



Quarter Four 2017

February 22, 2018



Forward-Looking Statements and Non-GAAP Financial Disclosures

Forward Looking Statements:

This material and related presentation contain certain forward-looking statements within the meaning of the Private Securities Reform Act of 1995. Any such comments speak only as of this date and EMCOR assumes no obligation to update any such forward-looking statements. These forward-looking statements may include statements regarding anticipated future operating and financial performance, the nature and impact of our backlog, 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 risk 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 2017 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. 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 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 Executive Summary

- Record operating performance in 2017
 - OVERALL – record year for revenues, operating income and diluted earnings per share from continuing operations
 - Total revenues increased 1.8% to \$7.69 billion
 - Full year diluted EPS from continuing operations:

	<u>2017</u>	<u>2016</u>	<u>\$ Δ</u>	<u>% Δ</u>
➤ GAAP	\$3.83	\$3.02	\$0.81	26.8%
	↓	↓	↓	↓
➤ Non-GAAP	\$4.06	\$3.09	\$0.97	31.4%
 - Strong operating cash flow of \$366.1 million
- Total backlog decreased \$113 million or 2.9%



2017 Executive Summary

- U.S. Electrical Construction and Facilities Services segment revenues increased by \$125.2 million vs. 2016 with operating margin of 8.2% vs. 6.0% in 2016
- U.S. Mechanical Construction and Facilities Services segment revenues increased by \$320.5 million vs. 2016 with operating margin of 7.2% vs. 5.0% in 2016
- U.S. Building Services segment revenues decreased by \$56.5 million vs. 2016; however, operating margin expanded to 4.6% from 4.2% in 2016

2017 Executive Summary

- U.S. Industrial Services segment revenues decreased by \$268.2 million vs. 2016 with operating margin of 2.4% vs. 7.3% in 2016
 - Hurricane Harvey – Gulf Coast turnaround and maintenance work was curtailed during and after the storm
 - 2016 benefited from a large specialty service project
- U.K. Building Services segment revenues increased by \$14.5 million vs. 2016 with operating margin of 4.4% vs. 3.7% in 2016

2017 Executive Summary

- Diverse backlog of \$3.79 billion, down 2.9% compared to December 2016

- U.S. backlog DOWN \$142.5 million or 3.8%

- Domestic Construction DOWN

Dec. 2017

\$(208M)
-6.8% ↓

- U.S. Building Services Segment UP

\$54M
8.1% ↑

- U.S. Industrial Services Segment UP

\$12M
23.1% ↑

- U.K. backlog UP \$29.6 million or 19.8%

- Private Sector UP (Commercial, Hospitality & Gaming, Industrial)

\$112M
6.0% ↑

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

\$(225M)
-11.0% ↓

- Balance sheet remains strong and liquid, including \$467.4 million of cash

2017 – Qtr. 4 Financial Results Highlights

- Revenues increased 3.2% quarter-over-quarter to \$2.01 billion

(\$ Millions) (Unaudited)	Qtr. 4 2017	Change from Qtr. 4 2016	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 479.4	\$ 2.5	0.5%
U.S. Mechanical Construction & Facilities Services	790.8	73.3	10.2%
Sub-Total	1,270.2	75.8	6.3%
U.S. Building Services	438.3	(5.0)	-1.1%
U.S. Industrial Services	207.5	(29.8)	-12.6%
Total U.S. Operations	1,916.0	41.0	2.2%
U.K. Building Services	96.6	21.7	28.9%
Total EMCOR	\$ 2,012.6	\$ 62.7	3.2%



2017 – Qtr. 4 Financial Results Highlights

- SG&A expenses increased to \$204.2 million or 10.1% of revenues vs. \$194.9 million or 10.0% of revenues for Qtr. 4 2016
- Impairment loss on goodwill and identifiable intangible assets of \$57.8 million in 2017 and \$2.4 million in 2016
- Operating income of \$48.5 million or 2.4% of revenues

(Unaudited)

	For the Three Months Ended December 31,	
	<u>2017</u>	<u>2016</u>
– U.S. Electrical Construction and Facilities Services of \$40.3 million: \$9.2 million or 29.4% increase	8.4%	6.5%
– U.S. Mechanical Construction and Facilities Services of \$61.3 million: \$29.3 million or 91.4% increase	7.8%	4.5%
Total U.S. Construction	8.0%	5.3%
– U.S. Building Services of \$21.1 million	4.8%	4.8%
– U.S. Industrial Services of \$2.5 million: \$(8.7) million or 77.7% decrease	1.2%	4.7%
– U.K. Building Services of \$5.7 million: \$3.0 million or 106.0% increase	5.9%	3.7%
Total EMCOR Operating Margin	2.4%	3.8%
Non-GAAP Operating Margin	5.3%	3.9%

2017 – Qtr. 4 Financial Results Highlights

Operating Income Reconciliation (\$ Thousands) (Unaudited)	For the Three Months Ended December 31,	
	2017	2016
GAAP Operating Income	\$ 48,500	\$ 74,490
Impairment Loss on Goodwill and Identifiable Intangible Assets	<u>57,819</u>	<u>2,428</u>
Non-GAAP Operating Income	<u>\$ 106,319</u>	<u>\$ 76,918</u>
Non-GAAP Operating Margin:	5.3%	3.9%

- Qtr. 4 2017 cash provided by operations of \$127.9 million

Key Financial Data – Income Statement

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

	For the Three Months Ended December 31,		Variance	
	2017	2016	\$	%
Revenues	\$ 2,012,639	\$ 1,949,964	\$ 62,675	3.2%
Gross Profit	311,101 15.5%	271,969 13.9%	39,132	14.4%
Selling, General and Administrative Expenses	204,159	194,884	9,275	4.8%
Restructuring Expenses	623	167	456	N/M
Impairment Loss on Goodwill and Identifiable Intangible Assets	57,819	2,428	55,391	N/M
Operating Income	\$ 48,500 2.4%	\$ 74,490 3.8%	\$ (25,990)	-34.9%
Diluted Earnings per Common Share from Continuing Operations	\$ 0.90	\$ 0.69	\$ 0.21	30.4%
Non-GAAP Operating Income Excluding:				
- Impairment Loss on Goodwill and Identifiable Intangible Assets	\$ 106,319	\$ 76,918	\$ 29,401	38.2%
Non-GAAP Diluted Earnings per Common Share from Continuing Operations Excluding:				
- Impairment Loss on Goodwill and Identifiable Intangible Assets				
- Impact of change in tax rate on net deferred tax liability balance in 2017	\$ 1.13	\$ 0.72	\$ 0.41	56.9%

2017 Financial Results Highlights

- Revenues up \$135.5 million or 1.8% to \$7.69 billion

(\$ Millions)	2017	Change from 2016	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 1,829.6	\$ 125.2	7.3%
U.S. Mechanical Construction & Facilities Services	2,963.8	320.5	12.1%
Sub-Total	4,793.4	445.7	10.3%
U.S. Building Services	1,753.7	(56.5)	-3.1%
U.S. Industrial Services	799.2	(268.2)	-25.1%
Total U.S. Operations	7,346.3	121.0	1.7%
U.K. Building Services	340.7	14.5	4.4%
Total EMCOR	\$ 7,687.0	\$ 135.5	1.8%



2017 Financial Results Highlights

<ul style="list-style-type: none"> ■ SG&A expenses increased to \$757.1 million or 9.8% of revenues vs. \$725.5 million or 9.6% of revenues for 2016 ■ Impairment loss on goodwill and identifiable intangible assets of \$57.8 million in 2017 and \$2.4 million in 2016 ■ Operating income of \$330.6 million or 4.3% of revenues <table border="0" style="margin-left: 20px;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>For the Twelve Months Ended December 31, 2017</u></th> <th style="text-align: right;"><u>2016</u></th> </tr> </thead> <tbody> <tr> <td>— U.S. Electrical Construction and Facilities Services of \$150.0 million: \$48.2 million or 47.4% increase</td> <td style="text-align: right;">8.2%</td> <td style="text-align: right;">6.0%</td> </tr> <tr> <td>— U.S. Mechanical Construction and Facilities Services of \$212.3 million: \$79.7 million or 60.0% increase</td> <td style="text-align: right;">7.2%</td> <td style="text-align: right;">5.0%</td> </tr> <tr> <td style="padding-left: 20px;">Total U.S. Construction</td> <td style="text-align: right;">7.6%</td> <td style="text-align: right;">5.4%</td> </tr> <tr> <td>— U.S. Building Services of \$81.5 million: \$4.7 million or 6.1% increase</td> <td style="text-align: right;">4.6%</td> <td style="text-align: right;">4.2%</td> </tr> <tr> <td>— U.S. Industrial Services of \$19.1 million: \$(58.8) million or 75.5% decrease</td> <td style="text-align: right;">2.4%</td> <td style="text-align: right;">7.3%</td> </tr> <tr> <td>— U.K. Building Services of \$14.8 million: \$2.9 million or 24.3% increase</td> <td style="text-align: right;">4.4%</td> <td style="text-align: right;">3.7%</td> </tr> <tr> <td style="padding-left: 20px;">Total EMCOR Operating Margin</td> <td style="text-align: right;">4.3%</td> <td style="text-align: right;">4.1%*</td> </tr> <tr> <td style="padding-left: 20px;">Non-GAAP Operating Margin</td> <td style="text-align: right;">5.1%</td> <td style="text-align: right;">4.2%</td> </tr> </tbody> </table> 		<u>For the Twelve Months Ended December 31, 2017</u>	<u>2016</u>	— U.S. Electrical Construction and Facilities Services of \$150.0 million: \$48.2 million or 47.4% increase	8.2%	6.0%	— U.S. Mechanical Construction and Facilities Services of \$212.3 million: \$79.7 million or 60.0% increase	7.2%	5.0%	Total U.S. Construction	7.6%	5.4%	— U.S. Building Services of \$81.5 million: \$4.7 million or 6.1% increase	4.6%	4.2%	— U.S. Industrial Services of \$19.1 million: \$(58.8) million or 75.5% decrease	2.4%	7.3%	— U.K. Building Services of \$14.8 million: \$2.9 million or 24.3% increase	4.4%	3.7%	Total EMCOR Operating Margin	4.3%	4.1%*	Non-GAAP Operating Margin	5.1%	4.2%		
	<u>For the Twelve Months Ended December 31, 2017</u>	<u>2016</u>																											
— U.S. Electrical Construction and Facilities Services of \$150.0 million: \$48.2 million or 47.4% increase	8.2%	6.0%																											
— U.S. Mechanical Construction and Facilities Services of \$212.3 million: \$79.7 million or 60.0% increase	7.2%	5.0%																											
Total U.S. Construction	7.6%	5.4%																											
— U.S. Building Services of \$81.5 million: \$4.7 million or 6.1% increase	4.6%	4.2%																											
— U.S. Industrial Services of \$19.1 million: \$(58.8) million or 75.5% decrease	2.4%	7.3%																											
— U.K. Building Services of \$14.8 million: \$2.9 million or 24.3% increase	4.4%	3.7%																											
Total EMCOR Operating Margin	4.3%	4.1%*																											
Non-GAAP Operating Margin	5.1%	4.2%																											

* Included within operating income are transaction expenses related to the acquisition of Ardent of \$3.8 million

2017 Financial Results Highlights

Operating Income Reconciliation (\$ Thousands) (Unaudited)	For the Twelve Months Ended December 31,	
	2017	2016
GAAP Operating Income	\$ 330,554	\$ 308,458
Transaction Expenses Related to the Acquisition of Ardent	-	3,838
Impairment Loss on Goodwill and Identifiable Intangible Assets	57,819	2,428
Non-GAAP Operating Income	\$ 388,373	\$ 314,724
Non-GAAP Operating Margin:	5.1%	4.2%

- 2017 income tax rate – 28.5%, 2016 income tax rate – 37.5%



Key Financial Data – Income Statement

(\$ Thousands, except per share information)

	For the Twelve Months Ended December 31,		Variance	
	2017	2016	\$	%
Revenues	\$ 7,686,999	\$ 7,551,524	\$ 135,475	1.8%
Gross Profit	1,147,012 14.9%	1,037,862 13.7%	109,150	10.5%
Selling, General and Administrative Expenses	757,062	725,538	31,524	4.3%
Restructuring Expenses	1,577	1,438	139	N/M
Impairment Loss on Goodwill and Identifiable Intangible Assets	57,819	2,428	55,391	N/M
Operating Income	\$ 330,554 4.3%	\$ 308,458 4.1%	\$ 22,096	7.2%
Diluted Earnings per Common Share from Continuing Operations	\$ 3.83	\$ 3.02	\$ 0.81	26.8%
Non-GAAP Operating Income Excluding:				
- Transaction Expenses Related to the Acquisition of Ardent in 2016				
- Impairment Loss on Goodwill and Identifiable Intangible Assets	\$ 388,373	\$ 314,724	\$ 73,649	23.4%
Non-GAAP Diluted Earnings per Common Share from Continuing Operations Excluding:				
- Transaction Expenses Related to the Acquisition of Ardent in 2016				
- Impairment Loss on Goodwill and Identifiable Intangible Assets				
- Impact of change in tax rate on net deferred tax liability balance in 2017	\$ 4.06	\$ 3.09	\$ 0.97	31.4%

Key Financial Data – Balance Sheet

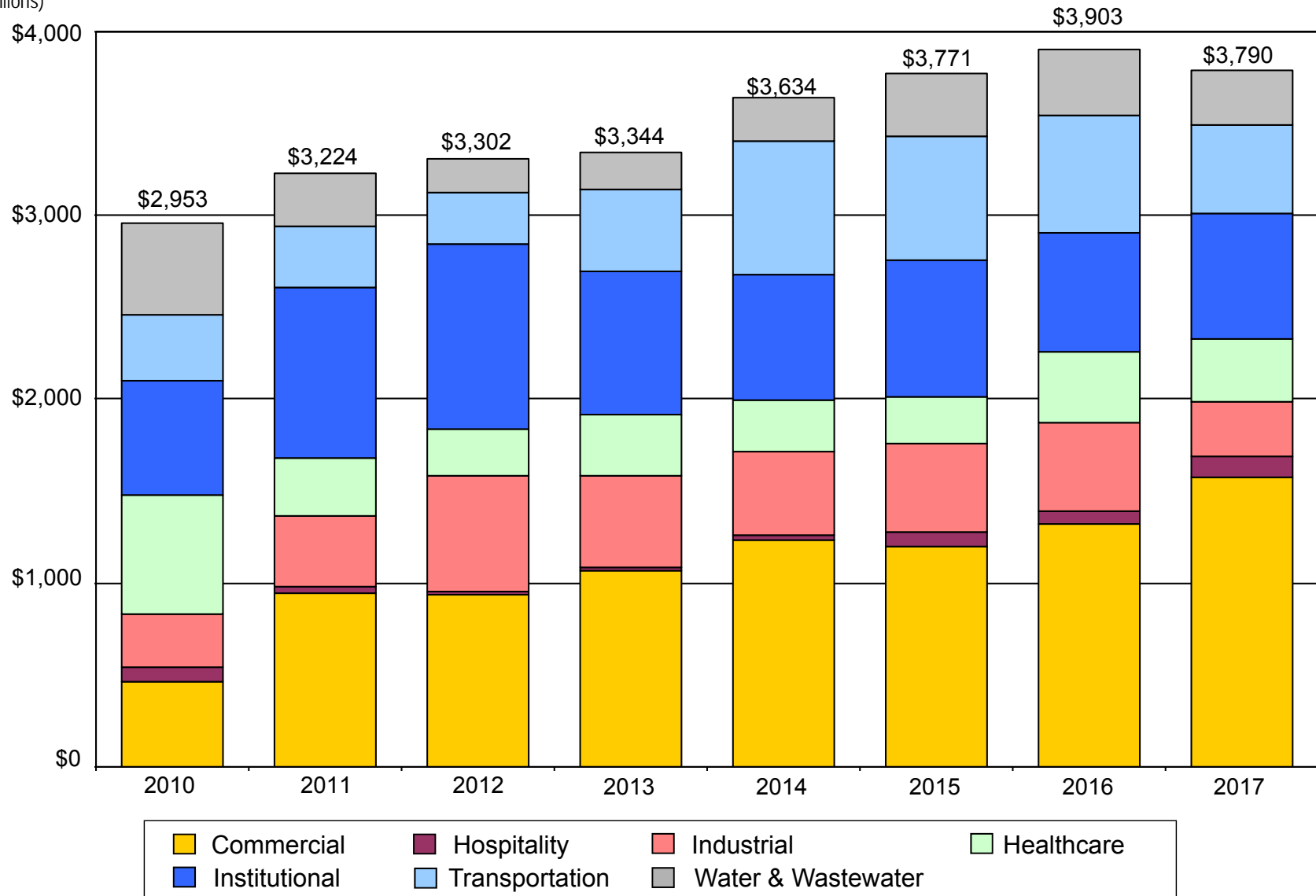
(\$ Thousands)

	<u>12/31/17</u>	<u>12/31/16</u>
Cash	\$ 467,430	\$ 464,617
Working Capital	\$ 633,557	\$ 657,341
Goodwill	\$ 964,893	\$ 979,628
Identifiable Intangible Assets, Net	\$ 495,036	\$ 487,398
Total Debt	\$ 310,150	\$ 423,326
Stockholders' Equity	\$ 1,674,117	\$ 1,537,942
Total Debt / Total Capitalization	15.6%	21.6%



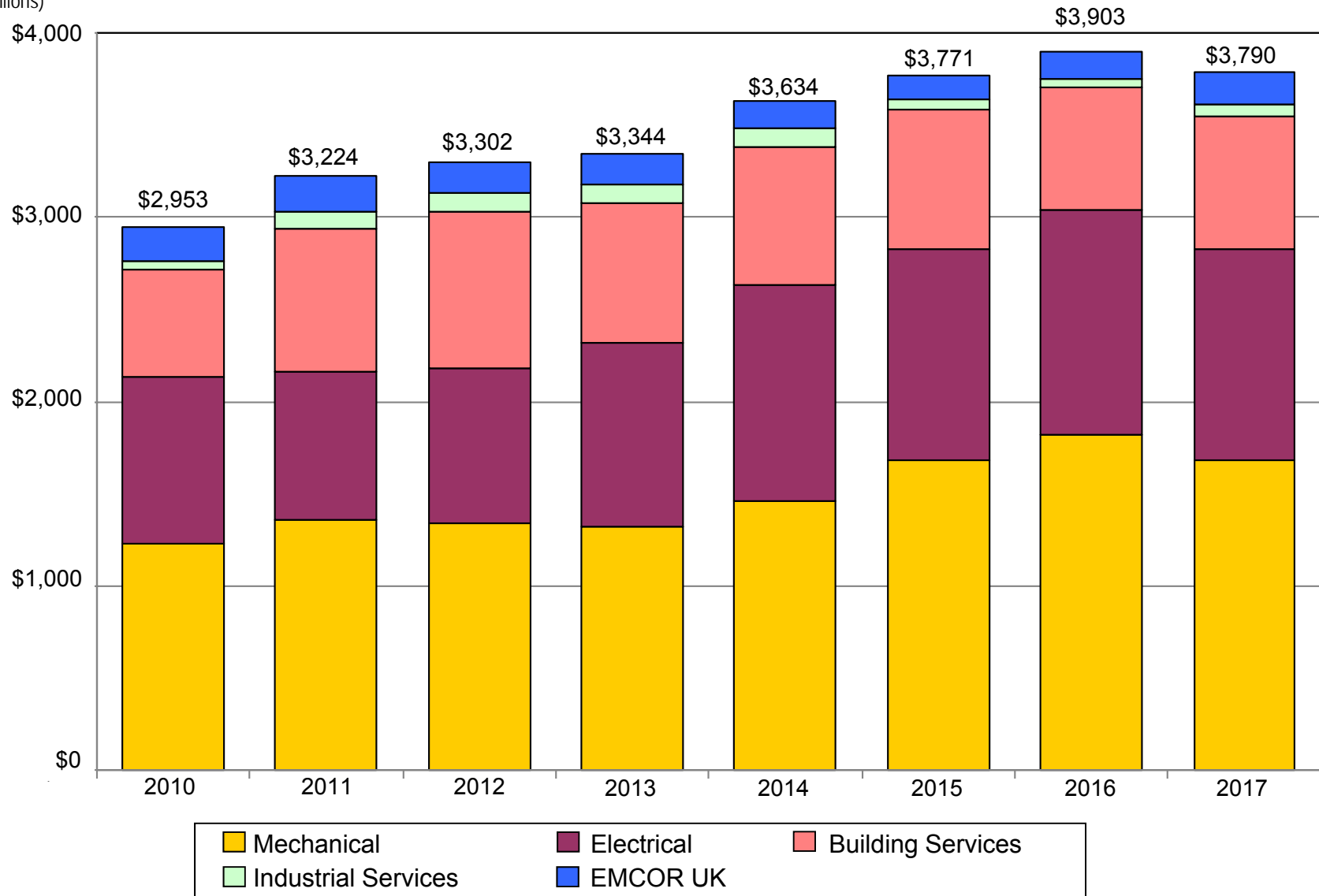
Backlog by Market Sector

(\$ Millions)



Backlog by Segment

(\$ Millions)



2018 Outlook

- Non-residential construction market expected to grow mid-single digits
- Building Services benefitting from continued growth in retrofit and energy savings projects
- Industrial Services:
 - Customers continue to reevaluate Fall 2018 and Spring 2019 turnaround scope and timing
 - Continued headwinds in “new build” heat exchanger fabrication pricing
- Strong and liquid balance sheet

2018 Guidance

Revenues \$7.6 Billion – \$7.7 Billion

Diluted EPS from
Continuing Operations \$4.10 – \$4.70

- Assuming effective income tax rate of approximately 28%





Build. Power. Service. Protect.