

# KeyBanc Capital Markets Industrials & Basic Materials Conference

May 31, 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.*

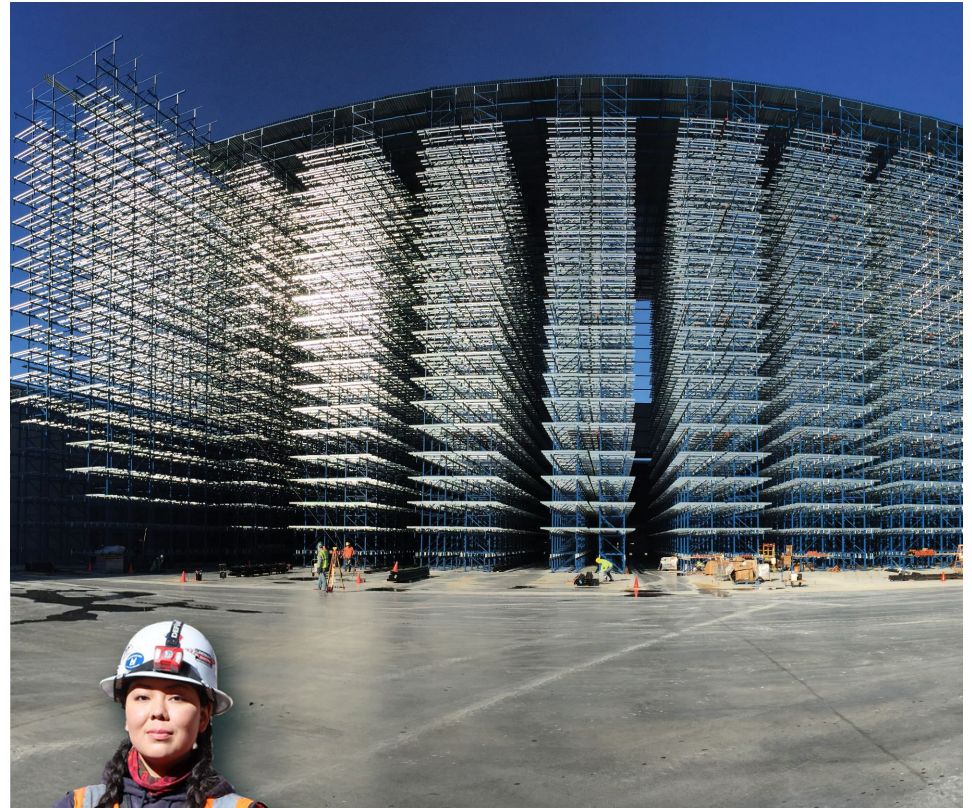
## ***Non-GAAP Measures***

*This material and related presentation may include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (GAAP). 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 HIGHLIGHTS

- » Leading specialty construction, building, and industrial services provider
- » Approximately 78 million hours worked in 2022
- » 2022 Total Recordable Incident Rate (TRIR) of 1.2
- » 2023 Qtr. 1 RPOs of \$7.87B



## EMCOR STRENGTHS

- » Significant expertise in project execution and managing skilled craft labor
- » Disciplined and effective cost management
- » Broad opportunities for earnings growth
- » History of consistent cash generation
- » Strong and liquid balance sheet



# BROAD CONSTRUCTION & SERVICES PLATFORM

## 2022 REVENUES: \$11.1B

CONSTRUCTION *		SERVICES				
CONSTRUCTION SERVICES		BUILDING SERVICES			INDUSTRIAL SERVICES	
Mechanical Construction	Electrical Construction	Mechanical Services	Site-Based Services	Government Services	EMCOR UK	Refinery / Petro Chemical / Turnaround Services
Revenues	Revenues		Revenues		Revenues	Revenues
<b>\$4.3B</b>	<b>\$2.5B</b>		<b>\$2.7B</b>		<b>\$0.5B</b>	<b>\$1.1B</b>
<ul style="list-style-type: none"> <li>» Sheet Metal</li> <li>» HVAC</li> <li>» Process Piping</li> <li>» High Purity Piping</li> <li>» Plumbing</li> <li>» Fire Protection</li> <li>» Water and Wastewater</li> </ul>	<ul style="list-style-type: none"> <li>» Low Voltage</li> <li>» Voice &amp; Data</li> <li>» Lighting</li> <li>» Security/Alarm</li> <li>» High Voltage</li> <li>» Transmission &amp; Distribution</li> <li>» Sustainable Energy Solutions</li> </ul>	<ul style="list-style-type: none"> <li>» National HVAC Service</li> <li>» Building Control Systems</li> <li>» Retrofit Projects</li> <li>» Repair Services</li> <li>» Service Agreements</li> <li>» IAQ Services</li> </ul>	<ul style="list-style-type: none"> <li>» O&amp;M</li> <li>» HVAC Services</li> <li>» Retrofit Projects</li> <li>» Preventive Maintenance</li> <li>» Energy Efficiency Upgrades</li> </ul>	<ul style="list-style-type: none"> <li>» Base Ops</li> <li>» Facilities Management</li> <li>» IDIQ Projects</li> <li>» O&amp;M</li> <li>» Supplier Management</li> </ul>	<ul style="list-style-type: none"> <li>» Integrated Facilities Services</li> <li>» O&amp;M</li> <li>» Supplier Management</li> </ul>	<ul style="list-style-type: none"> <li>» Heat Exchanger Services / Fabrication</li> <li>» Embedded Contracts</li> <li>» Turnaround Services</li> <li>» Specialty Welding</li> <li>» Maintenance &amp; Capital Projects</li> <li>» Process Controls</li> <li>» Renewable Energy / Solar</li> </ul>

\* ~10% of construction revenues are services



# MARKET OUTLOOK – DATA CENTERS

***Demand across Mid-Atlantic, Pacific Northwest, Midwest, and the Southeast remains strong***

- » Electrical Construction
- » Mechanical Construction
- » Fire Life Safety Systems

## **CUSTOMER BASE**

- » Technology Companies
- » Financial Firms
- » Co-locators
- » Government



### “Average” Data Center Build % Ranges

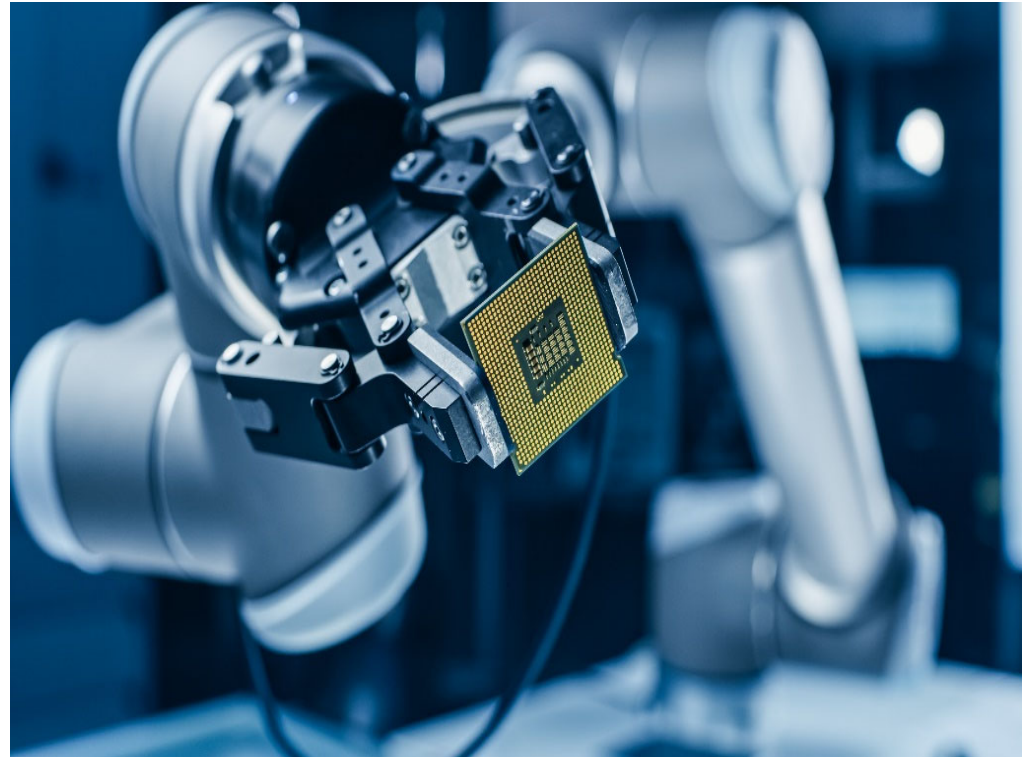
Electrical Construction	30% - 50% *
Mechanical Construction	15% - 35% *
Fire Protection ( <i>Sprinkler Installation</i> )	3% - 7%

\* Includes purchase of major equipment

# MARKET OUTLOOK – SEMICONDUCTOR

## *Increasing demand from our semiconductor customers*

- » Traditional mechanical construction services
- » Fire life safety systems
- » High purity piping
- » Additional project opportunities bolstered by the CHIPS and Science Act of 2022



# MARKET OUTLOOK – INDUSTRIAL / MANUFACTURING

*Well-positioned for continued and increased investment in:*

- » **Re-shoring** of Critical Supply
- » Food Processing / Cold Storage
- » Pharmaceuticals
- » Building Products
- » Distribution Centers

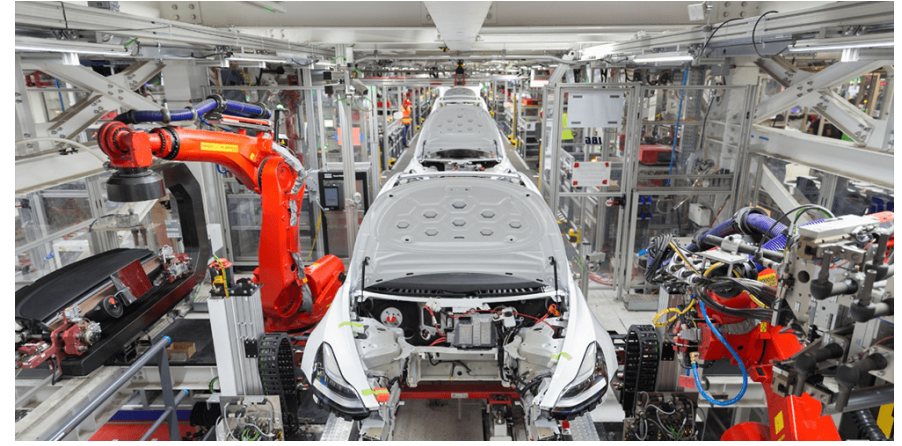




# MARKET OUTLOOK – ENERGY TRANSITION / EXPANSION

***EMCOR remains well positioned to assist its customers with the energy transition / expansion***

- » EV and EV battery manufacturing facilities
- » Electrical charging stations on industrial scale
- » Large scale solar projects
- » Renewable buildout and grid modernization
- » Increased investment supported by the Inflation Reduction Act



# MARKET OUTLOOK – MECHANICAL SERVICES

***Growing demand stemming from maintenance deferrals, retrofit opportunities, efficiency upgrades, and IAQ***

- » Mechanical Services
- » Building Automation & Controls

## **CUSTOMER BASE**

- » Commercial Buildings
- » National Brands and Organizations
- » Federal, State, and Local Government
- » Specialized Environments
- » Other Institutional Facilities
- » K-12 Schools / Universities
- » Healthcare Facilities



# 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

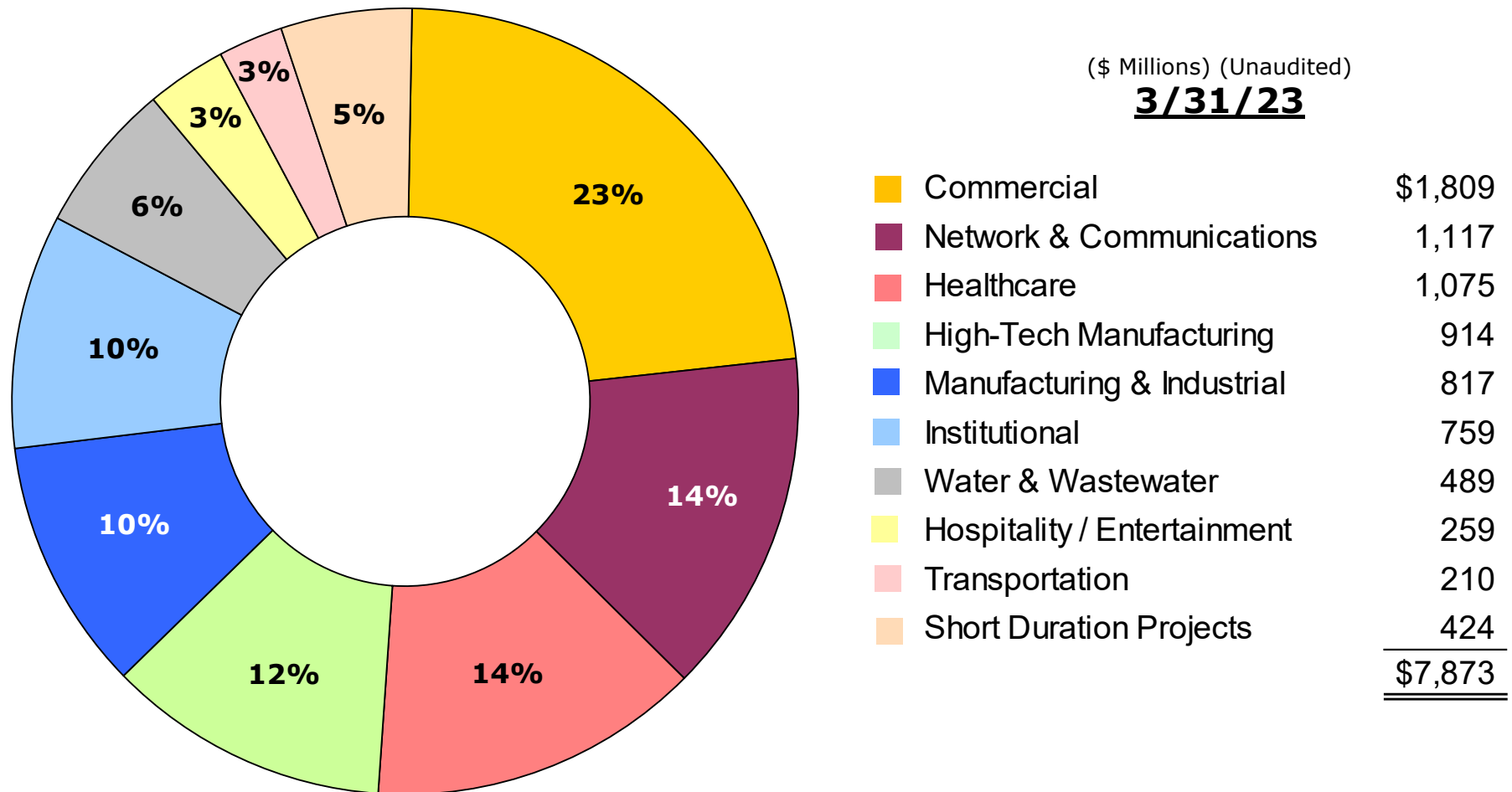
## **Fire Life Safety**

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



## RPOs BY MARKET SECTOR – 3/31/23

» Diverse Remaining Performance Obligations (RPOs) of \$7.87 billion



# PRIORITIZING SUSTAINABILITY

Our Mission First, People Always Values Continue to Guide our Sustainability Strategy

## Recent Updates

- » Aligned our sustainability reporting with the Sustainability Accounting Standards Board (SASB) standard for the *Engineering & Construction Services* industry, in-line with our shareholders' expectations and our commitment to strong sustainability practices
- » Incorporated guidance from the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to disclose scope 1, scope 2 and scope 3 greenhouse gas emissions metrics and set forward-looking reduction goals for scope 1 and scope 2



## Our Initial 2035 Energy and Emissions Goals \*

# 30-40%

*Per capita reduction in carbon-based fuel consumption across service fleet*

# 20%

*Reduction in per capita scope 1 and scope 2 greenhouse gas output*

## Committed to the Health & Safety of our Workforce

- » We maintain a strong commitment to safety throughout our operations, **striving for a zero injury environment and culture across our 100 operating subsidiaries**

2022  
TRIR

1.2

Industry  
Average

2.7

*We maintain our position as an industry leader in safety, and continue to make progress toward our goal of zero workplace injuries*

\* EMCOR has submitted a formal commitment letter to the Science Based Targets initiative in December of 2022 regarding the establishment of science-based emissions reduction targets, and we are evaluating such targets.

## 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%



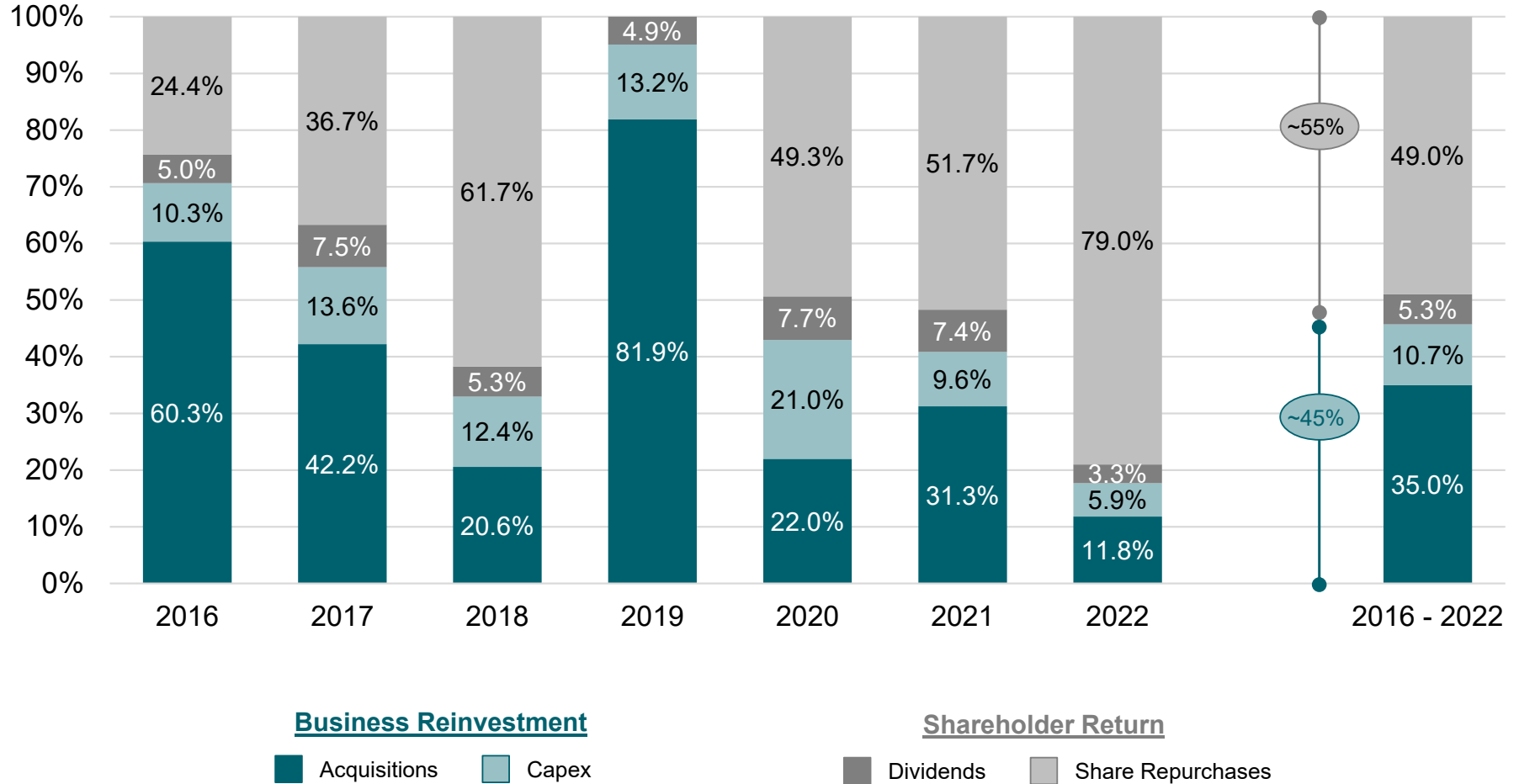
## KEY FINANCIAL DATA – BALANCE SHEET

(\$ 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%

# BALANCED CAPITAL ALLOCATOR

EMCOR Capital Allocation by Year (%)



## 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

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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