

# QUARTER ONE 2023 FINANCIAL RESULTS

APRIL 27, 2023



# FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL DISCLOSURES

## **Forward-Looking Statements**

*This material and related presentation contain certain forward-looking statements. Such statements 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, including financial guidance and projections underlying that guidance; 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 prospects; customer trends; project mix; and projects with varying profit margins and contractual terms. 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 do not guarantee future performance or events. Applicable risks and uncertainties include, but are not limited to, adverse effects of general economic conditions; changes in interest rates; domestic and international political developments; changes in the specific markets for EMCOR's services; adverse business conditions, including labor market tightness, productivity challenges, the nature and extent of supply chain disruptions impacting availability and pricing of materials, and inflationary trends more generally, including fluctuations in energy costs; the impact of legislation and/or government regulations; the availability of adequate levels of surety bonding; increased competition; unfavorable developments in the mix of our business; and the continuing 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 2022 Form 10-K, and in other reports we file 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 our business, including any forward-looking statements.*

## **Non-GAAP Measures**

*This material and related presentation may 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

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- » Tony Guzzi                      Chairman, President & Chief Executive Officer
- » Mark Pompa                      EVP & Chief Financial Officer
- » Maxine Mauricio              EVP & General Counsel
- » Kevin Matz                      EVP, Shared Services

## 2023 QTR. 1 EXECUTIVE SUMMARY

### » Strong operating performance in Qtr. 1

- Record revenues and operating margin for a first quarter of \$2.89 billion and 5.4%, respectively

	<u>2023</u>	<u>2022</u>	<u>\$Δ</u>
▪ Operating Income	\$154.9M	\$100.0M	\$55M
– OI as a % of Revenue	5.4%	3.9%	
▪ Diluted EPS	\$2.32	\$1.39	\$0.93

- » Total Remaining Performance Obligations increased by \$1.92 billion or 32.3% from 3/31/22; strong mix of work and projects

## 2023 QTR. 1 EXECUTIVE SUMMARY

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- » Strong execution across all segments
- » Resilience in network & communications (data centers) and high-tech manufacturing projects (semiconductor and EVs / EV value chain / batteries)
- » Strength in onshoring of supply chain and domestic capital expansion
- » Demand for energy efficiency and retrofit projects, as well as repair service
- » Executed against a more normal turnaround season and experienced improved demand and mix for heat exchanger shop services
- » Balance sheet remains strong and liquid to support organic growth and capital allocation model

## 2023 QTR. 1 EXECUTIVE SUMMARY

» RPOs total \$7.87 billion, up 32.3% compared to 3/31/22

■ U.S. RPOs UP \$1.94 billion or 33.5%

**Mar. 2023  
vs.  
Mar. 2022**

– Combined U.S. Construction Segments UP

\$1,688M  
36.2% ↑

– U.S. Building Services Segment UP

\$237M  
23.3% ↑

– U.S. Industrial Services Segment UP

\$15M  
13.1% ↑

■ U.K. Building Services Segment DOWN

\$(20)M  
-12.5% ↓

## 2023 QTR. 1 FINANCIAL RESULTS HIGHLIGHTS

» Consolidated quarterly revenues of \$2.89 billion

(\$ Millions) (Unaudited)	Qtr. 1 2023	Change from Qtr. 1 2022	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 644.7	\$ 122.7	23.5%
U.S. Mechanical Construction & Facilities Services	1,078.5	85.9	8.7%
<b>Total U.S. Construction</b>	<b>1,723.2</b>	<b>208.6</b>	<b>13.8%</b>
U.S. Building Services	725.4	89.8	14.1%
U.S. Industrial Services	330.9	20.1	6.5%
<b>Total U.S. Operations</b>	<b>2,779.5</b>	<b>318.5</b>	<b>12.9%</b>
U.K. Building Services	110.9	(20.6)	-15.7%
<b>Total EMCOR</b>	<b>\$ 2,890.4</b>	<b>\$ 297.9</b>	<b>11.5%</b>

## 2023 QTR. 1 FINANCIAL RESULTS HIGHLIGHTS

- » SG&A expenses of \$281.2 million or 9.7% of revenues vs. \$252.6 million or 9.7% of revenues for Qtr. 1 2022
- » Operating income of \$154.9 million or 5.4% of revenues

### Operating Income For the Quarter Ended March 31, 2023:

(Unaudited)

- U.S. Electrical Construction and Facilities Services of \$40.5 million: \$20.5 million or 102.7% increase
- U.S. Mechanical Construction and Facilities Services of \$86.2 million: \$27.8 million or 47.6% increase
- U.S. Building Services of \$37.7 million: \$13.5 million or 55.8% increase
- U.S. Industrial Services of \$15.0 million: \$1.8 million or 13.3% increase
- U.K. Building Services of \$5.4 million: \$(5.2) million or 48.8% decrease

#### **Total U.S. Construction**

#### **Total EMCOR**

### Operating Margin For the Quarter Ended March 31,

<b>2023</b>	<b>2022</b>
6.3%	3.8%
8.0%	5.9%
<b>7.4%</b>	<b>5.2%</b>
5.2%	3.8%
4.5%	4.3%
4.9%	8.1%
<b>5.4%</b>	<b>3.9%</b>



## KEY FINANCIAL DATA – INCOME STATEMENT

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

	For the Quarter Ended March 31,		Variance	
	2023	2022	\$	%
Revenues	\$ 2,890,432	\$ 2,592,549	\$ 297,883	11.5%
Gross Profit	436,062 15.1%	352,555 13.6%	83,507	23.7%
Selling, General and Administrative Expenses	281,152	252,598	28,554	11.3%
Operating Income	\$ 154,910 5.4%	\$ 99,957 3.9%	\$ 54,953	55.0%
Diluted Earnings per Common Share	\$ 2.32	\$ 1.39	\$ 0.93	66.9%

## KEY FINANCIAL DATA – BALANCE SHEET

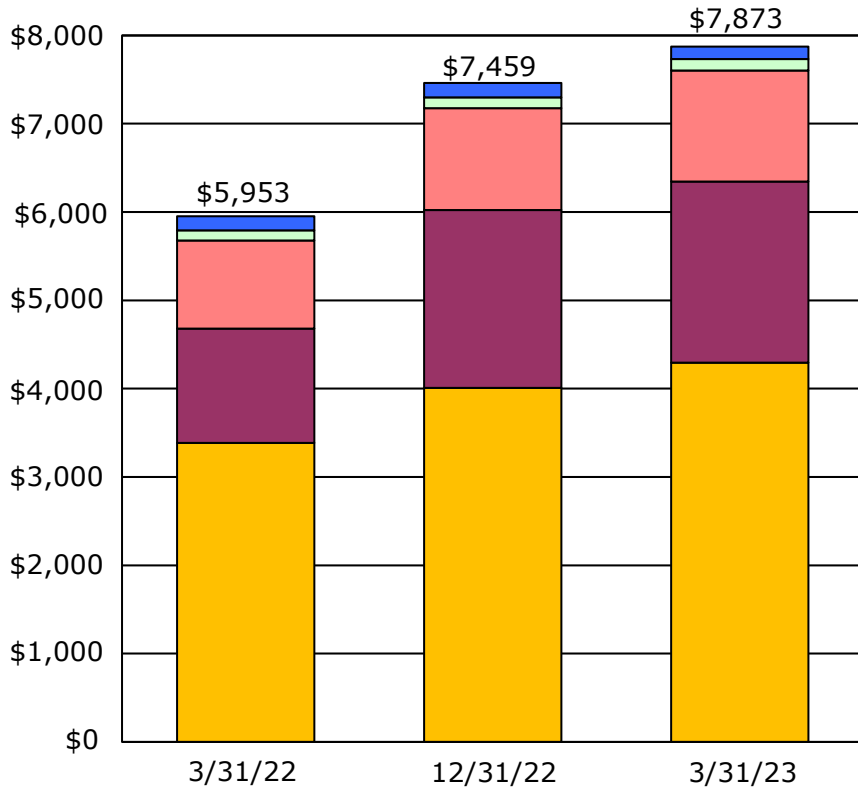
(\$ Thousands)

	(Unaudited) <b>03/31/23</b>	<b>12/31/22</b>
Cash	\$ 420,075	\$ 456,439
Working Capital	\$ 901,029	\$ 708,451
Goodwill	\$ 923,274	\$ 919,151
Identifiable Intangible Assets, Net	\$ 584,598	\$ 593,975
Total Debt (excludes operating leases)	\$ 346,843	\$ 247,192
Stockholders' Equity	\$2,066,325	\$1,974,291
Total Debt / Total Capitalization	14.4%	11.1%

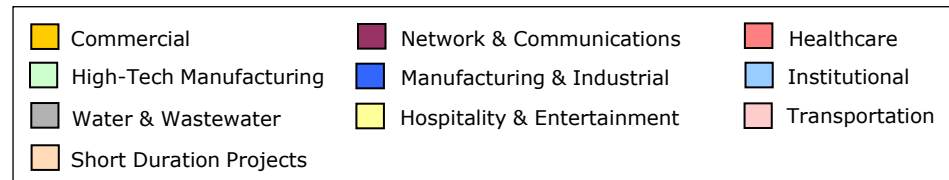
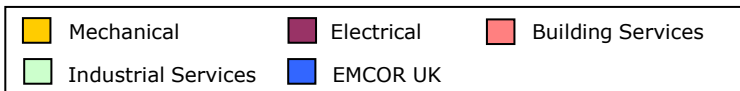
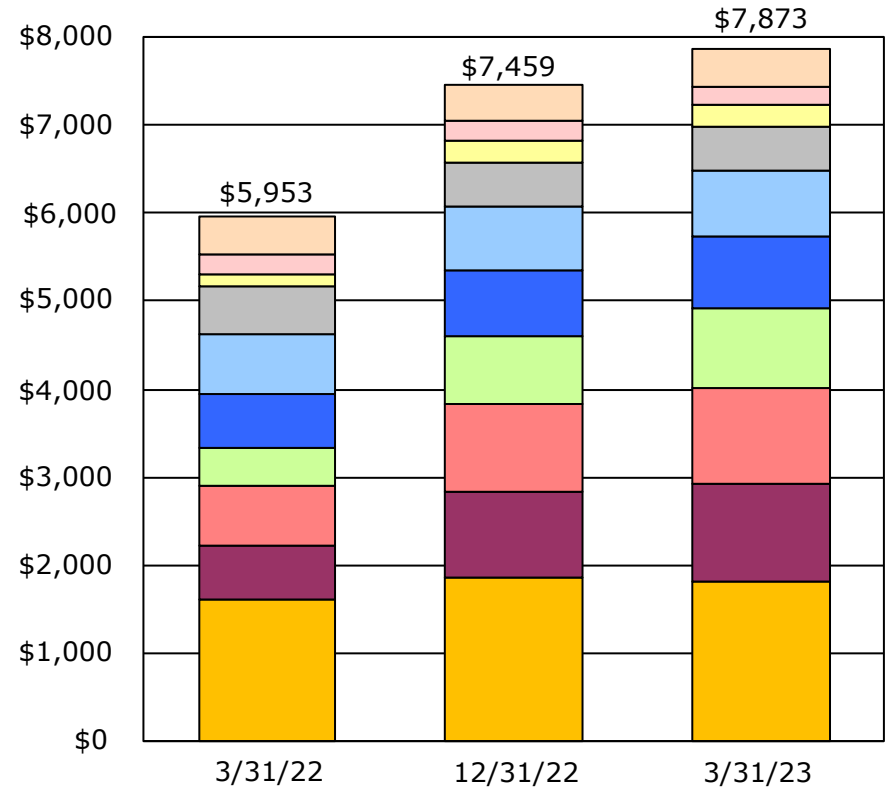
# REMAINING PERFORMANCE OBLIGATIONS

» Diverse RPOs of \$7.87 billion

By Segment (\$ Millions) (Unaudited)



By Market Sector (\$ Millions) (Unaudited)



# GROWTH OPPORTUNITIES

## **Data Centers / Semiconductor Fabs**

- » Strong electrical / mechanical / fire life safety demand across numerous geographic regions; RPOs continue to grow

## **Industrial / Manufacturing**

- » Growing electrical / mechanical opportunities driven by continued re-shoring of supply chain and relocations from higher-cost states

## **Healthcare**

- » Electrical / mechanical system retrofits as hospitals upgrade their existing facilities and build new facilities

## **Energy Transition / Transportation**

- » Growing demand for EV transition across entire value chain; EV and EV battery manufacturing facilities; electrical charging stations on industrial scale; renewable buildout, natural gas backup facilities

## **Water & Wastewater**

- » Demand for comprehensive construction services, especially Florida

## **Mechanical Services**

- » Mechanical service and repair demand stemming from retrofit opportunities, energy efficiency upgrades, customer decarbonization initiatives, and delays in receipt of new HVAC equipment

## **Indoor Air Quality**

- » Nationwide mechanical systems retrofit projects to improve building wellness with significant opportunities in the Institutional and Education sectors

## **Fire Life Safety**

- » Nationwide fire sprinkler and fire alarm installation capabilities / substantial cost efficiencies via prefabrication / strong demand from industrial and technology clients / growing aftermarket

## 2023 OUTLOOK

- » Non-residential market is projected to grow in 2023
  - Continued resilience in network & communications (data centers) and high-tech manufacturing projects (semiconductor and EVs / EV value chain / batteries)
  - Continued strength in onshoring of supply chain and domestic capital expansion
  - Continued demand for Fire Life Safety projects and services across most sectors
  - Growth in healthcare as well as manufacturing and industrial market sectors
- » Continued demand for energy efficiency and retrofit projects, as well as repair service
- » Steady pace of improvement from Industrial Services
- » Macro uncertainties of supply chain disruption, energy markets, inflation, and rising interest rates persist and may impact remainder of the year
- » Maintain the flexibility provided by our strong and liquid balance sheet

## 2023 GUIDANCE - REVISED

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Revenues \$12.0 - \$12.5 Billion

Diluted EPS\* \$9.25 - \$10.00  
*Was \$8.75 - \$9.50*

\* Assumes ~27.5% effective tax rate



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