

Edgar Filing: EMCOR GROUP INC - Form 8-K

EMCOR GROUP INC
Form 8-K
April 28, 2005

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) April 28, 2005

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

(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))

EMCOR GROUP, INC. REPORTS 2005 FIRST QUARTER RESULTS

- Operating Income Shows Significant Increase -

Edgar Filing: EMCOR GROUP INC - Form 8-K

NORWALK, CONNECTICUT, April 28, 2005 - EMCOR Group, Inc. (NYSE: EME) today reported results for the first quarter ended March 31, 2005.

In the first quarter of 2005, the Company reported net income of \$1.9 million, or \$0.12 per diluted share, compared with net income of \$5.7 million, or \$0.37 per diluted share, in the first quarter of 2004. Revenues in the first quarter of 2005 totaled \$1.09 billion, compared with total revenues of \$1.11 billion in the year-ago quarter.

Included in the Company's 2004 first quarter results were a \$9.6 million reversal of income tax reserves and approximately \$5.2 million in restructuring expenses. First quarter 2005 results include restructuring expenses of \$1.2 million primarily related to the Company's Canadian and UK operations.

Operating income for the first quarter of 2005, including the \$1.2 million restructuring charge, was \$5.5 million compared to an operating loss of \$4.5 million in the first quarter of last year, which included the \$5.2 million restructuring charge in the year-ago period. The increase in operating income was largely due to improved performance at the Company's Facilities Services segment and its Mechanical Construction segment, as well as aggressive management of overhead expenses in virtually all areas. For the 2005 first quarter, selling, general and administrative expenses ("SG&A") totaled \$93.4 million, or 8.5% of revenues, a decline of 7.1% compared to SG&A of \$100.5 million, or 9.1% of revenues in the first quarter of 2004.

As of March 31, 2005, contract backlog was \$2.72 billion, compared to backlog of \$2.75 billion at December 31, 2004 and \$3.08 billion at March 31, 2004. The reduction in backlog relative to the year ago period is consistent with the Company's strategy to conserve capacity to service the recovering private sector marketplace.

- MORE -

EMCOR Announces 2005 First Quarter Results

Page 2

Frank T. MacInnis, Chairman and CEO of EMCOR Group, stated, "As expected, the first quarter of 2005 saw the continuation of a gradual recovery in the markets we serve which, when combined with the actions we've taken within our organization, resulted in improved operating results across most of our operations. We saw solid improvement within our Mechanical segment, as well as improved results within our Facilities Services segment which continues to grow and gain share in the marketplace. We are also particularly pleased with our ongoing cost reduction initiatives, which resulted in a reduction in SG&A expenses of over 7% compared to year-ago levels."

Mr. MacInnis continued, "In early 2004 we announced that EMCOR would begin a process of "rebalancing" our contract backlog by reducing our proportional exposure to public-sector projects and conserving capacity for private-sector work. Our efforts were successful; in succeeding quarters we dramatically reduced our activity in the institutional market, particularly K-through-12 educational projects, and the current quarter reflects a strong increase in "systems-rich" healthcare projects, a demographically-driven market in which we have a long history of success. We will continue to exercise the contract selectivity and bidding discipline that is necessary to gain access to markets offering the greatest margin opportunities, and we expect our operating results to reflect these efforts."

Mr. MacInnis concluded, "As we enter a seasonally stronger period for our businesses, we are encouraged by the increased opportunities we are seeing in

Edgar Filing: EMCOR GROUP INC - Form 8-K

many of our markets. We are pleased with the improved performance of our operations, and expect to see a continuation of these trends as we move through the year. The markets we serve are continuing their gradual recovery, and as we move into the warmer months we are awaiting the return of higher-margin, small task discretionary projects that should become available. At this point, we continue to expect revenue in 2005 to be between \$4.4 billion and \$4.6 billion, and earnings per share for the year to be between \$2.00 and \$2.40."

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.

EMCOR Group's first quarter conference call will be available live via Internet broadcast today, Thursday, April 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.

MORE -

EMCOR Announces 2005 First Quarter Results

Page 3

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 2004 Form 10-K, its Form 10-Q for the first quarter ended March 31, 2005, 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)

Edgar Filing: EMCOR GROUP INC - Form 8-K

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Quarters Ended March 31,	
	2005 -----	2004 -----
Revenues	\$1,093,208	\$1,109,086
Cost of sales	993,125	1,007,923
	-----	-----
Gross profit	100,083	101,163
Selling, general and administrative expenses	93,384	100,533
Restructuring expenses	1,171	5,179
	-----	-----
Operating income (loss)	5,528	(4,549)
Interest expense, net	(1,640)	(1,678)
Minority interest	(865)	(468)
	-----	-----
Income (loss) before income taxes	3,023	(6,695)
Income tax provision (benefit)	1,110	(12,412)
	-----	-----
Net income	\$ 1,913	\$ 5,717
	=====	=====
Basic earnings per share	\$ 0.12	\$ 0.38
	=====	=====
Diluted earnings per share	\$ 0.12	\$ 0.37
	=====	=====
Weighted average shares of Common Stock outstanding:		
Basic	15,353,231	15,057,308
Diluted	15,699,488	15,462,941

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

	March 31, 2005 (Unaudited)	December 31, 2004
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 69,272	\$ 70,000
Accounts receivable, net	1,038,357	1,073,000
Costs and estimated earnings in excess of billings on uncompleted contracts	230,382	240,000

Edgar Filing: EMCOR GROUP INC - Form 8-K

Inventories	9,359	10
Prepaid expenses and other	30,674	30
	-----	-----
Total current assets	1,378,044	1,425
Investments, notes, and other long-term receivables	26,783	26
Property, plant & equipment, net	54,447	56
Goodwill	279,929	279
Identifiable intangible assets, net	17,921	18
Other assets	10,362	11
	-----	-----
Total assets	\$1,767,486	\$1,817
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Borrowings under working capital credit line	\$ 82,400	\$ 80
Current maturities of long-term debt and capital lease obligations	828	
Accounts payable	427,667	467
Billings in excess of costs and estimated earnings on uncompleted contracts	351,827	359
Accrued payroll and benefits	129,578	138
Other accrued expenses and liabilities	112,604	115
	-----	-----
Total current liabilities	1,104,904	1,162
Long-term debt and capital lease obligations	1,360	1
Other long-term obligations	96,788	91
Total stockholders' equity	564,434	562
	-----	-----
Total liabilities and stockholders' equity	\$1,767,486	\$1,817
	=====	=====

#