

EMCOR GROUP INC
Form 10-Q
July 27, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-8267

EMCOR GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)
Delaware 11-2125338
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification Number)

301 Merritt Seven 06851-1092
Norwalk, Connecticut
(Address of Principal Executive Offices) (Zip Code)
(203) 849-7800
(Registrant’s Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

Applicable Only To Corporate Issuers

Number of shares of Common Stock outstanding as of the close of business on July 24, 2017: 59,178,554 shares.

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PART I. – FINANCIAL INFORMATION.

ITEM 1. FINANCIAL STATEMENTS.

EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$385,396	\$464,617
Accounts receivable, net	1,501,036	1,495,431
Costs and estimated earnings in excess of billings on uncompleted contracts	132,224	130,697
Inventories	42,451	37,426
Prepaid expenses and other	38,729	40,944
Total current assets	2,099,836	2,169,115
Investments, notes and other long-term receivables	7,722	8,792
Property, plant and equipment, net	127,754	127,951
Goodwill	1,010,399	979,628
Identifiable intangible assets, net	509,341	487,398
Other assets	92,522	79,554
Total assets	\$3,847,574	\$3,852,438
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	\$15,318	\$15,030
Accounts payable	469,318	501,213
Billings in excess of costs and estimated earnings on uncompleted contracts	523,115	489,242
Accrued payroll and benefits	271,438	310,514
Other accrued expenses and liabilities	189,668	195,775
Total current liabilities	1,468,857	1,511,774
Borrowings under revolving credit facility	125,000	125,000
Long-term debt and capital lease obligations	276,866	283,296
Other long-term obligations	397,922	394,426
Total liabilities	2,268,645	2,314,496
Equity:		
EMCOR Group, Inc. stockholders' equity:		
Preferred stock, \$0.10 par value, 1,000,000 shares authorized, zero issued and outstanding	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized, 59,831,304 and 60,606,825 shares issued, respectively	598	606
Capital surplus	662	52,219
Accumulated other comprehensive loss	(101,160)	(101,703)
Retained earnings	1,688,278	1,596,269
Treasury stock, at cost 659,841 shares	(10,302)	(10,302)
Total EMCOR Group, Inc. stockholders' equity	1,578,076	1,537,089
Noncontrolling interests	853	853
Total equity	1,578,929	1,537,942
Total liabilities and equity	\$3,847,574	\$3,852,438

See Notes to Condensed Consolidated Financial Statements.

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EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Revenues	\$1,895,937	\$1,933,416	\$3,787,669	\$3,678,386
Cost of sales	1,621,436	1,658,675	3,246,828	3,180,537
Gross profit	274,501	274,741	540,841	497,849
Selling, general and administrative expenses	181,337	181,811	364,338	349,213
Restructuring expenses	343	641	908	732
Operating income	92,821	92,289	175,595	147,904
Interest expense	(3,069) (3,118) (6,140) (5,494
Interest income	73	192	330	357
Income from continuing operations before income taxes	89,825	89,363	169,785	142,767
Income tax provision	33,019	32,911	59,865	51,880
Income from continuing operations	56,806	56,452	109,920	90,887
Loss from discontinued operation, net of income taxes	(18) (1,097) (522) (1,178
Net income including noncontrolling interests	56,788	55,355	109,398	89,709
Less: Net (income) loss attributable to noncontrolling interests				