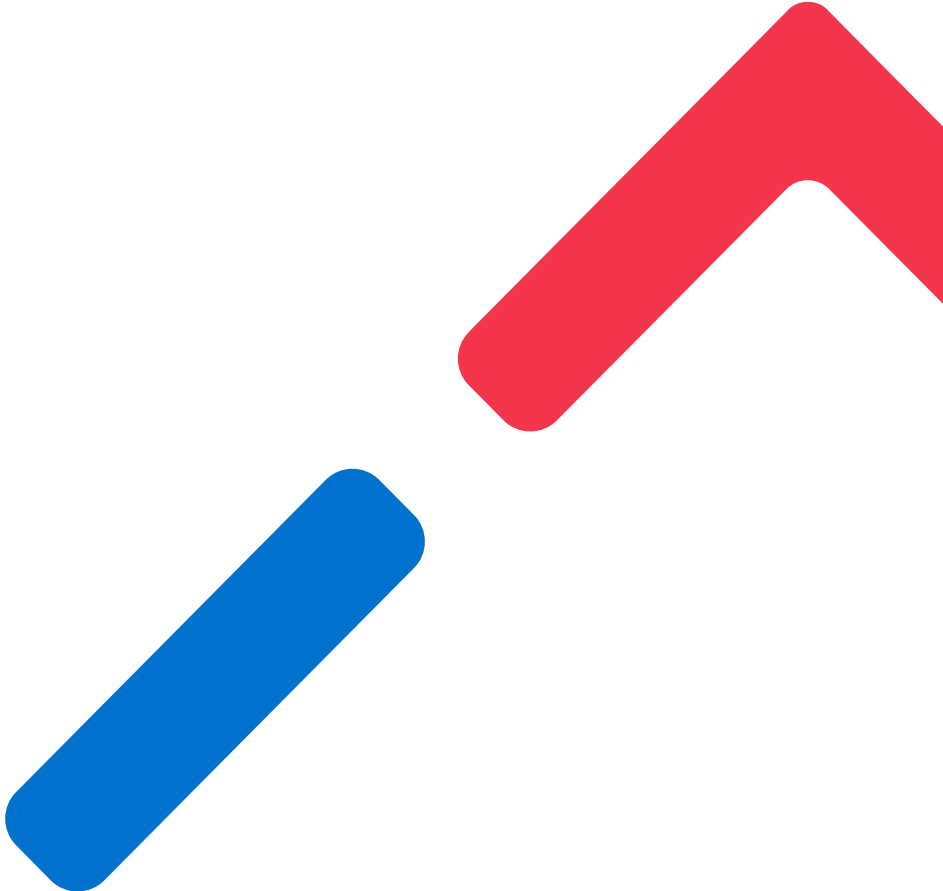


# Third-Quarter 2017 Earnings Webcast



**October 31, 2017**



# Cautionary Statements

## Safe Harbor Statement

This presentation contains “forward-looking statements,” including 2017 revenue and Adjusted EBITDA outlook, as well as statements with respect to the potential separation of AHS from ServiceMaster and the distribution of AHS shares to ServiceMaster shareholders, 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. ServiceMaster cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial or operational goals and targets will be realized. For a discussion of some of the important factors that could cause ServiceMaster’s results to differ materially from those expressed in, or implied by, the forward-looking statements included in this presentation, investors should refer to the disclosure contained under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2016, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, and our other filings with the SEC.

## Note to Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures. 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 of 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, adjusted earnings per share and 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, net cash provided by operating activities from continuing operations or any other performance or liquidity measure derived in accordance with GAAP. Management uses these non-GAAP financial measures to facilitate operating performance and liquidity comparisons, as applicable, from period to period. We believe these non-GAAP financial measures are useful for investors, analysts and other interested parties as they facilitate company-to-company operating performance and liquidity comparisons, as applicable, by excluding potential differences caused by variations in capital structures, taxation, the age and book depreciation of facilities and equipment, restructuring initiatives and equity-based, long-term incentive plans.

# Agenda



**Nik Varty**  
Chief Executive Officer



**Tony DiLucente**  
Chief Financial Officer



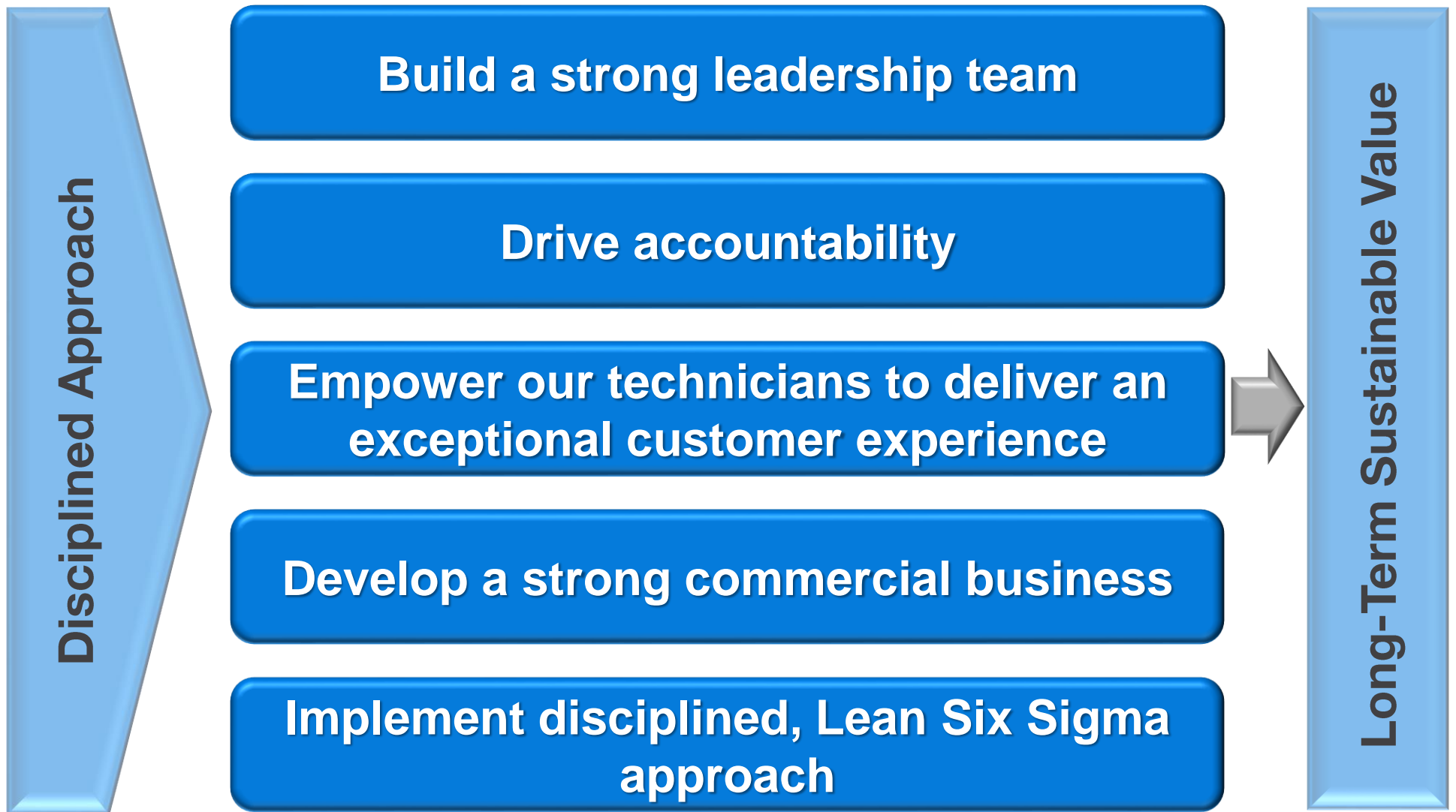
**Brian Turcotte**  
VP IR & Treasurer

- CEO: First 100 Days
- Terminix Business Transformation
- Strategic Growth Priorities
- Q3 Financial Summary
- Q3 Segment Results
- Full-Year 2017 Outlook

# CEO: First 100 Days

- Spent time on site with our business units and in the field
  - Met with hundreds of employees across all three businesses
  - Visited Terminix and AHS call centers
  - Visited Terminix branches and accompanied route technicians on service calls
  - Observed the ServiceMaster franchisees disaster restoration efforts onsite in Houston in the days following Hurricane Harvey
  - Conducted operating reviews and deep dives for all businesses
  - Met with our sell-side analysts and numerous shareholders
- Hired Dion Persson to lead the spin management office and overall company business development
- Began implementing organizational changes at Terminix to increase customer and channel focus and hired Matt Stevenson as President of Terminix Residential

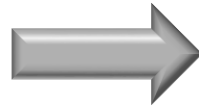
# Terminix Business Transformation



***Deliver consistently strong revenue & earnings growth***

# Strategic Growth Priorities

**TERMINIX**

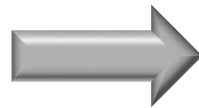


Execute business transformation

Achieve world-class customer service

Expand commercial business

American Home Shield



Increase market penetration through world-class service

Extend current product offerings

Expand into adjacent markets

Franchise Services Group

ServiceMASTER Restore ServiceMASTER Clean merry maids



Leverage relationships with insurance companies for disaster restoration

Accelerate national accounts growth

FURNITURE MEDIC AMERISPEC INSPECTION SERVICES

Extend reach & growth beyond core areas

# Solid Revenue & EBITDA Growth

(\$ millions, except EPS)	Q3 2017	Q3 2016	Variance	
Revenue	\$ 797	\$ 758	\$ 39	5%
Adjusted EBITDA <sup>1</sup>	\$ 200	\$ 192	\$ 8	4%
<i>Margin</i>	25.1%	25.4%		
Adjusted Net Income <sup>1</sup>	\$ 99	\$ 81	\$ 18	22%
<i>Margin</i>	12.5%	10.7%		
Adjusted EPS <sup>1,2</sup>	\$ 0.73	\$ 0.59	\$ 0.14	24%

- Continued strong organic revenue and EBITDA growth at AHS
- Terminix margin compression, primarily due to the impact of hurricanes and business transformation initiatives
- Franchise Services Group delivered solid revenue growth

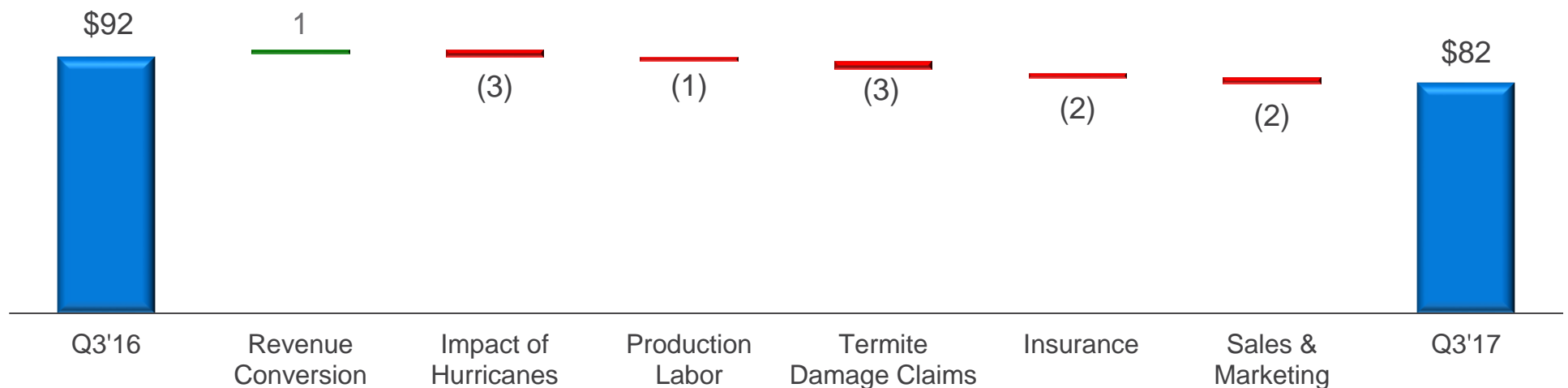
<sup>1</sup>See Appendix for Non-GAAP Reconciliations and Non-GAAP Reconciliation Definitions.

<sup>2</sup>Adjusted earnings per share (EPS) is calculated as adjusted net income divided by the diluted share counts of 135.2M shares and 137.1M shares for the third quarter of 2017 and 2016, respectively.

# Strategic Investments to Drive Long-Term Growth **TERMINIX**

(\$ millions)	Q3 2017	Q3 2016	Variance	
Revenue	\$ 395	\$ 396	\$ (1)	(0)%
Gross Profit	\$ 167	\$ 174	\$ (7)	(4)%
<i>Margin</i>	42.4%	43.9%		
Adjusted EBITDA <sup>1</sup>	\$ 82	\$ 92	\$ (10)	(11)%
<i>Margin</i>	20.9%	23.2%		

Adjusted EBITDA (\$M)



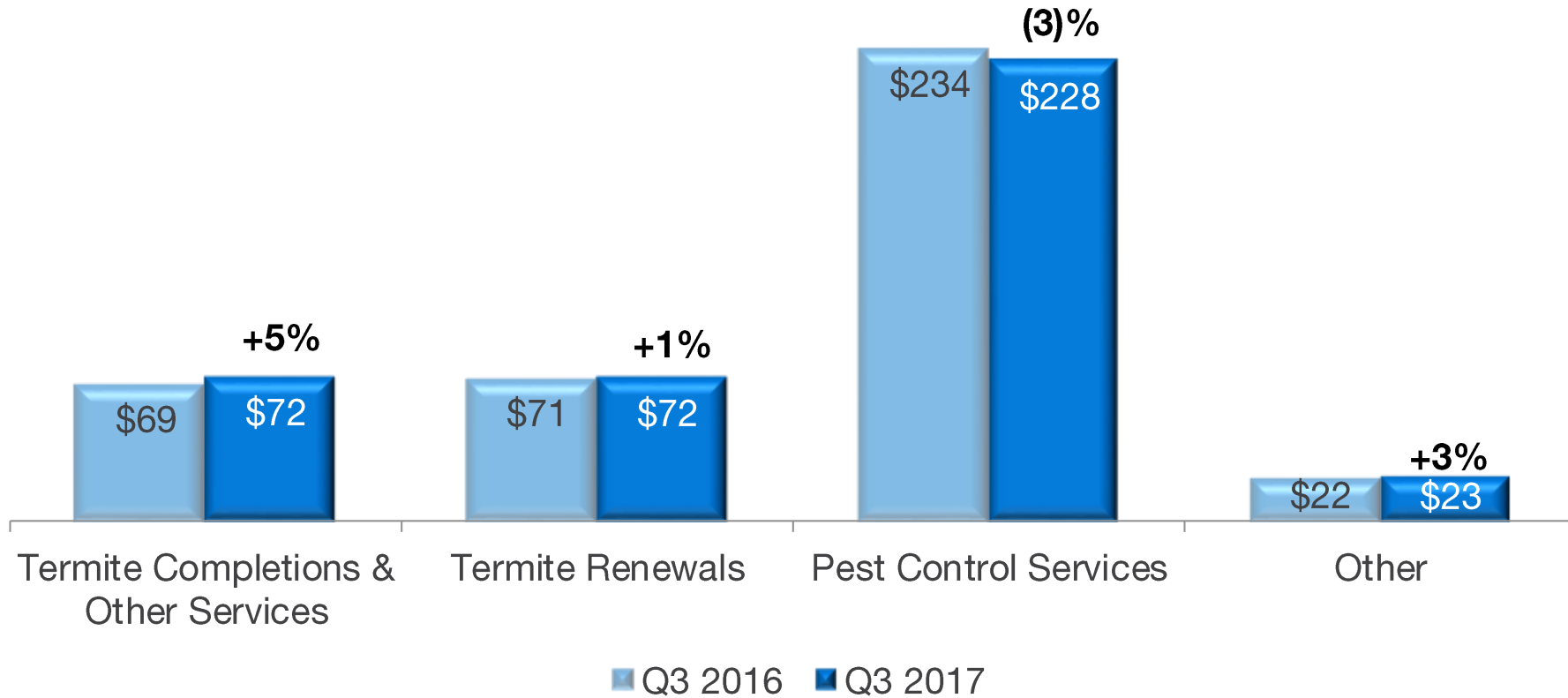
<sup>1</sup>See Appendix for Non-GAAP Reconciliations and Non-GAAP Reconciliation Definitions.



# Termite Revenue Growth



\$ millions

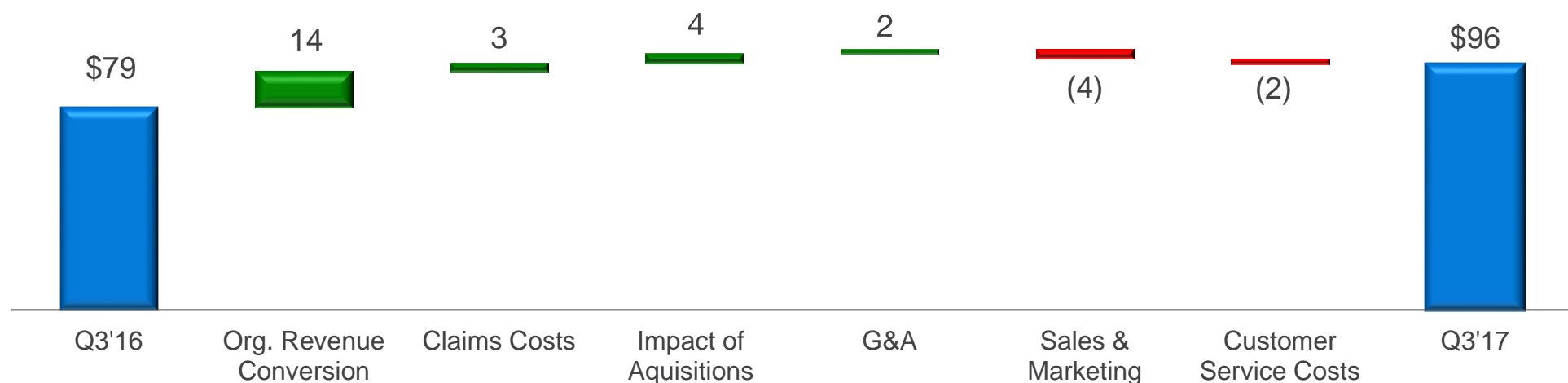


- Terminix organic revenue growth was 1%, excluding impact from hurricanes Harvey and Irma and Alterra customer attrition
- Terminix revenue growth was 2%, excluding impact from hurricanes and Alterra customer attrition

# Continued Strong Organic Revenue and EBITDA Growth

(\$ millions)	Q3 2017	Q3 2016	Variance	
Revenue	\$ 346	\$ 309	\$ 37	12%
Gross Profit	\$ 178	\$ 152	\$ 26	17%
<i>Margin</i>	51.3%	49.0%		
Adjusted EBITDA <sup>1</sup>	\$ 96	\$ 79	\$ 17	21%
<i>Margin</i>	27.8%	25.7%		

Adjusted EBITDA (\$M)



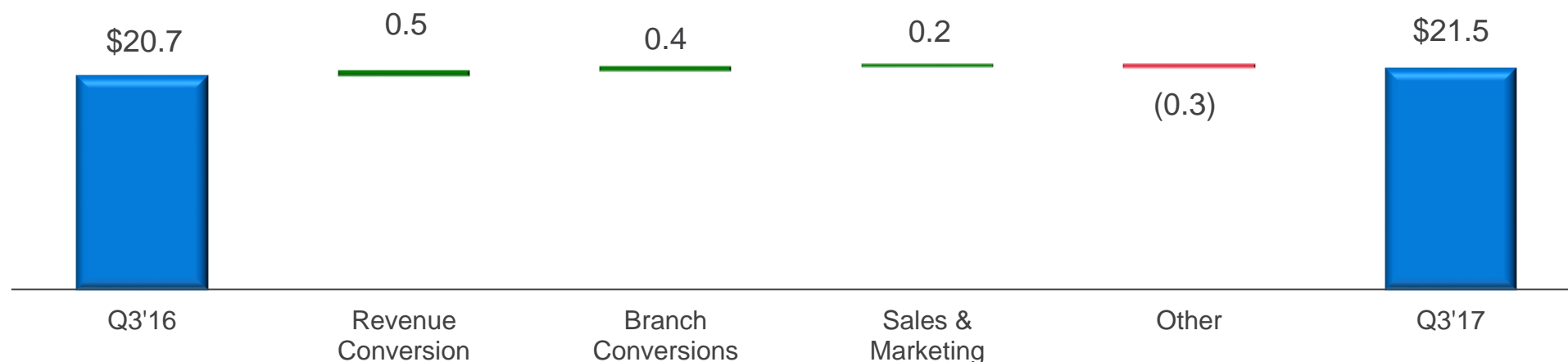
<sup>1</sup>See Appendix for Non-GAAP Reconciliations and Non-GAAP Reconciliation Definitions.

# Solid Revenue Growth at FSG



(\$ millions)	Q3 2017	Q3 2016	Variance	
Revenue	\$ 55	\$ 51	\$ 4	7%
Gross Profit	\$ 32	\$ 31	\$ 1	3%
<i>Margin</i>	58.2%	60.9%		
Adjusted EBITDA <sup>1</sup>	\$ 22	\$ 21	\$ 1	4%
<i>Margin</i>	38.9%	40.2%		

Adjusted EBITDA (\$M)



<sup>1</sup>See Appendix for Non-GAAP Reconciliations and Non-GAAP Reconciliation Definitions.

# Consolidated Results

\$ millions, except per share data

	Third Quarter		
	2017	2016	B/(W)
Revenue	\$ 797	\$ 758	\$ 39
<i>YoY Growth</i>			5%
Gross Profit	377	358	19
<i>% of revenue</i>	47.4%	47.2%	0.1 pts
Selling and administrative expenses	(199)	(185)	(14)
<i>% of revenue</i>	25.0%	24.5%	-0.5 pts
Amortization expense	(7)	(8)	2
401(k) Plan corrective contribution	4	—	4
Fumigation related matters	—	(1)	1
Restructuring charges	(21)	(8)	(12)
Interest expense	(38)	(39)	1
Interest and net investment income	1	1	1
Loss on extinguishment of debt	(3)	—	(3)
Income from Continuing Operations before Income Taxes	114	116	(2)
Provision for income taxes	(34)	(46)	12
Income from Continuing Operations	80	70	11
Income from discontinued operations, net of income taxes	—	—	—
Net Income	<u>\$ 80</u>	<u>\$ 70</u>	<u>\$ 11</u>
Weighted-average diluted common shares outstanding	135.2	137.1	
Diluted Earnings Per Share	\$ 0.59	\$ 0.51	\$ 0.09
Adjusted Net Income <sup>1</sup>	\$ 99	\$ 81	\$ 18
Adjusted EBITDA <sup>1</sup>	\$ 200	\$ 192	\$ 8
Adjusted Earnings Per Share <sup>1</sup>	\$ 0.73	\$ 0.59	\$ 0.14

<sup>1</sup>See Appendix for Non-GAAP Reconciliations and Non-GAAP Reconciliation Definitions.

# Adjusted EBITDA Bridge to Adjusted Net Income

\$ millions

	Third Quarter	
	2017	B/(W) PY
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 200</b>	<b>\$ 8</b>
Excluded from Adj. EBITDA / Included in Adj. Net Income		
Stock-based compensation	(1)	2
Interest expense	(38)	1
Depreciation	(19)	(3)
Provision for income taxes	(42)	10
<b>Adjusted Net Income<sup>1</sup></b>	<b>\$ 99</b>	<b>\$ 18</b>

<sup>1</sup>See Appendix for Non-GAAP Reconciliations and Non-GAAP Reconciliation Definitions.

# Cash Flow

\$ millions

	Third Quarter		YTD September	
	2017	2016	2017	2016
<b>Net Income</b>	<b>\$ 80</b>	<b>\$ 70</b>	<b>\$ 204</b>	<b>\$ 124</b>
Depreciation and amortization expense	26	24	77	68
Working capital, excluding impact of accrued interest and taxes	(50)	(65)	(22)	(36)
Fumigation related matters	—	1	2	92
Payments on fumigation related matters	—	(88)	(2)	(90)
Insurance reserve adjustment	—	—	—	23
Loss on extinguishment of debt	3	—	6	—
Working capital impact of accrued interest and taxes	(30)	13	6	—
Deferred income tax provision	29	7	27	12
Stock-based compensation expense	1	3	10	10
Restructuring charges, net of payments	16	3	16	6
Other non-cash expenditure add-backs	5	3	16	6
<b>Net Cash Provided from Operating Activities</b>	<b>\$ 81</b>	<b>\$ (29)</b>	<b>\$ 340</b>	<b>\$ 215</b>
Property additions, net of Government grant fundings for property additions	(14)	(14)	(48)	(45)
<b>Free Cash Flow</b>	<b>\$ 67</b>	<b>\$ (43)</b>	<b>\$ 293</b>	<b>\$ 170</b>

# Full-Year 2017 Outlook

(\$ millions)	Range	
	Low	High
Revenue	\$ 2,900	\$ 2,920
<i>Growth Rate</i>	6%	6%
Adjusted EBITDA <sup>1</sup>	\$ 670	\$ 675
<i>Growth Rate</i>	0%	1%
<i>Margin</i>	23%	23%

- Maintaining revenue growth outlook of 6% over prior year
- Revising Adjusted EBITDA outlook to reflect impact of hurricanes and on-going business transformation initiatives at Terminix

<sup>1</sup>See Appendix for Non-GAAP Reconciliations and Non-GAAP Reconciliation Definitions.

# Appendix



# Non-GAAP Reconciliation Definitions

**Adjusted EBITDA** is defined as net income before: depreciation and amortization expense; 401(k) Plan corrective contribution; fumigation related matters; insurance reserve adjustment; non-cash stock-based compensation expense; restructuring charges; gain on sale of Merry Maids branches; non-cash impairment of software and other related costs; income from discontinued operations, net of income taxes; provision for income taxes; loss on extinguishment of debt and interest expense.

**Adjusted net income** is defined as net income before: amortization expense; 401(k) Plan corrective contribution; fumigation related matters; insurance reserve adjustment; restructuring charges; gain on sale of Merry Maids branches; impairment of software and other related costs; income from discontinued operations, net of income taxes; loss on extinguishment of debt and the tax impact of the aforementioned adjustments.

**Adjusted earnings per share** is calculated as adjusted net income divided by the weighted-average diluted common shares outstanding.

**Free Cash Flow** is defined as net cash provided from operating activities from continuing operations less property additions plus government grant fundings for property additions.

# Net Income to Adjusted EBITDA and Adjusted Net Income Reconciliations

\$ millions, except per share data

	Third Quarter	
	2017	2016
<b>Net Income</b>	<b>\$ 80</b>	<b>\$ 70</b>
Depreciation and amortization expense	26	24
401(k) Plan corrective contribution	(4)	—
Fumigation related matters	—	1
Non-cash stock-based compensation expense	1	3
Restructuring charges	21	8
Provision for income taxes	34	46
Loss on extinguishment of debt	3	—
Interest expense	38	39
<b>Adjusted EBITDA</b>	<b>\$ 200</b>	<b>\$ 192</b>
Terminix	\$ 82	\$ 92
American Home Shield	96	79
Franchise Services Group	22	21
Corporate	—	—
<b>Adjusted EBITDA</b>	<b>\$ 200</b>	<b>\$ 192</b>
<b>Net Income</b>	<b>\$ 80</b>	<b>\$ 70</b>
Amortization expense	7	8
401(k) Plan corrective contribution	(4)	—
Fumigation related matters	—	1
Restructuring charges	21	8
Loss on extinguishment of debt	3	—
Tax impact of adjustments	(9)	(7)
<b>Adjusted Net Income</b>	<b>\$ 99</b>	<b>\$ 81</b>
Weighted-average diluted common shares outstanding	135.2	137.1
Adjusted Earnings Per Share	\$ 0.73	\$ 0.59

# Consolidated Results

\$ millions, except per share data

	Sept YTD		
	2017	2016	B/(W)
Revenue	\$ 2,246	\$ 2,113	\$ 133
<i>YoY Growth</i>			<b>6%</b>
Gross Profit	1,066	1,009	56
<i>% of revenue</i>	47.5%	47.8%	-0.3 pts
Selling and administrative expenses	(592)	(546)	(46)
<i>% of revenue</i>	26.3%	25.8%	-0.5 pts
Amortization expense	(20)	(24)	4
401(k) Plan corrective contribution	3	(1)	4
Fumigation related matters	(2)	(92)	90
Insurance reserve adjustment	—	(23)	23
Impairment of software and other related costs	(2)	(1)	(1)
Restructuring charges	(24)	(13)	(11)
Gain on sale of Merry Maids branches	—	2	(2)
Interest expense	(113)	(115)	3
Interest and net investment income	3	5	(2)
Loss on extinguishment of debt	(6)	—	(6)
Income from Continuing Operations before Income Taxes	313	200	113
Provision for income taxes	(109)	(76)	(33)
Income from Continuing Operations	204	124	79
Income from discontinued operations, net of income taxes	1	—	1
Net Income	\$ 204	\$ 124	\$ 80
Weighted-average diluted common shares outstanding	135.4	137.5	
Diluted Earnings Per Share	\$ 1.51	\$ 0.90	\$ 0.61
Adjusted Net Income <sup>1</sup>	\$ 238	\$ 221	\$ 17
Adjusted EBITDA <sup>1</sup>	\$ 543	\$ 523	\$ 21
Adjusted EPS <sup>1</sup>	\$ 1.75	\$ 1.61	\$ 0.15

# Net Income to Adjusted EBITDA and Adjusted Net Income Reconciliations

\$ millions, except per share data

	Sept YTD	
	2017	2016
<b>Net Income</b>	<b>\$ 204</b>	<b>\$ 124</b>
Depreciation and amortization expense	77	68
401(k) Plan corrective contribution	(3)	1
Fumigation related matters	2	92
Insurance reserve adjustment	—	23
Non-cash stock-based compensation expense	10	10
Restructuring charges	24	13
Gain on sale of Merry Maids branches	—	(2)
Non-cash impairment of software and other related costs	2	1
Income from discontinued operations, net of income taxes	(1)	—
Provision for income taxes	109	76
Loss on extinguishment of debt	6	—
Interest expense	113	115
<b>Adjusted EBITDA</b>	<b>\$ 543</b>	<b>\$ 523</b>
Terminix	\$ 269	\$ 299
American Home Shield	209	170
Franchise Services Group	65	58
Corporate	—	(3)
<b>Adjusted EBITDA</b>	<b>\$ 543</b>	<b>\$ 523</b>
<b>Net Income</b>	<b>\$ 204</b>	<b>\$ 124</b>
Amortization expense	20	24
401(k) Plan corrective contribution	(3)	1
Fumigation related matters	2	92
Insurance reserve adjustment	—	23
Restructuring charges	24	13
Gain on sale of Merry Maids branches	—	(2)
Impairment of software and other related costs	2	1
Income from discontinued operations, net of income taxes	(1)	—
Loss on extinguishment of debt	6	—
Tax impact of adjustments	(18)	(56)
<b>Adjusted Net Income</b>	<b>\$ 238</b>	<b>\$ 221</b>
Weighted-average diluted common shares outstanding	135.4	137.5
Adjusted Earnings Per Share	\$ 1.75	\$ 1.61