

# QUARTER FOUR 2023 FINANCIAL RESULTS

FEBRUARY 28, 2024



# 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; and project mix. 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; domestic and international political developments; changes in the specific markets for EMCOR's services; adverse business conditions, including labor market tightness and/or disruption, 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; changes in interest rates; 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 2023 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 presentation and the related press release 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

<b>Tony Guzzi</b>	Chairman, President & Chief Executive Officer
<b>Mark Pompa</b>	EVP & Chief Financial Officer
<b>Maxine Mauricio</b>	EVP, Chief Administrative Officer & General Counsel
<b>Kevin Matz</b>	EVP, Shared Services
<b>Jason Nalbandian</b>	SVP & Chief Accounting Officer
<b>Andy Backman</b>	VP, Investor Relations

## EXECUTIVE SUMMARY

- » Outstanding operating performance in 2023
- » Record annual revenues, operating income, operating margin, and diluted EPS

*(\$ Millions, except per share information)*

	<u>2023</u>	<u>2022</u>	<u>\$ Δ</u>
Revenues:	\$12,583	\$11,076	\$1,507
Operating Income:			
– GAAP	\$875.8 7.0%	\$564.9 5.1%	\$310.9
– Non-GAAP *	\$878.1 7.0%	\$564.9 5.1%	\$313.2
Diluted EPS:			
– GAAP	\$13.31	\$8.10	\$5.21
– Non-GAAP *	\$13.34	\$8.10	\$5.24

- » Remaining Performance Obligations increased by \$1.39 billion or 18.6% from 12/31/22
- » Continued strong mix of projects in key market sectors; well positioned as we move into 2024

## EXECUTIVE SUMMARY (CONTINUED)

- » Solid planning and project execution continues to drive profitability
- » Increasing productivity with BIM and pre-fabrication at scale
- » Winning and completing sophisticated projects in large and growing market sectors with long-term secular trends
  - » **Network and Communications** (data center and low voltage)
  - » **High-tech Manufacturing** (semiconductors, EV value chain, biotech, life sciences and pharmaceutical)
  - » **Manufacturing and Industrial** (driven by reshoring, domestic capacity expansion, renewable energy projects)
  - » **Healthcare** (hospitals, medical offices, out-patient facilities)
- » Continued demand for energy efficiency and retrofit projects, building automation and controls, IAQ upgrades, maintenance and repair services, nationwide fire & life safety
- » Exceptional operating cash flow generation
- » Balance sheet remains strong and liquid to support organic growth and balanced capital allocation model

## REMAINING PERFORMANCE OBLIGATIONS

» **RPOs** of \$8.85 billion, up 18.6% compared to 12/31/22

	<i>(\$ Millions)</i>	
	<b>Dec. 2023</b>	
	<b>vs.</b>	
	<b>Dec. 2022</b>	
	<hr/>	
▪ U.S. RPOs <b>UP</b> \$1.41 billion or 19.3%		
– Combined U.S. Construction Segments	\$1,327 22.1%	↑
– U.S. Building Services Segment	\$92 7.8%	↑
– U.S. Industrial Services Segment	(\$11) -9.1%	↓
▪ U.K. Building Services Segment	(\$20) -12.2%	↓

## FOURTH QUARTER – REVENUES

» Consolidated quarterly revenues of \$3.44 billion

(\$ Millions) (Unaudited)	Qtr. 4 2023	Variance from Qtr. 4 2022	
		\$	%
U.S. Electrical Construction & Facilities Services	\$ 763.4	\$ 49.8	7.0%
U.S. Mechanical Construction & Facilities Services	1,472.5	339.3	29.9%
<b>Total U.S. Construction</b>	<b>2,235.9</b>	<b>389.1</b>	<b>21.1%</b>
U.S. Building Services	802.0	88.6	12.4%
U.S. Industrial Services	292.5	16.2	5.9%
<b>Total U.S. Operations</b>	<b>3,330.4</b>	<b>493.9</b>	<b>17.4%</b>
U.K. Building Services	108.8	(4.5)	-4.0%
<b>Total EMCOR</b>	<b>\$ 3,439.2</b>	<b>\$ 489.4</b>	<b>16.6%</b>

## FOURTH QUARTER – OPERATING INCOME

» Operating income of \$289.2 million or 8.4% of revenues

### Operating Income For the Quarter Ended December 31, 2023: (Unaudited)

	Operating Margin For the Quarter Ended December 31,	
	<u>2023</u>	<u>2022</u>
▪ <b>U.S. Electrical Construction and Facilities Services</b> of \$76.3 million: +\$18.2 million or 31.3% increase	10.0%	8.1%
▪ <b>U.S. Mechanical Construction and Facilities Services</b> of \$186.1 million: +\$81.3 million or 77.6% increase	12.6%	9.2%
<b>Total U.S. Construction</b>	<b>11.7%</b>	<b>8.8%</b>
▪ <b>U.S. Building Services</b> of \$42.1 million: +\$4.1 million or 10.8% increase	5.2%	5.3%
▪ <b>U.S. Industrial Services</b> of \$12.6 million: +\$11.2 million	4.3%	0.5%
▪ <b>U.K. Building Services</b> of \$5.5 million: +\$1.0 million or 22.3% increase	5.0%	3.9%
<b>Total EMCOR</b>	<b>8.4%</b>	<b>6.0%</b>

## KEY FINANCIAL DATA – INCOME STATEMENT

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

	For the Quarter Ended December 31,		Variance	
	2023	2022	\$	%
Revenues	\$ 3,439,221	\$ 2,949,822	\$ 489,399	16.6%
Gross Profit	617,745 18.0%	454,800 15.4%	162,945	35.8%
Selling, General and Administrative Expenses	328,549	277,618	50,931	18.3%
Operating Income	\$ 289,196 8.4%	\$ 177,182 6.0%	\$ 112,014	63.2%
Net Income Attributable to EMCOR Group, Inc.	\$ 211,517	\$ 126,300	\$ 85,217	67.5%
Diluted Earnings per Common Share	\$ 4.47	\$ 2.63	\$ 1.84	70.0%

# KEY FINANCIAL DATA – INCOME STATEMENT

(\$ Thousands, except per share information)

	For the Year Ended December 31,		Variance	
	2023	2022	\$	%
Revenues	\$ 12,582,873	\$ 11,076,120	\$ 1,506,753	13.6%
Gross Profit	2,089,339 16.6%	1,603,594 14.5%	485,745	30.3%
Selling, General and Administrative Expenses	1,211,233	1,038,717	172,516	16.6%
Impairment Loss on Long-Lived Assets	2,350	-	2,350	N/M
Operating Income	\$ 875,756 7.0%	\$ 564,877 5.1%	\$ 310,879	55.0%
Net Income Attributable to EMCOR Group, Inc.	\$ 632,994	\$ 406,122	\$ 226,872	55.9%
Diluted Earnings per Common Share	\$ 13.31	\$ 8.10	\$ 5.21	64.3%
Non-GAAP Operating Income *	\$ 878,106 7.0%	\$ 564,877 5.1%	\$ 313,229	55.5%
Non-GAAP Net Income *	\$ 634,693	\$ 406,122	\$ 228,571	56.3%
Non-GAAP Diluted Earnings per Common Share *	\$ 13.34	\$ 8.10	\$ 5.24	64.7%

## KEY FINANCIAL DATA – BALANCE SHEET

(\$ Thousands)

	<u>12/31/23</u>	<u>12/31/22</u>
Cash	\$ 789,750	\$ 456,439
Working Capital	\$ 928,616	\$ 708,451
Goodwill	\$ 956,549	\$ 919,151
Identifiable Intangible Assets, Net	\$ 586,032	\$ 593,975
Total Debt (excludes operating leases)	\$ 5,303	\$ 247,192
Stockholders' Equity	\$2,470,815	\$ 1,974,291
Total Debt / Total Capitalization	0.2%	11.1%

# DRIVING PROFITABLE ORGANIC GROWTH

## Electrification / EV Value Chain

- » Energy Transition / Expansion
- » Electric Vehicle and Battery Plant Construction
- » EV Charging Stations
- » 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

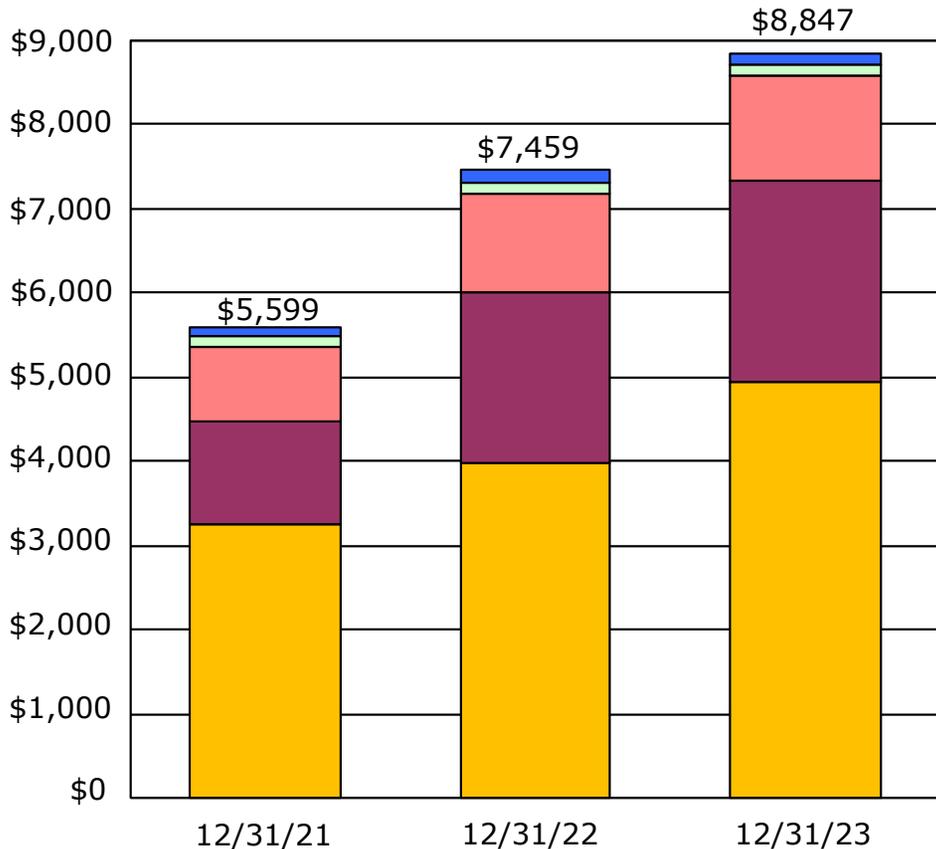
## Energy Efficiency (Sustainability)

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

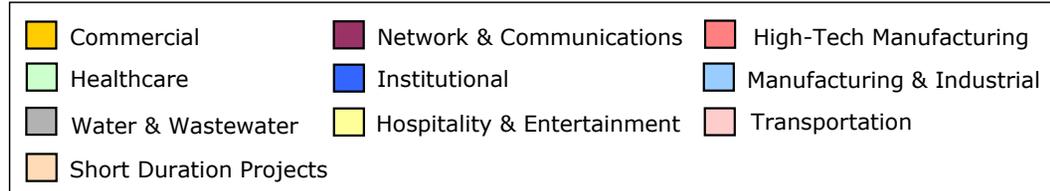
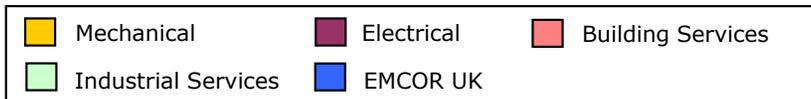
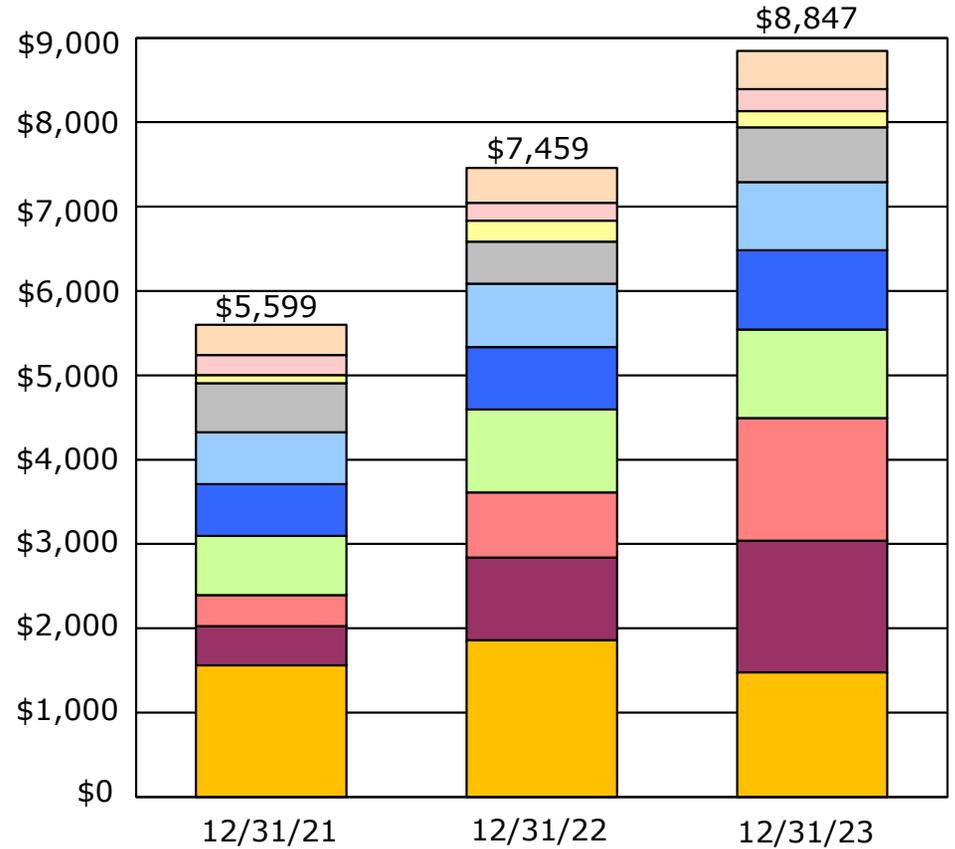
# REMAINING PERFORMANCE OBLIGATIONS

» Diverse RPOs of \$8.85 billion

By Segment (\$ Millions)

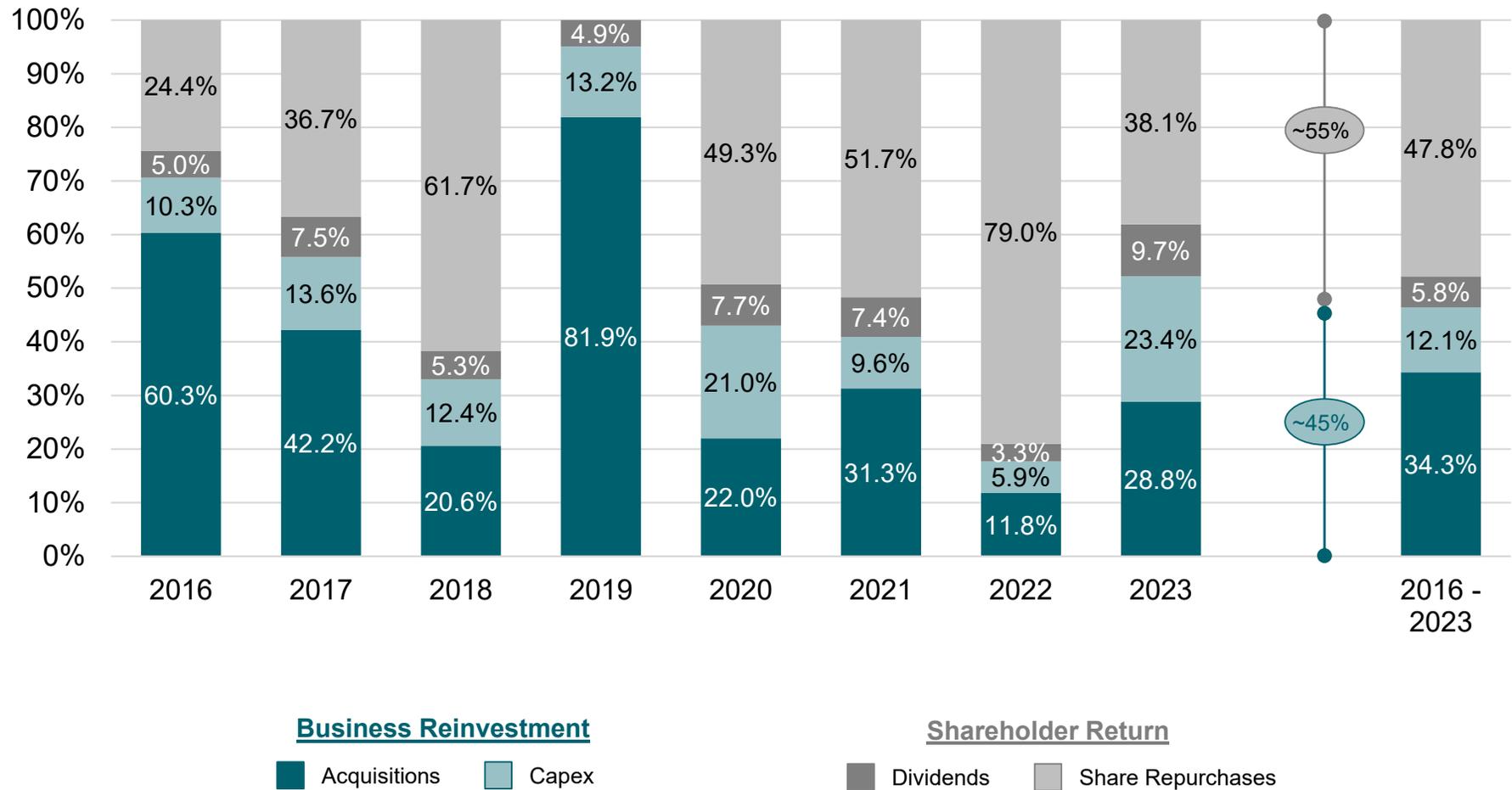


By Market Sector (\$ Millions) (Unaudited)



# CAPITAL ALLOCATION TRENDS

EMCOR Capital Allocation by Year (%)



## 2024 OUTLOOK

- » RPOs of \$8.85 billion as of December 31, 2023; Provides solid line of sight into 2024
- » Continued strength in secular end markets including **High-Tech Manufacturing** (semiconductors, the EV value chain, biotech, life sciences and pharmaceutical); **Network and Communications** (including data centers); **Manufacturing and Industrial** driven by reshoring and domestic capacity expansion and alternative energy projects; and **Healthcare**
- » Robust demand for fire life safety projects across most market sectors
- » Indoor air quality and energy efficiency upgrades driving repair service & HVAC replacement projects
- » Strong, focused project execution and investments in BIM and prefabrication continue to create efficiencies and increase productivity
- » Oil & gas markets continue steady pace of improvement
- » Macro factors and uncertainties including continued elevated interest rates; international conflicts and their impact on global energy markets and supply chains; and headwinds in the commercial real estate market, could impact year
- » Maintain flexibility provided by strong and liquid balance sheet; will continue to be balanced capital allocators focusing on investing in sustainable growth and returning capital to shareholders

## 2024 GUIDANCE

Revenues \$13.5 - \$14.0 Billion

Diluted EPS\* \$14.00 - \$15.00

\* Assumes 27% to 28% effective tax rate



BUILD POWER SERVICE PROTECT