UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission File Number: 1-8929

ABM INDUSTRIES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**94-1369354**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Liberty Plaza, 7th Floor
New York, New York 10006
(Address of principal executive offices)

(212) 297-0200
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**ABM**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Number of shares of the registrant's common stock outstanding as of September 04, 2020: 66,687,103

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

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FORWARD-LOOKING STATEMENTS

This Form 10-Q contains both historical and forward-looking statements regarding ABM and its subsidiaries (collectively referred to as “ABM,” “we,” “us,” “our,” or the “Company”). We make forward-looking statements related to future expectations, estimates, and projections that are uncertain and often contain words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “intend,” “likely,” “may,” “outlook,” “plan,” “predict,” “should,” “target,” or other similar words or phrases. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and assumptions that are difficult to predict. Particular risks and uncertainties that could cause our actual results to be materially different from those expressed in our forward-looking statements include those listed below.

- The novel coronavirus (“COVID-19”) pandemic (the “Pandemic”) has had and is expected to continue having a negative effect on the global economy, and the United States economy, and has disrupted and is expected to continue disrupting our operations and our clients’ operations, which has adversely affected and may continue to adversely affect our business, results of operations, cash flows, and financial condition.
- Our success depends on our ability to gain profitable business despite competitive market pressures.
- Our business success depends on our ability to attract and retain qualified personnel and senior management and to manage labor costs.
- Our ability to preserve long-term client relationships is essential to our continued success.
- Changes to our businesses, operating structure, financial reporting structure, or personnel relating to the implementation of strategic transformations, enhanced business processes, and technology initiatives may not have the desired effects on our financial condition and results of operations.
- Acquisitions, divestitures, and other strategic transactions could fail to achieve financial or strategic objectives, disrupt our ongoing business, and adversely impact our results of operations.
- We manage our insurable risks through a combination of third-party purchased policies and self-insurance, and we retain a substantial portion of the risk associated with expected losses under these programs, which exposes us to volatility associated with those risks, including the possibility that adjustments to our ultimate insurance loss reserves could result in material charges against our earnings.
- Our risk management and safety programs may not have the intended effect of reducing our liability for personal injury or property loss.
- Our international business involves risks different from those we face in the United States that could have an effect on our results of operations and financial condition.
- Our use of subcontractors or joint venture partners to perform work under customer contracts exposes us to liability and financial risk.
- We may experience breaches of, or disruptions to, our information technology systems or those of our third-party providers or clients, or other compromises of our data that could adversely affect our business.
- Unfavorable developments in our class and representative actions and other lawsuits alleging various claims could cause us to incur substantial liabilities.
- A significant number of our employees are covered by collective bargaining agreements that could expose us to potential liabilities in relationship to our participation in multiemployer pension plans, requirements to make contributions to other benefit plans, and the potential for strikes, work slowdowns or similar activities, and union organizing drives.
- Our business may be materially affected by changes to fiscal and tax policies. Negative or unexpected tax consequences could adversely affect our results of operations.
- Changes in general economic conditions, such as changes in energy prices, government regulations, or consumer preferences, could reduce the demand for facility services and, as a result, reduce our earnings and adversely affect our financial condition.
- Future increases in the level of our borrowings or in interest rates could affect our results of operations.
- Impairment of goodwill and long-lived assets could have a material adverse effect on our financial condition and results of operations.
- If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be negatively impacted, which could harm our operating results and investor perceptions of our Company and as a result may have a material adverse effect on the value of our common stock.

- Our business may be negatively impacted by adverse weather conditions.
- Catastrophic events, disasters, and terrorist attacks could disrupt our services.
- Actions of activist investors could disrupt our business.

The list of factors above is illustrative and by no means exhaustive. Additional information regarding these and other risks and uncertainties we face is contained in our Annual Report on Form 10-K for the year ended October 31, 2019 and in other reports we file from time to time with the Securities and Exchange Commission (including all amendments to those reports).

We urge readers to consider these risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(in millions, except share and per share amounts)	July 31, 2020	October 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 229.4	$ 58.5
Trade accounts receivable, net of allowances of $36.0 and $22.4 at July 31, 2020 and October 31, 2019, respectively	845.5	1,013.2
Costs incurred in excess of amounts billed	72.5	72.6
Prepaid expenses	95.8	75.7
Other current assets	69.1	55.5
Total current assets	1,312.2	1,275.4
Other investments	10.9	14.0
Property, plant and equipment, net of accumulated depreciation of $231.3 and $199.5 at July 31, 2020 and October 31, 2019, respectively	137.1	150.3
Right-of-use assets	156.6	—
Other intangible assets, net of accumulated amortization of $332.4 and $309.0 at July 31, 2020 and October 31, 2019, respectively	251.2	297.2
Goodwill	1,672.1	1,835.4
Other noncurrent assets	128.2	120.3
Total assets	$ 3,668.3	$ 3,692.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt, net	$ 86.6	$ 57.2
Trade accounts payable	221.9	280.7
Accrued compensation	153.7	189.3
Accrued taxes—other than income	41.6	63.6
Insurance claims	157.6	149.8
Income taxes payable	4.8	3.5
Current portion of lease liabilities	37.2	—
Other accrued liabilities	174.1	158.2
Total current liabilities	877.4	902.4
Long-term debt, net	664.2	744.2
Long-term lease liabilities	141.1	—
Deferred income tax liability, net	25.9	47.7
Noncurrent insurance claims	378.3	365.2
Other noncurrent liabilities	118.3	78.8
Noncurrent income taxes payable	11.8	12.2
Total liabilities	2,217.0	2,150.6
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $0.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, $0.01 par value; 100,000,000 shares authorized; 66,676,970 and 66,571,427 shares issued and outstanding at July 31, 2020 and October 31, 2019, respectively	0.7	0.7
Additional paid-in capital	714.9	708.9
Accumulated other comprehensive loss, net of taxes	(30.1)	(23.9)
Retained earnings	765.9	856.3
Total stockholders' equity	1,451.3	1,542.0
Total liabilities and stockholders' equity	$ 3,668.3	$ 3,692.6

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

(in millions, except per share amounts)	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019
Revenues	$ 1,394.1	$ 1,647.9	$ 4,503.0	$ 4,850.6
Operating expenses	1,174.9	1,454.1	3,914.8	4,314.2
Selling, general and administrative expenses	113.7	119.8	350.8	340.9
Restructuring and related expenses	—	2.0	5.0	8.5
Amortization of intangible assets	11.8	14.9	37.0	44.9
Impairment loss	—	—	172.8	—
Operating profit	93.6	57.3	22.8	142.1
Income from unconsolidated affiliates	0.2	0.7	2.0	2.4
Interest expense	(13.8)	(12.9)	(34.5)	(39.2)
Income (loss) from continuing operations before income taxes	80.0	45.0	(9.7)	105.3
Income tax provision	(24.0)	(8.5)	(43.2)	(25.8)
Income (loss) from continuing operations	56.0	36.5	(52.9)	79.4
Income from discontinued operations, net of taxes	—	0.2	0.1	—
Net income (loss)	56.0	36.8	(52.8)	79.4
Other comprehensive income (loss)				
Interest rate swaps	0.7	(5.7)	(9.2)	(17.9)
Foreign currency translation	4.3	(4.6)	0.5	(2.4)
Income tax (provision) benefit	(0.2)	1.6	2.5	4.9
Comprehensive income (loss)	$ 60.8	$ 28.0	$ (59.0)	$ 64.0
Net income (loss) per common share — Basic				
Income (loss) from continuing operations	$ 0.84	$ 0.55	$ (0.79)	$ 1.19
Income from discontinued operations	—	—	—	—
Net income (loss)	$ 0.84	$ 0.55	$ (0.79)	$ 1.19
Net income (loss) per common share — Diluted				
Income (loss) from continuing operations	$ 0.83	$ 0.55	$ (0.79)	$ 1.19
Income from discontinued operations	—	—	—	—
Net income (loss)	$ 0.83	$ 0.55	$ (0.79)	$ 1.19
Weighted-average common and common equivalent shares outstanding				
Basic	66.9	66.6	66.9	66.5
Diluted	67.2	67.0	66.9	66.8

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended July 31,				Nine Months Ended July 31,			
	2020		2019		2020		2019	
(in millions, except per share amounts)	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock								
Balance, beginning of period	66.6	$ 0.7	66.3	$ 0.7	66.6	$ 0.7	66.0	$ 0.7
Stock issued under employee stock purchase and share-based compensation plans	—	—	0.1	—	0.2	—	0.4	—
Repurchase of common stock	—	—	—	—	(0.2)	—	—	—
Balance, end of period	66.7	0.7	66.4	0.7	66.7	0.7	66.4	0.7
Additional Paid-in Capital								
Balance, beginning of period		707.1		700.6		708.9		691.8
Stock issued under employee stock purchase and share-based compensation plans, net		0.9		1.5		—		1.5
Share-based compensation expense		6.9		4.8		11.1		13.6
Repurchase of common stock		—		—		(5.1)		—
Balance, end of period		714.9		706.9		714.9		706.9
Accumulated Other Comprehensive Loss, Net of Taxes								
Balance, beginning of period		(34.9)		(15.7)		(23.9)		(9.0)
Other comprehensive income (loss)		4.8		(8.7)		(6.2)		(15.4)
Balance, end of period		(30.1)		(24.4)		(30.1)		(24.4)
Retained Earnings								
Balance, beginning of period		722.3		795.9		856.3		771.2
Net income (loss)		56.0		36.8		(52.8)		79.4
Dividends								
Common stock ($0.185, $0.180, $0.555, and $0.540 per share)		(12.3)		(11.9)		(37.0)		(35.8)
Stock issued under share-based compensation plans		(0.1)		(0.1)		(0.6)		(0.8)
Cumulative effect adjustment for adoption of Accounting Standards Update 2014-09		—		—		—		6.5
Balance, end of period		765.9		820.5		765.9		820.5
Total Stockholders' Equity		$ 1,451.3		$ 1,503.6		$ 1,451.3		$ 1,503.6

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in millions)	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019
Cash flows from operating activities		
Net (loss) income	$ (52.8)	$ 79.4
Income from discontinued operations, net of taxes	(0.1)	—
(Loss) income from continuing operations	(52.9)	79.4
Adjustments to reconcile (loss) income from continuing operations to net cash provided by operating activities of continuing operations		
Depreciation and amortization	73.2	81.4
Impairment loss	172.8	—
Deferred income taxes	(19.4)	(3.8)
Share-based compensation expense	11.1	13.6
Provision for bad debt	19.5	5.0
Amortization of accumulated other comprehensive gain on interest rate swaps	(5.0)	(4.3)
Discount accretion on insurance claims	0.6	0.6
Loss (gain) on sale of assets	1.4	(0.1)
Income from unconsolidated affiliates	(2.0)	(2.4)
Distributions from unconsolidated affiliates	0.1	3.6
Changes in operating assets and liabilities		
Trade accounts receivable and costs incurred in excess of amounts billed	148.3	(120.6)
Prepaid expenses and other current assets	(39.3)	(16.1)
Right-of-use assets	10.9	—
Other noncurrent assets	(2.0)	6.7
Trade accounts payable and other accrued liabilities	(125.6)	41.0
Long-term lease liabilities	(13.1)	—
Insurance claims	20.2	8.0
Income taxes payable	5.9	13.7
Other noncurrent liabilities	54.2	8.3
Total adjustments	311.6	34.6
Net cash provided by operating activities of continuing operations	258.7	114.0
Net cash provided by operating activities of discontinued operations	0.1	—
Net cash provided by operating activities	258.8	114.0
Cash flows from investing activities		
Additions to property, plant and equipment	(28.9)	(44.4)
Proceeds from sale of assets	5.8	0.3
Proceeds from redemption of auction rate security	5.0	—
Net cash used in investing activities	(18.1)	(44.1)
Cash flows from financing activities		
(Taxes withheld) and proceeds from issuance of share-based compensation awards, net	(0.6)	0.7
Repurchases of common stock	(5.1)	—
Dividends paid	(37.0)	(35.8)
Deferred financing costs paid	(4.4)	—
Borrowings from credit facility	1,052.0	1,219.9
Repayment of borrowings from credit facility	(1,103.1)	(1,236.8)
Changes in book cash overdrafts	31.3	3.4
Financing of energy savings performance contracts	1.5	4.9
Repayment of finance leases	(2.7)	(2.7)
Net cash used in financing activities	(68.1)	(46.4)
Effect of exchange rate changes on cash and cash equivalents	(1.7)	(2.1)
Net increase in cash and cash equivalents	170.9	21.5
Cash and cash equivalents at beginning of year	58.5	39.1
Cash and cash equivalents at end of period	$ 229.4	$ 60.5

See accompanying notes to unaudited consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. THE COMPANY AND NATURE OF OPERATIONS

ABM Industries Incorporated, which operates through its subsidiaries (collectively referred to as "ABM," "we," "us," "our," or the "Company"), is a leading provider of integrated facility services with a mission to **make a difference, every person, every day**. We are organized into four industry groups and one Technical Solutions segment:

Through these groups, we offer janitorial, facilities engineering, parking, and specialized mechanical and electrical technical solutions, on a standalone basis or in combination with other services.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with (i) United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and (ii) the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of our management, our unaudited consolidated financial statements and accompanying notes (the "Financial Statements") include all normal recurring adjustments that are necessary for the fair statement of the interim periods presented. Interim results of operations are not necessarily indicative of results for the full year. The Financial Statements should be read in conjunction with our audited consolidated financial statements (and notes thereto) in our Annual Report on Form 10-K for the year ended October 31, 2019 ("Annual Report"). Unless otherwise indicated, all references to years are to our fiscal years, which end on October 31.

Impact of the Novel Coronavirus Pandemic

A novel strain of coronavirus ("COVID-19") has resulted in a worldwide health pandemic (the "Pandemic"). To date, the Pandemic has surfaced in nearly all regions around the world and resulted in business slowdowns and shutdowns, as well as global travel restrictions. In these financial statements and related disclosures we have assessed the current impact of the Pandemic on our financial condition, results of operations, and cash flows, as well as our estimates, forecasts, and accounting policies. We have made additional disclosures of these assessments, as necessary. Given the unprecedented nature of this situation, we cannot reasonably estimate the full extent of impact the Pandemic will have on our financial condition, results of operations, or cash flows in the foreseeable future. The ultimate impact of the Pandemic on our company is highly uncertain and will depend on future developments, and such impacts could exist for an extended period of time, even after the Pandemic subsides.

The Pandemic continues to create a dynamic client environment, and we are working diligently to ensure our clients' changing staffing and service needs are met while actively managing direct labor and related personnel costs, including furloughs or reduced hours for certain service employees in markets significantly impacted by business slowdowns and shutdowns.

In addition, during the second and third quarters of 2020, we took several human capital management actions to help align our organization operationally and help mitigate the financial impact of the Pandemic on our business, one of which included temporary furloughs for certain staff and management employees. To continue supporting furloughed staff and management employees during the Pandemic, we paid 100% of health insurance premiums during the furlough period for those enrolled in health benefit plans. Most of the furloughed staff and management employees returned to work effective August 1, 2020, and we have not accrued any additional expenses associated with these employees as of and for the three months ended July 31, 2020.

Refer to additional discussion regarding the Pandemic and the impact on our business throughout this document, including Note 7, “Fair Value of Financial Instruments,” Note 9, “Credit Facility,” and Item 2., “Management’s Discussion and Analysis of Financial Conditions and Results of Operations.”

Rounding

We round amounts in the Financial Statements to millions and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding.

Discontinued Operations

Following the sale of our Security business in 2015, we record all costs associated with this former business in discontinued operations. Such costs generally relate to litigation we retained and insurance reserves.

Management Reimbursement Revenue by Segment

We operate certain parking facilities under management reimbursement arrangements. Under these arrangements, we manage the parking facilities for management fees and pass through the revenues and expenses associated with the facilities to the owners. These revenues and expenses are reported in equal amounts as costs reimbursed from our managed locations:

	Three Months Ended July 31,		Nine Months Ended July 31,	
(in millions)	2020	2019	2020	2019
Business & Industry	$ 42.6	$ 70.9	$ 178.0	$ 211.2
Aviation	14.8	24.4	61.4	72.0
Total	$ 57.4	$ 95.3	$ 239.3	$ 283.2

Recently Adopted Accounting Standards

Our significant accounting policies are described in Note 2, “Basis of Presentation and Significant Accounting Policies,” in our Annual Report. There have been no material changes to our significant accounting policies during the nine months ended July 31, 2020, other than as described below.

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. Since the release of ASU 2016-02, the FASB issued the following additional ASUs further updating Topic 842:

- In January 2018, ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*
- In July 2018, ASU 2018-10, *Codification Improvements to Topic 842*
- In July 2018, ASU 2018-11, *Leases (Topic 842): Targeted Improvements*
- In March 2019, ASU 2019-01, *Leases (Topic 842): Codification Improvements*

Topic 842 replaced existing lease accounting guidance and is intended to provide enhanced transparency and comparability by requiring lessees to record most leases on the balance sheet. Under Topic 842, lessees are required to record on the balance sheet right-of-use (“ROU”) assets (the right to use an underlying asset for the lease term) and the corresponding lease liabilities (the obligation to make lease payments arising from the lease). The new guidance requires us to continue classifying leases as either operating or financing, with classification affecting the pattern of expense recognition in the Consolidated Statements of Comprehensive Income (Loss). In addition, the new standard requires enhanced disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leasing arrangements.

We adopted Topic 842 on November 1, 2019 on a modified retrospective basis using the optional transition method permitted under ASU 2018-11 and have used this effective date as the initial application date. Comparative prior period financial statements have not been restated and continue to be reported under the accounting standards in effect for those prior periods presented.

Upon adoption, we elected the package of transition practical expedients that allowed us to carry forward prior conclusions related to: (i) whether any expired or existing contracts are or contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for existing leases. Additionally, we elected the practical expedient of not separating lease components from non-lease components for all asset classes. We also made an accounting policy election to not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and will recognize payments for such leases in our Consolidated Statements of Comprehensive Income (Loss) on a straight-line basis over the lease term. We did not elect the use of hindsight for determining the reasonably certain lease term.

The adoption of Topic 842 had a significant impact on our unaudited Consolidated Balance Sheet, but did not have a significant impact on our unaudited Consolidated Statement of Comprehensive Income (Loss), our unaudited Consolidated Statement of Stockholders' Equity, our unaudited Consolidated Statement of Cash Flows, our liquidity, or our compliance with the various covenants contained within our credit facility, as further described in Note 9, "Credit Facility." The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged. See Note 4, "Leases," for additional information on our lease arrangements.

The impact of adoption of Topic 842 on our unaudited Consolidated Balance Sheet was as follows:

(in millions)	Balance at October 31, 2019	Adjustments Due to Adoption of Topic 842	Balance at November 1, 2019
ASSETS			
Right-of-use assets[1]	$ —	$ 167.5	$ 167.5
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current portion of lease liabilities[2]	$ —	$ 36.3	$ 36.3
Other accrued liabilities[3]	158.2	(3.0)	155.2
Long-term lease liabilities[4]	—	154.2	154.2
Other noncurrent liabilities[5]	78.8	(20.0)	58.8

[1] Represents capitalization of operating lease assets and reclassification of prepaid rent, deferred rent, lease exit impairment liabilities, and lease incentives and tenant improvements on operating leases.

[2] Represents the recognition of short-term operating lease liabilities.

[3] Represents short-term deferred rent reclassified to ROU assets.

[4] Represents the recognition of long-term operating lease liabilities.

[5] Represents long-term deferred rent, lease incentives and tenant improvements, and lease exit impairment liabilities reclassified to ROU assets.

In April 2020, the FASB issued a question and answer document focused on the application of lease accounting guidance to lease concessions provided as a result of the Pandemic (the "Lease Modification Q&A"). The Lease Modification Q&A provides entities with the option to elect to account for lease concessions as though the enforceable rights and obligations existed in the original lease when the total cash flows resulting from the modified lease are substantially similar to the cash flows in the original lease. We have elected this practical expedient for Pandemic-related rent concessions, primarily rent deferrals or rent abatements, and we have elected not to remeasure the related lease liability and ROU asset for those leases. These concessions will be recognized as a reduction of rent expense in the month they occur. This election will continue while these concessions are in effect. Pandemic-related lease concessions were not material for the three and nine months ended July 31, 2020.

We do not expect there to be a significant impact on our fiscal 2021 consolidated financial statements from any recently issued accounting pronouncements that we have not yet adopted.

3. REVENUES

Disaggregation of Revenues

We generate revenues under several types of contracts, as further explained below. The type of contract is determined by the nature of the services provided by each of our major service lines throughout our reportable segments; therefore, we disaggregate revenues from contracts with customers into major service lines. We have determined that disaggregating revenues into these categories best depicts how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors. Our reportable segments are Business & Industry ("B&I"), Technology and Manufacturing ("T&M"), Education, Aviation, and Technical Solutions, as described in Note 13, "Segment Information."

	Three Months Ended July 31, 2020						Nine Months Ended July 31, 2020					
(in millions)	B&I	T&M	Education	Aviation	Technical Solutions	Total	B&I	T&M	Education	Aviation	Technical Solutions	Total
Janitorial[1]	$ 596.9	$ 197.1	$ 165.7	$ 26.9	$ —	$ 986.6	$ 1,786.9	$ 573.1	$ 529.4	$ 91.2	$ —	$ 2,980.5
Parking[2]	67.7	8.5	0.2	46.9	—	123.3	290.7	24.0	1.5	203.1	—	519.4
Facility Services[3]	92.2	37.6	22.7	6.3	—	158.8	285.5	113.7	65.7	24.8	—	489.7
Building & Energy Solutions[4]	—	—	—	—	119.2	119.2	—	—	—	—	383.5	383.5
Airline Services[5]	0.1	—	—	36.2	—	36.3	0.3	—	—	220.7	—	221.0
	$ 756.9	$ 243.2	$ 188.6	$ 116.4	$ 119.2	$ 1,424.2	$ 2,363.4	$ 710.8	$ 596.6	$ 539.9	$ 383.5	$ 4,594.1
Elimination of inter-segment revenues						(30.1)						(91.1)
Total						$ 1,394.1						$ 4,503.0

	Three Months Ended July 31, 2019						Nine Months Ended July 31, 2019					
(in millions)	B&I	T&M	Education	Aviation	Technical Solutions	Total	B&I	T&M	Education	Aviation	Technical Solutions	Total
Janitorial[1]	$ 576.9	$ 184.2	$ 191.4	$ 32.4	$ —	$ 985.0	$ 1,738.2	$ 554.4	$ 566.8	$ 94.0	$ —	$ 2,953.4
Parking[2]	129.5	6.3	0.7	83.6	—	220.1	383.3	19.6	2.3	253.7	—	658.8
Facility Services[3]	101.4	36.5	23.3	18.5	—	179.6	322.5	113.2	64.6	54.5	—	554.7
Building & Energy Solutions[4]	—	—	—	—	165.7	165.7	—	—	—	—	417.7	417.7
Airline Services[5]	0.1	—	—	128.8	—	128.9	0.5	0.1	—	363.7	—	364.2
	$ 807.9	$ 226.9	$ 215.4	$ 263.3	$ 165.7	$ 1,679.3	$ 2,444.5	$ 687.3	$ 633.6	$ 765.8	$ 417.7	$ 4,948.9
Elimination of inter-segment revenues						(31.3)						(98.3)
Total						$ 1,647.9						$ 4,850.6

(1) Janitorial arrangements provide a wide range of essential cleaning services for commercial office buildings, airports and other transportation centers, educational institutions, government buildings, health facilities, industrial buildings, retail stores, and stadiums and arenas. These arrangements are often structured as monthly fixed-price, square-foot, cost-plus, and tag services (work orders) contracts.

(2) Parking arrangements provide parking and transportation services for clients at various locations, including airports and other transportation centers, commercial office buildings, educational institutions, health facilities, hotels, and stadiums and arenas. These arrangements are structured as management reimbursement, leased location, and allowance contracts. Certain of these arrangements are considered service concession agreements and are accounted for under the guidance of Topic 853; accordingly, rent expense related to these arrangements is recorded as a reduction of the related parking service revenues.

(3) Facility Services arrangements provide onsite mechanical engineering and technical services and solutions relating to a broad range of facilities and infrastructure systems that are designed to extend the useful life of facility fixed assets, improve equipment operating efficiencies, reduce energy consumption, lower overall operational costs for clients, and enhance the

sustainability of client locations. These arrangements are generally structured as monthly fixed-price, cost-plus, and tag services contracts.

(4) Building & Energy Solutions arrangements provide custom energy solutions, electrical, HVAC, lighting, and other general maintenance and repair services for clients in the public and private sectors and are generally structured as Energy Savings and Fixed-Price Repair and Refurbishment contracts. We also franchise certain operations under franchise agreements relating to our Linc Network and TEGG brands, pursuant to franchise contracts.

(5) Airline Services arrangements support airlines and airports with services such as passenger assistance, catering logistics, and airplane cabin maintenance. These arrangements are often structured as monthly fixed-price, cost-plus, transaction price, and hourly contracts.

Contract Types

We have arrangements under various contract types, as described in Note 2, "Basis of Presentation and Significant Accounting Policies," in our Annual Report.

Certain arrangements involve variable consideration (primarily per transaction fees, reimbursable expenses, and sales-based royalties). We do not estimate the variable consideration for these arrangements; rather, we recognize these variable fees as they are earned.

The majority of our contracts include performance obligations that are primarily satisfied over time as we provide the related services. These contract types include: monthly fixed-price; square-foot; cost-plus; tag services; transaction-price; hourly; management reimbursement; leased location; allowance; energy savings contracts; and fixed-price repair and refurbishment contracts, as well as our franchise and royalty fee arrangements. We recognize revenue as the services are performed using a measure of progress that is determined by the contract type. Generally, most of our contracts are cancelable by either party without a substantive penalty, and the majority have a notification period of 30 to 60 days.

We primarily account for our performance obligations under the series guidance, using the as-invoiced practical expedient when applicable. We apply the as-invoiced practical expedient to record revenue as the services are provided, given the nature of the services provided and the frequency of billing under the customer contracts. Under this practical expedient, we recognize revenue in an amount that corresponds directly with the value to the customer of our performance completed to date and for which we have the right to invoice the customer.

Remaining Performance Obligations

At July 31, 2020, performance obligations that were unsatisfied or partially unsatisfied for which we expect to recognize revenue totaled $181.5 million. We expect to recognize revenue on approximately 83% of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter, based on our estimates of project timing.

These amounts exclude variable consideration primarily related to: (i) contracts where we have determined that the contract consists of a series of distinct service periods and revenues are based on future performance that cannot be estimated at contract inception; (ii) parking contracts where we and the customer share the gross revenues or operating profit for the location; and (iii) contracts where transaction prices include performance incentives that are based on future performance and therefore cannot be estimated at contract inception. We apply the practical expedient that permits exclusion of information about the remaining performance obligations with original expected durations of one year or less.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets and contract liabilities, as further explained below. The timing of revenue recognition may differ from the timing of invoicing to customers.

Contract assets primarily consist of billed trade receivables, unbilled trade receivables, and costs incurred in excess of amounts billed. Billed and unbilled trade receivables represent amounts from work completed in which we have an unconditional right to bill our customer. Costs incurred in excess of amounts billed typically arise when the revenue recognized on a project exceeds the amount billed to the customer. These amounts are transferred to billed trade receivables when the rights become unconditional. Contract assets also include the capitalization of incremental costs of obtaining a contract with a customer, primarily commissions. Commissions expense is recognized on a straight-line basis over a weighted average expected customer relationship period.

Contract liabilities consist of deferred revenue and advance payments and billings in excess of revenue recognized. We generally classify contract liabilities as current since the related contracts are generally for a period of one year or less. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation.

The following tables present the balances in our contract assets and contract liabilities:

(in millions)	July 31, 2020	October 31, 2019
Contract assets		
Billed trade receivables[1]	$ 829.3	$ 978.7
Unbilled trade receivables[1]	52.2	56.9
Costs incurred in excess of amounts billed[2]	72.5	72.6
Capitalized commissions[3]	22.6	21.8

[1] Included in trade accounts receivable, net, on the consolidated balance sheets. The fluctuations correlate directly to the execution of new customer contracts and to invoicing and collections from customers in the normal course of business.

[2] Fluctuation is primarily due to the timing of payments on our contracts measured using the cost-to-cost method of revenue recognition.

[3] Included in other current assets and other noncurrent assets on the consolidated balance sheets. During the nine months ended July 31, 2020, we capitalized $10.6 million of new costs and amortized $9.8 million of previously capitalized costs. There was no impairment loss recorded on the costs capitalized.

(in millions)	Nine Months Ended July 31, 2020
Contract liabilities[1]	
Balance at beginning of period	$ 38.0
Additional contract liabilities	246.1
Recognition of deferred revenue	(241.7)
Balance at end of period	$ 42.3

[1] Included in other accrued liabilities on the consolidated balance sheets.

4. LEASES

We primarily lease office space, parking facilities, warehouses, vehicles, and equipment. We determine if an arrangement is a lease at inception and begin recording lease activity at the commencement date, which is generally the date in which we take possession of or control the physical use of the asset. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. We use our incremental borrowing rate to determine the present value of future lease payments unless the implicit rate in a lease is readily determinable. Our incremental borrowing rate is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. This incremental borrowing rate is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities. Our incremental borrowing rate as of November 1, 2019 was utilized for the initial measurement of operating lease liabilities upon adoption of Topic 842, as described in Note 2, “Basis of Presentation and Significant Accounting Policies.”

Our lease terms range from 1 to 30 years. Some leases include one or more options to renew, with renewal terms that can extend the lease term. We typically include options to extend the lease in a lease term when it is reasonably certain that we will exercise that option and when doing so is at our sole discretion. Certain equipment and vehicle leases may also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Typically, if we decide to cancel or terminate a lease before the end of its term, we would owe the lessor the remaining lease payments under the term of such lease. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We may rent or sublease to third parties certain real estate assets that we no longer use.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. Prior to November 1, 2019, we recognized lease expense related to operating leases on a straight-line basis over the terms of the leases and, accordingly, recorded the difference between cash rent payments and recognition of rent expense as a deferred rent liability or prepaid rent. Landlord-funded leasehold improvements were also recorded as deferred rent liabilities and were amortized as a reduction of rent expense over the noncancelable term of the related operating lease. The ROU assets recognized upon adoption of Topic 842 include cumulative prepaid or accrued rent on the adoption date, unamortized lease incentives, and unamortized initial direct costs initially recognized prior to adoption of Topic 842. Following adoption of Topic 842, ROU assets include amounts for scheduled rent increases and are reduced by lease incentive amounts.

Certain of our lease agreements include variable rent payments, consisting primarily of rental payments adjusted periodically for inflation and amounts paid to the lessor based on cost or consumption, such as maintenance and utilities. Certain of our parking arrangements also contain variable rent payments that are a percentage of parking services revenue based on contractual levels. Variable rent lease components are not included in the lease liability.

Service concession arrangements within the scope of ASU No. 2017-10, *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services*, are excluded from the scope of Topic 842. Lease costs associated with these arrangements are recorded as a reduction of revenues. See Note 3, “Revenues,” for further discussion.

The components of lease assets and liabilities and their classification on our unaudited Consolidated Balance Sheets as of July 31, 2020 were as follows:

(in millions)	Classification		Balance at July 31, 2020
Lease assets			
Operating leases	Right-of-use assets	$	156.6
Finance leases	Property, plant and equipment, net[1]		6.8
Total lease assets		$	163.4
Lease liabilities			
Current liabilities			
Operating leases	Current portion of lease liabilities	$	37.2
Finance leases	Other accrued liabilities		4.1
Noncurrent liabilities			
Operating leases	Long-term lease liabilities		141.1
Finance leases	Other noncurrent liabilities		1.8
Total lease liabilities		$	184.2

[1] Finance lease assets are recorded net of accumulated amortization of $13.9 million as of July 31, 2020.

Total lease costs for the three and nine months ended July 31, 2020 were $22.3 million and $75.9 million, respectively, including operating leases of $21.0 million and $72.2 million, respectively, and finance leases of $1.3 million, and $3.7 million, respectively. The components of lease costs and classification within the unaudited Consolidated Statements of Comprehensive Income (Loss) were as follows:

(in millions)		Three Months Ended July 31, 2020		Nine Months Ended July 31, 2020
Operating lease costs:				
Operating expenses[1][2]	$	14.8	$	52.9
Selling, general and administrative expenses[3]		6.2		19.3
Finance lease costs:				
Operating expenses[4]		1.2		3.3
Interest expense[5]		0.1		0.4
Total lease costs	$	22.3	$	75.9

[1] Related to certain parking arrangements.

[2] Includes short-term lease costs and variable lease costs.

[3] Includes short-term lease costs.

[4] Represents amortization of leased assets.

[5] Interest on lease liabilities.

The following table presents information on short-term and variable lease costs:

(in millions)		Three Months Ended July 31, 2020		Nine Months Ended July 31, 2020
Short-term lease costs	$	9.5	$	35.9
Variable lease costs		—		3.0
Total short-term and variable lease costs	$	9.5	$	38.9

Sublease income generated during the three and nine months ended July 31, 2020 was immaterial. We continue to monitor the impact of the Pandemic on our subleases; however, we do not expect a significant impact.

The amounts of future undiscounted cash flows related to the lease payments over the lease terms and the reconciliation to the present value of the lease liabilities as recorded on our unaudited Consolidated Balance Sheets as of July 31, 2020 are as follows:

(in millions)		Operating Lease Liabilities		Finance Lease Liabilities		Total
Remainder of fiscal 2020	$	11.3	$	1.0	$	12.3
Fiscal 2021		42.4		3.3		45.7
Fiscal 2022		35.0		1.7		36.7
Fiscal 2023		29.5		0.9		30.4
Fiscal 2024		24.0		—		24.0
Thereafter		61.4		—		61.4
Total lease payments		203.7		6.9		210.5
Less: imputed interest		25.4		1.0		26.3
Present value of lease liabilities	$	178.3	$	5.9	$	184.2

Future sublease rental income was excluded for the periods shown above as the amounts are immaterial.

We have entered into operating lease arrangements as of July 31, 2020 that are effective for future periods. The total amount of ROU assets and lease liabilities related to these arrangements is immaterial.

The following table includes the weighted-average remaining lease terms, in years, and the weighted-average discount rate used to calculate the present value of operating lease liabilities:

	As of July 31, 2020
Weighted-average remaining lease term (years)	
Operating leases	6.1
Finance leases	2.2
Weighted-average discount rate	
Operating leases	4.11 %
Finance leases	4.50 %

The following table includes supplemental cash and non-cash information related to operating leases:

(in millions)		Nine Months Ended July 31, 2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	34.5
Operating cash flows from finance leases		0.4
Financing cash flows from finance leases		2.7
Lease assets obtained in exchange for new operating lease liabilities[1]		15.4

[1] Excludes the amount initially capitalized in conjunction with the adoption of Topic 842.

As previously disclosed in our Annual Report, the amounts of minimum future commitments under non-cancelable operating and capital leases as of October 31, 2019 in accordance with Topic 840 were as follows:

(in millions)	Operating and Other[1]	Capital	Total
Fiscal 2020	$ 42.8	$ 3.1	$ 45.9
Fiscal 2021	35.5	2.5	38.0
Fiscal 2022	30.3	1.3	31.6
Fiscal 2023	25.6	0.6	26.2
Fiscal 2024	20.5	—	20.5
Thereafter	51.8	—	51.8
Total[2]	$ 206.5	$ 7.5	$ 214.0

[1] Includes total estimated sublease rental income of $15.8 million.

[2] Total undiscounted future minimum payments.

5. RESTRUCTURING AND RELATED COSTS

We may periodically engage in various restructuring activities intended to drive long-term profitable growth and increase operational efficiency, which can include streamlining and realigning our overall organizational structure and reallocating resources. These activities may result in restructuring costs related to employee severance, other project fees, external support fees, lease exit costs, and asset impairment charges. Recently, our significant restructuring activities have been primarily associated with integrating our acquisition of GCA Services Group ("GCA") and implementing our **2020 Vision** initiative, as described below.

GCA Restructuring and Other Initiatives

Following the acquisition of GCA, during the first quarter of 2018 we initiated a restructuring program to achieve cost synergies and subsequently incurred expenses primarily related to employee severance, the migration and upgrade of several key technology platforms, and the consolidation of certain real estate leases. Additionally, during 2019 we reorganized our former Healthcare business and incurred immaterial severance expense. In early 2020 we continued our technology-based modernization efforts, including standardizing our financial systems. However, due to the Pandemic, the majority of these projects have been temporarily suspended since the second quarter of 2020.

2020 Vision Restructuring

During the fourth quarter of 2015, we initiated a restructuring plan as part of a comprehensive strategy intended to have a positive transformative effect on ABM (the "**2020 Vision**"). These actions were substantially completed by the end of fiscal 2019 at a cumulative cost of $66.5 million.

Rollforward of Restructuring and Related Liabilities

(in millions)	Balance, October 31, 2019	Costs Recognized[1]	Payments	Non-Cash Items	Balance, July 31, 2020
Employee severance	$ 3.0	$ 0.3	$ (1.8)	$ —	$ 1.5
External support fees	0.5	1.4	(1.9)	—	—
Other project fees	0.7	3.3	(3.7)	(0.2)	0.2
Lease exit costs and asset impairment	2.7	—	(0.2)	(2.5)	—
Total	$ 7.0	$ 5.0	$ (7.6)	$ (2.7)	$ 1.7

[1] We include these costs within corporate expenses.

Cumulative Restructuring and Related Charges

(in millions)	External Support Fees	Employee Severance	Other Project Fees	Lease Exit Costs	Asset Impairment	Total
GCA and Other	$ 4.9	$ 18.3	$ 15.7	$ 0.7	$ —	$ 39.6
2020 Vision	30.0	13.0	10.7	7.7	5.2	66.5
Total	$ 34.9	$ 31.3	$ 26.3	$ 8.4	$ 5.2	$ 106.1

6. NET INCOME (LOSS) PER COMMON SHARE

Basic and Diluted Net Income (Loss) Per Common Share Calculations

	Three Months Ended July 31,		Nine Months Ended July 31,	
(in millions, except per share amounts)	2020	2019	2020	2019
Income (loss) from continuing operations	$ 56.0	$ 36.5	$ (52.9)	$ 79.4
Income from discontinued operations, net of taxes	—	0.2	0.1	—
Net income (loss)	$ 56.0	$ 36.8	$ (52.8)	$ 79.4
Weighted-average common and common equivalent shares outstanding — Basic	66.9	66.6	66.9	66.5
Effect of dilutive securities[1]				
Restricted stock units	0.1	0.2	—	0.2
Stock options	0.1	0.1	—	0.1
Performance shares	0.1	—	—	—
Weighted-average common and common equivalent shares outstanding — Diluted	67.2	67.0	66.9	66.8
Net income (loss) per common share — Basic				
Income (loss) from continuing operations	$ 0.84	$ 0.55	$ (0.79)	$ 1.19
Income from discontinued operations	—	—	—	—
Net income (loss)	$ 0.84	$ 0.55	$ (0.79)	$ 1.19
Net income (loss) per common share — Diluted				
Income (loss) from continuing operations	$ 0.83	$ 0.55	$ (0.79)	$ 1.19
Income from discontinued operations	—	—	—	—
Net income (loss)	$ 0.83	$ 0.55	$ (0.79)	$ 1.19

[1] Excludes the impact of potentially dilutive outstanding share-based securities that are excluded from the calculation of diluted loss per share in periods when we have a loss, as their inclusion would have an anti-dilutive effect. Such impact is included in the table below.

Anti-Dilutive Outstanding Stock Awards Issued Under Share-Based Compensation Plans

	Three Months Ended July 31,		Nine Months Ended July 31,	
(in millions)	2020	2019	2020	2019
Anti-dilutive	0.4	0.1	0.6	0.3

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy of Our Financial Instruments

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

(in millions)	Fair Value Hierarchy	July 31, 2020	October 31, 2019
Cash and cash equivalents[1]	1	$ 229.4	$ 58.5
Insurance deposits[2]	1	0.7	0.8
Assets held in funded deferred compensation plan[3]	1	2.6	2.5
Credit facility[4]	2	757.3	808.4
Interest rate swap liabilities[5]	2	18.8	14.6
Investments in auction rate securities[6]	3	—	5.0

[1] Cash and cash equivalents are stated at nominal value, which equals fair value.

[2] Represents restricted deposits that are used to collateralize our insurance obligations and are stated at nominal value, which equals fair value. These insurance deposits are included in "Other noncurrent assets" on the accompanying unaudited Consolidated Balance Sheets. See Note 8, "Insurance," for further information.

[3] Represents investments held in a Rabbi trust associated with one of our deferred compensation plans, which we include in "Other noncurrent assets" on the accompanying unaudited Consolidated Balance Sheets. The fair value of the assets held in the funded deferred compensation plan is based on quoted market prices.

[4] Represents gross outstanding borrowings under our syndicated line of credit and term loan. Due to variable interest rates, the carrying value of outstanding borrowings under our line of credit and term loan approximates the fair value. See Note 9, "Credit Facility," for further information.

[5] Represents interest rate swap derivatives designated as cash flow hedges. The fair values of the interest rate swaps are estimated based on the present value of the difference between expected cash flows calculated at the contracted interest rates and the expected cash flows at current market interest rates using observable benchmarks for the London Interbank Offered Rate ("LIBOR") forward rates at the end of the period. At July 31, 2020 and October 31, 2019, our interest rate swaps are included in "Other noncurrent liabilities" on the accompanying unaudited Consolidated Balance Sheets. See Note 9, "Credit Facility," for further information.

[6] The fair value of investments in auction rate securities is based on discounted cash flow valuation models, primarily utilizing unobservable inputs, including assumptions about the underlying collateral, credit risks associated with the issuer, credit enhancements associated with financial insurance guarantees, and the possibility of the security being re-financed by the issuer or having a successful auction.

At October 31, 2019 we held an investment in one auction rate security that had an original principal amount, amortized cost, and fair value of $5.0 million that was included in "Other investments" on the accompanying unaudited Consolidated Balance Sheets. During the first quarter of 2020, this auction rate security was called by the issuer, and we received proceeds for the fair value of this debt instrument of $5.0 million. There were no unrealized gains or losses on this auction rate security included in accumulated other comprehensive loss ("AOCL"). At July 31, 2020 we had no investments in auction rate securities.

During the nine months ended July 31, 2020, we had no transfers of assets or liabilities between any of the above hierarchy levels.

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain items at fair value on a non-recurring basis. These assets can include: goodwill; intangible assets; property, plant and equipment; lease-related ROU assets; and long-lived assets that have been reduced to fair value when they are held for sale. If certain triggering events occur, or if an annual impairment test is required, we would evaluate these non-financial assets for impairment. If an impairment were to occur, the asset would be recorded at the estimated fair value, using primarily unobservable Level 3 inputs.

During the second quarter of 2020, given the general deterioration in economic and market conditions arising from the Pandemic, we identified a triggering event indicating possible impairment of goodwill and intangible assets, as further described below. We did not identify impairment of our property, plant and equipment, lease-related ROU assets, or long-lived assets.

Goodwill

Due to the triggering event identified above arising from the impact of the Pandemic, we first performed a qualitative assessment of goodwill to determine whether it was more likely than not that impairment occurred within our goodwill reporting units in the second quarter of 2020. Based on this qualitative assessment, we determined that goodwill impairment was not more likely than not in our goodwill reporting units, other than in Education, Aviation, and our U.K. Technical Solutions business. As a result, we performed an interim quantitative impairment test as of March 31, 2020, on these three goodwill reporting units.

For the three goodwill reporting units tested quantitatively, we estimated the fair value using a weighting of fair values derived from an income approach and a market approach, as further described below. Based on the evaluation performed, we determined that goodwill was impaired for each of the three goodwill reporting units evaluated and recognized a non-cash impairment charge totaling $163.8 million ($99.3 million related to Education, $55.5 million related to Aviation, and $9.0 million related to our U.K. Technical Solutions business). The impairment charge is included in “Impairment loss” on our unaudited Consolidated Statements of Comprehensive Income (Loss) for the nine months ended July 31, 2020, and is not tax deductible. During the three months ended July 31, 2020, we did not identify any triggering events, and thus, there were no goodwill impairments recorded during the quarter. The only other changes to the balance of goodwill from October 31, 2019, are translation adjustments.

We estimate the fair value of each reporting unit using a combination of the income approach and the market approach. The income approach incorporates the use of a discounted cash flow method in which the estimated future cash flows and terminal value are calculated for each reporting unit and then discounted to present value using an appropriate discount rate. The discount rates utilized in the income approach valuation method are summarized in the table below.

	Discount Rates
Education	10.0%
Aviation	10.5%
Technical Solutions	11.0%

The market approach estimates the fair value of a reporting unit by using market comparables for reasonably similar public companies and a control premium of 15.0%.

The valuation of our reporting units requires significant judgment in evaluating recent indicators of market activity and estimated future cash flows, discount rates, and other factors. Our impairment analyses contain inherent uncertainties due to uncontrollable events that could positively or negatively impact anticipated future economic and operating conditions. In making these estimates, the weighted-average cost of capital is utilized to calculate the present value of future cash flows and terminal value. Many variables go into estimating future cash flows, including estimates of our future revenue growth and operating results. When estimating our projected revenue growth and future operating results, we consider industry trends, economic data, and our competitive advantage. If future cash flows or future growth rates vary from what is expected, including those assumptions relating to the duration and severity of the Pandemic, this may reduce the underlying cash flows used to estimate fair values and result in a further decline in fair value, which may trigger future impairment charges.

Intangible Assets

As a result of the goodwill triggering event described above, we also performed recoverability tests on our intangible assets within each of those segments, primarily customer contracts and relationships, as of March 31, 2020. The recoverability tests were based on forecasts of undiscounted cash flows for each asset group. The results of the recoverability tests indicated certain customer contracts and relationships within our Aviation and U.K. Technical Solutions businesses were not recoverable. As such, we recognized net impairment charges of $5.6 million related to Aviation (consisting of a $13.8 million reduction in the gross carrying amount of the underlying customer relationships less $8.2 million of accumulated amortization) and $3.4 million related to our U.K. Technical Solutions business (consisting of an $8.7 million reduction in the gross carrying amount of the underlying customer relationships less $5.3 million of accumulated amortization). These impairment charges are included in “Impairment loss” on our unaudited Consolidated Statements of Comprehensive Income (Loss) for the nine months ended July 31, 2020. During the three months ended July 31, 2020, we did not identify any triggering events, and thus, there were no impairments recorded during the quarter. The only other changes to the balance of other intangible assets from October 31, 2019, are amortization and translation adjustments.

8. INSURANCE

We use a combination of insured and self-insurance programs to cover workers’ compensation, general liability, automobile liability, property damage, and other insurable risks. For the majority of these insurance programs, we retain the initial $1.0 million to $1.5 million of exposure on a per-occurrence basis, either through deductibles or self-insured retentions. Beyond the retained exposures, we have varying primary policy limits ranging between $1.0 million and $5.0 million per occurrence. To cover general liability and automobile liability losses above these primary limits, we maintain commercial umbrella insurance policies that provide aggregate limits of $200.0 million. Our insurance policies generally cover workers’ compensation losses to the full extent of statutory requirements. Additionally, to cover property damage risks above our retained limits, we maintain policies that provide per occurrence limits of $75.0 million. We are also self-insured for certain employee medical and dental plans. We maintain stop-loss insurance for our self-insured medical plan under which we retain up to $0.5 million of exposure on a per-participant, per-year basis with respect to claims.

We maintain our reserves for workers’ compensation, general liability, automobile liability, and property damage insurance claims based upon known trends and events and the actuarial estimates of required reserves considering the most recently completed actuarial reports. We use all available information to develop our best estimate of insurance claims reserves as information is obtained. The results of actuarial reviews are used to estimate our insurance rates and insurance reserves for future periods and to adjust reserves, if appropriate, for prior years.

Actuarial Review Performed During Q3 2020

We review our self-insurance liabilities on a regular basis and adjust our accruals accordingly. Actual claims activity or development may vary from our assumptions and estimates, which may result in material losses or gains. As we obtain additional information that affects the assumptions and estimates used in our reserve liability calculations, we adjust our self-insurance rates and reserves for future periods and, if appropriate, adjust our reserves for claims incurred in prior accounting periods.

During the third quarter of 2020, we performed a comprehensive actuarial review of the majority of our casualty insurance programs that evaluated changes made to claims reserves and claims payment activity for the period of November 1, 2019 through April 30, 2020 (the “Actuarial Review”). The Actuarial Review was comprehensive in nature and was based on loss development patterns, trend assumptions, and underlying expected loss costs during the period analyzed.

Based on the results of the Actuarial Review, at July 31, 2020, we decreased our total reserves for prior periods by $8.5 million. Together with the $6.6 million decrease we recorded during the first half of 2020, the total decrease to our reserves for claims related to prior periods was $15.1 million for the nine months ended July 31, 2020. This compares to a $2.0 million increase in prior period reserves for the nine months ended July 31, 2019. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

During the fourth quarter of 2020, we expect to perform an update to our Actuarial Review for our significant insurance programs that will use updated claims data and consider changes in claims development and claims payment activity for the periods analyzed. This review will be abbreviated in nature based on actual versus expected development during the periods analyzed, will rely on the key assumptions used in the Actuarial Review (most notably loss development patterns, trend assumptions, and underlying expected loss costs), and will include claims related to certain previously acquired businesses. This review may lead to further adjustments to our insurance reserves.

Insurance Related Balances and Activity

(in millions)	July 31, 2020	October 31, 2019
Insurance claim reserves, excluding medical and dental	$ 521.0	$ 507.8
Medical and dental claim reserves	14.9	7.2
Insurance recoverables	69.2	64.5

At July 31, 2020 and October 31, 2019, insurance recoverables are included in both “Other current assets” and “Other noncurrent assets” on the accompanying unaudited Consolidated Balance Sheets.

Instruments Used to Collateralize Our Insurance Obligations

(in millions)	July 31, 2020	October 31, 2019
Standby letters of credit	$ 143.6	$ 141.0
Surety bonds	85.2	90.8
Restricted insurance deposits	0.7	0.8
Total	$ 229.5	$ 232.6

9. CREDIT FACILITY

On September 1, 2017, we refinanced and replaced our then-existing $800.0 million credit facility with a new senior, secured five-year syndicated credit facility (the “Credit Facility”), consisting of a $900.0 million revolving line of credit and an $800.0 million amortizing term loan, both of which are scheduled to mature on September 1, 2022. In accordance with the terms of the Credit Facility, the revolving line of credit was reduced to $800.0 million on September 1, 2018. In late March 2020, we borrowed approximately $300 million as a precautionary measure to provide increased liquidity and preserve financial flexibility in response to uncertainty resulting from the Pandemic. This represented all remaining amounts then available under the revolving line of credit. During the quarter ended July 31, 2020, the Company repaid substantially all of these amounts borrowed under the revolving line of credit without penalty. The Credit Facility also provides for the issuance of up to $300.0 million for standby letters of credit and the issuance of up to $75.0 million in swingline advances. The obligations under the Credit Facility are secured on a first-priority basis by a lien on substantially all of our assets and properties, subject to certain exceptions. To further enhance our financial flexibility as a precautionary measure in response to uncertainty arising from the Pandemic, we amended our Credit Facility (the “Amendment”) on May 28, 2020, as further described below.

The Amendment modified the financial covenants under the Credit Facility, including: (i) replacing a maximum total leverage ratio with a maximum total net leverage ratio that varies on a quarterly basis and adjusts to 6.50 to 1.00 by the quarter ending October 31, 2020, and back to 4.00 to 1.00 by the quarter ending October 31, 2022; (ii) modifying the minimum fixed charge coverage ratio on a quarterly basis, which adjusts to 1.25 to 1.00 as of the quarter ending April 30, 2022; and (iii) adding a minimum liquidity (defined in the Amendment as domestic cash plus available revolving loans) of $250.0 million. These financial covenants were effective with the quarter ended April 30, 2020. Our borrowing capacity is subject to, and limited by, compliance with these covenants.

The Amendment changed the interest rate, interest margins, and commitment fees applicable to loans and commitments under the Credit Facility. It also added a new anti-cash hoarding mandatory prepayment that requires us to repay outstanding revolving loans or swingline loans if at any time we have in excess of $250 million of cash and cash equivalents on our balance sheet. The Amendment made certain additional changes to the negative covenant restrictions under the Credit Facility, including, subject to certain exceptions, restrictions to our ability to make acquisitions, share repurchases, and other defined restricted payments, depending on our total net leverage ratio. At July 31, 2020, we were in compliance with these covenants.

Prior to the Amendment, borrowings under the Credit Facility bore interest at a rate equal to 1-month LIBOR plus a spread that was based upon our leverage ratio. The spread ranged from 1.00% to 2.25% for Eurocurrency loans and 0.00% to 1.25% for base rate loans. We were also charged a commitment fee, which was paid quarterly in arrears and was based on our leverage ratio, that ranged from 0.200% to 0.350% on the average daily unused portion of the revolving line of credit. For purposes of this calculation, irrevocable standby letters of credit, which are issued primarily in conjunction with our insurance programs, and cash borrowings were included as outstanding under the line of credit.

Subsequent to the Amendment, borrowings under the Credit Facility bear interest at a rate equal to 1-month LIBOR plus a spread that is based upon our total leverage ratio. The spread ranges from 1.00% to 2.75% for revolving Eurocurrency loans and 0.00% to 1.75% for revolving base rate loans. At July 31, 2020, the weighted average interest rate on our outstanding borrowings was 3.42%. We are also charged a commitment fee, which is paid quarterly in arrears and is based on our total leverage ratio, that ranges from 0.200% to 0.450% on the average daily unused portion of the revolving line of credit. For purposes of this calculation, irrevocable standby letters of credit, which are issued primarily in conjunction with our insurance programs, and cash borrowings are included as outstanding under the revolving line of credit.

The Credit Facility also includes customary events of default, such as: failure to pay principal, interest, or fees when due; failure to comply with covenants; the occurrence of certain material judgments; or a change in control of the Company. If certain events of default occur, including certain cross-defaults, insolvency, change in control, or violation of specific covenants, the lenders can terminate or suspend our access to the Credit Facility, declare all amounts outstanding (including all accrued interest and unpaid fees) to be immediately due and payable, and require that we cash collateralize the outstanding standby letters of credit.

Total deferred financing costs related to the Credit Facility of $18.7 million, consisting of $13.4 million related to the term loan and $5.2 million related to the line of credit, are being amortized to interest expense over the term of the Credit Facility. We incurred total fees of $4.6 million in conjunction with the Amendment, the majority of which we capitalized in the quarter ended July 31, 2020, and are amortizing over the remaining term of the Credit Facility.

Credit Facility Information

(in millions)	July 31, 2020	October 31, 2019
Current portion of long-term debt		
Gross term loan	$ 90.0	$ 60.0
Unamortized deferred financing costs	(3.4)	(2.8)
Current portion of term loan	$ 86.6	$ 57.2
Long-term debt		
Gross term loan	$ 590.0	$ 680.0
Unamortized deferred financing costs	(3.0)	(4.1)
Total noncurrent portion of term loan	586.9	675.9
Revolving line of credit[1][2]	77.3	68.4
Long-term debt	$ 664.2	$ 744.2

[1] Standby letters of credit amounted to $153.1 million at July 31, 2020.

[2] At July 31, 2020, we had borrowing capacity of $563.7 million, reflecting covenant restrictions.

Term Loan Maturities

During the three and nine months ended July 31, 2020, we made principal payments under the term loan of $30.0 million and $60.0 million, respectively. As of July 31, 2020, the following principal payments are required under the term loan.

(in millions)	2020	2021	2022
Debt maturities	$ —	$ 120.0	$ 560.0

Interest Rate Swaps

We enter into interest rate swaps to manage the interest rate risk associated with our floating-rate, LIBOR-based borrowings. Under these arrangements, we typically pay a fixed interest rate in exchange for LIBOR-based variable interest throughout the life of the agreement. We initially report the mark-to-market gain or loss on a derivative as a component of AOCL and subsequently reclassify the gain or loss into earnings when the hedged transactions occur and affect earnings. Interest payables and receivables under the swap agreements are accrued and recorded as adjustments to interest expense. All of our interest rate swaps have been designated and accounted for as cash flow hedges from inception. See Note 7, “Fair Value of Financial Instruments,” regarding the valuation of our interest rate swaps.

Notional Amount	Fixed Interest Rate	Effective Date	Maturity Date
$ 90.0 million	2.83%	November 1, 2018	April 30, 2021
$ 90.0 million	2.84%	November 1, 2018	October 31, 2021
$ 130.0 million	2.86%	November 1, 2018	April 30, 2022
$ 130.0 million	2.84%	November 1, 2018	September 1, 2022

At July 31, 2020 and October 31, 2019, amounts recorded in AOCL for interest rate swaps were a loss of $4.5 million, net of taxes of $1.3 million, and a gain of $2.2 million, net of taxes of $1.2 million, respectively. These amounts included the gain associated with the interest rate swaps we terminated in 2018, which is being amortized to interest expense as interest payments are made over the term of our Credit Facility. During the three and nine months ended July 31, 2020, we amortized $1.2 million, net of taxes of $0.5 million, and $3.6 million, net of taxes of $1.4 million, respectively, of this gain to interest expense. During the three and nine months ended July 31, 2019, we amortized $1.0 million, net of taxes of $0.4 million, and $3.1 million, net of taxes of $1.2 million, respectively. At July 31, 2020, the total amount expected to be reclassified from AOCL to earnings during the next twelve months is a loss of $4.1 million, net of a tax benefit of $1.4 million.

10. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Surety Bonds

We use letters of credit and surety bonds to secure certain commitments related to insurance programs and for other purposes. As of July 31, 2020, these letters of credit and surety bonds totaled $153.1 million and $635.0 million, respectively.

Guarantees

In some instances, we offer clients guaranteed energy savings under certain energy savings contracts. At July 31, 2020, total guarantees were $178.9 million and extend through 2039. We accrue for the estimated cost of guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. Historically, we have not incurred any material losses in connection with these guarantees.

In connection with an unconsolidated joint venture in which one of our subsidiaries has a 33% ownership interest, that subsidiary and the other joint venture partners have each jointly and severally guaranteed the obligations of the joint venture to perform under certain contracts extending through 2024. Annual revenues relating to the underlying contracts are approximately $30 million. Should the joint venture be unable to perform under these contracts, the joint venture partners would be jointly and severally liable for any losses incurred by the client due to the failure to perform.

Sales Tax Audits

We collect sales tax from clients and remit those collections to the applicable states. When clients fail to pay their invoices, including the amount of any sales tax that we paid on their behalf, in some cases we are entitled to seek a refund of that amount of sales tax from the applicable state.

Sales tax laws and regulations enacted by the various states are subject to interpretation, and our compliance with such laws is routinely subject to audit and review by such states. Audit risk is concentrated in several states, and these states are conducting ongoing audits. The outcomes of ongoing and any future audits and changes in the states’ interpretation of the sales tax laws and regulations could materially adversely impact our results of operations.

Legal Matters

We are a party to a number of lawsuits, claims, and proceedings incident to the operation of our business, including those pertaining to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as class actions on behalf of a class or purported class of employees.

At July 31, 2020, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was $6.3 million.

Litigation outcomes are difficult to predict and the estimation of probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. If one or more matters are resolved in a particular period in an amount in excess of, or in a manner different than, what we anticipated, this could have a material adverse effect on our financial position, results of operations, or cash flows.

We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. The estimation of reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Our management currently estimates the range of loss for all reasonably possible losses for which a reasonable estimate of the loss can be made is between zero and $11 million. Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

In some cases, although a loss is probable or reasonably possible, we cannot reasonably estimate the maximum potential losses for probable matters or the range of losses for reasonably possible matters. Therefore, our accrual for probable losses and our estimated range of loss for reasonably possible losses do not represent our maximum possible exposure.

While the results of these lawsuits, claims, and proceedings cannot be predicted with any certainty, our management believes that the final outcome of these matters will not have a material adverse effect on our financial position, results of operations, or cash flows.

Certain Legal Proceedings

In determining whether to include any particular lawsuit or other proceeding in our disclosure below, we consider both quantitative and qualitative factors. These factors include, but are not limited to: the amount of damages and the nature of any other relief sought in the proceeding; if such damages and other relief are specified, our view of the merits of the claims; whether the action is or purports to be a class action, and our view of the likelihood that a class will be certified by the court; the jurisdiction in which the proceeding is pending; and the potential impact of the proceeding on our reputation.

The Consolidated Cases of Bucio and Martinez v. ABM Janitorial Services filed on April 7, 2006, pending in the Superior Court of California, County of San Francisco (the "Bucio case")

The *Bucio* case is a class action pending in San Francisco Superior Court that alleges we failed to provide legally required meal periods and make additional premium payments for such meal periods, pay split shift premiums when owed, and reimburse janitors for travel expenses. There is also a claim for penalties under the California Labor Code Private Attorneys General Act ("PAGA"). On April 19, 2011, the trial court held a hearing on plaintiffs' motion to certify the class. At the conclusion of that hearing, the trial court denied plaintiffs' motion to certify the class. On May 11, 2011, the plaintiffs filed a motion to reconsider, which was denied. The plaintiffs appealed the class certification issues. The trial court stayed the underlying lawsuit pending the decision in the appeal. The Court of Appeal of the State of California, First Appellate District (the "Court of Appeal"), heard oral arguments on November 7, 2017. On December 11, 2017, the Court of Appeal reversed the trial court's order denying class certification and remanded the matter for certification of a meal period, travel expense reimbursement, and split shift class. The case was remitted to the trial court for further proceedings on class certification, discovery, dispositive motions, and trial.

On September 20, 2018, the trial court entered an order defining four certified subclasses of janitors who were employed by the legacy ABM janitorial companies in California at any time between April 7, 2002 and April 30, 2013, on claims based on alleged previous automatic deduction practices for meal breaks, unpaid meal premiums, unpaid split shift premiums, and unreimbursed business expenses, such as mileage reimbursement for use of personal vehicles to travel between worksites. On February 1, 2019, the trial court held that the discovery related to

PAGA claims allegedly arising after April 30, 2013 would be stayed until after the class and PAGA claims accruing prior to April 30, 2013 had been tried. The parties engaged in mediation in July 2019, which did not result in settlement of the case. On October 17, 2019, the plaintiffs filed a motion asking the trial court to certify additional classes based on an alleged failure to maintain time records, an alleged failure to provide accurate wage statements, and an alleged practice of combining meal and rest breaks. The trial court denied the plaintiffs' motion to certify additional classes on December 26, 2019. The case was re-assigned to a new judge on January 6, 2020. The parties are currently engaged in class discovery. The class action claims accruing prior to April 30, 2013 are set for trial on January 19, 2021, but this date may be delayed as a result of the Pandemic. Prior to trial, we will have the opportunity to, among other things, seek decertification of the classes or engage in further mediation if we deem such actions appropriate. We may engage in one or more such activities in upcoming quarters.

11. COMMON STOCK

Effective December 18, 2019, our Board of Directors replaced our then-existing share repurchase program with a new share repurchase program under which we may repurchase up to $150.0 million of our common stock (the "2019 Share Repurchase Program"). We repurchased shares under the 2019 Share Repurchase Program during the second quarter of 2020, as summarized below. However, due to the market and business conditions arising from the Pandemic, in March 2020 we suspended further repurchases of our common stock. At July 31, 2020, authorization for $144.9 million of repurchases remained under the 2019 Share Repurchase Program.

Repurchase Activity

(in millions, except per share amounts)		**Nine Months Ended July 31, 2020**
Total number of shares purchased		0.2
Average price paid per share	$	36.16
Total cash paid for share repurchases	$	5.1

12. INCOME TAXES

Our quarterly tax provision is calculated using an estimated annual tax rate that is adjusted for discrete items occurring during the period to arrive at our effective tax rate. During the three and nine months ended July 31, 2020, we had effective tax rates of 29.9% and (444.6)%, respectively. The effective tax rate for the nine months ended July 31, 2020, excluding a nondeductible impairment loss of $163.8 million, was 28.0%. For the three and nine months ended July 31, 2020, the provisions for taxes were $24.0 million and $43.2 million, respectively. During the three and nine months ended July 31, 2019, we had effective tax rates of 18.9% and 24.5%, respectively, resulting in provisions for taxes of $8.5 million and $25.8 million, respectively.

Our effective tax rate for the three months ended July 31, 2020, was impacted by a discrete benefit of $0.8 million related to energy efficiency. Our effective tax rate for the three months ended July 31, 2019, was impacted by the following discrete items: a $2.0 million benefit from an expiring statute of limitations and a $0.5 million benefit from certain credits.

Our effective tax rate for the nine months ended July 31, 2020, was impacted by the following discrete items: a $1.9 million tax provision related to the Work Opportunity Tax Credit ("WOTC") and a $1.2 million benefit related to energy efficiency. Our effective tax rate for the nine months ended July 31, 2019, was impacted by the following discrete items: a $2.0 million benefit from an expiring statute of limitations; a $1.4 million provision for reserves; a $1.3 million provision related to WOTC; and a $1.1 million benefit from the vesting of share-based compensation awards.

In response to COVID-19, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020. The CARES Act provides various stimulus measures, including several income tax and payroll tax provisions. Among the payroll tax provisions is the creation of a refundable credit for employee retention and the deferral of certain payroll tax remittances through December 31, 2020, to future years (with 50% of the deferred amount due by December 31, 2021, and the remaining 50% due by December 31, 2022). We evaluated the impact of business tax provisions in the CARES Act. The impact of the income tax provisions was not material. The impact of the payroll tax provisions was the deferral of approximately $58 million of payroll tax as of July 31, 2020.

We continue planning to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Cuts and Jobs Act of 2017, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

13. SEGMENT INFORMATION

Our current reportable segments consist of B&I, T&M, Education, Aviation, and Technical Solutions, as further described below.

REPORTABLE SEGMENTS AND DESCRIPTIONS	
B&I	B&I, our largest reportable segment, encompasses janitorial, facilities services, and parking services for commercial real estate properties, sports and entertainment venues, and traditional hospitals and non-acute healthcare facilities. B&I also provides vehicle maintenance and other services to rental car providers.
T&M	T&M provides janitorial, facilities services, and parking services to industrial and high-tech manufacturing facilities.
Education	Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities.
Aviation	Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation.
Technical Solutions	Technical Solutions specializes in mechanical and electrical services. These services can also be leveraged for cross-selling across all of our industry groups, both domestically and internationally.

Financial Information by Reportable Segment

(in millions)	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019
Revenues				
Business & Industry	$ 756.9	$ 807.9	$ 2,363.4	$ 2,444.5
Technology & Manufacturing	243.2	226.9	710.8	687.3
Education	188.6	215.4	596.6	633.6
Aviation	116.4	263.3	539.9	765.8
Technical Solutions	119.2	165.7	383.5	417.7
Elimination of inter-segment revenues	(30.1)	(31.3)	(91.1)	(98.3)
	$ 1,394.1	$ 1,647.9	$ 4,503.0	$ 4,850.6
Operating profit (loss)				
Business & Industry	$ 71.6	$ 45.3	$ 169.1	$ 131.2
Technology & Manufacturing	24.5	17.0	60.9	54.4
Education[1]	18.3	12.6	(56.3)	33.4
Aviation[2]	(8.2)	8.6	(63.0)	17.2
Technical Solutions[3]	13.2	17.9	13.1	35.3
Government Services	—	—	—	(0.1)
Corporate	(24.8)	(43.5)	(97.7)	(127.1)
Adjustment for income from unconsolidated affiliates, included in Aviation	(0.2)	(0.7)	(2.0)	(2.4)
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(0.8)	0.1	(1.2)	0.1
	93.6	57.3	22.8	142.1
Income from unconsolidated affiliates	0.2	0.7	2.0	2.4
Interest expense	(13.8)	(12.9)	(34.5)	(39.2)
Income (loss) from continuing operations before income taxes	$ 80.0	$ 45.0	$ (9.7)	$ 105.3

[1] Reflects impairment charges totaling $99.3 million on goodwill during the nine months ended July 31, 2020.

[2] Reflects impairment charges totaling $61.1 million on goodwill and intangible assets during the nine months ended July 31, 2020.

[3] Reflects impairment charges totaling $12.4 million on goodwill and intangible assets during the nine months ended July 31, 2020.

The accounting policies for our segments are the same as those disclosed within our significant accounting policies in Note 2, "Basis of Presentation and Significant Accounting Policies." Our management evaluates the performance of each reportable segment based on its respective operating profit results, which include the allocation of certain centrally incurred costs. Corporate expenses not allocated to segments include certain CEO and other finance and human resource departmental expenses, certain information technology costs, share-based compensation, certain legal costs and settlements, restructuring and related costs, certain actuarial adjustments to self-insurance reserves, and direct acquisition costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to facilitate an understanding of the results of operations and financial condition of ABM Industries Incorporated and its subsidiaries (collectively referred to as "ABM," "we," "us," "our," or the "Company"). This MD&A is provided as a supplement to, and should be read in conjunction with, our unaudited consolidated financial statements and the accompanying notes ("Financial Statements") and our Annual Report on Form 10-K for the year ended October 31, 2019 ("Annual Report"), which has been filed with the Securities and Exchange Commission ("SEC"). This MD&A contains forward-looking statements about our business, operations, and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations, and intentions. Our future results and financial condition may be materially different from those we currently anticipate. See "Forward-Looking Statements" for more information.

Throughout the MD&A, amounts and percentages may not recalculate due to rounding. Unless otherwise indicated, all information in the MD&A and references to years are based on our fiscal years, which end on October 31.

Business Overview

ABM is a leading provider of integrated facility services, customized by industry, with a mission to **make a difference, every person, every day**.

COVID-19 Pandemic

A novel strain of coronavirus ("COVID-19") has resulted in a worldwide health pandemic (the "Pandemic"). To date, COVID-19 has surfaced in nearly all regions around the world and resulted in business slowdowns and shutdowns, as well as global travel restrictions. We, along with many of our clients, have been impacted by recommendations and/or mandates from federal, state, and local authorities to practice social distancing, to refrain from gathering in groups, and, in some areas, to refrain from non-essential movements outside of homes. The Pandemic has also created unanticipated circumstances and uncertainty, disruption, and significant volatility in the broader economy. Refer to "Consolidated Results of Operations" and "Results of Operations by Segment" for additional information related to the impact of the Pandemic on our financial results.

Given the unprecedented and uncertain nature and potential duration of this situation, we cannot reasonably estimate the full extent of the impact that the Pandemic will have on our financial condition, results of operations, or cash flows. The ultimate extent of the effects of the Pandemic on our company is highly uncertain and will depend on future developments, and such effects could exist for an extended period of time even after the Pandemic subsides.

Our priority has been and continues to be the health, safety, and support of our employees, our clients, and the communities that we serve. We have also taken actions to strengthen our liquidity, cash flows, and financial position to help mitigate potential future impacts on our operations and financial performance. These priorities and measures include, but are not limited to, the following:

Health and Safety of our Employees and Clients

As the Pandemic has developed, we have taken steps to support our employees and clients based on recommendations from various global experts, including the Centers for Disease Control and Prevention ("CDC"), the World Health Organization ("WHO"), the Occupational Safety and Health Administration ("OSHA"), and the U.K. National Health Service ("NHS"). To help protect our employees and our clients, face masks and other personal protective equipment ("PPE") are being used by our employees. We have also encouraged our employees to practice social distancing and wash hands frequently. Additionally, we transitioned many office-based employees to a remote work environment, suspended non-essential travel, and adopted technologies to allow employees to effectively perform their functions remotely.

Client Focus

Over the past few years, we have focused on consolidating purchasing activities to leverage our scale and identify preferred suppliers. While we have seen a reduction in the availability of supplies and an increase in costs, our procurement efforts have helped create a positive supply chain for our company and clients during the Pandemic, particularly as city and state mandates on PPE for employees have arisen. We will continue to monitor our supply chain for potential impacts as future developments unfold.

The Pandemic continues to create a dynamic client environment, and we are working diligently to ensure our clients' changing staffing and service needs are met. We are also developing new cleaning initiatives in accordance with various protocols issued by global experts, including deep cleaning services, special project cleaning services, and other tag services (work orders).

In April 2020, we announced our EnhancedClean™ Program ("EnhancedClean"), an innovative solution that helps provide clients with healthy spaces. We designed EnhancedClean under the guidance of some of the leading experts on infectious diseases and industrial hygiene to help provide our clients with processes that use hospital-grade disinfectants, specialized equipment, and innovative solutions and technology. These solutions include: hygiene and safety protocols, utilization of disinfecting procedures and products for high-touch surfaces, employment of PPE, and communication and training protocols.

Expense Management

As we adapt to the changing demand environment resulting from the Pandemic, during the second and third quarters of 2020, we implemented various cost cutting actions, such as:

- Various human capital management actions, including: temporary pay reductions for executives, certain employees, and our Board of Directors, with full pay returning August 1, 2020; temporary furloughs or reduced working hours for certain staff and management employees, most of whom returned to work effective August 1, 2020; and the temporary suspension of certain benefits, including our 401(k) match, which is expected to continue through the end of the year;
- Actively managing direct labor and related personnel costs, including furloughs or reduced hours for certain service employees in markets significantly impacted by business slowdowns and shutdowns;
- Reducing our planned capital expenditures and operating expenditures for the remainder of 2020, including the postponement of various technology initiatives (such as our enterprise resource planning system) that are deemed non-critical to our operations, and limiting travel and entertainment expenses; and
- Reducing our sales and marketing expenses and discretionary spending projects across the Company.

Liquidity, Cash Flows, and Financial Position

As of July 31, 2020, we had $229.4 million of cash and cash equivalents, and we had net cash provided by operating activities of $258.8 million during the nine months ended July 31, 2020. We have taken and continue to take actions to help preserve cash, increase liquidity, and strengthen our financial position, including:

- Borrowing approximately $300 million under our line of credit in March 2020, which represented all remaining amounts then available under our Credit Facility, as a precautionary measure to provide increased liquidity and preserve financial flexibility due to uncertainty resulting from the Pandemic (refer to "Liquidity and Capital Resources" for more information). During the quarter ended July 31, 2020, we repaid substantially all of these amounts borrowed under the revolving line of credit without penalty;
- Amending our Credit Facility on May 28, 2020, to further enhance our financial flexibility as a precautionary measure in response to uncertainty arising from the Pandemic (refer to "Liquidity and Capital Resources" for more information);
- Focusing on collection of client receivables and monitoring the adequacy of our reserves;

- Extending vendor payment terms where possible;
- Utilizing certain governmental relief efforts (as further described below); and
- Suspending share repurchases under our share repurchase program.

As a result of the actions taken above, we were able to strengthen our cash flow in the third quarter, allowing us to pay down our line of credit borrowings. As of July 31, 2020, this resulted in a borrowing capacity of $563.7 million, reflecting covenant restrictions, in addition to the cash and cash equivalent amount noted above.

In response to COVID-19, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020. The CARES Act provides various stimulus measures, including several tax provisions. Among the business tax provisions is the deferral of certain payroll tax remittance to future years and the creation of a refundable credit for employee retention. We evaluated the impact of business tax provisions in the CARES Act. The impact of the income tax provisions was not material. The impact of the payroll tax provisions was the deferral of approximately $58 million of payroll tax as of July 31, 2020. Additionally, we received grants under the United Kingdom's job retention scheme to reimburse us for a portion of certain furloughed employees' salaries.

The Pandemic is an unprecedented situation and is continuously evolving. Since we cannot predict the duration or scope of the Pandemic, we cannot fully anticipate or reasonably estimate all the ways in which the current global health crisis and financial market conditions could adversely impact our business in fiscal 2020 or in the future. Even after the Pandemic has moderated and the business and social distancing restrictions have eased, we may continue to experience adverse effects on our business, consolidated results of operations, financial position, and cash flows resulting from a recessionary economic environment that may persist.

Restructuring and Related Costs

We may periodically engage in various restructuring activities intended to drive long-term profitable growth and increase operational efficiency, which can include streamlining and realigning our overall organizational structure and reallocating resources. These activities may result in restructuring costs related to employee severance, other project fees, external support fees, lease exit costs, and asset impairment charges.

GCA Restructuring and Other Initiatives

Following the acquisition of GCA Services Group ("GCA"), during the first quarter of 2018 we initiated a restructuring program to achieve cost synergies and subsequently incurred expenses primarily related to employee severance, the migration and upgrade of several key technology platforms, and the consolidation of certain real estate leases. Additionally, during 2019 we reorganized our former Healthcare business and incurred immaterial severance expense. In early 2020 we continued our technology-based modernization efforts, including standardizing our financial systems. However, due to the Pandemic, the majority of these projects have been temporarily suspended since the second quarter of 2020.

(in millions)	Three Months Ended July 31, 2020	Nine Months Ended July 31, 2020	Cumulative
Employee severance	$ —	$ 0.3	$ 18.3
Other project fees	—	3.3	15.7
External support fees	—	1.4	4.9
Lease exit costs	—	—	0.7
Total	$ —	$ 5.0	$ 39.6

Segment Reporting

Our current reportable segments consist of Business & Industry (“B&I”), Technology & Manufacturing (“T&M”), Education, Aviation, and Technical Solutions, as further described below.

REPORTABLE SEGMENTS AND DESCRIPTIONS	
Business & Industry	B&I, our largest reportable segment, encompasses janitorial, facilities services, and parking services for commercial real estate properties, sports and entertainment venues, and traditional hospitals and non-acute healthcare facilities. B&I also provides vehicle maintenance and other services to rental car providers.
Technology & Manufacturing	T&M provides janitorial, facilities services, and parking services to industrial and high-tech manufacturing facilities.
Education	Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities.
Aviation	Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation.
Technical Solutions	Technical Solutions specializes in mechanical and electrical services. These services can also be leveraged for cross-selling across all of our industry groups, both domestically and internationally.

Insurance

We review our self-insurance liabilities on a regular basis and adjust our accruals accordingly. Actual claims activity or development may vary from our assumptions and estimates, which may result in material losses or gains. As we obtain additional information that affects the assumptions and estimates used in our reserve liability calculations, we adjust our self-insurance rates and reserves for future periods and, if appropriate, adjust our reserves for claims incurred in prior accounting periods.

During the third quarter of 2020, we performed a comprehensive actuarial review of the majority of our casualty insurance programs that evaluated all changes made to claims reserves and claims payment activity for the period of November 1, 2019 through April 30, 2020 (the “Actuarial Review”). The Actuarial Review was comprehensive in nature and was based on loss development patterns, trend assumptions, and underlying expected loss costs during the period analyzed.

The Actuarial Review and other actuarial updates performed earlier in the year demonstrate that the changes we have made to our risk management program continue to positively impact the frequency and severity of claims. The claims management strategies and programs that we have implemented have resulted in improvements. Furthermore, we continue to focus on ensuring the establishment of reserves consistent with known fact patterns. The Actuarial Review and other actuarial updates performed earlier in the year indicated favorable developments relative to our estimates of ultimate losses related to certain prior year claims.

Based on the results of the Actuarial Review, at July 31, 2020, we decreased our total reserves for prior periods by $8.5 million. Together with the $6.6 million decrease we recorded during the first half of 2020, the total decrease to our reserves for claims related to prior periods was $15.1 million for the nine months ended July 31, 2020. This compares to a $2.0 million increase in prior period reserves for the nine months ended July 31, 2019. We will continue to assess ongoing developments, which may result in further adjustments to reserves.

During the fourth quarter of 2020, we expect to perform an update to our Actuarial Review for our significant insurance programs that will use updated claims data and consider changes in claims development and claims payment activity for the periods analyzed. This review will be abbreviated in nature based on actual versus expected development during the periods analyzed, will rely on the key assumptions used in the Actuarial Review (most notably loss development patterns, trend assumptions, and underlying expected loss costs), and will include claims related to certain previously acquired businesses. This review may lead to further adjustments to our insurance reserves.

Key Financial Highlights

- Revenues decreased by $253.8 million, or 15.4%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019, primarily due to the impact of Pandemic-related disruptions across our businesses. However, this decrease was partially offset by an increase in tag services, primarily as a result of the Pandemic, and the expansion of certain accounts and new business within B&I and T&M.

- Operating profit increased by $36.3 million, or 63.5%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. This change was primarily driven by the management of direct labor and related personnel costs during the Pandemic, higher margins on tag services as a result of the Pandemic (particularly within B&I and T&M), and the loss of certain lower margin accounts within B&I and Aviation. The increase was also impacted by management and staff employee furloughs and a lower self-insurance reserve adjustment related to prior year claims. These benefits were partially offset by account compression resulting from Pandemic-related disruptions in certain markets, an increase in bad debt expense primarily due to specific reserves established for client receivables associated with increasing credit risk in certain industries (including for clients with deteriorating credit ratings and resulting bankruptcies) arising from the Pandemic, and investments in EnhancedClean.

- Our effective tax rate on income from continuing operations was 29.9% for the three months ended July 31, 2020, as compared to 18.9% during the three months ended July 31, 2019. Our effective tax rate for the three months ended July 31, 2020 was impacted by a $0.8 million benefit related to energy efficiency.

- Net cash provided by operating activities was $258.8 million during the nine months ended July 31, 2020.

- Dividends of $37.0 million were paid to shareholders, and dividends totaling $0.555 per common share were declared during the nine months ended July 31, 2020.

- At July 31, 2020, total outstanding borrowings under our credit facility were $757.3 million. At July 31, 2020, we had up to $563.7 million of borrowing capacity, reflecting covenant restrictions.

Results of Operations

Three Months Ended July 31, 2020 Compared with the Three Months Ended July 31, 2019

Consolidated

($ in millions)	Three Months Ended July 31, 2020		2019		Increase / (Decrease)	
Revenues	$	1,394.1	$	1,647.9	$ (253.8)	(15.4)%
Operating expenses		1,174.9		1,454.1	(279.2)	(19.2)%
Gross margin		*15.7 %*		*11.8 %*	*396 bps*	
Selling, general and administrative expenses		113.7		119.8	(6.1)	(5.0)%
Restructuring and related expenses		—		2.0	(2.0)	NM*
Amortization of intangible assets		11.8		14.9	(3.1)	(20.5)%
Operating profit		93.6		57.3	36.3	63.5%
Income from unconsolidated affiliates		0.2		0.7	(0.5)	(74.2)%
Interest expense		(13.8)		(12.9)	0.9	6.7%
Income from continuing operations before income taxes		80.0		45.0	35.0	77.6%
Income tax provision		(24.0)		(8.5)	15.5	NM*
Income from continuing operations		56.0		36.5	19.5	53.4%
Income from discontinued operations, net of taxes		—		0.2	(0.2)	NM*
Net income		56.0		36.8	19.2	52.4%
Other comprehensive income (loss)						
Interest rate swaps		0.7		(5.7)	6.4	NM*
Foreign currency translation		4.3		(4.6)	8.9	NM*
Income tax (provision) benefit		(0.2)		1.6	(1.8)	NM*
Comprehensive income	$	60.8	$	28.0	$ 32.8	NM*

*Not meaningful

Revenues

Revenues decreased by $253.8 million, or 15.4%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. This decrease was primarily due to the impact of Pandemic-related disruptions across our businesses. However, this decrease was partially offset by an increase in tag services, primarily as a result of the Pandemic, and the expansion of certain accounts and new business within B&I and T&M.

Operating Expenses

Operating expenses decreased by $279.2 million, or 19.2%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. Gross margin increased by 396 bps to 15.7% in the three months ended July 31, 2020 from 11.8% in the three months ended July 31, 2019. The increase in gross margin was primarily associated with the management of direct labor and related personnel costs during the Pandemic, higher margins on tag services as a result of the Pandemic (primarily within B&I and T&M), the loss of certain lower margin accounts within B&I and Aviation, and a lower self-insurance reserve adjustment related to prior year claims.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $6.1 million, or 5.0%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. The decrease in selling, general and administrative expenses was primarily attributable to:

- an $8.8 million decrease in compensation and related expenses mainly due to management and staff labor reductions, including wage reductions, employee furloughs, and the suspension of certain benefits such as

401(k) matching, and also due to a decrease in travel and entertainment expenses, partially offset by additional share-based compensation expense;

- the absence of a $3.9 million reserve for an anticipated union pension settlement in the prior year; and
- a $2.7 million decrease in certain technology projects and related support.

This decrease was partially offset by:

- an $8.7 million increase in bad debt expense primarily due to specific reserves established for client receivables associated with increasing credit risk in certain industries (including for clients with deteriorating credit ratings and resulting bankruptcies) arising from the Pandemic, partially offset by the absence of a $2.5 million reserve established for a non-recurring adjustment related to a client account in the prior year; and
- a $4.2 million increase related to investments in EnhancedClean and other Pandemic-related projects.

Restructuring and Related Expenses

Restructuring and related expenses decreased by $2.0 million during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. The decrease was due to expenses incurred in the prior year related to our ongoing technology initiatives. The majority of these initiatives have been temporarily suspended since the second quarter of 2020 due to the Pandemic.

Amortization of Intangible Assets

Amortization of intangible assets decreased by $3.1 million, or 20.5%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019, mainly due to the lower intangible assets balance following the impairment loss recorded in the second quarter of 2020 and to certain intangible assets being amortized using the sum-of-the-years'-digits method, which results in declining amortization expense over the useful lives of the assets.

Interest Expense

Interest expense increased by $0.9 million, or 6.7%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019, primarily due to higher relative interest rates in the current year partially offset by lower outstanding borrowing under our credit facility.

Income Taxes from Continuing Operations

Our effective tax rates on income from continuing operations for the three months ended July 31, 2020, and July 31, 2019, were 29.9% and 18.9%, respectively, resulting in provisions for taxes of $24.0 million and $8.5 million, respectively. Our effective tax rate for the three months ended July 31, 2020, was impacted by a discrete benefit of $0.8 million related to energy efficiency. Our effective tax rate for the three months ended July 31, 2019, was impacted by the following discrete items: a $2.0 million benefit from an expiring statute of limitations and a $0.5 million benefit from certain credits.

Interest Rate Swaps

We had a gain of $0.7 million on interest rate swaps during the three months ended July 31, 2020, as compared to a loss of $5.7 million during the three months ended July 31, 2019, primarily due to underlying changes in the fair value of our interest rate swaps.

Foreign Currency Translation

We had a foreign currency translation gain of $4.3 million during the three months ended July 31, 2020, as compared to a foreign currency translation loss of $4.6 million during the three months ended July 31, 2019. This change was due to fluctuations in the exchange rate between the U.S. Dollar ("USD") and the Great Britain Pound ("GBP"). Future gains and losses on foreign currency translation will be dependent upon changes in the relative value of foreign currencies to the USD and the extent of our foreign assets and liabilities.

Segment Information

Financial Information for Each Reportable Segment

($ in millions)	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Increase / (Decrease)	
Revenues				
Business & Industry	$ 756.9	$ 807.9	$ (51.0)	(6.3)%
Technology & Manufacturing	243.2	226.9	16.3	7.2%
Education	188.6	215.4	(26.8)	(12.5)%
Aviation	116.4	263.3	(146.9)	(55.8)%
Technical Solutions	119.2	165.7	(46.5)	(28.1)%
Elimination of inter-segment revenues	(30.1)	(31.3)	1.2	4.0%
	$ 1,394.1	$ 1,647.9	$ (253.8)	(15.4)%
Operating profit (loss)				
Business & Industry	$ 71.6	$ 45.3	$ 26.3	58.2%
Operating profit margin	*9.5 %*	*5.6 %*	*386 bps*	
Technology & Manufacturing	24.5	17.0	7.5	44.0%
Operating profit margin	*10.1 %*	*7.5 %*	*258 bps*	
Education	18.3	12.6	5.7	45.6%
Operating profit margin	*9.7 %*	*5.8 %*	*388 bps*	
Aviation	(8.2)	8.6	(16.8)	NM*
Operating profit margin	*(7.0)%*	*3.3 %*	*NM**	
Technical Solutions	13.2	17.9	(4.7)	(26.6)%
Operating profit margin	*11.1 %*	*10.8 %*	*22 bps*	
Corporate	(24.8)	(43.5)	18.7	42.9%
Adjustment for income from unconsolidated affiliates, included in Aviation	(0.2)	(0.7)	(0.5)	(74.2)%
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(0.8)	0.1	0.9	NM*
	$ 93.6	$ 57.3	$ 36.3	63.5%

*Not meaningful

Business & Industry

($ in millions)	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	(Decrease) / Increase	
Revenues	$ 756.9	$ 807.9	$ (51.0)	(6.3)%
Operating profit	71.6	45.3	26.3	58.2%
Operating profit margin	*9.5 %*	*5.6 %*	*386 bps*	

B&I revenues decreased by $51.0 million, or 6.3%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. The decrease was primarily attributable to account compression resulting from Pandemic-related disruptions in certain markets within both our U.S. and U.K. businesses and the loss of certain accounts in our U.S. business, including the exit from certain lower margin or underperforming accounts that occurred primarily towards the end of the prior year. The decrease was partially offset by the targeted expansion of certain key clients, new business, and an increase in tag services (primarily as a result of the Pandemic). Management reimbursement revenues for this segment totaled $42.6 million and $70.9 million for the three months ended July 31, 2020 and 2019, respectively.

Operating profit increased by $26.3 million, or 58.2%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. Operating profit margin increased by 386 bps to 9.5% in the three months ended July 31, 2020 from 5.6% in the three months ended July 31, 2019. The increase in operating profit margin was primarily associated with higher margins on tag services and higher margins on certain accounts in both our U.S. and U.K. businesses, driven by the management of direct labor and related personnel costs during the Pandemic and the exit from certain lower margin or underperforming accounts in our U.S. business. The increase was partially offset by account compression resulting from Pandemic-related disruptions in certain markets, higher reserves established for client receivables mainly associated with increasing credit risk resulting from the Pandemic, and investments in EnhancedClean and other Pandemic-related projects.

Technology & Manufacturing

	Three Months Ended July 31,		Increase	
($ in millions)	2020	2019		
Revenues	$ 243.2	$ 226.9	$ 16.3	7.2%
Operating profit	24.5	17.0	7.5	44.0%
Operating profit margin	*10.1 %*	*7.5 %*	*258 bps*	

T&M revenues increased by $16.3 million, or 7.2%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. The increase was primarily attributable to an increase in tag services (primarily as a result of the Pandemic) and new business. This increase was partially offset by the loss of certain accounts that occurred primarily in the prior year.

Operating profit increased by $7.5 million, or 44.0%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. Operating profit margin increased by 258 bps to 10.1% in the three months ended July 31, 2020 from 7.5% in the three months ended July 31, 2019. The increase in operating profit margin was primarily attributable to higher margins on tag services and lower amortization of intangible assets. The increase was partially offset by higher reserves established for client receivables, mainly associated with increasing credit risk resulting from the Pandemic, and the loss of certain higher margin accounts that occurred in the prior year.

Education

	Three Months Ended July 31,		(Decrease) / Increase	
($ in millions)	2020	2019		
Revenues	$ 188.6	$ 215.4	$ (26.8)	(12.5)%
Operating profit	18.3	12.6	5.7	45.6%
Operating profit margin	*9.7 %*	*5.8 %*	*388 bps*	

Education revenues decreased by $26.8 million, or 12.5%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. The decrease was primarily attributable to the compression of certain accounts, mainly resulting from Pandemic-related school closures.

Operating profit increased by $5.7 million, or 45.6% during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. Operating profit margin increased by 388 bps to 9.7% in the three months ended July 31, 2020 from 5.8% in the three months ended July 31, 2019. The increase in operating margin was primarily attributable to the management of direct labor and related personnel costs during Pandemic-related school closures, lower amortization of intangible assets, and higher margins on tag services as a result of the Pandemic. This increase was partially offset by higher reserves established for client receivables mainly associated with increasing credit risk resulting from the Pandemic.

Aviation

	Three Months Ended July 31,		Decrease	
($ in millions)	2020	2019		
Revenues	$ 116.4	$ 263.3	$ (146.9)	(55.8)%
Operating (loss) profit	(8.2)	8.6	(16.8)	NM*
Operating margin	*(7.0) %*	*3.3 %*	*NM**	

*Not meaningful

Aviation revenues decreased by $146.9 million, or 55.8%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. The decrease was primarily attributable to travel restrictions and a dramatic decline in passenger demand resulting from the Pandemic. Significant volume reductions impacted janitorial, cabin cleaning, transportation, parking, passenger services, and catering accounts. In addition, we lost certain cabin cleaning and passenger services accounts primarily in the prior year. The decrease was partially offset by Pandemic-related cleaning services. Management reimbursement revenues for this segment totaled $14.8 million and $24.4 million for the three months ended July 31, 2020 and 2019, respectively.

Aviation had an operating loss of $8.2 million during the three months ended July 31, 2020, as compared to an operating profit of $8.6 million during the three months ended July 31, 2019. Operating margin decreased to (7.0)% in the three months ended July 31, 2020, from 3.3% in the three months ended July 31, 2019. The decrease was primarily attributable to Pandemic-related volume reductions, provisions for employee severance, and higher reserves established for client receivables mainly associated with increasing credit risk resulting from the Pandemic. The decrease was partially offset by the management of direct labor and related personnel costs during the Pandemic, higher margins on Pandemic-related cleaning services, and the loss of lower margin cabin cleaning and passenger service accounts in the prior year.

Technical Solutions

	Three Months Ended July 31,			
($ in millions)	**2020**	**2019**	**(Decrease) / Increase**	
Revenues	$ 119.2	$ 165.7	$ (46.5)	(28.1)%
Operating profit	13.2	17.9	(4.7)	(26.6)%
Operating profit margin	*11.1 %*	*10.8 %*	*22 bps*	

Technical Solutions revenues decreased by $46.5 million, or 28.1%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. This decrease was primarily attributable to a lower volume of projects in both our U.S. and U.K. businesses due to Pandemic-related disruptions.

Operating profit decreased by $4.7 million, or 26.6%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. Operating profit margin increased by 22 bps to 11.1% in the three months ended July 31, 2020 from 10.8% in the three months ended July 31, 2019. The increase in operating profit margin was primarily attributable to the management of project related expenses, management and staff employee furloughs, and lower amortization of intangible assets. The increase was partially offset by the impact of revenue compression resulting from Pandemic-related disruptions.

Corporate

($ in millions)	Three Months Ended July 31, 2020		Three Months Ended July 31, 2019		Decrease		
Corporate expenses	$	24.8	$	43.5	$	(18.7)	(42.9)%

Corporate expenses decreased by $18.7 million, or 42.9%, during the three months ended July 31, 2020, as compared to the three months ended July 31, 2019. The decrease in corporate expenses was primarily attributable to:

- a $5.5 million decrease in self-insurance reserve adjustments related to prior year claims as a result of an actuarial evaluation completed in the three months ended July 31, 2020;
- the absence of a $3.9 million reserve for an anticipated union pension settlement in the prior year;
- a $2.8 million decrease in compensation and related expenses mainly due to management and staff labor reductions, including wage reductions, employee furloughs, and the suspension of certain benefits such as 401(k) matching, and also due to travel and entertainment expenses;
- the absence of a $2.5 million reserve established for a non-recurring adjustment related to a client account in the prior year; and
- a $2.0 million decrease in restructuring and related expenses due to expenses incurred in the prior year related to our technology initiatives, the majority of which were temporarily suspended during the second quarter of 2020 due to the Pandemic.

Results of Operations

Nine Months Ended July 31, 2020 Compared with the Nine Months Ended July 31, 2019

Consolidated

($ in millions)	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Increase / (Decrease)	
Revenues	$ 4,503.0	$ 4,850.6	$ (347.6)	(7.2)%
Operating expenses	3,914.8	4,314.2	(399.4)	(9.3)%
Gross margin	*13.1 %*	*11.1 %*	*201 bps*	
Selling, general and administrative expenses	350.8	340.9	9.9	2.9%
Restructuring and related expenses	5.0	8.5	(3.5)	(41.4)%
Amortization of intangible assets	37.0	44.9	(7.9)	(17.7)%
Impairment loss	172.8	—	172.8	NM*
Operating profit	22.8	142.1	(119.3)	(84.0)%
Income from unconsolidated affiliates	2.0	2.4	(0.4)	(16.0)%
Interest expense	(34.5)	(39.2)	(4.7)	(12.1)%
(Loss) income from continuing operations before income taxes	(9.7)	105.3	(115.0)	NM*
Income tax provision	(43.2)	(25.8)	17.4	67.2%
(Loss) income from continuing operations	(52.9)	79.4	(132.3)	NM*
Income from discontinued operations, net of taxes	0.1	—	0.1	NM*
Net (loss) income	(52.8)	79.4	(132.2)	NM*
Other comprehensive (loss) income				
Interest rate swaps	(9.2)	(17.9)	8.7	48.4%
Foreign currency translation	0.5	(2.4)	2.9	NM*
Income tax benefit	2.5	4.9	(2.4)	(48.9)%
Comprehensive (loss) income	$ (59.0)	$ 64.0	$ (123.0)	NM*

*Not meaningful

Revenues

Revenues decreased by $347.6 million, or 7.2%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The decrease in revenues was primarily due to the impact of Pandemic-related disruptions across our businesses. Revenues were also impacted by the loss of certain accounts, primarily in our Aviation business and our U.S. B&I business. However, this decrease was partially offset by the expansion of certain accounts and new business within B&I, T&M, and Technical Solutions (primarily before Pandemic-related disruptions), as well as a significant increase in tag services, primarily as a result of the Pandemic.

Operating Expenses

Operating expenses decreased by $399.4 million, or 9.3%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. Gross margin increased by 201 bps to 13.1% in the nine months ended July 31, 2020 from 11.1% in the nine months ended July 31, 2019. The increase in gross margin was primarily associated with the management of direct labor and related personnel costs during the Pandemic, higher margins on tag services (primarily within B&I and T&M), the loss of certain lower margin accounts within B&I and Aviation, and a lower self-insurance reserve adjustment related to prior year claims.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $9.9 million, or 2.9%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The increase in selling, general and administrative expenses was primarily attributable to:

- a $14.5 million increase in bad debt expense primarily due to specific reserves established for client receivables associated with increasing credit risk in certain industries (including for clients with deteriorating credit ratings and resulting bankruptcies) arising from the Pandemic;
- a $5.4 million increase related to investments in EnhancedClean and other Pandemic-related projects;
- a $4.6 million increase in medical and dental insurance expense as a result of actuarial evaluations performed in the nine months ended July 31, 2020; and
- a $2.6 million increase in legal costs.

This increase was partially offset by:

- a $7.0 million decrease in travel and entertainment related expenses;
- a $6.1 million decrease in certain technology projects and related support; and
- the absence of a $3.9 million reserve for an anticipated union pension settlement in the prior year.

Restructuring and Related Expenses

Restructuring and related expenses decreased by $3.5 million, or 41.4%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The decrease was primarily due to the absence of severance and other expenses incurred in the prior year related to the GCA integration, partially offset by expenses related to our ongoing technology initiatives. The majority of these initiatives have been temporarily suspended since the second quarter of 2020 due to the Pandemic.

Amortization of Intangible Assets

Amortization of intangible assets decreased by $7.9 million, or 17.7%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019, mainly due to the lower intangible assets balance resulting from the impairment loss recorded in the second quarter of 2020 and to certain intangible assets being amortized using the sum-of-the-years'-digits method, which results in declining amortization expense over the useful lives of the assets.

Impairment Loss

During the nine months ended July 31, 2020, we recorded impairment charges on goodwill related to our Education, Aviation, and U.K. Technical Solutions businesses totaling $163.8 million. Additionally, we recorded impairment charges on customer relationships related to our Aviation and U.K. Technical Solutions businesses totaling $9.0 million. During the second quarter of 2020, these businesses were adversely impacted by the market and business conditions resulting from the Pandemic.

Interest Expense

Interest expense decreased by $4.7 million, or 12.1%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019, primarily due to lower relative interest rates and lower outstanding borrowing under our credit facility.

Income Taxes from Continuing Operations

Our effective tax rates on income from continuing operations, including impairment loss, for the nine months ended July 31, 2020 and July 31, 2019 were (444.6)% and 24.5%, respectively. The effective tax rate for the nine months ended July 31, 2020, excluding a nondeductible impairment loss of $163.8 million, was 28.0%. For the nine months ended July 31, 2020 and July 31, 2019, the provisions for taxes were $43.2 million and $25.8 million, respectively. Our effective tax rate for the nine months ended July 31, 2020 was impacted by the following discrete items: a $1.9 million tax provision related to the Work Opportunity Tax Credit ("WOTC") and a $1.2 million benefit related to energy efficiency. Our effective tax rate for the nine months ended July 31, 2019 was impacted by the following discrete items: a $2.0 million benefit from an expiring statute of limitations; a $1.4 million provision for reserves; a $1.3 million provision related to WOTC; and a $1.1 million benefit from the vesting of share-based compensation awards.

Interest Rate Swaps

The unrealized loss on interest rate swaps decreased by $8.7 million, or 48.4%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019, primarily due to underlying changes in the fair value of our interest rate swaps.

Foreign Currency Translation

We had a foreign currency translation gain of $0.5 million during the nine months ended July 31, 2020, as compared to a foreign currency translation loss of $2.4 million during the nine months ended July 31, 2019. This change was due to fluctuations in the exchange rate between the USD and the GBP. Future gains and losses on foreign currency translation will be dependent upon changes in the relative value of foreign currencies to the USD and the extent of our foreign assets and liabilities.

Segment Information

Financial Information for Each Reportable Segment

($ in millions)	Nine Months Ended July 31, 2020	2019	Increase / (Decrease)	
Revenues				
Business & Industry	$ 2,363.4	$ 2,444.5	$ (81.1)	(3.3)%
Technology & Manufacturing	710.8	687.3	23.5	3.4%
Education	596.6	633.6	(37.0)	(5.8)%
Aviation	539.9	765.8	(225.9)	(29.5)%
Technical Solutions	383.5	417.7	(34.2)	(8.2)%
Elimination of inter-segment revenues	(91.1)	(98.3)	7.2	7.4%
	$ 4,503.0	$ 4,850.6	$ (347.6)	(7.2)%
Operating profit (loss)				
Business & Industry	$ 169.1	$ 131.2	$ 37.9	28.8%
Operating profit margin	*7.2 %*	*5.4 %*	*179 bps*	
Technology & Manufacturing	60.9	54.4	6.5	11.9%
Operating profit margin	*8.6 %*	*7.9 %*	*65 bps*	
Education	(56.3)	33.4	(89.7)	NM*
Operating profit margin	*(9.4)%*	*5.3 %*	*NM**	
Aviation	(63.0)	17.2	(80.2)	NM*
Operating profit margin	*(11.7)%*	*2.3 %*	*NM**	
Technical Solutions	13.1	35.3	(22.2)	(62.9)%
Operating profit margin	*3.4 %*	*8.4 %*	*(503) bps*	
Government Services	—	(0.1)	0.1	32.9%
Operating margin	*NM**	*NM**	*NM**	
Corporate	(97.7)	(127.1)	29.4	23.1%
Adjustment for income from unconsolidated affiliates, included in Aviation	(2.0)	(2.4)	(0.4)	(14.7)%
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(1.2)	0.1	1.3	NM*
	$ 22.8	$ 142.1	$ (119.3)	(84.0)%

*Not meaningful

Business & Industry

($ in millions)	Nine Months Ended July 31, 2020	2019	(Decrease) / Increase	
Revenues	$ 2,363.4	$ 2,444.5	$ (81.1)	(3.3)%
Operating profit	169.1	131.2	37.9	28.8%
Operating profit margin	*7.2 %*	*5.4 %*	*179 bps*	

B&I revenues decreased by $81.1 million, or 3.3%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The decrease was primarily attributable to account compression resulting from Pandemic-related disruptions in certain markets within both our U.S. and U.K. businesses and the loss of certain accounts in our U.S. business, including the exit from certain lower margin or underperforming accounts that occurred primarily towards the end of the prior year. The decrease was partially offset by the targeted expansion of certain key clients and new business within our U.S. business, an increase in tag services (primarily as a result of the Pandemic), and net new business in our U.K. operations. Management reimbursement revenues for this segment totaled $178.0 million and $211.2 million for the nine months ended July 31, 2020 and 2019, respectively.

Operating profit increased by $37.9 million, or 28.8%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. Operating profit margin increased by 179 bps to 7.2% in the nine months ended July 31, 2020, from 5.4% in the nine months ended July 31, 2019. The increase in operating profit margin was primarily associated with higher margins on tag services and higher margins on certain accounts in both our U.S. and U.K. businesses, driven by the management of direct labor and related personnel costs during the Pandemic. The increase was also driven by the exit from certain lower margin or underperforming accounts in our U.S. business. The increase was partially offset by account compression resulting from Pandemic-related disruptions in certain markets and higher reserves established for client receivables mainly associated with increasing credit risk in certain industries resulting from the Pandemic.

Technology & Manufacturing

	Nine Months Ended July 31,			
($ in millions)	2020	2019	Increase	
Revenues	$ 710.8	$ 687.3	$ 23.5	3.4%
Operating profit	60.9	54.4	6.5	11.9%
Operating profit margin	*8.6 %*	*7.9 %*	*65 bps*	

T&M revenues increased by $23.5 million, or 3.4%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The increase was primarily attributable to new business, an increase in tag services (primarily as a result of the Pandemic), and the expansion of certain accounts. The increase was partially offset by the loss of certain accounts that occurred primarily in the prior year.

Operating profit increased by $6.5 million, or 11.9%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. Operating profit margin increased by 65 bps to 8.6% in the nine months ended July 31, 2020, from 7.9% in the nine months ended July 31, 2019. The increase in operating profit margin was primarily attributable to higher margins on tag services and lower amortization of intangible assets, all partially offset by higher reserves established for client receivables mainly associated with increasing credit risk resulting from the Pandemic and the loss of certain higher margin accounts that occurred in the prior year.

Education

	Nine Months Ended July 31,			
($ in millions)	2020	2019	Decrease	
Revenues	$ 596.6	$ 633.6	$ (37.0)	(5.8)%
Operating (loss) profit	(56.3)	33.4	(89.7)	NM*
Operating margin	*(9.4) %*	*5.3 %*	*NM**	

*Not meaningful

Education revenues decreased by $37.0 million, or 5.8%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The decrease was primarily attributable to compression of certain accounts, mainly resulting from Pandemic-related school closures.

Education had an operating loss of $56.3 million during the nine months ended July 31, 2020, as compared to an operating profit of $33.4 million during the nine months ended July 31, 2019. Operating margin decreased to (9.4)% in the nine months ended July 31, 2020 from 5.3% in the nine months ended July 31, 2019. The decrease in operating margin was primarily attributable to goodwill impairment charges of $99.3 million due to the adverse impact of market and business conditions resulting from the Pandemic and to higher reserves established for client receivables mainly associated with increasing credit risk resulting from the Pandemic. The decrease was partially offset by the management of direct labor and related personnel costs during Pandemic-related school closures, lower amortization of intangible assets, and higher margins on tag services as a result of the Pandemic.

Aviation

($ in millions)	Nine Months Ended July 31, 2020		Nine Months Ended July 31, 2019		Decrease		
Revenues	$	539.9	$	765.8	$	(225.9)	(29.5)%
Operating (loss) profit		(63.0)		17.2		(80.2)	NM*
Operating margin		*(11.7)%*		*2.3 %*		*NM**	

*Not meaningful

Aviation revenues decreased by $225.9 million, or 29.5%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The decrease was primarily attributable to travel restrictions and a dramatic decline in passenger demand resulting from the Pandemic. Significant volume reductions impacted cabin cleaning, parking, janitorial, passenger services, transportation, and catering accounts. In addition, we lost certain cabin cleaning and passenger services accounts primarily in the prior year. The decrease was partially offset by Pandemic-related cleaning services. Management reimbursement revenues for this segment totaled $61.4 million and $72.0 million for the nine months ended July 31, 2020 and 2019, respectively.

Aviation had an operating loss of $63.0 million during the nine months ended July 31, 2020, as compared to an operating profit of $17.2 million during the nine months ended July 31, 2019. Operating margin decreased to (11.7)% in the nine months ended July 31, 2020, from 2.3% in the nine months ended July 31, 2019. The decrease in operating margin was primarily attributable to impairment charges of $55.5 million on goodwill and $5.6 million on customer relationships due to the adverse impact of market and business conditions resulting from the Pandemic. Operating margin was also negatively impacted by Pandemic-related volume reductions, provisions for employee severance, and higher reserves established for client receivables mainly associated with increasing credit risk resulting from the Pandemic. Operating margin was positively impacted by the management of direct labor and related personnel costs during the Pandemic, higher margins on Pandemic-related cleaning services, and the loss of lower margin cabin cleaning and passenger service accounts in the prior year.

Technical Solutions

($ in millions)	Nine Months Ended July 31, 2020		Nine Months Ended July 31, 2019		Decrease		
Revenues	$	383.5	$	417.7	$	(34.2)	(8.2)%
Operating profit		13.1		35.3		(22.2)	(62.9)%
Operating profit margin		*3.4 %*		*8.4 %*		*(503) bps*	

Technical Solutions revenues decreased by $34.2 million, or 8.2%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The decrease was primarily attributable to a lower volume of projects in both our U.S. and U.K. businesses due to Pandemic-related disruptions beginning in the second quarter of 2020, as well as the loss of certain accounts in our U.K. business that primarily occurred during the prior year. The decrease was partially offset by growth in our U.S. business related to bundled energy solutions projects and power projects prior to Pandemic-related disruptions as well as by higher tag services.

Operating profit decreased by $22.2 million, or 62.9%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. Operating profit margin decreased by 503 bps to 3.4% in the nine months ended July 31, 2020 from 8.4% in the nine months ended July 31, 2019. The decrease in operating profit margin was primarily attributable to impairment charges of $9.0 million on goodwill and $3.4 million on customer relationships related to our U.K. business due to the adverse impact of market and business conditions resulting from the Pandemic. In addition, during the current year we were negatively impacted by: revenue compression resulting from Pandemic-related disruptions; higher commissions expense due to the amortization of commissions that were capitalized in the prior year; and the loss of certain higher margin contracts in our U.K. business. The decrease was partially offset by the management of project related expenses, management and staff employee furloughs, and lower amortization of intangible assets.

Corporate

($ in millions)	Nine Months Ended July 31, 2020		Nine Months Ended July 31, 2019		Decrease		
Corporate expenses	$	97.7	$	127.1	$	(29.4)	(23.1)%

Corporate expenses decreased by $29.4 million, or 23.1%, during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The decrease in corporate expenses was primarily attributable to:

- a $17.1 million decrease in self-insurance reserve adjustments related to prior year claims as a result of actuarial evaluations completed in the nine months ended July 31, 2020;
- a $6.1 million decrease in compensation and related expenses mainly due to corporate and staff labor reductions, including wage reductions, employee furloughs, and the suspension of certain benefits such as 401(k) matching, and also due to travel and entertainment expenses;
- a $6.1 million decrease in certain technology projects and related support;
- the absence of a $3.9 million reserve for an anticipated union pension settlement in the prior year; and
- a $3.5 million decrease in restructuring and related expenses due to expenses incurred in the prior year related to the GCA integration, partially offset by expenses related to our ongoing technology initiatives, the majority of which have been temporarily suspended since the second quarter of 2020 due to the Pandemic.

This decrease was partially offset by:

- a $4.6 million increase in medical and dental insurance expense as a result of actuarial evaluations performed in the nine months ended July 31, 2020; and
- a $1.8 million increase in legal costs.

Liquidity and Capital Resources

Our primary sources of liquidity are operating cash flows and borrowing capacity under our Credit Facility. We assess our liquidity in terms of our ability to generate cash to fund our short- and long-term cash requirements. As such, we project our anticipated cash requirements as well as cash flows generated from operating activities to meet those needs.

In addition to normal working capital requirements, we anticipate that our short- and long-term cash requirements will include funding legal settlements, insurance claims, dividend payments, capital expenditures, share repurchases, and continued systems and technology transformation initiatives. We anticipate long-term cash uses may also include strategic acquisitions. On a long-term basis, we will continue to rely on our Credit Facility for any long-term funding not provided by operating cash flows.

We believe that the Pandemic has had, and will likely continue to have, an adverse impact on our consolidated financial position, results of operations, and cash flows. Since we cannot predict the duration or scope of the Pandemic, we cannot fully anticipate or reasonably estimate all the ways in which the current global health crisis and financial market conditions could adversely impact our business in fiscal 2020 or in the future. It is also possible that we may experience an adverse impact on cash collections of our accounts receivable as a result of the impact of the Pandemic on our clients.

We have taken and continue to take certain steps to preserve liquidity, including: temporary pay reductions with full pay returning August 1, 2020; temporary furloughs or working hour reductions for certain staff and management employees, most of whom returned to work effective August 1, 2020; and the temporary suspension of certain benefits. We have also actively managed direct labor and related personnel costs, including: furloughs or reduced hours for certain service employees in markets significantly impacted by business slowdowns and shutdowns; reducing our planned capital and operating expenditures and management of other expenses; and suspending share repurchases under our share repurchase program. In addition, we continue focusing on collection of customer receivables, monitoring the adequacy of our reserves, and extending vendor payment terms where possible. We evaluated the business tax provisions of the CARES Act and have deferred remittance of approximately $58 million of payroll tax as of July 31, 2020.

In addition, we are taking certain steps to ensure adequate access to liquidity. In late March 2020, we borrowed approximately $300 million under our revolving line of credit, which represented all amounts then available under the Credit Facility, as a precautionary measure to provide increased liquidity and preserve financial flexibility due to uncertainty resulting from the Pandemic. On May 28, 2020, we amended our Credit Facility (the “Amendment”) in order to enhance our financial flexibility, as further described under “Credit Facility” below. During the quarter ended July 31, 2020, we repaid substantially all of these amounts borrowed under the revolving line of credit without penalty.

We believe that our operating cash flows and borrowing capacity under our Credit Facility are sufficient to fund our cash requirements for the next twelve months. In the event that our plans change or our cash requirements are greater than we anticipate, we may need to access the capital markets to finance future cash requirements. However, there can be no assurance that such financing will be available to us should we need it or, if available, that the terms will be satisfactory to us and not dilutive to existing shareholders.

Credit Facility

On September 1, 2017, we refinanced and replaced our then-existing $800.0 million credit facility with a new senior, secured five-year syndicated credit facility (the “Credit Facility”), consisting of a $900.0 million revolving line of credit and an $800.0 million amortizing term loan, both of which are scheduled to mature on September 1, 2022. In accordance with the terms of the Credit Facility, the revolving line of credit was reduced to $800.0 million on September 1, 2018. In late March 2020, we borrowed approximately $300 million as a precautionary measure to provide increased liquidity and preserve financial flexibility in response to uncertainty resulting from the Pandemic. This represented all remaining amounts then available under the revolving line of credit. During the quarter ended July 31, 2020, we repaid substantially all of these amounts borrowed under the revolving line of credit without penalty.

The Amendment modified the financial covenants under the Credit Facility, including: (i) replacing a maximum total leverage ratio with a maximum total net leverage ratio (allowing for up to $100 million in cash and cash equivalents to be excluded from the calculation of total indebtedness) that varies on a quarterly basis and adjusts to 6.50 to 1.00 by the quarter ending October 31, 2020, and back to 4.00 to 1.00 by the quarter ending October 31, 2022; (ii) modifying the minimum fixed charge coverage ratio on a quarterly basis, which adjusts to 1.25 to 1.00 as of the quarter ending April 30, 2022; and (iii) adding a minimum liquidity (defined in the Amendment as domestic cash plus available revolving loans) of $250.0 million. These financial covenants were effective with the quarter ended April 30, 2020. Our borrowing capacity is subject to, and limited by, compliance with these covenants.

The Amendment changed the interest rate, interest margins, and commitment fees applicable to loans and commitments under the Credit Facility. It also added a new anti-cash hoarding mandatory prepayment that requires us to repay outstanding revolving loans or swingline loans if, at any time, we have in excess of $250 million of cash and cash equivalents on our balance sheet. The Amendment made certain additional changes to the negative covenants restrictions under the Credit Facility, including, subject to certain exceptions, restrictions to our ability to make acquisitions, share repurchases, and other defined restricted payments, depending on our total net leverage ratio. At July 31, 2020, we were in compliance with these covenants and expect to be in compliance in the foreseeable future.

During the three and nine months ended July 31, 2020, we made principal payments of $30.0 million and $60.0 million, respectively, under the term loan. At July 31, 2020, the total outstanding borrowings under our Credit Facility in the form of cash borrowings and standby letters of credit were $757.3 million and $153.1 million, respectively. At July 31, 2020, we had up to $563.7 million of borrowing capacity, reflecting covenant restrictions.

In July 2017, the U.K. Financial Conduct Authority, the regulator of the London Interbank Offered Rate (“LIBOR”), indicated that it will no longer require banks to submit rates to the LIBOR administrator after 2021. This announcement signaled that the calculation of LIBOR and its continued use could not be guaranteed after 2021. A change away from LIBOR after 2021 may impact our Credit Facility and interest rate swaps. Our current credit agreement as well as our International Swaps and Derivatives Association, Inc. agreement provide for any changes away from LIBOR to a successor rate to be based on prevailing or equivalent standards. We continue to monitor developments related to the LIBOR transition and/or identification of an alternative, market-accepted rate. The impact related to any changes cannot be predicted at this time.

Reinvestment of Foreign Earnings

We plan to reinvest our foreign earnings to fund future non-U.S. growth and expansion, and we do not anticipate remitting such earnings to the United States. While U.S. federal tax expense has been recognized as a result of the Tax Cuts and Jobs Act of 2017, no deferred tax liabilities with respect to federal and state income taxes or foreign withholding taxes have been recognized.

IFM Insurance Company

IFM Assurance Company (“IFM”) is a wholly-owned captive insurance company that we formed in 2015 and began providing coverage to us as of January 1, 2015. IFM is part of our enterprise-wide, multi-year insurance strategy that is intended to better position our risk and safety programs and provide us with increased flexibility in the end-to-end management of our insurance programs.

Share Repurchases

Effective December 18, 2019, our Board of Directors replaced our then-existing share repurchase program with a new share repurchase program under which we may repurchase up to $150.0 million of our common stock (the “2019 Share Repurchase Program”). We repurchased shares under the 2019 Share Repurchase Program during the second quarter of 2020, as summarized below. However, due to the market and business conditions arising from the Pandemic, in March 2020 we suspended further repurchases of our common stock. At July 31, 2020, authorization for $144.9 million of repurchases remained under the 2019 Share Repurchase Program.

(in millions, except per share amounts)		**Nine Months Ended July 31, 2020**
Total number of shares purchased		0.2
Average price paid per share	$	36.16
Total cash paid for share repurchases	$	5.1

Cash Flows

In addition to revenues and operating profit, our management views operating cash flows as a good indicator of financial performance, because strong operating cash flows provide opportunities for growth both organically and through acquisitions. Net cash provided by operating activities was $258.8 million during the nine months ended July 31, 2020. Operating cash flows primarily depend on: revenue levels; the quality and timing of collections of accounts receivable; the timing of payments to suppliers and other vendors; the timing and amount of income tax payments; and the timing and amount of payments on insurance claims and legal settlements.

	Nine Months Ended July 31,	
(in millions)	**2020**	**2019**
Net cash provided by operating activities	$ 258.8	$ 114.0
Net cash used in investing activities	(18.1)	(44.1)
Net cash used in financing activities	(68.1)	(46.4)

Operating Activities

Net cash provided by operating activities increased by $144.8 million during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. This increase was primarily related to the timing of client receivable collections and deferred remittance of approximately $58 million of payroll taxes under the CARES Act, partially offset by the timing of vendor payments.

Investing Activities

Net cash used in investing activities decreased by $26.0 million during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. This decrease was primarily related to lower additions to property, plant and equipment in the current year.

Financing Activities

Net cash used in financing activities increased by $21.7 million during the nine months ended July 31, 2020, as compared to the nine months ended July 31, 2019. The increase was primarily related to higher net repayments on borrowings in the current year.

Contingencies

We are a party to a number of lawsuits, claims, and proceedings incident to the operation of our business, including those pertaining to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as class actions on behalf of a class or purported class of employees.

At July 31, 2020, the total amount accrued for all probable litigation losses where a reasonable estimate of the loss could be made was $6.3 million.

Litigation outcomes are difficult to predict and the estimation of probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. If one or more matters are resolved in a particular period in an amount in excess of, or in a manner different than, what we anticipated, this could have a material adverse effect on our financial position, results of operations, or cash flows.

We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. The estimation of reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Our management currently estimates the range of loss for all reasonably possible losses for which a reasonable estimate of the loss can be made is between zero and $11 million. Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

In some cases, although a loss is probable or reasonably possible, we cannot reasonably estimate the maximum potential losses for probable matters or the range of losses for reasonably possible matters. Therefore, our accrual for probable losses and our estimated range of loss for reasonably possible losses do not represent our maximum possible exposure.

For additional information about our contingencies, see Note 10, “Commitments and Contingencies,” in the Financial Statements.

Critical Accounting Policies and Estimates

Our accompanying Financial Statements are prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), which require us to make certain estimates in the application of our accounting policies based on the best assumptions, judgments, and opinions of our management. On November 1, 2019, we adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842).* Refer to Note 2, "Basis of Presentation and Significant Accounting Policies," and Note 4, "Leases," in the Financial Statements for additional information regarding the impact of adopting this standard. There have been no significant changes to our critical accounting policies and estimates. For a description of our critical accounting policies, see Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report.

Recent Accounting Pronouncements

Accounting Standards Update	Topic	Summary	Effective Date/ Method of Adoption
2020-04	Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	This ASU, issued in March 2020, provides optional expedients to assist with the discontinuance of the London Interbank Offered Rate ("LIBOR"). The expedients allow companies to ease the potential accounting burden when modifying contracts and hedging relationships that use LIBOR as a reference rate, if certain criteria are met. We are currently evaluating the impact of implementing this guidance on our financial statements.	This update can be adopted prospectively no later than December 1, 2022, with early adoption permitted.
2020-03	Codification Improvements to Financial Instruments	This ASU, issued in March 2020, makes narrow-scope improvements to various financial instruments topics, including the new credit losses standard.	Certain amendments contained within this update were effective upon issuance and had no material impact on our financial statements. The amendments related to ASU 2019-04 and ASU 2016-13 will be adopted in conjunction with ASU 2016-13, as described below.
2020-01	Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815	This ASU, issued in January 2020, clarifies the interaction between Topic 321, Topic 323, and Topic 815. The new guidance, among other things, states that a company should consider observable transactions that require it to either apply or discontinue the equity method of accounting for the purposes of applying the fair value measurement alternative immediately before applying or upon discontinuing the equity method. While we are currently evaluating the impact of implementing this guidance on our financial statements, we do not expect adoption to have a material impact.	November 1, 2021 This update will be applied prospectively.
2019-12	Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	This ASU, issued in December 2019, removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. This ASU also amends other aspects of the guidance to help simplify and promote consistent application of Topic 740. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2021 The amendments have differing adoption methods including retrospectively, prospectively, and/or on a modified retrospective basis.

Accounting Standards Update	Topic	Summary	Effective Date/ Method of Adoption
2019-04	Codification Improvements to Topic 326: Financial Instruments—Credit Losses; Topic 815: Derivatives and Hedging; and Topic 825: Financial Instruments	This ASU, issued in April 2019, provides narrow-scope amendments designed to assist in the application of the following updates and the related accounting standards: (1) ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; (2) ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities; and (3) ASU 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. We are currently evaluating the impact of implementing the guidance related to (1) and (3) on our financial statements.	(1) The amendments related to ASU 2016-13 will be adopted in conjunction with that ASU, as further described below. (2) We adopted this guidance effective November 1, 2019 on a prospective basis with no significant impact on our consolidated financial statements. (3) Since we already adopted ASU 2016-01, the related amendments will be effective for us on November 1, 2020 and will be applied using a modified retrospective adoption approach with a cumulative-effect adjustment to retained earnings.
2018-18	Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606	This ASU, issued in November 2018, provides guidance on whether certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606. It specifically addresses when the participant is a customer in the context of a unit of account, adds unit of account guidance in Topic 808 to align with guidance in Topic 606, and precludes presenting the collaborative arrangement transaction together with revenue recognized under Topic 606 if the collaborative arrangement participant is not a customer. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update will be applied retrospectively.
2018-17	Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities	This ASU, issued in October 2018, provides that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interest. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update will be applied retrospectively.
2018-16	Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes	This ASU, issued in October 2018, adds the Overnight Index Swap ("OIS") rate based on the SOFR (a swap rate based on the underlying overnight SOFR rate) as an eligible benchmark interest rate for purposes of applying hedge accounting. SOFR is a volume-weighted median interest rate that is calculated daily based on overnight transactions from the prior day's trading activity in specified segments of the U.S. Treasury repo market. SOFR was selected by the Alternative Reference Rates Committee as its preferred alternative reference rate to LIBOR. We are currently evaluating the impact of implementing this guidance on our financial statements.	Since we early adopted ASU 2017-12, this update will be effective for us on November 1, 2020, on a prospective basis.
2018-15	Intangibles—Goodwill and Other —Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract	This ASU, issued in August 2018, aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption.

Accounting Standards Update	Topic	Summary	Effective Date/ Method of Adoption
2018-14	Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans	This ASU, issued in August 2018, modifies the disclosure requirements on company-sponsored defined benefit plans. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This update will be applied retrospectively.
2018-13	Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement	This ASU, issued in August 2018, modifies the disclosure requirements on fair value measurements by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty, and adding new disclosure requirements. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 The amendments related to disclosure requirements within this update will be applied prospectively and the other amendments will be applied retrospectively.
2016-13 2019-11 2019-05	Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	ASU 2016-13, issued in June 2016, replaces the existing guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and investments in certain debt securities, by requiring recognition of an allowance for credit losses expected to be incurred over an asset's life based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectibility. This "expected loss" model will result in earlier recognition of credit losses than the current "as incurred" model, under which losses are recognized only upon occurrence of an event that gives rise to the incurrence of a probable loss. ASU 2019-11 was issued in November 2019 to clarify, improve, and amend certain aspects of ASU 2016-13, such as disclosures related to accrued interest receivables and the estimation of credit losses associated with financial assets secured by collateral. ASU 2019-05 was issued in May 2019 to provide targeted transition relief allowing entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets previously measured at amortized cost (except held-to-maturity securities) using the fair value option. We are currently evaluating the impact of implementing this guidance on our financial statements.	November 1, 2020 This guidance will be applied using a modified retrospective adoption approach with a cumulative-effect adjustment to retained earnings as of the beginning of the year of adoption, except for certain provisions that are required to be applied prospectively.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There are no material changes related to market risk from the disclosures in our Annual Report on Form 10-K for the year ended October 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES.

a. Disclosure Controls and Procedures.

As of the end of the period covered by this report, our Principal Executive Officer and Principal Financial Officer evaluated our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and (2) accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

b. Changes in Internal Control Over Financial Reporting.

To support the growth of our financial shared service capabilities and standardize our financial systems, we continue to update several key platforms, including our human resources information systems, enterprise resource planning system, and labor management system. The implementation of several key platforms involves changes in the systems that include internal controls. Although some of the transitions have proceeded to date without material adverse effects, the possibility exists that they could adversely affect our internal controls over financial reporting and procedures.

There were no other changes in our internal control over financial reporting during the third quarter of 2020 identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As a result of the COVID-19 pandemic (the "Pandemic"), many of our office-based employees began working remotely in March 2020. This change to the working environment did not have a material effect on our internal controls over financial reporting during the third quarter of 2020. We are continually monitoring and assessing the impact of the Pandemic and the resulting changes to our working environment on our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

A discussion of material developments in our litigation matters occurring in the period covered by this report is found in Note 10, "Commitments and Contingencies," to the Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS.

Except for the risk factor disclosed in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended April 30, 2020, which is hereby incorporated by reference into this Part II, Item 1A of this Form 10-Q, there have been no material changes to the risk factors identified in our Annual Report on Form 10-K for the year ended October 31, 2019.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the three months ended July 31, 2020, we did not repurchase any shares of our common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS.

(a) Exhibits

Exhibit No.	Exhibit Description
10.1	Third Amendment, dated as of May 28, 2020, to the Credit Agreement dated September 1, 2017, by and among ABM Industries Incorporated, a Delaware corporation, the Designated Borrowers identified on the signature pages thereto, the Guarantors identified on the signature pages thereto, the Lenders identified on the signature pages thereto and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on June 18, 2020)
31.1†	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32‡	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS†	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH†	Inline XBRL Taxonomy Extension Schema Document
101.CAL†	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF†	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	Inline XBRL Taxonomy Label Linkbase Document
101.PRE†	Inline XBRL Presentation Linkbase Document
104†	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Indicates filed herewith

‡ Indicates furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABM Industries Incorporated

September 9, 2020	/s/ Dean A. Chin Dean A. Chin Interim Chief Financial Officer, Senior Vice President, Chief Accounting Officer, and Corporate Controller (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)

I, Scott Salmirs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 9, 2020

/s/ Scott Salmirs
Scott Salmirs
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)

I, Dean A. Chin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ABM Industries Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

September 9, 2020

/s/ Dean A. Chin
Dean A. Chin
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

**CERTIFICATIONS PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(b) OR 15d-14(b) AND
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ABM Industries Incorporated (the "Company") for the quarter ended July 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott Salmirs, Chief Executive Officer of the Company, and Dean A. Chin, Interim Chief Financial Officer of the Company, each certifies for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 9, 2020

/s/ Scott Salmirs
Scott Salmirs
Chief Executive Officer
(Principal Executive Officer)

September 9, 2020

/s/ Dean A. Chin
Dean A. Chin
Interim Chief Financial Officer
(Principal Financial Officer)