

# QUARTER TWO 2023 FINANCIAL RESULTS

JULY 27, 2023



# FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL DISCLOSURES

## **Forward-Looking Statements**

*This material and related presentation contain 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; and unfavorable developments in the mix of our 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 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. 2 EXECUTIVE SUMMARY

### » Strong operating performance in Qtr. 2

- Record quarterly revenues, operating income, operating margin, and diluted EPS

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>\$ Δ</u></b>
▪ Revenues	\$3,045M	\$2,707M	\$338M
▪ Operating Income	\$196.7M	\$137.6M	\$59M
– OI as a % of Revenue	6.5%	5.1%	
▪ Diluted EPS	\$2.95	\$1.99	\$0.96

- » Remaining Performance Obligations increased by \$1.83 billion or 28.2% from 6/30/22; broad-based growth with a strong mix of work and projects

## 2023 QTR. 2 EXECUTIVE SUMMARY

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- » Strong execution across all segments
- » Solid growth in **network & communications** (data centers and low voltage), **high-tech manufacturing** (semiconductor, EV value chain, biotech, life sciences and pharmaceutical) and **healthcare** projects
- » Continued strength in onshoring of supply chain and domestic capacity expansion
- » Continued demand for energy efficiency and retrofit projects, building automation and controls, and maintenance and repair service
- » Executed well 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. 2 EXECUTIVE SUMMARY

» RPOs total \$8.29 billion, up 28.2% compared to 6/30/22

■ U.S. RPOs UP \$1.83 billion or 29.0%

– Combined U.S. Construction Segments UP

– U.S. Building Services Segment UP

– U.S. Industrial Services Segment UP

**June 2023  
vs.**

**June 2022**

\$1,653M ↑  
32.6%

\$159M ↑  
14.5%

\$14M ↑  
10.7%

## 2023 QTR. 2 FINANCIAL RESULTS HIGHLIGHTS

» Consolidated quarterly revenues of \$3.05 billion

(\$ Millions) (Unaudited)	Qtr. 2 2023	Change from Qtr. 2 2022	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 678.2	\$ 114.0	20.2%
U.S. Mechanical Construction & Facilities Services	1,194.1	136.5	12.9%
<b>Total U.S. Construction</b>	<b>1,872.3</b>	<b>250.5</b>	<b>15.4%</b>
U.S. Building Services	775.0	88.5	12.9%
U.S. Industrial Services	292.3	7.7	2.7%
<b>Total U.S. Operations</b>	<b>2,939.6</b>	<b>346.7</b>	<b>13.4%</b>
U.K. Building Services	106.0	(8.5)	-7.4%
<b>Total EMCOR</b>	<b>\$ 3,045.6</b>	<b>\$ 338.2</b>	<b>12.5%</b>

## 2023 QTR. 2 FINANCIAL RESULTS HIGHLIGHTS

» Operating income of \$196.7 million or 6.5% of revenues

### Operating Income For the Quarter Ended June 30, 2023:

(Unaudited)

- U.S. Electrical Construction and Facilities Services of \$50.7 million: \$15.6 million or 44.5% increase
  - U.S. Mechanical Construction and Facilities Services of \$119.8 million: \$43.2 million or 56.4% increase
- Total U.S. Construction**
- U.S. Building Services of \$46.1 million: \$7.6 million or 19.9% increase
  - U.S. Industrial Services of \$7.9 million: \$1.4 million or 22.1% increase
  - U.K. Building Services of \$5.9 million: \$(0.5) million or 7.6% decrease

### **Total EMCOR**

<b>Operating Margin For the Quarter Ended June 30,</b>	
<b>2023</b>	<b>2022</b>
7.5%	6.2%
10.0%	7.2%
<b>9.1%</b>	<b>6.9%</b>
6.0%	5.6%
2.7%	2.3%
5.6%	5.6%
<b>6.5%</b>	<b>5.1%</b>



## KEY FINANCIAL DATA – INCOME STATEMENT

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

	For the Quarter Ended June 30,		Variance	
	2023	2022	\$	%
Revenues	\$ 3,045,622	\$ 2,707,388	\$ 338,234	12.5%
Gross Profit	490,060 16.1%	383,008 14.1%	107,052	28.0%
Selling, General and Administrative Expenses	293,393	245,364	48,029	19.6%
Operating Income	\$ 196,667 6.5%	\$ 137,644 5.1%	\$ 59,023	42.9%
Diluted Earnings per Common Share	\$ 2.95	\$ 1.99	\$ 0.96	48.2%

## KEY FINANCIAL DATA – INCOME STATEMENT

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

	For the Six Months Ended June 30,		Variance	
	2023	2022	\$	%
Revenues	\$ 5,936,054	\$ 5,299,937	\$ 636,117	12.0%
Gross Profit	926,122 15.6%	735,563 13.9%	190,559	25.9%
Selling, General and Administrative Expenses	574,545	497,962	76,583	15.4%
Operating Income	\$ 351,577 5.9%	\$ 237,601 4.5%	\$ 113,976	48.0%
Diluted Earnings per Common Share	\$ 5.28	\$ 3.36	\$ 1.92	57.1%

## KEY FINANCIAL DATA – BALANCE SHEET

(\$ Thousands)

	(Unaudited) <b>06/30/23</b>	<b>12/31/22</b>
Cash	\$ 503,052	\$ 456,439
Working Capital	\$ 860,159	\$ 708,451
Goodwill	\$ 927,485	\$ 919,151
Identifiable Intangible Assets, Net	\$ 574,475	\$ 593,975
Total Debt (excludes operating leases)	\$ 246,853	\$ 247,192
Stockholders' Equity	\$2,118,087	\$1,974,291
Total Debt / Total Capitalization	10.4%	11.1%

# DRIVING PROFITABLE ORGANIC GROWTH

## Electrification / EV Value Chain

- » Electric Vehicle and Battery Plant Construction
- » EV Charging Stations
- » Energy Transition / Expansion
- » Government Incentives Support Continued Momentum

## High-Tech Manufacturing / Life Sciences

- » Semiconductor Manufacturing
- » Pharmaceutical / Biotech / Life Sciences / R&D Facilities
- » Government Incentives Support Continued Momentum

## Data Centers /Connectivity

- » Continued Demand Drivers
- » Increased Power Requirements
- » AI Accelerated Buildout / Retrofit / Remodel

## Healthcare

- » New / More Flexible Hospitals
- » Sophisticated Outpatient Facilities

## Reshoring / Nearshoring

- » Critical Supply Chain Resilience
- » Capacity Shifting / Expansion
- » Automation

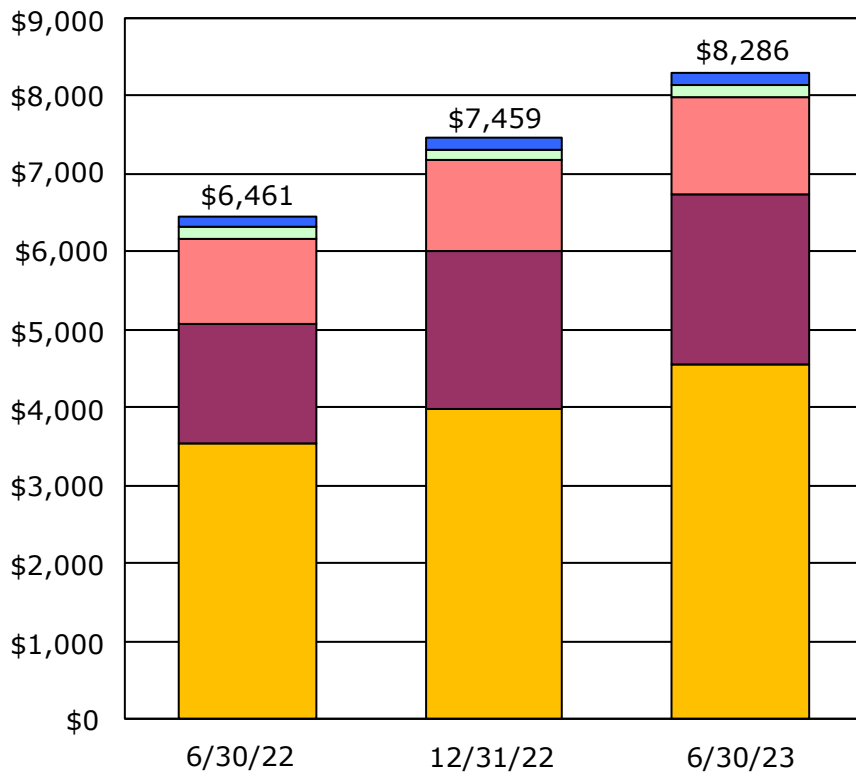
## Energy Efficiency (Sustainability)

- » HVAC / Control Systems / Lighting Retrofits
- » Water / Waste Reduction
- » Facilities Footprint Adjustment / Rationalization
- » Alternative Energy Solutions
- » Government Incentives Support Continued Momentum

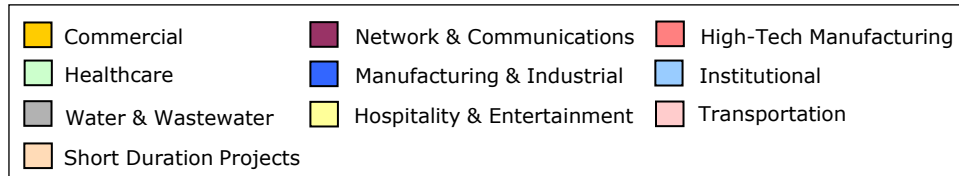
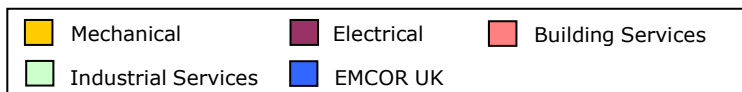
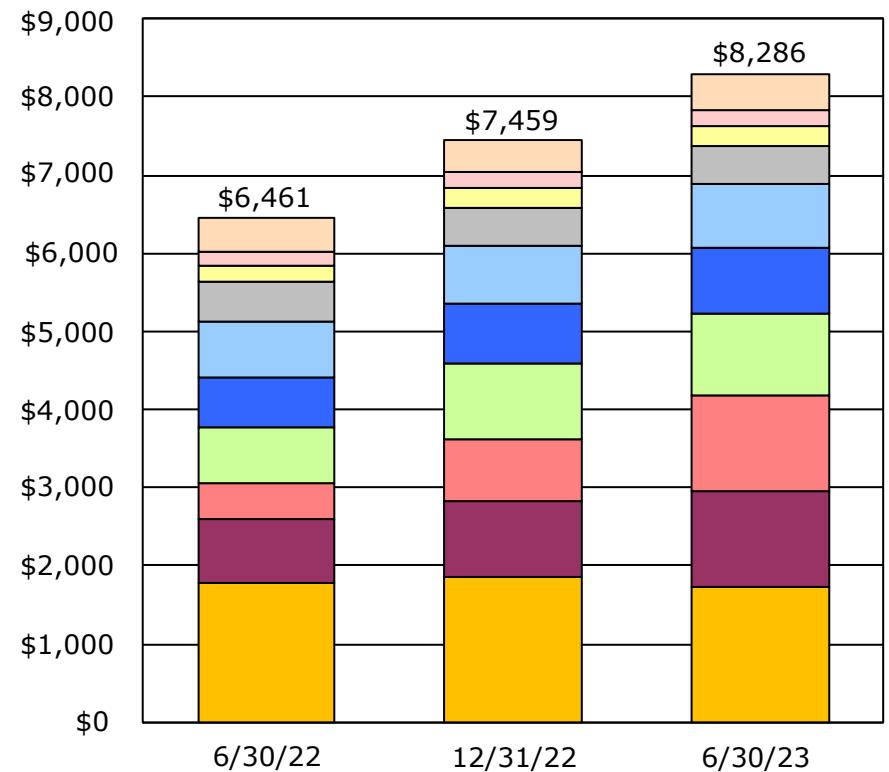
# REMAINING PERFORMANCE OBLIGATIONS

» Diverse RPOs of \$8.29 billion

By Segment (\$ Millions) (Unaudited)



By Market Sector (\$ Millions) (Unaudited)



## 2023 - OUTLOOK FOR REMAINDER OF YEAR

- » Non-residential market is projected to grow for remainder of 2023
  - Resilient demand and projected growth in network & communications (data centers) and high-tech manufacturing projects (semiconductor and EVs / EV value chain / batteries)
  - Continuing strength in onshoring of supply chain and domestic capacity expansion
  - Robust demand for Fire Life Safety projects and services across most sectors
  - Continuing growth in healthcare, pharmaceutical, biotech, life sciences and R&D facilities sectors
- » Continuing 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, rising interest rates, and the Ukraine conflict persist
- » 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\* \$10.75 - \$11.25  
*Was \$9.25 - \$10.00*

\* Assumes 27.5% to 28.0% effective tax rate



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