



# Fourth Quarter 2014 Non-GAAP Reconciliation

*December 9, 2014*

A man in a blue shirt is seen from behind, looking out a large window of a modern building. The building has a complex, geometric ceiling structure with many white beams and recessed lights. The scene is brightly lit, suggesting a sunny day. The man's reflection is visible on the glass. The overall color palette is dominated by blues and whites.

# Unaudited Reconciliation of non-GAAP Financial Measures

# Unaudited Reconciliation of non-GAAP Financial Measures

## ABM Industries Incorporated and Subsidiaries Reconciliations of Non-GAAP Financial Measures (Unaudited)

(\$ in millions)

	Three Months Ended October 31,		Year Ended October 31,	
	2014	2013	2014	2013
<b>Reconciliation of Adjusted Net Income to Net Income</b>				
Adjusted net income	\$ 29.7	\$ 27.0	\$ 89.5	\$ 85.0
Items impacting comparability:				
Rebranding (a)	(0.9)	(1.5)	(4.1)	(3.6)
U.S. Foreign Corrupt Practices Act investigation (b)	(0.1)	(0.4)	(1.2)	(0.8)
Self-insurance adjustment	(1.0)	(0.7)	(11.5)	(10.6)
Acquisition costs	(0.8)	(0.1)	(1.4)	(1.1)
Litigation and other settlements	-	-	(3.4)	(0.1)
Restructuring (c)	(0.4)	(2.0)	(2.6)	(3.8)
Total items impacting comparability	(3.2)	(4.7)	(24.2)	(20.0)
Benefit from income taxes	1.4	1.9	10.3	7.9
Items impacting comparability, net of taxes	(1.8)	(2.8)	(13.9)	(12.1)
Net Income	\$ 27.9	\$ 24.2	\$ 75.6	\$ 72.9

(a) Represents costs related to the Company's branding initiative.

(b) Includes legal and other costs incurred in connection with an internal investigation into a foreign entity affiliated with a former joint venture partner.

(c) Restructuring costs associated with realignment of our operational structure.

# Unaudited Reconciliation of non-GAAP Financial Measures

## ABM Industries Incorporated and Subsidiaries Reconciliations of Non-GAAP Financial Measures (Unaudited)

(\$ in millions, except per share amounts)

	Three Months Ended October 31,		Year Ended October 31,	
	2014	2013	2014	2013
<b>Reconciliation of Adjusted Operating Profit to Operating Profit</b>				
Adjusted operating profit	\$ 46.3	\$ 42.1	\$ 152.8	\$ 139.0
Total items impacting comparability	(3.2)	(4.7)	(24.2)	(20.0)
Operating profit	\$ 43.1	\$ 37.4	\$ 128.6	\$ 119.0
<b>Reconciliation of Adjusted EBITDA to Net Income</b>				
Adjusted EBITDA	\$ 63.4	\$ 58.1	\$ 216.7	\$ 205.9
Items impacting comparability	(3.2)	(4.7)	(24.2)	(20.0)
Provision for income taxes	(14.8)	(12.4)	(48.8)	(39.5)
Interest expense	(2.6)	(3.2)	(10.7)	(12.9)
Depreciation and amortization	(14.9)	(13.6)	(57.4)	(60.6)
Net income	\$ 27.9	\$ 24.2	\$ 75.6	\$ 72.9
<b>Share to Net Income per Diluted Share</b>				
	Three Months Ended October 31,		Year Ended October 31,	
	2014	2013	2014	2013
Adjusted net income per diluted share	\$ 0.52	\$ 0.48	\$ 1.57	\$ 1.52
Items impacting comparability, net of taxes	(0.03)	(0.05)	(0.25)	(0.22)
Net income per diluted share	\$ 0.49	\$ 0.43	\$ 1.32	\$ 1.30
Diluted shares	57.2	56.7	57.1	56.1



# Unaudited Reconciliation of non-GAAP Financial Measures

**ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**RECONCILIATION OF ESTIMATED ADJUSTED NET INCOME PER DILUTED SHARE TO**  
**ESTIMATED NET INCOME PER DILUTED SHARE FOR THE YEAR ENDING OCTOBER 31, 2015**

**Estimated net income per diluted share (a)**

	Year Ending October 31, 2015	
	Low Estimate	High Estimate
	(per diluted share)	
Adjusted net income per diluted share	\$ 1.65	\$ 1.75
Adjustments (b)	\$ (0.20)	\$ (0.20)
Net income per diluted share	<u>\$ 1.45</u>	<u>\$ 1.55</u>

(a) This guidance excludes potential benefits associated with the Work Opportunity Tax Credit, should Congress reenact the credit. The reenactment of the calendar 2014 WOTC could provide a benefit of \$0.10 per diluted share in fiscal 2015. If Congress were to extend the WOTC for calendar 2015, the Company could have a further benefit of \$0.08 per diluted share.

(b) Adjustments include certain rebranding costs and legal settlements, adjustments to self-insurance reserves pertaining to prior year's claims and other unique items impacting comparability.