Q2’17 Earnings Conference Call

August 9th, 2017

Maximizing Customer Value & Increasing Shareholder Return

CECO ENVIRONMENTAL

Dennis Sadlowski, CEO
Matthew Eckl, CFO & Secretary

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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: 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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Financial Results Did Not Meet Our Desired Results

- ✓ $87.2M Bookings up 3.8% sequentially; down 19.9% Y/Y
- ✓ 30.4% Gross Margin, relatively flat Y/Y
- ✓ 32.4% non-GAAP Gross Margin, up 210 bps Y/Y
- ✓ 9.9% Operating Margin compared with 7.7%
- ✓ Fully diluted EPS of $0.16 compared with $0.12
- ✓ $3.6M term debt pay down in Q2'17; amended our credit facility

- ✗ $93.9M Revenue down 16.4% Y/Y
- ✗ 10.0% non-GAAP Operating Margin compared with 11.6%
- ✗ Non-GAAP fully diluted EPS of $0.08 compared with $0.21
- ✗ Adjusted EBITDA of $11.0M down 29% Y/Y
- ✗ $167.9M Backlog down 14.8% from year end

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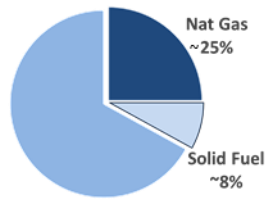
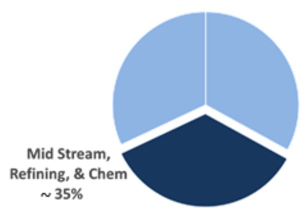
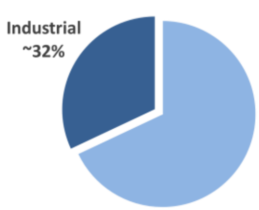
Significant Short Term Headwinds in Key Markets – Positive Long Term Outlook

	2016 Revenue	Short-Term	Long-Term	Driver
Natural Gas Power Generation				Natural Gas: Bridge fuel to cleaner Energy
Midstream, Refining, & Chemical				Shale development, Transportation, & Industrial growth
Industrial Production				GDP and Infrastructure Build-out

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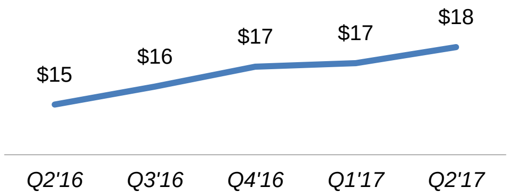
Positive Indicators of Future Performance

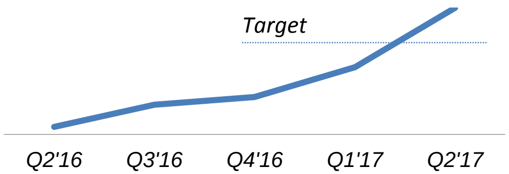
Fluid Handling & Filtration

Short Cycle Bookings:



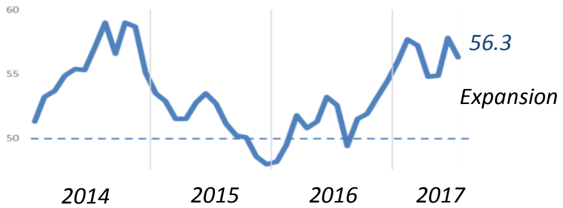
Improving Win Rates in Refinery & Power Gen markets

Wins/Losses:



Industrial End Markets

ISM Purchasing Managers Index:



Sources: Institute for Supply Management®, Internal Analysis

Higher Standards of Continued Transparency

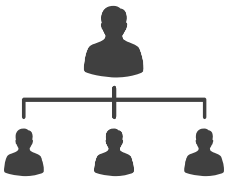
		Financial Impact
Backlog	✓ Evaluated entire backlog for dormant projects ✓ Upgraded the standards for which orders are recorded	**-$9.7 Bookings**
Brand Integrity	✓ Unique legacy product design requires field repair ✓ Standing behind our products & commitments	**-$1.8 Gross Margin**
Zhongli Valuation	✓ Near term challenged on Coal Power Gen utilization ✓ Committed to China and emerging SEA markets	**+$5.6 Op Income**

Changing the Way We Do Business

- ✓ Creating continued transparency
- ✓ Driving an Outside-In approach
- ✓ Reducing high employee turnover
- ✓ Planting innovations for tomorrow and harvesting today
- ✓ *Ex: New portable natural gas separation system*

Accelerating the Transformation

Our People

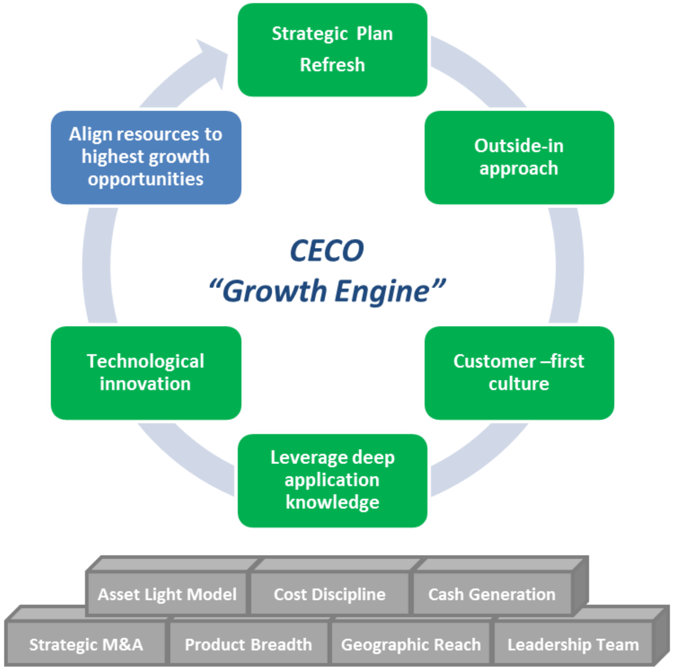


- ✓ Strengthening leadership… 5 changes, increasing the pace of action
- ✓ Directly leading Environmental Technologies as interim President
- ✓ Rebuilding CECO bench with deep industry rich knowledge

Our Customers

- ✓ Developing aggressive and compelling go-to-market initiatives
- ✓ Transitioning from fragmented business units to unified solution providers
- ✓ Acting on customer interviews
- ✓ Developing life-cycle relationships and aftermarket solutions

Delivering Actionable Roadmap for Sustained Growth



- ✓ Leaders aligned to actionable and achievable milestones
- ✓ Customer outcomes drive innovation and investment decisions
- ✓ Enable Industrial expansion ***with*** clean air quality
- ✓ Energy markets in transformation to renewables

Rolling out strategic growth initiatives by year-end

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Q2 Overall Results Lower than Desired

($ in millions)

Q2 2017 Performance				
	Three Months Ended			
		Q2'17		Y/Y
GAAP:				
Bookings	$	87.2		-19.9%
Revenue	$	93.9		-16.4%
Gross Profit	$	28.5		-15.9%
-%		30.4%		0.2pts
Op Profit	$	9.3		8.1%
-%		9.9%		2.2pts
Diluted EPS	$	0.16	$	0.04
Net Cash from Ops	$	(3.0)		-108.7%
Non-GAAP: [(a)]				
Gross Profit	$	30.4		-10.6%
-%		32.4%		2.1pts
Op Profit	$	9.4		-27.7%
-%		10.0%		-1.6pts
Diluted EPS	$	0.08	$	(0.13)
Adj. EBITDA$	$	11.0		-29.0%
-%		11.7%		-2.1pts

- Orders ↓(20)% Y/Y on Refinery and Power Generation products
  - +4% sequentially on Midstream O&G and FH&F segment
  - 4 consecutive quarters of growth in FH&F… 3 for Energy
- Revenue ↓(16)% Y/Y on Refinery and Power Generation products
- GAAP OP includes $5.6 gain from Zhongli ‘17 FV Earnout Adjustment
- Non-GAAP GM% +2 pts Y/Y on project mix & ‘16 structural cost actions
- Cash Flow from Operations includes $5.6 of earnout payment

Notes
(a) Reference appendix for reconciliation of GAAP to Non-GAAP measures

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1H'17 Challenged on Difficult 1H'16 Comparable

($ in millions)

YTD 2017 Performance

	Six Months Ended	
	'17	Y/Y
GAAP:		
Bookings	$ 171.2	-25.2%
Revenue	$ 186.5	-13.4%
Gross Profit	$ 60.4	-7.8%
-%	32.4%	2pts
Op Profit	$ 10.6	-26.4%
-%	5.7%	-1pts
Diluted EPS	$ 0.16	$ (0.05)
Net Cash from Ops	$ 1.7	-96.1%
Non-GAAP: *(a)*		
Gross Profit	$ 62.7	-4.9%
-%	33.6%	3pts
Op Profit	$ 19.5	-18.4%
-%	10.5%	-0.6pts
Diluted EPS	$ 0.29	$ (0.10)
Adj. EBITDA$	$ 22.8	-19.1%
-%	12.2%	-0.9pts

- Orders ↓(25)% Y/Y on Refinery and Power Generation products
  - Short Cycle FH&F +15% Y/Y, not enough to offset ETS & Energy
  - Aftermarket @ 30% of sales is flat to Prior Year
- Revenue ↓(13)% Y/Y on Refinery and Power Generation products
- Adj. EBITDA% down ↓(1)pt Y/Y mostly on volume offset by cost out
- Cash Flow from Operations includes $7.8 of earnout payment
- YTD Non-GAAP Tax Rate is ~32%

Notes
(a) Reference appendix for reconciliation of GAAP to Non-GAAP measures

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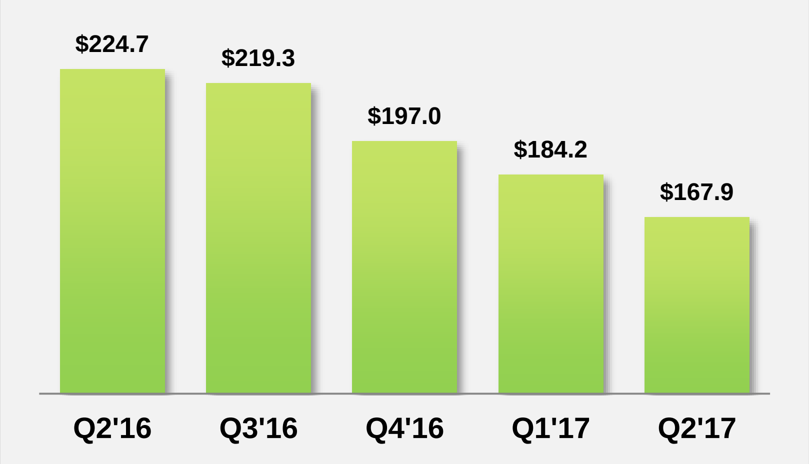
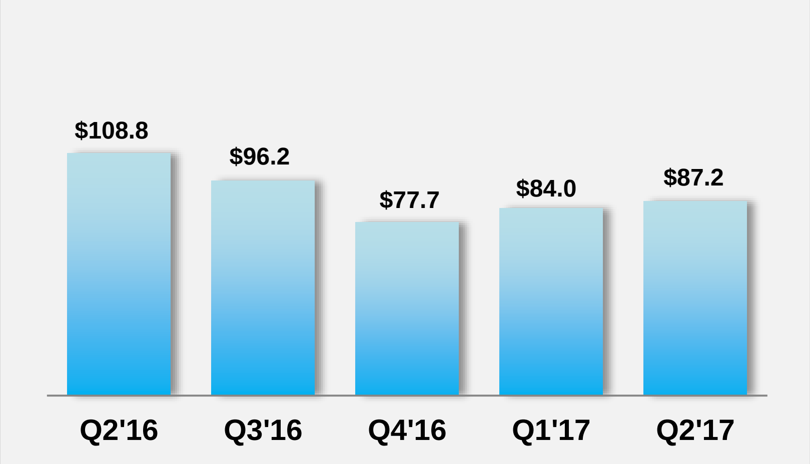
Modest Bookings Growth Despite Energy Market Pressure

($ in millions)

Backlog



Bookings

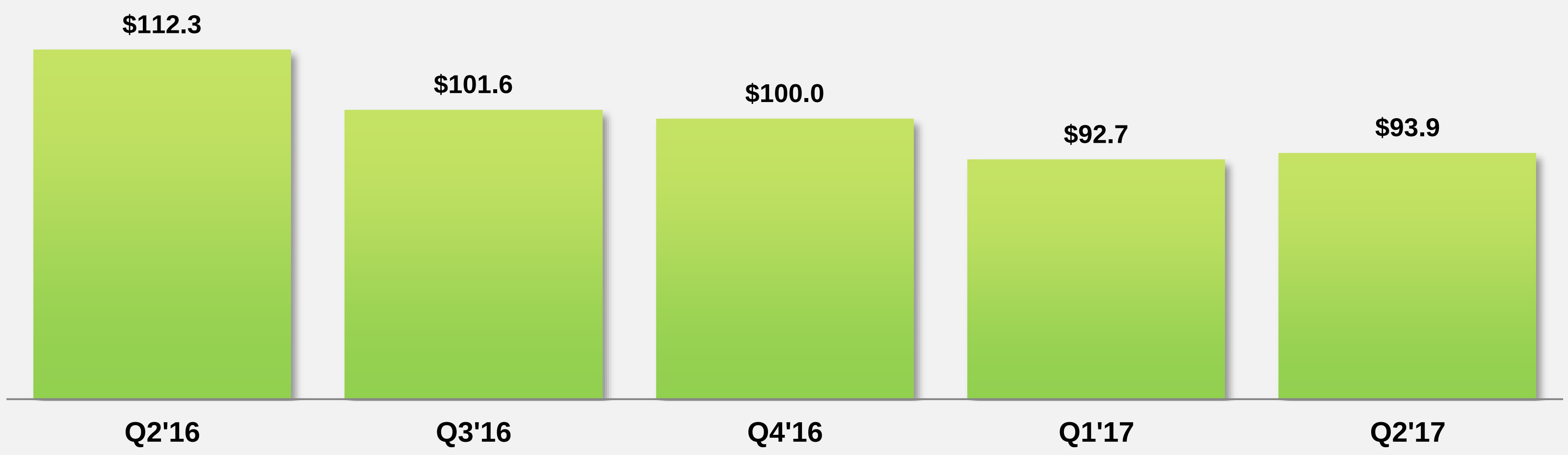


- Backlog down 14.8% from year end… 7% of the decrease from de-bookings of $13.8
- Backlog down 8.8% sequentially… 5.3% of the decrease from de-bookings of $9.7
- Bookings of $87.2 are down (19.9)% Y/Y and +3.8% sequentially
- Power Generation and Refinery markets cycling down offset with Process Industries improvement

Revenue Trend Leveling Off with Bookings Growth

($ in millions)

Revenue

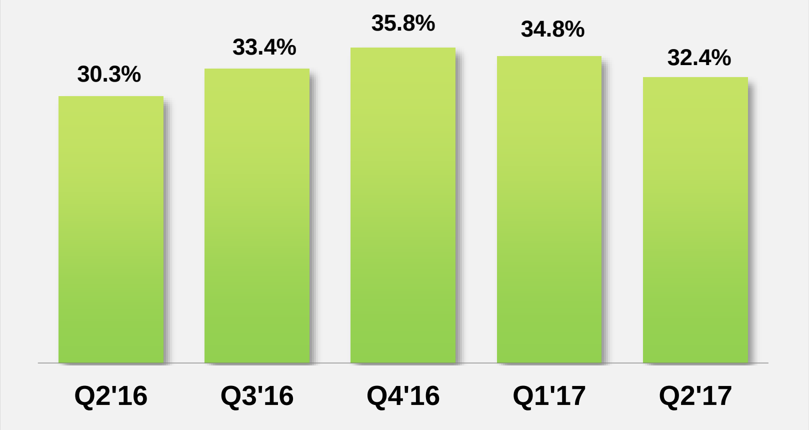


- Revenue of $93.9, down (16.4)% Y/Y and up +1.3% sequentially
- Y/Y decline on ETS and Energy segments, sequential improvements driven primarily by FH&F

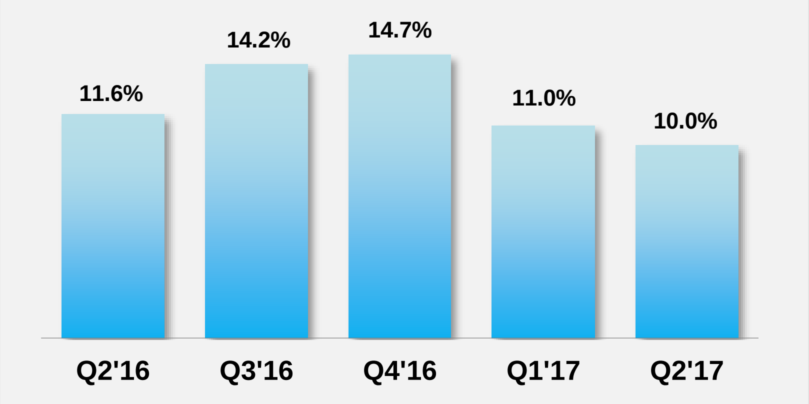
Gross Margin Lower Than Expectations, Operating Margin Low on Volume

($ in millions)

Non-GAAP Gross Margin



Non-GAAP Operating Margin



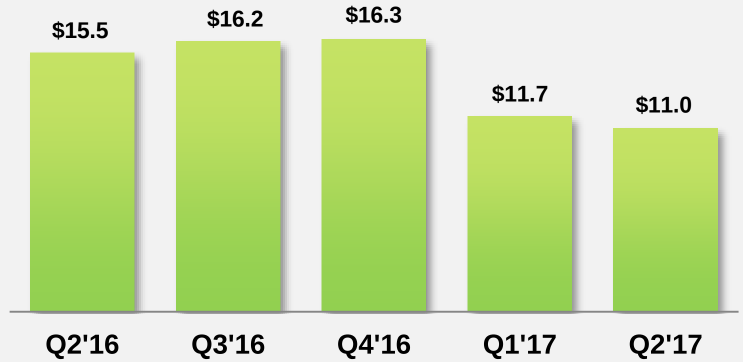
- Non-GAAP Gross margin of 32.4%, up 210 bps Y/Y but down 240 bps sequentially
- Non-GAAP operating margin of 10.0%, down 160 bps Y/Y, down 100 sequentially

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

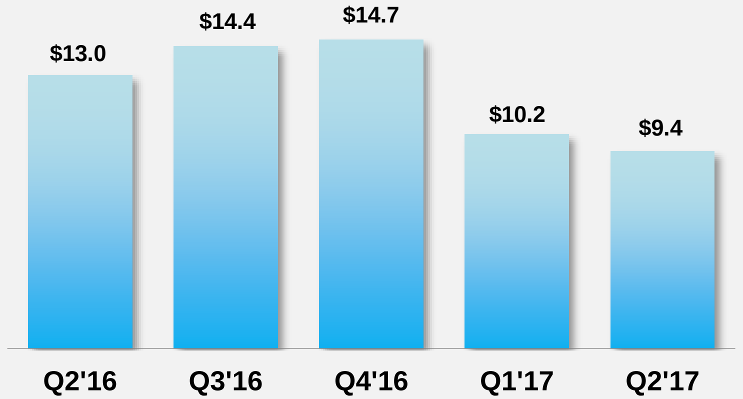
Lower volumes putting pressure on EBITDA and operating income

($ in millions)

Adjusted EBITDA



Non-GAAP Operating Income



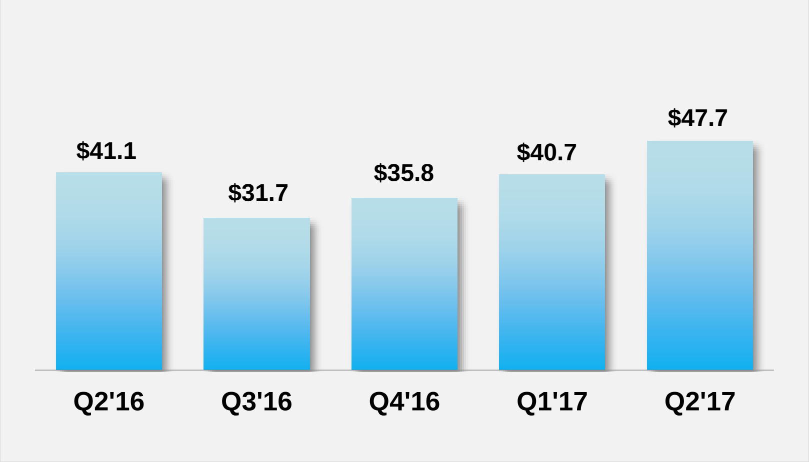
- Adjusted EBITDA of $11.0, (29.0)% Y/Y, essentially flat sequentially
- Non-GAAP Operating Income of $9.4, (27.7)% Y/Y mostly on volume
- Adjusted EBITDA margin and non-GAAP operating margin down modestly Y/Y.

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.

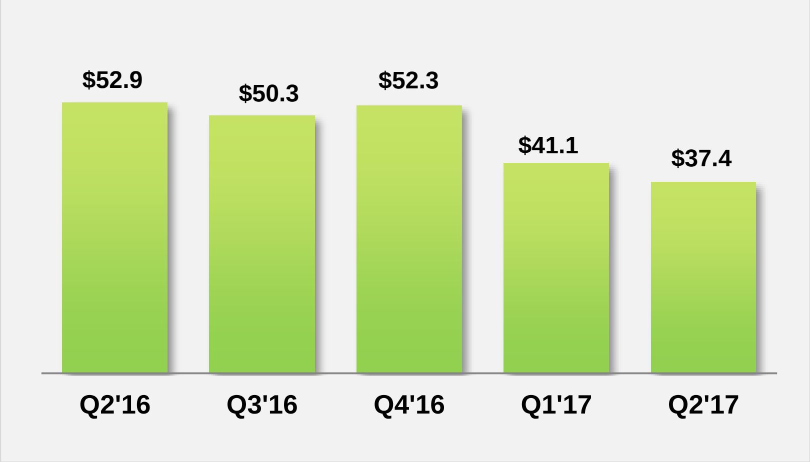
Energy Bookings Up in 3rd Consecutive Quarter on Growth in Middle East

($ in millions)

Bookings



Revenue

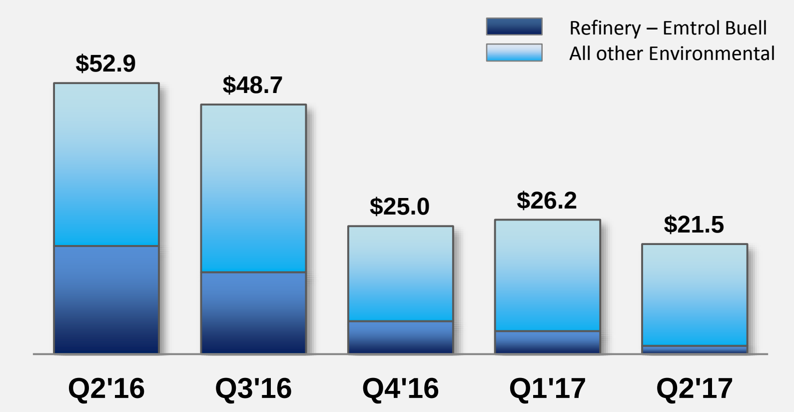


- Bookings of $47.7 is up +16.1% Y/Y and up +17.2% sequentially
- Revenue of $37.4 is down (29.3)% Y/Y and down (9)% sequentially

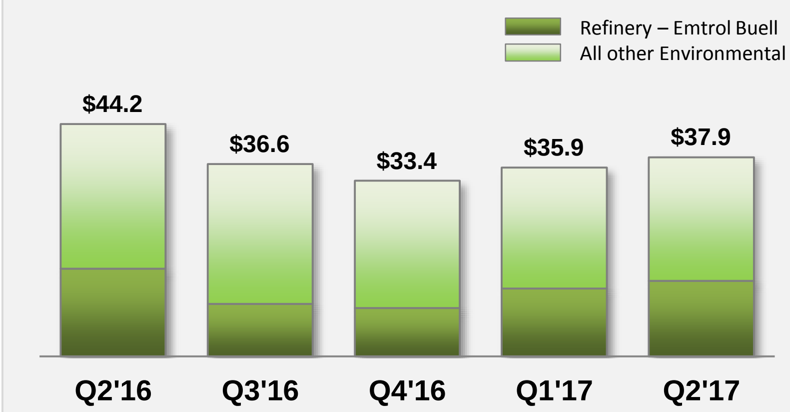
Refinery market significantly impacting Environmental Segment

($ in millions)

Bookings



Revenue

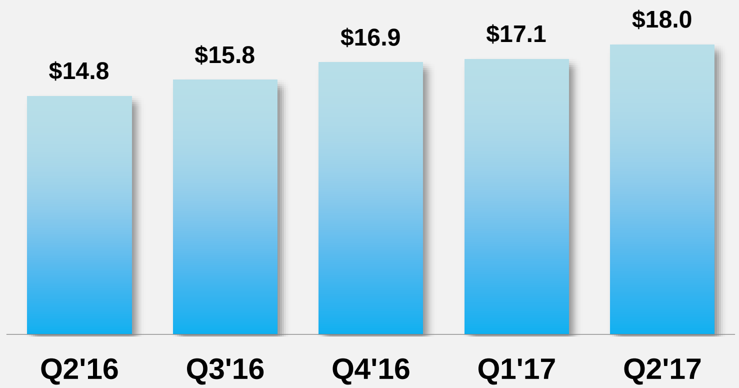


- Bookings of $21.5 is down (59.4)% Y/Y and down (17.9)% sequentially
- Revenue of $37.9 is down (14.3)% Y/Y and up +5.6% sequentially
- Emtrol-Buell refinery Bookings down $(33) 1H’17 Y/Y and $(20) Q2 Y/Y

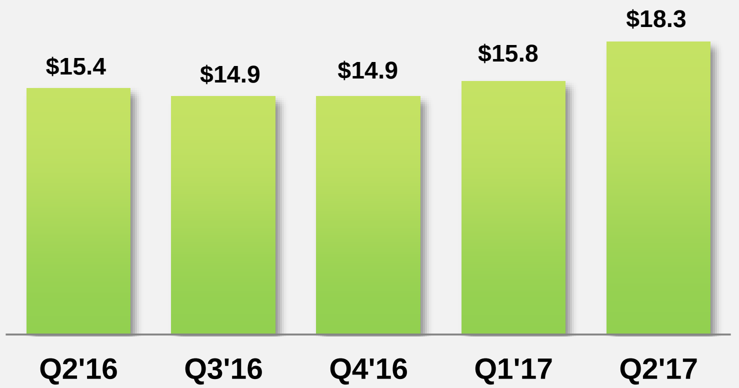
Fluid Handling & Filtration in 4th Consecutive Quarter of Growth

($ in millions)

Bookings



Revenue



- Bookings of $18.0 is up +21.6% Y/Y and up +5.3% sequentially
- Revenue of $18.3 is up +18.8% Y/Y and up +15.8% sequentially

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Committed to Reducing Debt, Proactively Addressing Credit in Light of Markets

($ in millions)

	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17
Bank Debt [(a)]	$ 156.2	$ 136.9	$ 126.4	**$ 122.3**	**$ 117.4**
Other commitments	27.9	25.5	26.4	**29.6**	**10.6**[(b)]
Total Indebtedness	$ 184.1	$ 162.4	$ 152.8	**$ 151.9**	**$ 128.0**
TTM Adjusted EBITDA [(c)]	$ 61.7	$ 56.5	$ 61.0	**$ 59.2**	**$ 55.9**
Total Indebtedness/TTM Adj. EBITDA [(c)]	**2.98x**	**2.88x**	**2.50x**	**2.57x**	**2.29x**[(e)]
Net Debt/TTM Adj. EBITDA [(d)]	**2.07x**	**2.13x**	**1.75x**	**1.81x**	**1.80x**

- **Term debt pay down of $3.6 in 2Q’17**
- **Current covenant threshold is 3.25X through Q1’19**
- **Other commitments down ($19) on ($8) capital leases, ($1) China debt payoff, ($10) from LoC exclusions**

(a) Primarily term debt dependent on credit agreement definition at period end
(b) Primarily letters of credit backstopping our HSBC Bank guarantees.
(c) As defined by credit agreements
(d) Represents a measure of leverage; for informational purposes only; Net Debt is Total Indebtedness less Cash & Cash Equivalents
(e) Yellow reflects most recent credit agreement

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Cash Flow from Operations Impacted by Volume and Earnouts

($ in millions)

	FY 2016	2Q'16	1H '16	2Q'17	1H '17
Net cash provided by operating activities	$ 69.6	$ 34.7	$ 44.1	$ (3.0)	$ 1.7
Add: earn-outs classified as operating	--	--	--	$ 5.6	$ 7.8
Capital expenditures	$ (1.1)	$ (0.3)	$ (0.6)	$ (0.2)	$ (0.6)
Adjusted free cash flow	$ 68.5	$ 34.4	$ 43.5	$ 2.4	$ 8.9
Proceeds from sale of property & equip.*	$ 14.9	--	$ 0.3	--	--
Dividends	$ (9.0)	$ (2.2)	$ (4.5)	$ (2.6)	$ (5.2)
Earn-out payments	$ (9.3)	$ (1.2)	$ (2.3)	$ (13.0)	$(15.2)
Adjusted net free cash flow	$ 65.1	$ 31.0	$ 37.0	$(13.2)	$(11.5)

- **Substantial cash flow in 1H'17 used to pay 2015 and 2016 earn-out obligations**

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

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Maintaining Balance Sheet Strength and Flexibility

($ in millions)

Selected Balance Sheet Information	**12/31/15**	**6/30/16**	**12/31/16**	**6/30/17**
Cash & Cash Equivalents	$ 34.2	$ 56.6	$ 45.8	$ 27.2
Total Assets	$ 598.8	$ 591.7	$ 498.6	$ 458.4
Total Debt	$ 181.6	$ 156.2	$ 126.4	$ 117.6
Shareholders' Equity	$ 245.0	$ 247.0	$ 190.1	$ 194.6

Balance Sheet Detail	**12/31/15**	**6/30/16**	**12/31/16**	**6/30/17**
Current Assets	$ 228.5	$ 233.7	$ 213.0	$ 179.1
Current Liabilities	$ (148.2)	$ (160.4)	$ (146.4)	$ (118.5)
Working Capital	**$ 80.3**	**$ 73.3**	**$ 66.6**	**$ 60.6**
Less Cash & Equivalents	$ (34.2)	$ (56.6)	$ (45.8)	$ (27.2)
Net Working Capital	**$ 46.1**	**$ 16.7**	**$ 20.8**	**$ 33.4**
Trade Working Capital [(a)]	**$ 72.2**	**$ 51.0**	**$ 52.1**	**$ 54.2**

- **Trade Working Capital at 14.5% driven primarily by the timing of project billings**
- **Internal metrics at Division level and incentives in place to improve Working Capital%**

Note: Balance Sheet figures presented as reported in Company filings

(a) Trade Working Capital is Account Receivable + Cost in Excess of Billings + Inventory – Trade Accounts Payable – Billings in Excess of Cost

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Supplementary Non-GAAP Financial Measures

Note 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, adjusted free cash flow, adjusted free cash flow, non-GAAP earnings per basic and diluted share, adjusted EBITDA and adjusted EBITDA margin as presented in this presentation, have been adjusted to exclude the effects of expenses related to legacy design repairs, executive transition, facility exit, inventory valuation, 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, Non-GAAP operating income, non-GAAP net income, non-GAAP gross profit margin, non-GAAP operating margin, adjusted free cash flow, adjusted net free cash flow, non-GAAP earnings per basic and diluted share, adjusted EBITDA and adjusted EBITDA margin 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, non-GAAP operating income, non-GAAP net income, non-GAAP gross profit margin, non-GAAP operating margin, adjusted free cash flow, adjusted net free cash flow, non-GAAP earnings per basic and diluted share, adjusted EBITDA and adjusted EBITDA margin stated in the following tables are reconciled to the most directly comparable GAAP financial measures. Adjusted 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 may present 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 volatility 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.

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Non-GAAP Gross Profit and Non-GAAP Gross Profit Margin

($ in millions)

(dollars in millions)	Annual 2012	Annual 2013	Annual 2014	Annual 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Annual 2016	Q1 2017	Q2 2017	YTD 2017	TTM 2017
Gross profit as reported in accordance with GAAP	$ 42.4	$ 61.6	$ 84.8	$ 109.2	$ 31.6	$ 33.9	$ 33.7	$ 35.7	$ 134.9	$ 31.9	$ 28.5	$ 60.4	$ 129.8
Gross profit margin in accordance with GAAP	*31.4%*	*31.2%*	*32.2%*	*29.7%*	*30.6%*	*30.2%*	*33.2%*	*35.7%*	*32.4%*	*34.4%*	*30.4%*	*32.4%*	*33.4%*
Legacy design repairs	-	-	-	-	-	-	-	-	-	0.2	1.8	2.0	2.0
Inventory valuation adjustment	-	1.1	-	0.5	0.1	-	-	-	0.1	-	-	-	-
Plant, property and equipment valuation adjustment	-	0.2	$ 0.6	0.6	0.2	0.1	0.2	0.1	0.6	0.2	0.1	0.3	0.6
Non-GAAP gross profit	$ 42.4	$ 62.9	$ 85.4	$ 110.3	$ 31.9	$ 34.0	$ 33.9	$ 35.8	$ 135.6	$ 32.3	$ 30.4	$ 62.7	$ 132.4
Non- GAAP Gross profit margin	*31.4%*	*31.9%*	*32.4%*	*30.0%*	*30.9%*	*30.3%*	*33.4%*	*35.8%*	*32.5%*	*34.8%*	*32.4%*	*33.6%*	*34.1%*

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Non-GAAP Operating Income and Non-GAAP Operating Margin

($ in millions)

(dollars in millions)	Annual 2012	Annual 2013	Annual 2014	Annual 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Annual 2016	Q1 2017	Q2 2017	YTD 2017	TTM 2017
Operating income as reported in accordance with GAAP	$ 16.7	$ 7.0	$ 21.7	$ 4.9	$ 5.8	$ 8.6	$ 10.5	$ (50.5)	$ (25.6)	$ 1.4	$ 9.3	$ 10.7	$ (29.3)
Operating margin in accordance with GAAP	*12.4%*	*3.5%*	*8.2%*	*1.3%*	*5.6%*	*7.7%*	*10.3%*	*-50.5%*	*-6.1%*	*1.5%*	*9.9%*	*5.7%*	*-7.5%*
Legacy design repairs	-	-	-	-	-	-	-	-	-	0.2	1.8	2.0	2.0
Inventory valuation adjustment	-	1.1	-	0.5	0.1	-	-	-	0.1	-	-	-	-
Plant, property and equipment valuation adjustment	-	0.2	0.6	0.6	0.2	0.1	0.2	0.1	0.6	0.2	0.1	0.3	0.6
Gain on insurance settlement	-	-	-	-	-	(1.0)	-	-	(1.0)	-	-	-	-
Acquisition and integration expenses	-	7.2	1.3	7.9	-	0.4	0.1	-	0.5	-	-	-	0.1
Amortization and earn-out expenses	-	6.8	10.1	25.6	4.8	4.9	3.5	7.0	20.2	7.3	(2.2)	5.1	15.6
Intangible asset impairment	-	-	-	3.3	-	-	-	57.9	57.9	-	-	-	57.9
Executive transition expenses	-	-	-	-	-	-	-	-	-	0.9	0.4	1.3	1.3
Facility exit expenses	-	-	-	-	-	-	-	-	-	0.2	-	0.2	0.2
Legal reserves	-	3.5	0.3	-	-	-	-	-	-	-	-	-	-
Non-GAAP operating income	$ 16.7	$ 25.8	$ 34.0	$ 42.8	$ 10.9	$ 13.0	$ 14.3	$ 14.5	$ 52.7	$ 10.2	$ 9.4	$ 19.6	$ 48.4
Non-GAAP Operating margin	*12.4%*	*13.1%*	*12.9%*	*11.6%*	*10.6%*	*11.6%*	*14.1%*	*14.5%*	*12.6%*	*11.0%*	*10.0%*	*10.5%*	*12.5%*

CECO ENVIRONMENTAL

Non-GAAP Net Income, Adjusted EBITDA and Adjusted EBITDA Margin

($ in millions)

(dollars in millions)	Annual 2013	Annual 2014	Annual 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Annual 2016	Q1 2017	Q2 2017	YTD 2017	TTM 2017
Net income as reported in accordance with GAAP	$ 6.6	$ 13.1	$ (5.6)	$ 3.1	$ 4.0	$ 5.8	$ (51.1)	$ (38.2)	$ -	$ 5.5	$ 5.5	$ (39.8)
Legacy design repairs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.2	$ 1.8	$ 2.0	$ 2.0
Inventory valuation adjustment	1.1	-	$ 0.5	$ 0.1	$ -	$ -	$ -	$ 0.1	$ -	$ -	$ -	$ -
Plant, property and equipment valuation adjustment	0.2	0.6	$ 0.6	$ 0.2	$ 0.1	$ 0.2	$ 0.1	$ 0.6	$ 0.2	$ 0.1	$ 0.3	$ 0.6
Gain on insurance settlement			$ -	$ -	$ (1.0)	$ -	$ -	$ (1.0)	$ -	$ -	$ -	$ -
Acquisition and integration expenses	7.2	1.3	$ 7.9	$ -	$ 0.4	$ 0.1	$ -	$ 0.5	$ -	$ -	$ -	$ 0.1
Amortization and earn-out expenses	6.8	10.1	$ 25.6	$ 4.8	$ 4.9	$ 3.5	$ 7.0	$ 20.2	$ 7.3	$ (2.2)	$ 5.1	$ 15.6
Intangible asset impairment	-	-	$ 3.3	$ -	$ -	$ -	$ 57.9	$ 57.9	$ -	$ -	$ -	$ 57.9
Executive transition expenses	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.9	$ 0.4	$ 1.3	$ 1.3
Facility exit expenses	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ 0.2	$ -	$ 0.2	$ 0.2
Legal reserves	3.5	0.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Deferred financing fee adjustment	-	-	$ 0.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Foreign currency remeasurement	(1.1)	2.9	$ 2.5	$ (0.9)	$ 0.5	$ (0.2)	$ 1.4	$ 0.8	$ (0.3)	$ (1.2)	$ (1.5)	$ (0.3)
Tax benefit of expenses	(4.6)	(3.7)	$ (7.1)	$ (1.2)	$ (1.6)	$ (1.3)	$ (3.3)	$ (7.4)	$ (1.5)	$ (1.5)	$ (3.0)	$ (7.6)
Non-GAAP net income	$ 19.7	$ 24.6	$ 28.0	$ 6.1	$ 7.3	$ 8.1	$ 12.0	$ 33.5	$ 7.0	$ 2.9	$ 9.9	$ 30.0
Depreciation	1.6	3.1	$ 3.5	$ 1.2	$ 1.0	$ 1.2	$ 1.1	$ 4.5	$ 1.1	$ 1.0	$ 2.1	$ 4.4
Non-cash stock compensation	1.1	1.7	$ 1.9	$ 0.6	$ 0.5	$ 0.6	$ 0.6	$ 2.3	$ 0.5	$ 0.7	$ 1.2	$ 2.4
Other (income)/expense	0.1	(0.6)	$ (0.4)	$ 0.1	$ (0.1)	$ 0.2	$ (1.3)	$ (1.1)	$ 0.4	$ 0.8	$ 1.2	$ 0.1
Gain on insurance settlement			$ -	$ -	$ 1.0	$ -	$ -	$ 1.0	$ -	$ -	$ -	$ -
Interest expense	1.5	3.1	$ 5.7	$ 2.1	$ 2.0	$ 1.9	$ 1.7	$ 7.7	$ 1.7	$ 1.6	$ 3.3	$ 6.9
Income tax expense	4.5	6.8	$ 9.7	$ 2.6	$ 3.8	$ 4.1	$ 2.2	$ 12.7	$ 1.0	$ 4.0	$ 5.0	$ 11.3
Adjusted EBITDA	$ 28.5	$ 38.7	$ 48.4	$ 12.7	$ 15.5	$ 16.1	$ 16.3	$ 60.6	$ 11.7	$ 11.0	$ 22.7	$ 55.1
Adjusted EBITDA margin	*14.4%*	*14.7%*	*13.2%*	*12.3%*	*13.8%*	*15.9%*	*16.3%*	*14.5%*	*12.6%*	*11.7%*	*12.2%*	*14.2%*
Basic Shares Outstanding	20,116,991	25,750,972	28,791,662	33,928,052	33,946,117	33,983,708	34,280,940	33,979,549	34,215,519	34,473,688	34,345,317	34,238,464
Diluted Shares Outstanding	20,719,951	26,196,901	28,791,662	34,116,534	34,161,543	34,354,687	34,280,940	33,979,549	34,563,139	34,806,808	34,685,687	34,501,394
Earnings (loss) per share:												
Basic	$ 0.33	$ 0.51	$ (0.19)	$ 0.09	$ 0.12	$ 0.17	$ (1.49)	$ (1.12)	$ -	$ 0.16	$ 0.16	$ (1.20)
Diluted	$ 0.32	$ 0.50	$ (0.19)	$ 0.09	$ 0.12	$ 0.17	$ (1.49)	$ (1.12)	$ -	$ 0.16	$ 0.16	$ (1.20)
Non-GAAP earnings per share:												
Basic	$ 0.98	$ 0.95	$ 0.97	$ 0.18	$ 0.22	$ 0.24	$ 0.35	$ 0.99	$ 0.20	$ 0.08	$ 0.29	$ 0.88
Diluted	$ 0.95	$ 0.94	$ 0.97	$ 0.18	$ 0.21	$ 0.24	$ 0.35	$ 0.99	$ 0.20	$ 0.08	$ 0.29	$ 0.87

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