

NYSE:THR Q3 2026 Earnings Call Transcript

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Operator | Conference Operator:

Greetings and welcome to the Thurmond Group Holdings Third Quarter Fiscal 2026 Results Conference Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. As a reminder, this conference is being recorded. I will now turn the conference over to your host, Yvonne Salem, Vice President, FP&A, and IR. Thank you. You may begin.

Yvonne Salem | Vice President, FP&A, and IR:

Good morning, and thank you for joining Thermal Group's Third Quarter Fiscal 2026 Results Conference Call. Leading the call today are CEO Bruce Thames, Chief Financial Officer John Schott, and Chief Operating Officer Tom Sarofsky. Earlier this morning, we issued an earnings press release, which has been filed with the SEC on form 8K, and is also available on the investor relations section of our website. Additionally, the slides for this conference call can be found in our IR website under news and events, IR calendar earnings conference call, Q3, 2026. During the call, we will discuss some items that do not conform to generally accepted accounting principles. We have reconciled those items to the most comfortable GAAP measures in the tables at the end of the earnings press release. These non-GAAP measures should be considered in addition to and not as a substitute for measures of financial performance reported in accordance with GAAP. I would like to remind you that during this call we might make certain forward-looking statements regarding our company. Please refer to our annual report and most recently quarterly report filed with the SEC for more information regarding our forward-looking statements, including the risks and uncertainties that could impact our future results. Our actual results might differ materially from those contemplated by these forward-looking statements. and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments, or otherwise, except as might be required by law. Today's call will begin with remarks from our CEO, Bruce Thames, who will provide a review of our recent business performance, including an update on our strategic initiatives. Following Bruce, our Chief Operating Officer, Tom Sarofsky, will share an update on our progress and opportunities in the data center market and medium voltage heaters, which are two key components of our organic growth plans going forward. After Tom, our CFO, Jan Schott, will provide a review of our third quarter financial results. Bruce will then wrap up our prepared remarks with an update on our business outlook. At the conclusion of these prepared remarks, we will open the line for questions. With that, I'll turn the call over to Bruce.

Bruce Thames | Chief Executive Officer:

Thank you, Yvonne, and good morning to everyone joining us on the call today. I'll begin my commentary with our third quarter highlights, which you can find on slide four. I'm exceptionally proud to announce that we achieved record-breaking results in the third quarter, delivering the highest revenue, profitability, and bookings in our company's history. These outstanding outcomes are a testament to our unwavering commitment to executing our strategic initiatives and to the dedication and excellence demonstrated by our entire Thermon team across the globe. Our strategic actions have positioned us well to capitalize on significant secular trends that are reshaping the industrial landscape, including the growth of data centers, increasing demand for power generation, the global shift towards decarbonization, and accelerating electrification. We believe that our recent booking strength and pipeline growth illustrate improving macro conditions coupled with renewed capital project momentum that are reinforced by strong customer

relationships, all supporting a positive outlook for the remainder of the fiscal year with momentum continuing into 2027. Now turning to our quarterly results in more detail. Our third quarter revenues were up 10% from last year, which combined with our solid margin execution resulted in a 12% increase in adjusted EBITDA. Our third quarter adjusted EBITDA margin was just over 24%, which brings our trailing 12 months adjusted EBITDA margin to nearly 23%, illustrating the strong earnings potential of our business. We remain committed to our Thermon business system initiatives and our margin priorities, and we're very pleased by our recent profitability conversion. While I'm encouraged by our third quarter operating results, I'm most excited about the strong order trends and the building momentum we're now seeing in our business. Orders in the third quarter increased by 14% year over year, resulting in a book-to-bill ratio of approximately 1.1 times, with our total bid pipeline up 8% at quarter end, with nearly 80% of these opportunities coming from our diversified end markets. Large project orders in the quarter were up approximately 60% year-over-year, driven by LNG project activity, midstream gas processing, and a large sustainable aviation fuels project in Asia. Much of this activity is tied to the value chain around natural gas for both power generation and LNG export facilities, as well as continued momentum in renewables in the eastern hemisphere. While these orders help grow our installed base, the execution timelines are more protracted than our flow business and will begin to convert in our fiscal 27th. The power sector is another area where we also believe Thermon is well positioned with offerings ranging from emissions monitoring solutions with our tubing bundle products to temperature management with our Genesis heat tracing control systems to auxiliary boilers for conventional and nuclear power generation. While early in what appears to be a large CapEx cycle, our pipeline of opportunities in this sector has now grown to \$180 million up 58% year-over-year with over 60% of these opportunities in the U.S. market. Another area of emerging growth in the U.S. is in the reshoring of manufacturing, where customers are restarting shuttered facilities or expanding production in existing facilities across pharmaceuticals, chemicals, steel, and other industries. Last quarter, I highlighted that we received our first order for our new Poseidon liquid load bank solution. I'm pleased to report that we delivered these first units during the third quarter, and more importantly, we continue to see bookings and extremely strong quoting activity for our data center products. Tom Swarovski, our COO, will provide a more detailed update on the data center market later on this call. Another important driver during the quarter was the continued rebound in our large project business for the second consecutive quarter. As we've discussed on recent calls, our large capex order rates were improving, which led us to ramp up our engineering capacity to handle the increased project workload, including the launch of our new global engineering center in Mexico earlier this year. The increase in our engineering team has enabled us to move through the design phase on several large projects, which has translated to improve financial results in our large project business with a third quarter CapEx revenues up 37% versus the third quarter of last year. Based on our strong third quarter results, Combined with the building momentum and new orders and backlog growth, we're once again raising our guidance for fiscal 2026, which I will detail in my closing remarks. I'd like to now turn the call over to Tom Swarovski, our Chief Operating Officer, who will provide a more detailed update on the data center market and medium voltage heaters. Tom?

Tom Sarofsky | Chief Operating Officer:

Thank you, Bruce, and good morning to everyone. Moving on to slide six, I'd like to provide an update on our liquid load bank solutions for the data center market, which has quickly become a meaningful growth opportunity for Thermon. As we've discussed on prior calls, the recent shift to liquid-cooled data centers driven by investment in artificial intelligence, or AI, has created a rapidly accelerating demand for liquid load banks to validate critical cooling systems and power infrastructure. Thermon has moved aggressively to position the company to benefit from this trend in both the short term and long term. As Bruce highlighted, we shipped the first 20 units of our newest design liquid load bank solutions and also began installation and commissioning during the quarter. And the momentum for this product continues to grow. It is important to note that we moved from initial development to shipping units in just six months, highlighting the ingenuity, responsiveness, and agility of our team. Quoting activity remains robust as our quote log has doubled sequentially to \$60 million. We continue to expect a significant ramp in orders for our liquid load bank

solutions and we are currently expanding production to support what we believe will be a multi-year growth opportunity. Another exciting opportunity for Thermon is our participation in the medium voltage heaters market. Medium voltage heaters are heaters that look like and function like traditional process heaters, but operate at significantly higher voltages. This creates a large and growing market for these high performance heaters that operate at higher efficiencies, higher power densities, a smaller footprint, have lower installation costs, and less auxiliary equipment. Thermon's medium voltage heater pipeline has expanded to over \$150 million, benefiting from our global electrification trends and the superior nature of our product. Our sales and marketing activities for these heaters are also an extension of the efforts of our current commercial teams in existing industries with existing skill sets and with existing customers allowing us to move quickly to capture market share. These heaters also benefit from the secular tailwinds and the macroeconomic trends regarding decarbonization and electrification in industrial heating. Aside from the previous previously mentioned features and benefits, these electric heaters can perform at the highest levels of efficiency and have no emissions, where a combustion-based heater would operate at lower efficiencies and is not emissions-free. It is also worth noting that, from a competitive perspective, there are significant barriers to entry into the medium voltage heater market. Although this is well within Thermon's strike zone of expertise in heat transfer and thermodynamics, this is a capability we have developed over a number of years with our deep and extensive engineering talent. These heaters come with international certifications and approvals that require exhaustive testing and compliance reviews. Quite frankly, these medium voltage heaters are difficult to engineer and even harder to manufacture. Thurmond is a leader in this space, and we are on our front foot ahead of a very, very short list of competitors that have even attempted to participate in this space. We've secured our third medium voltage heater order, which increases our backlog for this product to over \$11 million. We are currently quoting opportunities and selling manufacturing slots for these heaters into our FY27 and FY28 fiscal years. Last, we are also scaling our manufacturing processes and leveraging our global manufacturing footprint to increase capacity for these heaters. This technology is well within our strengths and capabilities, and we are utilizing our global engineering and operations team to meet the growing customer demand for these products. With that update on the exciting products of liquid load banks and medium voltage heaters, I'll now turn it over to Jan for a detailed review of our third quarter results. Jan?

John Schott | Chief Financial Officer:

Thank you, Tom, and good morning, everyone. I'll walk through our third quarter financial performance, followed by updates on working capital, cash flow, and our balance sheet and liquidity. Moving to slide seven, Revenue for the quarter was \$147.3 million, a year-over-year increase of 10%. The growth this quarter reflects more favorable spending patterns, including continued improvements in large project spending by customers, ongoing momentum in electrification and decarbonization in Europe, and benefits from pricing. With the FATI acquisition reaching its one-year anniversary this past October, all of the growth this quarter is now considered organic. Our OpEx revenues were \$122 million during the third quarter, an increase of 5% compared to last year, driven by increased spending from our installed base and pricing. OpEx revenues represented 83% of total revenues for the quarter. Large project revenue was \$25.4 million for the third quarter, up 37% from last year. As Bruce mentioned earlier, momentum in our major project markets is now flowing through to our results, with several projects progressing from engineering into execution this quarter. Our engineering teams remain fully utilized, and the active bid pipeline gives us confidence that the strength will continue into the new calendar year. Our gross profit was 68.7 million during the third quarter, an increase of 11% compared to last year. The increase in gross profit was the result of operating leverage from increased volumes, price, tariff mitigation, and productivity gains enabled by our Thermon business systems. As a result, Gross margins were 46.6% for the third quarter, up from 46.2% last year. We were pleased to see our gross margin performance continue this quarter, given the higher mix of large project revenue. We also saw this trend last quarter, which is encouraging. Adjusted EBITDA was 35.6 million for the quarter, up from 31.8 million last year, an increase of 12 percent. The increase was driven by our solid revenue growth, sustained gross margin improvement, and disciplined cost management, partially offset by continued investments in growth initiatives and higher performance-based compensation. Adjusted EBITDA margin was

24.2 percent during the third quarter, up 50 basis points from last year. Gap earnings per share for the quarter was 55 cents, up modestly from 54 cents in the prior year. Adjusted earnings per share was 66 cents, up 18 percent from 56 cents last year. Third quarter orders grew 14% to \$158.2 million compared to last year. As Bruce noted earlier, this included strong activity across LNG, midstream gas processing, and a major SAF project in Asia. Our book-to-bill ratio for the quarter was 1.1 times up from 1.0 times a year ago. Backlog increased 10%, driven by a positive book-to-bill for the quarter and favorable project timing, even as we delivered record revenue this quarter. Turning to performance by geography, U.S. lamb delivered a solid 10% year-over-year increase, driven by sustained demand across large capital projects and continued pricing discipline. Canada posted a 1% revenue increase, supported by heightened project activity. In EMEA, activity remained robust, with revenue increasing 37%. This growth reflects strong execution across our legacy business, as well as rising demand tied to electrification and decarbonization trends in Europe. Meanwhile, APAC delivered 9% revenue growth, supported by continued momentum in project activity. Turning to slide eight for an update on our balance sheet and liquidity. Working capital was \$190 million at quarter end. Capital expenditures were \$4.9 million for the quarter compared to \$1.4 million last year, reflecting our investments to support growth initiatives, including our liquid load bank and medium voltage heater product lines. We generated \$13.1 million of free cash flow in the third quarter, up from 8.4 million last year, reflecting healthy operating performance and moderated by growth-focused investments. Year-to-date free cash flows was 25.7 million, up from 23.9 million in the prior year period, highlighting continued discipline even as we invest to support growth. We did not repurchase shares in the third quarter, Cumulative repurchases since the beginning of fiscal 2025 stood at 36 million, 4% of our shares outstanding. We still have 38.5 million remaining under our existing authorization. We ended the quarter with net debt of 96.3 million and a net leverage ratio of 0.8 times. In summary, We continued our financial discipline during the third quarter and remained focused on maintaining a strong balance sheet. We have \$141 million in total cash and available liquidity as a quarter end, providing us ample financial flexibility to execute on our balanced capital allocation strategy, which remains focused on driving growth, both organically and through strategic acquisitions, while balancing opportunistic share repurchases and debt reduction. With that, I will turn the call back over to Bruce.

Bruce Thames | Chief Executive Officer:

Thanks, Jan. As we shared on this call, we were very pleased with our third quarter results and are encouraged by the continued momentum we're seeing across many of our end markets. This team has spent considerable time and energy over the past several years repositioning the business for growth, so it's very rewarding to see this hard work beginning to pay off. Based upon our strong results through the first three quarters of the year and the continued momentum in our business, we're raising our full year 2026 financial guidance for revenue and adjusted EBITDA. As we detail on slide nine, our fiscal 2026 financial guidance calls for revenue in a range of \$516 million to \$526 million, representing 5% growth over prior year at the midpoint. We're raising adjusted EBITDA guidance to a range of \$114 million to \$120 million, representing 7% growth over prior year at the midpoint. Our guidance continues to assume that the current tariff structures remain in place and any future announcements do not have a notable positive or negative impact on input costs or customer sentiment and the improved business trends we've seen are sustained. Turning now to slide 10. We believe we're strategically positioned to benefit from several powerful macroeconomic drivers, including reshoring, electrification, decarbonization, power, and data centers. We're in an extremely strong financial position with more than sufficient financial flexibility to continue pursuing our strategic priorities, including the discipline allocation of capital, all with an ongoing focus on generating long-term value for our shareholders. That completes our prepared remarks. We're now ready for the question and answer portion of our call.

Operator | Conference Operator:

Thank you. And at this time, we will conduct the question and answer session. If you would like to ask a question, please press star 1 on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press star 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. And your first question comes from Brian Drab with William Blair. Please state your question.

Brian Drab | Analyst, William Blair:

Congratulations on the great results. You know, I've been covering the company for a long time, and I know a lot of people have been expecting, you know, Thermon to put up results like this. And I usually don't take time to do this congratulating on the calls, but it's worth – I think it's deserving for sure.

John Schott | Chief Financial Officer:

Thanks, Brian.

Brian Drab | Analyst, William Blair:

I was wondering – Yeah. Can you talk about the 46% plus gross margin that, you know, two quarters in a row, the sustainability of that? What is structurally changed if it has or, you know, and you're doing that in the face of improving large project activity where you typically see somewhat lower gross margins?

Bruce Thames | Chief Executive Officer:

Yeah, that's a great point, Brian. The mix is shifting towards more large projects. There's a number of things that are really driving the improved gross margins. You know, the Thermon business system, we've been able to systematically drive productivity and efficiency gains that are translating into bottom line results. I think That's something that's in place and will continue to drive going forward. Price has been another area where we've certainly gained some incremental margin in the marketplace. We also are seeing the benefit of operating leverage. And I would also note that when you look at the project mix we have today, it is largely design and supply with much less demand. what we call turnkey or additional content around field labor, around installation, or third-party materials that we would have, conduit, wire, switches, breakers, relays, and the like. So that all helps improve the margin profile of these projects. As we look at our backlog going forward, we still have a very significant backlog building around large projects that are heavily weighted towards design and supply. So those margins, I think, would be sustained. I would go on to say that typically our Q3 is always the highest gross margin just due to the mix around heating season and just operating leverage on the incremental volume. So having said that, when you look at our business on a seasonality basis, I think we can continue to drive similar margins going forward. The key here is understanding that Q3 is typically the peak and it'll fall off somewhat in Q4 and Q1 and then begin to rebuild in Q2 and Q3 of next year. So That's just the normal cadence of the margin profile of our business.

Brian Drab | Analyst, William Blair:

Okay. And this shift to more design and supply versus projects with the significant labor content, is that something that was by design, like by your design, or is that more a function of trends in the overall market?

Bruce Thames | Chief Executive Officer:

It's a little of both. We've focused there particularly, but then there's also been a shift with some of the general contractors and also the EPCs to be able to bring more of that field labor and installation in-house. So it's been a bit of a mix of both.

Brian Drab | Analyst, William Blair:

Okay. And then on the data center side, Just really good momentum there, clearly. Can you talk about how your conversations with the potential customers in the industry have evolved? Are you talking to the data center construction contractors, the HVAC contractors, the hyperscalers themselves, all of the above?

Tom Sarofsky | Chief Operating Officer:

Yeah. Hey, Brian, this is Tom. Thanks again for the congratulations. Look, the answer to your question is all of the above. We've formed some relationships through our discovery process and design thinking of developing these projects. We did a lot of customer research and feedback before we launched the project and launched the products. We are forming relationships with, let's say, a rental companies out there that specifically rent equipment into this market. There's also a burdening group of companies that do nothing but commissioning of data centers and meet the testing around insurance and regulatory compliance. And then, as you said, we've also worked directly with end users. In some cases, they're installing these units and load banks permanently, and it'll become a fixture of their overall asset. So, look, the answer is we've worked with all types of customers and informed relationships through many different channels.

Brian Drab | Analyst, William Blair:

Okay, perfect. I'll pass it on for now and talk to you later. Thank you.

Operator | Conference Operator:

Thanks, Brian. Thank you. And your next question comes from Justin Ages with CJS Securities. Please state your question.

Justin Ages | Analyst, CJS Securities:

Hi, morning all.

Operator | Conference Operator:

Good morning.

Justin Ages | Analyst, CJS Securities:

Another question on the liquid load banks. In the past, you've mentioned, you know, the market size around 80, 90 million. Just wondering if your assumptions have changed there. And I know you gave some detail on the competitive landscape for the medium banks. voltage heaters, but any detail you can give us on the landscape for these liquid load banks would be helpful as well, please.

Tom Sarofsky | Chief Operating Officer:

Hey, great question. We have not updated our management estimates of what we believe the market to be. I think we'll stay consistent for now with what we put in previous communications and what we've mentioned earlier. I will say the market is robust, but the most important thing is our quote log. has actually doubled, I believe, sequentially quarter over quarter. We're now at about \$60 million. So we believe this will be both a short-term material impact on our potential FY27 results, and then also a longer-term multi-year opportunity. I think data centers is something that many different companies out there that are selling electrical and other types of products, we're still trying to get our arms around how big this growth cycle is and how long it will last. But it's clearly very large and it's clearly multi-year.

Justin Ages | Analyst, CJS Securities:

That's helpful. Thanks. And then on the CapEx guidance, you know, you said 2.5% to 3% this year. This quarter was 3.3% ahead of sales. Just wondering if these investments in these two new growth platforms, as we look, you know, peak into 27 and 28, if it's going to be a bit higher as you guys are, you know, ramping for growth there.

Bruce Thames | Chief Executive Officer:

Yeah, that's a great question. We are making more, you know, if you think about just in our over the last five years or more, our CapEx has probably averaged around two and a half percent. We've got these two opportunities, which are significant organic growth opportunities, and we are making investments to scale manufacturing. And so we're in the process of finalizing our plans for next year, but we would expect CapEx to be in probably closer to that 3% range next year and just investing for growth. in these two different platforms. And really that's to build capacity both in the Western hemisphere as well as in the Eastern hemisphere to grow and scale these products.

Justin Ages | Analyst, CJS Securities:

That makes a lot of sense.

Bruce Thames | Chief Executive Officer:

All right.

Justin Ages | Analyst, CJS Securities:

I appreciate you taking the question. Thank you. Thank you.

Operator | Conference Operator:

Your next question comes from Aaron Spichalo with Craig Hallam Capital Group. Please state your question.

Aaron Spichalo | Analyst, Craig Hallam Capital Group:

Yeah, good morning, Bruce, Jan, and Tom. Thanks for taking the questions. You know, maybe first for me on the medium voltage opportunity, you know, you talked about the pipeline and the backlog and, you know, scaling the manufacturing. Can you just kind of talk about how you see that progressing, you know, over the next couple years, given that pipeline and kind of how growth can look as you kind of scale manufacturing?

Tom Sarofsky | Chief Operating Officer:

Yeah, no, thanks, Aaron. Great question. This is a very, very early stage of engagement with customers on the medium voltage. As I've said, we've taken three orders. We have worked down some of the backlog, but the existing backlog right now at the end of Q3 was \$11 million. Again, just to repeat, quote pipeline on that is over \$150 million today. This is another opportunity for us that we believe is both large and multi-year. We have begun the process of investment there, both on the CapEx and OpEx side, to increase capacity, again, both in the Western Hemisphere and then future investment in the Eastern Hemisphere, to be able to build these heaters and meet customer demand. This has been a tailwind for us. Again, the other thing to keep in mind, this has a very large competitive moat around it in terms of the capabilities to build these heaters. But it will certainly be something that is multi-year and have impact on not just FY27, but a material impact on years in the future.

Aaron Spichalo | Analyst, Craig Hallam Capital Group:

All right. I appreciate that. And then You kind of called out LNG and midstream as nice growth drivers. Can you just talk a little bit more about how your offering fits in that market, where that business is today, and how you see that ramping moving forward?

Bruce Thames | Chief Executive Officer:

Yeah, so LNG, midstream, kind of thinking through those. What we're seeing is certainly the LNG export facilities particularly, we do quite a bit. in LNG liquefaction. And so we've, in the first quarter of this year, we had secured about five projects for LNG and those began to execute in our Q2 of this year and continued into our Q3. We also booked some additional LNG projects. When you think about our products, There's a number of different applications we have. Even the medium voltage heaters are used for natural gas regeneration, which and then our heat tracing products are used extensively just due to the colder temperatures and and the to freeze protect on a lot of different valves and piping. We also have immersion heater opportunities in various applications there. And then our tubing bundles are sold in there. So it's really a broad swath of our products for LNG. And then we think about moving upstream to increase production in natural gas. One of the areas where we do a lot of work is in midstream gas processing, particularly in fractionators. And so we've secured some orders in those areas as well with some nice projects emerging here, particularly in the U.S. around increased natural gas production and processing. And then all of that also ties to just the increased power demand. And the shift towards combined cycle power generation with some of the legislative changes that are increasing demand for natural gas as well. So all of those tie in pretty well and are demand drivers for our products and services.

Aaron Spichalo | Analyst, Craig Hallam Capital Group:

That's great. Thanks for the caller and for taking the questions. I'll turn it over.

Bruce Thames | Chief Executive Officer:

Thank you.

Operator | Conference Operator:

Thank you, and a reminder to the audience, to ask a question, make sure you press star one on your telephone keypad. To withdraw your question, press star two. Once again, to ask a question, press star one on your phone's keypad. Your next question comes from John Bratz with Kansas City Capital. Please state your question.

John Bratz | Analyst, Kansas City Capital:

Good morning, everyone. Morning, John. Going back to gross margins, they've been very strong despite the higher capital capex revenues. And you talked a little bit about the reasons, but independent of those reasons, given the strength of the market, are you just seeing better margins in that business than maybe you had seen years ago, initial margins?

Bruce Thames | Chief Executive Officer:

Our project margins are healthy. I would say, John, as I reflect back, they are not necessarily above what we've seen in large CapEx cycles. The company historically, I mean, if you go back to the 2013 timeframe, had enjoyed exceptional gross margins in project activity. When there was just a super cycle in the oil sands. So I would say we're not at those levels, but on a relative basis, our project margin profile has improved and the mix has had a big impact on that as well. So I think it's a little of both the mix and of design and supply as well as just the overall market conditions for pricing and the nature of the projects we're executing have both helped with price and gross margins.

John Bratz | Analyst, Kansas City Capital:

Okay. All right. Thank you. The second question, the FAPI acquisition last year has been very successful. How do you see that going forward? What else are you doing to maybe improve the revenue outlook for that operation and the profitability? What's ahead for Fonty in 2027?

Bruce Thames | Chief Executive Officer:

Yes, great question. That business has performed exceptionally well. A few things to note. One is we continue our commercial efforts there in Europe and the Eastern Hemisphere, which have been quite successful. A lot of the CAPEX investments that we talked about, both Jan and the prepared remarks, as well as just questions I answered earlier, are related to scaling capacity there in Milan. We are building capacity for our medium voltage heaters there, and we'll begin to be completely vertically integrated and be able to produce those in Europe for Europe in the Eastern hemisphere. And that's, that's going to be a significant growth driver, you know, in, in less than 18 months, we've essentially doubled that business. We expect that to be, you know, to double that business over the next two to three years. And that would be, really serving the increased demand for electrification, as well as the market opportunity represented by medium voltage heaters. So that business, we would expect to continue to build and grow. And, you know, while as we look at that, our product portfolio, quite frankly, has historically had immersion heaters and the like, but having that manufacturing capacity there in Europe has really enabled and unlocked the next level of growth. So it's really been a great success story, really commercially and operationally. Okay. Thank you. Thank you.

Operator | Conference Operator:

Thank you. And ladies and gentlemen, final reminder, if you would like to ask a question, press star one on your phones now. We'll pause for a couple moments while we pull for questions. Thank you. And there are no additional requests for questions. So at this time, I'll hand the floor back to Bruce Thames for closing remarks. Thank you.

Bruce Thames | Chief Executive Officer:

Thank you, Diego. And thank you all for joining on the call today. We appreciate your interest in Thermon. And if we don't talk to you in the coming months, we look forward to providing an update on our full year financial results in the May timeframe. So thank you all for joining today.

Operator | Conference Operator:

Thank you. This concludes today's conference. All parties may disconnect.