

July 25, 2007



# Rollins, Inc. Reports Second Quarter Financial Results

## Revenues Increased 3.2%, EPS Rose 10.7%

ATLANTA--(BUSINESS WIRE)--

Rollins, Inc. (NYSE:ROL), a premier North American consumer and commercial services company, today reported revenues for the second quarter ended June 30, 2007 grew 3.2% to \$239.6 million compared to \$232.2 million for the second quarter ended June 30, 2006.

Net income rose 9.9% to a record \$21.2 million or \$0.31 per diluted share for the second quarter 2007, compared to \$19.3 million or \$0.28 per diluted share for the same period in 2006.

During the quarter, the Company repurchased 612,700 shares of common stock at a weighted average price of \$22.84 per share, with a total of 1,204,700 shares repurchased year-to-date. In total, approximately 1.1 million additional shares may be purchased under previously approved programs by the Board of Directors.

Commenting on the Company's results, Gary W. Rollins, President and Chief Executive Officer of Rollins, Inc. said, "We had a positive quarter where we saw an increase in revenues and posted record earnings. Key drivers in our business: customer retention, commercial pest controls sales, and termite claims were very favorable. Residential revenue was hampered however by an unseasonably cold April. The most unusual spring weather, in general, impacted insect activity. We were nevertheless pleased that our profit margin continued to improve even with less than expected revenue growth. We remain committed to having a successful year."

Rollins, Inc. is a premier North American consumer and commercial services company. Through its wholly owned subsidiaries, Orkin, Inc., Western Pest Services, and The Industrial Fumigant Company, the Company provides essential pest control services and protection against termite damage, rodents and insects to approximately 1.7 million customers in the United States, Canada, Mexico, Central America, and the Middle East from over 400 locations. You can learn more about our subsidiaries by visiting our Web sites at [www.orkin.com](http://www.orkin.com), [www.westernpest.com](http://www.westernpest.com), [www.indfumco.com](http://www.indfumco.com) 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. The actual results of the Company could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including without limitation, general economic conditions; market risk; changes in industry practices or technologies; the degree of success of the Company's pest and termite process reforms and pest control selling and treatment methods; the Company's ability to identify and integrate potential acquisitions; climate and weather trends; competitive factors and pricing practices; expected benefits of the commercial re-engineering project may not be realized; 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, 2006.

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

| At June 30,                                  | 2007<br>(unaudited) | 2006<br>(unaudited) |
|--|---------------------|---------------------|
| -----  |                     |                     |
| ASSETS                                       |                     |                     |
| Cash and cash equivalents                    | \$ 57,044           | \$ 37,221           |
| Trade receivables, short-term                | 62,118              | 56,617              |
| Materials and supplies                       | 8,740               | 8,545               |
| Deferred income taxes                        | 18,528              | 23,983              |
| Other current assets                         | 9,621               | 10,023              |
|  | -----               | -----               |
| Total Current Assets                         | 156,051             | 136,389             |
| Equipment and property, net                  | 77,634              | 70,908              |
| Goodwill and other intangible assets         | 202,022             | 205,063             |
| Deferred income taxes                        | 12,886              | 16,263              |
| Trade receivables, long-term                 | 8,908               | 10,170              |
| Other assets                                 | 5,873               | 4,429               |
|  | -----               | -----               |
| Total Assets                                 | \$463,374           | \$443,222           |
|  | =====               | =====               |
| LIABILITIES                                  |                     |                     |
| Capital leases                               | \$ 1,270            | \$ 705              |
| Accounts payable                             | 24,712              | 14,740              |
| Accrued insurance                            | 14,225              | 19,143              |
| Accrued compensation and related liabilities | 40,052              | 39,185              |
| Other current liabilities                    | 27,975              | 35,059              |
| Unearned revenue                             | 85,754              | 84,378              |
|  | -----               | -----               |
| Total Current Liabilities                    | 193,988             | 193,210             |
| Capital leases, less current portion         | 1,013               | 287                 |
| Accrued pension                              | 6,946               | 15,651              |
| Long-term accrued liabilities                | 53,117              | 46,033              |
|  | -----               | -----               |
| Total Liabilities                            | 255,064             | 255,181             |
|  | -----               | -----               |

|  |           |           |
|--|-----------|-----------|
| STOCKHOLDERS' EQUITY                       |           |           |
| Common stock                               | 67,361    | 67,874    |
| Retained earnings and other equity         | 140,949   | 120,167   |
|  | -----     | -----     |
| Total Stockholders' Equity                 | 208,310   | 188,041   |
|  | -----     | -----     |
| Total Liabilities and Stockholders' Equity | \$463,374 | \$443,222 |
|  | =====     | =====     |

ROLLINS, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF INCOME  
 FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30,  
 (in thousands except per share data)  
 (unaudited)

|  | Three Months ended<br>June 30, |           | Six Months ended<br>June 30, |           |
|--|--------------------------------|-----------|------------------------------|-----------|
|  | 2007                           | 2006      | 2007                         | 2006      |
|  | -----                          | -----     | -----                        | -----     |
| REVENUES   |                                |           |                              |           |
| Customer services                                | \$239,618                      | \$232,222 | \$440,850                    | \$426,408 |
| COSTS AND EXPENSES                               |                                |           |                              |           |
| Cost of services provided                        | 121,601                        | 119,035   | 228,437                      | 226,049   |
| Depreciation and amortization                    | 6,911                          | 6,945     | 13,597                       | 13,738    |
| Sales, general and administrative                | 76,787                         | 74,368    | 143,828                      | 136,868   |
| (Gain)/loss on sales of assets                   | (89)                           | 2         | (96)                         | 1         |
| Interest income                                  | (522)                          | (344)     | (1,074)                      | (636)     |
|  | -----                          | -----     | -----                        | -----     |
|  | 204,688                        | 200,006   | 384,692                      | 376,020   |
|  | -----                          | -----     | -----                        | -----     |
| INCOME BEFORE TAXES                              | 34,930                         | 32,216    | 56,158                       | 50,388    |
|  | -----                          | -----     | -----                        | -----     |
| PROVISION FOR INCOME TAXES                       | 13,691                         | 12,886    | 22,126                       | 20,155    |
|  | -----                          | -----     | -----                        | -----     |
| NET INCOME                                       | \$ 21,239                      | \$ 19,330 | \$ 34,032                    | \$ 30,233 |
|  | =====                          | =====     | =====                        | =====     |
| NET INCOME PER SHARE - BASIC                     | \$ 0.32                        | \$ 0.29   | \$ 0.51                      | \$ 0.45   |
|  | =====                          | =====     | =====                        | =====     |
| NET INCOME PER SHARE - DILUTED                   | \$ 0.31                        | \$ 0.28   | \$ 0.50                      | \$ 0.44   |
|  | =====                          | =====     | =====                        | =====     |
| Weighted average shares<br>outstanding - basic   | 66,977                         | 67,556    | 67,148                       | 67,243    |
| Weighted average shares<br>outstanding - Diluted | 67,675                         | 69,243    | 67,874                       | 69,040    |

ROLLINS, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE SIX MONTHS ENDED JUNE 30,  
 (in thousands)

|   | 2007<br>(unaudited) | 2006<br>(unaudited) |
|---|---------------------|---------------------|
|   | -----               | -----               |
| OPERATING ACTIVITIES  |                     |                     |
| Net Income  | \$ 34,032           | \$ 30,233           |
| Adjustments to reconcile net income to net cash provided by operating activities: |                     |                     |
| Depreciation and amortization   | 13,597              | 13,738              |
| Provision for deferred income taxes   | 2,333               | 3,210               |

|  |           |           |
|--|-----------|-----------|
| Stock based compensation                         | 959       | 905       |
| (Gain)/loss on sales of assets                   | (96)      | 1         |
| Excess tax benefits from share-based payments    | (2,924)   | (50)      |
| Other, net                                       | (85)      | (496)     |
| (Increase)/decrease in assets                    |           |           |
| Trade receivables                                | (9,492)   | (9,605)   |
| Materials and supplies                           | (339)     | 537       |
| Other current assets                             | (2,389)   | (912)     |
| Other non-current assets                         | (1,231)   | (21)      |
| Increase/(decrease) in liabilities:              |           |           |
| Accounts payable and accrued expenses            | 1,975     | 402       |
| Unearned revenue                                 | 6,314     | 4,388     |
| Accrued insurance                                | 943       | 1,768     |
| Accrual for termite contracts                    | (1,900)   | 1,000     |
| Accrued pension                                  | -         | (5,000)   |
| Long-term accrued liabilities                    | 3,763     | (5,146)   |
|  | -----     | -----     |
| Net cash provided by operating activities        | 45,460    | 34,952    |
|  | -----     | -----     |
| INVESTING ACTIVITIES                             |           |           |
| Purchase of equipment and property               | (10,099)  | (11,351)  |
| Acquisitions of companies                        | (4,343)   | (5,020)   |
| Cash from sales of franchises                    | -         | 401       |
| Proceeds from sales of assets                    | 58        | -         |
|  | -----     | -----     |
| Net cash used in investing activities            | (14,384)  | (15,970)  |
|  | -----     | -----     |
| FINANCING ACTIVITIES                             |           |           |
| Dividends paid                                   | (10,240)  | (8,556)   |
| Common stock purchased                           | (30,868)  | (17,290)  |
| Common stock options exercised                   | 879       | 381       |
| Principal payments on capital leases             | (1,451)   | (393)     |
| Excess tax benefits from share-based payments    | 2,924     | 50        |
| Other  | -         | 73        |
|  | -----     | -----     |
| Net cash used in financing activities            | (38,756)  | (25,735)  |
|  | -----     | -----     |
| Effect of exchange rate changes on cash          | 1,380     | 909       |
|  | -----     | -----     |
| Net decrease in cash and cash equivalents        | (6,300)   | (5,844)   |
| Cash and cash equivalents at beginning of period | 63,344    | 43,065    |
|  | -----     | -----     |
| Cash and cash equivalents at end of period       | \$ 57,044 | \$ 37,221 |
|  | =====     | =====     |

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

Management will hold a conference call to discuss  
Second Quarter results on:

Wednesday, July 25, 2007 at:

-----  
11:30 a.m. Eastern  
10:30 a.m. Central  
9:30 a.m. Mountain  
8:30 a.m. Pacific

TO PARTICIPATE:

Please dial 800-257-7087 domestic;  
303-262-2050 international  
at least 5 minutes before start time.

---

REPLAY: available through August 1, 2007  
Please dial 800-405-2236/303-590-3000, Pass code: 11093061  
THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT  
[www.viavid.net](http://www.viavid.net)

---

Questions?  
Contact Janet Jazmin at Financial Relations Board at 212-827-3777  
Or email to [jjazmin@frbir.com](mailto:jjazmin@frbir.com)

Source: Rollins, Inc.