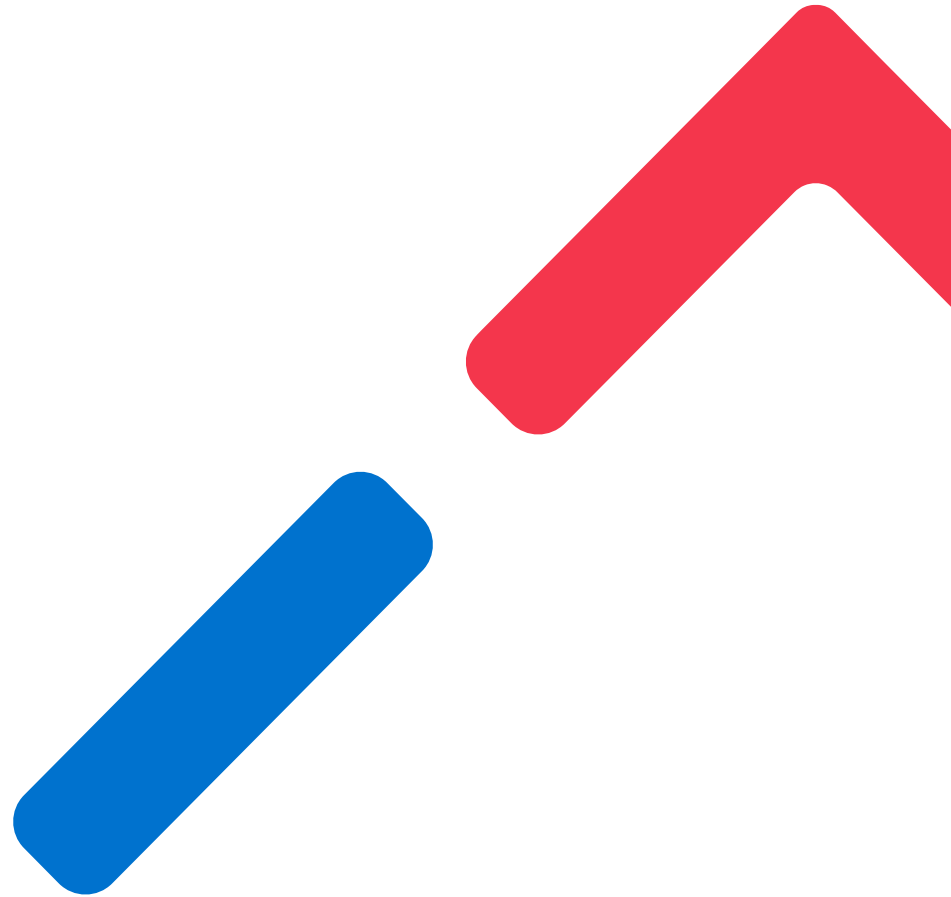


Full Year and Fourth-Quarter 2016 Earnings Webcast

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February 23, 2017



Agenda



Rob Gillette
Chief Executive Officer



Alan Haughie
Chief Financial Officer



Tony DiLucente
Senior Vice President

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- Financial Summary
 - FY 2017 Outlook
 - Segment Results
 - Financial Results
 - Summary
 - Q&A

Cautionary Statements

Safe Harbor Statement

This presentation contains “forward-looking statements,” including 2017 revenue and Adjusted EBITDA outlook, 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 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.

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; loss from discontinued operations, net of income taxes; provision for income taxes; loss on extinguishment of debt; interest expense; and other non-operating expenses. **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; loss from discontinued operations, net of 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.

Full Year Consolidated Financial Summary

\$ millions, except per share amounts

	Full Year			
	2016	2015	Var.	
			\$	%
Revenue	\$ 2,746	\$ 2,594	152	6%
Adj. EBITDA	667	622	45	7%
<i>% of revenue</i>	24.3%	24.0%		
Adj. Net Income	281	245	36	15%
<i>% of revenue</i>	10.2%	9.4%		
Adjusted EPS ¹	2.04	1.80	0.24	13%

- ✓ Growth in AHS direct-to-consumer and real estate channels
- ✓ Impact of acquisitions
- ✓ Organic pest growth challenging
- ✓ Completed MerryMaids branch conversion
- ✓ ServSmart Investment

Top-Line Growth Continuing Strong Margins

¹Adjusted earnings per share is calculated as adjusted net income divided by the diluted share counts of 137.3m shares and 136.6m shares for the full year 2016 and 2015, respectively.

Q4 Consolidated Financial Summary

\$ millions, except per share amounts

	Fourth Quarter			
	2016	2015	Var.	
			\$	%
Revenue	\$ 633	\$ 601	32	5%
Adj. EBITDA	144	124	20	16%
<i>% of revenue</i>	22.7%	20.6%		
Adj. Net Income	60	45	15	33%
<i>% of revenue</i>	9.5%	7.5%		
Adjusted EPS ¹	0.44	0.33	0.11	33%

- ✓ Growth in AHS direct-to-consumer and real estate channels
- ✓ Strong margin expansion led by AHS
- ✓ Completed Landmark acquisition
- ✓ Growth in core termite completion sales
- ✓ Investment in service quality and retention
- ✓ Refinancing: reduced interest expense, exposure, extended maturities

Top-Line Growth with Margin Expansion

¹Adjusted earnings per share is calculated as adjusted net income divided by the diluted share counts of 136.6m shares and 136.9m shares for the fourth quarter of 2016 and 2015, respectively.

2017 Outlook

\$ millions

Revenue \$2,885 - \$2,915
Growth 5%-6%

Adj. EBITDA \$700 - \$715
Growth 5%-7%
Margin 24%-25%



- ✓ 2017 Outlook excludes the impact of potential acquisitions.
- ✓ AHS:
 - 12%- 14% top line growth
 - 2016 acquisitions continue to contribute to revenue growth
 - Small headwind (1%-2%) to organic growth from wind-down of Third Party business
- ✓ Terminix:
 - Investment in service quality and retention
 - Organic growth between 1 percent and 2 percent
 - Anticipate Q1 organic revenue growth ~flat to prior year
- ✓ ServSmart investment flat to 2016 spend

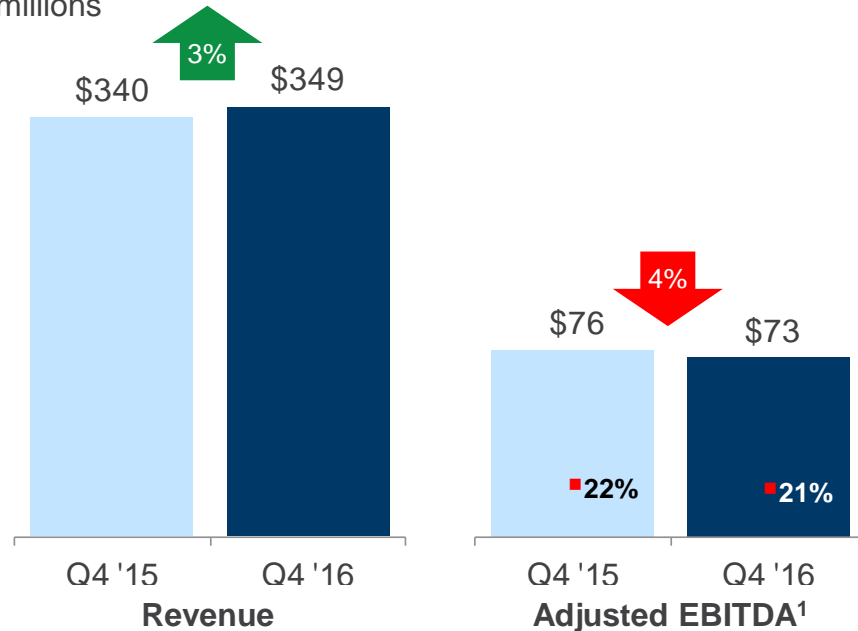
2017 Revenue and EBITDA Outlook

2016 Financial Results



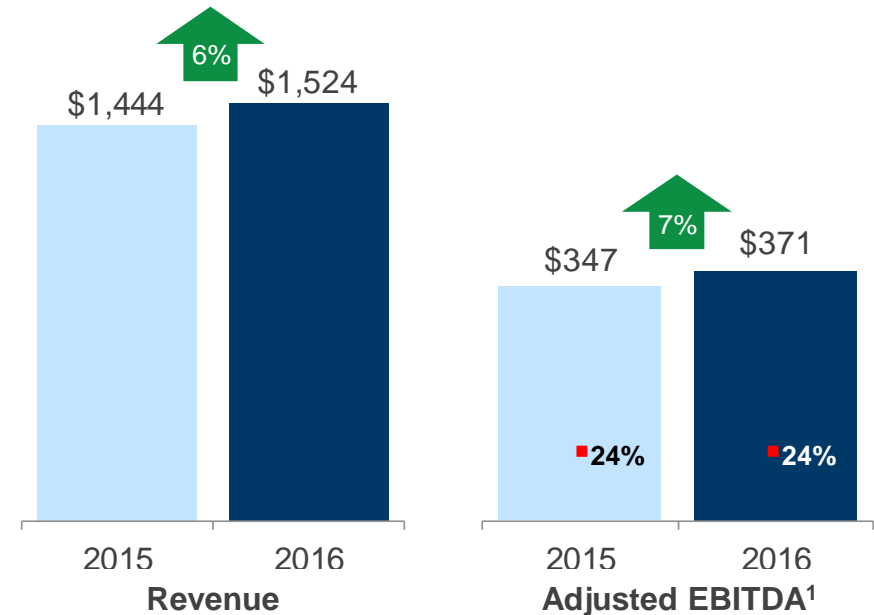
Fourth Quarter

\$ millions



Full Year

\$ millions



Revenue:		EBITDA:	
+ Organic Growth	\$1m	+ Revenue conversion	\$4m
+ Acquisitions	\$8m	+ Fuel costs	\$1m
		- Production labor	\$(4)m
		- Technology costs	\$(2)m
		- Other	\$(2)m

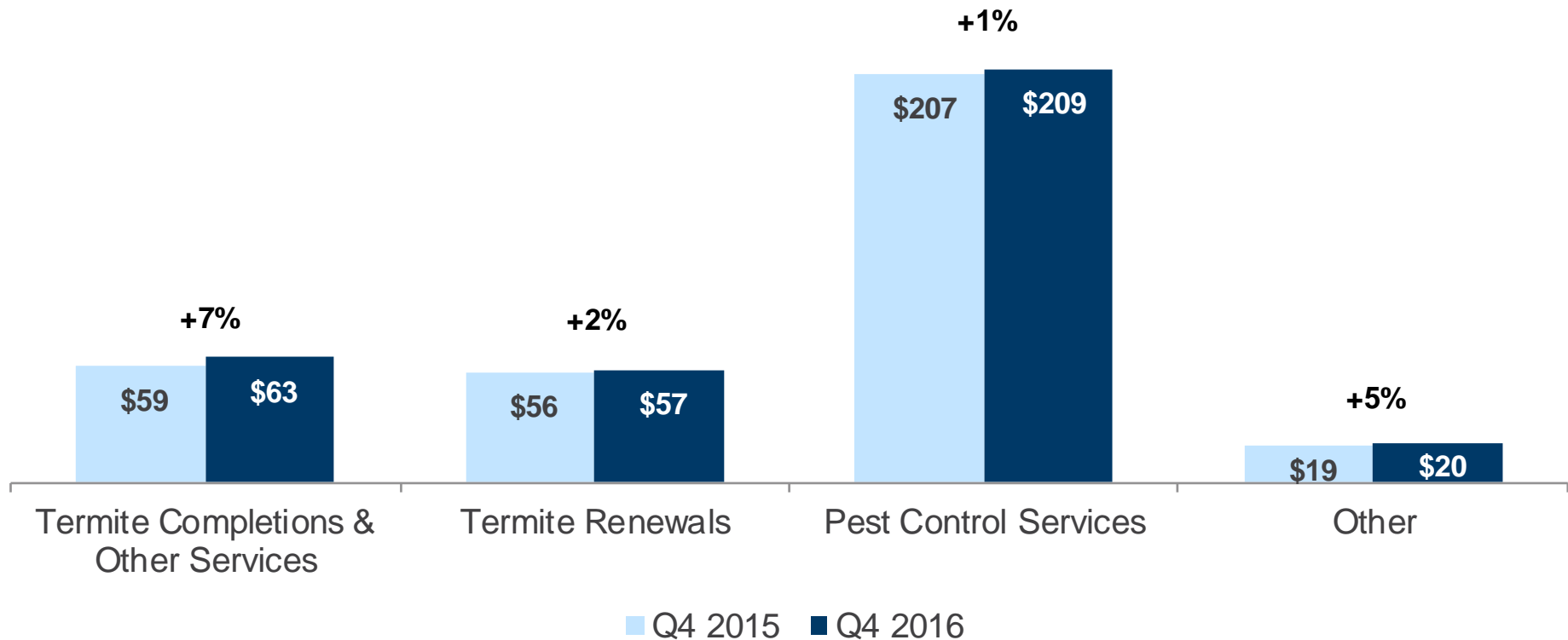
Revenue:		EBITDA:	
+ Organic Growth	\$20m	+ Revenue conversion	\$36m
+ Acquisitions	\$60m	+ Fuel costs	\$5m
		- Production labor	\$(6)m
		- Technology costs	\$(12)m
		+ Other	\$1m

Investing in Service Quality and Retention to Drive Organic Growth

¹See Non-GAAP reconciliations.

Q4 Revenue Growth by Channel

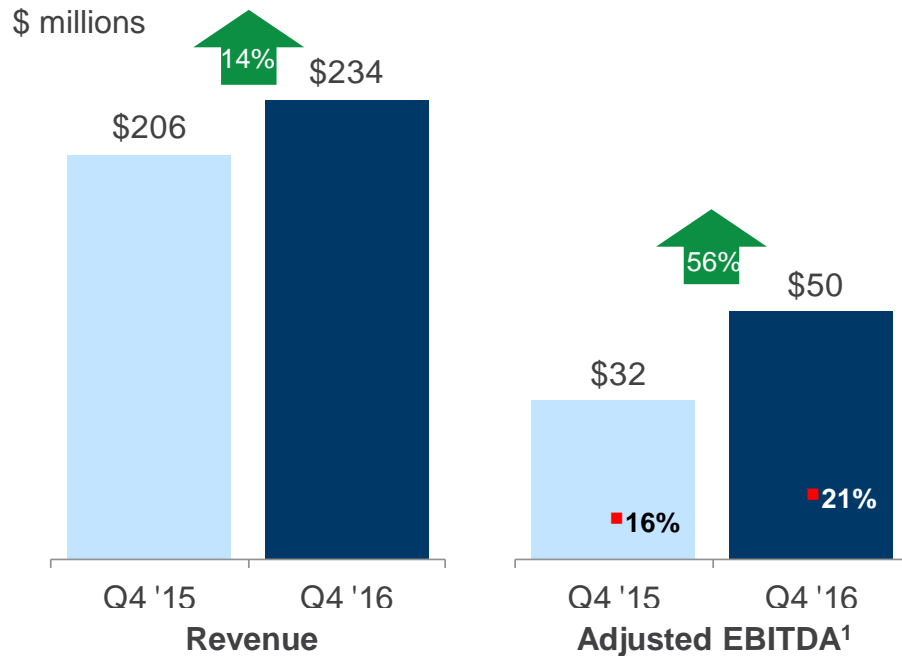
\$ millions



Core Termite Services and Acquisitions Driving Revenue Growth

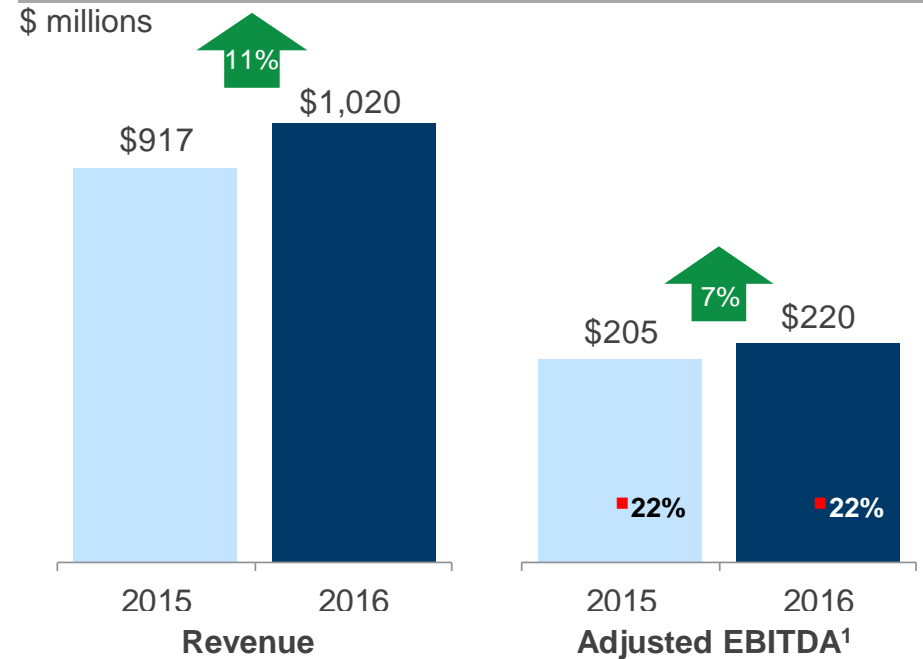
2016 Financial Results

Fourth Quarter



	<u>Revenue</u>	<u>EBITDA</u>
+ Volume	\$11m	\$5m
+ Price/mix/inflation	\$5m	\$1m
+ Acquisitions	\$12m	\$2m
+ Claims costs		\$11m
- Technology costs		\$(1)m

Full Year



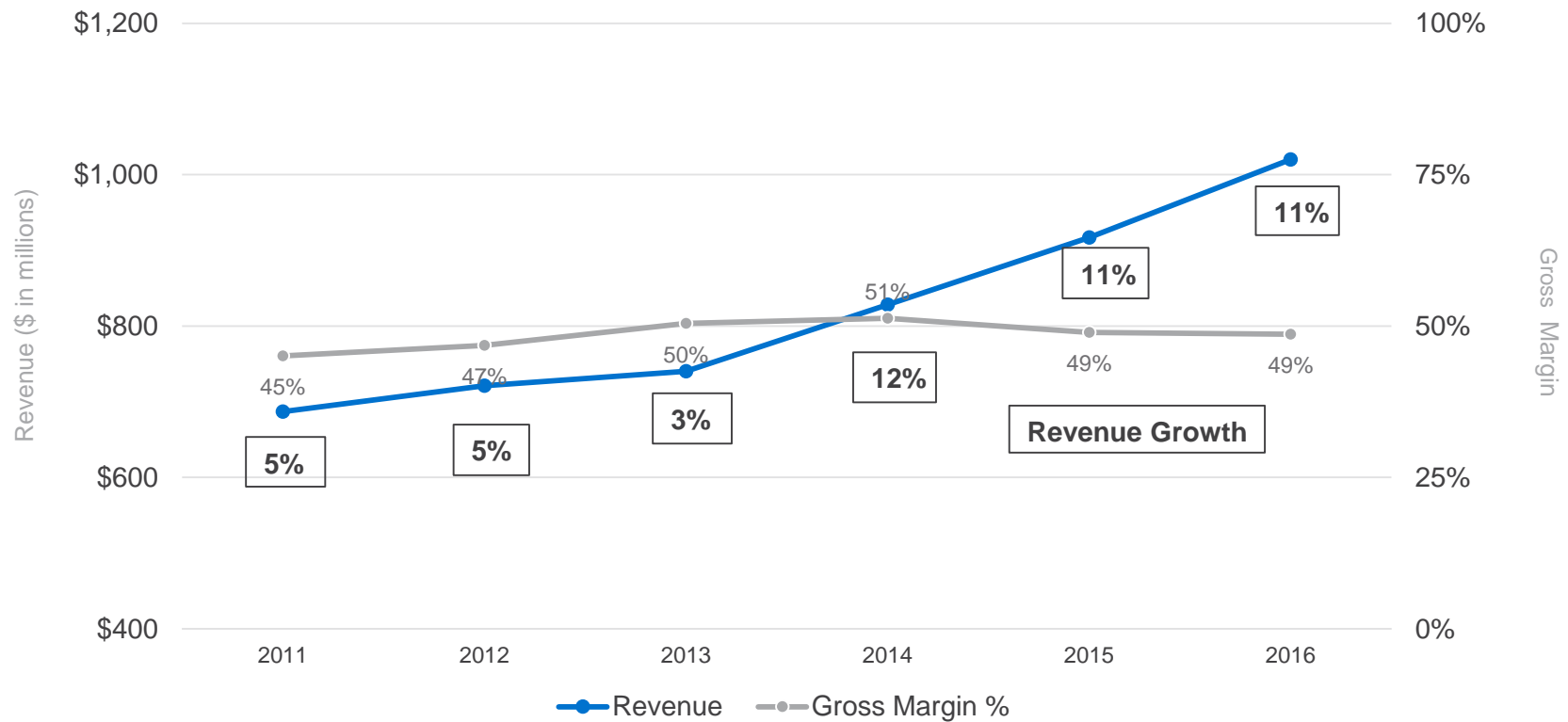
	<u>Revenue</u>	<u>EBITDA</u>
+ Volume	\$58m	\$27m
+ Price/mix/inflation	\$23m	\$6m
+ Acquisitions	\$22m	\$4m
- Sales and marketing		\$(12)m
- Technology costs		\$(7)m
- Investment income		\$(3)m

Marketing and Acquisitions Driving Revenue Growth

¹See Non-GAAP reconciliations.

AHS – Historical Revenue Growth and Gross Margin

\$ millions

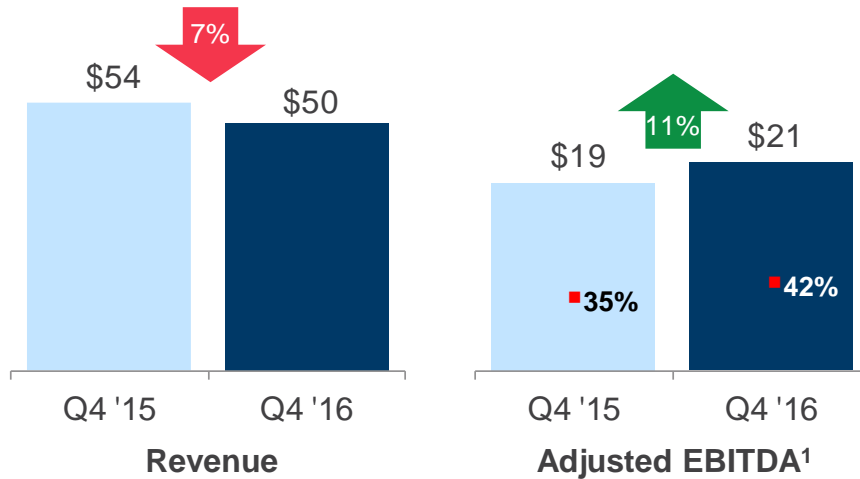


Revenue Growth Accelerating with Stable Gross Margins

2016 Financial Results

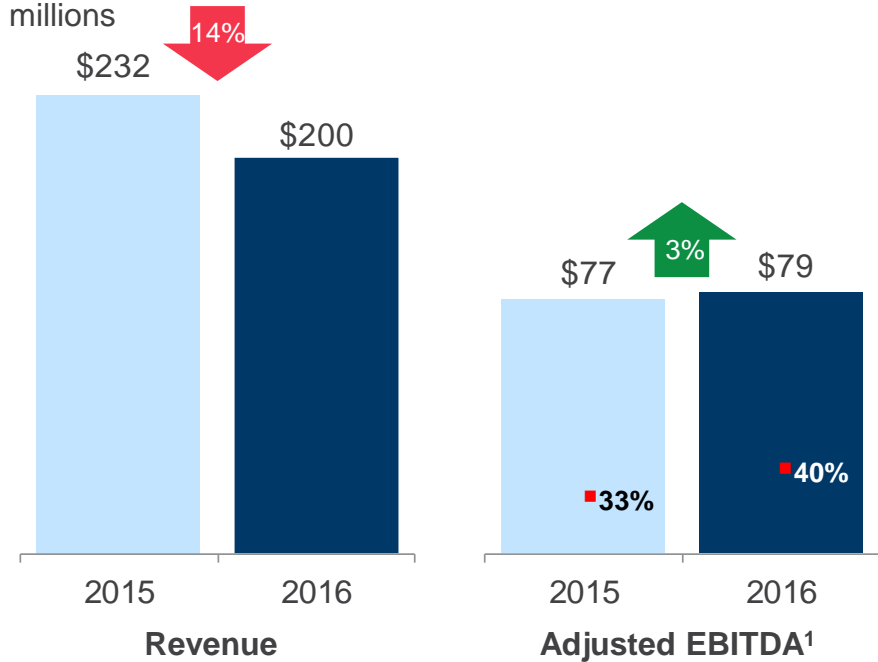
Fourth Quarter

\$ millions



Full Year

\$ millions



	<u>Revenue</u>	<u>EBITDA</u>
- MM Conv.	\$(6)m	
+ Fee revenue	\$2m	\$2m

	<u>Revenue</u>	<u>EBITDA</u>
- MM Conv.	\$(31)m	\$(3)m
+ Fee revenue	\$1m	\$1m
- Other	\$(2)m	\$(2)m
+ Cost reduction/other		\$6m

Merry Maids Branch Conversion and Cost Reduction

¹See Non-GAAP reconciliations.

Q4 Consolidated Results

\$ millions, except per share data

	Fourth Quarter		
	2016	2015	B/(W)
Revenue	\$ 633	\$ 601	\$ 32
<i>YoY Growth</i>			5%
Gross Profit	288	261	27
<i>% of revenue</i>	45.5%	43.4%	2.1 pts
Selling and administrative expenses	(166)	(154)	(12)
<i>% of revenue</i>	26.2%	25.6%	-0.6 pts
Amortization expense	(8)	(6)	(2)
401(k) Plan corrective contribution	(1)	(23)	22
Fumigation related matters	—	(9)	9
Restructuring charges	(4)	(1)	(3)
Gain on sale of Merry Maids branches	—	2	(2)
Interest expense	(38)	(38)	—
Interest and net investment income	1	1	—
Loss on extinguishment of debt	(32)	—	(32)
Income from Continuing Operations before Income Taxes	41	33	8
Provision for income taxes	(9)	(16)	7
Income from Continuing Operations	31	17	14
Loss from discontinued operations, net of income taxes	—	—	—
Net Income	<u>\$ 31</u>	<u>\$ 17</u>	<u>\$ 14</u>
Weighted-average diluted common shares outstanding	136.6	136.9	
Diluted Earnings Per Share	\$ 0.23	\$ 0.12	\$ 0.11
Adjusted Net Income ¹	\$ 60	\$ 45	\$ 15
Adjusted EBITDA ¹	\$ 144	\$ 124	\$ 20

¹See Non-GAAP reconciliations.

Q4 Adjusted EBITDA and Adjusted Net Income Reconciliations

\$ millions, except per share data

	Fourth Quarter	
	2016	2015
Terminix	\$ 73	\$ 76
American Home Shield	50	32
Franchise Services Group	21	19
Corporate	—	(3)
Adjusted EBITDA	\$ 144	\$ 124
Depreciation and amortization expense	(26)	(18)
401(k) Plan corrective contribution	(1)	(23)
Fumigation related matters	—	(9)
Non-cash stock-based compensation expense	(3)	(3)
Restructuring charges	(4)	(1)
Gain on sale of Merry Maids branches	—	2
Provision for income taxes	(9)	(16)
Loss on extinguishment of debt	(32)	—
Interest expense	(38)	(38)
Net Income	\$ 31	\$ 17
Amortization expense	8	6
401(k) Plan corrective contribution	1	23
Fumigation related matters	—	9
Restructuring charges	4	1
Gain on sale of Merry Maids branches	—	(2)
Loss on extinguishment of debt	32	—
Tax impact of adjustments	(17)	(9)
Adjusted Net Income	\$ 60	\$ 45
Weighted-average diluted common shares outstanding	\$ 136.6	\$ 136.9
Adjusted Earnings Per Share	0.44	0.33

Q4 and Full Year Simplified Cash Flow

\$ millions

	Fourth Quarter		Full Year	
	2016	B/(W)	2016	B/(W)
Cash and Restricted Cash at Beginning of Period	\$ 325	\$ 65	\$ 296	\$ (93)
Adjusted EBITDA	144	20	667	45
Change in working capital	15	(8)	(22)	(40)
Property additions	(11)	(1)	(56)	(16)
Interest payments	(22)	6	(134)	44
Cash taxes	(13)	(7)	(71)	(27)
Payments on fumigation related matters	—	1	(90)	(89)
Interest rate swap termination payment	(10)	(10)	(10)	(10)
Other	(4)	(2)	(16)	2
Free Cash Flow	\$ 100	\$ 2	\$ 270	\$ (88)
Acquisitions	(35)	26	(121)	(29)
Sales and maturities of securities	—	(2)	49	17
Debt repayment, net of borrowing	(4)	4	(55)	341
Repurchase of common stock	(8)	(8)	(60)	(60)
Other	8	3	7	2
Cash and Restricted Cash at End of Period	\$ 386	\$ 89	\$ 386	\$ 89
Free Cash Flow / Adjusted EBITDA	69%	-10 pts	40%	-17 pts

Summary

- Strong customer growth at AHS
- Termite business continues to improve
- Pest organic growth a challenge
 - Investing in service quality to improve retention and reinvigorate growth
- Continue to invest in technology (ServSmart) and marketing
- Refinancing; Reduce interest expense, exposure and extended maturities
- Businesses remain strong

Building on our Accomplishments and Investing in Service Quality

Q&A

Q4 and Full Year Cash Flow

\$ millions

	Fourth Quarter		Full Year	
	2016	2015	2016	2015
Net Income	\$ 31	\$ 17	\$ 155	\$ 160
Depreciation and amortization expense	26	18	94	84
401(k) Plan corrective contribution	1	23	2	23
Fumigation related matters	—	9	93	9
Payments on fumigation related matters	—	(1)	(90)	(1)
Insurance reserve adjustment	—	—	23	—
Loss on extinguishment of debt	32	—	32	58
Interest rate swap termination payment	(10)	—	(10)	—
Working capital	15	23	(22)	18
Other	16	19	49	46
Net Cash Provided from Operating Activities	\$ 111	\$ 108	\$ 325	\$ 398
Property additions	(11)	(10)	(56)	(40)
Free Cash Flow	\$ 100	\$ 98	\$ 270	\$ 358

Full Year Consolidated Results

\$ millions, except per share data

	Full Year		
	2016	2015	B/(W)
Revenue	\$ 2,746	\$ 2,594	\$ 152
<i>YoY Growth</i>			6%
Gross Profit	1,298	1,219	79
<i>% of revenue</i>	47.3%	47.0%	0.3 pts
Selling and administrative expenses	(711)	(666)	(45)
<i>% of revenue</i>	25.9%	25.7%	-0.2 pts
Amortization expense	(33)	(38)	5
401(k) Plan corrective contribution	(2)	(23)	21
Fumigation related matters	(93)	(9)	(84)
Insurance reserve adjustment	(23)	—	(23)
Impairment of software and other related costs	(1)	—	(1)
Restructuring charges	(17)	(5)	(12)
Gain on sale of Merry Maids branches	2	7	(5)
Interest expense	(153)	(167)	14
Interest and net investment income	6	9	(3)
Loss on extinguishment of debt	(32)	(58)	26
Income from Continuing Operations before Income Taxes	241	270	(29)
Provision for income taxes	(85)	(107)	22
Equity in losses of joint venture	(1)	—	(1)
Income from Continuing Operations	155	162	(7)
Loss from discontinued operations, net of income taxes	(1)	(2)	1
Net Income	\$ 155	\$ 160	\$ (5)
Weighted-average diluted common shares outstanding	137.3	136.6	
Diluted Earnings Per Share	\$ 1.13	\$ 1.17	\$ (0.04)
Adjusted Net Income ¹	\$ 281	\$ 245	\$ 36
Adjusted EBITDA ¹	\$ 667	\$ 622	\$ 45

¹See Non-GAAP reconciliations.

Full Year Adjusted EBITDA and Adjusted Net Income Reconciliations

\$ millions, except per share data

	Full Year	
	2016	2015
Terminix	\$ 371	\$ 347
American Home Shield	220	205
Franchise Services Group	79	77
Corporate	(3)	(9)
Adjusted EBITDA	\$ 667	\$ 622
Depreciation and amortization expense	(94)	(84)
401(k) Plan corrective contribution	(2)	(23)
Fumigation related matters	(93)	(9)
Insurance reserve adjustment	(23)	—
Non-cash stock-based compensation expense	(13)	(10)
Restructuring charges	(17)	(5)
Gain on sale of Merry Maids branches	2	7
Non-cash impairment of software and other related costs	(1)	—
Loss from discontinued operations, net of income taxes	(1)	(2)
Provision for income taxes	(85)	(107)
Loss on extinguishment of debt	(32)	(58)
Interest expense	(153)	(167)
Other non-operating expenses	—	(3)
Net Income	\$ 155	\$ 160
Amortization expense	33	38
401(k) Plan corrective contribution	2	23
Fumigation related matters	93	9
Insurance reserve adjustment	23	—
Restructuring charges	17	5
Gain on sale of Merry Maids branches	(2)	(7)
Impairment of software and other related costs	1	—
Loss from discontinued operations, net of income taxes	1	2
Loss on extinguishment of debt	32	58
Tax impact of adjustments	(73)	(42)
Adjusted Net Income	\$ 281	\$ 245
Weighted-average diluted common shares outstanding	\$ 137.3	\$ 136.6
Adjusted Earnings Per Share	2.04	1.80