

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) November 1, 2023

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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 November 1, 2023, 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) 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 applicable securities laws and regulations. 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, 2022.

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

ITEM 9.01 Financial Statements and Exhibits

(d) *Exhibits.*

Exhibit Number	Description
99.1	Investor presentation dated November 1, 2023
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
Senior Vice President and General Counsel

Date: November 1, 2023



COMFORT SYSTEMS USA

Quality People. Building Solutions.

NYSE: FIX
November 1, 2023

SAFE HARBOR

Certain statements and information in this presentation may constitute forward-looking statements within the meaning of applicable securities laws and regulations. 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, and the Company’s actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of our results or developments in subsequent periods. 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; rising inflation and fluctuations in interest rates; shortages of labor and specialty building materials or material increases to the cost thereof; the Company’s business being negatively affected by health crises or outbreaks of disease, such as epidemics or pandemics (and related impacts, such as supply chain disruptions); 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 cost-to-cost input 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; retention of key management; seasonal fluctuations in the demand for mechanical and electrical 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; a material information technology failure or a material cyber security breach; risks associated with acquisitions, such as challenges to our ability to integrate those companies into our internal control environment; our ability to manage growth and geographically-dispersed operations; our ability to obtain financing on acceptable terms; extreme weather conditions (such as storms, droughts, extreme heat or cold, wildfires and floods), including as a result of climate change, and any resulting regulations or restrictions related thereto; 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

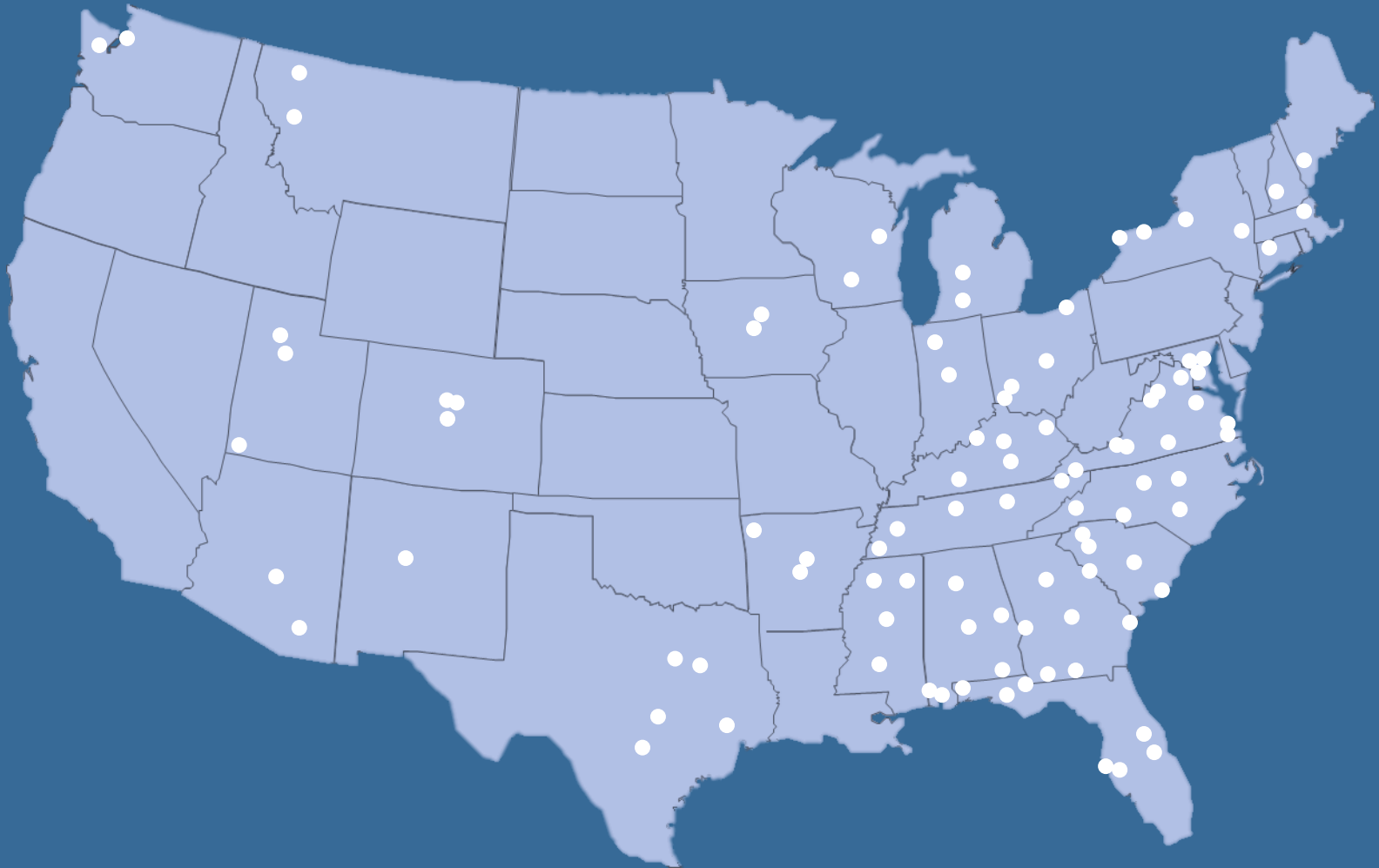
Certain measures in this presentation are not measures calculated in accordance with generally accepted accounting principles (“GAAP”). They should not be considered a replacement for GAAP results. Non-GAAP financial measures appearing in these slides are identified in the footnote. See the Appendices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

COMFORT SYSTEMS USA



- Leading national mechanical, electrical and plumbing (“MEP”) installation and service provider
- ~\$5 billion yearly revenue
- 15,000+ employees
- History of profitable growth
- Advantageous mechanical, electrical, and modular construction and service portfolio

NATIONAL FOOTPRINT



172 locations

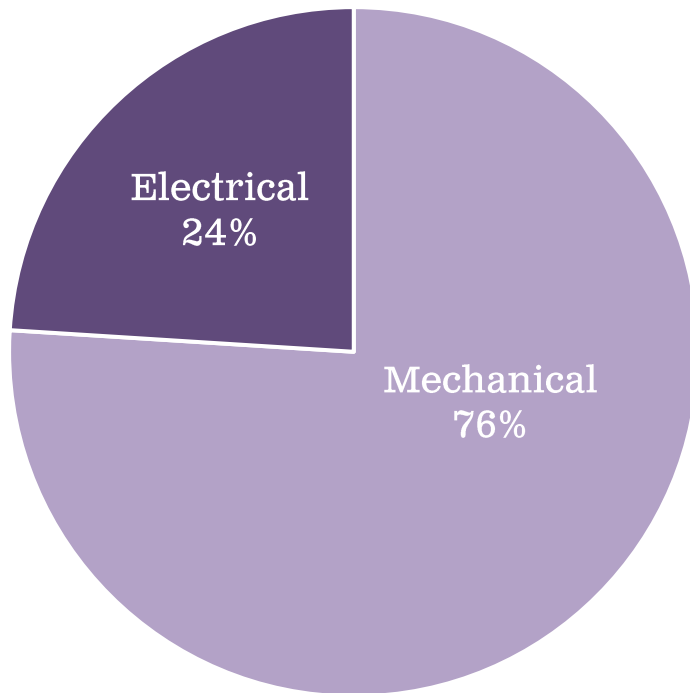
131 cities

15,000+ employees

SEGMENT BREAKDOWN – YTD 2023

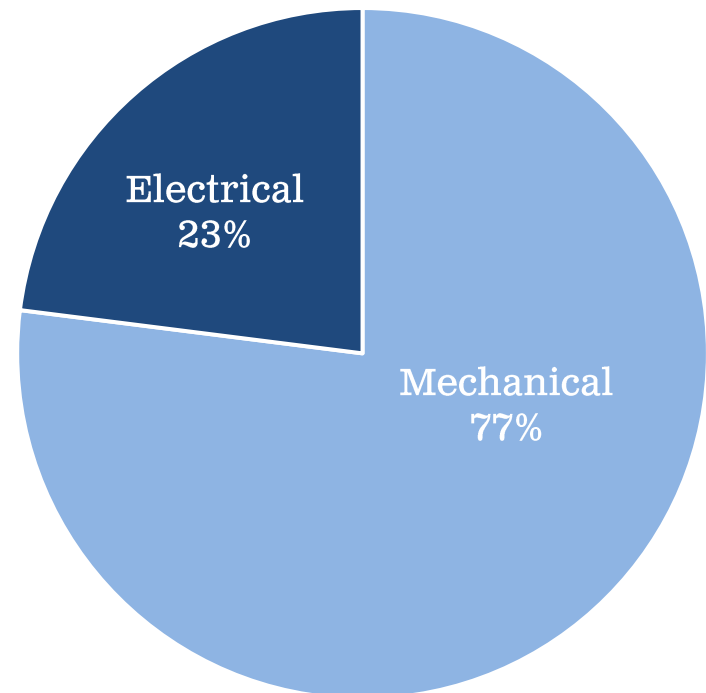
REVENUE

YTD 2023 Revenue = \$3.85B



GROSS PROFIT

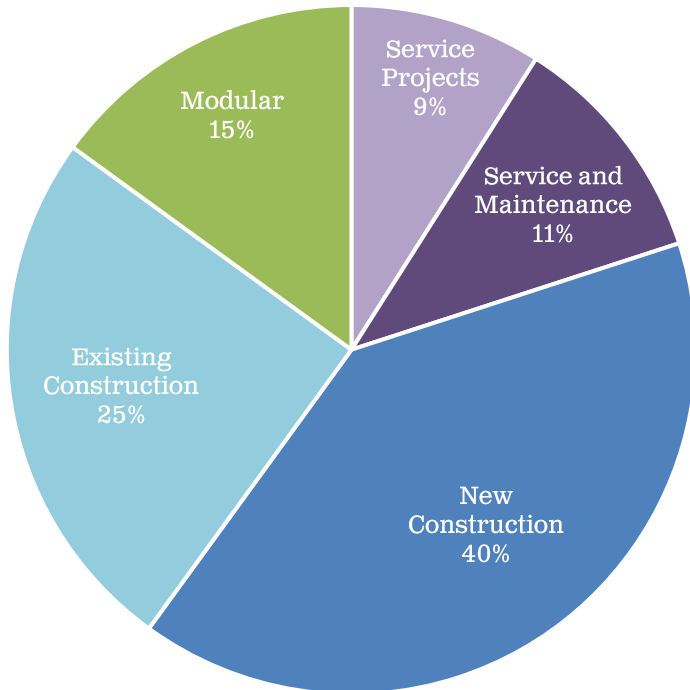
YTD 2023 Gross Profit = \$710.8 Million



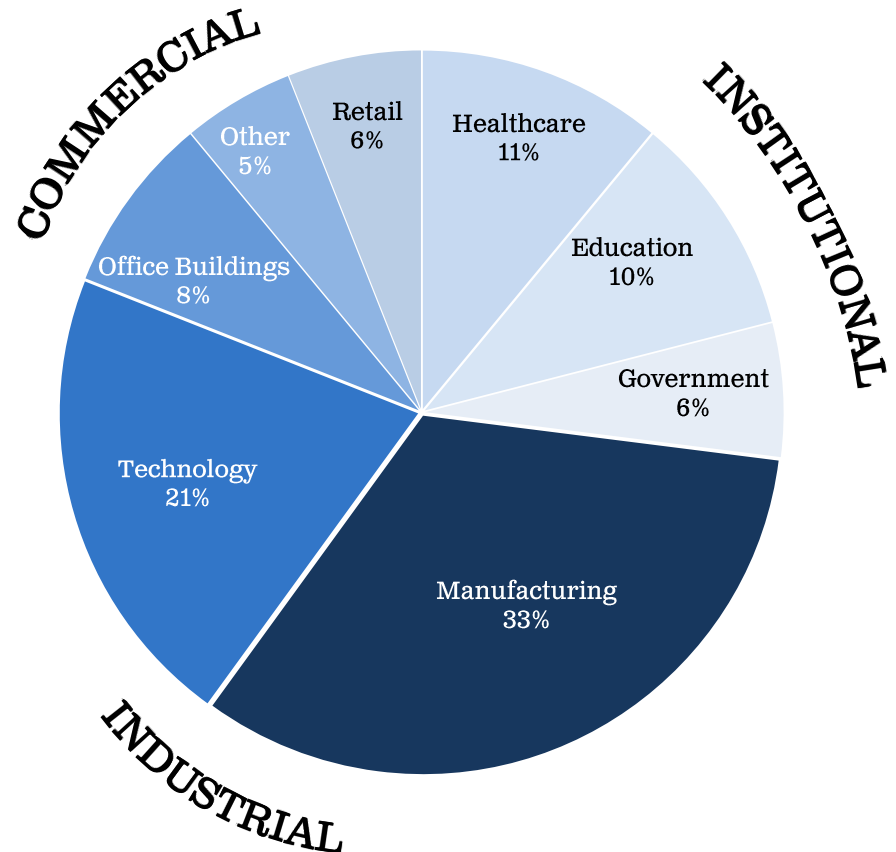
REVENUE BREAKDOWN – YTD 2023

YTD 2023 Revenue = \$3.85B

ACTIVITY

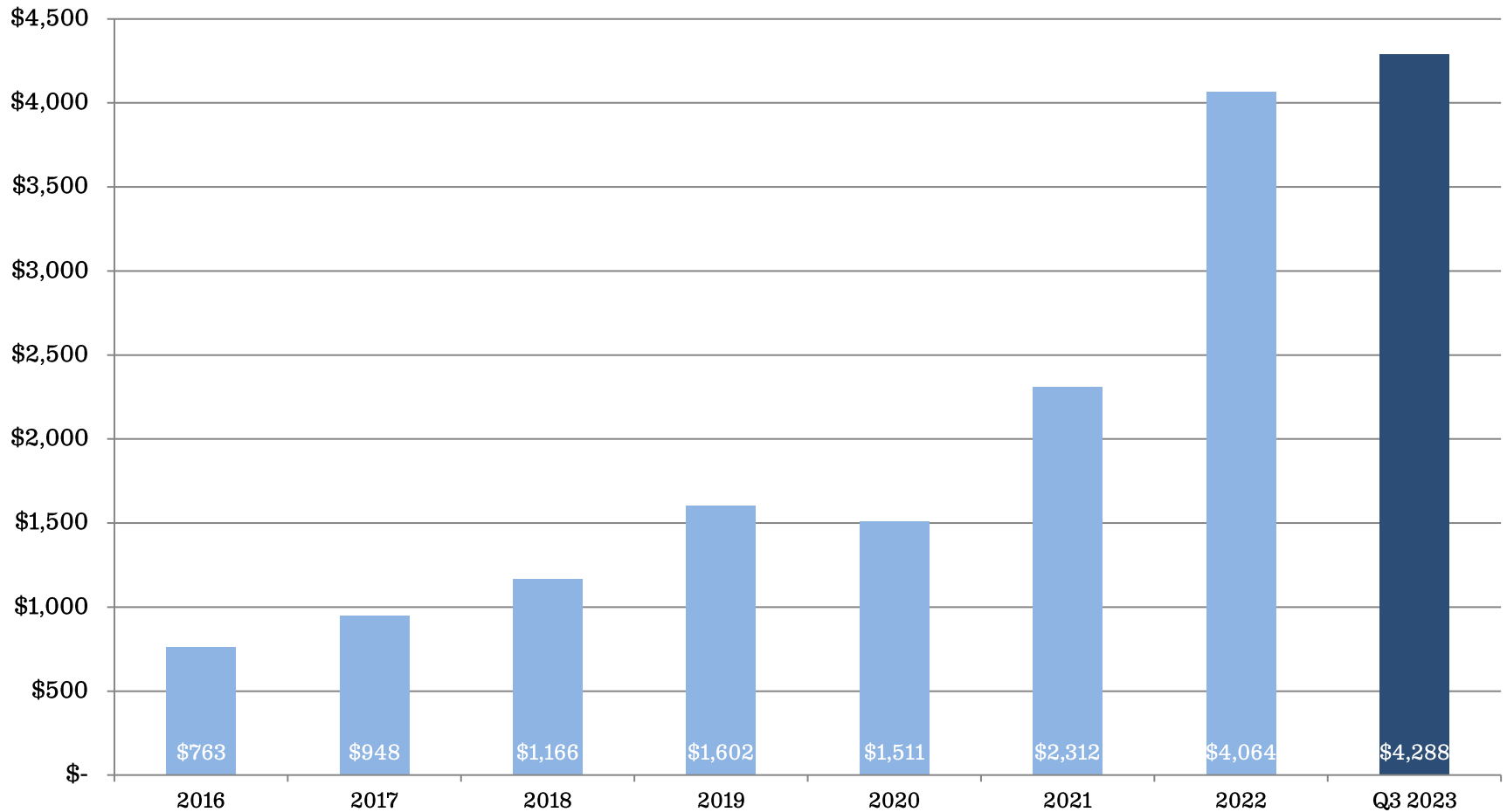


MARKET SECTOR



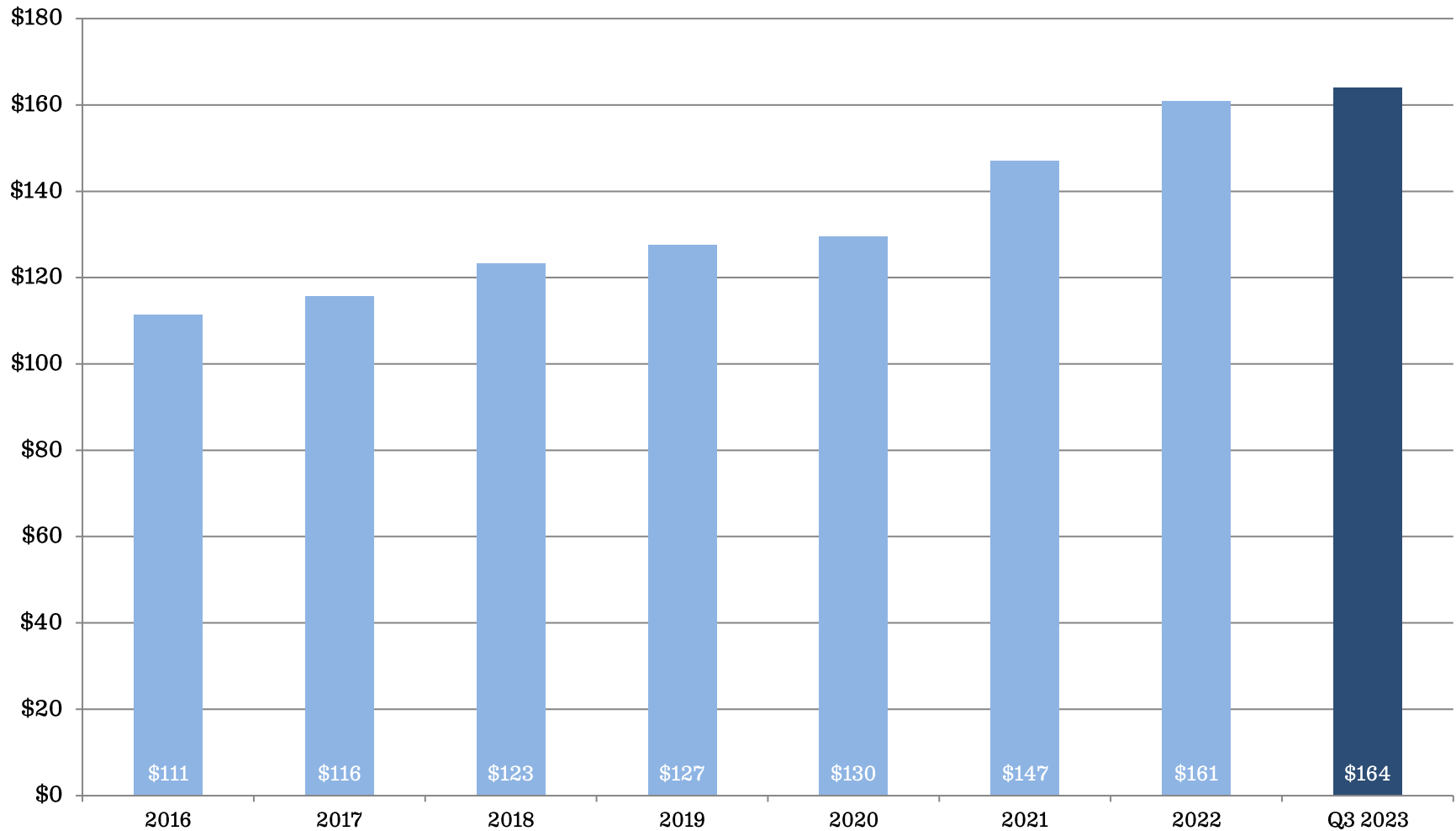
CONSTRUCTION BACKLOG

(\$ in millions)



SERVICE MAINTENANCE BASE

(\$ in millions)



RECENT FINANCIAL PERFORMANCE

	THREE MONTHS ENDED		NINE MONTHS ENDED	
<i>(\$ in millions, except per share information)</i>	<u>9/30/23</u>	<u>9/30/22</u>	<u>9/30/23</u>	<u>9/30/22</u>
Revenue	\$1,378.1	\$1,120.0	\$3,849.2	\$3,023.2
Net Income	\$105.1	\$61.5	\$231.8	\$190.5
Diluted EPS	\$2.93	\$1.71	\$6.46	\$5.28
Adjusted EPS ⁽¹⁾	\$2.74	\$1.67	\$6.19	\$3.75
Adjusted EBITDA ⁽²⁾	\$155.9	\$101.0	\$357.8	\$238.6
Operating Cash Flow	\$214.2	\$61.2	\$466.6	\$169.5

⁽¹⁾ Adjusted EPS is a non-GAAP financial measure. Adjusted EPS excludes tax gains. See Appendix II for a GAAP reconciliation to Adjusted EPS.

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

ADVANCE CASH FLOW

(\$ Millions) (Unaudited)



- TTM operating cash flow far exceeds TTM net income
- At 9/30/23, we have a very substantial amount of unearned customer cash
- Over the coming quarters, we expect pre-bookings and equipment advances will normalize creating cash flow headwind

FOCUS ON CASH FLOW

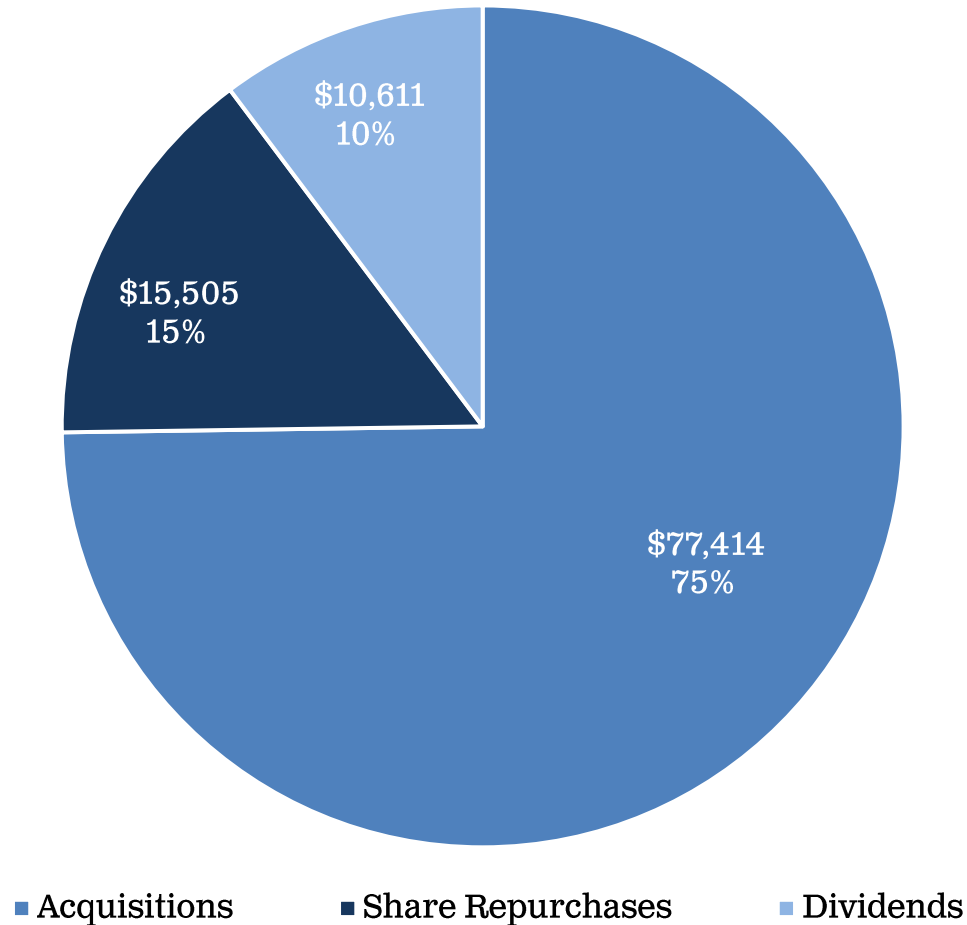
- Positive free cash flow for 24 consecutive years
- Increased dividend for 11 consecutive years
- Debt/TTM EBITDA = 0.10
- \$137.6 M cash at September 30, 2023
- \$47.3 M total debt at September 30, 2023
- Debt capacity
 - No borrowings at 9/30/23
 - \$850M senior credit facility
 - 2027 maturity



CAPITAL ALLOCATION

(\$ in thousands)

AVERAGE 2007 - 2022



CAPITAL RETURNED

(\$ in thousands)

FISCAL PERIODS	SHARE REPURCHASES	DIVIDENDS	CAPITAL RETURNED
2015	\$8,330	\$9,358	\$17,688
2016	\$13,088	\$10,264	\$23,352
2017	\$9,007	\$10,987	\$19,994
2018	\$28,533	\$12,268	\$40,801
2019	\$19,550	\$14,543	\$34,093
2020	\$30,120	\$15,499	\$45,619
2021	\$27,054	\$17,384	\$44,438
2022	\$38,216	\$20,077	\$58,293
2023 YTD	\$8,563	\$21,455	\$30,018

MARKET OUTLOOK



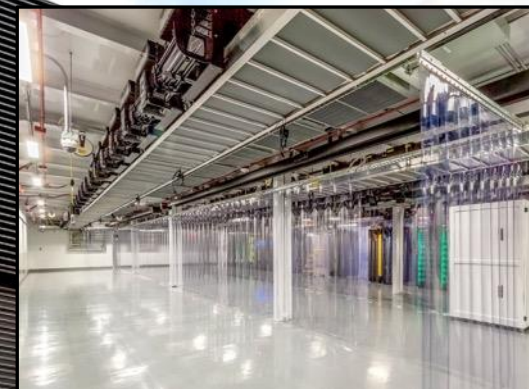
Strong Markets

- Technology – Data Centers and Chip Manufacturing
- Life Sciences - Pharmaceuticals
- Food Processing
- Manufacturing
- Healthcare
- EV Battery

Trends

- Industrial
- Re-Shoring
- Indoor Air Quality
- Service
- Modular

MODULAR OFF-SITE CONSTRUCTION



SUSTAINABILITY OVERVIEW

Our environmental, social and corporate governance (ESG) goals are embedded in how we operate as a business – they are part of our very foundation and core values of being safe, honest, respectful, collaborative, and innovative – and we have diligently sought to develop transparent disclosures to support our ESG commitments. As a company, we recognize that while our work lends itself to sustainable best practices, there is more we can do to create a positive impact. We are committed to a continual improvement approach to sustainability.

PLANET



Material Topics

Energy Efficiency
Carbon Emissions

Operate with the intention to positively impact the environment through our work and the services we provide to our customers

- Comfort Systems USA has completed a Greenhouse Gas ("GHG") Inventory covering all relevant Scope 1 and 2 emissions across our operations for both 2021 and 2022, facilitating a deeper analysis and comparative data in our 2022 Sustainability Report
- In 2022, we had a 4% reduction in GHG emissions intensity
- Previously, we developed and shared sustainable transportation guidelines with all operating companies to utilize best practices in fleet management, business travel, route optimization, and employee commuting
- Performed our first water risk analysis in 2022

PARTNERS



Material Topics

Regulatory Compliance
Financial Health
Privacy and Data Security
Ethics, Anti-Bribery, and Corruption

Be reliable, honest, and innovative partners to our customers and suppliers

- 100% of all operational sites have completed an internal audit/risk assessment concerning business ethics issues
- Silver EcoVadis Sustainability Rating achieved in 2022 and Bronze EcoVadis Sustainability Rating achieved in 2021
- Sustainable Procurement Policy and Supplier Diversity Program launched in 2021
- Developed and implemented a Human Rights Policy in 2022

PEOPLE



Material Topics

Worker Health and Safety
Diversity, Equity, and Inclusion

Foster a safe, collaborative, and inclusive environment for our employees

- 100% of all operating companies have diversity, equity, and inclusion action plans
- 100% of operational sites have conducted an employee health and safety risk assessment and utilize the CAUSE Mapping program and the "5x5" initiative, contributing to record safety results in 2022
- As part of our commitment to employee health and well-being, Comfort Systems USA offers all employees and family members in their household access to 24/7 support for confidential emotional support, work-life solutions, legal guidance, and financial resources
- Implemented a process to track, manage, and report on the number of diverse suppliers with whom we partner



INNOVATION WITH AN EMPHASIS ON PRODUCTIVITY

Innovation



Future

- Pilots of emerging technologies
- Partnerships with industry leading tech firms
- Data analytics to drive business insights

2014 - Present

- Investments in advanced BIM technologies
- EAS & TAS modular construction
- Mobile technology deployment in service

2004 - 2014

- Early adoption of BIM
- Industry-leading prefabrication
- Best practice sharing across subsidiaries



Time

OUR VALUES



Be safe



Be honest



Be respectful



Be innovative



Be collaborative



OUR STRENGTH



- Consistent free cash flow
- Strong Balance Sheet
- Acquisition record
- Attractive geographies
- Leading innovation
- Profitable growth

THANK YOU



15,000+ Employees

15,000+ of the most qualified HVAC and electrical contracting personnel in America

172 Locations

44 operating companies across America at 172 locations in 131 cities

~\$5 Billion

Approximately \$5 billion in yearly revenue

CONTACT:

Julie Shaeff

Chief Accounting Officer

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www.comfortsystemsusa.com

APPENDIX I – GAAP RECONCILIATION TO ADJUSTED EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(\$ in thousands)</i>	2023	2022	2023	2022
Net Income	\$105,125	\$61,515	\$231,817	\$190,523
Provision (Benefit) for Income Taxes	20,313	12,920	44,648	(24,864)
Other (Income) Expense, net	44	(46)	(1)	(101)
Changes in the Fair Value of Contingent Earn-out Obligations	8,727	3,443	14,207	(530)
Interest Expense, net	934	3,604	7,439	8,750
Gain on Sale of Assets	(579)	(406)	(1,683)	(1,112)
Tax-related SG&A costs	924	210	1,345	4,665
Amortization	10,929	11,444	32,273	36,602
Depreciation	9,457	8,348	27,717	24,643
Adjusted EBITDA	\$155,874	\$101,032	\$357,762	\$238,576

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, other one-time expenses or gains 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 EPS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Diluted Income per Share	\$2.93	\$1.71	\$6.46	\$5.28
Tax Gains Related to Prior Years	(0.21)	(0.05)	(0.30)	(1.64)
Tax-Related SG&A Costs, Net of Tax	0.02	0.01	0.03	0.11
Diluted Income per Share Excluding Tax Gains	\$2.74	\$1.67	\$6.19	\$3.75

Note: Diluted income per share excluding tax gains is presented because the Company believes it reflects the results of the core ongoing operations of the Company, and we believe it is responsive to frequent questions we receive from third parties. This measure, however, is not considered a primary measure of an entity's financial results under generally accepted accounting principles, and accordingly, should not be considered an alternative to operating results as determined under generally accepted accounting principles and as reported by the Company.