

BROADWIND ENERGY, INC.

FORM 8-K (Current report filing)

Filed 04/30/15 for the Period Ending 04/30/15

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): **April 30, 2015**

BROADWIND ENERGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-34278
(Commission File Number)

88-0409160
(IRS Employer Identification No.)

3240 South Central Avenue, Cicero, Illinois 60804
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(708) 780-4800**

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

On April 30, 2015, Broadwind Energy, Inc. (the “Company”) issued a press release announcing its financial results as of and for the quarter ended March 31, 2015. The press release is incorporated herein by reference and is attached hereto as Exhibit 99.1.

The information contained in, or incorporated into, this Item 2.02 of this Current Report on Form 8-K (this “Report”), 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, as amended (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, as amended (the “Securities Act”) or the Exchange Act regardless of any general incorporation language in such filings.

Item 7.01. Regulation FD Disclosure.

An Investor Presentation dated April 30, 2015 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 shall 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

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release dated April 30, 2015
99.2	Investor Presentation dated April 30, 2015

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.

April 30, 2015

By: /s/ Stephanie K. Kushner
Stephanie K. Kushner
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Accounting Officer)

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release dated April 30, 2015
99.2	Investor Presentation dated April 30, 2015



Broadwind Energy Announces First Quarter 2015 Results

Highlights:

- **Booked \$23 million in new orders during Q1; ending backlog totaled \$174 million**
- **Revenue of \$51.1 million, down 13% from Q1 2014 due to residual production issues in Abilene tower facility and deferral of revenue associated with West Coast port delays**
- **Gearing operating loss of \$1.2 million reduced by nearly 60% compared to Q1 2014**
- **Adjusting operations in response to weak oil and gas and mining markets; overhead costs reduced \$.6 million per quarter**

Cicero, Ill., April 30, 2015 — Broadwind Energy, Inc. (NASDAQ: BWEN) reported sales of \$51.1 million for the first quarter of 2015, down 13% compared to \$58.8 million in the first quarter of 2014 due mainly to lower tower sales reflecting the residual effects of production issues in the Company's Abilene tower plant and production re-sequencing necessitated by supply shortages caused by labor slowdowns at West Coast ports.

The Company reported a net loss of \$5.0 million or \$.34 per share in the first quarter of 2015, compared to a net loss of \$1.0 million or \$.07 per share in the first quarter of 2014. The \$.27 per share reduction was due to weaker Towers and Weldments segment results, partially offset by improvements in the Gearing segment. Towers and Weldments segment operating income was down \$4.5 million from the prior-year period due to lower sales and increased costs associated with residual production issues in the Abilene tower plant, as well as increased logistics costs and delayed revenues attributable to supply shortages due to a port strike on the West Coast of the United States. Both issues have been substantially resolved. The Company reported a non-GAAP adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, share-based payments and restructuring costs) loss of \$1.9 million in the first quarter of 2015, compared to non-GAAP adjusted EBITDA of \$2.8 million in the first quarter of 2014. The \$4.7 million decrease was due mainly to the weakness in Towers and Weldments segment performance.

Peter Duprey, President and Chief Executive Officer, stated, "During the quarter, we faced three main challenges that contributed to our weak performance: restoring our Abilene tower plant to full capacity, navigating the West Coast port slowdown, and responding to weaker oil and gas and mining end markets. In the Abilene tower facility, we produced 18 fewer towers than in the prior year period, mainly in January and February, but by March the facility was performing near its targeted production rate, signaling that we are back on track in this facility. The West Coast port slowdown required us to produce towers ahead of schedule for which we had materials on hand. We navigated well through this challenge and were able to avoid losing production slots. However, we incurred higher logistics costs and ended the quarter holding more steel than is typical for our Abilene facility and \$5 million of towers that will not be invoiced until Q2-Q3. Finally, we are dealing with weak oil and gas and mining demand for gears and weldments, and

have reduced headcount and will idle two satellite production facilities to reduce overhead expense by approximately \$600,000 per quarter.”

Mr. Duprey concluded, “The tower market outlook remains strong for 2016 and we are firming up our order book this quarter. With the operational improvements and cost reductions in place, we expect to have a profitable second quarter on par with Q2 2014.”

Orders and Backlog

The Company booked \$23.3 million in net new orders in Q1 2015, up from \$15.8 million in Q1 2014. Towers and Weldments orders, which vary considerably from quarter to quarter, totaled \$11.8 million, up from \$3.9 million in Q1 2014. Gearing orders totaled \$9.7 million, up 17% from Q1 2014 due in part to a large wind replacement gearing order during Q1 2015. Services orders totaled \$1.9 million, down from \$3.6 million in Q1 2014.

At March 31, 2015, total backlog was \$174 million, down 35% from the backlog at March 31, 2014.

Segment Results

Towers and Weldments

Broadwind Energy produces fabrications for wind, oil and gas, mining and other industrial applications, specializing in the production of wind turbine towers.

Towers and Weldments segment sales totaled \$41.0 million for Q1 2015, down 15% from \$48.3 million in Q1 2014 due to a delay in recognizing revenue on \$5 million of towers in inventory at quarter-end which will be recognized in Q2-Q3, and due to lower production at the Abilene tower plant early in the year. The inventoried towers are for a customer order that will be invoiced in Q2 and Q3. Towers and Weldments operating income for Q1 2015 totaled \$1.1 million, or 3% of sales, down sharply from \$5.6 million, or 12% of sales, in Q1 2014. The significant reduction was due to lower revenues, a lower value production mix, and higher material and fixed overhead costs to resolve the production issues in Abilene and to expedite freight and re-sequence production as a result of the supply disruption triggered by the labor slowdowns at the ports. These factors were partially offset by the absence of higher professional fees in Q1 2014.

Non-GAAP adjusted EBITDA in Q1 2015 was \$2.1 million, compared to \$6.7 million in Q1 2014, due to the factors described above.

Gearing

Broadwind Energy engineers, builds and remanufactures precision gears and gearboxes for oil and gas, mining, steel and wind applications.

Gearing segment sales totaled \$8.6 million in Q1 2015, down slightly from \$8.8 million in Q1 2014. Sales to oil and gas customers were down due to weak demand, but shipments benefited from a reduction in past due shipments and stronger industrial sales. The Gearing segment operating loss narrowed to \$1.2 million in Q1 2015 compared to \$3.0 million in Q1 2014 due to improved operating efficiencies, the absence of restructuring expense due to the completion of the plant consolidation and lower depreciation expense due to the maturing capital base.

Gearing non-GAAP adjusted EBITDA was \$.1 million in Q1 2015, an improvement of \$.9 million compared to Q1 2014, due to the improved operating efficiencies.

Services

Broadwind Energy specializes in non-routine drivetrain and blade maintenance services and offers comprehensive field services to the wind industry.

Services segment revenue was \$1.9 million in Q1 2015, compared to \$2.4 million in Q1 2014, due to weak demand for turbine blade repairs and other field service work. Services' operating loss for Q1 2015 totaled \$2.6 million, compared to \$1.3 million in Q1 2014, due to the low volume and a \$.7 million inventory charge associated with cost reduction actions taken to consolidate our gearbox repair shops and exit the shrinking kilowatt turbine repair business. Services' non-GAAP adjusted EBITDA loss for Q1 2015 totaled \$2.2 million, compared to a non-GAAP adjusted EBITDA loss of \$.9 million in Q1 2014, due to the factors described above.

Corporate and Other

Corporate and other expenses totaled \$2.3 million in Q1 2015, essentially flat compared to Q1 2014. Lower incentive compensation was offset by higher professional services expense and the timing of health insurance costs.

Cash and Liquidity

During the quarter, operating working capital (accounts receivable and inventory, net of accounts payable and customer deposits) increased as expected to \$29.6 million or 15% of annualized Q1 2015 sales, due mainly to high steel inventory at the Abilene facility, delayed invoicing of towers produced during the quarter and draw-down of customer advances.

Cash assets (cash and short-term investments) totaled \$.2 million at March 31, 2015, a decrease of \$20 million from December 31, 2014, due to the increase in working capital noted above. Under the terms of the Company's \$20 million credit agreement, availability varies depending on the balance of qualified receivables and inventories. At March 31, 2015, the total availability was \$16 million and the Company had drawn \$1.2 million and had letters of credit outstanding of \$2.5 million. The Company expects the record high inventory level during Q1 to normalize and replenish more than \$10 million of cash before year end.

During the quarter, the Company did not repurchase any shares of its stock.

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, steel, oil and gas and mining applications, to wind towers, to comprehensive remanufacturing of gearboxes and blades, to operations and maintenance services and industrial weldments, we have solutions for the energy needs of the future. With facilities throughout the U.S., Broadwind Energy's talented team of over 800 employees is committed to helping customers maximize performance of their investments — quicker, easier and smarter. Find out more at www.bwen.com.

Forward-Looking Statements

This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks, uncertainties and assumptions, such as statements regarding our future financial condition or results of operations, cash flows, performance, business prospects, and opportunities, as well as assumptions made by, and information currently available to, our management, and our prospects and strategies for future growth, including with respect to estimated 2015 guidance. 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. These statements are based on current expectations, and we undertake no obligation to update these statements to reflect events or circumstances occurring after this release. Such statements are subject to various risks and uncertainties that could cause actual results to vary materially from those stated. Such risks and uncertainties include, but are not limited to: expectations regarding our business, end-markets, relationships with customers and our ability to diversify our customer base; the impact of competition and economic volatility on the industries in which we compete; our ability to realize revenue from customer orders and backlog; the impact of regulation on our end-markets, including the wind energy industry in particular; the sufficiency of our liquidity and working capital and our plans to evaluate alternative sources of funding if necessary; our restructuring plans and the associated cost savings; our ability to preserve and utilize our tax net operating loss carry-forwards; our plans to continue to grow our business through organic growth; our plans with respect to the use of proceeds from financing activities and our ability to operate our business efficiently, manage capital expenditures and costs effectively, and generate cash flow; and other risks and uncertainties described in our filings with the Securities and Exchange Commission, including those contained in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2014.

BWEN INVESTOR CONTACT: Joni Konstantelos, 708.780.4819 joni.konstantelos@bwen.com

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

	March 31, 2015 <u>(Unaudited)</u>	December 31, 2014 <u></u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 150	\$ 12,149
Short-term investments	—	8,024
Restricted cash	83	83
Accounts receivable, net of allowance for doubtful accounts of \$83 and \$82 as of March 31, 2015 and December 31, 2014, respectively	21,841	20,012
Inventories, net	45,855	34,921
Prepaid expenses and other current assets	1,614	1,815
Assets held for sale	700	738
Total current assets	<u>70,243</u>	<u>77,742</u>
Property and equipment, net	61,400	62,952
Intangible assets, net	5,348	5,459
Other assets	436	464
TOTAL ASSETS	<u>\$ 137,427</u>	<u>\$ 146,617</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit and notes payable	\$ 1,238	\$ —
Current maturities of long-term debt	64	268
Current portions of capital lease obligations	667	766
Accounts payable	22,182	18,461
Accrued liabilities	7,875	9,553
Customer deposits	15,894	22,619
Liabilities held for sale	—	—
Total current liabilities	<u>47,920</u>	<u>51,667</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current maturities	2,612	2,650
Long-term capital lease obligations, net of current portions	285	427
Other	2,990	3,493
Total long-term liabilities	<u>5,887</u>	<u>6,570</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.001 par value; 30,000,000 shares authorized; 14,907,552 and 14,844,307 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	15	15
Treasury stock, at cost, 273,937 shares at March 31, 2015 and December 31, 2014, respectively	(1,842)	(1,842)
Additional paid-in capital	377,440	377,185
Accumulated deficit	(291,993)	(286,978)
Total stockholders' equity	<u>83,620</u>	<u>88,380</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 137,427</u>	<u>\$ 146,617</u>

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

	Three Months Ended March 31,	
	2015	2014
Revenues	\$ 51,051	\$ 58,800
Cost of sales	50,312	53,438
Restructuring	—	269
Gross profit	739	5,093
OPERATING EXPENSES:		
Selling, general and administrative	5,606	5,917
Intangible amortization	111	111
Restructuring	—	60
Total operating expenses	5,717	6,088
Operating loss	(4,978)	(995)
OTHER (EXPENSE) INCOME, net:		
Interest expense, net	(172)	(160)
Other, net	212	136
Total other (expense) income, net	40	(24)
Net loss from continuing operations before provision for income taxes	(4,938)	(1,019)
Provision for income taxes	77	24
NET LOSS	\$ (5,015)	\$ (1,043)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED:		
Net loss	\$ (0.34)	\$ (0.07)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - Basic and diluted	14,597	14,659

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

	Three Months Ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (5,015)	\$ (1,043)
Adjustments to reconcile net cash used in operating activities:		
Depreciation and amortization expense	2,578	3,114
Impairment charges	38	—
Stock-based compensation	255	223
Allowance for doubtful accounts	—	42
Common stock issued under defined contribution 401(k) plan	—	163
Loss on disposal of assets	—	5
Changes in operating assets and liabilities:		
Accounts receivable	(1,829)	(4,947)
Inventories	(10,934)	(1,980)
Prepaid expenses and other current assets	102	457
Accounts payable	3,644	(2,672)
Accrued liabilities	(1,678)	(788)
Customer deposits	(6,727)	(4,266)
Other non-current assets and liabilities	(472)	(425)
Net cash used in operating activities	<u>(20,038)</u>	<u>(12,117)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available for sale securities	(1,884)	(2,543)
Sales of available for sale securities	5,083	1,890
Maturities of available for sale securities	4,825	—
Purchases of property and equipment	(840)	(2,200)
Proceeds from disposals of property and equipment	—	45
Net cash provided by (used in) investing activities	<u>7,184</u>	<u>(2,808)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on lines of credit and notes payable	(17,304)	(164)
Proceeds from lines of credit and notes payable	18,400	—
Principal payments on capital leases	(241)	(246)
Net cash provided by (used in) financing activities	<u>855</u>	<u>(410)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,999)	(15,335)
CASH AND CASH EQUIVALENTS, beginning of the period	12,149	24,936
CASH AND CASH EQUIVALENTS, end of the period	<u>\$ 150</u>	<u>\$ 9,601</u>
Supplemental cash flow information:		
Interest paid	\$ 102	\$ 143
Income taxes paid	\$ 1	\$ 2
Non-cash investing and financing activities:		
Issuance of restricted stock grants	\$ 225	\$ 138

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

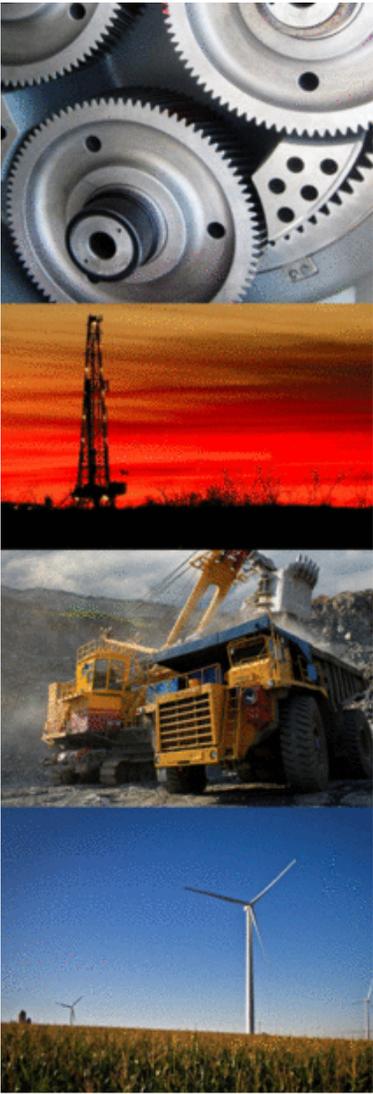
	Three Months Ended March 31,	
	2015	2014
(unaudited)		
ORDERS:		
Towers and Weldments	\$ 11,770	\$ 3,928
Gearing	9,654	8,277
Services	1,891	3,595
Total revenues	\$ 23,315	\$ 15,800
(unaudited)		
REVENUES:		
Towers and Weldments	\$ 41,028	\$ 48,294
Gearing	8,608	8,774
Services	1,938	2,438
Corporate and Other	(523)	(706)
Total revenues	\$ 51,051	\$ 58,800
(unaudited)		
OPERATING (LOSS) PROFIT:		
Towers and Weldments	\$ 1,135	\$ 5,612
Gearing	(1,211)	(2,966)
Services	(2,624)	(1,339)
Corporate and Other	(2,278)	(2,302)
Total operating loss	\$ (4,978)	\$ (995)

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 with 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 months ended March 31, 2015 and 2014. 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.

BROADWIND ENERGY, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(IN THOUSANDS)

Consolidated	Three Months Ended March 31,	
	2015	2014
	(unaudited)	
Operating loss	\$ (4,978)	\$ (995)
Depreciation and amortization	2,578	3,114
Restructuring	—	329
Other income	212	136
Share-based compensation and other stock payments	255	223
Total Adjusted EBITDA (Non-GAAP)	\$ (1,933)	\$ 2,807
Towers and Weldments Segment		
	(unaudited)	
Operating Profit	\$ 1,135	\$ 5,612
Depreciation	914	985
Share-based compensation and other stock payments	15	43
Other Income	72	2
Restructuring Expense	—	18
Total Adjusted EBITDA (Non-GAAP)	\$ 2,136	\$ 6,660
Gearing Segment		
	(unaudited)	
Operating Loss	\$ (1,211)	\$ (2,966)
Depreciation	1,185	1,690
Amortization	111	111
Share-based compensation and other stock payments	62	59
Other Income (Expense)	—	2
Restructuring Expense	—	311
Total Adjusted EBITDA (Non-GAAP)	\$ 147	\$ (793)
Services Segment		
	(unaudited)	
Operating Loss	\$ (2,624)	\$ (1,339)
Depreciation	322	313
Share-based compensation and other stock payments	10	15
Other Income (Expense)	140	133
Total Adjusted EBITDA (Non-GAAP)	\$ (2,152)	\$ (878)

Corporate and Other	Three Months Ended March 31,	
	2015	2014
	(unaudited)	
Operating Loss	\$ (2,278)	\$ (2,302)
Depreciation	46	15
Share-based compensation and other stock payments	168	105
Total Adjusted EBITDA (Non-GAAP)	<u>\$ (2,064)</u>	<u>\$ (2,182)</u>



Q1 2015 Earnings Conference Call

April 30, 2015

Industry Data and Forward-Looking Statements Disclaimer

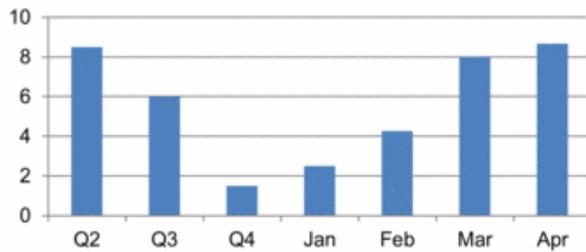


Broadwind obtained the industry and market data used throughout this presentation from our own research, internal surveys and studies conducted by third parties, independent industry associations or general publications and other publicly available information. Independent industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy 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 our control.

This presentation includes various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks, uncertainties and assumptions, such as statements regarding our future financial condition or results of operations or prospects and strategies for future growth, including with respect to estimated 2015 guidance. Statements in this presentation that are not historical are forward-looking statements. These statements are based on current expectations and we undertake no obligation to update these statements to reflect events or circumstances occurring after this presentation. Such statements are subject to various risks and uncertainties that could cause actual results to vary materially from those stated. Such risks and uncertainties include, but are not limited to: expectations regarding our business, end-markets, relationships with customers and our ability to diversify our customer base; the impact of competition and economic volatility on the industries in which we compete; our ability to realize revenue from customer orders and backlog; the impact of regulation on end-markets, including the wind energy industry in particular; the sufficiency of our liquidity and working capital; the ability to preserve and utilize our tax net operating loss carry-forwards; and other risks and uncertainties described in our filings with the Securities and Exchange Commission, including those contained in Part I, Item A "Risk Factors" of our Annual Reports on Form 10-K.

This presentation contains non-GAAP financial information. We believe that certain non-GAAP financial measures may provide users of this financial information 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 26, 2015 for a reconciliation of certain non-GAAP measures presented in this presentation.

Abilene Production – Avg. Sections Per Week



Abilene Progress

- Abilene production returning to normal levels
- Plant throughput improved
- Steady improvement throughout the quarter
- “Abilene has turned the corner”

West Coast Port Delays

- Re-sequenced production to avoid losing production slots
- Deferred \$5M of revenue to Q2-Q3
- Inventory increased \$10M, but will be consumed later in year
- Managed well through port disruption

Production returns to normal - Abilene back on track

Orders – \$M

	Q1 14	Q1 15	% Change	Book : Bill
Towers & Weldments	\$3.9	\$11.8	203%	.29
Gearing	8.3	9.7	17%	1.14
Services	<u>3.6</u>	<u>1.9</u>	-47%	.97
Total	\$15.8	\$23.3	47%	.45

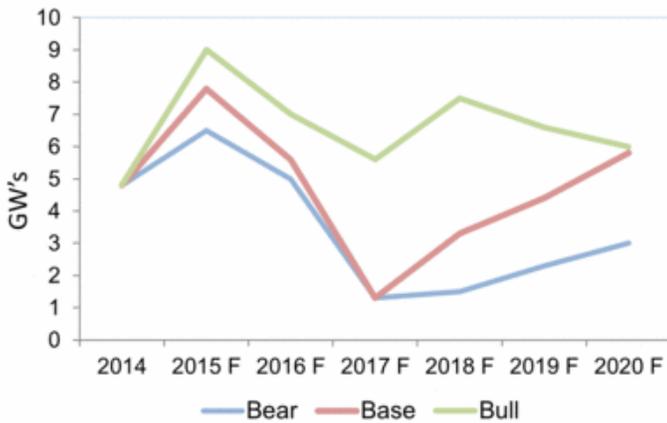
- \$12M in Towers & Weldments orders in Q1 15...Q1 is typically seasonally weaker
- Gearing Q1 15 orders ahead 17% over PY; large wind replacement gearing order offset weak oil & gas orders
- Services orders down 47% compared to PY

Order Backlog – \$M



- Solid backlog at Q1 15 totaled \$174M
- ~85% of Q2-Q4 2015 revenue was in backlog at Q1 2015
- In discussions with tower customers for 2016-2017 orders - expect significant new orders in Q2 15

Wind Market Outlook



- OEM's on track to achieve bull case LCOE reduction
- NG in the short term appears to be the bear scenario
- Significant transmission in the planning process
- Clean Power Plan (CPP) is progressing
- Offshore – Likely the bear case
- Other factors
 - 23% of PPA's in 2014 were issued by commercial end users (Google, Walmart, Ikea)

Source: Make Consulting

	High impact on forecast				Medium impact on forecast			Low impact on forecast	
	Federal tax policy (PTC)	Annual wind LCOE reduction	Natural gas prices	New transmission accessible to wind ²	RES wind power demand	CPP wind power demand	Competing power source net additions	Annual electricity demand growth	Offshore capacity additions
Bull	Phase-out 2015-2018 ¹	-3%	5-6 USD per MMBtu	12,000 miles	25,8GW	10,5GW	Gas +41GW Solar +48GW Coal -90GW	1.5%	3.1GW
Base	Status quo: 2014 only	-2%	4-5 USD per MMBtu	8,000 miles	16,0GW	7GW	Gas +50GW Solar +41GW Coal -60GW	1.2% ³	1.4GW
Bear	Status quo: 2014 only	-1%	3-4 USD per MMBtu	4,500 miles	9,8GW	0GW	Gas +55GW Solar +41GW Coal -40GW	0.8%	0.8GW

Gearing Update

- Navigating well through rough oil and gas markets
- Revenue flat compared to PY
- Margins improved, achieved positive EBITDA
- Cost reductions initiated at end of Q1 15
- Monitoring the markets closely



Consolidated Financial Results



	Q1	
	2014	2015
Revenue-\$M	\$ 58.8	\$ 51.1
Gross Profit-\$M	5.1	0.7
-% (ex. Restructuring)	9.1%	1.4%
Operating Expense-\$M	6.1	5.7
-% (ex. Restructuring)	10.4%	11.2%
Operating Income/(Loss)-\$M	(1.0)	(5.0)
Adj. EBITDA-\$M	2.8	(1.9)
EPS, Continuing	(0.07)	(0.34)

- Sales down 13% from Q1 2014: Towers and Weldments -15%, Services -21%
- Gross margin – down 770 bp from Q1 2014 due to lower tower volumes
- Operating expense lower than Q1 2014; lower professional fees and restructuring expenses
- EPS loss of \$.34, worse than Q1 2014

Towers and Weldments



	Q1 2014	Q1 2015	2014 FY
Orders (\$M)	\$3.9	\$11.8	\$77.6
Towers Sold (#)	108	103	435
Revenue (\$M)	48.3	41.0	184.9
Operating Inc (\$M)	5.6	1.1	18.1
- % of Sales	11.6%	2.8%	9.8%
Adj. EBITDA (\$M)	6.7	2.1	22.3
- % of Sales	13.8%	5.2%	12.0%

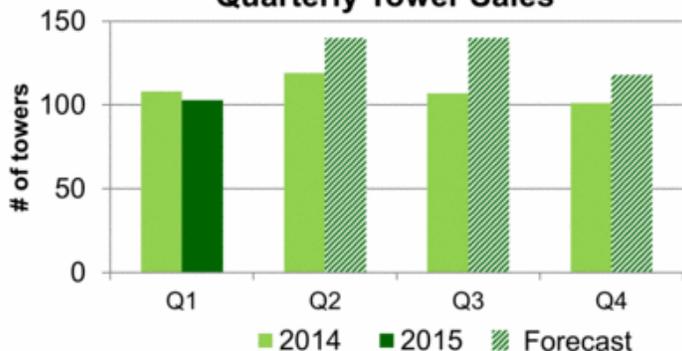
Q1 Results

- Tower sections down 12% - no 4 section towers in 2015
- Lower margin mix of towers
- Excess costs associated with Abilene production ramp-up and transportation costs to maintain production (\$2.2M)
- \$5M revenue and \$1M operating profit will shift into Q2-Q3
- Idled weldments plant in Wisconsin due to weak end markets
- Q2 outlook: \$55-57M revenue; Op Income >10%

2015 Objectives

- Sell 2016 tower capacity
- Reduce tower production cost through increased welding and paint productivity
- Build and diversify weldments backlog
- Expand ERP system utilization

Quarterly Tower Sales

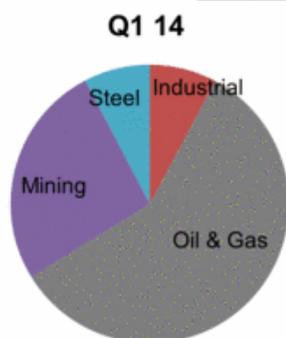


	Q1 2014	Q1 2015	2014 FY
Orders (\$M)	\$8.3	\$9.7	\$41.9
Revenue (\$M)	8.8	8.6	42.3
Operating Loss (\$M)	-3.0	-1.2	-9.4
-% of Sales	-33.8%	-14.1%	-22.3%
Adj. EBITDA (\$M)	-.8	.1	-.9
-% of Sales	-9.0	1.7	-2.2%

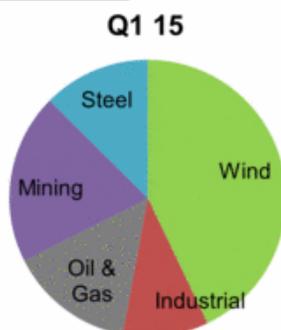
Q1 Results

- Orders up 17% - mainly timing on wind gears
- Oil and gas orders down sharply – some deliveries being delayed
- Revenue nearly flat – good operational flow
- Margins improve – cost management, restructuring, depreciation all contribute
- Q2 outlook – similar to Q1

Orders by Industry



4/30/15



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2015 Objectives

- Continue cross-training to improve labor productivity
- Close control of expenses and working capital
- Expand sales efforts to improve capacity utilization

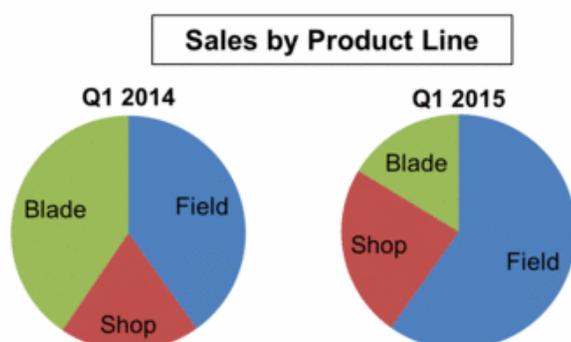
	Q1 2014	Q1 2015	2014 FY
Orders (\$M)	\$3.6	\$1.9	\$15.7
Revenue (\$M)	2.4	1.9	15.6
Operating Loss (\$M)	-1.3	-2.6	-4.5
-% of Sales	-54.9%	-135.4%	-28.9%
Adj. EBITDA (\$M)	-.9	-2.2	-3.1
- % of Sales	-36.0%	-111.0%	-19.7%

Q1 Results

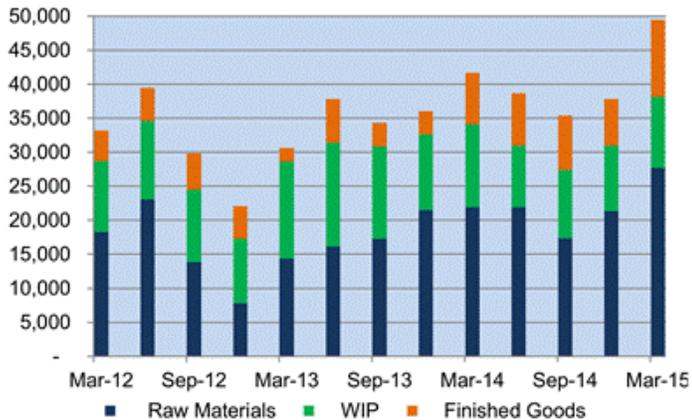
- Weaker blade revenue
- \$700K charge - community and kilowatt wind gearing inventories
- Seasonal order intake growth occurring
- Q2 outlook - \$3-4M revenue, loss reduced to \$500-700K
- Closing South Dakota gear shop by mid-year

2015 Objectives

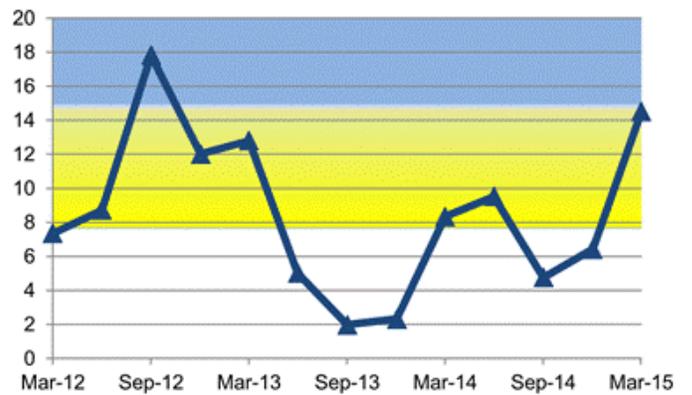
- Increase gearbox rebuild throughput and capacity utilization in shop
- Expand customer base
- Improve margins
- Reduce overhead costs



Gross Inventory



Working Capital cents per dollar sales



- Inventories at record balance – \$5M in finished towers held, \$5M extra steel on hand for Q4 2015 due to re-sequencing production
- Working capital spikes to \$29.6M, 15% of sales, high end of BWEN historic range
- Year-end gross inventories forecast at <\$40M

Balance Sheet



	Q1 14	YE 2014	Q1 15
Cash Assets	\$11,479	20,256	\$233
Op Working Capital	19,612	13,853	29,620
Net PPE	67,797	62,952	61,400
Other Assets	11,577	8,476	8,098
(Debt and Cap Leases)	(4,689)	(4,111)	(4,866)
(Other Liabilities)	<u>(11,103)</u>	<u>(13,046)</u>	<u>(10,865)</u>
Equity	94,673	88,380	83,620

- Cash assets down significantly with increased working capital requirements to support Abilene production issues and West Coast port disruptions — will recover in 2H 2015; year-end estimate >\$10M
- Net PPE declines as capital spending is less than depreciation
- Conservative capital structure – debt <\$5M despite \$1.2M credit line draw
- In discussions to modify and extend/replace \$20M credit line during Q2

Consolidated Outlook



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Q1 15	Q2 15*
Revenue-\$M	\$ 137.0	\$ 186.0	\$ 210.7	\$ 215.7	\$241.3	\$ 51.1	\$66-68
Gross Profit-\$M	1.9	7.2	6.8	12.3	17.5	0.7	
-% (ex. Restructuring)	1.4%	3.9%	4.0%	8.0%	7.8%	1.4%	9-10%
Operating Expense-\$M	30.4	27.6	24.1	25.6	23.4	5.7	
-% (ex. Restructuring)	22.2%	14.6%	11.1%	11.3%	9.6%	11.2%	
Operating Profit (Loss)-\$M	(69.2)	(20.4)	(17.3)	(13.2)	(5.9)	(5.0)	1.5-3.0
Adj. EBITDA-\$M	(9.2)	(2.1)	5.5	10.3	8.9	(1.9)	4-6
EPS, Continuing - \$	(6.56)	(1.79)	(1.27)	(0.72)	(0.42)	(0.34)	.09-.18

* Estimate

Outlook Assumptions

- Abilene tower production returns to normal levels in Q2, Manitowoc continues outstanding performance; 500 tower capacity remains goal
- West Coast port issue resolved; \$4M of deferred revenue included in Q2 outlook
- Gearing manages well through oil and gas and mining downturn, depreciation down \$.5M per quarter, savings from consolidation in effect
- Cost reductions initiated at end of Q1 result in \$.6M savings per quarter

Summary

- Turned the corner on Abilene production issues
- Q2 rebounding nicely with \$66 - \$68M of revenue, \$4-6M of EBITDA and returning to profitability
- Expect to close at least one major tower order in Q2
- Overhead expense reduction action benefits of \$600k per quarter kick in
- Towers still on track to achieve production milestone of more than 500 towers
- Liquidity will normalize by year end with more than \$10M of cash and no borrowings on the line of credit



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

