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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): August 12, 2016 (August 10, 2016)



**TECOGEN INC.**  
(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction of Incorporation)

333-178697  
(Commission File Number)

04-3536131  
(IRS Employer Identification No.)

45 First Avenue  
Waltham, Massachusetts  
(Address of Principal Executive Offices)

02451  
(Zip Code)

(781) 622-1120  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 2.02. Results of Operations and Financial Condition.

On August 10, 2016, the registrant issued via press release earnings commentary and supplemental information for the three and six months ended June 30, 2016. That press release is furnished as Exhibit 99.01 to this current Report on Form 8-K.

The information contained in this current Report on Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

## Item 7.01. Regulation FD Disclosure

On August 10, 2016, Tecogen Inc., (the "Company") presented the attached slides in an announced conference call. Those slides are being furnished as Exhibit 99.02 to this Current Report on Form 8-K.

The information in this Item 7.01 and Exhibit 99.02 to this Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

## Item 9.01 Financial Statements and Exhibits

### (d) Exhibits

The following exhibits relating to Item 2.02 and Item 7.01 shall be deemed to be furnished, and not filed:

<u>Exhibit</u>	<u>Description</u>
99.01	Press release dated August 10, 2016, for the three and six months ended June 30, 2016.
99.02	Presentation dated August 10, 2016.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

TECOGEN INC.

August 12, 2016      By: /s/ David A. Garrison  
David A. Garrison, Chief Financial Officer



## **Tecogen Announces Second Quarter 2016 Results**

*Delivers dramatic 10.4% combined gross margin improvement; current backlog near \$16 million*

WALTHAM, Mass., August 10, 2016 - Tecogen® Inc. (NASDAQ:TGEN), a leading manufacturer of clean energy products which, through patented technology, nearly eliminate criteria pollutants and significantly reduce a customer's carbon footprint, reported revenues of \$5,687,308 for the quarter ended June 30, 2016 compared to \$6,383,831 for the same period in 2015.

Backlog of products and installations was \$14.1 million as of second quarter end and currently stands at \$15.9 million (as of August 5, 2016), over 70% growth in backlog when compared to the second quarter ended 2015. Speaking about the backlog, Benjamin Locke, Tecogen Co-Chief Executive Officer noted, "The sales team has been executing well and closing orders, this strong backlog sets us up to deliver what we expect to be compelling results over the next several quarters."

Cost of sales improved dramatically in the period to \$3,584,414, delivering a 15.5% cost reduction over the prior year. This improvement generated 10.4% combined gross margin improvement in the quarter, bringing gross margin up to 37.0% compared to 33.5% in second quarter 2015. Gross profit was \$2,102,894 for the quarter ended June 30, 2016 compared to \$2,140,890, a decrease of 1.8% versus the prior year. Despite the decline in revenues, this small decrease in gross profit is a testament to the effectiveness of management's ongoing expense control initiatives.

Revenue results were helped by 7.9% growth in Services related revenues over the prior year period. That improvement was partially offset by a year-on-year decline in product sales, although product sales improved sequentially when compared to first quarter 2016. This positive Services momentum was primarily driven by improvements in installation related revenues as expected project delays abated. Total Services revenue growth continues to steadily benefit from increasing penetration in service contracts and favorable operating metrics for the installed fleet.

Product sales revenues were lower in the period, with a 28.0% reduction over the prior year comparable quarter. This decline in total Product revenue was impacted by lower cogeneration sales that were partially offset by a 39.0% improvement in chiller and heat pump sales versus second quarter 2015. Variations in product mix are typical from quarter to quarter as customer orders for different products are not entirely predictable.

On a combined basis, operating expense was up 1.9% to \$2,488,924 for the second quarter 2016 from \$2,443,205 in the second quarter of 2015. Despite the small increase, operating expense remains in line with management's goal to hold full year operating expense near \$10 million.

Speaking about the results, Mr. Locke added, "The sales team had some notable wins in the quarter and is making material progress on building lasting relationships with partners that can produce long term repeat business for Tecogen. Launched in May, TTcogen, our joint venture with Czech CHP manufacturer TEDOM a.s., is already seeing strong interest in the expanded product portfolio - as demonstrated by our recent announcement of the first sale of a Micro T35. Taken as a whole, with the new expanded product portfolio of TTcogen alongside Tecogen's expert installation and long term service offerings, the sales team is well positioned to succeed. On the downside, product margins were impacted by one-time transitional costs of closing out the first generation InVerde product line and introducing our new, more robust InVerde e+ product. In the long term, the newer cogeneration product will deliver excellent margins for the company. We have made great progress with current and new material suppliers to improve margins even further. In addition, we continue to execute well on our cost control initiatives. Looking ahead, we expect trends in energy efficiency, emissions control, and building resiliency all to grant significant competitive advantage to our portfolio of clean energy technologies and act as long term growth tailwinds."

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**Major Highlights:***Financial*

- Gross profit for the second quarter of 2016 was \$2,102,894 compared to \$2,140,890, a near flat result when compared to the same period in 2015 as margin improvement offset the decline in revenues.
- Gross margin in the second quarter 2016 increased to 37.0% compared to 33.5% in 2015. Margins benefited from a revenue mix shift and strong improvement in Services gross margin, partially offset by a decline in Product gross margin.
- Services gross margin improved to 44.6% in the period compared to the 33.6% Services gross margin reported in second quarter 2015. Services gross margin was helped by a pick-up in Installation activity and installation efficiency improvements.
- Product gross margin was 26.6% for second quarter 2016 compared to 33.5% in second quarter 2015. Product gross margin was primarily impacted by the write-down of inventory and associated supplier-termination charges related to the retirement of the first generation InVerde.
- On a combined basis, operating expense grew to \$2,488,924 for the first quarter 2016 from \$2,443,205 in the first quarter of 2015, a 1.9% change but still in line with management's goal to deliver full year operating expense near \$10 million.
- Consolidated net loss, attributable to Tecogen, for the three months ended June 30, 2016 was \$415,539 compared to \$362,839 for the same period in 2015.
- Net loss per share was \$0.02 and \$0.02 for the three months ended June 30, 2016 and 2015, respectively.

*Sales & Operations*

- Current sales backlog of equipment and installations as of Friday August 5, 2016 was \$15.9 million, driven by strong traction in the InVerde product line and Installation services. For the quarter ended June 30, 2016, backlog was \$14.1 million, significant growth over both the \$11.5 million in backlog reported in the earnings release dated May 11, 2016 and well above the \$9.3 million in backlog at second quarter-end 2015 - in line with the Company's goal of consistently delivering quarter-end product backlog greater than \$10 million.
  - Although total revenues were down on a year-on-year basis, sequentially revenues posted 12% growth over first quarter 2016; driven by a 6.3% improvement in Product revenue and Services revenue growth of 16.6%.
  - In May Tecogen and TEDOM a.s. launched TTcogen LLC, a 50/50 joint venture that utilizes Tecogen's sales and service capabilities to bring TEDOM's efficient and versatile CHP products to the United States. The new product portfolio quadruples Tecogen's potential addressable market for cogeneration and allows the sales team to offer efficient equipment powered by renewable biofuel, an important new market with significant growth potential.
  - Chiller orders rebounded in the quarter helped by growing sales momentum in the indoor agriculture segment as well as by a repeat order from Stanley Black & Decker for their manufacturing facility in Mexico.
  - Emissions development progress continued with rigorous analysis of ULTRATEK's Phase 1 automotive emissions testing results proving Ultera effective at delivering substantial emissions reductions in excess of currently available commercial automotive technology. The ULTRATEK team has scheduled a second round of vehicle tests beginning later this month that will utilize a more refined design of the system applied to other gasoline powered models. These models were selected as representing very advanced, high mileage models for which our industry assessment indicates are vehicle types of high importance but with inherent emissions challenges.
  - The sales team continued to demonstrate progress toward management's plan to develop ongoing customer relationships with high level targets likely to produce repeat orders. Repeat orders were won from several ESCO partners as well as a notable New Jersey property developer.
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**Conference Call Scheduled for Today at 11:00 am ET**

Tecogen will host a conference call today to discuss the first quarter results beginning at 11:00 am eastern time. To listen to the call dial (888) 349-0103 within the U.S., (855) 669-9657 from Canada, or (412) 902-0129 from other international locations. Participants should ask to be joined to the Tecogen Inc. call. Please begin dialing at least 10 minutes before the scheduled starting time. The earnings press release will be available on the Company website at [www.Tecogen.com](http://www.Tecogen.com) in the "News and Events" section under "About Us." The conference call will be recorded and available for playback one hour after the end of the call. The earnings conference call will also be webcast live. To view the associated slides, register for and listen to the webcast, go to <http://investors.tecogen.com/webcast>. Following the call, the webcast will be archived for 30 days.

The earnings conference call will be recorded and available for playback one hour after the end of the call through Wednesday, August 17<sup>th</sup>, 2016. To listen to the playback, dial **(877) 344 7529 within the U.S., (855) 669-9658 from Canada** or **(412) 317-0088 outside the U.S.** and use **Replay Access Code 10090426**.

**About Tecogen**

Tecogen Inc. designs, manufactures, sells, installs, and maintains high efficiency, ultra-clean, cogeneration products including natural gas engine-driven combined heat and power, air conditioning systems, and high-efficiency water heaters for residential, commercial, recreational and industrial use. The company is known for cost efficient, environmentally friendly and reliable products for energy production that, through patented technology, nearly eliminate criteria pollutants and significantly reduce a customer's carbon footprint.

In business for over 20 years, Tecogen has shipped more than 2,300 units, supported by an established network of engineering, sales, and service personnel across the United States. For more information, please visit [www.tecogen.com](http://www.tecogen.com) or contact us for a free Site Assessment.

Tecogen, InVerde, Ilios, Tecochill, Ultera, and e<sup>+</sup>, are registered trademarks or trademark pending registration of Tecogen Inc.

**Forward Looking Statements:** This press release contains forward-looking statements under the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. Important factors could cause actual results to differ materially from those indicated by such forward-looking statements, as disclosed on the Company's website and in Securities and Exchange Commission filings. The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

**Tecogen Media & Investor Relations Contact Information:**

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**TECOGEN INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
As of June 30, 2016 and December 31, 2015  
(unaudited)

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,069,660	\$ 5,486,526
Short-term investments	—	294,802
Accounts receivable, net	6,241,054	5,286,863
Unbilled revenue	1,214,218	1,072,391
Inventory, net	4,940,315	5,683,043
Due from related party	391,443	1,177,261
Prepaid and other current assets	487,138	353,105
Total current assets	17,343,828	19,353,991
Property, plant and equipment, net	560,868	543,754
Intangible assets, net	1,046,812	1,044,611
Goodwill	40,870	40,870
Other assets	58,425	58,425
<b>TOTAL ASSETS</b>	<b>\$ 19,050,803</b>	<b>\$ 21,041,651</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,618,285	\$ 3,311,809
Accrued expenses	1,036,782	1,066,860
Deferred revenue	808,832	996,941
Total current liabilities	4,463,899	5,375,610
Long-term liabilities:		
Deferred revenue, net of current portion	296,085	273,162
Senior convertible promissory note, related party	3,124,061	2,951,011
Total liabilities	7,884,045	8,599,783
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Tecogen Inc. stockholders' equity:		
Common stock, \$0.001 par value; 100,000,000 shares authorized; 19,161,579 and 18,478,990 issued and outstanding at June 30, 2016 and December 31, 2015	19,162	18,479
Additional paid-in capital	34,203,702	34,501,640
Accumulated deficit	(23,056,106)	(21,682,437)
Total Tecogen Inc. stockholders' equity	11,166,758	12,837,682
Noncontrolling interest	—	(395,814)
Total stockholders' equity	11,166,758	12,441,868
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 19,050,803</b>	<b>\$ 21,041,651</b>

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the three and six months months ended June 30, 2016 and 2015  
(unaudited)


	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Revenues				
Products	\$ 2,408,860	\$ 3,345,571	\$ 4,675,008	\$ 6,883,446
Services	3,278,448	3,038,260	6,087,815	5,603,819
Total revenues	<u>5,687,308</u>	<u>6,383,831</u>	<u>10,762,823</u>	<u>12,487,265</u>
Cost of sales				
Products	1,767,052	2,224,415	3,319,768	4,778,053
Services	1,817,362	2,018,526	3,620,817	3,343,347
Total cost of sales	<u>3,584,414</u>	<u>4,242,941</u>	<u>6,940,585</u>	<u>8,121,400</u>
Gross profit	<u>2,102,894</u>	<u>2,140,890</u>	<u>3,822,238</u>	<u>4,365,865</u>
Operating expenses				
General and administrative	2,002,172	1,890,503	3,894,392	4,077,632
Selling	335,089	324,384	850,121	818,058
Research and development	151,663	228,318	370,621	404,481
Total operating expenses	<u>2,488,924</u>	<u>2,443,205</u>	<u>5,115,134</u>	<u>5,300,171</u>
Loss from operations	<u>(386,030)</u>	<u>(302,315)</u>	<u>(1,292,896)</u>	<u>(934,306)</u>
Other income (expense)				
Interest and other income	2,770	685	5,661	9,788
Interest expense	(44,053)	(30,351)	(86,434)	(60,410)
Total other expense, net	<u>(41,283)</u>	<u>(29,666)</u>	<u>(80,773)</u>	<u>(50,622)</u>
Loss before income taxes	<u>(427,313)</u>	<u>(331,981)</u>	<u>(1,373,669)</u>	<u>(984,928)</u>
Consolidated net loss	<u>(427,313)</u>	<u>(331,981)</u>	<u>(1,373,669)</u>	<u>(984,928)</u>
Less: (Income) loss attributable to the noncontrolling interest	11,774	(30,858)	64,962	4,625
Net loss attributable to Tecogen Inc.	<u>\$ (415,539)</u>	<u>\$ (362,839)</u>	<u>\$ (1,308,707)</u>	<u>\$ (980,303)</u>
Net loss per share - basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>
Weighted average shares outstanding - basic and diluted	<u>19,088,828</u>	<u>16,338,909</u>	<u>18,783,909</u>	<u>16,282,027</u>

**TECOGEN INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the six months ended June 30, 2016 and 2015  
(unaudited)

	June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated net loss	\$ (1,373,669)	\$ (984,928)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation and amortization	131,941	138,828
Provision (recover) for inventory reserve	(40,000)	23,000
Stock-based compensation	88,177	51,497
Non-cash interest expense	23,050	24,899
Loss (gain) on sale of assets	640	(5,073)
<i>Changes in operating assets and liabilities</i>		
(Increase) decrease in:		
Short term investments	294,802	291,047
Accounts receivable	(954,191)	237,989
Unbilled revenue	(141,827)	(896,001)
Inventory, net	782,728	280,480
Due from related party	785,818	(372,570)
Prepaid expenses and other current assets	(134,033)	(160,964)
Other non-current assets	—	(5,100)
Increase (decrease) in:		
Accounts payable	(693,524)	915,942
Accrued expenses	(30,078)	331,447
Deferred revenue	(165,186)	(712,759)
Net cash used in operating activities	<u>(1,425,352)</u>	<u>(842,266)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(100,925)	(12,935)
Proceeds from sale of assets	—	16,874
Purchases of intangible assets	(50,970)	(95,086)
Net cash used in investing activities	<u>(151,895)</u>	<u>(91,147)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds (payments) on demand notes payable and line of credit to related party	150,000	—
Payment of stock issuance costs	(8,544)	—
Proceeds from sale of restricted common stock, net	—	996,874
Proceeds from the exercise of stock options	18,925	360,225
Net cash provided by financing activities	<u>160,381</u>	<u>1,357,099</u>
Net increase (decrease) in cash and cash equivalents	(1,416,866)	423,686
Cash and cash equivalents, beginning of the period	5,486,526	1,186,033
Cash and cash equivalents, end of the period	<u>\$ 4,069,660</u>	<u>\$ 1,609,719</u>
<b>Supplemental disclosures of cash flows information:</b>		
Cash paid for interest	\$ 72,199	\$ 60,410
Stock exchange for non-controlling interest in Ilios	330,852	—



# Tecogen=11<sup>®</sup> 2Q 2016 Earnings

Advanced Modular CHP Systems 



NASDAQ: TGEN

August 10, 2016

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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

## Ariel Babcock

- Director, Investor Relations





## Safe Harbor Statement

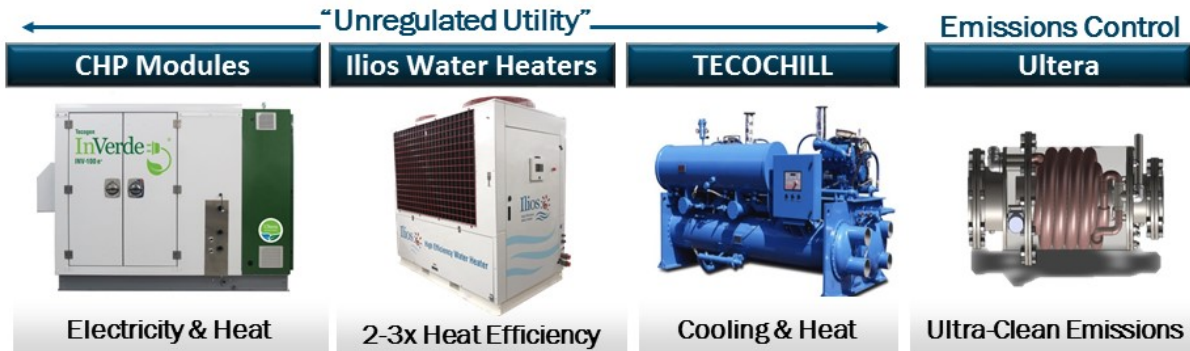
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This presentation includes forward-looking statements within the meaning of Section 27-A of the Securities Act of 1933, and Section 21-E of the Securities Exchange Act of 1934. Such statements include declarations regarding the intent, belief, or current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



*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 2016 Earnings Call





# 2016 Progress

## Products

- Launched InVerde e+ reinforcing competitive advantage in key markets
- GE Equipment Insight real-time monitoring and cloud-based data analytics deployment

## Sales

- Repeat orders won from key ESCOs, developers and property managers demonstrating traction in customer relationship development initiatives
- Gas Company selling agreement
- Expansion of Tecochill to indoor agriculture industry opens up new potential market

## TtogenJV

- Combined product portfolio quadruples addressable market for cogeneration products
- Brings renewable biofuel capability

## ULTRATEK

- Phase 1 tests prove Ultera highly effective for automotive emissions reduction
- \$6.2M in cash on hand ensures flexibility to pursue any potential opportunity
- Phase 2 testing begins later this month



Tecochill chillers keep Mexican factories cool, despite often unreliable grid power.



## 2Q 2016 Results:

### REVENUE

- Total Revenues - \$5.7M in 2Q16 vs. \$6.4M in 2Q15 & \$5.1M in 1Q16
- Products - \$2.4M in 2Q16 vs. \$3.3M in 2Q15 & \$2.3M in 1Q16
  - Chiller & Heat Pump sales growth offset by challenged Cogeneration sales
  - Incentive programs recently began taking new applications
- Service - \$3.3M in 2Q16 vs. \$3.0M in 2Q15 & \$2.8M in 1Q16
  - Improved due to up-tick in Installation activity

### GROSS PROFIT & MARGIN

- \$2.10M in 2Q16 gross profit vs. \$2.14M in 2Q15 & \$1.7M in 1Q16
- 37.0% gross margin in 2Q16 vs. 33.5% in 2Q15 & 33.9% in 1Q16
- Service margin improvement from increased Installation activity
- Product margin impacted by write down of inventory and supply agreements for legacy first generation InVerde

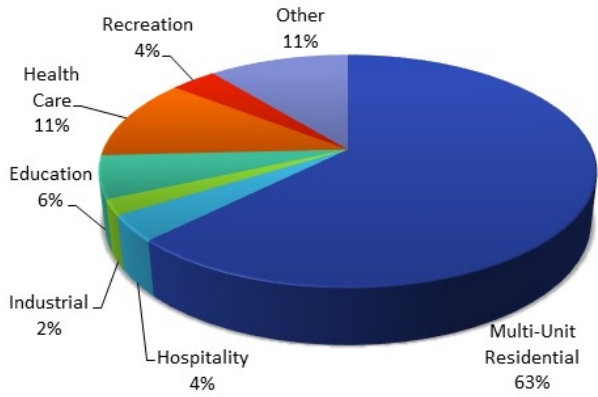
### BACKLOG

- \$15.9M in current backlog as of Aug. 5, 2016
- \$14.1M 2Q16 end backlog vs \$9.3M prior year backlog
- Backlog growth from strong orders for InVerde e+ and continued demand for Installation services

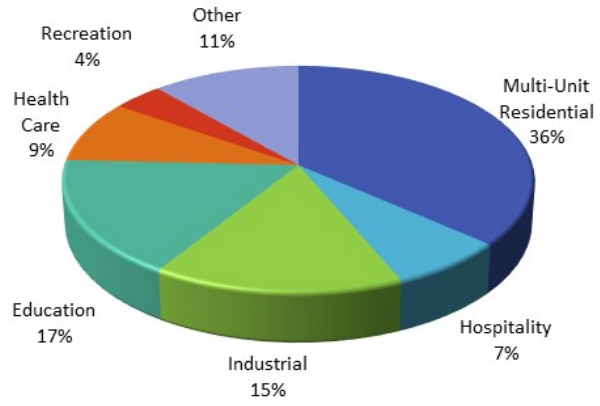


# Sales & Backlog

Backlog



Installed Base\*



**\$14.1M 2Q16 backlog up 50% Y/Y vs. \$9.3M 2Q15 backlog**  
**2Q16 up 21% Q/Q vs. \$11.5M 1Q16 backlog**  
**\$15.9M Current Product and Installation Backlog**

\* Approximate recently installed base by end market as of YE 2015. 2Q 2016 Earnings Call



# TTcogen JV: INFINITE POTENTIAL

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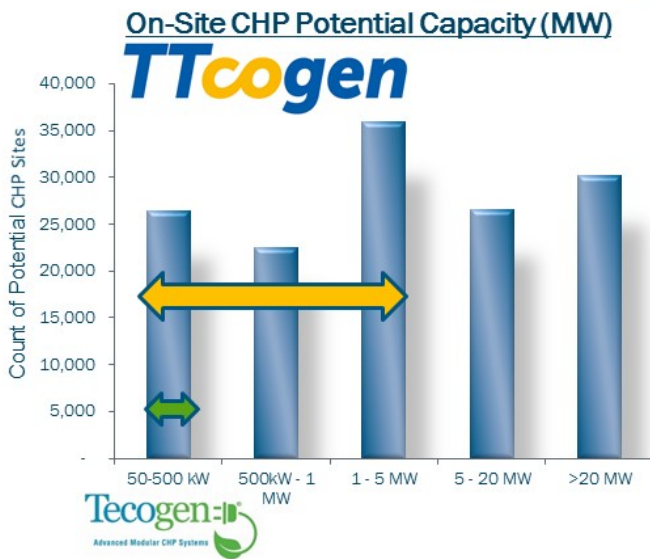


# INFINITE POTENTIAL **TTcogen**





# TTcogen: Infinite Potential



**U.S. Market Projection**

- DOE CHP U.S. market potential capacity for on-site Industrial and Commercial CHP addressable market ~85 GW.
- TTcogen portfolio offers CHP solutions that meet ~60% of total CHP market potential vs. just ~20% of CHP market served by Tecogen.
- Assuming 2020 U.S. target CHP deployment of 40 GW is met – TTcogen addressable market is ~20-25 GW over the next 4 years.
- Conservative 10% market share target equates to ~\$12B sales potential.

Taken from U.S. DOE CHP Deployment Program, 2016: "Total U.S. CHP Technical Potential Across All Facility Types" March 2016. Totals represent estimated potential capacity for both on-site industrial and commercial CHP installations in the U.S.



# TEDOM Portfolio: *from Tecogen*

## Micro

- Compact 35kW CHP unit
- The most efficient small CHP unit on the market in the U.S.
- Plug & Play installation
- Flexible fuel options inc. nat. gas, propane, & biofuel
- Silent operation



## Cento

- Packaged CHP ranging in size from 125 - 330kW
- Powered by TEDOM custom proprietary engine for superior efficiency
- Flexible fuel options
- Serves needs of mid-size customers



2Q 2016 Earnings Call

## Quanto

- Meets the requirements of large facilities with high energy demand in the 1-4 MW range
- Completely customizable design to meet exacting customer specifications
- Flexible fuel options
- Various packaging configurations





# Technology Update: GE Equipment Insight





# Technology Update: *InVerde e+*

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## Unique Cutting-Edge Features

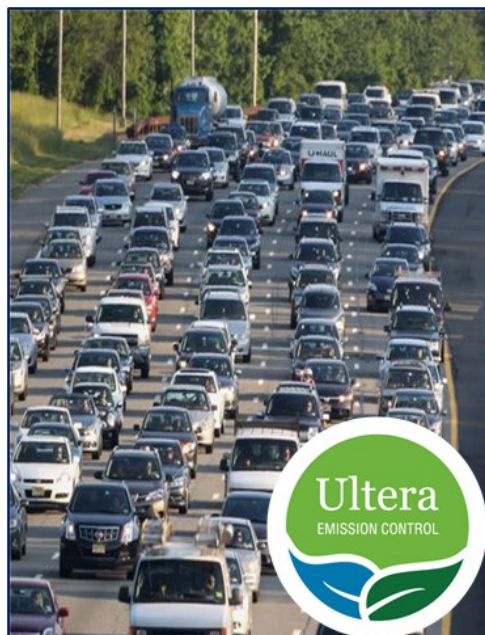
- Superior efficiency
- Quieter operation
- Microgrid enabled for advanced demand response
- DC input capability for renewable and/or battery integration





## ULTRATEK: YTD Emissions Progress

- Additional emissions-related patent awarded with several other filings still pending
- Constructed preliminary test module
- Phase 1 testing at AVL California Technology center completed in April
- Phase 1 results on base-line vehicle platform indicate Ultera highly effective at reduction of CO and NMOG beyond currently available technologies
- Phase 2 testing slated to begin in late August





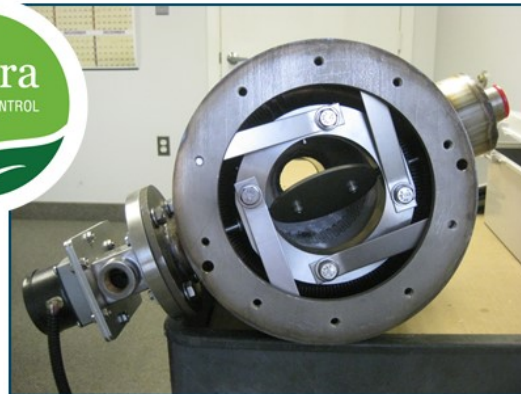


# ULTRATEK: Results

- ✓ Ultra chemistry confirmed as effective on gasoline automotive engines
- ✓ Phase 1 focus on federally prescribed standard drive cycle tests
- ✓ 2016 light duty vehicle was compliant with current federal regulations on the standard test cycle
- ✓ Ultra proved especially effective during aggressive driving conditions
- ✓ Regulatory testing under real-world driving conditions would benefit Ultra technology

US06 Drive Cycle Test Results

	Emissions (mg/mile)			
	CO	NMOG	NOx	NOx + NMOG
Standard Vehicle	332	5.234	5.763	10.997
With Ultra	20	1.001	5.072	6.074
<b>% Reduction</b>	<b>94%</b>	<b>81%</b>	<b>12%</b>	<b>45%</b>
ULEV Regulation	8000			140
2025 Regulation	1000			30

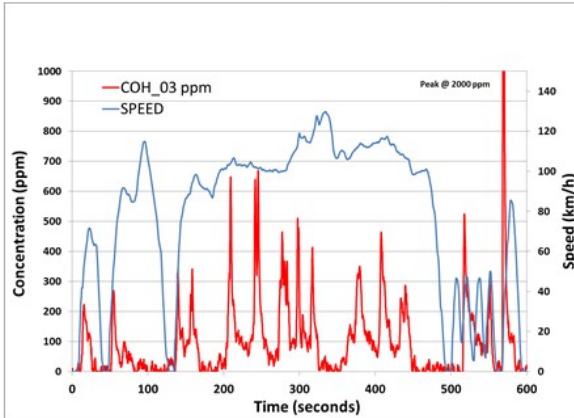




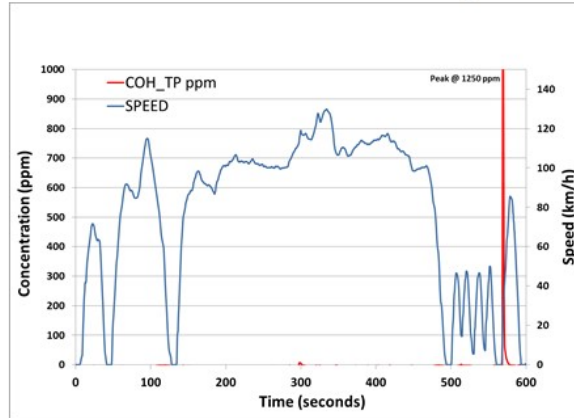
# ULTRATEK: Results

Ultra Reduction of CO Concentration – US06 Cycle

Standard Vehicle Emission System



With the addition of the Ultra System



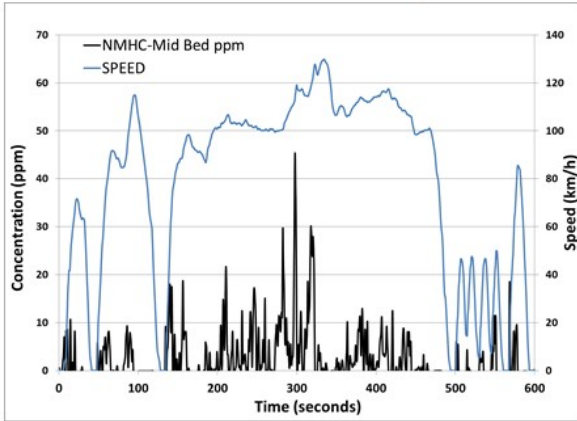
Graphs present the reduction of measured CO concentration where CO concentration (ppm) is represented by the red line and the speed (in kilometer per hour) is represented by the blue line and depicts patterns of acceleration/deceleration. **CO is nearly eliminated by the Ultra system.**



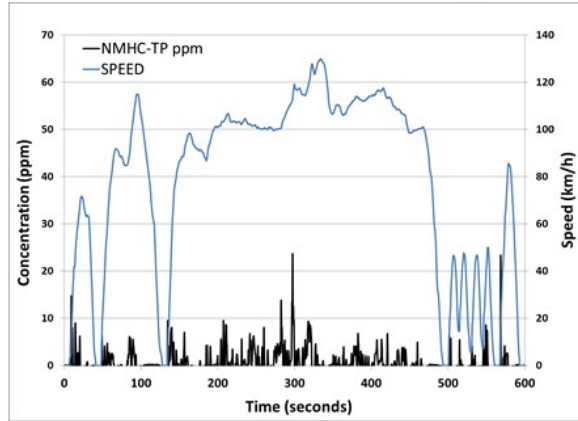
# ULTRATEK: Results

Ultra Reduction of NMHC Concentration – US06 Cycle

Standard Vehicle Emission System



With the addition of the Ultra System



Graphs present the reduction of NMHC (non-Methane Hydrocarbons) throughout the drive cycle where NMHC concentration (ppm) is represented by the black line and the speed (in kilometer per hour) is represented by the blue line and depicts patterns of acceleration/deceleration.





## ULTRATEK: Phase 2 Testing

- AVL Testing to resume this month
  - Six weeks planned
- Upgraded system
  - Quicker response
  - More accurate sizing
  - Improved chemistry for gasoline application
- Two vehicles procured for evaluation
  - Strategic selection process





# Financial Metrics

## Revenues, Margins, Growth

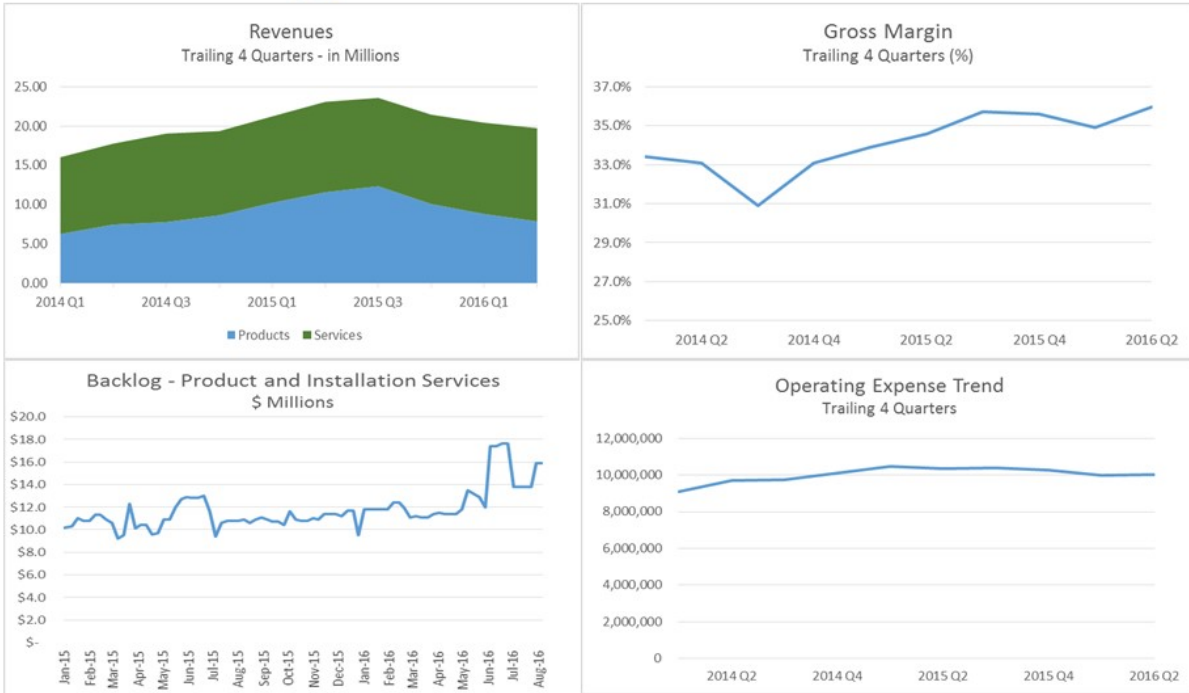
### Tecogen Revenue Model & Outlook

- 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 1-1.5x
- Deliver ongoing expense improvement from lean manufacturing initiatives
- Targeting Gross Margins 35-40%
- Quarterly Backlog >\$10M
- Full Year Op Ex ~\$10M

	For the Quarter Ended		Y/Y Growth	% of Total Revenue
	June 30, 2016	June 30, 2015		
<b>REVENUE</b>				
Cogeneration	1,270,499	2,526,812		22.3%
Chiller & Heat Pump	<u>1,138,361</u>	<u>818,759</u>		20.0%
Total Product Revenue	2,408,860	3,345,571	-28%	42.4%
Service & Parts	2,082,644	2,035,041		36.6%
Installation Services	<u>1,195,804</u>	<u>1,003,219</u>		21.0%
Total Service Revenue	3,278,448	3,038,260	8%	57.6%
<b>Total Revenue</b>	<b>\$ 5,687,308</b>	<b>\$ 6,383,831</b>	<b>-11%</b>	
<b>COST OF SALES</b>				
Products	1,767,052	2,224,415	-21%	
Services	<u>1,817,362</u>	<u>2,018,526</u>	-10%	
Total Cost of Sales	\$ 3,584,414	\$ 4,242,941	-16%	
<b>Gross Profit</b>	<b>\$ 2,102,894</b>	<b>\$ 2,140,890</b>	<b>-2%</b>	
<b>GROSS MARGIN</b>				
Product Gross Margin	26.6%	33.5%	-20%	
Service Gross Margin	44.6%	33.6%	33%	
<b>Gross Margin</b>	<b>37.0%</b>	<b>33.5%</b>	<b>10%</b>	



# 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





## Q & A

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NASDAQ: TGEN





# Contact Information



## Company Information

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