

A man in a blue shirt is seen from the back, standing in a large, modern atrium. The ceiling is a complex, geometric structure with many recessed lights. The floor is polished and reflects the lights. In the background, there are glass railings and structural columns. The overall atmosphere is clean and professional.

Unaudited Reconciliation of non-GAAP Financial Measures

Unaudited Reconciliation of non-GAAP Financial Measures

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(in millions)

	Three Months Ended October 31,		Year Ended October 31,	
	2015	2014	2015	2014
Reconciliation of Adjusted Income from Continuing Operations to Income from Continuing Operations				
Adjusted income from continuing operations	\$ 31.5	\$ 27.0	\$ 92.9	\$ 80.2
Items impacting comparability:				
CEO/CFO Change (a)	-	-	(4.6)	-
Rebranding (b)	(0.6)	(0.9)	(0.7)	(4.1)
U.S. Foreign Corrupt Practices Act investigation (c)	-	(0.1)	(0.2)	(1.2)
Onsite realignment	0.1	(0.4)	(1.2)	(2.6)
Strategic review and realignment (d)	(10.0)	-	(11.7)	-
Self-insurance adjustment	(0.1)	(1.0)	(38.9)	(10.3)
Acquisition costs	-	(0.8)	(0.9)	(1.4)
Litigation and other settlements	(4.6)	-	(8.1)	(3.4)
Total items impacting comparability	(15.2)	(3.2)	(66.3)	(23.0)
Benefit from income taxes	6.3	1.4	27.5	9.7
Items impacting comparability, net of taxes	(8.9)	(1.8)	(38.8)	(13.3)
Income from continuing operations	\$ 22.6	\$ 25.2	\$ 54.1	\$ 66.9

(a) Represents severance and other costs related to the departure of our former CEO and CFO.

(b) Represents costs related to the Company's branding initiative.

(c) Includes legal and other cost incurred in connection with an internal investigation into a foreign entity affiliated with a former joint venture partner.

(d) Includes costs for 2020 Vision Transformation Initiative, net of the reversal of certain share-based compensation costs.

Unaudited Reconciliation of non-GAAP Financial Measures

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

(in millions, except per share amounts)

	Three Months Ended October 31,		Year Ended October 31,	
	2015	2014	2015	2014
Reconciliation of Adjusted EBITDA to Net Income				
Adjusted EBITDA	\$ 69.4	\$ 58.9	\$ 206.0	\$ 201.0
Items impacting comparability	(15.2)	(3.2)	(66.3)	(23.0)
Income from discontinued operations, net of taxes	16.2	2.7	22.2	8.7
Provision for income taxes	(14.7)	(13.1)	(18.3)	(43.7)
Interest expense	(2.6)	(2.6)	(10.2)	(10.7)
Depreciation and amortization	(14.3)	(14.8)	(57.1)	(56.7)
Net income	\$ 38.8	\$ 27.9	\$ 76.3	\$ 75.6

	Three Months Ended October 31,		Year Ended October 31,	
	2015	2014	2015	2014
Reconciliation of Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share (Unaudited)				
Adjusted income from continuing operations per diluted share	\$ 0.55	0.47	1.62	1.41
Items impacting comparability, net of taxes	(0.16)	(0.03)	(0.68)	(0.24)
Income from continuing operations per diluted share	\$ 0.39	\$ 0.44	\$ 0.94	\$ 1.17
Diluted shares	57.5	57.2	57.4	57.1

2015 Revised Guidance and 2016 Guidance

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES 2015 REVISED GUIDANCE AND 2016 GUIDANCE

Reconciliation of Previously Announced Estimated Adjusted Net Income per Diluted Share to Revised Estimated Adjusted Income from Continuing Operations per Diluted Share

Previously announced estimated adjusted net income per diluted share
Impact of discontinued operations of Security
Revised estimated adjusted income from continuing operations per diluted share

Year Ending October 31, 2015	
Low Estimate	High Estimate
(per diluted share)	
\$ 1.75	\$ 1.80
(0.19)	(0.19)
<u>\$ 1.56</u>	<u>\$ 1.61</u>

Reconciliation of Estimated Adjusted Income from Continuing Operations per Diluted Share to Estimated Income from Continuing Operations per Diluted Share

Adjusted income from continuing operations per diluted share (a)
Adjustments (b)
Income from continuing operations per diluted share (a)

Year Ending October 31, 2016	
Low Estimate	High Estimate
(per diluted share)	
\$ 1.30	\$ 1.40
(0.48)	(0.48)
<u>\$ 0.82</u>	<u>\$ 0.92</u>

(a) This guidance excludes any potential benefits associated with certain discrete tax items, which could be up to \$0.40 per diluted share that would impact our effective tax rate, such as the 2015 and 2016 Work Opportunity Tax Credits and other unrecognized tax benefits.

(b) Adjustments include costs associated with the strategic review and realignment, legal settlements, potential adjustments to self-insurance reserves pertaining to prior year's claims and other unique items impacting comparability.