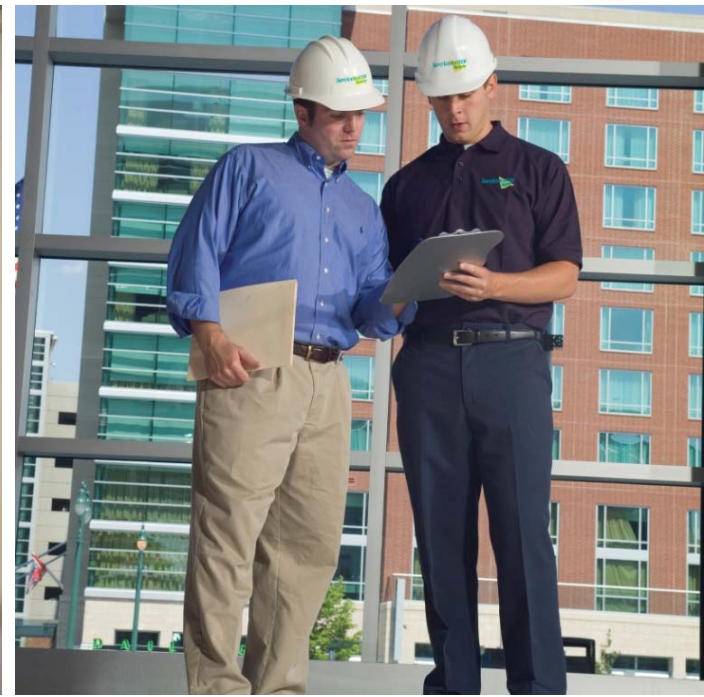


# ServiceMASTER®

Rob Gillette – Chief Executive Officer

Alan Haughie – Chief Financial Officer



## **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.



**Rob Gillette**  
**Chief Executive Officer**



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

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



## ■ Investment Highlights

- Company Overview
- Segment Review
- Financial Performance
- Appendix

**TERMINIX**

American Home Shield 

ServiceMASTER Restore

ServiceMASTER Clean

merry maids

 AMERISPEC INSPECTION SERVICES

 FURNITURE MEDIC

- #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 Q1 2015 Financials

Revenue:	\$2,495m
Adj. EBITDA:	\$575m
% margin:	23%

## 2010 – TTM Q1 2015

Revenue:	+5.0% CAGR
Adj. EBITDA:	+12.1% CAGR
% margin:	+419 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

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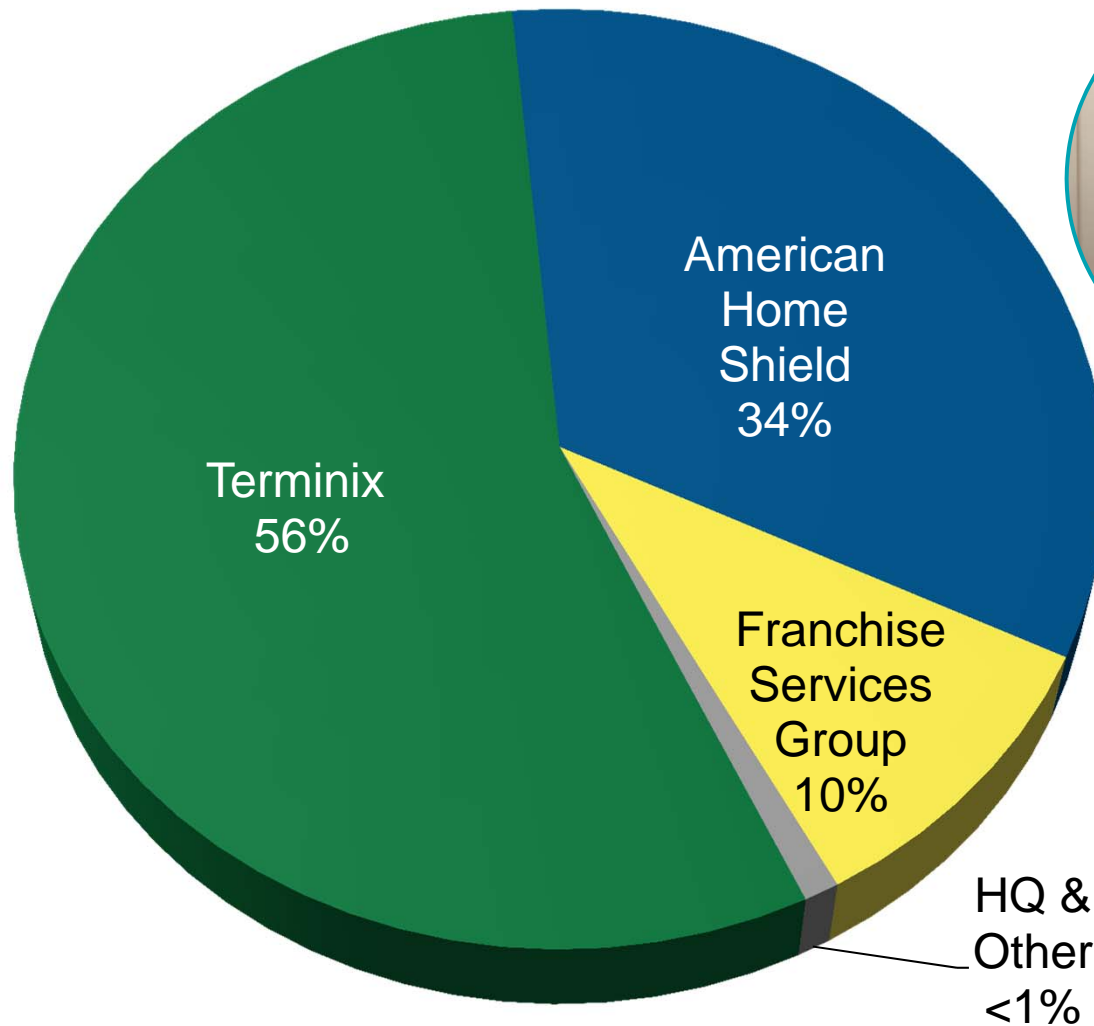
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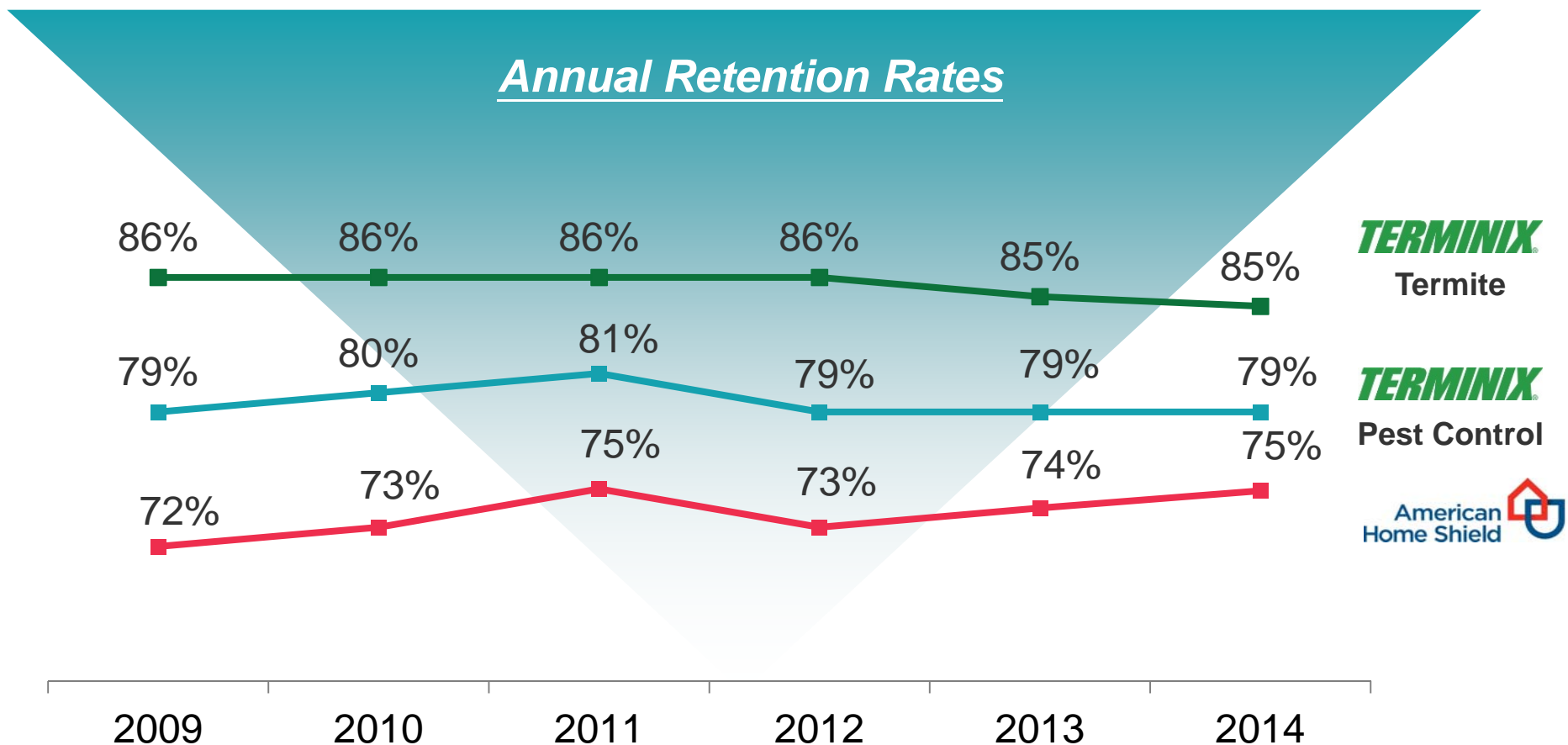
## Reported Revenue<sup>1</sup> by Segment



Total Reported Revenue<sup>1</sup> of \$2.5 billion

*Portfolio provides risk diversification and expansion opportunities*

<sup>1</sup>Represents revenue for TTM March 31, 2015



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



	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 technicians</li> </ul>	<ul style="list-style-type: none"> <li>5,400 franchised locations</li> <li>33,000 individuals</li> </ul>
Customers	<ul style="list-style-type: none"> <li>2.7 million customers</li> </ul>	<ul style="list-style-type: none"> <li>1.5 million customers</li> <li>3 million serves requests</li> </ul>	<ul style="list-style-type: none"> <li>\$2.5 billion customer-level revenue</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>#1 market position in respective categories<sup>1</sup></li> <li>National network</li> </ul>
Customer Satisfaction	<ul style="list-style-type: none"> <li>80% - 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.



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

**TERMINIX**

American Home Shield 

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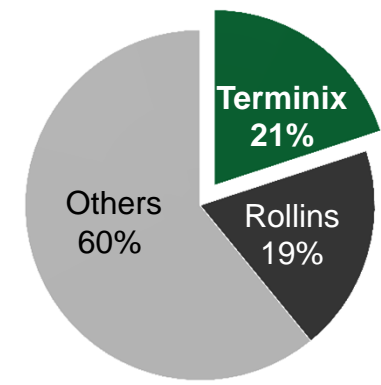
 AMERISPEC<sup>®</sup>  
INSPECTION SERVICES

 FURNITURE MEDIC<sup>®</sup>

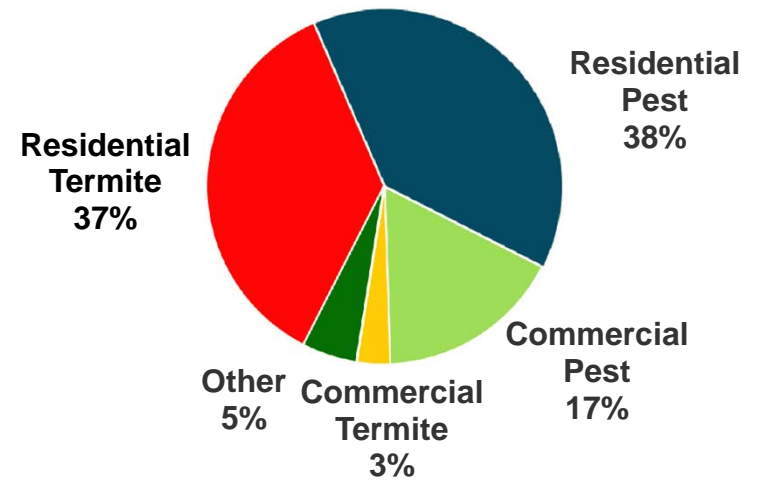
Revenue <sup>1</sup> :	\$1.4b
2010 – TTM Q1 2015 CAGR:	4.3%
Customer-Level Revenue <sup>1,2</sup> :	\$1.6b
Adjusted EBITDA <sup>1</sup> :	\$320m
Adjusted EBITDA margin <sup>1</sup> :	23%

- Operate in 47 U.S. states and 19 countries
- U.S. locations include 285 company-owned branches and ~25 franchise agreements
- Large and attractive U.S. market (~\$7b)
- Essential services: stable demand through cycles
- Leading unaided brand awareness
- Scale enables investment in technology and processes
- Proven growth track record and levers to drive future growth

Market Share<sup>2</sup>



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



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

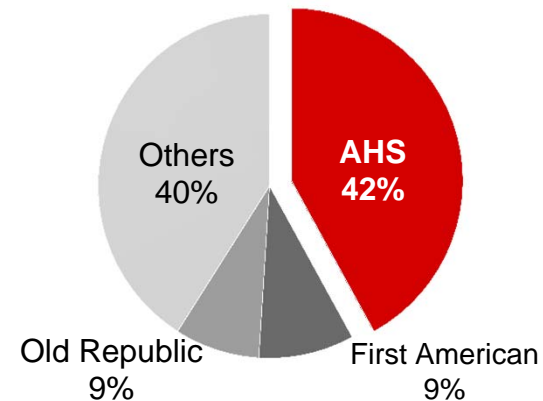
<sup>1</sup>Represents results for TTM March 31, 2015  
<sup>2</sup>Sources: Specialty Products Consultants, LLC, SEC filings and management estimates based on industry data as measured on a customer-level revenue basis

# American Home Shield Snapshot

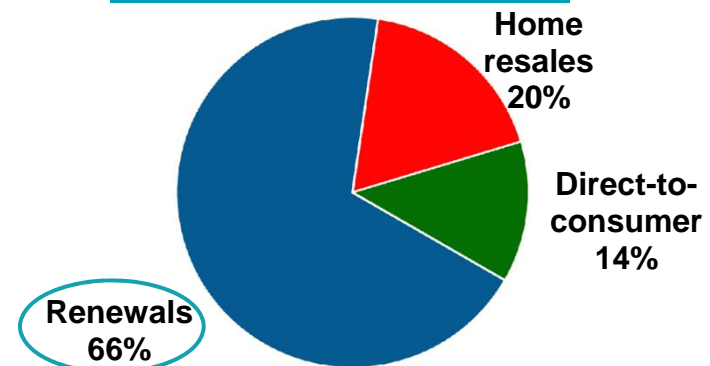
Revenue <sup>1</sup> :	\$852m
2010 – TTM Q1 2015 CAGR:	6.3%
Adjusted EBITDA <sup>1</sup> :	\$186m
Adjusted EBITDA margin <sup>1</sup> :	22%

- Serves 1.5m customers in 50 states
- 3 million service requests<sup>3</sup>
- Significant market leadership: >4 times larger than next largest competitors
- High and stable customer retention rates
- National network of ~11,000 pre-qualified contractor firms
- Strong partnerships with leading real estate firms
- Significant direct-to-consumer marketing and lead generation capabilities

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



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



*Drives stability of financial results*

*Leading provider of home warranty plans in the U.S.*

<sup>1</sup>Represents results for TTM March 31, 2015

<sup>2</sup>Sources include SEC filings and company estimates

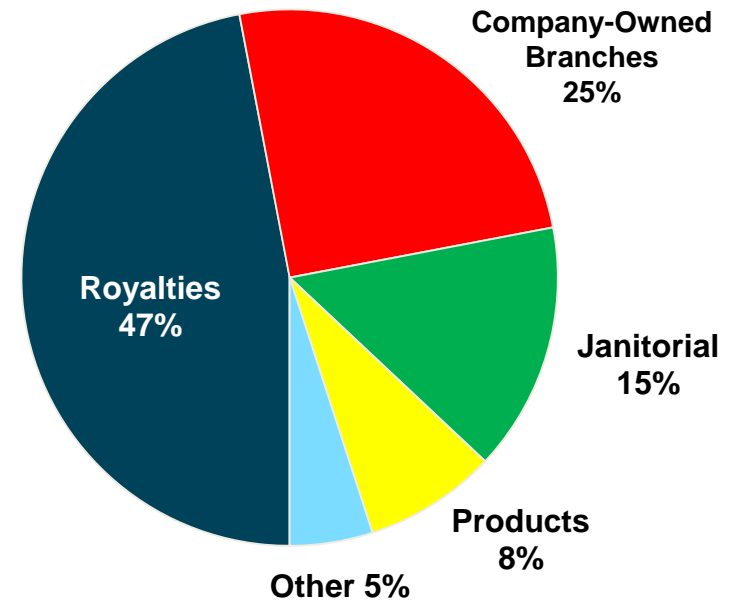
# FSG Snapshot



Revenue <sup>1</sup> :	\$252m
2010 – 2014 CAGR:	4.3%
Customer-Level Revenue <sup>1,2</sup> :	\$2.5b
Adjusted EBITDA <sup>1</sup> :	\$79m
Adjusted EBITDA margin <sup>1</sup> :	31%

- 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>



*~96% 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 March 31, 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

**TERMINIX**

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# Q1 Financial and Segment Summary



\$ millions, except per share amounts

	First Quarter			
	2015	2014	Var.	
			\$	%
Revenue	\$571	\$533	\$ 38	7%
Adj. EBITDA	133	115	18	16%
<i>% of revenue</i>	23%	22%		
Adj. Net Income <sup>1</sup>	45	23	22	98%
<i>% of revenue</i>	8%	4%		
Adjusted EPS <sup>2</sup>	0.33	0.25	0.08	34%
Pre-Tax Unlevered Free Cash Flow <sup>3</sup>	146	111	35	31%

	First Quarter 2015 vs PY	
	Revenue	Adjusted EBITDA
<b>Terminix</b>	+16m	+11m
<i>% change</i>	+5%	+14%
<b>AHS</b>	+24m	+6m
<i>% change</i>	+16%	+28%
<b>FSG</b>	(1)m	+1m
<i>% change</i>	(2)%	+6%
<b>Other</b>	(1)m	—

*Strong financial performance*

<sup>1</sup>Adjusted net income is defined by the company as income (loss) from continuing operations before: amortization expense; impairment of software and other related costs; consulting agreement termination fees; restructuring charges; management and consulting fees; loss on extinguishment of debt; and the tax impact of all of the aforementioned adjustments.

<sup>2</sup>Adjusted earnings per share is calculated as adjusted net income divided by the diluted share counts of 136.1m shares and 91.7m shares for the first quarter 2015 and 2014, respectively.

<sup>3</sup>Pre-Tax Unlevered Free Cash Flow is defined as Adjusted EBITDA plus change in working capital less property additions.

# Q1 Simplified Cash Flow



\$ millions

	First Quarter	
	2015	B/(W)
<b>Cash at Beginning of Period</b>	<b>\$ 389</b>	<b>\$ (95)</b>
Adjusted EBITDA	133	18
Change in working capital	21	11
Property additions	(8)	6
<b>Pre-Tax Unlevered Free Cash Flow</b>	<b>\$ 146</b>	<b>\$ 35</b>
Interest payments	(67)	25
Cash taxes	(1)	1
Acquisitions	(12)	29
Other	9	(22)
Debt repayment	(211)	(200)
TruGreen contribution / Discontinued operations	(5)	43
<b>Cash at End of Period</b>	<b>\$ 248</b>	<b>\$ (184)</b>
Pre-tax Unlevered Free Cash Flow / Adjusted EBITDA	110%	13 pts

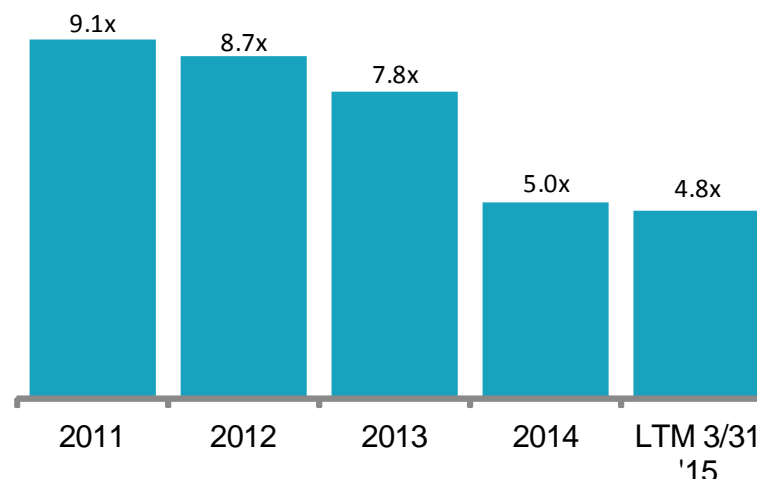
Generated \$76m of cash for debt pay down



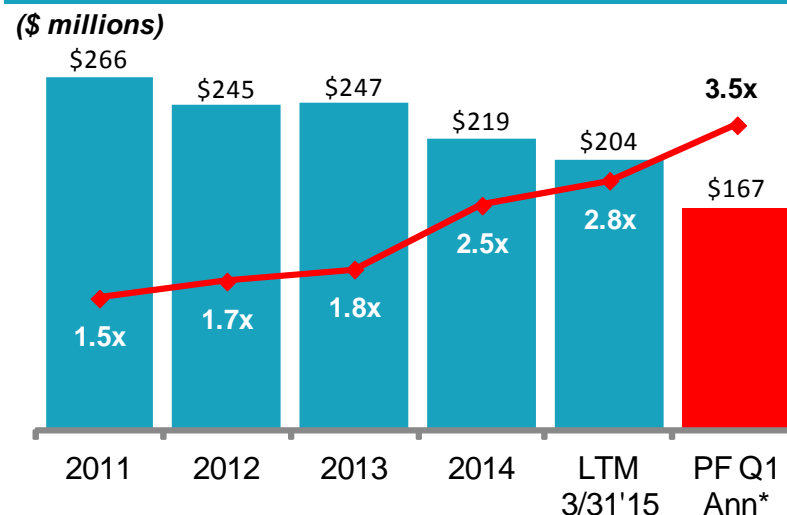
# Deleveraging the Balance Sheet

- ✓ Accelerated deleveraging with improved operations, growth and strong cash flow
- ✓ Cash interest continues to decrease with debt pay down and refinancing at lower interest rates
- ✓ Paid down and refinanced remaining \$200 million of 8% Senior Notes on 4/1/15 – Net \$9 million in annualized interest savings

## Net Debt/Adj. EBITDA<sup>1</sup>



## Interest Exp. & Int. Coverage Ratio<sup>1,2</sup>



<sup>1</sup>Interest expense calculated using Q1 2015 interest expense of \$46m less \$4m of interest expense associated with the financing transactions associated with the pay down and refinancing of the 8% Senior Notes. Interest coverage uses Q1 2015 TTM Adjusted EBITDA of \$575m.

*Deleveraging through strong cash flow*

<sup>1</sup>Adjusted EBITDA for 2011 through 2013 does not reflect the benefit of transferring \$25m of annual corporate costs to TruGreen

<sup>2</sup>Interest Coverage Ratio is Adjusted EBITDA/Interest Expense

- ✓ #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
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- Offering Summary
- Investment Highlights
- Company Overview
- Segment Review
- Financial Performance
- Appendix

**TERMINIX**

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# Q1 Cash Flow



\$ millions

	First Quarter	
	2015	2014
<b>Net Income (Loss)</b>	<b>\$ 28</b>	<b>\$ (113)</b>
Loss from discontinued operations, net of income taxes	—	95
Depreciation and amortization expense	24	25
Impairment of software and other related costs	—	48
Loss on extinguishment of debt	13	—
Call premium paid on retirement of debt	(11)	—
Working capital	21	11
Other	(15)	(44)
<b>Net Cash Provided from Operating Activities</b>	<b>\$ 60</b>	<b>\$ 21</b>
Cash paid for interest expense	67	92
Call premium paid on retirement of debt	11	—
Cash paid for income taxes, net of refunds	1	2
Cash paid for restructuring charges	4	2
Cash paid for management and consulting fees	—	2
Cash paid for impairment of software and other related costs	—	1
Excess tax benefits from stock-based compensation	8	—
Other	2	1
Gain on sales of marketable securities	—	4
Property additions	(8)	(14)
<b>Pre-Tax Unlevered Free Cash Flow</b>	<b>\$ 146</b>	<b>\$ 111</b>
Adjusted EBITDA	133	115
Change in working capital	21	11
Property additions	(8)	(14)
<b>Pre-Tax Unlevered Free Cash Flow</b>	<b>\$ 146</b>	<b>\$ 111</b>

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