

**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) **October 31, 2019**

**Comfort Systems USA, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-13011**  
(Commission  
File Number)

**76-0526487**  
(IRS Employer  
Identification No.)

**675 Bering Drive, Suite 400**  
**Houston, Texas**  
(Address of principal executive offices)

**77057**  
(Zip Code)

Registrant's telephone number, including area code **(713) 830-9600**

(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:

- 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))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	FIX	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

## ITEM 7.01 Regulation FD Disclosure

On October 31, 2019, Comfort Systems USA, Inc., a Delaware corporation (the “Company”), a leading provider of commercial, industrial and institutional heating, ventilation, air conditioning and electrical contracting services, posted to the “Investor” section of its Internet website ([www.comfortsystemsusa.com](http://www.comfortsystemsusa.com)) an investor presentation slideshow. The Company intends to use this slideshow in making presentations to analysts, potential investors, and other interested parties.

The information included in the investor presentation includes financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company’s management uses these non-GAAP measures in its analysis of the Company’s performance. The Company believes that the presentation of certain non-GAAP measures provides useful supplemental information that is essential to a proper understanding of the operating results of the Company’s core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

The information in this Form 8-K being furnished under Item 7.01 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The investor presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements are based on the Company’s expectations and involve risks and uncertainties that could cause the Company’s actual results to differ materially from those set forth in the statements. These risks are discussed in the Company’s filings with the Securities and Exchange Commission, including an extensive discussion of these risks in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

A copy of the presentation is furnished herewith as Exhibit 99.1.

## ITEM 9.01 Financial Statements and Exhibits

(d) *Exhibits.*

<b>Exhibit Number</b>	<b>Description</b>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Investor presentation dated October 31, 2019</u></a>
101.INS	XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).

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 hereunto duly authorized.

COMFORT SYSTEMS USA, INC.

By: /s/ Laura F. Howell  
Laura F. Howell, Vice President and General Counsel

Date: October 31, 2019

---



**COMFORT  
SYSTEMS USA**

Quality People. Building Solutions.

NYSE: FIX  
October 31, 2019

## SAFE HARBOR

Certain statements and information in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. The words "believe," "expect," "anticipate," "plan," "intend," "foresee," "should," "would," "could," or other similar expressions are intended to identify forward-looking statements, which are generally not historic in nature. These forward-looking statements are based on the current expectations and beliefs of Comfort Systems USA, Inc. and its subsidiaries (collectively, the "Company") concerning future developments and their effect on the Company. While the Company's management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting the Company will be those that it anticipates. All comments concerning the Company's expectations for future revenue and operating results are based on the Company's forecasts for its existing operations and do not include the potential impact of any future acquisitions. The Company's forward-looking statements involve significant risks and uncertainties (some of which are beyond the Company's control) and assumptions that could cause actual future results to differ materially from the Company's historical experience and its present expectations or projections.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: the use of incorrect estimates for bidding a fixed-price contract; undertaking contractual commitments that exceed the Company's labor resources; failing to perform contractual obligations efficiently enough to maintain profitability; national or regional weakness in construction activity and economic conditions; financial difficulties affecting projects, vendors, customers, or subcontractors; the Company's backlog failing to translate into actual revenue or profits; failure of third party subcontractors and suppliers to complete work as anticipated; difficulty in obtaining or increased costs associated with bonding and insurance; impairment to goodwill; errors in the Company's percentage-of-completion method of accounting; the result of competition in the Company's markets; the Company's decentralized management structure; material failure to comply with varying state and local laws, regulations or requirements; debarment from bidding on or performing government contracts; shortages of labor and specialty building materials; retention of key management; seasonal fluctuations in the demand for HVAC systems; the imposition of past and future liability from environmental, safety, and health regulations including the inherent risk associated with self-insurance; adverse litigation results; an increase in our effective tax rate; an information technology failure or cyber security breach; and other risks detailed in our reports filed with the Securities and Exchange Commission (the "SEC").

For additional information regarding known material factors that could cause the Company's results to differ from its projected results, please see its filings with the SEC, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events, or otherwise.

## NON-GAAP MEASURES

Certain measures in this presentation are not measures calculated in accordance with generally accepted accounting principles ("GAAP"). They should not be considered a replacement for GAAP results. Non-GAAP financial measures appearing in these slides are identified in the footnote. See the Appendices for a reconciliation of these non-GAAP measures to the most comparable GAAP financial measures.



# Comfort Systems USA



- Leading mid-market HVAC and electrical contracting installation and service provider
- \$2.6B yearly revenue
- 11,900 employees
- 35 operating companies
- Balanced construction & service portfolio

# National Footprint



**35** companies | **129** locations in **111** cities | **11,900** employees



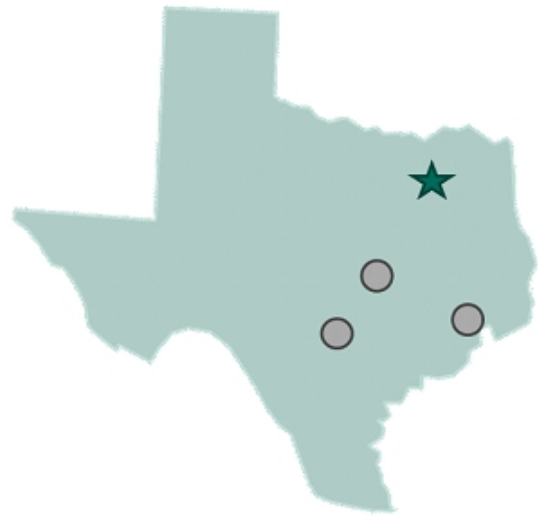
# Walker Engineering

## Overview

- Walker is a leading full-service electrical contracting and network infrastructure engineering business serving commercial and industrial clients in Texas
- Headquarters: Dallas, Texas with locations in all 4 major Texas markets (Dallas, Houston, Austin and San Antonio)
- End-Markets: commercial, institutional, industrial, and data center / low voltage
- Acquired on April 1, 2019

## Highlights

- #1 ENR Specialty Contractor of 2017 in TX
- Top 20 Electrical Contractor in the US
- 10 Years Top 15 of ENR Specialty Contractors in TX
- Expected annual revenue: \$325M - \$375M
- Expected annual EBITDA: \$20M - \$25M





# Our Markets

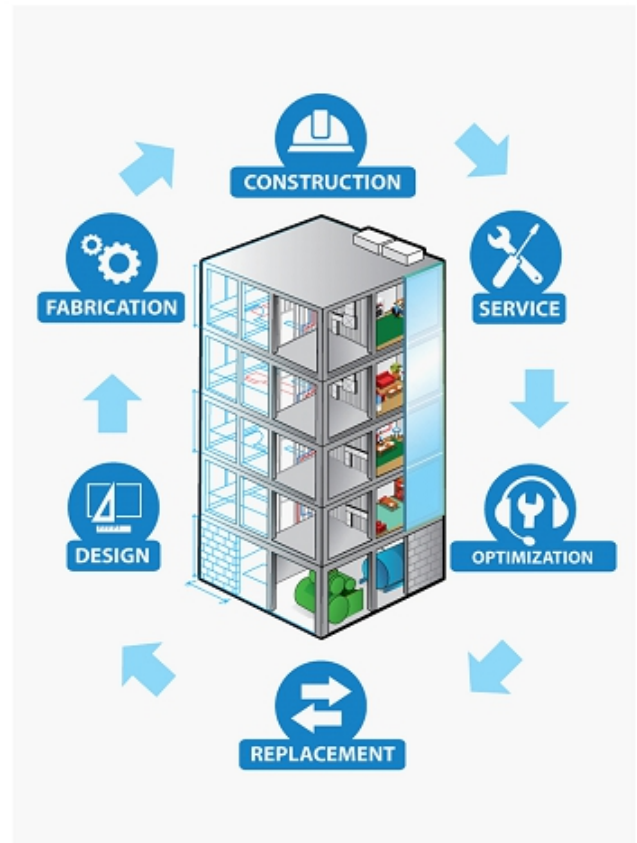
Every Building You See ...



... Needs What We Do

# Lifecycle Product Portfolio

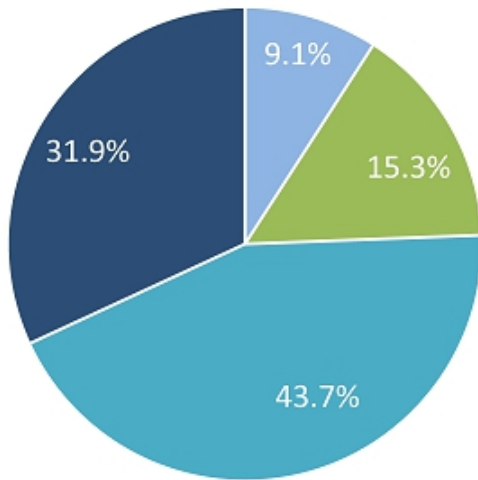
- 6+ million commercial buildings
- Diverse revenue streams throughout lifecycle
- 10 - 20 year replacement cycle
- “Inventory” of future business
- Recurring service
- Continued benefit through maintenance & replacement



# Revenue by Activity

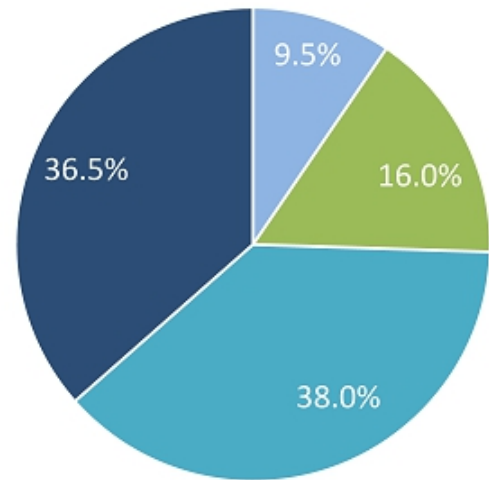
YTD 2019

Revenue = \$1.90B



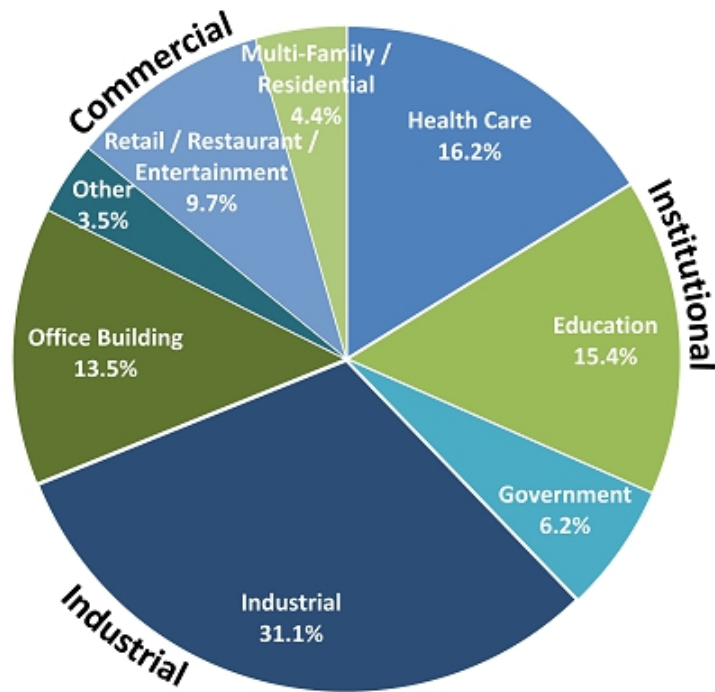
FY 2018

Revenue = \$2.18B



● New Construction ● Existing Building Construction ● Service Projects ● Service Calls, Maintenance & Monitoring

# Market Sectors

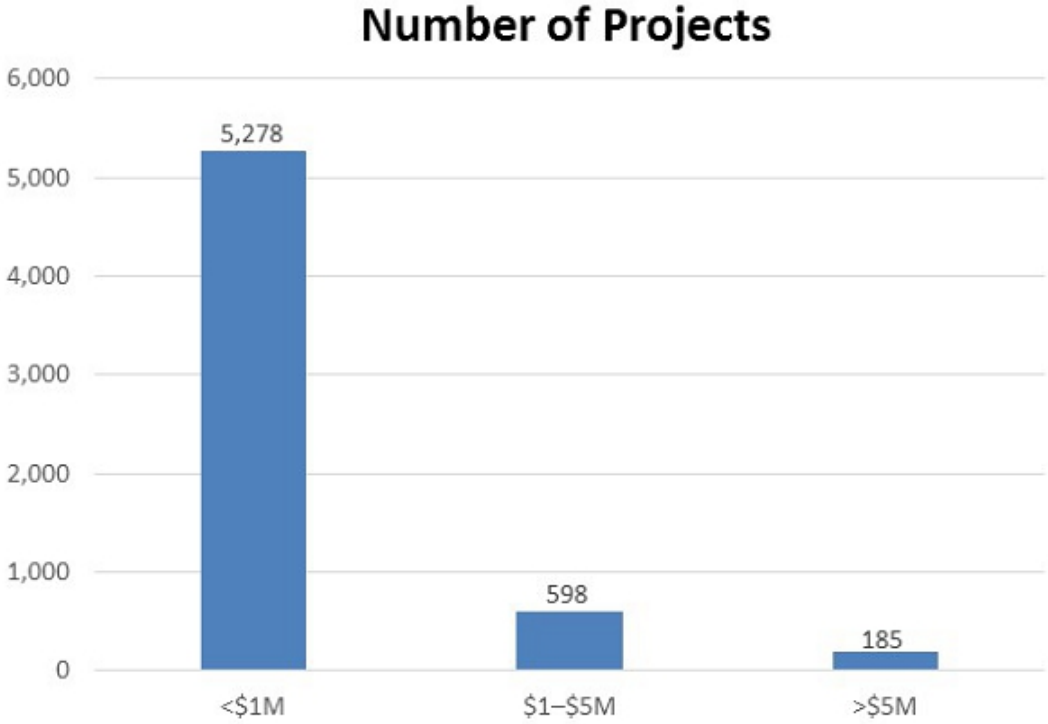


**YTD September 2019 Revenue**

*Revenue = \$1.90B*



# Diverse Project Mix



**Average Project Size: \$0.8 M | Average Project Length: 6–9 months**  
(Information as of September 30, 2019)



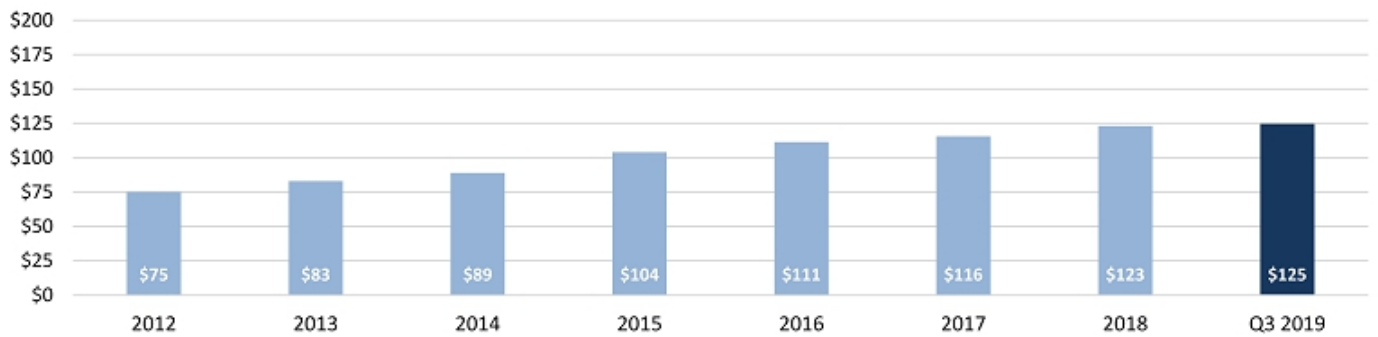
# Book of Business

(\$ in millions)

## Construction Backlog



## Service Maintenance Base

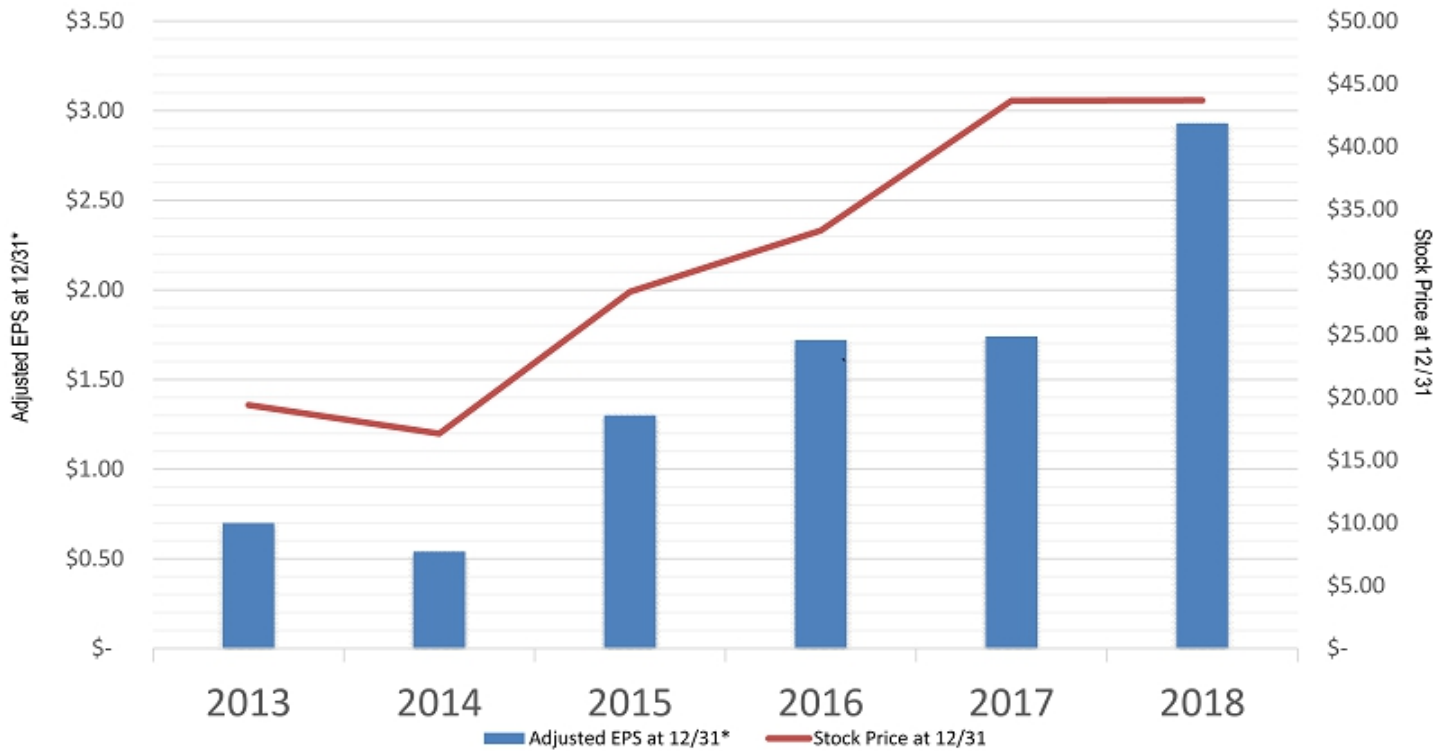


## Recent Financial Performance

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>9/30/19</u>	<u>9/30/18</u>	<u>9/30/19</u>	<u>9/30/18</u>
<i>(\$ in millions, except per share information)</i>				
Revenue	\$706.9	\$594.5	\$1,895.7	\$1,594.5
Net Income	\$36.2	\$38.5	\$80.3	\$87.7
Diluted EPS	\$0.98	\$1.02	\$2.16	\$2.33
Adjusted EBITDA <sup>(1)</sup>	\$66.1	\$63.6	\$154.4	\$142.3
Operating Cash Flow	\$73.1	\$30.5	\$99.7	\$68.0

<sup>(1)</sup>Adjusted EBITDA is a non-GAAP financial measure. See Appendix I for a GAAP reconciliation to Adjusted EBITDA.

# Adjusted EPS/Stock Price History

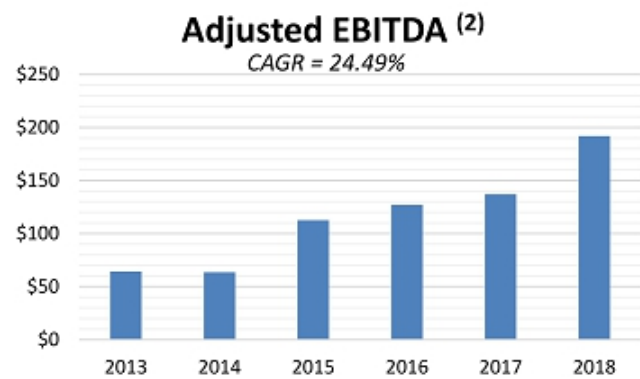
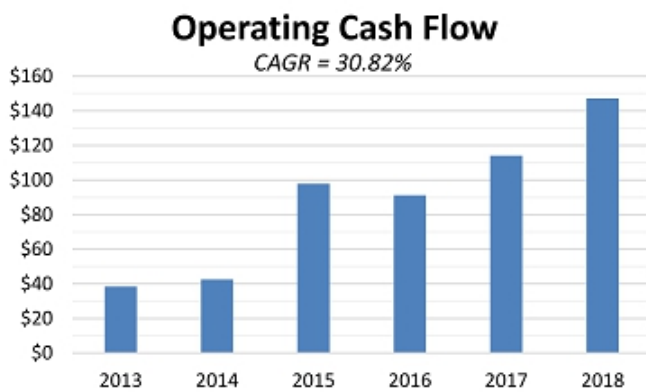
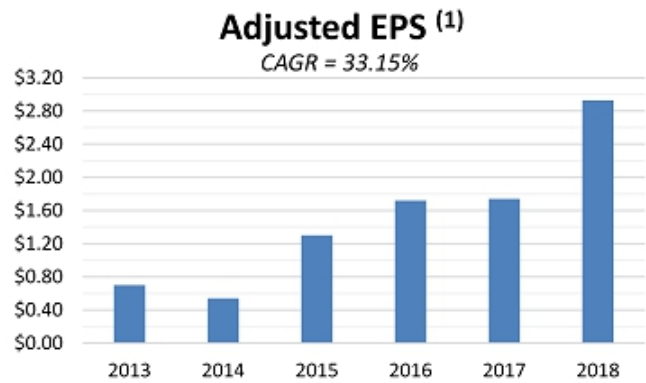
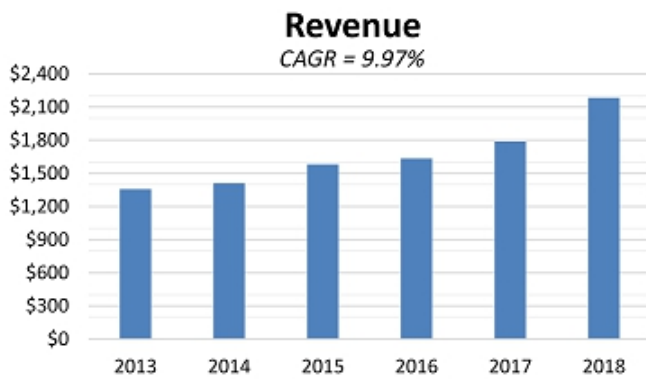


\*Adjusted EPS is a non-GAAP financial measure. Adjusted EPS excludes goodwill impairments, tax valuation allowances and tax expense (benefit) for the corporate tax rate reduction and tax accounting method change. See Appendix III for a GAAP reconciliation to Adjusted EPS.



# Historical Financial Summary

(\$ in millions, except per share information)

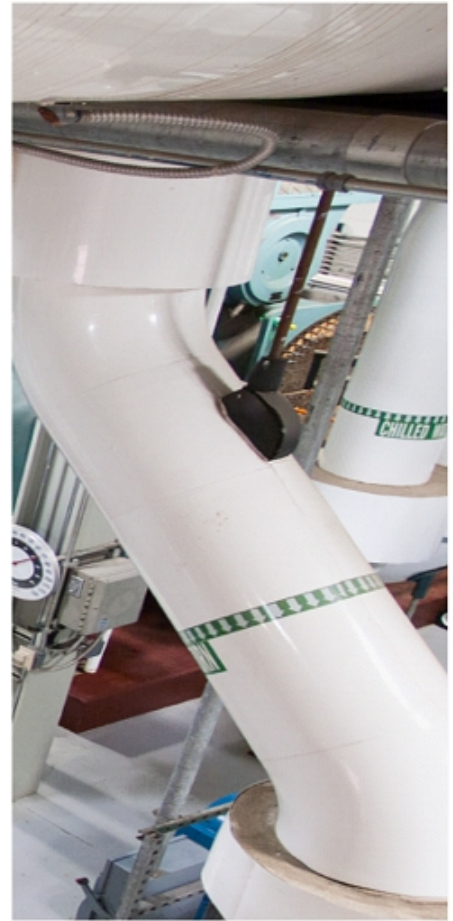


(1) Adjusted EPS is a non-GAAP financial measure. Adjusted EPS excludes goodwill impairments, tax valuation allowances and tax expense (benefit) for the corporate tax rate reduction and tax accounting method change. See Appendix III for a GAAP reconciliation to Adjusted EPS.

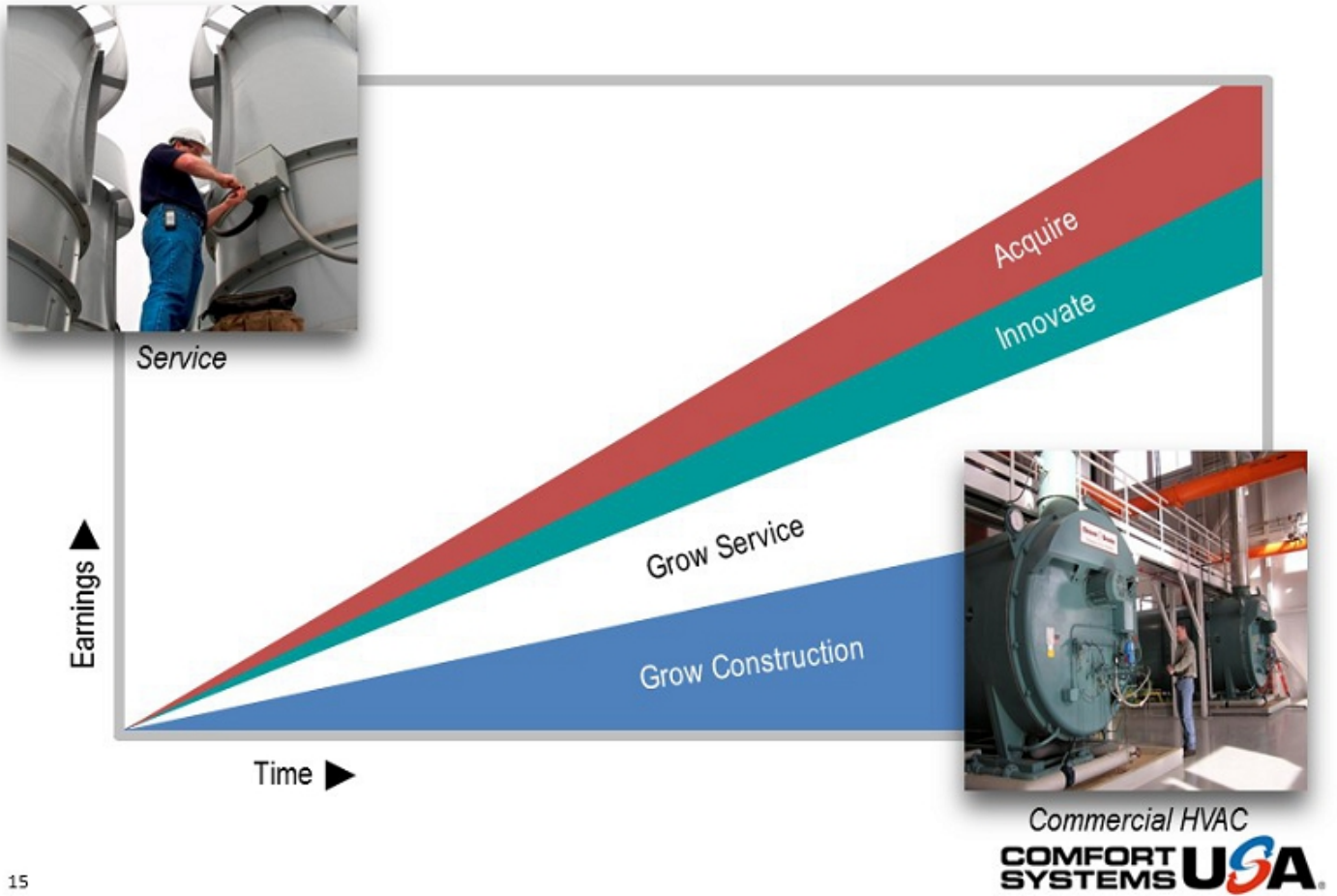
(2) Adjusted EBITDA is a non-GAAP financial measure. See Appendix II for a GAAP reconciliation to Adjusted EBITDA.

# Focus on Cash Flow

- Positive free cash flow for 20 consecutive years
- Increased dividend for 6 consecutive years
- Debt/TTM EBITDA = 1.19
- \$40.4M cash at September 30, 2019
- \$201.7M net debt at September 30, 2019
- Debt capacity
  - \$242.0M debt at 9/30/19
  - \$400M revolving credit facility
  - 2023 maturity



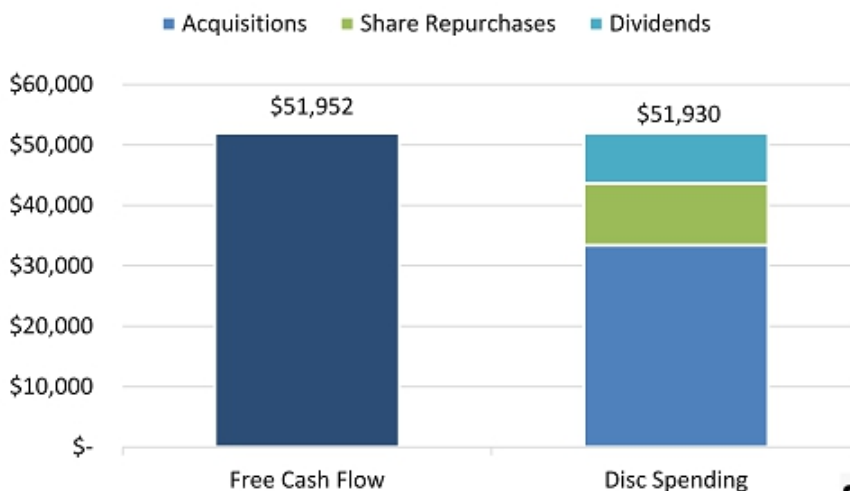
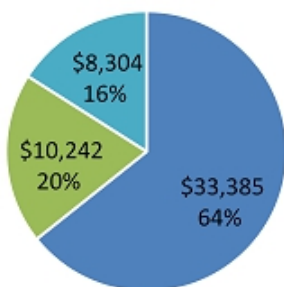
# Profile for Growth



# Average Discretionary Spending

(\$ in thousands)

Average 2006 - 2018

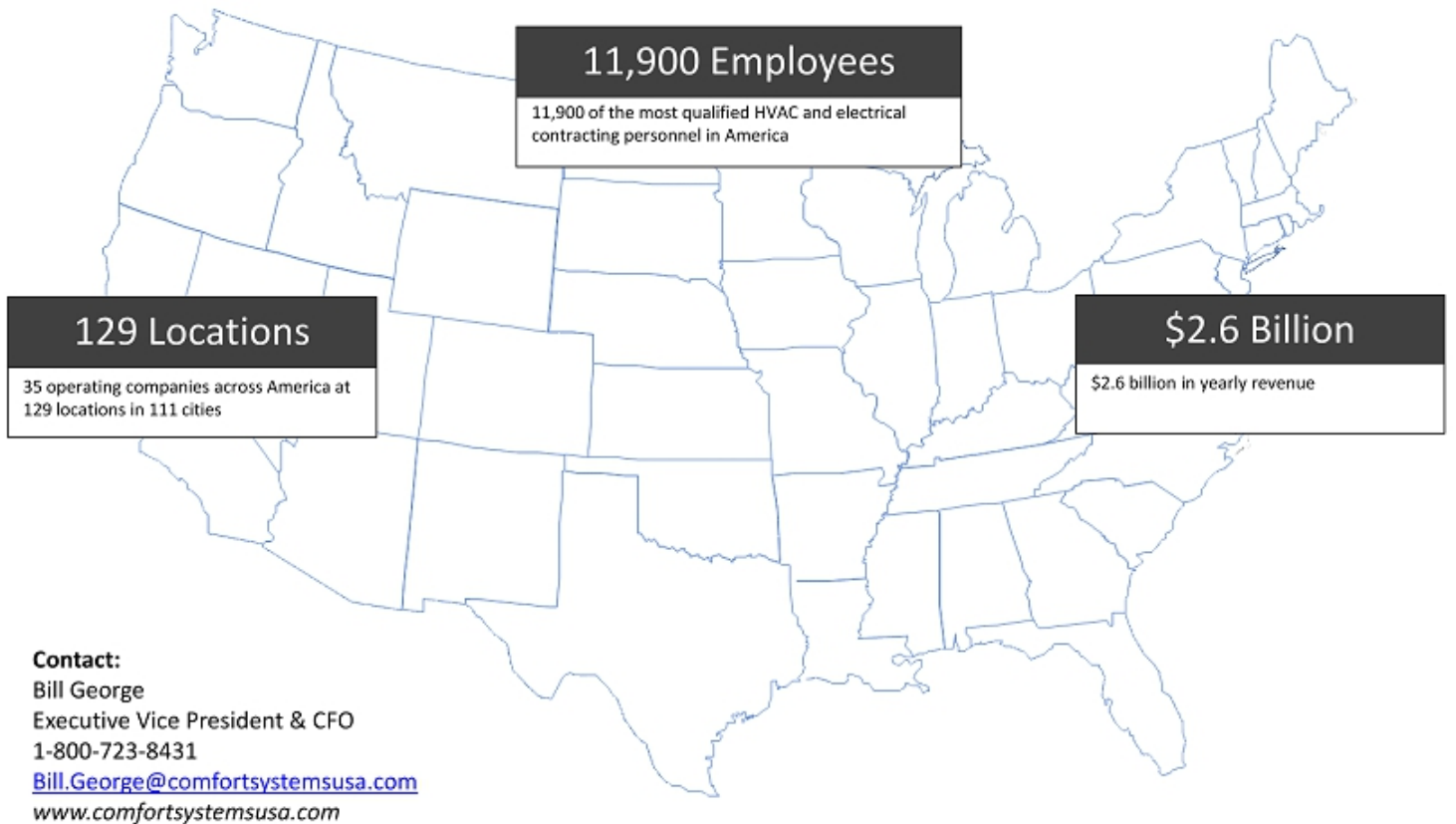


# Our Strengths



- Industry leading skilled labor
- Ability to share knowledge
- Diverse portfolio
- Strong balance sheet
- Acquisition record
- Positioned for growth

# Thank You



## Appendix I – GAAP Reconciliation to Adjusted EBITDA

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Income	\$36,233	\$38,541	\$80,272	\$87,747
Provision for Income Taxes	12,473	13,595	26,339	26,466
Other (Income) Expense, net	(3)	(39)	(167)	(4,062)
Changes in the Fair Value of Contingent Earn-out Obligations	2,004	(434)	3,924	(493)
Interest Expense, net	2,697	1,127	6,717	2,548
Gain on Sale of Assets	(708)	(219)	(1,119)	(630)
Depreciation and Amortization	13,424	11,010	38,443	30,732
Adjusted EBITDA	\$66,120	\$63,581	\$154,409	\$142,308

Note: The Company defines adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") as net income, provision for income taxes, other expense (income), net, changes in the fair value of contingent earn-out obligations, interest expense, net, gain on sale of assets, goodwill impairment and depreciation and amortization. Other companies may define Adjusted EBITDA differently. Adjusted EBITDA is presented because it is a financial measure that is frequently requested by third parties. However, Adjusted EBITDA is not considered under generally accepted accounting principles as a primary measure of an entity's financial results, and accordingly, Adjusted EBITDA should not be considered an alternative to operating income, net income, or cash flows as determined under generally accepted accounting principles and as reported by the Company.

## Appendix II – GAAP Reconciliation to Adjusted EBITDA (Historical)

(\$ in thousands)	Year Ended December 31,					
	2013	2014	2015	2016	2017	2018
Net Income Including Non-controlling Interests	\$28,556	\$28,599	\$57,440	\$64,896	\$55,272	\$112,903
Discontinued Operations	76	15	-	-	-	-
Provision for Income Taxes	18,148	11,614	31,224	36,165	45,666	35,773
Other Expense (Income), net	(204)	(91)	(76)	(1,097)	(1,049)	(4,141)
Changes in the Fair Value of Contingent Earn-out Obligations	(1,646)	245	(225)	(731)	(3,715)	2,066
Interest Expense, net	1,328	1,840	1,681	2,336	3,086	3,637
Gain on Sale of Assets	(589)	(830)	(880)	(761)	(670)	(945)
Goodwill Impairment	-	727	-	-	1,105	-
Depreciation and Amortization	18,554	21,336	23,416	26,166	37,456	42,689
Adjusted EBITDA	\$64,223	\$63,455	\$112,580	\$126,974	\$137,151	\$191,982

Note: The Company defines adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") as net income including non-controlling interests, excluding discontinued operations, provision for income taxes, other expense (income), net, changes in the fair value of contingent earn-out obligations, interest expense, net, gain on sale of assets, goodwill impairment and depreciation and amortization. Other companies may define Adjusted EBITDA differently. Adjusted EBITDA is presented because it is a financial measure that is frequently requested by third parties. However, Adjusted EBITDA is not considered under generally accepted accounting principles as a primary measure of an entity's financial results, and accordingly, Adjusted EBITDA should not be considered an alternative to operating income, net income, or cash flows as determined under generally accepted accounting principles and as reported by the Company.



## Appendix III – GAAP Reconciliation to Adjusted EPS (Historical)

	Year Ended December 31,					
	2013	2014	2015	2016	2017	2018
Diluted income per share from continuing operations attributable to Comfort Systems USA, Inc.	\$0.73	\$0.61	\$1.30	\$1.72	\$1.47	\$3.00
Goodwill impairment	-	0.01	-	-	0.02	-
Tax valuation allowances and tax expense (benefit) for the corporate tax rate reduction and tax accounting method change	-	(0.08)	-	-	0.25	(0.07)
Out of period adjustment	(0.03)	-	-	-	-	-
Diluted income per share from continuing operations attributable to Comfort Systems USA, Inc. excluding goodwill impairment, tax valuation allowances, tax expense (benefit) for the corporate tax rate reduction and tax accounting method change and out of period adjustment	\$0.70	\$0.54	\$1.30	\$1.72	\$1.74	\$2.93

Note 1: Diluted income per share from continuing operations attributable to Comfort Systems USA, Inc., excluding goodwill impairment, tax valuation allowances, tax expense (benefit) for the corporate tax rate reduction and tax accounting method change and out of period adjustments are presented because the Company believes it reflects the results of the core ongoing operations of the Company, and because we believe it is responsive to frequent questions we receive from third parties. However, this measure is not considered a primary measure of an entity's financial results under generally accepted accounting principles, and accordingly, this amount should not be considered an alternative to operating results as determined under generally accepted accounting principles and as reported by the Company.

Note 2: Net income (loss) from continuing operations attributable to Comfort Systems USA, Inc. is income (loss) from continuing operations less net income attributable to non-controlling interests.

Note 3: The tax rate on these items was computed using the pro forma effective tax rate of the Company exclusive of these charges.

Note 4: Correction of prior period accounting errors in 2013 resulted in net after-tax income of approximately \$1.3 million, or \$0.03 per diluted share.