



Quarter Four 2020 Financial Results

February 25, 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. 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 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 2020 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 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

2020 Executive Summary

- Strong operating performance in 2020
- Total revenues of \$8.8 billion

– Full Year Operating Income	<u>2020</u>	<u>OI %</u>	<u>2019</u>	<u>OI %</u>
GAAP	\$256.8M	2.9%	\$460.9M	5.0%
Non-GAAP	\$489.6M	5.6%	\$460.9M	5.0%
– Full Year Diluted EPS	<u>2020</u>	<u>2019</u>	<u>\$ Δ</u>	
GAAP	\$2.40	\$5.75		
Non-GAAP	\$6.40	\$5.75	\$0.65 ↑	

- Strong operating cash flow of \$806.4 million
- Total RPOs increased \$558 million or 13.8% from 12/31/19

2020 Executive Summary

- U.S. Electrical Construction and Facilities Services segment revenues decreased by \$243.2 million vs. 2019 with an operating margin of 8.4%
- U.S. Mechanical Construction and Facilities Services segment revenues increased by \$145.2 million vs. 2019 with an operating margin of 8.4%
- U.S. Building Services segment revenues increased by \$3.2 million vs. 2019 with an operating margin of 5.4%
- U.S. Industrial Services segment revenues decreased by \$290.1 million vs. 2019 with an operating margin of -0.3%
- U.K. Building Services segment revenues increased by \$7.3 million vs. 2019 with an operating margin of 4.8%

2020 Executive Summary

- Diverse RPOs of \$4.6 billion, up 13.8% compared to 12/31/19

	Dec. 2020 vs. Dec. 2019
– U.S. RPOs UP \$552 million or 14.1%	
➤ Combined U.S. Construction Segments UP	\$495M ↑ 15.2%
➤ U.S. Building Services Segment UP	\$70M ↑ 12.9%
➤ U.S. Industrial Services Segment DOWN	\$(13)M ↓ -12.8%
– UK Building Services Segment UP	\$6M ↑ 5.2%

- Balance sheet remains strong and liquid, including \$902.9 million of cash

2020 – Qtr. 4 Financial Results Highlights

- Consolidated quarterly revenues of \$2.28 billion

(\$ Millions) (Unaudited)	Qtr. 4 2020	Change from Qtr. 4 2019	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 493.5	\$ (71.0)	-12.6%
U.S. Mechanical Construction & Facilities Services	969.4	73.8	8.2%
Total U.S. Construction	1,462.9	2.8	0.2%
U.S. Building Services	568.1	29.1	5.4%
U.S. Industrial Services	135.5	(163.7)	-54.7%
Total U.S. Operations	2,166.5	(131.8)	-5.7%
U.K. Building Services	115.0	9.4	8.9%
Total EMCOR	\$ 2,281.5	\$ (122.4)	-5.1%



2020 – Qtr. 4 Financial Results Highlights

- SG&A expenses were \$244.6 million or 10.7% of revenues vs. \$240.9 million or 10.0% of revenues for Qtr. 4 2019
- Operating income was \$137.6 million or 6.0% of revenues

Operating Income for the Quarter Ended December 31, 2020:

(Unaudited)

	Operating Margin For the Quarter Ended December 31,	
	<u>2020</u>	<u>2019</u>
– U.S. Electrical Construction and Facilities Services of \$43.4 million: \$2.1 million or 5.0% increase	8.8%	7.3%
– U.S. Mechanical Construction and Facilities Services of \$100.4 million: \$31.5 million or 45.7% increase	10.4%	7.7%
Total U.S. Construction	9.8%	7.5%
– U.S. Building Services of \$28.0 million: \$3.8 million or 15.7% increase	4.9%	4.5%
– U.S. Industrial Services of \$(8.2) million: \$21.3 million decrease	-6.1%	4.4%
– U.K. Building Services of \$4.2 million: \$0.3 million or 6.7% increase	3.7%	3.7%
Total EMCOR	6.0%	5.1%

Key Financial Data – Income Statement

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

	For the Quarter Ended December 31,		Variance	
	2020	2019	\$	%
Revenues	\$ 2,281,494	\$ 2,403,940	\$ (122,446)	-5.1%
Gross Profit	383,851 16.8%	364,747 15.2%	19,104	5.2%
Selling, General and Administrative Expenses	244,620	240,917	3,703	1.5%
Restructuring Expenses	1,609	956	653	N/M
Operating Income	\$ 137,622 6.0%	\$ 122,874 5.1%	\$ 14,748	12.0%
Net Income	\$ 79,781	\$ 86,924	\$ (7,143)	-8.2%
Diluted Earnings per Common Share	\$ 1.45	\$ 1.54	\$ (0.09)	-5.8%
Non-GAAP Net Income *	\$ 102,765	\$ 86,924	\$ 15,841	18.2%
Non-GAAP Diluted Earnings per Common Share *	\$ 1.86	\$ 1.54	\$ 0.32	20.8%

- Qtr. 4 2020 income tax rate of 41.8%
- Qtr. 4 2020 operating cash flow of \$259.5 million

* 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

2020 Financial Results Highlights

- Consolidated annual revenues of \$8.80 billion

(\$ Millions)	2020	Change from 2019	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 1,973.4	\$ (243.2)	-11.0%
U.S. Mechanical Construction & Facilities Services	3,485.5	145.2	4.3%
Total U.S. Construction	5,458.9	(98.0)	-1.8%
U.S. Building Services	2,110.1	3.2	0.2%
U.S. Industrial Services	797.5	(290.1)	-26.7%
Total U.S. Operations	8,366.5	(384.9)	-4.4%
U.K. Building Services	430.6	7.3	1.7%
Total EMCOR	\$ 8,797.1	\$ (377.6)	-4.1%



2020 Financial Results Highlights

- SG&A expenses were \$903.6 million or 10.3% of revenues vs. \$893.5 million or 9.7% of revenues for 2019
- Operating income was \$256.8 million or 2.9% of revenues

Operating Income for the Year Ended December 31, 2020:

	Operating Margin For the Year Ended December 31,	
	2020	2019
– U.S. Electrical Construction and Facilities Services of \$166.5 million: \$4.8 million or 3.0% increase	8.4%	7.3%
– U.S. Mechanical Construction and Facilities Services of \$292.5 million: \$67.5 million or 30.0% increase	8.4%	6.7%
Total U.S. Construction	8.4%	7.0%
– U.S. Building Services of \$113.4 million: \$1.3 million or 1.2% decrease	5.4%	5.4%
– U.S. Industrial Services of \$(2.8) million: \$47.1 million decrease	-0.3%	4.1%
– U.K. Building Services of \$20.7 million: \$2.3 million or 12.8% increase	4.8%	4.3%
Total EMCOR	2.9%	5.0%
Total Non-GAAP *	5.6%	5.0%

Key Financial Data – Income Statement

(\$ Thousands, except per share information)

	For the Twelve Months Ended December 31,		Variance	
	2020	2019	\$	%
Revenues	\$ 8,797,061	\$ 9,174,611	\$ (377,550)	-4.1%
Gross Profit	1,395,382 15.9%	1,355,868 14.8%	39,514	2.9%
Selling, General and Administrative Expenses	903,584	893,453	10,131	1.1%
Restructuring Expenses	2,214	1,523	691	N/M
Impairment Loss on Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets	232,750	-	232,750	N/M
Operating Income	\$ 256,834 2.9%	\$ 460,892 5.0%	\$ (204,058)	-44.3%
Net Income	\$ 132,943	\$ 325,140	\$ (192,197)	-59.1%
Diluted Earnings per Common Share	\$ 2.40	\$ 5.75	\$ (3.35)	N/M
Non-GAAP Operating Income *	\$ 489,584 5.6%	\$ 460,892 5.0%	\$ 28,692	6.2%
Non-GAAP Net Income *	\$ 354,588	\$ 325,140	\$ 29,448	9.1%
Non-GAAP Diluted Earnings per Common Share *	\$ 6.40	\$ 5.75	\$ 0.65	11.3%

Key Financial Data – Balance Sheet

(\$ Thousands)

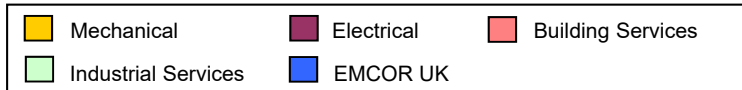
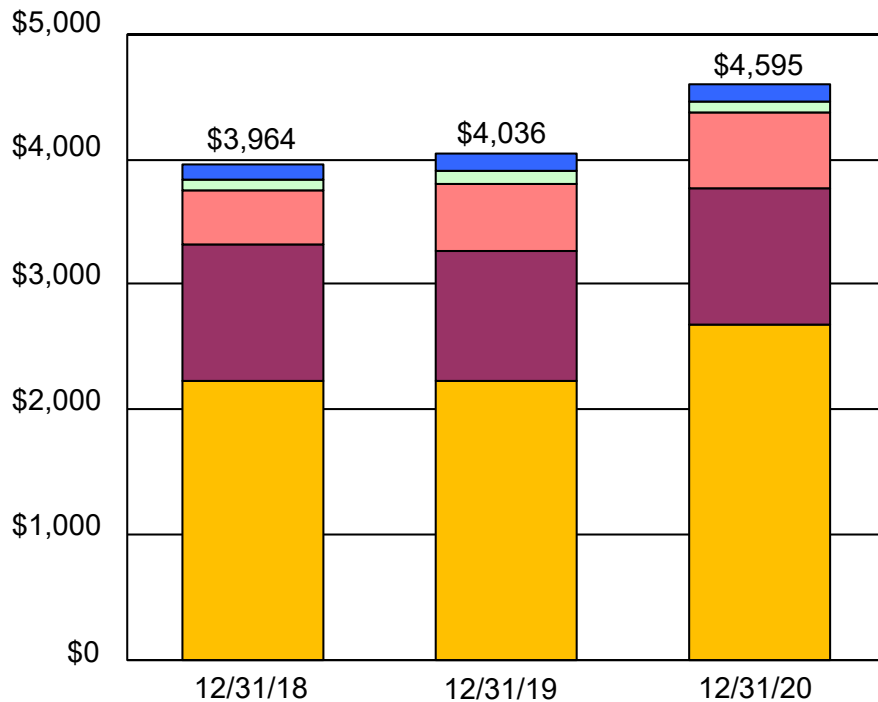
	<u>12/31/20</u>	<u>12/31/19</u>
Cash	\$ 902,867	\$ 358,818
Working Capital	\$ 957,704	\$ 721,273
Goodwill	\$ 851,783	\$ 1,063,911
Identifiable Intangible Assets, Net	\$ 582,893	\$ 611,444
Total Debt (excludes operating leases)	\$ 276,529	\$ 312,231
Stockholders' Equity	\$ 2,053,244	\$ 2,057,780
Total Debt / Total Capitalization	11.9%	13.2%



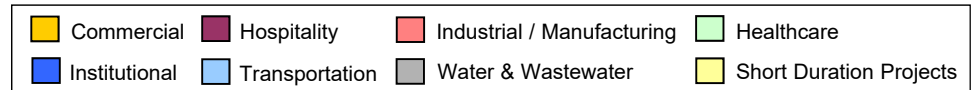
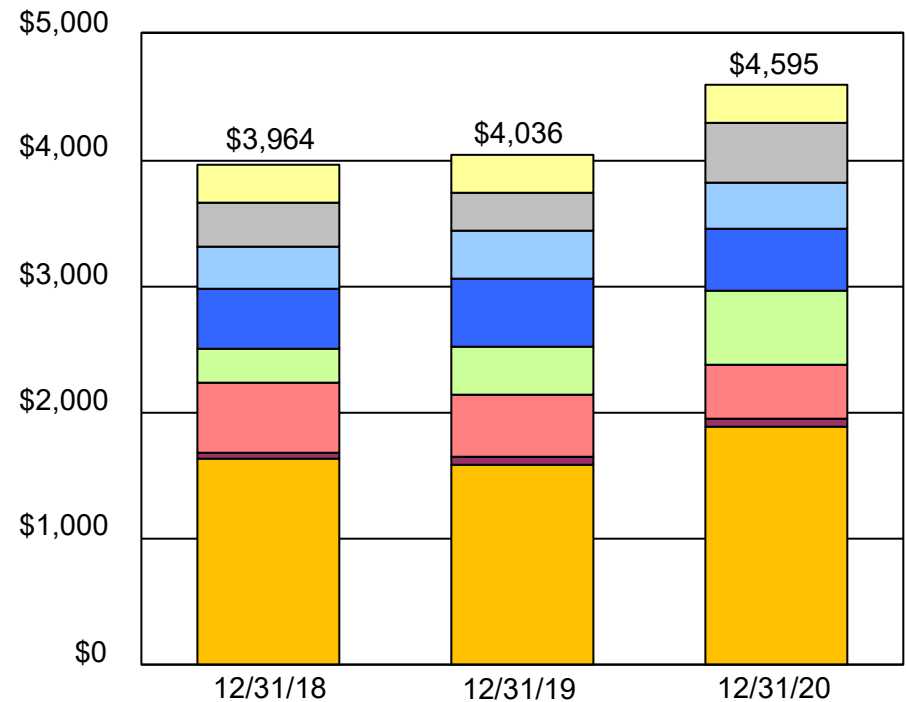
2020 Remaining Performance Obligations

- Diverse RPOs of \$4.6 billion

By Segment (\$ Millions)

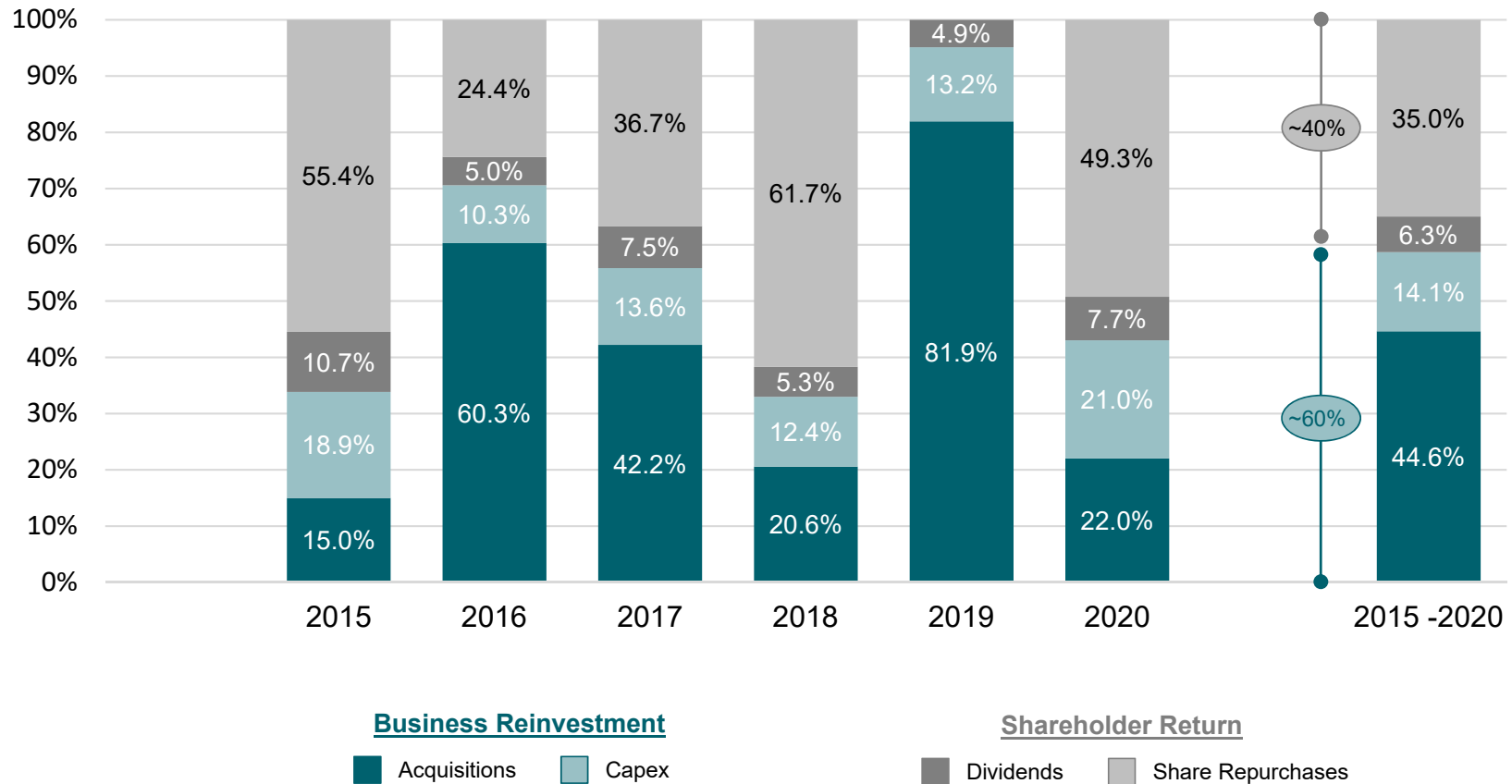


By Market Sector (\$ Millions) (Unaudited)



EMCOR Capital Allocation Trends

EMCOR Capital Allocation by Year (%)



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

2021 Outlook

- First & continuing priority – focus on employee health and safety
- Remain essential service
- Bidding / bookings activity remains strong for both fast-paced and technically complex projects
- Small project work largely recovered as bookings continue to strengthen
- Oil & gas market challenged
- U.K. strong and stable
- Maintain the flexibility provided by our strong and liquid balance sheet

2021 Guidance

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

Revenues ~ \$9.2 – \$9.4 Billion

Diluted EPS * \$6.20 – \$6.70

* Assumes 27% - 28% effective tax rate





Build. Power. Service. Protect.