

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, 2024**

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)

<u>Delaware</u> (State or Other Jurisdiction of Incorporation or Organization) 301 Merritt Seven Norwalk, Connecticut (Address of Principal Executive Offices)	<u>11-2125338</u> (I.R.S. Employer Identification Number) 06851-1092 (Zip Code) (203) 849-7800 (Registrant's Telephone Number, Including Area Code)
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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock	EME	New York Stock Exchange

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 19, 2024: 46,657,365 shares.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They generally contain words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “may,” “can,” “could,” “might,” variations of such wording and other words or phrases of similar meaning. Forward-looking statements in this report include discussions of our future operating or financial performance and other forward-looking commentary regarding aspects of our business, including market share growth, gross profit, remaining performance obligations, project mix, projects with varying profit margins and contractual terms, selling, general and administrative expenses, our ability to maintain a strong safety record, and trends in our business, and other characterizations of future events or circumstances, such as the effects of supply chain disruptions and delays. Each forward-looking statement included in this report is subject to risks and uncertainties, including those identified in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section, and other sections of this report, and in our Form 10-K for the year ended December 31, 2023, including, without limitation, the “Risk Factors” section of such Form 10-K. Applicable risks and uncertainties include, but are not limited to:

- adverse effects of general economic conditions;
- domestic and international political developments and/or conflicts;
- changes in the specific markets for EMCOR’s services;
- adverse business conditions, including scarcity of skilled labor, productivity challenges, the nature and extent of supply chain disruptions impacting availability and pricing of materials, and inflationary trends more generally, including fluctuations in energy costs;
- the impact of legislation and/or government regulations;
- changes in interest rates;
- the availability of adequate levels of surety bonding;
- increased competition;
- unfavorable developments in the mix of our business; and
- other factors discussed elsewhere in this report.

Such risks and uncertainties could cause actual results to differ materially from those that might be anticipated from, or projected or implied by, our forward-looking statements. Accordingly, these statements do not guarantee future performance or events. The forward-looking statements contained in this report speak only as of the filing date of this report. We undertake no obligation to update any forward-looking statements unless required by law. However, any further disclosures made on related subjects in our subsequent reports filed with the Securities and Exchange Commission (the “SEC”) should be consulted. We caution investors not to place undue reliance on forward-looking statements, due to their inherent uncertainty.

PART I. – FINANCIAL INFORMATION.
ITEM 1. FINANCIAL STATEMENTS.
EMCOR Group, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	(Unaudited) June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 807,318	\$ 789,750
Accounts receivable, less allowance for credit losses of \$ 33,251 and \$22,502, respectively	3,459,270	3,203,490
Contract assets	293,677	269,885
Inventories	103,896	110,774
Prepaid expenses and other	76,628	73,072
Total current assets	4,740,789	4,446,971
Property, plant, and equipment, net	201,168	179,378
Operating lease right-of-use assets	331,313	310,498
Goodwill	998,571	956,549
Identifiable intangible assets, net	661,920	586,032
Other assets	138,788	130,293
Total assets	<u>\$ 7,072,549</u>	<u>\$ 6,609,721</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 922,002	\$ 935,967
Contract liabilities	1,783,909	1,595,109
Accrued payroll and benefits	584,113	596,936
Other accrued expenses and liabilities	304,482	315,107
Operating lease liabilities, current	78,726	75,236
Total current liabilities	3,673,232	3,518,355
Operating lease liabilities, long-term	279,465	259,430
Other long-term obligations	374,255	361,121
Total liabilities	<u>4,326,952</u>	<u>4,138,906</u>
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, 61,174,621 and 61,094,042 shares issued, respectively	612	611
Capital surplus	92,434	91,813
Accumulated other comprehensive loss	(85,709)	(85,704)
Retained earnings	4,238,867	3,814,439
Treasury stock, at cost 14,462,271 and 14,046,777 shares, respectively	(1,501,644)	(1,351,381)
Total EMCOR Group, Inc. stockholders' equity	2,744,560	2,469,778
Noncontrolling interests	1,037	1,037
Total equity	2,745,597	2,470,815
Total liabilities and equity	<u>\$ 7,072,549</u>	<u>\$ 6,609,721</u>

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Revenues	\$ 3,666,897	\$ 3,045,622	\$ 7,099,173	\$ 5,936,054
Cost of sales	2,982,896	2,555,562	5,825,863	5,009,932
Gross profit	684,001	490,060	1,273,310	926,122
Selling, general and administrative expenses	351,193	293,393	680,549	574,545
Operating income	332,808	196,667	592,761	351,577
Net periodic pension income (cost)	221	(282)	443	(556)
Interest income (expense), net	6,106	(2,692)	13,647	(4,524)
Income before income taxes	339,135	193,693	606,851	346,497
Income tax provision	91,563	53,098	162,130	94,429
Net income	\$ 247,572	\$ 140,595	\$ 444,721	\$ 252,068
Basic earnings per common share	\$ 5.27	\$ 2.97	\$ 9.45	\$ 5.30
Diluted earnings per common share	\$ 5.25	\$ 2.95	\$ 9.41	\$ 5.28
Dividends declared per common share	\$ 0.25	\$ 0.18	\$ 0.43	\$ 0.33

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net income	\$ 247,572	\$ 140,595	\$ 444,721	\$ 252,068
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	245	3,614	(971)	5,871
Post-retirement plans, amortization of actuarial loss included in net income ⁽¹⁾	482	534	966	1,053
Other comprehensive income (loss)	727	4,148	(5)	6,924
Comprehensive income	\$ 248,299	\$ 144,743	444,716	258,992

(1) Net of tax of \$0.2 million for each of the three months ended June 30, 2024 and 2023, and net of tax of \$0.3 million and \$0.4 million for the six months ended June 30, 2024 and 2023, respectively.

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)(Unaudited)

	Six months ended	
	June 30,	
	2024	2023
Cash flows - operating activities:		
Net income	\$ 444,721	\$ 252,068
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,408	25,393
Amortization of identifiable intangible assets	36,412	32,100
Provision for credit losses	12,251	3,115
Non-cash share-based compensation expense	11,371	7,535
Other reconciling items	(5,240)	(6,800)
Changes in operating assets and liabilities, excluding the effect of businesses acquired	(114,965)	(98,479)
Net cash provided by operating activities	411,958	214,932
Cash flows - investing activities:		
Payments for acquisitions of businesses, net of cash acquired	(173,265)	(22,384)
Proceeds from sale or disposal of property, plant, and equipment	1,655	10,514
Purchases of property, plant, and equipment	(39,529)	(36,564)
Net cash used in investing activities	(211,139)	(48,434)
Cash flows - financing activities:		
Proceeds from revolving credit facility	—	100,000
Repayments of revolving credit facility	—	(100,000)
Repayments of finance lease liabilities	(1,393)	(1,477)
Dividends paid to stockholders	(20,219)	(15,714)
Repurchases of common stock	(149,009)	(105,299)
Taxes paid related to net share settlements of equity awards	(11,766)	(5,295)
Issuances of common stock under employee stock purchase plan	943	4,441
Payments for contingent consideration arrangements	—	(3,026)
Net cash used in financing activities	(181,444)	(126,370)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(927)	5,856
Increase in cash, cash equivalents, and restricted cash	18,448	45,984
Cash, cash equivalents, and restricted cash at beginning of year ⁽¹⁾	789,750	457,068
Cash, cash equivalents, and restricted cash at end of period ⁽²⁾	\$ 808,198	\$ 503,052

(1) Includes \$0.6 million of restricted cash classified as "Prepaid expenses and other" in the Consolidated Balance Sheets as of December 31, 2022.

(2) Includes \$0.9 million of restricted cash classified as "Prepaid expenses and other" in the Consolidated Balance Sheets as of June 30, 2024.

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the three months ended June 30, 2023 and 2024
(In thousands)(Unaudited)

	EMCOR Group, Inc. Stockholders						
	Total	Common stock	Capital surplus	Accumulated other comprehensive loss ⁽¹⁾	Retained earnings	Treasury stock	Noncontrolling interests
Balance, March 31, 2023	\$ 2,066,325	\$ 610	\$ 75,850	\$ (90,675)	\$ 3,318,560	\$ (1,238,722)	\$ 702
Net income	140,595	—	—	—	140,595	—	—
Other comprehensive income	4,148	—	—	4,148	—	—	—
Common stock issued under share-based compensation plans	—	1	(1)	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(53)	—	(53)	—	—	—	—
Common stock issued under employee stock purchase plan	2,273	—	2,273	—	—	—	—
Common stock dividends	(8,563)	—	39	—	(8,602)	—	—
Repurchases of common stock	(90,086)	—	—	—	—	(90,086)	—
Share-based compensation expense	3,448	—	3,448	—	—	—	—
Balance, June 30, 2023	<u>\$ 2,118,087</u>	<u>\$ 611</u>	<u>\$ 81,556</u>	<u>\$ (86,527)</u>	<u>\$ 3,450,553</u>	<u>\$ (1,328,808)</u>	<u>\$ 702</u>
Balance, March 31, 2024	\$ 2,615,382	\$ 612	\$ 87,673	\$ (86,436)	\$ 4,003,079	\$ (1,390,583)	\$ 1,037
Net income	247,572	—	—	—	247,572	—	—
Other comprehensive income	727	—	—	727	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(118)	—	(118)	—	—	—	—
Common stock dividends	(11,749)	—	35	—	(11,784)	—	—
Repurchases of common stock	(111,061)	—	—	—	—	(111,061)	—
Share-based compensation expense	4,844	—	4,844	—	—	—	—
Balance, June 30, 2024	<u>\$ 2,745,597</u>	<u>\$ 612</u>	<u>\$ 92,434</u>	<u>\$ (85,709)</u>	<u>\$ 4,238,867</u>	<u>\$ (1,501,644)</u>	<u>\$ 1,037</u>

(1) Represents cumulative foreign currency translation adjustments and post-retirement liability adjustments.

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
For the six months ended June 30, 2023 and 2024
(In thousands)(Unaudited)

	EMCOR Group, Inc. Stockholders						
	Total	Common stock	Capital surplus	Accumulated other comprehensive loss ⁽¹⁾	Retained earnings	Treasury stock	Noncontrolling interests
Balance, December 31, 2022	\$ 1,974,291	\$ 609	\$ 74,795	\$ (93,451)	\$ 3,214,281	\$ (1,222,645)	\$ 702
Net income	252,068	—	—	—	252,068	—	—
Other comprehensive income	6,924	—	—	6,924	—	—	—
Common stock issued under share-based compensation plans	—	2	(2)	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(5,295)	—	(5,295)	—	—	—	—
Common stock issued under employee stock purchase plan	4,441	—	4,441	—	—	—	—
Common stock dividends	(15,714)	—	82	—	(15,796)	—	—
Repurchases of common stock	(106,163)	—	—	—	—	(106,163)	—
Share-based compensation expense	7,535	—	7,535	—	—	—	—
Balance, June 30, 2023	\$ 2,118,087	\$ 611	\$ 81,556	\$ (86,527)	\$ 3,450,553	\$ (1,328,808)	\$ 702
Balance, December 31, 2023	\$ 2,470,815	\$ 611	\$ 91,813	\$ (85,704)	\$ 3,814,439	\$ (1,351,381)	\$ 1,037
Net income	444,721	—	—	—	444,721	—	—
Other comprehensive loss	(5)	—	—	(5)	—	—	—
Common stock issued under share-based compensation plans	—	1	(1)	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(11,766)	—	(11,766)	—	—	—	—
Common stock issued under employee stock purchase plan	943	—	943	—	—	—	—
Common stock dividends	(20,219)	—	74	—	(20,293)	—	—
Repurchases of common stock	(150,263)	—	—	—	—	(150,263)	—
Share-based compensation expense	11,371	—	11,371	—	—	—	—
Balance, June 30, 2024	\$ 2,745,597	\$ 612	\$ 92,434	\$ (85,709)	\$ 4,238,867	\$ (1,501,644)	\$ 1,037

(1) Represents cumulative foreign currency translation adjustments and post-retirement liability adjustments.

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

NOTE 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted. References to the "Company," "EMCOR," "we," "us," "our," and similar words refer to EMCOR Group, Inc. and its consolidated subsidiaries unless the context indicates otherwise. Readers of this report should refer to the consolidated financial statements and the notes thereto included in our latest Annual Report on Form 10-K filed with the Securities and Exchange Commission.

In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of those of a normal recurring nature) necessary to present fairly our financial position and the results of our operations.

The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024.

NOTE 2 - New Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (the "FASB") issued an Accounting Standards Update ("ASU"), which expands the required disclosure for reportable segments. This guidance requires entities to disclose significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all segment disclosures which are currently required annually. This ASU additionally requires entities to disclose the title and position of the individual or the name of the group or committee identified as its chief operating decision-maker. Such guidance, which is required to be applied retrospectively, is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, although early adoption is permitted. While the adoption of this ASU will not have an impact on our financial position and/or results of operations, we are currently evaluating the impact to our segment disclosures.

In December 2023, the FASB issued an ASU intended to enhance the transparency and decision-usefulness of income tax disclosures. Such guidance requires entities to provide additional information within their income tax rate reconciliation, including further disclosure of federal, state, and foreign income taxes and to provide more details about these reconciling items if a quantitative threshold is met. This guidance additionally requires expanded disclosure of income taxes paid, including amounts paid for federal, state, and foreign taxes. This ASU, which is required to be applied prospectively, is effective for fiscal years beginning after December 15, 2024, although early adoption and retrospective application is permitted. While the adoption of this ASU will not have an impact on our financial position and/or results of operations, we are currently evaluating the impact on our income tax disclosures, including the processes and controls around the collection of this information.

NOTE 3 - Revenue from Contracts with Customers

The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services by applying the following five step model:

(1) Identify the contract with a customer

A contract with a customer exists when: (a) the parties have approved the contract and are committed to perform their respective obligations, (b) the rights of the parties can be identified, (c) payment terms can be identified, (d) the arrangement has commercial substance, and (e) collectability of consideration is probable. Judgment is required when determining if the contractual criteria are met, specifically in the earlier stages of a project when a formally executed contract may not yet exist. In these situations, the Company evaluates all relevant facts and circumstances, including the existence of other forms of documentation or historical experience with our customers that may indicate a contractual agreement is in place and revenue should be recognized. In determining if the collectability of consideration is probable, the Company considers the customer's ability and intention to pay such consideration through an evaluation of several factors, including an assessment of the creditworthiness of the customer and our prior collection history with such customer.

EMCOR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - Revenue from Contracts with Customers (Continued)

(2) Identify the performance obligations in the contract

At contract inception, the Company assesses the goods or services promised in a contract and identifies, as a separate performance obligation, each distinct promise to transfer goods or services to the customer. The identified performance obligations represent the “unit of account” for purposes of determining revenue recognition. In order to properly identify separate performance obligations, the Company applies judgment in determining whether each good or service provided is: (a) capable of being distinct, whereby the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and (b) distinct within the context of the contract, whereby the transfer of the good or service to the customer is separately identifiable from other promises in the contract.

In addition, when assessing performance obligations within a contract, the Company considers the warranty provisions included within such contract. To the extent the warranty terms provide the customer with an additional service, other than assurance that the promised good or service complies with agreed upon specifications, such warranty is accounted for as a separate performance obligation. In determining whether a warranty provides an additional service, the Company considers each warranty provision in comparison to warranty terms which are standard in the industry.

Our contracts are often modified through change orders to account for changes in the scope and price of the goods or services we are providing. Although the Company evaluates each change order to determine whether such modification creates a separate performance obligation, the majority of our change orders are for goods or services that are not distinct within the context of our original contract and, therefore, are not treated as separate performance obligations.

(3) Determine the transaction price

The transaction price represents the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to our customers. The consideration promised within a contract may include fixed amounts, variable amounts, or both. To the extent the performance obligation includes variable consideration, including contract bonuses and penalties that can either increase or decrease the transaction price, the Company estimates the amount of variable consideration to be included in the transaction price utilizing one of two prescribed methods, depending on which method better predicts the amount of consideration to which the entity will be entitled. Such methods include: (a) the expected value method, whereby the amount of variable consideration to be recognized represents the sum of probability-weighted amounts in a range of possible consideration amounts, and (b) the most likely amount method, whereby the amount of variable consideration to be recognized represents the single most likely amount in a range of possible consideration amounts. When applying these methods, the Company considers all information that is reasonably available, including historical, current, and estimates of future performance. The expected value method is typically utilized in situations where a contract contains a large number of possible outcomes while the most likely amount method is typically utilized in situations where a contract has only two possible outcomes.

Variable consideration is included in the transaction price only to the extent it is probable, in the Company's judgment, that a significant future reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This threshold is referred to as the variable consideration constraint. In assessing whether to apply the variable consideration constraint, the Company considers if factors exist that could increase the likelihood or the magnitude of a potential reversal of revenue, including, but not limited to, whether: (a) the amount of consideration is highly susceptible to factors outside of the Company's influence, such as the actions of third parties, (b) the uncertainty surrounding the amount of consideration is not expected to be resolved for a long period of time, (c) the Company's experience with similar types of contracts is limited or that experience has limited predictive value, (d) the Company has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances, and (e) the contract has a large number and broad range of possible consideration amounts.

Pending change orders represent one of the most common forms of variable consideration included within contract value and typically represent contract modifications for which a change in scope has been authorized or acknowledged by our customer but the final adjustment to contract price is yet to be negotiated. In estimating the transaction price for pending change orders, the Company considers all relevant facts, including documented correspondence with the customer regarding acknowledgment of and/or agreement with the modification, as well as historical experience with the customer or similar contractual circumstances. Based upon this assessment, the Company estimates the transaction price, including whether the variable consideration constraint should be applied.

EMCOR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

NOTE 3 - Revenue from Contracts with Customers (Continued)

Contract claims are another form of variable consideration which is common within our industry. Claim amounts represent revenue that has been recognized for contract modifications that are not submitted or are in dispute as to both scope and price. In estimating the transaction price for claims, the Company considers all relevant facts available. However, given the uncertainty surrounding claims, including the potential long-term nature of dispute resolution and the broad range of possible consideration amounts, there is an increased likelihood that any additional contract revenue associated with contract claims is constrained. The resolution of claims involves negotiations and, in certain cases, litigation. In the event litigation costs are incurred by us in connection with claims, such litigation costs are expensed as incurred, although we may seek to recover these costs.

For some transactions, the receipt of consideration does not match the timing of the transfer of goods or services to the customer. For such contracts, the Company evaluates whether this timing difference represents a financing arrangement within the contract. Although rare, if a contract is determined to contain a significant financing component, the Company adjusts the promised amount of consideration for the effects of the time value of money when determining the transaction price of such contract. Although our customers may retain a portion of the contract price until completion of the project and final contract settlement, these retainage amounts are not considered a significant financing component as the intent of the withheld amounts is to provide the customer with assurance that we will complete our obligations under the contract rather than to provide financing to the customer. In addition, although we may be entitled to advanced payments from our customers on certain contracts, these advanced payments generally do not represent a significant financing component as the payments are used to meet working capital demands that can be higher in the early stages of a contract, as well as to protect us from our customer failing to meet its obligations under the contract.

Changes in the estimates of transaction prices are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. Such changes in estimates can result in the recognition of revenue in a current period for performance obligations which were satisfied or partially satisfied in prior periods. Such changes in estimates may also result in the reversal of previously recognized revenue if the ultimate outcome differs from the Company's previous estimate.

(4) Allocate the transaction price to the performance obligations in the contract

For contracts that contain multiple performance obligations, the Company allocates the transaction price to each performance obligation based on a relative standalone selling price. The Company determines the standalone selling price based on the price at which the performance obligation would have been sold separately in similar circumstances to similar customers. If the standalone selling price is not observable, the Company estimates the standalone selling price taking into account all available information such as market conditions and internal pricing guidelines. In certain circumstances, the standalone selling price is determined using an expected profit margin on anticipated costs related to the performance obligation.

(5) Recognize revenue as performance obligations are satisfied

The Company recognizes revenue at the time the related performance obligation is satisfied by transferring a promised good or service to its customers. A good or service is considered to be transferred when the customer obtains control. The Company can transfer control of a good or service and satisfy its performance obligations either over time or at a point in time. The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time if one of the following three criteria are met: (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as we perform, (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or (c) the Company's performance does not create an asset with an alternative use to us, and we have an enforceable right to payment for performance completed to date.

For our performance obligations satisfied over time, we recognize revenue by measuring the progress toward complete satisfaction of that performance obligation. The selection of the method to measure progress towards completion can be either an input method or an output method and requires judgment based on the nature of the goods or services to be provided.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)

For our construction contracts, revenue is generally recognized over time as our performance creates or enhances an asset that the customer controls as it is created or enhanced. Our fixed price construction projects generally use a cost-to-cost input method to measure our progress towards complete satisfaction of the performance obligation as we believe it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. For our unit price construction contracts, progress towards complete satisfaction is measured through an output method, such as the number of units produced or delivered, when our performance does not produce significant amounts of work in process or finished goods prior to complete satisfaction of such performance obligations.

For our services contracts, revenue is also generally recognized over time as the customer simultaneously receives and consumes the benefits of our performance as we perform the service. For our fixed price service contracts with specified service periods, revenue is generally recognized on a straight-line basis over such service period when our inputs are expended evenly and the customer receives and consumes the benefits of our performance throughout the contract term.

The timing of revenue recognition for the manufacturing of new build heat exchangers within our United States industrial services segment depends on the payment terms of the contract, as our performance does not create an asset with an alternative use to us. For those contracts for which we have a right to payment for performance completed to date at all times throughout our performance, inclusive of a cancellation, we recognize revenue over time. For these performance obligations, we use a cost-to-cost input method to measure our progress towards complete satisfaction of the performance obligation as we believe it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. However, for those contracts for which we do not have a right, at all times, to payment for performance completed to date, we recognize revenue at the point in time when control is transferred to the customer. For bill-and-hold arrangements, revenue is recognized when the customer obtains control of the heat exchanger, which may be prior to shipping if certain recognition criteria are met.

For certain of our revenue streams, such as call-out repair and service work, outage services, refinery turnarounds, and specialty welding services that are performed under time and materials contracts, our progress towards complete satisfaction of such performance obligations is measured using an output method as the customer receives and consumes the benefits of our performance completed to date.

Changes in Estimates

Due to uncertainties inherent in the estimation process, as well as the significant judgment involved in determining variable consideration, it is possible that estimates of costs to complete a performance obligation, and/or our estimates of transaction prices, will be revised in the near term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, or changes in the estimate of transaction prices, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicates a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

Based on an evaluation of individual projects that were substantially complete in prior periods but had revisions to total estimated cost or anticipated contract value that resulted in an increase to profitability in excess of \$1.0 million, we recognized revenue during the three and six months ended June 30, 2024 and 2023, as summarized in the following table (in thousands):

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
United States electrical construction and facilities services	\$ 3,076	\$ —	\$ 8,413	\$ —
United States mechanical construction and facilities services	9,540	8,036	8,461	8,999
Total impact	\$ 12,616	\$ 8,036	\$ 16,874	\$ 8,999

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)

During the three months ended June 30, 2024, we recognized \$ 12.3 million of gross profit on two contracts, which are currently in process, as a result of favorable developments on certain outstanding claims. Of this amount, \$8.4 million was reported within our United States electrical construction and facilities services segment and \$3.9 million was reported within our United States mechanical construction and facilities services segment.

Based on an evaluation of individual projects that had revisions to total estimated costs or anticipated contract value that resulted in a reduction of profitability in excess of \$1.0 million, our operating results were negatively impacted during the three and six months ended June 30, 2024 and 2023, as summarized in the following table (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
United States electrical construction and facilities services	\$ 12,292	\$ 2,616	\$ 16,485	\$ 8,345
United States mechanical construction and facilities services	7,886	—	14,620	2,686
United States building services	—	1,084	—	1,544
Total impact	\$ 20,178	\$ 3,700	\$ 31,105	\$ 12,575

Disaggregation of Revenues

Our revenues are principally derived from contracts to provide construction services relating to electrical and mechanical systems, as well as to provide a number of building services and industrial services to our customers. Our contracts are with many different customers in numerous industries.

The following tables provide further disaggregation of our revenues, by categories we use to evaluate our financial performance within each of our reportable segments, for the three and six months ended June 30, 2024 and 2023 (in thousands, except for percentages). Refer to Note 14 - Segment Information of the notes to consolidated financial statements for additional information on how we disaggregate our revenues by reportable segment.

	For the three months ended June 30,			
	2024	% of Total	2023	% of Total
United States electrical construction and facilities services:				
Network and communications market sector	\$ 325,021	40 %	\$ 215,288	32 %
Commercial market sector	69,551	9 %	93,820	14 %
Manufacturing and industrial market sector	103,375	13 %	95,883	14 %
Healthcare market sector	61,577	8 %	64,813	9 %
High-tech manufacturing market sector	53,103	7 %	38,039	6 %
Institutional market sector	38,501	5 %	37,250	5 %
Transportation market sector	56,357	7 %	41,247	6 %
Water and wastewater market sector	11,092	1 %	4,603	1 %
Hospitality and entertainment market sector	16,353	2 %	19,750	3 %
Short-duration projects ⁽¹⁾	51,224	6 %	50,740	7 %
Service work	15,433	2 %	17,276	3 %
	801,587		678,709	
Less intersegment revenues	(1,593)		(542)	
Total segment revenues	\$ 799,994		\$ 678,167	

(1) Represents those projects which generally are completed within three months or less.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)

	For the three months ended June 30,			
	2024	% of Total	2023	% of Total
United States mechanical construction and facilities services:				
Network and communications market sector	\$ 174,623	11 %	\$ 87,034	7 %
Commercial market sector	272,368	16 %	289,304	24 %
Manufacturing and industrial market sector	204,649	12 %	166,051	14 %
Healthcare market sector	156,171	9 %	117,842	10 %
High-tech manufacturing market sector	376,876	23 %	177,653	15 %
Institutional market sector	126,030	8 %	71,626	6 %
Transportation market sector	15,650	1 %	9,229	1 %
Water and wastewater market sector	87,009	5 %	67,286	6 %
Hospitality and entertainment market sector	16,775	1 %	13,531	1 %
Short-duration projects ⁽¹⁾	77,615	5 %	73,978	6 %
Service work	149,165	9 %	122,278	10 %
	1,656,931		1,195,812	
Less intersegment revenues	(1,750)		(1,699)	
Total segment revenues	\$ 1,655,181		\$ 1,194,113	

(1) Represents those projects which generally are completed within three months or less.

	For the three months ended June 30,			
	2024	% of Total	2023	% of Total
United States building services:				
Mechanical services	\$ 581,735	75 %	\$ 514,505	66 %
Commercial site-based services	151,872	19 %	207,323	27 %
Government site-based services	47,501	6 %	53,184	7 %
Total segment revenues	\$ 781,108		\$ 775,012	

	For the three months ended June 30,			
	2024	% of Total	2023	% of Total
United States industrial services:				
Field services	\$ 275,871	85 %	\$ 250,877	86 %
Shop services	48,176	15 %	41,406	14 %
Total segment revenues	\$ 324,047		\$ 292,283	
Total United States operations	\$ 3,560,330		\$ 2,939,575	

	For the three months ended June 30,			
	2024	% of Total	2023	% of Total
United Kingdom building services:				
Service work	\$ 51,160	48 %	\$ 51,682	49 %
Project work	55,407	52 %	54,365	51 %
Total segment revenues	\$ 106,567		\$ 106,047	
Total operations	\$ 3,666,897		\$ 3,045,622	

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)

	For the six months ended June 30,			
	2024	% of Total	2023	% of Total
United States electrical construction and facilities services:				
Network and communications market sector	\$ 634,561	41 %	\$ 429,039	32 %
Commercial market sector	162,999	10 %	190,918	14 %
Manufacturing and industrial market sector	203,926	13 %	181,124	14 %
Healthcare market sector	114,957	7 %	120,316	9 %
High-tech manufacturing market sector	88,346	6 %	68,593	5 %
Institutional market sector	76,571	5 %	74,661	6 %
Transportation market sector	99,981	6 %	75,149	6 %
Water and wastewater market sector	15,299	1 %	12,061	1 %
Hospitality and entertainment market sector	38,308	2 %	39,802	3 %
Short-duration projects ⁽¹⁾	102,283	7 %	98,420	7 %
Service work	29,558	2 %	34,153	3 %
	1,566,789		1,324,236	
Less intersegment revenues	(2,084)		(1,323)	
Total segment revenues	<u>\$ 1,564,705</u>		<u>\$ 1,322,913</u>	

(1) Represents those projects which generally are completed within three months or less.

	For the six months ended June 30,			
	2024	% of Total	2023	% of Total
United States mechanical construction and facilities services:				
Network and communications market sector	\$ 305,704	10 %	\$ 186,455	8 %
Commercial market sector	532,138	17 %	545,150	24 %
Manufacturing and industrial market sector	392,375	13 %	307,686	13 %
Healthcare market sector	273,424	9 %	230,570	10 %
High-tech manufacturing market sector	687,806	22 %	294,449	13 %
Institutional market sector	224,384	7 %	135,674	6 %
Transportation market sector	29,662	1 %	21,447	1 %
Water and wastewater market sector	150,443	5 %	135,948	6 %
Hospitality and entertainment market sector	29,630	1 %	23,608	1 %
Short-duration projects ⁽¹⁾	182,831	6 %	155,395	7 %
Service work	277,515	9 %	239,466	11 %
	3,085,912		2,275,848	
Less intersegment revenues	(3,066)		(3,177)	
Total segment revenues	<u>\$ 3,082,846</u>		<u>\$ 2,272,671</u>	

(1) Represents those projects which generally are completed within three months or less.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)

	For the six months ended June 30,			
	2024	% of Total	2023	% of Total
United States building services:				
Mechanical services	\$ 1,095,883	70 %	\$ 977,039	65 %
Commercial site-based services	370,501	24 %	416,694	28 %
Government site-based services	95,884	6 %	106,654	7 %
Total segment revenues	<u>\$ 1,562,268</u>		<u>\$ 1,500,387</u>	
United States industrial services:				
Field services	\$ 585,672	86 %	\$ 536,721	86 %
Shop services	92,428	14 %	86,445	14 %
Total segment revenues	<u>\$ 678,100</u>		<u>\$ 623,166</u>	
Total United States operations	<u>\$ 6,887,919</u>		<u>\$ 5,719,137</u>	
United Kingdom building services:				
Service work	\$ 101,004	48 %	\$ 103,345	48 %
Project work	110,250	52 %	113,572	52 %
Total segment revenues	<u>\$ 211,254</u>		<u>\$ 216,917</u>	
Total operations	<u>\$ 7,099,173</u>		<u>\$ 5,936,054</u>	

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recognized in the period we deliver goods and services to our customers or when our right to consideration is unconditional. The Company maintains an allowance for credit losses to reduce outstanding receivables to their net realizable value. Judgment is required when determining expected credit losses. Estimates of such losses are recorded when we believe a customer, or group of customers, may not be able to meet their financial obligations due to deterioration in financial condition or credit rating. Factors relevant to our assessment include our prior collection history with our customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions. In addition to monitoring delinquent accounts, management reviews the credit quality of its receivables by, among other things, obtaining credit ratings of significant customers, assessing economic and market conditions, and evaluating material changes to a customer's business, cash flows, and financial condition.

At June 30, 2024 and December 31, 2023, our allowance for credit losses was \$ 33.3 million and \$22.5 million, respectively. The increase in our allowance for credit losses was primarily due to a reserve taken in the first quarter of 2024 for a specific customer bankruptcy within the commercial site-based services division of our United States building services segment. Allowances for credit losses are based on the best facts available and are reassessed and adjusted on a regular basis as additional information is received. Should anticipated collections fail to materialize, or if future economic conditions compare unfavorably to our forecasts, we could experience an increase in our credit losses.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)

The change in the allowance for credit losses for the six months ended June 30, 2024 was as follows (in thousands):

Balance at December 31, 2023	\$	22,502
Provision for credit losses		12,251
Amounts written off against the allowance, net of recoveries		(1,502)
Balance at June 30, 2024	\$	33,251

Contract Assets and Contract Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets include unbilled amounts from our construction projects when revenues recognized under the cost-to-cost measure of progress exceed the amounts invoiced to our customers, as the amounts are not yet billable under the terms of our contracts. Such amounts are recoverable from our customers based upon various measures of performance, including achievement of certain milestones, completion of specified units, or completion of a contract. In addition, many of our time and materials arrangements, as well as our contracts to perform turnaround services within the United States industrial services segment, are billed in arrears pursuant to contract terms that are standard within the industry, resulting in contract assets and/or unbilled receivables being recorded as revenue is recognized in advance of billings.

Also included in contract assets are amounts we seek or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders or modifications in dispute or unapproved as to scope and/or price, or other customer-related causes of unanticipated additional contract costs (claims and unapproved change orders). Our contract assets do not include capitalized costs to obtain and fulfill a contract. Contract assets are generally classified as current within the Consolidated Balance Sheets.

Contract liabilities from our construction contracts arise when amounts invoiced to our customers exceed revenues recognized under the cost-to-cost measure of progress. Contract liabilities additionally include advanced payments from our customers on certain contracts. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation and are recorded as either current or long-term, depending upon when we expect to recognize such revenue. The long-term portion of contract liabilities is included in "Other long-term obligations" in the Consolidated Balance Sheets.

Net contract liabilities in the accompanying Consolidated Balance Sheets consisted of the following amounts as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Contract assets, current	\$ 293,677	\$ 269,885
Contract assets, non-current	—	—
Contract liabilities, current	(1,783,909)	(1,595,109)
Contract liabilities, non-current	(1,667)	(1,812)
Net contract liabilities	\$ (1,491,899)	\$ (1,327,036)

Contract assets and contract liabilities increased by approximately \$ 1.0 million and \$29.6 million, respectively, as a result of acquisitions made by us in 2024. Excluding the impact of acquisitions, net contract liabilities increased by approximately \$136.3 million during the six months ended June 30, 2024, primarily due to an increase in net contract liabilities on our uncompleted construction projects, partially as a result of the timing of invoicing to our customers as we continue to effectively manage our working capital. There was no significant impairment of contract assets recognized during the periods presented.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)
Transaction Price Allocated to Remaining Unsatisfied Performance Obligations

The following table presents the transaction price allocated to remaining unsatisfied performance obligations ("remaining performance obligations") for each of our reportable segments and their respective percentages of total remaining performance obligations as of June 30, 2024 (in thousands, except for percentages):

	June 30, 2024	% of Total
Remaining performance obligations:		
United States electrical construction and facilities services	\$ 2,632,120	29 %
United States mechanical construction and facilities services	4,758,744	53 %
United States building services	1,345,089	15 %
United States industrial services	99,022	1 %
Total United States operations	8,834,975	98 %
United Kingdom building services	164,248	2 %
Total operations	<u>\$ 8,999,223</u>	100 %

Our remaining performance obligations at June 30, 2024 were approximately \$ 9.0 billion. Remaining performance obligations increase with awards of new contracts and decrease as we perform work and recognize revenue on existing contracts. We include a project within our remaining performance obligations at such time the project is awarded and agreement on contract terms has been reached. Our remaining performance obligations include amounts related to contracts for which a fixed price contract value is not assigned when a reasonable estimate of the total transaction price can be made.

Remaining performance obligations include unrecognized revenues to be realized from uncompleted construction contracts. Although many of our construction contracts are subject to cancellation at the election of our customers, in accordance with industry practice, we do not limit the amount of unrecognized revenue included within remaining performance obligations for these contracts as the risk of cancellation is very low due to the inherent substantial economic penalty that our customers would incur upon cancellation or termination. We believe our reported remaining performance obligations for our construction contracts are firm and contract cancellations have not had a material adverse effect on us.

Remaining performance obligations also include unrecognized revenues expected to be realized over the remaining term of service contracts. However, to the extent a service contract includes a cancellation clause which allows for the termination of such contract by either party without a substantive penalty, the remaining contract term, and therefore, the amount of unrecognized revenues included within remaining performance obligations, is limited to the notice period required for the termination.

Our remaining performance obligations are comprised of: (a) original contract amounts, (b) change orders for which we have received written confirmations from our customers, (c) pending change orders for which we expect to receive confirmations in the ordinary course of business, (d) claim amounts that we have made against customers for which we have determined we have a legal basis under existing contractual arrangements and as to which the variable consideration constraint does not apply, and (e) other forms of variable consideration to the extent that such variable consideration has been included within the transaction price of our contracts. Such claim and other variable consideration amounts were immaterial for all periods presented.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 3 - Revenue from Contracts with Customers (Continued)

Refer to the table below for additional information regarding our remaining performance obligations, including an estimate of when we expect to recognize such remaining performance obligations as revenue (in thousands):

	Within one year	Greater than one year
Remaining performance obligations:		
United States electrical construction and facilities services	\$ 2,161,670	\$ 470,450
United States mechanical construction and facilities services	4,131,577	627,167
United States building services	1,218,420	126,669
United States industrial services	99,022	—
Total United States operations	7,610,689	1,224,286
United Kingdom building services	125,105	39,143
Total operations	\$ 7,735,794	\$ 1,263,429

NOTE 4 - Acquisitions of Businesses

Acquisitions are accounted for utilizing the acquisition method of accounting and the prices paid for them are allocated to their respective assets and liabilities based upon the estimated fair value of such assets and liabilities at the dates of their respective acquisition by us.

During the first half of 2024, we acquired four companies for upfront consideration of \$181.8 million, inclusive of our estimates of customary working capital adjustments. These acquisitions are comprised of: (a) two companies that have been included within our United States mechanical construction and facilities services segment, including: (i) a leading plumbing services provider in the Southeast region of the United States and (ii) a full service provider of mechanical construction and maintenance services in Central Texas, (b) a company, that has been included in our United States building services segment, which provides building automation and controls solutions in the Northeast region of the United States, and (c) an instrumentation and electrical contractor, that has been included in our United States industrial services segment, which provides electrical, automation, digital integration, and fabrication services to various energy sector and process equipment customers. In connection with these acquisitions, we acquired working capital of \$26.8 million and other net assets of \$0.7 million, and have preliminarily ascribed \$42.0 million to goodwill and \$112.3 million to identifiable intangible assets. We expect that all of the goodwill and identifiable intangible assets acquired in connection with these 2024 acquisitions will be deductible for tax purposes.

During calendar year 2023, we acquired eight companies for total consideration of \$99.6 million. Such acquisitions include: (a) a national energy efficiency specialty services firm, the results of operations of which have been included in our United States building services segment, and (b) seven companies, the results of operations of which were de minimis, consisting of: (i) three companies that have been included within our United States mechanical construction and facilities services segment, one of which provides mechanical and pipe fabrication services in the Midwestern region of the United States, and two of which add capabilities to our national fire protection services, and (ii) four mechanical services companies in the Western and Midwestern regions of the United States that have been included within our United States building services segment and enhance our presence in geographies where we have existing operations. In connection with these acquisitions, we acquired working capital of \$9.1 million and other net liabilities of \$6.1 million, including certain deferred tax liabilities, and have preliminarily ascribed \$37.4 million to goodwill and \$59.2 million to identifiable intangible assets. We expect that \$29.6 million of the goodwill and identifiable intangible assets acquired in connection with these 2023 acquisitions will be deductible for tax purposes.

The purchase price allocations for the businesses acquired in 2024 are preliminary and subject to change during their respective measurement periods. As we finalize such purchase price allocations, adjustments may be recorded relating to finalization of intangible asset valuations, tax matters, or other items. Although not expected to be significant, such adjustments may result in changes in the valuation of assets and liabilities acquired. The purchase price allocations for the businesses acquired in 2023 have been finalized during their respective measurement periods with an insignificant impact.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 5 - Earnings Per Share
Calculation of Basic and Diluted Earnings per Common Share

The following tables summarize our calculation of Basic and Diluted Earnings per Common Share ("EPS") for the three and six months ended June 30, 2024 and 2023 (in thousands, except share and per share data):

	For the three months ended	
	June 30,	
	2024	2023
Numerator:		
Net income	\$ 247,572	\$ 140,595
Denominator:		
Weighted average shares outstanding used to compute basic earnings per common share	46,972,032	47,393,493
Effect of dilutive securities—Share-based awards	187,628	195,176
Shares used to compute diluted earnings per common share	47,159,660	47,588,669
Basic earnings per common share	\$ 5.27	\$ 2.97
Diluted earnings per common share	\$ 5.25	\$ 2.95

	For the six months ended	
	June 30,	
	2024	2023
Numerator:		
Net income	\$ 444,721	\$ 252,068
Denominator:		
Weighted average shares outstanding used to compute basic earnings per common share	47,053,768	47,584,656
Effect of dilutive securities—Share-based awards	182,970	182,586
Shares used to compute diluted earnings per common share	47,236,738	47,767,242
Basic earnings per common share	\$ 9.45	\$ 5.30
Diluted earnings per common share	\$ 9.41	\$ 5.28

The number of share-based awards excluded from the computation of diluted EPS for the three and six months ended June 30, 2024 because they would be anti-dilutive were 5,200 and 9,399, respectively. The number of share-based awards excluded from the computation of diluted EPS for the three and six months ended June 30, 2023 because they would be anti-dilutive were 8,726 and 9,026, respectively.

NOTE 6 - Inventories

Inventories in the accompanying Consolidated Balance Sheets consisted of the following amounts as of June 30, 2024 and December 31, 2023 (in thousands):

	June 30, 2024	December 31, 2023
Raw materials and construction materials	\$ 92,574	\$ 94,447
Work in process	11,322	16,327
Inventories	\$ 103,896	\$ 110,774

EMCOR Group, Inc. and Subsidiaries**Notes to Consolidated Financial Statements (Unaudited)****NOTE 7 - Debt**

Excluding finance lease liabilities of \$6.7 million at June 30, 2024 and \$5.3 million at December 31, 2023, we had no outstanding debt as of June 30, 2024 and December 31, 2023. The current portion of our finance lease liabilities of \$2.5 million at June 30, 2024 and December 31, 2023 was included in "Other accrued expenses and liabilities" and the non-current portion of our finance lease liabilities of \$4.2 million and \$2.8 million at June 30, 2024 and December 31, 2023, respectively, were included in "Other long-term obligations" in the accompanying Consolidated Balance Sheets.

Credit Agreement

We have a credit agreement dated December 20, 2023 (the "2023 Credit Agreement"), which provides for a \$ 1.3 billion revolving credit facility (the "2023 Revolving Credit Facility") expiring December 20, 2028. If additional lenders are identified and/or existing lenders are willing to increase their current commitments, we may increase the 2023 Revolving Credit Facility by an amount equal to the greater of: (a) \$900 million or (b) the Company's Adjusted EBITDA (as such term is defined in the 2023 Credit Agreement) for the twelve-month period ending immediately prior to the increase in commitment. We may allocate up to \$600.0 million of available capacity under the 2023 Revolving Credit Facility to letters of credit for our account or for the account of any of our subsidiaries.

There were no direct borrowings outstanding under the 2023 Revolving Credit Facility as of June 30, 2024 and December 31, 2023. However, outstanding letters of credit reduce the available capacity under this facility, and as of June 30, 2024 and December 31, 2023, we had \$75.0 million and \$116.7 million of letters of credit outstanding, respectively.

At the Company's election, borrowings under the 2023 Revolving Credit Facility bear interest at either: (1) a base rate plus a margin of 0.125% to 0.875%, depending on the Company's Leverage Ratio (as such term is defined in the 2023 Credit Agreement), or (2) a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York for the applicable tenor plus 0.10% ("Adjusted Term SOFR") plus a margin of 1.125% to 1.875%, depending on the Company's Leverage Ratio. The base rate is determined by the greater of: (a) the prime commercial lending rate announced by Bank of Montreal from time to time, (b) the federal funds effective rate, plus ½ of 1.00%, (c) Adjusted Term SOFR for a one-month tenor, plus 1.00%, or (d) 0.00%.

A commitment fee is payable on the average daily unused amount of the 2023 Revolving Credit Facility, which ranges from 0.125% to 0.25%, depending on the Company's Leverage Ratio. The fee was 0.125% of the unused amount as of June 30, 2024 and December 31, 2023. Fees for letters of credit issued under the 2023 Revolving Credit Facility range from 0.85% to 1.875% of the respective face amounts of outstanding letters of credit, depending on the nature of the letter of credit, and are computed depending on the Company's Leverage Ratio.

Obligations under the 2023 Credit Agreement are guaranteed by most of our direct and indirect subsidiaries and are secured by substantially all of our assets. The 2023 Credit Agreement contains customary covenants providing for, among other things, the maintenance of certain financial ratios and certain limitations on the payment of dividends, common stock repurchases, investments, acquisitions, indebtedness, and capital expenditures. We were in compliance with all such covenants as of June 30, 2024 and December 31, 2023.

NOTE 8 - Fair Value Measurements

For disclosure purposes, we utilize a fair value hierarchy to categorize qualifying assets and liabilities into three broad levels based on the priority of the inputs used to determine their fair values. The hierarchy, which gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs, is comprised of the following three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs, other than Level 1 inputs, that are directly or indirectly observable for the asset or liability, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Significant unobservable inputs that reflect the reporting entity's own assumptions.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 8 - Fair Value Measurements (Continued)
Recurring Fair Value Measurements

The following tables summarize the assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2024 and December 31, 2023 (in thousands):

Asset Category	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents ⁽¹⁾	\$ 807,318	\$ —	\$ —	\$ 807,318
Deferred compensation plan assets ⁽²⁾	57,066	—	—	57,066
Restricted cash ⁽³⁾	880	—	—	880
Total	<u>\$ 865,264</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 865,264</u>

- (1) Cash and cash equivalents consist of deposit accounts and money market funds with original maturity dates of three months or less, which are Level 1 assets. At June 30, 2024, we had \$564.9 million in money market funds. From time to time, we have cash balances in certain of our domestic bank accounts that exceed federally insured limits.
- (2) Deferred compensation plan assets are classified as "Other assets" in the Consolidated Balance Sheets.
- (3) Restricted cash is classified as "Prepaid expenses and other" in the Consolidated Balance Sheets. Restricted cash represents cash held in account for use on customer contracts.

Asset Category	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents ⁽¹⁾	\$ 789,750	\$ —	\$ —	\$ 789,750
Deferred compensation plan assets ⁽²⁾	47,315	—	—	47,315
Total	<u>\$ 837,065</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 837,065</u>

- (1) Cash and cash equivalents consist of deposit accounts and money market funds with original maturity dates of three months or less, which are Level 1 assets. At December 31, 2023, we had \$497.3 million in money market funds. From time to time, we have cash balances in certain of our domestic bank accounts that exceed federally insured limits.
- (2) Deferred compensation plan assets are classified as "Other assets" in the Consolidated Balance Sheets.

Nonrecurring Fair Value Measurements

We have recorded goodwill and identifiable intangible assets in connection with our business acquisitions. Such assets are measured at fair value at the time of acquisition based on valuation techniques that appropriately represent the methods which would be used by other market participants in determining fair value. In addition, goodwill, intangible assets, and certain other long-lived assets are tested for impairment using similar valuation methodologies to determine the fair value of such assets. Periodically, we engage an independent third-party valuation specialist to assist with the valuation process, including the selection of appropriate methodologies and the development of market-based assumptions. The inputs used for these nonrecurring fair value measurements represent Level 3 inputs.

Fair Value of Financial Instruments

We believe that the carrying values of our financial instruments, which include accounts receivable and other financing commitments, approximate their fair values due primarily to their short-term maturities and low risk of counterparty default. Although there were no outstanding borrowings under our 2023 Credit Agreement as of June 30, 2024 and December 31, 2023, the carrying value of any debt associated with this agreement would approximate its fair value due to the variable rate on such debt.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 9 - Income Taxes

The following table presents our income tax provision and our income tax rate for the three and six months ended June 30, 2024 and 2023 (in thousands, except percentages):

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Income tax provision	\$ 91,563	\$ 53,098	\$ 162,130	\$ 94,429
Income tax rate	27.0 %	27.4 %	26.7 %	27.3 %

The difference between the U.S. statutory tax rate of 21% and our effective income tax rate for both the three and six months ended June 30, 2024 and 2023 was primarily a result of state and local income taxes and other permanent book-to-tax differences.

The increase in our income tax provision for the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023, was predominantly due to greater income before income taxes. The decrease in our effective income tax rate for the three and six months ended June 30, 2024, when compared to the three and six months ended June 30, 2023, was attributable to the impact of favorable discrete tax items during the first half of 2024.

As of June 30, 2024 and December 31, 2023, we had no unrecognized income tax benefits.

We file a consolidated federal income tax return including all of our U.S. subsidiaries with the Internal Revenue Service. We additionally file income tax returns with various state, local, and foreign tax agencies. Our income tax returns are subject to audit by various taxing authorities and are currently under examination for the years 2019 through 2021.

NOTE 10 - Common Stock

As of June 30, 2024 and December 31, 2023, there were 46,712,350 and 47,047,265 shares of our common stock outstanding, respectively.

During the three months ended June 30, 2024 and 2023, we issued 12,506 and 42,578 shares of common stock, respectively. During the six months ended June 30, 2024 and 2023, we issued 80,579 and 114,654 shares of common stock, respectively. These shares were issued upon either the satisfaction of required conditions under our share-based compensation plans or the purchase of common stock pursuant to our employee stock purchase plan, prior to the discontinuation of such employee stock purchase plan at the end of 2023.

We have paid quarterly dividends since October 25, 2011. We currently pay a regular quarterly dividend of \$ 0.25 per share.

In September 2011, our Board of Directors (the "Board") authorized a share repurchase program allowing us to begin repurchasing shares of our outstanding common stock. Subsequently, the Board has from time to time increased the amount authorized for repurchases under such program. In June 2024, our Board increased such amount by \$500 million. Since the inception of the repurchase program, the Board has authorized us to repurchase up to \$2.65 billion of our outstanding common stock. During the six months ended June 30, 2024, we repurchased approximately 0.4 million shares of our common stock for approximately \$150.3 million, inclusive of the applicable excise tax. Since the inception of the repurchase program through June 30, 2024, we have repurchased approximately 26.2 million shares of our common stock for approximately \$ 2.04 billion. As of June 30, 2024, there remained authorization for us to repurchase approximately \$610.8 million of our shares. The repurchase program has no expiration date, does not obligate the Company to acquire any particular amount of common stock, and may be suspended, recommenced, or discontinued at any time or from time to time without prior notice. We may repurchase our shares from time to time to the extent permitted by securities laws and other legal requirements, including provisions in our 2023 Credit Agreement placing limitations on such repurchases.

NOTE 11 - Retirement Plans

The funded status of our defined benefit plans, which represents the difference between the fair value of plan assets and the projected benefit obligations, is recognized in the Consolidated Balance Sheets with a corresponding adjustment to accumulated other comprehensive income (loss). Gains and losses for the differences between actuarial assumptions and actual results are recognized through accumulated other comprehensive income (loss). These amounts will be subsequently recognized as net periodic pension cost (income) within the Consolidated Statements of Operations.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 11 - Retirement Plans (Continued)

Our United Kingdom subsidiary has a defined benefit pension plan covering all eligible employees (the "UK Plan"); however, no individual joining the company after October 31, 2001 may participate in the UK Plan. On May 31, 2010, we curtailed the future accrual of benefits for active employees under such plan.

We also sponsor three domestic retirement plans in which participation by new individuals is frozen. Amounts related to these domestic retirement plans were de minimis for all periods presented.

Components of Net Periodic Pension Cost

The components of net periodic pension (income) cost of the UK Plan for the three and six months ended June 30, 2024 and 2023 were as follows (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Interest cost	\$ 2,362	\$ 2,451	\$ 4,738	\$ 4,827
Expected return on plan assets	(3,213)	(2,878)	(6,445)	(5,669)
Amortization of unrecognized loss	648	658	1,301	1,297
Net periodic pension (income) cost	<u>\$ (203)</u>	<u>\$ 231</u>	<u>\$ (406)</u>	<u>\$ 455</u>

NOTE 12 - Commitments and Contingencies
Severance Agreements

We have agreements with our executive officers and certain other key management personnel providing for severance benefits for such employees upon termination of their employment under certain circumstances.

Guarantees

In the ordinary course of business, we, at times, guarantee obligations of our subsidiaries under certain contracts. Generally, we are liable under such an arrangement only if our subsidiary fails to perform its obligations under the contract. Historically, we have not incurred any substantial liabilities as a consequence of these guarantees.

Surety Bonds

The terms of our construction contracts frequently require that we obtain from surety companies, and provide to our customers, surety bonds as a condition to the award of such contracts. These surety bonds are issued in return for premiums, which vary depending on the size and type of the bond, and secure our payment and performance obligations under such contracts. We have agreed to indemnify the surety companies for amounts, if any, paid by them in respect of surety bonds issued on our behalf. As of June 30, 2024, based on the percentage-of-completion of our projects covered by surety bonds, our aggregate estimated exposure, assuming defaults on all our then existing contractual obligations, was approximately \$2.1 billion, which represents approximately 23% of our total remaining performance obligations.

Surety bonds are sometimes provided to secure obligations for wages and benefits payable to or for certain of our employees, at the request of labor unions representing such employees. In addition, surety bonds may be issued as collateral for certain insurance obligations. As of June 30, 2024, we satisfied approximately \$48.1 million of the collateral requirements of our insurance programs by utilizing surety bonds.

We are not aware of any losses in connection with surety bonds that have been posted on our behalf, and we do not expect to incur significant losses in the foreseeable future.

Hazardous Materials

We are subject to regulation with respect to the handling or disposal of certain materials used in the performance of our services, which are classified as hazardous or toxic by federal, state, and local agencies. Our practice is to avoid participation in projects principally involving the remediation or removal of such materials. However, when remediation is required as part of our contract performance, we believe we comply with all applicable regulations governing the discharge of hazardous materials into the environment or otherwise relating to the protection of the environment.

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 12 - Commitments and Contingencies (Continued)
Government Contracts

When we perform work as a federal government contractor/subcontractor or when we perform work on a project that has received federal government funding, we are subject to U.S. government audits and investigations relating to our operations, which such audits may result in fines, penalties and compensatory and treble damages, and possible suspension or debarment from doing business with the government. Based on currently available information, we believe the outcome of ongoing government disputes and investigations will not have a material impact on our financial position, results of operations, or liquidity.

Legal Proceedings

We are involved in several legal proceedings in which damages and claims have been asserted against us. We believe that we have a number of valid defenses to such proceedings and claims and intend to vigorously defend ourselves. We do not believe that any such matters will have a material adverse effect on our financial position, results of operations, or liquidity. We record a loss contingency if the potential loss from a proceeding or claim is considered probable and the amount can be reasonably estimated or a range of loss can be determined. We provide disclosure when it is reasonably possible that a loss will be incurred in excess of any recorded provision. Significant judgment is required in these determinations. As additional information becomes available, we reassess prior determinations and may change our estimates. Additional claims may be asserted against us in the future. Litigation is subject to many uncertainties, and the outcome of litigation is not predictable with assurance. It is possible that a litigation matter for which liabilities have not been recorded could be decided unfavorably to us, and that any such unfavorable decision could have a material adverse effect on our financial position, results of operations, or liquidity.

Insurance Liabilities

We have loss payment deductibles for certain workers' compensation, automobile liability, general liability, and property claims, have self-insured retentions for certain other casualty claims, and are self-insured for employee-related healthcare claims. In addition, we maintain a wholly-owned captive insurance subsidiary to manage certain of our insurance liabilities. Losses are recorded based upon estimates of our liability for claims incurred and for claims incurred but not reported. The liabilities are derived from known facts, historical trends, and industry averages, utilizing the assistance of an independent third-party actuary to determine the best estimate for the majority of these obligations. As of June 30, 2024 and December 31, 2023, the estimated current portion of such undiscounted insurance liabilities, included in "Other accrued expenses and liabilities" in the accompanying Consolidated Balance Sheets, were \$53.6 million and \$51.0 million, respectively. The estimated non-current portion of such undiscounted insurance liabilities included in "Other long-term obligations" as of June 30, 2024 and December 31, 2023 were \$233.5 million and \$229.8 million, respectively. The current portion of anticipated insurance recoveries of \$12.2 million and \$11.9 million as of June 30, 2024 and December 31, 2023, respectively, were included in "Prepaid expenses and other" and the non-current portion of anticipated insurance recoveries of \$47.5 million and \$48.8 million as of June 30, 2024 and December 31, 2023, respectively, were included in "Other assets" in the accompanying Consolidated Balance Sheets.

NOTE 13 - Additional Cash Flow Information

The following table presents additional cash flow information for the six months ended June 30, 2024 and 2023 (in thousands):

	For the six months ended	
	June 30,	
	2024	2023
Cash paid for:		
Interest	\$ 856	\$ 9,678
Income taxes	\$ 191,694	\$ 98,626
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 65,180	\$ 70,059
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 2,566	\$ 457

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 14 - Segment Information

We are one of the largest specialty contractors in the United States and a leading provider of electrical and mechanical construction and facilities services, building services, and industrial services. Our services are provided to a broad range of commercial, technology, manufacturing, industrial, healthcare, utility, and institutional customers through approximately 100 operating subsidiaries. Such operating subsidiaries are organized into the following reportable segments:

- United States electrical construction and facilities services;
- United States mechanical construction and facilities services;
- United States building services;
- United States industrial services; and
- United Kingdom building services.

The following tables present financial information for each of our reportable segments for the three and six months ended June 30, 2024 and 2023 (in thousands):

	For the three months ended	
	June 30,	
	2024	2023
Revenues from unrelated entities:		
United States electrical construction and facilities services	\$ 799,994	\$ 678,167
United States mechanical construction and facilities services	1,655,181	1,194,113
United States building services	781,108	775,012
United States industrial services	324,047	292,283
Total United States operations	3,560,330	2,939,575
United Kingdom building services	106,567	106,047
Total operations	\$ 3,666,897	\$ 3,045,622
Total revenues:		
United States electrical construction and facilities services	\$ 802,884	\$ 679,006
United States mechanical construction and facilities services	1,669,887	1,209,242
United States building services	792,277	802,934
United States industrial services	326,312	293,057
Less intersegment revenues	(31,030)	(44,664)
Total United States operations	3,560,330	2,939,575
United Kingdom building services	106,567	106,047
Total operations	\$ 3,666,897	\$ 3,045,622

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 14 - Segment Information (Continued)

	For the six months ended June 30,	
	2024	2023
Revenues from unrelated entities:		
United States electrical construction and facilities services	\$ 1,564,705	\$ 1,322,913
United States mechanical construction and facilities services	3,082,846	2,272,671
United States building services	1,562,268	1,500,387
United States industrial services	678,100	623,166
Total United States operations	6,887,919	5,719,137
United Kingdom building services	211,254	216,917
Total operations	<u>\$ 7,099,173</u>	<u>\$ 5,936,054</u>
Total revenues:		
United States electrical construction and facilities services	\$ 1,569,623	\$ 1,324,660
United States mechanical construction and facilities services	3,106,715	2,308,726
United States building services	1,596,150	1,551,544
United States industrial services	684,487	631,564
Less intersegment revenues	(69,056)	(97,357)
Total United States operations	6,887,919	5,719,137
United Kingdom building services	211,254	216,917
Total operations	<u>\$ 7,099,173</u>	<u>\$ 5,936,054</u>
	For the three months ended June 30,	
	2024	2023
Operating income (loss):		
United States electrical construction and facilities services	\$ 88,577	\$ 50,722
United States mechanical construction and facilities services	213,440	119,847
United States building services	46,839	46,137
United States industrial services	12,746	7,887
Total United States operations	361,602	224,593
United Kingdom building services	5,777	5,927
Corporate administration	(34,571)	(33,853)
Total operations	332,808	196,667
Other items:		
Net periodic pension income (cost)	221	(282)
Interest income (expense), net	6,106	(2,692)
Income before income taxes	<u>\$ 339,135</u>	<u>\$ 193,693</u>

EMCOR Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited)
NOTE 14 - Segment Information (Continued)

	For the six months ended	
	June 30,	
	2024	2023
Operating income (loss):		
United States electrical construction and facilities services	\$ 180,166	\$ 91,238
United States mechanical construction and facilities services	364,160	206,074
United States building services	80,298	83,787
United States industrial services	30,712	22,907
Total United States operations	655,336	404,006
United Kingdom building services	11,154	11,351
Corporate administration	(73,729)	(63,780)
Total operations	592,761	351,577
Other items:		
Net periodic pension income (cost)	443	(556)
Interest income (expense), net	13,647	(4,524)
Income before income taxes	\$ 606,851	\$ 346,497

	June 30,	
	2024	December 31, 2023
Total assets:		
United States electrical construction and facilities services	\$ 1,242,145	\$ 1,243,707
United States mechanical construction and facilities services	2,599,846	2,242,833
United States building services	1,424,862	1,382,664
United States industrial services	637,802	571,658
Total United States operations	5,904,655	5,440,862
United Kingdom building services	275,714	277,066
Corporate administration	892,180	891,793
Total operations	\$ 7,072,549	\$ 6,609,721

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Business Description

We are one of the largest specialty contractors in the United States and a leading provider of electrical and mechanical construction and facilities services, building services, and industrial services. Our services are provided to a broad range of commercial, technology, manufacturing, industrial, healthcare, utility, and institutional customers through approximately 100 operating subsidiaries. Such operating subsidiaries are organized into the following reportable segments:

- United States electrical construction and facilities services;
- United States mechanical construction and facilities services;
- United States building services;
- United States industrial services; and
- United Kingdom building services.

We refer to our United States electrical construction and facilities services segment and our United States mechanical construction and facilities services segment together as our United States construction segments.

For a more complete description of our operations, refer to Item 1. Business of our Form 10-K for the year ended December 31, 2023.

Overview

The following table presents selected financial data for the three months ended June 30, 2024 and 2023 (in thousands, except percentages and per share data):

	For the three months ended June 30,	
	2024	2023
Revenues	\$ 3,666,897	\$ 3,045,622
Revenues increase from prior year	20.4 %	12.5 %
Gross profit	\$ 684,001	\$ 490,060
Gross profit as a percentage of revenues	18.7 %	16.1 %
Operating income	\$ 332,808	\$ 196,667
Operating income as a percentage of revenues	9.1 %	6.5 %
Net income	\$ 247,572	\$ 140,595
Diluted earnings per common share	\$ 5.25	\$ 2.95

Revenues of \$3.67 billion for the quarter ended June 30, 2024 set a new quarterly record for the Company and represent an increase of 20.4% from revenues of \$3.05 billion for the quarter ended June 30, 2023. Demand for our services continues to be strong across the majority of the market sectors we serve and, as described in further detail below, we experienced revenue growth within all of our reportable segments. Revenues for the second quarter of 2024 included incremental acquisition contribution of approximately \$80.9 million.

Operating income for the quarter ended June 30, 2024 was \$332.8 million, or 9.1% of revenues, establishing new quarterly records for the Company with respect to both operating income and operating margin. This compares to operating income of \$196.7 million, or 6.5% of revenues, for the quarter ended June 30, 2023. The \$136.1 million increase in operating income, and corresponding 260 basis point expansion in operating margin, were predominantly a result of improved operating performance within our United States construction segments, as described in further detail below. Operating income for the quarter ended June 30, 2024 included incremental acquisition contribution of \$4.6 million, net of amortization expense attributable to identifiable intangible assets of \$5.0 million.

Net income of \$247.6 million, or \$5.25 per diluted share, for the quarter ended June 30, 2024 compares favorably to net income of \$140.6 million, or \$2.95 per diluted share, for the quarter ended June 30, 2023. While the majority of the increase in our diluted earnings per share was a result of the increased operating income referenced above, diluted earnings per share for the quarter ended June 30, 2024 additionally benefited from a reduced weighted average share count given the impact of common stock repurchases made by us throughout 2023 and the first half of 2024.

Impact of Acquisitions

In order to provide a more meaningful period-over-period discussion of our operating results, we may discuss amounts generated or incurred (revenues, gross profit, selling, general and administrative expenses, and operating income) from companies acquired. The amounts discussed reflect the acquired companies' operating results in the current reported period only for the time period these entities were not owned by EMCOR in the comparable prior reported period. For further discussion regarding our acquisitions, refer to Note 4 - Acquisitions of Businesses of the notes to consolidated financial statements.

We acquired four companies during the first half of 2024 for upfront consideration of \$181.8 million, inclusive of our estimates of customary working capital adjustments. These acquisitions are comprised of: (a) two companies that have been included within our United States mechanical construction and facilities services segment, including: (i) a leading plumbing services provider in the Southeast region of the United States and (ii) a full service provider of mechanical construction and maintenance services in Central Texas, (b) a company, that has been included in our United States building services segment, which provides building automation and controls solutions in the Northeast region of the United States, and (c) an instrumentation and electrical contractor, that has been included in our United States industrial services segment, which provides electrical, automation, digital integration, and fabrication services to various energy sector and process equipment customers.

We acquired eight companies during calendar year 2023 for total consideration of \$99.6 million. Such acquisitions include: (a) a national energy efficiency specialty services firm, the results of operations of which have been included in our United States building services segment, and (b) seven companies, the results of operations of which were de minimis, consisting of: (i) three companies that have been included within our United States mechanical construction and facilities services segment, one of which provides mechanical and pipe fabrication services in the Midwestern region of the United States, and two of which add capabilities to our national fire protection services, and (ii) four mechanical services companies in the Western and Midwestern regions of the United States that have been included within our United States building services segment and enhance our presence in geographies where we have existing operations.

Results of Operations

Revenues

The following tables present our operating segment revenues from unrelated entities and their respective percentages of total revenues (in thousands, except for percentages):

	For the three months ended June 30,			
	2024	% of Total	2023	% of Total
Revenues:				
United States electrical construction and facilities services	\$ 799,994	22 %	\$ 678,167	22 %
United States mechanical construction and facilities services	1,655,181	45 %	1,194,113	39 %
United States building services	781,108	21 %	775,012	26 %
United States industrial services	324,047	9 %	292,283	10 %
Total United States operations	3,560,330	97 %	2,939,575	97 %
United Kingdom building services	106,567	3 %	106,047	3 %
Total operations	\$ 3,666,897	100 %	\$ 3,045,622	100 %
	For the six months ended June 30,			
	2024	% of Total	2023	% of Total
Revenues:				
United States electrical construction and facilities services	\$ 1,564,705	22 %	\$ 1,322,913	22 %
United States mechanical construction and facilities services	3,082,846	43 %	2,272,671	38 %
United States building services	1,562,268	22 %	1,500,387	25 %
United States industrial services	678,100	10 %	623,166	11 %
Total United States operations	6,887,919	97 %	5,719,137	96 %
United Kingdom building services	211,254	3 %	216,917	4 %
Total operations	\$ 7,099,173	100 %	\$ 5,936,054	100 %

As described below in more detail, our consolidated revenues for the three months ended June 30, 2024 increased to \$3.67 billion compared to \$3.05 billion for the three months ended June 30, 2023, and our consolidated revenues for the six months ended June 30, 2024 increased to \$7.10 billion compared to \$5.94 billion for the six months ended June 30, 2023.

Revenues of our United States electrical construction and facilities services segment were \$800.0 million and \$1,564.7 million for the three and six months ended June 30, 2024, respectively, compared to revenues of \$678.2 million and \$1,322.9 million for the three and six months ended June 30, 2023, respectively. The increase in this segment's revenues for both 2024 periods was primarily a result of growth within the network and communications market sector, predominantly due to our data center projects. Increased demand for cloud computing and data storage, driven in part by the emergence of artificial intelligence, has resulted in a greater number of construction project opportunities for us in several of the geographies in which we operate. In addition, this segment benefited from revenue growth within: (a) the transportation market sector, due to certain infrastructure projects currently underway, (b) the high-tech manufacturing market sector, inclusive of construction projects for customers engaged in the design and manufacturing of semiconductors, and (c) the manufacturing and industrial market sector, driven by increased activity with various energy sector customers. These increases were partially offset by a reduction in revenues within the commercial market sector due in part to reduced demand across the commercial real estate industry.

Our United States mechanical construction and facilities services segment revenues for the three months ended June 30, 2024 were \$1,655.2 million, a \$461.1 million increase compared to revenues of \$1,194.1 million for the three months ended June 30, 2023. Revenues of this segment for the six months ended June 30, 2024 were \$3,082.8 million, an \$810.2 million increase compared to revenues of \$2,272.7 million for the six months ended June 30, 2023. This segment's results for both 2024 periods included \$56.2 million of incremental acquisition revenues. Excluding the impact of acquisitions, the increases in this segment's revenues were attributable to revenue growth within the majority of the market sectors in which we operate, as well as greater levels of short-duration projects and service work. From a market sector perspective, we experienced notable increases within: (a) the high-tech manufacturing market sector, as a result of stronger demand for our mechanical construction and/or fire protection services by certain customers: (i) engaged in either the design and manufacturing of semiconductors or the production and development of electric vehicles and/or lithium batteries and (ii) within the biotech, life-sciences, and pharmaceutical industries, (b) the network and communications market sector, due to increased data center project activity as this segment benefited from the same market demand described above within our United States electrical construction and facilities services segment, (c) the institutional market sector, given several public sector projects which were active during the first half of 2024, (d) the manufacturing and industrial market sector, due to continued re-shoring of critical supply chain by certain of our customers as well as an increase in food processing project revenue, (e) the healthcare market sector, given an increase in projects throughout several of the regions in which we operate, and (f) the water and wastewater market sector, driven by construction activity on several projects within the Southeast region of the United States. Partially offsetting these increases was a reduction in revenues within the commercial market sector, largely as a result of the completion of various warehouse and distribution projects, which were active in 2023.

Revenues of our United States building services segment for the three months ended June 30, 2024 were \$781.1 million compared to revenues of \$775.0 million for the three months ended June 30, 2023. Excluding incremental revenues from acquired companies of \$13.0 million, this segment's revenues for the three months ended June 30, 2024 decreased modestly by \$6.9 million, as revenue growth from its mechanical services division was more than offset by revenue declines within its commercial site-based services and government site-based services divisions due to the loss of certain facilities maintenance contracts not renewed pursuant to rebid. Revenues of this segment for the six months ended June 30, 2024 were \$1,562.3 million compared to revenues of \$1,500.4 million for the six months ended June 30, 2023. Excluding incremental revenues from acquired companies of \$20.9 million, this segment's revenues for the six months ended June 30, 2024 increased by \$41.0 million as the revenue growth within its mechanical services division more than offset the aforementioned contract losses within the commercial site-based services and government site-based services divisions. Within both 2024 periods, this segment's mechanical services division benefited from increased: (a) HVAC project and retrofit work, as a result of greater: (i) project execution stemming from the increased availability of materials and equipment when compared to the prior year period, which experienced greater supply chain disruptions and delays, and (ii) demand for system upgrades and replacements, partially as our customers continue to seek ways to improve the energy efficiency or indoor air quality of their facilities, (b) service repair and maintenance volumes, given growth in our service contract base, and (c) building automation and controls projects, as we continue to expand our service offerings in this area.

Revenues of our United States industrial services segment for the three months ended June 30, 2024 were \$324.0 million, compared to revenues of \$292.3 million for the three months ended June 30, 2023. Revenues of this segment for the six months ended June 30, 2024 were \$678.1 million, compared to revenues of \$623.2 million for the six months ended June 30, 2023. This segment's results for the three and six months ended June 30, 2024 included \$11.7 million of incremental revenues from an acquired company. Excluding such acquisition contribution, the increase in this segment's revenues for both 2024 periods resulted from: (a) its field services division due to greater turnaround project demand, including scope growth on certain projects, and (b) its shop services division due to greater new build heat exchanger sales.

Our United Kingdom building services segment revenues were \$106.6 million and \$211.3 million for the three and six months ended June 30, 2024, respectively, compared to revenues of \$106.0 million and \$216.9 million for the three and six months ended June 30, 2023, respectively. The decrease in this segment's revenues for the six months ended June 30, 2024 was a result of: (a) a reduction in project activity, notably within the network and communications market sector, and (b) the loss of certain facilities maintenance contracts not renewed pursuant to rebid. Revenues of this segment for the three and six months ended June 30, 2024 were positively impacted by \$0.9 million and \$5.2 million, respectively, as a result of favorable exchange rate movements for the British pound versus the United States dollar.

Cost of sales and gross profit

The following table presents our cost of sales, gross profit (revenues less cost of sales), and gross profit as a percentage of revenues ("gross profit margin") (in thousands, except for percentages):

	For the three months ended				For the six months ended			
	June 30,		June 30,		June 30,		June 30,	
	2024		2023		2024		2023	
Cost of sales	\$	2,982,896	\$	2,555,562	\$	5,825,863	\$	5,009,932
Gross profit	\$	684,001	\$	490,060	\$	1,273,310	\$	926,122
Gross profit margin		18.7 %		16.1 %		17.9 %		15.6 %

Our gross profit for the three months ended June 30, 2024 was \$684.0 million, or 18.7% of revenues, compared to gross profit of \$490.1 million, or 16.1% of revenues, for the three months ended June 30, 2023. Gross profit for the six months ended June 30, 2024 was \$1,273.3 million, or 17.9% of revenues, compared to gross profit of \$926.1 million, or 15.6% of revenues, for the six months ended June 30, 2023. The increase in gross profit and the expansion in gross profit margin for both 2024 periods were the result of stronger operating performance across each of our domestic reportable segments due to an improved revenue mix, excellent project execution, and/or favorable pricing. Our gross profit for the three and six months ended June 30, 2024 included incremental acquisition contribution of \$14.8 million and \$16.5 million, respectively, net of amortization expense attributable to identifiable intangible assets of \$3.0 million in each period.

Refer to the operating income section below for further discussion regarding the operating performance of each of our reportable segments.

Selling, general and administrative expenses

The following table presents our selling, general and administrative expenses ("SG&A") and selling, general and administrative expenses as a percentage of revenues ("SG&A margin") (in thousands, except for percentages):

	For the three months ended				For the six months ended			
	June 30,		June 30,		June 30,		June 30,	
	2024		2023		2024		2023	
Selling, general and administrative expenses	\$	351,193	\$	293,393	\$	680,549	\$	574,545
SG&A margin		9.6 %		9.6 %		9.6 %		9.7 %

Our selling, general and administrative expenses for the three months ended June 30, 2024 were \$351.2 million, or 9.6% of revenues, compared to selling, general and administrative expenses of \$293.4 million, or 9.6% of revenues, for the three months ended June 30, 2023. Selling, general and administrative expenses for the six months ended June 30, 2024 were \$680.5 million, or 9.6% of revenues, compared to selling, general and administrative expenses of \$574.5 million, or 9.7% of revenues, for the six months ended June 30, 2023. Selling, general and administrative expenses for the three and six months ended June 30, 2024 included \$10.2 million and \$13.1 million, respectively, of incremental expenses directly related to companies acquired in 2024 and 2023, including amortization expense attributable to identifiable intangible assets of \$2.0 million and \$3.1 million, respectively.

Excluding incremental expenses from businesses acquired, the increase in selling, general and administrative expenses for both 2024 periods was predominantly attributable to greater: (a) salaries and related employment expenses, largely as a result of additional headcount to support our organic revenue growth as well as annual cost of living adjustments, and (b) incentive compensation expense across the majority of our reportable segments, due to higher projected annual operating results. In addition, the increase in selling, general and administrative expenses for the six months ended June 30, 2024 was partially a result of an increase in the provision for credit losses, primarily due to a reserve taken in the first quarter of 2024 for a specific customer bankruptcy within our United States building services segment.

Operating income (loss)

The following tables present our operating income (loss) and operating income (loss) as a percentage of segment revenues ("operating margin") (in thousands, except for percentages):

	For the three months ended June 30,			
	2024	% of Segment Revenues	2023	% of Segment Revenues
Operating income (loss):				
United States electrical construction and facilities services	\$ 88,577	11.1 %	\$ 50,722	7.5 %
United States mechanical construction and facilities services	213,440	12.9 %	119,847	10.0 %
United States building services	46,839	6.0 %	46,137	6.0 %
United States industrial services	12,746	3.9 %	7,887	2.7 %
Total United States operations	361,602	10.2 %	224,593	7.6 %
United Kingdom building services	5,777	5.4 %	5,927	5.6 %
Corporate administration	(34,571)	—	(33,853)	—
Total operations	332,808	9.1 %	196,667	6.5 %
Other items:				
Net periodic pension income (cost)	221		(282)	
Interest income (expense), net	6,106		(2,692)	
Income before income taxes	\$ 339,135		\$ 193,693	
	For the six months ended June 30,			
	2024	% of Segment Revenues	2023	% of Segment Revenues
Operating income (loss):				
United States electrical construction and facilities services	\$ 180,166	11.5 %	\$ 91,238	6.9 %
United States mechanical construction and facilities services	364,160	11.8 %	206,074	9.1 %
United States building services	80,298	5.1 %	83,787	5.6 %
United States industrial services	30,712	4.5 %	22,907	3.7 %
Total United States operations	655,336	9.5 %	404,006	7.1 %
United Kingdom building services	11,154	5.3 %	11,351	5.2 %
Corporate administration	(73,729)	—	(63,780)	—
Total operations	592,761	8.3 %	351,577	5.9 %
Other items:				
Net periodic pension income (cost)	443		(556)	
Interest income (expense), net	13,647		(4,524)	
Income before income taxes	\$ 606,851		\$ 346,497	

Operating income for the three months ended June 30, 2024 was \$332.8 million, an increase of \$136.1 million compared to operating income of \$196.7 million for the three months ended June 30, 2023. Operating margin for the three months ended June 30, 2024 was 9.1% compared to an operating margin of 6.5% for the three months ended June 30, 2023. For the six months ended June 30, 2024, operating income was \$592.8 million, an increase of \$241.2 million compared to operating income of \$351.6 million for the six months ended June 30, 2023. Operating margin for the six months ended June 30, 2024 was 8.3% compared to an operating margin of 5.9% for the six months ended June 30, 2023. As described in more detail below, these increases in profitability were predominantly a result of improved operating performance within our United States construction segments, due to a more favorable mix of work and better project execution, including enhanced productivity, due in part to investments in virtual design and construction, prefabrication, and automation.

Operating income for the three and six months ended June 30, 2024 included incremental acquisition contribution of \$4.6 million and \$3.4 million, respectively, net of amortization expense attributable to identifiable intangible assets of \$5.0 million and \$6.1 million, respectively.

Operating income of our United States electrical construction and facilities services segment was \$88.6 million, or 11.1% of revenues, for the three months ended June 30, 2024, compared to \$50.7 million, or 7.5% of revenues, for the three months ended June 30, 2023. Operating income of this segment for the six months ended June 30, 2024 was \$180.2 million, or 11.5% of revenues, compared to \$91.2 million, or 6.9% of revenues, for the six months ended June 30, 2023. The increases in operating income and operating margin of this segment for both 2024 periods were a result of greater gross profit and gross profit margin from projects within the majority of the market sectors in which we operate, due to both an increase in revenues as well as a more favorable mix of work. While the most significant increase in gross profit was experienced within the network and communications market sector, this segment additionally benefited from greater gross profit recognized on projects within the transportation, institutional, high-tech manufacturing, and manufacturing and industrial market sectors.

Our United States mechanical construction and facilities services segment's operating income for the three months ended June 30, 2024 was \$213.4 million, or 12.9% of revenues, compared to operating income of \$119.8 million, or 10.0% of revenues, for the three months ended June 30, 2023. Operating income of this segment for the six months ended June 30, 2024 was \$364.2 million, or 11.8% of revenues, compared to \$206.1 million, or 9.1% of revenues, for the six months ended June 30, 2023. This segment's operating income for the three and six months ended June 30, 2024 included incremental acquisition contribution of \$4.8 million, net of amortization expense attributable to identifiable intangible assets of \$3.4 million. Excluding the impact of acquisitions, the increases in operating income and operating margin of this segment for both 2024 periods were primarily a result of contribution from projects within: (a) the high-tech manufacturing market sector, including certain mechanical construction or fire protection projects for customers engaged in either the design or manufacturing of semiconductors or the production and development of electric vehicles and/or lithium batteries, (b) the network and communications market sector, and (c) the commercial market sector, including various fire protection projects. While the most significant increases in gross profit were seen within the above referenced market sectors, this segment also experienced increases in gross profit within the majority of the other market sectors in which we operate. In addition to the increases in gross profit margin referenced above, operating margin of our United States mechanical construction and facilities services segment for both 2024 periods benefited from a reduction in the ratio of selling, general and administrative expenses to revenues given an increase in revenues without a commensurate increase in certain overhead costs.

Operating income of our United States building services segment was \$46.8 million, or 6.0% of revenues, for the three months ended June 30, 2024 compared to \$46.1 million, or 6.0% of revenues, for the three months ended June 30, 2023. Operating income of this segment for the six months ended June 30, 2024 was \$80.3 million, or 5.1% of revenues, compared to \$83.8 million, or 5.6% of revenues, for the six months ended June 30, 2023. For both 2024 periods, increased gross profit and gross profit margin from this segment's mechanical services division, due to greater profitability across the majority of its service lines, was partially offset by reductions in gross profit and gross profit margin from its commercial site-based services and government site-based services divisions, given the loss of certain facilities maintenance contracts not renewed pursuant to rebid. Operating income and operating margin for the six months ended June 30, 2024 were negatively impacted by an \$11.0 million reserve recorded during the first quarter of 2024 for a specific customer bankruptcy within this segment's commercial site-based services division. Such reserve negatively impacted the operating margin of this segment for the first half of 2024 by 70 basis points.

Our United States industrial services segment reported operating income of \$12.7 million, or 3.9% of revenues, for the three months ended June 30, 2024, compared to operating income of \$7.9 million, or 2.7% of revenues, for the three months ended June 30, 2023. For the six months ended June 30, 2024, this segment reported operating income of \$30.7 million, or 4.5% of revenues, compared to operating income of \$22.9 million, or 3.7% of revenues, for the six months ended June 30, 2023. Operating income and operating margin of this segment for both 2024 periods benefited from an improvement in gross profit margin, primarily within the shop services division, largely due to favorable pricing and greater indirect cost absorption.

Operating income of our United Kingdom building services segment was \$5.8 million, or 5.4% of revenues, for the three months ended June 30, 2024, compared to \$5.9 million, or 5.6% of revenues, for the three months ended June 30, 2023. Operating income for the six months ended June 30, 2024 was \$11.2 million, or 5.3% of revenues, compared to \$11.4 million, or 5.2% of revenues, for the six months ended June 30, 2023. Despite a difficult operating environment within the United Kingdom, we continue to optimize our project and service mix while seeking to effectively leverage the overhead cost structure of this segment, resulting in operating performance which is relatively consistent with that of the prior year period.

Our corporate administration expenses for the three months ended June 30, 2024 of \$34.6 million were generally consistent with the \$33.9 million reported for the three months ended June 30, 2023. For the six months ended June 30, 2024, our corporate administrative expenses were \$73.7 million, compared to \$63.8 million for the six months ended June 30, 2023. The increase in corporate expenses for the first six months of 2024 was primarily due to greater employment compensation costs, including certain severance expenses recorded during the first quarter of 2024 as well as an increase in share-based compensation expense. In addition, we experienced an increase in computer hardware and software costs, due to various information technology and cybersecurity initiatives currently in process.

Other items

As a result of an increase in our average daily invested cash balance, coupled with the repayment, in December of 2023, of all previously outstanding borrowings under our credit facility, we generated net interest income for the three and six months ended June 30, 2024 of \$6.1 million and \$13.6 million, respectively, compared to net interest expense of \$2.7 million and \$4.5 million for the three and six months ended June 30, 2023, respectively.

For the three and six months ended June 30, 2024, our income tax provision was \$91.6 million and \$162.1 million, respectively, compared to an income tax provision of \$53.1 million and \$94.4 million for the three and six months ended June 30, 2023, respectively. Our effective income tax rate for the three and six months ended June 30, 2024 was 27.0% and 26.7%, respectively, compared to an effective income tax rate for the three and six months ended June 30, 2023 of 27.4% and 27.3%, respectively. Refer to Note 9 - Income Taxes of the notes to consolidated financial statements for further discussion regarding our income tax provision and effective income tax rate.

Remaining Unsatisfied Performance Obligations

The following table presents the transaction price allocated to remaining unsatisfied performance obligations ("remaining performance obligations") for each of our reportable segments and their respective percentage of total remaining performance obligations (in thousands, except for percentages):

	June 30, 2024	% of Total	December 31, 2023	% of Total	June 30, 2023	% of Total
Remaining performance obligations:						
United States electrical construction and facilities services	\$ 2,632,120	29 %	\$ 2,387,844	27 %	\$ 2,180,133	26 %
United States mechanical construction and facilities services	4,758,744	53 %	4,940,519	56 %	4,552,211	55 %
United States building services	1,345,089	15 %	1,264,818	14 %	1,255,165	15 %
United States industrial services	99,022	1 %	113,291	1 %	144,731	2 %
Total United States operations	8,834,975	98 %	8,706,472	98 %	8,132,240	98 %
United Kingdom building services	164,248	2 %	140,949	2 %	153,919	2 %
Total operations	\$ 8,999,223	100 %	\$ 8,847,421	100 %	\$ 8,286,159	100 %

Our remaining performance obligations at June 30, 2024 were approximately \$9.0 billion compared to approximately \$8.8 billion at December 31, 2023 and approximately \$8.3 billion at June 30, 2023. The increase in remaining performance obligations at June 30, 2024, when compared to December 31, 2023, was attributable to an increase in remaining performance obligations within: (a) our United States electrical construction and facilities services segment, largely as a result of the award of several construction contracts within the institutional and healthcare market sectors, (b) our United States building services segment, primarily due to increased project opportunities across its mechanical services division, and (c) our United Kingdom building services segment given an increase in maintenance and project work within the manufacturing and industrial market sector. These increases in remaining performance obligations were partially offset by decreases within: (x) our United States mechanical construction and facilities services segment due to the significant organic revenue growth experienced during the first half of 2024, particularly within the high-tech manufacturing market sector, as well as the timing of the release of certain projects which are currently being pursued, and (y) our United States industrial services segment due to the completion and/or shipment of several new build heat exchangers at the end of the second quarter of 2024. Remaining performance obligations increased by \$221.0 million as a result of acquisitions made by us during 2024.

See Note 3 - Revenue from Contracts with Customers of the notes to consolidated financial statements for further disclosure regarding our remaining performance obligations.

Liquidity and Capital Resources

The following section discusses our principal liquidity and capital resources, as well as our primary liquidity requirements and sources and uses of cash.

We are focused on the efficient conversion of operating income into cash to provide for the Company's material cash requirements, including working capital needs, investment in our growth strategies through business acquisitions and capital expenditures, satisfaction of contractual commitments, including principal and interest payments on any outstanding indebtedness, and shareholder return through dividend payments and share repurchases. We strive to maintain a balanced approach to capital allocation in order to achieve growth, deliver value, and minimize risk.

Management monitors financial markets and overall economic conditions for factors that may affect our liquidity and capital resources and adjusts our capital allocation strategy as necessary. Negative macroeconomic trends could have an adverse effect on future liquidity if we experience delays in the payment of outstanding receivables beyond normal payment terms, an increase in credit losses, or significant increases in the price of commodities or the materials and equipment utilized for our project and service work, beyond those experienced to date. In addition, during economic downturns, there have typically been fewer small discretionary projects from the private sector and our competitors have aggressively bid larger long-term infrastructure and public sector contracts. Our liquidity is also impacted by: (a) the type and length of construction contracts in place, as performance of long duration contracts typically requires greater amounts of working capital, (b) the level of turnaround activities within our United States industrial services segment, as such projects are billed in arrears pursuant to contractual terms that are standard within the industry, and (c) the billing terms of our maintenance contracts, including those within our United States and United Kingdom building services segments. While we strive to negotiate favorable billing terms, which allow us to invoice in advance of costs incurred on certain of our contracts, there can be no assurance that such terms will be agreed to by our customers.

As of June 30, 2024, we had cash and cash equivalents, excluding restricted cash, of \$807.3 million, which are maintained in depository accounts and highly liquid investments with original maturity dates of three months or less. Both our short-term and long-term liquidity requirements are expected to be met through our cash and cash equivalent balances, cash generated from our operations, and, as necessary, the borrowing capacity under our revolving credit facility. Our credit agreement provides for a \$1.30 billion revolving credit facility, for which there was \$1.23 billion of available capacity as of June 30, 2024.

Refer to Note 7 - Debt of the notes to consolidated financial statements for further information regarding our credit agreement. Based upon our current credit rating and financial position, we can also reasonably expect to be able to secure long-term debt financing if required to achieve our strategic objectives; however, no assurances can be made that such debt financing will be available on favorable terms. We believe that we have sufficient financial resources available to meet our short-term and foreseeable long-term liquidity requirements.

Cash Flows

The following table presents a summary of our operating, investing, and financing cash flows (in thousands):

	For the six months ended	
	June 30,	
	2024	2023
Net cash provided by operating activities	\$ 411,958	\$ 214,932
Net cash used in investing activities	\$ (211,139)	\$ (48,434)
Net cash used in financing activities	\$ (181,444)	\$ (126,370)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	\$ (927)	\$ 5,856
Increase in cash, cash equivalents, and restricted cash	\$ 18,448	\$ 45,984

During the six months ended June 30, 2024, our cash balance, including cash equivalents and restricted cash, increased by approximately \$18.4 million from \$789.8 million at December 31, 2023 to \$808.2 million at June 30, 2024. Changes in our cash position from December 31, 2023 to June 30, 2024 are described in further detail below.

Operating Activities – Operating cash flows generally represent our net income as adjusted for certain non-cash items and changes in assets and liabilities. Net cash provided by operating activities for the six months ended June 30, 2024 was approximately \$412.0 million compared to approximately \$214.9 million for the six months ended June 30, 2023. The favorable operating cash flow performance period-over-period was almost entirely a result of our improved operating performance and the corresponding increase in our net income.

Investing Activities – Investing cash flows consist primarily of payments for acquisition of businesses, capital expenditures, and proceeds from the sale or disposal of property, plant, and equipment. Net cash used in investing activities for the six months ended June 30, 2024 increased by approximately \$162.7 million compared to the six months ended June 30, 2023, primarily due to an increase in payments for acquisitions.

Financing Activities – Financing cash flows consist primarily of the issuance and repayment of short-term and long-term debt, repurchases of common stock, payments of dividends to stockholders, and the issuance of common stock through certain equity plans. Net cash used in financing activities for the six months ended June 30, 2024 was \$181.4 million compared to net cash used in financing activities for the six months ended June 30, 2023 of \$126.4 million. The \$55.1 million variance was primarily due to an increase in common stock repurchases made by us during the first half of 2024. The timing of common stock repurchases is at management's discretion subject to securities laws and other legal requirements and depends upon several factors, including market and business conditions, current and anticipated future liquidity, share price, and share availability, among others. For additional detail regarding our share repurchase program, refer to Note 10 - Common Stock of the notes to consolidated financial statements.

We currently pay a regular quarterly dividend of \$0.25 per share. For the six months ended June 30, 2024 and 2023, cash payments related to dividends were \$20.2 million and \$15.7 million, respectively. Our credit agreement places limitations on the payment of dividends on our common stock. However, we do not believe that the terms of such agreement currently materially limit our ability to pay such quarterly dividends for the foreseeable future.

Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash – We are exposed to fluctuations in foreign currency exchange rates, almost entirely with respect to the British pound. Therefore, the \$6.8 million variance between the six months ended June 30, 2024 and 2023 was a direct result of exchange rate movements for the British pound versus the United States dollar.

Material Cash Requirements from Contractual and Other Obligations

As of June 30, 2024, our short-term and long-term material cash requirements for known contractual and other obligations were as follows:

Outstanding Debt and Interest Payments – As of June 30, 2024, there were no direct borrowings outstanding under our revolving credit facility. Interest payments on any future borrowings will be determined based on prevailing interest rates at that time. Refer to Note 7 - Debt of the notes to consolidated financial statements for further detail of our debt obligations, including our revolving credit facility.

Operating and Finance Leases – In the normal course of business, we lease real estate, vehicles, and equipment under various arrangements which are classified as either operating or finance leases. Future payments for such leases, excluding leases with initial terms of one year or less, were \$410.4 million at June 30, 2024, with \$94.7 million payable within the next 12 months.

Open Purchase Obligations – As of June 30, 2024, we had \$2.32 billion of open purchase obligations, of which payments totaling approximately \$1.93 billion are expected to become due within the next 12 months. These obligations represent open purchase orders to suppliers and subcontractors related to our construction and services contracts. These purchase orders are not reflected in the Consolidated Balance Sheets and are not expected to impact future liquidity as amounts should be recovered through customer billings.

Insurance Obligations – As described in further detail in Note 12 - Commitments and Contingencies of the notes to consolidated financial statements, we have loss payment deductibles and/or self-insured retentions for certain insurance matters. As of June 30, 2024, our insurance liabilities, net of estimated recoveries, were \$227.4 million. Of this net amount, approximately \$41.4 million is estimated to be payable within the next 12 months. Due to many uncertainties inherent in resolving these matters, it is not practical to estimate these payments beyond such period. To the extent that the amount required to settle claims covered by insurance continues to increase, the cost of our insurance coverage, including premiums and deductibles, is likely to increase.

Contingent Consideration Liabilities – We have incurred liabilities related to contingent consideration arrangements associated with certain acquisitions, payable in the event discrete performance objectives are achieved by the acquired businesses during designated post-acquisition periods. The aggregate amount of these liabilities can change due to additional business acquisitions, settlement of outstanding liabilities, changes in the fair value of amounts owed based on performance during such post-acquisition periods, and accretion in present value. As of June 30, 2024, the present value of expected future payments relating to these contingent consideration arrangements was \$27.2 million. Of this amount, \$15.5 million is estimated as being payable within the next 12 months, with the remainder due pursuant to the terms of our contractual agreements, some of which extend into 2027.

In addition, material cash requirements for other potential obligations, for which we cannot reasonably estimate future payments, include the following:

Legal Proceedings – We are involved in several legal proceedings in which damages and claims have been asserted against us. While litigation is subject to many uncertainties and the outcome of litigation is not predictable with assurance, we do not believe that any such matters will have a material adverse effect on our financial position, results of operations, or liquidity. Refer to Note 12 - Commitments and Contingencies of the notes to consolidated financial statements for more information regarding legal proceedings.

Multiemployer Benefit Plans – In addition to our Company sponsored benefit plans, we participate in certain multiemployer pension and other post-retirement plans. The cost of these plans is equal to the annual required contributions determined in accordance with the provisions of negotiated collective bargaining agreements. Our future contributions to the multiemployer plans are dependent upon a number of factors. Amounts of future contributions that we would be contractually obligated to make pursuant to these plans cannot be reasonably estimated.

Off-Balance Sheet Arrangements and Other Commercial Commitments

The terms of our construction contracts frequently require that we obtain from surety companies, and provide to our customers, surety bonds as a condition to the award of such contracts. These surety bonds are issued in return for premiums, which vary depending on the size and type of the bond, and secure our payment and performance obligations under such contracts. We have agreed to indemnify the surety companies for amounts, if any, paid by them in respect of surety bonds issued on our behalf. As of June 30, 2024, based on the percentage-of-completion of our projects covered by surety bonds, our aggregate estimated exposure, assuming defaults on all our then existing contractual obligations, was approximately \$2.1 billion, which represents approximately 23% of our total remaining performance obligations.

Surety bonds expire at various times ranging from final completion of a project to a period extending beyond contract completion in certain circumstances. Such amounts can also fluctuate from period to period based upon the mix and level of our bonded operating activity. For example, public sector contracts require surety bonds more frequently than private sector contracts and, accordingly, our bonding requirements typically increase as the amount of our public sector work increases. Our estimated maximum exposure as it relates to the value of the surety bonds outstanding is lowered on each bonded project as the cost to complete is reduced, and each commitment under a surety bond generally extinguishes concurrently with the expiration of its related contractual obligation.

Surety bonds are sometimes provided to secure obligations for wages and benefits payable to or for certain of our employees, at the request of labor unions representing such employees. In addition, surety bonds or letters of credit may be issued as collateral for certain insurance obligations. As of June 30, 2024, we satisfied approximately \$48.1 million and \$71.1 million of the collateral requirements of our insurance programs by utilizing surety bonds and letters of credit, respectively. All such letters of credit were issued under our revolving credit facility, therefore reducing the available capacity of such facility.

We are not aware of any losses in connection with surety bonds that have been posted on our behalf, and we do not expect to incur significant losses in the foreseeable future.

From time to time, we discuss with our current and other surety bond providers the amounts of surety bonds that may be available to us based on our financial strength and the absence of any default by us on any surety bond issued on our behalf and believe those amounts are currently adequate for our needs. However, if we experience changes in our bonding relationships or if there are adverse changes in the surety industry, we may: (a) seek to satisfy certain customer requests for surety bonds by posting other forms of collateral in lieu of surety bonds, such as letters of credit, parent company guarantees, or cash, in order to convince customers to forego the requirement for surety bonds, (b) increase our activities in our businesses that rarely require surety bonds, and/or (c) refrain from bidding for certain projects that require surety bonds.

There can be no assurance that we would be able to effectuate alternatives to providing surety bonds to our customers or to obtain, on favorable terms, sufficient additional work that does not require surety bonds. Accordingly, a reduction in the availability of surety bonds could have a material adverse effect on our financial position, results of operations, and/or cash flows.

In the ordinary course of business, we, at times, guarantee obligations of our subsidiaries under certain contracts. Generally, we are liable under such an arrangement only if our subsidiary fails to perform its obligations under the contract. Historically, we have not incurred any substantial liabilities as a consequence of these guarantees.

We do not have any other material financial guarantees or off-balance sheet arrangements other than those disclosed herein.

New Accounting Pronouncements

We review new accounting standards to determine the expected impact, if any, that the adoption of such standards will have on our financial position and/or results of operations. See Note 2 - New Accounting Pronouncements of the notes to consolidated financial statements for further information regarding new accounting standards, including the anticipated dates of adoption and the effects on our consolidated financial position, results of operations, or liquidity.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements is based on the application of significant accounting policies, which require management to make estimates and assumptions. Our significant accounting policies are described further in Note 2 - Summary of Significant Accounting Policies of the notes to consolidated financial statements included in Item 8 of our Form 10-K for the year ended December 31, 2023. We base our estimates on historical experience, known or expected trends, third-party valuations, and various other assumptions that we believe to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. There have been no significant changes to our critical accounting policies or methods during the six months ended June 30, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We have not used any derivative financial instruments during the six months ended June 30, 2024, including trading or speculating on changes in interest rates or commodity prices of materials used in our business.

We are exposed to market risk for changes in interest rates for any borrowings under our revolving credit facility, which bear interest at variable rates. For further information regarding our credit facility and associated borrowing rates, refer to Note 7 - Debt of the notes to consolidated financial statements.

We are exposed to construction market risk and its potential related impact on accounts receivable or contract assets on uncompleted contracts. The amounts recorded may be at risk if our customers' ability to pay these obligations is negatively impacted by economic conditions. We continually monitor the creditworthiness of our customers and maintain on-going discussions with customers regarding contract status with respect to change orders and billing terms. Therefore, we believe we take appropriate action to manage market and other risks, but there is no assurance that we will be able to reasonably identify all risks with respect to the collectability of these assets.

Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the end of the period. The resulting translation adjustments are recorded as accumulated other comprehensive (loss) income, a component of equity, in the Consolidated Balance Sheets. We believe our exposure to the effects that fluctuating foreign currencies may have on our consolidated results of operations is limited because our foreign operations primarily invoice customers and collect obligations in their respective local currencies. Additionally, expenses associated with these transactions are generally contracted and paid for in their same local currencies.

In addition, we are exposed to market risk of fluctuations in certain commodity prices of materials, such as copper and steel, which are used as components of supplies or materials utilized in our construction, building services, and industrial services operations. We are also exposed to increases in energy prices, particularly as they relate to gasoline prices for our fleet of approximately 14,000 vehicles. While we believe we can increase our contract prices to adjust for some price increases in commodities, there can be no assurance that such price increases, if they were to occur, would be recoverable. Additionally, our fixed price contracts generally do not allow us to adjust our prices and, as a result, increases in material costs could reduce our profitability with respect to projects in progress.

ITEM 4. CONTROLS AND PROCEDURES.

Based on an evaluation of our disclosure controls and procedures (as required by Rule 13a-15(b) of the Securities Exchange Act of 1934), our Chairman, President, and Chief Executive Officer, Anthony J. Guzzi, and our Senior Vice President, Chief Financial Officer and Chief Accounting Officer, Jason R. Nalbandian, have concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) are effective as of the end of the period covered by this report.

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. – OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

We are involved in several legal proceedings in which damages and claims have been asserted against us. We believe that we have a number of valid defenses to such proceedings and claims and intend to vigorously defend ourselves. We do not believe that any such matters will have a material adverse effect on our financial position, results of operations, or liquidity. We record a loss contingency if the potential loss from a proceeding or claim is considered probable and the amount can be reasonably estimated or a range of loss can be determined. We provide disclosure when it is reasonably possible that a loss will be incurred in excess of any recorded provision. Significant judgment is required in these determinations. As additional information becomes available, we reassess prior determinations and may change our estimates. Additional claims may be asserted against us in the future. Litigation is subject to many uncertainties, and the outcome of litigation is not predictable with assurance. It is possible that a litigation matter for which liabilities have not been recorded could be decided unfavorably to us, and that any such unfavorable decision could have a material adverse effect on our financial position, results of operations, or liquidity.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table summarizes repurchases of our common stock made by us during the quarter ended June 30, 2024:

Period	Total Number of Shares Purchased ^{(1) (2)}	Average Price Paid Per Share ⁽³⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
April 1, 2024 to April 30, 2024	—	—	—	\$221,861,879
May 1, 2024 to May 31, 2024	—	—	—	\$221,861,879
June 1, 2024 to June 30, 2024	295,756	\$371.93	295,756	\$610,801,284
Total	<u>295,756</u>	<u>\$371.93</u>	<u>295,756</u>	

- (1) In September 2011, our Board of Directors (the "Board") authorized a share repurchase program allowing us to begin repurchasing shares of our outstanding common stock. Subsequently, the Board has from time to time increased the amount authorized for repurchases under such program. In June 2024, our Board increased such amount by \$500 million. Since the inception of the repurchase program, the Board has authorized us to repurchase up to \$2.65 billion of our outstanding common stock. As of June 30, 2024, there remained authorization for us to repurchase approximately \$610.8 million of our shares. No shares have been repurchased by us since the program was announced other than pursuant to such program. The repurchase program has no expiration date, does not obligate the Company to acquire any particular amount of common stock, and may be suspended, recommenced, or discontinued at any time or from time to time without prior notice. Refer to Note 10 - Common Stock of the notes to consolidated financial statements for further information regarding our share repurchase program.
- (2) Excludes 344 shares surrendered to the Company by participants in our share-based compensation plans to satisfy minimum tax withholdings for common stock issued under such plans.
- (3) Price paid per share excludes any applicable broker commission or excise tax due. However, as such amounts are considered direct costs associated with the repurchase of our common stock, they have been reflected as a reduction in the remaining authorization under our share repurchase program.

ITEM 4. MINE SAFETY DISCLOSURES.

Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this quarterly report.

ITEM 5. OTHER INFORMATION.

During the quarter ended June 30, 2024, none of the Company's directors or executive officers adopted or terminated any: (a) contract, instruction, or written plan for the purchase or sale of Company securities intended to satisfy the affirmative defense conditions of Rule 10b5-1 or (b) non 10b5-1 trading arrangement, each as defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS.
EXHIBIT INDEX

Exhibit No.	Description	Incorporated By Reference to or Filed Herewith, as Indicated Below
3(a-1)	Restated Certificate of Incorporation of EMCOR filed December 15, 1994	Exhibit 3(a-5) to EMCOR's Registration Statement on Form 10 as originally filed March 17, 1995 ("Form 10")
3(a-2)	Amendment dated November 28, 1995 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-2) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 1995 ("1995 Form 10-K")
3(a-3)	Amendment dated February 12, 1998 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-3) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 1997 ("1997 Form 10-K")
3(a-4)	Amendment dated January 27, 2006 to the Restated Certificate of Incorporation of EMCOR	Exhibit 3(a-4) to EMCOR's Annual Report on Form 10-K for the year ended December 31, 2005 ("2005 Form 10-K")
3(a-5)	Amendment dated September 18, 2007 to the Restated Certificate of Incorporation of EMCOR	Exhibit A to EMCOR's Proxy Statement dated August 17, 2007 for Special Meeting of Stockholders held September 18, 2007
3(a-6)	Certificate of Amendment of Restated Certificate of Incorporation of EMCOR	Exhibit 3.1 to EMCOR's Report on Form 8-K (Date of Report June 8, 2023)
3(b)	Second Amended and Restated By-Laws of EMCOR	Exhibit 3.1 to EMCOR's Report on Form 8-K (Date of Report October 25, 2022)
10(a-1)	Severance Agreement dated as of May 8, 2024 between EMCOR and Jason R. Nalbandian	Filed herewith
10(a-2)	Continuity Agreement dated as of May 8, 2024 between EMCOR and Jason R. Nalbandian	Filed herewith
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Anthony J. Guzzi, the Chairman, President, and Chief Executive Officer	Filed herewith
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Jason R. Nalbandian, the Senior Vice President, Chief Financial Officer and Chief Accounting Officer	Filed herewith
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chairman, President, and Chief Executive Officer	Furnished
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Senior Vice President, Chief Financial Officer and Chief Accounting Officer	Furnished
95.1	Information concerning mine safety violations or other regulatory matters	Filed herewith
101	The following materials from EMCOR Group, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, (v) the Condensed Consolidated Statements of Equity and (vi) the Notes to Consolidated Financial Statements.	Filed
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)	Filed

SIGNATURES

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.

Date: July 25, 2024

EMCOR GROUP, INC.

(Registrant)

BY:

/s/ ANTHONY J. GUZZI

Anthony J. Guzzi

Chairman, President, and Chief Executive Officer
(Principal Executive Officer)

BY:

/s/ JASON R. NALBANDIAN

Jason R. Nalbandian

Senior Vice President, Chief Financial Officer
and Chief Accounting Officer
(Principal Financial and Accounting Officer)

SEVERANCE AGREEMENT

THIS AGREEMENT dated as of May 8, 2024, is made by and between EMCOR Group, Inc., a Delaware corporation (the "Company"), and Jason R. Nalbandian ("Executive").

WHEREAS the Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel; and

WHEREAS the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of Executive to his assigned duties;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and Executive hereby agree as follows:

1. Defined Terms. The definitions of capitalized terms used in this Agreement are provided in Article 20 hereof.
 2. Company's Covenants Summarized. In order to induce Executive to remain in the employ of the Company and its consideration of Executive's covenants set forth in Article 6 hereof, the Company agrees, subject to the terms and conditions hereof, to pay Executive the "Severance Payments" described in Article 3 hereof and the other payments and benefits described herein in the event Executive's employment with the Company is terminated under certain circumstances. No amount or benefit shall be payable under this Agreement unless there shall have been a termination of Executive's employment with the Company, as described in Articles 3, 4 or 5 hereof. This Agreement shall not be construed as creating an express or implied contract of employment, and, except as otherwise agreed in writing between Executive and the Company, Executive shall not have any right to be retained in the employ of the Company and the Company may terminate Executive's employment at any time and Executive may terminate his employment at any time.
 3. Severance Payments.
 - 3.01. Subject to Sections 6.04 and 6.05 hereof, the Company shall pay Executive the amounts, and provide the benefits, described in this Article 3 (the "Severance Payments") upon the termination of Executive's employment with the Company, unless such termination is by the Company for Cause, by reason of death or Permanent Disability of Executive, or by Executive without Good Reason.
 - 3.02. In lieu of any further salary payments or bonuses to Executive for periods subsequent to the Date of Termination and in lieu of any severance benefit otherwise payable to Executive (except as provided for in the Company's Long Term Incentive Plan), the Company shall pay to Executive (A) two times Executive's Base Salary in effect immediately prior to the occurrence of the event or circumstance upon which the Notice of Termination is based, (B) an amount equal to Executive's target Non-Plan Award for the calendar year in which his employment terminates, multiplied by a fraction (the "Applicable Fraction"), the numerator of which is the number of days in such calendar year Executive was an employee of the Company, and the denominator of which is 365, and (C) an amount equal to the payment, if any, that Executive would have been
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paid in respect of his Plan Award for the calendar year in which his employment terminates had Executive been employed by the Company for the entire calendar year, multiplied by the Applicable Fraction; provided, however, that the amount payable to Executive under clauses (B) and (C) of this sentence shall not exceed, in the aggregate, the Applicable Fraction multiplied by the maximum aggregate annual incentive award that could have been payable to him for the year in which his employment terminates had he been employed by the Company for the entire calendar year. Subject to the provisions of Sections 6.04 and 6.05, the amount set forth in clause (A) of the immediately preceding sentence shall be payable in advance in 8 equal quarterly installments commencing with the Date of Termination and on each succeeding 90th day thereafter, subject to Section 21(a); the amount set forth in clause (B) of the immediately preceding sentence shall be payable in accordance with Section 21(a); and the amount set forth in clause (C) of the immediately preceding sentence shall be payable, if at all, on the later of the date six months after the date of Executive's separation from service and the date when similar annual incentive awards under the Company's Key Executive Incentive Bonus Plan, or if not then in effect, granted under any similar plan, (the "Plan") are paid to the other senior executives of the Company who have remained in its employ throughout such calendar year. For purposes of the foregoing, "Plan Award" shall mean that portion of Executive's annual cash performance based incentive award opportunity, if any, granted under the Plan, that can be earned based on the achievement of Company performance goals, and "Non-Plan Award" shall mean that portion of Executive's annual cash performance based incentive award opportunity, if any, that can be earned based on Executive's achievement of individual performance goals (other than, for the avoidance of doubt, under the Company Long Term Incentive Plan) for the calendar year in which his employment terminates. Notwithstanding the foregoing, if Executive's employment terminates in a termination described in this Section 3.01 during a calendar year before the terms of annual award opportunities for such year shall have been established under the Plan or any other annual incentive program for the year of termination, then for purposes of this Section 3.02 (a) his target Non-Plan Award for such year of termination shall be deemed to be his target Non-Plan Award for the immediately preceding calendar year, and (b) his Plan Award for such year of termination shall be determined by assuming the same dollar pay-out opportunities (expressed as a percentage of his then salary) as Executive had under his Plan Award for the immediately preceding calendar year, but with performance based on the Company performance goals established under the Plan for the year of termination.

3.03. In addition to the amounts described in Section 3.02 above, Executive shall be entitled to receive:

(a) until 18 months from the Date of Termination, Executive (and, to the extent applicable, Executive's dependents) shall continue to be covered, at the Company's expense, under the Company's medical, dental and hospitalization insurance plans and until 12 months from the Date of Termination, Executive shall continue to be covered, at the Company's expense, under the Company's group life and accidental death and dismemberment insurance plans; provided that if Executive is provided with comparable coverage by a successor employer any such coverage by the Company shall cease;

(b) all payments to which Executive has vested rights as of the Date of Termination under any employee benefit, disability, insurance and similar plans which provide for payments

beyond the period of employment; and

(c) all unpaid amounts, as of the Date of Termination, in respect of any bonus for any calendar year ending before the calendar year in which the Date of Termination occurs, which would have been payable had Executive remained in the Company's employ until such bonus would have been paid.

4. Permanent Disability.

4.01. The Company may terminate Executive's employment by reason of his Permanent Disability, and in such case the compensation to which Executive is entitled shall be paid through the last day of the month in which the notice is given. In addition, in such case Executive shall be entitled to receive:

(a) all unpaid amounts, as of the Date of Termination, in respect of any annual incentive awards for any calendar year ending before the calendar year in which such termination occurs, which would have been payable had Executive remained in the Company's employ until the date such annual incentive awards would otherwise have been paid, plus an amount equal to Executive's target annual incentive awards for the calendar year in which his employment terminates multiplied by a fraction, the numerator of which is the number of days in such calendar year Executive was an employee of the Company and the denominator of which is 365. Notwithstanding the foregoing, if Executive's employment terminates in a termination described in this Section 4.01 during a calendar year before the terms of the annual award opportunities for such year shall have been established for the year of termination, then for purposes of this Section 4.01 such target annual incentive awards shall be deemed to be those for the immediately preceding calendar year;

(b) for 18 months from the Date of Termination, Executive (and, to the extent applicable, Executive's dependents) shall continue to be covered, at the Company's expense, under the Company's medical, dental, hospitalization insurance plans, and until 12 months from the Date of Termination Executive shall continue to be covered, at the Company's expense, under the Company's group life and accidental death and dismemberment insurance plans; provided that if Executive is provided with comparable coverage by a successor employer any such coverage by the Company shall cease; and

(c) all amounts payable under the Company's disability plans, in accordance with their terms.

4.02. Nothing herein contained shall affect Executive's right to any benefits that may accrue under the terms of any other Company benefit plans by reason of Executive's Permanent Disability.

5. Death.

5.01. In the event of Executive's death while an employee of the Company, Executive's estate or designated beneficiaries shall receive (i) payments of Executive's Base Salary for a period of three months after the date of death; (ii) all unpaid amounts, as of the date of death, in respect of any annual incentive awards for any calendar year ending before the calendar year in which such

death occurs, which would have been payable had Executive remained in the Company's employ until the date such annual incentive awards would otherwise have been paid, plus an amount equal to (i) Executive's target annual incentive awards for the calendar year in which his death occurs multiplied by a fraction, the numerator of which is the number of days in such calendar year Executive was an employee of the Company, and the denominator of which is 365; and (iii) any death benefits provided under the employee benefit programs, in accordance with their terms. Notwithstanding the foregoing, if Executive's employment terminates in a termination described in this Section 5.01 during a calendar year before the terms of annual award opportunities for such year shall have been established for the year of termination, then for purposes of this Section 5.01, such target annual award opportunities shall be deemed to be those for the immediately preceding calendar year.

5.02. Nothing herein contained shall affect Executive's rights to any benefits that may accrue under the terms of any other Company death benefit plan or life insurance policy or programs by reason of Executive's death.

6. Confidential Information, Non-Competition, Non-Solicitation, etc.

6.01. Executive hereby acknowledges and agrees that all personal property, including, without limitation, all books, manuals, records, reports, notes, contracts, lists, and other documents, equipment and other Confidential Information furnished to or prepared by Executive in the course of or incident to his employment, belong to the Company and shall be promptly returned to the Company upon termination of his employment with the Company. Executive agrees not to disclose to any person (other than an employee or agent of the Company or any affiliate of the Company entitled to receive the same) any Confidential Information relating to the business of the Company and obtained by him while providing services to the Company, without the consent of the Board, or until such information ceases to be confidential. Nothing in this Agreement limits, restricts or in any other way affects Executive's communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity (nor is the Executive required to provide any notice to the Company of the same). Executive cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (2) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, Executive may be held liable if the Executive unlawfully accesses trade secrets by unauthorized means.

(a) Upon termination of his employment by the Company, Executive shall be deemed to have resigned from all offices and directorships then held with the Company or any subsidiary or affiliate thereof.

(b) Executive and the Company shall not (except as required by law) directly or indirectly make any statement or release any information, or encourage others to make any statement or release any information that is designed to embarrass or criticize the other (or their respective employees, directors or shareholders).

6.02. During the period of Executive's employment by the Company and for two years following the Date of Termination, Executive shall not, in any state in the United States where a member of the Restricted Group conducts business, directly or indirectly own, manage, operate, conduct, control or participate as a director, officer, employee, consultant, partner, or equity owner or otherwise, in the ownership, management, operation, conduct or control, or accept employment with, or be connected in any other manner with, any business (a "Business") that is in competition with any member of the Restricted Group, except for ownership of no more than 2% of the debt or equity securities of corporations listed on a registered securities exchange, provided, however, that a Business shall not be deemed to be in competition with any members of the Restricted Group if (i) no more than 20% of the annual consolidated revenues of such Business (based upon its most recently completed fiscal year) are attributable to one or more business activities ("Incidental Competitive Activity") that are in competition with any member of the Restricted Group and (ii) Executive is not engaged, directly or indirectly, in such Incidental Competitive Activity and has no direct or indirect responsibility for, or oversight of, such Incidental Competitive Activity. Notwithstanding the foregoing, the provisions of this Section 6.02 shall not apply if (A) in the case of any Notice of Termination given by Executive for Good Reason or (B) in the case of any Notice of Termination given by the Company without Cause, Executive prior to the receipt of any Severance Payments or portion thereof irrevocably and unconditionally waives in writing the right to receive any Severance Payments and accompanies such waiver with an executed release substantially in the form of the release attached hereto as Appendix A; such form to be modified only so far as deemed appropriate by the Company to give full legal effect to the release, which release is not thereafter revoked.

6.03. For one year following the Date of Termination, Executive shall not (without the prior written consent of the Company), either on his own behalf or on behalf of any person, firm or company, directly or indirectly (a) solicit, encourage or participate in soliciting or encouraging any customer or supplier of any member of the Restricted Group, or any other person or entity to terminate (or otherwise adversely alter) such person or entity's customer, supplier or other relationship with such member of the Restricted Group, and/or (b) hire any person who is at the time of the offer of employment, or within six months prior to such offer was, an employee of any member of the Restricted Group or encourage or participate in soliciting or encouraging any employee of any member of the Restricted Group to terminate (or otherwise adversely alter) such person's employment relationship with such member of the Restricted Group.

6.04. As a condition of receiving payments and benefits under this Agreement, Executive agrees to sign and not revoke a release substantially in the form of the release attached hereto as Appendix A; such form to be modified only so far as deemed appropriate by the Company to give full legal effect to the release.

6.05. Executive and the Company agree that the covenants set forth in this Article 6 are reasonable covenants under the circumstances, and further agree that, if in the opinion of any court of competent jurisdiction, such restraint is not reasonable in any respect, this Agreement shall be deemed modified to the least degree necessary to make the Agreement reasonable and fully enforceable. Executive agrees that any breach of the covenants contained in this Article 6 would irreparably injure the Company. Accordingly, Executive agrees that the Company may, in

addition to pursuing any other remedies it may have in law or in equity, cease making any payments and/or providing benefits otherwise required by this Agreement, including those provided for in Article 3 hereof, and obtain an injunction against Executive from any court having jurisdiction over the matter restraining any further violation of this Agreement by Executive.

7. Termination Procedures.

7.01. Any purported termination of Executive's employment with the Company (other than by reason of death) shall be communicated by written Notice of Termination from one party hereto to the other party hereto in accordance with Article 9 hereof. For purposes of this Agreement a "Notice of Termination", in the case of termination for Cause, shall mean delivery to Executive of a copy of a resolution duly adopted by the Board at a meeting of the Board called and held for that purpose (after not less than 10 days notice to Executive ("Preliminary Notice") and reasonable opportunity for Executive, together with Executive's counsel, to be heard before the Board prior to such vote) finding, that in good faith opinion of the Board, Executive was guilty of conduct constituting Cause and specifying the particulars thereof in detail. The Board shall not later than 30 days after the receipt of the Preliminary Notice by Executive communicate its findings to Executive. A failure by the Board to make its finding of Cause or to communicate its conclusions within such 30-day period shall be deemed to be a finding that Executive was not guilty of conduct constituting Cause.

7.02. "Date of Termination", with respect to any purported termination of Executive's employment, shall mean (a) if Executive's employment is terminated for Permanent Disability, thirty (30) days after the Company shall have given Executive a Notice of Termination for disability; provided that Executive shall not have returned, within such 30-day period, to the full-time performance of Executive's duties, and (b) if Executive's employment is terminated for any other reason, the date specified in the Notice of Termination (which, in the case of a termination by the Company, shall not be less than thirty (30) days (except in the case of a termination for Cause) and, in the case of a termination by Executive, shall not be less than thirty (30) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given).

8. No Mitigation; Generally No Offset. The Company agrees that, if Executive's employment is terminated, Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to Executive by the Company pursuant to Article 3. Further, the amount of any payment or benefit provided for in Article 4 (other than as provided in Sections 3.03(a) and 4.01(b)) shall not be reduced by any compensation earned by Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by Executive to the Company or any of its subsidiaries, or otherwise.

9. Notices. All notices or communications hereunder shall be in writing, addressed as follows:

In the case of the Company, to:

EMCOR Group, Inc.
301 Merritt Seven, 6th Floor
Norwalk, CT 06851
Attn: General Counsel

and in the case of Executive, to Executive at the most current address shown on the Executive's employment records. Any such notice or communication shall be delivered by hand or sent certified or registered mail, return receipt requested, postage prepaid, or by nationally recognized overnight courier service, addressed as above (or to such other address as such party may designate in a notice duly delivered as described above), and the actual date of delivery or mailing shall determine the time at which notice was given.

10. Agreement to Perform Necessary Acts. Each party agrees to perform any further acts and to execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

11. Separability; Legal Actions; Legal Fees. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof, which shall remain in full force and effect. Any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement that cannot be resolved by Executive and the Company, including any dispute as to the calculation of Executive's benefits or any payments hereunder, shall be submitted to arbitration in New York, New York in accordance with the laws of the State of New York and the procedures of the American Arbitration Association, except that if Executive institutes an action relating to this Agreement, Executive may, at Executive's option, bring that action in any court of competent jurisdiction. Judgment may be entered on an arbitrator(s) award in any court having jurisdiction.

In addition to all other amounts payable to Executive under this Agreement, the Company shall pay or reimburse Executive for legal fees (including without limitation, any and all court costs and attorneys' fees and expenses) incurred by Executive in connection with or as a result of any claim, action or proceeding brought by the Company or Executive with respect to or arising out of this Agreement or any provision hereof, unless, in the case of an action brought by Executive, it is determined by an arbitrator or by a court of competent jurisdiction that such action was frivolous and was not brought in good faith. Such legal fees shall be paid or reimbursed by the Company to Executive from time to time within five business days following receipt by the Company of copies of bills for such fees and if the Company fails to make such payment within such five day period, the Company shall pay Executive interest thereon at the rate of 5% per annum. All other expenses relating to any arbitration or court proceedings shall be paid by the Company.

12. Assignment. This Agreement shall be binding upon and inure to the benefit of the heirs and representatives of Executive and the assigns and successors of the Company, but neither this

Agreement nor any rights hereunder shall be assignable or otherwise subject to hypothecation by Executive (except by will or by operation of the laws of intestate succession) or by the Company (any such purported assignment by either shall be null and void), except that the Company may assign this Agreement to any successor (whether by merger, purchase or otherwise) to all or substantially all of the stock, assets or business of the Company.

13. Amendment; Waiver. The Agreement may be amended at any time, but only by mutual written agreement of the parties hereto. Any party may waive compliance by the other party with any provision hereof, but only by an instrument in writing executed by the party granting such waiver.

14. Entire Agreement. Except as otherwise provided in the Continuity Agreement dated the date hereof, as amended, between the Company and Executive and any plans or programs providing for perquisites, options and/or other equity grants otherwise provided to Executive, the terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to the employment and/or termination of employment of Executive by the Company. This Agreement shall not apply at all if the Continuity Agreement is applicable to Executive due to a Change of Control, as defined in the Continuity Agreement. The Severance Agreement dated May 1, 2019 between the Company and Executive is hereby terminated and of no further force and effect.

15. Death or Incompetence. In the event of Executive's death or a judicial determination of his incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to his estate or other legal representative.

16. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. The provisions of this Article are in addition to the survivorship provisions of any other Article of this Agreement.

17. Governing Law. This Agreement shall be construed, interpreted, and governed in accordance with the laws of the State of New York without reference to rules relating to conflicts of law.

18. Withholdings. The Company shall be entitled to withhold from payment any amount of withholding required by law.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original.

20. Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated below:

(a) "Base Salary" shall mean Executive's regular basic annual rate of compensation prior to any reduction therein under a salary reduction agreement pursuant to Section 401(k) or Section 125 of the Code, and shall not include (without limitation) cost of living allowances, fees, retainers, reimbursements, bonuses, incentive awards, prizes or similar payments.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Cause" for termination by the Company of Executive's employment, shall mean (a) an action by Executive involving willful malfeasance in connection with his employment which results in material harm to the Company, (b) a material and continuing breach by Executive of the terms of this Agreement which breach is not cured within 60 days after Executive receives written notice from the Company of any such breach or (c) Executive being convicted of a felony. Termination of Executive for Cause shall be communicated by a Notice of Termination given within six months after the Board both (i) had knowledge of conduct or an event allegedly constituting Cause and (ii) had reason to believe that such conduct or event could be grounds for Cause. For purposes of this definition, no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's act, or failure to act, was in the best interest of the Company and its subsidiaries.

(d) "Change of Control" shall have that meaning set forth in the Change of Control Agreement referred to in Article 14 hereof.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(f) "Company" shall mean EMCOR Group, Inc. and any successor to its business and/or assets which assumes and agrees to perform this Agreement by operation of law or otherwise.

(g) "Confidential Information" shall mean non-public information concerning the financial data, strategic business plans, product development (or other proprietary product data), customer lists, marketing plans, attorney-client privileged information of the Company, and other non-public, proprietary or confidential information of any member of the Restricted Group or the customers of any member of the Restricted Group, that, in any case, is not otherwise available to the public (other than by Executive's breach of the terms hereof).

(h) "Date of Termination" shall have the meaning stated in Section 7.02 hereof.

(i) "Good Reason" for termination by Executive of Executive's employment shall mean the occurrence (without Executive's express written consent) of any one of the following acts, or failure to act, unless, in the case of any act or failure to act described in clause (1), (2), (3) or (4) below, such act or failure to act is corrected prior to the Date of Termination specified in the Notice of Termination by Executive given in respect thereof:

(1) a reduction by the Company in Executive's Base Salary as in effect on the date hereof or as the same may be increased from time to time except in connection with a similar reduction in salary that is applicable to all senior executives of the Company;

(2) the failure by the Company or a subsidiary to pay to Executive any portion of Executive's current compensation that is already earned and due;

(3) the failure by the Company to obtain the assumption (either specifically or by operation of law) of this Agreement by any successor or assign of the Company or any person acquiring substantially all of the Company's assets; or

(4) the termination of the Indemnity Agreement effective as of the date hereof between Executive and the Company.

Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder, but Executive shall only be considered to have terminated employment for "Good Reason" if Executive gives a Notice of Termination within 90 days after Executive becomes aware of the event or events constituting Good Reason.

(j) "Notice of Termination" shall have the meaning stated in Section 7.01 hereof.

(k) "Permanent Disability" shall be deemed to exist, if, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from his duties with the Company on a full-time basis for a period of six (6) consecutive months.

(l) "Restricted Group" shall mean the Company, its subsidiaries and their affiliates.

(m) "Severance Payments" shall mean those payments described in Article 3 hereof.

21. Certain Tax Matters. The provisions of this Section 21 shall apply, where applicable, notwithstanding any other provision of this Agreement to the contrary. References herein to "Section 409A" shall mean Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") together with the regulations and other applicable guidance thereunder.

(a) Section 409A.

(i) *Delay in payment; other forms of payment* Any amounts payable under Section 3.02(A) that would have been paid within the six-month period following Executive's separation from service shall be accumulated and paid, and any amounts payable under Section 3.02(B) or Section 4.01(a) shall be paid, six months following Executive's separation from service or upon Executive's death if earlier, unless at the relevant time Executive is no longer a specified employee. Any amounts payable under Section 5.01(ii) or Section 5.01(iii) shall be paid as soon as practicable after death and in all events by the end of the calendar year in which death occurs or, if later, by the 15th day of the third month following the date of death.

(ii) *Certain in-kind benefits and reimbursements.* All in-kind benefits required to be provided hereunder, and all reimbursements provided for herein, shall be subject to and paid in accordance with the reimbursement/in-kind benefit rules under Section 409A, including any related policies of the Company.

(iii) *Good Reason.* In any case where Executive gives notice of "Good Reason" under the last sentence of Section 20(i) above in respect of an act or omission by the Company that is susceptible of cure, Executive's Notice of Termination shall specify a Date of Termination that is not less than thirty (30) days nor more than ninety (90) days following the date of his Notice of Termination.

(iv) *Release.* The release described in Section 6.04 shall be given, if it is given at all, within sixty (60) days of Executive's separation from service.

(v) *Compliance with Section 409A.* It is the mutual intent of the parties that the payment terms under this Agreement comply with the requirements of Section 409A, and that they be construed accordingly.

(vi) *Definitions.* For purposes of this Agreement, all references to termination of employment, retirement, separation from service and similar or correlative terms shall mean a "separation from service" (as defined at Section 1.409A-1(h) of the Treasury Regulations) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single "service recipient" with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations; and the term "specified employee" shall mean an individual who is determined by the Company to be a specified employee as defined in subsection (a)(2)(B)(i) of Section 409A. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A of the Code, any of the special elective rules prescribed in Section 1.409A-1(i) of the Treasury Regulations for purposes of determining "specified employee" status. Any such written election shall be deemed part of this Agreement."

(b) Continuation of Certain Coverage. In any case where the Company is obligated to provide coverage under Section 3.03(a) or Section 4.01(b), the Company at its option may provide such coverage directly under its own plans, and, for the avoidance of doubt, shall provide such coverage on a basis that to the extent permitted by applicable law is, in whole or in part, taxable or nontaxable, provided, that any such coverage that can be provided on a nontaxable basis shall be so provided unless the Company determines that to do so would result in adverse tax consequences to Executive, to other current or former employees of the Company or to the Company. If in the Company's good faith determination continued coverage under its own plans would be impracticable notwithstanding diligent effort by the Company or would result in adverse tax consequences to Executive, to other current or former employees of the Company or to the Company, the Company may instead provide Executive with cash in an amount such that Executive may obtain coverage under other insurance policies providing coverage that is at least equivalent to the coverage under the Company's plans, including deductibles, co-payment percentages or amounts, and maximum coverage amounts. Any provision of coverage, including cash payments as herein provided, shall be accomplished in a manner that to the Company's satisfaction either complies with Section 409A or with the requirements for exemption from Section 409A.

IN WITNESS WHEREOF, the parties hereto have executed this amended and restated employment agreement as of the date first above written.

EMCOR GROUP, INC.

By: _____

Anthony J. Guzzi

Chairman, President and Chief Executive Officer

EXECUTIVE

Jason R. Nalbandian

APPENDIX A

FORM OF RELEASE

For and in consideration of the payments and other benefits described in the Severance Agreement dated as of [____], 2024, between EMCOR Group, Inc. (the "Company") and me (the "Agreement"), and for other good and valuable consideration, I hereby release the Company, its divisions, affiliates, subsidiaries, parents, branches, predecessors, successors, assigns, officers, directors, trustees, employees, agents, shareholders, administrators, representatives, attorneys, insurers and fiduciaries, past, present and future (the "Released Parties") from any and all claims of any kind which I now have or may have against the Released Parties, whether known or unknown to me, by reason of facts which have occurred on or prior to the date that I have signed this Release (except a claim for the payments described in the Agreement). Such released claims include, without limitation, any and all claims under federal, state or local laws pertaining to employment, including the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e et seq., the Fair Labor Standards Act, as amended, 29 U.S.C. Section 2601 et seq., and Connecticut General Statutes, Section 46a-60 et seq., and any and all state or local laws regarding employment discrimination, wage and hour and wage payment and/or federal, state or local laws of any type or description regarding employment, including but not limited to any claims arising from or derivative of my employment with the Company and its subsidiaries, as well as any and all claims under state contract or tort law.

I have read this Release carefully, acknowledge that I have been given at least 21 days to consider all of its terms, and have been and hereby am advised to consult with an attorney and any other advisors of my choice prior to executing this Release, and I fully understand that by signing below I am voluntarily giving up any right which I may have to sue or bring any other claims against the Released Parties, including any rights and claims under the Age Discrimination in Employment Act. I also understand that I have a period of 7 days after signing this Release within which to revoke my agreement, and that neither the Company nor any other person is obligated to make any payments or provide any other benefits to me pursuant to the attached Agreement until 8 days have passed since my signing of this Release without my signature having been revoked. Finally, I have not been forced or pressured in any manner whatsoever to sign this Release, and I agree to all of its terms voluntarily. Nothing in this Release or the Agreement shall be construed to prohibit me from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, except that I hereby agree to waive my right to recover monetary damages or other individual relief in any such charge, investigation or proceeding or any related complaint or lawsuit filed by me or by anyone else on my behalf; provided, further, however, that I am not waiving any right to seek and receive a financial incentive award for any information I provide to a governmental agency or entity. I further understand that nothing contained in this Release of Claims shall be construed to limit, restrict or in any other way affect my communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to such governmental agency or entity.

Notwithstanding anything else herein to the contrary, this Release shall not affect: the obligations of the Company set forth in the Agreement or other obligations that, by their terms, are to be performed after the date hereof (including, without limitation, obligations to me under any stock option, stock award or incentive plans or agreements or litigations under any pension plan or other benefit or deferred compensation plan, all of which shall remain in effect in accordance with their terms); obligations to indemnify me respecting acts or omissions in connection with my service as an officer or employee of the Company and its subsidiaries; or any right I may have to obtain contribution in the event of the entry of judgment against me as a result of any act or failure to act for which both I and the Company are jointly responsible.

This Release, and the attached Agreement, are final and binding and may not be changed or modified except in a writing signed by both parties.

CONTINUITY AGREEMENT

This Agreement ("Agreement") dated as of May 8, 2024 by and between EMCOR GROUP, INC., a Delaware corporation (the "Company"), and JASON R. NALBANDIAN ("Executive").

WHEREAS, the Company's Board of Directors (the "Board") considers the continued services of key executives of the Company to be in the best interests of the Company and its stockholders; and

WHEREAS, the Board desires to assure, and has determined that it is appropriate and in the best interests of the Company and its stockholders to reinforce and encourage the continued attention and dedication of key executives of the Company to their duties of employment without personal distraction or conflict of interest in circumstances arising from the possibility or occurrence of a change of control of the Company; and

WHEREAS, the Board has authorized the Company to enter into continuity agreements with those key executives of the Company who are designated by the Compensation and Personnel Committee of the Board of Directors ("Committee"), such agreements to set forth the severance compensation which the Company agrees under certain circumstances to pay such executives; and

WHEREAS, Executive is a key executive of the Company and has been designated by the Committee as an executive to be offered such a continuity compensation agreement with the Company.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Executive agree as follows:

1. Term of Agreement. On the date on which a Change of Control occurs (the "Effective Date"), this Agreement shall become effective. If Executive ceases to be employed by reason of an Anticipatory Termination (as defined in Section 3(c)) prior to the Effective Date, then Executive shall receive the severance benefits provided herein and the Effective Date of this Agreement shall be deemed to be the date immediately preceding the occurrence of an Anticipatory Termination. If Executive ceases to be employed for any reason other than an Anticipatory Termination prior to a Change of Control (as hereafter defined), this Agreement shall terminate and have no effect and Executive shall receive such severance payments as are provided in any existing agreement between Executive and the Company.

If a Change of Control occurs and there has been no Anticipatory Termination of the Executive, Executive's employment shall be continued hereunder for the period (the "Employment Period") commencing on the Effective Date and ending on the second anniversary of the date on which a Change of Control occurs, subject to the termination of Executive's employment as described hereinafter.

For purposes of this Agreement, a "Change of Control" shall be deemed to have occurred when:

(i) any person or persons acting in concert (excluding Company benefit plans) becomes the beneficial owner of securities of the Company having at least 25% of the voting power of the Company's then outstanding securities; or

(ii) the stockholders of the Company shall approve any merger or other business combination of the Company, sale or lease of the Company's assets or combination of the foregoing transactions (the "Transactions") other than a Transaction immediately following which the stockholders of the Company and any trustee or fiduciary of any Company employee benefit plan immediately prior to the Transaction own at least 65% of the voting power, directly or indirectly, of (A) the surviving corporation in any such merger or other business combination; (B) the purchaser or lessee of the Company's assets; or (C) both the surviving corporation and the purchaser or lessee in the event of any combination of Transactions; or

(iii) within any 24 month period, the persons who were directors immediately before the beginning of such period (the "Incumbent Directors") shall cease (for any reason other than death) to constitute at least a majority of the Board or the board of directors of a successor to the Company. For this purpose, any director who was not a director at the beginning of such period shall be deemed to be an Incumbent Director if such director was elected to the Board by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors (so long as such director was not nominated by a person who has expressed an intent to effect a Change of Control or engage in a proxy or other control contest).

2. Employment following Change of Control. Executive shall have at least the same titles and responsibilities as those in effect immediately prior to the Change of Control. Executive shall receive an annual base salary which is not less than that in effect immediately prior to the Change of Control and the Company shall review the salary annually with a view to increasing it; provided any such increase shall be in the sole discretion of the Board. Once increased, base salary can not be decreased. Executive shall also be paid an annual bonus (the "Bonus") which shall be no less than the higher of (i) the aggregate bonuses paid or payable in respect of the year prior to the Change of Control, or (ii) the average of the annual aggregate bonuses paid or payable in respect of the three years prior to the Change of Control. In addition, Executive shall be provided with incentive compensation, pension, general insurance and fringe benefits and perquisites that are commensurate with the benefits and perquisites provided to Executive immediately prior to the Change of Control or, if more favorable to Executive, at the level made available to other similarly situated executive officers of the Company after the Change of Control. Upon the Change of Control, the Company shall also cause Executive's outstanding options to become immediately exercisable.

3. Termination Following Change of Control.

(a) Executive shall be entitled to the severance benefits provided in Section 4 hereof in the event Executive's employment is terminated (A) within two years following a Change of Control (i) by the Company without Cause or (ii) by Executive for Good Reason or (B) prior to a Change of Control, as a result of an Anticipatory Termination.

Notwithstanding the foregoing, Executive shall not be entitled to severance benefits in the event of a termination of employment on account of death, Disability or Retirement, but excluding any such termination which is coincident with a termination which would otherwise give rise to severance benefits or subsequent to an event constituting Good Reason. For purposes of this Agreement:

(i) "Disability" shall mean an illness or injury preventing Executive from performing his duties, as they existed immediately prior to the illness or injury, on a full time basis for 180 consecutive business days.

(ii) "Retirement" shall mean a termination of employment by Executive pursuant to late, normal or early retirement under a pension plan sponsored by the Company, as defined in such plan.

(b) "Cause" shall mean:

(i) the willful and continued failure of Executive to perform substantially Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to Executive by the Board or an officer of the Company which specifically identifies the manner in which the Board or the officer believes that Executive has not substantially performed Executive's duties; or

(ii) (A) the conviction of, or plea of guilty or nolo contendere to, a felony or (B) the willful engaging by Executive in gross misconduct which is materially and demonstrably injurious to the Company.

In each case above, for a termination of employment to be for Cause: (a) Executive must be provided with a Notice of Termination (as described in Section 3 (d)); (b) Executive must be provided with an opportunity to be heard by the Board no earlier than 30 days following the Notice of Termination (during which notice period Executive has failed to cure or resolve the behavior in question); and (c) there must be a good faith determination of Cause by at least 3/4 of the non-employee outside directors of the Company.

(c) "Good Reason" shall mean:

(i) Executive's annual salary is reduced below the higher of (A) the amount in effect on the Effective Date, or (B) the highest amount in effect at any time thereafter;

(ii) Executive's annual aggregate bonuses are reduced below the Bonus;

(iii) Executive's duties and responsibilities or the program of incentive compensation and retirement and general insurance benefits offered to Executive are materially and adversely diminished in comparison to the duties and responsibilities or the program of benefits enjoyed by Executive on the Effective Date;

(iv) Executive is required to be based at a location more than 50 miles from the location where Executive was based and performed services on the Effective Date; or

(v) failure to provide for and obtain the assumption of this Agreement by any successor entity;

provided, however, that any diminution of duties or responsibilities that occurs solely as a result of the fact that the Company ceases to be a public company shall not, in and of itself, constitute Good Reason.

Any event or condition described in clauses (i) through (v) or a termination without Cause, either of which occurs prior to a Change of Control but which Executive reasonably demonstrates (A) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change of Control (a "Third Party"), or (B) otherwise arose in connection with, or in anticipation of a Change of Control, shall constitute Good Reason for purposes of this Agreement, notwithstanding that it occurred prior to a Change of Control ("Anticipatory Termination").

Executive shall give the Company written notice of any event which he claims is the basis for Good Reason and the Company shall have 30 days within which to cure or resolve the behavior in question before Executive can terminate for Good Reason.

(d) Notice of Termination. Any purported termination of Executive's employment with the Company shall be communicated by a Notice of Termination to Executive, if such termination is by the Company, or to the Company, if such termination is by Executive. For purposes of this Agreement, "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provisions so indicated. For purposes of this Agreement, no purported termination of Executive's employment with the Company shall be effective without such a Notice of Termination having been given.

(e) Dispute Resolution. Disputes arising from the operation of this Agreement, including, but not necessarily being limited to, the manner of giving the Notice of Termination, the reasons or cause for Executive's termination or the amount of severance compensation due to Executive subsequent to Executive's termination, may be resolved, at Executive's discretion, by arbitration; provided, however, that disputes arising under Section 11 of this Agreement shall not be resolved under this Section 3 (e). In the event that any such dispute which Executive elects to be resolved by arbitration, after notice thereof is given to the other party in writing, is not able to be resolved by mutual agreement of the parties within sixty (60) calendar days of the giving of such notice, Executive and the Company hereby agree to promptly submit such a dispute to binding arbitration in New York, New York in accordance with New York law and the rules and procedures of the American Arbitration Association. During any period in which a dispute between the Company and Executive is pending, Executive shall continue to receive his salary (including any Bonus), as provided in Section 2 hereof, and benefits as if his employment with the Company had continued through the date of the final determination thereof (i.e. after decision following any trial or arbitration proceeding and after all

appeals therefrom has run), and any such payments or benefits shall not be offset against any severance, either under this Agreement or otherwise, to which Executive may be entitled.

4. Compensation Upon Termination After a Change of Control

If within two (2) years after the Effective Date, Executive's employment by the Company shall be terminated in accordance with Section 3(a) (the "Termination"), Executive shall be entitled to the following payments and benefits:

(a) Severance. As soon as practicable after the Termination, but in any event no later than 10 business days following such Termination, the Company shall pay or cause to be paid to Executive, a lump sum cash amount equal to three (3) times the sum of (i) Executive's annual base salary on the Effective Date (the "Base Salary"), and (ii) the Bonus. In addition, at the time of the above payment, Executive shall be entitled to an additional lump sum cash payment equal to the sum of (A) Executive's annual salary through the date of termination, (B) an amount equal to Executive's annual aggregate bonuses, for any calendar year ending before such termination occurs, which would have been payable had Executive remained employed until the date such bonus would otherwise have been paid, (C) a pro rata portion of the Bonus (calculated through the date of termination); and (D) an amount, if any, equal to compensation previously deferred (excluding any qualified plan deferral) and any accrued vacation pay, in each case, in full satisfaction of Executive's rights thereto. If payment of the amounts referred to herein is not made by the Company to Executive within such 10 day period, the Company shall pay Executive interest thereon at the rate of 10% per annum.

(b) Additional Benefits. Executive shall be entitled to continued medical, dental and life insurance coverage for Executive and Executive's eligible dependents on the same basis as in effect prior to the Change of Control or Executive's Termination of employment, whichever is deemed to provide for more substantial benefits, until the earlier of (A) thirty-six (36) months (the "Separation Period") after Executive's Termination or (B) the commencement of comparable coverage with a subsequent employer; provided, however, that such continued coverage shall not count against any continued coverage required by law.

(c) Outplacement. If so requested by Executive, outplacement services shall be provided by a professional outplacement provider at a cost to the Company of not more than 20% of Executive's Base Salary.

(d) Withholding. Payments and benefits provided pursuant to this Section 4 shall be subject to any applicable payroll and other taxes required to be withheld.

5. Certain Adjustments:

(a) Anything in this Agreement to the contrary notwithstanding, if any payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a

"Payment"), would (but for this Section 5) be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (including any successor provision, the "Code") or to any similar tax imposed by state or local law (collectively, the "Excise Tax") and if the aggregate amount of all Payments, after reduction for all taxes (including but not limited to the Excise Tax) with respect thereto would be increased by the limitation or elimination of any Payment, including by an adjustment to the vesting of any equity-based or other awards that would otherwise vest on an accelerated basis in connection with the Change of Control, then the Payments shall be reduced (including by an adjustment to vesting where applicable) to the extent, and only to the extent, necessary to maximize Executive's total after-tax Payments. Any reduction or adjustment required by the immediately preceding sentence shall be applied to the Payments as follows: (i) first, by reducing any outplacement services required to be taken into account under Section 280G of the Code and the regulations thereunder ("Section 280G"); (ii) second, by reducing the severance payable under Section 4(a) above; (iii) third, by adjusting the acceleration of the vesting of any awards to which the rules of Treasury Regulations Section 1.280G-1, Q/A-24(a) apply; (iv) by reducing the benefits under Section 4(b) above to the extent such benefits are required to be taken into account under Section 280G; and (v) fifth, by adjusting the acceleration of the vesting of any awards to which the rules of Treasury Regulations Section 1.280G-1, Q/A-24(c) apply. In the case of any category of reductions or adjustments described in the preceding sentence that includes both Payments that are includible in income and Payments that are not, any reduction or adjustment shall first be made to Payments within that category that are includible in income; and in the case of any category of reductions or adjustments described in the preceding sentence that includes amounts that are to be paid or provided in installments, any reduction or adjustment shall first be made in the reverse of the order in which such installments are scheduled to be paid.

(b) All determinations required to be made under this Section 5 shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Company prior to the Change of Control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by Executive). The Accounting Firm shall be directed by the Company or Executive to submit its determination and detailed supporting calculations to both the Company and Executive within 15 calendar days after the Termination Date, if applicable, and any other such time or times as may be requested by the Company or Executive. The Accounting Firm shall, at the same time as it makes such determination, furnish Executive with an opinion that, after taking into account any adjustments under Section 5(a) above, he has substantial authority not to report any Excise Tax.

(c) The Company and Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determination contemplated by Section 5(b) hereof.

(d) The federal, state and local income or other tax returns filed by Executive and the Company (or any filing made by a consolidated tax group which includes the Company) shall be prepared and filed on a consistent basis with the determination of the Accounting Firm hereunder. If, after an initial determination by the Accounting Firm under Section 5(b) above (an

"Initial Determination"), it is determined by a competent tax authority or by the Accounting Firm (a "Later Determination") that, notwithstanding such Initial Determination and any related reductions or adjustments under Section 5(a) above, any reduced or adjusted Payments were subject to the Excise Tax, the Payments shall be further and automatically reduced and adjusted to the extent (but only to the extent) required to eliminate exposure to the Excise Tax, but only if the resulting Payments would, on an after-tax basis, be greater than without such further reduction or adjustment. If as a result of a Later Determination it is determined that Executive has already been paid any Payment that should not have been paid (any such amount, an "Excess Payment"), Executive shall forthwith and in all events within thirty (30) days of such Later Determination refund such Excess Payment to the Company, with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code. If, after an Initial Determination, a Later Determination determines that Executive's Benefits were reduced or adjusted more than was required under Section 5(a), such reductions and adjustments shall be automatically corrected and the Company shall forthwith and in all events within thirty (30) days of such Later Determination pay or provide to Executive, with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code, any Payments that should earlier have been made but were not made because of the Initial Determination. Executive and the Company shall cooperate in good faith, including by prompt notice by each to the other with respect to any relevant audit or determination by a competent tax authority, to effectuate the purposes of this Section 5(d).

(e) The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations contemplated by Sections 5(b) and (d) hereof shall be borne by the Company. If such fees and expenses are initially advanced by Executive, the Company shall reimburse Executive the full amount of such fees and expenses within five business days after receipt from Executive of a statement therefor and reasonable evidence of his payment thereof. If such amounts are not reimbursed to Executive by the Company within such five day period, the Company shall pay Executive interest thereon at the rate of 10% per annum.

(f) In the event of any claim by a competent tax authority asserting that, notwithstanding the application of this Section 5, Executive may be subject to the Excise Tax, Executive shall notify the Company in writing as promptly as practicable but no later than 10 business days after Executive actually receives notice of such claim and at the request of the Company shall:

- (i) provide the Company with any written records or documents in his possession relating to such claim reasonably requested by the Company;
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;
- (iii) cooperate with the Company in good faith in order effectively to contest such claim; and
- (iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such claim and shall indemnify and hold harmless Executive, on an after-tax basis, for and against any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such claim, representation and payment of costs and expenses. Without limiting the foregoing provisions of this Section 5(f), the Company shall control all proceedings taken in connection with the contest of any claim contemplated by this Section 5(f) and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim (provided however, that Executive may participate therein at his cost and expense) and may, at its option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay the tax claimed and sue for a refund, the Company shall, to the extent consistent with applicable law, advance the amount of such payment to Executive on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance; and provided further, however, that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of any such contested claim shall be limited to issues with respect to which the Company would have an indemnity obligation hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(g) If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 5(f) hereof, Executive receives any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements of Section 5(f) hereof) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 5(f) hereof, a determination is made that Executive is not entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial or refund prior to the expiration of 30 calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid.

6. Obligations Absolute; No Mitigation; No Effect On Other Rights.

(a) The obligations of the Company to make the payment to Executive, and to make the arrangements, provided for herein are absolute and unconditional and may not be reduced by any circumstances, including without limitation any set-off, counterclaim, recoupment, defense or other right which the Company may have against Executive or any third party at any time.

(b) Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to Executive in any subsequent employment.

(c) The provisions of this Agreement, and any payment provided for herein, shall not supersede or in any way limit the rights, benefits, duties or obligations which Executive may now or in the future have under any benefit, incentive or other plan or arrangement of the Company or any other agreement with the Company. For the avoidance of doubt, if this Agreement is applicable to Executive due to a Change of Control, the Severance Agreement between the Company and the Executive dated as of the date hereof is superseded by this Agreement, consistent with Article 14 of the Severance Agreement and Section 16 hereof.

7. Not an Employment Agreement. Subject to the terms of this or any other agreement or arrangement between the Company and Executive that may then be in effect, nothing herein shall prevent the Company from terminating Executive's employment.

8. Successors: Binding Agreement. Assignment.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business of the Company, by agreement to expressly, absolutely and unconditionally assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a material breach of this Agreement and shall entitle Executive to terminate Executive's employment with the Company or such successor for Good Reason immediately prior to or at any time after such succession. As used in this Agreement, "Company" shall mean (i) the Company as hereinbefore defined, and (ii) any successor to all or substantially all of the Company's business or assets which executes and delivers an agreement provided for in this Section 8(a) or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law, including any parent or subsidiary of such a successor.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive should die while any amount would be payable to Executive hereunder if Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's estate or designated beneficiary. Neither this Agreement nor any right arising hereunder may be assigned or pledged by Executive.

9. Notice. For purposes of this Agreement, notices and all other communications provided for in this Agreement or contemplated hereby shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed United States certified or registered mail, return receipt requested, postage prepaid, or by nationally recognized overnight courier service, and addressed, in the case of the Company, to the Company at:

301 Merritt Seven, 6th Floor
Norwalk, CT 06851
Attention: General Counsel

and in the case of Executive, to Executive at the most current address shown on Executive's employment records. Either party may designate a different address by giving notice of change of address in the manner provided above, except that notices of change of address shall be effective only upon receipt.

10. Expenses. In addition to all other amounts payable to Executive under this Agreement, the Company shall pay or reimburse Executive for legal fees (including without limitation, any and all court costs, arbitration costs, and attorneys' fees and expenses), incurred by Executive in connection with or as a result of any claim, action or proceeding brought by the Company or Executive with respect to or arising out of this Agreement or any provision hereof, unless, in the case of an action brought by Executive, it is determined by an arbitrator or by a court of competent jurisdiction that such action was frivolous and was not brought in good faith. Such legal fees shall be paid or reimbursed by the Company from time to time within five business days following receipt by the Company of copies of bills for such fees and if the Company fails to make such payment within such five day period, the Company shall pay Executive interest thereon at the rate of 10% per annum.

11. Confidentiality. Executive shall retain in confidence any and all confidential information concerning the Company and its respective business which is now known or hereafter becomes known to Executive, including all information that constitutes attorney-client privileged information of the Company, except as otherwise required by law and except information (i) ascertainable or obtained from public information, (ii) received by Executive at any time after Executive's employment by the Company shall have terminated, from a third party not employed by or otherwise affiliated with the Company or (iii) which is or becomes known to the public by any means other than a breach of this Section 11. Upon any termination of Executive's employment, Executive shall not take or keep any proprietary information or documentation belonging to the Company. Nothing in this Agreement limits, restricts or in any other way affects Executive's communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity (nor is the Executive required to provide any notice to the Company of the same). Executive cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (2) in a complaint or other document filed under seal in a lawsuit or other proceeding. Notwithstanding this immunity from liability, Executive may be held liable if the Executive unlawfully accesses trade secrets by unauthorized means.

12. Miscellaneous. No provision of this Agreement may be amended, altered, modified, waived or discharged unless such amendment, alteration, modification, waiver or discharge is agreed to in writing signed by Executive and such officer of the Company as shall be specifically designated by the Committee or by the Board. No waiver by either party, at any time, of any breach by the other party of, or of compliance by the other party with, any condition or provision of this Agreement to be performed or complied with by such other party shall be deemed a waiver of any similar or dissimilar provision or condition of this Agreement or any other breach of or failure to comply with the same condition or provision at the same time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or

implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without giving effect to its conflict of laws rules. Any action brought by Executive or the Company shall be brought and maintained in a court of competent jurisdiction in the State of New York.

13. Severability. If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby. To the extent permitted by applicable law, each party hereto waives any provision of law which renders any provision of this Agreement invalid, illegal or unenforceable in any respect.

14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which shall be deemed to constitute one and the same instrument.

15. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, except as expressly provided herein, supersedes all prior oral or written agreements, commitments or understanding with respect to the matters provided for herein.

16. Certain Tax Matters. The provisions of this Section 16 shall apply, where applicable, notwithstanding any other provision of this Agreement to the contrary. References herein to "Section 409A" shall mean Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code") together with the regulations and other applicable guidance thereunder.

(a) Section 409A.

- a. *Delay in payment; other forms of payment* Subject to the following sentence, any payments payable under Section 4(a) shall be paid in a lump sum six months following Executive's separation from service, unless at the relevant time Executive is no longer a specified employee. Any payments payable under Section 4(a), if payable other than within the two-year period following a "change in control event" as that term is defined in the Treasury Regulations under Section 409A, shall be paid in the same form (e.g., a lump sum or installments), and at the same time or over the same period as in that certain Severance Agreement between the Company and Executive dated the date hereof. The responsibility for determining whether a Change of Control is a "change in control event" as defined above shall rest with the Committee; provided, that in the absence of an express and reasonable determination to the contrary with respect to a Change of Control and to the extent consistent with Section 409A, the Compensation Committee shall be deemed to have determined that the Change of Control is a "change in control event" as so defined.

- b. *Certain in-kind benefits and reimbursements.* All in-kind benefits required to be provided hereunder, and all reimbursements provided for herein, shall be subject to and paid in accordance with the reimbursement/in-kind benefit rules under Section 409A, including any related policies of the Company.
- c. *Good Reason.* In any case where Executive terminates his employment for “Good Reason” under Section 3(a), he shall give notice of the act or omission asserted to be the basis for such termination within ninety (90) days after Executive becomes aware of such act or omission, and if the Company fails to cure within the thirty (30)-day period specified in Section 3(a), Executive’s date of termination shall be not later than sixty (60) days following the end of such thirty (30)-day period.
- d. *Adjustments.* The additional payment or payments described in Section 5(f) shall be paid as soon as practicable after any amounts referred to therein are paid by Executive and in all events within 30 days of such payment.
- e. *Compliance with Section 409A.* It is the mutual intent of the parties that the payment terms under this Agreement comply with the requirements of Section 409A, and that they be construed accordingly. Without limiting the generality of the foregoing and for the avoidance of doubt, any lump-sum payment of deferred compensation pursuant to Section 4(a)(D) shall be made in such form only to the extent consistent with Section 409A, taking into account the provisions of the underlying deferral plan or agreement or any termination thereof accomplished in a manner consistent with Section 409A, and otherwise such deferred compensation shall be paid as provided in the underlying deferral plan or agreement.
- f. *Definitions.* For purposes of this Agreement, all references to termination of employment, retirement, separation from service and similar or correlative terms shall mean a “separation from service” (as defined in Section 1.409A-1(h) of the Treasury Regulations) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single “service recipient” with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations; and the term “specified employee” shall mean an individual who is determined by the Company to be a specified employee as defined in subsection (a)(2)(B)(i) of Section 409A. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A of the Code, any of the special elective rules prescribed in Section 1.409A-1(i) of the Treasury Regulations for purposes of determining “specified employee” status. Any such written election shall be deemed part of this Agreement.

(b) Continuation of Certain Coverage. In any case where the Company is obligated to provide coverage under Section 3(a) or Section 4(b), the Company at its option may provide such coverage directly under its own plans, and, for the avoidance of doubt, shall provide such coverage on a basis that to the extent permitted by applicable law is, in whole or in part, taxable or nontaxable; *provided*, that any such coverage that can be provided on a nontaxable basis shall be so provided unless the Company determines that to do so would result in adverse tax consequences to Executive, to other current or former employees of the Company, or to the Company. If in the Company's good faith determination continued coverage under its own plans, would be impracticable notwithstanding diligent effort by the Company or would result in adverse tax consequences to Executive, to other current or former employees of the Company or to the Company, the Company may instead provide Executive with cash in an amount such that the Executive may obtain coverage under other insurance policies providing coverage that is at least equivalent to the coverage under the Company's plans, including deductibles, co-pay percentages or amounts, and maximum coverage amounts. Any provision of coverage, including cash payments as herein provided, as well as provision of the benefits under Section 4(c), shall be accomplished in a manner that to the Company's satisfaction either complies with Section 409A or with the requirements for exemption from Section 409A.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

EMCOR GROUP, INC.

By: _____
Anthony J. Guzzi
Chairman, President and
Chief Executive Officer

Executive: Jason R. Nalbandian

CERTIFICATION

I, Anthony J. Guzzi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EMCOR Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

/s/ ANTHONY J. GUZZI

Anthony J. Guzzi
Chairman, President, and Chief Executive Officer

CERTIFICATION

I, Jason R. Nalbandian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EMCOR Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

/s/ JASON R. NALBANDIAN

Jason R. Nalbandian
Senior Vice President, Chief Financial Officer
and Chief Accounting Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of EMCOR Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony J. Guzzi, Chairman, President, and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 25, 2024

/s/ ANTHONY J. GUZZI

Anthony J. Guzzi
Chairman, President, and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of EMCOR Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jason R. Nalbandian, Senior Vice President, Chief Financial Officer and Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 25, 2024

/s/ JASON R. NALBANDIAN

Jason R. Nalbandian
Senior Vice President, Chief Financial Officer
and Chief Accounting Officer

MINE SAFETY DISCLOSURES

The Company has no disclosures to report under section 1503 for the period covered by this report.