



BROADWIND® | THINK
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First Quarter 2021 Results Conference Call

Investor Presentation



SAFE-HARBOR STATEMENT

This release contains “forward looking statements”—that is, statements related to future, not past, events—as defined in Section 21E of the Securities Exchange Act of 1934, as amended, that reflect our current expectations regarding our future growth, results of operations, financial condition, cash flows, performance, business prospects and opportunities, as well as assumptions made by, and information currently available to, our management. Forward looking statements include any statement that does not directly relate to a current or historical fact. We have tried to identify forward looking statements by using words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “may,” “plan” and similar expressions, but these words are not the exclusive means of identifying forward looking statements.

Our forward-looking statements may include or relate to our beliefs, expectations, plans and/or assumptions with respect to the following, many of which are, and will be, amplified by the COVID-19 pandemic: (i) the impact of global health concerns, including the impact of the current COVID-19 pandemic on the economies and financial markets and the demand for our products; (ii) state, local and federal regulatory frameworks affecting the industries in which we compete, including the wind energy industry, and the related extension, continuation or renewal of federal tax incentives and grants and state renewable portfolio standards as well as new or continuing tariffs on steel or other products imported into the United States; (iii) our customer relationships and our substantial dependency on a few significant customers and our efforts to diversify our customer base and sector focus and leverage relationships across business units; (iv) the economic and operational stability of our significant customers and suppliers, including their respective supply chains, and the ability to source alternative suppliers as necessary, in light of the COVID-19 pandemic; (v) our ability to continue to grow our business organically and through acquisitions, and the impairment thereto by the impact of the COVID-19 pandemic; (vi) the production, sales, collections, customer deposits and revenues generated by new customer orders and our ability to realize the resulting cash flows; (vii) information technology failures, network disruptions, cybersecurity attacks or breaches in data security, including with respect to any remote work arrangements implemented in response to the COVID-19 pandemic; (viii) the sufficiency of our liquidity and alternate sources of funding, if necessary; (ix) our ability to realize revenue from customer orders and backlog; (x) our ability to operate our business efficiently, comply with our debt obligations, manage capital expenditures and costs effectively, and generate cash flow; (xi) the economy, including its stability in light of the COVID-19 pandemic, and the potential impact it may have on our business, including our customers; (xii) the state of the wind energy market and other energy and industrial markets generally and the impact of competition and economic volatility in those markets; (xiii) the effects of market disruptions and regular market volatility, including fluctuations in the price of oil, gas and other commodities; (xiv) competition from new or existing industry participants including, in particular, increased competition from foreign tower manufacturers; (xv) the effects of the change of administrations in the U.S. federal government; (xvi) our ability to successfully integrate and operate acquired companies and to identify, negotiate and execute future acquisitions; (xvii) the potential loss of tax benefits if we experience an “ownership change” under Section 382 of the Internal Revenue Code of 1986, as amended; (xviii) our ability to utilize various relief options enabled by the CARES Act, including our ability to receive forgiveness of the PPP Loans; (xix) the limited trading market for our securities and the volatility of market price for our securities; and (xx) the impact of future sales of our common stock or securities convertible into our common stock on our stock price. These statements are based on information currently available to us and are subject to various risks, uncertainties and other factors that could cause our actual growth, results of operations, financial condition, cash flows, performance, business prospects and opportunities to differ materially from those expressed in, or implied by, these statements including, but not limited to, those set forth under the caption “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. We are under no duty to update any of these statements. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties or other factors that could cause our current beliefs, expectations, plans and/or assumptions to change. Accordingly, forward-looking statements should not be relied upon as a predictor of actual results.



PERFORMANCE OVERVIEW



EXECUTIVE SUMMARY

Market Update, Recent Results and Outlook

Market Update

As of May 2021

Upgraded U.S. Onshore Wind Outlook

Dec-20 extension of the Production Tax Credit (PTC) in the US strengthens near-term expectations of 35 GW of new capacity from 2021 to 2023

Improved U.S. Offshore Wind Forecast

32 GW of new capacity expected by 2031; 2024 through 2030, new offshore capacity averages 4.5 GW/year

Favorable Wind Policy Outlook

Proposed Biden tax plan would advance clean energy production through a 10-year extension of the PTC and ITC – potentially transformational for industry⁽¹⁾

C&I Demand Gradually Improving

Increased gearing and industrial fabrication order activity within cyclical end-markets supports expectations for a gradual, post-pandemic recovery

1Q21 Results

Performance Overview

Total Revenue (33%) y/y to \$32.7 million

1Q21 results impacted by a more than one-week, weather related outage at TX tower facility; shift in timing of customer order now scheduled for 2Q21; continued pandemic-related supply chain issues and presence of unfairly priced imports

Heavy Fabrications Segment Update

Total wind towers sections sold declined more than 45% on a y/y basis due to above-referenced issues; tower orders increased more than 100% y/y; tower capacity ~60% booked for full-year 2021

Gearing Segment Update

Beginning to see early indications of improved demand activity; orders highest since 1Q20; backlog approaching pre-pandemic levels; financial performance improving

Industrial Solutions Segment Update

1Q21 revenue improved on a y/y basis, supported by increased demand within the natural gas turbine market

Employee Retention Credit (ERC) Benefit

Received \$3.4 million in credits during 1Q21

2Q21 Outlook

Performance Overview

Improved Outlook for 2Q21

Anticipate a reacceleration in customer activity, supported by both wind and non-wind customer shipments

Anticipate Q/Q Revenue Growth

2Q21 total revenue expected to be in a range of \$45 million to \$50 million

Anticipate Q/Q Adj. EBITDA Growth

2Q21 total Adjusted EBITDA expected to be \$4.5 million to \$5.0 million, including ~\$3.0 million in ERC cash benefits

Equity ATM Program Near Completion

Received \$6.4 million in cash proceeds, net of commissions, on \$10.0 million authorization

⁽¹⁾ U.S. Department of the Treasury. The Made In America Tax Plan. April 2021

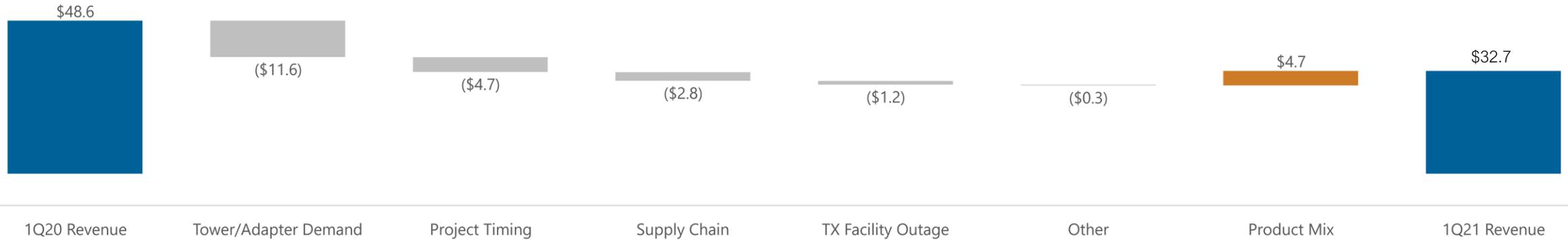


PERFORMANCE BRIDGE

Revenue declined nearly \$16 million y/y in 1Q21; Anticipate strong q/q improvement into 2Q21

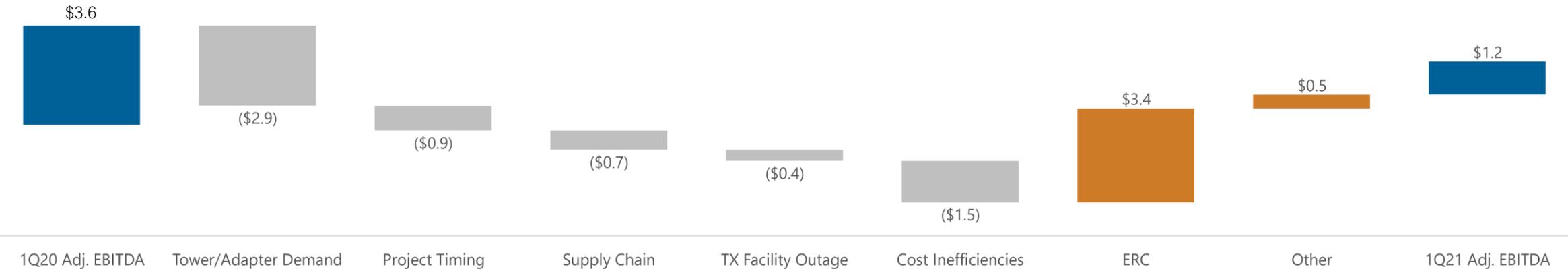
1Q20 vs. 1Q21 Revenue Bridge

(\$ MM)



1Q20 vs. 1Q21 Adjusted EBITDA Bridge

(\$ MM)





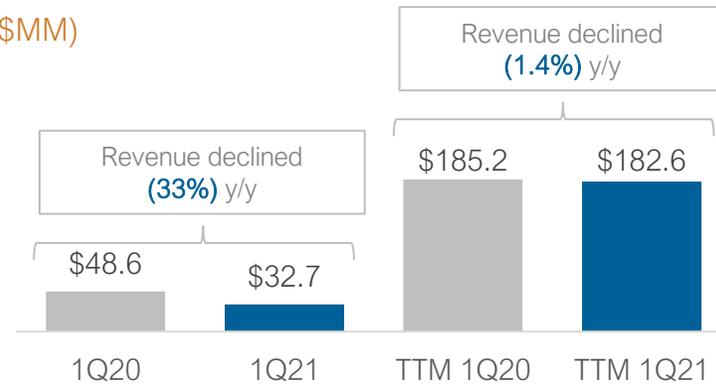
CONSOLIDATED FINANCIAL DATA

Challenging first quarter due to non-recurring factors, but TTM revenue trend remains stable

- TTM revenue remains stable, despite challenging 1Q21, where revenue declined 33% y/y
- 1Q21 and TTM 1Q21 Adj. EBITDA benefited from a \$3.4 million employee retention tax credit used to offset pandemic-related challenges
- Anticipate sequential improvement in Adjusted EBITDA, given increased customer quoting and bidding activity

Total Revenue

(\$MM)



Gross Profit

(\$MM)



Adjusted EBITDA

(\$MM)



Earnings (Loss) Per Share

(\$)





HEAVY FABRICATIONS SEGMENT

TX and WI wind tower facilities fully operational; tower capacity ~60% booked for the full-year 2021

- Revenue declined \$15.6 million y/y, related to one-time, non-recurring headwinds and lower demand
- Wind tower orders +103% y/y in 1Q21 to \$14.1 million; segment orders +34% y/y to \$20.8 million
- Customers securing 2021 production slots – received orders from two wind turbine OEMs in 1Q21
- Industrial Fabrications had its strongest quarter since pandemic began

Segment Revenue

(\$MM)



Segment Adjusted EBITDA

(\$MM)



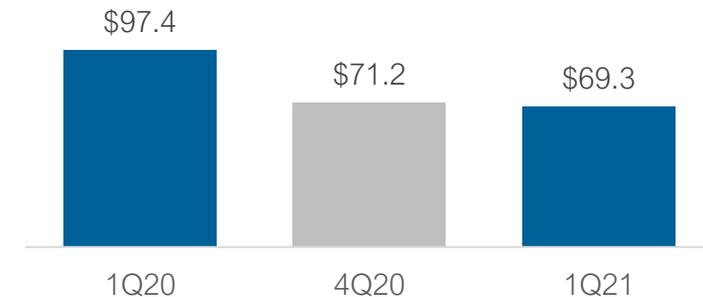
Segment Orders

(\$MM)



Quarter-End Segment Backlog

(\$MM)



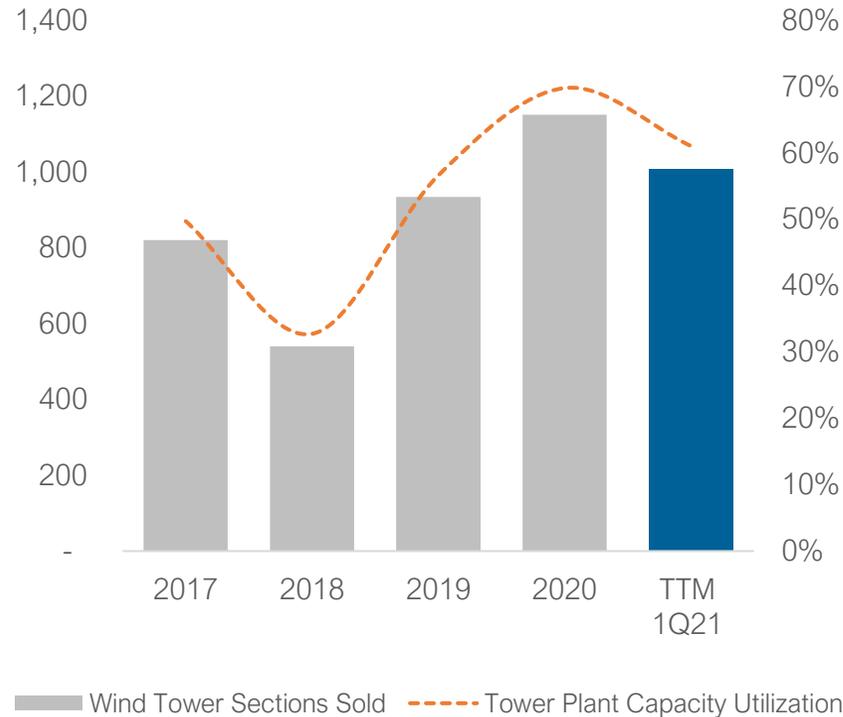


HEAVY FABRICATIONS SEGMENT

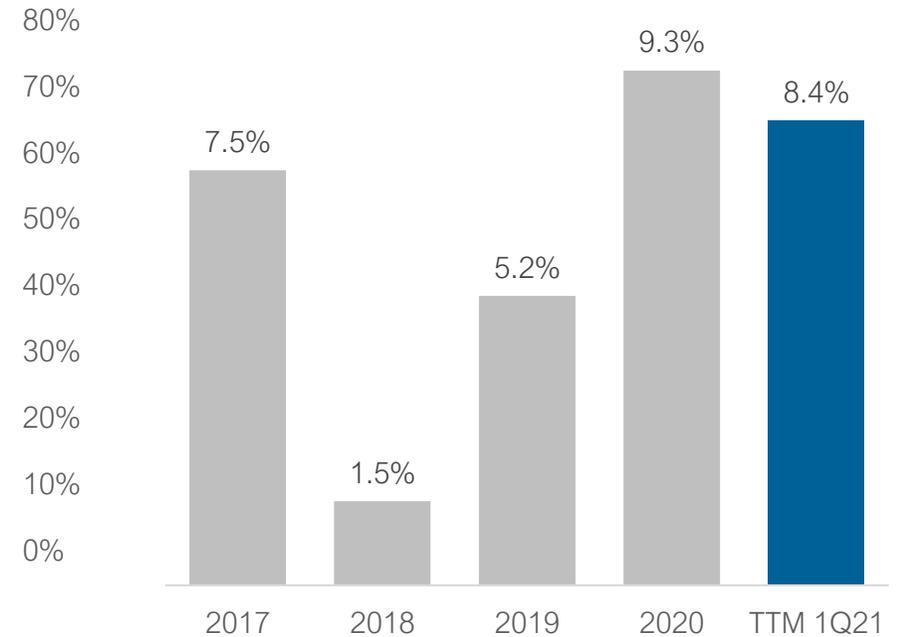
TX weather, timing of customer order and supply chain impact pushed ~75 sections out of 1Q21

- Customer diversification driving growth in plant utilization
- Approximately 75 tower sections pushed beyond 1Q21 due to non-recurring factors
- EBITDA margin expansion evidenced in recent years driven by higher plant utilization and industrial fabrications investments

Total Wind Tower Sections Sold
(Number of Sections)⁽¹⁾



Heavy Fabrications Adjusted EBITDA Margin
(% of Sales)



(1) Our production facilities, located in Manitowoc, Wisconsin and Abilene, Texas, are situated near the primary U.S. domestic wind energy and equipment manufacturing hubs. The two facilities have a combined annual tower production capacity of up to approximately 550 towers (1650 tower sections), sufficient to support turbines generating more than 1,100 MW of power.



GEARING SEGMENT

Order activity accelerating, supported by increased energy and industrial market demand

- 1Q21 Gearing orders equaled combined segment orders in the entire second half of 2020
- Revenue impacted by lower order intake throughout 2020 due to the pandemic
- Customer activity is accelerating, particularly within energy and industrial sectors, given commodity price escalation
- Financial performance improving as volumes recover and commercial environment strengthens
- Book-to-bill near 2.0x, driving a \$4.7 million sequential improvement in backlog

Segment Revenue

(\$MM)



Segment Orders

(\$MM)



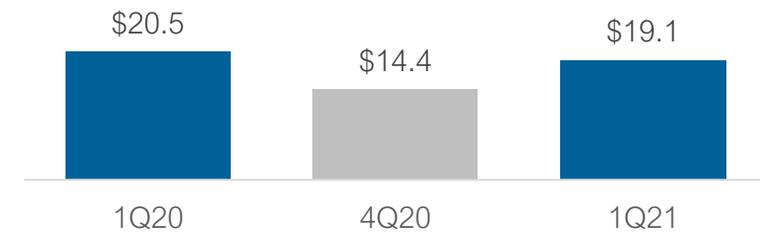
Segment Adjusted EBITDA

(\$MM)



Quarter-End Segment Backlog

(\$MM)





INDUSTRIAL SOLUTIONS SEGMENT

14% y/y revenue improvement driven by gas turbine market demand

- Revenue increased 14% y/y driven by increased demand for gas turbine components
- Orders declined y/y due to a change in the timing of customer order buying patterns
- Expanded share with a major global customer related to an international gas turbine project

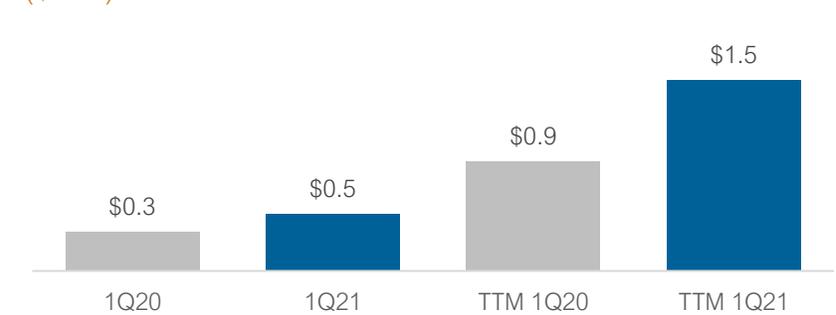
Segment Revenue

(\$MM)



Segment Adjusted EBITDA

(\$MM)



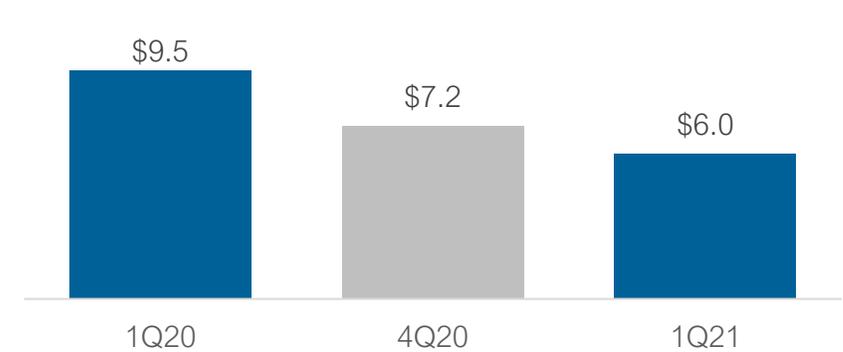
Segment Orders

(\$MM)



Quarter-End Segment Backlog

(\$MM)

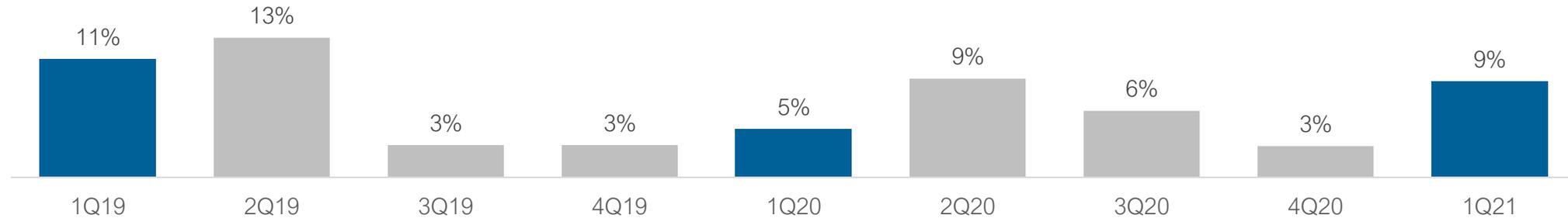




BALANCE SHEET UPDATE

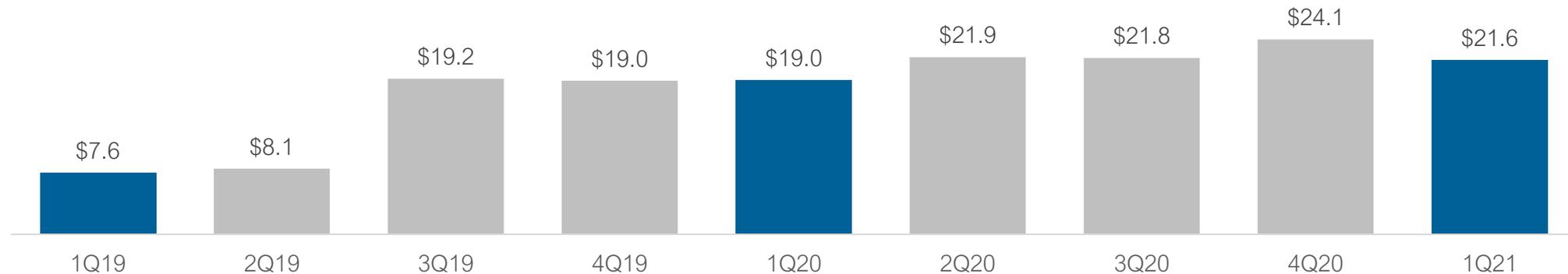
More than \$21 million of cash and availability to support growth as of 3/31/21

Quarter-End Operating Working Capital as a % of Sales⁽¹⁾



Quarter-End Total Cash and Availability on Credit Facility

(\$MM)



(1) Operating working capital divided by T3M annualized sales

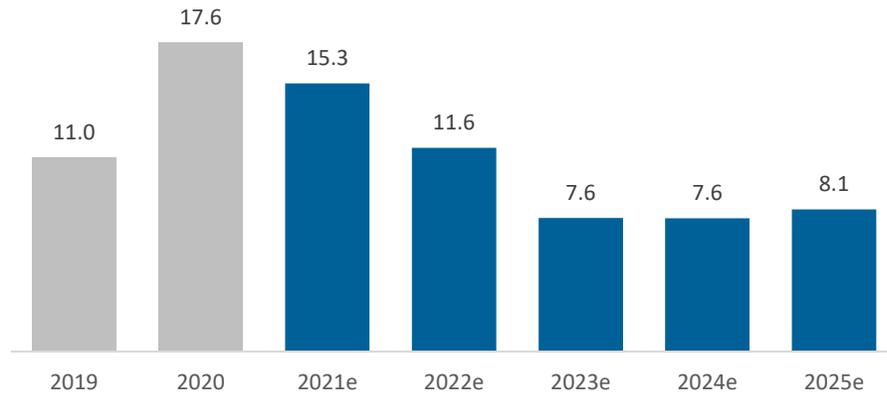


U.S. WIND POWER INSTALLATION FORECAST

Reduced cost of wind, clean energy policy agenda likely to improve outlook

U.S. Onshore Wind Capacity Installations

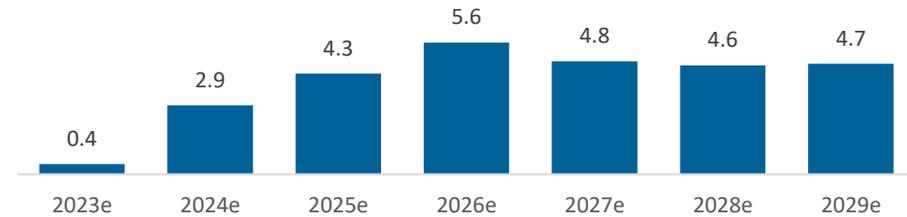
(Annual On-Shore GW Installed)⁽¹⁾



- PTC set to expire in 2021, and historically an extension of the PTC has led to significantly increased installations vs. market forecast
- U.S. House of Representatives is currently evaluating a bill – The GREEN Act – that would preserve the PTC at the current phaseout level of 60% through the end of 2026

U.S. Offshore Wind Capacity Installations

(Annual Off-Shore GW Installed)⁽¹⁾



- Introduction of new offshore ITC in December 2020
- Offshore market is key to meeting state policies on the eastern seaboard and transition from fossil fuel generation

⁽¹⁾ Source: Wood MacKenzie April 2021 Wind Sector Outlook; wind values include new build and repowering



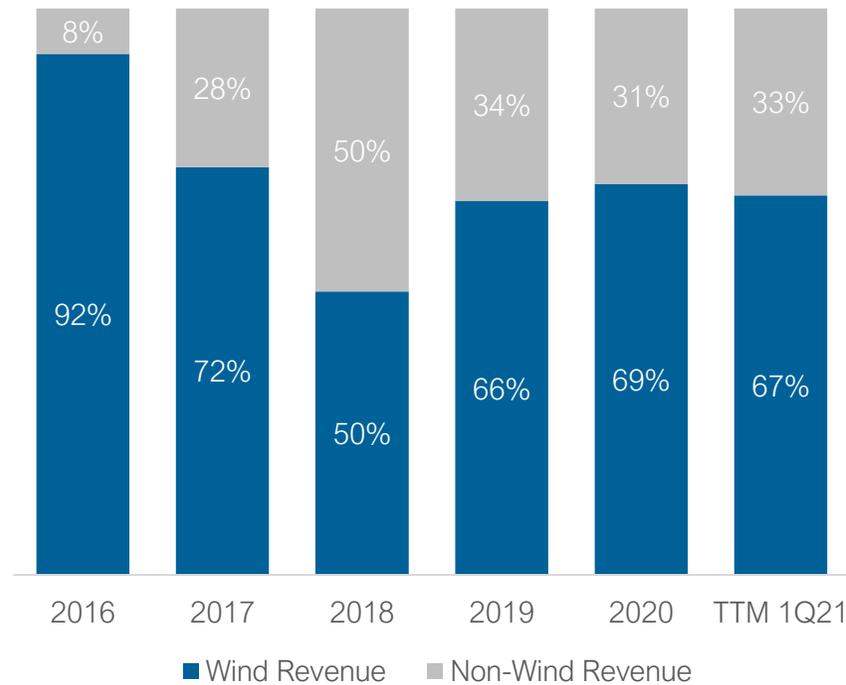
CUSTOMER DIVERSIFICATION INITIATIVE

Balanced revenue mix supports long-term growth and profitability

- Wind and renewables remain our core industry focus
- Revenue diversification positions us to better optimize our production capabilities during periods of lower wind tower demand
- During the last four years, we have increased non-wind revenue by more than 300% to more than \$60 million annually
- Pandemic-related headwinds impacted more cyclical, non-wind end-markets in 2020, however, we anticipate a gradual recovery in 2021

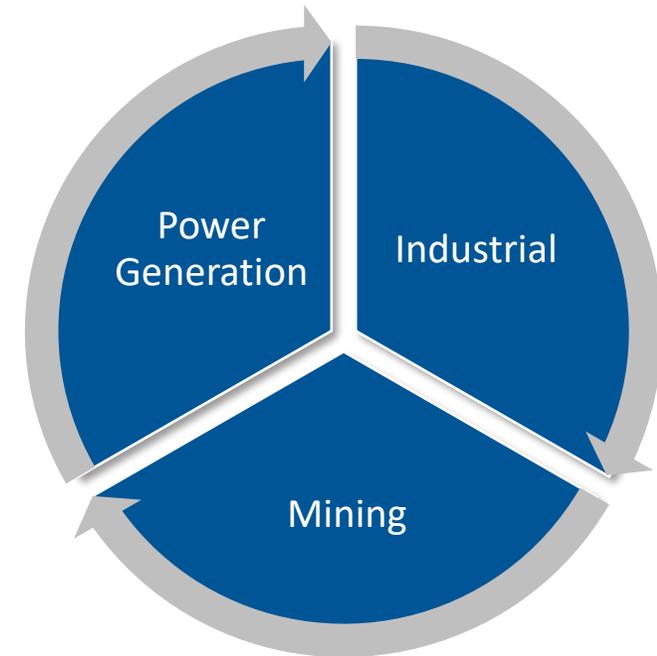
Wind vs. Non-Wind Revenue Concentration

(% of Total Revenue)⁽¹⁾



Fastest Growing Non-Wind Sectors Since 2016

(Absolute Growth in Revenue)



(1) Wind energy figures shown above exclude repair/replacement demand



APPENDIX



EXHIBIT A

Revenues and Operating Income (Loss) Consolidated and by Segment

	Three Months Ended March 31,	
	2021	2020
Revenues.....	\$ 32,728	\$ 48,634
Cost of sales.....	32,446	42,462
Gross profit.....	<u>282</u>	<u>6,172</u>
OPERATING EXPENSES:		
Selling, general and administrative.....	4,410	4,309
Intangible amortization.....	183	183
Total operating expenses.....	<u>4,593</u>	<u>4,492</u>
Operating (loss) income.....	<u>(4,311)</u>	<u>1,680</u>
OTHER INCOME (EXPENSE), net:		
Interest expense, net.....	(229)	(673)
Other, net.....	3,362	(1)
Total other income (expense), net.....	<u>3,133</u>	<u>(674)</u>
Net (loss) income before provision for income taxes.....	(1,178)	1,006
Provision for income taxes.....	32	52
NET (LOSS) INCOME.....	<u>\$ (1,210)</u>	<u>\$ 954</u>
NET (LOSS) INCOME PER COMMON SHARE - BASIC:		
Net (loss) income.....	<u>\$ (0.07)</u>	<u>\$ 0.06</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC.....	17,178	16,596
NET (LOSS) INCOME PER COMMON SHARE - DILUTED:		
Net (loss) income.....	<u>\$ (0.07)</u>	<u>\$ 0.06</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED.....	17,178	16,733

	Three Months Ended March 31,	
	2021	2020
ORDERS:		
Heavy Fabrications.....	\$ 20,797	\$ 15,514
Gearing.....	9,921	12,421
Industrial Solutions.....	3,496	5,874
Total orders.....	<u>\$ 34,214</u>	<u>\$ 33,809</u>
REVENUES:		
Heavy Fabrications.....	\$ 22,777	\$ 38,368
Gearing.....	5,349	6,227
Industrial Solutions.....	4,604	4,039
Corporate and Other.....	(2)	-
Total revenues.....	<u>\$ 32,728</u>	<u>\$ 48,634</u>
OPERATING (LOSS)/PROFIT:		
Heavy Fabrications.....	\$ (1,700)	\$ 3,541
Gearing.....	(989)	(261)
Industrial Solutions.....	(14)	192
Corporate and Other.....	(1,608)	(1,792)
Total operating profit/(loss).....	<u>\$ (4,311)</u>	<u>\$ 1,680</u>



EXHIBIT B

GAAP to Non-GAAP Consolidated Adjusted EBITDA Reconciliation

Consolidated

	Three Months Ended March 31,	
	2021	2020
Net (Loss) Income.....	\$ (1,210)	\$ 953
Interest Expense.....	230	673
Income Tax Provision.....	32	52
Depreciation and Amortization.....	1,552	1,612
Share-based Compensation and Other Stock Payments.....	613	315
Adjusted EBITDA (Non-GAAP).....	1,217	3,605

Heavy Fabrications Segment

	Three Months Ended March 31,	
	2021	2020
Net (Loss) Income.....	\$ 921	\$ 2,698
Interest Expense.....	100	105
Income Tax (Benefit) Provision.....	(402)	738
Depreciation.....	944	964
Share-based Compensation and Other Stock Payments.....	222	42
Adjusted EBITDA (Non-GAAP).....	\$ 1,785	\$ 4,547

Gearing Segment

	Three Months Ended March 31,	
	2021	2020
Net Loss.....	\$ (283)	\$ (314)
Interest Expense.....	13	50
Income Tax Provision.....	3	4
Depreciation and Amortization.....	458	512
Share-based Compensation and Other Stock Payments.....	80	15
Adjusted EBITDA (Non-GAAP).....	\$ 271	\$ 267

Industrial Solutions Segment

	Three Months Ended March 31,	
	2021	2020
Net (Loss)/Income.....	\$ 178	\$ 159
Interest Expense.....	14	1
Income Tax Provision.....	17	31
Depreciation and Amortization.....	106	104
Share-based Compensation and Other Stock Payments.....	147	19
Adjusted EBITDA (Non-GAAP).....	\$ 462	\$ 314

Corporate and Other

	Three Months Ended March 31,	
	2021	2020
Net Income (Loss).....	\$ (2,026)	\$ (1,590)
Interest Expense.....	103	517
Income Tax Provision/(Benefit).....	414	(721)
Depreciation and Amortization.....	44	32
Share-based Compensation and Other Stock Payments.....	164	239
Adjusted EBITDA (Non-GAAP).....	\$ (1,301)	\$ (1,523)



EXHIBIT C

Consolidated Statement of Cash Flows

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income.....	\$ (1,210)	\$ 954
Adjustments to reconcile net cash used in operating activities:		
Depreciation and amortization expense.....	1,553	1,612
Deferred income taxes.....	(5)	22
Change in fair value of interest rate swap agreements.....	5	138
Stock-based compensation.....	219	308
Allowance for doubtful accounts.....	(218)	29
Common stock issued under defined contribution 401(k) plan.....	258	-
Gain on disposal of assets.....	(23)	-
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable.....	1,229	2,037
Employee retention credit receivable.....	(3,372)	-
Contract assets.....	(269)	-
Inventories.....	(13,552)	(8,891)
Prepaid expenses and other current assets.....	699	(476)
Accounts payable.....	7,591	3,545
Accrued liabilities.....	419	(657)
Customer deposits.....	(1,764)	305
Other non-current assets and liabilities.....	3	49
Net cash used in operating activities.....	(8,437)	(1,025)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment.....	(612)	(670)
Proceeds from disposals of property and equipment.....	23	-
Net cash used in investing activities.....	(589)	(670)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit.....	5,673	51,552
Payments on line of credit.....	(2,450)	(49,070)
Proceeds from long-term debt.....	595	-
Payments on long-term debt.....	(150)	(242)
Principal payments on finance leases.....	(339)	(218)
Shares withheld for taxes in connection with issuance of restricted stock....	(847)	-
Proceeds from sale of common stock, net.....	6,101	-
Net cash provided by financing activities.....	8,583	2,022
NET (DECREASE) INCREASE IN CASH.....	(443)	327
CASH beginning of the period.....	3,372	2,416
CASH end of the period.....	\$ 2,929	\$ 2,743



EXHIBIT D

Consolidated Balance Sheet

	March 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash.....	\$ 2,929	\$ 3,372
Accounts receivable, net.....	14,326	15,337
Employee retention credit receivable.....	3,372	-
Contract assets.....	2,522	2,253
Inventories, net.....	40,276	26,724
Prepaid expenses and other current assets.....	2,204	2,909
Total current assets.....	<u>65,629</u>	<u>50,595</u>
LONG-TERM ASSETS:		
Property and equipment, net.....	44,766	45,195
Operating lease right-of-use assets.....	19,401	19,321
Intangible assets, net.....	4,003	4,186
Other assets.....	422	385
TOTAL ASSETS	<u>\$ 134,221</u>	<u>\$ 119,682</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit and other notes payable.....	\$ 5,076	\$ 1,406
Current portion of finance lease obligations.....	1,456	1,427
Current portion of operating lease obligations.....	1,743	1,832
Accounts payable.....	25,836	18,180
Accrued liabilities.....	6,731	6,307
Customer deposits.....	17,055	18,819
Total current liabilities.....	<u>57,897</u>	<u>47,971</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current maturities.....	9,380	9,381
Long-term finance lease obligations, net of current portion.....	1,891	1,996
Long-term operating lease obligations, net of current portion.....	19,748	19,569
Other.....	123	104
Total long-term liabilities.....	<u>31,142</u>	<u>31,050</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding.....	-	-
Common stock, \$0.001 par value; 30,000,000 shares authorized; 18,474,170 and 17,211,498 shares issued as of March 31, 2021 and December 31, 2020, respectively.....	18	17
Treasury stock, at cost, 273,937 shares as of March 31, 2021 and December 31, 2020, respectively.....	(1,842)	(1,842)
Additional paid-in capital.....	390,479	384,749
Accumulated deficit.....	<u>(343,473)</u>	<u>(342,263)</u>
Total stockholders' equity.....	<u>45,182</u>	<u>40,661</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 134,221</u>	<u>\$ 119,682</u>



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IR CONTACT

Please contact our investor
relations team at
Investor@BWEN.com