



## **Baird - 2014**

**Business Solutions Conference**

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February 25, 2014

# Safe Harbor

*Our presentation today contains predictions, estimates and other forward-looking statements. Our use of the words estimate, expect and similar expressions are intended to identify these statements. These statements represent our current judgment on what the future holds. While we believe them to be reasonable, these statements are subject to risks and uncertainties that could cause our actual results to differ materially. Some of the important factors relating to our business are described in our 2013 Annual Report on Form 10-K and in our quarterly reports on Form 10-Q and current reports on Form 8-K that we file with the SEC.*

# Statements Relating to Non-GAAP Financial Measure

*During the course of this presentation, a certain non-GAAP financial measure described as “Adjusted EBITDA,” that was not prepared in accordance with U.S. GAAP will be presented.*

*A reconciliation of this non-GAAP financial measure to GAAP financial measure is available at the end of this presentation.*

# Fiscal 2013 Highlights

- Achieved record revenue of \$4.8 billion for the fiscal year
  - Organic growth rates improved sequentially
  - Acquisitions in key vertical markets - Aviation & Healthcare
- Y-o-Y Net Income up 16.5%; Adjusted EBITDA up 16.7%
  - Adjusted EBITDA of \$205.9 million; first time exceeding \$200 million
- Cash flow from continuing operations of \$135 million
  - Free cash flow of \$103 million<sup>1</sup>; marking the 5<sup>th</sup> year exceeding \$100 million
- Improved growth prospects and competitive position by focusing on verticals and transitioning operations to OnSite, Mobile, and On-demand operational model
- Acquired and integrated 5 companies
  - Acquisition of AirServ expanded ABM's European presence
- Returned \$32.9 million to shareholders in the form of dividends

<sup>1</sup> Free cash flow, defined as net cash from operations less capital expenditures

# Fiscal 2013 Results Synthesis

## Janitorial Services

- Revenues of \$2.47 billion, up organically \$71.0 million or 3.0% compared to 2012
- Operating profit down 1% to \$134.6 million; start-up costs on new jobs

## Facility Services

- Revenues of \$609.4 million, up organically \$33.3 million or 5.8% compared to 2012
- Operating profit up nearly 19% to \$27.4 million from new business and expansion

## Parking Services

- Revenues of \$609.1 million, a decrease of 1% compared to 2012
- Operating profit up 5% to \$27.5 million; effective cost controls

## Security Services

- Revenues of \$381.5 million, up organically \$15.5 million or 4.2% compared to 2012
- Operating profit up 65% to 12.9 million; improved margins

## Building & Energy Solutions

- Revenues of \$401.5 million, up \$53.3 million or 15.3% compared to 2012; acquisitions
- Operating profit up 51% to \$18.7 million; acquisitions + improved margins + mix

## Other

- Revenues of \$341.5 million
- Operating profit of \$12.6 million; includes amortization of \$6.4 million

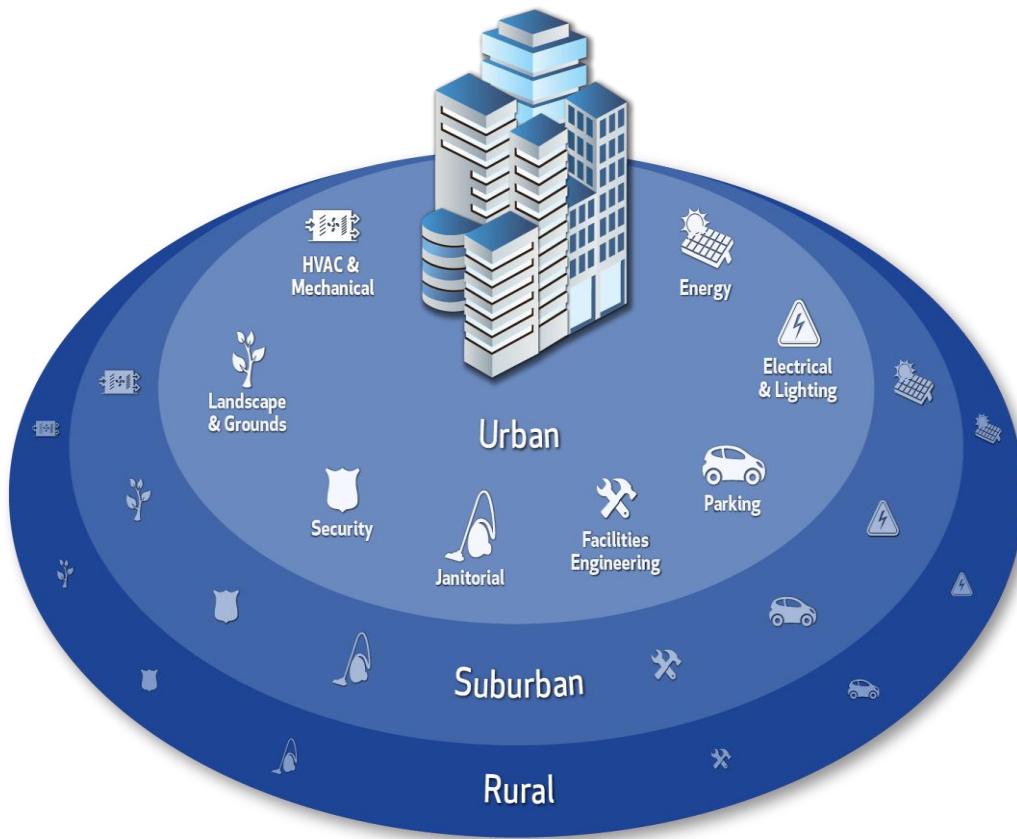
Note: In the first fiscal quarter of 2013, ABM revised its reportable segments. The previous Facility Solutions segment has been separated into two new segments: Facility Services, and Building & Energy Solutions (includes energy services, government services, and the franchise network). The recently acquired HHA Services, Inc. and Calvert-Jones Company business are included in the Building & Energy Solutions segment. In addition, Building & Energy Solutions includes the results of certain investments in unconsolidated affiliates that provide facility solutions primarily to the U.S. Government. Air Serv Corporation, which was acquired in November 2012, is reported in the new segment "Other".



# Review of Key Strategic Objectives



# End-to-End Service Delivery Model



- End-to-end services improves the client value proposition across all building types and geographies
- Vertical expertise, such as Aviation, Healthcare, and Education addresses industry demands
- Operational focus on delivering additional services to leverage existing client relationships

# Operational & Enterprise Convergence



Operational  
Convergence  
(Driving Growth &  
Margins)

**OneABM**  
**2013 – 2014**  
**Implementation**

Enterprise  
Consolidation &  
Optimization  
(Enhancing Expense  
to Revenue Ratio)





# Appendix

*To supplement ABM's consolidated financial information, the Company has earnings before interest, taxes, depreciation and amortization and excluding items impacting comparability (adjusted EBITDA). Adjusted EBITDA is among the indicators management uses as a basis for planning and forecasting future periods. The presentation of this non-GAAP financial measure is not meant to be considered in isolation or as a substitute for financial statements prepared in accordance with generally accepted accounting principles in the United States*

# Unaudited Reconciliation of non-GAAP Financial Numbers (in thousands)

	Year Ended October 31,	
	2013	2012
<b>Reconciliation of Adjusted EBITDA to Net Income</b>		
Adjusted EBITDA	\$ 205,926	\$ 176,353
Items impacting comparability	(19,978)	(22,566)
Loss from discontinued operations, net of taxes	-	(136)
Provision for income taxes	(39,552)	(29,931)
Interest expense	(12,892)	(9,999)
Depreciation and amortization	(60,604)	(51,139)
Net income	<u>\$ 72,900</u>	<u>\$ 62,582</u>

## Reconciliation of Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share (Unaudited)

	Year Ended October 31,	
	2013	2012
Adjusted income from continuing operations per diluted share	\$ 1.52	\$ 1.39
Items impacting comparability, net of taxes	(0.22)	(0.25)
Income from continuing operations per diluted share	<u>\$ 1.30</u>	<u>\$ 1.14</u>
Diluted shares	56,067	54,914