UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 10, 2018

CECO Environmental Corp.

(Exact Name of registrant as specified in its charter)

Delaware	**000-7099**	**13-2566064**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

14651 North Dallas Parkway Dallas, TX	**75254**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (513) 458-2600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2018, CECO Environmental Corp., a Delaware corporation, issued a press release announcing its financial results for the three months ended March 31, 2018. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

The information in this Item 2.02, including the exhibit, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Title
99.1	Press Release, dated May 10, 2018.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 10, 2018

CECO Environmental Corp.

By: /s/ Matthew Eckl
Matthew Eckl
Chief Financial Officer

CECO Environmental Corp. Reports First Quarter 2018 Results;
Continued Increases in Bookings and Backlog Produce Positive Start to 2018

DALLAS, Texas, May 10, 2018 -- CECO Environmental Corp. (Nasdaq: CECE), a leading global air quality and fluid handling company serving the energy, industrial and other niche markets, today reported its financial results for the first quarter of 2018.

Highlights of the First Quarter 2018*

- Revenue of $74.1 million, compared with $92.7 million
- Gross profit of $25.6 million (34.5% margin), compared with $32.0 million (34.5% margin)
- Operating income of $12.2 million, compared with $1.4 million
- Non-GAAP operating income of $4.0 million, compared with $10.2 million
- Net income was $5.8 million, compared with break even
- Non-GAAP net income of $1.7 million, compared with $7.0 million
- Net income per diluted share was $0.17, compared with break even
- Non-GAAP net income per diluted share of $0.05, compared with $0.20
- Adjusted EBITDA of $5.6 million, compared with $11.7 million
- Bookings of $95.0 million, compared with $84.0 million
- Backlog of $182.1 million, compared with $168.9 as of December 31, 2017
- Repaid $30.5 million in bank debt

* All comparisons are versus the comparable prior-year period unless otherwise stated.

CECO's Chief Executive Officer Dennis Sadlowski commented, "In the first quarter of 2018, we took several positive steps in executing our strategy, including the successful sale of two non-core assets and the repayment of approximately 25% of our outstanding debt which will provide significant financial flexibility to invest in our future growth. We are also very pleased to have delivered a second successive quarter of increasing bookings along with a strong book to bill ratio on solid new orders coming from our growth platforms. Revenue was down reflecting the reduced activity and backlog from soft end markets in 2017. Aided by the benefit of our Q4 restructuring and solid gross margins, operating income and EBITDA margins expanded modestly from Q4."

Mr. Sadlowski added, "Our 4-3-3 operating strategy is helping build positive momentum across the business. In 2018, we are investing in targeted growth opportunities and major account relationships with key industrials around the world. We will continue to focus on driving preference for our leading brands by strengthening sales and marketing tools, providing essential resources and training, and optimizing operations to ensure the company is best-positioned to maximize our market opportunities in all segments. Our management team is energized and determined to drive organic growth."

Revenue in the first quarter of 2018 was $74.1 million, down 20.0% from $92.7 million in the prior-year period.

Operating income was $12.2 million for the first quarter of 2018 (16.5% margin), compared with $1.4 million in the prior-year period (1.5% margin). Operating income on a non-GAAP basis was $4.0 million for the first quarter of 2018 (5.4% margin), compared with $10.2 million in the prior-year period (11.0% margin).

Net income was $5.8 million for the first quarter of 2018, compared with break even in the prior-year period. Net income on a non-GAAP basis was $1.7 million for the first quarter of 2018, compared with $7.0 million in the prior-year period.

Net income per diluted share was $0.17 for the first quarter of 2018, compared with net income per diluted share of break even in the prior-year period. Non-GAAP net income per diluted share was $0.05 for the first quarter of 2018, compared with $0.20 for the prior-year period.

Cash and cash equivalents were $33.1 million and bank debt was $87.2 million, as of March 31, 2018, compared with $29.9 million and $117.7 million, respectively, as of December 31, 2017.

BACKLOG AND BOOKINGS

Total backlog at March 31, 2018 was $182.1 million as compared with $168.9 million on December 31, 2017, and $184.2 million on March 31, 2017.

Bookings were $95.0 million for the first quarter of 2018, compared with $84.0 million in the prior-year period and $91.4 million in the fourth quarter of 2017.

CONFERENCE CALL

A conference call is scheduled for today at 7:30 a.m. CT to discuss the first quarter 2018 financial results.
The conference call may be accessed by dialing (877) 870-4263 (Toll Free) within North America, Canada
Canada (855) 669-9657 (Toll Free) or Toll/International (412) 317-0790. A replay of the conference call will be available on the Company's website for 14 days. The replay may be accessed by dialing (877) 344-7529 (Toll-Free) within North America or Toll/International (412) 317-0088 and entering passcode 10119907.

The live webcast and slides can also be accessed at https://investors.cecoenviro.com/events-webcasts-and-presentations.

ABOUT CECO ENVIRONMENTAL

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.

Contact:

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CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)	(unaudited) MARCH 31, 2018	DECEMBER 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33,089	$ 29,902
Restricted cash	933	591
Accounts receivable, net	63,796	67,990
Costs and estimated earnings in excess of billings on uncompleted contracts	36,214	33,947
Inventories, net	22,083	20,969
Prepaid expenses and other current assets	13,748	10,760
Prepaid income taxes	243	1,930
Assets held for sale	7,736	7,853
Total current assets	177,842	173,942
Property, plant and equipment, net	23,042	23,400
Goodwill	152,780	166,951
Intangible assets – finite life, net	45,288	49,956
Intangible assets – indefinite life	18,412	19,691
Deferred charges and other assets	4,755	4,609
Total assets	$ 422,119	$ 438,549
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ —	$ 11,296
Accounts payable and accrued expenses	77,367	70,786
Billings in excess of costs and estimated earnings on uncompleted contracts	18,215	20,469
Note payable	5,300	5,300
Income taxes payable	3,073	—
Total current liabilities	103,955	107,851
Other liabilities	30,103	30,382
Debt, less current portion	84,704	103,537
Deferred income tax liability, net	8,784	10,210
Total liabilities	227,546	251,980
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000 shares authorized, none issued	—	—
Common stock, $.01 par value; 100,000,000 shares authorized, 34,740,933 and 34,707,924 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	347	347
Capital in excess of par value	248,860	248,170
Accumulated loss	(46,495)	(52,673)
Accumulated other comprehensive loss	(7,783)	(8,919)
	194,929	186,925
Less treasury stock, at cost, 137,920 shares at March 31, 2018 and December 31, 2017	(356)	(356)
Total shareholders' equity	194,573	186,569
Total liabilities and shareholders' equity	$ 422,119	$ 438,549

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(dollars in thousands, except per share data)	THREE MONTHS ENDED MARCH 31, 2018	2017
Net sales	$ 74,139	$ 92,651
Cost of sales	48,578	60,722
Gross profit	25,561	31,929
Selling and administrative expenses	21,573	23,256
Amortization and earnout expenses	2,903	7,323
Gain on divestitures, net of selling costs	(11,177)	—
Restructuring expenses	112	—
Income from operations	12,150	1,350
Other expense, net	(356)	(109)
Interest expense	(1,920)	(1,711)
Income (loss) before income taxes	9,874	(470)
Income tax expense (benefit)	4,111	(508)
Net income	$ 5,763	$ 38
Earnings per share:		
Basic	$ 0.17	$ 0.00
Diluted	$ 0.17	$ 0.00
Weighted average number of common shares outstanding:		
Basic	34,592,803	34,215,519
Diluted	34,641,390	34,563,139

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(dollars in millions)	Three Months Ended March 31, 2018	2017
Operating income as reported in accordance with GAAP	$ 12.2	$ 1.4
Operating margin in accordance with GAAP	*16.5%*	*1.5%*
Legacy design repairs	—	0.2
Plant, property and equipment valuation adjustment	—	0.2
Amortization and earnout expenses	2.9	7.3
Gain on divestitures, net of selling costs	(11.2)	—
Restructuring expenses	0.1	—
Executive transition expenses	—	0.9
Facility exit expenses	—	0.2
Non-GAAP operating income	$ 4.0	$ 10.2
Non-GAAP operating margin	*5.4%*	*11.0%*

(dollars in millions)	Three Months Ended March 31, 2018	2017
Net income as reported in accordance with GAAP	$ 5.8	$ —
Legacy design repairs	—	0.2
Plant, property and equipment valuation adjustment	—	0.2
Amortization and earnout expenses, net	2.9	7.3
Gain on divestiture, net of selling costs	(11.2)	—
Restructuring expense	0.1	—
Executive transition expenses	—	0.9
Facility exit expenses	—	0.2
Foreign currency remeasurement	(0.2)	(0.3)
Tax expense (benefit) of adjustments	4.3	(1.5)
Non-GAAP net income	$ 1.7	$ 7.0
Depreciation	1.0	1.1
Non-cash stock compensation (excluding executive transition costs)	0.6	0.5
Other expense	0.6	0.4
Interest expense	1.9	1.7
Income tax (benefit) expense	(0.2)	1.0
Adjusted EBITDA	$ 5.6	$ 11.7
Earnings per share:		
Basic	$ 0.17	$ 0.00
Diluted	$ 0.17	$ 0.00
Non-GAAP net income per share:		
Basic	$ 0.05	$ 0.20
Diluted	$ 0.05	$ 0.20

NOTE REGARDING NON-GAAP FINANCIAL MEASURES

CECO is providing certain non-GAAP historical financial measures as presented above as the Company believes that 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 operating income, non-GAAP net income, non-GAAP operating margin, non-GAAP earnings per basic and diluted share and adjusted EBITDA, as we present them in the financial data included in this press release, have been adjusted to exclude the effects of transactions related to gain on divestitures, net of selling costs, legacy design repairs, property, plant and equipment valuation adjustments, acquisition and integration expense activities including retention, legal, accounting, banking, amortization and contingent earn-out expenses, foreign currency re-measurement, executive transition expenses, facility exit expenses, restructuring expense, other nonrecurring or infrequent items and the associated tax benefit of these items. Management believes that these items are not necessarily indicative of the Company's ongoing operations and their exclusion provides individuals with additional information to compare the Company's results over multiple periods. Management utilizes this information to evaluate its ongoing financial performance. Our financial statements may continue to 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 operating income, non-GAAP net income, non-GAAP operating margin, 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 operating income, non-GAAP net income, non-GAAP operating margin, non-GAAP earnings per basic and diluted share and adjusted EBITDA stated in the tables above present the most directly comparable GAAP financial measure and reconcile to the most directly comparable GAAP financial measures.

SAFE HARBOR

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 on the basis of 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. Potential risks, among others, that could cause actual results to differ materially 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, 2017 and include, but are not limited to: our ability to successfully realize the expected benefits of our restructuring program; 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; 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; liabilities arising from faulty services or products that could result in significant professional or product liability, warranty, or other claims; 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 Industrial Solutions segment, Energy Solutions segment and Fluid Handling Solutions segment 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 SEC, we undertake no obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise.