



# 36th Annual Roth Conference

**Dana Point, CA**

March 17-19, 2024



# Forward-looking statements and Non-GAAP information

This presentation contains forward-looking statements with predictions, projections and other statements about future events. 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 and uncertainties, 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, 2023 and may be included in subsequently filed Quarterly Reports on Form 10-Q, and include, but are not limited to: the sensitivity of our business to economic and financial market conditions generally and economic conditions in our 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 our infrastructure, resources, and existing sales; the ability to expand operations in both new and existing markets; the potential for contract delay or cancellation as a result of on-going or worsening supply chain challenges; 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, and rising energy costs; inflationary pressures relating to rising raw material costs and the cost of labor; the substantial amount of debt incurred in connection with our strategic transactions and our ability to repay or refinance it or incur additional debt in the future; the impact of federal, state or local government regulations; our ability to repurchase shares of our common stock and the amounts and timing of repurchases, if any; our ability to successfully realize the expected benefits of our restructuring program; our ability to successfully integrate acquired businesses and realize the synergies from strategic transactions; the unpredictability and severity of catastrophic events, including cyber security threats, acts of terrorism or outbreak of war or hostilities or public health crises, as well as management's response to any of the aforementioned factors; and our ability to remediate our material weakness, or any other material weakness that we may identify in the future that could result in material misstatements in our financial statements. 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. 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.

While we report our 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: organic revenue, 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 our financial results and are not a substitute for their comparable GAAP measures. Management believes that these measure provides individuals with additional information to better compare the Company's results over multiple periods. Explanations of these non-GAAP measures and reconciliations of these non-GAAP measures to their directly comparable GAAP measures, to the extent the reconciliation be performed without unreasonable efforts, are included in the accompanying "Appendix." Descriptions of many of these non-GAAP measures are also included in our SEC reports.

# Company Overview

# Why CECO – Investment Thesis

## Transformation Underway: Organic and Inorganic Investments to Advance our Leadership

- **Industrial Air:** *Advancing Leadership* (3 acquisitions since 2020)
- **Industrial Water:** *Building Leadership* (4 acquisitions since 2022)
- **Energy Transition:** *Maintaining Leadership* as our ecosystem transitions (1 acquisition in 2023)

## Favorable Macro Trends

- Developed economy Industrial “Rebuild” and “Reshoring”
- Global Infrastructure and “Green” Investments
- Energy Transition ... Solar, LNG, RNG, Hydrogen, Carbon Capture, Nuclear.

## Capital Allocation

- Expanding our Core
- Programmatic M&A
- Debt Reduction and Share Repurchase

~\$800M  
Enterprise Value

Growing Revenue  
Strong Double Digits

Q4’23 Backlog at  
Record Levels with  
YTD B-2-B ~1.1x

Programmatic M&A:  
8 Strategic Deals  
in 8 quarters

***Advancing Leadership => Sustained High Performance***

Legend:

- 2020 financials are based on December 31<sup>st</sup>, 2020
- 2020 Stock Price as of July 6, 2020 (Timing of new CEO)

Legend (cont.):

- 2023 financials are based on December 31, 2023
- 2023 Stock Price as of close of business March 1<sup>st</sup>, 2024.

# CECO Environmental's Mission ... Purpose Driven and Passionate



## We Protect People

- Solving customer challenges to ensure their employees work in a safe and productive work environment



## We Protect The Environment

- We minimize our environmental impact and help our global customers do the same



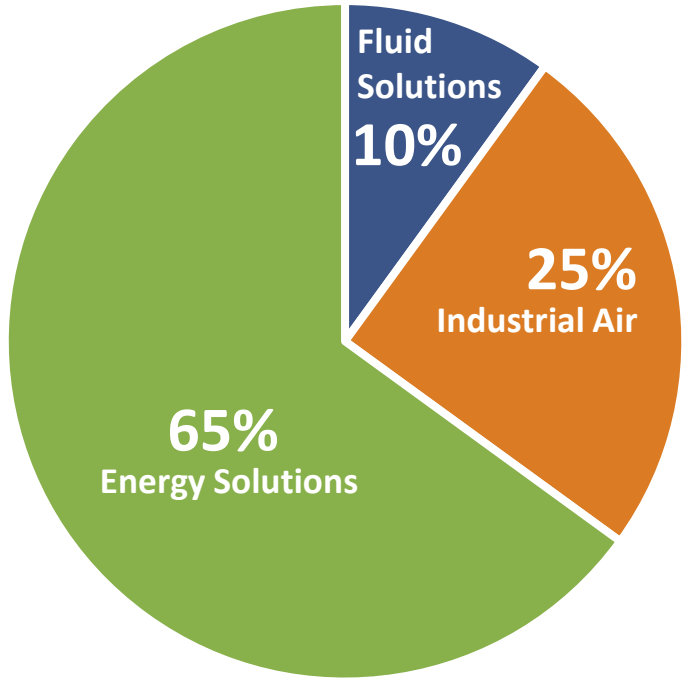
## We Protect Industrial Equipment and Improve Processes

- We help maximize our customer's investment in their operating systems and optimize their output

# CECO Transformation Journey



## 2020 Portfolio Mix

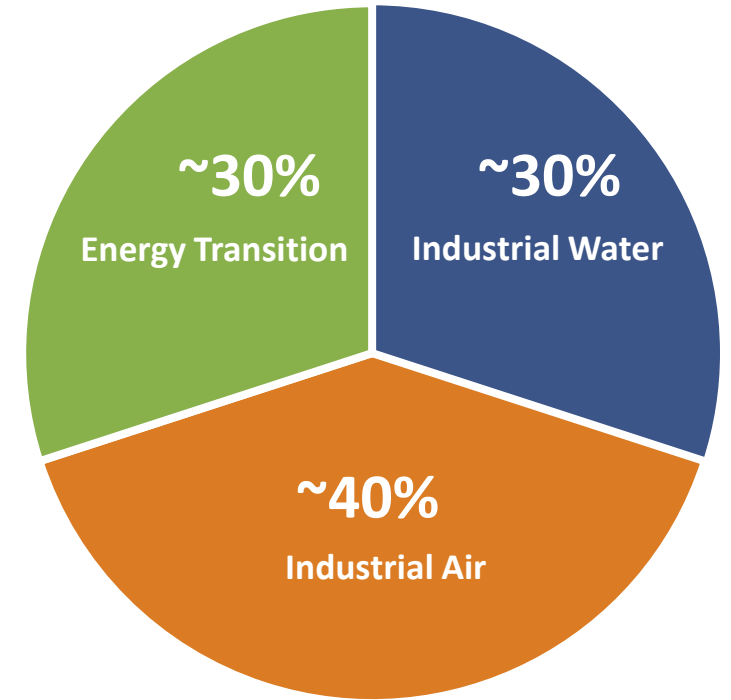


80% Long-cycle | 20% Short-cycle

Growth	
2020	2023
\$316M	\$545M +72%
\$183M	\$371M +103%

Shareholder Value	
2020	'24 YTD
\$6.35	\$22.09 +248%
\$225M	\$770M +242%

## 2023 Portfolio Mix



70% Long-cycle | 30% Short-cycle

**Steady Portfolio Transformation = Growth and Shareholder Value**


























Legend:

- 2020 financials are based on December 31<sup>st</sup>, 2020
- 2020 Stock Price as of July 6, 2020 (Timing of new CEO)

Legend (cont.):

- 2023 financials are based on December 31, 2023
- 2023 Stock Price as of close of business March 8<sup>th</sup>, 2024.

# Balanced Portfolio Winning In Diverse Growth Markets

	<i>Legacy Brands</i>	<i>Acquired Brands*</i>	<i>Typical Applications &amp; End Markets</i>	
<p><b>Industrial Air</b></p> <p>~40% of Portfolio</p>	      	  	<ul style="list-style-type: none"> <li>• <b>Thermal Oxidation</b> <ul style="list-style-type: none"> <li>○ EV Battery</li> <li>○ Automotive</li> <li>○ Beverage Can</li> </ul> </li> <li>• <b>Wet/Dry Scrubbers</b> <ul style="list-style-type: none"> <li>○ Semiconductor</li> </ul> </li> <li>• <b>Mist Removal</b> <ul style="list-style-type: none"> <li>○ Alum./Steel rolling</li> <li>○ Chemical processing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Dust &amp; Particle Collection</b> <ul style="list-style-type: none"> <li>○ Wood working</li> <li>○ Machining/Grinding</li> <li>○ Cement &amp; Building Materials</li> <li>○ Food Processing/Milling</li> </ul> </li> <li>• <b>Silencers</b> <ul style="list-style-type: none"> <li>○ Blower/Fan intake</li> <li>○ Rotating equipment exhaust</li> <li>○ Steam Vent/Blowdown</li> </ul> </li> </ul>
<p><b>Industrial Water</b></p> <p>~30% of Portfolio</p>	  	    	<ul style="list-style-type: none"> <li>• <b>Produced Water Treatment</b> <ul style="list-style-type: none"> <li>○ Oil &amp; Gas Production</li> </ul> </li> <li>• <b>Oily Water Separation</b> <ul style="list-style-type: none"> <li>○ Food Processing</li> <li>○ Hydrocarbon Processing</li> <li>○ Bilge Water Discharge</li> </ul> </li> <li>• <b>Wastewater Treatment</b> <ul style="list-style-type: none"> <li>○ Industrial Processes</li> <li>○ Food &amp; Beverage Prod.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Ultra-pure Water Supply</b> <ul style="list-style-type: none"> <li>○ Semicon/Electronics</li> <li>○ Electrolysis</li> </ul> </li> <li>• <b>Condensate Polishing</b> <ul style="list-style-type: none"> <li>○ Cooling Water</li> <li>○ Steam Processing</li> </ul> </li> <li>• <b>Desalination</b> <ul style="list-style-type: none"> <li>○ Recirculation</li> <li>○ Potable Water Supply</li> </ul> </li> </ul>
<p><b>Energy Transition</b></p> <p>~30% of Portfolio</p>	     		<ul style="list-style-type: none"> <li>• <b>Emission Management</b> <ul style="list-style-type: none"> <li>○ Gas-fired Power Gen – Baseload, Backup</li> <li>○ Flue Gas Scrubbers</li> </ul> </li> <li>• <b>Gas-Liquid Separation</b> <ul style="list-style-type: none"> <li>○ Natural Gas/CO2 Transport</li> <li>○ Natural Gas Liquefaction</li> <li>○ Hydrocarbon Processing</li> <li>○ Fuel Gas Upgrading</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cyclone Separation</b> <ul style="list-style-type: none"> <li>○ Hydrocarbon Processing</li> <li>○ Polysilicon Production</li> </ul> </li> <li>• <b>Carbon Capture</b> <ul style="list-style-type: none"> <li>○ Ethanol Processing</li> <li>○ Acid Gas Treatment</li> </ul> </li> <li>• <b>Thermal/Acoustic Mgmt</b> <ul style="list-style-type: none"> <li>○ Gas-fired Power-Gen</li> <li>○ Compressor Station Silencing</li> </ul> </li> </ul>

*Strategic Acquisitions Continue to Deliver ... Strengthened Positions and Expanded SAM\*\**

# Global Footprint ... Serving Global Customers

(-a) employee count excluding manufacturing  
(-b) includes 2022 & 2023 acquisitions



 Global HQ:  
Dallas, TX

 Sales, Engineering  
& Admin

 Manufacturing & Assy

~1,100 Employees worldwide <sup>(-b)</sup>

~60% are Engineers/Solution experts <sup>(-a)</sup>

~50% International Sales

Rapidly growing UAE and India presence



# Industry-leading Offerings and Solutions Across Attractive Industrial Markets



Just a Few Examples ...

## Industrial Air

Dust Collectors & Bag Houses



Thermal Oxidizers



- Battery
- Wood
- Electric vehicle
- Beverage Can

- Semiconductor
- Clean Power
- General Industrial
- Beverage Can

## Industrial Water

Bulk Solids Separators



Media Filters



RO Watermakers



Check & Control Valves



Oily Water Separators



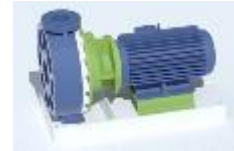
Dissolved Air Flotation



Ion Exchange Packages



Transport & Feed Pumps



- Marine
- Produced Water
- Refining
- Power Gen
- Food & Beverage
- Chemical/Petrochem

- Industrial Laundry
- Concrete/Aggregate
- Offshore Wind
- Battery/Semi/Electronics
- Hydrogen/Ammonia

## Energy Transition

Gas Separation Equipment



Turbine De-Nox System



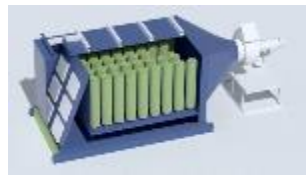
- Renewable Nat Gas
- Carbon Capture
- Nat Gas Pipelines

- H<sub>2</sub> / Gas Turbines
- CO<sub>2</sub> Transport
- LNG Liquification

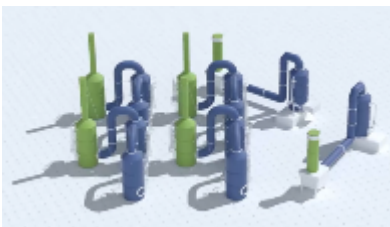
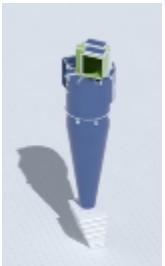
Hi-Temp Process Pumps



Mist/Vapor Eliminators - Fuel Gas Conditioners



Cyclone Separators Acid Gas/Ammonia Scrubbers



**Global Niche Leadership Positions with Strong Momentum**

# Building a Leading Industrial Water & Wastewater Treatment Solution Portfolio ...

## Development and Growth Strategy

- Leverage strong, established Peerless Water core
- Organic expansion from installed base and numerous PWT/OWT references serving the Middle East and SE Asia
- Use targeted acquisitions to expand regional coverage, applications/ solutions set and addressable market
- Commercial and Technical Integration



- Legacy business – strong application base
- Middle East/SE Asia
- Produced Water/Oily Water Treatment
- Oil & Gas focus
- MENA AVLS



- 2021 addition
- Middle East/SE Asia
- Industrial Wastewater Treatment
- FerOxy solution
- Industrial focus



- 2022 addition
- USA/Asia
- Optimized Oily/Slop Water Separation
- Compact/Modular Skid Packages
- Membrane-based solutions
- Seawater RO Water
- Marine/Offshore focus
- Numerous AVLS



- 2022 addition
- Asia, Middle East
- Dissolved Air Flotation, CPI Separators, IEx
- Industrial and Process Plant focus
- Korean EPC access
- Hydrogen and Semicon
- Numerous AVLS
- Fabrication facility



- 2023 addition
- N. America
- Hot water supply and heat recovery
- Washdown and Recycled Water Treatment
- Ceramic membrane solutions
- Food and Industry

..... Serving Attractive Global Markets

Note: development roadmap not including General Rubber valves and expansion joints used in WW applications

# Recent Financial Results

# Q4 and Full Year 2023 Earnings Highlights

\$MM

- Record Q4 Revenues, Gross Profit \$ and Adjusted EBITDA
- Record Backlog in '23 ... YE of \$371 up ~19% YoY
- Book-to-Bill of ~ 1.1 for Past 12 Months
- Sales Pursuit Pipeline at All-time Levels of ~\$3.5B
- Deployed ~\$60M in growth investments
- Each Acquisition Delivering Results > Deal Models
- Achieving or Exceeding Guidance Important / Consistent
- Delivering Robust Cash Flows for Continued Investment

Final FY'23 Guidance	Results	
<u>Orders</u> 1.1x – 1.2x	1.1X	✓ Achieved
<u>Revenue</u> 525 – 550M	545M	✓ Upper-End
<u>Adj. EBITDA</u> 55 – 57M	57.7M	✓✓ Exceeded
<u>Cash Flow</u> 50 – 70% of Adj EBITDA	63%	✓ Achieved

*Another Great Quarter and Year... Positioned for Continued Strong Growth*

# Q4 and FY 2023 Financial Summary

\$MM

	<u>Q4'23</u>	<u>YoY</u>
Orders	\$128M	(15%)
Sales	\$154M	32%
Adj. EBITDA	\$19.4M 12.6%	49% +139bps
Adj. EPS (diluted)	\$0.28	\$0.07
FCF	\$12.2M	\$3.2M

**FY Book-to-bill ~1.1x**

**FY Organic Sales Up ~22%**

**Normalized\* FY Margins Up  
~110 bps YoY**

**FY EPS Growth overcame ~(\$0.20)  
of Interest Expense**

**Strong Working Capital Execution  
FCF ~ 63% of Adj. EBITDA**

	<u>TTM</u>	<u>YoY</u>
Orders	\$583M	11%
Sales	\$545M	29%
Adj. EBITDA	\$57.7 10.6%	37% +58bps
Adj. EPS (diluted)	\$0.75	\$0.01
FCF	\$36.2M	33%

***Strong Q4 Performance and another Year of High Double-digit Growth***

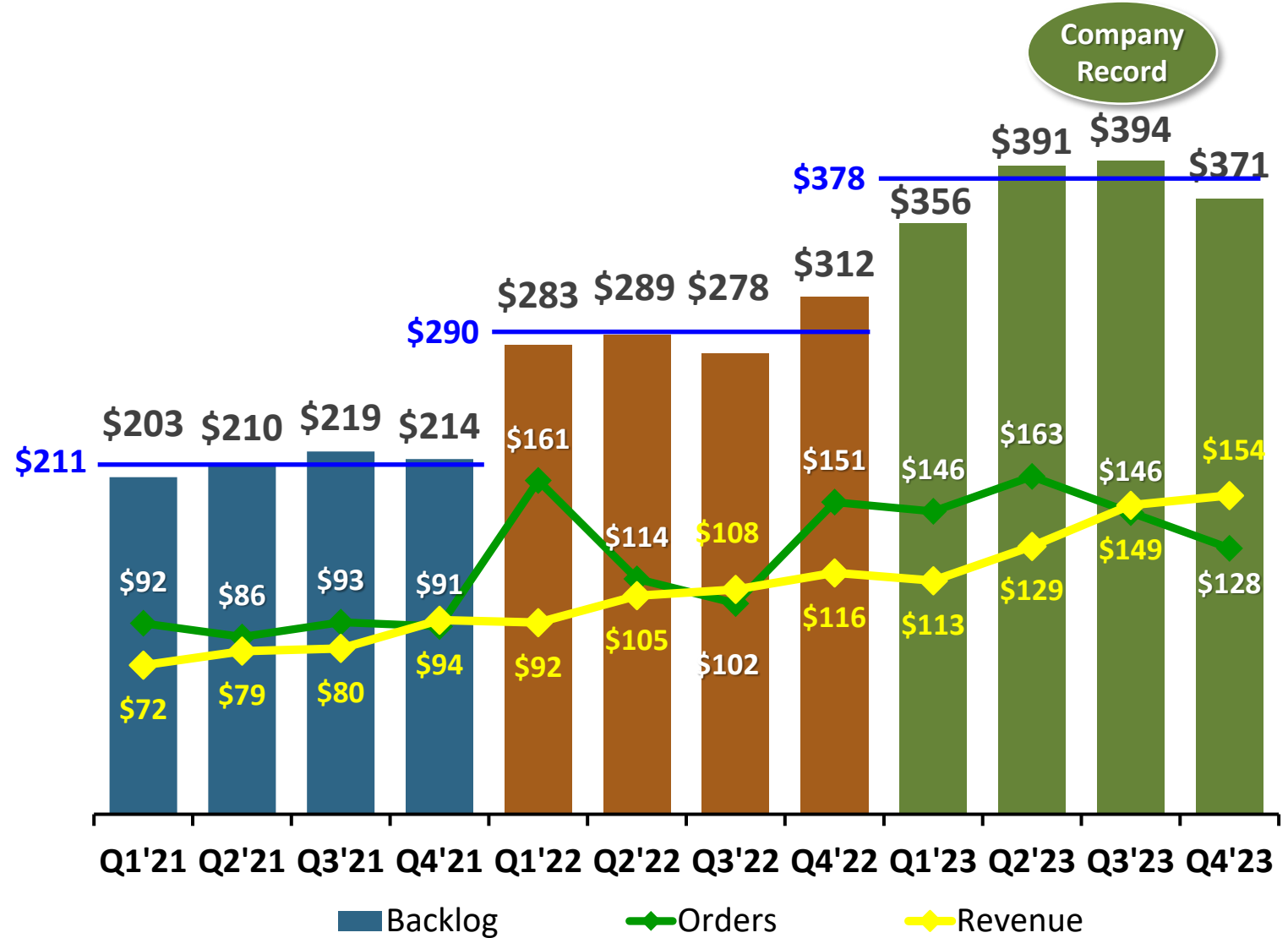
# Q4'23 Backlog\* Remains at Record Levels

(\$MM)

TTM = Trailing 12 Month

B2B = Book to Bill

Company Record



## Comments

- Up 19% YoY, ~70%+ converts to sales in 2024
- 2023 Qtr. Average of 378M up 30% YoY
- TTM Orders = \$583
- TTM Revenue = \$545
- Q4 B2B = 0.83x driven by company record revenues at expected order intake levels
- TTM B2B = ~1.1x → Future Growth
- Opportunity Pipeline > \$3.5B supports continued B2B rates > 1.0

**B2B**      **2021**      **2022**      **2023**  
 1.1x      1.2x      1.1x

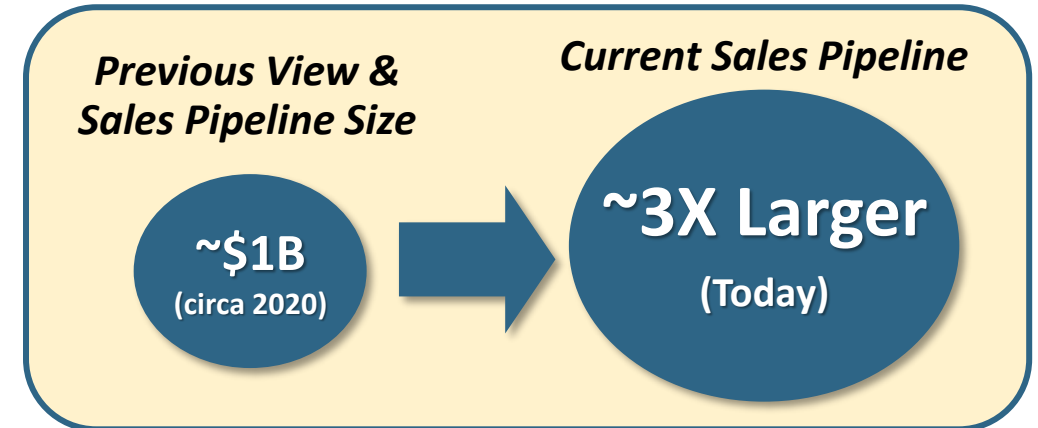


\* Starting Backlog – Revenue + Net Orders +/- FX + Acquired Backlog = Ending Backlog.

# Looking Forward & Summary

# Double Digit Growth Mindset: Maintaining & Investing in Strong Growth Fundamentals

- **Solutions and Applications Tightly Aligned to Secular, Global Growth Drivers**
  - Reshoring Industrial Production ... High-tech (Semiconductor and Electronics), Low-tech (Aluminum, Specialty Metals)
  - Infrastructure
  - Clean and Green Energy ... The Energy Transition
  - Increased Regulatory Standards
- **Leadership Position In Key Markets = Strong Relationships with End Customers**
  - Solidifying “Preferred” Relationships with Market Leaders Because of Our Expertise and Global Scale
- **Relentless Execution + Commitment to Quality ... Overcoming All Market Challenges**
- **Continue Investing To Expand Target Markets and Diversified Opportunities**
  - Moving “Beyond Equipment”
  - More Global
  - New Applications and Customer Segments
  - Opportunity Pipeline Now ~\$3.5B



**Maintaining Our Focus on Sustainable Double-Digit Growth**



# 2024 Tailwinds Continue to Outpace Headwinds



- Recent Acquisitions
- Improving Macro Environment
- Record YE Backlog to Start 2024
- Strong Opportunity Pipeline
- Policy-driven Investments and Spending
- Global Footprint in High Growth Regions
- M&A Opportunities

- Project Delays Continue
- Lower Inflation Reducing Pricing Leverage
- Continued High Interest Rates
- Supply Chain Challenges Remain / New Ones Presenting Themselves
- Geopolitical Disruptions
- Talent Acquisition Tight

***Capitalizing on Tailwinds While Overcoming Challenges and Uncertainty***

# Updating Full Year 2024 Guidance

(\$MM)

	Initial FY '24	Updated FY '24	2024 Commentary
<b>Order Rate: Book to Bill</b>	1.05 – 1.1X	1.05 – 1.1X	<ul style="list-style-type: none"> <li>• Investments Maintain Growth</li> <li>• Market Drivers Remain Good: Mfg. Reshoring, Infrastructure, Energy Transition, Policy \$, Other...</li> </ul>
<b>Revenue</b> <i>Mid-point YoY %</i>	575 – 600 Up ~10%	<b>Raised</b> 590 – 610 Up ~10%	<ul style="list-style-type: none"> <li>• Maintaining Double Digit Sales Growth ... Strong Y/E Backlog Entering 2024</li> <li>• Pipeline Remains Robust</li> </ul>
<b>Adj. EBITDA</b> <i>Mid-point YoY %</i>	65 – 70 Up ~20%	<b>Improved</b> 67 – 70 Up ~20%	<ul style="list-style-type: none"> <li>• Maintaining Strong y/y\$ Growth</li> <li>• Adj. EBITDA ~3X 2021 levels</li> <li>• Margin Expansion Opportunities Remain</li> </ul>
<b>Free Cash Flow</b>	50% to 70% of EBITDA	50% to 70% of EBITDA	<ul style="list-style-type: none"> <li>• Maintain Focus on Working Capital Management</li> <li>• FCF for Debt Repayment and M&amp;A</li> </ul>

**Outlook for 2024 Remains Very Positive ... Increasing Sales & Profit Expectations**

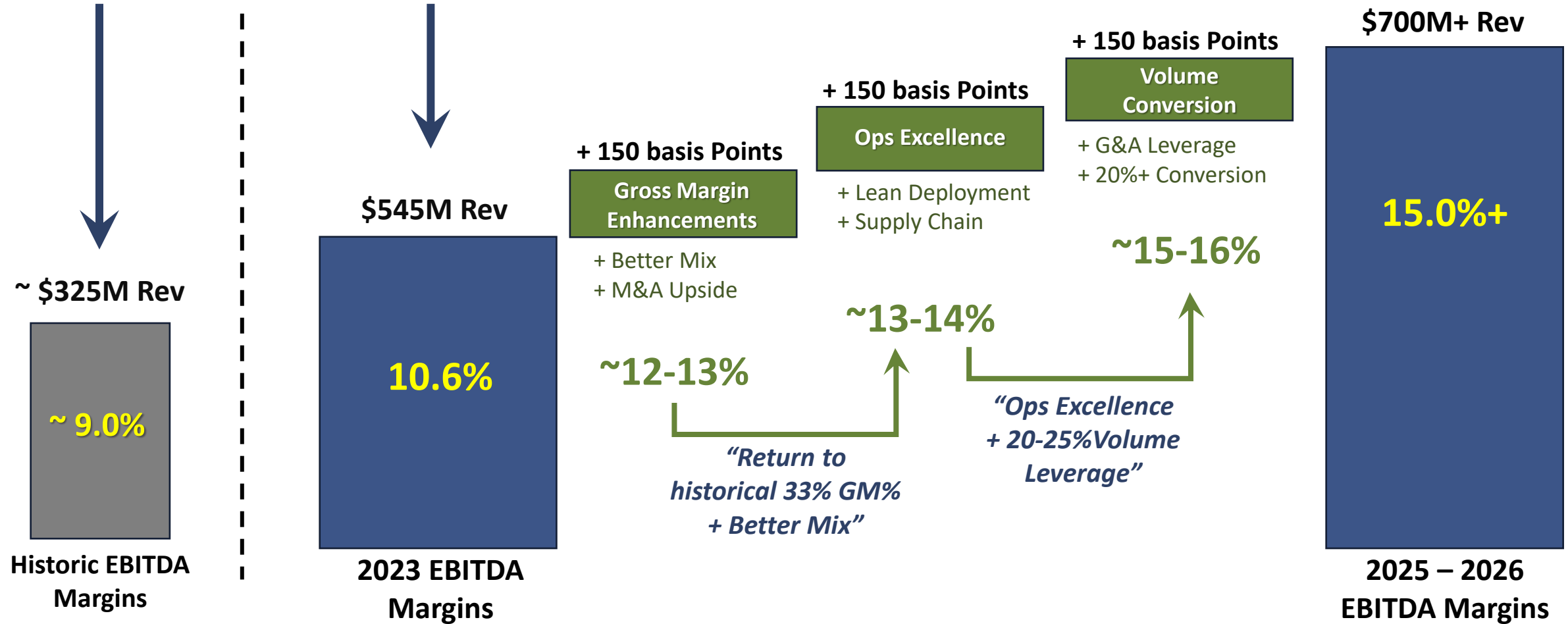
# Longer-Term Outlook Combines Steady Topline and Bottomline Growth

\$MM

Reference:  
"Historic Range"

Point of Departure

Mid-to-Longer  
Term Targets



*Focused On Continuing to Drive Strong Results*

# Q4 2023 Earnings Summary

- **Tremendous progress on our strategy and execution**
- **Outstanding Performance – operationally and financially**
  - Record Orders, Revenue, Gross Profit\$ and Adj. EBITDA\$
  - Q4 Adjusted EPS growth of 33%
  - Book to Bill ~1.1x
  - Record Year-end Backlog
- **Completed 3 strategic M&A transactions in 2023**
- **2024 Outlook / Execution remains positive ... modestly increased FY'24 Guidance**
- **We are Transforming CECO**
  - Advancing Leadership Positions in Industrial Air, Industrial Water and Energy Transition
  - Improving Business Mix .... More Balance Across Long-cycle, Mid-cycle and Shorter-cycle Businesses
  - Building a high-performance organization with Great Teams and Talent
  - Delivering for our Customers, our Teams, our Investors, our Communities

***Thanks Team CECO ... And Thank You For Your Interest***

**Peerless**  
Separation ■ Emissions ■ Water

**Dean**

**HEE-Duall**

**Fybroc**

**Fisher-Klosterman**



**Sethco**

**TRANSCEND**



**Burgess-Aarding**

**Emtrol-Buell**



**Flex-Kleen**



**Adwest**

**EIS**



**KB Duct**

**Busch**

**Mefiag**

**Kirk & Blum**

**Aarding**



# Appendix

Supplemental Materials and Non-GAAP Reconciliation Tables

# Q4'23 P&L and Earnings

(\$MM)	<u>Q4'23</u>	<u>YoY</u>	<u>Comments</u>
<b>Orders:</b>	\$128.3	(15%)	<ul style="list-style-type: none"> <li>• Tough compare driven by significant order that didn't repeat</li> <li>• Company record TTM \$583M</li> </ul>
<b>Sales:</b>	\$153.7	32%	
<b>Gross Profit Margin:</b>	34.6%	222bps	<ul style="list-style-type: none"> <li>• Steady execution from growing backlog and benefit of acquisitions</li> <li>• Record GP\$ quarter, up 41% YoY on higher volume</li> <li>• GP% up YoY driven by execution and project mix.</li> <li>• TTM of \$171M with margins of ~ 31.4%, +105 bps YoY.</li> </ul>
<b>GAAP OI:</b>	\$12.7	\$4.3/51%	
<b>Non-GAAP OI:</b>	\$16.3	\$5.3/48%	<ul style="list-style-type: none"> <li>• Adj EBITDA % of 12.6%, + ~140 bps YoY driven by strong volume execution and favorable mix</li> <li>• Partially offset with investments in growth and process improvement</li> </ul>
<b>Adj. EBITDA:</b>	\$19.4	49%	
<b>GAAP EPS:</b>	\$0.11	(\$0.13)	<ul style="list-style-type: none"> <li>• Adj. EPS +33% with operational performance overdriving interest expense headwinds</li> </ul>
<b>Adj. EPS:</b>	\$0.28	\$0.07	

# Cash Position and Liquidity Supports Capital Deployment Plan

(\$MM)

## Cash Position and Liquidity

**Cash 12.31.22** **\$46.6**

### Sources

Cash from Operations	\$44.6
Net Borrowings	<u>\$26.0</u>
Total	\$70.6

### Uses

M&A	\$(51.5)
Capex	<u>\$(8.4)</u>
Total	\$(59.9)

### Other

FX	\$(0.4)
Other	<u>\$(1.5)</u>
Total	\$(1.9)

**Cash 12.31.23** **\$55.4**

### Ref:

Cash Interest	\$(12.1)
Cash Taxes	\$(9.9)

Note:

1/ Net Debt = Gross Debt - Cash

2/ TTM Bank EBITDA as defined in Credit Facility

3/ Leverage Ratio = Net Debt / TTM Bank EBITDA

4/ Capacity = Current Facility Capacity + Net US Cash

5/ excludes JV Debt

6/ exclude JV debt repayment in 2023

## Leverage and Investment Capacity <sup>5/</sup>

**Gross Debt 12.31.22** **\$104.9**

### Borrowings

On revolver	\$106.6
On term loan	\$75.0
Other	<u>\$1.3</u>
Total	\$182.9

### Repayments

On revolver	\$(150.6)
On credit facility	<u>\$ (3.9)</u>
Total	\$(154.5)

Net Borrowings, Q4 2023 <sup>6/</sup> \$28.3

**Gross Debt 12.31.23** **\$133.2**

	<u>12.31.21</u>	<u>12.31.22</u>	<u>12.31.23</u>
Net Debt <sup>1/5/</sup>	\$33.5	\$58.3	\$77.8
TTM Bank EBITDA <sup>2/</sup>	\$28.7	\$42.7	\$56.3
<b>Leverage Ratio<sup>3/</sup></b>	<b>1.2x</b>	<b>1.4x</b>	<b>1.4x</b>
<b>Capacity<sup>4/</sup></b>	<b>~\$50</b>	<b>~\$74</b>	<b>~\$116</b>



# Disciplined Capital Allocation Driving Value Creation

## Acquisitions Completed 1H'23

~\$30M



- Q1 Close
- UK-based
- Annualized Revenues ~\$20M+
- Bolt-on to Thermal Acoustics Platform
- Adds Standard Acoustic Control Products and Enclosures
- Substantial opportunity in datacenters



- Early Q2 Close
- US-based
- Annualized Revenues ~\$16M+
- Expand Separation-Filtration Platform
- Adds Energy Transition applications and Liquid-Liquid solutions
- Substantial global opportunity

## Acquisition Completed Q3'23

~\$22M



- Mid-Q3 Close
- US-based
- Annualized Revenues ~\$28M+
- Complement to DS21 and Compass Water acquisitions
- Adds new niche leadership positions in Industrial Water

## Growth CapEx

~\$8.4M

- US facility updates, Investments in Lean & Productivity
- UK capacity expansion
- IT upgrades: network/data security, bandwidth, ERP migrations, India office cabling.
- India expansion = Doubled resources

**Deployed >\$100M in Capital In Growth Investments & Stock Buybacks Over the Past 24 Months**

# Revenue Excluding Acquisitions

<i>(dollars in millions)</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Annual 2023
Revenue as report in accordance with GAAP	\$ 92.4	\$ 105.4	\$ 108.4	\$ 116.4	\$ 422.6	\$ 112.6	\$ 129.2	\$ 149.4	\$ 153.7	\$ 544.9
<i>Less revenue attributable to acquisitions</i>	-	(0.6)	(6.0)	(7.4)	(18.7)	(11.0)	(7.9)	(15.1)	(17.1)	(51.1)
<b>Organic Revenue</b>	<b>\$ 92.4</b>	<b>\$ 104.8</b>	<b>\$ 102.4</b>	<b>\$ 109.0</b>	<b>\$ 403.9</b>	<b>\$ 101.6</b>	<b>\$ 121.3</b>	<b>\$ 134.3</b>	<b>\$ 136.6</b>	<b>\$ 493.8</b>

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.

# Non-GAAP Operating Income and Margin

<i>(dollars in millions)</i>	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Annual 2023
<b>Operating Income as reported in accordance with GAAP</b>	\$ 5.2	\$ 5.7	\$ 2.8	\$ 8.4	\$ 22.2	\$ 5.5	\$ 8.6	\$ 7.9	\$ 12.7	\$ 34.7
<i>Operating Margin in accordance with GAAP</i>	5.6%	5.4%	2.6%	7.2%	5.3%	4.9%	6.7%	5.3%	8.3%	6.4%
<b>Acquisition and integration expense</b>	1.0	1.5	1.3	0.7	4.5	0.5	0.3	1.4	0.3	2.5
<b>Amortization expense</b>	1.5	1.5	2.0	2.1	7.0	1.7	1.8	1.9	2.1	7.5
<b>Earn-out and retention expense (income)</b>	-	-	-	(0.2)	(0.2)	-	0.5	0.1	0.1	0.7
<b>Restructuring expense</b>	0.1	-	-	-	0.1	-	-	0.2	1.1	1.3
<b>Executive transition expense</b>	-	-	1.2	-	1.2	-	0.1	1.3	-	1.4
<b>Non-GAAP Operating Income</b>	\$ 7.8	\$ 8.7	\$ 7.3	\$ 11.0	\$ 34.8	\$ 7.7	\$ 11.3	\$ 12.8	\$ 16.3	\$ 48.1
<i>Non-GAAP Operating Margin</i>	8.4%	8.3%	6.7%	9.5%	8.2%	6.8%	8.7%	8.6%	10.6%	8.8%

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.

# Non-GAAP Net Income, Adjusted EBITDA, and Margin

(dollars in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Annual 2023
Net Income as reported in accordance with GAAP	\$ 2.8	\$ 4.4	\$ 1.9	\$ 8.3	\$ 17.4	\$ 2.0	\$ 3.7	\$ 3.3	\$ 3.9	\$ 12.9
Acquisition and integration expense	1.0	1.5	1.3	0.7	4.5	0.5	0.3	1.4	0.3	2.5
Amortization expense	1.5	1.5	2.0	2.1	7.0	1.7	1.8	1.9	2.1	7.5
Earn-out and retention expense (income)	-	-	-	(0.2)	(0.2)	-	0.5	0.1	0.1	0.7
Restructuring expense	0.1	-	-	-	0.1	-	-	0.2	1.1	1.3
Executive transition expense	-	-	1.2	-	1.2	-	0.1	1.3	-	1.4
Foreign currency remeasurement	0.3	(0.3)	2.5	(3.8)	(1.3)	(0.1)	(0.8)	0.8	(1.0)	(1.0)
Tax benefit (cost) of expenses	(0.7)	(0.7)	(1.8)	0.3	(2.8)	(0.5)	(0.5)	(1.4)	3.6	1.3
<b>Non-GAAP Net Income</b>	<b>\$ 5.0</b>	<b>\$ 6.4</b>	<b>\$ 7.1</b>	<b>\$ 7.4</b>	<b>\$ 25.9</b>	<b>\$ 3.6</b>	<b>\$ 5.1</b>	<b>\$ 7.6</b>	<b>\$ 10.1</b>	<b>\$ 26.6</b>
Depreciation expense	0.9	0.9	0.9	1.0	3.6	1.2	1.0	1.3	1.7	5.1
Non-cash stock compensation	0.9	0.9	1.1	1.0	3.9	0.8	1.2	1.1	1.5	4.5
Other (income) / expense	0.2	(1.6)	(3.8)	(0.4)	(5.6)	0.7	0.7	(0.6)	(0.1)	0.8
Interest expense	0.8	1.1	1.6	1.9	5.4	2.4	3.8	3.3	3.9	13.4
Income tax expense	1.8	2.6	2.1	1.8	8.2	0.5	1.5	2.0	1.8	5.7
Non-Controlling Interest	-	0.3	0.2	0.3	0.8	0.5	0.3	0.4	0.5	1.6
<b>Adjusted EBITDA</b>	<b>\$ 9.6</b>	<b>\$ 10.6</b>	<b>\$ 9.2</b>	<b>\$ 13.0</b>	<b>\$ 42.2</b>	<b>\$ 9.7</b>	<b>\$ 13.6</b>	<b>\$ 15.1</b>	<b>\$ 19.4</b>	<b>\$ 57.7</b>
<i>Non-GAAP Operating Margin</i>	<i>10.4%</i>	<i>10.1%</i>	<i>8.5%</i>	<i>11.2%</i>	<i>10.0%</i>	<i>8.6%</i>	<i>10.5%</i>	<i>10.1%</i>	<i>12.6%</i>	<i>10.6%</i>
Basic Shares Outstanding	35,051,034	34,873,238	34,455,657	34,318,526	34,672,007	34,441,905	34,619,216	34,771,742	34,823,663	34,665,473
Diluted Shares Outstanding	35,199,201	35,041,152	34,871,313	34,919,398	35,005,159	35,198,668	35,143,782	35,301,429	35,687,092	35,334,090
<b>Earnings per share:</b>										
Basic	\$ 0.08	\$ 0.13	\$ 0.06	\$ 0.24	\$ 0.50	\$ 0.06	\$ 0.11	\$ 0.09	\$ 0.11	\$ 0.37
Diluted	\$ 0.08	\$ 0.13	\$ 0.06	\$ 0.24	\$ 0.50	\$ 0.06	\$ 0.11	\$ 0.09	\$ 0.11	\$ 0.37
<b>Non-GAAP earnings per share:</b>										
Basic	\$ 0.14	\$ 0.18	\$ 0.21	\$ 0.22	\$ 0.75	\$ 0.10	\$ 0.15	\$ 0.22	\$ 0.29	\$ 0.77
Diluted	\$ 0.14	\$ 0.18	\$ 0.20	\$ 0.21	\$ 0.74	\$ 0.10	\$ 0.15	\$ 0.22	\$ 0.28	\$ 0.75

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.

# Adjusted Free Cash Flow

<i>(dollars in millions)</i>	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
	2022	2022	2022	2022	2022	2023	2023	2023	2023	2023
Net Cash provided by (used in) operating activities	\$ (0.2)	\$ 18.9	\$ 1.0	\$ 10.0	\$ 29.6	\$ (12.0)	\$ 11.4	\$ 30.1	\$ 15.2	\$ 44.6
Add: Earn-outs classified as operating	-	1.0	-	-	1.0	-	-	-	-	-
Capital Expenditures	(0.7)	(0.8)	(0.9)	(1.0)	(3.4)	(2.5)	(1.4)	(1.6)	(2.9)	(8.4)
<b>Adjusted Free Cash Flow</b>	<b>\$ (0.9)</b>	<b>\$ 19.1</b>	<b>\$ 0.1</b>	<b>\$ 9.0</b>	<b>\$ 27.2</b>	<b>\$ (14.5)</b>	<b>\$ 10.0</b>	<b>\$ 28.5</b>	<b>\$ 12.3</b>	<b>\$ 36.2</b>
TTM Adjusted FCF	\$ 1.0	\$ 26.4	\$ 20.5	\$ 27.2	\$ 27.2	\$ 13.7	\$ 4.6	\$ 33.0	\$ 36.2	\$ 36.2
TTM EBITDA	\$ 28.9	\$ 33.1	\$ 38.7	\$ 42.2	\$ 42.2	\$ 42.5	\$ 45.5	\$ 51.4	\$ 57.7	\$ 57.7
TTM FCF / EBITDA conversion	3.5%	79.8%	53.0%	64.5%	64.5%	32.2%	10.1%	64.2%	62.7%	62.7%

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.