



**API**  
**GROUP**

# Investor Update



November 17, 2022

BUILDING GREAT LEADERS™



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# Welcome Remarks



Russ Becker



Sir Martin E.  
Franklin



James E. Lillie



# Agenda

Section	Presenters	
<b>Welcome Remarks</b>	Russ Becker	CEO and President
	Sir Martin E. Franklin	Co-Chair, Board of Directors
	James E. Lillie	Co-Chair, Board of Directors
<b>Evolution of APi: Recurring Revenue, Services Focused Business</b>	Russ Becker	CEO and President
<b>Chubb Overview</b>	Andrew White	CEO, Chubb
	David Jackola	CFO, Chubb
<b>APi + Chubb: A Clear Path Forward</b>	Russ Becker	CEO and President
<b>Financial Perspective &amp; Highlights</b>	Russ Becker	CEO and President
	Kevin Krumm	CFO and EVP
	Russ Becker	CEO and President
<b>Takeaways</b>	Sir Martin E. Franklin	Co-Chair, Board of Directors
<b>Concluding Remarks</b>	James E. Lillie	Co-Chair, Board of Directors
	All	
<b>Q&amp;A</b>		



# Today's Presenters



**Russ Becker**

President and Chief  
Executive Officer



**Sir Martin E. Franklin**

Co-Chair, Board  
of Directors



**James E. Lillie**

Co-Chair, Board  
of Directors



**Kevin Krumm**

Executive Vice  
President and Chief  
Financial Officer



**Andrew White**

Chief Executive  
Officer, Chubb



**David Jackola**

Chief Financial  
Officer, Chubb



# Points of Focus Today:

1

Chubb is highly accretive and creates significant opportunities

2

Integration is occurring swiftly and savings are significant

3

Chubb supports our overall 2025 targets

4

Our balance sheet is strong

5

Strong free cash flow allows swift deleveraging





# Evolution of APi: Recurring Revenue, Services Focused Business



Russ Becker



## Investment Overview



# Strategic Highlights



**Global, market-leading business services provider** of life safety, security and specialty services with a substantial recurring revenue base



### **Safety Services (~70% of total net revenues)<sup>(1)</sup>:**

- Provide statutorily-mandated and other contracted services to a large installed base of diverse customers
- Focused on non-discretionary, regulatory-driven, higher margin, recurring inspection, service and monitoring revenue, which represents 50%+ of total net revenues
- Acquisition of Chubb fire and security business (“Chubb”) created world’s leading life safety services provider



### **Specialty Services (~30% of total net revenues)<sup>(1)</sup>:**

- Diverse offering serving standing customers across largely counter cyclical markets (e.g. telecom and utilities represent majority of segment under Master Service Agreements)



**Leadership culture** driven by long-tenured and aligned operating leadership team and board with significant ownership

1. Calculated based on rounded APi net revenues, excluding Corporate and Eliminations, for the nine months ended September 30, 2022.



## Investment Overview



# Financial Highlights



Track record of strong organic growth of **~7%** augmented by cash flow-funded acquisitions



High margin, inspection, service and monitoring revenue drives **50%+** of API's total net revenues



Asset light, low CapEx, high free cash flow services platform



Significant margin expansion opportunity driven by improving mix of inspection, service and monitoring revenue, pricing, disciplined project and customer selection, operating leverage and value capture opportunities



Flexible operating structure driven by variable cost structure and small average size / shorter cycle duration projects which allow for frequent pricing adjustments



Free cash flow usage: support organic growth, reduce leverage, accretive acquisitions, shareholder returns



# Evolution of APi: Recurring Revenue, Services Focused Business

## 2011 – 2019

- Defined identity, vision and culture
- Established inspection-first go-to market strategy
- Grew inspection, service and monitoring to **~40%** of total net revenues in 2019
- Strong organic growth of **~7%** augmented by cash flow-funded acquisitions

## 2020 – 2021

- Stress tested variable cost operating model
- Established organizational structure and incentives to align with objectives
- Navigated COVID-19 pandemic, supply chain disruptions, inflation

## 2022

- Global, market-leading business services provider of life safety, security and specialty services with a substantial recurring revenue base
- Inspection, service and monitoring **50%+** of total net revenues following acquisition of Chubb
- Built out depth of leadership team with significant international and integration experience
- De-levering to net debt to adjusted EBITDA ratio of **<3.5x** by year-end

## 2025

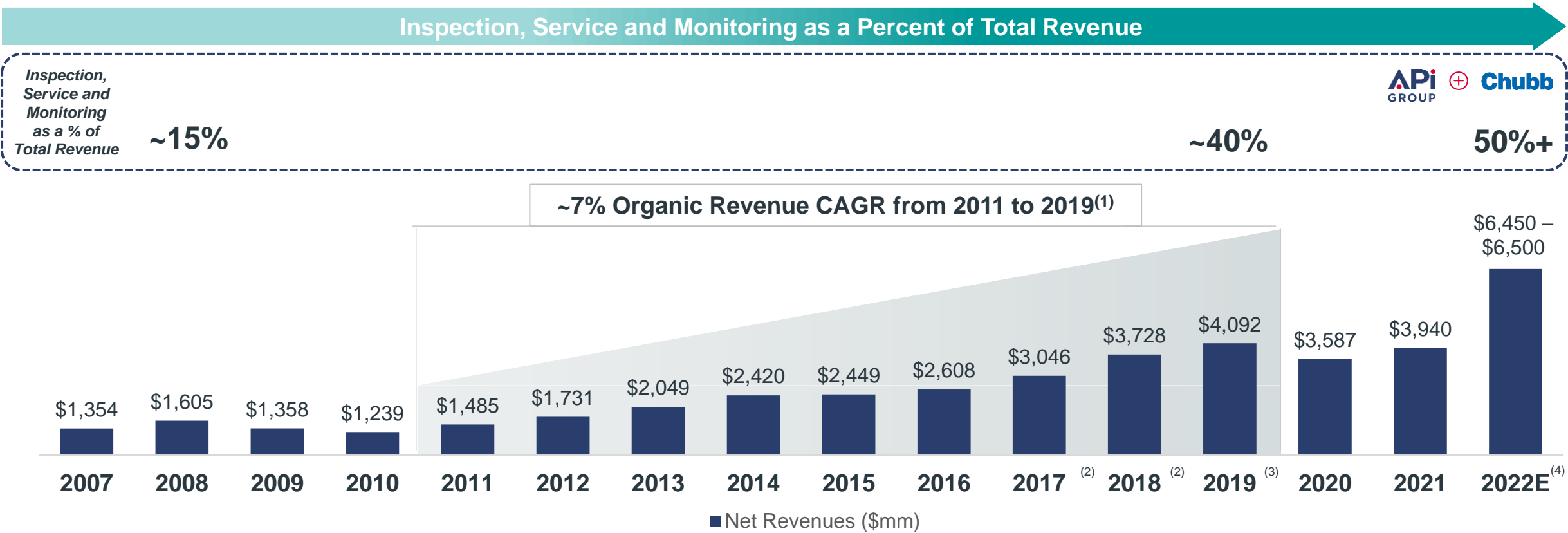
- Driving towards goal of inspection, service and monitoring representing **60%+** of total net revenues

### 2025 targets

- Adjusted EBITDA margin of **13%+**
- Adjusted free cash flow conversion of **~80%**
- Net debt to adjusted EBITDA ratio of **<2.5x**



# APi: Strategic Shift to Recurring Revenue Services Model



Notes: Revenue for the years ended December 31, 2007 to December 31, 2016 per consolidated financial statements audited under U.S. accounting principles and standards applicable to private companies as promulgated by the AICPA. Revenue for the years ended December 31, 2017 through December 31, 2021 per audited financial statements calculated in accordance with GAAP.

1. Organic revenue CAGR compares growth in net revenues from 2010 to 2019 excluding approximately \$1.8 billion of net revenues generated during the first twelve months following the close date for material acquisitions completed between 2011 to 2019, net of revenue from divestitures completed during 2011 through 2019.

2. Represents predecessor revenue for the years ended December 31, 2017 and December 31, 2018.

3. Includes \$3.1 billion predecessor revenue during the period from January 1, 2019 through September 30, 2019 and \$985 million successor revenue during the period from October 1, 2019 to December 31 2019.

4. Represents guidance provided on November 3, 2022.





# APi: Long-Term Value Creation Targets

Deliver long-term organic revenue growth above industry average

Leverage SG&A / COGS

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

Target adjusted free cash flow conversion of **~80%** through asset-light, services-focused business model

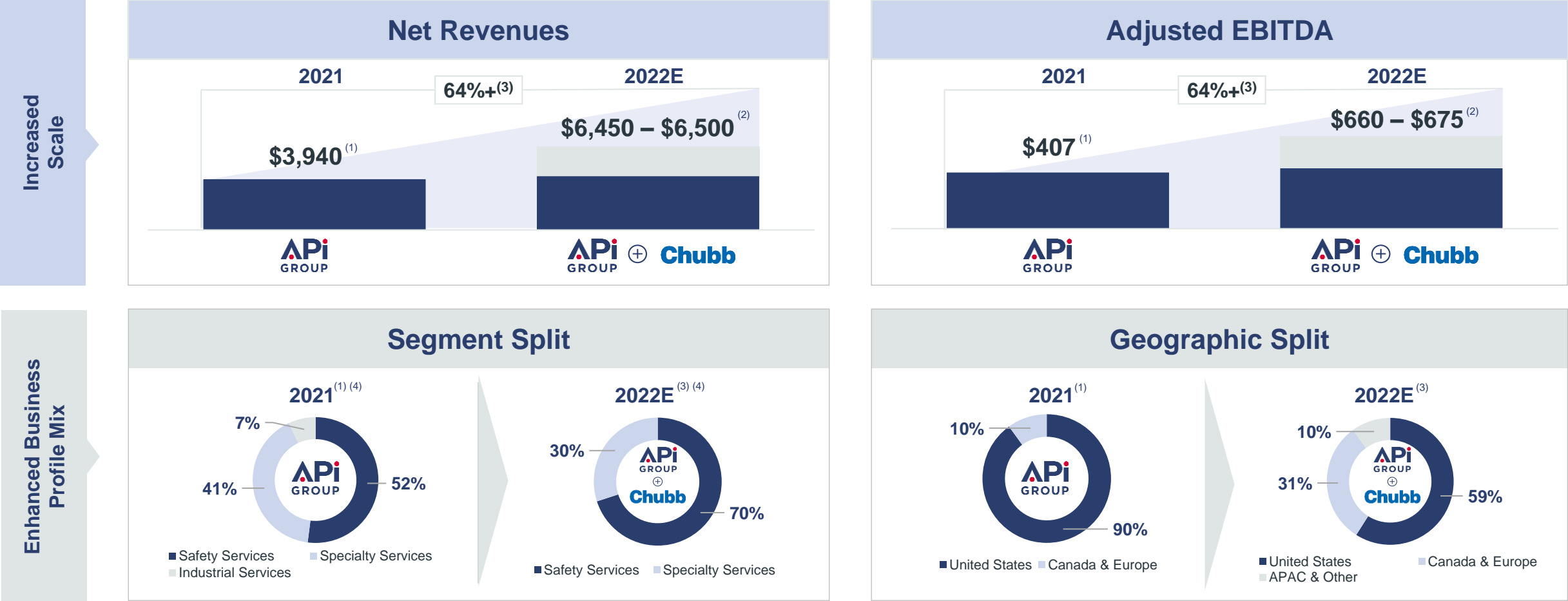
Generate high single digit average earnings growth

Target long-term net leverage ratio of **2.0x to 2.5x**

Execute accretive M&A



# Chubb: A Transformative Transaction



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

- 1. Data based on APi 2021 net revenues and APi 2021 adjusted EBITDA.
- 2. Data based on 2022 guidance range provided on November 3, 2022.
- 3. Data based on midpoint of 2022 guidance range provided on November 3, 2022.
- 4. Amounts exclude corporate and eliminations.



# Chubb: Strategic Rationale

“Center of the Fairway” Transaction with Significant Upside Potential

## APi: World’s Leading Life Safety Services Provider

- ✓ Accelerates shift to recurring revenue, services focused business
- ✓ Statutorily-required services dominate APi’s business
- ✓ Enhances global life safety and security services platform with complementary offerings & cross-selling opportunities
- ✓ Expands on asset light, low CapEx, high free cash flow conversion services platform

- ✓ Drives mix of inspection, service and monitoring towards goal of 60%+ of net revenues via meaningful recurring revenue
- ✓ Strengthens protective moat around the business
- ✓ Accelerate organic growth & margin expansion opportunity via branch-led operating model
- ✓ Highly accretive transaction with compelling value capture opportunities



# Chubb Overview



Andrew White



David Jackola



# Chubb: First 6 Months



## 2022 Priorities

- **People and Culture Focus** – Integration of our cultures, talent evaluation, prioritizing face-to-face time, begin roll-out of Building Great Leaders
- **Process Improvements** stand-up and separate the business from Carrier by 12/31/22



## Leadership Evolution

- **CEO, CFO, CIO, VP of Global Sales, IT HQ Team, Procurement Team**
- **Regional / Country Leadership Changes:**
  - Regional Advancements – Europe and Asia
  - Singapore Managing Director
  - Canada Managing Director



## Separation Overview

- Created detailed separation plans by country and by functional workstream / exit workshops
- Validated one-time separation costs
- Identified operational processes for immediate APi integration



## Operational Changes

- **Functional Stand-Up:** IT, HR, Finance, Procurement
- **Consolidation**
  - Chubb Benelux with SK FireSafety Group
  - Vipond UK with Chubb UK
  - Vipond Canada with Chubb Canada
- New headquarters office location & property identified

~20

Planning Workshops  
Conducted

25+

Town Halls

50+

Business Unit Reviews

5,000+

Chubb Employees  
Completed  
“I Am a Leader” Module



# Chubb: Facts & Figures



**200**  
Branches Worldwide



**22**  
Monitoring Centers in  
10 Countries



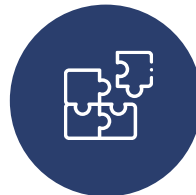
**8,000+**  
Company Vehicles



**~12,000**  
Employees



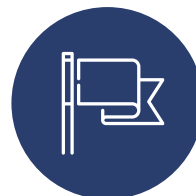
**7.5M+**  
Portable Extinguishers Serviced  
Per Year



**1.5M+**  
Customers



**~\$8B**  
Installed Base



**17**  
Countries



# Chubb: Market-Leading, Global Safety & Security Business

### Company Snapshot



**Market-leading fire and security positions** in each of top six geographies<sup>(1)</sup>



**Presence in 17 countries** serving over 1.5M customers

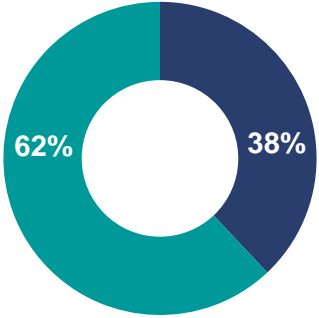


**Top 6 markets** comprise ~90% of revenue<sup>(1)</sup>



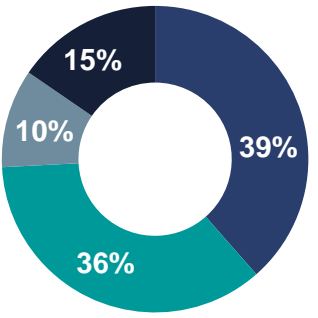
**200+ years** of field expertise and emphasis on operational excellence

### 2021 Revenue Breakdown<sup>(2)</sup>



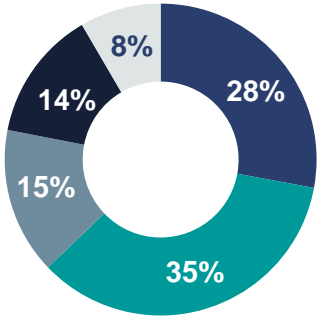
**By Solution**

- Installation
- Service



**By Offerings**

- Fire Detection & Alarms
- Electronic Security
- Monitoring
- Portable Fire Extinguishers



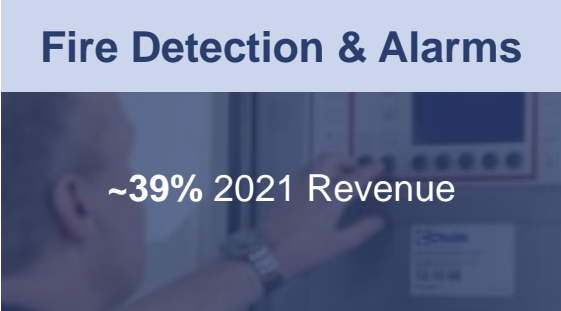
**By Region**

- France
- Rest of Europe
- ANZ
- Asia
- Canada

1. Top six markets are France, UK / Ireland, Australasia (includes Australia and New Zealand), Canada, Hong Kong / China / Macau and Benelux (includes Netherlands and Belgium).  
2. Metrics based on Chubb 2021 net revenues of approximately \$2.1 billion..



# Chubb: Business Overview



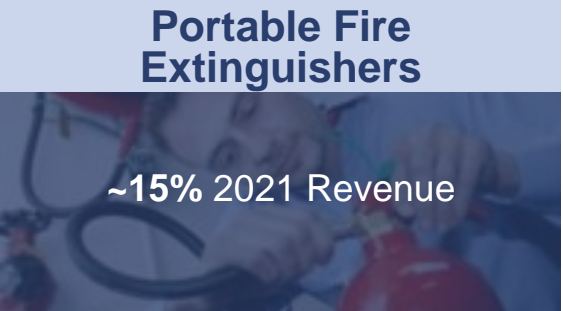
- Fire detection & alarm
- Fire suppression



- Alarms and detection
- CCTV & video surveillance
- Remote maintenance
- Integrated security solutions
- Access control



- Remote monitoring
- Remote videoguarding
- Fire alarm
- Social monitoring



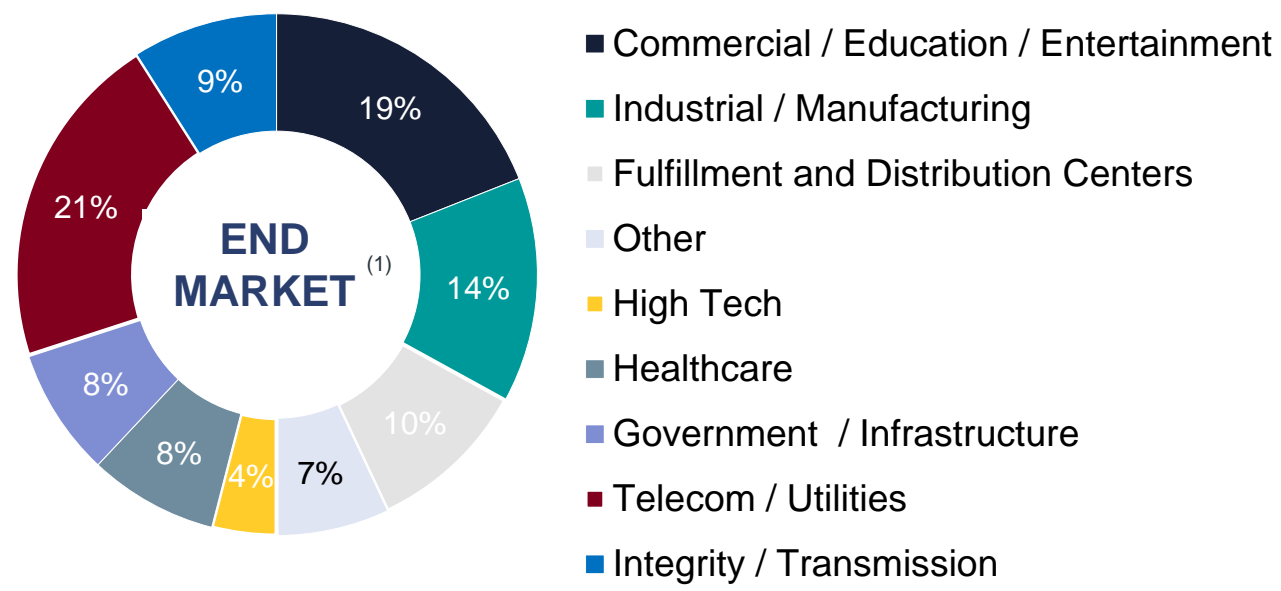
- Portable fire extinguishers
- Emergency lights
- Fire training

Note: Installation and service percentages based on 2021 revenue.



# Chubb: Revenue Mix

## Growing Presence in Attractive End Markets



## Economic Resilient Key Trends

- ✓ Government, critical national infrastructure verticals in our larger markets have robust investment plans
- ✓ Cloud and big data are driving increased data center investments
- ✓ Drug manufacturing investments continue to be very strong with expanded supply demands. Coupled with supply security driving onshoring by many countries
- ✓ Increased demand in connected services to support statutory requirements

<b>&lt;2%</b> Top Customer as a % of Total Revenue	<b>~\$5,000</b> Average Project Size	<b>~90%</b> Customer Retention Rate on Service Contracts	<b>~85%</b> Revenue Related to Upgrade, Retro & Brownfield	<b>~40%</b> Total Revenue Attributable to Multi-Year Service Contracts
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1. Estimated based on 2021 net revenues.

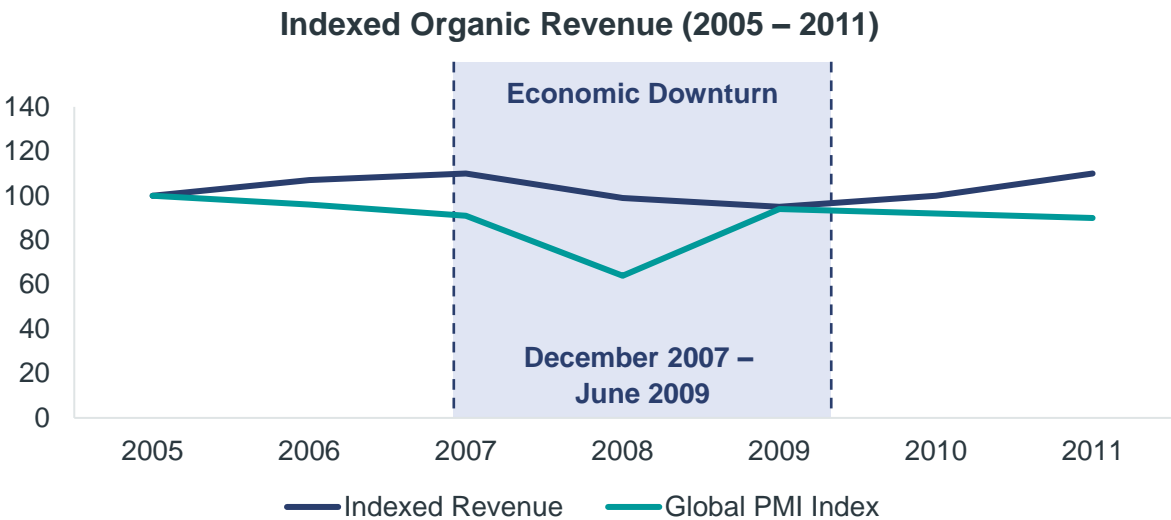


# Chubb: Compelling and Resilient Opportunity

## Market Growth Drivers

- ✓ Entrenched and growing customer needs driven by regulatory requirements, insurance requirements and severe risk consequences
- ✓ Mandated building codes and inspections and maintenance requirements generate increasing demand for services, often on a recurring basis
- ✓ Increasingly complex regulation
- ✓ Accelerating technological innovation and post-COVID-19 upsides for video-guarding, monitoring, remote maintenance, and access management
- ✓ Highly fragmented market ripe for consolidation by market leaders

## Outperformance Through Recessionary Cycles <sup>(1)</sup>



High recurring service and monitoring revenue provides stability through economic cycles

(1) Chubb management estimated revenue and Global PMI indexed to 100 as of 2005.

## Current Chubb Financial Metrics

60%+

Service Revenue  
% of Total Revenue

10%+

Year-over-Year  
Backlog

~1.0%

CapEx as a  
% of Revenue

~75%

of Costs  
are Variable

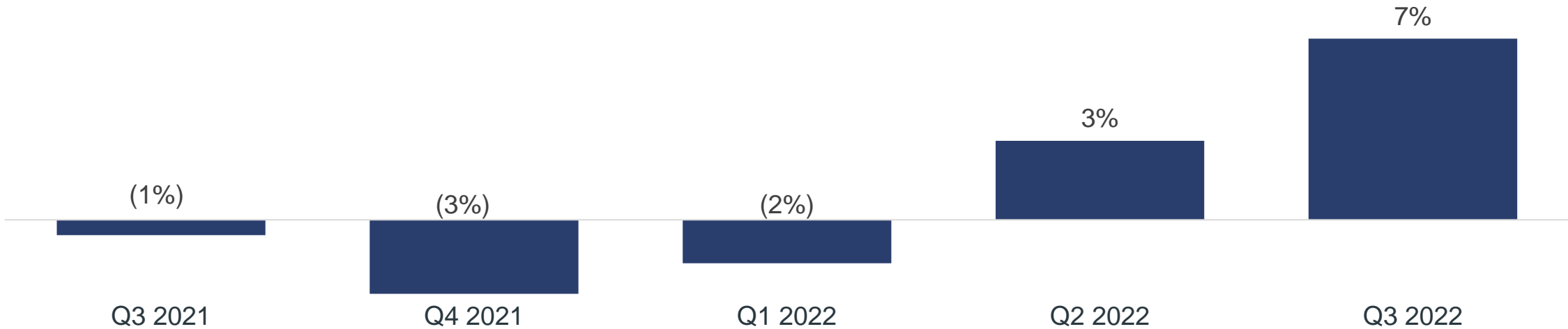
~85%

Do & Charge  
Extraction Rate



# Chubb: Historical Net Revenues

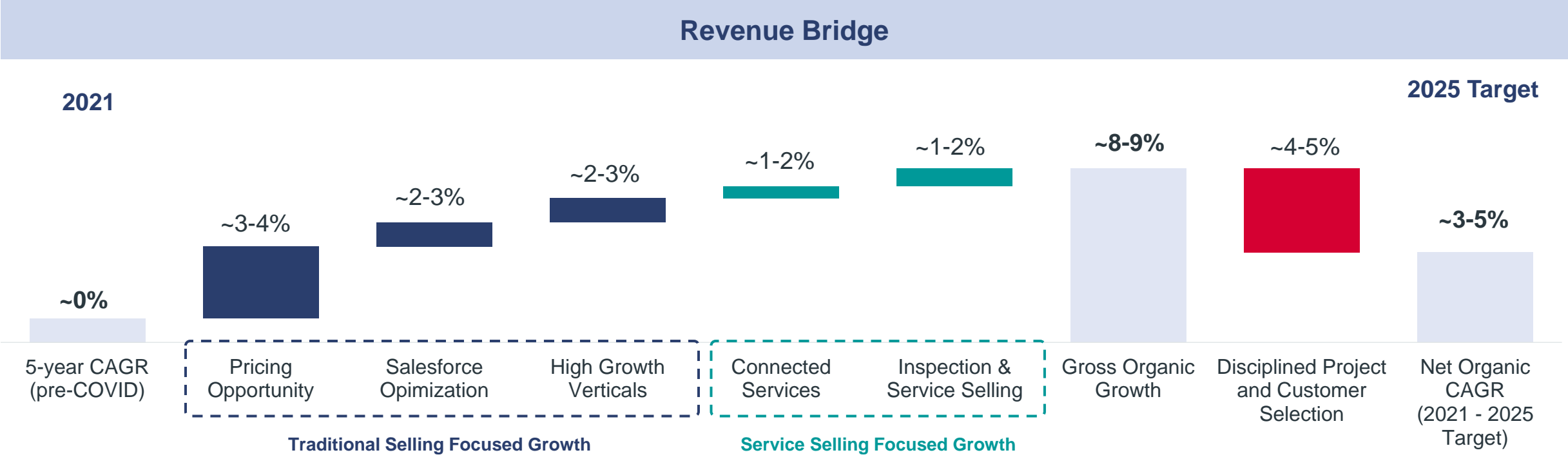
Historical Net Revenues Year-Over-Year Growth by Quarter



Solid growth YTD 2022 following years of decline under prior ownership



# Chubb: Revenue Growth Opportunity





## Key Drivers



- High growth vertical focus (e.g. data centers; critical national infrastructure)
- Exiting dilutive business & driving price
- Salesforce segmentation & upskilling
- Connected solutions **Chubb vision<sup>+</sup>**
- Outcome based Inspection & service led selling






# Chubb: Sales Focused Revenue Growth

Pricing Opportunity			
	2021	2022E	2023E
Price Actualization	(1%)	3%+	~5%
	↔	↑	↑
Targeted Net Increase on Costs	2%	3%+	~5%

- ✓ Global pricing leadership appointed
- ✓ Price coaching & enablers
- ✓ Improved price stickiness
- ✓ Price-up dilutive contracts

Salesforce Optimization			
	2021	2022E	2023E
% Selling Headcount Reduction	0%	(~6%)	(~12%)
	↔	↑	↑
% Sales Revenue Growth	0%	~3%	~4%

- ✓ Optimized structure based on data
- ✓ Proactive culture supported by tools and competencies
- ✓ Customer and salesforce segmentation

High Growth Verticals			
	Data Center	Pharma	CNI <sup>(1)</sup>
FY22E-25E Targeted Growth	10%	10%	10%
			
FY22E Growth	5%+	5%+	4%+

- ✓ Vertical & key account management leadership
- ✓ Industry acumen and fluency
- ✓ Customized end market solutions
- ✓ Focused technology investments

1. Critical national infrastructure.



# Chubb: Services-Focused Revenue Management

Connected Services	
Chubb vision <sup>+</sup>	
2022E	2023E-5E
~3%	~10%
↑	↑

- ✓ Established cloud-based platform
- ✓ Increased recurring revenue mix
- ✓ Customer digital transformation
- ✓ Reduce customer attrition
- ✓ Increase customer extraction

Inspection & Service Selling	
2022E	2023E-5E
~2%	~10%
↑	↑

- ✓ Targeting non-Chubb installations
- ✓ Outcome based value selling
- ✓ 3.5x extraction rate
- ✓ ~10% margin mix improvement
- ✓ Reduced selling expenses

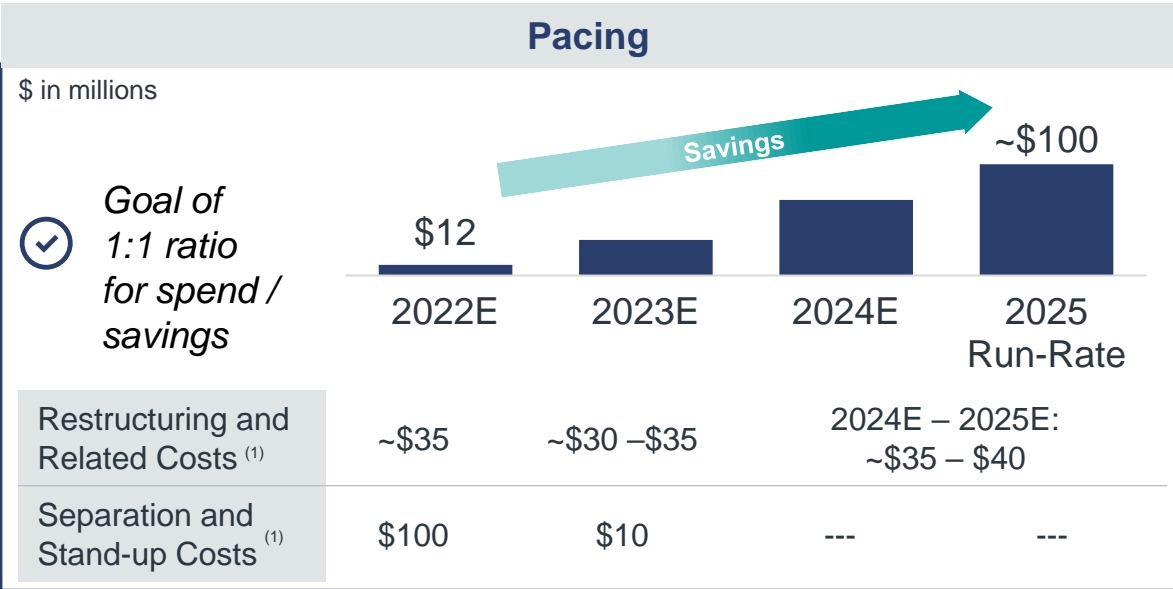
Disciplined Project & Customer Selection	
2022E	2023E-5E
(1%)	~(5)%
↑	↑

- ✓ Increased selection cadence
- ✓ Price up or ship out dilutive contracts
- ✓ Defined attached services revenue
- ✓ Renewal and escalation management
- ✓ Connected services roadmap



# Chubb: New Value Capture Opportunity = ~\$100M

## Maximizing Value Capture Opportunities

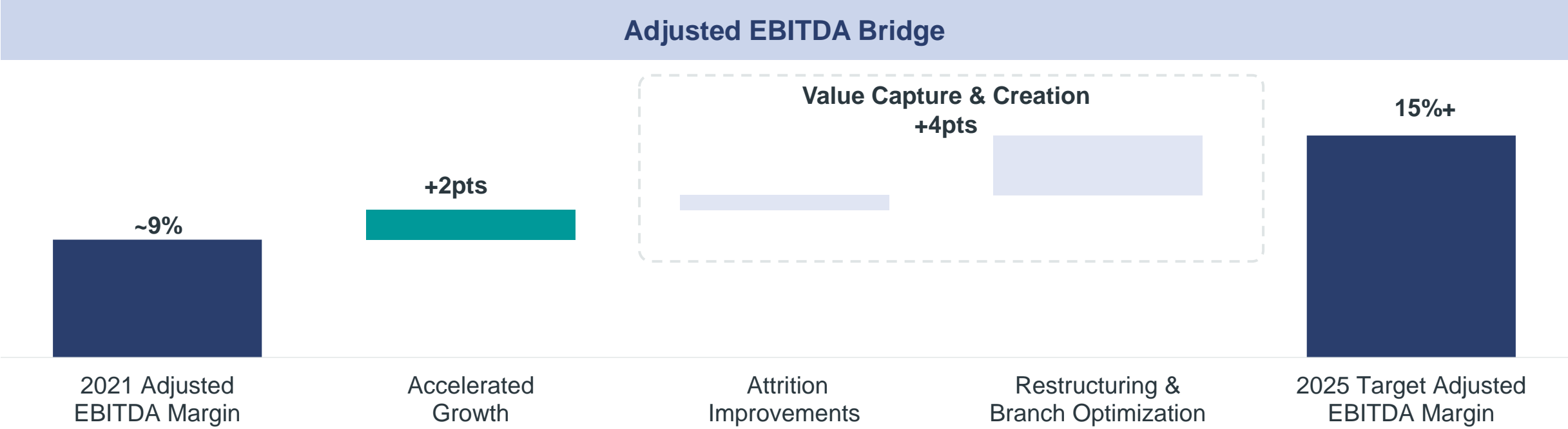


1. Estimate as of November 2022.

- 1 Restructuring – Value Capture Opportunity**
  - ✓ FY22E ~\$20M YTD, further \$10-15M expected in Q4
  - ✓ FY23E range ~\$30-35M
- 2 Branch & Footprint Optimization – Value Capture Opportunity**
  - ✓ FY22E ~10 location close / consolidation actions
  - ✓ FY23E Real estate optimization initiative
- 3 Attrition Improvements – Value Capture Opportunity**
  - ✓ FY23E ~2% points improvement on attrition rates
  - ✓ FY23E-25E ~ Mid-high single digit range
- 4 Country & Branch Optimization – Value Creation Opportunity**
  - ✓ FY23E Exit several non-performing markets
  - ✓ FY23E-25E transition ~\$500M of lower/mid quartile business units to top quartile operating units



# Chubb: Adjusted EBITDA Margin Expansion Opportunity



## Key Drivers to 15%+ Adjusted EBITDA Margin



- Footprint optimization, driving cost out and productivity up
- Reducing complexity whilst harnessing a culture of empowerment in the field
- Reduction in above the branch cost enabled through digital & organizational transformation
- Continued focus on service growth via inspection sales focus



# Chubb: Operations Excellence – Branch Profitability

Loss-Making Branches			
	2021 # of Loss-Making Branches	2021 Year-End EBITDA Loss	2024E # of Loss-Making Branches
Europe	39	(\$23)	0
Canada	2	(2)	0
Asia/ANZ	14	(11)	0
Total	55	(36)	0

✓ ~75% of branches were profitable at year-end 2021

✓ Closure of ~10% locations expected to be actioned during 2022 – 2023

✓ >85% of branches expected to be profitable by year-end 2022

✓ ~95% of branches expected to be profitable during 2023

Note: \$ amounts in millions.



## Actions to Improve



- Country & branch leadership changes
- Footprint optimization
- Each branch owns 15%+ EBITDA plan
- Top performing branch mentoring initiative
- Sales & operations alignment
- Digital maturity
- Back office consolidation



# Chubb: Summary

1

## **Integration is occurring swiftly and savings are significant**

- 2022 focused on identifying priorities, evolving leadership team, separating the business from Carrier and putting operational changes in place

2

## **Value capture opportunities of \$100M+**

- Evolved from \$20M pre-close to \$40M in May to 2025 run-rate of ~\$100M
- More opportunities to come

3

## **Shift moves from integration to harmonization coupled with focused organic growth**

- Delivered 3% 2022 YTD organic growth despite post COVID-19, supply chain disruptions, inflation, compared to 5-year CAGR of ~0% pre-COVID

4

## **On track to deliver 2025 targets**

- Net organic revenue CAGR of 3 – 5%
- Adjusted EBITDA margin of 15%+

5

## **Meets all of API's targeted M&A criteria**

- Strengthens resiliency and protective moat around the business
- Supports API's 2025 targets





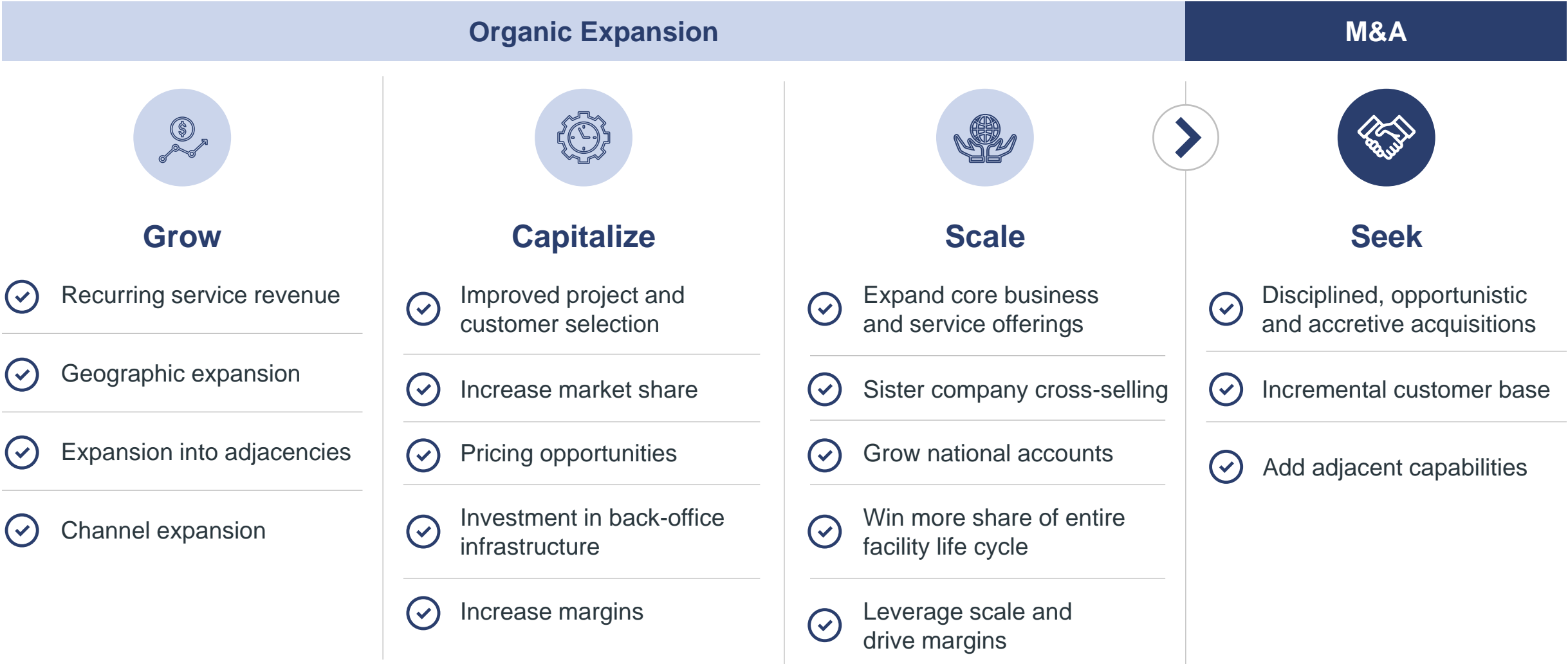
# APi + Chubb: A Clear Path Forward



Russ Becker



# APi + Chubb: Driving Long-Term Growth





# M&A: Ready to Unlock International Value

Chubb significantly expands APi Group’s addressable Fire Safety M&A opportunities

## APi M&A Playbook – 90+ Acquisitions Since 2005



### Extensive Pipeline of Acquisition Targets

Identified Via Local Business Leaders, Best-In-Class Industry Network



### APi’s Dedicated Bolt-On M&A Team Diligences

Utilize Network to “Channel Check” and Ensure Fit is Right



### Execute Transaction with Aligned Incentives

Earnout Structure to Retain Talent, Derisk Upfront Outlay



### APi’s Dedicated Integration Team Starts to Implement Playbook Day 1

Immediately Driving Margin Improvement and Value Creation

## Value Creation Pathway – Illustrative Example<sup>(1)</sup>



APi Acquires Safety Services Company “A” for 4-7x LTM EBITDA of \$10M, Running at ~7% Margin Today



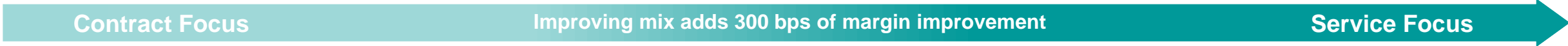
150 bps of Margin Improvement via Purchasing Power and 150 bps via Shared Services Consolidation



200 bps Via Strategic Pricing Increases



\$30M of EBITDA, 15%+ Margin<sup>(1)</sup>



1. Illustratively assumes 2-year horizon, 7% organic growth



# APi + Chubb: Serving Customers with Global Footprint



APi Representative  
Customers with  
Global Footprint



Chubb Representative  
Customers with  
Global Footprint



# Specialty Aligned Toward Accelerating Secular Industry Tailwinds

## Utility / Infrastructure Spend Driven by Infrastructure Investment and Jobs Act / 5G Rollout

- ✓ Scale and operating leverage to capitalize on \$1.2 trillion<sup>(1)</sup> of infrastructure spending from the Infrastructure Investment and Jobs Act
- ✓ 5G spending in the Infrastructure Investment and Jobs Act <sup>(1)</sup>



\$1.2T



\$65B

## Other Key End Markets Projected to Grow GDP+

- ✓ Significant investment in semiconductor facilities domestically driven by \$52bn CHIPS Act<sup>(1)</sup> as well as ~\$150bn+ of announced private investment<sup>(1)</sup>
- ✓ American data center investment expected to grow at a 12% CAGR from 2021 – 2031<sup>(3)</sup> to support cloud computing and IoT megatrend
- ✓ Pipeline integrity market projected to grow at a 3.6% CAGR through 2028<sup>(4)</sup> driven by stringent regulatory standards

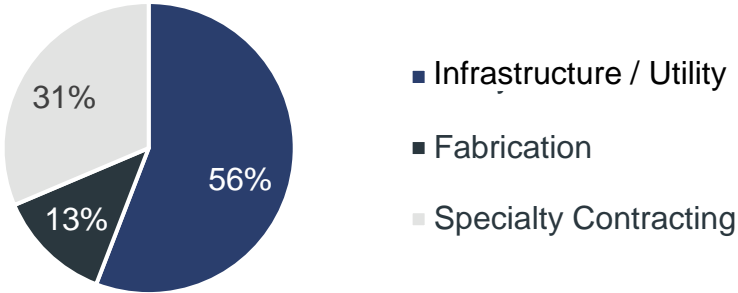


## Top 5 Specialty Services Provider<sup>(2)</sup>

1. White House website.  
2. 2021 ENR 600 report.  
3. Frost & Sullivan Global Data Center Investment Trends and Growth Opportunities report dated June 2022.  
4. Fortune Business Insights Pipeline Integrity Management report dated March 2021.

- ✓ Inherently strong sector outlooks boosted by government spending and increased regulation
- ✓ Sustained, counter cyclical growth projected in core end markets regardless of macroeconomic conditions
- ✓ Strong repeat customer base drives resilient, stable cash flows
- ✓ 100% North America: mitigates company-wide exposure to FX / geopolitical tailwinds

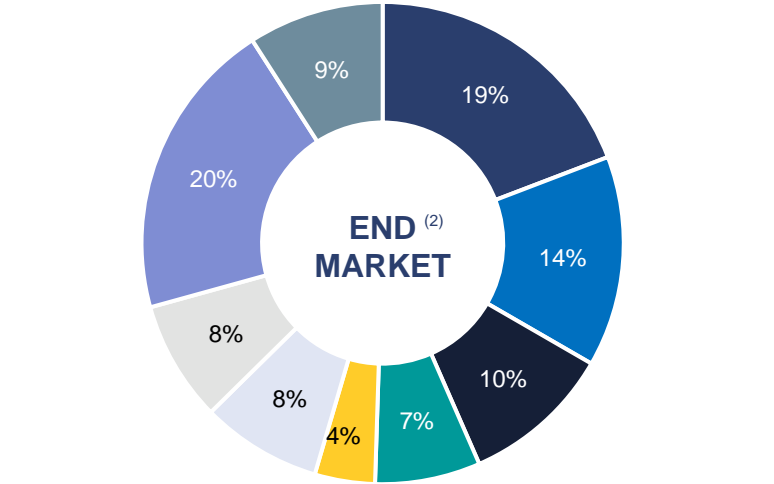
## YTD 9/30/2022 Specialty Services Revenue Breakdown





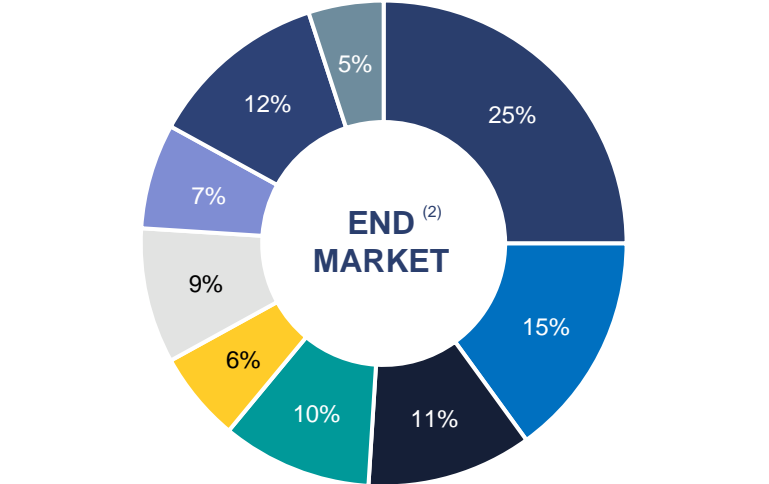
# APi + Chubb: Diversified End Markets Create Long Runway for Growth

Consolidated



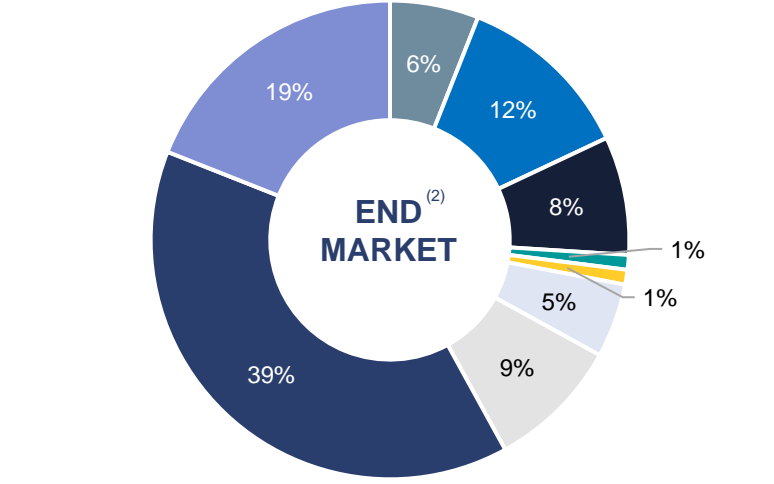
End Market	Revenue
Commercial / Education / Entertainment	19%
Industrial / Manufacturing	14%
Fulfillment and Distribution Centers	10%
Other	7%
High Tech	4%
Healthcare	8%
Government / Infrastructure	8%
Telecom / Utilities	20%
Integrity / Transmission	9%

Safety Services



End Market	Revenue
Commercial / Education / Entertainment	25%
Industrial / Manufacturing	15%
Fulfillment and Distribution Centers	11%
Other	10%
High Tech	6%
Healthcare	9%
Government / Infrastructure	7%
Telecom / Utilities	12%
Integrity / Transmission	5%

Specialty Services<sup>(1)</sup>



End Market	Revenue
Commercial / Education / Entertainment	6%
Industrial / Manufacturing	12%
Fulfillment and Distribution Centers	8%
Other	1%
High Tech	1%
Healthcare	5%
Government / Infrastructure	9%
Telecom / Utilities	39%
Integrity / Transmission	19%

1. Includes Industrial Services which was combined with Specialty Services effective January 1, 2022.  
 2. Estimated based on 2021 net revenues.





# Financial Perspective & Highlights



Russ Becker



Kevin Krumm



# APi: Resilient Business Model to Navigate Downturns

- ✓ High margin, inspection, service and monitoring revenue drives **50%+** of APi's total revenue
  - On average, inspection and service revenue generates ~10%+ higher gross margin than contract revenue and monitoring revenue generates ~20%+ higher gross margin than contract revenue
- ✓ Mission-critical nature of services and regulatory-driven inspection requirements provide predictable, recurring revenue stream opportunities
- ✓ Asset-light model with minimal ongoing maintenance capital expenditures
- ✓ Predominantly union labor force allows APi to expand and contract its workforce as market conditions dictate without incurring significant trailing costs or severance
- ✓ Average project duration is relatively short, mitigating inflationary exposure to cost of goods sold or changes in labor expense that some peers may experience in an inflationary environment

**<1.5%**

Total CapEx as a  
% of Total Revenues

**50%+**

% of Field Workforce  
Covered by Union Agreement

**~\$5,000**

Average Project Size  
in Safety Services

**~\$70,000**

Average Project Size in  
Specialty Services

**~75%**

% of Costs  
are Variable



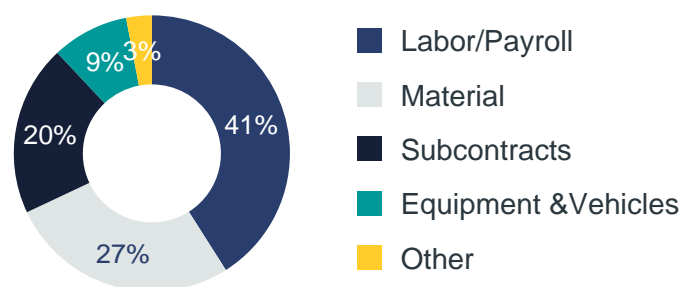
# APi: Managing Through Volatility

## Highlights

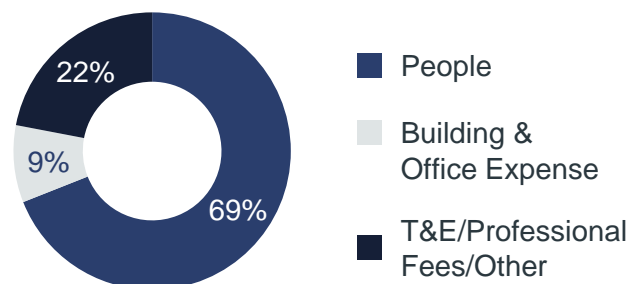
- ✓ APi's statutorily-mandated, recurring revenue services-focused business model provide significant flexibility for the Company to effectively navigate downturns
- ✓ Strong free cash flow generation in downturn through harvested working capital
- ✓ Strong variable cost structure and management's effective approach of proactively renegotiating vendor contracts / pricing, reducing direct labor costs and improving capital spending / working capital management led to resilient performance

## Variable Operating Cost

~\$3.6bn Adjusted COGS <sup>(1)</sup>



~\$0.9bn Adjusted SG&A <sup>(1)</sup>



~75% Variable Cost Base

## Business Resiliency: the COVID Model <sup>(1)</sup>

YoY Change	Q2 2019 – Q2 2020	FY 2019 – FY 2020
Organic Net Revenues	(14.3%)	(9.0%)
Adjusted EBITDA	+2.0%	(3.1%)
Adjusted EBITDA Margin	+190 bp	+56 bp
Adjusted Free Cash Flow	\$170	\$443
Adjusted Free Cash Flow Conversion	168.3%	116.3%

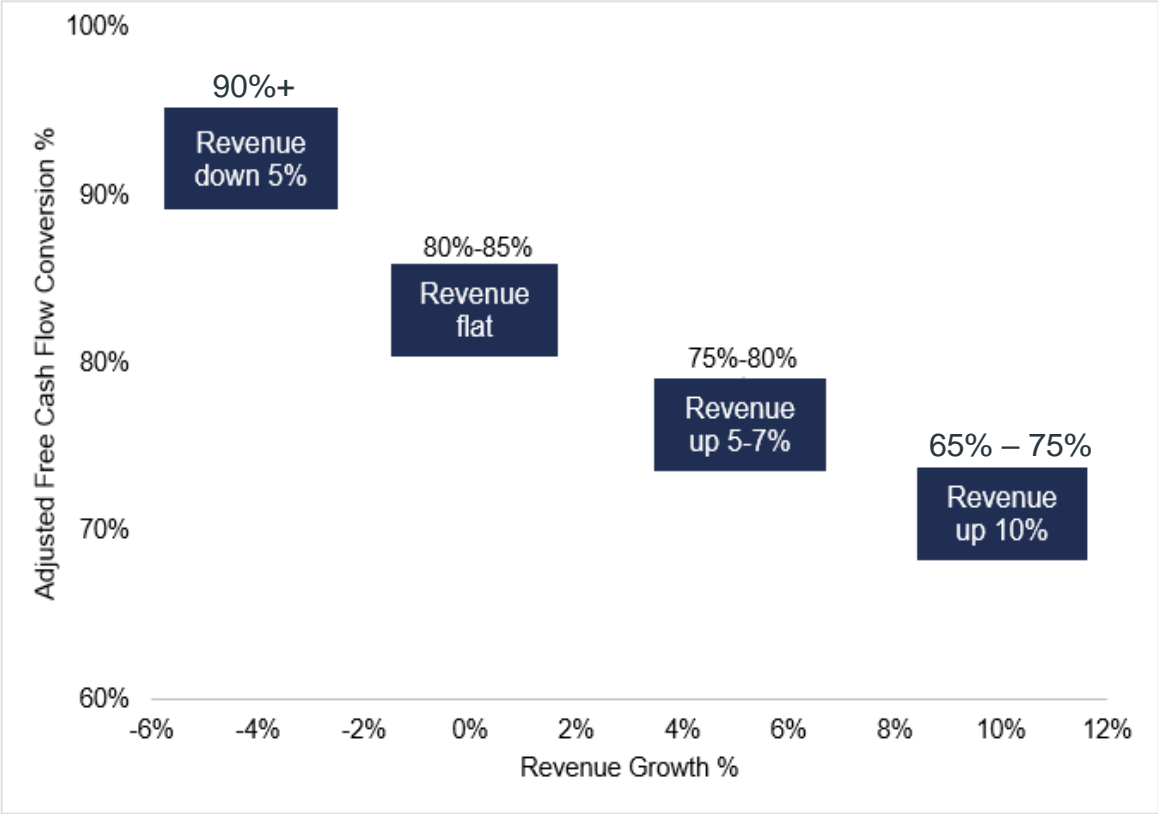
**Q2 2020 adjusted EBITDA margin expansion of 190bps despite ~14% organic revenue decline during COVID shutdown**

(1) Note: Data for the nine months ending September 30, 2022. Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.



# APi: Strong Adjusted Free Cash Flow Generation

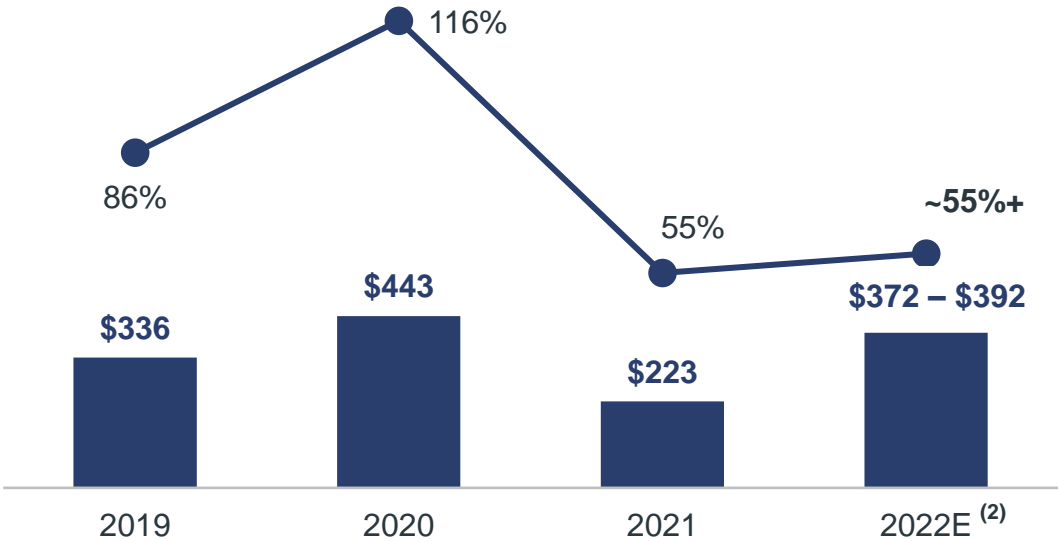
## Projected Adjusted Free Cash Flow Conversion vs. Revenue Growth: 2025



1. Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.  
2. Based on guidance provided on November 3, 2022.

## Adjusted Free Cash Flow Generation <sup>(1)</sup>

✓ Revenue growth / contraction drives cash conversion



Organic Revenue Growth <sup>(1)</sup>

8%

(9%)

8%

10%+ <sup>(2)</sup>



# APi: Strong Balance Sheet

## Healthy Balance Sheet

\$ in millions

	Maturity Date	September 30, 2022
<b>Term loan facility</b>		
2019 Term Loan	October 1, 2026	\$1,127
Revolving Credit Facility	October 1, 2026	-
2021 Term Loan	January 3, 2029	1,085
<b>Senior notes</b>		
4.125% Senior Notes	July 15, 2029	337
4.750% Senior Notes	October 15, 2029	277
<b>Other obligations</b>		7
Total debt obligation		\$2,833

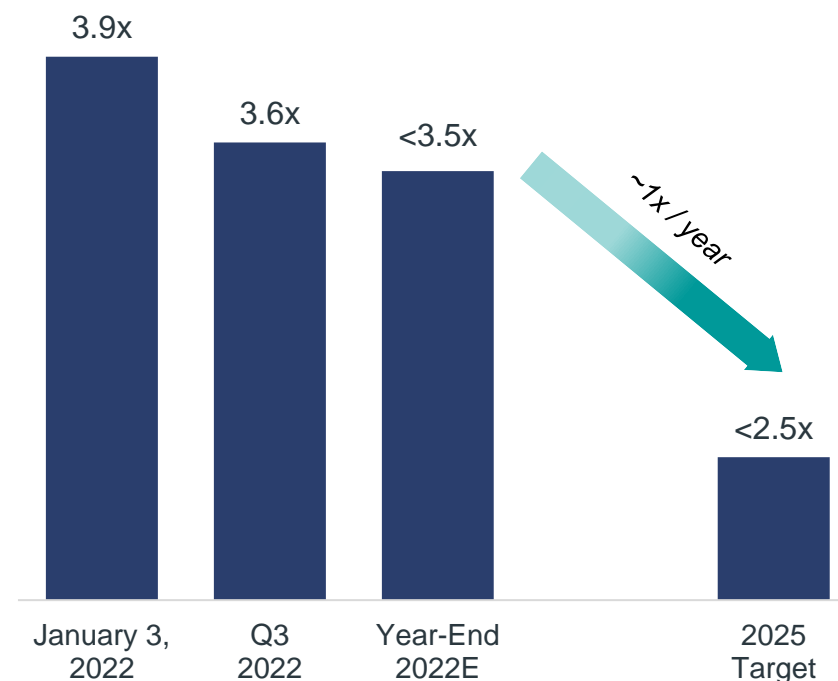
- ✓ Weighted average maturity of debt of over **5 years** as of September 30<sup>th</sup>, 2022 with the earliest maturity in 2026
- ✓ During Q2 2022, we entered into forward starting swap arrangement to be effective January 2023 that will shift fixed vs. floating mix to estimated **~70% fixed / ~30% floating**
- ✓ Average cost of debt is **~5.5%** as of January 2023

## Limited refinancing risk

Note: Excludes \$800 million of perpetual preferred paid at 5.5% interest in cash or stock.

(1) Calculated pursuant to terms of existing debt agreements.

## Net Debt to Adjusted EBITDA<sup>(1)</sup>

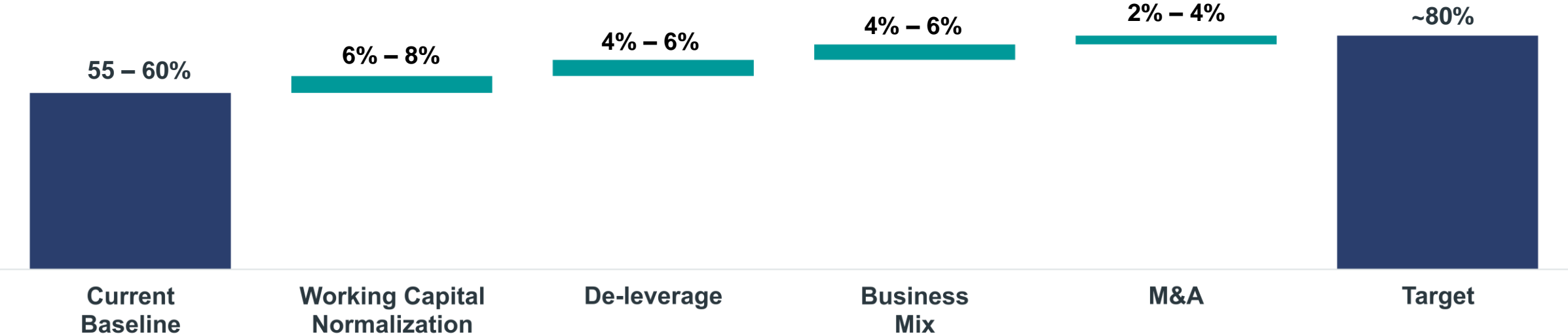


## Target long-term net leverage remains 2.0x – 2.5x



# APi: Path to ~80% Adjusted Free Cash Flow Conversion

Path to ~80% Adjusted Free Cash Flow Conversion: Key Business Drivers

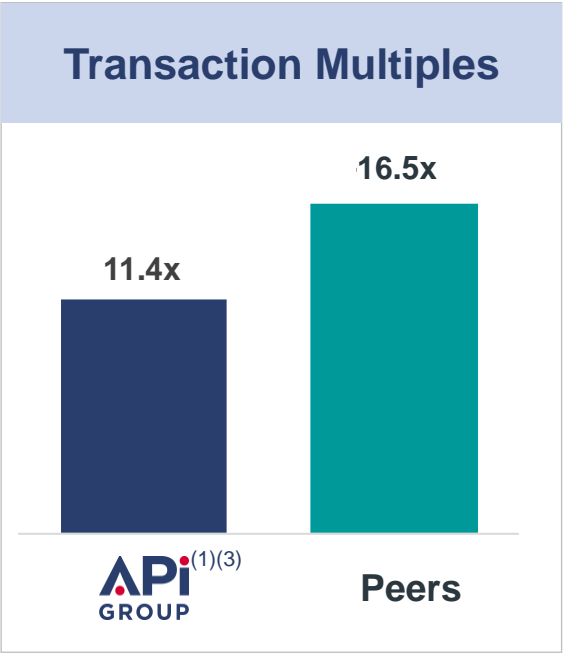
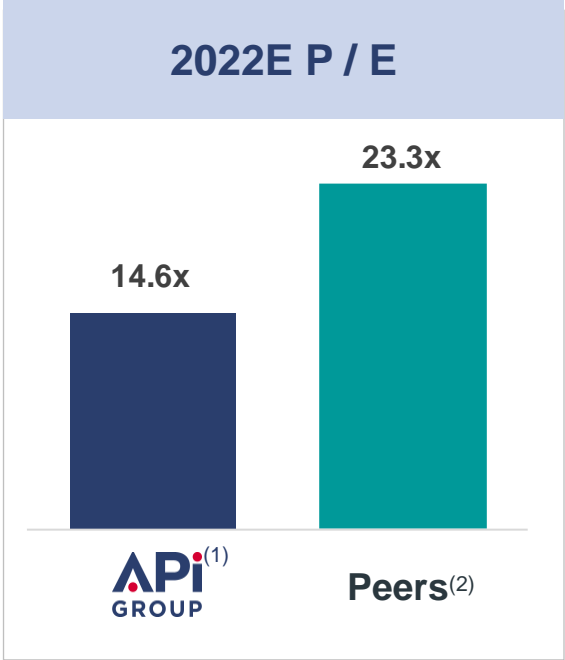
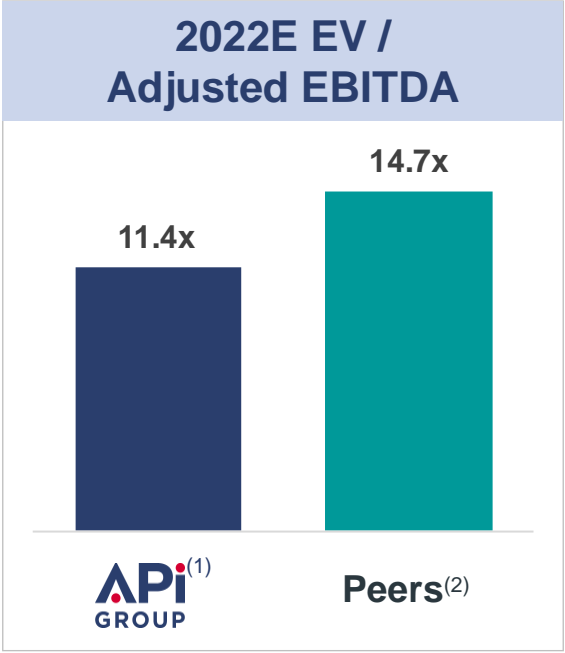


## Key Drivers >

- Working Capital Normalization
  - Normalized organic growth of 5 – 7%
  - Drive working capital rates to historical levels
- De-leverage – target long-term net leverage ratio of 2.0x – 2.5x
- Business Mix
  - Higher levels of inspection, service and monitoring revenue
  - Continued growth in safety business
- M&A – disciplined investment in businesses that are highly accretive to cash conversion



# Investment Opportunity



APi trades at a significant discount relative to its peers

Source: CapIQ. Market data as of November 11, 2022.

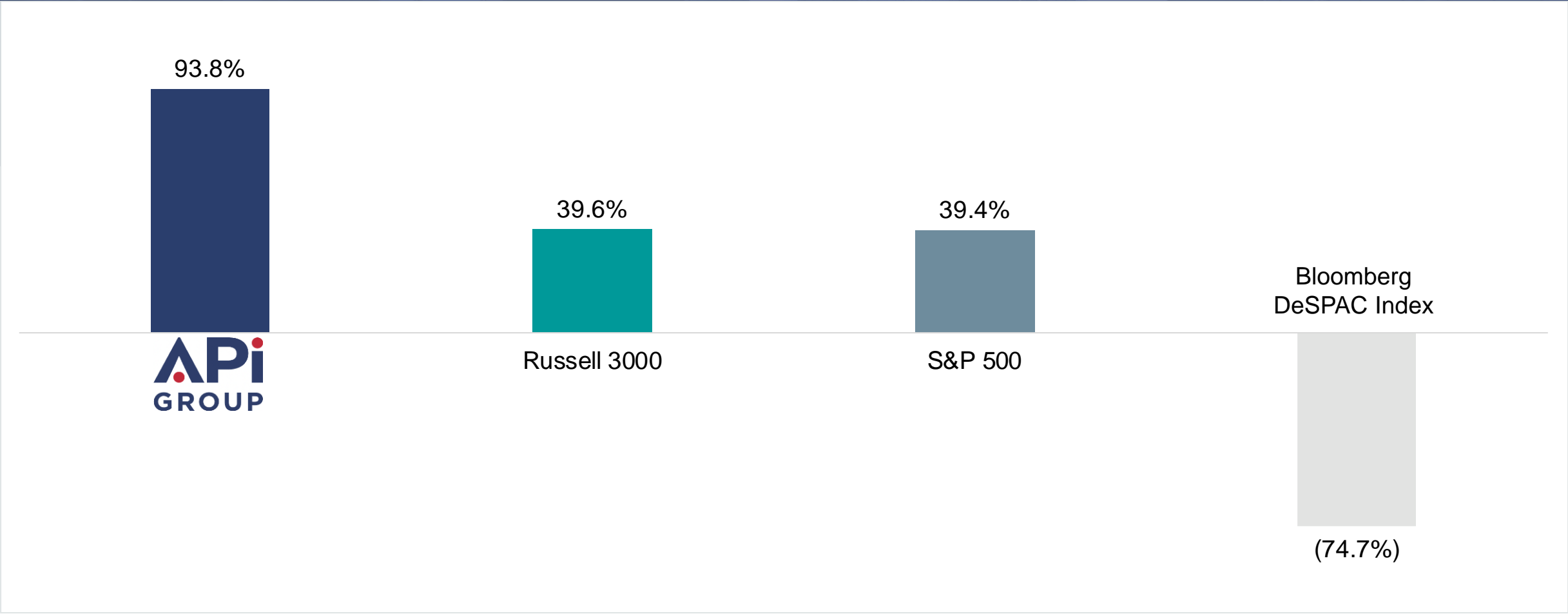
1. Based on consensus estimates as of November 11, 2022.

2. Peer group includes Cintas Corporation, Comfort Systems USA, Inc., Jacobs Engineering Group Inc., Johnson Controls International plc, Otis Worldwide and Quanta Services, Inc.

3. Reflects APi consensus EV / 2022E EBITDA.



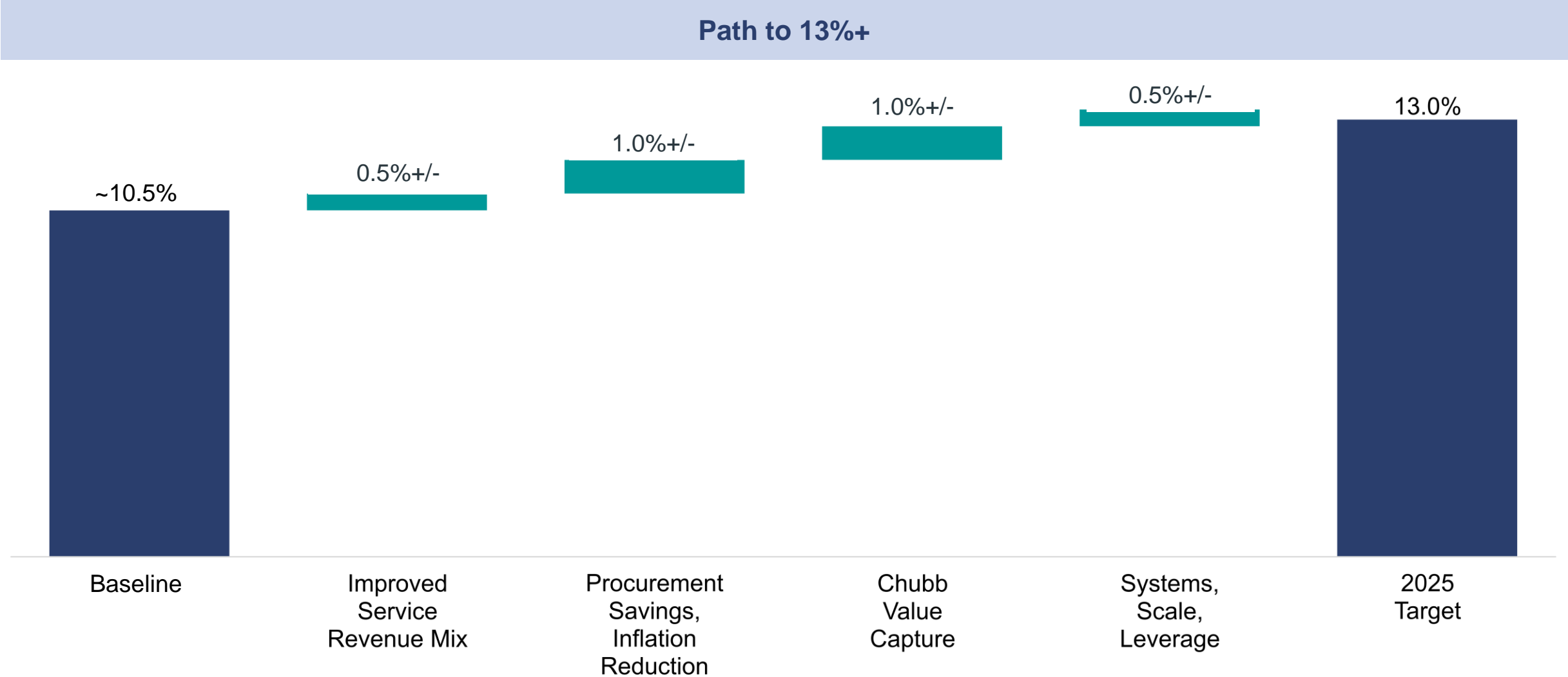
# Performance Since APi NYSE Listing



Source: CapIQ. Market data as of November 11, 2022.  
Note: Reflects returns from April 28, 2020 (1-day prior to NYSE listing).



# Path to 13%+ Adjusted EBITDA Margin by 2025





# Takeaways



Russ Becker



# Chubb: Summary

1

## Chubb is highly accretive and creates significant opportunities

- We expect Chubb to be approximately \$0.20 accretive to 2022E API adjusted diluted EPS

2

## Integration is occurring swiftly and savings are significant

- 2025 run-rate value capture opportunities of ~\$100 million
- Goal of 1:1 ratio for spend / savings, which we've been able to achieve so far

3

## Value capture opportunities of ~\$100M

- Evolved from \$20M pre-close to \$40M in May to ~\$100M+
- More opportunities to come

4

## Shift moves from integration to harmonization coupled with focused organic growth

- Delivered 3% 2022 YTD organic growth. Despite post COVID-19, supply chain disruptions, inflation, compared to 5-year CAGR of ~0% pre-COVID

5

## On track to deliver 2025 targets

- 2021 – 2025 target net organic revenue CAGR of 3 – 5% and adjusted EBITDA margin of 15%+

6

## Meets all of API's targeted M&A criteria

- Strengthens resiliency and protective moat around the business
- Supports API's 2025 financial targets





# APi: Summary

1

## FY guidance absorbs FX headwinds and delivers

- 2022 full year guidance (as reported including FX impacts): net revenues of \$6,450 to \$6,500 million and adjusted EBITDA of \$660 to \$675 million
- In spite of FX headwinds, we've been able to hold the top end of our range and bring up the lower end of our range, which means our updated full year guidance reflects improved constant currency performance across our businesses

2

## The overall business is performing in line with expectations

- Backlog remains at record levels and is up approximately 8% year-over-year as of September

3

## Chubb is highly accretive and creates significant opportunities

- We expect Chubb to be approximately \$0.20 accretive to 2022E APi adjusted diluted EPS

4

## Chubb supports our overall 2025 targets

- On a macro basis, we remain confident in achieving our 2025 targets as we've detailed today
- ~80% target adjusted free cash flow conversion, 13%+ adjusted EBITDA margin, <2.5x net debt to adjusted EBITDA

5

## Our balance sheet is strong

- Weighted average maturity of over 5 years as of September 30<sup>th</sup>, 2022 with the earliest maturity in 2026
- During Q2 2022, we entered into forward starting swap arrangement to be effective January 2023 that will shift fixed vs. floating mix to estimated **~70% fixed / ~30% floating**
- Average cost of debt is **~5.5%** as of January 2023

6

## Strong free cash flow allows swift deleveraging

- Expect to be at a net leverage ratio of <3.5x by year-end 2022 and <2.5x by year-end 2023
- We remain laser focused on cash generation and deleveraging at approximately one turn annually as we move towards our stated target net leverage ratio of 2.0 to 2.5x



# Concluding Remarks



Sir Martin E. Franklin



James E. Lillie





# Q&A Session



# Appendix



# 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 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, restructuring costs, transaction and other costs related to acquisitions, amortization of intangible assets, net COVID-19 relief, non-service pension benefit, severance related costs related to corporate leadership changes 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 organic changes in net revenues on a consolidated basis or segment specific basis 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.
- 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"). Adjusted EBITDA margin is calculated as adjusted EBITDA divided by 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, payments made for restructuring programs, impacts of businesses classified as assets held-for-sale and businesses divested, and one-time and other events such as 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.



# Non-GAAP Financial Measures (cont'd)

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 in this presentation.

The Company does not provide reconciliations of forward-looking non-U.S. GAAP adjusted EBITDA and growth in organic net revenues 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, restructuring costs, 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.

Beginning with the first quarter of 2022, the Company has combined its Industrial Services and Specialty Services segments into one operating segment (Specialty Services). Certain prior year amounts have been recast to conform to this presentation and the information in the tables below has been retroactively adjusted to reflect these changes in reporting segments.

Chubb's financial results for 2021 and all prior periods included in this presentation are unaudited and based on Chubb's internal records.



# Reconciliation of Non-GAAP Financial Measures

## Organic change in net revenues (non-GAAP)

For the Three Months Ended June 30, 2020				
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	(16.4) %	—	0.2 %	(16.6) %
Specialty Services	(15.7) %	—	—	(15.7) %
Industrial Services	(18.4) %	(16.9) %	—	(1.5) %
Consolidated	(16.7) %	(2.5) %	0.1 %	(14.3) %

For the Year Ended December 31, 2020				
	Net revenues change (as reported)	Acquisitions and divestitures, net (d)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	(7.8) %	2.1 %	(0.1) %	(9.8) %
Specialty Services	(6.2) %	—	—	(6.2) %
Industrial Services	(32.7) %	(18.8) %	—	(13.9) %
Consolidated	(12.3) %	(3.3) %	—	(9.0) %

(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 at June 30, 2020.

(b) Represents the effect of foreign currency 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).

(c) Organic net revenue change provides a consistent basis for a year-over-year comparison in net revenues as it excludes the impacts of acquisitions, planned and completed divestitures, and the impact of changes due to foreign currency translation.

(d) Acquisitions exclude net revenues of material acquisitions from their respective dates of acquisition until the first year anniversary from date of acquisition. Divestitures exclude net revenues for all periods for businesses divested as of December 31, 2020.



# Reconciliation of Non-GAAP Financial Measures

## Organic change in net revenues (non-GAAP)

For the Three Months Ended June 30, 2020				
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
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Specialty Services	(15.7) %	—	—	(15.7) %
Industrial Services	(18.4) %	(16.9) %	—	(1.5) %
Consolidated	(16.7) %	(2.5) %	0.1 %	(14.3) %

For the Year Ended December 31, 2020				
	Net revenues change (as reported)	Acquisitions and divestitures, net (d)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	(7.8) %	2.1 %	(0.1) %	(9.8) %
Specialty Services	(6.2) %	—	—	(6.2) %
Industrial Services	(32.7) %	(18.8) %	—	(13.9) %
Consolidated	(12.3) %	(3.3) %	—	(9.0) %

(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 at June 30, 2020.

(b) Represents the effect of foreign currency 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).

(c) Organic net revenue change provides a consistent basis for a year-over-year comparison in net revenues as it excludes the impacts of acquisitions, planned and completed divestitures, and the impact of changes due to foreign currency translation.

(d) Acquisitions exclude net revenues of material acquisitions from their respective dates of acquisition until the first year anniversary from date of acquisition. Divestitures exclude net revenues for all periods for businesses divested as of December 31, 2020.



# Reconciliation of Non-GAAP Financial Measures

## Adjusted EBITDA (non-GAAP)

(\$ in millions)

	For the Three Months Ended December 31,		For the Years Ended December 31,		Period from January 1, 2019 through September 30, 2019	Adjusted EBITDA for the Year Ended December 31, 2019
	2020 (Successor)	2019 (Successor)	2020 (Successor)	2019 (Successor)	(Predecessor)	(Combined) (m)
Net income (loss) (as reported)	\$ (22)	\$ (150)	\$ (153)	\$ (153)	\$ 86	
Adjustments to reconcile net income (loss) to EBITDA:						
Interest expense, net	11	16	52	15	20	
Income tax provision (benefit)	4	2	(31)	2	7	
Depreciation and amortization	67	69	263	69	78	
EBITDA	\$ 60	\$ (63)	\$ 131	\$ (67)	\$ 191	
Adjustments to reconcile EBITDA to adjusted EBITDA:						
Divested businesses	(a)	(2)	1	4	1	23
Contingent consideration and compensation	(b)	29	2	29	2	(1)
Impairment of goodwill	(c)	—	—	193	—	12
Business process transformation costs	(d)	6	—	13	—	—
Public company registration, listing and compliance	(e)	—	5	5	17	—
Acquisition expenses	(f)	8	8	10	19	5
Inventory step-up	(g)	4	—	4	—	—
COVID-19 relief at Canadian subsidiaries, net	(h)	(2)	—	(8)	—	—
Share-based compensation costs	(i)	—	156	—	156	37
Expenses related to prior ownership	(j)	—	—	—	—	18
Investment income	(k)	—	—	(20)	—	—
Adjusted EBITDA	\$ 103	\$ 109	\$ 381	\$ 108	\$ 285	\$ 393
Adjusted net revenues	(l)	\$ 874	\$ 925	\$ 3,496		\$ 3,802
Adjusted EBITDA as a percentage of adjusted net revenues	11.8%	11.8%	10.9%			10.3%

(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 elimination of expense attributable to deferred consideration to prior owners of acquired businesses not expected to continue or recur.

(c) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill.

(d) Adjustment to reflect the elimination of 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 potential and completed acquisition-related expenses.

(g) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.

(h) Adjustment to reflect the elimination of miscellaneous income in Canada related to COVID-19 relief, net of severance costs.

(i) Adjustment to reflect the elimination of non-cash charges of \$155 million associated with the Annual Preferred Share Dividend and equity-based compensation related to prior ownership.

(j) Adjustment to reflect the elimination of expense under prior ownership not expected to continue or recur following the API Acquisition.

(k) Adjustment to reflect the elimination of APG investment income prior to the API Acquisition that is not expected to recur. Cash from these investments was used to fund a portion of the cash consideration for the API Acquisition.

(l) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation.

(m) The combined financial information for the year ended December 31, 2019 includes the results of operations of API Group Corporation (Successor) for the period from January 1, 2019 through December 31, 2019 and the results of operations of API Group, Inc. (Predecessor) for the period from January 1, 2019 through September 30, 2019.



# Reconciliation of Non-GAAP Financial Measures

## Adjusted EBITDA (non-GAAP)

(\$ in millions)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
Net income (loss) (as reported)	\$ 15	\$ (22)	\$ 47	\$ (153)
Adjustments to reconcile net income (loss) to EBITDA:				
Interest expense, net	17	11	60	52
Income tax provision (benefit)	18	4	32	(31)
Depreciation and amortization	48	67	202	263
EBITDA	\$ 98	\$ 60	\$ 341	\$ 131
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Divested businesses	(a) -	(2)	(1)	4
Contingent consideration and compensation	(b) (2)	29	(7)	29
Impairment of goodwill and intangible assets	(c) -	-	-	193
Business process transformation costs	(d) 10	6	35	13
Corporate executive reorganization	(e) -	-	6	-
Public company registration, listing and compliance	(f) -	-	-	5
Acquisition expenses	(g) 9	8	26	10
Inventory step-up	(h) -	4	-	4
COVID-19 relief at Canadian subsidiaries, net	(i) -	(2)	(2)	(8)
Loss on extinguishment of debt	(j) -	-	9	-
Adjusted EBITDA	\$ 115	\$ 103	\$ 407	\$ 381
Adjusted net revenues	(k) \$ 1,112	\$ 874	\$ 3,940	\$ 3,496
Adjusted EBITDA as a percentage of adjusted net revenues	10.3%	11.8%	10.3%	10.9%

- 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 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.
- c) Adjustment to reflect the elimination of non-cash impairment charges related to goodwill and intangible assets.
- d) 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.
- e) Adjustment to reflect the elimination of severance and related costs resulting from corporate leadership changes.
- 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 costs related to the fair value step-up of acquired inventory.
- 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) Adjusted net revenues derived from non-GAAP reconciliations included elsewhere in this presentation



# Reconciliation of Non-GAAP Financial Measures

## Organic change in net revenues (non-GAAP)

For the Three Months Ended June 30, 2020				
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	(16.4) %	—	0.2 %	(16.6) %
Specialty Services	(15.7) %	—	—	(15.7) %
Industrial Services	(18.4) %	(16.9) %	—	(1.5) %
Consolidated	(16.7) %	(2.5) %	0.1 %	(14.3) %

For the Year Ended December 31, 2020				
	Net revenues change (as reported)	Acquisitions and divestitures, net (d)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	(7.8) %	2.1 %	(0.1) %	(9.8) %
Specialty Services	(6.2) %	—	—	(6.2) %
Industrial Services	(32.7) %	(18.8) %	—	(13.9) %
Consolidated	(12.3) %	(3.3) %	—	(9.0) %

(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 at June 30, 2020.

(b) Represents the effect of foreign currency 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).

(c) Organic net revenue change provides a consistent basis for a year-over-year comparison in net revenues as it excludes the impacts of acquisitions, planned and completed divestitures, and the impact of changes due to foreign currency translation.

(d) Acquisitions exclude net revenues of material acquisitions from their respective dates of acquisition until the first year anniversary from date of acquisition. Divestitures exclude net revenues for all periods for businesses divested as of December 31, 2020.



# Reconciliation of Non-GAAP Financial Measures

## Organic change in net revenues (non-GAAP)

For the Year Ended December 31, 2021				
	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	26.9 %	8.6 %	0.7 %	17.6 %
Specialty Services	18.0 %	—	—	18.0 %
Industrial Services	(50.8) %	(9.5) %	0.4 %	(41.7) %
<b>Consolidated</b>	<b>9.8 %</b>	<b>1.1 %</b>	<b>0.4 %</b>	<b>8.3 %</b>
<b>Consolidated, excluding Industrial Services</b>	<b>21.1 %</b>	<b>4.6 %</b>	<b>0.4 %</b>	<b>16.1 %</b>

(a) 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 December 31, 2021.

(b) 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).

(c) 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

## Adjusted Gross Profit (non-GAAP)

(\$ in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Gross profit (as reported)	\$ 440	\$ 252	\$ 1,251	\$ 665
Adjustments to reconcile gross profit to adjusted gross profit:				
Backlog amortization (a)	15	2	22	5
Inventory step-up (b)	—	—	9	—
Restructuring costs (c)	2	—	4	—
Adjusted gross profit	\$ 457	\$ 254	\$ 1,286	\$ 670
Net revenues	\$ 1,735	\$ 1,047	\$ 4,855	\$ 2,828
Adjusted gross margin	26.3 %	24.3 %	26.5 %	23.7 %

## Adjusted SG&A (non-GAAP)

(\$ in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Selling, general, and administrative expenses ("SG&A") (as reported)	\$ 379	\$ 211	\$ 1,138	\$ 579
Adjustments to reconcile SG&A to adjusted SG&A:				
Amortization of intangible assets (d)	(36)	(30)	(143)	(90)
Contingent consideration and compensation (e)	(3)	1	(8)	5
Business process transformation expenses (f)	(4)	(11)	(14)	(25)
Acquisition expenses (g)	(2)	(13)	(26)	(16)
Recent acquisition transition expenses (h)	(31)	—	(63)	—
Integration and reorganization expenses (i)	(2)	—	(9)	—
Restructuring costs (c)	(5)	—	(14)	—
Divested businesses (j)	—	—	—	(1)
Corporate executive reorganization (k)	—	(6)	—	(6)
Adjusted SG&A expenses	\$ 296	\$ 152	\$ 861	\$ 446
Net revenues	\$ 1,735	\$ 1,047	\$ 4,855	\$ 2,828
Adjusted SG&A as a % of net revenues	17.1 %	14.5 %	17.7 %	15.8 %

(a) Adjustment to reflect the addback of amortization expense related to backlog intangible assets.

(b) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.

(c) Adjustment to reflect the elimination of expenses associated with restructuring programs.

(d) Adjustment to reflect the addback of amortization expense.

(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 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 potential and completed acquisition-related expenses.

(h) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into API Group.

(i) Adjustment to reflect the elimination of expenses related to the integration and reorganization of newly acquired businesses.

(j) Adjustment to reflect the elimination of amounts related to businesses divested and classified as held-for-sale.

(k) Adjustment to reflect the elimination of costs related to non-recurring severance related costs related to corporate leadership changes



# Reconciliation of Non-GAAP Financial Measures

## Adjusted Free Cash Flow (non-GAAP)

(\$ in millions)

	For the Years Ended December 31,		Period from	Adjusted Free
	2020	2019	January 1, 2019	Cash Flow for the
	(Successor)	(Successor)	through	Year Ended
			September 30,	December 31,
			2019	2019
			(Predecessor)	(Combined) (k)
Net cash provided by operating activities (as reported)	\$ 496	\$ 150	\$ 145	
Less: Purchases of property and equipment	(38)	(11)	(53)	
Free cash flow	\$ 458	\$ 139	\$ 92	
Add (deduct): Cash payments (sources) related to following items:				
Businesses divested (a)	(15)	(8)	(9)	
Contingent consideration and compensation (b)	19	—	1	
Business process transformation costs (c)	13	—	—	
Public company registration, listing and compliance (d)	5	17	—	
Acquisition expenses (e)	10	19	5	
COVID-19 relief at Canadian subsidiaries, net (f)	(8)	—	—	
Payroll tax deferral (g)	(39)	—	—	
Expenses related to prior ownership (h)	—	—	18	
Settlement of Predecessor stock options (i)	—	62	—	
Adjusted free cash flow	\$ 443	\$ 229	\$ 107	\$ 336
Adjusted EBITDA (j)	\$ 381			\$ 393
Adjusted free cash flow conversion	116.3%			85.5%

(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 business process transformation costs.

(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) Adjustment reflects the elimination of operating cash for the impact of the Coronavirus Aid, Relief and Economic Security (CARES) Act. During the first quarter of 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed, allowing the Company to defer the payment of the employer's share of Social Security taxes until December 2021 and December 2022.

(h) Adjustment to reflect the elimination of operating cash used for prior ownership costs not expected to continue or recur following the Api Acquisition.

(i) Adjustment to eliminate the cash settlement of equity compensation paid by prior ownership at the closing of the Api Acquisition.

(j) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this press release.

(k) The combined financial information for the year ended December 31, 2019 includes the results of operations of API Group Corporation (Successor) for the period from January 1, 2019 through December 31, 2019 and the results of operations of API Group, Inc. (Predecessor) for the period from January 1, 2019 through September 30, 2019.



# Reconciliation of Non-GAAP Financial Measures

## Adjusted Free Cash Flow (non-GAAP)

(\$ in millions)

	For the Year Ended December 31,	
	2021	2020
Net cash provided by operating activities (as reported)	\$ 182	\$ 496
Less: Purchases of property and equipment	(55)	(38)
Free cash flow	\$ 127	\$ 458
Add (deduct): Cash payments (sources) related to following items:		
Divested businesses	(a) -	(15)
Contingent compensation	(b) 20	19
Business process transformation costs	(c) 35	13
Public company registration, listing and compliance	(d) -	5
Acquisition expenses	(e) 24	10
COVID-19 relief at Canadian subsidiaries, net	(f) (2)	(8)
Payroll tax deferral	(g) 19	(39)
Adjusted free cash flow	\$ 223	\$ 443
Adjusted EBITDA	(h) \$ 407	\$ 381
Adjusted free cash flow conversion	54.8 %	116.3 %

(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) Adjustment reflects the elimination of operating cash for the impact of the Coronavirus Aid, Relief and Economic Security (CARES) Act. During the first quarter of 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed, allowing the Company to defer the payment of the employer's share of Social Security taxes until December 2021 and December 2022. In December 2021, payments were made on a portion of the amount deferred in 2020.

(h) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this press release.