CECO ENVIRONMENTAL CORP
Form 10-Q
November 07, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2018

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

Commission File No. 0-7099

CECO ENVIRONMENTAL CORP.

(Exact name of registrant as specified in its charter)

Delaware	13-2566064
(State or other jurisdiction of Incorporation or organization)	(IRS Employer Identification No.)

14651 North Dallas Parkway, Dallas, Texas	75254
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (513) 458-2600

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	Accelerated Filer
Non-Accelerated Filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of each of the issuer’s classes of common equity, as of the latest practical date: 34,950,463 shares of common stock, par value $0.01 per share, as of October 31, 2018.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

For the quarter ended September 30, 2018

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CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)	(unaudited) September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 30,718	$ 29,902
Restricted cash	774	591
Accounts receivable, net	67,804	67,990
Costs and estimated earnings in excess of billings on uncompleted contracts	29,991	33,947
Inventories, net	22,276	20,969
Prepaid expenses and other current assets	11,943	10,760
Prepaid income taxes	2,008	1,930
Assets held for sale	4,847	7,853
Total current assets	170,361	173,942
Property, plant and equipment, net	21,889	23,400
Goodwill	152,362	166,951
Intangible assets – finite life, net	38,548	49,956
Intangible assets – indefinite life	18,286	19,691
Deferred charges and other assets	3,773	4,609
Total assets	$ 405,219	$ 438,549
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ —	$ 11,296
Accounts payable and accrued expenses	78,750	70,786
Billings in excess of costs and estimated earnings on uncompleted contracts	28,605	20,469
Note payable	3,800	5,300
Total current liabilities	111,155	107,851
Other liabilities	29,542	30,382
Debt, less current portion	79,175	103,537
Deferred income tax liability, net	7,942	10,210
Total liabilities	227,814	251,980
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000 shares authorized, none issued	—	—
Common stock, $.01 par value; 100,000,000 shares authorized, 34,950,463 and	350	347

34,707,924 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively		
Capital in excess of par value	250,591	248,170
Accumulated loss	(60,355)	(52,673)
Accumulated other comprehensive loss	(12,825)	(8,919)
	177,761	186,925
Less treasury stock, at cost, 137,920 shares at September 30, 2018 and December 31, 2017	(356)	(356)
Total shareholders’ equity	177,405	186,569
Total liabilities and shareholders' equity	$ 405,219	$ 438,549

The notes to the condensed consolidated financial statements are an integral part of the above statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands, except per share data)	2018	2017	2018	2017
Net sales	$88,256	$84,987	$243,485	$271,508
Cost of sales	59,582	57,854	161,725	183,960
Gross profit	28,674	27,133	81,760	87,548
Selling and administrative expenses	22,216	21,958	66,147	66,690
Amortization and earnout expenses (income)	1,998	(455)	7,394	4,623
Loss on divestitures, net of selling costs	15,074	—	3,970	—
Restructuring income, net	(173)	—	(23)	—
(Loss) income from operations	(10,441)	5,630	4,272	16,235
Other income (expense), net	592	(110)	(119)	141
Interest expense	(1,729)	(1,595)	(5,442)	(4,951)
(Loss) income before income taxes	(11,578)	3,925	(1,289)	11,425
Income tax expense	1,337	889	6,764	2,865
Net (loss) income	$(12,915)	$3,036	$(8,053)	$8,560
(Loss) earnings per share:				
Basic	$(0.37)	$0.09	$(0.23)	$0.25
Diluted	$(0.37)	$0.09	$(0.23)	$0.25
Weighted average number of common shares outstanding:				
Basic	34,779,125	34,518,622	34,681,262	34,403,720
Diluted	34,779,125	34,621,883	34,681,262	34,665,053

The notes to the condensed consolidated financial statements are an integral part of the above statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2018	2017	2018	2017
Net (loss) income	$(12,915)	$3,036	$(8,053)	$8,560
Other comprehensive (loss) income, net of tax:				
Interest rate swap	(26)	3	222	31
Foreign currency translation	(1,779)	1,396	(3,060)	3,565
Comprehensive (loss) income	$(14,720)	$4,435	$(10,891)	$12,156

The notes to the condensed consolidated financial statements are an integral part of the above statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Nine Months Ended September 30,	
(dollars in thousands)	2018	2017
Cash flows from operating activities:		
Net (loss) income	$(8,053)	$8,560
Adjustment to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,097	12,105
Unrealized foreign currency loss (gain)	763	(2,030)
Net gain on interest rate swaps	(130)	(186)
Fair value adjustments to earnout liabilities	(330)	(5,689)
Earnout payments	(2,862)	(7,797)
(Gain) / loss on sale of property and equipment	(214)	87
Loss on divestitures	3,970	—
Debt discount amortization	862	753
Share-based compensation expense	2,342	1,179
Bad debt expense	1,225	2,184
Inventory reserve expense	554	829
Deferred income tax expense	(1,079)	(164)
Changes in operating assets and liabilities, net of divestitures:		
Accounts receivable	(20,056)	12,718
Costs and estimated earnings in excess of billings on uncompleted contracts	(4,446)	(183)
Inventories	(3,161)	(606)
Prepaid expense and other current assets	(1,584)	1,720
Deferred charges and other assets	(736)	1,414
Accounts payable and accrued expenses	19,183	(9,072)
Billings in excess of costs and estimated earnings on uncompleted contracts	8,355	(14,526)
Income taxes payable	(23)	(857)
Other liabilities	(991)	(1,528)
Net cash provided by (used in) operating activities	3,686	(1,089)
Cash flows from investing activities:		
Acquisitions of property and equipment	(1,897)	(806)
Net cash proceeds from divestitures	33,064	—
Proceeds from sale of property and equipment	6,311	367
Net cash provided by (used in) investing activities	37,478	(439)
Cash flows from financing activities:		
Net (repayments) borrowings on revolving credit lines	(3,754)	2,197
Repayments of debt	(34,256)	(9,161)
Deferred financing fees paid	—	(171)
Earnout payments	—	(7,396)
Proceeds from lease financing transaction	800	—
Payments on capital leases and sale-leaseback transactions	(508)	(542)
Proceeds from employee stock purchase plan, exercise of stock options, and dividend reinvestment plan	82	1,372
Dividends paid to common shareholders	(44)	(7,787)
Net cash used in financing activities	(37,680)	(21,488)

Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,433)	881
Net increase (decrease) in cash, cash equivalents and restricted cash	2,051	(22,135)
Cash, cash equivalents and restricted cash at beginning of period	30,659	48,006
Cash, cash equivalents and restricted cash at end of period	$32,710	$25,871
Cash paid during the period for:		
Interest	$4,288	$4,176
Income taxes	$8,567	$3,328

The notes to the condensed consolidated financial statements are an integral part of the above statements.

CECO ENVIRONMENTAL CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Basis of Reporting for Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements of CECO Environmental Corp. and its subsidiaries (the “Company”, “we”, “us”, or “our”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations. In the opinion of management, the accompanying unaudited condensed consolidated financial statements of the Company contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of September 30, 2018 and the results of operations and cash flows for the three-month and nine-month periods ended September 30, 2018 and 2017. The results of operations for the three-month and nine-month periods ended September 30, 2018 are not necessarily indicative of the results to be expected for the full year. The balance sheet as of December 31, 2017 has been derived from the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the SEC.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

These financial statements and accompanying notes should be read in conjunction with the audited financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC.

Unless otherwise indicated, all balances within tables are in thousands, except per share amounts.

2. New Financial Accounting Pronouncements

Accounting Standards Adopted in Fiscal 2018

In March 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-05, "Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118." The standard relates to the accounting and disclosures around the issuance of the SEC's Staff Accounting Bulletin No. 118, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act" ("SAB 118"), which the Company has adopted. See Note 12 – Income Taxes for the disclosures related to this amended guidance.

In February 2018, the FASB issued ASU No. 2018-02, "Income Statement — Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The standard allows for reclassification of stranded tax effects on items resulting from the Tax Cuts and Jobs Act (the "Tax Act") from accumulated other comprehensive income to retained earnings. Tax effects unrelated to the Tax Act are released from accumulated other comprehensive income based on the nature of the underlying item. The Company adopted this ASU in the first quarter of 2018, under the prospective method resulting in accumulated loss in the Condensed Consolidated Balance Sheets decreasing by $1.2 million, with a corresponding increase in accumulated other comprehensive loss in the Condensed Consolidated Balance Sheets due to the reduction in the corporate tax rate from 35% to 21%. See Note 12 — Income Taxes for additional information about the Tax Act.

In May 2017, the FASB issued ASU 2017-09, "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting." ASU 2017-09 clarifies when changes to the terms or conditions of a share-based award must be accounted for as a modification. The new guidance will reduce diversity in practice and result in fewer changes to the terms of an award being accounted for as a modification. Under ASU 2017-09, an entity will not apply modification accounting to a share-based payment award if the award's fair value, vesting conditions and classification as an equity or liability instrument are the same immediately before and after the change. We adopted ASU 2017-09 on January 1, 2018, under the prospective method. The adoption had no impact on our consolidated financial statements as there were no events requiring management to evaluate for a potential modification to a share-based payment award.

In March 2017, the FASB issued ASU 2017-07, "Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." Under existing GAAP, an entity is required to present all components of net periodic pension cost and net periodic postretirement benefit cost aggregated as a net amount in the income statement, and this net amount may be capitalized as part of an asset where appropriate. ASU 2017-07 requires that the service cost component is reported in the same line item or items as other compensation costs arising from services rendered by the employees during the period, and requires the other components of net periodic pension cost and net periodic postretirement benefit cost to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. We adopted ASU 2017-07 on January 1, 2018, under the retrospective method for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the income statement and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets. The adoption resulted in reclassification of the other components of net periodic pension cost outside of operating income the impact of which was not material. See Note 11 – Pension and Employee Benefit Plans for additional disclosures related to the adoption of the standard.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business.” ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. We adopted ASU 2017-01 on January 1, 2018, under the prospective method. The adoption of the standard’s definition of a business was followed for the Company’s two divestitures that occurred in the first quarter of fiscal year 2018. The divestitures would have been considered a business both before and after the adoption of the standard and, therefore, the provisions of ASU 2017-01 did not have a material effect on the Company’s consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash.” ASU 2016-18 requires the change during the period in the total of cash, cash equivalents, and restricted cash to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted ASU 2016-18 on January 1, 2018, under the retrospective method. The prior year statement of cash flows has been reclassified to conform with the standard. The impact of the adoption was not material to the Company. The adoption resulted in the Company classifying restricted cash in Cash, Cash Equivalents and Restricted Cash in the Condensed Consolidated Statements of Cash Flows for each period presented.

We consider all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Restricted cash represents cash that is restricted as to withdrawal or usage and consists primarily of cash in support of letters of credit issued by various foreign subsidiaries of the Company. The Company occasionally enters into letters of credit with durations in excess of one year.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Condensed Consolidated Statements of Cash Flows.

	September 30, 2018	September 30, 2017
Cash and cash equivalents	$ 30,718	$ 24,567
Restricted cash	774	873
Cash and cash equivalents included in assets held for sale	1,218	—
Restricted cash included within deferred charges and other assets	—	431

Total cash, cash equivalents and restricted cash	$ 32,710	$ 25,871

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 provides guidance on how certain cash receipts and cash payments are presented and classified in the statement of cash flows. We adopted ASU 2016-15 on January 1, 2018, under the retrospective method. The adoption will result in the reclassification of $1.0 million in the 2016 Statement of Cash Flows from financing activities to investing activities on the Company's Annual Report on Form 10-K for the year ending December 31, 2018.

In May 2014, the FASB issued ASU 2014-09, "Revenue From Contracts With Customers." ASU 2014-09 supersedes nearly all existing revenue recognition principles under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration an entity expects to be entitled to for those goods or services using a defined five-step process. In 2016, the FASB issued accounting standards updates to address implementation issues and to clarify the guidance for identifying performance obligations, licenses and determining if a company is the principal or agent in a revenue arrangement.

We adopted ASU 2014-09 on January 1, 2018, under the modified retrospective method where the cumulative effect is recognized through retained earnings as of the date of adoption. Under the new standard, certain contract arrangements that were historically recognized over time under our previous policies will now be recognized at a point in time upon completion of the contracts. Based on the Company's evaluation of existing contracts that were not substantially complete as of January 1, 2018, the cumulative effect adjustment to the opening balance of retained earnings was not material.

Within the Energy Solutions and Industrial Solutions Segments, a significant portion of the Company's revenue is derived from fixed-price contracts. For each contract, we assess the goods and services promised to a customer and identify each distinct performance obligation for each promised good or service. The typical life of our contracts is generally less than 12 months and each contract generally contains only one performance obligation, to provide goods or services to the customer. We recognize revenue over time for the majority of our contracts within the Energy Solutions and Industrial Solutions Segments.

Within the Fluid Handling Solutions Segment, a significant portion of our revenue is derived from sales of inventory product and is recognized at the point in time control passes to the customer, which occurs generally upon shipment of the product.

The revenue streams within the Company are consistent with those disclosed for our reportable segments. For descriptions of our product offerings and segments, see Note 15 - Business Segment Information. For description of our updated revenue recognition policy, see Note 17 – Significant Accounting Policy Updates.

Accounting Standards Yet to be Adopted

In August 2018, the FASB issued ASU 2018-14, "Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans," that makes minor changes to the disclosure requirements for employers that sponsor defined benefit pension and/or other postretirement benefit plans. The new guidance eliminates requirements for certain disclosures that are no longer considered cost beneficial and requires new ones that the FASB considers pertinent. ASU 2018-14 is effective for the Company January 1, 2021. The Company is evaluating the impact of the adoption of ASU 2018-14 on its consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities." ASU 2017-12 expands an entity's ability to apply hedge accounting for nonfinancial and financial risk components and allows for a simplified approach for fair value hedging of interest rate risk. ASU 2017-12 eliminates the need to separately measure and report hedge ineffectiveness and generally requires the entire change in fair value of a hedging instrument to be presented in the same income statement line as the hedged item. Additionally, ASU 2017-12 simplifies the hedge documentation and effectiveness assessment under the previous guidance. The guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. We plan to adopt the standard on January 1, 2019. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. In July 2018, the FASB issued ASU No. 2018-11, "Targeted Improvements - Leases (Topic 842)." This update requires a modified retrospective transition method that includes optional practical expedients. If elected, an entity would recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This guidance is effective for annual periods beginning after December 15, 2018.

We currently expect to adopt ASU 2016-02 as of January 1, 2019, under the modified prospective method. Our evaluation of ASU 2016-02 is ongoing and not complete. The Company believes that the new standard will have a material impact on its consolidated balance sheet due to the recognition of ROU assets and liabilities for the Company's operating leases but it will not have a material impact on its statement of operations or liquidity. We expect our accounting for capital leases to remain substantially unchanged. The ASU also will require disclosures to help investors and other financial statement users to better understand the amount, timing and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. Our leasing activity is primarily related to buildings and as well as various sale-leaseback transactions. The Company is continuing to evaluate potential impacts to its consolidated financial statements.

3. Accounts Receivable

(Table only in thousands)	September 30, 2018	December 31, 2017
Contract receivables	$ 62,787	$ 60,543
Trade receivables	7,900	11,603
Allowance for doubtful accounts	(2,883)	(4,156)
Total accounts receivable	$ 67,804	$ 67,990

Balances billed but not paid by customers under retainage provisions in contracts within the Condensed Consolidated Balance Sheets amounted to approximately $1.3 million and $2.5 million at September 30, 2018 and December 31, 2017, respectively. Retainage receivables on contracts in progress are generally collected within a year after contract completion.

Bad debt expense was $0.6 million and $1.2 million for the three-month periods ended September 30, 2018 and 2017, respectively, and $1.2 million and $2.2 million for the nine-month periods ended September 30, 2018 and 2017, respectively.

The decrease in the allowance for doubtful accounts is primarily due to divested businesses and classification of the Zhongli balance to held for sale.

4. Costs and Estimated Earnings on Uncompleted Contracts

Our contracts have various lengths to completion ranging from a few days to several months. We anticipate that a majority of our current contracts will be completed within the next twelve months. A significant amount of our revenue within the Energy Solutions and Industrial Solutions segments is recognized over a period of time as we perform under the contract because control of the work in process transfers continuously to the customer. The assets and liabilities recognized in association with these contracts are as follows:

(Table only in thousands)	September 30, 2018	December 31, 2017
Costs incurred on uncompleted contracts	$ 164,400	$ 169,665
Estimated earnings	60,561	61,556
Total costs and estimated earnings on uncompleted contracts, gross	224,961	231,221
Less billings to date	(223,575)	(217,743)
Total costs and estimated earnings on uncompleted contracts, net	$ 1,386	$ 13,478
Included in the accompanying condensed consolidated balance sheets under the following captions:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 29,991	$ 33,947

Billings in excess of costs and estimated earnings on uncompleted contracts	(28,605)	(20,469)
Total costs and estimated earnings on uncompleted contracts, net	$ 1,386	$ 13,478

Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes to job performance, job conditions, and estimated profitability may result in revisions to contract revenue and costs, and are recognized in the period in which the revisions are made. No provision for estimated losses on uncompleted contracts was required as of September 30, 2018 or December 31, 2017.

5. Inventories

(Table only in thousands)	September 30, 2018	December 31, 2017
Raw materials	$ 15,500	$ 18,444
Work in process	7,520	3,182
Finished goods	787	940
Obsolescence allowance	(1,531)	(1,597)
Total inventories	$ 22,276	$ 20,969

Amounts credited to the allowance for obsolete inventory and charged to cost of sales amounted to $0.1 million and $0.5 million for the three-month periods ended September 30, 2018 and 2017, respectively, and $0.6 million and $0.8 million for the nine-month periods ended September 30, 2018 and 2017, respectively.

6. Goodwill and Intangible Assets

(Table only in thousands)	For the Nine Months Ended September 30, 2018		Year ended December 31, 2017	
Goodwill / Tradename	Goodwill	Tradename	Goodwill	Tradename
Balance, beginning of period	$166,951	$ 19,691	$170,153	$ 22,042
Divestitures	(14,317)	(1,340)	—	—
Impairment	—	—	(4,443)	(2,725)
Foreign currency translation	(272)	(65)	1,241	374
Balance, end of period	$152,362	$ 18,286	$166,951	$ 19,691

(Table only in thousands)	As of September 30, 2018		As of December 31, 2017	
Intangible assets – finite life	Cost	Accum. Amort.	Cost	Accum. Amort.
Technology	$14,457	$8,975	$15,867	$8,609
Customer lists	68,943	36,106	77,497	35,024
Noncompetition agreements	910	717	1,118	698
Tradename	1,390	544	1,390	440
Foreign currency adjustments	(1,107)	(297)	(1,214)	(69)
	$84,593	$46,045	$94,658	$44,702

Activity for the nine months ended September 30, 2018 and 2017 is as follows:

(Table only in thousands)	2018	2017
Intangible assets – finite life, net at beginning of period	$49,956	$60,728
Amortization expense	(7,355)	(8,666)
Divestitures	(4,083)	—
Foreign currency adjustments	30	687
Intangible assets – finite life, net at end of period	$38,548	$52,749

Amortization expense of finite life intangible assets was $2.3 million and $2.9 million for the three-month periods ended September 30, 2018 and 2017, respectively, and $7.4 million and $8.7 million for the nine-month periods ended September 30, 2018 and 2017, respectively. Amortization over the next five years for finite life intangibles is expected to be $2.3 million for the remainder of 2018, $8.1 million in 2019, $6.5 million in 2020, $5.4 million in 2021, and $4.5 million in 2022.

The Company did not identify any triggering events during the nine-month period ended September 30, 2018 that would require an interim impairment assessment of goodwill or indefinite life intangible assets.

7. Accounts Payable and Accrued Expenses

(Table only in thousands)	September 30, 2018	December 31, 2017
Trade accounts payable, including due to subcontractors	$ 51,447	$ 45,409
Compensation and related benefits	5,911	5,246
Current portion of earnout liability	—	2,989
Accrued warranty	3,707	4,464
Contract liabilities	6,622	1,676
Other accrued expenses	11,063	11,002
Total accounts payable and accrued expenses	$ 78,750	$ 70,786

The activity in the Company’s earnout liability was as follows for the nine months ended September 30, 2018 and 2017:

(Table only in thousands)	Energy Solutions Segment (a)
Earnout liability as of December 31, 2017	$4,475
Compensation expense adjustment	222
Fair value adjustment	(330)
Payment	(2,862)
Other reclassification	(1,440)
Foreign currency translation adjustment	(65)
Total earnout liability as of September 30, 2018	$ —

(Table only in thousands)	Energy Solutions Segment (a)
Earnout liability as of December 31, 2016	$ 24,214
Fair value adjustment	(5,689)
Compensation expense adjustment	918
Payment	(15,193)
Foreign currency translation adjustment	729

Total earnout liability as of September 30, 2017		4,979
Less: current portion of earnout		(3,514)
Balance of long-term portion of earnout recorded in other liabilities at September 30, 2017	$	1,465

(a) The Fluid Handling Solutions and Industrial Solutions segments do not have any earnout arrangements associated with the segments.

8. Senior debt

Debt consisted of the following at September 30, 2018 and December 31, 2017:

(Table only in thousands)	September 30, 2018	December 31, 2017
Outstanding borrowings under Credit Facility (defined below). Term loan balance due upon maturity in September 2020.		
- Term loan	$ 81,147	$ 113,903
- U.S. Dollar revolving loans	—	1,000
- Unamortized debt discount	(1,972)	(2,834)
Total outstanding borrowings under Credit Facility	79,175	112,069
Outstanding borrowings (U.S. dollar equivalent) under Foreign facility	—	2,764
Total outstanding borrowings	79,175	114,833
Less: current portion	—	11,296
Total debt, less current portion	$ 79,175	$ 103,537

During the nine-month period ended September 30, 2018, the Company made prepayments of $31.2 million on the outstanding balance of the term loan, in addition to the required payment of $1.6 million for a total repayment of $32.8 million on the outstanding balance of the term loan. Due to the additional prepayments made in 2018, there are no additional payments due on the term loan until the final scheduled principal payment of $81.1 million, in September 2020.

United States Debt

The Company has a senior secured term loan, senior secured U.S. dollar revolving loans with sub-facilities for letters of credit and swing-line loans and senior secured multi-currency revolving credit facility for U.S. dollar and specific foreign currency loans (collectively, the “Credit Facility”). On August 3, 2018, the Company amended its Credit Facility to allow for an additional $20 million in capacity for issuing letters of credit and bank guarantees in support of non-U.S. subsidiary customer contracts as well as letters of credit with maturity dates beyond the expiration date of the Credit Facility.

As of September 30, 2018 and December 31, 2017, $29.5 million and $24.4 million of letters of credit were outstanding, respectively. Total unused credit availability under the Company’s Credit Facility was $50.5 million and $54.6 million at September 30, 2018 and December 31, 2017, respectively. Revolving loans may be borrowed, repaid and reborrowed until September 3, 2020, at which time all outstanding balances of the Credit Facility must be repaid.

The weighted average stated interest rate on outstanding borrowings was 5.24% and 4.08% at September 30, 2018 and December 31, 2017, respectively.

In accordance with the Credit Facility terms, the Company entered into an interest rate swap to hedge against interest rate exposure related to a portion of the outstanding debt indexed to LIBOR market rates. The fair value of the interest rate swap was an asset of $0.8 million and $0.3 million as of September 30, 2018 and December 31, 2017, respectively, and is classified within the “Deferred charges and other assets” on the Condensed Consolidated Balance Sheets. The Company designated the interest rate swap as an effective hedge; therefore, the changes to the fair value of the interest rate swap have been recorded in other comprehensive income as the hedge is deemed effective.

Under the terms of the Credit Facility, the Company is required to maintain certain financial covenants, including the maintenance of a Consolidated Leverage Ratio as well as restricting the amount of capital expenditures the Company may make in 2018 and 2019. Through March 31, 2019, the maximum Consolidated Leverage Ratio is 3.75, after which time will decrease to 3.50 through September 30, 2019. The Consolidated Leverage Ratio will then decrease to 3.25 until the end of the term of the Credit Facility.

As of September 30, 2018 and December 31, 2017, the Company was in compliance with all related financial and other restrictive covenants under the Credit Facility.

Foreign Debt

The Company has a number of facilities and bilateral agreements in various countries currently supported by letters of credit issued by the Credit Facility. As of September 30, 2018, the borrowers of these facilities and agreements were in compliance with all related financial and other restrictive covenants.

A subsidiary of the Company located in the Netherlands has a Euro-denominated facilities agreement which as of September 30, 2018 had no outstanding borrowings. As of December 31, 2017, the borrowers were not in compliance with certain financial covenants under the facility and the Company settled the outstanding amount of the overdraft facility in the first quarter of 2018. The Company plans to exit this facility and consolidate it with the Credit Facility.

9. Earnings (loss) and Dividends per Share

The computational components of basic and diluted earnings (loss) per share for the three-month and nine-month periods ended September 30, 2018 and 2017 are below.

	For the Three Months Ended September 30, 2018		
	Numerator (Loss)	Denominator (Shares)	Per Share Amount
Basic net loss and loss per share	$(12,915)	34,779	$ (0.37)
Effect of dilutive securities:			
Common stock equivalents arising from stock options, restricted stock awards, and employee stock purchase plan		—	
Diluted loss and loss per share	$(12,915)	34,779	$ (0.37)

	For the Three Months Ended September 30, 2017		
	Numerator (Income)	Denominator (Shares)	Per Share Amount
Basic net income and earnings per share	$3,036	34,519	$ 0.09
Effect of dilutive securities:			
Common stock equivalents arising from stock options, restricted stock awards, and employee stock purchase plan		103	
Diluted earnings and earnings per share	$3,036	34,622	$ 0.09

	For the Nine Months Ended September 30, 2018		
	Numerator	Denominator	Per Share

	(Loss)	(Shares)	Amount
Basic net loss and loss per share	$(8,053)	34,681	$ (0.23)
Effect of dilutive securities:			
Common stock equivalents arising from stock options, restricted stock awards, and employee stock purchase plan		—	
Diluted loss and loss per share	$(8,053)	34,681	$ (0.23)

	For the Nine Months Ended September 30, 2017		
	Numerator	Denominator	Per Share
	(Income)	(Shares)	Amount
Basic net income and earnings per share	$8,560	34,404	$ 0.25
Effect of dilutive securities and notes:			
Common stock equivalents arising from stock options, restricted stock awards, and employee stock purchase plan		261	
Diluted earnings and earnings per share	$8,560	34,665	$ 0.25

Options, restricted stock units and warrants included in the computation of diluted earnings per share are calculated using the treasury stock method. For the three-month periods ended September 30, 2018 and 2017, 0.9 million and 0.8 million, and during the nine-month periods ended September 30, 2018 and 2017, 0.8 million and 0.7 million, respectively, of outstanding options and warrants were excluded from the computation of diluted earnings per share due to their having an anti-dilutive effect.

Once a restricted stock unit vests, it is included in the computation of weighted average shares outstanding for purposes of basic and diluted earnings per share.

10. Share-Based Compensation

The Company accounts for share-based compensation in accordance with ASC Topic 718, "Compensation – Stock Compensation," which requires the Company to recognize compensation expense for share-based awards, measured at the fair value of the awards at the grant date. The Company recognized \$0.9 million and \$0.5 million of share compensation related expense during the three-month periods ended September 30, 2018 and 2017, respectively, and \$2.3 million and \$1.2 million during the nine-month periods ended September 30, 2018 and 2017, respectively. Share based compensation expense was lower in 2017 primarily due to a large amount of forfeitures related to the former Chief Executive Officer's departure from the Company.

The Company granted no options during the three- and nine-month periods ended September 30, 2018 and granted zero and 128,000 options during the three- and nine-month period ended September 30, 2017, respectively.

The Company granted approximately 33,000 and zero restricted stock units during the three-month periods ended September 30, 2018 and 2017, respectively, and approximately 963,000 and 405,000 restricted stock units during the nine-month periods ended September 30, 2018 and 2017, respectively. The weighted-average fair value of restricted stock units was estimated at \$5.21 and \$9.87 per unit granted during the nine months ended September 30, 2018 and 2017, respectively. The fair value of the restricted stock units was determined by using the value of stock in the open market on the date of grant.

The fair value of the stock-based awards granted is recorded as compensation expense on a straight-line basis over the vesting periods of the awards.

There were approximately 16,000 and 287,000 options exercised during the nine months ended September 30, 2018 and 2017, respectively. The Company received \$82,000 and \$1.1 million in cash from employees and non-employee directors exercising options during the nine months ended September 30, 2018 and 2017, respectively. The intrinsic value of options exercised during the nine months ended September 30, 2018 and 2017 was \$89,000 and \$1.9 million, respectively.

11. Pension and Employee Benefit Plans

We sponsor a non-contributory defined benefit pension plan for certain union employees. The plan is funded in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974.

We also sponsor a postretirement health care plan for office employees retired before January 1, 1990. The plan allowed retirees who attained the age of 65 to elect the type of coverage desired.

We present service cost within cost of sales and selling and administrative expenses depending on where the relevant employees compensation costs are recorded, and we present other components of net periodic benefit cost (gain) within other expense, net on the Condensed Consolidated Statements of Operations.

Retirement and health care plan expense is based on valuations performed by plan actuaries as of the beginning of each fiscal year. The components of the expense consisted of the following:

(Table only in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Pension plan:				
Service cost	$—	$101	$—	$315
Interest cost	298	329	893	986
Expected return on plan assets	(378)	(431)	(1,134)	(1,292)
Amortization of net actuarial loss	59	57	178	170
Net periodic benefit cost (gain)	$(21)	$56	$(63)	$179
Health care plan:				
Interest cost	$1	$1	$2	$2
Amortization of loss	2	2	7	6
Net periodic benefit cost	$3	$3	$9	$8

We made contributions to our defined benefit plans during the nine months ended September 30, 2018 and 2017 totaling $0.6 million and $1.6 million, respectively. We anticipate $0.2 million and $24,000 of further contributions to fund the pension plan and the retiree health care plan, respectively, during the remainder of 2018. The unfunded liability of the plans of $9.1 million and $9.6 million as of September 30, 2018 and December 31, 2017, respectively, is included in Other liabilities on our Condensed Consolidated Balance Sheets.

12. Income Taxes

We calculate our provision for federal, state and international income taxes based on current tax law. The Tax Act, which was enacted on December 22, 2017, included several key provisions impacting accounting for and reporting of income taxes. The most significant provisions, effective for periods beginning after December 31, 2017, are the global intangible low-taxed income ("GILTI") provision and the reduction of the U.S. corporate statutory tax rate from 35% to 21%.

We file income tax returns in various federal, state and local jurisdictions. Tax years from 2014 forward remain open for examination by Federal authorities. Tax years from 2012 forward remain open for all significant state and foreign authorities.

We account for uncertain tax positions pursuant to ASC Topic 740, "Income Taxes." As of September 30, 2018 and December 31, 2017, the liability for uncertain tax positions totaled approximately $0.9 million, which is included in Other liabilities on our Condensed Consolidated Balance Sheets. We recognize accrued interest related to uncertain tax positions and penalties, if any, in income tax expense within the Condensed Consolidated Statements of Operations.

Certain of the Company's undistributed earnings of our foreign subsidiaries are not permanently reinvested. Our cash needs for operating, investing and financing activities have increased in the U.S. Since foreign earnings have already been subject to U.S. income tax in 2017 as a result of the Tax Act, we intend to repatriate foreign-held cash as needed. As of September 30, 2018, and December 31, 2017 we have recorded deferred income taxes of approximately $0.5 million and zero, respectively, on the undistributed earnings of our foreign subsidiaries. This amount is attributable primarily to the foreign withholding taxes that would become payable should we decide to repatriate cash held in our foreign operations.

We recognized the provisional tax impacts related to the deemed repatriation of foreign earnings and the benefit for the revaluation of deferred tax assets and liabilities during the year ended December 31, 2017. ASU 2018-05 allows a company to record a provisional amount when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting for the change in the tax law. We adjusted our provisional accounting for the impacts of the Tax Act as they relate to the repatriation of foreign cash. No other adjustments were made to these provisional amounts for the three-month and nine-month periods ended September 30, 2018. We continue to review and evaluate the provisions of the Tax Act. This review could result in changes to the amounts we have provisionally recorded. We will complete our accounting for the tax effects of the Tax Act before the end of the one-year measurement period allowed by ASU 2018-05, which will be in the fourth quarter of 2018. The amounts recorded in 2018 to account for the impact of the Tax Act for periods beginning after December 31, 2017 are the Company's best estimates based on the current data and guidance available. We have not yet determined our accounting policy election with respect to recording deferred taxes for basis differences related to the GILTI provisions or to continue to record as a period cost.

13. Financial Instruments

Our financial instruments consist primarily of investments in cash and cash equivalents, receivables and certain other assets, foreign debt and accounts payable, which approximate fair value at September 30, 2018 and December 31, 2017, due to their short-term nature or variable, market-driven interest rates.

The fair value of the debt issued under the Credit Facility was $81.1 million and $114.9 million at September 30, 2018 and December 31, 2017, respectively. The fair value of the note payable was $3.8 million and $5.3 million at September 30, 2018 and December 31, 2017, respectively.

In accordance with the terms of the Credit Facility, the Company entered into an interest rate swap on December 30, 2015 to hedge against interest rate exposure related to a portion of the outstanding debt indexed to LIBOR market rates. See Note 8 for further information regarding the interest rate swap.

At September 30, 2018 and December 31, 2017, the Company had cash and cash equivalents of $30.7 million and $29.9 million, respectively, of which $23.3 million and $19.7 million, respectively, was held outside of the United States, principally in the Netherlands, United Kingdom, China, and Canada.

14. Commitments and Contingencies – Legal Matters

Asbestos cases

Our subsidiary, Met-Pro Technologies LLC ("Met-Pro"), beginning in 2002, began to be named in asbestos-related lawsuits filed against a large number of industrial companies including, in particular, those in the pump and fluid handling industries. In management's opinion, the complaints typically have been vague, general and speculative, alleging that Met-Pro, along with the numerous other defendants, sold unidentified asbestos-containing products and engaged in other related actions which caused injuries (including death) and loss to the plaintiffs. Counsel has advised that more recent cases typically allege more serious claims of mesothelioma. The Company's insurers have hired attorneys who, together with the Company, are vigorously defending these cases. Many cases have been dismissed after the plaintiff fails to produce evidence of exposure to Met-Pro's products. In those cases, where evidence has been produced, the Company's experience has been that the exposure levels are low and the Company's position has been that its products were not a cause of death, injury or loss. The Company has been dismissed from or settled a large number of these cases. Cumulative settlement payments from 2002 through September 30, 2018 for cases involving asbestos-related claims were $2.9 million, of which, together with all legal fees other than corporate counsel expenses, $2.8 million has been paid by the Company's insurers. The average cost per settled claim, excluding legal fees, was approximately $38,000.

Based upon the most recent information available to the Company regarding such claims, there were a total of 197 cases pending against the Company as of September 30, 2018 (with Illinois, New York, Pennsylvania and West Virginia having the largest number of cases), as compared with 218 cases that were pending as of December 31, 2017. During the nine months ended September 30, 2018, 70 new cases were filed against the Company, and the Company was dismissed from 52 cases and settled 39 cases. Most of the pending cases have not advanced beyond the early stages of discovery, although a number of cases are on schedules leading to or scheduled for trial. The Company believes that its insurance coverage is adequate for the cases currently pending against the Company and for the foreseeable future, assuming a continuation of the current volume, nature of cases and settlement amounts. However, the Company has no control over the number and nature of cases that are filed against it, nor as to the financial health of its insurers or their position as to coverage. The Company also presently believes that none of the pending cases will have a material adverse impact upon the Company's results of operations, liquidity or financial condition.

Summary

The Company is also a party to routine contract and employment-related litigation matters and routine audits of state and local tax returns arising in the ordinary course of its business.

The final outcome and impact of open matters, and related claims and investigations that may be brought in the future, are subject to many variables, and cannot be predicted. In accordance with ASC 450, "Contingencies", and related guidance, we record accruals for estimated losses relating to claims and lawsuits when available information indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. The Company expenses legal costs as they are incurred.

We are not aware of any pending claims or assessments, other than as described above, which may have a material adverse impact on our liquidity, financial position, results of operations, or cash flows.

15. Business Segment Information

The Company's operations are organized and reviewed by management along its product lines or end market that the segment serves and presented in three reportable segments. During the first quarter of 2018, the Company finalized an overall assessment and recalibration of its strategy. As a part of the changes to its strategy, management determined that a realignment of the Company’s segments was necessary to better reflect the technologies and solutions we provide, and the end markets we serve. As a result of this realignment, the reportable segments of the Company have been renamed and we reclassified the operating results of certain business units within the Energy Solutions and Industrial Solutions segments to have their reportable segment more closely align with our strategy.

Energy Solutions Segment

Our Energy Solutions segment, formerly known as the Energy segment, improves air quality and solves fluid handling needs with market leading, highly engineered and customized solutions for the power generation, oil & gas, and petrochemical industries. Our offerings in this space include solutions such as natural gas turbine exhaust systems, selective catalytic reduction (“SCR”) and selective non-catalytic reduction (“SNCR”) systems, acoustical components and silencers, silencer and precipitator applications, the design and manufacture of technologies for flue gas dampers, diverters, expansion joints, gas and liquid separation and filtration equipment, secondary separators (nuclear plant reactor vessels), and fluid catalytic cracking ("FCC") unit cyclones for processing in power generation, refining, oil production and petrochemical plants, as well as a variety of other industries.

Industrial Solutions Segment

Our Industrial Solutions segment, formerly known as the Environmental segment, improves air quality with a compelling solution set of air pollution control technologies that enable our customers to reduce their carbon footprint, lower energy consumption, minimize waste and meet compliance targets for toxic emissions, fumes, volatile organic compounds, process and industrial odors. With a powerful suite of products and solutions to address air quality needs in the industrial markets, our offerings include chemical and biological scrubbers, fabric filters and cartridge collectors, thermal and catalytic oxidation systems, cyclones, separators, gas absorbers and industrial ventilation systems. This segment also provides component parts for industrial air systems and provides cost effective alternatives to traditional duct components, as well as custom metal engineered fabrication services. These products and services are applicable to a wide variety of industries.

Fluid Handling Solutions Segment

Our Fluid Handling Solutions segment, formerly known as the Fluid Handling and Filtration segment, provides solutions for mission-critical applications to a wide variety of industries including, but not limited to, chemical, petrochemical, pharmaceutical, wastewater treatment, desalination, aquarium and aquaculture, plating and metal finishing, and food and beverage. To meet the needs of these markets, we design and manufacture high quality pumps and specialty filtration solutions including centrifugal pumps for corrosive, abrasive and high-temperature liquids, filter products for air and liquid filtration, precious metal recovery systems, carbonate precipitators, and technologically advanced air movement and exhaust systems.

Interest income and expense are not included in the measure of segment profit reviewed by management. Income taxes are also not included in the measure of segment operating profit reviewed by management. The operating results of the segments are reviewed through to the "Income (loss) from operations" line on the Condensed Consolidated Statements of Operations.

The financial segment information is presented in the following tables:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2018	2017	2018	2017
Net Sales (less intra-, inter-segment sales)				
Energy Solutions Segment	$56,552	$44,279	$147,661	$150,487
Industrial Solutions Segment	20,258	21,638	56,379	67,737
Fluid Handling Solutions Segment	11,446	20,105	39,445	54,269
Corporate and Other[1]	—	(1,035)	—	(985)
Net sales	$88,256	$84,987	$243,485	$271,508

[1] Includes adjustment for revenue on intercompany jobs.

	Three Months Ended September 30,	Nine Months Ended September 30,

(dollars in thousands)	2018	2017	2018	2017
(Loss) income from Operations				
Energy Solutions Segment	$8,156	$5,921	$17,682	$20,280
Industrial Solutions Segment	1,638	1,523	4,279	6,356
Fluid Handling Solutions Segment	1,836	4,299	7,234	11,756
Corporate and Other[(2)]	(21,911)	(5,403)	(24,691)	(20,349)
Eliminations	(160)	(710)	(232)	(1,808)
(Loss) income from operations	$(10,441)	$5,630	$4,272	$16,235

[(2)] Includes loss on divestitures, net of selling costs (see Note 16 – Divestitures), corporate compensation, professional services, information technology, executive transition expenses, acquisition and integration expenses, and other general and administrative corporate expenses. This figure excludes earnout expenses, which are recorded in the segment in which the expense occurs. See Note 7 for the earnout expenses by segment.

(dollars in thousands)	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
Property and Equipment Additions				
Energy Solutions Segment	$6	$74	$38	$426
Industrial Solutions Segment	533	63	697	103
Fluid Handling Solutions Segment	767	17	1,051	236
Corporate and Other	—	11	111	41
Property and equipment additions	$1,306	$165	$1,897	$806

(dollars in thousands)	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
Depreciation and Amortization				
Energy Solutions Segment	$2,031	$2,379	$6,286	$7,314
Industrial Solutions Segment	225	361	795	1,143
Fluid Handling Solutions Segment	835	1,168	2,683	3,563
Corporate and Other	104	29	333	85
Depreciation and amortization	$3,195	$3,937	$10,097	$12,105

(dollars in thousands)	September 30, 2018	December 31, 2017
Identifiable Assets		
Energy Solutions Segment	$ 265,511	$258,218
Industrial Solutions Segment	55,511	66,723
Fluid Handling Solutions Segment	75,409	100,917
Corporate and Other[3]	8,788	12,691
Identifiable assets	$ 405,219	$438,549

[3]Corporate and Other assets consist primarily of cash and income tax related assets.

(dollars in thousands)	September 30, 2018	December 31, 2017
Goodwill		
Energy Solutions Segment	$ 98,137	$98,408
Industrial Solutions Segment	22,419	22,419
Fluid Handling Solutions Segment	31,806	46,124
Goodwill	$ 152,362	$166,951

Intra-segment and Inter-segment Revenues

The Company has multiple divisions that sell to each other within segments (intra-segment sales) and between segments (inter-segment sales) as indicated in the following tables:

	Three Months Ended September 30, 2018						
			Less Inter-Segment Sales				
(dollars in thousands)	Total Sales	Intra-Segment Sales	Industrial	Energy	Fluid	Corp and Other	Net Sales to Outside Customers
Net Sales							
Energy Solutions Segment	$58,561	$(1,453)	$(556)	$ —	$—	$ —	$ 56,552
Industrial Solutions Segment	20,800	(574)	—	73	(41)	—	20,258
Fluid Handling Solutions Segment	11,836	(399)	16	(7)	—	—	11,446
Corporate and Other[4]	—	—	—	—	—	—	—
Net Sales	$91,197	$(2,426)	$(540)	$ 66	$(41)	$ —	$ 88,256

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	Three Months Ended September 30, 2017						
			Less Inter-Segment Sales				
(dollars in thousands)	Total Sales	Intra-Segment Sales	Industrial	Energy	Fluid	Corp and Other	Net Sales to Outside Customers
Net Sales							
Energy Solutions Segment	$45,387	$(1,102)	$(6)	$ —	$ —	$ —	$ 44,279
Industrial Solutions Segment	22,041						