



Energy Efficiency Reimagined

NASDAQ: TGEN

1st Quarter 2018 Earnings Review
May 15, 2018


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

- Introduction
- Why Tecogen
- First Quarter Review
- Recent Achievements
- Market and Regulatory Developments

Robert Panora

- Emissions Update

Bonnie Brown

- Financial Review

Benjamin Locke

- Opportunities and Outlook




Q&A



Advanced Modular Cogeneration Systems



Heat, Power, and/or Cooling that is

-  **Cheaper**
Industry leading efficiency
-  **Cleaner**
Lower emissions thanks to efficiency and emissions technology
-  **More reliable**
Real time monitoring enables prompt service



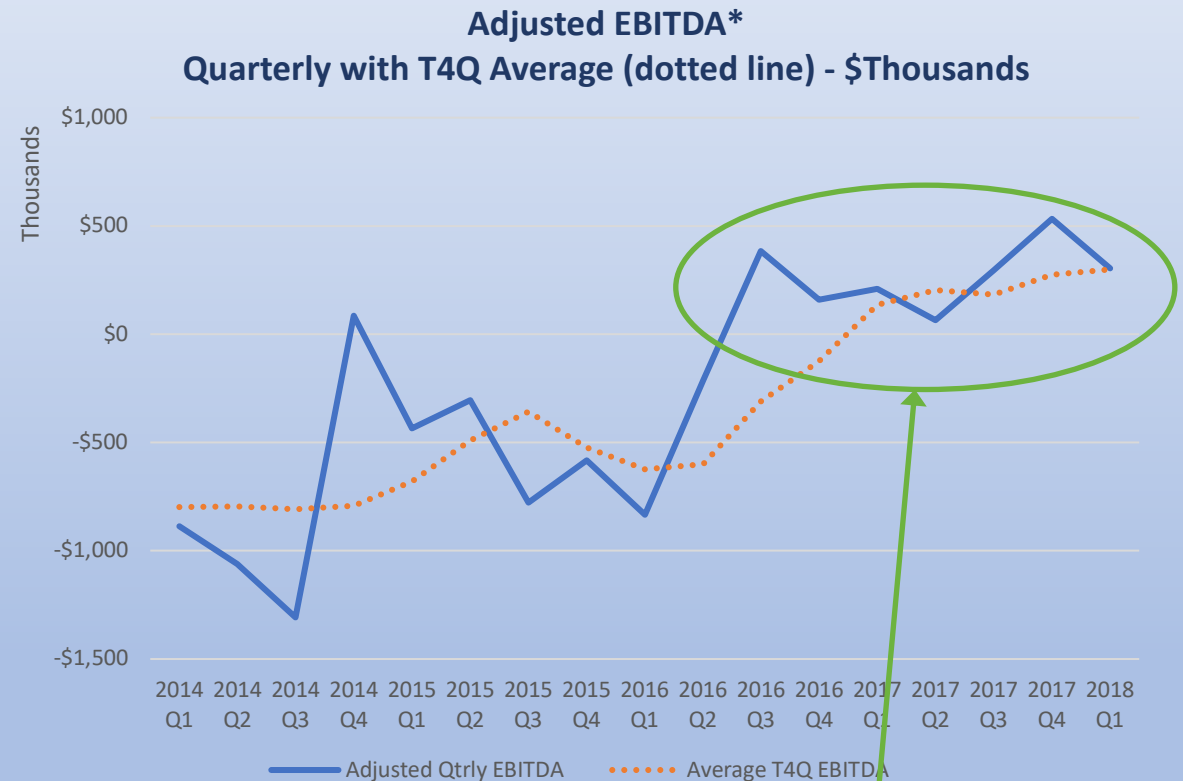
All of Tecogen's equipment is powered by internal combustion engines that use clean, abundant natural gas and is equipped with Tecogen's patented Ultra emissions system

Sustained Positive Financial Results



- 🕒 1Q '18 Revenues of \$10.2 million
- 🕒 Record T4Q revenue of \$36.5 million
- 🕒 Sustained step change to profitability originally achieved in 3Q'16
- 🕒 Six of the past seven quarters of positive net income
- 🕒 Adjusted EBITDA* of \$304K for 1Q'18 vs. \$191K for 1Q'17, 59% increase
- 🕒 ADG Energy production revenue contributed \$637K to Gross Profit

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



Sustained step change to profitability

1Q'18 Positive Net Income



<i>\$ in thousands</i>	1Q'18	1Q'17	YoY Chg	Comments
Revenue				
Products	\$ 3,674	\$ 2,807	30.9%	Chiller sales drive increased product revenue
Service	4,719	4,039	16.8%	Gaining traction with turnkey installation
Energy Production	1,783	0	N/A	First Q1 with ADG's energy producing sites
Total Revenue	10,175	6,847	48.6%	
Gross Profit	3,838	2,915	31.7%	
Operating Earnings	71	78	-8.7%	
Adjusted EBITDA	304	191	59.2%	
Net Income	\$ 21	\$ 45		Includes \$20K unrealized loss from EUSP shares
Gross Margin: %				
Products and Services	38.1%	42.6%		Targeting sustained gross margin of 35-40%
Energy Production	35.7%	N/A		In-line with long term expectations of ~35%
Total Gross Margin	37.7%	42.6%		

Strong Q1 revenue for each category

Positive net income for the quarter

Consistently strong gross margin

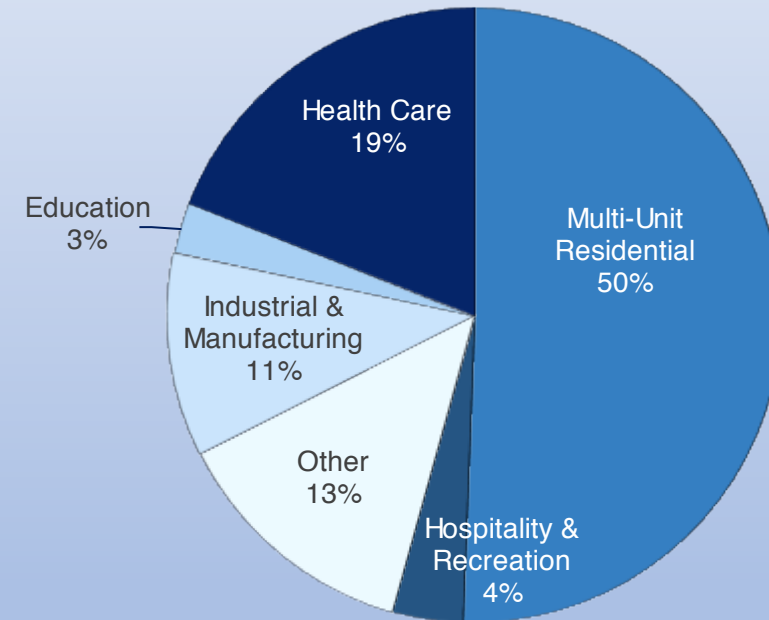
Product and Installation Backlog



1Q Historic Backlog



Backlog Breakdown by Customer



Quarter-end backlog of \$14.6 million on 3/31/18 versus \$13.6 million on 3/31/17. Backlog as of May 14, 2018 at \$16.6 million

Emissions Update Topics



Topics of Discussion

Fork trucks

Automotive

Miscellaneous

- EU Patent Allowance

- Public Research Application

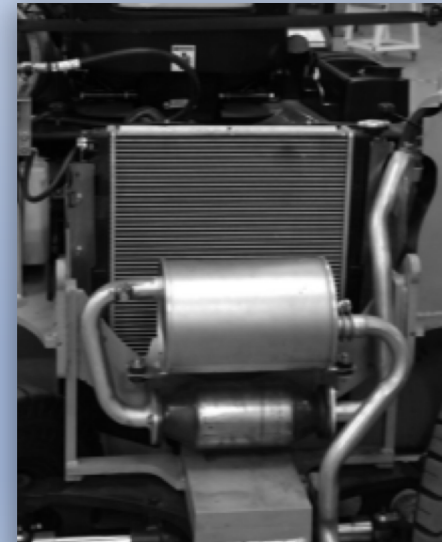
Fork Truck Project Update



- PERC research grant for application of Ultra for propane fork truck retrofits
- Integrated under counterweight with existing exhaust components
- Exceptional test results
- Near Zero NOx levels achievable with simple engine control tuning (reprogramming)
- Visit to Tecogen by manufacturer scheduled for May 23



Stock Exhaust System



Modified Exhaust System



Fork Truck Test Results

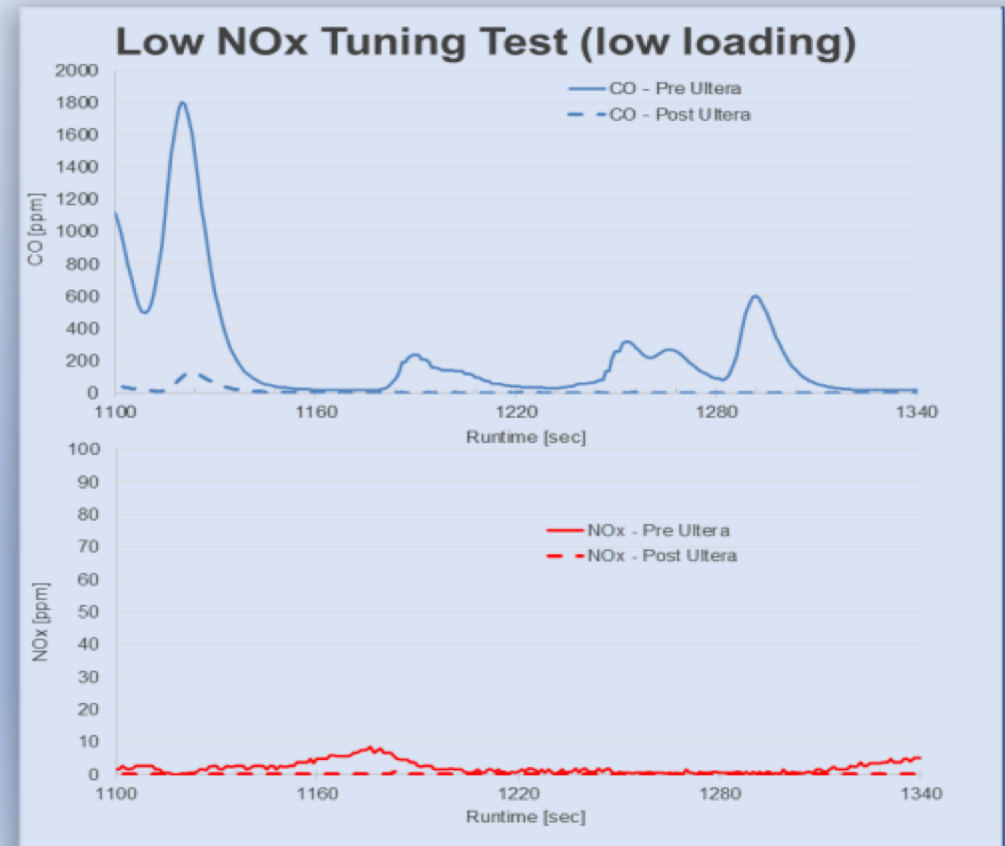


Recent testing confirmed by independent third party

	Tecogen	Third-Party
CO	98.8%	91.0 %
THC	N/A	52.1%
NOx	24.3%	29.2%

Dynamic Test Results (Heavy Lift Tests)

Engine retuning shows path to “Near-Zero” certification



Automotive/Miscellaneous



🕒 Automotive

- 🕒 Ongoing work at research institute on catalyst optimization

🕒 EU Patent for Ultera

- 🕒 Notice of Allowance received from EU patent office

- 🕒 Important potential markets for Ultera technology

🕒 Research grant application completed

- 🕒 California state agency

- 🕒 Supplement Ultera automotive research

1Q '18 Financial Metrics: Revenues, Margins, Growth



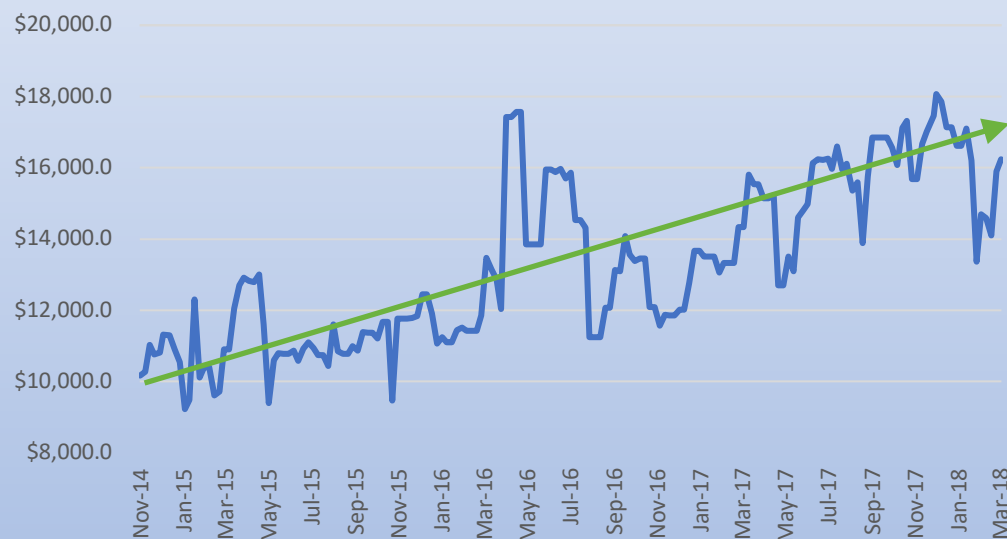
- 🕒 Four diverse revenue streams
 - 🕒 Product sales growth of 31%, lead by chiller sales
 - 🕒 Long term service contracts provide steadily improving cash flow
 - 🕒 Turnkey installation included in service operations facilitates both product and service revenue
 - 🕒 Energy production from ADGE sites provides stable and reliable cash flow
- 🕒 Overall gross margin of 38%
- 🕒 Total revenue growth YoY of 49%

	Quarter Ended March 31,			
<i>\$ in thousands</i>	2018	2017	YoY Growth	% of Total Rev
Revenue				
Cogeneration	\$ 1,764	\$ 2,297	-23.2%	17.3%
Chiller	1,909	511	273.8%	18.8%
Total Product Revenue	3,674	2,807	30.9%	36.1%
Service Contracts and Parts	2,314	2,362	-2.0%	22.7%
Installation Services	2,406	1,678	43.4%	23.6%
Total Service Revenue	4,719	4,039	16.8%	46.4%
Energy Production	1,783	0	N/A	17.5%
Total Revenue	\$ 10,175	\$ 6,847	48.6%	100.0%
Cost of Sales				
Products	\$ 2,409	\$ 1,757	37.1%	
Services	2,783	2,175	27.9%	
Energy Production	1,146	0	N/A	
Total Cost of Sales	\$ 6,338	\$ 3,932	61.2%	
Gross Profit	\$ 3,838	\$ 2,915	31.7%	37.7%
Net income attributable to Tecogen Inc.	\$ 21	\$ 45		
Gross Margin				
Products	34.4%	37.4%		
Services	41.0%	46.1%		
Aggregate Products and Services	38.1%	42.6%		
Energy Production	35.7%	N/A		
Overall	37.7%	42.6%		

Consistent Financial Progress



Weekly Backlog Data: Product and Installation Services



Steady growth in the backlog translates directly to revenue and bottom-line growth

ADJUSTED EBITDA* 1Q '18 Compared to 1Q '17

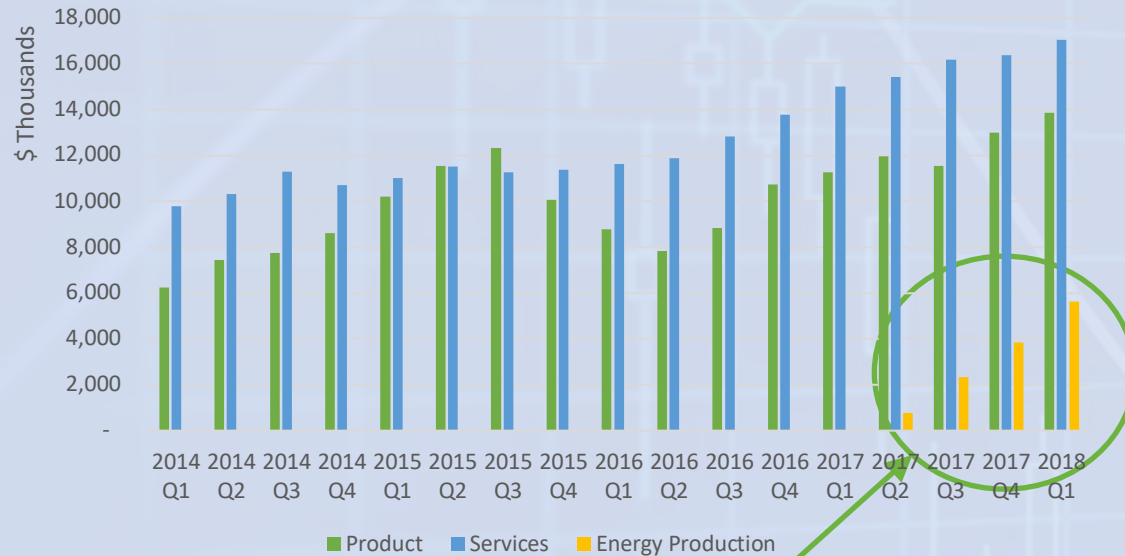
	Q1 2018	Q1 2017
Non-GAAP financial disclosure		
Net Income attributable to Tecogen Inc.	\$ 20,759	\$ 44,787
Interest expense, net	14,085	32,915
Depreciation & amortization, net	199,181	64,281
EBITDA	234,025	141,983
Stock based compensation	40,416	48,842
Unrealized loss on shares of EUSP	19,681	-
Merger related expenses	9,610	-
Adjusted EBITDA	\$ 303,732	\$ 190,825

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

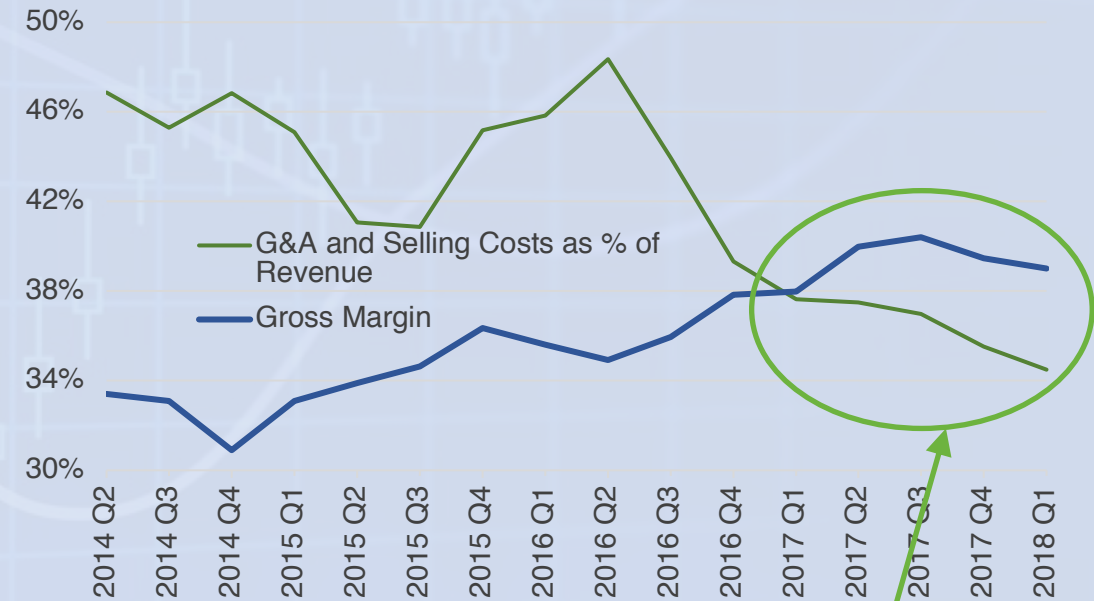
Consistent Financial Progress



Revenue: Trailing 4 Quarters



Trailing 4 Quarters (%)



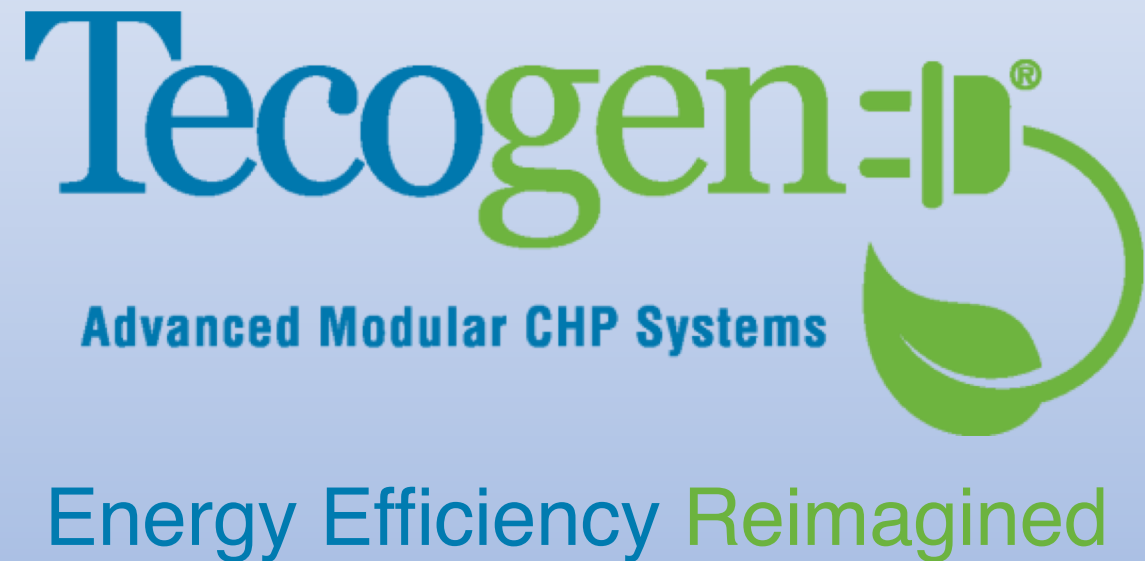
Energy production revenue acquired in May, 2017

Declining operating costs as a percent of revenue demonstrates scalability with revenue growth

2018 Outlook



- Continue to reinvest cash flow in the core business to drive revenue and gross profit growth
- Move forward with development of Ultera technology, focusing initially on fork trucks
- Open to opportunistic acquisitions
- Take proactive advantage of evolving utility environment



Q&A



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