

# Baird - 2012 Business Solutions Conference



*Henrik C. Slipsager*  
*President & Chief Executive Officer*  
*NYSE: ABM*

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# 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 2011 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 Year 2011 Results Synthesis

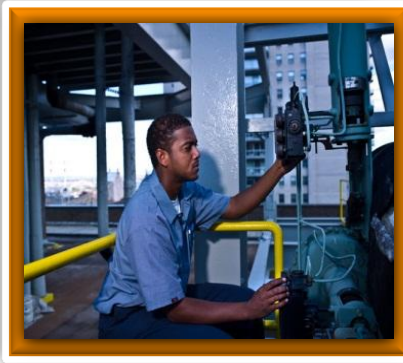
- Revenue up 21% - Surpassing the \$4 billion
- Generated record cash flow from operations of \$160 million
- Achieved adjusted EBITDA of \$184 million, a record. Increase of 18% year-over-year and a 101% increase from fiscal 2007 year-end
- Paid approximately \$30 million in dividends. 4% increase from fiscal 2010

## Janitorial Services



- Revenue up over 3% to \$2.4 billion
- Tag revenue up 5%
- Operating profit up \$1 million to \$141 million despite additional \$3.8 million expense for one more day of labor

## Facility Solutions



- Revenue up 135% to \$899 million
- Linc acquisition contributed \$513 million
- Operating profit up 46% to \$33 million

## Parking & Shuttle Services



- Revenue up 31%
- L&R acquisition contributed \$155 million
- Operating profit up 7% to \$24 million

## Security Services



- Revenue up 4%
- Operating profit up 6% to \$8 million



# Facility Services Market Overview

## ABM Strategy & Results

# Facility Services – Key Dynamics

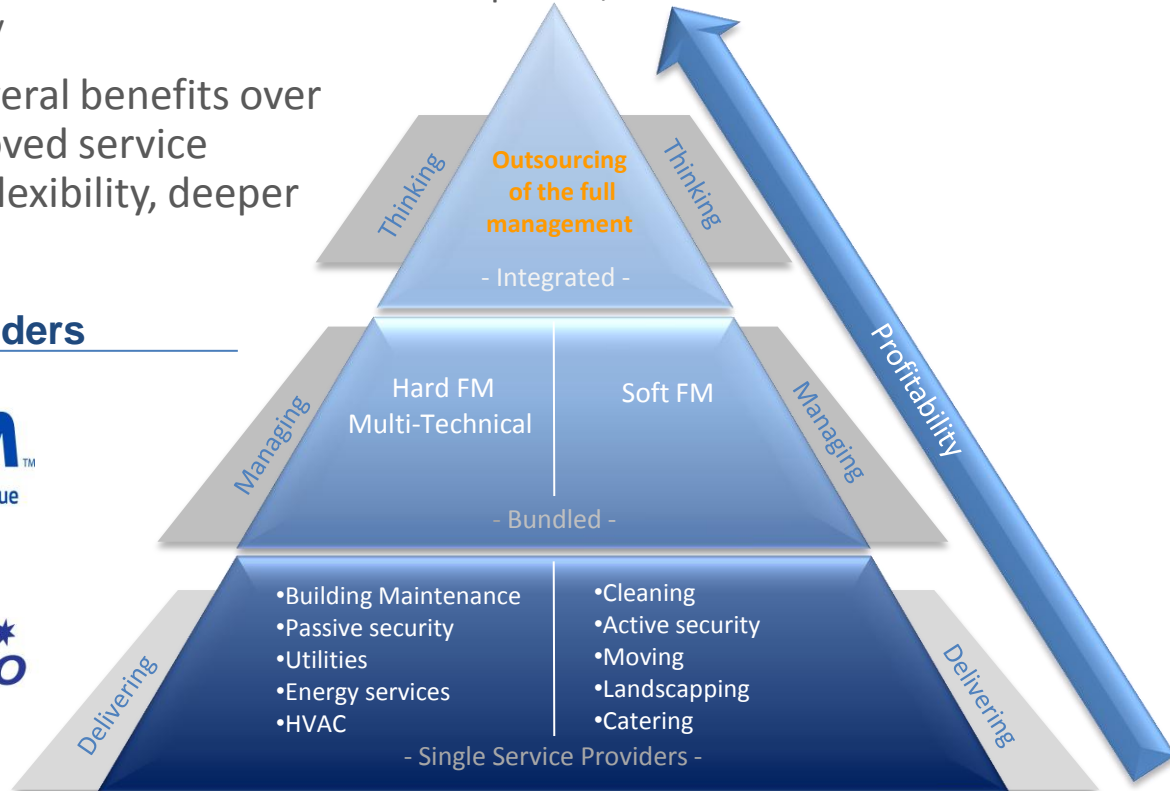


# Leading the way to Integrated Facility Services

## From Single To Integrated Facility Services

- Outsourcing of Facility Services can be provided either using
  - Single Services providers: limited to one service sphere only
  - Module providers: specialized solutions based on bundled services
  - Or Integrators: integrated solutions embrace various service spheres, provided by the same company
- Integrated solutions present several benefits over single solutions, including improved service quality, contract simplicity and flexibility, deeper cost savings and innovation

## Consolidation Into Integrated Providers



# Strategic Summary: 2010 - 2014

Increase Leadership Position	Acquisition Expansion	Capital Structure	Cost Structure	Shareholder Value
<ul style="list-style-type: none"> <li>• Capitalize on outsourcing &amp; consolidation of services</li> <li>• Leverage core capabilities and technology investments to differentiate ABM</li> </ul>	<ul style="list-style-type: none"> <li>• Grow core businesses with focus on all segments</li> <li>• Broaden geographic reach and leverage client relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Target leverage to risk appetite (1.5X EBITDA)</li> <li>• Risk threshold Max of 3.25X EBITDA</li> <li>• WACC to ROE considerations</li> </ul>	<ul style="list-style-type: none"> <li>• Working capital metrics held flat</li> <li>• Leverage USS</li> <li>• SG&amp;A and Corporate expense decrease as % of revenue</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Average double digit EBITDA growth</b></li> <li>• <b>EBITDA exceeding \$300 million</b></li> <li>• <b>Strong dividend</b></li> </ul>

## Results – FY2010 & FY2011 (Revenues, adjusted EBITDA growth, Cash Flow & Dividends are averages)

<ul style="list-style-type: none"> <li>• Consolidated revenue up 11%</li> <li>• ABM Engineering revenue up 97%</li> <li>• Parking revenue up 17%</li> </ul>	<ul style="list-style-type: none"> <li>• Acquired Linc to expand Engineering services, geographic reach and vertical expertise. Billion dollar enterprise in the making</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced adjusted EBITDA leverage ratio from high of 2.5x to 1.6x</li> </ul>	<ul style="list-style-type: none"> <li>• Working capital flat from FY2009</li> <li>• SG&amp;A + Corporate at 2.5%; below <u>3%</u> target level</li> </ul>	<ul style="list-style-type: none"> <li>• Adjusted EBITDA growth of 13%</li> <li>• Cash Flow from Operations up 15%</li> <li>• Dividends up 4%</li> </ul>
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# 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) for fiscal years 2010 and 2011. 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 millions)

	Years Ended	
	2011	2010
Adjusted EBITDA	184,023	155,892
Items Impacting Comparability	(9,636)	(10,865)
Discontinued Operations	(194)	251
Income Tax	(36,980)	(40,203)
Interest Expense	(15,805)	(4,639)
Depreciation and Amortization	(52,904)	(36,315)
Net Income	<u>\$ 68,504</u>	<u>\$ 64,121</u>
Adjusted EBIT	\$ 131,119	\$ 119,577
Items Impacting Comparability	(9,636)	(10,865)
Discontinued Operations	(194)	251
Income Tax	(36,980)	(40,203)
Interest Expense	(15,805)	(4,639)
Net Income	<u>\$ 68,504</u>	<u>\$ 64,121</u>