



Third Quarter Fiscal 2024

January 31, 2024





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President and Chief Executive Officer

MICK LUCARELI

Executive Vice President and Chief Financial Officer

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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 and September 30, 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 the recent attacks on shipping vessels in the Red Sea; the overall health and pricing focus of our customers, including any lingering impacts associated with the now settled United Auto Workers union strikes; 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 systems; 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

- Successful quarter highlighted by margin expansion and earnings growth
- Improving our earnings profile by shifting to faster-growing and higher margin businesses
- We remain in early stages of our 80/20 implementation and transformation
- Focusing on operational excellence, adding resources for lean manufacturing and supply chain
- This operational focus, along with success from the commercial team and 80/20 mindset, is supporting ongoing progress towards our goals
- Active M&A pipeline; mostly bolt-on targets with complementary products and technologies



Climate Solutions



- Data Center business remains strong, while certain markets for heat transfer products remain soft
- Announced the purchase of IP and select assets of TMGcore, single- and two- phase liquid immersion cooling specialist
 - Expands global data center product offering to support needs of high-density computing
 - Investment in immersion cooling, along with our internally developed Cooling Distribution Unit (CDU), accelerates ability to address technology needs of the future
 - Complements existing high-performance products allowing further integration of a complete hybrid cooling system
 - Transitioning Grenada, MS plant to support future data center growth





Performance Technologies



- Large margin increases driven by 80/20 initiatives, with a heavy focus on commercial improvements and productivity enhancements
- EV Systems announced an important partnership with Bosch Rexroth, a recognized leader in drive and control technologies for the off-highway market
- Recognized with the Frost & Sullivan 2023 North American Product Innovation Award, recognizing commitment to quality, reliability and customer service
- Excellent progress in support of GenSet growth; assembling a strong team to build the business, encouraged by early progress
- Taking actions to reduce overhead costs by consolidating technical service capabilities



Modine GenSet module produced in Lawrenceburg, TN.

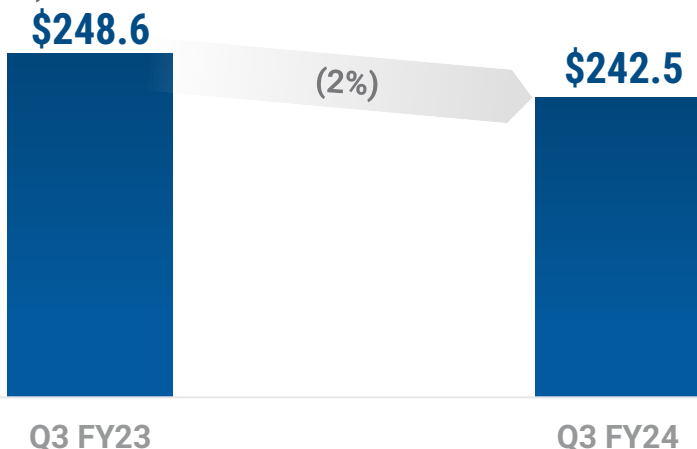


Climate Solutions



(In millions)

Net Sales



34% Data Centers

- Growth driven by sales to hyperscale and colocation customers



2% HVAC&R

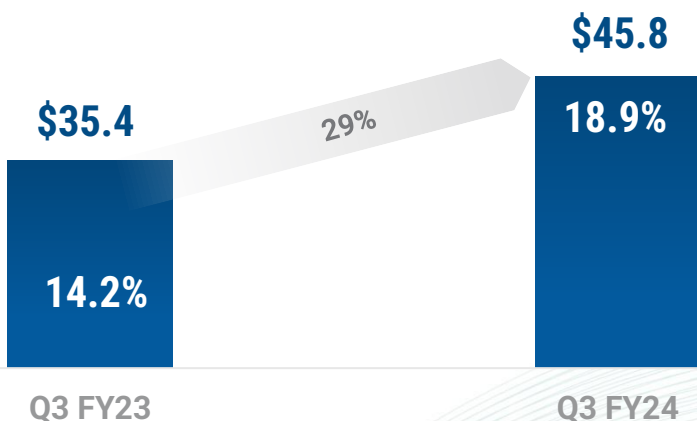
- Increase in power industrial coolers and IAQ product sales along with a relatively flat Heating market



-21% Heat Transfer Products

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

Adjusted EBITDA & EBITDA Margin*

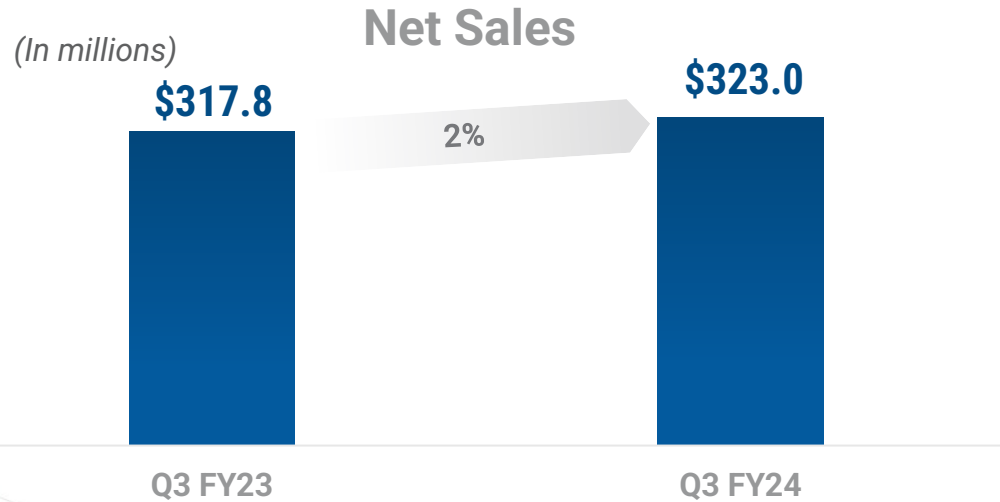


- Strong earnings conversion on slightly lower sales, resulting in a 470 bps margin improvement
- Margins benefitted from positive sales mix and favorable operations productivity
- Maintaining a cautious outlook for HVAC&R and lowering Heat Transfer Products
- Expect growth in Data Centers to continue; broadening the product portfolio through the recent investment in immersion cooling technology

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

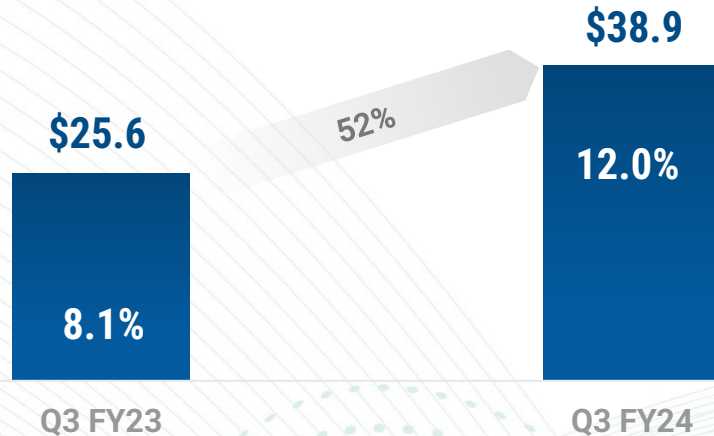


Performance Technologies



- ↑ **27% Advanced Solutions**
 - Growth driven by commercial and specialty vehicle customers, along with higher coatings sales
- ↓ **-4% Liquid-Cooled Applications**
 - Primarily driven by German divestitures and automotive market softness
- ↑ **2% Air-Cooled Applications**
 - Growth from off-highway and gen-set customers, partially offset by German divestitures

Adjusted EBITDA & EBITDA Margin*



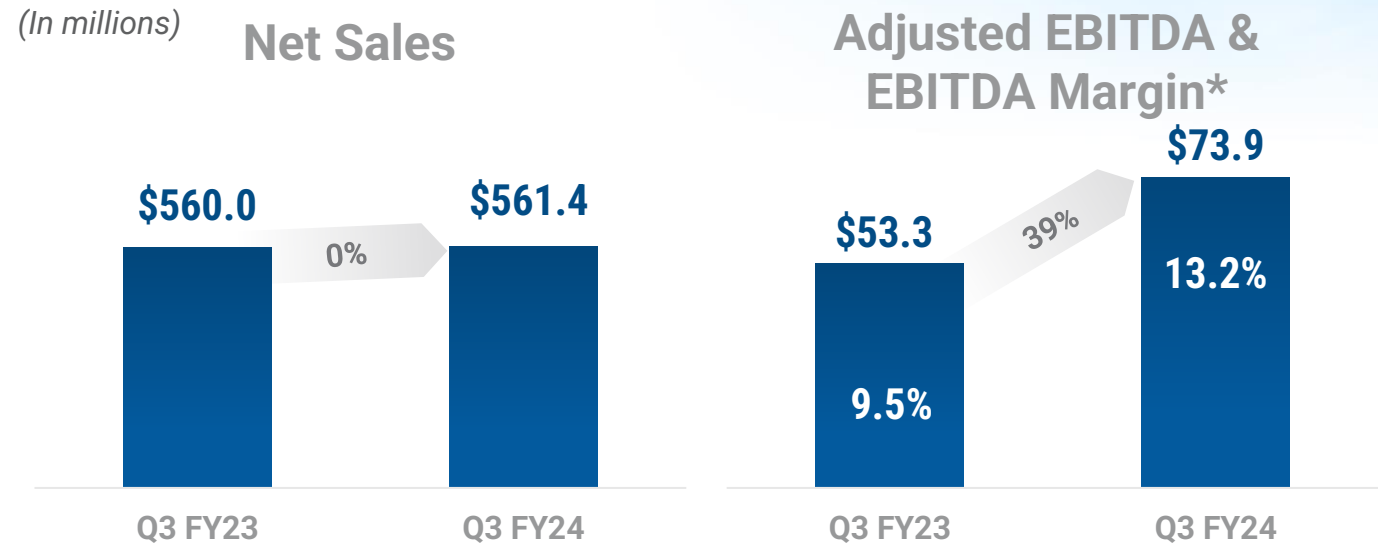
- Higher sales in targeted growth markets, partially offset by divestitures
- Excluding the impact of divestitures, sales increased 6%
- Strong earnings growth, with a 52% increase in Adjusted EBITDA and 390 bps of margin improvement
- Anticipating ongoing 80/20 progress and sequential earnings improvement in Q4
- Expecting the business to report an excellent year and be near the high-end of our targeted FY24 margin range

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

Financial Review



(In millions)	Q3 FY24	Q3 FY23
Net Sales	\$561.4	\$560.0
Gross Profit	127.3	97.6
<i>% of net sales</i>	22.7%	17.4%
SG&A expenses	68.0	58.0
<i>% of net sales</i>	12.1%	10.3%
Operating Income	61.7	39.5
<i>% of net sales</i>	11.0%	7.1%
Adjusted EBITDA*	73.9	53.3
<i>% of net sales</i>	13.2%	9.5%
Adjusted EPS*	\$0.74	\$0.48



- Relatively flat sales including favorable FX and good growth in targeted areas, offset by divestitures and lower HTP sales
- Excluding the impact of divestitures, sales increased 3%
- Strong conversion of 530 bps gross margin improvement, driven by higher average selling prices and ongoing 80/20 initiatives
- Increased SG&A primarily due to employee compensation costs
- 39% Adjusted EBITDA growth and a 370 bps margin improvement; 8th consecutive quarter of YoY improvement
- Strong Adjusted EPS growth, rising 54% year-over-year

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

Cash Flow and Metrics



Cash Flow and Metrics	Q3 FY24 YTD
Free Cash Flow	\$131 million
Net Debt (as of December 31)	\$184 million
Leverage Ratio (as of December 31)	0.7x
Capital Expenditures	\$44 million

Modine Maintains Strong Balance Sheet & Liquidity

- Strong free cash flow in the quarter; \$47M, primarily due to higher earnings
- Net debt decreased \$102M YTD; decreasing \$39M during the quarter
- Leverage ratio improved from 0.8x to 0.7x during the quarter
- Anti-dilutive share repurchase program; 100,000 shares repurchased this quarter
- Balance sheet remains strong to support both organic growth and acquisition initiatives

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

Fiscal 2024 Outlook



Metrics	Guidance	Comments
Net Sales	+4% to +7%	\$2.4B to \$2.5B
Adjusted EBITDA*	\$305M to \$313M	+44% to +48%

Raising Adjusted EBITDA Outlook

- Increasing our earnings outlook based on Q3 performance; slightly lowering full-year sales outlook
- Maintaining a cautious stance in certain markets and general economic uncertainty
- Expect Data Centers trend to continue and sales to finish towards the high end of the range
- Holding Performance Technologies guidance while lowering our HVAC&R and Heat Transfer Product sales outlooks
- Anticipating strong free cash flow, and capex around \$70 million
- Adjusted EBITDA guidance would result in another record year

FY24 Modine Global Sales Outlook

Climate Solutions	
Data Centers	+60% – 70%
HVAC & Refrigeration	Flat
Heat Transfer Products	(15%) – (10%)
Performance Technologies	
Advanced Solutions	+25% – 35%
Liquid-Cooled Applications	+1% – 5%
Air-Cooled Applications	+1% – 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 December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Net sales	\$ 561.4	\$ 560.0	\$ 1,804.3	\$ 1,679.8
Cost of sales	434.1	462.4	1,414.0	1,402.6
Gross profit	127.3	97.6	390.3	277.2
Selling, general & administrative expenses	68.0	58.0	198.3	173.1
Restructuring expenses	1.6	0.1	2.1	2.2
Gain on sale of assets	(4.0)	-	(4.0)	-
Operating income	61.7	39.5	193.9	101.9
Interest expense	(5.8)	(5.9)	(17.8)	(14.7)
Other expense – net	(0.5)	(0.4)	(1.0)	(4.1)
Earnings before income taxes	55.4	33.2	175.1	83.1
Provision for income taxes	(10.3)	(8.5)	(37.8)	(19.8)
Net earnings	45.1	24.7	137.3	63.3
Net earnings attributable to noncontrolling interest	(0.7)	(0.2)	(1.6)	(0.1)
Net earnings attributable to Modine	\$ 44.4	\$ 24.5	\$ 135.7	\$ 63.2

Non-GAAP Reconciliations



Modine Manufacturing Company

Adjusted financial results (unaudited)

(In millions, except per share amounts)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Net earnings	\$ 45.1	\$ 24.7	\$ 137.3	\$ 63.3
Interest expense	5.8	5.9	17.8	14.7
Provision for income taxes	10.3	8.5	37.8	19.8
Depreciation and amortization expense	13.4	13.4	41.1	40.7
Other expense – net	0.5	0.4	1.0	4.1
Restructuring expenses ^(a)	1.6	0.1	2.1	2.2
Gain on sale of assets ^(b)	(4.0)	-	(4.0)	-
Environmental charges ^(c)	1.2	0.3	2.4	1.8
Adjusted EBITDA	\$ 73.9	\$ 53.3	\$ 235.5	\$ 146.6
Net earnings per share attributable to Modine shareholders - diluted	\$ 0.83	\$ 0.46	\$ 2.55	\$ 1.20
Restructuring expenses ^(a)	0.02	-	0.03	0.04
Gain on sale of assets ^(b)	(0.13)	-	(0.13)	-
Environmental charges ^(c)	0.02	0.01	0.03	0.03
Debt amendment costs ^(d)	-	0.01	-	0.01
Adjusted earnings per share	\$ 0.74	\$ 0.48	\$ 2.48	\$ 1.28

^(a) Restructuring expenses primarily consist of employee severance expenses related to targeted headcount reductions and equipment transfer costs. The tax benefit related to restructuring expenses during the first nine months of fiscal 2024 and fiscal 2023 was \$0.5 million and \$0.3 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) 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 the first nine months of fiscal 2024 and fiscal 2023 was \$0.6 million and \$0, respectively.

^(d) 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.

Non-GAAP Reconciliations



Modine Manufacturing Company

Segment adjusted financial results (unaudited)

(In millions)

	Three months ended December 31, 2023				Three months ended December 31, 2022			
	Climate Solutions	Performance Technologies	Corporate and eliminations	Total	Climate Solutions	Performance Technologies	Corporate and eliminations	Total
Operating income	\$ 38.8	\$ 31.2	\$ (8.3)	\$ 61.7	\$ 30.2	\$ 17.4	\$ (8.1)	\$ 39.5
Depreciation and amortization expense	5.6	7.5	0.3	13.4	5.2	8.1	0.1	13.4
Restructuring expenses ^(a)	1.4	0.2	-	1.6	-	0.1	-	0.1
Gain on sale of assets ^(a)	-	-	(4.0)	(4.0)	-	-	-	-
Environmental charges ^(a)	-	-	1.2	1.2	-	-	0.3	0.3
Adjusted EBITDA	\$ 45.8	\$ 38.9	\$ (10.8)	\$ 73.9	\$ 35.4	\$ 25.6	\$ (7.7)	\$ 53.3
Net sales	\$ 242.5	\$ 323.0	\$ (4.1)	\$ 561.4	\$ 248.6	\$ 317.8	\$ (6.4)	\$ 560.0
Adjusted EBITDA margin	18.9%	12.0%		13.2%	14.2%	8.1%		9.5%
	Nine months ended December 31, 2023				Nine months ended December 31, 2022			
	Climate Solutions	Performance Technologies	Corporate and eliminations	Total	Climate Solutions	Performance Technologies	Corporate and eliminations	Total
Operating income	\$ 127.7	\$ 96.8	\$ (30.6)	\$ 193.9	\$ 89.9	\$ 41.1	\$ (29.1)	\$ 101.9
Depreciation and amortization expense	16.5	23.8	0.8	41.1	16.0	23.9	0.8	40.7
Restructuring expenses ^(a)	1.7	0.4	-	2.1	0.3	1.9	-	2.2
Gain on sale of assets ^(a)	-	-	(4.0)	(4.0)	-	-	-	-
Environmental charges ^(a)	-	-	2.4	2.4	-	-	1.8	1.8
Adjusted EBITDA	\$ 145.9	\$ 121.0	\$ (31.4)	\$ 235.5	\$ 106.2	\$ 66.9	\$ (26.5)	\$ 146.6
Net sales	\$ 790.1	\$ 1,033.6	\$ (19.4)	\$ 1,804.3	\$ 748.9	\$ 952.1	\$ (21.2)	\$ 1,679.8
Adjusted EBITDA margin	18.5%	11.7%		13.1%	14.2%	7.0%		8.7%

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

Non-GAAP Reconciliations



Free cash flow (unaudited)

(In millions)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 64.2	\$ 11.8	\$ 175.0	\$ 67.9
Expenditures for property, plant and equipment	(17.6)	(12.2)	(43.8)	(35.2)
Free cash flow	\$ 46.6	\$ (0.4)	\$ 131.2	\$ 32.7

Modine Manufacturing Company

Net debt (unaudited)

(In millions)

	December 31, 2023	September 30, 2023	March 31, 2023
Debt due within one year	\$ 19.7	\$ 19.7	\$ 23.4
Long-term debt	313.5	322.9	329.3
Total debt	333.2	342.6	352.7
Less: cash and cash equivalents	149.7	120.2	67.1
Net debt	\$ 183.5	\$ 222.4	\$ 285.6

Non-GAAP Reconciliations



Net sales - constant currency (unaudited)

(In millions)

	Three months ended December 31,			
	2023		2022	
	Net Sales	Effect of Exchange Rate Changes	Net Sales - Constant Currency	Net Sales
Climate Solutions	\$ 242.5	\$ (4.4)	\$ 238.1	\$ 248.6
Performance Technologies	323.0	(5.6)	317.4	317.8
Segment total	565.5	(10.0)	555.5	566.4
Corporate and eliminations	(4.1)	-	(4.1)	(6.4)
Net sales	\$ 561.4	\$ (10.0)	\$ 551.4	\$ 560.0

Modine Manufacturing Company

Net sales - Impact of German Divestitures (unaudited)

(In millions)

	Performance Technologies	Total Company
Net sales Q3 FY24 QTD	\$ 323.0	\$ 561.4
Net sales Q3 FY23 QTD	317.8	560.0
Less: German auto business sales ^(a)	(12.3)	(12.3)
	305.5	547.7
Net sales increase	\$ 17.5	\$ 13.7
% increase	6%	3%

^(a) The sale of the three German automotive businesses closed on October 31, 2023. To compare with the current year, this amount represents sales in November and December 2022.

Non-GAAP Reconciliations



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 \$22 to \$24 million, a provision for income taxes of approximately \$52 to \$56 million, and depreciation and amortization expense of approximately \$54 to \$56 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. These expenses for the first nine months of fiscal 2024 are presented on slide 14. In connection with a restructuring plan to close a technical service center in Europe during the first half of fiscal 2025, the Company expects to record closure costs totaling approximately \$8.0 million to \$12.0 million. Beyond the severance expenses associated with this restructuring plan, which are anticipated to be recorded during the fourth quarter, estimates of these expenses and gains for the remainder of fiscal 2024 are not available due to the low visibility and unpredictability of these items.