



Northern Power Systems

Q2 2016 Earnings Presentation



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FORWARD LOOKING STATEMENT AND NON-GAAP DISCLOSURES

All statements and other information contained in this document related to anticipated future events or results constitute forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, “forecast”, “project”, “likely”, “potential”, “targeted” and “possible” and statements that an event or result “may”, “will”, “would”, “should”, “could” or “might” occur or be achieved and other similar expressions. Forward-looking statements are subject to known and unknown business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Northern Power Systems does not undertake any obligation to update forward-looking statements even if circumstances or management’s estimates or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

This presentation references non-GAAP financial measures with the required reconciliation referenced in the table captioned “Non-GAAP Reconciliations” to the most comparable GAAP financial measures.



Investor Update

Established Offerings

- **600+ installed base of distributed turbines; leader in core markets**
- **Proven utility technology generating license and royalty income**

Re-defining core focus

- **Monetizing further utility wind assets**
- **Focused on profitability; followed by a return to growth**
- **Becoming a distributed energy solutions provider; expanding scope of offering**

Compliant reporter; improving balance sheet

- **Restatement and delinquent filings completed**
- **Utility transaction to strengthen balance sheet; renewing working capital line**



Distributed Wind Update

➤ Product:

- Significant product cost reductions per machine entering 2017
- Multiple smaller suppliers for critical components
- Won DOE grant for full type certification; program launched

➤ UK market:

- Delivering full scope installation

➤ Italian market:

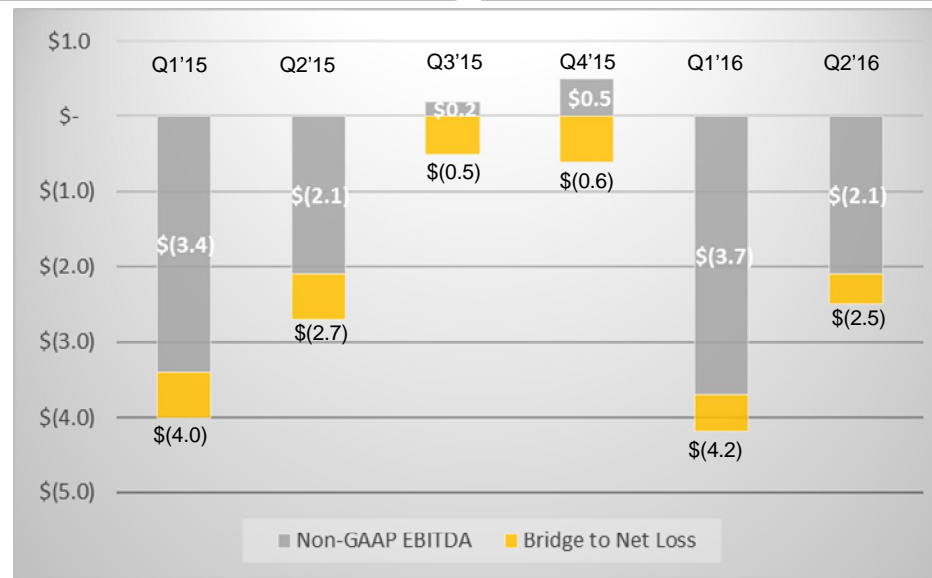
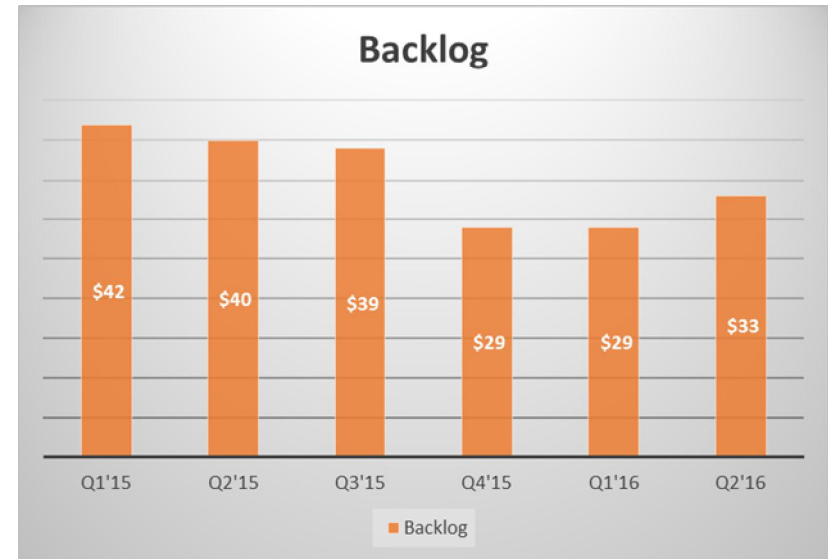
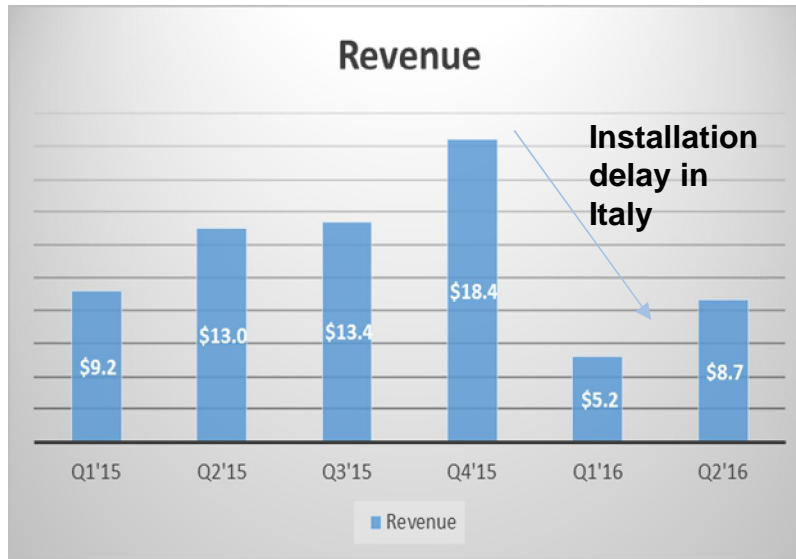
- Continuing strong demand
- Feed in tariff policy transition
- Planning to deliver full scope installation

➤ North American market:

- Expanding financing options
- Working with Co-ops on community wind
- Exploring remote / island microgrids



Business Trends



Q2 2016: Other Financial Metrics

Balance Sheet Metrics	June 30, 2016	June 30, 2015
Cash and cash equivalents	\$3.3M	\$6.1M
Inventory	\$8.5M	\$15.2M
Working capital line	\$2.5M	\$3.0M

Cash Flow Statement	Q2 2016	Q2 2015
Cash provided by operations	\$0.4M • Change in operating assets / liab. \$2.4M	\$0.1M • Change in operating assets / liab. \$2.5M
Cash used in investing activities	-	(\$0.3M)
Cash used in financing activities	(\$1.1M)	(\$1.0M)





Non-GAAP Reconciliations

Non-GAAP Reconciliations Non-GAAP adjusted EBITDA

(All amounts in thousands)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Net Loss	\$(4,010)	\$(2,652)	\$(539)	\$(596)	\$(4,231)	\$(2,526)
Interest	26	71	45	51	48	31
Taxes	385	383	372	431	66	122
Depreciation	185	188	209	208	180	181
Stock compensation	178	190	313	239	159	122
Non cash implied license revenue	(177)	(243)	(189)	(31)	-	-
Loss on disposal of asset	50	-	-	201	83	-
Adjusted EBITDA	\$(3,363)	\$(2,063)	\$211	\$503	\$(3,695)	\$(2,070)

