



THERMAL ENERGY
INTERNATIONAL INC.

Q2 2018 review and update

TSX-V: TMG | January 29, 2018

Forward-looking statements



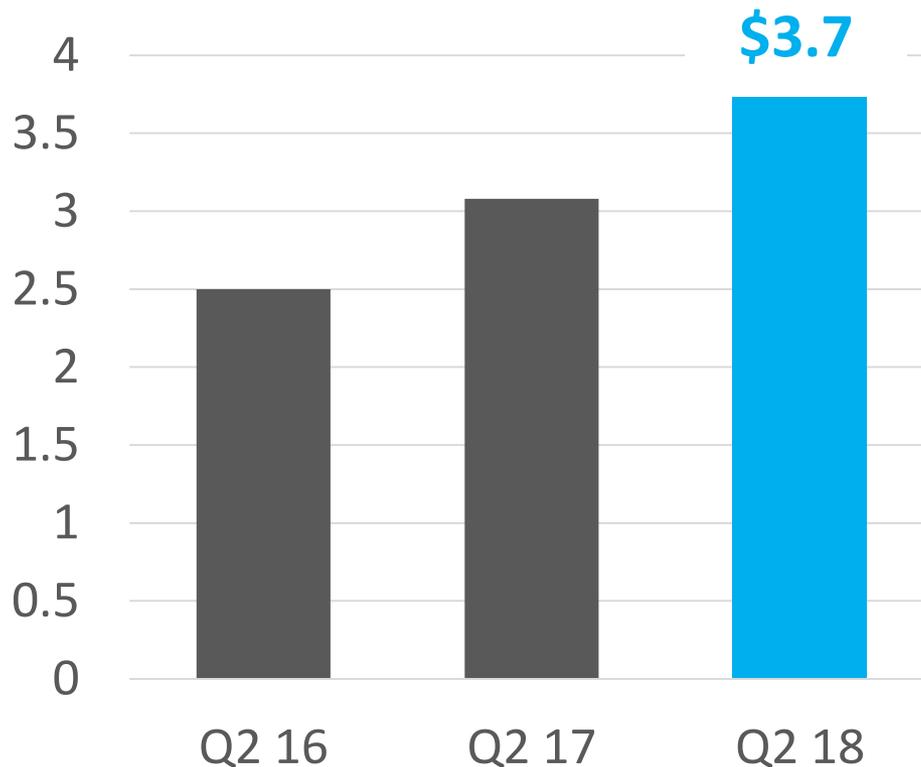
This presentation includes “forward-looking information”. For example, statements about the opportunities for repeat business, additional orders, entry into new markets and growth of recurring revenue streams; order backlog; introduction of new products and services and growth opportunities and strategies 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.

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Q2 revenue



(\$ millions)



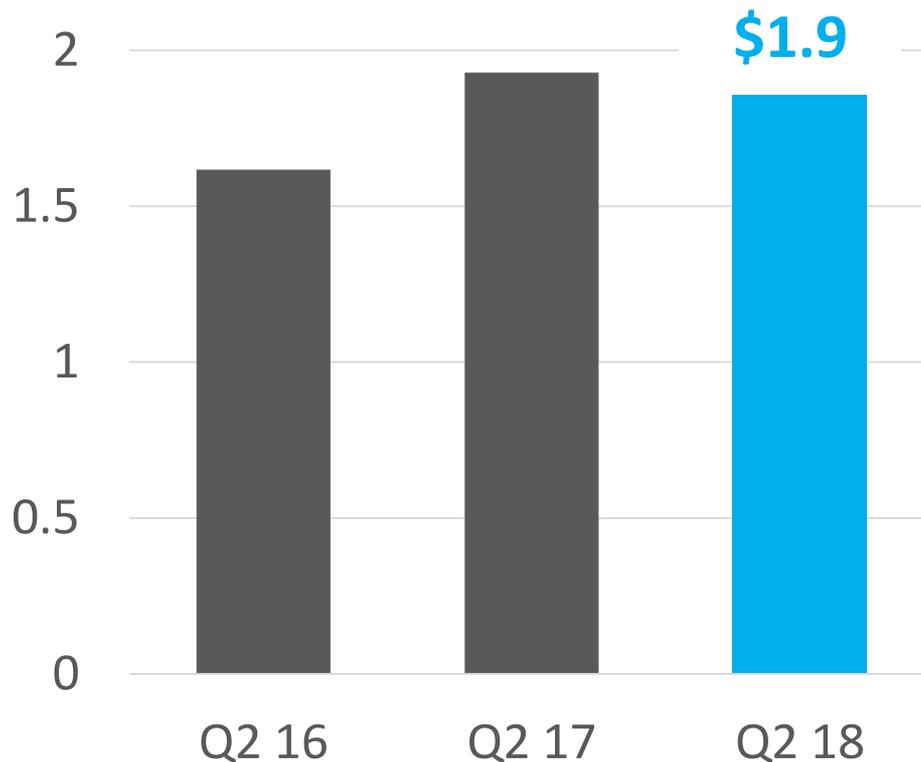
Q2 2018 highlights:

- Revenue up 21% over Q2 2017
- Heat recovery revenue up 108%
- GEM revenue down 26%

Q2 gross profit



(\$ millions)



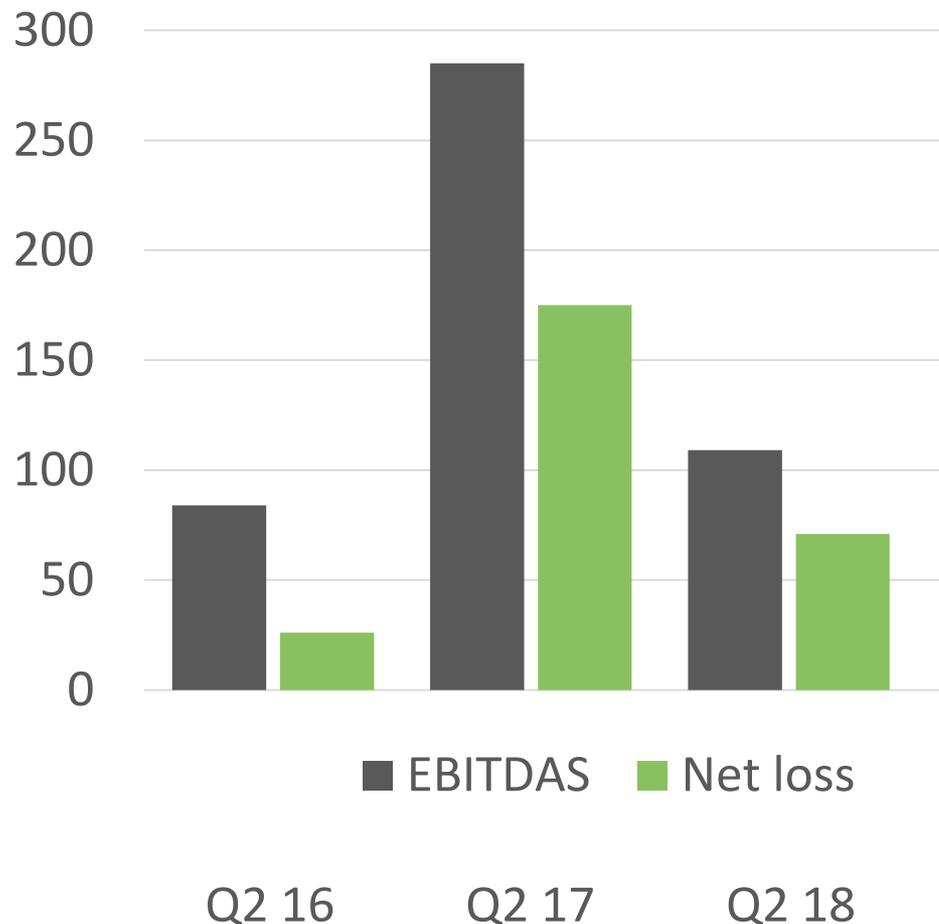
Q2 2018 highlights:

- Gross profit down slightly from a year ago
- Gross margin affected by the product split, with Q2 2018 having a much higher proportion of revenues deriving from the sale of heat recovery systems

Q2 EBITDAS and net income



(\$ thousands)



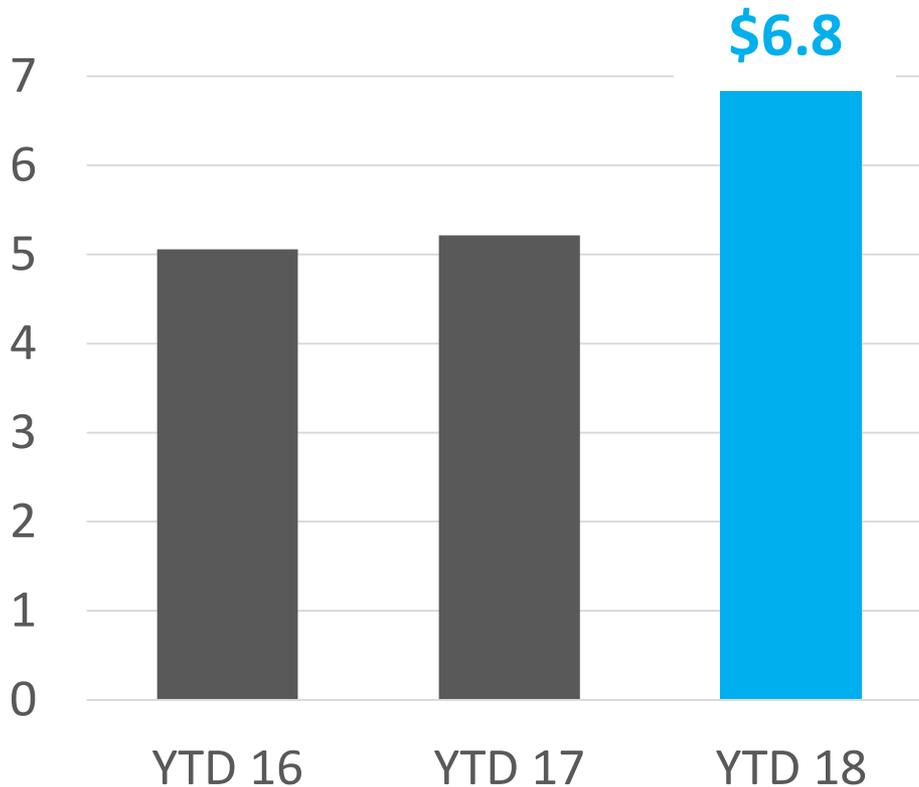
Q2 2018 highlights:

- Operating expenses for the quarter were \$1.8M versus \$1.7M in Q2 2017
- Additional costs associated with new technical and sales staff needed to grow the business
- Operating expenses as a percentage of revenue fell to 47.7% in Q2 2018 vs. 54.8% in Q2 2017

First half revenue



(\$ millions)



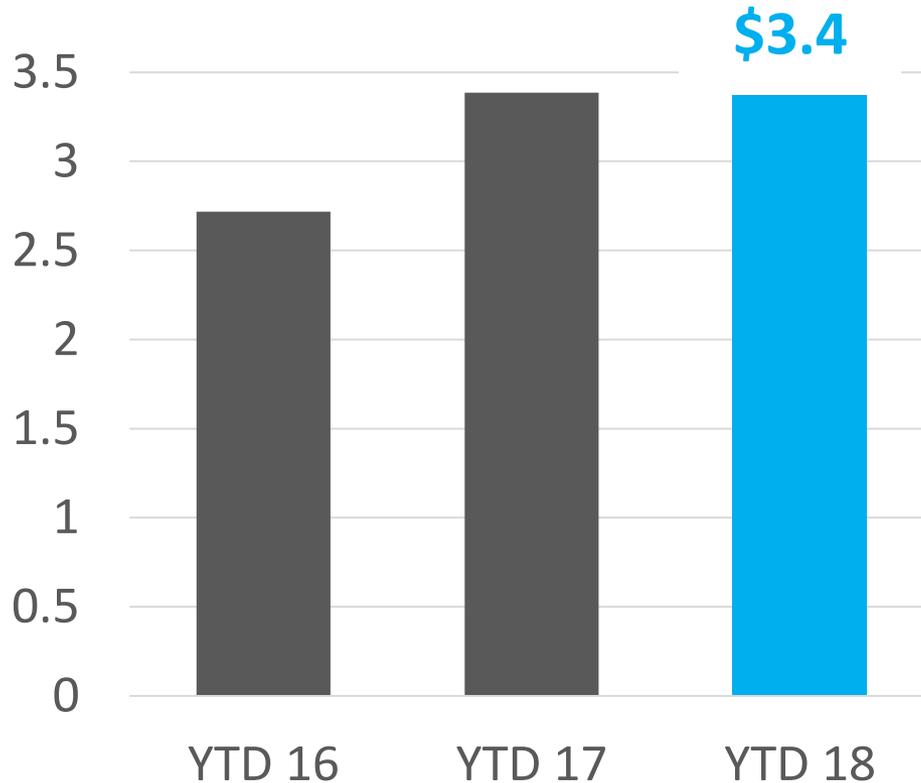
YTD 2018 highlights:

- Record revenue for first half of the year
- Up 31% over YTD 2017
- Heat recovery revenue up 132%
- GEM revenue down 23%

First half gross profit



(\$ millions)



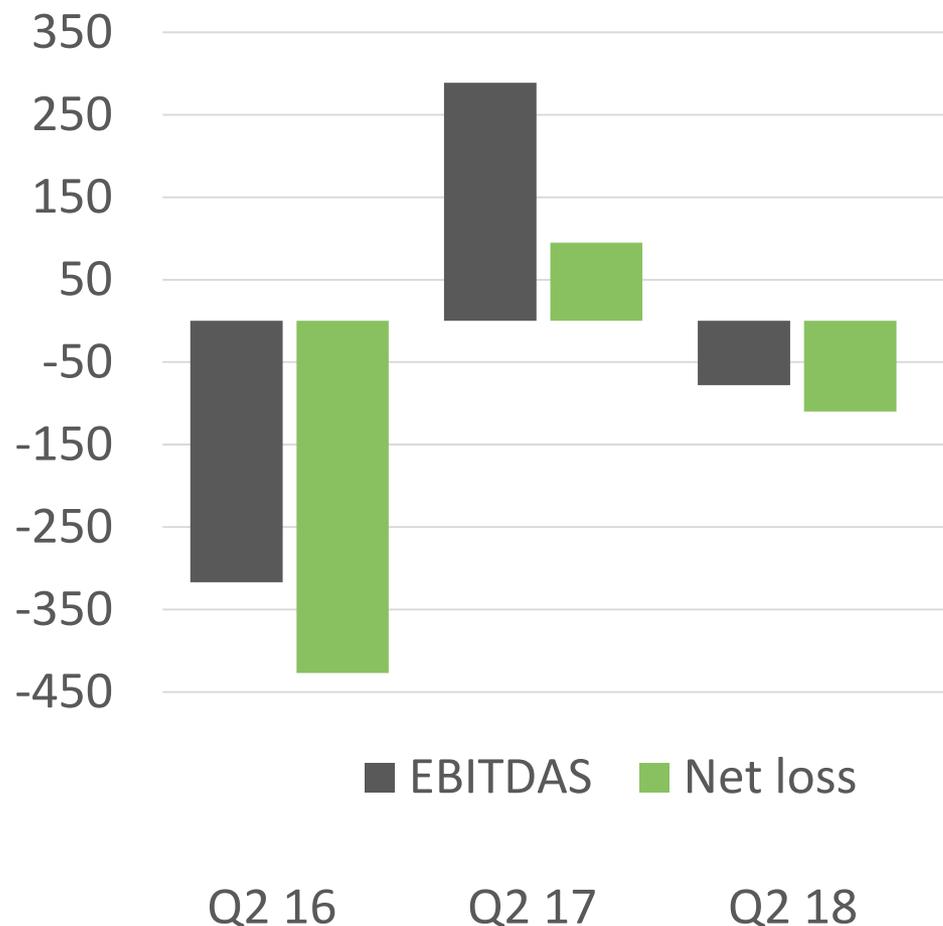
YTD 2018 highlights:

- Gross profit comparable to a year ago
- Gross margin affected by the product split, with YTD 2018 having a much higher proportion of revenues deriving from the sale of heat recovery systems

First half EBITDAS and net income



(\$ thousands)



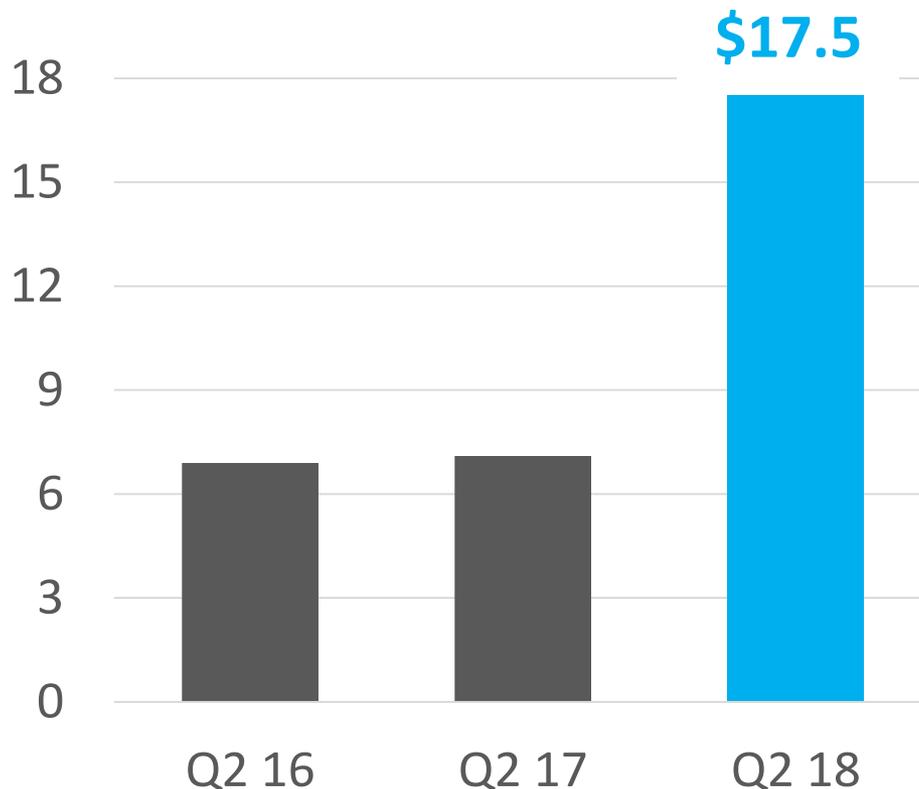
YTD 2018 highlights:

- Operating expenses were \$3.5M versus \$3.2M in YTD 2017
- Additional costs associated with new technical and sales staff needed to grow the business
- Operating expenses as a percentage of revenue fell to 51.5% from 61% in YTD 2017

Record order backlog



(\$ millions)



Received \$11 million order from Resolute FP in December – our largest order to date

Recently received 4 GEM orders totaling \$601K from 2 large consumer products companies – both of which are corporate accounts

At the time of reporting Q2 in January of each year

Our largest order ever



\$11 million energy efficiency project with Resolute FP Canada

- Announced December 2017
- Project expected to be substantially completed and revenue earned over next 16 - 17 mths.

Project secured \$5 million in funding from the Ministry of Research, Innovation and Science through the TargetGHG Industrial Demonstration Program administered by Ontario Centres of Excellence

Growth strategy



Growing productivity

Expanding the business



Grow organically and through accretive acquisitions

Growing our team & global presence



FY 2017	FY 2018	Near Term
<p>Added 3 new sales people/territories</p> <ul style="list-style-type: none">■ Ontario■ Latin America■ Germany	<p>Added EU Sales Director and a Senior Project Engineer</p>	<ul style="list-style-type: none">■ Texas (2018)■ Germany (2018)■ Northwestern North America (2018)■ France■ Eastern Europe

Introduce new products



- Dry-Rex low-temp. biomass drying
 - *Working with local customer to relocate BC based decommissioned Dry-Rex*
- Indirect heat recovery
- Wastewater heat recovery (Launrec RBT – **Sofame**)
- Direct fired water heater (Percomax – **Sofame**)
- Combined direct contact water heater and direct contact heat recovery (Hybrid Percomtherm – **Sofame**)
- Combustion humidification unit to reduce NOx (Steam Pump – **Sofame**)

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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