



## Thermal Energy International Provides a Corporate Update and Reports Third Quarter Financial Results

**OTTAWA, ONTARIO – April 23, 2015 – [Thermal Energy International Inc.](#)** (“Thermal Energy” or the “Company”) (TSXV: [TMG](#)), a global provider of proprietary energy efficiency solutions to the industrial, commercial and institutional sectors world-wide, today announced its financial results for the three months ended February 28, 2015. All figures are in Canadian dollars.

### **Summary:**

- Revenue was \$1.4 million for the quarter and \$4.3 million for the first nine months or the year-to-date (“YTD”);
- Gross profit was \$0.7 million (or 49.4% of revenue) for the quarter and \$2.4 million (or 56.9% of revenue) YTD;
- The Company incurred a net loss of \$658 thousand for the quarter and a net loss of \$1.8 million YTD;
- Adjusted operating cash flow was negative \$467 thousand for the quarter and negative \$1.3 million YTD;
- The Company has net cash of \$1.1 million at quarter end, compared to \$2.0 million as at May 31, 2014;
- The Company announced heat recovery projects totaling \$2.1 million during the quarter and one totaling \$656 thousand subsequent to quarter end;
- The Company had an order backlog of \$4.6 million as at April 23, 2015 compared to \$3.5 million on January 29, 2015 and \$3.1 on October 29, 2015

Fiscal year 2014 was a record revenue and cash generation year for Thermal Energy largely due to a combination of large one-time sales and timely delivery events. The Company made the choice to use this positive combination of events to invest in lead generation, marketing and sales team acquisitions and training. Although resulting in additional expenses while providing little financial return during fiscal year 2015, these investments were made to help maximize the Company’s long-term sales growth.

*“Our financial results for the quarter are disappointing, however I believe we are doing many things right to better position ourselves for future growth,”* said William Crossland, CEO of Thermal Energy. *“Over the past year, we invested in expanding our sales and distribution capabilities. We retained top-tier sales recruitment agencies, hired a number of new sales and marketing staff, and launched a professionally-delivered on-going sales training and development program. We continue to win new customers from targeted sectors and I believe we are now delivering a direct and channel sales program that leverages our decades of sales into key vertical markets.”*

Mr. Crossland added, “Historically, large-value heat recovery orders have resulted in significant fluctuations in our revenue from one period to another. The investment in our sales force over the past year, combined with working with customers at their corporate level, is intended to generate an increasing volume of orders of varying sizes. We intend to continue expanding our sales team, and over the longer term, we expect to capitalize on our enhanced sales capabilities as well as the significant potential for cross-selling and other repeat business with a number of our multinational customers.”

### **Summary Financial Results**

In thousands except % data	3 months ended Feb. 28, 2015	3 months ended Feb. 28, 2014	9 months ended Feb. 28, 2015	9 months ended Feb. 28, 2014
Revenue	\$1,441	\$2,898	\$4,275	\$8,434
Gross profit	\$712	\$1,391	\$2,434	\$4,236
Gross margin	49.4%	48.0%	56.9%	50.2%
Operating expenses	\$1,431	\$1,325	\$4,490	\$4,328
EBITDAS	\$(647)	\$145	\$(1,792)	\$170
Net income (loss)	\$(658)	\$57	\$(1,817)	\$(63)
Adjusted cash flow	\$(467)	\$196	\$(1,278)	\$437

### **Q3 2015 Financial Review:**

Revenue for the quarter was \$1.4 million, representing a decrease of 50% when compared to revenue of \$2.9 million for the same quarter a year ago. The lower revenue was attributable to a \$1.1 million decrease in heat recovery sales and a \$340 thousand decrease in GEM® Condensate return system sales compared to the third quarter of last year.

Although the Company announced several heat recovery projects in recent months (including four projects totaling \$2.1 million during the quarter and one for \$656 thousand subsequent to quarter end), these projects did not contribute significantly to revenue during the quarter.

Heat recovery revenues in the third quarter of last year included \$0.6 million in revenue from the partial installation of a \$3.6 million heat recovery system announced June 3, 2013, as well as \$0.9 million from the substantial completion of two installations at a major food and beverage company. Although the third quarter of the current year included the substantial completion of a further installation at the same food and beverage company, there was no other significant activity, since the four heat recovery projects totaling \$2.1 million announced during the quarter were either not started prior to quarter end or only commenced at the very end of the quarter.

GEM® Condensate return systems revenue was lower primarily due to the lack of sales to hospitals in the current quarter compared to the same quarter of the prior year, which saw \$326 thousand in revenue from the substantial completion of a conversion at a major hospital.

Gross profit for the quarter was \$0.7 million compared to \$1.4 million for the third quarter of last year, representing a decrease of 49%. However, as a percentage of sales, gross profit for the quarter increased to 49.4% from 48.0% a year ago. The improvement was a result of higher margins for heat recovery projects compared with a year ago.

Operating expenses for the quarter increased 8.0% to \$1.4 million from \$1.3 million a year ago largely due to the costs associated with the addition of increased sales staff plus the effect of the strengthening of Sterling and the U.S. Dollar against the Canadian Dollar. During the quarter, research and development costs were \$38 thousand compared to a credit of \$35 thousand in the third quarter of last year. The difference was due to the timing of R&D credits, which were \$34 thousand in the current quarter, compared to \$118 thousand in the same period of last year.

The Company incurred a net loss for the quarter of \$658 thousand compared to net income of \$57 thousand for the same quarter a year ago.

Adjusted operating cash flow (defined as net loss for the period, plus items not involving cash but excluding any changes in working capital items, plus lease payments received) for the quarter was negative \$467 thousand compared to positive \$196 thousand a year ago.

In addition to net cash balance of \$1.1 million as at February 28, 2015 the Company also had an estimated \$160 thousand of unused borrowing capacity under its bank loans. With cash balances and unused borrowing capacity of almost \$1.3 million, management believes that it has sufficient capital resources to fund existing operations and anticipated capital requirements for the remainder of fiscal 2015.

Full financial results including Management's Discussion and Analysis and accompanying notes to the financial results, are available on [www.SEDAR.com](http://www.SEDAR.com) and [www.thermalenergy.com](http://www.thermalenergy.com).

### **About Thermal Energy International Inc.**

Thermal Energy International Inc. is an established global supplier of proprietary, proven energy efficiency and emissions reduction solutions to the industrial and institutional sectors worldwide. We save our customers money and improve their bottom line by reducing their fuel use and cutting their carbon emissions. Our customers include a large number of Fortune 500 and other leading multinational companies across a wide range of industry sectors.

Thermal Energy is also a fully accredited professional engineering firm, and can offer advanced process and applications engineering services.

By providing a unique mix of proprietary products together with process, energy, environmental, and financial expertise Thermal Energy is able to deliver unique and significant financial and environmental benefits to our customers.

Thermal Energy's products include; [GEM](#)<sup>®</sup> - Steam traps, [FLU-ACE](#)<sup>®</sup> - Direct contact condensing heat recovery, and [Dry-Rex](#)<sup>™</sup> - Low temperature biomass drying systems.

Thermal Energy International Inc. has offices in Ottawa, Canada as well as Bristol, U.K., United States, Italy and China. The Company's common shares are traded on the TSX Venture Exchange (TSX-V) under the symbol TMG.

For more information, visit our website at [www.thermalenergy.com](http://www.thermalenergy.com) and follow us on Twitter at <http://twitter.com/GoThermalEnergy>.

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This press release contains forward-looking statements relating to, and amongst other things, based on management's expectations, estimates and projections, the anticipated effectiveness of the Company's products and services and the timing of revenues to be received by the Company. Statements relating to the expected installation and revenue recognition for projects, statements about the anticipated effectiveness and lifespan of the Company's products and statements about the expected environmental effects and cost savings associated with the Company's products are forward looking statements. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors, some of which are outside of the Company's control, could cause events and results to differ materially from those stated. Fulfilment of orders, installation of product and activation of product could all be delayed for a number of reasons, some of which are outside of the Company's control, which would result in anticipated revenues from such projects being delayed or in the most serious cases eliminated. Actions taken by the Company's customers and factors inherent in the customer's facilities but not anticipated by the Company can have a negative impact on the expected effectiveness and lifespan of the Company's products and on the expected environmental effects and cost savings expected from the Company's products. Additional heat recovery and GEM® steam trap projects being developed by the Company may not result in orders for the Company's products. The Company disclaims any obligation to publicly update or revise any such statements except as required by law.

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