TPI COMPOSITES, INC

FORM 8-K
(Current report filing)

Filed 08/07/18 for the Period Ending 08/07/18

Address	8501 N SCOTTSDALE ROAD GAINEY CENTER II, SUITE 100 SCOTTSDALE, AZ, 85253
Telephone	480-305-8910
CIK	0001455684
Symbol	TPIC
SIC Code	3510 - Engines And Turbines
Industry	Renewable Energy Equipment & Services
Sector	Energy

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): August 7, 2018

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. Suite 100, Scottsdale, Arizona 85253
(Address of Principal Executive Offices) (Zip Code)

480-305-8910
(Registrant's telephone number, including area code)

(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))

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 August 7, 2018, TPI Composites, Inc. (the Company) issued a press release announcing its financial results for the three months ended June 30, 2018. 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 June 30, 2018. The information contained in the presentation is incorporated by reference herein. The presentation is being furnished herewith as Exhibit 99.2 to this current report on Form 8-K. The Company's website and the information contained therein is not part of this disclosure.

The information in Item 2.02 of this current report on Form 8-K (including Exhibit 99.1) is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 2.02 of this current report on Form 8-K (including Exhibit 99.1) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 – Press Release dated August 7, 2018

99.2 – Presentation dated August 7, 2018

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TPI Composites, Inc.

Date: August 7, 2018

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

TPI Composites, Inc. Announces Second Quarter 2018 Earnings Results and Reaches a Record Level of Contract Value of $6.4 Billion

SCOTTSDALE, Ariz., Aug. 07, 2018 (GLOBE NEWSWIRE) -- TPI Composites, Inc. (Nasdaq: TPIC), the only independent manufacturer of composite wind blades with a global footprint, today reported financial results for the second quarter ended June 30, 2018.

Highlights

For the quarter ended June 30, 2018:

- Net sales of $230.6 million
- Total billings of $237.4 million
- Net loss of $4.1 million or $0.12 per diluted share
- EBITDA of $10.1 million, with an EBITDA margin of 4.4%
- Adjusted EBITDA of $13.5 million, with an Adjusted EBITDA margin of 5.8%

KPIs	Q2'18	Q2'17
Sets [1]	576	692
Estimated megawatts[2]	1,544	1,620
Dedicated manufacturing lines[3]	52	46
Manufacturing lines installed[4]	40	39
Manufacturing lines in startup[5]	7	9
Manufacturing lines in transition[6]	7	-

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 at the end of the period. Dedicated manufacturing lines for Q2'17 includes seven lines for GE Wind that were not renewed after December 31, 2017.
4. Number of manufacturing lines installed and either in operation, startup or transition at the end of the period.
5. Number of manufacturing lines in a startup phase during the pre-production and production ramp-up period.
6. Number of manufacturing lines that were being transitioned to a new wind blade model during the period.

"We executed against our plan once again and delivered another quarter of strong operational and financial performance," said Steven Lockard, TPI Composites' President and Chief Executive Officer. "Since the end of the first quarter, we have signed a multiyear supply agreement with ENERCON for two manufacturing lines in our Turkey location. We continue to strengthen our relationships with our existing customers with new line additions and contract extensions, most recently with Vestas, GE and Nordex/Acciona. Vestas exercised options for four additional lines in our manufacturing hub in Matamoros, Mexico bringing the total number of lines in that facility to six. GE has agreed to extend our supply agreement in one of our Mexico plants by two years to 2022 and will increase the number of lines in that facility from three to five. In addition, GE has agreed to transition to a larger blade model in our Iowa plant in early 2019 and to eliminate its option to terminate our supply agreement in Iowa prior to its December 2020 expiration. To accommodate the additional GE lines, we negotiated the removal of three lines for Siemens Gamesa. These were the only lines in our portfolio subject to geographic exclusivity versus a minimum volume obligation. This was a unique situation and we continue to work closely with Siemens Gamesa to close on other opportunities and are collaborating with them on their next generation of turbine blades. Finally, Nordex/Acciona has agreed to extend our supply agreement in China through 2019. With the addition of ENERCON as a customer, TPI now serves the top six global wind turbine OEMs outside of the Chinese market. So far this year, with the new agreements, amendments and transitions, we have increased our lines under long-term supply agreements to 50 and increased our potential contract value by $2.5 billion to $6.4 billion over the terms of the agreements. All in all a pretty strong first half of 2018."

"Our customers continue to invest with TPI in adding new outsourced blade capacity ahead of the new line guidance we previously provided for 2018. In addition, they are tooling up new blade models more quickly than initially planned in order to aggressively drive down LCOE in response to economically driven global auction and tender processes. Given the accelerated pace of the conversion of our prioritized pipeline, the addition of a new customer, ENERCON, with an aggressive start of production date, and accelerated transitions requested by our customers, we are now expecting a total of 17 lines in startup and 17 lines in transition during the course of 2018. This is up from our previous guidance of 12 lines in startup and 14 lines in transition. We are reaffirming our prior guidance for 2018 net sales and total billings however, the additional startup and transition costs of up to $10 million are causing us to reduce our EBITDA guidance range for 2018 to $65 to $70 million from our original range of $75 to $80 million. This additional investment positions us well for 2019 and our long-term goal of doubling the sales of TPI over the next several years and we are confident we will achieve a 20-25% three-year revenue CAGR through 2019. We remain focused on our strategy to expand globally, diversify our customer base, grow our wind business, improve our operational effectiveness, drive profitability and continue to drive down LCOE while continuing to develop and explore additional opportunities in other strategic markets," concluded Mr. Lockard.

Second Quarter 2018 Financial Results

Net sales for the quarter decreased by $9.0 million or 3.7% to $230.6 million compared to $239.6 million in the same period in 2017. Total billings increased by $6.3 million or 2.7% to $237.4 million for the three months ended June 30, 2018 compared to $231.1 million in the 2017 period. Net sales of wind blades were $206.4 million for the quarter as compared to $225.8 million in the same period in 2017. The decrease was primarily driven by a 17.3% decrease in the number of wind blades produced during the three months ended June 30, 2018 compared to the same period in 2017 primarily as a result of the increase in transitions and startups, the loss of volume from the expiration of contracts in Mexico and Turkey and a delayed customer startup. This was partially offset by higher average sales prices due to the mix of wind blade models produced during the three months ended June 30, 2018 compared to the same period in 2017 and by foreign currency fluctuations. The favorable impact of the currency movements on consolidated net sales and total billings were both 2.4% for the quarter.

Total cost of goods sold for the quarter was $215.6 million and included aggregate costs of $17.3 million primarily related to startup costs in our new plants in Turkey and Mexico and for a new customer in Taicang, China and costs related to seven lines in transition during the quarter. This compares to total cost of goods sold of $209.7 million for the same period in 2017, which included aggregate costs of $10.5 million related to startup costs in our new plants in Turkey and Mexico and the startup of a new wind blade model for one of our customers in Dafeng, China. Cost of goods sold as a percentage of net sales increased by six percentage points during the three months ended June 30, 2018 as compared to the same period in 2017, driven by the $6.8 million increase in startup and transition costs and unfavorable foreign currency fluctuations, partially offset by improved operating efficiencies and the impact of savings in raw material costs. The unfavorable impact of the currency movements on consolidated cost of goods sold was 0.5% for the quarter.

General and administrative expenses for the three months ended June 30, 2018 totaled $11.0 million, up slightly from $10.8 million for the same period in 2017. As a percentage of net sales, general and administrative expenses were 4.8% for the three months ended June 30, 2018, up from 4.5% in the same period in 2017.

Net loss for the quarter was $4.1 million as compared to a net income of $9.6 million in the same period in 2017. The decrease was primarily due to the reasons set forth above as well as a loss on foreign currency remeasurement and the write-off of debt issuance costs related to the refinancing of our prior credit facility early in the quarter. Diluted loss per share was $0.12 for the three months ended June 30, 2018, compared to earnings per share of $0.28 for the three months ended June 30, 2017.

EBITDA for the quarter decreased to $10.1 million, compared to $23.0 million during the same period in 2017. EBITDA margin decreased to 4.4% compared to 9.6% in the same period in 2017. Adjusted EBITDA for the quarter decreased to $13.5 million compared to $26.2 million during the same period in 2017. Adjusted EBITDA margin decreased to 5.8% compared to 11.0% during the same period in 2017. The decline was driven primarily by the startup and transition activity and the resultant lost volumes.

Capital expenditures were $30.6 million for the quarter compared to $9.8 million during the same period in 2017. Current year capital expenditures were primarily related to new facilities and expansion or improvements at existing facilities and costs to enhance our information technology systems.

We ended the quarter with $114.0 million of cash and cash equivalents and net debt was $17.4 million as compared to net cash of $24.6 million at December 31, 2017.

2018 Outlook
For 2018, the Company is providing the following guidance:

- Net sales of between $1.0 billion and $1.05 billion
- Total billings of between $1.0 billion and $1.05 billion
- Adjusted EBITDA of between $65 million and $70 million
- Fully diluted earnings per share of between $0.10 and $0.14
- Sets invoiced of between 2,450 and 2,480
- Average sales price per blade of between $125,000 and $130,000
- Estimated megawatts of sets invoiced to be between 6,800 and 6,900
- Dedicated manufacturing lines under long-term agreements at year end to be between 51 and 55
- Manufacturing lines installed at year end to be 43
- Manufacturing lines in startup during the year to be 17
- Manufacturing lines in transition during the year to be 17
- Startup and transition cost of between $66 million and $68 million
- Capital expenditures to be between $85 million and $90 million (approx. 85% growth related)
- Effective tax rate to be between 47% and 49%
- Depreciation and amortization of between $30 million and $32 million
- Interest expense of between $14 million and $14.5 million
- Share-based compensation expense of between $9 million and $10 million

Conference Call and Webcast Information
TPI Composites will host an investor conference call this afternoon, Tuesday, August 7, 2018 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 13681393. The replay will be available until August 14, 2018. 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 global 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; 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 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 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 transactions. We define net cash/debt as the total principal amount of debt outstanding less unrestricted cash and cash 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.

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

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

(in thousa nds, except per share data)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net sales	$ 230,610	$ 239,582	$ 484,591	$ 448,197
Cost of sales	198,235	199,117	409,223	381,655
Startup and transition costs	17,324	10,540	32,059	16,699
Total cost of goods sold	215,559	209,657	441,282	398,354
Gross profit	15,051	29,925	43,309	49,843
General and administrative expenses	10,989	10,752	22,152	19,058
Income from operations	4,062	19,173	21,157	30,785
Other income (expense):				
Interest income	43	11	84	30
Interest expense	(2,715)	(2,935)	(6,053)	(5,961)
Loss on extinguishment of debt	(3,397)	-	(3,397)	-
Realized loss on foreign currency remeasurement	(765)	(1,233)	(4,776)	(2,614)
Miscellaneous income	674	258	1,492	578
Total other expense	(6,160)	(3,899)	(12,650)	(7,967)
Income (loss) before income taxes	(2,098)	15,274	8,507	22,818
Income tax provision	(1,955)	(5,697)	(3,912)	(8,028)
Net income (loss)	$ (4,053)	$ 9,577	$ 4,595	$ 14,790
Weighted-average common shares outstanding:				
Basic	34,164	33,737	34,107	33,737
Diluted	34,164	33,828	35,766	33,827
Net income (loss) per common share:				
Basic	$ (0.12)	$ 0.28	$ 0.13	$ 0.44
Diluted	$ (0.12)	$ 0.28	$ 0.13	$ 0.44
Non-GAAP Measures (unaudited):				
Total billings	$ 237,355	$ 231,069	$ 461,056	$ 442,429
EBITDA	$ 10,101	$ 22,963	$ 31,075	$ 37,465
Adjusted EBITDA	$ 13,477	$ 26,240	$ 40,850	$ 43,830

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

(in thousands)	June 30, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	$ 113,995	$ 148,113
Restricted cash	4,431	3,849
Accounts receivable	119,479	121,576
Contract assets	131,371	105,619
Prepaid expenses and other current assets	26,622	27,507
Inventories	5,593	4,112

Total current assets	401,491	410,776
Noncurrent assets:		
Property, plant, and equipment, net	145,348	123,480
Other noncurrent assets	25,045	22,306
Total assets	$ 571,884	$ 556,562
Current liabilities:		
Accounts payable and accrued expenses	$ 167,314	$ 167,175
Accrued warranty	33,979	30,419
Current maturities of long-term debt	39,528	35,506
Contract liabilities	1,820	2,763
Total current liabilities	242,641	235,863
Noncurrent liabilities:		
Long-term debt, net of debt issuance costs and current maturities	90,332	85,879
Other noncurrent liabilities	4,818	4,938
Total liabilities	337,791	326,680
Total stockholders' equity	234,093	229,882
Total liabilities and stockholders' equity	$ 571,884	$ 556,562
Non-GAAP Measure (unaudited):		
Net cash (debt)	$ (17,380)	$ 24,557

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Net cash provided by operating activities	$ 5,567	$ 15,932	$ 2,535	$ 25,870
Net cash used in investing activities	(30,596)	(9,805)	(42,310)	(26,727)
Net cash provided by financing activities	2,202	7,731	6,692	4,922
Impact of foreign exchange rates on cash, cash equivalents and restricted cash	(839)	227	(453)	164
Cash, cash equivalents and restricted cash, beginning of period	142,567	120,007	152,437	129,863
Cash, cash equivalents and restricted cash, end of period	$ 118,901	$ 134,092	$ 118,901	$ 134,092
Non-GAAP Measure (unaudited):				
Free cash flow	$ (25,029)	$ 6,127	$ (39,775)	$ (857)

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

Total billings is reconciled as follows:	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Net sales	$ 230,610	$ 239,582	$ 484,591	$ 448,197
Change in contract assets	(1,356)	(6,460)	(25,752)	(3,722)
Foreign exchange impact	8,101	(2,053)	2,217	(2,046)

Total billings	$ 237,355	$ 231,069	$ 461,056	$ 442,429

EBITDA and adjusted EBITDA are reconciled as follows:	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Net income (loss)	$ (4,053)	$ 9,577	$ 4,595	$ 14,790
Adjustments:				
Depreciation and amortization	6,130	4,765	13,202	8,716
Interest expense (net of interest income)	2,672	2,924	5,969	5,931
Loss on extinguishment of debt	3,397	-	3,397	-
Income tax provision	1,955	5,697	3,912	8,028
EBITDA	10,101	22,963	31,075	37,465
Share-based compensation expense	2,611	2,044	4,999	3,751
Realized loss on foreign currency remeasurement	765	1,233	4,776	2,614
Adjusted EBITDA	$ 13,477	$ 26,240	$ 40,850	$ 43,830

Free cash flow is reconciled as follows:	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2018**	**2017**	**2018**	**2017**
Net cash provided by operating activities	$ 5,567	$ 15,932	$ 2,535	$ 25,870
Capital expenditures	(30,596)	(9,805)	(42,310)	(26,727)
Free cash flow	$ (25,029)	$ 6,127	$ (39,775)	$ (857)

Net cash (debt) is reconciled as follows:	**June 30,**	**December 31,**
(in thousands)	**2018**	**2017**
Total cash and cash equivalents	$ 113,995	$ 148,113
Less total debt, net of debt issuance costs	(129,860)	(121,385)
Less debt issuance costs	(1,515)	(2,171)
Net cash (debt)	$ (17,380)	$ 24,557

Exhibit 99.2

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 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 ability to successfully expand our transportation business and execute upon our strategy of entering new markets outside of wind energy; (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 startup and transition costs; (ix) competition from other wind blade turbine manufacturers; (x) the discovery of defects in our products; (xi) our ability to successfully expand in our existing wind energy markets and into new international wind energy markets; (xii) worldwide economic conditions and their impact on customer demand; (xiii) our ability to maintain, protect and enhance our intellectual property; (xiv) 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; (xv) the attraction and retention of qualified employees and key personnel; and (xvi) the potential impact of GE's acquisition of LM Wind Power upon our business.

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, 2017.

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

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

Agenda

- Q2 2018 Highlights
- Industry Update
- Q2 2018 Financial Highlights
- Guidance for 2018
- Q&A
- Appendix
  - – Non-GAAP Information
  - – Impact of ASC 606 on Q2 2017

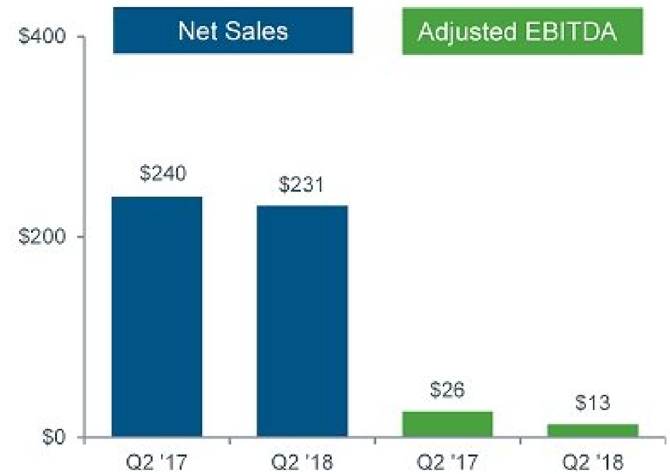
Q2 2018 Highlights

Q2 2018 Highlights

Q2 2018 Highlights and Recent Company News

- Operating results and year-over-year increases compared to 2017
  - Net sales were $230.6 million for the quarter down 3.7% primarily due to startup and transition activity
  - Net loss for the quarter of $4.1 million compared to net income of $9.6 million in 2017 driven by startup and transition activity and the write-off of debt issuance costs
  - Adjusted EBITDA for the quarter was $13.5 million or 5.8% of sales
- Vestas exercised options for 4 additional lines in our manufacturing hub in Matamoros, Mexico bringing the total number of lines in that facility to 6
- ENERCON signed a multiyear supply agreement for 2 manufacturing lines in our Turkey location. Adding ENERCON means TPI customers now represent all of the top 6 turbine manufacturers on an ex-China basis
- GE has agreed to extend our supply agreement in one of our Mexico plants by two years to 2022 and will increase the number of lines in that facility to 5 from the current 3
- GE has agreed to transition to a larger blade model in our Iowa plant in early 2019 and eliminate its option to terminate the Iowa supply agreement prior to its December 2020 expiration
- Set a new record high potential contract value of $6.4 billion across 50 dedicated manufacturing lines

Net Sales and Adjusted EBITDA ($ in millions)



	Q2 '17	Q2 '18
Sets invoiced	692	576
Est. MW	1,620	1,544
Dedicated lines(1)	46	52
Lines installed(2)	39	40

(1) Number of wind blade manufacturing lines dedicated to our customers under long-term supply agreements at the end of the quarter.
(2) Number of wind blade manufacturing lines installed that are either in operation, startup or transition at the end of the quarter

Existing Contracts Provide for ~$6.4 Billion in Potential Revenue through 2023(1)

Long-term Supply Agreements (1)

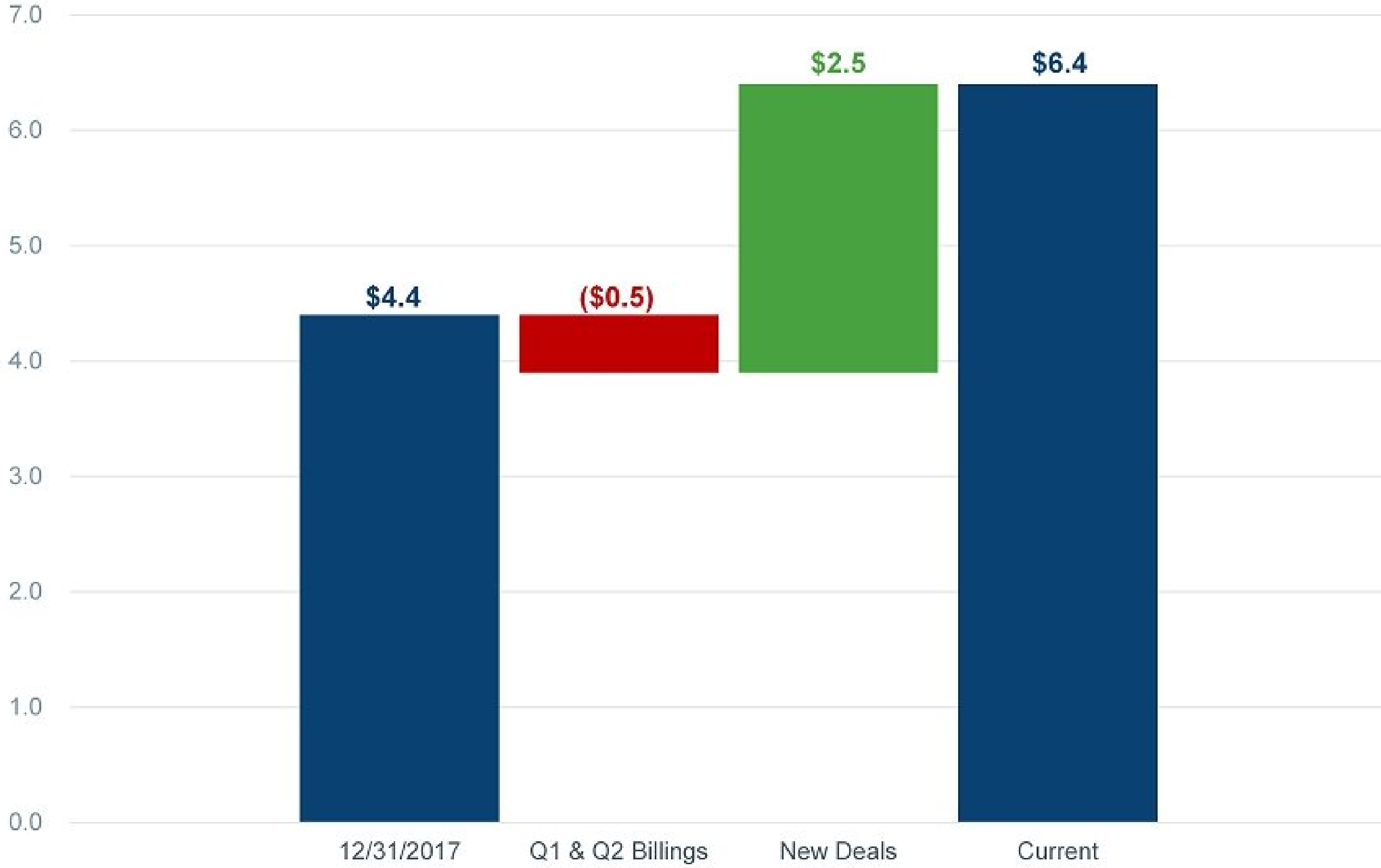
Long-term supply agreements provide for estimated minimum aggregate volume commitments from our customers of approximately $4.5 billion and encourage our customers to purchase additional volume up to, in the aggregate, an estimated total potential revenue of approximately $6.4 billion through the end of 2023(1)

Note: Our contracts with some of our customers are subject to termination or reduction on short notice, generally with substantial penalties, and contain liquidated damages provisions, which may require us to make unanticipated payments to our customers or our customers to make payments to us.

(1) As of August 7, 2018. The chart depicts the term of the longest contract in each location.

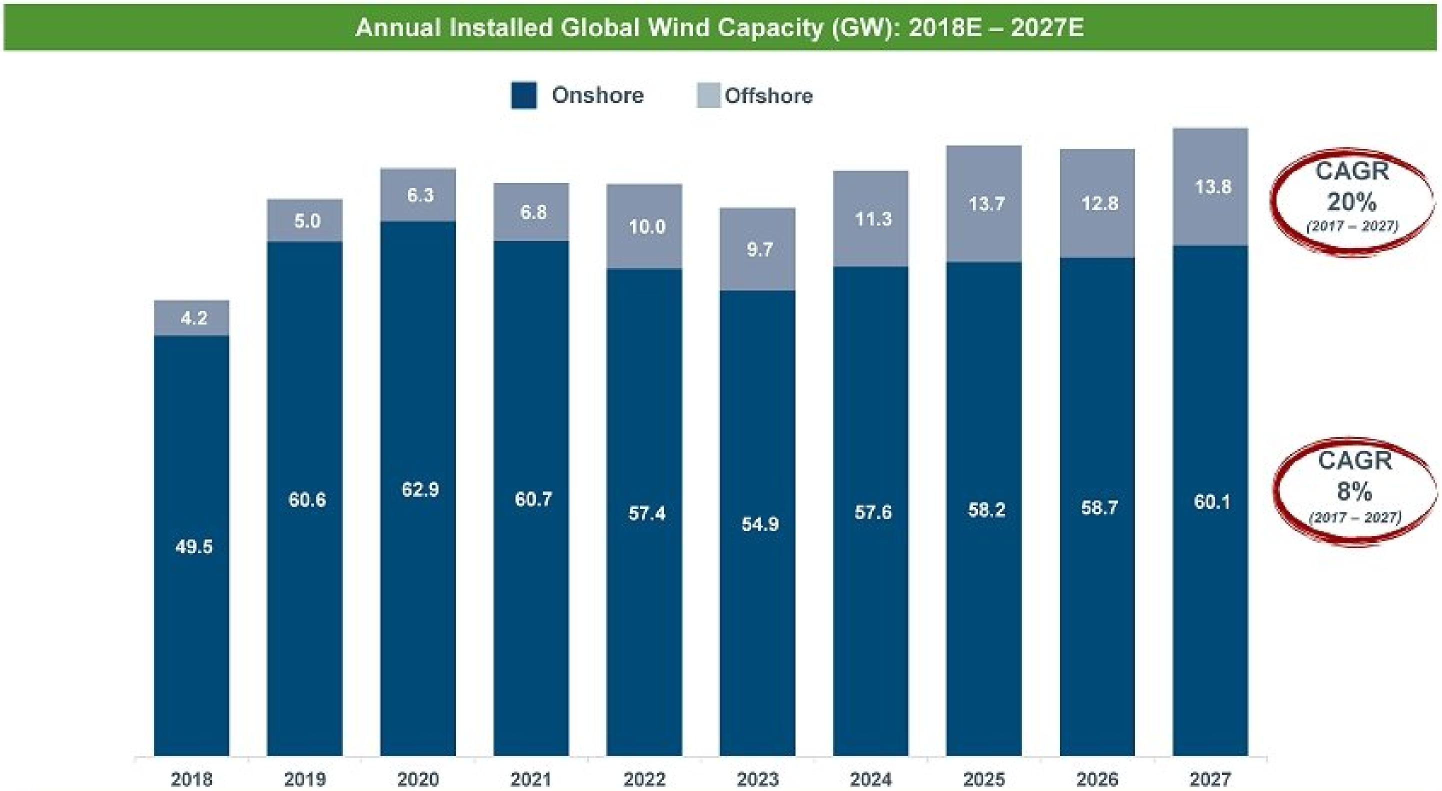
Contract Value Walk from December 31, 2017

($ in billions)



Industry Update

Global Market Growth

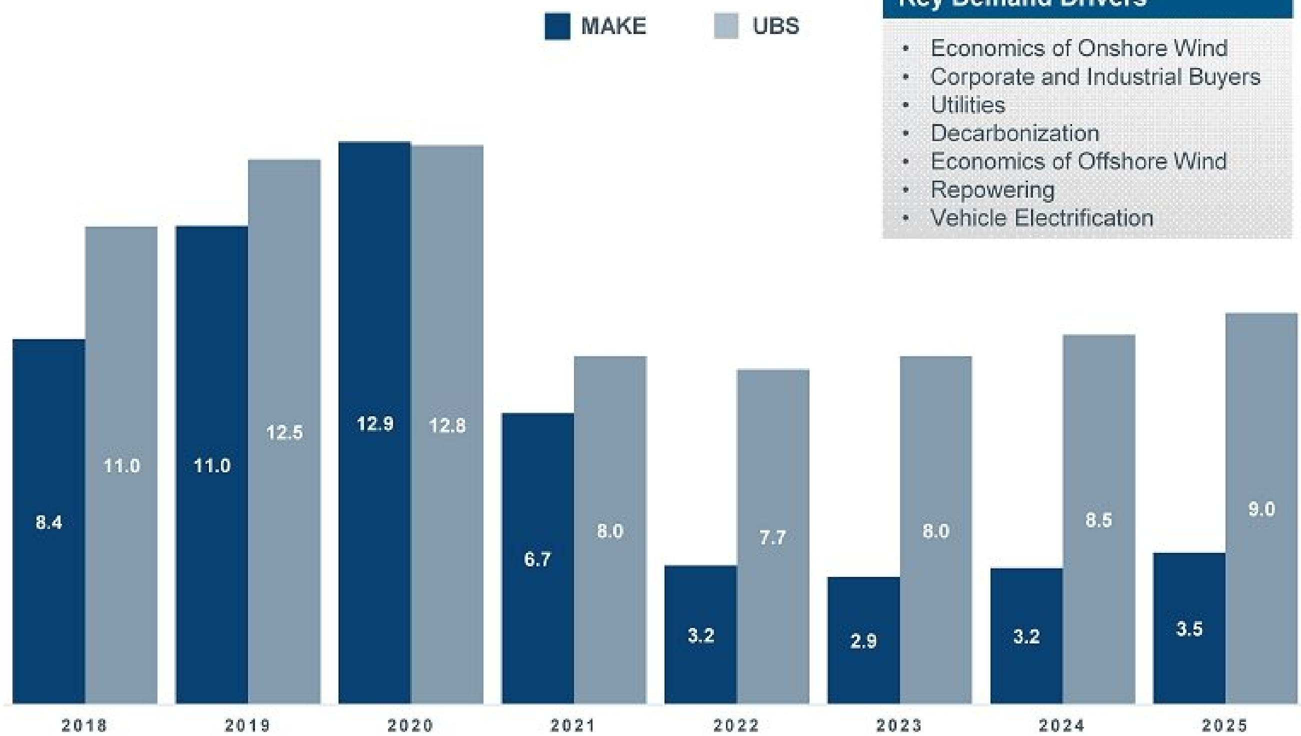


Annual installed wind capacity growth is projected to average 67GW between 2018 and 2027 and is propelled by offshore and an increase in developing wind markets, including Turkey and Mexico where TPI Composites is well positioned to succeed

Source: MAKE Q2 2018 Global Wind Power Market Outlook Update

U.S. Onshore Market Growth

U.S. Annual Installed Wind Capacity (GW): 2018E – 2025E



Key Demand Drivers

- Economics of Onshore Wind
- Corporate and Industrial Buyers
- Utilities
- Decarbonization
- Economics of Offshore Wind
- Repowering
- Vehicle Electrification

The U.S. wind market is expected to experience consistent near-term growth

Source: MAKE Q2 2018 Global Wind Power Market Outlook Update and UBS Securities LLC

Q2 2018 Financial Highlights

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Q2 2018 Financial Highlights[(1)]

(unaudited)

($ in millions, except per share data and KPIs)	Q2 '18	Q2 '17	Δ	YTD '18	YTD '17	Δ
Select Financial Data						
Net Sales	$ 230.6	$ 239.6	*-3.7%*	$ 484.6	$ 448.2	*8.1%*
Total Billings	$ 237.4	$ 231.1	*2.7%*	$ 461.1	$ 442.4	*4.2%*
Net Income (Loss)	$ (4.1)	$ 9.6	*-142.3%*	$ 4.6	$ 14.8	*-68.9%*
Diluted Earnings (Loss) Per Share	$ (0.12)	$ 0.28	$ (0.40)	$ 0.13	$ 0.44	$ (0.31)
Adjusted EBITDA	$ 13.5	$ 26.2	*-48.6%*	$ 40.9	$ 43.8	*-6.8%*
Adjusted EBITDA Margin	*5.8%*	*11.0%*	*-520 bps*	*8.4%*	*9.8%*	*-140 bps*
Net Cash (Debt)	$ (17.4)	$ 0.5	$ (17.8)	$ (17.4)	$ 0.5	$ (17.8)
Free Cash Flow	$ (25.0)	$ 6.1	$ (31.2)	$ (39.8)	$ (0.9)	$ (38.9)
Capital Expenditures	$ 30.6	$ 9.8	$ 20.8	$ 42.3	$ 26.7	$ 15.6
Key Performance Indicators (KPIs)						
Sets Invoiced	576	692	*(116)*	1,145	1,328	*(183)*
Estimated Megawatts	1,544	1,620	*(76)*	3,008	3,080	*(72)*
Dedicated Wind Blade Manufacturing Lines	52	46	*6 lines*	52	46	*6 lines*
Wind Blade Manufacturing Lines Installed	40	39	*1 line*	40	39	*1 line*
Wind Blade Manufacturing Lines in Startup	7	9	*2 lines*	7	9	*2 lines*
Wind Blade Manufacturing Lines in Transition	7	—	*7 lines*	7	—	*7 lines*

(1) See pages 20 – 22 for reconciliations of non-GAAP financial data

Income Statement Summary(1)
(unaudited)

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2018	2017	$	%	2018	2017	$	%
($ in thousands, except per share amounts)								
Net sales	$ 230,610	$ 239,582	$ (8,972)	-3.7%	$ 484,591	$ 448,197	$ 36,394	8.1%
Cost of sales	$ 198,235	$ 199,117	$ (882)	-0.4%	$ 409,223	$ 381,655	$ 27,568	7.2%
Startup and transition costs	$ 17,324	$ 10,540	$ 6,784	64.4%	$ 32,059	$ 16,699	$ 15,360	92.0%
Total cost of goods sold	$ 215,559	$ 209,657	$ 5,902	2.8%	$ 441,282	$ 398,354	$ 42,928	10.8%
Cost of goods sold %	*93.5%*	*87.5%*		*600 bps*	*91.1%*	*88.9%*		*220 bps*
Gross profit	$ 15,051	$ 29,925	$ (14,874)	-49.7%	$ 43,309	$ 49,843	$ (6,534)	-13.1%
Gross profit %	*6.5%*	*12.5%*		*-600 bps*	*8.9%*	*11.1%*		*-220 bps*
General and administrative expenses	$ 10,989	$ 10,752	$ 237	2.2%	$ 22,152	$ 19,058	$ 3,094	16.2%
General and administrative expenses %	*4.8%*	*4.5%*		*30 bps*	*4.6%*	*4.3%*		*30 bps*
Income from operations	$ 4,062	$ 19,173	$ (15,111)	-78.8%	$ 21,157	$ 30,785	$ (9,628)	-31.3%
Income (loss) before income taxes	$ (2,098)	$ 15,274	$ (17,372)	-113.7%	$ 8,507	$ 22,818	$ (14,311)	-62.7%
Net income (loss)	$ (4,053)	$ 9,577	$ (13,630)	-142.3%	$ 4,595	$ 14,790	$ (10,195)	-68.9%
Weighted-average common shares outstanding:								
Basic	34,164	33,737			34,107	33,737		
Diluted	34,164	33,828			35,766	33,827		
Net income (loss) per common share:								
Basic	$ (0.12)	$ 0.28	$ (0.40)		$ 0.13	$ 0.44	$ (0.31)	
Diluted	$ (0.12)	$ 0.28	$ (0.40)		$ 0.13	$ 0.44	$ (0.31)	
Non-GAAP Metrics								
Total billings	$ 237,355	$ 231,069	$ 6,286	2.7%	$ 461,056	$ 442,429	$ 18,627	4.2%
EBITDA	$ 10,101	$ 22,963	$ (12,862)	-56.0%	$ 31,075	$ 37,465	$ (6,390)	-17.1%
EBITDA margin	*4.4%*	*9.6%*		*-520 bps*	*6.4%*	*8.4%*		*-200 bps*
Adjusted EBITDA	$ 13,477	$ 26,240	$ (12,763)	-48.6%	$ 40,850	$ 43,830	$ (2,980)	-6.8%
Adjusted EBITDA margin	*5.8%*	*11.0%*		*-520 bps*	*8.4%*	*9.8%*		*-140 bps*

(1) See pages 20 – 22 for reconciliations of Non-GAAP financial data

Key Balance Sheet and Cash Flow Data[1]

(unaudited)

($ in thousands)	June 30, 2018	December 31, 2017
Balance Sheet Data:		
Cash and cash equivalents	$ 113,995	$ 148,113
Restricted cash	$ 4,431	$ 3,849
Accounts receivable	$ 119,479	$ 121,576
Contract assets	$ 131,371	$ 105,619
Total debt-current and noncurrent, net	$ 129,860	$ 121,385
Net cash (debt)	$ (17,380)	$ 24,557

($ in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash Flow Data:				
Net cash provided by operating activities	$ 5,567	$ 15,932	$ 2,535	$ 25,870
Capital expenditures	$ 30,596	$ 9,805	$ 42,310	$ 26,727
Free cash flow	$ (25,029)	$ 6,127	$ (39,775)	$ (857)

(1) See page 21 for the reconciliations of net cash (debt) and free cash flow

Guidance for 2018

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Key Guidance Metrics

	2018 Guidance Updated	2018 Guidance Previous
Total Billings [1]	$1.0B – $1.05B	$1.0B – $1.05B
Net Sales	$1.0B – $1.05B	$1.0B – $1.05B
Adjusted EBITDA	$65M – $70M	$75M – $80M
Earnings per Share - FD	$0.10 – $0.14	$0.38 – $0.42
Sets	2,450 – 2,480	2,500 – 2,525
Average Selling Price per Blade	$125K – $130K	$125K – $130K
Non-Blade Billings	$80M – $85M	$75M – $80M
G&A Costs as a % of Billings (incl. SBC)	4% – 5%	4% – 5%
Estimated MW	6,800 – 6,900	6,950 – 7,100
Dedicated Lines - EOY	51 – 55	51 – 55
Share-Based Compensation	$9M – $10M	$10M – $11M
Depreciation & Amortization	$30M – $32M	$30M – $35M
Net Interest Expense	$14M – $14.5M	$11.5M – $12.5M
Capital Expenditures	$85M – $90M	$85M – $90M
Effective Tax Rate	47% – 49%	40% – 42%

Note: All reference to lines is to wind blade manufacturing lines

(1) We have not reconciled our total expected billings for 2018 to expected net sales under GAAP because we have not yet finalized calculations necessary to provide the reconciliation and as such the reconciliation is not possible without unreasonable efforts.

Sets and Startup & Transition Costs Guidance Metrics

	Q1A	Q2A	Q3F	Q4F	2018 Guidance Updated	2018 Guidance Previous
Lines Installed – end of period	38	40	40	43	43	47
Lines in Startup – during period	10	7	6	7	17	12
Lines in Transition – during period	4	7	5	7	17	14
Startup and Transition Costs	$14.7M	$17.3M	$20M – $21M	$14M – $15M	$66M – $68M	$58M – $61M
Sets	569	576	615 – 630	690 – 705	2,450 – 2,480	2,500 – 2,525

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) 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 cash (debt) as the total principal amount of debt outstanding less unrestricted cash and cash 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.

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Non-GAAP Reconciliations

(unaudited)

Net sales is reconciled to total billings as follows:

($ in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net sales	$ 230,610	$ 239,582	$ 484,591	$ 448,197
Change in contract assets	(1,356)	(6,460)	(25,752)	(3,722)
Foreign exchange impact	8,101	(2,053)	2,217	(2,046)
Total billings	$ 237,355	$ 231,069	$ 461,056	$ 442,429

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

($ in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income (loss)	$ (4,053)	$ 9,577	$ 4,595	$ 14,790
Adjustments:				
Depreciation and amortization	6,130	4,765	13,202	8,716
Interest expense (net of interest income)	2,672	2,924	5,969	5,931
Loss on extinguishment of debt	3,397	-	3,397	-
Income tax provision	1,955	5,697	3,912	8,028
EBITDA	10,101	22,963	31,075	37,465
Share-based compensation expense	2,611	2,044	4,999	3,751
Realized loss on foreign currency remeasurement	765	1,233	4,776	2,614
Adjusted EBITDA	$ 13,477	$ 26,240	$ 40,850	$ 43,830

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

Net cash (debt) is reconciled as follows:

($ in thousands)	June 30, 2018	December 31, 2017	June 30, 2017
Cash and cash equivalents	$ 113,995	$ 148,113	$ 130,834
Less total debt, net of debt issuance costs	(129,860)	(121,385)	(128,363)
Less debt issuance costs	(1,515)	(2,171)	(2,004)
Net cash (debt)	$ (17,380)	$ 24,557	$ 467

Free cash flow is reconciled as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2018	2017	2018	2017
Cash Flow Data:				
Net cash provided by operating activities	$ 5,567	$ 15,932	$ 2,535	$ 25,870
Capital expenditures	(30,596)	(9,805)	(42,310)	(26,727)
Free cash flow	$ (25,029)	$ 6,127	$ (39,775)	$ (857)

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

A reconciliation of the low end and high end of projected net income under ASC 606 to projected EBITDA and projected adjusted EBITDA is as follows:

	2018 Adjusted EBITDA Guidance Range [1]	
($ in thousands)	Low End	High End
Projected net income	$ 3,350	$ 4,910
Adjustments:		
Projected depreciation and amortization	30,000	32,000
Projected interest expense (net of interest income)	10,850	10,850
Projected loss on extinguishment of debt	3,400	3,400
Projected income tax provision	3,100	4,540
Projected EBITDA	50,700	55,700
Projected share-based compensation expense	9,500	9,500
Projected realized loss on foreign currency remeasurement	4,800	4,800
Projected Adjusted EBITDA	$ 65,000	$ 70,000

[1] All figures presented are projected estimates for the full year ending December 31, 2018.

Impact of ASC 606

Impact of ASC 606 on Q2 2017

	Three Months Ended June 30, 2017		
	As Reported	Adoption of Topic 606 (Unaudited)	As Adjusted
Net sales	$ 248,186	$ (8,604)	$ 239,582
Cost of sales	203,095	(3,978)	199,117
Startup and transition costs	10,540	—	10,540
Total cost of goods sold	213,635	(3,978)	209,657
Gross profit	34,551	(4,626)	29,925
General and administrative expenses	10,752	—	10,752
Income from operations	23,799	(4,626)	19,173
Other income (expense):			
Interest income	11	—	11
Interest expense	(2,935)	—	(2,935)
Realized loss on foreign currency remeasurement	(1,233)	—	(1,233)
Miscellaneous income	258	—	258
Total other expense	(3,899)	—	(3,899)
Income before income taxes	19,900	(4,626)	15,274
Income tax provision	(6,042)	345	(5,697)
Net income	$ 13,858	$ (4,281)	$ 9,577
Weighted-average common shares outstanding:			
Basic	33,737	33,737	33,737
Diluted	33,828	33,828	33,828
Net income per common share:			
Basic	$ 0.41	$ (0.13)	$ 0.28
Diluted	$ 0.41	$ (0.13)	$ 0.28

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