
QUARTER THREE 2021 FINANCIAL RESULTS

OCTOBER 28, 2021



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 or events. 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, the availability and pricing of supplies and other materials, the availability of adequate levels of surety bonding, increased competition, unfavorable labor productivity, mix of business, and the impact of the COVID-19 pandemic and related government orders and mandates 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 2020 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 September 30, 2021, 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, including non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, and non-GAAP diluted EPS 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 the press release that accompanies 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 ongoing 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 EVP & General Counsel
- » Kevin Matz EVP, Shared Services

2021 QTR. 3 EXECUTIVE SUMMARY

» Strong Qtr. 3 performance

- Record Qtr. 3 for revenues, gross profit, operating income, net income, and diluted earnings per share
- Total revenues of \$2.52 billion

	<u>2021</u>	<u>2020</u>	<u>\$ Δ</u>
Qtr. 3 Operating Income	\$137.4M	\$135.9M	\$1.6M ↑
– OI as a % of Revenue	5.4%	6.2%	

	<u>2021</u>	<u>2020</u>	<u>\$ Δ</u>
Diluted EPS			
– GAAP	\$1.85	\$1.11	\$0.74 ↑
– Non-GAAP	\$1.85	\$1.76	\$0.09 ↑

- » Total Remaining Performance Obligations (RPOs) increased by \$849 million or 18.7% from 9/30/20

2021 QTR. 3 EXECUTIVE SUMMARY

- » U.S. Electrical Construction and Facilities Services segment revenues increased by \$55.9 million vs. Qtr. 3 2020 with an operating margin of 8.3%
- » U.S. Mechanical Construction and Facilities Services segment revenues increased by \$108.1 million vs. Qtr. 3 2020 with an operating margin of 8.2%
- » U.S. Building Services segment revenues increased by \$75.9 million vs. Qtr. 3 2020 with an operating margin of 5.0%
- » U.S. Industrial Services segment revenues increased by \$60.7 million vs. Qtr. 3 2020 with an operating margin of -1.3%; although recovering, market remains challenged
- » U.K. Building Services segment revenues increased by \$19.4 million vs. Qtr. 3 2020 with an operating margin of 5.1%

2021 QTR. 3 EXECUTIVE SUMMARY

» RPOs total \$5.4 billion, up 18.7% compared to 9/30/20

- U.S. RPOs UP \$839 million or 19.1%
 - Combined U.S. Construction Segments UP
 - U.S. Building Services Segment UP
 - U.S. Industrial Services Segment UP

**Sept. 2021
vs.
Sept. 2020**

\$606M ↑
16.5%

\$180M ↑
28.6%

\$53M ↑
58.8%

-
- UK Building Services Segment UP

\$10M ↑
7.2%

» Balance sheet remains strong and liquid, including \$663.9 million of cash

2021 – QTR. 3 FINANCIAL RESULTS HIGHLIGHTS

» Consolidated quarterly revenues of \$2.52 billion

(\$ Millions) (Unaudited)	Qtr. 3 2021	Change from Qtr. 3 2020	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 527.9	\$ 55.9	11.8%
U.S. Mechanical Construction & Facilities Services	999.6	108.1	12.1%
Total U.S. Construction	1,527.5	164.0	12.0%
U.S. Building Services	632.5	75.9	13.6%
U.S. Industrial Services	232.2	60.7	35.4%
Total U.S. Operations	2,392.2	300.6	14.4%
U.K. Building Services	129.5	19.4	17.6%
Total EMCOR	\$ 2,521.7	\$ 320.0	14.5%

2021 – QTR. 3 FINANCIAL RESULTS HIGHLIGHTS

- » SG&A expenses of \$243.9 million or 9.7% of revenues vs. \$226.8 million or 10.3% of revenues for Qtr. 3 2020
- » Operating income increased to \$137.4 million or 5.4% of revenues

Operating Income (Loss) For the Quarter Ended September 30, 2021:

(Unaudited)

	Operating Margin For the Quarter Ended September 30,	
	<u>2021</u>	<u>2020</u>
<ul style="list-style-type: none"> ▪ U.S. Electrical Construction and Facilities Services of \$44.1 million: \$(1.9) million or 4.1% decrease ▪ U.S. Mechanical Construction and Facilities Services of \$82.3 million: \$2.3 million or 2.8% increase 	8.3%	9.7%
Total U.S. Construction	8.3%	9.2%
<ul style="list-style-type: none"> ▪ U.S. Building Services of \$31.6 million: \$(6.9) million or 17.8% decrease ▪ U.S. Industrial Services of \$(3.0) million: \$5.9 million increase ▪ U.K. Building Services of \$6.6 million: \$1.3 million or 23.6% increase 	5.0%	6.9%
	-1.3%	-5.2%
	5.1%	4.8%
Total EMCOR Operating Margin	5.4%	6.2%

KEY FINANCIAL DATA – INCOME STATEMENT

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

	For the Quarter Ended September 30,		Variance	
	2021	2020	\$	%
Revenues	\$2,521,672	\$2,201,714	\$ 319,958	14.5%
Gross Profit	381,343 15.1%	363,184 16.5%	18,159	5.0%
Selling, General and Administrative Expenses	243,922	226,793	17,129	7.6%
Restructuring Expenses	-	536	(536)	N/M
Operating Income	\$ 137,421 5.4%	\$ 135,855 6.2%	\$ 1,566	1.2%
Net Income	\$ 99,740	\$ 61,186	\$ 38,554	63.0%
Diluted Earnings per Common Share	\$ 1.85	\$ 1.11	\$ 0.74	66.7%
Non-GAAP Net Income *	\$ 99,740	\$ 96,962	\$ 2,778	2.9%
Non-GAAP Diluted Earnings per Common Share *	\$ 1.85	\$ 1.76	\$ 0.09	5.1%

* Excludes the tax effect of the impairment loss on goodwill, identifiable intangible assets, and other long-lived assets recorded in the second quarter of 2020

KEY FINANCIAL DATA – INCOME STATEMENT

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

	For the Nine Months Ended September 30,		Variance	
	2021	2020	\$	%
Revenues	\$7,263,387	\$6,515,567	\$ 747,820	11.5%
Gross Profit	1,098,695 15.1%	1,011,531 15.5%	87,164	8.6%
Selling, General and Administrative Expenses	710,912	658,964	51,948	7.9%
Restructuring Expenses	-	605	(605)	N/M
Impairment Loss on Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets	-	232,750	(232,750)	N/M
Operating Income	\$ 387,783 5.3%	\$ 119,212 1.8%	\$ 268,571	N/M
Net Income	\$ 281,864	\$ 53,162	\$ 228,702	N/M
Diluted Earnings per Common Share	\$ 5.17	\$ 0.96	\$ 4.21	N/M
Non-GAAP Operating Income *	\$ 387,783 5.3%	\$ 351,962 5.4%	\$ 35,821	10.2%
Non-GAAP Net Income *	\$ 281,864	\$ 251,823	\$ 30,041	11.9%
Non-GAAP Diluted Earnings per Common Share *	\$ 5.17	\$ 4.54	\$ 0.63	13.9%

* Excludes impact of impairment loss on goodwill, identifiable intangible assets, and other long-lived assets recorded in the second quarter of 2020



KEY FINANCIAL DATA – BALANCE SHEET

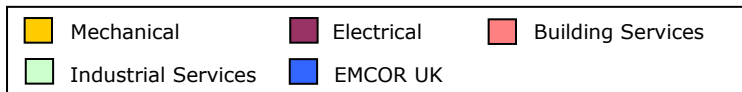
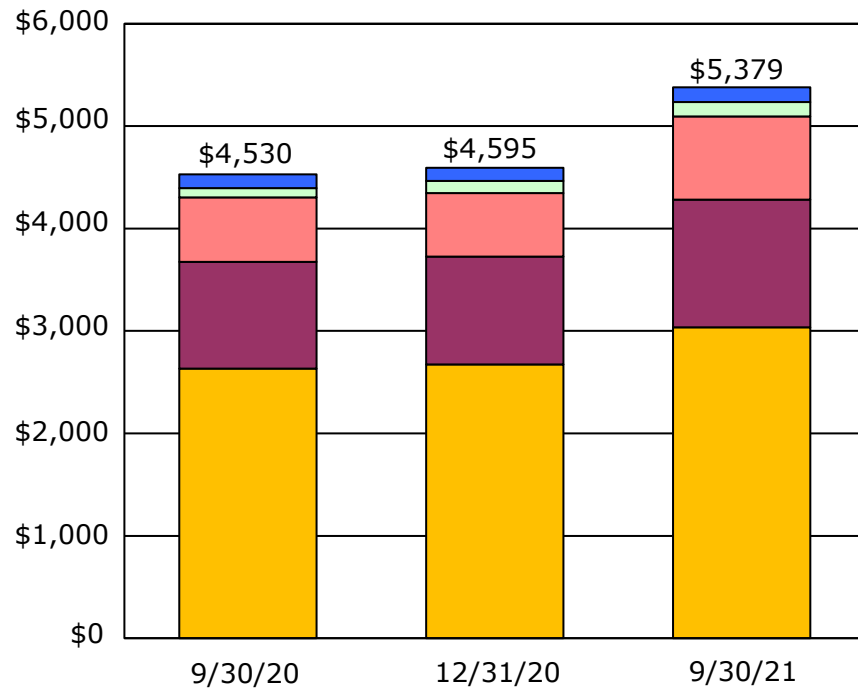
(\$ Thousands)

	(Unaudited) 09/30/21	12/31/20
Cash	\$ 663,905	\$ 902,867
Working Capital	\$ 976,444	\$ 957,704
Goodwill	\$ 888,303	\$ 851,783
Identifiable Intangible Assets, Net	\$ 602,234	\$ 582,893
Total Debt (excludes operating leases)	\$ 275,665	\$ 276,529
Stockholders' Equity	\$2,142,050	\$2,053,244
Total Debt / Total Capitalization	11.4%	11.9%

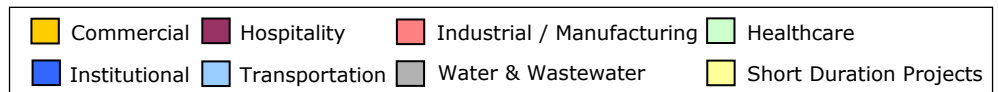
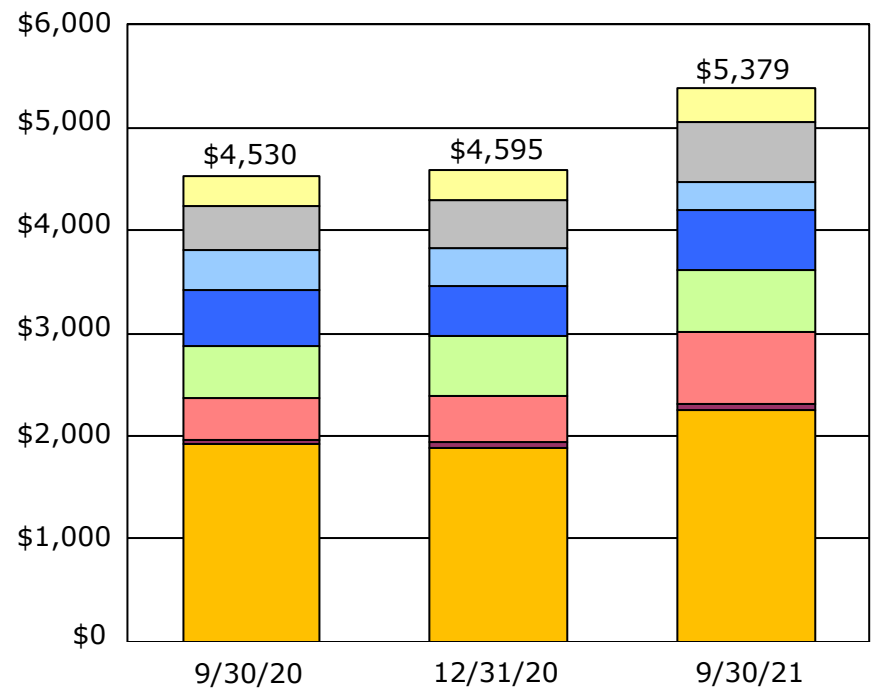
REMAINING PERFORMANCE OBLIGATIONS

» Diverse RPOs of \$5.4 billion

By Segment (\$ Millions) (Unaudited)



By Market Sector (\$ Millions) (Unaudited)



GROWTH OPPORTUNITIES

Well-positioned in growing non-residential markets / trades

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

- » Growing Electrical / Mechanical opportunities driven by continued re-shoring of supply chain to Southeast and relocations from higher-cost states
- » 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 pandemic maintenance deferrals, retrofit opportunities and energy efficiency upgrades

Indoor Air Quality

- » Nationwide Mechanical Systems HVAC retrofit upgrades and tenant fit-out projects to improve building wellness with significant opportunities developing in the Institutional and Education sectors

Fire Protection

- » Nationwide fire sprinkler installation capability / substantial cost efficiencies via prefabrication / growing aftermarket

GUIDANCE ASSUMPTIONS UPDATE

Multiple assumptions are trending better than expected - supporting guidance raise

Original 2021 Assumptions

Year End Update

- Non-res. market flat to modestly down



- Up mid-single digits

- Healthy organic revenue growth



- Better than expected organic revenue growth

- Market for IAQ, energy efficiency, and small project work would be strong



- Market even stronger than expected

- Challenging refinery environment



- Fundamentals improving into 2022

- Secular growth markets (infrastructure, data centers, healthcare, manufacturing) would be strong



- Secular growth markets remain strong and continue to drive growth

- Labor market would be challenging



- Continue to manage challenging labor market and implement new government mandates and orders

- Good materials availability with moderate price increases



- Material prices are volatile and increasing
- Lead times increased 2 – 3 times beyond historical levels

2021 UPDATED GUIDANCE

- » Assuming the impact of the COVID-19 pandemic does not worsen, no further major disruptions (e.g. government orders or mandates)

Revenues \$9.80 - \$9.85 Billion

Diluted EPS* \$6.95 - \$7.15

* Assumes 27.0% - 27.5% effective tax rate



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