

**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) **April 1, 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, 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 (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))

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 2.01 Completion of Acquisition or Disposition of Assets.

On April 1, 2019, Comfort Systems USA, Inc. (the “Company”) completed its previously announced acquisition (the “Acquisition”) of all of the outstanding securities of Walker TX Holding Company, LLC, a Texas limited liability company (formerly Walker TX Holding Company, Inc., a Texas corporation, “Walker”) pursuant to the terms of the Purchase Agreement (the “Purchase Agreement”), dated as of February 21, 2019, by and among the Company, the holders of all the outstanding securities of Walker (collectively, the “Selling Shareholders”), and Scott Walker, as representative of the Selling Shareholders.

Pursuant to the Purchase Agreement, the Company paid to the Selling Shareholders an initial aggregate purchase price comprised of approximately \$178 million payable in cash subject to working capital and certain other adjustments set forth in the Purchase Agreement, and \$25 million aggregate principal amount of an unsecured promissory note (the “Note”) bearing interest at a rate of 4% per annum and to be paid in two equal installments of \$12.5 million on the third and fourth anniversaries of the closing of the transaction. In addition, the Purchase Agreement provides for an additional earn-out amount to become payable by the Company to the extent that Walker’s EBITDA (as defined in the accompanying earn-out agreement) during each of the years following the closing of the transaction through December 31, 2023 exceeds certain thresholds (the “Earn-Out Payments”). The Notes and the Earn-Out Payments are subject to offset by the Company in respect of any indemnity claims made pursuant to the Purchase Agreement. The Purchase Agreement contains customary representations, warranties, covenants and indemnities. The closing of the transaction was subject to customary closing conditions. The Company’s cash payments upon consummation of the Acquisition were funded by borrowings under the Company’s \$400.0 million senior credit facility provided by a syndicate of banks, which facility is described in the Company Annual Report on Form 10-K for the year ended December 31, 2018.

The foregoing descriptions of the Purchase Agreement, the Note and the Earn-Out Payments do not purport to be complete and are qualified in their entirety by reference to the Purchase Agreement, Note and earn-out agreement, the forms of which are exhibits to the Purchase Agreement, which was filed as Exhibit 2.1 to the Company’s Form 8-K filed on February 26, 2019 and are incorporated herein by reference.

The foregoing description and the copy of the Purchase Agreement have been included to provide investors with information regarding the terms of the Purchase Agreement. They are not intended to provide any other factual information about the Company, Walker or their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the Purchase Agreement were made only for purposes of those agreements and as of specific dates, were solely for the benefit of the parties to the Purchase Agreement, and may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made by each contracting party to the other for the purposes of allocating contractual risk between them that differ from those applicable to investors. Investors should be aware that the representations, warranties and covenants or any description thereof may not reflect the actual state of facts or condition of the Company, Walker or any of their respective subsidiaries, affiliates or businesses. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in public disclosures by the Company or Walker. Accordingly, investors should read the representations and warranties in the Purchase Agreement not in isolation but only in conjunction with the other information about the Company and Walker and their respective subsidiaries that the Company includes in reports, statements and other filings that it makes with the Securities and Exchange Commission.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information disclosed in Item 2.01 of this Form 8-K is incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

On April 1, 2019 the Company issued a press release. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

The information included in this Form 8-K under this Item 7.01 (including Exhibit 99.1 hereto) is being “furnished” and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of Section 18, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing. The information included in this Form 8-K under this Item 7.01 (including Exhibit 99.1 hereto) will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

As permitted under Item 9.01(a)(4) of Form 8-K, the required financial statements will be filed by an amendment to this Form 8-K no later than the date specified by Item 9.01(a)(4).

(b) Pro Forma Financial Information.

As permitted under Items 9.01(a)(4) and 9.01(b) of Form 8-K, the required pro forma financial information will be filed by an amendment to this Form 8-K no later than the date specified by Item 9.01(a)(4).

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.1	<u>Purchase Agreement, dated February 21, 2019, by and among Comfort Systems USA, Inc., Walker TX Holding Company, LLC, the holders of all the outstanding securities of Walker TX Holding Company, LLC, and Scott Walker, in his capacity as Seller Representative (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on February 26, 2019 (File No. 1-13011)).</u>
99.1	<u>Press Release of Comfort Systems USA, Inc. dated April 1, 2019.</u>

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, General Counsel and Secretary

Date: April 4, 2019



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FOR IMMEDIATE RELEASE

COMFORT SYSTEMS USA ANNOUNCES ACQUISITION

- Announces Closing of Walker Engineering Acquisition -

Houston, TX – April 1, 2019 – Comfort Systems USA, Inc. (NYSE: FIX), a leading provider of commercial, industrial and institutional heating, ventilation, air conditioning and electrical contracting services, today announced that it has closed its previously announced transaction to acquire Walker TX Holding Company, LLC and its related subsidiaries (“Walker”) headquartered in Irving, Texas.

Walker provides commercial electrical, network, end-user, industrial and related services in Texas. Walker has offices and operations in the Dallas/Fort Worth area, Houston, San Antonio and Austin and has helped to build many of the largest and most complex projects in the State of Texas.

Brian Lane, Comfort Systems USA’s Chief Executive Officer, commented, “We are extremely happy to announce the closing of the Walker acquisition, extending our family of companies and lines of business in the State of Texas. Walker has an exceptional reputation as a premier electrical contractor, providing outstanding outcomes for its customers in the mission critical, hospitality, healthcare and industrial markets. We look forward to our strong partnership and future prospects together.”

As previously disclosed, initially Walker is expected to contribute annualized revenue of approximately \$325 million to \$375 million, and earnings before interest, taxes, depreciation and amortization of \$20 million to \$25 million. In light of the required amortization expense related to intangibles and other costs associated with the transaction, the acquisition is expected to make a neutral to slightly accretive contribution to earnings per share during the first 18 to 24 months after the acquisition.

Comfort Systems USA® is a premier provider of business solutions addressing workplace comfort, with 132 locations in 115 cities around the nation. For more information, visit the Company’s website at www.comfortsystemsusa.com.

Certain statements and information in this press release may constitute forward-looking statements regarding our future business expectations, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 mechanical 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.

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.
