

TPI COMPOSITES, INC

FORM 8-K (Current report filing)

Filed 11/17/17 for the Period Ending 11/16/17

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

November 16, 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.

Item 7.01. REGULATION FD DISCLOSURE

On November 17, 2017, TPI Composites, Inc. (the Company) the Company will host an Investor Day at the Roosevelt Hotel of New York in New York City and will be discussing the Company's calendar year 2018 financial guidance and summary financial targets for calendar year 2019. A copy of the written materials that will be used at the Investor Day event, including the financial guidance and summary financial targets referenced above, is furnished herewith as Exhibit 99.1 to this current report on Form 8-K, and also is posted and available at the Company's website at www.tpicomposites.com under the tab "Investors." Interested investors and other parties may also listen to a simultaneous webcast of the event by logging onto the Investor Relations section of the Company's website at www.tpicomposites.com.

The Company reserves the right to discontinue the availability of any such materials at any time, and undertakes no duty to update any information or statements made in any such materials (or in any other materials made available on the Company's website) to reflect events or circumstances after the date of publication, except as required by law.

These written presentation materials and the accompanying oral presentations contain forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. All statements other than statements of historical facts contained in the presentation materials and accompanying oral presentations, 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 these presentation materials and accompanying oral presentations, include, but are not limited to, statements about:

- our financial guidance for calendar year 2018 and the summary financial targets for 2019;
- growth of the wind energy and our addressable market;
- the potential impact of General Electric's acquisition of LM Wind Power upon our business;
- 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;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- our ability to attract and retain customers for our products, and to optimize product pricing;
- competition from other wind blade and wind blade turbine manufacturers;
- the discovery of defects in our products;
- our ability to successfully expand in our existing markets and into new international markets;
- worldwide economic conditions and their impact on customer demand;
- our ability to effectively manage our growth strategy and future expenses;
- our ability to maintain, protect and enhance our intellectual property;
- 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;
- the attraction and retention of qualified employees and key personnel; and
- changes in domestic or international government or regulatory policy, including without limitation, changes in tax policy.

Any such presentation materials and the accompanying oral presentations may also contain statistical data, estimates and other information concerning the Company's industry that are based on independent industry publications, surveys and forecasts or other publicly available information, as well as information based on the Company's internal sources. The information contained in any materials or presentations from any third-party source may vary considerably from other information sources. This information involves a number of assumptions and limitations, and the Company has not independently verified the accuracy or completeness of the information.

The information in this Item 7.01 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 – Presentation dated November 17, 2017

SIGNATURES

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

November 16, 2017

TPI COMPOSITES, INC.

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



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Investor Day
November 17, 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) our financial guidance for calendar year 2018 and summary financial targets for 2019; (ii) growth of the wind energy market and our addressable market; (iii) the potential impact of GE's acquisition of LM Wind Power upon our business; (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) 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) competition from other wind blade and wind blade turbine manufacturers; (viii) the discovery of defects in our products; (ix) our ability to successfully expand in our existing markets and into new international markets; (x) worldwide economic conditions and their impact on customer demand; (xi) our ability to effectively manage our growth strategy and future expenses; (xii) our ability to maintain, protect and enhance our intellectual property; (xiii) 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; (xiv) the attraction and retention of qualified employees and key personnel; and (xv) changes in domestic or international government or regulatory policy, including without limitation, changes in tax policy.

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 and subsequent Quarterly Reports on Form 10-Q.

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, adjusted EBITDA 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 adjusted 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, depreciation and amortization and share-based compensation expense, plus or minus any gains or losses from foreign currency remeasurement. 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.



INTRODUCTION AND OPENING REMARKS

Steve Lockard – *President and CEO*

tpi COMPOSITES.

Introduction to TPI Composites

Business Overview

Only independent manufacturer of composite wind blades for the high-growth wind energy market with a global footprint

Provides wind blades to some of the industry's leading OEMs such as: Vestas, GE, Siemens/Gamesa, Nordex/Acciona and Senvion

Operates nine wind blade manufacturing plants and three tooling and R&D facilities across four countries:

- United States
- Mexico
- China
- Turkey

Applying advanced composites technology to production of clean transportation solutions, including electric buses

Long-term supply agreements with customers, providing contracted volumes that generate significant revenue visibility and drive capital efficiency

Founded in 1968 and headquartered in Scottsdale, Arizona

Approximately 8,000 employees globally

Strong Historical Financial Results



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

Only Independent Blade Manufacturer with a Global Footprint

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

Long-Term Supply Agreements Provide Significant Revenue Visibility

Compelling Return on Invested Capital

Seasoned Management Team with Significant Global Growth Experience



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

- Renewables and wind energy are mainstream, large, growing, competitive and desired by customers.
- Emerging markets around the world are growing faster than mature markets.
- Blades are being outsourced to access emerging growth markets, drive cost and efficiently utilize capital.
- Same competitive dynamics in place today that put us in business.

Only Independent Blade Manufacturer with a Global Footprint

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

Long-Term Supply Agreements Provide Significant Revenue Visibility

Compelling Return on Invested Capital

Seasoned Management Team with Significant Global Growth Experience



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

Only Independent Blade Manufacturer with a Global Footprint

- We've made good choices – customers, locations and markets.
- Our factories are low cost, world class hubs that serve large, diverse and growing addressable markets, reducing the effect of individual market fluctuations.

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

Long-Term Supply Agreements Provide Significant Revenue Visibility

Compelling Return on Invested Capital

Seasoned Management Team with Significant Global Growth Experience



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

Only Independent Blade Manufacturer with a Global Footprint

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

- TPI holds important IP that is difficult to replicate (materials, process, tooling, inspection and DFM)
- >300 engineers and growing, opening new Denmark office to attract even more talent
- 60-70 meter blades, larger than 787 wing span, with tolerances measured in millimeters

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

Long-Term Supply Agreements Provide Significant Revenue Visibility

Compelling Return on Invested Capital

Seasoned Management Team with Significant Global Growth Experience



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

Only Independent Blade Manufacturer with a Global Footprint

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

- Our business model helps TPI customers to gain market share in a cost effective and capital efficient manner by sharing the investment, spreading overhead, driving down material cost, improving productivity and sharing a large portion of that benefit with our customers.

Long-Term Supply Agreements Provide Significant Revenue Visibility

Compelling Return on Invested Capital

Seasoned Management Team with Significant Global Growth Experience



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

Only Independent Blade Manufacturer with a Global Footprint

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

Long-Term Supply Agreements Provide Significant Revenue Visibility

- Current agreements provide up to \$4.4B in visible revenue through 2023
- Volume based pricing and shared investment motivate both parties to keep plants full

Compelling Return on Invested Capital

Seasoned Management Team with Significant Global Growth Experience



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

Only Independent Blade Manufacturer with a Global Footprint

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

Long-Term Supply Agreements Provide Significant Revenue Visibility

Compelling Return on Invested Capital

- Shared capital investment results in a "capital-light" model for TPI and our customers
- New investments target an initial average five-year ROIC hurdle rate of 25%
- Consolidated ROIC continuing to trend up from ~18% in 2014 to an estimated 33% in 2017

Seasoned Management Team with Significant Global Growth Experience



Investment Thesis

Capitalizing on Wind Market Growth and Blade Outsourcing Trend

Only Independent Blade Manufacturer with a Global Footprint

Advanced Composite Technology and Production Expertise Provide Barrier to Entry

Collaborative Dedicated Supplier Model to Share Gain and Drive Down LCOE

Long-Term Supply Agreements Provide Significant Revenue Visibility

Compelling Return on Invested Capital

Seasoned Management Team with Significant Global Growth Experience

- TPI has become a destination for top talent. Pleased with the exceptional leaders and managers that have joined the TPI team
- You'll meet some of the senior executive team today



TPI Financial Targets

Revenue Growth 20%-25%
2016 A – 2019 E

Adj. EBITDA Margin 12+%

ROIC⁽¹⁾ 35+%

(1) ROIC target is based on an estimate of tax effected income from operations plus implied interest on operating leases divided by beginning of the period capital which includes total shareholders' equity plus cash and cash equivalents, total outstanding debt and the net present value of operating leases.

Key Messages

- Applying our advanced composites technology to major growth trends including the decarbonization of the electric sector and clean transportation systems
- BNEF estimates that \$10 trillion will be invested in new power generation capacity through 2040 and of this, 72% will be renewables and \$3.3 trillion will be wind
- BNEF estimates that by 2040 annual global EV sales will reach 65 million units
- MarketsandMarkets projects the aerospace composites market to grow from \$24.5 billion in 2016 to \$43 billion by 2022, or a CAGR of 9.85% between 2017 and 2022
- Wind industry and market dynamics are rationalizing. Large global players are competing
- TPI is a large global player with >10% global share, ~20% ex-China and ~40% ex-China outsourced and a strong global reach
- TPI has executed really well delivering revenue growth, market share growth, cost reduction, operational improvements and profit expansion
- After four years of 45% annual revenue growth, 2018 will be an investment year, positioning us for strong growth in 2019 and 2020
- Will continue to advance TPI technology, further expand global footprint, and drive world class cost to differentiate and win
- Will utilize deep partnership business model to provide capacity flexibility and share gain to help our customers increase market share while we maintain and grow our profit
- TPI strategy of strong and diversified growth will continue to build shareholder value

Today's Agenda – NOVEMBER 17, 2017

- 8:30–9:15 am **Opening Remarks:** *Steve Lockard*
Wind Market and Growth Plans: *Steve Lockard and Joe Kishkill*
- 9:15–9:40 am **Operational Excellence:** *Mark McFeely, TJ Castle*
- 9:40–9:50 am **Technology and Industrialization:** *Ramesh Gopalakrishnan*
- 9:50–10:00 am **Global Supply Chain:** *Jim Schimanski*
- 10:00–10:30 am **Q & A**
- 10:30–10:50 am **Coffee Break**
- 10:50–11:50 am **Financial Section:** *Bill Siwek*
- 11:50 am–12:00 pm **Closing Remarks:** *Steve Lockard*
- 12:00–1:00 pm **Lunch**

Key Biographies



Joe Kishkill
Chief Commercial Officer

- Joined TPI in August 2017
- Global energy executive
- 25 years in oil & gas, solar
- First Solar, Exterran, Enron
- BSEE Brown, MBA Harvard



Ramesh Gopalakrishnan
SVP Technology & Industrialization

- Joined TPI in September 2016
- Global wind blade composites engineering and manufacturing executive
- 20 years advanced composites
- Servion, Suzlon, Halliburton, GE
- BS Indian Institute Tech, MS and PhD SUNY



Mark McFeely
Chief Operating Officer

- Joined TPI in November 2015
- Global manufacturing operations executive
- 20 years in automotive and aerospace
- Remy, Danaher, Honeywell
- BA Colorado State, MBA Penn State



Jim Schimanski
VP Global Supply Chain

- Joined TPI in May 2016
- Global manufacturing supply chain executive
- 30 years in manufacturing
- GE, Alstom
- BS Business Management, Russell Sage College



TJ Castle
SVP North America and Global Operational Excellence

- Joined TPI in November 2015
- Global manufacturing operations executive
- 21 years in aerospace
- Honeywell, GE
- BS Aeronautics St Louis



Bill Siwek
Chief Financial Officer

- Joined TPI in September 2013
- International financial, operations and real estate executive
- 33 years in accounting, finance, IT, operations
- T.W. Lewis, Lyle Andersen, Arthur Anderson
- BS Accounting and Economics, Univ. of Redlands

A dark blue-tinted photograph of a wind farm. Several wind turbines are visible, receding into the distance across a field. The sky is a deep, uniform blue.

WIND MARKET AND GROWTH STRATEGY

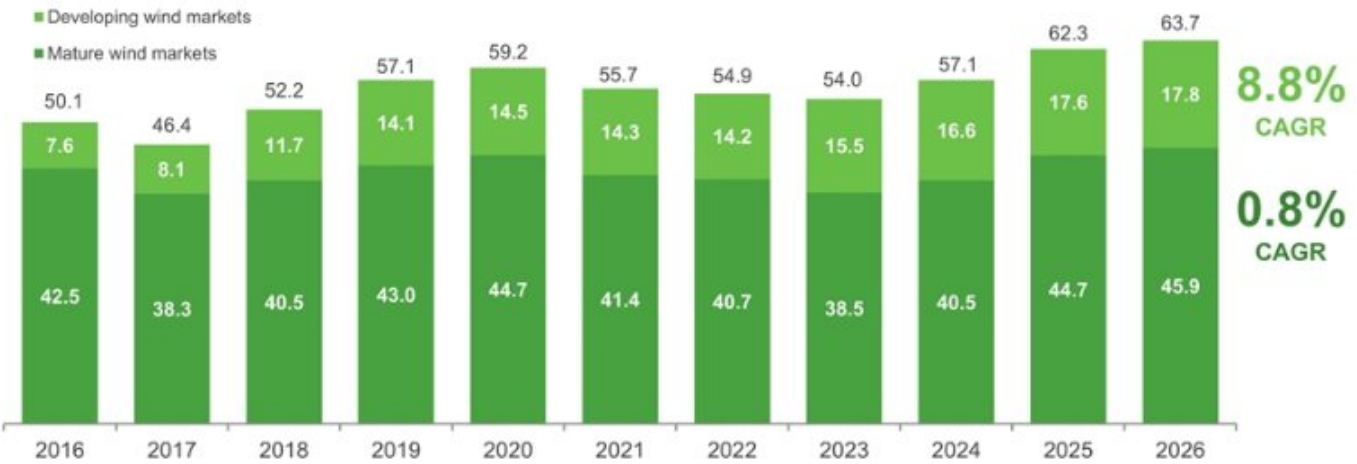
Steve Lockard – *President and CEO*

Joe Kishkill – *Chief Commercial Officer*

tpi COMPOSITES.

Onshore Global Market Growth

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



Developing Markets Share

15.2%	17.5%	22.4%	24.7%	24.5%	25.6%	25.9%	28.6%	29.1%	28.3%	27.9%
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Mature Markets Share

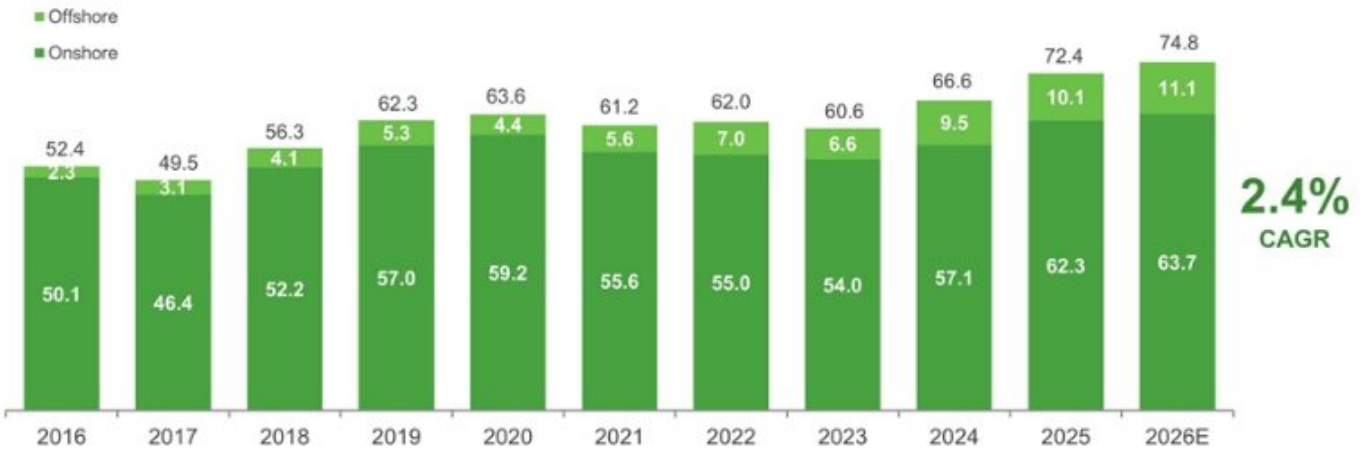
84.8%	82.5%	77.6%	75.3%	75.5%	74.1%	74.1%	71.4%	70.9%	71.1%	72.1%
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Annual installed wind capacity growth is propelled by an uptick in developing wind markets, including Turkey and Mexico where TPI Composites is well positioned to succeed.

Source: MAKE Q2 2017 Global Wind Power Market Outlook Update
 Note: Developing wind markets defined as fewer than 6 GW of 2016 installed capacity

Total Onshore and Offshore Global Market Growth

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



Offshore Wind Market Share

4.4%	6.2%	7.3%	8.5%	6.9%	9.2%	11.3%	10.9%	14.2%	13.9%	14.9%
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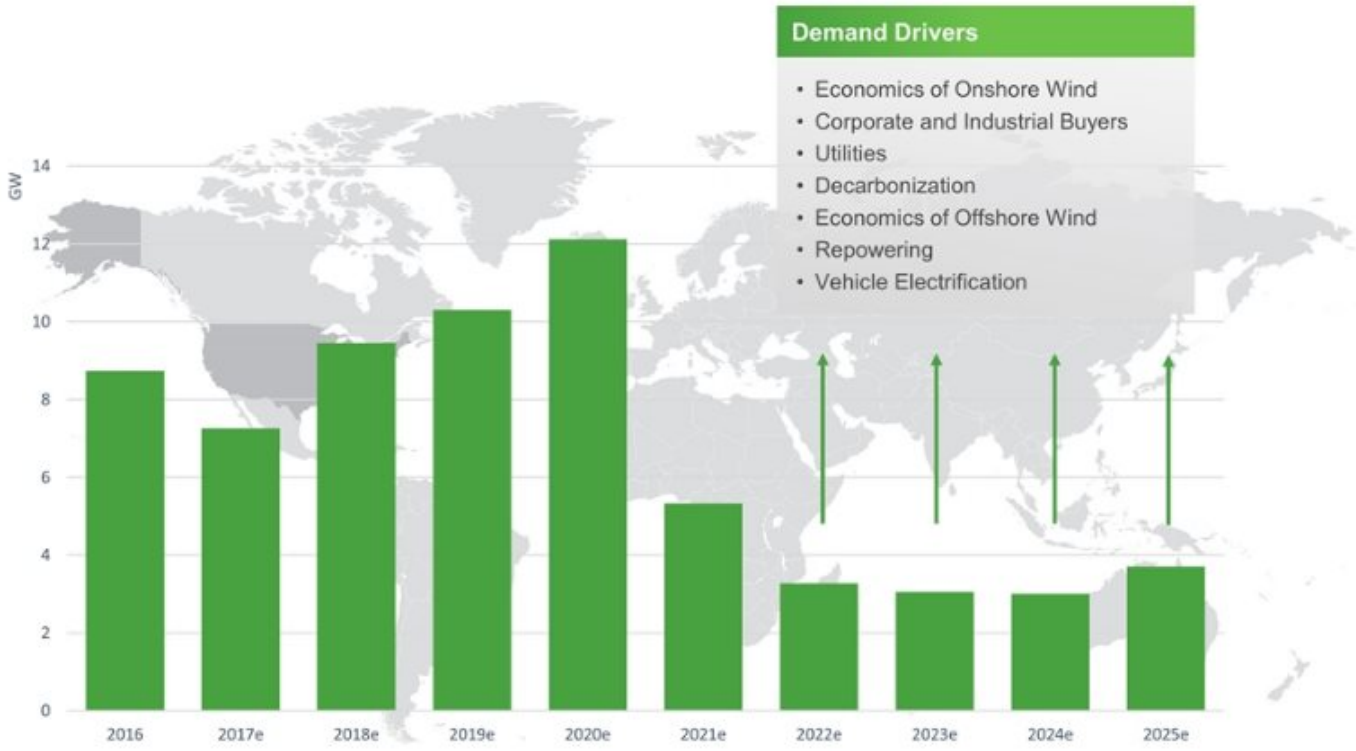
Onshore Wind Market Share

95.6%	93.8%	92.7%	91.5%	93.1%	90.8%	88.7%	89.1%	85.8%	86.1%	85.1%
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Offshore is starting from a smaller base but is growing at a faster pace and offers a growth opportunity for TPI

Source: MAKE Q2 2017 Global Wind Power Market Outlook Update

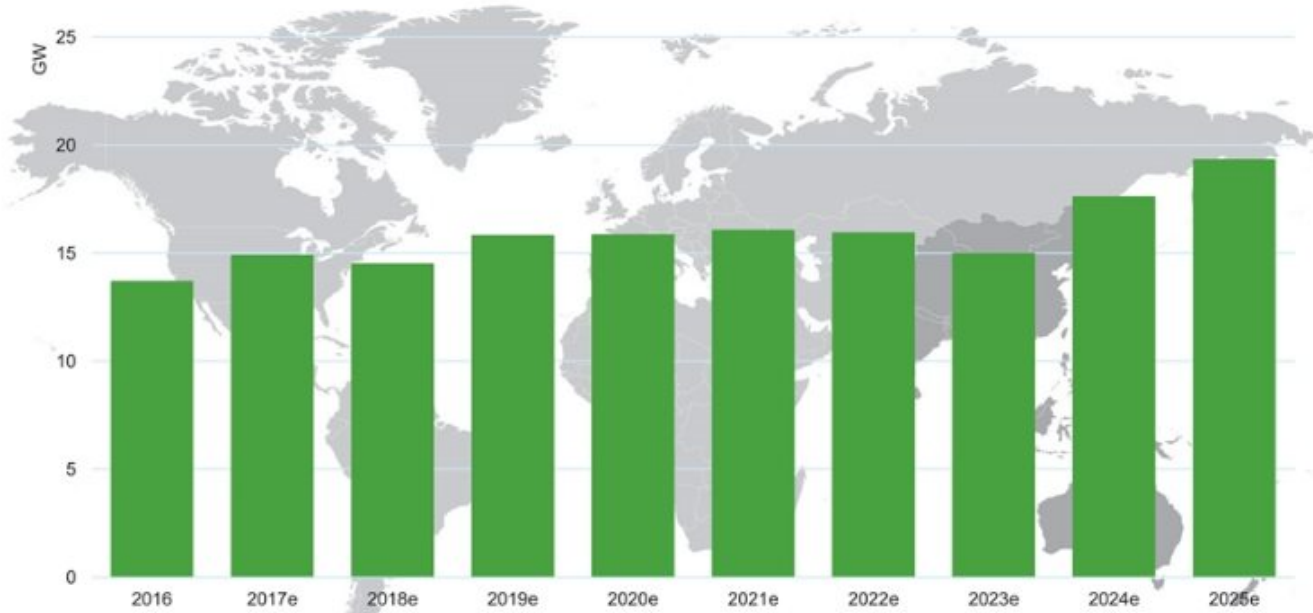
U.S. FORECAST 2016 – 2025



Source: Average of MAKE Q2 2017 Global Wind Power Market Outlook Update and BNEF New Energy Outlook 2017

EMEA FORECAST

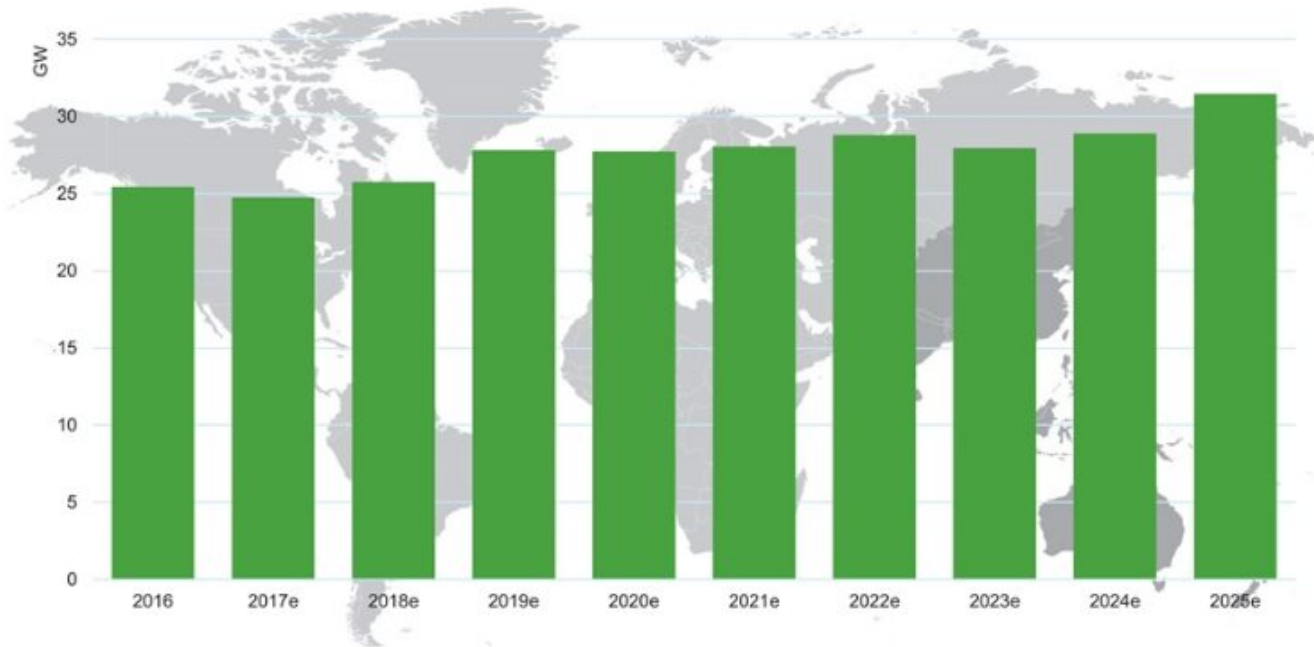
2016 – 2025



Source: MAKE Consulting & Bloomberg New Energy Finance

APAC FORECAST

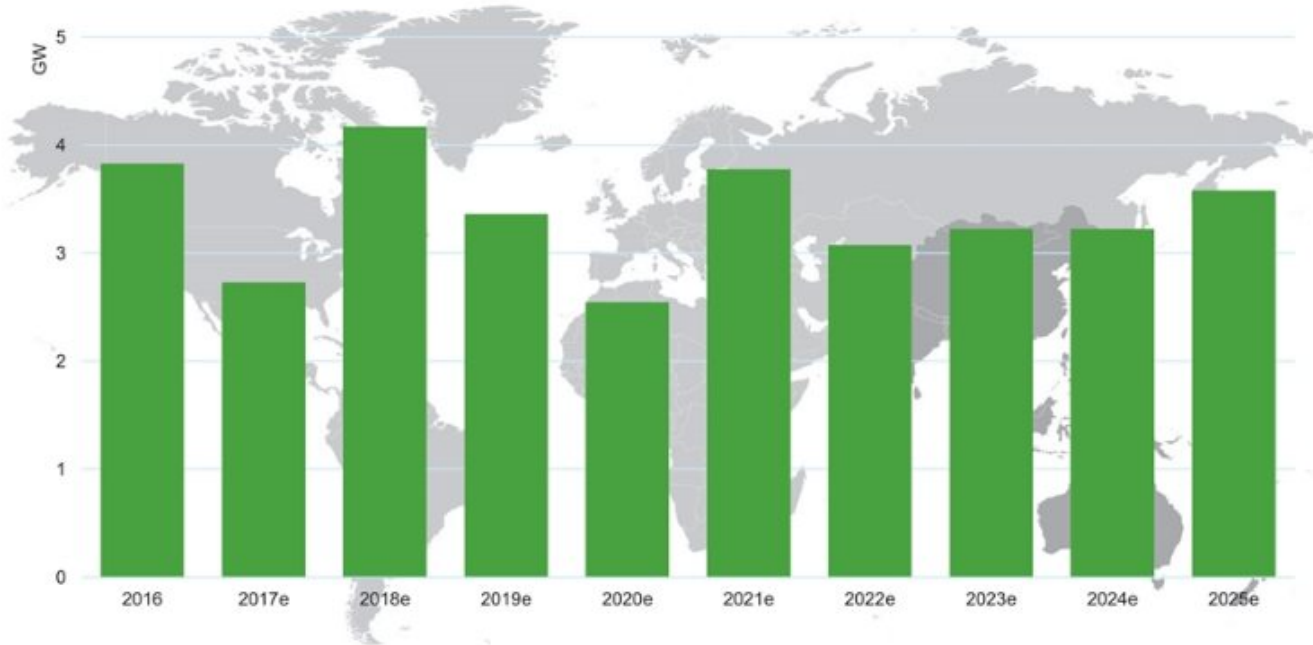
2016 – 2025



Source: MAKE Consulting & Bloomberg New Energy Finance

LATAM FORECAST

2016 – 2025

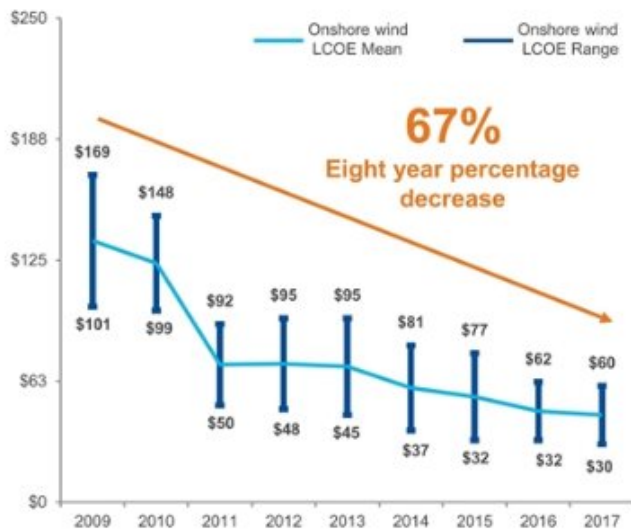


Source: MAKE Consulting & Bloomberg New Energy Finance

Declining LCOE

Allows Wind Energy to be More Competitive with Conventional Power Generation

Global Onshore Wind LCOE Over Time⁽¹⁾
— (\$/MWh)



- The cost of onshore wind has declined by over 67% in the last eight years, with costs expected to continue to fall due to progress made in reducing the costs of wind turbines, improving capacity factors and lower operating and maintenance costs over the next decade
- Wind blades represent the second largest component of the total cost of wind turbines. The advancement of wind blade technology, including increased blade length / rotor diameter, has increased energy capture and played a fundamental role in reducing LCOE for onshore wind

Global LCOE for onshore wind generation has become increasingly competitive and is now on par with new combined cycle gas turbines with an additional 50% decline expected by 2030⁽²⁾

Source: Lazard Levelized Cost of Energy Analysis (version 11.0).
 1. Costs are on an unsubsidized basis. Ranges reflect differences in resources, geography, fuel costs and cost of capital, among other factors.
 2. U.S. Department of Energy National Renewable Energy Laboratory (NREL)

Demand Drivers

Drivers	U.S.	Global
Economics of Onshore Wind		
Corporate and Industrial Buyers		
Utilities		
Decarbonization		
Repowering		
Economics of Offshore Wind		
Vehicle Electrification		
Penetration in Large Markets		
Emerging Markets		
Availability and Stability of Electricity in Developing Countries		

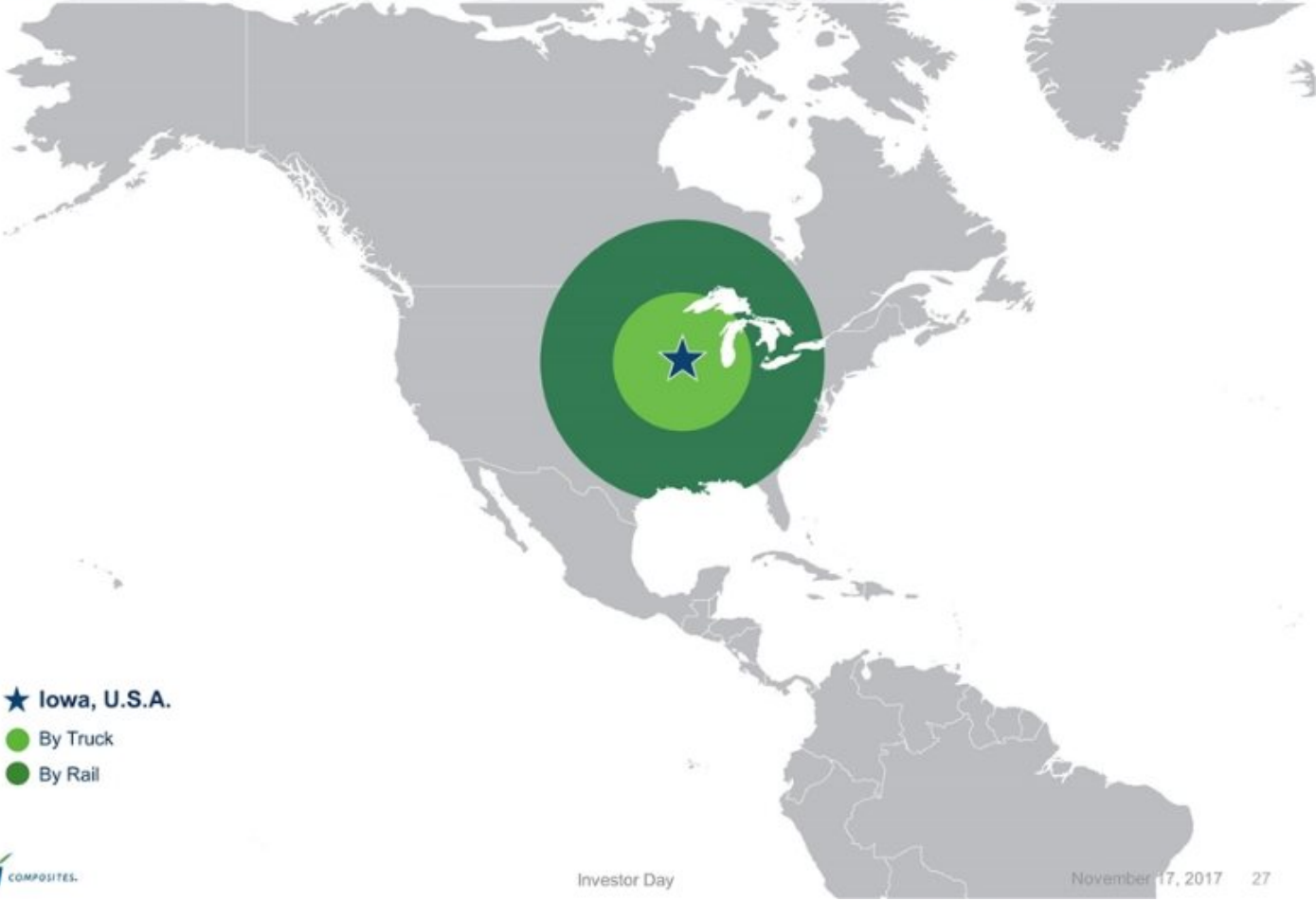


GLOBAL REACH
Cost Effective and Flexible

tpi COMPOSITES.

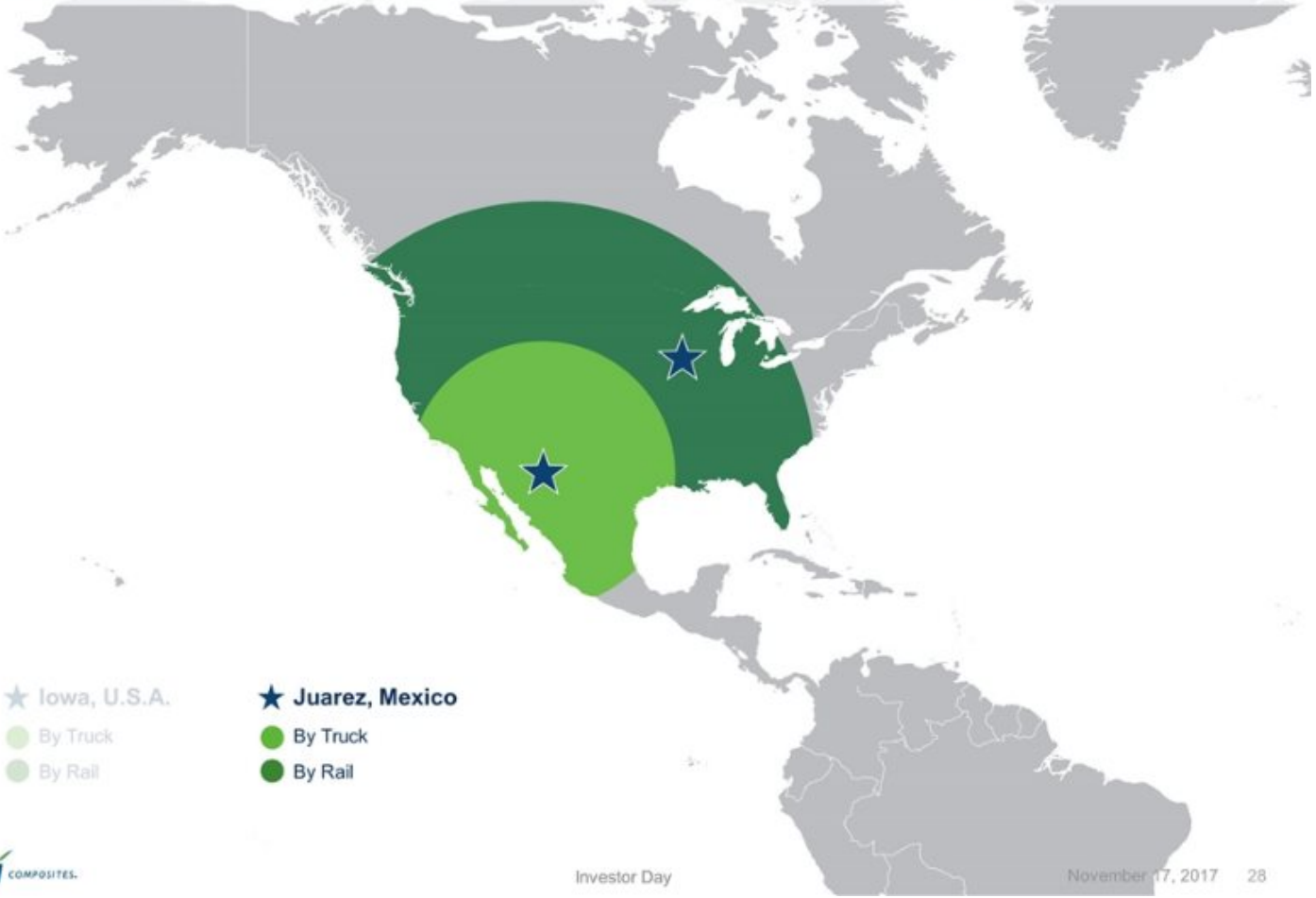
Global Footprint

STRATEGICALLY OPTIMIZED FOR REGIONAL INDUSTRY DEMAND



Global Footprint

STRATEGICALLY OPTIMIZED FOR REGIONAL INDUSTRY DEMAND



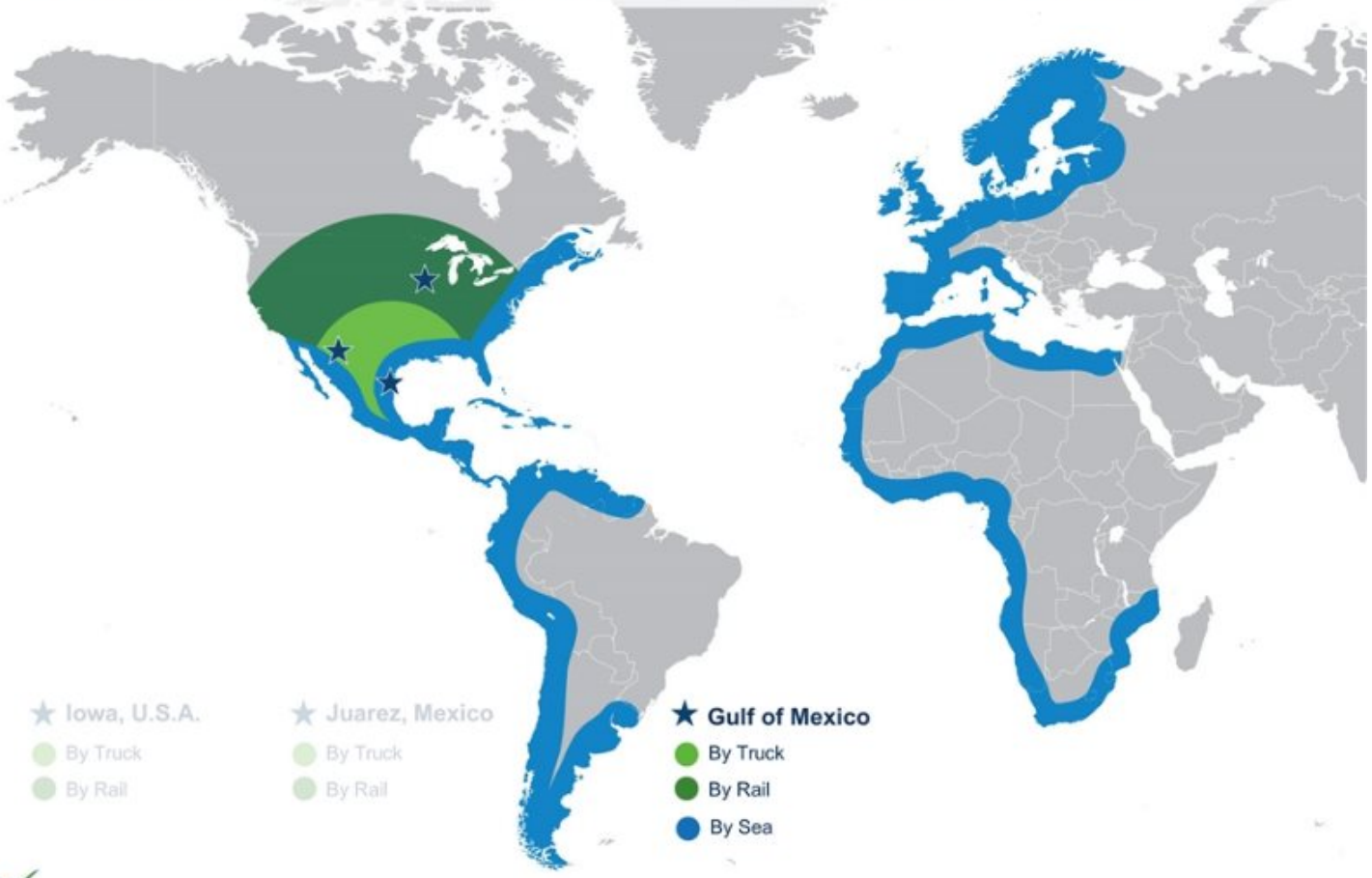
Global Footprint

STRATEGICALLY OPTIMIZED FOR REGIONAL INDUSTRY DEMAND



Global Footprint

STRATEGICALLY OPTIMIZED FOR REGIONAL INDUSTRY DEMAND



★ Iowa, U.S.A.
● By Truck
● By Rail

★ Juarez, Mexico
● By Truck
● By Rail

★ Gulf of Mexico
● By Truck
● By Rail
● By Sea

Global Footprint

STRATEGICALLY OPTIMIZED FOR REGIONAL INDUSTRY DEMAND



- ★ Turkey
- By Truck
- By Sea

Global Footprint

STRATEGICALLY OPTIMIZED FOR REGIONAL INDUSTRY DEMAND



- ★ Turkey
- ★ China
- By Truck
- By Truck
- By Sea
- By Sea

Strong Customer Base of Industry Leaders

Key Customers with Significant Market Share

Global Onshore Wind

Rank	OEM	2014–2016 Share ⁽¹⁾
1	Vestas	13%
2	Siemens/Gamesa ⁽²⁾	12%
3	GE Wind	12%
4	Goldwind	11%
5	Enercon	6%
6	Nordex Group	5%
7	United Power	5%
8	Mingyang	4%
9	Envision	4%
10	Senvion	3%
TPI Customer Market Share		~45%

Global Onshore Wind exc. China

Rank	OEM	2014–2016 Share ⁽¹⁾
1	Vestas	20%
2	GE Wind	18%
3	Siemens/Gamesa ⁽²⁾	18%
4	Enercon	10%
5	Nordex Group	7%
6	Senvion	5%
7	Suzlon	3%
8	Goldwind	1%
9	DEC	<1%
10	Mitsubishi	<1%
TPI Customer Market Share		~68%

● = TPI Customer ● = Chinese Players

Current Customer Mix – 41 Dedicated Lines ⁽³⁾



TPI's customers account for **99.8%** of the U.S. onshore wind market and **45%** of the global onshore market

Source: MAKE

- Figures are rounded to nearest whole percent
- Figures for Siemens/Gamesa are pro forma for the April 2017 merger of Gamesa Corporación Tecnológica and Siemens Wind Power
- Estimated as of December 31, 2017

Prioritized Pipeline

Annual Revenue Potential – Wind Only > \$1.7 Billion



Prioritized Pipeline

Prioritized Pipeline represents those opportunities we have prioritized to close in the next twenty-four months

Size of Total Addressable Market

OEM(s) Share

Long-term Revenue Potential

Prioritized Pipeline – 22 lines

- 60-70m+ blades, >\$35M/yr/line
- New and Existing Customers
- New and Existing Geographies
- Onshore and Offshore

(1) Annual revenue potential based on 2018 wind blade revenue guidance
 (2) Annual revenue potential based on \$35 million per line per year and that all lines are in full production

Diversification Strategy

CLEAN TRANSPORTATION – In EVs, lighter weight equates to longer range or fewer batteries which drives cost

Multiple development programs in:

- Passenger automotive
- EVs
- Commercial vehicles



Growing with Proterra



Diversification Strategy



Proterra's Mission

Advancing electric vehicle technology to deliver the world's best-performing transit vehicles



- Founded in 2004
- Offices and manufacturing in CA and SC
- 300+ employees, strong executive management team
- Backed by industry-leading VC and corporate investors
- >42 customers; >400 vehicles sold
- >117 vehicles delivered; >4,000,000 service miles
- >13,700,000 pounds of CO₂ emissions avoided
- Demonstrated >1,100 miles on single charge

Source: Proterra Inc.



Strong Executive Team

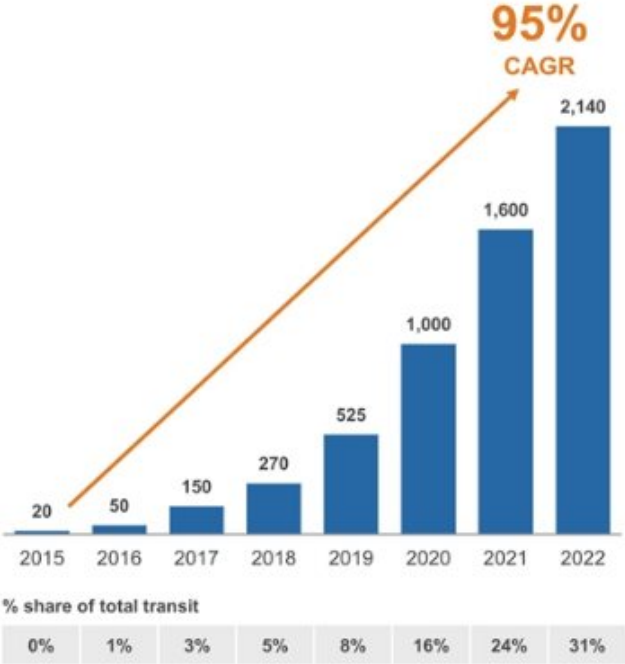


Solid Financial Backing



Large Market Opportunity

North American Electric Bus Market (Units)



- Addresses **large opportunity** given **mission-critical nature of transit**
- Cusp of **wide-spread adoption**
- Technology **applicable everywhere**
- **Compelling** growth potential

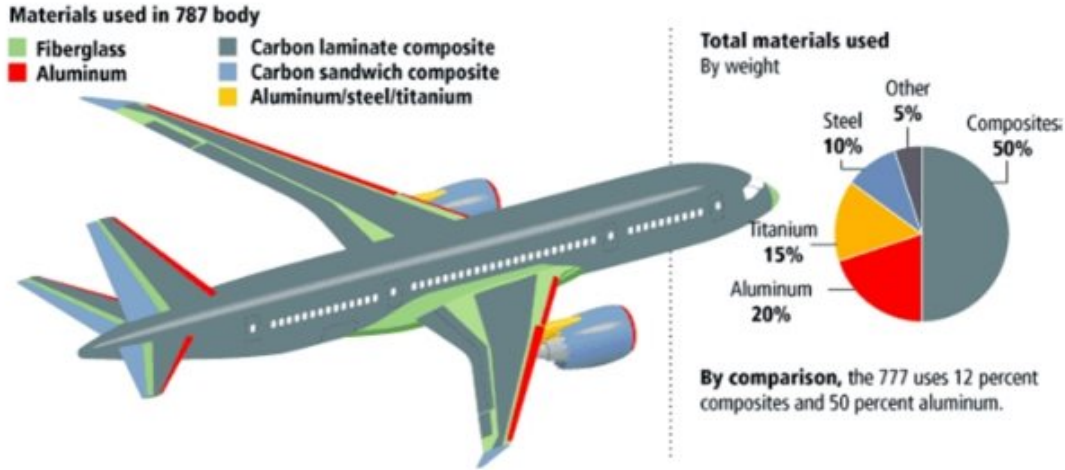
Source: Frost & Sullivan, HD Transit Bus Market – Global Analysis, March 2016

Diversification Strategy

AEROSPACE

\$24.5B per year composites market growing to \$43.0B by 2022 – CAGR of 9.85%⁽¹⁾

- Replacing aluminum and other more expensive composites (e.g., carbon) with TPI's solutions



⁽¹⁾ MarketsandMarkets – November 2017.

The background of the slide is a dark blue photograph of a wind farm at dusk or dawn. Two large wind turbines are prominent in the foreground, with several smaller ones visible in the distance. The sky is a gradient of dark blue and purple.

OPERATIONS OVERVIEW

Mark McFeely – COO

tpi COMPOSITES.

Relentless Pursuit of Operational Excellence

Core Drivers OF OPERATIONAL EXCELLENCE



SAFETY



QUALITY



DELIVERY



COST

Consistent Focus ON RESULTS

- Repeatable Results from TPI Integrated Production System (TIPS)
- Focus on Advanced Technology to stay ahead
- Best in Class Supply Chain

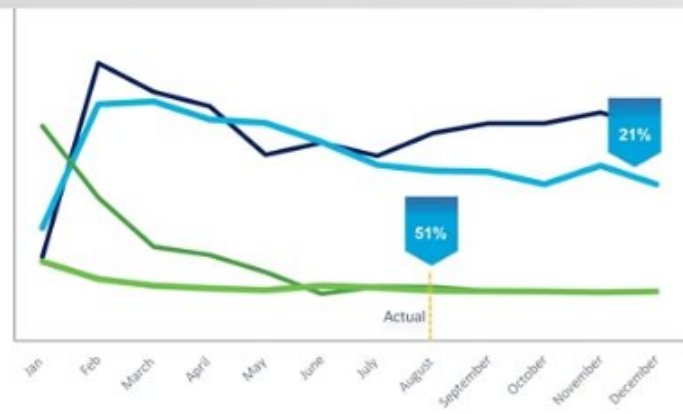
Global Safety Performance



Recordable Incident Rate

Continue to Drive Safety First Culture

- 100% of accidents are preventable
- Drive to eliminate root causes of accidents
- Employee engagement driving behaviors
- RIR down 60% over the last two years



Lost Time Incident Rate

Delivering Results

- LTIR down 60% over the last two years
- Improvement Ideas up 300%

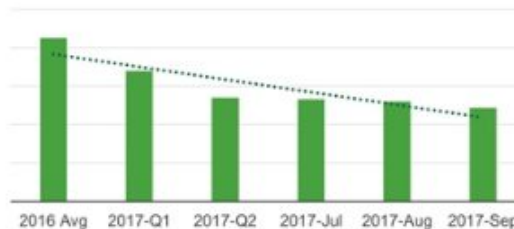
Global Quality Performance

Globally Standardized Systems and Processes Globally

- ISO 9001 Quality Management System implemented at all locations
- Integrated Management System (Quality, Safety, Environmental) by end of 2018 at all sites
- Global Supply Chain Transformation (Oracle) and PLM software platform implemented at all sites

Data Driven Performance Improvement

- > 40% reduction in rework hrs. YTD globally
- All sites showing significant improvement on rework hour/blade reduction
- Driving Results with proven tools:
 - Top 10 Defect Pareto
 - Six Sigma, DFMEA.



Collaborative Approach with Customers

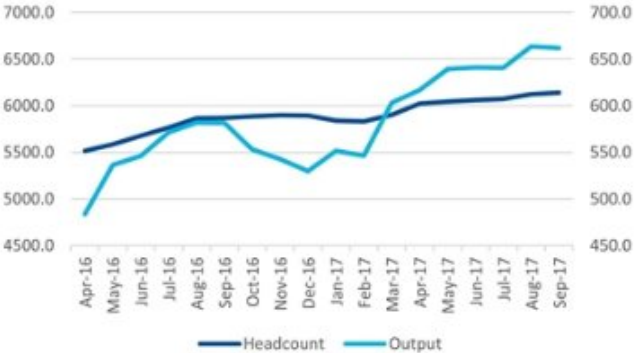
- Executed two new programs in 2017 with two top customers where proactive design analysis, and manufacturing process documentation were built collaboratively
- Collaboration is critical to prevention of design related quality/field issues as well as to reduce build cycle time, e.g. on one blade model cycle time (CT) was reduced from 42 hours to 30 hours just based on collaborate design initiatives

Global Delivery Performance

Output vs. Cycle Time



Headcount vs. Output



Continuous Focus on Cycle Time

- Productivity improvement
- Additional throughput from existing CapEx

Lean is Driving Improvements

- Lean tools enable controlled and repeatable results
- Drive improvements in start-up and transition execution

Driving Repeatable Results

Lean Culture

Drive Process
Establishment expectation of continuous improvement

- Lean organization mindsets and behaviors

Lean Management System

Management processes to sustain & continuously improve the operating system processes



- Balanced scorecard
- Daily accountability process
- Daily meeting structure
- Leader standard work
- Lean audits
- Tollgate reviews
- Visual displays

Lean Operating System



- Tools
- Instructions,
- Behaviors

A dark blue background featuring a silhouette of a wind farm in a field. The wind turbines are arranged in a line, receding into the distance. The overall tone is professional and modern.

TPI INTEGRATED PRODUCTION SYSTEM

TJ Castle – *SVP North America and Global Operational Excellence*

tpi COMPOSITES.

TIPS – TPI Integrated Production System

TPI Integrated Production System

To facilitate synergy in the TPI organization that produces highly functioning processes, people and business through a lean culture.

Process Improvement

Tools to reduce defects, cycle and lead time

- 5S
- RCCA
- CI Cards
- Visual Management
- Layered Audit
- Gemba walks

Materials Management

Exact, requirement-oriented material provision (volume, time, location, quality)

- Pull system/ KANBAN
- Inventory management
- Supplier management and development
- Material presentation

Process Reliability & Duration

Possibility of process interruption in case of problems

- Total Preventive Maintenance (TPM)
- TQC (including firewall)
- Set up reduction

Operational Efficiency

Tools to identify and eliminate systemic issues

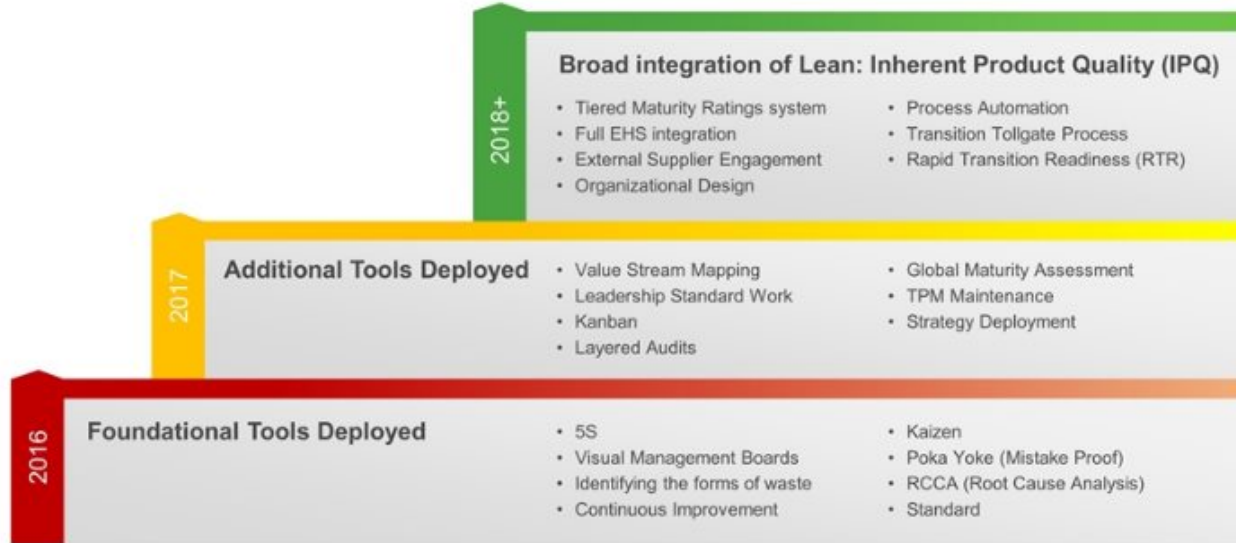
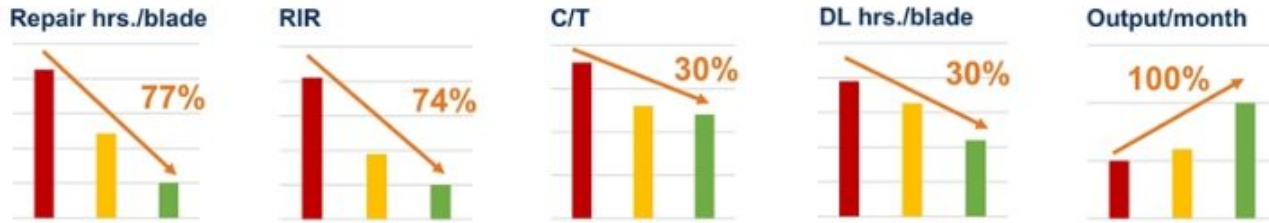
- Kaizen
- Value Stream Mapping
- Waste elimination
- Daily production boards
- Poka Yoke (Mistake Proof)
- Standard Work

Culture of Continuous Improvement

Safety, Quality, Delivery and Cost

TIPS Journey – DRIVING RESULTS

A journey in lean manufacturing, driving results in Safety, Quality, Delivery and Cost





TECHNOLOGY AND INDUSTRIALIZATION

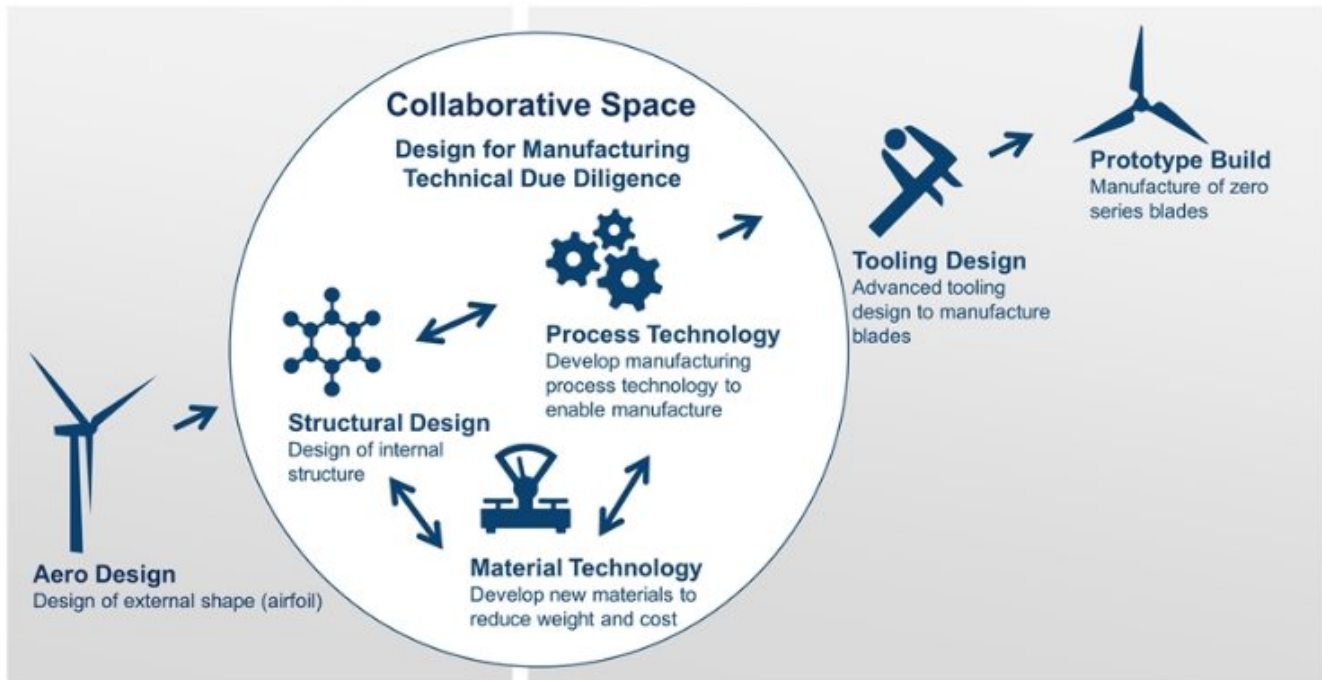
Ramesh Gopalakrishnan– *SVP Technology & Industrialization*

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Advanced Technology

Customer Technology

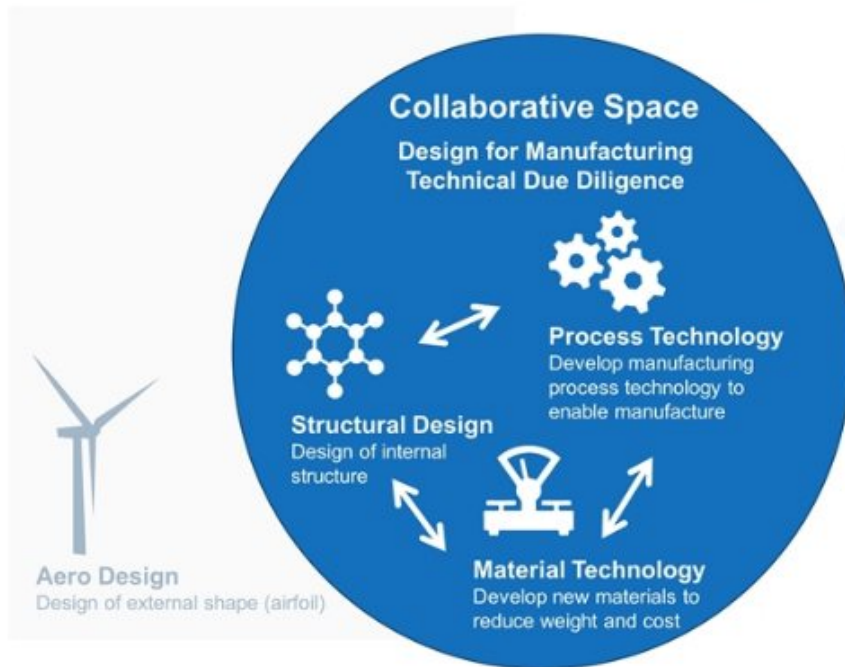
TPI Technology



Advanced Technology

Customer Technology

TPI Technology



Enhanced TPI Customer Collaboration

- **Technology Partnership** built on long-term relationships and mutual dependency
- **'True' Partnerships with customers** in their New Product Development process
- **Move upstream** - Collaborative due diligence on Design for Manufacturing and Risk Mitigation
- **Customer Intimacy** - Joint prototyping of blades with customers in customer facilities

Expanding Technology Development Footprint



Rhode Island, US

- Deep historical partnerships with U.S. Gov't agencies to advance composite manufacturing technologies
- Pilot projects to demonstrate new technologies like thermoplastics

Kolding, Denmark

- Establishing Advanced Technology Center to enhance capabilities to serve European customer base
- Expand technical resource base to enable growth

Izmir, Turkey

- Established AR-GE program to leverage Turkish Gov't R&D Funding
- R&D programs in tooling and process engineering

Taicang, China

- Accredited materials lab
- Significant process and tooling development
- Tooling transition process expertise

Applied Development at all Manufacturing Sites
Over 300 engineers globally. TPI is a destination for top talent.

Industrialization

Objective: Create replicable and scalable processes to launch new sites, new blades and transition technology

Approach

- Standard Stage Gate Model
- Clearly defined metrics and deliverables
- Consistent processes based on lessons learned
- Core team with functional expertise

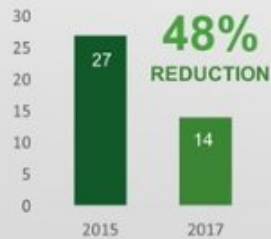
Benefits

- Consistency, repeatability and scalability
- Speed – time to market
- Flexibility in dynamic environment
- Reduction in start-up and transition costs

Results IN DAYS

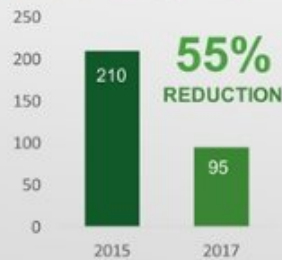
Flexibility

Tooling Transition / Existing Facility



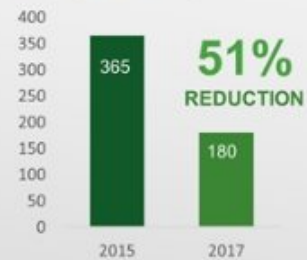
Speed

Ramp up / Existing Facility



Speed

Ramp up / New Facility



The background of the slide is a dark blue photograph of a wind farm at dusk or dawn. Several wind turbines are visible, with the largest one on the left and another prominent one in the center. The sky is a gradient of dark blue and purple, and the ground is silhouetted against the horizon.

GLOBAL SUPPLY CHAIN

Jim Schimanski – *VP Global Supply Chain*

tpi COMPOSITES.

Global Supply Chain Update Performance

Key Global Commodity Market Trends

Commodity	Market Trend	TPI Pricing
Glass	↔	↓
Resin	↑	↓
Adhesive	↑	↓
Core	↔	↓
Hardware	↔	↓
Consumables	↔	↓
Coating	↑	↓

Overall Success Factors

Applying TPI growth and scale

Continued success with dual sourcing

Preferred customer to our suppliers:

- TPI global presence and footprint
- Serve multiple customers under one roof
- TPI support of material qualifications at multiple OEMs
- Safety of TPI business model
- Breadth of customers and regions

Collaboration with TPI in other industries

N.A. Resin Pricing

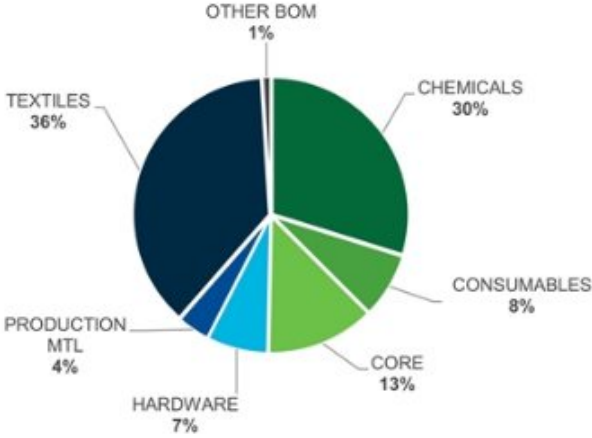


N.A. Fiberglass Pricing

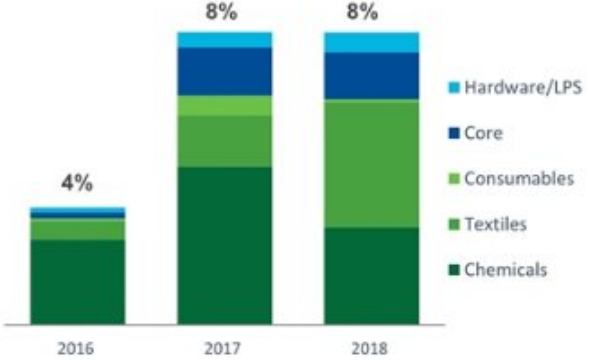


Spend and Savings

Spend by Category



RFP Year-over-Year Supplier Savings (%)



- Team organized to focus on largest category spend
- Textile percentages vary based with carbon content
- Continued strong annual savings delivered

Global Supply Key Initiatives

Inventory — Days on Hand



Inventory Management

- VMI and consignment programs
- Consolidated global buy to leverage best costs
- Global processes and controls to drive compliance and minimize production risk
- Focus on quality, corrective action and recovery

Cash Conversion Cycle — Days



Cash Management

- Extending payment terms
- VMI, inventory management terms
- Partner with Finance and Operations to drive down working capital requirements



Q&A

tpi COMPOSITES.

A dark blue background featuring silhouettes of wind turbines in a field at dusk. The sky is a gradient of dark blue and purple, with a few small clouds. The turbines are arranged in a line, with the largest one on the left and smaller ones receding into the distance.

COFFEE BREAK

tpi COMPOSITES.

Today's Agenda – NOVEMBER 17, 2017

- 8:30–9:15 am **Opening Remarks:** *Steve Lockard*
Wind Market and Growth Plans: *Steve Lockard and Joe Kishkill*
- 9:15–9:40 am **Operational Excellence:** *Mark McFeely, TJ Castle*
- 9:40–9:50 am **Technology and Industrialization:** *Ramesh Gopalakrishnan*
- 9:50–10:00 am **Global Supply Chain:** *Jim Schimanski*
- 10:00–10:30 am **Q & A**
- 10:30–10:50 am **Coffee Break**
- 10:50–11:50 am **Financial Section:** *Bill Siwek*
- 11:50 am–12:00 pm **Closing Remarks:** *Steve Lockard*
- 12:00–1:00 pm **Lunch**

A dark blue background image featuring a row of wind turbines in a field. The turbines are silhouetted against a lighter blue sky. The field in the foreground is dark and appears to be a plowed field with furrows.

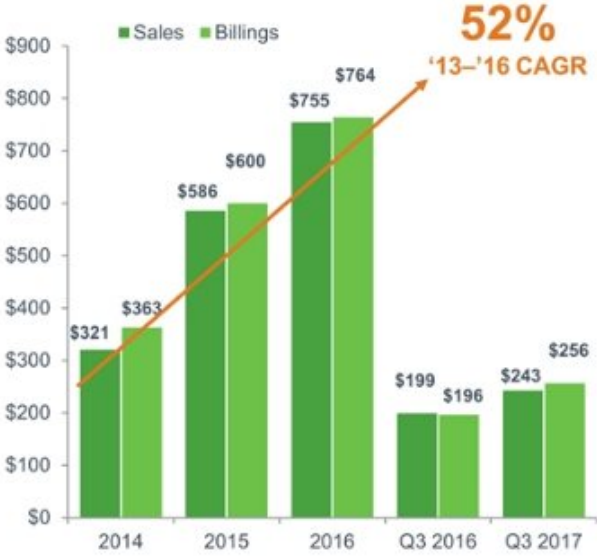
FINANCIALS

Bill Siwek – *Chief Financial Officer*

tpi COMPOSITES.

Financial Results

GAAP Net Sales and Total Billings (\$ in millions) ⁽¹⁾ ⁽²⁾



Adjusted EBITDA (\$ in millions) ⁽²⁾



1. Total billings refers to 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
 2. See appendix for reconciliations of non-GAAP financial data

Q3 2017 Highlights

Q3 2017 Highlights and Recent Company News

Operating results and year-over-year increases compared to the third quarter 2016

- Net sales were up 22.3% to \$243.4 million for the quarter
- Total billings were up 30.8% to \$256.4 million for the quarter
- Net income for the quarter increased to \$20.4 million versus \$2.8 million in Q3 2016
- Adjusted EBITDA for the quarter increased by 53.4% to \$30.1 million
- Adjusted EBITDA margin for the quarter was up 250 bps to 12.4%

Signed a multiyear supply agreement with a Senvion for two manufacturing lines in Taicang Port, China

Signed a five-year supply agreement with Proterra to become the supplier of composite bus bodies for their Catalyst® zero-emission electric transit buses

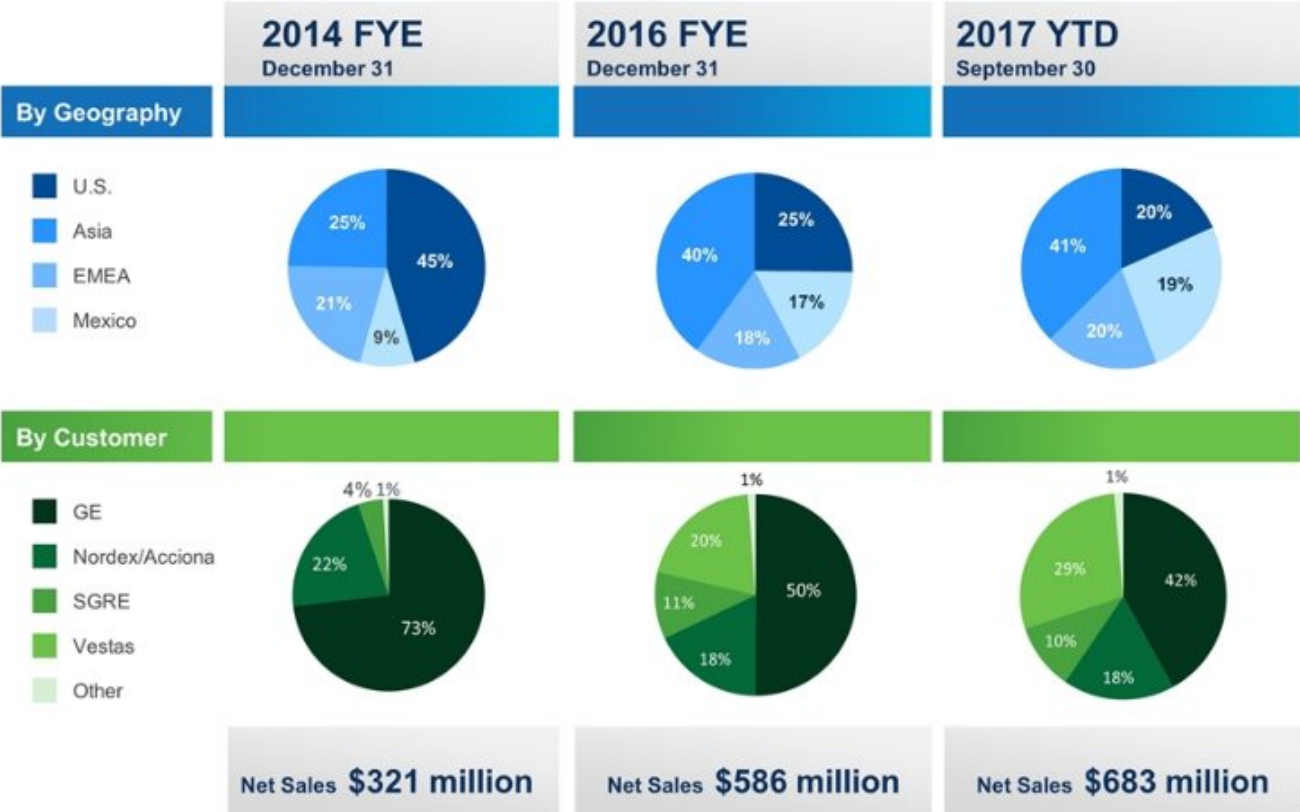
Hired Joe Kerkhove as Senior Vice President, Strategic Markets to lead business development initiatives to expand the application of TPI's advanced composite technologies to adjacent strategic markets such as aerospace and transportation

GAAP Net Sales (\$ in millions)



Diversified Growth

BY GEOGRAPHY AND CUSTOMER



Annual Revenue Potential FROM DEDICATED LINES AND PRIORITIZED PIPELINE

- Average annual revenue/line on new deals increasing from \$20 - \$25 million to \$35+ million – driven by higher ASP and higher output/line.
- As we transition existing lines, revenue/line will also increase due to higher ASP and output/line – growth from existing lines.
- A fewer number of lines today and in the future will provide the same or more revenue potential and the same or more MW as a larger number of lines in the past

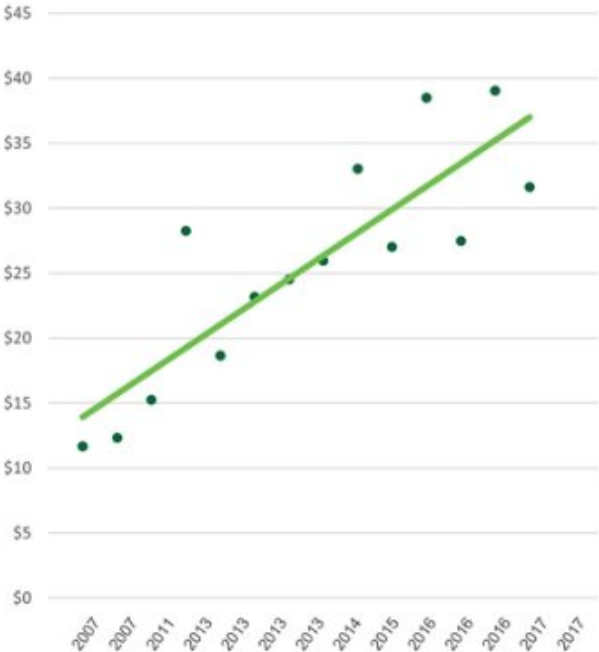
Annual Revenue Potential – Wind Only > \$1.7 Billion



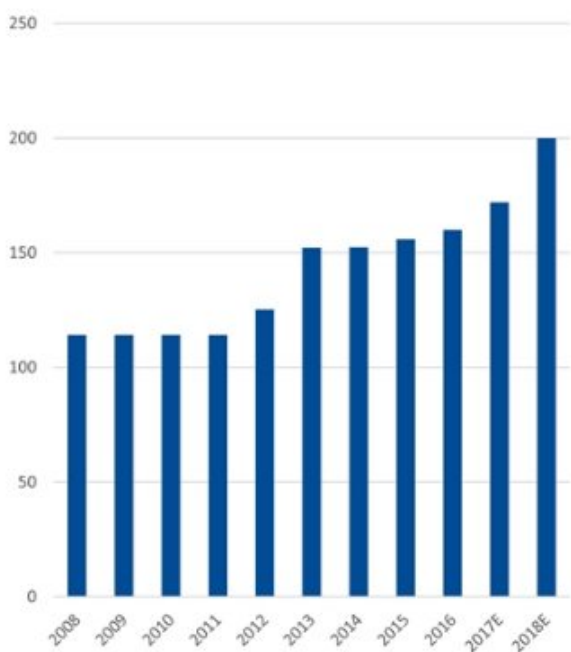
(1) Annual revenue potential based on 2018 wind blade revenue guidance
 (2) Annual revenue potential based on \$35 million per line per year and that all lines are in full production

Historical Trend of Annual Revenue/Line and MW/Line

Annual Revenue / Line Trend



Annual MW / Line Trend



- Revenue/line/year has steadily increased over time due to longer blades and more advanced materials
- As blades have increased in length, MW per set and therefore per line per year have increased as well

A dark blue-tinted photograph of a wind farm. In the foreground, there is a field of tall grasses or reeds. Several wind turbines are visible, with the largest one in the center-left and others receding into the distance. The sky is a clear, deep blue.

GUIDANCE FOR 2018 AND TARGETS FOR 2019

tpi COMPOSITES.

Key Drivers for 2018 and 2019 Performance

- Projected billings growth and positive quarterly EBITDA
- Cash flow from operations will continue to largely fund our growth
- Significant investment in 2018 will drive value creation and growth in 2019 and beyond
- Operational improvements will continue to drive profitability – Lean mindset globally
- Continued conversion of pipeline opportunities
- Improved speed and efficiency of startups and transitions
- Significant number of transitions and startups in 2018 (~14 transitions and ~12 startups) - short-term impact that drives long-term growth – longer blades equate to higher ASP and operational improvements drive throughput so revenue per line per year increases significantly
- Additional potential from diversified markets not reflected
- Startups in 2018 and 2019 – include new plants (Mexico 4 and potential new plant openings), new customers and new lines in existing plants
- Loss of revenue from GE lines not renewed will not be fully replaced until 2019
- Margin pressure in the industry driven by auction-based systems in many parts of the world, U.S. market demand shifts driven by the current PTC cycle and increased competition from solar will put pressure on our pricing for new deals and require us to share more gain from cost outs and productivity improvements
- Market uncertainty for some OEMs resulting in longer decision cycles
- Uncertainty around U.S. demand until tax reform is clarified. Although unlikely, PTC impact could be significant to the industry. Other aspects of tax reform are beneficial as we utilize our remaining NOLs.

Key Guidance Metrics

	2017 Guidance	2018 Guidance	2019 Targets
Total Billings ⁽¹⁾	\$945M - \$950M	\$1.0B - \$1.05B	\$1.3B - \$1.5B
Adjusted EBITDA ⁽¹⁾	\$95M - \$100M	\$70M - \$75M	\$140M - \$150M
Sets	2,760 - 2,770	2,500 - 2,550	
Average Selling Price per Blade	\$105K - \$110K	\$125K - \$130K	
Non-Blade Billings	DNP	\$75M - \$80M	
G&A Costs as a % of Billings (incl. SBC)	DNP	4% - 5%	
Estimated MW	6,510 - 6,540	6,950 - 7,100	
Dedicated Lines - EOY	41 - 45	51 - 55	
Share-based Compensation	\$7.2M	\$10M - \$11M	
Depreciation & Amortization	\$20.0M	\$30M - \$35M	
Net Interest Expense	\$12.5M	\$11.5M - \$12.5M	
Capital Expenditures	\$70M - \$75M	\$70M - \$75M	
Effective Tax Rate	20%	25%	

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

(1) We have not reconciled our total expected billings for 2017 - 2019 to expected net sales under GAAP or 2019 expected Adjusted EBITDA to expected Net Income because we have not yet finalized calculations necessary to provide the reconciliation, including expected changes in deferred revenue, and as such the reconciliation is not possible without unreasonable efforts.

Startup and Transition Guidance Metrics

	2018					
	2017	Q1	Q2	Q3	Q4	TOTAL
Lines Installed – end of period	41	41	40	47	47	47
Lines in Startup - during period	15	6	6	8	8	12
Lines in Transition - during period	4	7	10	10	5	14
Startup & Transition Costs	\$40M	\$16M– \$17M	\$19M – \$20M	\$14M – \$15M	\$9M – \$10M	\$58M – \$62M

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

Strong Financial Performance and Outlook

Total Billings^{(1) (2)}



Adjusted EBITDA^{(1) (2)}



Note: Dollars in millions

(1) Estimates for 2017 – 2019 are shown at the midpoint of ranges provided. See appendix for reconciliation of non-GAAP financial data.

(2) We have not reconciled our total expected billings for 2017 - 2019 to expected net sales under GAAP or 2019 expected Adjusted EBITDA to expected Net Income because we have not yet finalized calculations necessary to provide the reconciliation, including expected changes in deferred revenue, and as such the reconciliation is not possible without unreasonable efforts.

Total Billings Bridge



Note: Dollars in millions.

Adjusted EBITDA Bridge



Note: Dollars in millions.

Pro Forma Adjusted EBITDA Walk

	2017E	2018E	2019E
Adjusted EBITDA ⁽¹⁾	\$ 98.0M	\$ 73.0M	\$145.0M
Add: Startup and Transition costs	\$ 40.0M	\$ 58.0M	\$33.0M
Pro forma Adjusted EBITDA	\$ 138.0M	\$ 131.0M	\$178.0M
Impact of GE non-renewal	\$ (30.0M)	-	-
Pro forma Adjusted EBITDA	\$ 108.0M	\$ 131.0M	\$178.0M
Pro forma Adjusted EBITDA Margin	13.1% ⁽²⁾	12.7% ⁽¹⁾	12.7% ⁽¹⁾

(1) Based on mid-point of guidance and target

(2) Based on mid-point of total billings guidance reduced by GE revenue in Turkey and China

Margin Evolution

	2014	2015	2016	2017E	2018E	2019E
Gross Margin (GM) %	4.6%	7.1%	10.2%	11.9%	8.3%	12.0%
GM% before S&T	9.7%	9.8%	12.6%	16.2%	14.1%	14.6%
GM% before S&T at CC	8.0%	9.1%	10.5%	14.7%	14.1%	14.6%

Free Cash Flow and Capital Expenditures

Free Cash Flow (1)



Capital Expenditures



Note: Dollars in millions.
 (1) Free Cash Flow defined as operating cash flow less capital expenditures.

The image shows a landscape with several wind turbines in the distance, partially obscured by a dense field of tall grass or reeds in the foreground. The entire scene is overlaid with a semi-transparent dark blue filter. The text 'TRANSITION AND EXPANSION ANALYSIS' is centered in white, bold, uppercase letters.

TRANSITION AND EXPANSION ANALYSIS

tpi COMPOSITES.

Compelling Return on Invested Capital on New Plants

Illustrative Manufacturing Facility Expansion Assumptions

- 6 lines per plant
- Total invested capital of \$60 million (CapEx and Startup Losses)
- Gross margin of 15%
- Illustrative effective tax rate of 25%
- Full run-rate achieved by end of year 2
- 500,000 sq. ft. per facility – leased by TPI
- Assumes 5 production year supply agreement(s)
- Assumes 25% - 30% of annual set volume from a line in startup during the startup year
- Average sets per line per year of 75

Financial Highlights

- Steady state revenue of \$210M per year
- \$36M million of annual run-rate EBITDA
- Target hurdle ROIC of 25% over the first five years of production

Illustrative Plant Financial Results

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Average
Net Sales	\$1	\$132	\$210	\$210	\$210	\$210	\$162
COGS (excluding depreciation)	(8)	(108)	(174)	(174)	(174)	(174)	(\$135)
EBITDA	(\$7)	\$24	\$36	\$36	\$36	\$36	\$27
Taxes	0	(6)	(9)	(9)	(9)	(9)	(7)
Tax-Effectuated EBITDA	(\$7)	\$18	\$27	\$27	\$27	\$27	\$20
Depreciation	(3)	(5)	(5)	(5)	(5)	(5)	(4)
Net Income	(\$10)	\$14	\$23	\$23	\$23	\$23	\$16
Return on Invested Capital	-17%	23%	38%	38%	38%	38%	26%
Invested Capital	\$60	\$60	\$60	\$60	\$60	\$60	\$60

Note: Return on Invested Capital (ROIC) is calculated as Net Income divided by Invested Capital

Transition Overview

	Key Considerations
Transition Timing	<ul style="list-style-type: none"> • More frequent than the past
Short-Term Costs and Volume Impact	<ul style="list-style-type: none"> • No significant "additional costs" other than potential CapEx <ul style="list-style-type: none"> • 80% of Manufacturing Overhead (MOH) is fixed, therefore overhead costs are under-absorbed during transitions • TPI does not layoff workers during transitions, resulting in both underutilized Direct Labor (DL) and slight benefit of lower overtime during initial months of transition • Impact on a particular plant includes lost revenue due to: <ul style="list-style-type: none"> • Reduced volume during new mold install and ramp up. Approximately 45% - 50% of annual set volume from a line in transition during the transition year; and • Negative Operating Income and EBITDA impact due to under absorbed MOH and underutilized DL
Cost Recovery Mechanisms	<ul style="list-style-type: none"> • In addition to transition fees charged to customers to cover opportunity and capital costs, TPI generally receives high-margin, non-recurring engineering fees • Premium pricing on the initial blades produced on the new lines helps cover transition costs <ul style="list-style-type: none"> • Most full blade transitions will also involve some level of CapEx on the part of TPI, which is factored into new blade pricing (depreciation and financing impact) and transition fees • CapEx can include a plant expansion, which results in higher transition fees and generally requires a contract term extension
Short- and Long-Term Benefits	<ul style="list-style-type: none"> • Tooling Revenue and EBITDA is generally realized by our tooling factories reducing the global impact of a transition • CapEx can include a plant's expansion, resulting in higher transition fees and significant contract term extension <ul style="list-style-type: none"> • With all full blade transitions, TPI generally requires the customer to extend the term of its contract which significantly impacts TPI's long-term revenue and profitability • Serial production ASP on new blades is generally higher since new blades are larger and in many cases have more advanced materials. Post-transition blade margins are also generally higher due to our "shared gain" contract structure <ul style="list-style-type: none"> • Therefore, Revenue and EBITDA from new lines in serial production are higher, enabling TPI to recoup its entire transition investment in a timely fashion, maximize ROIC and grow revenue.

A photograph of a wind farm at dusk or dawn, with several wind turbines silhouetted against a dark blue sky. The foreground shows a field with a dirt road leading towards the turbines.

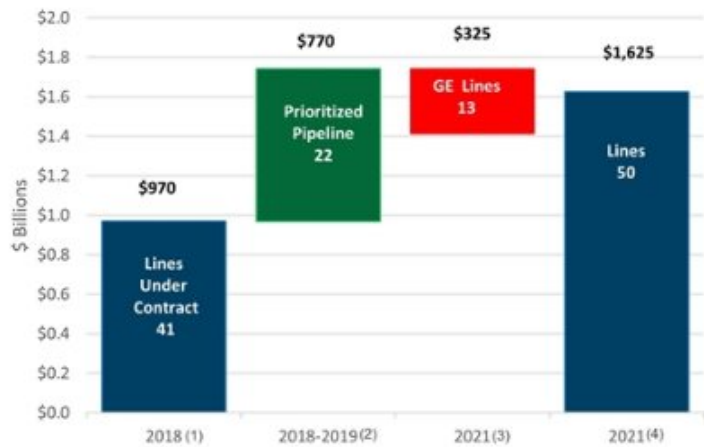
SENSITIVITY ANALYSIS

tpi COMPOSITES.

GE Sensitivity Analysis

- Like all of our customers, GE has minimum volume commitments in each contract.
- We are currently GE's only supplier of blades from Mexico for their needs in the U.S. and Mexico and GE has told us we are an important partner for epoxy-based blades to their home market
- Iowa serves the north central U.S. cost effectively
- Mexico serves the western half of the U.S. and Mexico cost effectively
- Pipeline beyond "Prioritized Pipeline" not reflected
- Diversified market upside potential not reflected

Annual Wind-only Revenue Potential With and Without GE



(1) Annual revenue potential based on 2018 wind blade revenue guidance
 (2) Annual revenue potential based on average annual revenue of \$35 million per line per year and that all lines are in full production
 (3) Reduction in annual revenue based on average annual revenue per line of approximately \$25 million
 (4) Annual revenue potential based on all lines at an average annual revenue of \$32.5 million and that all lines are in full production



ASC 606 IMPACT

tpi COMPOSITES.

ASC 606: IMPACT TO TPI

- TPI will adopt ASC 606 as of January 1, 2018, with retrospective application to January 1, 2015 through December 31, 2017.
- Revenue will be recognized in a manner to depict the transfer of promised goods or services to our customers in an amount that reflects the consideration we expect to be entitled for those goods or services.
 - Previous guidance required us to defer recognition of revenue until the risk of loss had passed to the customer and delivery had been made (or a fixed delivery schedule had been provided by the customer).
- Since our manufactured products have no alternative use due to contractual restrictions placed by each customer on the technical specifications and design of the products, under ASC 606 we will recognize revenue "over time" during the course of the production process and before the product is delivered to the customer.
- Applying ASC 606 to new contracts will likely result in higher reported earnings in 2018 than under the previous guidance as revenue is recognized on certain startup activities that will now be included in the cost pool under ASC 606 that were previously expensed. Additionally, certain startup costs that are currently expensed as incurred will be capitalized and amortized over the term of the contract.
- Future net sales will include amounts related to products that are in production as of the period end. Therefore:
 - We will no longer report inventory held for customer orders since revenue will be recognized over time during the course of the production process and before the product is delivered to the customer.
 - Work performed as production takes place (work in process as well as finished goods) will lead to revenue recognition.

ASC 606: IMPACT TO TPI

- We expect that the adoption of ASC 606 will have a material impact on the amount of net sales, cost of goods sold and income from operations we will report in future periods.
- ASC 606 will not change the total amount of revenue recognized under our long-term supply contracts but will only accelerate the timing of when the revenue is recognized.
- We do not anticipate a change in the timing of cash receipts and payments from customers as customers will continue to be invoiced as products are completed.
- The amount of reported assets and liabilities on the consolidated balance sheet will be materially impacted under ASC 606:
 - We will include amounts recognized in revenue for products in production as contract assets on the consolidated balance sheet, which differs from the current practice of including the balances in inventory.
 - As noted above we will no longer report inventory held for customer orders.
 - Because we will recognize revenue on work performed as production takes place, this will reduce the level of work in process and finished goods inventory we will report.
 - We expect that contract liabilities will be reported for amounts collected from customers in advance of the production of products (likely only tooling).
 - The Company also expects that the amount of deferred revenue will be substantially reduced as revenue for products will be recognized over time.



CLOSING REMARKS

Steve Lockard – *President and CEO*

tpi COMPOSITES.

Key Messages

- Applying our advanced composites technology to major growth trends including the decarbonization of the electric sector and clean transportation systems
- BNEF estimates that \$10 trillion will be invested in new power generation capacity through 2040 and of this, 72% will be renewables and \$3.3 trillion will be wind
- BNEF estimates that by 2040 annual global EV sales will reach 65 million units
- MarketsandMarkets projects the aerospace composites market to grow from \$24.5 billion in 2016 to \$43 billion by 2022, or a CAGR of 9.85% between 2017 and 2022
- Wind industry and market dynamics are rationalizing. Large global players are competing
- TPI is a large global player with >10% global share, ~20% ex-China and ~40% ex-China outsourced and a strong global reach
- TPI has executed really well delivering revenue growth, market share growth, cost reduction, operational improvements and profit expansion
- After 4 years of 45% growth, 2018 will be an investment year, positioning us for strong growth in 2019 and 2020
- Will continue to advance TPI technology, further expand global footprint, and drive world class cost to differentiate and win
- Will utilize deep partnership business model to provide capacity flexibility and share gain to help our customers increase market share while we maintain and grow our profit
- TPI strategy of strong and diversified growth will continue to build shareholder value

tpi COMPOSITES.

THANK YOU





APPENDIX

tpi COMPOSITES.

Balance Sheets

	December 31,		September 30,
(\$ in thousands)	2015	2016	2017
Assets			
Current assets:			
Cash and cash equivalents	\$45,917	\$119,066	\$139,065
Restricted cash	1,760	2,259	3,802
Accounts receivable	72,913	67,842	134,458
Inventories	50,841	53,095	60,593
Inventories held for customer orders	49,594	52,308	69,788
Prepaid expenses and other current assets	31,337	30,657	29,776
Total current assets	252,362	325,227	437,482
Noncurrent assets:			
Property, plant, and equipment, net	67,732	91,166	119,635
Goodwill and other intangible assets, net	3,226	3,072	2,957
Other noncurrent assets	6,600	17,741	16,287
Total assets	\$329,920	\$437,206	\$576,361
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$101,108	\$112,281	\$160,858
Accrued warranty	13,596	19,912	28,150
Current maturities of long-term debt	52,065	33,403	44,498
Deferred revenue	65,520	69,568	87,294
Customer deposits and customer advances	8,905	1,390	10,409
Total current liabilities	241,194	236,554	331,209
Non current liabilities:			
Long-term debt	77,281	89,752	89,139
Other noncurrent liabilities	3,812	4,393	4,245
Total liabilities	322,287	330,699	424,593
Convertible and senior redeemable preferred shares and warrants	198,830	-	-
Total shareholders' equity (deficit)	(191,197)	106,507	151,768
Total liabilities and shareholders' equity (deficit)	\$329,920	\$437,206	\$576,361

Source: Year end 2015 and 2016 audited financial statements and interim September 30, 2017 unaudited financial statements.

Income Statements

(\$ in thousands)	Year Ended December 31,			Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2015	2016	2016	2017	2016	2017
Net sales	\$320,747	\$585,852	\$754,877	\$569,303	\$683,142	\$198,938	\$243,354
Cost of sales	289,528	528,247	659,745	499,896	568,659	171,648	198,141
Startup and transition costs	16,567	15,860	18,127	11,449	29,051	5,088	12,352
Total cost of goods sold	306,095	544,107	677,872	511,345	597,710	176,736	210,493
Gross profit	14,652	41,745	77,005	57,958	85,432	22,202	32,861
General and administrative expenses	9,175	14,126	33,892	24,154	28,373	14,065	9,315
Income from operations	5,477	27,619	43,113	33,804	57,059	8,137	23,546
Other income (expense):							
Interest income	186	161	344	76	78	27	48
Interest expense	(7,236)	(14,565)	(17,614)	(12,709)	(9,215)	(4,663)	(3,254)
Loss on extinguishment of debt	(2,946)	–	(4,487)	–	–	–	–
Realized gain (loss) on foreign currency remeasurement	(1,743)	(1,802)	(757)	(700)	(2,575)	(243)	39
Miscellaneous income (expense)	539	246	238	192	968	(152)	390
Total other expense	(11,200)	(15,960)	(22,276)	(13,141)	(10,744)	(5,031)	(2,777)
Income (loss) before income taxes	(5,723)	11,659	20,837	20,663	46,315	3,106	20,769
Income tax provision	(925)	(3,977)	(6,995)	(4,565)	(8,514)	(309)	(371)
Net income (loss)	(6,648)	7,682	13,842	16,098	37,801	2,797	20,398
Net income attributable to preferred shareholders	13,930	9,423	5,471	5,471	–	596	–
Net income (loss) attributable to common shareholders	(\$20,578)	(\$1,741)	\$8,371	\$10,627	\$37,801	\$2,201	\$20,398
Non-GAAP Metrics:							
Total billings	\$362,749	\$600,107	\$764,424	\$566,779	\$698,833	\$196,095	\$256,404
Adjusted EBITDA	\$13,457	\$39,281	\$66,150	\$51,816	\$76,443	\$19,632	\$30,118

Source: Year end 2014 through 2016 audited financial statements and interim September 30, 2017 and 2016 unaudited financial statements.

Cash Flow Statements

(\$ in thousands)	Year Ended December 31,			Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2015	2016	2016	2017	2016	2017
Cash flows from operating activities							
Net income (loss)	(56,648)	\$7,662	\$13,842	\$16,098	\$37,801	\$2,797	\$20,398
Loss on disposal of property and equipment	128	185	—	—	—	—	—
Depreciation and amortization	7,441	11,416	12,897	9,703	13,622	3,530	5,139
Amortization of debt issuance costs	715	1,303	1,663	1,273	430	443	144
Loss on extinguishment of debt	2,946	—	4,487	—	—	—	—
Amortization of debt discount	—	3,016	3,018	3,018	—	1,509	—
Share-based compensation expense	—	—	9,902	8,117	4,794	8,117	1,043
Loss on investment in joint venture	6	2	2	—	—	—	—
Amortization of discount on customer advances	218	—	—	—	—	—	—
Deferred income taxes	(1,018)	(765)	(2,782)	—	—	—	—
Changes in assets and liabilities	(37,005)	8,454	10,812	(10,233)	(5,124)	1,405	(9,134)
Net cash provided by (used in) operating activities	(33,217)	31,293	53,841	27,976	51,523	17,801	17,590
Cash flows from investing activities							
Proceeds from sale of assets	—	146	—	—	—	—	—
Purchase of property and equipment	(18,924)	(26,361)	(30,507)	(18,917)	(35,312)	(4,673)	(8,585)
Net cash used in investing activities	(18,924)	(26,215)	(30,507)	(18,917)	(35,312)	(4,673)	(8,585)
Cash flows from financing activities							
Proceeds from issuance of common stock	—	—	67,199	67,199	—	67,199	—
Net proceeds from (repayment of) debt	77,220	1,554	(15,370)	(14,179)	5,302	(2,186)	380
Debt issuance costs	(4,818)	(1,113)	—	—	—	—	—
Payment on acquisition of noncontrolling interest	(1,625)	(1,875)	—	—	—	—	—
Net proceeds from (repayment of) customer advances	4,500	—	—	—	—	(2,000)	—
Proceeds from issuance of preferred stock	6,846	—	—	—	—	—	—
Proceeds from exercise from stock options	—	—	—	—	988	—	988
Repurchase of common stock including shares withheld in lieu of income taxes	—	—	—	—	(1,264)	—	(1,264)
Restricted cash	1,898	(989)	(499)	(649)	(1,543)	(1)	(1,019)
Net cash provided by (used in) financing activities	84,021	(2,423)	51,330	52,371	3,483	63,012	(915)
Impact of foreign exchange rates on cash and cash equivalents	(43)	(330)	(1,515)	(545)	305	(395)	141
Net change in cash and cash equivalents	31,837	2,325	73,149	60,885	19,999	75,745	8,231
Cash and cash equivalents, beginning of period	11,755	43,592	45,917	45,917	119,066	31,057	130,834
Cash and cash equivalents, end of period	\$43,592	\$45,917	\$119,066	\$106,802	\$139,065	\$106,802	\$139,065
Non-GAAP Metric:							
Free cash flow	\$(52,141)	\$4,932	\$23,334	\$9,059	\$16,211	\$13,128	\$9,005

Source: Year end 2014 through 2016 audited financial statements and interim September 30, 2017 and 2016 unaudited financial statements.

Non-GAAP Reconciliations

Net sales is reconciled to total billings as follows:

(\$ in thousands)	Year Ended December 31,			Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2015	2016	2016	2017	2016	2017
Net sales	\$320,747	\$585,852	\$754,877	\$569,303	\$683,142	\$198,938	\$243,354
Change in deferred revenue:							
Blade-related deferred revenue at beginning of period ⁽¹⁾	(20,646)	(59,476)	(65,520)	(65,520)	(69,568)	(65,656)	(74,255)
Blade-related deferred revenue at end of period ⁽¹⁾	59,476	65,520	69,568	61,949	87,294	61,949	87,294
Foreign exchange impact ⁽²⁾	3,172	8,211	5,499	1,047	(2,035)	864	11
Change in deferred revenue	42,002	14,255	9,547	(2,524)	15,691	(2,843)	13,050
Total billings	\$362,749	\$600,107	\$764,424	\$566,779	\$698,833	\$196,095	\$256,404

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

(\$ in thousands)	Year Ended December 31,			Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2015	2016	2016	2017	2016	2017
Net income (loss)	(\$6,648)	\$7,682	\$13,842	\$16,098	\$37,801	\$2,797	\$20,398
Adjustments:							
Depreciation and amortization	7,441	11,416	12,897	9,703	13,622	3,530	5,139
Interest expense (net of interest income)	7,050	14,404	17,270	12,633	9,137	4,636	3,206
Income tax provision	925	3,977	6,995	4,565	8,514	309	371
Loss (gain) on foreign currency remeasurement	1,743	1,802	757	700	2,575	243	(39)
Share-based compensation expense	–	–	9,902	8,117	4,794	8,117	1,043
Loss on extinguishment of debt	2,946	–	4,487	–	–	–	–
Adjusted EBITDA	\$13,457	\$39,281	\$66,150	\$51,816	\$76,443	\$19,632	\$30,118

Source: Year end 2014 through 2016 audited financial statements and interim September 30, 2017 and 2016 unaudited financial statements.
Note: Footnote references on the following page.

Non-GAAP Reconciliations (CONT'D)

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)	Year Ended December 31,			Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2015	2016	2016	2017	2017	2017
Blade-related deferred revenue at beginning of period	\$20,646	\$59,476	\$65,520	\$65,520	\$69,568	\$65,656	\$74,255
Non-blade related deferred revenue at beginning of period	757	-	-	-	-	-	-
Total current and noncurrent deferred revenue at beginning of period	\$21,403	\$59,476	\$65,520	\$65,520	\$69,568	\$65,656	\$74,255
Blade-related deferred revenue at end of period	\$59,476	\$65,520	\$69,568	\$61,949	\$87,294	\$61,949	\$87,294
Non-blade related deferred revenue at end of period	-	-	-	-	-	-	-
Total current and noncurrent deferred revenue at end of period	\$59,476	\$65,520	\$69,568	\$61,949	\$87,294	\$61,949	\$87,294

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.

Source: Year end 2014 through 2016 audited financial statements and interim September 30, 2017 and 2016 unaudited financial statements.

Non-GAAP Reconciliations (CONT'D)

Free cash flow is reconciled as follows⁽¹⁾:

(\$ in thousands)	Year Ended December 31,			Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2015	2016	2016	2017	2016	2017
Net cash provided by (used in) operating activities	\$(33,217)	\$31,293	\$53,841	\$27,976	\$51,523	\$17,801	\$17,590
Less capital expenditures	(18,924)	(26,361)	(30,507)	(18,917)	(35,312)	(4,673)	(8,585)
Free cash flow	\$(52,141)	\$4,932	\$23,334	\$9,059	\$16,211	\$13,128	\$9,005

A reconciliation of projected adjusted EBITDA to the projected low end and high end ranges of projected net income is as follows⁽²⁾⁽³⁾:

(\$ in thousands)	2017 Adjusted EBITDA Guidance Range		2018 Adjusted EBITDA Guidance Range	
	Low End	High End	Low End	High End
Projected net income	\$42,225	\$46,225	\$11,300	\$14,900
Adjustments:				
Projected depreciation and amortization	20,000	20,000	32,500	32,500
Projected interest expense (net of interest income)	12,500	12,500	12,000	12,000
Projected income tax provision	10,500	11,500	3,700	5,100
Projected share-based compensation expense	7,200	7,200	10,500	10,500
Projected realized loss on foreign currency remeasurement	2,575	2,575	-	-
Projected Adjusted EBITDA	\$95,000	\$100,000	\$70,000	\$75,000

(1) Source: Year end 2014 through 2016 audited financial statements and interim September 30, 2017 and 2018 unaudited financial statements.

(2) Figures presented are projected estimates for the full years ending December 31, 2017 and 2018.

(3) We have not reconciled our total expected billings for 2017 - 2019 to expected net sales under GAAP or 2019 expected Adjusted EBITDA to expected Net Income because we have not yet finalized calculations necessary to provide the reconciliation, including expected changes in deferred revenue, and as such the reconciliation is not possible without unreasonable efforts.