

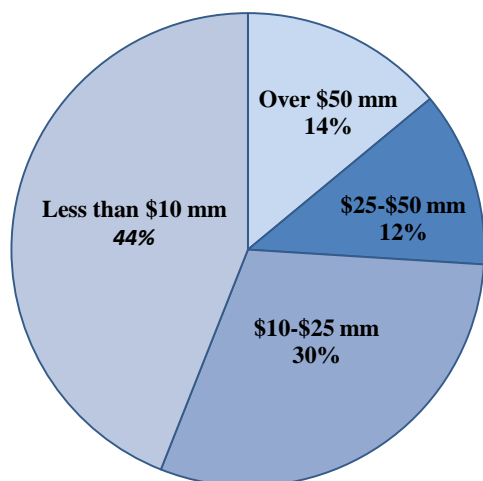
Pest Management Services Merger & Acquisition Market Update



Pest Management Services Industry At A Glance

- The industry generated an estimated \$11 billion in total service revenues in 2011
- Categorized by high fragmentation; out of approximately 20,000 pest management companies in the U.S., roughly 50 have annual revenues greater than \$10 million
- Employment in the pest management industry is expected to grow at a rate of 15% by 2018, faster than the average for all other occupations
- Demand for pesticides is projected to increase 4.4% per year based on increased temperature patterns
- Geographically, revenue in the Southeast is more than double that of any other United States region

100 Largest Pest Management Firms by Revenue



Source: PCT Magazine

Pest Management Industry Commentary & Outlook

- The pest management industry has low barriers to entry, is highly fragmented and serves both residential and commercial service markets
- The industry's business model is attractive to buyers/investors due to high levels of recurring revenue and growth opportunities across diverse customer segments
- Revenue streams are relatively resilient to market cyclicity as services are typically non-discretionary. However the recent downturn in the economy and housing market coupled with rising fuel prices have created a soft market
- Pest control operators have augmented growth by adding the following new revenue streams to their service offering: (i) treating the growing incidence of bed bug infestations and (ii) retrofitting residential properties with pesticide-treated cellulose insulation
- Growth opportunities remain strong across the United States due to expanding pest population levels and growing per-capita use of pest control services

Financial Buyers Continue to Seek Investments in Pest Management

- Cantu Enterprises bought the pest management platform Express Services in 2010 and has since acquired 3 additional pest management companies in the Dallas/Fort Worth area
- Concentric Equity Partners' pest management platform company, Arrow Environmental Services, made 4 add-on investments in 2011 - all in southwest Florida
- Other private investment firms have expressed interest in pest management platforms - an ideal platform would be a market leader in a desirable geographic region with a high level of contractually recurring revenue

Private Equity Group	Headquarters	Platform Investment
Clayton, Dubilier & Rice	New York, NY	ServiceMaster's Terminix Division
Concentric Equity Partners	Chicago, IL	Arrow Environmental Services
Cantu Enterprises Holdings	McKinney, TX	Express Services






Pest Management Services Merger & Acquisition Market Update



Buyer Overview

- Several large strategic buyers have historically been the most active acquirers of pest control operators
- These companies often purchase numerous targets annually, seeking to in-fill existing markets & expand to new locales
- Ideal targets exhibit consistent recurring revenue performance and represent a good cultural fit with the acquiring firm
- Recently super-regional players like Arrow Exterminators and Massey Services have broadened the field of active acquirers, executing on larger transactions than they have historically completed

Strategic Buyers

Company	Headquarters	Description	Comments
	Memphis, TN	A subsidiary of ServiceMaster, Terminix is the largest PCO with over 12,000 employees in 450 offices. Terminix generated roughly \$1.2 billion in revenue in 2011	Mix of termite renewals and pest management contracts with assigned service frequency are key factors in acquisitions
	Atlanta, GA	Rollins is a large, publicly traded company whose subsidiary, Orkin, operates as the 2nd largest PCO in the United States and the largest in Canada	The company's general M&A strategy is to tuck in small acquisitions, transition mid-size companies over a 3-5 year time period, and operate larger acquisitions as separate brands such as their current subsidiaries of Orkin, HomeTeam Pest Defense, and Western Industries
	St. Paul, MN	Ecolab is a publicly-traded global health, safety and industrial services firm with over \$11 billion in annual revenue. Its Pest Elimination Division, the 3rd largest PCO in the U.S., generated \$328 million in revenue during 2011	Recently completed an \$8.3 billion merger with Nalco, a global water treatment and process improvement company. Ecolab also recently purchased pest control companies in Spain and Brazil in Q4 2011
	United Kingdom	Rentokil is a British-based international services group, with North American pest management revenues accounting for \$233 million, or 6% of 2011 total revenue	Rentokil is now the world's largest commercial pest management company and operates in North America under several regional pest control companies such as Ehrlich, Presto-X, Rentokil, Tetengo and Watch All
	Orlando, FL	Massey remains a family-owned and operated landscape, pest and termite company servicing residential and commercial clients	Massey Services has a presence in 3 states with over 100 service centers. In 2009, they acquired Middleton Lawn & Pest Control, which added over \$51 MM in revenue to their pest management platform
	Atlanta, GA	Arrow is the 8th largest pest management company in the United States and is the 3rd largest privately owned, operating 70 service centers in 9 states	Since 1988, Arrow has made numerous strategic acquisitions to facilitate growth in the southeastern region, most notably the recent acquisitions of Spencer Pest Control and Nader's Pest Raiders

Pest Management Services Merger & Acquisition Market Update



M&A Market Outlook

- Strategic buyers are well-positioned for expansion and have demonstrated continued desire for growth
- Based on industry trends and private owners' desire for liquidity, M&A activity will continue to be strong in the sector
- Large regional firms have stepped up their acquisition efforts, providing an alternative to the traditional buyers
- Private equity's interest validates the industry's health and resilience in times of slow economic growth due to contractually recurring revenue streams

Recent Notable M&A Transactions

Date	Target	Target Description	Acquirer
May 2012	Evins Pest Control	Family-owned pest control company that currently services Nassau and western Suffolk counties	Orkin (subsidiary of Rollins)
Mar 2012	Guardian Pest Defense	Provides pest defense services for home and business in the greater Chicago and Las Vegas areas	Senske Pest Control
Feb 2012	Craig Thomas Pest Control	Pest control specialist based in Hyde Park, New York	Orkin (subsidiary of Rollins)
Feb 2012	Spencer Pest Services	Full service residential and commercial pest control, including termite control, wildlife control and lawn and ornamental services	Arrow Exterminators
Jan 2012	Optimal Pest Solutions	The Arkansas-based pest management company will be Legacy's 3rd acquisition	Legacy Termite and Pest Control
Jan 2012	Lawn Doctor	A leading franchisor of lawn care services that operates through 460 independently-owned franchise locations in 38 states	Levine Leichtman Capital Partners
Jan 2012	Responsible Services	Specializes in environmentally friendly pest management services	Perfection Pest Control
Jan 2012	Impact Pest Services	Texas-based pest services firm with a branch location in Idaho	Express Services (subsidiary of Cantu Enterprises Holdings)
Nov 2011	Pawnee Pest Control	Residential and commercial pest control specialist in Kansas	Orkin (subsidiary of Rollins)
Nov 2011	American Pest Control Management	Pest control specialist based on Florida's southwest coast	Massey Services
Oct 2011	Professional Killers Pest Control	U.S. Virgin Islands-based pest control company providing pest control and termite services	Orkin (subsidiary of Rollins)
Sep 2011	Atlantic Pest Solutions	A pest control business based in Jacksonville, Florida	Hometeam Pest Defense (subsidiary of Rollins)
Aug 2011	Discount Pest and Lawn	Texas-based firm that services residential and commercial pest and termite customers as well as lawn care customers	Express Services (subsidiary of Cantu Enterprises Holdings)
Aug 2011	Willard Termite & Pest Control	Specializes in termite and pest services in South Carolina	Black Pest Prevention
Jul 2011	Sawyer Inc.	Provides pest management services throughout southern Idaho. Acquired through a reverse franchise arrangement with Orkin	Orkin (subsidiary of Rollins)
Jul 2011	Nettles Exterminating Company	Well-established Texas-based pest control service company	Orkin (subsidiary of Rollins)

Pest Management Services Merger & Acquisition Market Update



has been sold by



The seller was exclusively represented by



About Church Services

- Church Services is a Texas-based provider of residential services including pest management, HVAC, plumbing and foundation repair
- Church Services owners desired liquidity for shareholders and growth capital in order to fund continued organic and add-on acquisition growth

CCG Advisors' Role in the Transaction

- CCG was exclusively retained to represent Church based on CCG's expertise and successful track record representing service companies
- CCG ran a competitive process culminating in the selection of the best partner for management and a valuation well-above industry norms with seller friendly terms and conditions

"It was a real pleasure to work with Brian, Jonathan and the team at CCG. They are seasoned professionals who know how to manage the process of getting a deal done. I can tell you we were better off and well satisfied to have CCG on our team."

– **Chris Church, Founder & CEO, Church Services**

About CCG Advisors

CCG Advisors is a middle-market M&A advisory firm serving private businesses throughout the United States. Founded in 1997, CCG has a long track record of executing business sales, recapitalizations and ESOPs for the owners of privately-held companies. CCG prides itself on getting deals done well above industry norms thus allowing our clients to maximize the reward they receive from all the years of owning and operating their companies. The referrals and goodwill of our clients are a testament to our record of building real and lasting client relationships.

- *Exclusive Business Sales*
- *Private Equity Recapitalizations*
- *Growth Capital*
- *Buy-Side Representation*
- *Employee Stock Ownership Plans*

CCG Contact Information



Brian D. Corbett
Managing Partner
Direct: (404) 575-1991
Mobile: (404) 307-9972
bcorbett@ccgadv.com



Steve Spina
VP of Business Development
Direct: (404) 575-1980
Mobile: (404) 386-6103
sspina@ccgadv.com