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EMCOR GROUP INC  
Form 8-K  
July 24, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549  
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FORM 8-K

CURRENT REPORT

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

EMCOR GROUP, INC.

(Exact name of registrant as specified in its charter)

Date of Report (Date of earliest event reported) July 24, 2003

Delaware -----	0-2315 -----	11-2125338 -----
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

301 Merritt Seven Corporate Park Norwalk, Connecticut (Address of principal executive offices)	06851 (Zip code)
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203-849-7800  
(Registrant's telephone number, including area code)

Item 7. Financial Statements and Exhibits

(c) Exhibits.

Exhibit No.	Description of Exhibit
99.1	Press Release dated July 24, 2003

Item 9. Regulation FD Disclosure (Information provided under Item 12)

On July 24, 2003, EMCOR Group, Inc. issued a press release disclosing the results of operations for its fiscal 2003 second quarter ended June 30, 2003. A copy of this press release, attached as Exhibit 99.1, is furnished under Item 9.

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Press release issued by EMCOR Group, Inc. on July 24, 2003

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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, thereunto 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

Date: July 24, 2003

EMCOR GROUP, INC. REPORTS 2003 SECOND QUARTER RESULTS

-- Revenues, Backlog Reach Record Levels --  
-- Mechanical Service Margins Decline --

NORWALK, CONNECTICUT, July 24, 2003 - EMCOR Group, Inc. (NYSE: EME) today reported second quarter results.

Net income for the second quarter of 2003 was \$8.3 million, or \$0.53 per diluted share, compared with net income of \$14.8 million, or \$0.96 per diluted share, in the second quarter of 2002. Revenues for the 2003 second quarter were \$1.1 billion, an increase of 16.0% over revenues of \$986.4 million in the year ago period. Organic revenue growth was 4.4% in the second quarter of 2003 compared to the second quarter of 2002.

For the 2003 second quarter, gross profit rose to \$123.3 million from \$120.2 million in the second quarter of last year. Gross profit as a percentage of revenues was 10.8% in the second quarter of 2003, compared to 12.2% in the second quarter of 2002. The Company's gross margins reflect decreased profitability in its mechanical business, primarily due to difficult economic conditions in the Midwest which, combined with a later than expected start of hot summer weather, resulted in an unexpected decline in higher-margin, discretionary work orders. Gross margins were also impacted by operating losses from the Company's U.K. operations.

For the second quarter of 2003, the Company reported operating income of \$16.6 million, versus operating income of \$26.9 million in the second quarter of 2002. Operating income as a percentage of revenues was 1.5% versus 2.7% in the same quarter last year.

On December 19, 2002, the Company acquired Consolidated Engineering Services, Inc. ("CES"). The acquisition contributed \$109.0 million in revenues and \$4.5 million in operating income to the Company's 2003 second quarter results.

Selling, General and Administrative expenses were \$106.6 million in the second quarter of 2003, compared with \$93.3 million in the second quarter of 2002, primarily reflecting the inclusion and integration of CES in the Company's financial results. As a percentage of revenues, Selling, General and Administrative expenses decreased to 9.3% in the 2003 second quarter from 9.5% a year ago, reflecting aggressive expense control and substantial completion of the integration process. Selling, General & Administrative expenses in the 2003 first quarter were \$109.2 million, or 10.3% of sales.

At June 30, 2003, the Company's backlog of construction and facilities management contracts was \$3.2 billion, an increase of approximately 14% versus backlog of \$2.8 billion on June 30, 2002 and an increase of approximately 2% over its \$3.1 billion backlog on March 31, 2003. Organic growth of the Company's backlog versus the year ago period was approximately 8%.

For the 2003 six-month period, net income was \$11.5 million, or \$0.74 per diluted share, compared with net income of \$22.1 million, or \$1.43 per diluted share, in the first half of 2002. Revenues for the 2003 six-month period rose 22.7% to \$2.2 billion versus revenues of \$1.8 billion in the same period a year ago. Organic revenue growth in the 2003 six-month period was 5.2%.

For the first six months of 2003, the Company reported operating income of \$24.2 million, compared with operating income of \$39.5 million in the year-ago period. As a percentage of revenues, operating income for the 2003 first half was 1.1% compared with 2.2% last year.

Frank T. MacInnis, Chairman and CEO of EMCOR Group, commented, "The 2003 second quarter was a mixture of successes and challenges for the Company. Our lower overall level of operating profits masked solid performance in our electrical and facilities services businesses and the substantial progress we've made in the integration of CES. Furthermore, our diversity model allowed us to continue to retain market share and grow, as revenue and backlog rose to record levels with solid organic growth."

Mr. MacInnis continued, "Last year, we announced the acquisition of CES, a watershed event in the history of our Company that significantly expands our sector-leading capabilities in the developing market for facilities services. We are very pleased with the performance of the CES business since its acquisition. With the successful integration of CES into our EMCOR Facilities Services business largely behind us, we look forward to leveraging the unique platform we have built and driving the growth of this business in the future."

Mr. MacInnis added, "Looking ahead, we see little evidence of any short-term improvement in the private sector commercial market. While we are comfortable

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reiterating revenue guidance for 2003 of between \$4.4 billion to \$4.6 billion, especially in light of our strong year to date revenue and backlog performance, we currently expect diluted earnings per share for the 2003 full-year period to be in the range of \$2.90 - \$3.10."

Mr. MacInnis concluded, "While market conditions are certainly difficult, we believe that our diversity model, combined with our leading presence in the facilities services market, will continue to generate solid revenue growth and allow us in the longer term to surpass our previous levels of profitability. We have taken various actions to reduce risk, including the replacement of senior management at our U.K. operations and aggressive control of administrative expenses. Our careful attention to the cash management process means that EMCOR continues to possess one of the strongest balance sheets in the industry, and is perfectly positioned to profit from the inevitable economic recovery."

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 second quarter conference call will be available live via Internet broadcast today, Thursday, July 24, 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 include "forward looking statements." These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, general economic and business conditions, business opportunities that may be presented to and pursued by the Company and other factors, many of which are beyond the control of the Company. Actual results may differ materially from those anticipated in the 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 June 30,		For the Six June
	2003	2002	2003
	----	----	----
Revenues	\$1,144,378	\$986,399	\$2,205,408
Cost of sales	1,021,103	866,183	1,965,364
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Gross profit	123,275	120,216	240,044
Selling, general and administrative expenses	106,638	93,292	215,813

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Operating income	16,637	26,924	24,231
Interest expense, net	1,842	445	3,644
Income before taxes	14,795	26,479	20,587
Income tax provision	6,522	11,651	9,058
Net income	\$ 8,273	\$ 14,828	\$ 11,529
Basic earnings per share	\$ 0.55	\$ 1.00	\$ 0.77
Diluted earnings per share	\$ 0.53	\$ 0.96	\$ 0.74
Weighted average shares of Common Stock outstanding:			
Basic	14,988,836	14,863,074	14,959,666
Diluted	15,506,799	15,491,302	15,476,662

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

	June 30, 2003 (Unaudited)	December 31, 2002
ASSETS		
Cash and cash equivalents	\$ 57,752	\$ 93,103
Accounts receivable, net	986,307	964,968
Costs and estimated earnings in excess of billings on uncompleted contracts	257,988	235,809
Inventories	11,944	12,271
Prepaid expenses and other	34,737	28,784
Total current assets	1,348,728	1,334,935
Investments, notes, and other long-term receivables	28,999	24,642
Property, plant & equipment, net	69,832	70,750
Goodwill	293,889	290,412
Identifiable intangible assets, net	12,094	13,845
Other assets	20,945	23,907
Total assets	\$1,774,487	\$1,758,491
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Borrowings under working capital credit line	\$ 166,800	\$ 112,000
Current maturities of long-term debt and capital lease obligations	588	22,276

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Accounts payable	380,720	409,562
Billings in excess of costs and estimated earnings on uncompleted contracts	379,432	363,092
Accrued payroll and benefits	128,037	159,416
Other accrued expenses and liabilities	115,791	113,529
	-----	-----
Total current liabilities	1,171,368	1,179,875
Long-term debt and capital lease obligations	689	905
Other long-term obligations	93,321	87,841
Total stockholders' equity	509,109	489,870
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Total liabilities and stockholders' equity	\$1,774,487	\$1,758,491
	=====	=====