

4Q & Fiscal Year 2023 | Earnings Call

NYSE: BV

November 16, 2023

Introductory Information

Forward-Looking Statements

This press release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this presentation, including statements relating to our fiscal 2024 guidance and other statements related to our goals, beliefs, business outlook, business trends, expectations regarding our industry, strategy, future events, future operations, future liquidity and financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. Words such as "outlook," "guidance," "projects," "continues," "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," or "anticipates," or the negative variations of these words or similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. By their nature, forward-looking statements: speak only as of the date they are made; are not statements of historical fact or guarantees of future performance, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which are subject to risks, uncertainties, assumptions, changes in circumstances or other factors outside of the Company's control that are difficult to predict or quantify. 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. Factors that could cause actual results to differ materially from those projected include, but are not limited to: general business, economic and financial conditions; increases in raw material costs, fuel prices, wages and other operating costs; disruptions in our supply chain and changes in our ability to source adequate supplies and materials in a timely manner; competitive industry pressures; the failure to retain current customers, renew existing customer contracts and obtain new customer contracts; 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; the possibility that the anticipated benefits from our business acquisitions will not be realized in full or at all or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of acquired businesses' operations will be greater than expected and the possibility that integration efforts will disrupt our business and strain management time and resources; the seasonal nature of our landscape maintenance services; our dependence on weather conditions and the impact of severe weather and climate change on our business; 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; the level, timing and location of snowfall; our ability to retain or hire our executive management and other key personnel; our ability to attract and retain field and hourly employees, 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; tax increases and changes in tax rules; increase in on-job accidents involving employees; any failure, inadequacy, interruption, security failure or breach of our information technology systems; our failure to comply with data privacy regulations; our ability to adequately protect our intellectual property; restrictions imposed by our debt agreements that limit our flexibility in operating our business; our substantial indebtedness; incurrence of substantially more debt by us or our subsidiaries; failure by the financial institutions that are part of the syndicate of our revolving credit facility to extend credit under the facility or reduce our borrowing base; increases in interest rates governing our variable rate indebtedness increasing the cost of servicing our substantial indebtedness; exposure to counterparty credit worthiness or non-performance with respect to the derivative financial instruments we utilize; restrictions contained in our debt agreements that limit our flexibility to operate our business; our ability to generate sufficient cash flow to satisfy our significant debt service obligations; any future sales, or the perception of future sales, by us or our affiliates, which could cause the market price for our common stock to decline; the ability of KKR BrightView Aggregator L.P., Birch-OR Equity Holdings, LLC and Birch Equity Holdings, LP to exert significant influence over us; the impact of holders of Series A Preferred Stock having certain voting and other rights that may adversely affect holders of our common stock; risks related to natural disasters, terrorist attacks, public health emergencies, including pandemics, heightened inflation, geopolitical conflicts, recession, financial market disruptions, other economic conditions, and other external events; our ability to pursue and achieve our environmental, social and corporate governance (ESG) focus area goals and targets and the possibility that complying with ESG standards and meeting our goals may be significantly more costly than anticipated; and costs and requirements imposed as a result of maintaining compliance with the requirements of being a public company. Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found under "Item 1A. Risk Factors" in our Form 10-K for the fiscal year ended September 30, 2023, and such factors may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this release and in our filings with the SEC. Any forward-looking statement made in this press release speaks only as of the date on which it was made. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures, such as "Adjusted EBITDA", "Adjusted EBITDA Margin", "Adjusted Net Income", "Free Cash Flow", Total Financial Debt", "Total Net Financial Debt" and "Total Net Financial Debt to Adjusted EBITDA ratio", designed to complement the financial information presented in accordance with U.S. GAAP because management believes such measures are useful to investors. These non-GAAP financial measures should be considered only as supplemental to financial measures provided in accordance with GAAP. Please refer to the appendix of this presentation for a reconciliation of the historical non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP. Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures. For the same reasons we are unable to address the probable significance of the unavailable information, which could have a potentially unpredictable and potentially significant impact on our future GAAP financial results.



Message From CEO & Highlights

Dale Asplund | President & Chief Executive Officer

Message From CEO



"I am excited to lead this great company and talented team into its next phase of profitable growth and performance"

Dale Asplund, President & CEO

Key Areas of Focus

One BrightView delivering an efficient, collaborative, and unified service to our customers

Profitable Growth through prioritizing the employee, customer and a winning culture

Leverage Size, Scale to drive profitable growth and operational efficiency

Strategic Allocation of Capital to maximize value creation and return on investment

One BrightView



Employer of Choice

Prioritize employees and BrightView winning culture

Investment in fleet and capabilities

Reinvestment to drive organic growth and operational efficiency



Customer First

Focused on being the partner of choice

Strengthen and develop existing relationships

Target strategic and large accounts



Accretive M&A

Establish foundation and deliver on integration

Strategic allocation of capital

1 + 1 = 3

Acquirer of choice focused on strategy, culture and returns

Becoming the investment of choice by executing as One BrightView

Fiscal Year 2023 Highlights

Delivering Execution and Results
Improvement in Margin and Cash Flow

- ✓ **Enhanced operating performance, focusing on higher quality business**
- ✓ **Consistent EBITDA margin expansion**
- ✓ **Free cash flow generation reflecting improved profitability**
- ✓ **Significant leverage reduction, strengthening of financial capabilities**
- ✓ **Strategic operating partner in One Rock**

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One Rock Investment

Financial and Strategic Partnership Benefits

- Highly levered & limited flexibility
- Proceeds used to pay down debt
- ~$100M of interest expense
- Constrained investment in organic growth



- Delevered balance sheet & added strategic flexibility
- 4.8x leverage now 2.9x
- ~$65M of interest expense
- Accelerate opportunity for profitable growth

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Financial Review & Outlook

Brett Urban | Chief Financial Officer

4Q FY 2023 Highlights

Executing on Initiatives, Improved Operational Performance and Robust Cash Generation

Revenue Growth + **Margin Expansion** + **Significant Cash Flow**

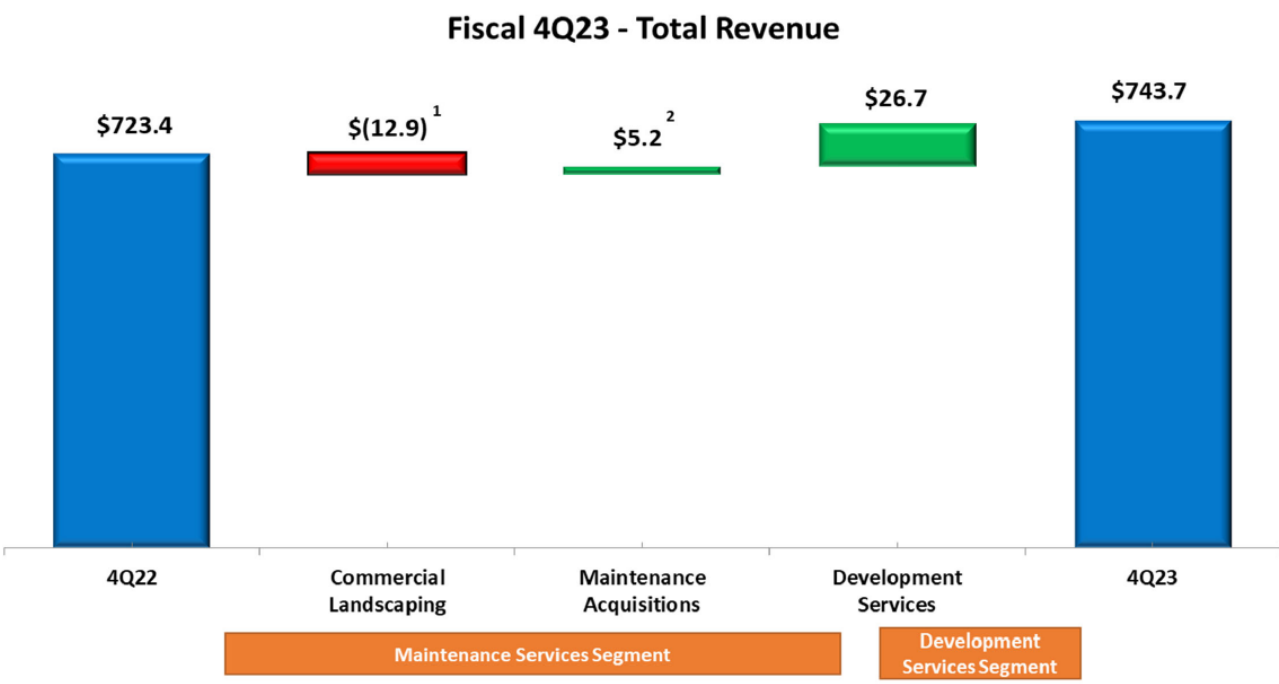
- Total revenue +3% YoY
- Development backlog continued to grow
- Continued focus on profitable growth

- Adj. EBITDA +11% YoY
- +110bps of Margin improvement; expansion across all segments
- Favorable price / cost
- Performance inline with expectations

- Free cash flow +$18M YoY
- YTD free cash flow +$73M YoY
- Lowered leverage by ~2 turns to historical low of 2.9x

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4Q FY 2023 Revenue



Figures are in $ millions, totals may not sum due to intercompany eliminations
[1]Included in Commercial Landscaping is ($0.3M) of Snow Removal
[2]Landscape Services $5.2M

(Numbers $M)	4Q23	4Q22	Commentary
Total Revenue	$743.7	$723.4	• **2.8% Increase** • +2.1% Total Organic and M&A contribution of $5.2M
Total Maintenance Services	$520.8	$528.5	• **1.5% Decrease** • (2.4)% Organic and M&A contribution of $5.2M or 1.0%
Development Services	$224.7	$198.0	• **13.5% Increase** • Driven by higher project volume and a healthy backlog

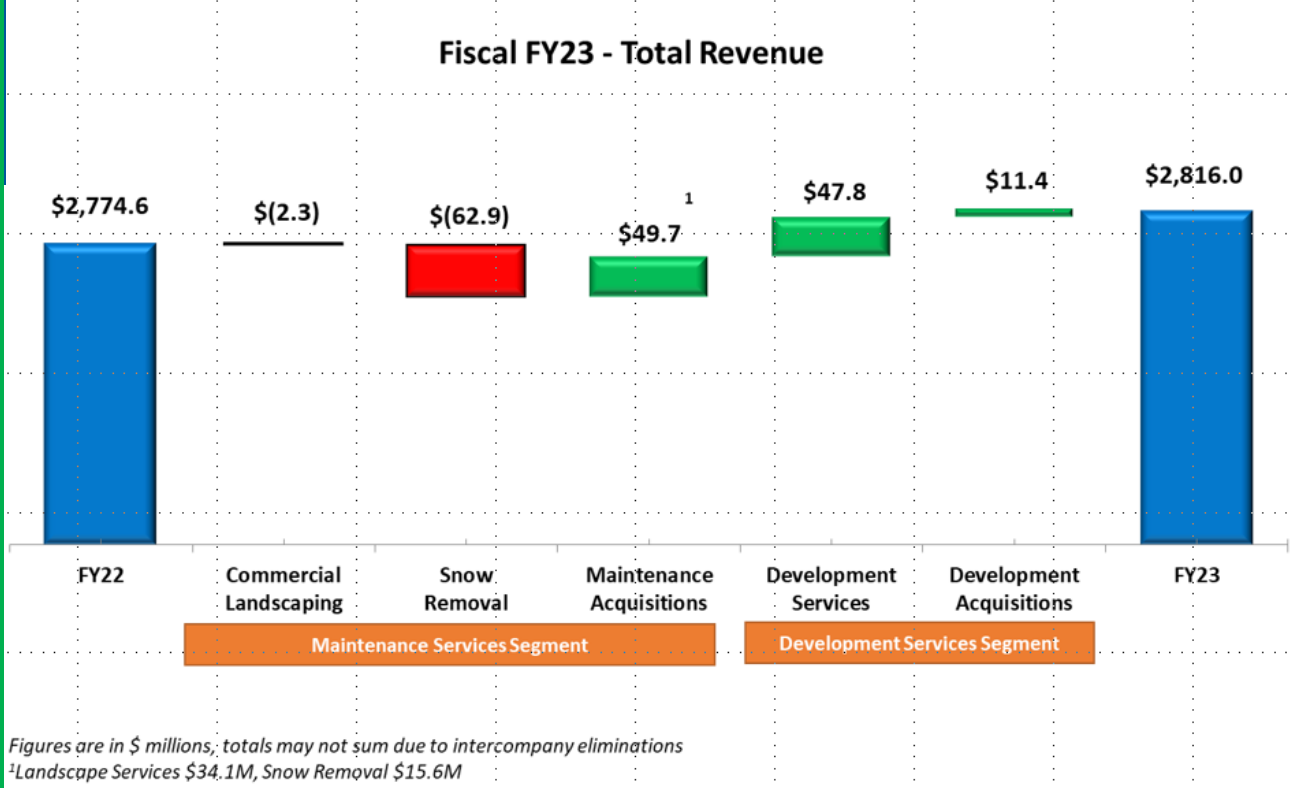
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4Q FY 2023 Adjusted EBITDA

(Numbers $M)	4Q23	4Q22	Commentary
Total Adjusted EBITDA	$101.6	$91.3	▪ **11.3% or $10M Increase** • Driven by margin expansion in all segments, growth in Development, and strategic sale of company airplane
Maintenance Services	$81.7	$81.4	▪ **0.4% or $0.3M Increase** • +30bps in margin expansion driven by favorable price/cost and initial returns from Project Liberty
Development Services	$29.1	$25.5	▪ **14.1% or $4M Increase** • +10bps in margin expansion driven by profitable volume growth
Corporate Expenses	($9.2)	($15.6)	▪ **1.2% of revenue; 100bps improvement** • Includes $6.8M benefit from strategic sale of company airplane (guidance assumed ~$4M)

Increased Profitability on Stable Demand, Pricing & Improved Operations

Fiscal Year 2023 Revenue



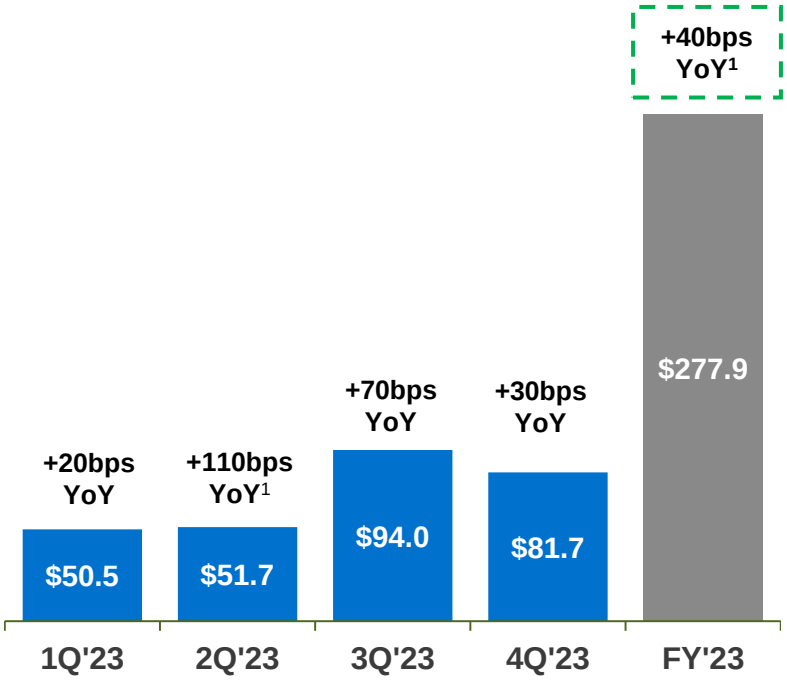
Figures are in $ millions, totals may not sum due to intercompany eliminations
[1]Landscape Services $34.1M, Snow Removal $15.6M

(Numbers $M)	FY 2023	FY 2022	Commentary
Total Revenue	$2,816.0	$2,774.6	• 1.5% Increase • (0.7)% Total Organic and M&A contribution of $61.1M
Total Maintenance Services	$2,066.5	$2,082.0	• 0.7% Decrease • (3.1)% Organic and M&A contribution of $49.7M
Total Land	$1,857.5	$1,825.7	• 1.7% Increase; (0.1)% Organic
Total Snow	$209.0	$256.3	• 18.5% Decrease; (24.5)% Organic
Development Services	$758.0	$698.8	• 8.5% Increase; +6.8% Organic

Adjusted EBITDA and Margin Expansion

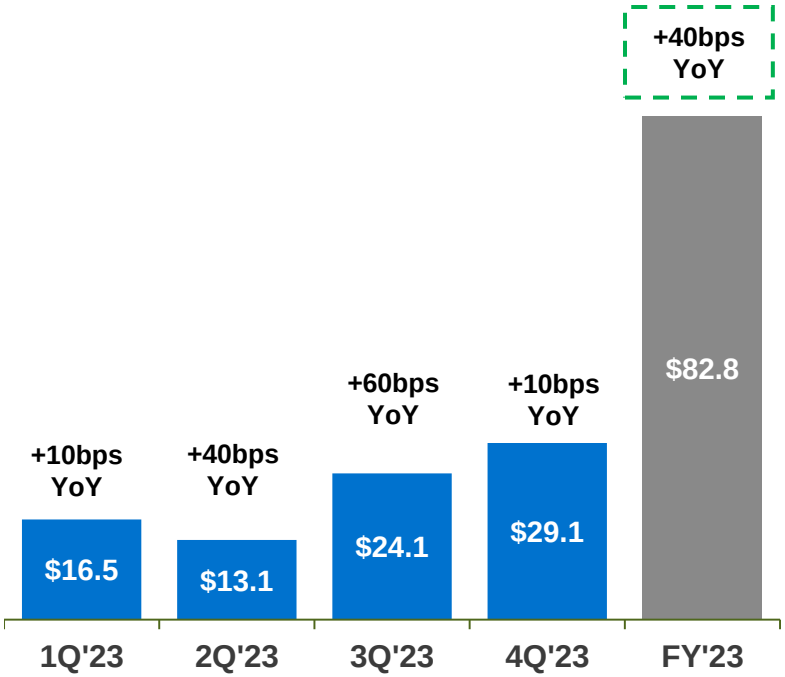
Maintenance Services

Adjusted EBITDA & Margin



Development Services

Adjusted EBITDA & Margin

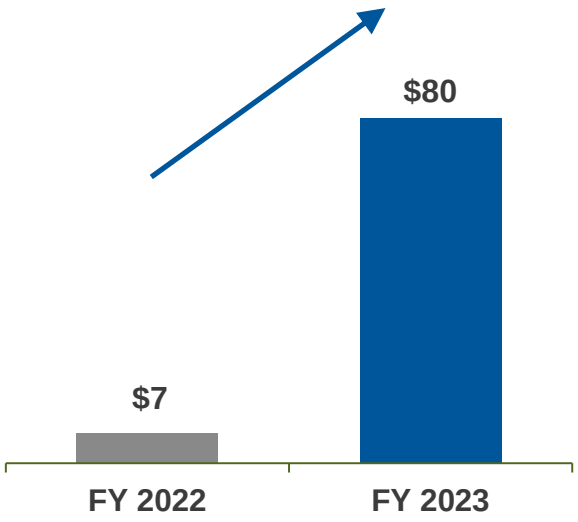


1. *Excluding the implied impact of YoY Snowfall, as reported on 2Q'23 earnings presentation*

Cash Flow, Net Debt and CapEx

$ in millions

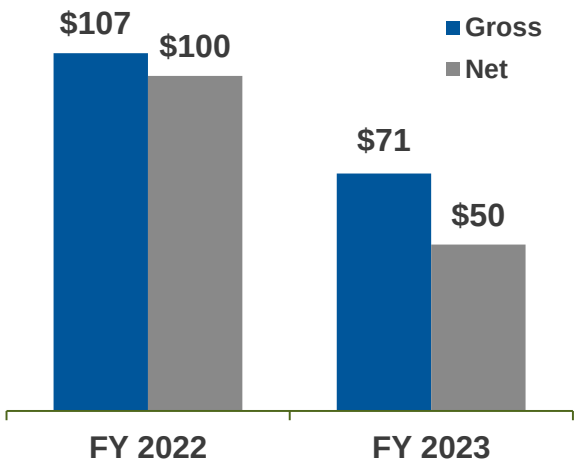
Free Cash Flow



Free Cash Flow

Improved profitability, net working capital and reduced capex more than offset ~2x in interest

Capital Expenditures[1]

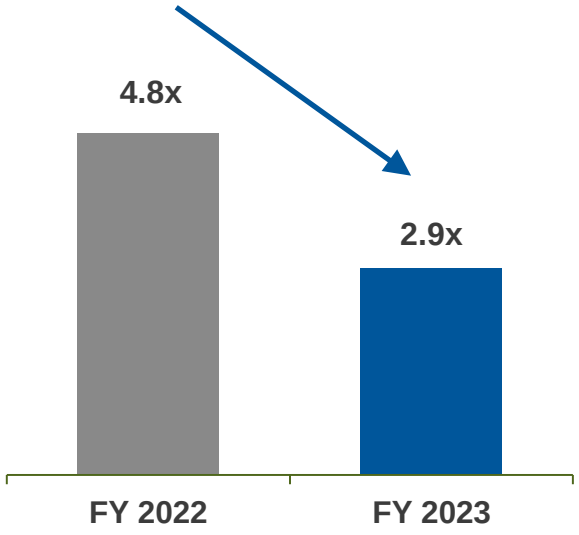


CapEx / Total Revenue

Executed CapEx plan post-snowfall

Demonstrates flexibility of balance sheet

Leverage[2]



Net Financial Debt

FY 2022 $1,375M

FY 2023 $871M

Improved Cash Generation and Strategic Capital Raise = Reduced Leverage

[1] Net capital expenditures includes proceeds from sale of property & equipment

[2] Net Debt includes total long-term debt, net of original issue discount, and capital lease obligations net of cash and equivalents

See the "Non-GAAP to GAAP Reconciliation" in the Appendix of this presentation for a reconciliation to the most directly comparable GAAP measure

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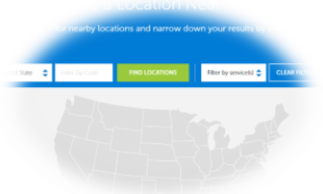
Project Liberty Evolves into One BrightView



Branch Performance
- Investing in the employee
- Aligning sales & operations



Growth and Retention
- Prioritizing the customer
- Aligning incentives to drive growth



Leverage Size and Scale
- Procurement
- Branch network go-to-market



Profitability and Capital Deployment
- Focusing on high quality business
- Prioritizing capital allocation

Identifying and executing on opportunities to create efficiencies and growth while focusing on becoming a collaborative and unified ***One BrightView***

FY24 Financial Guidance

Total Revenue

FY2024

$2.825B to $2.975B

Adjusted EBITDA

FY2024

$310M to $340M

FY24 Assumptions *(includes impact from One BrightView)*

- **Total Revenue Growth:** flat to ~ 5%, with minimal new M&A assumed
- **Land Growth:** *~(2%) to +2%*
- **Snow Revenue:** $210M to $270M (Flat to 5-Yr. Realized Avg.)
- **Development Growth:** ~ +2% to +5%
- **Total margin expansion of ~40-80bps**
- **Maintenance: ~20-60 bps** margin expansion
- **Development: ~20-50 bps** margin expansion
- Assumed leverage in Corporate operations and other overhead

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FY24 Free Cash Flow Range

Free Cash Flow

FY2024

$45M to $75M

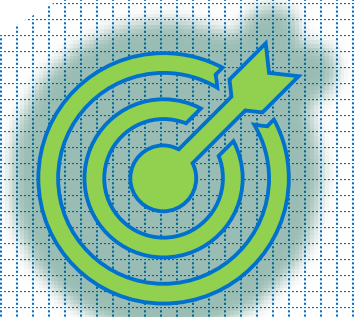
FY24 Assumptions

- Improved operating performance
- ~3.5% Net CapEx intensity
- Modest improvement in working capital levels
- Cash Interest of ~ 6.75% to 7.25% on Debt
- Interest ~80% fixed at $60M to $70M
- FY23 benefits of ~$25M not expected to occur in FY24

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Key Takeaways

- ✓ One Rock investment and partnership accelerates opportunities for profitable growth
- ✓ One BrightView delivering an efficient, collaborative, and unified service to our customers
- ✓ Profitable growth through prioritizing the customer, employee and a winning culture
- ✓ Leverage size, scale to drive ancillary growth and operational efficiency
- ✓ Strategic allocation of capital to maximize value creation and return on investment



BrightView

4Q FY2023 Earnings Call





QUESTIONS & ANSWERS

Appendix

Non-GAAP to GAAP Reconciliation

(in millions)*	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2022
Adjusted EBITDA				
Net (loss) income	$ 16.4	$ 15.3	$ (7.7)	$ 14.0
Plus:				
Interest expense, net	19.2	18.8	97.4	53.3
Income tax expense (benefit)	10.1	5.9	4.6	5.6
Depreciation expense	24.3	27.3	105.2	98.9
Amortization expense	10.7	12.8	44.5	51.5
Business transformation and integration costs (a)	6.2	8.9	23.7	21.5
Offering-related expenses (b)	—	—	—	0.1
Equity-based compensation (c)	6.4	4.8	22.3	19.0
COVID-19 related expenses (d)	—	(2.5)	0.4	11.4
Debt extinguishment (e)	8.3	—	8.3	12.6
Adjusted EBITDA	**$ 101.6**	**$ 91.3**	**$ 298.7**	**$ 287.9**
Adjusted Net Income				
Net (loss) income	$ 16.4	$ 15.3	$ (7.7)	$ 14.0
Plus:				
Amortization expense	10.7	12.8	44.5	51.5
Business transformation and integration costs (a)	6.2	8.9	23.7	21.5
Offering-related expenses (b)	—	—	—	0.1
Equity-based compensation (c)	6.4	4.8	22.3	19.0
COVID-19 related expenses (d)	—	(2.5)	0.4	11.4
Debt extinguishment (e)	8.3	—	8.3	12.6
Income tax adjustment (f)	(20.1)	(4.8)	(30.1)	(29.2)
Adjusted Net Income	**$ 27.9**	**$ 34.5**	**$ 61.4**	**$ 100.9**
Free Cash Flow				
Cash flows from operating activities	$ 40.6	$ 41.2	$ 129.9	$ 106.9
Minus:				
Capital expenditures	13.4	19.2	71.3	107.3
Plus:				
Proceeds from sale of property and equipment	14.8	1.6	21.6	7.1
Free Cash Flow	**$ 42.0**	**$ 23.6**	**$ 80.2**	**$ 6.7**
Adjusted Earnings per Share				
Numerator:				
Adjusted Net Income	$ 27.9	$ 34.5	$ 61.4	$ 100.9
Denominator:				
Weighted average number of common shares outstanding – basic	93,420,000	93,029,789	93,412,000	97,898,000
Plus:				
Dilutive impact of Series A convertible preferred stock as-converted	53,301,000	—	53,301,000	—
Weighted average number of common shares outstanding – adjusted	146,721,000	93,029,789	146,713,000	97,898,000
Adjusted Earnings per Share	**$ 0.19**	**$ 0.37**	**$ 0.42**	**$ 1.03**

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*Amounts may not total due to rounding

Non-GAAP to GAAP Reconciliation (cont.)

(a) Business transformation and integration costs consist of (i) severance and related costs; (ii) business integration costs and (iii) information technology infrastructure, transformation and other costs.

(in millions)*	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2022
Severance and related costs (g)	$ 2.9	$ 0.7	$ 8.9	$ 1.6
Business integration (h)	0.9	3.5	6.2	8.2
IT infrastructure, transformation, and other (i)	2.4	4.7	8.6	11.7
Business transformation and integration costs	**$ 6.2**	**$ 8.9**	**$ 23.7**	**$ 21.5**

(b) Represents transaction related expenses incurred for completed or contemplated subsequent registration statements.

(c) Represents equity-based compensation expense and related taxes recognized for equity incentive plans outstanding.

(d) Represents expenses related to the Company's response to the COVID-19 pandemic, principally temporary and incremental salary and related expenses, personal protective equipment, cleaning and supply purchases, and other. Additionally, fiscal year 2022 includes refunds related to employee retention credits allowed under the CARES Act.

(e) Represents losses on the extinguishment of debt related to Amendments No. 7 and No. 6 to the Credit Agreement, in the fiscal years ended September 30, 2023 and 2022, respectively, and includes accelerated amortization of deferred financing fees and original issue discount as well as fees paid to lenders and third parties.

(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 an increase or decrease in 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.

(in millions)*	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Fiscal Year Ended September 30, 2023	Fiscal Year Ended September 30, 2022
Tax impact of pre-tax income adjustments	$ 23.4	$ 4.8	$ 34.1	$ 29.4
Discrete tax items	(3.3)	—	(4.0)	(0.2)
Income tax adjustment	**$ 20.1**	**$ 4.8**	**$ 30.1**	**$ 29.2**

(g) Represents severance and related costs including expenses incurred in connection with the Company's CEO transition.

(h) Represents isolated expenses specifically related to the integration of acquired companies such as one-time employee retention costs, employee onboarding and training costs, and fleet and uniform rebranding costs. The Company excludes Business integration costs from the measures disclosed above since such expenses vary in amount due to the number of acquisitions and size of acquired companies as well as factors specific to each acquisition, and as a result lack predictability as to occurrence and/or timing, and create a lack of comparability between periods.

(i) Represents expenses related to distinct initiatives, typically significant enterprise-wide changes. Such expenses are excluded from the measures disclosed above since such expenses vary in amount based on occurrence as well as factors specific to each of the activities, are outside of the normal operations of the business, and create a lack of comparability between periods.

*Amounts may not total due to rounding

Non-GAAP to GAAP Reconciliation (cont.)

Total Financial Debt and Total Net Financial Debt

(in millions)*	September 30, 2023	June 30, 2023	September 30, 2022
Long-term debt, net	$ 888.1	$ 1,336.2	$ 1,330.7
Plus:			
Current portion of long-term debt	—	12.0	12.0
Financing costs, net	6.6	9.4	10.6
Present value of net minimum payment - finance lease obligations (j)	42.8	46.7	41.7
Total Financial Debt	**937.5**	**1,404.3**	**1,395.0**
Less: Cash and cash equivalents	(67.0)	(9.6)	(20.1)
Total Net Financial Debt	**$ 870.5**	**$ 1,394.7**	**$ 1,374.9**
Total Net Financial Debt to Adjusted EBITDA ratio	**2.9x**	**4.8X**	**4.8x**

(a) Balance is presented within Accrued expenses and other current liabilities and Other liabilities in the Consolidated Balance Sheet.

*Amounts may not total due to rounding

THANK YOU



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