

# TPI COMPOSITES, INC

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

Filed 05/08/17 for the Period Ending 05/08/17

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

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



**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**  
(IRS Employer  
Identification No.)

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

**85253**  
(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.

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**Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On May 8, 2017, TPI Composites, Inc. (the Company) issued a press release announcing its unaudited financial results for the three months ended March 31, 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](http://www.tpicomposites.com) under the tab "Investor Relations" providing information regarding its results of operations and financial condition for the three months ended March 31, 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 May 8, 2017

99.2 – Presentation dated May 8, 2017

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**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.**

May 8, 2017

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

## TPI Composites, Inc. Announces First Quarter 2017 Earnings Results

SCOTTSDALE, Ariz., May 08, 2017 (GLOBE NEWSWIRE) -- TPI Composites, Inc. (Nasdaq:TPIC), the largest U.S.-based independent manufacturer of composite wind blades, today reported financial results for the first quarter ended March 31, 2017.

### Highlights

#### For the quarter ended March 31, 2017:

- Net sales of \$191.6 million
- Total billings of \$211.4 million
- Net income of \$3.5 million or \$0.10 per diluted share
- EBITDA of \$12.5 million, with an EBITDA margin of 6.5%
- Adjusted EBITDA of \$15.6 million, with an Adjusted EBITDA margin of 8.1%

KPIs	Q1'17	Q1'16
Sets <sup>1</sup>	636	486
Estimated megawatts <sup>2</sup>	1,460	1,113
Dedicated manufacturing lines <sup>3</sup>	44	38
Total manufacturing lines installed <sup>4</sup>	39	32
Manufacturing lines in startup <sup>5</sup>	9	—
Manufacturing lines in transition <sup>6</sup>	—	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 started the year off on a positive note as we delivered strong operational and financial performance with solid first quarter 2017 results meeting our plan for total billings and beating our adjusted EBITDA target,” said Steven Lockard, TPI Composites’ President and Chief Executive Officer. “We remain focused on our strategy to grow globally, diversify among our customer base and expand profitability. We are pleased to have recently announced a new manufacturing facility in Matamoros, Mexico in support of a multiyear supply agreement with Vestas. This represents the third global geography where we have partnered with Vestas, and we will provide blades from two manufacturing lines for Vestas’ V136 wind turbine, with an option to add more lines, for the rapidly growing markets in Latin America. During the quarter, we also announced an expansion of our relationship with Gamesa in Turkey with the signing of a multiyear supply agreement for one dedicated line of 65 meter-class blades and the option for another dedicated line.

We currently have approximately \$4.2 billion of revenue under long-term contracts covering 46 molds and a strong global pipeline of opportunities to support our growth target. We are confident in our ability to expand our production lines globally across numerous partners and continue to target 25% average annual top line growth for the next few years. We remain focused on our commitment to improve our operational effectiveness, expand margins and drive down the levelized cost of energy,” concluded Mr. Lockard.

### First Quarter 2017 Financial Results

Net sales for the three months ended March 31, 2017 increased by \$15.5 million or 8.8% to \$191.6 million compared to \$176.1 million in the same period in 2016. Net sales of wind blades increased by 11.9% to \$184.3 million for the three months ended March 31, 2017 as compared to \$164.7 million in the same period in 2016. The increase was primarily driven by a 15% increase in the number of wind blades delivered during the three months ended March 31, 2017 compared to the same period in 2016 primarily from our Mexico and China plants, partially offset by a decline in the average sales prices of the same blade models delivered in both periods as a result of savings in raw material costs, a portion of which we share with our customers, slightly lower wind blade volume in Turkey and foreign currency fluctuations in Turkey and China. Net sales from the manufacturing of precision molding and assembly systems during the three months ended March 31, 2017 decreased to \$4.6 million from \$9.9 million in the same period in 2016. Total billings for the three months ended March 31, 2017 increased by \$36.8 million or 21.1% to \$211.4 million compared to \$174.5 million in the same period in 2016 driven by a 31% increase in wind blades manufactured partially offset by a decline in the average selling price of wind blades manufactured in both periods as a result of savings in raw material costs, a portion of which we share with our customers and 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 of 0.9% and 1.3%, respectively. The impact of the strengthening of the U.S. dollar against the Euro and the Chinese Renminbi on consolidated net sales and total billings for the three months ended March 31, 2016 was not significant.

Gross profit for the three months ended March 31, 2017 was \$18.0 million and included aggregate costs of \$6.2 million related to the startup of our new plants in Mexico and Turkey. This compares to gross profit for the three months ended March 31, 2016 of \$12.9 million, including aggregate costs of \$3.3 million related to the transition of wind blade models in our original plant in Mexico. Our gross profit margin of 9.4% was a 210 basis point improvement over the three months ended March 31, 2016, notwithstanding the higher startup and transition costs during the quarter driven by improved operating efficiencies and the impact of savings in raw material costs and foreign currency fluctuations on our costs of sales.

Net income for the three months ended March 31, 2017 was \$3.5 million, as compared to \$1.7 million in the same period in 2016. The increase was due to the reasons set forth above partially offset by the impact of share-based compensation costs of \$1.7 million recorded in the 2017 period (none was recorded in the 2016 period) as well as additional costs incurred to enhance our corporate support functions to support our growth and public company governance.

Net income attributable to common shareholders was \$3.5 million during the three months ended March 31, 2017, compared to a loss of \$0.7 million in the same period in 2016. This was primarily due to the improved operating results discussed above. Diluted earnings per share was \$0.10 for the three months ended March 31, 2017, compared to a loss of \$0.16 for the three months ended March 31, 2016.

EBITDA for three months ended March 31, 2017 increased to \$12.5 million, compared to \$11.0 million during the same period in 2016. The EBITDA margin increased to 6.5% compared to 6.2% in the 2016 period. Adjusted EBITDA for three months ended March 31, 2017 increased to \$15.6 million compared to \$11.4 million during the same period a year ago. The Adjusted EBITDA margin increased to 8.1%, compared to 6.5% during the same period a year ago.

Capital expenditures increased to \$16.9 million for three months ended March 31, 2017 from \$10.9 million during the same period a year ago. Capex is primarily related to our new facilities in Mexico and Turkey.

Net debt as of March 31, 2017 was \$7.1 million as compared to \$6.4 million as of December 31, 2016.

### 2017 Outlook

For 2017, the Company expects:

- Total billings of between \$930 million and \$950 million <sup>(1)</sup>
- Sets delivered of between 2,800 and 2,900
- Average sales price per blade of between \$105,000 and \$110,000
- Estimated megawatts of sets delivered to be between 6,350 and 6,600
- Dedicated manufacturing lines under long-term agreements at year end to be between 52 to 56
- Manufacturing lines installed at year end to be 40
- Manufacturing lines in transition during the year to be 5
- Manufacturing lines in startup during the year to be 15
- Startup and transition cost reduced to between \$30 million and \$40 million
- Capital expenditures to be between \$75 million and \$85 million (approx. 85% growth related)
- Effective tax rate to be between 20% and 25%
- Depreciation and amortization of between \$23 million and \$25 million
- Interest expense of between \$11 million and \$12 million
- Income tax expense of between \$8 million and \$10 million
- Share-based compensation of between \$9.5 million and \$10.5 million

(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 the expected change in deferred revenue, and as such the reconciliation is not possible without unreasonable efforts.

### Conference Call and Webcast Information

TPI Composites will host an investor conference call this afternoon, Monday, May 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 13660912. The replay will be available until May 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](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 largest U.S.-based independent manufacturer of composite wind blades for the wind energy market. 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 STATEMENTS OF OPERATIONS (UNAUDITED)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
<i>(in thousands, except per share amounts)</i>	<b>2017</b>	<b>2016</b>
Net sales	\$ 191,602	\$ 176,110
Cost of sales	167,423	159,866
Startup and transition costs	6,159	3,306
Total cost of goods sold	173,582	163,172
Gross profit	18,020	12,938
General and administrative expenses	8,306	4,749
Income from operations	9,714	8,189
Other income (expense):		
Interest income	19	21
Interest expense	(3,026)	(3,912)
Realized loss on foreign currency remeasurement	(1,381)	(439)
Miscellaneous income	320	190
Total other expense	(4,068)	(4,140)
Income before income taxes	5,646	4,049
Income tax provision	(2,101)	(2,303)
Net income	3,545	1,746
Net income attributable to preferred shareholders	-	2,437
Net income (loss) attributable to common shareholders	\$ 3,545	\$ (691)
Weighted-average common shares outstanding:		
Basic	33,737	4,238
Diluted	33,827	4,238
Net income (loss) per common share:		
Basic	\$ 0.11	\$ (0.16)
Diluted	\$ 0.10	\$ (0.16)
<b>Non-GAAP Measures:</b>		
Total billings	\$ 211,360	\$ 174,538
EBITDA	\$ 12,482	\$ 10,951
Adjusted EBITDA	\$ 15,570	\$ 11,390

**TPI COMPOSITES, INC. AND SUBSIDIARIES**

**TABLE TWO - CONDENSED CONSOLIDATED BALANCE SHEETS**

<i>(\$ in thousands)</i>	<b>March 31,</b>	<b>December 31,</b>
	<b>2017</b>	<b>2016</b>
Current assets:		
Cash and cash equivalents	\$ 115,541	\$ 119,066
Restricted cash	1,928	2,259
Accounts receivable	96,564	67,842
Inventories	51,947	53,095
Inventories held for customer orders	68,675	52,308
Prepaid expenses and other current assets	23,839	30,657
Total current assets	358,494	325,227
Noncurrent assets:		
Property, plant, and equipment, net	103,486	91,166
Other noncurrent assets	15,961	20,813
Total assets	\$ 477,941	\$ 437,206

Current liabilities:

Accounts payable and accrued expenses	\$ 123,390	\$ 112,281
Accrued warranty	21,895	19,912
Deferred revenue	89,319	69,568
Customer deposits and customer advances	6,217	1,390
Current maturities of long-term debt	32,474	33,403
Total current liabilities	273,295	236,554
Noncurrent liabilities:		
Long-term debt, net of debt issuance costs and current maturities	88,015	89,752
Other noncurrent liabilities	4,565	4,393
Total liabilities	365,875	330,699
Shareholders' equity	112,066	106,507
Total liabilities and shareholders' equity	\$ 477,941	\$ 437,206
<b>Non-GAAP Measure:</b>		
Net debt	\$ 7,095	\$ 6,379

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

<i>(\$ in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net cash provided by (used in) operating activities	\$ 15,938	\$ (1,139)
Net cash used in investing activities	(16,922)	(10,888)
Net cash provided by (used in) financing activities	(2,478)	2,003
Impact of foreign exchange rates on cash and cash equivalents	(63)	(51)
Cash and cash equivalents, beginning of period	119,066	45,917
Cash and cash equivalents, end of period	<u>\$ 115,541</u>	<u>\$ 35,842</u>

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

Total billings is reconciled as follows:

<i>(\$ in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net sales	\$ 191,602	\$ 176,110
Change in deferred revenue:		
Blade-related deferred revenue at beginning of period (1)	(69,568)	(65,520)
Blade-related deferred revenue at end of period (1)	89,319	65,027
Foreign exchange impact (2)	7	(1,079)
Change in deferred revenue	19,758	(1,572)
Total billings	<u>\$ 211,360</u>	<u>\$ 174,538</u>

EBITDA and adjusted EBITDA are reconciled as follows:

<i>(\$ in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net income	\$ 3,545	\$ 1,746
Adjustments:		



Depreciation and amortization	3,829	3,011
Interest expense (net of interest income)	3,007	3,891
Income tax provision	2,101	2,303
EBITDA	12,482	10,951
Share-based compensation expense	1,707	-
Realized loss on foreign currency remeasurement	1,381	439
Adjusted EBITDA	\$ 15,570	\$ 11,390

Free cash flow is reconciled as follows:

*(\$ in thousands)*

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

<b>Three Months Ended March 31,</b>	
<b>2017</b>	<b>2016</b>
\$ 15,938	\$ (1,139)
(16,922)	(10,888)
\$ (984)	\$ (12,027)

Net debt is reconciled as follows:

*(\$ in thousands)*

Total debt, net of debt issuance costs  
Add debt issuance costs  
Less cash and cash equivalents  
Net debt

<b>March 31, 2017</b>	<b>December 31, 2016</b>
\$ 120,489	\$ 123,155
2,147	2,290
(115,541)	(119,066)
\$ 7,095	\$ 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:

*(\$ in thousands)*

Blade-related deferred revenue at beginning of period  
Non-blade related deferred revenue at beginning of period  
Total current and noncurrent deferred revenue at beginning of period

<b>Three Months Ended March 31,</b>	
<b>2017</b>	<b>2016</b>
\$ 69,568	\$ 65,520
-	-
\$ 69,568	\$ 65,520

Blade-related deferred revenue at end of period  
Non-blade related deferred revenue at end of period  
Total current and noncurrent deferred revenue at end of period

\$ 89,319	\$ 65,027
-	-
\$ 89,319	\$ 65,027

(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.



# Q1 2017 Earnings Call

May 8, 2017



## 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

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- Q1 2017 Highlights
- Industry Update
- Q1 2017 Financial Highlights
- Guidance for 2017
- Q&A
- Appendix - Non-GAAP Information

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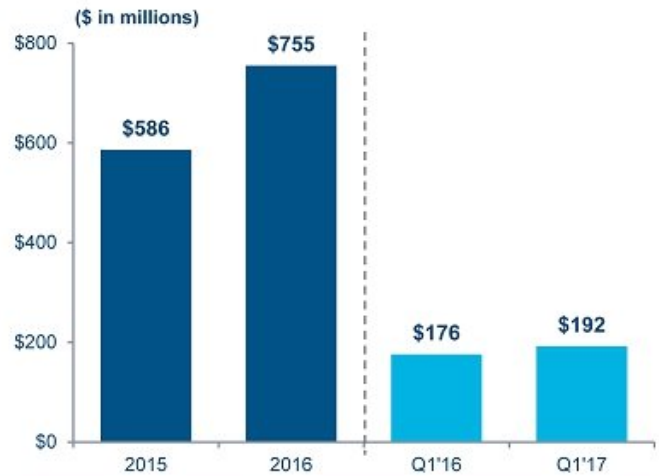
## Q1 2017 Highlights

# Q1 2017 Highlights

## Q1 2017 Highlights and Recent Company News

- Operating results and year-over-year increases compared to the first quarter 2016
  - Net sales were up 8.8%
  - Total billings were up 21.1% to \$211.4 million for the quarter – in line with our 2017 plan
  - Net income for the quarter increased to \$3.5 million versus \$1.7 million in Q1 2016
  - Adjusted EBITDA for the quarter increased by 36.7% to \$15.6 million and beat our plan
  - Adjusted EBITDA margin for the quarter was up 160 bps to 8.1% and beat our plan
- Signed a multiyear supply agreement with Gamesa for one manufacturing line plus an option for another in Turkey
- Signed a multiyear supply agreement with Vestas for two manufacturing lines plus an option for additional lines in a newly announced manufacturing facility to be built in Matamoros, Mexico to serve the Latin American market

### GAAP Net Sales



Sets	1,609	2,154	486	636
Est. MW	3,595	4,920	1,113	1,460
Dedicated lines <sup>(1)</sup>	34	44	38	44
Lines installed <sup>(2)</sup>	30	33	32	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 ~ \$4.2 Billion in Revenue through 2023<sup>(1)</sup>

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

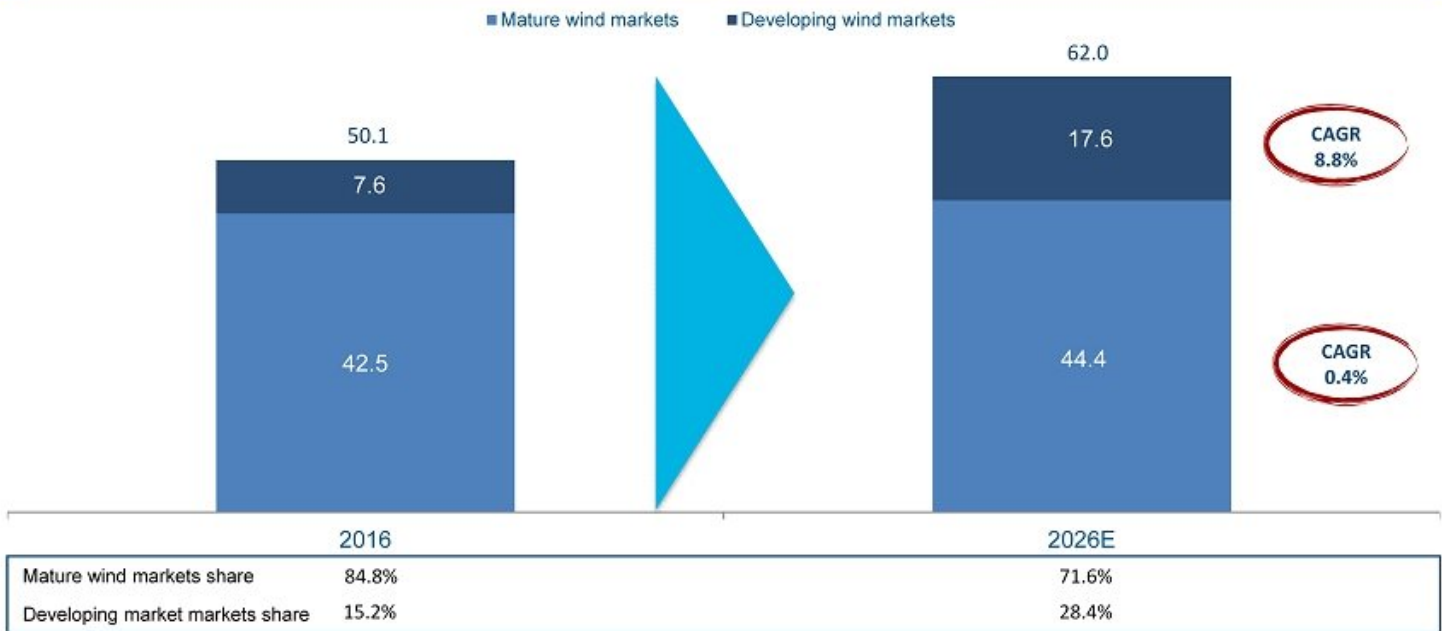


Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately \$2.7 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total contract value of approximately \$4.2 billion through the end of 2023<sup>(1)</sup>

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.  
<sup>(1)</sup> As of April 28, 2017. The chart depicts the term of the longest contract in each location.

# Onshore Global Market Growth

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



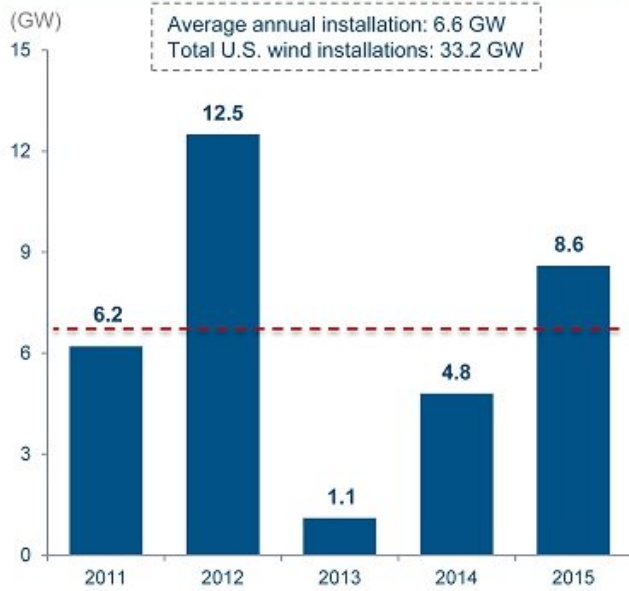
Annual installed wind capacity growth is propelled by an uptick in developing wind markets, including Turkey and Mexico where TPI Composites is well positioned to succeed

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

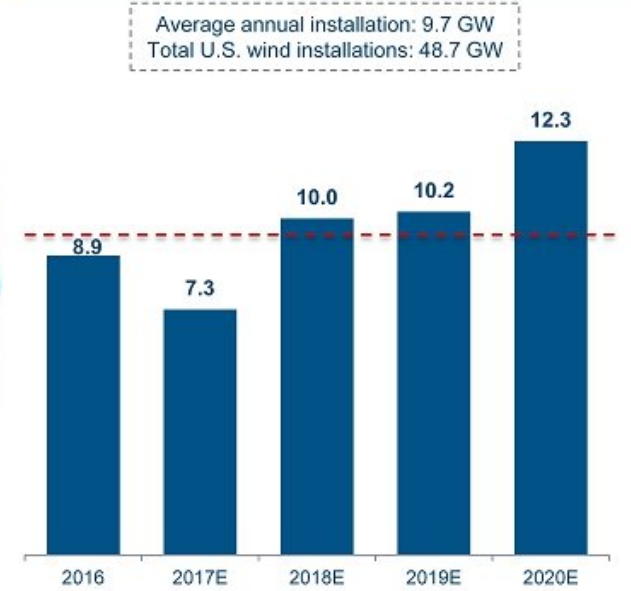


# U.S. Onshore Market Growth: 2011 – 2020E

U.S. Onshore Wind Market Growth - Capacity (2011 – 2015)



U.S. Onshore Wind Market Growth – Capacity (2016 – 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

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## Q1 2017 Financial Highlights

# Q1 2017 Financial Highlights

(unaudited)

(Dollars in millions, except per share data)

## Select Financial Data

	Q1 2017	Q1 2016	Δ
Net Sales	\$191.6	\$176.1	8.8%
Total Billings <sup>(1)</sup>	\$211.4	\$174.5	21.1%
Net Income	\$3.5	\$1.7	103.0%
Adjusted EBITDA <sup>(1)</sup>	\$15.6	\$11.4	36.7%
Adjusted EBITDA Margin	8.1%	6.5%	160bps
Diluted Earnings (Loss) per Share <sup>(2)</sup>	\$0.10	(\$0.16)	\$0.26
Net Debt <sup>(1)</sup>	\$7.1	\$101.4	\$94.3
Free Cash Flow <sup>(1)</sup>	(\$1.0)	(\$12.0)	\$11.0
Capital Expenditures	\$16.9	\$10.9	\$6.0

## Key Performance Indicators

Sets	636	486	150
Estimated Megawatts	1,460	1,113	347
Dedicated Manufacturing Lines	44	38	6 lines
Lines Installed	39	32	7 lines
Lines in Startup	9	0	9 lines
Lines in Transition	0	3	3 lines

(1) See pages 17 – 19 for reconciliations of non-GAAP financial data

(2) Based on net income (loss) attributable to common shareholders

# Income Statement Summary

(unaudited)

	Three Months Ended March 31,		Change	
	2017	2016	\$	%
<i>(in thousands, except per share amounts)</i>				
Net sales	\$ 191,602	\$ 176,110	\$ 15,492	8.8%
Cost of sales	\$ 167,423	\$ 159,866	\$ 7,557	4.7%
Startup and transition costs	\$ 6,159	\$ 3,306	\$ 2,853	86.3%
Total cost of goods sold	\$ 173,582	\$ 163,172	\$ 10,410	6.4%
Cost of goods sold %	90.6%	92.7%		-210 bps
Gross profit	\$ 18,020	\$ 12,938	\$ 5,082	39.3%
Gross profit %	9.4%	7.3%		210 bps
General and administrative expenses	\$ 8,306	\$ 4,749	\$ 3,557	74.9%
General and administrative expenses %	4.3%	2.7%		160 bps
Income from operations	\$ 9,714	\$ 8,189	\$ 1,525	18.6%
Income before income taxes	\$ 5,646	\$ 4,049	\$ 1,597	39.4%
Net income	\$ 3,545	\$ 1,746	\$ 1,799	103.0%
Net income attributable to preferred shareholders	\$ -	\$ 2,437	\$ (2,437)	-100.0%
Net income (loss) attributable to common shareholders	\$ 3,545	\$ (691)	\$ 4,236	NM
Weighted-average common shares outstanding:				
Basic	33,737	4,238		
Diluted	33,827	4,238		
Net income (loss) per common share:				
Basic	\$ 0.11	\$ (0.16)	\$ 0.27	
Diluted	\$ 0.10	\$ (0.16)	\$ 0.26	
<b>Non-GAAP Metrics</b>				
Total billings <sup>(1)</sup>	\$ 211,360	\$ 174,538	\$ 36,822	21.1%
EBITDA <sup>(1)</sup>	\$ 12,482	\$ 10,951	\$ 1,531	14.0%
EBITDA margin	6.5%	6.2%		30 bps
Adjusted EBITDA <sup>(1)</sup>	\$ 15,570	\$ 11,390	\$ 4,180	36.7%
Adjusted EBITDA margin	8.1%	6.5%		160 bps

(1) See pages 17 – 19 for reconciliations of Non-GAAP financial data

## Key Balance Sheet and Cash Flow Data (unaudited)

<i>(\$ in thousands)</i>	March 31, 2017	December 31, 2016
<b>Balance Sheet Data:</b>		
Cash and cash equivalents	\$ 115,541	\$ 119,066
Restricted cash	\$ 1,928	\$ 2,259
Accounts receivable	\$ 96,564	\$ 67,842
Inventories	\$ 51,947	\$ 53,095
Inventories held for customer orders	\$ 68,675	\$ 52,308
Deferred revenue	\$ 89,319	\$ 69,568
Total debt-current and noncurrent, net	\$ 120,489	\$ 123,155
Net debt <sup>(1)</sup>	\$ 7,095	\$ 6,379

<i>(\$ in thousands)</i>	Three Months Ended March 31,	
	2017	2016
<b>Cash Flow Data:</b>		
Net cash provided by operating activities	\$ 15,938	\$ (1,139)
Capital expenditures	\$ 16,922	\$ 10,888
Free cash flow <sup>(1)</sup>	\$ (984)	\$ (12,027)

(1) See page 19 for a reconciliation of net debt and free cash flow

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## 2017 Guidance

## Guidance for 2017

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

(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.

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## Q&A



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## 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:

	Three Months Ended	
	March 31,	
	2017	2016
<i>(\$ in thousands)</i>		
Net sales	\$ 191,602	\$ 176,110
Change in deferred revenue:		
Blade-related deferred revenue at beginning of period <sup>(1)</sup>	(69,568)	(65,520)
Blade-related deferred revenue at end of period <sup>(1)</sup>	89,319	65,027
Foreign exchange impact <sup>(2)</sup>	7	(1,079)
Change in deferred revenue	19,758	(1,572)
Total billings	\$ 211,360	\$ 174,538

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

	Three Months Ended	
	March 31,	
	2017	2016
<i>(\$ in thousands)</i>		
Net income	\$ 3,545	\$ 1,746
Adjustments:		
Depreciation and amortization	3,829	3,011
Interest expense (net of interest income)	3,007	3,891
Income tax provision	2,101	2,303
EBITDA	12,482	10,951
Share-based compensation expense	1,707	-
Realized loss on foreign currency remeasurement	1,381	439
Adjusted EBITDA	\$ 15,570	\$ 11,390

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:

<i>(\$ in thousands)</i>	Three Months Ended	
	March 31,	
	2017	2016
Blade-related deferred revenue at beginning of period	\$ 69,568	\$ 65,520
Non-blade related deferred revenue at beginning of period	-	-
Total current and noncurrent deferred revenue at beginning of period	\$ 69,568	\$ 65,520
Blade-related deferred revenue at end of period	\$ 89,319	\$ 65,027
Non-blade related deferred revenue at end of period	-	-
Total current and noncurrent deferred revenue at end of period	\$ 89,319	\$ 65,027

(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:

	March 31, 2017	December 31, 2016	March 31, 2016
<i>(\$ in thousands)</i>			
Total debt, net of debt issuance costs and discount	\$ 120,489	\$ 123,155	\$ 131,163
Add debt issuance costs	2,147	2,290	3,808
Add debt discount	-	-	2,263
Less cash and cash equivalents	(115,541)	(119,066)	(35,842)
Net debt	<u>\$ 7,095</u>	<u>\$ 6,379</u>	<u>\$ 101,392</u>

Free cash flow is reconciled as follows:

	Three Months Ended March 31,	
	2017	2016
<i>(\$ in thousands)</i>		
Net cash provided by (used in) operating activities	\$ 15,938	\$ (1,139)
Less capital expenditures	(16,922)	(10,888)
Free cash flow	<u>\$ (984)</u>	<u>\$ (12,027)</u>

