Second Quarter 2022 Earnings Presentation

June 8, 2022

Building Value

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: The COVID-19 pandemic has had and is expected to continue having a negative effect on the global economy, and the United States economy, and it has disrupted and is expected to continue disrupting our operations and our clients' operations, which may 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; investments in and changes to our businesses, operating structure, financial reporting 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 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; 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 may experience difficulties integrating Able Services and may not realize the growth opportunities and cost synergies that are anticipated from the Able acquisition; 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; 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 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; 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. 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. 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.

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 second quarter of fiscal years 2022 and 2021. 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, net of taxes, interest, taxes, depreciation and amortization and excluding items impacting comparability (adjusted EBITDA) for the second quarter of fiscal years 2022 and 2021. Adjusted EBITDA is 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 management reimbursement. We cannot provide a reconciliation of forward-looking non-GAAP 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.

Q2 2022 Highlights

Strong growth and solid execution

PROFITABILITY

- Net income of $49M
- Adjusted net income [1] of $60M and adjusted EBITDA[1] $119M, up 8% and 12%, respectively
- GAAP EPS of $0.72, and adjusted EPS [1] of $0.89
- Adjusted EBITDA margin[1][2] of 6.5% is indicative of strong focus on profitability, and is a significant improvement of pre-pandemic levels

DEMAND ENVIRONMENT

- Organic revenue growth of 7.5%
- Continued strong demand for core janitorial services in **B & I** and **M & D**
- **Aviation** growth reflects rise in leisure and business travel
- **Education** demand stable
- **Technical Solutions** growth reflects continued high demand for eMobility solutions
- YTD new sales bookings up 11% to $795M

KEY INITIATIVES

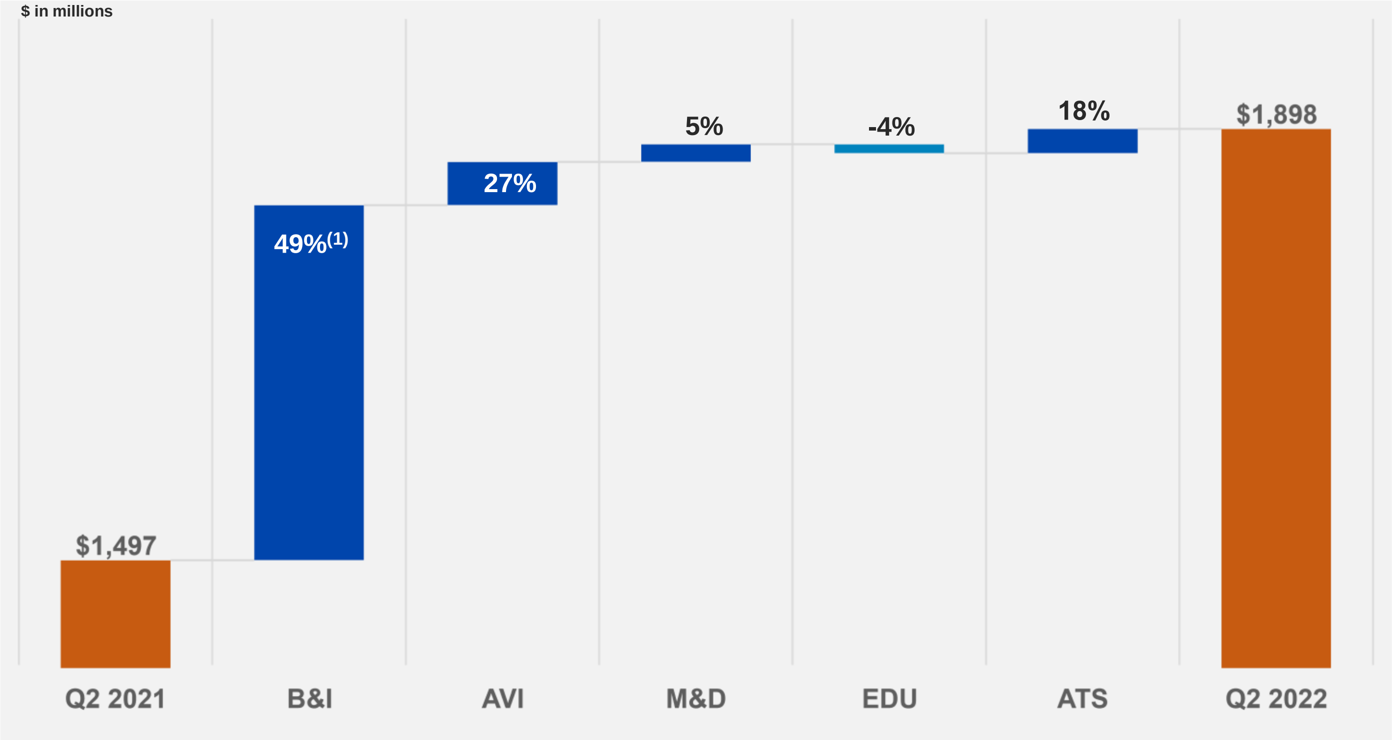
- $19M[3] ELEVATE spend in Q2. Focus on core IT infrastructure and cloud-based recruiting and applicant process
- Acquired Ireland-based Momentum Services for $55 million
- Repurchased 689K shares for $30M in Q2. 1 million shares repurchased YTD

(1) Please refer to the appendix for a reconciliation of GAAP to non-GAAP measures.
(2) The Company has revised its calculation for adjusted EBITDA margin in Q1 2022 for all periods presented to exclude parking management reimbursement revenue, which the Company believes provides a clearer understanding of its operating margins.
(3) Includes capital expenditures.

Q2 2022 Revenue

Solid organic revenue growth complemented by acquisitions

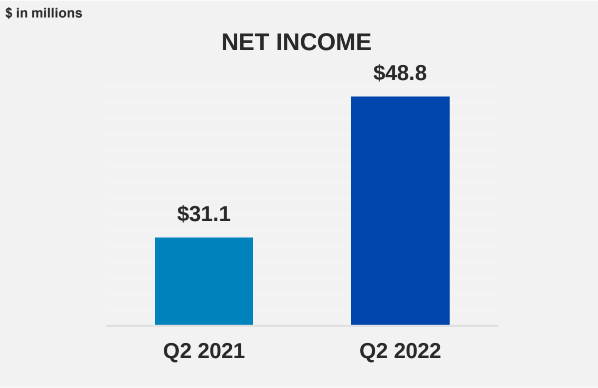
INDUSTRY GROUP GROWTH RATES

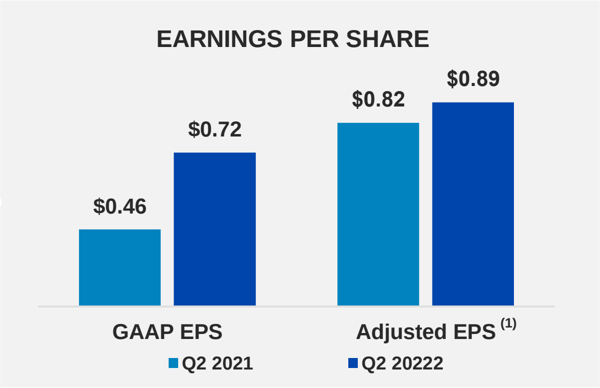


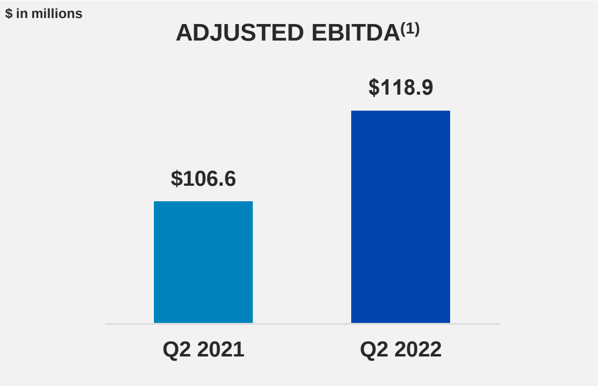
- Total revenue increased 26.7% to $1.9B
- Organic revenue growth of 7.5% was broad-based, with exception of Education
- 19% acquisition contribution (primarily Able), all in B&I

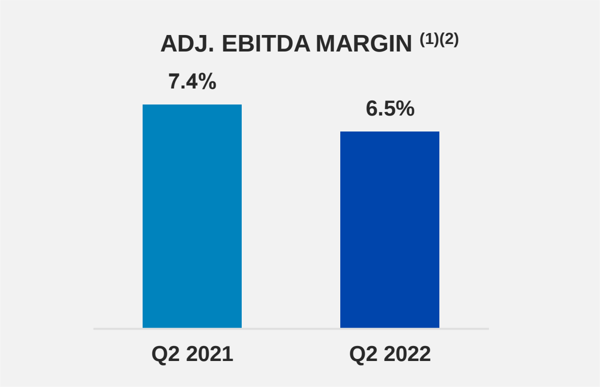
(1) Includes organic growth of 6% and growth from acquisitions of 43%

Q2 2022 Profitability







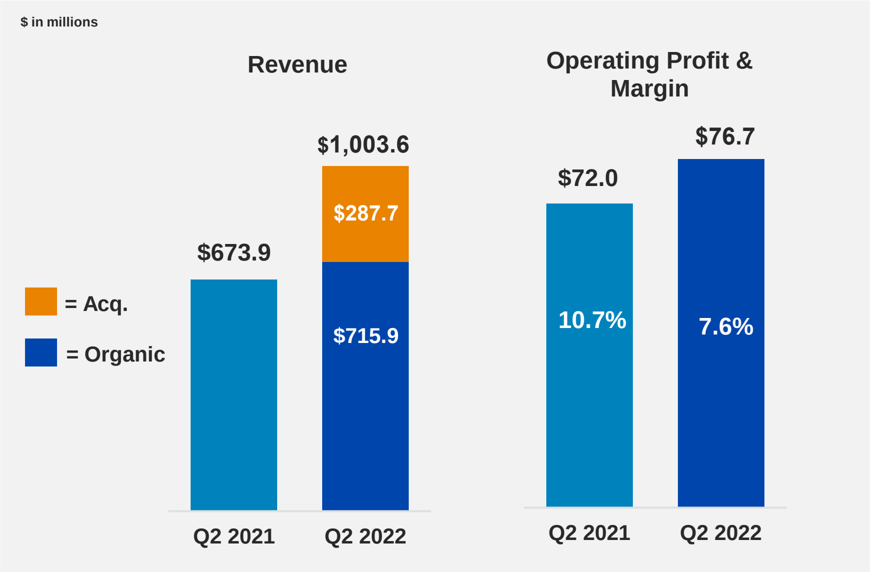


- Increase in net income and GAAP EPS reflects higher segment earnings, benefits of prior year insurance adjustment and one less workday, partially offset by Elevate investments and higher costs.
- Adjusted EBITDA and adjusted EPS reflects earnings growth on significantly higher revenue base
- Adjusted margin decline primarily driven by lower volume of EnhancedClean and disinfection-related work orders, as expected

(1) Please refer to the appendix for a reconciliation of GAAP to non-GAAP measures.
(2) The Company revised its calculation for adjusted EBITDA margin in Q1 2022 for all periods presented to exclude parking management reimbursement revenue, which the Company believes provides a clearer understanding of its operating margins.

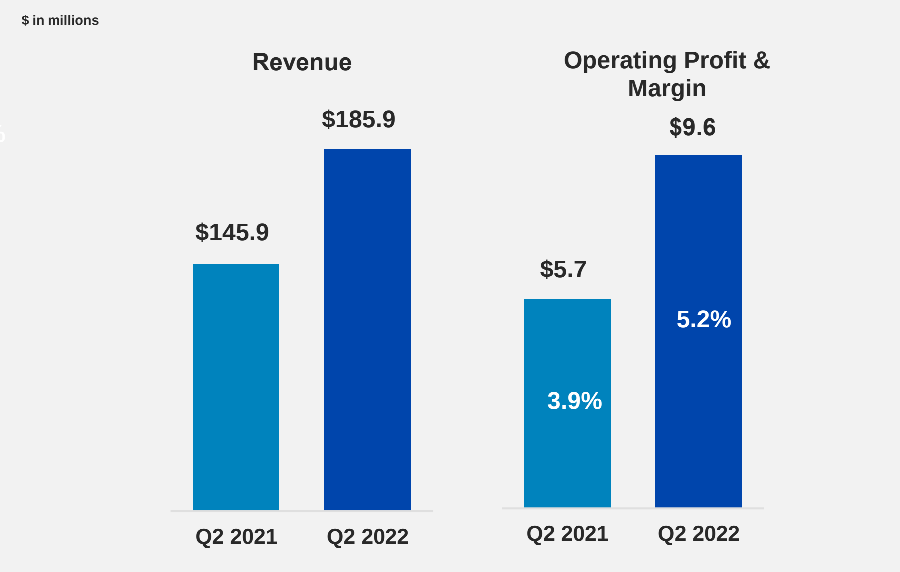
Q2 2022 Segment Performance

BUSINESS & INDUSTRY



- Revenue and profit growth driven by acquisitions, modest occupancy recovery, growth in sports and special events, and expansion with existing customers
- Margin of 7.6% primarily reflects lower EnhancedClean and disinfection-related work orders

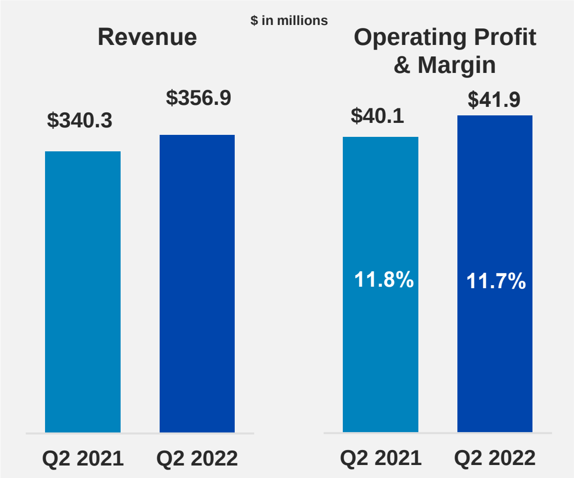
AVIATION



- Revenue and profit growth reflects improved leisure and business travel and new customer wins; revenue >80% of pre-pandemic level
- Margin improvement driven by economies of scale, partially offset by less favorable mix

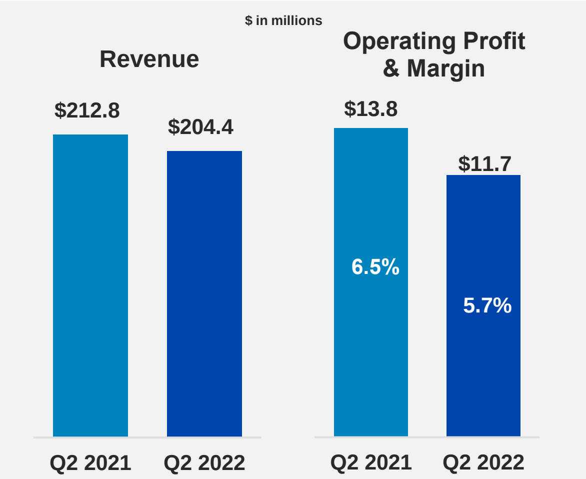
Q2 2022 Segment Performance

MANUFACTURING & DISTRIBUTION



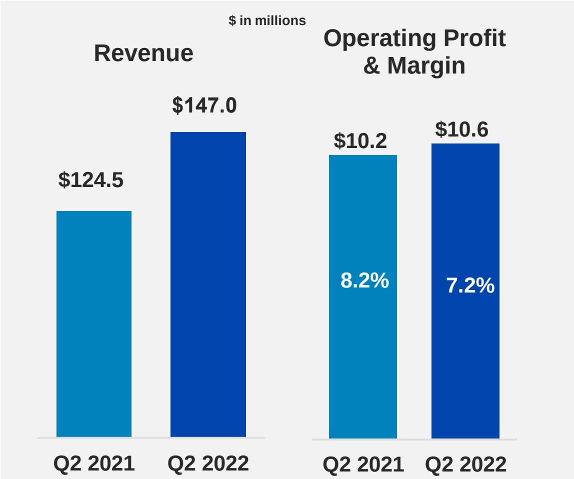
- Revenue and profit growth driven by key customer expansions and new business wins
- Margin remains strong

EDUCATION



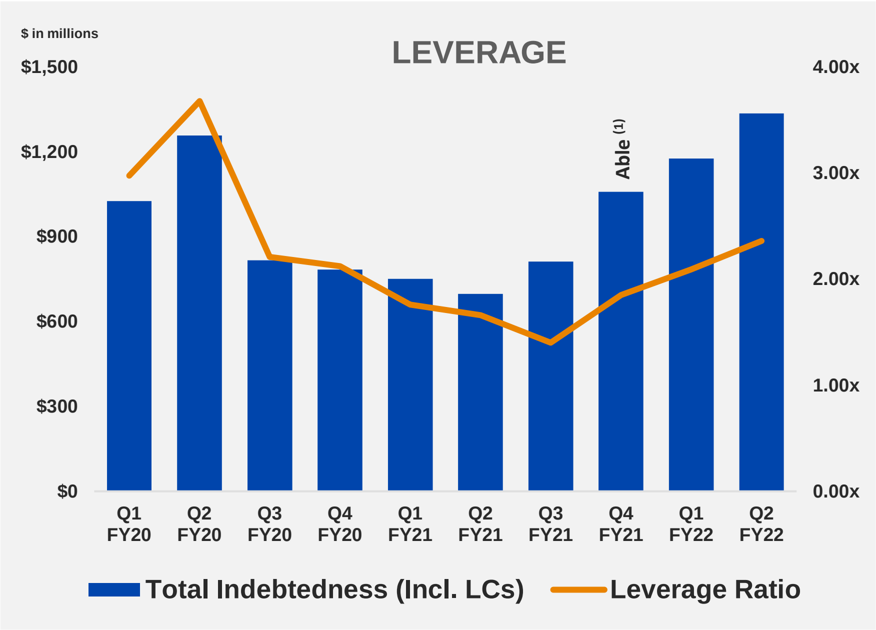
- Revenue decline primarily reflects customer roll-offs; new customers coming online in Q3
- Profit and margin impacted by revenue decline and increased labor costs

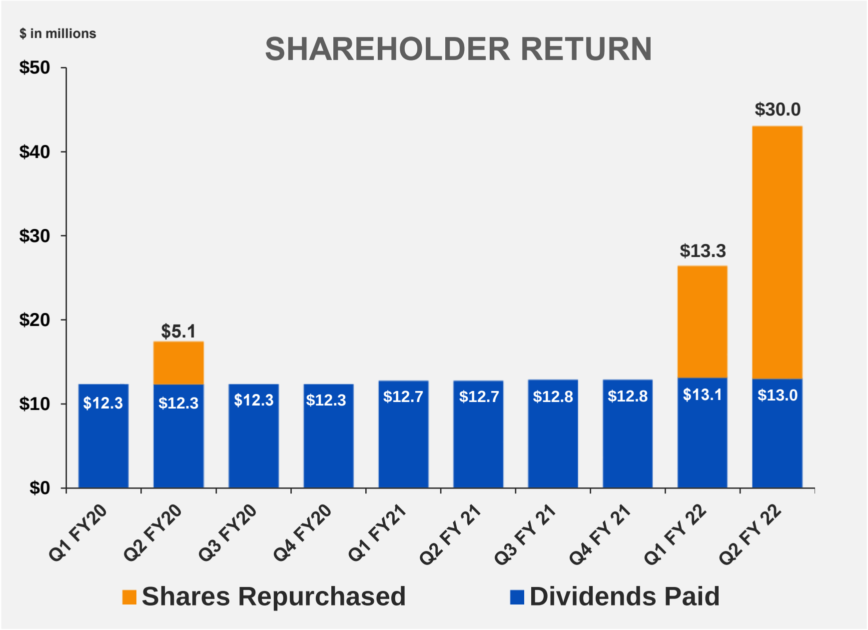
TECHNICAL SOLUTIONS



- Revenue increase led by continued strong growth in eMobilty
- Changes in service mix (higher eMobility) impacted operating profit and margin
- Backlog continues to grow

Q2 2022 Leverage & Shareholder Return





- Total debt at $1.3 billion in Q2, up $159 million from Q1 2022, largely reflecting a $144M litigation settlement completed in Q2
- Leverage(2) at 2.4X

- 224 consecutive quarters paying dividend
- Repurchased 689K shares in Q2 for $30.0M. YTD repurchases total 1 million shares for $43.3 million

(1) Acquired Able Services for $830 million
(2) Beginning in Q3 FY21, leverage calculated as total indebtedness net of $150m/bank-defined pro-forma adjusted EBITDA

Fiscal 2022 – Updated Guidance

Metric		Updated Guidance	Previous Guidance
GAAP net income per diluted share	↑	$2.91 - $3.11	$2.65 - $2.85
Adjusted net income per diluted share(1)	⟺	$3.50 - $3.70	$3.50 - $3.70
Adjusted EBITDA Margin(2)	⟺	6.4% to 6.8%	6.4% to 6.8%
Tax Rate (excluding WOTC and other discrete tax items)	⟺	~30%	~30%

2022 Working Days				
Quarter	**Q1**	**Q2**	**Q3**	**Q4**
Days	66	64	65	66
Δ y-o-y	+1	-1	0	+1

(1) Please refer to the appendix for a reconciliation of GAAP to non-GAAP measures.
(2) The Company has revised its calculation for adjusted EBITDA margin in Q1 2022 to exclude parking management reimbursement revenue, which the Company believes provides a clearer understanding of its operating margins. We cannot provide a reconciliation of such forward looking non-GAAP measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.

Appendix

ABM
Building Value

Unaudited Reconciliation of Non-GAAP Financial Measures

(in millions)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2022	2021	2022	2021
Reconciliation of Net Income to Adjusted Net Income				
Net income	$ 48.8	$ 31.1	$ 124.8	$ 105.7
Items impacting comparability[(a)]				
Prior year self-insurance adjustment[(b)]	(3.5)	—	(28.7)	(11.4)
Legal costs and other settlements[(c)]	1.2	34.0	3.2	36.5
Acquisition and integration related costs[(d)]	1.1	—	9.4	—
Transformation initiative costs[(e)]	17.0	—	28.5	—
Sale of healthcare customer contracts[(f)]	—	—	(7.7)	—
Other	—	(0.1)	—	—
Total items impacting comparability	15.8	33.9	4.6	25.1
Income tax benefit [(g)(h)]	(4.4)	(9.5)	(4.9)	(7.0)
Items impacting comparability, net of taxes	11.4	24.4	(0.3)	18.0
Adjusted net income	$ 60.2	$ 55.5	$ 124.5	$ 123.8

(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 medical and dental 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 and six months ended April 30, 2022, our self-insurance general liability, workers' compensation, and automobile and medical and dental insurance claims related to prior period accident years decreased by $3.5 million and $28.7 million respectively. For the three and six months ended April 30, 2021, the liability decreased by $0.0 million and $11.4 million.

(c) The three and six months ended April 30, 2021, includes a reserve for Bucio litigation of $30 million.

(d) Represents acquisition and integration related costs primarily associated with Able acquisition.

(e) Represents discrete transformational costs that primarily consists of general and administrative costs for developing technological needs and alternatives, project management, testing, training and data conversion inclusive of internal costs, 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.

(f) Represents a $7.7 million gain on the sale of certain healthcare customer contracts.

(g) The Company's tax impact is calculated using the federal and state statutory rate of 28.11% for US and 19% for UK for FY 2022 and FY 2021. We calculate tax from the underlying whole-dollar amounts, as a result, certain amounts may not recalculate based on reported numbers due to rounding.

(h) The six months ended April 30, 2022, includes a tax benefit of $3.6M related to the expiring statute of limitations.

Unaudited Reconciliation of Non-GAAP Financial Measures

(in millions, except per share amounts)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2022	2021	2022	2021
Reconciliation of Net Income to Adjusted EBITDA				
Net income	$ 48.8	$ 31.1	$ 124.8	$ 105.7
Items impacting comparability	15.8	33.9	4.6	25.1
Income tax provision	19.0	11.7	43.2	38.9
Interest expense	7.8	7.8	14.1	16.3
Depreciation and amortization	27.5	22.1	55.1	44.3
Adjusted EBITDA	$ 118.9	$ 106.6	$ 241.9	$ 230.3

	Three Months Ended April 30,		Six Months Ended April 30,	
	2022	2021	2022	2021
Revenues Excluding Management Reimbursement				
Revenues	$ 1,897.8	$ 1,497.4	$ 3,834.1	$ 2,989.8
Management reimbursement	(66.4)	(56.1)	(131.3)	$ (113.1)
Revenues excluding management reimbursement	$ 1,831.4	$ 1,441.4	$ 3,702.8	$ 2,876.7
Adjusted EBITDA margin as a % of revenues excluding management reimbursement[(a)]	6.5%	7.4%	6.5%	8.0%

	Three Months Ended April 30,		Six Months Ended April 30,	
	2022	2021	2022	2021
Reconciliation of Net Income per Diluted Share to Adjusted Net Income per Diluted Share				
Net income per diluted share	$ 0.72	$ 0.46	$ 1.84	$ 1.56
Items impacting comparability, net of taxes	0.17	0.36	—	0.27
Adjusted net income per diluted share	$ 0.89	$ 0.82	$ 1.83	$ 1.83
Diluted shares	67.5	67.8	67.9	67.7

(a) The Company has revised its calculation for adjusted EBITDA margin for all periods presented to exclude parking management reimbursement revenue, which the Company believes provides a clearer understanding of its operating margins. Such revenue and its associated costs, which net out to zero, are both recorded on a gross basis, and generally have no associated margin.

Unaudited Reconciliation of Non-GAAP Financial Measures

(in millions)	Three Months Ended April 30,		Six Months Ended April 30,	
	2022	2021	2022	2021
Reconciliation of Net Cash (Used in) Provided by Operating Activities to Free Cash Flow				
Net cash (used in) provided by operating activities	$ (43.9)	$ 125.9	$ (137.5)	$ 171.2
Additions to property, plant and equipment	(10.0)	(8.3)	(19.6)	(14.9)
Free Cash Flow	$ (53.9)	$ 117.6	$ (157.1)	$ 156.3

Unaudited Reconciliation of Non-GAAP Financial Measures

2022 GUIDANCE[a]

	Year Ending October 31, 2022	
	Low Estimate	High Estimate
Reconciliation of Estimated Net Income per Diluted Share to Estimated Adjusted Net Income per Diluted Share		
Net income per diluted share [a]	$ 2.91	$ 3.11
Transformation initiative costs [b]	0.67	0.67
Acquisition and integration related costs [c]	0.19	0.19
Other adjustments [d]	(0.27)	(0.27)
Adjusted net income per diluted share [a]	$ 3.50	$ 3.70

(a) With the exception of the 2022 Work Opportunity Tax Credits and anticipated excess tax benefits on stock-based awards, this guidance does not include any potential effects associated with certain other discrete tax items and other unrecognized tax benefits.

(b) Represents discrete transformational costs that primarily consists of general and administrative costs for developing technological needs and alternatives, project management, testing, training and data conversion inclusive of internal costs, 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.

(c) Represents acquisition and integration related costs associated with Able acquisition.

(d) Represents other contingencies that could include legal settlements, adjustments to self-insurance reserves pertaining to prior year's claims, gain on sale of certain assets and other unique items impacting comparability.

Contact Us

INVESTOR RELATIONS

Paul Goldberg
SVP – Investor Relations
ir@abm.com
212-297-7921