



THERMON GROUP HOLDINGS, INC. EARNINGS PRESENTATION

FOURTH QUARTER FISCAL 2021

MAY 27, 2021



CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This investor presentation may include forward-looking statements within the meaning of the U.S. federal securities laws in addition to historical information. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements regarding our industry, business strategy, plans, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. When used herein, the words "anticipate," "assume," "believe," "budget," "continue," "contemplate," "could," "should" "estimate," "expect," "intend," "may," "plan," "possible," "potential," "predict," "project," "will," "would," "future," and similar terms and phrases are intended to identify forward-looking statements in this release. Forward-looking statements reflect our current expectations regarding future events, results or outcomes. These expectations may or may not be realized. Some of these expectations may be based upon assumptions, data or judgments that prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our financial condition, results of operations and cash flows.

Actual events, results and outcomes may differ materially from our expectations due to a variety of factors. Although it is not possible to identify all of these factors, they include, among others, (i) the outbreak of the novel strain of coronavirus (COVID-19); (ii) general economic conditions and cyclicity in the markets we serve; (iii) future growth of energy, chemical processing and power generation capital investments; (iv) our ability to operate successfully in foreign countries; (v) our ability to deliver existing orders within our backlog; (vi) our ability to bid and win new contracts; (vii) the imposition of certain operating and financial restrictions contained in our debt agreements; (viii) tax liabilities and changes to tax policy; (ix) our ability to successfully develop and improve our products and successfully implement new technologies; (x) competition from various other sources providing similar heat tracing and process heating products and services, or alternative technologies, to customers; (xi) our revenue mix; (xii) our ability to grow and diversify through strategic acquisitions; (xiii) our ability to mitigate risk through insurance; (xiv) changes in relevant currency exchange rates; (xv) impairment of goodwill and other intangible assets; (xvi) our ability to attract and retain qualified management and employees, particularly in our overseas markets; (xvii) our ability to protect our trade secrets; (xviii) our ability to protect our intellectual property; (xix) our ability to protect data and thwart potential cyber-attacks; (xx) a material disruption at any of our manufacturing facilities; (xxi) our dependence on subcontractors and third-party suppliers for labor and materials; (xxii) our ability to profit on fixed-price contracts; (xxiii) our extension of credit to customers; (xxiv) our ability to achieve our operational initiatives; (xxv) difficulties with the expansion, relocation or consolidation of our facilities; (xxvi) potential liability related to our products as well as the delivery of products and services; (xxvii) our ability to comply with foreign anti-corruption laws; (xxviii) our ability to comply with the complex and dynamic system of laws and regulations applicable to domestic and international operations, including U.S. export control regulations or sanctions; (xxix) changes in U.S. and foreign government administrative policy; (xxx) geopolitical instability in Russia and Ukraine and related sanctions by the U.S. government; (xxxi) environmental and health and safety laws and regulations as well as environmental liabilities; (xxxii) climate change and related regulation of greenhouse gases; and (xxxiii) those factors listed under Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2021 filed with the Securities and Exchange Commission (the "SEC") on May 27, 2021 and in any subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K or other filings that we have filed or may file with the SEC. Any one or a combination of these factors could materially affect our future results of operations and could influence whether any forward-looking statements contained in this release ultimately prove to be accurate.

Our forward-looking statements are not guarantees of future performance, and actual results and future performance may differ materially from those suggested in any forward-looking statements. We do not intend to update these statements unless we are required to do so under applicable securities laws.

NON-GAAP FINANCIAL MEASURES

Disclosure in this presentation of "Adjusted Net Income," "Adjusted EPS," "Adjusted EBITDA," "Adjusted EBITDA margin" and "Free Cash Flow" which are "non-GAAP financial measures" as defined under the rules of the Securities and Exchange Commission (the "SEC"), are intended as supplemental measures of our financial performance that are not required by, or presented in accordance with, U.S. generally accepted accounting principles ("GAAP"). "Adjusted Net Income" and "Adjusted EPS" (or "Adjusted fully diluted EPS") represent net income attributable to Thermon before costs related to the consolidation of our operating footprint in Canada, acceleration of unamortized debt costs, the tax benefit from income tax rate reductions in certain foreign jurisdictions, amortization of intangible assets, the income tax effect on any non-tax adjustments, costs associated with our restricting and other income/(charges), and income related to the CEWS per fully-diluted common share in the case of Adjusted EPS. "Adjusted EBITDA" represents net income attributable to Thermon before interest expense (net of interest income), income tax expense, depreciation and amortization expense, stock-based compensation expense, income attributable to non-controlling interests, costs related to the consolidation of our operating footprint in Canada, costs associated with our restructuring and other income/(charges), and income related to the CEWS. "Free Cash Flow" represents cash provided by operating activities less cash used for the purchase of property, plant and equipment, net of sales of rental equipment and proceeds from sales of land and buildings.



FY'21 SUMMARY

\$USD in millions, except per share data

FY'21 Summary

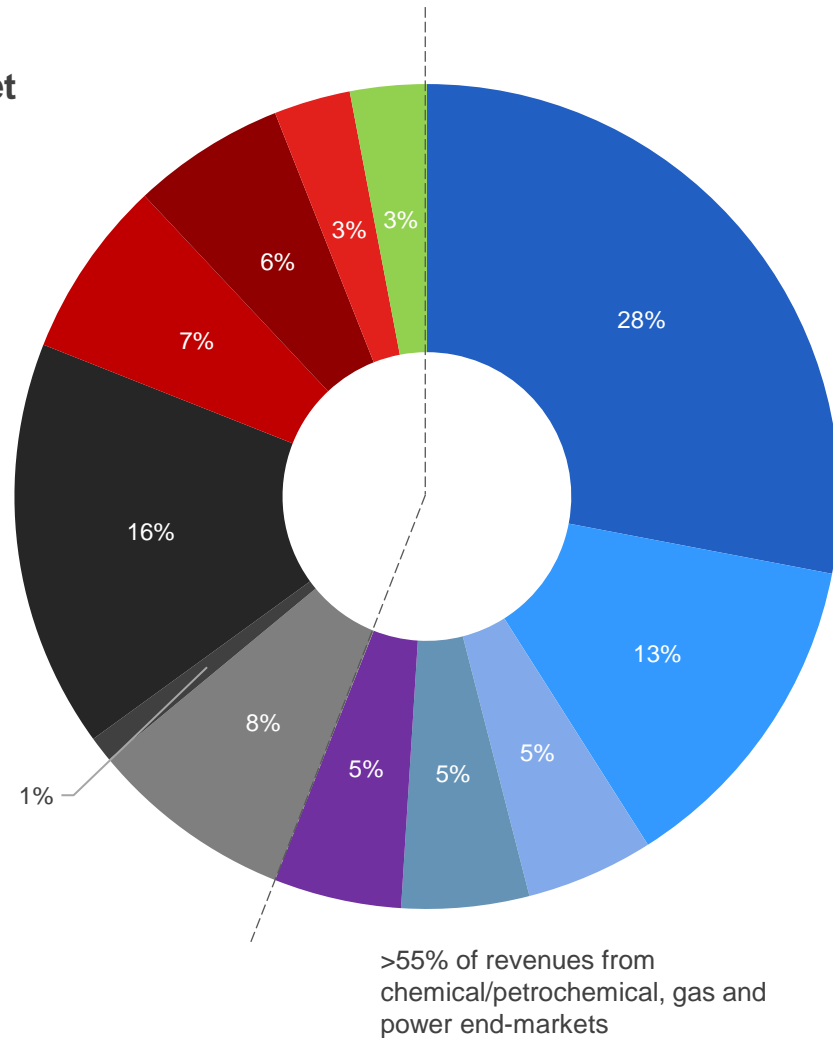
- Challenging year from COVID-19 and supply/demand volatility in selected end markets
- Safety remains a priority and a differentiator
- \$114MM in backlog, +8% vs prior year
- Focus on value preservation ... \$22MM in cost reductions while positioning for future growth
- Nine new product launches increasing our value-added solutions ... R&D ~2.7% of revenue
- Launched three new, long-term strategic initiatives
 - Developing Markets
 - End Market Diversification
 - Technology Enabled Maintenance

	FY'21	FY'20	YOY%
Revenue	\$276.2	\$383.5	(28.0%)
Net Income	\$1.2	\$12.0	(90.3%)
Adjusted EBITDA	\$36.6	\$64.4	(43.2%)
Free Cash Flow	\$22.5	\$60.7	(63.0%)
Net Debt/Adj. EBITDA	3.0 x	2.1 x	
GAAP EPS	\$0.03	\$0.36	(90.3%)
Adjusted EPS	\$0.34	\$0.75	(55.1%)

External Environment

THR Revenue by end market
Fiscal 2021

- Chemical/Petrochemical
- Downstream Gas
- Midstream Gas
- Upstream Gas
- Power
- Downstream Oil/Refining
- Midstream Oil
- Upstream Oil
- Commercial
- General Industries and Other
- Rail and Transit
- Strategic Adjacencies*



Selected End Market Trends

Chemical / Petrochemical: 3-4% growth projections with tight supply and high resin prices in the near term

Downstream / Midstream Gas: Favorable demand as a bridge fuel with LNG transportation opportunities

Downstream Oil / Refining: Capacity shift to Asia, move to biofuels and tightening environmental regulations

Power: Growing demand in Asia with long-term growth of GDP/GDP+

Rail and Transit: Gradual recovery underway; long-term growth of GDP/GDP+

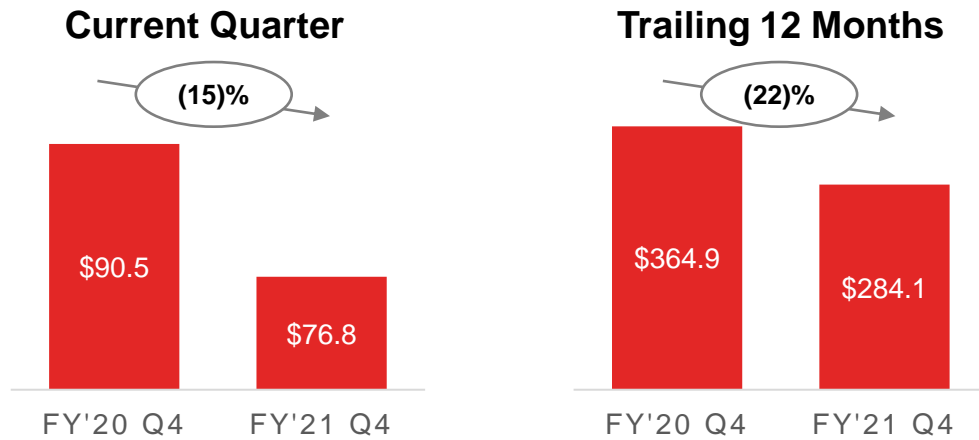
Strategic Adjacencies: GDP+ growth opportunities driven by developing markets and expanding middle class



Orders and Backlog

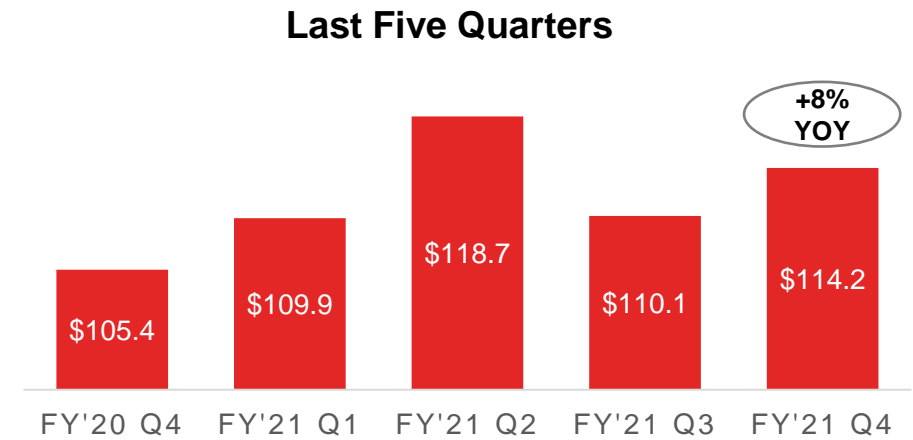
\$USD in millions

Orders



- Book to bill of 1.05x in quarter & 1.03x in FY21
- Canada growth with all other regions down YOY
- Sequential growth of +8% vs FY21 Q3 ... leading indicators (e.g. quote volumes) are positive

Backlog



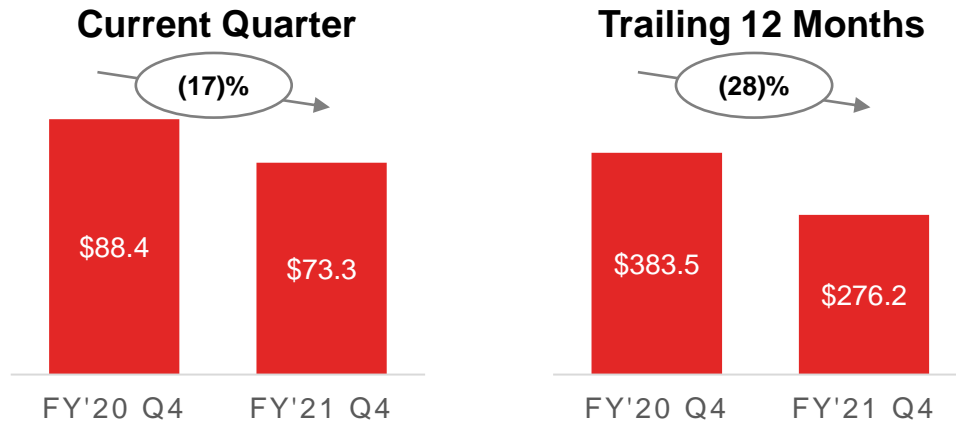
- YOY growth in all regions except for APAC
- Gross Margin in Backlog +190bps vs last five quarters



Revenue and Gross Margin

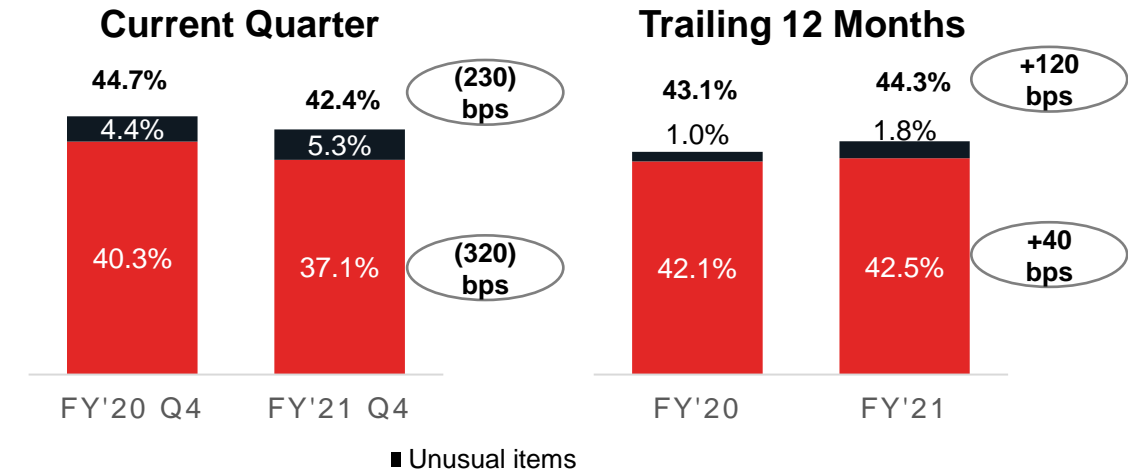
\$USD in millions

Revenue



- Revenue (17)% vs FY20 Q4, excluding FX (19)%
- EMEA growth driven by larger project execution
- Positive pricing driven by Quick Turns

Adjusted Gross Margin %



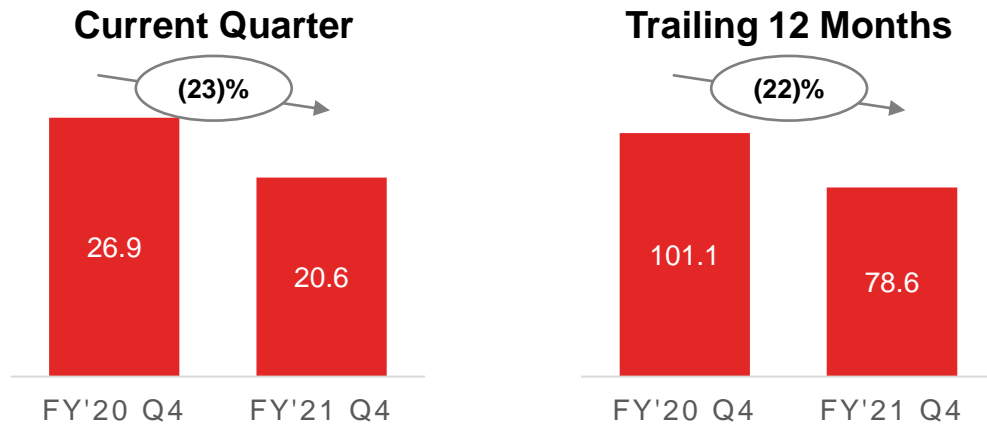
- Positive impact from legacy MRO/UE^(a) mix of 67% more than offset by lower margins in large projects
- FY21 Q4 unusual items include USLAM operational execution \$(3.3) and impact from Winter Storm Uri on San Marcos, TX operations \$(0.5)
- FY20 Q4 unusual item of \$(3.9)



SG&A and Adjusted EBITDA

\$USD in millions

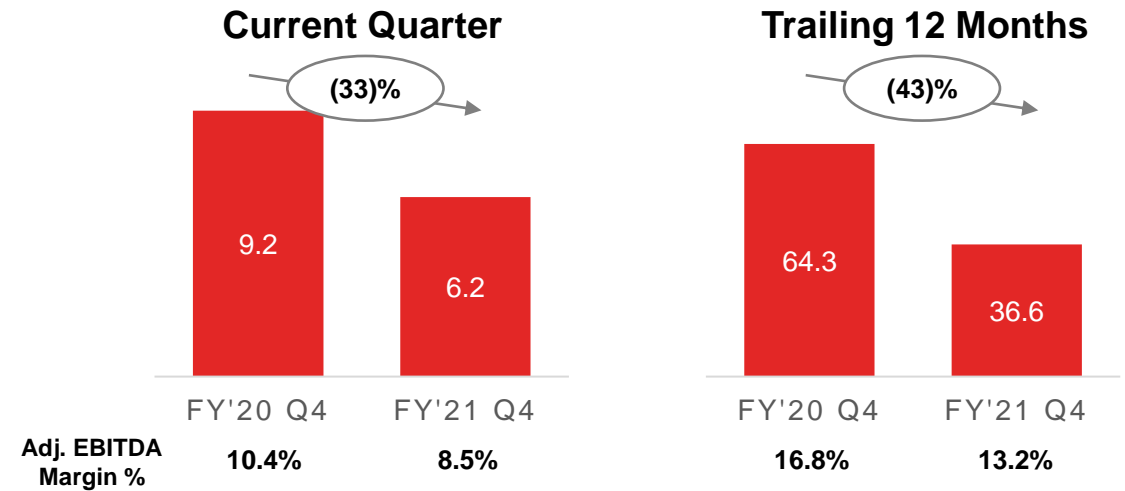
SG&A



Trailing 12 Months SG&A Reconciliation	FY'20	FY'21
Marketing, general and administrative and engineering	\$111.2	\$91.4
(-) Depreciation	\$10.5	\$11.3
(-) Pension Expense NQDC	(\$0.4)	\$1.6
SG&A	\$101.1	\$78.6

- FY21 Q4 Canadian wage subsidy offset by 1x items
- FY21 excludes \$8.6MM of restructuring

Adjusted EBITDA



- Reduced volume and unusual items more than offset impact of \$22MM FY21 cost reductions



Balance Sheet and Cash Flow

\$USD in millions

Selected Balance Sheet Accounts

	FY'21	FY'20	YOY %
Cash	\$40.1	\$43.2	(7.2%)
Total Debt	\$148.5	\$176.1	(15.7%)
Net Debt / Adjusted EBITDA	3.0 x	2.1 x	0.9 x
Working Capital ^{-a)}	\$118.6	\$127.7	(7.1%)
WC % of TTM Revenue	31%	46%	

- Total debt paydown of \$27.5MM in FY21
- Working Capital increase driven by inventory, but \$9MM sequential improvement versus FY21 Q3

Selected Cash Flow

	FY'21	FY'20	YOY \$
Net Income (GAAP)	\$1.2	\$12.0	(\$10.8)
CFOA	\$30.3	\$70.7	(\$40.4)
CAPEX	(\$7.8)	(\$10.0)	\$2.2
Free Cash Flow	\$22.5	\$60.7	(\$38.3)
FCF % of NI	1927%	508%	

- FY21 Depreciation \$11.3 and Amortization \$9.4

Strategy Update

- Accelerated long-term strategic planning process during COVID-19 pandemic / O&G market disruptions
- Validated organic growth focus on installed base entitlement and globalization of process & environmental heating
- Launched long-term strategic initiatives to capitalize on electrification and position Thermon for sustainable growth

Developing Markets

- Growth in eastern hemisphere driven by a rising middle class
- Increasing demand for chemicals and energy
- Localization increasingly important to meet content and lead time requirements

Diversification

- Early stages of long-term transition toward sustainable energy sources
- Capital deployment
- Large, attractive adjacencies like Commercial, Rail & Transit and Food & Beverage

Technology Enabled Maintenance

- Industry leading technology with recent Genesis Network and Panel launches
- Software, Controls, Analytics and other “as a service” opportunities
- Aligned with customer productivity and safety trends
- Acceleration of new working models

Fiscal 2022 Guidance

- FY'21 revenues of \$276.2 million
- Re-instating annual revenue guidance
- FY'22 estimated revenue range of \$278-\$295 million, or 1-7% growth

Other Modeling Items

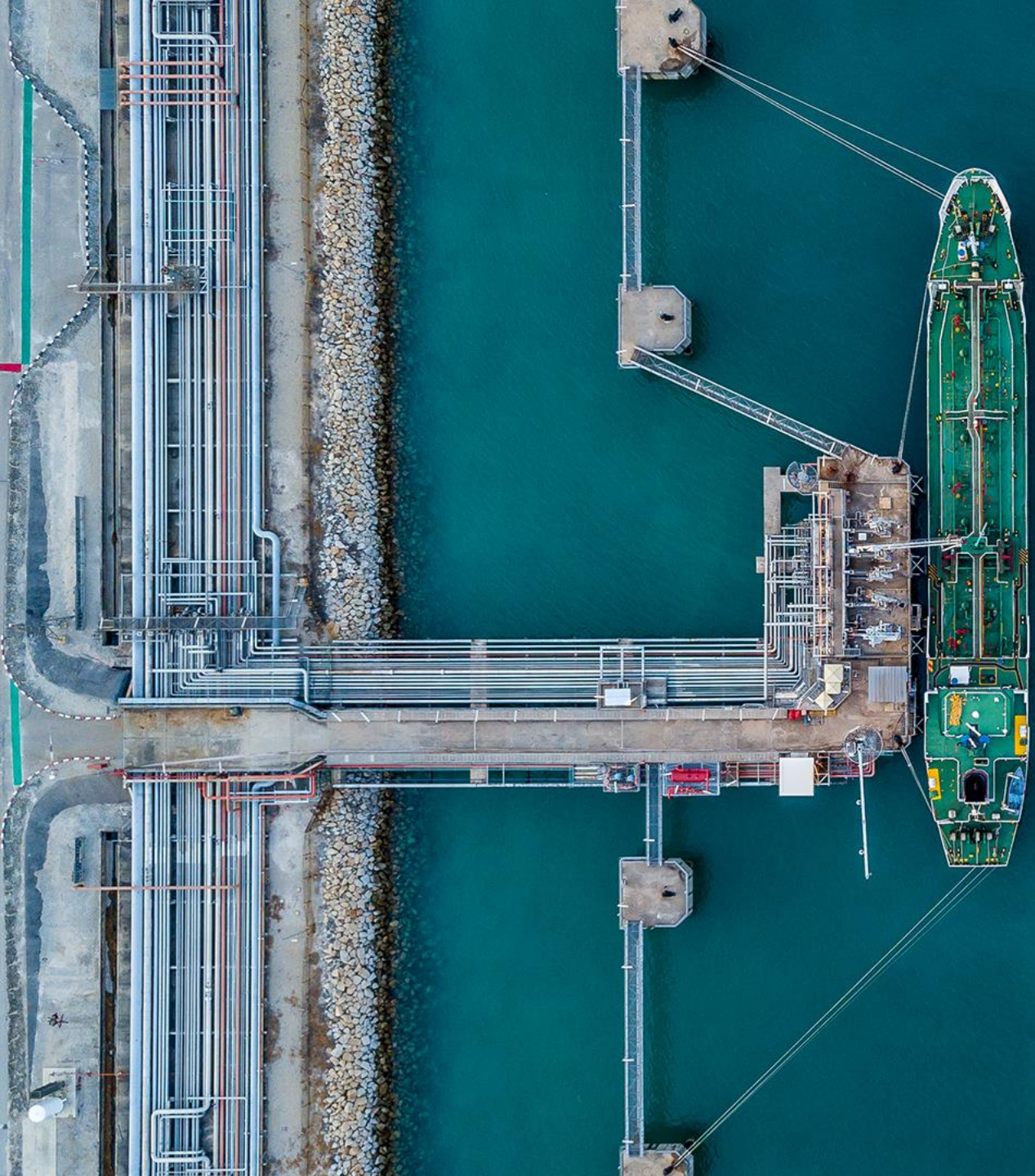
- Continuous Improvement ~\$2MM
- Effective tax rate of ~27%
- Capex ~1.5 - 2.0% of revenue
- Net Debt to Adjusted EBITDA of 1.5 - 2.0x by 3/31/2022, excl. inorganic





World Class Team
+
Industry Leading Technology
=
The SOLUTION to your
process heating challenge





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