



Q1 2017 Earnings Call

May 8, 2017



Legal Disclaimer

This presentation contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical facts contained in this presentation, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. In many cases, you can identify forward-looking statements by terms such as “may,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. Forward-looking statements contained in this presentation include, but are not limited to, statements about (i) growth of the wind energy market and our addressable market; (ii) the potential impact of GE’s acquisition of LM Wind Power upon our business; (iii) our future financial performance, including our net sales, cost of goods sold, gross profit or gross margin, operating expenses, ability to generate positive cash flow, and ability to achieve or maintain profitability; (iv) the sufficiency of our cash and cash equivalents to meet our liquidity needs; (v) our ability to attract and retain customers for our products, and to optimize product pricing; (vi) competition from other wind blade manufacturers; (vii) the discovery of defects in our products; (viii) our ability to successfully expand in our existing markets and into new international markets; (ix) worldwide economic conditions and their impact on customer demand; (x) our ability to effectively manage our growth strategy and future expenses; (xi) our ability to maintain, protect and enhance our intellectual property; (xii) our ability to comply with existing, modified or new laws and regulations applying to our business; and (xiii) the attraction and retention of qualified employees and key personnel.

These forward-looking statements are only predictions. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to materially differ from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as guarantees of future events. Further information on the factors, risks and uncertainties that could affect our financial results and the forward-looking statements in this presentation are included in our filings with the Securities and Exchange Commission and will be included in subsequent periodic and current reports we make with the Securities and Exchange Commission from time to time, including in our Annual Report on Form 10-K for the year ended December 31, 2016.

The forward-looking statements in this presentation represent our views as of the date of this presentation. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we undertake no obligation to update any forward-looking statement to reflect events or developments after the date on which the statement is made or to reflect the occurrence of unanticipated events except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date after the date of this presentation. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

This presentation includes unaudited non-GAAP financial measures including total billings, EBITDA, adjusted EBITDA, net debt and free cash flow. We define total billings as the total amounts we have invoiced our customers for products and services for which we are entitled to payment under the terms of our long term supply agreements or other contractual agreements. We define EBITDA as net income (loss) attributable to the Company plus interest expense (including losses on the extinguishment of debt and net of interest income), income taxes and depreciation and amortization. We define Adjusted EBITDA as EBITDA plus any share-based compensation expense, plus or minus any gains or losses from foreign currency remeasurement. We define net debt as the total principal amount of debt outstanding less unrestricted cash and equivalents. We define free cash flow as net cash flow generated from operating activities less capital expenditures. We present non-GAAP measures when we believe that the additional information is useful and meaningful to investors. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See the appendix for the reconciliations of certain non-GAAP financial measures to the comparable GAAP measures.

This presentation also contains estimates and other information concerning our industry that are based on industry publications, surveys and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

Agenda

- Q1 2017 Highlights
- Industry Update
- Q1 2017 Financial Highlights
- Guidance for 2017
- Q&A
- Appendix - Non-GAAP Information

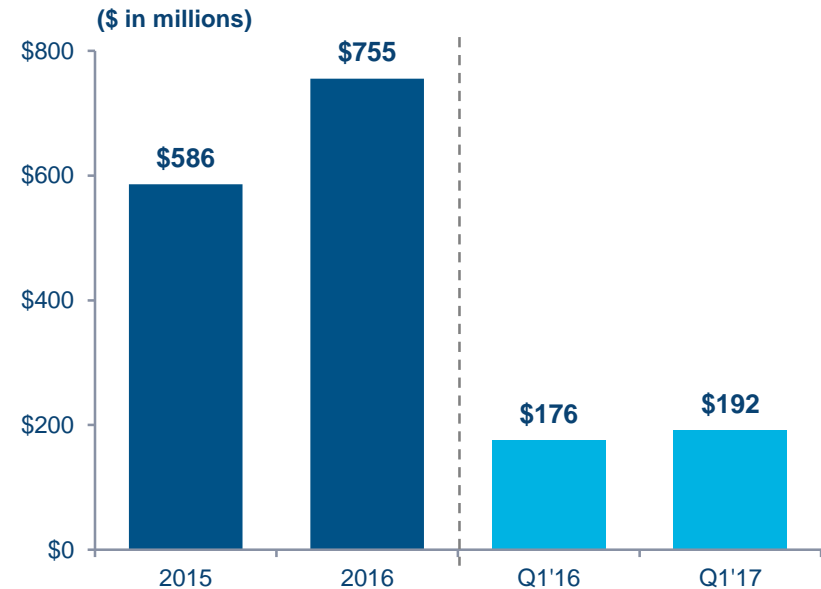
Q1 2017 Highlights

Q1 2017 Highlights

Q1 2017 Highlights and Recent Company News

- Operating results and year-over-year increases compared to the first quarter 2016
 - Net sales were up 8.8%
 - Total billings were up 21.1% to \$211.4 million for the quarter – in line with our 2017 plan
 - Net income for the quarter increased to \$3.5 million versus \$1.7 million in Q1 2016
 - Adjusted EBITDA for the quarter increased by 36.7% to \$15.6 million and beat our plan
 - Adjusted EBITDA margin for the quarter was up 160 bps to 8.1% and beat our plan
- Signed a multiyear supply agreement with Gamesa for one manufacturing line plus an option for another in Turkey
- Signed a multiyear supply agreement with Vestas for two manufacturing lines plus and option for additional lines in a newly announced manufacturing facility to be built in Matamoros, Mexico to serve the Latin American market

GAAP Net Sales



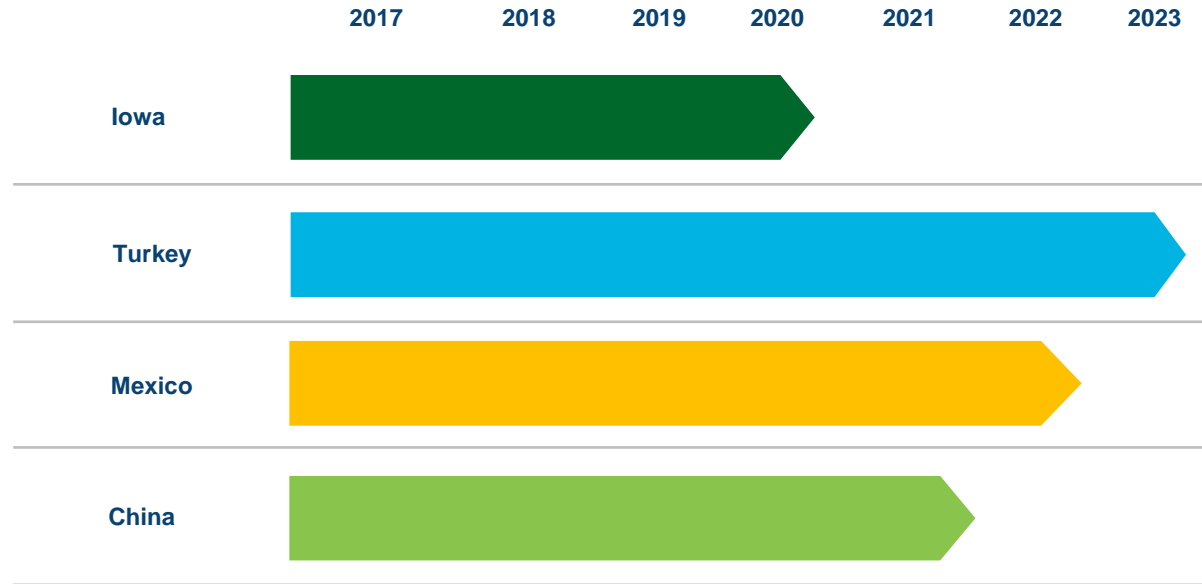
Sets	1,609	2,154	486	636
Est. MW	3,595	4,920	1,113	1,460
Dedicated lines ⁽¹⁾	34	44	38	44
Lines installed ⁽²⁾	30	33	32	39

(1) Number of manufacturing lines dedicated to our customers under long-term supply agreements

(2) Number of manufacturing lines installed that are either in operation, startup or transition

Existing Contracts Provide for ~ \$4.2 Billion in Revenue through 2023⁽¹⁾

Long-term Supply Agreements⁽¹⁾



Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately \$2.7 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total contract value of approximately \$4.2 billion through the end of 2023⁽¹⁾

Note: Our contracts with some of our customers are subject to termination or reduction on short notice, generally with substantial penalties, and contain liquidated damages provisions, which may require us to make unanticipated payments to our customers or our customers to make payments to us.

(1) As of April 28, 2017. The chart depicts the term of the longest contract in each location.

Onshore Global Market Growth

Annual installed global wind capacity (GW): 2016 – 2026E

■ Mature wind markets ■ Developing wind markets



	2016	2026E
Mature wind markets share	84.8%	71.6%
Developing market markets share	15.2%	28.4%

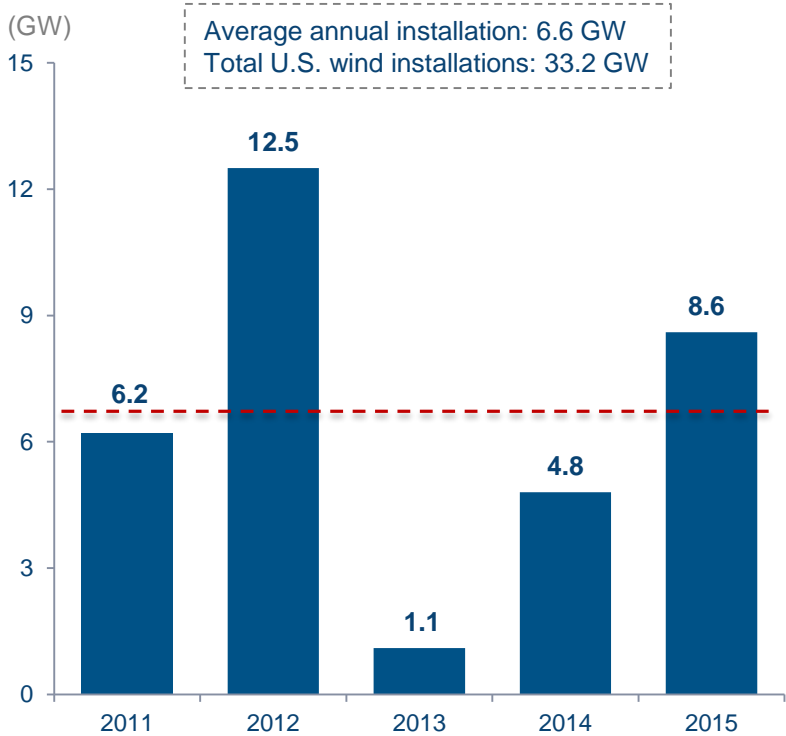
Annual installed wind capacity growth is propelled by an uptick in developing wind markets, including Turkey and Mexico where TPI Composites is well positioned to succeed

Source: MAKE Q1 2017 Global Wind Power Market Outlook Update and Bloomberg New Energy Finance

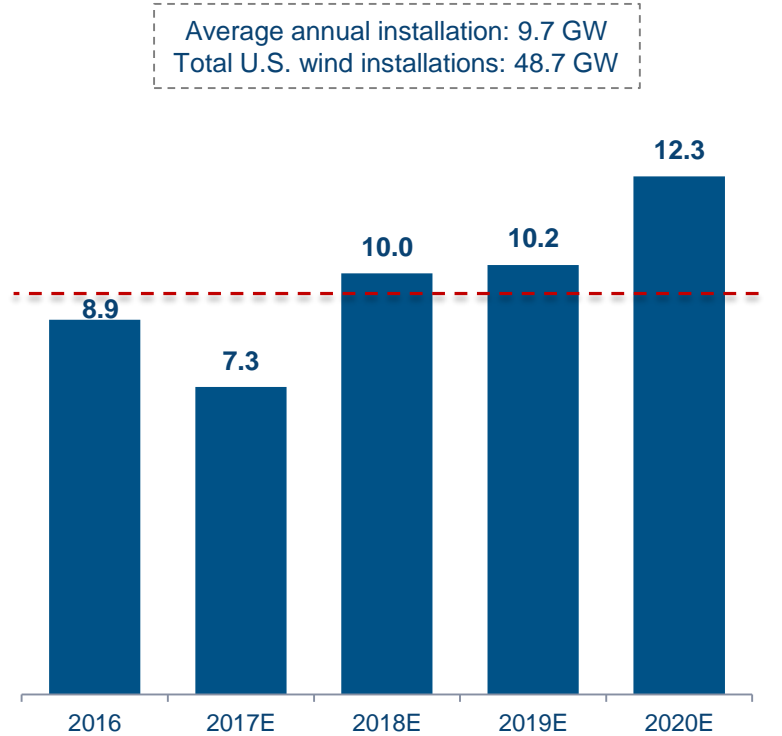
Note: Developing wind markets defined as fewer than 6 GW of 2016 installed capacity

U.S. Onshore Wind Market Growth: 2011 – 2020E

U.S. Onshore Wind Market Growth - Capacity (2011 – 2015)



U.S. Onshore Wind Market Growth – Capacity (2016 – 2020E)



The U.S. wind market is expected to experience consistent near-term growth in light of recently enacted PTC phase out

Source: MAKE Q1 2017 Global Wind Power Market Outlook Update

Q1 2017 Financial Highlights

Q1 2017 Financial Highlights

(unaudited)

(Dollars in millions, except per share data)

Select Financial Data

	Q1 2017	Q1 2016	Δ
Net Sales	\$191.6	\$176.1	8.8%
Total Billings ⁽¹⁾	\$211.4	\$174.5	21.1%
Net Income	\$3.5	\$1.7	103.0%
Adjusted EBITDA ⁽¹⁾	\$15.6	\$11.4	36.7%
Adjusted EBITDA Margin	8.1%	6.5%	160bps
Diluted Earnings (Loss) per Share ⁽²⁾	\$0.10	(\$0.16)	\$0.26
Net Debt ⁽¹⁾	\$7.1	\$101.4	\$94.3
Free Cash Flow ⁽¹⁾	(\$1.0)	(\$12.0)	\$11.0
Capital Expenditures	\$16.9	\$10.9	\$6.0

Key Performance Indicators

Sets	636	486	150
Estimated Megawatts	1,460	1,113	347
Dedicated Manufacturing Lines	44	38	6 lines
Lines Installed	39	32	7 lines
Lines in Startup	9	0	9 lines
Lines in Transition	0	3	3 lines

(1) See pages 17 – 19 for reconciliations of non-GAAP financial data

(2) Based on net income (loss) attributable to common shareholders

Income Statement Summary

(unaudited)

	Three Months Ended		Change	
	March 31,			
	2017	2016	\$	%
<i>(in thousands, except per share amounts)</i>				
Net sales	\$ 191,602	\$ 176,110	\$ 15,492	8.8%
Cost of sales	\$ 167,423	\$ 159,866	\$ 7,557	4.7%
Startup and transition costs	\$ 6,159	\$ 3,306	\$ 2,853	86.3%
Total cost of goods sold	\$ 173,582	\$ 163,172	\$ 10,410	6.4%
<i>Cost of goods sold %</i>	90.6%	92.7%		-210 bps
Gross profit	\$ 18,020	\$ 12,938	\$ 5,082	39.3%
<i>Gross profit %</i>	9.4%	7.3%		210 bps
General and administrative expenses	\$ 8,306	\$ 4,749	\$ 3,557	74.9%
<i>General and administrative expenses %</i>	4.3%	2.7%		160 bps
Income from operations	\$ 9,714	\$ 8,189	\$ 1,525	18.6%
Income before income taxes	\$ 5,646	\$ 4,049	\$ 1,597	39.4%
Net income	\$ 3,545	\$ 1,746	\$ 1,799	103.0%
Net income attributable to preferred shareholders	\$ -	\$ 2,437	\$ (2,437)	-100.0%
Net income (loss) attributable to common shareholders	\$ 3,545	\$ (691)	\$ 4,236	NM
Weighted-average common shares outstanding:				
Basic	33,737	4,238		
Diluted	33,827	4,238		
Net income (loss) per common share:				
Basic	\$ 0.11	\$ (0.16)	\$ 0.27	
Diluted	\$ 0.10	\$ (0.16)	\$ 0.26	
Non-GAAP Metrics				
Total billings ⁽¹⁾	\$ 211,360	\$ 174,538	\$ 36,822	21.1%
EBITDA ⁽¹⁾	\$ 12,482	\$ 10,951	\$ 1,531	14.0%
<i>EBITDA margin</i>	6.5%	6.2%		30 bps
Adjusted EBITDA ⁽¹⁾	\$ 15,570	\$ 11,390	\$ 4,180	36.7%
<i>Adjusted EBITDA margin</i>	8.1%	6.5%		160 bps

(1) See pages 17 – 19 for reconciliations of Non-GAAP financial data

Key Balance Sheet and Cash Flow Data

(unaudited)

(\$ in thousands)

	March 31, 2017	December 31, 2016
Balance Sheet Data:		
Cash and cash equivalents	\$ 115,541	\$ 119,066
Restricted cash	\$ 1,928	\$ 2,259
Accounts receivable	\$ 96,564	\$ 67,842
Inventories	\$ 51,947	\$ 53,095
Inventories held for customer orders	\$ 68,675	\$ 52,308
Deferred revenue	\$ 89,319	\$ 69,568
Total debt-current and noncurrent, net	\$ 120,489	\$ 123,155
Net debt ⁽¹⁾	\$ 7,095	\$ 6,379

(\$ in thousands)

	Three Months Ended March 31,	
	2017	2016
Cash Flow Data:		
Net cash provided by operating activities	\$ 15,938	\$ (1,139)
Capital expenditures	\$ 16,922	\$ 10,888
Free cash flow ⁽¹⁾	\$ (984)	\$ (12,027)

(1) See page 19 for a reconciliation of net debt and free cash flow

2017 Guidance

Guidance for 2017

Total Billings ⁽¹⁾	\$930M to \$950M
Sets	2,800 to 2,900
Average Selling Price per Blade	\$105K to \$110K
Estimated Megawatts	6,350 to 6,600
Dedicated Manufacturing Lines at Year-end 2017	52 to 56
Total Lines Installed at Year-end	40
Lines in Transition	5
Lines in Startup	15
Startup and Transition Costs	\$30M to \$40M
Capital Expenditures	\$75M to \$85M
Effective Tax Rate	20% to 25%
Depreciation and Amortization	\$23M to \$25M
Interest Expense	\$11M to \$12M
Income Tax Expense	\$8M to \$10M
Share-based Compensation	\$9.5M to \$10.5M

(1) We have not reconciled our expected Total billings to expected net sales as calculated under GAAP because we have not yet finalized calculations necessary to provide the reconciliation, including expected change in deferred revenue, and as such the reconciliation is not possible without unreasonable efforts.

Q&A

Appendix - Non-GAAP Information

This presentation includes unaudited non-GAAP financial measures including total billings, EBITDA, adjusted EBITDA, net debt and free cash flow. We define total billings as the total amounts we have invoiced our customers for products and services for which we are entitled to payment under the terms of our long-term supply agreements or other contractual agreements. We define EBITDA as net income (loss) attributable to the Company plus interest expense (including losses on the extinguishment of debt and net of interest income), income taxes, and depreciation and amortization. We define adjusted EBITDA as EBITDA plus any share-based compensation expense, plus or minus any gains or losses from foreign currency remeasurement. We define net debt as the total principal amount of debt outstanding less unrestricted cash and equivalents. We define free cash flow as net cash flow generated from operating activities less capital expenditures. We present non-GAAP measures when we believe that the additional information is useful and meaningful to investors. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See below for a reconciliation of certain non-GAAP financial measures to the comparable GAAP measures.

Non-GAAP Reconciliations *(unaudited)*

Net sales is reconciled to total billings as follows:

	Three Months Ended	
	March 31,	
	2017	2016
<i>(\$ in thousands)</i>		
Net sales	\$ 191,602	\$ 176,110
Change in deferred revenue:		
Blade-related deferred revenue at beginning of period ⁽¹⁾	(69,568)	(65,520)
Blade-related deferred revenue at end of period ⁽¹⁾	89,319	65,027
Foreign exchange impact ⁽²⁾	7	(1,079)
Change in deferred revenue	19,758	(1,572)
Total billings	\$ 211,360	\$ 174,538

Net income is reconciled to EBITDA and adjusted EBITDA as follows:

	Three Months Ended	
	March 31,	
	2017	2016
<i>(\$ in thousands)</i>		
Net income	\$ 3,545	\$ 1,746
Adjustments:		
Depreciation and amortization	3,829	3,011
Interest expense (net of interest income)	3,007	3,891
Income tax provision	2,101	2,303
EBITDA	12,482	10,951
Share-based compensation expense	1,707	-
Realized loss on foreign currency remeasurement	1,381	439
Adjusted EBITDA	\$ 15,570	\$ 11,390

Note: Footnote references on the following page

Non-GAAP Reconciliations *(continued)* *(unaudited)*

(1) Total billings is reconciled using the blade-related deferred revenue amounts at the beginning and the end of the period as follows:

	Three Months Ended March 31,	
	2017	2016
<i>(\$ in thousands)</i>		
Blade-related deferred revenue at beginning of period	\$ 69,568	\$ 65,520
Non-blade related deferred revenue at beginning of period	-	-
Total current and noncurrent deferred revenue at beginning of period	<u>\$ 69,568</u>	<u>\$ 65,520</u>
Blade-related deferred revenue at end of period	\$ 89,319	\$ 65,027
Non-blade related deferred revenue at end of period	-	-
Total current and noncurrent deferred revenue at end of period	<u>\$ 89,319</u>	<u>\$ 65,027</u>

(2) Represents the effect of the difference in the exchange rate used by our various foreign subsidiaries on the invoice date versus the exchange rate used at the period-end balance sheet date.

Non-GAAP Reconciliations *(continued)* *(unaudited)*

Net debt is reconciled as follows:

<i>(\$ in thousands)</i>	March 31, 2017	December 31, 2016	March 31, 2016
Total debt, net of debt issuance costs and discount	\$ 120,489	\$ 123,155	\$ 131,163
Add debt issuance costs	2,147	2,290	3,808
Add debt discount	-	-	2,263
Less cash and cash equivalents	(115,541)	(119,066)	(35,842)
Net debt	<u>\$ 7,095</u>	<u>\$ 6,379</u>	<u>\$ 101,392</u>

Free cash flow is reconciled as follows:

<i>(\$ in thousands)</i>	Three Months Ended March 31,	
	2017	2016
Net cash provided by (used in) operating activities	\$ 15,938	\$ (1,139)
Less capital expenditures	(16,922)	(10,888)
Free cash flow	<u>\$ (984)</u>	<u>\$ (12,027)</u>

