Q1 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) the potential impact of GE’s acquisition of LM Wind Power upon our business; (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) changes in domestic or international government or regulatory policy, including without limitation, changes in trade policy

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

- Q1 2018 Highlights
- Industry Update
- Q1 2018 Financial Highlights
- Guidance for 2018
- Q&A
- Appendix
  - Non-GAAP Information
  - Impact of ASC 606 on Q1 2017

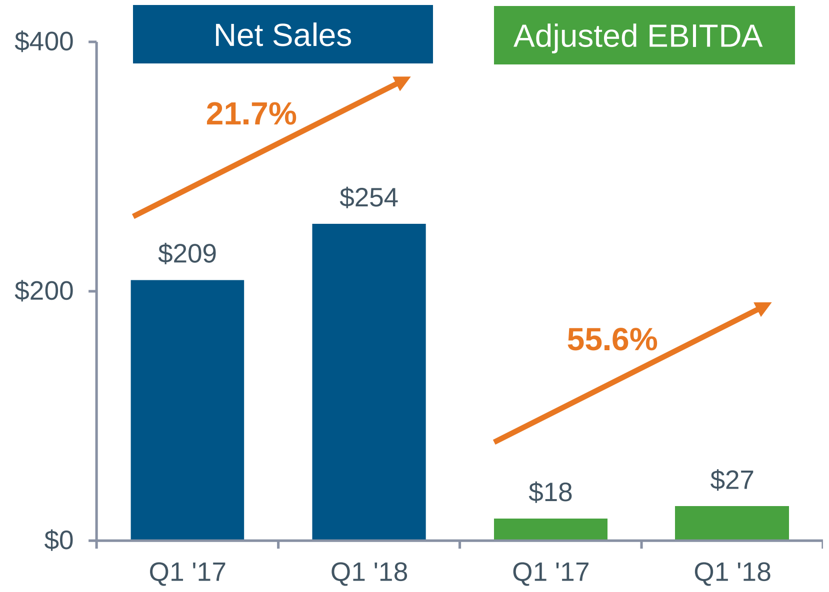
Q1 2018 Highlights

Q1 2018 Highlights

Q1 2018 Highlights and Recent Company News

- Operating results and year-over-year increases compared to 2017
  - Net sales were up 21.7% to $254.0 million for the quarter
  - Net income for the quarter improved to $8.6 million compared to $5.2 million in 2017
  - Adjusted EBITDA for the quarter increased by 55.6% to $27.4 million
  - Adjusted EBITDA margin for the quarter was up 240 bps to 10.8%
- Signed a new multiyear supply agreement with Vestas for four lines in a new plant in Yangzhou, China and added a third line to our existing supply agreement in Turkey
- Entered into an agreement with Navistar to design and develop a Class 8 truck comprised of a composite tractor and frame rails

Net Sales and Adjusted EBITDA ($ in millions)



	Q1 '17	Q1 '18
Sets invoiced	**636**	**569**
Est. MW	**1,460**	**1,464**
Dedicated lines(1)	**44**	**46**
Lines installed(2)	**39**	**38**

(1) Number of wind blade manufacturing lines dedicated to our customers under long-term supply agreements.
(2) Number of wind blade manufacturing lines installed that are either in operation, startup or transition

Existing Contracts Provide for ~$5.4 Billion in Potential 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 $3.6 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total potential revenue of approximately $5.4 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 May 3, 2018. The chart depicts the term of the longest contract in each location.

Industry Update

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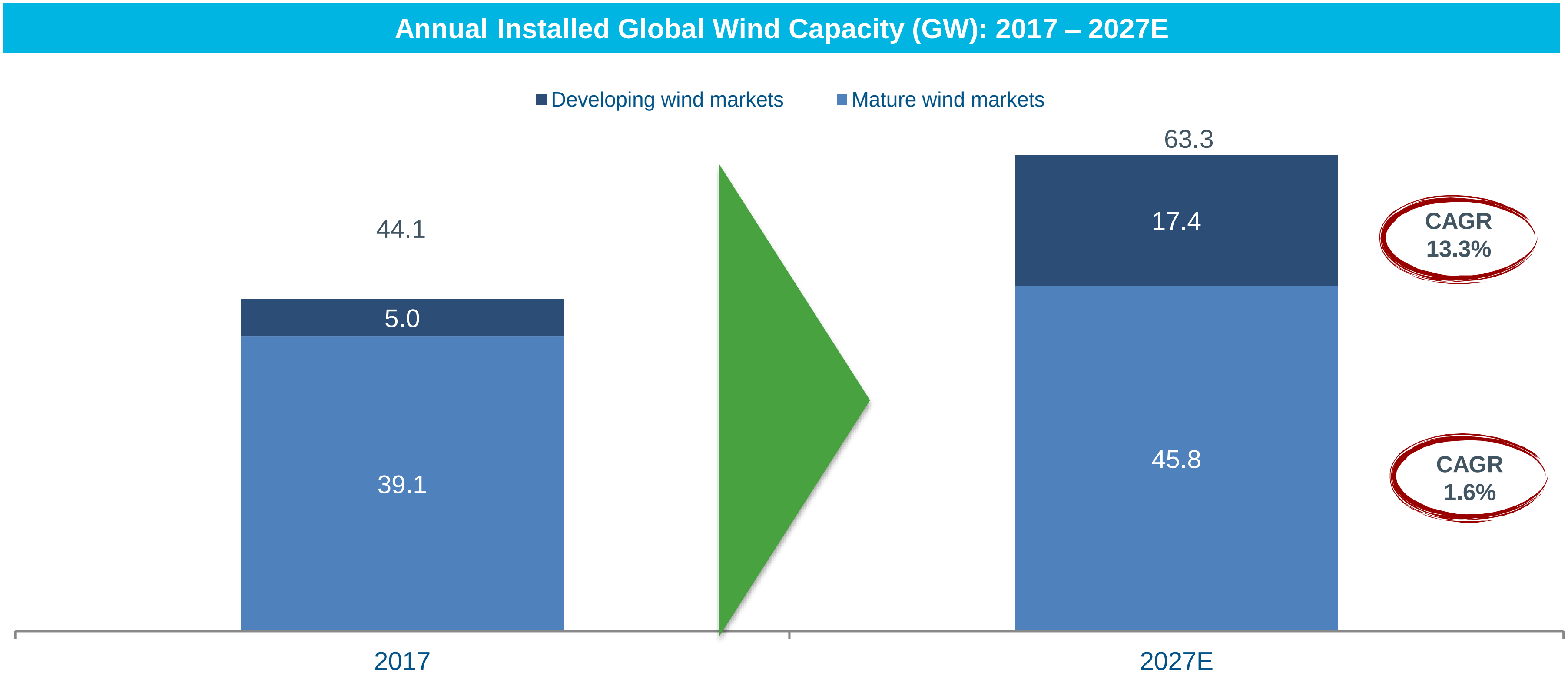
Onshore Global Market Growth

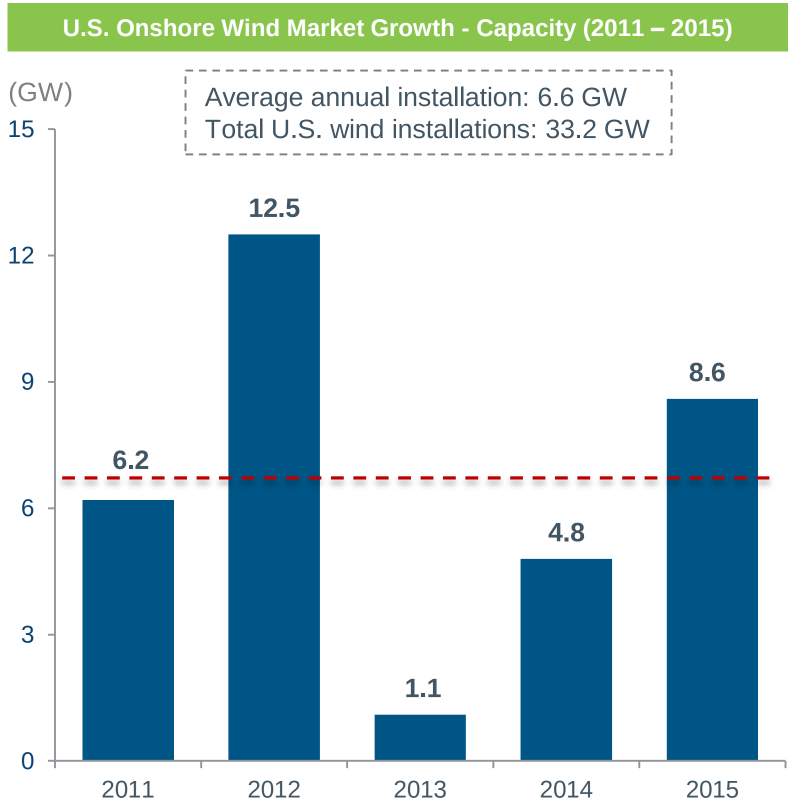


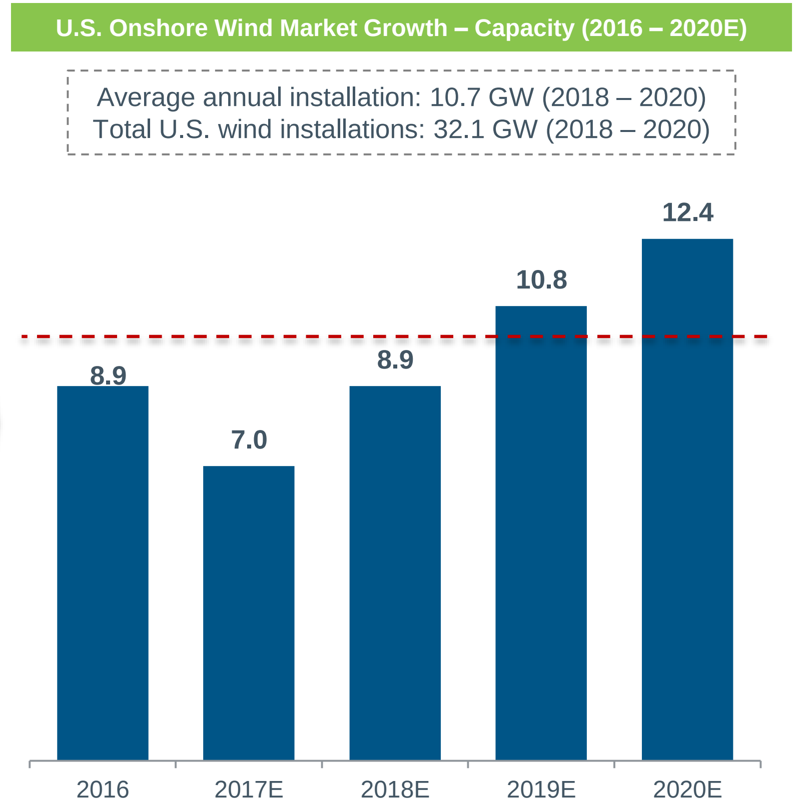
	2017	2027E
Mature wind market share	88.6%	74.5%
Developing markets market share	11.4%	25.5%

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

Source: MAKE Q4 2017 Global Wind Power Market Outlook Update
Note: Developing wind markets defined as fewer than 6 GW of 2016 installed capacity

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





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

Source: MAKE Q4 2017 Global Wind Power Market Outlook Update

Market Demand Drivers

- Overall competitiveness of wind energy
- Corporate and industrial demand
- Utilities being driven by consumer demand and sheer economics
- Offshore economics
- Vehicle electrification
- Decarbonization of electric sector

Q1 2018 Financial Highlights

Q1 2018 Financial Highlights
(unaudited)

($ in millions, except per share data and KPIs)	Q1 ’18	Q1 ’17	Δ
Select Financial Data			
Net Sales	$ 254.0	$ 208.6	*21.7%*
Total Billings [1]	$ 223.7	$ 211.4	*5.8%*
Net Income	$ 8.6	$ 5.2	*65.9%*
Diluted Earnings Per Share	$ 0.24	$ 0.15	$ 0.09
Adjusted EBITDA [1]	$ 27.4	$ 17.6	*55.6%*
Adjusted EBITDA Margin	*10.8%*	*8.4%*	*240 bps*
Net Cash (Debt) [1]	$ 11.1	$ (7.1)	$ 18.2
Free Cash Flow [1]	$ (14.7)	$ (7.0)	$ (7.8)
Capital Expenditures	$ 11.7	$ 16.9	$ (5.2)
Key Performance Indicators (KPIs)			
Sets Invoiced	569	636	*(67)*
Estimated Megawatts	1,464	1,460	*4*
Dedicated Wind Blade Manufacturing Lines	46	44	*2 lines*
Wind Blade Manufacturing Lines Installed	38	39	*1 line*
Wind Blade Manufacturing Lines in Startup	10	9	*1 line*
Wind Blade Manufacturing Lines in Transition	4	—	*4 lines*

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

Income Statement Summary
(unaudited)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Change $	Change %
($ in thousands, except per share amounts)				
Net sales	$ 253,981	$ 208,615	$ 45,366	21.7%
Cost of sales	$ 210,988	$ 182,538	$ 28,450	15.6%
Startup and transition costs	$ 14,735	$ 6,159	$ 8,576	139.2%
Total cost of goods sold	$ 225,723	$ 188,697	$ 37,026	19.6%
Cost of goods sold %	*88.9%*	*90.5%*		*-160 bps*
Gross profit	$ 28,258	$ 19,918	$ 8,340	41.9%
Gross profit %	*11.1%*	*9.5%*		*160 bps*
General and administrative expenses	$ 11,163	$ 8,306	$ 2,857	34.4%
General and administrative expenses %	*4.4%*	*4.0%*		*40 bps*
Income from operations	$ 17,095	$ 11,612	$ 5,483	47.2%
Income before income taxes	$ 10,605	$ 7,544	$ 3,061	40.6%
Net income	$ 8,648	$ 5,213	$ 3,435	65.9%
Weighted-average common shares outstanding:				
Basic	34,049	33,737		
Diluted	35,479	33,827		
Net income per common share:				
Basic	$ 0.25	$ 0.15	$ 0.10	
Diluted	$ 0.24	$ 0.15	$ 0.09	
Non-GAAP Metrics				
Total billings [1]	$ 223,701	$ 211,360	$ 12,341	5.8%
EBITDA [1]	$ 20,974	$ 14,502	$ 6,472	44.6%
EBITDA margin	*8.3%*	*7.0%*		*130 bps*
Adjusted EBITDA [1]	$ 27,373	$ 17,590	$ 9,783	55.6%
Adjusted EBITDA margin	*10.8%*	*8.4%*		*240 bps*

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

Key Balance Sheet and Cash Flow Data
(unaudited)

($ in thousands)	March 31, 2018	December 31, 2017
Balance Sheet Data:		
Cash and cash equivalents	$ 138,841	$ 148,113
Restricted cash	$ 3,251	$ 3,849
Accounts receivable	$ 117,950	$ 121,576
Contract assets	$ 130,015	$ 105,619
Total debt-current and noncurrent, net	$ 125,743	$ 121,385
Net cash (1)	$ 11,108	$ 24,557

($ in thousands)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash Flow Data:		
Net cash provided by (used in) operating activities	$ (3,032)	$ 9,938
Capital expenditures	$ 11,714	$ 16,922
Free cash flow (1)	$ (14,746)	$ (6,984)

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

Guidance for 2018

Key Guidance Metrics

	Full Year 2018
Total Billings [1]	$1.0B – $1.05B
Net Sales	$1.0B – $1.05B
Adjusted EBITDA	$75M – $80M
Earnings per Share - FD	$0.38 – $0.42
Sets	2,500 – 2,525
Average Selling Price per Blade	$125K -– $130K
Non-Blade Billings	$75M – $80M
G&A Costs as a % of Billings (incl. SBC)	4% – 5%
Estimated MW	6,950 – 7,100
Dedicated Lines - EOY	51 – 55
Share-Based Compensation	$10M -– $11M
Depreciation & Amortization	$30M – $35M
Net Interest Expense	$11.5M – $12.5M
Capital Expenditures	$85M – $90M
Effective Tax Rate	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

2018				
	Q2	Q3	Q4	Full Year
Lines Installed – end of period	40	47	47	47
Lines in Startup – during period	6	8	8	12
Lines in Transition – during period	10	10	5	14
Startup & Transition Costs	$19M - $20M	$15M - $16M	$9M - $10M	$58M - $61M
Sets	585 - 590	650 - 660	695 - 705	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.

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Non-GAAP Reconciliations
(unaudited)

Net sales is reconciled to total billings as follows:

($ in thousands)	Three Months Ended March 31, 2018	2017
Net sales	$ 253,981	$ 208,615
Change in contract assets	(24,396)	(2,738)
Foreign exchange impact	(5,884)	5,483
Total billings	$ 223,701	$ 211,360

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

($ in thousands)	Three Months Ended March 31, 2018	2017
Net income	$ 8,648	$ 5,213
Adjustments:		
Depreciation and amortization	7,072	3,951
Interest expense (net of interest income)	3,297	3,007
Income tax provision	1,957	2,331
EBITDA	20,974	14,502
Share-based compensation expense	2,388	1,707
Realized loss on foreign currency remeasurement	4,011	1,381
Adjusted EBITDA	$ 27,373	$ 17,590

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

Net cash (debt) is reconciled as follows:

($ in thousands)	March 31, 2018	December 31, 2017	March 31, 2017
Total debt, net of debt issuance costs	$ (125,743)	$ (121,385)	$ (120,489)
Less debt issuance costs	(1,990)	(2,171)	(2,147)
Add cash and cash equivalents	138,841	148,113	115,541
Net cash (debt)	$ 11,108	$ 24,557	$ (7,095)

Free cash flow is reconciled as follows:

	Three Months Ended March 31,	
($ in thousands)	2018	2017
Net cash provided by (used in) operating activities	$ (3,032)	$ 9,938
Less capital expenditures	(11,714)	(16,922)
Free cash flow	$ (14,746)	$ (6,984)

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]	
($ in thousands)	**Low End**	**High End**
Projected net income	$ 7,900	$ 10,890
Adjustments:		
Projected depreciation and amortization	32,500	32,500
Projected interest expense (net of interest income)	12,000	12,000
Projected loss on extinguishment of debt	2,800	2,850
Projected income tax provision	5,300	7,260
Projected EBITDA	60,500	65,500
Projected share-based compensation expense	10,500	10,500
Projected realized loss on foreign currency remeasurement	4,000	4,000
Projected Adjusted EBITDA	$ 75,000	$ 80,000

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

Impact of ASC 606

Impact of ASC 606 on Q1 2017

	Three Months Ended March 31, 2017		
	As Reported	Adoption of Topic 606	As Adjusted
		(Unaudited)	
Net sales	$ 191,602	$ 17,013	$ 208,615
Cost of sales	167,423	15,115	182,538
Startup and transition costs	6,159	—	6,159
Total cost of goods sold	173,582	15,115	188,697
Gross profit	18,020	1,898	19,918
General and administrative expenses	8,306	—	8,306
Income from operations	9,714	1,898	11,612
Other income (expense):			
Interest income	19	—	19
Interest expense	(3,026)	—	(3,026)
Realized loss on foreign currency remeasurement	(1,381)	—	(1,381)
Miscellaneous income	320	—	320
Total other expense	(4,068)	—	(4,068)
Income before income taxes	5,646	1,898	7,544
Income tax provision	(2,101)	(230)	(2,331)
Net income	$ 3,545	$ 1,668	$ 5,213
Weighted-average common shares outstanding:			
Basic	33,737	33,737	33,737
Diluted	33,827	33,827	33,827
Net income per common share:			
Basic	$ 0.11	$ 0.05	$ 0.15
Diluted	$ 0.10	$ 0.05	$ 0.15

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