Third Quarter Fiscal 2021

February 5, 2020 8:00 am CDT

MODINE®
Always Innovating. Always Improving.

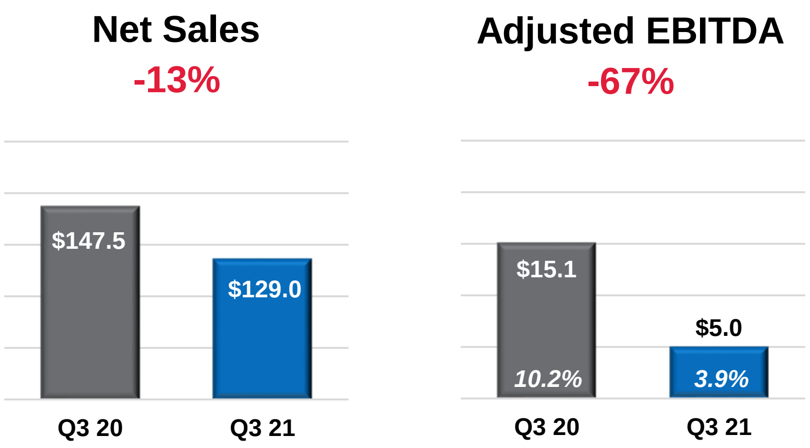
Forward-Looking Statements

This presentation contains statements, including information about future financial performance and market conditions, accompanied by phrases such as “believes,” “estimates,” “expects,” “plans,” “anticipates,” “intends,” 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, 2020 and under Forward-Looking Statements in Item 7 of Part II of that same report and in the Company’s Quarterly Reports on Form 10-Q for the quarters ended June 30, 2020 and September 30, 2020. Other risks and uncertainties include, but are not limited to, the following: the impact of the COVID-19 pandemic on the national and global economy, our business, suppliers, customers, and employees; the overall health and price-down focus of Modine’s customers; our ability to successfully execute our strategic and operational plans, including our ability to successfully complete the pending sale of our liquid-cooled automotive business, including the receipt of governmental and third-party approvals and satisfaction of other closing conditions, and our ability to successfully exit our other automotive businesses; our ability to effectively and efficiently reduce our cost structure in response to sales volume declines and complete restructuring activities and realize benefits thereon; our ability to comply with the financial covenants in our credit agreements and to fund our global liquidity requirements efficiently; operational inefficiencies as a result of program launches, unexpected volume increases, product transfers, and delays or inefficiencies resulting from restrictions imposed in response to the COVID-19 pandemic; economic, social and political conditions, changes and challenges in the markets where Modine operates and competes, including foreign currency exchange rate fluctuations, tariffs (and potential trade war impacts resulting from tariffs or retaliatory actions), inflation, changes 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 and other matters, that have been or may be implemented in the U.S. or abroad, and continuing uncertainty regarding the impacts of “Brexit”; the impact on Modine of any significant increases in commodity prices, particularly aluminum, copper, steel and stainless steel (nickel) and other purchased components, 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; the concentration of sales within our CIS segment attributed to one customer; Modine’s ability to recruit and maintain talent in managerial, leadership, and administrative functions; Modine’s ability to protect its 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 by the Company in public filings with the U.S. Securities and Exchange Commission. Forward-looking statements are as of the date of this presentation, and the Company does not assume any obligation to update any forward-looking statements.

Highlights

- Appreciative of our employees, suppliers and customers who have contributed to Modine's success during pandemic
- Automotive exit plans are on track
  - Pending regulatory approvals for sale of liquid-cooled business
  - Pursuing strategic options for the air-cooled business
- Data center expansion strategy is a key priority
  - Consolidate and align organization around customers and markets
  - Leverage global footprint in North America and Western Europe
  - Scale our commercial and technical team with customer focus
- Modine will become an 80/20 company
  - Launch pilot to analyze the data center business
  - Focus resources on the highest growth and best returning opportunities
- Renewed focus on growth, including a future emphasis on acquisitions to shore up products, technologies and channels

CIS Summary

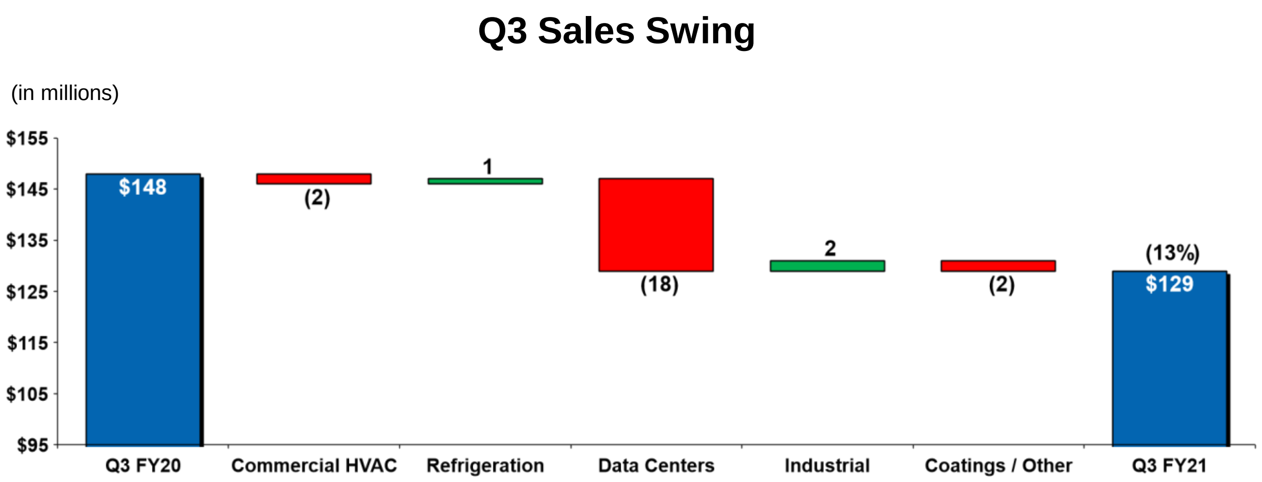


(in millions)

Sales by Market Outlook

	FY2021
Commercial HVAC	-12% to -8%
Refrigeration	-12% to -8%
Data Centers	-50% to -45%
Industrial	+12 to +16%

* Year over year sales estimates

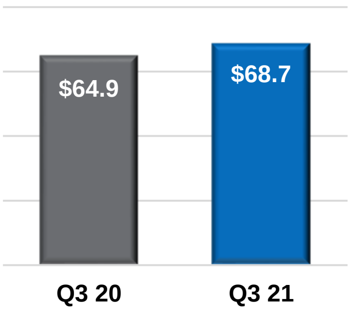


- Sales and earnings decline driven by lower sales to large data center customer
- Hyperscale customers scaling back on DC construction, leveraging colocation providers; expect rebound in FY22
- Margins temporarily impacted by expenses relating to China manufacturing consolidation
- Remain focused on improving coils margins and growing coolers

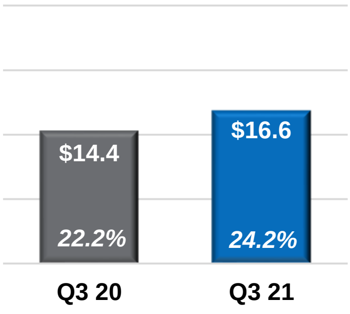
* See Appendix for Non-GAAP reconciliations

BHVAC Summary

Net Sales
+6%



Adjusted EBITDA
+15%



(in millions)

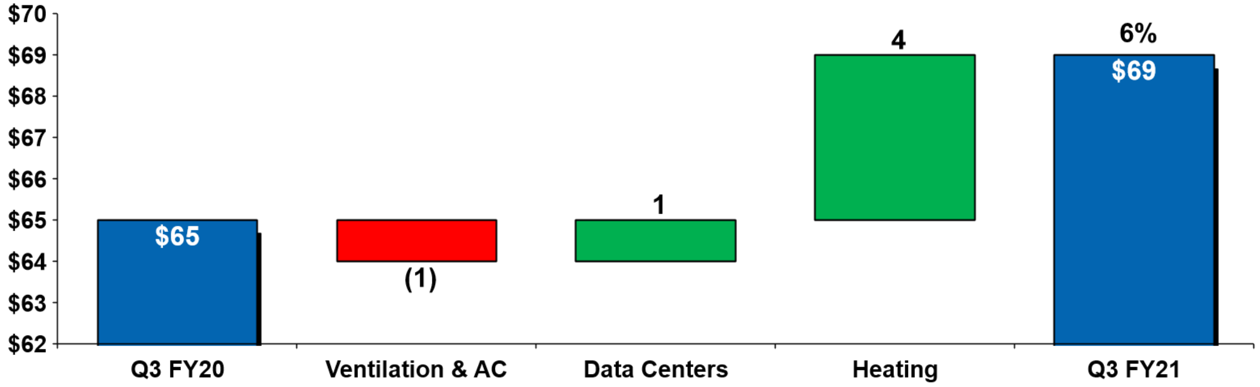
Sales by Market Outlook

	FY2021
Ventilation & AC	-12% to -8%
Data Centers	+45% to +55%
Heating	+6% to +10%

* Year over year sales estimates

Q3 Sales Swing

(in millions)

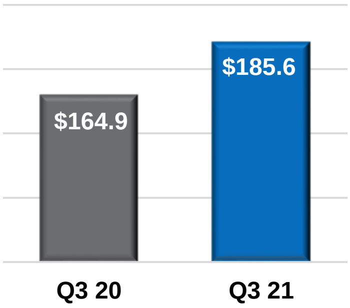


* See Appendix for Non-GAAP reconciliations

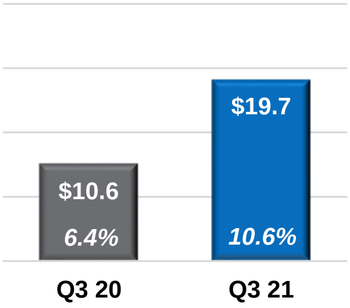
- **Strong quarter driven by higher heating product sales**
  - Gaining market share due to superior product availability and distribution
  - Sale of small heaters up 35%
  - Excellent margin conversion on higher volume
- **Data center sales up 30% on a YTD basis**
  - Q3 temporarily impacted by timing of shipments, orders pushed to Q4

HDE Summary

Net Sales
+13%



Adjusted EBITDA
+86%



(in millions)

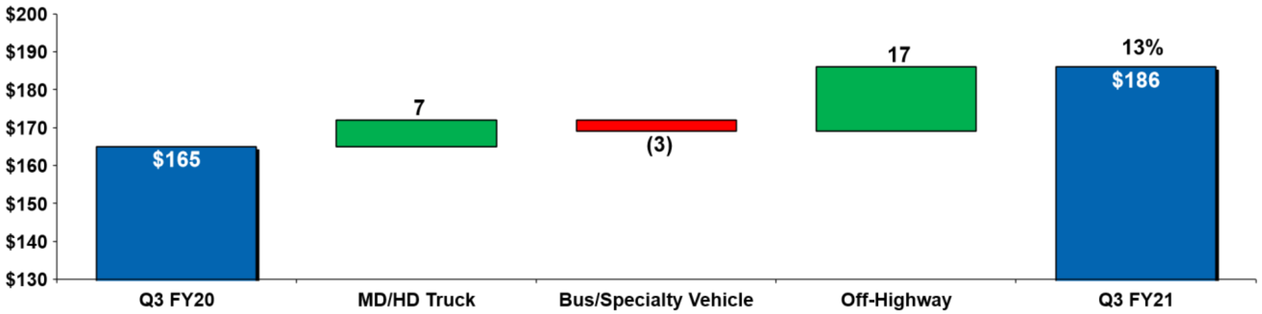
Sales by Market Outlook

	FY2021
Medium/Heavy Truck	-13% to -9%
Bus/Specialty Vehicle	-15% to -11%
Off-Highway	+6% to +10%

* Year over year sales estimates

Q3 Sales Swing

(in millions)

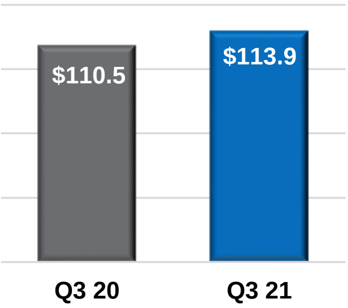


- **Sales to off-highway and truck customers up in all regions**
- **Strong earnings improvement from volume, savings from procurement and cost reduction initiatives**
- **Adjusting to recent headwinds relating to higher raw materials including tariffs and the elimination of exclusions of imported product**

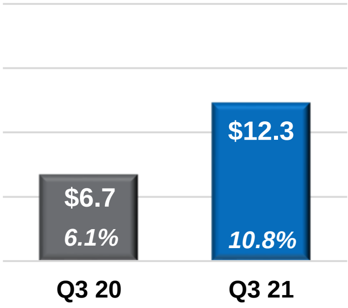
* See Appendix for Non-GAAP reconciliations

Automotive Summary

Net Sales
+3%



Adjusted EBITDA
+84%



(in millions)

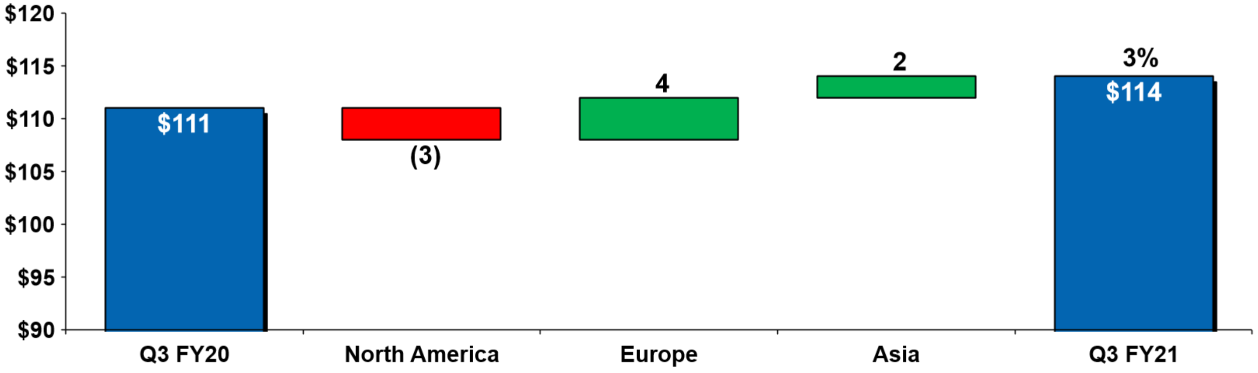
Sales by Market Outlook

	FY2021
North America	-30% to -25%
Europe	-14% to -10%
Asia	+20% to +25%

* Year over year sales estimates

Q3 Sales Swing

(in millions)



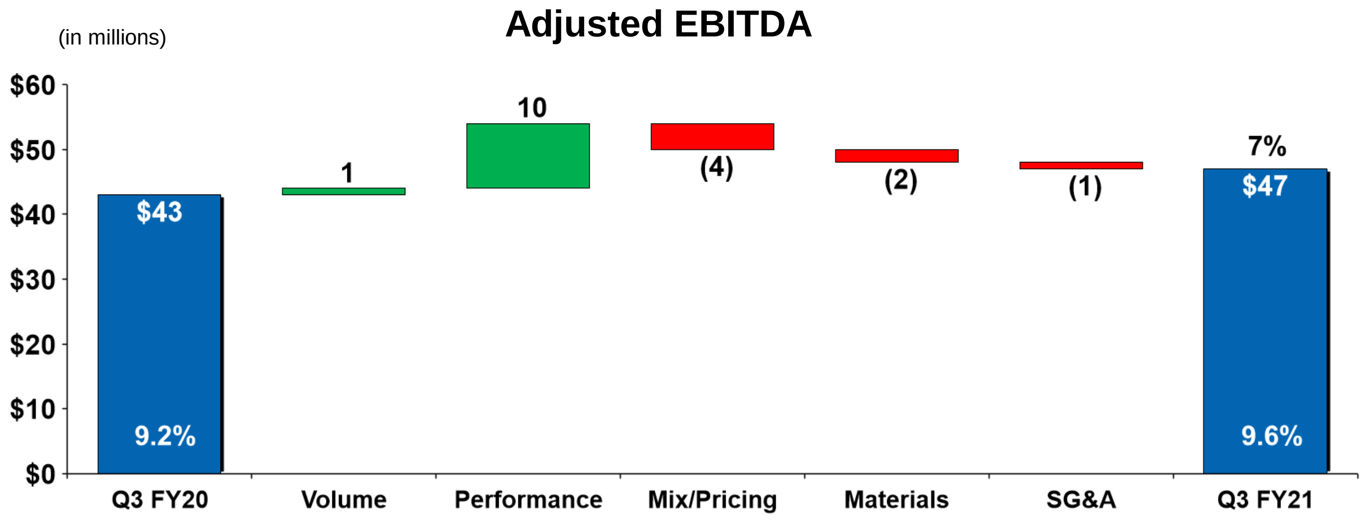
* See Appendix for Non-GAAP reconciliations

- **Sales increase driven by favorable exchange rates; down 3% constant currency**
- **Earnings growth mostly due to improved plant efficiency, combined with other cost saving measures**
- **Global supply chain disruption resulting from shifting semiconductor supply, monitoring Q4 orders**
- **Executing on the automotive exit strategy, including sale of liquid-cooled business pending regulatory approval**

Financial Information

(In millions)	Q3 2021	Q3 2020
Net Sales	**$484.3**	**$473.4**
Gross Profit	82.7	73.5
% of net sales	*17.1%*	*15.5%*
SG&A expenses	56.1	63.5
% of net sales	*11.6%*	*13.4%*
Adjusted Op Income*	**30.4**	**24.0**
% of net sales	*6.3%*	*5.1%*
Adjusted EBITDA*	**46.7**	**43.5**
% of net sales	*9.6%*	*9.2%*
Interest Expense	4.6	5.6
Adj. Provision for Income Taxes*	3.8	0.0
Adjusted Tax Rate*	15%	0%
Adjusted EPS*	**$0.41**	**$0.37**

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



- **Sales relatively flat after excluding $11.2M of FX impact**
- **Gross profit margin improved 160 basis points on procurement and operating performance, along with COVID savings**
- **SG&A costs decreased 12% driven by lower automotive strategy costs, SDG cost reductions and control over discretionary spending**
  - Underlying SG&A essentially flat YoY after excluding auto separation costs
  - Pandemic recovery measures ramped down during Q3 with no further impact expected in Q4
- **Adjusted EBITDA increased $3.2M, resulting in a 40 basis point margin improvement to 9.6%**

Cash Flow & Net Debt

(In millions)	Q3 YTD 2021	Q3 YTD 2020
Operating cash flow	$146.5	$45.9
Capital expenditures	(23.7)	(58.2)
Free cash flow	**$122.8**	**($12.3)**
Adj. Free cash flow*	**$141.5**	**$25.9**

(In millions)	12/31/20	3/31/20
Cash	$72.9	$70.9
Total debt	364.6	482.4
Net debt	**$291.7**	**$411.5**
Leverage Ratio	**1.9x**	**2.4x**

- **Excellent cash flow generation in Q3 resulting in YTD free cash flow of $123 million**
  - Lower spending on automotive exit strategy
  - Favorable working capital
  - Reduced capital spending
- **Leverage ratio of 1.9x lowest in over four years**
  - Cash used for debt repayments
  - Liquidity metrics improving faster than anticipated
- **Effective focus on cash preservation**
  - Raised current full year estimate of free cash flow to $85 - $100M
  - Q4 will be the most challenging quarter of the year
    - $10M of pension funding
    - Necessary rise in capital expenditures
    - Higher working capital driven by volume gains

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

Fiscal 2021 Outlook

(In millions)	Guidance	Comments
Net sales	$1,738 to $1,837	-12% to -7%
Adjusted EBITDA*	$155 to $165	-11% to -5%

- **Key assumptions**
  - Estimated interest expense of $20 million
  - Provision for income taxes of approximately $100 million
  - Depreciation and amortization expense of approximately $70 million

- **Maintaining the full year guidance; relatively stable outlook for end markets in final quarter**
  - Continued volume improvement in BHVAC and HDE, while monitoring semiconductor shortages across the Automotive market
  - Anticipating lower margins in Q4 due to rising metals prices, discontinued COVID savings and tariffs
- **Fiscal 2022 Market Outlook**
  - Broad market tailwinds
    - Strong data center growth
    - Good growth from rebounding commercial vehicle and off highway markets
    - Stable recovery across CIS and BHVAC markets
  - Economic headwinds: rising material costs, tariffs, and resumption of certain pre-COVID costs
  - Automotive: Divestiture expected to be completed in the first quarter of fiscal 22

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




Appendix

Q3 GAAP Income Statement

(In millions, except per share amounts)

	Q3 2021	Q3 2020	Change
Net sales	**$ 484.3**	**$ 473.4**	**$ 10.9**
Cost of sales	401.6	399.9	1.7
Gross profit	**82.7**	**73.5**	**9.2**
Selling, general & administrative expenses	56.1	63.5	(7.4)
Restructuring expenses	0.9	2.6	(1.7)
Impairment charges	134.4	-	134.4
Gain on sale of assets	-	(0.8)	0.8
Operating (loss) income	**(108.7)**	**8.2**	**(116.9)**
Interest expense	(4.6)	(5.6)	1.0
Other (expense) income- net	(0.5)	0.1	(0.6)
(Loss) earnings before income taxes	**(113.8)**	**2.7**	**(116.5)**
Provision for income taxes	(81.6)	(1.7)	(79.9)
Net (loss) earnings	**(195.4)**	**1.0**	**(196.4)**
Net (earnings) loss attributable to noncontrolling interest	(0.3)	0.2	(0.5)
Net (loss) earnings attributable to Modine	**$ (195.7)**	**$ 1.2**	**$ (196.9)**
Net (loss) earnings per share attributable to Modine shareholders - diluted	$ (3.81)	$ 0.02	$ (3.83)

Non-GAAP Reconciliations

Adjusted financial results

(In millions, except per share amounts)

	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	**2020**	2019
Net (loss) earnings	**$ (195.4)**	$ 1.0	**$ (194.9)**	$ 4.4
Interest expense	**4.6**	5.6	**15.2**	17.3
Provision for income taxes	**81.6**	1.7	**95.3**	8.3
Depreciation and amortization expense	**16.3**	19.5	**54.2**	57.8
Other expense (income) - net	**0.5**	(0.1)	**1.0**	2.3
Restructuring expenses [a]	**0.9**	2.6	**7.0**	6.7
Impairment charges [b]	**134.4**	-	**134.4**	-
Gain on sale of assets [c]	**-**	(0.8)	**-**	(0.8)
Automotive separation and strategy costs [d]	**3.0**	14.0	**4.1**	34.3
CEO transition costs [e]	**0.4**	-	**5.9**	-
Environmental charges [f]	**0.4**	-	**0.4**	0.1
Adjusted EBITDA	**$ 46.7**	$ 43.5	**$ 122.6**	$ 130.4
Net (loss) earnings per share attributable to Modine shareholders - diluted	**$ (3.81)**	$ 0.02	**$ (3.82)**	$ 0.09
Restructuring expenses [a]	**0.02**	0.04	**0.12**	0.11
Impairment charges [b]	**1.88**	-	**1.88**	-
Gain on sale of assets [c]	**-**	(0.01)	**-**	(0.01)
Automotive separation and strategy costs [d]	**0.04**	0.21	**0.06**	0.51
CEO transition costs [e]	**0.01**	-	**0.10**	-
Environmental charges [f]	**0.01**	-	**0.01**	-
Tax valuation allowances [g]	**2.26**	0.06	**2.40**	0.06
Tax from legal entity restructuring [h]	**-**	0.05	**-**	0.05
Adjusted earnings per share	**$ 0.41**	$ 0.37	**$ 0.75**	$ 0.81

[a] Restructuring expenses primarily consist of employee severance expenses related to targeted headcount reductions and plant consolidation activities. The tax benefit related to restructuring expenses during the third quarter of fiscal 2021 and fiscal 2020 was $0.1 and $0.7 million, respectively. The tax benefit related to these expenses during both the first nine months of fiscal 2021 and 2020 was $1.0 million.

[b] On November 2, 2020, the Company signed a definitive agreement to sell its liquid-cooled automotive business to Dana Incorporated. As a result, the Company recorded a non-cash impairment charge of $132.7 million within the Automotive segment, primarily related to property, plant and equipment of the liquid-cooled automotive business. In addition, the Company recorded a $1.7 million impairment charge related to other equipment within the Automotive segment. The tax benefit related to these impairment charges was $37.7 million.

[c] During fiscal 2020, the Automotive segment sold a previously-closed manufacturing facility in Germany and, as a result, recorded a gain of $0.8 million. There was no tax impact associated with this transaction.

[d] Automotive separation and strategy costs consist of costs directly associated with the Company's review of strategic alternatives for the liquid-cooled automotive business, including costs to separate and prepare the underlying businesses for potential sale. With the exception of $0.5 million and $1.5 million of costs in the first nine months of fiscal 2021 and fiscal 2020, respectively, associated with program and equipment transfers recorded as costs of sales, these costs were recorded as SG&A expenses at Corporate and primarily related to accounting, legal, and IT professional services. The tax benefit related to these costs during the third quarter of fiscal 2021 and fiscal 2020 was $0.7 million and $3.3 million, respectively. The tax benefit related to these costs during the first nine months of fiscal 2021 and 2020 was $0.9 million and $8.3 million, respectively.

[e] In August 2020, Thomas A. Burke stepped down from his position as President and Chief Executive Officer ("CEO") and the Board of Directors launched a search for his successor. Effective December 1, 2020, the Board of Directors appointed Neil D. Brinker as President and CEO. As a result of Mr. Burke's departure and in connection withthe search for his successor, the Company recorded costs totaling $0.4 million and $5.9 million during the three and nine months ended December 31, 2020, respectively. These costs, which were recorded as SG&A expenses at Corporate, primarily consisted of severance and benefit-related expenses based upon the terms of Mr. Burke's separation agreement and costs directly associated with the CEO search, partially offset by the impact of Mr. Burke's forfeited stock-based compensation awards. The Company's tax benefit related to these costs was $0.1 million and $0.9 million during the three and nine months ended December 31, 2020, respectively.

[f] Environmental charges, including related legal costs, are recorded as SG&A expenses and relate to a previously-owned U.S. manufacturing facility in the Heavy Duty Equipment segment.

[g] During fiscal 2021, the Company increased its valuation allowance on deferred tax assets in the U.S. and abroad. As a result, the Company recorded income tax charges totaling $116.5 million and $123.1 million during the three and nine months ended December 31, 2020, respectively. During fiscal 2020, the Company adjusted its valuation allowances on deferred tax assets in the U.S. As a result, the Company recorded a $3.0 million income tax charge in the third quarter of fiscal 2020.

[h] During fiscal 2020, the Company recorded a net income tax charge totaling $2.7 million as a result of legal entity restructuring completed in preparation of the potential sale of the liquid-cooled automotive business.

Non-GAAP Reconciliations

Adjusted operating income

(In millions)

	Three months ended December 31,	
	2020	2019
Operating (loss) income	**$ (108.7)**	$ 8.2
Impairment charges [a]	**134.4**	-
Automotive separation and strategy costs [a]	**3.0**	14.0
Restructuring expenses [a]	**0.9**	2.6
CEO transition costs [a]	**0.4**	-
Enviromental charges [a]	**0.4**	-
Gain on sale of assets [a]	**-**	(0.8)
Adjusted operating income	**$ 30.4**	$ 24.0

[a] See the adjusted financial results on slide 13 for additional information regarding these adjustments.

Non-GAAP Reconciliations

Segment adjusted EBITDA and margin
(In millions)

Commercial and Industrial Solutions	Three months ended December 31, 2020	2019
Operating income (loss)	$ (1.7)	$ 8.3
Depreciation and amortization expense	6.2	6.1
Restructuring expenses [a]	0.5	0.7
Adjusted EBITDA	$ 5.0	$ 15.1
Net sales	$ 129.0	$ 147.5
Adjusted EBITDA margin	3.9%	10.2%

Building HVAC Systems	Three months ended December 31, 2020	2019
Operating income	$ 15.8	$ 13.5
Depreciation and amortization expense	0.8	0.9
Adjusted EBITDA	$ 16.6	$ 14.4
Net sales	$ 68.7	$ 64.9
Adjusted EBITDA margin	24.2%	22.2%

Heavy Duty Equipment	Three months ended December 31, 2020	2019
Operating income	$ 12.8	$ 2.8
Depreciation and amortization expense	6.5	6.4
Environmental charges [a]	0.4	-
Restructuring expenses [a]	-	1.4
Adjusted EBITDA	$ 19.7	$ 10.6
Net sales	$ 185.6	$ 164.9
Adjusted EBITDA margin	10.6%	6.4%

[a] See the adjusted financial results on slide 13 for additional information regarding these adjustments.

Automotive	Three months ended December 31, 2020	2019
Operating income (loss)	$ (124.9)	$ 1.6
Depreciation and amortization expense	2.4	5.7
Impairment charges [a]	134.4	-
Restructuring expenses [a]	0.4	0.2
Gain on sale of assets [a]	-	(0.8)
Adjusted EBITDA	$ 12.3	$ 6.7
Net sales	$ 113.9	$ 110.5
Adjusted EBITDA margin	10.8%	6.1%

Non-GAAP Reconciliations

Net sales - constant currency

(In millions)

	Three months ended December 31, 2020			2019
	Net Sales	Effect of Exchange Rate Changes	**Net Sales - Constant Currency**	Net Sales
Commercial and Industrial Solutions	$ 129.0	$ (4.5)	**$ 124.5**	$ 147.5
Building HVAC Systems	68.7	(0.5)	**68.2**	64.9
Heavy Duty Equipment	185.6	0.2	**185.8**	164.9
Automotive	113.9	(6.7)	**107.2**	110.5
Segment total	497.2	(11.5)	**485.7**	487.8
Corporate and eliminations	(12.9)	0.3	**(12.6)**	(14.4)
Net sales	$ 484.3	$ (11.2)	**$ 473.1**	$ 473.4

Non-GAAP Reconciliations

Adjusted tax rate
(In millions)

	Three months ended December 31,	
	2020	**2019**
(Loss) earnings before income taxes	$ (113.8)	$ 2.7
Impairment charges [a]	134.4	-
Automotive separation and strategy costs [a]	3.0	14.0
Restructuring expenses [a]	0.9	2.6
CEO transition costs [a]	0.4	-
Environmental charges [a]	0.4	-
Gain on sale of assets [a]	-	(0.8)
Adjusted earnings before income taxes	$ 25.3	$ 18.5
Provision for income taxes	$ 81.6	$ 1.7
Taxes on adjustments above [a]	38.7	4.0
Tax valuation allowances [a]	(116.5)	(3.0)
Tax from legal entity restructuring [a]	-	(2.7)
Adjusted provision for income taxes	$ 3.8	$ -
GAAP tax rate	-72%	63%
Adjusted tax rate	**15%**	**0%**

[a] See the adjusted financial results on slide 13 for additional information regarding these adjustments.

Non-GAAP Reconciliations

Free cash flow and adjusted free cash flow

(In millions)

	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	**2020**	2019
Net cash provided by operating activities	**$ 59.2**	$ 28.4	**$ 146.5**	$ 45.9
Expenditures for property, plant and equipment	**(9.1)**	(16.8)	**(23.7)**	(58.2)
Free cash flow	**$ 50.1**	$ 11.6	**$ 122.8**	$ (12.3)
Payments for restructuring activities, automotive separation and strategy costs, and certain other expenses [a]	**5.1**	17.4	**18.7**	38.2
Adjusted free cash flow	**$ 55.2**	$ 29.0	**$ 141.5**	$ 25.9

[a] These payments primarily related to the Company's review of strategic alternatives for the liquid-cooled automotive business, including costs to separate and prepare the underlying businesses for potential sale, and restructuring activities, including severance.

During the third quarter and first nine months of fiscal 2021, the Company made payments totaling $1.2 million and $7.2 million, respectively, related to its review of strategic alternatives for its liquid-cooled automotive business. In addition, the Company paid $3.9 million and $11.5 million for restructuring activities and certain other expenses during the third quarter and first nine months of fiscal 2021, respectively.

During the third quarter and first nine months of fiscal 2020, the Company made payments totaling $11.7 million and $25.2 million, respectively, related to its review of strategic alternatives for its liquid-cooled automotive business. In addition, the Company paid $5.7 million and $13.0 million for restructuring activities and certain other expenses during the third quarter and first nine months of fiscal 2020, respectively.

Non-GAAP Reconciliations

The Company's fiscal 2021 guidance includes Adjusted EBITDA, as defined above, which is a non-GAAP financial measure. The full-year fiscal 2021 guidance for Adjusted EBITDA is based upon the Company's estimates for interest expense of approximately $20.0 million, a provision for income taxes of approximately $100.0 million, and depreciation and amortization expense of approximately $70.0 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), costs associated with the review of strategic alternatives for the automotive business, impairment charges and certain other items. These expenses and gains for the first nine months of fiscal 2021 are presented on slide 13. Beyond approximately $1.0 million of severance-related expenses that we expect to record at Corporate in January 2021, estimates of these expenses and gains for the fourth quarter of fiscal 2021 are not available due to the low visibility and unpredictability of these items.