# H.C. Wainwright
# Global Investment Conference

CECO ENVIRONMENTAL

**May 23-26, 2022**

# 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 these forward-looking 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, 2020 and 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 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; 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 strategic transactions; 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. Many of these risks are beyond management's ability to control or predict. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may vary in material aspects from those currently anticipated. Investors are cautioned not to place undue reliance on such forward-looking statements as they speak only to our views as of the date the statement is made. Furthermore, forward-looking statements speak only as of the date they are made. Except as required under the federal securities laws or the rules and regulations of the 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 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: Company Position

***A differentiated position to generate long term shareholder returns***

## Well Position Portfolio

- ❑ Market leader with distinct competitive advantages including:
  - World renowned Brands (#1 / #2 in target markets)
  - Sought-after application engineering expertise
- ❑ $6B+ Global Installed Base and diversified customers in growing markets
- ❑ Asset-light businesses delivering consistent cash flow; healthy balance sheet

## Strategic Approach to Higher Performance

- ❑ Robust M&A pipeline: accretive transactions to strengthen position
- ❑ Driving focus on Industrial Air, Water and Energy Transition + ESG

**$345 Revenue**
**$28 Adj. EBITDA** -a)

**$283 Backlog**
**+40% YoY** -a)

**$206 Market Cap** -b)

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-a) based on TTM Q1-2022 Financials in millions
-b) based on May 17, 2022
-c) in millions

# CECO Environmental:  Real Customer Value Creation

## We Protect People

- Advanced solutions ensuring our customer’s employees are safe from industrial exposures
- Enabling employees to focus on their jobs, growth and productivity – not contaminants

## We Protect The Environment

- More demand for environmental solutions to meet-or-exceed regulation
- Global customer base continues to drive more environmental regulations and ESG focus
- Committed to minimizing environmental footprint in our internal practices

## We Protect Industrial Equipment

- Protects our customer’s investment in their operating environmental and capital equipment
- Minimize usage, where possible, by enabling reuse of by-products
- Maximal protection in critical applications with flow control and other industrial operations

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# Environmental Solutions to Support Industrial Growth & Sustainability

## Industrial Air

*Dust Collectors & Bag Houses*

*Thermal Oxidizers*

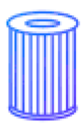
- Wood
- Electric vehicle
- Beverage Can

- Clean Power
- General Industrial
- Beverage Can

*Short Cycle Business*

*Service*

*Filters & Media*



*Monitoring*

## Industrial Water

*Industrial Pumps & Filtration*

*Storm Water Expansion Joints*

- Desalination
- Automotive
- Municipal

- General Industrial
- Water/Waste Water
- Storm Water

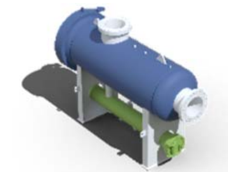
*Short Cycle Business*

*Service*

*Replacement Parts & Spares*

## Energy Transition

*Gas Separation Equipment*



*Turbine De-Nox System*

- Renewable Nat Gas
- Carbon Capture
- Nat Gas Pipelines

- $H_2$ / Gas Turbines
- $CO_2$ Transport
- LNG Liquification

*Short Cycle Business*

*Service*

*Replacement Vanes & Media*

*Engineering Studies*

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# Highly Diversified Global Customers

**No single customer >10% of revenue**

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# Global organization … serving customers where they are

**Global HQ: Dallas, TX**

**Sales and Engineering**

**Manufacturing and Assembly**

**~850 Employees worldwide**

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

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(-a) employee count less manufacturing

# Q1 2022 Performance

# Q1'22 Summary

- **Record Orders / Record Backlog**
  - o Maintained momentum after ~ 30% orders growth in 2021
  - o Each CECO Business Platform grew Orders YoY
- **Q2 Revenue +29% … Adj. EBITDA +51%**
  - o Strong execution in challenging market
  - o Platform structure delivering sustained performance
- **2022 Full Year Outlook** *(see slide 13)*
  - o Solid Double-Digit Orders, Revenue, EBITDA Growth
- **Capital Allocation**
  - o M&A = several accretive acquisitions YTD (Industrial Water)
  - o Announced $20M share repurchase authorization

| | Q1'22 | YoY% |
|---|---|---|
| Orders | $161M | +75% |
| Sales | $92M | +29% |
| Adj. EBITDA | $9.5M<br>*10.2%* | +51%<br>*+0.2pts* |
| Adj. EPS | $0.14 | +56%<br>*+$0.05* |
| Free Cash Flow | $(0.9)M | *UNFAV* |

# Recent Announcements … Driving Shareholder Value

## New Share Repurchase Program

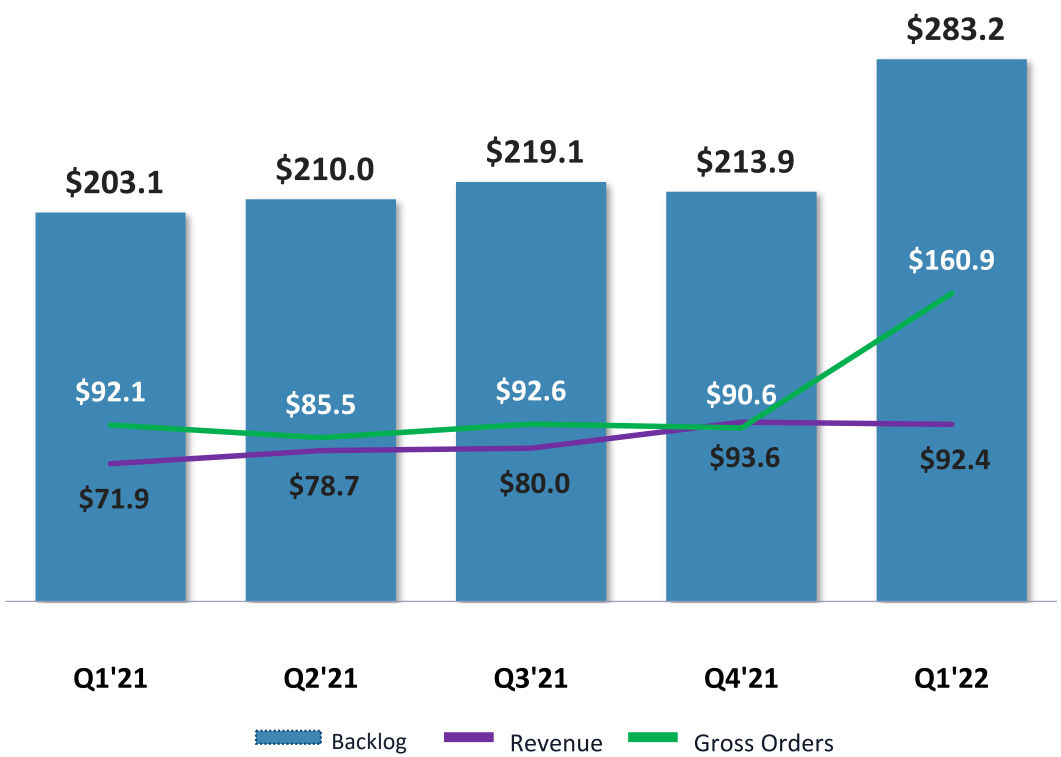
- Board Authorization: $20M over 3 years[1]
- Equates to ~12% of shares at current price[2]
- Reflects confidence in organic growth, profitability and free cash flow generation

## Compass water solutions

- Leader in membrane-based industrial water treatment systems
- Expands CECO's Addressable Industrial Water Market by $250M
- Compass Water = Sales ~$11M with Double-digit EBITDA margins (2021)

[1] Effective immediately and through April 30, 2025 (repurchase of outstanding common stock)
2 CECO stock price of $4.75 as of May 4, 2022

# Record Orders drives Backlog higher… Revenue to ramp up




| B2B = | 1.28 | 1.09 | 1.16 | 0.97 | 1.74 |
|---|---|---|---|---|---|

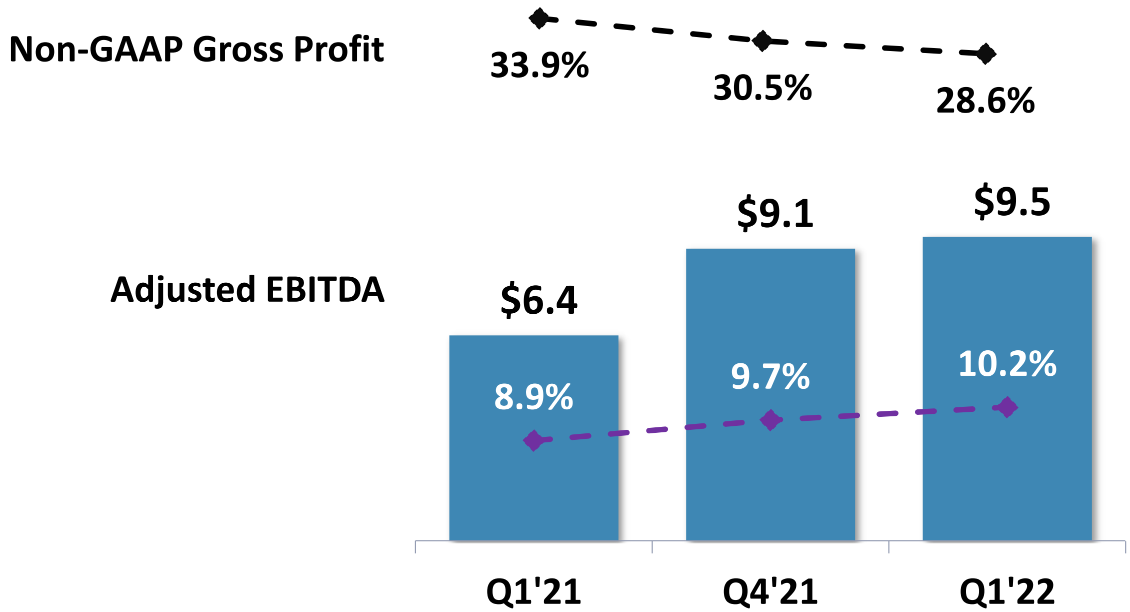
** Starting Backlog – Revenue + Gross Orders – Cancellations +/- FX = Ending Backlog. FX typically +/- ~$1-3 per quarter.

- Record Backlog up ~ 40% YoY
- Orders Growth of +75% Broad-based
- Q1'22 B2B 1.74 = Future revenue growth
- Short-cycle Sales Continue to Grow Nicely
- TTM Book to Bill ratio at 1.3x
- Opportunity pipeline remains > $2B

($MM)
TTM = Trailing 12 Month
B2B = Book to Bill

# EBITDA Margins > 10% … Inflation Remains Challenged in GM%

($MM)

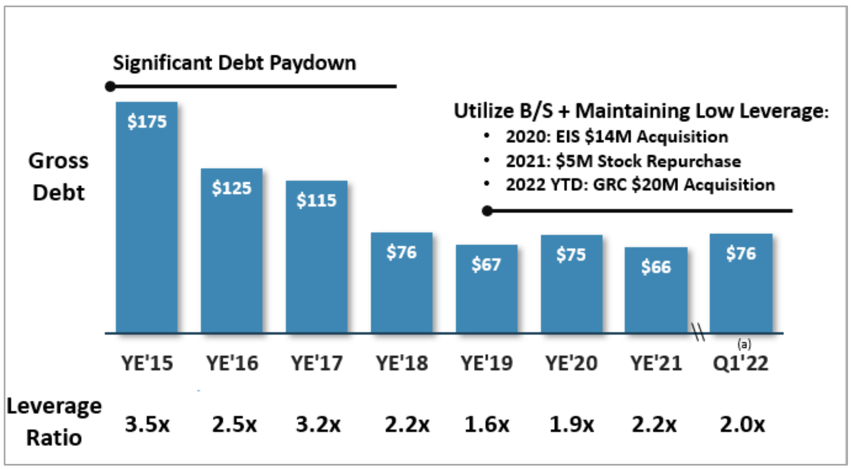



- **Gross Profits:** Under Pressure from Inflation & Supply Chain / Logistics' Challenges
- **Price:** Raising Prices to Address Higher Costs … 2-3 Quarter Lag Before Benefit hits P&L
- **EBITDA:** Up Significantly as Volume Absorbs SG&… 1X Legacy Insurance Settlement a Benefit in Q1

# Supporting Growth and Shareholder Returns

($MM)

***Healthy Balance Sheet Enables Utilization***




*Q1 2022 Earnings Slide*

## Recent Acquisitions

- **Compass Water Solutions = $12.5 Deal**
  - $8.5 at close, $4 holdbacks (Funded = Cash + Debt)
  - Accretive in 2022 (Closed May 2022)
  - Expands Industrial Water capabilities to technology provider
- **Index Water**
  - Bought company assets and customer access (Funded = cash)
- **GRC = $24 Deal**
  - Funded: $5 JV equity and $19 debt split 50-50 CECO and J.V.
  - Accretive in 2022 … well-positioned in water infrastructure

## Stock Repurchase Authorization

- **$20 Program … 3 Year Authorization**

# Looking Forward

# Full Year 2022 Guidance

($MM)

| | FY 2022 |
|---|---|
| Orders | **$410 – $430**<br>**Up Strong Double Digits** |
| Sales | **$360 – $380**<br>**Double Digit Growth** |
| Gross Margins | **~ 29% – 31%**<br>**Down ~ 200 bps** |
| Adj. EBITDA | **$33 - $38**<br>**Midpoint up nearly 40% YoY** |

- **Orders:** Robust Pipeline = B2B >1.0 in 2022 … Continued Growth
- **Sales:** Growing Backlog **+** Investment in Ind’l & Short-Cycle **+** M&A **=** Double Digit Revenue Growth
- **Gross Margins:** Inflation / Supply Chain / Logistics = Hurdles
- **Adj EBITDA:** Significant YoY Income Growth

- **Record Backlog Levels (Post Q1) Lends Strong Conviction to Steady Growth**
- **Investing in More Growth Resources / Marketing / ESG / Business Development**
- **Focused Capital Allocation Will Add Accretive Growth + Share Repurchase**
- **CECO In Better Position Than Ever for Higher Performance**

## Summary

- Great start to 2022 … Largest Backlog in Company History
- Full Year Guidance … Strong Organic Growth and Investments
- Portfolio Is Delivering … We Will Continue to Enhance
- Capital Allocation … M&A + Share Repurchases = Additional Value
- Inaugural ESG Report Will Be Published in Coming Weeks …

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

# Appendix

Supplemental Materials

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# CECO a "clean air story" with a history of acquisitions spanning 40+ years

**1979** – Claremont Engineering Company ("CECO") is founded

**1983** – Claremont Engineering Company renames to CECO Filters

**1993** – CECO Filters acquires **Air Purolator Corp** and creates a subsidiary named Compliance Systems International

**1997** – CECO Filters merges with **Busch** and is **renamed CECO Environmental**. **Starts trading on NASDAQ as CECE**

**2007** – Acquires **Effox** adding capabilities in Expansion Joints and Dampers

*Industrial Air Pollution Solutions*
*CEO: Phil DeZwirek 1972 - 2007*

**2008** – Acquires **Fisher Klosterman & Buell** and **A.V.C. Specialist & Flextor** adding Cyclones, Scrubbers and Dust Collectors to the portfolio

*Consolidation of Air Pollution market*
*CEO: Jeff Lang 2007 - 2016*

**2013**
- Acquires **Adwest** (Regenerative Thermal Oxidizers)
- Acquires **Aarding** (Gas Turbine Exhaust Systems)
- Acquires **Met Pro** (Specialty pumps and industrial dust and filtration solutions)

**2014**
- Acquires **HEE, SATTi** and **Zhongli** adding to the portfolio Chemical Scrubbers, Regenerative Thermal Oxidizers, Dampers and Diverters
- Acquires **Emtrol** a designer of Cyclons for refineries

**2015** – Acquires **Peerless** with gas and liquid separation and filtration solutions, SCR and SNCR, and Acoustical solutions

*Aggressive M&A into Energy markets and Cost-Cutting*
*CEO: Jeff Lang 2007 - 2016*

**2017** – Power Generation Market (new Gas Turbine GW capacity) drops 50%. **CECO eliminates Dividend**

**2018** – **Divests Keystone Filters, Strobic** (part of the Met Pro acquisition) and **Zhongli**. Balance Sheet de-levered

*Simplification and organic Growth*
*CEO: Dennis Sadlowski 2017 - 2020*

**2020**
- Acquires **EIS** (RTO's serving UK, Europe and BevCan markets)
- Joint Venture between **Mader Co** and Effox-Flextor for cost synergies & market diversification

**2021**
- Re-organize company into 8 Solution Platforms
- $5MM Share Buyback
- Build M&A Funnel

*Transform CECO*
*CEO: Todd Gleason 2020 - Present*

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# Key Executive Biographies

***Todd Gleason, CEO***

- Over 25 years of experience in variety of senior leadership roles including general management, finance and strategy/growth
- Significant roles in leading industrial companies: Honeywell, Trane and Pentair
- Impactful experience leading private equity / venture company through transformations
- Aligned with shareholders to deliver growth and value creation

***Matt Eckl, CFO***

- 20 years experience in Finance, IT, and Process roles including FP&A, Audit, Ops Finance, M&A, and Project Management
- Several roles of elevating responsibility at General Electric and Gardner Denver
- 5 Years at CECO Environmental as CFO. Responsibilities and focus have transitioned from Foundational Finance & Business Process to Operational/COO and now to M&A

***Ramesh Nuggihalli, COO***

- 30+ years industry experience, working in 25+ countries across Power Generation, O&G, process and Water markets
- President and Managing Director of Xylem Asia, based in Singapore, serving the Water sector.
- Managing Director of Pentair Middle East, based in Dubai UAE, serving the Energy sector
- Executive leadership roles at multi-national corporations: Tyco, Ametek, General Electric, Babcock & Wilcox and SNC-Lavalin

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# Revenue excluding acquisitions and divestitures

| (dollars in millions) | Annual 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Annual 2021 | Q1 2022 | TTM |
|---|---|---|---|---|---|---|---|---|
| **Revenue as report in accordance with GAAP** | $ 316.0 | $ 71.9 | $ 78.7 | $ 80.0 | $ 93.6 | $ 324.1 | $ 92.4 | $ 344.7 |
| *Less revenue attributable to divestitures* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| *Less revenue attributable to acquisitions and joint ventures* | $ (8.7) | $ (2.7) | $ (5.5) | $ (5.7) | $ (6.0) | $ (19.9) | $ (4.8) | $ (22.1) |
| **Organic Revenue** | $ 307.3 | $ 69.2 | $ 73.2 | $ 74.3 | $ 87.6 | $ 304.2 | $ 87.6 | $ 322.6 |

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.

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# Non GAAP Operating Income and Margin

| (dollars in millions) | Annual 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Annual 2021 | Q1 2022 | TTM |
|---|---|---|---|---|---|---|---|---|
| **Operating Income as report in accordance with GAAP** | $ 13.3 | $ 3.1 | $ 2.1 | $ (0.6) | $ 5.3 | $ 9.9 | $ 5.2 | $ 12.0 |
| *Operating margin in accordance with GAAP* | *4.2%* | *4.3%* | *2.7%* | *-0.8%* | *5.7%* | *3.1%* | *5.6%* | *3.5%* |
| **Acquisition and integration expenses** | $ 1.4 | $ 0.1 | $ - | $ 0.2 | $ 0.5 | $ 0.8 | $ 1.0 | $ 1.7 |
| **Amortization** | $ 7.4 | $ 1.7 | $ 1.7 | $ 1.7 | $ 1.6 | $ 6.7 | $ 1.5 | $ 6.5 |
| **Earn-out and retention expenses** | $ 1.4 | $ 0.1 | $ 0.6 | $ 0.1 | $ 0.3 | $ 1.1 | $ - | $ 1.0 |
| **Intangible asset impairment** | $ 0.9 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Restructuring expense (income)** | $ 2.4 | $ - | $ 0.3 | $ 0.4 | $ - | $ 0.6 | $ 0.1 | $ 0.8 |
| **Executive transition expenses** | $ 1.5 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Non-GAAP operating Income** | $ 28.3 | $ 5.0 | $ 4.7 | $ 1.8 | $ 7.7 | $ 19.1 | $ 7.8 | $ 22.0 |
| *Non-GAAP Operating margin* | *9.0%* | *7.0%* | *6.0%* | *2.3%* | *8.2%* | *5.9%* | *8.4%* | *6.4%* |

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

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# Non GAAP Net Income, Adjusted EBITDA, and Margin

| *(dollars in millions)* | Annual 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Annual 2021 | Q1 2022 | TTM |
|---|---|---|---|---|---|---|---|---|
| Net Income (loss) as report in accordance with GAAP | $ 8.2 | $ 1.2 | $ 0.3 | $ (1.2) | $ 1.2 | $ 1.4 | $ 2.8 | $ 3.1 |
| Acquisition and integration expenses | $ 1.4 | $ 0.1 | $ - | $ 0.2 | $ 0.5 | $ 0.8 | $ 1.0 | $ 1.7 |
| Amortization | $ 7.4 | $ 1.7 | $ 1.7 | $ 1.7 | $ 1.6 | $ 6.7 | $ 1.5 | $ 6.5 |
| Earn-out and retention expenses | $ 1.4 | $ 0.1 | $ 0.6 | $ 0.1 | $ 0.3 | $ 1.1 | $ - | $ 1.0 |
| Intangible asset impairment | $ 0.9 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Restructuring expense (income) | $ 2.3 | $ - | $ 0.3 | $ 0.4 | $ - | $ 0.6 | $ 0.1 | $ 0.8 |
| Executive transition expenses | $ 1.5 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Foreign currency remeasurement | $ 0.3 | $ 0.6 | $ 1.1 | $ (0.1) | $ 0.5 | $ 2.0 | $ 0.3 | $ 1.8 |
| Tax benefit of expenses | $ (3.9) | $ (0.6) | $ (0.9) | $ (0.6) | $ (0.7) | $ (2.8) | $ (0.7) | $ (2.9) |
| Non-GAAP net income | $ 19.5 | $ 3.1 | $ 3.1 | $ 0.5 | $ 3.4 | $ 9.8 | $ 5.0 | $ 12.0 |
| Depreciation | $ 2.5 | $ 0.8 | $ 0.8 | $ 0.8 | $ 0.8 | $ 3.2 | $ 0.8 | $ 3.2 |
| Non-cash stock compensation | $ 2.0 | $ 0.7 | $ 0.9 | $ 0.9 | $ 0.9 | $ 3.3 | $ 0.9 | $ 3.6 |
| Other (income)/expense | $ (2.3) | $ (0.1) | $ (0.2) | $ (0.1) | $ 0.6 | $ 0.2 | $ 0.2 | $ 0.5 |
| Interest expense | $ 3.5 | $ 0.7 | $ 0.7 | $ 0.7 | $ 0.8 | $ 3.0 | $ 0.8 | $ 3.0 |
| Income tax expense | $ 7.6 | $ 1.2 | $ 1.1 | $ 0.7 | $ 2.6 | $ 5.5 | $ 1.8 | $ 6.2 |
| Adjusted EBITDA | $ 32.8 | $ 6.4 | $ 6.4 | $ 3.5 | $ 9.1 | $ 25.0 | $ 9.5 | $ 28.5 |
| *Non-GAAP Operating margin* | *10.4%* | *8.9%* | *8.1%* | *4.4%* | *9.7%* | *7.7%* | *10.3%* | *8.3%* |
| Basic Shares Outstanding | 35,289,616 | 35,396,705 | 35,491,725 | 35,472,298 | 35,399,724 | 35,345,785 | 35,051,034 | 35,353,695 |
| Diluted Shares Outstanding | 35,520,670 | 35,774,208 | 35,819,269 | 35,472,298 | 35,537,136 | 35,594,779 | 35,199,201 | 35,506,976 |
| Earnings (loss) per share: | | | | | | | | |
| Basic | $ 0.24 | $ 0.03 | $ 0.01 | $ (0.03) | $ 0.03 | $ 0.04 | $ 0.08 | $ 0.09 |
| Diluted | $ 0.23 | $ 0.03 | $ 0.01 | $ (0.03) | $ 0.03 | $ 0.04 | $ 0.08 | $ 0.09 |
| Non-GAAP earnings per share: | | | | | | | | |
| Basic | $ 0.55 | $ 0.09 | $ 0.09 | $ 0.01 | $ 0.10 | $ 0.28 | $ 0.14 | $ 0.34 |
| Diluted | $ 0.55 | $ 0.09 | $ 0.09 | $ 0.01 | $ 0.10 | $ 0.28 | $ 0.14 | $ 0.34 |

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.

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# Adjusted Free Cash Flow

| *(dollars in millions)* | Annual 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | Annual 2021 | Q1 2022 | TTM |
|---|---|---|---|---|---|---|---|---|
| **Net Cash provided by operating activities** | $ 4.4 | $ 9.9 | $ (5.8) | $ 6.1 | $ 3.1 | $ 13.3 | $ (0.2) | $ 3.2 |
| **Add: earn-outs classified as operating** | $ - | $ - | $ - | $ 0.6 | $ - | $ 0.6 | $ - | $ 0.6 |
| **Capital Expenditures** | $ (3.9) | $ (0.5) | $ (0.5) | $ (0.7) | $ (0.9) | $ (2.6) | $ (0.7) | $ (2.8) |
| **Adjusted Free Cash Flow** | $ 0.5 | $ 9.4 | $ (6.3) | $ 6.0 | $ 2.2 | $ 11.3 | $ (0.9) | $ 1.0 |
| **TTM Adjusted FCF** | $ 0.5 | $ 3.9 | $ 3.5 | $ 3.4 | $ 11.3 | $ 11.3 | $ 1.0 | $ 1.0 |
| **TTM EBITDA** | $ 32.8 | $ 31.8 | $ 30.0 | $ 26.2 | $ 25.0 | $ 25.0 | $ 28.5 | $ 28.5 |
| **TTM FCF / EBITDA conversion** | 1.5% | 12.3% | 11.7% | 13.0% | 45.2% | 45.2% | 3.5% | 3.5% |

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.