Q2 2021 Earnings Call

AUGUST 11, 2021

Forward-Looking Statements and Disclaimers

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Certain statements in this presentation are forward-looking statements which are based on the APi Group Corporation's (the "Company") expectations, intentions and projections regarding the Company's future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements include, but are not limited to, statements regarding (i) estimates and forecasts of financial and performance metrics; (ii) expectations regarding market opportunity and market share; (iii) expectations regarding the Company's ability to attract, train and retain the best talent; (iv) potential benefits of the Chubb acquisition, including the global expansion of the Company's business, cross-selling and cost synergy opportunities, a positive effect on the Company's service mix and organic growth and margin expansion opportunities; (v) expectations related to the terms and timing of the proposed Chubb acquisition; (vi) expectations regarding the effect of the COVID-19 pandemic on the Company for the remainder of 2021; (vii) the Company's 2021 outlook and guidance including full year adjusted net revenues and adjusted EBITDA; (viii) the Company's quarterly, annual and long term goals and targets, including longer term sales growth and adjusted EBITDA margin growth and the path to achieving those goals and targets; (ix) the expected benefits of Company initiatives, including improving its revenue mix and focus on service revenue, enhancing project and customer selection, pricing opportunities, spending efficiencies, and operational excellence; (x) prospects for and timing of organic growth and/or acquisitions and the impact of these on margin expansion or other financial or operational benefits, and the ability to expand service offerings; (xi) the Company's capacity to execute and absorb strategic acquisitions; (xii) the impact of the Company's priorities, values and management team on shareholder value creation; and (xiii) the impact of the Company's diverse geographies, end markets, customers and projects. 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, on the alignment of expenses and revenues and on the global economy generally; (ii) the inability of the parties to successfully or timely consummate the Chubb acquisition; ; (iii) failure to realize the anticipated benefits of the Chubb acquisition; (iv) changes in applicable laws or regulations; (v) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; (vi) the trading price of the Company's common stock, which may be positively or negatively impacted by market and economic conditions, including as a result of the COVID-19 pandemic, the availability of Company common stock, the Company's financial performance or determinations following the date of this announcement to use the Company's funds for other purposes and (vii) other risks and uncertainties, including those discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 under the heading "Risk Factors." 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.

Non-GAAP Financial Measures

This presentation contains non-U.S. GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The Company uses certain non-U.S. GAAP financial measures that are included in this presentation 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 profit, adjusted selling, general and administrative ("SG&A") expenses, adjusted net income, and adjusted earnings per share, which are non-GAAP financial measures that 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 businesses divested, and one-time and other events such as impairment charges, share-based compensation, transaction and other costs related to acquisitions, amortization of intangible assets and depreciation remeasurements associated with acquisitions, net COVID-19 relief, 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.

- Adjusted net revenues is defined as net revenues excluding the impact and results of businesses classified as assets held-for-sale and businesses divested. The Company's management believes that this measure is useful as a supplement to enable investors to compare period-over-period results on a more consistent basis without the effects of businesses classified as assets held-for-sale and businesses divested, which more meaningfully reflects the Company's core ongoing operations and performance. The Company uses adjusted net revenues 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.

- The Company also presents organic changes in net revenues on a consolidated basis, segment specific basis, or on a consolidated basis excluding certain segments, to provide a more complete understanding of underlying revenue trends by providing net revenues on a consistent basis as it excludes the impacts of material acquisitions, 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 current period and reported net revenues for the current period converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures). The remainder is divided by the prior year net revenues, excluding the impacts of material acquisitions and completed divestitures. This presentation also includes net revenues excluding Industrial Services on an organic basis in order to provide a more complete understanding for investors of the financial results of our two most significant segments for which organic growth is a key metric.

Non-GAAP Financial Measures (Cont'd)

- 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 is defined as EBITDA excluding the impact of certain non-cash and other specifically identified items ("adjusted EBITDA"), and adjusted EBITDA margin. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by adjusted net revenues. 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. Free cash flow is defined as cash provided by (used in) operating activities less capital expenditures. Adjusted free cash flow is defined as cash provided by (used in) operating activities plus or minus events including, but not limited to, transaction and other costs related to acquisitions, business transformation and other expenses for the integration of acquired businesses, impacts of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such COVID related payroll tax deferral and relief items. Adjusted free cash flow conversion is defined as adjusted free cash flow as a percentage of adjusted EBITDA.

The Company does not provide reconciliations of forward-looking non-U.S. GAAP measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations, including adjustments that could be made for acquisitions and divestitures, business transformation and other expenses for the integration of acquired businesses, one-time and other events such as impairment charges, transaction and other costs related to acquisitions, amortization of intangible assets, net COVID-19 relief, and certain tax benefits from the APi Acquisition, and other charges reflected in the Company's reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.

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 historical non-U.S. GAAP financial measures is included later in this presentation.

Second Quarter 2021 Performance Highlights

- ✓ Net revenues, excluding Industrial Services, increased on an organic basis by **21.1%** compared to the prior year period
- ✓ Adjusted earnings per share of **$0.31**
- ✓ Quarter end cash balance of **$686 million**

2021 Financial Results Overview

THREE MONTHS ENDED JUNE 30, 2021

ADJUSTED NET REVENUES	ADJUSTED GROSS MARGIN	ADJUSTED EBITDA	ADJUSTED DILUTED EPS
21.1% Increase in net revenues, excluding Industrial Services, on an organic basis compared to prior year period **15.2%** Increase in adjusted net revenues compared to prior year period, primarily driven by general market recoveries in Safety and Specialty Services, offset by the delay and suspension of certain projects in Industrial Services	**24.2%** Compared to 24.5% in the prior year period	**$106 million** 10.8% margin, approximately 106 basis point decline over prior year of 11.9%	**$0.31 / share** $0.03 decline from prior year primarily due to the increased number of shares to 206 million from 174 million in the prior year period

SIX MONTHS ENDED JUNE 30, 2021

ADJUSTED NET REVENUES	ADJUSTED GROSS MARGIN	ADJUSTED EBITDA	ADJUSTED DILUTED EPS
11.7% Increase in net revenues, excluding Industrial Services, on an organic basis compared to prior year period **6.7%** Increase in adjusted net revenues compared to prior year period, primarily driven by general market recoveries in Safety and Specialty Services, offset by the delay and suspension of certain projects in Industrial Services	**23.7%** Compared to 23.4% in the prior year period	**$167 million** 9.4% margin, approximately 39 basis point decline over prior year of 9.8%	**$0.43 / share** $0.06 decline from prior year primarily due to the increased number of shares to 203 million from 174 million in the prior year period

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

2021 Guidance

- ✓ Adjusted net revenues for 2021 between $3.65 billion to $3.75 billion as we focus on driving inspection and service revenue, combined with a continuing but smaller decline in Industrial Services and disciplined approach to project and customer selection
- ✓ Adjusted EBITDA for 2021 at the lower end of our range, or approximately $405 million, primarily driven by supply chain disruptions, the decrease in Industrial Services and the ongoing impact of the COVID-19 pandemic
- ✓ Adjusted free cash flow conversion rate for 2021 of approximately 70%, as we build working capital from our reduced prior year base; back half cash flow build in 2021 consistent with more traditional run rate

Key Financial and Operating Metrics

$ IN MILLIONS

($ in millions, except per share figures)	THREE MONTHS ENDED JUNE 30, 2021	2020	YoY Change	SIX MONTHS ENDED JUNE 30, 2021	2020	YoY Change
Adjusted Net Revenues	$978	$849	*+15.2%*	$1,781	$1,669	*+6.7%*
Net Revenues, Excluding Industrial Services, on an Organic Basis			*+21.1%*			*+11.7%*
Adjusted Gross Profit	$237	$208	*+13.9%*	$185	$183	*+7.9%*
Adjusted Gross Margin	*24.2%*	*24.5%*	*(27 bp)*	*23.7%*	*23.4%*	*+27 bp*
Adjusted EBITDA	$106	$101	*+5.0%*	$167	$163	*+2.5%*
Adjusted EBITDA Margin	*10.8%*	*11.9%*	*(106 bp)*	*9.4%*	*9.8%*	*(39 bp)*
Adjusted Net Income	$63	$59	*+6.8%*	$87	$85	*+2.4%*
Adjusted Diluted EPS	$0.31	$0.34	*($0.03)*	$0.43	$0.49	*($0.06)*
Operating Cash Flow	($13)	$177	*NM*	$19	$232	*(91.8%)*
Adjusted Free Cash Flow	($3)	$170	*NM*	$20	$223	*(91.0%)*
Adjusted Free Cash Flow Conversion	*(2.8%)*	*168.3%*	*NM*	*12.0%*	*136.8%*	*NM*

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 / COGS

Expand adjusted EBITDA margin to **13%+** BY YE 2025

Average 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**

Appendix

Reconciliation of Non-GAAP Financial Measures

$ IN MILLIONS

Adjusted Net Revenues (non-GAAP)

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2021	2020	2021	2020
Net revenues (as reported)		$ 978	$ 889	$ 1,781	$ 1,747
Adjustments to reconcile net revenues to adjusted net revenues:					
Divested businesses	(a)	-	(40)	-	(78)
Adjusted net revenues		$ 978	$ 849	$ 1,781	$ 1,669

Organic Change in Net Revenues (non-GAAP)

	For the Three Months Ended June 30, 2021			
	Net revenues change (as reported)	Acquisitions and divestitures, net (b)	Foreign currency translation (c)	Organic change in net revenues (d)
Safety Services	38.0 %	13.2 %	(1.6) %	26.4 %
Specialty Services	18.9 %	-	-	18.9 %
Industrial Services	(60.7) %	(10.3) %	(0.8) %	(49.6) %
Consolidated	**10.0 %**	**0.8 %**	**(0.8) %**	**10.0 %**
Consolidated, excluding Industrial Services	**27.1 %**	**6.8 %**	**(0.8) %**	**21.1 %**

	For the Six Months Ended June 30, 2021			
	Net revenues change (as reported)	Acquisitions and divestitures, net (b)	Foreign currency translation (c)	Organic change in net revenues (d)
Safety Services	23.0 %	11.5 %	(1.1) %	12.6 %
Specialty Services	13.4 %	-	-	13.4 %
Industrial Services	(70.0) %	(9.3) %	(0.4) %	(60.3) %
Consolidated	**1.9 %**	**0.8 %**	**(0.6) %**	**1.7 %**
Consolidated, excluding Industrial Services	**17.5 %**	**6.4 %**	**(0.6) %**	**11.7 %**

a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
b) Adjustments to exclude net revenues from material acquisitions from their respective dates of acquisition until the first year anniversary from date of acquisition and net revenues from divestitures for all periods for businesses divested as of June 30, 2021.
c) Represents the effect of foreign currency on reported net revenues, calculated as the difference between the reported net revenues for the current period and reported net revenues for the current period converted at the prior year average monthly exchange rates (excluding acquisitions and divestitures).
d) Organic change in net revenues provides a consistent basis for a year-over-year comparison in net revenues as it excludes the impacts of material acquisitions, divestitures, and the impact of changes due to foreign currency translation.

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

$ IN MILLIONS

Adjusted Gross Profit (non-GAAP)

		For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Gross profit (as reported)		$ 232	$ 174	$ 413	$ 336
Adjustments to reconcile gross profit to adjusted gross profit:					
Divested businesses	(a)	-	(1)	-	(1)
Backlog amortization	(b)	2	23	3	45
Depreciation remeasurement	(c)	3	12	6	11
Adjusted gross profit		$ 237	$ 208	$ 422	$ 391
Adjusted net revenues	(d)	*$ 978*	*$ 849*	*$ 1,781*	*$ 1,669*
Adjusted gross margin		*24.2%*	*24.5%*	*23.7%*	*23.4%*

Adjusted SG&A (non-GAAP)

		For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Selling, general and administrative expenses ("SG&A") (as reported)		$ 185	$ 147	$ 368	$ 335
Adjustments to reconcile SG&A to adjusted SG&A:					
Divested businesses	(a)	(1)	(1)	(1)	(2)
Contingent consideration and compensation	(e)	6	10	4	3
Amortization of intangible assets	(f)	(30)	(28)	(60)	(58)
Depreciation remeasurement	(c)	(2)	3	(3)	(1)
Business process transformation costs	(g)	(8)	(2)	(14)	(4)
Public company registration, listing and compliance	(h)	-	(1)	-	(5)
Acquisition expenses	(i)	-	-	(3)	-
COVID-19 severance costs at Canadian subsidiaries	(j)	$ -	(1)	-	(1)
Adjusted SG&A expenses		$ 150	$ 127	$ 291	$ 267
Adjusted net revenues	(d)	*$ 978*	*$ 849*	*$ 1,781*	*$ 1,669*
Adjusted SG&A as a percentage of adjusted net revenues		*15.3%*	*15.0%*	*16.3%*	*16.0%*

a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.
b) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
c) Adjustment to reflect annualized depreciation expense of $60 million, which is approximately equivalent to medium to long-term cash capital expenditures, and excludes a portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
d) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.
e) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
f) Adjustment to reflect the addback of amortization expense.
g) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
h) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
i) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
j) Adjustment to reflect the elimination of severance costs in Canada related to COVID-19.

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

Adjusted income before income tax, net income (loss) and EPS (non-GAAP)

$ IN MILLIONS

		For the Three Months Ended June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Income (loss) before income tax provision (as reported)		$ 30	$ 24	$ 16	$ (221)
Adjustments to reconcile income (loss) before income tax provision to adjusted income before income tax provision:					
Divested businesses	(a)	(1)	-	(1)	6
Amortization of intangible assets	(b)	32	51	63	103
Depreciation remeasurement	(c)	5	9	9	12
Contingent consideration and compensation	(d)	(6)	(10)	(4)	(3)
Impairment of goodwill and intangible assets	(e)	-	-	-	203
Business process transformation costs	(f)	8	2	14	4
Public company registration, listing and compliance	(g)	-	1	-	5
Acquisition expenses	(h)	-	-	4	-
COVID-19 relief at Canadian subsidiaries, net	(i)	-	(3)	(2)	(3)
Loss on extinguishment of debt	(j)	9	-	9	-
Adjusted income before income tax provision (benefit)		$ 77	$ 74	$ 108	$ 106
Income tax provision (benefit) (as reported)		$ 9	$ (12)	$ 3	$ (63)
Adjustments to reconcile income tax provision (benefit) to adjusted income tax provision:					
Income tax provision adjustment	(k)	5	27	18	84
Adjusted income tax provision		$ 14	$ 15	$ 21	$ 21
Adjusted income before income tax provision		$ 77	$ 74	$ 108	$ 106
Adjusted income tax provision		14	15	21	21
Adjusted net income		$ 63	$ 59	$ 87	$ 85
Diluted weighted average shares outstanding (as reported)		206	176	202	170
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:					
Dilutive impact of Preferred Shares	(l)	-	(2)	1	4
Adjusted diluted weighted average shares outstanding		206	174	203	174
Adjusted diluted EPS		$ 0.31	$ 0.34	$ 0.43	$ 0.49

a) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale.
b) Adjustment to reflect the addback of pre-tax amortization expense related to intangible assets.
c) Adjustment to reflect annualized depreciation expense of $60 million, which is approximately equivalent to medium to long-term cash capital expenditures, and excludes a portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
d) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
e) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangible assets.
f) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
g) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
h) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
i) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
j) Adjustment to reflect the elimination of loss on extinguishment of debt resulting from early repayments of long-term debt.
k) Adjustment to reflect an adjusted effective cash tax rate of 20% for the six months ended June 30, 2021 and 20% for the three and six months ended June 30, 2020 (taking into consideration the tax benefits associated with the realization of accelerated depreciation attributable to the approximately $350 million tax asset acquired with the APi Acquisition) applied to resulting adjusted pre-tax income inclusive of the adjustments shown above. The adjustment for the three months ended June 30, 2021 is the amount required to adjust the six-month period to 20%.
l) Adjustment for the three and six months ended June 30, 2021 and 2020 reflects addition of the GAAP dilutive impact of 4 million shares associated with the deemed conversion of Preferred Shares. Adjustment for the three and six months ended June 30, 2021 is offset by the elimination of 4 million and 3 million shares, respectively, to reflect the dilutive effect of the Preferred Share dividend as the dividend is contingent upon the share price the last ten days of the calendar year and was not earned as of June 30, 2021. Adjustment for the three months ended June 30, 2020 is offset by the elimination of 6 million shares reflecting the dilutive effect of the Preferred Share dividend as the dividend is contingent upon the share price the last ten days of the calendar year and was not earned as of June 30, 2020.

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

Adjusted Segment Financial Information (non-GAAP)

$ IN MILLIONS

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2021 (a)	2020 (a)	2021 (a)	2020 (a)
Safety Services					
Adjusted net revenues		$ 512	$ 371	$ 978	$ 795
Adjusted gross profit		163	118	310	247
Adjusted EBITDA		75	47	138	100
Adjusted gross margin		*31.8%*	*31.8%*	*31.7%*	*31.1%*
Adjusted EBITDA as a percentage of adjusted net revenues		*14.6%*	*12.7%*	*14.1%*	*12.6%*
Specialty Services					
Adjusted net revenues		$ 415	$ 349	$ 736	$ 649
Adjusted gross profit		71	66	112	104
Adjusted EBITDA		48	51	70	69
Adjusted gross margin		*17.1%*	*18.9%*	*15.2%*	*16.0%*
Adjusted EBITDA as a percentage of adjusted net revenues		*11.6%*	*14.6%*	*9.5%*	*10.6%*
Industrial Services					
Adjusted net revenues		$ 68	$ 133	$ 93	$ 232
Adjusted gross profit		3	24	-	40
Adjusted EBITDA		2	20	(4)	31
Adjusted gross margin		*4.4%*	*18.0%*	*-*	*17.2%*
Adjusted EBITDA as a percentage of adjusted net revenues		*2.9%*	*15.0%*	*(4.3) %*	*13.4%*
Total adjusted net revenues before corporate and eliminations	(b)	*$ 995*	*$ 853*	*$ 1,807*	*$ 1,676*
Total adjusted EBITDA before corporate and eliminations	(b)	*125*	*118*	*204*	*200*
Adjusted EBITDA as a percentage of adjusted net revenues before corporate and eliminations	(b)	*12.6%*	*13.8%*	*11.3%*	*11.9%*
Corporate and Eliminations					
Adjusted net revenues		$ (17)	$ (4)	$ (26)	$ (7)
Adjusted EBITDA		(19)	(17)	(37)	(37)
Total Consolidated					
Adjusted net revenues		$ 978	$ 849	$ 1,781	$ 1,669
Adjusted gross profit		237	208	422	391
Adjusted EBITDA		106	101	167	163
Adjusted gross margin		*24.2%*	*24.5%*	*23.7%*	*23.4%*
Adjusted EBITDA as a percentage of adjusted net revenues		*10.8%*	*11.9%*	*9.4%*	*9.8%*

a) Information derived from non-GAAP reconciliations included elsewhere in this presentation.
b) Calculated from results of the Company's operating segments shown above, excluding Corporate and Eliminations.

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

Adjusted Segment Financial Information (non-GAAP)

$ IN MILLIONS

	For the Three Months Ended June 30, 2021			For the Three Months Ended June 30, 2020		
	As Reported	*Adjustments*	*As Adjusted*	*As Reported*	*Adjustments*	*As Adjusted*
Safety Services						
Net revenues	$ 512	$ -	$ 512	$ 371	$ -	$ 371
Cost of revenues	350	(1) (a)	349	263	(11) (a)	253
					1 (b)	
Gross profit	$ 162	$ 1	$ 163	$ 108	$ 10	$ 118
Gross margin	*31.6%*		*31.8%*	*29.1%*		*31.8%*
Specialty Services						
Net revenues	$ 415	$ -	$ 415	$ 349	$ -	$ 349
Cost of revenues	348	(1) (a)	344	301	(8) (a)	283
		(3) (b)			(10) (b)	
Gross profit	$ 67	$ 4	$ 71	$ 48	$ 18	$ 66
Gross margin	*16.1%*		*17.1%*	*13.8%*		*18.9%*
Industrial Services						
Net revenues	$ 68	$ -	$ 68	$ 173	$ (40) (c)	$ 133
Cost of revenues	65	-	65	155	(39) (c)	109
					(4) (a)	
					(3) (b)	
Gross profit	$ 3	$ -	$ 3	$ 18	$ 6	$ 24
Gross margin	*4.4%*		*4.4%*	*10.4%*		*18.0%*
Corporate and Eliminations						
Net revenues	$ (17)	$ -	$ (17)	$ (4)	$ -	$ (4)
Cost of revenues	(17)	-	(17)	(4)	-	(4)
Total Consolidated						
Net revenues	$ 978	$ -	$ 978	$ 889	$ (40) (c)	$ 849
Cost of revenues	746	(2) (a)	741	715	(39) (c)	641
		(3) (b)			(23) (a)	
					(12) (b)	
Gross profit	$ 232	$ 5	$ 237	$ 174	$ 34	$ 208
Gross margin	*23.7%*		*24.2%*	*19.6%*		*24.5%*

a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
b) Adjustment to reflect annualized depreciation expense of $60 million, which is approximately equivalent to medium to long-term cash capital expenditures, and excludes a portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
c) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.

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

Adjusted Segment Financial Information (non-GAAP)

$ IN MILLIONS

	For the Six Months Ended June 30, 2021			For Six Months Ended June 30, 2020		
	As Reported	*Adjustments*	*As Adjusted*	*As Reported*	*Adjustments*	*As Adjusted*
Safety Services						
Net revenues	$ 978	$ -	$ 978	$ 795	$ -	$ 795
Cost of revenues	669	(1) (a)	668	569	(21) (a)	548
Gross profit	$ 309	$ 1	$ 310	$ 226	$ 21	$ 247
Gross margin	*31.6%*		*31.7%*	*28.4%*		*31.1%*
Specialty Services						
Net revenues	$ 736	$ -	$ 736	$ 649	$ -	$ 649
Cost of revenues	632	(2) (a)	624	571	(16) (a)	545
		(6) (b)			(10) (b)	
Gross profit	$ 104	$ 8	$ 112	$ 78	$ 26	$ 104
Gross margin	*14.1%*		*15.2%*	*12.0%*		*16.0%*
Industrial Services						
Net revenues	$ 93	$ -	$ 93	$ 310	$ (78) (c)	$ 232
Cost of revenues	93	-	93	278	(77) (c)	192
					(8) (a)	
					(1) (a)	
Gross profit	$ -	$ -	$ -	$ 32	$ 8	$ 40
Gross margin	-		-	*10.3%*		*17.2%*
Corporate and Eliminations						
Net revenues	$ (26)	$ -	$ (26)	$ (7)	$ -	$ (7)
Cost of revenues	(26)	-	(26)	(7)	-	(7)
Total Consolidated						
Net revenues	$ 1,781	$ -	$ 1,781	$ 1,747	$ (78) (c)	$ 1,669
Cost of revenues	1,368	(3) (a)	1,359	1,411	(77) (c)	1,278
		(6) (b)			(45) (a)	
					(11) (a)	
Gross profit	$ 413	$ 9	$ 422	$ 336	$ 55	$ 391
Gross margin	*23.2%*		*23.7%*	*19.2%*		*23.4%*

a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.
b) Adjustment to reflect annualized depreciation expense of $60 million, which is approximately equivalent to medium to long-term cash capital expenditures, and excludes a portion of depreciation arising from purchase accounting step up to fair value of property and equipment.
c) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.

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

Adjusted Segment Financial Information (non-GAAP)

$ IN MILLIONS

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2021	2020	2021	2020
Safety Services					
Safety Services EBITDA		$ 73	$ 49	$ 138	$ 67
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Contingent consideration and compensation	(a)	1	1	1	2
Impairment of goodwill and intangible assets	(b)	-	-	-	34
Business process transformation	(e)	1	-	1	-
COVID-19 relief at Canadian subsidiaries, net	(c)	-	(3)	(2)	(3)
Safety Services adjusted EBITDA		$ 75	$ 47	$ 138	$ 100
Specialty Services					
Specialty Services EBITDA		$ 55	$ 62	$ 75	$ (46)
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Contingent consideration and compensation	(a)	(7)	(11)	(5)	(5)
Impairment of goodwill and intangible assets	(b)	-	-	-	120
Specialty Services adjusted EBITDA		$ 48	$ 51	$ 70	$ 69
Industrial Services					
Industrial Services EBITDA		$ 3	$ 21	$ (3)	$ (24)
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Divested businesses	(d)	(1)	(1)	(1)	6
Impairment of goodwill and intangible assets	(b)	-	-	-	49
Industrial Services adjusted EBITDA		$ 2	$ 20	$ (4)	$ 31
Corporate and Eliminations					
Corporate and eliminations EBITDA		$ (35)	$ (20)	$ (63)	$ (46)
Adjustments to reconcile EBITDA to adjusted EBITDA:					
Business process transformation	(e)	7	2	13	4
Public company registration, listing and compliance	(f)	-	1	-	5
Acquisition expenses	(g)	-	-	4	-
Loss on extinguishment of debt	(h)	9	-	9	-
Corporate and Eliminations adjusted EBITDA		$ (19)	$ (17)	$ (37)	$ (37)

a) Adjustment to reflect the elimination of the expense, or reversal of previously recorded expense, attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.
b) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangible assets.
c) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.
d) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale, inclusive of impairment charges and gain/(loss) on sale.
e) Adjustment to reflect the elimination of non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
f) Adjustment to reflect the elimination of costs relating to public company registration, listing and compliance.
g) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
h) Adjustment to reflect the elimination of loss on extinguishment of debt resulting from early repayments of long-term debt.

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

Adjusted Free Cash Flow and Conversion (non-GAAP)

$ IN MILLIONS

		For the Six Months Ended June 30,	
		2021	2020
Net cash provided by operating activities (as reported)		$ 19	$ 232
Less: Purchases of property and equipment		(34)	(17)
Free cash flow		$ (15)	$ 215
Add (deduct): Cash payments (sources) related to following items:			
Divested businesses	(a)	-	(4)
Contingent consideration and compensation	(b)	19	6
Business process transformation costs	(c)	14	4
Public company registration, listing and compliance	(d)	-	5
Acquisition expenses	(e)	4	-
COVID-19 relief at Canadian subsidiaries, net	(f)	(2)	(3)
Adjusted free cash flow		$ 20	$ 223
Adjusted EBITDA	(g)	*$ 167*	*$ 163*
Adjusted free cash flow conversion		*12.0%*	*136.8%*

a) Adjustment to reflect the elimination of operating cash and purchases of property and equipment related to businesses divested and classified as held-for-sale.
b) Adjustment to reflect the elimination of deferred payments to prior owners of acquired businesses not expected to continue or recur.
c) Adjustment to reflect the elimination of operating cash used for non-operational costs related to business process transformation, including system and process development costs and implementation of processes and compliance programs related to the Sarbanes-Oxley Act of 2002.
d) Adjustment to reflect the elimination of operating cash used for public company registration, listing and compliance costs.
e) Adjustment to reflect the elimination of potential and completed acquisition-related costs.
f) Adjustment to reflect the elimination of cash received in Canada for COVID-19 relief, net of severance costs paid, not expected to continue or recur.
g) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this presentation.

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Earnings Call