



Quarter Two 2020 Financial Results

August 3, 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.

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. 2 Executive Summary

- Strong Qtr. 2 Performance Despite Ongoing COVID-19 Impact:

CHALLENGES

- Varied, ever-changing environment to respond to
- COVID-19 work protocols / restrictions
- Uneven impact patterns across country

SUCCESSFUL RESPONSE

- Extraordinary field leadership
- Quick, decisive mitigation actions taken including cost reductions
- Cohesive, effective staff support
- Showed resilience and strength of aligned, decentralized organization

- Total revenues of \$2.01 billion

- \$232.8 million non-cash impairment charge

- Qtr. 2 diluted EPS:

	<u>2020</u>	<u>2019</u>	<u>\$ Δ</u>
➤ GAAP	(\$1.52)	\$1.49	(\$3.01)
	↓	↓	↓
➤ Non-GAAP	\$1.44	\$1.49	(\$0.05)

- Strong second quarter operating cash flow of \$355.6 million

- Total RPOs increased \$365 million or 8.6% vs. Qtr. 2 2019 and \$555 million or 13.8% vs. Qtr. 4 2019

2020 Qtr. 2 Executive Summary

- U.S. Electrical Construction and Facilities Services segment revenues decreased by \$123.5 million vs. Qtr. 2 2019 with an operating margin of 7.2%
- U.S. Mechanical Construction and Facilities Services segment revenues decreased by \$32.7 million vs. Qtr. 2 2019 with an operating margin of 8.5%
- U.S. Building Services segment revenues decreased by \$51.3 million vs. Qtr. 2 2019 with an operating margin of 5.6%
- U.S. Industrial Services segment revenues decreased by \$83.3 million vs. Qtr. 2 2019 with an operating margin of 1.4%
- U.K. Building Services segment revenues decreased by \$19.4 million vs. Qtr. 2 2019 with an operating margin of 5.7%



2020 Qtr. 2 Executive Summary

- Diverse RPOs of \$4.59 billion, up 8.6% compared to Qtr. 2 2019

- U.S. RPOs UP \$346 million or 8.4%

- Domestic Construction UP

June 30, 2020
vs.
June 30, 2019

\$354M ↑
10.2%

- U.S. Building Services Segment DOWN

\$(21)M ↓
-3.9%

- U.S. Industrial Services Segment UP

\$13M ↑
15.1%

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

\$54M ↑
2.0%

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

\$311M ↑
19.8%

- Balance sheet remains strong and liquid, including approximately \$481 million of cash



2020 – Qtr. 2 Financial Results Highlights

- Consolidated quarterly revenues of \$2.01 billion

(\$ Millions) (Unaudited)	Qtr. 2 2020	Change from Qtr. 2 2019	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 445.9	\$ (123.5)	-21.7%
U.S. Mechanical Construction & Facilities Services	790.4	(32.7)	-4.0%
Total U.S. Construction	1,236.3	(156.2)	-11.2%
U.S. Building Services	472.4	(51.3)	-9.8%
U.S. Industrial Services	212.2	(83.3)	-28.2%
Total U.S. Operations	1,920.9	(290.8)	-13.1%
U.K. Building Services	93.1	(19.4)	-17.3%
Total EMCOR	\$ 2,014.0	\$ (310.2)	-13.3%



2020 – Qtr. 2 Financial Results Highlights

- SG&A expenses decreased to \$205.2 million or 10.2% of revenues vs. \$226.2 million or 9.7% of revenues for Qtr. 2 2019
- Results include an impairment loss on goodwill, identifiable intangible assets, and other long-lived assets of \$232.8 million
- Operating loss of \$122.6 million or -6.1% of revenues

Operating Margin For the Quarter Ended June 30,

(Unaudited)

	<u>2020</u>	<u>2019</u>
— U.S. Electrical Construction and Facilities Services of \$32.2 million: \$11.6 million or 26.5% decrease	7.2%	7.7%
— U.S. Mechanical Construction and Facilities Services of \$66.9 million: \$13.0 million or 24.1% increase	8.5%	6.6%
Total U.S. Construction	8.0%	7.0%
— U.S. Building Services of \$26.4 million: \$1.6 million or 5.8% decrease	5.6%	5.3%
— U.S. Industrial Services of \$3.0 million: \$13.1 million or 81.5% decrease	1.4%	5.4%
— U.K. Building Services of \$5.4 million: \$0.1 million or 2.3% decrease	5.7%	4.9%
Total EMCOR Operating Margin	-6.1%	5.2%
Non-GAAP Operating Margin *	5.5%	5.2%

Key Financial Data – Income Statement

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

	For the Quarter Ended June 30,		Variance	
	2020	2019	\$	%
Revenues	\$ 2,014,021	\$ 2,324,202	\$ (310,181)	-13.3%
Gross Profit	315,286 15.7%	346,380 14.9%	(31,094)	-9.0%
Selling, General and Administrative Expenses	205,174	226,248	(21,074)	-9.3%
Restructuring Expenses	-	173	(173)	N/M
Impairment Loss on Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets	232,750	-	232,750	N/M
Operating (Loss) Income	\$ (122,638) -6.1%	\$ 119,959 5.2%	\$ (242,597)	-202.2%
Diluted (Loss) Earnings per Common Share	\$ (1.52)	\$ 1.49	\$ (3.01)	N/M
Non-GAAP Operating Income *	\$ 110,112 5.5%	\$ 119,959 5.2%	\$ (9,847)	-8.2%
Non-GAAP Diluted Earnings per Common Share *	\$ 1.44	\$ 1.49	\$ (0.05)	-3.4%

Key Financial Data – Income Statement

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

	For the Six Months Ended June 30,		Variance	
	2020	2019	\$	%
Revenues	\$ 4,313,853	\$ 4,482,930	\$ (169,077)	-3.8%
Gross Profit	648,347 15.0%	655,134 14.6%	(6,787)	-1.0%
Selling, General and Administrative Expenses	432,171	432,417	(246)	-0.1%
Restructuring Expenses	69	448	(379)	N/M
Impairment Loss on Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets	232,750	-	232,750	N/M
Operating (Loss) Income	\$ (16,643) -0.4%	\$ 222,269 5.0%	\$ (238,912)	-107.5%
Diluted (Loss) Earnings per Common Share	\$ (0.14)	\$ 2.77	\$ (2.91)	N/M
Non-GAAP Operating Income *	\$ 216,107 5.0%	\$ 222,269 5.0%	\$ (6,162)	-2.8%
Non-GAAP Diluted Earnings per Common Share *	\$ 2.78	\$ 2.77	\$ 0.01	0.4%

- Income tax rate of 59.4%



Key Financial Data – Balance Sheet

(\$ Thousands)

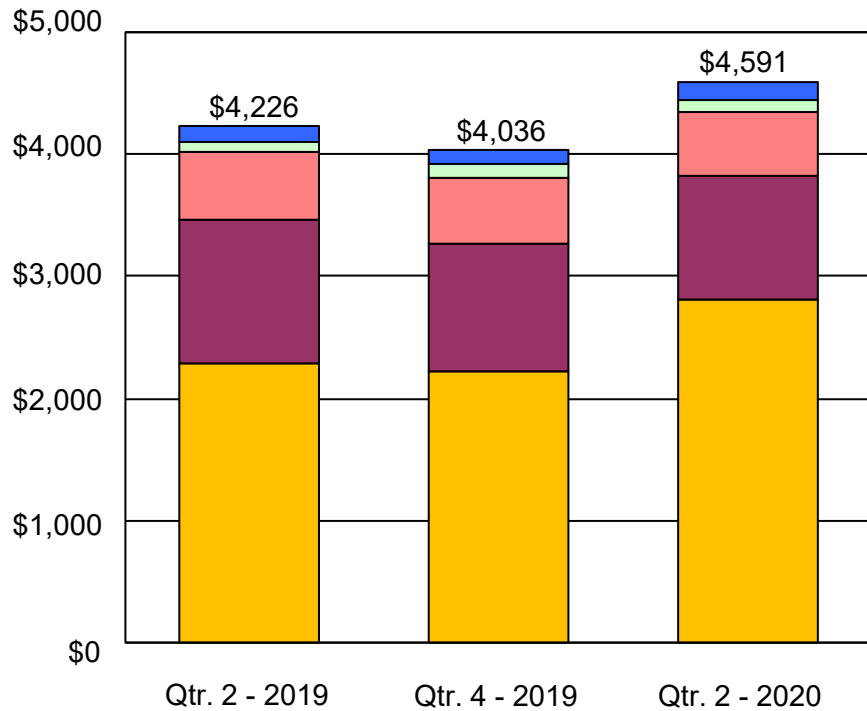
	(Unaudited) 06/30/20	12/31/19
Cash	\$ 481,391	\$ 358,818
Working Capital	\$ 870,868	\$ 721,273
Goodwill	\$ 839,772	\$ 1,063,911
Identifiable Intangible Assets, Net	\$ 576,540	\$ 611,444
Total Debt (excludes operating leases)	\$ 304,360	\$ 312,231
Stockholders' Equity	\$ 1,944,198	\$ 2,057,780
Total Debt / Total Capitalization	13.5%	13.2%



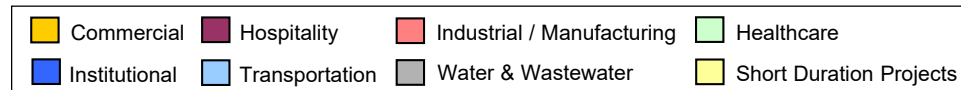
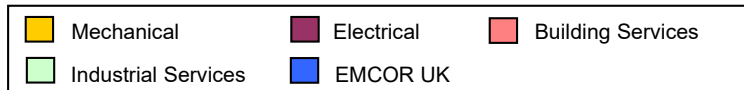
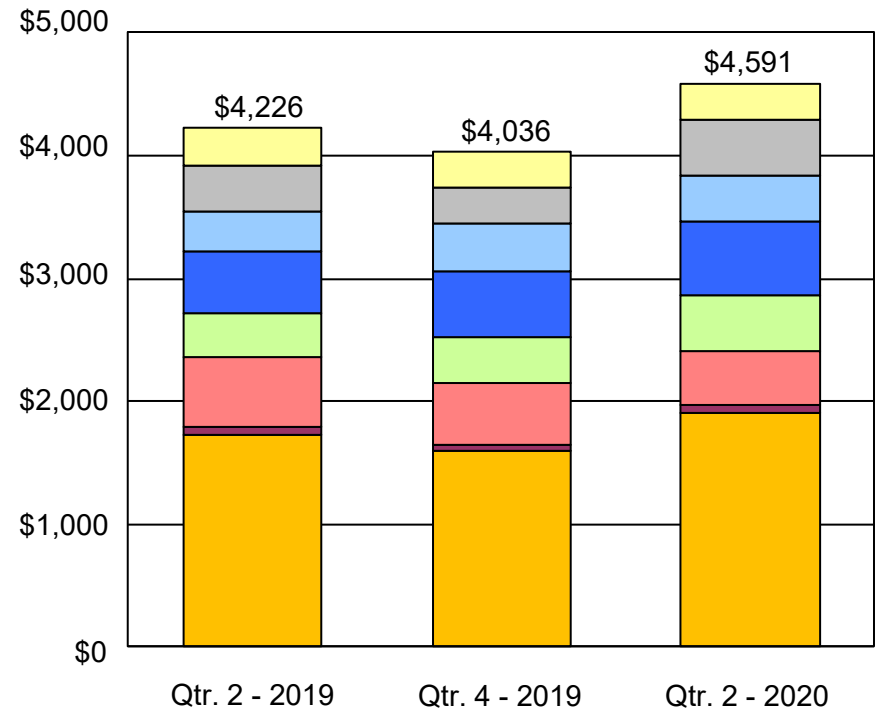
Remaining Performance Obligations

- Diverse RPOs of \$4.59 billion

By Segment (\$ Millions) (Unaudited)



By Market Sector (\$ Millions) (Unaudited)



2020 Outlook

- First Priority - Continue to focus on employee health and safety
- Expect construction and service operations to remain essential services
 - Strong RPO position: Winning new work
- Building Services small project work recovering
- Industrial Services remains challenged as market visibility is opaque throughout 2020
- U.K. is strong and stable
- Stronger and more liquid balance sheet



2020 Revised Guidance

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

Revenues \$8.6 Billion – \$8.7 Billion

Non-GAAP Diluted EPS * \$5.00 – \$5.50

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





Build. Power. Service. Protect.