



Rollins, Inc.

2023 Wells Fargo Industrials Conference

Kenneth Krause, EVP and Chief Financial Officer

June 13, 2023



SAFE HARBOR

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



RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

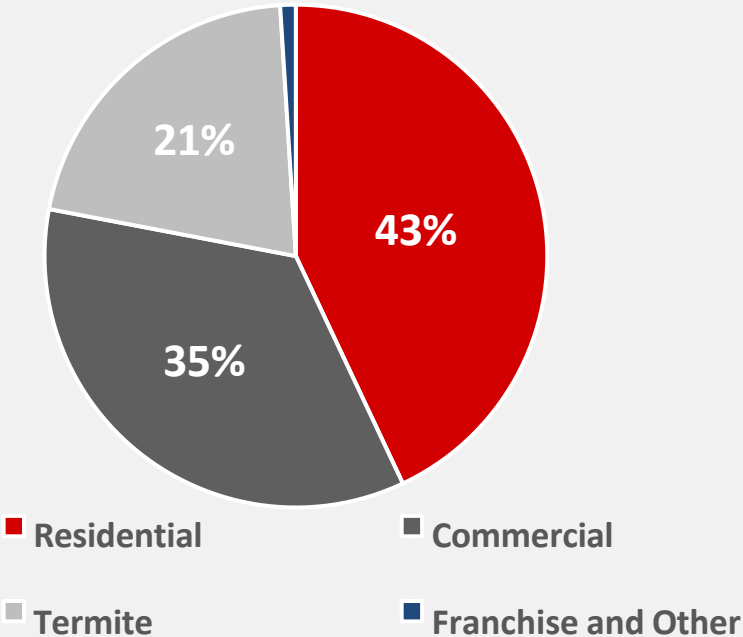
The Company has used the non-GAAP financial measures of organic revenues, organic revenues by type, EBITDA, EBITDA margin, incremental margin and free cash flow in this presentation. Organic revenue is calculated as revenue less acquisition revenue. Acquisition revenue is based on the trailing 12-month revenue of our acquired entities. Incremental margin is calculated as the change in EBITDA divided by the change in revenue. These measures should not be considered in isolation or as a substitute for revenues, net income, earnings per share or other performance measures prepared in accordance with GAAP.

Management uses adjusted net income, adjusted EPS, EBITDA, EBITDA margin and incremental margin as measures of operating performance because these measures allow the Company to compare performance consistently over various periods. Management uses organic revenues, and organic revenues by type to compare revenues over various periods excluding the impact of acquisitions. Management uses free cash flow, which is calculated as net cash provided by operating activities less capital expenditures, to demonstrate the Company's ability to maintain its asset base and generate future cash flows from operations. Management believes all of these non-GAAP financial measures are useful to provide investors with information about current trends in, and period-over-period comparisons of, the Company's results of operations. A non-GAAP financial measure is a numerical measure of financial performance, financial position, or cash flows that either 1) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of operations, balance sheet or statement of cash flows, or 2) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

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



ROLLINS OVERVIEW

Driven by a Service First and People Focused Culture	Revenue by Service Offering	Key Metrics ¹					
<div><div>✓ Rollins is a premier global consumer and commercial services company.</div><div>✓ We have consistently grown through challenging economic cycles while focusing on providing exceptional customer service.</div><div>✓ Our services are aimed at controlling pests and helping customers protect their health, brands and property.</div></div>	<div><table><tr><td>■ Residential</td><td>■ Commercial</td></tr><tr><td>■ Termite</td><td>■ Franchise and Other</td></tr></table></div>	■ Residential	■ Commercial	■ Termite	■ Franchise and Other	<div><div><div>\$2.8B</div><div>Revenues</div></div><div><div>22.2%</div><div>EBITDA Margin²</div></div><div><div>>17,500</div><div>Employees</div></div></div> <div><div><div>51.5%</div><div>Gross Margin</div><div>(excluding depreciation & amortization)</div></div><div><div>>100%</div><div>Free Cash Flow²</div></div><div><div>>80%</div><div>Recurring Revenue in Pest Control</div></div></div>	
■ Residential	■ Commercial						
■ Termite	■ Franchise and Other						
Recurring Revenue, Consistent Growth, Strong Margins and Cash Generation							

¹Key metrics for latest 12-month period ended March 31, 2023

²These amounts are non-GAAP measures (see Appendix)

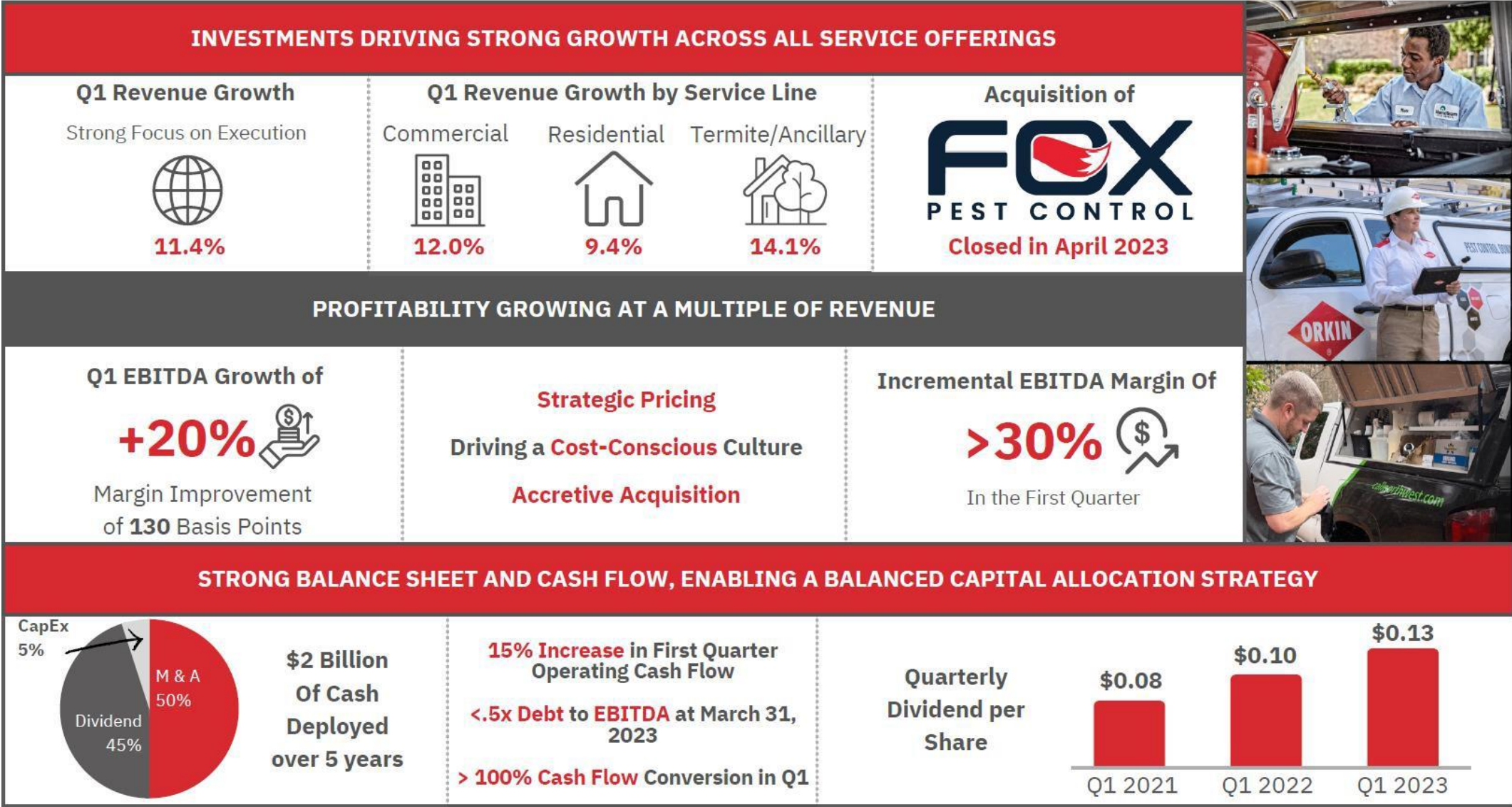


SECULAR GROWTH DRIVERS



Attractive Secular Trends Driving Robust Market Growth

STRONG BUSINESS MODEL DRIVING STRONG RESULTS



Strong Execution in an Attractive Market

FOX ACQUISITION

Strategic Rationale	
Transaction Overview	<ul style="list-style-type: none">Closed on \$350 million¹ acquisition of Fox Pest Control in April 2023
Financial Impact	<ul style="list-style-type: none">Expect to provide \$90-100 million of sales and \$18-22 million of EBITDA to Rollins in 2023Expect to be accretive to earnings and cash flow in first year
Financing	<ul style="list-style-type: none">Financed through a combination of cash on hand and a \$305 million draw on the line of creditNominal increase in leverage, expect to delever quickly
Outlook	<ul style="list-style-type: none">Focused on realizing synergies across brands with an emphasis on opportunities with HomeTeam Pest Defense
Acquisition Expands Rollins Family of Brands and Drives Long Term Value	

- ✓ Attractive financial profile
- ✓ Highly complementary end market exposure
- ✓ Clear value creation path through combination with HomeTeam



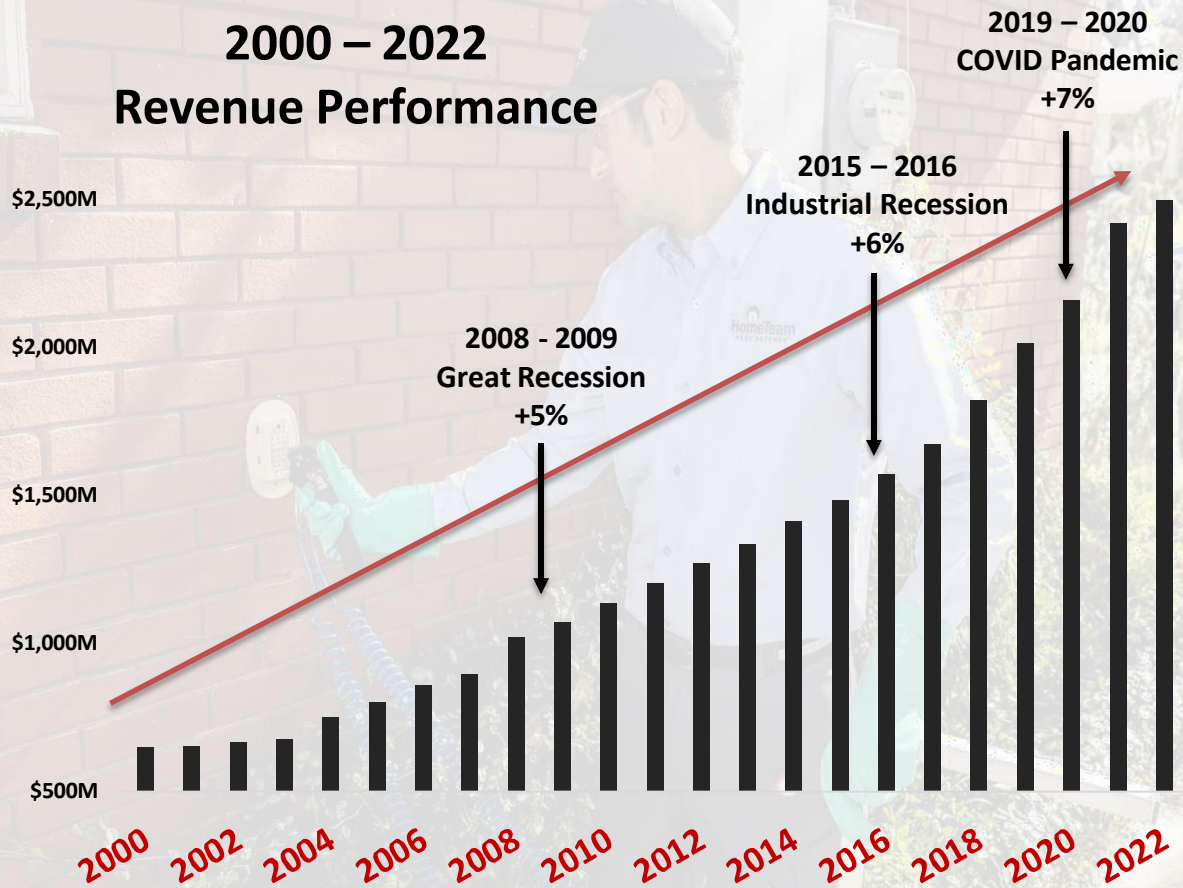
FOX
PEST CONTROL

¹Inclusive of \$32M contingent consideration



RESILIENT BUSINESS MODEL

2000 – 2022 Revenue Performance

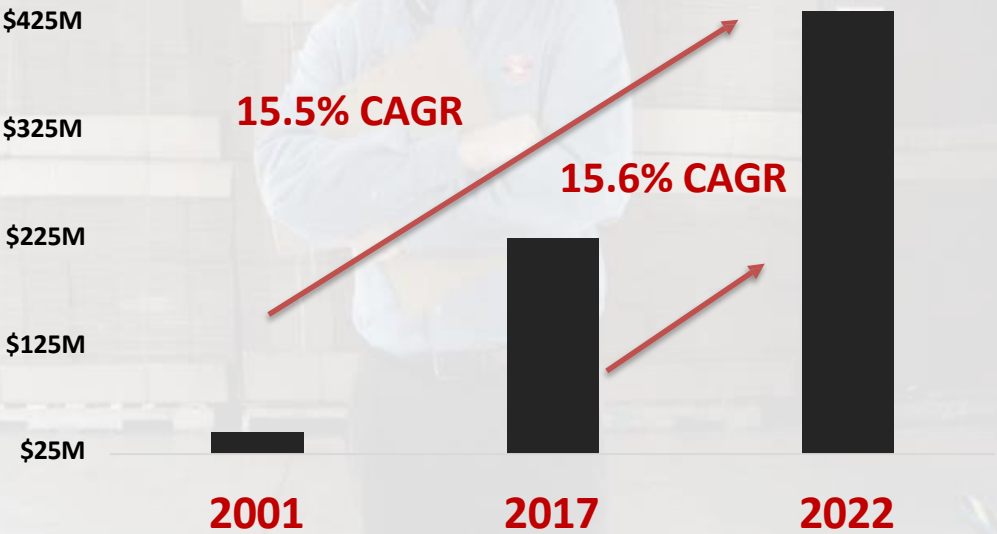


- ✓ 20+ Years of revenue growth, 10% CAGR over the past 5 years
- ✓ Fragmented market provides M&A opportunity; Attractive secular trends and execution drives strong organic growth opportunities and healthy incremental margins
- ✓ Gross margin enhancers: Strategic Pricing, Supply Chain, M&A
- ✓ SG&A enhancers: Shared Services, Talent Management

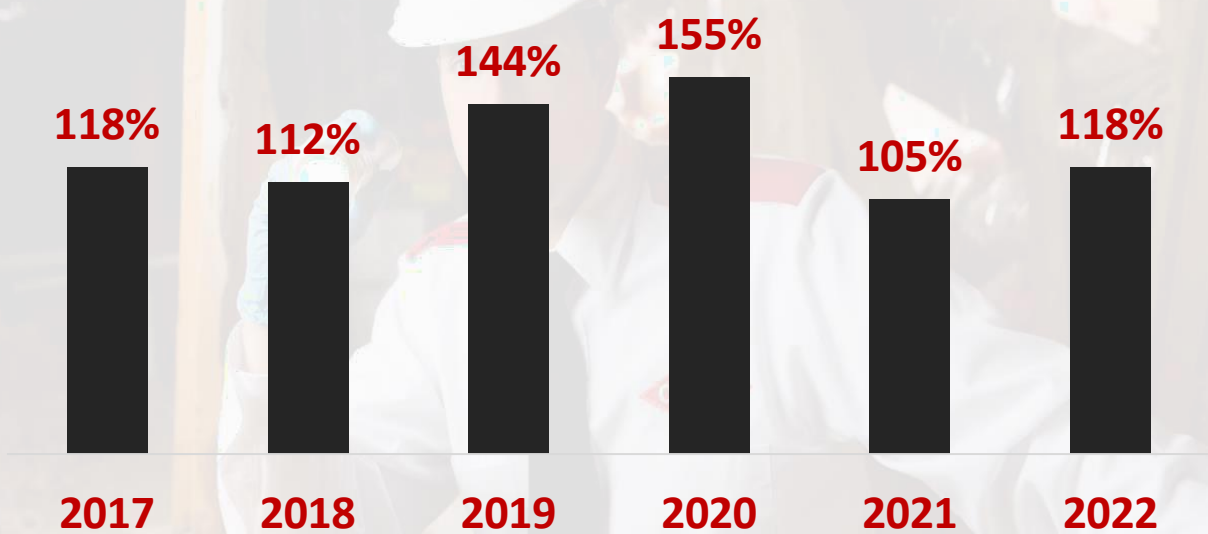
Consistent Performance Through All Cycles | Focus on Leveraging Scale to Expand Margin

CONSISTENT FOCUS ON CASH GENERATION

Consistently Growing Free Cash Flow¹ at a Double-Digit Pace



Generating Free Cash Flow¹ in Excess of Net Income

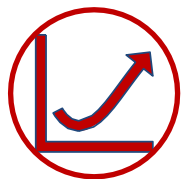


Strong Execution Coupled with Low Capital Requirements Enable Consistent and Reliable Cash Flow Generation

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



A FOCUS ON MODERNIZATION



Prioritizing regular dividend – Increased by 30% in November 2022



Significant refinancing of revolver – 2 banks and \$175 million to 8 banks and \$1 billion of committed capacity



Engaged Deloitte as independent auditor – replaced Grant Thornton after 19 years



Hiring key talent throughout organization



Taking Steps to Modernize Organization



WHY INVEST IN ROLLINS

20+ Years of consistent growth through all economic cycles

Strong record of successful M&A in an attractive and fragmented market with >20,000 U.S. competitors

Robust margin and opportunities for further expansion with healthy incremental margins

Consistent free cash flow¹ generation with 15%+ growth and opportunities for reinvestment in accretive acquisitions

Healthy balance sheet and a balanced approach to capital allocation



Exceptional Performance and Well Positioned to Deliver Strong Long-Term Value

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





APPENDIX

APPENDIX

Reconciliation of GAAP and non-GAAP Financial Measures

Set below are reconciliations of non-GAAP financial measures used in this investor presentation with their most comparable GAAP measures.

(unaudited in thousands)

(unaudited in thousands)	Three Months Ended March 31,				Three Months Ended			Twelve Months Ended
			Variance		December 31,	September 30,	June 30,	March 31,
	2023	2022	\$	%	2022	2022	2022	2023
Reconciliation of Net Income to EBITDA								
Net income	\$ 88,234	\$ 73,766	\$ 14,468	19.6	\$ 84,269	\$ 108,943	\$ 101,620	\$ 383,066
Depreciation and amortization	22,502	23,127	(625)	(2.7)	23,033	22,561	22,605	90,701
Interest expense, net	465	568	(103)	(18.1)	344	846	880	2,535
Provision for income taxes	28,255	20,335	7,920	38.9	38,300	37,595	34,088	138,238
EBITDA	<u>\$ 139,456</u>	<u>\$ 117,796</u>	<u>\$ 21,660</u>	<u>18.4</u>	<u>\$ 145,946</u>	<u>\$ 169,945</u>	<u>\$ 159,193</u>	<u>\$ 614,540</u>
Revenues	658,015	590,680	67,335	11.4	661,390	729,704	714,049	2,763,158
EBITDA margin	21.2%	19.9%						22.2%
Incremental margin			32.2%					
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow								
Net cash provided by operating activities	\$ 100,773	\$ 87,532	\$ 13,241	15.1	\$ 123,392	\$ 127,720	\$ 127,285	\$ 479,170
Capital expenditures	(7,636)	(7,995)	359	4.5	(7,707)	(7,040)	(7,886)	(30,269)
Free cash flow	<u>\$ 93,137</u>	<u>\$ 79,537</u>	<u>\$ 13,600</u>	<u>17.1</u>	<u>\$ 115,685</u>	<u>\$ 120,680</u>	<u>\$ 119,399</u>	<u>\$ 448,901</u>

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(unaudited in thousands)

Twelve Months Ended
December 31,

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

	2001	2017	2018	2019	2020	2021	2022
Net cash provided by operating activities	\$ 29,558	\$ 235,370	\$ 286,272	\$ 319,573	\$ 435,785	\$ 401,805	\$ 465,930
Capital expenditures	(8,474)	(24,680)	(27,179)	(27,146)	(23,229)	(27,194)	(30,628)
Free Cash Flow	<u>\$ 21,084</u>	<u>\$ 210,690</u>	<u>\$ 259,093</u>	<u>\$ 292,427</u>	<u>\$ 412,556</u>	<u>\$ 374,611</u>	<u>\$ 435,302</u>
Net income		\$ 179,124	\$ 231,663	\$ 203,347	\$ 266,756	\$ 356,565	\$ 368,599
Free Cash Flow Conversion		118%	112%	144%	155%	105%	118%

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(unaudited in thousands)

	Three Months Ended March 31,				Three Months Ended March 31,			
	2023	2022	Variance		2022	2021	Variance	
			\$	%			\$	%
Reconciliation of Revenues to Organic Revenues								
Revenues	\$ 658,015	\$ 590,680	67,335	11.4	\$ 590,680	\$ 535,554	55,126	10.3
Revenue growth from acquisitions	(13,155)	—	(13,155)	—	(17,567)	—	(17,567)	—
Organic revenues	\$ 644,860	\$ 590,680	54,180	9.2	\$ 573,113	\$ 535,554	37,559	7.0
Reconciliation of Residential Revenues to Organic Residential Revenues								
Residential revenues	\$ 283,625	\$ 259,259	24,366	9.4	\$ 259,259	\$ 235,179	24,080	10.2
Residential revenues from acquisitions	(6,003)	—	(6,003)	—	(10,282)	—	(10,282)	—
Residential organic revenues	\$ 277,622	\$ 259,259	18,363	7.1	\$ 248,977	\$ 235,179	13,798	5.9
Reconciliation of Commercial Revenues to Organic Commercial Revenues								
Commercial revenues	\$ 230,402	\$ 205,787	24,615	12.0	\$ 205,787	\$ 188,697	17,090	9.1
Commercial revenue growth from acquisitions	(4,194)	—	(4,194)	—	(2,222)	—	(2,222)	—
Commercial organic revenues	\$ 226,208	\$ 205,787	20,421	10.0	\$ 203,565	\$ 188,697	14,868	7.9
Reconciliation of Termite and Ancillary Revenues to Organic Termite and Ancillary Revenues								
Termite and ancillary revenues	\$ 136,605	\$ 119,706	16,899	14.1	\$ 119,706	\$ 105,697	14,009	13.3
Termite and ancillary revenues from acquisitions	(2,958)	—	(2,958)	—	(5,063)	—	(5,063)	—
Termite and ancillary organic revenues	\$ 133,647	\$ 119,706	13,941	11.6	\$ 114,643	\$ 105,697	8,946	8.5

