ANECPLA/InfraLive: Monitoring the Spanish Pest Management Market
1

Key Findings – Management Summary
Key Findings
Positive outlook

■ Key findings of the expert workshop in Madrid

• The Spanish Pest Management industry is on the rise: the market volume is expected to grow to 221 million Euros by 2015 at a CAGR of 4.1 per cent.

• Two thirds of the market revenues occur in the area of General Pest Management services: Insect control, Disinfection and Rat Extermination.

• The Pest Management labour market is expected to grow by eleven per cent within the next three years to 6,660 employees.

• Two thirds of the revenues of the Spanish Pest Management Industry come from the private sector; one third is generated by public institutions.

Source: InfraLive InfoShare survey, 2012
InfoShare – The Results
Since 2009, the Spanish Pest Management market is stagnant at a high level of around 200 million euros with a slight tendency towards negative deflections.

After 2012, the industry crisis can be overcome, and the growth rates are expected to increase each year so that a market volume of more than 221 million euros will be reached by 2015.

The need for Pest Management will grow as a result of increasing globalization and urbanization. Pollution and environmental degradation will increase. The trend towards preventive and biological pesticides will initiate additional market growth.

Source: InfraLive InfoShare survey, 2012
Market size and annual growth rate (II)

Positive outlook

Source: InfraLive InfoShare survey, 2012
Number of PCO companies
Small and micro enterprises decreasing

- The number of Pest Management companies in Spain, confirmed by the ROESB (Registro Oficial de Servicios y Establecimientos Biocidas) amounted to 1,455 in 2011.

- Everything points to some consolidation in the market in the years to come, at the expense of small and micro enterprises.

- Their share in the market today amounts to more than 90 per cent.

- The experts expect a market share loss of at least five percentage points by 2015.

Source: InfraLive InfoShare survey, 2012
Number of companies by segments (areas of activity)

More than two thirds of the market are general pest management

- Insect control, disinfection, rat extermination (69.9%, 988 companies)
- Bird control (6.5%, 95 companies)
- Wood protection (9.0%, 131 companies)
- Legionella control (11.7%, 170 companies)
- Fumigation (3.3%, 48 companies)
- Others (1.6%, 23 companies)

1,455 companies (2011)

Source: InfraLive InfoShare survey, 2012
Concentration of companies by company size
The market is going to consolidate

Revenue

Number of employees

Source: InfraLive InfoShare survey, 2012

Monitoring the Spanish Pest Management Market
Concentration development (I)
Average turnover on the rise

Source: InfraLive InfoShare survey, 2012
Concentration development (II)
Slight concentration tendencies by 2015
Segmentation of PCO companies (I)

Résumé

- In 2011, two third of the revenues occur in the area of Insect control, Disinfection and Rat Extermination.

- The second largest group, representing 11.7 per cent of all activities, is the field of Legionella control, followed by Wood control, with a market share of 9.0 per cent.

- The strongest market growth in the coming years is expected to occur in the segment of Legionella control; the CAGR (compound annual growth rate) will amount to 4.3 per cent from 2011 until 2015.

- The segment of Bird control is expected to increase by 3.1 per cent every year until 2015.

Source: InfraLive InfoShare survey, 2012
Segmentation of PCO companies (I)

Strongest market growth in Legionella control

Source: InfraLive InfoShare survey, 2012
Segmentation of PCO companies (II)

Future Trend: Only marginal change

- **2011**
  - Insect control, disinfection, rat extermination: 68%
  - Bird control: 4%
  - Wood protection: 12%
  - Legionella control: 8%
  - Fumigation: 2%
  - Others: 6%

- **2015**
  - Insect control, disinfection, rat extermination: 68%
  - Bird control: 13%
  - Wood protection: 8%
  - Legionella control: 7%
  - Fumigation: 4%
  - Others: 1%

Source: InfraLive InfoShare survey, 2012

Monitoring the Spanish Pest Management Market
Customer data
Leading Segment: Commercial, industrial, institutional and recreational

- Looking at customer data pretty much two thirds of the clients of the Spanish Pest Management Industry are from the private sector; of these almost half (30.0 per cent of total sales) fall under the customer segment “commercial, industrial, institutional and recreational, including condominiums and apartment complexes”.

- The remaining third of sales is generated by public institutions. The largest group in this segment (22.7 per cent of total sales) is made up of national, provincial and local state agencies.

Source: InfraLive InfoShare survey, 2012
Customer segments
Shares by revenues 2011

- Food processing, storage, warehousing etc.
- Distribution (restaurants, supermarkets etc.)
- Commercial, industrial, institutional, recreational etc.
- Hospital, health care facilities
- Military installations
- State agencies (national, provincial, local)
- Others

Source: InfraLive InfoShare survey, 2012
Labour market
Very optimistic growth expectations

- After a slight decline of the labour market in the Pest Management industry in 2011, the experts anticipate an increasing number of jobs for this and future years.

- Today’s job market of approximately 6,000 employees is expected to grow by eleven per cent within the next three years.

- The per capita revenue per employee in the industry amounts to around 33,000 Euros. The annual income of a Pest Management Service technician is estimated at an average of 19,500 Euros.

Source: InfraLive InfoShare survey, 2012
Number of employees 2008-2015
Growth of labour market expected

Source: InfraLive InfoShare survey, 2012

Monitoring the Spanish Pest Management Market
Employees by segments
Almost two thirds of the employees are service technicians

Source: InfraLive InfoShare survey, 2012
Incidents and share of biocides (I)

Almost only use of biocides

- The interviewed experts estimate on average, that over the years from 2009 to 2011, 10 (with steady tendency) “RIDDOR” incidences have occurred every year due to the use of biocides. Only one of the surveyed companies reported such an incident.

- The proportion of biocides compared with alternative, e.g. physical methods is currently at about 91 per cent. A trend towards sustainable and environmentally sound means can be observed. The legal restrictions associated with biocides are considered to be reasonable in order to minimize the health risks of biocidal misuse.

Source: InfraLive InfoShare survey, 2012
Incidents and share of biocides (II)
Steady number of RIDDOR incidences

RIDDOR incidences within the last three years (2009, 2010, 2011) due to the use of biocides

Proportion of biocides vs. alternatives

Source: InfraLive InfoShare survey, 2012

Monitoring the Spanish Pest Management Market
3

Market Insights: Trends & Evolution
# Trends and evolution

## Growing global importance of pest control

<table>
<thead>
<tr>
<th>Topic</th>
<th>Estimations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth factors</strong></td>
<td>- Preventive measures and methods supporting the subsequent pest management,</td>
</tr>
<tr>
<td></td>
<td>- Use of sustainable and more “eco-friendly” biocides</td>
</tr>
<tr>
<td><strong>Impact on public health</strong></td>
<td>- Significant but often veiled impact on public health</td>
</tr>
<tr>
<td></td>
<td>- People and politicians must become aware of this interdependency</td>
</tr>
<tr>
<td><strong>Global evolution</strong></td>
<td>- Growing need for Pest Management as a result of increasing globalization and urbanization</td>
</tr>
<tr>
<td></td>
<td>- Increase of pollution and environmental degradation</td>
</tr>
<tr>
<td><strong>Measurability of efficiency</strong></td>
<td>- Sales and revenue growth</td>
</tr>
<tr>
<td></td>
<td>- Customer loyalty (churn management)</td>
</tr>
</tbody>
</table>

Source: InfraLive InfoShare survey, 2012
4

Competition in the Spanish Pest Management Market
The Spanish Pest Management Market
First findings

8 biggest companies by revenue (at least 1.5 millions of €): ≈ 36%
Remaining market: ≈ 64%

197 millions of €

Source: InfraLive InfoShare survey, 2012
Your Contact:

Anselm Speich
InfraLive GmbH
Anselm.Speich@infralive.de
0049 89 5600 1123

Monitoring the Spanish Pest Management Market