



Fourth Quarter Fiscal 2024

May 22, 2024



NEIL BRINKER

President and Chief Executive Officer

MICK LUCARELI

Executive Vice President and Chief Financial Officer

KATHY POWERS

Vice President, Treasurer, and Investor Relations

Forward-Looking Statements



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, 2023 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, 2023, September 30, 2023, and December 31, 2023. 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, energy costs, 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 or recovery therefrom, restrictions associated with importing and exporting and foreign ownership, public health crises, and the general uncertainties, including the impact on demand for our products and the markets we serve from regulatory and/or policy changes that have been or may be implemented in the U.S. or abroad, including those related to tax and trade, climate change, COVID-19 or future public health threats, and military conflicts, including the current conflicts in Ukraine and in the Middle East and heightened tensions in the Red Sea; the overall health and pricing focus of our customers; our ability to successfully realize anticipated benefits, including improved profit margins and cash flow, from our strategic initiatives and our application of 80/20 principles across our businesses; our ability to be at the forefront of technological advances and the impacts of any changes in the adoption rate of technologies that we expect to drive sales growth; our ability to accelerate growth organically and through acquisitions and successfully integrate acquired businesses; our ability to effectively and efficiently manage our operations in response to sales volume changes, including maintaining adequate production capacity to meet demand in our growing businesses while also completing restructuring activities and realizing benefits thereof; 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 product or program launches, unexpected volume increases or decreases, product transfers and warranty claims; 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; 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 (“IT”) systems; the impact of a material weakness identified in our internal controls related to IT system access in Europe on our financial reporting process; costs and other effects of environmental investigation, remediation or litigation and the increasing emphasis on environmental, social and corporate governance matters; our ability to realize the benefits of deferred tax assets; 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.

Opening Comments

- Strong fourth quarter performance closed out another record year
- Full year sales increased 5% to \$2.4 billion and adjusted EBITDA increased 48% to \$314 million
- Earnings growth driven by shifting business mix to targeted markets with strong growth drivers
- Completed strategic acquisitions and divestitures this year
 - Liquid immersion cooling technology from TMGcore
 - Scott Springfield, air handling units for data centers and other strategic applications
 - Divestitures of three European automotive businesses





Climate Solutions

- Outstanding year, adjusted EBITDA increased 31% on a 4% sales increase
- Data Center sales increased 69% to \$294 million
- Scott Springfield acquisition
 - Acquired two facilities, one dedicated to data center products, the other supporting custom air handling units for other end markets
 - Revenues will be included in Data Centers and HVAC&R product groups
 - Complementary cooling technology and strong customer base
 - Strategic relationship with new data center customer, secured additional location in Calgary to increase capacity to support sales growth
- Secured additional capacity for data center products in U.K. with addition of Bradford facility





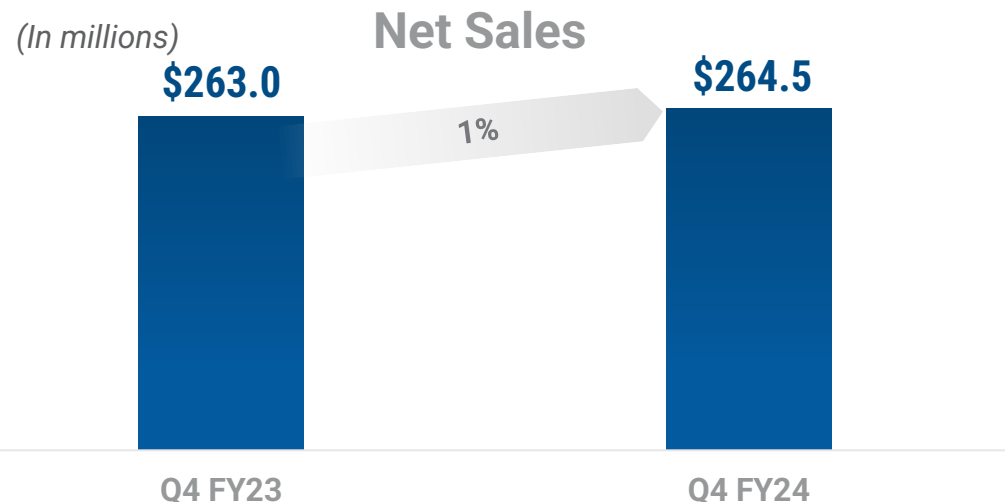
- Fantastic year, adjusted EBITDA increased 67% on a 5% sales increase
- Advancing 80/20 throughout the organization, from commercial activities to the factory floor
- Improved sales mix by focusing resources on strategic product lines and de-emphasizing lower margin business
- Focusing on markets where we have strong customer relationships and a clear strategic advantage
- Advanced Solutions added 16 new programs for EV and other specialty vehicle systems during the year
- Making progress on consolidating technical services, testing and tooling operations
- Planning for additional mix shift in Fiscal 2025, with improvement in adjusted EBITDA dollars and margin



Modine Genset module produced
in Lawrenceburg, TN.



Climate Solutions



40% Data Centers

- Growth driven by hyperscale and colocation market demand plus acquisition



1% HVAC&R

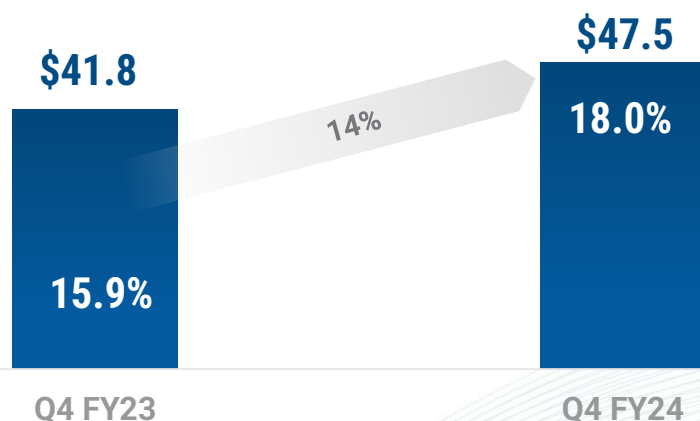
- Increase in IAQ product sales related to acquisitions along with a slight increase in the Heating market



-20% Heat Transfer Products

- Lower demand across several markets along with planned 80/20 initiatives

Adjusted EBITDA & EBITDA Margin*



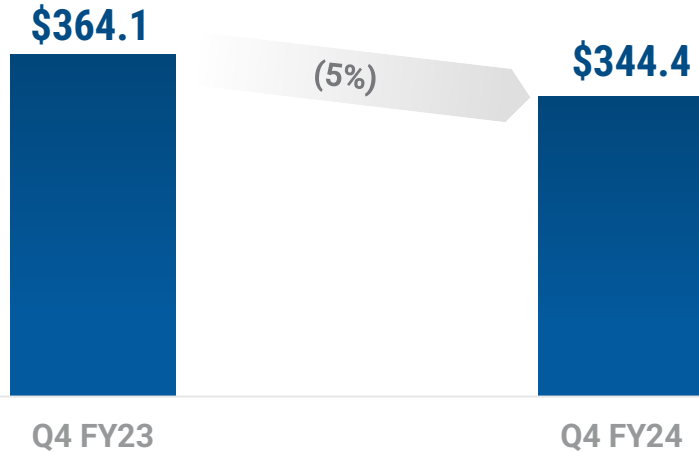
- Good earnings conversion on slightly higher sales, resulting in a 210 bps margin improvement
- 80/20 disciplines remain at the heart of procurement savings, productivity and customer pricing
- Expect revenue and earnings growth to continue; product portfolio expansion through the recent investments in Scott Springfield and immersion cooling technology

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



(In millions)

Net Sales



15%

Advanced Solutions

- Growth driven by EVantage product sales and other electric vehicles, along with higher coatings sales



-13%

Liquid-Cooled Applications

- Mainly driven by German divestitures and market softness in Europe and Asia

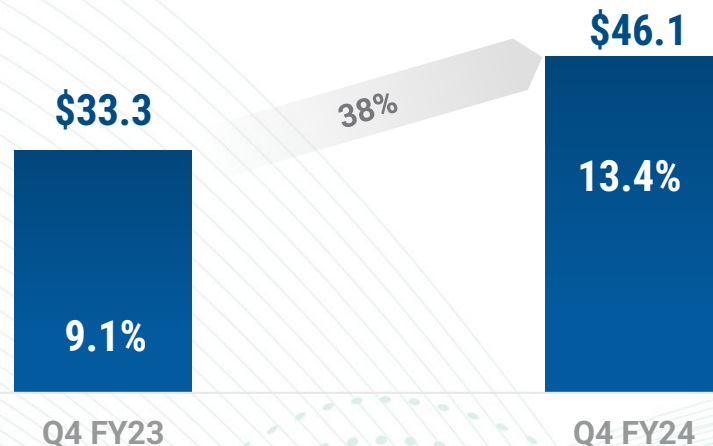


-2%

Air-Cooled Applications

- Primarily driven by lower auto product sales from 80/20 initiatives and German divestitures

Adjusted EBITDA & EBITDA Margin*



- Lower sales were driven by divestitures and automotive, partially offset by growth in off-highway and specialty vehicle customers
- Organic sales increased 2%
- Excellent earnings growth, with a 38% increase in Adjusted EBITDA and 430 bps of margin improvement
- Anticipating 80/20 disciplines to result in ongoing earnings improvement for the upcoming fiscal year

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

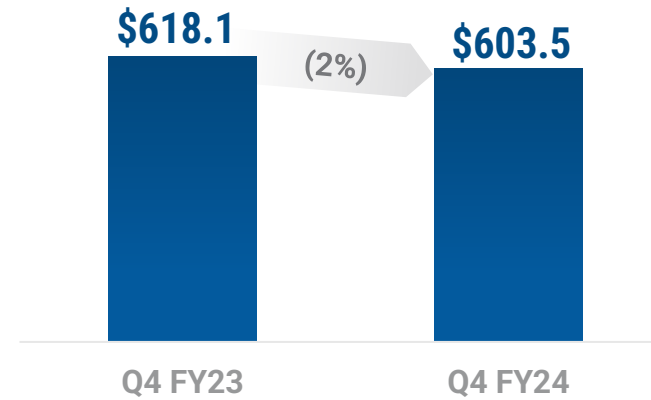
Financial Review



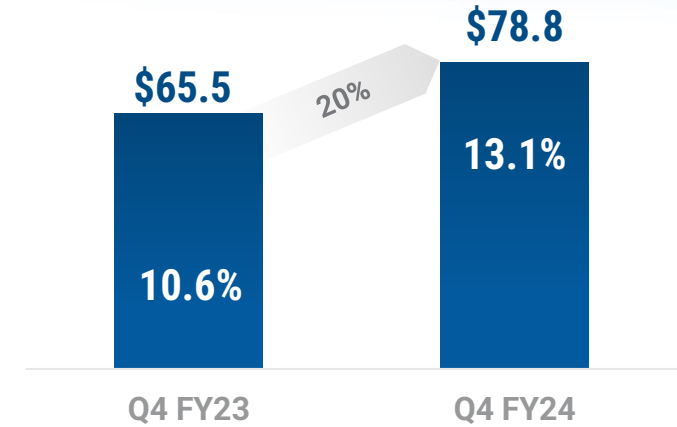
(In millions)	Q4 FY24	Q4 FY23
Net Sales	\$603.5	\$618.1
Gross Profit	135.3	112.2
% of net sales	22.4%	18.2%
SG&A expenses	75.6	60.9
% of net sales	12.5%	9.9%
Operating Income	46.8	48.5
% of net sales	7.8%	7.8%
Adjusted EBITDA*	78.8	65.5
% of net sales	13.1%	10.6%
Adjusted EPS*	\$0.77	\$0.67

(In millions)

Net Sales



Adjusted EBITDA & EBITDA Margin*



- Sales declined due to planned 80/20 initiatives and divestitures, partially offset by growth in targeted areas
- Results include a negative \$24 million sales impact of divestitures
- Strong conversion of 420 bps gross margin improvement driven by ongoing 80/20 initiatives and lower commodity metals
- Increased SG&A driven by employee compensation along with recent acquisitions and transaction related costs of \$2.5M
- Excellent Adjusted EBITDA growth of 20%, along with a 250 bps margin improvement

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

Cash Flow and Metrics



Cash Flow and Metrics	FY24 YTD
Free Cash Flow	\$127 million
Net Debt (as of March 31)	\$372 million
Leverage Ratio (as of March 31)	1.2x
Capital Expenditures	\$88 million

Modine Maintains Strong Balance Sheet & Liquidity

- Free cash flow improved \$70M over the prior year; negative (\$4M) during the quarter, primarily due to higher capital expenditures including the purchase of the Bradford U.K. manufacturing facility
- Net debt increased \$86M YTD; increasing \$188M during the quarter largely due to the Scott Springfield acquisition
- Leverage ratio increased from 0.7x to 1.2x during the quarter
- Anti-dilutive share repurchase program; no shares repurchased this quarter
- Balance sheet remains strong to support both organic growth and acquisition initiatives

Fiscal 2025 Outlook



Metrics	Guidance	Comments
Net Sales	+5% to +10%	\$2.50B to \$2.65B
Adjusted EBITDA*	\$365M to \$385M	+16% to +22%
Adjusted EPS*	\$3.55 to \$3.85	+9% to +18%

Financial Outlook

- Full-year sales outlook driven by strong growth in Data Centers, Advanced Solutions/EV and power generation
- Outlook under Performance Technologies includes the divestitures and other planned exits as part of the 80/20 transformation
- Providing EPS guidance to assist with understanding all accounting impacts tied to recent acquisitions; additional assumptions provided in the appendix
- Expected Adjusted EBITDA will result in another year of rapid earnings growth and record results
- Anticipating strong free cash flow, in-line with fiscal 2024

FY25 Modine Global Sales Outlook

Climate Solutions

Data Centers	+60% – 70%
HVAC & Refrigeration	+20% – 25%
Heat Transfer Products	+3% – +5%

Performance Technologies

Advanced Solutions	+20% – 30%
Liquid-Cooled Applications	(10%) – (15%)
Air-Cooled Applications	Flat – +5%

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



APPENDIX

GAAP Income Statement



Modine Manufacturing Company
Consolidated statements of operations (unaudited)
(In millions, except per share amounts)

	Three months ended March 31,		Twelve months ended March 31,	
	2024	2023	2024	2023
Net sales	\$ 603.5	\$ 618.1	\$ 2,407.8	\$ 2,297.9
Cost of sales	468.2	505.9	1,882.2	1,908.5
Gross profit	135.3	112.2	525.6	389.4
Selling, general & administrative expenses	75.6	60.9	273.9	234.0
Restructuring expenses	12.9	2.8	15.0	5.0
Gain on sale of assets	-	-	(4.0)	-
Operating income	46.8	48.5	240.7	150.4
Interest expense	(6.3)	(6.0)	(24.1)	(20.7)
Other expense – net	(1.0)	(0.3)	(2.0)	(4.4)
Earnings before income taxes	39.5	42.2	214.6	125.3
(Provision) benefit for income taxes	(13.4)	48.1	(51.2)	28.3
Net earnings	26.1	90.3	163.4	153.6
Net earnings attributable to noncontrolling interest	(0.3)	(0.4)	(1.9)	(0.5)
Net earnings attributable to Modine	\$ 25.8	\$ 89.9	\$ 161.5	\$ 153.1

Non-GAAP Reconciliations*



Adjusted financial results (unaudited)

(In millions, except per share amounts)

	Three months ended March 31,		Twelve months ended March 31,	
	2024	2023	2024	2023
Net earnings	\$ 26.1	\$ 90.3	\$ 163.4	\$ 153.6
Interest expense	6.3	6.0	24.1	20.7
Provision (benefit) for income taxes	13.4	(48.1)	51.2	(28.3)
Depreciation and amortization expense	15.0	13.8	56.1	54.5
Other expense – net	1.0	0.3	2.0	4.4
Restructuring expenses ^(a)	12.9	2.8	15.0	5.0
Gain on sale of assets ^(b)	-	-	(4.0)	-
Acquisition and integration costs ^(c)	4.1	-	4.1	-
Environmental charges ^(d)	-	0.4	2.4	2.2
Adjusted EBITDA	\$ 78.8	\$ 65.5	\$ 314.3	\$ 212.1
Net earnings per share attributable to Modine shareholders - diluted	\$ 0.48	\$ 1.69	\$ 3.03	\$ 2.90
Restructuring expenses ^(a)	0.23	0.05	0.26	0.08
Gain on sale of assets ^(b)	-	-	(0.13)	-
Acquisition and integration costs ^(c)	0.06	-	0.06	-
Environmental charges ^(d)	-	0.01	0.03	0.04
Debt amendment costs ^(e)	-	-	-	0.01
Tax valuation allowances ^(f)	-	(1.08)	-	(1.08)
Adjusted earnings per share	\$ 0.77	\$ 0.67	\$ 3.25	\$ 1.95

* See the footnotes on slide 15 for additional information regarding these adjustments.

Non-GAAP Reconciliations



- (a) Restructuring expenses primarily consist of employee severance expenses related to targeted headcount reductions and equipment transfer costs. The restructuring expenses recorded during the fourth quarter of fiscal 2024 primarily relate to severance expenses associated with the pending closure of a technical service center in Europe within the Performance Technologies segment. The tax benefit related to restructuring expenses during the fourth quarter of fiscal 2024 and fiscal 2023 was \$0.5 million and \$0.3 million, respectively. The tax benefit related to restructuring expenses during fiscal 2024 and fiscal 2023 was \$1.0 million and \$0.6 million, respectively.
- (b) The Company's sale of three automotive businesses based in Germany closed on October 31, 2023. As a result of the sale, the Company recorded a \$4.0 million gain on sale at Corporate during the third quarter of fiscal 2024. The tax benefit associated with the sale totaled \$3.1 million.
- (c) On March 1, 2024, the Company acquired Scott Springfield Manufacturing, a leading provider of air handling units for the data center, telecommunications, healthcare, and aerospace markets. In addition, the Company purchased liquid immersion cooling technology from TMGcore, Inc. in January 2024. Acquisition and integration costs in fiscal 2024, recorded as SG&A expenses at Corporate, primarily include fees for i) transaction advisors, ii) legal, accounting, and other professional services, and iii) incremental costs directly associated with integration activities. In addition, the adjustment includes \$1.6 million, also recorded at Corporate, for the impact of an inventory purchase accounting adjustment. The Company wrote up acquired inventory to its estimated fair value and is charging the write-up to cost of sales as the underlying inventory is sold. The tax benefit related to the acquisition-related costs and adjustments for fiscal 2024 was \$0.8 million.
- (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. The tax benefit related to environmental charges during fiscal 2024 and fiscal 2023 was \$0.6 million and \$0, respectively.
- (e) In fiscal 2023, the Company amended and extended its primary debt agreement in the U.S. 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.
- (f) 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.

Non-GAAP Reconciliations



Modine Manufacturing Company

Segment adjusted financial results (unaudited)

(In millions)

	Three months ended March 31, 2024				Three months ended March 31, 2023			
	Climate Solutions	Performance Technologies	Corporate and eliminations	Total	Climate Solutions	Performance Technologies	Corporate and eliminations	Total
Operating income	\$ 39.2	\$ 26.6	\$ (19.0)	\$ 46.8	\$ 34.2	\$ 24.5	\$ (10.2)	\$ 48.5
Depreciation and amortization expense	7.0	7.9	0.1	15.0	5.7	7.9	0.2	13.8
Restructuring expenses ^(a)	1.3	11.6	-	12.9	1.9	0.9	-	2.8
Acquisition and integration costs ^(a)	-	-	4.1	4.1	-	-	-	-
Environmental charges ^(a)	-	-	-	-	-	-	0.4	0.4
Adjusted EBITDA	\$ 47.5	\$ 46.1	\$ (14.8)	\$ 78.8	\$ 41.8	\$ 33.3	\$ (9.6)	\$ 65.5
Net sales	\$ 264.5	\$ 344.4	\$ (5.4)	\$ 603.5	\$ 263.0	\$ 364.1	\$ (9.0)	\$ 618.1
Adjusted EBITDA margin	18.0%	13.4%		13.1%	15.9%	9.1%		10.6%

	Twelve months ended March 31, 2024				Twelve months ended March 31, 2023			
	Climate Solutions	Performance Technologies	Corporate and eliminations	Total	Climate Solutions	Performance Technologies	Corporate and eliminations	Total
Operating income	\$ 166.9	\$ 123.4	\$ (49.6)	\$ 240.7	\$ 124.1	\$ 65.6	\$ (39.3)	\$ 150.4
Depreciation and amortization expense	23.5	31.7	0.9	56.1	21.7	31.8	1.0	54.5
Restructuring expenses ^(a)	3.0	12.0	-	15.0	2.2	2.8	-	5.0
Gain on sale of assets ^(a)	-	-	(4.0)	(4.0)	-	-	-	-
Acquisition and integration costs ^(a)	-	-	4.1	4.1	-	-	-	-
Environmental charges ^(a)	-	-	2.4	2.4	-	-	2.2	2.2
Adjusted EBITDA	\$ 193.4	\$ 167.1	\$ (46.2)	\$ 314.3	\$ 148.0	\$ 100.2	\$ (36.1)	\$ 212.1
Net sales	\$ 1,054.6	\$ 1,378.0	\$ (24.8)	\$ 2,407.8	\$ 1,011.9	\$ 1,316.2	\$ (30.2)	\$ 2,297.9
Adjusted EBITDA margin	18.3%	12.1%		13.1%	14.6%	7.6%		9.2%

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

Non-GAAP Reconciliations



Modine Manufacturing Company

Free cash flow (unaudited)

(In millions)

	Three months ended March 31,		Twelve months ended March 31,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 39.6	\$ 39.6	\$ 214.6	\$ 107.5
Expenditures for property, plant and equipment	(43.9)	(15.5)	(87.7)	(50.7)
Free cash flow	\$ (4.3)	\$ 24.1	\$ 126.9	\$ 56.8

Modine Manufacturing Company

Net debt (unaudited)

(In millions)

	March 31, 2024	December 31, 2023	March 31, 2023
Debt due within one year	\$ 31.7	\$ 19.7	\$ 23.4
Long-term debt	399.9	313.5	329.3
Total debt	431.6	333.2	352.7
Less: cash and cash equivalents	60.1	149.7	67.1
Net debt	\$ 371.5	\$ 183.5	\$ 285.6

Non-GAAP Reconciliations



Modine Manufacturing Company

Organic sales and organic sales growth (unaudited)

(In millions)

	Three months ended March 31, 2024				Three months ended March 31, 2023			
	External Sales	Effect of Exchange Rate Changes	Effect of Acquisitions	Organic Sales	External Sales	Effect of Dispositions	Sales Excluding Dispositions	Organic Sales Growth
Net sales:								
Climate Solutions	\$ 264.5	\$ (2.0)	\$ (9.8)	\$ 252.7	\$ 262.9	\$ -	\$ 262.9	-4%
Performance Technologies	339.0	(0.4)	-	338.6	355.2	(24.2)	331.0	2%
Net Sales	<u>\$ 603.5</u>	<u>\$ (2.4)</u>	<u>\$ (9.8)</u>	<u>\$ 591.3</u>	<u>\$ 618.1</u>	<u>\$ (24.2)</u>	<u>\$ 593.9</u>	<u>0%</u>
	Twelve months ended March 31, 2024				Twelve months ended March 31, 2023			
	External Sales	Effect of Exchange Rate Changes	Effect of Acquisitions	Organic Sales	External Sales	Effect of Dispositions	Sales Excluding Dispositions	Organic Sales Growth
Net sales:								
Climate Solutions	\$ 1,054.6	\$ (13.7)	\$ (12.4)	\$ 1,028.5	\$ 1,011.5	\$ -	\$ 1,011.5	2%
Performance Technologies	1,353.2	(13.8)	-	1,339.4	1,286.4	(36.4)	1,250.0	7%
Net Sales	<u>\$ 2,407.8</u>	<u>\$ (27.5)</u>	<u>\$ (12.4)</u>	<u>\$ 2,367.9</u>	<u>\$ 2,297.9</u>	<u>\$ (36.4)</u>	<u>\$ 2,261.5</u>	<u>5%</u>

Non-GAAP Reconciliations



The Company's fiscal 2025 guidance includes adjusted EBITDA and adjusted earnings per share, which are non-GAAP financial measures. The full-year fiscal 2025 guidance includes the Company's estimates for interest expense of approximately \$28 to \$30 million, a provision for income taxes of approximately \$64 to \$68 million, and depreciation and amortization expense of approximately \$80 to \$84 million. The non-GAAP financial measures also exclude 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), acquisition and integration costs, impairment charges and certain other items. These expenses for fiscal 2024 are presented on slide 14. Beyond a \$1.6 million inventory purchase accounting adjustment related to the acquisition of Scott Springfield Manufacturing, which we expect to charge to cost of sales during the first quarter of fiscal 2025, estimates of these expenses and gains for fiscal 2025 are not available due to the low visibility and unpredictability of these items.