



# 33<sup>rd</sup> Annual Roth Conference

March 17, 2021

**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: the sensitivity of our business to 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 revenue; 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, including as a result of tariffs and surcharges; 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; 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; 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"), as well as management's response to any of the aforementioned factors. 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.

# CECO Environmental: A leader in Air Quality and Fluid Handling solutions

## Macro Drivers...



### **Our Customers seek to ...**

*Extend their equipment life*

*Extract process efficiencies*

*... and Protect the environment*



### **Our Customers serve growing populations that demand ...**

*More and "Greener" energy*

*a Higher Standard of Living*

*... and Clean Air and Water*



### **Our Markets will grow from ...**

*Environmental Regulations*

*Infrastructure Build-out*

*... and Corporate Sustainability*

## CECO differentiated position to grow ...

- ❑ **Market leader with distinct competitive advantages including:**
  - **Application engineering expertise**
  - **World renowned Brands**
  - **Reputation for flawless execution & reliability**
  
- ❑ **Innovative technology & solution provider**
  
- ❑ **Growing aftermarket business with \$6B Installed Base**
  
- ❑ **Highly Diversified End Markets and Global Footprint**
  
- ❑ **Asset light business model delivers robust cash flow**

NASDAQ: CECE

Founded in 1966

<https://www.cecoenviro.com>

# Executive Summary: Solid results navigating 2020, preparing for significant growth in '22+

## TY'20 Results

- **Orders:** ~ \$280 ... Down (27)% Y/Y ... Q4 of \$77 was +16% Sequentially
- **Sales:** ~ \$316 ... Down (8)% Y/Y ... executed to customer needs
- **Gross Margin:** ~ 33% ... Flat Y/Y ... on par with historical averages
- **Adj. EBITDA:** \$32.8 with 10.4% margins ... Up 70bps Y/Y ... 12% EBITDA in Q4'20
- **Adj. EPS :** \$0.56 ... Down (5)% Y/Y ... on lower volume

## Positioning for Higher Performance

- **End Markets:** Improvement in previously down markets ... Growth in majority
- **Cost Structure:** Aggressive actions taken throughout '20 and early '21 to offset backlog declines ... efficient structure in place for EBITDA margin expansion
- **Strategy/Portfolio:** Real progress with “New CECO” strategy ... Q2/Q3 Launch
- **ESG:** Committed to advancing leadership in Environmental Solutions ... will produce inaugural Sustainability Report in the next year

# CECO in position for next “chapter” of high performance

## Legacy CECO

- US Centric
- Good/Narrow Offering
- Manufacturing Culture

1966-2011

## Acquisitions

- Global & Diversified
- Asset Light model
- ↑ Energy Mix

2012-2016

## Integration

- Solutions Culture
- Simplification
- Healthy Balance Sheet

2017-2020

**High  
Performance**

- Growth as a Process
- Balanced Sales Profile
- Operating Excellence
- Talent & Culture

2020+

# CECO breadth of solutions creates value for customers and protects the environment

## Solution / Product Examples

### Engineered Systems & Solutions

#### Engineered Wood



Dust Collection

Particulate Matter eliminated 

#### Beverage Can



RTO & Scrubber

VOC's destroyed 

- Highly customized & process engineered solution
- Outsourced global production partners... asset light

### Standard & Configured Products

#### Diverse End Markets



Gas Separation



Pumps



Water Reuse



Filter Media

- Environmental protection
- Energy efficiency & product recovery
- High cost of failure ... mission critical

### Aftermarket



Engineering Studies



Parts & Service



Replacements & Retrofits

- Growing focus
- Customer loyalty

(a) RTO: Regenerative Thermal Oxidizer  
(b) VOC: Volatile Organic Compound

# Globally diverse, broad reaching organization ... serving customers where they are



Global HQ:  
Dallas, TX

 Sales and  
Engineering

 Manufacturing and  
Assembly

~700 Employees worldwide

(-a)

~60% are Engineers/Solution experts

Asset Light: ~75% of production via Partners



(-a) employee count less manufacturing

# Q4 Orders by Market ... YoY growth in Energy; Industrials with sequential momentum

(\$MM)

## Refinery Momentum Building

Q4 Orders: \$9 | +157% YoY | +177% Sequential  
 TY Orders: \$30 | (46)%

## Midstream O&G Remains Soft

Q4 Orders: \$16 | +11% YoY | (19)% Sequential  
 TY Orders: \$67 | (32)%

## Power Gen: Natural Gas Active Pipeline

Q4 Orders: \$18 | +20% YoY | +70% Sequential  
 TY Orders: \$55 | (33)%

## Power Gen: Solid Fuel Bottomed

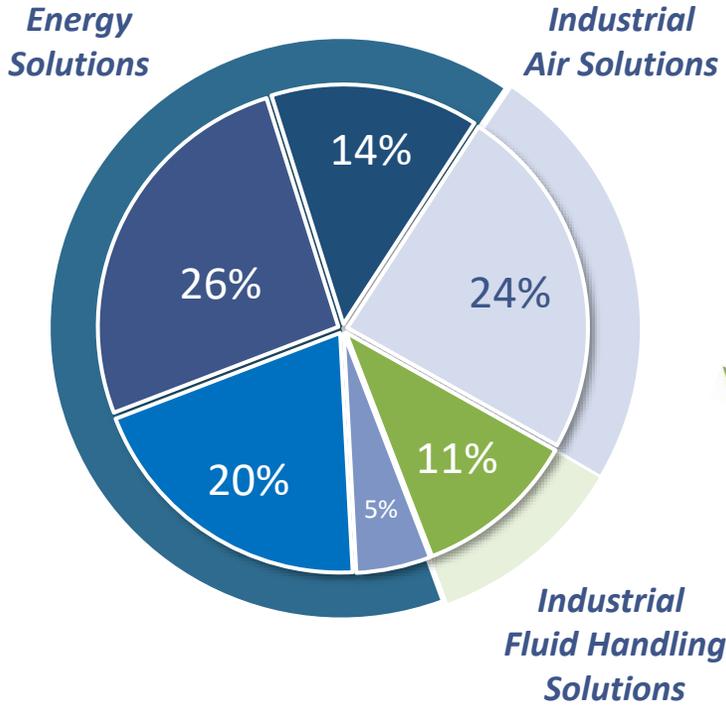
Q4 Orders: \$3 | (31)% YoY | (15)% Sequential  
 TY Orders: \$13 | (24)%

## Industrial Air Solutions Solid Pipeline

Q4 Orders: \$22 | +8% YoY | +11% Sequential  
 TY Orders: \$80 | (13)%

## Industrial Fluid Handling Optimistic

Q4 Orders: \$9 | 0% YoY | +5% Sequential  
 TY Orders: \$35 | (8)%



2020 Revenue Mix

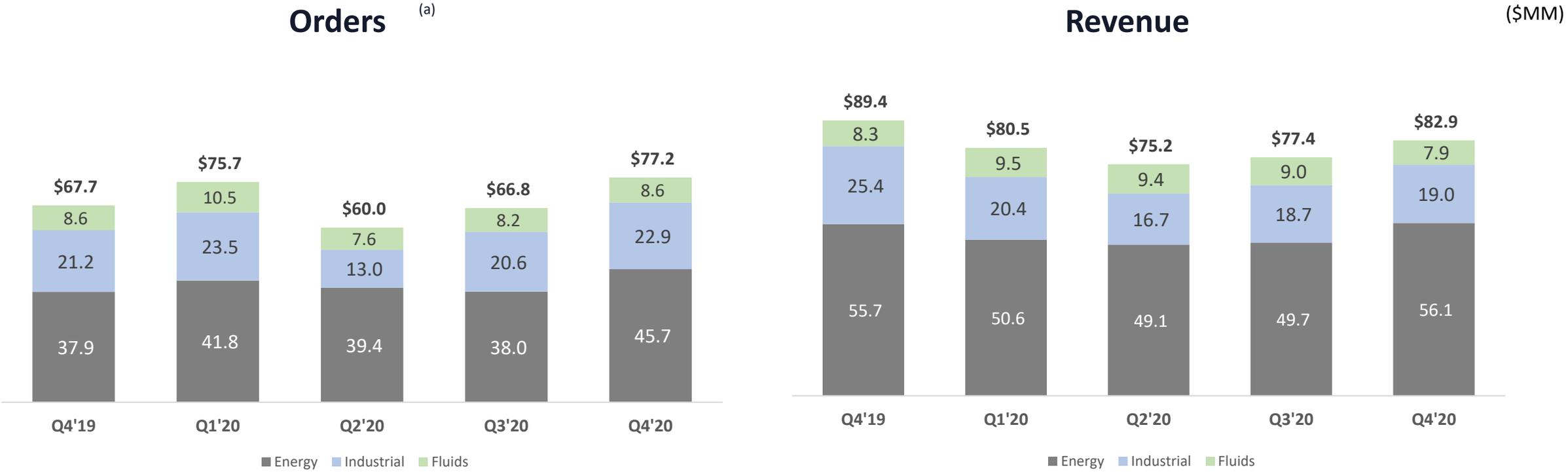
\* Gross Bookings, excludes Cancellations



# Q4/TY 2020 Financials



# Energy drove revenues higher on strength of backlog execution



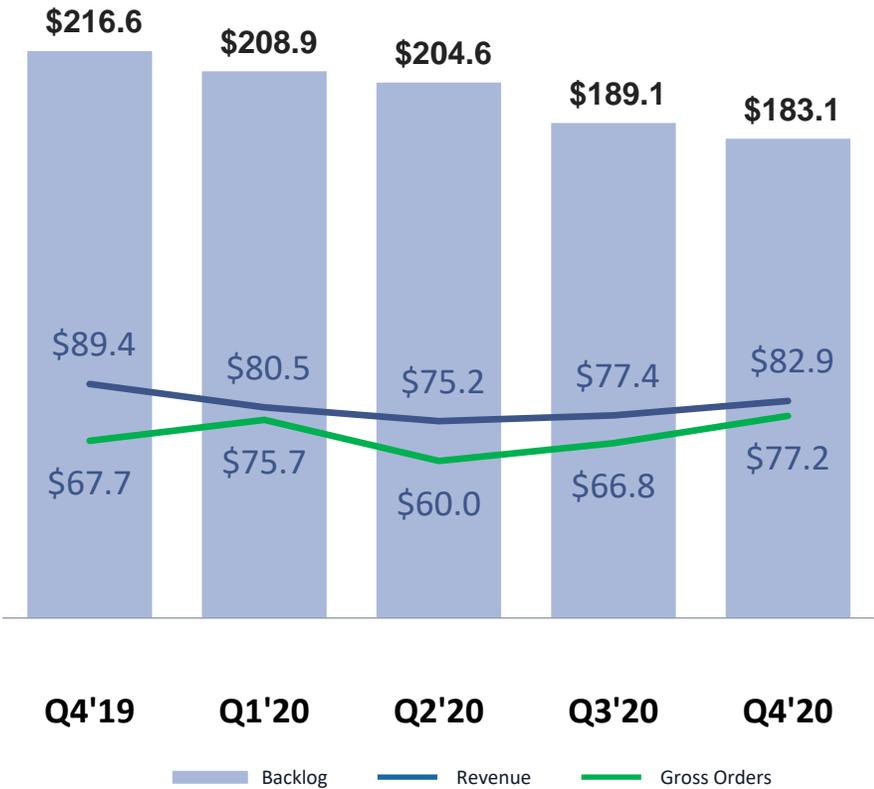
- Energy orders +16% over trailing four quarters' average ... Strong project execution drives +13% sequential growth in revenue
- \$9 Refinery orders +177% sequentially with December orders highest since May'20 as **mandatory replacement capex** begins to materialize
- Industrials continues sequential order growth and +4% organically... **EV and Food & Bev markets** acted as a tailwind for the quarter
- **Short cycle revenue** totaled \$16.9 million in Q4'20 and \$71.4 million in 2020, up sequentially in Q4 but down YoY on COVID



(a) Gross Bookings, excludes Cancellations

# Book-to-Bill continues sequential increase ... Economic environment improving

(\$MM)



- 5<sup>th</sup> consecutive quarter of sequential declines
- Backlog down (3)% sequentially and (15)% Year over Year
- TTM Book to Bill Ratio at 0.89x
- CECO's 12-month Orders Pipeline eclipsing \$1.9B... early indicator of Growth

| Book/Bill | Q4'19 | Q1'20 | Q2'20 | Q3'20 | Q4'20 |
|-----------|-------|-------|-------|-------|-------|
|           | 0.76  | 0.94  | 0.80  | 0.86  | 0.93  |

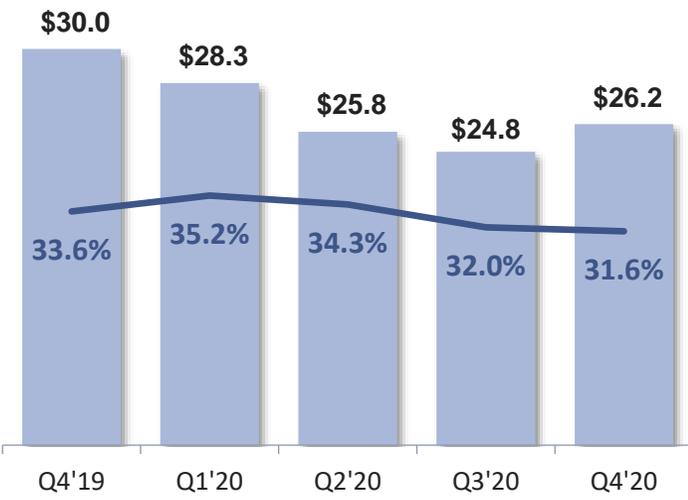


\*\* Starting Backlog – Revenue + Gross Orders – Cancellations +/- FX = Ending Backlog. FX typically +/- ~\$1-3 per quarter.

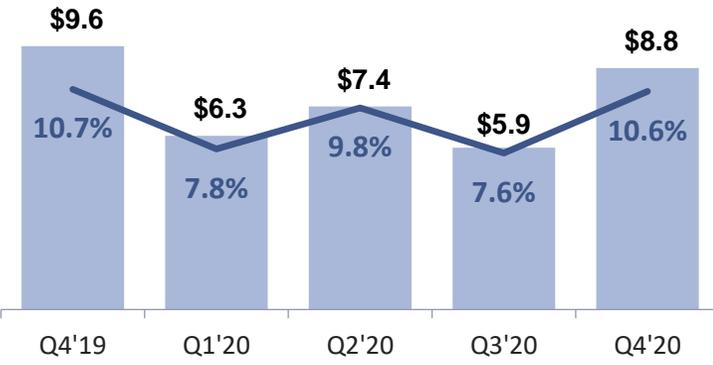
# Gross profit challenged on mix... Other profitability measures show sequential improvement

(\$MM)

Non-GAAP Gross Profit



Non-GAAP Operating Income



Adjusted EBITDA



- Q4 GM at 31.6%... (0.4)pts sequentially and (2) pts Y/Y on project mix
- Non-GAAP OI +46% sequentially on volume and SG&A cuts. (10)% Y/Y on volume, offset by \$4 SG&A cuts
- Adjusted EBITDA +34% sequentially on volume and SG&A cuts. (3)% Y/Y on volume, offset by \$4 SG&A cuts



# Balance sheet in solid position... FCF lower on fewer “upfront” payments

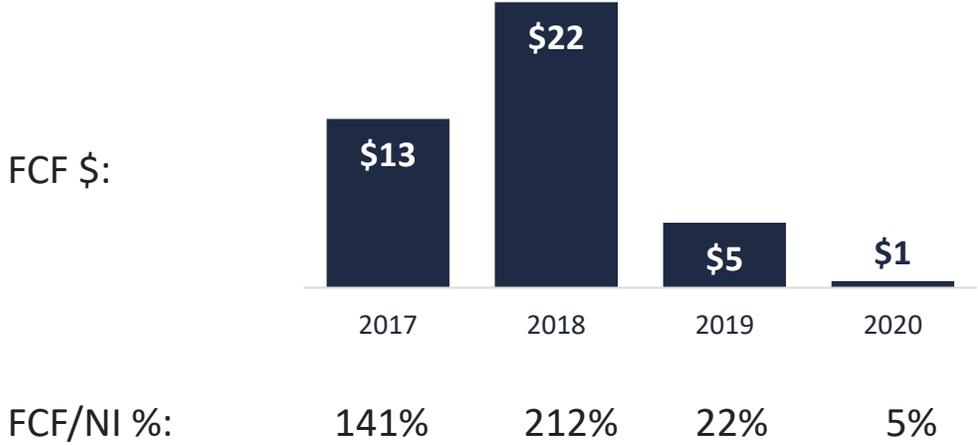
(\$MM)

Disciplined reduction in debt load



Peerless Acquisition

FCF negatively impacted by lower backlog

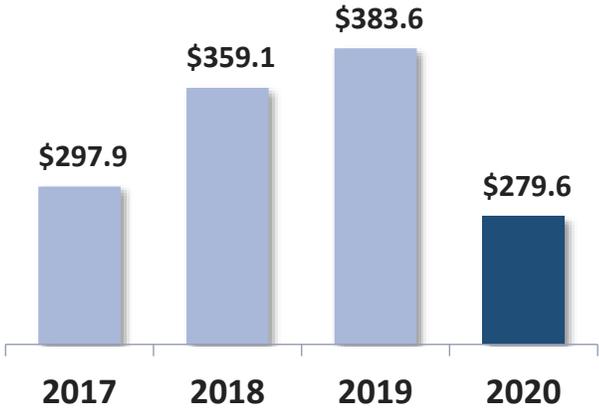


- **Gross Leverage ratio @ 1.9x following EIS acquisition and 1.0x Net Leverage...**
- **Healthy Balance Sheet... ~\$60 of capacity remains under credit facility**
- **Target Free Cash Flow % of Net Income greater than 100%**

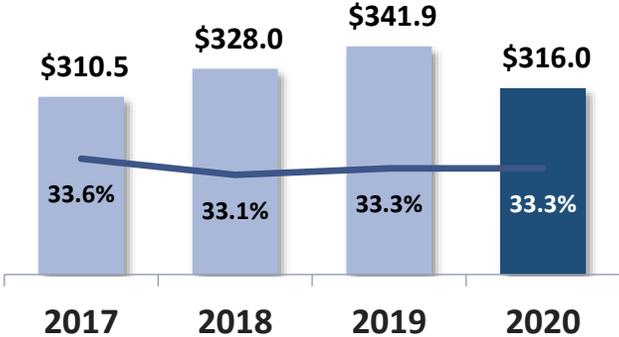
# With cost actions taken early in '20, CECO is scalable and positioned for growth

(\$MM)

Orders



Revenues & Gross Margins



EBITDA



- As Orders & Revenues declined on customer COVID fears... CECO cut costs and improved profitability

*With growth, CECO can scale to >13% EBITDA margins*



(a) All metrics exclude Divestitures



# Looking Forward



# Driving For More in 2021 and Beyond... building on strengths & momentum

## CECO Strength

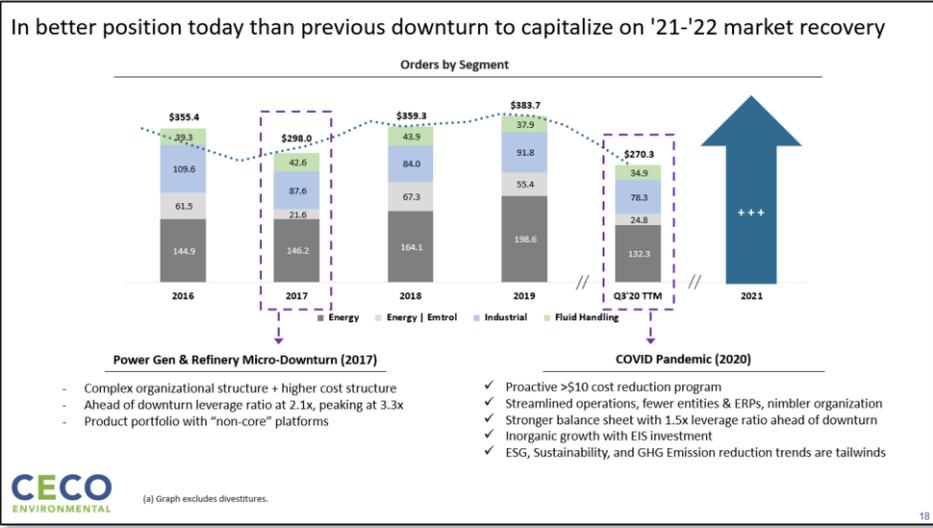
- **300+ engineers and application specialists** (approximately 40% of total headcount)
- Asset-light businesses and **improved cost structure** will yield superior margin conversion
- **Healthy balance sheet** ... ready to bolster growth, diversify markets, add predictable sales

## 2021 Focus

- **Deliver on Outlook: Orders Much Higher, Revenue “Flattish”, EBITDA =/–, FCF Solidly Up**
- **Enterprise Strategy:** Technology-based Platforms oriented for Growth & Capital-Allocation
- **Portfolio Transformation:** Invest in key platforms, short-cycle revenue, & M&A
- **Environmentally focused diversified Industrial:** Elevate awareness of leadership position

# In better position today than previous downturn... ready to capitalize on market recovery

## Slide from Q3'20 Earnings Release



- Sustainable/Structural cost actions provide new baseline for strong EBITDA margin conversion as growth rebounds
- Unlike 2017, CECO Balance Sheet in solid position to provide ammunition for additive transactions
- Will continue to advance adjacent market expansion ... both organically and inorganically
- 1H'20 market declines driven by COVID impact ... market recovery underway and gaining strength

### Slide Take-Aways ...

- In '17... CECO experienced Power-Gen bubble burst and backlog declined significantly.
- In '20-21... CECO in better financial & operational position to deliver > margins/cash flows post COVID

# CECO: Committed to deliver increased and sustainable value

**Long-term  
Growth &  
Profitability**



**~ 5% Topline Growth Target: Expand “Core” Platforms + Modest M&A**



**13%+ EBITDA Margin Target: Streamlined G&A + Ops Excellence**



**100%+ Free Cash Flow Conversion of Net Income: Historically Achieved**

**Driving Now:**

**Significant  
Opportunity To  
“Up Our Game”**



**Increased focus on new markets, short-cycle revenue, partnerships ...**



**ESG: (1) “Get in the Game” ... (2) Leadership Examples, Metrics & Targets**



# Conclusion

- Thank you Team CECO ... Commitment to our customers and health & safety!
- Navigating challenging markets with strong project execution and cost management
- Energy markets improving and 1H 2021 expected to continue orders momentum
- Revamping CECO strategy to aggressively evaluate and prioritize opportunities
- Continue to focus on new markets, technologies and expanding awareness of CECO  
Environmental leadership and ESG story

**Questions?**

# Supplemental Materials

## Non-GAAP Reconciliation

# Revenue excluding Acquisitions & Divestitures

| <i>(dollars in millions)</i>  | Annual<br>2017 | Annual<br>2018 | Q1<br>2019 | Q2<br>2019 | Q3<br>2019 | Q4<br>2019 | Annual<br>2019 | Q1<br>2020 | Q2<br>2020 | Q3<br>2020 | Q4<br>2020 | Annual<br>2020 |
|---|----------------|----------------|------------|------------|------------|------------|----------------|------------|------------|------------|------------|----------------|
| Revenue as reported in accordance with GAAP                         | \$ 345.1       | \$ 337.3       | \$ 86.0    | \$ 81.2    | \$ 85.3    | \$ 89.4    | \$ 341.9       | \$ 80.5    | \$ 75.2    | \$ 77.4    | \$ 82.9    | \$ 316.0       |
| <i>Less revenue attributable to divestitures</i>                    | \$ (34.6)      | \$ (9.3)       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           |
| <i>Less revenue attributable to acquisitions and joint ventures</i> | \$ -           | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           | \$ -       | \$ (0.5)   | \$ (5.9)   | \$ (2.6)   | \$ (9.0)       |
| Organic revenue   | \$ 310.5       | \$ 328.0       | \$ 86.0    | \$ 81.2    | \$ 85.3    | \$ 89.4    | \$ 341.9       | \$ 80.5    | \$ 74.7    | \$ 71.5    | \$ 80.3    | \$ 307.0       |

# Non-GAAP Gross Profit and Margin

| <i>(dollars in millions)</i>                       | Annual<br>2017 | Annual<br>2018 | Q1<br>2019 | Q2<br>2019 | Q3<br>2019 | Q4<br>2019 | Annual<br>2019 | Q1<br>2020 | Q2<br>2020 | Q3<br>2020 | Q4<br>2020 | Annual<br>2020 |
|--|----------------|----------------|------------|------------|------------|------------|----------------|------------|------------|------------|------------|----------------|
| Gross profit as reported in accordance with GAAP   | \$ 113.2       | \$ 111.5       | \$ 28.4    | \$ 26.8    | \$ 28.8    | \$ 30.0    | \$ 114.0       | \$ 28.3    | \$ 25.8    | \$ 24.8    | \$ 26.2    | \$ 105.1       |
| <i>Gross profit margin in accordance with GAAP</i> | 32.8%          | 33.1%          | 33.0%      | 33.0%      | 33.8%      | 33.6%      | 33.3%          | 35.2%      | 34.3%      | 32.0%      | 31.6%      | 33.3%          |
| Legacy design repairs                              | \$ 2.0         | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           |
| Inventory valuation adjustment                     | \$ -           | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           |
| Plant, property and equipment valuation adjustment | \$ 0.6         | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -           |
| Non-GAAP gross profit                              | \$ 115.8       | \$ 111.5       | \$ 28.4    | \$ 26.8    | \$ 28.8    | \$ 30.0    | \$ 114.0       | \$ 28.3    | \$ 25.8    | \$ 24.8    | \$ 26.2    | \$ 105.1       |
| <i>Non- GAAP Gross profit margin</i>               | 33.6%          | 33.1%          | 33.0%      | 33.0%      | 33.8%      | 33.6%      | 33.3%          | 35.2%      | 34.3%      | 32.0%      | 31.6%      | 33.3%          |

# Non-GAAP Operating Income and Margin

| <i>(dollars in millions)</i>                         | Annual   | Annual  | Q1     | Q2     | Q3     | Q4     | Annual  | Q1     | Q2     | Q3     | Q4     | Annual  |
|--|----------|---------|--------|--------|--------|--------|---------|--------|--------|--------|--------|---------|
|  | 2017     | 2018    | 2019   | 2019   | 2019   | 2019   | 2019    | 2020   | 2020   | 2020   | 2020   | 2020    |
| Operating income as reported in accordance with GAAP | \$ 8.0   | \$ 10.0 | \$ 4.9 | \$ 2.0 | \$ 4.1 | \$ 7.0 | \$ 18.0 | \$ 4.2 | \$ 4.4 | \$ 1.0 | \$ 3.7 | \$ 13.3 |
| <i>Operating margin in accordance with GAAP</i>      | 2.3%     | 3.0%    | 5.7%   | 2.5%   | 4.8%   | 7.8%   | 5.3%    | 5.2%   | 5.9%   | 1.3%   | 4.5%   | 4.2%    |
| Legacy design repairs                                | \$ 2.0   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    |
| Inventory valuation adjustment                       | \$ -     | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    |
| Plant, property and equipment valuation adjustment   | \$ 0.6   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    |
| Gain on insurance settlement                         | \$ -     | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    |
| Acquisition and integration expenses                 | \$ -     | \$ -    | \$ -   | \$ -   | \$ -   | \$ 0.5 | \$ 0.5  | \$ -   | \$ 0.7 | \$ 0.4 | \$ 0.3 | \$ 1.4  |
| Amortization   | \$ 11.5  | \$ 9.7  | \$ 2.2 | \$ 2.2 | \$ 2.2 | \$ 2.0 | \$ 8.6  | \$ 1.7 | \$ 1.8 | \$ 2.0 | \$ 2.0 | \$ 7.5  |
| Earn-out and retention expenses                      | \$ (4.4) | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ 0.1 | \$ 1.3 | \$ 1.4  |
| Intangible asset impairment                          | \$ 7.2   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ -   | \$ 0.9 | \$ 0.9  |
| (Gain) Loss on divestitures, net of selling costs    | \$ -     | \$ 4.4  | \$ 0.1 | \$ -   | \$ -   | \$ -   | \$ 0.1  | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    |
| Restructuring expense (income)                       | \$ 1.9   | \$ -    | \$ -   | \$ 0.2 | \$ 0.7 | \$ 0.1 | \$ 1.0  | \$ 0.4 | \$ 0.5 | \$ 0.9 | \$ 0.6 | \$ 2.2  |
| Executive transition expenses                        | \$ 1.3   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ 1.5 | \$ -   | \$ 1.5  |
| Facility exit expenses                               | \$ 0.2   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    |
| Legal reserves                                       | \$ -     | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    | \$ -   | \$ -   | \$ -   | \$ -   | \$ -    |
| Non-GAAP operating income                            | \$ 28.3  | \$ 24.1 | \$ 7.2 | \$ 4.4 | \$ 7.0 | \$ 9.6 | \$ 28.2 | \$ 6.3 | \$ 7.4 | \$ 5.9 | \$ 8.8 | \$ 28.2 |
| <i>Non-GAAP Operating margin</i>                     | 8.2%     | 7.1%    | 8.4%   | 5.4%   | 8.2%   | 10.7%  | 8.2%    | 7.8%   | 9.8%   | 7.6%   | 10.6%  | 8.9%    |

# Non-GAAP Net Income, Adjusted EBITDA and Margin

| (dollars in millions)                                 | Annual<br>2017 | Annual<br>2018 | Q1<br>2019    | Q2<br>2019    | Q3<br>2019    | Q4<br>2019     | Annual<br>2019 | Q1<br>2020    | Q2<br>2020    | Q3<br>2020    | Q4<br>2020    | Annual<br>2020 |
|---|----------------|----------------|---------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Net income (loss) as reported in accordance with GAAP | \$ (3.0)       | \$ (7.1)       | \$ 1.9        | \$ 5.5        | \$ 1.9        | \$ 8.4         | \$ 17.7        | \$ 3.4        | \$ 3.3        | \$ (0.2)      | \$ 1.8        | \$ 8.3         |
| Legacy design repairs                                 | \$ 2.0         | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Inventory valuation adjustment                        | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Plant, property and equipment valuation adjustment    | \$ 0.6         | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Gain on insurance settlement                          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Acquisition and integration expenses                  | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ 0.5         | \$ 0.5         | \$ -          | \$ 0.7        | \$ 0.4        | \$ 0.3        | \$ 1.4         |
| Amortization  | \$ 11.5        | \$ 9.7         | \$ 2.2        | \$ 2.2        | \$ 2.2        | \$ 2.0         | \$ 8.6         | \$ 1.7        | \$ 1.8        | \$ 2.0        | \$ 2.0        | \$ 7.5         |
| Earn-out and retention expenses                       | \$ (4.4)       | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ 0.1        | \$ 1.3        | \$ 1.4         |
| Intangible asset impairment                           | \$ 7.2         | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ 0.9        | \$ 0.9         |
| (Gain) Loss on divestitures, net of selling costs     | \$ -           | \$ 4.4         | \$ 0.1        | \$ -          | \$ -          | \$ -           | \$ 0.1         | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Restructuring expense (income)                        | \$ 1.9         | \$ -           | \$ -          | \$ 0.2        | \$ 0.7        | \$ 0.1         | \$ 1.0         | \$ 0.4        | \$ 0.5        | \$ 0.9        | \$ 0.6        | \$ 2.4         |
| Executive transition expenses                         | \$ 1.3         | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ 1.5        | \$ -          | \$ 1.5         |
| Facility exit expenses                                | \$ 0.2         | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Legal reserves  | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Deferred financing fee adjustment                     | \$ -           | \$ -           | \$ -          | \$ 0.4        | \$ -          | \$ -           | \$ 0.4         | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Foreign currency remeasurement                        | \$ (2.1)       | \$ 0.8         | \$ 0.6        | \$ (0.3)      | \$ 0.2        | \$ (1.0)       | \$ (0.5)       | \$ 0.5        | \$ (0.6)      | \$ 0.4        | \$ -          | \$ 0.3         |
| Tax benefit of expenses                               | \$ (5.7)       | \$ 2.4         | \$ (0.7)      | \$ (0.6)      | \$ (0.8)      | \$ (0.4)       | \$ (2.5)       | \$ (0.7)      | \$ (0.6)      | \$ (1.3)      | \$ (1.3)      | \$ (3.9)       |
| Zhongli Tax benefit                                   | \$ -           | \$ -           | \$ -          | \$ (4.4)      | \$ -          | \$ -           | \$ (4.4)       | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| <b>Non-GAAP net income</b>                            | <b>\$ 9.5</b>  | <b>\$ 10.3</b> | <b>\$ 4.1</b> | <b>\$ 3.0</b> | <b>\$ 4.2</b> | <b>\$ 9.6</b>  | <b>\$ 20.9</b> | <b>\$ 5.3</b> | <b>\$ 5.1</b> | <b>\$ 3.8</b> | <b>\$ 5.6</b> | <b>\$ 19.8</b> |
| Depreciation  | \$ 3.9         | \$ 3.5         | \$ 0.6        | \$ 0.6        | \$ 0.5        | \$ 0.5         | \$ 2.2         | \$ 0.5        | \$ 0.6        | \$ 0.6        | \$ 0.6        | \$ 2.3         |
| Non-cash stock compensation                           | \$ 2.3         | \$ 3.1         | \$ 0.8        | \$ 1.0        | \$ 1.0        | \$ -           | \$ 2.8         | \$ 0.6        | \$ 0.2        | \$ 0.7        | \$ 0.5        | \$ 2.0         |
| Other (income)/expense                                | \$ 2.0         | \$ (0.4)       | \$ -          | \$ (0.5)      | \$ (0.1)      | \$ 0.3         | \$ (0.3)       | \$ (1.5)      | \$ 0.2        | \$ (0.1)      | \$ (1.0)      | \$ (2.4)       |
| Gain on insurance settlement                          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           |
| Interest expense                                      | \$ 6.7         | \$ 7.1         | \$ 1.5        | \$ 1.1        | \$ 1.3        | \$ 1.1         | \$ 5.0         | \$ 1.0        | \$ 0.9        | \$ 0.8        | \$ 0.8        | \$ 3.5         |
| Income tax expense (benefit)                          | \$ 10.1        | \$ 6.6         | \$ 1.5        | \$ 0.8        | \$ 1.5        | \$ (1.4)       | \$ 2.4         | \$ 1.5        | \$ 1.2        | \$ 1.5        | \$ 3.4        | \$ 7.6         |
| <b>Adjusted EBITDA</b>                                | <b>\$ 34.5</b> | <b>\$ 30.2</b> | <b>\$ 8.5</b> | <b>\$ 6.0</b> | <b>\$ 8.4</b> | <b>\$ 10.1</b> | <b>\$ 33.0</b> | <b>\$ 7.4</b> | <b>\$ 8.2</b> | <b>\$ 7.3</b> | <b>\$ 9.9</b> | <b>\$ 32.8</b> |
| <b>Adjusted EBITDA margin</b>                         | <b>10.0%</b>   | <b>8.9%</b>    | <b>9.9%</b>   | <b>7.4%</b>   | <b>9.8%</b>   | <b>11.3%</b>   | <b>9.7%</b>    | <b>9.2%</b>   | <b>10.9%</b>  | <b>9.4%</b>   | <b>11.9%</b>  | <b>10.4%</b>   |
| Basic Shares Outstanding                              | 34,445,256     | 34,714,395     | 34,835,550    | 34,923,587    | 35,070,449    | 35,117,916     | 34,987,878     | 35,155,377    | 35,275,729    | 35,358,913    | 35,366,837    | 35,289,616     |
| Diluted Shares Outstanding                            | 34,697,744     | 34,988,461     | 35,360,042    | 35,582,727    | 35,624,590    | 35,352,957     | 35,484,273     | 35,394,865    | 35,410,182    | 35,358,913    | 35,655,014    | 35,520,670     |
| Earnings (loss) per share:                            |                |                |               |               |               |                |                |               |               |               |               |                |
| Basic   | \$ (0.09)      | \$ (0.20)      | \$ 0.05       | \$ 0.16       | \$ 0.06       | \$ 0.24        | \$ 0.51        | \$ 0.10       | \$ 0.09       | \$ (0.01)     | \$ 0.05       | \$ 0.24        |
| Diluted   | \$ (0.09)      | \$ (0.20)      | \$ 0.05       | \$ 0.15       | \$ 0.05       | \$ 0.24        | \$ 0.50        | \$ 0.10       | \$ 0.09       | \$ (0.01)     | \$ 0.05       | \$ 0.23        |
| Non-GAAP earnings per share:                          |                |                |               |               |               |                |                |               |               |               |               |                |
| Basic   | \$ 0.28        | \$ 0.30        | \$ 0.12       | \$ 0.09       | \$ 0.12       | \$ 0.27        | \$ 0.60        | \$ 0.15       | \$ 0.14       | \$ 0.11       | \$ 0.16       | \$ 0.56        |
| Diluted   | \$ 0.27        | \$ 0.29        | \$ 0.12       | \$ 0.08       | \$ 0.12       | \$ 0.27        | \$ 0.59        | \$ 0.15       | \$ 0.14       | \$ 0.11       | \$ 0.16       | \$ 0.56        |

# Adjusted Free Cash Flow

| (dollars in millions)                     | Annual<br>2017 | 1Q<br>2018 | 2Q<br>2018 | 3Q<br>2018   | 4Q<br>2018  | Annual<br>2018 | 1Q<br>2019    | Q2<br>2019 | Q3<br>2019 | Q4<br>2019 | Annual<br>2019 | 1Q<br>2020 | Q2<br>2020   | Q3<br>2020 | Q4<br>2020   | Annual<br>2020 |
|---|----------------|------------|------------|--------------|-------------|----------------|---------------|------------|------------|------------|----------------|------------|--------------|------------|--------------|----------------|
| Net cash provided by operating activities | 6.6            | 3.2        | 6.7        | (6.2)        | 18.3        | 22.0           | (13.8)        | 2.5        | 10.7       | 10.8       | 10.2           | 7.0        | (4.9)        | 7.0        | (4.7)        | 4.4            |
| Add: earn-outs classified as operating    | 7.8            | 0.2        | 1.9        | 0.8          | (0.0)       | 2.9            | -             | -          | -          | -          | -              | -          | -            | -          | -            | -              |
| Capital expenditures                      | (1.0)          | (0.5)      | (0.1)      | (1.3)        | (1.2)       | (3.1)          | (0.4)         | (0.8)      | (2.5)      | (1.9)      | (5.6)          | (1.0)      | (1.0)        | (0.9)      | (1.0)        | (3.9)          |
| <b>Adjusted free cash flow</b>            | <b>13.4</b>    | <b>2.9</b> | <b>8.5</b> | <b>(6.7)</b> | <b>17.1</b> | <b>21.8</b>    | <b>(14.2)</b> | <b>1.7</b> | <b>8.2</b> | <b>8.9</b> | <b>4.6</b>     | <b>6.0</b> | <b>(5.9)</b> | <b>6.1</b> | <b>(5.7)</b> | <b>0.5</b>     |
| TTM Adjusted free cash flow               | 13.4           | 9.8        | 15.9       | 12.2         | 21.8        | 21.8           | 4.7           | (2.1)      | 12.8       | 4.6        | 4.6            | 24.8       | 17.2         | 15.1       | 0.5          | 0.5            |
| TTM EBITDA                                | 34.5           | 28.3       | 24.2       | 25.7         | 30.2        | 30.2           | 33.2          | 32.3       | 32.3       | 33.0       | 33.0           | 31.9       | 34.1         | 33.0       | 32.8         | 32.8           |
| TTM FCF / EBITDA Conversion               | 38.8%          | 34.6%      | 65.7%      | 47.6%        | 72.3%       | 72.3%          | 14.2%         | -6.5%      | 39.6%      | 13.9%      | 13.9%          | 77.7%      | 50.4%        | 45.8%      | 1.5%         | 1.5%           |