NEWS RELEASE

APi Group Reports Third Quarter and Nine Month 2019 Financial Results

11/20/2019

Net revenue increase of 12.2% to $3.0 billion year to date Organic net revenue growth of 9.3% year to date
Confirms estimated full-year revenue and adjusted EBITDA guidance

NEW BRIGHTON, Minn., Nov. 20, 2019 /PRNewswire/ -- APi Group Corporation (OTC:JJAQF; LSE:JTWO) ("APi" or the "Company"), today reported financial results of APi Group, Inc. for the three and nine month periods ended September 30, 2019.

Third Quarter 2019 Highlights:

- Organic net revenue grew 10.3% or $104 million
- Net revenue for the quarter grew 10.3% or $104 million to $1.1 billion, compared to $1.0 billion in the prior year period
- Gross margin was 21.0%, compared to 21.6% for the same period in 2018
- Adjusted EBITDA of $119 million or 10.7%, a $7.9 million increase over prior year
- Reported net income of $14.3 million, a $56.6 million decline from prior year net income of $70.9 million, which was largely impacted by transaction related and non-recurring expenses;
- Pro forma adjusted net income of $66.9 million, representing a $0.8 million increase over prior year and pro forma adjusted EPS of $0.38, which is consistent with prior year

Nine Months 2019 Highlights:

- Organic net revenue grew 9.3% or $230 million
- Net revenue for the nine months ended September 30, 2019 grew 12.2% or $330 million to $3.0 billion,

compared to $2.7 billion in the prior year period with segment growth of 8.2% in Safety Solutions, 10.7% in Specialty Services and 25.3% in Industrial Solutions
- Gross margin was 20.1%, compared to 20.7% for the same period in 2018
- Adjusted EBITDA of $273 million or 9.0%, a $30.1 million increase over prior year
- Reported net income of $76.2 million, a $41.5 million decline from prior year net income of $118 million, which was largely impacted by transaction related and non-recurring expenses;
- Pro forma adjusted net income of $136 million, representing a $18.8 million increase over prior year and pro forma adjusted EPS of $0.78, an $0.11 increase over prior year

Russ Becker, APi Group's President and Chief Executive Officer said, "We are pleased to report strong financial results within our core operating segments. Through the first nine months of 2019, we have realized the strength of our operating model and diversified end markets, with particularly positive results in our Safety Solutions and Specialty Services segments. We achieved $3.0 billion year to date in net revenue and adjusted EBITDA margins of 9.0%, excluding non-recurring and transaction related items."

"I am immensely proud of the leadership displayed throughout our organization during this transition period and the financial results we have achieved. We continue to see on-going growth opportunities and supportive macro trends within the industries and core end markets we serve. We look to leverage our scale and operational expertise to capitalize on these opportunities for the balance of the year and as we move into 2020."

APi Co-Chairman James E. Lillie added, "We are excited about the future for APi. The results for the third quarter as well as the year to date results reinforce our view of the potential for the Company. With the investments we are making coupled with leveraging our scale, we expect to improve margins and improve cash generation as we focus on growing the company organically and through opportunistic M&A, we expect this growth to continue while maintaining a conservative balance sheet. We look forward to finishing the year in line with the guidance we have provided while focusing on building a solid plan for 2020."

2019 Guidance

The Company continues to expect full year 2019 revenue of approximately $4.0 billion and adjusted EBITDA of approximately $400 million.

Recent Developments

As previously announced, the Company is in the process of listing its ordinary shares on the New York Stock Exchange under the symbol APG and changing its jurisdiction of incorporation to Delaware, which is expected to occur late in the first quarter of 2020. The Company's ordinary shares continue to be traded on the OTC market in

the U.S. under the symbol JJAQF. The Company expects its initial registration statement on to be filed with the SEC later this quarter.

In the next few days, the Company expects to complete a process that would result in certain trades of our ordinary shares on the over-the-counter market in the U.S. being eligible for settlement through the DTC.

Conference Call

APi Group will host a webcast/dial-in conference call to discuss its financial results at 8:30 a.m. (Eastern Time) on Wednesday, November 20, 2019. Participants on the call will include Russ Becker, President and Chief Executive Officer; Tom Lydon, Chief Financial Officer; James E. Lillie and Martin E. Franklin, Co-Chairmen.

To listen to the call by telephone, please dial 866-342-8591 or 203-518-9713 and provide Conference ID APi3Q19. You may also attend and view the presentation (live or by replay) via webcast by accessing the following URL:

https://event.on24.com/wcc/r/2138554-1/3AA981295773D9AB516969F169B9A50A

A replay of the call will be available shortly after completion of the live call on the webcast or by telephone, 800-839-4018 or 402-220-2985.

About APi

APi Group Corporation is a market leading provider of commercial life safety solutions and industrial specialty services. The Company is a top-5 specialty services contractor in the U.S. with a diversified, blue chip customer and supplier base, a robust service offering, and a track record of successful acquisitions. The Company operates three segments in over 200 locations primarily in the U.S., with its international operations in Canada and the UK. More information can be found at **https://www.apigroupinc.com/**.

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Special Note Regarding Consolidated Financial Statements and Supplementary Information

The attached Condensed Consolidated Financial Statements and Supplementary Information for APi Group, Inc. and its subsidiaries have been prepared based on the U.S. accounting principles and standards ("U.S. GAAP") applicable to private companies (the "Historical Financial Statements"). APi Group, Inc. was acquired by the Company on October 1, 2019. In connection with the anticipated registration statement to be filed by the Company pursuant to the Securities Act of 1933, as amended (the "Securities Act") the Historical Financial Statements of APi Group Inc. will be revised to comply with U.S. GAAP applicable to public companies (the "Public Company Financial Statements"). In preparing the Public Company Financial Statements, the Company will need to apply certain accounting standards under U.S. GAAP applicable to public companies that were not applicable to these historical financial statements. As a result, the Public Company Financial Statements, which were not available as of this announcement, may differ materially from the Historical Financial Statements. The actual type and amount of the impact of the conversion on APi Group, Inc.'s consolidated balance sheets and statements of operations and cash flows are not yet known.

Based on information available as of the Announcement Date, the expected differences are as follows:

(i) We expect the application of ASC 606 (related to revenue recognition) to be adopted as of January 1, 2018, using the modified-retrospective method of adoption, will decrease revenues and gross profit by less than 1%. The net difference on the income statement will also increase current assets. As of January 1, 2018, a cumulative effective adjustment will be recorded which is expected to increase current assets for the treatment of capitalized fulfillment costs. This adjustment will be offset with a corresponding adjustment to opening retained earnings.

(ii) The application of ASC 842 (related to leases) prospectively as of January 1, 2019 is expected to result in an increase in fixed assets related to "right of use assets" of between $105 and $115 million and a corresponding lease liability. The effect on 2019 earnings, based upon 2018 data, is expected to be minimal.

(iii) We have historically accounted for business combinations and goodwill in accordance with U.S. GAAP applicable to private companies. In the Public Company Financial Statements, goodwill will be restated to a) separately classify certain identifiable intangible asset amounts such as customer relationship, b) reverse the effects of amortizing goodwill, and c) adjust for any impairment charges not previously recorded

under U.S. GAAP application to private companies.

Forward-Looking Statements and Disclaimers

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, issue, subscribe for, sell or otherwise dispose of any securities, nor any solicitation of any offer to purchase, otherwise acquire, issue, subscribe for, sell, or otherwise dispose of any securities.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

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 ability of the Company to meet the eligibility criteria and effect a registration under the Securities Act of its securities, a listing of its securities on the New York Stock Exchange and the timing for such registration and listing, and until such time, the ability to make its ordinary shares eligible for settlement through the DTCC; (ii) continued trading of the Company's ordinary shares on the OTC market; (iii) the future operating and financial performance of the Company, including the Company's guidance for full year 2019; (iv) the trends in the industries and end markets in which the Company operates and the Company's ability to capitalize on those trends; (v) the impact to the Historical Financial Statements as a result of applying accounting standards applicable to public companies and the differences between the Historical Financial Statements and the Public Company Financial Statements; and (v) the ability of the Company to capitalize on growth and expansion opportunities, generate cash flows, drive long-term shareholder value, achieve estimates of organic growth, successfully complete strategic acquisitions and delever. 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; (ii) the risk that securities markets will react negatively to the acquisition of APi Group, Inc. or other actions by the Company following the acquisition; (iii) the risk that the acquisition disrupts current plans and operations as a result of the consummation of the transaction; (iv) the ability to recognize the anticipated benefits of the acquisition and of the Company to take advantage of strategic opportunities; (v) the limited liquidity and trading of the Company's securities; (vi) changes in applicable laws or regulations; (vii) the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; and (viii) 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. Nothing in this announcement constitutes or should be construed as constituting a profit forecast. This announcement contains inside information as defined in article 7 of the Market Abuse Regulation (EU) No 596/2014.

Non-GAAP Financial Measures

In this press release, the Company presents adjusted EBITDA and adjusted EBITDA margin, pro forma adjusted EBIT, profit before tax net income and EPS and organic revenue growth, which are non-U.S. GAAP financial measures. The Company believes these non-U.S. GAAP financial measures provide meaningful information and help investors understand the Company's financial results and assess its prospects for future performance. 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. The Company uses these non-U.S. GAAP financial measures 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 for its reportable segments, as well as items that can vary widely across different industries or among companies within the same industry, and for noncash stock-based compensation expense, can also be subject to volatility from changes in the market price per share of the Company's common stock or variations in the value of shares granted. The Company presents non-U.S. GAAP financial measures on a pro forma basis, including pro forma adjusted EBIT, pro forma adjusted net income, and pro forma adjusted EPS, to illustrate the impact of the APi Group, Inc. acquisition. Specifically, the pro forma financial metrics reflect the debt facilities incurred by the Company in connection with the acquisition had they been incurred at the beginning of the periods presented, adjust for the long-term tax benefit from the acquisition and factor in the capitalization of the Company post-acquisition. The Company believes that these pro forma measures provide a more complete picture of our results after factoring in the Company's current debt and capitalization structure. The Company uses organic revenue growth, which excludes revenue from companies acquired during the periods presented, to assess its performance without the impact of acquisitions in order to provide a useful period-to-period comparison. The Company believes that organic revenue growth is useful to investors to help understand the Company's growth in revenues not attributable to acquired businesses. A reconciliation of these Non-U.S. GAAP financial measures is included later in this press release.

APi Group, Inc.

Condensed Consolidated Statements of Operations

(In thousands) (Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Net revenues	$ 1,113,470	$ 1,009,586	$ 3,025,784	$ 2,696,185
Cost of sales	879,424	791,916	2,418,793	2,137,212
Gross profit	234,046	217,670	606,991	558,973
Selling, general and administrative expenses	215,810	127,027	479,423	378,102
Amortization and earnout expense, net	2,733	16,915	37,448	54,297
Income from operations	15,503	73,728	90,120	126,574
Interest expense, net	6,388	5,499	19,161	14,490
Other income, net	(7,164)	(3,960)	(10,505)	(9,963)
Income before income taxes	16,279	72,189	81,464	122,047
Foreign and state income taxes	1,926	1,248	4,962	4,073
Net income, including noncontrolling interests	14,353	70,941	76,502	117,974
Less: net income attributable to noncontrolling interests	91	81	269	252
Net income attributable to the Company	$ 14,262	$ 70,860	$ 76,233	$ 117,722

Consolidated Balance Sheets

(In thousands) (Unaudited)

	September 30, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 133,610	$ 54,093
Accounts receivable	772,616	764,995
Inventories	60,325	56,159
Costs and estimated earnings in excess of billings on uncompleted contracts	299,724	241,552
Other current assets	26,835	17,993
Total current assets	1,293,110	1,134,792
Noncurrent assets:		
Related-party notes receivable and investments	13,024	12,292
Other assets	34,140	34,555
Intangibles, net	51,343	58,221
Goodwill, net	381,542	421,255
Property and equipment, net	331,123	327,780
Total assets	2,104,282	1,988,895
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 190,404	$ 173,678
Current related-party liabilities	-	49,077
Accrued liabilities and income taxes payable	379,700	284,865
Billings in excess of costs and estimated earnings on uncompleted contracts	184,113	193,488
Current maturities of long-term debt	20,205	33,985
Revolving line of credit	342,000	261,117
Total current liabilities	1,116,422	996,210
Long-term debt, less current maturities	301,592	304,975

Noncurrent related-party liabilities	70,587	54,161
Other noncurrent liabilities	18,533	56,850
Total liabilities	1,507,134	1,412,196
Total stockholders' equity	597,004	575,513
Non-controlling interests	144	1,186
Total equity	597,148	576,699
Total liabilities and equity	$ 2,104,282	$ 1,988,895

APi Group, Inc.

Condensed Consolidated Statements of Cash Flows

(In thousands) (Unaudited)

	For the nine months ended September 30,	
	2019	2018
Cash flows from operating activities:		
Net income, including noncontrolling interests	$ 76,502	$ 117,974
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	103,217	90,730
Gain on sale of property and equipment	(1,289)	(2,046)
Stock compensation expense	37,500	750
Changes in operating assets and liabilities, net of effects of business acquisitions	(82,385)	(182,708)
Net cash provided by operating activities	133,545	24,700
Cash flows from investing activities:		

Acquisitions, net of cash acquired	(5,096)	(235,579)
Purchases of property and equipment	(56,114)	(50,777)
Proceeds from sales of property and equipment	7,031	2,046
Advances on notes receivable	(4,610)	(10,051)
Payments received on notes receivable	5,969	5,456
Change in investments	(2,366)	543
Net cash used in investing activities	(55,186)	(288,362)
Cash flows from financing activities:		
Receipts on long-term borrowings and revolving line of credit	1,010,165	1,569,898
Payments on long-term borrowings and revolving line of credit	(945,914)	(1,230,213)
Earnout expenses paid	(16,164)	(20,634)
Distributions to shareholders	(46,983)	(51,972)
Net cash provided by financing activities	1,104	267,079
Effect of foreign currency exchange rate change on cash and cash equivalents	54	(3,448)
Net increase (decrease) in cash and cash equivalents	79,517	(31)
Cash and cash equivalents at beginning of year	54,093	41,466
Cash and cash equivalents at end of period	$ 133,610	$ 41,435

APi Group, Inc.

Segment Financial Report

(In thousands) (Unaudited)

	For the nine months ended September 30,	
	2019	2018

Safety Solutions	$ 1,320,761	$ 1,220,711
Specialty Services	1,093,703	987,734
Industrial Solutions	611,320	487,740
Total net revenues	$ 3,025,784	$ 2,696,185
Safety Solutions	$ 147,846	$ 122,840
Specialty Services	67,052	53,395
Industrial Solutions	(1,634)	3,878
Corporate	(123,145)	(53,539)
Total operating income	$ 90,119	$ 126,574
Safety Solutions	$ 168,552	$ 144,842
Specialty Services	115,941	104,543
Industrial Solutions	26,484	28,874
Corporate	(37,717)	(35,082)
Total adjusted EBITDA	$ 273,260	$ 243,177

APi Group, Inc.

Reconciliations of GAAP to Non-GAAP Financial Measures

(In thousands) (Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
Adjusted EBITDA	2019	2018	2019	2018
Reported net income	$ 14,262	$ 70,860	$ 76,233	$ 117,722

Adjustments to reconcile to net income (loss)				
Interest expense, net	6,388	5,499	19,161	14,490
Foreign & state income taxes	1,926	1,248	4,962	4,073
Depreciation and amortization	35,675	30,241	103,217	90,730
Earnout expense (income), net (a)	(14,420)	409	(13,864)	1,340
Non-recurring expenses (b)	19,308	-	22,226	-
Non-recurring expenses related to prior ownership (c)	45,339	1,824	50,514	13,022
Transaction related expenses	10,811	1,313	10,811	1,800
Adjusted EBITDA	$ 119,289	$ 111,394	$ 273,260	$ 243,177

Notes:

(a) Reflects contingent consideration based on financial performance of acquired businesses.

(b) Non-recurring expenses unrelated to the acquisition including primarily items for which the Seller has indemnified the Company.

(c) Includes non-recurring costs and expenses related to completing the acquisition.

Pro forma adjusted net income and EPS	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Adjusted EBITDA	$ 119,289	$ 111,394	$ 273,260	$ 243,177
Depreciation (a)	18,695	11,815	56,114	50,777

Pro forma adjusted EBIT	100,594	99,579	217,146	192,400
Pro forma interest expense (b)	13,672	13,744	41,052	40,751
Pro forma adjusted profit before tax	86,922	85,835	176,094	151,649
Tax (c)	19,992	19,742	40,502	34,879
Pro forma adjusted net income	66,930	66,093	135,592	116,770
Pro forma shares outstanding (d)	173,902	173,902	173,902	173,902
Pro forma adjusted EPS	$ 0.38	$ 0.38	$ 0.78	$ 0.67

Notes:

(a) Utilized actual capital expenditures to provide a directional cash amount for this pro forma calculation. Does not reflect an estimate of any fair valuations to be obtained in conjunction with the acquisition.

(b) Interest expense calculated as new senior secured term debt issued in conjunction with acquisition plus interest on assumed debt at an assumed annual rate of 4.5%.

(c) Assumes 23.0% tax rate which adjusts the expected GAAP effective tax rate to take in account of the long-term annualized cash tax benefit from the acquisition.

(d) Represents total ordinary shares outstanding as of the closing of the acquisition including approximately 170 million ordinary shares and 4.0 million founder preferred shares. Excludes unvested restricted stock units and warrants outstanding.

Segment Adjusted EBITDA	For the nine months ended September 30,	
	2019	2018
Safety Solutions		
Operating income	$ 147,846	$ 122,840

Other income, net	1,555	971
Depreciation and amortization	21,205	20,816
Earnout (income) expense, net (a)	(5,210)	215
Non-recurring expenses (d)	2,076	-
Non-recurring expenses related to prior ownership (c)	1,080	-
Safety Solutions adjusted EBITDA	$ 168,552	$ 144,842
Specialty Services		
Operating income	$ 67,052	$ 53,395
Other income, net	6,760	6,936
Depreciation and amortization	49,959	43,087
Earnout (income) expense, net (a)	(8,989)	1,125
Non-recurring expenses (b)	1,159	-
Specialty Services adjusted EBITDA	$ 115,941	$ 104,543
Industrial Solutions		
Operating (loss) income	(1,634)	3,878
Other income, net	1,720	980
Depreciation and amortization	26,063	24,016
Earnout expense, net (a)	335	-
Industrial Solutions adjusted EBITDA	$ 26,484	$ 28,874

Notes:

(a) Reflects contingent consideration based on financial performance against targets of acquired businesses following the acquisition.

(b) Non-recurring expenses unrelated to the acquisition including primarily items for which the Seller has indemnified the Company.

(c) Includes costs and expenses related to prior ownership that have not continued after the acquisition closed.

(d) Includes non-recurring costs and expenses related to completing the acquisition.

Organic Growth Reconciliation	For the nine months ended September 30, 2019	
	Consolidated	Specialty Solutions Segment
Reported net revenue growth	12.2%	10.7%
Growth due to acquisitions	2.9%	9.9%
Organic growth	9.3%	0.8%

View original content:**http://www.prnewswire.com/news-releases/api-group-reports-third-quarter-and-nine-month-2019-financial-results-300961477.html**

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