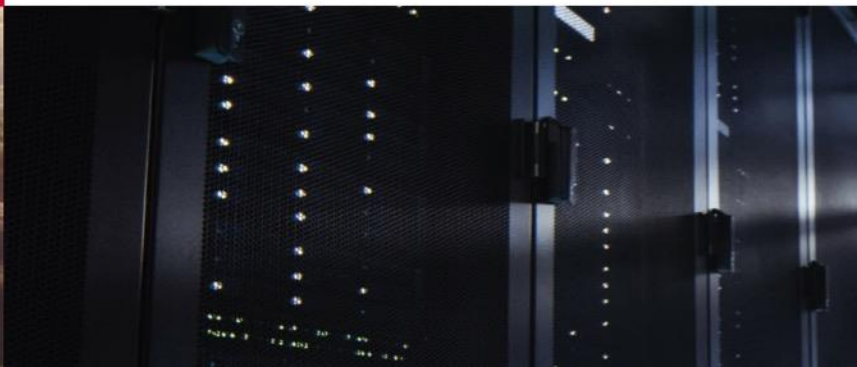




Fourth Quarter Fiscal 2020

May 29, 2020 8:00 am CDT



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, 2019 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, 2019, September 30, 2019, and December 31, 2019. 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 exit the automotive business within the VTS segment; 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, particularly in light of the significant volatility and negative impacts to the financial markets resulting from COVID-19; 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 component inventory, 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.

COVID-19 Response



- **Focused on protecting Modine employees, customers and shareholders**
 - Amended credit agreement to proactively provide covenant flexibility
 - Implemented numerous processes to protect people and facilities
 - Temporarily reduced employee and executive salaries by 10 to 20 percent and implemented furloughs and shortened work weeks where possible
 - Reduced production schedules and costs in line with customer demand, resulting in the temporary layoff of many manufacturing employees
 - Reduced planned capital expenditures by approximately 25 percent
 - Reduced board of director cash compensation by 20 percent

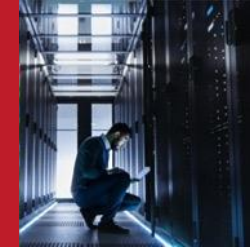
The health and safety of our employees, their families and our communities remains our highest priority, along with maintaining adequate liquidity to continue serving our customers

Q4 Highlights



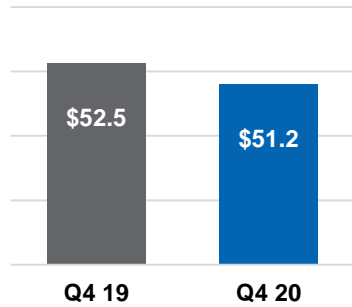
- **Q4 earnings exceeded expectations, despite early COVID-19 impacts**
- **Q4 sales down 15 percent from the prior year; full year FY2020 sales down 11 percent**
 - Ongoing weakness in VTS end markets
 - Lower data center sales in CIS segment
 - Strong performance by Building HVAC segment
- **Q4 adjusted operating income of \$25 million; full year \$97 million**
- **Committed to the automotive exit strategy**
 - Will manage and report a separate auto segment in FY21
 - Actively engaged with strategic buyers, but process was put on hold due to market conditions
 - Staying in contact with interested parties and will reinitiate process as soon as possible
 - Focused on managing the business to optimize earnings and cash flow
- **The current Vehicular Thermal Systems segment will be separated into Automotive and Heavy Duty Equipment (HDE)**
 - HDE will serve commercial vehicle and off-highway customers

BHVAC Summary



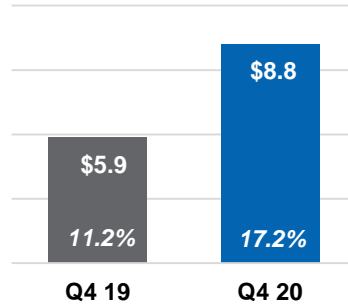
Net Sales

-2%



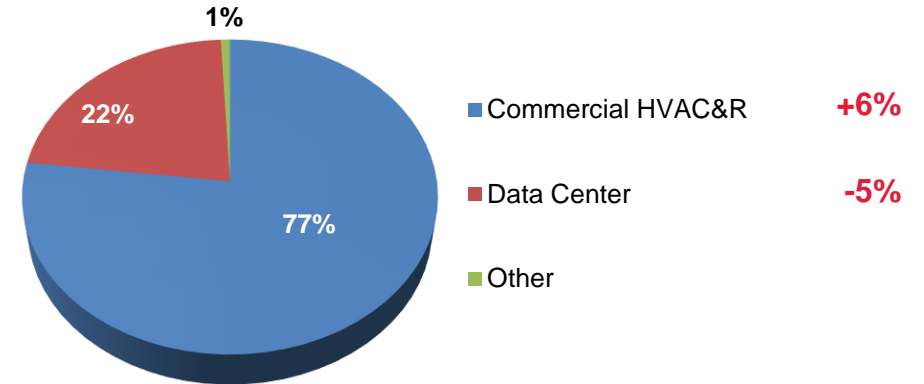
Operating Income

+49%

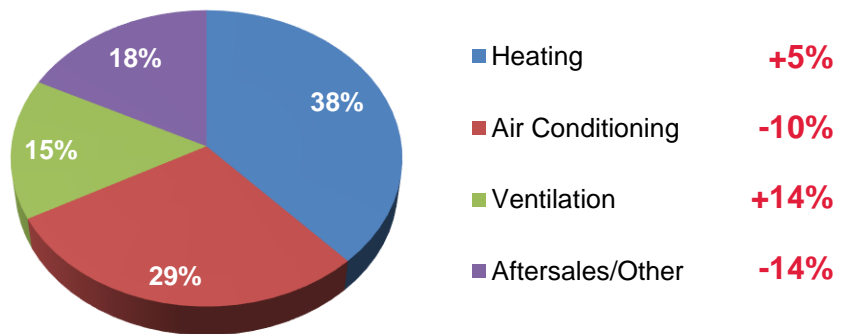


(in millions)

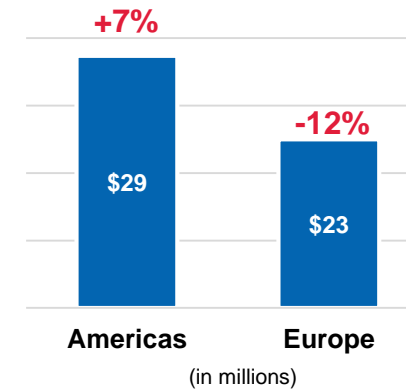
Sales by End Market



Sales by Product



Sales by Region

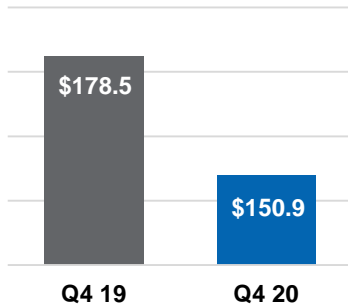


(in millions)

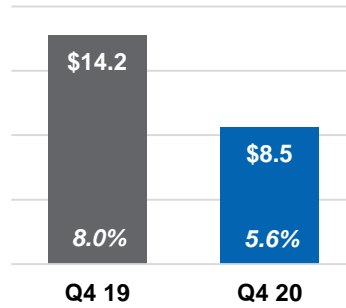
CIS Summary



Net Sales
-15%

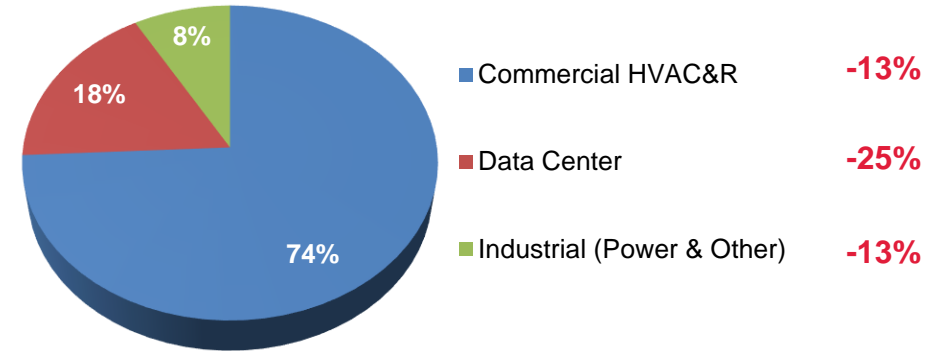


Adjusted Operating Income
-40%

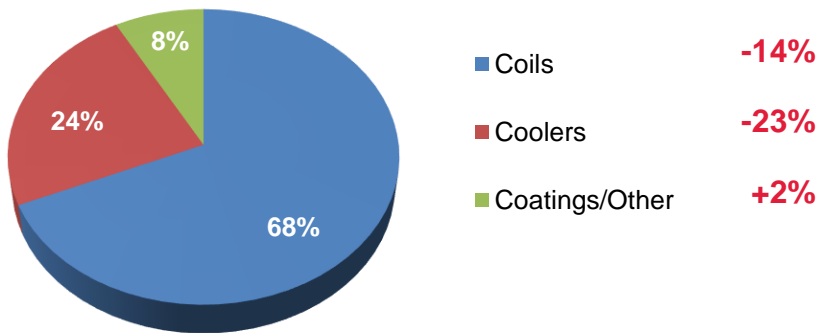


(in millions)

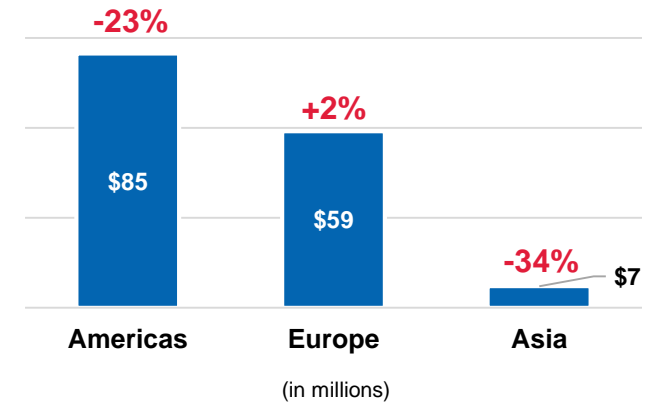
Sales by End Market



Sales by Product



Sales by Region

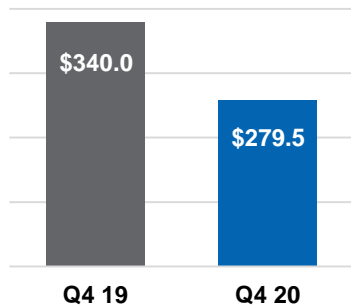


* See Appendix for Non-GAAP reconciliations

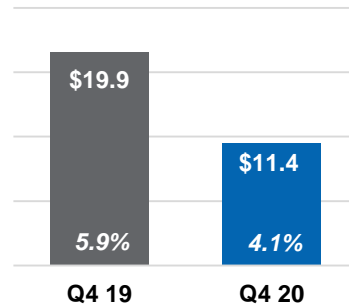
VTS Summary



Net Sales
-18%

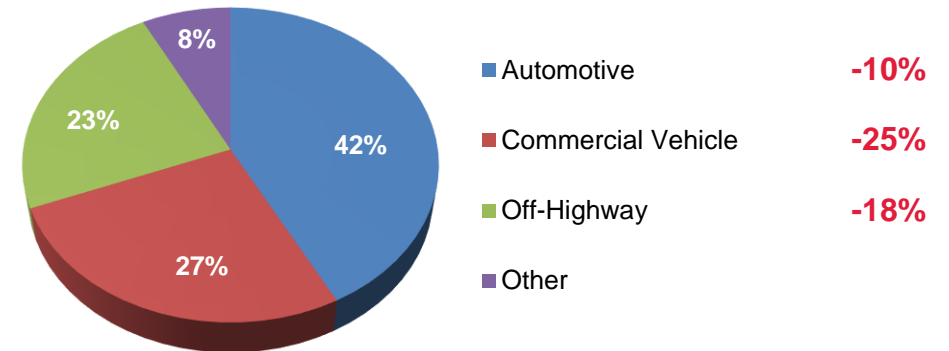


Adjusted Operating Income
-43%

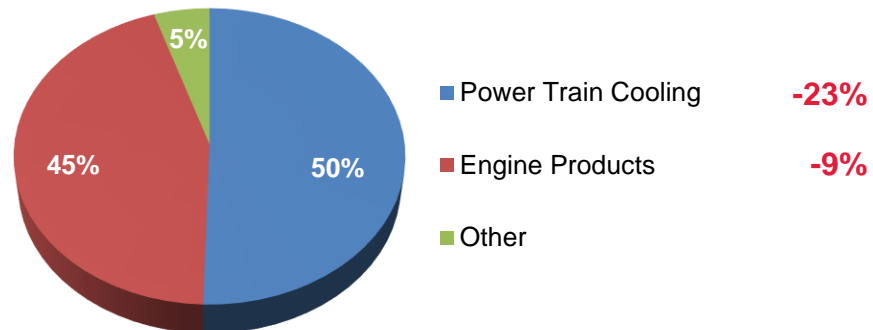


(in millions)

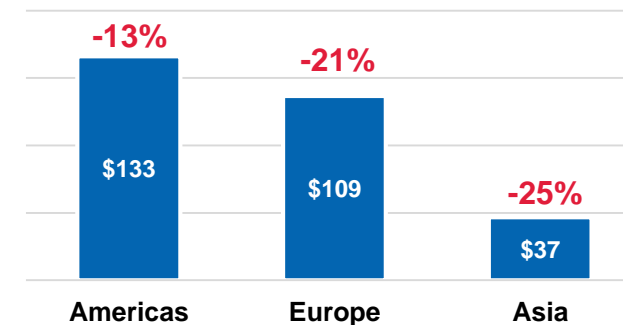
Sales by End Market



Sales by Product



Sales by Region



(in millions)

* See Appendix for Non-GAAP reconciliations

Income Statement Metrics



- **Sales decreased \$83.8M or 15% due to revenue declines in VTS and CIS**
 - Both segments impacted by weakening end markets and negative COVID-19 impacts
 - CIS impacted by lower sales to large data center customer
- **Gross profit decreased 18%; driven by the VTS and CIS volume declines**
 - Strong downside conversion despite heavy volume reductions
- **SG&A reduced by \$9.0M or 14% on cost initiatives**
 - Appropriate cost savings actions taken to combat volume declines due to the effects of our slowing markets
- **Adjusted operating income decreased by \$9.8M to \$24.8M**
 - Lower margin driven largely volume declines and product mix
- **Adjusted EPS declined \$0.16 to \$0.24**

(In millions)	Q4 2020	Q4 2019
Net Sales	\$472.9	\$556.7
Gross Profit	74.9	91.6
<i>% of net sales</i>	15.8%	16.4%
SG&A expenses	55.2	64.2
<i>% of net sales</i>	11.7%	11.5%
Adjusted Op Income*	24.8	34.6
<i>% of net sales</i>	5.2%	6.2%
Interest Expense	5.4	5.9
Adj. Provision for Income Taxes*	4.3	6.2
Adjusted Tax Rate*	26%	23%
Adjusted EPS*	\$0.24	\$0.40

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

Cash Flow & Net Debt



- **Full-year free cash flow down on lower earnings and significant expenses related to the automotive separation**
 - Strategic investments in the automotive exit largely complete
 - These actions enabled the creation of a standalone segment, allowing us to market automotive business with greater ease
 - Paid \$17 million of restructuring cash costs as part of long-term cost reduction plans
 - Future cash flow expected to benefit from asset sales
- **Finished the year with more than \$70M in cash**
- **Net debt of \$412M, with leverage at 2.4x; well within our covenant limits**
- **Balance sheet is in good shape and our liquidity is sufficient to manage through economic situation**
 - Manageable debt maturities for next several years

(In millions)	Q4 YTD 2020	Q4 YTD 2019
Operating cash flow	\$57.9	\$103.3
Capital expenditures	(71.3)	(73.9)
Free cash flow	(\$13.4)	\$29.4

(In millions)	3/31/20	3/31/19
Cash	\$70.9	\$41.7
Total debt	482.4	449.7
Net debt	\$411.5	\$408.0
Leverage Ratio	2.4x	2.1x

Fiscal 2021 Outlook



- **Anticipating that most markets will be down in FY21, with some recovery later in the fiscal year**
 - Anticipating that 1Q21 will be the hardest quarter in terms of earnings and cash flow
- **Controlling expenses through temporary salary reductions, employee furloughs, shortened work weeks and reductions in capital spending**
- **Maintaining strong balance sheet and preserving cash is critical**
 - Finished the year with more than \$70M cash and \$118M in revolver borrowing capacity
 - Anticipating positive FCF in FY21
 - Significantly lower capital spending
- **Proactively amended bank covenants to provide maximum flexibility**
 - Leverage ratio limit increases to 5.75 in 4Q21 and then gradually returns to 3.25 in 4Q22

CIS and HVAC	Q1 FY2021	FY2021
Commercial Vent & AC	-10% to -20%	0% to -10%
Heating	0% to -10%	0% to -10%
Refrigeration	-30% and below	0% to -10%
Data Center	0% and above	0% and above
Industrial	0% to -10%	0% to -10%
Automotive		
North America	-30% and below	-20% to -30%
Europe	-30% and below	-20% to -30%
Asia (China/India)	0% to -10%	0% and above
Commercial & Specialty Vehicle		
North America	-30% and below	-20% to -30%
Europe	-30% and below	-20% to -30%
Asia (China/India)	-10% to -20%	-10% to -20%
Off-Highway Equipment		
North America	-30% and below	-20% to -30%
Europe	-30% and below	-20% to -30%
Asia (China/India)	-10% to -20%	0% to -10%



Appendix



Q4 GAAP Income Statement



(In millions, except per share amounts)

	Q4 2020	Q4 2019	Better (Worse)
Net sales	\$ 472.9	\$ 556.7	\$ (83.8)
Cost of sales	398.0	465.1	67.1
Gross profit	74.9	91.6	(16.7)
Selling, general & administrative expenses	55.2	64.2	9.0
Restructuring expenses	5.5	8.9	3.4
Impairment charges	8.6	-	(8.6)
Operating income	5.6	18.5	(12.9)
Interest expense	(5.4)	(5.9)	0.5
Other expense - net	(2.5)	(2.0)	(0.5)
(Loss) earnings before income taxes	(2.3)	10.6	(12.9)
Provision for income taxes	(4.1)	(4.2)	0.1
Net (loss) earnings	(6.4)	6.4	(12.8)
Net earnings attributable to noncontrolling interest	(0.3)	(0.1)	(0.2)
Net (loss) earnings attributable to Modine	\$ (6.7)	\$ 6.3	\$ (13.0)
Net (loss) earnings per share - diluted	\$ (0.13)	\$ 0.12	\$ (0.25)

Non-GAAP Reconciliations



Modine Manufacturing Company Adjusted financial results

(In millions, except per share amounts)

	Three months ended March 31,		Twelve months ended March 31,	
	2020	2019	2020	2019
Operating income	\$ 5.6	\$ 18.5	\$ 37.9	\$ 109.7
Automotive separation and strategy costs ^(a)	5.0	5.9	39.2	7.1
Restructuring expenses ^(b)	5.5	8.9	12.2	9.6
Impairment charges ^(c)	8.6	-	8.6	0.4
(Gain) loss on sale of assets ^(d)	-	-	(0.8)	1.7
Environmental charges ^(e)	0.1	1.3	0.2	3.2
Acquisition integration costs ^(f)	-	-	-	0.2
Adjusted operating income	\$ 24.8	\$ 34.6	\$ 97.3	\$ 131.9
Net (loss) earnings per share attributable to Modine shareholders - diluted	\$ (0.13)	\$ 0.12	\$ (0.04)	\$ 1.65
Automotive separation and strategy costs ^(a)	0.07	0.09	0.58	0.10
Restructuring expenses ^(b)	0.08	0.17	0.19	0.18
Impairment charges ^(c)	0.13	-	0.13	0.01
(Gain) loss on sale of assets ^(d)	-	-	(0.01)	0.03
Environmental charges ^(e)	-	0.02	-	0.05
Tax valuation allowances ^(g)	0.08	-	0.14	(0.02)
Tax from legal entity restructuring ^(h)	0.01	-	0.06	-
U.S. tax reform ⁽ⁱ⁾	-	-	-	(0.43)
Adjusted earnings per share	\$ 0.24	\$ 0.40	\$ 1.05	\$ 1.57

^(a) During fiscal 2020 and 2019, the Company recorded \$39.2 million and \$7.1 million, respectively, of costs at Corporate directly associated with its review of strategic alternatives for the Vehicular Thermal Solutions ("VTS") segment's automotive business, including costs to separate and prepare the business for a potential sale. With the exception of \$3.1 million of costs in fiscal 2020 associated with program and equipment transfers recorded as costs of sales, these costs were recorded as SG&A expenses and primarily related to accounting, legal, and IT professional services. The tax benefit related to these costs during the fourth quarter of fiscal 2020 and 2019 was \$1.3 million and \$1.5 million, respectively. The tax benefit related to these costs during fiscal 2020 and 2019 was \$9.6 million and \$1.8 million, respectively.

^(b) Restructuring expenses primarily relate to employee severance expenses, largely resulting from targeted headcount reductions, and equipment transfer and plant consolidation costs. The tax benefit related to these costs during the fourth quarter of fiscal 2020 and fiscal 2019 was \$1.3 million and \$0.2 million, respectively. The tax benefit related to these costs during fiscal 2020 and fiscal 2019 was \$2.3 million and \$0.2 million, respectively.

^(c) During the fourth quarter of fiscal 2020, the Company recorded asset impairment charges totaling \$8.0 million within the VTS segment, primarily related to manufacturing facilities in Austria and Germany. The Company anticipates the future cash flows at these facilities will be negatively impacted by planned wind downs of certain commercial vehicle and automotive programs. Also in the fourth quarter of fiscal 2020, the Company recorded a \$0.6 million impairment charge to reduce the carrying value of a previously-closed CIS manufacturing facility in Austria to its current estimated fair value. The tax benefit related to these impairment charges was \$1.8 million. During fiscal 2019, the Company recorded a \$0.4 million impairment charge related to the CIS facility in Austria.

^(d) During fiscal 2020, the VTS segment sold a previously-closed manufacturing facility in Germany and, as a result, recorded a gain of \$0.8 million. During fiscal 2019, the Building HVAC Systems segment sold its operations in South Africa and, as a result, recorded a loss of \$1.7 million. Annual sales for this disposed business were less than \$2.0 million. There were no tax impacts associated with these transactions.

^(e) Environmental charges, including related legal costs, are recorded as SG&A expenses and relate to previously-owned U.S. manufacturing facilities in the VTS segment.

^(f) These costs related to the Company's acquisition and integration of the Luvata Heat Transfer Solutions business.

^(g) During fiscal 2020, the Company adjusted its valuation allowances on deferred tax assets in the U.S. and in Brazil. As a result, the Company recorded net income tax charges totaling \$3.0 million and \$4.1 million in the third and fourth quarters of fiscal 2020, respectively. During fiscal 2019, the Company adjusted its valuation allowances on deferred tax assets related to two separate subsidiaries in China. As a result, the Company recorded a \$2.0 million income tax benefit in the first quarter of fiscal 2019 and an income tax charge of \$1.0 million in the second quarter of fiscal 2019.

^(h) During fiscal 2020, the Company recorded a net income tax charge totaling \$2.9 million as a result of legal entity restructuring completed in preparation of a potential sale of the automotive business.

⁽ⁱ⁾ During fiscal 2019, the Company recorded income tax benefits totaling \$22.2 million, primarily related to transition tax obligations associated with tax reform legislation in the U.S. that was enacted in December 2017 and the recognition of tax assets for foreign tax credits.

Non-GAAP Reconciliations



Segment adjusted operating income and margin

(In millions)

	Three months ended March 31,	
	2020	2019
Vehicular Thermal Solutions		
Operating (loss) income	\$ (1.4)	\$ 9.7
Restructuring expenses ^(a)	4.7	8.9
Impairment charge ^(a)	8.0	-
Environmental charges ^(a)	0.1	1.3
Adjusted operating income	\$ 11.4	\$ 19.9
Net sales	\$ 279.5	\$ 340.0
Adjusted operating margin	4.1%	5.9%

	Three months ended March 31,	
	2020	2019
Commercial and Industrial Solutions		
Operating income	\$ 7.1	\$ 14.2
Restructuring expenses ^(a)	0.8	-
Impairment charge ^(a)	0.6	-
Adjusted operating income	\$ 8.5	\$ 14.2
Net sales	\$ 150.9	\$ 178.5
Adjusted operating margin	5.6%	8.0%

^(a) See the adjusted financial results on slide 13 for additional information regarding these adjustments.

Non-GAAP Reconciliations



Adjusted tax rate

(In millions)

	Three months ended March 31,	
	<u>2020</u>	<u>2019</u>
(Loss) earnings before income taxes	\$ (2.3)	\$ 10.6
Restructuring expenses ^(a)	5.5	8.9
Impairment charge ^(a)	8.6	-
Automotive separation and strategy costs ^(a)	5.0	5.9
Environmental charges ^(a)	0.1	1.3
Adjusted earnings before income taxes	<u>\$ 16.9</u>	<u>\$ 26.7</u>
Provision for income taxes	\$ 4.1	\$ 4.2
Taxes on adjustments above ^(a)	4.5	2.0
Tax valuation allowance ^(a)	(4.1)	-
Tax from legal entity restructuring ^(a)	(0.2)	-
Adjusted provision for income taxes	<u>\$ 4.3</u>	<u>\$ 6.2</u>
GAAP tax rate	-178%	40%
Adjusted tax rate	26%	23%

^(a) See the adjusted financial results on slide 13 for additional information regarding these adjustments.

Non-GAAP Reconciliations



Free cash flow

(In millions)

	Three months ended March 31,		Twelve months ended March 31,	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 12.0	\$ 35.9	\$ 57.9	\$ 103.3
Expenditures for property, plant and equipment	(13.1)	(15.2)	(71.3)	(73.9)
Free cash flow	\$ (1.1)	\$ 20.7	\$ (13.4)	\$ 29.4