API Group

Q1 2020 Earnings Call

June 2, 2020

BUILDING **GREAT LEADERS**

Disclaimer

Forward-Looking Statements and Disclaimers

Certain statements in this announcement are forward-looking statements which are based on the Company's expectations, intentions and projections regarding the Company's future performance, anticipated events or trends and other matters that are not historical facts, including expectations regarding: (i) the Company's positioning regarding its future business plans and long-term goals; (ii) the Company's strategies for each of its segments, including its focus on recurring revenue, strong balance sheet and variable cost structure, and the opportunities in the industries the Company serves; (iii) the impact of the Company's planned divestitures; (iv) certain expected 2020 financial results and (v) the impacts of the COVID-19 pandemic on the future operating and financial performance of the Company and its customers, the Company's plans and strategies to adapt and respond to the pandemic and the expected impact of those plans and strategies. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements, including: (i) economic conditions, competition and other risks that may affect the Company's future performance, including the impacts of the COVID-19 pandemic on the Company's business, markets, supply chain, customers and workforce, on the credit and financial markets, and on the global economy generally; (ii) the ability to recognize the anticipated benefits of the acquisition and of the Company to take advantage of strategic opportunities; (iii) changes in applicable laws or regulations; (iv) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; and (v) other risks and uncertainties. Given these risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Company does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Disclaimer

Non-GAAP Financial Measures

This press release contains non-U.S. GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission and includes a reconciliation of these non-U.S. GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP. The Company uses certain non-U.S. GAAP financial measures that are included in this press release and the additional financial information both in explaining its results to shareholders and the investment community and in its internal evaluation and management of its businesses. The Company's management believes that these non-U.S. GAAP financial measures and the information they provide are useful to investors since these measures (a) permit investors to view the company's performance using the same tools that management uses to evaluate the Company's past performance, reportable business segments and prospects for future performance, (b) permit investors to compare the Company with its peers and (c) determine certain elements of management's incentive compensation. Specifically:

- The Company's management believes that "adjusted" net revenues, "adjusted" gross margin, "adjusted" selling, general and administrative ("SG&A") expense, "adjusted" operating income (loss), "adjusted" net income, and "adjusted" earnings per share, which exclude business transformation and other expenses for the integration of acquired businesses, the impact and results of businesses classified as assets held-for-sale, and one-time and other events such as impairment charges, share-based compensation, transaction and other costs related to acquisitions, amortization of intangible assets associated with acquisitions, and certain tax benefits from the acquisition of APi Group, Inc. (the "APi Acquisition"), are useful because they provide investors with a meaningful perspective on the current underlying performance of the Company's core ongoing operations.
- The Company also presents changes in organic net revenues to provide a more complete understanding of underlying revenue trends by providing net revenues on a consistent basis as it excludes the impacts of significant acquisitions, planned or completed divestitures, and changes in foreign currency from year-over-year comparisons on reported net revenues, calculated as the difference between the reported net revenues for the year and the prior year local currency net revenues converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures).
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is the measure of profitability used by management to manage its segments and, accordingly, in its segment reporting. The Company supplements the reporting of its consolidated financial information with certain non-U.S. GAAP financial measures, including EBITDA and adjusted EBITDA, which defined as EBITDA excluding the impact of certain non-cash and other specifically identified items ("adjusted EBITDA"). The Company believes these non-U.S. GAAP measures provide meaningful information and help investors understand the Company's financial results and assess its prospects for future performance. The Company uses EBITDA and adjusted EBITDA to evaluate its performance, both internally and as compared with its peers, because it excludes certain items that may not be indicative of the Company's core operating results. Consolidated EBITDA is calculated in a manner consistent with segment EBITDA, which is a measure of segment profitability.
- The Company presents free cash flow, adjusted free cash flow and adjusted free cash flow conversion, which are liquidity measures used by management as factors in determining the amount of cash that is available for working capital needs or other uses of cash, however, it does not represent residual cash flows available for discretionary expenditures.

While the Company believes these non-U.S. GAAP measures are useful in evaluating the Company's performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with U.S. GAAP. Additionally, these non-U.S. GAAP financial measures may differ from similar measures presented by other companies. A reconciliation of these Non-U.S. GAAP financial measures is included later in this presentation.

Recent Highlights

- ✓ Solid results in line with strategic initiatives
- ✓ Reported and adjusted margin expansion
- ✓ Increase in cash generated and adjusted free cash flow
- ✓ Completion of our domestication into a Delaware corporation on April 28th
- ✓ Commencement of trading of our shares on the New York Stock Exchange on April 29th

First Quarter 2020 Performance Highlights

Three Months Ended March 31, 2020

NET REVENUES	ADJUSTED GROSS MARGIN	ADJUSTED EBITDA	ADJUSTED DILUTED EPS
7.8% Increase in estimated recurring service revenue compared to prior year	**22.4%** 341 basis point increase compared to prior year gross margin of 19.0%	**$61 million** Or 7.4%, a 42 basis point increase over prior year period	**$0.13 / share** Consistent with prior year

Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

Segment Breakdown

Three Months Ended March 31, 2020

ADJUSTED NET REVENUES

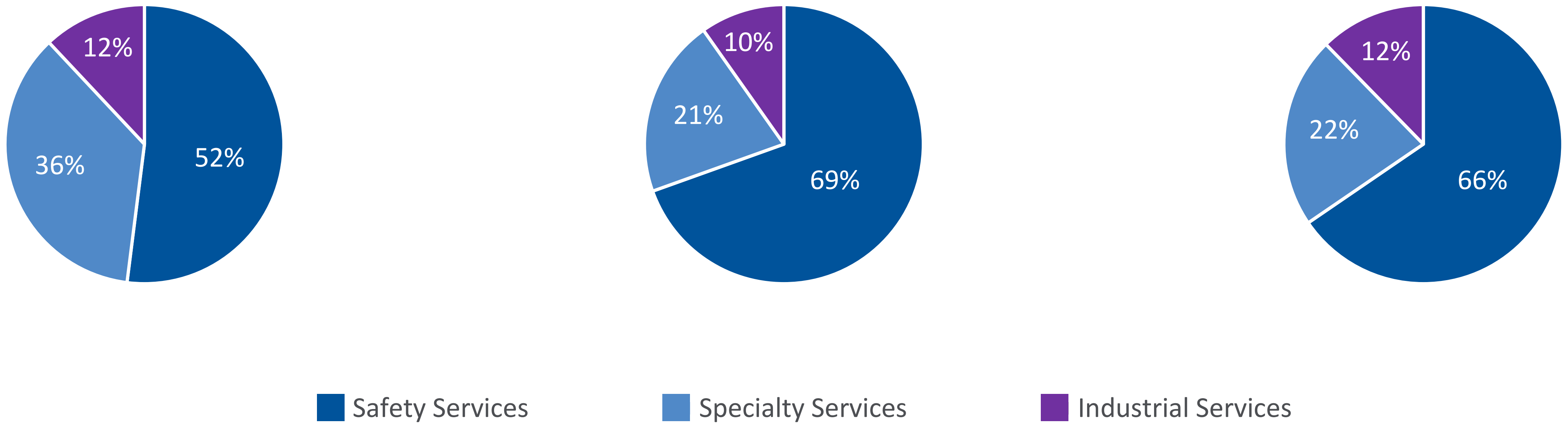
Total: $820 million

ADJUSTED GROSS PROFIT

Total: $184 million

ADJUSTED EBITDA

Total: $61 million



Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

Focus on Long-Term Value Creation

- Deliver Long-Term Organic Revenue Growth Above Industry Average
- Leverage SG&A
- Expand Adjusted EBITDA Margins to 12%+ by FY 2023
- Adjusted Free Cash Flow Conversion of 80%+
- Generate High Single Digit Average Earnings Growth
- Target Long-Term Net Leverage Ratio of 2.0x to 2.5x

Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

Appendix

Reconciliation of Non-GAAP Financial Measures

Net Revenues and Adjusted Net Revenues (non-GAAP)

		For the three months ended March 31,	
		2020	2019
		(Successor)	*(Predecessor)*
Net revenues (as reported)		$ 858	$ 922
Adjustments to reconcile net revenues to adjusted net revenues:			
Businesses classified as held-for-sale	(a)	(38)	(81)
Adjusted net revenues		$ 820	$ 841

a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Gross Profit and Adjusted Gross Profit (non-GAAP)

		For the three months ended March 31,	
		2020	**2019**
		(Successor)	*(Predecessor)*
Gross profit (as reported)		$ 162	$ 163
Adjustments to reconcile gross profit to adjusted gross profit:			
Businesses classified as held-for-sale	(a)	-	(3)
Backlog amortization	(b)	22	-
Adjusted gross profit		$ 184	$ 160
Adjusted net revenues	(c)	*$ 820*	*$ 841*
Adjusted gross margin		*22.4 %*	*19.0 %*

a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
c) Adjusted net revenues based on non-GAAP reconciliations included in this presentation.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

SG&A and Adjusted SG&A (non-GAAP)

		For the three months ended March 31,			
		2020		2019	
		(Successor)		*(Predecessor)*	
Selling, general and administrative expenses ("SG&A") (as reported)		$	188	$	137
Adjustments to reconcile SG&A to adjusted SG&A:					
Businesses classified as held-for-sale	(a)		(1)		(4)
Contingent consideration and compensation	(b)		(7)		(4)
Amortization of intangible assets	(c)		(30)		(9)
Business process transformation costs	(d)		(2)		-
Public company registration, listing and compliance	(e)		(4)		-
Expenses related to prior ownership	(f)		-		(1)
Adjusted selling, general and administrative expenses		$	144	$	119
Adjusted net revenues	(g)	*$*	*820*	*$*	*841*
Adjusted SG&A as a percentage of adjusted net revenues			*17.6 %*		*14.1 %*

a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
b) Adjustment to reflect the elimination of contingent and deferred consideration related to acquired businesses not expected to continue or recur.
c) Adjustment to reflect the elimination of amortization of intangible assets.
d) Adjustment to reflect the elimination of non-recurring costs related to business process transformation.
e) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
f) Adjustment to reflect the elimination of costs under prior ownership not expected to continue or recur following the APi Acquisition.
g) Adjusted net revenues based on non-GAAP reconciliations included in this presentation.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Income (loss) before income tax, Net income (loss) and EPS and adjusted income before income tax, net income and EPS (non-GAAP)

		For the three months ended March 31,	
		2020	2019
		(Successor)	*(Predecessor)*
Income (loss) before income tax provision (as reported)		$ (245)	$ 22
Adjustments to reconcile income (loss) before income tax provision to adjusted income (loss) before income tax provision:			
Businesses classified as held-for-sale	(a)	6	1
Amortization of intangible assets	(b)	52	9
Contingent consideration and compensation	(c)	7	4
Impairment of goodwill and intangible assets	(d)	203	-
Business process transformation costs	(e)	2	-
Public company registration, listing and compliance	(f)	4	-
Interest expense	(g)	-	(8)
Expenses related to prior ownership	(h)	-	1
Adjusted income before income tax provision		$ 29	$ 29
Income tax provision (benefit) (as reported)		$ (51)	$ 1
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:			
Income tax provision adjustment	(i)	57	5
Adjusted income tax provision		$ 6	$ 6
Adjusted income before income tax provision		$ 29	$ 29
Adjusted income tax provision		6	6
Adjusted net income		$ 23	$ 23
Diluted weighted average shares outstanding (as reported)		170	N/A
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:			
Dilutive impact of Founder Preferred Shares and RSU's	(j)	4	-
Dilutive impact of shares issued in the APi Acquisition	(k)	-	174
Adjusted diluted weighted average shares outstanding		174	174
Adjusted diluted EPS		*$ 0.13*	*$ 0.13*

a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
b) Adjustment to reflect the addback of amortization expense related to intangibles assets.
c) Adjustment to reflect the elimination of contingent and deferred consideration related to acquired businesses not expected to continue or recur.
d) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangibles related to the impact of COVID-19.
e) Adjustment to reflect the elimination of non-recurring costs related to business process transformation.
f) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
g) Adjustment to reflect an increase in interest expense of $13 million related to the $1.2 billion Term Loan at a rate of 4.29% issued in connection with the APi Acquisition and $2 million related to amortization of debt issuance costs and commitment fees, offset by elimination of $7 of interest expense related to the Predecessor's Term Loan and Revolving Credit Facility.
h) Adjustment to reflect the elimination of costs under prior ownership not expected to continue or recur following the APi Acquisition.
i) Adjustment to reflect an adjusted effective tax rate of 20% (taking into consideration the tax benefits associated with the realization of accelerated depreciation attributable to the approximately $350 tax asset acquired with the APi Acquisition) applied to resulting adjusted pre-tax income of $29 inclusive of the adjustments shown above.
j) Adjustment to reflect the dilutive impact associated with the deemed conversion of Founder Preferred Shares and restricted stock units.
k) Adjustment to reflect the diluted weighted average shares outstanding as if the APi Acquisition had occurred on January 1, 2019. Excludes 64.5 million warrants still outstanding, which are exercisable at a price of $11.50 per share for a total of 21.5 million ordinary shares.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Free Cash Flow and Adjusted Free Cash Flow and Conversion (non-GAAP)

		For the three months ended March 31,			
		2020		2019	
		(Successor)		(Predecessor)	
Net cash provided by operating activities (as reported)		$	55	$	25
Less: Purchases of property and equipment			(11)		(22)
Free cash flow		$	44	$	3
Add (deduct): Cash payments (sources) related to following items:					
Businesses classified as held-for-sale	(a)		3		(2)
Business process transformation costs	(b)		2		-
Public company registration, listing and compliance	(c)		4		-
Expenses related to prior ownership	(d)		-		1
Adjusted free cash flow		$	53	$	2
Adjusted EBITDA	(e)	*$*	*61*	*$*	*59*
Adjusted free cash flow conversion			*86.9 %*		*3.4 %*

a) Adjustment to reflect the elimination of operating cash related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
b) Adjustment to reflect the elimination of operating cash used for business process transformation costs.
c) Adjustment to reflect the elimination of operating cash used for public company registration, listing and compliance costs.
d) Adjustment to reflect the elimination of operating cash used for prior ownership costs not expected to continue or recur following the APi Acquisition.
e) Reconciliations of Adjusted EBITDA are included elsewhere in this presentation.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

EBITDA and Adjusted EBITDA (non-GAAP)

		For the three months ended March 31,			
		2020		2019	
		(Successor)		(Predecessor)	
Net income (loss) (as reported)		$	(194)	$	21
Adjustments to reconcile net income (loss) to EBITDA:					
Interest expense, net			14		6
Income tax provision			(51)		1
Depreciation and amortization			70		25
EBITDA		$	(161)	$	53
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Businesses classified as held-for-sale	(a)		6		1
Contingent consideration and compensation	(b)		7		4
Impairment of goodwill and intangible assets	(c)		203		-
Business process transformation costs	(d)		2		-
Public company registration, listing and compliance	(e)		4		-
Expenses related to prior ownership	(f)		-		1
Adjusted EBITDA		$	61	$	59
Adjusted net revenues	(g)	*$*	*820*	*$*	*841*
Adjusted EBITDA as a percentage of adjusted net revenues			*7.4 %*		*7.0 %*

a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
b) Adjustment to reflect the elimination of contingent and deferred consideration related to acquired businesses not expected to continue or recur.
c) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangibles related to the impact of COVID-19.
d) Adjustment to reflect the elimination of non-recurring costs related to business process transformation.
e) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
f) Adjustment to reflect the elimination of costs under prior ownership not expected to continue or recur following the APi Acquisition.
g) Adjusted net revenues based on non-GAAP reconciliations included in this presentation.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Income (Loss) before Income Tax, Net Income (Loss) and EPS and Adjusted Income before Income Tax, Net Income and EPS (non-GAAP)

		For the three months ended March 31,	
		2020 (Successor)	2019 (Predecessor)
Income (loss) before income tax provision (as reported)		$ (245)	$ 22
Adjustments to reconcile income (loss) before income tax provision to adjusted income (loss) before income tax provision:			
Businesses classified as held-for-sale	(a)	6	1
Amortization of intangible assets	(b)	52	9
Contingent consideration and compensation	(c)	7	4
Impairment of goodwill and intangible assets	(d)	203	-
Business process transformation costs	(e)	2	-
Public company registration, listing and compliance	(f)	4	-
Interest expense	(g)	-	(8)
Expenses related to prior ownership	(h)	-	1
Adjusted income before income tax provision		$ 29	$ 29
Income tax provision (benefit) (as reported)		$ (51)	$ 1
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:			
Income tax provision adjustment	(i)	57	5
Adjusted income tax provision		$ 6	$ 6
Adjusted income before income tax provision		$ 29	$ 29
Adjusted income tax provision		6	6
Adjusted net income		$ 23	$ 23
Diluted weighted average shares outstanding (as reported)		170	N/A
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:			
Dilutive impact of Founder Preferred Shares and RSU's	(j)	4	-
Dilutive impact of shares issued in the APi Acquisition	(k)	-	174
Adjusted diluted weighted average shares outstanding		174	174
Adjusted diluted EPS		*$ 0.13*	*$ 0.13*

a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
b) Adjustment to reflect the addback of amortization expense related to intangibles assets.
c) Adjustment to reflect the elimination of costs attributable to deferred payments to prior owners of the Predecessor's acquired businesses not expected to continue or recur.
d) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangibles.
e) Adjustment to reflect the elimination of non-recurring costs related to business process transformation.
f) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
g) Adjustment to reflect an increase in interest expense of $13 million related to the $1.2 billion Term Loan at a rate of 4.29% issued in connection with the APi Acquisition and $2 million related to amortization of debt issuance costs and commitment fees, offset by elimination of $7 of interest expense related to the Predecessor's Term Loan and Revolving Credit Facility.
h) Adjustment to reflect the elimination of costs under prior ownership not expected to continue or recur following the APi Acquisition.
i) Adjustment to reflect the tax effect of adjustments and revision of the Company's tax expense to the Company's adjusted effective tax rate of 20% (taking into consideration the approximately $350 million tax asset acquired with the APi Acquisition).
j) Adjustment to reflect the diluted weighted average shares outstanding includes the dilutive impact associated with the deemed conversion of Founder Preferred Shares and restricted stock units.
k) Adjustment to reflect the diluted weighted average shares outstanding as if the APi Acquisition had occurred on January 1, 2019. Excludes 64.5 million warrants outstanding, which are exercisable at a price of $11.50 per share for a total of 21.5 million ordinary shares.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Adjusted Segment Financial Information (non-GAAP)

	For the three months ended March 31, 2020			For the three months ended March 31, 2019		
	As Reported	*Adjustments*	*As Adjusted*	*As Reported*	*Adjustments*	*As Adjusted*
Safety Services	*(Successor)*			*(Predecessor)*		
Net revenues	$ 424	$ -	$ 424	$ 426	$ -	$ 426
Cost of revenues	306	(10) (b)	296	300	-	300
Gross profit	$ 118	$ 10	$ 128	$ 126	$ -	$ 126
Gross margin	*27.8 %*		*30.2 %*	*29.6 %*		*29.6 %*
Specialty Services						
Net revenues	$ 300	$ -	$ 300	$ 286	$ -	$ 286
Cost of revenues	270	(8) (b)	262	255	-	255
Gross profit	$ 30	$ 8	$ 38	$ 31	$ -	$ 31
Gross margin	*10.0 %*		*12.7 %*	*10.8 %*		*10.8 %*
Industrial Services						
Net revenues	$ 137	$ (38) (a)	$ 99	$ 213	$ (81) (a)	$ 132
Cost of revenues	123	(38) (a)	81	207	(78) (a)	129
		(4) (b)				
Gross profit	$ 14	$ 4	$ 18	$ 6	$ (3)	$ 3
Gross margin	*10.2 %*		*18.2 %*	*2.8 %*		*2.3 %*
Corporate and Eliminations						
Net revenues	$ (3)	$ -	$ (3)	$ (3)	$ -	$ (3)
Cost of revenues	(3)	-	(3)	(3)	-	(3)
Total Consolidated						
Net revenues	$ 858	$ (38) (a)	$ 820	$ 922	$ (81) (a)	$ 841
Cost of revenues	696	(38) (a)	636	759	(78) (a)	681
		(22) (b)				
Gross profit	$ 162	$ 22	$ 184	$ 163	$ (3)	$ 160
Gross margin	*18.9 %*		*22.4 %*	*17.7 %*		*19.0 %*

a) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.

Reconciliation of Non-GAAP Financial Measures (Cont’d)

Adjusted Segment Financial Information (non-GAAP)

	For the three months ended March 31,	
	2020 (a)	2019 (a)
	(Successor)	*(Predecessor)*
Safety Services		
Adjusted net revenues	$ 424	$ 426
Adjusted gross profit	128	126
Adjusted EBITDA	53	56
Adjusted gross margin	*30.2 %*	*29.6 %*
Adjusted EBITDA as a percentage of adjusted net revenues	*12.5 %*	*13.1 %*
Specialty Services		
Adjusted net revenues	$ 300	$ 286
Adjusted gross profit	38	31
Adjusted EBITDA	18	16
Adjusted gross margin	*12.7 %*	*10.8 %*
Adjusted EBITDA as a percentage of adjusted net revenues	*6.0 %*	*5.6 %*
Industrial Services		
Adjusted net revenues	$ 99	$ 132
Adjusted gross profit	18	3
Adjusted EBITDA	10	(1)
Adjusted gross margin	*18.2 %*	*2.3 %*
Adjusted EBITDA as a percentage of adjusted net revenues	*10.1 %*	*(0.8)%*
Corporate and Eliminations		
Adjusted net revenues	$ (3)	$ (3)
Adjusted EBITDA	(20)	(12)
Total Consolidated		
Adjusted net revenues	$ 820	$ 841
Adjusted gross profit	184	160
Adjusted EBITDA	61	59
Adjusted gross margin	*22.4 %*	*19.0 %*
Adjusted EBITDA as a percentage of adjusted net revenues	*7.4 %*	*7.0 %*

a) Information based on non-GAAP reconciliations included in this presentation.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Adjusted Segment Financial Information (non-GAAP)

		For the three months ended March 31,	
		2020	2019
		(Successor)	*(Predecessor)*
Safety Services			
Safety Services EBITDA		$ 18	$ 55
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Contingent consideration and compensation	(a)	1	1
Impairment of goodwill, intangibles, and long-lived assets	(b)	34	-
Safety Services adjusted EBITDA		$ 53	$ 56
Specialty Services			
Specialty Services EBITDA		$ (108)	$ 14
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Contingent consideration and compensation	(a)	6	2
Impairment of goodwill, intangibles, and long-lived assets	(b)	120	-
Specialty Services adjusted EBITDA		$ 18	$ 16
Industrial Services			
Industrial Services EBITDA		$ (45)	$ (3)
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Businesses classified as held-for-sale	(c)	6	1
Contingent consideration and compensation	(a)	-	1
Impairment of goodwill, intangibles, and long-lived assets	(b)	49	-
Industrial Services adjusted EBITDA		$ 10	$ (1)
Corporate and eliminations			
Corporate and eliminations EBITDA		$ (26)	$ (13)
Adjustments to reconcile EBITDA to adjusted EBITDA:			
Business process transformation	(d)	2	-
Public company registration, listing and compliance	(e)	4	-
Expenses related to prior ownership	(f)	-	1
Corporate and eliminations adjusted EBITDA		$ (20)	$ (12)

a) Adjustment to reflect the elimination of contingent and deferred consideration related to acquired businesses not expected to continue or recur.
b) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangibles, excluding the impairment of assets held for sale of $5 million.
c) Adjustment to reflect the elimination of amounts related to businesses classified as held-for-sale and businesses divested as of March 31, 2020.
d) Adjustment to reflect the elimination of non-recurring costs related to business process transformation.
e) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
f) Adjustment to reflect the elimination of costs under prior ownership not expected to continue or recur following the APi Acquisition.

Reconciliation of Non-GAAP Financial Measures (Cont'd)

Organic Net Revenue Growth (non-GAAP)

	For the three months ended March 31, 2020 (Successor)			
	AS REPORTED Net revenue growth	Acquisitions and planned divestitures, net (a)	Foreign currency translation	Organic net revenue growth (b)
Safety Services	(0.5)%	-	(0.2)%	(0.3)%
Specialty Services	4.9 %	-	-	4.9 %
Industrial Services	(35.7)%	(10.7)%	-	(25.0)%
Consolidated	**(6.9)%**	**(2.1)%**	**(0.1)%**	**(4.7)%**

a) Acquisitions include pre-acquisition net revenues in their respective years of acquisition. Planned divestitures exclude net revenues for all periods for the Company's businesses divested or classified as held-for-sale assets at March 31, 2020.
b) Organic net revenue growth provides a consistent basis for year-over-year comparisons in net revenues as it excludes the impacts of acquisitions, planned and completed divestitures, and the impact of changes due to foreign currency translation.

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APi Group®

Q1 2020 Earnings Call

BUILDING **GREAT LEADERS**