June 2, 2011

Thermon Reports Fourth Quarter and Full Fiscal 2011 Results

Company Announces Record Revenues and Earnings

SAN MARCOS, Texas, June 2, 2011 (GLOBE NEWSWIRE) -- Thermon Group Holdings, Inc. ("Thermon," "we" or "our") (NYSE:THR) today announced financial results for the fourth quarter and fiscal year ended March 31, 2011 (or "Fiscal 2011").

We recorded record annual revenue of $238.8 million during Fiscal 2011, up 24% from $192.7 million in Fiscal 2010. We experienced annual revenue growth in both hemispheres and approximately 69% of our revenue during Fiscal 2011 was generated outside of the United States. We posted record fourth quarter revenue of $59.8 million, up 20% from $49.8 million in Q4 2010.

On a GAAP basis, annual gross profit in Fiscal 2011 was $102.7 million, which included a $7.6 million non-cash accounting adjustment to cost of sales related to the April 30, 2010 acquisition of Thermon sponsored by CHS Capital LLC (the "CHS Transaction"). Excluding the adjustment, gross profit was $110.3 million, or 46% percent of revenues. This result compares to $91.3 million, or 47% of revenues, in Fiscal 2010. Gross profit totaled $29.0 million in Q4 2011, an increase of 29% from $22.4 million in Q4 2010. Gross margin was approximately 48% in Q4 2011, up from 45% in Q4 2010.

Income from operations was $26.1 million for Fiscal 2011, which included $18.2 million of amortization of intangible assets related to the CHS Transaction. Net of amortization of intangible assets, income from operations was $44.3 million, as compared to $44.0 million in Fiscal 2010. Income from operations was $9.2 million in Q4 2011, up 12% from $8.2 million in Q4 2010. Net of amortization of intangible assets, income from operations in Q4 2011 was $12.1 million, up 37.5% from $8.8 million in Q4 2010.

Net loss was $15.2 million during Fiscal 2011, down from net income of $18.9 million in the prior year. The decrease is primarily attributable to $22.7 million of fees and expenses associated with the CHS Transaction, the $18.2 million non-cash amortization expense described above and a $22.2 million increase in interest expense. Net loss in Q4 2011 was $4.0 million, as compared to net income of $4.2 million in Q4 2010.

Adjusted EBITDA was a record $55.7 million in Fiscal 2011, an increase of 24% from $45.0 million in the prior year, primarily driven by revenue growth. Adjusted EBITDA in Q4 2011 was a fourth quarter record of $13.2 million, up 47% from $9.0 million in Q4 2010.

At March 31, 2011, we had $49.2 million in cash and cash equivalents, net of $2.1 million in short term borrowings, up from $35.0 million in the prior quarter, and approximately $2.9 million at the close of the CHS Transaction. We utilized cash generated from operations to fund a partial redemption of $21.0 million of our outstanding senior secured notes on April 29, 2011.

Loss per share for Q4 2011 and Fiscal 2011 was $(0.16) and $(0.60), respectively. Based on 27.7 million shares outstanding on a fully diluted basis at March 31, 2011, our Adjusted EBITDA per share was $0.46 and $1.96 for Q4 2011 and Fiscal 2011, respectively. As the capital structure of the Company was substantially different prior to the CHS Transaction, the prior period earnings per share and Adjusted EBITDA per share amounts are not comparable or meaningful.

We recorded backlog of $76.3 million at March 31, 2011, as compared to $86.5 million at March 31, 2010.

"We finished the fiscal year with a strong fourth quarter as compared to the prior year period, which contributed to our record earnings and double digit revenue growth over Fiscal 2010. We believe that we are well positioned for continued success," said Rodney Bingham, President and Chief Executive Officer.

Conference Call and Webcast Information

Thermon's senior management team, including Rodney Bingham, President and Chief Executive Officer, and Jay Peterson, Chief Financial Officer, will discuss Fiscal 2011 results during a conference call today at 10:00 a.m. (Central Time), which will be simultaneously webcast on Thermon's Investor Relations website located at http://ir.thermon.com. Investment community professionals interested in participating in the question-and-answer session may access the call by dialing (877) 312-5421 from within the United States/Canada and (253) 237-1121 from outside of the United States/Canada. A replay of the webcast will be available on Thermon's Investor Relations website beginning two hours after the conclusion of the call and ending at 5:00 p.m. on June 24, 2011.

About Thermon

Through its global network, Thermon provides highly engineered thermal solutions, known as heat tracing, for process industries, including energy, chemical processing and power generation. Thermon's products provide an external heat source to pipes, vessels and instruments for the purposes of freeze protection, temperature maintenance, environmental monitoring and surface snow and ice melting. Thermon is headquartered in San Marcos, Texas. For more information, please visit www.thermon.com.

The Thermon logo is available at https://www.globenewswire.com/newsroom/prs/?pkgid=7808

Non-GAAP Financial Measures

Disclosure in this release of EBITDA, Adjusted EBITDA and Adjusted EBITDA per share, which are "non-GAAP financial measures" as defined under the rules of the Securities and Exchange Commission, 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"). EBITDA represents net income before income taxes, interest income, interest expense and depreciation expense and amortization of other intangible assets. Adjusted EBITDA represents EBITDA before other non-cash charges such as stock-based compensation expense, transaction expenses and other unusual non-recurring transactions not associated with the ongoing operations of Thermon.

We believe Adjusted EBITDA and Adjusted EBITDA per share are meaningful to our investors to enhance their understanding of our financial performance. Although Adjusted EBITDA and Adjusted EBITDA per share are not necessarily measures of our ability to fund our cash needs, we understand that they are frequently used by securities analysts, investors and other interested parties as a measure of financial performance and to compare our performance with the performance of other companies that report Adjusted EBITDA and Adjusted EBITDA per share. Adjusted EBITDA and Adjusted EBITDA per share should be considered in addition to, 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. Our calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. For a description of how EBITDA, Adjusted EBITDA and EBITDA per share are calculated from our net income (loss) and a reconciliation of our EBITDA, Adjusted EBITDA and EBITDA per share to net income (loss), see the section of this release titled "Reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA and Adjusted EBITDA per share (Unaudited)."

Forward-Looking Statements

This release may include forward-looking statements within the meaning of the U.S. federal securities laws in addition to historical information. 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, the words "anticipate," "assume," "believe," "budget," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "will," "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) general economic conditions and cyclicality in the markets we serve; (ii) future growth of energy and chemical processing capital investments; (iii) changes in relevant currency exchange rates; (iv) our ability to comply with the complex and dynamic system of laws and regulations applicable to international operations; (v) a material disruption at any of our manufacturing facilities; (vi) our dependence on subcontractors and suppliers; (vii) our ability to obtain standby letters of credit, bank guarantees or performance bonds required to bid on or secure certain customer contracts; (viii) competition from various other sources providing similar heat tracing products and services, or other alternative technologies, to customers; (ix) our ability to attract and retain qualified management and employees, particularly in our overseas markets; (x) our ability to continue to generate sufficient cash flow to satisfy our liquidity needs; (xi) the extent to which federal, state, local and foreign governmental regulation of energy, chemical processing and power generation products and services limits or prohibits the operation of our business; and (xii) other factors discussed in more detail under the caption "Risk Factors" in our Registration Statement on Form S-1 filed with the Securities and Exchange Commission (the "SEC") on April 19, 2011.

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.

2011
(Successor) March 31,
2010
(Predecessor)

Accounts receivable, net of allowance for doubtful accounts of $1,487 and $1,835

Costs and estimated e

Billings in excess of

Ended   Three Months
Ended   Year
Ended   Year
Ended

Successor
Combined)   (Predecessor)

Cost o
Fair Value Adj
Gross
Operating ex
Marketing, general and administrative and engi
Amortization of other intangible
Income from ope
Interest expen
Fees and expenses related to the CHS Trans
Miscellaneous
Income (loss) before provision for incom
Income tax (expense)
Net income

Net loss per commo

Basic and diluted loss pe
Weighted -average shares used in computing net loss per common s
Basic and

(a) We have not presented net income (loss) per share amounts for the prior periods,

Ended   Three Months
Ended   Year
Ended   Year
Ended

Successor
Combined)   (Predecessor)
Net inc
Interest ex

Income tax expense
Depreciation and amortizati
EBITDA—non-GA
EBITDA—non-GA
Stock compensati
Fees and expenses related to the CHS Tr
Adjusted EBITDA—non-GA

Net loss per share, as re
Interest expense, net,
Income tax expense (benefit)
Depreciation and amortization expense
Diluted EBITDA per share—non-GA
Diluted EBITDA per share—non-GA
Stock compensation expense
Fees and expenses related to the CHS Transactions
Adjusted EBITDA per share—non-GA

(a)- Net loss per share is calculated on the basis of 24,933,407 and 24,900,332 share

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Source: Thermon