



4Q & FY 2016 Earnings



NASDAQ: TGEN

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Participants

John Hatsopoulos

- Co-Chief Executive Officer, Director

Benjamin Locke

- Co-Chief Executive Officer

Robert Panora

- President & Chief Operating Officer

David Garrison

- Chief Financial Officer





Safe Harbor Statement

This presentation includes forward-looking statements within the meaning of Section 27-A of the Securities Act of 1933, and Section 21-E of the Securities Exchange Act of 1934. Such statements include declarations regarding the intent, belief, or current expectations of the Company and its management. Prospective investors are cautioned that any such forward looking statements are not guarantees of future performance, and involve a number of risks and uncertainties that can materially and adversely affect actual results as identified from time to time in the Company's SEC filings. Forward looking statements provided herein as of a specified date are not hereby reaffirmed or updated.

Why Tecogen?

Heat, Power & Cooling that is Cheaper, Cleaner, & More Reliable

“Unregulated Utility”

CHP Modules

Ilios Water Heaters

TECOCHILL

**Emissions Control
Ultra**



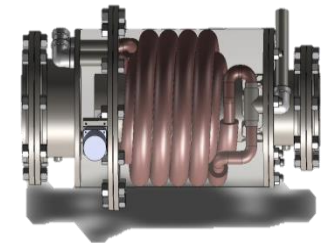
Electricity & Heat



2-3x Heat Efficiency



Cooling & Heat



Ultra-Clean Emissions

Tecogen's compelling ROI proposition meets the needs of a diverse range of customers.

Hospitality

Health Care

Education

Multi-Unit Residential

Industrial

Municipal

Recreation



4Q 2016 Results:

REVENUE

- Total Revenues: \$7.1M in 4Q16 vs. \$4.3M in 4Q15 & \$6.6M in 3Q16
- Products: \$3.2M in 4Q16 vs. \$1.3M in 4Q15 & \$2.9M in 3Q16
 - Cogeneration sales driving Product revenue growth in 4Q
 - Benefitting from key repeat customer relationships
- Service: \$3.9M in 4Q16 vs. \$3.0M in 4Q15 & \$3.8M in 3Q16
 - Growth primarily due to up-tick in sales of 'turnkey lite' solutions

PROFIT & Op. INCOME

- Gross Profit: \$2.7M in 4Q16 vs. \$1.6M in 4Q15 & \$2.8M in 3Q16
- Income from Operations: \$46.0k in 4Q16 op. income vs. \$(785.3)k op. loss in 4Q15

MARGIN

- 38.0% gross margin in 4Q16 vs. 37.4% in 4Q15
- Service margins decreased slightly as lower margin installations became a more significant portion of overall service revenue.
- Product margin growth from cost control initiatives

NET INCOME

\$4,556 in 4Q16 vs \$(798,269) in 4Q15

Full Year 2016 Results:

REVENUE

- Total Revenues: \$24.5M in 2016 vs. \$21.4M in 2015
- Products: \$10.7M in 2016 vs. \$10.0M in 2015
 - Cogeneration sales were flat while chiller sales rebounded
 - Benefitting from key repeat customer relationships
- Service: \$13.8M in 2016 vs. \$11.4M in 2015
 - Growth primarily due to up-tick in installation activity

MARGIN

- 38.0% gross margin in 2016 vs. 35.6% in 2015
- Service margins maintained their profitable levels >40%
- Product margin growth from cost control initiatives and value engineering benefit related to the InVerde e+

PROFIT & Op. INCOME

- Gross Profit: \$9.3M in 2016 vs. \$7.6M in 2015
- Loss from Operations: \$(1.0)M in 2016 vs. \$(2.6)M op. loss in 2015

Recent Achievements

Performance

- Delivered profitable growth in 2H16
- Grew both Products and Services revenues while growing margins, demonstrating management discipline and cost control

Groundwork for Strategic Success in Core CHP Business

- Strengthened core product offerings
- ADGE acquisition creates vertically integrated offering that includes design, manufacturing, financing, installation, and maintenance
- TTcogen JV expands portfolio of CHP products to quadruple addressable market

Emissions Development for Future Growth

- PERC research grant for propane fork truck development work
- Auto Emissions JV making progress
- CA air permit for stationary stand-by generators



Sales Benefitting From

InVerde e+



GE Equipment Insight



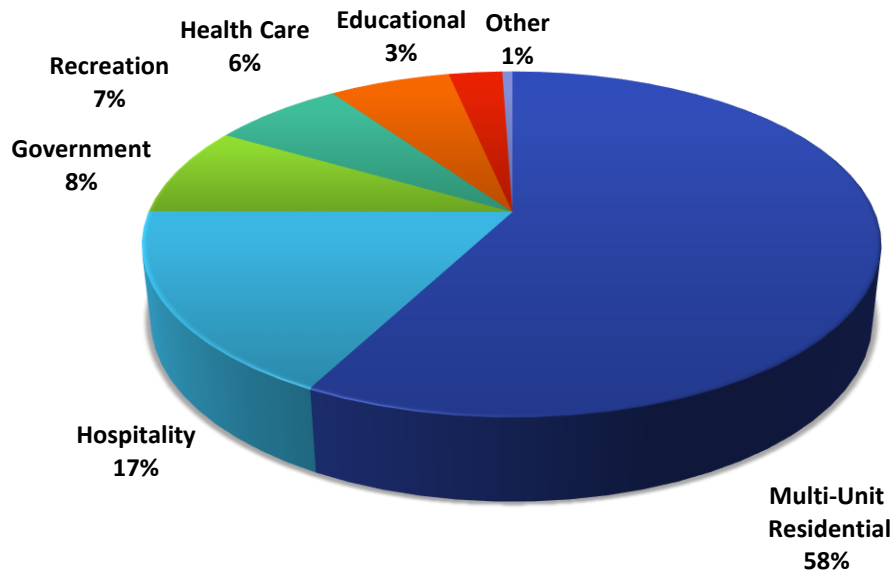
Key Relationships



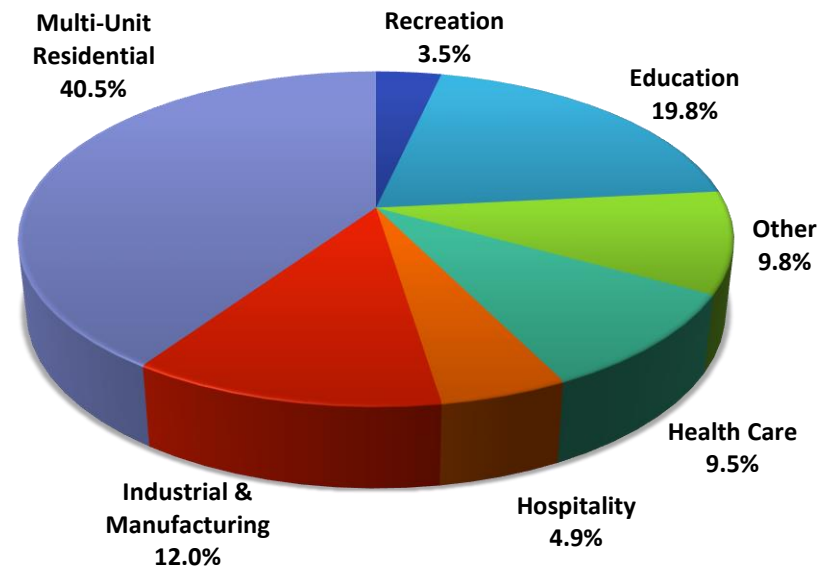
TTcogen JV



Backlog



Installed Base*



\$11.1M 4Q16 backlog vs. \$11.4M 3Q16 backlog

\$15.6M Current Product and Installation Backlog as of Mar. 21, 2017

Backlog growth driven by increasing demand for InVerde e+ and Installation Services

* Approximate recently installed base by end market as of YE 2016.

Emissions: Summary

✓ ULTRATEK

- Completed Phase 2 testing of advanced European sedan at AVL
- Presented at SAE emissions conference in Washington DC (January)
- Received acceptance of peer-reviewed scientific paper (Society of Automotive Engineers)
 - Formal presentation in April (Detroit)
- Received positive feedback on basic Ultera patent from the EU patent office
- Preparing three new patent applications to USPTO
- Initiated meetings with industry executives

✓ PERC research grant for application of Ultera process to propane powered fork trucks

- Donated test truck from industry partner received at Tecogen
- Initiated baseline testing and design for integration

✓ Ultera standby generator retrofit project in SoCal

- Retrofits complete for 60% of facility generators
- Anticipate upgrades and testing to be completed in Q2





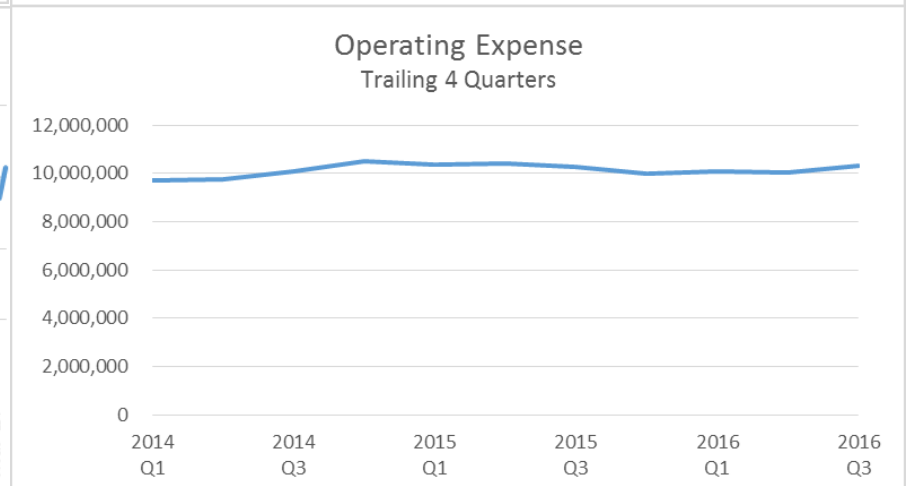
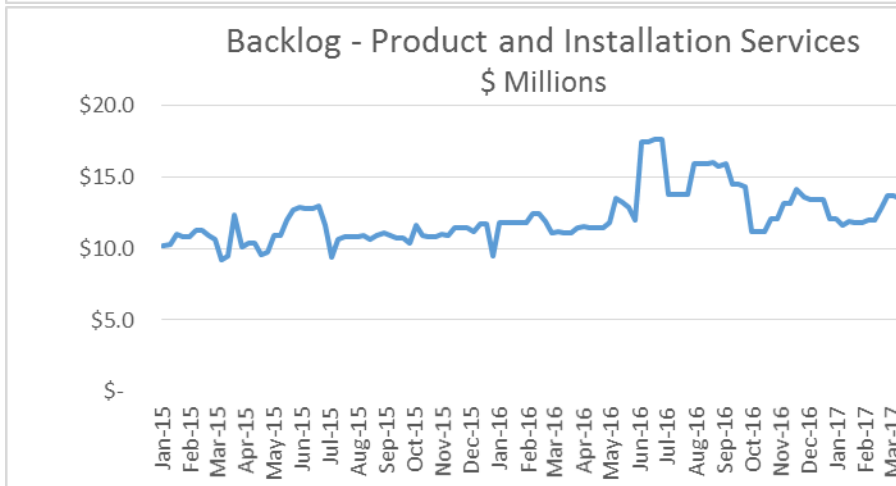
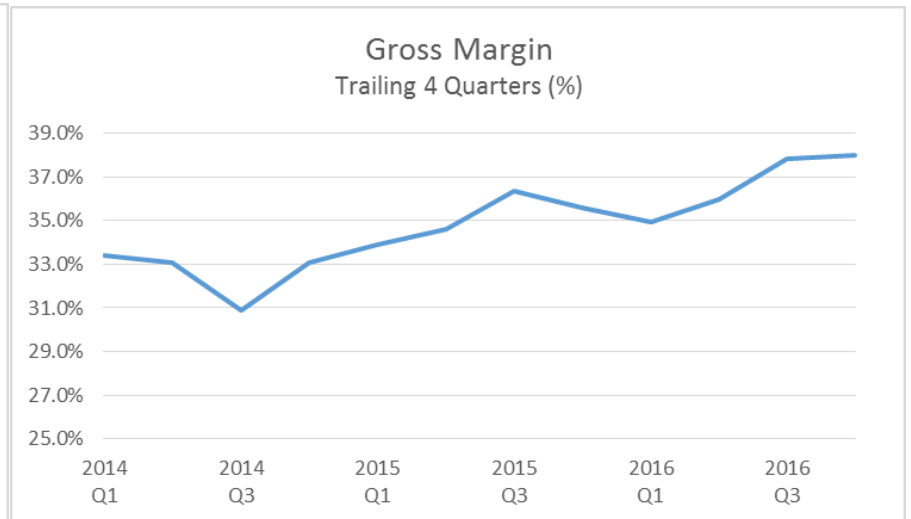
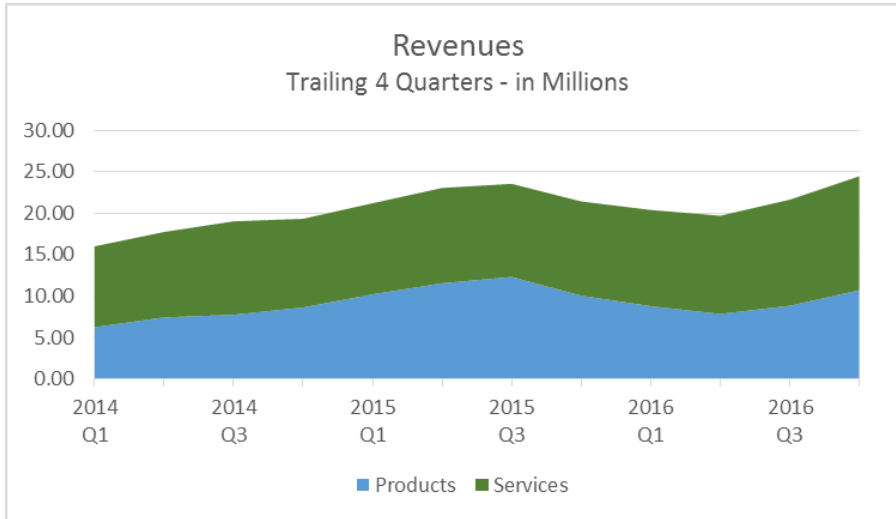
Financial Metrics

Revenues, Margins, Growth

	<u>For the Full Year ended</u>		<u>Y/Y Growth</u>	<u>% of Total Revenue 2016</u>
	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>		
REVENUE				
Cogeneration	7,794,575	7,882,838		31.8%
Chiller & Heat Pump	<u>2,927,710</u>	<u>2,172,399</u>		12.0%
Total Product Revenue	10,722,285	10,055,237	6.6%	43.8%
Service & Parts	8,541,047	7,832,181		34.9%
Installation Services	<u>5,227,054</u>	<u>3,555,239</u>		21.3%
Total Service Revenue	13,768,101	11,387,420	20.9%	56.2%
Total Revenue	\$ 24,490,386	\$ 21,442,657	14.2%	
COST OF SALES				
Products	7,189,225	7,137,149		
Services	8,000,483	<u>6,672,282</u>		
Total Cost of Sales	\$ 15,189,708	\$ 13,809,431	10.0%	
Gross Profit	\$ 9,300,678	\$ 7,633,226	21.8%	
Net Income (Loss)	\$ (1,096,283)	\$ (2,727,413)		
GROSS MARGIN				
Product Gross Margin	33.0%	29.0%		
Service Gross Margin	41.9%	41.4%		
Gross Margin	38.0%	35.6%		

	<u>For the Quarter Ended</u>		<u>Y/Y Growth</u>	<u>% of Total Revenue 2016</u>
	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>		
REVENUE				
Cogeneration	2,466,391	1,290,763		34.7%
Chiller & Heat Pump	<u>729,985</u>	<u>20,168</u>		10.3%
Total Product Revenue	3,196,376	1,310,931	144%	44.9%
Service & Parts	2,156,786	2,002,877		30.3%
Installation Services	<u>1,757,946</u>	<u>965,542</u>		24.7%
Total Service Revenue	3,914,732	2,968,419	32%	55.1%
Total Revenue	\$ 7,111,108	\$ 4,279,350	66%	
COST OF SALES				
Products	2,153,995	1,096,616		
Services	<u>2,253,491</u>	<u>1,584,304</u>		
Total Cost of Sales	\$ 4,407,486	\$ 2,680,920	64%	
Gross Profit	\$ 2,703,622	\$ 1,598,430	69%	
Net Income (Loss)	\$ 4,556	\$ (798,268)		
GROSS MARGIN				
Product Gross Margin	32.6%	16.3%		
Service Gross Margin	42.4%	46.6%		
Gross Margin	38.0%	37.4%		

Consistent Financial Progress



Opportunities & Outlook

a growing company in a growing industry

- High ROI product
- Technological innovation
- Relationships with key partners
- Increasing environmental and regulatory pressures
- Resiliency and Demand Response concerns

Sales



- Turnkey installation
- Long term service agreements
- Nationwide presence
- High margin revenue stream
- Additional growth anticipated

Service



- Double digit CAGR
- >\$40B market potential for CHP
- Margins ~40%
- >\$10M product and installation backlog
- <50% manufacturing capacity utilization
- Stable operating expense profile

Growth & Margins





Q & A



NASDAQ: TGEN



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