

2018 Annual Meeting

May 1, 2018

Broadwind® ENERGY

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- 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 27, 2018 for a reconciliation of certain non-GAAP measures presented in this presentation.

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2017 Highlights

- Revenue of $147 million due to Tower weakness, offset by growth in other segments
- Acquired Red Wolf, LLC – diversified into natural gas turbine market – new and aftermarket
- Completed Abilene facility expansion providing important operating flexibility and increased production capacity
- Oil and gas markets remain strong; mining demand accelerating
- “Towers and Weldments” segment renamed “Towers and Heavy Fabrications” to reflect expanded manufacturing competencies and broader commercial strategy

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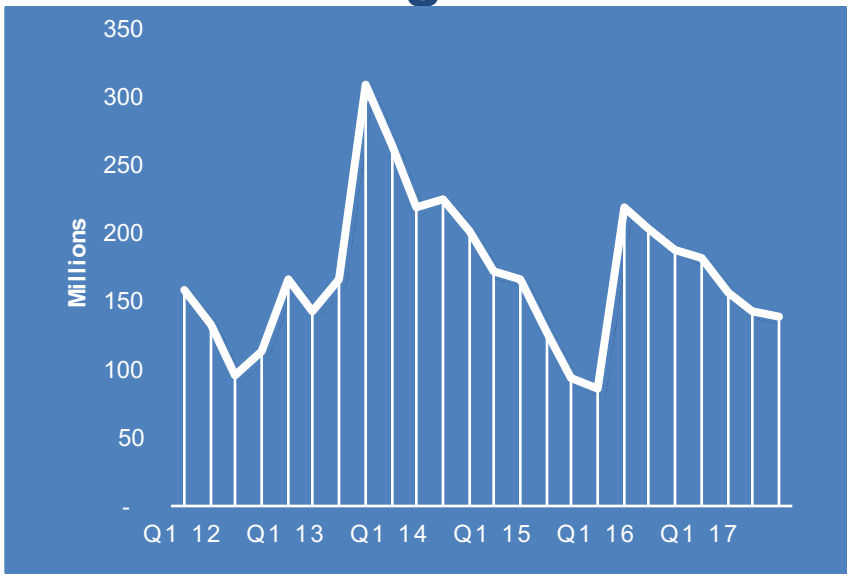
Orders and Backlog

Orders – $M

	Q4 2016	Q4 2017	FY 2016	FY 2017	FY 2017 Book: Bill
Towers & Heavy Fabrications	$29.4	**$2.5**	$260.8	**34.9**	**.34**
Gearing	2.9	**7.4**	14.2	**36.9**	**1.42**
Process Systems	n/a	**2.4**	n/a	**15.8**	**.91**
Total	32.3	**12.3**	275.0	**87.6**	**.60**

- Tower orders weak in 2017 – tower order improvement and emerging demand for heavy fabrications for mining in 2018
- Strong Gearing orders from oil & gas customers
- Process Systems Book:Bill near 1 – new gas turbine orders and mining

Backlog – $M

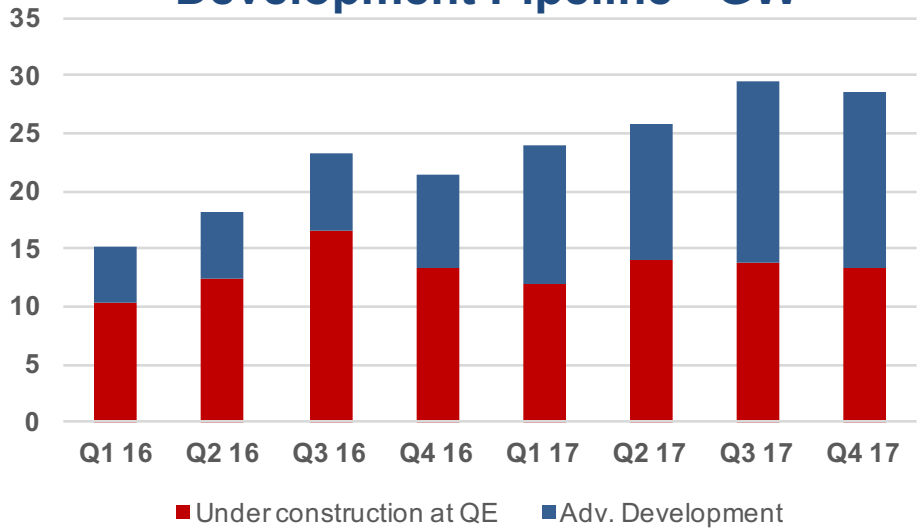


- 12/31/17 backlog $138M
- Current multi-year tower order booked in 2016 supports baseload production through 2019

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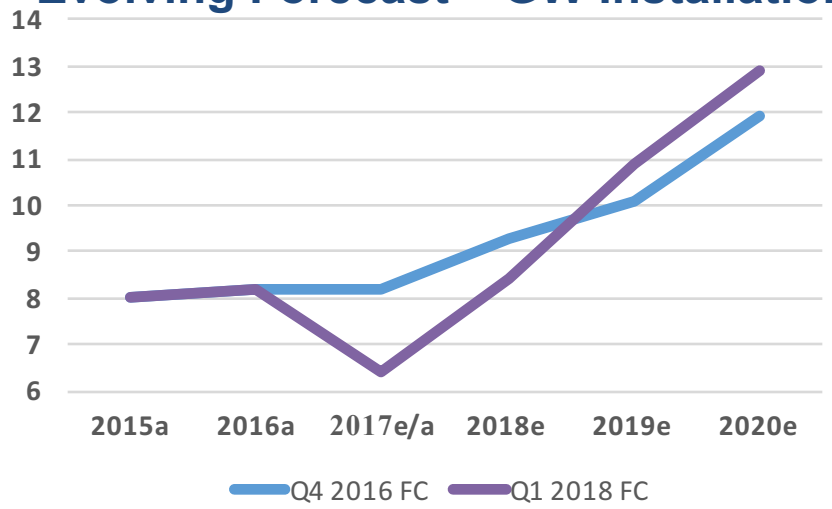
US Wind Market Update

Development Pipeline - GW



Source: AWEA Q4 2017 Market Report

Evolving Forecast – GW Installations



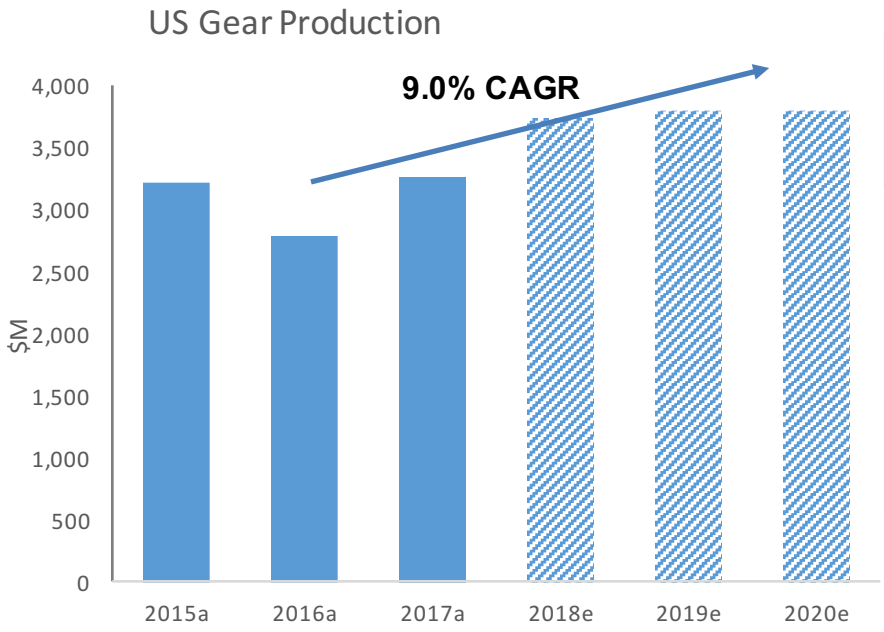
***Source**: MAKE Global Wind Market Outlook Update*

- Wind development pipeline remains robust – 34% increase vs. Q4 2016
- Adv. dev means turbines ordered, PPA signed or utility owned
- The majority of pipeline projects will qualify for 100% or 80% PTC

- Slight shift of demand toward PTC-expiration year
- 2021 outlook strengthening with 80% PTC qualifications
- Post-PTC uncertainty remains for 2022 and beyond

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Demand for US gearing remains strong



**Excluding automotive*

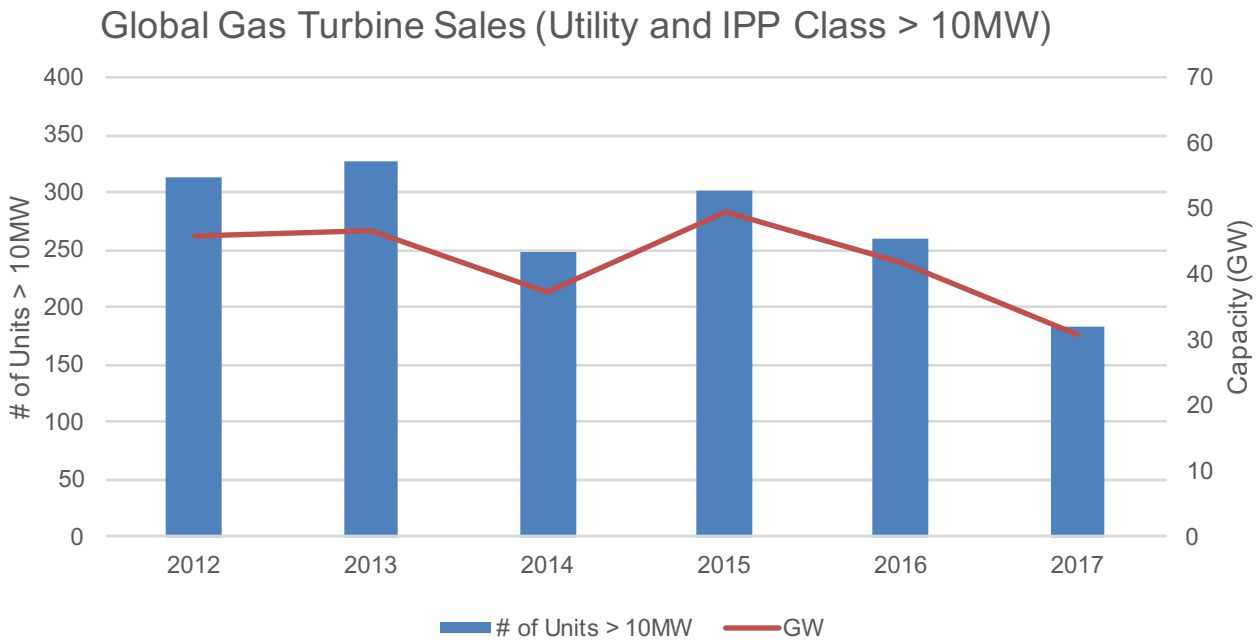
Sources: AGMA & IHS

	% market	2014-2017 CAGR	2017-2019 CAGR
Turbines & Power	10%	-6%	+5%
Oil & Gas	6%	-13%	+22%
Mining & Const	7%	-6%	+7%
Other Industrial	38%	+1.5%	+1%

Source: IHS Markit December 2017
Markets excluded: farm machinery, aerospace, railroad, shipbuilding and machine tools

- US market reached inflection point in 2016
- BWEN's gearing market generally growing faster than average
- For BWEN, Oil and gas resurgence has dominated, but mining is becoming healthier as well

Global Gas Turbine Market



Source: *McCoy Power Reports*

- Low power pricing environment has strained both new unit and aftermarket activity
- New unit deliveries in 2017 fell well short of PY and industry forecast, recent OEM earnings releases suggest weakness will persist through 2018
- Recent aftermarket activity does reflect signs of rebound, however at this point we anticipate lower demand for turbine upgrades to continue

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BWEN Consolidated Financial Results

	Q4 16	Q4 17	FY 16	FY 17
Total Sales	$48.2	**$17.8**	$180.8	**$146.8**
Gross Profit	4.7	**-3.1**	18.1	**8.2**
Gross Profit %	*9.8%*	***-17.5%***	*10.0%*	***5.6%***
Operating Expense	4.1	**3.6**	16.2	**15.6**
Operating Income/(Loss)	0.6	**-6.7**	1.9	**-7.4**
% of sales	*1.2%*	***-37.6%***	*1.1%*	***-5.1%***
Adj. EBITDA	2.5	**-4.0**	9.6	**2.8**
% of sales	*5.2%*	***-22.2%***	*5.3%*	***1.9%***
EPS, Continuing	0.03	**-0.45**	0.09	**-0.21**

$M except as noted otherwise

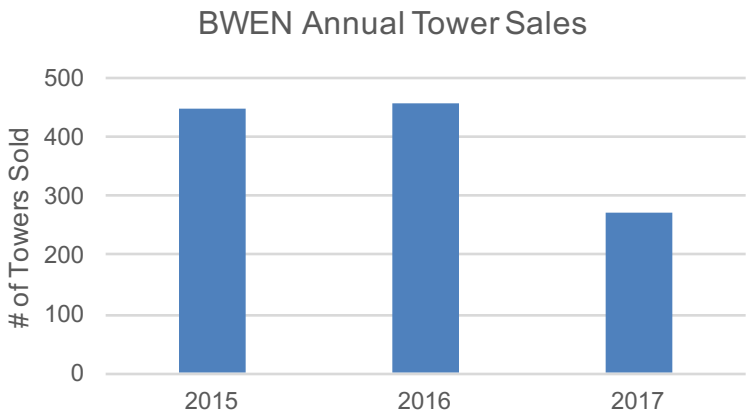
- Q4 17 sales down from Q4 16 – lower tower sales volumes, partially offset by added Red Wolf sales and increased Gearing sales
- Operating loss for Q4 17 due to low tower volume, partially offset by reductions in manufacturing overhead and operating expenses
- Adj. EBITDA loss of $4.0 million in Q4 17 – weak tower results

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Towers and Heavy Fabrications

	Q4 2016	Q4 2017	FY 2016	FY 2017
Orders ($M)	$29.4	**$2.5**	$260.8	**$34.9**
Towers Sold (#)	119	**9**	458	**272**
Revenue ($M)	42.3	**4.2**	160.2	**103.4**
Operating Inc/(Loss) ($M)	2.8	**-4.5**	12.8	**2.7**
-% of Sales	*6.6%*	***n/m***	*8.0%*	***2.6%***
EBITDA* ($M)	3.9	**-3.0**	17.2	**7.8**
- % of Sales	*9.2%*	***n/m***	*10.7%*	***7.5%***

* Reconciliation to non-GAAP measure included in Appendix



Q4 Results

- Tower orders remain weak – emerging demand for heavy fabrications for mining
- Q4 17 tower count drops to 9 as customers work down inventories
- Operating loss due to low tower volume, partially offset by lower manufacturing overhead and operating expense
- FY EBITDA margin 7.5%

2018 Objectives

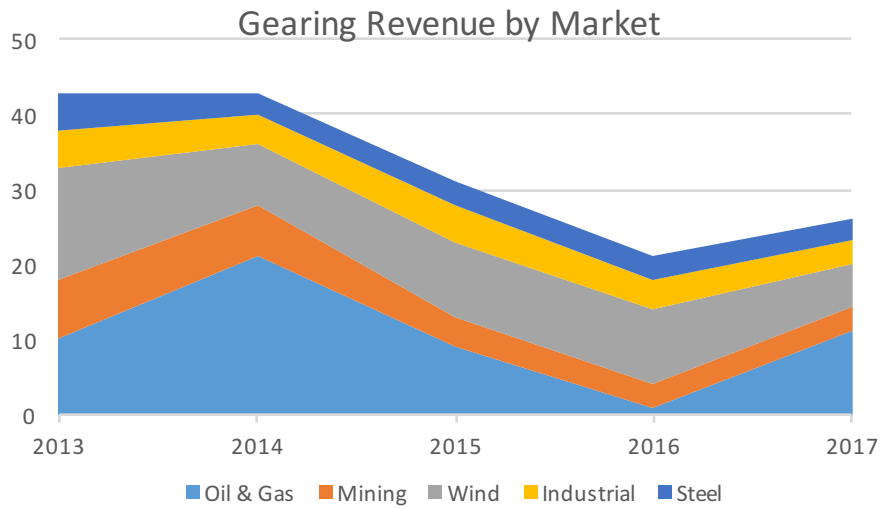
- Diversify tower customer base and grow heavy fabrications business
- Cost out to offset margin pressure
- Build capabilities and customer base for heavy fabrications

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Gearing

	Q4 2016	Q4 2017	FY 2016	FY 2017
Orders ($M)	$2.9	**$7.4**	$14.2	**$36.9**
Revenue ($M)	5.9	**8.5**	20.6	**26.0**
Operating (Loss)/ Income ($M)	-.2	**-.1**	-3.2	**-2.6**
EBITDA* ($M)	.5	**.6**	-.6	**-**

* Reconciliation to non-GAAP measure included in Appendix



Q4 Results

- Orders continue to be strong primarily from oil & gas customers
- Revenue up 44% in Q4 and 26% FY 2017
- Plant layout reconfigured to boost productivity
- Improved EBITDA in Q4 and FY 2017

2018 Objectives

- Optimize production flow through plants
- Continue diversification of customer base
- Achieve consistent operating pattern
- Generate positive operating income

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Process Systems

	Q4 2016	Q4 2017	FY 2016	FY 2017
Orders ($M)	n/a	**$2.4**	n/a	**$15.8**
Revenue ($M)	n/a	**5.1**	n/a	**17.4**
Operating Profit/(Loss) ($M)	n/a	**-.5**	n/a	**-2.3**
EBITDA* ($M)	n/a	**-**	n/a	**-.5**

* Reconciliation to non-GAAP measure included in Appendix



Q4 Results

- Process Systems includes Abilene-based CNG, and Red Wolf as of Feb 1, 2017
- Q4 orders down sequentially

2018 Objectives

- Progress Red Wolf customer diversification
- Expand share with existing customers
- Exit CNG

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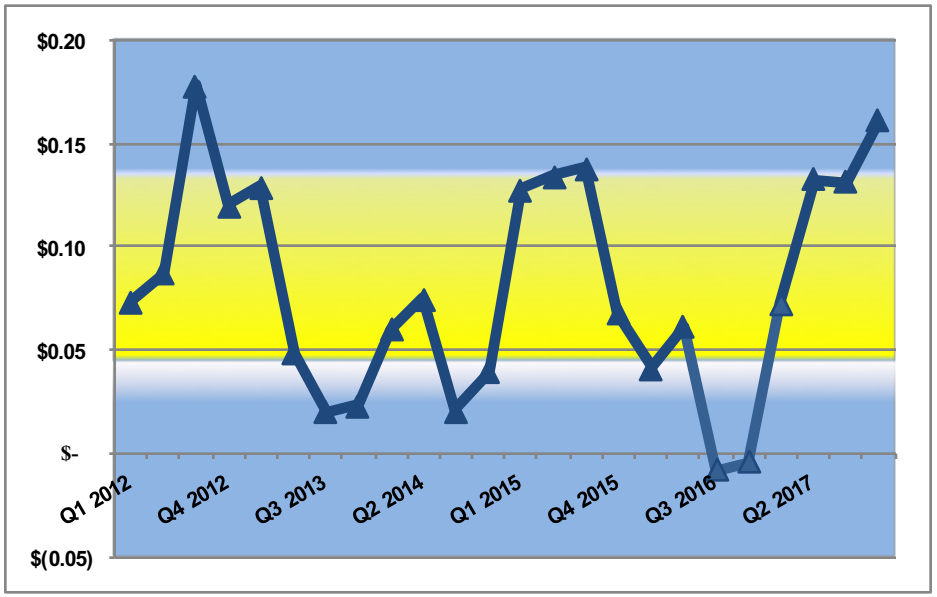
Operating Working Capital (OWC)

OWC* Management

	12/31/16	12/31/17
DSO	22	70
Inv. Turns	8.2	5.0
DPO	33	44
Cash Conv. (days)	0	48
OWC $M	-0.8	11.3

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

OWC* Historical Trend – cents/$ sales

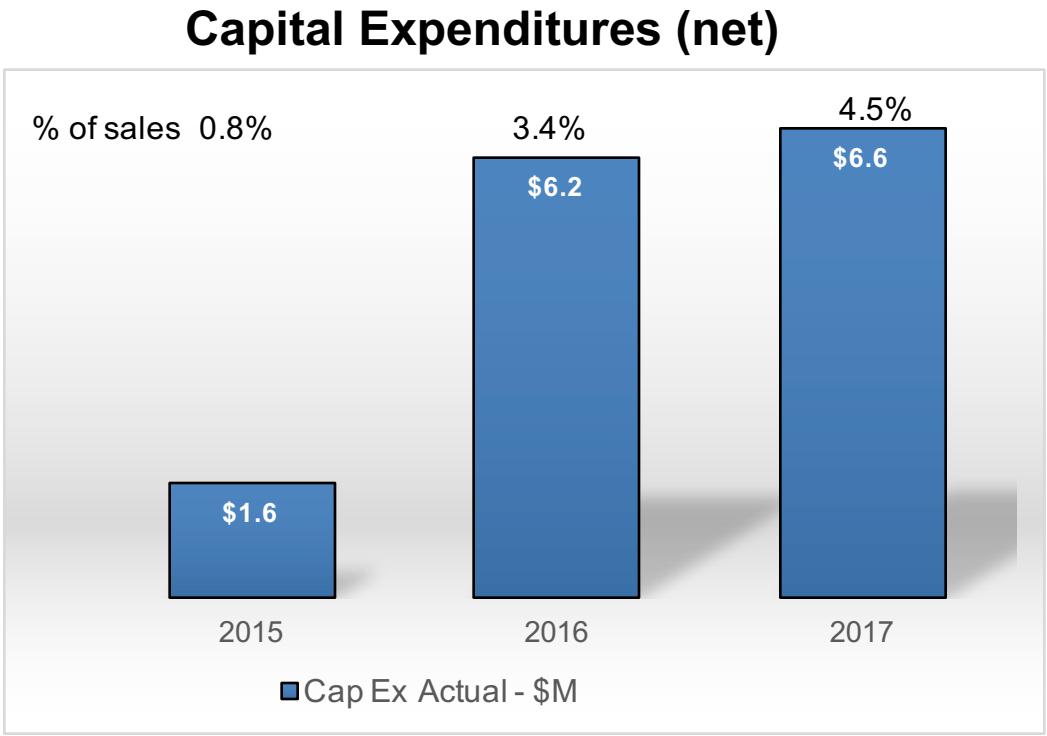


- Tower customer payment cycle has shortened
- Q4 2017 statistics distorted by low tower mix

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Balance Sheet and Capital Expenditures

	(In Millions) 12/31/2016	12/31/2017
Cash Assets	$ 21.9	**$ 0.1**
Accounts Receivable	11.9	**13.6**
Inventory	21.2	**19.3**
PPE	54.6	**55.7**
Other	8.1	**23.7**
Total Assets	*117.7*	***112.4***
Accounts Payable	15.9	**11.8**
Customer Deposits	18.0	**9.8**
Debt + Cap Leases	4.1	**16.7**
Other	11.1	**8.1**
Total Liabilities	*49.1*	***46.4***
Equity	*68.6*	***66.0***



- Cash applied to balance on credit line
- CIBC (previously The Private Bank) $25M credit line had $12M of additional availability at quarter-end
- Capital expenditures totaled $6.6M in 2017 – above normal 2% of sales run rate due to Abilene expansion

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2018 Guidance and Priorities

- Revenue recovers beginning Q1 2018
  - Revenue $28 – 30M
  - EBITDA ~ ($1M)
- Beginning with Q2, revenue of $40 million or above, return to positive EBITDA
- Visibility expected to improve as tower orders firm

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Appendix

Consolidated	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net Income/(Loss) from continuing operations	$ (6,928)	$ 406	$ (3,183)	$ 1,335
Interest Expense	214	194	798	625
Income Tax Provision/(Benefit)	11	14	(5,045)	(2)
Depreciation and Amortization	2,428	1,776	8,999	6,914
Share-based Compensation and Other Stock Payments	323	125	1,223	753
Adjusted EBITDA (Non-GAAP)	$ (3,952)	$ 2,514	$ 2,792	$ 9,625

Towers and Heavy Fabrications Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net (Loss)/Income	$ (4,207)	$ 1,772	$ 919	$ 8,510
Interest Expense/(Benefit)	26	5	89	26
Income Tax (Benefit)/Provision	(337)	1,001	1,666	4,286
Depreciation and Amortization	1,355	1,100	4,638	4,166
Share-based Compensation and Other Stock Payments	128	11	440	165
Adjusted EBITDA (Non-GAAP)	$ (3,035)	$ 3,889	$ 7,752	$ 17,153

Gearing Segment	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net Income/(Loss)	$ (70)	$ (159)	$ (2,638)	$ (3,258)
Interest Expense	3	-	12	9
Income Tax Provision/(Benefit)	(4)	(3)	(6)	4
Depreciation and Amortization	583	627	2,430	2,546
Share-based Compensation and Other Stock Payments	64	17	178	106
Adjusted EBITDA (Non-GAAP)	$ 576	$ 482	$ (24)	$ (593)

Process Systems	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net Income/(Loss)	$ (390)	$ -	$ (2,207)	$ -
Interest Expense	1	-	5	-
Income Tax Provision/(Benefit)	(78)	-	(88)	-
Depreciation and Amortization	428	-	1,706	-
Share-based Compensation and Other Stock Payments	20	-	53	-
Adjusted EBITDA (Non-GAAP)	$ (19)	$ -	$ (531)	$ -

Corporate and Other	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Net Income/(Loss)	$ (2,651)	$ (1,208)	$ 743	$ (3,917)
Interest Expense	184	189	692	590
Income Tax Provision/(Benefit)	430	(984)	(6,617)	(4,292)
Depreciation and Amortization	62	49	225	202
Share-based Compensation and Other Stock Payments	111	97	552	482
Adjusted EBITDA (Non-GAAP)	$ (1,864)	$ (1,857)	$ (4,405)	$ (6,935)

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