Q4 2016 Earnings Call

March 17, 2017

tpi COMPOSITES

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 pending 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

- 2016 Highlights
- Industry Update
- Q4 and Full Year 2016 Financial Highlights
- Guidance for 2017
- Q&A
- Appendix - Non-GAAP Information

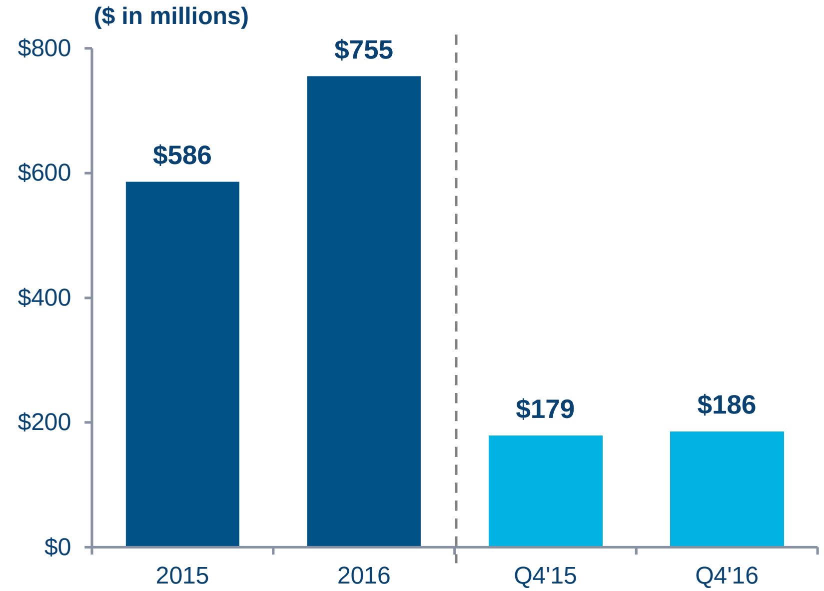
2016 Highlights

2016 Highlights

2016 Highlights and Recent Company News

- Operating results and year-over-year increases compared to the fourth quarter 2015 and full year 2015
  - Net sales were up 28.9% for the year
  - Total billings were up 27.4% to $764.4 million for the year ahead our guided range of $750 to $760 million.
  - Net income for the year increased to $13.8 million versus $7.7 million in 2015
  - Adjusted EBITDA for the year increased to $66.2 million
  - Adjusted EBITDA margin for the year was up 210bps to 8.8%
- Signed an agreement to build composite bus bodies for Proterra, a leading supplier of zero-emission electric buses

GAAP Net Sales

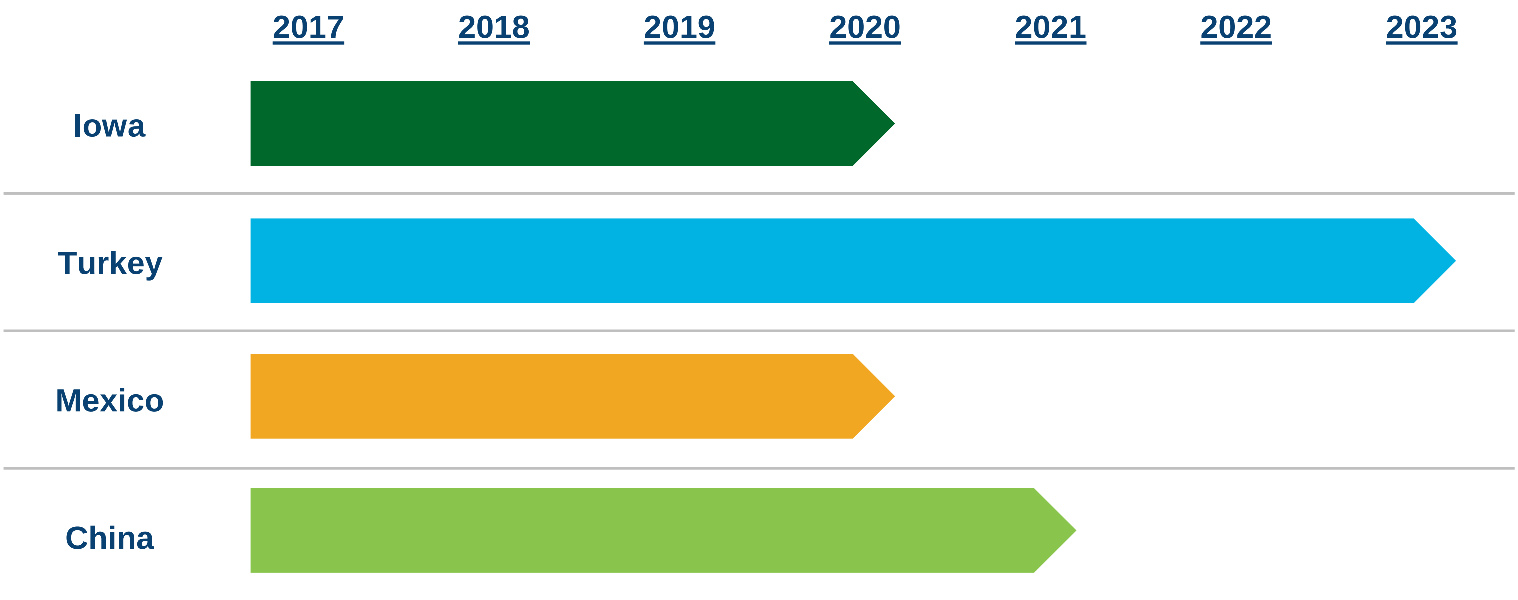


	2015	2016	Q4'15	Q4'16
Sets	1,609	2,154	527	541
Est. MW	3,595	4,920	1,191	1,234
Dedicated lines(1)	34	44	34	44
Lines installed(2)	30	33	30	33

(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 up to $3.9 Billion in Revenue through 2023

Long-term Supply Agreements



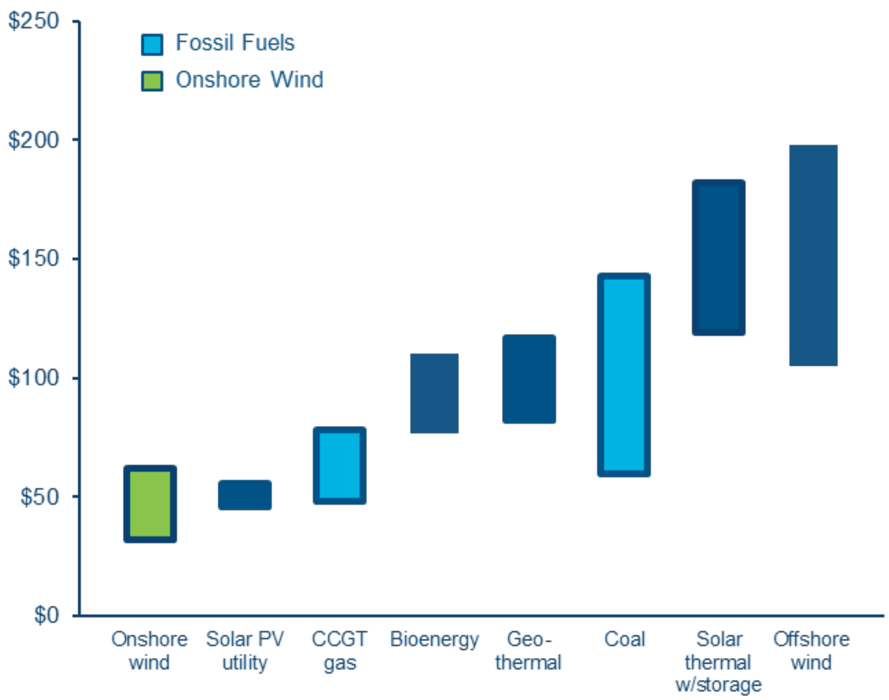
Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of $2.6 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total contract value of up to $3.9 billion through the end of 2023[(1)]

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.

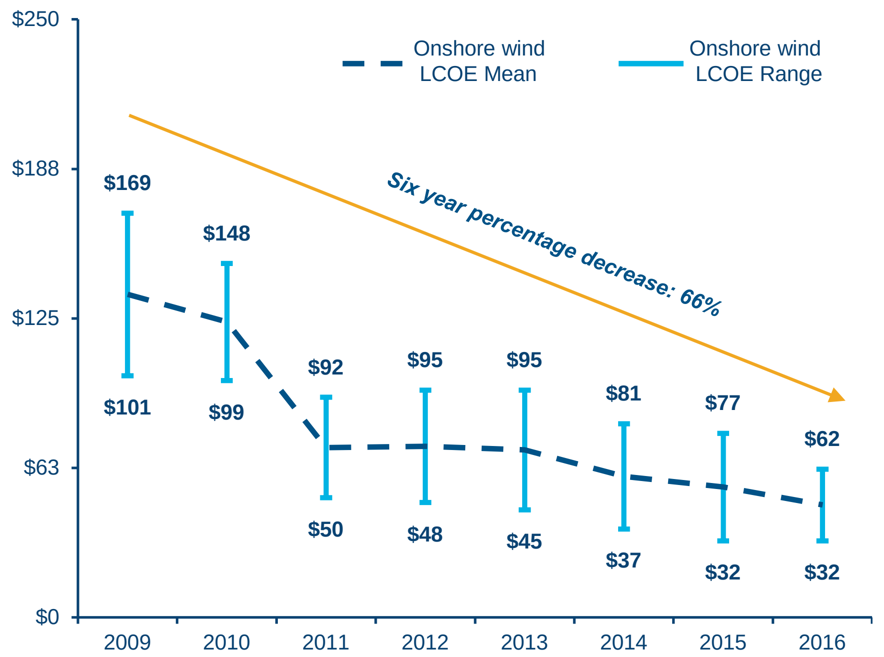
(1) As of March 16, 2017. The chart depicts the term of the longest contract in each location.

Declining LCOE Allows Wind Energy to be More Competitive with Conventional Power Generation

Unsubsidized Levelized Cost of Power Generation Ranges by Technology ($/MWh)



Global Onshore Wind LCOE Over Time ($/MWh)



Source: Lazard Levelized Cost of Energy Analysis (version 10.0).

Industry Update

- 54.6GW of wind installed globally in 2016 (1)
- Global onshore grid-connected demand estimated to be over 60GW per year from 2017 through 2026(2)
- 8.2GW of wind installed in the U.S. in 2016 – our customers had a combined market share of 90% (3)
- At the end of the fourth quarter, there were over 18.3GW of wind either under construction or in advanced stages of development in the U.S. (3)
  - Estimated onshore annual gird-connected demand through 2021 of 9.5GW in the U.S. market (2)
- Commercial and Industrial segment driving additional demand in the U.S. – nearly 20% or 1.6GW in the U.S. in 2016
- Repowering expected to comprise an increasing share of annual growth through 2026
  - Near-term growth concentrated in Europe and North America, primarily in the U.S. where asset owners are aiming to take advantage of an opportunity to extend production tax credits

(1) Source: GWEC – Global Wind Statistics 2016, February 2, 2017
(2) Source: MAKE Consulting – Q4 2016 Global Wind Power Market Update AND q1/2017 – Global Wind Power Market Outlook Update
(3) Source: AWEA – U.S. Wind Industry Fourth Quarter 2016 Market Report

Q4 and Full Year 2016 Financial Highlights

Q4 2016 and Full Year 2016 Financial Highlights
(unaudited)

(Dollars in millions, except per share data)	Q4 2016	Q4 2015	Δ	2016	2015	Δ
Select Financial Data						
Net Sales	$185.6	$178.9	*3.7%*	$754.9	$585.9	*28.9%*
Total Billings (1)	$197.6	$190.3	*3.9%*	$764.4	$600.1	*27.4%*
Net Income (Loss)	($2.3)	$11.5	*NM*	$13.8	$7.7	*80.2%*
Adjusted EBITDA (1)	$14.3	$19.5	*(26.5%)*	$66.2	$39.3	*68.4%*
Adjusted EBITDA Margin	*7.7%*	*10.9%*	*(320bps)*	*8.8%*	6.7%	*210bps*
Diluted Earnings per Share (2)	($0.07)	$2.15	*($2.22)*	$0.48	($0.41)	*$0.89*
Net Debt (1)	$6.4	$90.7	*($84.3)*	$6.4	$90.7	*($84.3)*
Free Cash Flow (1)	$14.3	$26.6	*($12.3)*	$23.3	$4.9	*$18.4*
Capital Expenditures	$11.6	$1.2	*$10.4*	$30.5	$26.4	*$4.1*
Key Performance Indicators						
Sets	541	527	*14*	2,154	1,609	*545*
Estimated Megawatts	1,234	1,191	*43*	4,920	3,595	*1,325*
Dedicated Manufacturing Lines	44	34	*10 lines*	44	34	*10 lines*
Lines Installed	33	30	*3 lines*	33	30	*3 lines*
Lines in Startup	3	2	*1 line*	3	10	*7 lines*
Lines in Transition	0	7	*7 lines*	0	11	*11 lines*

(1) See pages 18 – 20 for reconciliations of non-GAAP financial data
(2) Based on net income (loss) attributable to common shareholders

Income Statement Summary
(unaudited)

	Year Ended December 31, 2016	Year Ended December 31, 2015	Change $	Change %	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Change $	Change %
(in thousands, except per share amounts)								
Net sales	$ 754,877	$ 585,852	$ 169,025	28.9%	$ 185,574	$ 178,946	$ 6,628	3.7%
Gross profit	$ 77,005	$ 41,745	$ 35,260	84.5%	$ 19,047	$ 21,209	$ (2,162)	-10.2%
Gross profit %	*10.2%*	*7.1%*		*310 bps*	*10.3%*	*11.9%*		*-160 bps*
General and administrative expenses	$ 33,892	$ 14,126	$ 19,766	139.9%	$ 9,738	$ 4,596	$ 5,142	111.9%
General and administrative expenses %	*4.5%*	*2.4%*		*210 bps*	*5.2%*	*2.6%*		*260 bps*
Income from operations	$ 43,113	$ 27,619	$ 15,494	56.1%	$ 9,309	$ 16,613	$ (7,304)	-44.0%
Income before income taxes	$ 20,837	$ 11,659	$ 9,178	78.7%	$ 174	$ 12,719	$ (12,545)	-98.6%
Net income (loss)	$ 13,842	$ 7,682	$ 6,160	80.2%	$ (2,256)	$ 11,476	$ (13,732)	-119.7%
Net income attributable to preferred shareholders	$ 5,471	$ 9,423	$ (3,952)	-41.9%	$ -	$ 2,356	$ (2,356)	-100.0%
Net income (loss) attributable to common shareholders	$ 8,371	$ (1,741)	$ 10,112	NM	$ (2,256)	$ 9,120	$ (11,376)	-124.7%
Weighted-average common shares outstanding:								
Basic	17,530	4,238			33,737	4,238		
Diluted	17,616	4,238			33,737	4,244		
Net income (loss) per common share:								
Basic	$ 0.48	$ (0.41)	$ 0.89		$ (0.07)	$ 2.15	$ (2.22)	
Diluted	$ 0.48	$ (0.41)	$ 0.89		$ (0.07)	$ 2.15	$ (2.22)	
Non-GAAP Metrics								
Total billings (1)	$ 764,424	$ 600,107	$ 164,317	27.4%	$ 197,645	$ 190,270	$ 7,375	3.9%
EBITDA (1)	$ 55,491	$ 37,479	$ 18,012	48.1%	$ 12,492	$ 19,323	$ (6,831)	-35.4%
EBITDA margin	*7.4%*	*6.4%*		*100 bps*	*6.7%*	*10.8%*		*-410 bps*
Adjusted EBITDA (1)	$ 66,150	$ 39,281	$ 26,869	68.4%	$ 14,334	$ 19,504	$ (5,170)	-26.5%
Adjusted EBITDA margin	*8.8%*	*6.7%*		*210 bps*	*7.7%*	*10.9%*		*-320 bps*

(1) See pages 18 – 20 for reconciliations of Non-GAAP financial data

Key Balance Sheet and Cash Flow Data

(unaudited)

($ in thousands)	December 31, 2016	December 31, 2015
Balance Sheet Data:		
Cash and cash equivalents	$ 119,066	$ 45,917
Restricted cash	$ 2,259	$ 1,760
Accounts receivable	$ 67,842	$ 72,913
Inventories	$ 53,095	$ 50,841
Inventories held for customer orders	$ 52,308	$ 49,594
Deferred revenue	$ 69,568	$ 65,520
Total debt-current and noncurrent, net	$ 123,155	$ 129,346
Net debt (1)	$ 6,379	$ 90,667

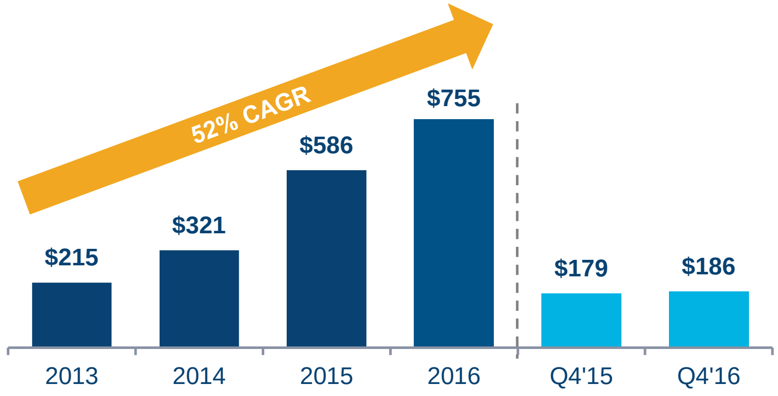
	Year Ended December 31,		Three Months Ended December 31,	
($ in thousands)	2016	2015	2016	2015
Cash Flow Data:				
Net cash provided by operating activities	$ 53,841	$ 31,293	$ 25,865	$ 27,783
Capital expenditures	$ 30,507	$ 26,361	$ 11,590	$ 1,200
Free cash flow (1)	$ 23,334	$ 4,932	$ 14,275	$ 26,583

(1) See page 20 for a reconciliation of net debt and free cash flow

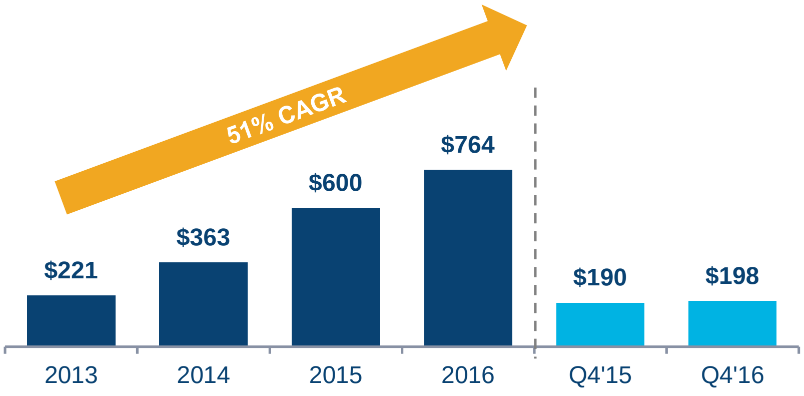
Strong Financial Performance Trend Continues

(unaudited)

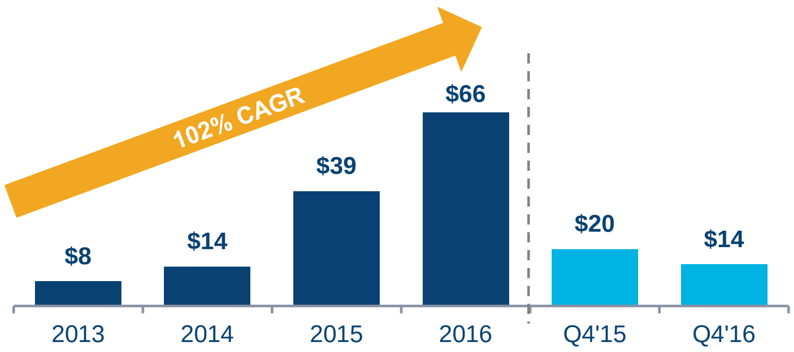
Net Sales



Total Billings

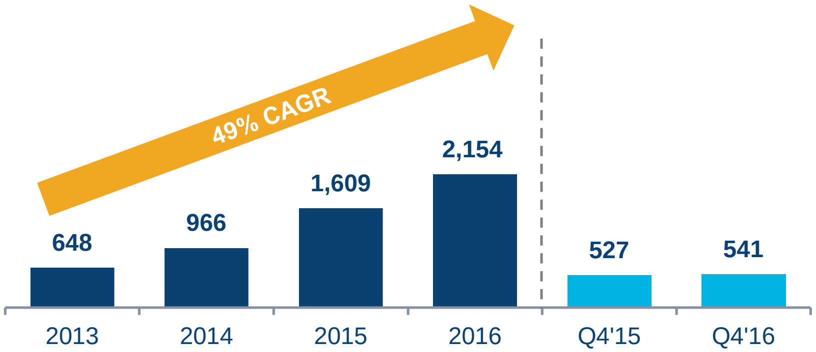


Adjusted EBITDA



Adjusted EBITDA Margin					
3.9%	*4.2%*	*6.7%*	*8.8%*	*10.9%*	*7.7%*

Volume (# Sets)



Estimated MW					
1,173	*2,029*	*3,595*	*4,920*	*1,191*	*1,234*

Note: Dollars in millions

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 and in Operation during 2017	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:

	Year Ended December 31,		Three Months Ended December 31,	
($ in thousands)	2016	2015	2016	2015
Net sales	$ 754,877	$ 585,852	$ 185,574	$ 178,946
Change in deferred revenue:				
Blade-related deferred revenue at beginning of period [1]	(65,520)	(59,476)	(61,949)	(56,089)
Blade-related deferred revenue at end of period [1]	69,568	65,520	69,568	65,520
Foreign exchange impact [2]	5,499	8,211	4,452	1,893
Change in deferred revenue	9,547	14,255	12,071	11,324
Total billings	$ 764,424	$ 600,107	$ 197,645	$ 190,270

Net income (loss) is reconciled to EBITDA and adjusted EBITDA as follows:

	Year Ended December 31,		Three Months Ended December 31,	
($ in thousands)	2016	2015	2016	2015
Net income (loss)	$ 13,842	$ 7,682	$ (2,256)	$ 11,476
Adjustments:				
Depreciation and amortization	12,897	11,416	3,194	2,945
Interest expense (net of interest income)	17,270	14,404	4,637	3,659
Loss on extinguishment of debt	4,487	-	4,487	-
Income tax provision	6,995	3,977	2,430	1,243
EBITDA	55,491	37,479	12,492	19,323
Share-based compensation expense	9,902	-	1,785	-
Realized loss on foreign currency remeasurement	757	1,802	57	181
Adjusted EBITDA	$ 66,150	$ 39,281	$ 14,334	$ 19,504

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:

	Year Ended December 31,				Three Months Ended December 31,			
($ in thousands)	2016		2015		2016		2015	
Blade-related deferred revenue at beginning of period	$	65,520	$	59,476	$	61,949	$	56,089
Non-blade related deferred revenue at beginning of period		-		-		-		-
Total current and noncurrent deferred revenue at beginning of period	$	65,520	$	59,476	$	61,949	$	56,089
Blade-related deferred revenue at end of period	$	69,568	$	65,520	$	69,568	$	65,520
Non-blade related deferred revenue at end of period		-		-		-		-
Total current and noncurrent deferred revenue at end of period	$	69,568	$	65,520	$	69,568	$	65,520

(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:

($ in thousands)	December 31, 2016	December 31, 2015
Total debt, net of debt issuance costs and discount	$ 123,155	$ 129,346
Add debt issuance costs	2,290	4,220
Add discount on debt	-	3,018
Less cash and cash equivalents	(119,066)	(45,917)
Net debt	$ 6,379	$ 90,667

Free cash flow is reconciled as follows:

($ in thousands)	Year Ended December 31, 2016	Year Ended December 31, 2015	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
Net cash provided by operating activities	$ 53,841	$ 31,293	$ 25,865	$ 27,783
Less capital expenditures	(30,507)	(26,361)	(11,590)	(1,200)
Free cash flow	$ 23,334	$ 4,932	$ 14,275	$ 26,583