TPI COMPOSITES, INC

FORM 8-K
(Current report filing)

Filed 11/08/17 for the Period Ending 11/08/17

Address	8501 N SCOTTSDALE ROAD GAINEY CENTER II, SUITE 100 SCOTTSDALE, AZ, 85253
Telephone	480-305-8910
CIK	0001455684
Symbol	TPIC
SIC Code	3510 - Engines And Turbines
Industry	Renewable Energy Equipment & Services
Sector	Energy

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

November 8, 2017
Date of Report (Date of earliest event reported)

TPI Composites, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-37839**	**20-1590775**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

8501 N. Scottsdale Rd, Gainey Center II, Suite 100, Scottsdale, AZ	**85253**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (480) 305-8910

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 8, 2017, TPI Composites, Inc. (the Company) issued a press release announcing its unaudited financial results for the three months ended September 30, 2017. A copy of the Company's press release is furnished herewith as Exhibit 99.1 to this current report on Form 8-K and is incorporated by reference herein. The Company also posted a presentation to its website at www.tpicomposites.com under the tab "Investor Relations" providing information regarding its results of operations and financial condition for the three months ended September 30, 2017. The information contained in the presentation is incorporated by reference herein. The presentation is being furnished herewith as Exhibit 99.2 to this current report on Form 8-K. The Company's website and the information contained therein is not part of this disclosure.

The information in Items 2.02 and 7.01 of this current report on Form 8-K (including Exhibit 99.1) is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Items 2.02 and 7.01 of this current report on Form 8-K (including Exhibit 99.1 and Exhibit 99.3) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Item 7.01. REGULATION FD DISCLOSURE

The information set forth under Item 2.02 of this current report on Form 8-K is incorporated by reference as if fully set forth herein.

On November 8, 2017, the Company issued a press release announcing it has entered a new, five-year supply agreement with Proterra, Inc. to be the supplier of composite bus bodies for Proterra's Catalyst ® zero-emission electric buses. A copy of the Company's press release is furnished herewith as Exhibit 99.3 to this current report on Form 8-K and is incorporated by reference herein.

The information in Exhibit 99.3 of this current report on Form 8-K is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 7.01 of this current report on Form 8-K (including Exhibit 99.3) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 – Press Release dated November 8, 2017

99.2 – Presentation dated November 8, 2017

99.3 – Press Release dated November 8, 2017

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TPI COMPOSITES, INC.

November 8, 2017

By: /s/ William E. Siwek
William E. Siwek
Chief Financial Officer

TPI Composites, Inc. Announces Third Quarter 2017 Earnings Results and Long-term Supply Agreement with Proterra

SCOTTSDALE, Ariz., Nov. 08, 2017 (GLOBE NEWSWIRE) -- TPI Composites, Inc. (Nasdaq:TPIC), the only independent manufacturer of composite wind blades with a global footprint, today reported financial results for the third quarter ended September 30, 2017.

Highlights

For the quarter ended September 30, 2017:

- Net sales of $243.4 million
- Total billings of $256.4 million
- Net income of $20.4 million or $0.58 per diluted share
- EBITDA of $29.1 million, with an EBITDA margin of 12.0%
- Adjusted EBITDA of $30.1 million, with an Adjusted EBITDA margin of 12.4%

KPIs	Q3'17	Q3'16
Sets [1]	739	581
Estimated megawatts[2]	1,796	1,321
Dedicated manufacturing lines[3]	48	38
Total manufacturing lines installed[4]	38	32
Manufacturing lines in startup[5]	10	2
Manufacturing lines in transition[6]	—	—

1. Number of wind blade sets (which consist of three wind blades) invoiced worldwide in the period.
2. Estimated megawatts of energy capacity to be generated by wind blade sets invoiced in the period.
3. Number of wind blade manufacturing lines that are dedicated to our customers under long-term supply agreements.
4. Number of wind blade manufacturing lines installed and either in operation, startup or transition.
5. Number of wind blade manufacturing lines in a startup phase during the period.
6. Number of wind blade manufacturing lines that were being transitioned to a new wind blade model during the period.

"We are pleased with our strong operational and financial performance in the third quarter of 2017 in which we again exceeded our adjusted EBITDA targets," said Steve Lockard, TPI Composites' President and Chief Executive Officer. "Our results were driven by a 21% increase in blades delivered, reductions in manufacturing cycle times, improvements in productivity and shared gain from material cost out efforts. We reported another quarter of year-over-year increases in net sales, total billings, EBITDA and adjusted EBITDA."

"We also announced today the signing of a new, five-year supply agreement with Proterra, Inc. to be the supplier of composite bus bodies for Proterra's Catalyst® zero-emission electric buses from our existing Rhode Island manufacturing facility and from a new U.S. manufacturing facility in Newton, Iowa that TPI expects to open in the first half of 2018. Under the new supply agreement, that includes exclusivity for a portion of the term, TPI has committed to providing up to 3,350 composite bus bodies over the term of the agreement. We are very pleased to be expanding and extending our relationship with Proterra."

"We expect to finish the year strong and are narrowing our full year guidance on total billings to between $945 million to $950 million. We currently have approximately $4.4 billion in contract value through 2023, including 48 wind blade manufacturing lines and our transportation production lines along with a strong pipeline of global opportunities including current and new customers, and both onshore and offshore blades, all of which support our growth targets. As we discussed last quarter, there are some industry headwinds that will meaningfully lower our year-over-year growth in 2018 and will have a residual impact on our growth through 2019 including the trend in some non-U.S. markets of transitioning to auction-based systems and U.S. market demand shifts driven by the current PTC cycle. However, the most significant driver of our lower growth in 2018 will be the unusually high number of lines in transition, expected to be 14, along with the ramp up of the backfill lines in Turkey and China and lines currently under contract that won't be installed until the second half of 2018. In addition to driving down LCOE in 2019 and 2020, we expect these transitions and startups will position us nicely for strong growth in 2019 and beyond. Notwithstanding, we are revising our revenue CAGR target to 20% to 25% through 2019."

Third Quarter 2017 Financial Results

Net sales for the quarter increased 22.3% to $243.4 million compared to the same period in 2016. Net sales of wind blades increased by 20.3% to $233.5 million for the third quarter of 2017 as compared to the third quarter of 2016. The increase was primarily driven by a 21% increase in the number of wind blades delivered during the third quarter compared to the same period in 2016 primarily from our China, Mexico and Turkey plants, partially offset by a decline in the average sales prices of the same blade models delivered in both periods as a result of geographic mix and savings in raw material costs, a portion of which we share with our customers. Total billings for the third quarter increased by $60.3 million or 30.8% to $256.4 million compared to the same period in 2016. The favorable impact of the currency movements on consolidated net sales and total billings were 1.0% and 0.9%, respectively, for the quarter.

Gross profit for the quarter totaled $32.9 million, an increase of $10.7 million over the same period of 2016 and our gross profit margin increased by 230 basis points to 13.5%, notwithstanding the fact that we had 10 manufacturing lines in startup during the third quarter of 2017 compared to just 2 lines in the third quarter of 2016. The increase in gross margin was driven primarily by continued operating efficiencies, the impact of savings in raw materials costs and the net benefit of a stronger U.S. dollar.

Startup and transition costs in the third quarter were $12.4 million as compared to $5.1 million during the same period a year ago. The increase in Q3 2017 relates to our new plants in Mexico and Turkey and the startup of new wind blade models for certain of our customers in Turkey and Dafeng, China.

Net income for the three months ended September 30, 2017 was $20.4 million as compared to $2.8 million in the same period in 2016. The increase was primarily due to the reasons set forth above.

Net income attributable to preferred shareholders was $0.6 million for the three months ended September 30, 2016 and there was none in the 2017 period as following our IPO in July 2016, all of the previously outstanding preferred shares were converted to common shares.

Net income attributable to common shareholders was $20.4 million for the three months ended September 30, 2017, compared to $2.2 million in the same period in 2016. This increase was primarily due to the improved operating results discussed above. Diluted earnings per share was $0.58 for the three months ended September 30, 2017, compared to $0.08 for the three months ended September 30, 2016.

EBITDA for three months ended September 30, 2017 increased to $29.1 million, compared to $11.3 million during the same period in 2016. The EBITDA margin increased to 12.0% compared to 5.7% in the 2016 period. Adjusted EBITDA for three months ended September 30, 2017 increased to $30.1 million compared to $19.6 million during the same period a year ago. The Adjusted EBITDA margin increased to 12.4% in Q3 2017, compared to 9.9% during the same period a year ago.

Capital expenditures were $8.6 million for three months ended September 30, 2017 compared to $4.7 million during the same period a year ago. Capex is primarily related to new facilities and expansion or improvements at existing facilities and costs to enhance our information technology systems.

We ended the quarter with $139.1 million of cash and cash equivalents and net cash was $3.6 million as compared to net debt of $6.4 million as of December 31, 2016.

Conference Call and Webcast Information

TPI Composites will host an investor conference call this afternoon, Wednesday, November 8, 2017 at 5:00pm ET. Interested parties are invited to listen to the conference call which can be accessed live over the phone by dialing 1-877-407-9208, or for international callers, 1-201-493-6784. A replay will be available two hours after the call and can be accessed by dialing 1-844-512-2921, or for international callers, 1-412-317-6671. The passcode for the live call and the replay is 13671605. The replay will be available until November 15, 2017. Interested investors and other parties may also listen to a simultaneous webcast of the conference call by logging onto the Investor Relations section of the Company's website at www.tpicomposites.com. The online replay will be available for a limited time beginning immediately following the call.

About TPI Composites, Inc.

TPI Composites, Inc. is the only independent manufacturer of composite wind blades for the wind energy market with a global manufacturing footprint. TPI delivers high-quality, cost-effective composite solutions through long-term relationships with leading global manufacturers. TPI is headquartered in Scottsdale, Arizona and operates factories throughout the U.S., Mexico, China and Turkey.

Forward-Looking Statements

This release contains forward-looking statements which are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements, among other things, concerning: effects on our financial statements and our financial outlook; our business strategy, including anticipated trends and developments in and management plans for our business and the wind industry and other markets in which we operate; our projected annual revenue growth; our ability to backfill molds with respect to GE supply contracts that are not renewed; competition; future financial results, operating results, revenues, gross margin, operating expenses, products, projected costs, warranties, our ability to improve our operating margins, and capital expenditures. These forward-looking statements are often characterized by the use of words such as "estimate," "expect," "anticipate," "project," "plan," "intend," "seek," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," "continue" and the negative or plural of these words and other comparable terminology. Forward-looking statements are only predictions based on our current expectations and our projections about future events. You should not place undue reliance on these forward-looking statements. We undertake no obligation to update any of these forward-looking statements for any reason. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these statements. These factors include, but are not limited to, the matters discussed in "Risk Factors" in our Annual Report on Form 10-K and other reports that we will file with the SEC.

Non-GAAP Definitions

This press release 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 arrangements. We define EBITDA as net income plus interest expense (including losses on 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 transactions. We define net 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.

Investor Relations
480-315-8742
investors@TPIComposites.com

TPI COMPOSITES, INC. AND SUBSIDIARIES
TABLE ONE - CONDENSED CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	**2017**	**2016**	**2017**	**2016**
Net sales	$ 243,354	$ 198,938	$ 683,142	$ 569,303
Cost of sales	198,141	171,648	568,659	499,896
Startup and transition costs	12,352	5,088	29,051	11,449
Total cost of goods sold	210,493	176,736	597,710	511,345
Gross profit	32,861	22,202	85,432	57,958
General and administrative expenses	9,315	14,065	28,373	24,154
Income from operations	23,546	8,137	57,059	33,804
Other income (expense):				
Interest income	48	27	78	76
Interest expense	(3,254)	(4,663)	(9,215)	(12,709)
Realized gain (loss) on foreign currency remeasurement	39	(243)	(2,575)	(700)
Miscellaneous income (expense)	390	(152)	968	192
Total other expense	(2,777)	(5,031)	(10,744)	(13,141)
Income before income taxes	20,769	3,106	46,315	20,663
Income tax provision	(371)	(309)	(8,514)	(4,565)
Net income	20,398	2,797	37,801	16,098

Net income attributable to preferred shareholders	-	596	-	5,471
Net income attributable to common shareholders	$ 20,398	$ 2,201	$ 37,801	$ 10,627
Weighted-average common shares outstanding:				
Basic	33,891	27,284	33,789	12,042
Diluted	35,015	27,375	34,748	12,133
Net income per common share:				
Basic	$ 0.60	$ 0.08	$ 1.12	$ 0.88
Diluted	$ 0.58	$ 0.08	$ 1.09	$ 0.88
Non-GAAP Measures:	-			
Total billings	$ 256,404	$ 196,095	$ 698,833	$ 566,779
EBITDA	$ 29,114	$ 11,272	$ 69,074	$ 42,999
Adjusted EBITDA	$ 30,118	$ 19,632	$ 76,443	$ 51,816

TPI COMPOSITES, INC. AND SUBSIDIARIES
TABLE TWO - CONDENSED CONSOLIDATED BALANCE SHEETS

($ in thousands)	**September 30, 2017** (*unaudited*)	**December 31, 2016**
Current assets:		
Cash and cash equivalents	$ 139,065	$ 119,066
Restricted cash	3,802	2,259
Accounts receivable	134,458	67,842
Inventories	60,593	53,095
Inventories held for customer orders	69,788	52,308
Prepaid expenses and other current assets	29,776	30,657
Total current assets	437,482	325,227
Noncurrent assets:		
Property, plant, and equipment, net	119,635	91,166
Other noncurrent assets	19,244	20,813
Total assets	$ 576,361	$ 437,206
Current liabilities:		
Accounts payable and accrued expenses	$ 160,858	$ 112,281
Accrued warranty	28,150	19,912
Deferred revenue	87,294	69,568
Customer deposits and customer advances	10,409	1,390
Current maturities of long-term debt	44,498	33,403
Total current liabilities	331,209	236,554
Noncurrent liabilities:		
Long-term debt, net of debt issuance costs and current maturities	89,139	89,752
Other noncurrent liabilities	4,245	4,393
Total liabilities	424,593	330,699
Total shareholders' equity	151,768	106,507
Total liabilities and shareholders' equity	$ 576,361	$ 437,206
Non-GAAP Measure:		
Net debt	$ (3,568)	$ 6,379

TPI COMPOSITES, INC. AND SUBSIDIARIES
TABLE THREE - CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended September 30,	**Nine Months Ended September 30,**

($ in thousands)	2017	2016	2017	2016
Net cash provided by operating activities	$ 17,590	$ 17,801	$ 51,523	$ 27,976
Net cash used in investing activities	(8,585)	(4,673)	(35,312)	(18,917)
Net cash provided by (used in) financing activities	(915)	63,012	3,483	52,371
Impact of foreign exchange rates on cash and cash equivalents	141	(395)	305	(545)
Cash and cash equivalents, beginning of period	130,834	31,057	119,066	45,917
Cash and cash equivalents, end of period	$ 139,065	$ 106,802	$ 139,065	$ 106,802

TPI COMPOSITES, INC. AND SUBSIDIARIES
TABLE FOUR - RECONCILIATION OF NON-GAAP MEASURES
(UNAUDITED)

Total billings is reconciled as follows:	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	2017	2016	2017	2016
Net sales	$ 243,354	$ 198,938	$ 683,142	$ 569,303
Change in deferred revenue:				
Blade-related deferred revenue at beginning of period (1)	(74,255)	(65,656)	(69,568)	(65,520)
Blade-related deferred revenue at end of period (1)	87,294	61,949	87,294	61,949
Foreign exchange impact (2)	11	864	(2,035)	1,047
Change in deferred revenue	13,050	(2,843)	15,691	(2,524)
Total billings	$ 256,404	$ 196,095	$ 698,833	$ 566,779

EBITDA and adjusted EBITDA are reconciled as follows:	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	2017	2016	2017	2016
Net income	$ 20,398	$ 2,797	$ 37,801	$ 16,098
Adjustments:				
Depreciation and amortization	5,139	3,530	13,622	9,703
Interest expense (net of interest income)	3,206	4,636	9,137	12,633
Income tax provision	371	309	8,514	4,565
EBITDA	29,114	11,272	69,074	42,999
Share-based compensation expense	1,043	8,117	4,794	8,117
Realized loss (gain) on foreign currency remeasurement	(39)	243	2,575	700
Adjusted EBITDA	$ 30,118	$ 19,632	$ 76,443	$ 51,816

Free cash flow is reconciled as follows:	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	2017	2016	2017	2016
Net cash provided by operating activities	$ 17,590	$ 17,801	$ 51,523	$ 27,976
Capital expenditures	(8,585)	(4,673)	(35,312)	(18,917)
Free cash flow	$ 9,005	$ 13,128	$ 16,211	$ 9,059

Net debt is reconciled as follows:	September 30,	December 31,
($ in thousands)	2017	2016
Total debt, net of debt issuance costs	$ 133,637	$ 123,155
Add debt issuance costs	1,860	2,290
Less cash and cash equivalents	(139,065)	(119,066)
Net debt	$ (3,568)	$ 6,379

(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	Nine Months Ended

($ in thousands)	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Blade-related deferred revenue at beginning of period	$ 74,255	$ 65,656	$ 69,568	$ 65,520
Non-blade related deferred revenue at beginning of period	-	-	-	-
Total current and noncurrent deferred revenue at beginning of period	$ 74,255	$ 65,656	$ 69,568	$ 65,520
Blade-related deferred revenue at end of period	$ 87,294	$ 61,949	$ 87,294	$ 61,949
Non-blade related deferred revenue at end of period	-	-	-	-
Total current and noncurrent deferred revenue at end of period	$ 87,294	$ 61,949	$ 87,294	$ 61,949

(2) Represents the effect of the difference between 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.

EXHIBIT 99.2

Q3 2017 Earnings Call

November 8, 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 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; (xiii) the attraction and retention of qualified employees and key personnel; and (xiv) changes in domestic or international government or regulatory policy, including without limitation, changes in tax 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, 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 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

- Q3 2017 Highlights
- Industry Update
- Q3 and Year to Date 2017 Financial Highlights
- Guidance for 2017
- Q&A
- Appendix - Non-GAAP Information

Q3 2017 Highlights

Q3 2017 Highlights

Q3 2017 Highlights and Recent Company News

- Operating results and year-over-year increases compared to the third quarter 2016
  - Net sales were up 22.3% to $243.4 million for the quarter
  - Total billings were up 30.8% to $256.4 million for the quarter
  - Net income for the quarter increased to $20.4 million versus $2.8 million in Q3 2016
  - Adjusted EBITDA for the quarter increased by 53.4% to $30.1 million
  - Adjusted EBITDA margin for the quarter was up 250 bps to 12.4%
- Signed a multiyear supply agreement with Senvion for two manufacturing lines in Taicang Port, China
- Signed a five-year supply agreement with Proterra to become the supplier of composite bus bodies for their Catalyst® zero-emission electric transit buses
- Hired Joe Kerkhove as Senior Vice President, Strategic Markets to lead business development initiatives to expand the application of TPI's advanced composite technologies to adjacent strategic markets such as transportation and aerospace

GAAP Net Sales ($ in millions)

	YTD 2016	YTD 2017	Q3 '16	Q3 '17
Sets invoiced	1,613	2,067	581	739
Est. MW	3,686	4,876	1,321	1,796
Dedicated lines(1)	38	48	38	48
Lines installed(2)	32	41	32	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 ~ $4.4 Billion in Revenue through 2023(1)

Long-term Supply Agreements (1)

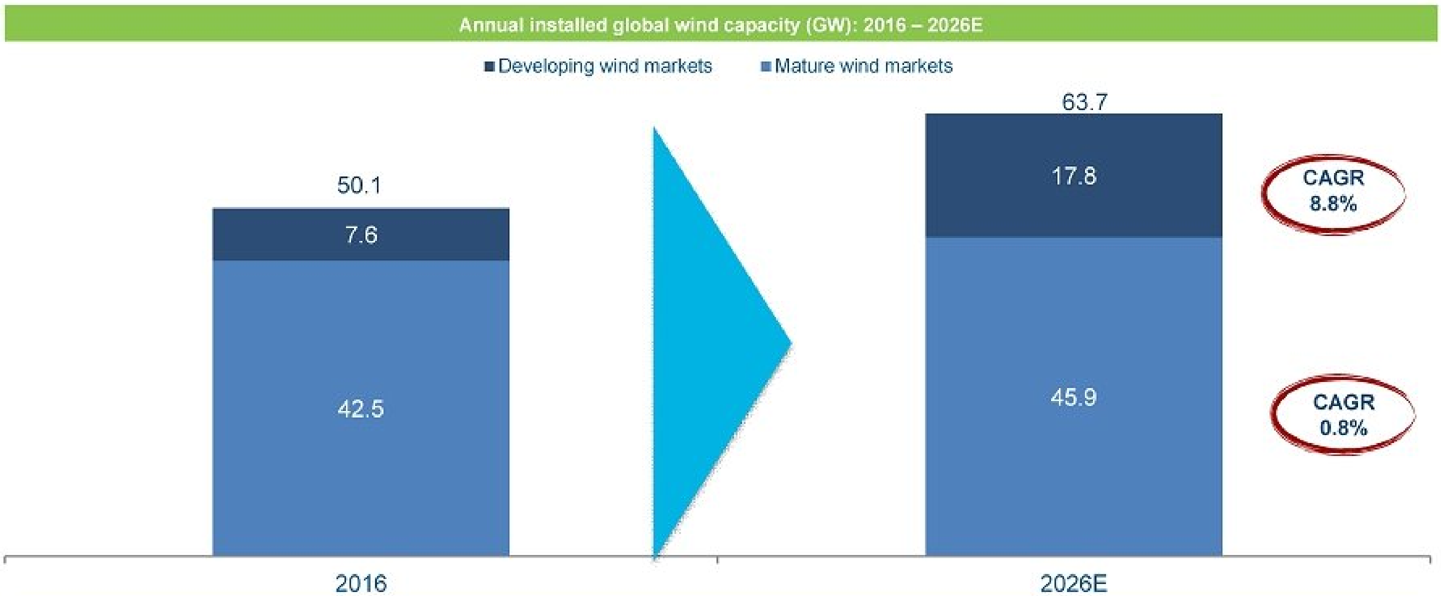
Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately $2.7 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total contract value of approximately $4.4 billion through the end of 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 November 8, 2017. The chart depicts the term of the longest contract in each location. Includes revenue in 2017 for 7 manufacturing lines for GE that will not be extended beyond 2017 and revenue from the Proterra contract signed on November 8, 2017.

Industry Update

Onshore Global Market Growth

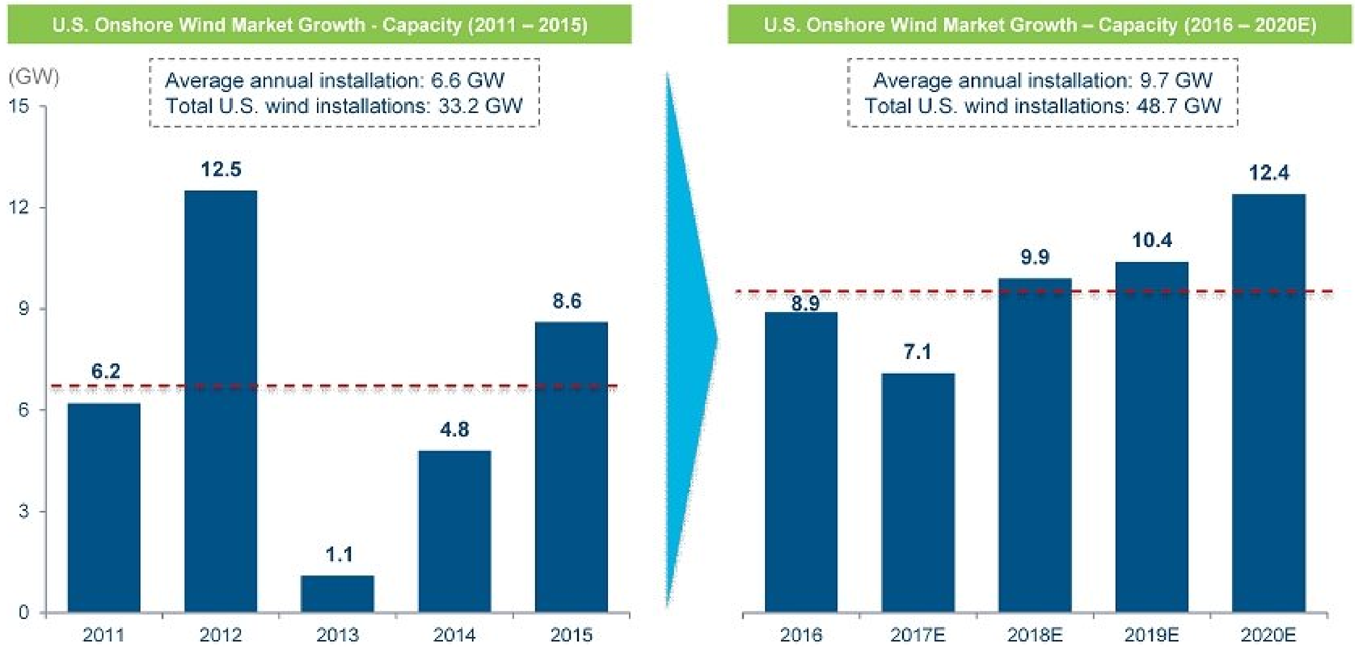


	2016	2026E
Mature wind market share	84.8%	72.1%
Developing markets market share	15.2%	27.9%

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 Q2 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 Q2 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
- Repowering - globally
- Decarbonization
- Vehicle electrification
- Energy access in developing and emerging economies

Q3 and Year to Date 2017 Financial Highlights

Q3 and Year to Date 2017 Financial Highlights

(unaudited)

($ in millions, except per share data and KPIs)	Q3 '17	Q3 '16	Δ	YTD '17	YTD '16	Δ
Select Financial Data						
Net Sales	$ 243.4	$ 198.9	*22.3%*	$ 683.1	$ 569.3	*20.0%*
Total Billings [1]	$ 256.4	$ 196.1	*30.8%*	$ 698.8	$ 566.8	*23.3%*
Net Income	$ 20.4	$ 2.8	*629.3%*	$ 37.8	$ 16.1	*134.8%*
Adjusted EBITDA [1]	$ 30.1	$ 19.6	*53.4%*	$ 76.4	$ 51.8	*47.5%*
Adjusted EBITDA Margin	*12.4%*	*9.9%*	*250 bps*	*11.2%*	*9.1%*	*210 bps*
Diluted Earnings per Share [2]	$ 0.58	$ 0.08	$ 0.50	$ 1.09	$ 0.88	$ 0.21
Net Debt [1]	$ (3.6)	$ 7.1	$ 10.6	$ (3.6)	$ 7.1	$ 10.6
Free Cash Flow [1]	$ 9.0	$ 13.1	$ (4.1)	$ 16.2	$ 9.1	$ 7.1
Capital Expenditures	$ 8.6	$ 4.7	$ 3.9	$ 35.3	$ 18.9	$ 16.4
Key Performance Indicators (KPIs)						
Sets Invoiced	739	581	*158*	2,067	1,613	*454*
Estimated Megawatts	1,796	1,321	*475*	4,876	3,686	*1,190*
Dedicated Wind Blade Manufacturing Lines	48	38	*10 lines*	48	38	*10 lines*
Wind Blade Manufacturing Lines Installed	38	32	*6 lines*	41	32	*9 lines*
Wind Blade Manufacturing Lines in Startup	10	2	*8 lines*	12	2	*10 lines*
Wind Blade Manufacturing Lines in Transition	—	—	*0 lines*	—	3	*3 lines*

(1) See pages 20 – 22 for reconciliations of non-GAAP financial data
(2) Based on net income attributable to common shareholders

Income Statement Summary

(unaudited)

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2017	2016	$	%	2017	2016	$	%
($ in thousands, except per share amounts)								
Net sales	$ 243,354	$ 198,938	$ 44,416	22.3%	$ 683,142	$ 569,303	$ 113,839	20.0%
Cost of sales	$ 198,141	$ 171,648	$ 26,493	15.4%	$ 568,659	$ 499,896	$ 68,763	13.8%
Startup and transition costs	$ 12,352	$ 5,088	$ 7,264	142.8%	$ 29,051	$ 11,449	$ 17,602	153.7%
Total cost of goods sold	$ 210,493	$ 176,736	$ 33,757	19.1%	$ 597,710	$ 511,345	$ 86,365	16.9%
Cost of goods sold %	*86.5%*	*88.8%*		*-230 bps*	*87.5%*	*89.8%*		*-230 bps*
Gross profit	$ 32,861	$ 22,202	$ 10,659	48.0%	$ 85,432	$ 57,958	$ 27,474	47.4%
Gross profit %	*13.5%*	*11.2%*		*230 bps*	*12.5%*	*10.2%*		*230 bps*
General and administrative expenses	$ 9,315	$ 14,065	$ (4,750)	-33.8%	$ 28,373	$ 24,154	$ 4,219	17.5%
General and administrative expenses %	*3.8%*	*7.1%*		*-330 bps*	*4.2%*	*4.2%*		*0 bps*
Income from operations	$ 23,546	$ 8,137	$ 15,409	189.4%	$ 57,059	$ 33,804	$ 23,255	68.8%
Income before income taxes	$ 20,769	$ 3,106	$ 17,663	568.7%	$ 46,315	$ 20,663	$ 25,652	124.1%
Net income	$ 20,398	$ 2,797	$ 17,601	629.3%	$ 37,801	$ 16,098	$ 21,703	134.8%
Net income attributable to preferred shareholders	$ -	$ 596	$ (596)	-100.0%	$ -	$ 5,471	$ (5,471)	-100.0%
Net income attributable to common shareholders	$ 20,398	$ 2,201	$ 18,197	826.8%	$ 37,801	$ 10,627	$ 27,174	255.7%
Weighted-average common shares outstanding:								
Basic	33,891	27,284			33,789	12,042		
Diluted	35,015	27,375			34,748	12,133		
Net income per common share:								
Basic	$ 0.60	$ 0.08	$ 0.52		$ 1.12	$ 0.88	$ 0.24	
Diluted	$ 0.58	$ 0.08	$ 0.50		$ 1.09	$ 0.88	$ 0.21	
Non-GAAP Metrics								
Total billings [(1)]	$ 256,404	$ 196,095	$ 60,309	30.8%	$ 698,833	$ 566,779	$ 132,054	23.3%
EBITDA [(1)]	$ 29,114	$ 11,272	$ 17,842	158.3%	$ 69,074	$ 42,999	$ 26,075	60.6%
EBITDA margin	*12.0%*	*5.7%*		*630 bps*	*10.1%*	*7.6%*		*250 bps*
Adjusted EBITDA [(1)]	$ 30,118	$ 19,632	$ 10,486	53.4%	$ 76,443	$ 51,816	$ 24,627	47.5%
Adjusted EBITDA margin	*12.4%*	*9.9%*		*250 bps*	*11.2%*	*9.1%*		*210 bps*

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

Key Balance Sheet and Cash Flow Data

(unaudited)

($ in thousands)	September 30, 2017	December 31, 2016
Balance Sheet Data:		
Cash and cash equivalents	$ 139,065	$ 119,066
Restricted cash	$ 3,802	$ 2,259
Accounts receivable	$ 134,458	$ 67,842
Inventories	$ 60,593	$ 53,095
Inventories held for customer orders	$ 69,788	$ 52,308
Deferred revenue	$ 87,294	$ 69,568
Total debt-current and noncurrent, net	$ 133,637	$ 123,155
Net debt [(1)]	$ (3,568)	$ 6,379

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	2017	2016	2017	2016
Cash Flow Data:				
Net cash provided by operating activities	$ 17,590	$ 17,801	$ 51,523	$ 27,976
Capital expenditures	$ 8,585	$ 4,673	$ 35,312	$ 18,917
Free cash flow [(1)]	$ 9,005	$ 13,128	$ 16,211	$ 9,059

(1) See page 22 for a reconciliation of net debt and free cash flow

Guidance for 2017

Guidance for 2017

	Previous	Updated
Total Billings [(1)]	$930M to $950M	$945M to $950M
Adjusted EBITDA	N/A	$95M to $100M
Sets	2,800 to 2,900	2,760 to 2,770
Average Selling Price per Blade	$105K to $110K	$105K to $110K
Estimated Megawatts	6,350 to 6,600	6,510 to 6,540
Dedicated Lines at Year-end 2017 [(2)]	41 to 45	41 to 45
Total Lines Installed at Year-end 2017 [(2)]	37	41
Lines in Transition during the Year [(2)]	5	4
Lines in Startup during the Year [(2)]	15	15
Startup and Transition Costs	$30M to $40M	$40M
Capital Expenditures	$75M to $85M	$70M to $75M
Effective Tax Rate	20% to 25%	20%
Depreciation and Amortization	$23M to $25M	$20M
Interest Expense	$11M to $12M	$12.5M
Income Tax Expense	$13M to $15M	$10.5M to $11.5M
Share-based Compensation	$6M to $7M	$7.2M

(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.
(2) References to "Lines" represents wind blade manufacturing lines.

Q&A

Save the Date

TPI Composites
Investor Day

Friday, November 17, 2017

The Roosevelt Hotel New York
45 E 45th Street
New York, NY 10017

If you have any questions, please contact
arozmus@soleburyir.com or mlycouris@soleburyir.com.

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 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:

($ in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net sales	$ 243,354	$ 198,938	$ 683,142	$ 569,303
Change in deferred revenue:				
Blade-related deferred revenue at beginning of period (1)	(74,255)	(65,656)	(69,568)	(65,520)
Blade-related deferred revenue at end of period (1)	87,294	61,949	87,294	61,949
Foreign exchange impact (2)	11	864	(2,035)	1,047
Change in deferred revenue	13,050	(2,843)	15,691	(2,524)
Total billings	$ 256,404	$ 196,095	$ 698,833	$ 566,779

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

($ in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net income	$ 20,398	$ 2,797	$ 37,801	$ 16,098
Adjustments:				
Depreciation and amortization	5,139	3,530	13,622	9,703
Interest expense (net of interest income)	3,206	4,636	9,137	12,633
Income tax provision	371	309	8,514	4,565
EBITDA	29,114	11,272	69,074	42,999
Share-based compensation expense	1,043	8,117	4,794	8,117
Realized loss (gain) on foreign currency remeasurement	(39)	243	2,575	700
Adjusted EBITDA	$ 30,118	$ 19,632	$ 76,443	$ 51,816

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:

($ in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Blade-related deferred revenue at beginning of period	$ 74,255	$ 65,656	$ 69,568	$ 65,520
Non-blade related deferred revenue at beginning of period	-	-	-	-
Total current and noncurrent deferred revenue at beginning of period	$ 74,255	$ 65,656	$ 69,568	$ 65,520
Blade-related deferred revenue at end of period	$ 87,294	$ 61,949	$ 87,294	$ 61,949
Non-blade related deferred revenue at end of period	-	-	-	-
Total current and noncurrent deferred revenue at end of period	$ 87,294	$ 61,949	$ 87,294	$ 61,949

(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)	September 30, 2017	December 31, 2016	September 30, 2016
Total debt, net of debt issuance costs	$ 133,637	$ 123,155	$ 110,922
Add debt issuance costs	1,860	2,290	2,947
Less cash and cash equivalents	(139,065)	(119,066)	(106,802)
Net debt	$ (3,568)	$ 6,379	$ 7,067

Free cash flow is reconciled as follows:

($ in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net cash provided by operating activities	$ 17,590	$ 17,801	$ 51,523	$ 27,976
Less capital expenditures	(8,585)	(4,673)	(35,312)	(18,917)
Free cash flow	$ 9,005	$ 13,128	$ 16,211	$ 9,059

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

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

($ in thousands)	2017 Adjusted EBITDA Guidance Range [1] Low End	High End
Projected net income	$ 42,225	$ 46,225
Adjustments:		
Projected depreciation and amortization	20,000	20,000
Projected interest expense (net of interest income)	12,500	12,500
Projected income tax provision	10,500	11,500
Projected EBITDA	85,225	90,225
Projected share-based compensation expense	7,200	7,200
Projected realized loss on foreign currency remeasurement	2,575	2,575
Projected Adjusted EBITDA	$ 95,000	$ 100,000

[1] All figures presented are projected estimates for the full year ending December 31, 2017.

tpi COMPOSITES

TPI Expands its Strategic Relationship with Proterra to Manufacture Composite Bus Bodies

SCOTTSDALE, Ariz., Nov. 08, 2017 (GLOBE NEWSWIRE) -- TPI Composites, Inc., (TPI) (Nasdaq:TPIC), announced today that it has entered into a new, five-year supply agreement with Proterra Inc. to be the supplier of composite bus bodies for Proterra's Catalyst® zero-emission electric buses from its existing Rhode Island manufacturing facility and from a new U.S. manufacturing facility in Newton, Iowa that TPI expects to open in the first half of 2018. Under this supply agreement TPI will provide capacity for up to 3,350 bus bodies over the five-year period.

"We are excited to expand our relationship with Proterra and to support Proterra's continued growth in the electric bus market as well as continue to demonstrate TPI's deep advanced composite technology capabilities across multiple industry segments," remarked Steve Lockard, TPI's President and CEO.

The composite structure utilizes a combination of reinforcement materials including fiberglass and carbon fiber that enable a lightweight body structure that weighs thousands of pounds less than conventional metallic space frames. The lower mass composite body structure is one factor that enables Proterra to provide industry-leading range for its battery-electric vehicles. Composite structures provide additional performance advantages with enhanced durability and reduced maintenance costs, by providing a corrosion-free solution.

"As cities and municipalities throughout North America transition to zero-emission buses, TPI's expanded manufacturing footprint and advanced composites technology will help us to scale the production of our electric buses and cost-effectively serve our California and South Carolina factories in the United States," said Ryan Popple, CEO of Proterra.

About TPI Composites, Inc.

TPI Composites, Inc. is the only independent manufacturer of composite wind blades for the wind energy market with a global footprint and is an innovation leader for composite structures in the transportation market utilizing advanced composite technology and manufacturing expertise. TPI delivers high-quality, cost-effective composite solutions through long term relationships with leading global manufacturers. TPI is headquartered in Scottsdale, Arizona and operates factories throughout the U.S., China, Mexico, and Turkey.

Investor Contact:
investors@tpicomposites.com
480-315-8742

About Proterra

Proterra is a leader in the design and manufacture of zero-emission heavy-duty vehicles, enabling bus fleet operators to significantly reduce operating costs while delivering clean, quiet transportation to local communities across the United States. With more than 400 vehicles sold to 42 different municipal, university, airport and commercial transit agencies in 20 states, Proterra is committed to providing state of the art, high-performance vehicles to meet today's growing market demand. The company's configurable Catalyst platform is capable of serving the full daily mileage needs of nearly every U.S. transit route on a single charge. With unmatched durability and energy efficiency based on rigorous U.S. certification testing, Proterra products are proudly designed, engineered and manufactured in America, with offices in Silicon Valley, South Carolina, and Los Angeles. For more information, visit: http://www.proterra.com and follow us on Twitter @Proterra_Inc.

Media Contact :
pr@proterra.com