



Second Quarter 2024 Earnings Conference Call

Aug 8, 2024 – TECNOGLASS INC.
(NYSE: TGLS)

www.tecnoglass.com

Disclaimer

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This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth and future acquisitions. These statements are based on Tecnoglass' current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive and/or regulatory factors, and other risks and uncertainties affecting the operation of Tecnoglass' business. These risks, uncertainties and contingencies are indicated from time to time in Tecnoglass' filings with the Securities and Exchange Commission. The information set forth herein should be read in light of such risks. Further, investors should keep in mind that Tecnoglass' financial results in any particular period may not be indicative of future results. Tecnoglass is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

FINANCIAL PRESENTATION

Certain of the financial information contained herein is unaudited and does not conform to SEC Regulation S-X. Furthermore, it includes EBITDA (earnings before interest, taxes, depreciation and amortization) which is a non-GAAP financial measure as defined by Regulation G promulgated by the SEC under the Securities Act of 1933, as amended. Accordingly, such information may be materially different when presented in Tecnoglass' filings with the Securities and Exchange Commission. Tecnoglass believes that the presentation of this non-GAAP financial measure provides information that is useful to investors as it indicates more clearly the ability of Tecnoglass to meet capital expenditures and working capital requirements and otherwise meet its obligations as they become due. EBITDA was derived by taking earnings before interest, taxes, depreciation and amortization as adjusted for certain one-time non-recurring items and exclusions.

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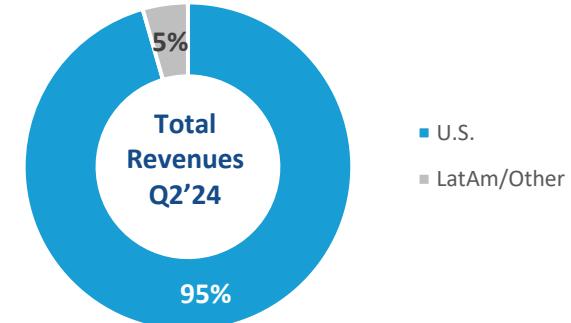
Highlights

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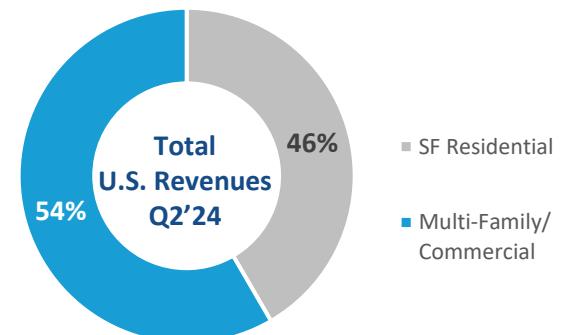
Q2 2024 Key Takeaways

- Revenues of \$219.7 mm, marking second highest quarterly total, fueled by continued strong performance in all end markets
- Accelerated growth in single-family residential activity, up 10% YoY to a record \$95.7 mm, through dealership growth and geographic expansion
- SF Residential orders continued record trajectory for Q2, up over 60% YoY. Sequential growth in commercial revenues to \$123.9 mm with strong order levels in Q2
- Gross profit margin of 40.8% up 200bps sequentially, albeit lower YoY given unfavorable FX, deleveraging given salary increases, and revenue mix dynamics. FX relatively stable for the last 12 months, mitigating unfavorable comparisons for the rest of the year
- Strong operating cashflow of \$34.5 mm driven by continued efficient working capital management and further strengthening financial flexibility to execute expected growth, producing free cash flow of \$14.2 mm
- Adj. EBITDA of \$64.1 mm, or 29.2% of revenues. Adj. net income of \$40.5 mm, driving Adj. EPS of \$0.86
- Debt down to \$142 mm after debt repayment of \$15 mm in January and \$15 mm in May, bringing leverage to an all-time low of 0.06x net debt/LTM Adjusted EBITDA
- Backlog growth continued record trajectory, up 29% YoY to a record \$1.02 bn, maintaining a book to build ratio above 1.5x and representing ~2.1x LTM multifamily and commercial revenues
- Strong level of vinyl quoting continues to support expected ramp-up in vinyl revenues for the rest of the year

Sales by Geography Q2'24



U.S. End Market Mix Q2'24



Q2'24 Revenues **\$219.7 mm**

Q2'24 Adj EBITDA **\$64.1 mm**

Q2'24 Operating Cash Flow **\$34.5 mm**

Backlog **\$1.02 bn**

Notes:

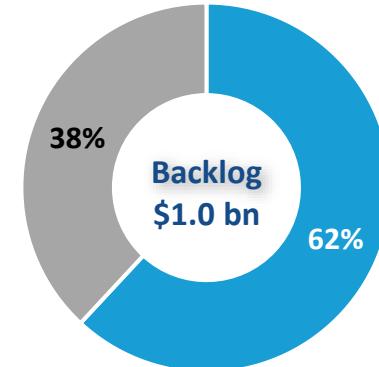
1. Adjusted EBITDA, Adjusted Net Income and Adjusted EPS excludes non-recurring and non-cash expenses mainly associated with non-cash foreign exchange transaction gains or losses, non-recurring professional fees and other non-core items, and include the proportional contribution of the Company's joint venture with Saint-Gobain.

U.S. Growth Driving Resilient Multi-family/Commercial Backlog

Backlog Overview

- Backlog expanded 29% YoY to a record \$1.02 bn. Track record of successfully delivering high profile projects and maintaining consistent lead times has earned us an increasing number of opportunities across the U.S.
- Favorable demographic trends in Florida and Southeast along with favorable commercial sub-sector mix allow for continued strength despite macroeconomic uncertainty
- U.S. backlog represents 94% of total backlog, led by market share gains, geographical diversification and strong activity in the Southeast U.S.
- While interest rates remain high, the majority of backlog is comprised of projects that we believe to have lesser sensitivity to interest rate fluctuations (high end condos, luxury lodging, etc.)
- Strong “book to build” continues, paving the way for growth during 2024 and 2025
- Solid single-family residential growth trajectory not fully captured in backlog given shorter term “spot” duration of projects

Backlog as of Q2'24 by End Market

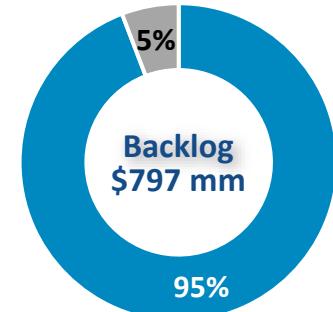


- Multifamily / Residential Related
- Commercial

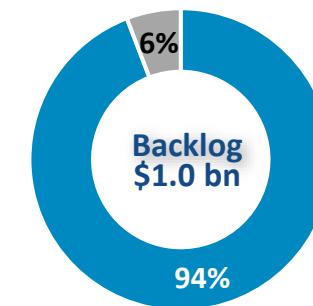
Majority of backlog weighted towards medium and high rise residential, which are outperforming most sectors

Geographic Mix

At Q2'23



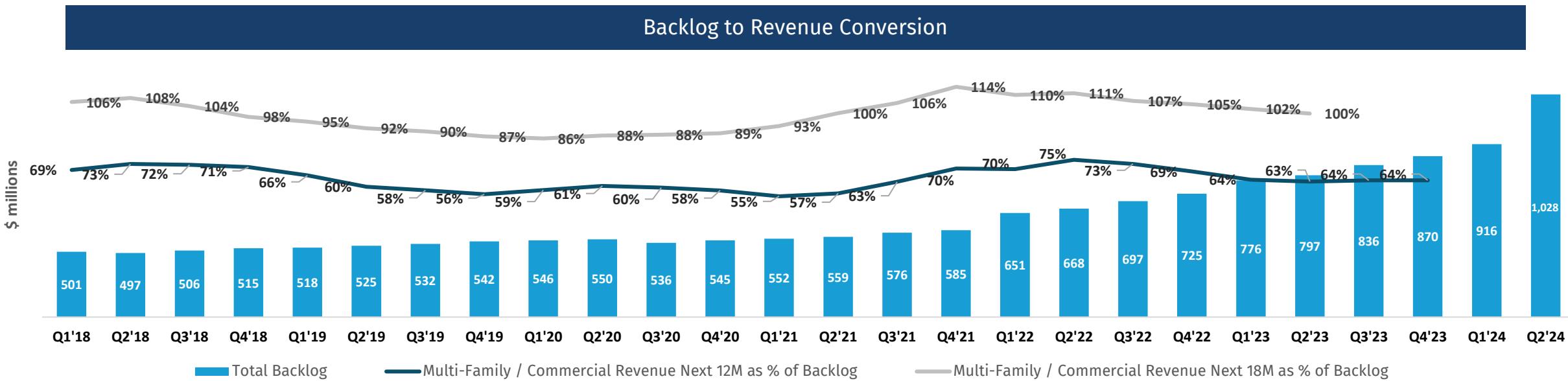
At Q2'24



U.S.

Colombia / Latam

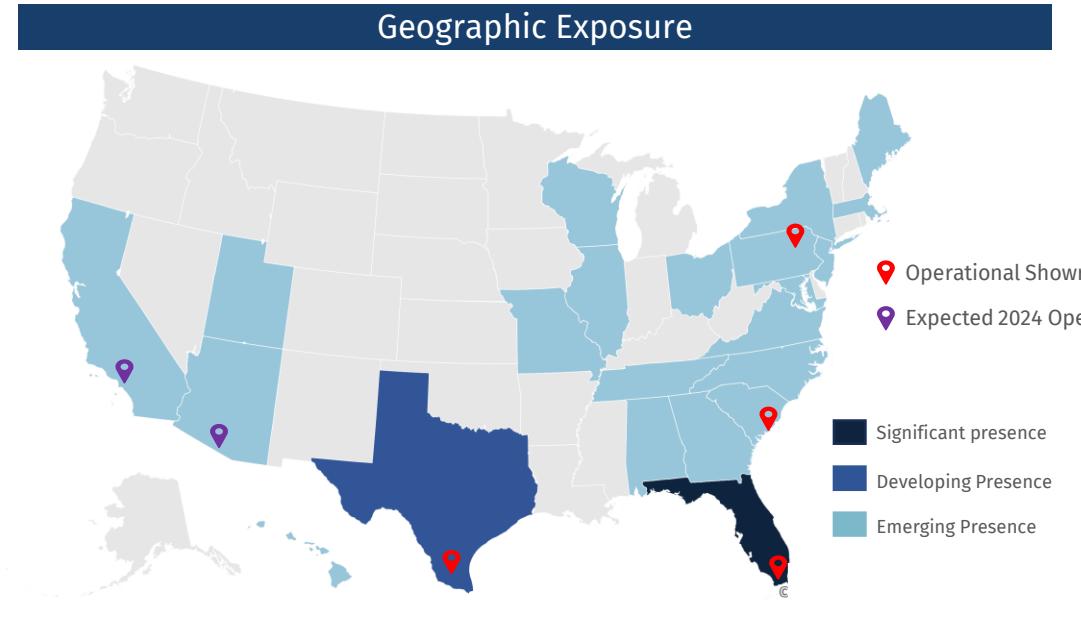
Demonstrated History of Converting Backlog to Revenue



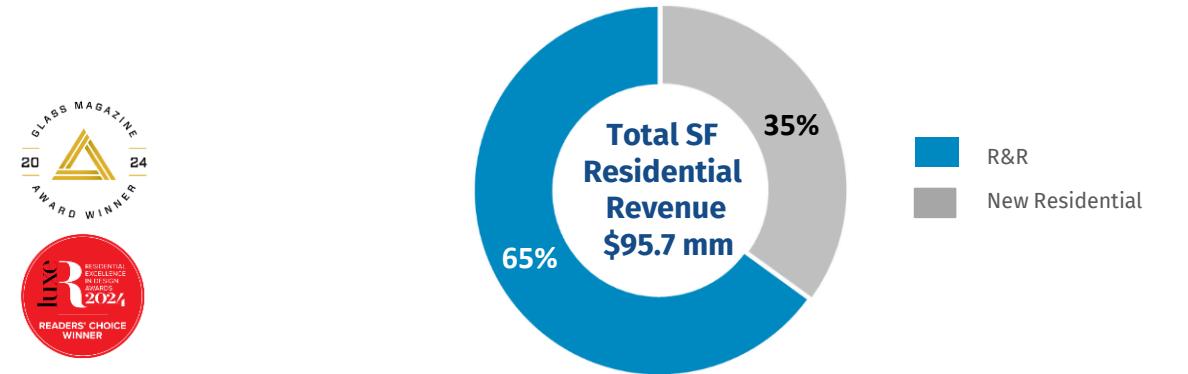
- Backlog has demonstrated consistent growth each quarter since 2021, reflecting sustained business momentum and a strong pipeline
- Historically, ~65% of multi-family and commercial revenue in backlog rolls off within 12 months and ~99% of the backlog rolls off within 18 months
- Book-to-bill ratio of 1.5x in Q2'24 with strong bidding activity signaling attractive project opportunities in the near future and adding to a solid book-to-bill ratio above 1.1x for the past 14 consecutive quarters
- Virtually no project cancellations historically given late-stage installation of windows into largely completed buildings, though tighter lending standards or other delays may lead to lags in invoicing materializing into revenues over a longer time period
- Single-family residential not reflected in backlog and provides additional growth avenues through showroom expansions and recent vinyl window market entry

Single-Family Residential Business Expanding

- Record Q2 SF Residential revenues of \$96 mm; accounting for 46% of U.S. revenues, compared to 3% in 2017
- Second quarter orders continued record trajectory, up over 60% YoY
- Market share upside to single-family residential revenues exists through multiple avenues:
 - ❖ Organic growth driven by a widening dealer base enabled by short lead times (5-6 weeks), innovative product development and tailwinds in sustainability
 - ❖ Geographic expansion in Florida and further brand recognition throughout the US with additional showrooms in key markets (NYC, Charleston & Houston)
 - ❖ Recent vinyl market entry significantly expanded our addressable market, providing a solid runway for revenue growth and product diversification
- Favorable demographics support secular trend of population migration into southern states
- Balanced end market exposure with ~65% of single-family residential revenues tied to R&R demand
- Vinyl entry more than doubles addressable market, leveraging existing network for rapid U.S. expansion; strong early traction with robust quoting activity signals significant growth potential.
- The ES Windows Pivot Door won “Best Hardware Product or System” in the 2024 Glass Magazine Awards and received the Luxe RED (Residential Excellence in Design) Awards Readers' Choice recognition
- Currently launching various campaigns to maximize the visibility of the Pivot Door and leverage its award-winning status to drive sales growth



Q2'24 Single-Family Residential End Market Exposure

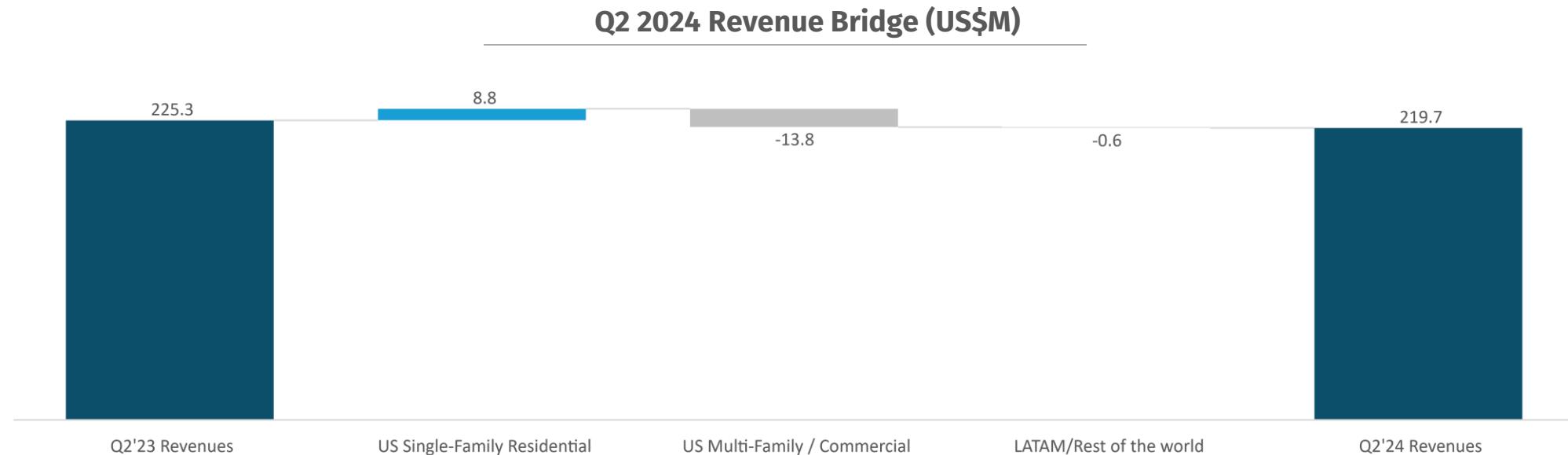




Financial Update

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Revenue Bridge 2024 vs. 2023



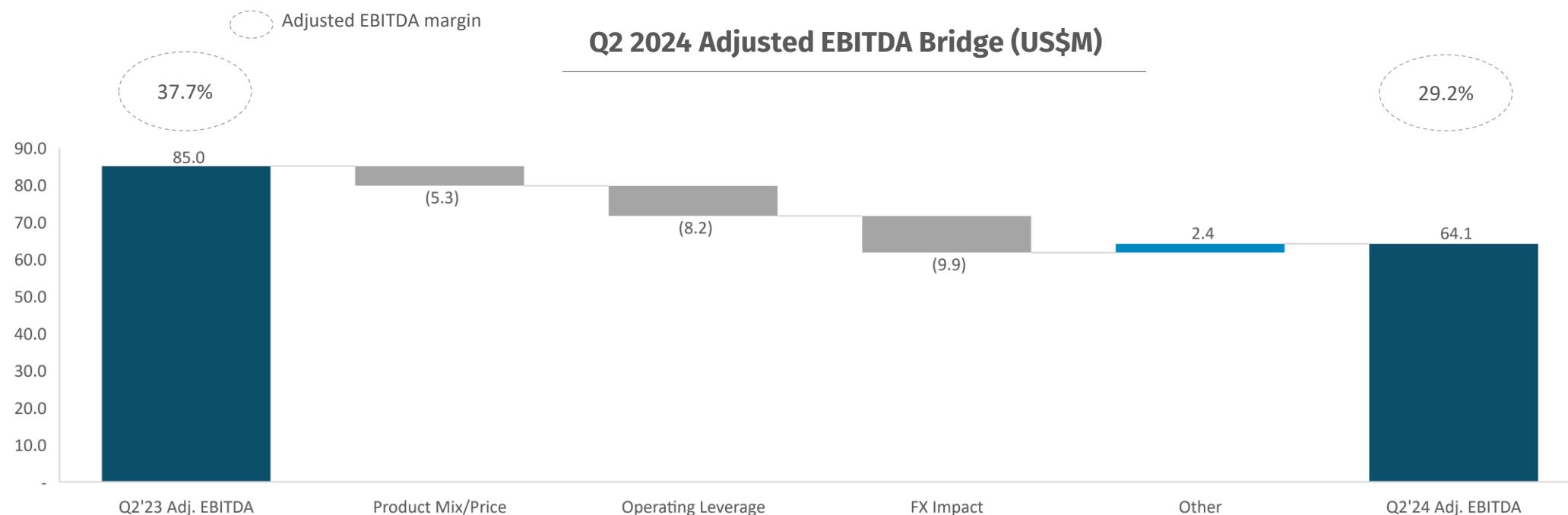
- Second highest revenue quarter in the company's history at \$219.7 mm, as a result of robust demand for our best-in-class product offerings, coupled with our ability to continue taking market share in geographies that are outperforming the broader U.S. market
- Single-family residential revenues increased \$8.8 mm, or 10% YoY, to \$95.7 mm in Q2'24, comprising approximately 44% of total sales
- Quarter-over-quarter sequential growth in U.S. multi-family and commercial revenues; Decreased 10% YoY to \$111 mm, accounting for approximately 54% of U.S. sales in Q2'24 compared to a record prior year quarter. Pipeline of projects increasing with further ramp-up expected in 2024.

TGLS LTM revenue mix from U.S. +95%, compared to average of 84% for U.S.-based building product peers⁽¹⁾

Notes:

1. Peer average includes AMWD, APOG, AWI, AYI, AZEK, DOOR, FBIN, JBI, JELD, MBC, NX, PGTI, ROCK, SSD, and TILE as of latest annual SEC filings; Sourced from FactSet

Adjusted EBITDA⁽¹⁾ Bridge 2024 vs. 2023



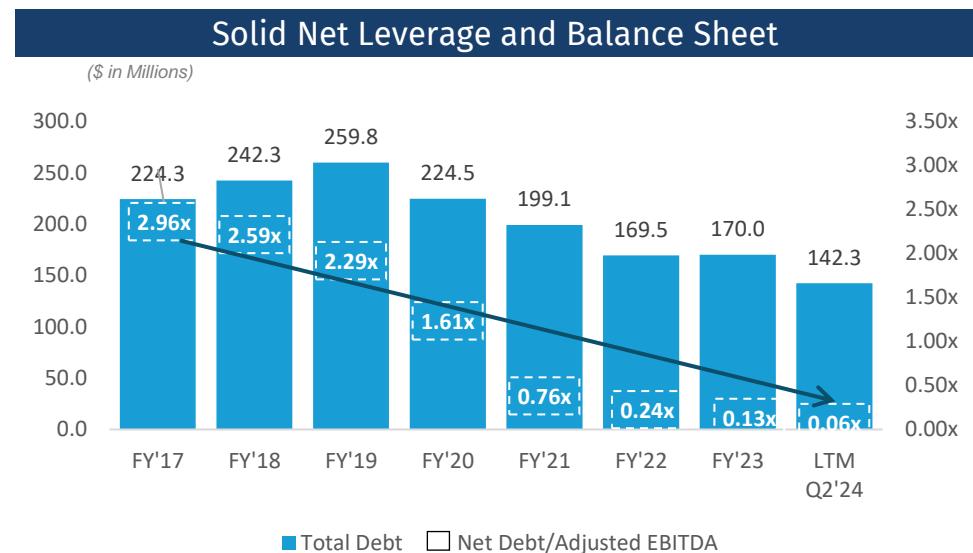
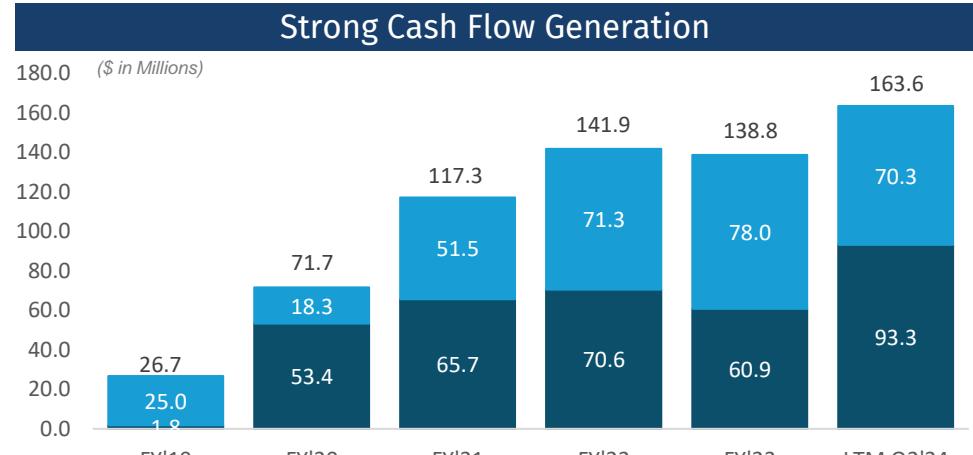
- Gross margin of 40.8%, down YoY primarily due to a strong FX revaluation YoY, deleveraging from lower multi-family and commercial revenues coupled with higher salary expenses, and unfavorable revenue mix that included more stand-alone product sales. On a sequential basis, gross margin improved by 200 bps, up from 38.8% in Q1'24
- SG&A slight increase primarily attributable to higher personnel expenses given overall salary adjustments that took place at the beginning of the year. SG&A as a percent of sales was 17.5% compared to 15.6% in the prior year quarter, primarily due to lower revenues and salary adjustments
- Q2'24 Adjusted EBITDA of \$64.1 mm or 29.2% of revenues

Notes:

1. Adjusted EBITDA excludes non-recurring and non-cash expenses mainly associated with our bond issuance and respective extinguishment of former debt, withholding taxes associated with payments to bondholders, acquisition related costs and other non-recurring items

Strong Cash Flow & Balance Sheet

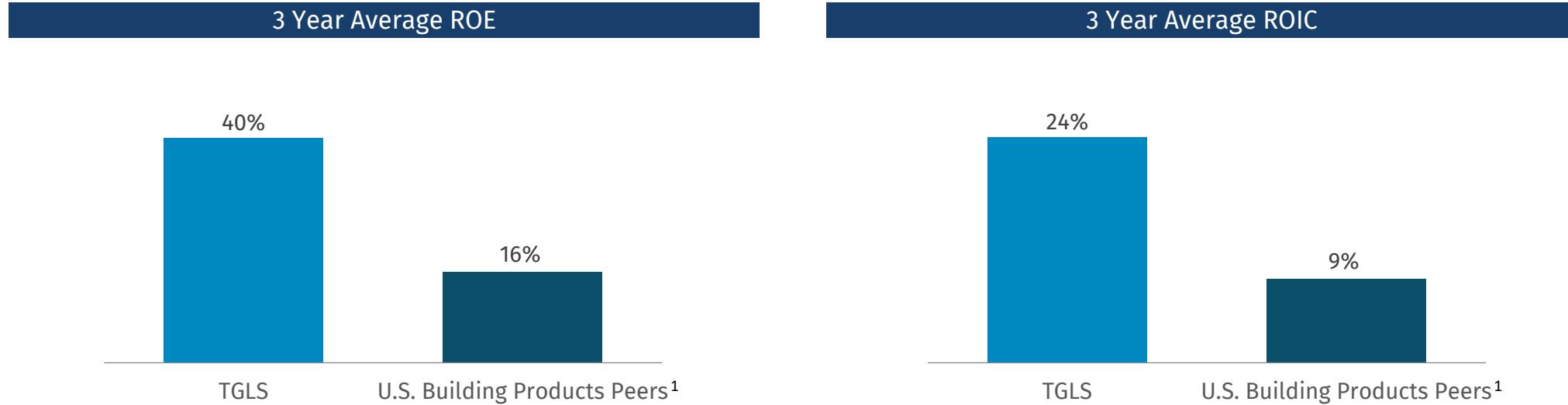
- Strong cash conversion of Adj. EBITDA⁽¹⁾ driving \$34.5 mm of cash flow from operations in Q2 2024
- Free cash flow of \$14.2 mm, slightly lower than previous quarters due to seasonality of cash tax payments (albeit substantially higher YoY); Strong free cash flow expected to continue through 2024
- Liquidity⁽²⁾ of ~\$300 mm, including cash of \$127.0 mm and \$170.0 mm of availability under revolving credit facility
- Continued deleveraging, with all time low net debt / LTM Adj. EBITDA⁽¹⁾ at 0.06x with no significant debt maturities until the end of 2026
- Interest rate at lowest tier under debt agreement at SOFR + 1.50% and hedged through maturity at low rates, mitigating interest rate fluctuations
- Significant financial flexibility to execute growth, invest in business and return cash to shareholders
- Paid down \$30 mm of debt outstanding YTD



Notes:

1. Adjusted EBITDA excludes non-recurring and non-cash expenses mainly associated with our bond issuance and respective extinguishment of former debt, acquisition related costs and other non-recurring items
2. On a pro forma basis as of March 31, 2024 giving effect to the \$350 mm senior secured facility

Track Record of Strong Returns Above Peers



Stronger profitability and significant improvement in working capital driving strong returns

Notes:

1. U.S. Building Products Peers include AMWD, APOG, AWI, AYI, AZEK, DOOR, FBIN, JBI, JELD, MBC, NX, PGTI, ROCK, SSD, and TILE for the three year period from Q1 2021 to Q1 2024.

205 Race Street
Philadelphia, Pennsylvania



OUTLOOK UPDATE

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2024 Outlook

Full Year Outlook

Revenue

\$860 MM - \$910 MM

Adj. EBITDA

\$260 MM - \$285 MM

2024 Assumptions

- Growth in residential revenues based on strong orders through June
- Vinyl Revenues of \$15 to \$25 mm
- Large multi-family/commercial projects stay within scheduled timetables
- Stable activity in short-term/small commercial projects, fueled by strong orders during Q2
- COP between \$3,900-\$4,000
- Gross Margin at low to mid 40% range
- Healthy cash flow generation during the rest of the year given the completion of a majority of capex investments

Notes:

1. Adjusted EBITDA excludes non-recurring and non-cash expenses mainly associated with our bond issuance and respective extinguishment of former debt, acquisition related costs and other non-recurring items

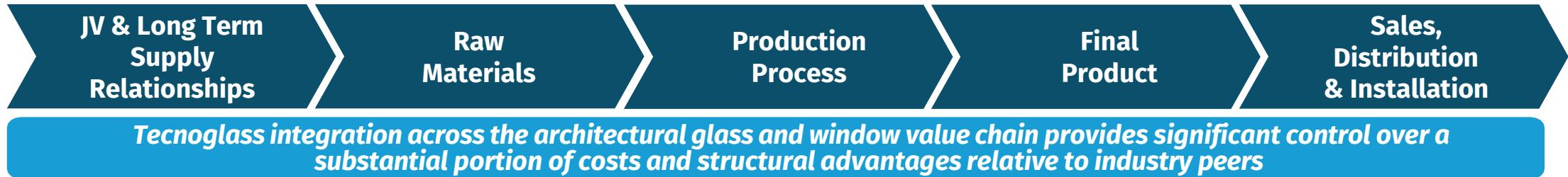
3Eleven 601 Hudson Yards |
New York City, New York



APPENDIX

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Vertically-Integrated & Well-Situated Operations Create Structural Advantages



Raw Materials

- ✓ Stable glass supply and costs resulting from JV with St. Gobain
- ✓ Majority of aluminum costs hedged through fixed price contracts

Labor

- ✓ Investments in automation initiatives and commitment to workforce providing production efficiency and low turnover
- ✓ While TGLS pays 15% above minimum wage, this is 7-10x below U.S. peers

Transportation

- ✓ U.S./Colombia trade imbalance mitigates marine transportation costs
- ✓ Connected supply chain keeps intercompany transport costs <5% of revenues

Energy

- ✓ 15% energy savings from prior investments in renewables (solar panels)
- ✓ Utilizing co-generation through on-site natural gas emissions

Structural advantages resulting in substantially shorter lead times than industry, unlocking opportunities for continued expansion and market share gains

ESG Strategy

Outstanding Achievements

Environmental

Leading Eco-Efficiency and Innovation



National Carbon Neutrality Program



+15,000 Solar Panels
Installed Generating Over
32.443,19 MWh



Waste Management
and Utilization



Container and Packaging
Environmental
Management Plan



Automation
and Innovation

Social

Enhancing Our Environment



Employee Training and
Education Programs



Program for Prevention and
Care of COVID-19



Occupational Health and
Safety



Tecnoglass ESWindows
Foundation



Social Intervention
Campaigns

Governance

Promoting Continuous, Ethical and Responsible Growth



Ethics and Compliance
Program



Efficient Supply Chain
Security Management



Continuous Improvement
of Our Products Through
Our Quality Management
System "QMS"



Communication Strategies
In-Line With the Company's
Objectives and Specially
Designed for Each
Audience

ESG Strategy

Our Sustainability Strategy contains the Company's guidelines and value propositions to meet the expectations of our stakeholders

Environmental

Leading Eco-Efficiency and Innovation



Encourage the energy efficiency of the operation and the products



Prevent, mitigate and compensate environmental impacts of the business



Promote the efficient use of materials and technologies, respectful with the environment



Responsible management of the value chain and the product cycle



Position an innovation and quality approach within all of the Company's processes

Social

Enhancing Our Environment



Generate quality work opportunities



Promote and adopt the best labor and Human Rights



Build and develop a comprehensive teamwork with innovating mentality



Achieve an accident-free labor environment, supported by culture of health and safety



Generate value for the communities in the areas of influence

Governance

Promoting Continuous, Ethical and Responsible Growth



Adapt our offer and operation to new markets



Conduct our business with integrity, ethical and transparency



Adopt best corporate governance practices that facilitate decision making and accountability



Consolidate and protect our brand



Strengthen risk management as strategic factor for the organization

Leading Eco-efficiency and Innovation

Over 85% of Tecnoglass' total revenues are considered Green Revenues, including low emissivity and impact-resistant glass and windows, contributing to reducing global emissions and mitigating climate change effects



68%

of our revenues are Impact Resistant (Hurricane), reflecting the increasing demand for resilient solutions in regions vulnerable to extreme weather events



65%

of our revenues are Energy Efficient, including IGUs and low emissivity glass, providing greener and more efficient cooling or heating energy usage



84%

of our Low-E products are equipped with double or more coatings, providing superior performance sought in sustainable building solutions

Non-GAAP Reconciliation¹

Adjusted EBITDA and adjusted net (loss) income attributable to parent reconciliation

Figures in U.S. \$k

	Three months ended		Twelve months ended	
	Jun 31,		Jun 31,	
	2024	2023	2024	2023
Net (loss) income	35,028	52,565	147,331	202,983
Less: Income (loss) attributable to non-controlling interest	-	(120)	(371)	(607)
(Loss) Income attributable to parent	35,028	52,445	146,960	202,376
Foreign currency transactions losses (gains)	5,575	(889)	4,831	(2,208)
Provision for bad debt	150	985	1,185	1,994
Non-Recurring expenses (non-recurring professional fees, capital market fees, other non-core items)	968	1,436	4,333	4,750
Joint Venture VA (Saint Gobain) adjustments	1,409	(43)	2,602	(528)
Tax impact of adjustments at statutory rate	(2,593)	(476)	(4,144)	(1,328)
Adjusted net (loss) income	40,537	53,457	155,766	205,056
Basic income (loss) per share	0.75	1.10	3.13	4.24
Diluted income (loss) per share	0.75	1.10	3.13	4.24
Diluted Adjusted net income (loss) per share	0.86	1.12	3.31	4.30
Diluted Weighted Average Common Shares Outstanding in thousands	46,997	47,675	46,997	47,675
Basic weighted average common shares outstanding in thousands	46,997	47,675	46,997	47,675
Diluted weighted average common shares outstanding in thousands	46,997	47,675	46,997	47,675
	Three months ended		Twelve months ended	
	Jun 31,		Jun 31,	
	2024	2023	2024	2023
Net (loss) income	35,028	52,565	147,331	202,983
Less: Income (loss) attributable to non-controlling interest	-	(120)	(371)	(607)
(Loss) Income attributable to parent	35,028	52,445	146,960	202,376
Interest expense and deferred cost of financing	2,006	2,321	8,696	9,567
Income tax (benefit) provision	12,493	23,248	53,638	97,427
Depreciation & amortization	6,463	5,147	24,740	19,138
Foreign currency transactions losses (gains)	5,575	(889)	4,831	(2,208)
Provision for bad debt	150	985	1,185	1,994
Non-Recurring expenses (non-recurring professional fees, capital market fees, other non-core items)	968	1,436	4,332	4,750
Joint Venture VA (Saint Gobain) EBITDA adjustments	1,409	313	4,025	3,544
Adjusted EBITDA	64,092	85,006	248,407	336,588

Notes:

1. Adjusted EBITDA, Adjusted EBIT and Adjusted Net Income are not measures of financial performance under generally accepted accounting principles ("GAAP"). Management believes Adjusted EBITDA, Adjusted EBIT and Adjusted Net Income, in addition to operating profit, net income and other GAAP measures, is useful to investors to evaluate the Company's results because it excludes certain items that are not directly related to the Company's core operating performance. Investors should recognize that Adjusted EBITDA, Adjusted EBIT and Adjusted Net Income might not be comparable to similarly-titled measures of other companies. These measures should be considered in addition to, and not as a substitute for or superior to, any measure of performance prepared in accordance with GAAP. Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures.

Non-GAAP Reconciliation¹

Net Debt, Leverage and Total Investment Reconciliations

Figures in U.S. \$k

	As of June 30,	
	2023	2024
Short Term Debt and Current Portion of Long Term Debt	645	2,197
Long Term Debt	172,672	140,058
Gross Debt	169,648	142,255
 Cash at the end of the period	 104,686	 126,805
 Net Debt	 64,962	 15,450
 LTM Adjusted EBITDA	 336,588	 248,407
 Net Debt / LTM Adjusted EBITDA	 0.19x	 0.06x

Notes:

1. Total Investment and Free Cash Flow are not financial measures under generally accepted accounting principles ("GAAP"). Management believes these measurements are useful to investors to evaluate the Company's performance. Total Investment includes capex or cash acquisition of property and equipment, assets acquired under capital lease and assets acquired with debt. Free Cash Flow is calculated as cash (used in) provided by operating activities (-) capex or cash acquisition of property and equipment. Free Cash Flow do not include assets acquired under capital lease or debt. Investors should recognize Total Investment and Free Cash Flow might not be comparable to similarly-titled measures of other companies. These measures should be considered in addition to, and not as a substitute for or superior to, any measure prepared in accordance with GAAP. Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures.