



# Quarter Two 2021 Financial Results

July 29, 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, 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](http://www.sec.gov) and [www.emcorgroup.com](http://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 diluted EPS and non-GAAP operating margin, 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. 2 Executive Summary

- Strong Qtr. 2 performance

- Record Qtr. 2 for revenues, gross profit, operating income, net income, and diluted earnings per share

- Total revenues of \$2.44 billion

- Operating Income (Loss)
 

	<u>2021</u>	<u>OI %</u>	<u>2020</u>	<u>OI %</u>
GAAP	\$133.4M	5.5%	\$(122.6)M	(6.1)%
Non-GAAP	\$133.4M	5.5%	\$110.1M	5.5%

- Diluted EPS
 

	<u>2021</u>	<u>2020</u>	<u>\$ Δ</u>
GAAP	\$1.78	\$(1.52)	
Non-GAAP	\$1.78	\$1.44	\$0.34 ↑

- Total Remaining Performance Obligations (RPOs) increased by \$516 million or 11.2% from 6/30/20

## 2021 Qtr. 2 Executive Summary

- U.S. Electrical Construction and Facilities Services segment revenues increased by \$79.1 million vs. Qtr. 2 2020 with an operating margin of 8.7%
- U.S. Mechanical Construction and Facilities Services segment revenues increased by \$168.2 million vs. Qtr. 2 2020 with an operating margin of 8.3%
- U.S. Building Services segment revenues increased by \$145.5 million vs. Qtr. 2 2020 with an operating margin of 4.9%
- U.S. Industrial Services segment revenues decreased by \$5.9 million vs. Qtr. 2 2020 with an operating margin of -0.1%
- U.K. Building Services segment revenues increased by \$36.7 million vs. Qtr. 2 2020 with an operating margin of 5.4%

## 2021 Qtr. 2 Executive Summary

- RPOs total \$5.1 billion, up 11.2% compared to 6/30/20

- U.S. RPOs UP \$511 million or 11.5%

- Combined U.S. Construction Segments UP

- U.S. Building Services Segment UP

- U.S. Industrial Services Segment UP

**Jun. 2021**  
vs.  
**Jun. 2020**

\$301M ↑  
7.9%

\$201M ↑  
37.8%

\$9M ↑  
7.3%

- UK Building Services Segment UP

\$5M ↑  
3.3%

- Balance sheet remains strong and liquid, including \$668.9 million of cash

## 2021 – Qtr. 2 Financial Results Highlights

- Consolidated quarterly revenues of \$2.44 billion

(\$ Millions) (Unaudited)	Qtr. 2 2021	Change from Qtr. 2 2020	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 489.5	\$ 79.1	19.3%
U.S. Mechanical Construction & Facilities Services	958.7	168.2	21.3%
<b>Total U.S. Construction</b>	<b>1,448.2</b>	<b>247.3</b>	<b>20.6%</b>
U.S. Building Services	624.4	145.5	30.4%
U.S. Industrial Services	235.2	(5.9)	-2.5%
<b>Total U.S. Operations</b>	<b>2,307.8</b>	<b>386.9</b>	<b>20.1%</b>
U.K. Building Services	129.9	36.7	39.5%
<b>Total EMCOR</b>	<b>\$ 2,437.7</b>	<b>\$ 423.6</b>	<b>21.0%</b>

## 2021 – Qtr. 2 Financial Results Highlights

- SG&A expenses of \$242.9 million or 10.0% of revenues vs. \$205.2 million or 10.2% of revenues for Qtr. 2 2020
- Operating income increased to \$133.4 million or 5.5% of revenues

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

(Unaudited)

	Operating Margin For the Quarter Ended June 30,	
	2021	2020
– U.S. Electrical Construction and Facilities Services of \$42.7 million: \$11.1 million or 35.0% increase	8.7%	7.7%
– U.S. Mechanical Construction and Facilities Services of \$79.3 million: \$12.3 million or 18.4% increase	8.3%	8.5%
<b>Total U.S. Construction</b>	<b>8.4%</b>	<b>8.2%</b>
– U.S. Building Services of \$30.3 million: \$3.7 million or 13.9% increase	4.9%	5.6%
– U.S. Industrial Services of \$(0.2) million: \$3.5 million decrease	-0.1%	1.4%
– U.K. Building Services of \$7.0 million: \$1.7 million or 31.7% increase	5.4%	5.7%
<b>Total EMCOR Operating Margin</b>	<b>5.5%</b>	<b>-6.1%</b>
<b>Non-GAAP Operating Margin *</b>	<b>5.5%</b>	<b>5.5%</b>



# Key Financial Data – Income Statement

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

	For the Quarter Ended June 30,		Variance	
	2021	2020	\$	%
Revenues	\$ 2,437,666	\$ 2,014,021	\$ 423,645	21.0%
Gross Profit	376,279 15.4%	315,286 15.7%	60,993	19.3%
Selling, General and Administrative Expenses	242,921	205,174	37,747	18.4%
Impairment Loss on Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets	-	232,750	(232,750)	N/M
Operating Income (Loss)	\$ 133,358 5.5%	\$ (122,638) -6.1%	\$ 255,996	N/M
Diluted Earnings (Loss) per Common Share	\$ 1.78	\$ (1.52)	\$ 3.30	N/M
Non-GAAP Operating Income *	\$ 133,358 5.5%	\$ 110,112 5.5%	\$ 23,246	21.1%
Non-GAAP Diluted Earnings per Common Share *	\$ 1.78	\$ 1.44	\$ 0.34	23.6%

# Key Financial Data – Income Statement

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

	For the Six Months Ended June 30,		Variance	
	2021	2020	\$	%
Revenues	\$ 4,741,715	\$ 4,313,853	\$ 427,862	9.9%
Gross Profit	717,352 15.1%	648,347 15.0%	69,005	10.6%
Selling, General and Administrative Expenses	466,990	432,171	34,819	8.1%
Restructuring Expenses	-	69	(69)	N/M
Impairment Loss on Goodwill, Identifiable Intangible Assets, and Other Long-Lived Assets	-	232,750	(232,750)	N/M
Operating Income (Loss)	\$ 250,362 5.3%	\$ (16,643) -0.4%	\$ 267,005	N/M
Diluted Earnings (Loss) per Common Share	\$ 3.32	\$ (0.14)	\$ 3.46	N/M
Non-GAAP Operating Income *	\$ 250,362 5.3%	\$ 216,107 5.0%	\$ 34,255	15.9%
Non-GAAP Diluted Earnings per Common Share *	\$ 3.32	\$ 2.78	\$ 0.54	19.4%



# Key Financial Data – Balance Sheet

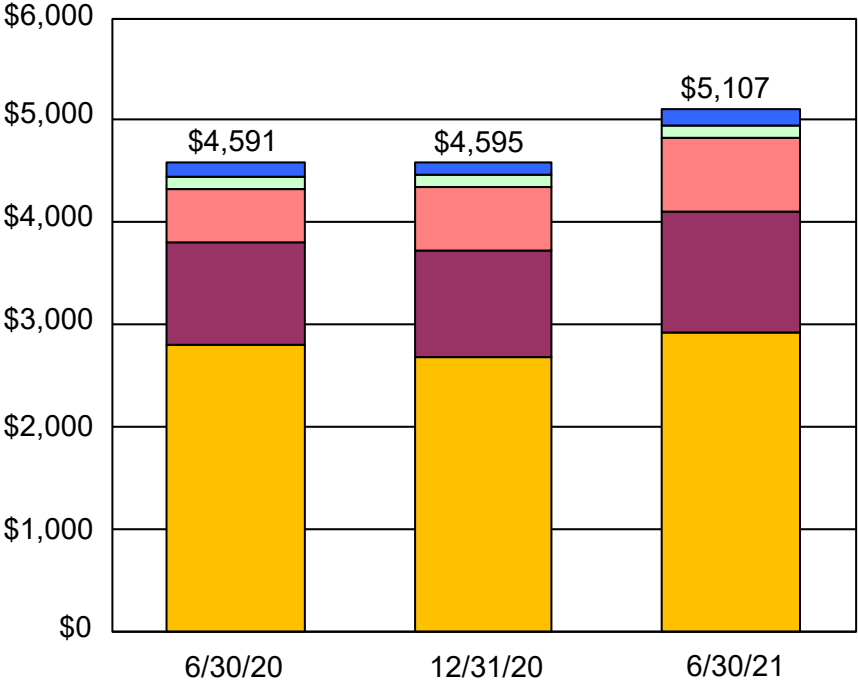
(\$ Thousands)

	(Unaudited) <b>06/30/21</b>	<b>12/31/20</b>
Cash	\$ 668,908	\$ 902,867
Working Capital	\$ 970,244	\$ 957,704
Goodwill	\$ 868,819	\$ 851,783
Identifiable Intangible Assets, Net	\$ 587,247	\$ 582,893
Total Debt (excludes operating leases)	\$ 276,242	\$ 276,529
Stockholders' Equity	\$2,091,177	\$2,053,244
Total Debt / Total Capitalization	11.7%	11.9%

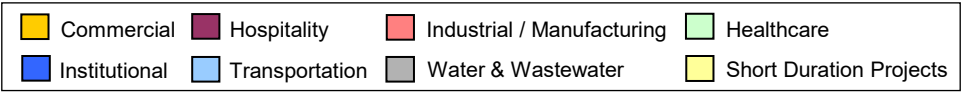
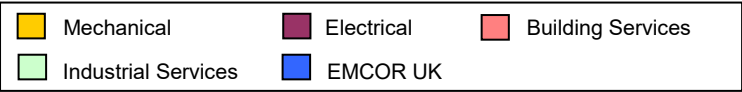
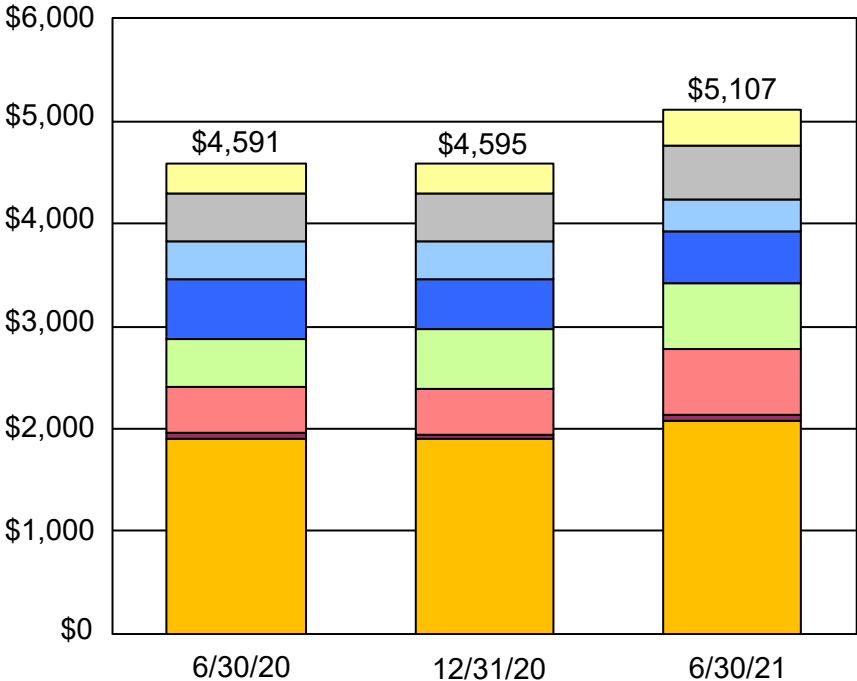
# Remaining Performance Obligations

- Diverse RPOs of \$5.1 billion

**By Segment** (\$ Millions) (Unaudited)



**By Market Sector** (\$ Millions) (Unaudited)



# Growth Opportunities

- **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 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 in 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 with significant opportunities developing in the Institutional and Education sectors

## 2021 Outlook

- First priority – continued focus on employee health and safety
- Remain essential service – no new COVID restrictions that would impact operations
- Bidding / booking activity remains strong for both fast-paced and technically complex projects
- Small project bookings are strong
- Oil & gas market remains challenged but outlook strengthens as year progresses
- U.K. remains strong and stable
- Maintain the flexibility provided by our strong and liquid balance sheet

# Guidance Assumptions Update

*Multiple assumptions are trending better than expected - supporting guidance raise*

## Original 2021 Assumptions

- Non-res. market flat to modestly down



## Mid-Year Update

- 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

- Stable to moderate price increases for materials



- Material prices have increased
- Challenging supply-chain environment

## 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

~ \$9.5 Billion

Diluted EPS \*

\$6.65 – \$7.05

\* Assumes 27% - 28% effective tax rate







Build. Power. Service. Protect.