



June 7, 2017

ABM Industries Announces Results for Second Quarter Fiscal 2017

Revenue Increase of 4.2% to \$1.3 billion; Organic Growth of 3.6%

GAAP Continuing EPS of \$0.56; Adjusted Continuing EPS of \$0.49

Full Year Guidance Outlook Increased

Completion of ABM Government Services Sale

Declaration of 205th Consecutive Quarterly Dividend

NEW YORK--(BUSINESS WIRE)-- ABM (NYSE: ABM), a leading provider of facility solutions, today announced financial results for the second quarter of fiscal 2017.

<i>(in millions, except per share amounts) (unaudited)</i>	Three Months Ended April 30,			Six Months Ended April 30,		
	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)
Revenues	\$ 1,310.5	\$ 1,257.1	4.2%	\$ 2,637.2	\$ 2,525.5	4.4%
Operating profit	\$ 51.0	\$ 11.8	NM*	\$ 74.8	\$ 25.4	NM*
Income from continuing operations	\$ 31.6	\$ 6.8	NM*	\$ 47.7	\$ 20.4	NM*
Income from continuing operations per diluted share	\$ 0.56	\$ 0.12	NM*	\$ 0.84	\$ 0.36	NM*
Adjusted income from continuing operations	\$ 27.8	\$ 17.7	56.9%	\$ 49.3	\$ 39.3	25.3%
Adjusted income from continuing operations per diluted share	\$ 0.49	\$ 0.31	58.1%	\$ 0.87	\$ 0.69	26.1%
Net income (loss)	\$ 31.3	\$ 4.4	NM*	\$ (25.5)	\$ 18.4	NM*
Net income (loss) per diluted share	\$ 0.55	\$ 0.08	NM*	\$ (0.45)	\$ 0.32	NM*
Net cash provided by operating activities of continuing operations	\$ 59.9	\$ 85.6	(30.0)%	\$ 50.1	\$ 79.0	(36.6)%
Adjusted EBITDA	\$ 60.5	\$ 46.0	31.3%	\$ 108.6	\$ 89.7	21.1%
Adjusted EBITDA margin	4.6%	3.7%	90 bps	4.1%	3.6%	50 bps

* Not meaningful (due to variance greater than or equal to +/-100%)

This release refers to certain non-GAAP financial measures described as "Adjusted EBITDA" defined as earnings before income from discontinued operations, net of taxes, interest, taxes, depreciation and amortization and excluding items impacting comparability, "Adjusted EBITDA margin", "Adjusted income from continuing operations," and "Adjusted income from continuing operations per diluted share". These adjustments have been made with the intent of providing financial measures that give management and investors a more representative understanding of underlying operational results and trends as well as the Company's operational performance. Management also uses Adjusted EBITDA as a basis for planning

and forecasting future periods. Please refer to the accompanying financial schedules for supplemental financial data and corresponding reconciliation of these non-GAAP financial measures to certain GAAP financial measures. We round amounts in these schedules to millions and 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.

Second Quarter Performance

For the second quarter of fiscal 2017, revenues of approximately \$1.3 billion increased 4.2% and organic revenue increased 3.6%, compared to the second quarter of fiscal 2016. This performance was driven primarily by growth stemming from the Company's Aviation segment due to new business wins and expansions with existing clients. Organic growth within the Technical Solutions and Government Services segments also contributed to the Company's total revenue growth. In addition, acquisitions provided \$8.7 million of incremental revenues during the quarter primarily related to the Aviation and Technical Solutions segments.

On a GAAP basis, income from continuing operations was \$31.6 million, or \$0.56 per diluted share, compared to income from continuing operations of \$6.8 million, or \$0.12 per diluted share last year. The increase in income from continuing operations versus last year reflects items impacting comparability primarily due to an impairment recovery related to the Company's Government Services business. In addition, two less working days, which primarily impacted the Business & Industry segment, and higher revenue contribution benefited the current quarter.

Adjusted income from continuing operations for the second quarter of 2017 was \$27.8 million, or \$0.49 per diluted share, compared to \$17.7 million, or \$0.31 per diluted share for the second quarter of fiscal 2016. A full description of items impacting comparability, which are excluded in the Company's adjusted income from continuing operations, can be found in the "Reconciliations of Non-GAAP Financial Measures" table.

Net income for the second quarter of 2017 was \$31.3 million, or \$0.55 per diluted share, compared to net income of \$4.4 million, or \$0.08 per diluted share last year.

Adjusted EBITDA for the quarter was \$60.5 million compared to \$46.0 million in the second quarter of fiscal 2016. The increase versus last year is primarily attributable to two less working days during the quarter, higher revenue contribution and savings related to the Company's 2020 Vision initiatives. Adjusted EBITDA margin for the quarter was 4.6% versus 3.7% last year.

Scott Salmirs, President and Chief Executive Officer of ABM Industries, commented, "We are pleased to have carried the momentum from the beginning of the year into the second quarter, while continuing to execute our 2020 Vision. As we progress through the fiscal year, I am encouraged by the opportunities that lay ahead. The optimization of our organizational structure, coupled with the tools and standard operating practices we are currently implementing, further strengthens our foundation. Today's ABM is better positioned for profitable growth over the near and long term."

Operating Results

For the second quarter of fiscal 2017, revenues increased by \$53.4 million, or 4.2%, compared to the second quarter of fiscal 2016. The increase in revenues was attributable to organic growth in the Aviation segment's domestic operations as a result of higher passenger services, cabin cleaning, and parking and transportation services with new and existing customers. The Company also experienced organic growth in Technical Solutions as a result of higher project revenues, and organic growth within the Government Services segment. In addition, acquisitions provided \$8.7 million of incremental revenues during the quarter primarily reflected in the Aviation and Technical Solutions segments.

Operating profit for the quarter was \$51.0 million compared to \$11.8 million in the second quarter of fiscal 2016. The increase versus last year is primarily attributable to two less working days during the quarter, higher revenue contribution, procurement and organizational savings related to the Company's 2020 Vision initiatives which were initiated in fiscal 2016, and the aforementioned lower, year-over-year items impacting comparability.

Liquidity & Capital Structure

The Company ended the quarter with total debt, including standby letters of credit, of \$406.8 million. Total debt to proforma adjusted EBITDA was approximately 2.0x.

The Company did not repurchase any shares during the quarter. Accordingly, as of April 30, 2017, the Company had \$134.1 million of remaining buyback availability under the \$200.0 million share repurchase program.

In addition, the Company paid a quarterly cash dividend of \$0.170 per common share for a total distribution of \$9.5 million.

Sale of Government Services

On May 31, 2017, the Company completed its sale of the Government Services business to an affiliate of Valiant Integrated Services for pre-tax proceeds of \$35.5 million, subject to certain post-closing adjustments. As a result of the sale process, the Company recorded an impairment recovery of \$17.4 million during the second quarter of fiscal 2017. Due to the timing associated with the closing date of the transaction, in addition to the retention of certain assets and liabilities, the Government Services business will continue to be reflected in the Company's operating results following the second quarter of fiscal 2017.

Declaration of Quarterly Cash Dividend

The Company also announced that the Board of Directors has declared a cash dividend of \$0.170 per common share for the third quarter of fiscal 2017 payable on August 7, 2017 to shareholders of record on July 6, 2017. This will be the Company's 205th consecutive quarterly cash dividend.

Guidance

Due to the impairment recovery related to the Company's Government Services sale, which is included in items impacting comparability, the Company now expects GAAP income from continuing operations of \$1.63 to \$1.73 per diluted share. Additionally, this increased guidance is due to lower than expected overhead expenses, and the recognition of certain discrete tax items. Excluding items impacting comparability, adjusted income from continuing operations is expected to be in the range of \$1.85 to \$1.95 per diluted share for the 2017 fiscal year. With the exception of the 2017 Work Opportunity Tax Credits, ASU 2016-09, and IRC Section 179D, the guidance does not include any additional, potential benefits associated with certain other discrete tax items and other unrecognized tax benefits.

Conference Call Information

ABM will host its quarterly conference call for all interested parties on Thursday, June 8, 2017 at 8:30 AM (ET). The live conference call can be accessed via audio webcast under the "Events & Presentations" section of the Company's Investor Relations website, located at investor.abm.com, or by dialing (877) 664-7395 approximately 15 minutes prior to the scheduled time.

A supplemental presentation will accompany the webcast on the Company's website.

A replay will be available approximately two hours after the recording through June 15, 2017 and can be accessed by dialing (855) 859-2056 and then entering ID #27345473. An archive will also be available on the ABM website for 90 days.

ABOUT ABM

ABM ([NYSE: ABM](http://NYSE:ABM)) is a leading provider of facility solutions with revenues of approximately \$5.1 billion and over 100,000 employees in 300+ offices throughout the United States and various international locations. ABM's comprehensive capabilities include janitorial, electrical & lighting, energy solutions, facilities engineering, HVAC & mechanical, landscape & turf, mission critical solutions and parking, provided through stand-alone or integrated solutions. ABM provides custom facility solutions in urban, suburban and rural areas to properties of all sizes - from schools and commercial buildings to hospitals, data centers, manufacturing plants and airports. ABM Industries Incorporated, which operates through its subsidiaries, was founded in 1909. For more information, visit www.abm.com.

Cautionary Statement under the Private Securities Litigation Reform Act of 1995

This press release contains both historical and forward-looking statements. In this context, 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: (1) changes to our businesses, operating structure, financial reporting structure, or personnel relating to the implementation of our 2020 Vision strategic transformation initiative; (2) unfavorable developments in our class and representative actions and other lawsuits alleging various claims; (3) increases in estimates of ultimate insurance losses; (4) challenges implementing our risk management and safety programs; (5) uncertainty in future cash flows; (6) challenges

preserving long-term client relationships, passing through costs to clients, responding to competitive pressures, and retaining qualified personnel;(7) challenges in identifying, acquiring, and integrating businesses; (8) unexpected tax liabilities or changes in tax laws; (9) changes in energy prices or energy regulations; (10) deterioration of general economic conditions and reductions in commercial office building occupancy; (11) impairment of goodwill and long-lived assets; (12) changes in immigration laws or enforcement actions or investigations under such laws; (13) significant delays or reductions in appropriations for our government contracts; (14) failure of our joint venture partners to perform their obligations; (15) losses or other incidents at facilities in which we operate; (16) difficulty responding to cyber-security incidents and business interruptions; (17) liabilities associated with participation in multiemployer pension plans; (18) actions of activist investors; (19) operations in areas of military conflict; and (20) weather conditions, catastrophic events, and terrorist attacks. 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, 2016 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.

Use of Non-GAAP Financial Information

To supplement ABM's consolidated financial information, the Company has presented income from continuing operations and income from continuing operations per diluted share as adjusted for items impacting comparability, for the second quarter of fiscal years 2017 and 2016. 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 income from discontinued operations, net of taxes, interest, taxes, depreciation and amortization and excluding items impacting comparability (adjusted EBITDA) for the second quarter of fiscal years 2017 and 2016. Adjusted EBITDA is among the indicators management uses as a basis for planning and forecasting future periods. 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.)

Financial Schedules

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT INFORMATION (UNAUDITED)

<i>(in millions, except per share amounts)</i>	Three Months Ended April 30,		Increase / (Decrease)
	2017	2016	
Revenues	\$ 1,310.5	\$ 1,257.1	4.2%
Operating expenses	1,164.6	1,127.5	3.3%
Selling, general and administrative expenses	100.7	102.4	(1.6)%
Restructuring and related expenses	5.8	8.8	(34.2)%
Amortization of intangible assets	5.8	6.6	(11.9)%
Impairment recovery	(17.4)	—	NM*
Operating profit	51.0	11.8	NM*
Income from unconsolidated affiliates, net	0.9	0.9	7.9%
Interest expense	(3.0)	(2.4)	28.1%
Income from continuing operations before income taxes	48.9	10.3	NM*
Income tax provision	(17.3)	(3.5)	NM*
Income from continuing operations	31.6	6.8	NM*
Net loss from discontinued operations	(0.4)	(2.4)	(84.6)%
Net income	\$ 31.3	\$ 4.4	NM*
Net income per common share — basic			
Income from continuing operations	\$ 0.56	\$ 0.12	NM*
Loss from discontinued operations	(0.01)	(0.04)	(75.0)%
Net income	\$ 0.56	\$ 0.08	NM*
Net income per common share — diluted			
Income from continuing operations	\$ 0.56	\$ 0.12	NM*
Loss from discontinued operations	(0.01)	(0.04)	(75.0)%

Net income	\$	0.55	\$	0.08	NM*
Weighted-average common and common equivalent shares outstanding					
Basic		56.0		56.4	
Diluted		56.5		56.9	
Dividends declared per common share	\$	0.170	\$	0.165	

* Not meaningful (due to variance greater than or equal to +/-100%)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT INFORMATION (UNAUDITED)

<i>(in millions, except per share amounts)</i>	Six Months Ended April 30,		Increase / (Decrease)
	2017	2016	
Revenues	\$ 2,637.2	\$ 2,525.5	4.4%
Operating expenses	2,359.7	2,268.9	4.0%
Selling, general and administrative expenses	198.0	202.2	(2.1)%
Restructuring and related expenses	10.8	16.0	(32.6)%
Amortization of intangible assets	11.3	13.0	(12.7)%
Impairment recovery	(17.4)	—	NM*
Operating profit	<u>74.8</u>	<u>25.4</u>	NM*
Income from unconsolidated affiliates, net	2.3	3.3	(28.8)%
Interest expense	(6.3)	(5.1)	24.0%
Income from continuing operations before income taxes	<u>70.9</u>	<u>23.6</u>	NM*
Income tax provision	(23.2)	(3.2)	NM*
Income from continuing operations	<u>47.7</u>	<u>20.4</u>	NM*
Net loss from discontinued operations	<u>(73.2)</u>	<u>(2.0)</u>	NM*
Net (loss) income	<u>(25.5)</u>	<u>18.4</u>	NM*
Net (loss) income per common share — basic			
Income from continuing operations	\$ 0.85	\$ 0.36	NM*
Loss from discontinued operations	(1.31)	(0.04)	NM*
Net (loss) income	<u>\$ (0.46)</u>	<u>\$ 0.32</u>	NM*
Net (loss) income per common share — diluted			
Income from continuing operations	\$ 0.84	\$ 0.36	NM*
Loss from discontinued operations	(1.29)	(0.04)	NM*
Net (loss) income	<u>\$ (0.45)</u>	<u>\$ 0.32</u>	NM*
Weighted-average common and common equivalent shares outstanding			
Basic	56.0	56.5	
Diluted	56.6	57.0	
Dividends declared per common share	\$ 0.340	\$ 0.330	

* Not meaningful (due to variance greater than or equal to +/-100%)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

SELECTED CONSOLIDATED CASH FLOW INFORMATION (UNAUDITED)

<i>(in millions)</i>	Three Months Ended April 30,	
	2017	2016
Net cash provided by operating activities of continuing operations	\$ 59.9	\$ 85.6
Net cash (used in) provided by operating activities of discontinued operations	(0.6)	0.7
Net cash provided by operating activities	<u>\$ 59.3</u>	<u>\$ 86.3</u>
Other	(16.9)	(3.7)

Net cash used in investing activities of continuing operations	(16.9)	(3.7)
Net cash used in investing activities of discontinued operations	—	(3.1)
Net cash used in investing activities	<u>\$ (16.9)</u>	<u>\$ (6.8)</u>
Proceeds from issuance of share-based compensation awards, net	\$ 1.8	\$ 4.0
Repurchases of common stock	—	(10.2)
Dividends paid	(9.5)	(9.3)
Borrowings from line of credit	234.5	237.0
Repayment of borrowings from line of credit	(262.5)	(314.8)
Payment of contingent consideration	(3.8)	—
Changes in book cash overdrafts	12.0	(3.2)
Financing of energy savings performance contracts	—	6.0
Repayment of capital lease obligations	—	(0.3)
Net cash used in financing activities	<u>\$ (27.5)</u>	<u>\$ (90.8)</u>
Effect of exchange rate changes on cash and cash equivalents	0.1	1.1

<i>(in millions)</i>	Six Months Ended April 30,	
	2017	2016
Net cash provided by operating activities of continuing operations	\$ 50.1	\$ 79.0
Net cash used in operating activities of discontinued operations	(2.0)	(22.5)
Net cash provided by operating activities	<u>\$ 48.1</u>	<u>\$ 56.5</u>
Purchase of businesses, net of cash acquired	\$ (18.6)	\$ (81.0)
Other	(27.4)	(10.3)
Net cash used in investing activities of continuing operations	(46.0)	(91.3)
Net cash used in investing activities of discontinued operations	—	(3.1)
Net cash used in investing activities	<u>\$ (46.0)</u>	<u>\$ (94.4)</u>
Proceeds from issuance of share-based compensation awards, net of taxes withheld	\$ 0.8	\$ 2.6
Incremental tax benefit from share-based compensation awards	—	0.5
Repurchases of common stock	(7.9)	(21.5)
Dividends paid	(18.9)	(18.5)
Deferred financing costs paid	—	(0.1)
Borrowings from line of credit	441.9	536.6
Repayment of borrowings from line of credit	(432.3)	(485.7)
Payment of contingent consideration	(3.8)	—
Changes in book cash overdrafts	17.2	4.8
Financing of energy savings performance contracts	2.6	10.5
Repayment of capital lease obligations	(0.1)	(0.6)
Net cash (used in) provided by financing activities	<u>\$ (0.5)</u>	<u>\$ 28.6</u>
Effect of exchange rate changes on cash and cash equivalents	0.6	(0.5)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET INFORMATION (UNAUDITED)

<i>(in millions)</i>	<u>April 30, 2017</u>	<u>October 31, 2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 55.7	\$ 53.5
Trade accounts receivable, net of allowances	851.8	803.7
Prepaid expenses	72.1	68.0
Other current assets	30.6	30.0
Assets held for sale	51.1	36.1
Total current assets	<u>1,061.3</u>	<u>991.3</u>
Other investments	19.0	17.4
Property, plant and equipment, net of accumulated depreciation	96.4	81.8

Other intangible assets, net of accumulated amortization	101.5	103.8
Goodwill	924.8	912.8
Deferred income tax asset, net	76.9	37.4
Other noncurrent assets	114.3	134.3
Total assets	<u>\$ 2,394.2</u>	<u>\$ 2,278.8</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Trade accounts payable	\$ 191.1	\$ 174.3
Accrued compensation	116.5	130.7
Accrued taxes—other than income	51.4	40.6
Insurance claims	93.1	92.2
Income taxes payable	10.5	6.3
Other accrued liabilities	138.4	135.9
Legal settlements from discontinued operations	121.8	—
Liabilities held for sale	17.3	16.8
Total current liabilities	<u>740.1</u>	<u>596.8</u>
Noncurrent income taxes payable	34.1	33.4
Line of credit	277.9	268.3
Deferred income tax liability, net	3.3	3.5
Noncurrent insurance claims	346.4	331.6
Other noncurrent liabilities	54.8	71.2
Total liabilities	<u>1,456.6</u>	<u>1,304.8</u>
Total stockholders' equity	<u>937.6</u>	<u>974.0</u>
Total liabilities and stockholders' equity	<u>\$ 2,394.2</u>	<u>\$ 2,278.8</u>

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

REVENUES AND OPERATING PROFIT BY SEGMENT (UNAUDITED)

<i>(in millions)</i>	Three Months Ended April 30,		Increase/ (Decrease)
	2017	2016	
Revenues			
Business & Industry	\$ 732.6	\$ 730.4	0.3%
Aviation	232.2	203.0	14.4%
Emerging Industries Group	192.0	195.0	(1.5)%
Technical Solutions	110.8	100.9	9.8%
Government Services	42.9	27.7	54.7%
Total revenues	<u>\$ 1,310.5</u>	<u>\$ 1,257.1</u>	4.2%
Operating profit			
Business & Industry	\$ 41.0	\$ 32.6	25.9%
Aviation	7.6	5.5	38.5%
Emerging Industries Group	12.0	12.9	(7.3)%
Technical Solutions	10.6	4.3	NM*
Government Services	18.2	(1.5)	NM*
Corporate	(36.4)	(40.3)	(9.6)%
Adjustment for income from unconsolidated affiliates, net, included in Aviation and Government Services	(1.1)	(0.8)	33.6%
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(0.8)	(0.9)	3.6%
Total operating profit	<u>51.0</u>	<u>11.8</u>	NM*
Income from unconsolidated affiliates, net	0.9	0.9	7.9%
Interest expense	(3.0)	(2.4)	28.1%
Income from continuing operations before income taxes	48.9	10.3	NM*
Income tax provision	(17.3)	(3.5)	NM*
Income from continuing operations	31.6	6.8	NM*
Net loss from discontinued operations	(0.4)	(2.4)	(84.6)%

Net income	\$ 31.3	\$ 4.4	NM*
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* Not meaningful (due to variance greater than or equal to +/-100%)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

REVENUES AND OPERATING PROFIT BY SEGMENT (UNAUDITED)

<i>(in millions)</i>	Six Months Ended April 30,		Increase/ (Decrease)
	2017	2016	
Revenues			
Business & Industry	\$ 1,487.6	\$ 1,474.0	0.9%
Aviation	464.2	406.8	14.1%
Emerging Industries Group	392.6	394.1	(0.4)%
Technical Solutions	218.5	194.4	12.4%
Government Services	74.3	56.2	32.1%
Total revenues	\$ 2,637.2	\$ 2,525.5	4.4%
Operating profit			
Business & Industry	\$ 73.4	\$ 61.0	20.2%
Aviation	13.0	9.4	38.6%
Emerging Industries Group	24.4	27.8	(12.4)%
Technical Solutions	18.8	8.3	NM*
Government Services	20.0	(1.3)	NM*
Corporate	(71.0)	(75.5)	(5.9)%
Adjustment for income from unconsolidated affiliates, net, included in Aviation and Government Services	(2.4)	(3.3)	(27.7)%
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(1.4)	(1.1)	(22.2)%
Total operating profit	74.8	25.4	NM*
Income from unconsolidated affiliates, net	2.3	3.3	(28.8)%
Interest expense	(6.3)	(5.1)	24.0%
Income from continuing operations before income taxes	70.9	23.6	NM*
Income tax provision	(23.2)	(3.2)	NM*
Income from continuing operations	47.7	20.4	NM*
Net loss from discontinued operations	(73.2)	(2.0)	NM*
Net (loss) income	\$ (25.5)	\$ 18.4	NM*

* Not meaningful (due to variance greater than or equal to +/-100%)

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

<i>(in millions, except per share amounts)</i>	Three Months Ended April 30,		Six Months Ended April 30,	
	2017	2016	2017	2016
Reconciliation of Income from Continuing Operations to Adjusted Income from Continuing Operations				
Income from continuing operations	\$ 31.6	\$ 6.8	\$ 47.7	\$ 20.4
Items impacting comparability ^(a)				
Prior year self-insurance adjustment ^(b)	5.0	4.7	10.0	10.7
U.S. Foreign Corrupt Practices Act investigation ^(c)	—	—	(3.2)	0.1
Restructuring and related ^(d)	5.8	8.6	10.8	15.7
Acquisition costs	0.3	0.2	0.7	1.0
Litigation and other settlements ^(e)	0.5	5.2	2.4	4.9
Impairment recovery on Government Services business	(17.4)	—	(17.4)	—
Total items impacting comparability	(5.8)	18.7	3.5	32.3

Income tax provision (benefit) ^(f)	2.0	(7.8)	(1.9)	(13.4)
Items impacting comparability, net of taxes	(3.8)	10.9	1.6	18.9
Adjusted income from continuing operations	<u>\$ 27.8</u>	<u>\$ 17.7</u>	<u>\$ 49.3</u>	<u>\$ 39.3</u>

	<u>Three Months Ended April 30,</u>		<u>Six Months Ended April 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Reconciliation of Net Income (Loss) to Adjusted EBITDA				
Net income (loss)	\$ 31.3	\$ 4.4	\$ (25.5)	\$ 18.4
Items impacting comparability	(5.8)	18.7	3.5	32.3
Net loss from discontinued operations	0.4	2.4	73.2	2.0
Income tax provision	17.3	3.5	23.2	3.2
Interest income from energy efficient government buildings ^(g)	(0.1)	(0.3)	(0.4)	(0.6)
Interest expense	3.0	2.4	6.3	5.1
Depreciation and amortization	14.5	15.0	28.5	29.3
Adjusted EBITDA	<u>\$ 60.5</u>	<u>\$ 46.0</u>	<u>\$ 108.6</u>	<u>\$ 89.7</u>

	<u>Three Months Ended April 30,</u>		<u>Six Months Ended April 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Reconciliation of Income from Continuing Operations per Diluted Share to Adjusted Income from Continuing Operations per Diluted Share				
Income from continuing operations per diluted share	\$ 0.56	\$ 0.12	\$ 0.84	\$ 0.36
Items impacting comparability, net of taxes	(0.07)	0.19	0.03	0.33
Adjusted income from continuing operations per diluted share	<u>\$ 0.49</u>	<u>\$ 0.31</u>	<u>\$ 0.87</u>	<u>\$ 0.69</u>
Diluted shares	56.5	56.9	56.6	57.0

(a) The Company adjusts income from continuing operations 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 adjustments to our self-insurance reserve for general liability, workers' compensation and automobile 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 income from continuing operations is useful to investors by enabling them to better assess our operating performance in the context of current year profitability.

(c) FY17 represents reimbursement of previously expensed legal and other costs incurred in connection with an internal investigation into a foreign entity affiliated with a former joint venture partner.

(d) Represents costs for 2020 Vision Transformation Initiative, net of the reversal of certain share-based compensation costs.

(e) FY16 amount includes costs related to a reserve established for an outstanding client receivable that is being litigated, and based on recent unfavorable developments, a significant portion of the outstanding receivable amount is no longer deemed collectible.

(f) The Company's tax impact is calculated using the federal and state statutory rate of 41.5%, with the exception of an impairment recovery related to the Company's Government Services business, for which a 39.0% tax rate was applied. We

calculate tax from the underlying whole-dollar amounts, as a result, certain amounts may not recalculate based on reported numbers due to rounding.

(g) Adjusted EBITDA does not include interest income for certain long term energy contracts, in which case a gross up of both interest income and interest expense is being recorded.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

2017 GUIDANCE

	<u>Year Ended October 31, 2017</u>	
	<u>Low Estimate</u>	<u>High Estimate</u>
Reconciliation of Estimated Income from Continuing Operations per Diluted Share to Estimated Adjusted Income from Continuing Operations per Diluted Share		
Income from continuing operations per diluted share ^(a)	\$ 1.63	\$ 1.73
Adjustments ^(b)	0.22	0.22
Adjusted income from continuing operations per diluted share ^(a)	\$ 1.85	\$ 1.95

(a) With the exception of the 2017 Work Opportunity Tax Credits, ASU 2016-09, and IRC Section 179D, this guidance does not include any potential benefits associated with certain other discrete tax items and other unrecognized tax benefits.

(b) Adjustments include an impairment recovery associated with the sale of the Government Services business, costs associated with the strategic review and realignment, legal settlements, adjustments to self-insurance reserves pertaining to prior year's claims and other unique items impacting comparability.

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