

**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): **May 2, 2017**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 2, 2017, Broadwind Energy, Inc. (the “Company”) issued a press release announcing its financial results as of and for the quarter ended March 31, 2017. 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 May 2, 2017 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 May 2, 2017
99.2	Investor Presentation dated May 2, 2017

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.

May 2, 2017

BROADWIND ENERGY, INC.

By: /s/ Stephanie K. Kushner
Stephanie K. Kushner
Chief Executive Officer and Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release dated May 2, 2017
99.2	Investor Presentation dated May 2, 2017

Broadwind Energy Announces Q1 2017 Results

Highlights:

- **Closed Red Wolf acquisition during Q1 2017**
- **Q1 2017 orders total \$40 million, up 3% from Q1 2016**
- **Revenue of \$56 million for Q1 2017, up 20% from Q1 2016 as expected – 16% increase in tower revenue and addition of Red Wolf**
- **Gross profit margin rises 290 basis points to 11.4% in Q1 2017, compared to 8.5% in Q1 2016**
- **Income from continuing operations of \$6.5 million (\$.43 per share) for Q1 2017, compared to loss from continuing operations of \$.4 million (\$.02 per share) for Q1 2016; includes one-time \$.34 per share income tax benefit related to Red Wolf**
- **Cash and cash assets drop to \$.3 million as expected following \$16.5 million cash payment for Red Wolf acquisition - \$6.5 million drawn against expanded \$25 million credit line**

CICERO, Ill., May 02, 2017 (GLOBE NEWSWIRE) -- Broadwind Energy, Inc. (NASDAQ:BWEN) reported sales of \$56.1 million in Q1 2017, up 20% compared to \$46.8 million in Q1 2016. The increase was primarily due to a 16% increase in Towers and Weldments segment revenue due to high shipments in advance of the 100% safe harbor Production Tax Credit deadline, and significantly improved production flow in the Abilene tower plant. Additionally, the current quarter included \$3.3 million of sales from the newly formed Process Systems segment, which includes the Abilene compressed natural gas (CNG) and fabrication business and Red Wolf Company, LLC (Red Wolf) as of the February 1, 2017 acquisition date. These increases were partially offset by lower Gearing segment revenue resulting from broadly lower second half 2016 order intake.

The Company reported net income from continuing operations of \$6.5 million, or \$.43 per share, in Q1 2017, compared to a net loss from continuing operations of \$.4 million, or \$.02 per share, in Q1 2016. The current quarter includes a \$.51 million, or \$.34 per share income tax benefit due primarily to the partial release of a tax valuation allowance related to the Red Wolf acquisition. The remaining \$.11 per share improvement was due mainly to the improved production flow in the Towers and Weldments segment.

The Company reported a net loss from discontinued operations of \$.2 million, or \$.01 per share, in Q1 2017, compared to near break-even in Q1 2016. The Company reported non-GAAP adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, share-based payments and restructuring costs) of \$3.9 million in Q1 2017, compared to \$1.7 million in Q1 2016 (please refer to the reconciliation of GAAP measures to non-GAAP measures at the end of this release). The \$2.2 million improvement was mainly attributable to the increased volume and productivity in the Towers and Weldments segment as well as a \$.4 million reduction in Corporate expenses.

Broadwind CEO Stephanie Kushner stated, “Broadwind started the year strong. Revenue was up 20% and we doubled our EBITDA margin to 7% from last year. Our team members’ focus on continuous operational improvement and stringent cost reduction is reflected in our financial performance. Towers results exceeded our plan, as we operated at full capacity to meet aggressive customer delivery schedules, while successfully converting to a new tower model in the Abilene plant.

“Gearing revenue was soft due to weak order intake late last year, but orders have risen sharply since the beginning of 2017 due to recovering oil and gas markets and the expansion of our sales organization. The work we did in 2016 to improve delivery times, raise productivity and reduce costs will translate into significant financial improvements as the year progresses.

Ms. Kushner continued, “Our tower order intake was weak in the first quarter and the near-term demand outlook for our Manitowoc plant is down significantly, as the impact of our customers pre-ordering components in advance of the safe harbor Production Tax Credit deadline was greater than we anticipated. While the medium-term outlook for our tower business remains strong, we have taken immediate action to reduce headcount and lower our tower production rate through at least the next two quarters. Despite the addition of Red Wolf and the recovery of Gearing volumes, we have revised down our full-year outlook to reflect flat year-over-year revenue with EBITDA growth exceeding 15 percent. We believe this tower weakness is short-term and reflects the structure of the PTC qualification rules. This does not alter our strategic objective of doubling revenue and EBITDA margins over the next three years.”

Orders and Backlog

The Company booked \$40.0 million of net new orders in Q1 2017, compared to \$39.0 million of net new orders booked in Q1 2016. Towers and Weldments orders, which vary considerably from quarter to quarter, totaled \$29.1 million in Q1 2017, down from \$35.4 million in Q1 2016, reflecting weaker demand for towers in the upper Midwest, due to pre-buys of equipment by turbine manufacturers and the locational mix of windfarms under construction. Gearing orders totaled \$7.3 million in Q1 2017, more than double Q1 2016 orders of \$3.5 million, due to increased orders from oil & gas and industrial customers. Process Systems orders totaled \$3.6 million in Q1 2017.

At March 31, 2017, total backlog was \$181.7 million, more than double the backlog of \$86.0 million at March 31, 2016.

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 \$48.9 million in Q1 2017, compared to \$42.0 million in Q1 2016. Tower sales increased 16% compared to Q1 2016 due to improved production flow at the Abilene plant and higher material costs, which are generally passed through to the customer. Operating income totaled \$5.8 million in Q1 2017, compared to \$3.2 million in Q1 2016, due to the improved throughput at the Abilene plant, and better overhead absorption at both tower plants. Net income for the segment totaled \$4.0 million in Q1 2017, compared to \$2.1 million in Q1 2016. Non-GAAP adjusted EBITDA totaled \$7.0 million in Q1 2017, compared to \$4.3 million in Q1 2016, due mainly to the factors described above. (please refer to the reconciliation of GAAP measures to non-GAAP measures at the end of this release)

Gearing

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

Gearing segment sales totaled \$3.9 million in Q1 2017, compared to \$4.8 million in Q1 2016. The \$.9 million decrease was due to reduced sales to oil & gas and mining industry customers related to the weak order intake in the second half of 2016. Operating loss was \$1.5 million in Q1 2017, compared to \$1.2 million in Q1 2016. The \$.3 million increase was due to lower sales, the absence of a \$.1 gain from an asset sale recorded in Q1 2016 and higher compensation expense. Net loss for the Gearing segment totaled \$1.5 million in Q1 2017, compared to a net loss of \$1.2 million in Q1 2016. The Non-GAAP adjusted EBITDA loss for Q1 2017 totaled \$.9 million, compared to \$.5 million in Q1 2016, due to the factors described above. (please refer to the reconciliation of GAAP measures to non-GAAP measures at the end of this release)

Process Systems

Broadwind Energy designs and manufactures custom, modular systems for compression, filtration and other specialized process applications for the global market.

On February 1, 2017 the Company acquired Red Wolf which has been combined with the Abilene CNG and fabrication business, previously reported as a part of Towers and Weldments, to form the Process Systems segment. The Process Systems segment results include a partial period of Red Wolf results as of the acquisition date. Process Systems sales for Q1 2017 totaled \$3.3 million. For Q1 2017, Process Systems operating loss totaled \$.8 million and net loss for the Process Systems segment totaled \$.7 million. The first quarter loss reflects the absence of any CNG unit shipments and included a \$.2 million adverse impact of inventory revaluation associated with purchase accounting and \$.2 million of intangible amortization associated with the Red Wolf transaction. Non-GAAP adjusted EBITDA loss totaled \$.5 million in Q1 2017. (please refer to the reconciliation of GAAP measures to non-GAAP measures at the end of this release)

Corporate

Corporate and other expenses totaled \$1.9 million in Q1 2017, compared to \$2.3 million in Q1 2016. The decrease was due mainly to lower health care costs in Q1 2017.

Cash and Liquidity

During Q1 2017, operating working capital (accounts receivable and inventory, net of accounts payable and customer deposits) increased to \$16.4 million due to the addition of Red Wolf and higher accounts receivable.

Capital expenditures, net of disposals, in Q1 2017 totaled \$3.3 million. Expenditures included investments to upgrade the coatings systems in the tower plants, and outlays associated with the expansion of the Abilene tower plant which will be operational in mid-2017.

Cash assets (cash and short-term investments) dropped as expected to \$.2 million at March 31, 2017, compared to \$21.9 million at December 31, 2016, following the acquisition of Red Wolf on February 1, 2017 for a closing cash payment of \$16.5 million, subject to adjustment and additional earn-out payments.

Debt and capital leases totaled \$10.5 million at March 31, 2017, including the \$2.6 million New Markets Tax Credit loan, which is expected to be substantially forgiven when it matures in 2018. The Company's credit line with The Private Bank and Trust Company had a balance of \$6.5 million at March 31, 2017. Late in the quarter, the credit line was increased to \$25 million to accommodate the additional working capital associated with Red Wolf.

About Broadwind Energy, Inc.

Broadwind Energy (NASDAQ:BWEN) is a precision manufacturer of structures, equipment and components for clean tech and other specialized applications. From gears and gearing systems for wind, oil and gas and mining applications, to wind towers and industrial weldments, we have solutions for the clean tech, energy and infrastructure needs of the future. With facilities throughout the U.S., Broadwind Energy's talented team 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"—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. Forward looking statements include any statement that does not directly relate to a current or historical fact. Our forward-looking statements may include or relate to our beliefs, expectations, plans and/or assumptions with respect to the following: (i) state, local and federal regulatory frameworks affecting the industries in which we compete, including the wind energy industry, and the related extension, continuation or renewal of federal tax incentives and grants and state renewable portfolio standards; (ii) our customer relationships and efforts to diversify our customer base and sector focus and leverage customer relationships across business units; (iii) our ability to continue to grow our business organically and through acquisitions; (iv) the sufficiency of our liquidity and alternate sources of funding, if necessary; (v) our ability to realize revenue from customer orders and backlog; (vi) our ability to operate our business efficiently, manage capital expenditures and costs effectively, and generate cash flow; (vii) the economy and the potential impact it may have on our business, including our customers; (viii) the state of the wind energy market and other energy and industrial markets generally and the impact of competition and economic volatility in those markets; (ix) the effects of market disruptions and regular market volatility, including fluctuations in the price of oil, gas and other commodities; (x) the effects of the recent change of administrations in the U.S. federal government; (xi) our ability to successfully integrate and operate the business of Red Wolf Company, LLC and to identify, negotiate and execute future acquisitions; and (xii) the potential loss of tax benefits if we experience an "ownership change" under Section 382 of the Internal Revenue Code of 1986, as amended. These statements are based on information currently available to us and are subject to various risks, uncertainties and other factors 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. 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.

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

	March 31, 2017	December 31, 2016
ASSETS	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 216	\$ 18,699
Short-term investments	-	3,171
Restricted cash	39	39
Accounts receivable, net of allowance for doubtful accounts of \$153 and \$145 as of March 31, 2017 and December 31, 2016, respectively	23,690	11,865
Inventories, net	25,775	21,159
Prepaid expenses and other current assets	2,027	2,449
Current assets held for sale	626	808
Total current assets	52,373	58,190
LONG-TERM ASSETS:		

Property and equipment, net	55,982	54,606
Goodwill	5,568	-
Other intangible assets, net	17,491	4,572
Other assets	274	294
TOTAL ASSETS	\$ 131,688	\$ 117,662

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Line of credit and notes payable	\$ 6,494	\$ -
Current portions of capital lease obligations	470	465
Accounts payable	19,495	15,852
Accrued liabilities	8,536	8,430
Customer deposits	13,574	18,011
Current liabilities held for sale	371	493
Total current liabilities	<u>48,940</u>	<u>43,251</u>

LONG-TERM LIABILITIES:

Long-term debt, net of current maturities	2,600	2,600
Long-term capital lease obligations, net of current portions	918	1,038
Other	4,098	2,190
Total long-term liabilities	<u>7,616</u>	<u>5,828</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; 15,255,688 and 15,175,767 shares issued as of March 31, 2017 and December 31, 2016, respectively	15	15
Treasury stock, at cost, 273,937 shares as of March 31, 2017 and December 31, 2016	(1,842)	(1,842)
Additional paid-in capital	379,098	378,876
Accumulated deficit	(302,139)	(308,466)
Total stockholders' equity	<u>75,132</u>	<u>68,583</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 131,688	\$ 117,662

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

	Three Months Ended March 31,	
	2017	2016
Revenues	\$ 56,060	\$ 46,757
Cost of sales	<u>49,686</u>	<u>42,795</u>
Gross profit	<u>6,374</u>	<u>3,962</u>
OPERATING EXPENSES:		
Selling, general and administrative	4,420	4,075
Intangible amortization	351	111
Total operating expenses	<u>4,771</u>	<u>4,186</u>
Operating income (loss)	<u>1,603</u>	<u>(224)</u>
OTHER (EXPENSE) INCOME, net:		
Interest expense, net	(139)	(154)
Other, net	-	12
Total other expense, net	<u>(139)</u>	<u>(142)</u>

Net income (loss) before benefit for income taxes	1,464	(366)
Benefit for income taxes	(5,018)	(8)
INCOME (LOSS) FROM CONTINUING OPERATIONS	6,482	(358)
LOSS FROM DISCONTINUED OPERATIONS	(155)	(19)
NET INCOME (LOSS)	\$ 6,327	\$ (377)

NET INCOME (LOSS) PER COMMON SHARE - BASIC:

Income (loss) from continuing operations	\$ 0.43	\$ (0.02)
Loss from discontinued operations	\$ (0.01)	(0.00)
Net income (loss)	<u>\$ 0.42</u>	<u>\$ (0.03)</u>

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC

14,929 14,758

NET INCOME (LOSS) PER COMMON SHARE - DILUTED:

Income (loss) from continuing operations	\$ 0.43	\$ (0.02)
Loss from discontinued operations	(0.01)	(0.00)
Net income (loss)	<u>\$ 0.42</u>	<u>\$ (0.03)</u>

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED

15,195 14,758

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

	Three Months Ended March 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 6,327	\$ (377)
Loss from discontinued operations	(155)	(19)
Income (loss) from continuing operations	<u>6,482</u>	<u>(358)</u>
Adjustments to reconcile net cash used in operating activities:		
Depreciation and amortization expense	2,101	1,657
Deferred income taxes	(5,050)	-
Stock-based compensation	222	259
Allowance for doubtful accounts	8	80
Gain on disposal of assets	(2)	(138)
Changes in operating assets and liabilities:		
Accounts receivable	(9,037)	(2,753)
Inventories	382	5,348
Prepaid expenses and other current assets	423	(55)
Accounts payable	2,883	1,848
Accrued liabilities	(2,356)	(129)
Customer deposits	(4,440)	(2,163)
Other non-current assets and liabilities	239	(535)
Net cash (used in) provided by operating activities of continuing operations	<u>(8,145)</u>	<u>3,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid in acquisition	(16,659)	-
Purchases of available for sale securities	-	(1,978)
Sales of available for sale securities	2,221	36
Maturities of available for sale securities	950	2,425
Purchases of property and equipment	(3,261)	(950)
Proceeds from disposals of property and equipment	<u>2</u>	<u>-</u>

Net cash (used in) provided by investing activities of continuing operations	(16,747)	(467)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from lines of credit and notes payable	6,494	-
Payments on long-term debt	-	(179)
Principal payments on capital leases	(114)	(147)
Net cash provided by (used in) financing activities of continuing operations	6,380	(326)
DISCONTINUED OPERATIONS:		
Operating cash flows	74	826
Investing cash flows	-	151
Financing cash flows	(109)	(12)
Net cash provided by (used in) discontinued operations	(35)	965
Add: Cash balance of discontinued operations, beginning of period	2	-
Less: Cash balance of discontinued operations, end of period	-	2
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(18,545)	3,231
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH beginning of the period	18,800	6,519
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH end of the period	<u>\$ 255</u>	<u>\$ 9,750</u>
Supplemental cash flow information:		
Interest paid	\$ 77	\$ 143
Income taxes paid	\$ 3	\$ 12
Contingent consideration related to business acquisition	\$ 2,944	\$ -
Non-cash investing and financing activities:		
Issuance of restricted stock grants	\$ 222	\$ 259
Red Wolf acquisition:		
Assets acquired	\$ 27,157	\$ -
Liabilities assumed	\$ 7,554	\$ -

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

Three Months Ended
March 31,
2017 2016

ORDERS:		
Towers and Weldments	\$ 29,088	\$ 35,436
Gearing	7,319	3,540
Process Systems	3,615	-
Total orders	<u>\$ 40,022</u>	<u>\$ 38,976</u>

REVENUES:		
Towers and Weldments	\$ 48,895	\$ 42,015
Gearing	3,871	\$ 4,760
Process Systems	3,294	-
Corporate and Other	-	(18)
Total revenues	<u>\$ 56,060</u>	<u>\$ 46,757</u>

OPERATING PROFIT/(LOSS):		
Towers and Weldments	\$ 5,849	3,241
Gearing	(1,531)	(1,202)
Process Systems	(822)	-

Corporate and Other	(1,893)	(2,263)
Total operating profit/(loss)	<u>\$ 1,603</u>	<u>\$ (224)</u>

Non-GAAP Financial Measure

The Company provides non-GAAP adjusted EBITDA (earnings before interest, income taxes, depreciation, amortization, and stock compensation) as supplemental information regarding the Company's business performance. The Company's management uses adjusted EBITDA when it internally evaluates the performance of the Company's business, reviews financial trends and makes operating and strategic decisions. The Company believes that this non-GAAP financial measure is useful to investors because it provides investors with a better understanding of the Company's past financial performance and future results allows investors to evaluate the Company's performance using the same methodology and information as used by the Company's management. The Company's definition of adjusted EBITDA may be different from similar non-GAAP financial measures used by other companies and/or analysts.

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

Consolidated	Three Months Ended March 31,	
	2017	2016
Net Income/(Loss) from continuing operations	\$ 6,482	\$ (358)
Interest Expense	139	154
Income Tax Provision/(Benefit)	(5,018)	(8)
Depreciation and Amortization	2,101	1,657
Share-based Compensation and Other Stock Payments	222	259
Restructuring Expense	-	-
Adjusted EBITDA (Non-GAAP)	<u>\$ 3,926</u>	<u>\$ 1,704</u>

Towers and Weldments Segment	Three Months Ended March 31,	
	2017	2016
Net Income	\$ 4,003	\$ 2,140
Interest Expense/(Benefit)	15	10
Income Tax Provision/(Benefit)	1,831	1,103
Depreciation and Amortization	1,092	966
Share-based Compensation and Other Stock Payments	58	38
Adjusted EBITDA (Non-GAAP)	<u>\$ 6,999</u>	<u>\$ 4,257</u>

Gearing Segment	Three Months Ended March 31,	
	2017	2016
Net Loss	\$ (1,537)	\$ (1,208)
Interest Expense	4	5
Income Tax Provision/(Benefit)	2	1
Depreciation and Amortization	625	639
Share-based Compensation and Other Stock Payments	19	48
Adjusted EBITDA (Non-GAAP)	<u>\$ (887)</u>	<u>\$ (515)</u>

Process Systems	Three Months Ended March 31,	
	2017	2016
Net Income/(Loss)	\$ (699)	\$ -
Interest Expense	1	-
Income Tax Provision/(Benefit)	(125)	-
Depreciation and Amortization	334	-
Share-based Compensation and Other Stock Payments	6	-
Adjusted EBITDA (Non-GAAP)	<u>\$ (483)</u>	<u>\$ -</u>

Corporate and Other	Three Months Ended March 31,	
	2017	2016

Net Income/(Loss)	\$ 4,715	\$ (1,290)
Interest Expense	119	140
Income Tax Provision/(Benefit)	(6,726)	(1,113)
Depreciation and Amortization	51	52
Share-based Compensation and Other Stock Payments	139	173
Adjusted EBITDA (Non-GAAP)	<u>\$ (1,703)</u>	<u>\$ (2,038)</u>

BWEN INVESTOR CONTACT:

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Q1 2017 Earnings Call

May 2, 2017



Industry Data and Forward-Looking Statements Disclaimer

- Broadwind obtained the industry and market data used throughout this presentation from our own research, internal surveys and studies conducted by third parties, independent industry associations or general publications and other publicly available information. Independent industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy or completeness of such information. Forecasts are particularly likely to be inaccurate, especially over long periods of time. We are not aware of any misstatements in the industry data we have presented herein, but estimates involve risks and uncertainties and are subject to change based on various factors beyond our control.
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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 May 2, 2017 for a reconciliation of certain non-GAAP measures presented in this presentation.

May 2, 2017



Q1 2017 Highlights

- Completed Red Wolf acquisition—provides new growth platform and exposure to gas-fired utility scale turbine market
- Q1 revenue up 20%; strong results from Towers—volume, productivity and overhead absorption all favorable
- Gross Profit rose ~300 basis points to 11.4%
- \$.43 EPS – incl. one-time \$.34 income tax benefit
- EBITDA of \$3.9M, 7% of sales
- Initial evidence of recovery in Gearing markets

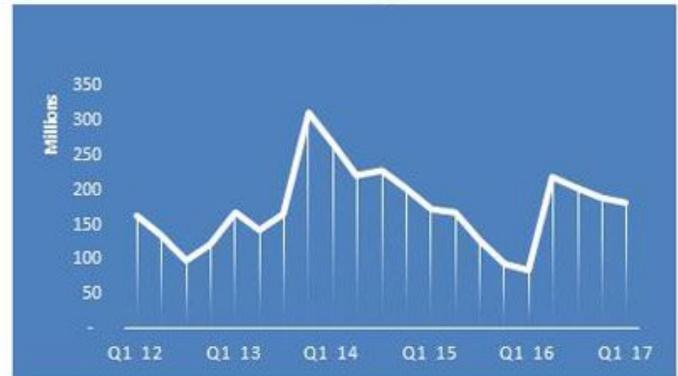
Orders and Backlog

Orders – \$M

	Q1 2016	Q1 2017	Book : Bill Ratio	FY 2016
Towers & Weldments	35.4	29.1	0.6	260.8
Gearing	3.5	7.3	1.9	14.2
Process Systems	<u>n/a</u>	<u>3.6</u>	1.1	<u>n/a</u>
Total	39.0	40.0	.71	275.0

- \$29M of new Towers & Weldments orders in Q1
- Q1 17 Gearing orders up vs. PY – orders from oil & gas and industrial customers
- Process Systems includes Red Wolf and CNG

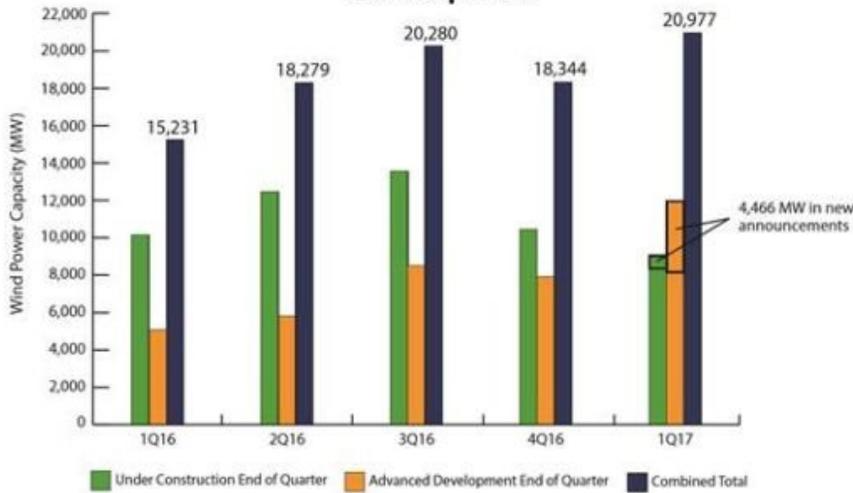
Backlog – \$M



- 3/31 backlog \$182M
- Pause in tower order activity following PTC qualification deadline

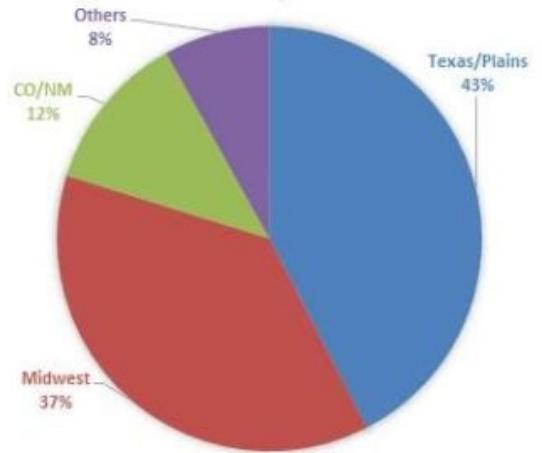
Wind Market Update

Wind Power Capacity Under Construction/Advanced Development



Source: AWEA Q1 17 Market Report

Geographic Breakdown of Wind Power Under Construction/in Advanced Development

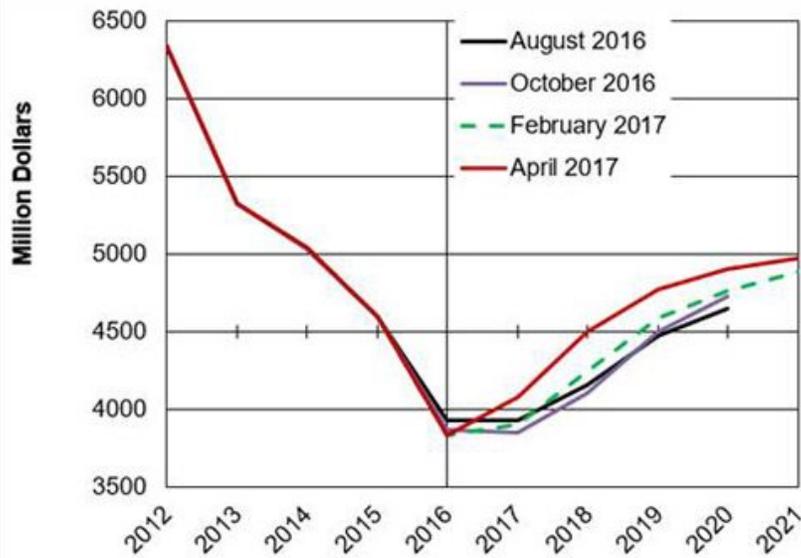


Source: AWEA Q1 17 Market Report

- ~21 GW under construction or in advanced development at end of Q1 17
- 4.5 GW in new construction announcements in Q1 17
- Majority of new construction/adv. development located in Texas (~9GW) and the Midwest (~8GW)

Gear Market Update

US Gear Demand Forecasts



Source: IHS

US Gear Demand by Market	2016 % Chg.	2017 % Chg.
Turbines/Power	-24.9	+11.0
Oil & Gas	-37.8	+17.7
Mining	-17.1	+11.5
Other Industrial	-3.2	+11.4
US Total	-16.6	+6.4

Source: IHS

Third upward revision of US gear demand forecast within last 8 months

May 2, 2017



BWEN Consolidated Financial Results

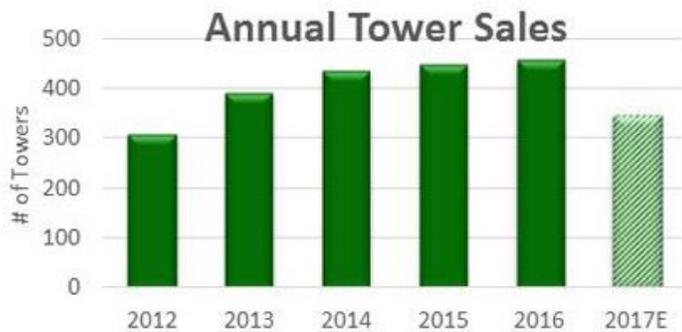
	Q1	
	2016	2017
Total Sales	\$ 46.8	\$ 56.1
Gross Profit	4.0	6.4
Gross Profit %	8.5%	11.4%
Total Operating Expense	4.2	4.8
Income from Operations	-0.2	1.6
<i>% of Sales</i>	-0.5%	2.0%
Adj. EBITDA	1.7	3.9
<i>% of Sales</i>	3.6%	7.0%
EPS, Continuing	-0.02	0.43
<i>Memo: Net I/(L) incl. Disc. Ops.</i>	-0.03	0.42
<i>\$M except as noted otherwise</i>		

- Sales up 20%; Towers and Weldments + 16%, Gearing – 19%, Process Systems added 7%
- Gross Margin, profit and EBITDA increases all due to improved tower production flow in Abilene and better overhead absorption in both tower plants
- EPS of \$.43 includes one-time \$5.1M (\$.34 per share) income tax benefit related to Red Wolf

Towers and Weldments

	Q1 2016	Q1 2017	FY 2016
Orders (\$M)	35.4	29.1	260.8
Towers Sold (#)	119	133	458
Revenue (\$M)	42.0	48.9	160.2
Operating Income (\$M)	3.2	5.8	12.8
-% of Sales	7.7%	11.9%	8.0%
EBITDA* (\$M)	4.3	7.0	17.2
-% of Sales	10.1%	14.3%	10.7

* Reconciliation to non-GAAP measure included in Appendix



Q1 Results

- Towers sold +12% vs. Q1 16 – improved throughput in Abilene; strong demand for 100% PTC qualification
- Operating income up 81% vs. Q1 16 – high labor efficiency, better overhead absorption in both plants
- EBITDA margin 14.3%

2017 Objectives

- Sell remaining 2017-18 tower capacity; build and diversify Weldments backlog
- Complete capital investments to provide better production flexibility
- Reduce tower production cost through improved welding and paint productivity

Gearing

	Q1 2016	Q1 2017	FY 2016
Orders (\$M)	3.5	7.3	14.2
Revenue (\$M)	4.8	3.9	20.6
Operating Loss (\$M)	-1.2	-1.5	-3.2
EBITDA* (\$M)	-0.5	-0.9	-0.6

* Reconciliation to non-GAAP measure included in Appendix



Q1 Results

- Orders up significantly – oil & gas and industrial
- Revenue down due to low order intake in 2H 16
- Operating loss slightly worse – lower sales, absence of gain on asset sale in Q1 16 and higher compensation expense

2017 Objectives

- Leverage expanded sales resources to improve capacity utilization – target \$7.5M/quarter shipments
- Continue cross-training to improve labor productivity
- Continue aggressive cost management
- Positive EBITDA for 2017—trending to positive Operating Income

May 2, 2017



Process Systems

	Q1 2016	Q1 2017
Orders (\$M)	n/a	3.6
Revenue (\$M)	n/a	3.3
Operating Loss (\$M)	n/a	-0.8
EBITDA* (\$M)	n/a	-0.5

* Reconciliation to non-GAAP measure included in Appendix



Q1 Results

- Process Systems includes Abilene-based CNG, and Red Wolf as of Feb 1
- Q1 Orders include Red Wolf \$2.3M and CNG \$1.2M
- No CNG units shipped in Q1
- Results include \$0.5M of inventory revaluation and purchase accounting from acquisition

2017 Objectives

- Seamless integration of Red Wolf into BWEN
- Build momentum on CNG business
- Grow Red Wolf business by expanding customer base and entering new markets

May 2, 2017



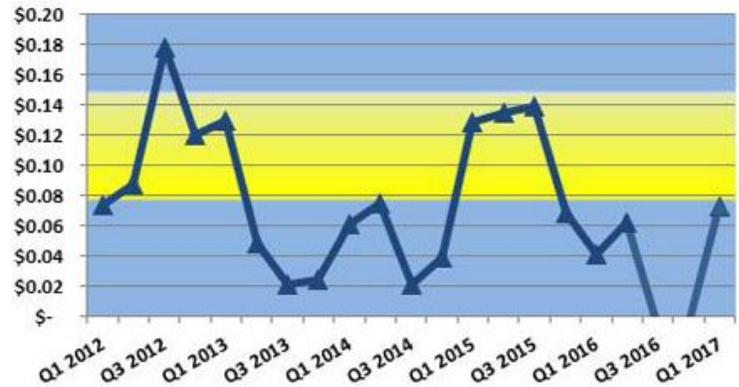
Operating Working Capital (OWC)

OWC* Management

	12/31/16	3/31/17
DSO	22	39
Inv. Turns	8.2	7.7
DPO	33	36
Cash Conv. (days)	0	28

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

OWC* Historical Trend – cents/\$ sales

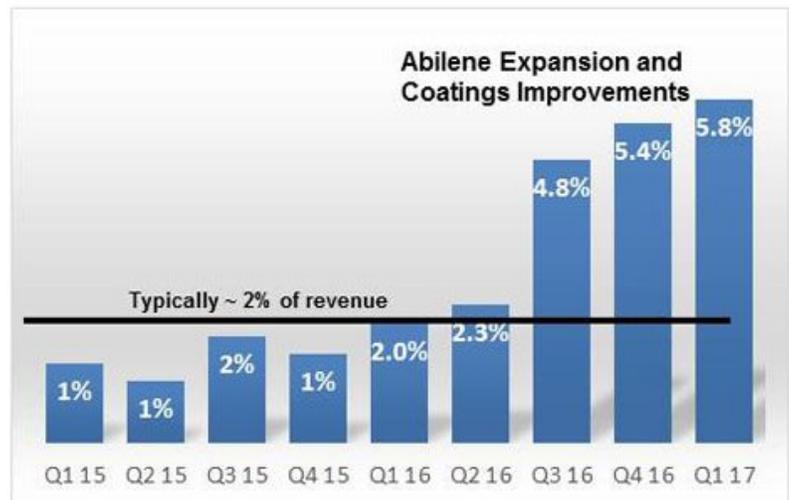


- Q1 OWC back in “normal” range -- \$.07/ dollar sales
- OWC increase driven by addition of Red Wolf and higher A/R—surge of March shipments
- 2017 OWC expected to rise with expansion of Gears and addition of Red Wolf

Balance Sheet and Capital Expenditures

	(In Millions)	
	12/31/2016	3/31/2017
Cash Assets	\$ 21.9	\$ 0.3
Accounts Receivable	11.9	23.7
Inventory	21.2	25.8
PPE	54.6	56.0
Other	8.1	25.9
Total Assets	117.7	131.7
Accounts Payable	15.9	19.5
Customer Deposits	18.0	13.6
Debt + Cap. Leases	4.1	10.5
Other	11.1	13.0
Total Liabilities	49.1	56.6
Equity	68.6	75.1

Cap Ex- % of Revenue



- Cash Assets dropped as expected - Red Wolf acquisition \$16.5M + rebound in working capital
- PrivateBank line of credit increased to \$25M to include Red Wolf --\$6.5M drawn at quarter-end
- Capex remains elevated for Abilene expansion and other tower plant improvements –FY capex estimate \$8M

2017 Guidance and Priorities

	Q2 2016	Q2 2017	FY 2016	FY 2017
Revenue (\$M)	\$46.8	\$43-45	\$180.8	\$180-185
EBITDA* (\$M)	\$1.7	\$1.5-2	\$9.6	> \$11
EPS	(\$.02)	(\$.05)	\$.09	\$.44-.46**

*Reconciliation to non-GAAP measure included in Appendix

** Includes one-time tax benefit of \$.34/share

- Sell remaining 2017-2018 tower capacity
- Complete Tower capital investments
- Complete integration of Red Wolf—launch market expansion initiatives
- Controlled execution of Gearing revenue growth to achieve segment profitability
- Evaluate additional acquisition opportunities to support growth strategy

Appendix

Consolidated

	Three Months Ended March 31,	
	2017	2016
Net Income (Loss) from continuing operations	\$ 6,482	\$ (358)
Interest Expense	139	154
Income Tax Provision (Benefit)	(5,018)	(8)
Depreciation and Amortization	2,101	1,657
Share-based Compensation and Other Stock Payments	222	259
Restructuring Expense	-	-
Adjusted EBITDA (Non-GAAP)	\$ 3,926	\$ 1,704

Process Systems

	Three Months Ended March 31,	
	2017	2016
Net Income (Loss)	\$ (699)	\$ -
Interest Expense	1	-
Income Tax Provision (Benefit)	(125)	-
Depreciation and Amortization	334	-
Share-based Compensation and Other Stock Payments	6	-
Adjusted EBITDA (Non-GAAP)	\$ (483)	\$ -

Towers and Weldments Segment

	Three Months Ended March 31,	
	2017	2016
Net Income	\$ 4,003	\$ 2,140
Interest Expense (Benefit)	15	10
Income Tax Provision (Benefit)	1,831	1,103
Depreciation and Amortization	1,092	966
Share-based Compensation and Other Stock Payments	58	38
Adjusted EBITDA (Non-GAAP)	\$ 6,999	\$ 4,257

Corporate and Other

	Three Months Ended March 31,	
	2017	2016
Net Income (Loss)	\$ 4,715	\$ (1,290)
Interest Expense	119	140
Income Tax Provision (Benefit)	(6,726)	(1,113)
Depreciation and Amortization	51	52
Share-based Compensation and Other Stock Payments	139	173
Adjusted EBITDA (Non-GAAP)	\$ (1,703)	\$ (2,038)

Gearing Segment

	Three Months Ended March 31,	
	2017	2016
Net Loss	\$ (1,537)	\$ (1,208)
Interest Expense	4	5
Income Tax Provision (Benefit)	2	1
Depreciation and Amortization	625	639
Share-based Compensation and Other Stock Payments	19	48
Adjusted EBITDA (Non-GAAP)	\$ (887)	\$ (513)

May 2, 2017



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



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