



Q3 2019 Earnings Call

November 6th, 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 cyclical 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.

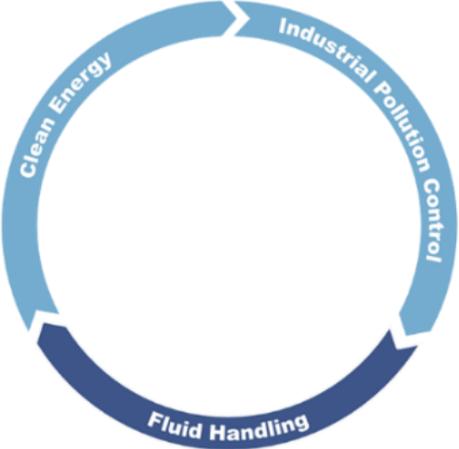
Relentless execution on 4-3-3 operating strategy creates path to 2021 targets

4 Value Creation Enablers



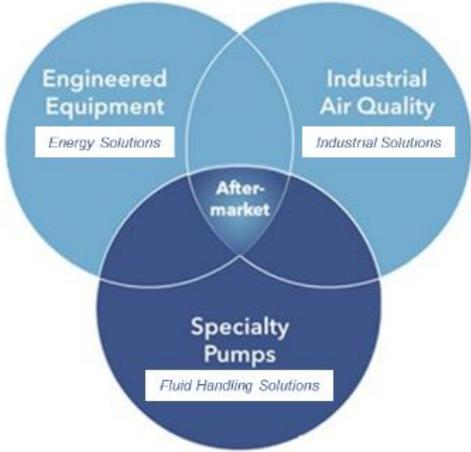
Nimble & Responsive Organization

3 Compelling End Markets



Low Carbon Economy Tightening Emissions

3 Core Growth Platforms



Solutions Oriented Application Development

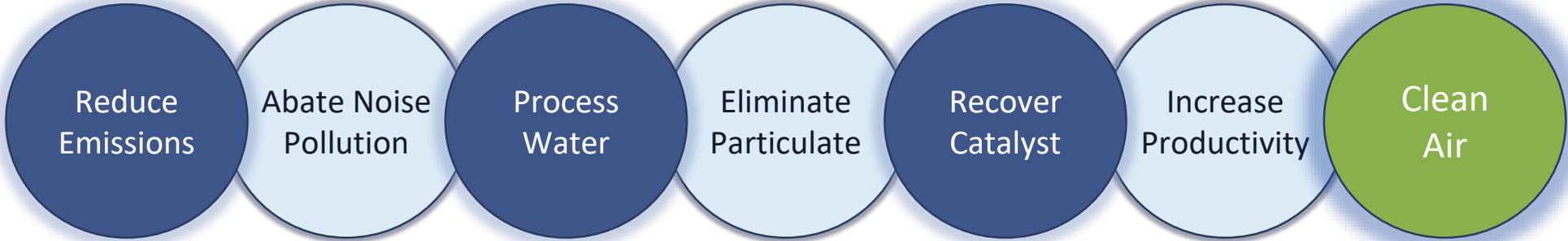
Acknowledged as the “Go-To Resource” for sustainable solutions

Market leading execution continues to generate improved financial results

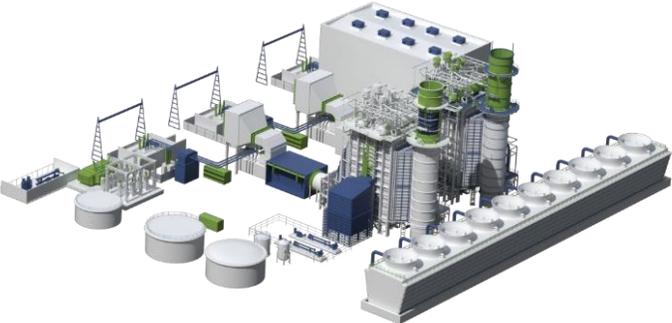
(a)

- **\$116 of Orders in the Quarter up +19% Y/Y and a book to bill of 1.36x**
- **\$85 Revenue in the Quarter up +5% sequentially but down (2)% Y/Y**
- **Gross Margins healthy at 33.8%; +1.3pts Y/Y and +0.8pts sequentially with good AM/OE mix**
- **\$8.4 Adjusted EBITDA up sequentially and essentially flat Y/Y on slower backlog conversion**
- **Free Cash Flow generation of \$8 on improved working capital management**

Responding to a low carbon economy with solutions for a cleaner, safer world

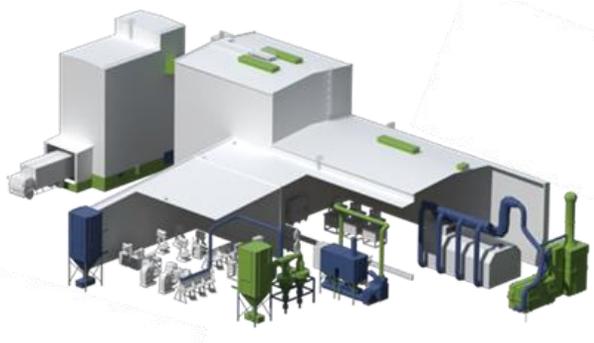


CECO Solutions:



Energy

- De-NOx
- Silencers
- Dampers
- Expansion Joints
- Separators
- FCC Cyclones
- Gas Turbine Exhaust Systems



Industrial

- Dust Collectors
- Cyclones
- Thermal Oxidizers
- Scrubbers
- VOC Concentrators
- Ventilation Systems



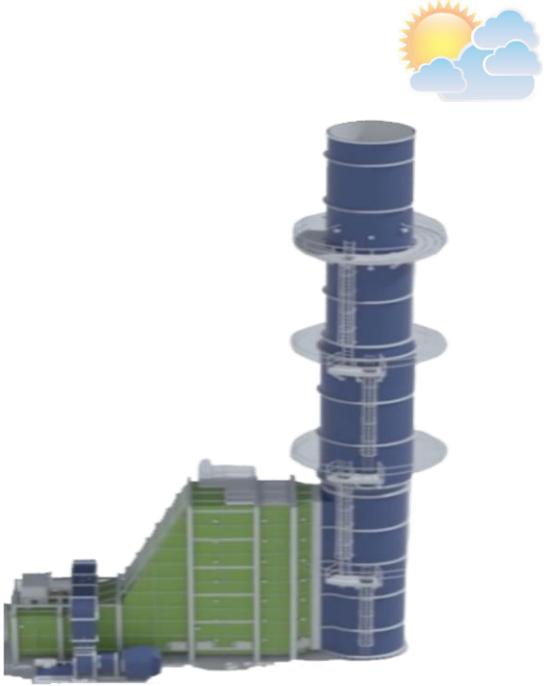
Fluid Handling

- High-Temperature Pumps
- Fiberglass Pumps
- Filtration Systems

CECO innovative solutions generate unique value for LNG facility and the Environment

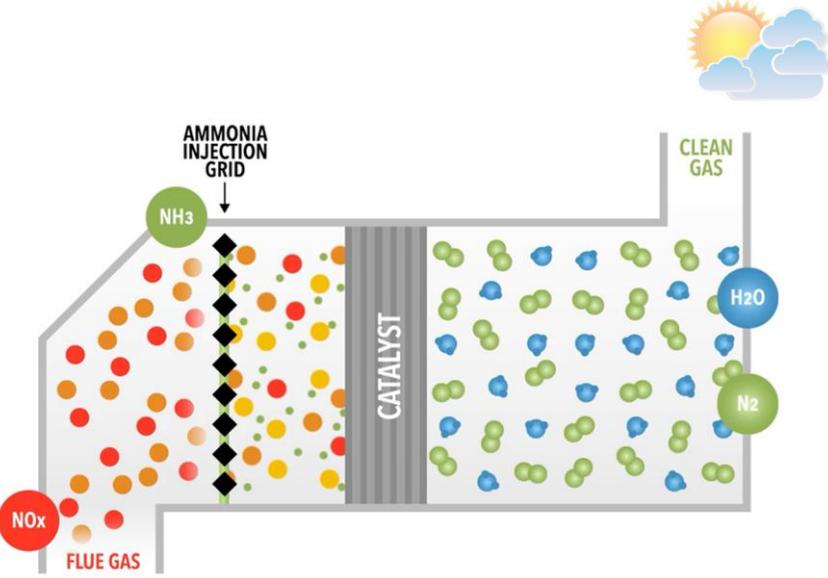
“What was Sold”

Product: Selective Catalytic Reduction (“SCR”) by Peerless Energy



“How it Works”

Solution: Removes NO₂ from Gas Turbine Exhaust



Application expertise & experience



~350,000 lbs of NOx p.a.



 CECO Value Proposition  Environmental Benefits

CECO helps protect workers and the environment at aerospace manufacturer

“What was Sold”

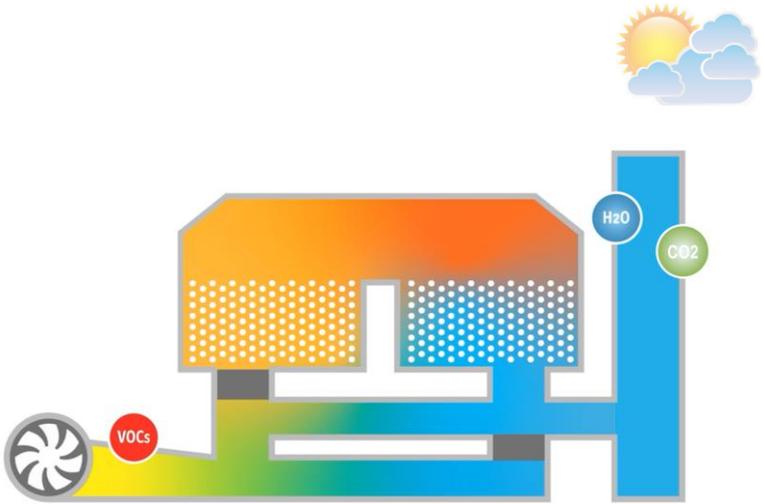
Product: Regenerative Thermal Oxidizer (“RTO”) by Adwest Industrials



Single sourced solution

“How it Works”

Solution: Incinerates Volatile Organic Compounds (“VOC”)



~315,000 tons of VOC's p.a.

Sales pipeline remains robust with strength in Energy as Industrial markets lag

(\$MM)

Refinery → Outlook

Q3 Orders: \$21 | +9%
 TTM Orders: \$59 | (17)%



Midstream O&G → Outlook

Q3 Orders: \$21 | +45%
 TTM Orders: \$102 | +53%



Power Gen: Natural Gas → Outlook

Q3 Orders: \$40 | +59%
 TTM Orders: \$83 | (1)%



Power Gen: Solid Fuel → Outlook

Q3 Orders: \$5 | +23%
 TTM Orders: \$17 | (3)%



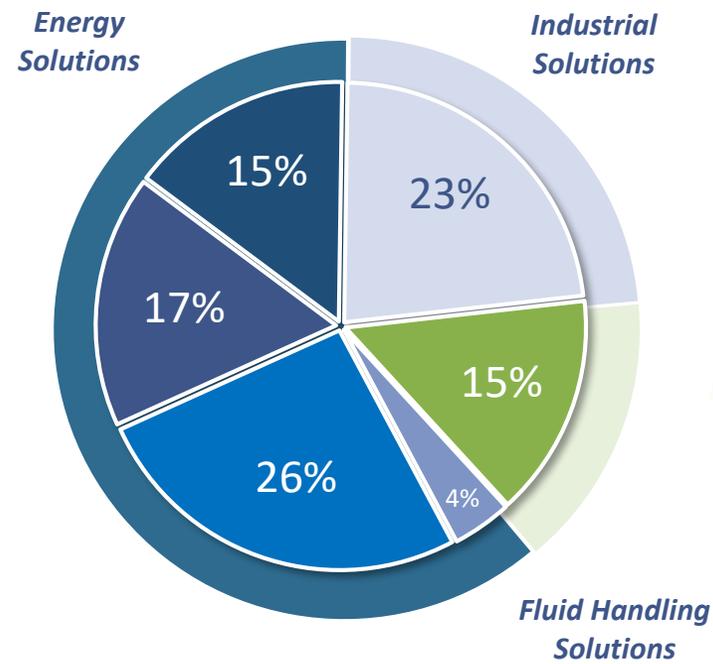
Industrial Solutions → Outlook

Q3 Orders: \$19 | (18)%
 TTM Orders: \$88 | (1)%



Industrial: Fluid Handling → Outlook

Q3 Orders: \$9 | (12)%
 TTM Orders: \$40 | (7)%



2018 Revenue Mix

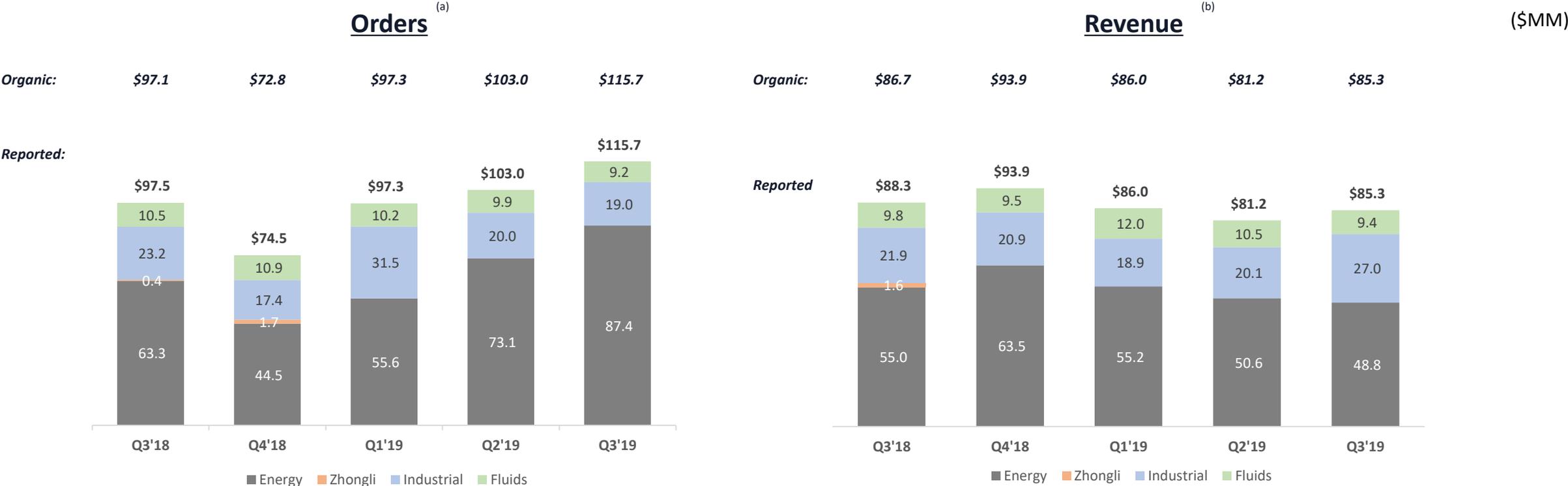
(a) 2018 Revenue Mix excludes divestitures
 (b) Y/Y Comparisons excludes Divestitures



Q3 2019 Financials



Triple digit Q3 orders led by Energy... Delivering projects on-time and budget



- Energy Orders +20% sequentially and +38% Y/Y by taking share in Power Generation & continued strength in Midstream.
- Industrial Orders ↓(5)% sequentially and ↓(18)% Y/Y on softening of markets. Revenue +23% Y/Y on strong backlog execution.
- Fluids Orders ↓(7)% sequentially and ↓(12)% Y/Y. Aquaculture markets outlook improving while Auto and O&G still sluggish .
- Revenue +5% sequentially and ↓(2)% Y/Y. Mix of recent orders are longer cycle creating future bank of revenue.



(a) Orders on a Gross Reported basis, excludes cancellations
 (b) Segment Eliminations excluded from graph
 (c) 2018 Orders and Revenue include CECO Filters re-org from Fluids to Industrials noted in 10Q

Record backlog continues to support improving revenue development ahead

(\$MM)



- New record backlog... added \$84 million since 4-3-3 strategy launched
- Added \$34 million to organic backlog year over year up +17%
- Year to date have added \$55 million to Backlog
- Strong Book to Bill in Q3 and +1.1x over trailing twelve months

Book/Bill	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
	1.12	0.78	1.13	1.26	1.36



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

Disciplined execution delivers strong profitability on modest revenue growth

(\$MM)

Non-GAAP Gross Profit



Non-GAAP Operating Income



Adjusted EBITDA



- Operations executed projects well delivering 33.8% Gross Margins
- Non-GAAP Operating Income +59% sequentially and +8% Y/Y on volume and improved project margins
- Adjusted EBITDA +40% sequentially and flat Y/Y on volume, margins, and lower SG&A

(a) Reported Basis

Solid profitability in Q3'19 with \$50 million backlog added in 2019

(\$MM)

	<u>Q3'19</u>	<u>Y/Y</u>	<u>Y/Y</u>
GAAP:		<i>Reported</i>	<i>Organic</i>
Orders	\$ 115.7	18.7%	19.2%
Revenue	\$ 85.3	-3.4%	-1.6%
Gross Profit	\$ 28.8	0.3%	0.8%
-%	33.8%	1.3pts	0.8pts
Op Income	\$ 4.1	353.7%	345.4%
-%	4.8%	16.6pts	16.4pts
Diluted EPS	\$ 0.05	840%	\$ 0.41

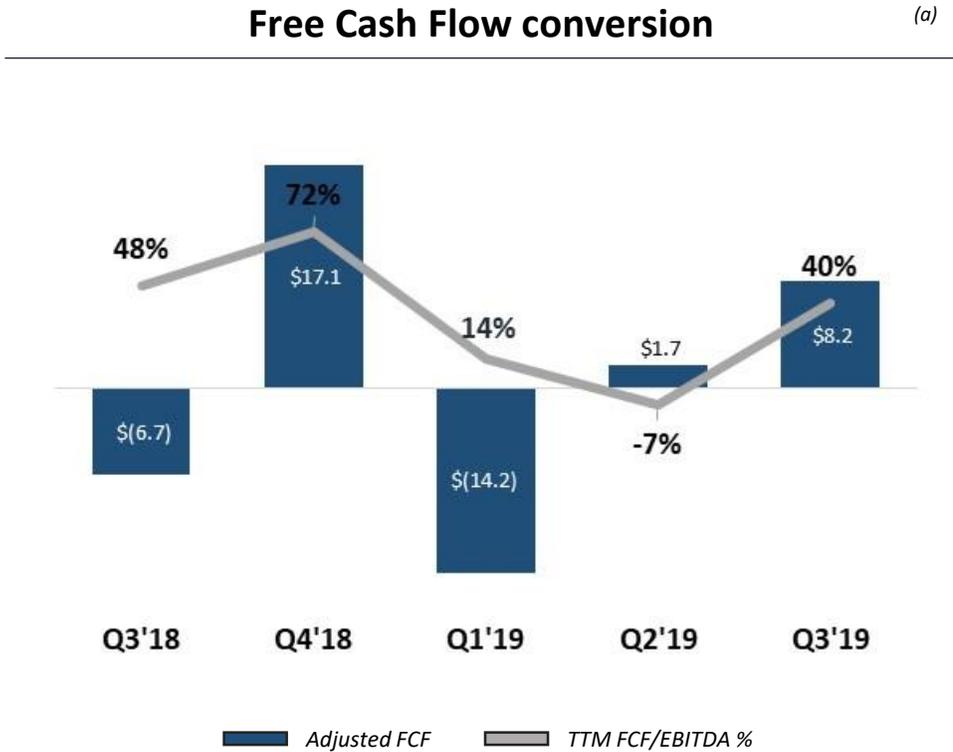
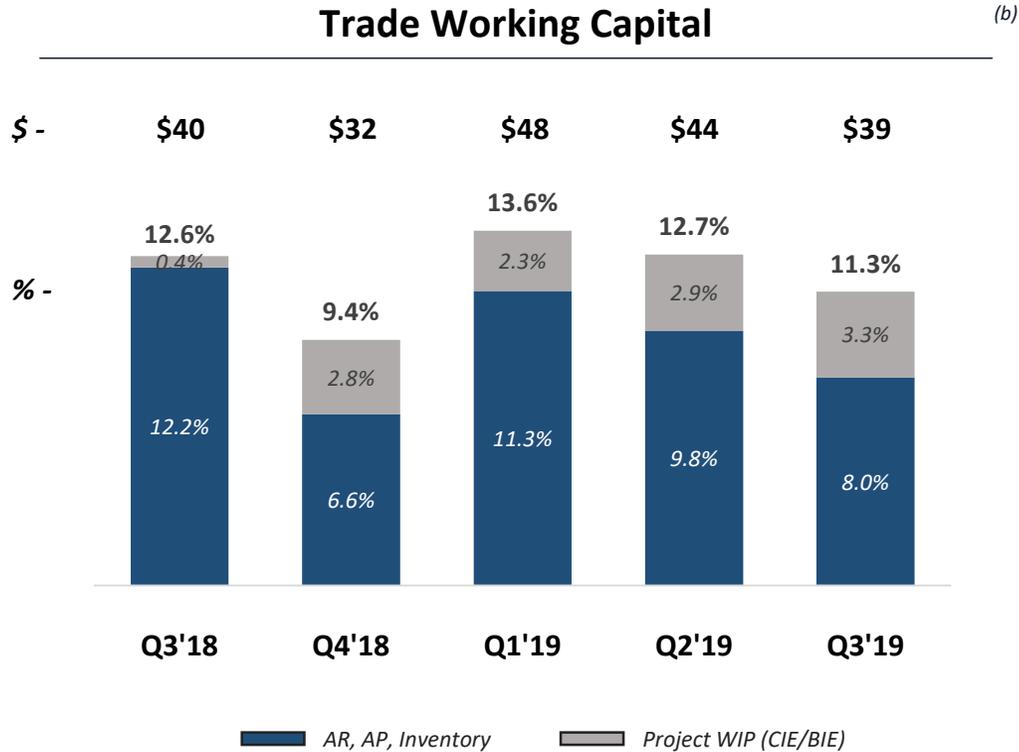
Non-GAAP:			
Gross Profit	\$ 28.8	0.3%	0.8%
-%	33.8%	1.3pts	0.8pts
Op Income	\$ 7.0	7.7%	-0.6%
-%	8.2%	0.8pts	0.1pts
Adj. EBITDA\$	\$ 8.4	1.2%	-5.0%
-%	9.8%	0.4pts	-0.4pts
Diluted EPS	\$ 0.12	20%	\$ 0.01

- Triple-digit orders quarter led by Energy taking share in Midstream & Nat Gas Power Gen
- Organic Revenue flat to slightly down Y/Y as mix of YTD orders shifted to longer cycle
- GAAP OI +\$14.5 and EPS +\$0.41 Y/Y on write-down of Zhongli ahead of subsequent Oct'18 divestiture

-
- GM% remains strong at 33.8%
 - Non-GAAP OI +\$0.5 and Adj. EBITDA flat Y/Y on project execution and cost control
 - Non-GAAP EPS +16% Y/Y or +2 cents on project margins, SG&A, and lower interest & tax expense
 - TY'19 Non-GAAP estimated tax rate remains at ~25%

Operating cash flows improved on several A/R and milestone collections

(\$MM)



- Reduced Working Capital by \$5 sequentially

- \$10.7 operating cash flow offset with \$(2.5) in CAPEX spend
- 98% FCF/EBITDA in Q3 a good performance... more opportunity



(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

Healthy balance sheet with flexibility to seize investment opportunities

(\$MM)

Operating cash flows drive down debt



Strengthened balance sheet

	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Term Debt	\$ 81.1	\$ 76.1	\$ 76.1	\$ 50.0	\$ 49.4
Revolver	-	-	-	27.0	20.0
Total Debt	\$ 81.1	\$ 76.1	\$ 76.1	\$ 77.0	\$ 69.4
Cash	\$ 31.5	\$ 43.7	\$ 29.0	\$ 28.8	\$ 29.0
Bank Defined Leverage Ratio (a)	2.6x	2.2x	2.0x	1.9x	1.8x
Total Net Debt/TTM EBITDA	1.6x	0.9x	1.3x	1.3x	1.1x

- Consolidation of Treasury activities and ERP's reduces need for cash on hand
- ~\$110 of untapped capacity under credit facility
- Cash on hand split 30% North America and 70% International



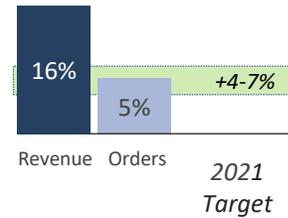
(a) Q2'18 through Q1'19 represent prior credit agreement definition; Q2'19 based on new credit agreement definition

Growth investments and record backlog support achievement of 2021 targets

Grow Revenue organically 2X market ^{(a) / (b)}

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

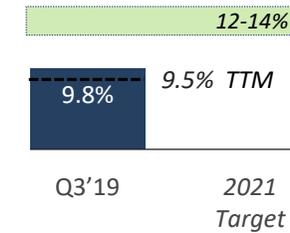
YoY Growth% (TTM)



Expand EBITDA margins ^(c)

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

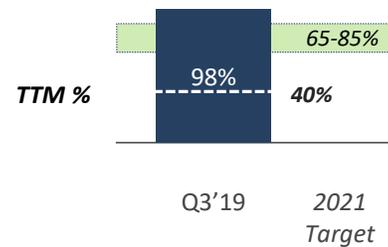
EBITDA%



Consistently convert EBITDA to Cash ^(c)

- Asset light model
- Working capital management

FCF/EBITDA



Superior Return on Tangible Capital ^{(c) / (d)}

- Low Asset Intensity %
- Greater value = ↑ margins

ROTC%



(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

Continued market leading execution to drive top tier shareholder returns

- 4-3-3 Operating Strategy provides the blueprint for successful Q3 and beyond
- Markets are large and pipeline is growing, offering further potential
- Innovation investments gaining traction for strong future growth
- Simplification actions driving speed of execution
- Targeted M&A to compound returns and advance our environmental mission

Building toward aggressive 2021 financial targets

Supplemental Materials

Non-GAAP Reconciliation

Non-GAAP Gross Profit and Margin

<i>(dollars in millions)</i>	Annual 2012	Annual 2013	Annual 2014	Annual 2015	Annual 2016	Annual 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Annual 2018	Q1 2019	Q2 2019	Q3 2019	YTD 2019	TTM
Gross profit as reported in accordance with GAAP	\$ 42.4	\$ 61.6	\$ 84.8	\$ 109.2	\$ 134.9	\$ 113.2	\$ 25.9	\$ 27.2	\$ 28.7	\$ 29.8	\$ 111.5	\$ 28.4	\$ 26.8	\$ 28.8	\$ 84.0	\$ 113.8
<i>Gross profit margin in accordance with GAAP</i>	31.4%	31.2%	32.2%	29.7%	32.4%	32.8%	34.9%	33.5%	32.5%	31.7%	33.1%	33.0%	33.0%	33.8%	33.3%	32.9%
Legacy design repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-GAAP gross profit	\$ 42.4	\$ 62.9	\$ 85.4	\$ 110.3	\$ 135.6	\$ 115.8	\$ 25.9	\$ 27.2	\$ 28.7	\$ 29.8	\$ 111.5	\$ 28.4	\$ 26.8	\$ 28.8	\$ 84.0	\$ 113.8
<i>Non- GAAP Gross profit margin</i>	31.4%	31.9%	32.4%	30.0%	32.5%	33.6%	34.9%	33.5%	32.5%	31.7%	33.1%	33.0%	33.0%	33.8%	33.3%	32.9%

Non-GAAP Operating Income and Margin

(dollars in millions)	Annual	Annual	Annual	Annual	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	YTD	
	2012	2013	2014	2015	2016	2017	2018	2018	2018	2018	2018	2019	2019	2019	2019	TTM
Operating income as reported in accordance with GAAP	\$ 16.7	\$ 7.0	\$ 21.7	\$ 4.9	\$ (25.4)	\$ 8.0	\$ 12.1	\$ 2.6	\$ (10.4)	\$ 5.7	\$ 10.0	\$ 4.9	\$ 2.0	\$ 4.1	\$ 11.0	\$ 16.7
Operating margin in accordance with GAAP	12.4%	3.5%	8.2%	1.3%	-6.1%	2.3%	16.3%	3.2%	-11.8%	6.1%	3.0%	5.7%	2.5%	4.8%	4.4%	4.8%
Legacy design repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 11.5	\$ 2.6	\$ 2.5	\$ 2.3	\$ 2.3	\$ 9.7	\$ 2.2	\$ 2.2	\$ 2.2	\$ 6.6	\$ 8.9
Earn-out expenses	\$ -	\$ 2.1	\$ 2.5	\$ 13.3	\$ 6.3	\$ (4.4)	\$ 0.3	\$ -	\$ (0.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intangible asset impairment	\$ -	\$ -	\$ -	\$ 3.3	\$ 57.9	\$ 7.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) Loss on divestitures, net of selling costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11.2)	\$ 0.1	\$ 15.1	\$ 0.4	\$ 4.4	\$ 0.1	\$ -	\$ -	\$ 0.1	\$ 0.5
Restructuring expense (income)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.9	\$ 0.2	\$ -	\$ (0.2)	\$ -	\$ -	\$ -	\$ 0.2	\$ 0.7	\$ 0.9	\$ 0.9
Executive transition expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility exit expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal reserves	\$ -	\$ 3.5	\$ 0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-GAAP operating income	\$ 16.7	\$ 25.8	\$ 34.0	\$ 42.8	\$ 52.9	\$ 28.3	\$ 4.0	\$ 5.2	\$ 6.5	\$ 8.4	\$ 24.1	\$ 7.2	\$ 4.4	\$ 7.0	\$ 18.6	\$ 27.0
Non-GAAP Operating margin	12.4%	13.1%	12.9%	11.6%	12.7%	8.2%	5.4%	6.4%	7.4%	8.9%	7.1%	8.4%	5.4%	8.2%	7.4%	7.8%

Non-GAAP Net Income, Adjusted EBITDA and Margin

<i>(dollars in millions)</i>	Annual 2013	Annual 2014	Annual 2015	Annual 2016	Annual 2017	Q1 2018	Q2 2018	Q3 2018	Annual 2018	Q1 2019	Q2 2019	Q3 2019	YTD 2019	TTM
Net income as reported in accordance with GAAP	\$ 6.6	\$ 13.1	\$ (5.6)	\$ (38.2)	\$ (3.0)	\$ 5.8	\$ (0.9)	\$ (12.9)	\$ (7.1)	\$ 1.9	\$ 5.5	\$ 1.9	\$ 9.3	\$ 10.2
Legacy design repairs	\$ -	\$ -	\$ -	\$ -	\$ 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	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 11.5	\$ 2.6	\$ 2.5	\$ 2.3	\$ 9.7	\$ 2.2	\$ 2.2	\$ 2.2	\$ 6.6	\$ 8.9
Earn-out expenses	\$ 2.1	\$ 2.5	\$ 13.3	\$ 6.3	\$ (4.4)	\$ 0.3	\$ -	\$ (0.3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intangible asset impairment	\$ -	\$ -	\$ 3.3	\$ 57.9	\$ 7.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(Gain) Loss on divestitures, net of selling costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11.2)	\$ 0.1	\$ 15.1	\$ 4.4	\$ 0.1	\$ -	\$ -	\$ 0.1	\$ 0.5
Restructuring expense (income)	\$ -	\$ -	\$ -	\$ -	\$ 1.9	\$ 0.2	\$ -	\$ (0.2)	\$ -	\$ -	\$ 0.2	\$ 0.7	\$ 0.9	\$ 0.9
Executive transition expenses	\$ -	\$ -	\$ -	\$ -	\$ 1.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Facility exit expenses	\$ -	\$ -	\$ -	\$ -	\$ 0.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal reserves	\$ 3.5	\$ 0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred financing fee adjustment	\$ -	\$ -	\$ 0.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.4	\$ -	\$ 0.4	\$ 0.4
Foreign currency remeasurement	\$ (1.1)	\$ 2.9	\$ 2.5	\$ 0.8	\$ (2.1)	\$ (0.2)	\$ 1.0	\$ -	\$ 0.8	\$ 0.6	\$ (0.3)	\$ 0.2	\$ 0.5	\$ 0.5
Tax benefit of expenses	\$ (4.6)	\$ (3.7)	\$ (7.1)	\$ (7.4)	\$ (5.7)	\$ 4.4	\$ (0.9)	\$ (0.5)	\$ 2.4	\$ (0.7)	\$ (0.6)	\$ (0.8)	\$ (2.1)	\$ (2.7)
Zhongli Tax benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4.4)	\$ -	\$ (4.4)	\$ (4.4)
Non-GAAP net income	\$ 19.7	\$ 24.6	\$ 28.0	\$ 33.5	\$ 9.5	\$ 1.9	\$ 1.8	\$ 3.6	\$ 10.3	\$ 4.1	\$ 3.0	\$ 4.2	\$ 11.3	\$ 14.3
Depreciation	\$ 1.6	\$ 3.1	\$ 3.5	\$ 4.5	\$ 3.9	\$ 0.8	\$ 0.9	\$ 1.0	\$ 3.5	\$ 0.6	\$ 0.6	\$ 0.5	\$ 1.7	\$ 2.5
Non-cash stock compensation	\$ 1.1	\$ 1.7	\$ 1.9	\$ 2.3	\$ 2.3	\$ 0.6	\$ 0.8	\$ 0.9	\$ 3.1	\$ 0.8	\$ 1.0	\$ 1.0	\$ 2.8	\$ 3.6
Other (income)/expense	\$ 0.1	\$ (0.6)	\$ (0.4)	\$ (1.1)	\$ 2.0	\$ 0.6	\$ (0.6)	\$ (0.6)	\$ (0.4)	\$ -	\$ (0.5)	\$ (0.1)	\$ (0.6)	\$ (0.4)
Gain on insurance settlement	\$ -	\$ -	\$ -	\$ 1.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest expense	\$ 1.5	\$ 3.1	\$ 5.7	\$ 7.7	\$ 6.7	\$ 1.9	\$ 1.8	\$ 1.7	\$ 7.1	\$ 1.5	\$ 1.1	\$ 1.3	\$ 3.9	\$ 5.6
Income tax expense	\$ 4.5	\$ 6.8	\$ 9.7	\$ 12.7	\$ 10.1	\$ (0.3)	\$ 2.2	\$ 1.8	\$ 6.6	\$ 1.5	\$ 0.8	\$ 1.5	\$ 3.8	\$ 6.7
Adjusted EBITDA	\$ 28.5	\$ 38.7	\$ 48.4	\$ 60.6	\$ 34.5	\$ 5.5	\$ 6.9	\$ 8.4	\$ 30.2	\$ 8.5	\$ 6.0	\$ 8.4	\$ 22.9	\$ 32.3
Adjusted EBITDA margin	14.4%	14.7%	13.2%	14.5%	10.0%	7.4%	8.5%	9.5%	8.9%	9.9%	7.4%	9.8%	9.1%	9.3%
Basic Shares Outstanding	20,116,991	25,750,972	28,791,662	33,979,549	34,445,256	34,592,803	34,669,810	34,779,125	34,714,395	34,835,550	34,923,587	35,070,449	34,944,056	34,774,300
Diluted Shares Outstanding	20,719,951	26,196,901	28,791,662	33,979,549	34,697,744	34,641,390	34,785,726	34,779,125	34,988,461	35,360,042	35,582,727	35,624,590	35,522,568	35,055,776
Earnings (loss) per share:														
Basic	\$ 0.33	\$ 0.51	\$ (0.19)	\$ (1.12)	\$ (0.09)	\$ 0.17	\$ (0.03)	\$ (0.37)	\$ (0.20)	\$ 0.05	\$ 0.16	\$ 0.06	\$ 0.27	\$ (0.32)
Diluted	\$ 0.32	\$ 0.50	\$ (0.19)	\$ (1.12)	\$ (0.09)	\$ 0.17	\$ (0.03)	\$ (0.37)	\$ (0.20)	\$ 0.05	\$ 0.15	\$ 0.05	\$ 0.26	\$ (0.32)
Non-GAAP earnings per share:														
Basic	\$ 0.98	\$ 0.95	\$ 0.97	\$ 0.99	\$ 0.28	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.30	\$ 0.12	\$ 0.09	\$ 0.12	\$ 0.32	\$ 0.36
Diluted	\$ 0.95	\$ 0.94	\$ 0.97	\$ 0.99	\$ 0.27	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.29	\$ 0.12	\$ 0.08	\$ 0.12	\$ 0.32	\$ 0.35

Return on Tangible Capital

<i>(dollars in millions)</i>	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	Q2 2019	Q3 2019
Non-GAAP Operating Income	5.3	3.5	4.0	5.2	6.5	8.4	7.2	4.4	7.0
<i>Other non-cash adjustments, not in Non-GAAP:</i>									
Add: Non-cash stock compensation	0.6	0.5	0.6	0.8	0.9	0.8	0.8	1.0	0.9
Adjusted Non-GAAP Operating Income	5.9	4.0	4.6	6.0	7.4	9.2	8.0	5.4	7.9
Cash Operating Taxes (assumed 27% rate)	-1.4	-0.9	-1.1	-1.4	-1.8	-2.3	-1.9	-1.2	-1.9
Net Operating Profit After Taxes (NOPAT)	4.5	3.1	3.5	4.6	5.6	6.9	6.1	4.2	6.0
TTM NOPAT	31.3	23.1	18.7	15.7	16.8	20.6	23.2	22.8	23.2
Net Tangible Capital	74.1	70.3	62.8	58.1	50.4	34.8	43.9	45.3	40.7
TTM ROTC	45.2%	36.8%	31.0%	25.4%	27.0%	39.2%	43.5%	44.1%	50.9%

- (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

<i>(dollars in millions)</i>	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	YTD	
	2016	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2019	2019	2019	2019	TTM
Revenue as reported in accordance with GAAP	\$ 417.0	\$ 92.7	\$ 93.9	\$ 85.0	\$ 73.5	\$ 345.1	\$ 74.1	\$ 81.1	\$ 88.2	\$ 93.9	\$ 337.3	\$ 86.0	\$ 81.2	\$ 85.3	\$ 252.5	\$ 346.4
<i>Less revenue attributable to divestitures</i>	\$ (50.9)	\$ (6.7)	\$ (8.9)	\$ (10.5)	\$ (8.5)	\$ (34.6)	\$ (6.5)	\$ (1.2)	\$ (1.6)	\$ -	\$ (9.3)	\$ -	\$ -	\$ -	\$ -	\$ -
Organic revenue	\$ 366.1	\$ 86.0	\$ 85.0	\$ 74.5	\$ 65.0	\$ 310.5	\$ 67.6	\$ 79.9	\$ 86.6	\$ 93.9	\$ 328.0	\$ 86.0	\$ 81.2	\$ 85.3	\$ 252.5	\$ 346.4