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 March 31, 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)

Delaware	**11-2125338**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
301 Merritt Seven Norwalk, Connecticut	**06851-1092**
(Address of Principal Executive Offices)	(Zip Code)

(203) 849-7800

(Registrant's Telephone Number, Including Area Code)

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 April 19, 2024: 46,996,241 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) March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 840,985	$ 789,750
Accounts receivable, less allowance for credit losses of $31,364 and $22,502, respectively	3,206,131	3,203,490
Contract assets	267,611	269,885
Inventories	113,751	110,774
Prepaid expenses and other	79,651	73,072
Total current assets	4,508,129	4,446,971
Property, plant, and equipment, net	186,410	179,378
Operating lease right-of-use assets	321,505	310,498
Goodwill	956,549	956,549
Identifiable intangible assets, net	569,781	586,032
Other assets	144,953	130,293
Total assets	$ 6,687,327	$ 6,609,721
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 865,059	$ 935,967
Contract liabilities	1,649,207	1,595,109
Accrued payroll and benefits	477,529	596,936
Other accrued expenses and liabilities	363,677	315,107
Operating lease liabilities, current	76,013	75,236
Total current liabilities	3,431,485	3,518,355
Operating lease liabilities, long-term	269,799	259,430
Other long-term obligations	370,661	361,121
Total liabilities	4,071,945	4,138,906
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, 61,162,115 and 61,094,042 shares issued, respectively	612	611
Capital surplus	87,673	91,813
Accumulated other comprehensive loss	(86,436)	(85,704)
Retained earnings	4,003,079	3,814,439
Treasury stock, at cost 14,166,515 and 14,046,777 shares, respectively	(1,390,583)	(1,351,381)
Total EMCOR Group, Inc. stockholders' equity	2,614,345	2,469,778
Noncontrolling interests	1,037	1,037
Total equity	2,615,382	2,470,815
Total liabilities and equity	$ 6,687,327	$ 6,609,721

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 March 31, 2024	Three months ended March 31, 2023
Revenues	$ 3,432,276	$ 2,890,432
Cost of sales	2,842,967	2,454,370
Gross profit	589,309	436,062
Selling, general and administrative expenses	329,356	281,152
Operating income	259,953	154,910
Net periodic pension income (cost)	222	(274)
Interest income (expense), net	7,541	(1,832)
Income before income taxes	267,716	152,804
Income tax provision	70,567	41,331
Net income	$ 197,149	$ 111,473
Basic earnings per common share	$ 4.18	$ 2.33
Diluted earnings per common share	$ 4.17	$ 2.32
Dividends declared per common share	$ 0.18	$ 0.15

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)(Unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net income	$ 197,149	$ 111,473
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	(1,216)	2,257
Post-retirement plans, amortization of actuarial loss included in net income [1]	484	519
Other comprehensive (loss) income	(732)	2,776
Comprehensive income	$ 196,417	$ 114,249

(1) Net of tax of $0.2 million for each of the three months ended March 31, 2024 and 2023.

See Notes to Consolidated Financial Statements.

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EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)(Unaudited)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash flows - operating activities:		
Net income	$ 197,149	$ 111,473
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,337	12,621
Amortization of identifiable intangible assets	16,251	15,877
Provision for (recovery of) credit losses	9,898	(343)
Non-cash share-based compensation expense	6,527	4,087
Other reconciling items	(2,829)	505
Changes in operating assets and liabilities, excluding the effect of businesses acquired	(108,069)	(228,803)
Net cash provided by (used in) operating activities	132,264	(84,583)
Cash flows - investing activities:		
Payments for acquisitions of businesses, net of cash acquired	(100)	(11,834)
Proceeds from sale or disposal of property, plant, and equipment	939	9,583
Purchases of property, plant, and equipment	(20,278)	(23,154)
Net cash used in investing activities	(19,439)	(25,405)
Cash flows - financing activities:		
Proceeds from revolving credit facility	—	100,000
Repayments of finance lease liabilities	(773)	(780)
Dividends paid to stockholders	(8,470)	(7,151)
Repurchases of common stock	(39,000)	(16,033)
Taxes paid related to net share settlements of equity awards	(11,648)	(5,242)
Issuances of common stock under employee stock purchase plan	943	2,168
Payments for contingent consideration arrangements	—	(1,456)
Net cash (used in) provided by financing activities	(58,948)	71,506
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1,140)	2,239
Increase (decrease) in cash, cash equivalents, and restricted cash	52,737	(36,243)
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)	$ 842,487	$ 420,825

(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 $1.5 million and $0.8 million of restricted cash classified as “Prepaid expenses and other” in the Consolidated Balance Sheets as of March 31, 2024 and 2023, respectively.

See Notes to Consolidated Financial Statements.

EMCOR Group, Inc. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

For the three months ended March 31, 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	111,473	—	—	—	111,473	—	—
Other comprehensive income	2,776	—	—	2,776	—	—	—
Common stock issued under share-based compensation plans	—	1	(1)	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(5,242)	—	(5,242)	—	—	—	—
Common stock issued under employee stock purchase plan	2,168	—	2,168	—	—	—	—
Common stock dividends	(7,151)	—	43	—	(7,194)	—	—
Repurchases of common stock	(16,077)	—	—	—	—	(16,077)	—
Share-based compensation expense	4,087	—	4,087	—	—	—	—
Balance, March 31, 2023	$ 2,066,325	$ 610	$ 75,850	$ (90,675)	$ 3,318,560	$ (1,238,722)	$ 702
Balance, December 31, 2023	$ 2,470,815	$ 611	$ 91,813	$ (85,704)	$ 3,814,439	$ (1,351,381)	$ 1,037
Net income	197,149	—	—	—	197,149	—	—
Other comprehensive loss	(732)	—	—	(732)	—	—	—
Common stock issued under share-based compensation plans	—	1	(1)	—	—	—	—
Tax withholding for common stock issued under share-based compensation plans	(11,648)	—	(11,648)	—	—	—	—
Common stock issued under employee stock purchase plan	943	—	943	—	—	—	—
Common stock dividends	(8,470)	—	39	—	(8,509)	—	—
Repurchases of common stock	(39,202)	—	—	—	—	(39,202)	—
Share-based compensation expense	6,527	—	6,527	—	—	—	—
Balance, March 31, 2024	$ 2,615,382	$ 612	$ 87,673	$ (86,436)	$ 4,003,079	$ (1,390,583)	$ 1,037

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

See Notes to Consolidated Financial Statements.

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 months ended March 31, 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.

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.

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.

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 had revisions to total estimated costs or anticipated contract value, which resulted in a reduction of profitability in excess of $1.0 million, our operating results were negatively impacted during the three months ended March 31, 2024 and 2023, as summarized in the following table (in thousands):

	For the three months ended March 31,	
	2024	2023
United States electrical construction and facilities services	$ 5,319	$ 5,232
United States mechanical construction and facilities services	3,653	1,164
Total impact	$ 8,972	$ 6,396

NOTE 3 - Revenue from Contracts with Customers (Continued)

During the three months ended March 31, 2024, we recognized revenue of approximately $9.0 million on individual projects that were substantially complete in prior periods but had revisions to total estimated cost or anticipated contract value, which resulted in an increase to profitability in excess of $1.0 million. Of the amounts recorded during the three months ended March 31, 2024, approximately $6.6 million was reported within our United States electrical construction and facilities services segment, predominantly as a result of the settlement of final contract value on two projects, and approximately $2.4 million was reported within our United States mechanical construction and facilities services segment. There were no significant amounts of revenue recognized during the three months ended March 31, 2023 related to performance obligations satisfied in prior periods.

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 months ended March 31, 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 March 31,			
	2024	% of Total	2023	% of Total
United States electrical construction and facilities services:				
Network and communications market sector	$ 309,540	40 %	$ 213,751	33 %
Commercial market sector	93,448	12 %	97,098	15 %
Manufacturing and industrial market sector	100,551	13 %	85,241	13 %
Healthcare market sector	53,380	7 %	55,503	9 %
High-tech manufacturing market sector	35,243	4 %	30,554	5 %
Institutional market sector	38,070	5 %	37,411	6 %
Transportation market sector	43,624	6 %	33,902	5 %
Water and wastewater market sector	4,207	1 %	7,458	1 %
Hospitality and entertainment market sector	21,955	3 %	20,052	3 %
Short duration projects (1)	51,059	7 %	47,680	7 %
Service work	14,125	2 %	16,877	3 %
	765,202		645,527	
Less intersegment revenues	(491)		(781)	
Total segment revenues	$ 764,711		$ 644,746	

(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 March 31,			
	2024	% of Total	2023	% of Total
United States mechanical construction and facilities services:				
Network and communications market sector	$ 131,081	9 %	$ 99,421	9 %
Commercial market sector	259,770	18 %	255,846	24 %
Manufacturing and industrial market sector	187,726	13 %	141,635	13 %
Healthcare market sector	117,253	8 %	112,728	10 %
High-tech manufacturing market sector	310,930	22 %	116,796	11 %
Institutional market sector	98,354	7 %	64,048	6 %
Transportation market sector	14,012	1 %	12,218	1 %
Water and wastewater market sector	63,434	5 %	68,662	6 %
Hospitality and entertainment market sector	12,855	1 %	10,077	1 %
Short duration projects (1)	105,216	7 %	81,417	8 %
Service work	128,350	9 %	117,188	11 %
	1,428,981		1,080,036	
Less intersegment revenues	(1,316)		(1,478)	
Total segment revenues	$ 1,427,665		$ 1,078,558	

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

	For the three months ended March 31,			
	2024	% of Total	2023	% of Total
United States building services:				
Mechanical services	$ 514,148	66 %	$ 462,534	64 %
Commercial site-based services	218,629	28 %	209,371	29 %
Government site-based services	48,383	6 %	53,470	7 %
Total segment revenues	$ 781,160		$ 725,375	

	For the three months ended March 31,			
	2024	% of Total	2023	% of Total
United States industrial services:				
Field services	$ 309,801	88 %	$ 285,844	86 %
Shop services	44,252	12 %	45,039	14 %
Total segment revenues	$ 354,053		$ 330,883	
Total United States operations	$ 3,327,589		$ 2,779,562	

	For the three months ended March 31,			
	2024	% of Total	2023	% of Total
United Kingdom building services:				
Service work	$ 49,844	48 %	$ 51,663	47 %
Project work	54,843	52 %	59,207	53 %
Total segment revenues	$ 104,687		$ 110,870	
Total operations	$ 3,432,276		$ 2,890,432	

NOTE 3 - Revenue from Contracts with Customers (Continued)

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 March 31, 2024 and December 31, 2023, our allowance for credit losses was $31.4 million and $22.5 million, respectively. The increase in our allowance for credit losses during the first three months of 2024 was primarily due to a reserve taken for a specific customer bankruptcy within 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.

The change in the allowance for credit losses for the three months ended March 31, 2024 was as follows (in thousands):

Balance at December 31, 2023	$	22,502
Provision for credit losses		9,898
Amounts written off against the allowance, net of recoveries		(1,036)
Balance at March 31, 2024	$	31,364

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.

NOTE 3 - Revenue from Contracts with Customers (Continued)

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

	March 31, 2024	December 31, 2023
Contract assets, current	$ 267,611	$ 269,885
Contract assets, non-current	—	—
Contract liabilities, current	(1,649,207)	(1,595,109)
Contract liabilities, non-current	(1,776)	(1,812)
Net contract liabilities	$ (1,383,372)	$ (1,327,036)

The $56.3 million increase in net contract liabilities for the three months ended March 31, 2024 was primarily attributable 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.

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 March 31, 2024 (in thousands, except for percentages):

	March 31, 2024	% of Total
Remaining performance obligations:		
United States electrical construction and facilities services	$ 2,551,430	28 %
United States mechanical construction and facilities services	4,997,257	54 %
United States building services	1,351,585	15 %
United States industrial services	111,935	1 %
Total United States operations	9,012,207	98 %
United Kingdom building services	163,145	2 %
Total operations	$ 9,175,352	100 %

Our remaining performance obligations at March 31, 2024 were $9.18 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.

NOTE 3 - Revenue from Contracts with Customers (Continued)

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.

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	$ 2,120,190	$ 431,240
United States mechanical construction and facilities services	4,296,296	700,961
United States building services	1,217,565	134,020
United States industrial services	111,935	—
Total United States operations	7,745,986	1,266,221
United Kingdom building services	121,604	41,541
Total operations	$ 7,867,590	$ 1,307,762

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 quarter of 2024, we entered into definitive agreements to acquire four companies for upfront consideration of approximately $175.0 million. Three of these transactions closed subsequent to March 31, 2024, and the fourth is expected to close later in the second quarter of 2024, subject to certain closing conditions. These acquisitions are comprised of: (a) two companies that will be 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 will be 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 will be 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.

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 allocation for one of the businesses acquired in 2023 is preliminary and subject to change during its measurement period. As we finalize such purchase price allocation, 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 other businesses acquired in 2023 have been finalized during their respective measurement periods with an insignificant impact.

NOTE 5 - Earnings Per Share

Calculation of Basic and Diluted Earnings per Common Share

The following table summarizes our calculation of Basic and Diluted Earnings per Common Share ("EPS") for the three months ended March 31, 2024 and 2023 (in thousands, except share and per share data):

	For the three months ended March 31,	
	2024	2023
Numerator:		
Net income	$ 197,149	$ 111,473
Denominator:		
Weighted average shares outstanding used to compute basic earnings per common share	47,138,185	47,775,819
Effect of dilutive securities—Share-based awards	178,312	169,996
Shares used to compute diluted earnings per common share	47,316,497	47,945,815
Basic earnings per common share	$ 4.18	$ 2.33
Diluted earnings per common share	$ 4.17	$ 2.32

The number of share-based awards excluded from the computation of diluted EPS for the three months ended March 31, 2024 because they would be anti-dilutive was 1,095. There were no anti-dilutive share-based awards for the three months ended March 31, 2023.

NOTE 6 - Inventories

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

	March 31, 2024	December 31, 2023
Raw materials and construction materials	$ 98,564	$ 94,447
Work in process	15,187	16,327
Inventories	$ 113,751	$ 110,774

NOTE 7 - Debt

Excluding finance lease liabilities of $5.3 million in each period, we had no outstanding debt as of March 31, 2024 and December 31, 2023. The current portion of our finance lease liabilities of $2.4 million and $2.5 million at March 31, 2024 and December 31, 2023, respectively, were included in "Other accrued expenses and liabilities" and the non-current portion of our finance lease liabilities of $2.9 million and $2.8 million at March 31, 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 March 31, 2024 and December 31, 2023. However, outstanding letters of credit reduce the available capacity under this facility, and as of March 31, 2024 and December 31, 2023, we had $89.9 million and $116.7 million of letters of credit outstanding, respectively.

NOTE 7 - Debt (continued)

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 March 31, 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 March 31, 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.

Recurring Fair Value Measurements

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

	Assets at Fair Value as of March 31, 2024			
Asset Category	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents [1]	$ 840,985	$ —	$ —	$ 840,985
Deferred compensation plan assets [2]	58,432	—	—	58,432
Restricted cash [3]	1,502	—	—	1,502
Total	$ 900,919	$ —	$ —	$ 900,919

(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 March 31, 2024, we had $528.3 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.

(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.

NOTE 8 - Fair Value Measurements (continued)

	Assets at Fair Value as of December 31, 2023			
Asset Category	**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	$ 837,065	$ —	$ —	$ 837,065

(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 March 31, 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.

NOTE 9 - Income Taxes

The following table presents our income tax provision and our income tax rate for the three months ended March 31, 2024 and 2023 (in thousands, except percentages):

	For the three months ended March 31,	
	2024	**2023**
Income tax provision	$ 70,567	$ 41,331
Income tax rate	26.4 %	27.0 %

The difference between the U.S. statutory tax rate of 21% and our effective income tax rate for both the three months ended March 31, 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 months ended March 31, 2024, when compared to the three months ended March 31, 2023, was predominantly due to greater income before income taxes. The decrease in our effective income tax rate for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 was attributable to the impact of favorable discrete tax items during the first quarter of 2024.

As of March 31, 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 2017 through 2021.

NOTE 10 - Common Stock

As of March 31, 2024 and December 31, 2023, there were 46,995,600 and 47,047,265 shares of our common stock outstanding, respectively.

During the three months ended March 31, 2024 and 2023, we issued 68,073 and 72,076 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.

We have paid quarterly dividends since October 25, 2011. Commencing with the dividend to be paid on April 30, 2024, our quarterly dividend will increase from $0.18 per share to $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. Since the inception of the repurchase program, the Board has authorized us to repurchase up to $2.15 billion of our outstanding common stock. During the three months ended March 31, 2024, we repurchased approximately 0.1 million shares of our common stock for approximately $39.2 million, inclusive of the applicable excise tax. Since the inception of the repurchase program through March 31, 2024, we have repurchased approximately 25.9 million shares of our common stock for approximately $1.93 billion. As of March 31, 2024, there remained authorization for us to repurchase approximately $221.9 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.

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 months ended March 31, 2024 and 2023 were as follows (in thousands):

	For the three months ended March 31,	
	2024	2023
Interest cost	$ 2,376	$ 2,376
Expected return on plan assets	(3,232)	(2,791)
Amortization of unrecognized loss	653	639
Net periodic pension (income) cost	$ (203)	$ 224

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 March 31, 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 $2.2 billion, which represents approximately 24% 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 March 31, 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.

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.

NOTE 12 - Commitments and Contingencies (Continued)

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 March 31, 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 $53.4 million and $51.0 million, respectively. The estimated non-current portion of such undiscounted insurance liabilities included in "Other long-term obligations" as of March 31, 2024 and December 31, 2023 were $238.0 million and $229.8 million, respectively. The current portion of anticipated insurance recoveries of $13.3 million and $11.9 million as of March 31, 2024 and December 31, 2023, respectively, were included in "Prepaid expenses and other" and the non-current portion of anticipated insurance recoveries of $52.8 million and $48.8 million as of March 31, 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 three months ended March 31, 2024 and 2023 (in thousands):

	For the three months ended March 31,	
	2024	2023
Cash paid for:		
Interest	$ 132	$ 4,498
Income taxes	$ 6,542	$ 5,131
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 32,408	$ 25,558
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 738	$ 29

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.

NOTE 14 - Segment Information (continued)

The following tables present financial information for each of our reportable segments for the three months ended March 31, 2024 and 2023 (in thousands):

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Revenues from unrelated entities:		
United States electrical construction and facilities services	$ 764,711	$ 644,746
United States mechanical construction and facilities services	1,427,665	1,078,558
United States building services	781,160	725,375
United States industrial services	354,053	330,883
Total United States operations	3,327,589	2,779,562
United Kingdom building services	104,687	110,870
Total operations	$ 3,432,276	$ 2,890,432
Total revenues:		
United States electrical construction and facilities services	$ 766,739	$ 645,654
United States mechanical construction and facilities services	1,436,828	1,099,484
United States building services	803,873	748,610
United States industrial services	358,175	338,507
Less intersegment revenues	(38,026)	(52,693)
Total United States operations	3,327,589	2,779,562
United Kingdom building services	104,687	110,870
Total operations	$ 3,432,276	$ 2,890,432

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Operating income (loss):		
United States electrical construction and facilities services	$ 91,589	$ 40,516
United States mechanical construction and facilities services	150,720	86,227
United States building services	33,459	37,650
United States industrial services	17,966	15,020
Total United States operations	293,734	179,413
United Kingdom building services	5,377	5,424
Corporate administration	(39,158)	(29,927)
Total operations	259,953	154,910
Other items:		
Net periodic pension income (cost)	222	(274)
Interest income (expense), net	7,541	(1,832)
Income before income taxes	$ 267,716	$ 152,804

NOTE 14 - Segment Information (Continued)

	March 31, 2024	December 31, 2023
Total assets:		
United States electrical construction and facilities services	$ 1,218,422	$ 1,243,707
United States mechanical construction and facilities services	2,258,381	2,242,833
United States building services	1,372,560	1,382,664
United States industrial services	592,464	571,658
Total United States operations	5,441,827	5,440,862
United Kingdom building services	278,147	277,066
Corporate administration	967,353	891,793
Total operations	$ 6,687,327	$ 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 March 31, 2024 and 2023 (in thousands, except percentages and per share data):

	For the three months ended March 31,	
	2024	2023
Revenues	$ 3,432,276	$ 2,890,432
Revenues increase from prior year	18.7 %	11.5 %
Gross profit	$ 589,309	$ 436,062
Gross profit as a percentage of revenues	17.2 %	15.1 %
Operating income	$ 259,953	$ 154,910
Operating income as a percentage of revenues	7.6 %	5.4 %
Net income	$ 197,149	$ 111,473
Diluted earnings per common share	$ 4.17	$ 2.32

Revenues of $3.43 billion for the quarter ended March 31, 2024 set a new first quarter record for the Company and represent an increase of 18.7% from revenues of $2.89 billion for the quarter ended March 31, 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 except for our United Kingdom building services segment. Revenues for the first quarter of 2024 included incremental acquisition contribution of approximately $7.9 million.

Operating income for the quarter ended March 31, 2024 was $260.0 million, or 7.6% of revenues, establishing new first quarter records for the Company with respect to both operating income and operating margin. This compares to operating income of $154.9 million, or 5.4% of revenues, for the quarter ended March 31, 2023. The $105.0 million increase in operating income, and corresponding 220 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.

Net income of $197.1 million, or $4.17 per diluted share, for the quarter ended March 31, 2024, compares favorably to net income of $111.5 million, or $2.32 per diluted share, for the quarter ended March 31, 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 March 31, 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 quarter 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 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 table presents our operating segment revenues from unrelated entities and their respective percentages of total revenues (in thousands, except for percentages):

	For the three months ended March 31,			
	2024	% of Total	2023	% of Total
Revenues:				
United States electrical construction and facilities services	$ 764,711	22 %	$ 644,746	22 %
United States mechanical construction and facilities services	1,427,665	42 %	1,078,558	38 %
United States building services	781,160	23 %	725,375	25 %
United States industrial services	354,053	10 %	330,883	11 %
Total United States operations	3,327,589	97 %	2,779,562	96 %
United Kingdom building services	104,687	3 %	110,870	4 %
Total operations	$ 3,432,276	100 %	$ 2,890,432	100 %

As described below in more detail, as a result of revenue growth within the majority of our reportable segments, our consolidated revenues for the first quarter of 2024 increased to $3.43 billion compared to $2.89 billion for the first quarter of 2023.

Revenues of our United States electrical construction and facilities services segment were $764.7 million for the three months ended March 31, 2024 compared to revenues of $644.7 million for the three months ended March 31, 2023. The $120.0 million increase in this segment's revenues was primarily a result of revenue growth within the network and communications market sector, predominantly due to our data center projects. Increased demand for cloud computing, data storage, and 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.

Our United States mechanical construction and facilities services segment revenues for the three months ended March 31, 2024 were $1,427.7 million, a $349.1 million increase compared to revenues of $1,078.6 million for the three months ended March 31, 2023. The increase in this segment's revenues was attributable to revenue growth within the majority of the market sectors in which we operate, most notably including: (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 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, (c) the institutional market sector, given several public sector projects which were active during the first quarter of 2024, and (d) 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. In addition, revenues of this segment were positively impacted by greater levels of short duration projects and service work.

Revenues of our United States building services segment were $781.2 million for the three months ended March 31, 2024 compared to revenues of $725.4 million for the three months ended March 31, 2023. Included in this segment's results for the first quarter of 2024 were $7.9 million of incremental acquisition revenues. Excluding such acquisition contribution, the $47.9 million increase in revenues was primarily attributable to this segment's mechanical services division, due to 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.

Revenues of our United States industrial services segment for the three months ended March 31, 2024 were $354.1 million compared to revenues of $330.9 million for the three months ended March 31, 2023. This $23.2 million increase was largely driven by this segment's field services division due to: (a) greater turnaround project demand, including scope growth on certain projects that were active in the first quarter of 2024, and (b) an increase in renewable fuel project revenues.

Our United Kingdom building services segment revenues were $104.7 million for the three months ended March 31, 2024 compared to revenues of $110.9 million for the three months ended March 31, 2023. The decrease in this segment's revenues was a result of: (a) the loss of certain facilities maintenance contracts not renewed pursuant to rebid, and (b) a reduction in project activity, notably within the network and communications market sector. Partially offsetting these decreases was the impact of favorable exchange rate movements for the British pound versus the United States dollar, which positively impacted this segment's revenues by $4.4 million during the first quarter of 2024.

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 March 31,	
	2024	2023
Cost of sales	$ 2,842,967	$ 2,454,37
Gross profit	$ 589,309	$ 436,06
Gross profit margin	17.2 %	15.

Our gross profit for the three months ended March 31, 2024 was $589.3 million, or 17.2% of revenues, compared to gross profit of $436.1 million, or 15.1% of revenues, for the three months ended March 31, 2023. The increase in gross profit and the expansion in gross profit margin were the result of stronger operating performance within the majority of our reportable segments due to an improved revenue mix, excellent project execution, and/or favorable pricing. Our gross profit for the first quarter of 2024 included incremental acquisition contribution of $1.8 million.

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 March 31,	
	2024	2023
Selling, general and administrative expenses	$ 329,356	$ 281,152
SG&A margin	9.6 %	9.7 %

Our selling, general and administrative expenses for the three months ended March 31, 2024 were $329.4 million, or 9.6% of revenues, compared to selling, general and administrative expenses of $281.2 million, or 9.7% of revenues, for the three months ended March 31, 2023. Selling, general and administrative expenses for the first quarter of 2024 included $3.0 million of incremental expenses directly related to companies acquired in 2023, including amortization expense attributable to identifiable intangible assets of $1.0 million.

Excluding incremental expenses from businesses acquired, the increase in selling, general and administrative expenses period-over-period was predominantly attributable to increases in: (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, (b) incentive compensation expense across the majority of our reportable segments, due to higher projected annual operating results, and (c) the provision for credit losses, primarily due to a reserve taken for a specific customer bankruptcy within our United States building services segment.

Operating income (loss)

The following table presents 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 March 31,			
	2024	% of Segment Revenues	2023	% of Segment Revenues
Operating income (loss):				
United States electrical construction and facilities services	$ 91,589	12.0 %	$ 40,516	6.3 %
United States mechanical construction and facilities services	150,720	10.6 %	86,227	8.0 %
United States building services	33,459	4.3 %	37,650	5.2 %
United States industrial services	17,966	5.1 %	15,020	4.5 %
Total United States operations	293,734	8.8 %	179,413	6.5 %
United Kingdom building services	5,377	5.1 %	5,424	4.9 %
Corporate administration	(39,158)	—	(29,927)	—
Total operations	259,953	7.6 %	154,910	5.4 %
Other items:				
Net periodic pension income (cost)	222		(274)	
Interest income (expense), net	7,541		(1,832)	
Income before income taxes	$ 267,716		$ 152,804	

Operating income for the three months ended March 31, 2024 was $260.0 million, an increase of $105.0 million compared to operating income of $154.9 million for the three months ended March 31, 2023. Operating margin for the three months ended March 31, 2024 was 7.6% compared to an operating margin of 5.4% for the three months ended March 31, 2023. As described in more detail below, this increase in profitability was 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 of our United States electrical construction and facilities services segment was $91.6 million, or 12.0% of revenues, for the three months ended March 31, 2024, compared to $40.5 million, or 6.3% of revenues, for the three months ended March 31, 2023. The $51.1 million increase in operating income and the 570 basis point improvement in operating margin of this segment were largely 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 quarterly revenues as well as a more favorable mix of work. The most notable increases in gross profit were experienced within the network and communications market sector, the commercial market sector, and the manufacturing and industrial market sector.

Our United States mechanical construction and facilities services segment's operating income for the three months ended March 31, 2024 was $150.7 million, or 10.6% of revenues, compared to operating income of $86.2 million, or 8.0% of revenues, for the three months ended March 31, 2023. The $64.5 million increase in operating income and the 260 basis point improvement in operating margin of this segment 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: (i) engaged in either the design or 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, and (b) 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 each of our United States construction segments 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 $33.5 million, or 4.3% of revenues, for the three months ended March 31, 2024 compared to $37.7 million, or 5.2% of revenues, for the three months ended March 31, 2023. The operating results of this segment for the first quarter of 2024 were positively impacted by increased gross profit and gross profit margin, primarily from continued strength in its mechanical services division, including greater profitability from HVAC projects and retrofits. However, operating income and operating margin decreased when compared to the same prior year period, due to an $11.0 million reserve taken within this segment's commercial site-based services division for a specific customer bankruptcy, which negatively impacted the operating margin of this segment by 140 basis points for the three months ended March 31, 2024.

Our United States industrial services segment reported operating income of $18.0 million, or 5.1% of revenues, for the three months ended March 31, 2024 compared to operating income of $15.0 million, or 4.5% of revenues, for the three months ended March 31, 2023. In addition to a slight increase in gross profit margin period-over-period, this segment benefited from greater overhead absorption given the previously referenced increase in quarterly revenues.

For the three months ended March 31, 2024 and 2023, operating income of our United Kingdom building services segment was essentially flat at $5.4 million for each period and operating margin was 5.1% and 4.9%, respectively. Despite the reduction in quarterly segment revenues discussed above, we continue to optimize our project and service mix while seeking to more effectively leverage the overhead cost structure of this segment, resulting in the modest improvement in operating margin period-over-period. Operating income of this segment for the first quarter of 2024 was positively impacted by $0.2 million related to the effect of favorable exchange rate movements for the British pound versus the United States dollar.

Our corporate administration expenses for the three months ended March 31, 2024 were $39.2 million compared to $29.9 million for the three months ended March 31, 2023. This increase in corporate expenses was primarily due to greater employment compensation costs, including certain severance expenses as well as an increase in share-based compensation expense. In addition to the above, we have 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 months ended March 31, 2024 of $7.5 million compared to net interest expense of $1.8 million for the three months ended March 31, 2023.

For the three months ended March 31, 2024, our income tax provision was $70.6 million compared to an income tax provision of $41.3 million for the three months ended March 31, 2023. Our effective income tax rate for the three months ended March 31, 2024 was 26.4% compared to an effective income tax rate for the three months ended March 31, 2023 of 27.0%. 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):

	March 31, 2024	% of Total	December 31, 2023	% of Total	March 31, 2023	% of Total
Remaining performance obligations:						
United States electrical construction and facilities services	$ 2,551,430	28 %	$ 2,387,844	27 %	$ 2,050,956	26 %
United States mechanical construction and facilities services	4,997,257	54 %	4,940,519	56 %	4,295,524	54 %
United States building services	1,351,585	15 %	1,264,818	14 %	1,254,787	16 %
United States industrial services	111,935	1 %	113,291	1 %	131,759	2 %
Total United States operations	9,012,207	98 %	8,706,472	98 %	7,733,026	98 %
United Kingdom building services	163,145	2 %	140,949	2 %	140,117	2 %
Total operations	$ 9,175,352	100 %	$ 8,847,421	100 %	$ 7,873,143	100 %

Our remaining performance obligations at March 31, 2024 were $9.18 billion compared to $8.85 billion at December 31, 2023 and $7.87 billion at March 31, 2023. The increase in remaining performance obligations at March 31, 2024, when compared to December 31, 2023, was attributable to an increase in remaining performance obligations within all of our reportable segments, except for our United States industrial services segment, which experienced a slight decrease in remaining performance obligations period-over-period. From a market sector perspective, we experienced the largest growth in our remaining performance obligations within the network and communications market sector, driven by data center construction projects. In addition to the network and communications market sector, the increase in our remaining performance obligations was due to continued strength in the following market sectors: (a) institutional, (b) healthcare, (c) manufacturing and industrial, (d) transportation, and (e) hospitality and entertainment. These increases were partially offset by a reduction in remaining performance obligations from the commercial market sector, given the completion of several warehouse and distribution center projects.

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 March 31, 2024, we had cash and cash equivalents, excluding restricted cash, of $841.0 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 is $1.21 billion of available capacity as of March 31, 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 three months ended March 31,	
	2024	2023
Net cash provided by (used in) operating activities	$ 132,264	$ (84,583)
Net cash used in investing activities	$ (19,439)	$ (25,405)
Net cash (used in) provided by financing activities	$ (58,948)	$ 71,506
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	$ (1,140)	$ 2,239
Increase (decrease) in cash, cash equivalents, and restricted cash	$ 52,737	$ (36,243)

During the three months ended March 31, 2024, our cash balance, including cash equivalents and restricted cash, increased by approximately $52.7 million from $789.8 million at December 31, 2023 to $842.5 million at March 31, 2024. Changes in our cash position from December 31, 2023 to March 31, 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 three months ended March 31, 2024 was approximately $132.3 million compared to approximately $84.6 million of net cash used in operating activities for the three months ended March 31, 2023. In addition to the increase in our income, the favorable operating cash flow performance period-over-period was largely a result of the timing of cash receipts from our customers and payments to our vendors as we continue to effectively manage our working capital.

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 three months ended March 31, 2024 decreased by approximately $6.0 million compared to the three months ended March 31, 2023, primarily due to a decrease in payments for acquired businesses, partially offset by a reduction in proceeds from the sale or disposal of property, plant, and equipment.

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 three months ended March 31, 2024 was $58.9 million compared to net cash provided by financing activities for the three months ended March 31, 2023 of $71.5 million. The $130.5 million variance was primarily due to: (a) the impact in the first quarter of 2023 of $100.0 million of proceeds from our revolving credit facility and (b) a $23.0 million increase in common stock repurchases made by us during the first quarter 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, which, commencing with the dividend to be paid on April 30, 2024, will increase from $0.18 per share to $0.25 per share. For the three months ended March 31, 2024 and 2023, cash payments related to dividends were $8.5 million and $7.2 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 $3.4 million variance between the three months ended March 31, 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 March 31, 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 March 31, 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 $394.2 million at March 31, 2024, with $91.0 million payable within the next 12 months.

Open Purchase Obligations – As of March 31, 2024, we had $2.30 billion of open purchase obligations, of which payments totaling approximately $1.92 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 March 31, 2024, our insurance liabilities, net of estimated recoveries, were $225.4 million. Of this net amount, approximately $40.1 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 March 31, 2024, the present value of expected future payments relating to these contingent consideration arrangements was $8.5 million. Of this amount, $5.0 million is estimated as being payable within the next 12 months, with the remainder due before the end of 2025.

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 March 31, 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 $2.2 billion, which represents approximately 24% 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 March 31, 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 three months ended March 31, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We have not used any derivative financial instruments during the three months ended March 31, 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 13,800 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 March 31, 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 March 31, 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
January 1, 2024 to January 31, 2024	—	—	—	$261,064,294
February 1, 2024 to February 29, 2024	—	—	—	$261,064,294
March 1, 2024 to March 31, 2024	119,738	$325.69	119,738	$221,861,879
Total	119,738	$325.69	119,738	

(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. Since the inception of the repurchase program, the Board has authorized us to repurchase up to $2.15 billion of our outstanding common stock. As of March 31, 2024, there remained authorization for us to repurchase approximately $221.9 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 39,566 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 March 31, 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)
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 March 31, 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: April 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)

EXHIBIT 31.1

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: April 25, 2024

/s/ ANTHONY J. GUZZI

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

EXHIBIT 31.2

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: April 25, 2024

/s/ JASON R. NALBANDIAN

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

EXHIBIT 32.1

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 March 31, 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: April 25, 2024

/s/ ANTHONY J. GUZZI

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

EXHIBIT 32.2

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 March 31, 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: April 25, 2024

/s/ JASON R. NALBANDIAN
Jason R. Nalbandian
Senior Vice President, Chief Financial Officer
and Chief Accounting Officer

EXHIBIT 95.1

MINE SAFETY DISCLOSURES

During the reporting period covered by this report:

The U.S. Mine Safety and Health Administration ("MSHA") assessed civil penalties totaling $441 for citations related to work performed by our subsidiary MOR PPM Inc. ("PPM") at the Fort Smith Plant in Sebastian, Arkansas. The Company has no other disclosures to report under section 1503 for this mine for the period covered by this report.

MSHA assessed civil penalties totaling $294 for citations related to work performed by PPM at the Schoolhouse Quartz Plant in Avery, North Carolina. The Company has no other disclosures to report under section 1503 for this mine for the period covered by this report.

MSHA assessed a civil penalty of $147 for a citation related to work performed by PPM at the Kermit Sand mine in Winkler, Texas. The Company has no other disclosures to report under section 1503 for this mine for the period covered by this report.