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EMCOR GROUP INC  
Form 8-K  
February 23, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) February 23, 2006

EMCOR Group, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-8267 11-2125338  
(Commission File Number) (I.R.S. Employer Identification No.)

301 Merritt Seven, Norwalk, CT 06851  
(Address of Principal Executive Offices) (Zip Code)

(203) 849-7800  
(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On February 23, 2006 EMCOR Group, Inc. issued a press release disclosing results of operations for its fiscal 2005 fourth quarter ended December 31, 2005. A copy of such press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

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The information contained in this Current Report on Form 8-K shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that Section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

### Item. 9.01 Financial Statements and Exhibits

#### (c) Exhibits

Exhibit Number	Description
99.1	Press Release issued by EMCOR Group, Inc. on February 23, 2006 disclosing results of operations for its fiscal 2005 fourth quarter ended December 31, 2005.

#### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMCOR Group, Inc.

By: /s/ Frank T. MacInnis

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

Dated: February 23, 2006

#### EMCOR GROUP, INC. REPORTS 2005 FOURTH QUARTER RESULTS

- Fourth quarter income from continuing operations increases 89.5% -
- Fourth quarter diluted EPS of \$0.61 from continuing operations -

NORWALK, CONNECTICUT, February 23, 2006 - EMCOR Group, Inc. (NYSE: EME) today reported results for the fourth quarter and year ended December 31, 2005. The Company's financial results for the fourth quarter and full year periods have been adjusted to reflect its 2-for-1 stock split, effective February 10, 2006.

Fourth quarter 2005 income from continuing operations was \$19.5 million, or \$0.61 per diluted share, an increase of 89.5% when compared to income from continuing operations of \$10.3 million, or \$0.33 per diluted share, in the 2004 fourth quarter. Revenues in the 2005 fourth quarter rose 1.2% to \$1.24 billion from \$1.22 billion in the same quarter of the preceding year.

For the fourth quarter of 2005, operating income was \$31.2 million compared to operating income of \$22.8 million in the fourth quarter of 2004, which 2004 fourth quarter included restructuring expenses of \$2.3 million. Excluding the impact of those 2004 expenses, 2005 fourth quarter operating income increased 23.9%. Operating margin improved to 2.5% of revenues in the 2005 fourth quarter, compared to 1.9% for the fourth quarter of 2004, reflecting improved market

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conditions and actions the Company has taken to control costs and shift its total backlog mix to a higher percentage of private sector commercial contracts. Selling, general and administrative expenses were \$125.2 million in the fourth quarter of 2005, compared to \$103.2 million in the fourth quarter of 2004, due to increased incentive compensation expense as a result of improved profitability.

At December 31, 2005, contract backlog was \$2.76 billion, approximately even with backlog levels at both December 31, 2004 and September 30, 2005. Backlog levels have been managed in keeping with the Company's strategy throughout 2005 to reduce its exposure to selected public sector construction projects and to conserve capacity for the more lucrative private sector market. Private sector commercial backlog represented 35% of total backlog at December 31, 2005, compared to 28% of total backlog at December 31, 2004.

EMCOR Announces 2005 Fourth Quarter Results

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For the year ended December 31, 2005, income from continuing operations increased 84.2% to \$61.3 million, or \$1.93 per diluted share, versus \$33.3 million, or \$1.07 per diluted share for 2004. Net income for 2005 (which included a loss from discontinued operations of \$1.3 million, or \$0.04 per diluted share) was \$60.0 million, or \$1.89 per diluted share, an increase of 80.8% from net income of \$33.2 million, or \$1.07 per diluted share (which included a loss from discontinued operations of \$0.08 million, or \$0.00 per diluted share), in 2004.

For 2005, revenues totaled \$4.71 billion, roughly equal to revenues of \$4.72 billion in the prior year. Operating income for 2005 rose 92.0% to \$81.1 million from \$42.3 million in 2004.

As previously announced, the Company's results for 2005 included a net \$17.5 million income tax benefit resulting from income tax reserve adjustments.

Results for 2004 included restructuring expenses of approximately \$8.3 million, a \$2.8 million gain on the sale of assets, a \$1.8 million gain on the sale of an equity investment, and a net income tax benefit of approximately \$15.5 million resulting from income tax reserve adjustments.

Excluding the items in the two immediately preceding paragraphs, which exclusions the Company believes better reflect year-to-year comparability, earnings per diluted share for 2005 would have been \$1.37 versus \$0.69 per diluted share in 2004, a 98.6% increase.

Frank T. MacInnis, Chairman and CEO of EMCOR Group, commented, "We are very pleased with our performance in the fourth quarter of 2005, which capped an excellent year for EMCOR Group both operationally and financially. Our results are the culmination of the successful execution of our strategy to realign resources so as to focus on our core operational areas, to exercise discipline in our project bidding and to optimize our cost structure. At the same time, we committed to reduce our exposure to certain public sector projects in order to preserve available capacity for our private sector client base. While keeping revenues and backlog flat compared to 2004, our efforts, combined with an ongoing recovery within the private sector, allowed us to expand our margins and generate significant improvements in profitability."

Mr. MacInnis continued, "Our 2005 results reflect improved contributions from the majority of our operations. We are particularly encouraged by the reliable strength of our electrical construction businesses, the ongoing recovery of our mechanical construction operations and our U.K. subsidiary, and the growth and performance of our facilities services operations, which benefited from

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increased demand for smaller, higher margin, discretionary projects and continued to grow its service client roster. The performance of our facilities services operations reinforces our commitment to this segment of our business, and we anticipate continuing growth opportunities in both our mobile and site-based service businesses as the trend towards outsourcing and energy efficiency continues."

EMCOR Announces 2005 Fourth Quarter Results

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Mr. MacInnis concluded, "EMCOR Group enters 2006 poised for future growth. Our successful operational execution has placed us in an excellent position to leverage the continuing improvements we see in private sector demand, which we expect will result in revenue and margin growth. Our strong backlog of private and certain public sector work is better balanced than in recent years, and we expect this trend to continue. In addition, we completed the year with a strong and liquid balance sheet, and we intend to leverage our strong financial position to pursue growth opportunities. Based on current market conditions, we expect to generate revenues of between \$4.9 billion and \$5.1 billion in 2006, resulting in diluted earnings per share for the year of between \$1.54 and \$1.90. This assumes \$0.06 per diluted share in expenses related to the Company's adoption of FAS 123R (Accounting for Stock-Based Compensation)."

EMCOR Group, Inc. is a worldwide leader in mechanical and electrical construction services and facilities services. This press release and other press releases may be viewed at the Company's Web site at [www.emcorgroup.com](http://www.emcorgroup.com).

EMCOR Group's fourth quarter conference call will be available live via Internet broadcast today, Thursday, February 23, at 10:30 AM Eastern Time. You can access the live call through the Home Page of the Company's Web site at [www.emcorgroup.com](http://www.emcorgroup.com).

This release may contain certain forward-looking statements within the meaning of the Private Securities Reform Act of 1995. Any such comments are based upon information available to EMCOR management and its perception thereof, as of this date, and EMCOR assumes no obligation to update any such forward-looking statements. These forward-looking statements may include statements regarding market opportunities, market share growth, gross profit, backlog mix, projects with varying profit margins, and selling, general and administrative expenses. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Accordingly these statements are no guarantee of future performance. Such risk and uncertainties include, but are not limited to, adverse effects of general economic conditions, changes in the political environment, changes in the specific markets for EMCOR's services, adverse business conditions, availability of adequate levels of surety bonding, increased competition, unfavorable labor productivity and mix of business. Certain of the risks and factors associated with EMCOR's business are also discussed in the Company's 2005 Form 10-K and in other reports filed from time to time with the Securities and Exchange Commission. All these risks and factors should be taken into account in evaluating any forward-looking statements.

-FINANCIAL TABLES FOLLOW-

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

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## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited)		For the Year En	
	For the Three Months Ended		December 31	
	2005	2004	2005	2004
	----	----	----	----
Revenues	\$1,237,886	\$1,223,624	\$4,714,547	\$4,714,547
Cost of sales	1,081,442	1,095,250	4,214,783	4,214,783
	-----	-----	-----	-----
Gross profit	156,444	128,374	499,764	499,764
Selling, general and administrative expenses	125,223	103,192	416,883	416,883
Restructuring expenses	22	2,338	1,750	1,750
Gain on sale of assets	-	-	-	-
	-----	-----	-----	-----
Operating income	31,199	22,844	81,131	81,131
Interest expense, net	(951)	(1,447)	(5,586)	(5,586)
Gain on sale of equity investment	-	-	-	-
Minority interest	(1,149)	(3,814)	(4,515)	(4,515)
	-----	-----	-----	-----
Income from continuing operations before income taxes	29,099	17,583	71,030	71,030
Income tax provision	9,627	7,306	9,738	9,738
	-----	-----	-----	-----
Income from continuing operations	19,472	10,277	61,292	61,292
(Loss) income from discontinued operations, net of income taxes	(140)	302	(1,250)	(1,250)
	-----	-----	-----	-----
Net income	\$ 19,332	\$ 10,579	\$ 60,042	\$ 60,042
	=====	=====	=====	=====
Basic earnings per share - continuing operations	\$ 0.62	\$ 0.34	\$ 1.97	\$ 1.97
Basic (loss) earnings per share - discontinued operations	(0.00)	0.01	(0.04)	(0.04)
	-----	-----	-----	-----
	\$ 0.62	\$ 0.35	\$ 1.93	\$ 1.93
	=====	=====	=====	=====
Diluted earnings per share - continuing operations	\$ 0.61	\$ 0.33	\$ 1.93	\$ 1.93
Diluted (loss) earnings per share - discontinued operations	(0.01)	0.01	(0.04)	(0.04)
	-----	-----	-----	-----
	\$ 0.60	\$ 0.34	\$ 1.89	\$ 1.89
	=====	=====	=====	=====
Weighted average shares of Common stock outstanding:				
Basic	31,250,577	30,508,054	31,143,363	31,143,363
Diluted	32,176,639	31,222,522	31,834,881	31,834,881

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

	December 31, 2005	December 31, 2004
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 103,785	\$ 59,109
Accounts receivable, net	1,046,380	1,073,454
Costs and estimated earnings in excess of billings on uncompleted contracts	185,634	240,716
Inventories	10,175	10,580
Prepaid expenses and other	43,829	41,712
	-----	-----
Total current assets	1,389,803	1,425,571
Investments, notes, and other long-term receivables	28,659	26,472
Property, plant & equipment, net	46,443	56,468
Goodwill	283,412	279,432
Identifiable intangible assets, net	16,990	18,782
Other assets	13,634	11,244
	-----	-----
Total assets	\$1,778,941	\$1,817,969
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Borrowings under working capital credit line	\$ -	\$ 80,000
Current maturities of long-term debt and capital lease obligations	551	806
Accounts payable	452,709	467,415
Billings in excess of costs and estimated earnings on uncompleted contracts	330,235	359,667
Accrued payroll and benefits	154,276	138,771
Other accrued expenses and liabilities	107,545	115,714
	-----	-----
Total current liabilities	1,045,316	1,162,373
Long-term debt and capital lease obligations	1,406	1,332
Other long-term obligations	116,783	91,903
Total stockholders' equity	615,436	562,361
	-----	-----
Total liabilities and stockholders' equity	\$1,778,941	\$1,817,969
	=====	=====

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### COMPUTATION OF ADJUSTED CONSOLIDATED STATEMENT OF OPERATIONS (In thousands, except share and per share information) (Unaudited)

	For the Year Ended Dec	
	As Reported	Adjustmen
Revenues	\$4,714,547	
Cost of sales	4,214,783	
Gross profit	499,764	
Selling, general and administrative expenses	416,883	
Restructuring expenses	1,750	
Operating income	81,131	
Interest expense, net	(5,586)	
Minority interest	(4,515)	
Income from continuing operations before income taxes	71,030	
Income tax provision	9,738	17,56
Income from continuing operations	61,292	(17,56
Loss from discontinued operations, net of income tax effect	(1,250)	
Net income	\$ 60,042	\$ (17,56
Diluted earnings per share - continuing operations	\$ 1.93	
Diluted earnings per share - discontinued operations	\$ (0.04)	
Outstanding shares - diluted	31,834,881	

- (1) The adjustment represents the exclusion of an income tax reserve reversal of \$22.7 million and an income tax provision of \$5.2 million to record a valuation allowance to reduce deferred tax assets related to net operating losses and other temporary differences of our Canadian segment.

### EMCOR GROUP, INC. COMPUTATION OF ADJUSTED CONSOLIDATED STATEMENT OF OPERATIONS (In thousands, except share and per share information) (Unaudited)

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For the Year Ended Dec

	As Reported	Adjustmen
Revenues	\$4,718,010	
Cost of sales	4,273,410	
Gross profit	444,600	
Selling, general and administrative expenses	396,915	
Restructuring expenses	8,274	(8,274)
Gain on sale of assets	2,839	(2,839)
Operating income	42,250	5,430
Interest expense, net	(6,997)	
Gain on sale of equity investment	1,844	(1,844)
Minority interest	(3,814)	
Income from continuing operations before income taxes	33,283	3,590
Income tax provision	1	15,450
Income from continuing operations	33,282	(11,860)
Loss from discontinued operations, net of income tax effect	(75)	
Net income	\$ 33,207	\$ (11,860)
Diluted earnings per share - continuing operations	\$ 1.07	
Diluted earnings per share - discontinued operations	\$ (0.00)	
Outstanding shares - diluted	31,133,474	

(1) The adjustments reverse certain items, from the "as reported" consolidated statement of operations. The income tax adjustment is net of the reversal of tax reserves adjustments and the effect on income taxes related to the restructuring expenses, gain on sale of assets and gain on sale of equity investment.

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