

DESK NOTE

23.12.2024

TPI Composites, Inc. (TPIC) – A High-Risk *Wind Energy Bet with Significant Upside Potential*

Ticker: TPIC US

Previous day close price: \$2.40

Price range (52w.): \$1.10 - \$5.75

Target price: \$4.10 (+71% upside)

Buy price: \$1.70

Reason for note: PM Request

Recommendation:

Buy@ \$1.70

Conclusive Summary: TPI Composites (TPIC) operates with strong backing from its three key customers—Vestas, GE Vernova, and Nordex—providing some cushioning in a challenging environment. Despite improvements in operational efficiency and cost management, the company remains unprofitable, cashflow-negative, and burdened by high debt and a negative book value. These challenges, coupled with fluctuating wind energy demand and rising costs, highlight the urgency for transformative actions, making TPIC stock a high risk-reward play.

The unsustainability of TPIC's current trajectory points to likely catalysts ahead, such as divestitures, further cost-cutting, or even a buyout, making it a speculative yet potentially lucrative investment. **Investors should consider the stock as a speculative buy near the blended buy price of \$1.73, which provides a better risk-reward profile.**

Competitive Position: TPI Composites (TPIC) competes in a concentrated and competitive wind blade market, facing rivals like LM Wind Power and Sinoma Science & Technology, as well as vertically integrated OEMs. TPIC's advantages include advanced composite technology, a global manufacturing footprint, and strong OEM partnerships, positioning it well to serve growing markets, especially in the U.S. Additionally, its entry into field services (inspection and repair) enhances its competitive position with cost-effective, localized offerings.

Valuation: Based on blended multiple valuation calculations, the stock has a **target price of \$4.12** and a **blended buy price of \$1.73**, implying a significant upside from current levels. The company's low valuation multiples—current EV/EBITDA and EV/Sales below historical averages—further support the case for a rebound, especially if operational improvements or strategic actions materialize.

Description: TPI Composites is the leading independent global manufacturer of composite wind blades, supplying major wind turbine OEMs like Vestas and GE Vernova. With facilities in the U.S., Mexico, Türkiye, and India, TPI supports the growing renewable energy market. The company focuses on advanced, scalable manufacturing to produce high-performance wind blades while offering inspection and repair services.

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DPRGIM Trade: By closely monitoring the stock's activity, DPRGIM purchased shares at **\$1.60 on December 9th** and sold them at **\$2.50 on December 20th**, achieving an impressive **56% return in just 11 days**, likely driven by a short squeeze.

(Forward) Target Multiple		Current Factor	Target EV	Net Debt	Target M Cap	Shares	Target Price	Standard Deviation	Buy Price
BF EV/EBITDA	8.70	94.59	822.90	614.16	208.74	47.56	\$4.39	122.7%	\$1.97
BF EV/Sales	0.60	1,286.63	771.98	614.16	157.82	47.56	\$3.32	122.7%	\$1.49
EV/IC	2.00	418.04	836.07	614.16	221.91	47.56	\$4.67	122.7%	\$2.09
Average							\$4.12		\$1.73

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