



THERMON GROUP HOLDINGS, INC. EARNINGS PRESENTATION

THIRD QUARTER FISCAL YEAR 2024

FEBRUARY 1, 2024

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 the anticipated financial performance of our Vapor Power acquisition, our execution of our strategic initiatives, our ability to complete the disposition of our Russian subsidiary and anticipated timing and associated charges and our ability to achieve our financial performance targets for Fiscal 2026 and 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 cyclicalities 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) 2023 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, 2023 as filed with the Securities and Exchange Commission (the "SEC") on May 25, 2023 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)," "Free Cash Flow," "Organic Sales" and "Net Debt," 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), costs associated with impairments and other charges, acquisition costs, amortization of intangible assets, tax expense for impact of foreign rate increases, and any tax effect of such adjustments. "Adjusted EBITDA" represents net income before interest expense (net of interest income), income tax expense, depreciation and amortization expense, stock-based compensation expense, acquisition costs, costs associated with restructuring and other income/(charges), and costs associated with impairments and other charges. "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. "Organic Sales" represents revenue excluding the impact of the Company's May 31, 2022 acquisition of Powerblanket. "Net Debt" represents total outstanding principal debt less cash and cash equivalents on hand.

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. Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, Organic Sales and Free Cash Flow should be considered in addition to, and not as substitutes for, revenue, income from operations, net income, net income 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 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 and Free Cash Flow are calculated and reconciliations to the corresponding GAAP measures, see the sections of this presentation titled "Reconciliation of Net Income to Adjusted EBITDA," "Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS" and "Reconciliation of Cash Provided by Operating Activities to Free Cash Flow."



Thermon Today¹ (NYSE: THR)

We provide safe, reliable and innovative mission critical industrial process heating solutions that create value for our customers

1954

Year Founded
Public since 2011

10K+

Customers

10

Manufacturing
Facilities

19

Engineering and
Sales Offices

~1,450

Employees

~200

Engineers

\$489MM

Total Revenue

43%

Gross Margin

~22%

Adj. EBITDA
Margin

2%

CAPEX as % of
Revenue

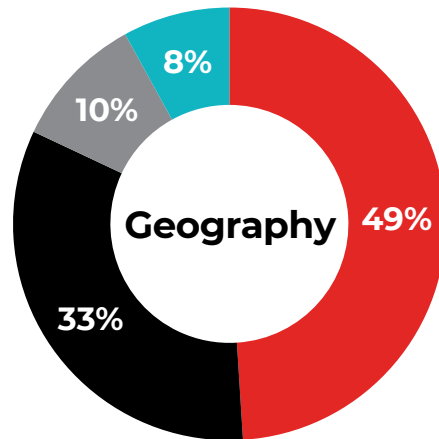
\$43MM

Free Cash Flow

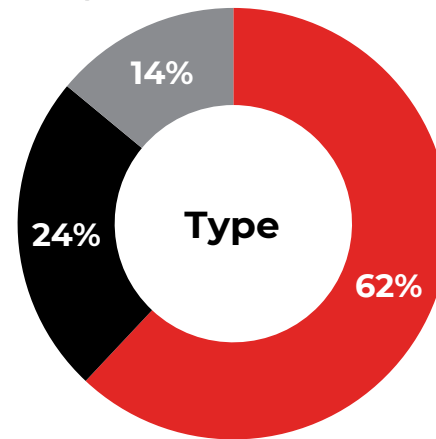
1.0x

Book-to-Bill

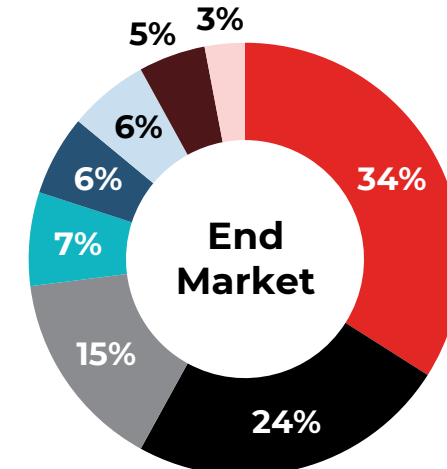
Trailing 12-Month Revenue



■ USLAM ■ CAN
■ EMEA ■ APAC



■ Point-in-Time²
■ Over Time - Large³
■ Over Time - Small⁴



■ O&G ■ General Industries & Other
■ Chemical / Petrochemical ■ Commercial
■ Renewables ■ Strategic Adjacencies⁵
■ Power ■ Rail & Transit



Q3 FY2024 Earnings | 3

1. Trailing Twelve Months, as of Q3 FY2024. Does not include the acquisition of Vapor Power.
2. Products: materials, maintenance, repair, and small upgrades on our installed base.
3. Large Projects: >\$500K, aligned with customers' capital spending budgets.
4. Small Projects: <\$500K, maintenance, repair, and small upgrades on our installed base.
5. Includes Mining & Mineral Processing, Maritime / Shipbuilding, Semiconductors, Pharmaceutical & Biotechnology, Food & Beverage, and Data Centers.

Thermon's Strategic Pillars



Profitably Grow Installed Base

- Apply industry leading process heating technology to solve the world's most difficult thermal engineering problems
- Support ongoing customer operations with upgrades, expansions and maintenance
- Deliver continuous improvement to drive margin expansion



Decarbonization, Digitization and Diversification

- Leverage existing Thermon solutions and new product development to meet customers' decarbonization electrification needs
- Industry leading controls and monitoring to digitize and optimize maintenance
- Diversify end market exposure



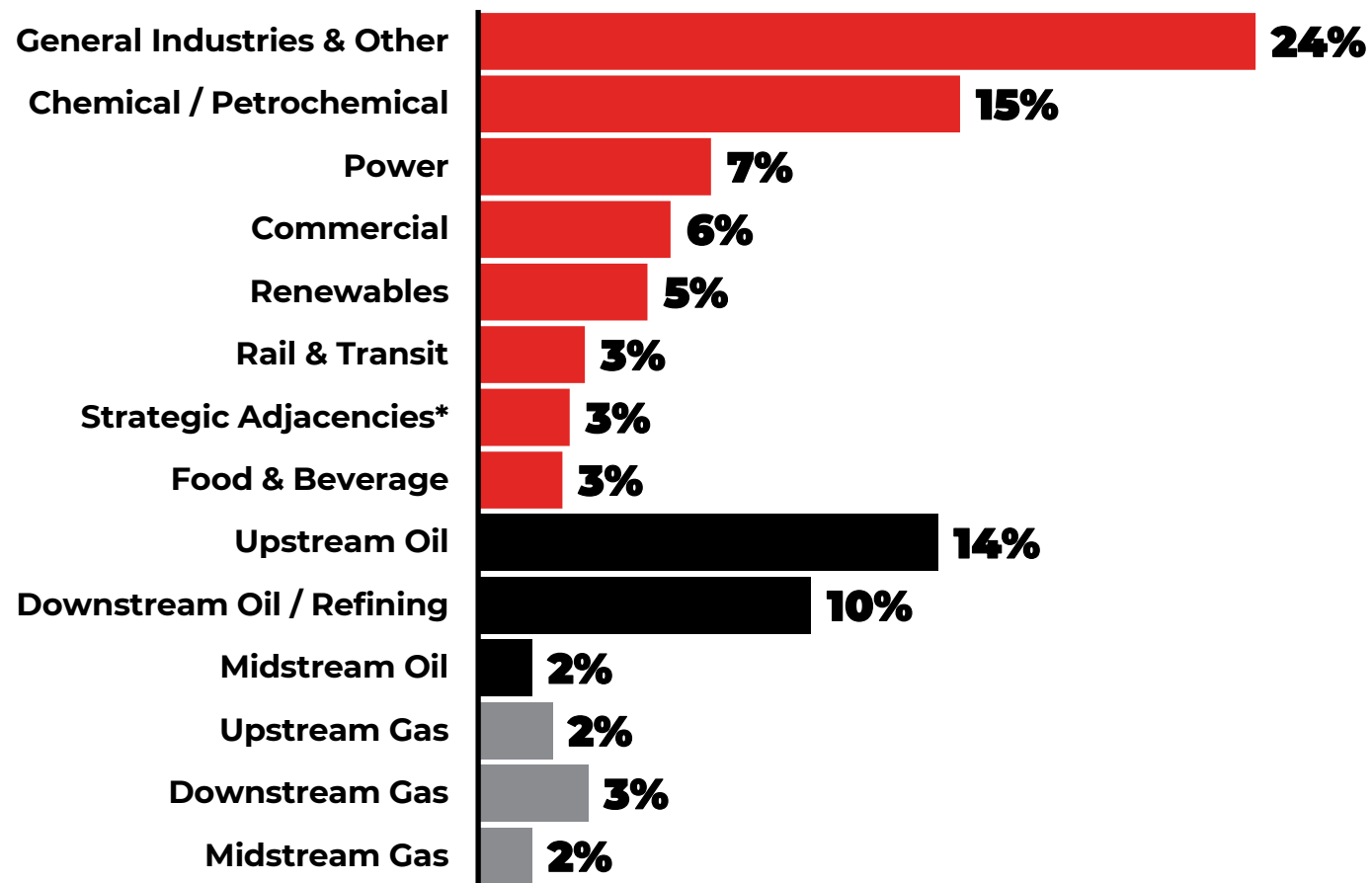
Disciplined Capital Allocation

- Invest in technology and people to drive organic growth
- Prioritize inorganic growth opportunities that exceed WACC by year 3 and debt paydown while evaluating returning capital to shareholders
- Target 1.5x – 2.0x Net Debt to Adjusted EBITDA leverage under normal operating conditions

Creating long-term shareholder value



Revenue by End Market Trailing 12 Months



Highlights

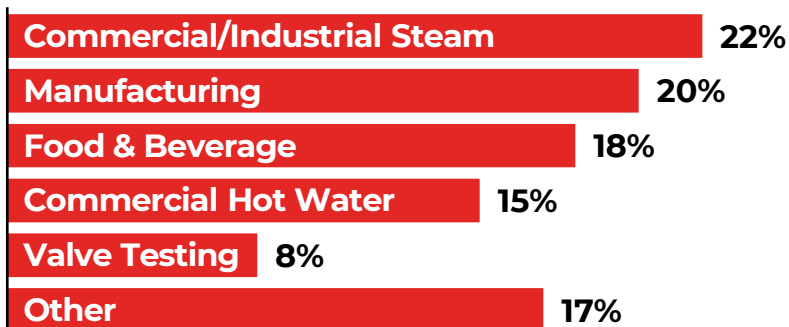
- Success in Diversification into Food & Beverage, Commercial and Rail & Transit
- Strong activity in Alternative Fuels, Hydrogen, Ammonia and LNG
- US power market upgrades and retrofits
- Diversified revenues up 26% vs 9% in O&G on a TTM basis

~66% of revenues diversified, non-Oil & Gas end markets



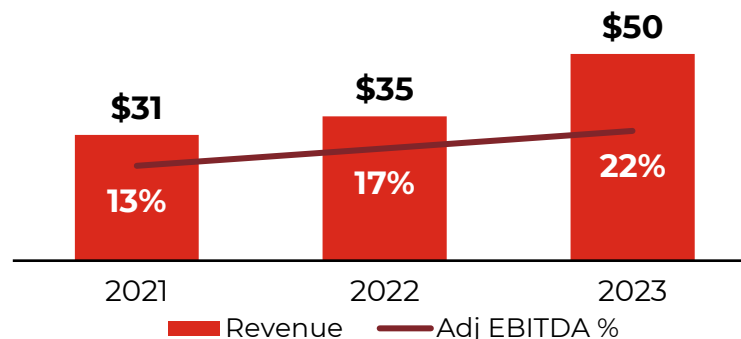
Vapor Power Financial Profile

Serves Diverse End Markets



- Leading provider of **high-quality industrial process heat solutions** for diverse end-markets
- **Low emissions electric & electrode boiler technology** helps customers meet decarbonization goals
- 120 employees at sites in Chicago, IL and Morristown, TN

Financial History



- **18% revenue CAGR** since 2018 with significant recent growth driven by electric unit expansion
- Added **\$38 million in backlog**, with ~70% of calendar 2024 pro-forma revenue already booked
- Attractive margins with **operational improvement plan** focused on supply chain and manufacturing productivity

Meets All Stated M&A Criteria

- ✓ **Aligned with long-term strategy**
Diversifies addressable markets
- ✓ **Industrial technology**
Expands portfolio to include electric resistance, electrode and super critical coil tube boilers and steam generators
- ✓ **Well-positioned for future growth**
Increases exposure to high-growth electrification and decarbonization opportunities
- ✓ **Financial criteria**
Expected to be accretive to GAAP EPS in first 12 months; funded with cash on hand and expanded term loan under existing credit agreement

Allocating capital towards value enhancing opportunities



Vapor Power Case Study | Waste Plastics Recycling Plant

Project Overview

Korean Chemical Company

- Supercritical process converting waste plastics under high pressure (>25 MPa) and temperature (>600°C) to raw materials
- Products can then be used for feedstock for new plastics and petrochemical production
- **Technology enables a sustainable, circular economy**

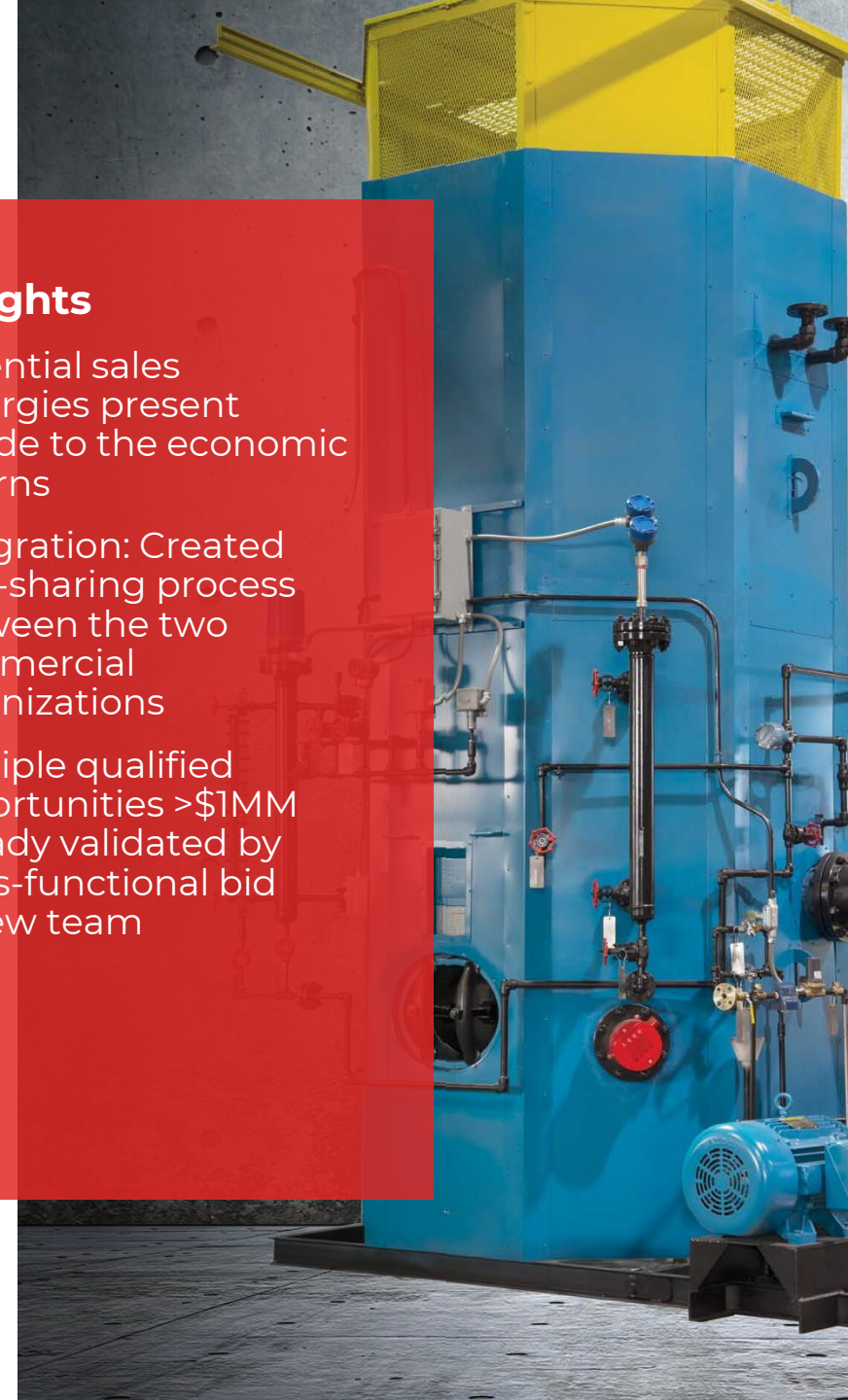
Unique Solutions

Vapor Power and Thermon Have Complementary Solutions

- Thermon is able to address both the customer's Process Heating and Heat Tracing requirements
- Vapor Power has provided a supercritical boiler that is capable of generating steam at the extreme temperatures and pressures needed to enable the recycling process
- **Combined offering includes:**
 - Modulatic® Watertube Steam Generator with steam superheater – to provide constant supply of supercritical steam for cracking
 - Electric Heat Tracing of Process Piping ~13,600m of heat tracing for winterization and process piping
 - Control Panel Skids

Highlights

- Potential sales synergies present upside to the economic returns
- Integration: Created lead-sharing process between the two commercial organizations
- Multiple qualified opportunities >\$1MM already validated by cross-functional bid review team



Q3 Fiscal 2024 Summary

Continued Solid Performance

- Record revenue largely due to double-digit growth in the United States, Europe and Asia
- Significant YOY revenue growth from large CAPEX projects and resilient maintenance activity driving growth in Over Time – Small projects and Point-In-Time projects
 - OPEX (Over Time – Small + Point-In-Time) ... +8%
 - CAPEX (Over Time – Large) ... +26%
- 0.91x book-to-bill in the quarter
- YTD Orders growth of +9% ... book-to-bill 0.97x
- Continuing to invest in long-term strategic growth initiatives

USD in millions,
except per share data

	FY24 Q3	FY23 Q3	YOY%
Revenue	\$136.4	\$122.1	11.7%
GAAP Net Income	\$15.8	\$8.4	88.0%
Adjusted EBITDA	\$30.7	\$29.8	3.3%
Net Debt/Adj. EBITDA	1.5x	1.1x	0.4x
Free Cash Flow	\$22.1	\$17.5	25.9%
GAAP EPS	\$0.46	\$0.25	86.2%
Adjusted EPS	\$0.59	\$0.52	12.8%



Q3 2024 vs. Q3 2023 Financial Performance *USD in Millions*

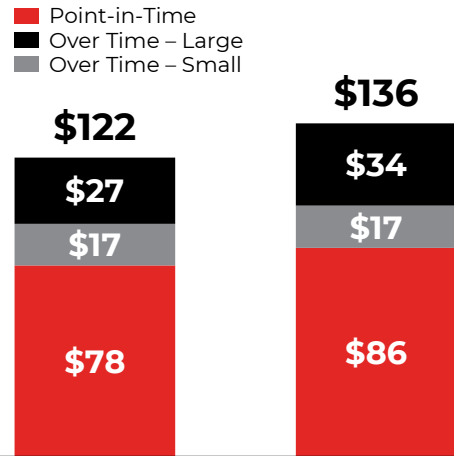
Orders



Q3 2023 Q3 2024

- **(1.3)% YOY**
- Warmer start to winter heating season
- USLAM and EMEA up YOY, offset by weakness in Canada
- Power, Chemicals, Renewables and Rail & Transit leading YTD growth with 70% of orders in diversified end markets
- TTM orders of \$488MM ... supports Full Year guidance

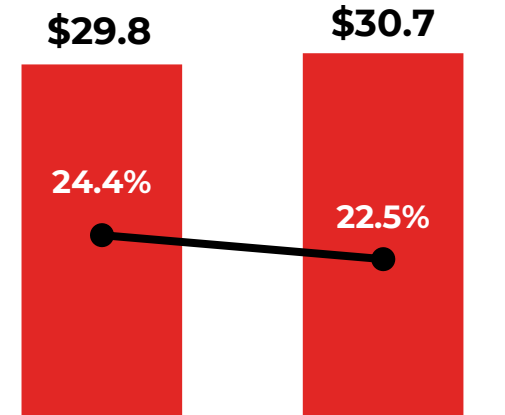
Revenue



Q3 2023 Q3 2024

- **+12% YOY**
- Continued growth largely due to USLAM, Asia and Europe activity
- Completing execution of multiple, large Power and Chemicals projects at attractive margins
- 75% of TTM revenues from customer OPEX spending

Adj. EBITDA & Margin¹



Q3 2023 Q3 2024

- **+3% YOY**
- (320)bps adjusted gross margin headwind due to product mix shift and lower volume in Canada
- Moderating overall spend to match incoming order rate
- Continue to prioritize decarbonization, digitization and diversification plans
- TTM \$106MM, +22% YOY

Adj. EPS²



Q3 2023 Q3 2024

- **+13% YOY**
- Estimating \$0.23 impact from Amortization in FY 2024



1. See table, "Reconciliation of Net Income to Adjusted EBITDA."
 2. See table, "Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS."

Balance Sheet and Cash Flow

Selected Balance Sheet

<i>USD in millions, except per share data</i>	FY24 Q3	FY23 Q3	YOY%
Cash and Cash Equivalents	\$55.4	\$35.4	56.5%
Total Debt	\$213.3	\$132.8	60.7%
Net Debt / Adjusted EBITDA	1.5x	1.1x	0.4x
Working Capital ¹	\$190.3	\$153.8	23.7%
WC % of TTM Revenue	38.9%	36.6%	

- Strong and flexible balance sheet enabled acquisition of Vapor Power²
- Leverage within communicated target range provides optionality for capital deployment

Selected Cash Flow

<i>USD in millions, except per share data</i>	FY24 Q3	FY23 Q3	YOY%
Net Income (GAAP)	\$15.8	\$8.4	88.0%
Depreciation & Amortization	\$4.3	\$4.7	(8.5)%
Change in Working Capital	\$(11.2)	\$2.3	Neg.
Other	\$15.4	\$3.7	Fav.
CFOA	\$24.3	\$19.1	27.2%
CAPEX	\$(2.2)	\$(1.5)	46.3%
Free Cash Flow	\$22.1	\$17.5	25.9%
FCF % of NI (GAAP)	139.9%	Fav.	



1. Working Capital equals Accounts Receivable plus Inventory less Accounts Payable.

2. See Note 2 in Notes to Condensed Consolidated Financial Statements in FY2024 Q3 10-Q for additional information on the Vapor Power acquisition.

Fiscal 2024 Guidance

Adjusting Full Year Guidance

- Ongoing strength in United States and rebound in Europe and Asia Pacific
- Weakness in Canada and dilutive mix of Point-In-Time revenue in Q3 and Q4 FY2024
- Remain confident in FY2026 targets
- Vapor Power to contribute ~\$10MM – \$12MM in revenue and ~\$0.01/share in Adjusted EPS
- Capex ~2.5% of revenue ... investing in capacity
- Depreciation and amortization of \$19MM
- Effective tax rate of ~25%

USD in millions,
except per share data

	FY23	FY24E Prev	FY24E
Revenue	\$440.6	\$478 – \$498	\$490 – \$500
YOY%	24%	8% – 13% Growth	11% – 13% Growth
Net Income	\$33.7	-	-
GAAP EPS	\$1.00	\$1.59 – \$1.69	\$1.42 – \$1.50
Adjusted EPS	\$1.56	\$1.84 – \$1.94	\$1.76 – \$1.84
Adjusted EBITDA	\$93.3	Continued Margin Improvement	
Adjusted EBITDA %	21.2%		
Free Cash Flow	\$48.5	-	-



Compelling Investment Opportunity

Leading Global Brand in high value, diversified end markets with mission critical technology and high barriers to entry, supported by culture of operational excellence

Large Installed Base with loyal customers and resilient aftermarket franchise

Exposure to Sizeable Opportunity in high-growth energy transition and decarbonization end markets via the electrification of industrial heat

Strong & Flexible Balance Sheet with high margin, low capital investment model that yields significant free cash





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Update on Russia Exit

FY24 Q3 Reported to Adjusted Bridge

<i>USD in millions, except per share data</i>	Reported	Russia Exit	Adjusted
Revenue	\$136.4	\$0.0	\$136.4
Gross Profit	\$57.4	\$0.1	\$57.5
Gross Profit %	42.1%		42.1%
Net Income	\$15.8	\$(1.3)	\$17.1
GAAP EPS	\$0.46	\$(0.4)	\$0.50

FY24 Reported to Adjusted Bridge

<i>USD in millions, except per share data</i>	Reported	Russia Exit	Adjusted
Revenue	\$367.0	\$0.0	\$367.0
Gross Profit	\$159.2	\$0.3	\$159.5
Gross Profit %	43.4%		43.5%
Net Income	\$41.5	\$(2.5)	\$44.0
GAAP EPS	\$1.21	\$(0.07)	\$1.28

- Announced decision to withdraw from operations in Russia in February, on track to be completed in the fourth quarter of Fiscal 2024 and Thermon received the requisite regulatory approvals in January 2024
- Russian entity written down to nominal amount as of March 31, 2023
- Total impact to business of \$15.3MM ... \$12.8MM realized in FY23
- Cumulative impact of \$0.42 to GAAP EPS ... \$0.35 in FY23



Reconciliation of Net Income to Adjusted EBITDA

Unaudited, in thousands

Thermon Group Holdings, Inc.
Reconciliation of Net Income to Adjusted EBITDA
(Unaudited, in thousands)

	Three Months Ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
GAAP Net income	\$ 15,837	\$ 8,425	\$ 41,505	\$ 25,965
Interest expense, net	1,754	1,877	5,263	4,120
Income tax expense/(benefit)	4,511	4,419	12,506	10,637
Depreciation and amortization expense	4,273	4,705	13,075	14,557
EBITDA (non-GAAP)	\$ 26,375	\$ 19,426	\$ 72,349	\$ 55,279
Stock compensation expense	1,444	1,994	4,132	4,438
Transaction-related costs ¹	1,592	—	1,859	126
Restructuring and other charges/(income) ¹	1,336	2,668	2,221	2,668
Other impairment charges/(income) ¹	—	5,666	—	5,666
Adjusted EBITDA (non-GAAP)	\$ 30,747	\$ 29,754	\$ 80,561	\$ 68,177
Adjusted EBITDA %	22.5 %	24.4 %	22.0 %	21.4 %

¹ - Vapor Power acquisition cost and the fiscal 2024 charges relate to the Company's Russian subsidiary.



Reconciliation of Net Income/(Loss) to Adjusted Net Income/(Loss) and Adjusted EPS

Unaudited, in thousands except per share amounts

Thermon Group Holdings, Inc.					
Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS					
(Unaudited, in thousands except per share amounts)					
	Three Months Ended December 31,		Nine months ended December 31,		
	2023	2022	2023	2022	
GAAP Net income	\$ 15,837	\$ 8,425	\$ 41,505	\$ 25,965	
Transaction-related costs ¹	1,592	—	1,859	126	Operating expense
Amortization of intangible assets	2,121	2,367	6,735	7,072	Intangible amortization
Restructuring and other charges/(income) ¹	1,336	2,668	2,221	2,668	Operating expense
Impairments and other charges/(income) ¹	—	5,666	—	5,666	
Tax effect of adjustments	(821)	(1,585)	(1,914)	(2,657)	
Adjusted Net Income (non-GAAP)	\$ 20,065	\$ 17,541	\$ 50,406	\$ 38,840	
Adjusted Fully Diluted Earnings per Common Share (Adjusted EPS) (non-GAAP)	\$ 0.59	\$ 0.52	\$ 1.47	\$ 1.15	
Fully-diluted common shares	34,202	33,880	34,325	33,756	

¹ - Vapor Power acquisition cost and the fiscal 2024 charges relate to the Company's Russian subsidiary.



Reconciliation of Cash Provided by Operating Activities to Free Cash Flow

Unaudited, in thousands

Thermon Group Holdings, Inc.

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow

(Unaudited, in thousands)

	Three Months Ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Cash provided by operating activities	\$ 24,328	\$ 19,074	\$ 28,588	\$ 31,605
Cash provided by/(used in) by investing activities	(102,705)	(1,499)	(108,279)	(40,309)
Cash provided by/(used in) by financing activities	102,134	(11,214)	97,538	6,729
Cash provided by operating activities	\$ 24,328	\$ 19,074	\$ 28,588	\$ 31,605
Less: Cash used for purchases of property, plant and equipment	(2,274)	(1,559)	(7,882)	(5,173)
Plus: Sales of rental equipment	41	33	75	163
Free cash flow provided (non-GAAP)	\$ 22,095	\$ 17,548	\$ 20,781	\$ 26,595

