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POTOMAC

When the shareholders and management of the most successful companies in the industry need strategy, valuation or M&A advice, they call
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COVID-19 Update – Pest Control

Given the movement in the markets and the constant requests that we are receiving, Potomac will be providing a brief daily update for the time being on the pest control public and private market news.

Market Performance

Ticker	Share Price	Performance									Valuation Metrics		
		1D	1W	1M	YTD	Q3'19	Q2'19	12M	52L	52H	EV/NTM Revenue	NTM P/E	EV/NTM EBITDA
ROL	\$35.75	(5.5%)	(1.2%)	(5.0%)	14.1%	11.0%	5.4%	(6.5%)	20.6%	(13.9%)	5.6x	43.5x	27.5x
SERV	\$26.49	(10.2%)	(12.4%)	(21.7%)	(23.7%)	(47.2%)	(43.4%)	(37.8%)	9.3%	(49.8%)	2.7x	25.9x	15.4x
RTO-GB	\$3.99	(8.1%)	(7.6%)	(11.8%)	(4.2%)	(7.3%)	9.1%	25.4%	26.3%	(18.9%)	3.0x	24.9x	13.1x
SP50	\$2,386.13	(12.0%)	(13.1%)	(29.4%)	(26.1%)	(19.8%)	(18.9%)	(15.5%)	0.0%	(29.5%)	2.3x	15.4x	10.9x

- Trading on Wall Street temporarily halted for the third time in the last 8 days as markets plunged due to COVID-19 outbreak
- ROL, SERV, RTO-GB plunged 5.5%, 10.2%, and 8.1%, respectively

We are seeing private market transactions move forward, albeit cautiously. We do have some concerns with widening credit spreads and the impact on funding over the next few weeks.

Rollins (NYSE: ROL) continues to perform substantially better than the broad market (**down 5.0% over the last 30 days vs. the S&P 500 down 29.4%**) and that is good thing for the industry as a whole.

Even though the Dow Jones plunged almost 13% today, Rollins has remained relatively resilient printing only a 5.5% loss and still trading at 27.5x forward (current consensus) EBITDA.