



**Imperial Capital Conference
ABM Industries**

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September 18, 2014

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2014 Third Quarter Financial Results

Forward-Looking Statements and Non-GAAP Financial Information:

Our discussions during this conference call will include forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The factors that could cause actual results to differ are discussed in the Company's 2013 Annual Report on Form 10-K and in our 2014 reports on Form 10-Q and Form 8-K. These reports are available on our website at <http://investor.abm.com/> under "SEC Filings". A description of factors that could cause actual results to differ is also set forth at the end of this presentation.

Also, the discussion during this conference call will include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Reconciliations of those non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures can be found on the Investor Relations portion of our website at <http://investor.abm.com> and at the end of this presentation.



Transformation

ABM's Transformation

- 2006
Single Service Silos



- Disparate Accounting
- Decentralized Risk Management
- Revenue \$2.7B EBITDA \$98.9M
- Tired Brand:



2007



2008



- Lighting Divestiture

2009



2010



Energy Focus

2011



Dashboard & Analytics
Meaningful & relevant data allowing for analysis into various KPI's



B2B Integration
Integration between ABM and our client systems driving retention



Client Portal
Unified portal for account management, invoices and technology solutions



2012



AirServ
HHA

Calvert Jones
Best-IR

Dynamic Mobile Apps
Giving our mobile workforce an advantage over our competitors



2013 – 2014...



A photograph of a worker in a blue uniform and hard hat, seen from behind, standing in a complex industrial facility. The worker is looking towards a dense network of pipes, valves, and machinery. The scene is brightly lit, and the overall color palette is dominated by blues and greys. A semi-transparent blue banner is overlaid at the bottom of the image.

Operations Review

OnSite Businesses



ABM
Janitorial

ABM
Parking

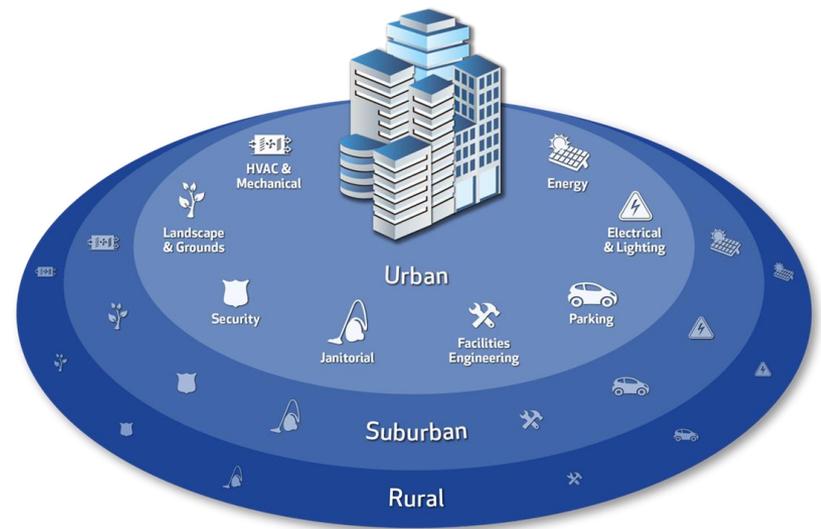
ABM
Security

ABM
Engineering

- ABM Janitorial is the U.S. leader with sales of \$2.4 billion and ~ 5X larger than nearest competitor. Provides cleaning services for thousands of commercial, industrial, institutional and retail facilities primarily in the U.S.
- ABM Facility Services is a \$609.4 million dollar business providing mechanical engineering and technical services
- ABM Parking operates approximately 2,000 parking lots and garages of which ~67% are management contracts and ~33% are allowance/leased-lot contracts. Number 2 parking business with \$609.1 million in annual sales
- ABM Security provides security officers; investigative services; electronic monitoring of fire, life safety systems and access control devices; and security consulting services. Top ten security enterprise with \$385.1 million in fiscal 2013 revenue

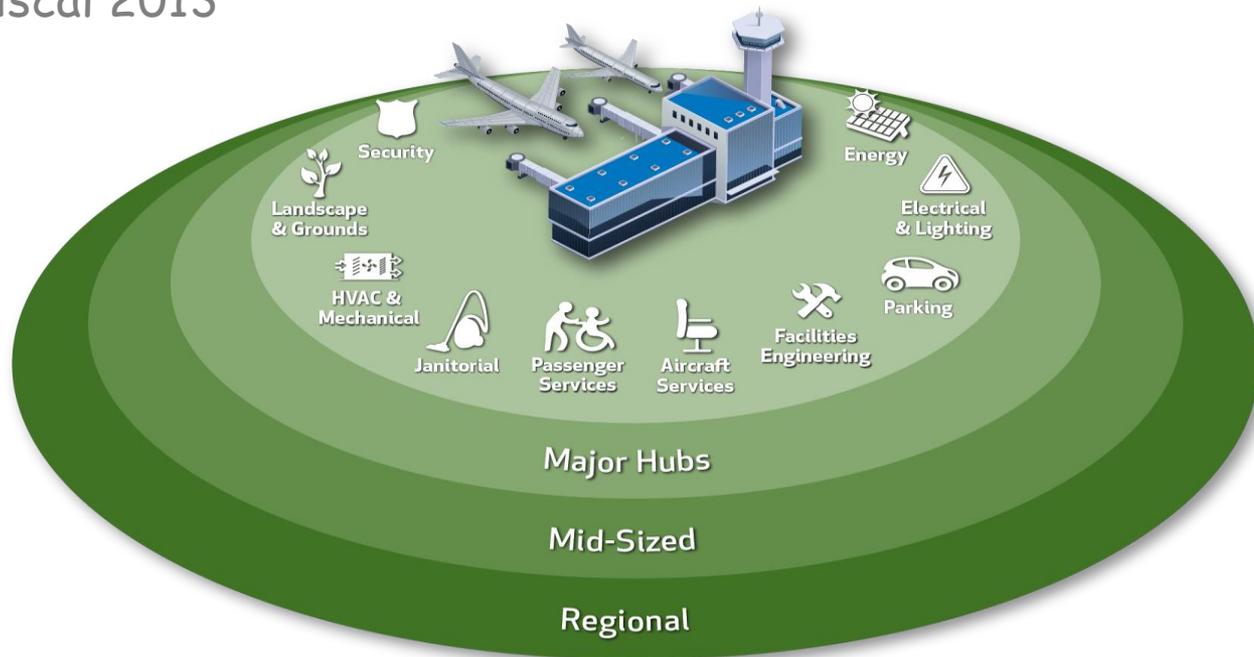
Building & Energy Solutions (“BESG”)

- Through a portfolio of businesses provides services related to mechanical retrofits, preventative maintenance, electric service, and energy updates
- Does over \$130 million of work for U.S. Government entities
- Acquired Health Care Services in fiscal 2013
- In aggregate, BESG generated fiscal 2013 revenue of \$401.5 million
- ESCO market for energy efficiency project installations & services exceeded \$5.0 billion in 2011
 - \$16 billion market estimate by 2020
 - Started largest job: Wright State ~ \$28 million
- Amortization (SOYD) of ~\$54 million over 18 years
 - FY13 amortization was ~ \$6.0 million



Air Serv (“Other” Segment)

- Provides cleaning, maintenance, wheelchair assistance, skycap, transportation and other services to airlines and airports throughout the U.S. and United Kingdom
- Generated \$340 million of revenue in fiscal 2013
- Annually respond to over 4 million wheel chair requests
- Depreciation and amortization of \$12 million in fiscal 2013





Strategy Review

OneABM Transformation

As the demands of our customers changed, our strategy to “control the box” put in place the organizational structure to meet these demands, including key strategic investments in People, Processes, & Systems

Competitive Weapons

Dashboard & Analytics

- Meaningful & relevant data allowing for analysis into various KPI's



B2B Integration

- Integration between ABM and our client systems driving retention



Dynamic Mobile Apps

- Giving our mobile workforce an advantage over our competitors



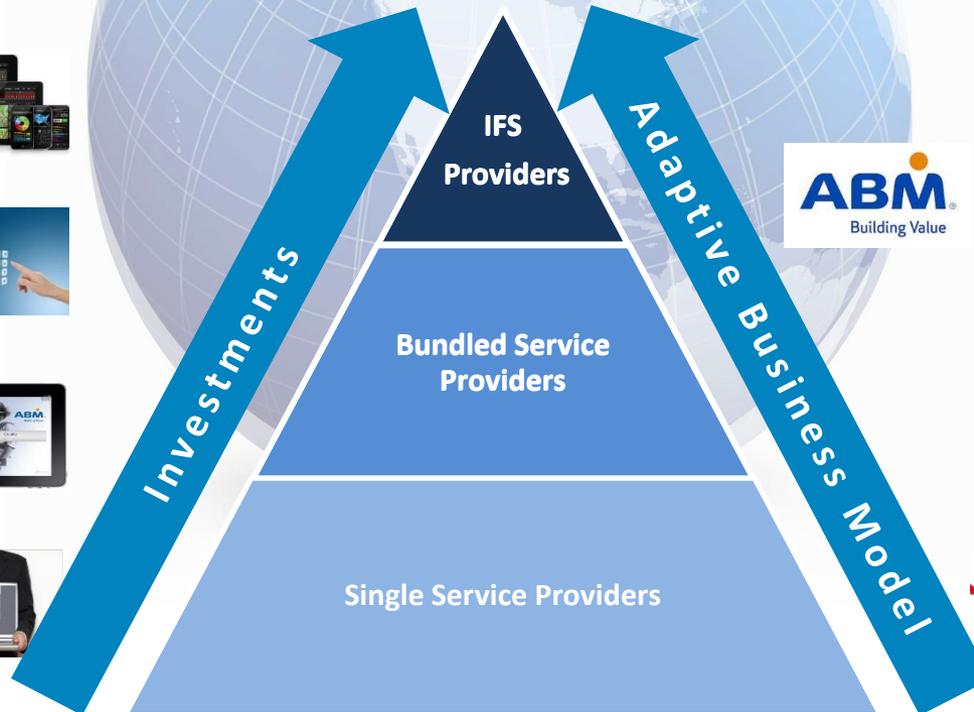
Client Portal

- Unified portal for account management, invoices and technology solutions.



Competitive Landscape

sodexo





**Third Quarter 2014
Review of Financial Results**

Fiscal Q3 2014 Overview

- Achieved record revenue for the third quarter of \$1.28 billion, up 4.9%
 - Select organic growth rates:
 - Janitorial 3.5%;
 - Building & Energy Solutions 14.2%¹; and
 - Other (Air Serv) 11.1%²
- Net Income up 21.3%, Adjusted Net Income per share rises 14.6% to \$0.47
 - Items affecting adjusted net income:
 - Organic growth
 - Realignment savings in the Onsite businesses
 - Lower insurance expense due to enhancements in the Company's risk management and safety programs
- Repurchased 377,364 shares at a cost of \$10 million
- Announced 194th consecutive quarterly dividend

¹ Excludes revenue from acquisition of BEST Infrared Services, Inc. & Alpha Mechanical, Inc.

² Excludes revenue from acquisition of Blackjack Promotions Limited

Q3 2014 Results Synthesis - Revenues

Consolidated revenues up 4.9% at \$1.28 billion – A Q3 Record

Janitorial Services

- Revenues of \$648.3 million, up organically \$22 million or 3.5% compared to 2013 Q3
- Janitorial tag business up 7.1%

Facility Services

- Revenues of \$151.0 million, down \$1.8 million or 1.2% compared to 2013 Q3
- Expecting flat to lower revenue growth in fourth quarter as new jobs ramp up

Parking & Shuttle Services

- Revenues of \$156.5 million, up \$2.5 million or 1.6% compared to 2013 Q3
- Management reimbursement revenues were up \$2.6 million to \$78.0 million

Security Services

- Revenues of \$95.4 million, down \$0.8 million compared to 2013 Q3
- Anticipating new business in high-tech vertical to generate growth in upcoming quarters

Building & Energy Solutions

- Revenues of \$127.5 million, up \$22.6 million or 21.5% compared to 2013 Q3; organic revenue grew 14.2%
- Y-o-Y organic growth of 14.4% in ABES, 11.0% in ABM Government, and 17.2% in ABM Healthcare Support Services

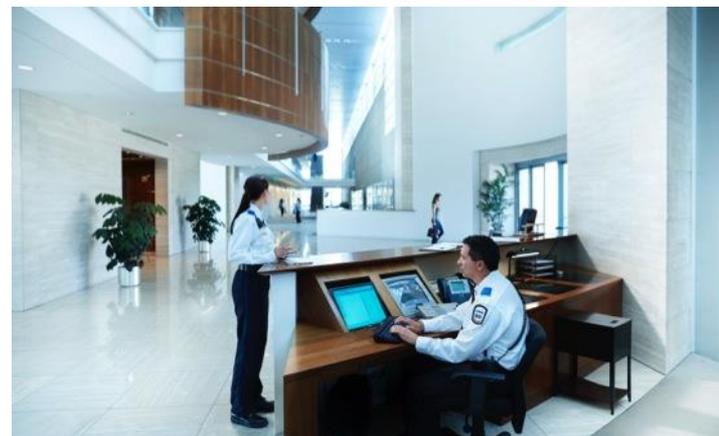
Other (Air Serv)

- Revenues of \$97.4 million, up \$14.8 million or 17.9% compared to 2013 Q3; organic revenue grew 11.1%
- Blackjack acquisition contributed revenue of \$5.6 million

Q3 2014 Results Synthesis - Operating Profits¹

(\$ in millions)	Third Quarter		
	2014	2013	Change
Janitorial	\$ 40.4	\$ 34.4	17.4 %
Facility Services	7.5	7.0	7.1 %
Parking	9.4	8.2	14.6 %
Security	3.9	4.0	(2.5)%
Building & Energy Solutions	6.8	5.9	15.3 %
Other	4.5	3.8	18.4 %
Total Profit	72.5	63.3	14.5 %

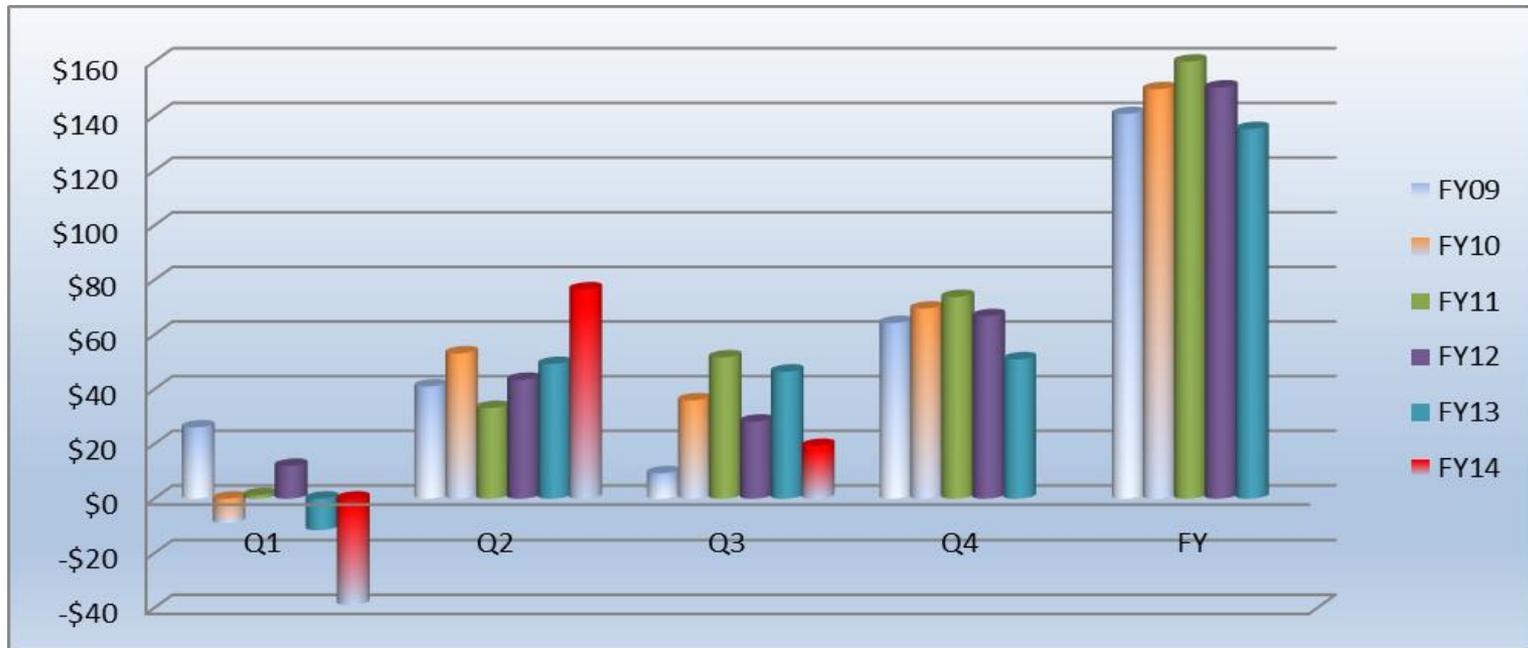
¹Excludes Corporate



- Janitorial operating profit of \$40.4 million, increased \$6.0 million or 17.4%. This significant growth was primarily related to lower labor and labor related expenses as a result of safety initiatives and realignment savings, and new business added.
- Operating profit for Facility Services was \$7.5 million, up \$0.5 or 7.1% on a number of items.
- Parking operating profit increased \$1.2 million, or 14.6%, as compared to the fiscal third quarter of 2013. The increase is attributable to reduced insurance expense, lower expense from the Onsite realignment and lower legal expense.
- Operating profit for Security was flat at \$3.9 million.
- Building & Energy Solutions profit increased 15.3% to \$6.8 million from new business and acquisitions.
- Operating profit for the Other segment, which represents the results of Air Serv, increased \$0.7 million to \$4.5 million, primarily driven by new business in the United Kingdom and contribution from the Blackjack acquisition.

Select Cash Flow & Balance Sheet Items

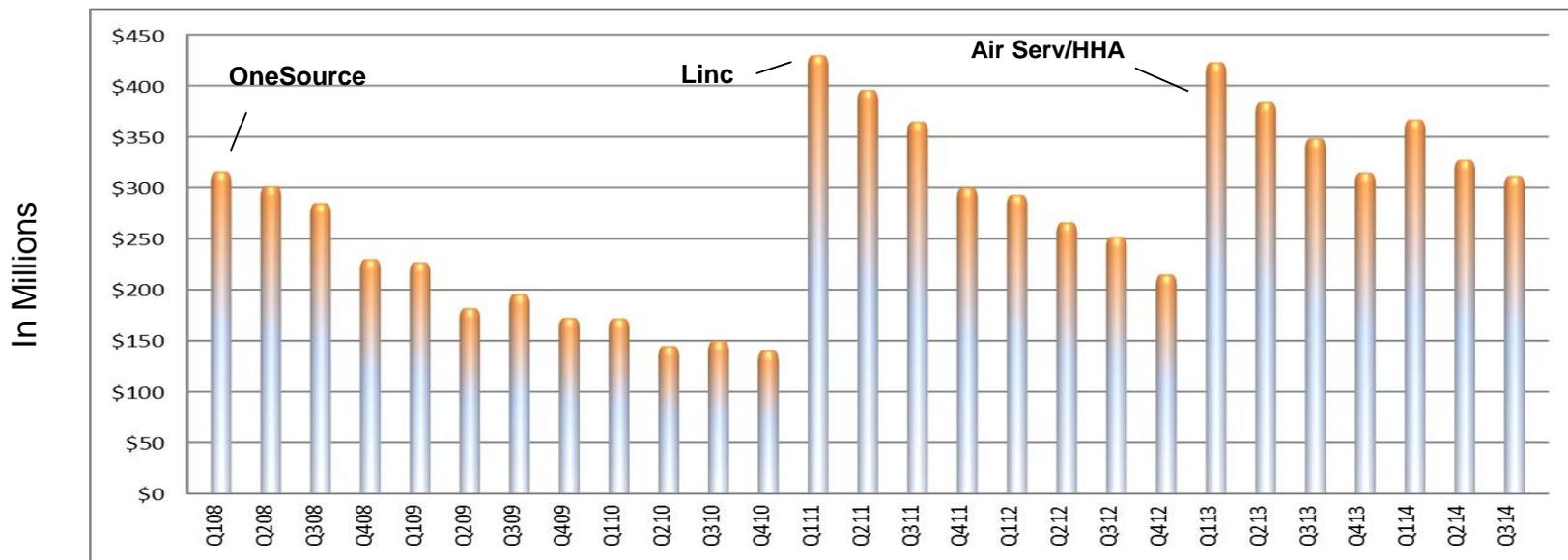
Cash Flow from Operating Activities
(in millions)



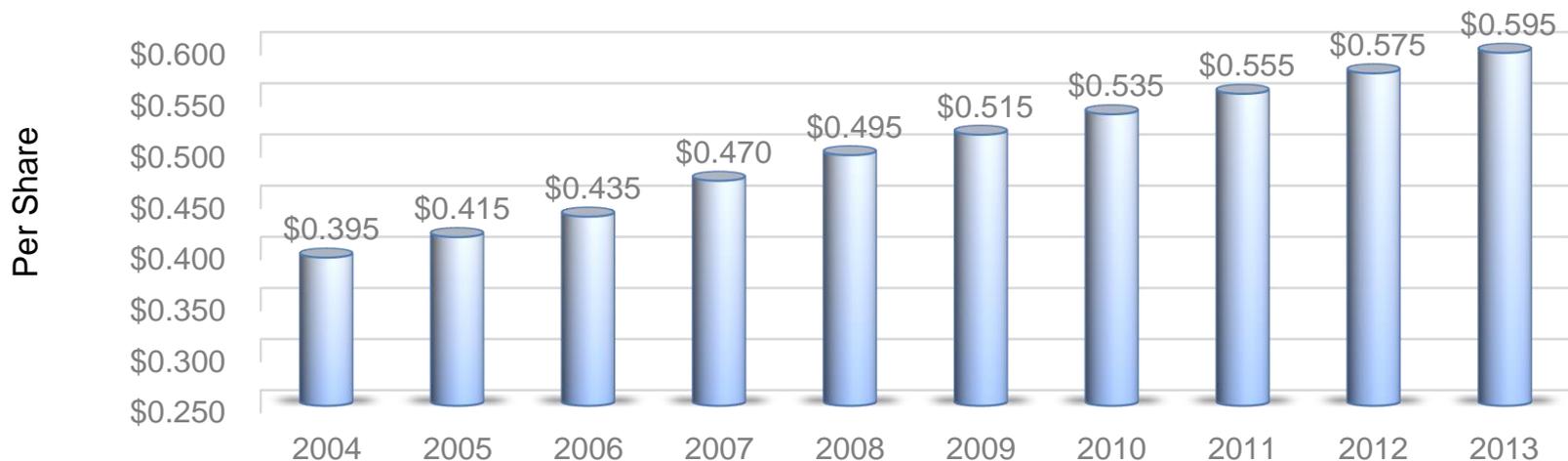
- Days sales outstanding (DSO) for the third quarter were 54 days
- DSO up 3 days on a Y-o-Y basis and up 1 day sequentially
- Q3 2014 Depreciation and amortization of \$14.1 million down \$1.1 million Y-o-Y basis
- Q3 2014 Insurance claim liabilities of \$352.4 million down \$7.4 million compared to Q3 2013
- Q3 2014 Self-insurance claims paid \$25.4 million up \$1.9 million compared to Q3 2013
- Q3 2014 capital expenditures of \$9.2 million, down \$1.8 million Y-o-Y

Select Cash Flow & Balance Sheet Items – Continued

Line of Credit



Dividends Paid (Fiscal Year Basis)



Thank You



A man in a dark suit and tie is seen from behind, walking away from the camera in a large, modern, brightly lit interior space. The ceiling is a complex, geometric structure with many recessed lights. The floor is polished and reflects the lights. In the background, there are glass railings and other architectural elements. The overall color palette is dominated by light blues and greys.

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 July 31,		Nine Months Ended July 31,	
	2014	2013	2014	2013
Reconciliation of Adjusted Net Income to Net Income				
Adjusted net income	\$ 26.9	\$ 23.1	\$ 59.8	\$ 58.0
Items impacting comparability:				
Rebranding (a)	(1.4)	(1.4)	(3.2)	(2.1)
U.S. Foreign Corrupt Practices Act investigation (b)	(0.2)	-	(1.1)	(0.4)
Self-insurance adjustment	(10.5)	(9.9)	(10.5)	(9.9)
Acquisition costs	(0.3)	(0.3)	(0.6)	(1.0)
Litigation and other settlements	-	-	(3.4)	(0.1)
Restructuring (c)	(0.6)	(0.1)	(2.2)	(1.8)
Total items impacting comparability	(13.0)	(11.7)	(21.0)	(15.3)
Benefit from income taxes	5.5	4.6	8.9	6.0
Items impacting comparability, net of taxes	(7.5)	(7.1)	(12.1)	(9.3)
Net Income	\$ 19.4	\$ 16.0	\$ 47.7	\$ 48.7

(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)

	<u>Three Months Ended July 31,</u>		<u>Nine Months Ended July 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Reconciliation of Adjusted Operating Profit to Operating Profit				
Adjusted operating profit	\$ 46.7	\$ 40.4	\$ 106.5	\$ 96.9
Total items impacting comparability	(13.0)	(11.7)	(21.0)	(15.3)
Operating profit	\$ 33.7	\$ 28.7	\$ 85.5	\$ 81.6
Reconciliation of Adjusted EBITDA to Net Income				
Adjusted EBITDA	\$ 62.4	\$ 57.2	\$ 153.3	\$ 147.8
Items impacting comparability	(13.0)	(11.7)	(21.0)	(15.3)
Provision for income taxes	(13.2)	(10.9)	(34.0)	(27.1)
Interest expense	(2.7)	(3.4)	(8.1)	(9.7)
Depreciation and amortization	(14.1)	(15.2)	(42.5)	(47.0)
Net income	\$ 19.4	\$ 16.0	\$ 47.7	\$ 48.7
Reconciliation of Adjusted Net Income per Diluted Share to Net Income per Diluted Share				
	<u>Three Months Ended July 31,</u>		<u>Nine Months Ended July 31,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Adjusted net income per diluted share	\$ 0.47	\$ 0.41	\$ 1.05	\$ 1.04
Items impacting comparability, net of taxes	(0.13)	(0.12)	(0.21)	(0.17)
Net income per diluted share	\$ 0.34	\$ 0.29	\$ 0.84	\$ 0.87
Diluted shares	57.0	56.3	57.0	55.9

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, 2014

Estimated net income per diluted share **including** expected Work Opportunity Tax Credit of \$0.08 per diluted share (a)

Adjusted net income per diluted share

Adjustments (b)

Net income per diluted share

	Year Ending October 31, 2014	
	Low Estimate	High Estimate
	(per diluted share)	
	\$ 1.65	\$ 1.69
	\$ (0.23)	\$ (0.23)
	<u>\$ 1.42</u>	<u>\$ 1.46</u>

(a) The Company continues to assume Congress will retroactively reenact the Work Opportunity Tax Credit within the Company's fiscal year, which ends October 31, 2014. This guidance includes the expected Work Opportunity Tax Credit of \$ 0.08 per diluted share

(b) Adjustments include rebranding costs, restructuring costs associated with realignment of our operational structure, certain legal settlements, adjustments to self-insurance reserves pertaining to prior year's claims and other unique items impacting comparability.