

July 23, 2014



## Rollins, Inc. Reports Second Quarter And Six Months 2014 Financial Results

### Company posts 33rd consecutive quarter of improved earnings

ATLANTA, July 23, 2014 /PRNewswire/ -- Rollins, Inc. (NYSE:ROL), a premier global consumer and commercial services company, today reported strong unaudited financial results for its second quarter and six months ended June 30, 2014.

The Company recorded second quarter revenues of \$369.4 million, an increase of 5.3% compared to \$350.8 million in the prior year's second quarter. Net Income increased 13.5% to \$40.9 million or \$0.28 per diluted share for the second quarter ended June 30, 2014, compared to \$36.0 million or \$0.25 per diluted share for the same period in 2013.

Rollins' revenues rose 5.0% for the first six months of 2014 to \$682.7 million compared to \$650.5 million for the prior year. Net income for the first six months of 2014 was \$66.6 million, an increase of 12.6%, or \$0.46 per diluted share compared to \$59.2 million or \$0.40 per diluted share for the same period last year.

In the second quarter, the Company repurchased 192,583 shares under its share repurchase program and 226,012 shares have been repurchased year-to-date. In total, 4,731,472 additional shares may be purchased under previously approved programs by the Board of Directors.

Commenting on the Company's results, Gary W. Rollins, Vice Chairman and Chief Executive Officer of Rollins, Inc. stated, "We are pleased to have reported improved financial results for both the quarter and first half of 2014. We are particularly proud of our significant revenue to profit conversion that we achieved during this time period. This improvement was attributable to our favorable termite and casualty claim development and good cost control across most expense categories. Our marketing and sales program initiatives continue to contribute, although service demand was disappointing."

Mr. Rollins, concluded, "Rollins, Inc. again was recognized within our industry as North America's largest pest control company, although we were pleased with this achievement; however, we remain committed to being the world's best."

Rollins Inc. is a premier global consumer and commercial services company. Through its wholly owned subsidiaries, Orkin LLC, Orkin Canada, HomeTeam Pest Defense, Western Pest Services, The Industrial Fumigant Company, Waltham Services LLC, Crane Pest Control, Trutech LLC, and Rollins Australia, the Company provides essential pest control services and protection against termite damage, rodents and insects to more than 2 million

customers in the United States, Canada, Mexico, Europe, South America, Central America, the Middle East, the Caribbean, Asia, the Mediterranean, Africa, Mexico and Australia from more than 500 locations. You can learn more about our subsidiaries by visiting our web sites at [www.orkin.com](http://www.orkin.com), [www.pestdefense.com](http://www.pestdefense.com), [www.westernpest.com](http://www.westernpest.com), [www.orkincanada.ca](http://www.orkincanada.ca), [www.indfumco.com](http://www.indfumco.com), [www.walthamservices.com](http://www.walthamservices.com), [www.cranepestcontrol.com](http://www.cranepestcontrol.com), [www.trutechinc.com](http://www.trutechinc.com), [www.allpest.com.au](http://www.allpest.com.au) and [www.rollins.com](http://www.rollins.com). You can also find this and other news releases at [www.rollins.com](http://www.rollins.com) by accessing the news releases button.

### **CAUTION CONCERNING FORWARD-LOOKING STATEMENTS**

*This release contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements about the Company's commitment to be the world's best pest control company and the contributions of the Company's marketing and sales program initiatives. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including without limitation, economic and competitive conditions which may adversely affect the Company's business; the degree of success of the Company's pest and termite process, and pest control selling and treatment methods; the Company's ability to identify and integrate potential acquisitions; climate and weather trends; competitive factors and pricing practices; the Company's ability to attract and retain skilled workers, and potential increases in labor costs; uncertainties of litigation; and changes in various government laws and regulations, including environmental regulations. All of the foregoing risks and uncertainties are beyond the ability of the Company to control, and in many cases the Company cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. A more detailed discussion of potential risks facing the Company can be found in the Company's Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2013.*

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

| At June 30, (unaudited)                             | 2014      |                       | 2013      |                       |
|---|-----------|-----------------------|-----------|-----------------------|
| <b>ASSETS</b>                                       |           |                       |           |                       |
| Cash and cash equivalents                           | \$        | 101,519               | \$        | 91,597                |
| Trade accounts receivables, net                     |           | 86,156                |           | 79,015                |
| Financed receivables, net                           |           | 12,821                |           | 12,443                |
| Materials and supplies                              |           | 13,136                |           | 12,117                |
| Deferred income taxes, net                          |           | 40,781                |           | 34,299                |
| Other current assets                                |           | 19,052                |           | 28,321                |
| Total Current Assets                                |           | <u>273,465</u>        |           | <u>257,792</u>        |
| Equipment and property, net                         |           | 94,678                |           | 84,470                |
| Goodwill  |           | 255,515               |           | 212,004               |
| Customer contracts and other intangible assets, net |           | 139,231               |           | 131,122               |
| Deferred income taxes, net                          |           | 4,564                 |           | 26,245                |
| Financed receivables, long-term, net                |           | 12,955                |           | 12,834                |
| Prepaid Pension                                     |           | 10,393                |           | -                     |
| Other assets  |           | 13,788                |           | 12,602                |
| <b>Total Assets</b>                                 | <b>\$</b> | <b><u>804,589</u></b> | <b>\$</b> | <b><u>737,069</u></b> |
| <b>LIABILITIES</b>                                  |           |                       |           |                       |
| Accounts payable                                    | \$        | 27,972                | \$        | 30,724                |
| Accrued insurance, current                          |           | 24,212                |           | 26,392                |
| Accrued compensation and related liabilities        |           | 63,408                |           | 57,088                |
| Unearned revenue                                    |           | 105,455               |           | 100,057               |
| Other current liabilities                           |           | 38,384                |           | 32,805                |
| Total Current Liabilities                           |           | <u>259,431</u>        |           | <u>247,066</u>        |
| Accrued insurance, less current portion             |           | 31,340                |           | 28,575                |
| Accrued pension                                     |           | 475                   |           | 42,263                |
| Long-term accrued liabilities                       |           | 37,801                |           | 34,358                |
| Total Liabilities                                   |           | <u>329,047</u>        |           | <u>352,262</u>        |
| <b>STOCKHOLDERS' EQUITY</b>                         |           |                       |           |                       |
| Common stock  |           | 145,760               |           | 146,078               |
| Retained earnings and other equity                  |           | 329,782               |           | 238,729               |
| Total stockholders' equity                          |           | <u>475,542</u>        |           | <u>384,807</u>        |
| <b>Total Liabilities and Stockholders' Equity</b>   | <b>\$</b> | <b><u>804,589</u></b> | <b>\$</b> | <b><u>737,069</u></b> |

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

|   | Second Quarter Ended |                  | Six Months Ended |                  |
|---|----------------------|------------------|------------------|------------------|
|   | June 30,             |                  | June 30,         |                  |
|   | 2014                 | 2013             | 2014             | 2013             |
| <b>REVENUES</b>                               |                      |                  |                  |                  |
| Customer services                             | \$ 369,357           | \$ 350,798       | \$ 682,745       | \$ 650,512       |
| <b>COSTS AND EXPENSES</b>                     |                      |                  |                  |                  |
| Cost of services provided                     | 182,642              | 174,361          | 343,950          | 329,967          |
| Depreciation and amortization                 | 10,608               | 9,768            | 20,822           | 19,662           |
| Sales, general and administrative             | 110,522              | 109,518          | 211,106          | 208,652          |
| Interest (income)/expense                     | (86)                 | (127)            | (162)            | (172)            |
|   | <u>303,686</u>       | <u>293,520</u>   | <u>575,716</u>   | <u>558,109</u>   |
| <b>INCOME BEFORE INCOME TAXES</b>             | <b>65,671</b>        | <b>57,278</b>    | <b>107,029</b>   | <b>92,403</b>    |
| <b>PROVISION FOR INCOME TAXES</b>             | <b>24,811</b>        | <b>21,284</b>    | <b>40,403</b>    | <b>33,230</b>    |
| <b>NET INCOME</b>                             | <b>\$ 40,860</b>     | <b>\$ 35,994</b> | <b>\$ 66,626</b> | <b>\$ 59,173</b> |
| <b>NET INCOME PER SHARE - BASIC</b>           | <b>\$ 0.28</b>       | <b>\$ 0.25</b>   | <b>\$ 0.46</b>   | <b>\$ 0.40</b>   |
| <b>NET INCOME PER SHARE - DILUTED</b>         | <b>\$ 0.28</b>       | <b>\$ 0.25</b>   | <b>\$ 0.46</b>   | <b>\$ 0.40</b>   |
| Weighted average shares outstanding - basic   | 145,875              | 146,210          | 145,933          | 146,224          |
| Weighted average shares outstanding - diluted | 145,875              | 146,210          | 145,933          | 146,224          |

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

**Management will hold a conference call to discuss  
Second Quarter and Six Months 2014 results on:**

**Wednesday, July 23, 2014 at:**

**10:00 a.m. Eastern**  
**9:00 a.m. Central**  
**8:00 a.m. Mountain**  
**7:00 a.m. Pacific**

**TO PARTICIPATE:**  
**Please dial 888-801-6504 domestic;**  
**913-312-0639 international**  
**at least 5 minutes before start time.**

REPLAY: available through July 30, 2014  
Please dial **888-203-1112/719-457-0820**, Passcode: **9319923**  
***THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT***  
**[www.viavid.net](http://www.viavid.net)**

**Questions?**  
**Contact Samantha Alphonso at Financial Relations Board at 212-827-3746**  
**Or email to [salphonso@mww.com](mailto:salphonso@mww.com)**

For Further Information Contact  
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SOURCE Rollins, Inc.