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EMCOR GROUP INC
Form 8-K
March 03, 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) February 26, 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 February 26, 2009, EMCOR Group, Inc. issued a press release disclosing

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results of operations for its fiscal 2008 fourth quarter ended December 31, 2008. 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 February 26, 2009 disclosing results of operations for its fiscal 2008 fourth quarter ended December 31, 2008.

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: February 26, 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 - 212-850-5600
Linden Alschuler & Kaplan, Inc.
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(212) 575-4545

EMCOR GROUP, INC. REPORTS RECORD FOURTH QUARTER
AND FULL YEAR 2008 RESULTS

- Fourth Quarter Operating Income Increases 17.2% to \$100.9 Million -
- Fourth Quarter Diluted EPS Increases 20.0% to \$0.90 -
- Full Year Record \$2.71 Diluted EPS from Continuing Operations,

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Up 45.7% over 2007 -

NORWALK, CONNECTICUT, February 26, 2009 - EMCOR Group, Inc. (NYSE: EME) today reported results for the fourth quarter and full year ended December 31, 2008.

For the 2008 fourth quarter, the Company reported net income of \$60.3 million, or \$0.90 per diluted share, an increase of 19.8% over net income of \$50.3 million, or \$0.75 per diluted share, in the fourth quarter of 2007. In the 2008 fourth quarter, revenues were \$1.68 billion compared to \$1.77 billion in the fourth quarter of 2007.

Operating income in the 2008 fourth quarter was \$100.9 million, an increase of 17.2% from operating income of \$86.1 million in the same quarter a year ago. As a percentage of revenues, operating income rose to a record 6.0% from 4.9% in the 2007 fourth quarter. Selling, general and administrative (SG&A) expenses were \$144.5 million, or 8.6% of revenues, in the fourth quarter of 2008, compared to \$153.9 million, or 8.7% of revenues, in the comparable prior year period. The Company's income tax rate for the 2008 fourth quarter was 39.7%, compared with 39.2% in the fourth quarter of 2007.

Contract backlog as of December 31, 2008 was \$4.00 billion, compared to backlog of \$4.49 billion as of December 31, 2007 and \$4.42 billion at the end of the 2008 third quarter. The decline in backlog was principally attributable to a decrease in the hospitality / gaming sector, particularly in the Las Vegas market, and the commercial sector mitigated by growth in the transportation, industrial, institutional and water and wastewater sectors.

EMCOR Reports Fourth Quarter Results

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For the 2008 full-year period, the Company reported net income of \$182.2 million, or \$2.71 per diluted share, an increase of 43.7% over net income of \$126.8 million, or \$1.90 per diluted share, in 2007. Revenues in the 2008 full-year period rose 14.5% to \$6.79 billion from \$5.93 billion in 2007. Organic revenue growth was 5.9% for the 2008 full-year period.

Operating income was \$302.6 million, or 4.5% of revenues for the 2008 full-year period, an increase of 51.4% over operating income of \$199.8 million, or 3.4% of revenues, in the same period last year. SG&A expenses were \$582.3 million, or 8.6% of revenues, for the 2008 full-year period, versus \$502.7 million, or 8.5% of revenues, in 2007.

The Company's results for the 2008 full-year period include a previously announced one-time charge of \$7.9 million, substantially all of which is non-cash, resulting from an adverse jury verdict and a \$7.0 million non-cash charge with respect to the impairment of the value of our equity investment in a joint venture; the diluted EPS impact of these two charges was approximately (\$0.14).

Frank T. MacInnis, Chairman and CEO of EMCOR Group, commented, "The 2008 fourth quarter marked the culmination of the most successful year in our Company's history. We significantly outperformed expectations as we continued to benefit from the steps we have taken to diversify our business across markets, services and geographies. Operating margins in the quarter and full year were records for their respective periods, reflecting the size and profitability of our U.S. Facilities Services segment, as well as our ongoing focus on bidding discipline, which continue to have a positive impact on our revenue mix, margin characteristics and earnings power. We also continued to generate excellent liquidity, achieving a 29% year-over-year increase in operating cash flows to a level of \$335 million."

Mr. MacInnis continued, "This quarter marks nearly 14 years of consistent

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profitability at EMCOR, a timeframe that has included several significant market down-cycles, and our performance underscores the ability of our business model to adapt to all economic circumstances. During this timeframe, we have successfully executed our long-term strategy to diversify our business and end markets and improve our long-term profitability through strategic acquisitions, enhanced management of the bidding process and the targeted growth of our Facilities Services business. As a result, going into the current down-cycle we are a larger, more balanced and more profitable company than ever before with a greater proportion of our business driven less by cyclical factors. We are also supported by a strong balance sheet, with substantial cash and no net debt, which benefits us in a market where financial strength and liquidity are increasingly becoming competitive differentiators."

EMCOR Reports Fourth Quarter Results

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Mr. MacInnis concluded, "While we are experiencing varying degrees of pressure on demand in most of our markets, we believe that EMCOR is better positioned to weather the current cycle than at any other time in its history. Our market diversification and disciplined management approach give us the flexibility to control our cost base and target sectors that are more likely to outperform, including those that may benefit from the economic stimulus package, as the current cycle evolves and ultimately improves. Although continued uncertainty in the credit markets may affect major capital projects, much of our business, including a substantial portion of our Facilities Services business, is derived from maintenance of existing facilities, the budgets for which are less likely to be the first to be cut in the current environment. While 2009 will be challenging, EMCOR has the market position, operational flexibility and financial strength and discipline necessary to adapt to these uncertain times and pursue its long-term growth strategy."

The Company noted that, based on the current size and scope of its contract backlog and assuming a continuation of existing market conditions, it expects to generate "base line" revenues of between \$6.0 billion and \$6.3 billion and is highly confident of its ability to generate 2009 full year diluted "base line" EPS from continuing operations of \$1.80. While a material deterioration of market conditions from current levels could cause the Company's performance to fall, early benefits from the economic stimulus plan, accretive acquisitions, and/or improved credit markets could provide opportunities to exceed the "base line" estimates.

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.

EMCOR Group's fourth quarter conference call will be available live via internet broadcast today, Thursday, February 26, at 10:30 AM Eastern Standard Time. You can access the live call through the Home Page of the Company's Web site at 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 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,

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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 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)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited)		For the Twelve Months Ended	
	For the Three Months Ended		December 31,	
	2008	2007	2008	2007
	----	----	----	----
Revenues	\$1,680,518	\$1,767,633	\$6,785,242	\$5,927,152
Cost of sales	1,433,349	1,527,334	5,898,591	5,224,330
	-----	-----	-----	-----
Gross profit	247,169	240,299	886,651	702,822
Selling, general and administrative expenses	144,543	153,943	582,317	502,654
Restructuring expenses	1,686	250	1,757	343
	-----	-----	-----	-----
Operating income	100,940	86,106	302,577	199,825
Interest (expense) income, net	(259)	(3,681)	(1,854)	3,975
Minority interest	(673)	(5)	(1,931)	(2,051)
	-----	-----	-----	-----
Income from continuing operations before income taxes	100,008	82,420	298,792	201,749
Income tax provision	39,721	32,336	116,588	77,706
	-----	-----	-----	-----
Income from continuing operations	60,287	50,084	182,204	124,043
Income from discontinued operation, net of income taxes	--	246	--	2,765
	-----	-----	-----	-----
Net income	\$ 60,287	\$ 50,330	\$ 182,204	\$ 126,808
	=====	=====	=====	=====
Basic earnings per common share:				
From continuing operations	\$ 0.92	\$ 0.77	\$ 2.79	\$ 1.93
From discontinued operation	--	0.00	--	0.04
	-----	-----	-----	-----
	\$ 0.92	\$ 0.77	\$ 2.79	\$ 1.97
	=====	=====	=====	=====
Diluted earnings per common share:				
From continuing operations	\$ 0.90	\$ 0.75	\$ 2.71	\$ 1.86
From discontinued operation	--	0.00	--	0.04
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	\$ 0.90 =====	\$ 0.75 =====	\$ 2.71 =====	\$ 1.90 =====
Weighted average shares of common stock outstanding:				
Basic	65,493,047	65,093,750	65,373,483	64,431,471
Diluted	66,852,379	67,051,600	67,117,261	66,731,936

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

	December 31, 2008 -----	December 31, 2007 -----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 405,869	\$ 251,637
Accounts receivable, net	1,390,973	1,435,268
Costs and estimated earnings in excess of billings on uncompleted contracts	105,441	155,060
Inventories	54,601	52,247
Prepaid expenses and other	53,856	56,935
Total current assets	2,010,740	1,951,147
Investments, notes and other long-term receivables	14,958	22,669
Property, plant & equipment, net	96,716	83,963
Goodwill	582,714	563,918
Identifiable intangible assets, net	292,128	252,146
Other assets	11,148	13,157
Total assets	\$3,008,404 =====	\$2,887,000 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Borrowings under working capital credit line	\$ --	\$ --
Current maturities of long-term debt and capital lease obligations	3,886	3,791
Accounts payable	500,881	537,314
Billings in excess of costs and estimated earnings on uncompleted contracts	601,834	582,572
Accrued payroll and benefits	221,564	215,554
Other accrued expenses and liabilities	184,990	190,349
Total current liabilities	1,513,155	1,529,580
Long-term debt and capital lease obligations	196,218	223,453

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Other long-term obligations	255,686	248,926
Total stockholders' equity	1,043,345	885,041
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Total liabilities and stockholders' equity	\$3,008,404	\$2,887,000
	=====	=====