

# TPI COMPOSITES, INC

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

Filed 05/07/20 for the Period Ending 05/07/20

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): May 7, 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 May 7, 2020, TPI Composites, Inc. (the Company) issued a press release announcing its financial results for the three months ended March 31, 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 March 31, 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 May 7, 2020](#)

[99.2 - Presentation dated May 7, 2020](#)

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

---

**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: May 7, 2020

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

# TPI Composites, Inc. Announces First Quarter 2020 Earnings Results – Delivering Growth and Maintaining Strong Liquidity while Taking Proactive Steps to Combat COVID-19 in Order to Ensure the Safety of Our Employees

SCOTTSDALE, Ariz., May 07, 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 first quarter ended March 31, 2020.

## Highlights

### For the quarter ended March 31, 2020:

- Net sales of \$356.6 million
- Net loss of \$0.5 million or \$0.01 per share
- EBITDA loss of \$2.7 million
- Adjusted EBITDA of \$1.3 million

KPIs	Q1'20	Q1'19
Sets <sup>1</sup>	738	662
Estimated megawatts <sup>2</sup>	2,329	1,861
Utilization <sup>3</sup>	70%	64%
Dedicated manufacturing lines <sup>4</sup>	52	54
Manufacturing lines installed <sup>5</sup>	52	49

1. Number of wind blade sets (which consist of three wind blades) invoiced worldwide during the period.
2. Estimated megawatts of energy capacity to be generated by wind blade sets invoiced 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.

“While the COVID-19 situation has impacted our normal course operations, our number one priority is the health and safety of our employees and we’d like to thank them for their tireless and continuous efforts during these challenging times,” said Steve Lockard, CEO of TPI Composites. “We continue to take the necessary actions to ensure the safety of our employees by going above and beyond Federal Government, CDC and WHO recommended guidelines,” concluded Mr. Lockard.

“Despite the challenging environment driven by COVID-19, TPI delivered better than planned results for the first quarter growing net sales by 19%. We continue to benefit from reduced cycle times and aggressive supply chain management. From a geographic standpoint, our facilities in China have recovered quickly following the shutdown in the first quarter. India remains on track with our internal expectations and we are currently operating at full capacity in Turkey. Our manufacturing facility in Iowa restarted production at a limited production level on May 6, 2020 after a temporary shutdown due to a significant number of cases of COVID-19 detected during the testing of 100% of our Iowa associates. As of today, Mexico remains our biggest challenge. We are currently operating our Matamoros facility at approximately 50% capacity and may be required to continue to operate at a reduced capacity through May 30, 2020 when the federal government has indicated the “sanitary emergency” in Mexico is expected to be lifted and all of our Juarez facilities are now temporarily shut down due to the “sanitary emergency” and lack of clarity around what constitutes an “essential” business. Notwithstanding these short-term manufacturing disruptions driven by COVID-19, the demand for wind energy remains strong and we remain encouraged by our long-term prospects,” said Bill Siwek, President of TPI.

“Wind energy remains one of the most cost-effective sources of energy and TPI is at the forefront of this shift to renewable energy given our strategic role in the wind energy supply chain. We are committed to serving our customers as a trusted partner, manufacturing best in class, cost-effective composite wind blades for the top global wind OEMs.”

“We are also pleased to announce today that we were awarded a contract to build production tooling supporting a new passenger electric vehicle platform. The tooling will allow us the capability to produce advanced composite parts on our new automated pilot production line in Warren, Rhode Island beginning later this year.”

“We remain focused on our liquidity to secure business continuity and ensure the long-term viability of TPI as we navigate through these dynamic and unpredictable times. We currently have approximately \$188 million of liquidity, composed of approximately \$154 million of cash and cash equivalents and approximately \$34 million of total availability under various debt facilities. Currently our total debt outstanding is approximately \$244 million, resulting in net debt of approximately \$90 million.”

“While the past few months have been challenging and we expect the challenges to continue for some time, TPI has first and foremost taken the appropriate steps to ensure the health and safety of our associates, mitigate the negative impacts to our operations of COVID-19 and secure our financial stability to emerge stronger from the current environment,” concluded Mr. Siwek.

## First Quarter 2020 Financial Results

Net sales for the three months ended March 31, 2020 increased by \$56.9 million or 19.0% to \$356.6 million compared to \$299.8 million in the same period in 2019. Net sales of wind blades increased by 21.4% to \$336.3 million for the three months ended March 31, 2020 as compared to \$277.0 million in the same period in 2019 despite the impact of COVID-19 on production levels at our China manufacturing facilities which impacted net sales by approximately \$38 million. The increase was primarily driven by a 10.8% increase in the number of wind blades produced during the three months ended March 31, 2020 compared to the same period in 2019 largely as a result of increased production at our Mexico facilities. This increase was also due to a higher average sales price due to the mix of wind blade models produced during the three months ended March 31, 2020 compared to the same period in 2019 as well as an increase in the year over year number of wind blades still in the production process at the end of the period. 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 March 31, 2020 was a decrease of 0.9% as compared to 2019.

Total cost of goods sold for the three months ended March 31, 2020 was \$360.5 million and included \$7.8 million related to lines in startup and \$4.2 million of transition

costs related to lines in transition during the quarter. This compares to total cost of goods sold for the three months ended March 31, 2019 of \$301.2 million and included \$16.1 million related to lines in startup and \$2.1 million of transition costs related to lines in transition during the quarter. Cost of goods sold as a percentage of net sales remained relatively consistent during the three months ended March 31, 2020 as compared to the same period in 2019, driven primarily by the increase in direct labor and warranty costs, offset by the impact of savings in raw material costs, the decrease in startup and transition costs and the impact of foreign currency.

General and administrative expenses for the three months ended March 31, 2020 totaled \$9.5 million, or 2.7% of net sales, compared to \$8.0 million, or 2.7% of net sales, for the same period in 2019.

Income taxes reflected a benefit of \$15.0 million for the three months ended March 31, 2020 as compared to a benefit of \$4.6 million for the same period in 2019. The increase in the benefit was primarily due to the earnings mix by jurisdiction in the three months ended March 31, 2020 as compared to the same period in 2019.

Net loss for the three months ended March 31, 2020 was \$0.5 million as compared to a net loss of \$12.1 million in the same period in 2019. The decrease in the loss was primarily due to the reasons set forth above. Although our net loss decreased for the three months ended March 31, 2020 compared to the same period in 2019, our net loss for the three months ended March 31, 2020 was adversely impacted by approximately \$9 million, net of approximately \$2 million of income taxes, primarily due to reduced production levels at our China manufacturing facilities due to the COVID-19 pandemic. The net loss per share was \$0.01 for the three months ended March 31, 2020, compared to a net loss per share of \$0.35 for the three months ended March 31, 2019. Adjusted EBITDA for the three months ended March 31, 2020 decreased to \$1.3 million compared to \$2.9 million during the same period in 2019. Adjusted EBITDA margin decreased to 0.4% compared to 1.0% during the same period in 2019. COVID-19 negatively impacted the three months ended March 31, 2020 Adjusted EBITDA by approximately \$11 million primarily due to the temporary suspension of production at our China manufacturing facilities.

Capital expenditures were \$27.0 million for the three months ended March 31, 2020 compared to \$18.7 million during the same period in 2019. Our capital expenditures have been primarily related to machinery and equipment for new facilities and expansion or improvements at existing facilities.

We ended the quarter with \$109.5 million of cash and cash equivalents and net debt was \$97.5 million as compared to net debt of \$71.8 million at December 31, 2019, and we had negative free cash flow during the three months ended March 31, 2020 of \$24.4 million.

## 2020 Guidance

On April 23rd, TPI announced the withdrawal of its fiscal year 2020 financial guidance first issued on February 27, 2020 as a result of the uncertainty relating to (i) the rapidly evolving nature, magnitude and duration of the COVID-19 pandemic, (ii) the variety of measures implemented by governments around the world to address its effects and (iii) the impact on its manufacturing operations. At this time, TPI cannot 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, May 7, 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 10009221. The replay will be available until May 14, 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 comparable GAAP measures as well as our Investor Presentation which can be found in the [Investors](#) section at [www.tpicomposites.com](http://www.tpicomposites.com).*

## Investor Relations

480-315-8742

[investors@TPIComposites.com](mailto:investors@TPIComposites.com)

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

<i>(in thousands, except per share data)</i>	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Net sales	\$ 356,636	\$ 299,780
Cost of sales	348,475	283,038
Startup and transition costs	12,034	18,178
Total cost of goods sold	360,509	301,216
Gross loss	(3,873)	(1,436)
General and administrative expenses	9,496	7,985
Realized loss on sale of assets and asset impairments	1,918	2,235
Restructuring charges, net	117	-
Loss from operations	(15,404)	(11,656)
Other income (expense):		
Interest income	32	51
Interest expense	(1,803)	(1,999)
Realized gain (loss) on foreign currency remeasurement	960	(3,802)
Miscellaneous income	695	702
Total other expense	(116)	(5,048)
Loss before income taxes	(15,520)	(16,704)
Income tax benefit	15,028	4,600
Net loss	\$ (492)	\$ (12,104)
Weighted-average common shares outstanding:		
Basic	35,213	34,906
Diluted	35,213	34,906
Net loss per common share:		
Basic	\$ (0.01)	\$ (0.35)
Diluted	\$ (0.01)	\$ (0.35)
<b><u>Non-GAAP Measures (unaudited):</u></b>		
EBITDA	\$ (2,721)	\$ (4,097)
Adjusted EBITDA	\$ 1,296	\$ 2,925

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

<i>(in thousands)</i>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Current assets:		
Cash and cash equivalents	\$ 109,473	\$ 70,282
Restricted cash	662	992
Accounts receivable	127,354	184,012
Contract assets	192,109	166,515
Prepaid expenses	14,118	10,047
Other current assets	24,448	29,843
Inventories	9,904	6,731

Total current assets	478,068	468,422
Noncurrent assets:		
Property, plant, and equipment, net	217,568	205,007
Operating lease right of use assets	170,381	122,351
Other noncurrent assets	49,387	30,897
Total assets	\$ 915,404	\$ 826,677
Current liabilities:		
Accounts payable and accrued expenses	\$ 275,695	\$ 293,104
Accrued warranty	51,528	47,639
Current maturities of long-term debt	19,610	13,501
Current operating lease liabilities	17,435	16,629
Contract liabilities	2,571	3,008
Total current liabilities	366,839	373,881
Noncurrent liabilities:		
Long-term debt, net of debt issuance costs and current maturities	186,564	127,888
Noncurrent operating lease liabilities	163,125	113,883
Other noncurrent liabilities	7,838	5,975
Total liabilities	724,366	621,627
Total stockholders' equity	191,038	205,050
Total liabilities and stockholders' equity	\$ 915,404	\$ 826,677
<b><u>Non-GAAP Measure (unaudited):</u></b>		
Net debt	\$ (97,499)	\$ (71,779)

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
<i>(in thousands)</i>		
Net cash provided by (used in) operating activities	\$ 2,568	\$ (12,091)
Net cash used in investing activities	(26,983)	(18,709)
Net cash provided by financing activities	65,082	21,075
Impact of foreign exchange rates on cash, cash equivalents and restricted cash	(1,806)	993
Cash, cash equivalents and restricted cash, beginning of period	71,749	89,376
Cash, cash equivalents and restricted cash, end of period	\$ 110,610	\$ 80,644
<b><u>Non-GAAP Measure (unaudited):</u></b>		
Free cash flow	\$ (24,415)	\$ (30,800)

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
EBITDA and adjusted EBITDA are reconciled as follows:		
<i>(in thousands)</i>		
Net loss	\$ (492)	\$ (12,104)
Adjustments:		



Depreciation and amortization	11,028	10,659
Interest expense (net of interest income)	1,771	1,948
Income tax benefit	(15,028)	(4,600)
EBITDA	(2,721)	(4,097)
Share-based compensation expense	2,942	985
Realized (gain) loss on foreign currency remeasurement	(960)	3,802
Realized loss on sale of assets and asset impairments	1,918	2,235
Restructuring charges, net	117	-
Adjusted EBITDA	\$ 1,296	\$ 2,925

Free cash flow is reconciled as follows:

*(in thousands)*

Net cash provided by (used in) operating activities  
Less capital expenditures  
Free cash flow

<b>Three Months Ended</b>		
<b>March 31,</b>		
	<b>2020</b>	<b>2019</b>
	\$ 2,568	\$ (12,091)
	(26,983)	(18,709)
	\$ (24,415)	\$ (30,800)

Net debt is reconciled as follows:

*(in thousands)*

Cash and cash equivalents  
Less total debt, net of debt issuance costs  
Less debt issuance costs  
Net debt

	<b>March 31,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
	\$ 109,473	\$ 70,282
	(206,174)	(141,389)
	(798)	(672)
	\$ (97,499)	\$ (71,779)



**tpi** COMPOSITES®

# Q1 2020 Earnings Call

May 7, 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

- Q1 2020 Highlights
- COVID-19 Response
- Q1 2020 Financial Highlights
- Wrap Up
- Q&A
- Appendix
  - Non-GAAP Information

May 7, 2020

# Q1 2020 Highlights

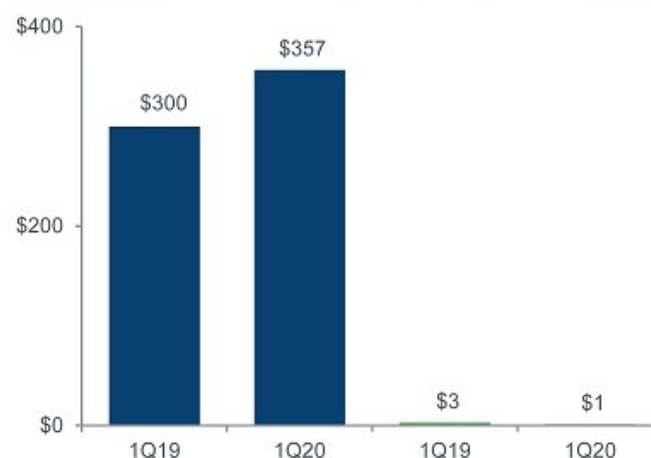
**tpi** COMPOSITES

*Decarbonize  
& Electrify*

# Q1 2020 Highlights

- Operating results and year-over-year comparisons to 2019:
  - Net sales were up 19.0% to \$356.6 million for the quarter
  - Net loss for the quarter was \$0.5 million compared to a net loss of \$12.1 million
  - Adjusted EBITDA for the quarter was \$1.3 million or 0.4% of net sales down 60 bps
- Bill Siwek will become President and CEO effective May 20, 2020 and Steve Lockard will transition to Chairman of the Board
- First annual ESG Report published
- Awarded contract to build production tooling supporting a new passenger electric vehicle platform
- Started blade production in India on time and under budget with an experienced wind blade team

**Net Sales and Adjusted EBITDA (\$ in millions)**



Sets invoiced	662	738
Est. MW	1,861	2,329
Dedicated lines <sup>(1)</sup>	54	52
Lines installed <sup>(2)</sup>	49	52
Utilization <sup>(3)</sup>	64%	70%

- (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.



## COVID-19 Priorities

### 1. The health and safety of our associates and their families as well as the communities in which they live

- Implement practices that meet or exceed CDC and WHO COVID-19 guidelines globally
- Coordinating with state, local and federal governments on restart of our operations that have been temporarily suspended
- Providing education and reinforcement of safe behaviors and providing PPE to our associates and their families for use at home as well as to front-line healthcare workers

### 2. Focus on operating imperatives and mitigating negative impacts to our operations

- Our customers are still requesting that we provide as much volume this year as safely as possible – demand remains strong
- Continue to drive ESG vision

### 3. Secure financial stability through careful management of liquidity

- Shifting non-essential CAPEX timing to the right
- Continuing our focus on managing the cash conversion cycle
- \$188 million in total liquidity at May 1<sup>st</sup>





## TPI Operating Imperatives

-  • Relentless focus on operational excellence
-  • Turn speed into a competitive advantage – cut transition and startup time in half
-  • 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



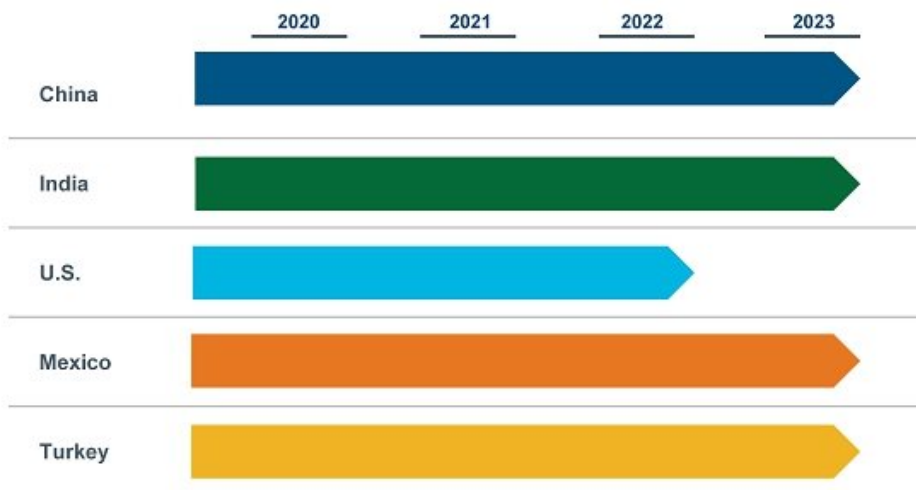
# Business and Wind Market Update



- Supply Chain – no material impact to date, but risk around balance of year
- Wind Market – 2020 reduced installations are expected to be made up in 2021 according to BNEF – our demand remains strong

# Existing Contracts Provide for ~\$5.0 Billion in Potential Revenue through 2023

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



Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately \$2.5 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total potential revenue of approximately \$5.0 billion through the end of 2023

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 May 7, 2020. The chart depicts the term of the longest contract in each location; Iowa blade contract expires at the end of 2020; does not include 2 lines under an agreement for 2020 in China.

May 7, 2020

# Q1 2020 Financial Highlights

**tpi** COMPOSITES®

*Decarbonize  
& Electrify*

# Key Income Statement and Performance Indicator Data <sup>(1)</sup> (unaudited)

Key Income Statement Data <i>(in thousands, except per share data)</i>	Three Months Ended		Change %
	March 31,		
	2020	2019	
Net sales	\$ 356,636	\$ 299,780	19.0%
Cost of sales	\$ 348,475	\$ 283,038	23.1%
Startup and transition costs	\$ 12,034	\$ 18,178	-33.8%
Total cost of goods sold	\$ 360,509	\$ 301,216	19.7%
Gross loss	\$ (3,873)	\$ (1,436)	-169.7%
General and administrative expenses	\$ 9,496	\$ 7,985	18.9%
Realized loss on sale of assets and asset impairments	\$ 1,918	\$ 2,235	-14.2%
Net loss	\$ (492)	\$ (12,104)	95.9%
Weighted-average common shares outstanding (diluted):	35,213	34,906	
Net loss per common share (diluted):	\$ (0.01)	\$ (0.35)	

## Non-GAAP Metrics

Adjusted EBITDA <sup>(1)</sup>	\$ 1,296	\$ 2,925	-55.7%
Adjusted EBITDA margin	0.4%	1.0%	-60 bps

## Key Performance Indicators (KPIs)

Sets Invoiced	738	662	76
Estimated Megawatts	2,329	1,861	468
Utilization	70%	64%	600 bps
Dedicated Wind Blade Manufacturing Lines	52	54	2 lines
Wind Blade Manufacturing Lines Installed	52	49	3 lines

## Key Highlights

- Net sales of wind blades increased by 21.4%
- 10.8% increase in the number of wind blades produced year over year
- Q1 2020 revenue was negatively impacted by approximately \$38 million associated with the temporary production suspensions in China due to COVID-19
- Adj. EBITDA was negatively impacted by approximately \$11 million associated with the production volume lost and other costs related to COVID-19.

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





# Key Balance Sheet and Cash Flow Data <sup>(1)</sup>

(unaudited)

Balance Sheet (\$ in thousands)	March 31,	December 31,
	2020	2019
Cash and cash equivalents	\$ 109,473	\$ 70,282
Accounts receivable	\$ 127,354	\$ 184,012
Contract assets	\$ 192,109	\$ 166,515
Operating lease right of use assets	\$ 170,381	\$ 122,351
Total operating lease liabilities - current and noncurrent	\$ 180,560	\$ 130,512
Accounts payable and accrued expenses	\$ 275,695	\$ 293,104
Total debt - current and noncurrent, net	\$ 206,174	\$ 141,389
Net debt <sup>(1)</sup>	\$ (97,499)	\$ (71,779)

## Key Highlights

- Maintained a net leverage ratio of less than 2
- Continued to push out capital expenditures
- Focus remains on our cash conversion cycle

Cash Flow (\$ in thousands)	Three Months Ended March 31,	
	2020	2019
Net cash provided by (used in) operating activities	\$ 2,568	\$ (12,091)
Capital expenditures	\$ 26,983	\$ 18,709
Free cash flow <sup>(1)</sup>	\$ (24,415)	\$ (30,800)

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





## Liquidity as of May 1<sup>st</sup> (*unaudited*)

- Cash and cash equivalents of approximately \$154 million
- Total availability under various debt facilities was approximately \$34 million
- Total liquidity of approximately \$188 million

May 7, 2020

# Wrap Up

GE 16.9 SET-1422  
TPI-24284

**tpi** COMPOSITES.

*Decarbonize  
& Electrify*



## Wrap Up

- COVID-19 Response
  - First priority is the health and safety of our associates and their families as well as the communities in which they live
  - Focus on operating imperatives
  - Mitigate financial impacts
- Our overall mission remains unchanged
  - Establishing 18GW of global wind blade capacity over the next few years to drive \$2 billion of annual wind revenue along with \$500 million of annual transportation revenue and achieve double digit Adjusted EBITDA levels





May 7, 2020

# Q&A

**tpi** COMPOSITES®

*Decarbonize  
& Electrify*

May 7, 2020

## Appendix – Non-GAAP 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.

**tpi** COMPOSITES.

*Decarbonize  
& Electrify*

## Non-GAAP Reconciliations (unaudited)

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

	Three Months Ended March 31,	
	2020	2019
<i>(\$ in thousands)</i>		
Net loss	\$ (492)	\$ (12,104)
Adjustments:		
Depreciation and amortization	11,028	10,659
Interest expense (net of interest income)	1,771	1,948
Income tax benefit	(15,028)	(4,600)
EBITDA	(2,721)	(4,097)
Share-based compensation expense	2,942	985
Realized (gain) loss on foreign currency remeasurement	(960)	3,802
Realized loss on sale of assets and asset impairments	1,918	2,235
Restructuring charges, net	117	-
Adjusted EBITDA	\$ 1,296	\$ 2,925

Net debt is reconciled as follows:

	March 31,	December 31,	March 31,
	2020	2019	2019
<i>(\$ in thousands)</i>			
Cash and cash equivalents	\$ 109,473	\$ 70,282	\$ 78,319
Less total debt, net of debt issuance costs	(206,174)	(141,389)	(159,438)
Less debt issuance costs	(798)	(672)	(827)
Net debt	\$ (97,499)	\$ (71,779)	\$ (81,946)

Free cash flow is reconciled as follows:

	Three Months Ended March 31,	
	2020	2019
<i>(\$ in thousands)</i>		
Net cash provided by (used in) operating activities	\$ 2,568	\$ (12,091)
Less capital expenditures	(26,983)	(18,709)
Free cash flow	\$ (24,415)	\$ (30,800)



