



Q4 and FY 2016

Earnings Call

February 23, 2017



Industry Data and Forward-Looking Statements

Disclaimer

- Broadwind obtained the industry and market data used throughout this presentation from our own research, internal surveys and studies conducted by third parties, independent industry associations or general publications and other publicly available information. Independent industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy or completeness of such information. Forecasts are particularly likely to be inaccurate, especially over long periods of time. We are not aware of any misstatements in the industry data we have presented herein, but estimates involve risks and uncertainties and are subject to change based on various factors beyond our control.
- This presentation contains “forward-looking statements”, as defined in Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include any statement that does not directly relate to a current or historical fact. Our forward-looking statements may include or relate to our beliefs, expectations, plans and/or assumptions with respect to the following: (i) 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; (ii) our customer relationships and efforts to diversify our customer base and sector focus and leverage customer relationships across business units; (iii) our ability to continue to grow our business organically and through acquisitions; (iv) the sufficiency of our liquidity and alternate sources of funding, if necessary; (v) our ability to realize revenue from customer orders and backlog; (vi) our ability to operate our business efficiently, manage capital expenditures and costs effectively, and generate cash flow; (vii) the economy and the potential impact it may have on our business, including our customers; (viii) 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; (ix) the effects of market disruptions and regular market volatility, including fluctuations in the price of oil, gas and other commodities; (x) the effects of the recent change of administrations in the U.S. federal government; (xi) our ability to successfully integrate and operate the business of Red Wolf Company, LLC and to identify, negotiate and execute future acquisitions; and (xii) the potential loss of tax benefits if we experience an “ownership change” under Section 382 of the Internal Revenue Code of 1986, as amended. These statements are based on information currently available to us and are subject to various risks, uncertainties and other factors. 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.
- This presentation contains non-GAAP financial information. We believe that certain non-GAAP financial measures may provide users of this financial information with meaningful comparisons between current results and results in prior operating periods. We believe that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain infrequently occurring or non-operational items that impact the overall comparability. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, our reported results prepared in accordance with GAAP. Please see our earnings release dated February 23, 2017 for a reconciliation of certain non-GAAP measures presented in this presentation.

2016 Highlights

- 2016 was **1st profitable year** in Company history
- **Orders** of \$275M nearly **triple** 2015 orders of \$94M
- More than **doubled** gross profit margin
- Cost reductions of \$9M **exceeded plan** by \$1M
- **Strong cash balance** of \$22M at year end



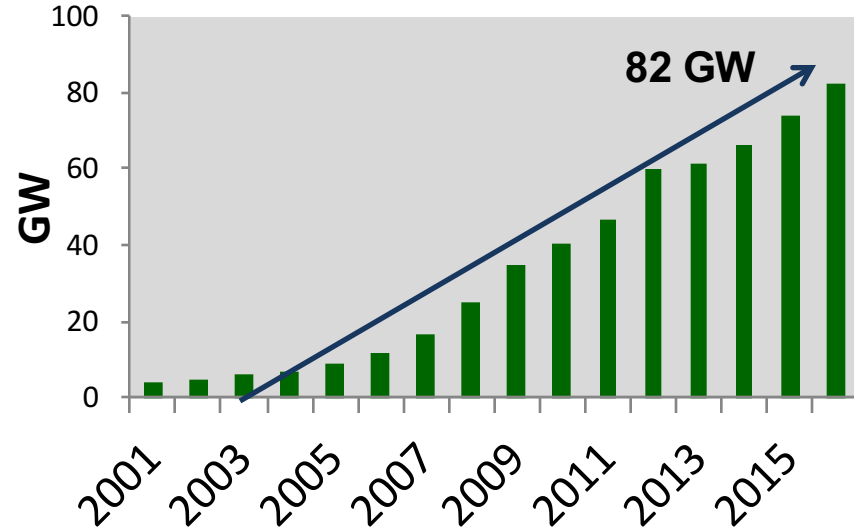
2016 Priorities

2016 Priorities	2016 Results
Double Order Intake	FY 16 orders of \$275M nearly triple FY 15
Maintain Consistent Tower Production	Production on schedule, Abilene made dramatic improvement
Aggressively Manage Costs	Reduced manufacturing overhead and operating expense by \$9M vs. target of \$8M

Met or exceeded 2016 goals

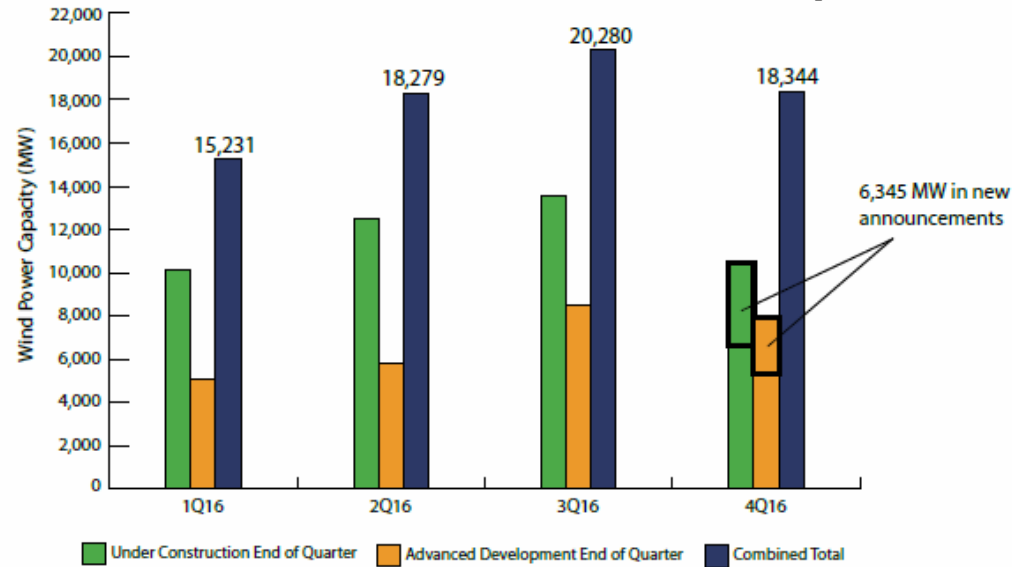
Wind Fundamentals Remain Strong

Cumulative Installations – U.S.



Source: AWEA Q4 Market Report

Wind Power Capacity Under Construction/Advanced Development



Source: AWEA Q4 Market Report

- Over 82 GW currently installed in the U.S.
- 8.2 GW added in 2016 – wind now provides 5.5% of electrical power in the U.S.
- >18 GW under construction or in advanced development at end of 2016
- Commercial/Industrial customers signed 39% of power purchase agreements in 2016, including GM, Amazon, Microsoft, Avery Dennison and others.

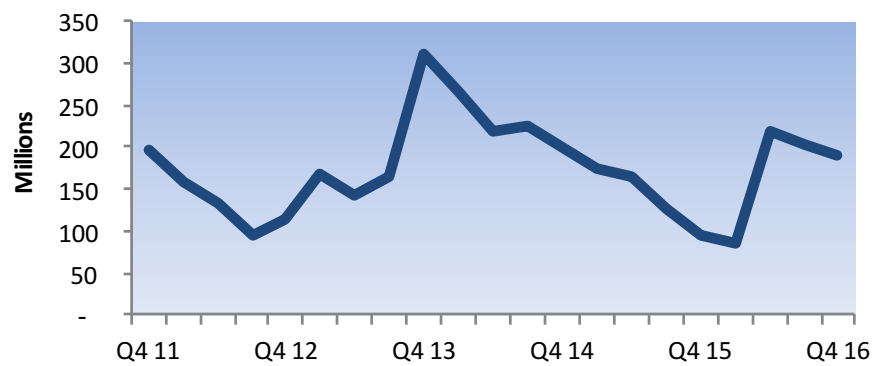
Orders and Backlog

Orders – \$M

	Q4 2015	Q4 2016	Book : Bill Ratio	FY 2015	FY 2016	Book : Bill Ratio
Towers & Weldments	2.8	29.4	.55	69.1	260.8	1.64
Gearing	<u>2.1</u>	<u>2.9</u>	.49	<u>24.9</u>	<u>14.2</u>	.69
Total	4.9	32.3	.55	94.0	275.0	1.53

- \$29M of new Towers & Weldments orders in Q416, up sharply from Q415
- Q4 16 Gearing orders up vs. PY – orders from mining and steel customers increased.
- Oil & Gas quotes are accelerating.

Order Backlog – \$M



- Year-end backlog \$189M
- \$137M tower order booked in Q2 2016 extends backlog into 2019
- Strong industry dynamics and customer relationships leading to increased orders

Consolidated Financial Results

	Q4		FY	
	2015	2016	2015	2016
Total Sales	\$ 37.6	\$ 48.2	\$ 199.2	\$ 180.8
Gross Profit	-6.2	4.7	7.9	18.1
Gross Profit %	-16.5%	9.8%	4.0%	10.0%
Total Operating Expense	4.8	4.1	19.8	16.2
Income from Operations	-11.0	0.6	-11.9	1.9
% of Sales	-29.3%	1.2%	-6.0%	1.1%
Adj. EBITDA	-8.1	2.5	-0.4	9.6
% of Sales	-21.4%	5.2%	-0.2%	5.3%
EPS, Continuing	-0.73	0.03	-0.83	0.09
Memo: Net I/(L) incl. Disc. Ops.	-10.8	0.3	-21.8	0.3

\$M except as noted otherwise

- Q4 16 sales up 28% from prior year - significantly improved production vs. PY challenges with difficult tower contract
- Q4 16 gross margin, profit and EPS all higher than PY due primarily to significant operational efficiency improvements in the Towers and Weldments segment and successful cost management actions across the Company, notably Gearing

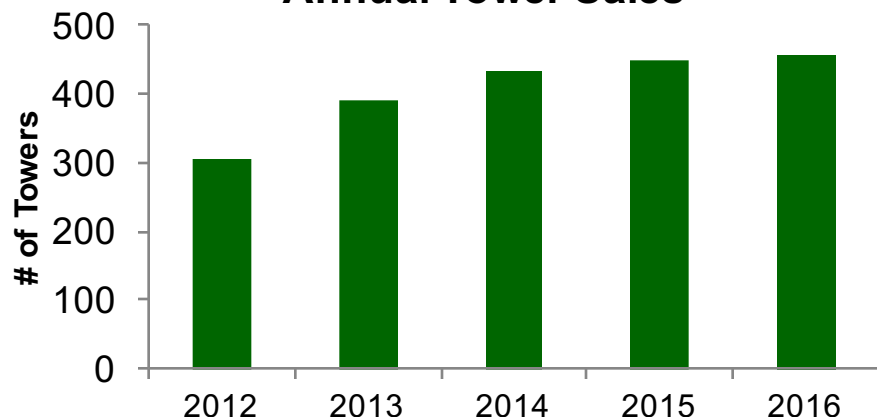
* Reconciliation to non-GAAP measure included in Appendix

Towers and Weldments

	Q4 2015	Q4 2016	FY 2015	FY 2016
Orders (\$M)	2.8	29.4	69.1	260.8
Towers Sold (#)	93	119	450	458
Revenue (\$M)	31.9	42.3	170.9	160.2
Operating Income (\$M)	-5.8	2.8	4.7	12.8
- % of Sales	-18.2	6.6	2.8	8.0
EBITDA* (\$M)	-4.2	3.9	9.5	17.2
- % of Sales	-13.1	9.2	5.6	10.7

* Reconciliation to non-GAAP measure included in Appendix

Annual Tower Sales



Q4 Results

- Q4 16 revenue and operating income up vs. Q4 15 – significant production improvements in Abilene
- 2015 Production issues are behind us – CI Initiatives have taken root
- Q4 16 towers sold up 28% vs. Q4 15

2017 Objectives

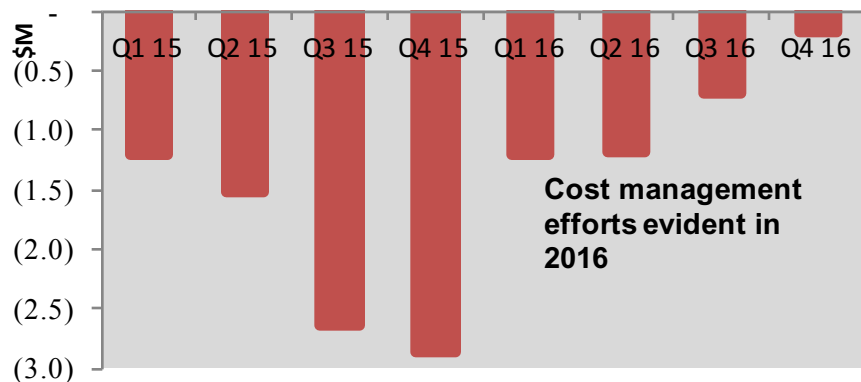
- Sell remaining 2017 tower capacity; build and diversify weldments backlog
- Reduce tower production cost through comprehensive cost-out program
- Complete investment in Abilene capacity expansion and coatings process improvements

Gearing

	Q4 2015	Q4 2016	FY 2015	FY 2016
Orders (\$M)	2.1	2.9	24.9	14.2
Revenue (\$M)	5.8	5.9	29.6	20.6
Operating Loss (\$M)	-2.9	-.2	-8.2	-3.2
EBITDA* (\$M)	-1.5	.5	-2.1	-.6

* Reconciliation to non-GAAP measure included in Appendix

Narrowing Operating Loss in Gearing



Q4 Results

- Orders up vs. Q4 15 – increased orders from mining and steel customers
- Generated \$.5M EBITDA in Q4 16
- Significant improvement in FY operating loss on lower revenue – cost management and lower depreciation both contributed
- All operating metrics sharply better in 2H 16 – productivity, scrap, past due shipments at 0

2017 Objectives

- Expand sales efforts to improve capacity utilization
- Continue aggressive cost management
- Continue cross-training to improve labor productivity

Liquidity

	(In Millions)	
	12/31/2015	12/31/2016
Cash Assets	\$ 12.7	\$ 21.9
Accounts Receivable	9.8	11.9
Inventory	24.2	21.2
PPE	51.9	54.6
Other	11.3	8.1
Total Assets	109.9	117.7
Accounts Payable	13.8	15.9
Customer Deposits	9.9	18.0
Debt + Cap. Leases	5.8	4.1
Other	12.9	11.1
Total Liabilities	42.4	49.1
Equity	67.5	68.6

Strong Working Capital Management

	12/31/15	12/31/16
DSO	26	22
Inv. Turns	7.5	8.2
DPO	24	33
Cash Conv. (days)	28	0

*Operating Working Capital = Trade A/R + Inventories – Trade Payables – Customer Deposits

- Cash and short-term investments totaled \$22M at 12/31/16; credit line undrawn
- FY 2016 Capex totaled \$6.6M
- Year-end 2016 debt balance of \$4.1M includes New Markets Tax Credit and capitalized leases

Strategy

MISSION:

Broadwind Energy is a precision manufacturer of structures, equipment & components for clean tech and other specialized applications.

VISION:

Over the next three years we will double our sales by growing our existing businesses and expanding our presence in clean tech. We will build lasting customer relationships and increase our profitability through improved commercial and operational execution.

**FY16 Sales \$180M
EBITDA 5%**

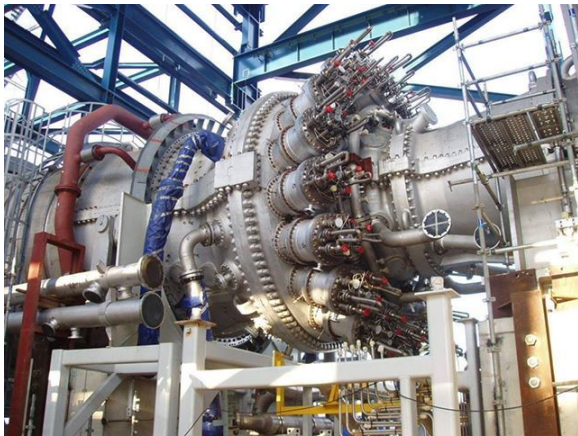
Acquisitions and Organic Growth



**Sales \$360M
EBITDA 10%**

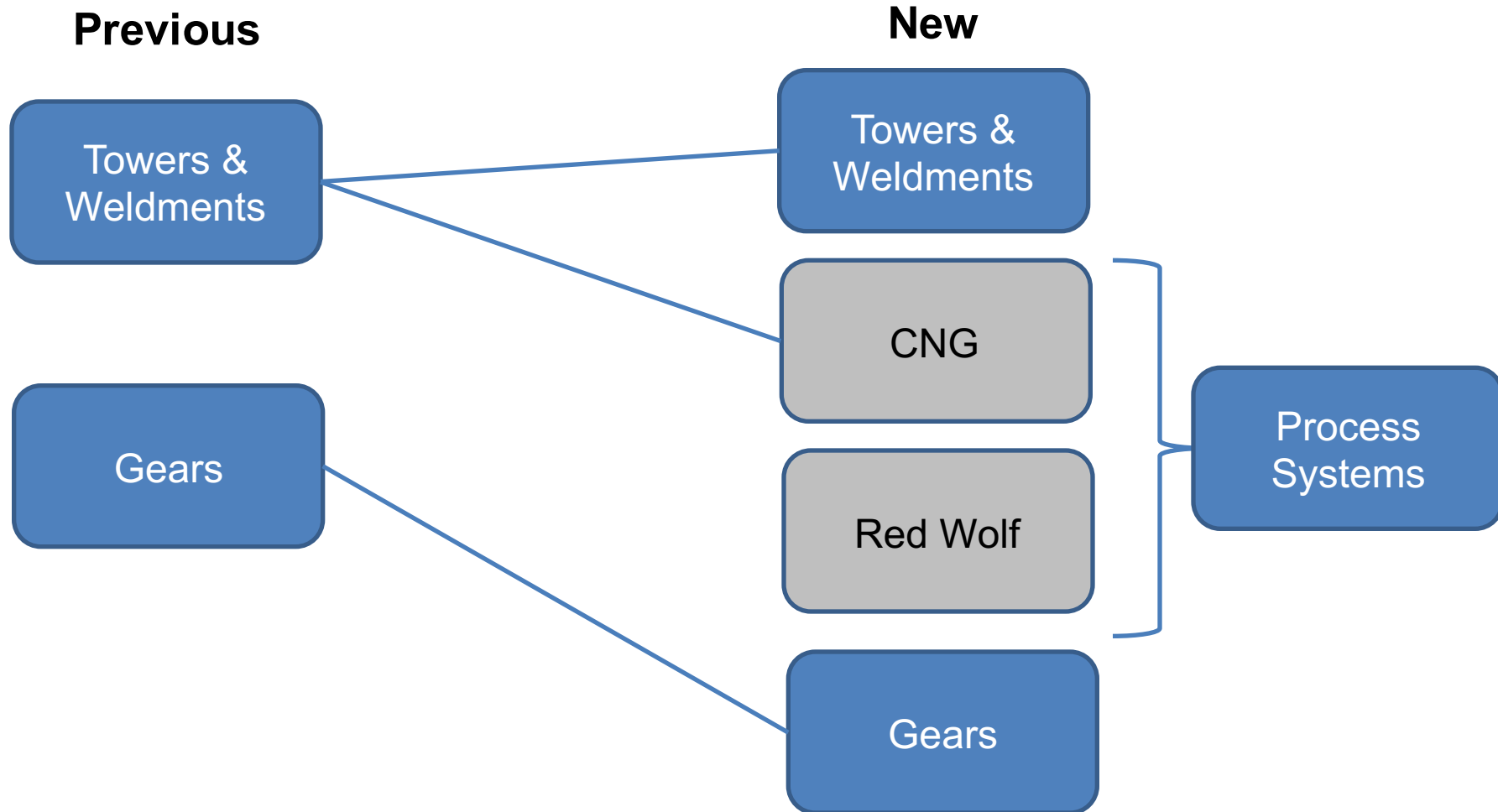
**Acquisition focus on Clean Tech and bolt-on to existing business,
Organic growth of existing and acquired businesses**

Red Wolf, A Broadwind Energy Company



- ~\$30 million contract manufacturer specialized in kitting, light fabrication, packaging/assembly and testing
- Diversifies BWEN into gas turbine install and upgrade market
- Adds new southeast regional geographic manufacturing presence in close proximity to leading Power Generation OEM's
- 2/3 of Red Wolf's sales support installed base vs. new units
- Leverage existing customer base and capabilities to expand business
- Establishes base business platform to support "Broadwind Process Systems" vision

New Segment Reporting Structure



2017 Guidance and Priorities

Guidance	Q1 2016	Q1 2017	% Change	FY 2016	FY 2017	% Change
Revenue	\$46.8	\$54-56M	+15-19%	\$180.8	\$210-220M	+16-21%
EBITDA*	1.7	~\$3M	+>75%	\$9.6	\$14-16M	+45-66%

- Sell remaining 2017 tower capacity
- Reduce tower production costs through improved paint and welding
- Complete Tower plant expansion project
- Seamless integration of Red Wolf
- Expand commercial relationships in Gearing

* Income guidance highly uncertain pending third party determination of purchase accounting for Red Wolf – will update after Q1. Reconciliation to non-GAAP measure included in Appendix.

Business Summary

- First profitable year
- Best in class practices implemented to manage supply chain data collection, labor productivity, training, and new product introductions
- Wind markets fundamentally strong...oil and gas and mining recovering
- Surplus cash redeployed to diversify into gas turbine supply chain with Red Wolf acquisition
- Conservative capital structure supports growth objectives
- >\$200 million NOL to shelter income for foreseeable future



Appendix

Consolidated	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net Income/(Loss) from continuing operations.....	\$ 405	\$ (10,726)	\$ 1,335	\$ (12,246)
Interest Expense.....	193	188	625	799
Income Tax Provision/(Benefit).....	14	(25)	(2)	(36)
Depreciation and Amortization.....	1,776	2,319	6,914	9,180
Share-based Compensation and Other Stock Payments.....	126	(4)	753	893
Restructuring Expense.....	-	186	-	1,060
Adjusted EBITDA (Non-GAAP).....	<u>\$ 2,514</u>	<u>\$ (8,062)</u>	<u>\$ 9,625</u>	<u>\$ (350)</u>

Towers and Weldments Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net Income/(Loss).....	\$ 1,772	\$ (3,780)	\$ 8,510	\$ 3,096
Interest Expense.....	5	-	26	4
Income Tax Provision/(Benefit).....	1,001	(1,598)	4,286	2,161
Depreciation and Amortization.....	1,100	992	4,166	3,954
Share-based Compensation and Other Stock Payments....	11	6	165	112
Restructuring Expense.....	-	186	-	186
Adjusted EBITDA (Non-GAAP).....	<u>\$ 3,889</u>	<u>\$ (4,194)</u>	<u>\$ 17,153</u>	<u>\$ 9,513</u>

Gearing Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net Loss.....	\$ (159)	\$ (2,841)	\$ (3,258)	\$ (8,243)
Interest Expense.....	-	6	9	35
Income Tax Provision/(Benefit).....	(3)	(4)	4	(9)
Depreciation and Amortization.....	627	1,275	2,546	5,032
Share-based Compensation and Other Stock Payments....	17	45	106	228
Restructuring Expense.....	-	-	-	874
Adjusted EBITDA (Non-GAAP).....	<u>\$ 482</u>	<u>\$ (1,519)</u>	<u>\$ (593)</u>	<u>\$ (2,083)</u>

Corporate and Other	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	2015	2016	2015
Net Loss.....	\$ (1,208)	\$ (4,105)	\$ (3,917)	\$ (7,099)
Interest Expense.....	188	181	590	760
Income Tax Provision/(Benefit).....	(984)	1,578	(4,292)	(2,188)
Depreciation and Amortization.....	49	52	202	194
Share-based Compensation and Other Stock Payments....	98	(55)	482	553
Adjusted EBITDA (Non-GAAP).....	<u>\$ (1,857)</u>	<u>\$ (2,349)</u>	<u>\$ (6,935)</u>	<u>\$ (7,780)</u>

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