

BROADWIND | THINK BIG.

First Quarter 2022 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 Coronavirus Aid, Relief, and Economic Security Act (CARES Act); (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 most recently filed Form 10-K and our other filings with the Securities and Exchange Commission. 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 2022

Acceleration in customer quoting activity
Ongoing discussions with customers re: remaining 2022 capacity, together with 2023 capacity

LT onshore installation outlook remains stable
Currently anticipate average annual installation activity of ~11.7 GW annually thru 2030; anticipate an acceleration in new installation activity in latter half of decade; LT fundamentals intact

Long-term PTC extension remains a priority
Multi-year PTC extension would provide onshore wind developers with improved visibility, providing a catalyst for onshore/offshore wind development

Long-term C&I demand drives decarbonization
Commercial and industrial demand for renewable power purchase agreements remains high, supported by ESG mandates and cost-related benefits

Diverse-end market improvement
Improved activity across energy and mining markets, as reflected in non-wind revenue growth

1Q22 Results
Performance Overview

Heavy Fabrications segment update
Segment revenue +20% y/y, given increased repowering demand; tower sections sold flat y/y

Gearing segment update
Segment revenue +98% y/y, driven by increased energy and mining demand

Industrial Solutions segment update
Revenue impacted by project timing and supply chain-related challenges

Stable liquidity position, low net leverage
Total cash and availability was $14.7 million as of March 31, 2022; Ratio of net debt to trailing twelve-month non-GAAP adjusted EBITDA was 1.6x

Orders and backlog increased materially y/y
Total orders +54% y/y, driven by y/y growth across all business lines; backlog +24% y/y

Management Outlook
As of May 2022

2Q22 Adjusted EBITDA Guidance
Anticipate adjusted EBITDA of $0.4 million to $0.6 million

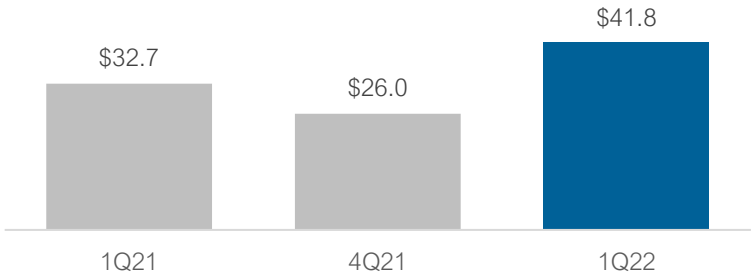
Broad-based revenue growth in both Heavy Fabrications and Gearing segments; Tower section quoting activity accelerating

CONSOLIDATED FINANCIAL DATA

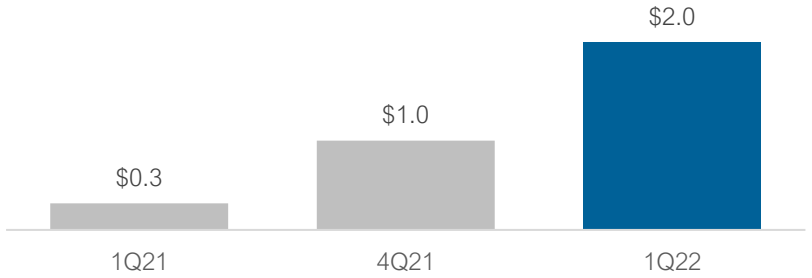
Broad-based commercial demand, execution on revenue diversification strategy

- Total revenue increased 28% y/y to $41.8 million, supported by y/y growth in Heavy Fabrications and Gearing
- Excluding the impact of the ERC in 1Q21, 1Q22 net income and Adjusted EBITDA increased by $2.2 million and $2.1 million, respectively
- Significant y/y growth in order and backlog; quoting discussions with tower customers ongoing
- Anticipate gradual recovery in tower demand in 2023

Total Revenue
($MM)



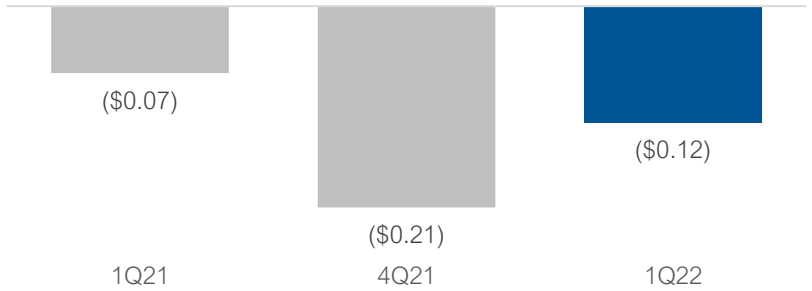
Gross Profit
($MM)



Adjusted EBITDA(1)
($MM)



Earnings (Loss) Per Diluted Share(1)
($)



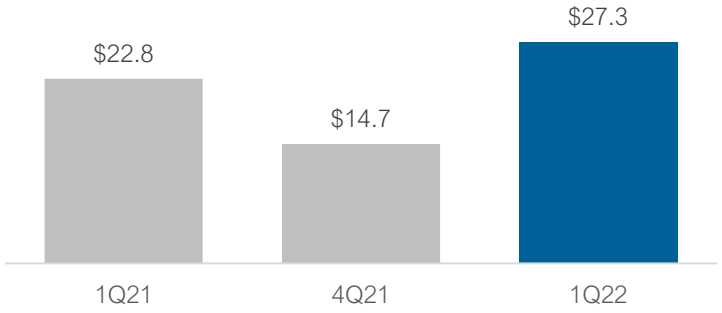
(1) 1Q21 results benefited from $3.4 million related to the Employee Retention Tax Credit (ERC), as outlined under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified under the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021.

HEAVY FABRICATIONS SEGMENT

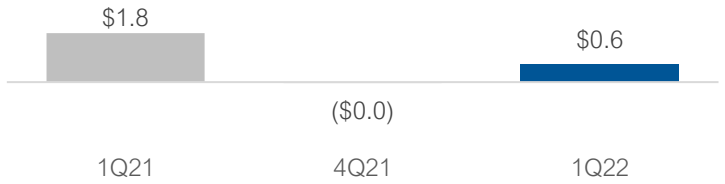
Improved repowering demand, accelerating quoting activity on new tower section orders

- Segment revenue increased 20% y/y to $27.3 million due to stronger repowering demand
- Segment orders increased 64% y/y to $34.2 million; backlog increased 11% sequentially in 1Q22
- Allocating open tower capacity toward energy, commercial and industrial projects
- Generated strong sequential growth in both orders and tower sections sold

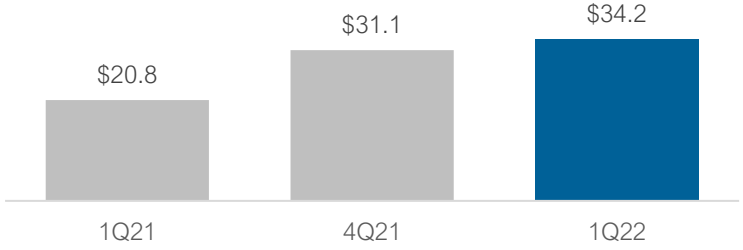
Segment Revenue
($MM)



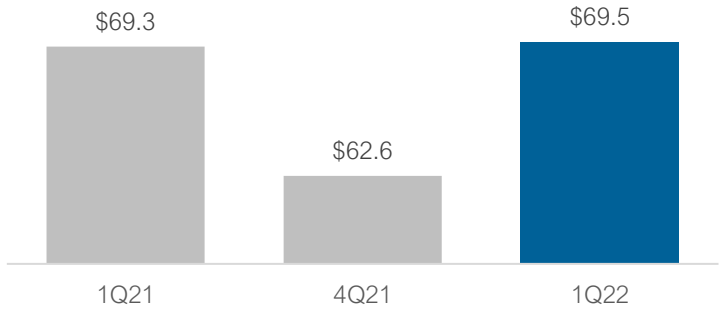
Segment Adjusted EBITDA(1)
($MM)



Segment Orders
($MM)



Quarter-End Segment Backlog
($MM)



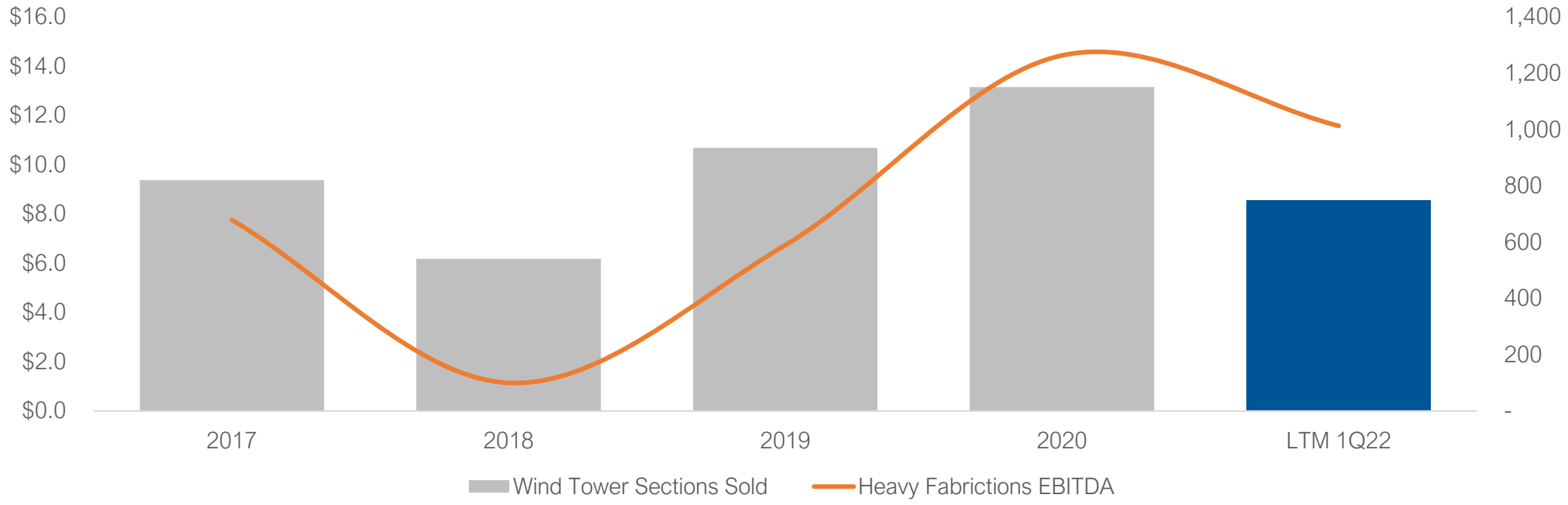
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HEAVY FABRICATIONS SEGMENT

Wind tower sections sold were flat y/y in 1Q22, signaling gradual stabilization in demand

Tracking Wind Tower Production vs. Segment EBITDA

Number of Sections vs. Heavy Fabrications EBITDA



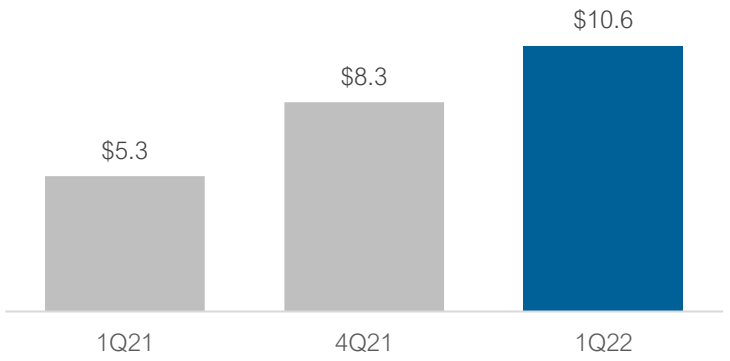
Tower section quoting activity accelerating; PTC extension remains a major potential catalyst.
Reallocating Heavy Fabrications' tower capacity toward high-demand projects within construction and material handling markets

GEARING SEGMENT

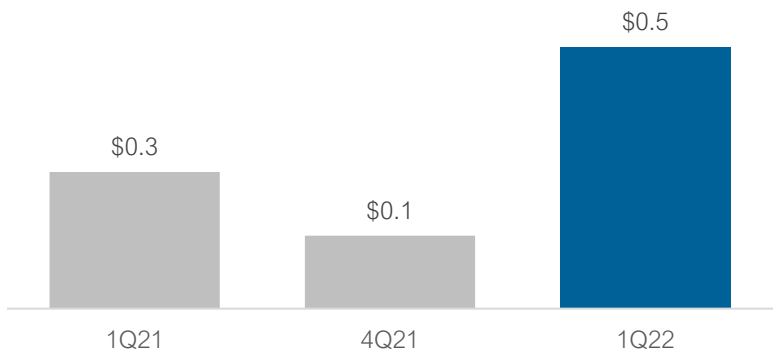
Improved energy, commercial and industrial demand for gearing components

- Revenue increased 98% y/y in 1Q22; customer activity continues to accelerate within the energy sector, given recent commodity price escalation
- Orders increased 42% y/y to $14.1 million; Backlog improved 86% y/y
- Segment non-GAAP adjusted EBITDA was $0.5 million, versus an adjusted EBITDA loss of ($0.5) million in the prior-year period (after excluding PY ERC benefit)
- Well-positioned to capitalize on cyclical recovery within industrial manufacturing; key beneficiary of legislative support for multi-year infrastructure investments

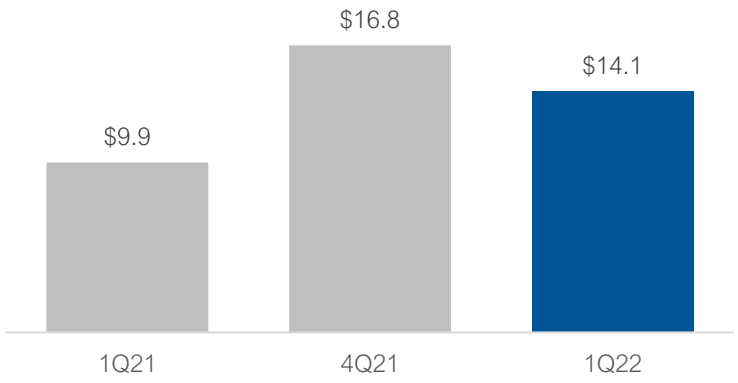
Segment Revenue
($MM)



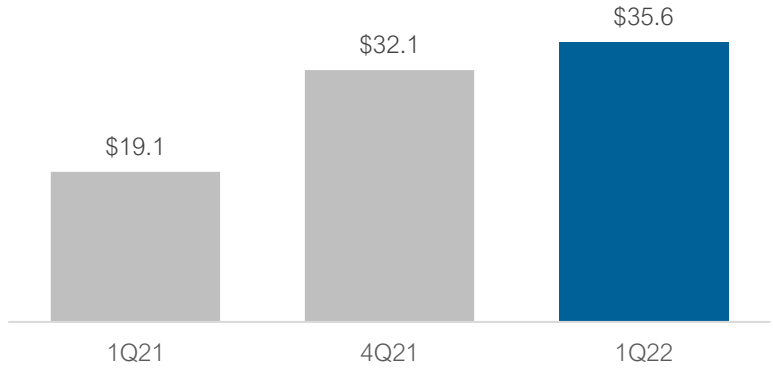
Segment Adjusted EBITDA(1)
($MM)



Segment Orders
($MM)



Quarter-End Segment Backlog
($MM)



(1) 1Q21 results benefited from $0.7 million related to the Employee Retention Tax Credit (ERC), as outlined under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified under the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021.

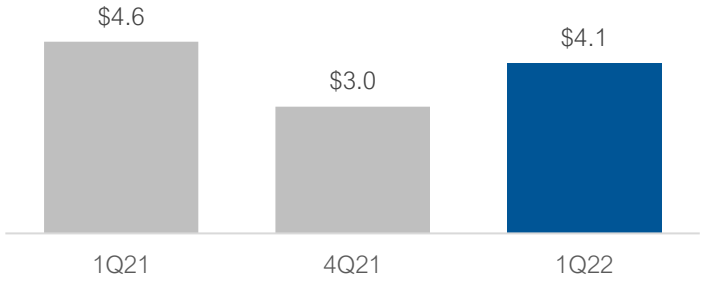
INDUSTRIAL SOLUTIONS SEGMENT

Impacted by supply chain challenges and project timing

- Revenue declined 12% y/y driven by project timing and supply-chain challenges
- Strong aftermarket order intake to support margin realization for the balance of 2022

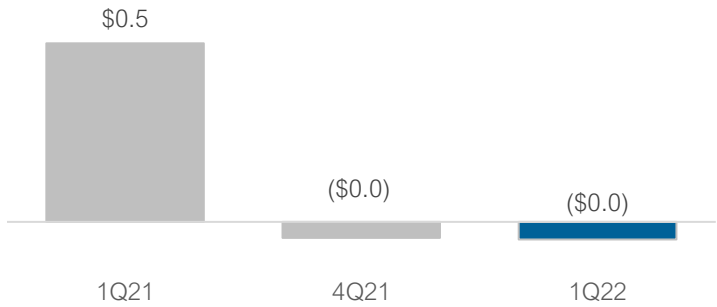
Segment Revenue

($MM)



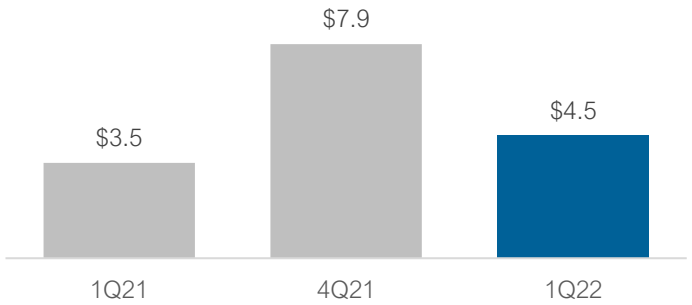
Segment Adjusted EBITDA(1)

($MM)



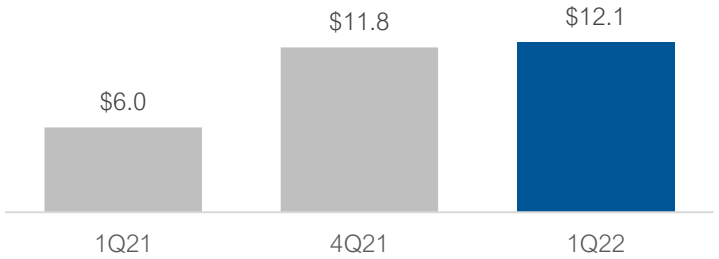
Segment Orders

($MM)



Quarter-End Segment Backlog

($MM)



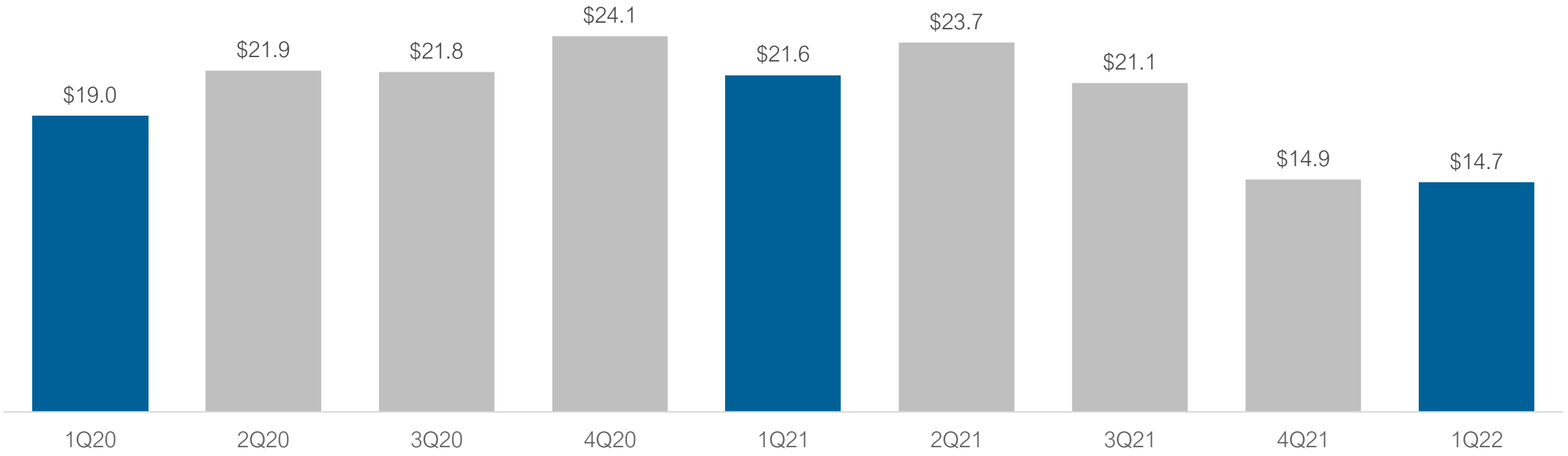
(1) 1Q21 results benefited from $0.2 million related to the Employee Retention Tax Credit (ERC), as outlined under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and further modified under the Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021.

BALANCE SHEET UPDATE

$14.7 million of cash and availability to support growth as of 3/31/22

Quarter-End Total Cash and Availability on Credit Facility

($MM)



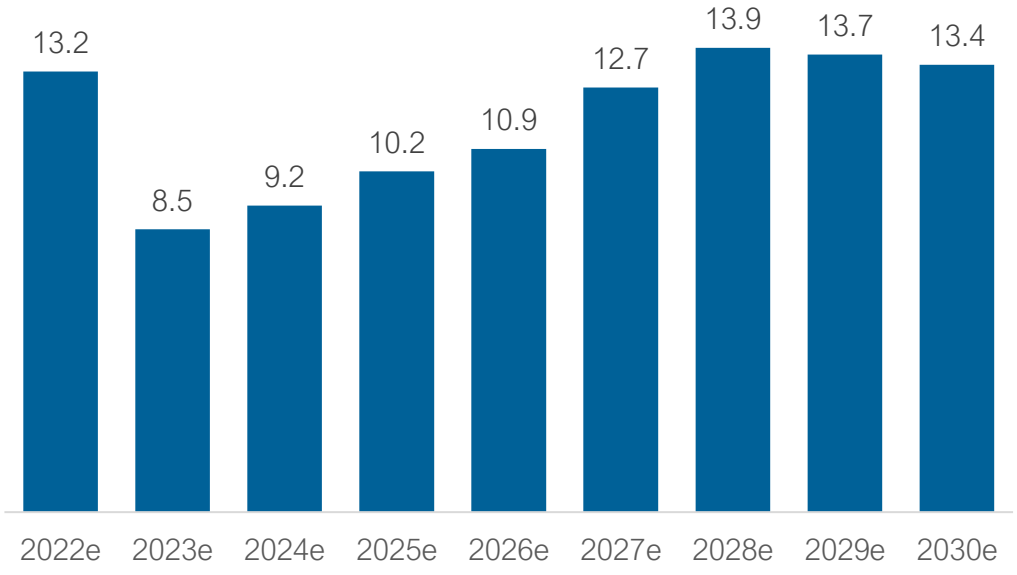
Cash and credit availability is consistent with 4Q21 levels – sufficient liquidity to support the ongoing growth of the business

U.S. WIND POWER INSTALLATION FORECAST

Potential multi-year extension of the PTC and ITC remains a key catalyst for new wind installations

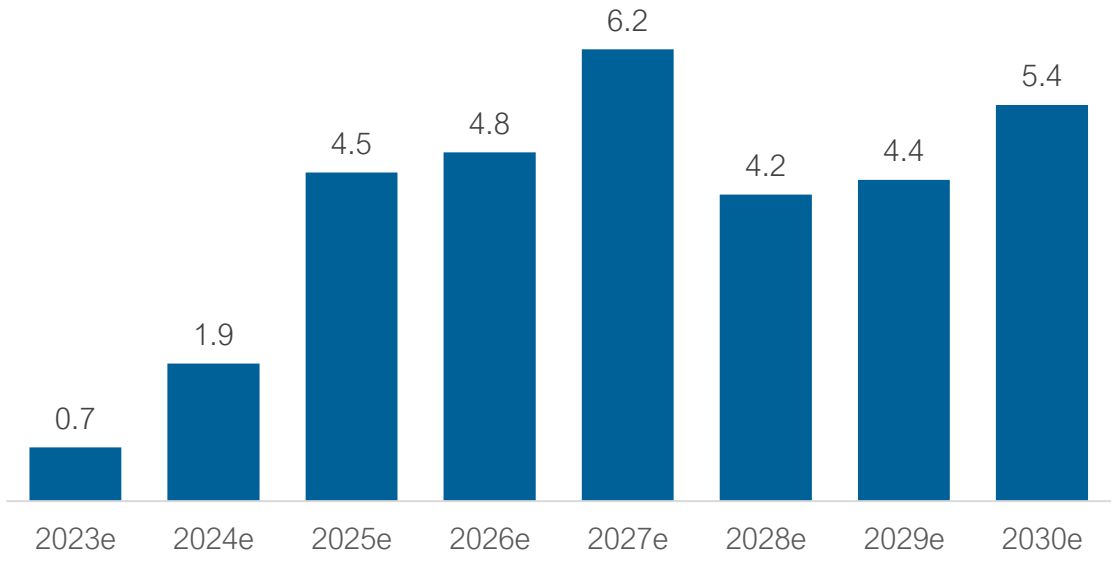
U.S. Onshore Wind Capacity Installations

(Annual On-Shore GW Installed)(1)



U.S. Offshore Wind Capacity Installations

(Annual Off-Shore GW Installed)(1)



Following recent AD/CVD investigation impacting utility scale solar economics, wind could be a key beneficiary of the near/medium term. PTC extension would allow further technology development to lower the LCOE of wind (vs. solar)

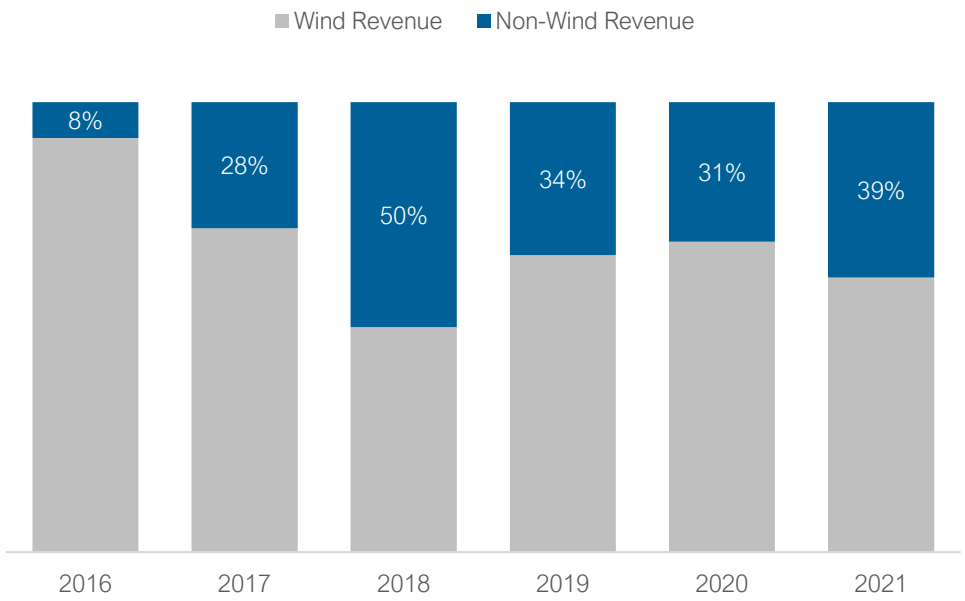
(1) Source: Wood MacKenzie 1Q22 Wind Sector Outlook; wind values include new build and repowering

CUSTOMER DIVERSIFICATION INITIATIVE

Balanced revenue mix supports long-term growth and profitability

Wind vs. Non-Wind Revenue Concentration

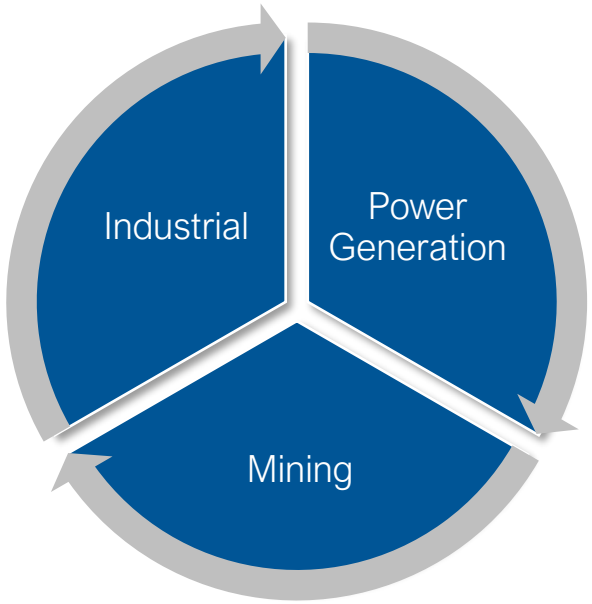
(% of Total Revenue)*(1)*



- Non-wind revenue has increased to 39% of total 2021 revenue, an increase from 8% in 2016, serving to offset volatility in wind tower demand

Fastest Growing Non-Wind Sectors in 1Q22

(Absolute Growth in Revenue)



- We continue to maintain a disciplined cost structure, while mitigating cash burn ahead of an expected recovery in tower demand

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

APPENDIX

EXHIBIT A

Orders, Revenues and Operating Income (Loss) Consolidated and by Segment

	Three Months Ended March 31,	
	2022	2021
ORDERS:		
Heavy Fabrications	$ 34,161	$ 20,797
Gearing	14,061	9,921
Industrial Solutions	4,471	3,496
Total orders	$ 52,693	$ 34,214
REVENUES:		
Heavy Fabrications	$ 27,272	$ 22,777
Gearing	10,584	5,349
Industrial Solutions	4,073	4,604
Corporate and Other	(85)	(2)
Total revenues	$ 41,844	$ 32,728
OPERATING (LOSS)/PROFIT:		
Heavy Fabrications	$ (461)	$ (1,700)
Gearing	(112)	(989)
Industrial Solutions	(209)	(14)
Corporate and Other	(1,291)	(1,608)
Total operating profit/(loss)	$ (2,073)	$ (4,311)

EXHIBIT B

GAAP to Non-GAAP Consolidated Adjusted EBITDA Reconciliation

Consolidated	Three Months Ended March 31,	
	2022	2021
Net Loss	$ (2,404)	$ (1,210)
Interest Expense	345	230
Income Tax Provision	7	32
Depreciation and Amortization	1,519	1,552
Share-based Compensation and Other Stock Payments	525	613
Adjusted EBITDA (Non-GAAP)	(8)	1,217

Heavy Fabrications Segment	Three Months Ended March 31,	
	2022	2021
Net (Loss) Income	$ (476)	$ 921
Interest Expense	140	100
Income Tax Benefit	(126)	(402)
Depreciation	879	944
Share-based Compensation and Other Stock Payments	215	222
Adjusted EBITDA (Non-GAAP)	$ 632	$ 1,785

Gearing Segment	Three Months Ended March 31,	
	2022	2021
Net Loss	$ (136)	$ (283)
Interest Expense	47	13
Income Tax Provision	-	3
Depreciation and Amortization	476	458
Share-based Compensation and Other Stock Payments	118	80
Adjusted EBITDA (Non-GAAP)	$ 505	$ 271

EXHIBIT B

GAAP to Non-GAAP Consolidated Adjusted EBITDA Reconciliation

Industrial Solutions Segment	Three Months Ended March 31,	
	2022	2021
Net (Loss) Income	$ (225)	$ 178
Interest Expense	14	14
Income Tax Provision	2	17
Depreciation and Amortization	103	106
Share-based Compensation and Other Stock Payments	60	147
Adjusted EBITDA (Non-GAAP)	$ (46)	$ 462

Corporate and Other	Three Months Ended March 31,	
	2022	2021
Net Loss	$ (1,567)	$ (2,026)
Interest Expense	144	103
Income Tax Provision	131	414
Depreciation and Amortization	61	44
Share-based Compensation and Other Stock Payments	132	164
Adjusted EBITDA (Non-GAAP)	$ (1,099)	$ (1,301)

EXHIBIT C

Consolidated Statement of Cash Flows

	Three Months Ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (2,404)	$ (1,210)
Adjustments to reconcile net cash used in operating activities:		
Depreciation and amortization expense	1,519	1,553
Deferred income taxes	(7)	(5)
Change in fair value of interest rate swap agreements	2	5
Stock-based compensation	192	219
Allowance for doubtful accounts	(23)	(218)
Common stock issued under defined contribution 401(k) plan	282	258
Loss (gain) on disposal of assets	3	(23)
Changes in operating assets and liabilities:		
Accounts receivable	(5,073)	1,229
Employee retention credit receivable	497	(3,372)
Contract assets	(2,038)	(269)
Inventories	(5,690)	(13,552)
Prepaid expenses and other current assets	179	699
Accounts payable	10,538	7,591
Accrued liabilities	(254)	419
Customer deposits	(3,683)	(1,764)
Other non-current assets and liabilities	(45)	3
Net cash used in operating activities	(6,005)	(8,437)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(492)	(612)
Proceeds from disposals of property and equipment	-	23
Net cash used in investing activities	(492)	(589)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit, net	7,207	3,223
Proceeds from long-term debt	125	595
Payments on long-term debt	(8)	(150)
Principal payments on finance leases	(495)	(339)
Shares withheld for taxes in connection with issuance of restricted stock	(411)	(847)
Proceeds from sale of common stock, net	-	6,101
Net cash provided by financing activities	6,418	8,583
NET DECREASE IN CASH	(79)	(443)
CASH beginning of the period	852	3,372
CASH end of the period	$ 773	$ 2,929

EXHIBIT D

Consolidated Balance Sheet

	March 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash	$ 773	$ 852
Accounts receivable, net	18,898	13,802
Employee retention credit receivable	-	497
Contract assets	3,175	1,136
Inventories, net	39,067	33,377
Prepaid expenses and other current assets	2,482	2,661
Total current assets	64,395	52,325
LONG-TERM ASSETS:		
Property and equipment, net	44,545	43,655
Operating lease right-of-use assets	17,588	18,029
Intangible assets, net	3,269	3,453
Other assets	658	585
TOTAL ASSETS	$ 130,455	$ 118,047
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit and other notes payable	$ 13,855	$ 6,650
Current portion of finance lease obligations	2,250	2,060
Current portion of operating lease obligations	1,798	1,775
Accounts payable	26,944	16,462
Accrued liabilities	3,402	3,654
Customer deposits	8,399	12,082
Total current liabilities	56,648	42,683
LONG-TERM LIABILITIES:		
Long-term debt, net of current maturities	170	177
Long-term finance lease obligations, net of current portion	3,713	2,481
Long-term operating lease obligations, net of current portion	17,951	18,405
Other	180	167
Total long-term liabilities	22,014	21,230
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; 20,292,073 and 19,859,650 shares issued as of March 31, 2022 and December 31, 2021, respectively	20	20
Treasury stock, at cost, 273,937 shares as of March 31, 2022 and December 31, 2021, respectively	(1,842)	(1,842)
Additional paid-in capital	395,435	395,372
Accumulated deficit	(341,820)	(339,416)
Total stockholders' equity	51,793	54,134
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 130,455	$ 118,047



IR CONTACT

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