



# Q4 2022 Earnings Call

February 28, 2023

# Forward Looking Statements and Disclaimers

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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 inflationary pressures and other macroeconomic factors 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) supply chain constraints and interruptions, and the resulting increases in the cost, or reductions in the supply, of the materials and commodities the Company uses in its business and for which the Company bears the risk of such increases; (iii) failure to realize the anticipated benefits of the acquisition of the Chubb fire and security business; (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 impact of the conflict between Russia and Ukraine; (vii) the trading price of the Company's common stock, which may be positively or negatively impacted by market and economic conditions, the availability of the Company's common stock, the Company's financial performance or determinations following the date of this presentation to use the Company's funds for other purposes; and (viii) other risks and uncertainties, including those discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 under the heading "Risk Factors." Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements. Additional information concerning these risks, uncertainties and other factors that could cause actual results to vary is, or will be, included in the periodic and other reports filed by the Company with the Securities and Exchange Commission. Forward-looking statements included in this presentation speak only as of the date hereof 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 circumstances after the date of this presentation.

# 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.

# Non-GAAP Financial Measures (cont'd)

- 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.
- The Company calculates its leverage ratio in accordance with its debt agreements which include different adjustments to EBITDA from those included in the adjusted EBITDA numbers reported externally.

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.

# Fourth Quarter and Full Year 2022 Performance Highlights

-  Record net revenues of **\$6.6** billion for the full year
-  Net revenues increased on an organic basis by approximately **6%** and **12%** in the fourth quarter and full year, respectively
-  Adjusted gross margin expansion of **319** and **288** basis points in the fourth quarter and full year, respectively
-  Record adjusted EBITDA of **\$673** million for the full year, representing a **10.3%** margin
-  Record adjusted diluted earnings per share of **\$1.33**, representing a **29.1%** increase, or **\$0.30** for the full year
-  Adjusted free cash flow of **\$412** million, representing a **84.8%** increase compared to the prior year period

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

# 2022 Financial Results Overview

THREE MONTHS ENDED DECEMBER 31, 2022			
NET REVENUES	ADJUSTED GROSS MARGIN	ADJUSTED EBITDA	ADJUSTED DILUTED EPS
<p><b>5.8%</b> Increase in net revenues on an organic basis compared to prior year period, driven by continued growth in inspection, service, and monitoring revenue in Safety Services</p> <p><b>53.1%</b> Increase in reported net revenues compared to prior year period, driven by revenue from acquisitions in Safety Services and strong organic growth in Safety Services and Specialty Services</p>	<p><b>27.8%</b> Representing a <b>319</b> basis point increase compared to prior year period adjusted gross margin of 24.6% driven by acquisitions in Safety Services, an improved mix of inspection, service and monitoring revenue and improved productivity in Specialty Services</p>	<p><b>\$183 million</b> Representing a 10.7% margin, representing a <b>40</b> basis point increase compared to prior year period driven by an improved mix of inspection, service and monitoring revenue and leverage on higher volumes</p>	<p><b>\$0.36 / share</b> <b>\$0.07</b> increase from prior year period driven by accretion from acquisitions in Safety Services and strong organic growth in Safety Services</p>

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

# 2022 Financial Results Overview (cont'd)

FULL YEAR ENDED DECEMBER 31, 2022			
NET REVENUES	ADJUSTED GROSS MARGIN	ADJUSTED EBITDA	ADJUSTED DILUTED EPS
<p><b>12.2%</b></p> <p>Increase in net revenues on an organic basis compared to prior year period, driven by continued growth in inspection, service and monitoring revenue in Safety Services as well as general market recovery in Safety and Specialty Services compared to the prior year period which was negatively impacted by the COVID-19 pandemic</p> <p><b>66.4%</b></p> <p>Increase in reported net revenues compared to prior year period, driven by revenue from acquisitions in Safety Services and strong organic growth in Safety and Specialty Services</p>	<p><b>26.8%</b></p> <p>Representing a <b>288</b> basis point increase compared to prior year period adjusted gross margin of 24.0% driven by acquisitions in Safety Services, an improved mix of inspection, service, and monitoring revenue, and improved productivity in Specialty Services</p>	<p><b>\$673 million</b></p> <p>Representing a 10.3% margin, compared to prior year period adjusted EBITDA margin of 10.3% driven by an improved mix of inspection, service and monitoring revenue and leverage on higher volumes, offset by supply chain disruptions, inflation and mix from completed acquisitions causing downward pressure on margins</p>	<p><b>\$1.33 / share</b></p> <p>\$0.30 increase from prior year period driven by accretion from acquisitions in Safety Services and strong organic growth in Safety Services and Specialty Services</p>

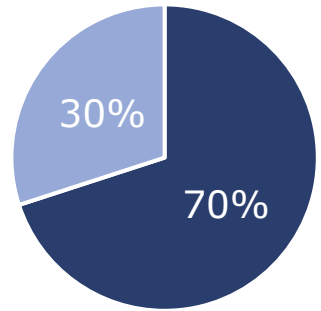
Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.

# 2022 Financial Results Overview (cont'd)

## THREE MONTHS ENDED DECEMBER 31, 2022

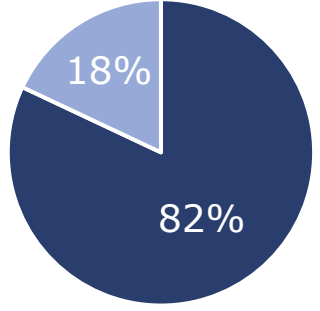
**NET REVENUES**

**Total: \$1.7 billion<sup>(1)</sup>**



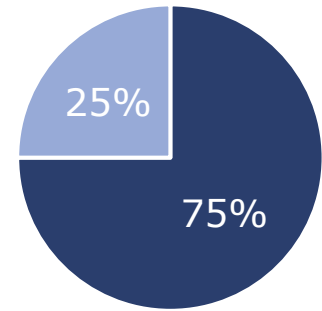
**ADJUSTED GROSS PROFIT**

**Total: \$474 million**



**ADJUSTED EBITDA**

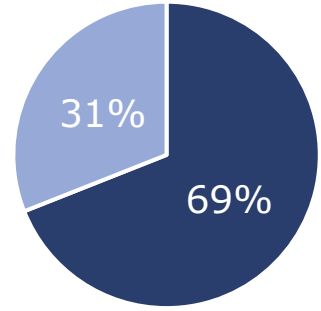
**Total: \$211 million<sup>(1)</sup>**



## FULL YEAR ENDED DECEMBER 31, 2022

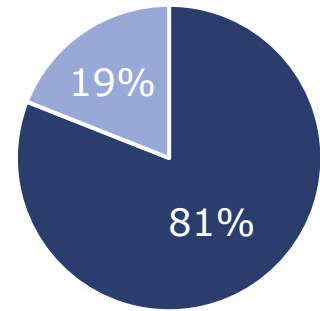
**NET REVENUES**

**Total: \$6.6 billion<sup>(1)</sup>**



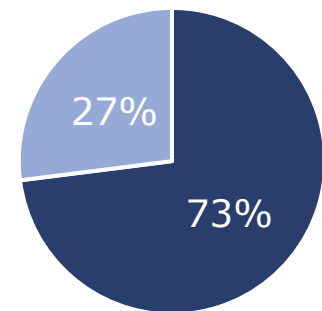
**ADJUSTED GROSS PROFIT**

**Total: \$1.8 billion**



**ADJUSTED EBITDA**

**Total: \$769 million<sup>(1)</sup>**

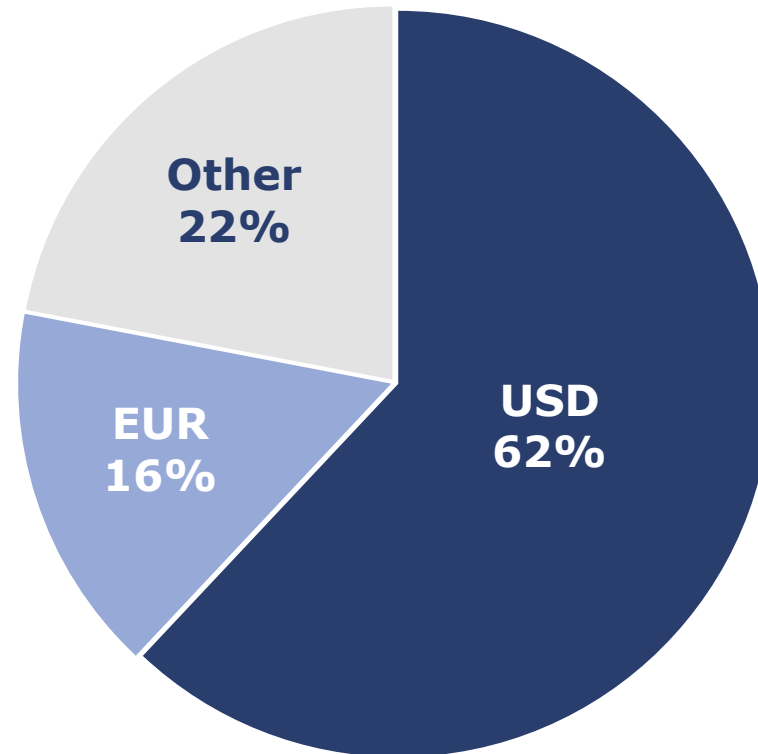


● Safety Services    ● Specialty Services

Note: Refer to Appendix for a reconciliation of non-GAAP measures to most directly comparable GAAP measures.  
 (1) Excludes Corporate and Eliminations.

# Revenue by Local Currency

FULL YEAR ENDED DECEMBER 31, 2022



Note: Excludes Corporate and Eliminations.

# Key Financial and Operating Metrics

THREE MONTHS ENDED DECEMBER 31,

FULL YEAR ENDED DECEMBER 31,

(\$ in millions, except per share figures)

	2022	2021	YoY Change	2022	2021	YoY Change
<b>Net Revenues</b>	<b>\$1,703</b>	<b>\$1,112</b>	<b>+53.1%</b>	<b>\$6,558</b>	<b>\$3,940</b>	<b>+66.4%</b>
<i>Net Revenues on an Organic Basis</i>			+5.8%			+12.2%
<b>Adjusted Gross Profit</b>	<b>\$474</b>	<b>\$274</b>	<b>+73.0%</b>	<b>\$1,760</b>	<b>\$944</b>	<b>+86.4%</b>
<i>Adjusted Gross Margin</i>	27.8%	24.6%	+319 bp	26.8%	24.0%	+288 bp
<b>Adjusted EBITDA</b>	<b>\$183</b>	<b>\$115</b>	<b>+59.1%</b>	<b>\$673</b>	<b>\$407</b>	<b>+65.4%</b>
<i>Adjusted EBITDA Margin</i>	10.7%	10.3%	+40 bp	10.3%	10.3%	(7 bp)
<b>Adjusted Net Income</b>	<b>\$98</b>	<b>\$66</b>	<b>+48.5%</b>	<b>\$358</b>	<b>\$218</b>	<b>+64.2%</b>
<b>Adjusted Diluted EPS</b>	<b>\$0.36</b>	<b>\$0.29</b>	<b>\$0.07</b>	<b>\$1.33</b>	<b>\$1.03</b>	<b>\$0.30</b>
<b>Operating Cash Flow</b>	<b>\$188</b>	<b>\$114</b>	<b>+64.9%</b>	<b>\$270</b>	<b>\$182</b>	<b>+48.4%</b>
<b>Adjusted Free Cash Flow</b>	<b>\$230</b>	<b>\$139</b>	<b>+65.5%</b>	<b>\$412</b>	<b>\$223</b>	<b>+84.8%</b>
<i>Adjusted Free Cash Flow Conversion</i>	125.7%	120.9%	+481 bp	61.2%	54.8%	+643 bp

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

# 2022 Results – as Reported (Including FX Impacts)

(\$ in millions)	Organic Revenue %	Net Revenues Range	Adjusted EBITDA Range
<b>February 2022 Initial Guide</b>	<b>6% to 7%</b>	<b>\$6,300 to \$6,500</b>	<b>\$650 to \$700</b>
<b>Q1 2022 Release</b>	<b>8% to 9%</b>	<b>\$6,450 to \$6,600</b> <i>\$6,505 to \$6,655 at constant currency (~\$55) FX*</i>	<b>\$650 to \$700</b> <i>\$655 to \$705 at constant currency (~\$5) FX*</i>
<b>Q2 2022 Release</b>	<b>8% to 9%</b>	<b>\$6,400 to \$6,500</b> <i>\$6,545 to \$6,645 at constant currency (~\$145) FX*</i>	<b>\$655 to \$675</b> <i>\$670 to \$690 at constant currency (~\$15) FX*</i>
<b>Q3 2022 Release</b>	<b>10%+</b>	<b>\$6,450 to \$6,500</b> <i>\$6,650 to \$6,700 at constant currency (~\$200) FX*</i>	<b>\$660 to \$675</b> <i>\$680 to \$695 at constant currency (~\$20) FX*</i>
<b>Q4 2022 Release</b>	<b>12%</b>	<b>\$6,558</b> <i>\$6,738 at constant currency (~\$180) FX*</i>	<b>\$673</b> <i>\$689 at constant currency (~\$16) FX*</i>

\* Reflects the negative impact of foreign currency translation on net revenues and adjusted EBITDA due to the strengthening of the U.S. dollar since the February 2022 initial guide.

# 2023 Guidance

**NET REVENUES**

**\$6,800 – \$6,950 million**

**ADJUSTED EBITDA**

**\$735 – \$775 million**

# 2023 Guidance (cont'd)

- 

Excited to continue our efforts to build a global and coordinated inspection sales force to drive our go-to-market strategy of selling inspection work first which we believe will lead to further service revenue growth and ultimately drive margin expansion
- 

2023 net revenues are expected to be between **\$6,800 to \$6,950 million**, representing growth in net revenues on an organic basis in line with historical performance
- 

2023 adjusted EBITDA are expected to be between **\$735 to \$775 million** as margins are expected to expand again this year
- 

Backlog remains strong and statutorily-driven demand for our services and the diversity of the end markets we serve provide predictable, recurring revenue opportunities and help to build a protective moat around the business

# 2023 Guidance (cont'd)

	Q1 2023	FY 2023
<b>Net Revenues</b>	<b>\$1,540 to \$1,560 million</b>	<b>\$6,800 to \$6,950 million</b>
<i>Net Revenues versus Last Year</i>	<b>4% - 6%</b>	<b>4% - 6%</b>
<i>Net Revenues Organic Growth at Constant Currencies</i>	<b>6% - 8%</b>	<b>4% - 6%</b>
<b>Adjusted EBITDA</b>	<b>\$135 to \$145 million</b>	<b>\$735 to \$775 million</b>
<i>Adjusted EBITDA versus Last Year</i>	<b>5% - 13%</b>	<b>9% - 15%</b>
<i>Adjusted EBITDA Organic Growth at Constant Currencies</i>	<b>8% - 16%</b>	<b>9% - 15%</b>
<b>Adjusted Free Cash Flow Conversion</b>	<b>Flat</b>	<b>At or Above 65%</b>

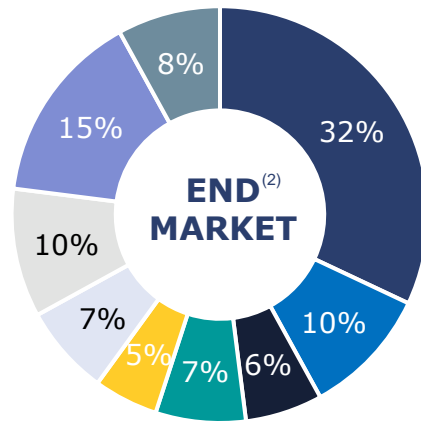
# Capitalization

- ✓ As of the end of the fourth quarter, our net debt to adjusted EBITDA ratio was approximately **3.1x** calculated pursuant to terms of existing debt agreements
- ✓ Recently repaid **\$200 million** of Term Loan debt as announced on January 12, 2023
- ✓ Remain laser focused on cash generation and deleveraging at approximately one turn annually
- ✓ Target net leverage ratio of **2.0 to 2.5x**, which we expect to achieve near year-end 2023
- ✓ Weighted average debt maturity of **over 5 years** as of December 31, 2022 with the earliest maturity in 2026

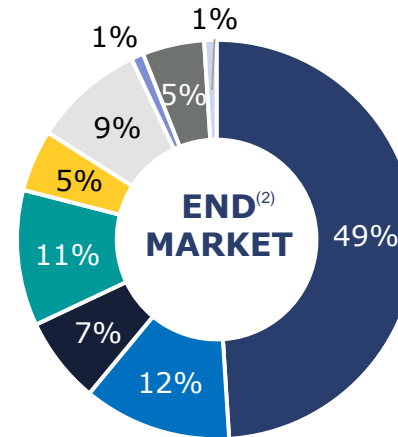
# Appendix

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

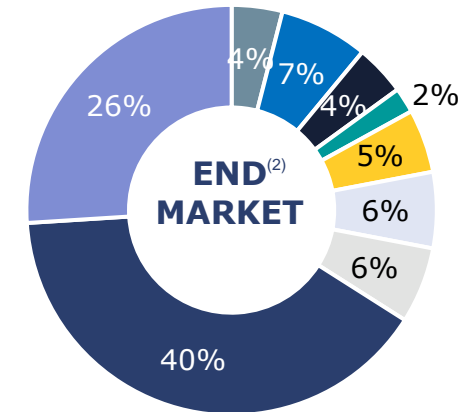
## Consolidated



## Safety Services



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



End Market	Revenue
Commercial / Education / Entertainment	32%
Industrial / Manufacturing	10%
Fulfillment and Distribution Centers	6%
Other	7%
High Tech	5%
Healthcare	7%
Government / Infrastructure	10%
Telecom / Utilities	15%
Integrity / Transmission	8%

End Market	Revenue
Commercial / Education / Entertainment	49%
Industrial / Manufacturing	12%
Fulfillment and Distribution Centers	7%
Other	11%
High Tech	5%
Healthcare	9%
Government / Infrastructure	1%
Telecom / Utilities	5%
Integrity / Transmission	1%

End Market	Revenue
Commercial / Education / Entertainment	4%
Industrial / Manufacturing	7%
Fulfillment and Distribution Centers	4%
Other	2%
High Tech	5%
Healthcare	6%
Government / Infrastructure	6%
Telecom / Utilities	40%
Integrity / Transmission	26%

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

# Reconciliation of Non-GAAP Financial Measures

## Organic Change in Net Revenues (non-GAAP)

\$ IN MILLIONS

### For the Three Months Ended December 31, 2022

	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	111.1%	94.8%	(1.8)%	18.1%
Specialty Services	(8.9)%	—	(0.4)%	(8.5)%
<b>Consolidated</b>	<b>53.1%</b>	<b>48.4%</b>	<b>(1.1)%</b>	<b>5.8%</b>

### For the Year Ended December 31, 2022

	Net revenues change (as reported)	Acquisitions and divestitures, net (a)	Foreign currency translation (b)	Organic change in net revenues (c)
Safety Services	120.0%	104.3%	(1.4)%	17.1%
Specialty Services	6.4%	—	(0.2)%	6.7%
<b>Consolidated</b>	<b>66.4%</b>	<b>55.0%</b>	<b>(0.8)%</b>	<b>12.2%</b>

- a) Adjustment 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, 2022.
- b) Represents the effect of foreign currency on reported net revenues excluding material acquisitions, 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.
- 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 (cont'd)

## Adjusted Gross Profit (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
Gross profit (as reported)	\$ 463	\$ 274	\$ 1,714	\$ 939
Adjustments to reconcile gross profit to adjusted gross profit:				
Backlog amortization (a)	8	—	30	5
Inventory step-up (b)	—	—	9	—
Restructuring costs (c)	3	—	7	—
Adjusted gross profit	\$ 474	\$ 274	\$ 1,760	\$ 944
Net revenues	\$ 1,703	\$ 1,112	\$ 6,558	\$ 3,940
Adjusted gross margin	27.8%	24.6%	26.8%	24.0%

## Adjusted SG&A (non-GAAP)

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
Selling, general, and administrative expenses ("SG&A") (as reported)	\$ 414	\$ 224	\$ 1,552	\$ 803
Adjustments to reconcile SG&A to adjusted SG&A:				
Amortization of intangible assets (d)	(54)	(32)	(197)	(122)
Contingent consideration and compensation (e)	(1)	2	(9)	7
Business process transformation expenses (f)	(8)	(10)	(22)	(35)
Acquisition expenses (g)	—	(8)	(26)	(24)
Recent acquisition transition expenses (h)	(32)	—	(95)	—
Integration and reorganization expenses (i)	—	—	(9)	—
Restructuring costs (c)	(9)	—	(23)	—
Divested businesses (j)	—	—	—	(1)
COVID-19 relief at international subsidiaries, net (k)	2	—	2	—
Corporate executive reorganization (l)	—	—	—	(6)
Adjusted SG&A expenses	\$ 312	\$ 176	\$ 1,173	\$ 622
Net revenues	\$ 1,703	\$ 1,112	\$ 6,558	\$ 3,940
Adjusted SG&A as a % of net revenues	18.3%	15.8%	17.9%	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 income in international subsidiaries related to COVID-19 relief, net of severance costs.
- l) Adjustment to reflect the elimination of costs related to non-recurring severance related costs resulting from corporate leadership changes.

# Reconciliation of Non-GAAP Financial Measures (cont'd)

## Adjusted EBITDA (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
Net income (as reported)	\$ 22	\$ 15	\$ 73	\$ 47
Adjustments to reconcile net income to EBITDA:				
Interest expense, net	37	17	125	60
Income tax provision	4	18	20	32
Depreciation and amortization	79	48	304	202
EBITDA	\$ 142	\$ 98	\$ 522	\$ 341
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Contingent consideration and compensation (a)	1	(2)	9	(7)
Non-service pension benefit (b)	(10)	—	(42)	—
Inventory step-up (c)	—	—	9	—
Business process transformation expenses (d)	8	10	22	35
Acquisition expenses (e)	—	9	26	26
Recent acquisition transition expenses (f)	32	—	95	—
Integration and reorganization expenses (g)	—	—	9	—
Restructuring costs (h)	12	—	30	—
(Gain) loss on extinguishment of debt, net (i)	—	—	(5)	9
Divested businesses (j)	—	—	—	(1)
COVID-19 relief at international subsidiaries, net (k)	(2)	—	(2)	(2)
Corporate executive reorganization (l)	—	—	—	6
Adjusted EBITDA	\$ 183	\$ 115	\$ 673	\$ 407
Net revenues	\$ 1,703	\$ 1,112	\$ 6,558	\$ 3,940
Adjusted EBITDA as a % of net revenues	10.7%	10.3%	10.3%	10.3%

- 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-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
- c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- 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 potential and completed acquisition-related expenses.
- f) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into API Group.
- g) Adjustment to reflect the elimination of expenses related to the integration and reorganization of newly acquired businesses.
- h) Adjustment to reflect the elimination of expenses associated with restructuring programs.
- i) Adjustment to reflect the elimination of (gain)/loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
- j) 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.
- k) Adjustment to reflect the elimination of miscellaneous income in international subsidiaries related to COVID-19 relief, net of severance costs.
- l) Adjustment to reflect the elimination of costs related to non-recurring severance related costs resulting from corporate leadership changes.

# 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 December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
Income before income tax provision (as reported)	\$ 26	\$ 33	\$ 93	\$ 79
Adjustments to reconcile income before income tax provision to adjusted income before income tax provision:				
Amortization of intangible assets (a)	62	32	227	127
Contingent consideration and compensation (b)	1	(2)	9	(7)
Non-service pension benefit (c)	(10)	—	(42)	—
Inventory step-up (d)	—	—	9	—
Business process transformation expenses (e)	8	10	22	35
Acquisition expenses (f)	—	13	26	30
Recent acquisition transition expenses (g)	32	—	95	—
Integration and reorganization expenses (h)	—	—	9	—
Restructuring costs (i)	12	—	30	—
(Gain) loss on extinguishment of debt, net (j)	—	—	(5)	9
Divested businesses (k)	—	—	—	(1)
COVID-19 relief at international subsidiaries, net (l)	(2)	—	(2)	(2)
Corporate executive reorganization (m)	—	—	—	6
Adjusted income before income tax provision	\$ 129	\$ 86	\$ 471	\$ 276
Income tax provision (as reported)	\$ 4	\$ 18	\$ 20	\$ 32
Adjustments to reconcile income tax provision to adjusted income tax provision:				
Income tax provision adjustment (n)	27	2	93	26
Adjusted income tax provision	\$ 31	\$ 20	\$ 113	\$ 58
Adjusted income before income tax provision	129	86	471	276
Adjusted income tax provision	31	20	113	58
Adjusted net income	\$ 98	\$ 66	\$ 358	\$ 218
Diluted weighted average shares outstanding (as reported)	267	225	266	206
Adjustments to reconcile diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding:				
Dilutive impact of shares from GAAP net loss (o)	—	—	—	1
Dilutive impact of Series A Preferred Stock (p)	4	4	4	4
Adjusted diluted weighted average shares outstanding	271	229	270	211
Adjusted diluted EPS	\$ 0.36	\$ 0.29	\$ 1.33	\$ 1.03

- a) Adjustment to reflect the addback of pre-tax amortization expense related to intangible assets.
- 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-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
- d) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- 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 potential and completed acquisition-related expenses.
- g) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into API Group.
- h) Adjustment to reflect the elimination of integration and reorganization expenses associated with acquisitions.
- i) Adjustment to reflect the elimination of expenses associated with restructuring programs.
- j) Adjustment to reflect the elimination of (gain)/loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
- k) 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.
- l) Adjustment to reflect the elimination of miscellaneous income at international subsidiaries related to COVID-19 relief, net of severance costs.
- m) Adjustment to reflect the elimination of costs related to non-recurring severance related costs resulting from corporate leadership changes.
- n) Adjustment to reflect an adjusted effective cash tax rate of 24% for the three months and year ended December 31, 2022 and 21% for the year ended December 31, 2021 applied to resulting adjusted pre-tax income inclusive of the adjustments shown above. The adjustment for the three months ended December 31, 2021 is the amount required to adjust the year period to 21%.
- o) Adjustment to add the dilutive impact of options, RSUs, and warrants which were anti-dilutive and excluded from the diluted weighted average shares outstanding (as reported).
- p) Adjustment for the three months and year ended December 31, 2022 and 2021 reflects addition of the dilutive impact of 4 million shares associated with the deemed conversion of Series A Preferred Stock.

# Reconciliation of Non-GAAP Financial Measures (cont'd)

## Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2022 (a)	2021 (a)	2022 (a)	2021 (a)
<b>Safety Services</b>				
Net revenues	\$ 1,201	\$ 569	\$ 4,575	\$ 2,080
Adjusted gross profit	389	176	1,432	655
Adjusted EBITDA	158	77	559	291
<i>Adjusted gross margin</i>	32.4%	30.8%	31.3%	31.5%
<i>Adjusted EBITDA as a % of net revenues</i>	13.2%	13.5%	12.2%	14.0%
<b>Specialty Services</b>				
Net revenues	\$ 510	\$ 560	\$ 2,030	\$ 1,907
Adjusted gross profit	85	98	328	289
Adjusted EBITDA	53	66	210	195
<i>Adjusted gross margin</i>	16.7%	17.5%	16.2%	15.2%
<i>Adjusted EBITDA as a % of net revenues</i>	10.4%	11.8%	10.3%	10.2%
<i>Total net revenues before corporate and eliminations</i>	(b)\$ 1,711	\$ 1,129	\$ 6,605	\$ 3,987
<i>Total adjusted EBITDA before corporate and eliminations</i>	(b) 211	143	769	486
<i>Adjusted EBITDA as a % of net revenues before corporate and eliminations</i>	(b) 12.3%	12.7%	11.6%	12.2%
<b>Corporate and Eliminations</b>				
Net revenues	\$ (8)	\$ (17)	\$ (47)	\$ (47)
Adjusted EBITDA	(28)	(28)	(96)	(79)
<b>Total Consolidated</b>				
Net revenues	\$ 1,703	\$ 1,112	\$ 6,558	\$ 3,940
Adjusted gross profit	474	274	1,760	944
Adjusted EBITDA	183	115	673	407
<i>Adjusted gross margin</i>	27.8%	24.6%	26.8%	24.0%
<i>Adjusted EBITDA as a % of net revenues</i>	10.7%	10.3%	10.3%	10.3%

- 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 December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
<b>Safety Services</b>				
Safety Services EBITDA	\$ 132	\$ 74	\$ 492	\$ 287
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Contingent consideration and compensation	(a) 1	—	5	2
Non-service pension benefit	(b) (10)	—	(42)	—
Inventory step-up	(c) —	—	9	—
Business process transformation expenses	(d) 1	2	3	3
Recent acquisition transition expenses	(e) 24	—	57	—
Integration and reorganization expenses	(f) —	—	7	—
Restructuring costs	(g) 12	—	30	—
COVID-19 relief at international subsidiaries, net	(h) (2)	—	(2)	(2)
Acquisition expenses	(i) —	1	—	1
Safety Services adjusted EBITDA	\$ 158	\$ 77	\$ 559	\$ 291
<b>Specialty Services</b>				
Specialty Services EBITDA	\$ 53	\$ 68	\$ 206	\$ 205
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Contingent consideration and compensation	(a) —	(2)	4	(9)
Divested businesses	(j) —	—	—	(1)
Specialty Services adjusted EBITDA	\$ 53	\$ 66	\$ 210	\$ 195
<b>Corporate and Eliminations</b>				
Corporate and Eliminations EBITDA	\$ (43)	\$ (44)	\$ (176)	\$ (151)
Adjustments to reconcile EBITDA to adjusted EBITDA:				
Business process transformation expenses	(d) 7	8	19	32
Acquisition expenses	(i) —	8	26	25
Recent acquisition transition expenses	(e) 8	—	38	—
Integration and reorganization expenses	(f) —	—	2	—
(Gain) loss on extinguishment of debt, net	(k) —	—	(5)	9
Corporate executive reorganization	(l) —	—	—	6
Corporate and Eliminations adjusted EBITDA	\$ (28)	\$ (28)	\$ (96)	\$ (79)

- 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-service pension benefit, which consists of interest cost, expected return on plan assets and amortization of actuarial gains/losses of the pension programs assumed as part of the Chubb acquisition.
- c) Adjustment to reflect the elimination of costs related to the fair value step-up of acquired inventory.
- 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 expenses associated with the transition of newly acquired businesses from prior ownership into APi Group.
- f) Adjustment to reflect the elimination of integration and reorganization expenses associated with acquisitions.
- g) Adjustment to reflect the elimination of expenses associated with restructuring programs.
- h) Adjustment to reflect the elimination of miscellaneous income in international subsidiaries related to COVID-19 relief, net of severance costs.
- i) 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.
- j) Adjustment to reflect the elimination of potential and completed acquisition-related expenses.
- k) Adjustment to reflect the elimination of (gain) loss on extinguishment of debt resulting from early repayments and repurchases of long-term debt.
- l) Adjustment to reflect the elimination of costs related to non-recurring severance related costs resulting from corporate leadership changes

# Reconciliation of Non-GAAP Financial Measures (cont'd)

## Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the Three Months Ended December 31, 2022			For the Three Months Ended December 31, 2021		
	As Reported	Adjustments	As Adjusted	As Reported	Adjustments	As Adjusted
<b>Safety Services</b>						
Net revenues	\$ 1,201	\$ —	\$ 1,201	\$ 569	\$ —	\$ 569
Cost of revenues	823	(8) (a)	812	393	—	393
		(3) (b)				
Gross profit	\$ 378	\$ 11	\$ 389	\$ 176	\$ —	\$ 176
Gross margin	31.5%		32.4%	30.0%		30.9%
<b>Specialty Services</b>						
Net revenues	\$ 510	\$ —	\$ 510	\$ 560	\$ —	\$ 560
Cost of revenues	425	—	425	462	—	462
Gross profit	\$ 85	\$ —	\$ 85	\$ 98	\$ —	\$ 98
Gross margin	16.7%		16.7%	17.5%		17.5%
<b>Corporate and Eliminations</b>						
Net revenues	\$ (8)	\$ —	\$ (8)	\$ (17)	\$ —	\$ (17)
Cost of revenues	(8)	—	(8)	(17)	—	(17)
<b>Total Consolidated</b>						
Net revenues	\$ 1,703	\$ —	\$ 1,703	\$ 1,112	\$ —	\$ 1,112
Cost of revenues	1,240	(8) (a)	1,229	838	—	838
		(3) (b)				
Gross profit	\$ 463	\$ 11	\$ 474	\$ 274	\$ —	\$ 274
Gross margin	27.2%		27.8%	24.6%		24.6%

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

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

# Reconciliation of Non-GAAP Financial Measures (cont'd)

## Adjusted Segment Financial Information (non-GAAP)

\$ IN MILLIONS

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>	<i>As Reported</i>	<i>Adjustments</i>	<i>As Adjusted</i>
<b>Safety Services</b>						
Net revenues	\$ 4,575	\$ —	\$ 4,575	\$ 2,080	\$ —	\$ 2,080
Cost of revenues	3,186	(27) (a) (9) (b) (7) (c)	3,143	1,426	(1) (a)	1,425
Gross profit	\$ 1,389	\$ 43	\$ 1,432	\$ 654	\$ 1	\$ 655
Gross margin	30.4%		31.3%	31.4%		31.5%
<b>Specialty Services</b>						
Net revenues	\$ 2,030	\$ —	\$ 2,030	\$ 1,907	\$ —	\$ 1,907
Cost of revenues	1,705	(3) (a)	1,702	1,622	(4) (a)	1,618
Gross profit	\$ 325	\$ 3	\$ 328	\$ 285	\$ 4	\$ 289
Gross margin	16.0%		16.2%	14.9%		15.2%
<b>Corporate and Eliminations</b>						
Net revenues	\$ (47)	\$ —	\$ (47)	\$ (47)	\$ —	\$ (47)
Cost of revenues	(47)	—	(47)	(47)	—	(47)
<b>Total Consolidated</b>						
Net revenues	\$ 6,558	\$ —	\$ 6,558	\$ 3,940	\$ —	\$ 3,940
Cost of revenues	4,844	(30) (a) (9) (b) (7) (c)	4,798	3,001	(5) (a)	2,996
Gross profit	\$ 1,714	\$ 46	\$ 1,760	\$ 939	\$ 5	\$ 944
Gross margin	26.1%		26.8%	23.8%		24.0%

- 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.

# Reconciliation of Non-GAAP Financial Measures (cont'd)

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

\$ IN MILLIONS

	For the Three Months Ended December 31,		For the Year Ended December 31,	
	2022	2021	2022	2021
Net cash provided by operating activities	(a)\$ 188	\$ 114	\$ 270	\$ 182
Less: Purchases of property and equipment	(a) (19)	(12)	(79)	(55)
Free cash flow	\$ 169	\$ 102	\$ 191	\$ 127
Add (deduct): Cash payments (sources) related to following items:				
Contingent compensation	(b)\$ —	\$ 1	\$ 3	\$ 20
Pension contributions	(c) —	—	27	—
Business process transformation expenses	(d) 8	10	22	35
Acquisition costs	(e) 1	7	35	24
Recent acquisition transition expenses	(f) 31	—	95	—
Integration and reorganization expenses	(g) 2	—	14	—
Restructuring payments	(h) 2	—	8	—
COVID-19 relief at international subsidiaries, net	(i) (2)	—	(2)	(2)
Payroll tax deferral	(j) 11	19	11	19
Payments on acquired liabilities	(k) 8	—	8	—
Adjusted free cash flow	\$ 230	\$ 139	\$ 412	\$ 223
<i>Adjusted EBITDA</i>	(l)\$ 183	\$ 115	\$ 673	\$ 407
<i>Adjusted free cash flow conversion</i>	125.7%	120.9%	61.2%	54.8%

- a) Operating cash flows and purchases of property and equipment for the year ended December 31, 2022 and 2021 are as reported. Amounts for the three months ended December 31, 2021 and 2022 are calculated as the year ended less the amounts reported for the nine months ended September 30, 2022 and 2021, respectively.
- 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 initial pension contribution payment related to the Chubb acquisition not expected to continue or recur.
- d) 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.
- e) Adjustment to reflect the elimination of potential and completed acquisition-related costs.
- f) Adjustment to reflect the elimination of expenses associated with the transition of newly acquired businesses from prior ownership into API Group.
- g) Adjustment to reflect the elimination of integration and reorganization expenses associated with newly acquired businesses.
- h) Adjustment to reflect payments made for restructuring programs.
- i) Adjustment to reflect the elimination of cash received in international subsidiaries for COVID-19 relief, net of severance costs paid, not expected to continue or recur.
- j) 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 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 and 2022, payments were made on a portion of the amount deferred in 2020.
- k) Adjustment to reflect the elimination of the impact of payments made on acquired liabilities, which are not expected to continue or recur.
- l) Adjusted EBITDA derived from non-GAAP reconciliations included elsewhere in this press release.

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# Q4 2022 Earnings Call