



**Business Services Research**

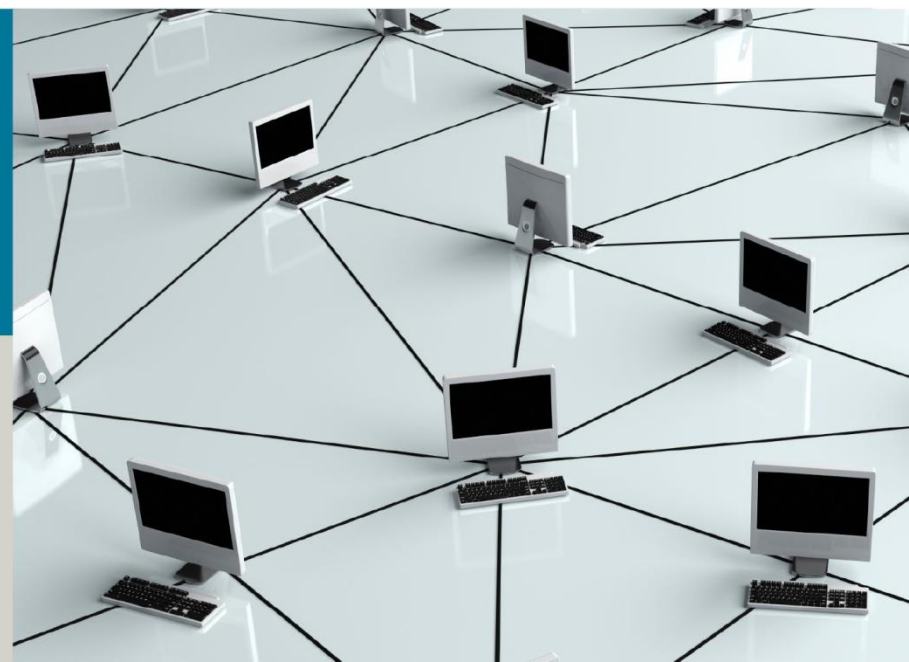
June 24, 2022

# Robert W. Baird & Co. 2Q 2022 Textile Rental Services Survey

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Please refer to Appendix – Important Disclosures and  
Analyst Certification on pages 19-22



# Overview



- Thank you to the ~500 professionals who received copies of our survey!
- Please take the 60 seconds next quarter to respond to the survey request!
- If you have any questions or comments, please email:  
Senior Analyst Andrew Wittmann ([awittmann@rwbaird.com](mailto:awittmann@rwbaird.com))  
Senior Research Associate Justin Hauke ([jhauke@rwbaird.com](mailto:jhauke@rwbaird.com))

***IMPORTANT: WE HIGHLY RESPECT SURVEY RESPONDENT ANONYMITY***

*All responses are presented in aggregate form*

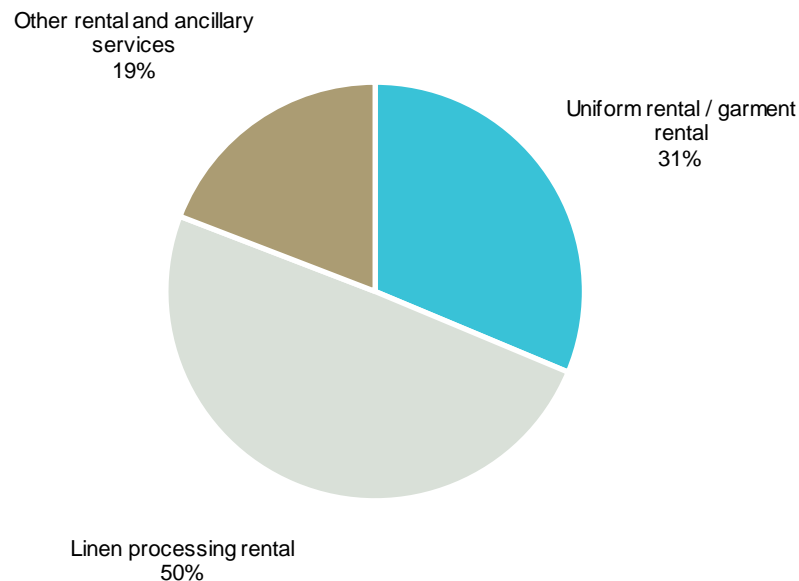
*We never share or discuss individual responses*

## Survey Participants

- The participants in the Baird textile rental services survey are senior executives at uniform and/or linen rental firms
- Respondents are evenly distributed across the United States, with some operations in Canada and other international locations
- Total response pool consisted of ~500 independent firms (*47 responses*)

**Survey Respondent Prolife: Revenue by Service Line (%)**

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Source: Baird Research

# UNIFORM RENTAL TRENDS

# Executive Summary: Uniform Rental

## UNIFORM RENTAL SURVEY SUMMARY

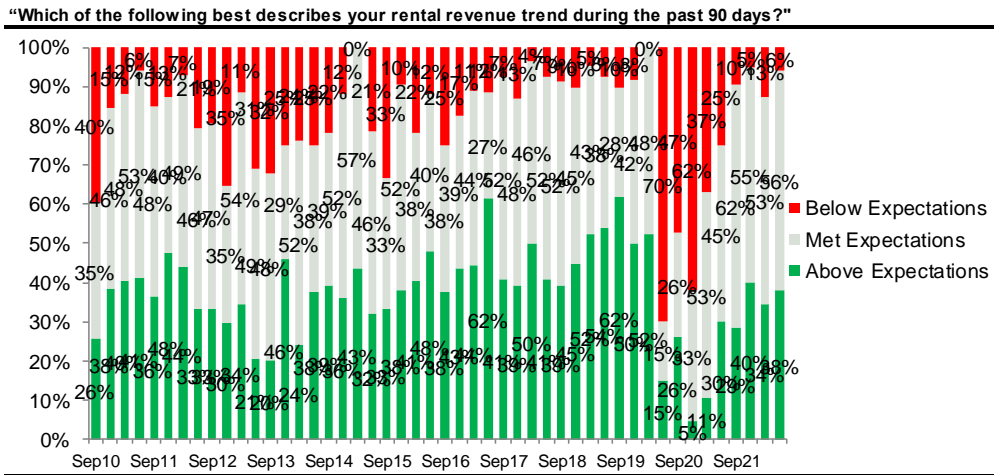
- **Record revenue growth, led by pricing.** 2Q22 results saw most indicators still in expansion, though "volume" indicators moderated. Offsetting, price contribution hit a "record" (as we measure it), driving similar "record" revenue growth expectations. Offset remains labor/COGS inflationary pressures, not surprising. Key results:

## 2Q22 UNIFORM RENTAL SURVEY HIGHLIGHTS

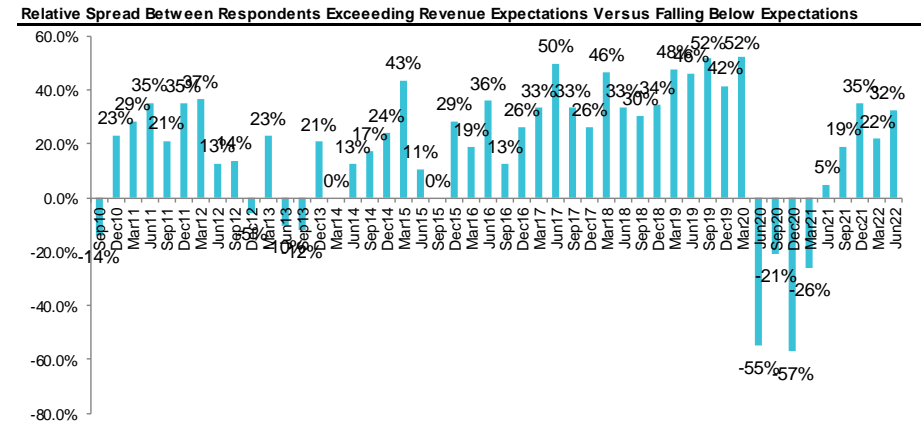
- **Rental Revenue Trends.** 38% of respondents beat their own revenue expectations for the quarter with just 6% falling short. This is better than last quarter with the 32% spread showing very solid net gains.
- **Add/Stops.** Employment-driven expansion at existing accounts (i.e., Add/Stop Diffusion Index) held in positive territory at 51.6, but moderated considerably from recent quarters (index measures relative QOQ change). This is consistent with recent "slowing" [labor trends data](#).
- **No-Programmers.** Our no-programmer diffusion index moderated to 50.0 (from 51.5) and is little changed from recent quarters of "modestly positive."
- **Pricing.** Base pricing increased 3.4% on existing accounts, another new record. Nearly all respondents cited positive price contribution to revenue growth. New business pricing was "positive" for only the 4th time in our survey's ~20-year history.
- **Growth Outlook.** Industry consensus now sees ~5.9% organic growth over the next 12 months, easily a record, supported by the ~3.5% price contribution noted above (this could be understated). Offsetting are anecdotal comments suggesting COGS increasing faster than revenues. Margins are a known risk.

# Uniform Rental: Revenue Trends Versus Expectations

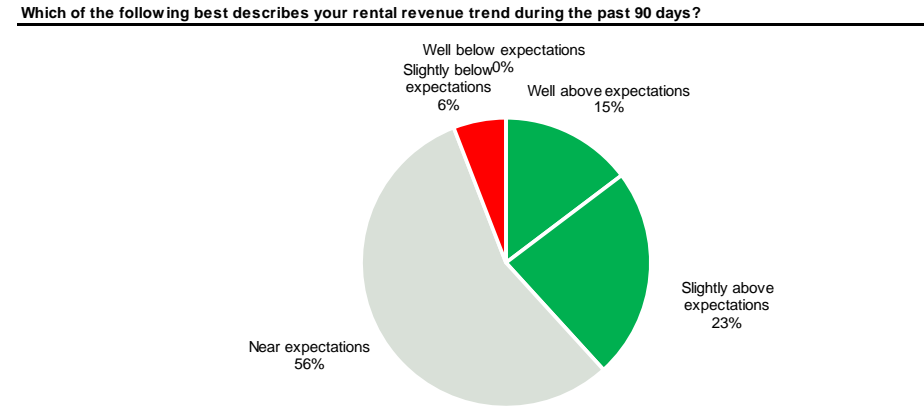
- Rental Revenue Trends.** 38% of respondents beat their own revenue expectations for the quarter with just 6% falling short. This is better than last quarter with the 32% spread showing very solid net gains.



Source: Baird Research



Source: Baird Research



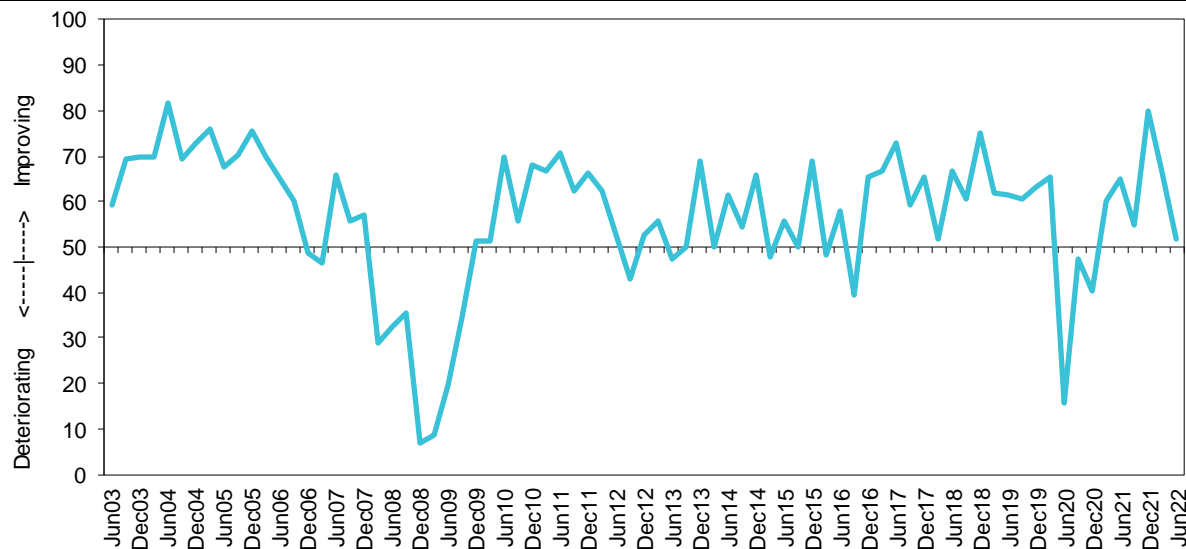
Source: Baird Research

## Uniform Rental: Add/Stop Trends

- **Add/Stops.** Employment-driven expansion at existing accounts (i.e., Add/Stop Diffusion Index) held in positive territory at 51.6, but moderated considerably from recent quarters (index measures relative QOQ change). This is consistent with recent "slowing" [labor trends data](#).

*Note: A diffusion index represents a normalized index (to 50=neutral) that is based on the percentage of respondents citing improvement (100) versus deterioration (0), with 50 representing a "base" level (equal number of positive/negative responses)*

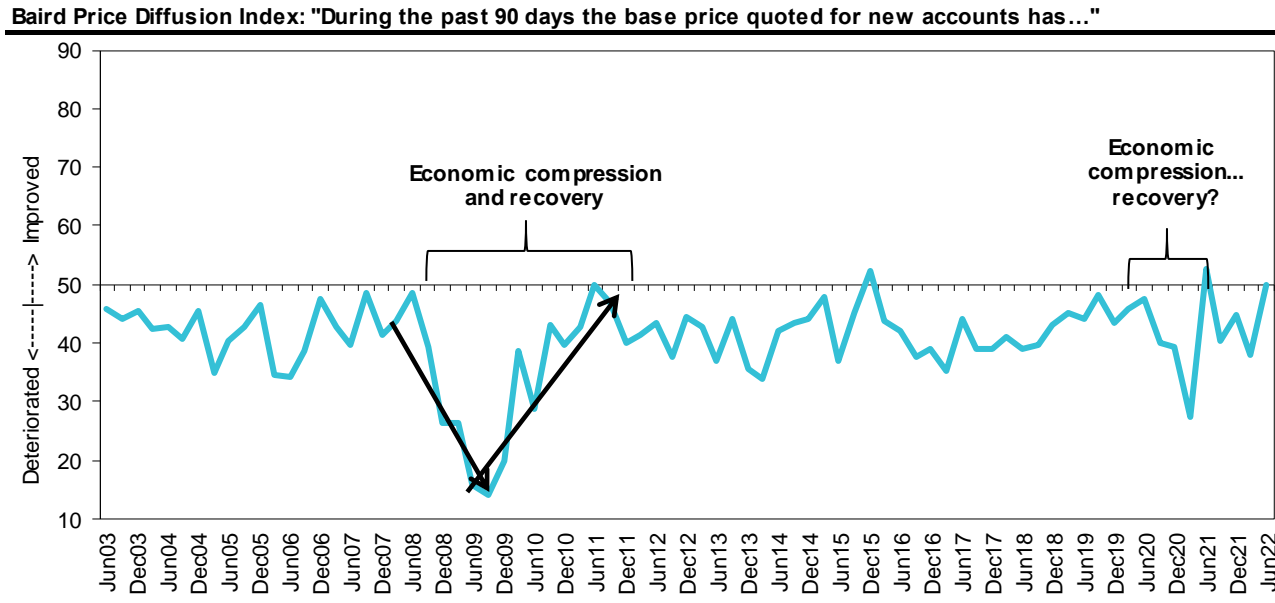
**Baird Add/Stop Diffusion Index: "During the past 90 days add/stop rates at existing accounts have been..."**



Source: Baird Research

# Uniform Rental: New Account Pricing Trends

- New Account Pricing.** New business pricing was "positive" for only the fourth time in our survey's ~20-year history at 50.



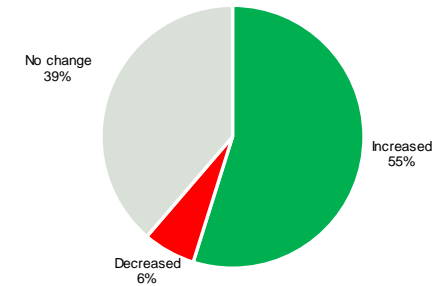
Source: Baird Research



# Uniform Rental: Existing Account Pricing Trends

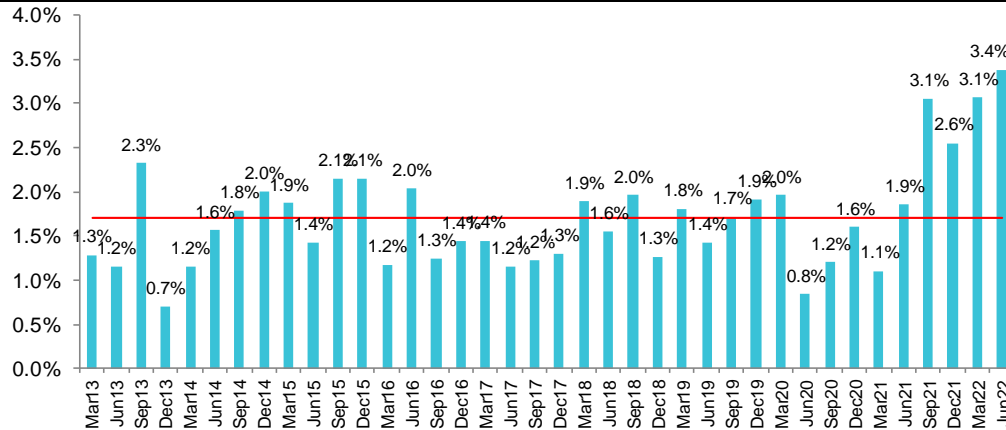
- Base (Existing) Account Pricing.** Base pricing increased 3.4% on existing accounts, another new record. Nearly all respondents cited positive price contribution to revenue growth (in fact, our report likely "understates" actual contribution).

During the past 90 days, pricing on existing rental accounts has:



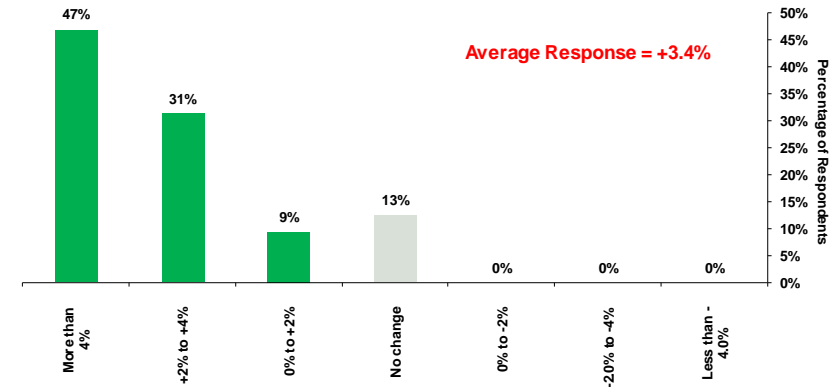
Source: Baird Research

"For accounts which underwent an annual price review in the past 90 days, the average price change was..."



Note: Growth rates reflect average responses of survey participants; Red line indicates sample average  
Source: Baird Research

For existing accounts which underwent an annual price review this quarter, the average price change was:

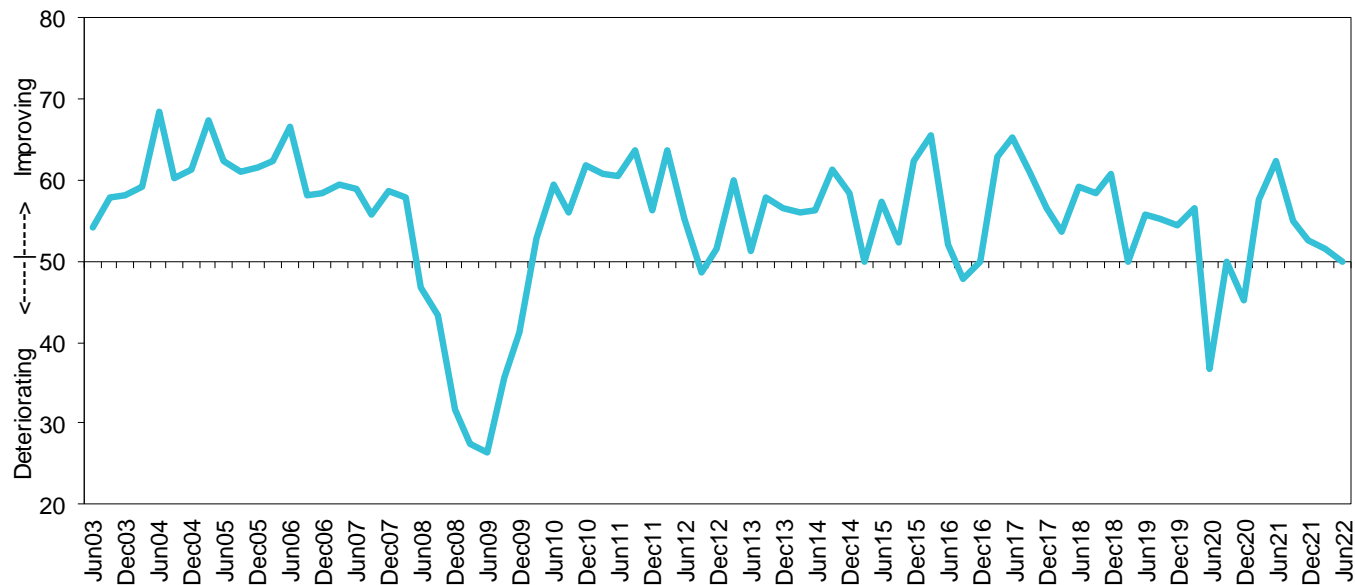


Source: Baird Research

# Uniform Rental: New Business (No-Programmers) Trends

- **No-Programmers.** Our no-programmer diffusion index moderated to 50.0 (from 51.5) and is little changed from recent quarters of "modestly positive."

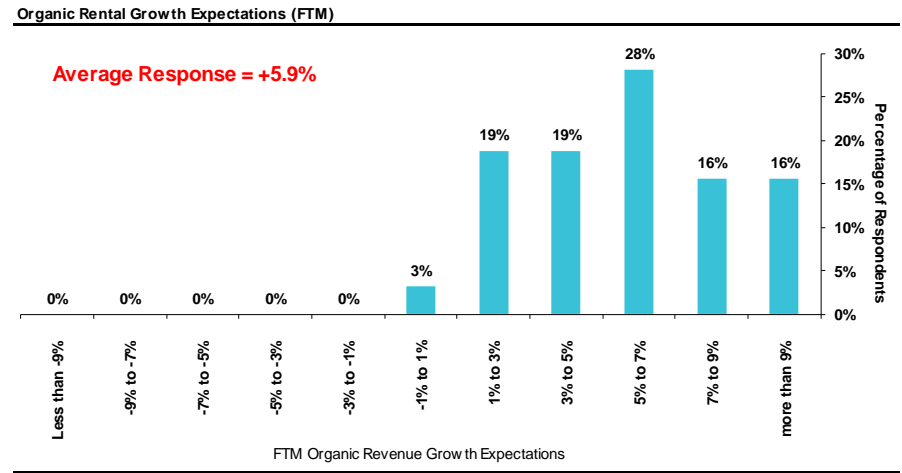
**Baird No-Programmer Diffusion Index: "During the past 90 days interest from no-programmer accounts has been..."**



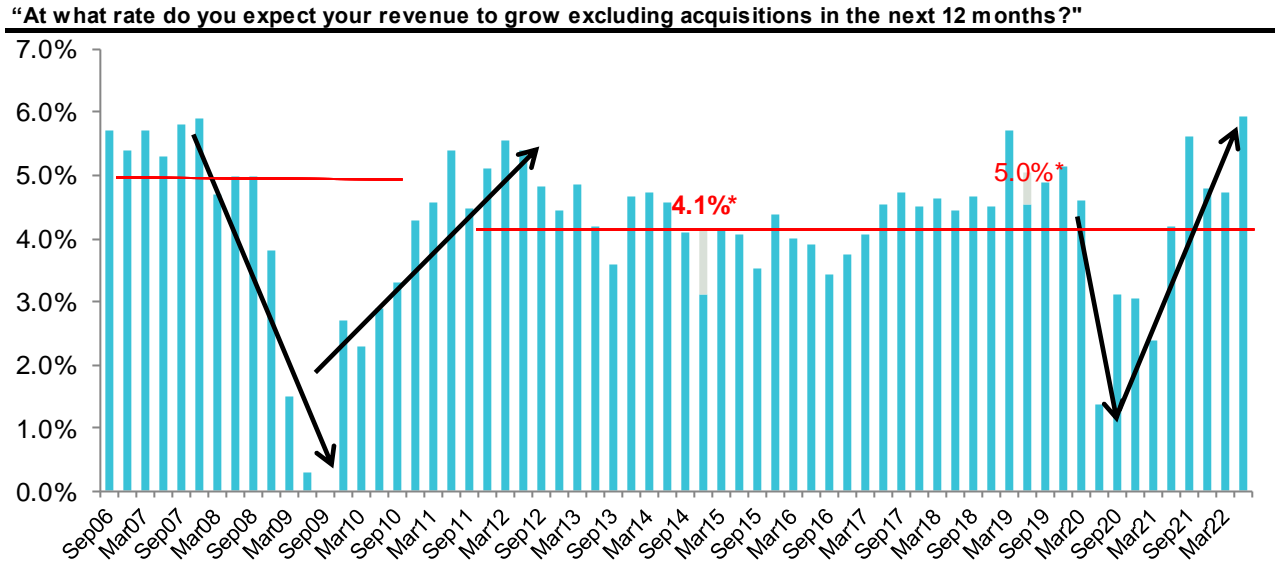
Source: Baird Research

# Uniform Rental: 12-Month Growth Outlook

- Growth Outlook.** Industry consensus now sees ~5.9% organic growth over the next 12 months, easily a record, supported by the ~3.5% price contribution noted above (this could be understated). Offsetting are anecdotal comments suggesting COGS increasing faster than revenues. Margins are a known risk. See charts.



Source: Baird Research



Note: Growth rates reflect average responses of survey participants; \*Q4 14/Q2 19 adjusts for "outlier" response rates

Source: Baird Research

# LINEN RENTAL TRENDS

# Executive Summary: Linen Rental

## LINEN RENTAL SURVEY SUMMARY

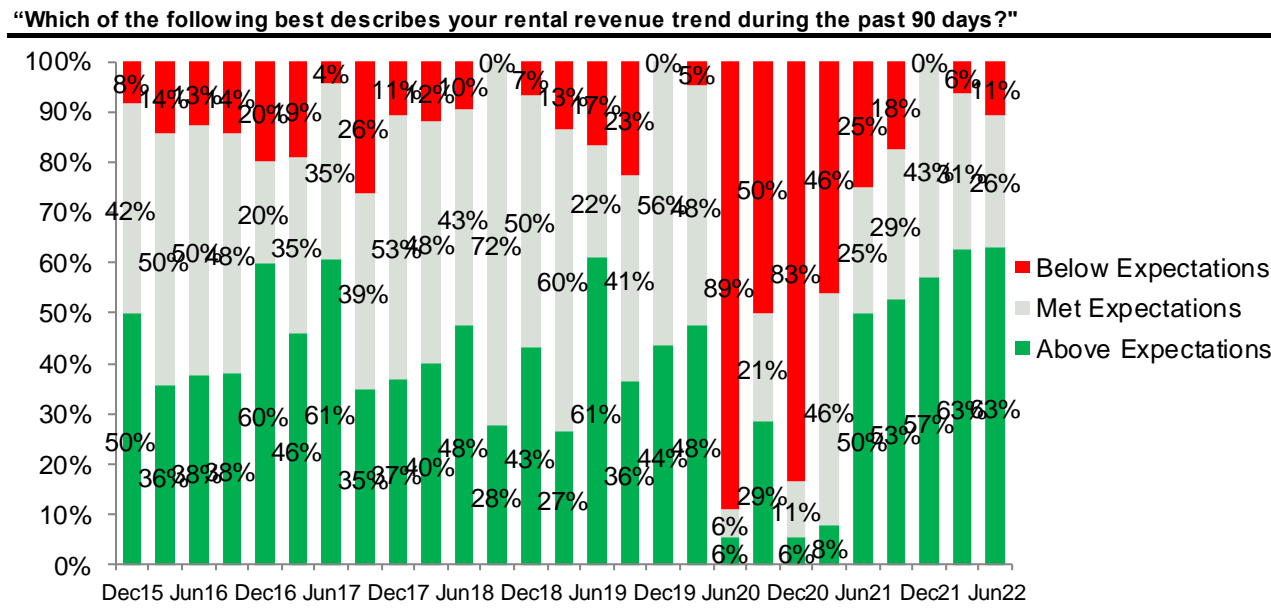
- **Linen rental trends also show very strong pricing-led revenue growth contribution.** Most metrics holding stable and in positive territory with revenue growth expectations similarly hitting a “record” level, supported by very strong pricing contribution. A majority of respondents report revenue trends above internal expectations for the quarter.

## 2Q22 LINEN RENTAL SURVEY HIGHLIGHTS

- **Rental Revenue Trends.** 63% of respondents cited rental revenue trends above expectations with 26% in-line. Just 11% falling short. Relative spread holding near record.
- **New Account Pricing.** 19% of respondents cited more aggressive new account pricing in 2Q22 while 27% saw less aggressive pricing. 54% saw no change. Thus, our diffusion index improved to 54.1. Like uniforms, this metric has historically been negative (i.e., <50).
- **Base Account Pricing.** The average price increase on existing accounts undergoing price review in 2Q22 was +3.5%, hitting a survey history record. Overall, 89% of respondents cited price increases in base account pricing.
- **No-Programmers.** No-programmer interest remained solidly positive at 57.9 and improved modestly from last quarter’s reading. The index has been in expansionary territory since dipping negative in 2020.
- **Growth Outlook.** Forecasted 12-month revenue outlook improved to +6.4%, a new record as the highest rate of forecasted growth in our survey’s history (since December 2015 for this sector).

# Linen Rental: Revenue Trends Versus Expectations

- **Rental Revenue Trends.** 63% of respondents cited rental revenue trends above expectations with 26% in-line. Just 11% falling short. Relative spread holding near record.

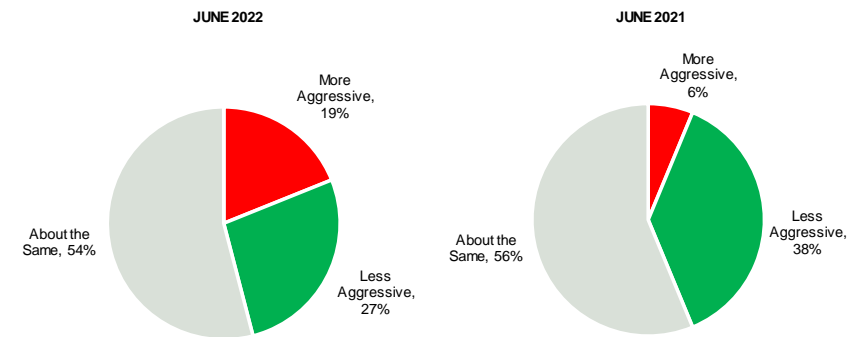


Source: Baird Research

# Linen Rental: New Account Pricing Trends

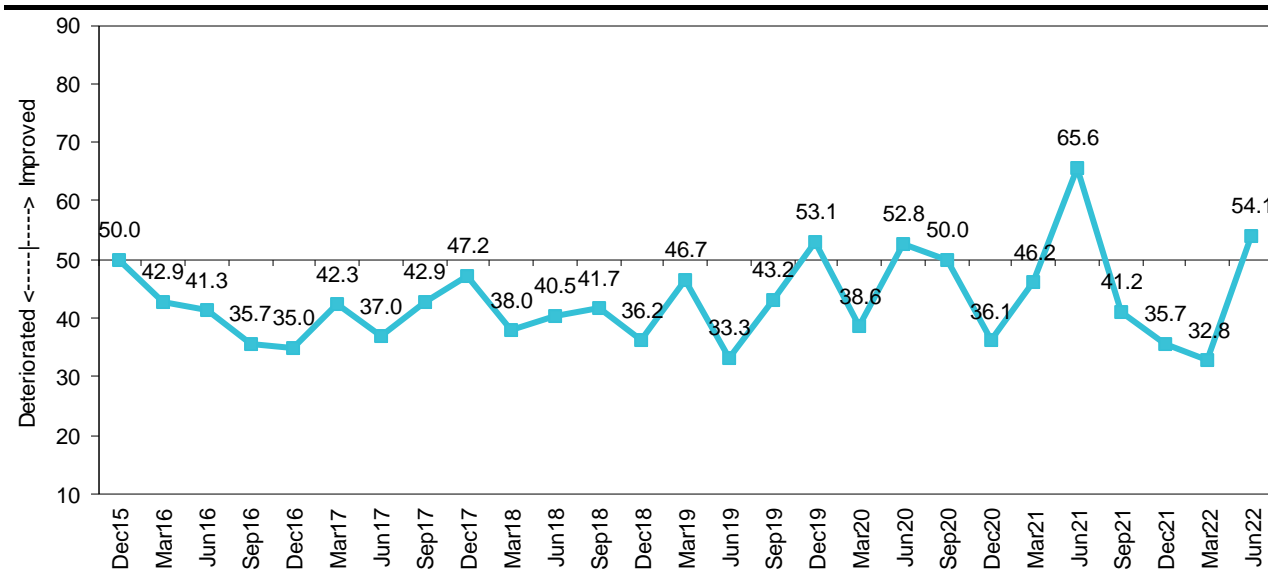
- New Account Pricing.** 19% of respondents cited more aggressive new account pricing in 2Q22 while 27% saw less aggressive pricing. 54% saw no change. Thus, our diffusion index improved to 54.1. Like uniforms, this metric has historically been negative (i.e., <50). See charts.

During the past 90 days the base price quoted for new accounts generally has become:



Source: Baird Research

Baird Linen Rental Price Diffusion Index

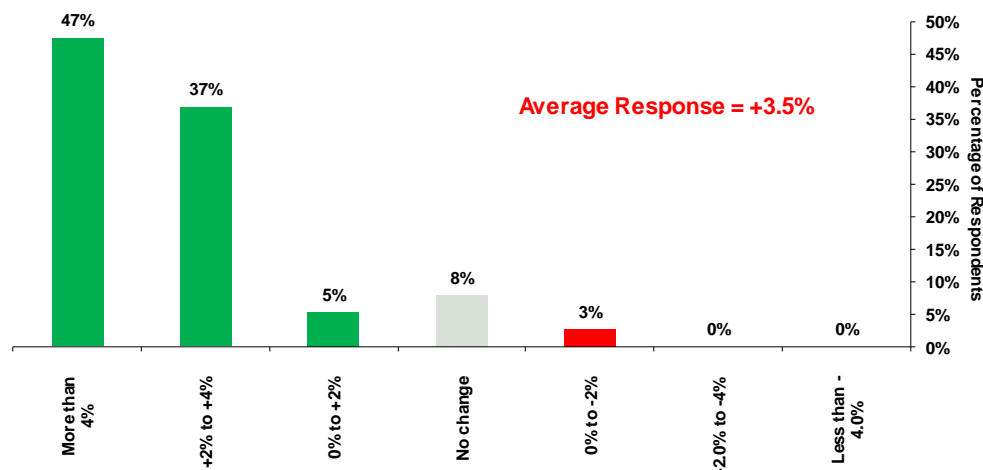


Source: Baird Research

# Linen Rental: Existing Account Pricing Trends

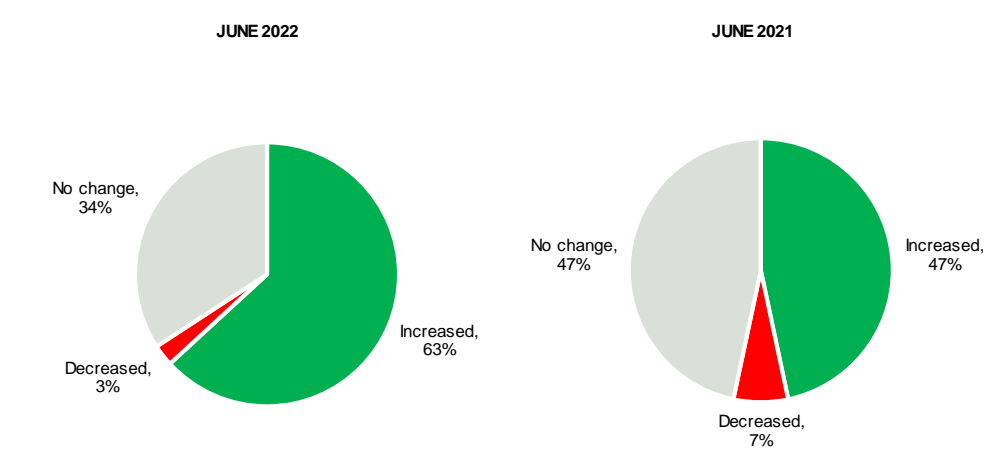
- Base Account Pricing.** The average price increase on existing accounts undergoing price review in 2Q22 was +3.5%, hitting a survey history record. Overall, 89% of respondents cited price increases in base account pricing.

For existing accounts which underwent an annual price review this quarter, the average price change was:



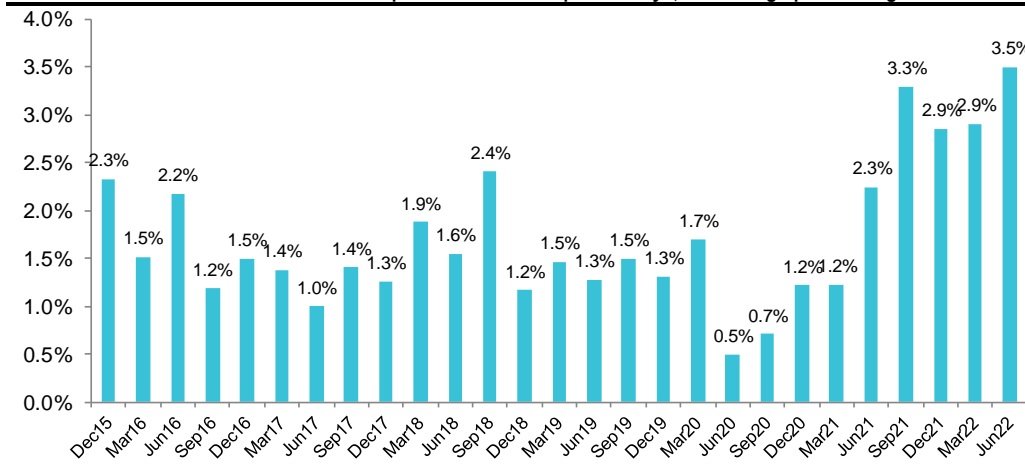
Source: Baird Research

During the past 90 days, pricing on existing rental accounts has:



Source: Baird Research

“For accounts which underwent an annual price review in the past 90 days, the average price change was...”



Source: Baird Research

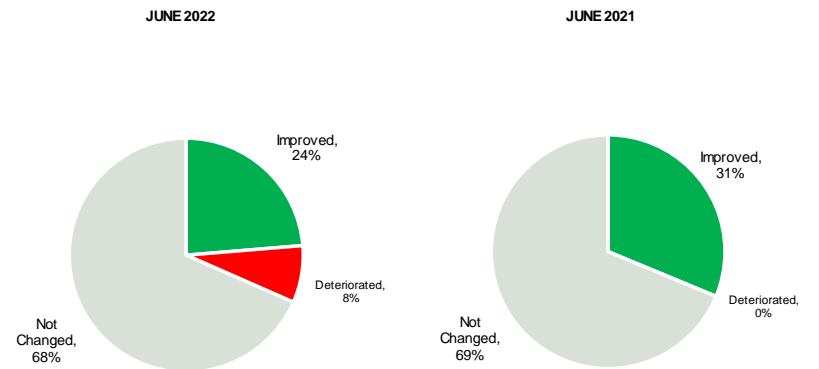




# Linen Rental: New Business (No-Programmers) Trends

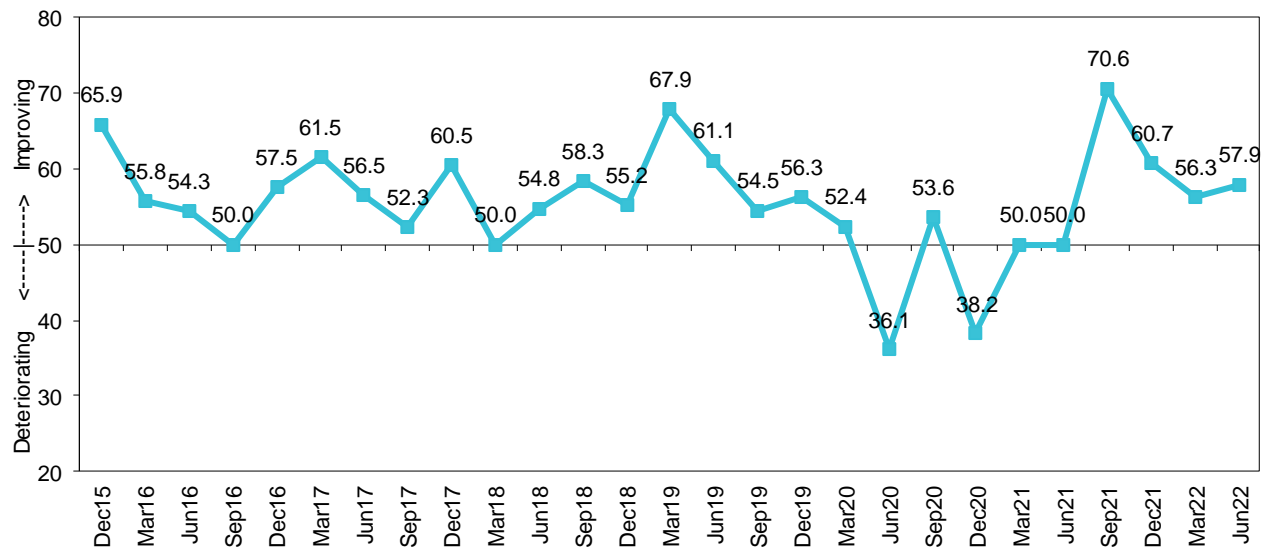
- No-Programmers.** No-programmer interest remained solidly positive at 57.9 and improved modestly from last quarter's reading. The index has been in expansionary territory since dipping negative in 2020. See charts.

During the past 90 days interest from no-programmer accounts (those without an existing contract) has:



Source: Baird Research

**Baird Linen Rental No-Programmer Diffusion Index**

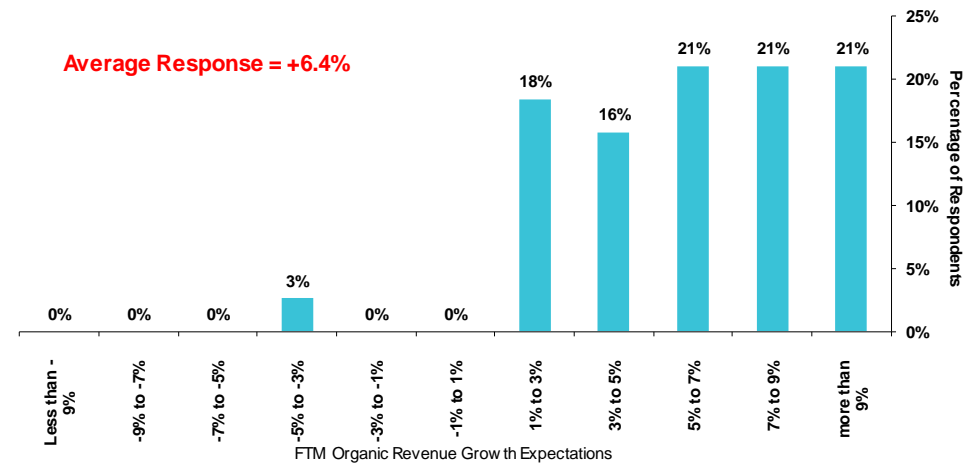


Source: Baird Research

# Linen Rental: 12-Month Growth Outlook

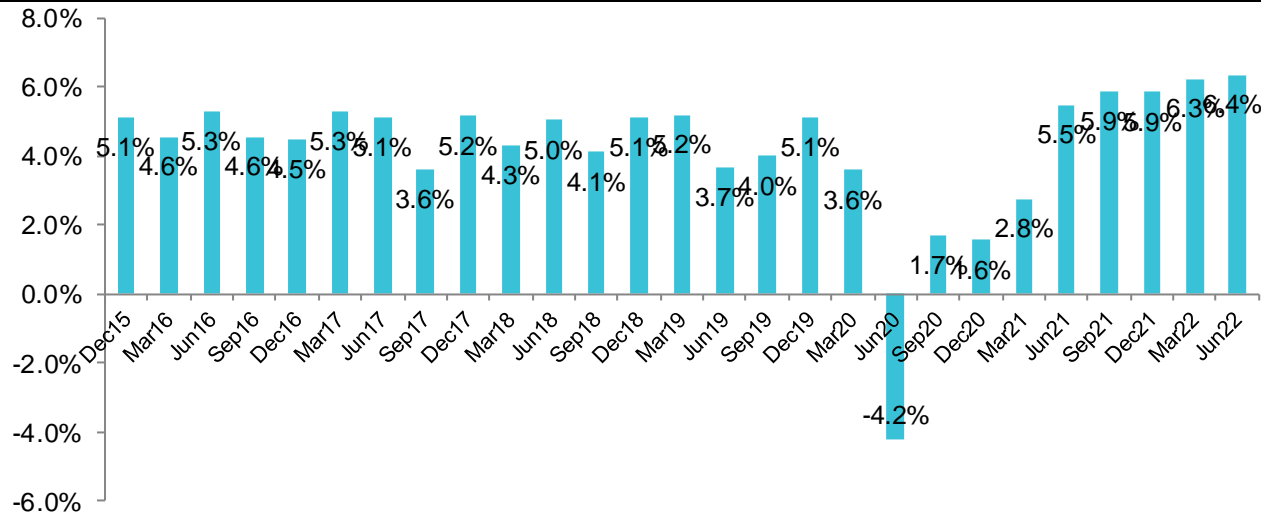
- Growth Outlook.** Forecasted 12-month revenue outlook improved to +6.4%, a new record as the highest rate of forecasted growth in our survey's history (since December 2015 for this sector). See charts.

Organic Rental Growth Expectations (FTM)



Source: Baird Research

“At what rate do you expect your revenue to grow excluding acquisitions in the next 12 months?”



Source: Baird Research

# Appendix – Important Disclosures and Analyst Certification

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