

ServiceMASTER®

THIRD QUARTER 2015 EARNINGS WEBCAST NOVEMBER 3, 2015





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Chief Executive Officer



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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.

Q3 Financial and Segment Summary



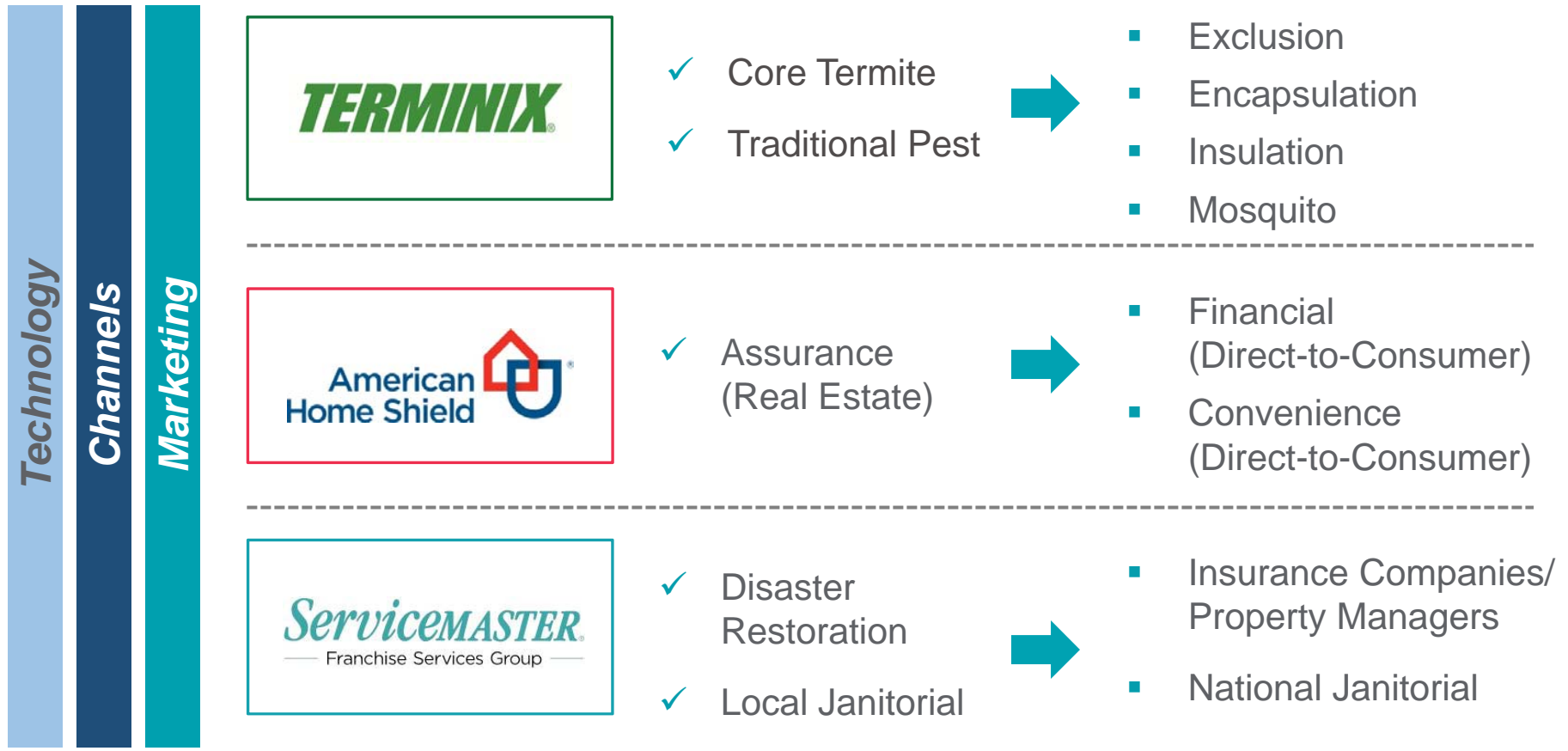
\$ millions, except per share amounts

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

Strong Financial Performance

¹Adjusted 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.

Driving Growth and Profitability

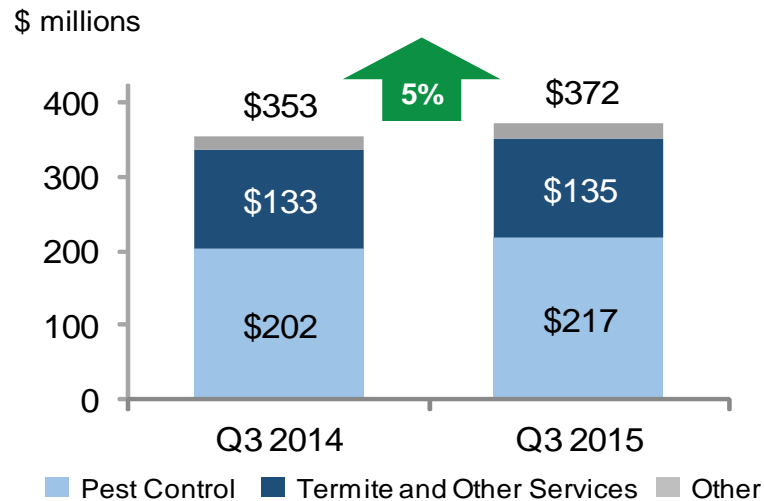


Standardizing, Digitizing and Mobilizing Across Key Service Delivery Platforms

Q3 Results

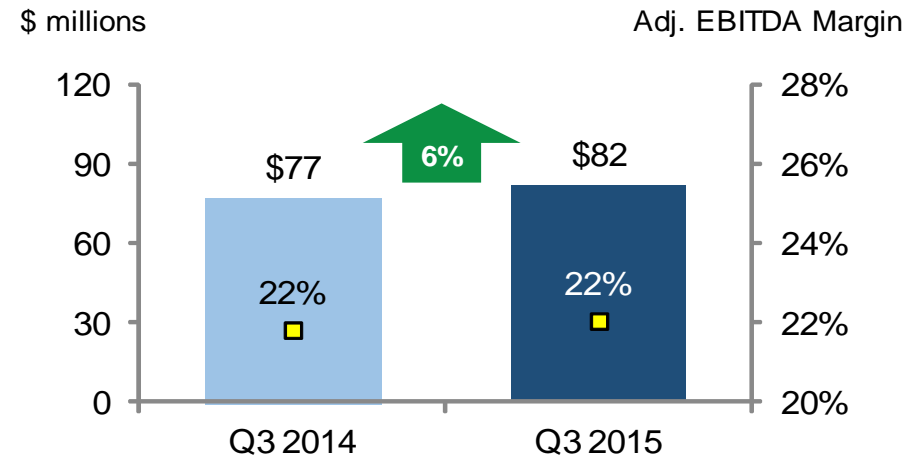


Revenue



<p><u>Pest Control: +7%</u></p> <ul style="list-style-type: none"> + New services + Pricing + Product mix 	<p><u>Termite & Other: +2%</u></p> <ul style="list-style-type: none"> + New services + Pricing - Completion volume
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Adjusted EBITDA¹



<p><u>Adjusted EBITDA: +\$5m</u></p> <ul style="list-style-type: none"> + Revenue conversion - Selling costs

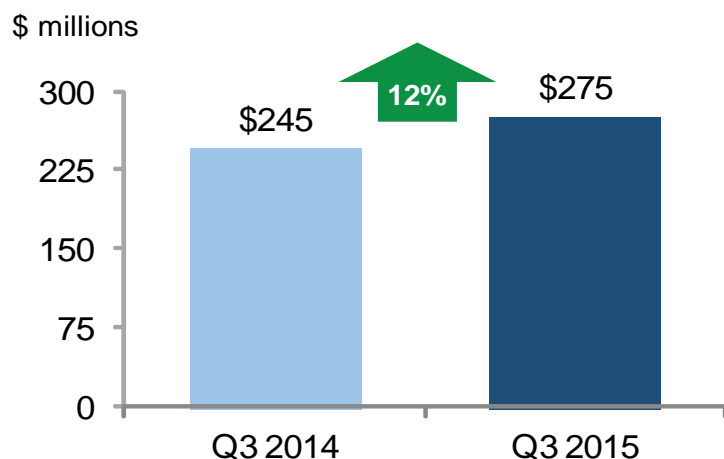
Innovation Sales Growth and Margin Expansion

¹See Non-GAAP Reconciliations.

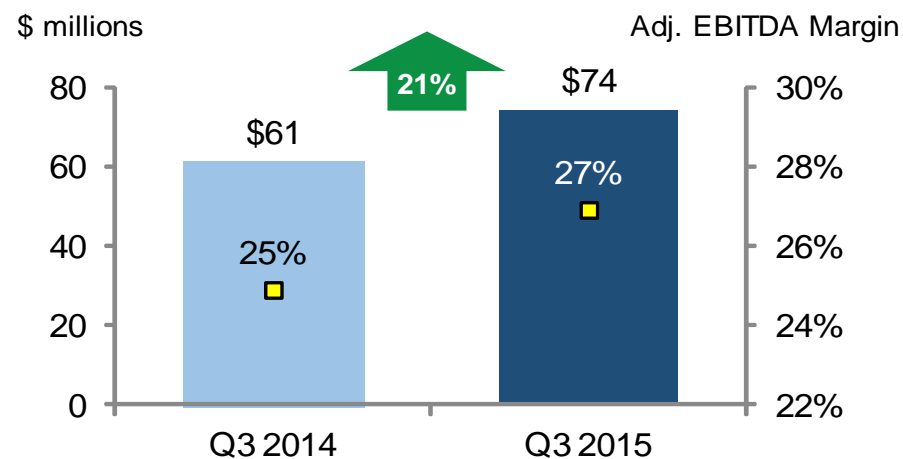
Q3 Results



Revenue



Adjusted EBITDA¹



Revenue: +\$30m

+ Volume:	\$25m
+ Pricing/mix:	\$5m

Adjusted EBITDA: +\$13m

+ Volume:	\$14m
+ Pricing:	\$5m
- Claims costs/other:	(\$6m)

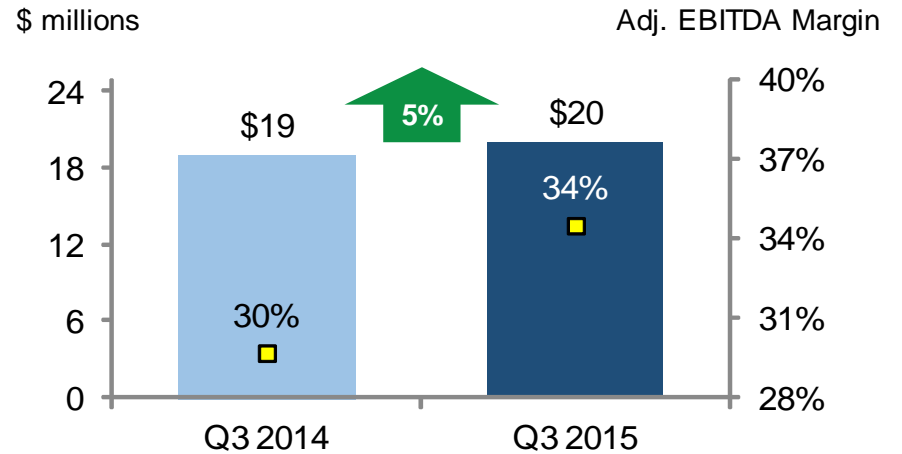
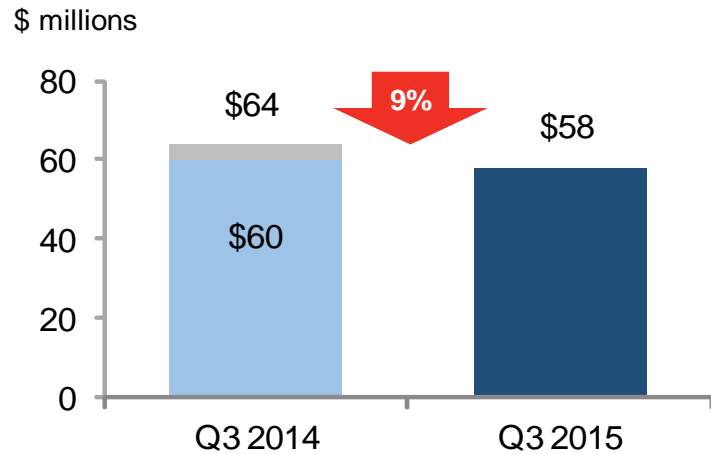
Increased Customer Count Driven by Marketing

¹See Non-GAAP Reconciliations.

Q3 Results

Revenue

Adjusted EBITDA¹



Revenue: (\$6m)

- MM branch disposals (\$4m)
- MM branch performance (\$2m)

Adjusted EBITDA: +\$1m

- + Cost reduction initiatives
- Lower revenue

Merry Maids Conversion and Cost Reduction

¹See Non-GAAP Reconciliations.

Q3 Consolidated Results

\$ millions

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	Third Quarter		
	2015	2014	B/(W)
Revenue	\$ 706	\$ 664	\$ 42
<i>YoY Growth</i>			6%
Gross Profit	338	320	18
<i>% of revenue</i>	47.9%	48.2%	-0.3 pts
Selling and administrative expenses	(178)	(176)	(2)
<i>% of revenue</i>	25.2%	26.5%	1.3 pts
Amortization expense	(7)	(13)	6
Consulting agreement termination fees	—	(21)	21
Restructuring charges	(2)	(1)	(1)
Gain on sale of Merry Maids branches	3	—	3
Interest expense	(41)	(49)	8
Loss on extinguishment of debt	(31)	(65)	34
Income (Loss) from Continuing Operations before Income Taxes	83	(5)	88
(Provision) benefit for income taxes	(32)	3	(35)
Income (Loss) from Continuing Operations	50	(3)	53
Loss from discontinued operations, net of income taxes	(1)	(1)	—
Net Income (Loss)	\$ 49	\$ (4)	\$ 53
Adjusted Net Income	\$ 74	\$ 61	\$ 13
Adjusted EBITDA	\$ 174	\$ 157	\$ 17

Q3 Adjusted EBITDA and Adjusted Net Income Reconciliations

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\$ millions

	Third Quarter	
	2015	2014
Terminix	\$ 82	\$ 77
American Home Shield	74	61
Franchise Services Group	20	19
Corporate	(1)	(1)
Adjusted EBITDA	\$ 174	\$ 157
Depreciation and amortization expense	(18)	(25)
Non-cash stock-based compensation expense	(3)	(2)
Restructuring charges	(2)	(1)
Gain on sale of Merry Maids branches	3	—
Consulting agreement termination fees	—	(21)
Provision for income taxes	(32)	3
Loss on extinguishment of debt	(31)	(65)
Interest expense	(41)	(49)
Other non-operating expenses	—	1
Income (Loss) from Continuing Operations	\$ 50	\$ (3)
Amortization expense	7	13
Consulting agreement termination fees	—	21
Restructuring charges	2	1
Gain on sale of Merry Maids branches	(3)	—
Loss on extinguishment of debt	31	65
Tax impact of adjustments	(14)	(36)
Adjusted Net Income	\$ 74	\$ 61

Q3 and September YTD Simplified Cash Flow

\$ millions

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	Third Quarter		YTD Sept	
	2015	B/(W)	2015	B/(W)
Cash at Beginning of Period	\$ 361	\$ (167)	\$ 389	\$ (95)
Adjusted EBITDA	174	17	498	55
Change in working capital	(39)	(5)	(5)	22
Property additions	(10)	(7)	(30)	(1)
Pre-Tax Unlevered Free Cash Flow	\$ 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
Cash at End of Period	\$ 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

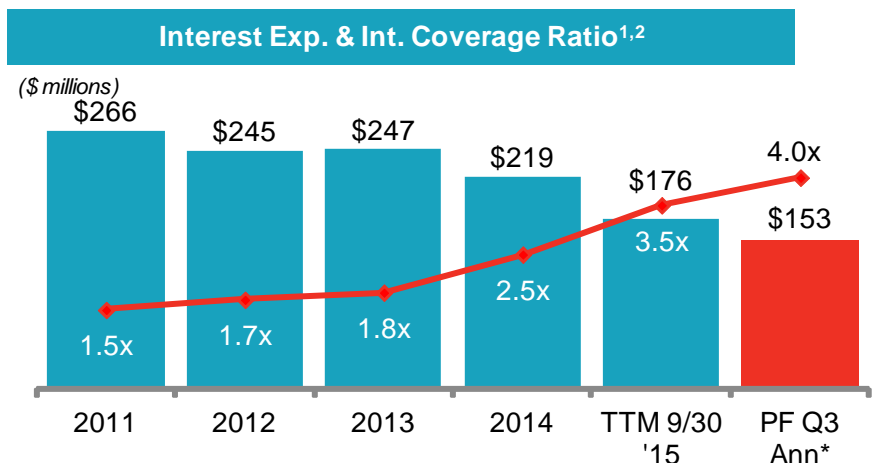
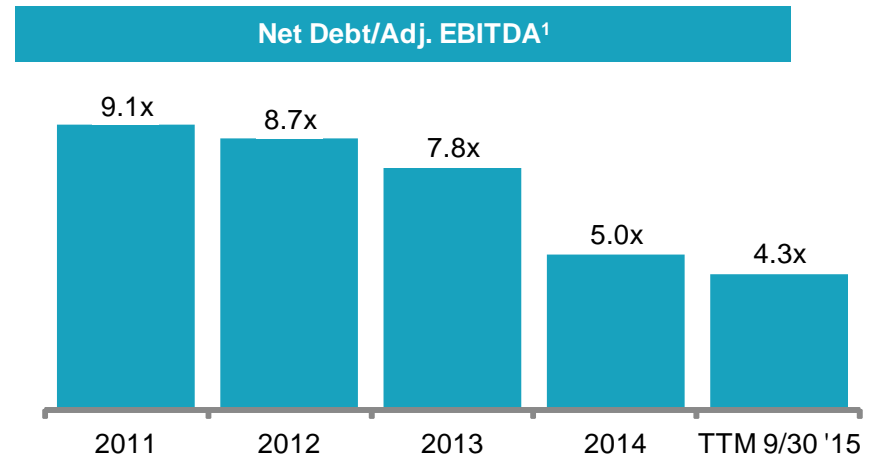
Generated
\$261m of
cash for
debt pay
down

Deleveraging the Balance Sheet



✓ 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.

2015 Outlook



\$ millions

	YTD 9/30/2015	2015 Anticipated Range		2014 Actual Full Year
		Fourth Quarter	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 Revenue and EBITDA Outlook

Going forward we continue to focus on:

- ✓ Debt reduction
- ✓ Leveraging operating, IT and marketing expertise across business units
- ✓ AHS direct-to-consumer growth
- ✓ Terminix growth
- ✓ Franchisee development
- ✓ Tuck-in acquisitions and value-added services

Q&A

Q3 Cash Flow

\$ millions

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	Third Quarter	
	2015	2014
Net Income (Loss)	\$ 49	\$ (4)
Loss from discontinued operations, net of income taxes	1	1
Depreciation and amortization expense	18	25
Loss on extinguishment of debt	31	65
Call premium paid on retirement of debt	(26)	(35)
Working capital	(39)	(34)
Other	(16)	(35)
Net Cash Provided from Operating Activities	\$ 19	\$ (17)
Cash paid for interest expense	56	82
Call premium paid on retirement of debt	26	35
Cash paid for income taxes, net of refunds	31	2
Cash paid for restructuring charges	1	2
Cash paid for consulting agreement termination fees	—	21
Excess tax benefits from stock-based compensation	2	—
Other	—	(1)
Gain on sales of marketable securities	—	(1)
Property additions	(10)	(3)
Pre-Tax Unlevered Free Cash Flow	\$ 125	\$ 120
Adjusted EBITDA	174	157
Change in working capital	(39)	(34)
Property additions	(10)	(3)
Pre-Tax Unlevered Free Cash Flow	\$ 125	\$ 120

September YTD Consolidated Results



\$ millions

	YTD September		
	2015	2014	B/(W)
Revenue	\$ 1,993	\$ 1,880	\$ 113
<i>YoY Growth</i>			6%
Gross Profit	\$ 957	\$ 897	60
<i>% of revenue</i>	48.0%	47.7%	0.3 pts
Selling and administrative expenses	(512)	(505)	(7)
<i>% of revenue</i>	25.7%	26.9%	1.2 pts
Amortization expense	(31)	(39)	8
Impairment of software and other related costs	—	(47)	47
Consulting agreement termination fees	—	(21)	21
Restructuring charges	(4)	(7)	3
Gain on sale of Merry Maids branches	5	—	5
Interest expense	(128)	(171)	43
Interest and net investment income	8	7	1
Loss on extinguishment of debt	(58)	(65)	7
Income from Continuing Operations before Income Taxes	237	48	189
Provision for income taxes	(91)	(26)	(65)
Income from Continuing Operations	145	22	123
Loss from discontinued operations, net of income taxes	(2)	(98)	96
Net Income (Loss)	\$ 144	\$ (76)	\$ 220
Adjusted Net Income	\$ 201	\$ 135	\$ 66
Adjusted EBITDA	\$ 498	\$ 443	\$ 55

September YTD Adjusted EBITDA and Adj. Net Income Reconciliations

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\$ millions

	YTD September	
	2015	2014
Terminix	\$ 272	\$ 248
American Home Shield	174	144
Franchise Services Group	58	58
Corporate	(6)	(7)
Adjusted EBITDA	\$ 498	\$ 443
Depreciation and amortization expense	(66)	(76)
Non-cash impairment of software and other related costs	—	(47)
Non-cash stock-based compensation expense	(8)	(5)
Restructuring charges	(4)	(7)
Gain on sale of Merry Maids branches	5	—
Management and consulting fees	—	(4)
Consulting agreement termination fees	—	(21)
Provision for income taxes	(91)	(26)
Loss on extinguishment of debt	(58)	(65)
Interest expense	(128)	(171)
Other non-operating expenses	(3)	—
Income from Continuing Operations	\$ 145	\$ 22
Amortization expense	31	39
Impairment of software and other related costs	—	47
Consulting agreement termination fees	—	21
Restructuring charges	4	7
Gain on sale of Merry Maids branches	(5)	—
Management and consulting fees	—	4
Loss on extinguishment of debt	58	65
Tax impact of adjustments	(33)	(69)
Adjusted Net Income	\$ 201	\$ 135

September YTD Cash Flow

\$ millions

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	YTD September	
	2015	2014
Net Income (Loss)	\$ 144	\$ (76)
Loss from discontinued operations, net of income taxes	2	98
Depreciation and amortization expense	66	76
Impairment of software and other related costs	—	47
Loss on extinguishment of debt	58	65
Call premium paid on retirement of debt	(49)	(35)
Working capital	(5)	(27)
Other	13	(15)
Net Cash Provided from Operating Activities	\$ 229	\$ 132
Cash paid for interest expense	149	199
Call premium paid on retirement of debt	49	35
Cash paid for income taxes, net of refunds	38	11
Cash paid for restructuring charges	6	7
Cash paid for management and consulting fees	—	4
Cash paid for consulting agreement termination fees	—	21
Cash paid for impairment of software and other related costs	—	3
Excess tax benefits from stock-based compensation	12	—
Other	3	1
Gain on sales of marketable securities	6	4
Property additions	(30)	(29)
Pre-Tax Unlevered Free Cash Flow	\$ 463	\$ 387
Adjusted EBITDA	498	443
Change in working capital	(5)	(27)
Property additions	(30)	(29)
Pre-Tax Unlevered Free Cash Flow	\$ 463	\$ 387

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