



ABM Industries Incorporated

Second Quarter
Earnings Conference Call

June 5, 2009



Agenda

- Introduction of call participants
 - Henrik C. Slipsager, President & CEO
 - James S. Lusk, EVP and CFO
 - Sarah H. McConnell, SVP & General Counsel
- Q2 2009 Highlights
- Financial Review
- Operating Results
- 2009 Guidance

Forward-Looking Statements

Our presentation today contains predictions, estimates and other forward-looking statements. Our use of the words estimate, expect, and similar expressions is 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 Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Annual Reports on Form 10-K.

Statements Relating to Non-GAAP Financial Measures

During the course of this presentation, certain non-GAAP financial information will be presented.

A reconciliation of those numbers to GAAP financial measures is available on the Company's website under "Investor Relations" and at the end of this presentation.

Second Quarter Fiscal 2009 Highlights

- Another solid quarter with double digit growth in net income and EPS. Adjusted Income from Continuing Operations up 16.4%
- Strong adjusted EBITDA growth of 10.4% on modest decline in revenues
 - Strict management of operating expenses
 - Increasing operating synergies across platform
- Improving Balance Sheet and solid cash flow generation
 - Sequentially, DSO reduced by 3 days to 50
 - Cash flow from operating activities of \$41.1 million

Fiscal Second Quarter 2009 Highlights

	2009	2008	
Revenues	\$855.7M	\$906.3M	Decrease of 5.6% from Q2 08
Adjusted EBITDA	\$36.1M	\$32.7M	Increased 10.4% from Q2 08
Income from Continuing Operations	\$13.0M	\$15.3M	Decreased \$2.3M from Q2 08 Q2 08 includes income from a \$7.2M reduction in self-insurance reserves
Adjusted Income from Continuing Operations	\$16.3M	\$14.0M	Increased \$2.3M or 16.4% over Q2 08
Diluted EPS from Continuing Operations	\$0.25	\$0.30	Decreased 16.7% from Q2 08 Q2 08 includes income from \$7.2M reduction in self-insurance reserves
Adjusted Diluted EPS From Continuing Operations	\$0.32	\$0.27	Increased 18.5% from Q2 08
Continuing Operating Activities Cash Flow	\$30.9M	\$40.6M	For YTD 09 \$44.3M compared to \$17.6M YTD 08
Total Operating Activities Cash Flow	\$41.1M	\$46.1M	For YTD 09 \$67.2M compared to \$21.1M YTD 08
Line of Credit	\$182.0M	\$301.5M	One year reduction in line of credit of \$119.5M

Strategic Initiatives

- Continued focus on aspects of business within our control
- Proactive steps to mitigate pricing pressures on customer base
 - Pricing and scope of service concessions
 - Careful management of labor resources and expenses
 - Reduction of less profitable contracts
 - Manage exposure to credit risk by reducing high risk customers
- In May, executed accretive acquisition and expansion in the pharmaceutical space
- Continue to make significant progress on multi-year project to transform IT infrastructure

Q2 Financial Results (unaudited)

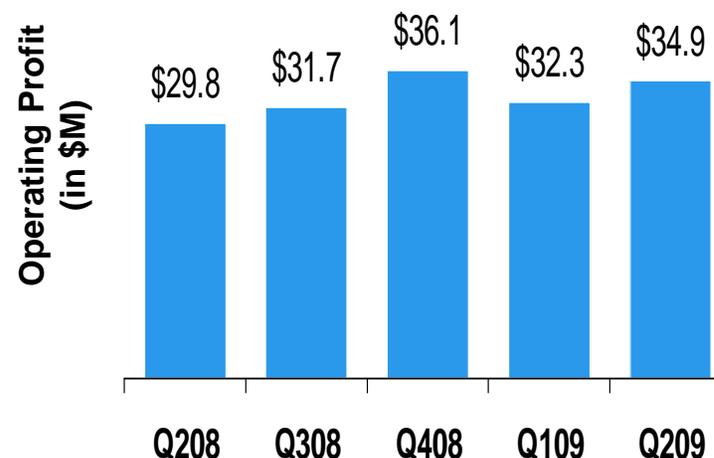
(in millions)	Three Months Ended April 30,	
	2009	2008
Revenues	\$ 855.7	\$ 906.3
Operating expenses	766.1	806.2
Selling, general and administrative	64.3	68.9
Amortization of intangibles	2.7	2.5
<u>Operating profit</u>	<u>\$ 22.6</u>	<u>\$ 28.7</u>
Interest expense	1.3	4.0
Income from continuing operations before income taxes	21.3	24.7
Provision for income taxes	8.3	9.4
<u>Income from continuing operations</u>	<u>13.0</u>	<u>15.3</u>
Items impacting comparability		
Corporate initiatives	5.5	5.0
Insurance adjustments	-	(7.2)
Income taxes expense (benefit)	(2.2)	0.9
<u>Items impacting comparability, net of taxes</u>	<u>3.3</u>	<u>(1.3)</u>
<u>Adjusted income from continuing operations*</u>	<u>\$ 16.3</u>	<u>\$ 14.0</u>
Adjusted EBITDA*	\$ 36.1	\$ 32.7

* A reconciliation of certain non-GAAP financial information to GAAP financial measures is available on the Company's website under "Investor Relations" and at the end of this presentation

Balance Sheet (unaudited)

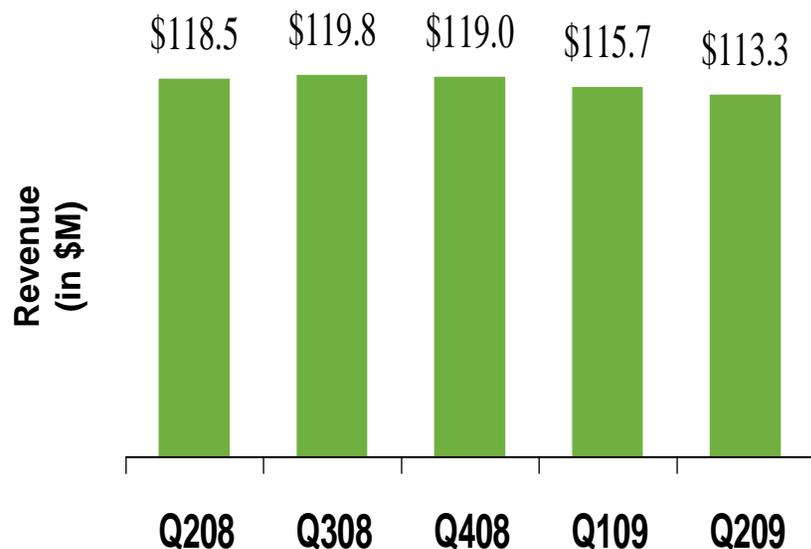
(in millions)	April 30, 2009	October 31, 2008
Assets		
Cash and cash equivalents	\$ -	\$ 0.7
Trade accounts receivable, net	467.6	473.3
Prepaid income taxes	15.9	7.1
Current assets of discontinued operations	16.4	34.5
Prepaid expenses and other	57.6	57.0
Deferred income taxes, net	49.6	57.5
Insurance recoverables	4.8	5.0
Total current assets	611.9	635.1
Non-current assets of discontinued operations	7.4	11.2
Insurance deposits	42.6	42.5
Other investments and long-term receivables	5.1	4.5
Deferred income taxes, net	81.7	88.7
Insurance recoverables	66.7	66.6
Other assets	31.5	23.2
Investments in auction rate securities	19.5	19.0
Property, plant and equipment, net	59.6	61.1
Other intangible assets, net	56.8	62.2
Goodwill	538.4	535.8
Total assets	\$ 1,521.2	\$ 1,549.9
Liabilities		
Trade accounts payable	\$ 63.9	\$ 70.0
Accrued liabilities		
Compensation	98.7	88.9
Taxes - other than income	25.9	20.3
Insurance claims	74.7	84.3
Other	74.0	85.5
Income taxes payable	2.2	2.0
Current liabilities of discontinued operations	12.3	10.1
Total current liabilities	351.7	361.1
Income taxes payable	16.5	15.8
Line of credit	182.0	230.0
Retirement plans and other	37.4	37.1
Insurance claims	269.9	261.9
Total liabilities	857.5	905.9
Stockholders' Equity		
Total liabilities and stockholders' equity	\$ 1,521.2	\$ 1,549.9

Segment Highlights: Janitorial



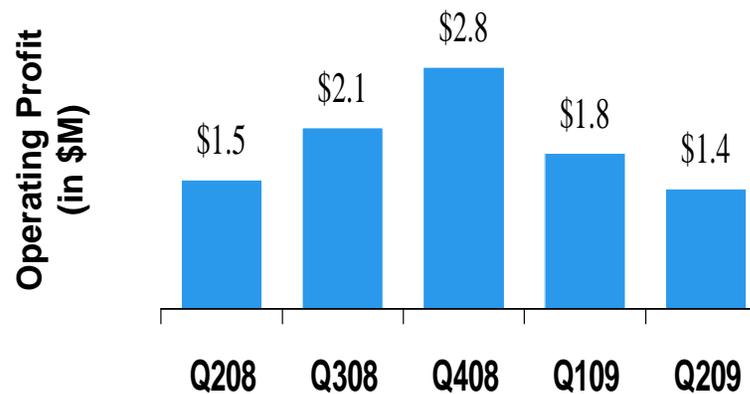
- Second quarter 2009 revenue of \$589.3 million, down 5.8% compared to 2008
 - Pipeline of new business remains solid and rate of decline in tag revenue has stabilized
- Second quarter 2009 operating profit up \$5.1 million, or 16.9% compared to 2008
 - Synergies from OneSource acquisition
 - Prudent management of expenses

Segment Highlights: Parking



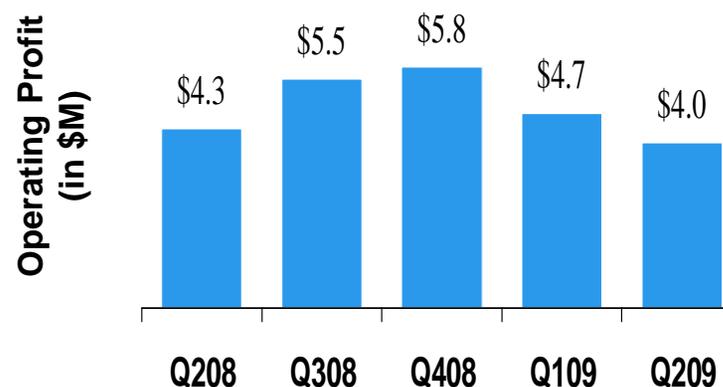
- Second quarter 2009 revenue of \$113.3 million, down 4.4% compared to 2008
 - Anticipate recent sales to healthcare customers will drive growth in revenue in second half of fiscal 2009
- Second quarter 2009 operating profit, up 11.3% to \$4.9 million compared to 2008
 - Ongoing operating expense management
 - Continued organic growth at HealthCare Parking Services of America

Segment Highlights: Security



- Second quarter 2009 revenue of \$82.4 million, essentially flat compared to 2008
 - Anticipate recent sales in the Northeast and Northern California will reverse sales declines in the second half of fiscal 2009
- Second quarter 2009 operating profit down 5.2% to \$1.4 million
 - Lower margins on new business contributed to the modest year-over-year declines

Segment Highlights: Engineering



- Second quarter 2009 revenue of \$70.2 million, down 11.5% compared to 2008
 - Loss of lower margin business
 - Anticipate reversal in revenue trend in second half of fiscal 2009 based on recent sales and expectation of selling contracts in our energy business sales pipeline
- Second quarter 2009 operating profit, down 5.8% to \$4.0 million compared to 2008

Closing Observations

- Strong relative performance in a weak U.S. Economy
 - Ongoing actions to mitigate impact of current environment
 - Negotiating concessions on pricing and scope of services
- Implementing ongoing cost reductions to drive profitability
- Solid Balance Sheet with strong operating cash flow
- Well-positioned to capitalize on additional M&A opportunities

FY09 Outlook

- Continued challenging economic and market conditions
- ABM will continue to follow proven strategies of:
 - Actively managing customer accounts
 - Focusing on providing the appropriate scope of services
 - Managing credit risk and generating cash flow
- Guidance
 - Reaffirming for FY09 Income from Continuing Operations, per diluted share, in the range of \$1.10 - \$1.20; Adjusted Income from Continuing Operations, excluding Items Impacting Comparability, per diluted share, in the range of \$1.25 - \$1.35*

*A reconciliation of certain non-GAAP financial information to GAAP financial measures is available on the Company's website under "Investor Relations" and at the end of this presentation

Appendix – Unaudited Reconciliation of Non-GAAP Financial Measures (in millions, except per share data)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2009	2008	2009	2008
Reconciliation of Adjusted Income from Continuing Operations to Income from Continuing Operations				
Adjusted Income from Continuing Operations	\$ 16.3	\$ 14.0	\$ 29.4	\$ 22.0
Items Impacting Comparability				
Corporate Initiatives (a)	(5.5)	(5.0)	(12.2)	(7.8)
Third-Party Administrator Legal Settlement	-	-	9.6	-
Insurance adjustments	-	7.2	-	7.2
Total Items Impacting Comparability	(5.5)	2.2	(2.6)	(0.6)
Income Taxes (Expense) Benefit	2.2	(0.9)	1.0	0.2
Items Impacting Comparability, net of taxes	(3.3)	1.3	(1.6)	(0.4)
Income from Continuing Operations	\$ 13.0	\$ 15.3	\$ 27.8	\$ 21.6
Reconciliation of Adjusted EBITDA to Net Income				
Adjusted EBITDA	\$ 36.1	\$ 32.7	\$ 66.4	\$ 56.5
Items Impacting Comparability	(5.5)	2.2	(2.6)	(0.6)
Discontinued Operations	(0.3)	(4.2)	(0.8)	(4.1)
Income Tax	(8.3)	(9.4)	(17.8)	(13.6)
Interest Expense	(1.3)	(4.0)	(3.0)	(8.6)
Depreciation and Amortization	(7.9)	(6.2)	(15.2)	(12.2)
Net Income	\$ 12.8	\$ 11.1	\$ 27.0	\$ 17.4
Reconciliation of Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share				
Adjusted Income from Continuing Operations per Diluted Share	\$ 0.32	\$ 0.27	\$ 0.57	\$ 0.43
Items Impacting Comparability, net of taxes	(0.07)	0.03	(0.03)	(0.01)
Income from Continuing Operations per Diluted Share	\$ 0.25	\$ 0.30	\$ 0.54	\$ 0.42
Diluted Shares	51.6	51.3	51.5	51.1

(a) Corporate initiatives include: (i) costs associated with the implementation of a new payroll and human resources information system, (ii) the upgrade of the Company's accounting system, (iii) the completion of the corporate move from San Francisco, and (iv) the integration costs associated with OneSource.

Appendix – Reconciliation (unaudited)

ABM Industries Incorporated

Reconciliation of Estimated Adjusted Income from Continuing Operations per Diluted Share to Income from Continuing Operations per Diluted Share for the Year Ending October 31, 2009

	Year Ending October 31, 2009	
	Low Estimate	High Estimate
	(per diluted share)	
Adjusted Income from Continuing Operations per Diluted Share	\$ 1.25	\$ 1.35
Adjustments to Income from Continuing Operations (a)	(0.15)	(0.15)
Income from Continuing Operations per Diluted Share	<u>\$ 1.10</u>	<u>\$ 1.20</u>

(a) The adjustment to income from continuing operations includes: (i) costs associated with the implementation of a new payroll and human resources information system, the upgrade of the Company's accounting system, the completion of the corporate move from San Francisco and the integration costs associated with OneSource aggregating (\$0.26) per share, offset by (ii) the positive settlement with a former third-party administrator of workers' compensation claims in the amount of \$0.11 per share.