



Q4'16 Earnings Conference Call

March 9, 2017

CECO
ENVIRONMENTAL

Dennis Sadlowski, Interim CEO
Matthew Eckl, CFO & Secretary
Edward Prajzner, EVP, Corporate Development

Notes to Investors

Forward-Looking Statements 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," "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 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 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; the potential for fluctuations in prices for manufactured components and raw materials; the substantial amount of debt incurred in connection with our recent 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" measures: non-GAAP gross profit, non-GAAP operating income, non-GAAP net income, adjusted EBITDA, 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, 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 Materials." Descriptions of many of these non-GAAP measures are also included in CECO's SEC reports.

A low-angle, upward-looking shot of a complex industrial facility. The image is dominated by a dense network of large, metallic, cylindrical pipes that curve and intersect in various directions. The lighting is dramatic, with strong highlights and deep shadows, creating a sense of depth and scale. In the background, structural steel beams and other industrial components are visible, though slightly out of focus. The overall color palette is cool, with blues and greys.

Dennis Sadlowski

Interim CEO

CECO
ENVIRONMENTAL



Management Transition to Lead CECO's Next Growth Phase

Dennis Sadlowski, Interim CEO



- Appointed Feb. 1, 2017; CECO Board member since May 2016
- Extensive experience leading industrial companies
- Strategic orientation; Strong focus on driving financial performance
- COO of LSG Sky Chefs North America (2013-2015); Nearly \$1B revenue, 8,000+ employees
- CEO of International Battery (2011- 2012)
- President & CEO of Siemens Energy & Automation (2007–2009) \$4B revenue, 10,000+ employees
- 10 years at Siemens (2000-2010)
- 10 years at GE; and 6 years at Thomas & Betts
- Board and Audit Committee member, Trojan Battery
- BS, Chemical & Nuclear Engineering from UC Berkeley & MBA from Seattle University

Matthew Eckl, CFO & Secretary



- Appointed January 9, 2017
- VP Finance at Gardner Denver (2012-2016); Financial leadership of \$1B Energy Group
- 10 years at GE (2001-2012); FP&A, Audit & Acquisition roles across Industrial profile
- Bachelor of Management Information Systems from Pennsylvania State University



Good Operational Q4 Results but Booking Challenges

- ✓ \$100M Revenue down 1.3%
- ✓ 35.7% Gross Margin, up 530 bps Y/Y
- ✓ EBITDA of \$16.3M, up for the 5th consecutive quarter
- ✓ Non-GAAP fully diluted EPS of \$0.35, ahead of expectations
- ✓ Strong operating performance; \$16.7M cash flow from operations & 16% working capital to revenue
- ✓ \$10M debt paydown resulting in 2.5x bank leverage ratio; 4th consecutive quarterly improvement
- ✗ Bookings down 23% Y/Y; 3rd consecutive quarterly decline
- ✗ \$197M Backlog down \$14M Y/Y
- ✗ Non-cash \$58M goodwill and intangible asset impairment charge

2016 - Solid Year Despite Challenging Global Macroeconomic Conditions

- ✓ Record gross profit and gross margin demonstrate operational expertise
- ✓ Non-GAAP fully diluted EPS of \$0.99
- ✓ Double digit recurring revenue growth Y/Y & margin expansion
- ✓ Cash flow from operations of \$69.7M
- ✓ Repaid \$50M in debt & returned \$9M cash through dividends to shareholders; Raised dividend 14% in Q1'17
- ✗ \$417M revenue up 13% Y/Y; Organic revenue down 3%
- ✗ \$403M bookings up 12% Y/Y; Organic bookings down 6%

Anticipate Continued Macroeconomic Headwinds in 2017



General Industrial

- US industrial production index to grow in '17
- Lower demand for original equipment



Power Generation

- Modest global growth expected
- Attractive shift to natural gas, slow down in coal



Midstream Oil & Gas

- Rebound in WTI & HHUB prices as market rebalances
- Natural gas pipeline activity improving



Petrochem

- Mid-single digit growth expected next 3 years
- Refinery CAPEX to be slow on capacity over-build





First 30 Days – Early Actions and Observations

Actions

Observations

Global Leadership Meeting;
Strategic Plan Refresh

- Strong energized talented team
- Great reception to “Pivot for Growth”

Customer Meetings
in US & China

- Strong support for products and services
- Opportunity to improve Terms & Conditions

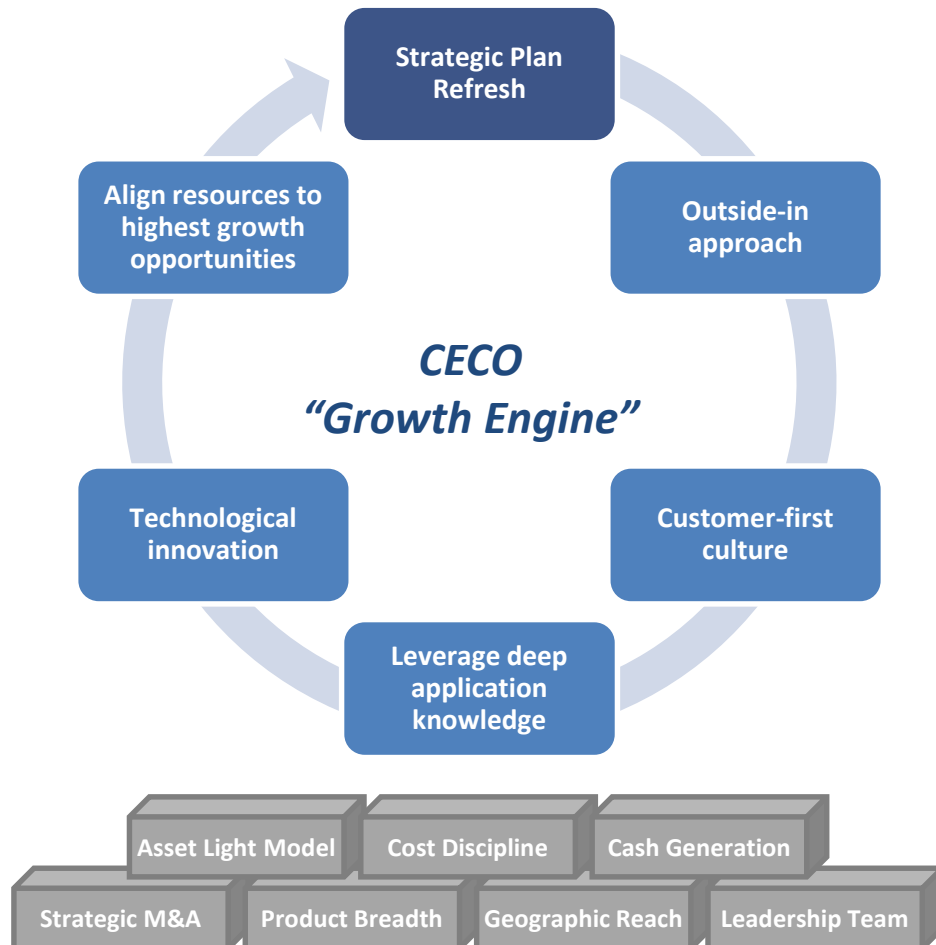
Operational Site Visits

- Deep application knowledge
- Adjusting internal metrics will aid growth

Tour of China Operations,
Customers, Vendors

- Asia market challenging; Export focus
- Passionate CECO team

Taking Necessary Steps to Win in the Long-Term



Focus on Delivering Sustainable
Long-Term Growth
and Value to Customers and
Shareholders

CECO "Foundation"

A low-angle, close-up photograph of a complex industrial system featuring numerous large, polished metal pipes that curve and intersect. The background shows a dense network of structural steel beams and additional piping, suggesting a large-scale manufacturing or processing facility. The lighting is bright, creating strong highlights and shadows on the metallic surfaces.

Matthew Eckl

CFO & Secretary

CECO
ENVIRONMENTAL

Strong Operating Quarter Despite Macroeconomic Headwinds

(\$ in millions)

Q4'16 Performance		
GAAP	\$	Y/Y
Bookings	\$77.7 M	-22.6%
Revenue	\$100.0 M	-1.3%
Gross Profit	\$35.7 M	15.9%
Gross Profit %	35.6%	5.2 pts.
Operating Profit	\$(50.4)	NM
Operating Profit %	-50.5%	NM
Diluted EPS	\$(1.49)	NM
Net Cash from Operations (a)	\$16.7 M	-22.2%
Non-GAAP		
Operating Profit (b)	\$14.7 M	45.5%
Operating Profit %	14.7%	4.7 pts.
Adjusted EBITDA	\$16.3 M	33.6%
Adjusted EBITDA %	16.3%	4.3 pts.
Diluted EPS	\$0.35	97.8%

- Y/Y comparable like for like as of Q4'16
- Bookings down Y/Y and Q/Q
- Revenue down 1% Y/Y due to lower bookings on short cycle equipment & project milestone timing
- Excluding goodwill and intangible asset impairment, operating margin +4.5pts on Peerless synergies & project margins

Notes

- (a) Reference appendix for reconciliation of GAAP to Non-GAAP measures
- (b) Q4'16 Net loss was \$(51.2)

Good Execution on Cost in '16 but Organic Growth Less than Desired

(\$ in millions)

FY 16 Performance		
GAAP	\$	Y/Y
Bookings	\$402.8 M	12.6%
Revenue	\$417.0 M	13.5%
Gross Profit	\$134.9 M	23.5%
Gross Profit %	32.3%	2.6 pts.
Operating Profit	\$(25.6)	NM
Operating Profit %	-6.1%	NM
Diluted EPS	\$(1.12)	NM
Net Cash from Operations (a)	\$69.6 M	450.7%
Non-GAAP		
Operating Profit (b)	\$52.7 M	23.1%
Operating Profit %	12.6%	1.0 pts.
Adjusted EBITDA	\$60.6 M	25.2%
Adjusted EBITDA %	14.5%	1.4 pts.
Diluted EPS	\$0.99	2.1%

- FY 16 revenue up in Energy and but down in Fluid Environmental and Handling & Filtration
- Operating profit negatively impacted by \$58M goodwill and intangible asset impairment charge
- Y/Y improvement in gross margins and non-GAAP operating margins; Project management excellence

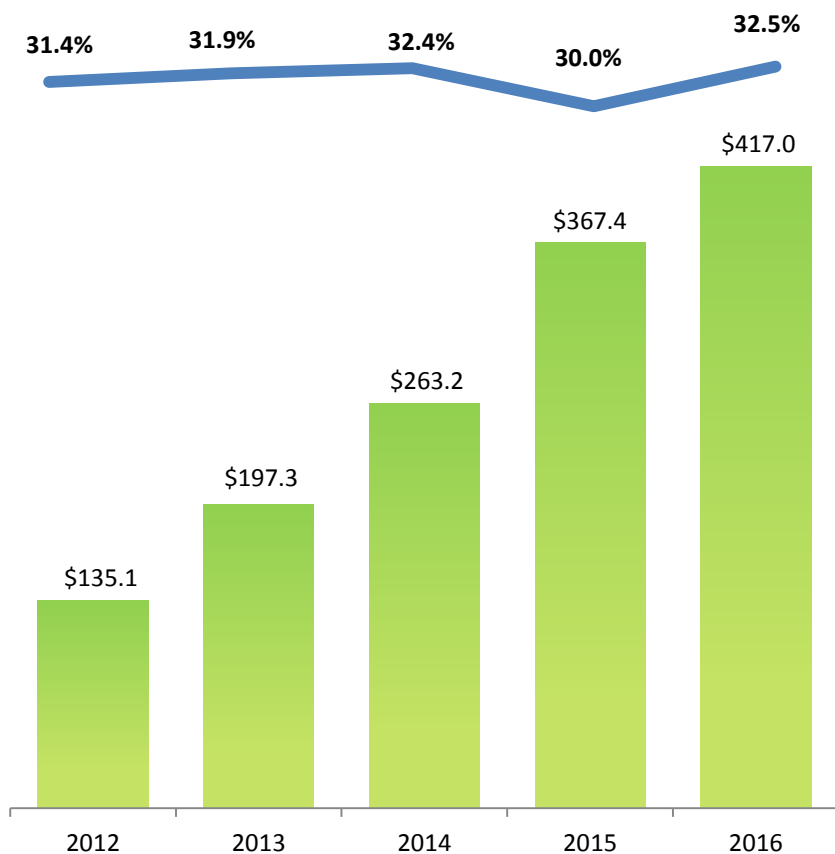
Notes

- (a) Reference appendix for reconciliation of GAAP to Non-GAAP measures
 (b) FY'16 Net loss was \$(38.2)

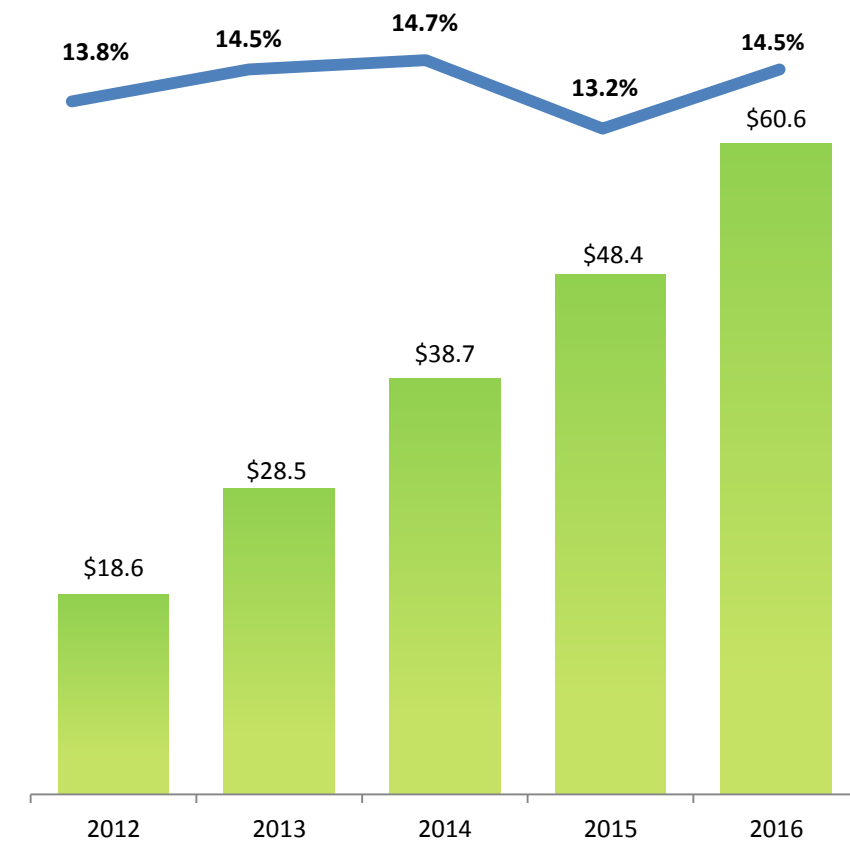
FY 2016 Revenue and Margin Increases

(\$ millions)

Revenue & Non-GAAP Gross Margin



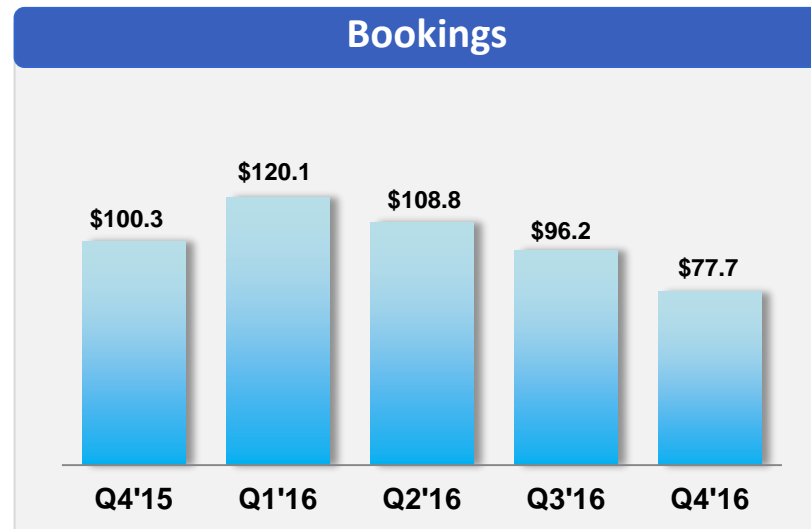
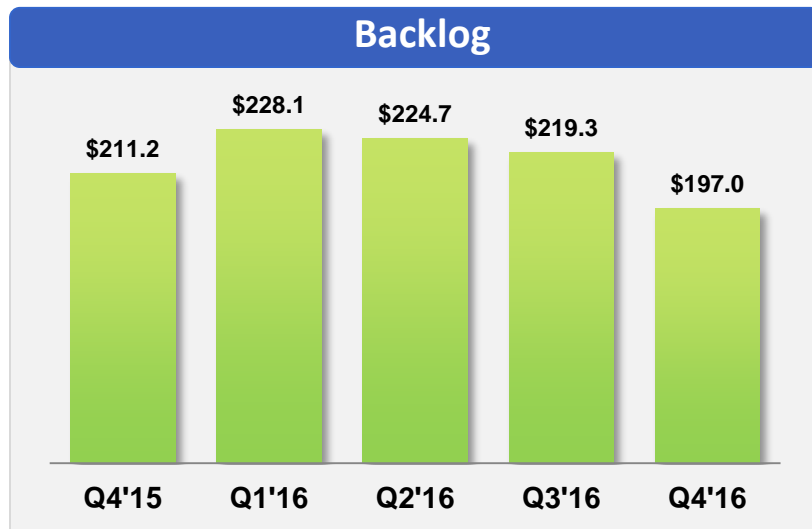
Adjusted EBITDA & EBITDA Margin ⁽¹⁾



(1) See supplemental slide for adjusted EBITDA reconciliation and important disclosures regarding CECO's use of this non-GAAP financial measure.

Declining Backlog & Bookings due to Macroeconomic Headwinds

(\$ in millions)



Q4'16 Results

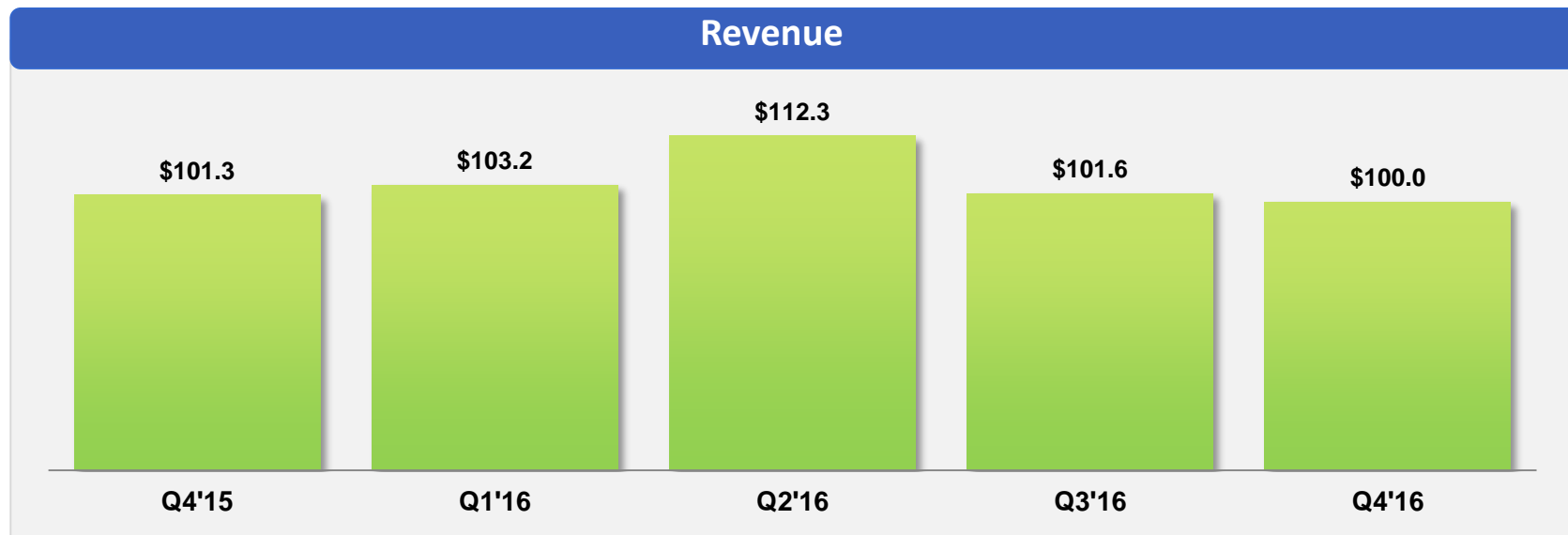
- Backlog of \$197.0M, down 6.7% Y/Y and down 10.2% Q/Q
- Bookings of \$77.7M, down 22.5% Y/Y and down 19.2% Q/Q

FY 2016 Results

- Bookings of \$402.8M, up 12.6% Y/Y
- Organic bookings down 5.7% Y/Y

Quarterly Revenue Challenges due to Macro Conditions & Declining Backlog

(\$ in millions)



Q4'16 Results

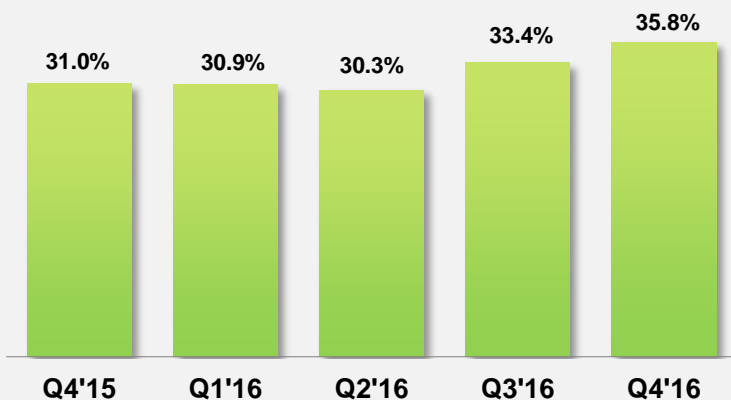
- Revenue of \$100.0M, down 1.3% Y/Y and down 1.6% Q/Q

FY 2016 Results

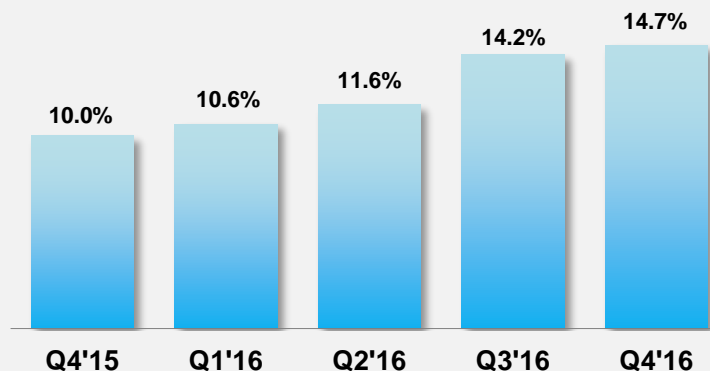
- Revenue of \$417.0M, up 13.5% Y/Y; Organic revenue down 3% Y/Y

Driving Improved Margins

Non-GAAP Gross Margin



Non-GAAP Operating Margin



Note: See supplemental slide for non-GAAP Gross Profit Margin and non-GAAP Operating Income reconciliation and important disclosures regarding CECO's use of non-GAAP Gross Profit Margin and non-GAAP Operating Income.

Q4'16 Results

- Non-GAAP gross margin of 35.8%, up 240bps Q/Q
- Non-GAAP operating margin of 14.7%, up 50bps Q/Q

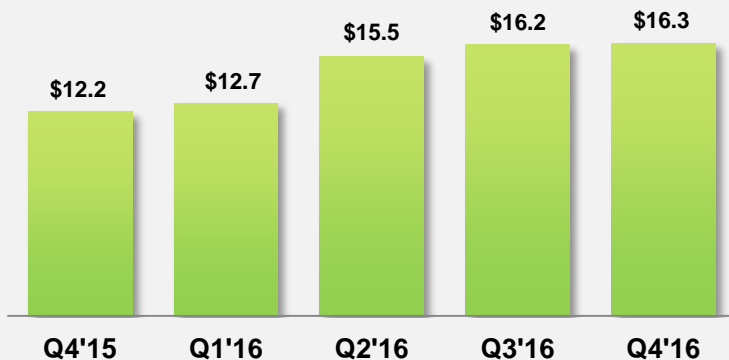
FY 2016 Results

- Non-GAAP gross margin of 32.5%, up 250bps Y/Y
- Non-GAAP operating margin of 12.6%, up 100bps Y/Y

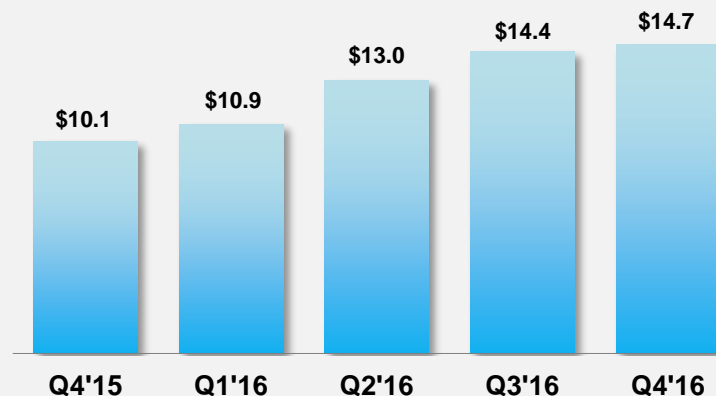
Stringent Execution Yields Strong EBITDA & Operating Income Gains

(\$ in millions)

Adjusted EBITDA



Non-GAAP Operating Income



Note: See supplemental slide for adjusted EBITDA and non-GAAP Operating Income reconciliation and important disclosures regarding CECO's use of adjusted EBITDA and non-GAAP Operating Income.

Q4'16 Results

- Adjusted EBITDA of \$16.3M, up 36.6% Y/Y and up 0.6% Q/Q
- Non-GAAP operating income of \$14.7M, up 45.5% Y/Y & up 2.1% Q/Q

FY 2016 Results

- Adjusted EBITDA of \$60.6M, up 25.2% Y/Y
- Non-GAAP operating income of \$52.7M, up 23.1% Y/Y

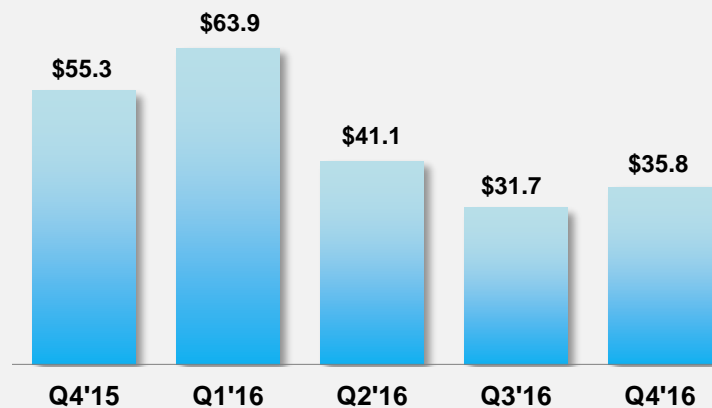
Energy Segment Flattening

(\$ in millions)

Revenue



Bookings



Q4'16 Results

- Revenue of \$52.3M, up 3.6% Y/Y and up 4% Q/Q
- Bookings of \$35.8M, down 35.3% Y/Y but up 12.9% Q/Q

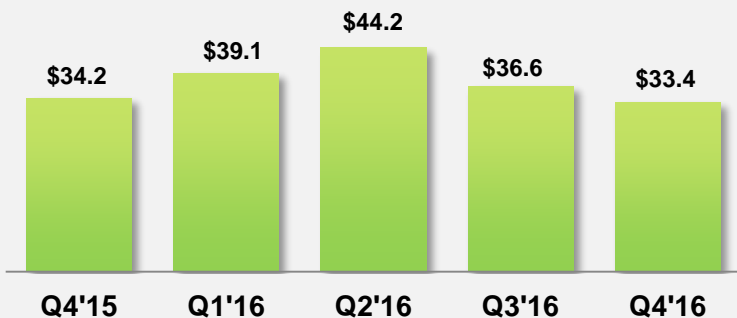
FY 2016 Results

- Revenue of \$203.4M, up 43.1% Y/Y and flat organically
- Bookings of \$172.5M, up 34.3% Y/Y but down 17% organically

Environmental Segment Challenging

(\$ in millions)

Revenue



Bookings



Q4'16 Results

- Revenue of \$33.4M, down 2.3% Y/Y and down 8.7% Q/Q
- Bookings of \$25.0M, down 17.5% Y/Y and down 48.7% Q/Q

FY 2016 Results

- Revenue of \$153.3M, down 3.2% Y/Y
- Bookings of \$167.1M, up 3.1% Y/Y

Fluid Handling & Filtration Segment Improving

(\$ in millions)

Revenue



Bookings



Q4'16 Results

- Revenue of \$14.9M, down 14.9% Y/Y and flat Q/Q
- Bookings of \$16.9M, up 14.2% Y/Y and up 7.0% Q/Q

FY 2016 Results

- Revenue of \$61.8M, down 8.6% Y/Y
- Bookings of \$63.2M, down 5.7% Y/Y

Sharp Focus on Debt Reduction

(\$ in millions)

	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16
Bank Debt	\$ 181.6	\$ 174.6	\$ 156.2	\$ 136.9	\$ 126.4
Other commitments ^(a)	15.3	12.9	27.9	25.5	26.4
Total Indebtedness ^(b)	\$ 196.9	\$ 187.5	\$ 184.1	\$ 162.4	\$ 152.8
TTM Adjusted EBITDA ^(b)	\$ 56.5	\$ 59.0	\$ 61.7	\$ 56.5	\$ 61.0
Total Indebtedness/TTM Adj. EBITDA ^(b)	3.48x	3.17x	2.98x	2.88x	2.50x
Net Debt/TTM Adj. EBITDA ^(c)	2.88x	2.61x	2.07x	2.13x	1.75x

- Term debt pay down of \$10.1M in 4Q16 and \$49.7M YTD
- Paid down greater than 2x required principal throughout 2016

(a) Other commitments includes all items defined in Credit Agreement, primarily letters of credit and capitalized leases.

(b) As defined by credit agreements; addback for capital lease payments.

(c) Represents a measure of leverage; for informational purposes only

Strong Free Cash Flow Generation

(\$ in millions)

	FY 2015	1Q16	2Q16	3Q16	4Q16	FY 2016
Net cash provided by operating activities	\$ 12.6	\$ 9.4	\$ 34.7	\$ 8.8	\$ 16.7	\$ 69.6
Capital expenditures	<u>\$ (0.8)</u>	<u>\$ (0.2)</u>	<u>\$ (0.4)</u>	<u>\$ (0.2)</u>	<u>\$ (0.3)</u>	<u>\$ (1.1)</u>
Free cash flow	\$ 11.8	\$ 9.2	\$ 34.3	\$ 8.6	\$ 16.4	\$ 68.5
Proceeds from sale of property & equip.*	\$ 3.2	\$ 0.3	\$ 11.0	\$ 3.2	\$ (0.4)	\$ 14.9
Dividends	\$ (8.0)	\$ (2.2)	\$ (2.3)	\$ (2.2)	\$ (2.3)	\$ (9.0)
Earn-out payments	<u>\$ (2.5)</u>	<u>\$ (1.1)</u>	<u>\$ (1.2)</u>	<u>\$ (7.0)</u>	<u>\$ 0</u>	<u>\$ (9.3)</u>
Adjusted net free cash flow	\$ 4.5	\$ 6.2	\$ 41.8	\$ 2.6	\$ 14.5	\$ 65.1

CECO has an attractive free cash flow business model with working capital excellence

*2016 gross proceeds of \$14M from sale-leaseback of 3 facilities

Strengthening the Balance Sheet

(\$ in millions)

Selected Balance Sheet Information	12/31/15	6/30/16	9/30/16	12/31/16
Cash & Equivalents	\$ 34.2	\$ 56.6	\$ 41.8	\$ 45.8
Total Assets	\$ 598.8	\$ 591.7	\$ 562.0	\$ 498.6
Total Debt	\$ 181.6	\$ 156.2	\$ 136.9	\$ 126.4
Shareholders' Equity	\$ 245.0	\$ 247.0	\$ 244.5	\$ 190.1

Balance Sheet Detail				
Current Assets	\$ 228.5	\$ 233.7	\$ 213.4	\$ 213.0
Current Liabilities	\$(148.2)	\$(160.4)	\$(144.7)	\$(146.4)
Working Capital	\$ 80.3	\$ 73.3	\$ 68.7	\$ 66.6
Less Cash & Equivalents	\$ (34.2)	\$ (56.6)	\$ (41.8)	\$ (45.8)
Net Working Capital	\$ 46.1	\$ 16.7	\$ 26.9	\$ 20.8

- Net working capital streamlined significantly from prior year
- Net working capital as % of revenue remains low
- Q4 term debt repayment of \$10.1M lowered leverage ratios

Note: Balance Sheet figures presented as reported in Company filings



Market Challenges Trigger Asset Impairment

- Non-cash charge of \$57.9M recorded in 4Q 2016
 - Goodwill of \$53.7M
 - Trade names of \$4.2M
- Primarily related to 2013 Met-Pro Corporation acquisition, which is predominantly in Fluid Handling & Filtration segment
- Triggered by end market challenges in achieving our prior year projections
- No effect to ongoing business or debt covenants



Improvements in Financial Discipline

- As of 12/31/16, management concluded CECO's controls were effective
- Measures taken during 2016 include:
 - Upgraded internal audit co-sourcing partner
 - Established in-house Internal Auditing function
 - Other staff additions
 - Tax and SEC Reporting
 - Segment Controllers – Environmental and Energy Segment
 - Finance Directors added in Asia and EMEA regions
 - Vice President of IT
 - Revised, enhanced and expanded numerous policies and procedures
- CECO's reputation and compliance integrity remains an important focus



Supplementary Non-GAAP Materials

Notes to Investors

Non-GAAP Financial Information

CECO is providing certain non-GAAP financial measures as the Company believes these figures are helpful in allowing individuals to better assess the ongoing nature of CECO's core operations. A "non-GAAP financial measure" is a numerical measure of a company's historical financial performance that excludes amounts that are included in the most directly comparable measure calculated and presented in the GAAP statement of operations.

Non-GAAP gross profit, non-GAAP operating income, non-GAAP net income, non-GAAP gross profit margin, non-GAAP operating margin, non-GAAP earnings per basic and diluted share and adjusted EBITDA as presented in this presentation, have been adjusted to exclude the effects of expenses related to property, plant, and equipment valuation adjustments, acquisition and integration expense activities including retention, legal, accounting, banking, amortization and earn-out expenses, the impact of foreign currency re-measurement and the associated tax benefit of these items. Management believes these items are not necessarily indicative of the Company's ongoing operations, other non-recurring or infrequent items, and their exclusion provides individuals with additional information to compare the Company's results over multiple periods. Additionally, management utilizes this information to evaluate its ongoing financial performance. CECO's financial statements may be affected by items similar to those excluded in the non-GAAP adjustments described above, and exclusion of these items from our non-GAAP financial measures should not be construed as an inference that all such costs are unusual or infrequent.

Non-GAAP gross profit margin, non-GAAP operating income, non-GAAP net income, non-GAAP gross profit margin, non-GAAP operating margin, free cash flow, adjusted net free cash flow, non-GAAP earnings per basic and diluted share, and adjusted EBITDA are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the costs associated with the operations of our business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of CECO's results as reported under GAAP. Additionally, CECO cautions investors that non-GAAP financial measures used by the Company may not be comparable to similarly titled measures of other companies.

In accordance with the requirements of Regulation G issued by the Securities and Exchange Commission, non-GAAP gross profit margin, non-GAAP operating income, non-GAAP net income, non-GAAP gross profit margin, non-GAAP operating margin, free cash flow, adjusted net free cash flow, and non-GAAP earnings per basic and diluted share and adjusted EBITDA stated in the tables above are reconciled to the most directly comparable GAAP financial measures. Free cash flow and adjusted net free cash flow have limitations due to the fact that they do not represent the residual cash flow available for discretionary expenditures, since they do not take into account debt service requirements or other non-discretionary expenditures that are not deducted from those measures.

Additionally, CECO presents certain measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation. Due to the continuing strengthening of the U.S. dollar against foreign currencies and the overall variability of foreign exchange rates from period to period, management uses these measures on a constant currency basis to evaluate period-over-period operating performance. Measures presented on a constant currency basis are calculated by translating current period results at prior period monthly average exchange rates.

Non-GAAP Gross Profit Margin

(\$ in millions)

	FY 2012	FY 2013	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Gross profit as reported in accordance with GAAP	\$ 42.4	\$ 61.6	\$ 84.8	\$ 21.0	\$ 26.6	\$ 30.8	\$ 30.8	\$ 109.2	\$ 31.6	\$ 33.9	\$ 33.7	\$ 35.7	\$ 134.9
Gross profit margin in accordance with GAAP	31.4%	31.2%	32.2%	25.9%	30.6%	31.4%	30.4%	29.7%	30.6%	30.2%	33.2%	35.7%	32.4%
Inventory valuation adjustment	-	1.1	-	-	-	-	0.5	0.5	0.1	-	-	-	0.1
Plant, property and equipment valuation adjustment	-	0.2	\$ 0.6	0.2	0.1	0.2	0.1	0.6	0.2	0.1	0.2	0.1	0.6
Non-GAAP gross profit	\$ 42.4	\$ 62.9	\$ 85.4	\$ 21.2	\$ 26.7	\$ 31.0	\$ 31.4	\$ 110.3	\$ 31.9	\$ 34.0	\$ 33.9	\$ 35.8	\$ 135.6
Non- GAAP Gross profit margin	31.4%	31.9%	32.4%	26.2%	30.7%	31.6%	31.0%	30.0%	30.9%	30.3%	33.4%	35.8%	32.5%

Non-GAAP Operating Margin

(\$ in millions)

	FY 2012	FY 2013	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Operating income as reported in accordance with GAAP	\$ 16.7	\$ 7.0	\$ 21.7	\$ 3.0	\$ 4.5	\$ (2.2)	\$ (0.3)	\$ 4.9	\$ 5.8	\$ 8.6	\$ 10.5	\$ (50.5)	\$ (25.6)
Operating margin in accordance with GAAP	12.4%	3.5%	8.2%	3.7%	5.2%	-2.2%	-0.3%	1.3%	5.6%	7.7%	10.3%	-50.5%	-6.1%
Inventory valuation adjustment	-	1.1	-	-	-	-	0.5	0.5	0.1	-	-	-	0.1
Plant, property and equipment valuation adjustment	-	0.2	0.6	0.2	0.1	0.2	0.1	0.6	0.2	0.1	0.2	0.1	0.6
Gain on insurance settlement	-	-	-	-	-	-	-	-	-	(1.0)	-	-	(1.0)
Acquisition and integration expenses	-	7.2	1.3	0.3	1.0	5.7	0.9	7.9	-	0.4	0.1	-	0.5
Amortization and earn-out expenses	-	6.8	10.1	4.0	6.7	9.3	5.6	25.6	4.8	4.9	3.5	7.0	20.2
Intangible asset impairment	-	-	-	-	-	-	3.3	3.3	-	-	-	57.9	57.9
Legal reserves	-	3.5	0.3	-	-	-	-	-	-	-	-	-	-
Non-GAAP operating income	\$ 16.7	\$ 25.8	\$ 34.0	\$ 7.5	\$ 12.3	\$ 13.0	\$ 10.1	\$ 42.8	\$ 10.9	\$ 13.0	\$ 14.3	\$ 14.5	\$ 52.7
Non-GAAP Operating margin	12.4%	13.1%	12.9%	9.3%	14.2%	13.2%	10.0%	11.6%	10.6%	11.6%	14.1%	14.5%	12.6%

Non-GAAP Net Income and Adjusted EBITDA

(\$ in millions)

	FY 2012	FY 2013	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Net income as reported in accordance with GAAP	\$ 10.9	\$ 6.6	\$ 13.1	\$ 0.2	\$ 2.1	\$ (4.8)	\$ (3.1)	\$ (5.6)	\$ 3.1	\$ 4.0	\$ 5.8	\$ (51.1)	\$ (38.2)
Inventory valuation adjustment	-	1.1	-	-	-	-	0.5	\$ 0.5	\$ 0.1	\$ -	\$ -	\$ -	\$ 0.1
Plant, property and equipment valuation adjustment	-	0.2	0.6	0.2	0.1	0.2	0.1	\$ 0.6	\$ 0.2	\$ 0.1	\$ 0.2	\$ 0.1	\$ 0.6
Gain on insurance settlement	-	-	-	-	-	-	-	\$ -	\$ -	\$ (1.0)	\$ -	\$ -	\$ (1.0)
Acquisition and integration expenses	-	7.2	1.3	0.3	1.0	5.7	0.9	\$ 7.9	\$ -	\$ 0.4	\$ 0.1	\$ -	\$ 0.5
Amortization and earn-out expenses	-	6.8	10.1	4.0	6.7	9.3	5.6	\$ 25.6	\$ 4.8	\$ 4.9	\$ 3.5	\$ 7.0	\$ 20.2
Intangible asset impairment	-	-	-	-	-	-	3.3	\$ 3.3	\$ -	\$ -	\$ -	\$ 57.9	\$ 57.9
Legal reserves	-	3.5	0.3	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred financing fee adjustment	-	-	-	-	-	0.3	-	\$ 0.3	\$ -	\$ -	\$ -	\$ -	\$ -
Foreign currency remeasurement	-	(1.1)	2.9	2.7	(0.6)	(0.3)	0.7	\$ 2.5	\$ (0.9)	\$ 0.5	\$ (0.2)	\$ 1.4	\$ 0.8
Tax benefit of expenses	-	(4.6)	(3.7)	(1.7)	(0.8)	(2.6)	(2.0)	\$ (7.1)	\$ (1.2)	\$ (1.6)	\$ (1.3)	\$ (3.3)	\$ (7.4)
Non-GAAP net income	\$ 10.9	\$ 19.7	\$ 24.6	\$ 5.7	\$ 8.5	\$ 7.8	\$ 6.0	\$ 28.0	\$ 6.1	\$ 7.3	\$ 8.1	\$ 12.0	\$ 33.5
Depreciation	1.2	1.6	3.1	0.7	0.6	0.7	1.5	\$ 3.5	\$ 1.2	\$ 1.0	\$ 1.2	\$ 1.1	\$ 4.5
Non-cash stock compensation	0.7	1.1	1.7	0.4	0.5	0.4	0.6	\$ 1.9	\$ 0.6	\$ 0.5	\$ 0.6	\$ 0.6	\$ 2.3
Other (income)/expense	0.1	0.1	(0.6)	(1.0)	0.1	0.6	(0.1)	\$ (0.4)	\$ 0.1	\$ (0.1)	\$ 0.2	\$ (1.3)	\$ (1.1)
Gain on insurance settlement	-	-	-	-	-	-	-	\$ -	\$ -	\$ 1.0	\$ -	\$ -	\$ 1.0
Interest expense	1.2	1.5	3.1	1.0	1.2	1.4	2.1	\$ 5.7	\$ 2.1	\$ 2.0	\$ 1.9	\$ 1.7	\$ 7.7
Income tax expense	4.5	4.5	6.8	1.8	2.6	3.2	2.1	\$ 9.7	\$ 2.6	\$ 3.8	\$ 4.1	\$ 2.2	\$ 12.7
Adjusted EBITDA	\$ 18.6	\$ 28.5	\$ 38.7	\$ 8.6	\$ 13.5	\$ 14.1	\$ 12.2	\$ 48.4	\$ 12.7	\$ 15.5	\$ 16.1	\$ 16.3	\$ 60.6
Basic Shares Outstanding	14,813,186	20,116,991	25,750,972	26,271,316	26,283,529	28,617,589	33,912,163	28,791,662	33,928,052	33,946,117	33,983,708	34,280,940	33,979,549
Diluted Shares Outstanding	17,246,058	20,719,951	26,196,901	26,598,799	26,627,051	28,617,589	33,912,163	28,791,662	34,116,534	34,161,543	34,354,687	34,280,940	33,979,549
Earnings (loss) per share:													
Basic	\$ 0.73	\$ 0.33	\$ 0.51	\$ 0.01	\$ 0.08	\$ (0.17)	\$ (0.09)	\$ (0.19)	\$ 0.09	\$ 0.12	\$ 0.17	\$ (1.49)	\$ (1.12)
Diluted	\$ 0.65	\$ 0.32	\$ 0.50	\$ 0.01	\$ 0.08	\$ (0.17)	\$ (0.09)	\$ (0.19)	\$ 0.09	\$ 0.12	\$ 0.17	\$ (1.49)	\$ (1.12)
Non-GAAP earnings per share:													
Basic	\$ 0.74	\$ 0.98	\$ 0.95	\$ 0.22	\$ 0.32	\$ 0.27	\$ 0.18	\$ 0.97	\$ 0.18	\$ 0.22	\$ 0.24	\$ 0.35	\$ 0.99
Diluted	\$ 0.63	\$ 0.95	\$ 0.94	\$ 0.21	\$ 0.32	\$ 0.27	\$ 0.18	\$ 0.97	\$ 0.18	\$ 0.21	\$ 0.24	\$ 0.35	\$ 0.99