



2Q 2017 Earnings



NASDAQ: TGEN

August 14, 2017

Participants

John Hatsopoulos

- Co-Chief Executive Officer, Director

Benjamin Locke

- Co-Chief Executive Officer

Robert Panora

- President & Chief Operating Officer

Bonnie Brown

- Chief Accounting Officer

Dr Ahmed Ghoniem, PhD

- Director, Ronald C Crane Professor of Mechanical Engineering at MIT





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.

2Q17 Call Agenda

Speaker	Topic(s)
John Hatsopoulos	Introduction
Benjamin Locke	Why Tecogen 2 nd Quarter Review Merger with ADGE Recent Achievements
Robert Panora	Emissions Update
Dr Ahmed Ghoniem	Emissions Regulatory Outlook
Bonnie Brown	Financial Review
Benjamin Locke	Opportunities and Outlook
Q&A	

Why Tecogen?

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

“Unregulated Utility”

CHP Modules

Ilios Water Heaters

TECOCHILL

Emissions Control

Ultra

On-Site Utility

ADGE



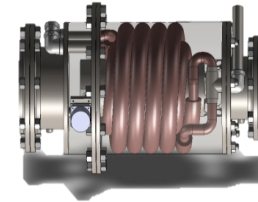
Electricity & Heat



2-3x Heat Efficiency



Cooling & Heat



Ultra-Clean Emissions



American DG

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

Hospitality



Health Care



Education



Multi-Unit Residential



Industrial



Municipal



Recreation



2Q 2017 Results:

REVENUE

- Total Revenues: \$7.6M in 2Q17 vs. \$5.7M in 2Q16 & \$6.8M in 1Q17
- Products: \$3.1M in 2Q17 vs. \$2.4M in 2Q16 & \$2.8M in 1Q17
 - Cogeneration sales continued driving product revenue in 2Q
- Service: \$3.7M in 2Q17 vs. \$3.3M in 2Q16 & \$4.0M in 1Q17
 - Growth primarily due to strong sales of ‘turnkey lite’ solutions

PROFIT & Op. INCOME

- Gross Profit: \$3.0M in 2Q17 vs. \$2.1M in 2Q16 & \$2.9M in 1Q17
- Loss from Operations: \$246k in 2Q17 vs \$386k loss from ops in 2Q16
- 2Q17 results include \$100K in one-time merger related expenses
- Cash balance increased \$42K to \$3.3M at the end of 2Q'17 from the end of 1Q'17 on a pro forma basis for the merger

MARGIN

- Total Company gross margin of 39.3% in 2Q17 vs. 37.0% in 2Q16
- Product and services gross margin held steady at 37.3% vs 37.0% in the same period last year
- Initial energy production gross margin from ADGE of 57.3%
 - ADGE was consolidated within Tecogen for 42 days during the 2nd quarter

NET INCOME

\$(293,540) in 2Q17 vs \$(415,539) in 2Q16

Merger with ADGE

- On May 18th American DG Energy (ADGE) became a wholly-owned subsidiary of Tecogen
 - Provides another “annuity-like” revenue stream of long term contracts
- After this date, ADGE’s operations are consolidated with Tecogen
- ADGE’s contribution is represented as “Energy Production” revenue and cost of sales in the financial statements
- Non-recurring merger related costs included in Tecogen’s quarter were \$100K with another \$118K incurred by ADGE during the quarter but prior to the merger
- ADGE’s practice has been to show non-GAAP EBITDA as it is a capital intensive business with significant non-cash depreciation expense. Going forward, we will include the additional disclosure and reconciliation posted below

<u>Non-GAAP financial disclosure</u>	<u>Q2 2017</u>	<u>Q2 2016</u>
Net Income (loss) attributable to Tecogen Inc.	\$ (293,540)	\$ (415,539)
Interest expense, net	30,685	41,283
Depreciation & amortization, net	178,595	66,484
EBITDA	(84,260)	(307,772)
Stock based compensation	48,842	60,934
Merger related expenses	99,773	35,000
Adjusted EBITDA	\$ 64,355	\$ (211,838)

Recent Achievements

Performance

- Continuing robust sales of new Inverde e+ due to technical superiority
- Growing our “Turnkey-Light’ business
- Establishing Tecochill as best choice for indoor grow facilities

Groundwork for Continued Growth

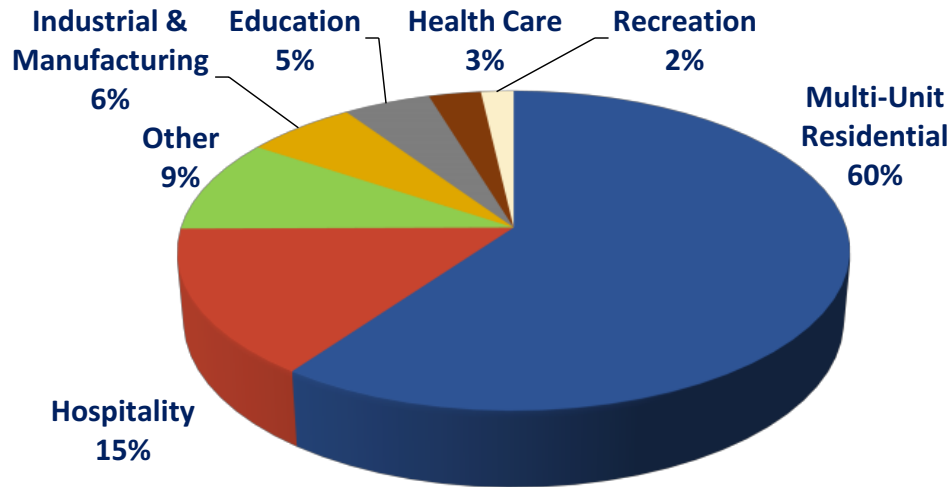
- Expanding base of ESCO partnerships
- Tracking state approvals for indoor grow facilities
- Continued focus on improving ADGE fleet performance
- Identifying and implementing cost savings measures of consolidated company

Emissions Development for Future Growth

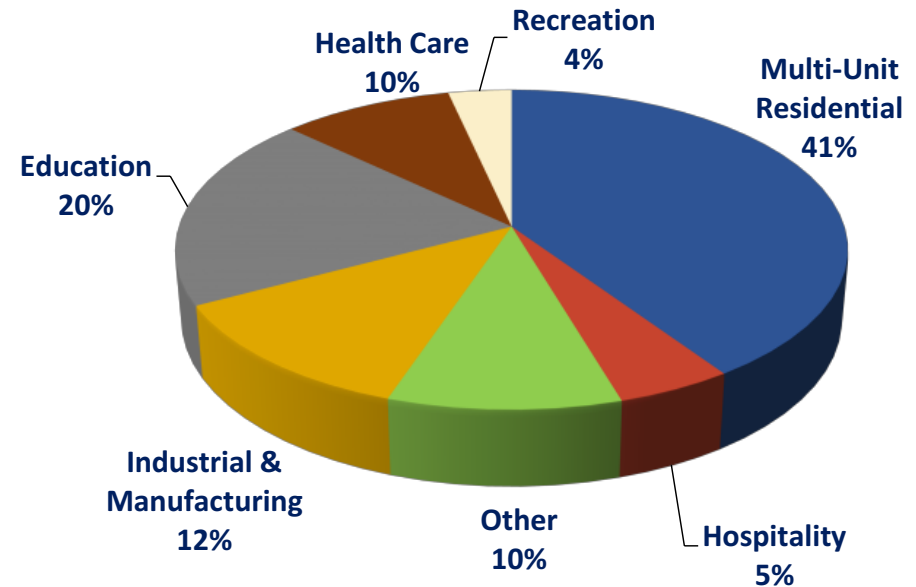
- Complete initial phases of fork truck emissions program
- Initiate 3rd round of vehicle testing for Ultratek
- Finalize California air permit for stationary generator installation



Backlog



Installed Base*



\$12.7M 2Q17 backlog vs \$13.6M 1Q16 backlog

\$16.1M Current Product and Installation Backlog as of August 11, 2017

TTcogen Backlog has reached \$885k and is not included in Backlog above
Backlog growth driven by increasing demand for InVerde e+ and Installation Services

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

Emissions Update

Tecogen Emissions Programs

- PERC research grant for application of Ultera process to propane powered fork trucks
 - Complete baseline testing of donated fork truck
 - Emissions profile well suited for Ultera upgrade
 - Retrofit underway
 - Considerable progress in refining the design
 - Compact low cost components packaged efficiently
 - Testing planned in September
 - Tecogen visits planned by partner and sponsor
- Ultera standby generator retrofit project in Southern California
 - Completing final gen-set retrofit this month
 - Internal testing shows strong compliance on completed designs
 - Customer will then schedule official compliance tests (likely September)



Ultratek JV – Ultera Adaption to Vehicle Emissions

- Project status
 - Phase 1 and 2 testing completed
 - Highly impactful in reducing vehicle emissions
 - Subject of SAE International peer-reviewed paper
 - Four vehicle-specific patent applications pending
 - Visited several manufacturers, secured valuable feedback
- Next Phase
 - Evaluating next steps based on input from manufacturers
 - Considering more refined adaption
 - Demonstrate full performance potential in advance vehicle
 - Utilize special purpose components allowing accurate cost projections
 - Prove reliability and practicality

Emissions Update

Regulatory Considerations

- Encouraged by recent developments in Europe
- Real Driving Experience (RDE) test protocol for emissions certification
 - More realistic, less predictable test process favors robust Ultera system
- Regulations in Europe being considered to eliminate IC engines from all passenger vehicles by 2040
 - Such an extreme policy is unrealistic, but...
 - Signals likely change in the regulatory trajectory toward more aggressive requirements
 - Positive news for the Ultera technology as its extreme emissions reductions will be of greater value to automakers

Dr Ahmed Ghoniem

- Board Director, Tecogen, Inc
- Ronald C Crane Professor of Mechanical Engineering, MIT



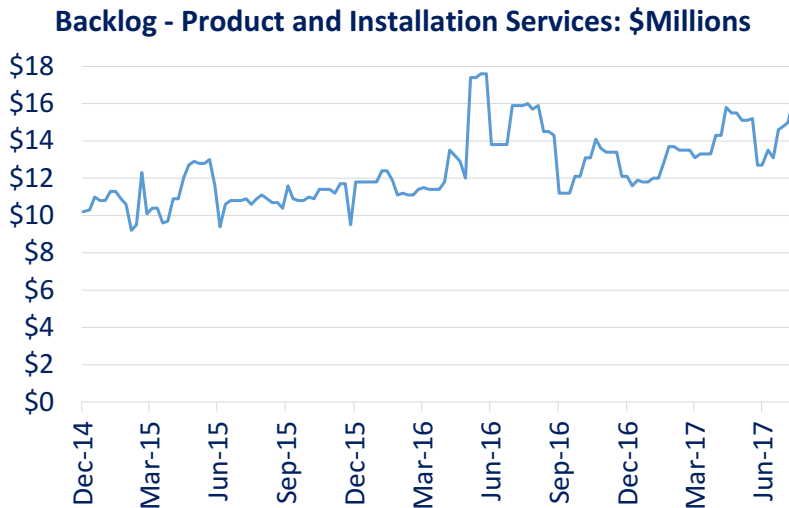
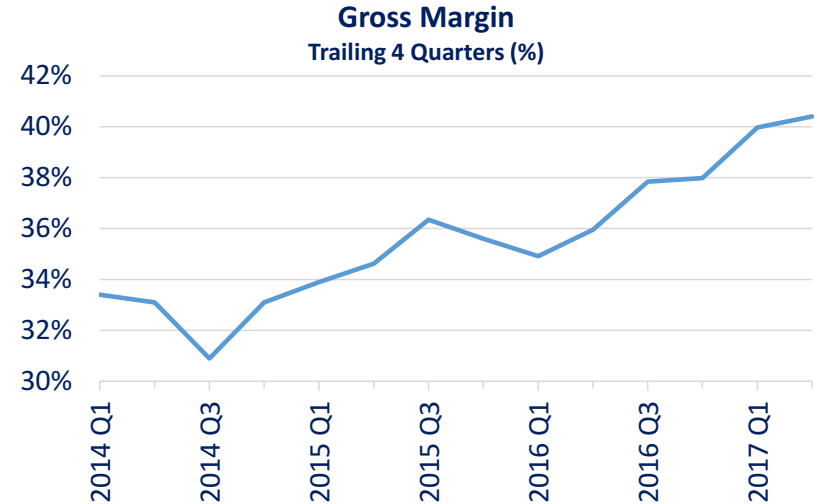
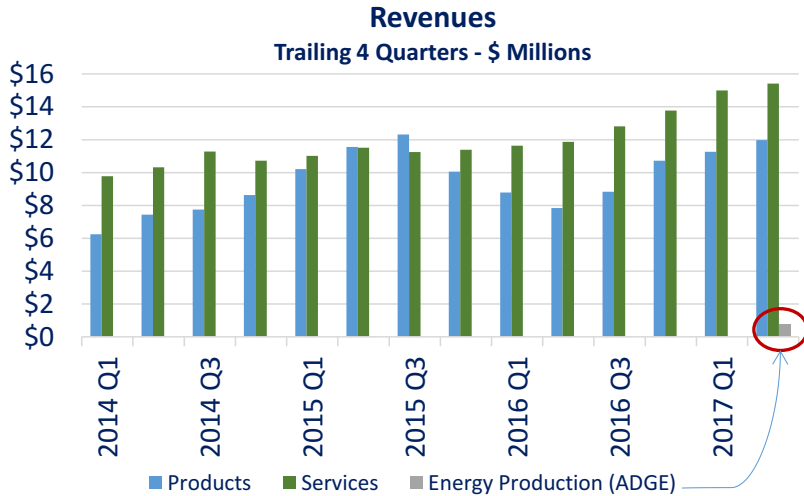
Tecogen Revenue Model & Outlook

- Four revenue streams
 - Product sales
 - Long-term service contracts **provide stable ongoing revenue**
 - Turnkey Installation through Tecogen service operations
 - Energy production through wholly-owned subsidiary, ADGE, **provides additional source of stable ongoing revenue**
- Maintain Gross Margins at 35% - 40%
- Quarterly Product Backlog >\$10M
- Future energy revenues (undiscounted) > \$50M

✓ **18th consecutive quarter of Y/Y contracted service revenue growth**

REVENUE	For the Quarter Ended		Y/Y Growth	2017
	June 30, 2017	June 30, 2016		% of Total Revenue
Cogeneration	\$ 1,838,228	\$ 1,270,500		24.2%
Chiller (includes HEWH)	1,277,970	\$ 1,138,360		16.8%
Total Product Revenue	3,116,198	2,408,860	29.4%	41.1%
Service contracts & Parts	2,222,934	\$ 2,082,645		29.3%
Installation Services	1,477,216	\$ 1,195,803		19.5%
Total Service Revenue	3,700,150	3,278,448	12.9%	48.7%
Energy Production	774,192	-		10.2%
Total Revenue	\$ 7,590,540	\$ 5,687,308	33.5%	100.0%
COST OF SALES				
Products	1,965,881	1,767,052		
Services	2,307,494	1,817,362		
Energy Production	330,543	-		
Total Cost of Sales	\$ 4,603,918	\$ 3,584,414	28.4%	
Gross Profit	\$ 2,986,622	\$ 2,102,894	42.0%	39.3%
Net Loss attributable to Tecogen Inc	\$ (293,540)	\$ (415,539)		
GROSS MARGIN				
Product	36.9%	26.6%		
Services	37.6%	44.6%		
Product & Services Gross Margin	37.3%	37.0%		
Energy production	57.3%	N/A		
Gross Margin	39.3%	37.0%		

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 35% - 40%
- >\$10M product and installation backlog
- <50% manufacturing capacity utilization
- Stable operating expense profile

Growth & Margins



- Predictable, annuity type revenue
- Enhancing profitability of existing fleet
- Reduced operational costs through Tecogen service
- Additional growth possibility

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Q & A



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