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EMCOR GROUP INC  
Form 8-K  
October 28, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) October 28, 2004

EMCOR Group, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-2315 11-2125338  
(Commission File Number) (I.R.S. Employer Identification No.)

301 Merritt Seven, Norwalk, CT 06851  
(Address of Principal Executive Offices) (Zip Code)

(203) 849-7800  
(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On October 28, 2004 EMCOR Group, Inc. issued a press release disclosing results of operations for the fiscal 2004 third quarter ended September 30, 2004. A copy of such press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

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The information contained in this Current Report on Form 8-K shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that Section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

### Item. 9.01 Financial Statements and Exhibits

#### (c) Exhibits

Exhibit Number	Description
99.1	Press Release issued by EMCOR Group, Inc. on October 28, 2004 disclosing results of operations for the fiscal 2004 third quarter ended September 30, 2004.

#### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMCOR Group, Inc.

By: /s/ Frank T. MacInnis

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Frank T. MacInnis  
Chairman of the Board of  
Directors and Chief  
Executive Officer

Dated: October 28, 2004

Exhibit 99.1

#### EMCOR GROUP, INC. REPORTS 2004 THIRD QUARTER RESULTS

NORWALK, CONNECTICUT, October 28, 2004 - EMCOR Group, Inc. (NYSE: EME) today reported results for the third quarter and nine months ended September 30, 2004.

Net income for the third quarter of 2004 was \$15.5 million, or \$0.99 per diluted share, compared with net income of \$6.5 million, or \$0.42 per diluted share, in the third quarter of 2003. Revenues in the 2004 third quarter totaled \$1.22 billion, compared with total revenues of \$1.16 billion a year ago.

Third quarter 2004 operating income was \$19.6 million, compared to operating income of \$13.5 million in the third quarter of 2003. Selling, general and administrative expenses ("SG&A") were \$97.6 million, a decline of 6.7% from \$104.7 million in the third quarter of last year. As a percentage of revenues, SG&A decreased to 8.0% from 9.0% a year ago as a result of actions the Company has taken to reduce its operating costs.

Included in the Company's 2004 third quarter results were approximately \$0.6

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million in restructuring expenses, primarily related to its previously announced management realignment and related initiatives, and a \$4.3 million income tax benefit for reserve adjustments. The effective income tax rate applicable for the 2004 third quarter was 42% compared to 44% for the 2003 third quarter.

The Company's 2004 third quarter results also include a pre-tax gain of \$2.8 million on the sale of certain assets of the equipment rental division of the Company's United Kingdom subsidiary as part of the restructuring of operations in the UK market, and a pre-tax gain of \$1.8 million on the sale of the UK subsidiary's interest in a South African facilities management joint venture.

Contract backlog as of September 30, 2004 was \$2.96 billion compared to \$3.11 billion at the same time a year ago. The reduction in backlog reflects the Company's ongoing program to reduce the backlog of public sector construction projects and to focus more on higher-margin, private sector work.

- MORE -

EMCOR Announces 2004 Third Quarter Results

Page 2

Net income for the 2004 nine month period was \$22.6 million, or \$1.46 per diluted share, compared to net income of \$18.0 million, or \$1.16 per diluted share, in the first nine months of 2003. Revenues for the first nine months of 2004 were \$3.52 billion versus revenues of \$3.36 billion in the year ago period.

Operating income for the first nine months of 2004 was \$18.8 million versus operating income of \$37.8 million for the comparable nine month period last year.

The Company's results for the 2004 nine month period include approximately \$5.9 million in restructuring expenses, primarily related to the Company's previously announced management realignment and related initiatives, and a \$13.9 million income tax benefit for tax reserve adjustments.

Frank T. MacInnis, Chairman and CEO of EMCOR Group, stated, "When we reported 2004 first quarter results, we noted our expectation that 2004 would be a transition year, with a slower first half of the year due to the lingering effects of the economic downturn, the slow recovery of private sector spending and the continuing effects of a larger than typical proportion of public sector work affecting our results. We expected to see an acceleration in the 2004 second half as the economy and demand from the private sector continued to improve and our efforts to rebalance our mix between private and public sector work gained traction. This has been the case in the third quarter, which saw strong performance within our U.S. Electrical business and a significant improvement at our U.K. operations. We're very pleased with the progress we've seen in the U.K., which generated operating income during the period versus a loss a year ago, as a result of the actions we've taken to restructure that business. However, improvements were not consistent across all our businesses, particularly as poor performance at one of our Mechanical operations on the West Coast offset otherwise improved results from this segment. We continue to build momentum within our Facilities Services business as we strengthen our reputation as the premier provider of these services."

Mr. MacInnis added, "While our markets have certainly recovered from year ago levels, the recovery remains gradual, with private sector spending recovering at

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a slow pace. During the quarter, we continued our focus on controlling costs, leading to a decrease in SG&A expenses of approximately 7% despite higher revenues. As a result, operating income, excluding restructuring expenses and gain on the sale of assets, increased 28.3% over the levels achieved a year ago. Our constant focus on working capital management also made the third quarter an excellent cash generation quarter, strengthening our balance sheet and our ability to take advantage of new opportunities."

Mr. MacInnis concluded, "Throughout 2004, EMCOR Group has taken actions to position itself for improvement in its markets. The restructuring efforts of our realigned management team, that now include Tony Guzzi as our new President and COO, are ongoing, and we are seeing their benefits, both in the U.S. and the U.K. As we've stated before, we believe the major defining factor in EMCOR's performance will be the overall pace of economic recovery. While not the dramatic economic improvement our best-case scenario envisioned, we are encouraged by recent positive momentum we've seen in the marketplace and believe that this recovery will continue to build as we move into the

- MORE -

EMCOR Announces 2004 Third Quarter Results

Page 3

fourth quarter of 2004 and beyond. Given year-to-date revenue performance, we continue to expect full-year revenue for 2004 to be approximately \$4.6 billion and 2004 earnings per share on a diluted basis to be \$2.05 to \$2.15, which includes the tax reserve adjustments as well as restructuring expenses and the sale transactions."

EMCOR Group, Inc. is a worldwide leader in mechanical and electrical construction services and facilities services. This press release and other press releases may be viewed at the Company's Web site at [www.emcorgroup.com](http://www.emcorgroup.com).

EMCOR Group's third quarter conference call will be available live via Internet broadcast today, Thursday, October 28, at 10:30 AM Eastern Time. You can access the live call through the Home Page of the Company's Web site at [www.emcorgroup.com](http://www.emcorgroup.com).

This release may contain certain forward-looking statements within the meaning of the Private Securities Reform Act of 1995. Any such comments are based upon information available to EMCOR management's perception thereof, as of this date, and EMCOR assumes no obligation to update any such forward-looking statements. These forward-looking statements may include statements regarding market opportunities, market share growth, gross profit, project mix, projects with varying profit margins, and selling, general and administrative expenses. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Accordingly these statements are no guarantee of future performance. Such risk 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, increased competition, unfavorable labor productivity, mix of business, and risks associated with foreign operations. Certain of the risks and factors associated with EMCOR's business are also discussed in the Company's 2003 Form 10-K, its

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Form 10-Q for the third quarter ended September 30, 2004, and in other reports filed from time to time with the Securities and Exchange Commission. All these risks and factors should be taken into account in evaluating any forward-looking statements.

-FINANCIAL TABLES FOLLOW-

EMCOR GROUP, INC.

FINANCIAL HIGHLIGHTS

(In thousands, except share and per share information  
(Unaudited))

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended September 30, 2004 ----	September 30, 2003 ----	For the Ni Sept 2004 ----
Revenues	\$1,215,911	\$1,157,588	\$3,518,210
Cost of sales	1,100,931	1,039,382	3,200,555
	-----	-----	-----
Gross profit	114,980	118,206	317,655
Selling, general and administrative expenses	97,616	104,671	295,758
Restructuring expenses	617	--	5,936
Gain on sale of assets	2,839	--	2,839
	-----	-----	-----
Operating income	19,586	13,535	18,800
Interest expense, net	(2,132)	(1,987)	(5,550)
Gain on sale of equity investment	1,844	--	1,844
	-----	-----	-----
Income before income taxes	19,298	11,548	15,094
Income tax provision (benefit)	3,832	5,080	(7,534)
	-----	-----	-----
Net income	\$ 15,466 =====	\$ 6,468 =====	\$ 22,628 =====
Basic earnings per share	\$ 1.02 =====	\$ 0.43 =====	\$ 1.49 =====
Diluted earnings per share	\$ 0.99 =====	\$ 0.42 =====	\$ 1.46 =====
Weighted average shares of Common Stock outstanding:			
Basic	15,202,938	15,003,737	15,178,938
Diluted	15,562,604	15,461,106	15,551,636

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EMCOR GROUP, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands)

	Sept. 30, 2004 (Unaudited)	Dec. 31, 2003
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101,025	\$ 78,260
Accounts receivable, net	1,114,532	1,009,170
Costs and estimated earnings in excess of billings on uncompleted contracts	240,779	249,393
Inventories	9,480	9,863
Prepaid expenses and other	26,757	42,470
	-----	-----
Total current assets	1,492,573	1,389,156
Investments, notes, and other long-term receivables	29,367	26,452
Property, plant & equipment, net	57,467	66,156
Goodwill	280,761	277,994
Identifiable intangible assets, net	19,643	22,226
Other assets	14,666	13,263
	-----	-----
Total assets	\$1,894,477	\$1,795,247
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Borrowings under working capital credit line	\$ 127,300	\$ 139,400
Current maturities of long-term debt and capital lease obligations	261	367
Accounts payable	441,304	451,713
Billings in excess of costs and estimated earnings on uncompleted contracts	447,719	345,207
Accrued payroll and benefits	132,925	131,623
Other accrued expenses and liabilities	92,493	110,147
	-----	-----
Total current liabilities	1,242,002	1,178,457
Long-term debt and capital lease obligations	588	561
Other long-term obligations	106,387	94,873
Total stockholders' equity	545,500	521,356
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Total liabilities and stockholders' equity	\$1,894,477	\$1,795,247
	=====	=====

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