UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

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: 001-38579

BrightView Holdings, Inc.
(Exact name of Registrant as specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**46-4190788** **(I.R.S. Employer Identification No.)**
980 Jolly Road **Blue Bell, Pennsylvania** **(Address of principal executive offices)**	**19422** **(Zip Code)**

Registrant's telephone number, including area code: (484) 567-7204

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of exchange on which registered
Common Stock, Par Value $0.01 Per Share	BV	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of Registrant's Common Stock outstanding as of April 30, 2020 was 104,926,073.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Form 10-Q") contains "forward-looking statements" within the meaning of the safe harbor provision of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. All statements, other than statements of historical facts included in this Form 10-Q, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position, business outlook, business trends and other information, may be forward-looking statements.

Words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," or "anticipates," and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, or guarantees of future performance and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will result or be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this Form 10-Q. Such risks, uncertainties and other important factors that could cause actual results to differ include, among others, the risks, uncertainties and factors set forth under the heading "Business", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Form 10-Q. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Some of the key factors that could cause actual results to differ from our expectations include risks related to:

- the duration and extent of the novel coronavirus (COVID-19) pandemic and the impact of federal, state and local governmental actions and customer behavior in response to the pandemic;
- the risk that our Maintenance and Development operations may be deemed not to be an essential business or service in jurisdictions where we operate;
- customer cancellations or delays of work and any adverse impact on the timing and collectability of payments to us from customers as a result of the impact of COVID-19 on our customers;
- operational disruptions if a significant percentage of our workforce is unable to work or we experience labor shortages, including because of illness or travel or government restrictions in connection with the COVID-19 pandemic and delays in H2-B visa processing;
- contracting and challenging business, economic and financial conditions, including conditions as a result of the COVID-19 pandemic;
- competitive industry pressures;
- the failure to retain current customers, renew existing customer contracts and obtain new customer contracts;
- the failure to enter into profitable contracts, or maintaining customer contracts that are unprofitable;
- a determination by customers to reduce their outsourcing or use of preferred vendors;
- the dispersed nature of our operating structure;
- our ability to implement our business strategies and achieve our growth objectives;
- acquisition and integration risks;
- the seasonal nature of our landscape maintenance services;
- our dependence on weather conditions;
- increases in prices for raw materials and fuel;
- product shortages and the loss of key suppliers;
- any failure to accurately estimate the overall risk, requirements, or costs when we bid on or negotiate contracts that are ultimately awarded to us;

- the conditions and periodic fluctuations of real estate markets, including residential and commercial construction;
- our ability to retain our executive management and other key personnel;
- our ability to attract and retain trained workers and third-party contractors and re-employ seasonal workers;
- any failure to properly verify employment eligibility of our employees;
- subcontractors taking actions that harm our business;
- our recognition of future impairment charges;
- laws and governmental regulations, including those relating to employees, wage and hour, immigration, human health and safety and transportation;
- environmental, health and safety laws and regulations, including regulatory costs, claims and litigation related to the use of chemicals and pesticides by employees and related third-party claims;
- the distraction and impact caused by litigation, of adverse litigation judgments and settlements resulting from legal proceedings;
- increase in on-job accidents involving employees;
- any failure, inadequacy, interruption, security failure or breach of our information technology systems;
- any failure to protect the security of personal information about our customers, employees and third parties;
- our ability to adequately protect our intellectual property;
- occurrence of natural disasters, pandemics, terrorist attacks or other unforeseen adverse events;
- changes in generally accepted accounting principles in the United States;
- our ability to generate sufficient cash flow to satisfy our significant debt service obligations;
- our ability to obtain additional financing to fund future working capital, capital expenditures, investments or acquisitions, or other general corporate requirements;
- restrictions imposed by our debt agreements that limit our flexibility in operating our business;
- increases in interest rates governing our variable rate indebtedness increasing the cost of servicing our substantial indebtedness including proposed changes to LIBOR;
- ownership of our common stock; and
- costs and requirements imposed as a result of maintaining the requirement of being a public company.

We caution you that the risks, uncertainties, and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits, or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances, any change in assumptions, beliefs or expectations or any change in circumstances upon which any such forward-looking statements are based, except as required by law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

BrightView Holdings, Inc.
Consolidated Balance Sheets
(Unaudited)
(In millions, except par value and share data)

	March 31, 2020	September 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 88.0	$ 39.1
Accounts receivable, net	334.0	333.7
Unbilled revenue	81.3	107.6
Inventories	30.0	26.5
Other current assets	59.7	44.5
Total current assets	593.0	551.4
Property and equipment, net	278.3	272.4
Intangible assets, net	241.7	251.5
Goodwill	1,878.9	1,810.4
Operating lease assets	66.7	—
Other assets	45.3	42.9
Total assets	$ 3,103.9	$ 2,928.6
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 112.3	$ 99.8
Current portion of long-term debt	10.4	10.4
Deferred revenue	86.1	49.1
Current portion of self-insurance reserves	45.6	37.4
Accrued expenses and other current liabilities	137.3	136.0
Current portion of operating lease liabilities	21.4	—
Total current liabilities	413.1	332.7
Long-term debt, net	1,220.8	1,134.2
Deferred tax liabilities	50.9	64.4
Self-insurance reserves	87.8	87.1
Long-term operating lease liabilities	50.6	—
Other liabilities	20.1	26.4
Total liabilities	1,843.3	1,644.8
Stockholders' equity:		
Preferred stock, $0.01 par value; 50,000,000 shares authorized; no shares issued or outstanding as of March 31, 2020 and September 30, 2019	—	—
Common stock, $0.01 par value; 500,000,000 shares authorized; 104,900,000 and 104,700,000 shares issued and outstanding as of March 31, 2020 and September 30, 2019, respectively	1.0	1.0
Treasury stock, at cost; 91,000 and 52,000 shares as of March 31, 2020 and September 30, 2019, respectively	(1.7)	(1.0)
Additional paid-in-capital	1,457.3	1,441.8
Accumulated deficit	(179.4)	(146.3)
Accumulated other comprehensive loss	(16.6)	(11.7)
Total stockholders' equity	1,260.6	1,283.8
Total liabilities and stockholders' equity	$ 3,103.9	$ 2,928.6

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BrightView Holdings, Inc.
Consolidated Statements of Operations
(Unaudited)
(In millions, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Net service revenues	$ 559.1	$ 596.6	$ 1,129.8	$ 1,122.7
Cost of services provided	426.8	450.5	854.5	844.7
Gross profit	132.3	146.1	275.3	278.0
Selling, general and administrative expense	126.9	119.5	257.1	229.6
Amortization expense	13.6	13.8	27.1	28.9
(Loss) income from operations	(8.2)	12.8	(8.9)	19.5
Other (expense) income	(1.9)	1.2	(1.3)	(0.3)
Interest expense	17.1	18.9	34.5	36.1
(Loss) before income taxes	(27.2)	(4.9)	(44.7)	(16.9)
Income tax benefit	6.7	1.3	11.6	4.5
Net (loss)	$ (20.5)	$ (3.6)	$ (33.1)	$ (12.4)
(Loss) per share:				
Basic and diluted	$ (0.20)	$ (0.04)	$ (0.32)	$ (0.12)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BrightView Holdings, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(In millions)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	**2019**	**2020**	**2019**
Net (loss)	$ (20.5)	$ (3.6)	$ (33.1)	$ (12.4)
Net derivative (losses) arising during the period, net of tax benefit of $3.7, $0.3, $3.7, and $1.4, respectively	(9.9)	(0.8)	(9.7)	(3.8)
Reclassification of losses into net (loss), net of tax expense of $1.0, $0.7, $1.8, and $1.0, respectively	2.9	1.9	4.8	2.4
Other comprehensive (loss) income	(7.0)	1.1	(4.9)	(1.4)
Comprehensive (loss)	$ (27.5)	$ (2.5)	$ (38.0)	$ (13.8)

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BrightView Holdings, Inc.
Consolidated Statements of Changes in Stockholders' Equity
Three and Six Months Ended March 31, 2020 and 2019
(Unaudited)
(In millions)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2019	104.9	$ 1.0	$ 1,452.3	$ (158.9)	$ (9.6)	$ (1.7)	$ 1,283.1
Net (loss)	—	—	—	(20.5)	—	—	(20.5)
Other comprehensive loss, net of tax	—	—	—	—	(7.0)	—	(7.0)
Capital contributions and issuance of common stock	—	—	0.1	—	—	—	0.1
Equity-based compensation	—	—	4.9	—	—	—	4.9
Balance, March 31, 2020	104.9	$ 1.0	$ 1,457.3	$ (179.4)	$ (16.6)	$ (1.7)	$ 1,260.6
Balance, September 30, 2019	104.7	$ 1.0	$ 1,441.8	$ (146.3)	$ (11.7)	$ (1.0)	$ 1,283.8
Net (loss)	—	—	—	(33.1)	—	—	(33.1)
Other comprehensive loss, net of tax	—	—	—	—	(4.9)	—	(4.9)
Capital contributions and issuance of common stock	0.2	—	2.4	—	—	—	2.4
Equity-based compensation	—	—	13.1	—	—	—	13.1
Repurchase of common stock and distributions	—	—	—	—	—	(0.7)	(0.7)
Balance, March 31, 2020	104.9	$ 1.0	$ 1,457.3	$ (179.4)	$ (16.6)	$ (1.7)	$ 1,260.6

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 2018	105.0	$ 1.0	$ 1,432.2	$ (199.5)	$ (12.9)	$ —	$ 1,220.8
Net (loss)	—	—	—	(3.6)	—	—	(3.6)
Other comprehensive income, net of tax	—	—	—	—	1.1	—	1.1
Equity-based compensation	—	—	5.6	—	—	—	5.6
Balance, March 31, 2019	105.0	$ 1.0	$ 1,437.8	$ (203.1)	$ (11.8)	$ —	$ 1,223.9
Balance, September 30, 2018	104.5	$ 1.0	$ 1,426.3	$ (189.6)	$ (10.4)	$ —	$ 1,227.3
Net loss	—	—	—	(12.4)	—	—	(12.4)
Other comprehensive loss, net of tax	—	—	—	—	(1.4)	—	(1.4)
Capital contributions and issuance of common stock	0.5	—	—	—	—	—	—
Equity-based compensation	—	—	11.5	—	—	—	11.5
Adoption of ASU No. 2014-09 (Refer to Note 2)	—	—	—	(1.1)	—	—	(1.1)
Balance, March 31, 2019	105.0	$ 1.0	$ 1,437.8	$ (203.1)	$ (11.8)	$ —	$ 1,223.9

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BrightView Holdings, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(In millions)

	Six Months Ended March 31, 2020	Six Months Ended March 31, 2019
Cash flows from operating activities:		
Net (loss)	$ (33.1)	$ (12.4)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Depreciation	39.5	41.0
Amortization of intangible assets	27.1	28.9
Amortization of financing costs and original issue discount	1.8	1.9
Deferred taxes	(11.6)	(7.6)
Equity-based compensation	13.1	11.5
Other non-cash activities, net	6.3	0.8
Change in operating assets and liabilities:		
Accounts receivable	8.1	(33.5)
Unbilled and deferred revenue	63.9	31.9
Inventories	(2.9)	(0.8)
Other operating assets	(15.4)	3.8
Accounts payable and other operating liabilities	(11.1)	(0.8)
Net cash provided by operating activities	85.7	64.7
Cash flows from investing activities:		
Purchase of property and equipment	(35.1)	(42.6)
Proceeds from sale of property and equipment	2.7	3.0
Business acquisitions, net of cash acquired	(87.1)	(49.3)
Other investing activities, net	0.6	1.2
Net cash used in investing activities	(118.9)	(87.7)
Cash flows from financing activities:		
Repayments of finance lease obligations	(3.2)	(2.8)
Repayments of term loan	(5.2)	(7.8)
Repayments of receivables financing agreement	(50.0)	(75.0)
Repayments of revolving credit facility	(10.0)	(10.0)
Proceeds from receivables financing agreement	80.0	84.6
Proceeds from revolving credit facility	70.0	10.0
Proceeds from issuance of common stock, net of share issuance costs	0.1	—
Other financing activities, net	0.4	—
Net cash provided (used) in financing activities	82.1	(1.0)
Net change in cash and cash equivalents	48.9	(24.0)
Cash and cash equivalents, beginning of period	39.1	35.2
Cash and cash equivalents, end of period	$ 88.0	$ 11.2

The accompanying notes are an integral part of these unaudited consolidated financial statements.

BrightView Holdings, Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(In millions, except per share and share data)

1. Business and Basis of Presentation

BrightView Holdings, Inc. (the "Company" and, collectively with its consolidated subsidiaries, "BrightView") provides landscape maintenance and enhancements, landscape development, snow removal and other landscape related services for commercial customers throughout the United States. BrightView is aligned into two reportable segments: Maintenance Services and Development Services. Prior to its initial public offering completed in July 2018 (the "IPO"), the Company was a wholly-owned subsidiary of BrightView Parent L.P. ("Parent"), an affiliate of KKR & Co. Inc. ("KKR"). The Parent and Company were formed through a series of transactions entered into by KKR to acquire the Company on December 18, 2013 (the "KKR Acquisition"). The Parent was dissolved in August 2018 following the IPO.

Basis of Presentation

These consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim reporting and are unaudited.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments, including normal, recurring accruals that are necessary for a fair presentation of the Company's operations for the periods presented in conformity with GAAP. All intercompany activity and balances have been eliminated from the consolidated financial statements. The consolidated results of operations for the interim periods presented are not necessarily indicative of results for the full year.

The consolidated balance sheet as of September 30, 2019, presented herein, has been derived from the Company's audited consolidated financial statements as of and for the fiscal year ended September 30, 2019, but does not include all disclosures required by GAAP, for annual financial statements. For a more complete discussion of the Company's accounting policies and certain other information refer to the audited consolidated financial statements and the notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended September 30, 2019, filed with the Securities and Exchange Commission ("SEC").

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. On an ongoing basis, management reviews its estimates, including those related to allowances for doubtful accounts, revenue recognition, self-insurance reserves, estimates related to the Company's assessment of goodwill for impairment, useful lives for depreciation and amortization, realizability of deferred tax assets, and litigation based on currently available information. Changes in facts and circumstances may result in revised estimates and actual results may differ from estimates.

2. Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The updated accounting guidance requires lessees to recognize all leases on their balance sheet as a right-of-use asset and a lease liability with the exception of short-term leases. For income statement purposes, the criteria for recognition, measurement and presentation of expense is largely similar to previous guidance, but without the requirement to use bright-line tests in the determination of lease classification. In July 2018, the FASB issued ASU No. 2018-11, *Leases: Targeted Improvements*, which allows entities the option to adopt this standard using the modified retrospective transition method and include required disclosures for prior periods. This update added a transition option which allows for the recognition of a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption without recasting the consolidated financial statements in periods prior to adoption.

On October 1, 2019, the Company elected to adopt the standard using the modified retrospective approach applied to lease arrangements that were in place on the date of initial adoption. Results for reporting periods beginning October 1, 2019 are presented under the new standard, while prior-period amounts are not adjusted and continue to be reported in accordance with historical accounting under ASC 840, *Leases*.

The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. As an accounting policy election, the Company excluded short-term leases (term of 12 months or less) from the balance sheet and accounts for non-lease and lease components in a contract as a single component for all asset classes.

The Company recorded a lease liability of $76.3 and a corresponding right-of-use asset of $70.6 upon adoption of the new lease standard at October 1, 2019. The right-of-use asset and lease liability recorded as of October 1, 2019 include, respectively, amounts previously classified as deferred rent obligations and exit/disposal liabilities, and prepaid rent, totaling approximately $5.7. The Company's finance lease assets and liabilities, which are disclosed in Note 11 "Leases", remain largely unchanged under the lease accounting standard. The standard did not have a material impact on the Company's results of operations or liquidity. The guidance did not have a material impact on its debt covenant compliance.

Measurement of Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments*, which was amended in May 2019 by ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* and ASU No. 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*. These ASUs require entities to account for expected credit losses on financial instruments including trade receivables. The guidance is effective for the Company in the first quarter of fiscal 2021 and early adoption is permitted. The Company is currently evaluating the impact of the updated guidance on its consolidated financial statements.

Fair Value Measurement

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* which modifies the disclosures on fair value measurements by removing the requirement to disclose the amount and reason for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for timing of such transfers. The ASU expands the disclosure requirements for Level 3 fair value measurements, primarily focused on changes in unrealized gains and losses included in other comprehensive income. The guidance is effective for the Company in the first quarter of fiscal 2021. Early adoption is permitted for any removed or modified disclosures and adoption of the additional disclosures can be delayed until the effective date. The Company does not currently expect the adoption of ASU 2018-13 to have a material impact on its consolidated financial statements and disclosures.

Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which simplifies the accounting for income taxes. The ASU removes specified exceptions and adds requirements to simplify the accounting for income taxes. The guidance is effective for the Company in the first quarter of fiscal 2022 and early adoption is permitted. The Company is currently evaluating the impact of the updated guidance on its consolidated financial statements.

Reference Rate Reform

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* which provides optional expedients and exceptions for the accounting for contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The guidance is effective for the Company upon issuance through December 31, 2022. The Company is currently evaluating the impact of the updated guidance on its consolidated financial statements.

3. Revenue

The Company's revenue is generated from Maintenance Services and Development Services. The Company generally recognizes revenue from the sale of services as the services are performed, typically ratably over the term of the contract(s), which the Company believes to be the best measure of progress. The Company recognizes revenues as it transfers control of products and services to its customers. The Company recognizes revenue in an amount reflecting the total consideration it expects to receive from the customer. Revenue is recognized according to the following five step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. The Company determined that for contracts containing multiple performance obligations, stand-alone selling price is readily determinable for each performance obligation and therefore allocation of the transaction price to multiple performance obligations is not necessary. The transaction price will include estimates of variable consideration, such as returns and provisions for doubtful accounts and sales incentives, to the extent it is probable that a significant reversal of revenue recognized will not occur. In all cases, when a sale is recorded by the Company, no significant uncertainty exists surrounding the purchaser's obligation to pay.

Maintenance Services

The Company's Maintenance Services revenues are generated primarily through landscape maintenance services and snow removal services. Landscape maintenance services that are primarily viewed as non-discretionary, such as lawn care, mowing, gardening, mulching, leaf removal, irrigation and tree care, are provided under recurring annual contracts, which typically range from one to three years in duration and are generally cancellable by the customer with 30 days' notice. Snow removal services are provided on either fixed fee based contracts or per occurrence contracts. Both landscape maintenance services and snow removal services can also include enhancement services that represent supplemental maintenance or improvement services generally provided under contracts of short duration related to specific services. Revenue for landscape maintenance and snow removal services under fixed fee models is recognized over time using an output based method. Additionally, a portion of the Company's recurring fixed fee landscape maintenance and snow removal services are recorded under the series guidance. The right to invoice practical expedient, defined below, is generally applied to revenue related to landscape maintenance and snow removal services performed in relation to per occurrence contracts as well as enhancement services. When use of the practical expedient is not appropriate for these contracts, revenue is recognized using a cost-to-cost input method. Fees for contracted landscape maintenance services are typically billed on an equal monthly basis. Fees for fixed fee snow removal services are typically billed on an equal monthly basis during snow season, while fees for time and material or other activity-based snow removal services are typically billed as the services are performed. Fees for enhancement services are typically billed as the services are performed.

Development Services

For Development Services, revenue is primarily recognized over time using the cost-to-cost input method, measured by the percentage of cost incurred to date to the estimated total cost for each contract, which we believe to be the best measure of progress. The full amount of anticipated losses on contracts is recorded as soon as such losses can be estimated. These losses have been immaterial in prior periods. Changes in job performance, job conditions, and estimated profitability, including final contract settlements, may result in revisions to costs and revenue and are recognized in the period in which the revisions are determined.

Disaggregation of revenue

The following table presents the Company's reportable segment revenues, disaggregated by revenue type. The Company disaggregates revenue from contracts with customers into major services lines. The Company has determined that disaggregating revenue into these categories achieves the disclosure objective to depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. As noted in the business segment reporting information in Note 14 "Segments", the Company's reportable segments are Maintenance Services and Development Services.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	**2019**	**2020**	**2019**
Landscape Maintenance	$ 313.7	$ 281.8	$ 677.0	$ 626.1
Snow Removal	102.5	191.5	158.1	239.7
Maintenance Services	416.2	473.3	835.1	865.8
Development Services	143.6	124.0	296.4	258.4
Eliminations	(0.7)	(0.7)	(1.7)	(1.5)
Net service revenues	$ 559.1	$ 596.6	$ 1,129.8	$ 1,122.7

Remaining Performance Obligations

Remaining performance obligations represent the estimated revenue expected to be recognized in the future related to performance obligations which are fully or partially unsatisfied at the end of the period.

As of March 31, 2020, the estimated future revenues for remaining performance obligations that are part of a contract that has an original expected duration of greater than one year was approximately $364.1. The Company expects to recognize revenue on 56% of the remaining performance obligations over the next 12 months and an additional 44% over the 12 months thereafter.

In accordance with the disclosure provisions of ASU 2014-09, the paragraph above excludes the following, i) estimated future revenues for performance obligations that are part of a contract that has an original expected duration of one year or less, ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise accounted for under the series guidance and iii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

Contract Assets and Liabilities

When a contract results in revenue being recognized in excess of the amount the Company has invoiced or has the right to invoice to the customer, a contract asset is recognized. Contract assets are transferred to accounts receivable, net when the rights to the consideration become unconditional. Contract assets are presented as Unbilled revenue on the consolidated balance sheets.

Contract liabilities consist of payments received from customers, or such consideration that is contractually due, in advance of providing the product or performing services such that control has not passed to the customer. Contract liabilities are presented as Deferred revenue on the consolidated balance sheets.

Changes in deferred revenue for the six month period ended March 31, 2020 were as follows:

		Deferred Revenue
Balance, October 1, 2019	$	49.1
Recognition of revenue		(446.9)
Deferral of revenue		483.9
Balance, March 31, 2020	$	86.1

There were $80.2 of amounts billed during the period and $53.9 of additions to our unbilled revenue balance during the six month period from October 1, 2019 to March 31, 2020.

Practical Expedients and Exemptions

The Company offers certain interest-free contracts to customers where payments are received over a period not exceeding one year. Additionally, certain Maintenance Services and Development Services customers may pay in advance for services. The Company does not adjust the promised amount of consideration for the effects of these financing components. At contract inception, the period of time between the performance of services and the customer payment is one year or less.

As permitted under the practical expedient available under ASU No. 2014-09, the Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts with variable consideration that is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise accounted for under the series guidance, and (iii) contracts for which the Company recognizes revenue at the amount which we have the right to invoice for services performed.

4. Accounts Receivable

Accounts receivable of $334.0 and $333.7, is net of an allowance for doubtful accounts of $6.0 and $5.0 and includes $43.9 and $43.2 of retention on incomplete projects to be completed within one year at March 31, 2020 and September 30, 2019, respectively.

5. Inventories

Inventories consist of the following:

		March 31, 2020		September 30, 2019
Finished products	$	5.3	$	6.8
Semi-finished products		12.6		11.0
Raw materials and supplies		12.1		8.7
Inventories	$	30.0	$	26.5

6. Property and Equipment, net

Property and equipment, net consists of the following:

	Useful Life	March 31, 2020	September 30, 2019
Land	—	$ 54.5	$ 54.1
Buildings and leasehold improvements	2-40 yrs.	42.2	40.1
Operating equipment	2-7 yrs.	204.3	199.8
Transportation vehicles	3-7 yrs.	259.1	236.5
Office equipment and software	3-10 yrs.	62.4	63.3
Construction in progress	—	9.2	8.2
Property and equipment		631.7	602.0
Less: Accumulated depreciation		353.4	329.6
Property and equipment, net		$ 278.3	$ 272.4

Construction in progress includes costs incurred for software and other assets that have not yet been placed in service. Depreciation expense related to property and equipment was $19.3 and $21.7 for the three months ended March 31, 2020 and 2019, respectively. Depreciation expense related to property and equipment was $39.5 and $41.0 for the six months ended March 31, 2020 and 2019, respectively.

7. Intangible Assets, Goodwill and Acquisitions

Identifiable intangible assets consist of acquired customer contracts and relationships, trademarks and non-compete agreements. Amortization expense related to intangible assets was $13.6 and $13.8 for the three months ended March 31, 2020 and 2019, respectively. Amortization expense related to intangible assets was $27.1 and $28.9 for the six months ended March 31, 2020 and 2019, respectively. These assets are amortized over their estimated useful lives of which the reasonableness is continually evaluated by the Company.

Intangible assets as of March 31, 2020 and September 30, 2019 consisted of the following:

		March 31, 2020		September 30, 2019	
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	6-21 yrs.	$ 656.9	$ (420.0)	$ 639.6	$ (393.3)
Trademarks	4-12 yrs.	4.8	(1.8)	4.8	(1.7)
Non-compete agreements	5 yrs.	2.7	(0.9)	2.7	(0.6)
Total intangible assets		$ 664.4	$ (422.7)	$ 647.1	$ (395.6)

The following is a summary of the goodwill activity for the periods ended September 30, 2019 and March 31, 2020:

	Maintenance Services	Development Services	Total
Balance, September 30, 2018	$ 1,572.4	$ 194.4	$ 1,766.8
Acquisitions	43.6	—	43.6
Balance, September 30, 2019	1,616.0	194.4	1,810.4
Acquisitions	68.5	—	68.5
Balance, March 31, 2020	$ 1,684.5	$ 194.4	$ 1,878.9

During the six months ended March 31, 2020, the Company acquired, through a series of separate transactions, 100% of the operations of five unrelated Maintenance Services companies. The Company paid approximately $87.1 in consideration for the acquisitions, net of cash acquired. The Company accounted for the business combinations under the acquisition method and, accordingly, recorded the assets acquired and liabilities assumed at their estimated fair market values based on management's preliminary estimates, with the excess allocated to goodwill. The fair values were primarily estimated using Level 3 assumptions within the fair value hierarchy, including estimated future cash flows, discount rates and other factors. The valuation process to determine fair values is not yet complete. The Company will finalize the amounts recognized as it obtains the information necessary to complete the analysis, but no later than one year from the acquisition date. The identifiable assets acquired were primarily intangible assets, including customer relationships and non-compete agreements of $17.3 . The amount allocated to goodwill is reflective of the benefits the Company expects to realize from anticipated synergies and the acquired assembled workforce. The Company expects a portion of the goodwill resulting from these acquisitions will be deductible for tax purposes.

8. Long-term Debt

Long-term debt consists of the following:

	March 31, 2020	September 30, 2019
Series B term loan	$ 1,016.7	$ 1,021.7
Revolving credit facility	60.0	—
Receivables financing agreement	170.0	140.0
Financing costs, net	(15.5)	(17.1)
Total debt, net	1,231.2	1,144.6
Less: Current portion of long-term debt	10.4	10.4
Long-term debt, net	$ 1,220.8	$ 1,134.2

First Lien credit facility term loans due 2020 and Series B Term Loan due 2025

In connection with the KKR Acquisition, the Company and a group of financial institutions entered into a credit agreement (the "Credit Agreement") dated December 18, 2013. The Credit Agreement consisted of seven-year $1,460.0 term loans ("First Lien Term Loans") and a five-year $210.0 revolving credit facility. All amounts outstanding under the Credit Agreement were collateralized by substantially all of the assets of the Company.

On August 15, 2018, the Company entered into Amendment No.5 to the Credit Agreement (the "Amended Credit Agreement"). Under the terms of the Amended Credit Agreement, the Credit Agreement was amended to provide for: (i) a $1,037.0 seven-year term loan (the "Series B Term Loan") and (ii) a $260.0 five-year revolving credit facility. The Company used the net proceeds from the Series B Term Loan to repay all amounts outstanding under the Company's First Lien Term Loans. An original discount of $2.8 was incurred when the Series B Term Loan was issued and is being amortized using the effective interest method over the life of the debt, resulting in an effective yield of 2.5%. Debt repayments for the Series B Term Loan consisted of contractual payments per the Credit Agreement and totaled $5.2 for the six month period ended March 31, 2020.

Revolving credit facility

The Company has a five-year $260.0 revolving credit facility (the "Revolving Credit Facility") that matures on August 15, 2023 and bears interest at a rate per annum of LIBOR plus a margin ranging from 2.00% to 2.50%, with the margin determined based on the Company's first lien net leverage ratio. The Revolving Credit Facility replaces the previous $210.0 revolving credit facility under the Credit Agreement. The Company had an outstanding balance under the Revolving Credit Facility of $60.0 as of March 31, 2020. The Company had no outstanding balance under the Revolving Credit Facility as of September 30, 2019. There were $70.0 borrowings under the facility for the six months ended March 31, 2020, of which, $10.0 were repaid.

Receivables financing agreement

On April 28, 2017, the Company, through a wholly-owned subsidiary, entered into a receivables financing agreement (the "Receivables Financing Agreement"). The Receivables Financing Agreement provided a borrowing capacity of $175.0 through April 27, 2020. On February 21, 2019, the Company entered into the First Amendment to the Receivables Financing Agreement (the "Amendment Agreement") which increased the borrowing capacity to $200.0 and extended the term through February 20, 2022. All amounts outstanding under the Receivables Financing Agreement are collateralized by substantially all of the accounts receivables and unbilled revenue of the Company. During the six months ended March 31, 2020, the Company borrowed $80.0 against the capacity and voluntarily repaid $50.0. During the six months ended March 31, 2019, the Company borrowed $85.0 against the capacity and voluntarily repaid $75.0.

The following are the scheduled maturities of long-term debt, which do not include any estimated excess cash flow payments:

		March 31,
2021	$	10.4
2022		180.4
2023		10.4
2024		70.4
2025 and thereafter		977.2
Total long-term debt		1,248.8
Less: Current maturities		10.4
Less: Original issue discount		2.1
Less: Financing costs		15.5
Total long-term debt, net	$	1,220.8

The Company has estimated the fair value of its long-term debt to be approximately $1,132.8 and $1,166.6 as of March 31, 2020 and September 30, 2019, respectively. Fair value is based on market bid prices around period-end (Level 2 inputs).

9. Fair Value Measurements and Derivatives Instruments

Fair value is defined as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

Fair Value Hierarchy

The following hierarchy for inputs used in measuring fair value should maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the most observable inputs be used when available:

Level 1 Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement dates.

Level 2 Significant observable inputs that are used by market participants in pricing the asset or liability based on market data obtained from independent sources.

Level 3 Significant unobservable inputs the Company believes market participants would use in pricing the asset or liability based on the best information available.

The carrying amounts shown for the Company's cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of those instruments. The valuation is based on settlements of similar financial instruments all of which are short-term in nature and are generally settled at or near cost.

Investments held in Rabbi Trust

A non-qualified deferred compensation plan is available to certain executives. Under this plan, participants may elect to defer up to 70% of their compensation. The Company invests the deferrals in participant-selected diversified investments that are held in a Rabbi Trust and which are classified within Other assets on the consolidated balance sheets. The fair value of the investments held in the Rabbi Trust is based on the quoted market prices of the underlying mutual fund investments. These investments are based on the participants' selected investments, which represent the underlying liabilities to the participants in the non-qualified deferred compensation plan.

Derivatives

The Company's objective in entering into derivative transactions is to manage its exposure to interest rate movements associated with its variable rate debt and changes in fuel prices. The Company recognizes derivatives as either assets or liabilities on the balance sheet and measures those instruments at fair value. The fair values of the derivative financial instruments are determined using widely accepted valuation techniques including discounted cash flow analysis based on the expected cash flows of each derivative. Although the Company has determined that the significant inputs, such as interest yield curve and discount rate, used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with the Company's counterparties and its own credit risk utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of March 31, 2020 and September 30, 2019, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The following tables summarize the financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2020 and September 30, 2019:

	March 31, 2020			
	Carrying Value	Level 1	Level 2	Level 3
Other assets:				
Investments held by Rabbi Trust	$ 9.3	$ 9.3	$ —	$ —
Total assets	$ 9.3	$ 9.3	$ —	$ —
Accrued expenses and other current liabilities:				
Interest rate swap contracts	$ 14.3	$ —	$ 14.3	$ —
Fuel hedges	4.3	—	4.3	—
Other liabilities:				
Interest rate swap contracts	3.7	—	3.7	—
Fuel hedges	0.9	—	0.9	—
Obligation to Rabbi Trust	9.3	9.3	—	—
Total liabilities	$ 32.5	$ 9.3	$ 23.2	$ —

	September 30, 2019			
	Carrying Value	Level 1	Level 2	Level 3
Other assets:				
Investments held by Rabbi Trust	$ 11.1	$ 11.1	$ —	$ —
Total assets	$ 11.1	$ 11.1	$ —	$ —
Accrued expenses and other current liabilities:				
Interest rate swap contracts	$ 6.3	$ —	$ 6.3	$ —
Other liabilities:				
Interest rate swap contracts	10.9	—	10.9	—
Obligation to Rabbi Trust	11.1	11.1	—	—
Total liabilities	$ 28.3	$ 11.1	$ 17.2	$ —

Hedging Activities

As of March 31, 2020 and September 30, 2019, the Company's outstanding derivatives qualify as cash flow hedges. The Company assesses whether derivatives used in hedging transactions are "highly effective" in offsetting changes in the cash flow of the hedged forecasted transactions. Regression analysis is used for the hedge relationships and high effectiveness is achieved when a statistically valid relationship reflects a high degree of offset and correlation between the fair values of the derivative and the hedged forecasted transaction. The entire change in the fair value of the derivative included in the assessment of hedge effectiveness is initially reported in Other comprehensive income (loss) and subsequently reclassified to Interest expense in the Consolidated Statements of Operations when the hedged item affects earnings. If it is determined that a derivative is not highly effective as a hedge, or if the hedged forecasted transaction is no longer probable of occurring, then the amount recognized in Accumulated other comprehensive loss is released to earnings. Cash flows from the derivatives are classified in the same category as the cash flows from the underlying hedged transaction.

Interest Rate Swap Contracts

The Company has exposures to variability in interest rates associated with its variable interest rate debt. As such, the Company has entered into interest rate swaps to help manage interest rate exposure by economically converting a portion of its variable-rate debt to fixed-rate debt effective for the periods March 18, 2016 through December 31, 2020. The notional amount of interest rate contracts was $980.0 and $1,000.0, respectively, at March 31, 2020 and September 30, 2019. The net deferred losses on the interest rate swaps as of March 31, 2020 of $12.9, net of taxes, are expected to be recognized in interest expense over the next 12 months.

The effects on the consolidated financial statements of the interest rate swaps which were designated as cash flow hedges were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
(Loss) recognized in Other comprehensive income (loss)	$ (8.1)	$ (1.9)	$ (7.9)	$ (6.1)
Net (loss) reclassified from Accumulated other comprehensive loss into Interest expense	(3.8)	(2.6)	(6.8)	(3.4)

Fuel Swap Contracts

The Company has exposures to variability in fuel pricing associated with its purchase and usage of fuel during the course of business operating a large fleet of vehicles and mowers. As such, the Company has entered into gasoline hedge contracts to help reduce its exposure to volatility in the fuel markets. As of March 31, 2020, the Company has four outstanding fuel contracts covering the period January 1, 2020 through December 31, 2021 with a notional amount of $11.0. The net deferred losses on the fuel swaps as of March 31, 2020 of $3.8, net of taxes, are expected to be recognized in Cost of services provided over the next 12 months.

The effects on the consolidated financial statements of the fuel swaps which were designated as cash flow hedges were as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
(Loss) income recognized in Other comprehensive income (loss)	$ (5.5)	$ 0.9	$ (5.5)	$ 0.9
Net (loss) income reclassified from Accumulated other comprehensive loss into Interest expense	(0.1)	—	0.2	—

10. Income Taxes

The following table summarizes the Company’s income tax benefit and effective income tax rate for the three and six months ended March 31, 2020 and 2019.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
(Loss) before income taxes	$ (27.2)	$ (4.9)	$ (44.7)	$ (16.9)
Income tax (benefit)	(6.7)	(1.3)	(11.6)	(4.5)
Effective income tax rate	24.6%	26.5%	26.0%	26.6%

The decrease in the effective tax rate for the three and six months ended March 31, 2020 when compared to the three and six months ended March 31, 2019, is primarily related to the geographical distribution of the pretax loss as well as state tax law changes that were recorded discretely during each of the periods.

11. Leases

The Company determines if an arrangement is a lease at the inception of the agreement. The Company determines an arrangement is a lease if it conveys the right to control the use of the asset for a period of time in exchange for consideration.

The Company has operating and finance leases for branch and administrative offices, vehicles, certain machinery and equipment, furniture, and information technology assets. The Company's leases have remaining lease terms of month to month up to 13 years with one or more exercisable renewal periods and specified increases in lease payments upon exercise of the renewal options. For purposes of calculating lease liabilities, lease terms may be deemed to include options to extend the lease when it is reasonably certain that the Company will exercise those options. Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons, such as insurance, common area maintenance, and tax payments. The variable lease payments are not presented as part of the initial right-of-use asset or lease liability. The Company's lease agreements do not contain any material restrictive covenants or residual value guarantees.

The following table summarizes the lease-related assets and liabilities recorded in the consolidated balance sheet at March 31, 2020:

Operating leases:		
Right-of-use asset	$	66.7
Current portion of lease liabilities		21.4
Lease liabilities		50.6
Total operating lease liabilities	$	72.0
Finance leases:		
Right-of-use asset(1)	$	12.9
Current portion of lease liabilities(2)		6.6
Lease liabilities(3)		1.1
Total finance lease liabilities	$	7.7

(1) Included in "Property and equipment, net" in the consolidated balance sheet.

(2) Included in "Accrued expenses and other liabilities" in the consolidated balance sheet.

(3) Included in "Other liabilities" in the consolidated balance sheet.

As most of the Company's leases do not specifically state an implicit rate, the Company uses an incremental borrowing rate consistent with the lease term as of the lease commencement date when calculating the present value of remaining lease payments. The incremental borrowing rate reflects the cost to borrow on a securitized basis. The remaining lease term does not reflect all renewal options available to the Company, only those renewal options that the Company has assessed as reasonably certain taking into consideration the economic factors noted above.

The weighted-average remaining lease terms and incremental borrowing rates as of March 31, 2020 are as follows:

Operating leases:	
Weighted-average remaining lease term (years)	5.4
Weighted-average incremental borrowing rate	3.1%
Finance leases:	
Weighted-average remaining lease term (years)	1.8
Weighted-average incremental borrowing rate	3.2%

The components of lease cost for operating and finance leases for the three and six months ended March 31, 2020 were as follows:

	Three Months Ended March 31, 2020	Six Months Ended March 31, 2020
Operating lease cost	$ 7.1	$ 14.4
Finance lease cost:		
Amortization of right-of-use asset	1.3	2.4
Interest on lease liabilities	—	0.1
Total finance lease cost	1.3	2.5
Short-term lease cost	7.7	14.0
Variable lease costs not included in lease liability	0.6	0.8
Sublease income	(0.1)	(0.3)
Total lease cost	$ 16.6	$ 31.4

Supplemental cash flow information for the three and six months ended March 31, 2020 is as follows:

	Three Months Ended March 31, 2020	Six Months Ended March 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (6.4)	$ (13.0)
Operating cash flows from finance leases	—	(0.1)
Financing cash flows from finance leases	(1.7)	(3.2)
Non-cash items:		
New finance leases	$ 3.2	$ 3.2

As of March 31, 2020, the Company does not have material operating or financing leases that have not yet commenced.

Maturities of operating and finance lease liabilities as of March 31, 2020 were as follows:

Fiscal Year	Operating Lease	Finance Lease
2020	$ 18.6	$ 5.1
2021	20.7	2.6
2022	15.4	0.8
2023	10.3	0.1
2024	7.2	—
Thereafter	16.6	—
Total	88.8	8.6
Less: Executory Costs	—	—
Total net lease payments	88.8	8.6
Less: Amounts representing interest	(16.8)	(0.9)
Total lease liabilities	72.0	7.7
Less: Current portion of lease liabilities	(21.4)	(6.6)
Non-current lease liabilities	$ 50.6	$ 1.1

Future minimum lease payments for operating leases accounted for under ASC 840, *Leases*, with remaining non-cancelable terms in excess of one year at September 30, 2019 were as follows:

Fiscal Year Ended September 30,		
2020	$	21.7
2021		17.0
2022		13.2
2023		10.3
2024 and thereafter		22.8
Total	$	85.0

Future minimum lease payments under capital lease obligations as of September 30, 2019 are as follows:

Future minimum lease payments:		
Fiscal Year Ended September 30:		
2020	$	5.6
2021		3.2
2022		0.7
2023		0.2
2024 and thereafter		—
Total		9.7
Less: Executory costs		(0.1)
Net minimum lease payments		9.6
Less: Amount representing interest		(1.1)
Present value of net minimum lease payments		8.5
Less: Current portion		(5.4)
Long-term portion of finance lease obligations	$	3.1

12. Equity-based Compensation

Restricted Stock Units

On November 22, 2019, the Company issued 194,000 nonforfeitable restricted stock units (“RSUs”) at a weighted average grant date fair value of $16.89, all of which are subject to vesting. The majority of these shares will vest ratably over a two-year period commencing on the first anniversary of the grant date. Non-cash equity-based compensation expense associated with the grant is approximately $3.3 all of which was recognized during the three months ended December 31, 2019.

On November 22, 2019, the Company issued 454,000 restricted stock units (“RSUs”) at a weighted average grant date fair value of $16.89, all of which are subject to vesting. The majority of these units will vest ratably over a four-year period commencing on the first anniversary of the grant date. Non-cash equity-based compensation expense associated with the grant will be approximately $6.8 over the requisite service period.

Stock Option Awards

On November 22, 2019, the Company issued 953,000 stock options at a weighted average exercise price of $16.89 and a weighted average grant date fair value of $8.06, the majority of which will vest and become exercisable ratably over a four-year period commencing on the first anniversary of the grant date. Non-cash equity-based compensation expense associated with the grant will be approximately $6.6 over the requisite service period.

Information regarding the total equity-based compensation expense, for the periods indicated is as follows:

	Three Months Ended March 31,		**Six Months Ended March 31,**	
	2020	**2019**	**2020**	**2019**
Total equity-based compensation expense recognized	$ 4.9	$ 5.6	$ 13.1	$ 11.5

At March 31, 2020 the aggregate unamortized value of outstanding stock-based compensation awards was approximately $45.0, with a weighted average remaining life of 2.1 years.

2018 Employee Stock Purchase Plan

The Company's stockholders approved in 2018 the Company's 2018 Employee Stock Purchase Plan (the "ESPP"). A total of 1,100,000 shares of the Company's common stock were made available for sale on October 22, 2018 and 172,000 were issued on November 14, 2019, and an additional portion thereof will be issued on November 14, 2020.

13. Commitments and Contingencies

Risk Management

The Company carries general liability, auto liability, workers' compensation, professional liability, directors' and officers' liability and employee health care insurance policies. In addition, the Company carries umbrella liability insurance policies to cover claims over the liability limits contained in the primary policies. The Company's insurance programs for workers' compensation, general liability, auto liability and employee health care for certain employees contain self-insured retention amounts, deductibles and other coverage limits ("self-insured liability"). Claims that are not self-insured as well as claims in excess of the self-insured liability amounts are insured. The Company uses estimates in the determination of the required reserves. These estimates are based upon calculations performed by third-party actuaries, as well as examination of historical trends and industry claims experience. The Company's reserve for unpaid and incurred but not reported claims under these programs at March 31, 2020 was $133.4, of which $45.6 was classified in current liabilities and $87.8 was classified in non-current liabilities in the accompanying unaudited consolidated balance sheet. The Company's reserve for unpaid and incurred but not reported claims under these programs at September 30, 2019 was $124.5, of which $37.4 was classified in current liabilities and $87.1 was classified in non-current liabilities in the accompanying consolidated balance sheet. While the ultimate amount of these claims is dependent on future developments, in management's opinion, recorded reserves are adequate to cover these claims. The Company's reserve for unpaid and incurred but not reported claims at March 31, 2020 includes $38.7 related to claims recoverable from third party insurance carriers. Corresponding assets of $8.1 and $30.6 are recorded at March 31, 2020, as Other current assets and Other assets, respectively. The Company's reserve for unpaid and incurred but not reported claims at September 30, 2019 includes $32.1 related to claims recoverable from third party insurance carriers. Corresponding assets of $6.1 and $26.0 were recorded at September 30, 2019, as Other current assets and Other assets, respectively.

Litigation Contingency

From time to time, the Company is subject to legal proceedings and claims in the ordinary course of its business, principally claims made alleging injuries (including vehicle and general liability matters as well as workers' compensation and property casualty claims). Such claims, even if lacking merit, can result in expenditures of significant financial and managerial resources. In the ordinary course of its business, the Company is also subject to claims involving current and/or former employees and disputes involving commercial and regulatory matters. Regulatory matters include, among other things, audits and reviews of local and federal tax compliance, safety and employment practices. Although the process of resolving regulatory matters and claims through litigation and other means is inherently uncertain, the Company is not aware of any such matter, legal proceeding or claim that it believes will have, individually or in the aggregate, a material effect on the Company, its financial condition, results of operations or cash flows. For all legal matters, an estimated liability is established in accordance with the loss contingencies accounting guidance. This estimated liability is included in Accrued expenses and other current liabilities in the accompanying Consolidated Balance Sheets.

Stockholder Litigation

In April 2019, two purported class action complaints, one captioned McComas v. BrightView Holdings, Inc., and the other captioned Speiser v. BrightView Holdings, Inc., were filed against the Company, certain current and former officers and directors of the Company, the underwriters in the Company's IPO, and the Company's alleged controlling stockholders. The complaints were consolidated in July 2019 in the Montgomery County Court of Common Pleas under the caption In re BrightView Holdings, Inc. Securities Litigation, with the McComas complaint, as subsequently amended, as the operative pleading. Both complaints allege violations of Section 11 of the Securities Act of 1933 against all defendants and controlling person claims under Section 15 of the Act against certain defendants. The plaintiffs purport to represent similar classes of persons who purchased BrightView stock in its IPO in July 2018 or purchased BrightView stock in the market that was traceable to the shares issued in the IPO. The complaints allege that the IPO prospectus was misleading because it allegedly failed to disclose that a portion of BrightView's contracts were underperforming and/or represented undesirable costs to the Company and that, as a result, BrightView would implement a managed exit strategy from low margin or non-profitable contracts that would negatively impact its future revenues; and that BrightView failed to disclose an alleged labor shortage caused by the Company's inability to hire sufficient workers through the H-2B visa program would adversely affect earnings. On August 12, 2019, BrightView and the other defendants filed preliminary objections seeking dismissal of the complaint as legally insufficient. Defendants also filed a petition for dismissal based on the provision in BrightView's certificate of incorporation that designates the federal district courts of the United States of America as the exclusive forum for resolving any claim arising under the United States federal securities laws, or to stay the action pending the decision of the Delaware Supreme Court in Salzberg v. Sciabacucchi. In that case, the Delaware Supreme Court was expected to decide whether federal forum selection provisions such as the one in BrightView's certificate of incorporation are enforceable under Delaware law. On November 4, 2019, plaintiffs filed a motion for class certification. On November 6, 2019, the Court overruled defendants' preliminary objections and denied defendants' petition for dismissal or for a stay, without prejudice to renewal after the Delaware Supreme Court issued its decision in Salzberg v. Sciabacucchi. On January 10, 2020, the defendants filed answers to the complaint. On March 18, 2020, the Delaware Supreme Court rendered its decision, upholding under Delaware's General Corporate Law the facial validity of federal-forum selection provisions such as the one in BrightView's certificate of incorporation. The Company intends to continue to defend itself vigorously against the actions. The Company is unable at this time to determine the amount of the possible loss or range of loss, if any, that it may incur as a result of these matters.

14. Segments

The operations of the Company are conducted through two operating segments: Maintenance Services and Development Services, which are also its reportable segments.

Maintenance Services primarily consists of recurring landscape maintenance services and snow removal services as well as supplemental landscape enhancement services.

Development Services primarily consists of landscape architecture and development services for new construction and large scale redesign projects. Development Services also includes our tree and nursery division, which grows and sells trees as well as manages removal and installation of specimen trees as part of many development projects.

The operating segments identified above are determined based on the services provided, and they reflect the manner in which operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to allocate resources and assess performance. The CODM is the Company's Chief Executive Officer. The CODM evaluates the performance of the Company's operating segments based upon Net Service Revenues, Adjusted EBITDA and Capital Expenditures. Management uses Adjusted EBITDA to evaluate performance and profitability of each operating segment.

The accounting policies of the segments are the same as those described in Note 2 "Summary of Significant Accounting Policies" in the notes to our consolidated financial statements in the Annual Report on Form 10-K for the fiscal year ended September 30, 2019. Corporate includes corporate executive compensation, finance, legal and information technology which are not allocated to the segments. Eliminations represent eliminations of intersegment revenues. The Company does not currently provide asset information by segment, as this information is not used by management when allocating resources or evaluating performance. The following is a summary of certain financial data for each of the segments:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Maintenance Services	$ 416.2	$ 473.3	$ 835.1	$ 865.8
Development Services	143.6	124.0	296.4	258.4
Eliminations	(0.7)	(0.7)	(1.7)	(1.5)
Net service revenues	$ 559.1	$ 596.6	$ 1,129.8	$ 1,122.7
Maintenance Services	$ 41.2	$ 65.0	$ 88.9	$ 113.7
Development Services	13.7	11.0	32.8	28.1
Corporate	(16.0)	(14.9)	(31.2)	(30.6)
Adjusted EBITDA(1)	$ 38.9	$ 61.1	$ 90.5	$ 111.2
Maintenance Services	$ 14.3	$ 18.9	$ 26.1	$ 30.0
Development Services	5.9	3.5	7.9	6.7
Corporate	0.4	2.9	1.1	5.9
Capital expenditures	$ 20.6	$ 25.3	$ 35.1	$ 42.6

(1) Presented below is a reconciliation of Net (loss) to Adjusted EBITDA:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Net (loss)	$ (20.5)	$ (3.6)	$ (33.1)	$ (12.4)
Interest expense	17.1	18.9	34.5	36.1
Income tax (benefit)	(6.7)	(1.3)	(11.6)	(4.5)
Depreciation expense	19.3	21.7	39.5	41.0
Amortization expense	13.6	13.8	27.1	28.9
Establish public company financial reporting compliance (a)	—	1.3	0.9	1.7
Business transformation and integration costs (b)	8.9	4.7	17.3	8.9
Offering-related expenses (c)	1.2	—	1.5	—
Equity-based compensation (d)	4.9	5.6	13.3	11.5
COVID-19 related expenses (e)	1.1	—	1.1	—
Adjusted EBITDA	$ 38.9	$ 61.1	$ 90.5	$ 111.2

(a) Represents costs incurred to establish public company financial reporting compliance, including costs to comply with the requirements of Sarbanes-Oxley and the accelerated adoption of the revenue recognition standard (ASC 606 – *Revenue from Contracts with Customers*) and other miscellaneous costs.

(b) Business transformation and integration costs consist of (i) severance and related costs; (ii) rebranding of vehicle fleet; (iii) business integration costs and (iv) information technology infrastructure, transformation costs, and other.

(c) Represents expenses incurred for IPO related litigation and subsequent registration statements. No related expenses were incurred during the three months or six months ended March 31, 2019.

(d) Represents equity-based compensation expense and related taxes recognized for equity incentive plans outstanding, including $1.9 and $3.9 million of equity based compensation expense related to the IPO in the three and six months ended March 31, 2020, respectively.

(e) Represents expenses related to the Company's response to the COVID-19 pandemic, primarily for purchases of additional supplies.

15. Earnings (Loss) Per Share of Common Stock

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common shares by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period, increased to include the number of shares of common stock that would have been outstanding had potential dilutive shares of common stock been issued. Set forth below is a reconciliation of the numerator and denominator for basic and diluted earnings (loss) per share calculation for the periods indicated:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2020	2019	2020	2019
Numerator:				
Net (loss) available to common stockholders	$ (20.5)	$ (3.6)	$ (33.1)	$ (12.4)
Denominator:				
Weighted average number of common shares outstanding – basic and diluted	103,651,000	102,785,000	103,478,000	102,643,000
Basic and diluted (loss) per share	$ (0.20)	$ (0.04)	$ (0.32)	$ (0.12)
Other Information:				
Weighted average number of anti-dilutive options and restricted stock	8,453,000	4,845,000	8,030,000	5,102,000

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis supplements our management's discussion and analysis for the year ended September 30, 2019 as contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on November 21, 2019, and presumes that readers have read or have access to such discussion and analysis. The following discussion and analysis should also be read together with the unaudited consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements that reflect our plans and strategy for our business, and involve risks and uncertainties. You should review the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, and in this Quarterly Report on Form 10-Q, for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. You should carefully read "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q.

Overview

Our Company

We are the largest provider of commercial landscaping services in the United States, with revenues more than 10 times those of our next largest commercial landscaping competitor. We provide commercial landscaping services ranging from landscape maintenance and enhancements to tree care and landscape development. We operate through a differentiated and integrated national service model which systematically delivers services at the local level by combining our network of over 220 branches with a qualified service partner network. Our branch delivery model underpins our position as a single-source end-to-end landscaping solution provider to our diverse customer base at the national, regional and local levels, which we believe represents a significant competitive advantage. We believe our commercial customer base understands the financial and reputational risk associated with inadequate landscape maintenance and considers our services to be essential and non-discretionary.

Our Segments

We report our results of operations through two reportable segments: Maintenance Services and Development Services. We serve a geographically diverse set of customers through our strategically located network of branches in 32 U.S. states, and, through our qualified service partner network, we are able to efficiently provide nationwide coverage in all 50 U.S. states and Puerto Rico.

Maintenance Services

Our Maintenance Services segment delivers a full suite of recurring commercial landscaping services in both evergreen and seasonal markets, ranging from mowing, gardening, mulching and snow removal, to more horticulturally advanced services, such as water management, irrigation maintenance, tree care, golf course maintenance and specialty turf maintenance. In addition to contracted maintenance services, we also have a strong track record of providing value-added landscape enhancements. We primarily self-perform our maintenance services through our national branch network, which are route-based in nature. Our maintenance services customers include Fortune 500 corporate campuses and commercial properties, HOAs, public parks, leading international hotels and resorts, airport authorities, municipalities, hospitals and other healthcare facilities, educational institutions, restaurants and retail, and golf courses, among others.

Development Services

Through our Development Services segment, we provide landscape architecture and development services for new facilities and significant redesign projects. Specific services include project design and management services, landscape architecture, landscape installation, irrigation installation, tree nursery and installation, pool and water features and sports field services, among others. Our development services are comprised of sophisticated design, coordination and installation of landscapes at some of the most recognizable corporate, athletic and university complexes and showcase highly visible work that is paramount to our customers' perception of our brand as a market leader.

In our Development Services business, we are typically hired by general contractors, with whom we maintain strong relationships as a result of our superior technical and project management capabilities. We believe the quality of our work is also well-regarded by our end-customers, some of whom directly request that their general contractors utilize our services when outsourcing their landscape development projects.

Components of Our Revenues and Expenses

Net Service Revenues

Maintenance Services

Our Maintenance Services revenues are generated primarily through landscape maintenance services and snow removal services. Landscape maintenance services that are primarily viewed as non-discretionary, such as lawn care, mowing, gardening, mulching, leaf removal, irrigation and tree care, are provided under recurring annual contracts, which typically range from one to three years in duration and are generally cancellable by the customer with 30 days' notice. Snow removal services are provided on either fixed fee based contracts or per occurrence contracts. Both landscape maintenance services and snow removal services can also include enhancement services that represent supplemental maintenance or improvement services generally provided under contracts of short duration related to specific services. Revenue for landscape maintenance and snow removal services under fixed fee models is recognized over time using an output based method. Additionally, a portion of our recurring fixed fee landscape maintenance and snow removal services are recorded under the series guidance. The right to invoice practical expedient, defined within Note 3 "Revenue" to our unaudited consolidated financial statements, is generally applied to revenue related to landscape maintenance and snow removal services performed in relation to per occurrence contracts as well as enhancement services. When use of the practical expedient is not appropriate for these contracts, revenue is recognized using a cost-to-cost input method. Fees for contracted landscape maintenance services are typically billed on an equal monthly basis. Fees for fixed fee snow removal services are typically billed on an equal monthly basis during snow season, while fees for time and material or other activity-based snow removal services are typically billed as the services are performed. Fees for enhancement services are typically billed as the services are performed.

Development Services

For Development Services, revenue is primarily recognized over time using the cost-to-cost input method, measured by the percentage of cost incurred to date to the estimated total cost for each contract, which we believe to be the best measure of progress. The full amount of anticipated losses on contracts is recorded as soon as such losses can be estimated. These losses have been immaterial in prior periods. Changes in job performance, job conditions and estimated profitability, including final contract settlements, may result in revisions to costs and revenue and are recognized in the period in which the revisions are determined.

Expenses

Cost of Services Provided

Cost of services provided is comprised of direct costs we incur associated with our operations during a period and includes employee costs, subcontractor costs, purchased materials, operating equipment and vehicle costs. Employee costs consist of wages and other labor-related expenses, including benefits, workers compensation and healthcare costs, for those employees involved in delivering our services. Subcontractor costs consist of costs relating to our qualified service partner network in our Maintenance Services segment and subcontractors we engage from time to time in our Development Services segment. When our use of subcontractors increases, we may experience incrementally higher costs of services provided. Operating equipment and vehicle costs primarily consist of depreciation related to branch operating equipment and vehicles and related fuel expenses. A large component of our costs are variable, such as labor, subcontractor expense and materials.

Selling, General and Administrative Expense

Selling, general and administrative expense consists of costs incurred related to compensation and benefits for management, sales and administrative personnel, equity-based compensation, branch and office rent and facility operating costs, depreciation expense related to branch and office locations, as well as professional fees, software costs and other miscellaneous expenses. Corporate expenses, including corporate executive compensation, finance, legal and information technology, are included in consolidated selling, general and administrative expense and not allocated to the business segments.

Amortization Expense

Amortization expense consists of the periodic amortization of intangible assets, including customer relationships, non-compete agreements and trademarks, recognized when KKR acquired us on December 18, 2013 and in connection with businesses we have acquired since December 18, 2013.

Interest Expense

Interest expense relates primarily to our long-term debt. See Note 8 "Long-term Debt" in the unaudited consolidated financial statements included under Part I, Item 1, "Financial Statements".

Income Tax (Expense) Benefit

The benefit for income taxes includes U.S. federal, state and local income taxes. Our effective tax rate differs from the statutory U.S. income tax rate due to the effect of state and local income taxes, tax credits and certain nondeductible expenses. Our effective tax rate may vary from quarter to quarter based on recurring and nonrecurring factors including, but not limited to the geographical distribution of our pre-tax earnings, changes in the tax rates of different jurisdictions, the availability of tax credits and nondeductible items. Changes in judgment due to the evaluation of new information resulting in the recognition, derecognition or remeasurement of a tax position taken in a prior annual period are recognized separately in the period of the change.

Other (Expense) Income

Other (expense) income consists primarily of investment gains and losses related to investments held in Rabbi Trust.

Trends and Other Factors Affecting Our Business

Various trends and other factors affect or have affected our operating results, including:

Seasonality

Our services, particularly in our Maintenance Services segment, have seasonal variability such as increased mulching, flower planting and intensive mowing in the spring, leaf removal and cleanup work in the fall, snow removal services in the winter and potentially minimal mowing during drier summer months. This can drive fluctuations in revenue, costs and cash flows for interim periods.

We have a significant presence in geographies that have a year-round growing season, which we refer to as our evergreen markets. Such markets require landscape maintenance services twelve months per year. In markets that do not have a year-round growing season, which we refer to as our seasonal markets, the demand for our landscape maintenance services decreases during the winter months. Typically, our revenues and net income have been higher in the spring and summer seasons, which correspond with our third and fourth fiscal quarters. The lower level of activity in seasonal markets during our first and second fiscal quarters is partially offset by revenue from our snow removal services. Such seasonality causes our results of operations to vary from quarter to quarter.

Weather Conditions

Weather may impact the timing of performance of landscape maintenance and enhancement services and progress on development projects from quarter to quarter. For example, snow events in the winter, hurricane-related cleanup in the summer and fall, and the effects of abnormally high rainfall or drought in a given market may impact our services. These less predictable weather patterns can impact both our revenues and our costs, especially from quarter to quarter, but also from year to year in some cases. Extreme weather events such as hurricanes and tropical storms can result in a positive impact to our business in the form of increased enhancement services revenues related to cleanup and other services. However, such weather events may also negatively impact our ability to deliver our contracted services or impact the timing of performance.

In our seasonal markets, the performance of our snow removal services is correlated with the amount of snowfall and number of snowfall events in a given season. We benchmark our performance against ten- and thirty-year cumulative annual snowfall averages.

Acquisitions

In addition to our organic growth, we have grown, and expect to continue to grow, our business through acquisitions in an effort to better service our existing customers and to attract new customers. These acquisitions have allowed us to execute our “strong-on-strong” acquisition strategy in which we focus on increasing our density and leadership positions in existing local markets, entering into attractive new geographic markets and expanding our portfolio of landscape enhancement services and improving technical capabilities in specialized services. As we continue to selectively pursue acquisitions that complement our “strong-on-strong” acquisition strategy, we believe we are the acquirer of choice in the highly fragmented commercial landscaping industry because we offer the ability to leverage our significant size and scale, as well as provide stable and potentially expanding career opportunities for employees of acquired businesses. In accordance with GAAP, the results of the acquisitions we have completed are reflected in our consolidated financial statements from the date of acquisition. We incur transaction costs in connection with identifying and completing acquisitions and ongoing integration costs as we integrate acquired companies and seek to achieve synergies. Since October 1, 2019, we have acquired five businesses for aggregate consideration of $87.1 million, net of cash. We incurred $7.5 million of integration costs during the six months of fiscal 2020 related to acquisitions completed prior to fiscal 2020 and $1.4 million related to acquisitions completed during fiscal 2020.

COVID-19 Update

In December 2019, a novel coronavirus disease ("COVID-19") was reported and in January 2020, the World Health Organization ("WHO") declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and on March 11, 2020, the WHO characterized COVID-19 as a pandemic.

Although our Maintenance and Development operations are considered essential services in most jurisdictions, there are some jurisdictions that, beginning in March 2020, have limited or halted our operations or the operations of the general contractors with which we work. Amended or future governmental orders or other restrictions may limit or prohibit either Maintenance's or Development's operations in certain locations in the future. Further limitations could have a material adverse impact on our business, financial condition and results of operations.

The impact of COVID-19 and related economic conditions on the Company's results are highly uncertain and outside the Company's control. The scope, duration and magnitude of the direct and indirect effects of COVID-19 are evolving rapidly and in ways that are difficult or impossible to anticipate. In addition, because COVID-19 did not begin to affect the Company's financial results until late in the second quarter of 2020, its impact on the Company's results in the second quarter of 2020 is not indicative of its impact on the Company's results for the remainder of 2020. For additional information on the risks posed by COVID-19, see "The COVID-19 pandemic has impacted and will likely continue to impact our business, financial condition and results of operations" in this Quarterly Report on Form 10-Q. As a result of COVID-19, economic conditions in the United States have rapidly deteriorated. The Company expects this impact to persist but the degree of the impact will depend on the extent and duration of the economic contraction.

We have taken numerous steps, and will continue to take further actions, in our approach to addressing the COVID-19 pandemic, such as increasing health and safety measures, implementing prudent actions to preserve cash, and limiting discretionary spend. Additionally, on March 27, 2020, the President of the United States signed the Coronavirus Aid Relief, and Economic Security (CARES) Act into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. We will utilize the deferment of employer side social security payments and are evaluating the applicability and potential impact of the other programs of the CARES Act to the Company. While we may determine to apply for such programs, there is no guarantee that we will meet any eligibility requirements to participate in such programs or, even if we are able to participate, that such programs will provide meaningful benefit to our business.

Refer to "Risk Factors" below for further discussion of the risks and potential impact of the COVID-19 pandemic on our business.

Results of Operations

The following tables summarize key components of our results of operations for the periods indicated.

	Three Months Ended March 31,		Six Months Ended March 31,	
(In millions)	**2020**	**2019**	**2020**	**2019**
Net service revenues	$ 559.1	$ 596.6	$ 1,129.8	$ 1,122.7
Cost of services provided	426.8	450.5	854.5	844.7
Gross profit	132.3	146.1	275.3	278.0
Selling, general and administrative expense	126.9	119.5	257.1	229.6
Amortization expense	13.6	13.8	27.1	28.9
(Loss) income from operations	(8.2)	12.8	(8.9)	19.5
Other income (expense)	(1.9)	1.2	(1.3)	(0.3)
Interest expense	17.1	18.9	34.5	36.1
(Loss) before income taxes	(27.2)	(4.9)	(44.7)	(16.9)
Income tax benefit	6.7	1.3	11.6	4.5
Net (loss)	$ (20.5)	$ (3.6)	$ (33.1)	$ (12.4)
Adjusted EBITDA(1)	$ 38.9	$ 61.1	$ 90.5	$ 111.2
Adjusted Net Income(1)	$ 1.9	$ 15.6	$ 12.5	$ 26.0
Cash flows from operating activities	$ 78.4	$ 58.3	$ 85.7	$ 64.7
Free Cash Flow(1)	$ 59.4	$ 34.2	$ 53.3	$ 25.1

(1) See the "Non-GAAP Financial Measures" section included in this Quarterly Report for a reconciliation to the most directly comparable GAAP measure.

Three Months Ended March 31, 2020 compared to Three Months Ended March 31, 2019

Net Service Revenues

Net service revenues for the three months ended March 31, 2020 decreased $37.5 million, or 6.3%, to $559.1 million, from $596.6 million in the 2019 period. The decrease was driven by decreases in Maintenance Services revenues of $57.1 million partially offset by increases in Development Services revenues of $19.6 million as discussed further below in Segment Results.

Gross Profit

Gross profit for the three months ended March 31, 2020 decreased $13.8 million, or 9.4%, to $132.3 million, from $146.1 million in the 2019 period. The decrease in gross profit was driven by the decrease in revenues, described above. Gross margin for the three months ended March 31, 2020 decreased to 23.7%, from 24.5% in the 2019 period.

Selling, General and Administrative Expense

Selling, general and administrative expense for the three months ended March 31, 2020 increased $7.4 million, or 6.2%, to $126.9 million, from $119.5 million in the 2019 period. This increase was largely driven by an increase of $5.5 million related to our acquired businesses, consisting of an increase of $0.8 million in business integration costs and $4.7 million of incremental overhead. Additionally, there were increases of $4.2 million related to business transformation costs, and $1.1 million related to supply purchases in response the COVID-19 pandemic. These increases were offset by a $3.5 million decrease in annual incentive compensation. As a percentage of revenue, selling, general and administrative expense increased 270 basis points for the three months ended March 31, 2020 to 22.7%, from 20.0% in the 2019 period.

Amortization Expense

Amortization expense for the three months ended March 31, 2020 decreased $0.2 million, or 1.4%, to $13.6 million, from $13.8 million in the 2019 period. The decrease was principally due to a $1.5 million decrease in the amortization of historical intangible assets recognized in connection with the KKR Acquisition and the ValleyCrest Acquisition, based on the pattern consistent with expected future cash flows calculated at that time, offset by $1.3 million increase in amortization expense for intangible assets recognized in connection with our acquired businesses subsequent to the ValleyCrest Acquisition.

Other Income (Expense)

Other expense was $1.9 million for the three months ended March 31, 2020 compared to Other income of $1.2 million in the 2019 period. The increase of $3.1 million in Other expense is driven by an increase in losses on investments held in Rabbi Trust.

Interest Expense

Interest expense for the three months ended March 31, 2020 decreased $1.8 million, or 9.5%, to $17.1 million, from $18.9 million in the 2019 period. The decrease was driven by the impact of our interest rate swaps for the period, partially offset by a lower weighted average interest rate on our term loans in the 2020 period of 4.04% compared to 5.03% in the 2019 period.

Income Tax Benefit

Income tax benefit for the three months ended March 31, 2020 increased $5.4 million, to $6.7 million, from $1.3 million in the 2019 period. The increase in tax benefit is primarily attributable to the increase in the loss before income taxes due to an increase in Selling, general and administrative expense, as discussed further above.

Net (Loss)

For the three months ended March 31, 2020, net loss was $20.5 million, compared to net loss of $3.6 million in the 2019 period. The change was attributed to lower Income from operations and a decrease in Other income, partially offset by a decrease in Interest expense and an increase in the Income tax benefit.

Adjusted EBITDA

Adjusted EBITDA decreased $22.2 million for the three months ended March 31, 2020, to $38.9 million, from $61.1 million in the 2019 period. Adjusted EBITDA as a percentage of revenue was 7.0% and 10.2% for the three months ended March 31, 2020 and 2019, respectively. The decrease in Adjusted EBITDA was principally driven by a decrease of $23.8 million, or 36.6% in Maintenance Services Segment Adjusted EBITDA, partially offset by an increase of $2.7 million, or 24.5% in Development Services Segment Adjusted EBITDA, as discussed further below in Segment Results.

Adjusted Net Income

Adjusted Net Income for the three months ended March 31, 2020 decreased $13.7 million to $1.9 million, from $15.6 million in the 2019 period due to the changes noted above.

Six Months Ended March 31, 2020 compared to Six Months Ended March 31, 2019

Net Service Revenues

Net service revenues for the six months ended March 31, 2020 increased $7.1, or 0.6%, to $1,129.8 million, from $1,122.7 million in the 2019 period. The increase was driven by increases in Development Services revenues of $38.0 million partially offset by decreases in Maintenance Services revenues of $30.7 million as discussed further below in Segment Results.

Gross Profit

Gross profit for the six months ended March 31, 2020 decreased $2.7 million, or 1.0%, to $275.3 million, from $278.0 million in the 2019 period. The decrease in gross profit was driven by the slight decrease in Maintenance Services revenue. Gross margin for the six months ended March 31, 2020 decreased to 24.4%, from 24.8% in the 2019 period.

Selling, General and Administrative Expense

Selling, general and administrative expense for the six months ended March 31, 2020 increased $27.5, or 12.0%, to $257.1 million, from $229.6 million in the 2019 period. This increase was largely driven by an increase of $14.1 million related to our acquired businesses, consisting of an increase of $5.2 million in business integration costs, to $8.9 million, from $3.7 million in the 2019 period, and $8.9 million of incremental overhead. Additionally, there were increases of $4.1 million for salaries and other employee related expenses, $3.4 million for business transformation costs, $2.1 million for professional fees, $1.8 million for stock compensation, $1.4 million for software licenses and $1.1 million related to supply purchases in response the COVID-19 pandemic. As a percentage of revenue, selling, general and administrative expense 230 increased basis points for the six months ended March 31, 2020 to 22.8%, from 20.5% in the 2019 period.

Amortization Expense

Amortization expense for the six months ended March 31, 2020 decreased $1.8 million, or 6.2%, to $27.1 million, from $28.9 million in the 2019 period. The decrease was principally due to a $3.6 million decrease in the amortization of historical intangible assets recognized in connection with the KKR Acquisition and the ValleyCrest Acquisition, based on the pattern consistent with expected future cash flows calculated at that time, offset by a $1.8 million increase in amortization expense for intangible assets recognized in connection with our acquired businesses subsequent to the ValleyCrest Acquisition.

Other Income (Expense)

Other expense was $1.3 million for the six months ended March 31, 2020, an increase of $1.0 million from Other expense of $0.3 million in the 2019 period driven by an increase in losses on investments held in Rabbi Trust.

Interest Expense

Interest expense for the six months ended March 31, 2020 decreased $1.6 million, or 4.4%, to $34.5 million, from $36.1 million in the 2019 period. The decrease was driven by the impact of our interest rate swaps for the period, partially offset by a lower weighted average interest rate on our term loans in the 2020 period of 4.20% compared to 4.94% in the 2019 period.

Income Tax Benefit

Income tax benefit for the six months ended March 31, 2020 increased $7.1 million, or 157.8%, to $11.6 million, from $4.5 million in the 2019 period. The increase in tax benefit is primarily attributable to the increase in the loss before income taxes due to an increase in Selling, general and administrative expense, as discussed further above.

Net (Loss) Income

For the six months ended March 31, 2020, net loss increased $20.7 million, to $33.1 million, from net loss of $12.4 million in the 2019 period due to the changes noted above.

Adjusted EBITDA

Adjusted EBITDA decreased $20.7 million for the six months ended March 31, 2020, to $90.5 million, from $111.2 million in the 2019 period. Adjusted EBITDA as a percentage of revenue was 8.0% and 9.9% in the six months ended March 31, 2020 and 2019, respectively. The decrease in Adjusted EBITDA was driven by a decrease of $24.8 million, or 21.8% in Maintenance Services Segment Adjusted EBITDA, partially offset by an increase of $4.7 million, or 16.7% in Development Services Segment Adjusted EBITDA, as discussed further below in Segment Results.

Adjusted Net Income

Adjusted Net Income for the six months ended March 31, 2020 decreased $13.5 million to $12.5 million, from $26.0 million in the 2019 period due to the changes noted above.

Non-GAAP Financial Measures

In addition to our GAAP financial measures, we review various non-GAAP financial measures including Adjusted EBITDA, Adjusted Net Income, Adjusted Earnings per Share ("Adjusted EPS") and Free Cash Flow.

We believe that Adjusted EBITDA, Adjusted Net Income and Adjusted EPS are helpful supplemental measures to assist us and investors in evaluating our operating results as they exclude certain items whose fluctuations from period to period do not necessarily correspond to changes in the operations of our business. Adjusted EBITDA represents net income (loss) before interest, taxes, depreciation, amortization and certain non-cash, non-recurring and other adjustment items. Adjusted Net Income is defined as net income (loss) including interest and depreciation and excluding other items used to calculate Adjusted EBITDA and further adjusted for the tax effect of these exclusions and the removal of the discrete tax items. Adjusted EPS is defined as Adjusted Net Income divided by the weighted average number of common shares outstanding for the period used in the calculation of basic EPS. We believe that the adjustments applied in presenting Adjusted EBITDA, Adjusted Net Income and Adjusted EPS are appropriate to provide additional information to investors about certain material non-cash items and about non-recurring items that we do not expect to continue at the same level in the future.

We believe Free Cash Flow is a helpful supplemental measure to assist us and investors in evaluating our liquidity. Free Cash Flow represents cash flows from operating activities less capital expenditures, net of proceeds from the sale of property and equipment. We believe Free Cash Flow is useful to provide additional information to assess our ability to pursue business opportunities and investments and to service our debt. Free Cash Flow has limitations as an analytical tool, including that it does not account for our future contractual commitments and excludes investments made to acquire assets under finance leases and required debt service payments.

Set forth below are the reconciliations of net income (loss) to Adjusted EBITDA and Adjusted Net Income, and cash flows from operating activities to Free Cash Flow. Adjusted EPS is defined as Adjusted Net Income (shown below) divided by the weighted average number of common shares outstanding for the period used in the calculation of basic EPS and presented in Note 15 "Earnings (Loss) Per Share of Common Stock" in the Notes to unaudited consolidated financial statements.

	Three Months Ended March 31,		Six Months Ended March 31,	
(In millions)	**2020**	**2019**	**2020**	**2019**
Adjusted EBITDA				
Net (loss)	$ (20.5)	$ (3.6)	$ (33.1)	$ (12.4)
Plus:				
Interest expense, net	17.1	18.9	34.5	36.1
Income tax (benefit)	(6.7)	(1.3)	(11.6)	(4.5)
Depreciation expense	19.3	21.7	39.5	41.0
Amortization expense	13.6	13.8	27.1	28.9
Establish public company financial reporting compliance (a)	—	1.3	0.9	1.7
Business transformation and integration costs (b)	8.9	4.7	17.3	8.9
Offering-related expenses (c)	1.2	—	1.5	—
Equity-based compensation (d)	4.9	5.6	13.3	11.5
COVID-19 related expenses (e)	1.1	—	1.1	—
Adjusted EBITDA	**$ 38.9**	**$ 61.1**	**$ 90.5**	**$ 111.2**
Adjusted Net Income				
Net (loss)	$ (20.5)	$ (3.6)	$ (33.1)	$ (12.4)
Plus:				
Amortization expense	13.6	13.8	27.1	28.9
Establish public company financial reporting compliance (a)	—	1.3	0.9	1.7
Business transformation and integration costs (b)	8.9	4.7	17.3	8.9
Offering-related expenses (c)	1.2	—	1.5	—
Equity-based compensation (d)	4.9	5.6	13.3	11.5
COVID-19 related expenses (e)	1.1	—	1.1	—
Income tax adjustment (f)	(7.3)	(6.2)	(15.6)	(12.6)
Adjusted Net Income	**$ 1.9**	**$ 15.6**	**$ 12.5**	**$ 26.0**
Free Cash Flow				
Cash flows from operating activities	$ 78.4	$ 58.3	$ 85.7	$ 64.7
Minus:				
Capital expenditures	20.6	25.3	35.1	42.6
Plus:				
Proceeds from sale of property and equipment	1.6	1.2	2.7	3.0
Free Cash Flow	**$ 59.4**	**$ 34.2**	**$ 53.3**	**$ 25.1**

(a) Represents costs incurred to establish public company financial reporting compliance, including costs to comply with the requirements of Sarbanes-Oxley and the accelerated adoption of the revenue recognition standard (ASC 606 – *Revenue from Contracts with Customers*), and other miscellaneous costs.

(b) Business transformation and integration costs consist of (i) severance and related costs; (ii) vehicle fleet rebranding costs; (iii) business integration costs and (iv) information technology infrastructure, transformation costs, and other.

	Three Months Ended March 31,		Six Months Ended March 31,	
(In millions)	**2020**	**2019**	**2020**	**2019**
Severance and related costs	$ 0.4	$ 1.0	$ 0.6	$ 1.5
Rebranding of vehicle fleet	—	0.1	—	0.4
Business integration	3.5	2.7	8.9	3.7
IT infrastructure, transformation, and other	5.0	0.9	7.8	3.3
Business transformation and integration costs	**$ 8.9**	**$ 4.7**	**$ 17.3**	**$ 8.9**

(c) Represents expenses incurred for IPO related litigation and subsequent registration statements. No related expenses were incurred during the three months or six months ended March 31, 2019.

(d) Represents equity-based compensation expense and related taxes recognized for equity incentive plans outstanding, including $1.9 and $3.9 million of equity based compensation expense related to the IPO in the three and six months ended March 31, 2020, respectively.

(e) Represents expenses related to the Company's response to the COVID-19 pandemic, primarily for purchases of additional supplies.

(f) Represents the tax effect of pre-tax items excluded from Adjusted Net Income and the removal of the applicable discrete tax items, which collectively result in a reduction of income tax. The tax effect of pre-tax items excluded from Adjusted Net Income is computed using the statutory rate related to the jurisdiction that was impacted by the adjustment after taking into account the impact of permanent differences and valuation allowances. Discrete tax items include changes in laws or rates, changes in uncertain tax positions relating to prior years and changes in valuation allowances.

	Three Months Ended March 31,		Six Months Ended March 31,	
(In millions)	**2020**	**2019**	**2020**	**2019**
Tax impact of pre-tax income adjustments	$ 7.3	$ 6.1	$ 15.3	$ 11.9
Discrete tax items	—	0.1	0.3	0.7
Income tax adjustment	**$ 7.3**	**$ 6.2**	**$ 15.6**	**$ 12.6**

Segment Results

We classify our business into two segments: Maintenance Services and Development Services. Our corporate expenses are not allocated to the segments and are not discussed separately as any results that had a significant impact on operating results are included in the consolidated results discussion above.

We evaluate the performance of our segments on Net Service Revenues, Segment Adjusted EBITDA and Segment Adjusted EBITDA Margin (Segment Adjusted EBITDA as a percentage of Net Service Revenues). Segment Adjusted EBITDA is indicative of operational performance and ongoing profitability. Our management closely monitors Segment Adjusted EBITDA to evaluate past performance and identify actions required to improve profitability.

Segment Results for the Three Months Ended March 31, 2020 and 2019

The following tables present Net Service Revenues, Segment Adjusted EBITDA, and Segment Adjusted EBITDA Margin for each of our segments. Changes in Segment Adjusted EBITDA Margin are shown in basis points, or bps.

Maintenance Services Segment Results

	Three Months Ended March 31,		Percent Change
(In millions)	**2020**	**2019**	**2020 vs. 2019**
Net Service Revenues	$ 416.2	$ 473.3	(12.1)%
Segment Adjusted EBITDA	$ 41.2	$ 65.0	(36.6)%
Segment Adjusted EBITDA Margin	9.9%	13.7%	(380) bps

Maintenance Services Net Service Revenues

Maintenance Services net service revenues for the three months ended March 31, 2020 decreased by $57.1 million, or 12.1%, from the 2019 period. Revenues from snow removal services were $102.5 million, a decrease of $89.0 million over the 2019 period and revenue from landscape maintenance services were $313.7 million, an increase of $31.9 million over the 2019 period. The decrease in snow removal services was primarily attributable to a decreased frequency of snowfall events, the lower volume of snowfall per event and the lower relative snowfall in the three months ended March 31, 2020 as compared to the 2019 period (for our current branch structure, snowfall for the three months ended March 31, 2020 and 2019 was 43.3% and 86.2%, respectively, of the historical 10-year average for that three-month period). The increase in landscape maintenance services was driven by a $26.6 million revenue contribution from acquired businesses as well as $5.3 million or 1.9% growth in underlying commercial landscaping.

Maintenance Services Segment Adjusted EBITDA

Segment Adjusted EBITDA for the three months ended March 31, 2020 decreased by $23.8 million to $41.2 million from $65.0 million in the 2019 period principally driven by the decrease in snow removal revenues described above as well as an increase in selling, general, and administrative expenses to drive new business growth and increase customer retention. Segment Adjusted EBITDA Margin decreased 380 basis points, to 9.9%, in the three months ended March 31, 2020, from 13.7% in the 2019 period.

Development Services Segment Results

(In millions)	Three Months Ended March 31, 2020	2019	Percent Change 2020 vs. 2019
Net Service Revenues	$ 143.6	$ 124.0	15.8%
Segment Adjusted EBITDA	$ 13.7	$ 11.0	24.5%
Segment Adjusted EBITDA Margin	9.5%	8.9%	60 bps

Development Services Net Service Revenues

Development Services net service revenues for the three months ended March 31, 2020 increased $19.6 million, or 15.8%, compared to the 2019 period. The increase in development services revenues was driven by higher project volumes and an increase in the project completion percentage compared to the 2019 period.

Development Services Segment Adjusted EBITDA

Segment Adjusted EBITDA for the three months ended March 31, 2020 increased $2.7 million, to $13.7 million, compared to the 2019 period. The increase in Segment Adjusted EBITDA was due to the increase in net service revenues described above combined with productivity improvements across the segment. Segment Adjusted EBITDA Margin increased 60 basis points, to 9.5%, in the three months ended March 31, 2020, from 8.9% in the 2019 period.

Segment Results for the Six Months Ended March 31, 2020 and 2019

The following tables present Net Service Revenues, Segment Adjusted EBITDA, and Segment Adjusted EBITDA Margin for each of our segments. Changes in Segment Adjusted EBITDA Margin are shown in basis points, or bps.

Maintenance Services Segment Results

(In millions)	Six Months Ended March 31, 2020	2019	Percent Change 2020 vs. 2019
Net Service Revenues	$ 835.1	$ 865.8	(3.5)%
Segment Adjusted EBITDA	$ 88.9	$ 113.7	(21.8)%
Segment Adjusted EBITDA Margin	10.6%	13.1%	(250) bps

Maintenance Services Net Service Revenues

Maintenance Services net service revenues for the six months ended March 31, 2020 decreased by $30.7 million, or 3.5%, from the 2019 period. Revenues from snow removal services were $158.1 million, a decrease of $81.6 million over the 2019 period and revenues from landscape services were $677.0 million, an increase of $50.9 million over the 2019 period. The decrease in snow removal services is primarily attributable to a decreased frequency of snowfall events, the lower volume of snowfall per event and the lower relative snowfall in the six months ended March 31, 2020 (for our current branch structure, snowfall for the six months ended March 31, 2020 and 2019 was 57.9% and 85.6%, respectively, of the historical 10-year average for that six-month period). The increase in landscape services revenues was driven by a $48.2 million revenue contribution from acquired businesses as well as $4.4 million or 0.7% growth in underlying commercial landscaping excluding the impact in the first fiscal quarter from the wind down of our strategic managed exit initiative.

Maintenance Services Segment Adjusted EBITDA

Segment Adjusted EBITDA for the six months ended March 31, 2020 decreased $24.8 million, to $88.9 million, compared to $113.7 million in the 2019 period. The decrease in Segment Adjusted EBITDA was due to the decrease in snow removal revenues described above as well as an increase in selling, general, and administrative expenses to drive new business growth and increase customer retention. Segment Adjusted EBITDA Margin decreased 250 basis points, to 10.6%, in the six months ended March 31, 2020, from 13.1% in the 2019 period.

Development Services Segment Results

(In millions)	Six Months Ended March 31, 2020	Six Months Ended March 31, 2019	Percent Change 2020 vs. 2019
Net Service Revenues	$ 296.4	$ 258.4	14.7%
Segment Adjusted EBITDA	$ 32.8	$ 28.1	16.7%
Segment Adjusted EBITDA Margin	11.1%	10.9%	20bps

Development Services Net Service Revenues

Development Services net service revenues for the six months ended March 31, 2020 increased $38.0 million, or 14.7%, compared to the 2019 period. The increase in development services revenues was driven by higher project volumes and an increase in the project completion percentage compared to the prior fiscal period.

Development Services Segment Adjusted EBITDA

Segment Adjusted EBITDA for the six months ended March 31, 2020 increased $4.7 million, to $32.8 million, compared to the 2019 period. The increase in Segment Adjusted EBITDA was due to the increase in net service revenues described above as well as increased productivity across the segment. Segment Adjusted EBITDA Margin increased 20 basis points, to 11.1%, in the six months ended March 31, 2020, from 10.9% in the 2019 period.

Liquidity and Capital Resources

Liquidity

Since the consummation of the KKR Acquisition and related financing transactions, our principal sources of liquidity have been existing cash and cash equivalents, cash generated from operations and borrowings under the Credit Agreement and the Receivables Financing Agreement. Our principal uses of cash following the consummation of the KKR Acquisition and related financing transactions have been to provide working capital, meet debt service requirements, fund capital expenditures and finance strategic plans, including acquisitions. We may also seek to finance capital expenditures under finance leases or other debt arrangements that provide liquidity or favorable borrowing terms. We continue to consider acquisition opportunities, but the size and timing of any future acquisitions and the related potential capital requirements cannot be predicted. While we have in the past financed certain acquisitions with internally generated cash, in the event that suitable businesses are available for acquisition upon acceptable terms, we may obtain all or a portion of the necessary financing through the incurrence of additional long-term borrowings.

Based on our current level of operations and available cash, we believe our cash flow from operations, together with availability under the Revolving Credit Facility and the Receivables Financing Agreement, will provide sufficient liquidity to fund our current obligations, projected working capital requirements, debt service requirements and capital spending requirements for the next twelve months. Further discussion of the potential impact of the COVID-19 pandemic on our business and financial condition is set forth under Item 1A, Risk Factors.

A substantial portion of our liquidity needs arise from debt service requirements, and from the ongoing cost of operations, working capital and capital expenditures.

(In millions)	March 31, 2020	September 30, 2019
Cash and cash equivalents	$ 88.0	$ 39.1
Short-term borrowings and current maturities of long-term debt	10.4	10.4
Long-term debt	1,220.8	1,134.2
Total debt, net	$ 1,231.2	$ 1,144.6

The Company is party to a credit agreement dated December 18, 2013 (as amended, the “Credit Agreement”), a five-year revolving credit facility that matures on August 15, 2023 (the “Revolving Credit Facility”) and, through a wholly-owned subsidiary, a receivables financing agreement dated April 28, 2017 (as amended, the “Receivables Financing Agreement”).

We can increase the borrowing availability under the Credit Agreement or increase the term loans outstanding under the Credit Agreement by up to $303.0 million, in the aggregate, in the form of additional commitments under the Revolving Credit Facility and/or incremental term loans under the Credit Agreement, or in the form of other indebtedness in lieu thereof, plus an additional amount so long as we do not exceed a specified senior secured leverage ratio and, in the case of second lien indebtedness, a specified senior secured leverage ratio. We can incur such additional secured or other unsecured indebtedness under the Credit Agreement if certain specified conditions are met. Our liquidity requirements are significant primarily due to debt service requirements. See Note 8 "Long-term Debt" to our unaudited consolidated financial statements included under Part I, Item 1, "Financial Statements".

In the event that LIBOR is phased out as is currently expected, the Credit Agreement and the Receivables Financing Agreement each provide that the Company and the applicable administrative agent may amend such Credit Agreement or Receivables Financing Agreement, as applicable, to replace the LIBOR definition with a successor rate based on prevailing market convention, subject to notifying the lending syndicate of such change and not receiving within 5 business days of such notification written objections to such replacement rate from (i) with respect to the Receivables Financing Agreement, lenders holding at least a majority of the aggregate principal amount of commitments then outstanding thereunder or (ii) with respect to any class of loans under the Credit Agreement, lenders holding at least a majority of the aggregate principal amount of loans and commitments then outstanding in such class. The consequences of these developments cannot be entirely predicted, but could include an increase in the interest cost of our variable rate indebtedness.

Our business may not generate sufficient cash flows from operations or future borrowings may not be available to us under our Revolving Credit Facility or the Receivables Financing Agreement in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs. Our ability to do so depends on, among other factors, prevailing economic conditions, many of which are beyond our control. Further discussion of the potential impact of the COVID-19 pandemic on our business and financial condition is set forth under Item 1A, Risk Factors. In addition, upon the occurrence of certain events, such as a change in control, we could be required to repay or refinance our indebtedness. We may not be able to refinance any of our indebtedness, including the Series B Term Loan under the Credit Agreement, on commercially reasonable terms or at all. Any future acquisitions, joint ventures, or other similar transactions may require additional capital and there can be no assurance that any such capital will be available to us on acceptable terms or at all.

Cash Flows

Information about our cash flows, by category, is presented in our statements of cash flows and is summarized below:

	Six Months Ended March 31,	
(In millions)	**2020**	**2019**
Operating activities	$ 85.7	$ 64.7
Investing activities	$ (118.9)	$ (87.7)
Financing activities	$ 82.1	$ (1.0)
Free Cash Flow (1)	$ 53.3	$ 25.1

(1) See the "Non-GAAP Financial Measures" section included in this Quarterly Report for a reconciliation to the most directly comparable GAAP measure.

Cash Flows provided by Operating Activities

Net cash provided by operating activities for the six months ended March 31, 2020 increased $21.0 million, to $85.7 million, from $64.7 million in the 2019 period. This increase was primarily due to an increase in cash provided by accounts receivable and an increase in cash provided by unbilled and deferred revenue offset by a decrease in cash provided by other operating assets and a decrease in cash provided by accounts payable and other operating liabilities.

Cash Flows used in Investing Activities

Net cash used in investing activities increased $31.2 million to $118.9 million for the six months ended March 31, 2020 from $87.7 million in the 2019 period. Cash used in investing activities included cash paid for acquisitions which increased $37.8 million to $87.1 million for the six months ended March 31, 2020, compared to $49.3 million in the 2019 period. This increase was slightly offset by a decrease in cash used for capital expenditures of $7.5 million for the six months ended March 31, 2020 compared to the 2019 period.

Cash Flows used in Financing Activities

Net cash flows provided by financing activities of $82.1 million for the six months ended March 31, 2020 included proceeds from our Receivables Financing Agreement of $80.0 million and proceeds from our Revolving Credit Facility of $70.0 million drawn principally in response to the COVID-19 pandemic, offset by debt repayments of $65.2 million and repayments of finance lease obligations of $2.8 million.

Net cash flows used in financing activities of $1.0 million for the six months ended March 31, 2019 included debt repayments of $92.8 million and repayments of finance lease obligations of $2.8 million offset by proceeds from our Receivables Financing Agreement of $84.6 million and proceeds from our Revolving Credit Facility of $10.0 million.

Free Cash Flow

Free Cash Flow increased $28.2 million to $53.3 million for the six months ended March 31, 2020 from $25.1 million in the 2019 period. The increase in Free Cash Flow was due to an increase in cash flows from operating activities of $21.0 million as well as a decrease in capital expenditures of $7.5 million partially offset by a decrease in proceeds from the sale of property and equipment of $0.3 million.

Working Capital

(In millions)	March 31, 2020	September 30, 2019
Net Working Capital:		
Current assets	$ 593.0	$ 551.4
Less: Current liabilities	413.1	332.7
Net working capital	$ 179.9	$ 218.7

Net working capital is defined as current assets less current liabilities. Net working capital decreased $38.8 million to $179.9 million at March 31, 2020, from $218.7 million at September 30, 2019, primarily driven by an increase in deferred revenue of $37.0 million, a decrease in unbilled revenue of $26.3 million, an increase in current portion of operating lease liabilities of $23.3 million, an increase in accounts payable of $12.5 million, partially offset by an increase in cash and cash equivalents of $48.9 million and an increase in other current assets of $16.3 million.

Description of Indebtedness

As of March 31, 2020, we were in compliance with all of our debt covenants and no event of default has occurred or was ongoing. See Note 8 “Long-term Debt” to our unaudited consolidated financial statements included under Part I, Item 1, “Financial Statements”.

Contractual Obligations and Commercial Commitments

During the six months ended March 31, 2020, there were no material changes outside the ordinary course of business in our contractual obligations and commercial commitments from those reported as of September 30, 2019 in our Annual Report on Form 10-K.

Off-balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are materially likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies and Estimates

Management has evaluated the accounting policies used in the preparation of the Company's consolidated financial statements and related notes and believe those policies to be reasonable and appropriate. Certain of these accounting policies require the application of significant judgment by management in selecting appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on historical experience, trends in the industry, information provided by customers and information available from other outside sources, as appropriate. The most significant areas involving management judgments and estimates may be found in the Annual Report on Form 10-K, in the "Critical Accounting Policies and Estimates" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations." There have been no material changes to our critical accounting policies as compared to the critical accounting policies described in the Annual Report on Form 10-K for the year ended September 30, 2019, other than those related to leasing as a result of the adoption of ASU 2016-02 and ASU 2018-11.

Recently Issued Accounting Policies

The information set forth in Note 2 "Recent Accounting Pronouncements" to our unaudited consolidated financial statements under Part I, Item 1, "Financial Statements" is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

For quantitative and qualitative disclosures about market risk, see "Item 7A. Quantitative and Qualitative Disclosure of Market Risk" in the Annual Report on Form 10-K for the fiscal year ended September 30, 2019.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In accordance with Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision of our CEO and our CFO, the effectiveness of disclosure controls and procedures as of March 31, 2020. Based on this evaluation, our CEO and our CFO concluded that our disclosure controls and procedures were effective as of March 31, 2020 at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There has not been any change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in Note 13 “Commitments and Contingencies” to our Condensed Consolidated Financial Statements under Part I, Item 1, “Financial Statements,” is incorporated herein by reference.

Item 1A. Risk Factors.

The following represent material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed with the SEC on November 21, 2019.

The COVID-19 pandemic has impacted and will likely continue to impact our business, financial condition and results of operations.

A pandemic outbreak of a novel strain of coronavirus (COVID-19) has occurred across the globe and efforts to mitigate the health impact of the pandemic have profoundly adversely affected economic activity. National, state and local governments have taken actions to mitigate the impact of the COVID-19 pandemic in a variety of ways, including by declaring states of emergency, issuing stay-at-home orders and ordering certain businesses to close or limit their operations. Although our Maintenance and Development operations are considered essential services in most jurisdictions, there are some jurisdictions that have limited or halted our operations or the operations of the general contractors with which we work. Amended or future governmental orders or other restrictions may limit or prohibit our Maintenance or Development operations in certain locations in the future. Further limitations could have a material adverse impact on our business, financial condition and results of operations.

In addition to limitations on our operations as a result of governmental orders or restrictions, the COVID-19 pandemic has caused and will likely continue to cause disruptions to our business and operations as a result of social distancing measures, restrictions on travel and labor shortages as a result of illness and possible delays in H2-B visa processing in connection with recent or future government orders and regulations related to immigration. In addition, the COVID-19 pandemic has caused and may continue to cause disruptions in the business and operations of the general contractors with which we work and our suppliers. We may be unable to timely obtain the supplies we need to provide our services, which could have a material adverse impact on our ability to operate our business. As a result, we may lose business opportunities, have reduced revenues or have difficulty collecting payments from clients, which could have a material adverse impact on our business, financial condition and results of operation.

The COVID-19 pandemic has also resulted in material adverse national and global economic conditions that are impacting, and will continue to impact, our business. Such conditions may result in an economic recession or prolonged economic downturn, which could result in a material loss of business for the duration of the downturn. Actions taken to mitigate the pandemic and resulting economic conditions are likely to materially adversely impact our business, financial condition, results of operations and cash flows. Although we have taken certain actions to ensure the continuity of our business and operations, we may need to take additional actions to ensure the continuity of our business, including use of a hiring freeze, furloughing or laying off employees and taking other actions to limit expenditures. We have drawn on borrowing facilities and may need to further extend borrowings and indebtedness in order to obtain additional liquidity. The COVID-19 pandemic has also resulted in severe disruption and volatility in the financial markets. Depending on the extent and duration of the COVID-19 pandemic, the price of our common stock on the NYSE may continue to experience declines and volatility which may negatively impact our ability to raise capital through the equity markets if necessary to increase our liquidity.

In addition to the risks specifically described above, the impact of COVID-19 is likely to implicate and exacerbate certain risks set forth in our Annual Report on Form 10-K for the fiscal year ended September 30, 2019, including those related to our customers, demand for our services, reliance on workers, suppliers, our indebtedness, and potential impairment of our goodwill and other intangible assets.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following is a list of all exhibits filed or furnished as part of this report:

Exhibit No.	Description
3.1	Third Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 2, 2018)
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on July 2, 2018)
10.1	The BrightView Holdings, Inc. Amended and Restated 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 11, 2020)
10.2*	BrightView Holdings, Inc. Executive Leadership Team Annual Bonus Plan
31.1*	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
31.2*	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BrightView Holdings, Inc.

Date: May 7, 2020

By: /s/ Louay H. Khatib

Louay H. Khatib
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.2

BRIGHTVIEW HOLDINGS, INC.

Executive Leadership Team Annual Bonus Plan

(Effective October 1, 2019)

1. PURPOSE

The Executive Leadership Team Annual Bonus Plan (the "Plan") has been established by BrightView Holdings, Inc. (the "Company") for the purposes of (a) reinforcing the link between compensation and performance,

(b) motivating participants to achieve individual and/or corporate performance goals and objectives, and

(c) enabling the Company to attract and retain high quality executives.

2. COVERED INDIVIDUALS

The members of the executive leadership team of the Company (each, a "Covered Individual"), as determined by the Compensation Committee of the Board of Directors of the Company (the "Committee") in its discretion, are eligible to participate in the Plan for each performance period that the Plan remains in effect.

3. ADMINISTRATION

The Plan shall be administered by the Committee, which shall have the sole authority to (i) select Covered Individuals eligible to participate in the Plan, (ii) set, adjust, and evaluate performance goals, (iii) determine the Annual Bonus Payments under the Plan ("Annual Bonus Payments"), if any, to be made to Covered Individuals, and (iv) make rules and regulations for the administration of the Plan. In making any determinations under the Plan, the Committee shall be entitled to rely on reports, opinions or statements of officers or employees of the Company and its affiliates as well as those of counsel, public accountants and other professional or expert persons. The interpretations and decisions of the Committee with regard to the Plan shall be final and conclusive, and the Committee shall have the full power and authority in its sole discretion to increase, reduce, or to refuse to make any payment under the Plan. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan.

4. AMOUNT OF INCENTIVE

(a) Incentive Bonus Opportunity. The incentive bonus opportunity amount for each Covered Individual shall be determined by the Committee in its sole discretion with respect to each performance period, and may be determined as a percentage of the Covered Individual's base salary, a specified dollar amount, or such other method as the Committee may determine. A performance period shall be a single fiscal year of the Company unless otherwise determined by the Committee.

(b) Performance Goals and Objectives. A Covered Individual's Annual Bonus Payment will be based on the attainment of performance goals and objectives as determined by the Committee for such Covered Individual in its sole discretion with respect to each performance period. Different Covered Individuals may have different performance goals and objectives. Performance goals and objectives may include, but are not limited to, earnings before interest, taxes, depreciation, and amortization (EBITDA), cash management, revenue, income, and such other criteria as the Committee may determine are appropriate to measure the performance of a Covered Individual in carrying out his or her assigned duties and responsibilities. These business criteria include any derivations of such business criteria (e.g., income includes pre-tax income, net income, operating income, etc.).

(c) Individual Performance Adjustments. The Committee shall determine the level of attainment of performance goals and may adjust a Covered Individual's calculated Annual Bonus Payment based upon individual performance. In addition, notwithstanding anything to the contrary herein, the amount of a Covered Individual's Annual Bonus Payment may be increased or reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

5. PAYMENT OF ANNUAL BONUS PAYMENTS

(a) Committee Determinations. Prior to payment of any Annual Bonus Payment to a Covered Individual, the Committee shall determine the performance results and make any other adjustments in its discretion.

(b) Time and Form of Payment. Annual Bonus Payments shall be made in cash, provided that the Committee may determine to pay all or any portion of any bonus payment in common stock of the Company, par value $0.01 per share, granted under the Company's 2018 Omnibus Incentive Plan (or a successor plan thereto) and subject to such time-based vesting and/or other restrictions as the Committee may determine in its sole discretion. Subject to Section 6, the amount of any Annual Bonus Payment for a Covered Individual for a performance period shall be paid on a date determined by the Committee, provided that such date is in no event later than March 15 of the calendar year immediately following the calendar year which includes last day of the performance period.

(c) Clawback of Annual Bonus Payments. Annual Bonus Payments paid under the Plan shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board of Directors of the Company (the "Board of Directors") or the Committee and as in effect from time to time; and (ii) applicable law. Further, to the extent that the Covered Individual receives any amount in excess of the amount that the Covered Individual should otherwise have received under the Plan for a fiscal year for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Covered Individual shall be required to repay any such excess amount to the Company as determined by the Committee.

6. TERMINATION OF EMPLOYMENT

(a) General. Except as expressly provided otherwise herein or unless the Committee provides otherwise, a Covered Individual must remain in continuous employment through the applicable payment date to earn the Annual Bonus Payment for a performance period, and if the Covered Individual's employment with the Company terminates for any reason before the payment date, the Covered Individual will not be eligible for or entitled to receive the Annual Bonus Payment for the performance period.

(b) Employment Agreement Controls. Notwithstanding any provision in the Plan to the contrary, if an employment or similar agreement entered into between the Covered Individual and the Company ("Employment Agreement") provides for payment of an Annual Performance Payment in connection with the Covered Individual's termination of employment before the payment date, the terms of the Employment Agreement shall control over the terms of the Plan to the extent the Employment Agreement provides the Covered Individual with a greater payment.

(b) Death, Disability, or Retirement. Notwithstanding any provision in the Plan to the contrary, if a Covered Individual terminates employment with the Company before the payment date due to the Covered Individual's death, Disability, or Retirement, the Covered Individual will be eligible for a prorated Annual Bonus Payment based on actual performance results, provided that the Covered Individual participated in the Plan for at least fifty percent (50%) of the performance period. Such prorated Annual Bonus Payment (if any) shall be payable following the end of the performance period at the same time Annual Performance Payments are otherwise made to active Covered Individuals. In the event of a Covered Individual's death, any amounts payable under this Plan, as determined by the Committee, shall be paid to the Covered Individual's estate. For this purpose:

"Retirement" means a Covered Individual's termination of employment with the Company on or after the date the Covered Individual has attained age 65 for any reason other than Cause.

"Disability" means (i) "Disability" as defined in the Covered Individual's Employment Agreement, if any; or (ii) in the absence of an Employment Agreement (or the absence of any definition of "Disability" contained therein), a condition entitling the Covered Individual to receive benefits under a long-term disability plan of the Company in which such Covered Individual is eligible to participate, or, in the absence of such a plan, the complete and permanent inability of the Covered Individual by reason of illness or accident to perform the duties of the position at which the Covered Individual was employed or served when such disability commenced. Any determination of whether Disability exists in the absence of a long-term disability plan shall be made by the Committee (or its designee) in its sole and absolute discretion.

“Cause” means (i) “Cause” as defined in the Covered Individual’s Employment Agreement, if any; or (ii) in the absence of an Employment Agreement (or the absence of any definition of “Cause” contained therein), the Covered Individual’s (A) willful neglect in the performance of the Covered Individual’s duties for the Company or willful or repeated failure or refusal to perform such duties; (B) engagement in conduct in connection with the Covered Individual’s employment or service with the Company, which results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company or any of its subsidiaries; (C) conviction of, or plea of guilty or no contest to, (I) any felony; or (II) any other crime that results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company or any of its subsidiaries; (D) material violation of the written policies of the Company, including, but not limited to, those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Company; (E) fraud or misappropriation, embezzlement or misuse of funds or property belonging to the Company or any its subsidiaries; or (F) act of personal dishonesty that involves personal profit in connection with the Covered Individual’s employment or service to the Company.

7. AMENDMENT, SUSPENSION AND TERMINATION

The Board of Directors or the Committee may, at any time, amend, suspend, or terminate the Plan in whole or in part.

8. TAX WITHHOLDING

The Company shall collect all federal, state and local income, employment and other payroll taxes (including FICA taxes) required to be withheld from a Covered Individual’s Annual Bonus Payment, as and when those taxes become due under applicable law. The Company shall collect such taxes through tax withholdings from the Annual Bonus Payment or other wages and earnings payable to the Covered Individual or by any other means acceptable to the Company.

9. SEVERABILITY

If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit provided for under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity, or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit provided for under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity, or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid, or unenforceable shall be made or provided under the Plan.

10. NON-ASSIGNABILITY

Unless the Committee expressly provides otherwise in writing, no Covered Individual nor any other person may sell, assign, convey, gift, pledge, or otherwise hypothecate or alienate any Annual Bonus Payment, other than by will or the laws of descent and distribution.

11. NON-EXCLUSIVITY OF THE PLAN

The adoption of the Plan by the Board of Directors does not create any limitation on the power of the Committee or the Board of Directors to adopt other cash or equity-based compensation programs. The adoption of the Plan by the Board of Directors shall not be construed as creating any limitations on the power of the Board of Directors or the Committee to adopt such other incentive arrangements as either may deem desirable, including, without limitation, cash or equity-based compensation arrangements, either tied to performance or otherwise, and any such other arrangements as may be either generally applicable or applicable only in specific cases.

12. EMPLOYMENT AT WILL

Neither the Plan, the selection of a person as a Covered Individual, the payment of any Annual Bonus Payment to any Covered Individual, nor any action by the Company or the Committee shall be held or construed to confer upon any person any right to be continued in the employ of the Company. The Company expressly reserves the right to terminate the employment of any Covered Individual at any time, subject to the terms of any applicable employment or similar agreement between the Covered Individual and the Company.

13. NO VESTED INTEREST OR RIGHT

At no time before the actual payment of an Annual Bonus Payment to any Covered Individual or other person shall any Covered Individual or other person accrue any vested interest or right whatsoever under the Plan, and the Company has no obligation to treat Covered Individuals identically under the Plan.

14. GOVERNING LAW

The Plan shall be construed, administered and governed under the laws of the Commonwealth of Pennsylvania, without regard to its conflict of law rules. If any provision of this Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue in full force and effect.

15. SECTION 409A

The Plan is intended to comply with the short-term deferral exception under Section 409A of the Internal Revenue Code of 1986, as amended (including and any related regulations or other guidance, the "Code"), in order to avoid application of Code Section 409A to the Annual Bonus Payments. Accordingly, to the extent there is any ambiguity as to whether one or more provisions of the Plan would otherwise contravene the requirements or limitations of Code Section 409A applicable to such short-term deferral exception, then those provisions shall be interpreted and applied in a manner that does not result in a violation of the requirements or limitations of Code Section 409A. If and to the extent that any payment under this Plan is deemed to be deferred compensation subject to the requirements of Code Section 409A, this Plan shall be administered so that such payments are made in accordance with the requirements of Code Section 409A. To the extent a provision of the Plan is contrary to or fails to address the minimum requirements of Code Section 409A, the Company may, in its sole discretion, take such steps as it deems reasonable so as to comply with Section 409A of the Code; provided, that any and all tax liability and penalties resulting from noncompliance with Code Section 409A shall remain the Covered Individual's sole responsibility.

16. UNFUNDED PLAN

The Plan shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Covered Individual or any other person. To the extent that any person acquires a right to receive payments from the Company pursuant to the Plan, such right shall be no greater than the right of any general unsecured creditor of the Company.

17. EFFECTIVE DATE

The Plan is effective October 1, 2019.

Exhibit 31.1

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew V. Masterman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2020 of BrightView Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2020

/s/ Andrew V. Masterman

Andrew V. Masterman
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John A. Feenan, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended March 31, 2020 of BrightView Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 7, 2020

/s/ John A. Feenan
John A. Feenan
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BrightView Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2020 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew V. Masterman, Chief Executive Officer and Director of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 7, 2020

/s/ Andrew V. Masterman
Andrew V. Masterman
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of BrightView Holdings, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2020 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John A. Feenan, Executive Vice President, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

Date: May 7, 2020

/s/ John A. Feenan
John A. Feenan
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)