Fourth Quarter 2024 Earnings Presentation

December 18, 2024

ABM

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 fourth quarter and twelve months of fiscal years 2024 and 2023. 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 fourth quarter and twelve months of fiscal years 2024 and 2023. 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.

Q4 2024 Review

FINANCIAL RESULTS

- Revenue of $2.2B
  - 3.2% organic growth
- Net loss of $11.7M, largely reflecting $59.7M adjustment to contingent consideration
- Adjusted net income(1) of $57.5M
- Adjusted EBITDA(1) of $128.0M
- GAAP EPS of ($0.19)
- Adjusted EPS(1) of $0.90, above expectations
- Adj. EBITDA margin(1) of 6.1%

DEMAND ENVIRONMENT

- **B & I's** Commercial real estate markets showing signs of improvement
- Solid demand in **M&D**
- **Aviation** benefiting from healthy travel markets
- **Education** remains stable
- Strong demand for microgrids and data center related services in **Technical Solutions**

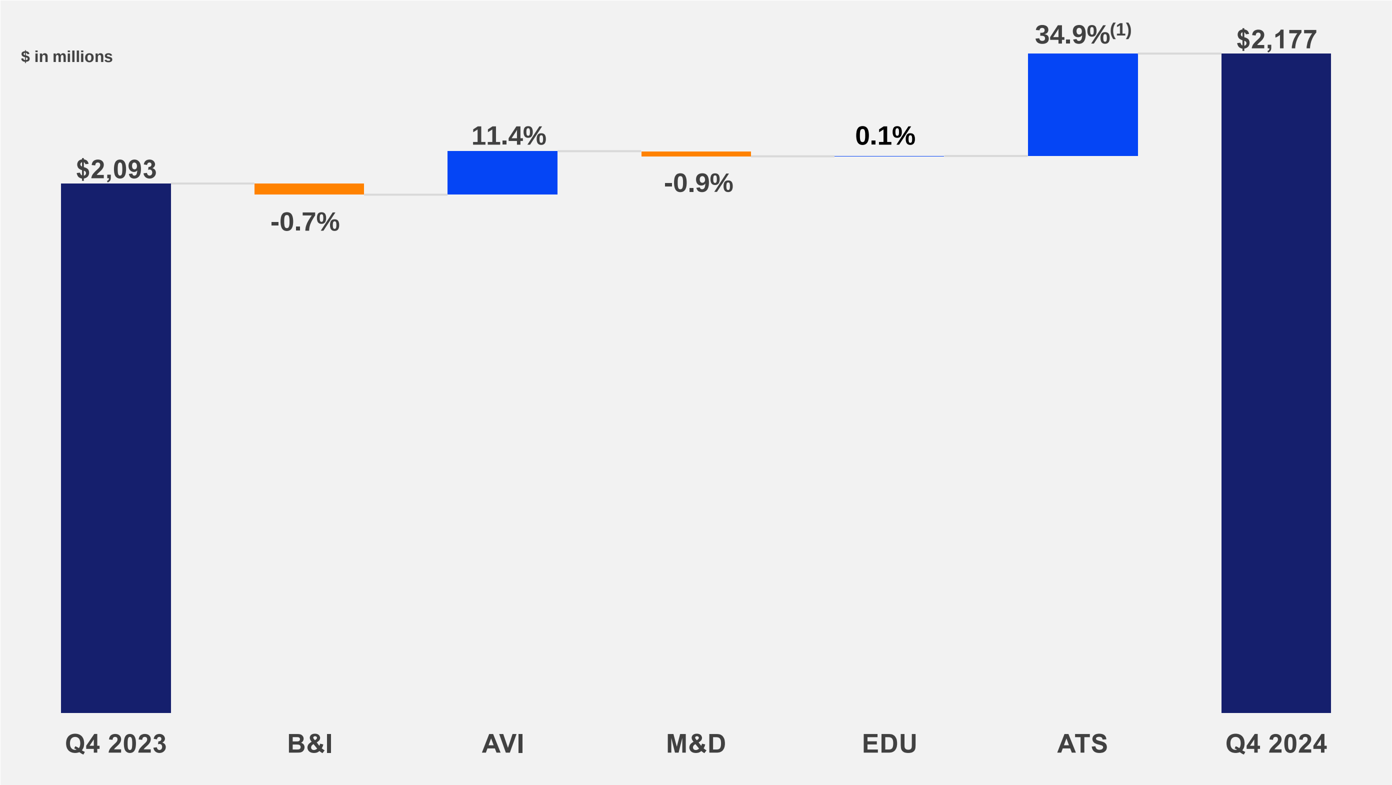
HIGHLIGHTS

- ATS revenue up 35% in Q4 and 20% for FY 2024
  - RavenVolt revenue up more than 2.5X for full year 2024
- Proactively repurchased shares
  - $32M in Q4
  - $56M in 2024
- Increased quarterly dividend 18%
- Initiated FY 2025 full-year outlook
  - Adjusted EPS(2) of $3.60 - $3.80
  - Adjusted EBITDA(2) margin of 6.3% to $6.5%

(1) Please refer to the appendix for a reconciliation of GAAP to non-GAAP measures
(2) 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

Q4 2024 Revenue

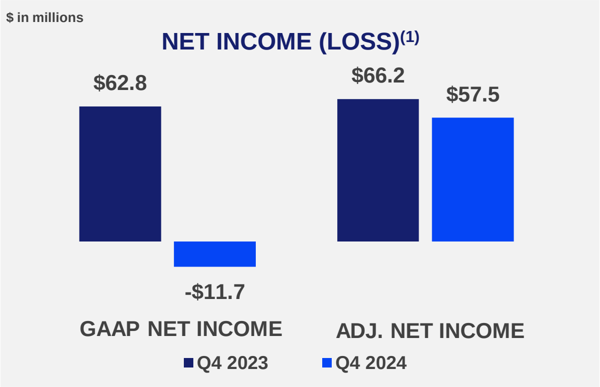
SEGMENT GROWTH RATES

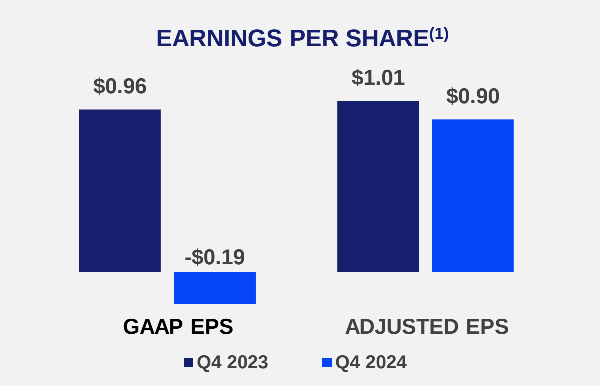


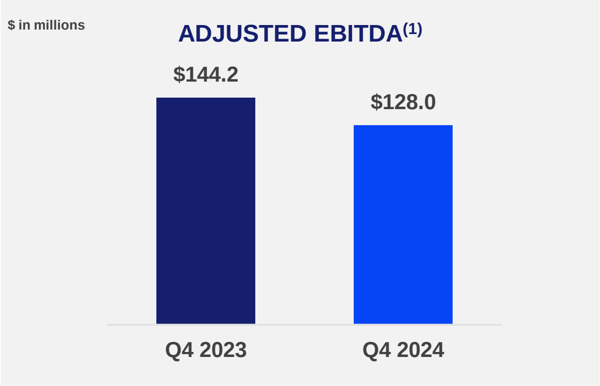
- Revenue increased 4% to $2.2B
  - 3.2% organic growth
- Double-digit organic growth in Aviation and Technical Solutions
- B&I remains resilient

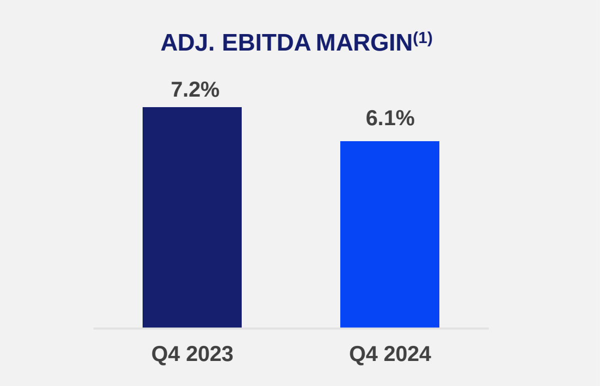
(1) Comprised of 25.4% organic revenue growth and 9.5% revenue growth from acquisition

Q4 2024 Profitability







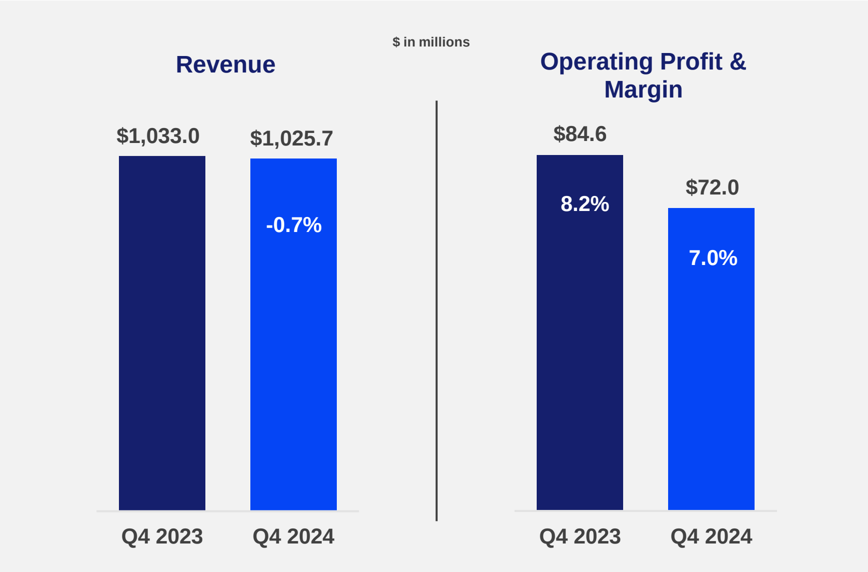


- The decrease in net income and GAAP EPS largely reflect a $59.7M adjustment to the fair value of contingent consideration, unfavorable prior year self-insurance adjustments, and higher corporate investments
  - **Contingent consideration adjustment reflects Ravenvolt's continued strong performance and outlook**
- The decreases in adjusted net income, adjusted EPS, adjusted EBITDA, and adjusted EBITDA margin driven by lower segment earnings, including a $10M YoY impact from insurance reserve adjustments, and higher corporate investments

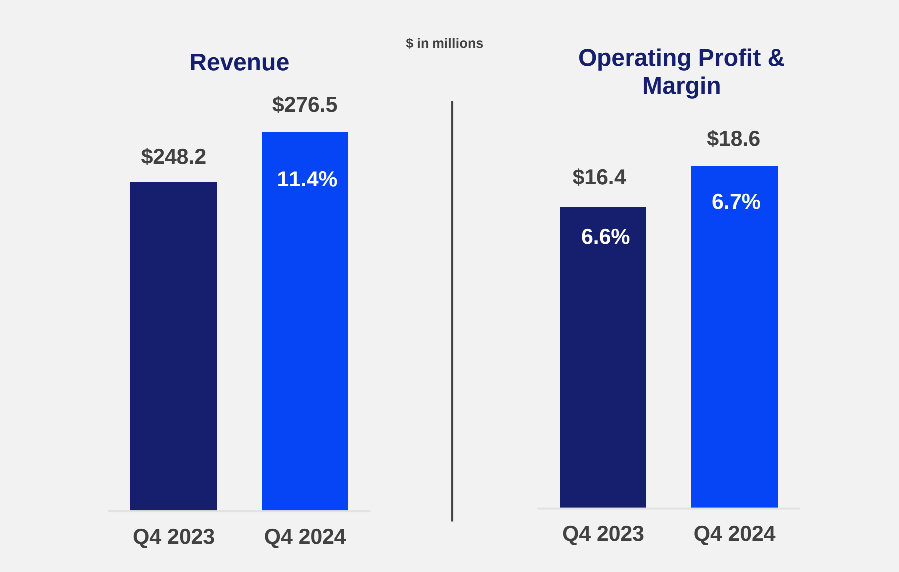
(1) Please refer to the appendix for a reconciliation of GAAP to non-GAAP measures.

Q4 2024 Segment Performance

BUSINESS & INDUSTRY



AVIATION

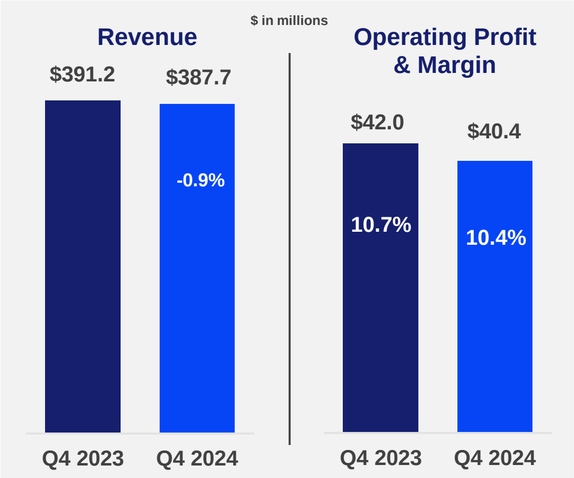


- Revenue performance aided by client & geographic diversification, and focus on Class A properties
- Profit decline largely due to unfavorable $7M YoY impact from adjustments to insurance reserves, and $4M to $5M of other discrete costs

- Revenue growth driven by healthy travel markets and new clients
- Increases in profit and margin driven by operating leverage on higher volume

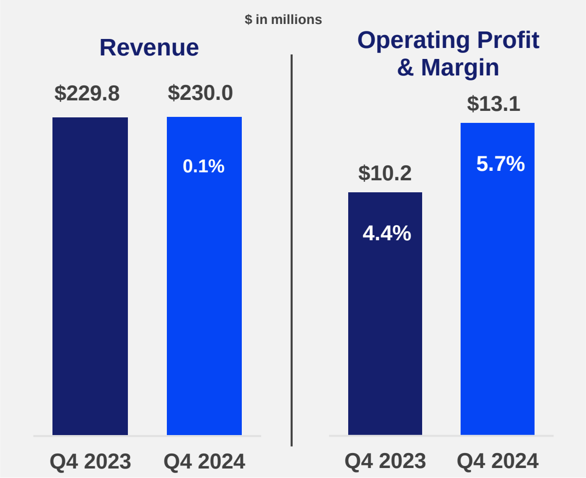
Q4 2024 Segment Performance

MANUFACTURING & DISTRIBUTION



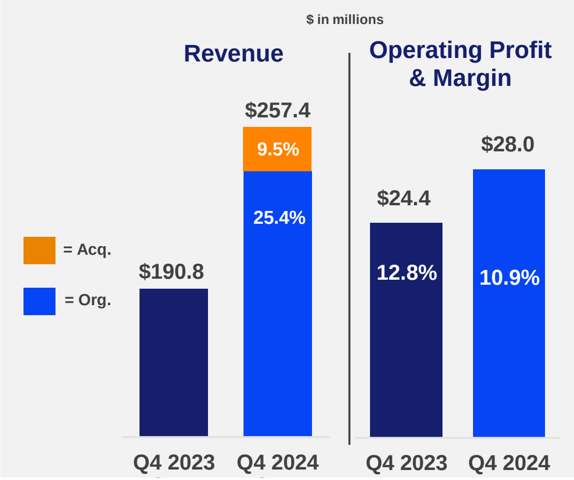
- Revenue decline driven by planned client exit, and smaller than anticipated client rebalancing, partially offset by expansions and new wins
- Profit and margin decreases reflect investments in selling organization and mix

EDUCATION



- Revenue growth reflects new client wins offsetting reduced activity at certain cost-plus accounts
- Profit and margin growth primarily due improved labor efficiency and mix

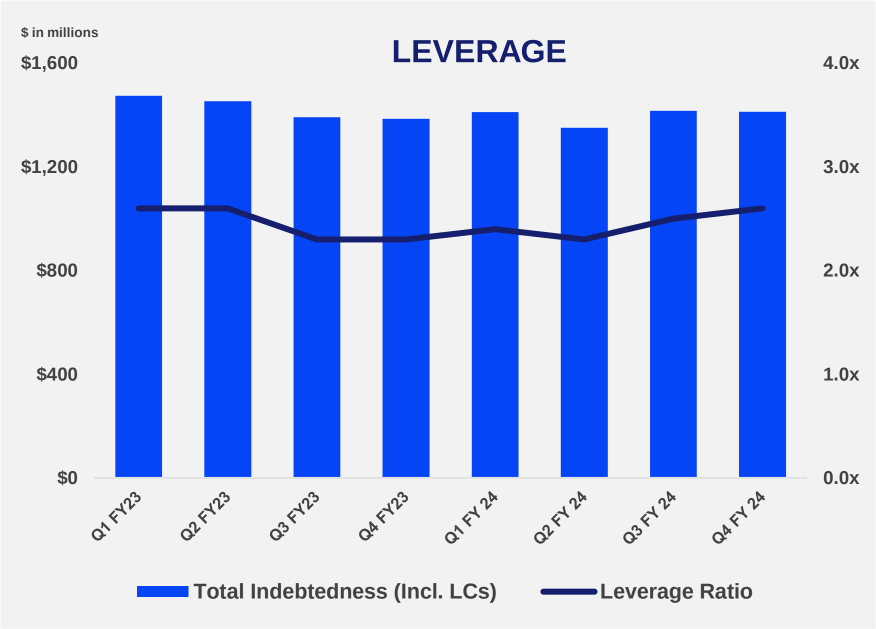
TECHNICAL SOLUTIONS

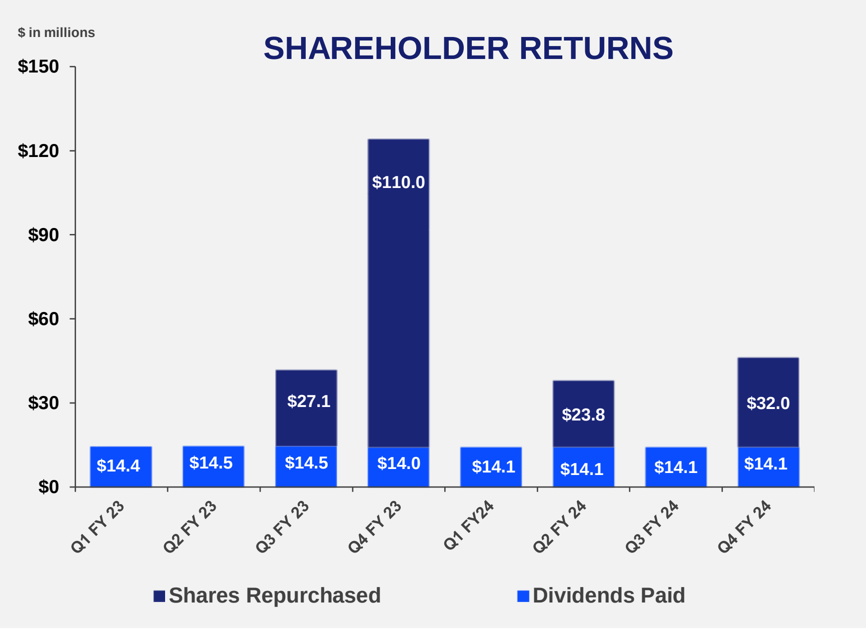


- Revenue growth driven by strong microgrid activity and QUS acquisition
- Profit growth driven by volume increases, and lower acquisition-related amortization expense
- Margin impacted by $4.3M charge related to remediation of a specific Energy Performance Contract

Q4 2024 Leverage & Shareholder Returns

ABM





- Total indebtedness of $1.4B in Q4, down $4M from Q3 2024; Leverage at 2.6X
- Q4 free cash flow(1) of $15M, and full year free cash flow(1) of $167M; soft Q4 free cash flow due to increased working capital to support the strong growth in the final month of the fiscal year

- Repurchased 610K shares at average price of $52.42 in Q4 for $32M
- For FY 2024, repurchased 1.2M shares at an average price of $47.86 for $56M
- $154M remaining capacity under share repurchase authorization

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

Fiscal 2025 – Initial Outlook

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

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

$ in millions

	Three Months Ended October 31,		Year Ended October 31,	
	2024	2023	2024	2023
Reconciliation of Net (loss) Income to Adjusted Net Income				
Net (loss) income	$ (11.7)	$ 62.8	$ 81.4	$ 251.3
Items impacting comparability[a]				
Prior year self-insurance adjustment[b]	2.4	(9.5)	20.3	(11.3)
Legal costs and other settlements	3.7	0.1	3.9	0.1
Acquisition and integration related costs[c]	3.8	3.1	11.4	14.3
Transformation initiative costs[d]	10.1	10.6	37.9	56.5
Change in fair value of contingent consideration[e]	59.7	—	95.7	(45.6)
Employee Retention Credit[f]	—	(1.7)	—	(24.0)
Union Benefits[g]	—	0.5	—	0.5
Other[h]	0.3	4.3	3.8	4.8
Total items impacting comparability	80.0	7.5	172.9	(4.9)
Income tax benefit[i] [j]	(10.7)	(4.0)	(27.0)	(14.6)
Items impacting comparability, net of taxes	69.3	3.4	145.9	(19.5)
Adjusted net income	$ 57.5	$ 66.2	$ 227.3	$ 231.9

Unaudited Reconciliation of Non-GAAP Financial Measures - Footnotes

(a) The Company adjusts net 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 months and the year ended October 31, 2024, our self-insurance general liability, workers' compensation and automobile insurance claims related to prior period accident years was increased by $2.4 million and by $20.3 million, respectively. For the three months and the year ended October 31, 2023, our self-insurance general liability, workers' compensation, automobile and medical and dental insurance claims related to prior period accident years was decreased by $9.5 million and by $11.3 million, respectively.

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

(d) 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, 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) Represents an adjustment to the estimate of the fair value of the contingent consideration associated with the RavenVolt acquisition.

(f) Represents Employee Retention Credit (ERC) refunds received from the Internal Revenue Service.

(g) Includes a $4.4 million accrual related to certain prior years' union benefits' audit. Also includes a $3.9 million accrual reversal for an abated withdrawal liability, which was initially accrued in FY 2019. The accrual was related to a lost client account where ABM employees assigned to the account participated in a defined-benefit multiemployer pension fund where contributions to the pension fund by ABM were limited to that single client account.

(h) The year ended October 31, 2024 includes severance costs related to the permanent elimination of the role of Executive Vice President, Chief Strategy & Transformation Officer. The three months and the year ended October 31, 2023 includes severance and related costs associated with the Company's reorganization that impacted approximately 150 people.

(i) The Company's tax impact is calculated using the federal and state statutory rate of 28.11% for FY 2024 and FY 2023. For purposes of calculating the tax impact, the change in the fair value of the contingent consideration related to RavenVolt acquisition is deemed to be a non-taxable item. We calculate tax from the underlying whole-dollar amounts, as a result, certain amounts may not recalculate based on reported numbers due to rounding.

(j) The Company's tax impact also includes the following discrete items:

- For the three months ended October 31, 2024
    - $4.9 million prior year tax benefit related to our Puerto Rico operations
- For the year ended October 31, 2024
    - $4.9 million prior year tax benefit related to our Puerto Rico operations
    - $0.4 million benefit for uncertain tax positions with expiring statues
- For the three months ended October 31, 2023
    - a tax benefit of $1.8 million related to expiring statue of limitations
    - $0.4 million charge related to ERC refunds received from IRS
- For the year ended October 31, 2023
    - a tax benefit of $1.8 million related to expiring statue of limitations
    - $5.4 million charge related to ERC refunds received from IRS

Unaudited Reconciliation of Non-GAAP Financial Measures

$ in millions, except per share amounts

	Three Months Ended October 31,		Year Ended October 31,	
	2024	2023	2024	2023
Reconciliation of Net (loss) Income to Adjusted EBITDA				
Net (loss) income	$ (11.7)	$ 62.8	$ 81.4	$ 251.3
Items impacting comparability	80.0	7.5	172.9	(4.9)
Income tax provision	10.9	24.0	52.2	79.7
Interest expense	21.8	20.5	85.0	82.3
Depreciation and amortization	27.0	29.3	106.6	120.7
Adjusted EBITDA	$ 128.0	$ 144.2	$ 498.1	$ 529.1
Net (loss) income margin as a % of revenues	(0.5)%	3.0 %	1.0 %	3.1 %

	Three Months Ended October 31,		Years Ended October 31,	
	2024	2023	2024	2023
Revenues Excluding Management Reimbursement				
Revenues	$ 2,177.3	$ 2,092.9	$ 8,359.4	$ 8,096.4
Management reimbursement	(81.6)	(78.5)	(318.2)	(302.3)
Revenues excluding management reimbursement	$ 2,095.8	$ 2,014.4	$ 8,041.2	$ 7,794.0
Adjusted EBITDA margin as a % of revenues excluding management reimbursement	6.1 %	7.2 %	6.2 %	6.8 %

	Three Months Ended October 31,		Year Ended October 31,	
	2024	2023	2024	2023
Reconciliation of Net (loss) Income per Diluted Share to Adjusted Net Income per Diluted Share				
Net (loss) income per diluted share	$ (0.19)	$ 0.96	$ 1.28	$ 3.79
Items impacting comparability, net of taxes	1.09	0.05	2.29	(0.29)
Adjusted Net Income per diluted share	$ 0.90	$ 1.01	$ 3.57	$ 3.50

Unaudited Reconciliation of Non-GAAP Financial Measures

$ in millions

	Three Months Ended October 31,		Years Ended October 31,	
	2024	2023	2024	2023
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow				
Net cash provided by operating activities (a)	$ 30.3	$ 139.1	$ 226.7	$ 243.3
Additions to property, plant and equipment	(14.8)	(17.9)	(59.4)	(52.6)
Free Cash Flow	$ 15.5	$ 121.2	$ 167.3	$ 190.7

(a) The year ended October 31, 2023, includes a $66 million payment for deferred payroll taxes under the Coronavirus Aid Relief and Economic Security Act (“CARES Act”) and $24.0 million Employee Retention Credit (ERC) refunds received from the Internal Revenue Service

Thank You

INVESTOR RELATIONS

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