

1 **Ocean Power Technologies Inc. Fiscal Year 2017 First Quarter**  
2 **Conference Call Script**

3  
4 **Operator Comments**

5 Good morning ladies and gentlemen, and welcome to the first quarter  
6 fiscal year 2017 Ocean Power Technologies conference call. My  
7 name is [REDACTED] and I'll be your coordinator for today. (Operator  
8 Instructions) As a reminder, this conference call is being recorded for  
9 replay purposes.

10  
11 I would now like to turn the presentation over to your host for today's  
12 call, Mr. Andrew Barwicki.

13  
14 **Andrew Barwicki - Introduction**

15 Good morning, and thank you for joining us on Ocean Power  
16 Technologies' conference call and webcast to discuss the financial  
17 results for the 3-month period ended July 31<sup>st</sup>, 2016.

18  
19 On the call with me today are George Kirby, President and CEO; and  
20 Matthew Shafer, Chief Financial Officer. George will provide an  
21 update on the company's highlights for the quarter, key activities and  
22 strategy. Matthew will then proceed to review the financial results for  
23 the first quarter. Following our prepared remarks, we will open the  
24 call to questions.

25  
26 This call is being webcast on our website, at  
27 [www.oceanpowertechnologies.com](http://www.oceanpowertechnologies.com). It will also be available for replay  
28 later today. The replay will stay on the site for on-demand review over  
29 the next several months.

30  
31 Yesterday Ocean Power Technologies issued its earnings press  
32 release and filed its quarterly report on Form 10-Q with the Securities  
33 and Exchange Commission. All of our public filings can be viewed on  
34 the SEC website at [SEC.gov](http://SEC.gov) or you may go to the OPT website.

35  
36 During the course of this conference call, management may make  
37 projections or other forward-looking statements regarding future  
38 events or financial performance of the Company within the meaning  
39 of the Safe Harbor provisions of the Private Securities Litigation

40 Reform Act of 1995. These forward-looking statements are subject to  
41 numerous assumptions made by management regarding future  
42 circumstances over which the Company may have little or no control  
43 that involve risk and uncertainties and other factors that may cause  
44 actual results to be materially different from any future results  
45 expressed or implied by such forward-looking statements.

46

47 We refer you to the Company's Form 10-K, 10-Q and other recent  
48 filings with the Securities and Exchange Commission for the  
49 description of these and other risk factors.

50

51 And now, I'd like to turn the call over to George to begin the  
52 discussion.

53

54 **George H. Kirby – President and Chief Executive Officer**

55 Thank you, Andrew. Good morning, everyone. Thank you for joining, I  
56 appreciate your interest. Today I'll review our business operations  
57 and provide an update on key activities and developments that  
58 occurred in the quarter. Matthew will then briefly review our financial  
59 results, after which both Matthew and I will be available to answer  
60 any questions.

61

62 At this time I'd like to recap some of the events that occurred  
63 throughout the first quarter....

64

65 In June we announced the re-deployment of the PB3-A1 PowerBuoy  
66 off the coast of New Jersey after the integration of the National Data  
67 Buoy Center's Self-Contained Ocean Observing Payload, which is  
68 also known as "SCOOP". We also entered into an agreement with the  
69 Wildlife Conservation Society to integrate a marine mammal acoustic  
70 tracking sensor into the PB3-A1, in order to determine whether it can  
71 be used with the PowerBuoy to identify migratory patterns of marine  
72 species that have been tagged with acoustic transmitters in the Mid-  
73 Atlantic region. Both the SCOOP and the WCS payload are currently  
74 operating on the PB3-A1.

75

76 In July we announced the deployment of a second PB3 PowerBuoy,  
77 which is our first commercial-ready unit, off of the coast of New  
78 Jersey as well. The commercial PB3 incorporates multiple

79 enhancements over earlier prototypes including a redesigned power  
80 take-off, a high-capacity, modular energy storage system designed to  
81 provide flexibility through expanded battery capacity, a higher voltage  
82 and more efficient power management and power distribution system,  
83 and a new auto-ballasting system which allows for faster, safer, and  
84 less costly deployment.

85  
86 During the first quarter we raised approximately \$5.3 million dollars  
87 net, all of which strengthened our balance sheet and provides us with  
88 the opportunity to continue to implement our business plan. We  
89 believe that these successful capital raises indicate the commitment  
90 of our investors and their belief in our business and strategy moving  
91 forward.

92  
93 We also entered into a PB3 PowerBuoy<sup>®</sup> lease agreement with Mitsui  
94 Engineering and Shipbuilding. The PowerBuoy will be deployed off  
95 Kozushima Island in Japan. Under the agreement, we're also  
96 providing engineering support, associated deployment planning and  
97 logistics, as well as ocean performance data collection and analysis.  
98 In partnership with Mitsui we'll also jointly develop and test an  
99 advanced control algorithm with the goal of assessing increased  
100 ocean wave energy capture and electric power generation for  
101 potential customers in Japan and surrounding countries.

102  
103 The deployment off the coast of Japan will allow us to demonstrate  
104 the flexibility of our PB3 power and communications platform. We  
105 believe that this particular deployment could allow us to target  
106 additional opportunities in Japan and throughout the region. Market  
107 applications could include national security and defense, such as  
108 early detection and warning systems for subsea and surface threats,  
109 oil field management and metocean applications for the oil and gas  
110 industry and scientific communities.

111  
112 In addition to our commercialization activities within ocean observing,  
113 we continue to discuss and pursue opportunities in oil & gas, and  
114 security & defense, as well as other industries into which we believe  
115 we can expand.

116

117 I'll now turn it over to Matthew who will review our financial results for  
118 the quarter.

119

120 **Matthew Shafer- Chief Financial Officer**

121 Thank you George and good morning everyone. It is my pleasure to  
122 review results for the first fiscal quarter of 2017 before we open up  
123 the call for questions.

124

125 For the three months ended July 31, 2016, OPT reported revenue of  
126 \$200,000, as compared to revenue of \$100,000 for the three months  
127 ended July 31, 2015. The current year revenues included revenue  
128 from our contract with MES related to our commercial PB-3  
129 PowerBuoy which we announced in June while the prior year revenue  
130 included revenue from our previous contracts with the U.S.  
131 Department of Energy.

132

133 Operating loss for the quarter decreased to \$3.2 million in the quarter  
134 ended July 31, 2016 compared with an operating loss of \$4.4 million  
135 in the prior year quarter.

136

137 Both product development costs and selling, general and  
138 administrative costs were favorable in the fiscal first quarter of 2017  
139 compared with the prior year quarter. The prior year quarter included  
140 deployment and other costs related to our previous utility scale PB40  
141 PowerBuoy as well as costs related to the PB3 development.

142

143 Product development costs in the current year quarter include costs  
144 related to the redeployment of the PB3-A1, the deployment of our  
145 commercial design PB3 as well as estimated costs related to the  
146 retrieval of the mooring system from our legacy PB40 utility scale  
147 buoy.

148

149 SG&A costs were lower due to employee related costs, legal costs  
150 and third party consulting fees.

151

152 The current year quarter also includes a non-cash charge related to  
153 the change in fair value of the warrants issued during our June and

154 July 2016 common stock and warrant offerings wherein we raised  
155 \$5.3 million in net cash proceeds.

156  
157 The net loss for the three months ended July 31, 2016 was \$3.8  
158 million as compared to a net loss of \$4.1 million for the three months  
159 ended July 31, 2015.

160  
161 Turning now to the balance sheet, as of July 31 2016 total cash, cash  
162 equivalents, and marketable securities were \$9.1 million, up from  
163 \$6.8 million as of April 30, 2016.. As of July 31, 2016 and April 30,  
164 2016, restricted cash was \$0.3 million.

165  
166 As discussed in prior conference calls, we have taken a number of  
167 steps over the last months to reduce our cash burn rate while  
168 focusing our technical, operating and business development  
169 resources on key initiatives, particularly the PB3.

170  
171 We are encouraged by our recent capital raises in June and July and  
172 remain confident in our cash position. We expect to have sufficient  
173 cash to maintain operations into at least the quarter ended April 30,  
174 2017.

175  
176 That concludes my overview and I would like to turn the call back to  
177 George.

178  
179 **George H. Kirby – President and Chief Executive Officer**

180  
181 Thank you, Matthew.

182  
183 Before we move on to Q&A, I want to mention that we've reached  
184 some milestones that we are very proud of; we have two PB3  
185 PowerBuoys deployed simultaneously off the coast of New Jersey,  
186 with one of them being our commercial PB3 product, and we're  
187 receiving a constant stream of performance data from them. We  
188 believe that the commercial PB3 PowerBuoy will allow us to pursue  
189 additional markets, such as oil and gas, ocean observing, security  
190 and defense, and communications.

191

192 And I'd be remiss if I didn't mention that we strengthened our Board  
193 by appointing two new Directors; Steven Fludder and Robert Winters.  
194 We're very excited to have them join us; both Steve and Robert bring  
195 unique skills which augment our Board.

196

197 I'm also pleased to welcome Matthew as our new Chief Financial  
198 Officer and look forward to this being the first of many conference  
199 calls which we'll be on together.

200

201 Thank you for your support and time today. Operator, we're now  
202 ready to take questions.

203

### 204 **Question-and-Answer Session**

205

206 ***Operator:***

207 There are no further questions in the queue. I'll now turn the call back  
208 over to Mr. Kirby for any closing remarks.

209 ***George H. Kirby***

210 Thank you all once again for attending today's call. If you have any  
211 further questions, please do not hesitate to contact us. Otherwise, we  
212 look forward to speaking with you next quarter.

213 ***Operator:***

214 Thank you everyone. That concludes our call. You may now  
215 disconnect.

216