



3Q 2015 Earnings



NASDAQ: TGEN

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

Ariel Babcock

- Director, Investor Relations





Safe Harbor Statement

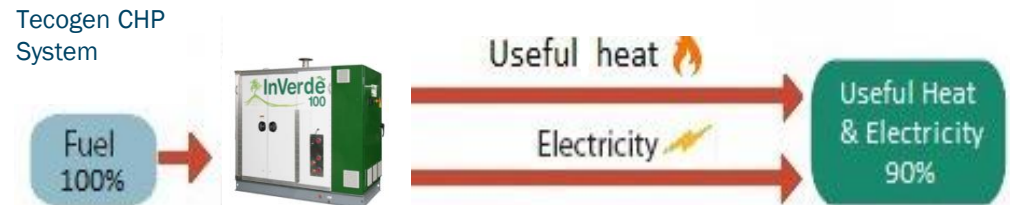
This presentation includes forward-looking statements within the meaning of Section 27-A of the Securities Act of 1933, and Section 21-E of the Securities Exchange Act of 1934. Such statements include declarations regarding the intent, belief, or current expectations of the Company and its management. 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.

Tecogen Core Business

- Build, Sell, Install, and Service Advanced, Modular Combined Heat and Power (CHP) Systems
- Proprietary Technology
- Industry Leader

Other Build/Sell/Service Business

- Gas Driven Chillers
- Gas Driven Heat Pumps (Ilios)
- Ultra Emission Retrofit Kits
- Turnkey Installation Services



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

3Q 2015 Summary:

metrics for growth

REVENUE

- Total 3Q15 Revenue of \$4.68M vs. \$4.18M in 3Q14, 12% Y/Y total revenue growth
- YTD 2015 Revenue of \$17.16M vs. \$12.93M in 2014, 33% Y/Y growth
- Highest ever reported 3Q revenue

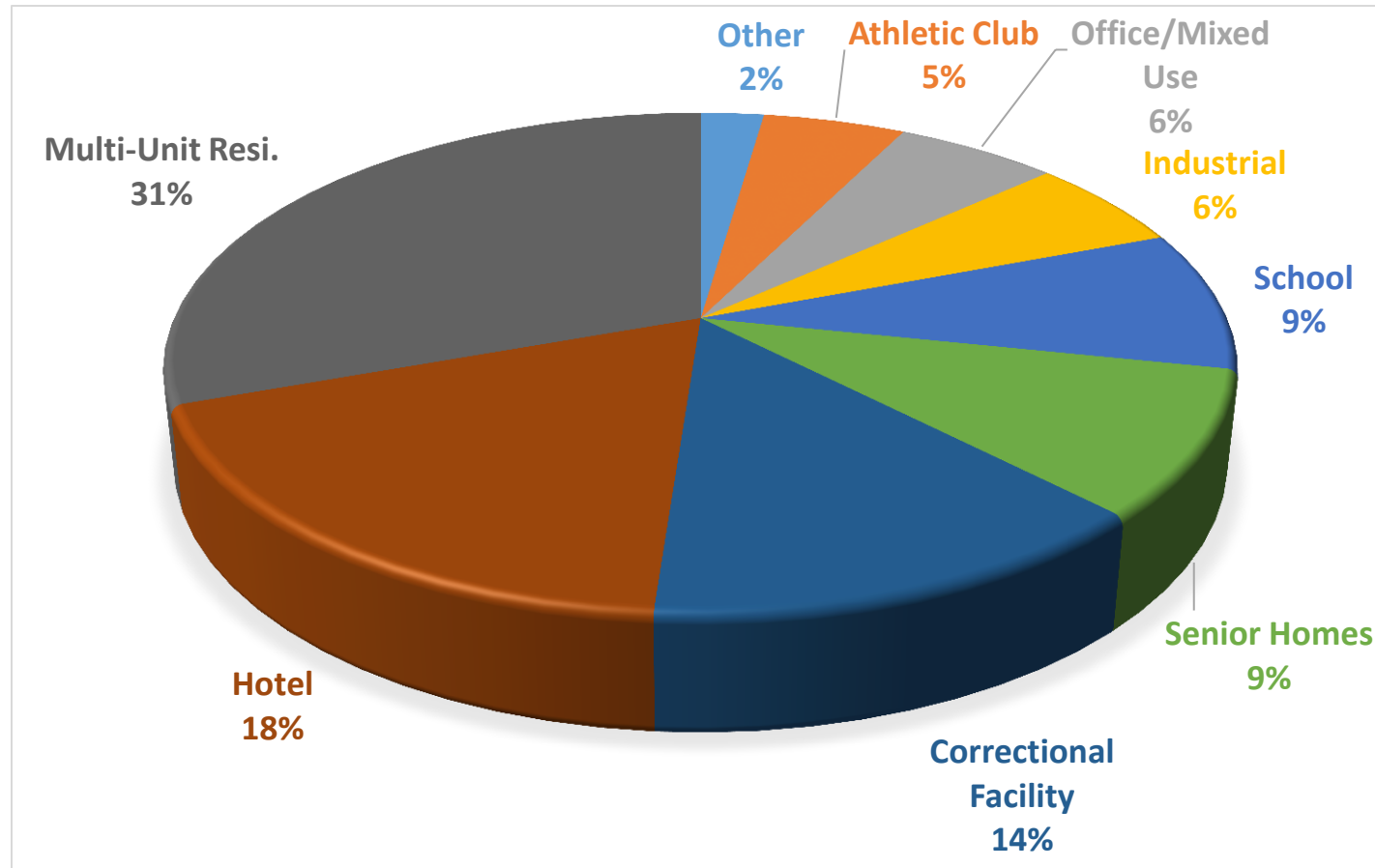
GROSS MARGIN

- 3Q15 combined Gross Margin of 35.7% vs. 26.1% in 3Q14, over 900 bps improvement Y/Y
- Margins benefitting from leverage of fixed cost base, manufacturing cost cutting initiatives
- Delivering combined gross margins in-line with management's 35% guidance goal

BACKLOG

- Current backlog (as of 11/6/15) of \$11.0M
- Reiterating near term >\$10M ongoing backlog goal

Current Backlog: \$11.0 mill.



ILIOS UPDATE

- First sales to new Atlanta market
- Added sales reps in Atlanta and Chicago
- Successfully commissioned the largest (7 unit) Ilios installation to-date

*Ultra*TM EMISSIONS

Rebranding of emissions technology to strengthen the system as a stand-alone product and better differentiate Tecogen's valuable intellectual property

SALES TEAM

- New England sales agent added
- Tecogen direct sales force added 2 new members
- Remains a priority for growth

INVESTOR RELATIONS

Addition of in-house investor relations department completed as discussed on the 2Q15 conference call

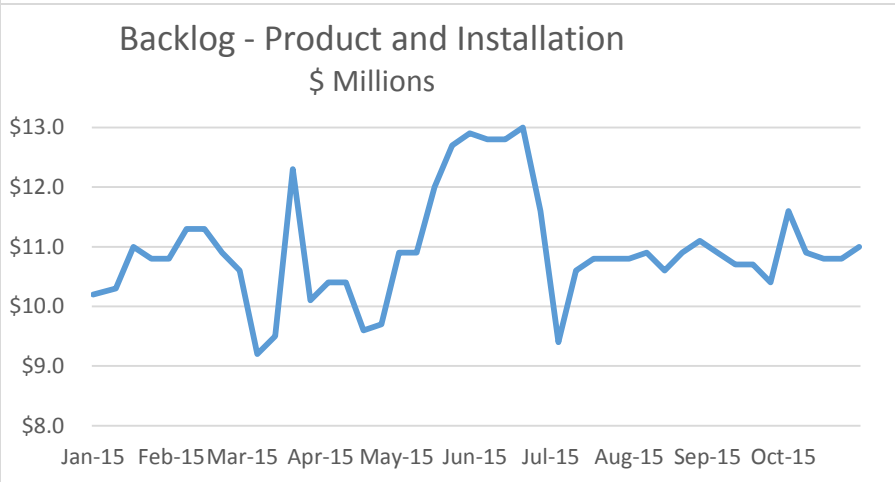
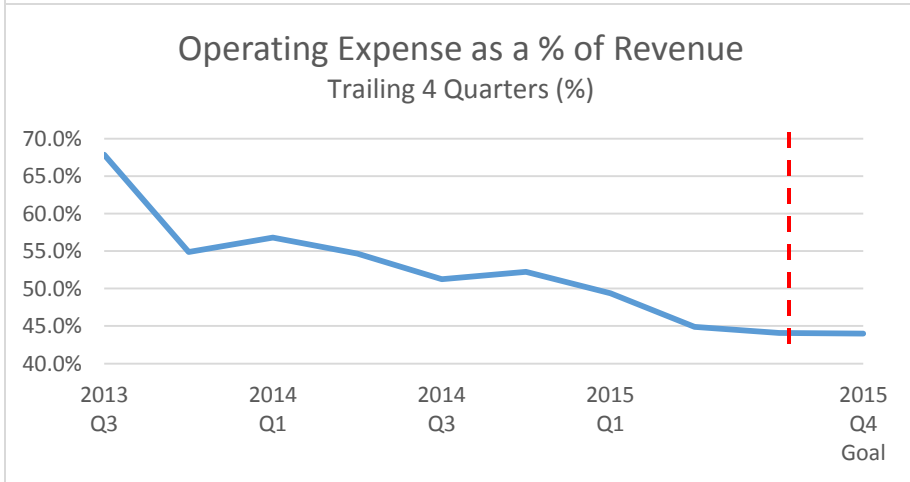
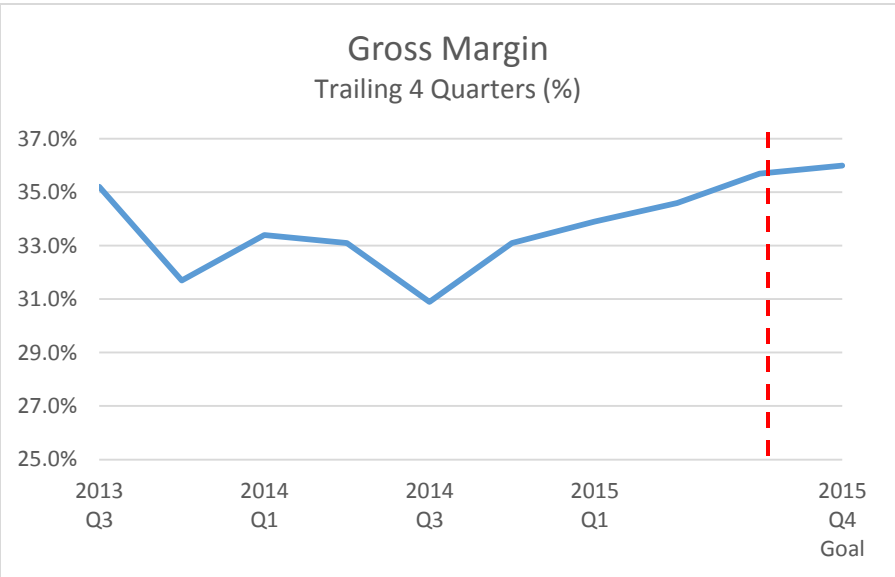
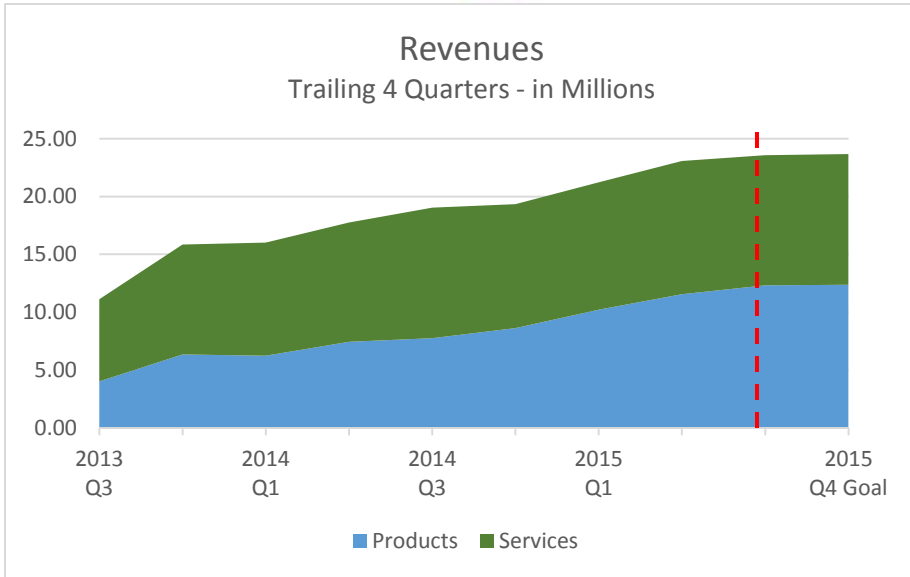
DREXEL HAMILTON MICRO CAP INVESTOR FORUM

John Hatsopoulos, co-CEO, presenting to investors in New York City on Thursday November 12th at 10:00 am EST. Updated investor presentation will be posted at www.investors.tecogen.com

Ultera™ Emissions

- **BioFuel Application Success** –
 - Retrofit kit installed on 50L Caterpillar engine
 - Initial results show successful emissions reduction at Southern California wastewater treatment plant
 - BioFuel engines must comply with stricter emissions regulations in So. Cal. beginning in 2017
 - Discussions initiated with other industry representatives for similar orders
 - American BioGas Council estimates there are over 1800 operational biogas fueled engines nationwide
- **Standby Generator Retrofits** –
 - Southern California Phase 2 order received, initial units expected to be operational in 1Q16
 - Following 30 days of operation and emission results verification, air permit expected to be issued making Tecogen Ultera retrofitted engine the first engine to comply with the new emissions standards without heat recovery benefit
- **Other Natural Gas Applications** –
 - Industry group proposal submitted
 - Formal evaluation of application of Ultera technology proposal to the natural gas small mobile engine category scheduled for 1Q16
- **Emissions Advisory Group** –
 - Examining current regulatory climate for gasoline vehicles
 - Held multiple meetings that included committee members and industry experts
 - Determination that the chemistry is similar for natural gas and gasoline
 - Will continue to update the investment community as the group makes progress

Consistent Financial Progress





Revenue Segments

➤ Revenues

- Product revenue posted strong growth from increased shipments of CHP units Y/Y
- Services revenue declined as installations took longer than anticipated

➤ Cost of Sales

- Product cost benefitting from leveraging the fixed cost base
- Service expense improvement despite overall service related revenue decline

➤ Margins

- Product gross margins benefitting from improved sales discipline and manufacturing cost cutting initiatives
- Service gross margin improvement related to higher penetration of installations including value-add engineered services

<u>For the Quarter Ended:</u>	<u>Sept. 30,</u> <u>2015</u>	<u>Sept. 20,</u> <u>2014</u>	<u>Y/Y</u> <u>Growth</u>
REVENUE			
Products	1,860,860	1,094,529	70.0%
Services	<u>2,815,182</u>	<u>3,081,334</u>	-8.6%
Total Revenue	4,676,042	4,175,863	12.0%
COST OF SALES			
Products	1,262,480	1,052,199	20.0%
Services	<u>1,744,631</u>	<u>2,034,193</u>	-14.2%
Total Cost of Sales	3,007,111	3,086,392	-2.6%
Gross Profit	<u>\$1,668,931</u>	<u>\$1,089,471</u>	53.2%
GROSS MARGIN			
Product Gross Margin	32.2%	3.9%	731.5%
Service Gross Margin	38.0%	34.0%	11.9%
Combined Gross Margin			
Margin	35.7%	26.1%	36.8%



Financial Metrics

Revenues, Margins, Growth

Tecogen Revenue Model & Outlook

- Three revenue streams
 - Product sales
 - Long-term service contracts provide stable ongoing revenue
 - Turnkey Installation through Tecogen service operations
- Targeting stable book-to-bill ratio of 1 to 1.5x
- Deliver ongoing expense improvement from lean manufacturing initiatives
- Targeting Stable Gross Margins of 35%
- Stable Backlog >\$10M

For the Trailing

4 Quarters Ended:

REVENUE

	<u>Sept. 30, 2015</u>	<u>Sept. 30, 2014</u>	<u>Y/Y Growth</u>
Products	12,322,109	7,753,307	58.9%
Services	<u>11,252,385</u>	<u>11,285,021</u>	-0.3%
Total Revenue	23,574,494	19,038,328	23.8%

COST OF SALES

Products	8,344,333	5,959,807	40.0%
Services	<u>6,660,671</u>	<u>7,202,492</u>	-7.5%
Total Cost of Sales	15,005,004	13,162,299	14.0%

Gross Profit	<u>\$8,569,490</u>	<u>\$5,876,029</u>	45.8%
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GROSS MARGIN

Product Gross Margin	32.3%	23.1%
Service Gross Margin	40.8%	36.2%
Combined Gross Margin	36.4%	30.9%

Trends Going Forward

Demand for CHP Systems Remain Strong

- Fundamental economics persist (high electricity prices, low cost natural gas, grid resiliency concerns)
- Sales team expansion will grow markets, geographies
- Ilios continues to grow

Ultera Emissions Technology Advancing

- Progress on retrofit projects
- Advisory group developing plan for gas vehicles

Continue Growing Patents and Intellectual Property Base

- New patents filed
- Expand to overseas patents

In summary: Tecogen in Prime Position for Continued Growth

Q & A

NASDAQ: TGEN

- Management Bios
- Contacts



Management Team

John Hatsopoulos,

Co-Chief Executive Officer & Board Member

- CEO since the company's organization in 2000
- Co-Founder of Thermo Electron Corp., which is now Fisher Scientific (NYSE:TMO)
- As Thermo Electron CFO, grew company from a market capitalization of ~\$100 million in 1980 to over \$2.5 billion

Benjamin Locke,

Co-Chief Executive Officer

- Co-CEO since 2014, joined the company as General Manager in June of 2013.
- Prior to Tecogen, served as Director of Business Development and Governmental Affairs at Metabolix from 2001. Served as Vice President of Research at Innovative Imaging Systems prior to Metabolix.

David Garrison,

Chief Financial Officer, Secretary & Treasurer

- Chief Financial Officer since 2014.
- Over 20 years of manufacturing experience in the role of CFO. Both public and private companies from a variety of industries including medical device, defense and consumer products.

Robert Panora,

Chief Operating Officer & President

- COO and President since the Company's organization in 2000; COO of Ilios, subsidiary of Tecogen, since inception in 2009
- General Manager of Tecogen's Product Group since 1990 and Manager of Product Development, Engineering Manager, and Operations Manager of the Company since 1984

Contact Information



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