

# TPI COMPOSITES, INC

## **FORM 8-K** (Current report filing)

Filed 08/06/20 for the Period Ending 08/06/20

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**

**Date of Report (Date of earliest event reported): August 6, 2020**



**TPI COMPOSITES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**001-37839**  
(Commission File Number)

**20-1590775**  
(I.R.S. Employer Identification No.)

**8501 N. Scottsdale Rd, Gainey Center II, Suite 100  
Scottsdale, Arizona 85253**

(Address of Principal Executive Offices) (Zip Code)

**(480) 305-8910**

(Registrant's telephone number, including area code)

**Not applicable**

(Former name or former address, if changed since last report)

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:

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	TPIC	NASDAQ Global Market

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 August 6, 2020, TPI Composites, Inc. (the Company) issued a press release announcing its financial results for the three months ended June 30, 2020. 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](http://www.tpicomposites.com) under the tab "Investors" providing information regarding its results of operations and financial condition for the three months ended June 30, 2020. 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 Item 2.02 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 Item 2.02 of this current report on Form 8-K (including Exhibit 99.1) 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 August 6, 2020](#)

[99.2 - Presentation dated August 6, 2020](#)

104 - Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

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 hereunto duly authorized.

**TPI Composites, Inc.**

Date: August 6, 2020

By: /s/ Bryan Schumaker  
Bryan Schumaker  
Chief Financial Officer

## TPI Composites, Inc. Announces Second Quarter 2020 Earnings Results – Extends Agreements with GE and Adds New Lines for Nordex in India and GE in Mexico - Adds Approximately \$800 Million of Potential Contract Value

SCOTTSDALE, Ariz., Aug. 06, 2020 (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 second quarter ended June 30, 2020.

### Highlights

#### For the quarter ended June 30, 2020:

- Net sales of \$373.8 million
- Net loss of \$66.1 million or \$(1.87) per share
- EBITDA loss of \$2.6 million
- Adjusted EBITDA of \$3.3 million

KPIs	Q2'20	Q2'19
Sets <sup>1</sup>	787	716
Estimated megawatts <sup>2</sup>	2,650	2,016
Utilization <sup>3</sup>	69%	70%
Dedicated manufacturing lines <sup>4</sup>	52	54
Manufacturing lines installed <sup>5</sup>	54	50

1. Number of wind blade sets (which consist of three wind blades) produced worldwide during the period.

2. Estimated megawatts of energy capacity to be generated by wind blade sets produced during the period.

3. Utilization 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.

4. Number of wind blade manufacturing lines that are dedicated to our customers under long-term supply agreements at the end of the period.

5. Number of wind blade manufacturing lines installed and either in operation, startup or transition at the end of the period.

“We delivered good financial results in the second quarter growing net sales 13% amidst a challenging operating environment impacted by COVID-19,” said Bill Siwek, President and CEO of TPI Composites.

“As of today, all of our manufacturing facilities have returned to pre-COVID-19 capacity levels. We believe this positions us well for a strong second half of the year given the strong demand we are seeing from our customers.

“We announced today we extended two supply agreements with GE: one in Iowa through 2021 with an option to extend through 2022 and one in Juarez, Mexico through 2022. We will also be adding another production line in Mexico to provide for GE’s wind turbine technologies in North America. Additionally, we announced today that we signed a multi-year agreement with Nordex for two manufacturing lines in our Chennai, India manufacturing facility, where we plan to start production in the first quarter next year. These new manufacturing lines and extensions of contracts added approximately \$800 million of potential contract value.

“We continue to invest in our team by adding talented professionals with diverse backgrounds. We announced today that we hired Jim Hilderhoff as our Chief Commercial Officer responsible for all commercial activities at TPI. Jim brings over 30 years of experience of commercial leadership experience at Wabtec and GE.

“We remain nimble from a capital structure standpoint. We completed an amendment to our debt facility which gives us additional flexibility as we navigate through the dynamic macro environment. Our liquidity at the end of the quarter was \$138.4 million, composed of \$96.7 million of cash and cash equivalents and approximately \$41.7 million of total availability under various debt facilities.

“While we believe we have executed well while navigating the COVID-19 pandemic with all of our plants currently operating at or above planned capacity, several of our manufacturing facilities, in particular Mexico and India, are operating in regions with high levels of reported COVID-19 positive cases. As such, we may be required to reinstate temporary production suspensions or volume reductions at these manufacturing facilities or at our other manufacturing facilities to the extent there is a significant resurgence of COVID-19 cases in the regions where we operate or there is an outbreak of COVID-19 cases in any of our manufacturing facilities. Due to the fluid nature of COVID-19 and the potential impact on our business we will not be providing 2020 guidance at this time.

“In closing, the hard work and tireless efforts of our associates allowed us to deal with COVID-19 over the last few months have enabled us to reach pre-COVID capacity levels. I want to thank each associate for their dedication in these trying times. We remain encouraged by the growth opportunities and runway in both the wind and transportation markets and look forward to creating value for our shareholders for years to come,” concluded Mr. Siwek.

### Second Quarter 2020 Financial Results

Net sales for the three months ended June 30, 2020 increased by \$43.0 million or 13.0% to \$373.8 million compared to \$330.8 million in the same period in 2019. Net sales of wind blades increased by 15.3% to \$348.1 million for the three months ended June 30, 2020 as compared to \$301.8 million in the same period in 2019. The increase in net sales was primarily driven by a 10% increase in the number of wind blades produced during the three months ended June 30, 2020 compared to the same period in 2019 largely as a result of increased production at our China facilities and our Matamoros, Mexico facility. The increase was also due to a higher average sales price due to the mix of wind blade models produced during the three months ended June 30, 2020 compared to the same period in 2019. The impact of the fluctuating U.S. dollar against the Euro in our Turkey operations and the Chinese Renminbi in our China operations on consolidated net sales for the three months ended June 30, 2020 was a decrease of 0.3% as compared to the same period in 2019. Although our net sales increased for the three months ended June 30, 2020 compared to the same period in 2019, we estimate that our net sales were adversely impacted by approximately \$96 million, based upon wind blade sets which we had forecasted to produce at our Mexico, Iowa, Turkey and India manufacturing facilities in the period under non-cancellable purchase orders associated with our long-term contracts but were unable to do so as a result of the COVID-19 pandemic.

Total cost of goods sold for the three months ended June 30, 2020 was \$378.6 million and included \$6.9 million related to lines in startup and \$4.0 million related to lines in

transition during the quarter. This compares to total cost of goods sold for the three months ended June 30, 2019 of \$308.2 million and included \$14.7 million related to lines in startup and \$8.2 million related to lines in transition during the quarter. Total cost of goods sold as a percentage of net sales increased by approximately 8% during the three months ended June 30, 2020 as compared to the same period in 2019, driven primarily by the increase in direct materials and warranty costs primarily relating to a warranty remediation campaign for a specific wind blade model for one of our customers, and COVID-19 related costs associated with the health and safety of our associates and non-productive labor, partially offset by a decrease in startup and transition costs, the impact of savings in raw material costs and foreign currency fluctuations. The impact of the fluctuating U.S. dollar against the Euro, Turkish Lira, Chinese Renminbi and Mexican Peso decreased consolidated cost of goods sold by 3.2% for three months ended June 30, 2020 as compared to the same period in 2019.

General and administrative expenses for the three months ended June 30, 2020 totaled \$6.9 million, or 1.8% of net sales, compared to \$9.2 million, or 2.8% of net sales, for the same period in 2019. The decrease as a percentage of net sales was primarily driven by lower travel and training costs due to the COVID-19 pandemic.

Income taxes reflected a provision of \$49.3 million for the three months ended June 30, 2020 as compared to a provision of \$0.5 million for the same period in 2019. The increase in the provision was primarily due to a change in the forecasted annual effective tax rate as of June 30, 2020 in comparison to the forecast at March 31, 2020 and the earnings mix by jurisdiction in the three months ended June 30, 2020 as compared to the same period in 2019. More specifically, income taxes for the three months ended June 30, 2020 was the result of applying a revised forecasted annual effective tax rate to a quarter that was significantly impacted by losses in several jurisdictions due to the COVID-19 pandemic.

Net loss for the three months ended June 30, 2020 was \$66.1 million as compared to net income of \$1.8 million in the same period in 2019. The decrease in the net income was primarily due to the reasons set forth above. In addition, we estimate that our net loss was adversely impacted by approximately \$39 million, net of taxes, based upon the forecasted gross margin on the wind blade sets we had forecasted to produce at our Mexico, Iowa, Turkey and India manufacturing facilities in the period under non-cancellable purchase orders associated with our long-term contracts but were unable to do so as a result of the COVID-19 pandemic. In addition, we incurred approximately \$16 million, net of taxes, of COVID-19 related costs associated with the health and safety of our associates and non-productive labor. The net loss per share was \$1.87 for the three months ended June 30, 2020, compared to a net income per share of \$0.05 for the three months ended June 30, 2019. Adjusted EBITDA for the three months ended June 30, 2020 decreased to \$3.3 million compared to \$23.4 million during the same period in 2019. Adjusted EBITDA margin decreased to 0.9% compared to 7.1% during the same period in 2019. We estimate that our Adjusted EBITDA was adversely impacted for the three months ended June 30, 2020 by approximately \$36 million, based upon the forecasted Adjusted EBITDA margin on the forecasted wind blade sets which we were to produce in those periods but were unable to do so as a result of the COVID-19 pandemic and COVID-19 related costs associated with the health and safety of our associates and non-productive labor.

Capital expenditures were \$15.0 million for the three months ended June 30, 2020 compared to \$19.0 million during the same period in 2019. Our capital expenditures have primarily related to machinery and equipment for new facilities and expansion and improvements at existing facilities.

We ended the quarter with \$96.7 million of cash and cash equivalents and net debt was \$142.5 million as compared to \$71.8 million at December 31, 2019. For the quarter we used \$29.6 million of cash flows in operations and invested \$15.0 million in capital expenditures for a negative free cash flow of \$44.6 million.

## 2020 Guidance

On April 23, 2020, TPI announced the withdrawal of its fiscal year 2020 financial guidance first issued on February 27, 2020. At this time, TPI will not be reinstating its fiscal year 2020 financial guidance due to the inability to forecast or quantify with reasonable accuracy the full duration and financial magnitude of the impact of the COVID-19 pandemic.

## Conference Call and Webcast Information

TPI Composites will host an investor conference call this afternoon, Thursday, August 6, 2020 at 5:00 pm ET. Interested parties are invited to listen to the conference call which can be accessed live over the phone by dialing 1-855-327-6837, or for international callers, 1-631-891-4304. 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 10010271. The replay will be available until August 13, 2020. Interested investors and other parties may also listen to a simultaneous webcast of the conference call by logging onto the Investors section of the Company's website at [www.tpicomposites.com](http://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 OEMs in the wind and transportation markets. TPI is headquartered in Scottsdale, Arizona and operates factories in the U.S., China, Mexico, Turkey and India. TPI operates additional engineering development centers in Denmark and Germany.

## 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: the impact of the COVID-19 pandemic on our business, 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; competition; future financial results, operating results, revenues, gross margin, operating expenses, profitability, 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 EBITDA, adjusted EBITDA, net cash (debt) and free cash flow. We define EBITDA as net income (loss) 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, any realized gains or losses from foreign currency remeasurement, any realized gains or losses from the sale of assets and asset impairments and any restructuring costs. We define net cash (debt) as the 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*

**Investor Relations**

480-315-8742

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

<i>(in thousands, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ 373,817	\$ 330,771	\$ 730,453	\$ 630,551
Cost of sales	367,644	285,319	716,119	568,357
Startup and transition costs	10,920	22,901	22,954	41,079
Total cost of goods sold	378,564	308,220	739,073	609,436
Gross profit (loss)	(4,747)	22,551	(8,620)	21,115
General and administrative expenses	6,887	9,208	16,383	17,193
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
Income (loss) from operations	(13,255)	4,497	(28,659)	(7,159)
Other income (expense):				
Interest income	8	31	40	82
Interest expense	(2,553)	(2,274)	(4,356)	(4,273)
Realized loss on foreign currency remeasurement	(1,928)	(967)	(968)	(4,769)
Miscellaneous income	939	1,016	1,634	1,718
Total other expense	(3,534)	(2,194)	(3,650)	(7,242)
Income (loss) before income taxes	(16,789)	2,303	(32,309)	(14,401)
Income tax benefit (provision)	(49,312)	(475)	(34,284)	4,125
Net income (loss)	\$ (66,101)	\$ 1,828	\$ (66,593)	\$ (10,276)
Weighted-average common shares outstanding:				
Basic	35,299	35,033	35,256	34,970
Diluted	35,299	36,369	35,256	34,970
Net income (loss) per common share:				
Basic	\$ (1.87)	\$ 0.05	\$ (1.89)	\$ (0.29)
Diluted	\$ (1.87)	\$ 0.05	\$ (1.89)	\$ (0.29)
<b>Non-GAAP Measures (unaudited):</b>				
EBITDA	\$ (2,628)	\$ 11,671	\$ (5,349)	\$ 7,574
Adjusted EBITDA	\$ 3,295	\$ 23,421	\$ 4,591	\$ 26,346

**TPI COMPOSITES, INC. AND SUBSIDIARIES**  
**TABLE TWO - CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

<i>(in thousands)</i>	June 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 96,657	\$ 70,282
Restricted cash	312	992
Accounts receivable	133,147	184,012
Contract assets	214,556	166,515
Prepaid expenses	15,983	10,047

Other current assets	25,900	29,843
Inventories	12,368	6,731
Total current assets	498,923	468,422
Noncurrent assets:		
Property, plant, and equipment, net	211,175	205,007
Operating lease right of use assets	162,767	122,351
Other noncurrent assets	22,420	30,897
Total assets	\$ 895,285	\$ 826,677

### Liabilities and Stockholders' Equity

#### Current liabilities:

Accounts payable and accrued expenses	\$ 267,833	\$ 293,104
Accrued warranty	56,772	47,639
Current maturities of long-term debt	25,285	13,501
Current operating lease liabilities	21,918	16,629
Contract liabilities	2,447	3,008
Total current liabilities	374,255	373,881

#### Noncurrent liabilities:

Long-term debt, net of debt issuance costs and current maturities	212,617	127,888
Noncurrent operating lease liabilities	154,759	113,883
Other noncurrent liabilities	24,809	5,975
Total liabilities	766,440	621,627
Total stockholders' equity	128,845	205,050
Total liabilities and stockholders' equity	\$ 895,285	\$ 826,677

### Non-GAAP Measure (unaudited):

Net debt	\$ (142,524)	\$ (71,779)
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**TPI COMPOSITES, INC. AND SUBSIDIARIES**  
**TABLE THREE - CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
<i>(in thousands)</i>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net cash provided by (used in) operating activities	\$ (29,573)	\$ 10,573	\$ (27,005)	\$ (1,518)
Net cash used in investing activities	(15,047)	(19,030)	(42,030)	(37,739)
Net cash provided by (used in) financing activities	32,173	(10,629)	97,255	10,446
Impact of foreign exchange rates on cash, cash equivalents and restricted cash	(719)	(297)	(2,525)	696
Cash, cash equivalents and restricted cash, beginning of period	110,610	80,644	71,749	89,376
Cash, cash equivalents and restricted cash, end of period	\$ 97,444	\$ 61,261	\$ 97,444	\$ 61,261

### Non-GAAP Measure (unaudited):

Free cash flow	\$ (44,620)	\$ (8,457)	\$ (69,035)	\$ (39,257)
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**TPI COMPOSITES, INC. AND SUBSIDIARIES**  
**TABLE FOUR - RECONCILIATION OF NON-GAAP MEASURES**  
**(UNAUDITED)**

EBITDA and adjusted EBITDA are reconciled as follows:

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
<i>(in thousands)</i>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>



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)*

	<b>June 30,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 96,657	\$ 70,282
Less total debt, net of debt issuance costs	(237,902)	(141,389)
Less debt issuance costs	(1,279)	(672)
Net debt	\$ (142,524)	\$ (71,779)

Free cash flow is reconciled as follows:

*(in thousands)*

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
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)



**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



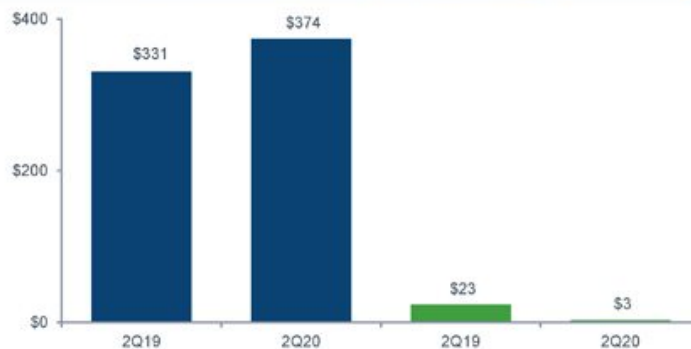
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## Q2 2020 Highlights

- 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)



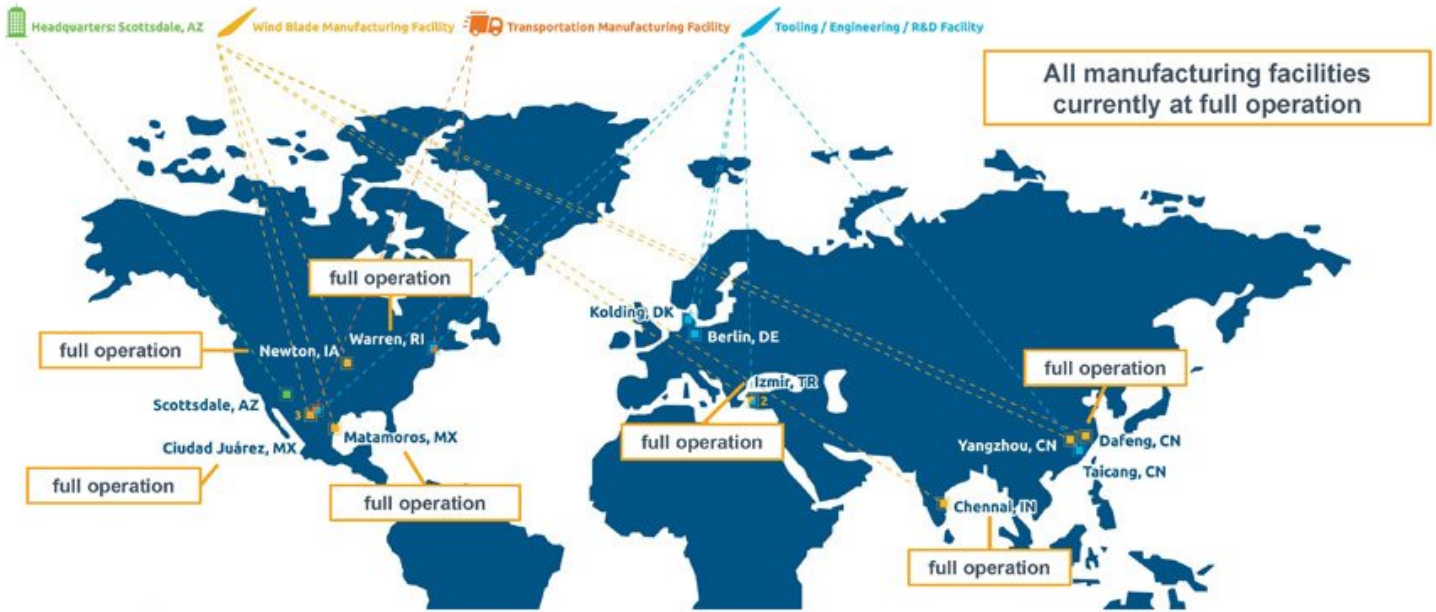
Sets produced	716	787
Est. MW	2,016	2,650
Dedicated lines <sup>(1)</sup>	54	52
Lines installed <sup>(2)</sup>	50	54
Utilization <sup>(3)</sup>	70%	69%

- 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

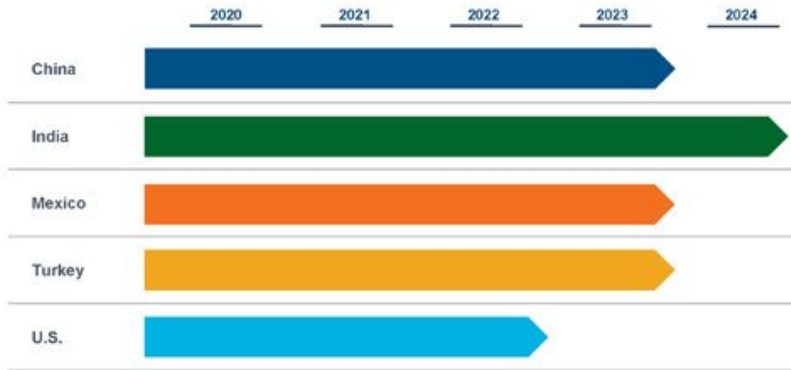


- Supply Chain – no material impact to date
- Wind Market – 2020 reduced installations are expected to be made up in 2021 according to Wood Mackenzie – our demand remains strong



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

## Long-term Supply Agreements <sup>(1)</sup>



**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.

August 6, 2020

# Q2 2020 Financial Highlights

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# Key Statement of Operations and Performance Indicator Data

(unaudited)

Key Statement of Operations Data <i>(in thousands, except per share data)</i>	Three Months Ended June 30,		Change %
	2020	2019	
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	
<b>Non-GAAP Metric</b>			
Adjusted EBITDA <sup>(1)</sup> <i>(in thousands)</i>	\$ 3,295	\$ 23,421	-85.9%
Adjusted EBITDA Margin	0.9%	7.1%	-620 bps

## 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

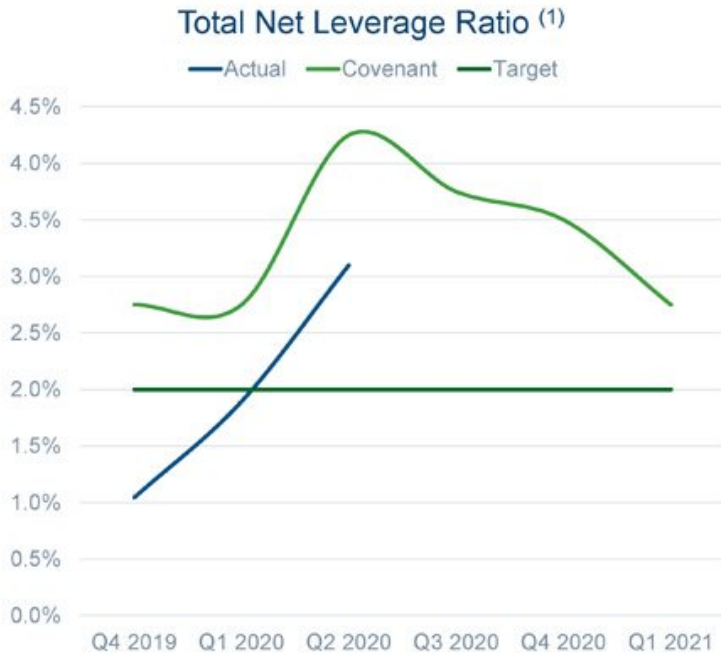
(1) See Appendix for reconciliations of non-GAAP financial data

## 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



### 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 (in thousands)	June 30,	December 31,
	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 <sup>(1)</sup>	\$ (142,524)	\$ (71,779)

Key Cash Flow Data (in thousands)	Three Months Ended 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 <sup>(1)</sup>	\$ (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



August 6, 2020

# Wrap Up

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## 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

An aerial photograph of a solar farm, showing rows of solar panels stretching across a field. The image is overlaid with a semi-transparent blue filter. The text 'Q&A' is centered in the middle, 'August 6, 2020' is positioned above it, and the logos 'tpi' and 'Decarbonize & Electrify' are in the bottom corners.

August 6, 2020

# Q&A

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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.

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## 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	\$ (66,693)	\$ (10,276)
Adjustments:				
Depreciation and amortization	11,616	7,125	22,644	17,794
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	\$ 4,691	\$ 26,346

Net debt is reconciled as follows:

(in thousands)	June 30,	December 31,	June 30,
	2020	2019	2019
Cash and cash equivalents	\$ 96,657	\$ 70,282	\$ 58,664
Less total debt, net of debt issuance costs	(237,902)	(141,389)	(146,937)
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)



