



# ABM Industries Incorporated

Fourth Quarter and Fiscal 2008  
Earnings Conference Call

December 16, 2008



# Agenda

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- Introduction of call participants
  - Henrik C. Slipsager, President & CEO
  - James S. Lusk, EVP and CFO
  - Sarah H. McConnell, SVP & General Counsel
- 2008 Overview
- 2008 Financial Review
- Operating Results
- 2009 Guidance

# Forward - Looking Statements

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*Our presentation today contains predictions, estimates and other forward-looking statements. Our use of the words estimate, expect, and similar expressions is intended to identify these statements. These statements represent our current judgment on what the future holds. While we believe them to be reasonable, these statements are subject to risks and uncertainties that could cause our actual results to differ materially. Some of the important factors relating to our business are described in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Annual Reports on Form 10-K.*

# Statements Relating to Non-GAAP Financial Measures

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*During the course of this presentation, certain non-GAAP financial information will be presented.*

*A reconciliation of those numbers to GAAP financial measures is available on the Company's website under "Investor Relations".*

# Fiscal 2008 Business Overview

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- Achieved 2008 fiscal year guidance for both Income from Continuing Operations and Adjusted Income from Continuing Operations
- Created unmatched national footprint with acquisition of OneSource
- Despite challenging economy, double digit growth in revenue and operating profit
- Prudent management of operations and cash puts Company in strong position for fiscal 2009

# Fiscal 2008 Performance Highlights

<b>Revenues</b>	<b>\$3.6B</b>	Increased more than \$900M or 33.9% from FY07 Organic revenue growth over 3%
<b>Adjusted EBITDA</b>	<b>\$133.4M</b>	Increased 45.8% from FY07 Double digit growth in all operating divisions
<b>Income from Continuing Operations</b>	<b>\$52.7M</b> <b>Adjusted \$56.3M</b>	Increased \$2.1M or 4.2% from FY07 Increased \$7.5M or 15.4% from 2007
<b>Diluted EPS from Continuing Operations</b>	<b>\$1.03</b> <b>Adjusted \$1.10</b>	Within guidance range previously communicated
<b>Operating Cash Flow</b>	<b>\$60.0M</b>	Improved by \$4.7M compared to FY07
<b>Long-Term Debt</b>	<b>\$230M</b>	Since completing the purchase of OneSource (quarter ending January 31, 2008), debt reduced by \$86M

# Strategic Initiatives

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- OneSource acquisition
  - Generated more than \$800 million in sales in fiscal 2008
  - Realized approximately \$30 million in cost-saving synergies in fiscal 2008; nearly \$2 million better than original projection
- Lighting sale completed in October 2008
  - Proceeds used to pay down debt; Management able to focus on core operations
- The Project Transform initiative continues on schedule
- ABM is positioned to effectively manage future growth when economy rebounds

# Q4 Financial Results (unaudited)

(In thousands)	Three months ended October 31,		Percent Change
	2008	2007	
Revenues	\$ 905,782	\$ 691,442	31%
Operating expenses and cost of goods sold	795,706	616,771	
Selling, general and administrative	79,955	49,155	
Amortization of intangibles	4,292	1,459	
Operating profit	\$ 25,829	\$ 24,057	7%
Interest expense	3,265	120	
Income from continuing operations before income taxes	22,564	23,937	
Provision for income taxes	7,746	9,125	
Income from continuing operations	\$ 14,818	\$ 14,812	0%
Items impacting comparability, net of tax:			
Corporate initiatives/OneSource integration expense	(4,688)	(716)	
Insurance benefit and IT Deferred expense - Net	892	1,046	
Income from continuing operations excluding items impacting comparability	\$ 18,614	\$ 14,482	28%
Adjusted EBITDA*	\$ 41,977	\$ 27,609	52%

\* Reconciliation of Adjusted EBITDA located at the back of this presentation and on ABM's website.



# FY08 Financial Results (unaudited)

(In thousands, except per share amount)

	Year ended October 31,		Percent Change
	2008	2007	
Revenues	\$ 3,623,590	\$ 2,706,105	34%
Operating expenses and cost of goods sold	3,224,696	2,429,694	
Selling, general and administrative	287,650	193,658	
Amortization of intangibles	11,735	5,565	
Operating profit	\$ 99,509	\$ 77,188	29%
Interest expense	15,193	453	
Income from continuing operations before income taxes	84,316	76,735	
Provision for income taxes	31,585	26,088	
Income from continuing operations	\$ 52,731	\$ 50,647	4%
Items impacting comparability, net of tax:			
Corporate initiatives/OneSource integration expense	(13,605)	(1,919)	
Insurance benefit and IT Deferred expense - Net	9,994	640	
Gain on lease termination	-	3,075	
Income from continuing operations excluding items impacting comparability	\$ 56,342	\$ 48,851	15%
Diluted Shares	51,386	50,629	
Adjusted EPS	\$1.10	\$ 0.96	14%
Adjusted EBITDA*	\$ 133,449	\$ 91,474	46%

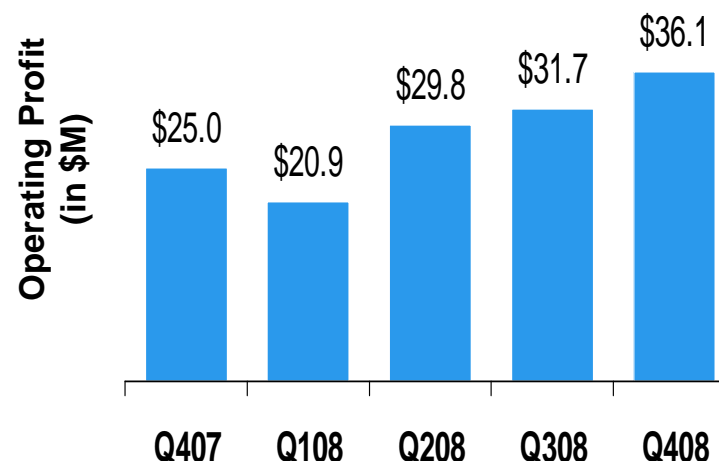
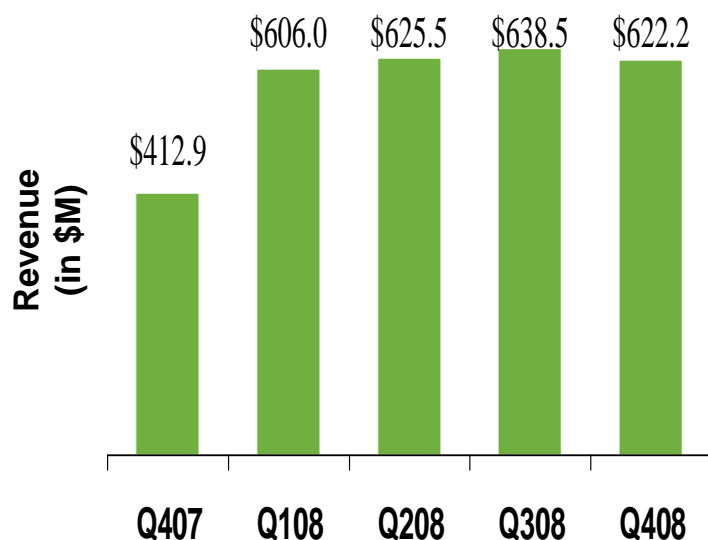
\* Reconciliation of Adjusted EBITDA located at the back of this presentation and on ABM's website.

# Strong Balance Sheet (unaudited)

## Balance Sheet Summary (In thousands)

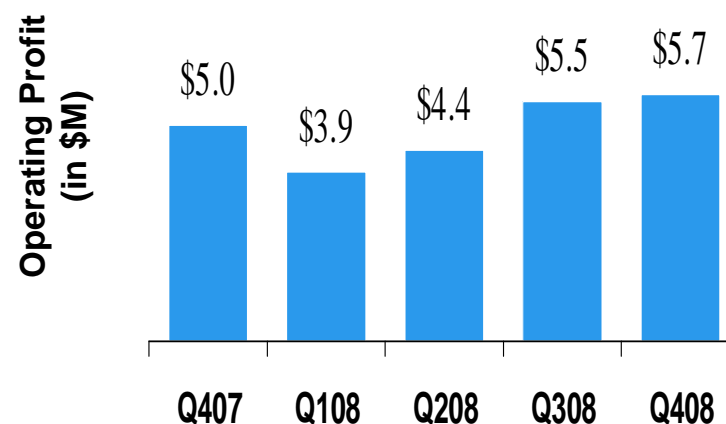
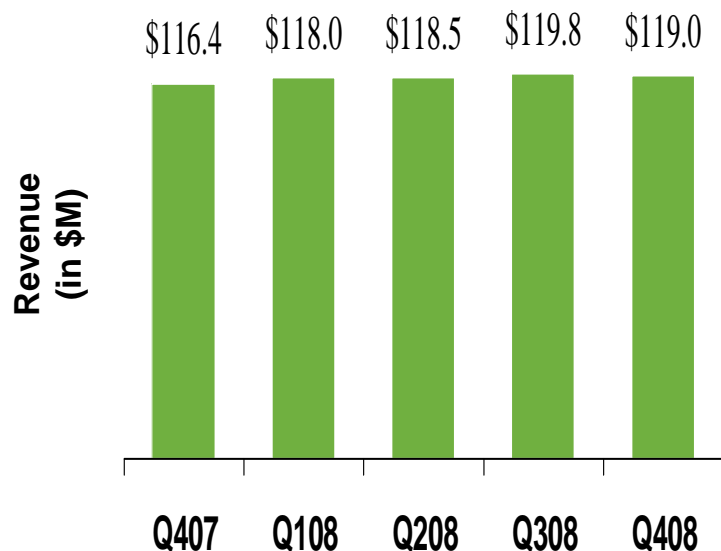
	October 31,	
	2008	2007
<b>Assets</b>		
Cash and cash equivalents	\$ 710	\$ 136,192
Trade accounts receivable, net	473,263	349,195
Other current assets	126,588	99,332
Current assets of discontinued operations	34,508	58,171
Total current assets	635,069	642,890
Goodwill	535,772	234,177
Other intangibles, net	62,179	24,573
other non-current assets	305,688	173,500
Non-current assets of discontinued operations	11,205	45,533
Total assets	\$ 1,549,913	\$ 1,120,673
<b>Liabilities</b>		
Current liabilities	\$ 351,007	272,084
Current liabilities of discontinued operations	10,082	17,660
Non-current liabilities	544,773	220,996
Non-current liabilities of discontinued operations	-	4,175
Total liabilities	905,862	514,915
<b>Stockholders' Equity</b>	644,051	605,758
Total liabilities and stockholders' equity	\$ 1,549,913	\$ 1,120,673

# Segment Highlights: Janitorial



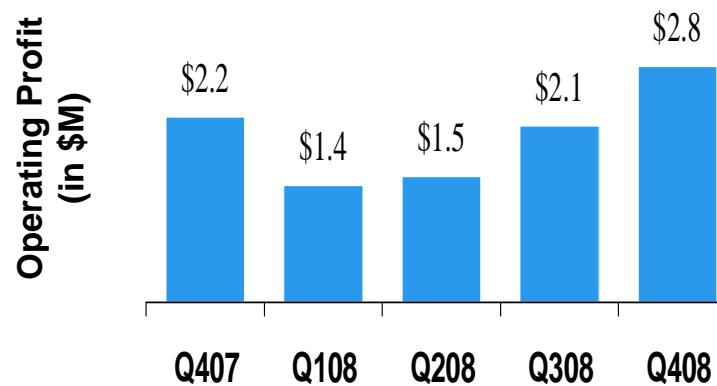
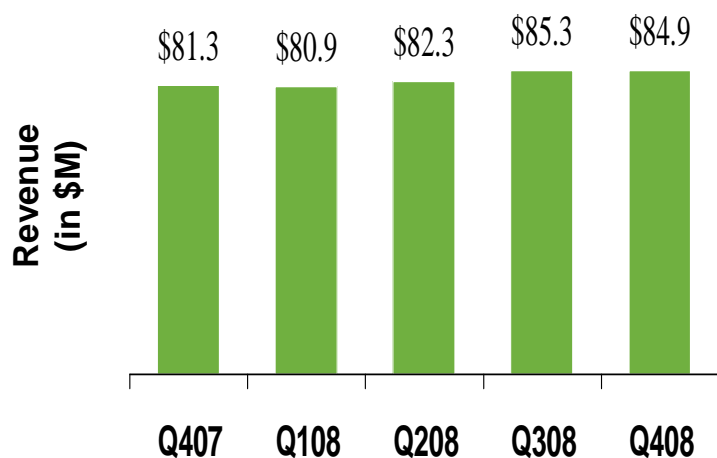
- Fourth quarter revenue up 51% compared to 2007 and for the year up 54%; Organic sales growth of 3%
- Operating profit for the quarter up 44% compared to 2007 and for the year up 36%
- Despite challenging economy and market conditions, integrated OneSource operations and achieved, on a run rate basis, 91% of previously communicated cost savings synergies

# Segment Highlights: Parking



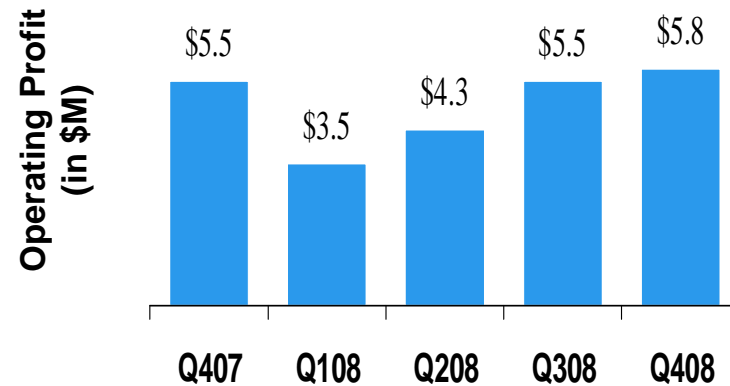
- Fourth quarter revenue up 2% compared to 2007 and for the year up 5%
- Operating profit for the quarter up 15% compared to 2007 and for the year down 7% because of the \$5 million gain recorded in 2007 from lease termination
- Even with a recession, the parking segment grew year-over-year, demonstrating the benefit of acquiring HealthCare Parking Services of America (HPSA), concentration in managed lots, and increasing the commercial shuttle bus segment of the business

# Segment Highlights: Security



- Revenue for the fourth quarter and year up 4% compared to 2007 comparable periods
- Operating profit for the quarter up 30% compared to 2007 and for the year up 62%
- Technology-based approach leading expansion in several vertical markets; entering fiscal 2009 with strong momentum

# Segment Highlights: Engineering



- Revenue for the quarter was flat compared to 2007 and for the year up 6%
- Operating profit for the fourth quarter up 6% compared to 2007 and for the year up 23% because of focus on profitable business, lower insurance costs, and expense reduction
- Strong sales pipeline for 2009 as Engineering focuses on leveraging outsourcing trend and providing energy services

# FY09 Outlook

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- Continued challenging economic and market conditions
- ABM will continue to follow proven strategies of:
  - Leveraging strong financial condition and national footprint
  - Focusing on outsourcing trends as customers look for integrated solutions
  - Selling energy savings through Engineering platform
- Conservatively managing resources and expenses
- Prudently managing working capital and balance sheet
- Guidance
  - For the first half of fiscal 2009, expect Income from Continuing Operations on a diluted per share basis of \$0.42 - \$0.50
    - Expect Adjusted Income from Continuing Operations, which excludes Items Impacting Comparability, on a diluted per share basis of \$0.46 - \$0.54\*

\* Reconciliation of Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share for the Six Months Ending April 30, 2009 is located at the back of this presentation and on ABM's website.

# Appendix – Reconciliation (unaudited)

## ABM Industries Incorporated Reconciliations of Non-GAAP Financial Measures (Unaudited)

(in millions, except per share data)

	Quarter ended October 31,		Year ended October 31,	
	2008	2007	2008	2007
<b>Reconciliation of Adjusted Income from Continuing Operations to Income from Continuing Operations</b>				
Adjusted Income from Continuing Operations	\$ 18.6	\$ 14.5	\$ 56.3	\$ 48.8
Items Impacting Comparability				
Corporate Initiatives/				
OneSource Integration Expense	(7.6)	(1.2)	(22.1)	(3.1)
Insurance Adjustments	7.7	1.7	22.5	1.0
IT Deferred Expense Charge	(6.3)	-	(6.3)	-
Gain on Lease Termination	-	-	-	5.0
Total Items Impacting Comparability	(6.2)	0.5	(5.9)	2.9
Income Taxes Expense (Benefit)	(2.4)	0.2	(2.3)	1.1
Items Impacting Comparability, net of taxes	(3.8)	0.3	(3.6)	1.8
Income from Continuing Operations	\$ 14.8	\$ 14.8	\$ 52.7	\$ 50.6
<b>Reconciliation of Adjusted EBITDA to Net Income</b>				
Adjusted EBITDA	\$ 42.0	\$ 27.6	\$ 133.4	\$ 91.5
Items Impacting Comparability	(6.2)	0.5	(5.9)	2.9
Discontinued Operations	(3.2)	0.2	(7.3)	1.8
Income Tax	(7.7)	(9.1)	(31.6)	(26.1)
Interest Expense	(3.3)	(0.1)	(15.2)	(0.5)
Depreciation and Amortization	(10.0)	(4.1)	(28.0)	(17.2)
Net Income	\$ 11.6	\$ 15.0	\$ 45.4	\$ 52.4
<b>Reconciliation of Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share</b>				
Adjusted Income from Continuing Operations per Diluted Share	\$ 0.36	\$ 0.28	\$ 1.10	\$ 0.96
Items Impacting Comparability, net of taxes:	(0.07)	0.01	(0.07)	0.04
Income from Continuing Operations per Diluted Share	\$ 0.29	\$ 0.29	\$ 1.03	\$ 1.00
Diluted Shares	51.7	50.9	51.4	50.6



# Appendix – Reconciliation

**ABM Industries Incorporated**  
**Reconciliation of Adjusted Income from Continuing Operations per Diluted Share to**  
**Income from Continuing Operations per Diluted Share for the Six Months Ending April 30, 2009**

	<u>2009 Low Estimate</u>	<u>2009 High Estimate</u>
	(per diluted share)	
Adjusted Income from Continuing Operations per Diluted Share	\$ 0.46	\$ 0.54
Adjustments to Continuing Operations (a)	(0.04)	(0.04)
Income from Continuing Operations per Diluted Share	<u>\$ 0.42</u>	<u>\$ 0.50</u>

(a) The adjustment to continuing operations includes: (i) costs associated with the implementation of a new payroll and human resources information system, the upgrade of the Company's accounting system, the completion of the corporate move from San Francisco, the integration costs associated with OneSource aggregating (\$0.15) per share offset by (ii) the positive settlement against a former third party administrator of its workers' compensation claims in the amount of \$0.11 per share. The adjusted estimate is (\$0.04).