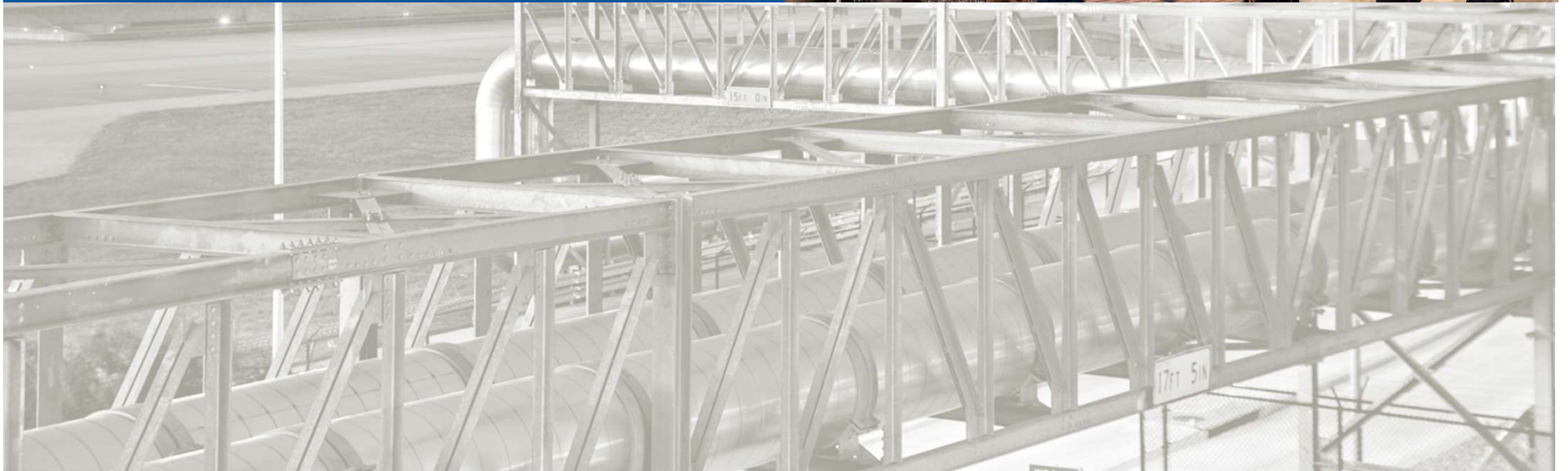


Q1 2018 Earnings Call

(NYSE: FIX)
April 27, 2018

Comfort Systems USA
Quality People. Building Solutions.



Q1 2018 Financial Results Highlights

Q1 Revenue increased \$84.4 million to \$464.9 million (same store increase of \$58.9 million)

Gross Profit was 19.2% vs. 20.0% in Q1 2017

SG&A increased \$6.8 million to \$70.0 million or 15.1% of revenue vs. \$63.2 million or 16.6% of revenue in Q1 2017

EPS was \$0.44 per diluted share

Q1 2018 Cash Flow from Operations was \$3.9 million

Q1 2018 Backlog of \$1.08 billion

Key Financial Data – Income Statement

(\$ Thousands, Except Per Share Data) (Unaudited)

	For the Three Months Ended				Variance	
	March 31,				\$	%
	2018		2017			
Revenue	\$ 464,941	100.0%	\$ 380,588	100.0%	\$ 84,353	22.2%
Cost of Services	375,888	80.8%	304,634	80.0%	71,254	23.4%
Gross Profit	89,053	19.2%	75,954	20.0%	13,099	17.2%
Selling, General and Administrative Expenses	70,023	15.1%	63,247	16.6%	6,776	10.7%
Goodwill Impairment	-	0.0%	1,105	0.3%	(1,105)	-100.0%
Gain on Sale of Assets	(211)	0.0%	(154)	0.0%	(57)	37.0%
Operating Income	<u>\$ 19,241</u>	4.1%	<u>\$ 11,756</u>	3.1%	<u>\$ 7,485</u>	<u>63.7%</u>
Net Income	<u>\$ 16,659</u>	3.6%	<u>\$ 7,477</u>	2.0%	<u>\$ 9,182</u>	<u>122.8%</u>
Diluted EPS	<u>\$ 0.44</u>		<u>\$ 0.20</u>		<u>\$ 0.24</u>	<u>120.0%</u>
Adjusted EBITDA ⁽¹⁾	<u>\$ 28,270</u>	6.1%	<u>\$ 18,846</u>	5.0%	<u>\$ 9,424</u>	<u>50.0%</u>

⁽¹⁾ See Slide 9 for GAAP Reconciliation to Adjusted EBITDA

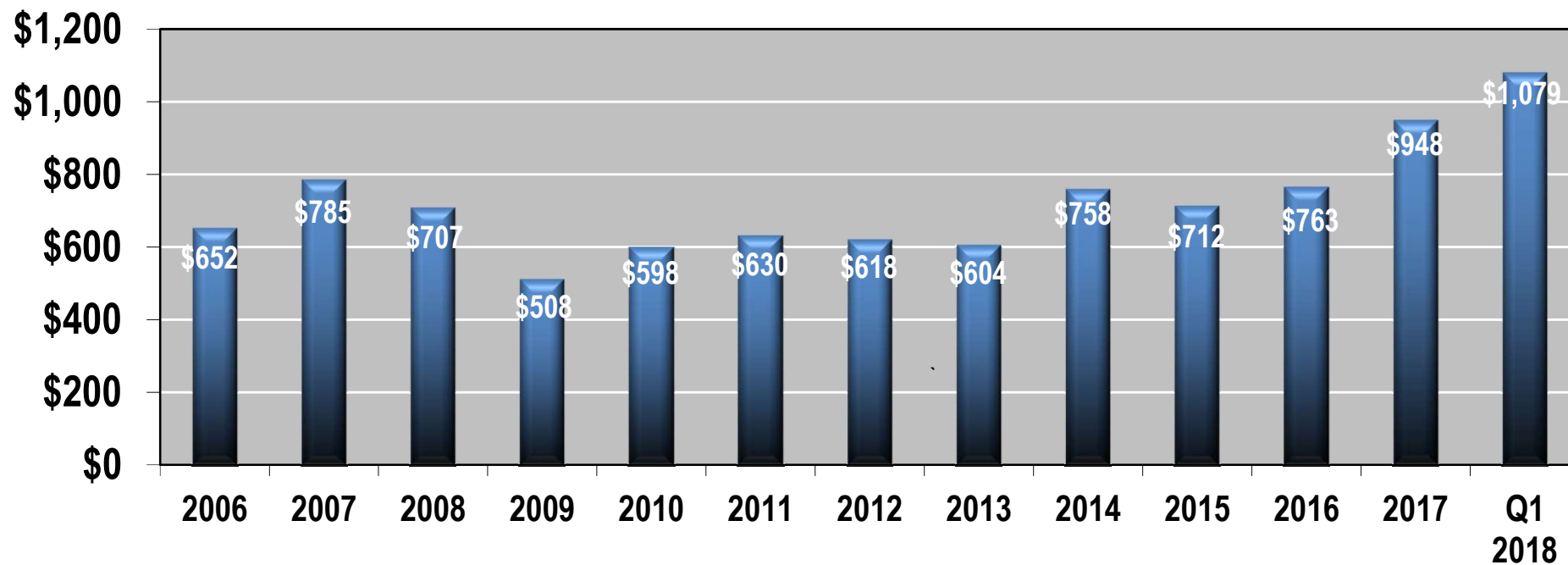
Key Financial Data – Balance Sheet

(\$ Millions)

	<u>3/31/2018</u> (Unaudited)	<u>12/31/2017</u>
Cash	\$ 25.2	\$ 36.5
Working Capital	\$ 125.8	\$ 115.6
Goodwill	\$ 203.2	\$ 200.6
Intangible Assets, Net	\$ 78.3	\$ 76.0
Total Debt	\$ 66.0	\$ 60.5
Equity	\$ 429.1	\$ 417.9

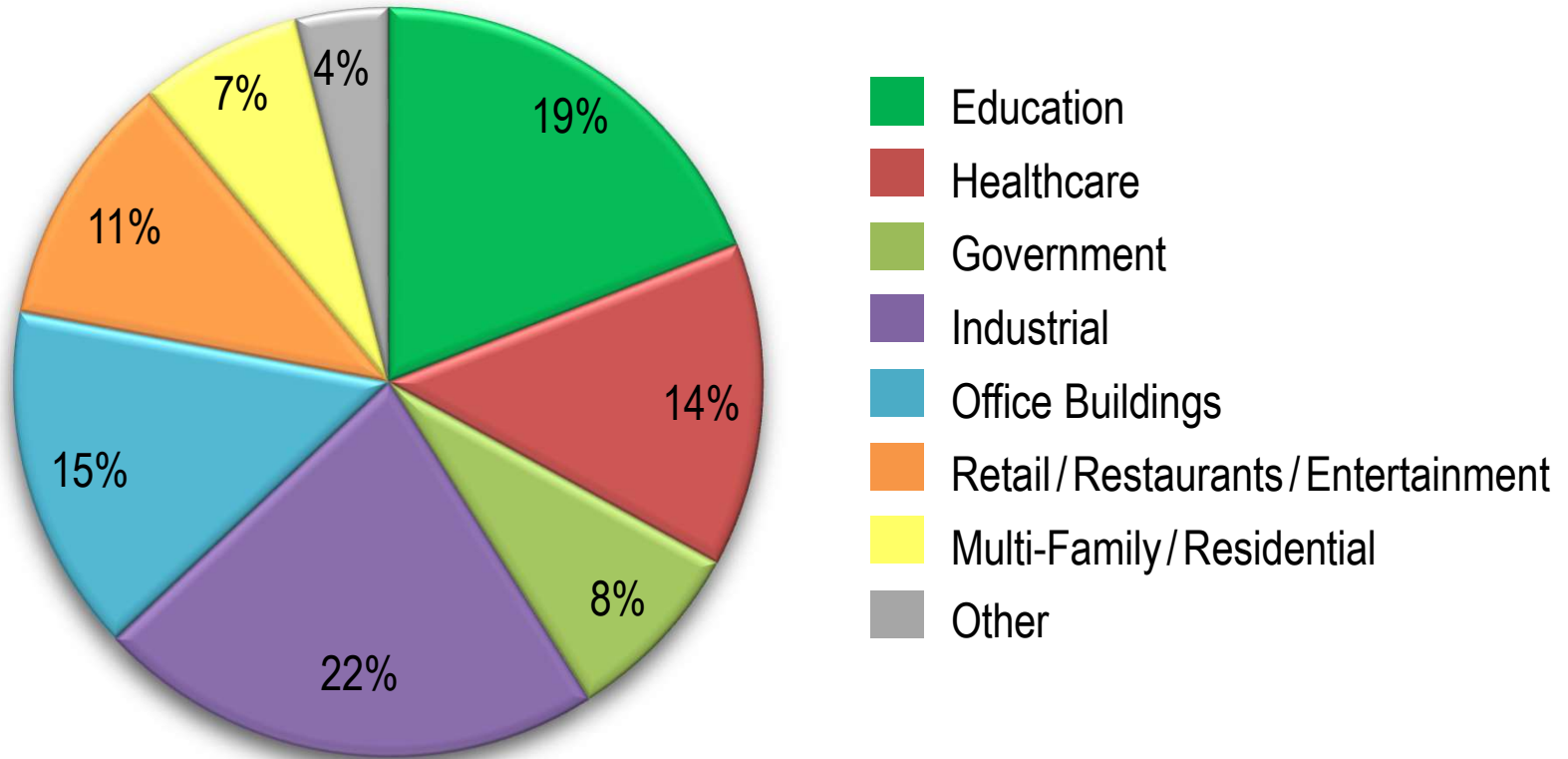
Backlog

(\$ Millions) (Unaudited)



Revenue by Type of Customer

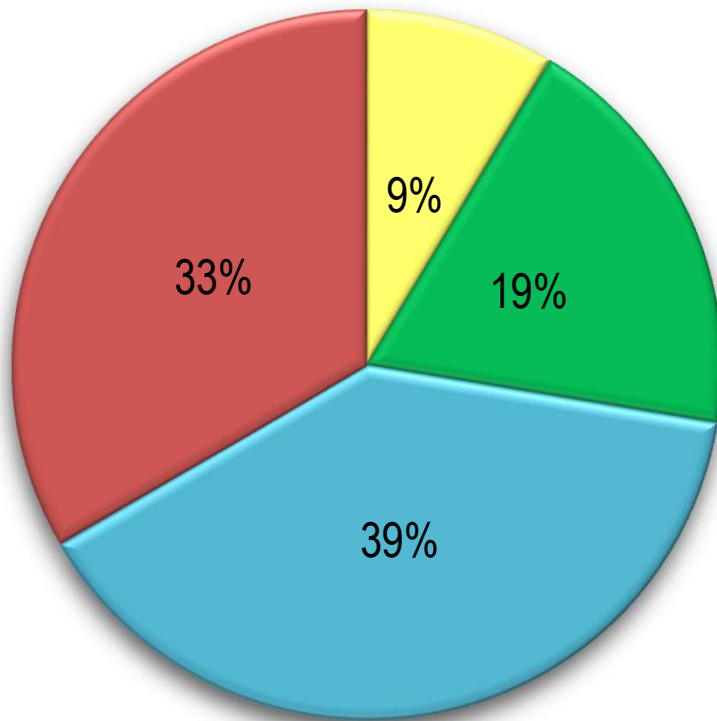
(Unaudited)



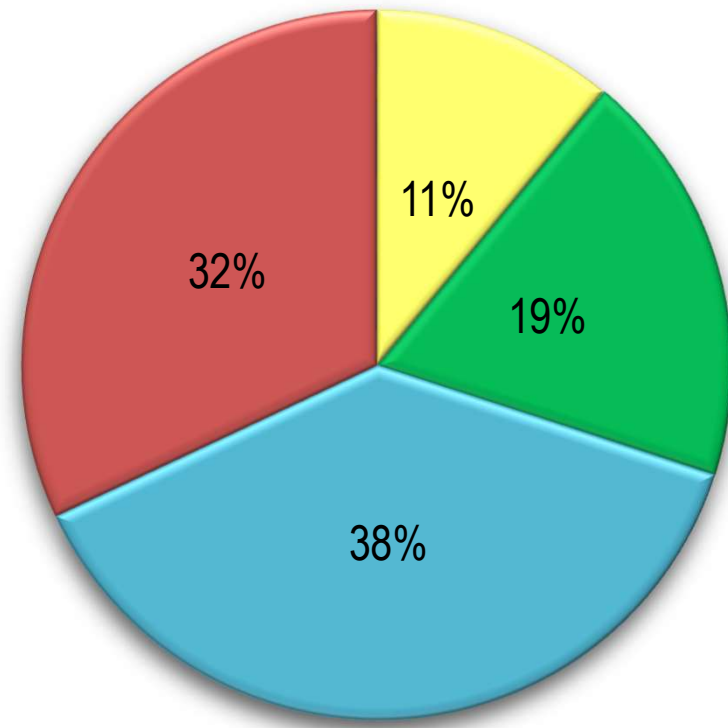
Revenue by Activity Type





(Unaudited)

YTD March 2018



FY 2017



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

APPENDIX

Appendix I – GAAP Reconciliation to Adjusted EBITDA

(\$ Thousands) (Unaudited)

	Three Months Ended March 31,	
	2018	2017
Net Income	\$ 16,659	\$ 7,477
Provision for Income Taxes	2,074	3,892
Other Expense (Income), net	(38)	(18)
Changes in the Fair Value of Contingent Earn-out Obligations	(153)	26
Interest Expense, net	699	379
Gain on Sale of Assets	(211)	(154)
Goodwill Impairment	-	1,105
Depreciation and Amortization	9,240	6,139
Adjusted EBITDA	<u>\$ 28,270</u>	<u>\$ 18,846</u>

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 (loss), net income (loss), or cash flows as determined under generally accepted accounting principles and as reported by the Company.

Appendix II – GAAP Reconciliation to Free Cash Flow

(\$ Thousands) (Unaudited)

	Three Months Ended March 31,	
	2018	2017
Cash from Operating Activities	\$ 3,851	\$ 10,053
Purchases of Property and Equipment	(5,588)	(5,077)
Proceeds from Sales of Property and Equipment	366	292
Free Cash Flow	<u>\$ (1,371)</u>	<u>\$ 5,268</u>

Note: Free cash flow is defined as cash flow from operating activities less customary capital expenditures, plus the proceeds from asset sales. Other companies may define free cash flow differently. Free cash flow is presented because it is a financial measure that is frequently requested by third parties. However, free cash flow is not considered under generally accepted accounting principles as a primary measure of an entity's financial results, and accordingly, free cash flow 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.