

Thermon Group Holdings, Inc.  
Form 10-Q  
November 13, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

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.  
(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. x Yes o No

Thermon Holding Corp. o Yes x 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).

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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 ☐

Non-accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☐

Thermon Holding Corp.

Large accelerated filer ☐  
Non-accelerated filer ☒

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 5, 2012, each registrant had the following number of shares of common stock outstanding:

Thermon Group Holdings, Inc.: 30,867,015 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.

#### EXPLANATORY NOTE

This quarterly report (“this quarterly report”) combines the Quarterly Reports on Form 10-Q for the quarter ended September 30, 2012 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 in connection with the CHS Transactions in April 2010, 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:

- it enhances investors’ understanding of TGH and THC by enabling investors to view our business as a whole in the same manner that 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) references to our actions or holdings relate to the actions or holdings of TGH and THC and their respective subsidiaries, as one consolidated company, unless otherwise indicated therein.

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

QUARTERLY REPORT  
FOR THE QUARTER ENDED September 30, 2012

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## PART I — FINANCIAL INFORMATION

## Item 1 — Financial Statements of Thermon Group Holdings, Inc.

## Condensed Consolidated Balance Sheets

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

	September 30, 2012 (unaudited)	March 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$16,410	\$21,468
Accounts receivable, net of allowance for doubtful accounts of \$934 and \$1,434 as of September 30, 2012 and March 31, 2012, respectively	53,673	50,037
Inventories, net	41,574	38,453
Costs and estimated earnings in excess of billings on uncompleted contracts	2,164	1,996
Income taxes receivable	5,070	5,193
Prepaid expenses and other current assets	7,967	6,853
Deferred income taxes	3,266	3,664
Total current assets	130,124	127,664
Property, plant and equipment, net	29,190	27,661
Goodwill	117,935	118,007
Intangible assets, net	139,086	144,801
Debt issuance costs, net	4,542	7,446
	\$420,877	\$425,579
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$22,366	\$15,728
Accrued liabilities	15,754	22,442
Current portion of long term debt	—	21,000
Billings in excess of costs and estimated earnings on uncompleted contracts	1,594	2,446
Income taxes payable	1,951	1,374
Obligations due to settle the CHS Transactions	3,391	3,528
Total current liabilities	45,056	66,518
Long-term debt, net of current maturities	118,145	118,145
Deferred income taxes	42,937	45,999
Other noncurrent liabilities	2,477	2,437
Common stock: \$.001 par value; 150,000,000 authorized; 30,866,765 and 30,208,084 shares issued and outstanding at September 30, 2012 and March 31, 2012, respectively	31	30
Preferred stock: \$.001 par value; 10,000,000 authorized; no shares issued and outstanding	—	—
Additional paid in capital	198,228	191,998
Accumulated other comprehensive income	3,326	3,362
Retained earnings (accumulated deficit)	10,677	(2,910)
Shareholders' equity	212,262	192,480
	\$420,877	\$425,579

The accompanying notes are an integral part of these condensed consolidated financial statements



Thermon Group Holdings, Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)  
(Dollars in Thousands, except share and per share data)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Six Months Ended September 30, 2012	Six Months Ended September 30, 2011
Sales	\$67,358	\$68,023	\$134,571	\$132,641
Cost of sales	34,719	36,072	68,593	68,701
Gross profit	32,639	31,951	65,978	63,940
Operating expenses:				
Marketing, general and administrative and engineering	14,494	14,687	30,509	44,303
Amortization of other intangible assets	2,798	2,878	5,592	5,763
Income (loss) from operations	15,347	14,386	29,877	13,874
Other income/(expenses):				