TPI COMPOSITES, INC

FORM 8-K

(Current report filing)

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

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

August 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 August 8, 2017, TPI Composites, Inc. (the Company) issued a press release announcing its unaudited financial results for the three months ended June 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 June 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 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 8, 2017
99.2 – Presentation dated August 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.

August 8, 2017	By: /s/ William E. Siwek William E. Siwek Chief Financial Officer

TPI Composites, Inc. Announces Second Quarter 2017 Earnings Results and the Signing of a New Supply Agreement for Two Lines in China

SCOTTSDALE, Ariz., Aug. 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 second quarter ended June 30, 2017.

Highlights

For the quarter ended June 30, 2017:

- Net sales of $248.2 million
- Total billings of $231.1 million
- Net income of $13.9 million or $0.41 per diluted share
- EBITDA of $27.5 million, with an EBITDA margin of 11.1%
- Adjusted EBITDA of $30.8 million, with an Adjusted EBITDA margin of 12.4%

KPIs	Q2'17	Q2'16
Sets [1]	692	551
Estimated megawatts [2]	1,620	1,252
Dedicated manufacturing lines [3]	46	38
Total manufacturing lines installed [4]	39	30
Manufacturing lines in startup [5]	9	—
Manufacturing lines in transition [6]	—	3

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 manufacturing lines that are dedicated to our customers under long-term supply agreements.
4. Number of manufacturing lines installed and either in operation, startup or transition.
5. Number of manufacturing lines in a startup phase during the period.
6. Number of 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 second quarter of 2017 in which we exceeded both our total billings and adjusted EBITDA targets," said Steve Lockard, TPI Composites' President and Chief Executive Officer. "We are also announcing today that we signed a multiyear supply agreement to supply blades from two manufacturing lines in our factory in Taicang, China. This will help backfill volume in our Taicang plant when we commence production before the end of Q1 of 2018. This deal highlights our commitment to our strategy of global growth, customer diversification and expanded profitability."

"We expect solid results for the balance of the year and reaffirm our guidance range of $930 million to $950 million for total billings for the year. We currently have approximately $4.4 billion of revenue under long-term contracts covering 48 molds and a strong global pipeline of opportunities to support our growth targets. We remain confident in our ability to expand our production lines globally across numerous partners and continue to target a 25% revenue CAGR through 2019."

Second Quarter 2017 Financial Results

Net sales for the three months ended June 30, 2017 increased by $53.9 million or 27.8% to $248.2 million compared to $194.3 million in the same period in 2016. Net sales of wind blades increased by 31.1% to $239.8 million for the three months ended June 30, 2017 as compared to $182.9 million in the same period in 2016. The increase was primarily driven by a 36% increase in the number of wind blades delivered during the three months ended June 30, 2017 compared to the same period in 2016 primarily from our China and Mexico 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, and foreign currency fluctuations in China and Turkey. Net sales from the manufacturing of precision molding and assembly systems during the three months ended June 30, 2017 decreased to $4.8 million from $10.0 million in the same period in 2016. This decrease was primarily the result of our customers requiring less precision molding and assembly systems from our Rhode Island facility during the three months ended June 30, 2017. Total billings for the three months ended June 30, 2017 increased by $34.9 million or 17.8% to $231.1 million compared to $196.1 million in the same period in 2016. The impact of the strengthening of the U.S. dollar against the Euro at our Turkey operations and the Chinese Renminbi at our China operations on consolidated net sales and total billings for the three months ended June 30, 2017 were reductions of 2.0% and 1.9%, respectively, but were not significant for the three months ended June 30, 2016.

Total cost of goods sold for the three months ended June 30, 2017 was $213.6 million and included aggregate costs of $10.5 million related to startup costs in our new plants in Mexico and Turkey and the startup of a new wind blade model for one of our customers in Dafeng, China. This compares to total cost of goods sold for the three months ended June 30, 2016 of $171.4 million, including aggregate costs of $3.1 million related to startup costs in our new plants in Mexico and Turkey as well as the transition of wind blade models in our original plant in Mexico. Cost of goods sold as a percentage of net sales of wind blades decreased by three percentage points during the three months ended June 30, 2017 as compared to the same period in 2016, driven by improved operating efficiencies, the impact of savings in raw material costs and foreign currency fluctuations, partially offset by the increase in startup and transition costs. Similar to the impact to net sales above, the impact of the strengthening of the U.S. dollar against the Euro, Turkish Lira, Chinese Renminbi and Mexican Peso reduced consolidated cost of goods sold by 3.9% for three months ended June 30, 2017 but was not significant for the three months ended June 30, 2016.

Net income for the three months ended June 30, 2017 was $13.9 million, as compared to $11.6 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 $2.4 million for the three months ended June 30, 2016 and there was none in the 2017 period as following our IPO in July 2016, all of our preferred shares were converted to common shares.

Net income attributable to common shareholders was $13.9 million for the three months ended June 30, 2017, compared to $9.1 million in the same period in 2016. This was primarily due to the improved operating results discussed above. Diluted earnings per share was $0.41 for the three months ended June 30, 2017, compared to $2.15 for the three months ended June 30, 2016.

EBITDA for three months ended June 30, 2017 increased to $27.5 million, compared to $20.8 million during the same period in 2016. The EBITDA margin increased to 11.1% compared to 10.7% in the 2016 period. Adjusted EBITDA for three months ended June 30, 2017 increased to $30.8 million compared to $20.8 million during the same period a year ago. The Adjusted EBITDA margin increased to 12.4%, compared to 10.7% during the same period a year ago.

Capital expenditures were $9.8 million for three months ended June 30, 2017 compared to $3.4 million during the same period a year ago. Capex is primarily related to our new facilities in Mexico and Turkey.

We ended the quarter with $130.8 million of cash and cash equivalents and net debt was a net cash position of $0.5 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, Tuesday, August 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 13666568. The replay will be available until August 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 wind turbine 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 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.

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

(in thousands, except per share data)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net sales	$ 248,186	$ 194,255	$ 439,788	$ 370,365
Cost of sales	203,095	168,382	370,518	328,248
Startup and transition costs	10,540	3,055	16,699	6,361
Total cost of goods sold	213,635	171,437	387,217	334,609
Gross profit	34,551	22,818	52,571	35,756
General and administrative expenses	10,752	5,340	19,058	10,089
Income from operations	23,799	17,478	33,513	25,667
Other income (expense):				
Interest income	11	28	30	49
Interest expense	(2,935)	(4,134)	(5,961)	(8,046)
Realized loss on foreign currency remeasurement	(1,233)	(18)	(2,614)	(457)
Miscellaneous income	258	154	578	344
Total other expense	(3,899)	(3,970)	(7,967)	(8,110)
Income before income taxes	19,900	13,508	25,546	17,557
Income tax provision	(6,042)	(1,953)	(8,143)	(4,256)
Net income	13,858	11,555	17,403	13,301
Net income attributable to preferred shareholders	-	2,438	-	4,875
Net income attributable to common shareholders	$ 13,858	$ 9,117	$ 17,403	$ 8,426

Weighted-average common shares outstanding:

Basic	33,737	4,238	33,737	4,238
Diluted	33,828	4,244	33,827	4,244
Net income per common share:				
Basic	$ 0.41	$ 2.15	$ 0.52	$ 1.99
Diluted	$ 0.41	$ 2.15	$ 0.51	$ 1.99
Non-GAAP Measures:				
Total billings	$ 231,069	$ 196,146	$ 442,429	$ 370,684
EBITDA	$ 27,478	$ 20,776	$ 39,960	$ 31,727
Adjusted EBITDA	$ 30,755	$ 20,794	$ 46,325	$ 32,184

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

($ in thousands)	**June 30, 2017** *(unaudited)*	**December 31, 2016**
Current assets:		
Cash and cash equivalents	$ 130,834	$ 119,066
Restricted cash	2,783	2,259
Accounts receivable	117,202	67,842
Inventories	59,753	53,095
Inventories held for customer orders	56,974	52,308
Prepaid expenses and other current assets	25,487	30,657
Total current assets	393,033	325,227
Noncurrent assets:		
Property, plant, and equipment, net	112,432	91,166
Other noncurrent assets	14,432	20,813
Total assets	$ 519,897	$ 437,206
Current liabilities:		
Accounts payable and accrued expenses	$ 149,285	$ 112,281
Accrued warranty	25,873	19,912
Deferred revenue	74,255	69,568
Customer deposits and customer advances	8,663	1,390
Current maturities of long-term debt	38,511	33,403
Total current liabilities	296,587	236,554
Noncurrent liabilities:		
Long-term debt, net of debt issuance costs and current maturities	89,852	89,752
Other noncurrent liabilities	4,222	4,393
Total liabilities	390,661	330,699
Shareholders' equity	129,236	106,507
Total liabilities and shareholders' equity	$ 519,897	$ 437,206
Non-GAAP Measure:		
Net debt	$ (467)	$ 6,379

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

	Three Months Ended June 30,		**Six Months Ended June 30,**	
($ in thousands)	**2017**	**2016**	**2017**	**2016**
Net cash provided by operating activities	$ 17,995	$ 11,314	$ 33,933	$ 10,175
Net cash used in investing activities	(9,805)	(3,356)	(26,727)	(14,244)
Net cash provided by (used in) financing activities	6,876	(12,644)	4,398	(10,641)
Impact of foreign exchange rates on cash and cash				

equivalents	227	(99)	164	(150)
Cash and cash equivalents, beginning of period	115,541	35,842	119,066	45,917
Cash and cash equivalents, end of period	$ 130,834	$ 31,057	$ 130,834	$ 31,057

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

Total billings is reconciled as follows:	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	**2017**	**2016**	**2017**	**2016**
Net sales	$ 248,186	$ 194,255	$ 439,788	$ 370,365
Change in deferred revenue:				
Blade-related deferred revenue at beginning of period (1)	(89,319)	(65,027)	(69,568)	(65,520)
Blade-related deferred revenue at end of period (1)	74,255	65,656	74,255	65,656
Foreign exchange impact (2)	(2,053)	1,262	(2,046)	183
Change in deferred revenue	(17,117)	1,891	2,641	319
Total billings	$ 231,069	$ 196,146	$ 442,429	$ 370,684

EBITDA and adjusted EBITDA are reconciled as follows:	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	**2017**	**2016**	**2017**	**2016**
Net income	$ 13,858	$ 11,555	$ 17,403	$ 13,301
Adjustments:				
Depreciation and amortization	4,654	3,162	8,483	6,173
Interest expense (net of interest income)	2,924	4,106	5,931	7,997
Income tax provision	6,042	1,953	8,143	4,256
EBITDA	27,478	20,776	39,960	31,727
Share-based compensation expense	2,044	-	3,751	-
Realized loss on foreign currency remeasurement	1,233	18	2,614	457
Adjusted EBITDA	$ 30,755	$ 20,794	$ 46,325	$ 32,184

Free cash flow is reconciled as follows:	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	**2017**	**2016**	**2017**	**2016**
Net cash provided by operating activities	$ 17,995	$ 11,314	$ 33,933	$ 10,175
Capital expenditures	(9,805)	(3,356)	(26,727)	(14,244)
Free cash flow	$ 8,190	$ 7,958	$ 7,206	$ (4,069)

Net debt is reconciled as follows:

($ in thousands)	**June 30, 2017**	**December 31, 2016**
Total debt, net of debt issuance costs	$ 128,363	$ 123,155
Add debt issuance costs	2,004	2,290
Less cash and cash equivalents	(130,834)	(119,066)
Net debt	$ (467)	$ 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 June 30,		Six Months Ended June 30,	
($ in thousands)	**2017**	**2016**	**2017**	**2016**
Blade-related deferred revenue at beginning of period	$ 89,319	$ 65,027	$ 69,568	$ 65,520
Non-blade related deferred revenue at beginning of period	-	-	-	-
Total current and noncurrent deferred revenue at beginning of period	$ 89,319	$ 65,027	$ 69,568	$ 65,520
Blade-related deferred revenue at end of period	$ 74,255	$ 65,656	$ 74,255	$ 65,656
Non-blade related deferred revenue at end of period	-	-	-	-

Total current and noncurrent deferred revenue at end of period	$ 74,255	$ 65,656	$ 74,255	$ 65,656

(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.

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

EXHIBIT 99.2

Q2 2017 Earnings Call

August 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; and (xiii) the attraction and retention of qualified employees and key personnel.

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 equivalents. We define free cash flow as net cash flow generated from operating activities less capital expenditures. We present non-GAAP measures when we believe that the additional information is useful and meaningful to investors. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See the appendix for the reconciliations of certain non-GAAP financial measures to the comparable GAAP measures.

This presentation also contains estimates and other information concerning our industry that are based on industry publications, surveys and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

Agenda

- Q2 2017 Highlights
- Industry Update
- Q2 and Year to Date 2017 Financial Highlights
- Guidance for 2017
- Q&A
- Appendix - Non-GAAP Information

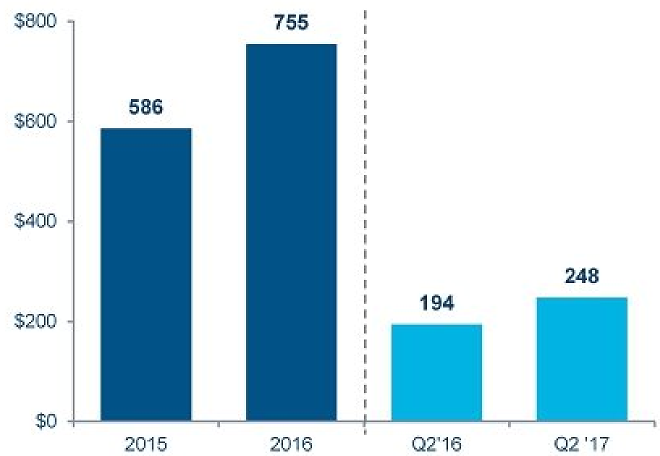
Q2 2017 Highlights

Q2 2017 Highlights

Q2 2017 Highlights and Recent Company News

- Operating results and year-over-year increases compared to the second quarter 2016
  - Net sales were up 27.8%
  - Total billings were up 17.8% to $231.1 million for the quarter – in line with our 2017 plan
  - Net income for the quarter increased to $13.9 million versus $11.6 million in Q2 2016
  - Adjusted EBITDA for the quarter increased by 47.9% to $30.8 million and beat our plan
  - Adjusted EBITDA margin for the quarter was up 170 bps to 12.4% and beat our plan
- Signed a multiyear supply agreement with a customer for two manufacturing lines in Taicang, China
- Signed a multiyear supply agreement with Vestas for two manufacturing lines plus and option for additional lines in a new manufacturing facility to be built in Matamoros, Mexico to serve the Latin American market
- Completed a secondary offering of 5.075 million shares
- Hired a seasoned energy industry Chief Commercial Officer to lead our diversified growth strategy

GAAP Net Sales ($ in millions)



	2015	2016	Q2'16	Q2 '17
Sets	1,609	2,154	551	692
Est. MW	3,595	4,920	1,252	1,620
Dedicated lines(1)	34	44	38	46
Lines installed(2)	30	33	30	39

(1) Number of manufacturing lines dedicated to our customers under long-term supply agreements
(2) Number of 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)

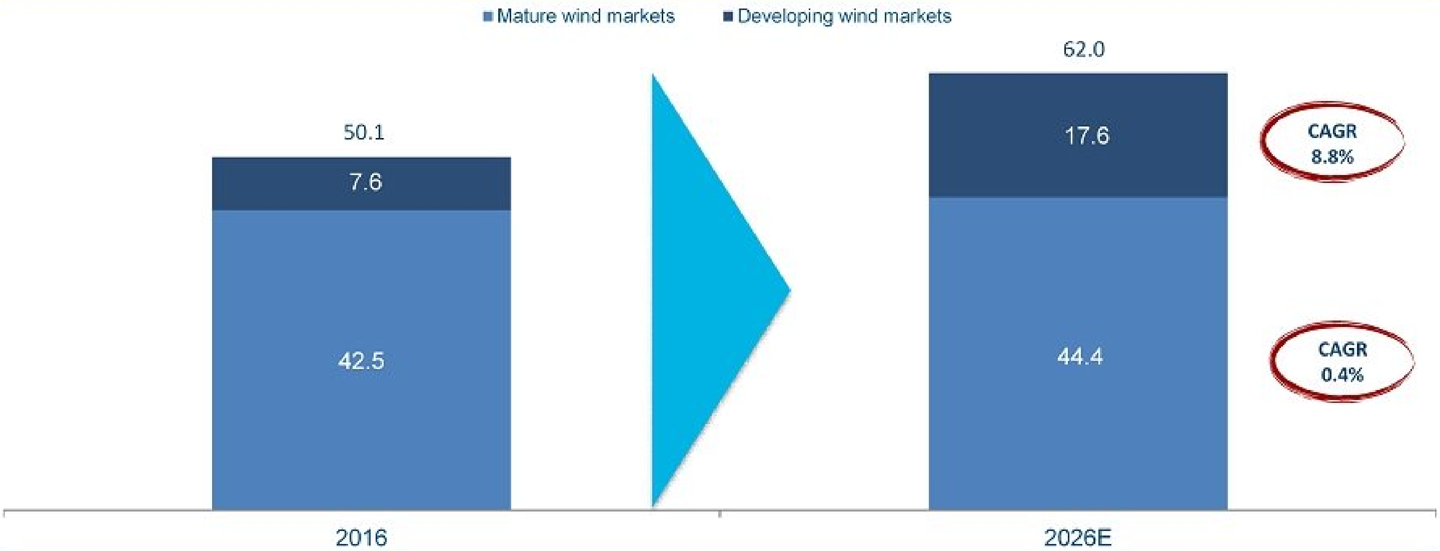
Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately $2.8 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total contract value of approximately $4.4 billion through the end of 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 August 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.

Onshore Global Market Growth

Annual installed global wind capacity (GW): 2016 – 2026E

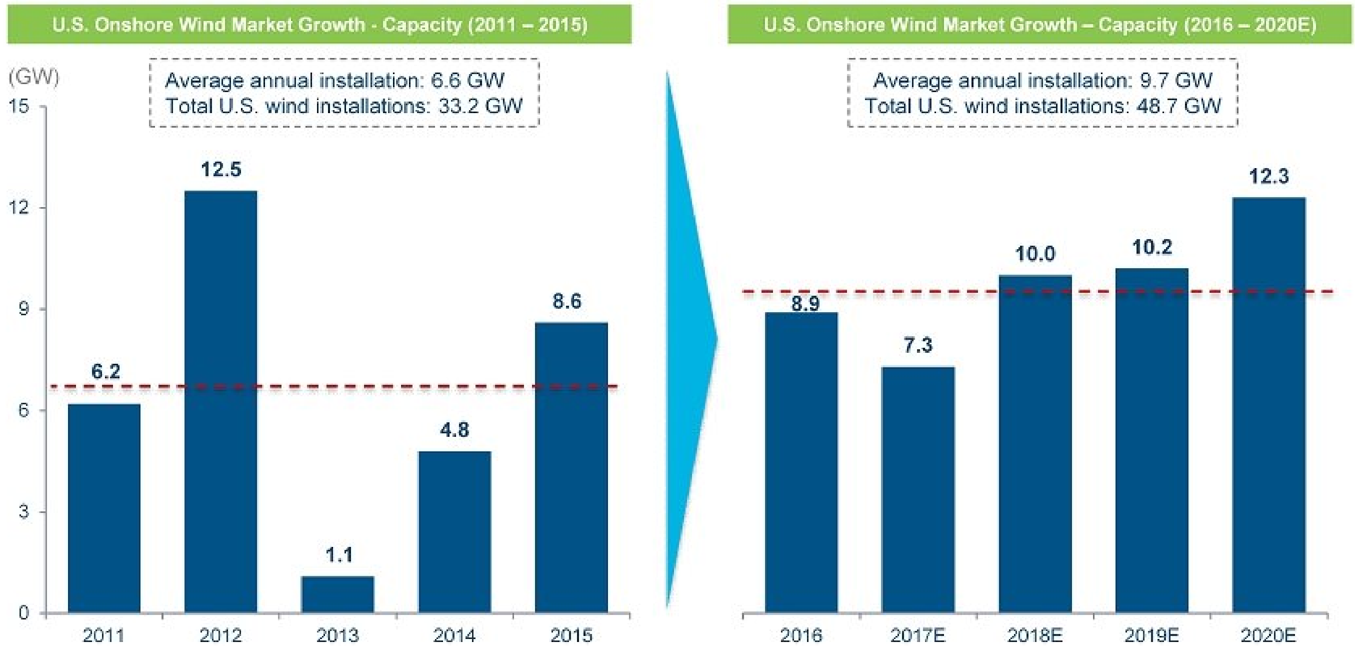


	2016	2026E
Mature wind markets share	84.8%	71.6%
Developing market markets share	15.2%	28.4%

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

Source: MAKE Q1 2017 Global Wind Power Market Outlook Update and Bloomberg New Energy Finance
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 recently enacted PTC phase out

Source: MAKE Q1 2017 Global Wind Power Market Outlook Update

Market Demand Drivers

- Overall competitiveness of wind energy
- Commercial and industrial demand
- Utilities being driven by consumer demand and sheer economics
- Repowering - globally
- Offshore economics
- Decarbonization
- Vehicle electrification
- Energy access in developing and emerging economies

Q2 and Year to Date 2017 Financial Highlights

Q2 and Year to Date 2017 Financial Highlights

(unaudited)

($ in millions, except per share data)	Q2 '17	Q2 '16	Δ	YTD '17	YTD '16	Δ
Select Financial Data						
Net Sales	$ 248.2	$ 194.3	*27.8%*	$ 439.8	$ 370.4	*18.7%*
Total Billings [1]	$ 231.1	$ 196.1	*17.8%*	$ 442.4	$ 370.7	*19.4%*
Net Income	$ 13.9	$ 11.6	*19.9%*	$ 17.4	$ 13.3	*30.8%*
Adjusted EBITDA [1]	$ 30.8	$ 20.8	*47.9%*	$ 46.3	$ 32.2	*43.9%*
Adjusted EBITDA Margin	*12.4%*	*10.7%*	*170 bps*	*10.5%*	*8.7%*	*180 bps*
Diluted Earnings per Share [2]	$ 0.41	$ 2.15	$ (1.74)	$ 0.51	$ 1.99	$ (1.48)
Net Debt [1]	$ (0.5)	$ 93.5	$ 94.0	$ (0.5)	$ 93.5	$ 94.0
Free Cash Flow [1]	$ 8.2	$ 8.0	$ 0.2	$ 7.2	$ (4.1)	$ 11.3
Capital Expenditures	$ 9.8	$ 3.4	$ 6.4	$ 26.7	$ 14.2	$ 12.5
Key Performance Indicators						
Sets	692	551	*141*	1,328	1,037	*291*
Estimated Megawatts	1,620	1,252	*368*	3,080	2,365	*715*
Dedicated Manufacturing Lines	46	38	*8 lines*	46	38	*8 lines*
Lines Installed	39	30	*9 lines*	39	30	*9 lines*
Lines in Startup	9	—	*9 lines*	9	—	*9 lines*
Lines in Transition	—	3	*3 lines*	—	3	*3 lines*

(1) See pages 19 – 21 for reconciliations of non-GAAP financial data
(2) Based on net income attributable to common shareholders

Income Statement Summary

(unaudited)

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2017	2016	$	%	2017	2016	$	%
($ in thousands, except per share amounts)								
Net sales	$ 248,186	$ 194,255	$ 53,931	27.8%	$ 439,788	$ 370,365	$ 69,423	18.7%
Cost of sales	$ 203,095	$ 168,382	$ 34,713	20.6%	$ 370,518	$ 328,248	$ 42,270	12.9%
Startup and transition costs	$ 10,540	$ 3,055	$ 7,485	NM	$ 16,699	$ 6,361	$ 10,338	162.5%
Total cost of goods sold	$ 213,635	$ 171,437	$ 42,198	24.6%	$ 387,217	$ 334,609	$ 52,608	15.7%
Cost of goods sold %	*86.1%*	*88.3%*		*-220 bps*	*88.0%*	*90.3%*		*-230 bps*
Gross profit	$ 34,551	$ 22,818	$ 11,733	51.4%	$ 52,571	$ 35,756	$ 16,815	47.0%
Gross profit %	*13.9%*	*11.7%*		*220 bps*	*12.0%*	*9.7%*		*230 bps*
General and administrative expenses	$ 10,752	$ 5,340	$ 5,412	101.3%	$ 19,058	$ 10,089	$ 8,969	88.9%
General and administrative expenses %	*4.3%*	*2.7%*		*160 bps*	*4.3%*	*2.7%*		*160 bps*
Income from operations	$ 23,799	$ 17,478	$ 6,321	36.2%	$ 33,513	$ 25,667	$ 7,846	30.6%
Income before income taxes	$ 19,900	$ 13,508	$ 6,392	47.3%	$ 25,546	$ 17,557	$ 7,989	45.5%
Net income	$ 13,858	$ 11,555	$ 2,303	19.9%	$ 17,403	$ 13,301	$ 4,102	30.8%
Net income attributable to preferred shareholders	$ -	$ 2,438	$ (2,438)	-100.0%	$ -	$ 4,875	$ (4,875)	-100.0%
Net income attributable to common shareholders	$ 13,858	$ 9,117	$ 4,741	52.0%	$ 17,403	$ 8,426	$ 8,977	106.5%
Weighted-average common shares outstanding:								
Basic	33,737	4,238			33,737	4,238		
Diluted	33,828	4,244			33,827	4,244		
Net income per common share:								
Basic	$ 0.41	$ 2.15	$ (1.74)		$ 0.52	$ 1.99	$ (1.47)	
Diluted	$ 0.41	$ 2.15	$ (1.74)		$ 0.51	$ 1.99	$ (1.48)	
Non-GAAP Metrics								
Total billings [1]	$ 231,069	$ 196,146	$ 34,923	17.8%	$ 442,429	$ 370,684	$ 71,745	19.4%
EBITDA [1]	$ 27,478	$ 20,776	$ 6,702	32.3%	$ 39,960	$ 31,727	$ 8,233	25.9%
EBITDA margin	*11.1%*	*10.7%*		*40 bps*	*9.1%*	*8.6%*		*50 bps*
Adjusted EBITDA [1]	$ 30,755	$ 20,794	$ 9,961	47.9%	$ 46,325	$ 32,184	$ 14,141	43.9%
Adjusted EBITDA margin	*12.4%*	*10.7%*		*170 bps*	*10.5%*	*8.7%*		*180 bps*

(1) See pages 19 - 21 for reconciliations of Non-GAAP financial data

Key Balance Sheet and Cash Flow Data

(unaudited)

($ in thousands)	June 30, 2017	December 31, 2016
Balance Sheet Data:		
Cash and cash equivalents	$ 130,834	$ 119,066
Restricted cash	$ 2,783	$ 2,259
Accounts receivable	$ 117,202	$ 67,842
Inventories	$ 59,753	$ 53,095
Inventories held for customer orders	$ 56,974	$ 52,308
Deferred revenue	$ 74,255	$ 69,568
Total debt-current and noncurrent, net	$ 128,363	$ 123,155
Net debt [(1)]	$ (467)	$ 6,379

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2017	2016	2017	2016
Cash Flow Data:				
Net cash provided by operating activities	$ 17,995	$ 11,314	$ 33,933	$ 10,175
Capital expenditures	$ 9,805	$ 3,356	$ 26,727	$ 14,244
Free cash flow [(1)]	$ 8,190	$ 7,958	$ 7,206	$ (4,069)

(1) See page 21 for a reconciliation of net debt and free cash flow

2017 Guidance

Guidance for 2017

	Original	Updated
Total Billings [(1)]	\$930M to \$950M	\$930M to \$950M
Sets	2,800 to 2,900	2,800 to 2,900
Average Selling Price per Blade	\$105K to \$110K	\$105K to \$110K
Estimated Megawatts	6,350 to 6,600	6,350 to 6,600
Dedicated Manufacturing Lines at Year-end 2017	52 to 56	41 to 45
Total Lines Installed at Year-end	40	37
Lines in Transition	5	5
Lines in Startup	15	15
Startup and Transition Costs	\$30M to \$40M	\$30M to \$40M
Capital Expenditures	\$75M to \$85M	\$75M to \$85M
Effective Tax Rate	20% to 25%	20% to 25%
Depreciation and Amortization	\$23M to \$25M	\$23M to \$25M
Interest Expense	\$11M to \$12M	\$11M to \$12M
Income Tax Expense	\$8M to \$10M	\$13M to \$15M
Share-based Compensation	\$9.5M to \$10.5M	\$6M to \$7M

(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.

Q&A

Save the Date

TPI Composites Analyst Day

Friday, November 17, 2017

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

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 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 June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net sales	$ 248,186	$ 194,255	$ 439,788	$ 370,365
Change in deferred revenue:				
Blade-related deferred revenue at beginning of period [1]	(89,319)	(65,027)	(69,568)	(65,520)
Blade-related deferred revenue at end of period [1]	74,255	65,656	74,255	65,656
Foreign exchange impact [2]	(2,053)	1,262	(2,046)	183
Change in deferred revenue	(17,117)	1,891	2,641	319
Total billings	$ 231,069	$ 196,146	$ 442,429	$ 370,684

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

($ in thousands)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net income	$ 13,858	$ 11,555	$ 17,403	$ 13,301
Adjustments:				
Depreciation and amortization	4,654	3,162	8,483	6,173
Interest expense (net of interest income)	2,924	4,106	5,931	7,997
Income tax provision	6,042	1,953	8,143	4,256
EBITDA	27,478	20,776	39,960	31,727
Share-based compensation expense	2,044	-	3,751	-
Realized loss on foreign currency remeasurement	1,233	18	2,614	457
Adjusted EBITDA	$ 30,755	$ 20,794	$ 46,325	$ 32,184

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2017	2016	2017	2016
Blade-related deferred revenue at beginning of period	$ 89,319	$ 65,027	$ 69,568	$ 65,520
Non-blade related deferred revenue at beginning of period	-	-	-	-
Total current and noncurrent deferred revenue at beginning of period	$ 89,319	$ 65,027	$ 69,568	$ 65,520
Blade-related deferred revenue at end of period	$ 74,255	$ 65,656	$ 74,255	$ 65,656
Non-blade related deferred revenue at end of period	-	-	-	-
Total current and noncurrent deferred revenue at end of period	$ 74,255	$ 65,656	$ 74,255	$ 65,656

(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)	June 30, 2017	December 31, 2016	June 30, 2016
Total debt, net of debt issuance costs and discount	$ 128,363	$ 123,155	$ 119,692
Add debt issuance costs	2,004	2,290	3,390
Add debt discount	-	-	1,509
Less cash and cash equivalents	(130,834)	(119,066)	(31,057)
Net debt	$ (467)	$ 6,379	$ 93,534

Free cash flow is reconciled as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2017	2016	2017	2016
Net cash provided by operating activities	$ 17,995	$ 11,314	$ 33,933	$ 10,175
Less capital expenditures	(9,805)	(3,356)	(26,727)	(14,244)
Free cash flow	$ 8,190	$ 7,958	$ 7,206	$ (4,069)

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