TPI COMPOSITES, INC

FORM 8-K
(Current report filing)

Filed 11/06/19 for the Period Ending 11/06/19

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): November 6, 2019

TPI Composites, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware	**001-37839**	**20-1590775**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

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 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company [X]

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. [X]

Item 2.02. Results of Operations and Financial Condition.

On November 6, 2019, TPI Composites, Inc. (the Company) issued a press release announcing its financial results for the three months ended September 30, 2019. 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 "Investors" providing information regarding its results of operations and financial condition for the three months ended September 30, 2019. 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 the exhibits attached hereto) 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 the exhibits attached hereto) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1	Press release, dated November 6, 2019
99.2	Presentation, dated November 6, 2019

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: November 6, 2019	By: /s/ Bryan Schumaker Bryan Schumaker Chief Financial Officer

EXHIBIT 99.1

TPI Composites, Inc. Announces Third Quarter 2019 Earnings Results – Net Sales up 50% and Adjusted EBITDA up 57%

SCOTTSDALE, Ariz., Nov. 06, 2019 (GLOBE NEWSWIRE) -- TPI Composites, Inc. (Nasdaq: TPIC), the only independent manufacturer of composite wind blades with a global footprint, today reported financial results for the third quarter ended September 30, 2019.

Highlights

For the quarter ended September 30, 2019:

- Net sales of $383.8 million
- Total billings of $385.6 million
- Net loss of $4.6 million or $0.13 per share
- EBITDA of $26.3 million
- Adjusted EBITDA of $27.6 million

KPIs	Q3'19	Q3'18
Sets[1]	858	589
Estimated megawatts[2]	2,491	1,625
Utilization[3]	88%	69%
Dedicated manufacturing lines[4]	52	51
Manufacturing lines installed[5]	48	39
Manufacturing lines in operation[6]	30	28
Manufacturing lines in startup[7]	10	5
Manufacturing lines in transition[8]	8	6

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 capacity of wind blade manufacturing lines installed during 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.
6. Number of wind blade manufacturing lines in operation represents the number of wind blade manufacturing lines installed less the number of manufacturing lines in startup and in transition.
7. Number of wind blade manufacturing lines in a startup phase during the pre-production and production ramp-up period.
8. Number of wind blade manufacturing lines that were being transitioned to a new wind blade model during the period.

"TPI generated solid financial results for the third quarter delivering 50% top line and 57% adjusted EBITDA growth," said Steve Lockard, CEO of TPI Composites. "We remain encouraged by the longer-term outlook for the wind industry and the important role TPI plays in the wind supply chain as a trusted, outsourced manufacturer of wind blades. We are confident and committed to our business model and strategy, and we continue to focus on execution as we navigate this dynamic wind market environment."

"The fundamentals of our business remain strong as we continue to partner with our customers to support their global production needs. We are making excellent progress in our diversification efforts, and we continue to deploy resources to accelerate existing and new development programs. In our core wind business, we are investing alongside our customers through cost sharing and collaborative teamwork to keep pace with the rapid expansion and development anticipated over the next few years. Our mature operations are performing at or above our expectations, even those going through line transitions this year. So despite the near-term volatility that startups in new geographies and increased transitions have had on our results of operations for 2019 and are expected to have on our projected results of operations for 2020, our team remains focused on driving out costs, improving operational efficiency and utilization at our facilities, and remaining focused on the long-term," concluded Mr. Lockard.

Third Quarter 2019 Financial Results

Net sales for the three months ended September 30, 2019 increased by $128.9 million or 50.5% to $383.8 million compared to $255.0 million in the same period in 2018. Net sales of wind blades increased by 49.9% to $352.2 million for the three months ended September 30, 2019 as compared to $234.9 million in the same period in 2018. The increase was primarily driven by a 44% increase in the number of wind blades produced year over year largely as a result of increased production at our China, Mexico and Turkey facilities. Total billings for the three months ended September 30, 2019 increased by $144.9 million or 60.2% to $385.6 million compared to $240.7 million in the 2018 period. The impact of the currency movement on consolidated net sales and total billings for the quarter was a net decrease of 1.6% and 1.5%, respectively, as compared to 2018.

Total cost of goods sold for the three months ended September 30, 2019 was $357.9 million and included $13.1 million related to ten lines in startup in our plants in China and Mexico and the startup of new wind blade models for a customer in Turkey and $9.0 million of transition costs related to eight lines in transition during the quarter. This compares to total cost of goods sold for the three months ended September 30, 2018 of $238.0 million and included $19.0 million related to startup costs in our new plants in Turkey, Mexico and Iowa, the startup costs related to a new customer in Taicang, China and $2.4 million of transition costs related to the six lines in transition during the quarter. Cost of goods sold as a percentage of net sales remained consistent during the three months ended September 30, 2019 as compared to the same period in 2018, driven primarily by the extended startup of our Newton, Iowa transportation facility, offset by the impact of savings in raw material costs and foreign currency fluctuations.

General and administrative expenses for the three months ended September 30, 2019 totaled $10.6 million, or 2.8% of net sales, compared to $9.8 million, or 3.8% of net sales, for the same period in 2018. The decrease was primarily driven by lower incentive compensation.

Income taxes reflected a provision of $18.8 million for the quarter as compared to a benefit of $10.3 million for the same period in 2018. The change was primarily due to the jurisdictional earnings mix in the quarter as compared to the same period in 2018 and from the reversal of the U.S. valuation allowance in the 2018 quarter.

The net loss for the three months ended September 30, 2019 was $4.6 million as compared to net income of $9.5 million in the same period in 2018. The decrease was primarily due to the reasons set forth above. The net loss per share was $0.13 for the three months ended September 30, 2019, compared to diluted income per share of $0.26 for the three months ended September 30, 2018.

EBITDA for the quarter increased to $26.3 million, compared to $7.4 million during the same period in 2018. Adjusted EBITDA for the quarter increased to $27.6 million compared to $17.6 million during the same period in 2018. Adjusted EBITDA margin increased slightly to 7.2% compared to 6.9% during the same period in 2018.

Capital expenditures were $21.4 million for the quarter compared to $8.3 million during the same period in 2018. 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 $92.1 million of cash and cash equivalents and net debt was $51.3 million as compared to net debt of $53.2 million at December 31, 2018, and we had free cash flow during the quarter of $42.9 million.

2019 Guidance	Previous	Updated
Total billings	$1.45 billion to $1.5 billion	$1.38 billion to $1.4 billion
Net sales	$1.45 billion to $1.5 billion	Unchanged
Adjusted EBITDA	$80 million to $85 million	Unchanged
Loss per share	$0.18 to $0.23	Unchanged
Sets invoiced	3,180 to 3,220	3,180 to 3,205
Average sales price per blade	$135,000 to $140,000	Unchanged
Non-blade billings	$100 million to $105 million	Unchanged
G&A costs as a % of billings (incl. SBC and loss on sale of receivables)	4.0% to 4.25%	3.5% to 4.0%
Estimated megawatts of sets invoiced	9,300 to 9,400	Unchanged
Dedicated manufacturing lines at year end	52 to 55	Unchanged
Manufacturing lines installed at year end	48	Unchanged
Manufacturing lines in operation at year end	24 to 26	Unchanged
Manufacturing lines in startup during the year	approximately 14	Unchanged
Manufacturing lines in transition during the year	approximately 10	Unchanged
Line utilization (based on 50 lines in Q1 & Q2 and 48 lines in Q3 & Q4)	approximately 80%	Unchanged
Startup costs	$47 million to $49 million	Unchanged
Transition costs	$19 million to $21 million	Unchanged
Capital expenditures	$95 million to $100 million (approx. 85% growth related)	Unchanged
Depreciation and amortization	$37 million to $38 million	Unchanged
Interest expense	$8 million to $8.5 million	Unchanged
Share-based compensation expense	$7 million to $8 million	Unchanged

Postponement of Investor Day

Considering the significant changes in our industry and increased uncertainty around the number and timing of wind blade model startups and transitions with certain of our customers, and the corresponding impact that these factors will have on our 2020 outlook, TPI Composites has postponed its Investor Day originally scheduled for November 15 in New York and will reschedule it as soon as its 2020 plans are finalized.

Conference Call and Webcast Information

TPI Composites will host an investor conference call this afternoon, Wednesday, November 6, 2019 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 13695460. The replay will be available until November 13, 2019. 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. 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: 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 total billings, EBITDA, adjusted EBITDA, net cash/debt and free cash flow. We define total billings as total amounts billed from products and services that we are entitled to payment and have billed under the terms of our long-term supply agreements or other contractual arrangements. 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 share-based compensation expense plus or minus any gains or losses from foreign currency remeasurement, plus or minus any gains or losses from the sale of assets. 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 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 as well as our Investor Presentation which can be found in the Investors section at www.tpicomposites.com.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	2019	2018	2019	2018
Net sales	$ 383,836	$ 254,976	$ 1,014,387	$ 739,567
Cost of sales	335,778	216,594	904,135	625,817
Startup and transition costs	22,127	21,415	63,206	53,474
Total cost of goods sold	357,905	238,009	967,341	679,291
Gross profit	25,931	16,967	47,046	60,276
General and administrative expenses	10,608	9,756	27,801	31,908
Realized loss on sale of assets	3,354	-	10,561	-
Restructuring charges (reversals), net	(149)	-	3,725	-
Income from operations	12,118	7,211	4,959	28,368
Other income (expense):				
Interest income	43	45	125	129
Interest expense	(2,130)	(2,323)	(6,403)	(8,376)
Loss on extinguishment of debt	-	-	-	(3,397)
Realized gain (loss) on foreign currency remeasurement	3,719	(8,181)	(1,050)	(12,957)
Miscellaneous income	517	2,511	2,235	4,003
Total other income (expense)	2,149	(7,948)	(5,093)	(20,598)
Income (loss) before income taxes	14,267	(737)	(134)	7,770
Income tax benefit (provision)	(18,838)	10,269	(14,713)	6,357
Net income (loss)	$ (4,571)	$ 9,532	$ (14,847)	$ 14,127
Weighted-average common shares outstanding:				
Basic	35,131	34,419	35,024	34,212
Diluted	35,131	36,282	35,024	35,946
Net income (loss) per common share:				
Basic	$ (0.13)	$ 0.28	$ (0.42)	$ 0.41
Diluted	$ (0.13)	$ 0.26	$ (0.42)	$ 0.39
Non-GAAP Measures (unaudited):				
Total billings	$ 385,603	$ 240,699	$ 969,543	$ 701,755
EBITDA	$ 26,302	$ 7,419	$ 33,876	$ 38,494
Adjusted EBITDA	$ 27,619	$ 17,572	$ 50,091	$ 58,422

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

(in thousands)	September 30, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	$ 92,085	$ 85,346
Restricted cash	1,600	3,555
Accounts receivable	152,725	176,815
Contract assets	164,568	116,708
Prepaid expenses	19,272	9,219
Other current assets	26,609	16,819
Inventories	11,559	5,735
Total current assets	468,418	414,197
Noncurrent assets:		
Property, plant, and equipment, net	193,988	159,423
Operating lease right of use assets	126,366	-
Other noncurrent assets	32,200	31,235
Total assets	$ 820,972	$ 604,855
Current liabilities:		
Accounts payable and accrued expenses	$ 286,545	$ 199,078
Accrued warranty	48,282	36,765
Current maturities of long-term debt	19,262	27,058
Current operating lease liabilities	16,730	-
Contract liabilities	2,141	7,143
Total current liabilities	372,960	270,044
Noncurrent liabilities:		
Long-term debt, net of debt issuance costs and current maturities	123,390	110,565
Noncurrent operating lease liabilities	113,147	-
Other noncurrent liabilities	5,310	3,289
Total liabilities	614,807	383,898
Total stockholders' equity	206,165	220,957
Total liabilities and stockholders' equity	$ 820,972	$ 604,855
Non-GAAP Measure (unaudited):		
Net debt	$ (51,290)	$ (53,155)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Net cash provided by operating activities	$ 64,253	$ 14,660	$ 62,735	$ 17,195
Net cash used in investing activities	(22,455)	(8,326)	(60,194)	(50,636)
Net cash provided by (used in) financing activities	(8,088)	(11,247)	2,358	(4,555)
Impact of foreign exchange rates on cash, cash equivalents				

and restricted cash		(811)		170		(115)		(283)
Cash, cash equivalents and restricted cash, beginning of period		61,261		118,901		89,376		152,437
Cash, cash equivalents and restricted cash, end of period	$	94,160	$	114,158	$	94,160	$	114,158
Non-GAAP Measure (unaudited):								
Free cash flow	$	42,900	$	6,334	$	3,643	$	(33,441)

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

Total billings is reconciled as follows:	Three Months Ended September 30,				Nine Months Ended September 30,			
(in thousands)		**2019**		**2018**		**2019**		**2018**
Net sales	$	383,836	$	254,976	$	1,014,387	$	739,567
(Increase) decrease in gross contract assets		2,303		(1,434)		(41,444)		(24,526)
Foreign exchange impact		(536)		(12,843)		(3,400)		(13,286)
Total billings	$	385,603	$	240,699	$	969,543	$	701,755

EBITDA and adjusted EBITDA are reconciled as follows:	Three Months Ended September 30,				Nine Months Ended September 30,			
(in thousands)		**2019**		**2018**		**2019**		**2018**
Net income (loss)	$	(4,571)	$	9,532	$	(14,847)	$	14,127
Adjustments:								
Depreciation and amortization		9,948		5,878		27,732		19,080
Interest expense (net of interest income)		2,087		2,278		6,278		8,247
Loss on extinguishment of debt		-		-		-		3,397
Income tax provision (benefit)		18,838		(10,269)		14,713		(6,357)
EBITDA		26,302		7,419		33,876		38,494
Share-based compensation expense		1,682		1,972		4,604		6,971
Realized (gain) loss on foreign currency remeasurement		(3,719)		8,181		1,050		12,957
Realized loss on sale of assets		3,354		-		10,561		-
Adjusted EBITDA	$	27,619	$	17,572	$	50,091	$	58,422

Free cash flow is reconciled as follows:	Three Months Ended September 30,				Nine Months Ended September 30,			
(in thousands)		**2019**		**2018**		**2019**		**2018**
Net cash provided by operating activities	$	64,253	$	14,660	$	62,735	$	17,195
Less capital expenditures		(21,353)		(8,326)		(59,092)		(50,636)
Free cash flow	$	42,900	$	6,334	$	3,643	$	(33,441)

Net debt is reconciled as follows:		**September 30,**		**December 31,**
(in thousands)		**2019**		**2018**
Cash and cash equivalents	$	92,085	$	85,346
Less total debt, net of debt issuance costs		(142,652)		(137,623)
Less debt issuance costs		(723)		(878)
Net debt	$	(51,290)	$	(53,155)

EXHIBIT 99.2

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) growth of the wind energy market and our addressable market; (ii) 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; (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) changes in domestic or international government or regulatory policy, including without limitation, changes in trade policy; (v) the sufficiency of our cash and cash equivalents to meet our liquidity needs; (vi) our ability to attract and retain customers for our products, and to optimize product pricing; (vii) our ability to effectively manage our growth strategy and future expenses, including our startup and transition costs; (viii) competition from other wind blade and wind blade turbine manufacturers; (ix) the discovery of defects in our products; (x) our ability to successfully expand in our existing wind energy markets and into new international wind energy markets; (xi) our ability to successfully open new manufacturing facilities and expand existing facilities on time and on budget; (xii) the impact of the accelerated pace of new product and wind blade model introductions on our business and our results of operations; (xiii) our ability to successfully expand our transportation business and execute upon our strategy of entering new markets outside of wind energy; (xiv) worldwide economic conditions and their impact on customer demand; (xv) our ability to maintain, protect and enhance our intellectual property; (xvi) 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; (xvii) the attraction and retention of qualified employees and key personnel; (xviii) 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; (xix) our ability to procure adequate supplies of raw materials and components to fulfill our wind blade volume commitments to our customers and (xx) 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, 2018.

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

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

Agenda

- Q3 2019 Highlights
- Q3 2019 Financial Highlights
- Guidance for 2019
- Q&A
- Appendix
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Q3 2019 Highlights

Q3 2019 Highlights

Q3 2019 Highlights

- Operating results and year-over-year compared to 2018:
  - Net sales were up 50.5% to $383.8 million for the quarter
  - Total billings were up 60.2% to $385.6 million for the quarter
  - Net loss for the quarter was $4.6 million compared to net income of $9.5 million in Q3 2018
  - Adjusted EBITDA for the quarter was $27.6 million or 7.2% of net sales up 57.2% year over year
- Hired Lance Marram as Senior Vice President, Global Service. Lance will be responsible for expanding and implementing TPI's global service strategy working with TPI's existing regional teams and collaborating with turbine OEMs.

Net Sales and Adjusted EBITDA ($ in millions)

	3Q18	3Q19
Sets invoiced	589	858
Est. MW	1,625	2,491
Dedicated lines[1]	51	52
Lines installed[2]	39	48

(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.

Business and Wind Market Update

Wind Market Update

- Reduction of LCOE still an industry focus
- Expected high rate of new product introductions
- Industry consolidation expected to lead to more market stability and pricing rationalization over the long term
- Price and margin pressure continues for OEMs

Business Update

- Expect continued transitions in years to come
- Working to reduce impact of product transitions
- Expand and localize raw material supplies to ensure uninterrupted supply and reduce costs
- Continuing to invest in technology, technical capabilities and a world-class, global manufacturing footprint
- Long-term target of $2B of annual wind revenue with 18GW of capacity, delivering 15GW per year for 20%+ market share expected to result in double digit Adjusted EBITDA margins over the long-term

Q3 Performance

- 10 lines in startup and 8 in transition
- Expect Yangzhou, China startup to be at full speed by year end
- Chennai, India startup – construction on plan and hiring accelerated and on plan
- Matamoros, Mexico startup remains challenging from a labor standpoint
- Transitions are going well and mature operations are performing better than plan

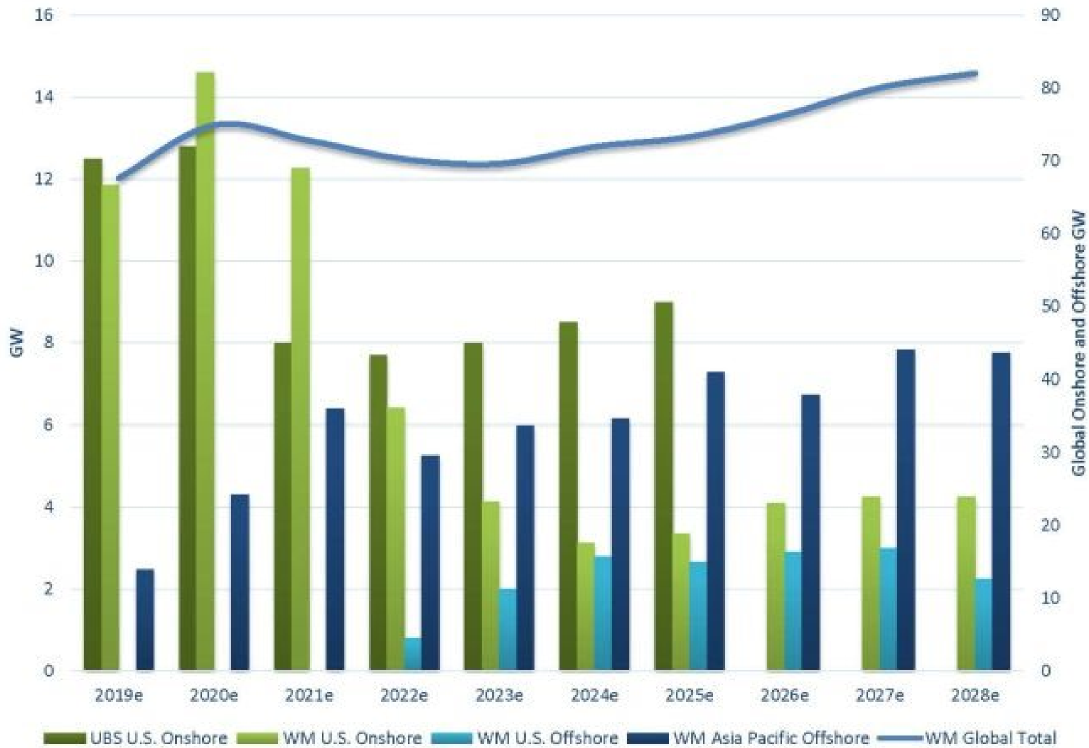
Existing Contracts Provide for ~$5.8 Billion in Potential Revenue through 2023(1)

Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately $3.2 billion and encourage our customers to purchase additional volume up to, in the aggregate an estimated total potential revenue of approximately $5.8 billion through the end of 2023(1)

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 November 6, 2019. The chart depicts the term of the longest contract in each location. Does not include two lines in China operating under a short-term contract in 2020.

Global and U.S. Wind Market Forecast Update



Source: Wood Mackenzie, "Q3 2019 Global Wind Power Market Outlook Update" and UBS Securities LLC

Q3 2019 Financial Highlights

Q3 2019 Financial Highlights(1)
(unaudited)

($ in millions, except per share data and KPIs)	Three Months Ended September 30, 2019	2018	Change	Nine Months Ended September 30, 2019	2018	Change
Select Financial Data						
Net Sales	$ 383.8	$ 255.0	*50.5%*	$ 1,014.4	$ 739.6	*37.2%*
Total Billings	$ 385.6	$ 240.7	*60.2%*	$ 969.5	$ 701.8	*38.2%*
Net Income (Loss)	$ (4.6)	$ 9.5	*-148.0%*	$ (14.8)	$ 14.1	*-205.1%*
Diluted Earnings (Loss) Per Share	$ (0.13)	$ 0.26	$ (0.39)	$ (0.42)	$ 0.39	$ (0.81)
Adjusted EBITDA	$ 27.6	$ 17.6	*57.2%*	$ 50.1	$ 58.4	*-14.3%*
Adjusted EBITDA Margin	*7.2%*	*6.9%*	*30 bps*	*4.9%*	*7.9%*	*-300 bps*
Net Debt	$ (51.3)	$ (22.9)	$ (28.4)	$ (51.3)	$ (22.9)	$ (28.4)
Free Cash Flow	$ 42.9	$ 6.3	$ 36.6	$ 3.6	$ (33.4)	$ 37.1
Capital Expenditures	$ 21.4	$ 8.3	$ 13.0	$ 59.1	$ 50.6	$ 8.5
Key Performance Indicators (KPIs)						
Sets Invoiced	858	589	*269*	2,236	1,734	*502*
Estimated Megawatts	2,491	1,625	*866*	6,381	4,633	*1,748*
Utilization	88%	69%	*1900 bps*	74%	68%	*600 bps*
Dedicated Wind Blade Manufacturing Lines	52	51	*1 line*	54	51	*3 lines*
Wind Blade Manufacturing Lines Installed	48	39	*9 lines*	48	39	*9 lines*
Wind Blade Manufacturing Lines in Operation	30	28	*2 lines*	24	11	*13 lines*
Wind Blade Manufacturing Lines in Startup	10	5	*5 lines*	14	13	*1 line*
Wind Blade Manufacturing Lines in Transition	8	6	*2 lines*	10	15	*5 lines*

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

Income Statement Summary[1]

(unaudited)

(in thousands, except per share data)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Change $	Change %	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Change $	Change %
Net sales	$ 383,836	$ 254,976	$ 128,860	50.5%	$ 1,014,387	$ 739,567	$ 274,820	37.2%
Cost of sales	$ 335,778	$ 216,594	$ 119,184	55.0%	$ 904,135	$ 625,817	$ 278,318	44.5%
Startup and transition costs	$ 22,127	$ 21,415	$ 712	3.3%	$ 63,206	$ 53,474	$ 9,732	18.2%
Total cost of goods sold	$ 357,905	$ 238,009	$ 119,896	50.4%	$ 967,341	$ 679,291	$ 288,050	42.4%
Cost of goods sold %	*93.2%*	*93.3%*		*-10 bps*	*95.4%*	*91.8%*		*360 bps*
Gross profit	$ 25,931	$ 16,967	$ 8,964	52.8%	$ 47,046	$ 60,276	$ (13,230)	-21.9%
Gross profit %	*6.8%*	*6.7%*		*10 bps*	*4.6%*	*8.2%*		*-360 bps*
General and administrative expenses	$ 10,608	$ 9,756	$ 852	8.7%	$ 27,801	$ 31,908	$ (4,107)	-12.9%
General and administrative expenses %	*2.8%*	*3.8%*		*-100 bps*	*2.7%*	*4.3%*		*-160 bps*
Realized loss on sale of assets	$ 3,354	$ -	$ 3,354	NM	$ 10,561	$ -	$ 10,561	NM
Restructuring charges (reversals), net	$ (149)	$ -	$ (149)	NM	$ 3,725	$ -	$ 3,725	NM
Income from operations	$ 12,118	$ 7,211	$ 4,907	68.0%	$ 4,959	$ 28,368	$ (23,409)	-82.5%
Income (loss) before income taxes	$ 14,267	$ (737)	$ 15,004	NM	$ (134)	$ 7,770	$ (7,904)	-101.7%
Net income (loss)	$ (4,571)	$ 9,532	$ (14,103)	-148.0%	$ (14,847)	$ 14,127	$ (28,974)	-205.1%
Weighted-average common shares outstanding:								
Basic	35,131	34,419			35,024	34,212		
Diluted	35,131	36,282			35,024	35,946		
Net income (loss) per common share:								
Basic	$ (0.13)	$ 0.28	$ (0.41)		$ (0.42)	$ 0.41	$ (0.83)	
Diluted	$ (0.13)	$ 0.26	$ (0.39)		$ (0.42)	$ 0.39	$ (0.81)	
Non-GAAP Metrics								
Total billings	$ 385,603	$ 240,699	$ 144,904	60.2%	$ 969,543	$ 701,755	$ 267,788	38.2%
EBITDA	$ 26,302	$ 7,419	$ 18,883	NM	$ 33,876	$ 38,494	$ (4,618)	-12.0%
EBITDA margin %	*6.9%*	*2.9%*		*400 bps*	*3.3%*	*5.2%*		*-190 bps*
Adjusted EBITDA	$ 27,619	$ 17,572	$ 10,047	57.2%	$ 50,091	$ 58,422	$ (8,331)	-14.3%
Adjusted EBITDA margin %	*7.2%*	*6.9%*		*30 bps*	*4.9%*	*7.9%*		*-300 bps*

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

Key Balance Sheet and Cash Flow Data[1]
(unaudited)

($ in thousands)	September 30, 2019	December 31, 2018
Balance Sheet Data:		
Cash and cash equivalents	$ 92,085	$ 85,346
Restricted cash	$ 1,600	$ 3,555
Restricted cash - noncurrent	$ 475	$ 475
Accounts receivable	$ 152,725	$ 176,815
Contract assets	$ 164,568	$ 116,708
Operating lease right of use assets	$ 126,366	$ -
Total operating lease liabilities - current and noncurrent	$ 129,877	$ -
Total debt - current and noncurrent, net	$ 142,652	$ 137,623
Net debt	$ (51,290)	$ (53,155)

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	2019	2018	2019	2018
Cash Flow Data:				
Net cash provided by operating activities	$ 64,253	$ 14,660	$ 62,735	$ 17,195
Capital expenditures	$ 21,353	$ 8,326	$ 59,092	$ 50,636
Free cash flow	$ 42,900	$ 6,334	$ 3,643	$ (33,441)

(1) See Appendix for the reconciliations of net debt and free cash flow

Guidance for 2019

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2019 Guidance Metrics

	2019 Guidance Updated	2019 Guidance Previous
Total Billings	$1.38B – $1.4B	$1.45B – $1.5B
Net Sales	Unchanged	$1.45B – $1.5B
Adjusted EBITDA	Unchanged	$80M – $85M
Earnings (Loss) per Share	Unchanged	($0.18) – ($0.23)
Sets Invoiced	3,180 – 3,205	3,180 – 3,220
Average Selling Price per Blade	Unchanged	$135K – $140K
Non-Blade Billings	Unchanged	$100M – $105M
G&A Costs as a % of Billings (incl. SBC and loss on sale of receivables)	3.5% – 4.0%	4.0% – 4.25%
Estimated MW	Unchanged	9,300 – 9,400
Dedicated Lines - EOY	Unchanged	52 – 55
Share-Based Compensation	Unchanged	$7M – $8M
Depreciation & Amortization	Unchanged	$37M – $38M
Net Interest Expense	Unchanged	$8.0M – $8.5M
Capital Expenditures	Unchanged	$95M – $100M
Effective Tax Rate	NM	NM

Note: All references to lines refers to wind blade manufacturing lines

2019 Startup and Transition Guidance Metrics

	Q1A	Q2A	Q3A	Q4F	2019 Guidance Updated	2019 Guidance Previous
Lines Installed – end of period (1)	49	50	48	48	48	48
Lines in Startup – during period	13	13	10	4	14	14
Lines in Transition – during period	5	7	8	2	10	10
Startup Costs	$16.1M	$14.7M	$13.1M	$3.1M – $5.1M	$47.0M – $49.0M	$47.0M – $49.0M
Transition Costs	$2.1M	$8.2M	$9.0M	$0.2M – $1.2M	$19.5M – $20.5M	$19.0M – $21.0M
Line Utilization % (based on 50 lines in Q1/Q2 and 48 lines in Q3/Q4)	64%	70%	88%	96% - 99%	80%	79% - 80%
Sets	662	716	858	944 - 969	3,180 – 3,205	3,180 – 3,220

Note: All references to lines refers to wind blade manufacturing lines
(1) Senvion lines deinstalled at the end of Q2

Q&A

Appendix – Non-GAAP Information

This presentation includes unaudited non-GAAP financial measures including total billings, EBITDA, adjusted EBITDA, net cash (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) 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 and any gains or losses on the sale of assets. 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 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.

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Non-GAAP Reconciliations
(unaudited)

Net sales is reconciled to total billings as follows:

($ in thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net sales	$ 383,836	$ 254,976	$ 1,014,387	$ 739,567
(Increase) decrease in gross contract assets	2,303	(1,434)	(41,444)	(24,526)
Foreign exchange impact	(536)	(12,843)	(3,400)	(13,286)
Total billings	$ 385,603	$ 240,699	$ 969,543	$ 701,755

Net income (loss) is reconciled to EBITDA and adjusted EBITDA as follows:

($ in thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income (loss)	$ (4,571)	$ 9,532	$ (14,847)	$ 14,127
Adjustments:				
Depreciation and amortization	9,948	5,878	27,732	19,080
Interest expense (net of interest income)	2,087	2,278	6,278	8,247
Loss on extinguishment of debt	-	-	-	3,397
Income tax provision (benefit)	18,838	(10,269)	14,713	(6,357)
EBITDA	26,302	7,419	33,876	38,494
Share-based compensation expense	1,682	1,972	4,604	6,971
Realized (gain) loss on foreign currency remeasurement	(3,719)	8,181	1,050	12,957
Realized loss on sale of assets	3,354	—	10,561	-
Adjusted EBITDA	$ 27,619	$ 17,572	$ 50,091	$ 58,422

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

Net debt is reconciled as follows:

($ in thousands)	September 30, 2019	December 31, 2018	September 30, 2018
Cash and cash equivalents	$ 92,085	$ 85,346	$ 110,838
Less total debt, net of debt issuance costs	(142,652)	(137,623)	(132,784)
Less debt issuance costs	(723)	(878)	(930)
Net debt	$ (51,290)	$ (53,155)	$ (22,876)

Free cash flow is reconciled as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	2019	2018	2019	2018
Net cash provided by operating activities	$ 64,253	$ 14,660	$ 62,735	$ 17,195
Less capital expenditures	(21,353)	(8,326)	(59,092)	(50,636)
Free cash flow	$ 42,900	$ 6,334	$ 3,643	$ (33,441)

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

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

	2019 Adjusted EBITDA Guidance Range [1]	
($ in thousands)	Low End	High End
Projected net loss	$ (8,000)	$ (6,250)
Adjustments:		
Projected depreciation and amortization	37,000	38,000
Projected interest expense (net of interest income)	8,000	8,500
Projected income tax provision	17,500	15,000
Projected EBITDA	54,500	55,250
Projected share-based compensation expense	7,000	8,000
Projected realized loss on foreign currency remeasurement	4,500	6,750
Projected realized loss on sale of assets	14,000	15,000
Projected Adjusted EBITDA	$ 80,000	$ 85,000

[1] All figures presented are projected estimates for the full year ending December 31, 2019.

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