CECO Environmental Announces Joint Venture Between Its Effox-Flextor Business And Mader Machine Co. To Strategically Align For Growth And Efficiencies

August 3, 2020

DALLAS, Aug. 3, 2020 /PRNewswire/ -- CECO Environmental (NASDAQ CECE), a leading global air quality and fluid handling technology company and Mader Machine Co. (Mader), announced today they have entered into an agreement to create a Joint Venture (JV) combining CECO's Effox-Flextor damper business with Mader's damper business, leveraging the synergies and complementary strengths from each business. The JV will benefit both companies by going to market with a more robust portfolio while enhancing the cost structure as a combined organization.

Under the terms of the joint venture, CECO will hold 70 percent of the equity, consolidate the financial reporting, maintain 2 of 4 board seats, and receive an annual fee for providing administrative services to the JV. James Zeager, CEO of Mader, will lead the combined company driving its growth and cost actions and ensuring a streamlined integrated business. Mader is a portfolio company of Chartwell Investments Entrepreneur & Founder Capital (“CHIEF Capital”).

"This newly formed JV provides solid leadership within the damper business, as-well as expanded strategies and optionality," stated Matt Eckl, CFO of CECO Environmental.

"From a strategic perspective, the combined strengths and brand reputations of both Effox-Flextor and Mader will provide new opportunities to enable expansion into various markets and sharpen our focus in other strategic areas within clean air," says James Zeager, CEO of Mader. "The JV will also produce important cost synergies to improve profitability as we navigate the challenging markets and uncertain environment."

Daniel Duncan, President of Energy Solutions at CECO Environmental added, "the combination of these two businesses will give their respective customers the support of an expanded and experienced team as well as new product and service options."

About CECO:

CECO Environmental is a global leader in air quality and fluid handling serving the energy, industrial and other niche markets. Providing innovative technology and application expertise, CECO helps companies grow their business with safe, clean and more efficient solutions that help protect our shared environment. In regions around the world, CECO works to improve air quality, optimize the energy value chain and provide custom engineered solutions for applications including oil and gas, power generation, water and wastewater, battery production, poly silicon fabrication, chemical and petrochemical processing along with a range of others. CECO is listed on Nasdaq under the ticker symbol "CECE."

For more information, please visit www.cecoenviro.com.

About Mader:

Founded in 1976, Mader offers a full portfolio of damper products for industrial and utility air flow control applications. Housed in a 45,000 square foot manufacturing facility in LaGrange, Ohio, Mader can fully customize equipment to customer specifications with a variety of controlling options. Mader designs, engineers, and fabricates their OEM equipment for a complete scope of supply.

For more information, please visit http://www.maderdampers.com/

About CHIEF Capital:

CHIEF Capital is a private investment firm providing flexible private equity for entrepreneurs, family-owned businesses and corporate carve-outs. CHIEF Capital partners with management owners to help realize their visions and provide long-term capital, resources, and expertise to accelerate growth and provide generational liquidity. CHIEF Capital focuses on niche lower middle market companies with emphasis on healthcare services, business services and niche manufacturing segments. For more information, please visit http://www.chiefcap.com

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Any statements contained in this Press Release, 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 based on management's views and assumptions regarding future events and business performance. We use words such as "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "will," "plan," "should" and similar expressions to identify forward-looking statements. Forward-looking statements 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. Forward-looking statements in this press release include, among other things, statements about the potential benefits of the joint venture, opportunities to expand into new markets, and anticipated cost synergies. A number of risks and uncertainties could cause actual results to differ materially from those contained in any forward-looking statement, such as the risk that the joint venture many not fully achieve the anticipated objectives. Additional risks and uncertainties are discussed under "Part I – Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and "Part II – Item 1A. Risk Factors" of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and 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; the ability to expand operations in both new and existing markets; unpredictability and severity of catastrophic events, including cyber-security threats, acts of terrorism or outbreak of war or hostilities or public health crises, such as uncertainties regarding the extent and duration of impacts of matters associated with the novel coronavirus (COVID-19); and the effect of competition in our relevant industries. 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. 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, we undertake no obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise.

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