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EMCOR GROUP INC
Form 8-K
April 27, 2006

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 27, 2006

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))

Item 2.02 Results of Operations and Financial Condition

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On April 27, 2006, EMCOR Group, Inc. issued a press release disclosing results of operations for the fiscal 2006 first quarter ended March 31, 2006. 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 April 27, 2006 disclosing results of operations for the fiscal 2006 first quarter ended March 31, 2006. |

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.

By: /s/ Frank T. MacInnis

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

Dated: April 27, 2006

Exhibit 99.1

EMCOR GROUP, INC. REPORTS 2006 FIRST QUARTER RESULTS

- First quarter income from continuing operations increases over 200% -
- Revenue, contract backlog post gains -

NORWALK, CONNECTICUT, April 27, 2006 - EMCOR Group, Inc. (NYSE: EME) today reported results for the first quarter ended March 31, 2006. The Company's financial results for the quarter have been adjusted to reflect its 2-for-1 stock split, effective February 10, 2006.

For the first quarter of 2006, the Company reported income from continuing operations of \$7.6 million, or \$0.24 per diluted share, more than three times its income from continuing operations of \$2.0 million, or \$0.06 per diluted share, in the first quarter of 2005. Including a loss from discontinued operations of \$0.6 million, or \$0.02 per diluted share, net income for the first quarter of 2006 was \$7.0 million, or \$0.22 per diluted share, compared to net

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income of \$1.9 million, or \$0.06 per diluted share (which included a loss from discontinued operations of \$0.1 million, or (\$0.00) per diluted share) in the first quarter of 2005. The Company's results for the 2006 first quarter also include expenses related to its adoption of FAS 123(R) (Accounting for Stock-Based Compensation) of \$0.4 million, or \$0.01 per diluted share, which were not present in the year ago period. In the first quarter of 2006, the Company reported revenues of \$1.15 billion, an increase of 6.2% over the first quarter of 2005.

Operating income for the 2006 first quarter was \$12.3 million, versus operating income in the first quarter of 2005 of \$5.7 million (including \$1.2 million of restructuring expenses primarily related to the Company's Canadian and UK operations), an increase of 115.4%. Excluding the impact of restructuring expenses in the 2005 first quarter, operating income rose 78.8%. As a percentage of revenue, operating income improved to 1.1% in the first quarter of 2006 from 0.5% a year ago. Selling, general and administrative (SG&A) expenses for the first quarter of 2006 were \$102.5 million, compared to \$92.3 million for the 2005 first quarter, reflecting higher compensation expense as a result of the Company's improved profitability, increased overall SG&A levels related to higher revenue in the period and the previously mentioned expenses related to FAS 123(R).

Contract backlog as of March 31, 2006 was \$2.82 billion, compared to \$2.76 billion at December 31, 2005, and \$2.72 billion at March 31, 2005. Private sector commercial backlog represented 37% of total backlog at March 31, 2006, versus 27% at March 31, 2005.

Frank T. MacInnis, Chairman and CEO of EMCOR Group, commented, "Our solid first quarter results reflect the benefits of the actions we have taken to better align our resources to the growth in demand for our services within the private sector. During the quarter, our backlog of private sector commercial work surpassed the \$1 billion mark for the first time, reflecting the steps we've taken to ensure our ability to participate in a recovery within this segment. At the same time, we saw profitable results across all our businesses, including both our Canadian and U.K. operations."

Mr. MacInnis continued, "A primary focus of EMCOR Group over the past several years has been the development of our U.S. facilities services business, where the benefits of market leadership include the ability to perform profitably during all stages of the market cycle. In the first quarter of 2006, we saw facilities services revenues rise by approximately 20% from year ago levels, driven primarily by organic growth. As more companies recognize the value and benefits of outsourcing their facilities services management needs, we expect to see continued strong performance and growth within this business."

Mr. MacInnis concluded, "We are pleased with the performance of our operations and expect to see a continuation of these trends as we move through the year. Overall, based on current market conditions, we continue to expect to generate revenues of between \$4.9 billion and \$5.1 billion in 2006, resulting in diluted earnings per share for the year of between \$1.54 and \$1.90, including \$0.06 per diluted share in expenses related to the Company's adoption of FAS 123(R) (Accounting for Stock-Based Compensation)."

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 first quarter conference call will be available live via Internet

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broadcast today, Thursday, April 27, 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.

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 2005 Form 10-K, its Form 10-Q for the first quarter ended March 31, 2006, 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.

EMCOR GROUP, INC.
FINANCIAL HIGHLIGHTS
(In thousands, except share and per share information)
(Unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

| | For the Three Months Ended March 31, | |
|---|---|-------------|
| | 2006 | 2005 |
| Revenues | \$1,151,077 | \$1,083,755 |
| Cost of sales | 1,036,244 | 984,553 |
| | 114,833 | 99,202 |
| Gross profit | | |
| Selling, general and administrative expenses | 102,506 | 92,307 |
| Restructuring expenses | -- | 1,171 |
| | 12,327 | 5,724 |
| Operating income | | |
| Interest income (expense) | 238 | (1,640) |
| Minority interest | (256) | (865) |
| | 12,309 | 3,219 |
| Income from continuing operations before income taxes | | |
| Income tax provision | 4,676 | 1,185 |
| | 7,633 | 2,034 |
| Income from continuing operations | | |
| Loss from discontinued operations, net of income | | |

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| | | |
|--|------------|------------|
| taxes | (620) | (121) |
| | ----- | ----- |
| Net income | \$ 7,013 | \$ 1,913 |
| | ===== | ===== |
| Basic earnings per share-continuing operations | \$ 0.24 | \$ 0.07 |
| Basic earnings per share-discontinued operations | (0.02) | (0.01) |
| | ----- | ----- |
| | \$ 0.22 | \$ 0.06 |
| | ===== | ===== |
| Diluted earnings per share-continuing operations | \$ 0.24 | \$ 0.06 |
| Diluted earnings per share-discontinued operations | (0.02) | (0.00) |
| | ----- | ----- |
| | \$ 0.22 | \$ 0.06 |
| | ===== | ===== |
| Weighted average shares of Common stock outstanding: | | |
| Basic | 31,314,293 | 30,706,462 |
| Diluted | 32,274,728 | 31,398,976 |

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

| | March 31, 2006 (Unaudited) | December 2005 |
|--|-------------------------------|------------------|
| | ----- | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 91,144 | \$ 103, |
| Accounts receivable, net | 1,066,577 | 1,046, |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 178,695 | 185, |
| Inventories | 9,583 | 10, |
| Prepaid expenses and other | 41,696 | 43, |
| | ----- | ----- |
| Total current assets | 1,387,695 | 1,389, |
| Investments, notes and other long-term receivables | 25,138 | 28, |
| Property, plant & equipment, net | 47,389 | 46, |
| Goodwill | 283,039 | 283, |
| Identifiable intangible assets, net | 16,197 | 16, |
| Other assets | 13,309 | 13, |
| | ----- | ----- |
| Total assets | \$1,772,767 | \$1,778, |
| | ===== | ===== |

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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | | |
|---|----|-------------|----------|
| Borrowings under working capital credit line | \$ | -- | \$ |
| Current maturities of long-term debt and capital lease obligations | | 616 | |
| Accounts payable | | 427,390 | 452, |
| Billings in excess of costs and estimated earnings on uncompleted contracts | | 353,049 | 330, |
| Accrued payroll and benefits | | 125,179 | 154, |
| Other accrued expenses and liabilities | | 99,375 | 107, |
| | | ----- | ----- |
| Total current liabilities | | 1,005,609 | 1,045, |
| Long-term debt and capital lease obligations | | 1,330 | 1, |
| Other long-term obligations | | 136,812 | 116, |
| Total stockholders' equity | | 629,016 | 615, |
| | | ----- | ----- |
| Total liabilities and stockholders' equity | | \$1,772,767 | \$1,778, |
| | | ===== | ===== |