

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 1994.

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-4422

ROLLINS, INC.

Incorporated  
in  
Delaware

I.R.S. Employer  
Identification Number  
51-0068479

2170 Piedmont Road, N.E., Atlanta, Georgia 30324

Telephone Number -- (404) 888-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

At September 30, 1994, there were 35,811,521 shares of Common Stock \$1 Par Value, outstanding.

ROLLINS, INC. AND SUBSIDIARIES

INDEX

<TABLE>		
<CAPTION>		
Part I	Financial Information	Page No.
<S>	<C>	<C>
	Statements of Financial Position - September 30, 1994 and December 31, 1993	1
	Statements of Income and Earnings Retained - three months and nine months ended September 30, 1994 and 1993	2
	Statements of Cash Flows - nine months ended September 30, 1994 and 1993	3
	Notes to Financial Statements	4-5
	Management's Discussion and Analysis of Financial Condition and Results of Operations	6-9
Part II	Other Information	10

ROLLINS, INC. AND SUBSIDIARIES  
PART 1. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS  
STATEMENTS OF FINANCIAL POSITION  
(In thousands, except share data)  
(Unaudited)

</TABLE>  
 <TABLE>  
 <CAPTION>

	September 30, 1994	December 31, 1993
<S>	<C>	<C>
ASSETS		
Cash and Short-Term Investments	\$ 28,374	\$ 18,102
Marketable Securities	51,919	50,991
Trade Receivables, Net	104,607	87,518
Materials and Supplies	16,794	15,829
Other Current Assets	14,502	12,092
Current Assets	216,196	184,532
Equipment and Property, Net	28,347	28,890
Intangible Assets	42,112	42,171
Other Assets	10,647	11,601
Total Assets	\$ 297,302	\$ 267,194
LIABILITIES		
Accounts Payable	\$ 12,612	\$ 12,279
Accrued Insurance Expenses	17,107	13,600
Accrued Payroll	16,667	15,519
Unearned Revenue	14,461	12,854
Other Expenses	14,639	12,752
Current Liabilities	75,486	67,004
Deferred Income Taxes	11,893	12,983
Long-Term Accrued Liabilities	20,508	26,699
Total Liabilities	107,887	106,686
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common Stock, par value \$1 per share; authorized 99,500,000 shares; 41,431,814 shares issued	41,432	41,432
Earnings Retained	199,501	171,862
	240,933	213,294
Less--Common Stock In Treasury, At Cost, 5,620,293 in 1994 ; 5,758,619 shares in 1993	51,518	52,786
Total Stockholders' Equity	189,415	160,508
Total Liabilities and Stockholders' Equity	\$ 297,302	\$ 267,194

The accompanying notes are an integral part of these statements.

1 of 11

ROLLINS, INC. AND SUBSIDIARIES  
 STATEMENTS OF INCOME AND EARNINGS RETAINED  
 (In thousands, except share data)  
 (Unaudited)

</TABLE>  
 <TABLE>  
 <CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
1993 <S>	1994	1993	1994	1994
<S>	<C>	<C>	<S>	<S>
REVENUES				
Customer Services	\$ 158,002	\$ 151,808	\$ 466,319	\$ 442,351
COSTS AND EXPENSES				
Cost of Services Provided	82,315	77,052	236,136	223,577
Sales, General and Administrative Expenses	53,450	53,683	159,353	154,303
Depreciation and Amortization	1,934	2,213	5,948	6,064
Interest Income	(853)	(633)	(1,727)	(1,635)
	136,846	132,315	399,710	

382,309

INCOME BEFORE INCOME TAXES 60,042	21,156	19,493	66,609
PROVISION (CREDIT) FOR INCOME TAXES:			
Current	8,688	8,720	26,508
24,785			
Deferred	(543)	(915)	(864)
(1,369)			
23,416	8,145	7,805	25,644
NET INCOME	13,011	11,688	40,965
36,626			
EARNINGS RETAINED:			
Balance at Beginning of Period	191,077	159,660	171,862
141,999			
Cash Dividends	(4,474)	(3,921)	(13,409)
(11,757)			
Other	(113)	293	83
852			
BALANCE AT END OF PERIOD	\$ 199,501	\$ 167,720	\$ 199,501
167,720			
EARNINGS PER SHARE	\$ 0.36	\$ 0.33	\$ 1.14
1.03			
WEIGHTED AVERAGE			
SHARES OUTSTANDING	35,791,806	35,648,066	35,753,872
35,628,579			

&lt;/TABLE&gt;

The accompanying notes are an integral part of these statements.

2 of 11

ROLLINS, INC. AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

	Nine Months Ended September 30	
	1994	1993
OPERATING ACTIVITIES		
Net Income	\$ 40,965	\$ 36,626
Noncash Charges (Credits) to Earnings:		
Depreciation and Amortization	5,948	6,064
Other, Net	2,692	825
(Increase) Decrease in:		
Trade Receivables	(16,990)	(19,998)
Materials and Supplies	(965)	(29)
Other Current Assets	(1,701)	2,175
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	6,907	6,011
Unearned Revenue	1,607	2,362
Non-Current Deferred Income Taxes	(2,663)	(2,934)
Long-Term Accrued Liabilities	(6,311)	1,553
Other Non-Current Assets	(514)	(487)
Net Cash Provided by Operating Activities	28,975	32,168
INVESTING ACTIVITIES		
Purchases of Equipment and Property	(5,934)	(6,107)
Net Cash Used for Acquisition of Companies	(527)	(416)
Proceeds from Sales of Equipment and Property	744	273
Purchases of Marketable Securities	(1,479)	(10,838)
Net Cash Used in Investing Activities	(7,196)	(17,088)
FINANCING ACTIVITIES		
Dividends Paid	(13,409)	(11,757)
Treasury Stock Issued to Benefit Plans	1,902	1,441
Net Cash Used in Financing Activities	(11,507)	(10,316)

Net Increase (Decrease) in Cash and Short-Term Investments	10,272	4,764
Cash and Short-Term Investments at Beginning of Period	18,102	20,061
Cash and Short-Term Investments at End of Period	\$ 28,374	\$ 24,825

The accompanying notes are an integral part of these statements.

3 of 11

ROLLINS, INC. AND SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

NOTE 1. BASIS OF PREPARATION

The consolidated financial statements included herein have been prepared by the Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations.

These consolidated financial statements should be read in conjunction with the financial statements and related notes contained in the Registrant's annual report on Form 10-K for the year ended December 31, 1993.

Certain prior year amounts have been reclassified to conform with the third quarter 1994 presentation.

In the opinion of management, the consolidated financial statements included herein contain all normal recurring adjustments necessary to present fairly the financial position of the Registrant as of September 30, 1994 and December 31, 1993, and the results of operations and cash flows for the nine months ended September 30, 1994 and 1993.

NOTE 2. INVESTMENT IN MARKETABLE SECURITIES

During the first quarter of 1994, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The adoption of SFAS No. 115 did not have a material effect on the Company's financial position, results of operations, or liquidity for the nine months ended September 30, 1994.

NOTE 3. PROVISION FOR INCOME TAXES

The book provision for income taxes includes the liability for state income taxes, net of the federal income tax benefit. The deferred provision for income taxes arises from the changes during the year in the company's net deferred tax asset or liability.

4 of 11

ROLLINS, INC. AND SUBSIDIARIES  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

NOTE 4. EARNINGS PER SHARE

Earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the respective periods.

NOTE 5. COMMITMENTS AND CONTINGENCIES

On May 26, 1993, the Attorney General of Missouri and several Missouri residents who received termite treatment from Orkin, on behalf of themselves and an alleged class, filed an action in the City of St. Louis Circuit Court. The Attorney General has alleged violations of the Missouri Merchandising Practices Act. The private plaintiffs have alleged fraud and breach of certain termite extermination contracts. The Plaintiffs' claims are based on allegations that the Company failed to apply termiticides in

accordance with termiticide labels and its advertising. Plaintiffs are collectively seeking restitution for claimed losses, civil penalties, compensatory and punitive damages, and litigation expenses, including attorneys' fees. On June 1, 1994, the Court ruled Plaintiffs' would be permitted to pursue a class action lawsuit against Orkin. The class was limited to those Missouri customers who purchased termite extermination services between January 1, 1987 and May 15, 1993, inclusively, and who have basement or crawl space foundation walls, in which an organophosphate termiticide was used.

The Company is vigorously defending this lawsuit. Except for the class certification, the judicial system has not ruled on any substantive issues in this case. Due to the preliminary nature of this action, the final outcome of the litigation cannot be determined at this time. However, it is the opinion of management that the ultimate resolution of this action will not have a material adverse effect on the Company's financial position and results of operations and will take an extended time to resolve.

5 of 11

ROLLINS, INC. AND SUBSIDIARIES  
PART I. ITEM 2. FINANCIAL INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1994

RESULTS OF OPERATIONS

SELECTED INDUSTRY SEGMENT DATA

<TABLE>  
<CAPTION>

(In thousands)	Three Months Ended September 30		Nine Months Ended September 30	
	1994	1993	1994	1993
REVENUES				
Orkin	\$ 138,818	\$ 133,776	\$ 410,297	\$ 390,988
Rollins Protective	15,547	14,927	45,718	42,857
Other	3,637	3,105	10,304	8,506
	\$ 158,002	\$ 151,808	\$ 466,319	\$ 442,351
OPERATING INCOME				
Orkin	\$ 19,342	\$ 18,031	\$ 64,218	\$ 58,283
Rollins Protective	1,833	1,711	4,667	4,190
Other	1,731	1,486	4,061	3,335
	\$ 22,906	\$ 21,228	\$ 72,946	\$ 65,808

</TABLE>

6 of 11

ROLLINS, INC. AND SUBSIDIARIES  
PART I. ITEM 2. FINANCIAL INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1994

General Operating Comments

Rollins, Inc. reported another quarter of record earnings. Revenues for the third quarter ended September 30, 1994 reached \$158.0 million, an increase of \$6.2 million or 4.1% from the prior year period (\$24.0 million or 5.4% year-to-date). Operating income increased \$1.7 million or 7.9% to \$22.9 million for the quarter (\$7.1 million or 10.8% year-to-date). Although the pest control season was negatively impacted by the weather, the Company produced consistent net income results. This marks the 18th consecutive quarter of double-digit net income increases.

The Company continued its commitment to strategically expand its business units through the combination of new marketing programs, acquisitions, and the opening of new branches. As a whole, the Company is working hard to improve employee productivity and increase customer growth, while maintaining tight control of expenses. The results of investments in customer service and recurring revenue growth during the first half of 1994 are beginning to be realized and should continue with overall favorable earnings for the year.

Net income for the quarter grew 11.3% to \$13.0 million and earnings per share was 36 cents, compared to 33 cents a year ago, a 9.1% improvement. Year-to-date, net income increased 11.8% to \$41.0 million and earnings per share was \$1.14, an increase of 10.7% from the previous year.

For the quarter, the Orkin Group's operating income increased 7.3% to \$19.3 million on revenues of \$138.8 million which grew 3.8% over 1993. These results provided improved operating margins of 13.9%, compared to 13.5% in the prior year. Rollins Protective Services' operating income increased 7.1% to \$1.8 million on revenues of \$15.5 million.

For the nine months ended September 30, 1994, Orkin revenues increased 4.9% with operating income improving 10.2%. Operating margins grew to 15.7% compared to 14.9% for the same period last year. Rollins Protective Services' revenues grew 6.7%; operating income improved 11.4% over last year, with operating margins increasing to 10.2%.

Detail segment information follows.

7 of 11

ROLLINS, INC. AND SUBSIDIARIES  
PART I. ITEM 2. FINANCIAL INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1994

Orkin 1994 Versus 1993

Revenues increased 3.8% to \$138.8 million and operating income increased 7.3% to \$19.3 million for the third quarter ended September 30, 1994. For the nine months ended September 30, 1994, Orkin had revenues of \$410.3 million and operating income of \$64.2 million (increases of 4.9% and 10.2%, respectively, from the prior year). Pest Control and Termite services increased their sales dollars and customer base for the quarter and year-to-date. The Company maintained its commitment to expanding its existing operations by entering new geographic markets with the opening of new branches. The fundamentals and financial position of the Pest Control business remain very strong and the Company is motivated to taking full advantage of market opportunities through alternative services such as the Agribusiness service with strong revenue gains. Success with other marketing programs also contributed to revenue and operating income improvements such as the introduction of a 24 hour service on its 1-800 number and a neighborhood marketing campaign, initiated in 1993, was expanded during the third quarter and has exceeded sales expectations. Orkin utilized its telemarketing program to make "quality assurance calls", which has provided confirmation on the level of customer satisfaction, in addition to generating potential sales benefits of cross-marketing from our customers. Of the customers surveyed, 98% reported that they are pleased with our service, which creates an ideal prospect for additional Rollins services.

Rollins Protective Services (RPS) 1994 Versus 1993

For the third quarter, Rollins Protective Services had revenues of \$15.5 million, an increase of 4.2%, and operating income improving 7.1% to \$1.8 million. For the first nine months, RPS had revenues of \$45.7 million, an increase of 6.7%, and operating income of \$4.7 million, an increase of 11.4%. In the third quarter of 1993, RPS reported sales improvements due to the benefits realized by refocusing its attention on the residential market through the introduction of a new mid-range product (the Protector). Revenue growth in 1994 is being driven by above-average commercial and National Accounts program results. Customer acceptance of the Vision 2000 home surveillance security system, introduced in the second quarter, has been strong and will contribute into 1995.

8 of 11

ROLLINS, INC. AND SUBSIDIARIES  
PART I. ITEM 2. FINANCIAL INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 1994

FINANCIAL CONDITION

(In thousands)	September 30, 1994	December 31, 1993
Cash and Short-Term Investments	\$ 28,374	\$ 18,102
Marketable Securities	51,919	50,991
Working Capital	\$ 140,710	\$ 117,528

Current Ratio	2.9	2.8
Cash Provided From Operations (Twelve Months Ended)	\$ 36,841	\$ 40,034

At September 30, 1994 cash and short-term investments were \$28.4 million, an increase of \$10.3 million from December 31, 1993, due primarily to reduced investment activities during 1994. The investment in marketable securities at September 30, 1994, was \$51.9 million.

At September 30, 1994 the current ratio was 2.9 and working capital was \$140.7 million (an increase of \$23.2 million or 19.7% compared to December 31, 1993). The Company has been debt-free since 1987. Management believes that this liquidity, along with expected cash from operations, will support the company's continued growth, capital expenditures, cash dividends, and expansion plans.

Trade receivables, net increased \$17.1 million or 19.5% at September 30, 1994 compared with December 31, 1993. Trade receivables include installment receivables which are due subsequent to one year from the balance sheet date. These amounts were approximately \$34.9 million and \$28.7 million at the end of the September 30, 1994 and December 31, 1993, respectively. The increase in receivables is attributed to the continuing effect of an Orkin termite and Rollins Protective Services marketing programs, the increased average length and amount of an Orkin contract, and the overall increase in Company revenues of 4.1% for the quarter and 5.4% year-to-date.

9 of 11

ROLLINS, INC. AND SUBSIDIARIES  
PART II. OTHER INFORMATION  
ROLLINS, INC. AND SUBSIDIARIES

ITEM 1. LEGAL PROCEEDINGS

Refer to Note Number 5 to the Financial Statements, "Commitments and Contingencies".

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS

The Annual Stockholder's Meeting was held on April 26, 1994. Results of that meeting were disclosed in the Company's Form 10-Q filed for the first quarter of 1994.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K

None

10 of 11

SIGNATURES

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

Date: November 14, 1994

Rollins, Inc.  
(Registrant)

/s/ Gary W. Rollins  
Gary W. Rollins  
President and Chief  
Operating Officer  
(Member of the Board of  
Directors)

/s/ Gene L. Smith  
Gene L. Smith  
Chief Financial Officer  
Secretary and Treasurer  
(Principal Financial and  
Accounting Officer)



<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

The Schedule contains summary financial information extracted from the Consolidated Statements of Financial Position and Statements of Income and Earnings Retained and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<S>	<C>
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1994
<PERIOD-END>	SEP-30-1994
<CASH>	28,374
<SECURITIES>	51,919
<RECEIVABLES>	110,081
<ALLOWANCES>	5,474
<INVENTORY>	16,794
<CURRENT-ASSETS>	216,196
<PP&E>	81,383
<DEPRECIATION>	53,036
<TOTAL-ASSETS>	297,302
<CURRENT-LIABILITIES>	75,486
<BONDS>	0
<COMMON>	41,432
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	147,983
<TOTAL-LIABILITY-AND-EQUITY>	297,302
<SALES>	0
<TOTAL-REVENUES>	466,319
<CGS>	0
<TOTAL-COSTS>	236,136
<OTHER-EXPENSES>	163,574
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	0
<INCOME-PRETAX>	66,609
<INCOME-TAX>	25,644
<INCOME-CONTINUING>	40,965
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	40,965
<EPS-PRIMARY>	1.14
<EPS-DILUTED>	1.14

</TABLE>