

# BROADWIND ENERGY, INC.

## FORM 8-K (Current report filing)

Filed 11/04/11 for the Period Ending 11/04/11

Address	3240 S. CENTRAL AVENUE CICERO, IL 60804
Telephone	708-780-4800
CIK	0001120370
Symbol	BWEN
SIC Code	3360 - Nonferrous Foundries (castings)
Industry	Misc. Capital Goods
Sector	Capital Goods
Fiscal Year	12/31

---

---

**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**

Date of report (Date of earliest event reported): **November 4, 2011**

**BROADWIND ENERGY, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**0-31313**  
(Commission File Number)

**88-0409160**  
(IRS Employer Identification No.)

**47 East Chicago Avenue, Suite 332 , Naperville, Illinois 60540**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(630) 637-0315**

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

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:

- 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))
- 
- 
-

**Item 2.02. Results of Operations and Financial Condition.**

On November 4, 2011, Broadwind Energy, Inc. (the “Company”) issued a press release announcing its financial results as of and for the quarter ended September 30, 2011. The press release is incorporated herein by reference and is attached hereto as Exhibit 99.1.

The information in this Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is furnished under Item 2.02 of Form 8-K and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933 or the Exchange Act regardless of any general incorporation language in such filings.

**Item 7.01. Regulation FD Disclosure.**

An Investor Presentation dated November 4, 2011 is incorporated herein by reference and attached hereto as Exhibit 99.2.

The information contained in, or incorporated into, this Item 7.01 of this Report, including Exhibit 99.2 attached hereto, is furnished under Item 7.01 of Form 8-K and shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act or the Exchange Act regardless of any general incorporation language in such filings.

This Report will not be deemed an admission as to the materiality of any information in this Report that is being disclosed pursuant to Regulation FD.

Please refer to Exhibit 99.2 for a discussion of certain forward-looking statements included therein and the risks and uncertainties related thereto.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1 Press Release dated November 4, 2011

99.2 Investor Presentation dated November 4, 2011

**SIGNATURE**

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 hereunto duly authorized.

**BROADWIND ENERGY, INC.**

November 4, 2011

By: /s/ Stephanie K. Kushner  
Stephanie Kushner  
Chief Financial Officer

**EXHIBIT INDEX**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
99.1	Press Release dated November 4, 2011
99.2	Investor Presentation dated November 4, 2011



FOR IMMEDIATE RELEASE

**Broadwind Energy, Inc. Announces Third Quarter 2011 Results**

**Highlights:**

- **Q3 sales of \$47.9 million, up 41% from the prior year quarter; YTD sales up 46%**
- **Service segment sales rebounds to \$6.6 million in Q3, up 82% from 2010 and more than double prior quarter with strong order pipeline for Q4**
- **Transformation progress continues —YTD Adjusted EBITDA loss of \$1.2 million sharply improved from \$13.1 million loss in 2010**
- **Liquidity position enhanced through \$11.7 million sale of common stock and \$2 million proceeds from New Markets Tax Credit**
- **Business restructuring targets 30% footprint reduction and improved operating margins**

**NAPERVILLE, IL, November 4, 2011**— Broadwind Energy, Inc. (NASDAQ: BWEN) reported sales of \$47.9 million for the third quarter of 2011, a 41% increase compared to \$34.0 million in the third quarter of 2010. The increase was attributable to a sharp increase in Tower segment revenues compared to the prior year third quarter. For the year-to-date period, sales totaled \$130.8 million, an increase of 46% versus the prior year-to-date period.

The Company reported a net loss from continuing operations of \$6.6 million or \$0.06 per share in the third quarter of 2011 compared to a loss of \$7.3 million or \$0.07 per share during the third quarter of 2010. The improvement against third quarter 2010 was the result of higher sales, lower operating expenses and lower amortization expense in the current year. The improvement was partially offset by \$0.6 million in expenses associated with restructuring activities and higher legal expenses of \$0.8 million. For the year-to-date period, the operating loss narrowed to \$14.5 million, down from a \$32.1 million loss reported for the first nine months of 2010.

The Company reported non-GAAP adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation and restructuring) loss of \$1.5 million during the third quarter of 2011 compared to a loss of \$2.8 million during the third quarter of 2010, due to improved results in all operating segments.

Peter C. Duprey, president and chief executive officer, stated, “We are continuing to make good progress with the business transformation. Towers had another good quarter despite some production hiccups associated with the changeover to a new tower design. Diversifying our

customer base is a key strategic initiative and our employees are becoming increasingly effective at executing new tower design changeovers. We recently announced a major win, with a 36-tower order from Siemens for delivery next year. We are seeing strong quoting activity as turbine suppliers lock up the supply chain for 2012. So Towers is well positioned to finish the year strong and enter 2012 with a solid backlog.”

Duprey added, “Our Services sales were dramatically higher versus both 2010 and last quarter. We booked new business at more than double last quarter’s level. I believe this demonstrates that our enhanced focus on sales and broader product offerings is having the desired impact.”

Duprey also noted, “Gearing revenue was down slightly in the quarter, but remains 10% ahead of last year, which is significant given the shift in that business’s customer base from mainly wind customers to a broader range of oil, gas, mining and industrial customers. And we are continuing to improve financial performance despite some significant headwinds.

To accelerate our financial progress, we have initiated a restructuring plan to consolidate our footprint and reduce our fixed costs. By the end of 2012 we plan to reduce our footprint by 30%. We expect annual savings of approximately \$6 million related to the restructuring. Despite this consolidation, we will retain manufacturing capacity to easily support growth in sales over the next several years. The segment most significantly impacted by this plan will be Gearing, where we expect cost reductions of \$3-4 million/year as a result of the consolidation. So in short, I believe we are on track with our key initiatives and have demonstrated progress during the quarter.”

### ***Orders and Backlog***

The Company booked \$26 million in new orders during the third quarter, bringing nine-month orders to \$93 million, or 71% of sales which is an 84% increase over the order intake from the same period for 2010. Third quarter orders were concentrated in the Gearing and Services segments, which represents the focus of our sales force expansion. At September 30, 2011 backlog totaled \$188 million, down 10% from \$208 million at September 30, 2010.

### **Segment Results**

#### ***Towers***

*Broadwind Energy fabricates specialty weldments for wind, oil and gas, mining and other industrial applications, specializing in the production of wind turbine towers.*

Towers segment sales totaled \$29.7 million in the third quarter of 2011, compared to \$17.3 million in the third quarter of 2010. Towers revenue run rate remains above the prior year for the 3<sup>rd</sup> consecutive quarter. The Sales of wind towers totaled 133 megawatts (MW) in the quarter, up from 129 MW in the third quarter of 2010. Non-GAAP adjusted EBITDA for the third quarter was \$1.1 million in 2011, compared to \$0.8 million in 2010. Non-GAAP adjusted EBITDA did not rise in line with revenues due to the adverse impact of increased pricing pressures within the increasingly competitive industry as well as decreased productivity related to producing a new tower design. Towers segment operating income for the third quarter of 2011 was essentially

break even compared to an operating loss of \$0.3 million in 2010. These transactional issues were corrected late in the quarter, but could not overcome the loss of productivity in the beginning of the quarter.

Towers segment sales for the nine months ended September 30, 2011 totaled \$82.4 million compared to \$45.9 million for the nine months ended September 30, 2010. The increase in revenues was primarily attributable to an increase of approximately 114% in the MW sold in the nine months ended September 30, 2011 compared to the same period for 2010. Non-GAAP adjusted EBITDA for the nine months ended September 30, 2011 was \$8.8 million compared to \$1.2 million for the same period in the prior year, mainly due to the rise in volumes and improved capacity utilization. Towers segment operating income was \$5.2 million for the nine months ended September 30, 2011 compared to a loss of \$2.2 million in the same period of 2010.

### **Gearing**

*Broadwind Energy engineers, builds and remanufactures precision gears and gearing systems for wind, oil and gas and mining applications.*

Gearing segment sales totaled \$12.6 million in the third quarter of 2011, compared to \$13.1 million in the third quarter of 2010. The decrease was due primarily to a 46% decrease in wind gearing sales, partially offset by an increase in industrial gearing sales of 44% compared to the third quarter of 2010. Non-GAAP adjusted EBITDA for the third quarter of 2011 was a loss of \$0.7 million compared to a loss of \$0.9 million in the prior year third quarter. Despite the lower revenue, non-GAAP adjusted EBITDA improved due to a more profitable customer mix, partially offset by additional legal fees of \$0.6 million incurred in the third quarter of 2011. The Gearing segment operating loss for the third quarter of 2011 was \$3.3 million, a slight improvement over the \$3.5 million loss in the third quarter of 2010.

Gearing segment sales for the nine months ended September 30, 2011 totaled \$38.7 million compared to \$35.1 million in the prior year. The increase in revenues was primarily attributable to an increase in industrial gearing sales of approximately 55% compared to the prior year, partially offset by a decrease in wind gearing sales of approximately 27%. Non-GAAP adjusted EBITDA for the nine months ended September 30, 2011 was a loss of \$0.9 million compared to a loss of \$4.3 million for the same period in 2010 due in part to the increase in sales as well as a more favorable customer mix, partially offset by additional legal fees of \$1.2 million in the current year. Gearing segment operating loss was \$8.5 million in the nine months ended September 20, 2011 compared to a loss of \$11.5 million in the prior year.

### **Technical and Engineering Services**

*Broadwind Energy remanufactures complex wind turbine components, including gearboxes and blades. The Company also offers comprehensive installation support and operations and maintenance services to the wind industry.*

Revenue from the Technical and Engineering Services segment was \$6.6 million in the third quarter of 2011, compared with \$3.6 million in the third quarter of 2010. The increase in revenue was primarily the result of a large multi-turbine blade performance improvement project initiated in the current quarter and higher field service activity overall. Non-GAAP adjusted EBITDA for the third quarter was a loss of \$0.1 million compared to a loss of \$1.0 million in the prior year third quarter. The improvement was primarily the result of the increase in revenues in the current year third quarter. Technical and Engineering Services segment operating loss in the third quarter 2011 was \$0.4 million compared to a loss of \$2.1 million in the third quarter of 2010.

Technical and Engineering Services segment revenue totaled \$10.8 million for the nine months ended September 30, 2011, compared to \$8.5 million for the prior year period. The increase in revenue was primarily the result of a large multi-turbine blade retro fit project initiated in the current year. Non-GAAP adjusted EBITDA for the nine months ended September 30, 2011 was a loss of \$3.0 million compared to a loss of \$3.5 million in the nine months ended September 30, 2010 due primarily to the increased revenues noted above. Technical and Engineering Services segment operating loss was \$3.9 million for the nine months ended September 30, 2011 compared to an operating loss of \$11.1 million for the same period in 2010. The increase is primarily attributable to the absence of impairment charges of \$4.6 million taken in the prior year, the corresponding absence of \$1.9 million of amortization expense in the current year as well as the increase in revenues noted above.

#### **Corporate and Other**

Corporate and other expenses totaled \$2.5 million in the third quarter of 2011, compared to \$1.9 million for the third quarter of 2010. The increase is primarily attributable to restructuring expenses of \$0.3 million associated with the planned closure of our office in Hamburg, Germany, as well as increased legal fees. For the nine months ended September 30, 2011, corporate and other expenses totaled \$7.3 million, down slightly from \$7.4 million in the prior year nine month period. The decrease was primarily due to lower employee compensation and travel expense, partially offset by higher legal fees.

#### **Cash and Liquidity**

At September 30, 2011, cash, marketable securities and short-term investments on hand totaled \$13.0 million and \$0.1 million of the Company's \$10 million credit line was drawn. Outstanding debt totaled \$12.5 million at September 30, 2011. A \$5.1 million portion of the Company's long-term debt was reclassified to current as a result of the decision to sell the Brandon tower plant, which secures this loan.

During the quarter, operating working capital rose to \$15.9 million, or 8% of annualized sales. The \$5.6 million increase from June 30 was due to an \$8.8 million spike in inventory levels, mainly for raw materials, due principally to slower than planned tower builds during a tower design changeover. During the quarter, the Company raised \$11.7 million through the sale of

common stock and also received \$2.0 million in net proceeds associated with a New Markets Tax Credit investment in its Abilene-based drivetrain service center.

### **About Broadwind Energy, Inc.**

Broadwind Energy (NASDAQ: BWEN) applies decades of deep industrial expertise to innovate integrated solutions for customers in the energy and infrastructure markets. From gears and gearing systems for wind, oil and gas and mining applications to wind towers, to comprehensive remanufacturing of gearboxes and blades, to operations and maintenance services, and specialty weldments, we have solutions for the energy needs of the future. With facilities throughout the U.S., Broadwind Energy's talented team of 800 employees is committed to helping customers maximize performance of their investments—quicker, easier and smarter. Find out more at [www.bwen.com](http://www.bwen.com).

### **Forward-Looking Statements**

This news release includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 — that is, statements related to future, not past, events. Forward-looking statements are based on current expectations and include any statement that does not directly relate to a current or historical fact. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “anticipate,” “believe,” “intend,” “expect,” “plan,” “will” or other similar words. These forward-looking statements involve certain risks and uncertainties that ultimately may not prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. The Company's forward looking statements may include or relate to the Company's plans to grow its business and its expectations regarding its operations and the business of its customers; the Company's expectations regarding its plan to restructure its operations by consolidating its operations; the sufficiency of the Company's working capital; and the Company's expectations regarding the state of the wind energy market generally, as well as the Company's expectations relating to the economic downturn and the potential impact on its business and the business of its customers. For further discussion of risks and uncertainties, individuals should refer to the Company's SEC filings. The Company undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this news release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. All forward-looking statements are qualified in their entirety by this cautionary statement.

**CONTACT:** John Segvich, 630.995.7137, [john.segvich@bwen.com](mailto:john.segvich@bwen.com)

**BROADWIND ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**(IN THOUSANDS)**

	September 30, 2011 (Unaudited)	December 31, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 12,975	\$ 15,331
Restricted cash	1,446	170
Accounts receivable, net of allowance for doubtful accounts of \$1,018 and \$489 as of September 30, 2011 and December 31, 2010, respectively	23,471	21,427
Inventories, net	31,283	17,739
Prepaid expenses and other current assets	4,558	3,476
Assets held for sale	8,000	6,847
<b>Total current assets</b>	<b>81,733</b>	<b>64,990</b>
Property and equipment, net	90,599	106,317
Intangible assets, net	9,429	10,073
Other assets	1,111	2,126
<b>TOTAL ASSETS</b>	<b>\$ 182,872</b>	<b>\$ 183,506</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Lines of credit and notes payable	\$ 1,687	\$ 140
Current maturities of long-term debt	522	1,437
Current portions of capital lease obligations	985	966
Accounts payable	23,193	22,342
Accrued liabilities	5,358	6,515
Customer deposits	15,705	8,881
Liabilities held for sale	5,083	4,221
<b>Total current liabilities</b>	<b>52,533</b>	<b>44,502</b>
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net of current maturities	5,208	9,671
Long-term capital lease obligations, net of current portions	1,109	1,802
Other	909	1,335
<b>Total long-term liabilities</b>	<b>7,226</b>	<b>12,808</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.001 par value; 150,000,000 shares authorized; 139,725,520 and 107,112,817 shares issued and outstanding as of September 30, 2011 and December 31, 2010, respectively	140	107
Additional paid-in capital	369,653	356,545
Accumulated deficit	(246,680)	(230,456)
<b>Total stockholders' equity</b>	<b>123,113</b>	<b>126,196</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 182,872</b>	<b>\$ 183,506</b>

**BROADWIND ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(IN THOUSANDS, EXCEPT PER SHARE DATA)**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues	\$ 47,899	\$ 34,022	\$ 130,761	\$ 89,345
Cost of sales	47,098	34,243	124,449	92,848
Restructuring costs	89	—	89	—
Gross profit (loss)	<u>712</u>	<u>(221)</u>	<u>6,223</u>	<u>(3,503)</u>
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative	6,442	6,722	19,807	21,434
Impairment charges	—	—	—	4,561
Intangible amortization	214	855	644	2,564
Restructuring costs	300	—	300	—
Total operating expenses	<u>6,956</u>	<u>7,577</u>	<u>20,751</u>	<u>28,559</u>
Operating loss	<u>(6,244)</u>	<u>(7,798)</u>	<u>(14,528)</u>	<u>(32,062)</u>
<b>OTHER (EXPENSE) INCOME, net:</b>				
Interest expense, net	(276)	(275)	(845)	(837)
Other, net	127	377	559	109
Restructuring costs	(202)	—	(202)	—
Total other (expense) income, net	<u>(351)</u>	<u>102</u>	<u>(488)</u>	<u>(728)</u>
Net loss from continuing operations before (benefit) provision for income taxes	(6,595)	(7,696)	(15,016)	(32,790)
(Benefit) provision for income taxes	(9)	(436)	24	(339)
<b>LOSS FROM CONTINUING OPERATIONS</b>	<u>(6,586)</u>	<u>(7,260)</u>	<u>(15,040)</u>	<u>(32,451)</u>
<b>LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX</b>	<u>—</u>	<u>(1,039)</u>	<u>(1,184)</u>	<u>(4,153)</u>
<b>NET LOSS</b>	<u>\$ (6,586)</u>	<u>\$ (8,299)</u>	<u>\$ (16,224)</u>	<u>\$ (36,604)</u>
<b>NET LOSS PER COMMON SHARE - BASIC AND DILUTED:</b>				
Loss from continuing operations	\$ (0.06)	\$ (0.07)	\$ (0.14)	\$ (0.31)
Loss from discontinued operations	—	(0.01)	(0.01)	(0.04)
Net loss	<u>\$ (0.06)</u>	<u>\$ (0.08)</u>	<u>\$ (0.15)</u>	<u>\$ (0.35)</u>
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - Basic and diluted</b>				
	110,369	106,900	108,222	106,019

**BROADWIND ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(IN THOUSANDS)**

	<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (16,224)	\$ (36,604)
Loss from discontinued operations	1,184	4,153
Loss from continuing operations	(15,040)	(32,451)
<b>Adjustments to reconcile net cash used in operating activities:</b>		
Depreciation and amortization expense	10,910	12,626
Impairment charges	—	4,561
Change in fair value of interest rate swap agreements	—	(253)
Deferred income taxes	—	(1,138)
Stock-based compensation	1,395	1,247
Loss on disposal of assets	390	70
Changes in operating assets and liabilities:		
Accounts receivable	(2,044)	(465)
Inventories	(13,544)	(7,135)
Prepaid expenses and other current assets	(411)	630
Accounts payable	806	4,510
Accrued liabilities	(1,112)	(266)
Customer deposits	6,822	(2,801)
Other non-current assets and liabilities	186	842
Net cash used in operating activities of continued operations	(11,642)	(20,023)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of logistics business	761	—
Purchases of available for sale securities	—	(922)
Purchases of property and equipment	(4,134)	(5,421)
Proceeds from disposals of property and equipment	1,850	9
Decrease in restricted cash	(1,276)	2,010
Net cash used in investing activities of continued operations	(2,799)	(4,324)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from issuance of stock	11,739	53,347
Common stock issued under defined contribution 401(k) plan	150	499
Payments on lines of credit and notes payable	(1,055)	(20,785)
Proceeds from lines of credit and notes payable	2,307	—
Principal payments on capital leases	(674)	(637)
Net cash provided by financing activities of continued operations	12,467	32,424
<b>DISCONTINUED OPERATIONS:</b>		
Operating cash flows	(829)	(2,335)
Investing cash flows	—	(69)
Financing cash flows	(83)	(1,076)
Net cash used in discontinued operations	(912)	(3,480)
Add: Cash balance of discontinued operations, beginning of period	530	127
Less: Cash balance of discontinued operations, end of period	—	(60)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,356)</b>	<b>4,784</b>
<b>CASH AND CASH EQUIVALENTS, beginning of the period</b>	<b>15,331</b>	<b>4,701</b>
<b>CASH AND CASH EQUIVALENTS, end of the period</b>	<b>\$ 12,975</b>	<b>\$ 9,485</b>
<b>Supplemental cash flow information:</b>		
Interest paid, net of capitalized interest	\$ 757	\$ 974
Income taxes paid	\$ 34	\$ 38
<b>Non-cash investing and financing activities:</b>		
Issuance of restricted stock grants	\$ 633	\$ 611
Common stock issued under defined contribution 401(k) plan	\$ 150	\$ 499

**BROADWIND ENERGY, INC. AND SUBSIDIARIES**  
**SELECTED SEGMENT FINANCIAL INFORMATION**  
**(IN THOUSANDS)**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(unaudited)		(unaudited)	
<b>REVENUES:</b>				
Towers	\$ 29,684	\$ 17,294	\$ 82,350	\$ 45,854
Gearing	\$ 12,634	\$ 13,140	38,696	35,133
Services	6,615	3,631	10,810	8,546
Corporate and Other	(1,034)	(43)	(1,095)	(188)
Total revenues	<u>\$ 47,899</u>	<u>\$ 34,022</u>	<u>\$ 130,761</u>	<u>\$ 89,345</u>
<b>OPERATING (LOSS) PROFIT:</b>				
Towers	\$ (35)	\$ (284)	\$ 5,159	\$ (2,157)
Gearing	(3,281)	(3,511)	(8,523)	(11,461)
Services	(413)	(2,128)	(3,862)	(11,053)
Corporate and Other	(2,515)	(1,875)	(7,302)	(7,391)
Total operating loss	<u>\$ (6,244)</u>	<u>\$ (7,798)</u>	<u>\$ (14,528)</u>	<u>\$ (32,062)</u>

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, the Company's management believes that certain non-GAAP financial measures may provide users of this financial information meaningful comparisons between current results and results in prior operating periods. Management believes 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. See the table below for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and nine months ended September 30, 2011 and 2010. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

**Consolidated**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating (Loss) Profit	\$ (6,244)	\$ (7,798)	\$ (14,528)	\$ (32,062)
Depreciation	3,432	3,412	10,266	10,062
Amortization	215	855	644	7,125
Share-based compensation and other stock payments	565	308	1,512	1,622
Other Income (Expense)	(75)	377	358	109
Restructuring Expense	591	—	591	—
Total Adjusted EBITDA (Non-GAAP)	<u>\$ (1,516)</u>	<u>\$ (2,846)</u>	<u>\$ (1,157)</u>	<u>\$ (13,144)</u>

**Towers Segment**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating (Loss) Profit	\$ (35)	\$ (284)	\$ 5,159	\$ (2,157)
Depreciation	872	855	2,638	2,553
Share-based compensation and other stock payments	131	98	370	351
Other Income (Expense)	181	141	666	419
Total Adjusted EBITDA (Non-GAAP)	<u>\$ 1,149</u>	<u>\$ 810</u>	<u>\$ 8,833</u>	<u>\$ 1,166</u>

**Gearing Segment**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating (Loss) Profit	\$ (3,281)	\$ (3,511)	\$ (8,523)	\$ (11,461)
Depreciation	2,254	2,296	6,853	6,792
Amortization	215	215	644	644
Share-based compensation and other stock payments	98	76	277	266
Other Income (Expense)	(252)	(0)	(443)	(530)
Restructuring Expense	291	—	291	—
Total Adjusted EBITDA (Non-GAAP)	<u>\$ (675)</u>	<u>\$ (924)</u>	<u>\$ (901)</u>	<u>\$ (4,289)</u>

**Technical and Engineering Services Segment**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating (Loss) Profit	\$ (413)	\$ (2,128)	\$ (3,862)	\$ (11,053)
Depreciation	263	220	645	593
Amortization & Impairment		640		6,481
Share-based compensation and other stock payments	44	44	110	293
Other Income (Expense)	(2)	231	139	220
Total Adjusted EBITDA (Non-GAAP)	<u>\$ (108)</u>	<u>\$ (993)</u>	<u>\$ (2,968)</u>	<u>\$ (3,466)</u>

**Corporate and Other**

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Operating (Loss) Profit	\$ (2,515)	\$ (1,875)	\$ (7,302)	\$ (7,391)
Depreciation	43	41	130	124
Share-based compensation and other stock payments	292	90	755	712
Other Income (Expense)	(2)	5	(4)	(0)
Restructuring Expense	300	—	300	—
Total Adjusted EBITDA (Non-GAAP)	<u>\$ (1,882)</u>	<u>\$ (1,739)</u>	<u>\$ (6,121)</u>	<u>\$ (6,556)</u>

# Investor Teleconference Q3 2011 Results

November 4, 2011



© 2011 Broadwind Energy, Inc. All Rights Reserved.

# Industry Data and Forward-Looking Statements



Broadwind obtained the industry and market data used throughout this presentation from its 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 and 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 Broadwind's control.

This presentation includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995—that is, statements related to future, not past, events. Forward-looking statements are based on current expectations and include any statement that does not directly relate to a current or historical fact. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "anticipate", "believe", "intend", "expect", "plan", "will" or other similar words. These forward-looking statements involve certain risks and uncertainties that ultimately may not prove to be accurate and are subject to change based on various factors. Actual results and future events could differ materially from those anticipated in such statements. For further discussion of risks and uncertainties, individuals should refer to Broadwind's filings with the Securities and Exchange Commission. Broadwind undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this presentation. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. All forward-looking statements are qualified in their entirety by this cautionary statement.

This document contains non-GAAP financial information. Broadwind's management believes that certain non-GAAP financial measures may provide users of this financial information meaningful comparisons between current results and results in prior operating periods. Management believes 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 for, the Company's reported results prepared in accordance with GAAP. Please see Broadwind's earnings release dated as of November 4, 2011 for a reconciliation of certain non-GAAP measures presented in this document.

---

- **Revenue growth of 41% over Q3 2010**

- Robust revenue growth in Towers and Services
- Services revenue up 82% from Q3 2010
- Gearing revenue mix: industrial revenue 63%; wind revenue 37%
- 22% increase vs. Q2

- **Operating Performance**

- Transition to a new tower design caused \$650K of additional costs in the quarter and delayed the recognition of \$6.5M of revenue
- The company incurred additional legal costs in the quarter of \$600K
- \$ 12.0M improvement in the 9 months adj. EBITDA over 2010

- **Customer diversification gaining traction**

- Landed a new customer for towers (36 firm with option for 25 more)
- Expanding in other parts of the business
- Added one large mining customer in both gearing and weldments

- **Market Outlook**

- Anticipating strong demand for wind towers in 2012
- Strong demand in O&G and Mining gearing market
- Aging fleet continues to drive tech services, drivetrain and blade programs
- Continue to win industrial gearing customers

Sources: AWEA, I.H.S. Global Insight, MAKE Consulting



## Services

- Strong order activity in blades and tech services
- Starting to see results from new sales staff

## Towers

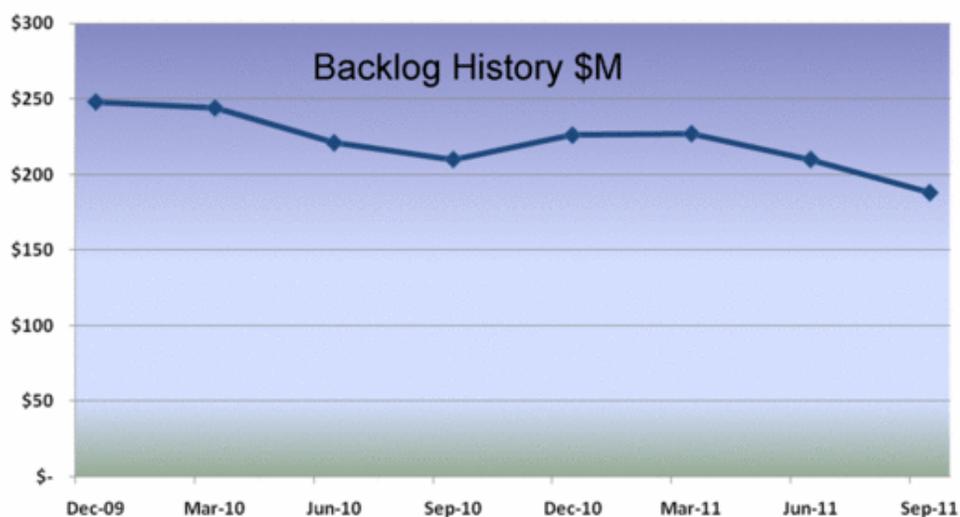
- Orders are typically lumpy; Q4 & Q1 strongest
- New tower order is not reflected until Q4
- Quoting/customer engagement highest since 2008

## Gearing

- ~\$3.0M of customary orders delayed in Q3 due to a price increase put in effect for 2012 deliveries ... subsequently received PO's in Q4
- Strong activity in Oil & Gas and Mining
- \$5.9M order received for 2012 wind gearing production

Business	Orders	Book to Bill
Services	7.4	1.12
Towers	6.8	.23
Gearing	12.0	.95

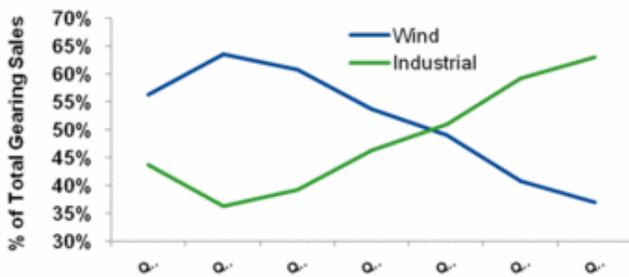
# Order and Backlog History



	Orders*	
	Q3	YTD
<b>2011</b>	\$26M	\$93M
<b>2010</b>	\$27M	\$51M

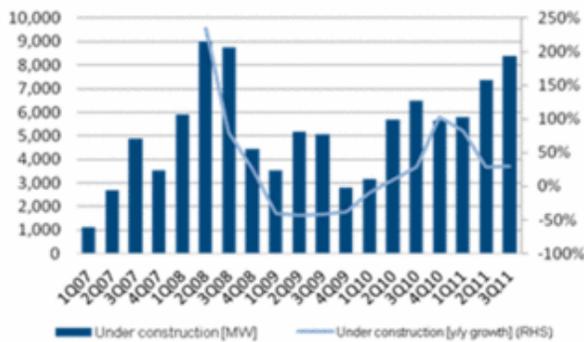
\*Net of Cancellation and Discontinued Operations

## Wind vs. Industrial Gearing Sales



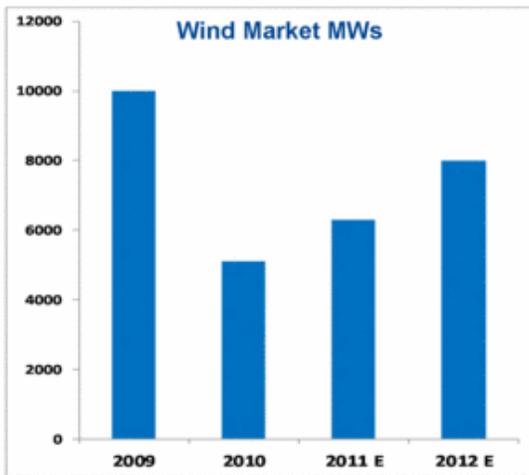
- Continued strong growth in industrial gearing, which is offsetting the decline in wind gearing
- Industrial margins improving over wind
- Retooling business to deal with greater variety
- Increase in gearing sales to Broadwind Services associated with remanufactured boxes

## Projects In Construction – U.S. Wind



- Significant uptick in projects under construction
- Activities support Towers and Services
- Seeing Texas pick up in the level of activity, which helps load our Abilene tower facility

Sources: AWEA



Source : MAKE Consulting

- Wind market recovering from credit crisis
- Risk of PTC expiration pulling activity into 2012
- Larger rotors, cost reductions and higher towers are driving down the cost of electricity closer to grid parity
- State RPS requirements driving some of the demand
- Some bipartisan support for 4 year PTC extension

Sources: AWEA reports and conferences, Bryan Garnier & Co., MAKE Consulting, AGMA, I.H.S. Global Insight



Source : IHS Global

- Strong growth across Oil & Gas and Mining markets for gearing
- Drilling and Mining markets are driven by increasing need for energy and commodities
- U.S. has increased its competitiveness in the international gearing market
- Gearing market getting tight based on Order-to-Delivery time ... leveraging to gain customers



Source: Google Maps

## Facility Consolidation

- 1.5M Sq. Ft. across all facilities
- Reduce ~400K Sq. Ft.
  - Sell Brandon, SD tower facility
  - Consolidate Chicago gearing facilities
  - Close German office
  - Consolidate Corporate office with Gearing
- Consolidation will save ~\$6M per year

## Gearing Facility Consolidation

- Two facilities in Chicago totaling 500K Sq. Ft.
- Consolidate into one facility with enough capacity for \$150M of revenue
- Eliminates ~17,000 miles of annual shipping between facilities
- Anticipated savings of \$3-4M per year

	Q3		September YTD	
	2011	2010	2011	2010
Revenue-\$M	47.9	34.0	130.8	89.3
Gross Profit-\$M	0.7	(0.2)	6.2	(3.5)
Adjusted EBITDA-\$M	(1.5)	(2.8)	(1.2)	(13.1)
Operating Income-\$M	(6.2)	(7.8)	(14.5)	(32.1)
EPS Continuing- \$	(0.06)	(0.07)	(0.14)	(0.31)
Operating Leverage (YOY)	10%		29%	

- 9 month sales up 46%
- YTD \$41M increase in sales drives \$12M improvement in adj. EBITDA
- Q3 operating leverage (increase in adj. EBITDA as % of increase in revenue) low due to sales mix, production problems and increased legal expense

## Third Quarter 2011

- MW production flat with prior year and down ~40% from first half
- Revenue increase reflects full steel content on all Q3 production
- Adj. EBITDA margin lower due to new tower introduction, lower margin mix

(\$ in Millions)

	Q3		YTD		
	2011	2010	2011	2010	
MW-Wind	133	129	593	277	
Revenue-\$M	29.7	17.3	82.4	45.9	
Op Income-\$M	-	(0.3)	5.2	(2.2)	
Adj. EBITDA-\$M	1.1	0.8	8.8	1.2	
	%	3.7%	4.6%	10.7%	2.6%

## Strategic Focus

- Increase capacity utilization and new tower production excellence
- Diversify customer base
- Grow Specialty Weldment product line to reduce wind industry policy risk

## Third Quarter 2011

- Operating loss benefitted from a more favorable customer mix—less wind gearing, more energy & mining
- Production difficulties limited Q3 shipments—shift in customer base complicates manufacturing flow
- Results flat with prior year despite \$0.6M higher legal fees

(\$ in Millions)

	Q3		YTD	
	2011	2010	2011	2010
Revenue-\$M	12.6	13.1	38.7	35.1
Op Income-\$M	(3.3)	(3.5)	(8.5)	(11.5)
Adj. EBITDA-\$M	(0.7)	(0.9)	(0.9)	(4.3)
	%			
	-5.6%	-6.9%	-2.3%	-12.3%

## Strategic Focus

- Growth in non-wind markets
- Improve capacity utilization
- Leverage gearing expertise in drivetrain services
- Improve margins

## Third Quarter 2011

- Q3 orders of \$7.4M, book-to-bill 112%
- Revenue rebounds—up 83% from 2010 and sharply higher than first half
- Tech service and blade repair activity strong

(\$ in Millions)

	Q3		YTD	
	2011	2010	2011	2010
Revenue-\$M	6.6	3.6	10.8	8.5
Op Income-\$M	(0.4)	(2.1)	(3.9)	(11.1)
Adj. EBITDA-\$M	(0.1)	(1.0)	(3.0)	(3.5)
	%	-1.5%	-27.8%	-41.2%

## Strategic Focus

- Shift focus from a turbine installation revenue stream to maintenance of installed base
- Expand O&M contract baseload
- Improve margins

# Operating Working Capital

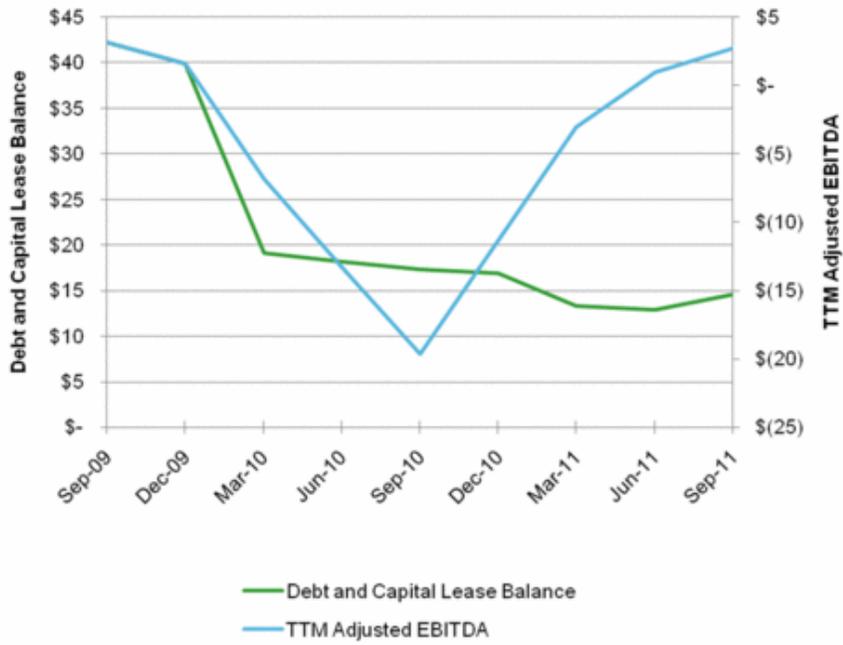


	9/30/11	6/30/11	12/31/10
Accounts Receivable, net	23,471	27,240	21,427
Inventories, net	31,283	22,443	17,739
Accounts Payable	(23,193)	(18,383)	(22,342)
Customer Deposits	<u>(15,705)</u>	<u>(21,038)</u>	<u>(8,881)</u>
Operating Working Capital	15,856	10,262	7,943
<i>% Quarter Revenue Annualized</i>	8.3%	6.5%	4.1%

- Sharp increase in inventories due to slower than planned tower throughput, which increased both raw materials and WIP significantly.
- YE working capital forecast at ~\$17M, lower inventories and lower deposits

	9/30/11	6/30/11	12/31/10
Lines of credit, notes payable	1,687	1,463	140
Long-term debt	5,730	9,119	11,108
Liabilities held for sale	5,083	-	4,221
Capital leases	<u>2,094</u>	<u>2,344</u>	<u>2,768</u>
Debt and capital lease	14,594	12,926	18,237
Cash and related assets	<u>14,421</u>	<u>10,477</u>	<u>15,501</u>
Net debt	173	2,449	2,736
Memo: available line of credit	9,877	10,000	10,000

# Debt vs. TTM EBITDA (millions)



Broadwind Energy is committed to helping customers maximize performance of their energy and infrastructure investments — quicker, easier and smarter.

