

**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 13, 2006**

**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.)

**777 Post Oak Boulevard, Suite 500**  
**Houston, Texas**  
(Address of principal executive offices)

**77056**  
(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))

**Item 7.01 Regulation FD Disclosure.**

On the 13<sup>th</sup> day of November, 2006, Comfort Systems USA, Inc., a Delaware corporation (the "Company"), a leading provider of commercial/industrial heating, ventilation and air conditioning 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 presentation 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 and Exchange Act of 1934 (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 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 Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, 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, 2005.

A copy of the presentation is furnished herewith as Exhibit 99.1

**Item 9.01 Financial Statements and Exhibits**

The following exhibit is included herein:

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/ Trent T. McKenna  
Trent T. McKenna  
Vice President and General Counsel

Date: November 13, 2006

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slideshow presentation dated November 13, 2006.

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*Quality People. Building Solutions.*

**COMFORT SYSTEMS USA**



*As of November 13, 2006*

This presentation includes certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, 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. Such risks, uncertainties and other important factors include, among others, the retention of key management, national or regional weakness in non-residential construction activity, difficulty in obtaining or increased costs associated with bonding, shortages of labor and specialty building materials, seasonal fluctuations in the demand for HVAC systems, the use of incorrect estimates for bidding a fixed price contract, the Company’s backlog failing to translate into actual revenue or profits, errors in the Company’s percentage of completion method of accounting, the result of competition in the Company’s markets, and the imposition of past and future liability from environmental, safety and health regulations including the inherent risk associated with self-insurance, adverse litigation results and other risks detailed in the Company’s filings with the Securities and Exchange Commission. Important factors that could cause actual results to differ are discussed under Item 1A “Company Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2005.

## Vision

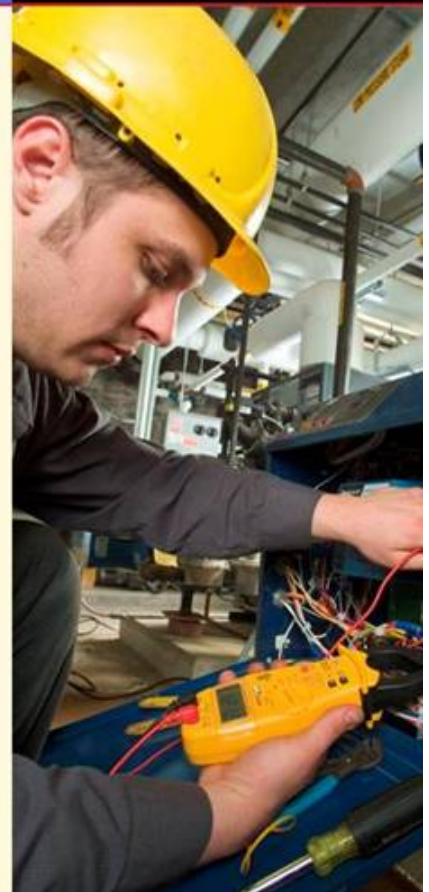
***To be the nation’s premier  
HVAC and mechanical  
systems installation  
and services provider.***





***To provide the best value HVAC and mechanical systems installation and service, principally in the mid-market commercial, industrial, and institutional sectors, while caring for our customers, employees and the environment and realizing superior returns for our stockholders.***

- **Honesty and Integrity**
- **Respect for ALL Stakeholders**
- **Exceed Customer Expectations**
- **Seek “Win-Win” Solutions**
- **Entrepreneurial Spirit and Drive**
- **Premier Safety Performance**
- **Communicate Openly**
- **Positively Impact Our Communities**
- **Think National - Act Local**



- **National**
- **Commercial, Industrial, Institutional**
- **HVAC/Piping/Plumbing**
  
- **Strong balance sheet**
- **Profitable/cash flow positive in tough 01-03 conditions**
- **Good results in 04**
- **Increased growth, profitability and cash flow in 05/06**
  
- **60% new construction; 40% service, repair, retrofit**
- **Current run rate \$1 billion +**





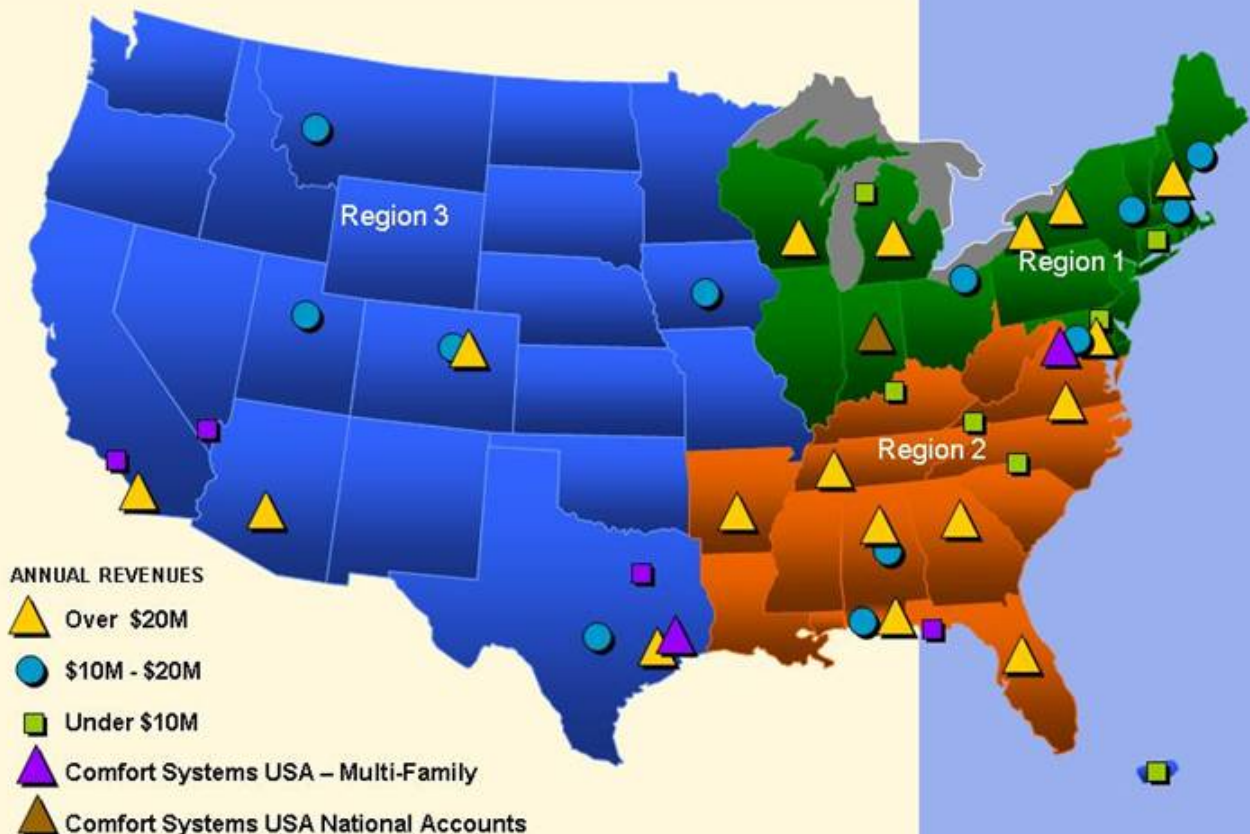
# Top 10 Specialty Contractors

Rank 2006	Rank 2005	Firm	Type of Firm	2005 Rev. (\$Mil.)
1	1	Emcor Group Inc. (EME), Norwalk, CT <sup>1</sup>	M/E	4,753.7
2	3	Quanta Services Inc. (PWR), Houston, TX	E/U	1,858.6
3	2	Johnson Controls Inc. (JCI), Milwaukee, WI <sup>3</sup>	O	1,840.0
4	4	Integrated Electrical Services, Inc. (IESC), Houston, TX	E	1,102.8
5	7	Comfort Systems USA, Inc. (FIX), Houston, TX <sup>5</sup>	M/O	899.5
6	6	Siemens Building Technologies (SI), Buffalo Grove, IL <sup>6</sup>	O	850.0
7	5	Mastec Inc. (MTZ), Coral Gables, FL <sup>7</sup>	O	848.0
8	8	Infrasource Services Inc. (IFS), Media, PA <sup>8</sup>	U/E	818.0
9	9	Henkels & McCoy Inc., Blue Bell, PA	U	709.1
10	10	Performance Contracting Group Inc., Lenexa, KS <sup>10</sup>	W/O	627.9

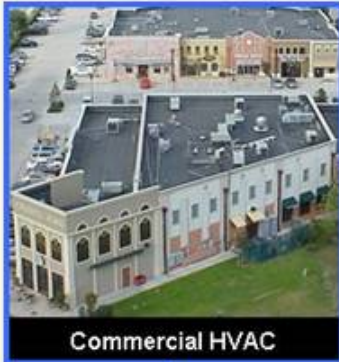
Key to Specialty Type: M=Mechanical; E=Electrical; U=Utility; W=Wall/ceiling; O=Other

Numbered Footnotes Show Specialty Revenue in the "Other" (O) Category: 1=Facilities; 3=Integrated Systems: Bundled Mech., Elec., Security Systems; 5=Plumbing, Controls, Others; 6=HVAC Control Sys.; Security Sys.; Bldg Automation, Fire Suppr., Energy/Safety Sys.; 7=Infrastructure Construction; 8=Paving; 10=Insulation, Rigging

# Comfort Today



# What We Do



*Quality  
People.  
Building  
Solutions.*

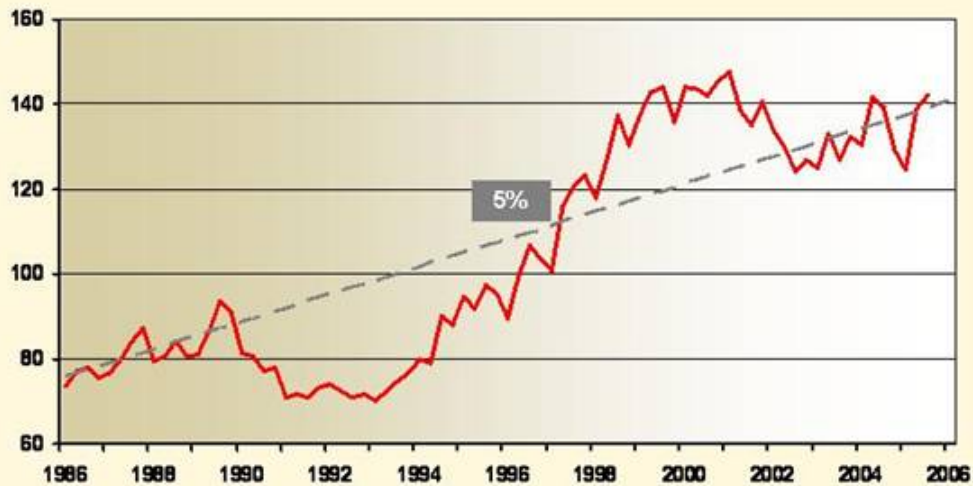
# What We Do





# Long Term Industry Growth

## Commercial, Industrial, Institutional HVAC – A \$40B+ Industry

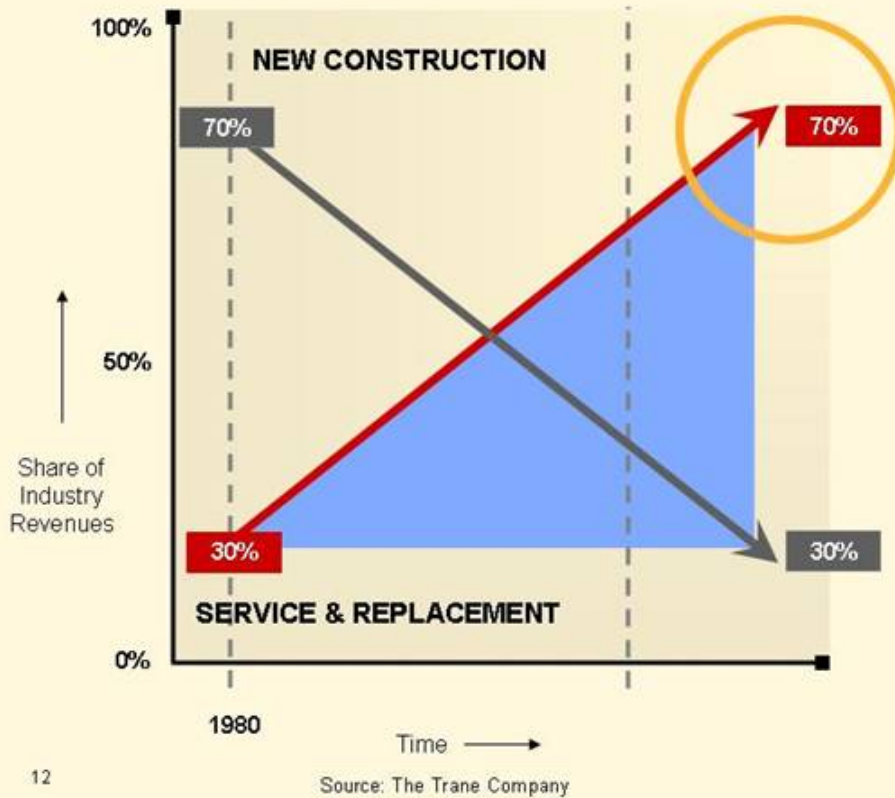


The Dodge Index for Nonresidential Building Construction  
1996=100

## DRIVERS

- Building comfort a “necessity”
- Mechanical equipment – requires service, repair, replacement
- Increasing technical content and building automation
- Energy efficiency and IAQ emerging
- Outsourcing

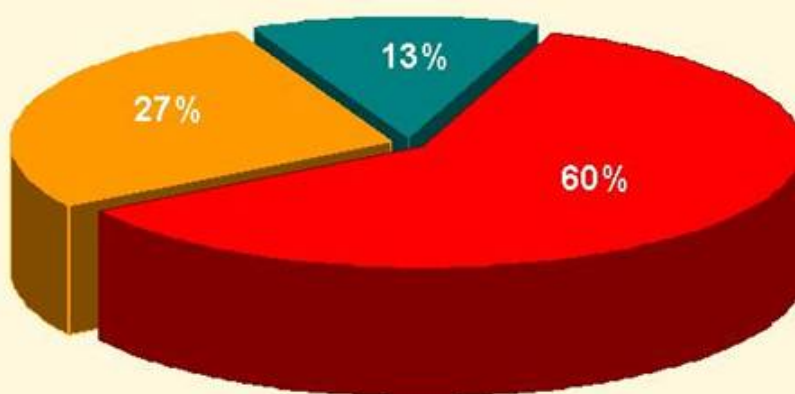
# Industry Trend Toward Service & Replacement (Recurring Revenue)



- 5+ million commercial buildings (DOE)
- Recurring service
- 20 year replacement cycle
- "Inventory" of future business
- OEMs note significant deferred maintenance & replacement over recent years

# Revenues by Activity

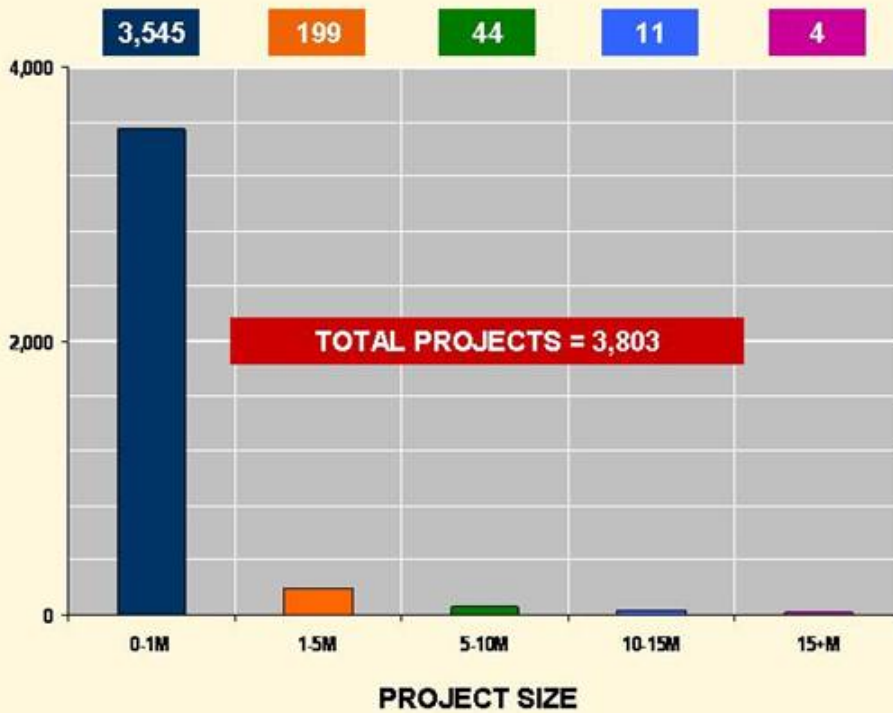
YTD Sept. 2006



- Service and Maintenance
- New Construction/Installation
- Replacement

# Diverse Project Mix

# OF PROJECTS (As of Sept. 30, 2006)



**Average Project Size**

\$396,000

**Average Project Length**

6-9 months

**Value of Projects >\$1M**

\$946.9M

**Value of Projects <\$1M**

\$558.4M

# Select General Contractors



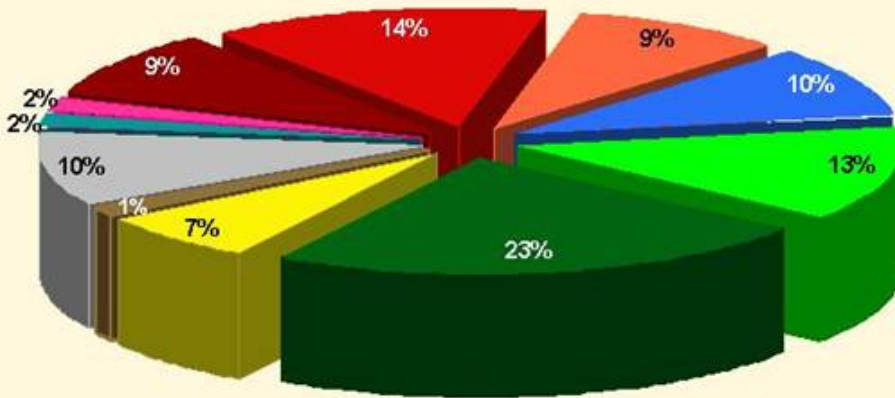
It's time to expect more.





# Diverse End-Use Base

YTD Sept. 2006



## Top Ten Customers

- Served by 9 different Comfort operating units
- Largest customer = less than 5% of revenues

- Healthcare
- Schools
- Government
- Manufacturing
- Office Building
- Multi-Family
- Retail
- Distribution
- Other
- Hotels
- Residential

# Competitive Advantages

COMFORT  
SYSTEMS USA

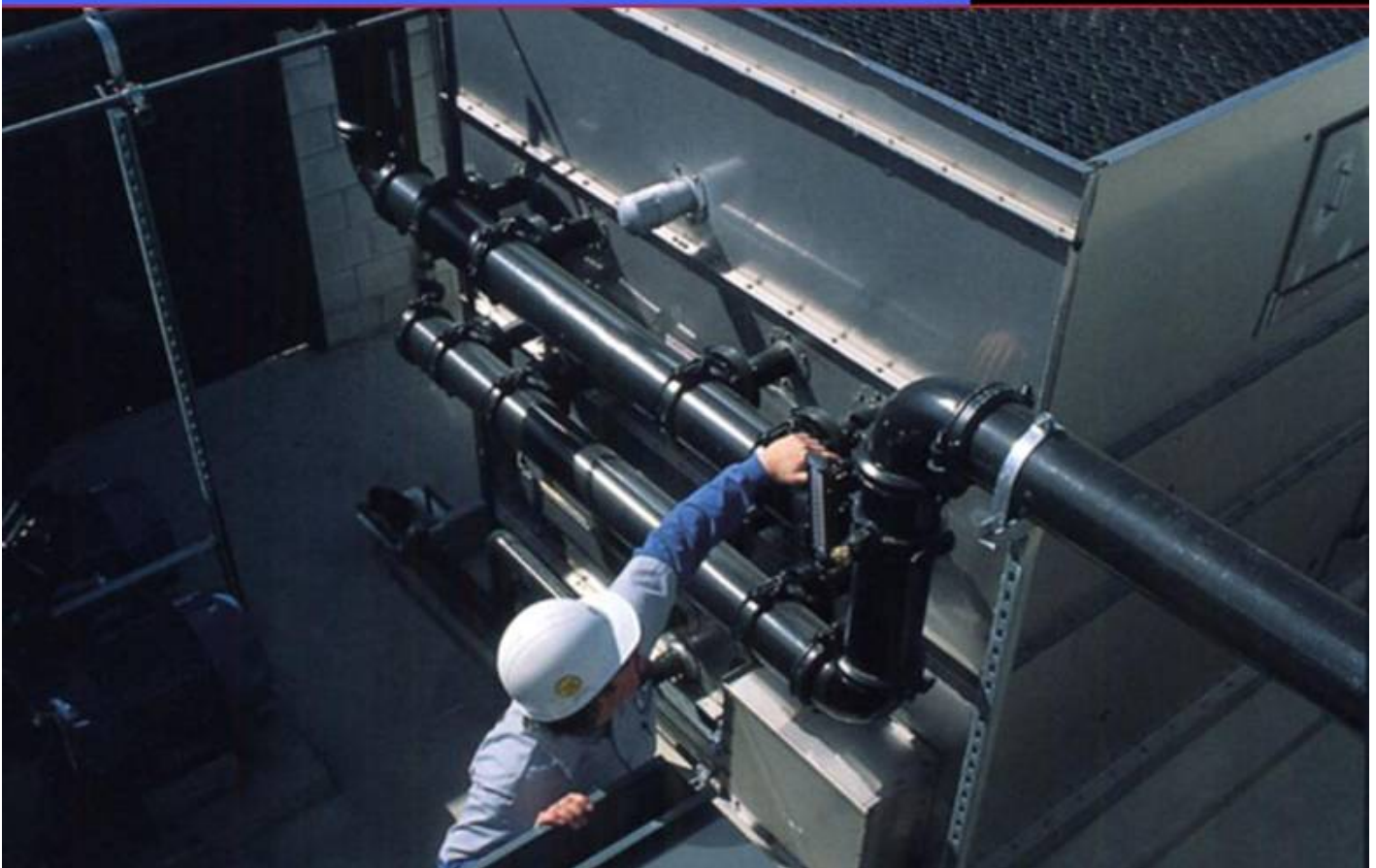
- High quality operations
- Ability to leverage and proliferate technical expertise
- Ability to collaborate on large jobs and share labor
- National multi-location service capability
- Purchasing economics
- Financing
- Bonding and insurance

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# Financial Overview

COMFORT  
SYSTEMS USA



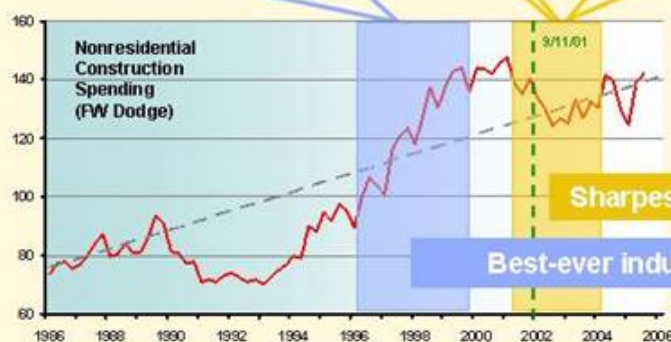


# History

- 1997 to 1999 – IPO, rapid acquisition growth, strong organic growth
- 2000 – Integration challenges, trough in profits, high leverage, start of rationalization of operations
- 2001 – Working capital conservation increases cash flow/reduces debt
- 2002 to 2003 – Sale of assets; smaller stronger platform weathers worst industry conditions in 30 years
- 2004 – Renewed growth
- 2005 – Increased growth and profitability
- 2006 – Increased productivity and growth; push to increase service, repair, retrofit



# History – Financial



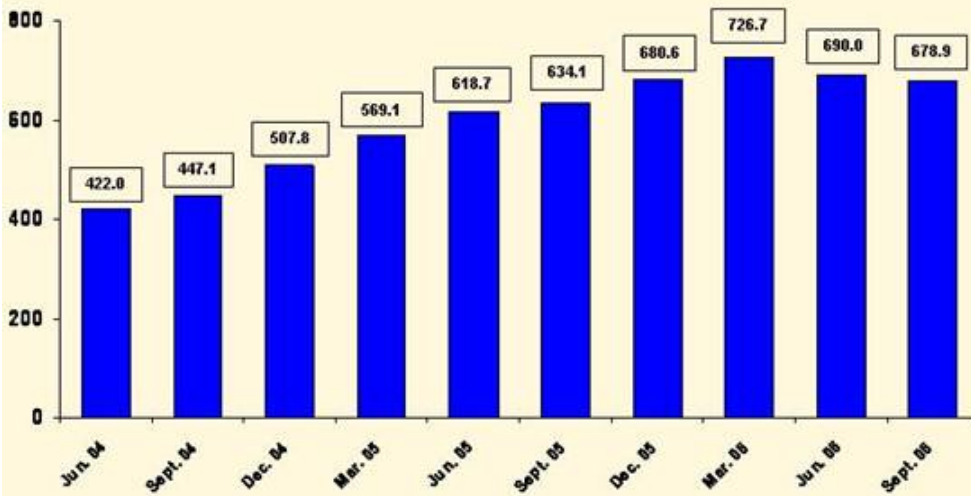


# Project Review and Controls

- If project > 10% TTM revenues or new technical application
  - Then Senior Vice President review required prior to bid process
  - This may include blind estimate by another Comfort unit experienced in type/size of project
- Bonding qualification
- Project management training
- Sarbanes/Oxley early compliance
- Monthly POC Review
  - COO, CFO, Controller, RVP and Regional Controller
  - Review POC detail for 15 largest projects at each of 40 operating units
  - Focus on underbillings and estimate changes
- Cost-to-complete reviews at units
  - RVP or Regional Controller participates in cost-to-complete for every unit at least once a quarter
  - RVP and Regional Controller participate in multiple units' cost-to-completes at quarter-end



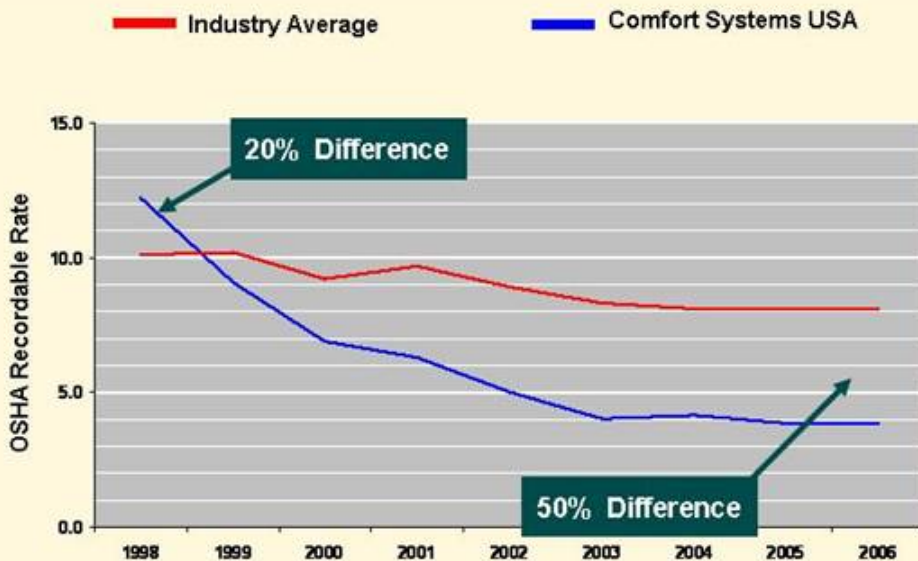
# Backlog (in millions)



**High backlog continues**

Note: Excludes all divested and discontinued operations

# Safety



- Safe employees
- Valued by customers
- Lost time accident rate is 80% less than industry average
- Claims cost per payroll dollar down from 4.6% to 1.7%
- We can change behavior

Source: Bureau of Labor Statistics, Standard Industry Classification (SIC) Code 20 1710 – Specialty Trades Contractors – HVAC and Plumbing & North American Industry Classification System (NAICS) Code 23822

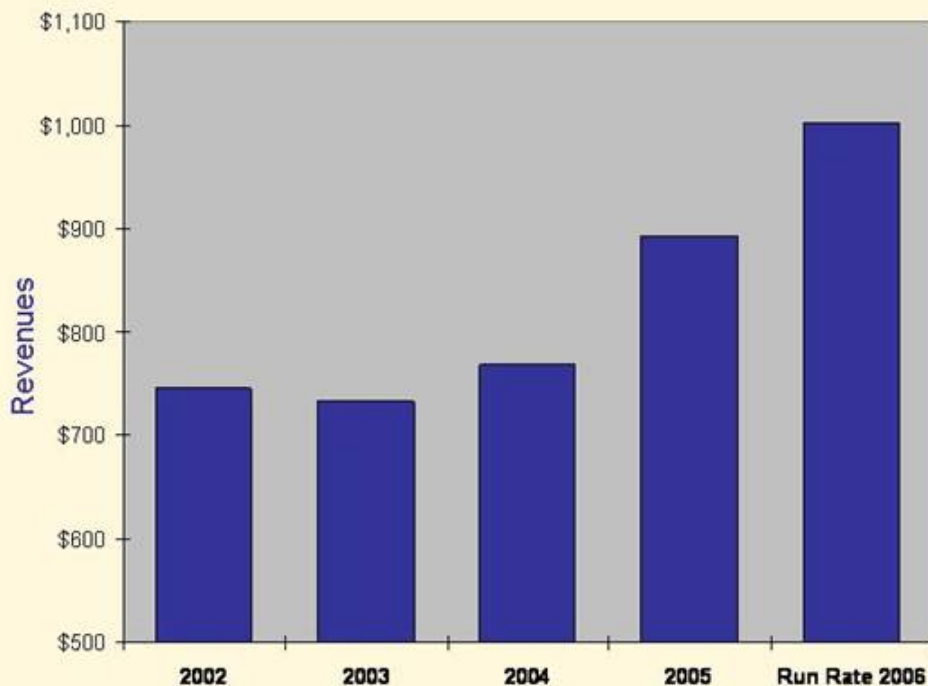
*Our safety record is no accident.*

# Financial Profile – Ongoing Operations



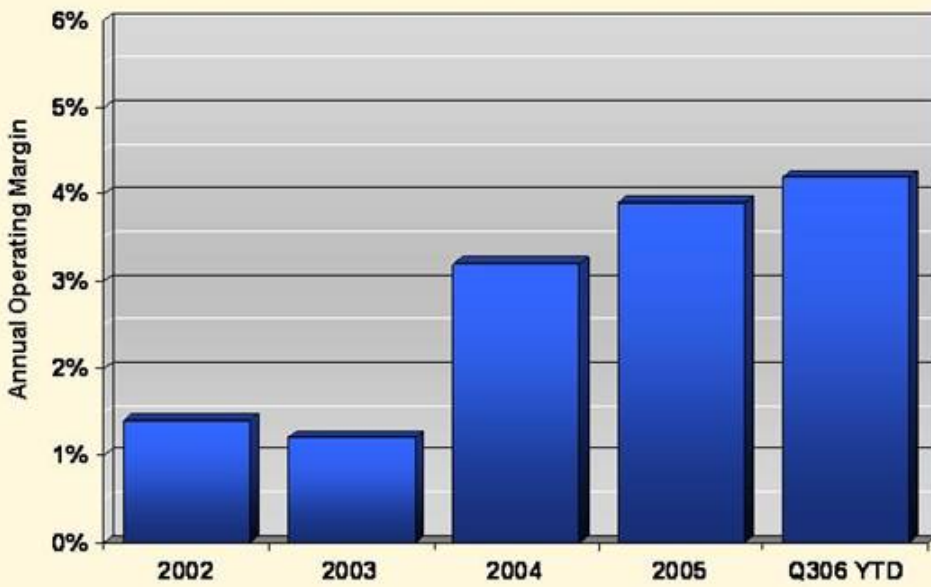
	3Q		YTD 3Q	
	06	05	06	05
Revenues.....	\$ 287.7	\$ 235.3	\$ 788.5	\$ 658.9
Adjusted EBITDA.....	\$ 15.4	\$ 12.0	\$ 37.0	\$ 26.0
% Revenue.....	5.4%	5.1%	4.7%	4.0%
Operating Income .....	\$ 14.2	\$ 10.9	\$ 33.3	\$ 23.0
% Revenue.....	4.9%	4.6%	4.2%	3.5%
Net Income - Contg Ops.....	\$ 9.0	\$ 6.1	\$ 21.2	\$ 12.3
% Revenue.....	3.1%	2.6%	2.7%	1.9%
Diluted EPS - Contg Ops.....	\$ 0.22	\$ 0.15	\$ 0.52	\$ 0.31
Free Cash Flow.....	\$ 3.3	\$ 6.6	\$ (5.4)	\$ 10.0
Debt .....	\$ 0.0	\$ 0.0		
Cash.....	\$ 68.9	\$ 33.7		
Backlog.....	\$ 678.9	\$ 634.1		

# Revenues (2002 – 2006)





# Operating Margins <sup>(a)</sup>

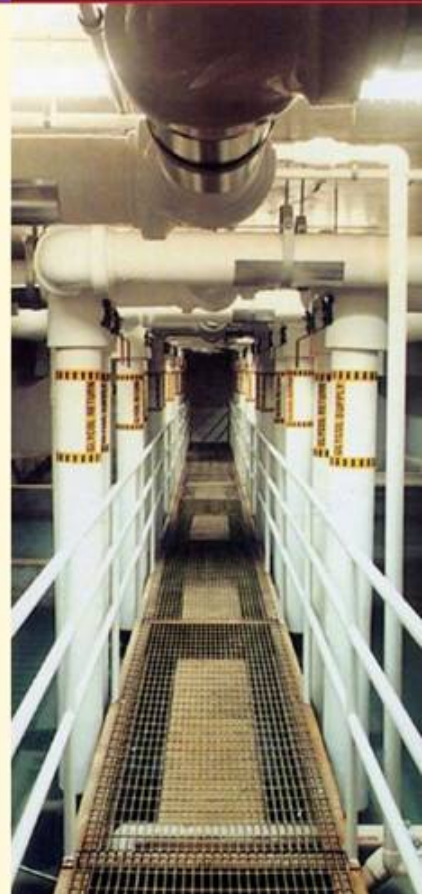


(a) This table includes non-GAAP financial information as the information provided excludes goodwill impairment charges of \$0.2 million, \$2.7 million, \$0.6 million and \$33.9 million for 2002, 2003, 2004 and 2005, respectively.



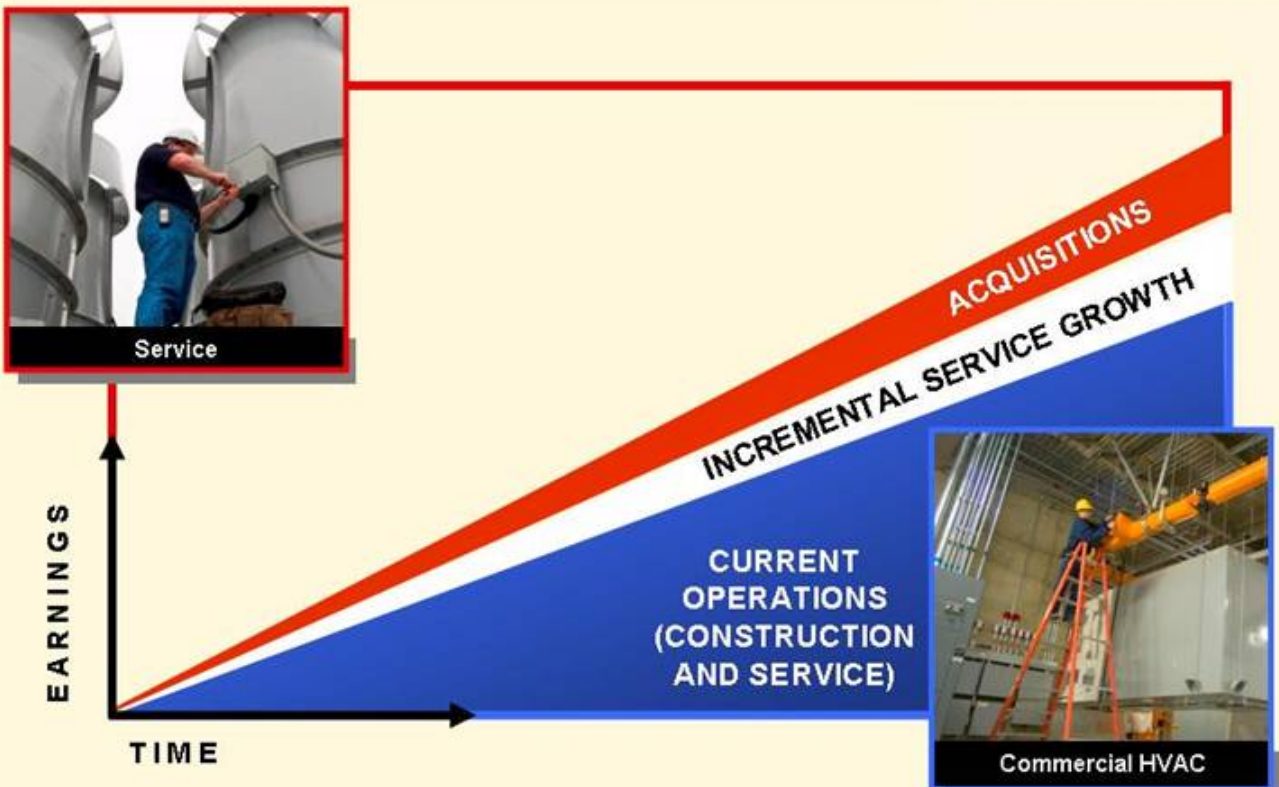
# Financial Strengths

- Market share up – revenue and profit performance better than industry
- Commitment to cost containment
- \$69 million cash at 9/30/06; substantial credit capacity if needed
- Positive free cash flow for last seven calendar years



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# Profile For Growth



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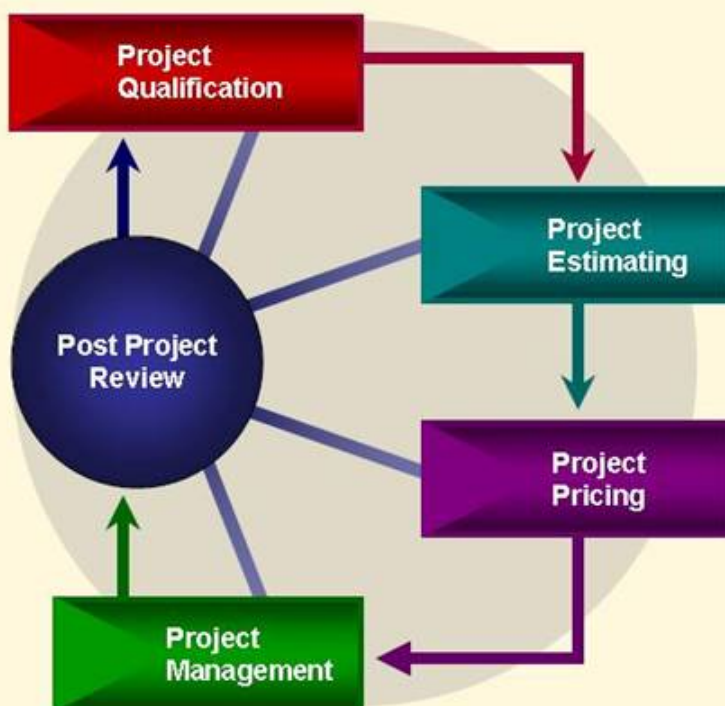
## Increase Productivity

- **Education**
  - Leadership
  - Project Managers
  - Superintendents
  - Service Sales
  - Service Operations
  - Craft
- **Best Practices**
  - Project Loop
  - Estimating
- **Cooperation with suppliers**
- **Prefabrication**
- **New materials and methods**
- **Focus**
  - Leadership
  - Management



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# Core HVAC – Job Loop



## Job Loop

- **Constant feedback**
- **Continuous improvement process**

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***The only things that evolve by themselves in an organization are disorder, friction and malperformance.***

***-Peter Drucker***

## Increase Service\*

- **Grow Maintenance Base**
- **Education**
  - Sales
  - Sales Management
  - Service Operations
- **Target Retrofit Projects**
  - Energy Efficiency
  - IAQ

\* Maintenance, service, repair, retrofit



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# Increase Service

- **Higher margin opportunity**
- **Full maintenance contracts/ life of installation**
- **Recurring revenue**
- **National accounts**
- **\$2.50+ of repair and replacement for every \$1.00 of maintenance**



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## Select Customers

COMFORT SYSTEMS USA



Elizabeth Arden



AIG



Liz Claiborne



CHARMING SHOPPES, INC.



Eye Care Centers of America, Inc.



GYMBOREE



STORAGE USA

DSW



34 \*Trademarks and logos are the property of their respective owners.

## Strategy

COMFORT SYSTEMS USA

### Grow

#### ▪ Internal Growth

- More of what we do best
- Service

#### ▪ Step Out Growth

- Start ups in new geographies
- New locations for existing companies
- Techs "on their own"

#### ▪ Targeted acquisitions





# The Ideal Candidate

- **\$20 million in revenue**
- **Full service mechanical**
- **In a growing market where we are not now**
- **Company that has performed well in the past and has continuing demonstrable upside**
- **Organizational structure capable of sustaining/improving the company**
- **Ownership/management that wants to stay on to operate company**



(Listed East to West)

- Boston, MA
- Providence, RI
- Ft. Lauderdale, FL
- Norfolk, VA
- Richmond, VA
- Raleigh/Durham, NC
- Savannah, GA
- Charleston, SC
- Columbia/Florence, SC
- Tampa, FL
- Spartanburg/Greenville, SC
- Pittsburgh, PA
- Atlanta, GA (Service)
- Cincinnati, OH
- Nashville, TN
- Tulsa, OK
- Dallas/Fort Worth, TX
- San Antonio, TX
- El Paso, TX
- Albuquerque, NM
- Boise, ID
- Tucson, AZ
- Los Angeles, CA
- Seattle, WA
- Portland, OR

## ▪ 25 year CAGR – 5%

(F.W. Dodge)

## ▪ Nonresidential new construction increasing

(U.S. Census Bureau - Construction Put In Place)

## ▪ Deferred maintenance and replacement

### Dodge Forecast June 06

06 +13%

07 +7%

08 +2%

## Long-Term

- \$40+ billion fragmented industry
- HVAC is a basic necessity
- Commercial construction strong
- Growing installed base for recurring maintenance, service, repair and retrofit
- Scale opportunities – service, purchasing, bonding, best practices
- Diverse customer base and geography
- Energy efficiency and IAQ
- Financially and operationally sound – ready to grow



**COMFORT  
SYSTEMS USA**

*Quality People. Building Solutions.*

**CONTACT:**

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**Executive Vice President and CFO**

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[www.comfortsystemsusa.com](http://www.comfortsystemsusa.com)



