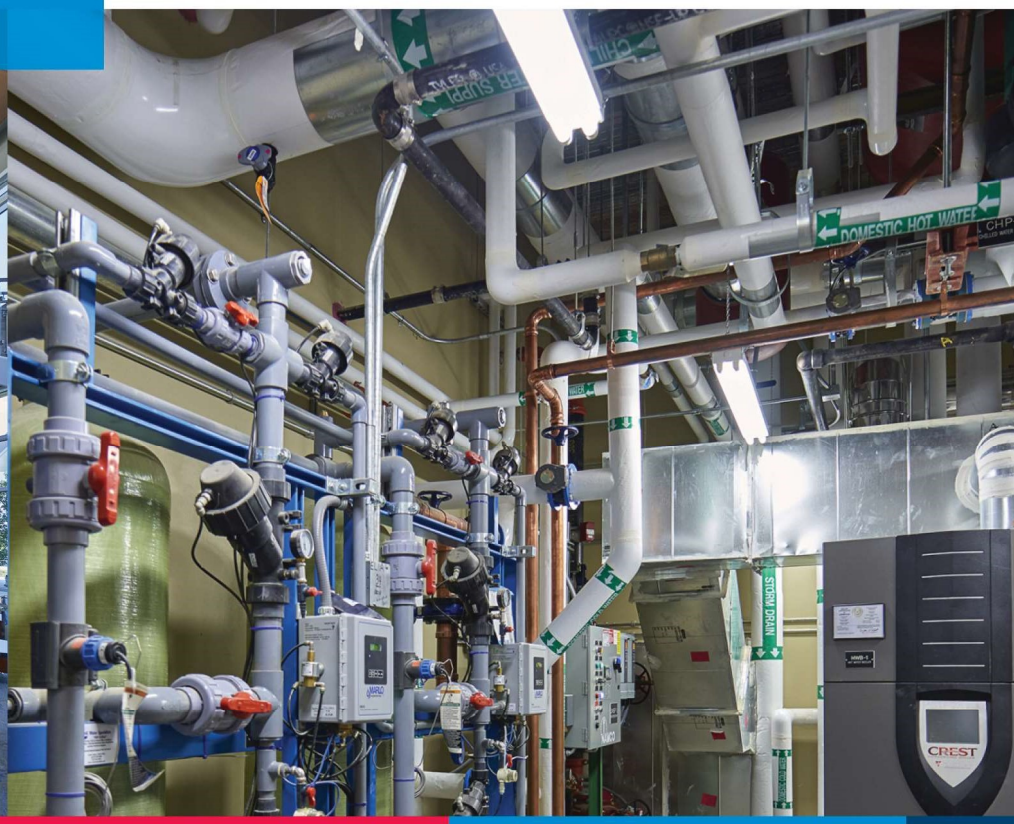
COMFORT SYSTEMS USA

Quality People. Building Solutions.






# Statement of Qualifications

## Comfort Systems USA, Inc.

The premier provider of business solutions addressing
workplace comfort, environment, processes and energy services

675 Bering Dr., Suite 400
Houston, Texas 77057
Phone: (713) 830-9600
Fax: (713) 830-9696
Toll Free: (800) 786-3632
Website: comfortsystemsusa.com

# Corporate Overview

Comfort Systems USA, Inc. was founded with a vision to be the single-source, nationwide provider of comprehensive HVAC installation services, maintenance, repair and systems replacement for the nation's leading commercial and industrial customers. In June 1997, the company went public with 12 operating companies and revenues of approximately $167 million. Today, Comfort Systems USA has the capabilities to provide nationwide service from over 128 locations in 114 cities and has annualized revenues of $2.2 billion, with almost 80% of those revenues recurring from the existing customer base. Comfort Systems USA's tremendous growth has been accomplished by successfully expanding services to existing customers and attracting high-quality operations into its network of companies, many of which have been operating for over 60 years.

Comfort Systems USA specializes in providing customized design, engineering, and installation of cost-effective, energy-efficient systems for "design and build" projects. Through the implementation of over $20 billion in successful projects, Comfort Systems USA has earned a reputation for responsiveness, thorough project development, quality design, and technical performance in the commercial, industrial, school, hospital, retail, hotel, and government sectors. Comfort Systems USA can also provide single source responsibility for delivering specialized applications such as process cooling, control systems, electronic monitoring, refrigeration services, and energy management.

In addition to our field construction capabilities, Comfort Systems is also engaged in the manufacture of custom built HVAC equipment which we call Off Site Construction (OSC). With the challenges of construction sites these days, it is becoming increasingly important to provide pre-fabricated components to reduce on site efforts. Going a step further, our OSC manufacturing capabilities are a state-of-the-art, fully integrated, smart way to complete the heart of your building's mechanical, electrical, and plumbing infrastructure including custom designed HVAC equipment, central utility plants, penthouses, super skids and data centers. Choosing OSC will cut lead-times, create efficiencies in scheduling, and minimize installation time all while reducing overall cost, liability and risk of a project.

Comfort Systems USA is a leader in providing nationwide HVAC systems maintenance, repair, and replacement services. Through our service network, Comfort Systems USA is in a position to assist clients with large scale and/or multi-location, multi-scope projects by offering around-the-clock dispatch, consolidated reporting, and consistent quality. A large number of clients across geographical regions are able to take advantage of a single-source, multi-disciplined contractor, which provides an array of

services from installation and replacement to preventive maintenance and repair. Comfort Systems USA has in depth experience with equipment from each of the major HVAC system manufacturers, allowing us to design the “best fit” solution for each respective client.

As energy costs continue to top the operations budget for many facility owners and managers, Comfort Systems USA’s unique experience in creating solutions that deliver tangible, bottom-line results can assist in recovering some of these expenses. The company’s ability to provide vendor-neutral, energy master planning, facility automation systems, engineering, and installation services enhances both the operability and the cost effectiveness of these solutions. Comfort Systems USA is dedicated to ensuring each customer realizes the maximum return on their investment and will deliver a customized financing package to cover costs from planning through maintenance, as required.

# Organizational Structure - Key Personnel

## CSUSA's Headquarters are in Houston, Texas

Date of incorporation: December 12, 1996

## Officers of Comfort Systems USA, Inc.

| | |
|---|---|
| President and Chief Executive Officer | Brian E. Lane |
| Executive Vice President and Chief Financial Officer | William George III |
| Regional Vice President – Region 1 | Craig Sasser |
| Senior Regional Vice President – Region 2 | R. Dean Tillison |
| Regional Vice President – Region 3 | Briston Blair |
| Senior Regional Vice President – Region 4 | Charles R. Diltz |
| Regional Vice President – Region 4 | Trent McKenna |
| Senior Regional Vice President – Region 5 | Tom N. Tanner |
| Vice President and General Counsel | Laura F. Howell |
| Senior Vice President and Chief Accounting Officer | Julie S. Shaeff |
| Vice President – Corporate Controller | Michael Goldberg |
| Vice President – Construction | William Fourt |
| Senior Vice President – Service | Terry A. Young |
| Vice President and Chief Information Officer | Jeremy D. Jones |
| Director of Internal Audit | Ila Patel |
| Vice President – Safety and Risk Management | Byran Farris |

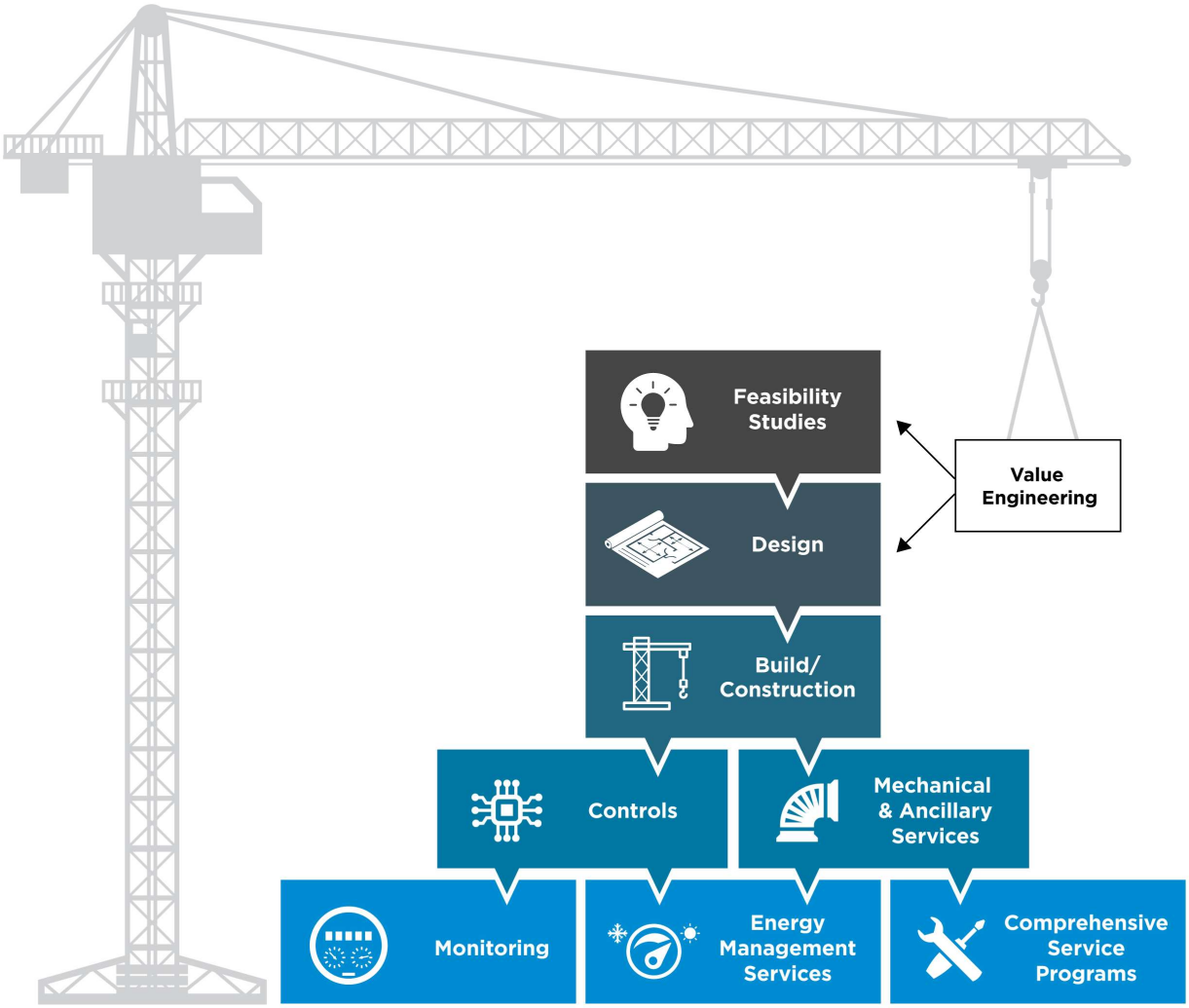
# Overview of Services

Comfort Systems USA provides its customers with comprehensive HVAC and related services, from feasibility studies and systems design, to construction, post-installation services and monitoring. An outline of service categories is shown below:

- **HVAC services**
  - Design, engineer, and build installation (new construction and replacement)
  - Preventive maintenance and repair services
- **Mechanical and related services**
  - Mechanical design
  - Fabrication, sheet metal, and duct work
  - Piping (process and hydronic) and plumbing
  - Electrical contracting
  - Fire protection
- **Facility automation and energy management systems**
  - Complete system design and implementation
  - End-use and energy monitoring implementation
  - Building and information systems integration
- **Energy master planning**
  - Energy efficiency and conservation (auditing / analysis)
  - Facility and utility management
  - Utility deregulation and customer choice
- **Resource-efficient design and construction**
  - New and retrofit project design assistance
  - Energy and environmental assessment
  - Comprehensive computer modeling (energy, comfort, lighting, economics)
  - Commissioning and quality assurance

# Turnkey Capabilities

Offering a unique mix of engineering expertise and technology, Comfort Systems USA has the capabilities to meet the needs of today's technically complex systems. Our integrated approach means our clients have a wealth of experienced resources available for even the most challenging projects. Comfort Systems USA's companies deliver the expert resources necessary to perform an entire range of HVAC processes, plumbing, electrical, and related services. Add to this an in-depth knowledge of facility HVAC operations requirements, equipment specifications, regulatory issues, and award-winning energy engineering expertise, and you've got the most comprehensive HVAC service and installation offering in the country.



## Build Phase

Comfort Systems USA has exemplary installation and construction expertise. Our work with national customer's facilities includes: pharmaceutical, automotive, aerospace and other high technology manufacturing, industrial and food process facilities, multistory hospital and office buildings, telecommunication and retail facilities. Supplemented by a broad array of services, including process piping, plumbing, electrical contracting, control installation, in-house fabrication and duct and sheet metal operations, the company can provide its customers with a turnkey construction project.

## Energy Management Services

Energy management services include energy efficiency studies, evaluation of HVAC systems replacement, and other services to improve energy efficiency, reduce energy costs, and maximize the return on investments in HVAC systems. Comfort Systems USA has teamed with partners to introduce innovative packaged solutions that meld new technology, energy choices and financing options to make your business more efficient. The net result is that Comfort Systems USA provides the most comprehensive package of services available, coupled with experienced personnel, resources, and equipment to provide our customers with a positive, bottom-line impact. Comfort Systems USA can also help you to develop an "energy master plan" to reduce energy expenses and position your organization for energy deregulation. Using computer modeling, Comfort Systems USA is able to simulate all factors impacting building performance including HVAC systems, architectural components, building automation, lighting and daylighting components.

## Engineering Services

Comfort Systems USA has a team of experienced engineers, architects, construction managers, automation specialists and information system experts who create and deliver practical solutions to today's building challenges. They provide Fortune 500 commercial, industrial and institutional clients, federal and local governments, and energy companies with expertise in energy master planning, energy engineering, design and implementation, and building automation.

## Controls and Monitoring

Comfort Systems USA specializes in delivering customized solutions for today's complex building automation and control challenges. We work with all major control system manufacturers and provide solutions representing every major product offering in the marketplace. In fact, we are the nation's largest

independent provider of control systems. Comfort Systems USA has the proven expertise and resources to evaluate, design, deliver, finance, monitor and maintain state-of-the-art facility automation systems.

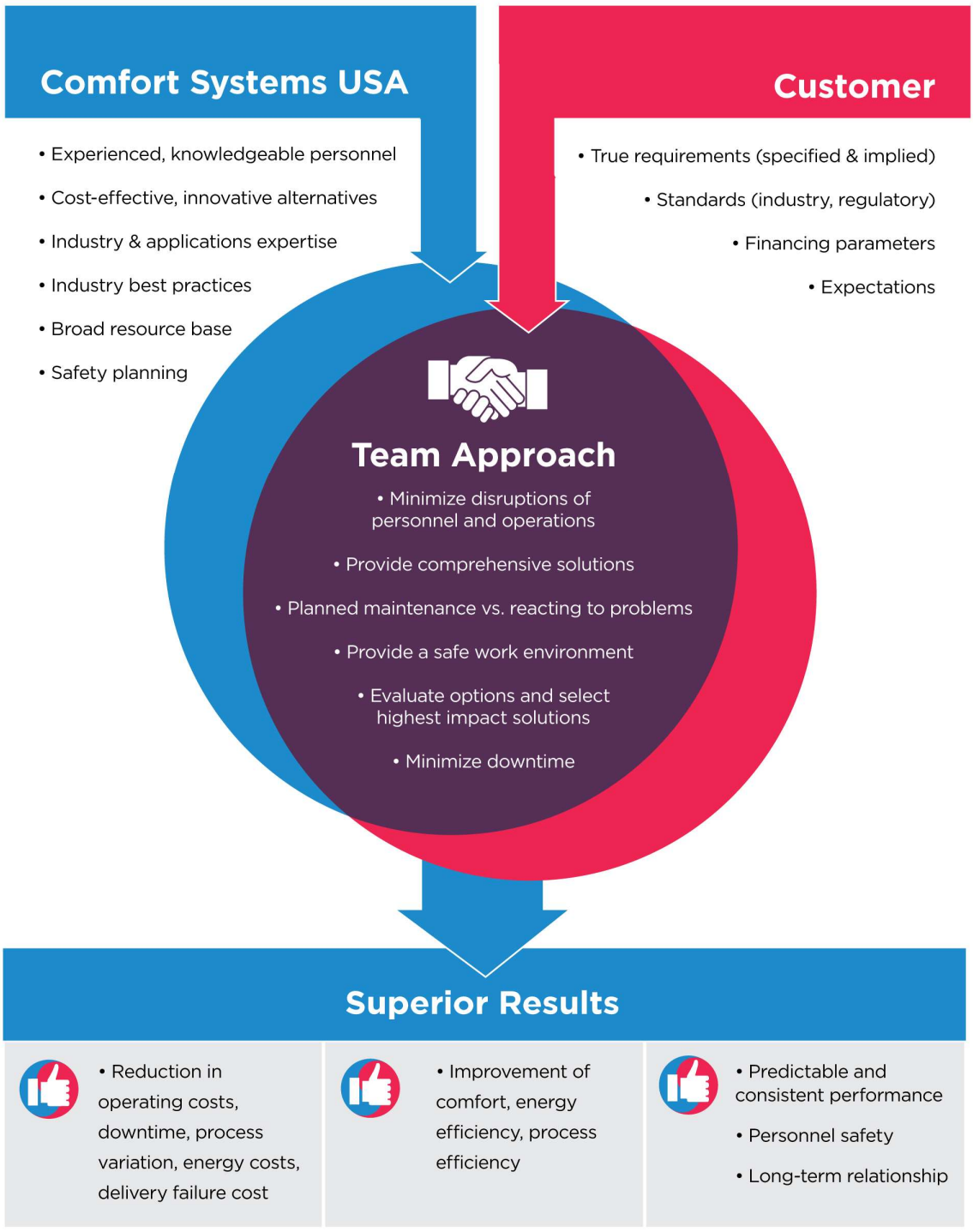
### Service, Planned Replacement and Repair

After the project is completed, Comfort Systems USA continues its abilities to save our customers money and protect their capital investments. The company provides comprehensive service capabilities and offers planned maintenance and replacement programs for its customers. Comfort Systems USA offers 24/7/365 emergency response. Preventive maintenance averts problems that can lead to reductions in environmental quality, efficiency and early equipment failure. Comfort Systems training and best practices infrastructure ensure maintenance is done by technicians that know what best practices are on a particular system and application. Comfort Systems USA ‘s Strategic Accounts utilizes dedicated account managers, a national service call center and proprietary technology to deliver a consistently high level of services and benefits coast to coast, including access to valuable equipment cost and service histories.

## Solution Oriented

Comfort Systems USA is committed to providing our customers with the *most cost-effective, highest value solution*—ensuring that each phase of the project is conducted using the latest technology, most knowledgeable team members, and with a thorough understanding of our customers’ needs. Our ability to draw from a broad resource base of people, technology, design expertise, and equipment to fulfill our customers’ requirements translates into improved building efficiency and systems operability. Comfort Systems USA determines the results that our customers are trying to achieve (improved reliability, improved energy efficiency, reduced maintenance downtime, etc.) and engineers solutions to achieve those objectives. The resulting customized solutions create value, ensure comfort, and improve our customers’ bottom lines.

## Our Team Approach Delivers Superior Results



# Experience

Selected major clients include the following:

| Segment | Clients |
|---|---|
| **Health Care** | Anne Arundel Health Systems, Bristol Hospital, Heartland VA Medical Centers, Jackson-Madison County General, King's Daughters Hospital, Kingston Hospital, Lakeside Hospital, Mayo Hospitals, Sacred Heart Hospital, Triad Pharmaceuticals, Washington Adventist Hospital |
| **Education** | Arizona State University, Burnham Institute, California State Polytechnic Institute, Homestead High School, Maricopa County Community College District, Texas Southern University, University of Houston, University of Southern California, University of West Florida |
| **Commercial** | Acxiom, Amway Corp., Coca-Cola, Disney, Maitland Promenade, McGraw-Hill, National Audubon Society Headquarters, Proctor & Gamble, Revlon, Sonoco Products, United Parcel Service, Visalia Convention Center, World Color Press |
| **Property Management** | Avalon Properties, Camden Property Trust, Compass Management, Cushman & Wakefield, Federal Reality, Marriott Corporation, Trammel Crow, Woodlands Corporation |
| **High-Tech** | Allegro Microsystems, Hewlett-Packard, Intel, Intuit, Iomega, Motorola, Qualcomm, Sanyo, TRW |
| **Industrial** | AlliedSignal, Bekaert Steel, Blue Diamond Cement, Caterpillar, Chrysler Corporation, Ferro Chemical, General Electric, Kvaerner, Lockheed Martin, Lucent Technologies, Northwind Phoenix, Owens-Corning, Pacific Gas & Electric, Praxair, Slim Fast Foods, Union Carbide |
| **Retail** | Home Depot, Forrest City Enterprises, Fred Meyer, Hills Department Stores, JC Penney, Kmart, Kroger, PetsMart, Sam's Club, Sears, Shoney's, Victoria's Secret, Wal-Mart |
| **Financial Services** | Bank of Boston, Citicorp, Fidelity Investments, State Farm Insurance, Bank of America |

# Financial Information

Comfort Systems USA, Inc. is a publicly traded, New York Stock Exchange Company (ticker symbol "FIX"). Selected financial information from the most recent annual report appears in the table below:

## Statement of Operations

(in thousands, except per share data)

| | Year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2017 | 2016 |
| Revenue | $2,182,879 | $1,787,922 | $1,634,340 |
| Cost of services | 1,736,600 | 1,421,641 | 1,290,331 |
| Gross profit | 446,279 | 366,281 | 344,009 |
| Selling, general & administrative expenses | 296,986 | 266,586 | 243,201 |
| Goodwill impairment | - | 1,105 | - |
| Gain on sale of assets | (945) | (670) | (761) |
| Operating income | 150,238 | 99,260 | 101,569 |
| Other income (expense) | (1,562) | 1,678 | (508) |
| Income before income taxes | 148,676 | 100,938 | 101,061 |
| Income tax expense | 35,773 | 45,666 | 36,165 |
| Net income | 112,903 | 55,272 | 64,896 |
| Earnings per share (diluted) | $3.00 | $1.47 | $1.72 |

## Selected Balance Sheet Information

(shown in thousands)

| | As of December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Cash & cash equivalents | $45,620 | $36,542 |
| Account receivables, net | 481,366 | 382,867 |
| Other current assets | 82,714 | 69,948 |
| Noncurrent assets | 452,864 | 391,763 |
| Total | **$1,062,564** | **$881,120** |
| Debt | $76,918 | $60,539 |
| Other current liabilities | 463,779 | 373,115 |
| Other noncurrent liabilities | 23,820 | 29,521 |
| Equity | 498,047 | 417,945 |
| Total | **$1,062,564** | **$881,120** |

If you would like to obtain a Form 10-K, they are available on our website: http://www.comfortsystemsusa.com.

Ernst & Young LLP, an independent certified public accounting firm, audits the annual statements.

## Bank References

**Bank of Texas**
Ms. Alice Worthington
1401 McKinney St., Suite 150
Houston, Texas 77010
Ph: (713) 289-5838

## Worker's Compensation

**Travelers Property Casualty Company of America (Travelers)**

Contact: Ms. Jaye Reinertsen (USI Insurance Services)
Ph: (713) 490-4556
Coverage: Statutory
(Employer's Liability: $1,000,000)

## Liability

**Travelers Property Casualty Company of America (Travelers)**

Contact: Ms. Jaye Reinertsen (USI Insurance Services)
Ph: (713) 490-4556
Coverage: $2,000,000 General Liability
$2,000,000 Auto Liability

## Bonding Company

Zurich Bonding: $100,000,000 Single Limit
$500,000,000 General Aggregate

## Bonding Agent

**Alliant Insurance Services, Inc.**
67 Walnut Avenue, Suite 406
Clark, NJ 07066

**Adrianne Scalera:** Ph: (732) 587-1953
**Kathleen Cristiano**: Ph: (732) 587-1952

## Locations

Please view a listing of all Comfort System USA locations and contact information at Locations | Comfort Systems USA or http://comfortsystemsusa.com/locations.