First Quarter 2025 Earnings Presentation

March 12, 2025

Forward Looking Statements

This press release contains both historical and forward-looking statements about ABM Industries Incorporated ("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. For us, particular uncertainties that could cause our actual results to be materially different from those expressed in our forward-looking statements include: our success depends on our ability to gain profitable business despite competitive market pressures; our results of operations can be adversely affected by labor shortages, turnover, and labor cost increases; we may not be able to attract and retain qualified personnel and senior management we need to support our business; investments in and changes to our businesses, operating structure, or personnel relating to our ELEVATE strategy, including 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; our ability to preserve long-term client relationships is essential to our continued success; our use of subcontractors or joint venture partners to perform work under customer contracts exposes us to liability and financial risk; 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; decreases in commercial office space utilization due to hybrid work models and increases in office vacancy rates could adversely affect our financial conditions; negative changes in general economic conditions, such as recessionary pressures, high interest rates, durable and non-durable goods pricing, changes in energy prices, or changes in consumer goods pricing, could reduce the demand for services and, as a result, reduce our revenue and earnings and adversely affect our financial condition; 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; our ongoing implementation of new enterprise resource planning and related boundary systems could adversely impact our ability to operate our business and report our financial results; 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 changes in estimates 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; unfavorable developments in our class and representative actions and other lawsuits alleging various claims could cause us to incur substantial liabilities; we are subject to extensive legal and regulatory requirements, which could limit our profitability by increasing the costs of legal and regulatory compliance; a significant number of our employees are covered by collective bargaining agreements that could expose us to potential liabilities in relation 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; future increases in the level of our borrowings and 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, pandemics, and terrorist attacks could disrupt our services; and actions of activist investors could disrupt our business. For additional information on these and other risks and uncertainties we face, see ABM's risk factors, as they may be amended from time to time, set forth in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and subsequent filings. We urge readers to consider these risks and uncertainties in evaluating our forward-looking statements.

Use of Non-GAAP Financial Information

To supplement ABM's consolidated financial information, the Company has presented net income and net income per diluted share as adjusted for items impacting comparability for the first quarter of fiscal years 2025 and 2024. These adjustments have been made with the intent of providing financial measures that give management and investors a better understanding of the underlying operational results and trends as well as ABM's operational performance. In addition, the Company has presented earnings, before interest, taxes, depreciation and amortization and excluding items impacting comparability (adjusted EBITDA) for the first quarter of fiscal years 2025 and 2024. Adjusted earnings per share and adjusted EBITDA are among the indicators management uses as a basis for planning and forecasting future periods. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue excluding parking management reimbursement revenue. We cannot provide a reconciliation of forward-looking non-GAAP adjusted earnings per share and adjusted EBITDA margin measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation. The Company has also presented Free Cash Flow which is defined as net cash provided by (used in) operating activities less additions to property, plant and equipment. The presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for financial statements prepared in accordance with accounting principles generally accepted in the United States of America. (See accompanying financial tables for supplemental financial data and corresponding reconciliations to certain GAAP financial measures.)

We round amounts to millions but calculate all percentages and per-share data from the underlying whole-dollar amounts. As a result, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise noted, all references to years are to our fiscal year, which ends on October 31.

Q1 2025 Review

Financial Results

- Revenue of $2.1B
  - 1.6% organic growth
- Net income of $43.6M
- Adjusted net income(1) of $55.3M
- Adjusted EBITDA(1) of $120.6M
- GAAP EPS of $0.69
- Adjusted EPS(1) of $0.87
- Adj. EBITDA margin(1) of 5.9%

Demand Environment

- **B & I's** Commercial real estate markets continue to show signs of improvement
- **M&D** demand remains solid
- Solid demand dynamics in **Aviation**
- **Education** remains stable
- Robust demand for microgrids and data center related services in **Technical Solutions**

Highlights

- Successfully went live on cloud-based ERP system for B&I and M&D
- Launched new brand platform, reflecting ABM's evolution to a tech-enabled solutions provider
- Extended and expanded revolving credit facility to $2.2B
- Repurchased 415K shares for $21M
- Won significant new business in Aviation and M&D, with a building pipeline of other opportunities

(1) Please refer to the appendix for a reconciliation of GAAP to non-GAAP measures

End-to-End Facility Solutions Across Diverse Markets

ABM

Business & Industry

- Facility cleaning
- Building engineering & maintenance
- Infrastructure solutions
- Parking management
- Valet / shuttle services
- Optimized ventilation & HVAC
- Lighting
- Specialty facility services

$1,023M

48%

Aviation

- Facility cleaning
- Building engineering & maintenance
- Cabin cleaning
- Passenger assistance
- Parking and shuttle operations management
- Electrical infrastructure services
- EV charging

$270M

13%

Manufacturing & Distribution

- Facility cleaning
- Building engineering & maintenance
- Construction clean-up
- Industrial operations and production support
  - Corrugate handling
  - Pallet management
  - Pick & pack
  - Wrap & ship

$394M

19%

Education

- Facility cleaning
- Building engineering & maintenance
- Landscaping & turf management
- Waste management & recycling
- Seasonal maintenance services
- Specialty facility services

$225M

11%

Technical Solutions

- Cleanroom services
- Tailored intelligent facilities solutions
- Downtime and data loss prevention
- Infrastructure maintenance
- Microgrids
- Battery energy storage systems

$202M

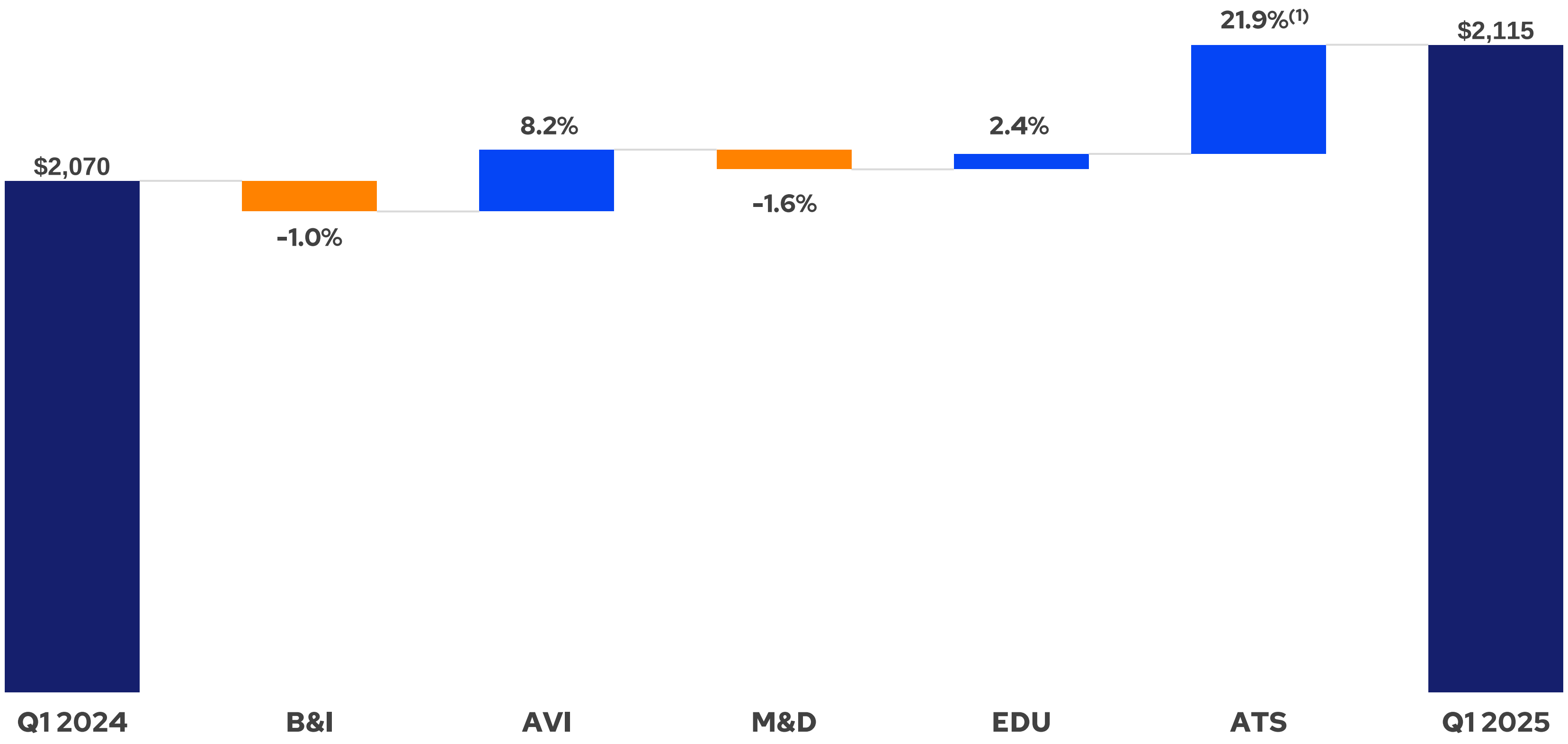
10%

Revenue

(% of Q1 2025 Total Company Revenue)

Q1 2025 Revenue

Segment Growth Rates

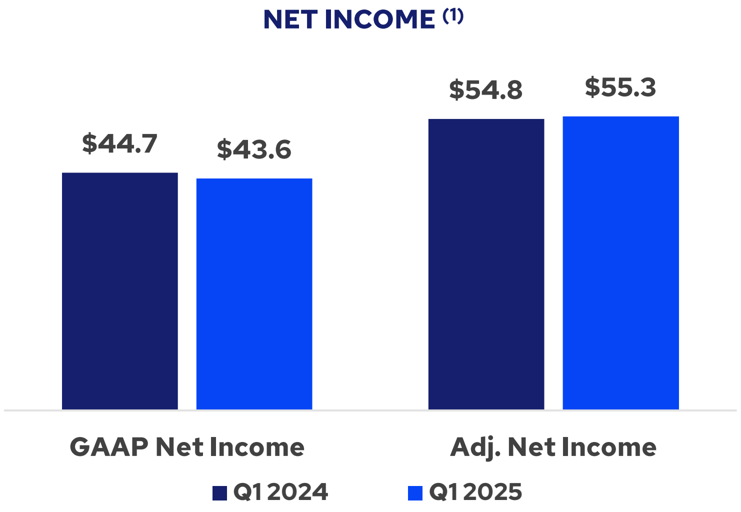


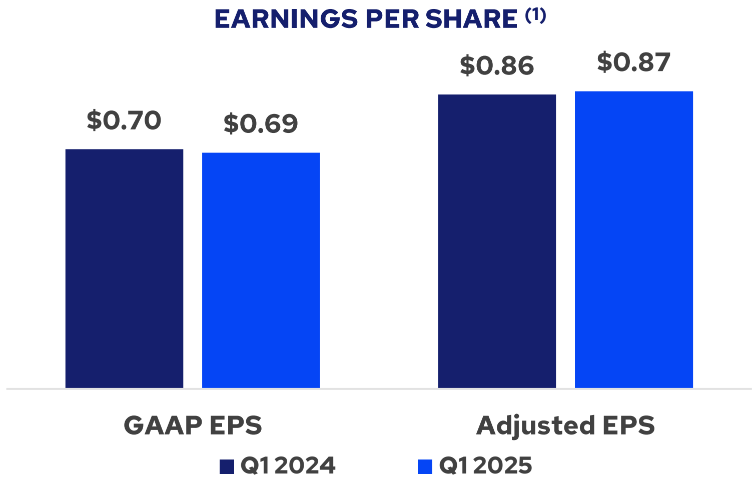
- Revenue increased 2.2% to $2.1B
  - 1.6% organic growth
- Continued strong growth in Technical Solutions and Aviation
- B&I and M&D remain resilient

(1) Comprised of 14.2% organic revenue growth and 7.7% revenue growth from acquisition

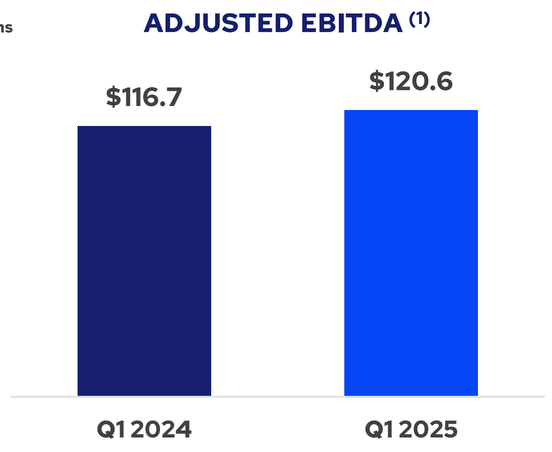
Q1 2025 Profitability

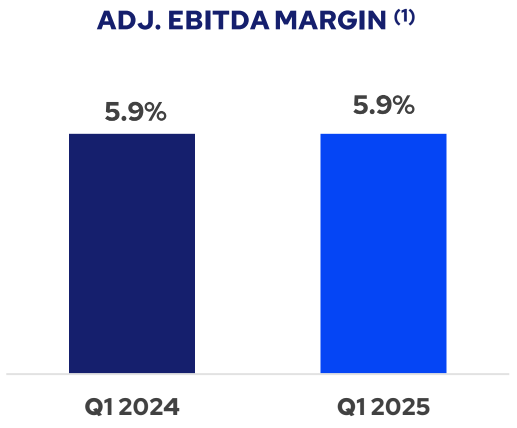
$ in millions





$ in millions





- Changes in GAAP net income and GAAP EPS largely reflect higher segment earnings and the absence of prior year self-insurance benefits, which were more than offset by higher corporate investments, tax and interest expense, and a legal settlement.
- Increases in adjusted net income, adjusted EPS and adj. EBITDA driven by higher segment earnings, partially offset by higher corporate investments
- GAAP EPS and adjusted EPS positively impacted by lower share count

(1) Refer to the appendix for a reconciliation of GAAP to non-GAAP measures

Q1 2025 Segment Performance

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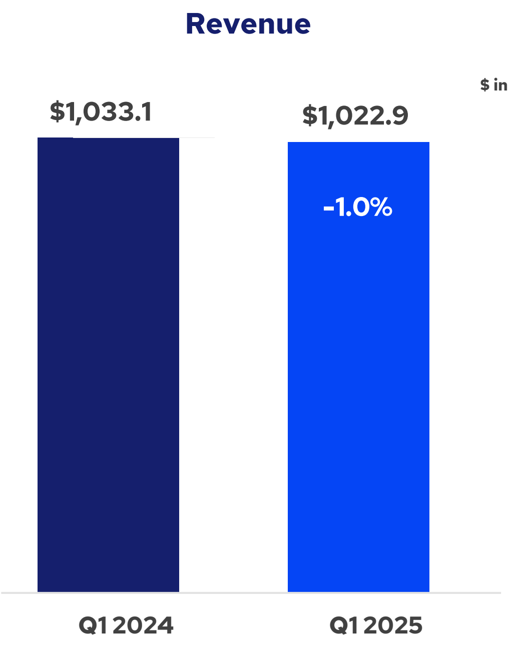
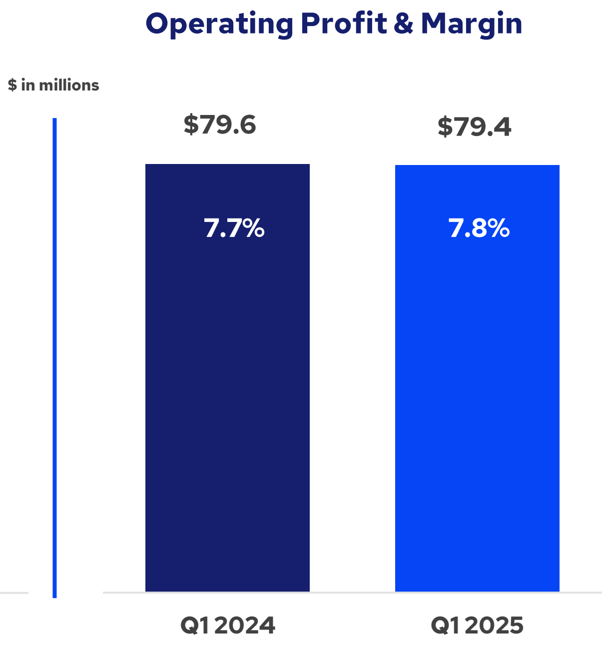
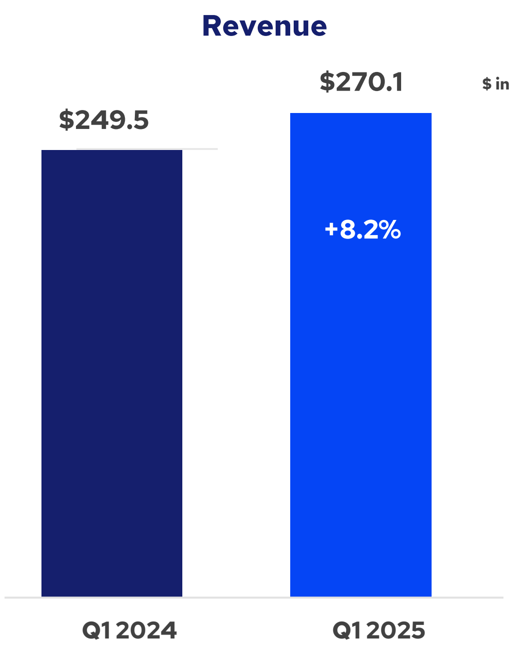
Business & Industry

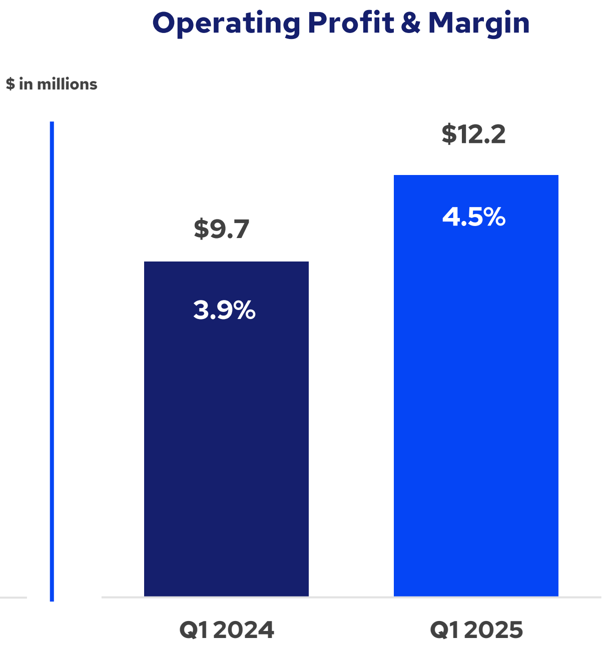




- Revenue performance reflects still soft commercial real estate markets, aided by client & geographic diversification, and focus on higher-quality properties
- Profit and margin performance aided by strong cost controls

Aviation

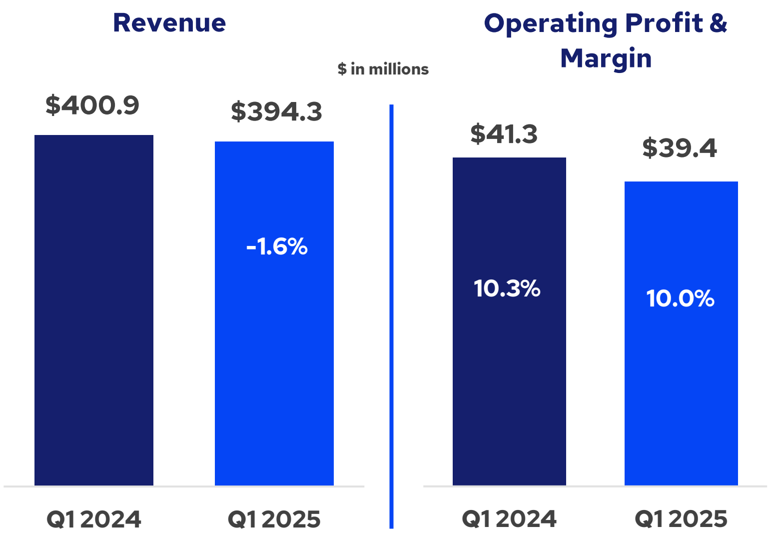




- Revenue growth driven by healthy travel markets and new clients coming on board
- Increases in profit and margin performance reflects normalized operating results versus the prior year

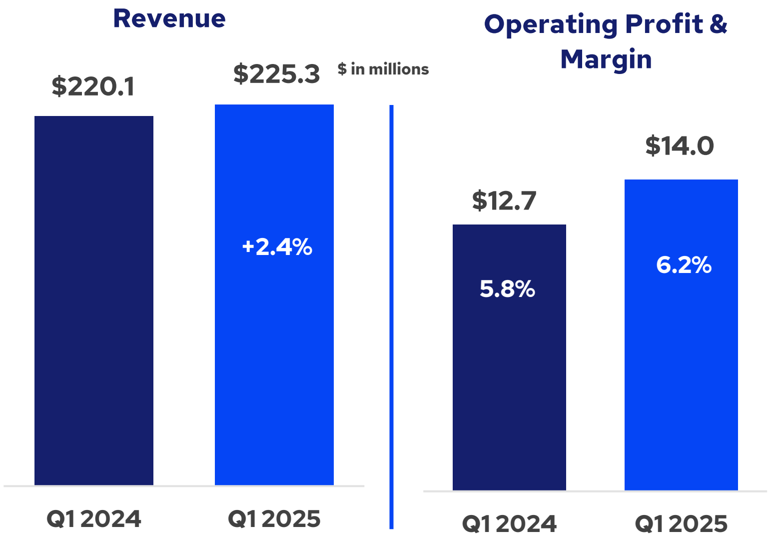
Q1 2025 Segment Performance

Manufacturing & Distribution



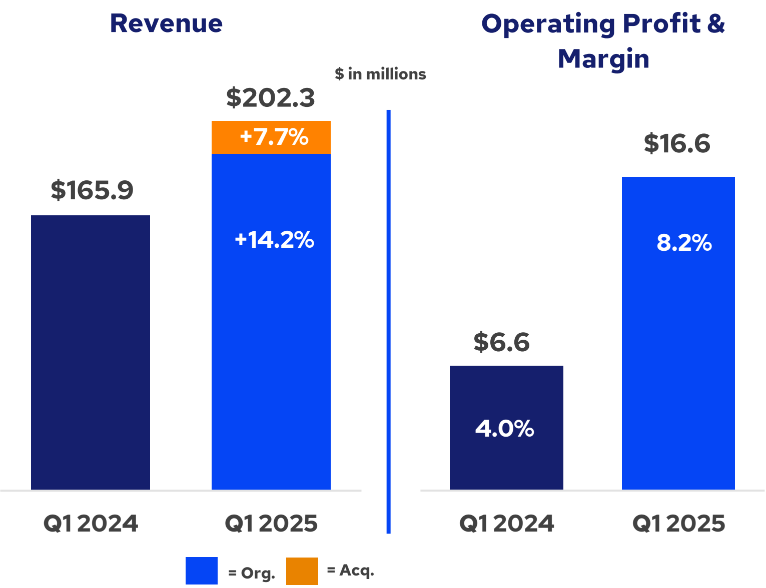
- Revenue result driven by planned client exit, partially offset by expansions and new wins
- Profit and margin performance reflects higher investments in selling organization to drive growth

Education



- Revenue growth driven by favorable net-pricing and increased work orders
- Profit and margin growth primarily due improved labor efficiency and mix

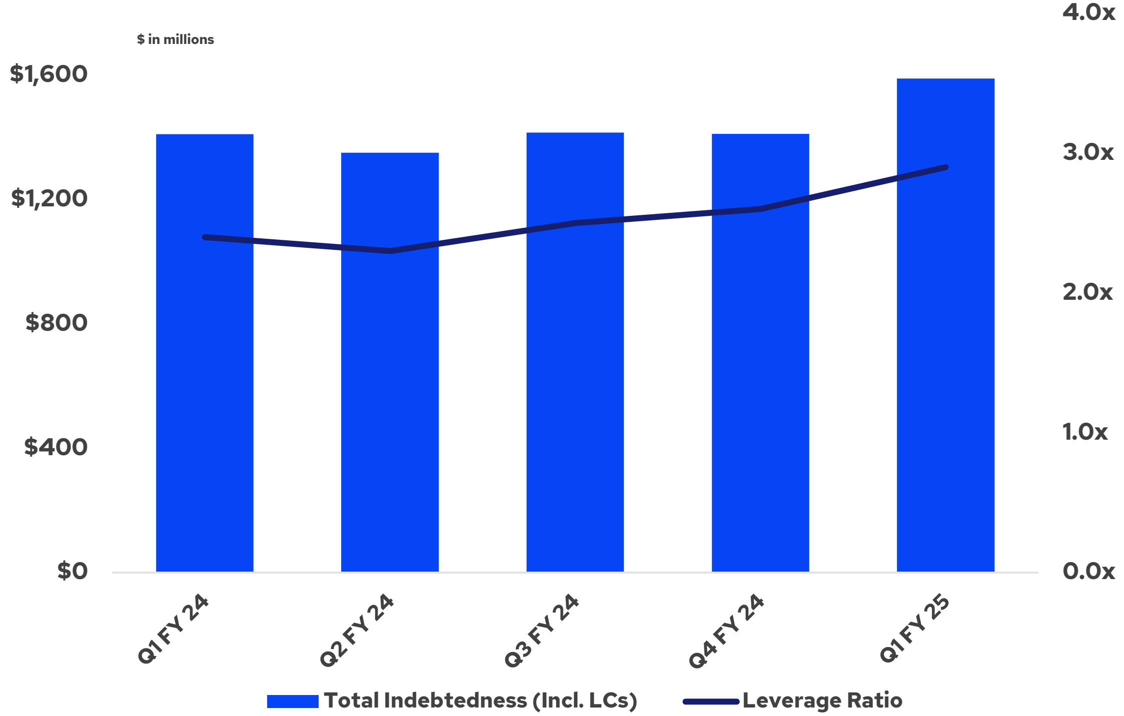
Technical Solutions



- Revenue growth driven by strong microgrid activity and QUS acquisition
- Profit and margin growth driven by significantly higher volume and improved operating performance

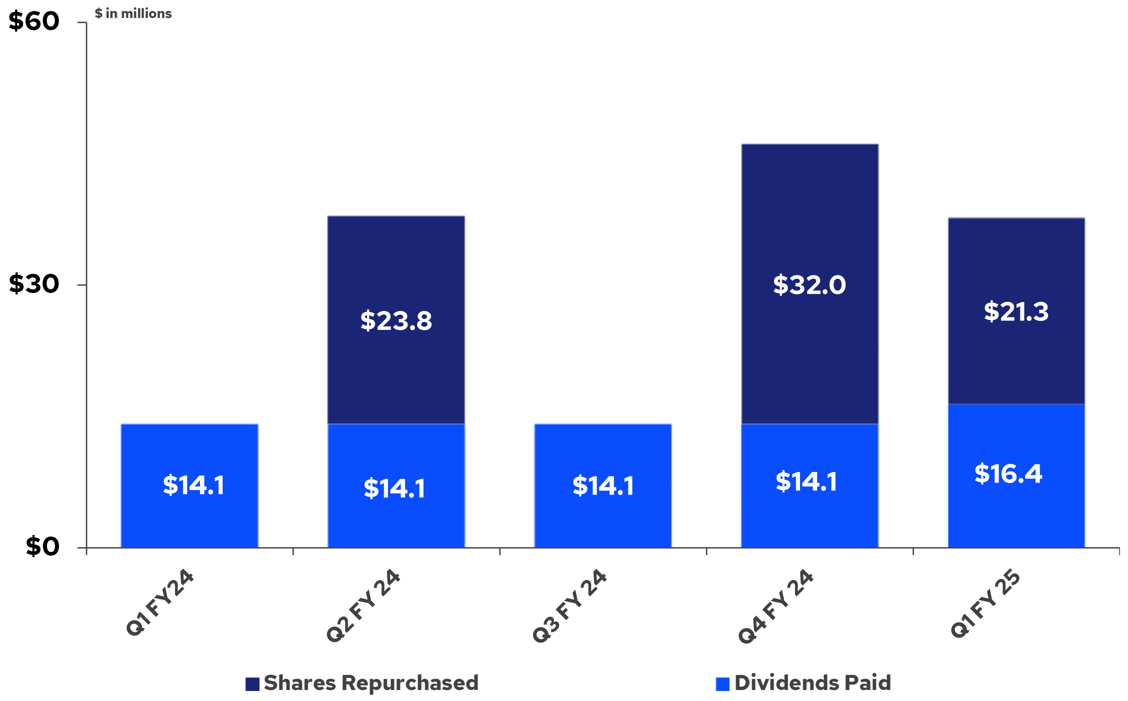
Q1 2025 Leverage & Shareholder Returns

Leverage



- Total indebtedness of $1.6B in Q1 2025, up $178M from Q4 2024; Leverage at 2.9X
- Q1 free cash flow(1) of -$123M, resulting from a temporary increase in working capital related to the transition to the Company's new ERP system for B&I and M&D
- Extended and expanded senior secured credit agreement, which now totals $2.2B

Shareholder Returns



- Repurchased 415K shares at average price of $51.23 in Q1 for $21M
- $133M remaining capacity under share repurchase authorization

(1) Please refer to the appendix for a reconciliation of GAAP to non-GAAP measures.

Fiscal 2025 – Updated Outlook

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Metric	Previous Outlook	Current Outlook
Adjusted net income per diluted share [(1)]	$3.60 - $3.80	$3.65 - $3.80
Adjusted EBITDA Margin[(1)]	6.3% - 6.5%	6.3% - 6.5%
Tax rate (excl. discrete tax items and impact of non-taxable items)	29% - 30%	29% - 30%
Interest expense	$76M - $80M	$80M - $84M

2025 Working Days				
Quarter	**Q1**	**Q2**	**Q3**	**Q4**
Days	66	63	66	66
Δ y-o-y	0	-1	0	0

(1) When the company provides expectations for adjusted EPS and adjusted EBITDA margin on a forward-looking basis, a reconciliation of the differences between these non-GAAP expectations and the corresponding GAAP measures generally is not available without unreasonable effort. See "Use of Non-GAAP Financial Information" for additional information.

Appendix

Unaudited Reconciliation of Non-GAAP Financial Measures

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$ in millions

	Three Months Ended January 31,	
	2025	2024
Reconciliation of Net Income to Adjusted Net Income		
Net income	$ 43.6	$ 44.7
Items impacting comparability[(a)]		
Prior year self-insurance adjustment[(b)]	—	5.3
Legal costs and other settlements	4.8	—
Acquisition and integration related costs[(c)]	3.4	1.4
Transformation initiative costs[(d)]	8.3	7.0
Other	$ —	$ 0.8
Total items impacting comparability	16.4	14.5
Income tax benefit [(e)(f)]	(4.7)	(4.4)
Items impacting comparability, net of taxes	11.7	10.1
Adjusted net income	$ 55.3	$ 54.8

Unaudited Reconciliation of Non-GAAP Financial Measures - Footnotes

ABM

[a] The Company adjusts income to exclude the impact of certain items that are unusual, non-recurring, or otherwise do not reflect management's views of the underlying operational results and trends of the Company.

[b] Represents the net adjustments to our self-insurance reserve for general liability, workers' compensation, automobile and health insurance claims related to prior period accident years. Management believes these prior period reserve changes do not illustrate the performance of the Company's normal ongoing operations given the current year's insurance expense is estimated by management in conjunction with the Company's outside actuary to take into consideration past history and current costs and regulatory trends. Once the Company develops its best estimate of insurance expense premiums for the year, the Company fully allocates such costs out to the business leaders to hold them accountable for the current year costs within operations. However, since these prior period reserve changes relate to claims that could date back many years, current management has limited ability to influence the ultimate development of the prior year changes. Accordingly, including the prior period reserve changes in the Company's current operational results would not depict how the business is run as the Company holds its management accountable for the current year's operational performance. The Company believes the exclusion of the self-insurance adjustment from net income is useful to investors by enabling them to better assess our operating performance in the context of current year profitability. For the three months ended January 31, 2025, and 2024, our self-insurance general liability, workers' compensation, and automobile insurance claims related to prior period accident years increased by $0 million and $5.3 million, respectively.

[c] Represents integration related costs associated with recent acquisitions.

[d] Represents discrete transformational costs that primarily consist of general and administrative costs for developing technological needs and alternatives, project management, testing, training and data conversion, consulting and professional fees for i) new enterprise resource planning system, ii) client facing technology, iii) workforce management tools and iv) data analytics. These costs are not expected to recur beyond the deployment of these initiatives.

[e] The Company's tax impact is calculated using the federal and state statutory rate of 28.11% for FY2025 and FY2024. We calculate tax from the underlying whole-dollar amounts, as a result, certain amounts may not recalculate based on reported numbers due to rounding.

[f] Three months ended January 31, 2025 and 2024 include a $0.1 million and a $0.3 million benefit for uncertain tax positions with expiring statues, respectively.

Unaudited Reconciliation of Non-GAAP Financial Measures

$ in millions. except per share amounts

	Three Months Ended January 31,	
	2025	2024
Reconciliation of Net Income to Adjusted EBITDA		
Net Income	$ 43.6	$ 44.7
Items impacting comparability	16.4	14.5
Income taxes provision	11.9	9.3
Interest expense	22.9	21.3
Depreciation and amortization	25.9	26.9
Adjusted EBITDA	$ 120.6	$ 116.7
Net Income margin as a % of revenues	2.1 %	2.2 %

	Three Months Ended January 31,	
	2025	2024
Revenues Excluding Management Reimbursement		
Revenue	$ 2,114.9	$ 2,069.6
Management Reimbursement	(82.0)	(80.1)
Revenues excluding management reimbursement	$ 2,032.9	$ 1,989.5
Adjusted EBITDA margin as a % of revenues excluding management reimbursement	5.9 %	5.9 %

	Three Months Ended January 31,	
	2025	2024
Reconciliation of Net Income per Diluted Share to Adjusted Net Income per Diluted Share		
Net income per diluted share	$ 0.69	$ 0.70
Items impacting comparability, net of taxes	0.19	0.16
Adjusted net income per diluted share	$ 0.87	$ 0.86
Diluted shares	63.2	63.9

Unaudited Reconciliation of Non-GAAP Financial Measures

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$ in millions

	Three Months Ended January 31,	
	2025	2024
Reconciliation of Net Cash Used in Operating Activities to Free Cash Flow		
Net cash used in operating activities	$ (106.2)	$ (0.1)
Additions to property, plant and equipment	(16.7)	(13.6)
Free cash flow	$ (122.9)	$ (13.7)

Thank You

Get in touch with us

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ABM.com

ABM

FACILITY / ENGINEERING & INFRASTRUCTURE **SOLUTIONS**

ABM drives possibility through facility, engineering, and infrastructure solutions across a wide range of industries. Our diverse, inclusive teams work together to advance a healthier, more sustainable, ever-changing world. Under our care, systems perform, businesses prosper, and occupants thrive. Every day, over 100,000 of us partner with our clients to care for the people, places, and spaces important to you. We are making spaces smarter, modernizing infrastructure, and transforming facilities to become more resilient.

Driving possibility, together.