



Quarter Three 2020 Financial Results

October 29, 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 the date on the cover of this slide deck 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 those anticipated (whether expressly or implied) by 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, the impact of the 2020 ransomware attack, and the impact of the COVID-19 pandemic on our revenue and operations. 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, in Part II, Item 1A. "Risk Factors," of the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 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.

In addition, forecast non-GAAP diluted earnings per share for full-year 2020 is a forward-looking non-GAAP financial measure. The Company does not provide a reconciliation of forward-looking non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP on a forward-looking basis because it is unable to provide such reconciliations without unreasonable effort, due to the uncertainty and inherent difficulty of predicting the occurrence and the financial impact of items such as impairment charges that impact comparability and the periods in which such items may be recognized. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.




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



2020 Qtr. 3 Executive Summary

- Strong Qtr. 3 performance
- Total revenues of \$2.20 billion

	<u>2020</u>	<u>2019</u>	<u>\$ Δ</u>
Qtr. 3 Operating Income	\$135.9M	\$115.7M	\$20.1M
– OI as a % of Revenue	6.2%	5.1%	
Qtr. 3 diluted EPS:			
	<u>2020</u>	<u>2019</u>	<u>\$ Δ</u>
– GAAP	\$1.11	\$1.45	\$(0.34)
			
– Non-GAAP	\$1.76	\$1.45	\$0.31

- Strong third quarter operating cash flow of \$270.1 million
- Total RPOs at 9/30/20 increased \$495 million or 12.3% vs. 9/30/19 and \$494 million or 12.2% vs. 12/31/19

2020 Qtr. 3 Executive Summary

- U.S. Electrical Construction and Facilities Services segment revenues decreased by \$45.8 million vs. Qtr. 3 2019 with an operating margin of 9.2%
- U.S. Mechanical Construction and Facilities Services segment revenues increased by \$22.3 million vs. Qtr. 3 2019 with an operating margin of 9.0%
- U.S. Building Services segment revenues increased by \$19.4 million vs. Qtr. 3 2019 with an operating margin of 6.9%
- U.S. Industrial Services segment revenues decreased by \$94.4 million vs. Qtr. 3 2019 with an operating margin of -7.0%
- U.K. Building Services segment revenues increased by \$12.5 million vs. Qtr. 3 2019 with an operating margin of 4.8%



2020 Qtr. 3 Executive Summary

- Diverse RPOs of \$4.53 billion, up 12.3% compared to Sept. 30, 2019

	Sept. 30, 2020 vs. Sept. 30, 2019	
– U.S. RPOs UP \$482 million or 12.3%		
➤ Domestic Construction UP	\$409M 12.5%	↑
➤ U.S. Building Services Segment UP	\$81M 14.8%	↑
➤ U.S. Industrial Services Segment DOWN	\$(8)M -9.4%	↓
<hr/>		
➤ Private Sector UP (Commercial, Hospitality & Gaming, Industrial / Manufacturing and Short Duration Projects)	\$206M 8.3%	↑
➤ Public Sector UP (Transportation, Water / Wastewater, Institutional, Healthcare)	\$289M 18.5%	↑
- Balance sheet remains strong and liquid, including \$679.3 million of cash

2020 – Qtr. 3 Financial Results Highlights

- Consolidated quarterly revenues of \$2.20 billion

(\$ Millions) (Unaudited)	Qtr. 3 2020	Change from Qtr. 3 2019	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 508.9	\$ (45.8)	-8.3%
U.S. Mechanical Construction & Facilities Services	891.5	22.3	2.6%
Total U.S. Construction	1,400.4	(23.5)	-1.6%
U.S. Building Services	551.5	19.4	3.7%
U.S. Industrial Services	139.7	(94.4)	-40.3%
Total U.S. Operations	2,091.6	(98.5)	-4.5%
U.K. Building Services	110.1	12.5	12.7%
Total EMCOR	\$ 2,201.7	\$ (86.0)	-3.8%



2020 – Qtr. 3 Financial Results Highlights

- SG&A expenses were \$226.8 million or 10.3% of revenues vs. \$220.1 million or 9.6% of revenues for Qtr. 3 2019
- Operating income was \$135.9 million or 6.2% of revenues

(Unaudited)	Operating Margin For the Quarter Ended September 30,	
	<u>2020</u>	<u>2019</u>
– U.S. Electrical Construction and Facilities Services of \$47.1 million: \$13.4 million or 39.9% increase	9.2%	6.1%
– U.S. Mechanical Construction and Facilities Services of \$80.0 million: \$18.8 million or 30.8% increase	9.0%	7.0%
Total U.S. Construction	9.1%	6.7%
– U.S. Building Services of \$38.2 million: \$3.2 million or 9.0% increase	6.9%	6.6%
– U.S. Industrial Services of \$(9.8) million: \$15.4 million decrease	-7.0%	2.4%
– U.K. Building Services of \$5.3 million: \$0.6 million or 12.1% increase	4.8%	4.9%
Total EMCOR	6.2%	5.1%

Key Financial Data – Income Statement

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

	For the Quarter Ended September 30,		Variance	
	2020	2019	\$	%
Revenues	\$ 2,201,714	\$ 2,287,741	\$ (86,027)	-3.8%
Gross Profit	363,184 16.5%	335,987 14.7%	27,197	8.1%
Selling, General and Administrative Expenses	226,793	220,119	6,674	3.0%
Restructuring Expenses	536	119	417	N/M
Operating Income	\$ 135,855 6.2%	\$ 115,749 5.1%	\$ 20,106	17.4%
Net Income	\$ 61,186	\$ 81,834	\$ (20,648)	-25.2%
Diluted Earnings per Common Share	\$ 1.11	\$ 1.45	\$ (0.34)	-23.4%
Non-GAAP Net Income *	\$ 96,962	\$ 81,834	\$ 15,128	18.5%
Non-GAAP Diluted Earnings per Common Share *	\$ 1.76	\$ 1.45	\$ 0.31	21.4%

- Qtr. 3 2020 income tax rate 54.7%

Key Financial Data – Income Statement

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

	For the Nine Months Ended September 30,		Variance	
	2020	2019	\$	%
Revenues	\$ 6,515,567	\$ 6,770,671	\$ (255,104)	-3.8%
Gross Profit	1,011,531 15.5%	991,121 14.6%	20,410	2.1%
Selling, General and Administrative Expenses	658,964	652,536	6,428	1.0%
Restructuring Expenses	605	567	38	N/M
Impairment Loss on Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets	232,750	-	232,750	N/M
Operating Income	\$ 119,212 1.8%	\$ 338,018 5.0%	\$ (218,806)	-64.7%
Net Income	\$ 53,162	\$ 238,216	\$ (185,054)	-77.7%
Diluted Earnings per Common Share	\$ 0.96	\$ 4.22	\$ (3.26)	N/M
Non-GAAP Operating Income *	\$ 351,962 5.4%	\$ 338,018 5.0%	\$ 13,944	4.1%
Non-GAAP Net Income *	\$ 251,823	\$ 238,216	\$ 13,607	5.7%
Non-GAAP Diluted Earnings per Common Share *	\$ 4.54	\$ 4.22	\$ 0.32	7.6%

* Excluding impact of impairment loss on goodwill, identifiable intangible assets, and other long-lived assets and related tax effect

Key Financial Data – Balance Sheet

(\$ Thousands)

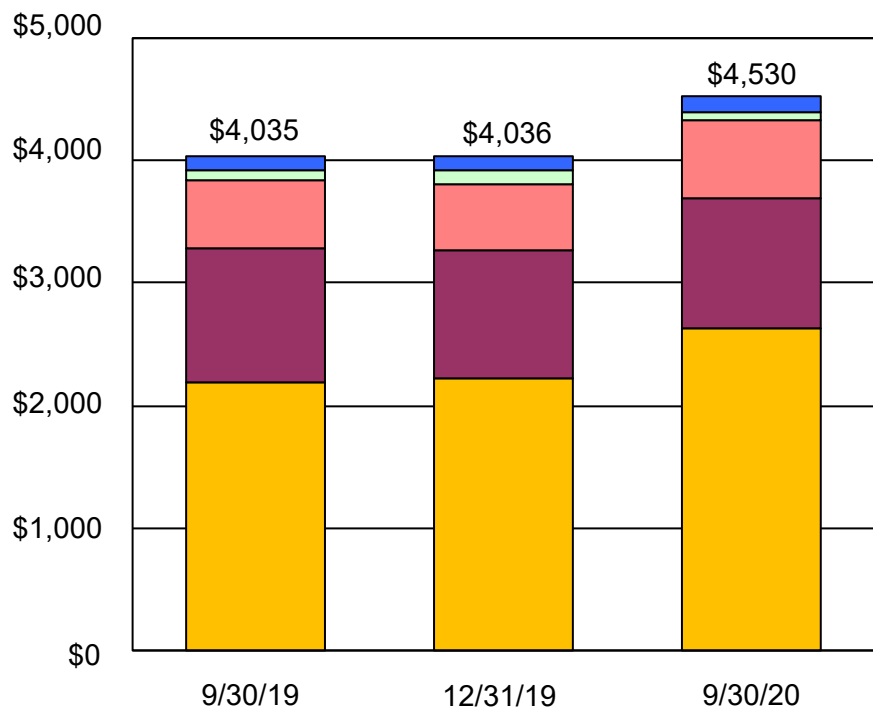
	(Unaudited) 09/30/20	12/31/19
Cash	\$ 679,342	\$ 358,818
Working Capital	\$ 918,242	\$ 721,273
Goodwill	\$ 846,908	\$ 1,063,911
Identifiable Intangible Assets, Net	\$ 596,679	\$ 611,444
Total Debt (excludes operating leases)	\$ 281,936	\$ 312,231
Stockholders' Equity	\$ 2,007,865	\$ 2,057,780
Total Debt / Total Capitalization	12.3%	13.2%



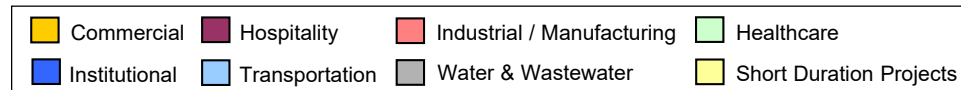
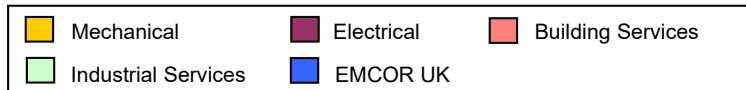
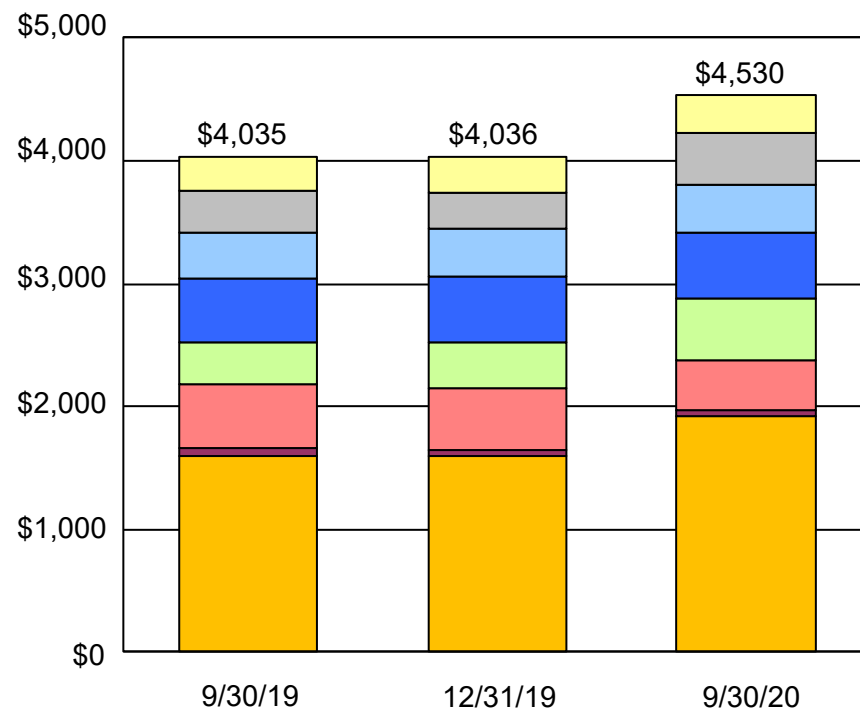
Remaining Performance Obligations

- Diverse RPOs of \$4.53 billion

By Segment (\$ Millions) (Unaudited)



By Market Sector (\$ Millions) (Unaudited)



Future Effects on Markets

Multiple pockets of resilience despite wider non-residential uncertainty:

- **Data Centers**
 - Strong Electrical / Mechanical / Fire Protection demand across Mid-Atlantic, Pacific Northwest, Midwest and Southeast
- **Warehouses**
 - Continued buildout of e-commerce supply chain driving strong Fire Protection demand
- **Industrial / Manufacturing**
 - Well positioned for Electrical / Mechanical opportunities driven by re-shoring of supply chain to Southeast and relocations from higher-cost states / sites
 - Additional food processing opportunities
- **Healthcare**
 - Electrical / Mechanical system retrofits growing as hospitals upgrade, seek more flexibility in their existing facilities and build new facilities
- **Water & Wastewater**
 - Demand for comprehensive construction services, especially Florida
- **Mechanical Services**
 - Growing Mechanical service demand stemming from maintenance deferrals, retrofit opportunities and efficiency upgrades
- **Indoor Air Quality**
 - Nationwide Mechanical Systems HVAC retrofit upgrades and tenant fit-out projects to improve building wellness

Current Emphasis on HVAC Indoor Air Quality (IAQ) Solutions

1 EMCOR MECHANICAL HVAC CAPABILITIES

- Nationwide scope and expertise in all HVAC Systems

New Construction

- Core
- Tenant Fit-Out

Mechanical Retrofit

- Equipment / System Replacement
- Energy Retrofit
- Building Control Systems

Building Wellness

- Energy / Efficiency Upgrades
- IAQ Solutions
 - Air Flow Circulation
 - Reduce Airborne Pathogens and Particulates
 - Keep Cooling Coils Clean
 - Reduce System Maintenance

2 INDOOR AIR QUALITY

- A building's indoor air quality significantly impacts the productivity, health, and comfort of its occupants through greater circulation and changeout of air in confined spaces

- Filter Replacement
- UV Lamp Technology
 - Increase Surface Decontamination
 - Increase Airborne Inactivation
- Needlepoint Bipolar Ionization Technology

3 RECENT CASE STUDY

- Client: Large multi-state corporation
- Goal: Demonstrate IAQ improvements to employees
- Locations: 240 buildings (90+ sites)
- Assets: 1,000 mostly packaged units and split systems
- EMCOR Solutions
 - UV for Increased Surface Decontamination



2020 Outlook

- First & continuing priority - focus on employee health and safety
- Remain essential service
- Small project work recovering
- Oil & gas market challenged
- U.K. strong and stable
- Maintain the flexibility provided by our strong and liquid balance sheet

2020 Revised Guidance

- Assuming the impact of the COVID-19 pandemic does not worsen, no major disruptions (e.g. stay-at-home orders or closures)

Revenues ~ \$8.7 Billion

Non-GAAP Diluted EPS * \$5.90 – \$6.10

* Excludes \$232.8 million non-cash impairment charge and associated impact on full year estimated tax rate





Build. Power. Service. Protect.