

ABM Industries (ABM)

\$44.02 (Stock Price as of 01/08/2026)

Price Target (6-12 Months): **\$45.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/22/23)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: A

Value: A

Growth: B

Momentum: A

Summary

ABM has transformed itself into a focused industry leader through its ELEVATE initiatives, providing clients with offerings that improve transparency and efficiencies. Strategic expansion into high-demand sectors like data centers via targeted acquisitions has boosted its mission-critical offerings. Robust shareholder returns through dividends and buybacks reflect confidence in its financial health, supported by strong liquidity. However, declining free cash flow, persistent margin pressure from intense competition, and macroeconomic uncertainties temper the outlook. Given this balanced picture of long-term strengths and near-term challenges, we maintain a neutral recommendation on the stock that declined 14.3% in the past year.

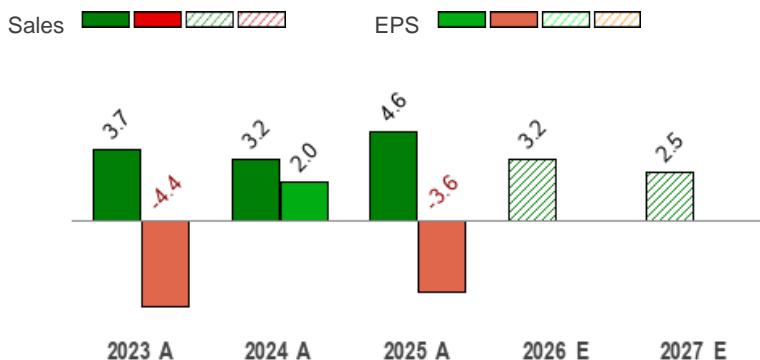
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$54.90 - \$40.00
20 Day Average Volume (sh)	860,392
Market Cap	\$2.6 B
YTD Price Change	2.6%
Beta	0.75
Dividend / Div Yld	\$1.16 / 2.4%
Industry	Business - Services
Zacks Industry Rank	Top 45% (111 out of 244)

Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Last EPS Surprise	-20.0%
Last Sales Surprise	1.2%
EPS F1 Est- 4 week change	2.1%
Expected Report Date	03/11/2026
Earnings ESP	0.6%

Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	2,288 E	2,239 E	2,324 E	2,405 E	9,256 E
2026	2,192 E	2,175 E	2,281 E	2,378 E	9,026 E
2025	2,115 A	2,112 A	2,224 A	2,295 A	8,746 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	0.90 E	0.95 E	1.00 E	1.50 E	4.35 E
2026	0.88 E	0.91 E	0.98 E	1.20 E	3.97 E
2025	0.87 A	0.86 A	0.82 A	0.88 A	3.44 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/08/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/30/2025.

Overview

New York-based ABM is a leading provider of integrated facility solutions, serving clients both in the United States and internationally. With a longstanding presence in the industry, ABM offers a broad range of services that support infrastructure functionality and operational efficiency across various sectors.

The company's comprehensive offerings include janitorial, energy management, facilities engineering, electrical and lighting, landscape and turf care, HVAC and mechanical, mission-critical, and parking solutions. In addition to standardized offerings, ABM delivers tailored facility solutions across urban, suburban, and rural areas. It caters to a wide variety of property types and industries, such as hospitals, data centers, manufacturing plants, airports, educational institutions, and commercial buildings of all sizes.

ABM's Business & Industry segment, which contributed 47% of fiscal 2025 revenues, delivers janitorial, facilities engineering, and parking services to commercial real estate properties. This includes office buildings, retail spaces, and high-traffic venues like sports arenas and entertainment complexes.

The Aviation segment (12%) provides a suite of services for airlines and airports—ranging from parking and janitorial duties to passenger assistance, air cabin maintenance, and transport services. These offerings are designed to meet the complex needs of high-volume transportation hubs.

Manufacturing & Distribution (19%) focuses on delivering janitorial, engineering, and parking solutions to industrial facilities and logistics hubs, ensuring uptime and compliance in highly regulated environments.

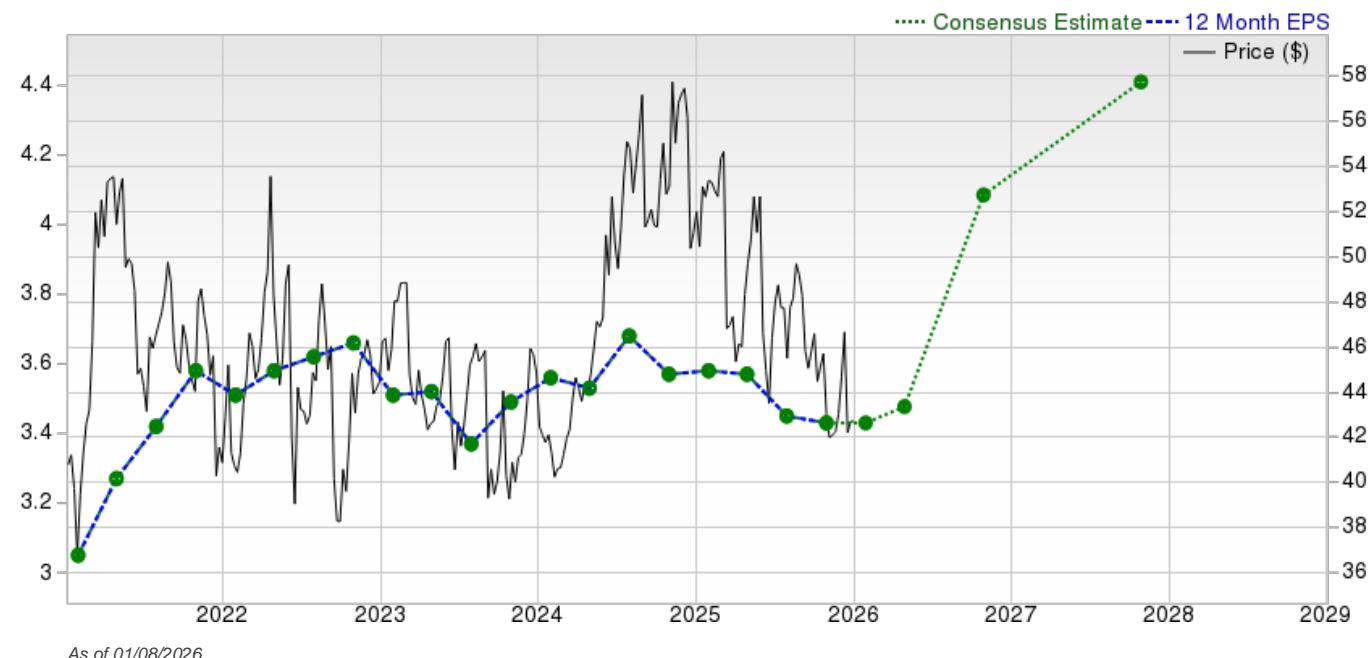
Education (11%) offers janitorial, engineering, and parking services to both public and private schools, colleges, and universities.

Technical Solutions (11%) specializes in mechanical and electrical infrastructure, offering complex services tailored to sectors requiring high-reliability operations.

The United States remains ABM's core market, accounting for 92% of total revenue in fiscal 2025, while international operations contributed the remaining 8%.



As of 12/30/2025



As of 01/08/2026

Reasons To Buy:

- ▲ ABM's multi-year comprehensive strategic plan, **ELEVATE**, a follow-on of the 2020 Vision plan, launched in 2021, focuses on providing clients with offerings that enhance transparency and efficiencies, developing its talent management system capabilities, expanding data usage and modernizing the digital ecosystem. The impact is clear in ABM's financial performance from 2021 to 2025, as revenue and net income grew at an impressive 7% and 5% CAGR, respectively.
- ▲ ABM's 2024 acquisition of Quality Uptime enhances its position in the fast-growing data center market, a key segment driven by rising AI investments. The buyout expands ABM's mission-critical service portfolio to include specialized solutions like electrical testing, UPS and breaker maintenance, and power distribution services, making it a full-service provider for high-demand infrastructure. As AI adoption accelerates, so does the need for resilient, expertly maintained data centers. This strategic acquisition not only deepens ABM's capabilities but also positions it for **stronger revenue growth in a high-margin segment**, making the stock increasingly attractive for long-term, infrastructure-focused investors.
- ▲ ABM has consistently demonstrated its commitment to rewarding shareholders through **dividends and share buybacks**. In fiscal years 2022, 2023, 2024 and 2025, the company distributed \$51.9 million, \$57.5 million, \$56.5 million and \$65.6 million in dividends, respectively. Additionally, it returned \$97.5 million, \$138.1 million, \$56.1 million and \$122.2 million through share repurchases in fiscal 2022, 2023, 2024 and 2025, respectively. These actions reflect ABM's dedication to enhancing shareholder value and its confidence in the business's long-term potential.
- ▲ ABM's current ratio (a measure of liquidity) at the end of the fourth quarter of fiscal 2025 was pegged at 1.49. The metric is higher than the industry's 1.22 and a current ratio of more than 1 indicates **strong liquidity** and reflects ABM's ability to cover its immediate liabilities comfortably, indicating financial stability and operational flexibility.

ABM's 2020 Vision and **ELEVATE** initiatives continue to drive growth, boost liquidity, and reward shareholders with dividends and share repurchases.

Reasons To Sell:

- ▼ ABM experienced a **sharp drop in its free cash flow** during the fourth quarter of fiscal 2025. The company had a free cash flow of \$150 million in the third quarter of fiscal 2025, which then declined to \$133 million in the recently reported quarter. Although the decline is attributed to capital expenditure, the negative aspect remains. A sudden drop in cash flow hinders the company's ability to invest in growth, pay debt or return capital to shareholders via dividends efficiently. It indicates an immediate financial strain demanding scrutiny. This short-term cash crunch might affect financial flexibility and increase investor concerns.
- ▼ Intense competition impacts ABM by **eroding pricing power** and compressing profit margins. The fragmented facilities management sector forces ABM to submit highly competitive bids. This rivalry limits ABM's ability to raise prices or expand margins, even with rising operational costs. The industry's inherent competitiveness means ABM must constantly fight for market share at potentially reduced profitability. This persistent pressure on financial performance and the need for continuous technology investment make ABM less attractive for investors seeking robust, high-margin growth.
- ▼ The company is exposed to **macroeconomic risks** that could affect various segments. While the leisure and business travel market has been robust this year, things could change in 2025 if rate cuts are insufficient to boost the slowing economy. This could negatively affect its Aviation business. Uncertainties have increased in the commercial office market in recent years due to the increased complexity of the hybrid model that most companies have adopted. Demand for commercial office space is not expected to return to its previous level, although a period of correction may be followed by normal operating cycles resuming. Each of these macro-related factors has the potential to reduce demand for ABM's services, hindering growth and profitability across key areas of its operations. Partly due to this negative, shares have declined 14.3% in the past year.

ABM's declining free cash flow, tight margins, and macro risks threaten its financial health and long-term investor appeal.

Last Earnings Report

ABM Industries Misses Q4 Earnings Estimates

ABM reported mixed fourth-quarter fiscal 2025 results. Earnings per share (EPS) missed the Zacks Consensus Estimate, while revenues beat the same.

ABM's EPS (excluding 32 cents from non-recurring items) was 88 cents, which missed the Zacks Consensus Estimate by 20% and declined 2.2% year over year. Total revenues of \$2.3 billion surpassed the consensus mark by 1.2% and increased 5.4% from the year-ago quarter.

FY Quarter Ending	10/31/2025
Earnings Reporting Date	Dec 17, 2025
Sales Surprise	1.19%
EPS Surprise	-20.00%
Quarterly EPS	0.88
Annual EPS (TTM)	3.43

ABM's Segmental Revenues

The Business & Industry segment's revenues increased 2.3% on a year-over-year basis to \$1 billion and met our estimated figure. The education segment's revenues were \$233.7 million, up 1.6% from the year-ago quarter. It met our projection. These segments improved on the back of resilient end markets.

The Manufacturing & Distribution segment's revenues increased 7.7% from the year-ago quarter to \$417.4 million, exceeding our expectation of \$388 million. The Aviation segment's revenues increased 7.3% from the year-ago quarter to \$296.7 million, exceeding our expectation of \$281.7 million. These segments benefited from customer wins and expansion.

Technical solutions gained 16% from the fourth quarter of fiscal 2024 to \$298.7 million. The metric missed our estimate of \$314.7 million. Successful delivery of multiple projects in a complex construction environment drove this segment.

Profitability Performance of ABM

Adjusted EBITDA was \$124.2 million, down 1.1% from the year-ago quarter. The adjusted EBITDA margin was 5.6%, declining 60 basis points from the fourth-quarter fiscal 2024.

ABM's Balance Sheet & Cash Flow

The company exited fourth-quarter fiscal 2025 with cash and cash equivalents of \$104.1 million compared with \$69.3 million at the end of the preceding quarter. The long-term debt (net) was \$1.5 billion, flat with the third quarter of fiscal 2025. Net cash generated by operating activities was \$133.4 million for the quarter. The free cash flow was \$112.7 million.

ABM's FY26 Guidance

For fiscal 2026, ABM expects its adjusted EPS to be at the lower end of \$3.85-\$4.15.

Recent News

On **Dec 17, 2025**, ABM announced a definitive agreement to acquire WGNSTAR in a cash transaction of nearly \$275 million. The growth potential of this acquired company is expected to be significant which creates a meaningful opportunity for ABM to widen its presence within the swiftly growing semiconductor sector.

Valuation

ABM shares are down 8.7% over the past six months and 14.3% in the trailing 12-month period. Stocks in the Zacks sub-industry and those in the Zacks Business Services sector declined 23.5% and 7.2% over the past six months, respectively. In the past year, the sub-industry and the sector moved down 9.5% and 6.3%, respectively.

The S&P 500 index is up 15.4% over the six months and 21.7% in the past year.

The stock is currently trading at 10.37X price to forward 12 months' earnings, which compares to 20.33X for the Zacks sub-industry, 21.06X for the Zacks sector, and 23.44X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.08X and as low as 10.01X, with a 5-year median of 12.61X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$45.00 price target reflects 10.9X price to forward 12 months' earnings.

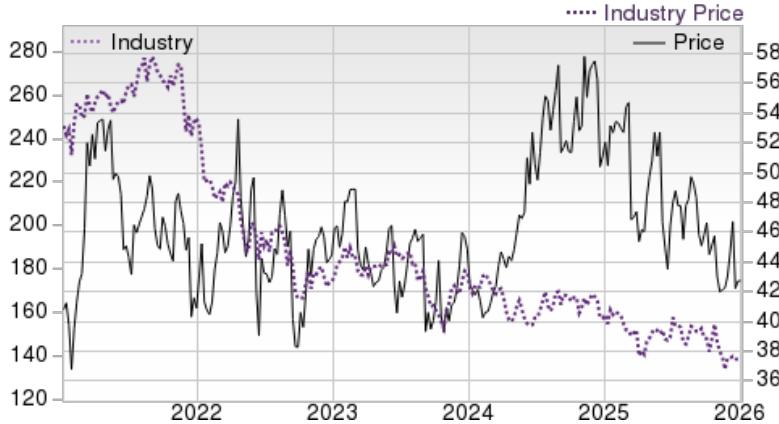
The table below shows summary valuation data for ABM

Valuation Multiples - ABM				
	Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.37	20.33	21.06
	5-Year High	20.08	27.99	32.29
	5-Year Low	10.01	18.94	17.2
	5-Year Median	12.61	23.4	20.93
P/S F12M	Current	0.28	2.08	3.49
	5-Year High	0.57	4.04	5.86
	5-Year Low	0.27	2.08	2.79
	5-Year Median	0.37	2.8	3.76
P/B TTM	Current	1.47	2.66	5.75
	5-Year High	2.29	3.97	6.98
	5-Year Low	1.38	2.18	4
	5-Year Median	1.74	3.23	5.57

As of 12/29/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 45% (110 out of 244)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Maximus, Inc. (MMS)	Outperform	1
Automatic Data Proce... (ADP)	Neutral	2
Charles River Associ... (CRAI)	Neutral	2
Limbach Holdings, In... (LMB)	Neutral	3
Rollins, Inc. (ROL)	Neutral	3
Republic Services, I... (RSG)	Neutral	4
S&P Global Inc. (SPGI)	Neutral	2
Robert Half Inc. (RHI)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Business - Services

	ABM	X Industry	S&P 500	CRAI	LMB	ROL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	3
VGM Score	A	-	-	D	C	C
Market Cap	2.61 B	358.83 M	40.07 B	1.41 B	892.13 M	28.81 B
# of Analysts	4	2	22	4	3	5
Dividend Yield	2.44%	0.00%	1.38%	1.06%	0.00%	1.23%
Value Score	A	-	-	B	C	D
Cash/Price	0.04	0.10	0.04	0.02	0.01	0.00
EV/EBITDA	9.64	8.43	14.89	14.24	18.37	37.86
PEG Ratio	0.88	1.14	2.04	1.52	NA	NA
Price/Book (P/B)	1.49	2.40	3.41	6.98	4.91	18.81
Price/Cash Flow (P/CF)	8.34	13.18	15.44	18.35	16.55	48.65
P/E (F1)	10.93	20.23	18.58	24.32	16.89	47.33
Price/Sales (P/S)	0.30	0.87	3.06	1.93	1.48	7.83
Earnings Yield	9.42%	4.84%	5.38%	4.11%	5.92%	2.12%
Debt/Equity	0.86	0.15	0.57	0.00	0.31	0.32
Cash Flow (\$/share)	5.25	1.30	8.98	11.72	4.89	1.22
Growth Score	B	-	-	F	D	B
Hist. EPS Growth (3-5 yrs)	1.16%	16.44%	8.24%	14.74%	57.97%	14.78%
Proj. EPS Growth (F1/F0)	15.41%	10.98%	9.21%	8.16%	21.39%	15.15%
Curr. Cash Flow Growth	-3.74%	2.04%	7.00%	22.59%	89.66%	9.94%
Hist. Cash Flow Growth (3-5 yrs)	-5.48%	7.05%	7.49%	11.55%	41.44%	13.14%
Current Ratio	1.48	1.36	1.19	0.90	1.43	0.77
Debt/Capital	46.26%	18.42%	38.14%	0.00%	23.66%	24.07%
Net Margin	1.86%	2.84%	12.77%	7.74%	6.06%	14.02%
Return on Equity	11.96%	12.07%	17.03%	26.33%	30.80%	37.60%
Sales/Assets	1.66	0.91	0.53	1.22	1.68	1.21
Proj. Sales Growth (F1/F0)	3.20%	4.33%	5.29%	8.40%	26.60%	11.40%
Momentum Score	A	-	-	D	B	D
Daily Price Chg	0.41%	0.00%	-0.34%	0.94%	-3.69%	0.98%
1 Week Price Chg	0.02%	-0.77%	1.10%	-2.77%	-0.25%	-2.62%
4 Week Price Chg	-1.95%	0.30%	0.50%	13.03%	9.51%	2.59%
12 Week Price Chg	-3.61%	-2.93%	3.75%	21.08%	-11.71%	4.61%
52 Week Price Chg	-12.67%	-4.94%	16.94%	18.65%	-14.26%	30.08%
20 Day Average Volume	870,766	54,746	2,431,070	102,211	138,479	2,226,757
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	2.09%	0.00%	0.00%	0.00%	2.91%	-0.32%
(F1) EPS Est 12 week change	2.09%	1.65%	0.44%	1.91%	-4.65%	1.95%
(Q1) EPS Est Mthly Chg	-0.50%	0.00%	0.00%	0.00%	0.00%	-1.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	B
Momentum Score	A
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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