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EMCOR GROUP INC  
Form 8-K  
February 22, 2007

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 22, 2007

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 22, 2007, EMCOR Group, Inc. issued a press release disclosing results of operations for its fiscal 2006 fourth quarter ended December 31, 2006. 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 22, 2007 disclosing results of operations for its fiscal 2006 fourth quarter ended December 31, 2006.

### SIGNATURE

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

EMCOR Group, Inc.

By: /s/ Frank T. MacInnis

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

Dated: February 22, 2007

EMCOR GROUP, INC. REPORTS RECORD 2006 FOURTH QUARTER RESULTS  
- Annual Revenues Increase 6.9% to Record \$5.02 Billion -  
- Annual Operating Income Rises 45.9%, Net Income Up Over 44% -  
- Year End Backlog at Record \$3.50 Billion -

NORWALK, CONNECTICUT, February 22, 2007 - EMCOR Group, Inc. (NYSE: EME) today reported results for the fourth quarter and full year periods ended December 31, 2006. The Company's financial results for the prior year periods have been adjusted to reflect its 2-for-1 stock split, effective February 10, 2006.

For the 2006 fourth quarter, revenues increased 11.9% to \$1.38 billion from \$1.23 billion in the fourth quarter of 2005. Selling, general and administrative expenses were \$126.6 million in the 2006 fourth quarter, compared to \$124.9 million in the fourth quarter of 2005. As a percentage of revenues, selling, general and administrative expense declined to 9.2% of revenues from 10.1% of revenues in the year ago period. Fourth quarter 2006 operating income rose 40.5% to \$43.8 million, or 3.2% of revenues from \$31.2 million, or 2.5% of revenue in the year ago period.

For the 2006 fourth quarter, net income rose 108.0% to \$40.2 million, or \$1.22 per diluted share, from \$19.3 million, or \$0.60 per diluted share, in the fourth quarter of 2005.

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Included in the Company's results for the fourth quarter of 2006 are restructuring expenses before tax of \$1.0 million, or \$0.02 per diluted share after tax, and a \$14.2 million income tax benefit resulting from the reversal of valuation allowances and the reversal of income tax reserves, or \$0.44 per diluted share. Also included in the Company's results for the 2006 fourth quarter is an after-tax expense related to the adoption of FAS 123(R) (Share-Based Payment) of \$0.3 million, or \$0.01 per diluted share which was absent from the year ago period.

For the year ended December 31, 2006, revenues rose 6.9% to \$5.02 billion from \$4.70 billion in 2005. Operating income for the 2006 full year period was \$118.0 million, an increase of 45.9% over operating income of \$80.9 million in 2005. As a percentage of revenues, operating income increased to 2.4% from 1.7% of revenues a year ago.

EMCOR Announces 2006 Fourth Quarter Results

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Net income for the 2006 full year period totaled \$86.6 million, or \$2.65 per diluted share. The Company's results for the 2006 full year period include restructuring expenses of \$1.6 million, or \$0.03 per diluted share after tax, a loss from discontinued operations of \$0.6 million, or \$0.02 per diluted share after tax, a \$14.2 million income tax benefit resulting from the reversal of valuation allowances and the reversal of income tax reserves, or \$0.44 per diluted share, and after-tax expenses related to the Company's adoption of FAS 123(R) of \$2.4 million, or \$0.07 per diluted share. The effective income tax rate, excluding the benefit resulting from income tax reserve adjustments, was 40% for 2006 compared to 38% for 2005.

Net income for the 2005 full year period was \$60.0 million, or \$1.89 per diluted share, and included an income tax benefit of \$17.6 million, or \$0.55 per diluted share, for income tax reserve adjustments.

When the 2006 income tax benefits of \$14.2 million and the 2005 income tax benefits of \$17.6 million are excluded, which the Company believes better reflects year to year comparability, earnings per diluted share from continuing operations for the 2006 full year period would have been \$2.23 versus \$1.37 in 2005, an increase of 62.8%.

As of December 31, 2006, total backlog was a record \$3.50 billion, an increase of 26.7% over backlog of \$2.76 billion at the same time last year, and higher than backlog levels of \$3.40 billion reported at the end of the 2006 third quarter. Private sector commercial and hospitality backlog represented 56% of total backlog at the end of 2006, versus 40% on December 31, 2005 and 54% at September 30, 2006, reflecting continued strength in demand for the Company's services in these markets.

Frank T. MacInnis, Chairman and CEO of EMCOR Group, commented, "Our 2006 fourth quarter performance was one of the best in EMCOR Group's history and capped an outstanding year for the Company. Demand for our services continued to be strong, driving excellent revenue growth and when combined with our commitment to project selectivity and cost management, the Company achieved our strongest earnings quarter in nearly four years. Cash flow from operations for the year was also strong as the Company generated \$209.3 million, a testament to the health of our business and our focus on balance sheet management."

Mr. MacInnis continued, "Performance from our U.S. mechanical and facilities services business segments was particularly strong during the fourth quarter. In our U.S. mechanical segment, revenues rose nearly 30% versus last year's fourth quarter and profitability improved significantly. Our facilities services group

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turned in another quarter of strong performance, as it continues to gain traction in the marketplace. In the fourth quarter of 2006, revenue growth in this segment accelerated by nearly 24% versus last year's fourth quarter, driven by demand for both site-based and mobile services and by a company acquired in the fourth quarter of 2005. As facilities become increasingly complex and their energy demands and related costs continue to grow, companies have an increasing need to optimize the performance of their assets through outsourced facilities management. With investments in our service delivery infrastructure, EMCOR has positioned itself as a leader in the facilities management industry, and has seen steady growth in revenue and operating margin in this segment since its inception. The prospects for this business remain as strong as ever, and EMCOR Group remains at the forefront of this rapidly developing sector."

EMCOR Announces 2006 Fourth Quarter Results

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Mr. MacInnis concluded, "2006 was a year of outstanding achievement for EMCOR Group. We saw the benefits of our strategy of refocusing our efforts on the private sector and commercial marketplace result in strong financial performance. We continued to enhance our position as a leader in facilities services, and maintained one of the strongest balance sheets in the industry. For 2007, we expect to continue our strong performance, as demand across our markets remains high. We will also continue our focus on execution at the highest levels of efficiency, and utilize our financial strength to enhance the size and scope of our business. Our record backlog is well balanced across the industries we service and weighted towards higher margin private sector commercial work, for which we continue to see robust demand. As a result, based on current market conditions we currently expect revenues for 2007 of between \$5.3 billion and \$5.5 billion, resulting in diluted earnings per share for the year of between \$2.45 and \$2.80. This assumes a tax rate for 2007 of 41%, compared to the 40% rate seen in 2006."

EMCOR Group, Inc. is a Fortune 500(R) worldwide leader in mechanical and electrical construction services, energy infrastructure and facilities services. This press release and other press releases may be viewed at the Company's Web site at [www.emcorgroup.com](http://www.emcorgroup.com).

EMCOR Group's fourth quarter conference call will be available live via Internet broadcast today, Thursday, February 22, at 10:30 AM Eastern Standard Time. You can access the live call through the Home Page of the Company's Web site at [www.emcorgroup.com](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's 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, project 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, mix of business, and risks associated with foreign operations. Certain of the risks and factors associated with EMCOR's business are also discussed in the Company's 2006 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.

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-FINANCIAL TABLES FOLLOW-

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

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited)		
	For the Three Months Ended	December 31,	For the Twelve Months Ended
	2006	2005	2006
	----	----	----
Revenues	\$1,379,902	\$1,233,663	\$5,021,036
Cost of sales	1,208,458	1,077,504	4,453,359
	-----	-----	-----
Gross profit	171,444	156,159	567,677
Selling, general and administrative expenses	126,597	124,948	448,011
Restructuring expenses	1,018	22	1,622
	-----	-----	-----
Operating income	43,829	31,189	118,044
Interest income (expense), net	1,704	(951)	3,895
Minority interest	(1,574)	(1,149)	(4,201)
	-----	-----	-----
Income from continuing operations before income taxes	43,959	29,089	117,738
Income tax provision	3,752	9,623	30,484
	-----	-----	-----
Income from continuing operations	40,207	19,466	87,254
Loss from discontinued operations, net	--	(134)	(620)
	-----	-----	-----
Net income	\$ 40,207	\$ 19,332	\$ 86,634
	=====	=====	=====
Basic earnings per share - continuing operations	\$ 1.26	\$ 0.62	\$ 2.76
Basic earnings per share - discontinued operations	--	(0.00)	(0.02)
	-----	-----	-----
	\$ 1.26	\$ 0.62	\$ 2.74
	=====	=====	=====
Diluted earnings per share - continuing operations	\$ 1.22	\$ 0.60	\$ 2.67
Diluted earnings per share - discontinued operations	--	(0.00)	(0.02)

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	----- \$ 1.22 =====	----- \$ 0.60 =====	----- \$ 2.65 =====
Weighted average shares of Common stock outstanding:			
Basic	31,843,244	31,250,577	31,607,715
Diluted	33,083,961	32,176,639	32,740,197

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

	December 31, 2006 -----
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 273,735
Accounts receivable, net	1,184,418
Costs and estimated earnings in excess of billings on uncompleted contracts	147,848
Inventories	18,015
Prepaid expenses and other	38,397
Total current assets	----- 1,662,413
Investments, notes, and other long-term receivables	29,630
Property, plant & equipment, net	52,780
Goodwill	288,165
Identifiable intangible assets, net	38,251
Other assets	17,784
Total assets	----- \$2,089,023 =====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Borrowings under working capital credit line	\$ --
Current maturities of long-term debt and capital lease obligations	659
Accounts payable	496,407
Billings in excess of costs and estimated earnings on uncompleted contracts	412,069
Accrued payroll and benefits	177,490
Other accrued expenses and liabilities	121,723
Total current liabilities	----- 1,208,348

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Long-term debt and capital lease obligations	1,239
Other long-term obligations	169,127
Total stockholders' equity	710,309
	-----
Total liabilities and stockholders' equity	\$2,089,023
	=====

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

	For the Year Ended December		
	As Reported	Adjustments (1)	Adj
	-----	-----	-----
Revenues	\$5,021,036		
Cost of sales	4,453,359		
	-----	-----	-----
Gross profit	567,677		
Selling, general and administrative expenses	448,011		
Restructuring expenses	1,622		
	-----	-----	-----
Operating income	118,044		
Interest income, net	3,895		
Minority interest	(4,201)		
	-----	-----	-----
Income from continuing operations before income taxes	117,738		
Income tax provision	30,484	12,335	
	-----	-----	-----
Income from continuing operations	87,254	(12,335)	
Loss from discontinued operations, net of income taxes	(620)		
	-----	-----	-----
Net income	\$ 86,634	\$ (12,335)	\$
	=====	=====	=====
Diluted earnings per share - continuing operations	\$ 2.67		
Diluted earnings per share - discontinued			

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operations	\$ (0.02)
Outstanding shares - diluted	32,740,197

- (1) The adjustment represents the exclusion of an income tax benefit related to the reversal of certain valuation allowances.
- (2) The adjustment represents the exclusion of income tax benefits related to the reversal of tax reserves no longer required.

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

	For the Year Ended December 31, 2005		
	As Reported	Adjustments (1)	Ad
	-----	-----	---
Revenues	\$4,696,603		\$4,
Cost of sales	4,198,188		4,
	-----	-----	---
Gross profit	498,415		
Selling, general and administrative expenses	415,771		
Restructuring expenses	1,749		
	-----	-----	---
Operating income	80,895		
Interest income, net	(5,586)		
Minority interest	(4,515)		
	-----	-----	---
Income from continuing operations before income taxes	70,794		
Income tax provision	9,641	17,564	
	-----	-----	---
Income from continuing operations	61,153	(17,564)	
Loss from discontinued operations, net of income taxes	(1,111)		
	-----	-----	---



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Net income	\$ 60,042	\$ (17,564)	\$
	=====	=====	=====
Diluted earnings per share - continuing operations	\$ 1.92		\$
Diluted earnings per share - discontinued operations	\$ (0.03)		\$
Outstanding shares - diluted	31,834,881		31,

- (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.