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MFRI Completes Refocus of Business Portfolio on Piping and Announces Favorable Amendment to Credit Agreement

NILES, IL, October 27, 2016 -- MFRI, Inc. (NASDAQ: MFRI), announced today that it has substantially completed the steps needed to refocus its business portfolio on its Piping businesses. The series of actions was completed this month with the Company's sale of its filter production site in Winchester, VA.

CEO Bradley Mautner commented, "In 2013 we embarked on a journey to reduce the Company's portfolio of diversified businesses and concentrate on key business assets with superior positioning in our principal markets. Since that time, we have accomplished the sale of our industrial cooling business, our mechanical service business, and, most recently, all of our domestic and international filtration businesses. The last transaction was completed recently, when, after winding down our filter bag business and liquidating its business assets, we sold our filter production site in Winchester, VA.

"In total, we generated over $50 million of gross proceeds from this series of transactions. These proceeds together with results from operations enabled us to reduce MFRI's debt – net of cash – from approximately $40 million at the beginning of fiscal year 2013/14 to a net of zero at the end of July 2016, including investing $9.6 million to acquire the 51% equity in our Bayou Perma-Pipe Canada ("BPCC") joint venture that we did not own. That company is now operating as Perma-Pipe Canada, Ltd.

"Our Company is now entirely focused on advancing our Perma-Pipe business and brand, which is strongly established in both North America and the Middle East. While conditions in the energy market are currently very difficult, we believe that investing in the specialty piping space and diversifying that portfolio into new markets and geographies is a rewarding strategy for MFRI and our shareholders in the long term."

Mr. Mautner added, "We are also pleased to announce that we have entered into an amendment to our credit agreement with the BMO Harris Group and its Canadian parent company, the Bank of Montreal. The amendment incorporates Perma-Pipe Canada into our agreement to access the existing asset-based lending facility. This new arrangement will support the expansion of Perma-Pipe Canada's balance sheet as it fulfills the backlog from a previously announced large coating and insulation order."

MFRI, Inc.
MFRI, Inc. is a global leader in pre-insulated piping and leak detection systems for oil and gas gathering, district heating and cooling, and other applications. It uses its extensive engineering and fabrication expertise to develop piping solutions that solve complex challenges regarding the safe and efficient transportation of many types of liquids. In total, MFRI has operations at seven locations in five countries.

Forward-Looking Statements

Statements and other information contained in this announcement that can be identified by the use of forward-looking terminology constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbors created thereby, including, without limitation, statements regarding the expected future performance and operations of the Company. These statements should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. Such risks and uncertainties include, but are not limited to, the project nature of the business, the increasing international nature of the business, economic conditions, market demand and pricing, competitive and cost factors, raw material availability and prices, global interest rates, currency exchange rates, labor relations and other risk factors.