

ABM INDUSTRIES INC /DE/  
Form 10-Q  
September 09, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2011

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to

Commission file number: 1-8929

**ABM INDUSTRIES INCORPORATED**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**94-1369354**  
(I.R.S. Employer  
Identification No.)

**551 Fifth Avenue, Suite 300, New York, New York**  
(Address of principal executive offices)

**10176**  
(Zip Code)

**212/297-0200**  
(Registrant's telephone number, including area code)

**None**  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at August 26, 2011
Common Stock, \$0.01 par value per share	53,248,686 shares

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**ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES**

**FORM 10-Q**

**For the quarterly period ended July 31, 2011**

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share amounts)	September 30, July 31, 2011 (Unaudited)	September 30, October 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 39,614	\$ 39,446
Trade accounts receivable, net of allowances of \$16,807 and \$10,672 at July 31, 2011 and October 31, 2010, respectively	565,267	450,513
Prepaid income taxes	4,187	1,498
Current assets of discontinued operations	2,954	4,260
Prepaid expenses	46,615	41,306
Notes receivable and other	56,923	20,402
Deferred income taxes, net	40,256	46,193
Insurance recoverables	9,240	5,138
<b>Total current assets</b>	<b>765,056</b>	<b>608,756</b>
Non-current assets of discontinued operations	322	1,392
Insurance deposits	35,860	36,164
Other investments and long-term receivables	3,273	4,445
Deferred income taxes, net	42,479	51,068
Insurance recoverables	61,557	70,960
Other assets	43,223	37,869
Investments in auction rate securities	15,148	20,171
Investment in unconsolidated affiliates, net	15,911	
Property, plant and equipment, net of accumulated depreciation of \$111,790 and \$98,884 at July 31, 2011 and October 31, 2010, respectively	62,055	58,088
Other intangible assets, net of accumulated amortization of \$72,543 and \$54,889 at July 31, 2011 and October 31, 2010, respectively	135,119	65,774
Goodwill	746,832	593,983
<b>Total assets</b>	<b>\$ 1,926,835</b>	<b>\$ 1,548,670</b>

See accompanying notes to the condensed consolidated financial statements.

**Table of Contents****ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Continued)

(in thousands, except share amounts)	September 30, July 31, 2011 (Unaudited)	September 30, October 31, 2010
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities		
Trade accounts payable	\$ 129,076	\$ 78,928
Accrued liabilities		
Compensation	98,499	89,063
Taxes - other than income	20,141	17,663
Insurance claims	79,316	77,101
Other	114,549	70,119
Income taxes payable	728	977
Total current liabilities	442,309	333,851
Income taxes payable	33,791	29,455
Line of credit	365,000	140,500
Retirement plans and other	39,134	34,626
Insurance claims	262,463	271,213
Total liabilities	1,142,697	809,645
Stockholders equity		
Commitments and contingencies		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued		
Common stock, \$0.01 par value; 100,000,000 shares authorized; 53,235,408 and 52,635,343 shares issued at July 31, 2011 and October 31, 2010, respectively	532	526
Additional paid-in capital	208,600	192,418
Accumulated other comprehensive loss, net of taxes	(1,133)	(1,863)
Retained earnings	576,139	547,944
Total stockholders equity	784,138	739,025
Total liabilities and stockholders equity	\$ 1,926,835	\$ 1,548,670

See accompanying notes to the condensed consolidated financial statements.

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**ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(in thousands, except per share data)	September 30, Three Months Ended July 31, 2011	September 30, Three Months Ended July 31, 2010 (Unaudited)	September 30, Nine Months Ended July 31, 2011	September 30, Nine Months Ended July 31, 2010
<b>Revenues</b>	\$ 1,076,247	\$ 869,029	\$ 3,165,499	\$ 2,594,374
<b>Expenses</b>				
Operating	952,844	776,224	2,821,672	2,330,299
Selling, general and administrative	76,356	54,697	242,406	182,743
Amortization of intangible assets	6,314	2,782	17,273	8,251
Total expenses	1,035,514	833,703	3,081,351	2,521,293
Operating profit	40,733	35,326	84,148	73,081
Other-than-temporary impairment losses on auction rate security:				
Gross impairment losses				(114)
Impairments recognized in other comprehensive income				(13)
Income from unconsolidated affiliates, net	1,166		2,785	
Interest expense	(4,114)	(1,149)	(12,477)	(3,541)
Income from continuing operations before income taxes	37,785	34,177	74,456	69,413
Provision for income taxes	(9,874)	(13,204)	(23,940)	(26,981)
Income from continuing operations	27,911	20,973	50,516	42,432
Loss from discontinued operations, net of taxes	(36)	(10)	(60)	(117)
<b>Net income</b>	<b>\$ 27,875</b>	<b>\$ 20,963</b>	<b>\$ 50,456</b>	<b>\$ 42,315</b>
<b>Net income per common share - Basic</b>				
Income from continuing operations	\$ 0.52	\$ 0.40	\$ 0.95	\$ 0.81
Loss from discontinued operations				
Net Income	\$ 0.52	\$ 0.40	\$ 0.95	\$ 0.81
<b>Net income per common share - Diluted</b>				
Income from continuing operations	\$ 0.51	\$ 0.40	\$ 0.93	\$ 0.80
Loss from discontinued operations				
Net Income	\$ 0.51	\$ 0.40	\$ 0.93	\$ 0.80
<b>Weighted-average common and common equivalent shares outstanding</b>				
Basic	53,207	52,149	53,051	51,992
Diluted	54,201	52,996	54,084	52,754

<b>Dividends declared per common share</b>	\$	0.140	\$	0.135	\$	0.420	\$	0.405
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See accompanying notes to the condensed consolidated financial statements.

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**ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**