



tpi COMPOSITES®

Q2 2018 Earnings Call

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 the increasing prevalence of auction-based tenders in the wind energy market and increased competition from solar energy on our gross margins and overall financial performance; (iii) our ability to successfully expand our transportation business and execute upon our strategy of entering new markets outside of wind energy; (iv) 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; (v) changes in domestic or international government or regulatory policy, including without limitation, changes in trade policy; (vi) the sufficiency of our cash and cash equivalents to meet our liquidity needs; (vii) our ability to attract and retain customers for our products, and to optimize product pricing; (viii) our ability to effectively manage our growth strategy and future expenses, including startup and transition costs; (ix) competition from other wind blade turbine manufacturers; (x) the discovery of defects in our products; (xi) our ability to successfully expand in our existing wind energy markets and into new international wind energy markets; (xii) worldwide economic conditions and their impact on customer demand; (xiii) our ability to maintain, protect and enhance our intellectual property; (xiv) our ability to comply with existing, modified or new laws and regulations applying to our business, including the imposition of new taxes, duties or similar assessments on our products; (xv) the attraction and retention of qualified employees and key personnel; and (xvi) the potential impact of GE’s acquisition of LM Wind Power upon our business.

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, 2017.

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 cash (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 cash (debt) as the total principal amount of debt outstanding less unrestricted cash and cash 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

- Q2 2018 Highlights
- Industry Update
- Q2 2018 Financial Highlights
- Guidance for 2018
- Q&A
- Appendix
 - Non-GAAP Information
 - Impact of ASC 606 on Q2 2017

Q2 2018 Highlights

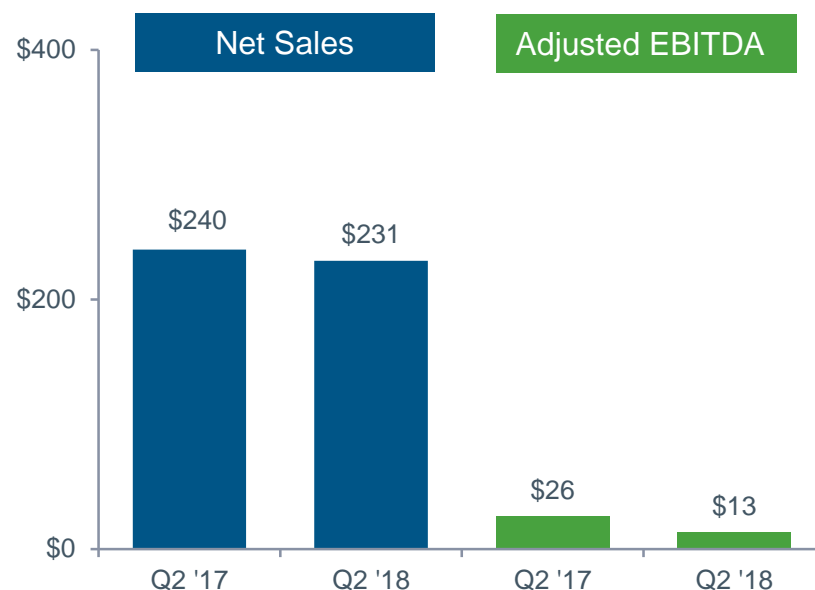


Q2 2018 Highlights

Q2 2018 Highlights and Recent Company News

- Operating results and year-over-year increases compared to 2017
 - Net sales were \$230.6 million for the quarter down 3.7% primarily due to startup and transition activity
 - Net loss for the quarter of \$4.1 million compared to net income of \$9.6 million in 2017 driven by startup and transition activity and the write-off of debt issuance costs
 - Adjusted EBITDA for the quarter was \$13.5 million or 5.8% of sales
- Vestas exercised options for 4 additional lines in our manufacturing hub in Matamoros, Mexico bringing the total number of lines in that facility to 6
- ENERCON signed a multiyear supply agreement for 2 manufacturing lines in our Turkey location. Adding ENERCON means TPI customers now represent all of the top 6 turbine manufacturers on an ex-China basis
- GE has agreed to extend our supply agreement in one of our Mexico plants by two years to 2022 and will increase the number of lines in that facility to 5 from the current 3
- GE has agreed to transition to a larger blade model in our Iowa plant in early 2019 and eliminate its option to terminate the Iowa supply agreement prior to its December 2020 expiration
- Set a new record high potential contract value of \$6.4 billion across 50 dedicated manufacturing lines

Net Sales and Adjusted EBITDA (\$ in millions)



Sets invoiced	692	576
Est. MW	1,620	1,544
Dedicated lines ⁽¹⁾	46	52
Lines installed ⁽²⁾	39	40

(1) Number of wind blade manufacturing lines dedicated to our customers under long-term supply agreements at the end of the quarter.

(2) Number of wind blade manufacturing lines installed that are either in operation, startup or transition at the end of the quarter

Existing Contracts Provide for ~\$6.4 Billion in Potential Revenue through 2023⁽¹⁾



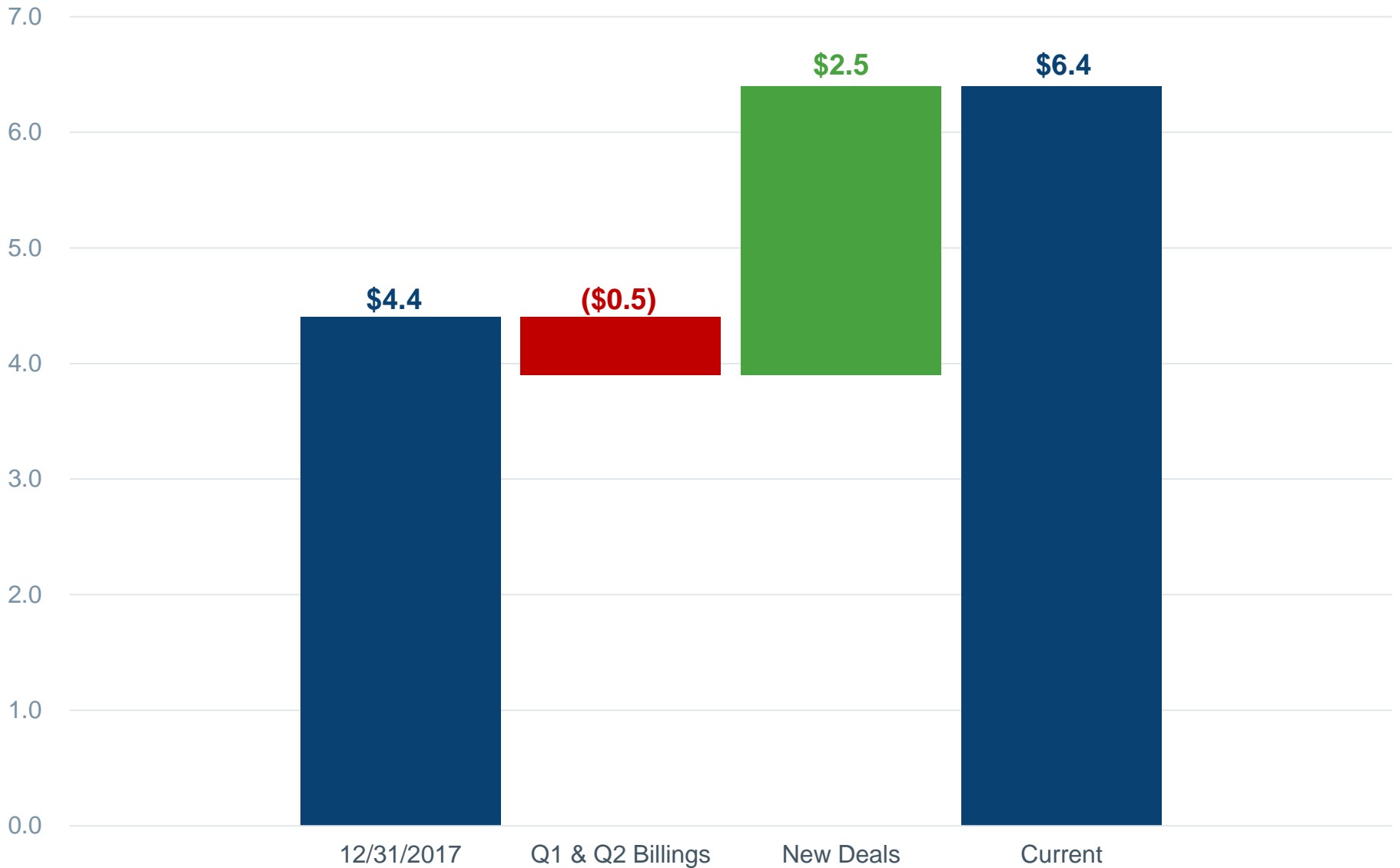
Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately \$4.5 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total potential revenue of approximately \$6.4 billion through the end 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 August 7, 2018. The chart depicts the term of the longest contract in each location.

Contract Value Walk from December 31, 2017

(\$ in billions)

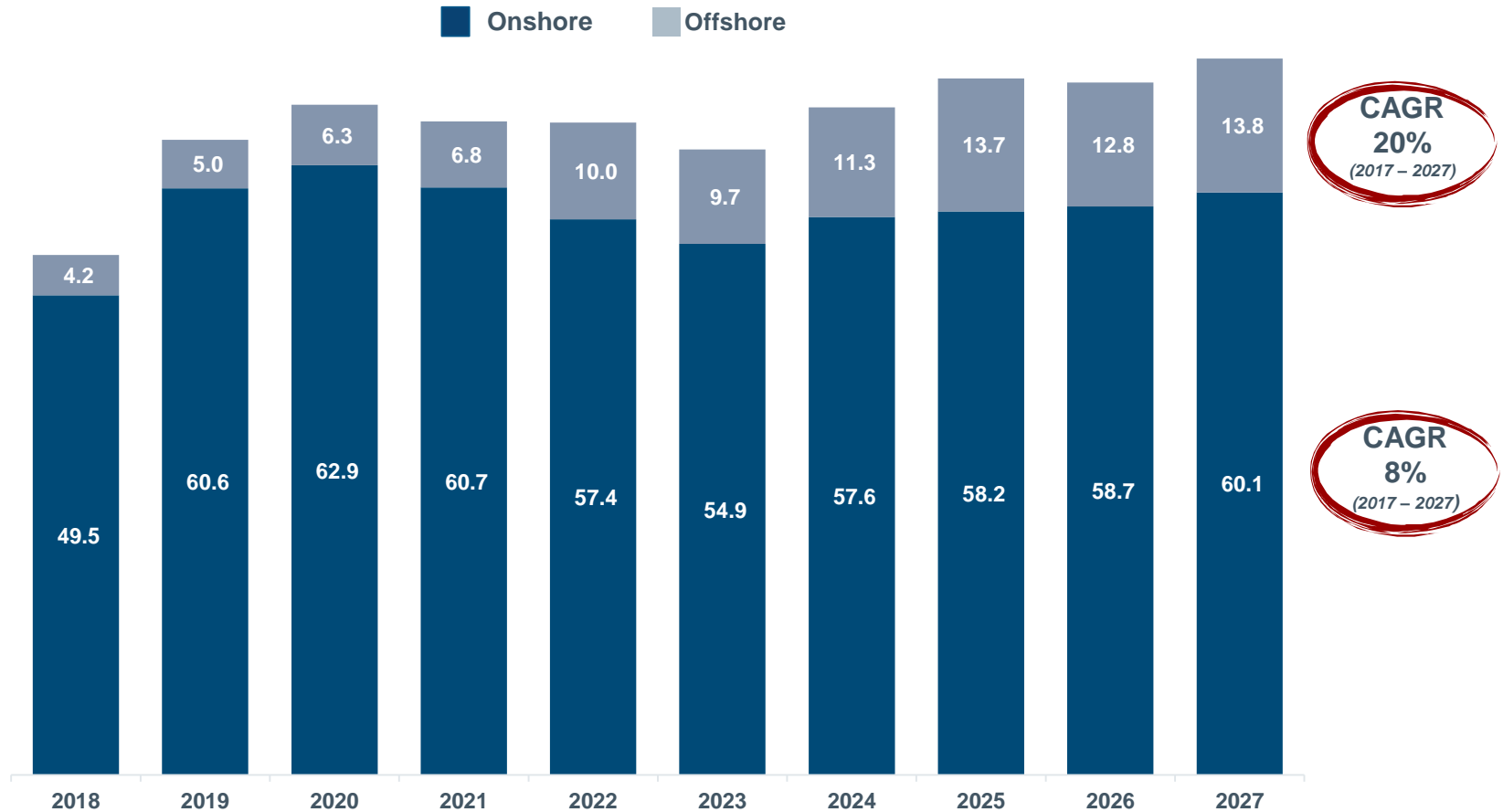


Industry Update



Global Market Growth

Annual Installed Global Wind Capacity (GW): 2018E – 2027E

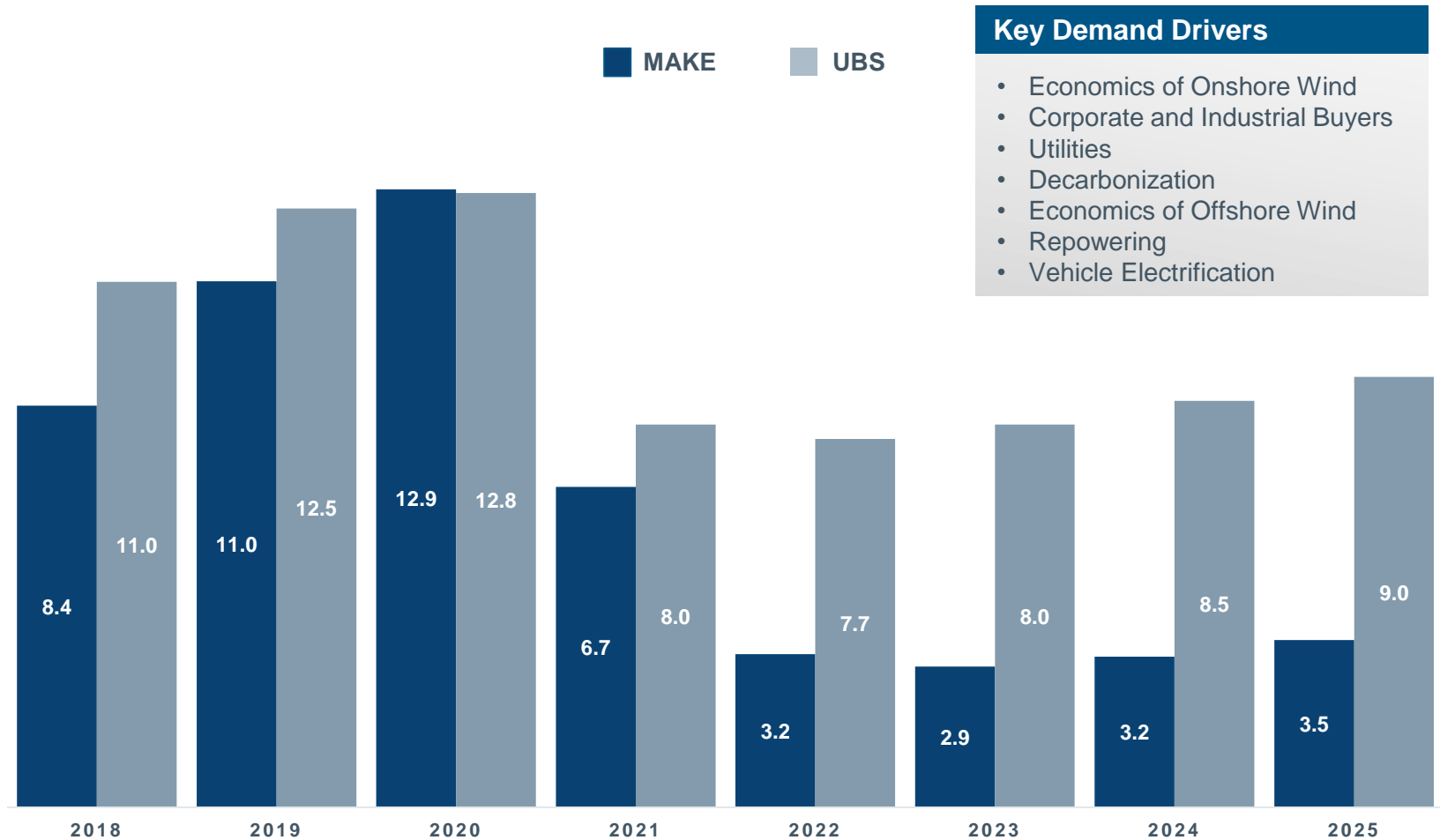


Annual installed wind capacity growth is projected to average 67GW between 2018 and 2027 and is propelled by offshore and an increase in developing wind markets, including Turkey and Mexico where TPI Composites is well positioned to succeed

Source: MAKE Q2 2018 Global Wind Power Market Outlook Update

U.S. Onshore Market Growth

U.S. Annual Installed Wind Capacity (GW): 2018E – 2025E



The U.S. wind market is expected to experience consistent near-term growth

Source: MAKE Q2 2018 Global Wind Power Market Outlook Update and UBS Securities LLC

Q2 2018 Financial Highlights



Q2 2018 Financial Highlights⁽¹⁾

(unaudited)

(\$ in millions, except per share data and KPIs)

	Q2 '18	Q2 '17	Δ	YTD '18	YTD '17	Δ
<u>Select Financial Data</u>						
Net Sales	\$ 230.6	\$ 239.6	-3.7%	\$ 484.6	\$ 448.2	8.1%
Total Billings	\$ 237.4	\$ 231.1	2.7%	\$ 461.1	\$ 442.4	4.2%
Net Income (Loss)	\$ (4.1)	\$ 9.6	-142.3%	\$ 4.6	\$ 14.8	-68.9%
Diluted Earnings (Loss) Per Share	\$ (0.12)	\$ 0.28	\$ (0.40)	\$ 0.13	\$ 0.44	\$ (0.31)
Adjusted EBITDA	\$ 13.5	\$ 26.2	-48.6%	\$ 40.9	\$ 43.8	-6.8%
Adjusted EBITDA Margin	5.8%	11.0%	-520 bps	8.4%	9.8%	-140 bps
Net Cash (Debt)	\$ (17.4)	\$ 0.5	\$ (17.8)	\$ (17.4)	\$ 0.5	\$ (17.8)
Free Cash Flow	\$ (25.0)	\$ 6.1	\$ (31.2)	\$ (39.8)	\$ (0.9)	\$ (38.9)
Capital Expenditures	\$ 30.6	\$ 9.8	\$ 20.8	\$ 42.3	\$ 26.7	\$ 15.6
<u>Key Performance Indicators (KPIs)</u>						
Sets Invoiced	576	692	(116)	1,145	1,328	(183)
Estimated Megawatts	1,544	1,620	(76)	3,008	3,080	(72)
Dedicated Wind Blade Manufacturing Lines	52	46	6 lines	52	46	6 lines
Wind Blade Manufacturing Lines Installed	40	39	1 line	40	39	1 line
Wind Blade Manufacturing Lines in Startup	7	9	2 lines	7	9	2 lines
Wind Blade Manufacturing Lines in Transition	7	—	7 lines	7	—	7 lines

(1) See pages 20 – 22 for reconciliations of non-GAAP financial data

Income Statement Summary⁽¹⁾

(unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,				
	2018	2017	Change		2018	2017	Change		
			\$	%			\$	%	
<i>(\$ in thousands, except per share amounts)</i>									
Net sales	\$ 230,610	\$ 239,582	\$ (8,972)	-3.7%	\$ 484,591	\$ 448,197	\$ 36,394	8.1%	
Cost of sales	\$ 198,235	\$ 199,117	\$ (882)	-0.4%	\$ 409,223	\$ 381,655	\$ 27,568	7.2%	
Startup and transition costs	\$ 17,324	\$ 10,540	\$ 6,784	64.4%	\$ 32,059	\$ 16,699	\$ 15,360	92.0%	
Total cost of goods sold	\$ 215,559	\$ 209,657	\$ 5,902	2.8%	\$ 441,282	\$ 398,354	\$ 42,928	10.8%	
<i>Cost of goods sold %</i>	93.5%	87.5%		600 bps	91.1%	88.9%		220 bps	
Gross profit	\$ 15,051	\$ 29,925	\$ (14,874)	-49.7%	\$ 43,309	\$ 49,843	\$ (6,534)	-13.1%	
<i>Gross profit %</i>	6.5%	12.5%		-600 bps	8.9%	11.1%		-220 bps	
General and administrative expenses	\$ 10,989	\$ 10,752	\$ 237	2.2%	\$ 22,152	\$ 19,058	\$ 3,094	16.2%	
<i>General and administrative expenses %</i>	4.8%	4.5%		30 bps	4.6%	4.3%		30 bps	
Income from operations	\$ 4,062	\$ 19,173	\$ (15,111)	-78.8%	\$ 21,157	\$ 30,785	\$ (9,628)	-31.3%	
Income (loss) before income taxes	\$ (2,098)	\$ 15,274	\$ (17,372)	-113.7%	\$ 8,507	\$ 22,818	\$ (14,311)	-62.7%	
Net income (loss)	\$ (4,053)	\$ 9,577	\$ (13,630)	-142.3%	\$ 4,595	\$ 14,790	\$ (10,195)	-68.9%	
Weighted-average common shares outstanding:									
Basic	34,164	33,737			34,107	33,737			
Diluted	34,164	33,828			35,766	33,827			
Net income (loss) per common share:									
Basic	\$ (0.12)	\$ 0.28	\$ (0.40)		\$ 0.13	\$ 0.44	\$ (0.31)		
Diluted	\$ (0.12)	\$ 0.28	\$ (0.40)		\$ 0.13	\$ 0.44	\$ (0.31)		
Non-GAAP Metrics									
Total billings	\$ 237,355	\$ 231,069	\$ 6,286	2.7%	\$ 461,056	\$ 442,429	\$ 18,627	4.2%	
EBITDA	\$ 10,101	\$ 22,963	\$ (12,862)	-56.0%	\$ 31,075	\$ 37,465	\$ (6,390)	-17.1%	
<i>EBITDA margin</i>	4.4%	9.6%		-520 bps	6.4%	8.4%		-200 bps	
Adjusted EBITDA	\$ 13,477	\$ 26,240	\$ (12,763)	-48.6%	\$ 40,850	\$ 43,830	\$ (2,980)	-6.8%	
<i>Adjusted EBITDA margin</i>	5.8%	11.0%		-520 bps	8.4%	9.8%		-140 bps	

(1) See pages 20 – 22 for reconciliations of Non-GAAP financial data

Key Balance Sheet and Cash Flow Data⁽¹⁾

(unaudited)

<u>(\$ in thousands)</u>	June 30, 2018	December 31, 2017
Balance Sheet Data:		
Cash and cash equivalents	\$ 113,995	\$ 148,113
Restricted cash	\$ 4,431	\$ 3,849
Accounts receivable	\$ 119,479	\$ 121,576
Contract assets	\$ 131,371	\$ 105,619
Total debt-current and noncurrent, net	\$ 129,860	\$ 121,385
Net cash (debt)	\$ (17,380)	\$ 24,557

<u>(\$ in thousands)</u>	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cash Flow Data:				
Net cash provided by operating activities	\$ 5,567	\$ 15,932	\$ 2,535	\$ 25,870
Capital expenditures	\$ 30,596	\$ 9,805	\$ 42,310	\$ 26,727
Free cash flow	\$ (25,029)	\$ 6,127	\$ (39,775)	\$ (857)

(1) See page 21 for the reconciliations of net cash (debt) and free cash flow

Guidance for 2018



Key Guidance Metrics

	2018 Guidance Updated	2018 Guidance Previous
Total Billings ⁽¹⁾	\$1.0B – \$1.05B	\$1.0B – \$1.05B
Net Sales	\$1.0B – \$1.05B	\$1.0B – \$1.05B
Adjusted EBITDA	\$65M – \$70M	\$75M – \$80M
Earnings per Share - FD	\$0.10 – \$0.14	\$0.38 – \$0.42
Sets	2,450 – 2,480	2,500 – 2,525
Average Selling Price per Blade	\$125K – \$130K	\$125K – \$130K
Non-Blade Billings	\$80M – \$85M	\$75M – \$80M
G&A Costs as a % of Billings (incl. SBC)	4% – 5%	4% – 5%
Estimated MW	6,800 – 6,900	6,950 – 7,100
Dedicated Lines - EOY	51 – 55	51 – 55
Share-Based Compensation	\$9M – \$10M	\$10M – \$11M
Depreciation & Amortization	\$30M – \$32M	\$30M – \$35M
Net Interest Expense	\$14M – \$14.5M	\$11.5M – \$12.5M
Capital Expenditures	\$85M – \$90M	\$85M – \$90M
Effective Tax Rate	47% – 49%	40% – 42%

Note: All reference to lines is to wind blade manufacturing lines

(1) We have not reconciled our total expected billings for 2018 to expected net sales under GAAP because we have not yet finalized calculations necessary to provide the reconciliation and as such the reconciliation is not possible without unreasonable efforts.

Sets and Startup & Transition Costs Guidance Metrics

	Q1A	Q2A	Q3F	Q4F	2018 Guidance Updated	2018 Guidance Previous
Lines Installed – end of period	38	40	40	43	43	47
Lines in Startup – during period	10	7	6	7	17	12
Lines in Transition – during period	4	7	5	7	17	14
Startup and Transition Costs	\$14.7M	\$17.3M	\$20M – \$21M	\$14M – \$15M	\$66M – \$68M	\$58M – \$61M
Sets	569	576	615 – 630	690 – 705	2,450 – 2,480	2,500 – 2,525

Q&A



Appendix – Non-GAAP Information

This presentation includes unaudited non-GAAP financial measures including total billings, EBITDA, adjusted EBITDA, net cash (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 cash (debt) as the total principal amount of debt outstanding less unrestricted cash and cash 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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<i>(\$ in thousands)</i>				
Net sales	\$ 230,610	\$ 239,582	\$ 484,591	\$ 448,197
Change in contract assets	(1,356)	(6,460)	(25,752)	(3,722)
Foreign exchange impact	8,101	(2,053)	2,217	(2,046)
Total billings	<u>\$ 237,355</u>	<u>\$ 231,069</u>	<u>\$ 461,056</u>	<u>\$ 442,429</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
<i>(\$ in thousands)</i>				
Net income (loss)	\$ (4,053)	\$ 9,577	\$ 4,595	\$ 14,790
Adjustments:				
Depreciation and amortization	6,130	4,765	13,202	8,716
Interest expense (net of interest income)	2,672	2,924	5,969	5,931
Loss on extinguishment of debt	3,397	-	3,397	-
Income tax provision	1,955	5,697	3,912	8,028
EBITDA	<u>10,101</u>	<u>22,963</u>	<u>31,075</u>	<u>37,465</u>
Share-based compensation expense	2,611	2,044	4,999	3,751
Realized loss on foreign currency remeasurement	765	1,233	4,776	2,614
Adjusted EBITDA	<u>\$ 13,477</u>	<u>\$ 26,240</u>	<u>\$ 40,850</u>	<u>\$ 43,830</u>

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

Net cash (debt) is reconciled as follows:

(\$ in thousands)

	June 30, 2018	December 31, 2017	June 30, 2017
Cash and cash equivalents	\$ 113,995	\$ 148,113	\$ 130,834
Less total debt, net of debt issuance costs	(129,860)	(121,385)	(128,363)
Less debt issuance costs	(1,515)	(2,171)	(2,004)
Net cash (debt)	<u>\$ (17,380)</u>	<u>\$ 24,557</u>	<u>\$ 467</u>

Free cash flow is reconciled as follows:

(\$ in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cash Flow Data:				
Net cash provided by operating activities	\$ 5,567	\$ 15,932	\$ 2,535	\$ 25,870
Capital expenditures	(30,596)	(9,805)	(42,310)	(26,727)
Free cash flow	<u>\$ (25,029)</u>	<u>\$ 6,127</u>	<u>\$ (39,775)</u>	<u>\$ (857)</u>

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

A reconciliation of the low end and high end of projected net income under ASC 606 to projected EBITDA and projected adjusted EBITDA is as follows:

	2018 Adjusted EBITDA Guidance Range ⁽¹⁾	
	Low End	High End
<i>(\$ in thousands)</i>		
Projected net income	\$ 3,350	\$ 4,910
Adjustments:		
Projected depreciation and amortization	30,000	32,000
Projected interest expense (net of interest income)	10,850	10,850
Projected loss on extinguishment of debt	3,400	3,400
Projected income tax provision	3,100	4,540
Projected EBITDA	50,700	55,700
Projected share-based compensation expense	9,500	9,500
Projected realized loss on foreign currency remeasurement	4,800	4,800
Projected Adjusted EBITDA	\$ 65,000	\$ 70,000

⁽¹⁾ All figures presented are projected estimates for the full year ending December 31, 2018.

Impact of ASC 606



Impact of ASC 606 on Q2 2017

	Three Months Ended June 30, 2017		
	As Reported	Adoption of Topic 606 (Unaudited)	As Adjusted
Net sales	\$ 248,186	\$ (8,604)	\$ 239,582
Cost of sales	203,095	(3,978)	199,117
Startup and transition costs	10,540	—	10,540
Total cost of goods sold	213,635	(3,978)	209,657
Gross profit	34,551	(4,626)	29,925
General and administrative expenses	10,752	—	10,752
Income from operations	23,799	(4,626)	19,173
Other income (expense):			
Interest income	11	—	11
Interest expense	(2,935)	—	(2,935)
Realized loss on foreign currency remeasurement	(1,233)	—	(1,233)
Miscellaneous income	258	—	258
Total other expense	(3,899)	—	(3,899)
Income before income taxes	19,900	(4,626)	15,274
Income tax provision	(6,042)	345	(5,697)
Net income	\$ 13,858	\$ (4,281)	\$ 9,577
Weighted-average common shares outstanding:			
Basic	33,737	33,737	33,737
Diluted	33,828	33,828	33,828
Net income per common share:			
Basic	\$ 0.41	\$ (0.13)	\$ 0.28
Diluted	\$ 0.41	\$ (0.13)	\$ 0.28

tpi  **COMPOSITES®**