


Q4 2018 Earnings Call

March 7th, 2019

CECO ENVIRONMENTAL


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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Winning value proposition and operational strategy focused on organic growth

Enabling industrial companies to grow with clean, safe, and more efficient solutions that protect our shared environment

4 Value Creation Enablers

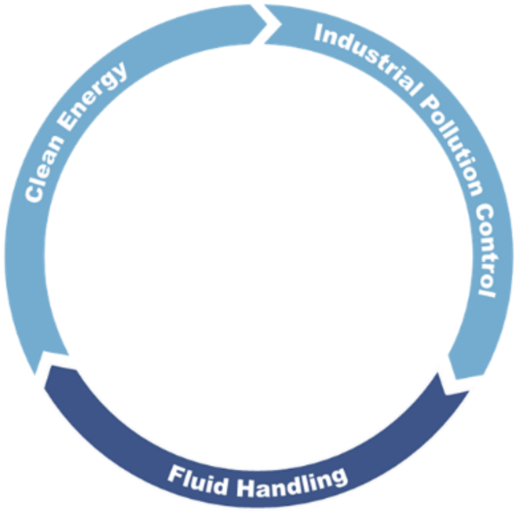
Outside-In

Portfolio Management

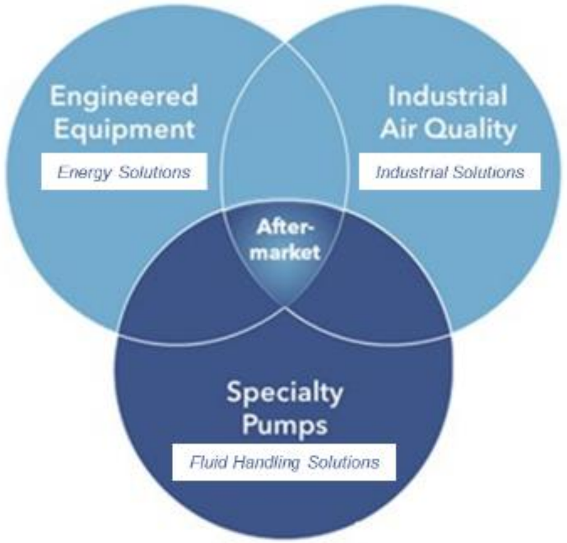
Innovation

Simplification

3 Compelling End Markets



3 Core Growth Platforms



Team delivered 20% new orders growth in 2018

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Continued strong results executing the 4-3-3 operating strategy

Q4'18 Highlights

- ✓ $94 Revenue in the Quarter up +44% Y/Y [a]
- ✓ 32% GM ↓(3)pts Y/Y on healthy mix of OE/AM
- ✓ $10 Adjusted EBITDA was up over 100% Y/Y
- ✓ Generated an outstanding $17 of Free Cash Flow
- $73 organic Orders was (14)% Y/Y [a]

2018 Highlights

- ✓ Organic Orders totaled $359 and +20% Y/Y [a]
- ✓ Grew organic Backlog $32 or +21% Y/Y [a]
- ✓ Continued robust 33% gross margins in 2018
- ✓ $31 Adj EBITDA… strong 2nd half +50% Y/Y
- ✓ Paid down $43 in Total Debt… ~35% reduced in 1 year!

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(a) Organic excludes Divestitures from both 2018 and Prior Year Results
(b) Unless otherwise noted, financials on a Reported Basis

4-3-3 Operating Strategy delivered on 2018 commitments

- ☑ **Strengthened market-oriented leadership team**
- ☑ **Re-organized segment reporting to markets**
- ☑ **Reduced 22 Legal Entities; 3 ERPs; 30 Bank accts**
- ☑ **Divested of 3 non-core Business Units**
- ☑ **Paid down ~$40 of Debt**
- ☑ **Investments in operating efficiency and innovation**
- ☑ **Appointed Chief Technology Officer**
- ☑ **Reinvigorated new product development**
- ☑ **Committed to 2021 financial targets**
- ☑ **Updated criteria for future acquisitions**

Systematic execution readies CECO for further industry consolidation

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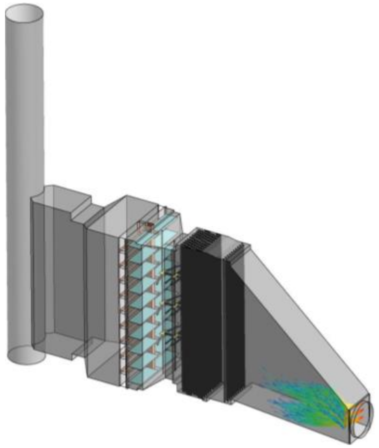
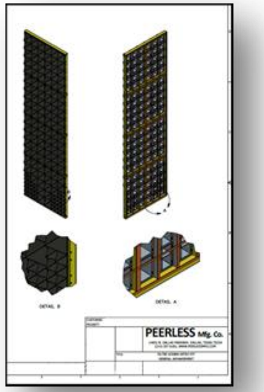
Q4 wins demonstrate innovative approaches that address customer needs

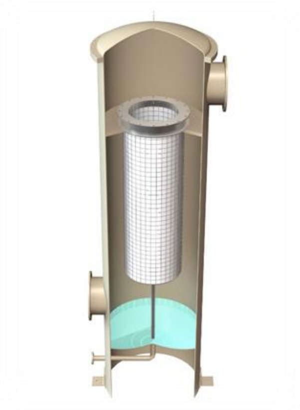
- Adopting a focused approach aligned to customer outcomes while leveraging the full scale of CECO
- Increasing throughput & reducing emissions at Propylene facility and Asphalt terminal
- Mining the CECO installed base to deliver added benefit to customers
- Helping customers operating performance AND be a good neighbor





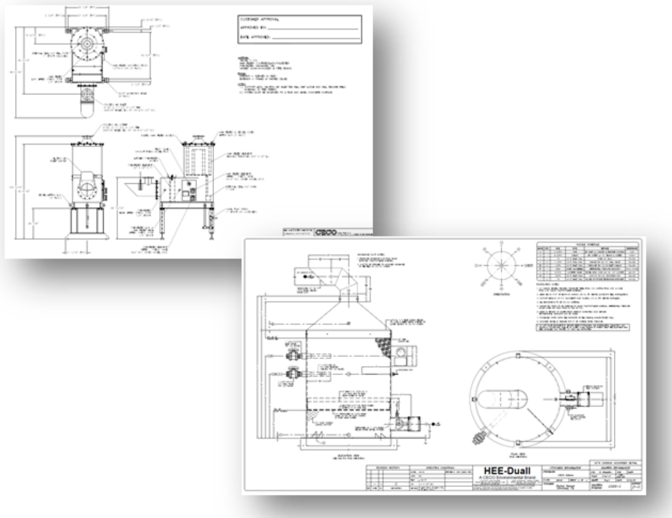
NOx Reducing
Ammonia Injection Grid for SCR

CECO Peerless



Oil Mist Fume
Filter System

CECO-Filters



Carbon Bed
Scrubber

CECO HEE-Duall

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Market mix well diversified… Key markets continue to grow at reduced pace

($MM)

Refinery

'19 Outlook

Q4 Orders:	*$7 | (41)%*
TY'18 Orders:	*$67 | +210%*

FCC Cyclones

Midstream O&G

'19 Outlook

Q4 Orders:	*$18 | +17%*
TY'18 Orders:	*$69 | +17%*


Gas & Oily Water Separation

Power Gen: Natural Gas

'19 Outlook

Q4 Orders:	*$16 | (26)%*
TY'18 Orders:	*$78 | +4%*

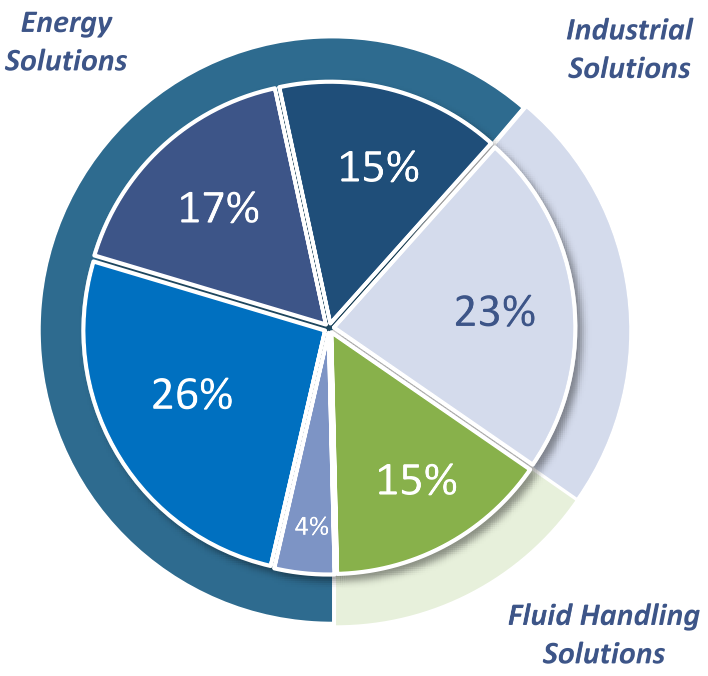

Noise Attenuation & NoX Emissions

Power Gen: Solid Fuel

'19 Outlook

Q4 Orders:	*$3 | +8%*
TY'18 Orders:	*$18 | +49%*


Dampers & Expansion Joints



2018 Revenue Mix

Industrial Solutions

'19 Outlook

Q4 Orders:	*$17 | (24)%*
TY'18 Orders:	*$77 | (8)%*

Scrubbers
Oxidizers
Mist Elimination
Separation

Dust Collectors
Ventilation
Fume Exhaust
Cyclones

Industrial: Fluid Handling

'19 Outlook

Q4 Orders:	*$12 | +6%*
TY'18 Orders:	*$50 | +9%*

Pumps

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

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Q4 2018 Financials




Q4’18 operating results were above expectations with room for improvement on Orders

($MM)

Three Months Ended (a)	Q4'18	Y/Y	Y/Y	v-Q3'18	v-Q3'18
GAAP:		*Reported*	*Organic*	*Reported*	*Organic*
Orders	$ 74.5	-18.5%	-14.3%	-23.6%	-25.1%
Revenue	$ 93.9	27.8%	44.5%	6.3%	8.3%
Gross Profit	$ 29.8	16.4%		3.8%	
-%	31.7%	*-3.1pts*		*-0.8pts*	
Op Income	$ 5.7	243.9%		282.5%	
-%	6.1%	*17.2pts*		*17.8pts*	
Diluted EPS	$ 0.03	$ 0.37		$ 0.40	
Non-GAAP:					
Gross Profit	$ 29.8	16.0%		3.8%	
-%	31.7%	*-3.2pts*		*-0.8pts*	
Op Income	$ 8.4	140.0%		29.2%	
-%	8.9%	*4.2pts*		*1.5pts*	
Diluted EPS	$ 0.08	$ 0.13		$ (0.02)	
Adj. EBITDA$	$ 10.0	104.1%		20.5%	
-%	10.6%	4pts		1.2pts	

- Orders soft on market uncertainty pushing awards to ‘19. Refinery & Power Gen driving Y/Y declines
- Revenue increased 44% on Organic basis on built backlog and core business focus
- GM% down 3pts vs. Q4’17 as Original Equipment sales have grown as a higher % of sales
- GAAP Op Income up considerably on prior year $7 Zhongli goodwill and $2 Restructuring charges

- $8.4 Non-GAAP OI up 141% Y/Y and 30% sequentially on increased operating leverage
- EBITDA margins expand by ~4 pts Y/Y to 10.6% as volume grew on lower SG&A Y/Y
- Non-GAAP diluted EPS up 13 cents Y/Y on volume and restructuring savings

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

Steady progression of growth as 4-3-3 operating strategy builds momentum

($MM)

	Year Ended		[a]
	YE'18	Y/Y	Y/Y
GAAP:		*Reported*	*Organic*
Orders	$ 367.4	10.1%	20.5%
Revenue	$ 337.3	-2.2%	5.7%
Gross Profit	$ 111.5	-1.4%	
-%	33.1%	*0.3pts*	
Op Income	$ 10.0	25.0%	
-%	3.0%	*0.6pts*	
Diluted EPS	$ (0.20)	$ (0.11)	
Non-GAAP:			
Gross Profit	$ 111.5	-3.7%	
-%	33.1%	*-0.5pts*	
Op Income	$ 24.1	-15.0%	
-%	7.1%	*-1.1pts*	
Diluted EPS	$ 0.29	$ 0.02	
Adj. EBITDA$	$ 30.7	-11.0%	
-%	9.1%	-0.9pts	

- $359 Organic orders +20% as Refinery rebounded & share gains in Power Gen offset Industrial underperformance
- Excluding divestitures, Revenue grew 5.7% on improving backlog and market position
- GAAP OI includes Restructuring, Impairment, & Legacy design repairs in '17 with Divestiture impact in '18
- GAAP EPS ↓ (11) cents as net Divestitures book loss in '18 was greater than Zhongli impairment in '17

- 33% GM slightly improved over 2017 and in-line with full year guidance provided
- Full year OI and EBITDA down Y/Y as Volume and full benefit of restructuring not realized until 2nd Half
- 2H'18 adjusted EBITDA is up 48% over 1H'18 and up 56% over 2H'17
- '18 GAAP effective tax rate was ~385% on divestitures; Normalized ETR was 25%

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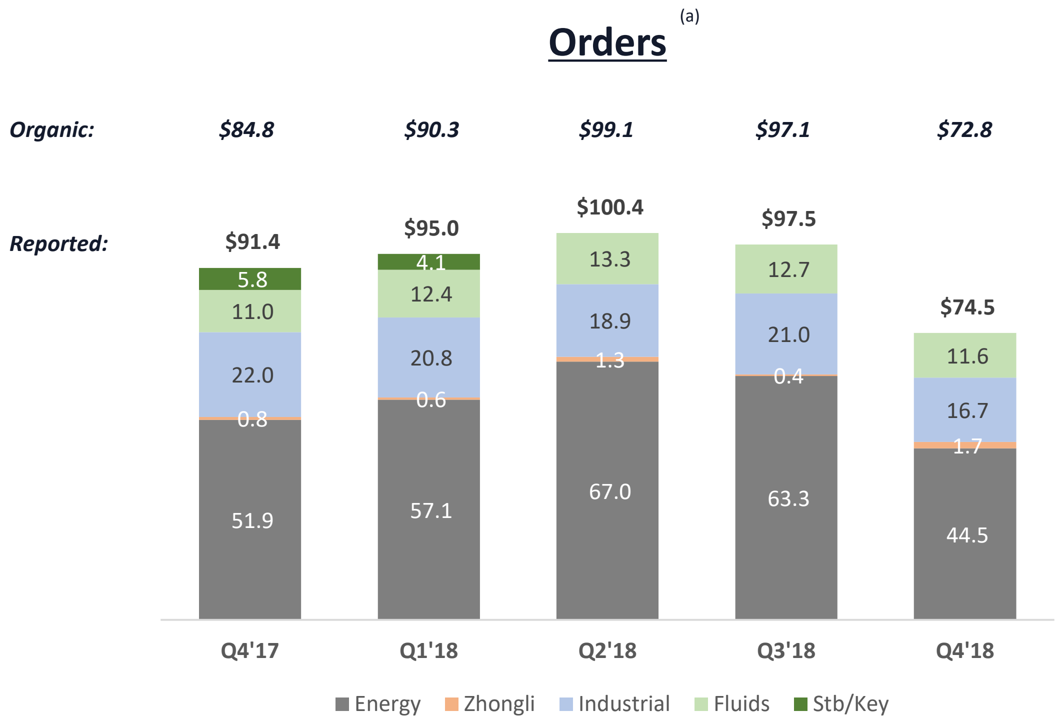
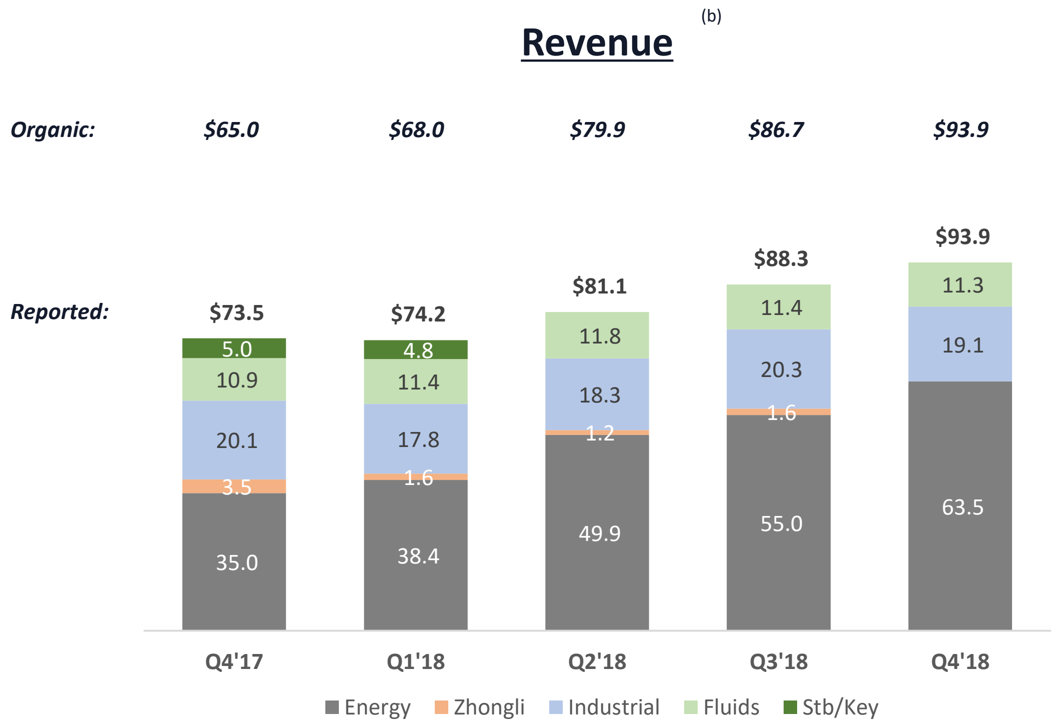
(a) Organic excludes Divestitures from Current & Prior periods
(b) Tax rate based on effective statutory tax rate

Steady revenue increases throughout year; Q4 bookings off on market uncertainty

($MM)





- Revenue steadily climbed sequentially in line with Backlog expectations
- Q4 Orders disappointed as market uncertainties slowed customer decisions
- Q4 organic orders ↓(14)% Y/Y as industrial air quality and refinery cyclone quotations were pushed to Q1

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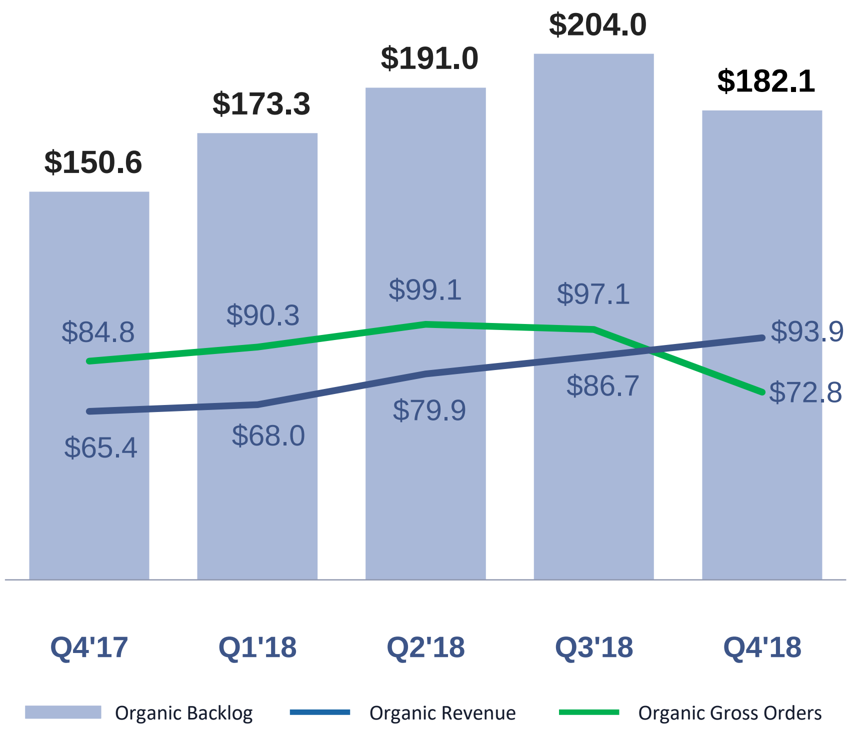
(a) Orders on a Gross Reported basis, no cancellations in the period
(b) Segment Eliminations excluded from graph

Healthy backlog into 2019; Market uncertainty delayed orders growth in Q4

($MM)



Book/Bill	1.33	1.30	1.19	1.12	0.78

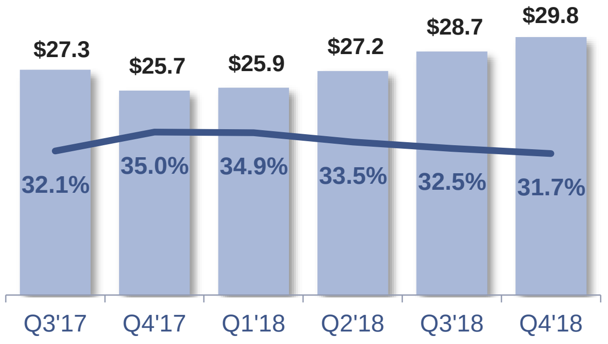
- Grew organic backlog by **$32 million** year over year **[+21%]**
- Favorable Full Year 2018 **Book-Bill Ratio of 1.1x**

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

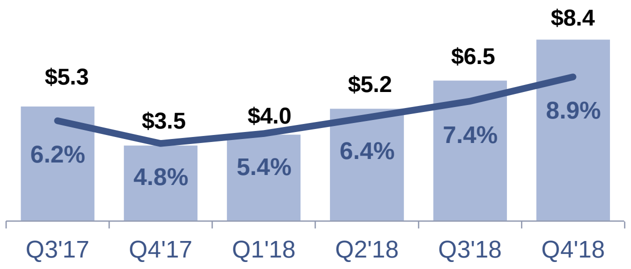
Profit measures continue to climb on increased volume

($MM)

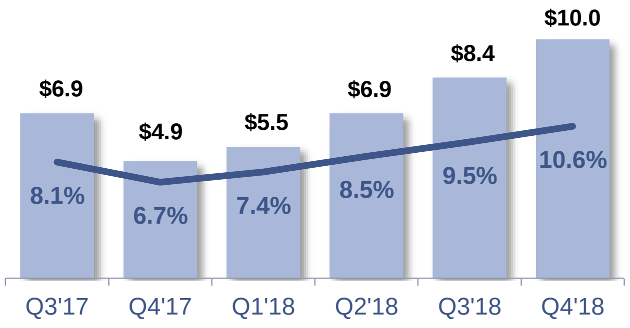
Non-GAAP Gross Profit



Non-GAAP Operating Income



Adjusted EBITDA



- Gross Profit climbing on volume share gains… GM% attributed to healthy mix of new OE and AM.
- Operating Income +140% Y/Y and +29% sequentially
- Adjusted EBITDA +104% Y/Y and +19% sequentially… exceptional operating leverage

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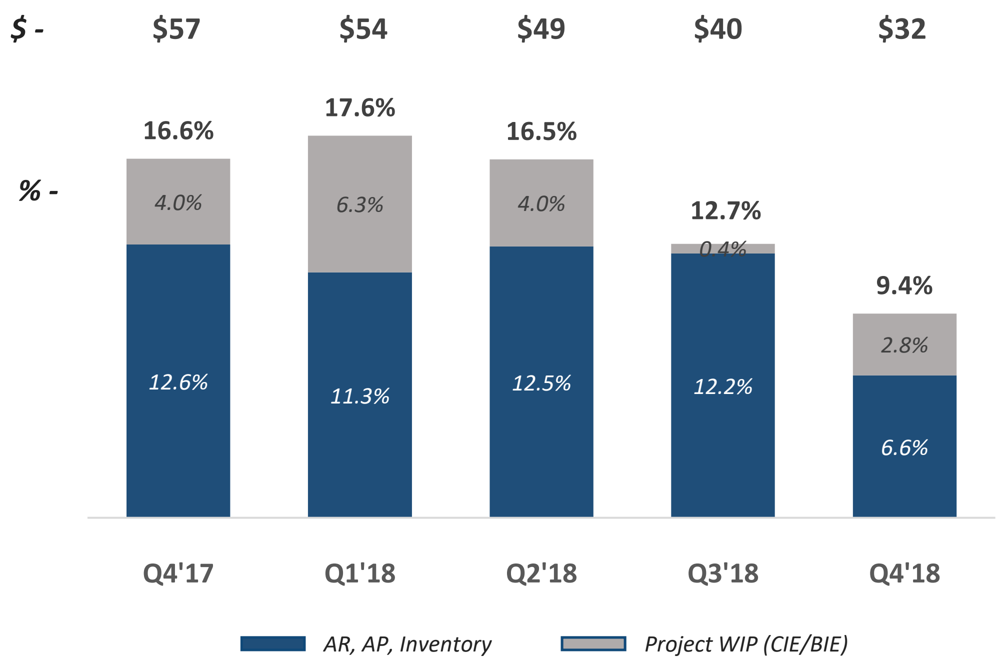
(a) Reported Basis

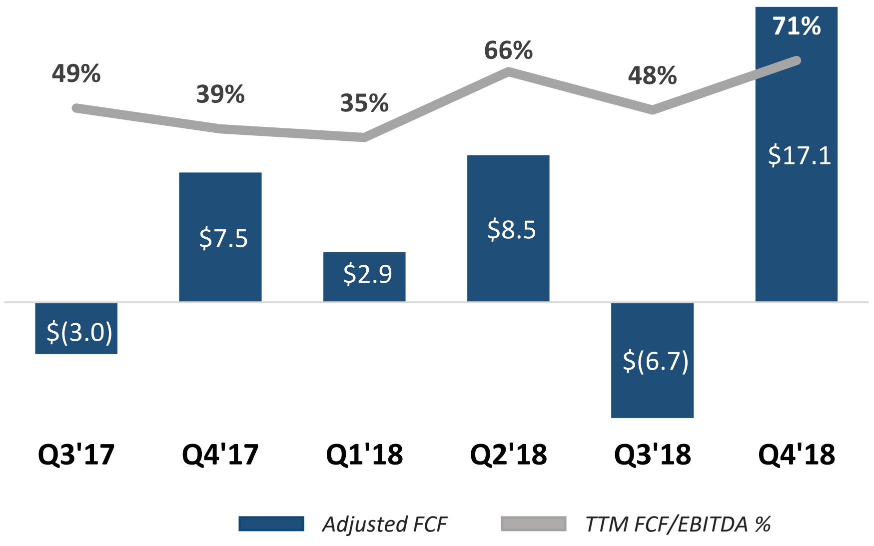
Excellent Q4 cash flow generated by squeezing working capital

($MM)

Industrials Best in Class Trade Working Capital (b)



Free Cash Flow conversion exceeds 70% in '18 (a)



- Sale of Zhongli and Growth lowering Asset Intensity!
- Strength of Q4 performance on aged AR collections

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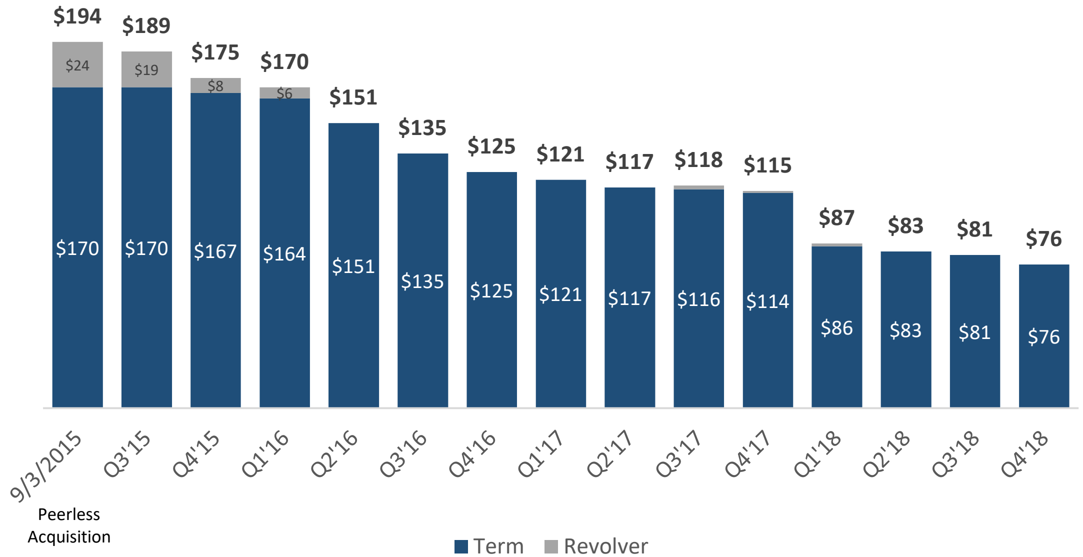
(a) Adjusted Free Cash Flow = Cash Flow From Operations less Earnouts classified as Operating Cash Flow less CAPEX spend
(b) W/C includes: Trade AR, Trade AP, Inventory and Cost/Billings of on TTM Revenue; Reported Basis

Significant reduction in leverage through 2018… strong & healthy balance sheet

($MM)

Continued reduction of Debt levels



Leverage at record low since Peerless acquisition

	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Term Debt	$ 113.9	$ 85.7	$ 83.1	$ 81.1	$ 76.1
Revolver	1.0	1.5	-	-	-
Other (a)	3.1	-	-	-	-
Total Indebtedness	**$ 118.0**	**$ 87.2**	**$ 83.1**	**$ 81.1**	**$ 76.1**
Cash	34.0	34.0	35.9	31.5	43.7
Bank Defined EBITDA (b)	7.3	5.5	8.5	9.4	11.0
TTM Bank Defined EBITDA	**$ 36.6**	**$ 30.7**	**$ 28.7**	**$ 30.7**	**$ 34.4**
Bank Defined Leverage	**3.23x**	**2.84x**	**2.89x**	**2.64x**	**2.21x**
Net Debt/TTM Adj. EBITDA (c)	2.30x	1.73x	1.64x	1.61x	0.94x

- Continued to pay down debt ahead of Principal Schedule
- Strong YE cash balance of $44 split 50% N. America and 50% International

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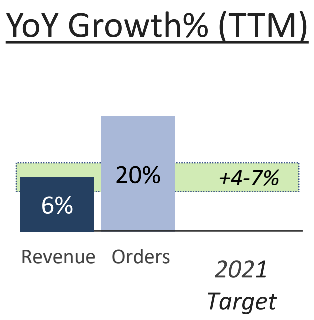
(a) Other commitments includes Netherlands overdraft facility and China debt facility
(b) Bank Defined EBITDA is based on our Credit Agreements
(c) Net Debt is Total Indebtedness less Cash

Continued progress in Q418 toward mid-term targets; driving shareholder returns

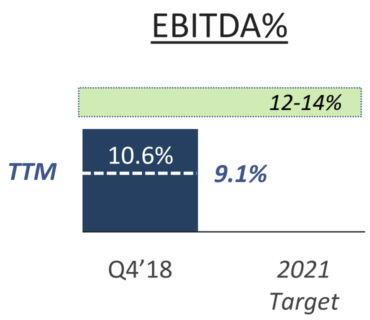
Grow Revenue organically 2X market (a) / (b)

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



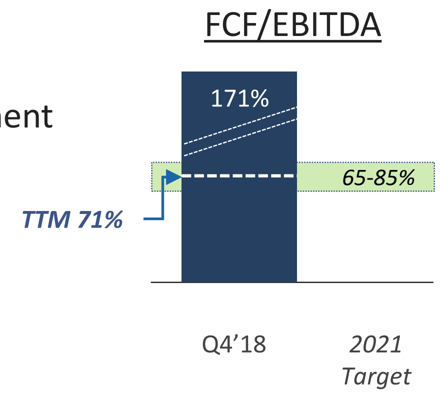
Expand EBITDA margins (c)

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



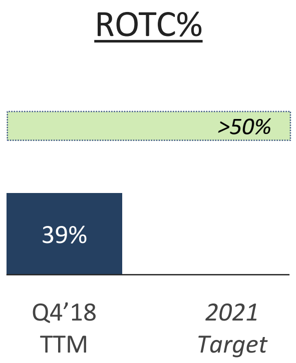
Consistently convert EBITDA to Cash (c)

- Asset light model
- Working capital management



Superior Return on Tangible Capital (c) / (d)

- Low Asset Intensity %
- Greater value = ↑ margins



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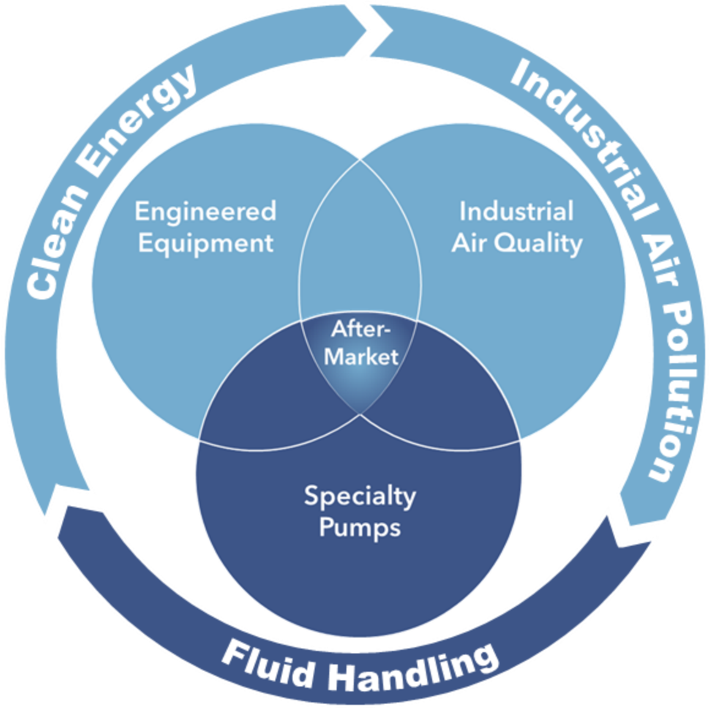
(a) Global GDP growth and management estimates
(b) Organic excludes Divestitures from both 2018 and Prior Year Results
(c) Reported Basis
(d) ROTC defined as Non-GAAP NOPAT / (Working Capital – Cash + net PP&E); reference appendix

Excellent progress in 2018 with room to improve going forward



Enable Growth, Protect Environment

- ❑ Sharpened portfolio and organization set-up
- ❑ Significant simplification aids focused execution
- ❑ Traction in growth investments
- ❑ Reinvigorated innovation pipeline
- ❑ Consistent business performance improvement
- ❑ Improved balance sheet to seize opportunities
- ❑ Commitment to aggressive mid-term 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	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Annual 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	YTD 2018
Gross profit as reported in accordance with GAAP	$ 42.4	$ 61.6	$ 84.8	$ 109.2	$ 134.9	$ 32.0	$ 28.5	$ 27.1	$ 25.6	$ 113.2	$ 25.9	$ 27.2	$ 28.7	$ 29.8	$ 111.5
Gross profit margin in accordance with GAAP	*31.4%*	*31.2%*	*32.2%*	*29.7%*	*32.4%*	*34.5%*	*30.4%*	*31.9%*	*34.8%*	*32.8%*	*34.9%*	*33.5%*	*32.5%*	*31.7%*	*33.1%*
Legacy design repairs	$ -	$ -	$ -	$ -	$ -	$ 0.2	$ 1.8	$ -	$ -	$ 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	$ 0.2	$ 0.1	$ 0.2	$ 0.1	$ 0.6	$ -	$ -	$ -	$ -	$ -
Non-GAAP gross profit	$ 42.4	$ 62.9	$ 85.4	$ 110.3	$ 135.6	$ 32.4	$ 30.4	$ 27.3	$ 25.7	$ 115.8	$ 25.9	$ 27.2	$ 28.7	$ 29.8	$ 111.5
Non- GAAP Gross profit margin	*31.4%*	*31.9%*	*32.4%*	*30.0%*	*32.5%*	*35.0%*	*32.4%*	*32.1%*	*35.0%*	*33.6%*	*34.9%*	*33.5%*	*32.5%*	*31.7%*	*33.1%*

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Non-GAAP Operating Income and Margin

(dollars in millions)	Annual 2012	Annual 2013	Annual 2014	Annual 2015	Annual 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Annual 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	YTD 2018
Operating income as reported in accordance with GAAP	$ 16.7	$ 7.0	$ 21.7	$ 4.9	$ (25.4)	$ 1.4	$ 9.3	$ 5.6	$ (8.2)	$ 8.0	$ 12.1	$ 2.6	$ (10.4)	$ 5.7	$ 10.0
Operating margin in accordance with GAAP	*12.4%*	*3.5%*	*8.2%*	*1.3%*	*-6.1%*	*1.5%*	*9.9%*	*6.6%*	*-11.2%*	*2.3%*	*16.3%*	*3.2%*	*-11.8%*	*6.1%*	*3.0%*
Legacy design repairs	$ -	$ -	$ -	$ -	$ -	$ 0.2	$ 1.8	$ -	$ -	$ 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	$ 0.2	$ 0.1	$ 0.2	$ 0.1	$ 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	$ 2.9	$ 2.9	$ 2.9	$ 2.8	$ 11.5	$ 2.6	$ 2.5	$ 2.3	$ 2.3	$ 9.7
Earn-out expenses	$ -	$ 2.1	$ 2.5	$ 13.3	$ 6.3	$ 4.4	$ (5.1)	$ (3.4)	$ (0.3)	$ (4.4)	$ 0.3	$ -	$ (0.3)	$ -	$ -
Intangible asset impairment	$ -	$ -	$ -	$ 3.3	$ 57.9	$ -	$ -	$ -	$ 7.2	$ 7.2	$ -	$ -	$ -	$ -	$ -
Gain on divestiture, net of selling costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (11.2)	$ 0.1	$ 15.1	$ 0.4	$ 4.4
Restructuring expense (income)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1.9	$ 1.9	$ 0.2	$ -	$ (0.2)	$ -	$ -
Executive transition expenses	$ -	$ -	$ -	$ -	$ -	$ 0.9	$ 0.4	$ -	$ -	$ 1.3	$ -	$ -	$ -	$ -	$ -
Facility exit expenses	$ -	$ -	$ -	$ -	$ -	$ 0.2	$ -	$ -	$ -	$ 0.2	$ -	$ -	$ -	$ -	$ -
Legal reserves	$ -	$ 3.5	$ 0.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Non-GAAP operating income	$ 16.7	$ 25.8	$ 34.0	$ 42.8	$ 52.9	$ 10.2	$ 9.4	$ 5.3	$ 3.5	$ 28.3	$ 4.0	$ 5.2	$ 6.5	$ 8.4	$ 24.1
Non-GAAP Operating margin	*12.4%*	*13.1%*	*12.9%*	*11.6%*	*12.7%*	*11.0%*	*10.0%*	*6.2%*	*4.8%*	*8.2%*	*5.4%*	*6.4%*	*7.4%*	*8.9%*	*7.1%*

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Non-GAAP Net Income, Adjusted EBITDA and Margin

(dollars in millions)	Annual 2013	Annual 2014	Annual 2015	Annual 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Annual 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	YTD 2018
Net income as reported in accordance with GAAP	$ 6.6	$ 13.1	$ (5.6)	$ (38.2)	$ -	$ 5.5	$ 3.0	$ (11.6)	$ (3.0)	$ 5.8	$ (0.9)	$ (12.9)	$ 0.9	$ (7.1)
Legacy design repairs	$ -	$ -	$ -	$ -	$ 0.2	$ 1.8	$ -	$ -	$ 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	$ 0.2	$ 0.1	$ 0.2	$ 0.1	$ 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	$ 2.9	$ 2.9	$ 2.9	$ 2.8	$ 11.5	$ 2.6	$ 2.5	$ 2.3	$ 2.3	$ 9.7
Earn-out expenses	$ 2.1	$ 2.5	$ 13.3	$ 6.3	$ 4.4	$ (5.1)	$ (3.4)	$ (0.3)	$ (4.4)	$ 0.3	$ -	$ (0.3)	$ -	$ -
Intangible asset impairment	$ -	$ -	$ 3.3	$ 57.9	$ -	$ -	$ -	$ 7.2	$ 7.2	$ -	$ -	$ -	$ -	$ -
Loss on divestiture, net of selling costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ (11.2)	$ 0.1	$ 15.1	$ 0.4	$ 4.4
Restructuring expense (income)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1.9	$ 1.9	$ 0.2	$ -	$ (0.2)	$ -	$ -
Executive transition expenses	$ -	$ -	$ -	$ -	$ 0.9	$ 0.4	$ -	$ -	$ 1.3	$ -	$ -	$ -	$ -	$ -
Facility exit expenses	$ -	$ -	$ -	$ -	$ 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	$ 0.8	$ (0.3)	$ (1.2)	$ (0.5)	$ (0.1)	$ (2.1)	$ (0.2)	$ 1.0	$ -	$ -	$ 0.8
Tax benefit of expenses	$ (4.6)	$ (3.7)	$ (7.1)	$ (7.4)	$ (1.5)	$ (1.5)	$ (1.0)	$ (1.7)	$ (5.7)	$ 4.4	$ (0.9)	$ (0.5)	$ (0.6)	$ 2.4
Non-GAAP net income	$ 19.7	$ 24.6	$ 28.0	$ 33.5	$ 7.0	$ 2.9	$ 1.2	$ (1.7)	$ 9.5	$ 1.9	$ 1.8	$ 3.6	$ 3.0	$ 10.2
Depreciation	$ 1.6	$ 3.1	$ 3.5	$ 4.5	$ 1.1	$ 1.0	$ 1.0	$ 0.9	$ 3.9	$ 0.8	$ 0.9	$ 1.0	$ 0.8	$ 3.5
Non-cash stock compensation	$ 1.1	$ 1.7	$ 1.9	$ 2.3	$ 0.5	$ 0.7	$ 0.6	$ 0.5	$ 2.3	$ 0.6	$ 0.8	$ 0.9	$ 0.8	$ 3.1
Goodwill impairment	$ -	$ -	$ -	$ -					$ -	$ -	$ -	$ -	$ -	$ -
Other (income)/expense	$ 0.1	$ (0.6)	$ (0.4)	$ (1.1)	$ 0.4	$ 0.8	$ 0.6	$ 0.1	$ 2.0	$ 0.6	$ (0.6)	$ (0.6)	$ 0.2	$ (0.4)
Gain on insurance settlement			$ -	$ 1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest expense	$ 1.5	$ 3.1	$ 5.7	$ 7.7	$ 1.7	$ 1.6	$ 1.6	$ 1.8	$ 6.7	$ 1.9	$ 1.8	$ 1.7	$ 1.7	$ 7.1
Income tax expense	$ 4.5	$ 6.8	$ 9.7	$ 12.7	$ 1.0	$ 4.0	$ 1.9	$ 3.3	$ 10.1	$ (0.3)	$ 2.2	$ 1.8	$ 3.5	$ 7.2
Adjusted EBITDA	$ 28.5	$ 38.7	$ 48.4	$ 60.6	$ 11.7	$ 11.0	$ 6.9	$ 4.9	$ 34.5	$ 5.5	$ 6.9	$ 8.4	$ 10.0	$ 30.7
Adjusted EBITDA margin	*14.4%*	*14.7%*	*13.2%*	*14.5%*	*12.6%*	*11.7%*	*8.1%*	*6.7%*	*10.0%*	*7.4%*	*8.5%*	*9.5%*	*10.6%*	*9.1%*
Basic Shares Outstanding	20,116,991	25,750,972	28,791,662	33,979,549	34,215,519	34,473,688	34,518,622	34,568,508	34,445,256	34,592,803	34,669,810	34,779,125	34,812,714	34,714,395
Diluted Shares Outstanding	20,719,951	26,196,901	28,791,662	33,979,549	34,563,139	34,806,808	34,621,883	34,637,110	34,697,744	34,641,390	34,785,726	34,779,125	35,298,212	34,988,461
Earnings (loss) per share:														
Basic	$ 0.33	$ 0.51	$ (0.19)	$ (1.12)	$ -	$ 0.16	$ 0.09	$ (0.34)	$ (0.09)	$ 0.17	$ (0.03)	$ (0.37)	$ 0.03	$ (0.20)
Diluted	$ 0.32	$ 0.50	$ (0.19)	$ (1.12)	$ -	$ 0.16	$ 0.09	$ (0.33)	$ (0.09)	$ 0.17	$ (0.03)	$ (0.37)	$ 0.03	$ (0.20)
Non-GAAP earnings per share:														
Basic	$ 0.98	$ 0.95	$ 0.97	$ 0.99	$ 0.20	$ 0.08	$ 0.03	$ (0.05)	$ 0.28	$ 0.05	$ 0.05	$ 0.10	$ 0.09	$ 0.29
Diluted	$ 0.95	$ 0.94	$ 0.97	$ 0.99	$ 0.20	$ 0.08	$ 0.03	$ (0.05)	$ 0.27	$ 0.05	$ 0.05	$ 0.10	$ 0.08	$ 0.29

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Return on Tangible Capital

(dollars in millions)	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
Non-GAAP Operating Income	5.3	3.5	4.0	5.2	6.5	8.4
Other non-cash adjustments, not in Non-GAAP:						
Add: Non-cash stock compensation	0.6	0.5	0.6	0.8	0.9	0.8
Adjusted Non-GAAP Operating Income	5.9	4.0	4.6	6.0	7.4	9.2
Cash Operating Taxes (assumed 27% rate)	-1.4	-0.9	-1.1	-1.4	-1.8	-2.3
Net Operating Profit After Taxes (NOPAT)	4.5	3.1	3.5	4.6	5.6	6.9
TTM NOPAT	31.3	23.1	18.7	15.7	16.8	20.6
Net Tangible Capital	74.1	70.3	62.8	58.1	50.4	34.8
TTM ROTC	45.2%	36.8%	31.0%	25.4%	27.0%	39.2%

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(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)

Organic Revenue

(dollars in millions)	4Q 2017	4Q 2018	YTD 2017	YTD 2018
Revenue as reported in accordance with GAAP	73.5	93.9	345.1	337.3
Less revenue attributable to divestitures	(8.5)	-	(34.6)	(9.3)
Organic revenue	$ 65.0	$ 93.9	$ 310.5	$ 328.0

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