



Quarter Two 2019 Financial Results

July 30, 2019



Forward-Looking Statements and Non-GAAP Financial Disclosures

Forward Looking Statements:

This material and related presentation contain certain forward-looking statements. Any such comments speak only as of this date and EMCOR assumes no obligation to update any such forward-looking statements, unless required by law. These forward-looking statements may include statements regarding anticipated future operating and financial performance, the nature and impact of our remaining performance obligations, our ability to pursue acquisitions, our ability to return capital to shareholders, market opportunities, market growth, and customer trends. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Accordingly, these statements are no guarantee of future performance. Such risks and uncertainties include, but are not limited to, adverse effects of general economic conditions, changes in the political environment, changes in the specific markets for EMCOR's services, adverse business conditions, availability of adequate levels of surety bonding, increased competition, unfavorable labor productivity and mix of business. Certain of the risk factors associated with EMCOR's business are also discussed in Part I, Item 1A "Risk Factors," of the Company's 2018 Form 10-K and in other reports filed from time to time with the Securities and Exchange Commission and available at www.sec.gov and www.emcorgroup.com. Such risk factors should be taken into account in evaluating any forward-looking statements.

Non-GAAP Measures:

This material and related presentation include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (GAAP). Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP financial measures are included in this presentation. The Company uses these non-GAAP measures as key performance indicators for the purpose of evaluating performance internally. We also believe that these non-GAAP measures provide investors with useful information with respect to our historical operations. Any non-GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by GAAP, have no standardized meaning prescribed by GAAP and may not be comparable to the calculation of similar measures of other companies.



EMCOR Participants

- Tony Guzzi Chairman, President & Chief Executive Officer
- Mark Pompa EVP & Chief Financial Officer
- Maxine Mauricio SVP & General Counsel
- Kevin Matz EVP, Shared Services

2019 Qtr. 2 Executive Summary

- Strong performance continues in Quarter 2
 - Record Qtr. 2 diluted EPS from continuing operations of \$1.49 vs. \$1.21 in Qtr. 2 2018
 - Record Qtr. 2 revenues of \$2.32 billion, 19.0% increase year-over-year
 - Operating income as a percentage of revenues was 5.2%
 - Total Remaining Performance Obligations (RPO) increased \$553 million or 15.1% from Qtr. 2 2018
- Second quarter revenue increased in all reportable segments quarter-over-quarter

2019 Qtr. 2 Executive Summary

- U.S. Electrical Construction and Facilities Services segment revenues increased by \$89.9 million vs. Qtr. 2 2018 with an operating margin of 7.7%
- U.S. Mechanical Construction and Facilities Services segment revenues increased by \$99.2 million vs. Qtr. 2 2018 with an operating margin of 6.6%
- U.S. Building Services segment revenues increased by \$62.7 million vs. Qtr. 2 2018 with an operating margin of 5.3%
- U.S. Industrial Services segment revenues increased by \$111.5 million vs. Qtr. 2 2018 with an operating margin of 5.4%
- U.K. Building Services segment revenues increased by \$7.0 million vs. Qtr. 2 2018 with an operating margin of 4.9%



2019 Qtr. 2 Executive Summary

- Diverse RPO of \$4.23 billion, up 15.1% compared to Qtr. 2 2018

- U.S. RPO UP \$558 million or 15.8%

Jun. 2019
vs.
Jun. 2018

- Domestic Construction UP

\$473M ↑
15.8%

- U.S. Building Services Segment UP

\$94M ↑
20.8%

- U.S. Industrial Services Segment DOW

\$(9)M ↓
-9.0%

- Private Sector UP (Commercial, Hospitality & Gaming, Industrial / Manufacturing and Short Duration Projects)

\$579M ↑
27.9%

- Public Sector DOW (Transportation, Water / Wastewater, Institutional, Healthcare)

\$(26)M ↓
-1.7%

- Balance sheet remains strong and liquid, including \$213 million of cash

2019 – Qtr. 2 Financial Results Highlights

- Revenues increased 19.0% quarter-over-quarter to \$2.32 billion

(\$ Millions) (Unaudited)	Qtr. 2 2019	Change from Qtr. 2 2018	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 569.4	\$ 89.9	18.7%
U.S. Mechanical Construction & Facilities Services	823.1	99.2	13.7%
Total U.S. Construction	1,392.5	189.1	15.7%
U.S. Building Services	523.7	62.7	13.6%
U.S. Industrial Services	295.4	111.5	60.6%
Total U.S. Operations	2,211.6	363.3	19.7%
U.K. Building Services	112.6	7.0	6.7%
Total EMCOR	\$ 2,324.2	\$ 370.3	19.0%



2019 – Qtr. 2 Financial Results Highlights

- SG&A expenses increased to \$226.2 million or 9.7% of revenues vs. \$189.9 million or 9.7% of revenues for Qtr. 2 2018
- Operating income was \$120.0 million or 5.2% of revenues

(Unaudited)	Operating Margin For the Quarter Ended June 30,	
	<u>2019</u>	<u>2018</u>
– U.S. Electrical Construction and Facilities Services of \$43.8 million: \$7.8 million or 21.7% increase	7.7%	7.5%
– U.S. Mechanical Construction and Facilities Services of \$54.0 million: \$(3.5) million or 6.0% decrease	6.6%	7.9%
Total U.S. Construction	7.0%	7.8%
– U.S. Building Services of \$28.0 million: \$5.6 million or 24.8% increase	5.3%	4.9%
– U.S. Industrial Services of \$16.0 million: \$14.8 million increase	5.4%	0.7%
– U.K. Building Services of \$5.5 million: \$0.9 million or 19.0% increase	4.9%	4.4%
Total EMCOR	5.2%	5.1%

Key Financial Data – Income Statement

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

	For the Quarter Ended June 30,		Variance	
	2019	2018	\$	%
Revenues	\$ 2,324,202	\$ 1,953,886	\$ 370,316	19.0%
Gross Profit	346,380 14.9%	290,844 14.9%	55,536	19.1%
Selling, General and Administrative Expenses	226,248	189,907	36,341	19.1%
Restructuring Expenses	173	374	(201)	N/M
Impairment Loss on Identifiable Intangible Assets	-	907	(907)	N/M
Operating Income	\$ 119,959 5.2%	\$ 99,656 5.1%	\$ 20,303	20.4%
Diluted Earnings per Common Share from Continuing Operations	\$ 1.49	\$ 1.21	\$ 0.28	23.1%
Non-GAAP Operating Income Excluding:				
- Impairment Loss on Identifiable Intangible Assets	\$ 119,959 5.2%	\$ 100,563 5.1%	\$ 19,396	19.3%
Non-GAAP Diluted Earnings per Common Share from Continuing Operations Excluding:				
- Impairment Loss on Identifiable Intangible Assets	\$ 1.49	\$ 1.23	\$ 0.26	21.1%

- Qtr. 2 2019 income tax rate 28.3%
- Qtr. 2 2019 cash provided by operations of \$15.2 million

Key Financial Data – Income Statement

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

	For the Six Months Ended		Variance	
	June 30,			
	2019	2018	\$	%
Revenues	\$ 4,482,930	\$ 3,854,274	\$ 628,656	16.3%
Gross Profit	655,134 14.6%	559,963 14.5%	95,171	17.0%
Selling, General and Administrative Expenses	432,417	380,932	51,485	13.5%
Restructuring Expenses	448	464	(16)	N/M
Impairment Loss on Identifiable Intangible Assets	-	907	(907)	N/M
Operating Income	\$ 222,269 5.0%	\$ 177,660 4.6%	\$ 44,609	25.1%
Diluted Earnings per Common Share from Continuing Operations	\$ 2.77	\$ 2.15	\$ 0.62	28.8%
Non-GAAP Operating Income Excluding:				
- Impairment Loss on Identifiable Intangible Assets	\$ 222,269 5.0%	\$ 178,567 4.6%	\$ 43,702	24.5%
Non-GAAP Diluted Earnings per Common Share from Continuing Operations Excluding:				
- Impairment Loss on Identifiable Intangible Assets	\$ 2.77	\$ 2.17	\$ 0.60	27.6%

Key Financial Data – Balance Sheet

(\$ Thousands)

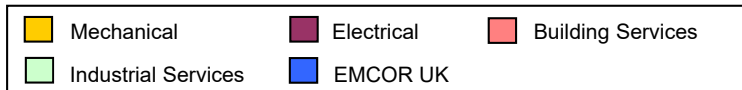
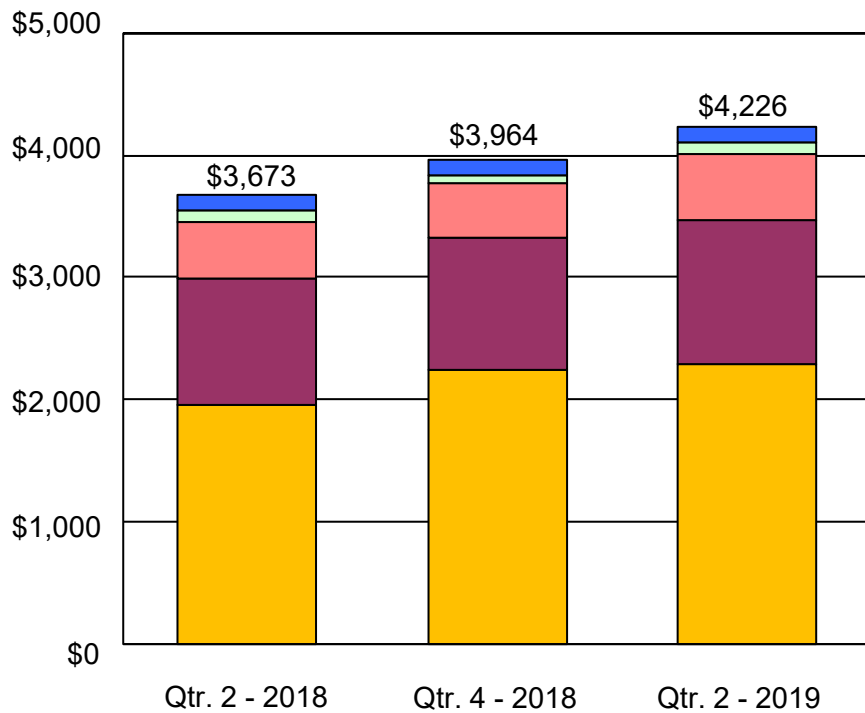
	(Unaudited) 06/30/19	12/31/18
Cash	\$ 213,374	\$ 363,907
Working Capital	\$ 716,069	\$ 651,809
Goodwill	\$ 1,013,822	\$ 990,887
Identifiable Intangible Assets, Net	\$ 488,017	\$ 488,286
Total Debt (excludes operating leases)	\$ 294,833	\$ 295,777
Stockholders' Equity	\$ 1,894,831	\$ 1,741,441
Total Debt / Total Capitalization	13.5%	14.5%



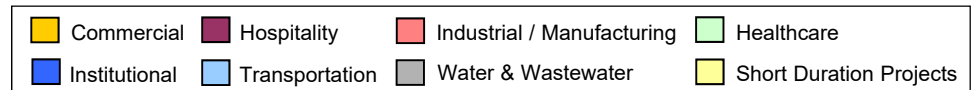
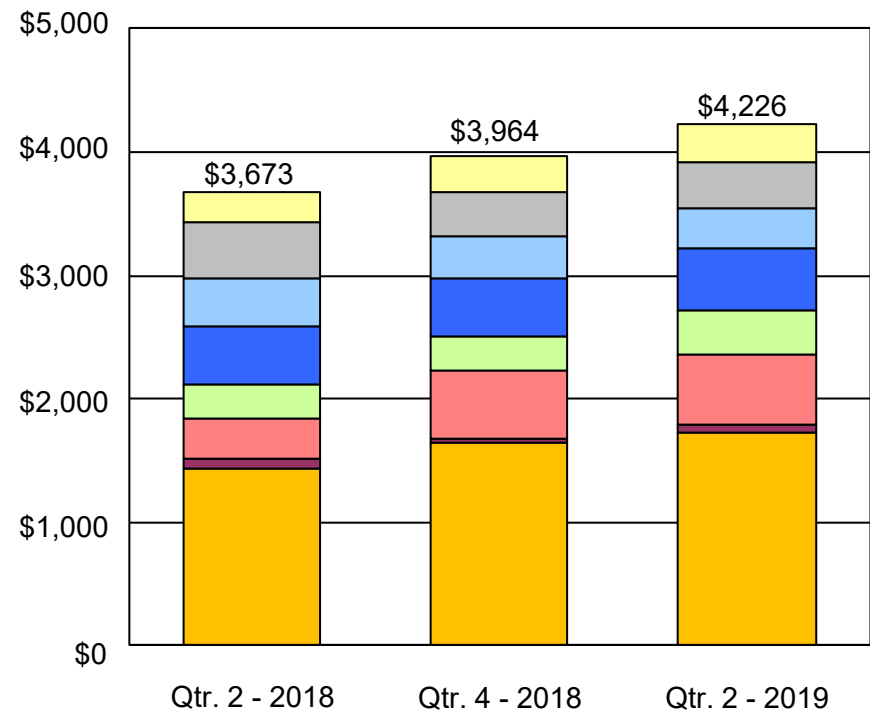
Remaining Performance Obligations

- Diverse RPO of \$4.23 billion

By Segment (\$ Millions) (Unaudited)



By Market Sector (\$ Millions) (Unaudited)



2019 Outlook

- Non-residential construction market expected to grow mid-single digits
 - Expect continued strength in large data infrastructure projects
- Building Services benefiting from continued growth in retrofit and energy savings projects, as well as favorable mix of work
- Industrial Services:
 - Customer spending patterns continue to return to normal trends as downstream market continues to improve
- U.K. will continue to respond to customers' maintenance and project needs
- Strong and liquid balance sheet



2019 Revised Guidance

Revenues

\$8.8 Billion – \$8.9 Billion
(Was \$8.5 Billion - \$8.6 Billion)

Diluted EPS from
Continuing Operations

\$5.50 – \$5.75
(Was \$5.00 - \$5.50)





Build. Power. Service. Protect.