



THERMON GROUP HOLDINGS, INC. EARNINGS PRESENTATION

FOURTH QUARTER FISCAL 2022

MAY 26, 2022



CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This presentation includes 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 such as our Fiscal 2023 full-year guidance. 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 presentation. 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 a global pandemic, including the current pandemic (COVID-19 and its variants); (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 successfully develop and improve our products and successfully implement new technologies; (vi) competition from various other sources providing similar heat tracing and process heating products and services, or alternative technologies, to customers; (vii) our ability to deliver existing orders within our backlog; (viii) our ability to bid and win new contracts; (ix) the imposition of certain operating and financial restrictions contained in our debt agreements; (x) our revenue mix; (xi) our ability to grow through strategic acquisitions; (xii) our ability to manage risk through insurance against potential liabilities (xiii) changes in relevant currency exchange rates; (xiv) tax liabilities and changes to tax policy; (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; (xxii) our ability to profit on fixed-price contracts; (xxiii) the credit risk associated to our extension of credit to customers; (xxiv) our ability to achieve our operational initiatives; (xxv) unforeseen difficulties with expansions, relocations, or consolidations of existing 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) export control regulations or sanctions; (xxix) changes in government administrative policy; (xxx) the current geopolitical instability in Russia and Ukraine and related sanctions by the U.S. and Canadian governments and European Union; (xxxi) environmental and health and safety laws and regulations as well as environmental liabilities; and (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, 2022 being filed with the Securities and Exchange Commission (the "SEC") on May 26, 2022 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 of these factors 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 presentation 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 EPS," "Adjusted EBITDA," "Adjusted EBITDA margin," "Adjusted Net Income/(Loss)" 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/(Loss)" and "Adjusted EPS" (or "Adjusted fully diluted EPS") represent net income/(loss) before the impact of restructuring and other charges/(income), amortization of intangible assets, tax expense for impact of foreign rate increases, withholding tax on dividend related to the debt amendment, loss on debt extinguishment, the benefit from the CEWS, and any tax effect of such adjustments. "Adjusted EBITDA" represents net income/(loss) before interest expense (net of interest income), income tax expense, depreciation and amortization expense, stock-based compensation expense, costs associated with our restructuring and other income/(charges), the loss on our debt extinguishment, and income related to the CEWS. "Adjusted EBITDA margin" represents Adjusted EBITDA as a percentage of total revenue. "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.

We believe these non-GAAP financial measures are meaningful to our investors to enhance their understanding of our financial performance and are frequently used by securities analysts, investors and other interested parties to compare our performance with the performance of other companies that report Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin or Adjusted Net Income/(Loss). Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income/(Loss) and Free Cash Flow should be considered in addition to, and not as substitutes for, income from operations, net income/(loss), net income/(loss) per share and other measures of financial performance reported in accordance with GAAP. We provide Free Cash Flow as a measure of liquidity. Our calculation of Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income/(Loss) and Free Cash Flow may not be comparable to similarly titled measures reported by other companies. For a description of how Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income/(Loss) and Free Cash Flow are calculated and reconciliations to the corresponding GAAP measures, see the sections of our latest Press Release titled "Reconciliation of Net Income/(Loss) to Adjusted EBITDA," "Reconciliation of Net Income/(Loss) to Adjusted Net Income/(Loss) and Adjusted EPS" and "Reconciliation of Cash Provided by Operating Activities to Free Cash Flow."



FISCAL 2022 ACCOMPLISHMENTS

\$USD in millions, except per share data

Financials

- ✓ Solid top and bottom-line growth for the year with revenues up 29% and EBITDA growing 61% year-over-year as post COVID market expansion accelerates
- ✓ Free cash flow of \$24.2M, representing 117% of net income and Adjusted EPS of \$.83/share, more than double FY21

Strategic Plan Progress

- ✓ Pursuit of diversification yields ~60% of revenues from non-Oil & Gas end markets
- ✓ Technology Enabled Maintenance commercialized with six Genesis Network PO's to date and a growing quote log
- ✓ Launched 11 new products and software solutions to expand our commercial, rail & transit and technology enabled maintenance offerings

Organizational Readiness

- ✓ Best in Class Safety: 2nd consecutive year of zero lost-time safety incidents
- ✓ Increased diversity across the organization

Financial Highlights

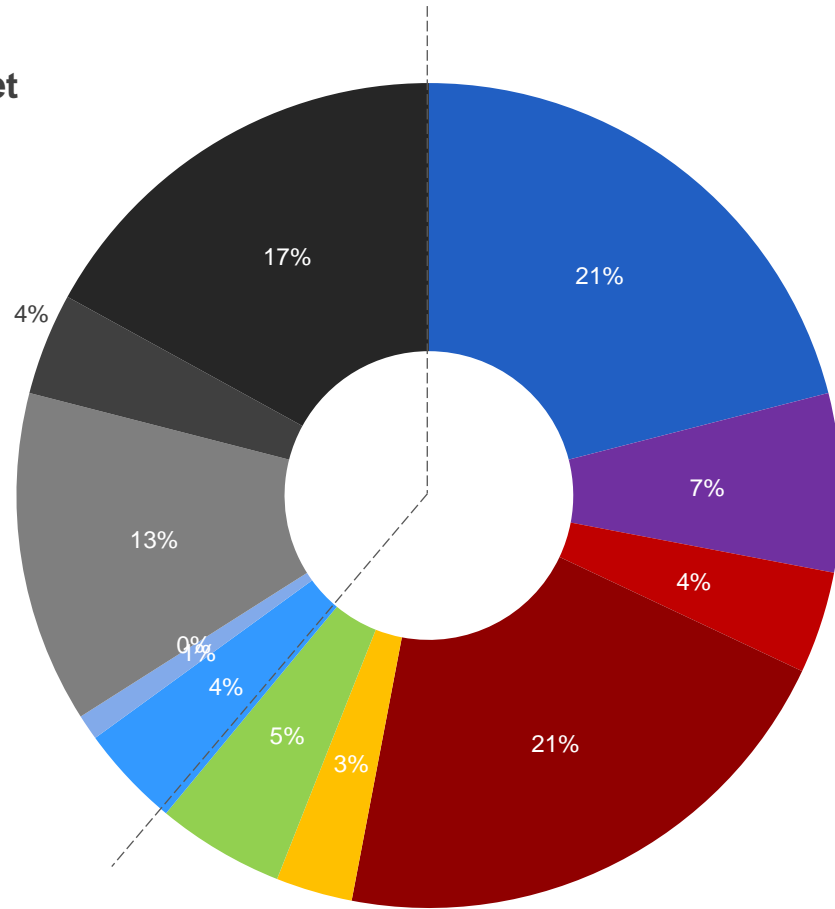
	<u>FY22</u>	<u>FY21</u>
Revenue	\$355.7	\$276.2
Net Income	\$20.1	\$0.9
Adj. EBITDA	\$58.5	\$36.2
Adj. EBITDA%	16.4%	13.1%
GAAP EPS	\$0.60	\$0.03
Adjusted EPS	\$0.83	\$0.33
Free Cash Flow	\$24.2	\$22.5



EXTERNAL ENVIRONMENT

THR Revenue by end market
Fiscal 2022

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



~60% of revenues from chemical / petrochemical, power and other non-oil & gas end-markets

Selected End Market Trends

Chemical / Petrochemical: Strong maintenance environment with customer focus on utilization rates

Power: +260% year-over-year revenue growth primarily driven by Texas Gulf Coast spending. Longer term opportunities in eastern hemisphere.

Rail and Transit: +49% year-over-year revenue growth as strategic investments yielding early results

Strategic Adjacencies: Commercial +67%, Food and Beverage +27% and 1st order for Hydrogen application. Well positioned to play leading role in energy transition and industrial electrification.

Downstream / Midstream Gas: Growing pipeline and backlog as spreads remain attractive

Downstream Oil / Refining: Elevated commodity pricing driving customer spending

All Diversified Markets: YOY growth of 44% versus combined Oil and Gas growth of 15% ... **diversified markets growing faster than traditional commodity**

*Strategic Adjacencies includes Mining and Mineral Processing, Maritime/Shipbuilding, Semiconductors Pharmaceutical and BioTechnology, Food and Beverage, Data Centers and Renewables



FY'22 Q4 SUMMARY

\$USD in millions, except per share data

FY'22 Q4 Summary

- Strong core revenue growth of +24% excluding large one-time labor contract ... led by USLAM and Canada
- Process heating recovery well underway with THS business exceeding cost of capital in FY22
- Russia \$18.5 million revenue in FY22 ... execute existing \$15.2 million backlog
- Continued pressure on global supply chains ... price realization fully offset increasing material, labor, transportation costs in Q4
- Continued discipline balancing strategic investments with cost management

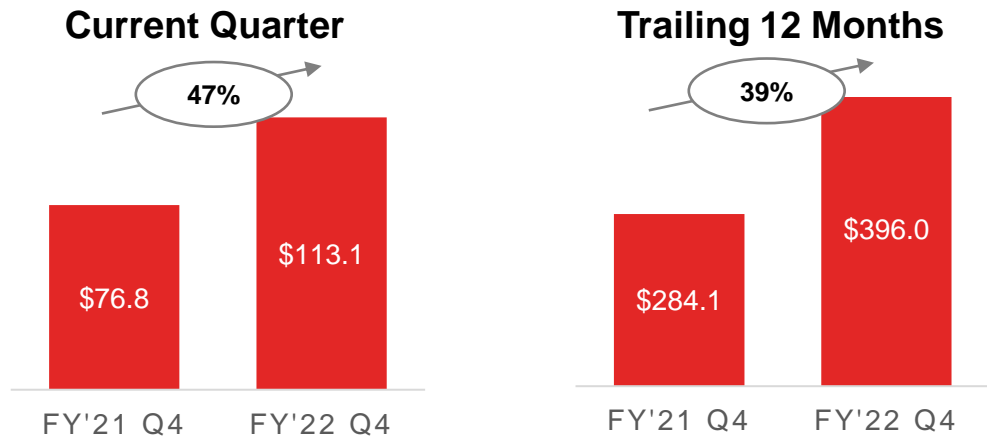
	Q4'22	Q4'21	YOY%
Revenue	\$102.6	\$73.3	39.9%
Net Income	\$8.7	\$(1.1)	Fav
Adjusted EBITDA	\$18.3	\$5.8	214.2%
Net Debt/Adj. EBITDA	1.5x	3.0x	(1.5x)
Free Cash Flow	\$13.2	\$11.6	13.5%
GAAP EPS	\$0.26	\$(0.03)	Fav
Adjusted EPS	\$0.31	\$0.02	Fav



ORDERS AND BACKLOG

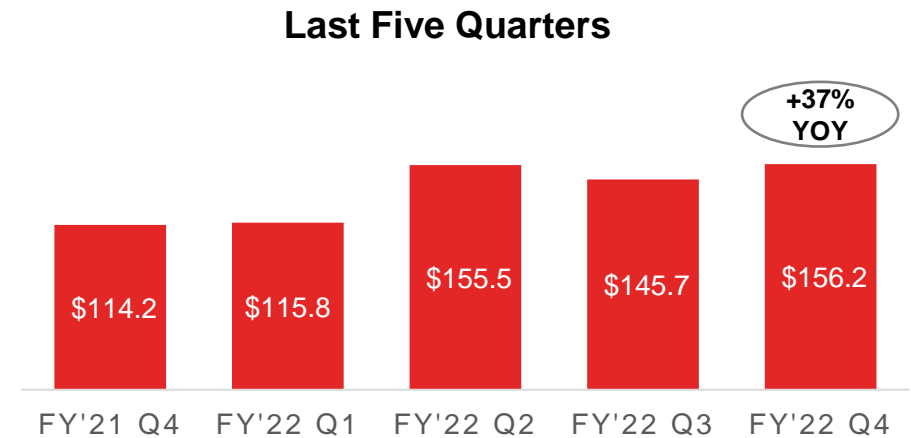
\$USD in millions

Orders



- North America spending remains strong
- 1.20x book-to-bill excluding one-time labor contract
- TTM orders of \$366 million excluding one-time contract ... supports continued growth in FY23

Backlog



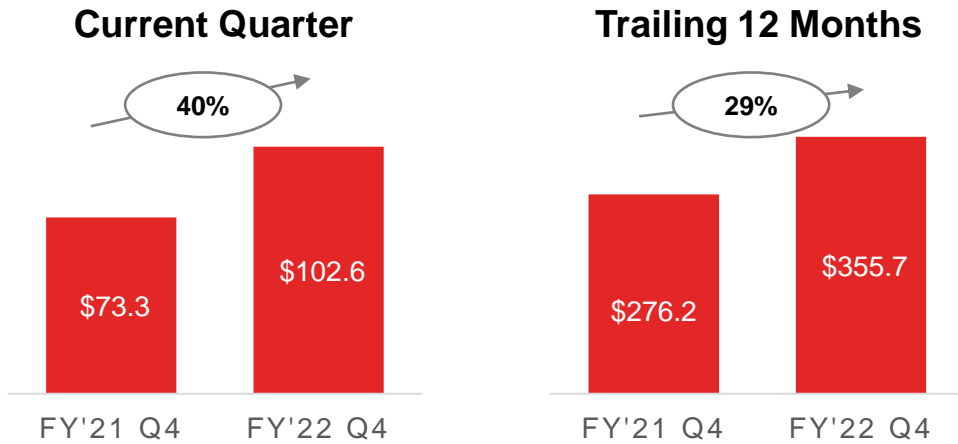
- +14% sequential improvement excluding one-time labor contract
- Gross margins in backlog have increased in five consecutive quarters



REVENUE

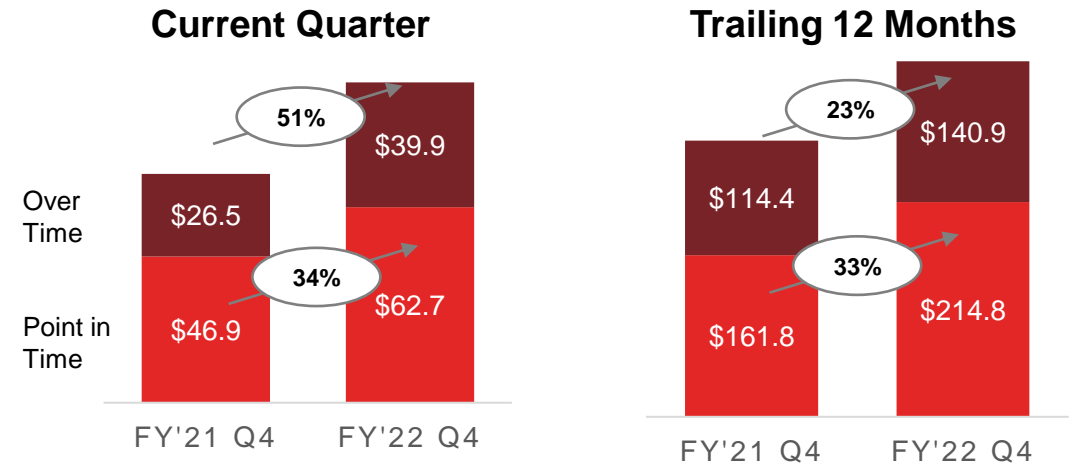
\$USD in millions

Revenue



- Revenue +40%, excluding FX +42%, driven by USLAM +111% and Canada +26% in Q4'22
- \$12 million impact from one time contract in Q4, \$23.6 million in FY'22 ... completed in Q1'23

Point in Time vs Over Time



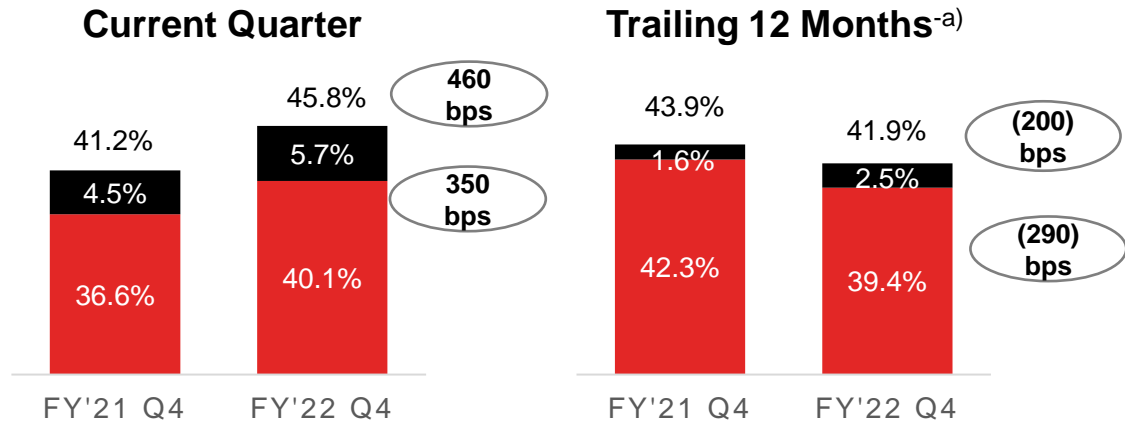
- Point in time representative of product / materials sales
- Over time representative of projects ... +5% and +3%, respectively, excluding one-time contract in Q4 and FY'22
- Greenfield 46% and MRO/UE 54% in Q4'22 ... last quarter disclosing these figures



GROSS MARGIN AND SG&A

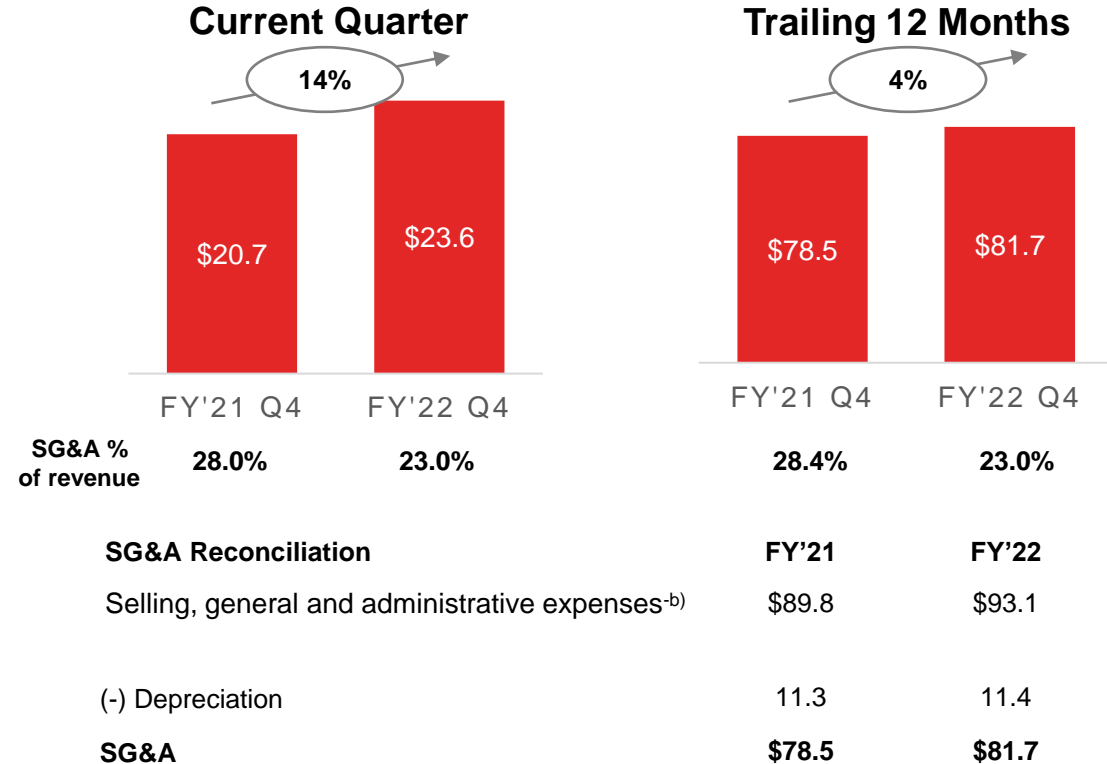
\$USD in millions

Adjusted Gross Margin %



- Current quarter year over year drivers include:
- Adjustments: Large one-time contract in FY'22 (570)bps and cumulative 1x items in FY21 (450)bps
- Volume +430bps and pricing +380bps offset by global supply chain cumulative impact ... (350)bps

SG&A



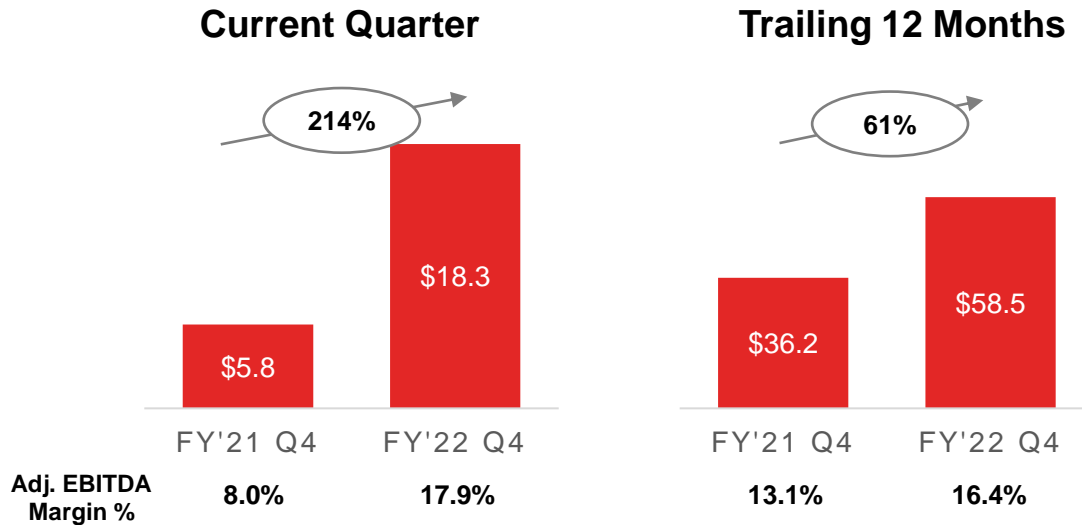
(a- TTM FY21 includes unusual items of \$4.3 million and TTM FY22 \$9.0 million
 (b- previously "Marketing, general and administrative and engineering")



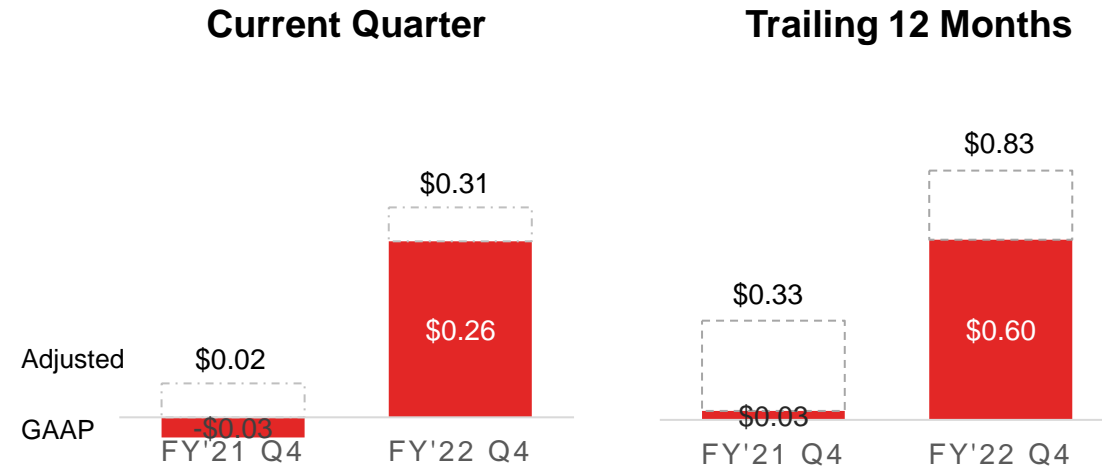
ADJUSTED EBITDA AND EARNINGS PER SHARE

\$USD in millions

Adjusted EBITDA



Earnings Per Share



- FY'22 Adjusted EBITDA margin expansion of 330bps ... driving volume growth while managing controllable costs
- Inflation and global supply chain challenges impacting pace of margin expansion

- Interest expense savings of \$4.4 million in FY22
- Adjusted EPS +150% in FY22



BALANCE SHEET AND CASH FLOW

\$USD in millions

Selected Balance Sheet Accounts

	Q4'22	Q4'21	YOY%
Cash	\$41.5	\$40.1	3.3%
Total Debt	\$129.0	\$148.5	(13.1%)
Net Debt / Adjusted EBITDA	1.5x	3.0x	(1.5x)
Working Capital ^{-a)}	\$133.4	\$118.6	12.5%
WC % of TTM Revenue	37.5%	42.9%	

- \$3.8 million total debt repayments in Q4'22
- Russia net asset exposure of \$8.8 million as of 3/31/22

Selected Cash Flow

	Q4'22	Q4'21	YOY%
Net Income (GAAP)	\$8.7	\$(1.1)	Fav
CFOA	\$15.0	\$14.8	1.4%
CAPEX	\$2.1	\$3.2	(35.4)%
Free Cash Flow	\$13.2	\$11.6	13.5%
FCF % of NI (GAAP)	152%	Fav	

- 15th consecutive quarter of positive free cash flow
- Q4'22 Depreciation \$2.7 and Amortization \$2.2

STRATEGIC INITIATIVES – FY23 PLAN

Developing Markets

- Initial phase of localization CAPEX in FY23
- Additional business development resources in priority geographies



Initial investments ... multi-year effort to complete

Diversification

- ✓ Represented 60% FY22 revenues
- R&D and certifications for new Commercial product launches
- Enhance marketing and product management in Food & Bev and global Rail & Transit



Successful FY22 ... Well positioned to enable energy transition

Technology Enabled Maintenance

- Continue software upgrades and Business Intelligence reporting
- Driving market adoption of new technology with goals of 3 – 5x system sales growth in FY22

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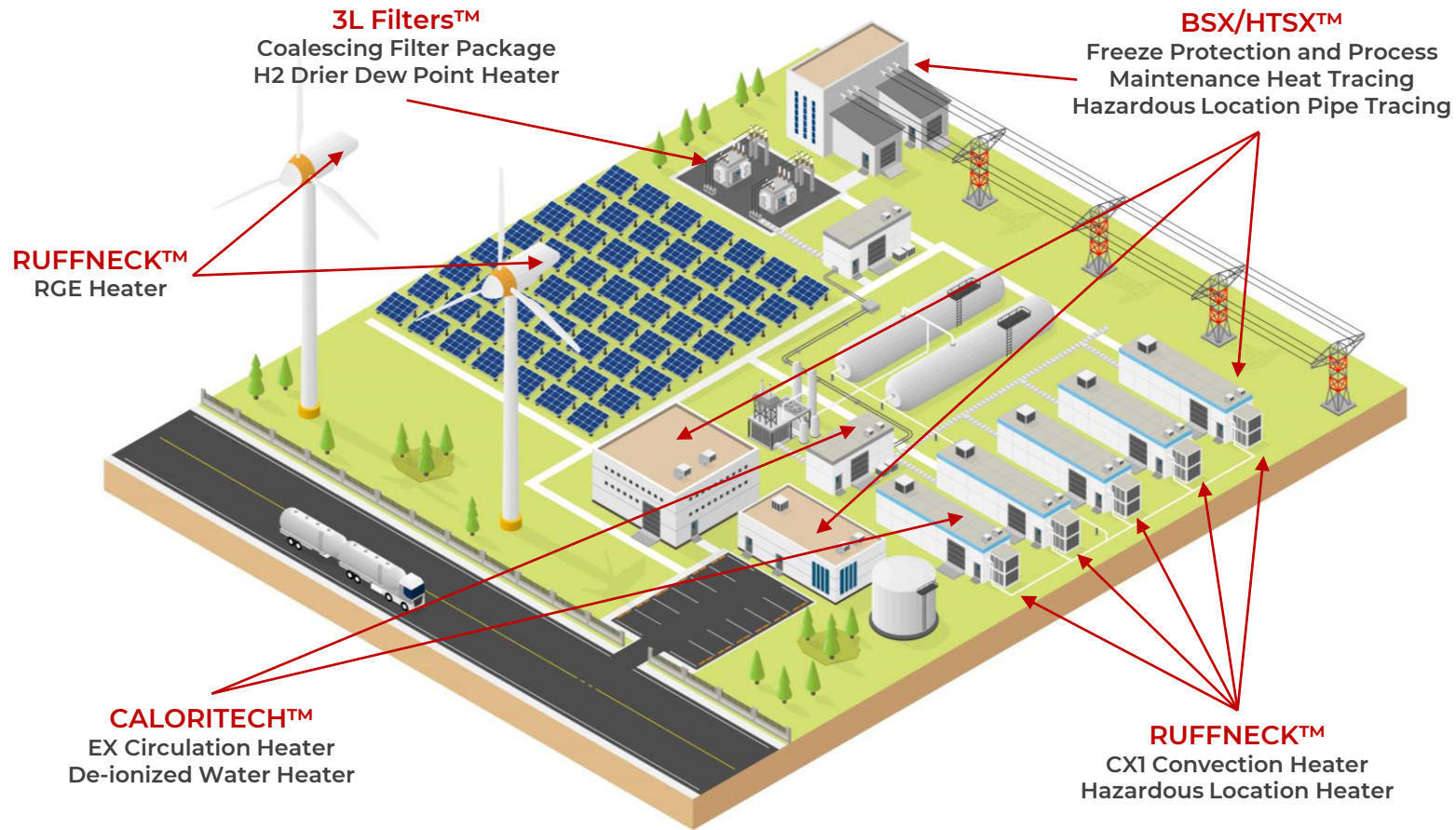
PO's to date

On track & continuing to execute

Operational Excellence Program driving productivity improvements of ~2% per annum

SOLUTIONS FOR ALTERNATIVE ENERGY

EXAMPLE: GREEN HYDROGEN FACILITY



COMMERCIAL HIGHLIGHTS

- Actively tracking \$27 million of opportunities
 - Growth = **+60% since October 2020**
 - Pursuing high value opportunities for Blue Hydrogen Complex & Hydrogen CoGen plant
- Secured first order for electrolyzer containers in Q4'22 for small scale (<5MW) plant

FISCAL 2023 PLAN & GUIDANCE

- Key investments in New Product Development, Sales and Business Development to drive diversification
- Capex 3.0 – 3.5% of revenue for vertical integration of rail & transit supply chain and expansion of manufacturing in the developing world
- FY'23 estimated revenue range of \$350-380 million, or 10% growth versus \$333 million core at midpoint
- FY'23 estimated GAAP EPS of \$0.74-\$0.89, or 36% growth versus FY'22 at midpoint

Other Modeling Assumptions

- Operational Excellence & pricing offset inflationary pressures
- Effective tax rate of ~26%
- Long term target of Net Debt to Adjusted EBITDA of 1.5 – 2.0x





a degree above

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