

The logo consists of a green circle with white radial lines emanating from the center, resembling a sun or a turbine. 

**THERMAL ENERGY**  
INTERNATIONAL INC.

The background is a photograph of an industrial facility with large blue pipes, yellow pipes, and a metal walkway under a blue sky with clouds. 

**Q1 2018 review  
and update**

**TSX-V: TMG | October 2017**

# Forward-looking statements



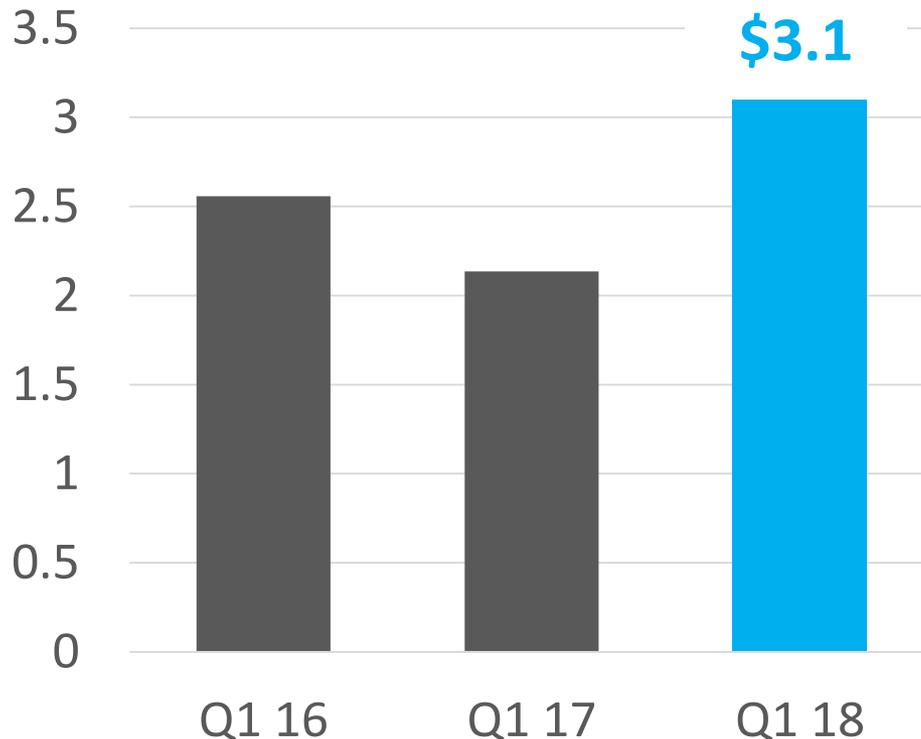
This presentation includes “forward-looking information”. For example, statements about the opportunities for repeat business, additional orders, entry into new markets and growth of recurring revenue streams; order backlog; introduction of new products and services and growth opportunities and strategies are all forward looking information. Such forward looking information reflects Thermal Energy International’s (“TEI”) current expectations with respect to future events and are based on information currently available to management. Forward-looking information involves significant known and unknown risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking information contained in this presentation.

Readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this presentation and TEI does not assume any obligation to update or revise it to reflect new events or circumstances, except as required by law.

# Q1 revenue



(\$ millions)



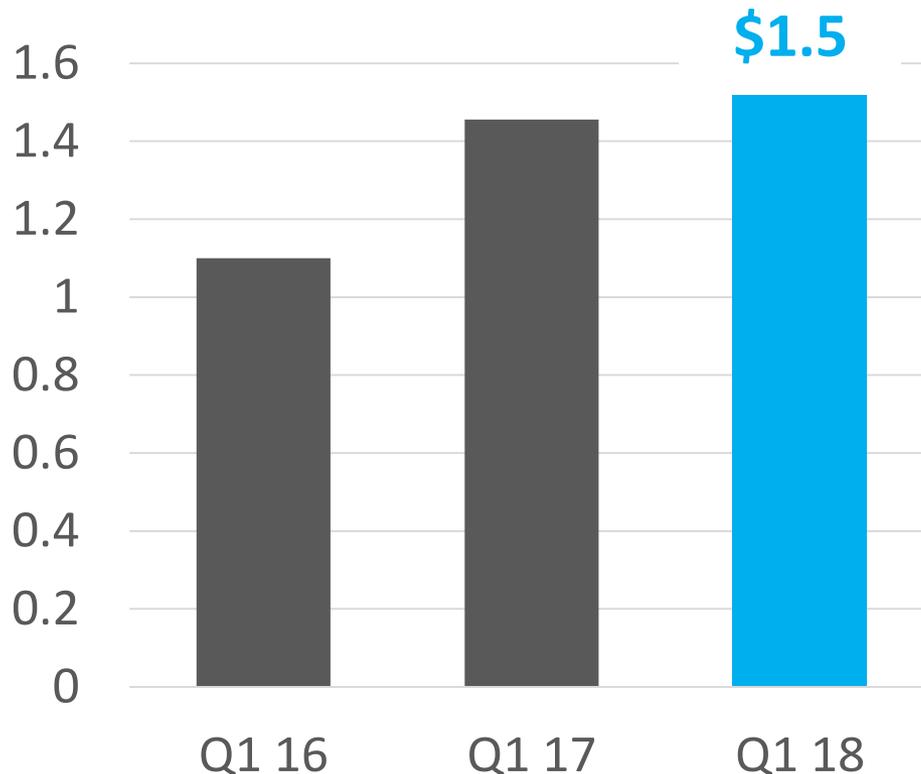
## Q1 2018 highlights:

- Record Q1 revenue
- Up 45.1% over Q1 2017
- Heat recovery revenue up 168.6%
- Second strongest Q1 GEM revenue on record

# Q1 gross profit



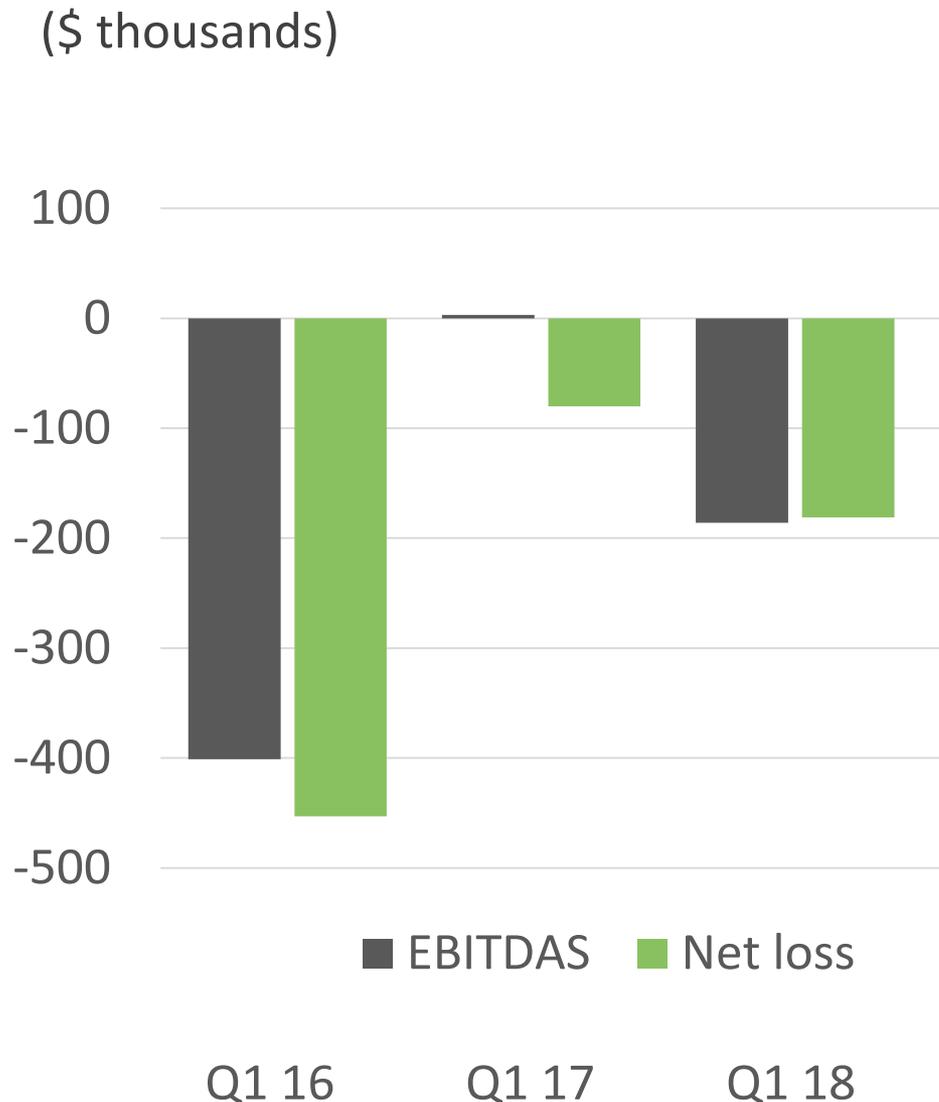
(\$ millions)



## Q1 2018 highlights:

- Up 4.3% over Q1 2017
- Gross margin of 49.0% versus 68.2% in Q1 2017
- Much higher proportion of heat recovery revenue

# Q1 EBITDAS and net income



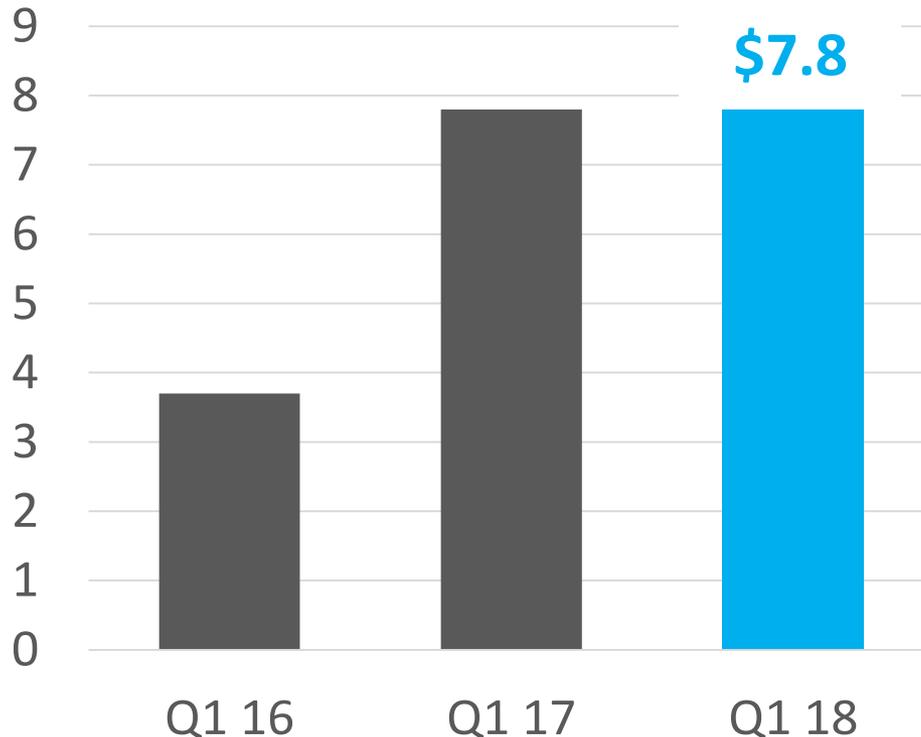
Operating expenses for the quarter were \$1.7M versus \$1.5M in Q1 2017:

- More than half of the increase relates to:
  - New sales staff
  - New technical staff
  - Other strategic growth initiatives
- Operating expenses as a percentage of revenue fell to 56% in Q1 2018 vs. 70% in Q1 2017

# Order backlog remains strong



(\$ millions)



**Order backlog:** The value of projects in respect of which purchase orders have been received but have not yet been reflected as revenue in the Company's published quarterly financial statements.

At the time of reporting first quarter in October of each year

# Recent & planned growth initiatives



## Increase penetration in key markets

FY2017: Three new sales people/territories (Ontario, Latin America, Germany)

FY2018 and Beyond:  
Alberta, Texas, Germany,  
France, Eastern Europe

## Introduce new products

FY2017: Super-Efficient  
Cogeneration™

FY2018 and Beyond:

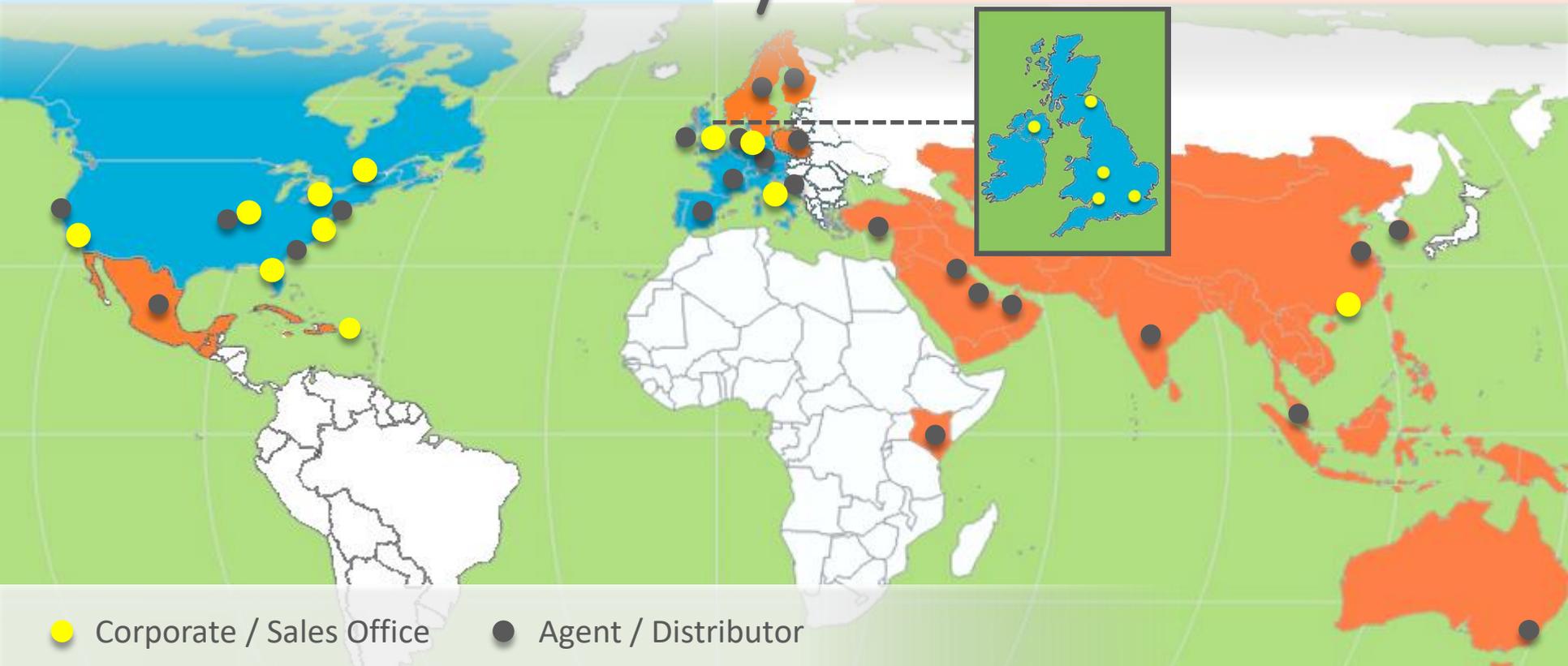
- Dry-Rex low-temp. biomass drying
- Indirect heat recovery
- Direct fired water heater

# Growing global presence



Increase penetration in key strategic markets

Support agents/distributors in secondary markets



● Corporate / Sales Office      ● Agent / Distributor

\* Company has engineering offices in Ottawa and Bristol (U.K.)

**Strong market fundamentals,  
enormous growth potential**

- Strategic growth in key markets (NA and EU)
- Opportunistic growth in secondary markets
- Corporate accounts
- Strategically targeted sectors
- Alternate distribution channels
- New products and services

**Grow organically  
and/or through  
accretive  
acquisitions**

# Investment highlights

1

Enormous, fast-growing market with strong fundamentals

2

Proprietary products sold to leading companies in many sectors

3

Poised to continue strong track record of growth





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INTERNATIONAL INC.



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