



Quarter Four 2019 Financial Results

February 27, 2020



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, mix of business, and the impact of the February 2020 ransomware attack. Certain of the risk factors associated with EMCOR's business are also discussed in Part I, Item 1A "Risk Factors," of the Company's 2019 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 also 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 on-going 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 & Treasurer
- Maxine Mauricio SVP & General Counsel
- Kevin Matz EVP, Shared Services

2019 Executive Summary

- Record operating performance in 2019
 - Record year for revenues, operating income, net income and diluted earnings per share from continuing operations
 - Total revenues increased 12.8% to \$9.17 billion
 - Full year revenues increased in all reporting segments
 - Full year diluted EPS from continuing operations of \$5.75 in 2019 vs. proforma diluted EPS from continuing operations of \$4.91 in 2018
 - Strong operating cash flow of \$355.7 million
- Total Remaining Performance Obligations (RPO) increased \$72 million or 1.8% from 12/31/18

2019 Executive Summary

- U.S. Electrical Construction and Facilities Services segment revenues increased by \$262.3 million vs. 2018 with an operating margin of 7.3%
- U.S. Mechanical Construction and Facilities Services segment revenues increased by \$377.5 million vs. 2018 with an operating margin of 6.7%
- U.S. Building Services segment revenues increased by \$231.4 million vs. 2018 with an operating margin of 5.4%
- U.S. Industrial Services segment revenues increased by \$164.4 million vs. 2018 with an operating margin of 4.1%
- U.K. Building Services segment revenues increased by \$8.4 million vs. 2018 with an operating margin of 4.3%

2019 Executive Summary

- Diverse RPO of \$4.04 billion, up 1.8% compared to 12/31/18

	Dec. 2019 vs. Dec. 2018
– U.S. RPO UP \$78 million or 2.0%	
➤ Domestic Construction DOWNS	\$(47)M -1.4% ↓
➤ U.S. Building Services Segment UP	\$107M 24.6% ↑
➤ U.S. Industrial Services Segment UP	\$18M 20.3% ↑
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➤ Private Sector DOWNS (Commercial, Hospitality & Gaming, Industrial / Manufacturing and Short Duration Projects)	\$(92)M -3.6% ↓
➤ Public Sector UP (Transportation, Water / Wastewater, Institutional, Healthcare)	\$164M 11.5% ↑

- Balance sheet remains strong and liquid, including approximately \$359 million of cash

2019 – Qtr. 4 Financial Results Highlights

- Revenues increased 7.8% quarter-over-quarter to \$2.40 billion

(\$ Millions) (Unaudited)	Qtr. 4 2019	Change from Qtr. 4 2018	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 564.5	\$ 30.4	5.7%
U.S. Mechanical Construction & Facilities Services	895.6	100.9	12.7%
Total U.S. Construction	1,460.1	131.3	9.9%
U.S. Building Services	539.0	53.0	10.9%
U.S. Industrial Services	299.3	(13.3)	-4.3%
Total U.S. Operations	2,298.4	171.0	8.0%
U.K. Building Services	105.5	3.6	3.6%
Total EMCOR	\$ 2,403.9	\$ 174.6	7.8%



2019 – Qtr. 4 Financial Results Highlights

- SG&A expenses increased to \$240.9 million or 10.0% of revenues vs. \$220.9 million or 9.9% of revenues for Qtr. 4 2018
- Operating income of \$122.9 million or 5.1% of revenues

(Unaudited)	Operating Margin For the Quarter Ended December 31,	
	2019	2018
– U.S. Electrical Construction and Facilities Services of \$41.3 million: \$8.2 million or 24.7% increase	7.3%	6.2%
– U.S. Mechanical Construction and Facilities Services of \$68.9 million: \$5.3 million or 8.3% increase	7.7%	8.0%
Total U.S. Construction	7.5%	7.3%
– U.S. Building Services of \$24.2 million: \$0.8 million or 3.1% decrease	4.5%	5.1%
– U.S. Industrial Services of \$13.1 million: \$2.2 million or 14.5% decrease	4.4%	4.9%
– U.K. Building Services of \$4.0 million: \$0.9 million or 27.4% increase	3.7%	3.0%
Total EMCOR Operating Margin	5.1%	5.1%

Key Financial Data – Income Statement

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

	For the Quarter Ended December 31,		Variance	
	2019	2018	\$	%
Revenues	\$ 2,403,940	\$ 2,229,308	\$ 174,632	7.8%
Gross Profit	364,747 15.2%	336,151 15.1%	28,596	8.5%
Selling, General and Administrative Expenses	240,917	220,891	20,026	9.1%
Restructuring Expenses	956	1,613	(657)	N/M
Operating Income	\$ 122,874 5.1%	\$ 113,647 5.1%	\$ 9,227	8.1%
Diluted Earnings per Common Share from Continuing Operations	\$ 1.54	\$ 1.38	\$ 0.16	11.6%

- Qtr. 4 2019 income tax rate 27.8%
- Qtr. 4 2019 cash provided by operations of \$178.8 million



2019 Financial Results Highlights

- Revenues up \$1.04 billion or 12.8% to \$9.17 billion

(\$ Millions)	2019	Change from 2018	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 2,216.6	\$ 262.3	13.4%
U.S. Mechanical Construction & Facilities Services	3,340.3	377.5	12.7%
Total U.S. Construction	5,556.9	639.8	13.0%
U.S. Building Services	2,106.9	231.4	12.3%
U.S. Industrial Services	1,087.5	164.4	17.8%
Total U.S. Operations	8,751.3	1,035.6	13.4%
U.K. Building Services	423.3	8.4	2.0%
Total EMCOR	\$ 9,174.6	\$ 1,044.0	12.8%



2019 Financial Results Highlights

- SG&A expenses increased to \$893.5 million or 9.7% of revenues vs. \$799.2 million or 9.8% of revenues for 2018
- Operating income of \$460.9 million or 5.0% of revenues

	Operating Margin For the Year Ended December 31,	
	2019	2018
– U.S. Electrical Construction and Facilities Services of \$161.7 million: \$22.3 million or 16.0% increase	7.3%	7.1%
– U.S. Mechanical Construction and Facilities Services of \$225.0 million: \$5.2 million or 2.4% increase	6.7%	7.4%
Total U.S. Construction	7.0%	7.3%
– U.S. Building Services of \$114.8 million: \$20.9 million or 22.3% increase	5.4%	5.0%
– U.S. Industrial Services of \$44.3 million: \$16.7 million or 60.2% increase	4.1%	3.0%
– U.K. Building Services of \$18.3 million: \$2.4 million or 15.0% increase	4.3%	3.8%
Total EMCOR Operating Margin	5.0%	5.0%

Key Financial Data – Income Statement

(\$ Thousands, except per share information)

	For the Year Ended December 31,		Variance	
	2019	2018	\$	%
Revenues	\$ 9,174,611	\$ 8,130,631	\$ 1,043,980	12.8%
Gross Profit	1,355,868 14.8%	1,205,453 14.8%	150,415	12.5%
Selling, General and Administrative Expenses	893,453	799,157	94,296	11.8%
Restructuring Expenses	1,523	2,306	(783)	N/M
Impairment Loss on Identifiable Intangible Assets	-	907	(907)	N/M
Operating Income	\$ 460,892 5.0%	\$ 403,083 5.0%	\$ 57,809	14.3%
Diluted Earnings per Common Share from Continuing Operations	\$ 5.75	\$ 4.89	\$ 0.86	17.6%
Non-GAAP Operating Income Excluding:				
- Impairment Loss on Identifiable Intangible Assets	\$ 460,892	\$ 403,990	\$ 56,902	14.1%
Non-GAAP Diluted Earnings per Common Share from Continuing Operations Excluding:				
- Impairment Loss on Identifiable Intangible Assets	\$ 5.75	\$ 4.91	\$ 0.84	17.1%

Key Financial Data – Balance Sheet

(\$ Thousands)

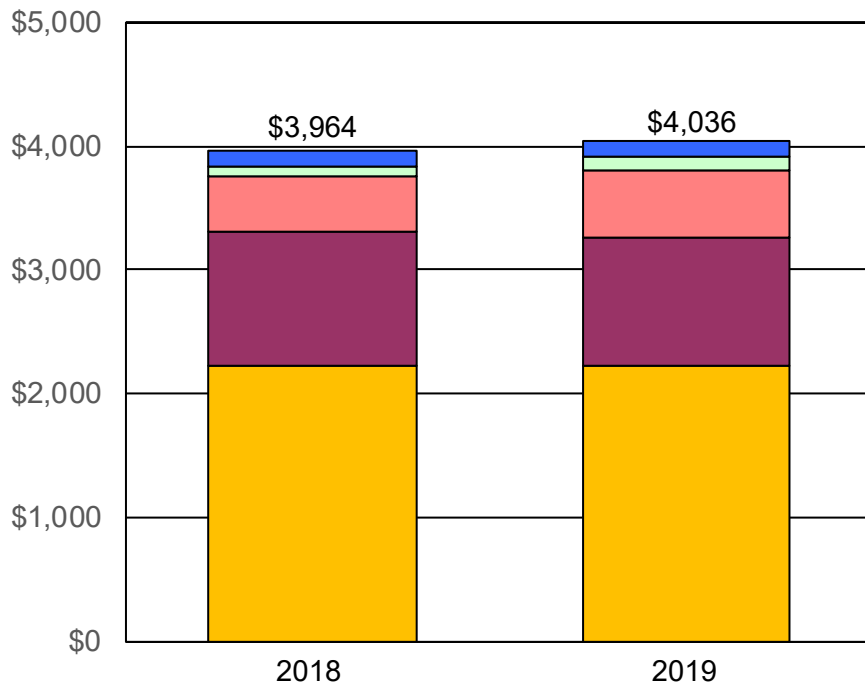
	<u>12/31/19</u>	<u>12/31/18</u>
Cash	\$ 358,818	\$ 363,907
Working Capital	\$ 721,273	\$ 651,809
Goodwill	\$ 1,063,911	\$ 990,887
Identifiable Intangible Assets, Net	\$ 611,444	\$ 488,286
Total Debt (excludes operating leases)	\$ 312,231	\$ 295,777
Stockholders' Equity	\$ 2,057,780	\$ 1,741,441
Total Debt / Total Capitalization	13.2%	14.5%



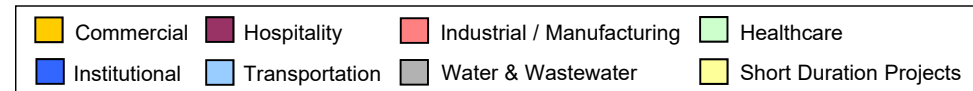
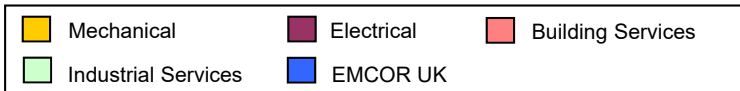
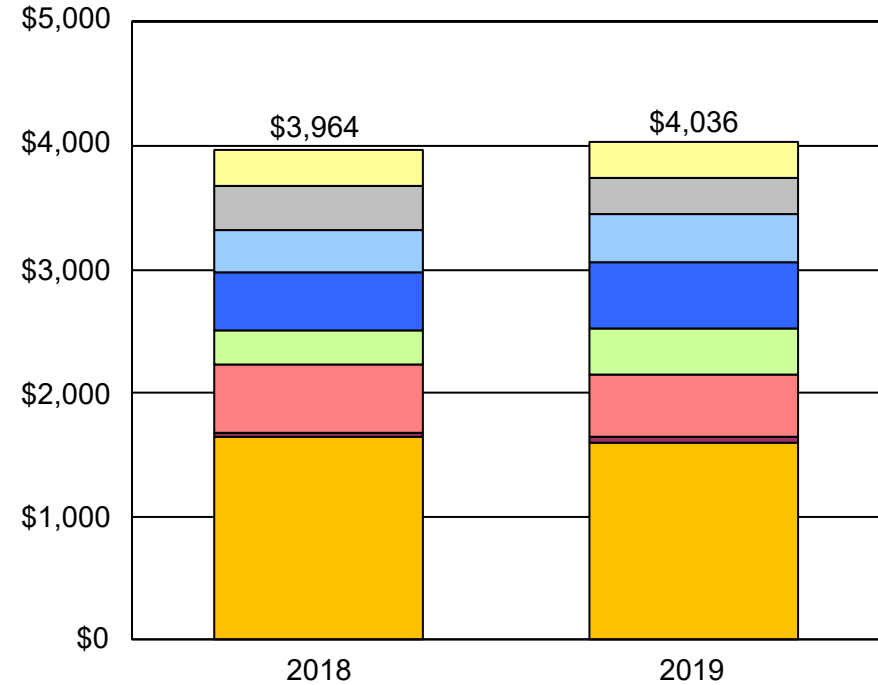
2019 Remaining Performance Obligations

- Diverse RPO of \$4.04 billion

By Segment (\$ Millions)



By Market Sector (\$ Millions) (Unaudited)



2020 Outlook

- Non-residential construction market expected to grow low-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:
 - Expect good spring turnaround work
- U.K. will continue to respond to customers' maintenance and project needs
- Strong and liquid balance sheet
- The financial impact of the ransomware attack has been contemplated in the Company's full-year 2020 guidance

2020 Guidance

Revenues

\$9.5 Billion – \$9.7 Billion

Diluted EPS from
Continuing Operations *

\$5.60 – \$6.30

* Assumes 28% effective tax rate





Build. Power. Service. Protect.