

Edgar Filing: EMCOR GROUP INC - Form 8-K

EMCOR GROUP INC  
Form 8-K  
October 29, 2009

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 29, 2009

EMCOR Group, Inc.

-----  
(Exact Name of Registrant as Specified in Its Charter)

Delaware

-----  
(State or Other Jurisdiction of Incorporation)

1-8267

11-2125338

-----  
(Commission File Number)

-----  
(I.R.S. Employer Identification No.)

301 Merritt Seven, Norwalk, CT

06851-1092

-----  
(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 29, 2009, EMCOR Group, Inc. issued a press release disclosing

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results of operations for its fiscal 2009 third quarter ended September 30, 2009. A copy of such press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

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 29, 2009 disclosing results of operations for its fiscal 2009 third quarter ended September 30, 2009.

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.

Dated: October 29, 2009

By: /s/ Frank T. MacInnis

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

Exhibit 99.1

FOR: EMCOR GROUP, INC.

CONTACT: R. Kevin Matz  
Executive Vice President  
Shared Services  
(203) 849-7938

FD  
Investors: Eric Boyriven / Alexandra Tramont  
(212) 850-5600

Linden Alschuler & Kaplan, Inc.  
Media: Suzanne Dawson / Cecile Fradkin  
212-575-4545

EMCOR GROUP, INC. REPORTS THIRD QUARTER 2009 RESULTS  
- Third Quarter Operating Margin of 4.9% -  
- Third Quarter Diluted EPS of \$0.59 -  
- 2009 Diluted EPS Guidance Increased to \$2.20 - \$2.35 -

NORWALK, CONNECTICUT, October 29, 2009 - EMCOR Group, Inc. (NYSE: EME) today

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reported results for the third quarter ended September 30, 2009.

For the 2009 third quarter, the Company reported net income (1) of \$40.0 million, or \$0.59 per diluted share, compared to net income (1) of \$48.6 million, or \$0.72 per diluted share, in the third quarter of 2008. In the 2009 third quarter, revenues were \$1.37 billion, compared to \$1.72 billion in the third quarter of 2008.

Operating income in the 2009 third quarter was \$67.3 million, compared to operating income of \$78.6 million in the same quarter a year ago. As a percentage of revenues, operating income in the third quarter of 2009 rose to 4.9% from 4.6% in the 2008 third quarter. Selling, general and administrative expenses (SG&A) decreased \$7.8 million to \$137.9 million, or 10.1% of revenues, in the third quarter of 2009, compared to \$145.7 million, or 8.5% of revenues, in the comparable prior year period.

Contract backlog as of September 30, 2009 was \$3.39 billion, compared to contract backlog of \$4.42 billion as of September 30, 2008 and \$3.40 billion as of June 30, 2009. The year-over-year decline in backlog was principally attributable to reduced contract awards in the hospitality/gaming sectors and in the commercial sector, partially offset by backlog growth in the healthcare and institutional sectors.

Net income (1) for the first nine months of 2009 was \$121.6 million, or \$1.81 per diluted share, compared to \$121.9 million, or \$1.82 per diluted share, a year ago. Revenues for the first nine months of 2009 totaled \$4.19 billion, compared to \$5.10 billion for the first nine months of 2008.

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For the 2009 nine-month period, operating income was \$206.4 million, or 4.9% of revenues, compared to operating income of \$201.6 million, or 4.0% of revenues, in the year ago period. Operating income for the 2009 nine-month period included restructuring expenses of \$4.2 million. SG&A for the first nine months of 2009 was \$402.7 million, or 9.6% of revenues, compared to \$437.8 million, or 8.6% of revenues, for the first nine months of 2008.

Frank T. MacInnis, Chairman and CEO of EMCOR Group, commented, "We are pleased with our results in the 2009 third quarter, especially in light of the economic conditions in our markets. Our results for the period were driven by record gross and operating margins due to our focus on execution and project management. This same operational focus allowed us to convert our outstanding work into cash, which strengthened what was already a strong and highly liquid balance sheet. This strong financial position gives us flexibility in managing business opportunities and provides us with the liquidity to invest in strategic growth opportunities in the future. Our strong cash flow points to the strength of our relationships with high-quality clients and the value of the work we do for them."

Mr. MacInnis continued, "Despite challenging conditions in some of our markets, we see trends in the composition of our backlog that indicate a building base of business that has begun to provide stability and that should eventually generate growth opportunities going forward. The rate of decline in our backlog has steadily decreased over the course of 2009, and excluding the hard hit hospitality and commercial sectors, backlog growth was slightly positive in the third quarter, driven by strong bookings in the healthcare and institutional sectors. While market evidence has yet to indicate a definitive backlog bottom, our ability to be agile among market sectors allows us to adapt to declining demand in some of the markets we serve by redeploying resources to those markets where there is stronger demand. We have also begun to see some traction in work stemming from government stimulus spending, which we would expect to continue to

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grow."

Mr. MacInnis concluded, "As we enter the fourth quarter, we remain cautious given a continued lack of visibility into future demand and into credit markets that continue to impact customers' ability to finance projects. In addition, while we are operating at excellent levels of efficiency, the ongoing shift in backlog mix will likely result in margins lower than the record levels seen in the third quarter. Against this backdrop, we remain focused on bidding discipline, strong project execution and maintaining a strong balance sheet that provides us with the flexibility to perform well in today's marketplace and take advantage of the eventual recovery."

The Company noted that, based on its financial performance in the first nine months of 2009, current market conditions and the composition of its contract backlog, it has updated its full year 2009 guidance to include revenues of \$5.5 billion to \$5.6 billion and 2009 full year diluted EPS of \$2.20 to \$2.35. While a material deterioration in market conditions from current levels could cause the Company's performance to decline, early benefits from the economic stimulus plan, accretive acquisitions, and/or improved credit markets could provide opportunities to exceed these estimates.

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EMCOR Group, Inc. is a Fortune 500(R) worldwide leader in mechanical and electrical construction services, energy infrastructure 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 29, at 10:30 AM Eastern Daylight 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).

- (1) EMCOR adopted SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements," effective January 1, 2009, which, among other things, changed the presentation format and certain captions of our Condensed Consolidated Statements of Operations and Condensed Consolidated Balance Sheets. EMCOR uses the captions recommended by this standard in its condensed consolidated financial statements such as "net income attributable to EMCOR Group, Inc." and "basic and diluted earnings per common share attributable to EMCOR Group, Inc. common stockholders." However, in the preceding release EMCOR has shortened this language to "net income" and "earnings per share".

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 and its 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, backlog 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, availability of adequate levels of surety bonding, increased competition, unfavorable labor productivity and mix of business. Certain of the risks and factors associated with EMCOR's business are also discussed in the Company's 2008 Form 10-K, its

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Form 10-Q for the third quarter ended September 30, 2009, 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,		For the Nine Months September 30,	
	2009	2008	2009	2008
Revenues	\$ 1,371,985	\$ 1,720,349	\$ 4,189,291	\$ 5,189,291
Cost of sales	1,166,740	1,496,003	3,576,003	4,496,003
Gross profit	205,245	224,346	613,288	693,288
Selling, general and administrative expenses	137,895	145,708	402,664	417,708
Restructuring expenses	90	--	4,200	--
Operating income	67,260	78,638	206,424	275,580
Interest expense, net	(1,159)	(162)	(2,224)	(1,162)
Income before income taxes	66,101	78,476	204,200	274,418
Income tax provision	25,624	28,936	81,124	30,936
Net income including noncontrolling interests	40,477	49,540	123,076	143,482
Less: Net income attributable to noncontrolling interests	(491)	(905)	(1,503)	(1,413)
Net income attributable to EMCOR Group, Inc. (1)	\$ 39,986	\$ 48,635	\$ 121,573	\$ 142,069
Basic earnings per common share:				
Net income attributable to EMCOR Group, Inc. common stockholders	\$ 0.61	\$ 0.74	\$ 1.85	\$ 0.74
Diluted earnings per common share:				
Net income attributable to EMCOR				

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Group, Inc. common stockholders	\$ 0.59	\$ 0.72	\$ 1.81	\$
	=====	=====	=====	=====
Weighted average shares of common stock outstanding:				
Basic	65,897,546	65,404,404	65,864,793	65,3
Diluted	67,551,619	67,425,722	67,279,095	67,1

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

	September 30, 2009 (Unaudited)	December 31, 2008
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 648,231	\$ 405,869
Accounts receivable, net	1,182,851	1,390,973
Costs and estimated earnings in excess of billings on uncompleted contracts	86,764	105,441
Inventories	39,895	54,601
Prepaid expenses and other	56,555	53,856
	-----	-----
Total current assets	2,014,296	2,010,740
Investments, notes and other long-term receivables	21,463	14,958
Property, plant & equipment, net	92,813	96,716
Goodwill	587,259	582,714
Identifiable intangible assets, net	282,623	292,128
Other assets	11,675	11,148
	-----	-----
Total assets	\$3,010,129	\$3,008,404
	=====	=====
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Borrowings under working capital credit line	\$ --	\$ --
Current maturities of long-term debt and capital lease obligations	3,332	3,886
Accounts payable	390,504	500,881
Billings in excess of costs and estimated earnings on uncompleted contracts	613,046	601,834
Accrued payroll and benefits	202,342	221,564
Other accrued expenses and liabilities	180,387	184,990
	-----	-----
Total current liabilities	1,389,611	1,513,155
Long-term debt and capital lease obligations	192,875	196,218

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Other long-term obligations	239,840	248,262
	-----	-----
Total liabilities	1,822,326	1,957,635
	-----	-----
Equity:		
Total EMCOR Group, Inc. stockholders' equity	1,179,426	1,043,345
Noncontrolling interests	8,377	7,424
	-----	-----
Total equity	1,187,803	1,050,769
	-----	-----
Total liabilities and equity	\$3,010,129	\$3,008,404
	=====	=====