

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **October 23, 2019**

ROLLINS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-4422
(Commission File Number)

51-0068479
(I.R.S. Employer Identification No.)

2170 Piedmont Road, N.E., Atlanta, Georgia 30324
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: **(404) 888-2000**

Not Applicable
(Former name of former address, if changes since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common Stock | ROL | NYSE |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 8.01. Other Events.

The information provided pursuant to this Item 8.01 is to be considered “filed” under the Securities Exchange Act of 1934 (“Exchange Act”) and incorporated by reference into those filings of Rollins, Inc. (the “Company”) that provide for the incorporation of all reports and documents filed by the Company under the Exchange Act.

On October 23, 2019, Rollins, Inc. (NYSE: ROL), a premier global consumer and commercial services company, today announced that it will release its unaudited third quarter financial results for the period ended September 30, 2019 on Wednesday, October 23, 2019. In conjunction with its release, the Company will host a conference call to review the Company’s financial and operating results on Wednesday, October 23, 2019 at 10:00 a.m. Eastern Time.

Except for the historical information contained in this report, the statements made by the Company are forward-looking statements that involve risks and uncertainties. All such statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. The Company’s future performance could differ significantly from the expectations of management and from results expressed or implied in the press release. See the risk factors contained in the press release for a discussion of certain risks and uncertainties that may impact such forward-looking statements. For further information on other risk factors, please refer to the “Risk Factors” contained in the Company’s Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on March 1, 2019. The Company disclaims any obligation or duty to update or modify these forward-looking statements.

Item 9.01. Financial Statements and Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|----------------------|--|
| 99.1 | Press Release Dated October 23, 2019 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Rollins, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ROLLINS, INC.

Date: October 23, 2019

By: /s/ Paul Edward Northen

Name: Paul Edward Northen

Title: Sr. Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

FOR IMMEDIATE RELEASE

**ROLLINS, INC. REPORTS THIRD QUARTER AND NINE MONTHS
2019 FINANCIAL RESULTS**

- **Record revenue increase of 14.1% for the quarter**
- **Strong organic revenue growth of 6.4% for the quarter**
- **Earnings Per Share of \$0.13 for third quarter 2019 impacted by \$0.09 from non-cash pension settlement**
- **Adjusted Earnings Per Share* of \$0.22 for third quarter 2019 and \$0.20 for third quarter 2018**

ATLANTA, GEORGIA, October 23, 2019: Rollins, Inc. (NYSE:ROL), a premier global consumer and commercial services company, reported unaudited financial results for its third quarter and nine months ended September 30, 2019.

The Company recorded third quarter record revenues of \$556.5 million, an increase of 14.1% over the prior year's third quarter revenue of \$487.7 million. Rollins' reported net income of \$44.1 million or \$0.13 per diluted share for the third quarter ended September 30, 2019. Adjusted net income* for the third quarter ended September 30, 2019 was \$70.6 million or \$0.22 per diluted share, compared to \$66.6 million or \$0.20 per diluted share for the same quarter in 2018.

Rollins' revenues rose 9.6% for the first nine months of 2019 to \$1.509 billion compared to \$1.377 billion for the prior year. Net income for the first nine months of 2019 was \$152.6 million or \$0.47 per diluted share. Adjusted net income* for the nine months ended September 30, 2019 was \$179.2 million or \$0.55 per diluted share, compared to \$180.7 million or \$0.55 per diluted share for the same period last year.

The Company, as planned, terminated its fully-funded pension plan in September 2019 with the completion of the transfer of \$198.3 million of U.S. pension obligations. The non-cash pension expense was \$49.9 million pre-tax.

Gary W. Rollins, Vice Chairman and Chief Executive Officer of Rollins, Inc. stated, "We remain confident in our strategy and action plans, and are working hard to grow the business both organically and through strategic acquisition."

***Adjusted amounts presented in this release are non-GAAP financial measures. See the appendix to this release for a discussion of non-GAAP financial metrics, including a reconciliation to the most closely correlated GAAP measure.*

Rollins, Inc. is a premier global consumer and commercial services company. Through its wholly owned subsidiaries, Orkin LLC., HomeTeam Pest Defense, Clark Pest Control, Orkin Canada, Western Pest Services, Northwest Exterminating, Critter Control, Inc., The Industrial Fumigant Company, Trutech LLC., Orkin Australia, Waltham Services LLC., OPC Pest Services, PermaTreat, Rollins UK, Aardwolf Pestkare, and Crane Pest Control, the Company provides essential pest control services and protection against termite damage, rodents and insects to more than two million customers in the United States, Canada, Central America, South America, the Caribbean, the Middle East, Asia, the Mediterranean, Europe, Africa, Mexico, and Australia from more than 700 locations. You can learn more about Rollins and its subsidiaries by visiting our web sites at www.orkin.com, www.pestdefense.com, www.clarkpest.com, www.orkincanada.ca, www.westernpest.com, www.callnorthwest.com, www.crittercontrol.com, www.indfumco.com, www.trutechinc.com, www.orkinau.com, www.allpest.com.au, www.murraypestcontrol.com.au, www.statewidepc.com.au, www.walthamservices.com, www.opcpest.com, www.permatreat.com, www.safeguardpestcontrol.co.uk, www.aardwolfpestkare.com, www.cranepestcontrol.com and www.rollins.com. You can also find this and other news releases at 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 confidence in its strategies and action plans. 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; changes in various government laws and regulations, including environmental regulations; and the impact of the U. S. Government shutdown. 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, 2018.

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

| At September 30, (unaudited) | 2019 | 2018 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 104,362 | \$ 118,652 |
| Trade accounts receivables, net | 132,065 | 122,375 |
| Financed receivables, net | 23,821 | 20,384 |
| Materials and supplies | 17,500 | 16,093 |
| Other current assets | 46,440 | 25,576 |
| Total Current Assets | <u>324,188</u> | <u>303,080</u> |
| Equipment and property, net | 197,549 | 136,857 |
| Goodwill | 570,759 | 365,480 |
| Customer contracts, net | 283,830 | 185,477 |
| Trademarks and tradenames, net | 102,657 | 53,850 |
| Other intangible assets, net | 11,008 | 11,587 |
| Operating lease, right-of-use assets | 196,854 | — |
| Financed receivables, long-term, net | 30,750 | 26,882 |
| Benefit plan assets | 25,949 | — |
| Prepaid pension | — | 19,522 |
| Deferred income taxes, net | — | 5,863 |
| Other assets | 21,249 | 20,975 |
| Total Assets | <u><u>\$ 1,764,793</u></u> | <u><u>\$ 1,129,573</u></u> |
| LIABILITIES | | |
| Accounts payable | \$ 32,932 | \$ 29,991 |
| Accrued insurance, current | 29,817 | 27,722 |
| Accrued compensation and related liabilities | 78,699 | 73,829 |
| Unearned revenue | 132,915 | 123,916 |
| Operating lease liabilities, current | 63,952 | — |
| Current portion of long-term debt | 12,500 | — |
| Other current liabilities | 60,065 | 53,923 |
| Total Current Liabilities | <u>410,880</u> | <u>309,381</u> |
| Accrued insurance, less current portion | 34,157 | 33,883 |
| Operating lease liabilities, less current portion | 133,703 | — |
| Long-term debt | 313,500 | — |
| Long-term accrued liabilities | 65,656 | 51,551 |
| Total Liabilities | <u>957,896</u> | <u>394,815</u> |
| STOCKHOLDERS' EQUITY | | |
| Common stock | 327,442 | 327,318 |
| Retained earnings and other equity | 479,455 | 407,440 |
| Total stockholders' equity | <u>806,897</u> | <u>734,758</u> |
| Total Liabilities and Stockholders' Equity | <u><u>\$ 1,764,793</u></u> | <u><u>\$ 1,129,573</u></u> |

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| REVENUES | | | | |
| Customer services | \$ 556,466 | \$ 487,739 | \$ 1,509,492 | \$ 1,376,942 |
| COSTS AND EXPENSES | | | | |
| Cost of services provided | 268,718 | 236,287 | 739,309 | 673,202 |
| Depreciation and amortization | 21,690 | 16,867 | 58,505 | 50,149 |
| Pension settlement loss | 49,898 | — | 49,898 | — |
| Sales, general and administrative | 167,168 | 145,072 | 468,584 | 414,938 |
| Gain on sale of assets, net | 27 | (314) | (406) | (678) |
| Interest expense, net | 2,826 | (63) | 4,451 | 70 |
| | <u>510,327</u> | <u>397,849</u> | <u>1,320,341</u> | <u>1,137,681</u> |
| INCOME BEFORE INCOME TAXES | 46,139 | 89,890 | 189,151 | 239,261 |
| PROVISION FOR INCOME TAXES | 2,078 | 23,262 | 36,569 | 58,566 |
| NET INCOME | \$ 44,061 | \$ 66,628 | \$ 152,582 | \$ 180,695 |
| NET INCOME PER SHARE - BASIC AND DILUTED | \$ 0.13 | \$ 0.20 | \$ 0.47 | \$ 0.55 |
| Weighted average shares outstanding - basic and diluted | 327,459 | 327,321 | 327,490 | 327,283 |

APPENDIX

Reconciliation of GAAP and non-GAAP Financial Measures

The Company has used the non-GAAP financial measures of adjusted net income and adjusted EPS in today's earnings release. This measure should not be considered in isolation or as a substitute for net income or other performance measures prepared in accordance with GAAP.

The Company uses adjusted net income and adjusted EPS as a measure of operating performance because it allows us to compare performance consistently over various periods without regard to the impact of the non-recurring pension settlement loss.

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.

Set forth below is a reconciliation of adjusted net income and adjusted EPS with net income, the most comparable GAAP measures.

(unaudited in thousands except EPS)

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|-------------------------------------|-----------|--------------------|--------|------------------------------------|------------|--------------------|--------|
| | 2019 | 2018 | Better/ (Worse) | % | 2019 | 2018 | Better/ (Worse) | % |
| Net Income | \$ 44,061 | \$ 66,628 | \$ (22,564) | (33.9) | \$ 152,582 | \$ 180,695 | \$ (28,113) | (15.6) |
| Pension Settlement Loss | 49,898 | — | 49,898 | — | 49,898 | — | 49,898 | — |
| Adjusted Income Taxes on Excluded Expenses | (23,315) | — | (23,315) | — | (23,315) | — | (23,315) | — |
| Adjusted Net Income | \$ 70,647 | \$ 66,628 | \$ 4,019 | 6.0 | \$ 179,165 | \$ 180,695 | \$ (1,530) | (0.8) |
| Adjusted Earnings Per Share - Basic and Diluted | \$ 0.22 | \$ 0.20 | \$ 0.02 | 10.0 | \$ 0.55 | \$ 0.55 | \$ — | — |
| Weighted average participating shares outstanding - basic and diluted | 327,459 | 327,321 | (138) | — | 327,490 | 327,283 | (207) | (0.1) |

☎☎ CONFERENCE CALL ANNOUNCEMENT ☎☎

**Rollins, Inc.
(NYSE: ROL)**



**Management will hold a conference call to discuss
Third Quarter 2019 results on**

Wednesday, October 23, 2019 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 800-367-2403 domestic;

334-777-6978 international

at least 5 minutes before start time.

REPLAY: available through October 30, 2019

Please dial **888-203-1112/719-457-0820**, Passcode 2950556

THIS CALL CAN ALSO BE ACCESSED THROUGH THE INTERNET AT

www.viavid.com

Questions?

Contact Samantha Alphonso at Financial Relations Board at 212-827-3746

Or email to salphonso@mww.com
