



FOURTH QUARTER FISCAL 2023

MAY 25, 2023

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President and Chief Executive Officer

MICK LUCARELI

Executive Vice President and Chief Financial Officer

KATHY POWERS

Vice President, Treasurer, and Investor Relations

Forward Looking Statement



This presentation contains statements, including information about future financial performance and market conditions, accompanied by phrases such as “believes,” “estimates,” “expects,” “plans,” “anticipates,” “intends,” “projects,” and other similar “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995. Modine's actual results, performance or achievements may differ materially from those expressed or implied in these statements because of certain risks and uncertainties, including, but not limited to those described under “Risk Factors” in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended March 31, 2022 and under Forward-Looking Statements in Item 7 of Part II of that same report and in the Company's Quarterly Report on Form 10-Q for the quarters ended June 30, 2022, September 30, 2022, and December 31, 2022. Other risks and uncertainties include, but are not limited to, the following: the impact of potential adverse developments or disruptions in the global economy and financial markets, including impacts related to inflation, rising energy costs, along with supply chain challenges or supplier constraints, tariffs, sanctions and other trade issues or cross-border trade restrictions; the impact of other economic, social and political conditions, changes and challenges in the markets where we operate and compete, including foreign currency exchange rate fluctuations, increases in interest rates or tightening of the credit markets, recession, restrictions associated with importing and exporting and foreign ownership, public health crises, and the general uncertainties about the impact of regulatory and/or policy changes, including those related to tax and trade, the COVID-19 pandemic, the military conflict in Ukraine and other matters, that have been or may be implemented in the U.S. or abroad; the impact of the COVID-19 pandemic on the national and global economy, our business, suppliers, customers, and employees; the overall health and pricing focus of our customers; our ability to successfully execute our strategic and operational plans, including applying 80/20 principles to our business; our ability to effectively and efficiently modify our cost structure in response to sales volume increases or decreases and complete restructuring activities and realize benefits thereon; our ability to fund our global liquidity requirements efficiently and comply with the financial covenants in our credit agreements; operational inefficiencies as a result of program launches, unexpected volume increases or decreases, and product transfers; the impact on Modine of any significant increases in commodity prices, particularly aluminum, copper, steel and stainless steel (nickel) and other purchased components and related costs, and our ability to adjust product pricing in response to any such increases; the nature of and Modine's significant exposure to the vehicular industry and the dependence of this industry on the health of the economy; our ability to recruit and maintain talent in managerial, leadership, operational and administrative functions and to mitigate increased labor costs; our ability to protect our proprietary information and intellectual property from theft or attack; the impact of any substantial disruption or material breach of our information technology systems; costs and other effects of environmental investigation, remediation or litigation; and other risks and uncertainties identified in our public filings with the U.S. Securities and Exchange Commission. Forward-looking statements are as of the date of this presentation, and we do not assume any obligation to update any forward-looking statements. ³

Record Quarter, Record Year

Q4 FY23



RECORD!

Net Sales
\$618.1 Million
▲ Up 8%



RECORD!

Adjusted EBITDA
\$65.5 Million
▲ Up 16%



Free Cash Flow
\$24.1 Million
▲ Up \$29.6 Million



Adjusted EPS
\$0.67
▲ Up 18%

Fiscal Year 2023



RECORD!

Net Sales
\$2.3 Billion
▲ Up 12%



RECORD!

Adjusted EBITDA
\$212.1 Million
▲ Up 34%



Free Cash Flow
\$56.8 Million
▲ Up \$85.6 Million



Adjusted EPS
\$1.95
▲ Up 59%

- Full year revenue gains in all product groups
 - Data Centers up 60% in part due to product expansions into North America
 - Expecting another year of double-digit revenue growth for Data Centers in FY24
- Improved Adjusted EBITDA margin of 14.6% by 370 bps
 - Achieved target range of 13-15% one year early
 - Significant margin improvement in Heat Transfer Products
- Increasing capacity in Europe to support demand from heat pump customers
- Shifting focus to improving operational processes, supply chain and productivity
- Growth focus on new product development, along with acquisitions to support product and technology strategies

Fiscal Year 2023



Net Sales
\$1.0 Billion
▲ Up 11%



Adjusted EBITDA
\$148.0 Million
▲ Up 49%

- Full year revenue increases across all product groups
 - Largest gain in sales of air-cooled products to genset (stationary power) customers
- Strong margin improvement, full year adjusted EBITDA margin of 7.6%, up 140 bps from prior year
 - Fourth quarter adjusted EBITDA margin of 9.1%, up 220 bps from prior year
 - Reported sequential margin improvement each quarter since Q1FY23, on track to meet targets
- Markets remain steady, expect continued growth in stationary power (gensets), off-highway and commercial vehicles
- Good progress in support of zero-emissions vehicles
 - Several new product introductions - BTMS with liquid cooled condenser and fuel cell stack cooling package
 - Nine programs wins for EV systems this year, including one in Q4
 - Total of 21 program wins with over \$140M of revenue at mature volume

Fiscal Year 2023



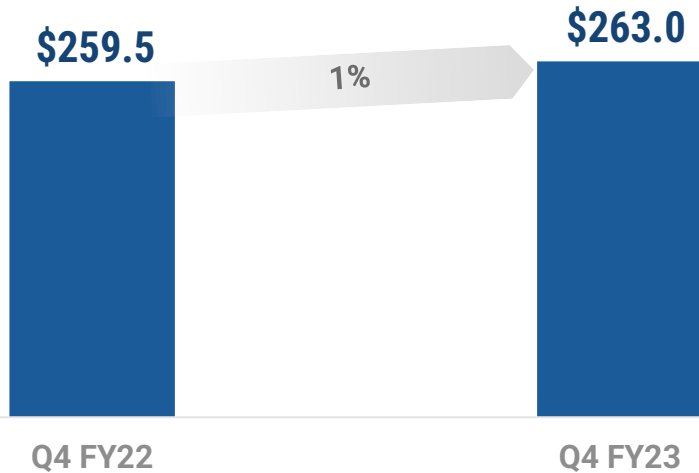
Net Sales
\$1.3 Billion
▲ Up 12%



Adjusted EBITDA
\$100.2 Million
▲ Up 37%

(In millions)

Net Sales



55% Data Centers

- Strong chiller orders and growth from NA expansion; co-location and hyperscale providers



-9% HVAC&R

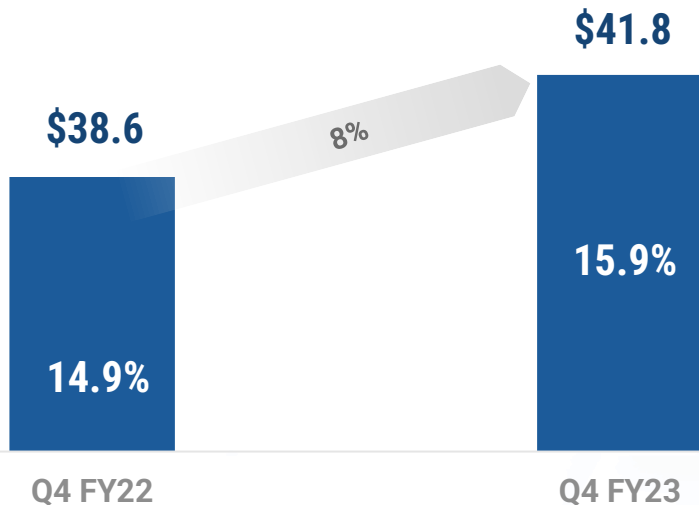
- Mostly driven by anticipated lower heating sales due market softness and unfavorable weather



-6% Heat Transfer Products

- Softness around residential markets, planned 80/20 rationalization and difficult prior year comparables

Adjusted EBITDA & EBITDA Margin*

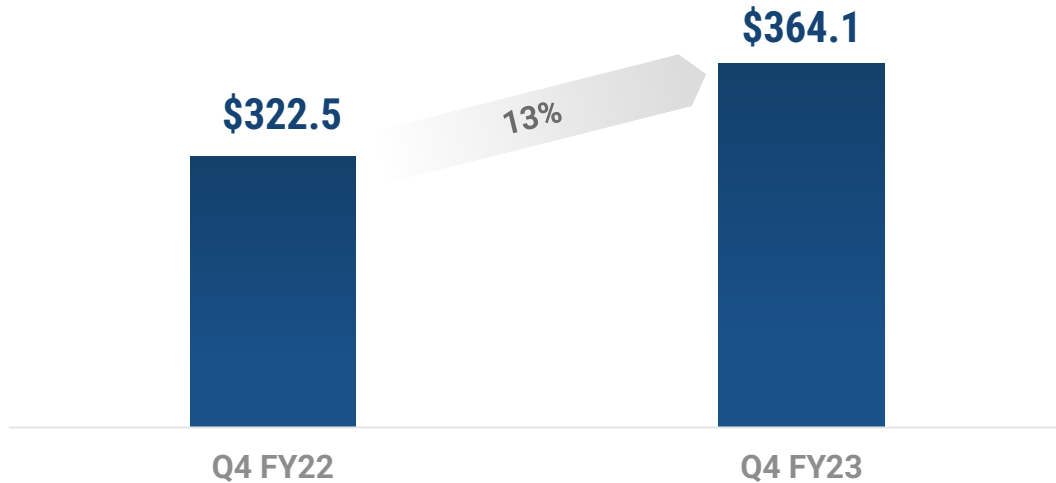


- Excellent earnings conversion on slightly higher sales; sales up 5% on a constant currency basis
- 100 bps margin improvement driven by higher revenues, a positive sales mix and planned 80/20 initiatives
- Segment is meeting target margin objectives one year ahead of schedule and expect further improvement in the next fiscal year

* See appendix for the full GAAP income statement and Non-GAAP reconciliations

(In millions)

Net Sales



25% Advanced Solutions

- Higher electric vehicle product sales in NA and Europe



9% Liquid-Cooled Applications

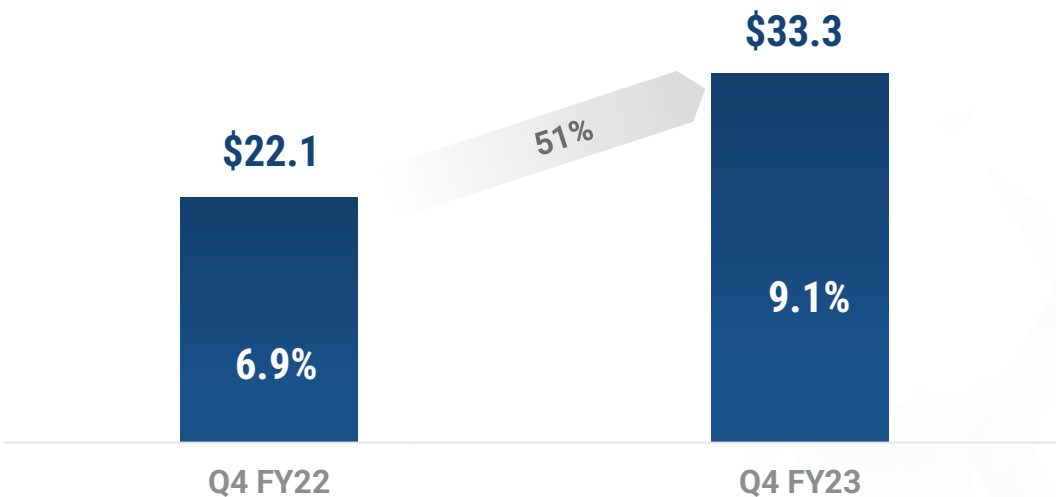
- Strong demand from commercial vehicle and automotive customers



13% Air-Cooled Applications

- Improved sales to off-highway customers in NA and China, including excellent genset growth

Adjusted EBITDA & EBITDA Margin*



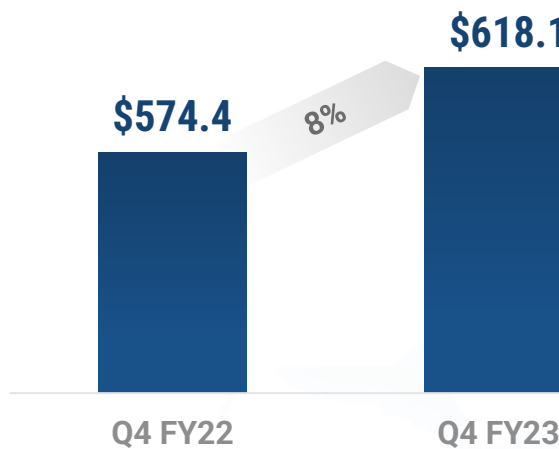
- Strong earnings growth, with a 51% increase in Adjusted EBITDA and 220 bps of margin improvement
- Earnings growth driven primarily by higher revenues and commercial pricing
- 80/20 initiatives have been deployed and the segment is on track to meet target margin objectives; building momentum and expect strong improvement the next fiscal year

* See appendix for the full GAAP income statement and Non-GAAP reconciliations

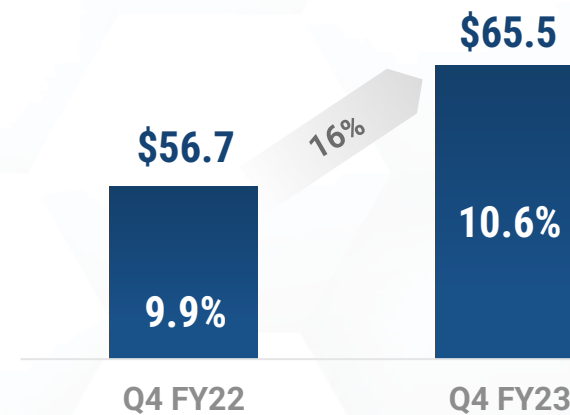
(In millions)	Q4 FY23	Q4 FY22
Net Sales	\$618.1	\$574.4
Gross Profit	112.2	95.2
% of net sales	18.2%	16.6%
SG&A expenses	60.9	53.5
% of net sales	9.9%	9.3%
Operating Income	48.5	20.6
% of net sales	7.8%	3.6%
Adjusted EBITDA*	65.5	56.7
% of net sales	10.6%	9.9%
Adjusted EPS*	\$0.67	\$0.57

(In millions)

Net Sales



Adjusted EBITDA & EBITDA Margin*



- Sales growth of 11%, excluding a negative \$18M FX impact; driven by volume and pricing from both Segments
- Gross profit margin improved 160 bps on favorable volume and pricing, offsetting the ongoing inflationary factors
- Higher SG&A primarily due to increased employee compensation costs
- 16% adjusted EBITDA growth and a 70 bps margin improvement; 5th consecutive quarter of YoY improvement
- Adjusted EPS growth, up 18% year-over-year

* See appendix for the full GAAP income statement and Non-GAAP reconciliations

Cash Flow and Metrics	Q4 FY23 YTD
Free Cash Flow	\$56.8 million
Net Debt (as of March 31)	\$285.6 million
Leverage Ratio (as of March 31)	1.4x
Capital Expenditures	\$50.7 million

Modine Maintains Strong Balance Sheet & Liquidity

- Strong free cash flow in the quarter; \$24M, primarily due to higher earnings
- Net debt decreased \$47M YTD; decreasing \$22M during the quarter, with a cash balance of \$67M
- Leverage ratio improved to 1.4x; anticipating a further reduction during FY24
- Continued with the anti-dilutive share repurchase plan; with 100,000 shares purchased this quarter and 400,000 for the full fiscal year
- Balance sheet remains strong to support future growth and acquisition initiatives

Metrics	Guidance	Comments
Net sales	+4% to +10%	\$2.4B to \$2.5B
Adjusted EBITDA*	\$240M to \$260M	+13% to +23%

Introducing Full Year Revenue and Adjusted EBITDA Outlook

- Outlook for fiscal 2024 is fully aligned with the financial targets presented at the Investor Day last June
- Expecting most end markets to remain relatively stable, with strong backlogs in Climate Solutions
- Anticipating strong revenue growth in targeted markets; data centers, IAQ/schools, and electric vehicles
- Proceeding with targeted product rationalization through 80/20 actions

FY24 Modine Global Sales Outlook

Climate Solutions

Data Centers	+15% – 25%
HVAC & Refrigeration	+2% – 10%
Heat Transfer Products	+2% – 6%

Performance Technologies

Advanced Solutions	+25% – 35%
Liquid-Cooled Applications	+1% – 5%
Air-Cooled Applications	+2% – 10%

* See appendix for the full GAAP income statement and Non-GAAP reconciliations

APPENDIX

(In millions)

	Q4 2023	Q4 2022
Net sales	\$ 618.1	\$ 574.4
Cost of sales	505.9	479.2
Gross profit	112.2	95.2
Selling, general & administrative expenses	60.9	53.5
Restructuring expenses	2.8	21.1
Operating income	48.5	20.6
Interest expense	(6.0)	(3.8)
Other expense - net	(0.3)	(0.5)
Earnings before income taxes	42.2	16.3
Benefit (provision) for income taxes	48.1	(7.8)
Net earnings	90.3	8.5
Net earnings attributable to noncontrolling interest	(0.4)	(0.1)
Net earnings attributable to Modine	\$ 89.9	\$ 8.4

Modine Manufacturing Company

Adjusted financial results (unaudited)

(In millions, except per share amounts)

	Three months ended March 31,		Twelve months ended March 31,	
	2023	2022	2023	2022
Net earnings	\$ 90.3	\$ 8.5	\$ 153.6	\$ 86.3
Interest expense	6.0	3.8	20.7	15.6
(Benefit) provision for income taxes	(48.1)	7.8	(28.3)	15.2
Depreciation and amortization expense	13.8	14.4	54.5	54.8
Other expense – net	0.3	0.5	4.4	2.1
Restructuring expenses ^(a)	2.8	21.1	5.0	24.1
Impairment charges (reversals) – net ^(b)	-	-	-	(55.7)
Loss on sale of assets ^(c)	-	-	-	6.6
Environmental charges ^(d)	0.4	0.2	2.2	3.8
Strategic reorganization and automotive exit costs ^(e)	-	0.4	-	6.0
Adjusted EBITDA	\$ 65.5	\$ 56.7	\$ 212.1	\$ 158.8
Net earnings per share attributable to Modine shareholders - diluted	\$ 1.69	\$ 0.16	\$ 2.90	\$ 1.62
Restructuring expenses ^(a)	0.05	0.40	0.08	0.45
Impairment charges (reversals) – net ^(b)	-	-	-	(0.94)
Loss on sale of assets ^(c)	-	-	-	0.13
Environmental charges ^(d)	0.01	-	0.04	0.07
Strategic reorganization and automotive exit costs ^(e)	-	0.01	-	0.12
Debt amendment costs ^(f)	-	-	0.01	-
Tax valuation allowances ^(g)	(1.08)	-	(1.08)	(0.22)
Adjusted earnings per share	\$ 0.67	\$ 0.57	\$ 1.95	\$ 1.23

* See next slide for footnotes regarding these adjustments

- (a) Restructuring expenses include employee severance-related expenses and equipment transfer costs. The fiscal 2023 restructuring expenses primarily relate to targeted headcount reductions within the Climate Solutions and Performance Technologies segments. The fiscal 2022 restructuring expenses primarily relate to headcount reductions in Europe within the Performance Technologies segment. The tax benefit related to restructuring expenses during the fourth quarter of fiscal 2023 and fiscal 2022 was \$0.3 million and \$0, respectively. The tax benefit related to restructuring expenses during fiscal 2023 and fiscal 2022 was \$0.6 million and \$0.3 million, respectively.
- (b) The net impairment reversal during fiscal 2022 primarily relates to the Company's liquid-cooled automotive business. In connection with the termination of the agreement to sell this business in the third quarter of fiscal 2022, the Company reversed a significant amount of previously-recorded impairment charges within the Performance Technologies segment. The tax charge related to the net impairment reversal during fiscal 2022 was \$6.1 million.
- (c) The Company's sale of its air-cooled automotive business in Austria closed on April 30, 2021. As a result of the sale, the Company recorded a \$6.6 million loss on sale at Corporate during the first quarter of fiscal 2022. There was no tax impact associated with this transaction.
- (d) Environmental charges, including related legal costs, are recorded as SG&A expenses at Corporate and relate to a previously-owned U.S. manufacturing facility.
- (e) The fiscal 2022 amounts include costs recorded at Corporate associated with the Company's strategic reorganization and automotive exit strategy. During fiscal 2022, the Company recorded SG&A expenses totaling \$3.4 million related to recruiting new senior management and the Company's implementation of 80/20. In addition, the Company recorded \$2.6 million of costs associated with its review of strategic alternatives for its automotive businesses, including costs to prepare the businesses for sale. These costs were primarily recorded as SG&A expenses and consisted of accounting, legal, and IT professional services. There were no tax benefits related to the strategic reorganization or automotive exit strategy costs during fiscal 2022.
- (f) In October 2022, the Company amended and extended its primary debt agreement in the U.S. that provides for a five-year revolving credit facility and term loans. In connection with the credit agreement modification, the Company recorded \$0.7 million of costs as interest expense during the third quarter of fiscal 2023. There was no tax benefit associated with these costs.
- (g) During the fourth quarter of fiscal 2023, the Company reversed the valuation allowance on certain deferred tax assets in the U.S. As a result, the Company recorded an income tax benefit of \$57.3 million. During fiscal 2022, the Company reversed valuation allowances on deferred tax assets in Italy, China, and the Netherlands. These reversals were partially offset by a valuation allowance established on other deferred tax assets in China. As a result, the Company recorded net income tax benefits totaling \$11.4 million during fiscal 2022.

Segment Adjusted EBITDA and margin (unaudited)

(In millions)

	Three months ended March 31,		Twelve months ended March 31,	
	2023	2022	2023	2022
Climate Solutions				
Operating income	\$ 34.2	\$ 32.0	\$ 124.1	\$ 73.4
Depreciation and amortization expense	5.7	6.1	21.7	23.6
Restructuring expenses ^(a)	1.9	0.5	2.2	2.2
Impairment charges ^(a)	-	-	-	0.3
Adjusted EBITDA	\$ 41.8	\$ 38.6	\$ 148.0	\$ 99.5
Net sales	\$ 263.0	\$ 259.5	\$ 1,011.9	\$ 910.5
Adjusted EBITDA margin	15.9%	14.9%	14.6%	10.9%
	Three months ended March 31,		Twelve months ended March 31,	
	2023	2022	2023	2022
Performance Technologies				
Operating income (loss)	\$ 24.5	\$ (6.5)	\$ 65.6	\$ 77.4
Depreciation and amortization expense	7.9	8.0	31.8	29.9
Restructuring expenses ^(a)	0.9	20.6	2.8	21.9
Impairment charges (reversals) - net ^(a)	-	-	-	(56.0)
Adjusted EBITDA	\$ 33.3	\$ 22.1	\$ 100.2	\$ 73.2
Net sales	\$ 364.1	\$ 322.5	\$ 1,316.2	\$ 1,172.4
Adjusted EBITDA margin	9.1%	6.9%	7.6%	6.2%

^(a) See the adjusted financial results on slides 14 and 15 for additional information regarding these adjustments.

Modine Manufacturing Company
Free cash flow (unaudited)

(In millions)

	Three months ended March 31,		Twelve months ended March 31,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 39.6	\$ 4.1	\$ 107.5	\$ 11.5
Expenditures for property, plant and equipment	(15.5)	(9.6)	(50.7)	(40.3)
Free cash flow	\$ 24.1	\$ (5.5)	\$ 56.8	\$ (28.8)

Net debt (unaudited)

(In millions)

	March 31, 2023	December 31, 2022	March 31, 2022
Debt due within one year	\$ 23.4	\$ 30.9	\$ 29.4
Long-term debt	329.3	358.9	348.4
Total debt	352.7	389.8	377.8
Less: cash and cash equivalents	67.1	82.2	45.2
Net debt	\$ 285.6	\$ 307.6	\$ 332.6

Net sales - constant currency (unaudited)

(In millions)

Three months ended March 31,				
2023			2022	
	Net Sales	Effect of Exchange Rate Changes	Net Sales - Constant Currency	Net Sales
Climate Solutions	\$ 263.0	\$ 8.3	\$ 271.3	\$ 259.5
Performance Technologies	364.1	9.8	373.9	322.5
Segment total	627.1	18.1	645.2	582.0
Corporate and eliminations	(9.0)	-	(9.0)	(7.6)
Net sales	\$ 618.1	\$ 18.1	\$ 636.2	\$ 574.4

The Company's fiscal 2024 guidance includes adjusted EBITDA, which is a non-GAAP financial measure. The full-year fiscal 2024 guidance for adjusted EBITDA is based upon the Company's estimates for interest expense of approximately \$23 to \$25 million, a provision for income taxes of approximately \$38 to \$45 million, and depreciation and amortization expense of approximately \$58 to \$62 million. Adjusted EBITDA also excludes certain cash and non-cash expenses or gains. These expenses and gains may be significant and include items such as restructuring expenses (including severance costs and plant consolidation and relocation expenses), impairment charges and certain other items. Estimates of these expenses and gains for fiscal 2024 are not available due to the low visibility and unpredictability of these items.