# Q2 2019 Earnings Call

August 6th, 2019

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# Forward Looking Statement and Non-GAAP Information

Any statements contained in this presentation other than statements of historical fact, including statements about management’s beliefs and expectations, are forward-looking statements and should be evaluated as such. These statements are made on the basis of management’s views and assumptions regarding future events and business performance. Words such as “estimate,” “believe,” “forecast,” “anticipate,” “expect,” “intend,” “plan,” “target,” “project,” “should,” “may,” “will” and similar expressions are intended to identify forward-looking statements. Forward-looking statements (including oral representations) involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. These risks and uncertainties include, but are not limited to: our ability to successfully realize the expected benefits of our restructuring program; liabilities arising from faulty services or products that could result in significant professional or product liability, warranty, or other claims; our ability to successfully integrate acquired businesses and realize the synergies from acquisitions, as well as a number of factors related to our business including economic and financial market conditions generally and economic conditions in CECO’s service areas; dependence on fixed price contracts and the risks associated therewith, including actual costs exceeding estimates and method of accounting for contract revenue; fluctuations in operating results from period to period due to cyclicality or seasonality of the business; the effect of growth on CECO’s infrastructure, resources, and existing sales; the ability to expand operations in both new and existing markets; the potential for contract delay or cancellation; changes in or developments with respect to any litigation or investigation; failure to meet timely completion or performance standards that could result in higher cost and reduced profits or, in some cases, losses on projects; the potential for fluctuations in prices for manufactured components and raw materials; the substantial amount of debt incurred in connection with our acquisitions and our ability to repay or refinance it or incur additional debt in the future; the impact of federal, state or local government regulations; economic and political conditions generally; and the effect of competition in the energy, environmental and fluid handling and filtration industries. These and other risks and uncertainties are discussed in more detail in CECO’s filings with the Securities and Exchange Commission, including our reports on Form 10-K and Form 10-Q. Many of these risks are beyond management’s ability to control or predict. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may vary in material aspects from those currently anticipated. Investors are cautioned not to place undue reliance on such forward-looking statements as they speak only to our views as of the date the statement is made. All forward-looking statements attributable to CECO or persons acting on behalf of CECO are expressly qualified in their entirety by the cautionary statements and risk factors contained in this presentation and CECO’s respective filings with the Securities and Exchange Commission. Furthermore, forward-looking statements speak only as of the date they are made. Except as required under the federal securities laws or the rules and regulations of the Securities and Exchange Commission, CECO undertakes no obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise.

While CECO reports its results in accordance with generally accepted accounting principles in the U.S. (GAAP), comments made during this conference call and these materials may include the following "non-GAAP" financial measures; non-GAAP gross profit, non-GAAP operating income, non-GAAP net income, adjusted EBITDA, adjusted free cash flow, adjusted net free cash flow, non-GAAP gross profit margin; non-GAAP operating margin, non-GAAP earnings per basic and diluted share, adjusted EBITDA margin and selected measures expressed on a constant currency basis. These measures are included to provide additional useful information regarding CECO’s financial results and are not a substitute for their comparable GAAP measures. Explanations of these non-GAAP measures and reconciliations of these non-GAAP measures to their directly comparable GAAP measures are included in the accompanying "Supplementary Non-GAAP Financial Measures." Descriptions of many of these non-GAAP measures are also included in CECO’s SEC reports.

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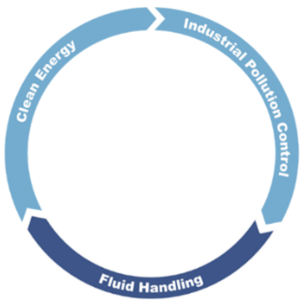
# Executing 4-3-3 operating strategy and on track to deliver on 2021 targets

***4 Value Creation Enablers***

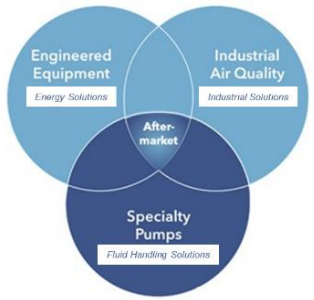

**Nimble & Responsive Organization**

***3 Compelling End Markets***




**Low Carbon Economy Tightening Emissions**

***3 Core Growth Platforms***




**Solutions Oriented Application Development**

*Acknowledged as the "Go-To Resource" for sustainable solutions*

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# Solid execution dampened by softer revenue on customer driven delays

- **$103 organic orders in Q2 +4% Y/Y with strong book to bill of 1.26x** [a]
- **$81 Revenue in the Quarter up +2% Y/Y but down (6)% sequentially** [a]
- **Gross Margins maintained at 33%; ↓(0.5)pts Y/Y and flat sequentially with good AM/OE mix**
- **$6.0 Adjusted EBITDA down ↓(13)% Y/Y on sales, marketing, and innovation investments**
- **Generated modest $2 of Free Cash Flow and refinanced debt**

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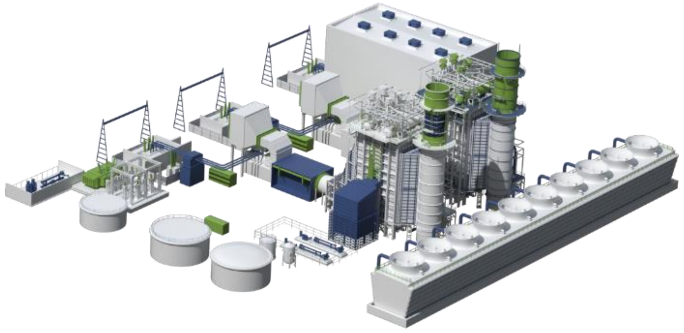
(a) Organic excludes Divestitures. Orders on Gross basis
(b) Unless otherwise noted, financials on a Reported basis

# Responding to a low carbon economy with solutions for a cleaner, safer world

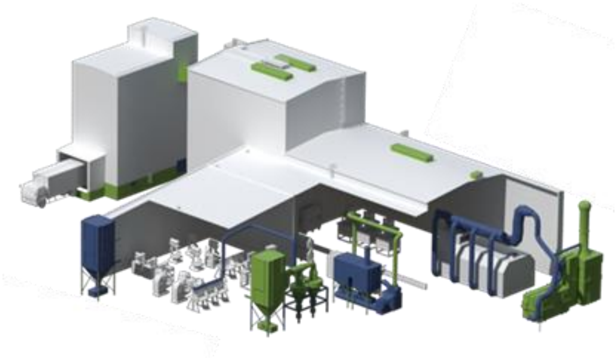
Reduce Emissions | Abate Noise Pollution | Process Water | Eliminate Particulate | Recover Catalyst | Increase Productivity | Clean Air

**CECO Solutions:**



### Energy

- De-NOx
- Silencers
- Dampers
- Expansion Joints
- Separators
- FCC Cyclones
- Gas Turbine Exhaust Systems



### Industrial

- Dust Collectors
- Cyclones
- Thermal Oxidizers
- Scrubbers
- VOC Concentrators
- Ventilation Systems

### Fluid Handling

- High-Temperature Pumps
- Fiberglass Pumps
- Filtration Systems

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# CECO creates unique value for customers and significant benefits for the environment

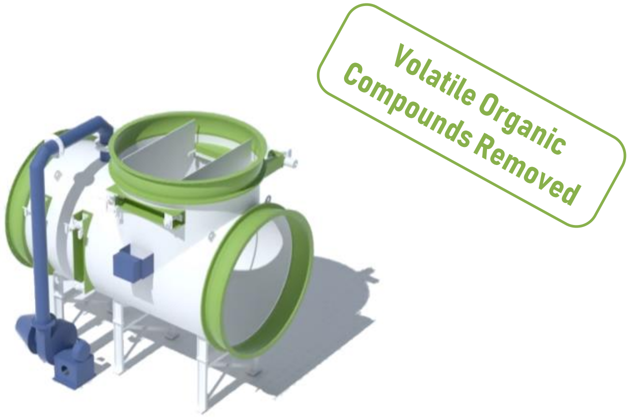
## Carbon Fiber Manufacturing


*RTO and ducting system for clean air*

**CECO Adwest / Kirk & Blum**

- Reduced service downtime
- ~1.5MM lbs of solvents p.a.

## Bakery

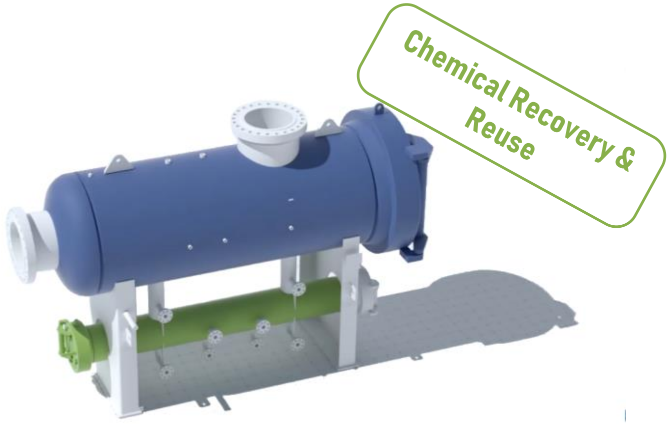



*Systems controls, ducting, & dampers to reduce emissions*

**CECO KB Duct / Effox / Adwest**

- Application expertise & fit-for-purpose tech
- ~0.5MM lbs of VOC's p.a.

## Chemical Processing




*Filtration equipment for coal to chemical process*

**CECO Peerless**

- Efficient process yield
- ~300 MM gal of chemicals p.a.

CECO Value Proposition | Environmental Benefits

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*(a) SCR: Selective Catalytic Recovery*
*(b) RTO: Regenerative Thermal Oxidizer*

# Markets remain strong and generally healthy as sales pipeline continues to grow

($MM)

## Refinery

'19 Outlook

*Q2 Orders:* *$14 | (15)%*
*TTM Orders:* *$57 | 2%*

*FCC Cyclones*

## Midstream O&G

'19 Outlook

*Q2 Orders:* *$41 | +99%*
*TTM Orders:* *$95 | +48%*


*Gas & Water Separation*

## Power Gen: Natural Gas

'19 Outlook

*Q2 Orders:* *$14 | (46)%*
*TTM Orders:* *$68 | (5)%*

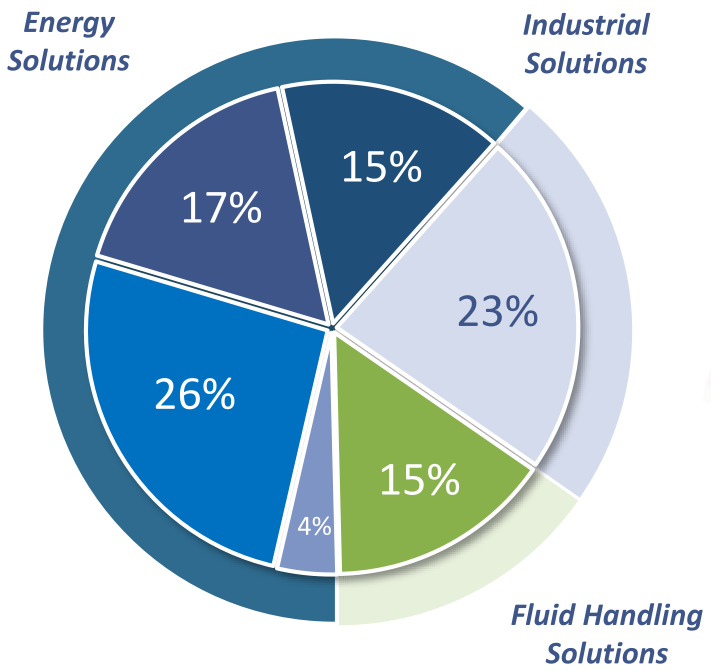

*Noise Attenuation & NoX Emissions*

## Power Gen: Solid Fuel

'19 Outlook

*Q2 Orders:* *$5 | (4)%*
*TTM Orders:* *$16 | (7)%*


*Dampers & Expansion Joints*




***2018 Revenue Mix***

## Industrial Solutions

'19 Outlook

*Q2 Orders:* *$20 | (6)%*
*TTM Orders:* *$92 | +9%*

*Scrubbers*
*Oxidizers*
*Mist Elimination*
*Separation*

*Dust Collectors*
*Ventilation*
*Fume Exhaust*
*Cyclones*

## Industrial: Fluid Handling

'19 Outlook

*Q2 Orders:* *$10 | (9)%*
*TTM Orders:* *$41 | (7)%*

*Pumps*

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(a) 2018 Revenue Mix excludes divestitures
(b) Y/Y Comparisons excludes Divestitures

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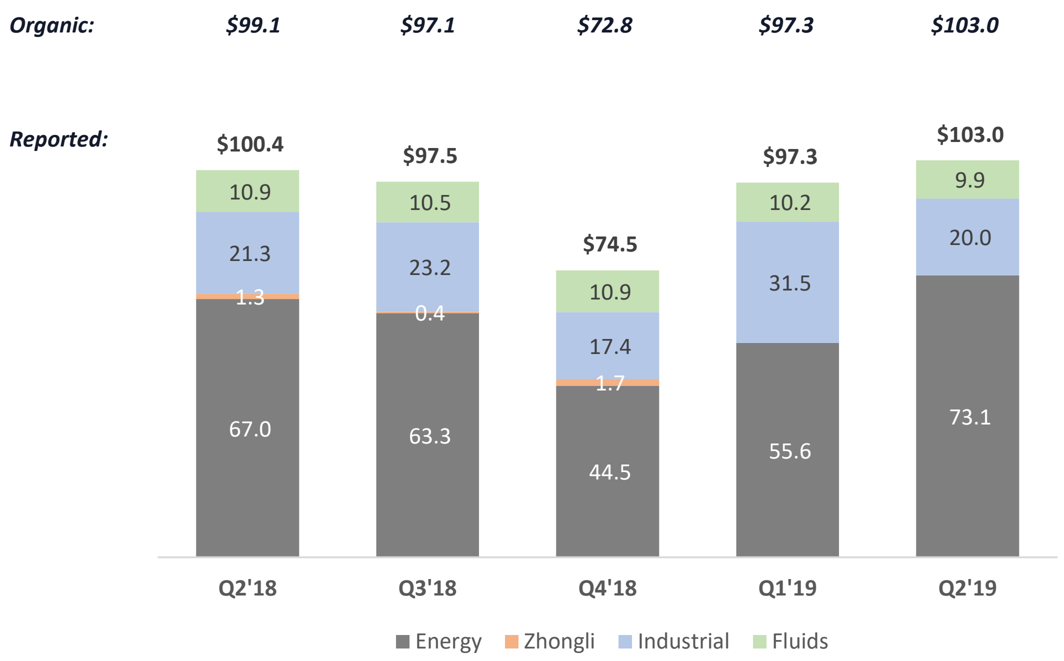
# Q2 2019 Financials

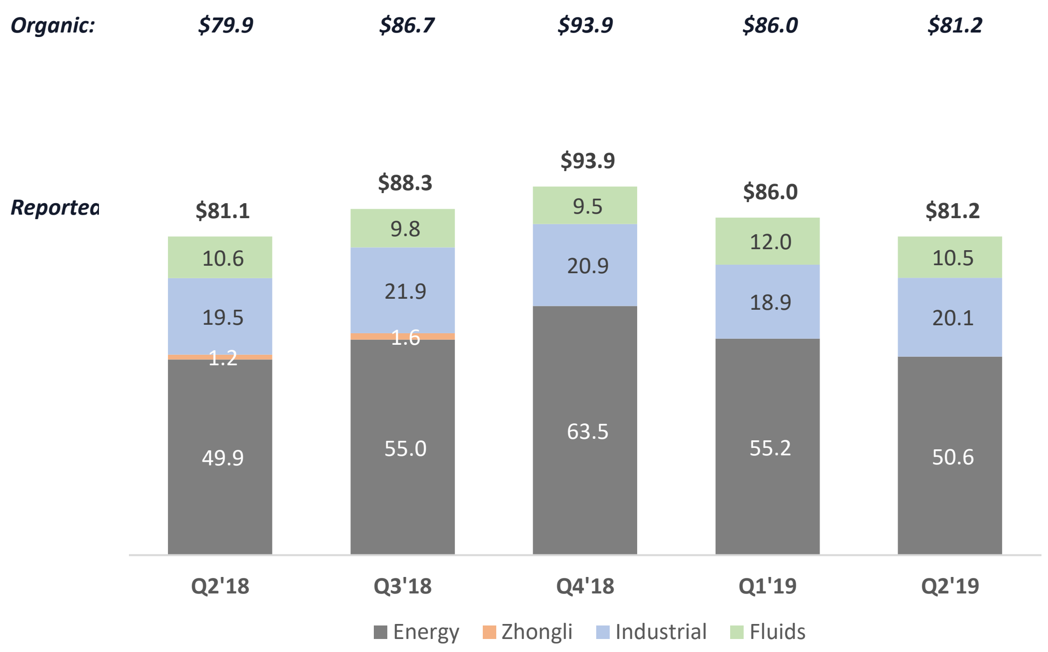
# Organic orders above $100 million while revenue moderates on customer delays

($MM)

## Orders [a]




## Revenue [b]




- Energy Orders up +30% sequentially and +9% Y/Y as midstream O&G markets continue to grow
- Industrial Orders down (6)% Y/Y on timing of customer project awards… YTD +18% and pipeline remains robust
- Fluid Orders down (9)% Y/Y driven by softness in Auto & Aquaculture markets and near-term production constraints
- Overall Revenue flat Y/Y and down (6)% sequentially on project timing and customer milestones

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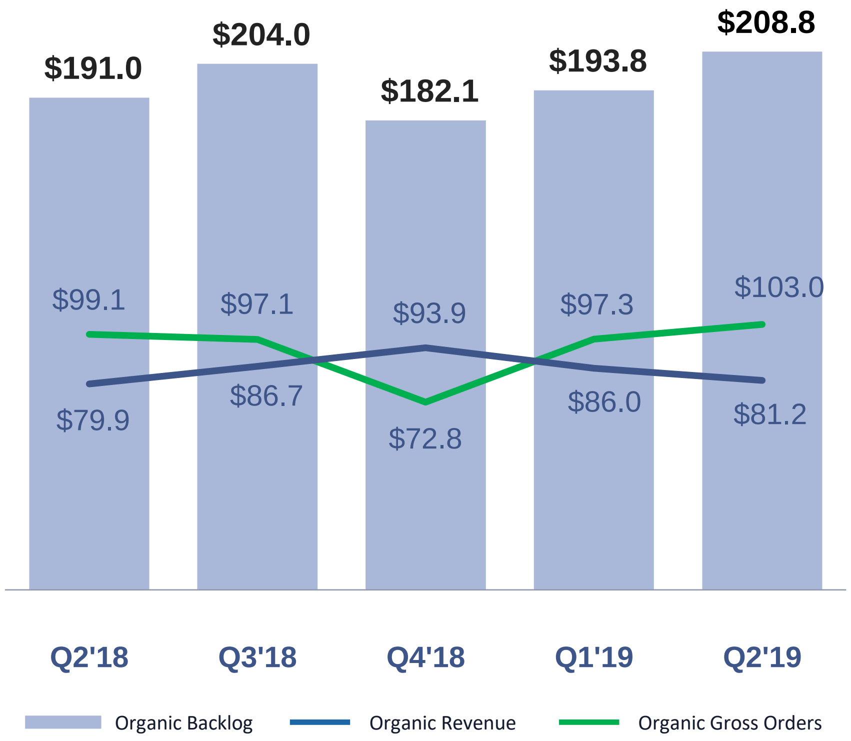
(a) Orders on a Gross Reported basis, excludes cancellations
(b) Segment Eliminations excluded from graph
(c) 2018 Orders and Revenue include CECO Filters re-org from Fluids to Industrials noted in 10Q

# Robust and healthy backlog suggests improving revenue development ahead

($MM)



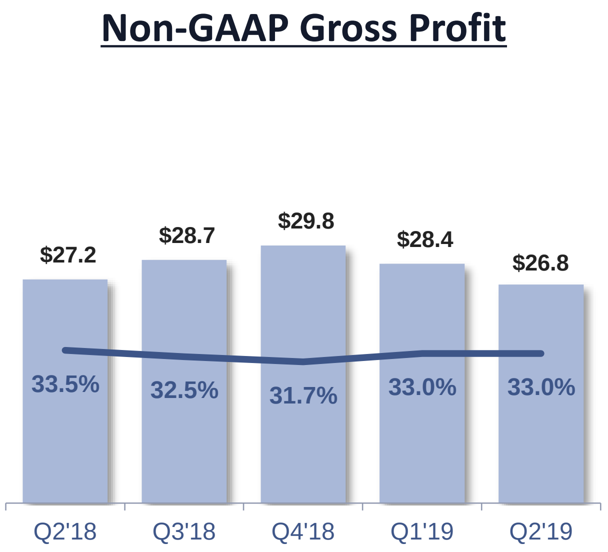

| | | | | | |
|---|---|---|---|---|---|
| Book/Bill | 1.19 | 1.12 | 0.78 | 1.13 | 1.26 |

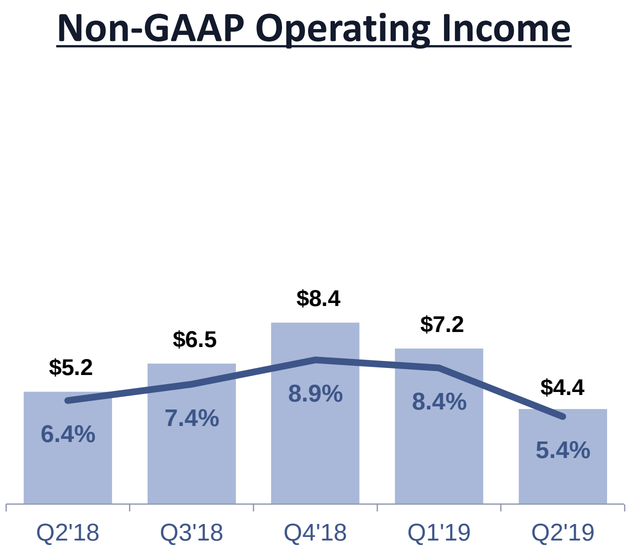
- Added **$18 to organic backlog** year over year **up +9%**
- Strong Book to Bill in Q2 and 1.1x over trailing twelve months basis
- ~$7 Power Gen SCR project cancelled; removed from backlog

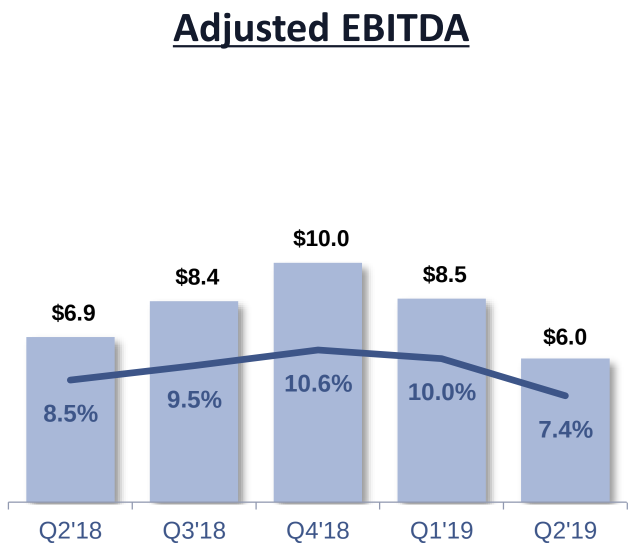
(a) Current & Historic Backlog/Revenue/Gross excludes divestitures (i.e. Organic)
(b) Starting Backlog – Revenue + Gross Orders – Cancellations +/- FX = Ending Backlog. FX typically +/- ~$1-3 per quarter.

# Customer delays drove volume lower in Q2 impacting profit measures

($MM)




- Sluggish revenue driven by customer requested delays on Refinery and Power Generation projects
- GM% remains at healthy 33% and in line with historical averages
- Non-GAAP OI and EBITDA down Y/Y and sequentially on volume and selling & innovation investments

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(a) Reported Basis

# Q2'19 results below expectations on customer delays… anticipate 2H ramp up

($MM)

| | Q2'19 | Y/Y Reported | Y/Y Organic (a) |
|---|---|---|---|
| *GAAP:* | | | |
| Orders | $ 103.0 | 2.6% | 4.1% |
| Revenue | $ 81.2 | 0.1% | 1.7% |
| Gross Profit | $ 26.8 | -1.5% | |
| -% | 33.0% | *-0.5pts* | |
| Op Income | $ 2.0 | -23.1% | |
| -% | 2.5% | *-0.7pts* | |
| Diluted EPS | $ 0.15 | 119% | |
| *Non-GAAP:* | | | |
| Gross Profit | $ 26.8 | -1.5% | |
| -% | 33.0% | *-0.5pts* | |
| Op Income | $ 4.4 | -15.4% | |
| -% | 5.4% | *-1pts* | |
| Adj. EBITDA$ | $ 6.0 | -13.0% | |
| -% | 7.4% | -1.1pts | |
| Diluted EPS | $ 0.08 | 60% | |

- Orders improved on solid Midstream O&G customer wins
- Organic Revenue grew modestly Y/Y at ~2% on growing backlog
- GAAP OI ↓(23)% or $(0.6) primarily on AM/OE product mix, investment spend, and restructuring
- GAAP EPS favorable on $4.4 benefit associated with retroactive Zhongli/HongKong tax strategy

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- GM% remains at a healthy 33% and in line with CECO expectation
- Non-GAAP OI ↓$(0.8) and Adj. EBITDA ↓$(0.9) Y/Y primarily on lower GM% and investment spend
- Non-GAAP EPS +60% Y/Y primarily on favorable interest & tax expense… TY'19 Non-GAAP ETR at ~25%

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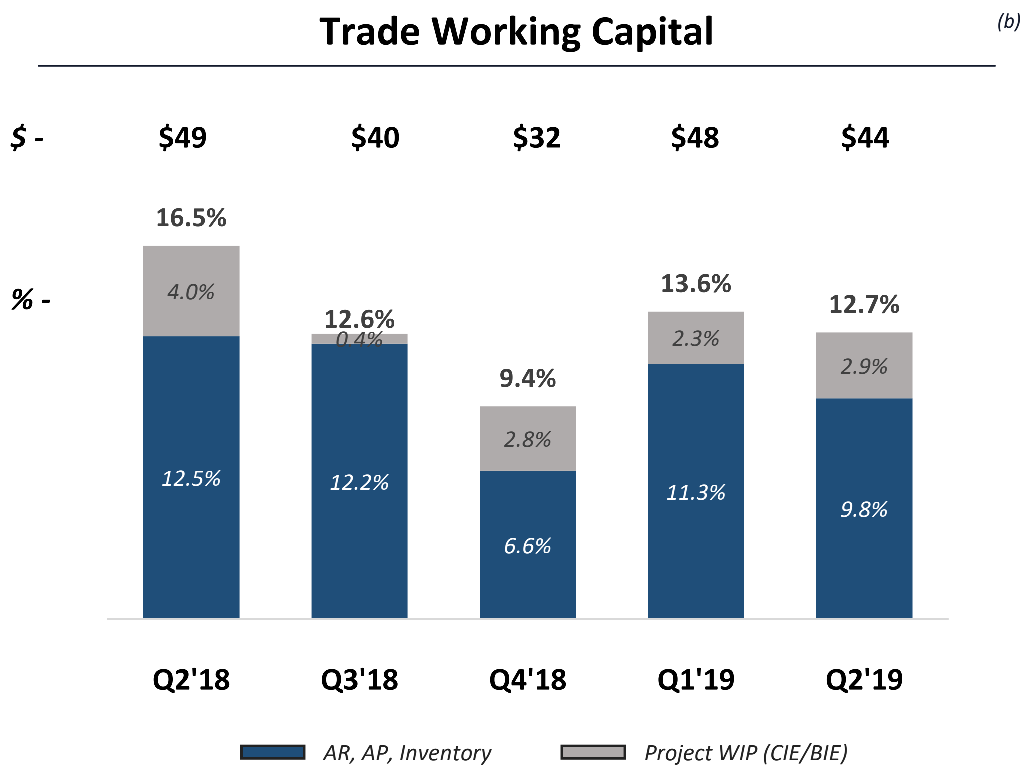
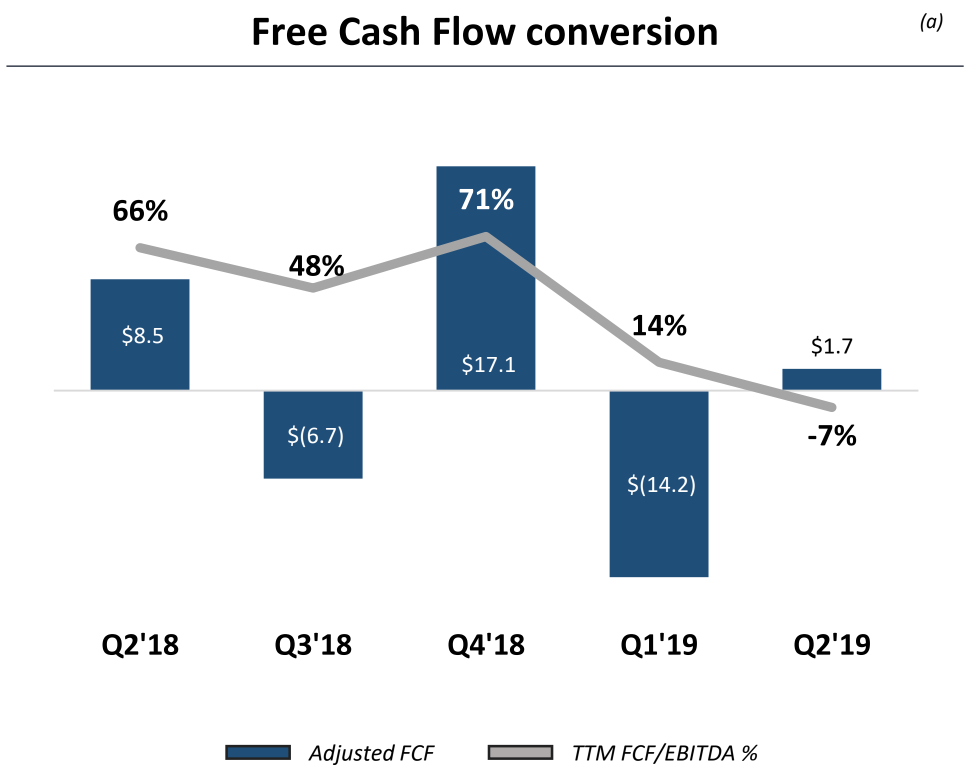
(a) Organic excludes Divestitures from Current & Prior periods
(b) Tax rate based on effective statutory tax rate

# Positive cash flow in Q2 with big push in second half to meet targets

($MM)




- Modestly reduced Working Capital by $4 sequentially
- Strong AR collections were partially offset with increased Project WIP

- Cash Flow from Ops was $2.5 offset with $(0.8) in CAPEX spend
- 28% FCF/EBITDA conversion in Q2 a modest improvement

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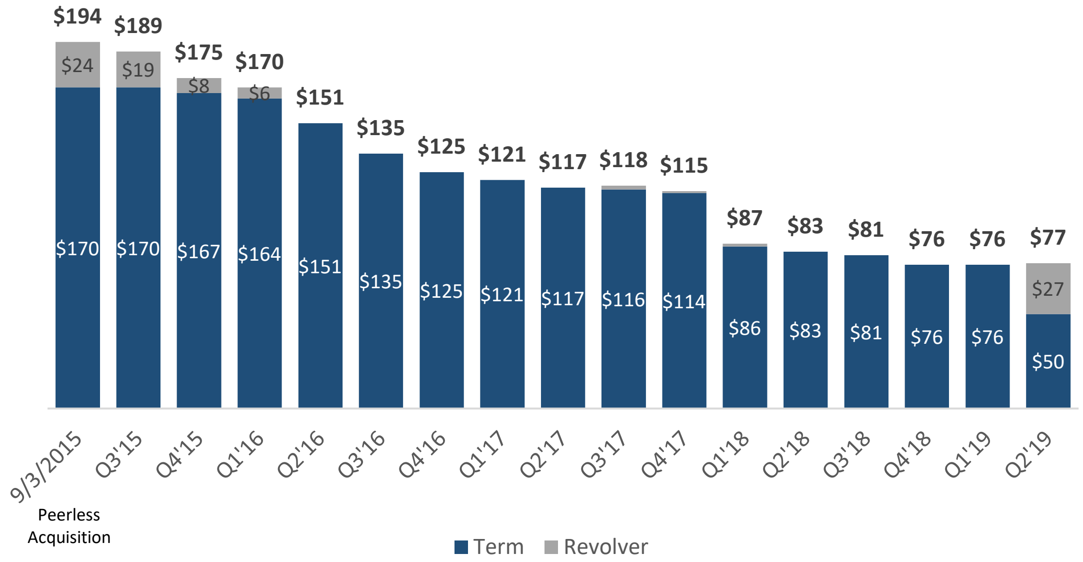
(a) Adjusted Free Cash Flow = Cash Flow From Operations less Earnouts classified as Operating Cash Flow less CAPEX spend
(b) W/C includes: Trade AR, Trade AP, Inventory and Cost/Billings of on TTM Revenue; Reported Basis

# New credit facility at lower cost and greater flexibility… rebalances Term & Revolver

($MM)

## Debt Reduction History




## Strengthened Balance Sheet

| | Q2'18 | Q3'18 | Q4'18 | Q1'19 | Q2'19 |
|---|---|---|---|---|---|
| Term Debt | $ 83.1 | $ 81.1 | $ 76.1 | $ 76.1 | $ 50.0 |
| Revolver | - | - | - | - | 27.0 |
| **Total Debt** | **$ 83.1** | **$ 81.1** | **$ 76.1** | **$ 76.1** | **$ 77.0** |
| Cash | $ 35.9 | $ 31.5 | $ 43.7 | $ 29.0 | $ 28.8 |
| **Bank Defined Leverage Ratio** (a) | **2.8x** | **2.6x** | **2.2x** | **2.0x** | **1.9x** |
| Total Net Debt/TTM Adj. EBITDA | 1.6x | 1.6x | 0.9x | 1.3x | 1.3x |

- $190 million Credit Refinancing provides ample capacity for Growth; ~$70 available capacity
- New facility provides ~50bps lower margin on Interest Expense, preferred covenants, and fewer restrictions
- Cash on hand split 30% North America and 70% International

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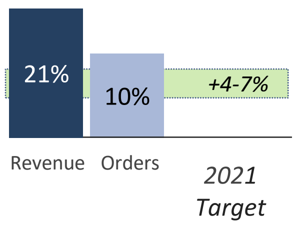
(a) Q2’18 through Q1’19 represent prior credit agreement definition; Q2’19 based on new credit agreement definitionc

# Growing backlog plus investments support achievement of 2021 targets

## Grow Revenue organically 2X market [(a) / (b)]

- Outside-In leadership
- OE and Aftermarket focus
- Innovations with value

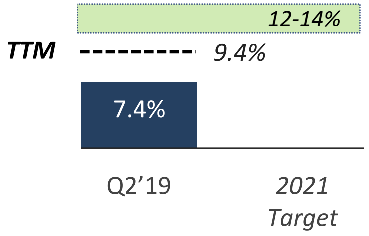
YoY Growth% (TTM)




## Expand EBITDA margins [(c)]

- Customer value => GM%
- SG&A op leverage
- Complexity cost out

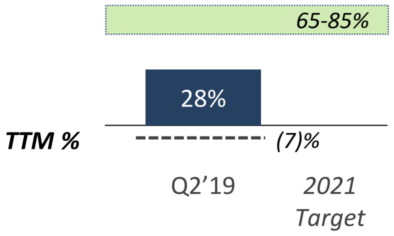
EBITDA%




## Consistently convert EBITDA to Cash [(c)]

- Asset light model
- Working capital management

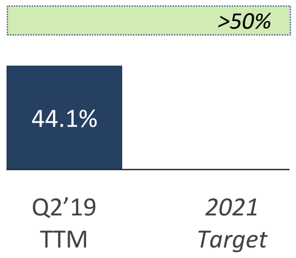
FCF/EBITDA




## Superior Return on Tangible Capital [(c) / (d)]

- Low Asset Intensity %
- Greater value = ↑ margins

ROTC%

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(a) Global GDP growth and management estimates
(b) Organic excludes Divestitures from both 2018 and Prior Year Results
(c) Reported Basis
(d) ROTC defined as Non-GAAP NOPAT / (Working Capital – Cash + net PP&E); reference appendix

# CECO well positioned to take advantage of growing markets

- Growing reputation as the “Go To Resource” for air quality
- Markets are large and growing, activity remains strong, and team focused
- Innovation investments gaining traction for strong future growth
- Simplification actions driving speed of execution
- Targeted M&A to compound returns and advance our environmental mission

*On track to deliver 2021 targets*

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# Supplemental Materials

Non-GAAP Reconciliation

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# Non-GAAP Gross Profit and Margin

| *(dollars in millions)* | Annual 2012 | Annual 2013 | Annual 2014 | Annual 2015 | Annual 2016 | Annual 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Annual 2018 | Q1 2019 | Q2 2019 | YTD 2019 | TTM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gross profit as reported in accordance with GAAP | $ 42.4 | $ 61.6 | $ 84.8 | $ 109.2 | $ 134.9 | $ 113.2 | $ 25.9 | $ 27.2 | $ 28.7 | $ 29.8 | $ 111.5 | $ 28.4 | $ 26.8 | $ 55.2 | $ 113.7 |
| *Gross profit margin in accordance with GAAP* | *31.4%* | *31.2%* | *32.2%* | *29.7%* | *32.4%* | *32.8%* | *34.9%* | *33.5%* | *32.5%* | *31.7%* | *33.1%* | *33.0%* | *33.0%* | *33.0%* | *32.5%* |
| Legacy design repairs | $ - | $ - | $ - | $ - | $ - | $ 2.0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Inventory valuation adjustment | $ - | $ 1.1 | $ - | $ 0.5 | $ 0.1 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Plant, property and equipment valuation adjustment | $ - | $ 0.2 | $ 0.6 | $ 0.6 | $ 0.6 | $ 0.6 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Non-GAAP gross profit | $ 42.4 | $ 62.9 | $ 85.4 | $ 110.3 | $ 135.6 | $ 115.8 | $ 25.9 | $ 27.2 | $ 28.7 | $ 29.8 | $ 111.5 | $ 28.4 | $ 26.8 | $ 55.2 | $ 113.7 |
| *Non- GAAP Gross profit margin* | *31.4%* | *31.9%* | *32.4%* | *30.0%* | *32.5%* | *33.6%* | *34.9%* | *33.5%* | *32.5%* | *31.7%* | *33.1%* | *33.0%* | *33.0%* | *33.0%* | *32.5%* |

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# Non-GAAP Operating Income and Margin

| *(dollars in millions)* | Annual 2012 | Annual 2013 | Annual 2014 | Annual 2015 | Annual 2016 | Annual 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Annual 2018 | Q1 2019 | Q2 2019 | YTD 2019 | TTM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating income as reported in accordance with GAAP | $ 16.7 | $ 7.0 | $ 21.7 | $ 4.9 | $ (25.4) | $ 8.0 | $ 12.1 | $ 2.6 | $ (10.4) | $ 5.7 | $ 10.0 | $ 4.9 | $ 2.0 | $ 6.9 | $ 2.8 |
| *Operating margin in accordance with GAAP* | *12.4%* | *3.5%* | *8.2%* | *1.3%* | *-6.1%* | *2.3%* | *16.3%* | *3.2%* | *-11.8%* | *6.1%* | *3.0%* | *5.7%* | *2.5%* | *4.1%* | *0.8%* |
| Legacy design repairs | $ - | $ - | $ - | $ - | $ - | $ 2.0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Inventory valuation adjustment | $ - | $ 1.1 | $ - | $ 0.5 | $ 0.1 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Plant, property and equipment valuation adjustment | $ - | $ 0.2 | $ 0.6 | $ 0.6 | $ 0.6 | $ 0.6 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Gain on insurance settlement | $ - | $ - | $ - | $ - | $ (1.0) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Acquisition and integration expenses | $ - | $ 7.2 | $ 1.3 | $ 7.9 | $ 0.5 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Amortization | $ - | $ 4.7 | $ 7.6 | $ 12.3 | $ 13.9 | $ 11.5 | $ 2.6 | $ 2.5 | $ 2.3 | $ 2.3 | $ 9.7 | $ 2.2 | $ 2.2 | $ 4.4 | $ 9.3 |
| Earn-out expenses | $ - | $ 2.1 | $ 2.5 | $ 13.3 | $ 6.3 | $ (4.4) | $ 0.3 | $ - | $ (0.3) | $ - | $ - | $ - | $ - | $ - | $ (0.3) |
| Intangible asset impairment | $ - | $ - | $ - | $ 3.3 | $ 57.9 | $ 7.2 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| (Gain) Loss on divestitures, net of selling costs | $ - | $ - | $ - | $ - | $ - | $ - | $ (11.2) | $ 0.1 | $ 15.1 | $ 0.4 | $ 4.4 | $ 0.1 | $ - | $ 0.1 | $ 15.7 |
| Restructuring expense (income) | $ - | $ - | $ - | $ - | $ - | $ 1.9 | $ 0.2 | $ - | $ (0.2) | $ - | $ - | $ - | $ 0.2 | $ 0.2 | $ (0.2) |
| Executive transition expenses | $ - | $ - | $ - | $ - | $ - | $ 1.3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Facility exit expenses | $ - | $ - | $ - | $ - | $ - | $ 0.2 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Legal reserves | $ - | $ 3.5 | $ 0.3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Non-GAAP operating income | $ 16.7 | $ 25.8 | $ 34.0 | $ 42.8 | $ 52.9 | $ 28.3 | $ 4.0 | $ 5.2 | $ 6.5 | $ 8.4 | $ 24.1 | $ 7.2 | $ 4.4 | $ 11.6 | $ 27.3 |
| *Non-GAAP Operating margin* | *12.4%* | *13.1%* | *12.9%* | *11.6%* | *12.7%* | *8.2%* | *5.4%* | *6.4%* | *7.4%* | *8.9%* | *7.1%* | *8.4%* | *5.4%* | *6.9%* | *7.8%* |

CECO ENVIRONMENTAL

# Non-GAAP Net Income, Adjusted EBITDA and Margin

| *(dollars in millions)* | Annual 2013 | Annual 2014 | Annual 2015 | Annual 2016 | Annual 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Annual 2018 | Q1 2019 | Q2 2019 | YTD 2019 | TTM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net income as reported in accordance with GAAP | $ 6.6 | $ 13.1 | $ (5.6) | $ (38.2) | $ (3.0) | $ 5.8 | $ (0.9) | $ (12.9) | $ 0.9 | $ (7.1) | $ 1.9 | $ 5.5 | $ 7.4 | $ (4.6) |
| Legacy design repairs | $ - | $ - | $ - | $ - | $ 2.0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Inventory valuation adjustment | $ 1.1 | $ - | $ 0.5 | $ 0.1 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Plant, property and equipment valuation adjustment | $ 0.2 | $ 0.6 | $ 0.6 | $ 0.6 | $ 0.6 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Gain on insurance settlement | | | $ - | $ (1.0) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Acquisition and integration expenses | $ 7.2 | $ 1.3 | $ 7.9 | $ 0.5 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Amortization | $ 4.7 | $ 7.6 | $ 12.3 | $ 13.9 | $ 11.5 | $ 2.6 | $ 2.5 | $ 2.3 | $ 2.3 | $ 9.7 | $ 2.2 | $ 2.2 | $ 4.4 | $ 9.0 |
| Earn-out expenses | $ 2.1 | $ 2.5 | $ 13.3 | $ 6.3 | $ (4.4) | $ 0.3 | $ - | $ (0.3) | $ - | $ - | $ - | $ - | $ - | $ (0.3) |
| Intangible asset impairment | $ - | $ - | $ 3.3 | $ 57.9 | $ 7.2 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| (Gain) Loss on divestitures, net of selling costs | $ - | $ - | $ - | $ - | $ - | $ (11.2) | $ 0.1 | $ 15.1 | $ 0.4 | $ 4.4 | $ 0.1 | $ - | $ 0.1 | $ 15.6 |
| Restructuring expense (income) | $ - | $ - | $ - | $ - | $ 1.9 | $ 0.2 | $ - | $ (0.2) | $ - | $ - | $ - | $ 0.2 | $ 0.2 | $ - |
| Executive transition expenses | $ - | $ - | $ - | $ - | $ 1.3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Facility exit expenses | $ - | $ - | $ - | $ - | $ 0.2 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Legal reserves | $ 3.5 | $ 0.3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deferred financing fee adjustment | $ - | $ - | $ 0.3 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 0.4 | $ 0.4 | $ 0.4 |
| Foreign currency remeasurement | $ (1.1) | $ 2.9 | $ 2.5 | $ 0.8 | $ (2.1) | $ (0.2) | $ 1.0 | $ - | $ - | $ 0.8 | $ 0.6 | $ (0.3) | $ 0.3 | $ 0.3 |
| Tax benefit of expenses | $ (4.6) | $ (3.7) | $ (7.1) | $ (7.4) | $ (5.7) | $ 4.4 | $ (0.9) | $ (0.5) | $ (0.6) | $ 2.4 | $ (0.7) | $ (5.0) | $ (5.7) | $ (6.8) |
| Non-GAAP net income | $ 19.7 | $ 24.6 | $ 28.0 | $ 33.5 | $ 9.5 | $ 1.9 | $ 1.8 | $ 3.6 | $ 3.0 | $ 10.3 | $ 4.1 | $ 3.0 | $ 7.1 | $ 13.7 |
| Depreciation | $ 1.6 | $ 3.1 | $ 3.5 | $ 4.5 | $ 3.9 | $ 0.8 | $ 0.9 | $ 1.0 | $ 0.8 | $ 3.5 | $ 0.6 | $ 0.6 | $ 1.2 | $ 3.0 |
| Non-cash stock compensation | $ 1.1 | $ 1.7 | $ 1.9 | $ 2.3 | $ 2.3 | $ 0.6 | $ 0.8 | $ 0.9 | $ 0.8 | $ 3.1 | $ 0.8 | $ 1.0 | $ 1.8 | $ 3.5 |
| Other (income)/expense | $ 0.1 | $ (0.6) | $ (0.4) | $ (1.1) | $ 2.0 | $ 0.6 | $ (0.6) | $ (0.6) | $ 0.2 | $ (0.4) | $ - | $ (0.5) | $ (0.5) | $ (0.9) |
| Gain on insurance settlement | $ - | $ - | $ - | $ 1.0 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Interest expense | $ 1.5 | $ 3.1 | $ 5.7 | $ 7.7 | $ 6.7 | $ 1.9 | $ 1.8 | $ 1.7 | $ 1.7 | $ 7.1 | $ 1.5 | $ 1.1 | $ 2.6 | $ 6.0 |
| Income tax expense | $ 4.5 | $ 6.8 | $ 9.7 | $ 12.7 | $ 10.1 | $ (0.3) | $ 2.2 | $ 1.8 | $ 3.5 | $ 7.2 | $ 1.5 | $ 0.8 | $ 2.3 | $ 7.6 |
| Adjusted EBITDA | $ 28.5 | $ 38.7 | $ 48.4 | $ 60.6 | $ 34.5 | $ 5.5 | $ 6.9 | $ 8.4 | $ 10.0 | $ 30.8 | $ 8.5 | $ 6.0 | $ 14.5 | $ 32.9 |
| *Adjusted EBITDA margin* | *14.4%* | *14.7%* | *13.2%* | *14.5%* | *10.0%* | *7.4%* | *8.5%* | *9.5%* | *10.6%* | *9.1%* | *9.9%* | *7.4%* | *8.7%* | *9.4%* |
| Basic Shares Outstanding | 20,116,991 | 25,750,972 | 28,791,662 | 33,979,549 | 34,445,256 | 34,592,803 | 34,669,810 | 34,779,125 | 34,812,714 | 34,714,395 | 34,835,550 | 34,923,587 | 34,879,811 | 34,774,300 |
| Diluted Shares Outstanding | 20,719,951 | 26,196,901 | 28,791,662 | 33,979,549 | 34,697,744 | 34,641,390 | 34,785,726 | 34,779,125 | 35,298,212 | 34,988,461 | 35,360,042 | 35,582,727 | 35,471,628 | 35,055,776 |
| Earnings (loss) per share: | | | | | | | | | | | | | | |
| Basic | $ 0.33 | $ 0.51 | $ (0.19) | $ (1.12) | $ (0.09) | $ 0.17 | $ (0.03) | $ (0.37) | $ 0.03 | $ (0.20) | $ 0.05 | $ 0.16 | $ 0.21 | $ (0.32) |
| Diluted | $ 0.32 | $ 0.50 | $ (0.19) | $ (1.12) | $ (0.09) | $ 0.17 | $ (0.03) | $ (0.37) | $ 0.03 | $ (0.20) | $ 0.05 | $ 0.15 | $ 0.21 | $ (0.32) |
| Non-GAAP earnings per share: | | | | | | | | | | | | | | |
| Basic | $ 0.98 | $ 0.95 | $ 0.97 | $ 0.99 | $ 0.28 | $ 0.05 | $ 0.05 | $ 0.10 | $ 0.09 | $ 0.30 | $ 0.12 | $ 0.09 | $ 0.20 | $ 0.36 |
| Diluted | $ 0.95 | $ 0.94 | $ 0.97 | $ 0.99 | $ 0.27 | $ 0.05 | $ 0.05 | $ 0.10 | $ 0.08 | $ 0.29 | $ 0.12 | $ 0.08 | $ 0.20 | $ 0.35 |

CECO ENVIRONMENTAL

# Return on Tangible Capital

| *(dollars in millions)* | 4Q 2017 | 1Q 2018 | 2Q 2018 | 3Q 2018 | 4Q 2018 | 1Q 2019 | Q2 2019 |
|---|---|---|---|---|---|---|---|
| Non-GAAP Operating Income | 3.5 | 4.0 | 5.2 | 6.5 | 8.4 | 7.2 | 4.4 |
| *Other non-cash adjustments, not in Non-GAAP:* | | | | | | | |
| Add: Non-cash stock compensation | 0.5 | 0.6 | 0.8 | 0.9 | 0.8 | 0.8 | 1.0 |
| Adjusted Non-GAAP Operating Income | 4.0 | 4.6 | 6.0 | 7.4 | 9.2 | 8.0 | 5.4 |
| Cash Operating Taxes (assumed 27% rate) | -0.9 | -1.1 | -1.4 | -1.8 | -2.3 | -1.9 | -1.2 |
| Net Operating Profit After Taxes (NOPAT) | 3.1 | 3.5 | 4.6 | 5.6 | 6.9 | 6.1 | 4.2 |
| TTM NOPAT | 23.1 | 18.7 | 15.7 | 16.8 | 20.6 | 23.2 | 22.8 |
| Net Tangible Capital | 70.3 | 62.8 | 58.1 | 50.4 | 34.8 | 43.9 | 45.3 |
| TTM ROTC | 36.8% | 31.0% | 25.4% | 27.0% | 39.2% | 43.5% | 44.1% |

(a) Net Tangible Capital = (Currents Assets – Cash + PP&E) – (Current Liabilities less Current Debt)
(b) TTM ROTC % = NOPAT / (Current Quarter End Net Tangible Capital + Prior Year Quarter End Net Tangible Capital)/2)

CECO ENVIRONMENTAL

# Organic Revenue

| *(dollars in millions)* | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | Annual 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Annual 2018 | Q1 2019 | Q2 2019 | YTD 2019 | TTM |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue as reported in accordance with GAAP | $ 92.7 | $ 93.9 | $ 85.0 | $ 73.5 | $ 345.1 | $ 74.1 | $ 81.1 | $ 88.2 | $ 93.9 | $ 337.3 | $ 86.0 | $ 81.2 | $ 167.2 | $ 349.3 |
| *Less revenue attributable to divestitures* | $ (6.7) | $ (8.9) | $ (10.5) | $ (8.5) | $ (34.6) | $ (6.5) | $ (1.2) | $ (1.6) | $ - | $ (9.3) | $ - | $ - | $ - | $ (1.6) |
| Organic revenue | $ 86.0 | $ 85.0 | $ 74.5 | $ 65.0 | $ 310.5 | $ 67.6 | $ 79.9 | $ 86.6 | $ 93.9 | $ 328.0 | $ 86.0 | $ 81.2 | $ 167.2 | $ 347.7 |

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