlying core pest control business? People sometimes look at it and say, is it really something that's that valuable for the customer? Ed, could you help clarify that?

Ed Donoghue

Yeah. I think, at the end of the day, it's just kind of closing the gap on what we're trying to solve, the problems we're trying to solve. Often, the customers will call with ants or spiders or termites and any of those things, or rodents. And basically, what it comes down to is, oftentimes, that's just the symptom, that's not really what's going on. And if we really want to fix the problem permanently, we got to look a little deeper, we got to look a little further. And so all the ancillary services that we've positioned at Orkin and now into the brands, all really fall into just chasing some conducive condition stuff that will fix the problems permanently and give us a puncher's chance.

Ken Krause

Yeah. It's interesting -- that's very helpful, Ed. And it's interesting, in Stanford's conversation and presentation, he talked a lot about collaboration. You've been, really, an important driver behind the ancillary opportunity in Orkin and how it's grown. You've started to work across -- work more extensively with the brands and driving more awareness around this and best programs to drive growth, and so it's been great to see that. But one thing that I think people want to understand around this area is how we sell it? How do you get a customer to actually enter into the relationship to procure these types of services from us, Ed?

Ed Donoghue

Yeah. It's really not just responding to that initial call, it's taking a big-picture view of it. Whole home inspections are a big piece that we go in. We try to get in there and get our home inspectors in there to look at the house from top to bottom to uncover these issues that may be contributing to the problem, again, or things that we can fix. Maybe there's been rodents in

the attic or there's been wild life in the attic and there's some remediation work that needs to be done. And that's kind of the space that we fill in, closing and sealing up the holes and making that all work. That's the real crux of what we try to do and teach.

Ken Krause

Yeah, that's great. It's interesting. I remember a few years ago, Ed, maybe two years ago now, we were in a quarterly business review, and I was looking at the performance in ancillary in Orkin, and I was kind of scratching my head and thinking, how long is this runway? What does this runway look like? And you responded and you kind of clarified a few things for me, but maybe if you could help the audience also understand the runway around ancillary opportunities.

Ed Donoghue

Yeah. I think the runway isn't so much oftentimes a demand problem, it's an execution opportunity, right? So we have all these customers out there. We bring new customers in every day. Certainly, the Orkin folks continue to bring new customers, and my peers up here, they're bringing new customers in like crazy. We've got these opportunities that are out there. So when you ask me the question, you know I kind of chuckled back at you and I said, I don't see an end to it, and I still don't, sitting here today. I mean, the opportunity is immense.

Ken Krause

Yeah, that's interesting. There's a slide behind us that shows some of those opportunities, and it's really focused on the residential area of our business. But today, the thing that I always say about this area and how I've gotten comfortable with it, is that it represents less than 10% of our overall revenue, but it has a ticket price, it's 10x roughly the price of pest control. So the utilization in our customer base is exceptionally low, and knowing that we really don't see much use of this thus far in the brands. More of the adoption is on Orkin, so there's so much -- it just feels like there's so much opportunity to do more on the brands.

And one thing that if you -- there was a recent study put out by Harris Williams, around residential services. And in that study, they talked about the use of financing options for customers. That's a tool you use and you've used at Orkin for some time. Isn't it, Ed?

Ed Donoghue

Yes. Our RAC [ph], our in-house financing is probably, I think, the biggest lever in being able to open the door for our customers to, number one, afford these services. Because when we go out there and we find some of these issues that need fixed, it's an unexpected, unplanned expense, right? And they can get --

Ken Krause

It's a big ticket item.

Ed Donoghue

Yeah, a big ticket item, for sure, and they're not prepared to do that. What our in-house financing allows us to do is allow the customer to take advantage of those services without a big hit upfront. They can budget it out, they can space it out. And that's the key and that's -- when Stanford shared the number about the RAC sales being up 70%, that's the indicator that this is starting to really catch on [ph].

Ken Krause

Yes, it's starting to take hold. Right. And it's so exciting. And we talk about our growth algorithm of 7% to 8%. This is one of those things that could certainly lift the growth algorithm higher as we think about the future. And speaking about growth, Fox has been an exceptional add to the portfolio. All the teammates that we've brought on from that combination back in 2023, and Jamie leads up the efforts there.

And there's always this discussion around door-to-door. And I remember even when we were evaluating coming into this market more extensively, the retention around customers. And there was a lot of concern about churn. It's interesting, what I found when I looked at Fox and I'm looking at Sacla, is that we don't see as much churn as what people thought we would see. And in fact, it's better than some of our other brands. How do we do that? How do you deliver such an exceptional retention rate when you think about Fox?

Jamie Holyoak

Well, you know, Ken, we just did a five-year look back at our customer base just to do a comparison between our main acquisition channels. We have a strong inside sales that sell it over the phone. We have technicians that sell it. They clover leaf [ph] when they're servicing accounts. And then we looked at our door-to-door accounts, and actually, over that five years, year-over-year, door-to-door customers, we retained them 1% to 2% better than those other acquisition channels. And so I really think it's about relationships.

At Fox, our number one core value is relationships first. We want those door-to-door reps to be on the door with that customer, building a relationship of trust, being able to recognize the pest pressures that they're having and bring awareness of the need of professional level pest control. I just think it's an opportunity for us to really cement the need but also to actually fill that need that same day, which is unique to us. As we're in markets and we have the opportunity to have technicians with us, we can solve those problems that same day. And if we follow it up with a really great service, then we have a sticky customer. And we want to always build the Fox family in every interaction, and we want them to be Fox for life. So I think that's our approach and that's part of the reason why we retain.

Ken Krause

Yeah, the relationship you form on the doorstep and then following that up with high-quality service earns you the right to keep those customers, and it's paying off. You talk about not only what we're doing with Fox, but when we bring a company like Fox into the fold, we want to start to share what you're doing with other brands in the portfolio. For example, HomeTeam.

Can you talk a little bit about what you did to kind of share your access to customers and help HomeTeam become an even -- it's already a very strong business, but help it become an even better business?

Jamie Holyoak

Yeah, well, we love the partnership with HomeTeam. HomeTeam does a really great job on the profit side. We grow fast. We do a nice job on the revenue side. But that relationship has been really great for us. We've been able to share with -- HomeTeam has a great builder relationship. They have two million homes with Taexx tubes already in the walls. And so we've been able to share how door-to-door teams might be able to help with the recapture of some of those dead tubes that are in those walls. And so that's been an advantage for them.

We also were able to share with them a third-party marketing company that uses door-to-door to upsell termite to customers. And like Stanford said, HomeTeam's Q1 90% over last year's Q1 with using that strategy.

Ken Krause

You know, it's interesting, that PCT top 100 slide that was up on the screen previously, if you go back to 2014, I don't think either one of the brands, Fox or Saela were even in existence back in 2014. And it's interesting, who knows where this business and market goes, but it's incredible to see the growth. I mean there's roughly several hundred million dollars of revenue coming through those two brands, really valuable revenue and with a ton of great people in them as well, so really great to see that.

But if we go to Saela and we think about Saela, Mitch, and the culture at Saela, you hear Jamie talk about the culture and you hear them talking about relationships. And talk a little bit about how Saela has been able to perform so well in retaining customers and growing its business.

Mitch Smith

Absolutely. And you know I love talking about this stuff. So when I think about cohesive relationships and behavior, I know that there's a culture that drives that. And I think sometimes the best way to talk about that is maybe I start with an example of what that looks like in the field. And I'll tag on to what Jamie just talked about, and then if we have time, maybe we can talk about the culture that's driving.

So right now, what's really important to us and we're spending a lot of time on, is the onboarding experience through our door-to-door marketing arm. So you think about that. Jamie talked about relationships there. I'm face-to-face with you on the door, listening to you talk about your pest control experience, your concerns. I can start painting color, helping you understand how we're going to solve that problem and keep you safe. It's really a wow factor, Ken, when you think about it.

I have to say, this is where relationship starts, connections begin. That's the first wow factor. The second one is now that I've got you signed up for the service, I need to get my service technician on time, on schedule so that you're not waiting there to the end of that time block. I want them there now. And when you think about that, we not only know where our sales are coming from, down to the neighborhood every day, but we know approximately how many and what time they flow throughout the day. And when you have that kind of data, you can really dial in with exactness on getting that service specialist there on time, on schedule.

The third piece can be a little bit subtle, unless you don't get it, but it's super important and that is that service team. This is where we're getting into this connection, this cohesiveness. The sales professional has to download that experience they just had, including all the expectations that were set for that customer, into the CRM, so that my service technician shows up on time, on schedule and can walk you through with confidence, how we're going to meet all of your expectations. And it really closes the loop on the start of this relationship.

Ken Krause

That's awesome. There were two slides up behind me. They were both kind of deal slides associated with the acquisitions. And the Fox acquisition, I think we paid over 13x for it. It's now valued at probably under 8x. You look at the Sacla acquisition, I think we also paid over 13x or so. And today, it's about 10x. And a lot of companies talk about synergy-adjusted opportunities, and a lot of it comes through cost takeout and really reducing people. But it's been quite the opposite. When we think about your two businesses, it's been about growth. The reason those multiples are so attractive is because our customer churn is healthy and our growth is exceptional. And so it's really good to see that culture paying off through that growth algorithm.

Jeff, if we could go to Jeff and talk a little bit about Northwest. And Jeff does not do -- he's not in the door-to-door business. So maybe a perspective, Jeff, on door-to-door, and what you've learned after interacting with some of our new teammates that came to us through these acquisitions.

Jeff Dunn

Yeah, so relatively new guys up here, and I feel like yesterday, we were the new guy. And here we are 8.5 years into it now. And initially, we thought, these door-to-door guys are really good at sales and they grow through sales. And that's obvious, they do. But what we've learned is their services is stellar. And that's certainly something locally, we pride ourselves on. But the collaboration that we've been able to have with these guys and learn about the sales, but I would say, more importantly, the service and how the retention is much higher than we would have ever thought it would be. And it's because of the focus on the teammate, on the culture, like they talk about.

We're a local company, and we face our customers locally with several different brands that are represented. We have green services that we take through new construction, through real

estate, through local involvement. So yeah, we've not done the door-to-door, but goodness, we've learned a lot from these guys. And speaking and learning a lot, Ed coming over to the brands this year has made a big impact for us. We would crawl through or walk past opportunities that now we take advantage of. With RAC, Ed's been very valuable in helping our guys understand how to utilize RAC.

Ken Krause

Yeah, that's a great point on the collaboration with Ed coming over. And I was with Randy Wilhite not long ago and we were talking about collaboration. And I remember, we were talking and he was so excited about his strip out to Jamie's organization. Northwest has a Net Promoter Score of 90, very hard to find companies with a Net Promoter Score of 90. And so taking some of that experience and interacting with Jamie, who's very growth-oriented, I mean, I think that's a really special thing and provides a lot of optimism as I think about the future, Jeff.

Jeff Dunn

It really does. And that Net Promoter Score starts with the focus on the teammates. We start each week with a service standard that's centered around service. And we have lots of different interpretations of what extraordinary service looks like but our teammates look to outdo one another. And Randy did a great job going out there and talking to Fox and the team about how we're able to achieve that 90-plus NPS score. That shows up with our customer retention as well. When we have high Net Promoter Scores, we tend to have customer retention that's high too. And ultimately, it starts with teammate retention, when we're able to hire and keep high-quality teammates, both of those soar.

Ken Krause

Yeah. The other thing I just wanted to double click with you on, Jeff, is the growth at Northwest. From 2017 to today, it's 4x the size it was back in 2017. And we're doing what we would do for a full year in one quarter now, and it's exceptional to see that. How have we been so successful in growing that business, Jeff?

Jeff Dunn

First, we've got an extraordinary team at Northwest family of brands. We've got leaders that were with us prior to the acquisition. You heard from Stanford about the intention to steward forward this legacy, and it's very personal to our teammates. We're celebrating 75 years in business this year. And our goal is to be healthier for 75 more. There's a real focus on stewardship amongst our team. But it started when Jerry came in on day one and said, just trust us, give us a chance and see how it goes. And the runway opened for so many of our teammates.

We're in states that we never would have thought we would have been in. So the empowerment from Rollins to grow the business with additional acquisitions has been key. Certainly, keeping our focus on the organic revenue growth piece as well has propelled that.

But yeah, just a lot of gratitude from our team to Rollins for the way the acquisition was handled. And then it gives us empathy when we take on new companies, and we know exactly how they're feeling in that moment, and help them steward their legacies forward as well.

Ken Krause

Great. Well, thanks, guys. I really appreciate the time and great to talk about all the wonderful opportunities we have ahead of us. I think we're going to transition to a break here and take a few moments, and we'll be back with you momentarily.

Unknown

Ladies and gentlemen, we're going to take a 15-minute break. Our conference will resume back at 10:25. Enjoy the break. Ladies and gentlemen, please welcome back to the stage, Ms. Lyndsey Burton.

Lyndsey Burton

Hi, everyone. We're planning to restart our conference and webcast, so please take your seats. And now I'd like to introduce our Vice President of Marketing for Orkin USA, Cam Glover.

Cam Glover

Thank you. Good morning. My name is Cam Glover, Vice President of Marketing at Orkin. In addition to my role at Orkin, I have the privilege of serving as a lead marketing adviser across our Rollins brands. That gives me the opportunity to work closely with our brand marketing leaders and help shape how we connect with customers, strengthen our brands, and drive growth across the entire organization.

At Rollins, marketing is about so much more than advertising or campaigns. It's about creating meaningful connections, building trust with our customers and helping power the continued success of every brand in our portfolio. Today, I'm looking forward to sharing more about the critical role marketing plays in driving growth across the enterprise.

Marketing at Rollins is a real driver of growth across our portfolio. We measure that growth not only by sales volume, but also by the quality of the customers we bring in, how well we keep them and the value they create over time. Marketing should help us grow effectively, but it should also help us grow efficiently. That is where the Rollins model is so powerful. Our brands know their local markets and understand their customers.

At the same time, we have an opportunity to share stronger tools, better data and proven practices across the portfolio. That combination matters. It allows us to preserve the local connection customers value while still benefiting from the scale, discipline and shared expertise of Rollins. One of the core strengths of Rollins is the breadth of our portfolio. We serve different geographies, customer types and market needs, through multiple brands. That gives us broader reach than any single brand could achieve on its own.

Each brand maintains its own positioning and local relevance. That matters because not all customers respond to the same message, channel or go-to-market approach. The opportunity is to combine that local strength with shared expertise. By sharing marketing analytics, customer insights, media learnings, and measurement practices, we can move faster, reduce duplicated effort and make better investment decisions across the portfolio. It also gives each brand access to a larger base of learnings that it could build on its own.

This slide highlights another advantage of the Rollins portfolio. We are not dependent on any single way to acquire customers. Our marketing investment is spread across brands and across channels. Some brands lean more heavily into performance marketing. Others place greater emphasis on brand building, B2B, door-to-door, local partnerships or other demand sources.

That diversification is a strength. First, it reduces risk. We are not overly dependent on one channel, one audience or one source of demand. Second, it helps us learn faster, because our brands operate in different markets, we can see what is working, compare results and apply those lessons in a more disciplined way.

Over time, that creates a stronger platform for collaboration. With better systems, common measurement and share best practices, we can also allocate dollars and more effectively scale what works and still give each brand the flexibility to operate in a way that fits its model. The point is not just to spend more across more channels, it is to build a marketing system that is more resilient, more informed and better positioned to drive growth across the portfolio.

Orkin is a flagship brand in the Rollins family brands, and it's a meaningful marketing asset. It brings together national awareness, customer trust and service credibility at scale. Those strengths support the full customer journey, from the first moment of awareness to conversion to retention.

Orkin also gives us a strong platform to test, learn and improve. Because the brand has scale, we can see what is working, measure the impact and apply those learnings selectively across the broader portfolio. The awareness and consideration trends on this slide are a good reminder that the brand continues to be an asset that Rollins can leverage.

Before I move on, I want to show a short montage of Orkin's advertising. What it shows is that Orkin can be both credible and memorable. The work has personality, but it still reinforces the trust and expertise that the brand is known for.

[Video Begins]

Unknown

O-M-G. They must think we're so dumb that we'll just fly into that bug zap her and die.

Unknown

Lol, I die.

Unknown

And now this Orkin Pro, ew.

Unknown

Ew.

Unknown

Let's go, besties.

Unknown

Who was that?

Unknown

Smells like Ashley.

Unknown

Sad.

Unknown

R-I-P, girl.

Unknown

Orkin, the best in pests.

Unknown

I love a good beer, specifically yours. In fact, me and my closest 200,000 drinking buddies can smell it from a mile off. Except, now there's this Orkin Pro telling us it's last call at the Taylor house. Well, I'm smart enough to know when the party's over.

Unknown

I'll fight you.

Unknown

OK. Go home, Larry. Orkin, the best in pests.

Unknown

I wonder why they call it a support beam.

Unknown

I don't know, but it tastes load bearing. Ugh, an Orkin Pro? That's it, I'll never eat here again.

Unknown

Nope. One star. Orkin, the best in pests.

Unknown

You're looking at 1,000 years of breaking and entering.

Unknown

Oops. Oh, pardon my butterfingers. Then this Orkin Pro comes along. It's like some people just don't want infectious disease in their kitchen. Oh, Orkin, the best in pests.

Unknown

Ah, your classic roach motel. Points for trying, but it's clearly a one-star experience; would not stay. So unless you have an Orkin Pro to outsmart us, go on, date me. Orkin, the best in pests.

Unknown

Ooh, Mr. Tough guy, looking up DIY rat traps. I'm shaking in my fur. Please, if you really got a problem with me, then call yourself an Orkin Pro. I'd give you their number, but I can't count. Orkin, the best in pests.

[Video Ends]

Cam Glover

I hope you like those as much as we do. We've been really encouraged by the response to this campaign. The feedback has been positive, and we're proud of the work because it reflects what strong brand marketing should do, build familiarity, trust and confidence before the customer ever needs us. This is important because as the marketing environment evolves [ph], brand strength and influence matter more than ever. We do not see branded performance as separate choices; they work together.

Brand builds trust, authority and consideration. Performance marketing helps capture customers when they are ready to act. That connection is becoming even more important as the search landscape continues to change. Customers are no longer finding service providers only through a traditional list of search results. Increasingly, they are getting answers and recommendations directly through AI-driven search, map listings, local results and other zero-click digital environments.

So success is no longer measured only by website traffic. It's also about being visible, trusted and recommended wherever customers are searching. Our response is to protect the fundamentals of search while preparing for the next generation of search experiences. That means maintaining strong site health, creating expert content, building local market coverage and strengthening the brand authority signals that help our companies show up as trusted answers.

For Orkin, we are already seeing strong visibility in these emerging environments. That visibility is supported by the SEO authority and search prominence we have built over many years. Recent reporting show that Orkin holds the leading share of AI visibility among pest control brands, ranking number one in AI-driven search answers and number one in citation share of voice. This is significant because stronger visibility in these evolving search experiences can improve lead quality, conversion efficiency and customer acquisition performance.

As search continues to evolve, the brands that are most visible, authoritative and trusted will have a structural advantage. They'll be more likely to stay in the customer's decision set no matter how the search experience changes. In residential, the opportunity is to capture demand with greater local precision, improve conversion and expand lifetime value. In the home, success comes down to trust, urgency and local relevance.

Customers often have an immediate need. They want to know the brand. They want to know the brand can solve the problem quickly, professionally and reliably. That is where marketing plays an important role. We can use high-intent channels and market level activation to reach customers at the moment they need us the most.

We can also improve the digital experience with clear selling propositions that make it easier for customers to understand the value, take action and move through the sales process faster. And through life cycle marketing, we can support recurring plan adoption, retention and stronger customer relationships over time. So the opportunity is not just to acquire more customers, it is, acquire them more efficiently, keep them longer and increase their long-term value. That is especially important and residential, where an initial need can become the start of a recurring relationship.

In commercial, the approach is different from residential. Commercial customers are often looking for a partner who understands their specific operating needs, a restaurant, health care facility, school, warehouse or multi-location accounts may all need pest control, but the priorities and proof points can be different. That is why growth in commercial depends on industry relevance, lead quality and strong sales support.

Marketing helps [inaudible] tell a compelling story about our expertise, responsiveness, and the outcomes we can deliver. That includes relevant case studies, industry-specific content, targeted account reach and tools that help the sales team communicate value more effectively. The biggest opportunities are in national accounts, multi-location customers in high-value vertical segments, as Scott covered earlier. With better segmentation, more relevant content and strong support for the sales process, we can improve both conversion and expansion in the commercial division.

Across the portfolio, the goal is not to make every brand operate the same way. Each brand still needs to serve its own customers, markets and growth priorities. The opportunity is to share what works. That includes measurement standards, test design, media and vendor learnings,

creative best practices and better ways to evaluate performance. When teams learn from one another, we can move faster, make better decisions and improve the quality of execution.

It also helps us use marketing dollars more effectively. This is practical collaboration, sharing the tools, tests and lessons that help each brand perform better. And over time, that creates a real portfolio advantage for Rollins. The best marketing outcome is not simply more leads, it is more loyal customers. That means customers who are more likely to convert, stay with us, use recurring services and create greater lifetime value over time.

This is why we focus not just on lead volume but conversion quality, retention, recurring revenue and lifetime value. AI is already influencing this dynamic. It may put pressure on total lead quantity, but it can also improve lead quality. The funnel is becoming more efficient and more intentional, with fewer low-intent inquiries and more prospects who are ready to buy. That is a better outcome for the business.

It also means marketing must stay closely aligned with sales and operations. We want to generate demand that the business can serve well and serve profitably. A low-quality lead can create cost and distraction. A higher-quality customer can support revenue, retention and margin.

This also matters for capital allocation. When measurement is disciplined, we can make better decisions about where to invest across channels, across brands and across the customer journey. The goal is to move beyond lead volume alone and focus on the outcomes that matter most, loyal customers, stronger retention and more durable growth.

To bring this all together, marketing is not just supporting growth at Rollins, it is helping to shape the future of our business. Today, marketing drives performance through stronger positioning, smarter customer engagement and disciplined execution across our brands. What makes this especially exciting is the opportunity ahead.

As we continue to grow, we can share learnings more effectively, improve execution across the portfolio and scale the strategies already delivering results. The model is simple, strong brands build trust, share processes, extend impact and better customer quality drives stronger retention and long-term customer loyalty. Thank you.

Unknown

Ladies and gentlemen, please welcome Senior Vice President, Operational Support, Clay Scherer.

Clay Scherer

Good morning, everyone. I want to start by introducing myself a bit. Prior to joining Rollins, I spent the last 25 years researching and developing new products for use in the pest control

industry. As a scientist, it was very rewarding working with pest control operators across the US, as well as in key overseas markets, Australia, Japan, the U.K. and Europe, Southeast Asia and China and South America to solve pest problems by delivering new tools for the service industry. Working with the Gates Foundation, we created novel interventions in the fight against malaria in sub-Saharan Africa.

Now, a year and a half into my role at Rollins, it is really special to be part of the service industry, bringing the combined offer of product technology and service protocol to the ultimate customer. I refer to this as the solution journey, from idea and concept through testing and development, training, refinement, culminating in an optimized customer experience. It's a real joy to be part of the end-to-end process and to be here with everyone today.

Over the last year, we have restructured some key operational support functions to enhance customer experience through improvements in service delivery. I'd like to share a few of these today. First, pests are at the core of our business. Pest infestations present significant human health threats and can cause damage to structures or impact operations in commercial businesses. These are dynamic and complex systems rooted in the science of entomology, specifically urban entomology.

Access to technical expertise is critical in enabling frontline staff to properly identify, diagnose, prescribe, treat and solve pest problems. We recently took steps to ensure all divisions have dedicated entomology technical expertise. Among our entire field organization, we have over 200 certified entomologists, including 10 PhDs, dedicated to ensuring our frontline staff are fully trained, prepared and supported to serve our customers.

While ramping up and investing in our people and teams, it became clear that Rollins is an employer of choice among the urban and topology community. The Rollins' way has become visible externally, and has resonated within the industry and technical experts want to be a part of it. We have been able to recruit and build the best technical organization in the industry. Top talent wants to be here, and that's something we are proud of and excited about.

Second, with a focus on continuous improvement, we have redesigned our technical training model. We created a new role dedicated to leading technical training across Rollins, bringing together best practices, which can be shared and quickly integrated where needed. Training has evolved to include multilayered and multi-format assets to form an end-to-end experience for our service technicians.

Learning occurs through traditional classroom style, computer-based modules, digital tools, including AI-based tools, as well as on the job. Through this learning journey, we feel our teammates are best prepared to meet our customers' expectations. For those teammates desiring additional development, we have formalized career path opportunities based on experience and additional certifications leading to increased job satisfaction and improved retention.

Third, as part of a continuous feedback loop, our full-time quality assurance teams provide real-time evaluations of branch operations. This team is brand agnostic and allows for an arm's length objective review. We recently expanded our two teams dedicated to termite and commercial to 16 professionals, contributing to a company-wide total of nearly 50 QA experts conducting comprehensive performance assessments, including identifying areas for improvement before they become problematic. While making an immediate impact at the branch level, these learnings are also shared directly with the training team to be addressed by or incorporated into subsequent training curriculum.

Let's talk about innovation for a moment. We are a service company enabled by science. We have to be prepared for new or invasive pest species or integrate adjacent technologies into our service delivery, such as robotics, drones or remote monitoring. Fortunately, we don't have to invest in expensive brick-and-mortar R&D facilities and staff to accomplish this.

We are proud to have excellent relationships with a long list of key strategic partners and university researchers and hardest their multibillion-dollar research and development budgets to keep us on the cutting-edge of new developments and pest management. In order to maximize this benefit, we have created a new innovation lead role focused on our partnerships and continued innovation. We celebrate these partnerships every year with an annual partner summit to share success and exchange ideas.

We now have the right talent, expertise and structure to maximize this advantage. We have formalized a process engine, which allows for piloting new tools and procedures with a rapid iterative field testing cycle. We start with an idea and flush out the business case or opportunity followed by developing and pilot testing the solution, and if successful, we proceed to launch. If a concept doesn't meet our expectations, it's dropped. It's the classic method of fail fast, then scale the winning solution.

The entire effort is guided and governed by our multifunction Corporate Innovation Committee to ensure the right balance of risk and reward. This new stage-gated process allows us to efficiently progress concepts into customer offers. Our innovation pipeline is currently filled with over 40 projects, several of which originate from frontline teammates.

We also have projects which have been baking for a bit longer. Remote monitoring in pest management is a great example. Utilizing a fast follower model, we can best balance cost and benefits of technology adoption. Monetizing data collected via remote systems has been a challenge across many industries for years. Everyone has been trying to figure this out.

Creating value from the data has remained stubbornly elusive. Only recently have we seen evidence that customers can be better served through integration of remote pest monitoring, resulting in exceptional service and greater value delivery. Combining recent improvements in

sensor technology and modern data analytics to predict conducive conditions and potential pest origins before they become infestations, reduces risk to our customers and creates value.

Remote monitoring brings incremental improvements in operational efficiency, but it's the increased service and value that our customers will reward us for. We may not be a traditional R&D company, but we are surely an innovation company by listening to our customers and working closely with partners to deliver solutions. Lastly, I want to mention that we operate in a highly regulated industry, at least four agencies on the federal level and multiple regulatory departments in every state.

As the industry leader, we have the responsibility to engage with the regulatory authorities to help shape the future. We must be proactive and anticipate industry shifts and evolving in policies by taking a leadership-first approach. As examples, we drive policy to ensure practical and safe use directions for pesticidal products, develop best practices and lead the industry into more sustainable solutions. Combined, our regulatory and policy professionals have over 50 years of experience working closely with officials and trade organizations to navigate the most appropriate course for the entire industry.

In closing, I'm thrilled to be part of Rollins. I think we have a world-class technical organization. The best way to retain service technicians is to ensure they are as prepared for their role as possible. A competent and confident service technician delivers the best service. Our team will be focused on this execution. Thank you.

Operator

Ladies and gentlemen, please welcome Senior Vice President, Chief Information Officer, Renee Pearson.

Renee Pearson

Good morning. I'm Renee Pearson and currently serve Rollins' Chief Information Officer. I've been with the company now for a little over three years, so it's great to be back again for another Investor Day. I joined Rollins because I believed in the company, culture and was excited to be on the journey currently underway.

In my time at Rollins, we've integrated approximately 100 acquisitions, launched the Rollins' Way, and I get to lead and partner in the fastest and most transformative digital movement, artificial intelligence. I've also experienced our field services firsthand through personal experiences treating flying squirrels, and that was in my attic, so thank you, Critter Control.

And let's just say, I know a lot more now about squirrels and pests than I ever thought I would. As I mentioned, it's great to be back. And at our last Investor Day, you heard about Rollins' technology investment strategy focused on strengthening our service capabilities, improving customer and teammate experiences and supporting disciplined growth through M&A. That

strategy still holds true today. And today, I'll provide an update on how we're executing against that strategy, and demonstrate how AI is accelerating progress across our technology and business initiatives.

AI is not a stand-alone initiative at Rollins, but rather integrated across our business strategies and initiatives, all of which are focused on three clear outcomes, increasing operational efficiency and cost savings, delivering superior customer and teammate experiences that drive retention and growth, and building a modern technology and data foundation that scales with our business. Let's start by getting focused on operational efficiencies and cost savings. Rollins continues to invest in growth, both organically and disciplined M&A.

Each year, Rollins acquires 30 to 40 brands, integrated as either tuck-ins or stand-alone brands such as Saela and most recently, Romex. To support this pace, we established a dedicated M&A technology team, grew Rollins IT shared services, standardized integration playbooks and created a repeatable technology migration plan. AI has enhanced key steps in this playbook, particularly in CRM data migrations and conversions. Leveraging AI, data conversion tasks have been reduced from days down to minutes.

Data accuracy has improved, reducing testing cycles and, therefore, outcomes delivered sooner. We also previously discussed the modernization of the Orkin call center by moving from a legacy homegrown platform to a modern, AI-enabled solution that provides a more seamless teammate experience and omnichannel capabilities. That investment continues, and today, AI is delivering even more through intelligent call routing, automated call transcription summaries and call log analytics for greater and faster insights into not only our customers but our call center agent performance as well.

Using conversational AI versus traditional reporting, call log analysis can be done in bulk versus call log by call log. This is just another example of greater efficiencies and actionable insights enabled by AI. We are often asked about routing and scheduling optimization, given the nature of our business. We've always had strong capabilities using traditional AI and machine learning. As AI models and algorithms have matured, they've continued to deliver incremental efficiency gains.

As such, we continue to drive adoption of routing and scheduling capabilities across our portfolio of brands each year. This capability also helps mitigate the rising fuel costs and increase in operational expenses. We have also delivered new communication channels to engage with our customers and sell additional services. By engaging via text or SMS powered by AI, we are able to reach large volumes of customers through targeted campaigns.

This example not only provides efficiencies in our customer engagement and communication, but results in increased sales and revenue as well. HomeTeam has already realized value, leveraging AI and texting campaigns to grow mosquito sales and Fox through win-backs.

Beyond efficiency, cost savings and revenue generation, we are empowering teammates by putting AI directly into their everyday work, helping them work smarter and more efficiently.

Over the past six months, we've conducted many enterprise-wide AI training sessions with approximately 90% of those teammates continuing to use AI on a regular basis. Training is not only driving adoption, but strengthening AI proficiency. From corporate roles to branch and field operations, teammates can create their own AI agents to support field performance analysis, task optimization and day-to-day productivity, personalized for them, their day and how they work.

We want to continue to empower our teammates through AI capabilities, with chatbots being a great way to do so. We recently launched ASK HR to answer common HR questions. With the use of the HR chatbot, not only are we delivering a more seamless experience for our teammates to get HR-related information, we also expect at least a 25% reduction in HR-related calls to our help desk, especially during peak periods like benefits enrollment or tax season. Rather than scaling head count to handle routine questions or spikes in call volume, we're delivering self-service solutions that put answers directly in our teammates' hands.

The creation of the HR chatbot also served as the framework for rapidly deploying future chatbots. We have a technician chatbot currently underway, focused on providing technicians with fast accessible information needed in the field. Once deployed, this chatbot will quickly and easily provide on-the-job answers regarding pests, chemicals or standard operating procedures. This is expected to improve teammate retention, particularly for technicians in the first year, ensuring they have any information needed to complete service orders and better serve our customers.

The vision for improving our technician experience goes well beyond a chatbot. Advances in AI have created an opportunity to fundamentally transform how technicians work. This includes building personalized, interactive, onboarding and training with AI, creating tailored training for technicians based on topics that need additional focus or to cater specifically to an individual style of learning, a virtual technician assistant to prepare for upcoming services and customer interactions.

Not only will this prepare our technician for service order, but it will also equip the technician with customer information. Imagine being a customer and your technician understands everything from your current services to your golden retriever's name, like Benny. And lastly, voice-enabled service order updates and automated work order completion. The less time a technician is in front of a device, the more time they can engage with customers or deliver more services.

Each of these capabilities is designed to help technicians perform their best, empower them in the field and create differentiated technician and customer experiences. I've spoken today about many examples that demonstrate how we're using AI to drive tangible cost savings, gain

efficiency and deliver better experiences to achieve business outcomes. But none of this is possible without a strong data foundation. Data remains central to our strategy. It underpins analytics, insights and every AI capability we deploy.

In a multi-brand enterprise like Rollins, AI and advanced analytics deliver exponential value when built upon shared foundations and not fragmented point solutions. Our focus is enterprise readiness in supporting both today's AI use cases and future innovation, while enabling deeper insight across our portfolio. Specifically, we are investing in unified enterprise data foundation. This includes master data across customers, services, pests and suppliers. Master data eliminates those brand data silos across systems, specifically CRMs to truly provide holistic customer and service insights.

We have a major project underway to modernize our financial platforms and implement enterprise performance management to enhance planning, forecasting, consolidation as well as deliver enterprise-level financial insights. We've been very intentional about driving cross-brand data sharing and collaboration to strengthen customer insights and grow revenue, truly building operations to foster multiple bites of the apple. You heard Stanford mention earlier the results of a six-week pilot in South Florida, where HomeTeam passed qualified wildlife leads to Crete Control and TruTech, resulting in 45% revenue growth.

In closing, Rollins technology and AI strategy is tightly aligned to our business strategy, focusing on improving operational efficiency, enhancing customer and teammate experiences and building data foundations that scale across our multi-brand model. AI is embedded across the business and processes from M&A, call center operations and self-service and field enablement. We will continue to be disciplined in our technology investments to drive strong ROI and business results. Thank you.

Operator

Ladies and gentlemen, please welcome back to the stage, Ken Krause.

Ken Krause

It's hard to believe that I'm coming up on my fourth anniversary with the company. It's been a wonderful journey to be part of so much positive change while having so much opportunity, and momentum going forward is truly exciting for all of us at Rollins. I'm confident in our future, and I'm sure that after your interactions with our teammates today, you share in my confidence. I have the privilege of closing out the day and speaking to you on behalf of our 22,000-plus teammates about our performance, our strategy and our long-term value creation opportunity.

If you were with us in our last Investor Day, we described ourselves as a compounder. And since then, we have continued to realize compounding growth. We compound revenue, earnings and cash flow by acquiring, investing and growing market-leading pest control businesses. We have a very capital-light business model, our revenue is highly recurring and we have consistently

performed through various economic cycles. Today, I want to walk you through how we got here, how the team is thinking about growth and margins going forward and why we believe our value creation algorithm remains both compelling and sustainable.

We are a recession-resilient business. We have delivered 25 years of consecutive growth. We're coming up on our 100th consecutive quarter of revenue growth. Let me say that again, 100 straight quarters of revenue growth. We've grown through the great financial crisis. We've grown through the industrial recession, when oil went from over \$100 a barrel down to \$25 back in 2015, and we grew during the pandemic as well. The consistency we have delivered stems from the essential nature of the service we're providing and the recurring relationships that we have with our customers.

Rollins has been a compounder for many years. Since 2000, our revenue growth has been compounding at a 7% CAGR. Adjusted EBITDA has grown at a 14% CAGR, while operating cash flow has compounded at 18%. And that performance has paid off. It's provided our shareholders, many of which are represented by our teammates, it's provided them with an average annual TSR of 19%.

Since 2000, Rollins has delivered over an 8,000% total shareholder return. Putting that into context, the S&P 500 has delivered under 700% during that same time period. This performance puts us at the 99th percentile of public companies comprising the S&P 500 over this time period. Said another way, we have performed better than 99% of the S&P 500 during this time period.

We've compounded total shareholder return over a very long period. And maybe just as importantly, we've continued to invest in the teammates and delivered these results through periods of uncertainty. We're very proud of these results and the teammates that have driven these very solid results. If you could just go back to that slide for a second. It's interesting, oftentimes, nobody describes pest control as sexy. But I must say, that is a sexy chart.

Before discussing some of the opportunities ahead of us, I wanted to take a moment to revisit the targets we set in our last Investor Day back in 2024. We spoke about our goal to deliver 7% to 8% organic growth, 2% to 3% growth from M&A, free cash flow conversion of over 100% and incremental margins of 30% to 35%. I'm pleased with our progress towards these goals, as we have been able to meet or exceed most of them. And while incremental margins are not yet at the level that we know they can get to, our primary focus is on double-digit revenue, earnings and cash flow growth, which is precisely what we've delivered over the last three years.

During this period, we have made significant investments in areas that have tempered incremental margins in the short-term, but have enabled significant growth in revenue and earnings. While we did not issue a target for free cash flow growth at our last Investor Day, cash flow has been compounding at a double-digit pace since our last Investor Day. And it goes to show that the investments we've been making in growth are certainly paying off.

I previously shared a similar chart to what you see here, highlighting key milestones and achievements along our modernization journey, but we just keep adding to it. Starting with capital allocation, we've deployed well over \$2 billion of capital in the last three years. We've bought businesses like Fox, Sacla and Romex, which we just added earlier this year, in addition to over 90 other tuck-in acquisitions just in the last three years alone. Our dividend is up over 80%, and we've deployed over \$500 million in share repurchases.

We've continued to modernize our capital structure beginning in early 2023, when we upsized our revolver, and then in 2025, when we debuted on the bond market, under my treasurer's leadership, Brady Knudsen, issuing \$500 million in bonds with an investment-grade credit rating from both Fitch and S&P. I might add that less than 10% of companies our size have such a rating. We've also established a commercial paper program providing an efficient source of short-term capital.

We've made a lot of positive changes with respect to investor transparency under Lyndsey Burton's leadership, and the time spent here with all of you today hopefully reinforces that. As a result, we've seen a number of positive developments with respect to sell side coverage and our shareholder base. These have benefited us by increasing our liquidity and has enabled us to execute two successful equity offerings, the most recent taking place in November of last year.

Perhaps most importantly, we continue to elevate our talent profile by making meaningful investments in our people. Importantly, we have a lot of tenure and experience in our business, which we value greatly. We've coupled this experience by strategically adding new teammates that are bringing new ideas and diverse experiences. It's exciting to see the interplay of these two groups and all that they're doing to drive our performance.

I look at our organic growth through five primary drivers, market growth, pricing, recurring revenue, commercial growth and ancillary services. I'd like to take a closer look at each one of these, starting with market growth. Industry consensus for nominal growth inclusive of prices in our market is in the range of 4% to 7%. Our ability to outpace this is driven by investments we make to fuel our recurring revenue base, drive commercial growth and expand our ancillary service offerings.

We operate in a highly attractive market, estimated at over \$20 billion but we believe the opportunity is much higher. With less than 20% of US households utilizing these services, we believe the potential for pest control adoption to be significantly greater than where it stands today, supported by some of the tailwinds you see here, such as increasing awareness, a shift towards do-it-for-me and changing lifestyle trends, just to name a few. Additionally, evolving consumer preferences for home services should continue to benefit the pest control market.

According to our recent home services consumer study conducted by Harris Williams, 90% of the 1,000-plus homeowners surveyed were more likely to hire a professional today for home services than they were two to three years ago. 85% of survey respondents plan to maintain or increase spend on home services, even during a recession. 96% of respondents say a well-known brand is very important to them, while 79% indicated a preference for hiring local underscoring the importance of our multi-brand strategy. And 94% of respondents indicated how important financing options are when it comes to making a decision around services, reinforcing our Rollins' Acceptance Corp and the importance of that, and how much of a competitive differentiator that is in our markets. These secular tailwinds and evolving consumer preferences have the potential to drive market growth above 5% over the next 10 years.

Transitioning to pricing, we continue to expect pricing to positively contribute to our financial results. We believe the essential nature of our services warrants a CPI-plus pricing model. This model uses data-driven analytics for both new and existing customers, factoring in demographics, performance trends, geography, service mix and consumer behavior, enabling us to be more targeted in our approach to pricing. This is not a broad-based approach, but one that is highly individualized or tailored.

Our approach allows us to realize the full benefit of our pricing actions. 75% of our business is recurring, and that creates a predictable base of revenue and the opportunity to form valuable long-term relationships with our customers. The average customer life in our residential business is four to five years. And for commercial, it's even longer. The acquisition cost of a customer is incurred once and the revenue and value is realized over many years. This combination provides exceptional returns and stability.

Our commercial opportunity is one that we have been especially focused on in the past few years as we stood up two dedicated commercial divisions, as Scott mentioned earlier. Commercial continues to be an exceptional business for us, with a customer life that can be in excess of 10 years. We have a multipronged approach to customer access as we go to market through national accounts, as well as strong local execution. And we continue to have great opportunities in front of us for cross-sell, as there are 10-plus opportunities to expand wallet share with any given commercial customer.

One of the levers that continue to excite us is our ancillary opportunity. Today, ancillary services, as I mentioned earlier, account for only 10% of our revenue but has an average ticket price of over 10x an annual residential pest control contract. This means that less than 5% of our customers have engaged with our service offering, our ancillary service offering, which today are primarily offered through our Orkin brand.

Going forward, we have a great opportunity to grow this area of our business by penetrating more of our customer base at Orkin and expanding these service offerings across our portfolio of brands. This could grow our ancillary services from a \$300 million business today to well in excess of that over the next several years. And as we discussed earlier, M&A serves as another

important lever of growth for our business. There are a number of factors that provide confidence in our ability to deliver on our target for 2% to 3% growth from M&A.

We play in a large and fragmented market with a pipeline of potential opportunities that only continues to expand. We've earned a reputation as an acquirer of choice in our industry by partnering with exceptional businesses throughout our history and investing in them, their teams and driving further growth. And as a result, over the last several years, it demonstrates the combination of our reputation in the market, coupled with a fragmented landscape in providing upside potential to drive M&A growth above the 2% to 3% watermark.

Let's shift gears and talk about earnings growth. We're focused on double-digit earnings growth and have a multitude of levers to hit that goal. As you can see here on this slide, we believe that a combination of these levers and our revenue growth will provide sustainable double-digit earnings growth. There are three key areas that represent meaningful upside from a gross margin perspective beyond our proactive pricing strategy that we discussed earlier.

First, you've heard us talk about our focus on improving our performance with respect to turnover, particularly among teammates who have been with us for a year or less. We lose too many people in the first year. We invest roughly \$15,000 each year to onboard these new teammates. When we lose them, that represents meaningful costs and inefficiencies in our financial results. We're making good strides here, but have opportunities ahead of us.

By reducing hiring by improving retention of just 1,000 teammates, that would represent a savings of almost \$15 million. Improving technician turnover has the opportunity to drive savings of \$15 million to \$20 million annually, corresponding to potential savings of 30 to 40 basis points. Second, while our brand multi-brand strategy does have a certain degree of decentralization or autonomy when it comes to day-to-day operations for our brands, there are opportunities to leverage our scale more effectively.

We spend approximately \$200 million of materials and supplies annually with some coordination across our brand portfolio with respect to procurement, but there remains opportunity to modernize this area much further. Continued progress in this area could drive 15 to 25 basis points of improvement. This could easily equate to savings of \$10 million. This will take some time and ongoing change management, but the opportunity is certainly there.

And finally, similar to synergies we can drive with respect to procurement, fleet is an area where we can also look to better leverage our scale, and we're very active in this area. Turning to our SG&A opportunity. We still see a significant amount of untapped opportunity as we continue to modernize our business. Over the past few years, we've been able to take out admin expenses and reinvest it in the business. Over this time, we've increased our investment in selling and marketing by 200 basis points, but have driven savings of about 200 basis points in G&A costs.

We're helping pay for the growth by saving in general and administrative areas. We see an opportunity to continue to enact an incremental change in this area as there are countless opportunities to leverage our corporate functions more effectively to improve the efficiency across our business. We've made significant progress over the past few years, getting the teams in place to implement these opportunities. We have a number of other areas that we continue to focus on, such as back-office efficiency reducing redundancy in our operations and modernizing our financial systems by putting in place new technology that provides greater visibility into the business, and we expect to make progress on this in the near term.

Through improvements of what we see on this slide, we see an opportunity to create 100 to 200 basis points of further margin improvement. Another lever of potential earnings growth comes from taking a more strategic and proactive approach to tax planning. Our tax team headed up by Andrew Light, who is with us today, has done an excellent job over the past several years, driving meaningful improvements to our effective tax rate. And the opportunity to drive that rate even lower going forward is certainly tangible.

Transitioning to cash flow and our balance sheet. We've consistently compounded cash flow at a double-digit rate, which is enabled through our ability to consistently compound earnings at a very strong pace. Second, we have a very capital-light business model. Net working capital is oftentimes negative. It's negative as customers pay us in advance of receiving their services. And the average CapEx requirement in our business is less than 1%. As a result, earnings have continued to compound and convert to cash at well above 100%, which we then reinvest in our business and use it to provide meaningful returns to our shareholders.

Looking closer at the balance sheet, our cash flow profile has enabled us to maintain very modest levels of leverage. We remain committed to our investment-grade policy of maintaining leverage under 2x. As you can see, we sit at less than a turn of leverage today, which has moderately increased over the past three years, with ample capacity to grow our business through acquisitions while maintaining that balanced and very disciplined approach to capital allocation.

Here's a look at our growth and free cash flow from 2015 to 2025. Cash flow has grown at a 15% annual CAGR, and you can see here how it has been deployed. Let's start with dividends, which make up a little more than 40% of our capital allocation. Dividends have grown by about 128% over this period, with 80% of the growth coming since 2022, when we shifted our strategy. We are committed to growing the dividend as earnings and cash flow compounds.

We've invested 39%, just under 40% of our cash flow, or \$2 billion, in M&A. We continue to prioritize buying great businesses with great people and cultures that provide attractive returns. We've deployed more than \$600 million over the last decade in share repurchases, with a majority of these repurchases occurring in the 2023 and 2025 secondary offerings. We

have seen nice returns on those repurchases, and we'll continue to evaluate share repurchases from time to time.

Turning to our outlook, the underlying algorithm remains unchanged. Our medium-term outlook is 7% to 8% organic growth. 2% to 3% of growth from M&A, a 30% to 35% incremental margin from our core business and free cash flow that converts above 100%. What we're ultimately striving for is to consistently deliver double-digit revenue, earnings and cash flow growth.

So as I close, I want to again reinforce the key investment highlights that I hope have resonated with all of you today. This is an exceptional business operating in a very attractive market with scale and other unique competitive advantages that position us to outpace the overall market growth rate. Our modernization journey to further optimize our business is well underway with tremendous opportunities still ahead of us. And the hallmark of our business is that we are a compounder, and we'll continue to create shareholder value through disciplined capital allocation and a very strong balance sheet.

Thank you for your time and interest in our company.

Unknown

All right. Ladies and gentlemen, we're going to take about a 14-minute break. We're going to start back here at 11:35. Enjoy your break. Ladies and gentlemen, please welcome back, Lyndsey Burton.

Lyndsey Burton

OK. We will now be moving to our Q&A session with the broader team. We have two of my colleagues from the Investor Relations team that will have microphones. If you have a question, please raise your hand and wait until the microphone gets to you. We want those joining us on the webcast to be able to hear your questions, so please limit yourself to one question, one follow-up. And if you could, please state your name and the firm that you're with before asking your question. Thanks, everybody. Let's get started.

Unknown

It's not on.

Tim Mulrooney

Testing. Ah, thank you. Hey, Tim Mulrooney, William Blair. Thanks for taking my question. I wanted to ask about the commercial business. You guys talked about it a lot at the beginning of the day, all the investments that you've been making here over the last several years. And I think that might be something that's underappreciated by the street a little bit, just how much you've been investing there. And I guess my question is, how far along are you on that journey? Are we getting to the -- when you think about how much branch-splitting or the investments in

the sales folks, and as we think about that leveling off and the productivity ramping up from there, can you kind of just lay that out for us?

Jerry Gahlhoff

Great question for Scott.

Scott Weaver

Yeah. Thanks, Tim. We're at a phase right now where the last couple of years, we've really been building on the leadership group of it, and we feel we've flattened that out at this point. As far as the branch locations, we're always evaluating that. In the presentation today, we talked about the Kentucky opportunity, we're continuing to look for those where they're laying out [ph] in the organization. But the thing with the commercial side of it, you just got to keep in perspective is that the runway on the salespeople is a little longer than it is on residential, longer sales cycle to build up to that. But we think we've got the right ratio right now with the leadership to frontline employee ratios.

Ken Krause

Yeah, there's a curve, right? I mean we were talking about that at the break. There's a curve. So when you think about that, it's the line of growth and productivity. And I think for a period of time, what Scott is alluding to, is that you're not as productive. You're not seeing the returns. But over six to nine months and up to a year, you start to see it. And then what you end up doing is being very positive on that curve. So your productivity is improving and your profitability also improves at the same time.

You think about these customers, they're with us for a decade, and so it's not about the first six or nine months or for even a year, it's about that 10-year period that we have a customer with us.

Timothy Mulrooney

All right. That's really helpful. Thanks. And my follow-up is just on your, Ken, your gross margin slide. You kind of laid out three categories of COGS and what the annual opportunity is. And of course, the sell-side analyst is just all those basis point improvements and assume that you're committing to 70 basis points of improvement every year, but I know that's not actually -- or I assume that's not actually what you're saying. So is that actually your annual target, or is it more of an opportunity? Or can you just clarify a little bit what that slide was really meant to represent?

Ken Krause

Yeah. So when you think about gross margin, and thank you for the question, Tim. What we wanted to do is illustrate the opportunity set behind gross margin and cost of services. But when I think about gross margin expectations, it starts with pricing at CPI-plus. Much of our supply chain is at CPI. So naturally, you're going to get leverage at the CPI-plus line. That might be 25 to 40 basis points. But these opportunities that are on this slide that you saw us present

that equate to 60 to 80 basis points or so, represent upside opportunity. And so if we can execute in these areas, you certainly could see our gross margins inflect even higher. We already have a very solid business model that allows us to generate good improvements in gross margin, but these are additional layers that can come through the model and help make that incremental margin even more attractive.

Jerry Gahlhoff

Possibly the slowest thing that we may have to flow through maybe the procurement side of it, right, where that has a longer lead time, longer lag before you get things in the system. But the other two are certainly things that we can action on quicker. You heard Stanford talk about 500 and some fewer people, right? Just last year, that's half the number that Ken pointed out, \$15 million per 1,000 as an estimated savings. So that's what we're building towards and continuing to make 10%, 15%, 20% improvements in short-term retention of our teammates will make a big difference.

Ken Krause

It definitely does. I mean, and I would say, like if I rate this, I agree with precisely what Jerry was saying and alluding to, teammate turnover, we're making progress, we're seeing benefits, but we should see even more benefits as we make that more of a focus. The fleet, we're going through a process there, and we see great opportunities to bring in some savings for our field operations but the procurement is taking a little bit longer, but all of them are very achievable and realistic. The one area that has been a struggle for us is just on the claims side, insurance and claims. It's an area we're making great investments in to help improve safety and make sure that our teammates are getting home safe each and every day. But boy, what a litigious society that we're in and the challenges we continue to see from the claims side.

Manav Patnaik

All right. Manav Patnaik with Barclays. Ken, maybe just to ask that a different way, the 30% to 35% incremental margins that you put up in that slide, you talked about, it's been closer to 25% right now. So when should we start holding you to delivering \$30 million to \$35 million? And then the second question is more around the top line. And maybe for this year, you had some weather-related hiccups to start the year. I know you put it on the slide, but just some color on how things are trending to get there by the end of the year.

Ken Krause

Yeah. Sure. Thank you for the questions. I'll handle the growth one first. We'll just go through the order of the P&L and start with growth. And so when we think about growth, we very much believe 7% to 8% organic growth is the right number for our business. You're going to have quarters like you had in Q4, where there were some challenges, but you saw Q1 ramp right back to 6.5% to 7%. Through the first four months of the year, we're 6.5% to 7%, and so we feel really good about where we're at relative to our 7% to 8% goal.

It was a challenging January. We talked about that, but the business has been pretty solid ever since. And so that 6.5% to 7% intact, but 7% to 8% is really the number. And we think that's very achievable for 2026 and beyond. And in fact, when you think about the ancillary opportunity on the residential side, if you think about the commercial ancillary opportunity, you think about all we're doing around retention we haven't spent a lot of time talking about retention today.

It's not been a big headwind because it hasn't necessarily deteriorated on us. But man, we're losing way too many customers every single year. So what we're doing under Thomas Tesh's efforts and retention and customer experience should also help pay off for us as we go forward. So not to mention, the market. You look at the market slide and you think about all those things that are making this market so attractive, all those forces just continue to get better. And if the market does grow at 6%, that 7% to 8% is light.

And so, I mean, I think there's more upside opportunity than there are downside pressures on the revenue growth, and that's how I think about it. And I think Jerry and the team share that view. I also, when we think about incremental margins, it's been a challenge, admittedly, on the incremental margin. And some of it is just balancing that investments in growth with the focus on margin. And so as we think about going forward, as we said in our deck, 25% to 30% this year is not unrealistic, but as you go into '27, boy, we would hope that those investments in commercial are paying off for us, and we're seeing the returns come through on the productivity side.

We just met, gosh, last week with Scott, and we were really focused in on what are we doing to make sure that we're trimming where we need to trim and we're doubling down and investing where we need to invest from a productivity perspective. And so that's a huge focus. But I think as we go into next year, those incremental margins should certainly start to improve for us.

Joshua Chan

Josh Chan with UBS. I appreciate the team's time today. I'll ask two questions. First on marketing, I think there was some allusion to AI, and then different brands have different method to go to the market. I was wondering if the brands that have more performance marketing focus, have seen any change in terms of the effectiveness of performance marketing? And then just secondly, in terms of numbers, obviously, you gave the guidance for '26 and the medium-term outlook wasn't super quantitative, but could we still assume that 7% to 8% organic and 2% to 3% M&A is really the right framework longer term, too?

Ken Krause

Yeah, I'll handle that first one. But when we think about medium-term outlook, I believe, is what it's called, it's the same outlook that we issued two years ago and so there's no change. There's a lot of puts and takes, but as I said earlier, I think there's more upside opportunity than there are downside pressures to the outlook. I think 7% to 8% is very much intact. I think 2% to 3% is also very much intact. I mean, if you look at the last three years, I think it's been closer to

4% on the M&A contribution. And so we've used the balance sheet more, the leverage has stepped up a little bit more in a responsible manner, but I do think there's great opportunity on the M&A side to continue to inflect higher.

So we think those metrics, those targets are very much in line with what we've issued previously, might have some upside opportunity for us. On the marketing side, maybe we could pivot to CAM, and you could talk a little bit about marketing efforts.

Cam Clover

Yeah, the question was those that are more reliant on performance, are they seeing more of an impact on AI, and certainly, it would be more vulnerable. But what's important to note is that these aren't set it and forget it plans across all of our brands. They're very agile. They're making changes dynamically based on where they're seeing the greatest return on investment. So they may be more challenged in a given month, but they're making the adjustments necessary to have the greatest return.

Ken Krause

Well, I think the one thing maybe Cam could talk about, lead volume might be changing, but closure rate on leads is improving.

Cam Glover

Yeah, absolutely. And that's across all the brands. We're seeing website traffic. Just like you guys know, the website traffic is going down with content publishers or any home services providers. But it's a more motivated person that gets to your site. They've maybe satisfied their curiosity from an AI overview or an AI search. And now they're going to your site, and they want to know what you offer, what can you do. And so we're seeing conversion rates increase significantly.

Jerry Gahlhoff

Answer it another way, this is where our diversification of our brands really helps us. So let's say something shifting in a month and we're responding to something on a day-to-day, week-to-week basis, we have other brands that acquire customers in different ways that can offset those things, where all our eggs are in that basket. And a lot of the performance marketing across our brands is in the Orkin brand, which is where they have the biggest team. They're the most agile things on those lines. They're the best at it. And so as Orkin moves that around, we've got other brands driving business other ways. And so we don't see that as some key risks to our business over time.

Ken Krause

That slide that's in Cam's presentation, we had here two years ago, and it just continues to expand. And that is one of the secret ingredients to our strategy, is the ability to access customers in a different way. When markets change, we can double-down in this area or that area. Five years ago, I mean, door-to-door has been around us for a long time. But five years

ago, it wasn't as meaningful as it is today. Today, it's meaningful. We're driving great growth and high-quality growth. High-quality growth means it's good growth that doesn't churn. We're not seeing major issues with churn in that business. And so it's -- you're spot on, Jerry, with that. I think that's what makes it so durable in terms of our growth and so consistent.

Jason Haas

Thank you. Jason Haas with Wells Fargo. I'm curious if you're seeing more customer interest on the resi -- or, I guess, both on commercial and not really resi, on the smart traps and remote monitoring, and if that requires any sort of upfront investment before you see a return on it?

Ken Krause

Scott, do you want to take that?

Scott Weaver

Yeah. Yeah, we're definitely seeing the interest from the commercial space. We don't see it as much today in the residential space, probably because of just the unknown, what the opportunities are within it. You're seeing different segments of customers, particularly with it, larger facilities, areas that are challenged to get to. As far as the barrier of entry, I don't really see that being something that's going to be prohibitive for our customers to do it. We've got a lot of abilities and relationships with our vendors to be able to provide access to those services.

Jerry Gahlhoff

And cost of sensors, cost of these things are coming down over the last several years. So we can do it more effectively. How are the customers funding that? We have thousands of these devices out in the field today. How have you found that customers are choosing to fund that, those installations?

Scott Weaver

Yeah, and we've looked at it a couple of different ways. Some of it is just simply upfront cost and some of it is how we spread those over it. And we try to make a solution that fits for both customers. We have some that have leveraged the RAC option that we've got with our financing arm, but it's just, we try to come up with a solution that works best for them.

Jason Haas

OK. I have a follow-up question to that, and then I have one more. So is there a cost to train your employees to sell that product more, like have the technicians be able to handle it better? So you talked more about like the cost of the devices, but I'm curious about the training and people side.

Scott Weaver

Yeah, there's -- sorry, go ahead.

Jason Haas

My follow-up, second, but I was also curious just about what you're doing to really try to sell more ancillary products. So I know part of it is selling more ancillary products outside of Orkin, but curious if you could talk to that and anything else that's going to drive continued growth in ancillary?

Scott Weaver

Yeah, I think the needs for the customers, again, it's whatever the needs they have, and that will be how we react to that and how we respond to it. And then with the training perspective, the technology has a lot of its own intuitiveness that it responds and reports. So for us, it's an add-on to the existing equipment we have, in most cases. So from the training perspective, it's not as drastic as you would think with technology in general.

The selling aspect of it, yeah, you're creating just a different value proposition with it, a lot of -- you could look at it from several different positions, one being, how do we have an efficiency perspective, or is it, do we have a better value proposition that we bring to it and bring value with it. But the training side of it is, we're always adding stuff into our portfolio, and so we've got a pretty good process in place when we introduce a new service offering, and we follow those same standards with it.

Jerry Gahlhoff

Clay, what do you think about the training side of it with what the inputs are, in the mindset of one of our pros in the field and how they have to adjust?

Clay Scherer

Yeah. I think Scott said it very well. There's a lot of different technologies and tools and products that our teammates are utilizing in the field. And any time there's a new process or a new tool, obviously, we have a great training program or a training session for folks to learn how to use them. And it's no different with remote monitoring. So it's just another tool to utilize, and we plug it into the training modules.

Lyndsey Burton

Maybe talk about the ancillary opportunity, what we're doing to drive sales.

Jerry Gahlhoff

Jason, did you mean that within the commercial space or the residential space?

Jason Haas

Yeah, within residential.

Jerry Gahlhoff

Within residential.

Clay Scherer

InComm Conferencing

You want me to speak to that?

Jerry Gahlhoff

Sure.

Clay Scherer

OK. So Jason, on the brand side, it's definitely, we have a big runway for that. And it really starts with having what I would call a total home protection mindset. So when we get to the home, we're looking at everything, like Ed was alluding to earlier. And then we're building off those great customer relationships we have. So you heard about some of our brands are in the 80-plus, Northwest, HomeTeam, 90 on the NPS score.

So you got customers that trust us, so we're leaning into that. We're able to provide them a full solution and then bringing in the Rollins in-house financing, the RAC option, now we can make it affordable for our customers. So it really starts, first, with that mindset of looking at the total solution for the customers.

Jerry Gahlhoff

Yeah, we should continue to see just double-digit consistent growth in the ancillary space.

Ken Krause

Yeah, no doubt. And probably what was new to the group today maybe was the opportunity on the commercial side. We always talk about residential and the ancillary opportunity in the coin nine shots on goal. We have 10 shots on goal, I think, on that sheet for commercial. So I mean, we've got great opportunities on the residential as well as commercial on the ancillary side, and so we're excited about that.

Jerry Gahlhoff

And keep in mind, too, not all this ancillary -- a lot of this ancillary has a recurring component to it, especially on the commercial side. A lot of the things that you saw on the slide on commercial, those are recurring services, drain treatments of special fly services. They're add-ons. Those are recurring services that you continue to bolt on to your existing service agreement. In the residential side, we're looking for more and more ways to make those services renewable, maybe annual inspections.

So for example, you may have had -- Renee's flying squirrels may have nodded their way into her attic and found their way in and we remediated that and maybe did some exclusion for that one area, or some other areas. That doesn't mean those flying squirrels didn't naw [ph] their way back into another place. And she doesn't want to go through the remediation of that again. So instead, maybe she's going to say, hey, for \$200 a year, we come out, do an inspection, seal up any other access points or anticipate where those little critters are getting in.

Renee Pearson

And I can say, that's exactly how that played out. Yeah.

Jerry Gahlhoff

OK. Well, good, because --

Renee Pearson

Yeah, yeah. True story, true story. Yeah.

Jerry Gahlhoff

They're going to keep coming. So we can turn those ancillary services into recurring businesses, and we're more and more focused on what that business model looks like over time as well, especially on the residential side, where it has historically been a little less recurring compared to commercial.

Curt Nagle

Great. Thanks very much, Curt Nagle, Bank of America. Appreciate the detail on the gross margin line in terms of the potential cost savings. May have missed it, but in terms of SG&A, shared services and back office, I guess, what's the opportunity there? And then second question, just going back to the branch consolidation, anything you could speak to in terms of the economics you're getting on that profit lift, and again, kind of where we are in terms of that process?

Ken Krause

The first part, I'd take. I didn't get the second part. But the first part on the SG&A opportunity, we're still spending roughly 30% of sales in SG&A. And if anything, the selling area continues to go up because we see opportunity to go out and grow our business. So we're going to do that. But the G and the A area, the general administrative area is declining. And I think as we go through this year and we finish the systems implementation that Renee had spoken about, that we've been partnering with, and Will Harkins is here as well. He is the Chief Accounting Officer, and he's leading that on his side.

We see an opportunity to streamline that area. And so if we can streamline that, that's a near-term opportunity on the G and the A area that we don't benefit from. And we've done all these acquisitions, but we haven't brought them in, in the manner that we could do. And if we do that, I see a couple of hundred basis points.

Renee Pearson

And I think that's where AI can really play a role. You heard a lot of the examples I spoke about today around operational efficiency. You can automate, the Agentic AI that can start doing more sophisticated things, doing things that humans do today, that we can now leverage AI to do and that opportunity right there. So as we grow, rather than adding people to do more work, we're able to automate and use AI to complete some of that work rather than adding more people.

Ken Krause

I mean, you just think about the reporting in the forecasting and all the manual work that's done without that system implementation that we're working on and the amount of man-hours spent that will go away, or you can shift into more higher value-add work. I mean that's really the game here. It's not necessarily about significant reductions in force, but it's about how do we help our people become more productive and service our customers. What was your second part of your question again?

Curt Nagle

Sure. Yeah. Just, you talked a bit in terms of the rents [ph] consolidation, the lift you see in terms of, particularly on the commercial and ancillary side, but anything you could say in terms of the profit lift or economics you're getting out of that from each consolidated branch?

Jerry Gahlhoff

There's a short window of time where you have some of that incremental expense. But when you're growing and you're operating at high margins, high gross margins, high margins, we can get out of that pretty quickly. And maybe, Scott, add some color into how we're thinking about brick-and-mortar. So when you're seeing these branch splits, it may not be what you think it is. Talk a little bit about that --

Scott Weaver

Yeah, so when you look at the commercial facilities that we've opened a majority of those have been taken up locations in our existing facilities. So we don't have the brick-and-mortar investment in it. We don't have the IT infrastructure, the telecom structure that goes with it. So we're residing within existing facilities, so that allows us to do that a little bit quicker with less capital drain.

Jerry Gahlhoff

We were in that Miami branch last year, and they just put up a wall. And for \$900, we split a branch. And the operating structure and the leadership structure and some of the infrastructure of the teammates that lead and manage it is really where the cost is for a period of time. But as that growth starts to accelerate, after about four to six months, it just starts paying for itself quickly through the growth that we see.

Scott Weaver

Yeah. At one point, we've had four facilities operating out of Columbus. We had the two commercial and the two residential all within the same four walls.

Jerry Gahlhoff

But it's meant to -- when people get together, they have to be more coordination and figure that out because we can't put all four branches -- they can't all have a branch meeting at the same time.

Scott Weaver

Yeah, yeah, they're rotating through the week.

Jerry Gahlhoff

Right, we can't have that many people in there. But if somebody's got a Tuesday morning meeting, somebody's got a Wednesday morning meeting, and they spread it out to make it work so we can try to avoid the brick-and-mortar.

Ken Krause

Yeah, the return on capital is phenomenal in that scenario. And the question, if I'm in your seat, I'd be asking is, why don't you do more of them? Like, why don't you accelerate them? And really, what it comes down to is just our people and the bandwidth in our people. It's very much like acquisitions. I mean, we could buy a lot more companies than we do currently. But if you go too fast, it becomes disruptive and you take your eye off the ball. And so I think there's a talent bandwidth that we all have to manage through when we think about this. But you look at, what is it, 27 branches you had, or growth that you had in your slide deck, Scott, it was phenomenal to see that.

Scott Weaver

Yeah. Yeah, and Kentucky is a great example of that. Several years ago, we tried to make that move. We did it too fast. It caused too much disruption and we had to rethink the strategy to it. We made sure we had the right leaders in place. We took the time for the training on them, and now we reopened it, and we've enjoyed tremendous success out of it.

Jerry Gahlhoff

Tomo, yeah.

Tomo Sano

Tomo Sano from J.P. Morgan. Thank you. I'd like to ask about the data center opportunities in commercial business. When you think about the new end markets, like data centers, how do you differentiate yourself beyond the traditional pest control? And if you could talk about some synergies from acquisitions to tackle within those kind of customers, please.

Jerry Gahlhoff

In the data center space, if you think about that, Scott, is that's where scale and being able to be where they are and having the service network that we have to be able to -- because there's a lot of them in very rural areas, that are spread -- I live in Georgia, and it's kind of controversial there, by where all the -- I'm sure it is elsewhere, too, about where all these data -- and they're often go in remote areas. So scale is really important, being able to have locations where you can get people there, and they're sensitive environments, right?

We were talking about this earlier today, imagine having rats inside one of those, chewing on the wires and who knows how bad that could turn out. So we think we're pretty well-positioned. And then you think about Orkin's triple guarantee and the customer service response rates and our value proposition to those types of clients with the Orkin brand, for example, standing behind it, it's really powerful. What would you add to that?\

Scott Weaver

Yeah. I think the other advantage we have with it is if you look at most of these that are going up, they're not usually owned -- they're not one-off organizations, right? It's the company owns multiple ones. And so the big advantage that we bring to that is the ability to service all of them with one vendor. They have so much risk and exposure to it. As Jerry mentioned, you've got wires, you've got a water source somewhere near from a cooling perspective, you've got facilities that don't have a lot of people and a lot of foot traffic in it, so they're the ideal harborage for these pests. We bring a unique proposition to it where either we've got an Orkin facility, we've got a franchise or we've got one of the brands that's in a market that we can still be one single-source provider for all of them.

Ken Krause

Cost of failure is high and conditions are favorable. And so when you think about it, just through that simple lens, it makes it a potential market. And so I mean, it fits right within the middle of the fairway and where we're at.

Tomo Sano

Thank you.

Connor Cerniglia

Connor Cerniglia with Bernstein. You had some helpful slides with teammate turnover and employee attrition. And one of them you pointed to, call it, 30 to 40 basis points of margin opportunity going forward. And more recently in the industry, there's been some kind of discussions around noncompetes and how that might impact employee turnover. Can you talk about how that might be a headwind? Is it an overblown concern in the industry? Maybe some color there would be helpful. Thank you.

Jerry Gahlhoff

Yeah, my view of that is totally overblown. Our key messaging to our people has to do with a non-solicit agreement. When we invest in our business and spend a lot to acquire customers, and we teach our people and we train our people, we don't want our confidential information moved, and we don't want people that go and take our customers that we spent and invested so much in doing. So we've not been a company that's ever tried to stop, if Scott worked for Orkin in Columbus and wanted to go work for a competitor somewhere else, that's not where we've ever tried to stop Scott from doing something like that.

Now, if Scott went to work for a competitor and then wanted to go solicit his customers that were Orkin customers, that would be a problem for us. And that's fair, and that's completely inbounds within our agreements, the agreements that still exist today. And for us, the FTC still understands that. So we've never been out there trying to enforce, saying hey, you can't work somewhere else. Think about, too, do you think there'd be 30,000 pest control companies if we didn't leave and feel like you could go start on your own and work for yourself?

If you look at the people that I've known in this industry, I've grown up in it, I've been around it my whole life. Odds are, somebody started at Orkin or Terminix, and then they started their own business. I mean that is just very common. So I don't see any of that as -- that's going to be status quo. And it's one of the wonderful things about our business. It's a great business with great opportunities for people. So I think when I see the noise about that, for me, it's much to do about nothing.

Ken Krause

Yeah, and I think the opportunity set that we try to describe are in those first year employees. Employees that come in and leave aren't coming in and leaving because they see this great opportunity to go start their own pest control business. They're getting in and they're leaving because they're like, oh my gosh, what did I sign up for? This is a really tough job, or they just weren't onboarded the right way. So the noncompete thing does not really pertain to the opportunity set that we're looking at.

Alex Lakritz

Alex Lakritz from Goldman Sachs. I wanted to ask on the residential side. So organic growth here has been the mid-single digits over the past few years, so could you just discuss some of the factors that could push residential growth above this range?

Ken Krause

Yeah, sure. When I think about the organic growth, I go down through the organic growth algorithm, and I start with pricing. It's going to be CPI-plus and CPI is 2.5% to 3%. It's going to be in that 3% to 4%. The market, if anything, has upside. I mean, the adoption rate is really low. The essential nature of the service is only becoming even more essential. People don't want to do this work themselves; they want to pay somebody to do this work.

Third, the residential buildout of customers. If we can continue to share -- something we didn't talk about today, but collaboration was important in our business with the Rollins' Way. And if we can share lost customers across the portfolio, just think about that. We might lose a customer at Orkin, but if they go to Northwest, they're staying in the Rollins family. So if we're able to reduce churn and turnover by keeping customers in the family and sharing these losses, that also will improve your organic growth.

And then you look at ancillary, you look at the untapped opportunity on the brand side and the very low penetration rate on the Orkin side, huge opportunities. And then last but not least, the

commercial. So you go through all those things, and it's not like we have a replacement cycle or we have one thing that we're tied to, we've got so many tools in the toolbox that provide us a sense of optimism to deliver or potentially exceed those ranges we gave.

Jerry Gahlhoff

And look, as we wrap up our Q&A here, one thing I hope that you all saw firsthand today, we have been very intentional over the last two or three years at shifting. We've been a family, a, quote, family of brands, for a long time. We have been deliberately shifting from being a cordial group of friendly competitors that waived it each other when we saw each other, driving down the road, and we knew who each other were, and we knew we were all part of Rollins, to people that are truly collaborating, that are getting along and finding a way to work together.

And I look right here and I see heads nod and here amongst our team that we have here, because they see it and they feel it. They know that we've been very intentional about that. And that's why Ken can speak so forward-looking on the opportunity. There's far more upside than there is downside risk in this category, as we're able to harness the super power going forward.

Ken Krause

I mean, when I joined, I'll never forget, in '22, talking to Jerry and people just didn't talk to one another. Like the brands -- people were shaking their head, agreeing. I mean, Orkin, did this and Northwest did this, and they had different cultures, and you didn't incentivize people to talk to one another, and now you're collaborating. So if you go down through today, collaboration is so important. Look at the teammate engagement score in this business, at 86. How many businesses have a teammate engagement score at 86? That's a hard one to beat.

68 teammates are transferring from brand to brand. We've never done that before. It sounds like a small number, but just think about where that can go and help us, staff, and help our people grow. You think about the collaboration across the brands. In Stanford's deck, he had this one slide that had all these tombstones, I call it, which basically talk about the things we're doing to really drive growth and collaborate.

Sharing wildlife leads are up 45%. The use of rack is up 70%. That's all indicative that we're doing more to collaborate. You think about the M&A, it speaks for itself. So the upside, we're only limited by the amount of people we have and the processes we have to do these deals. These deals aren't going away. The market is continuing to become even more attractive. And I've said this all along, pest control is a science. There's a lot of service businesses that aren't based on science.

You heard Clay talk about it. This is a science-oriented business. We've got PhDs in our business. I mean when I joined in '22, I didn't even know what an entomologist was, but I've come to learn that there's a real science behind this business. And then you have the AI stuff and the

productivity that we're doing around that, but also the growth opportunities. Hey, look, I'm excited for it. I think it's a great business, and this business will continue to do well.

Lyndsey Burton

So unfortunately, we are out of time. Time flies when you're having fun. So this concludes our question and answer session. Thanks for joining us today and for your interest in our company. Thank you to our leadership team. To the members of the Rollins' team that have been instrumental in execution of this day, thank you, and to our production partners for their support as well. This concludes our presentation. Thanks, everybody.