



tpi COMPOSITES®

Q2 2020 Earnings Call

August 6, 2020

*Decarbonize
& Electrify*

Legal Disclaimer

This presentation contains forward-looking statements within the meaning of the federal securities law. 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) the potential impact of the Coronavirus on our business and results of operations; (ii) growth of the wind energy market and our addressable market; (iii) 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; (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 our startup and transition costs; (ix) competition from other wind blade and wind blade turbine manufacturers; (x) the discovery of defects in our products and our ability to estimate the future cost of warranty campaigns and product recalls; (xi) our ability to successfully expand in our existing wind energy markets and into new international wind energy markets, including our ability to expand our field service inspection and repair services in wind energy markets; (xii) our ability to successfully open new manufacturing facilities and expand existing facilities on time and on budget; (xiii) the impact of the accelerated pace of new product and wind blade model introductions on our business and our results of operations; (xiv) our ability to successfully expand our transportation business and execute upon our strategy of entering new markets outside of wind energy; (xv) worldwide economic conditions and their impact on customer demand; (xvi) our ability to maintain, protect and enhance our intellectual property; (xvii) 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; (xviii) the attraction and retention of qualified employees and key personnel; (xix) our ability to maintain good working relationships with our employees, and avoid labor disruptions, strikes and other disputes with labor unions that represent certain of our employees; (xx) our ability to procure adequate supplies of raw materials and components to fulfill our wind blade volume commitments to our customers and (xxi) the potential impact of one or more of our customers becoming bankrupt or insolvent, or experiencing other financial problems.

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, 2019.

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 EBITDA, adjusted EBITDA, net cash (debt) and free cash flow. We define EBITDA as net income (loss) 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, any realized gains or losses from foreign currency remeasurement, any realized gains or losses on the sale of assets and asset impairments and restructuring charges. We define net cash (debt) as total unrestricted cash and cash equivalents less the total principal amount of debt outstanding. We define free cash flow as net cash flow 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 2020 Highlights
- Q2 2020 Financial Highlights
- Wrap Up
- Q&A
- Appendix
 - Non-GAAP Financial Information

August 6, 2020

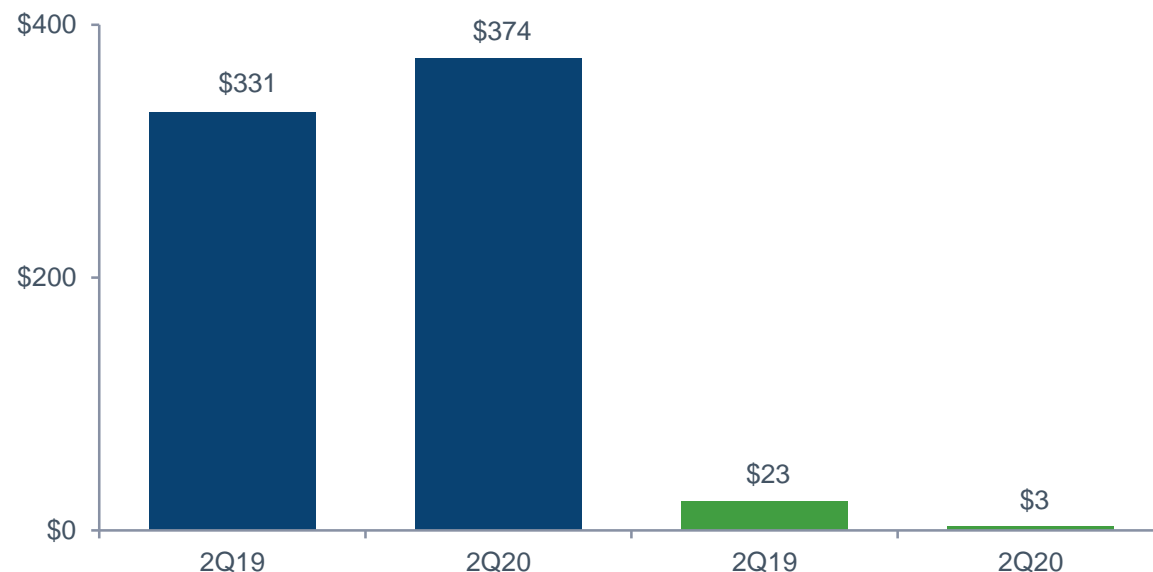
Q2 2020 Highlights



Q2 2020 Highlights

- Operating results and year-over-year comparisons to 2019:
 - Net sales were up 13% to \$373.8 million for the quarter
 - Net loss for the quarter was \$66.1 million compared to net income of \$1.8 million
 - Adjusted EBITDA for the quarter was \$3.3 million or 0.9% of net sales down 620 bps
- **GE:** extended our supply agreement in one of our Mexico plants by two years through 2022 and our supply agreement in Iowa through 2021. Added one additional manufacturing line in Mexico.
- **Nordex:** signed multi-year agreement for two manufacturing lines in our Chennai, India facility.
- Added approximately \$800 million of potential contract value.
- **Global Service:** signed agreements totaling approximately \$15 million.
- **Transportation:** continued progress on commercial delivery vehicles, producing parts on the passenger EV tooling.
- Appointed Jim Hilderhoff as Chief Commercial Officer.
- Appointed Adan Gossar as Chief Accounting Officer.









Net Sales and Adjusted EBITDA (\$ in millions)



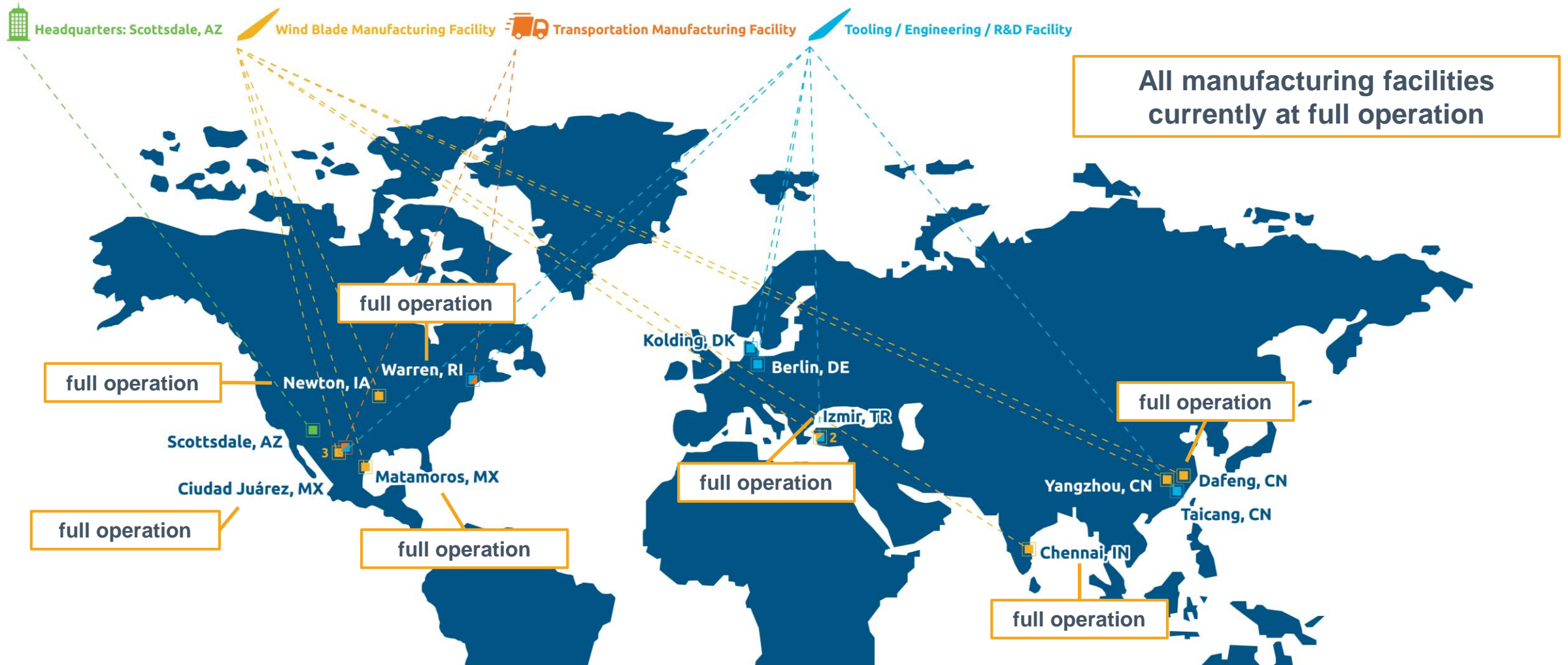
Sets produced	716	787
Est. MW	2,016	2,650
Dedicated lines ⁽¹⁾	54	52
Lines installed ⁽²⁾	50	54
Utilization ⁽³⁾	70%	69%

- 1) Number of wind blade manufacturing lines dedicated to our customers under long-term supply agreements at the end of the period.
- 2) Number of wind blade manufacturing lines installed that are either in operation, startup or transition at the end of the period.
- 3) Represents the percentage of wind blades invoiced during the period compared to the total potential wind blade capacity of manufacturing lines installed at the end of the period.

TPI Operating Imperatives

-  • Relentless focus on operational excellence
-  • Turn speed into a competitive advantage – cut transition and startup time in half
-  • Innovate – continue to advance our composites technology
-  • Partner more deeply with our customers
-  • Reduce and balance cost of transitions with our customers
-  • Apply scale to expand material capacity, continuity of supply, and drive cost down
-  • Continue to build and develop world class team
-  • Drive ESG vision

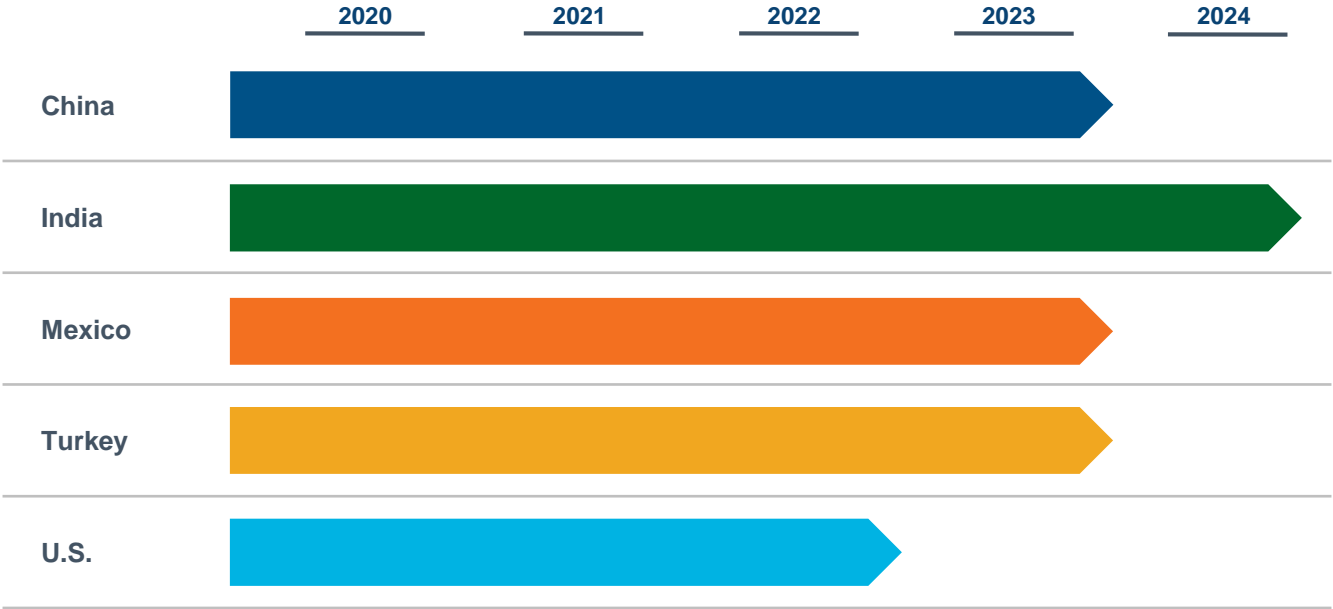
Business and Wind Market Update



- Supply Chain – no material impact to date
- Wind Market – 2020 reduced installations are expected to be made up in 2021 according to Wood Mackenzie – our demand remains strong

Existing Contracts Provide for ~\$5.4 Billion in Potential Revenue through 2024

Long-term Supply Agreements ⁽¹⁾



Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately \$2.9 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 2024

Note: Our contracts with certain 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 6, 2020. The chart depicts the term of the longest contract in each location and does not include 2 lines operating under a short-term agreement for 2020 in China.

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Q2 2020 Financial Highlights

Key Statement of Operations and Performance Indicator Data

(unaudited)

Key Statement of Operations Data	Three Months Ended June 30,		Change %
	2020	2019	
<i>(in thousands, except per share data)</i>			
Net sales	\$ 373,817	\$ 330,771	13.0%
Cost of sales	\$ 367,644	\$ 285,319	28.9%
Startup and transition costs	\$ 10,920	\$ 22,901	-52.3%
Total cost of goods sold	\$ 378,564	\$ 308,220	22.8%
Gross profit (loss)	\$ (4,747)	\$ 22,551	-121.1%
General and administrative expenses	\$ 6,887	\$ 9,208	-25.2%
Realized loss on sale of assets and asset impairments	\$ 1,440	\$ 4,972	-71.0%
Income tax provision	\$ (49,312)	\$ (475)	NM
Net income (loss)	\$ (66,101)	\$ 1,828	NM
Weighted-average common shares outstanding (diluted)	35,299	36,369	
Net income (loss) per common share (diluted)	\$ (1.87)	\$ 0.05	

Non-GAAP Metric

Adjusted EBITDA ⁽¹⁾ <i>(in thousands)</i>	\$ 3,295	\$ 23,421	-85.9%
<i>Adjusted EBITDA Margin</i>	<i>0.9%</i>	<i>7.1%</i>	<i>-620 bps</i>

Key Performance Indicators (KPIs)

Sets produced	787	716	71
Estimated megawatts	2,650	2,016	634
Utilization	69%	70%	-100 bps
Dedicated wind blade manufacturing lines	52	54	2 lines
Wind blade manufacturing lines installed	54	50	4 lines

(1) See Appendix for reconciliations of non-GAAP financial data

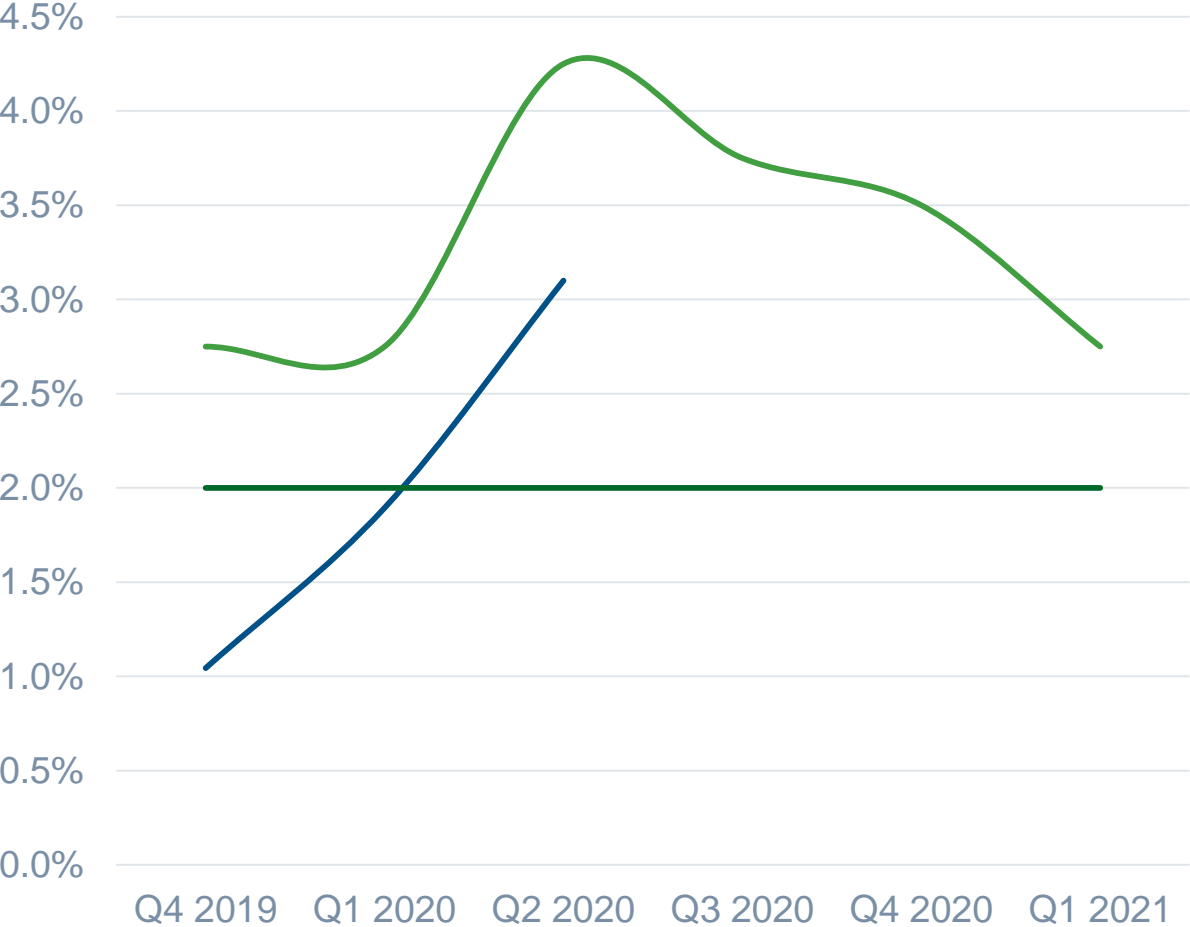
Key Highlights

- Net sales of wind blades increased by 15.3%
- 10% increase in the number of wind blades produced year over year
- Q2 2020 revenue was negatively impacted by approximately \$96 million associated with the reduced production levels in Mexico, Iowa, Turkey, and India due to COVID-19
- For the year, we expect our cash taxes to be approximately \$15 million - \$17 million
- Adjusted EBITDA was negatively impacted by approximately \$36 million associated with the production volume lost and other costs related to COVID-19

Short Term Increase in Leverage During COVID-19

Total Net Leverage Ratio (1)

— Actual — Covenant — Target



Key Highlights

- Amended the Credit Agreement to increase permitted Total Net Leverage covenant during 2020 due to COVID-19 impact
- Expect Total Net Leverage Ratio to peak in Q3 2020 and then decrease in Q4 2020
- Total Net Leverage Ratio Long-Term Target is 2%

(1) Net Debt / TTM Adjusted EBITDA. See Credit Agreement for complete definition.

Key Balance Sheet and Cash Flow Data

(unaudited)

Key Balance Sheet Data	June 30,	December 31,
<i>(in thousands)</i>	2020	2019
Cash and cash equivalents	\$ 96,657	\$ 70,282
Accounts receivable	\$ 133,147	\$ 184,012
Contract assets	\$ 214,556	\$ 166,515
Operating lease right of use assets	\$ 162,767	\$ 122,351
Total operating lease liabilities - current and noncurrent	\$ 176,677	\$ 130,512
Accounts payable and accrued expenses	\$ 267,833	\$ 293,104
Total debt - current and noncurrent, net	\$ 237,902	\$ 141,389
Net debt ⁽¹⁾	\$ (142,524)	\$ (71,779)

Key Cash Flow Data	Three Months Ended	
<i>(in thousands)</i>	June 30,	
	2020	2019
Net cash provided by (used in) operating activities	\$ (29,573)	\$ 10,573
Capital expenditures	\$ 15,047	\$ 19,030
Free cash flow ⁽¹⁾	\$ (44,620)	\$ (8,457)

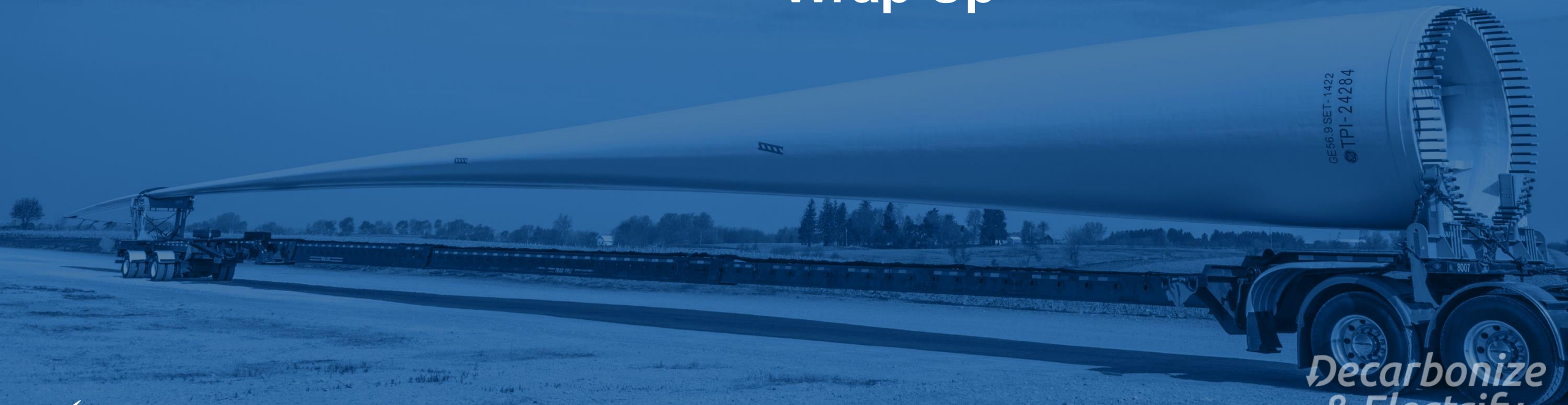
Key Highlights

- Increased inventory (included within inventory and contract assets balances) by approximately \$25 million during 2Q 2020 to manage COVID-19 risks
- Plan to reduce inventory levels during Q3 and Q4 of 2020 while monitoring continued risks
- Continue to defer capital expenditures

(1) See Appendix for reconciliations of non-GAAP financial data


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Wrap Up



Wrap Up

- Our priority is the health and safety of our associates and their families as well as the communities in which they live
- Continue to execute on our wind pipeline – approximately \$800 million added in potential contract value
- Exciting progress in global service and clean transportation
- Focus on operating imperatives
- Continue to manage liquidity
- Our overall mission remains unchanged
 - Establishing 18GW of global wind blade capacity to drive \$2 billion of annual wind revenue along with \$500 million of annual transportation revenue over time and achieve double digit Adjusted EBITDA levels



August 6, 2020

Q&A

August 6, 2020

Appendix – Non-GAAP Financial Information

This presentation includes unaudited non-GAAP financial measures including EBITDA, adjusted EBITDA, net cash (debt) and free cash flow. We define EBITDA as net income (loss) 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, any realized gains or losses from foreign currency remeasurement, any realized gains or losses on the sale of assets and asset impairments and restructuring charges. We define net cash (debt) as total unrestricted cash and cash equivalents less the total principal amount of debt outstanding. We define free cash flow as net cash flow 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 loss is reconciled to EBITDA and adjusted EBITDA as follows:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (66,101)	\$ 1,828	\$ (66,593)	\$ (10,276)
Adjustments:				
Depreciation and amortization	11,616	7,125	22,644	17,784
Interest expense (net of interest income)	2,545	2,243	4,316	4,191
Income tax provision (benefit)	49,312	475	34,284	(4,125)
EBITDA	(2,628)	11,671	(5,349)	7,574
Share-based compensation expense	2,374	1,937	5,316	2,922
Realized loss on foreign currency remeasurement	1,928	967	968	4,769
Realized loss on sale of assets and asset impairments	1,440	4,972	3,358	7,207
Restructuring charges, net	181	3,874	298	3,874
Adjusted EBITDA	\$ 3,295	\$ 23,421	\$ 4,591	\$ 26,346

Net debt is reconciled as follows:

(in thousands)	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ 96,657	\$ 70,282	\$ 58,664
Less total debt, net of debt issuance costs	(237,902)	(141,389)	(148,937)
Less debt issuance costs	(1,279)	(672)	(775)
Net debt	\$ (142,524)	\$ (71,779)	\$ (91,048)

Free cash flow is reconciled as follows:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net cash provided by (used in) operating activities	\$ (29,573)	\$ 10,573	\$ (27,005)	\$ (1,518)
Less capital expenditures	(15,047)	(19,030)	(42,030)	(37,739)
Free cash flow	\$ (44,620)	\$ (8,457)	\$ (69,035)	\$ (39,257)

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