



# Baird Industrial Conference

Chicago, IL

November 8-9, 2023

**CECO**  
ENVIRONMENTAL



# 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, 2022 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

# CECO Environmental: Key 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)

## ➤ Growth Themes:

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

## ➤ Capital Allocation Priorities: Expanding our Core, Programmatic M&A, Debt Reduction, and Share Repurchase

~\$670M  
Enterprise Value  
-a)

Growing Revenue  
Strong Double Digits  
-b)

Q3'23 Backlog at  
Record Levels with  
YTD B-2-B ~1.2x  
-b)

Executing  
Programmatic M&A:  
8 Strategic Deals  
in 7 quarters

**Advancing Leadership => Sustained High Performance**

- a) as of November 3, 2023  
- b) based on 3Q2023 results

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



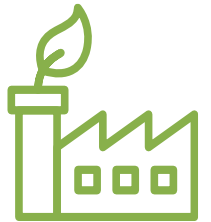
## We Protect People

- 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

# Balanced Portfolio Winning In Diverse Growth Markets

	<i>Legacy Brands</i>	<i>Acquired Brands*</i>	<i>Typical Applications &amp; End Markets</i>
<b>Industrial Air</b>  ~40% of Portfolio	      	   	<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> <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>
<b>Industrial Water</b>  ~30% of Portfolio	  	    	<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> <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>
<b>Energy Transition</b>  ~30% of Portfolio	     		<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> <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\*\**

# Industry-leading Offerings and Solutions Across Attractive Industrial Markets



Just a Few Examples ...

## Industrial Air

Dust Collectors & Bag Houses

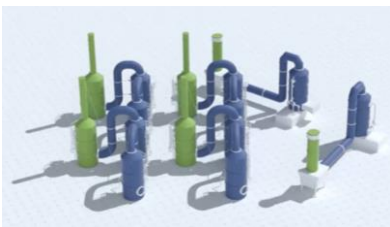
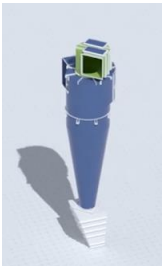


Thermal Oxidizers



- Battery
- Wood
- Electric vehicle
- Beverage Can
- Semiconductor
- Clean Power
- General Industrial
- Beverage Can

Cyclone Separators    Acid Gas/Ammonia Scrubbers



## Industrial Water

Bulk Solids Separators



Media Filters



RO Watermakers



Check & Control Valves



Oily Water Separators



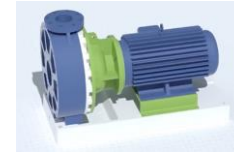
Dissolved Air Flotation



Ion Exchange Packages



Transport & Feed Pumps

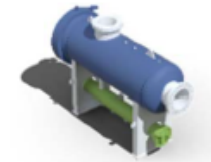


- Marine
- Produced Water
- Refining
- Power Gen
- Food & Beverage
- Chemical/Petrochem

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

## Energy Transition

Gas Separation Equipment



Turbine De-Nox System



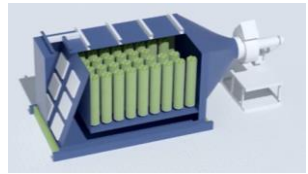
- Renewable Nat Gas
- Carbon Capture
- Nat Gas Pipelines

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

Hi-Temp Process Pumps



Mist/Vapor Eliminators - Fuel Gas Conditioners



**Global Niche Leadership Positions with Strong Momentum**

# 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 (-b)

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

Rapidly growing UAE and India presence



# Recent Results

# CECO Environmental ... Sustainable Solutions Delivering Sustainable Results

- ✓ Advancing leadership in Industrial Air ... Building leadership in Industrial Water ...  
Maintaining leadership in Energy Transition
- ✓ Delivering exceptional value to customers ... positioned as our customers' 'critical to success' solution partner of choice across Air, Water and Energy Transition
- ✓ Q3 Record Results: Highest Revenue, Gross Profit \$, and Cashflow \$ in Company History
- ✓ Record Backlog and >1.2 Book-to-Bill points to continued growth
- ✓ Delivering sustained 20%+ growth at higher margins
- ✓ Adding accretive acquisitions with niche leadership, short cycle business, and recurring sales
- ✓ Experienced leadership team aligned with shareholders to deliver value

**Delivering on our Value Creation Strategy ...**

**Well Above-Market Organic Growth + Programmatic M&A + Strong Execution = Great Results**

# Q3'23 and TTM Financial Summary ... All Key Metrics Trending Higher

	<u>Q3'23</u>	<u>YoY</u>
Orders	\$145M	43%
Sales	\$149M	38%
Adj. EBITDA	\$15.1M 10.1%	64% +156bps
Adj. EPS (diluted)	\$0.22	\$0.02
FCF	\$28.5M	\$28.4M

**Q3 Book-to-bill ~1.0x**

**Q3 Organic Sales Up ~31%**

**YoY Margins Up**

**EPS Growth Despite Higher Interest & (-) F/X**

**Strong Working Capital Execution (OCF > \$30M)**

	<u>TTM</u>	<u>YoY</u>
Orders	\$605M	30%
Sales	\$508M	27%
Adj. EBITDA	\$51.2M 10.1%	33% +47bps
Adj. EPS (diluted)	\$0.67	\$0.05
FCF	\$33.0M	\$12.5M

# Growing a Niche Leadership Position in Industrial Water

# 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



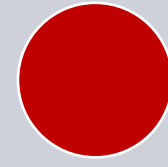
- 2021 addition
- Middle East/SE Asia
- Industrial Wastewater Treatment
- FerOxy solution
- Industrial focus



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






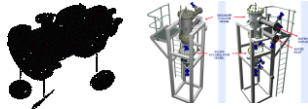
- 2022 addition
- Asia, Middle East
- Dissolved Air Flotation, CPI Separators, IEx
- Industrial and Process Plant focus
- Korean EPC access
- Hydrogen and Semicon
- Numerous AVLS
- Fabrication facility








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

..... Serving Key Markets

# Produced Water / Oily Water Treatment (PWT/OWT) Solution Portfolio

TECHNOLOGY CATEGORIES		COMMON TECHNOLOGY		
1 <sup>st</sup> Stage Treatment	<ul style="list-style-type: none"> <li>Desanding Hydrocyclone</li> <li>L/L Hydrocyclone</li> </ul> 	<ul style="list-style-type: none"> <li>API Separator</li> <li>CPI Separator</li> </ul>	<ul style="list-style-type: none"> <li>Oil Skimmers</li> <li>EIP (Effective Oil Interceptor Plate) Patent in Korea, USA, China</li> </ul>	<ul style="list-style-type: none"> <li>High Volume Single Stage Oily-Water Separator (CRP-SEP) – up to 100 m3/h</li> </ul>
Flotation (2 <sup>nd</sup> Stage Treatment)	<ul style="list-style-type: none"> <li>Microbubble Pumps</li> </ul>	<ul style="list-style-type: none"> <li>IGF/IAF Rotor Type, Eductor Type</li> <li>DGF/ DAF</li> </ul>	<ul style="list-style-type: none"> <li>Microbubble Generator Patent in Korea</li> </ul>	
Tertiary Treatment	<ul style="list-style-type: none"> <li>Nutshell Filters - Agitator - Recirculation Pumps</li> <li>Advanced Oxidation</li> </ul>	<ul style="list-style-type: none"> <li>Nutshell Filters Gas Scouring</li> </ul>	<ul style="list-style-type: none"> <li>Nutshell Filters - External Scrubbing</li> <li>Oil Absorption Filter</li> </ul>	<ul style="list-style-type: none"> <li>Membrane based Oily Water Treatment</li> </ul>

# Raw & Potable Water / Demineralization Solution Portfolio

TECHNOLOGY CATEGORIES		COMMON TECHNOLOGY		
Media Filtration	Special Media Filter	Sand Filter Activated Carbon Filter	Recirculation Clarifier	
Membrane Filtration	Microfiltration Ultrafiltration Ceramic Membrane			
Reverse Osmosis Membrane	Brackish RO Desalination RO Softening			
Demineralization Technologies		Reverse Osmosis Ion Exchange Resin Degassifier/ Decarbonation Tower Electrodeionization		RO Water Maker (for marine and offshore)
Remineralization Technologies	Remineralization Technologies			
Disinfection Technologies	Ozone	UV		

## Business Overview

- Leading engineered solutions provider in Industrial Water Treatment and Energy Recovery
- Founded in 1969
- Core Applications: process water heating and heat recovery, process wastewater treatment and reuse, media and RO water filtration, and high-pressure water supply
- Industry-leading ceramic membrane oily water separation
- Market leading brand in served customer segments with >7,000 systems delivered to customers in the food, commercial laundry and ready-mix concrete industries
- ~70 employees
- 60,000 SF facility in Clearwater, Florida
- Experienced leadership team bringing substantial technical and market knowledge

## Financial Profile / Transaction Metrics

- 2023E Revenue : expected to exceed \$26M with good short cycle and recurring revenue share
- Majority of revenue in N. America ... opportunity for global expansion
- Accretive Gross Profit and EBITDA Margins
- Strong cash generation
- Accretive Multiple: ~7.5X 2023 EBITDA
- Excellent complement to DS21 and Compass Water acquisitions

## Products & Solutions

Water	Wastewater	Thermal
 <p>Water Softeners</p>  <p>Reverse Osmosis</p>  <p>Media Filters</p> <p>Utilized for tend to the treatment of raw water to the plant</p>	 <p>Dissolved Air Flotation (DAF)</p>  <p>Reverse Osmosis</p>  <p>Ceramic Microfiltration</p> <p>Utilized for reuse water within the plant or pretreat the wastewater for discharge to the POTW</p>	 <p>Wastewater Heat Recovery</p>  <p>Stock Economizer</p>  <p>Direct Contact Water Heater</p> <p>Utilized for recover thermal energy or to more efficiently generate hot water for specific processes</p>

**Highly accretive addition to Industrial Water portfolio ... extends offering and capabilities**



# CECO Industrial Water ... 7 Water-focused Brands Covering Growth Regions



Global HQ:  
Dallas, TX

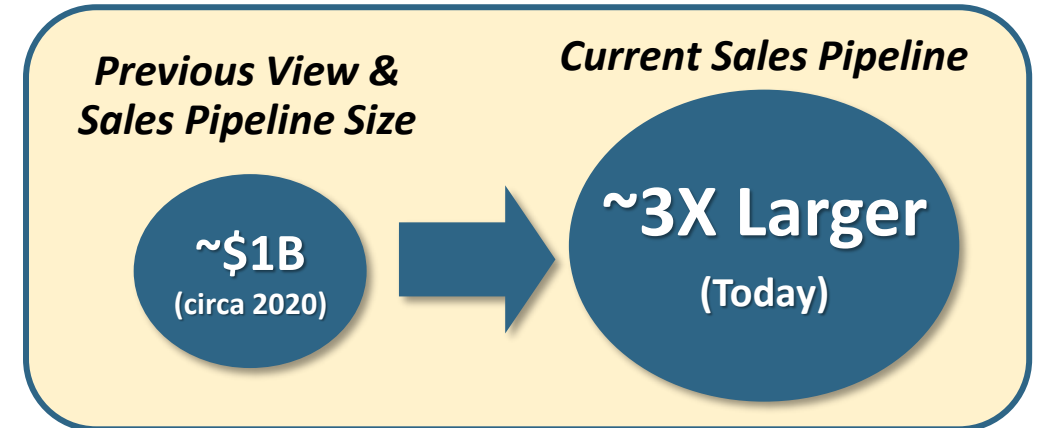
Sales, Engineering & Admin

Manufacturing & Assy

# 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 >\$3.0B



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

# Raising FY 2023 and Initiating FY 2024 Guidance

## 2023 Commentary

## 2023

## 2024

## 2024 Commentary

<ul style="list-style-type: none"> <li>Record Orders YTD</li> <li>3<sup>rd</sup> Consecutive Year B2B &gt; 1.1</li> <li>Balanced Across Platforms</li> </ul>	<p><b>1.1 – 1.2X</b></p>	<p><b>Orders: Book to Bill</b></p>	<p><b>1.05 – 1.1X</b></p>	<ul style="list-style-type: none"> <li>Investments Maintain Growth</li> <li>Market Drivers Remain Good: - Reshoring, Infrastructure ...</li> </ul>
<ul style="list-style-type: none"> <li>2<sup>nd</sup> Consecutive Year Double Digit Revenue Growth</li> <li>Organic Growth ~18%</li> </ul>	<p><b>Raised</b></p> <p><b>525M – 550M</b></p> <p>Up ~25%</p>	<p><b>Revenue</b></p> <p><i>Mid-point YoY %</i></p>	<p><b>575M – 600M</b></p> <p>Up ~10%</p>	<ul style="list-style-type: none"> <li>Maintaining Double Digit Sales Growth ... Expecting Strong Backlog to Enter 2024</li> <li>Sales Pipeline Remains Robust</li> </ul>
<ul style="list-style-type: none"> <li>Adj. EBITDA up &gt;2X Versus 2021 ... Driven by Volumes</li> <li>Adj. EBITDA Margins Trending Right Direction</li> </ul>	<p><b>Raised</b></p> <p><b>55M – 57M</b></p> <p>Up ~33%</p>	<p><b>Adj. EBITDA</b></p> <p><i>Mid-point YoY %</i></p>	<p><b>65M – 70M</b></p> <p>Up ~21%</p>	<ul style="list-style-type: none"> <li>Maintaining Strong \$ Growth</li> <li>Expecting Adj. EBITDA Will Be Up ~ 3X Versus 2021</li> <li>Margin Opportunities Remain</li> </ul>
<ul style="list-style-type: none"> <li>Delivering Solid FCF for Capital Deployment / Growth</li> </ul>	<p><b>50% to 70% of EBITDA</b></p>	<p><b>Free Cash Flow</b></p>	<p><b>50% to 70% of EBITDA</b></p>	<ul style="list-style-type: none"> <li>Maintain Focus on Working Capital Management</li> <li>FCF for Debt, M&amp;A and Stock</li> </ul>

*High-Performance Focus Delivering Sustainable Results*

# EBITDA Margin Expansion: Key Focus In 2024 – Beyond ...

## Historical

9-11%

*Target: +0.5-1.5 pts / yr*

## 2025 Goal

~ 15%

### Stuff Happens / COVID / Supply Shock

	<u>Headwind to Margins</u>
• Inflation / Price	~(2.0) pts
• Commodities / Price	~(1.0) pts
• Inefficiency / Scale	~(2.0) pts

Overcame headwinds of  
300-500 bps

*Improved Resilience of Margins and Execution ... Driving **Recovery***

### Our Initiatives

	<u>Improvement to Margins</u>
• Price / Execution / Inflation Offset	~1.5 pts
• Volume / Mix, Net of Investments	~1.5 pts
• G&A Productivity / Lean / Supply Chain	~1.0 pts
• M&A	~1.0 pts

On track to improve by  
400-600 bps

*Making Our Operating Model More Powerful ... Driving **Valuation***

# In Conclusion ...

## Steadily Increasing Performance

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### Q3'23 Summary:

- **Continued Growth:** Highest Revenue, Gross Profit, Backlog and Free Cash Flow \$s in Company History
- **Positioned to Sustain Double-digit Topline Growth:** Record Backlog Levels and Additive M&A

### FY'23 Outlook:

- **Raised Guidance:** Another Year of Sustained Double-Digit Topline and Bottomline Growth
- **Sales Pipeline Remains Strong:** Confidence to Raise FY Guidance for Fourth Time in 2023

### FY'24 Outlook:

- **Initiated Outlook:** Forecasting Another Year of Sustained Double-Digit Topline and Bottomline Growth

## Steadily Transforming CECO

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- ✓ **Advancing** Leadership in Industrial Air ... **Building** Leadership in Industrial Water ... **Maintaining** Leadership in Energy Transition
- ✓ **Programmatic M&A** ... 9 Transactions Since 2020 ... More Portfolio Balance, Complements Strong Organic Growth
- ✓ **Target Markets** ... >\$3B Sales Pipeline Continues to Grow
- ✓ **Record Backlog** ... In Great Position for Growth
- ✓ **Delivering Customer Value** ... Strong Relationships with Global Customers With More Services Than Ever
- ✓ **Great Talent** ... Continue to Build Outstanding Team

***Team CECO: Great Job and Thank You***

# Appendix

Supplemental Materials and Non-GAAP Reconciliation Tables

# Q3'23 P&L and EPS

(\$MM)	<u>Q3'23</u>	<u>YoY</u>	<u>Comments</u>
<b>Orders:</b>	\$145.3	43%	Strong orders for a 3 <sup>rd</sup> quarter (generally soft) ... Great TTM > \$605
<b>Sales:</b>	\$149.4	38%	Steady execution from growing backlog and benefit of acquisitions
<b>Gross Profit Margin:</b>	28.9%	(104)bps	<ul style="list-style-type: none"> <li>Record GP\$ quarter up 33% YoY driven by higher volume.</li> <li>GM% down YoY driven by (-) mix and wrapping up certain low margin projects. TTM of \$156M at ~ 31% expanded +86 bps on TTM basis</li> </ul>
<b>GAAP OI:</b>	\$7.9	\$5.1/180%	
<b>Non-GAAP OI:</b>	\$12.8	\$5.5/75%	<ul style="list-style-type: none"> <li>Adj EBITDA \$ growth above sales drove stronger incrementals with Adj EBITDA margin expanding +156 bps YoY ... SG&amp;A leverage will continue to drive expansion</li> </ul>
<b>Adj. EBITDA:</b>	\$15.1	64%	
<b>GAAP EPS:</b>	\$0.09	\$0.03	
<b>Adj. EPS:</b>	\$0.22	\$0.02	Adj. EPS up 10% YoY driven by operational performance, despite headwinds in FX and interest expense.



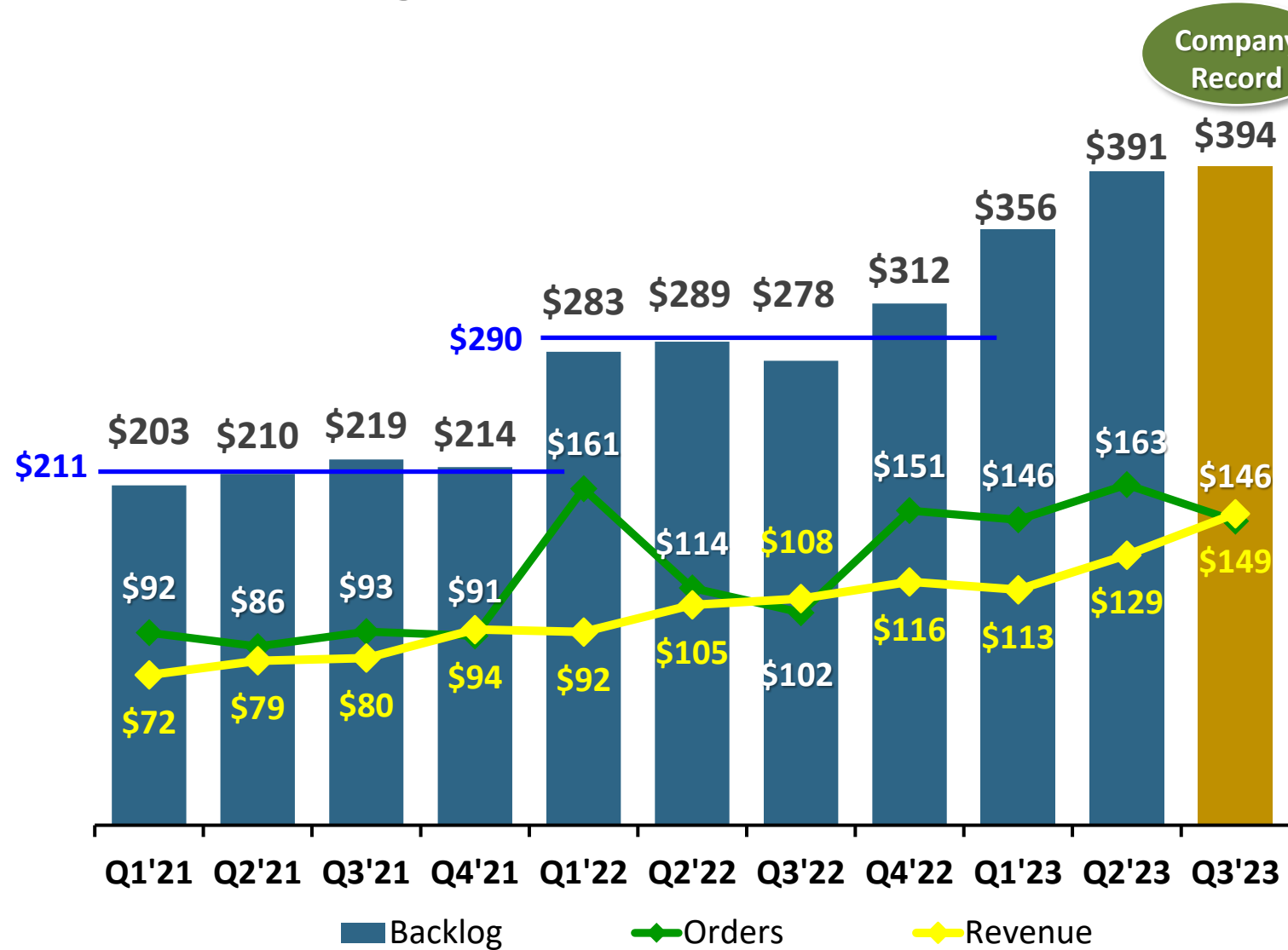
# Q3'23 Backlog\* Remains at Record Levels

(\$MM)

TTM = Trailing 12 Month

B2B = Book to Bill

Company Record



- Record Backlog +42% YoY, ~30%+ to convert in CY2023

- 3Q'23 B2B ~1.0x ... Maintains Momentum

- TTM Orders = \$605

- TTM Revenue = \$508

- TTM B2B = ~1.20x → Future Growth

- Opportunity Pipeline > \$3.0B supports continued B2B rates > 1.0 and record YE backlog

- No cancellations

B2B = 1.28x 1.09x 1.16x 0.97x 1.75x 1.09x 0.94x 1.30x 1.30x 1.26x 0.98x

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

# Disciplined Capital Allocation Driving Value Creation

## Acquisitions Completed 1H'23

~\$30M



- Q1 Close
- UK-based
- Annualized Revenues ~\$15M+
- Bolt-on to Thermal Acoustics Platform
- Adds Standard Acoustic Control Products and Enclosures
- Substantial opportunity in datacenters



- Early Q2 Close
- US-based
- Annualized Revenues ~\$12M+
- Expand Separation-Filtration Platform
- Adds Energy Transition applications and Liquid-Liquid solutions
- Substantial global opportunity

## Acquisition Completed Q3'23

~\$24M



- Mid-Q3 Close
- US-based
- Annualized Revenues ~\$26M+
- Complement to DS21 and Compass Water acquisitions
- Adds new niche leadership positions in Industrial Water

## CapEx & Growth

~\$5.5M YTD

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

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

# Cash Position and Liquidity Supports Capital Deployment Plan

(\$MM)

## Cash Position and Liquidity

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

### Sources

Cash from Operations	\$(29.5)
<u>Net Borrowings</u>	<u>\$28.5</u>
Total	\$58.0

### Uses

M&A	\$(50.8)
<u>Capex</u>	<u>\$(5.5)</u>
Total	\$(56.3)

### Other

FX	\$0.7
<u>Other</u>	<u>\$(0.6)</u>
Total	\$0.1

**Cash 9.30.23** **\$48.3**

### Ref:

Cash Interest	\$(8.5)
Cash Taxes	\$(8.6)

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

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

### Borrowings

On revolver	\$94.2
On term loan	\$ -
<u>Other</u>	<u>\$1.3</u>
Total	\$95.5

### Repayments

On revolver	\$(63.2)
<u>On credit facility</u>	<u>\$ (1.7)</u>
Total	\$(64.9)

Net Borrowings, Q3 2023 \$30.6

**Gross Debt 9.30.23** **\$135.5**

	<u>12.31.21</u>	<u>12.31.22</u>	<u>9.30.23</u>
Net Debt <sup>1/</sup>	\$33.5	\$58.3	\$87.2
TTM Bank EBITDA <sup>2/</sup>	\$28.7	\$42.7	\$50.7
<b>Leverage Ratio<sup>3/</sup></b>	<b>1.2x</b>	<b>1.4x</b>	<b>1.7x</b>
<b>Capacity<sup>4/</sup></b>	<b>~\$50</b>	<b>~\$74</b>	<b>~\$37</b>

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

# Revenue Excluding Acquisitions

<i>(dollars in millions)</i>	Annual 2020	Annual 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Annual 2023	TTM
Revenue as report in accordance with GAAP	\$ 316.0	\$ 324.1	\$ 92.4	\$ 105.4	\$ 108.4	\$ 116.4	\$ 422.6	\$ 112.6	\$ 129.2	\$ 149.4	\$ 391.2	\$ 507.6
Less revenue attributable to acquisitions	-	-	(0.7)	(4.3)	(6.0)	(7.4)	(18.7)	(11.0)	(7.9)	(15.1)	(34.0)	(41.4)
<b>Organic Revenue</b>	<b>\$ 316.0</b>	<b>\$ 324.1</b>	<b>\$ 91.7</b>	<b>\$ 101.1</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>\$ 357.2</b>	<b>\$ 466.2</b>

\*Revenue related to acquisitions becomes a part of Core Revenue 12 months post-acquisition.

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

# Non-GAAP Operating Income and Margin

<i>(dollars in millions)</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Annual 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Annual 2022	Q1 2023	Q2 2023	Q3 2023	YTD 2023	TTM
<b>Operating Income as reported in accordance with GAAP</b>	\$ 3.1	\$ 2.1	\$ (0.6)	\$ 5.3	\$ 9.9	\$ 5.2	\$ 5.7	\$ 2.8	\$ 8.4	\$ 22.2	\$ 5.5	\$ 8.6	\$ 7.9	\$ 21.9	\$ 30.3
<i>Operating Margin in accordance with GAAP</i>	4.3%	2.7%	-0.8%	5.7%	3.1%	5.6%	5.4%	2.6%	7.2%	5.3%	4.9%	6.7%	5.3%	5.6%	6.0%
<b>Acquisition and integration expense</b>	0.1	-	0.2	0.5	0.8	1.0	1.5	1.3	0.7	4.5	0.5	0.3	1.4	2.2	2.9
<b>Amortization expense</b>	1.7	1.7	1.7	1.7	6.7	1.5	1.5	2.0	2.1	7.0	1.7	1.8	1.9	5.4	7.5
<b>Earn-out and retention expense (income)</b>	0.1	0.6	0.1	0.3	1.1	-	-	-	(0.2)	(0.2)	-	0.5	0.1	0.6	0.4
<b>Restructuring expense</b>	-	0.3	0.4	-	0.6	0.1	-	-	-	0.1	-	-	0.2	0.2	0.2
<b>Executive transition expense</b>	-	-	-	-	-	-	-	1.2	-	1.2	-	0.1	1.3	1.4	1.4
<b>Non-GAAP Operating Income</b>	\$ 5.0	\$ 4.7	\$ 1.8	\$ 7.8	\$ 19.1	\$ 7.8	\$ 8.7	\$ 7.3	\$ 11.0	\$ 34.8	\$ 7.7	\$ 11.3	\$ 12.8	\$ 31.7	\$ 42.7
<i>Non-GAAP Operating Margin</i>	7.0%	6.0%	2.3%	8.3%	5.9%	8.4%	8.3%	6.7%	9.5%	8.2%	6.8%	8.7%	8.6%	8.1%	8.4%

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

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

<i>(dollars in millions)</i>	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Annual 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Annual 2022	Q1 2023	Q2 2023	Q3 2023	YTD 2023	TTM
<b>Net Income as reported in accordance with GAAP</b>	\$ 1.2	\$ 0.3	\$ (1.2)	\$ 1.2	\$ 1.4	\$ 2.8	\$ 4.4	\$ 1.9	\$ 8.3	\$ 17.4	\$ 2.0	\$ 3.7	\$ 3.3	\$ 9.0	\$ 17.3
Acquisition and integration expense	0.1	-	0.2	0.5	0.8	1.0	1.5	1.3	0.7	4.5	0.5	0.3	1.4	2.2	2.9
Amortization expense	1.7	1.7	1.7	1.7	6.7	1.5	1.5	2.0	2.1	7.0	1.7	1.8	1.9	5.4	7.5
Earn-out and retention expense (income)	0.1	0.6	0.1	0.3	1.1	-	-	-	(0.2)	(0.2)	-	0.5	0.1	0.6	0.4
Restructuring expense	-	0.3	0.4	-	0.6	0.1	-	-	-	0.1	-	-	0.2	0.2	0.2
Executive transition expense	-	-	-	-	-	-	-	1.2	-	1.2	-	0.1	1.3	1.4	1.4
Foreign currency remeasurement	0.6	1.1	(0.1)	0.5	2.0	0.3	(0.3)	2.5	(3.8)	(1.3)	(0.1)	(0.8)	0.8	(0.1)	(3.9)
Tax benefit (cost) of expenses	(0.6)	(0.9)	(0.6)	(0.8)	(2.8)	(0.7)	(0.7)	(1.8)	0.3	(2.8)	(0.5)	(0.5)	(1.4)	(2.4)	(2.1)
<b>Non-GAAP Net Income</b>	\$ 3.1	\$ 3.1	\$ 0.5	\$ 3.4	\$ 9.8	\$ 5.0	\$ 6.4	\$ 7.1	\$ 7.4	\$ 25.9	\$ 3.6	\$ 5.1	\$ 7.6	\$ 16.3	\$ 23.7
Depreciation expense	0.7	0.8	0.8	0.8	3.2	0.9	0.9	0.9	1.0	3.6	1.2	1.0	1.3	3.5	4.4
Non-cash stock compensation	0.7	0.9	0.9	0.9	3.3	0.9	0.9	1.1	1.0	3.9	0.8	1.2	1.1	3.1	4.1
Other (income) / expense	(0.1)	(0.2)	(0.1)	0.6	0.2	0.2	(1.6)	(3.8)	(0.4)	(5.6)	0.7	0.7	(0.6)	0.8	0.4
Interest expense	0.7	0.7	0.7	0.8	3.0	0.8	1.1	1.6	1.9	5.4	2.4	3.8	3.3	9.5	11.4
Income tax expense	1.2	1.1	0.7	2.7	5.5	1.8	2.6	2.1	1.8	8.2	0.5	1.5	2.0	4.0	5.8
Non-Controlling Interest	0.1	0.1	0.1	0.3	0.6	-	0.3	0.2	0.3	0.8	0.5	0.3	0.4	1.1	1.4
<b>Adjusted EBITDA</b>	\$ 6.4	\$ 6.5	\$ 3.6	\$ 9.5	\$ 25.6	\$ 9.6	\$ 10.6	\$ 9.2	\$ 13.0	\$ 42.2	\$ 9.7	\$ 13.6	\$ 15.1	\$ 38.3	\$ 51.2
<i>Non-GAAP Operating Margin</i>	8.9%	8.3%	4.5%	10.1%	7.9%	10.4%	10.1%	8.5%	11.2%	10.0%	8.6%	10.5%	10.1%	9.8%	10.1%
<b>Basic Shares Outstanding</b>	35,396,705	35,491,725	35,472,298	35,399,724	35,345,785	35,051,034	34,873,238	34,455,657	34,318,526	34,672,007	34,441,905	34,619,216	34,771,742	34,612,163	34,537,847
<b>Diluted Shares Outstanding</b>	35,774,208	35,819,269	35,472,298	35,537,136	35,594,779	35,199,201	35,041,152	34,871,313	34,919,398	35,005,159	35,198,668	35,143,782	35,301,429	35,215,843	35,140,819
<b>Earnings per share:</b>															
Basic	\$ 0.03	\$ 0.01	\$ (0.03)	\$ 0.03	\$ 0.04	\$ 0.08	\$ 0.13	\$ 0.06	\$ 0.24	\$ 0.50	\$ 0.06	\$ 0.11	\$ 0.10	\$ 0.26	\$ 0.50
Diluted	\$ 0.03	\$ 0.01	\$ (0.03)	\$ 0.03	\$ 0.04	\$ 0.08	\$ 0.13	\$ 0.06	\$ 0.24	\$ 0.50	\$ 0.06	\$ 0.11	\$ 0.09	\$ 0.26	\$ 0.49
<b>Non-GAAP earnings per share:</b>															
Basic	\$ 0.09	\$ 0.09	\$ 0.01	\$ 0.10	\$ 0.28	\$ 0.14	\$ 0.18	\$ 0.21	\$ 0.22	\$ 0.75	\$ 0.10	\$ 0.15	\$ 0.22	\$ 0.47	\$ 0.69
Diluted	\$ 0.09	\$ 0.09	\$ 0.01	\$ 0.10	\$ 0.28	\$ 0.14	\$ 0.18	\$ 0.20	\$ 0.21	\$ 0.74	\$ 0.10	\$ 0.15	\$ 0.22	\$ 0.46	\$ 0.67

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

# Adjusted Free Cash Flow

<i>(dollars in millions)</i>	Annual 2020	Annual 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Annual 2023	TTM
Net Cash provided by (used in) operating activities	\$ 4.4	\$ 13.3	\$ (0.2)	\$ 18.9	\$ 1.0	\$ 10.0	\$ 29.6	\$ (12.0)	\$ 11.4	\$ 30.1	\$ 29.5	\$ 39.5
Add: Earn-outs classified as operating	-	0.6	-	1.0	-	-	1.0	-	-	-	-	-
Capital Expenditures	(3.9)	(2.6)	(0.7)	(0.8)	(0.9)	(1.0)	(3.4)	(2.5)	(1.4)	(1.6)	(5.5)	(6.5)
<b>Adjusted Free Cash Flow</b>	<b>\$ 0.5</b>	<b>\$ 11.3</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>\$ 24.0</b>	<b>\$ 33.0</b>
TTM Adjusted FCF	\$ 0.5	\$ 11.3	\$ 1.0	\$ 26.4	\$ 20.5	\$ 27.2	\$ 27.2	\$ 13.7	\$ 4.6	\$ 33.0	\$ 33.0	\$ 33.0
TTM EBITDA	\$ 32.8	\$ 25.7	\$ 28.9	\$ 33.1	\$ 38.7	\$ 42.2	\$ 42.2	\$ 42.5	\$ 45.5	\$ 51.4	\$ 51.4	\$ 51.4
TTM FCF / EBITDA conversion	1.5%	44.0%	3.5%	79.8%	53.0%	64.5%	64.5%	32.2%	10.1%	64.2%	64.2%	64.2%

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