



Second Quarter 2017 Financial Results

July 27, 2017



EMCOR Participants

- Tony Guzzi President & Chief Executive Officer
- Mark Pompa EVP & Chief Financial Officer
- Maxine Mauricio SVP & General Counsel
- Mava Heffler VP, Marketing & Communications
- Kevin Matz EVP, Shared Services



2017 Qtr. 2 Executive Summary

- Continue to experience steady non-residential environment
 - Diluted EPS from continuing operations of \$0.95 vs. Proforma \$0.95 in Quarter 2 2016
 - Revenues decreased 1.9% to \$1.90 Billion
 - Operating income as a percentage of revenues was 4.9%
- U.S. Electrical Construction and Facilities Services segment revenues increased by \$28.6 million vs. Quarter 2 2016 and operating margin was a strong 7.1%
- U.S. Mechanical Construction and Facilities Services segment revenues increased by \$116.3 million vs. Quarter 2 2016 and operating margin was 7.2% aided by the recovery of previously disputed contract costs incurred in the prior year



2017 Qtr. 2 Executive Summary

- U.S. Building Services segment revenues decreased by \$24.9 million vs. Quarter 2 2016; however, operating margin expanded to 4.6% from 4.0% due to strong execution from Mobile Mechanical Services and better mix overall
- U.S. Industrial Services segment revenues decreased by \$146.1 million vs. Quarter 2 2016 as anticipated as the segment benefited in the prior year quarter from:
 - A large specialty services project
 - Active throughout the majority of 2016
 - An elongated 2016 Spring turnaround season

2017 Qtr. 2 Executive Summary

- Diverse backlog of \$4.10 billion, up 7.6% compared to Quarter 2 2016

- U.S. backlog UP \$265 million or 7.2%

	<u>Jun. 2017</u>
➤ Domestic Construction UP	\$331M ↑ 11.7%
➤ U.S. Building Services Segment DOWN	\$(64M) ↓ -8.3%
➤ U.S. Industrial Services Segment FLAT	\$(2M) →
➤ Private Sector UP (Commercial, Hospitality & Gaming, Industrial)	\$116M ↑ 6.0%
➤ Public Sector UP (Transportation, Water/Wastewater, Institutional, Healthcare)	\$175M ↑ 9.3%

- Balance sheet remains strong and liquid, including \$385.4 million of cash

2017 – Qtr. 2 Financial Results Highlights

- Revenues decreased 1.9% quarter-over-quarter to \$1.90 billion

(\$ Millions) (Unaudited)	Qtr. 2 2017	Change from Qtr. 2 2016	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 449.2	\$ 28.6	6.8%
U.S. Mechanical Construction & Facilities Services	741.8	116.3	18.6%
Sub-Total	1,191.0	144.9	13.8%
U.S. Building Services	438.3	(24.9)	-5.4%
U.S. Industrial Services	187.4	(146.1)	-43.8%
Total U.S. Operations	1,816.7	(26.1)	-1.4%
U.K. Building Services	79.2	(11.4)	-12.6%
Total EMCOR	\$ 1,895.9	\$ (37.5)	-1.9%



2017 – Qtr. 2 Financial Results Highlights

- SG&A expenses were essentially flat at \$181.3 million or 9.6% of revenues vs. \$181.8 million or 9.4% of revenues for Qtr. 2 2016
- Operating income of \$92.8 million or 4.9% of revenues includes:

(Unaudited)

	For the Three Months Ended June 30,	
	<u>2017</u>	<u>2016</u>
– U.S. Electrical Construction and Facilities Services of \$32.1 million: \$9.1 million or 39.6% increase	7.1%	5.5%
– U.S. Mechanical Construction and Facilities Services of \$53.1 million: \$15.1 million or 39.9% increase	7.2%	6.1%
Total U.S. Construction	7.2%	5.8%
– U.S. Building Services of \$20.2 million: \$1.7 million or 8.9% increase	4.6%	4.0%
– U.S. Industrial Services of \$4.4 million: \$(28.8) million or 86.8% decrease	2.3%	9.9%
– U.K. Building Services of \$3.5 million: \$0.2 million or 7.3% increase	4.4%	3.6%
Total EMCOR Operating Margin	4.9%	4.8%

- Qtr. 2 2017 cash provided by operations of \$108.1 million

Key Financial Data – Income Statement

(\$ Thousands, except per share information) (Unaudited)

	For the Three Months Ended June 30,		Variance	
	2017	2016	\$	%
Revenues	\$ 1,895,937	\$ 1,933,416	\$ (37,479)	-1.9%
Gross Profit	274,501 14.5%	274,741 14.2%	(240)	-0.1%
Selling, General and Administrative Expenses	181,337	181,811	(474)	-0.3%
Restructuring Expenses	343	641	(298)	N/M
Operating Income	\$ 92,821 4.9%	\$ 92,289 4.8%	\$ 532	0.6%
Diluted Earnings per Common Share from Continuing Operations	\$ 0.95	\$ 0.92	\$ 0.03	3.3%
Non-GAAP Operating Income Excluding:				
- Transaction Expenses in the 2016 Quarter Related to the Acquisition of Ardent	\$ 92,821 4.9%	\$ 95,046 4.9%	\$ (2,225)	-2.3%
Non-GAAP Diluted Earnings per Common Share from Continuing Operations Excluding:				
- Transaction Expenses in the 2016 Quarter Related to the Acquisition of Ardent	\$ 0.95	\$ 0.95	\$ -	0.0%

Key Financial Data – Income Statement

(\$ Thousands, except per share information) (Unaudited)

	For the Six Months Ended June 30,		Variance	
	2017	2016	\$	%
Revenues	\$ 3,787,669	\$ 3,678,386	\$ 109,283	3.0%
Gross Profit	540,841 14.3%	497,849 13.5%	42,992	8.6%
Selling, General and Administrative Expenses	364,338	349,213	15,125	4.3%
Restructuring Expenses	908	732	176	N/M
Operating Income	\$ 175,595 4.6%	\$ 147,904 4.0%	\$ 27,691	18.7%
Diluted Earnings per Common Share from Continuing Operations	\$ 1.84	\$ 1.48	\$ 0.36	24.3%
Non-GAAP Operating Income Excluding:				
- Transaction Expenses Related to the Acquisition of Ardent in 2016	\$ 175,595 4.6%	\$ 151,742 4.1%	\$ 23,853	15.7%
Non-GAAP Diluted Earnings per Common Share from Continuing Operations Excluding:				
- Transaction Expenses Related to the Acquisition of Ardent in 2016	\$ 1.84	\$ 1.52	\$ 0.32	21.1%

Key Financial Data – Balance Sheet

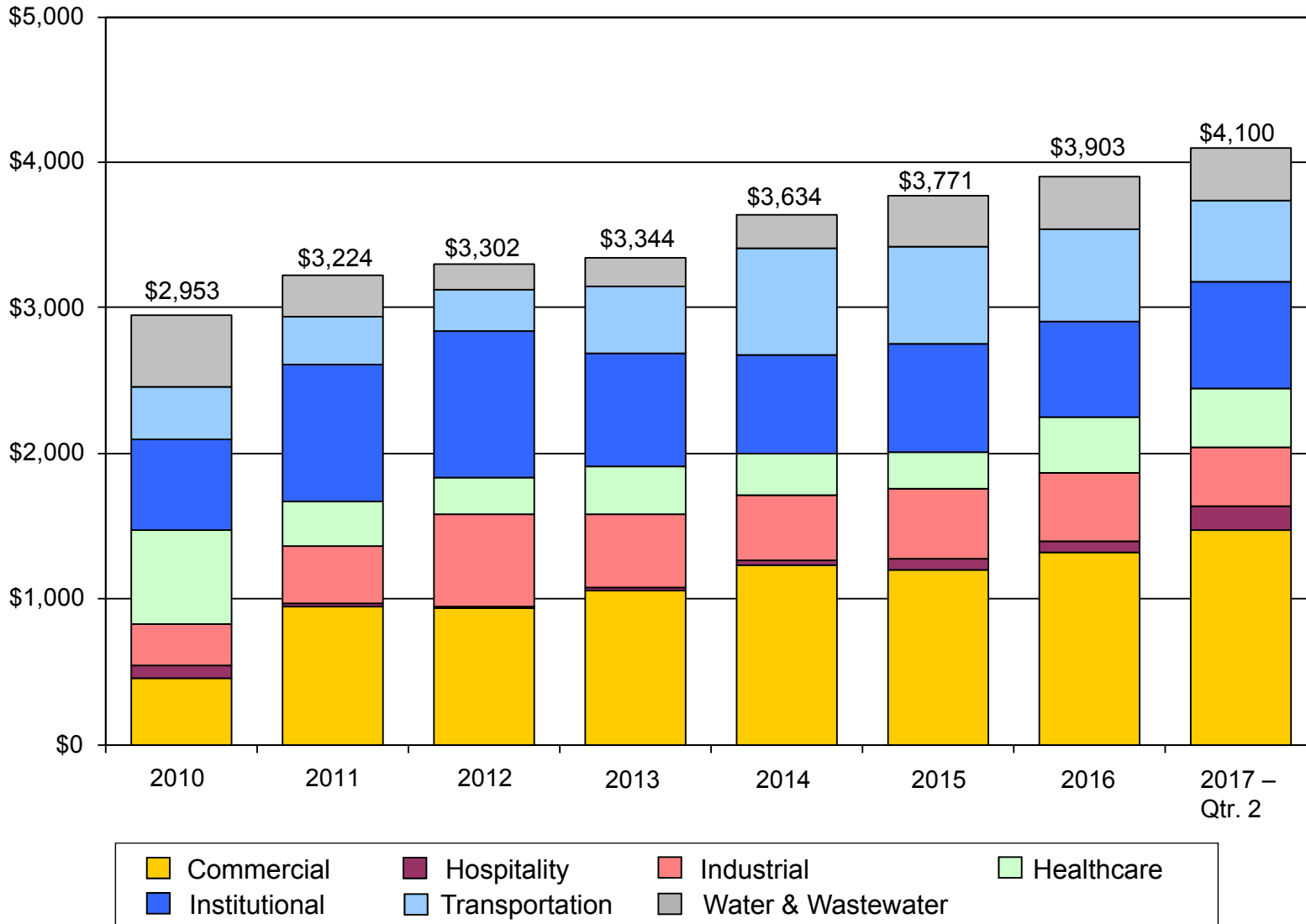
(\$ Thousands)

	(Unaudited) 06/30/17	12/31/16
Cash	\$ 385,396	\$ 464,617
Working Capital	\$ 630,979	\$ 657,341
Goodwill	\$ 1,010,399	\$ 979,628
Identifiable Intangible Assets, Net	\$ 509,341	\$ 487,398
Total Debt	\$ 417,184	\$ 423,326
Stockholders' Equity	\$ 1,578,929	\$ 1,537,942
Total Debt / Total Capitalization	20.9%	21.6%



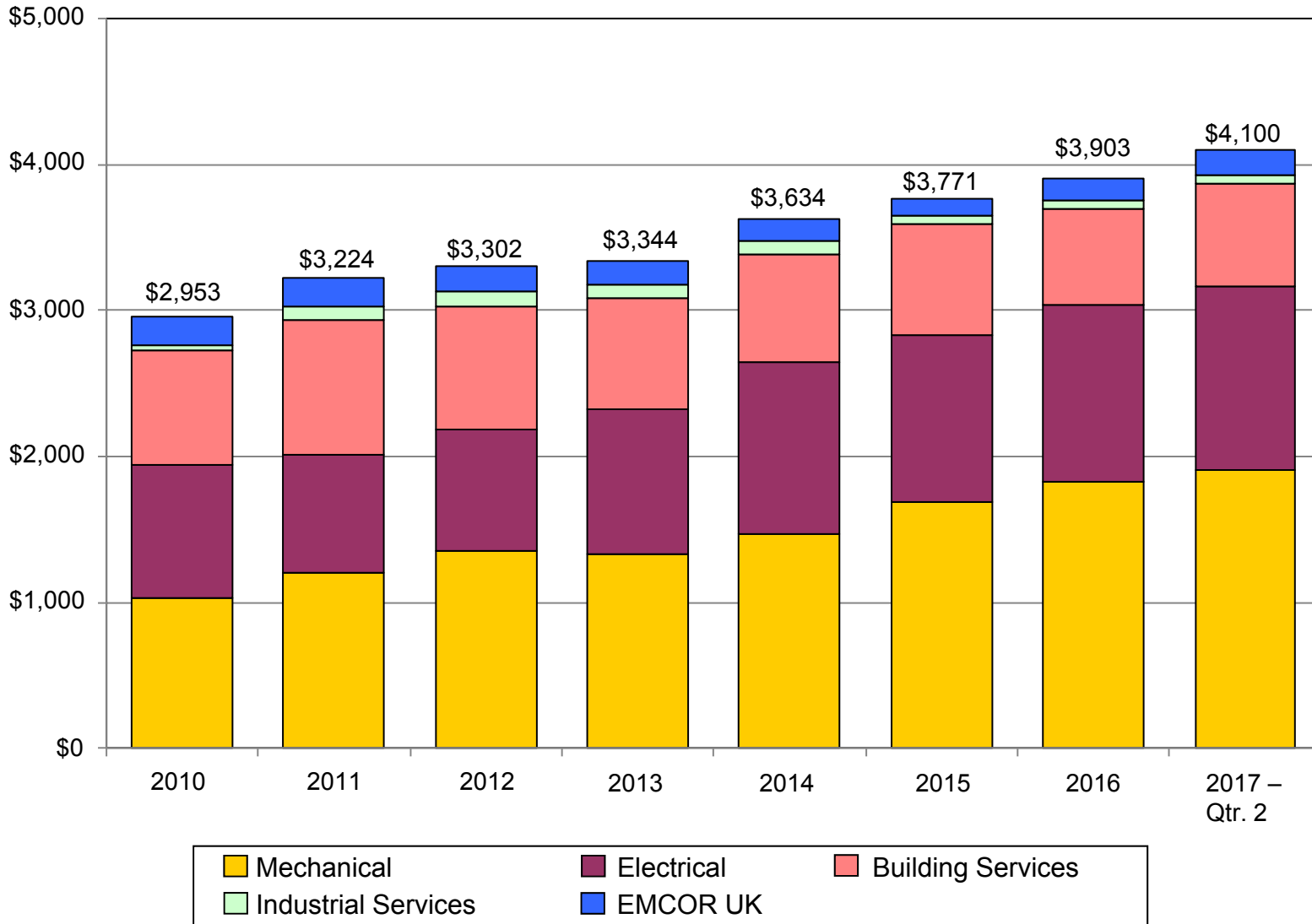
Backlog by Market Sector

(\$ Millions)



Backlog by Segment

(\$ Millions)



2017 Outlook

- Non-residential construction market continues to grow
- Backlog growth positive for Domestic Construction
- Building Services will benefit from continued growth in retrofit and energy savings projects
- Industrial Services:
 - Expect Fall turnaround season comparable to 2016
 - Continued headwinds in “new build” heat exchanger fabrication pricing
- Strong and liquid balance sheet



2017 Guidance

Revenues

~\$7.6 Billion

Diluted EPS from
Continuing Operations

\$3.40 – \$3.60



Build. Power. Service. Protect.