



Revenue Growth of 124% Drives Thermal Energy's Improved Third Quarter Financial Results

OTTAWA, ONTARIO – April 18, 2016 – 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, today announced its financial results for the three months (Q3) and nine months (YTD) ended February 29, 2016. All figures are in Canadian dollars.

Highlights:

- Revenue increased 124% for Q3 and 94% YTD;
- Gross profit increased 185% for Q3 and 95% YTD;
- Positive EBITDAS and adjusted cash flow for the quarter and YTD;
- Net income of \$418 thousand for Q3 narrowed YTD loss to \$9 thousand;

“We had strong sales growth and higher margins in both our heat recovery and GEM steam trap businesses in the third quarter,” said William Crossland, CEO of Thermal Energy. “Hospitals continued to be a good source of revenue during the quarter. We also had repeat business from a Fortune 500 food and beverage customer and a leading performance materials company, both of whom we signed corporate supply agreements with last year. The strong year-to-date results are evidence of the efforts we have made to grow our base business and become less susceptible to the timing of occasional larger orders. In fact, when excluding project values of \$1.5 million or larger, our revenue over the first nine months has grown at a rate of approximately 23% compounded annually since 2012, and is higher than it was in the first nine months of both fiscal 2012 and fiscal 2014, when we had record and near-record revenue years respectively.”

Summary Financial Results:

In thousands except % data	3 months ended Feb. 29, 2016	3 months ended Feb. 28, 2015	9 months ended Feb. 29, 2016	9 months ended Feb. 28, 2015
Revenue	\$3,221	\$1,441	\$8,279	\$4,275
Gross profit	\$2,029	\$712	\$4,746	\$2,434
Gross margin	63.0%	49.4%	57.3%	56.9%
Operating expenses	\$1,571	\$1,431	\$4,735	\$4,490
EBITDAS	\$505	\$(647)	\$187	\$(1,792)
Net income (loss)	\$418	\$(658)	\$(9)	\$(1,817)
Adjusted cash flow	\$496	\$(467)	\$245	\$(1,278)

Q3 2016 Financial Review:

Revenue for the quarter more than doubled to \$3.2 million from \$1.4 million for the third quarter of last year. Sales of heat recovery systems increased 122%, while GEM sales were up 125% compared to the same quarter a year ago.

Heat recovery sales in the quarter included revenues from two hospital projects, as announced November 5 and November 23, 2015 respectively, as well as projects at a gypsum company, as announced October 26, 2015, a dairy supplier, as announced March 4, 2015, and a leading animal feed supplier, as announced November 11, 2015.

GEM sales in the quarter included fulfilment of the second phase of the order from a healthcare company, as announced August 17, 2015, as well as the partial completion of conversions at two major hospitals and the conversion of four further sites of a leading Fortune 500 food and beverage company.

Gross profit for the quarter increased 185% to \$2.0 million compared to \$0.7 million for the same quarter a year earlier. As a percentage of sales, gross profit for the quarter improved to 63.0% from 49.4% in the third quarter a year ago. The higher gross profit as a percentage of sales was a result of improved margins achieved from both GEM and heat recovery sales in the quarter.

EBITDAS for the quarter was \$505 thousand, representing an improvement of approximately \$1.2 million compared to the third quarter of last year. The improvement was due to the higher revenues and gross margins achieved during the quarter, partially offset by a \$146 thousand increase in operating expenses, which was mostly attributable to higher sales commissions paid during the quarter.

The Company had a net income of \$418 thousand for the quarter versus a loss of \$658 thousand in the third quarter of last year.

Adjusted operating cash flow (defined as net income for the period, plus items not involving cash, plus lease payments received) for the quarter was positive \$496 thousand, compared to cash outflow of \$467 thousand for the same period a year ago.

As at February 29, 2016, the Company had a net cash balance of \$1.3 million and had an estimated \$105 thousand of unused borrowing capacity under its bank loans. Management believes that it has sufficient capital resources to fund existing operations and anticipated capital requirements for the remainder of the fiscal year and into fiscal 2017.

Full financial results including Management's Discussion and Analysis and accompanying notes to the financial results, are available on www.SEDAR.com and www.thermalenergy.com.

Orders and Backlog Summary:

As previously announced, during the quarter the Company received GEM orders totaling approximately \$154 thousand from a Fortune 500 food and beverage customer, bringing the total value of orders from this customer to approximately \$664 thousand for the year-to-date.

During the quarter the Company received GEM orders totalling \$86 thousand, and a further \$140 thousand subsequent to Q3, representing repeat business from a leading performance materials company, bringing the year-to-date total to \$293 thousand from this customer.

Several other smaller, individual orders were also received during the quarter.

Order backlog as at April 14, 2016 was approximately \$4.7 million compared to \$4.6 million a year ago. The Company includes in "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.

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](#)[™] - Steam traps, [FLU-ACE](#)[®] - Direct contact condensing heat recovery, and [Dry-Rex](#)[™] - 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 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.

Non-IFRS Financial Measures

This press release discusses our revenue excluding project values of \$1.5 million or higher (or Mega Projects), which is a non-IFRS financial measure, does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. This measure is provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, it should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Our revenue excluding project values of \$1.5 million or higher is calculated for the first three quarters of each of the years since 2012 as follows:

	9 months ended February 29, 2016	9 months ended February 28, 2015	9 months ended February 28, 2014	9 months ended February 28, 2013	9 months ended February 28, 2012
Revenue (\$000's)	8,279	4,275	8,434	6,331	9,692
Revenue from projects with values of \$1.5 million or higher	0	0	2,245	1,601	6,017
Revenues excluding project values of \$1.5 million or higher	8,279	4,275	6,189	4,730	3,675
Number of Mega Projects included	0	0	1	1	2

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