



THERMON GROUP HOLDINGS, INC. EARNINGS PRESENTATION

FOURTH QUARTER & FULL YEAR FISCAL YEAR 2024

MAY 29, 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, and our ability to achieve our financial performance targets for Fiscal 2026 and our Fiscal 2025 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 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 cyclicalities in the markets we serve; (ii) future growth of our key end markets and related capital investments; (iii) our ability to operate successfully in foreign countries; (iv) the outbreak of a global pandemic, including COVID-19 and its variants; (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) environmental and health and safety laws and regulations as well as environmental liabilities; (xxxi) climate change and related regulation of greenhouse gases and (xxxii) those factors listed under Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the Securities and Exchange Commission (the "SEC") on May 29, 2024, 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 release ultimately prove to be accurate.

NON-GAAP FINANCIAL MEASURES

Disclosure in this release 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/(loss) 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), costs associated with impairments and other charges, 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. "Organic Sales" represents revenue excluding the impact of the Company's December 29, 2023 acquisition of Vapor Power. "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/(Loss). Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income/(Loss) Free Cash Flow and Organic Sales should be considered in addition to, and not as substitutes for, income from operations, net income/(loss), net income/(loss) per share, revenue 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 this 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." We are unable to reconcile projected Fiscal 2025 Adjusted EPS to the most directly comparable projected GAAP financial measure because certain information necessary to calculate such measures on a GAAP basis is unavailable or dependent on the timing of future events outside of our control. Therefore, because of the uncertainty and variability of the nature of and the amount of any potential applicable future adjustments, which could be significant, we are unable to provide a reconciliation for projected Fiscal 2025 Adjusted EPS without unreasonable effort.



FY2024 Year In Review

Revenue, Adj. EBITDA, and Earnings Growth Compared to Prior Year Driven by Strategy Execution

\$495MM

Total Revenue

43%

Gross Margin

21%

Adj. EBITDA Margin

\$1.82

Adj. EPS

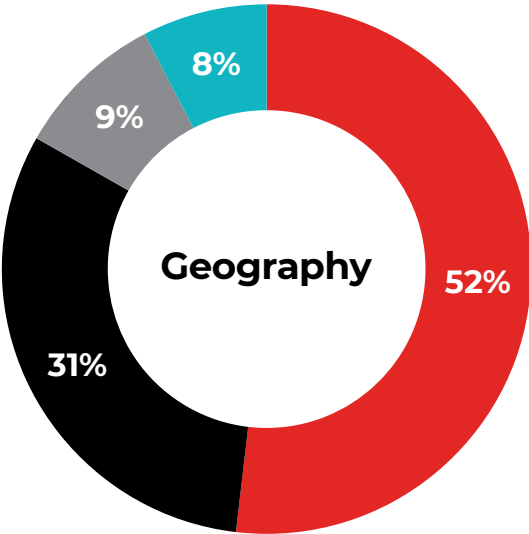
\$56MM

Free Cash Flow

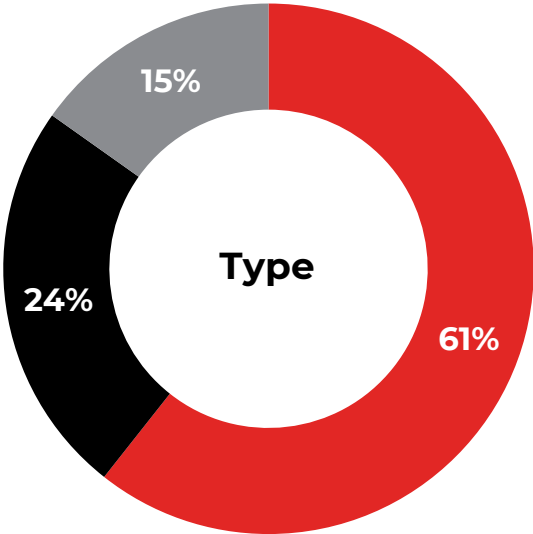
0.95x

Book-to-Bill

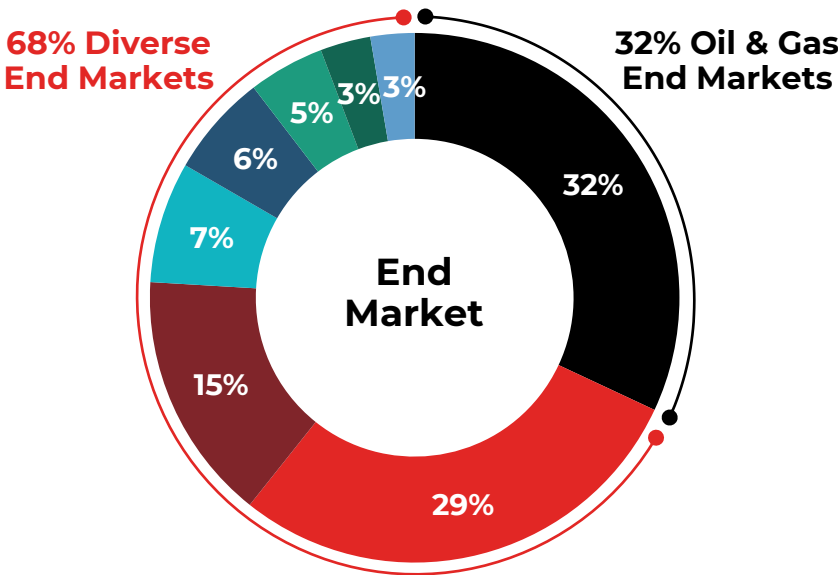
FY2024 Revenue



USLAM CAN
EMEA APAC



Point-in-Time¹
Over Time – Large²
Over Time – Small³



O&G
Chemical / Petrochemical
Commercial
Rail & Transit
General Industries & Other
Power
Renewables
Strategic Adjacencies⁴



1. Products: materials, maintenance, repair, and small upgrades on our installed base.
2. Large Projects: >\$500K, aligned with customers' capital spending budgets.
3. Small Projects: <\$500K, maintenance, repair, and small upgrades on our installed base.
4. 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 and electrification needs
- Industry-leading controls and monitoring to digitize and optimize maintenance
- Diversify end market exposure into higher growth and defensive markets to reduce volatility through the cycle



Disciplined Capital Allocation

- Drive organic growth through investments in technology and people
- Prioritize inorganic growth opportunities that exceed WACC by year 3 and debt paydown
- Evaluate return of capital to shareholders via \$50MM share repurchase authorization
- Target 1.5x – 2.0x Net Debt to Adjusted EBITDA leverage under normal operating conditions

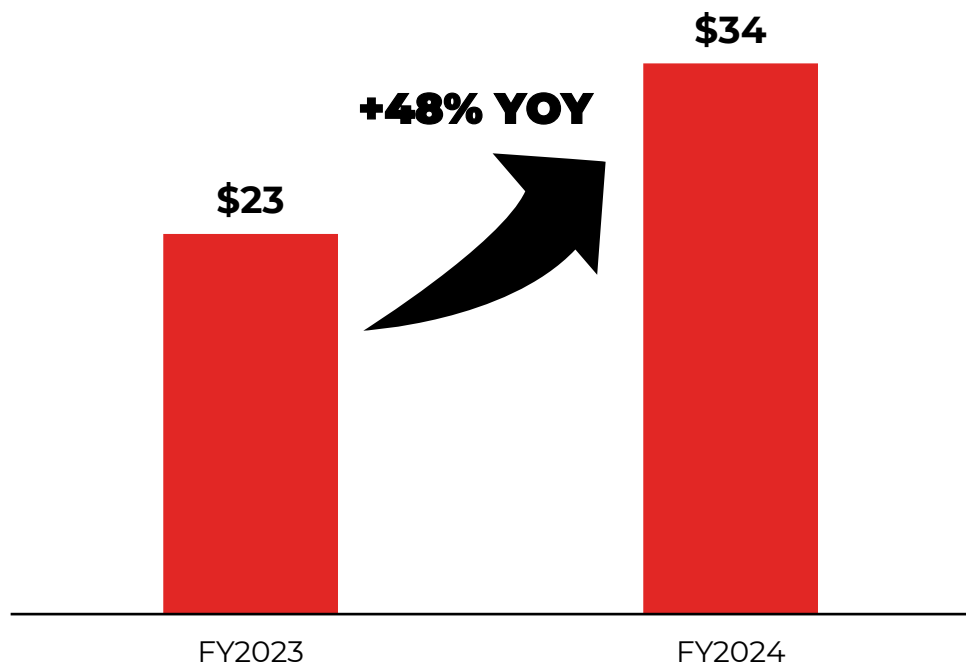
Creating long-term shareholder value



Advancing Our Decarbonization Strategy

Decarbonization Revenue Growth

USD in millions



Carbon Capture & Storage Project

- Project overview:
 - Up to 18 million metric tons of CO₂ will be captured and compressed every year from 57 biorefinery facilities across the Midwest
 - Pipelines will transport CO₂ to permanent underground storage locations
- Requirements:
 - CO₂ must be compressed to transport via pipeline
 - Certain liquids, like water, must be removed prior to compression through a process called "CO₂ dehydration"
- Thermon solutions:
 - 31 innovative, ASME-rated electric flange heaters with control panels to support CO₂ dehydration
 - Replacement of gas-fired reboiler with energy-efficient electric immersion heater

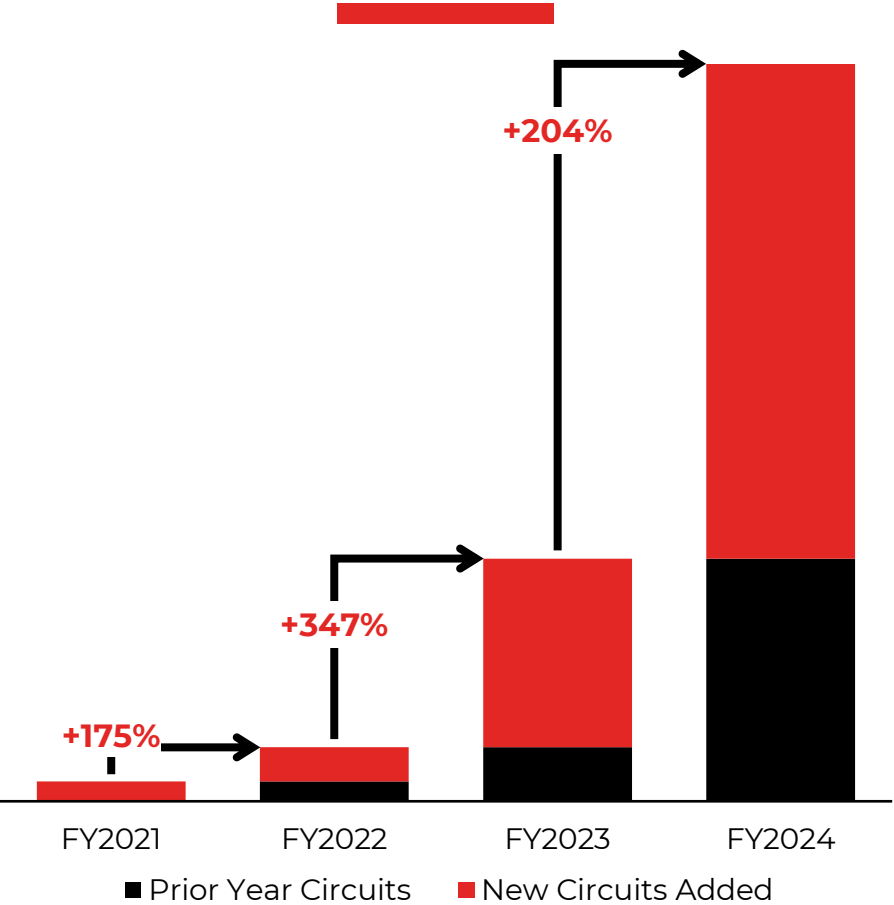
\$250MM+

Pipeline of opportunities for Decarbonization projects



Strong Progress on Digitization Strategy

Accelerating Adoption of Genesis Network

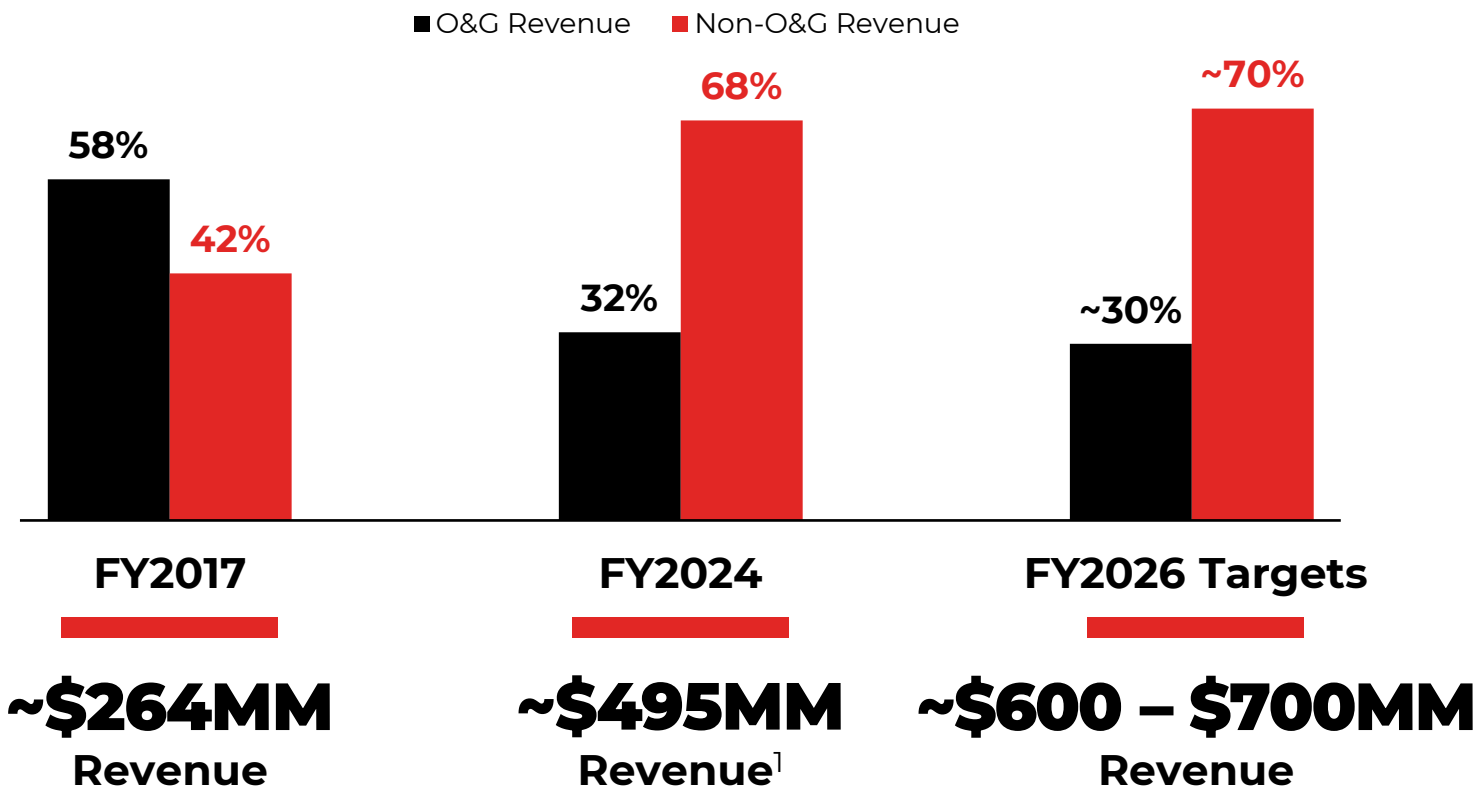


Highlights

- Continued strong adoption across customer base
- Differentiation creating opportunities to grow share
- Added functionality enabling customers to improve safety, efficiency and reliability



Diversifying Our End Markets

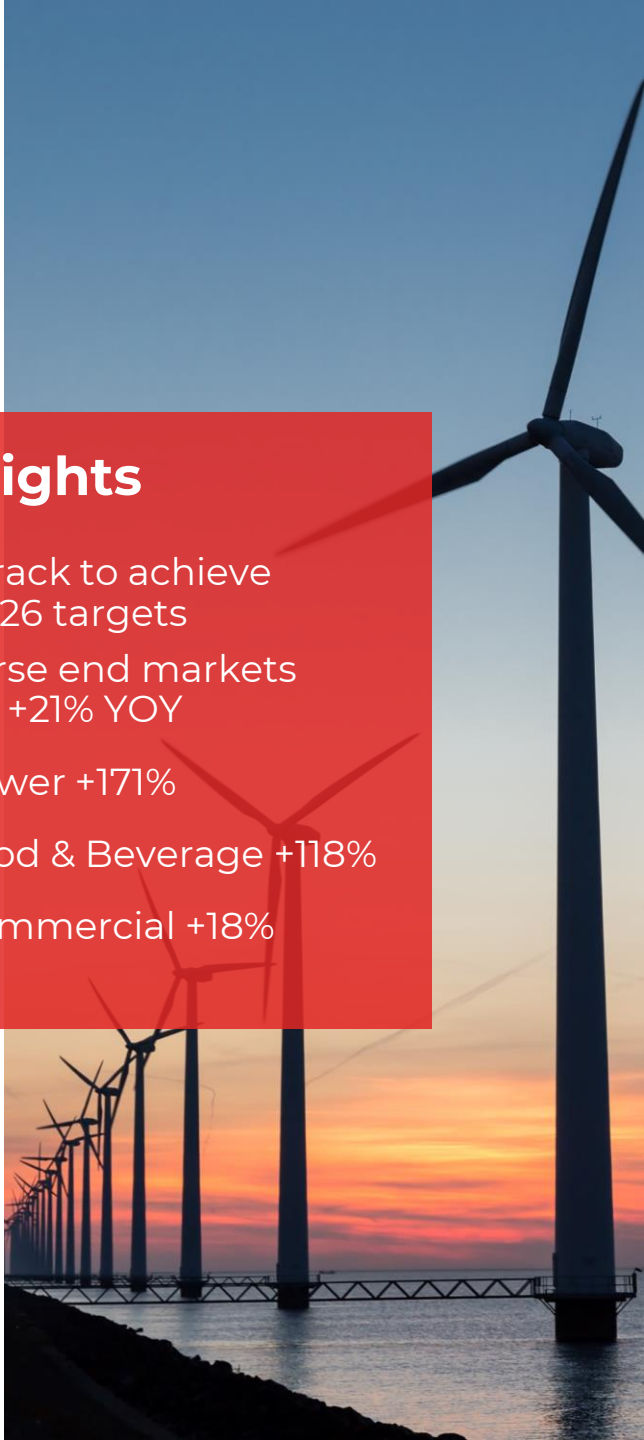


Highlights

- On track to achieve FY2026 targets
- Diverse end markets sales +21% YOY
 - Power +171%
 - Food & Beverage +118%
 - Commercial +18%



1. Includes \$10.9MM in revenue from Vapor Power.



Q4 Fiscal 2024 Summary

Solid Performance to End Fiscal Year

- Order intake decline mainly driven by delayed large CAPEX spending
- YOY revenue growth driven by Diversified end markets and Decarbonization projects
- Vapor Power delivered \$10.9MM in revenue at 20% EBITDA margins with positive book-to-bill
- Weaker larger CAPEX spending offset by growth in short cycle business boosted by Vapor Power acquisition
 - OPEX (Over Time – Small + Point-In-Time) ... +8% YOY
 - CAPEX (Over Time – Large) ... (10)% YOY
- 0.92x book-to-bill driven by slower conversion of larger CAPEX projects
- Strong cash flow of \$35.1MM due to diligent working capital discipline
- \$41MM of Debt repayment reduced leverage to 1.2x
 - Maintains strong balance sheet and optionality

USD in millions,
except per share data

	FY24 Q4	FY23 Q4	YOY%
Orders	\$117.0	\$133.2	(12.2)%
Revenue	\$127.7	\$122.5	4.2%
GAAP Net Income	\$10.1	\$7.7	31.2%
Adjusted EBITDA	\$23.6	\$25.1	(6.0)%
Net Debt/Adj. EBITDA	1.2x	0.8x	0.4x
Free Cash Flow	\$35.1	\$21.9	60.3%
GAAP EPS	\$0.29	\$0.23	26.1%
Adjusted EPS	\$0.34	\$0.41	(17.1)%



Fiscal 2024 Summary

Double-digit Organic Growth

- Growth across three of four geographies
 - Double-digit growth in USLAM driven by strong CAPEX spending in through Q3
 - EMEA up 5% and APAC up 10% despite weaker macro-economic backdrop
 - Canada flat YOY
- Solid growth in both OPEX and CAPEX revenue
 - OPEX (Over Time – Small + Point-In-Time) ... +9% YOY
 - CAPEX (Over Time – Large) ... +22% YOY
- 0.95x book-to-bill

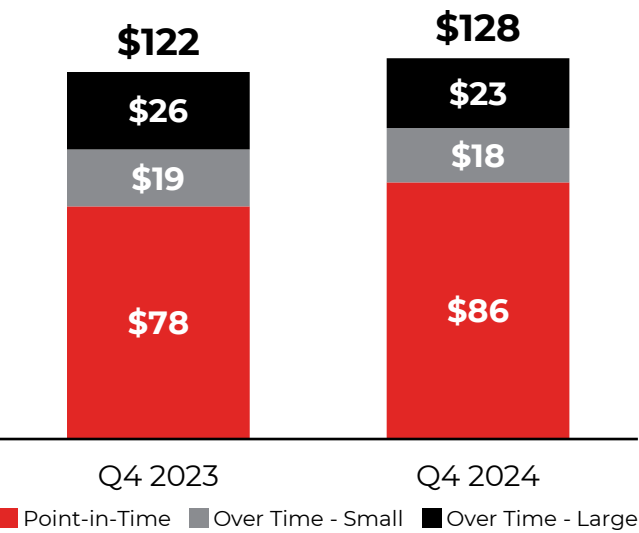
USD in millions,
except per share data

	FY24	FY23	YOY%
Orders	\$472.1	\$457.7	3.2%
Revenue	\$494.6	\$440.6	12.3%
GAAP Net Income	\$51.6	\$33.7	53.2%
Adjusted EBITDA	\$104.2	\$93.3	11.7%
Net Debt/Adj. EBITDA	1.2x	0.8x	0.4x
Free Cash Flow	\$55.9	\$48.5	15.3%
GAAP EPS	\$1.51	\$1.00	51.8%
Adjusted EPS	\$1.82	\$1.56	16.5%



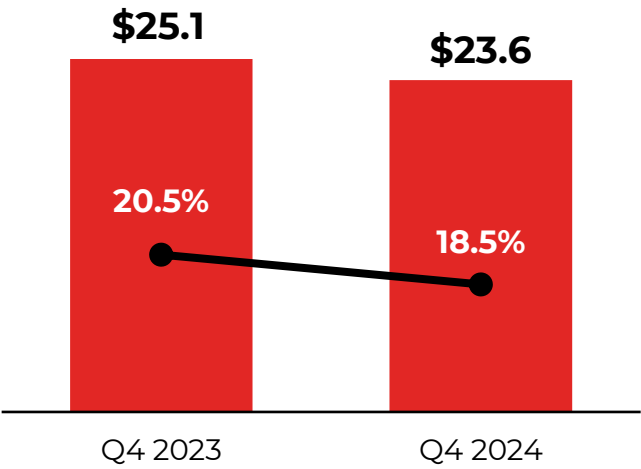
Q4 2024 vs. Q4 2023 Financial Performance *USD in Millions*

Revenue



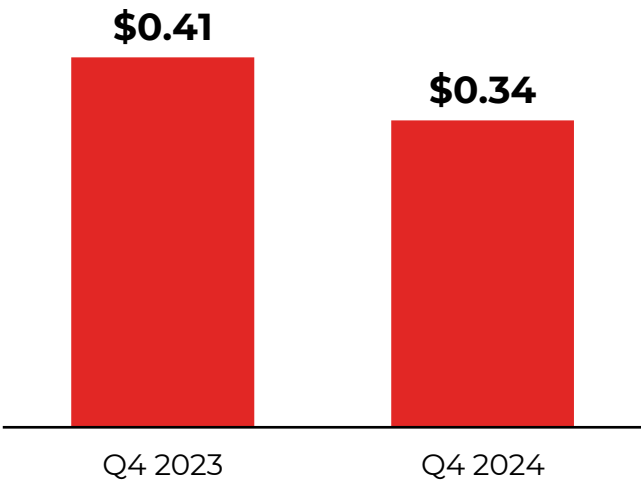
- **+4% YOY**
- Customer CAPEX spending ... (10)% YOY
- 82% of Q4 revenue from customer OPEX spending
- USLAM revenue growth ... +18% YOY
- Vapor Power contributed \$10.9MM

Adj. EBITDA & Margin¹



- **(6)% YOY**
- Lower volume and product Mix
- Planned investment to support decarbonization, digitization and diversification strategy

Adj. EPS²



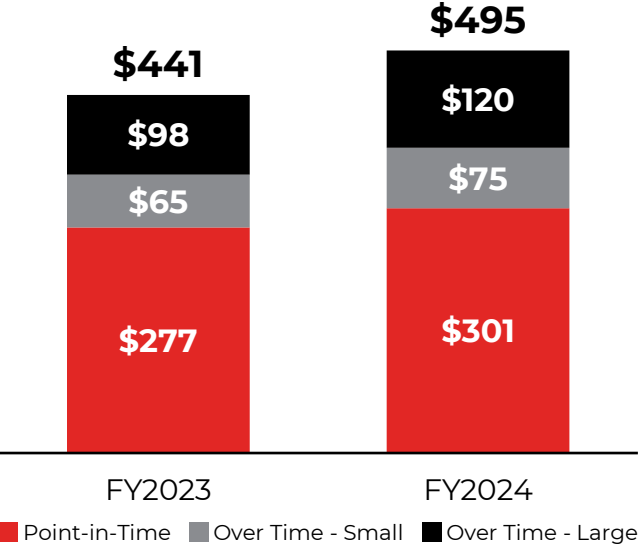
- **(17)% YOY**
- Incremental interest expense driven by Vapor Power acquisition



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

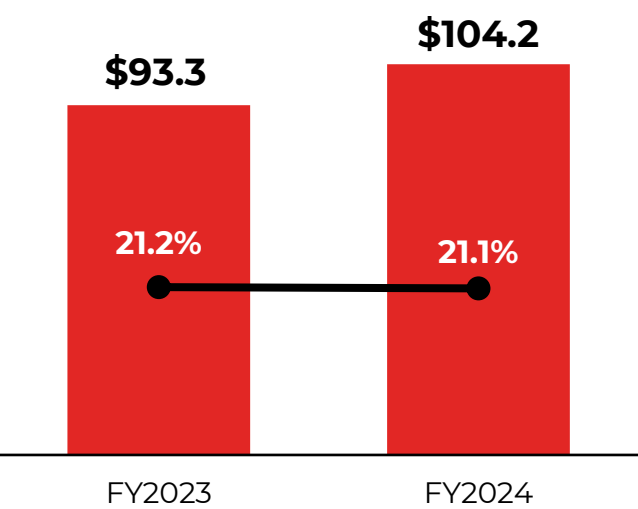
FY2024 vs. FY2023 Financial Performance *USD in Millions*

Revenue¹



- **+12% YOY**
- Organic revenue ... +10% YOY
- Growth in Power, Food and Beverage, Commercial, Rail and Transit and Chemical/Petrochemical end markets
- 76% of revenue from customer OPEX spending

Adj. EBITDA & Margin²



- **+12% YOY**
- Adjusted EBITDA expansion due to higher volume and improved price
- Investment focused on strategic initiatives, with focus on decarbonization, digitization and diversification

Adj. EPS³



- **+16% YOY**
- Vapor Power accretive in Q4



1. \$7.1MM of rental revenue previously disclosed under Point-in-time reclassified to Over Time – Small project sales in FY2024
2. See table, "Reconciliation of Net Income to Adjusted EBITDA."
3. See table, "Reconciliation of Net Income to Adjusted Net Income and Adjusted EPS."

Balance Sheet and Cash Flow

Selected Balance Sheet

USD in millions, except per share data	FY24 Q4	FY23 Q4	YOY
Cash and Cash Equivalents	\$48.6	\$35.6	36.5%
Total Debt	\$172.5	\$112.9	52.8%
Net Debt / Adjusted EBITDA	1.2x	0.8x	0.4x
Working Capital ¹	\$162.2	\$152.4	6.4%
WC % of TTM Revenue	32.8%	34.6%	(180) bps

- Paid down \$41MM of debt in Q4
- Decreased leverage to 1.2x from 1.5x after financing Vapor Power acquisition in Q3

Selected Cash Flow

USD in millions, except per share data	FY24 Q4	FY23 Q4	YOY
Net Income (GAAP)	\$10.1	\$7.7	31.2%
Depreciation & Amortization	\$5.8	\$4.7	23.4%
Change in Working Capital	\$25.4	\$1.4	Fav.
Other	\$(3.9)	\$12.2	Neg.
CFOA	\$37.4	\$26.1	43.3%
CAPEX	\$(3.1)	\$(4.3)	(27.9)%
Free Cash Flow	\$35.1	\$21.9	60.3%
FCF % of NI (GAAP)	347.5%	284.4%	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 2025 Guidance

Full Year Guidance

- Regional outlook
- Vapor Power revenue ... \$55MM – \$59MM
- CAPEX ... 2.5% - 3.0% of revenue
- Depreciation and amortization of \$21.5MM
- Effective tax rate of ~25%
- \$2.8 - \$3.5M in Restructuring Charges
- Remain focused on delivering FY2026 targets
 - \$600M - \$700M in Revenue
 - ~24% EBITDA Margins
 - >70% Revenue Mix from Diversified End Markets

USD in millions,
except per share data

	FY24 Actual	FY25E
Revenue	\$494.6	\$527 – \$553
YOY%	12%	7% – 12% Growth
Net Income	\$51.6	-
GAAP EPS	\$1.51	\$1.57 – \$1.73
Adjusted EPS	\$1.82	\$1.90 – \$2.06
Adjusted EBITDA	\$104.2	\$112 - \$120
YOY%	12%	8% – 15% Growth
Adjusted EBITDA %	21.1%	21.2% - 21.9%
Free Cash Flow	\$55.9	-



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 Growth Opportunities in high-growth energy transition and decarbonization, chemicals/petrochemicals, power, onshoring in North America and government stimulus

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





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Reconciliation of Net Income to Adjusted EBITDA

Unaudited, in thousands

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

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2024	2023	2024	2023
GAAP Net income/(loss)	\$ 10,083	\$ 7,701	\$ 51,588	\$ 33,666
Interest expense, net	3,582	1,751	8,845	5,871
Income tax expense/(benefit)	3,580	4,930	16,086	15,567
Depreciation and amortization expense	5,762	4,674	18,837	19,231
EBITDA (non-GAAP)	\$ 23,007	\$ 19,056	\$ 95,356	\$ 74,335
Stock compensation expense	1,622	1,516	5,754	5,954
Transaction-related costs	248	209	2,107	335
Restructuring and other charges/(income) ¹	(1,237)	1,025	984	3,693
Other impairment charges/(income) ¹	—	3,279	—	8,945
Adjusted EBITDA (non-GAAP)	\$ 23,640	\$ 25,085	\$ 104,201	\$ 93,262
Adjusted EBITDA %	18.5 %	20.5 %	21.1 %	21.2 %

¹ Charges related to the Russia Exit



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/(Loss) to Adjusted Net Income/(Loss) and Adjusted EPS					
(Unaudited, in thousands except per share amounts)					
	Three Months Ended March 31,		Twelve Months Ended March 31,		
	2024	2023	2024	2023	
GAAP Net income/(loss)	\$ 10,083	\$ 7,701	\$ 51,588	\$ 33,666	
Transaction-related costs	248	209	2,107	335	Operating expense
Amortization of intangible assets	3,423	2,375	10,158	9,447	Intangible amortization
Restructuring and other charges/(income) ¹	(1,237)	1,025	984	3,693	Operating expense
Impairments and other charges/(income) ¹	—	3,279	—	8,945	Cost of Sales and Operating expense
Tax effect of adjustments	(881)	(598)	(2,947)	(3,307)	
Adjusted Net Income/(Loss) (non-GAAP)	<u>\$ 11,636</u>	<u>\$ 13,991</u>	<u>\$ 61,890</u>	<u>\$ 52,779</u>	
Adjusted Fully Diluted Earnings per Common Share (Adjusted EPS) (non-GAAP)	\$ 0.34	\$ 0.41	\$ 1.82	\$ 1.56	
Fully-diluted common shares	34,239	33,980	34,067	33,746	

¹ Charges related to the Russia Exit



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 March 31,		Twelve Months Ended March 31,	
	2024	2023	2024	2023
Cash provided by/(used in) by operating activities	\$ 37,367	\$ 26,109	\$ 65,955	\$ 57,714
Cash provided by/(used in) by investing activities	(1,243)	(4,246)	(109,522)	(44,555)
Cash provided by/(used in) by financing activities	(41,005)	(20,194)	56,533	(13,465)
Cash provided by operating activities	\$ 37,367	\$ 26,109	\$ 65,955	\$ 57,714
Less: Cash used for purchases of property, plant and equipment	(3,134)	(4,280)	(11,016)	(9,453)
Plus: Sales of rental equipment	24	34	99	197
Free cash flow provided (non-GAAP)	<u>\$ 35,097</u>	<u>\$ 21,863</u>	<u>\$ 55,878</u>	<u>\$ 48,458</u>

