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FOR IMMEDIATE RELEASE

Federal Signal Completes Record Year with Fourth Quarter Results including 5% Net Sales Growth, 11% Operating Income Increase, and Strong Cash Generation; Issues 2025 Outlook

Downers Grove, Illinois, February 26, 2025 — Federal Signal Corporation (NYSE:FSS), a leader in environmental and safety solutions, today reported financial results for the fourth quarter and year ended December 31, 2024.

Fourth Quarter Highlights

- Net sales of \$472 million, up \$24 million, or 5%, from last year
- Operating income of \$70.1 million, up \$7.0 million, or 11%, from last year
- Operating cash flow of \$91 million
- GAAP Diluted EPS of \$0.81, up \$0.06, or 8%, from last year
- Adjusted EPS of \$0.87, up \$0.13, or 18%, from last year

Full-Year Highlights

- Net sales of \$1.86 billion, up \$139 million, or 8%, from last year
- Operating income of \$281.4 million, up \$56.9 million, or 25%, from last year
- Operating cash flow of \$231 million, up \$37 million, or 19%, from last year
- GAAP Diluted EPS of \$3.50, up \$0.94, or 37%, from last year
- Adjusted EPS of \$3.34, up \$0.76, or 29%, from last year

2025 Outlook

- Adjusted EPS* of \$3.60 to \$3.90
- Net sales of \$2.02 billion to \$2.10 billion
- Capital expenditures of \$40 million to \$50 million

Consolidated net sales for the fourth quarter were \$472 million, an increase of \$24 million, or 5%, compared to the prior-year quarter. Net income for the fourth quarter was \$50.0 million, or \$0.81 per diluted share, compared to \$46.4 million, or \$0.75 per diluted share, in the prior-year quarter. The Company also reported adjusted net income for the fourth quarter of \$53.8 million, or \$0.87 per diluted share, compared to \$45.7 million, or \$0.74 per diluted share, in the prior-year quarter. The Company is reporting adjusted results to facilitate comparisons of underlying performance on a year-over-year basis. A reconciliation of these and other non-GAAP measures is provided at the conclusion of this news release.

Consolidated net sales for the year ended December 31, 2024 were \$1.86 billion, an increase of \$139 million, or 8%, compared to the prior year. Net income for the year ended December 31, 2024 was \$216.3 million, or \$3.50 per diluted share, compared to \$157.4 million, or \$2.56 per diluted share, in the prior year. Adjusted net income for the year ended December 31, 2024 was \$206.3 million, or \$3.34 per diluted share, compared to \$158.8 million, or \$2.58 per diluted share, in the prior year.

Strong Fourth Quarter Performance Wraps up Record Year

“Our record-setting fourth quarter performance represented a strong finish to a year in which we delivered the highest net sales and adjusted EPS in our history,” commented Jennifer L. Sherman, President and Chief Executive Officer. “Our results included fourth quarter records across consolidated net sales, adjusted EPS, and adjusted EBITDA margin, thanks to outstanding contributions from both of our groups. Within our Environmental Solutions Group, increased sales volumes, contributions from recent acquisitions, and strong price realization contributed to a 6% year-over-year net sales increase and a 130 basis point improvement in adjusted EBITDA margin. Our Safety and Security Systems Group also delivered impressive results, with top-line growth and a 40 basis point improvement in adjusted EBITDA margin.”

In the Environmental Solutions Group, net sales for the fourth quarter were \$396 million, up \$23 million, or 6%, compared to the prior-year quarter. In the Safety and Security Systems Group, net sales for the fourth quarter were \$76 million, up \$1 million, or 1%, compared to the prior-year quarter.

Consolidated operating income for the fourth quarter was \$70.1 million, up \$7.0 million, or 11%, compared to the prior-year quarter. Consolidated operating margin for the fourth quarter was 14.9%, up from 14.1% in the prior-year quarter.

Consolidated adjusted earnings before interest, tax, depreciation and amortization (“adjusted EBITDA”) for the fourth quarter was \$89.3 million, up \$11.8 million, or 15%, compared to the prior-year quarter, and consolidated adjusted EBITDA margin for the fourth quarter was 18.9%, up from 17.3% last year.

In the Environmental Solutions Group, adjusted EBITDA for the fourth quarter was \$82.9 million, up \$9.6 million, or 13%, compared to the prior-year quarter, and its adjusted EBITDA margin for the fourth quarter was 20.9%, up from 19.6% last year. In the Safety and Security Systems Group, adjusted EBITDA for the fourth quarter was \$16.4 million, up \$0.4 million, or 3%, compared to the prior-year quarter, and its adjusted EBITDA margin for the fourth quarter was 21.6%, up from 21.2% last year.

Consolidated orders for the fourth quarter were \$446 million, compared to \$465 million in the prior-year quarter. Consolidated backlog at December 31, 2024 was \$1.00 billion, compared to \$1.03 billion last year.

Operating Cash Flow Further Strengthens Financial Position, Providing Flexibility to Fund Additional M&A, Organic Growth Opportunities, and Cash Returns to Stockholders

Net cash provided by operating activities during the fourth quarter was \$91 million, compared to \$103 million in the prior-year quarter. Net cash provided by operating activities for the full year totaled \$231 million, an increase of \$37 million, or 19%, compared to the prior year.

At December 31, 2024, total debt was \$224 million, total cash and cash equivalents were \$91 million, and the Company had \$574 million of availability for borrowings under its credit facility.

In February 2025, the Company acquired substantially all the assets and operations of Hog Technologies, a leading U.S. manufacturer of truck-mounted road-marking, line-removal, and waterblasting equipment, serving infrastructure, municipal, and airport markets.

“Our operating cash flow generation this quarter was outstanding, bringing the total amount of cash generated from operations in 2024 to \$231 million, an increase of 19% compared to last year,” said Sherman. “The increased cash generation further strengthens our financial position, and provides significant flexibility to invest in organic growth initiatives and pursue additional strategic acquisitions, like Hog Technologies. As demonstrated with the recent increase in our dividend and our share repurchases during the quarter, we also remain committed to returning cash to stockholders.”

The Company funded dividends of \$7.3 million during the fourth quarter, reflecting a dividend of \$0.12 per share, and as recently announced, the Board of Directors increased the dividend that will be payable in the first quarter of 2025 to \$0.14 per share, a 17% increase from the prior dividend.

The Company also funded stock repurchases of \$2.2 million during the fourth quarter.

Outlook

“Conditions in our end markets remain strong overall, with notable demand for dump truck bodies, road-marking and line-removal products, public safety equipment, and our aftermarket offerings. Although we have seen some recent declines in the year-over-year comparisons of orders for new sewer cleaners and street sweepers, driven in part by extended lead times, our current backlogs for these product lines provide excellent visibility well into the first half of 2026. With the ongoing execution against our strategic initiatives, we are confident that we will have another record year in 2025,” noted Sherman. “We are anticipating full-year net sales of between \$2.02 billion and \$2.10 billion, double-digit improvement in pre-tax earnings, and EBITDA margin performance in the upper half of our target range. For the full-year, we currently expect to report adjusted EPS* of between \$3.60 and \$3.90 per share, which at the midpoint would represent another year of double-digit growth, and the highest adjusted EPS level in the Company’s history. With an active M&A pipeline, ongoing investment in new product development, available manufacturing capacity, good access to skilled labor, and strong demand for our products and aftermarket offerings, our businesses are well positioned for long-term, sustainable growth.”

CONFERENCE CALL

Federal Signal will host its fourth quarter earnings conference call on Wednesday, February 26, 2025 at 10:00 a.m. Eastern Time. The call will last approximately one hour. The call may be accessed over the internet through Federal Signal’s website at

<https://www.federsignal.com> or by dialing phone number 1-877-704-4453 and entering the pin number 13751729. An archived replay will be available on Federal Signal's website shortly after the call.

About Federal Signal

Federal Signal Corporation (NYSE: FSS) builds and delivers equipment of unmatched quality that moves material, cleans infrastructure, and protects the communities where we work and live. Founded in 1901, Federal Signal is a leading global designer, manufacturer and supplier of products and total solutions that serve municipal, governmental, industrial, and commercial customers. Headquartered in Downers Grove, Ill., with manufacturing facilities worldwide, the Company operates two groups: Environmental Solutions and Safety and Security Systems. For more information on Federal Signal, visit: <https://www.federsignal.com>.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

This release contains unaudited financial information and various forward-looking statements as of the date hereof and we undertake no obligation to update these forward-looking statements regardless of new developments or otherwise. Statements in this release that are not historical are forward-looking statements. Forward looking statements should not be relied upon as a predictor of actual results. Such statements are subject to various risks and uncertainties that could cause actual results to vary materially from those stated. Such risks and uncertainties include but are not limited to: economic and political uncertainty, risks and adverse economic effects associated with geopolitical conflicts, legal and regulatory developments, foreign currency exchange rate changes, inflationary pressures, product and price competition, supply chain disruptions, availability and pricing of raw materials, interest rate changes, risks associated with acquisitions such as integration of operations and achieving anticipated revenue and cost benefits, work stoppages, increases in pension funding requirements, cybersecurity risks, increased legal expenses and litigation results and other risks and uncertainties described in filings with the Securities and Exchange Commission.

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* Adjusted earnings per share (“EPS”) is a non-GAAP measure, which includes certain adjustments to reported GAAP net income and diluted EPS. In 2024, we made adjustments to exclude the impact of acquisition and integration-related expenses (benefits), net, pension-related charges, purchase accounting effects, and certain special tax items. In prior years, we have also made adjustments to exclude the impact of environmental remediation costs of a discontinued operation and certain other unusual or non-recurring items. Should any similar items occur in 2025, we would expect to exclude them from the determination of adjusted EPS. However, because of the underlying uncertainty in quantifying amounts which may not yet be known, a reconciliation of our Adjusted EPS outlook to the most applicable GAAP measure is excluded based on the unreasonable efforts exception in Item 10(e)(1)(i)(B).

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions of dollars, except per share data and percentages)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Net sales	\$ 472.0	\$ 448.4	\$1,861.5	\$1,722.7
Cost of sales	339.4	329.0	1,328.5	1,272.5
Gross profit	132.6	119.4	533.0	450.2
Selling, engineering, general and administrative expenses	58.4	54.1	234.0	210.1
Amortization expense	3.8	3.8	15.0	15.2
Acquisition and integration related expenses (benefits), net	0.3	(1.6)	2.6	0.4
Operating income	70.1	63.1	281.4	224.5
Interest expense, net	3.1	4.3	12.5	19.7
Pension settlement charges	3.8	—	3.8	—
Other expense, net	0.3	0.3	1.2	1.8
Income before income taxes	62.9	58.5	263.9	203.0
Income tax expense	12.9	12.1	47.6	45.6
Net income	\$ 50.0	\$ 46.4	\$ 216.3	\$ 157.4
Earnings per share:				
Basic	\$ 0.82	\$ 0.76	\$ 3.55	\$ 2.59
Diluted	\$ 0.81	\$ 0.75	\$ 3.50	\$ 2.56
Weighted average common shares outstanding:				
Basic	61.0	60.8	60.9	60.7
Diluted	61.9	61.6	61.7	61.5
Cash dividends declared per common share	\$ 0.12	\$ 0.10	\$ 0.48	\$ 0.39
Operating data:				
Operating margin	14.9 %	14.1 %	15.1 %	13.0 %
Adjusted EBITDA	\$ 89.3	\$ 77.5	\$ 350.6	\$ 286.0
Adjusted EBITDA margin	18.9 %	17.3 %	18.8 %	16.6 %
Total orders	\$ 446.2	\$ 465.0	\$1,847.8	\$1,870.1
Backlog	997.1	1,025.1	997.1	1,025.1
Depreciation and amortization	17.6	15.3	65.3	60.4

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions of dollars, except per share data)	As of December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 91.1	\$ 61.0
Accounts receivable, net of allowances for doubtful accounts of \$2.6 and \$2.5, respectively	196.4	186.2
Inventories	331.0	303.4
Prepaid expenses and other current assets	24.0	19.6
Total current assets	642.5	570.2
Properties and equipment, net of accumulated depreciation of \$187.4 and \$173.3, respectively	218.9	190.8
Rental equipment, net of accumulated depreciation of \$53.3 and \$47.5, respectively	173.2	134.8
Operating lease right-of-use assets	27.8	21.0
Goodwill	477.7	472.7
Intangible assets, net of accumulated amortization of \$85.6 and \$70.7, respectively	199.7	207.5
Deferred tax assets	9.4	12.0
Deferred charges and other long-term assets	16.0	11.5
Total assets	\$ 1,765.2	\$ 1,620.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term borrowings and finance lease obligations	\$ 19.4	\$ 4.7
Accounts payable	79.0	66.7
Customer deposits	35.0	27.1
Accrued liabilities:		
Compensation and withholding taxes	45.6	42.3
Current operating lease liabilities	6.8	6.8
Other current liabilities	56.0	48.2
Total current liabilities	241.8	195.8
Long-term borrowings and finance lease obligations	204.4	294.3
Long-term operating lease liabilities	21.8	14.9
Long-term pension and other post-retirement benefit liabilities	41.7	44.2
Deferred tax liabilities	58.0	53.2
Other long-term liabilities	11.4	16.2
Total liabilities	579.1	618.6
Stockholders' equity:		
Common stock, \$1 par value per share, 90.0 shares authorized, 70.3 and 70.0 shares issued, respectively	70.3	70.0
Capital in excess of par value	309.8	291.1
Retained earnings	1,102.8	915.8
Treasury stock, at cost, 9.2 and 9.0 shares, respectively	(207.8)	(193.7)
Accumulated other comprehensive loss	(89.0)	(81.3)
Total stockholders' equity	1,186.1	1,001.9
Total liabilities and stockholders' equity	\$ 1,765.2	\$ 1,620.5

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of dollars)	For the Years Ended December 31,	
	2024	2023
Operating activities:		
Net income	\$ 216.3	\$ 157.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	65.3	60.4
Deferred financing costs	0.5	0.5
Stock-based compensation expense	15.6	13.1
Pension settlement charges	3.8	—
Pension-related expense, net of funding	(3.8)	(1.8)
Changes in fair value of contingent consideration	(0.2)	(2.1)
Amortization of interest rate swap settlement gain	(1.4)	(2.4)
Deferred income taxes, including change in valuation allowance	4.9	(0.3)
Changes in operating assets and liabilities:		
Accounts receivable	(9.0)	(6.1)
Inventories	(24.1)	9.8
Prepaid expenses and other current assets	(1.2)	(1.7)
Rental equipment	(60.3)	(44.8)
Accounts payable	12.6	(8.5)
Customer deposits	7.2	1.1
Accrued liabilities	6.8	15.8
Income taxes	(5.4)	(0.5)
Other	3.7	4.5
Net cash provided by operating activities	231.3	194.4
Investing activities:		
Purchases of properties and equipment	(40.6)	(30.3)
Payments for acquisition-related activity, net of cash acquired	(39.7)	(55.0)
Other, net	1.4	1.6
Net cash used for investing activities	(78.9)	(83.7)
Financing activities:		
Decrease in revolving lines of credit, net	(76.5)	(64.1)
Payments on long-term borrowings	(3.9)	(0.8)
Purchases of treasury stock	(6.7)	(5.5)
Redemptions of common stock to satisfy withholding taxes related to stock-based compensation	(6.1)	(7.0)
Payments for acquisition-related activity	—	(0.5)
Cash dividends paid to stockholders	(29.3)	(23.8)
Proceeds from stock compensation activity	2.0	3.9
Other, net	(0.5)	(0.1)
Net cash used for financing activities	(121.0)	(97.9)
Effects of foreign exchange rate changes on cash and cash equivalents	(1.3)	0.7
Increase in cash and cash equivalents	30.1	13.5
Cash and cash equivalents at beginning of year	61.0	47.5
Cash and cash equivalents at end of year	<u>\$ 91.1</u>	<u>\$ 61.0</u>

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

GROUP RESULTS

The following tables summarize group operating results as of and for the three and twelve months ended December 31, 2024 and 2023:

Environmental Solutions Group

(in millions of dollars, except percentages)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	2024	2023	Change
Net sales	\$ 396.1	\$ 373.1	\$ 23.0	\$1,557.1	\$1,437.9	\$ 119.2
Operating income	65.1	58.2	6.9	261.2	209.2	52.0
Adjusted EBITDA	82.9	73.3	9.6	324.8	267.2	57.6
Operating data:						
Operating margin	16.4 %	15.6 %	0.8 %	16.8 %	14.5 %	2.3 %
Adjusted EBITDA margin	20.9 %	19.6 %	1.3 %	20.9 %	18.6 %	2.3 %
Total orders	\$ 365.0	\$ 398.8	\$ (33.8)	\$1,541.6	\$1,578.0	\$ (36.4)
Backlog	939.7	966.5	(26.8)	939.7	966.5	(26.8)
Depreciation and amortization	16.5	14.2	2.3	60.9	56.0	4.9

Safety and Security Systems Group

(in millions of dollars, except percentages)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2024	2023	Change	2024	2023	Change
Net sales	\$ 75.9	\$ 75.3	\$ 0.6	\$ 304.4	\$ 284.8	\$ 19.6
Operating income	15.5	14.9	0.6	64.4	54.8	9.6
Adjusted EBITDA	16.4	16.0	0.4	68.3	59.0	9.3
Operating data:						
Operating margin	20.4 %	19.8 %	0.6 %	21.2 %	19.2 %	2.0 %
Adjusted EBITDA margin	21.6 %	21.2 %	0.4 %	22.4 %	20.7 %	1.7 %
Total orders	\$ 81.2	\$ 66.2	\$ 15.0	\$ 306.2	\$ 292.1	\$ 14.1
Backlog	57.4	58.6	(1.2)	57.4	58.6	(1.2)
Depreciation and amortization	0.9	1.1	(0.2)	3.9	4.2	(0.3)

Corporate Expenses

Corporate operating expenses were \$10.5 million and \$10.0 million for the three months ended December 31, 2024 and 2023, respectively.

Corporate operating expenses were \$44.2 million and \$39.5 million for the years ended December 31, 2024 and 2023, respectively.

SEC REGULATION G NON-GAAP RECONCILIATION

The financial measures presented below are unaudited and are not in accordance with U.S. generally accepted accounting principles (“GAAP”). The non-GAAP financial information presented herein should be considered supplemental to, and not a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company has provided this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the reconciliations below, and to provide an additional measure of performance which management considers in operating the business.

Adjusted Net Income and Earnings Per Share (“EPS”):

The Company believes that modifying its 2024 and 2023 net income and diluted EPS provides additional measures to assist it in comparing its performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes are not representative of its underlying performance and to improve the comparability of results across reporting periods. Adjusted net income and Adjusted EPS are both non-GAAP measures. During the three and twelve months ended December 31, 2024 and 2023, adjustments were made to reported GAAP net income and diluted EPS to exclude the impact of acquisition and integration-related expenses (benefits), net, pension-related charges, environmental remediation costs of a discontinued operation, purchase accounting effects, and certain special tax items, where applicable.

(in millions of dollars)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Net income	\$ 50.0	\$ 46.4	\$ 216.3	\$ 157.4
Add:				
Income tax expense	12.9	12.1	47.6	45.6
Income before income taxes	62.9	58.5	263.9	203.0
Add (less):				
Acquisition and integration-related expenses (benefits), net	0.5	(1.6)	2.8	0.4
Pension-related charges ^(a)	3.8	—	3.8	—
Environmental remediation costs of a discontinued operation ^(b)	—	—	—	0.8
Purchase accounting effects ^(c)	1.3	0.7	1.3	0.7
Adjusted income before income taxes	\$ 68.5	\$ 57.6	\$ 271.8	\$ 204.9
Adjusted income tax expense ^{(d)(e)}	(14.7)	(11.9)	(65.5)	(46.1)
Adjusted net income	\$ 53.8	\$ 45.7	\$ 206.3	\$ 158.8
(in dollars per diluted share)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
EPS, as reported	\$ 0.81	\$ 0.75	\$ 3.50	\$ 2.56
Add:				
Income tax expense	0.21	0.20	0.77	0.74
Income before income taxes	1.02	0.95	4.27	3.30
Add (less):				
Acquisition and integration-related expenses (benefits), net	0.01	(0.03)	0.05	0.01
Pension-related charges ^(a)	0.06	—	0.06	—
Environmental remediation costs of a discontinued operation ^(b)	—	—	—	0.01
Purchase accounting effects ^(c)	0.02	0.01	0.02	0.01
Adjusted income before income taxes	\$ 1.11	\$ 0.93	\$ 4.40	\$ 3.33
Adjusted income tax expense ^{(d)(e)}	(0.24)	(0.19)	(1.06)	(0.75)
Adjusted EPS	\$ 0.87	\$ 0.74	\$ 3.34	\$ 2.58

(a) Pension-related charges in the three and twelve months ended December 31, 2024 include \$3.8 million of pension settlement charges incurred in connection with a limited-time voluntary lump-sum pension offering.

(b) Environmental remediation costs of a discontinued operation in the twelve months ended December 31, 2023 relate to estimated environmental clean up costs at a facility associated with a business that was discontinued in 2009. Such charges are included as a component of Other expense, net on the Consolidated Statements of Operations.

- (c) Purchase accounting effects in the three and twelve months ended December 31, 2024 and 2023 relate to adjustments to exclude the step-up in the valuation of inventory acquired in connection with acquisitions that was sold subsequent to the acquisition date and the depreciation of the step-up in the valuation of rental equipment acquired in the Standard Equipment Company transaction, where applicable. Such costs are included as a component of Cost of sales on the Consolidated Statements of Operations.
- (d) Adjusted income tax expense for the three and twelve months ended December 31, 2024 was recomputed after excluding the tax effects of acquisition and integration-related expenses (benefits), net, pension-related charges, and purchase accounting effects, where applicable. Adjusted income tax expense for the three and twelve months ended December 31, 2024 also excludes discrete tax benefits of \$0.3 million and \$15.9 million, respectively, that were recognized in connection with the amendment of certain federal and state tax returns to claim a worthless stock deduction.
- (e) Adjusted income tax expense for the three and twelve months ended December 31, 2023 was recomputed after excluding the impact of acquisition and integration-related expenses (benefits), net, environmental remediation costs of a discontinued operation, and purchase accounting effects, where applicable.

Adjusted EBITDA and Adjusted EBITDA Margin:

The Company uses adjusted EBITDA and the ratio of adjusted EBITDA to net sales (“adjusted EBITDA margin”), at both the consolidated and segment level, as additional measures to assist in comparing its performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes are not representative of its underlying performance and to improve the comparability of results across reporting periods. We believe that investors use versions of these metrics in a similar manner. For these reasons, the Company believes that adjusted EBITDA and adjusted EBITDA margin, at both the consolidated and segment level, are meaningful metrics to investors in evaluating the Company’s underlying financial performance.

Consolidated adjusted EBITDA is a non-GAAP measure that represents the total of net income, interest expense, net, pension settlement charges, acquisition and integration-related expenses (benefits), net, purchase accounting effects, other expense, net, income tax expense, and depreciation and amortization expense, as applicable. Consolidated adjusted EBITDA margin is a non-GAAP measure that represents the total of net income, interest expense, net, pension settlement charges, acquisition and integration-related expenses (benefits), net, purchase accounting effects, other expense, net, income tax expense, and depreciation and amortization expense, as applicable, divided by net sales for the applicable period(s).

Segment adjusted EBITDA is a non-GAAP measure that represents the total of segment operating income, acquisition and integration-related expenses, net, purchase accounting effects, and depreciation and amortization expense, as applicable. Segment adjusted EBITDA margin is a non-GAAP measure that represents the total of segment operating income, acquisition and integration-related expenses, net, purchase accounting effects, and depreciation and amortization expense, as applicable, divided by segment net sales for the applicable period(s). Segment operating income includes all revenues, costs and expenses directly related to the segment involved. In determining segment operating income, neither corporate nor interest expenses are included. Segment depreciation and amortization expense relates to those assets, both tangible and intangible, that are utilized by the respective segment.

Other companies may use different methods to calculate adjusted EBITDA and adjusted EBITDA margin.

Consolidated

The following table summarizes the Company’s consolidated adjusted EBITDA and adjusted EBITDA margin and reconciles net income to consolidated adjusted EBITDA for the three and twelve months ended December 31, 2024 and 2023:

(in millions of dollars, except percentages)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Net income	\$ 50.0	\$ 46.4	\$ 216.3	\$ 157.4
Add (less):				
Interest expense, net	3.1	4.3	12.5	19.7
Pension settlement charges	3.8	—	3.8	—
Acquisition and integration-related expenses (benefits), net	0.5	(1.6)	2.8	0.4
Purchase accounting effects *	1.1	0.7	1.1	0.7
Other expense, net	0.3	0.3	1.2	1.8
Income tax expense	12.9	12.1	47.6	45.6
Depreciation and amortization	17.6	15.3	65.3	60.4
Consolidated adjusted EBITDA	\$ 89.3	\$ 77.5	\$ 350.6	\$ 286.0
Net sales	\$ 472.0	\$ 448.4	\$ 1,861.5	\$ 1,722.7
Consolidated adjusted EBITDA margin	18.9 %	17.3 %	18.8 %	16.6 %

* Excludes purchase accounting expense effects included within depreciation and amortization of \$0.2 million and \$0.2 million for the three and twelve months ended December 31, 2024, respectively

Environmental Solutions Group

The following table summarizes the Environmental Solutions Group's adjusted EBITDA and adjusted EBITDA margin and reconciles operating income to adjusted EBITDA for the three and twelve months ended December 31, 2024 and 2023:

(in millions of dollars, except percentages)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Operating income	\$ 65.1	\$ 58.2	\$ 261.2	\$ 209.2
Add:				
Acquisition and integration-related expenses	0.2	0.2	1.6	1.3
Purchase accounting effects *	1.1	0.7	1.1	0.7
Depreciation and amortization	16.5	14.2	60.9	56.0
Adjusted EBITDA	\$ 82.9	\$ 73.3	\$ 324.8	\$ 267.2
Net sales	\$ 396.1	\$ 373.1	\$ 1,557.1	\$ 1,437.9
Adjusted EBITDA margin	20.9 %	19.6 %	20.9 %	18.6 %

* Excludes purchase accounting expense effects included within depreciation and amortization of \$0.2 million and \$0.2 million for the three and twelve months ended December 31, 2024, respectively

Safety and Security Systems Group

The following table summarizes the Safety and Security Systems Group's adjusted EBITDA and adjusted EBITDA margin and reconciles operating income to adjusted EBITDA for the three and twelve months ended December 31, 2024 and 2023:

(in millions of dollars, except percentages)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Operating income	\$ 15.5	\$ 14.9	\$ 64.4	\$ 54.8
Add:				
Depreciation and amortization	0.9	1.1	3.9	4.2
Adjusted EBITDA	\$ 16.4	\$ 16.0	\$ 68.3	\$ 59.0
Net sales	\$ 75.9	\$ 75.3	\$ 304.4	\$ 284.8
Adjusted EBITDA margin	21.6 %	21.2 %	22.4 %	20.7 %