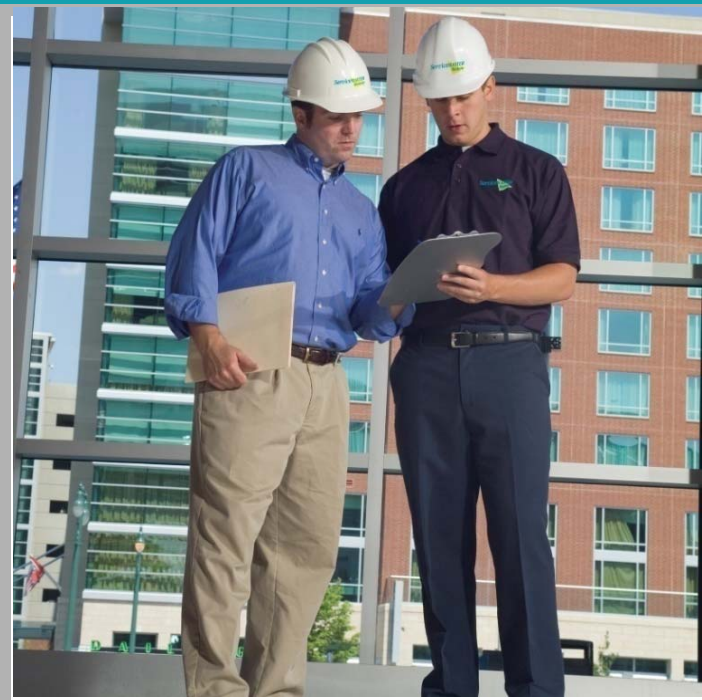


# ServiceMASTER®

Goldman Sachs 2015 Emerging Growth Conference  
November 19, 2015



## Safe Harbor Statement

This presentation contains “forward-looking statements” that are based on management’s beliefs and assumptions and on information currently available to management. Most forward-looking statements contain words that identify them as forward-looking, such as “anticipates,” “believes,” “continues,” “could,” “seeks,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms that relate to future events. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause ServiceMaster’s actual results, performance or achievements to be materially different from any projected results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent the beliefs and assumptions of ServiceMaster only as of the date of this presentation and ServiceMaster undertakes no obligation to update or revise publicly any such forward-looking statements, whether as a result of new information, future events or otherwise. As such, ServiceMaster’s future results may vary from any expectations or goals expressed in, or implied by, the forward-looking statements included in this presentation, possibly to a material degree.

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## Note to Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures, which are not measures of financial condition or profitability. Non-GAAP measures should not be considered as an alternative to GAAP financial measures. Non-GAAP measures may not be calculated or comparable to similarly titled measures used by other companies. See Non-GAAP reconciliations below in this presentation for a reconciliation of these measures to the most directly comparable GAAP financial measures. Adjusted EBITDA, Adjusted Net Income and Pre-Tax Unlevered Free Cash Flow are not measurements of the company’s financial performance under GAAP and should not be considered as an alternative to net income or any other performance measures derived in accordance with GAAP or as an alternative to net cash provided by operating activities or any other measures of the company’s cash flow or liquidity. We believe these non-GAAP financial measures are useful for investors, analysts and other interested parties as they facilitate company-to-company operating and financial condition performance comparisons by excluding potential differences caused by variations in capital structures, taxation, the age and book depreciation of facilities and equipment, restructuring initiatives, consulting agreements and equity-based, long-term incentive plans.

Adjusted EBITDA is defined as net income (loss) before: unallocated corporate expenses; income (loss) from disc. operations, net of income taxes; provision (benefit) for income taxes; gain (loss) on extinguishment of debt; interest exp.; depreciation and amortization exp.; non-cash impairment of software and other related costs; non-cash impairment of property and equipment; non-cash stock-based compensation exp.; restructuring charges; gain on sale of Merry Maids branches; management /consulting fees; consulting agreement term. fees; and other non-operating expenses. Adjusted net income is defined by the company as income (loss) from continuing operations before: amortization exp.; impairment of software and other related costs; consulting agreement term. fees; restructuring charges; gain on sale of Merry Maids branches; management and consulting fees; loss on extinguishment of debt; and the tax impact of all of the aforementioned adjustments. Adjusted earnings per share is calculated as adjusted net income divided by the diluted share. Pre-Tax Unlevered Free Cash Flow is defined as Adjusted EBITDA plus change in working capital less property additions.



**Alan Haughie**  
**Chief Financial Officer**

- Investment Highlights
- Company Overview
- Segment Review
- Financial Performance





## ■ Investment Highlights

- Company Overview
- Segment Review
- Financial Performance
- Appendix

- #1 positions<sup>1</sup> in large, fragmented and growing markets
- High-value service offerings resulting in high customer retention and recurring revenues
- Growth driven by operational excellence and superior customer service
- Resilient financial model with track record of consistent performance
- Experienced management team



TTM Q3 2015 Financials

Revenue:	\$2,571m
Adj. EBITDA:	\$612m
% margin:	23.8%

2010 – TTM Q3 2015

Revenue:	+5.1% CAGR
Adj. EBITDA:	+12.3% CAGR
% margin:	+640 bps

*Well-positioned for continued growth*

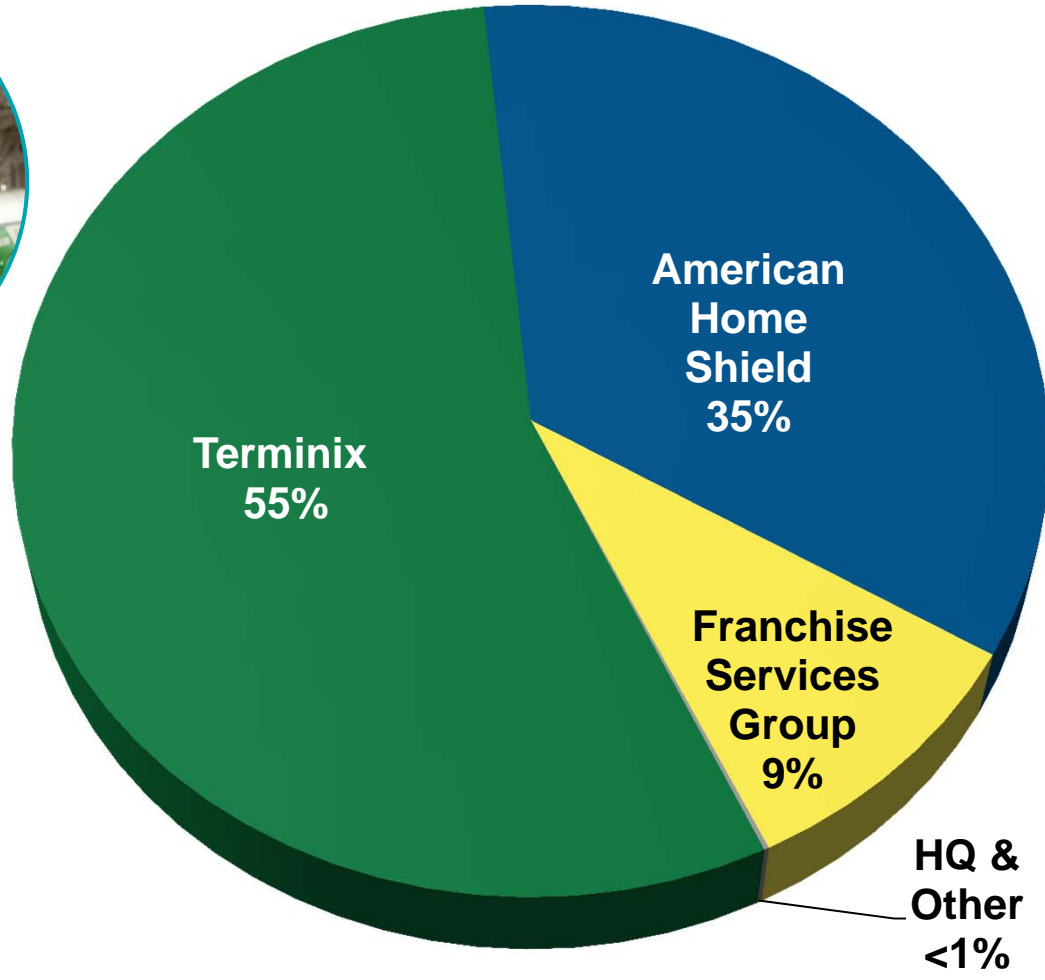
<sup>1</sup>As measured by revenue, including management estimates of customer-level revenue for businesses with franchises



- Investment Highlights
- **Company Overview**
- Segment Review
- Financial Performance
- Appendix



Reported Revenue<sup>1</sup> by Segment



Total Reported Revenue<sup>1</sup> of \$2.6 billion

**Portfolio provides risk diversification and expansion opportunities**

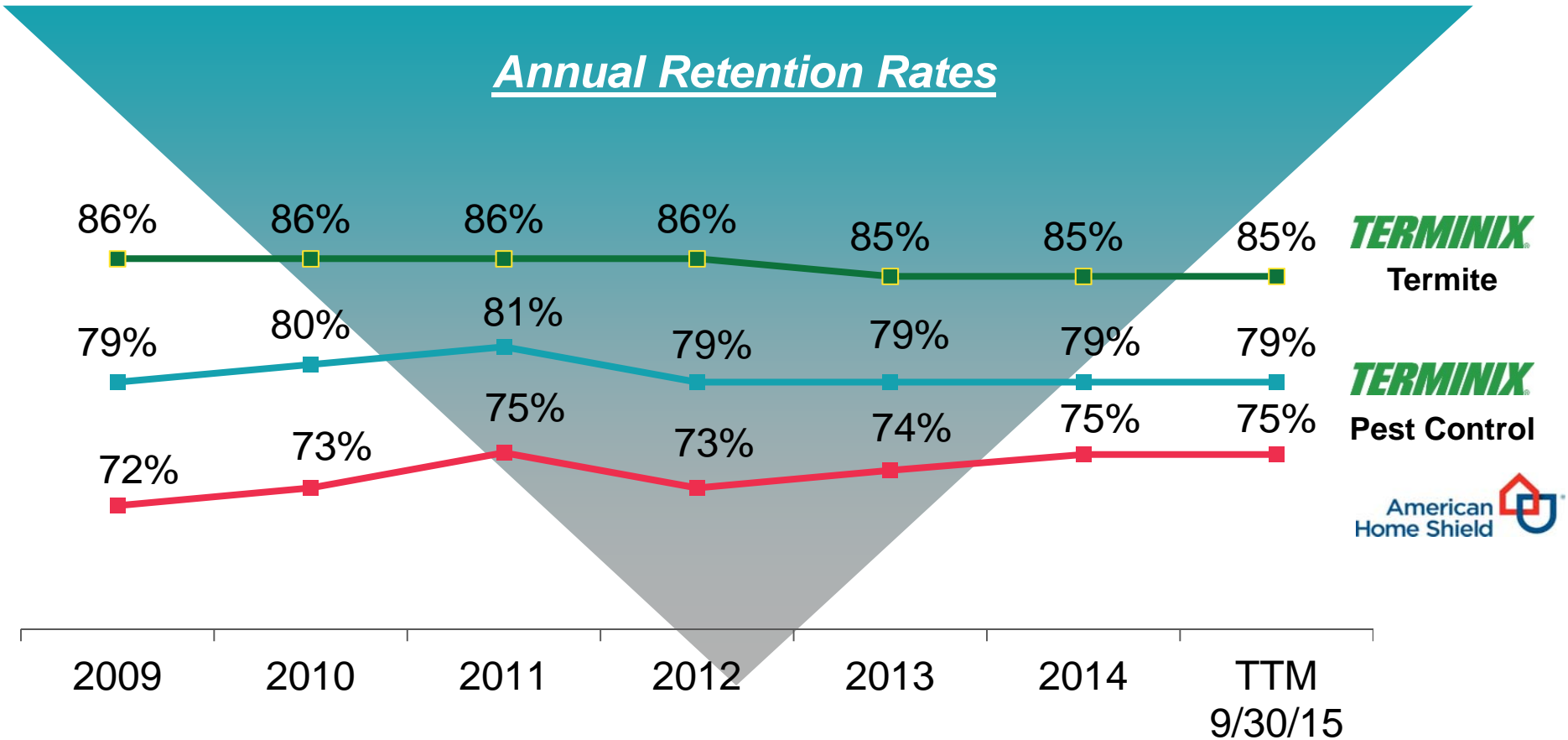
<sup>1</sup>Represents revenue for TTM September 30, 2015

	Direct Employees	Contractors	Franchisees
Customer Facing Professionals	<ul style="list-style-type: none"> <li>5,000 service technicians</li> </ul>	<ul style="list-style-type: none"> <li>11,000 contractors</li> <li>45,000 service techs</li> </ul>	<ul style="list-style-type: none"> <li>5,400 franchise locations</li> <li>33,000 individuals</li> </ul>
Customers	<ul style="list-style-type: none"> <li>2.8 million customers</li> </ul>	<ul style="list-style-type: none"> <li>1.6 million customers</li> <li>3.5 million service requests</li> </ul>	<ul style="list-style-type: none"> <li>\$2.4 billion CLR</li> <li>200k homes served monthly</li> </ul>
Customer Awareness	<ul style="list-style-type: none"> <li>Market share leader<sup>1</sup></li> <li>1.5x brand awareness of competitors</li> </ul>	<ul style="list-style-type: none"> <li>42% market share</li> <li>#1 market position</li> </ul>	<ul style="list-style-type: none"> <li>Leading market position in respective categories<sup>1</sup></li> <li>National network</li> </ul>
Customer Satisfaction	<ul style="list-style-type: none"> <li>79% - 85% retention rate</li> <li>Strong net promoter scores</li> </ul>	<ul style="list-style-type: none"> <li>75% retention rate</li> <li>"2015 Top Rated" by Home Warranty Review</li> </ul>	<ul style="list-style-type: none"> <li>Strong net promoter scores</li> </ul>

**Trusted professionals making more than 75,000 service calls each day**

<sup>1</sup>As measured on a customer-level revenue basis and using management estimates based on industry data.





**High retention drives recurring revenue and reduces customer acquisition costs**

Technology  
Channels  
Marketing



- Developed Markets
- ✓ Core Termite
  - ✓ Traditional Pest



- Growth Markets
- Exclusion
  - Encapsulation
  - Insulation
  - Mosquito



- ✓ Assurance (Real Estate)



- Financial (Direct-to-Consumer)
- Convenience (Direct-to-Consumer)



- ✓ Disaster Restoration
- ✓ Local Janitorial



- Insurance Companies/Property Managers
- National Janitorial

Standardizing, digitizing and mobilizing across key service delivery platforms



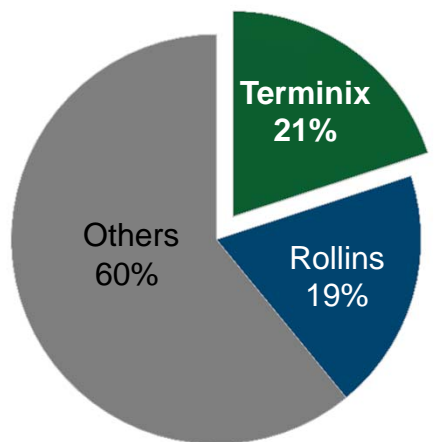
- Investment Highlights
- Company Overview
- **Segment Review**
- Financial Performance
- Appendix



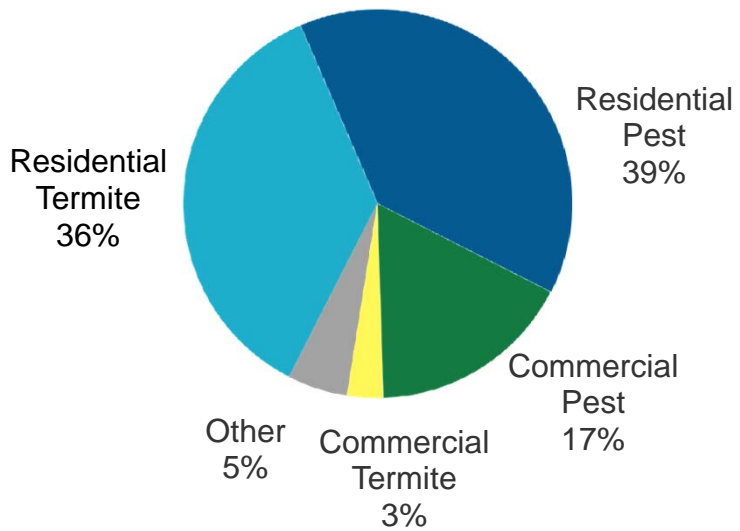
Revenue <sup>1</sup> :	\$1.4b
2010 – TTM Q3 2015 CAGR:	4.5%
Customer-Level Revenue <sup>1,2</sup> :	\$1.7b
Adjusted EBITDA <sup>1</sup> :	\$333m
Adjusted EBITDA margin <sup>1</sup> :	23.4%

- Operate in 47 U.S. states and 22 countries
- U.S. locations include 285 company-owned branches and ~25 franchise agreements
- Large and attractive U.S. market (~\$7b)
- Leading unaided brand awareness
- Scale enables investment in technology and processes

## Market Share<sup>2</sup>



## Revenue By Service Type<sup>1</sup>



**Leading provider of termite and pest control services in the U.S.**

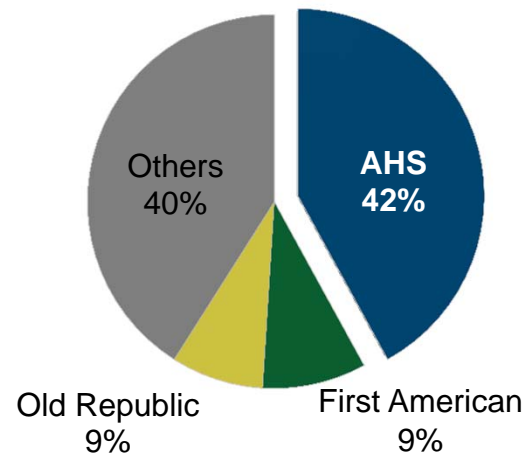
<sup>1</sup>Represents results for TTM September 30, 2015

<sup>2</sup>Sources: Specialty Products Consultants, LLC, SEC filings and management estimates based on industry data as measured on a customer-level revenue basis

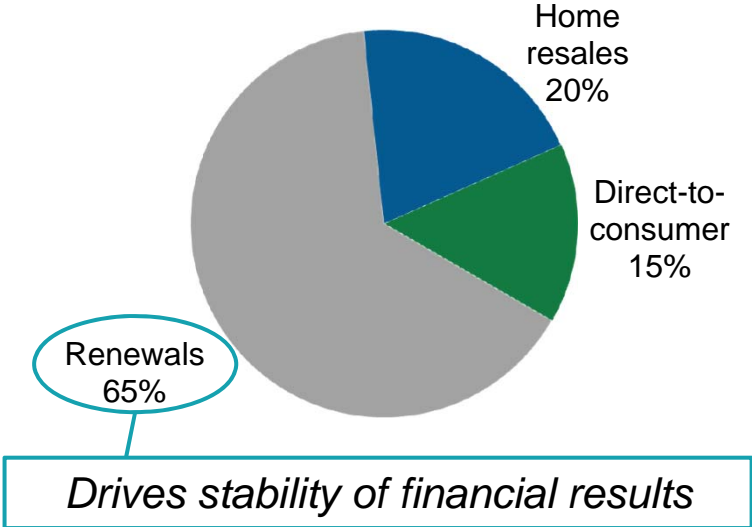
Revenue <sup>1</sup> :	\$901m
2010 – TTM Q3 2015 CAGR:	6.9%
Adjusted EBITDA <sup>1</sup> :	\$209m
Adjusted EBITDA margin <sup>1</sup> :	23.2%

- Serves 1.6m customers in 50 states; 3.5m service requests<sup>1</sup>
- Significant market leadership: ~4 times larger than largest competitors
- High and stable customer retention rates
- National network of ~11,000 pre-qualified contractors
- Significant direct-to-consumer marketing and lead generation capabilities

## Market Share<sup>2</sup>



## Revenue By Channel<sup>1</sup>



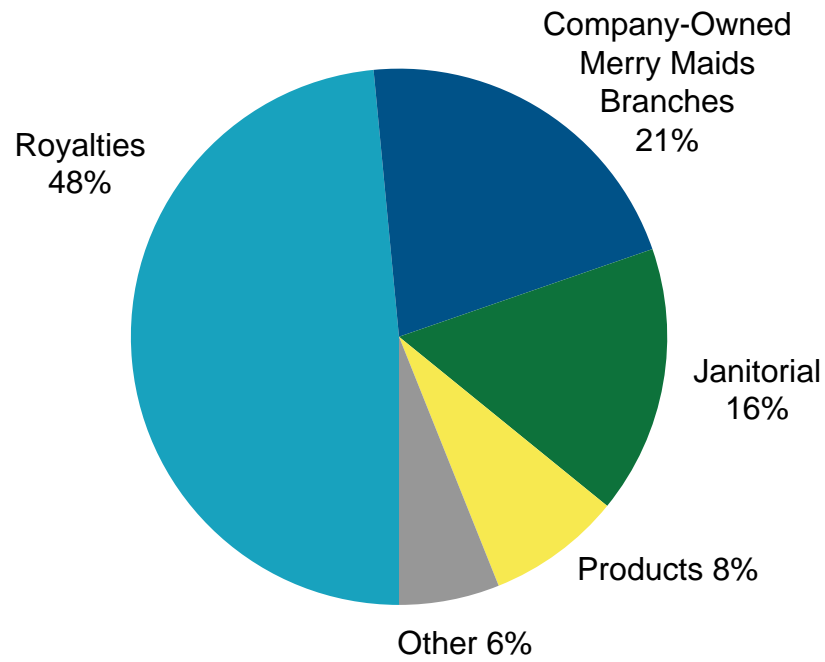
**Leading provider of home warranties in the U.S.**

<sup>1</sup>Represents results for TTM September 30, 2015  
<sup>2</sup>Sources include SEC filings and company estimates

Revenue <sup>1</sup> :	\$242m
2010 – TTM Q3 2015 CAGR:	2.9%
Customer-Level Revenue <sup>1,2</sup> :	\$2.4b
Adjusted EBITDA <sup>1</sup> :	\$78m
Adjusted EBITDA margin <sup>1</sup> :	32.3%

- Operate in 50 U.S. states and 17 countries
- 5,400 franchised locations
- Strong and trusted brands
- Leading market positions in all brands
- Attractive value proposition to franchisees
- Infrastructure and scale to service national accounts
- Long-standing relationships with majority of top 20 insurance carriers

Revenue By Channel<sup>1</sup>



*~95% of royalty fees are generated by SM Restore, SM Clean and Merry Maids*

**Market-leading residential and commercial services**

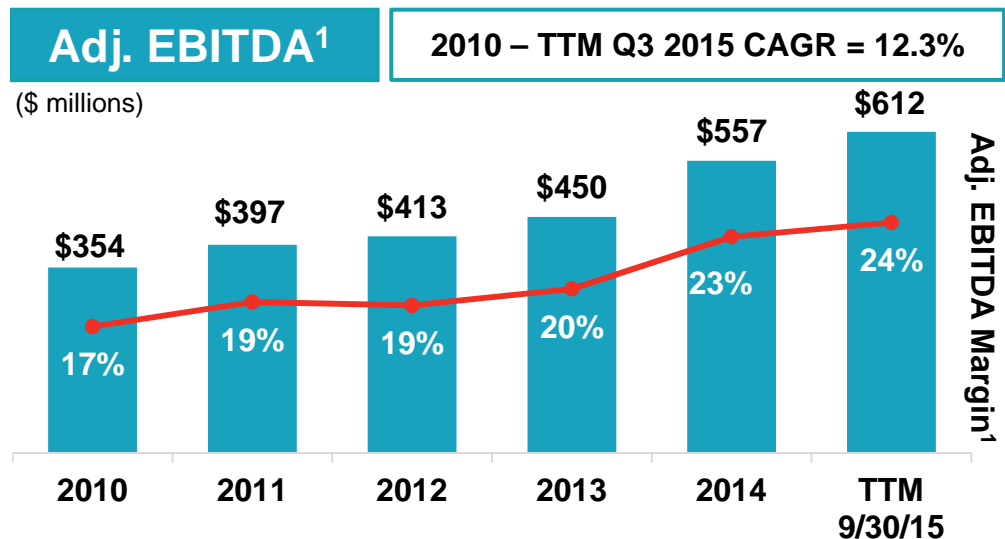
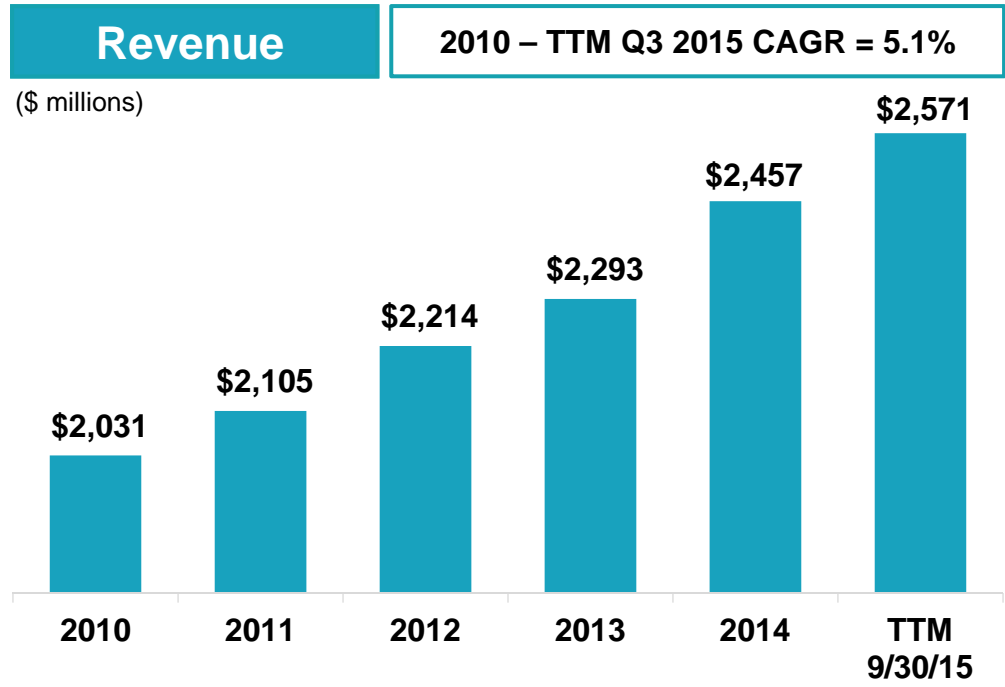
<sup>1</sup>Represents results for TTM September 30, 2015  
<sup>2</sup>U.S. locations includes franchises and company-owned branches, primarily Merry Maids





- Investment Highlights
- Company Overview
- Segment Review
- **Financial Performance**
- Appendix

- ✓ Consistent financial performance through business cycles
- ✓ Adjusted EBITDA growth at ~2.5x times the rate of revenue growth
- ✓ History of Adjusted EBITDA margin expansion
- ✓ High conversion of Adj. EBITDA to Pre-Tax Unlevered Free Cash Flow



Year	Pre-Tax Unlevered FCF <sup>1,2</sup>
2010	\$275
2011	\$292
2012	\$364
2013	\$428
2014	\$525
TTM 9/30/15	\$601

<sup>1</sup>Adjusted EBITDA, Adjusted EBITDA margin and Pre-Tax Unlevered FCF through 2013 does not reflect the annualized benefit of transferring \$25m of corporate costs to TruGreen

<sup>2</sup>Pre-Tax Unlevered Free Cash Flow is defined as Adjusted EBITDA plus change in working capital less property additions

# Third Quarter, 2015 – Financial Summary



(\$ millions, except per share amounts)

	Third Quarter			
	2015	2014	Var.	
			\$	%
Revenue	\$ 706	\$ 664	42	6%
Adj. EBITDA	174	157	17	11%
<i>% of revenue</i>	24.6%	23.6%		
Adj. Net Income	74	61	13	21%
<i>% of revenue</i>	10.5%	9.2%		
Adjusted EPS <sup>1</sup>	0.54	0.46	0.08	17%
Pre-Tax Unlevered Free Cash Flow	125	120	5	4%

***Strong financial performance***

<sup>1</sup>Adjusted earnings per share is calculated as adjusted net income divided by the diluted share counts of 136.8m shares and 133.2m shares for the third quarter 2015 and 2014, respectively.



# Third Quarter, 2015 – Simplified Cash Flow



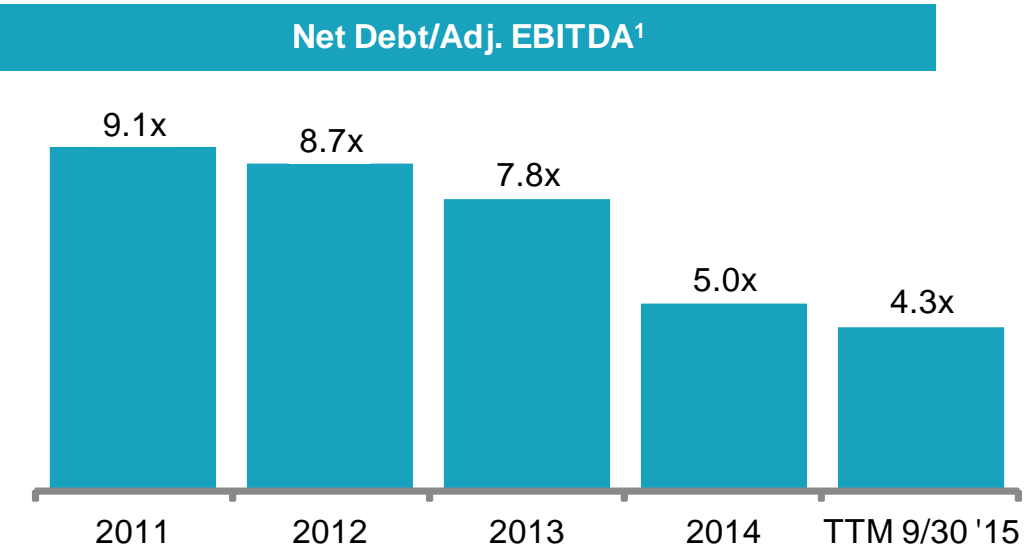
(\$ millions)

	Third Quarter		YTD Sept	
	2015	B/(W)	2015	B/(W)
<b>Cash at Beginning of Period</b>	\$ 361	\$ (167)	\$ 389	\$ (95)
Adjusted EBITDA	174	17	498	55
Change in working capital	(39)	(5)	(5)	22
Property additions	(10)	(7)	(30)	(1)
<b>Pre-Tax Unlevered Free Cash Flow</b>	\$ 125	\$ 5	\$ 463	\$ 76
Interest payments	(56)	26	(149)	50
Cash taxes	(31)	(29)	(38)	(26)
Acquisitions	(12)	(1)	(31)	22
Other	1	2	16	1
Refinancing / IPO / Consulting agreement termination	—	270	—	270
Debt repayment	(125)	(120)	(382)	(354)
TruGreen contribution / Discontinued operations	(3)	(2)	(9)	41
<b>Cash at End of Period</b>	\$ 260	\$ (16)	\$ 260	\$ (16)
Pre-tax Unlevered Free Cash Flow / Adjusted EBITDA	72%	-5 pts	93%	6 pts

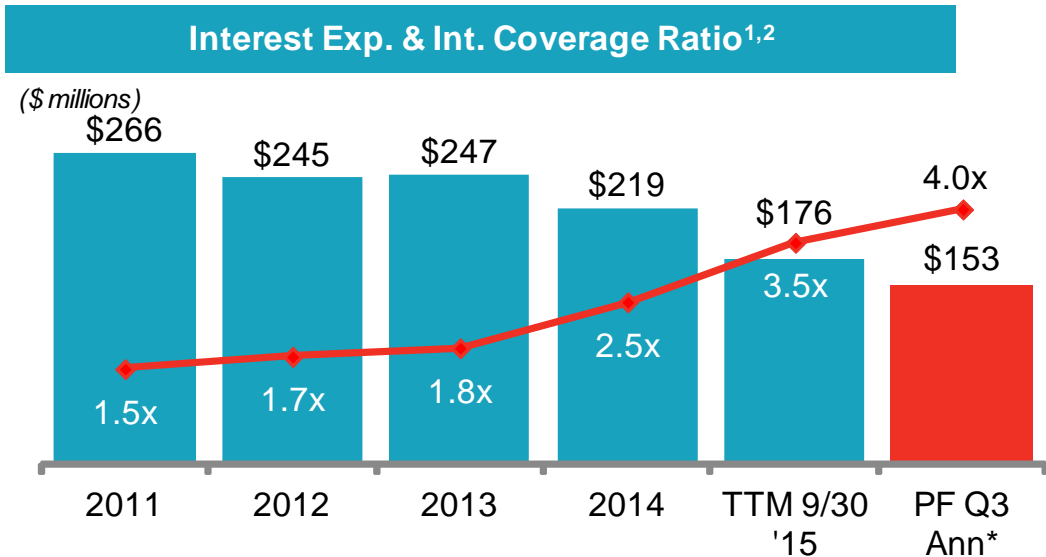
Generated \$27m of cash for debt pay down

Generated \$261m of cash for debt pay down

✓ Continued deleveraging with improved operations, growth and strong cash flow



✓ Redeemed \$488m of 7% Senior Notes on 8/17/15 – Funded with balance sheet cash and incremental Term Loan facility. Approximately \$17 million in annual cash interest savings.



¹Interest expense calculated using Q3 2015 interest expense of \$41m less \$2m of interest expense reduction associated with the redemption and refinancing of the 7% Senior Notes. Interest coverage uses Q3 2015 TTM Adjusted EBITDA of \$612m.

## Deleveraging through strong cash flow






¹Adjusted EBITDA for 2011 through 2013 does not reflect the benefit of transferring \$25m of annual corporate costs to TruGreen  
 ²Interest Coverage Ratio is Adjusted EBITDA/Interest Expense

(\$ millions)

	YTD	2015 Anticipated Range		2014 Actual
	9/30/2015	Fourth Quarter	Full Year	Full Year
Revenue	\$1,993	\$587 - \$597	\$2,580 - \$2,590	\$2,457
y-o-y growth	6%	3%*	5%	
Adjusted EBITDA	\$498	~ \$122	~ \$620	\$557
y-o-y growth	12%	7%	11%	
Adjusted EBITDA Margin			24%	23%

\*In the absence of the conversion of Merry Maids branches to franchises, revenue growth outlook for the fourth-quarter would be 4%

## 2015 Outlook

-  #1 market positions<sup>1</sup> in large, fragmented and growing markets
-  High-value service offerings resulting in high customer retention and recurring revenues
-  Growth driven by operational excellence and superior customer service
-  Resilient financial model with track record of consistent performance
-  Experienced management team

<sup>1</sup>As measured by revenue, including management estimates of customer-level revenue for businesses with franchises





- Investment Highlights
- Company Overview
- Segment Review
- Financial Performance
- Appendix



# Reconciliation of Net (Loss) Income to Adjusted EBITDA



(\$ millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TTM 9/30/15</u>
<b>Net Income (Loss)</b>	<b>(\$10)</b>	<b>\$46</b>	<b>(\$714)</b>	<b>(\$507)</b>	<b>(\$57)</b>	<b>\$163</b>
<b>Reconciliation to Adjusted EBITDA:</b>						
(Income) Loss from discontinued operations, net of income taxes	(37)	(53)	696	549	100	3
Depreciation expense	34	38	42	48	48	47
Amortization expense	96	83	58	51	52	44
Non-cash stock-based compensation expense	9	8	7	4	8	10
Management and consulting fees	8	8	7	7	4	-
Consulting agreement termination fees	-	-	-	-	21	-
Non-cash asset impairment of property and equipment	-	-	9	-	-	-
Non-cash impairment of software and other related costs	-	-	-	-	47	-
Restructuring charges	5	7	15	6	11	8
Gain on sale of Merry Maids branches	-	-	-	-	(1)	(5)
(Benefit) Provision for income taxes	(32)	(6)	(8)	43	40	106
Interest expense	280	266	245	247	219	176
Loss on extinguishment of debt	-	-	55	-	65	58
Other	1	-	1	2	-	2
<b>Total Adjustments</b>	<b>364</b>	<b>351</b>	<b>1,127</b>	<b>957</b>	<b>614</b>	<b>449</b>
<b>Adjusted EBITDA</b>	<b>\$354</b>	<b>\$397</b>	<b>\$413</b>	<b>\$450</b>	<b>\$557</b>	<b>\$612</b>

Note: Adjusted EBITDA through 2013 does not reflect the annualized benefit of transferring \$25m of corporate costs to TruGreen

# Reconciliation of Net Cash Provided from Operating Activities from Continuing Operations to Pre-Tax Unlevered FCF

*ServiceMASTER*

(\$ millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>TTM 9/30/15</u>
<b>Net Cash Provided from Operating Activities from Continuing Operations</b>	<b>\$38</b>	<b>\$74</b>	<b>\$104</b>	<b>\$208</b>	<b>\$253</b>	<b>\$349</b>
<b>Reconciliation to Pre-Tax Unlevered Free Cash Flow:</b>						
Cash paid for interest expense	261	244	233	232	220	171
Call premium paid on retirement of debt	-	-	43	-	35	49
Premium received on issuance of debt	-	-	(3)	-	-	-
Cash paid for income taxes, net of refunds	13	12	9	9	12	38
Cash paid for restructuring charges	3	6	15	9	8	7
Cash paid for management and consulting fees	8	8	7	7	4	-
Cash paid for consulting agreement termination fees	-	-	-	-	21	-
Cash paid for impairment of software and other related assets	-	-	-	-	3	-
Excess tax benefits from stock-based compensation	-	-	-	-	-	12
Other	-	-	-	-	-	4
Gain on sale of marketable securities	-	-	-	2	4	6
Property additions	(48)	(52)	(44)	(39)	(35)	(36)
Total Adjustments	237	218	260	220	272	252
<b>Pre-Tax Unlevered Free Cash Flow</b>	<b>\$275</b>	<b>\$292</b>	<b>\$364</b>	<b>\$428</b>	<b>\$525</b>	<b>\$601</b>
Adjusted EBITDA	354	397	413	450	557	612
Change in working capital	(31)	(53)	(5)	17	3	25
Property additions	(48)	(52)	(44)	(39)	(35)	(36)
<b>Pre-Tax Unlevered Free Cash Flow</b>	<b>\$275</b>	<b>\$292</b>	<b>\$364</b>	<b>\$428</b>	<b>\$525</b>	<b>\$601</b>

Note: Adjusted EBITDA and Pre-Tax Unlevered Free Cash Flow through 2013 do not reflect the annualized benefit of transferring \$25m of corporate costs to TruGreen



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