



Energy Efficiency Reimagined

NASDAQ: TGEN

Third Quarter 2019 Earnings Review
November 12, 2019


Participants



Benjamin Locke

 Chief Executive Officer

Robert Panora

 President & Chief Operating Officer

Bonnie Brown

 Chief Accounting Officer

Safe Harbor Statement



This presentation and accompanying documents contain “forward-looking statements” which may describe strategies, goals, outlooks or other non-historical matters, or projected revenues, income, returns or other financial measures, that may include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," "target," "potential," "will," "should," "could," "likely," or "may" and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements.

In addition to those factors described in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q under “Risk Factors”, among the factors that could cause actual results to differ materially from past and projected future results are the following: fluctuations in demand for our products and services, competing technological developments, issues relating to research and development, the availability of incentives, rebates, and tax benefits relating to our products and services, changes in the regulatory environment relating to our products and services, integration of acquired business operations, and the ability to obtain financing on favorable terms to fund existing operations and anticipated growth.

In addition to GAAP financial measures, this presentation includes certain non-GAAP financial measures, including adjusted EBITDA which excludes certain expenses as described in the presentation. We use Adjusted EBITDA as an internal measure of business operating performance and believe that the presentation of non-GAAP financial measures provides a meaningful perspective of the underlying operating performance of our current business and enables investors to better understand and evaluate our historical and prospective operating performance by eliminating items that vary from period to period without correlation to our core operating performance and highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures.

Earnings Call Agenda



Benjamin Locke

- Tecogen Overview
- Q3 '19 Financial Overview
- Strategic Achievements

Bonnie Brown

- Financial Review

Robert Panora

- Ultera Emissions Update

Benjamin Locke

- Closing comments




Q&A



Advanced Modular Cogeneration Systems



Heat, Power, and/or Cooling that is:

-  **Cheaper**
Industry leading efficiency and reduced exposure to expensive electricity
-  **Cleaner**
Proprietary near-zero emissions technology, GHG reductions
-  **More reliable**
Real-time monitoring, blackout protection, and improved grid resiliency



All of Tecogen's equipment is powered by efficient natural gas equipped with Tecogen's patented Ultra Emission Control

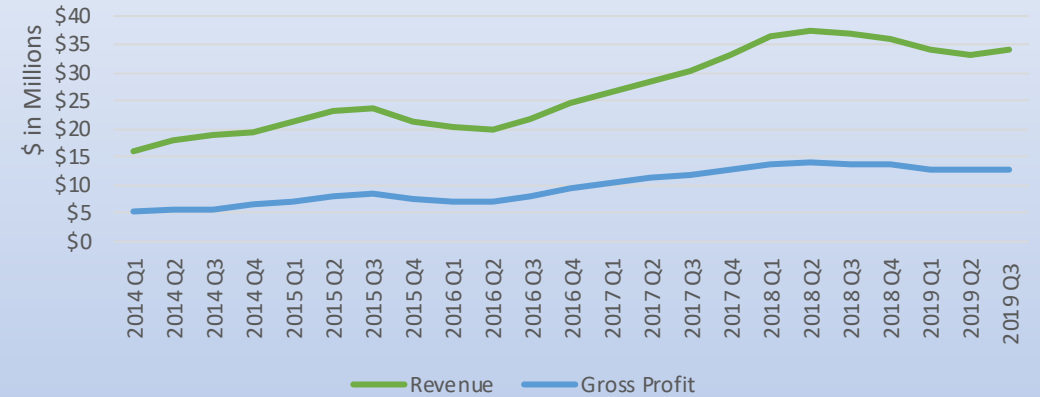
Q3 2019 Financial Results



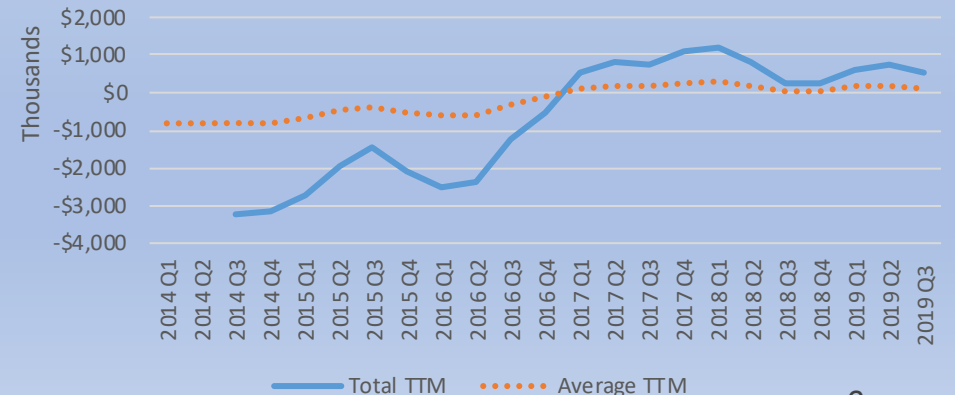
- 📈 3Q'19 revenues of \$8.7 million compared to \$7.9 million in 3Q'18
- 📈 3Q'19 Net loss of \$586K compared to \$603K for 3Q '18
- 📈 3Q'19 Overall gross margin of 33% compared to 36% in 3Q'18
- 📈 Gross profit remained relatively constant at \$2.8 million for both 3Q'19 and '18
- 📈 Adjusted EBITDA* of negative \$422K for 3Q'19 compared to negative \$259K for 3Q'18
- 📈 Working capital of \$15 million compared to \$13 million at year end 2018

* Adjusted EBITDA is defined as net income (loss) attributable to Tecogen Inc, adjusted for interest, depreciation and amortization, stock-based compensation expense, goodwill impairment and one-time merger related expenses.

T4Q - Revenue/Gross Profit



Adjusted EBITDA*
T4Q Total (solid line) & Average (dotted line) - \$Thousands



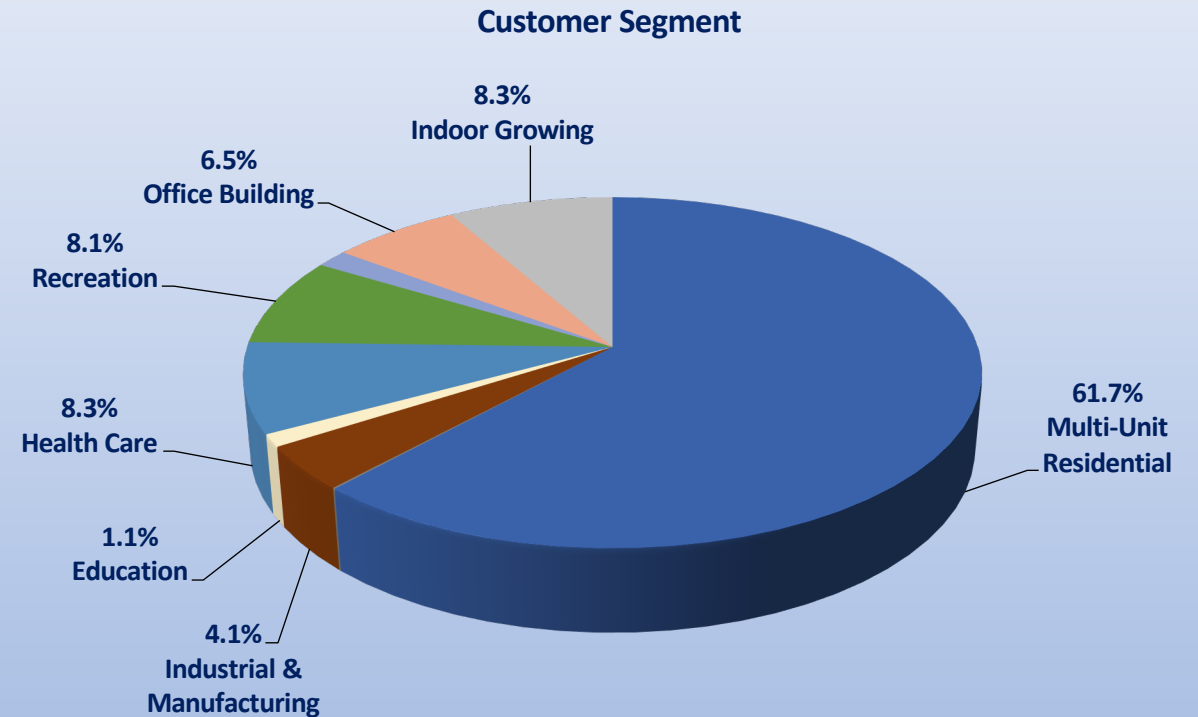
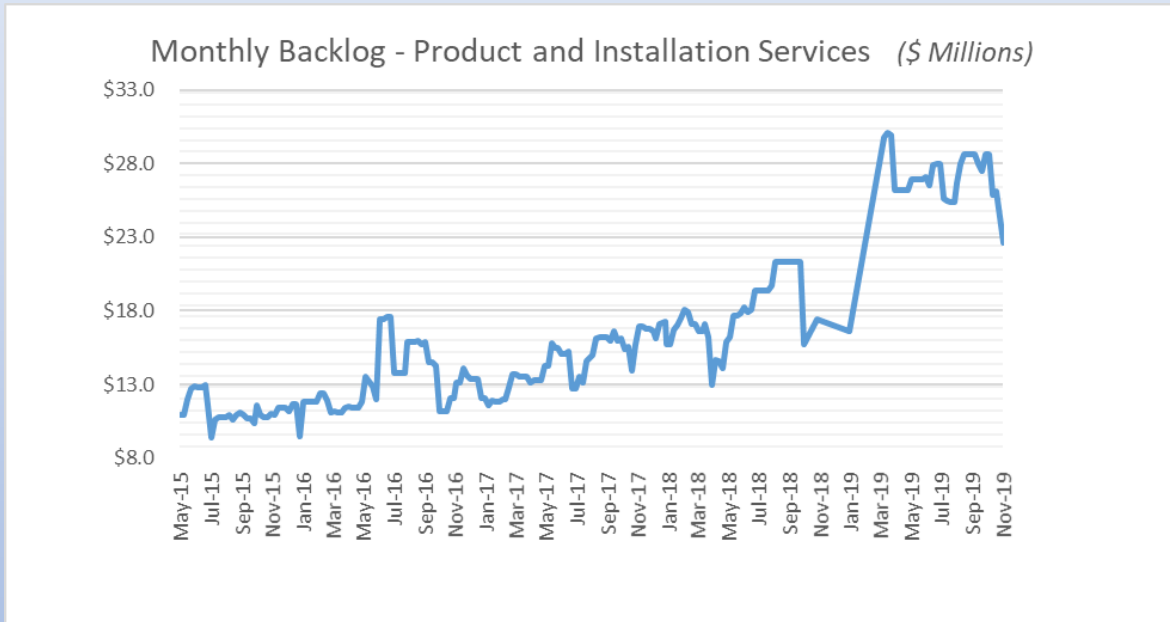
Q3 2019 Revenues of \$8.7MM



<i>\$ in thousands</i>	3Q'19	3Q'18	YoY Change	% Chg
Revenue				
Products	\$ 3,790	\$ 2,765	\$ 1,025	
Service	4,249	3,714	535	
Energy Production	632	1,460	(828)	
Total Revenue	8,671	7,939	732	9.2%
Gross Profit				
Products	1,275	1,070	205	
Service	1,219	1,197	22	
Energy Production	338	617	(279)	
Total Gross Profit	2,831	2,883	(52)	-1.8%
Gross Margin: %				
Products	34%	39%	-5%	
Service	29%	32%	-4%	
Energy Production	53%	42%	11%	
Total Gross Margin	33%	36%	-4%	-3.7%
Operating Expenses				
General & administrative	2,334	2,583	(249)	
Selling	670	582	88	
Research and development	366	281	85	
Total operating expenses	3,369	3,445	-76	-2.2%
Net income (loss)	\$ (586)	\$ (603)	\$ 17	2.8%
Adjusted EBITDA (see reconciliation)	\$ (422)	\$ (259)	\$ (163)	

- Increased revenues of 9.2%, led by growth in chiller sales of 94%, year over year
- Gross profit \$2.8MM for both 3Q'19 and '18
- Overall decline in operating expenses as we work to thoughtfully reduce overhead
- Continue to invest in sales and R&D

Product and Installation Backlog



Current Backlog of \$ 22.6 million
Product backlog: \$14.6 mm, Install backlog \$8.0 mm

Strategic Achievements



Adjusted product mix to emphasize chiller sales



Less competition,
Well defined channels to market

Reduced lower margin installation services



Focus on higher margin products and accessories

Forklift Emissions program with Cat/Mitsubishi



Potential for fleet forklift conversion to Ultra emissions

Growth in core business expected in 2020



Product sales and new service center in new geography

Tecogen positioned for growth in core business while building value of Ultra emissions technology

Q3 2019 Financial Metrics: Revenues, Margins and Profitability



- 🕒 Overall revenue increase of 9.2% to \$8.7 million, year over year
- 🕒 Increase in product revenues of 37%, with growth in chiller sales of 94%
- 🕒 Maintained YTD positive adjusted EBITDA of \$51K
- 🕒 G&A expense decreased while increasing investment in sales and R&D activities
- 🕒 Strong backlog of \$29 million at quarter end and \$23 million currently

\$ in thousands	Quarter Ended September 30,		YoY Growth	% of Total Rev
	2019	2018		
Revenue				
Cogeneration	\$ 1,656	\$ 1,664	0%	19%
Chiller	2,135	1,101	94%	25%
Total Product Revenue	3,790	2,765	37%	44%
Service Contracts and Parts	2,454	2,066	19%	28%
Installation Services	1,795	1,648	9%	21%
Total Service Revenue	4,249	3,714	14%	49%
Energy Production	632	1,460	-57%	7%
Total Revenue	\$ 8,671	\$ 7,939	9%	100%
Cost of Sales				
Products	\$ 2,516	\$ 1,695	48%	
Services	3,030	2,517	20%	
Energy Production	294	843	-65%	
Total Cost of Sales	\$ 5,839	\$ 5,056	16%	
Gross Profit	\$ 2,831	\$ 2,883	-2%	33%
Net loss attributable to Tecogen Inc.	\$ (586)	\$ (603)		
Gross Margin				
Products	34%	39%		
Services	29%	32%		
Aggregate Products and Services	31%	35%		
Energy Production	53%	42%		
Overall	33%	36%		

Adjusted EBITDA* Reconciliation



Q3 2019 and 2018 Comparative Net loss to Adjusted EBITDA* Reconciliation

- EBITDA: Interest, taxes, depreciation & amortization
- Non-cash adjustments
 - Stock based compensation
 - Unrealized loss on investment securities
 - Goodwill impairment
- Non-recurring expenses
 - Merger related expenses finalized in 2018

Maintaining positive adjusted EBITDA* on a YTD basis

*Adjusted EBITDA is defined as net income (loss) attributable to Tecogen Inc, adjusted for interest, depreciation and amortization, stock-based compensation expense, goodwill impairment and merger related expenses.

Non-GAAP financial disclosure	Year To Date, September 30,	
	2019	2018
Net Income (loss) attributable to Tecogen Inc.	\$ (4,223,455)	\$ (1,336,628)
Interest expense, net	62,757	48,269
Depreciation & amortization, net	362,848	586,188
Income tax expense	15,667	42,679
EBITDA	(3,782,183)	(659,492)
Stock based compensation	120,604	133,808
Unrealized loss on investment securities	19,680	59,042
Merger related expenses	-	181,935
Goodwill impairment	3,693,198	-
Adjusted EBITDA*	\$ 51,299	\$ (284,707)

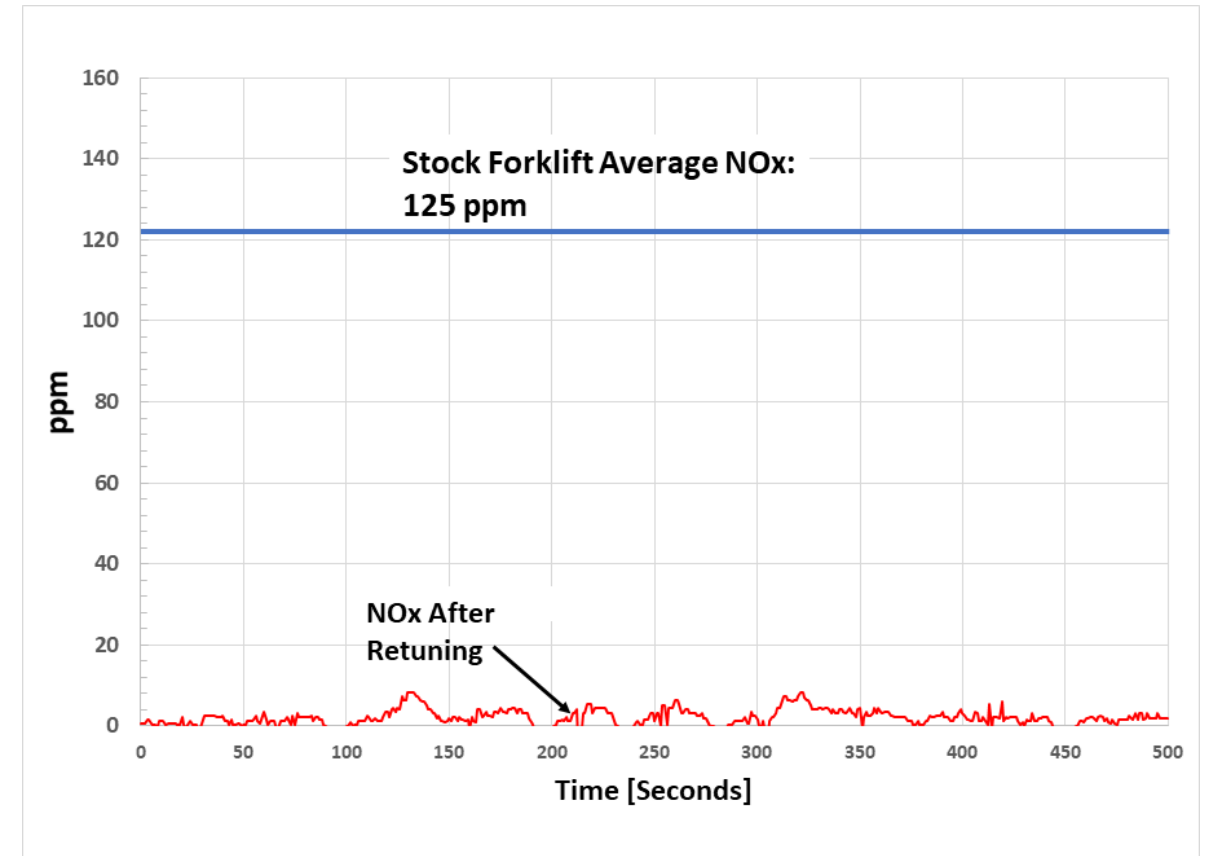
Non-GAAP financial disclosure	Quarter Ended, September 30,	
	2019	2018
Net Income (loss) attributable to Tecogen Inc.	\$ (586,249)	\$ (603,037)
Interest expense, net	18,324	9,531
Depreciation & amortization, net	95,616	199,938
Income tax expense	7,881	3,815
EBITDA	(464,428)	(389,753)
Stock based compensation	42,671	55,330
Merger related expenses	-	75,768
Adjusted EBITDA*	\$ (421,757)	\$ (258,655)

Emissions Technology Update – MCFA Forklift



- Completed collaborative effort to optimize engine tuning for Ultera
- Participants
 - Engineers from MCFA and engine supplier (Mitsubishi affiliate)
 - Tecogen development team
- Test basis
 - Driving course with multiple heavy lifts
- Highly successful outcome
 - NOx nearly eliminated (see chart)
 - Consistently reproduced in multiple tests
- Highly confident engine would easily meet “Near-Zero” certification requirement
- Awaiting formal review with MCFA and discussion of next steps

Typical Test Results for NOx Compared to Standard Factory Emissions System



Emissions Technology Update (2)



SoCal Water district pump project for upsized Ultera System

- 🕒 Completed detailed design of system (Phase 1) of contract
- 🕒 Design submitted and approved by district
- 🕒 Specified to adapt to 800 horsepower Caterpillar natural gas engines
- 🕒 Anticipate order for two systems early in 2020

New water district inquiry

- 🕒 Management expressed reluctance to electrify their gas engine pumps
- 🕒 Ultera recommended by internal staff familiar with Ultera systems used elsewhere
- 🕒 We are encouraged by positive employee reviews and attitudes regarding engines
 - 🕒 Advantages of low cost and ability to operate in outages



Ultera Automotive Catalyst Development

- 🕒 Focus is alternative catalyst for added NOx removal
- 🕒 Test results not received yet but MCFA tuning success decreases need for additional NOx removal

Market Outlook



- 🕒 **Strong focus on resiliency**
 - 🕒 California situation creates compelling opportunity
 - 🕒 Increased interest in systems that reduce dependence on grid but not subject to punitive cogeneration tariffs
 - 🕒 Opportunity for all of Tecogen products, including Ultera retrofits to standby generators
 - 🕒 New sales channels via Reps, Sales Agents in California
- 🕒 **Continue to grow chiller business segment**
 - 🕒 Additional Tecofrost sales expected in 2020 on East Coast and West Coast
 - 🕒 Expanding our sales and marketing relationship with Vilter/Emerson
- 🕒 **New service expansion opportunity in North America**
 - 🕒 Large 3+ MW InVerde order expected in Q4 with shipments starting in Q1 '20.
 - 🕒 Would result in 11th North American service center
 - 🕒 Additional sales expected in 2020 not currently in backlog

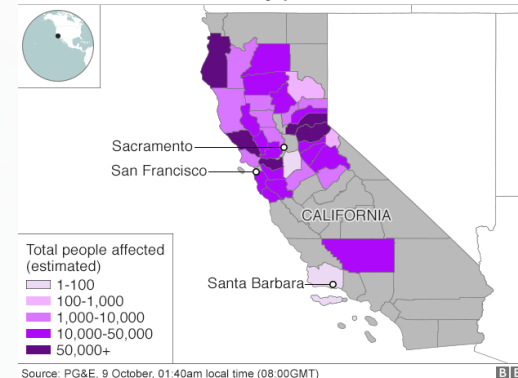
PG&E cut power for hundreds of thousands in Northern California

High winds, high fire danger lead to shutdown

By Christina Maxouris, Jason Hanna and Theresa Waldrop, CNN

Posted: 3:22 AM, October 09, 2019
Updated: 2:34 AM, October 10, 2019

California counties hit by power shutoff



Ultera * Application Note

Tecogen
May 22, 2019

Application of Ultera Emissions System to Fire Hazard Mitigation

Tecogen Inc. has retrofitted a group of natural gas engine generators in Los Angeles County with the company's Ultera emissions control system, allowing the owner to obtain a permit for continuous operation of its electrical generators (in excess of the 200 annual hours exception

*Available upon request

Closing Comments



Tecogen Value Drivers:

- Use abundant and inexpensive gas efficiently and cleanly to meet energy and resiliency needs of large facilities
- Differentiate Tecogen products and factory service capabilities in key growth markets and geographies
- Maximize margin and profitability of core business while maintaining key R&D projects
- Demonstrate Ultera emissions technology as a commercially viable cost-effective means for obtaining near-zero emissions from any gas engine system.



Q&A



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