



Rollins, Inc. (ROL)

Updated July 4th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	\$56	5 Year CAGR Estimate:	8.6%	Market Cap:	\$26.9 B
Fair Value Price:	\$52	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	08/12/25 ¹
% Fair Value:	107%	5 Year Valuation Multiple Estimate:	-1.4%	Dividend Payment Date:	09/10/25 ²
Dividend Yield:	1.2%	5 Year Price Target:	\$80	Years Of Dividend Growth:	6
Dividend Risk Score:	C	Sector:	Industrials	Rating:	Hold

Overview & Current Events

Headquartered in Georgia, Rollins, Inc. (ROL) provides pest control and wildlife protection services. The company's products protect rodents, termite damage, and other insects. The company owns several leading brands and provides services and products to over two million residential and commercial customers in over 70 countries. Rollins operates under one reportable segment and has three business segments: Residential, Commercial, and Termite. The United States is Rollins's most critical geographic location, as it generates over 90% of its revenue.

On April 23rd, 2025, Rollins announced results for Q1 2025, reporting normalized EPS of \$0.22 in-line analysts' estimates. The company reported revenues of \$822.5 million for the quarter, which were up 10.0% year-over-year.

Rollins kicked off the year with a robust performance, underpinned by strong top-line growth and double-digit gains in earnings and cash flow. For the first quarter of 2025, the pest control and consumer services giant reported revenues of \$823 million, up nearly 10% from last year, with organic revenue climbing 7.4% despite currency headwinds. Adjusted EBITDA was solid too, up almost 7% at \$172 million. Operating cash flow stood out, leaping 15.3% to \$147 million, a testament to the company's focus on healthy margins and disciplined investments.

Executives were quick to spotlight Rollins' resilient business model and its dual focus on organic growth and strategic acquisitions. The recent Saela acquisition, announced in April, shows Rollins isn't slowing down on expanding its footprint. President and CEO Jerry Gahlhoff highlighted the team's operational excellence and steady demand generation, while CFO Kenneth Krause emphasized that the core markets remain healthy and the company is well-positioned for continued growth. All told, Rollins is entering the rest of 2025 on strong footing, balancing healthy earnings with investments that should keep the momentum rolling forward.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.31	\$0.34	\$0.39	\$0.47	\$0.41	\$0.53	\$0.71	\$0.75	\$0.89	\$0.96	\$1.07	\$1.64
DPS	\$0.19	\$0.22	\$0.25	\$0.31	\$0.31	\$0.33	\$0.42	\$0.43	\$0.54	\$0.62	\$0.66	\$1.06
Shares³	492.2	490.0	490.5	491.0	491.2	491.6	491.9	492.4	489.9	484.3	493.0	490.6

Rollins has continued to post robust growth over the past ten years, driven by the company's strategy of improving productivity and investments in route optimization technology. The company has also continued to make acquisitions to expand its pest-control footprint. The company has a high customer retention rate, which reflects the company's focus on excellent customer service and the quality of its products.

Rollins has grown its EPS over the past five years at a healthy CAGR of 15.0%. For the next five years, we maintain our forecast with an EPS growth at a CAGR of 9.0%, leading to an estimated EPS of \$1.64 by 2030. We believe that increasing urbanization and modest population growth would generate a healthy demand for the company's products in the United States.

¹ The ex-dividend date is estimated based on historical data.

² The dividend payment date is estimated based on historical data.

³ In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	37.1	38.1	47.7	51.5	59.4	59.9	49.8	47.6	44.1	44.9	52.6	49.0
Avg. Yld.	1.6%	1.7%	1.3%	1.3%	1.3%	1.0%	1.2%	1.2%	1.4%	1.4%	1.2%	1.3%

Rollins has consistently outperformed the broader market and produced solid financial results, which is why the stock trades at a premium valuation. The stock is trading at a forward P/E of 52.6, slightly above its long-term P/E of 48.0. The company's execution and business fundamentals remain sound, and we believe the resiliency of the business and its growth prospects justify a target P/E multiple of 49.0. Accordingly, the 2030 target price for the stock stands at \$80.

Safety, Quality, Competitive Advantage, & Recession Resiliency

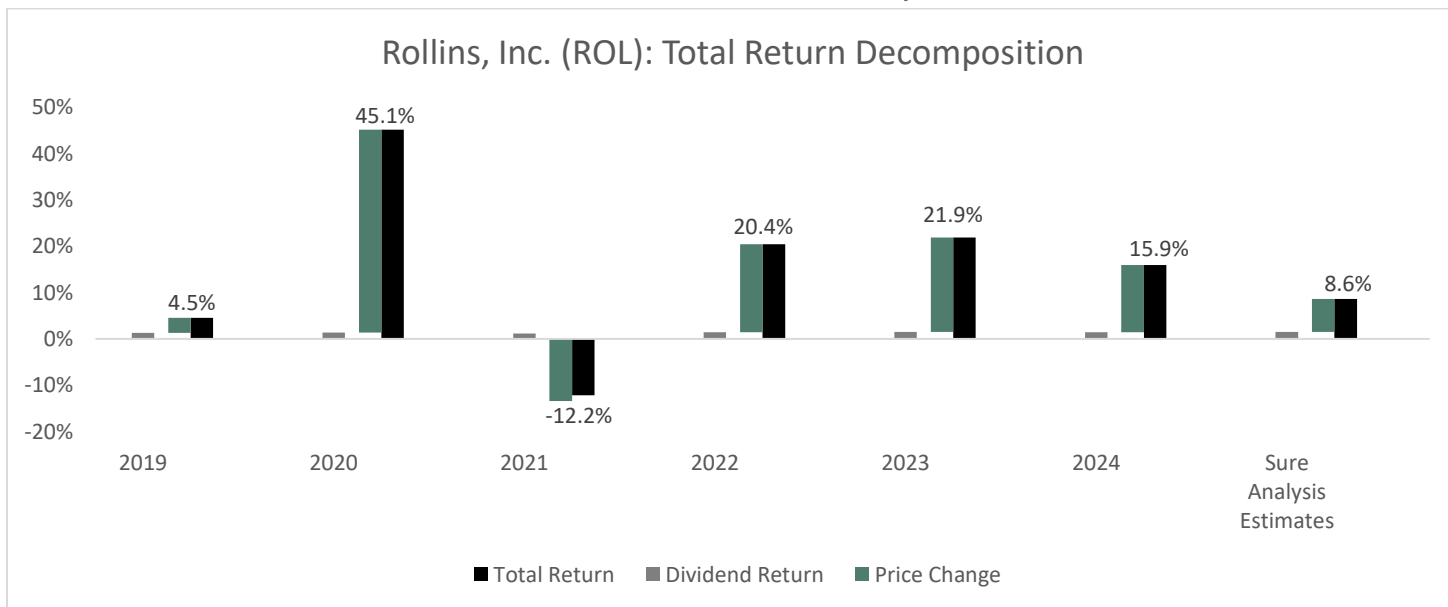
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	60%	65%	64%	66%	76%	62%	59%	57%	61%	65%	62%	65%

The company has paid a consistent dividend to its shareholders, with a 10-year payout ratio averaging 63%. The pest-control industry is generally capital-light, and acquisitions remain the largest use of cash by the company. The company regularly announces special dividends and has been able to grow its dividends to shareholders for the past 5 years. The nature of the company's products and services is not too heavily dependent on the macro-environment, and we believe that the company's healthy EPS growth over the past ten years reflects its business model's resiliency. For instance, nearly 80% of pest control services are recurrent, and the majority of them are non-discretionary. Because of this, businesses like Rollins are essentially recession-proof. The company's sales climbed by more than 5% year-over-year throughout the COVID-19 Pandemic in 2020 and the Great Financial Crisis in 2008.

Final Thoughts & Recommendation

Rollins is a leader in its industry and has been able to show solid execution on the scaling of its business over the years. Although there is a risk of cyclicity in results caused by changing weather conditions, the metamorphosis of termites in the spring and summer, and an increase in pest presence, the demand outlook should likely stay consistent in the near-term. Therefore, our hold rating is premised upon the 8.6% annualized total returns for the medium-term, derived from our growth estimates of 9.0%, the dividend yield of 1.2%, and a valuation headwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,485	1,573	1,674	1,822	2,015	2,161	2,424	2,696	3,073	3,389
Gross Profit	749	801	854	927	1,022	1,113	1,262	1,387	1,603	1,786
Gross Margin	50.4%	50.9%	51.0%	50.9%	50.7%	51.5%	52.0%	51.4%	52.2%	52.7%
SG&A Exp.	464	491	503	551	623	656	727	803	915	1,015
D&A Exp.	42	50	56	65	81	88	94	91	100	113
Operating Profit	241	260	294	310	317	368	440	493	588	657
Op. Margin	16.2%	16.5%	17.6%	17.0%	15.7%	17.0%	18.1%	18.3%	19.1%	19.4%
Net Profit	152	167	179	232	203	261	351	369	435	466
Net Margin	10.2%	10.6%	10.7%	12.7%	10.1%	12.1%	14.5%	13.7%	14.2%	13.8%
Free Cash Flow	157	193	211	272	292	413	375	435	496	580
Income Tax	91	93	115	79	58	94	124	130	151	164

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	849	917	1,034	1,094	1,744	1,846	1,981	2,122	2,595	2,820
Cash & Equivalents	135	143	107	115	94	98	105	95	104	90
Acc. Receivable	80	88	98	104	123	126	140	156	178	196
Inventories	13	14	15	16	19	31	29	30	33	40
Goodwill & Int.	389	417	561	612	960	1,072	1,168	1,265	1,616	1,703
Total Liabilities	325	348	380	382	929	905	899	855	1,440	1,489
Accounts Payable	25	30	26	27	35	65	45	43	49	50
Long-Term Debt	-	-	-	-	292	203	155	55	491	395
Total Equity	524	569	654	712	816	941	1,082	1,267	1,156	1,331
LTD/E Ratio	-	-	-	-	0.36	0.22	0.14	0.04	0.42	0.30

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	18.4%	19.0%	18.4%	21.8%	14.3%	14.5%	18.3%	17.8%	18.4%	17.2%
Return on Equity	30.8%	30.6%	29.3%	33.9%	26.6%	29.7%	34.7%	31.0%	35.9%	37.5%
ROIC	30.8%	30.6%	29.3%	33.9%	22.4%	23.2%	29.5%	28.5%	29.3%	27.7%
Shares Out.	492.2	490.0	490.5	491.0	491.2	491.6	491.9	492.4	490	484
Revenue/Share	3.02	3.20	3.41	3.71	4.10	4.40	4.93	5.48	6.27	7.00
FCF/Share	0.32	0.39	0.43	0.55	0.60	0.84	0.76	0.88	1.01	1.20

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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