

## INTEGRATED CLEAN AIR SOLUTIONS



2009 ANNUAL REPORT



CECO Environmental

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NasdaqGM: CECE

## OFFICERS AND DIRECTORS

### EXECUTIVE OFFICERS

**Phillip DeZwirek**  
Chairman

**Jeffrey Lang**  
Chief Executive Officer

**Richard J. Blum**  
President

**Dennis W. Blazer**  
Chief Financial Officer and Assistant Secretary,  
Vice President Finance & Administration

**David D. Blum**  
Senior Vice President and President,  
The Kirk & Blum Manufacturing Company

### DIRECTORS

**Phillip DeZwirek**  
Chairman

**Richard J. Blum**  
President

**Jason DeZwirek**  
Secretary  
Founder and former CEO, Kaboose Inc.

**Donald A. Wright**  
Principal, The Phillips Group

**Ronald E. Krieg, CPA**  
Retired partner, Plante & Moran, PLLC

**Thomas J. Flaherty**  
Consultant and former Chief Operating Officer,  
Fairchild Corporation

**Arthur Cape**  
Director of International Sales,  
Shymac Innovative Marketing

## OUR COMMITMENT

We are committed to becoming the industrial air pollution control leader in making the environment cleaner all over the world by:

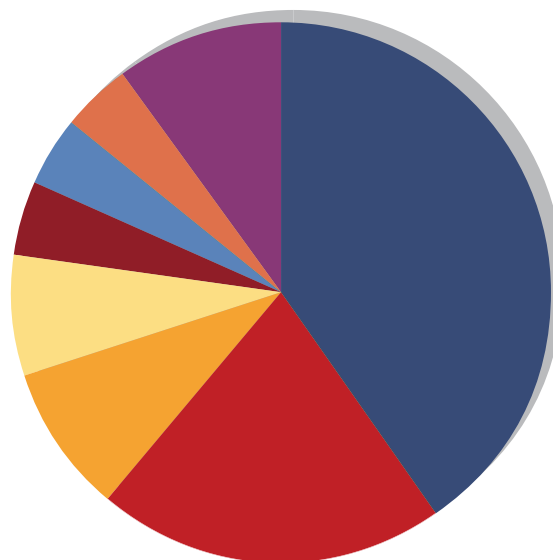
- 1) Building systems and equipment, and providing technology and services that remove airborne contaminants from industrial facilities.
- 2) Cleaning the air exhausted from those facilities.

## OUR VISION

To become a world-class company that produces exceptional value for our customers, shareholders, employees and communities by delivering:

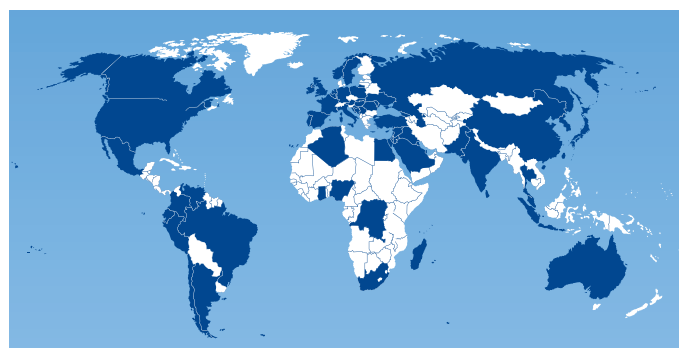
- **Significant Growth**  
Implementing profitable ways to grow globally with premier solutions.
- **Product and Service Excellence**  
Creating customer successes and building customer loyalty.
- **Operational Excellence**  
Running smart, lean, best-in-class processes.
- **Employee Development**  
Investing in the training and development of our employees.
- **Global Market Coverage**  
Providing worldwide sales and manufacturing resources.
- **Safety Leadership**  
Ensuring employee safety with world-class safety practices.

## BACKLOG BY INDUSTRY DECEMBER 2009



■ Power	40.46%
■ Refining	20.91%
■ Steel	8.77%
■ Chemical	7.28%
■ Food	4.30%
■ Ethanol	4.26%
■ Aluminum	4.05%
■ Other	9.97%

## COUNTRIES SOLD IN 2009



# SHAREHOLDER LETTER

## Dear Fellow Shareholders,

2009 was a challenging year for CECO, as it was for companies worldwide. Fortunately, with the breadth of industries we serve, a number of key markets continued to perform for us during the year. Likewise, our global business model was helpful. Nevertheless, we experienced revenue declines in critical markets. Going forward, we are confident that our strategies developed through this turbulent downturn have positioned us leaner, more focused on our core business, better integrated and poised for domestic and global expansion.

In 2009 we maintained a critical focus on growth opportunities in global markets, while reducing our SG&A and expenses, further consolidating operations, and managing our working capital and cash wisely. We believe our fundamentals, our business and future demand will be strong.

## 2009 Financial Particulars

- 2009 revenue from continuing operations was \$139.0 million, compared to \$183.2 million in 2008.
- SG&A expenses were reduced by \$2.7 million.
- Gross profit from continuing operations was \$30.9 million, compared to \$42.3 million in 2008.
- Experienced an operating loss in 2009 but returned to operating profitability in the fourth quarter (excluding goodwill impairment charges).
- Debt was significantly reduced to \$13.5 million with the repayment of \$13.6 million.
- Strengthened the balance sheet with a \$10.8 million convertible note issued in November 2009.

## Our Focus

Our unmatched breadth of air pollution control technologies, coupled with our expertise in engineering industrial ventilation systems, uniquely positions us to provide integrated solutions for indoor and outdoor air pollution. We are also well positioned for the evolving renewable fuels, gasification and biomass markets. And, we are expanding operations in China to maximize opportunities in that growing market.

We believe the global air pollution control equipment and services sectors will grow as a result of increasing air-quality regulations, in some cases driven by climate-change legislation. This will produce significant demand.

We are excited about our future, our team, our strategy and our core focus. In 2010 CECO will strive to realize its vision to: 1) drive global growth, 2) implement lean operations, 3) ensure service and quality excellence, 4) develop our valued employees, 5) improve our global market coverage, and 6) provide safety leadership. As we move our strategies forward, we plan to share with you our progress in these important areas, along with our plans for expansion through bolt-on acquisitions, as strategic opportunities develop to enhance our portfolio.

## New CEO

In February 2010, the board appointed Jeff Lang as Chief Executive Officer. He succeeds Phillip DeZwirek, who will continue as Chairman. Jeff has more than 30 years' experience in executive operating management, most recently as Executive Vice President, Operating Officer at McJunkin Red Man Corporation, a Goldman Sachs portfolio company with \$4.5 billion annual sales. His leadership will be a critical asset for CECO.

## In Summary

CECO has a seasoned leadership team in place. Our portfolio companies are solidly positioned and running well. The markets we serve are gaining momentum, and we are expanding globally. Given CECO's strength, growth and operational plans, we believe we will create significant shareholder value as we execute our vision.

Respectfully submitted,

**Phillip DeZwirek**  
Chairman

**Jeffrey Lang**  
Chief Executive Officer

## 2009 CECO Division Highlights

- Busch International, working with kbd/Technic, received an order for almost \$2.0 million in ventilation equipment for a beryllium producing facility.
- CECO Abatement received an order for approximately \$1.5 million from an ethanol facility.
- Flextor received two orders, each for more than \$3.0 million, for power plant equipment in Colombia and Mexico.
- Buell Division of Fisher-Klosterman received an order for more than \$2.0 million for an electrostatic precipitator for a facility in Colombia, making Colombia the country in which we booked the most foreign sales in 2009. Buell also booked four refinery projects in the United States for about \$8.0 million, along with a contract for approximately \$10.0 million to refurbish a power-plant electrostatic precipitator.
- A.V.C. booked a project at a chemical facility worth approximately \$1.0 million.
- CECO Filters developed a sole source relationship with a leading manufacturer of compressed air treatment equipment, doubling its revenue in that market.
- Effox/Flextor has installed damper technology on three major CO2 capture systems in the United States.
- Our Buell FCC, APC and Classifier Divisions expanded CECO's global exposure with orders from India, Australia, Finland, Saudi Arabia, Oman, Jordan, Colombia, Ecuador, U.S. Virgin Islands, Turkey, South Africa, China, Egypt, France, Germany, Italy, Malaysia, and Qatar. This new international business enabled Buell to mitigate some of the effect of the U.S. slowdown and favorably affect its 2009 performance.

## 2010 CECO Division Opportunities

- Kirk & Blum Services has booked contracts at two chemical plants totaling approximately \$3.2 million.
- GMD has booked a contract for approximately \$750,000 from a U.S. foundry.
- Flextor has booked a contract valued at approximately \$1.0 million for a power plant in India.
- CECO Filters is poised to expand its European presence by establishing manufacturing there. This will give CECO Filters manufacturing capability in India, China, Europe and North America.
- Our Component Parts and K&B Duct divisions are combining into one sales group to position themselves as the "nation's source for industrial ducting."
- Effox/Flextor has the technology and capability required by many types of clean energy applications. These include flue gas desulfurization, carbon dioxide capture projects and plants utilizing natural gas and bio-fuels.
- The international oil refinery market will be strong in 2010, and Buell FCC is a world leader in refinery cyclone technology. We currently have proposals outstanding for \$25.0 million in refinery projects in India, Mexico, and the Middle East. We are also working on proposing several domestic refinery projects that could total \$10.0 million.

### Building our Technology and Business Portfolio

*CECO Environmental Corporation offers a comprehensive portfolio of air pollution control technologies that provides unique value and solutions to customers. In recent years, the company has acquired many world-class, complementary businesses that have expanded CECO's capabilities and market exposure. Our company has made exceptional progress integrating these businesses to strengthen its core. A few of our companies and their areas of specialization are listed below.*

- **Buell FCC** provides fluidized catalytic cracking cyclones for refineries worldwide. Global refinery capacity is expanding.
- **CECO Filters** provides fiber bed filters for the chemical processing industry. Its products are manufactured in the United States, India and China.
- **Effox/Flextor** provides dampers and expansion joints for a wide variety of industries, but specializes in equipment for the power industry.
- **Fisher-Klosterman** provides cyclones, scrubbers, and other air pollution control equipment, specializing in high-temperature and high-pressure processes, such as gasification.
- **GMD/CECOaire** provides baghouse technology to a wide variety of industries to eliminate process exhaust emissions. One of its specialties is cupola pollution control systems.
- **Kirk & Blum Services** is the manufacturing muscle behind many CECO projects, providing comprehensive fabrication, engineering and installation services.



### Busch controls toxic dust for metals producer

Busch International serves clients in many heavy industries, however, the specialty of this CECO division is providing clean air solutions to the metals industry. Cleveland, OH-based Brush Wellman is the only fully-integrated beryllium producer in the world, taking this rare element from the mine to the mill and distributing beryllium-based metals to the defense and electronics industries. However, beryllium dust is toxic – especially when inhaled – damaging tissue and causing berylliosis, a chronic, life-threatening disease.

Busch has a long history of successful projects with Brush Wellman, so when the metals manufacturer began construction of a new 865,000 sq. ft. beryllium production plant in Elmore, OH, it called on Busch to provide state-of-the-art ventilation equipment in accordance with its strict hazardous material handling procedures.

For this \$2 million project, Busch partnered with CECO's kbd/Technic division to provide a complete package of heating, air conditioning, chillers and ventilation equipment, including specialized air handling units with high-efficiency HEPA filtration and "bag in/bag out" features to properly handle beryllium dust. Busch along with its equipment partners, Trane Corp. and Titan Air, Inc., supplied the air handling units and equipment to customer specification, providing another safe work environment for this long-time customer.



### K&B's single-source solution wins over engine builder

When Cummins Engine, manufacturer of diesel and natural gas-powered engines, began construction of a new facility for production of a light-duty diesel engine for U.S. automakers, its search for mist control contractors had a catch. Cummins wanted a single source capable of delivering all the pieces and parts of multiple oil mist collection systems, while managing all aspects of the project from design to fabrication to installation.

The only single-source proposal Cummins received came from Kirk & Blum. K&B leveraged its association with CECO Filters to produce the duct and acquire the necessary collectors to win the \$2 million contract.

Kirk & Blum designed and built the ductwork, acquired all the system fans and control panels, and even custom built acoustical enclosures around the system fans for noise abatement. The entire project was built and staged in Indianapolis, less than an hour away from Cummins' Columbus, IN facility.

All the subcontract logistics, like piping and electrical components, were also coordinated by Kirk & Blum. In the end, the single-point contract with K&B saved the customer both headaches and money.



# SHAREHOLDER INFORMATION

## **AUDITORS**

BDO Seidman, LLP  
Chicago, Illinois

## **LEGAL COUNSEL**

Barnes & Thornburg  
Chicago, Illinois

## **REGISTRAR & TRANSFER AGENT**

American Stock Exchange & Trust Company  
New York, New York

## **STOCK MARKET**

NASDAQ Global Market system under  
the symbol "CECE"

## **FORM 10-K**

The CECO Environmental Corp. 2009 Form 10-K  
is available by emailing  
[investors@cecoenviro.com](mailto:investors@cecoenviro.com)

It can also be downloaded from our website:

[www.cecoenviro.com](http://www.cecoenviro.com)

## **INVESTOR RELATIONS**

Contact Jeff Lang at 1-800-333-5475.  
Visit our website at [www.cecoenviro.com](http://www.cecoenviro.com)  
or send an e-mail to [investors@cecoenviro.com](mailto:investors@cecoenviro.com).

## **ANNUAL MEETING**

The CECO Environmental Corp. Annual Meeting  
will be held on:

**May 20, 2010 at 10:30 a.m. at  
The Crowne Plaza Hotel  
5901 Pfeiffer Road  
Cincinnati, Ohio 45242**

## **CORPORATE OFFICES**

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