

Thermon Group Holdings, Inc.
Form 10-Q
November 14, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-35159 (Thermon Group Holdings, Inc.)

Commission File Number: 333-168915-05 (Thermon Holding Corp.)

THERMON GROUP HOLDINGS, INC.

THERMON HOLDING CORP.

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(Exact name of registrant as specified in its charter)

Delaware (Thermon Group Holdings, Inc.)
Delaware (Thermon Holding Corp.)
(State or other jurisdiction of incorporation or organization)

27-2228185 (Thermon Group Holdings, Inc.)
26-0249310 (Thermon Holding Corp.)
(IRS Employer Identification No.)

100 Thermon Drive, San Marcos, Texas 78666
(Address of principal executive offices)

(512) 396-5801

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Thermon Group Holdings, Inc. Yes No

Thermon Holding Corp. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Thermon Group Holdings, Inc. Yes No

Thermon Holding Corp. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Thermon Group Holdings, Inc.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Thermon Holding Corp.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Thermon Group Holdings, Inc. Yes No

Thermon Holding Corp. Yes No

As of November 11, 2011, each registrant had the following number of shares of common stock outstanding:

Thermon Group Holdings, Inc.: 29,523,641 shares, par value \$0.001 per share

Thermon Holding Corp.: 100,000 shares, par value \$0.001 per share. Thermon Group Holdings, Inc. is the sole stockholder of Thermon Holding Corp. common stock.

Thermon Holding Corp. meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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EXPLANATORY NOTE

This quarterly report (this quarterly report) combines the Quarterly Reports on Form 10-Q for the quarter ended September 30, 2011 of Thermon Group Holdings, Inc. and Thermon Holding Corp.

Unless stated otherwise or the context otherwise requires, references in this quarterly report to:

- TGH mean Thermon Group Holdings, Inc., a Delaware corporation;
- THC mean Thermon Holding Corp., a Delaware corporation; and
- we, our, us or the Company mean TGH, THC and their consolidated subsidiaries taken together as one company.

TGH was incorporated in Delaware in March 2010 in connection with the acquisition by an affiliate of CHS Capital LLC, or CHS, of a majority interest in us on April 30, 2010, which we refer to, together with certain transactions related to such acquisition described below, as the CHS Transactions. TGH is the sole stockholder of THC.

THC is a direct wholly-owned subsidiary of TGH and was incorporated in Delaware in 2007 in connection with the acquisition by an affiliate of the Audax Group private equity firm, or Audax, of a majority interest in us in August 2007, which we refer to as the Audax Transaction.

TGH is a holding company that conducts all of its business through THC and its subsidiaries. In May 2011, TGH completed an initial public offering (or IPO) of its common stock. In the aggregate, 10,650,000 shares of TGH common stock were sold in the IPO at a price to the public of \$12.00 per share. TGH s common stock, which we refer to as our common stock, is listed on the New York Stock Exchange under the symbol THR.

THC owns 100% of the outstanding shares of common stock of Thermon Industries, Inc. (TII), which issued \$210,000,000 aggregate principal amount of 9.500% Senior Secured Notes due 2017, which have been registered with the Securities and Exchange Commission (or SEC) under the Securities Act of 1933, as amended (or the Securities Act), and which we refer to as our senior secured notes. THC and the domestic subsidiaries of TII are guarantors of our senior secured notes.

We believe combining the Quarterly Reports on Form 10-Q of TGH and THC into this single report provides the following benefits:

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- it enhances investors' understanding of TGH and THC by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- it eliminates duplicative disclosure and provides a more streamlined and readable presentation since a substantial portion of the disclosure applies to both TGH and THC; and
- it creates time and cost efficiencies for both companies through the preparation of one combined report instead of two separate reports.

In order to highlight the differences between TGH and THC, there are sections in this quarterly report that separately discuss TGH and THC, including separate financial statements and notes thereto and separate Exhibit 31 and Exhibit 32 certifications. In the sections that combine disclosure for TGH and THC (*i.e.*, where the disclosure refers to the consolidated company), this quarterly report refers to actions or holdings as our actions or holdings and, unless otherwise indicated, such references relate to the actions or holdings of TGH and THC and their respective subsidiaries, as one consolidated company.

Finally, in connection with the IPO:

- TGH amended its amended and restated certificate of incorporation to increase its authorized capital stock and effect a 192.458681-for-one split of the common stock of TGH, which occurred on March 31, 2011;
 - the two classes of TGH common stock were automatically converted into a single class of voting common stock;
 - TGH and its stockholders adopted a second amended and restated certificate of incorporation;
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- TGH initially issued and sold 4,000,000 shares of its common stock and subsequently issued and sold 575,098 shares of its common stock pursuant to a partial exercise of the underwriters' overallotment option;
- certain stockholders of TGH initially sold 6,000,000 shares of TGH common stock and subsequently sold 74,902 shares of TGH common stock pursuant to a partial exercise of the underwriters' overallotment option;
- options to purchase 2,757,524 shares of TGH common stock granted under the Thermon Group Holdings, Inc. Restricted Stock and Stock Option Plan (the "2010 Equity Plan") accelerated and became immediately exercisable; and
- options to purchase 117,600 shares of TGH common stock were granted under the Thermon Group Holdings, Inc. 2011 Long-Term Incentive Plan (the "LTIP").

Unless stated otherwise or the context otherwise requires, all information in this quarterly report gives effect to and assumes the occurrence of the foregoing actions.

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THERMON GROUP HOLDINGS, INC. and THERMON HOLDING CORP. (Combined)

QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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Condensed Consolidated Balance Sheets

(Dollars in Thousands, except share and per share data)

	September 30, 2011 (Unaudited)	March 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,192	\$ 51,266
Accounts receivable, net of allowance for doubtful accounts of \$1,571 and \$1,487 as of September 30, 2011 and March 31, 2011, respectively	47,647	40,013
Inventories, net	35,677	31,118
Costs and estimated earnings in excess of billings on uncompleted contracts	1,925	2,063
Income taxes receivable	8,109	2,462
Prepaid expenses and other current assets	7,562	7,633
Deferred income taxes	1,887	2,779
Total current assets	115,999	137,334
Property, plant and equipment, net	24,071	21,686
Goodwill	116,202	120,750
Intangible assets, net	148,534	159,056
Debt issuance costs, net	7,809	11,573
Other noncurrent assets		633
	\$ 412,615	\$ 451,032
Liabilities and shareholders equity		
Current liabilities:		
Accounts payable	\$ 19,076	\$ 18,573
Accrued liabilities	18,460	28,972
Current portion of long term debt		21,000
Borrowings under revolving lines of credit	6,500	2,063
Billings in excess of costs and estimated earnings on uncompleted contracts	2,426	1,110
Income taxes payable		7,934
Obligations due to settle the CHS Transaction	3,687	4,213
Total current liabilities	50,149	83,865
Long-term debt, net of current maturities	143,410	189,000
Deferred income taxes	48,003	49,809
Other noncurrent liabilities	1,944	1,826
Common stock, 29,523,641 at September 30, 2011 and 24,933,407 at March 31, 2011, shares issued and outstanding \$.001 par value, 150,000,000 authorized	30	25
Preferred stock, no shares issued and outstanding \$.001 par value, 10,000,000 authorized		
Additional paid in capital	186,270	131,416

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Foreign currency translation adjustment	(1,099)	10,031
Accumulated deficit	(16,092)	(14,940)
Shareholders' equity	169,109	126,532
	\$ 412,615	\$ 451,032

See accompanying notes.

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Thermon Group Holdings, Inc.