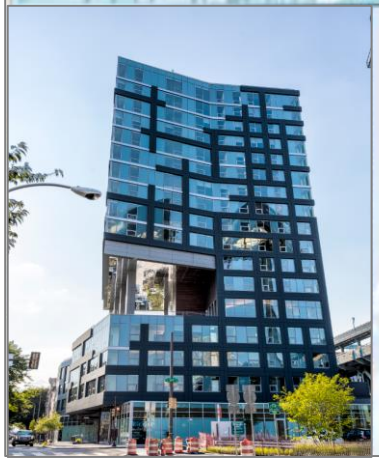






Fourth Quarter and Full Year 2017 Earnings Conference Call

TECNOGLASS INC.

March 14, 2017

(NASDAQ: TGLS)



Safe Harbor

FORWARD LOOKING STATEMENTS

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.

NO OFFER OR SOLICITATION

This announcement is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.



SUMMARY & HIGHLIGHTS

Four Seasons Residences, Maryland

TECNOGLASS

2017 Key Take-Aways

Highlights:

- Record quarter and FY revenues of $84.3 mm and $314.5 mm, respectively, driven by FY U.S. sales up 25.6%
- Delivered adjusted EBITDA of $62.0 mm, at mid-point of FY 2017 outlook range, producing another year of industry-leading margins
- Significantly improved gross and Adjusted EBITDA margins in H2 2017 compared to H1 2017 through operating leverage and cost optimization
- Backlog grew to a record $499 mm, up 26% YoY, providing exceptional strength into 2018
- Anticipate double-digit percent revenue and adjusted EBITDA[(1)] growth along with margin improvement in 2018
  - Strong start to year with Q1 2018 revenue and adjusted EBITDA both expected up 28-32% YoY



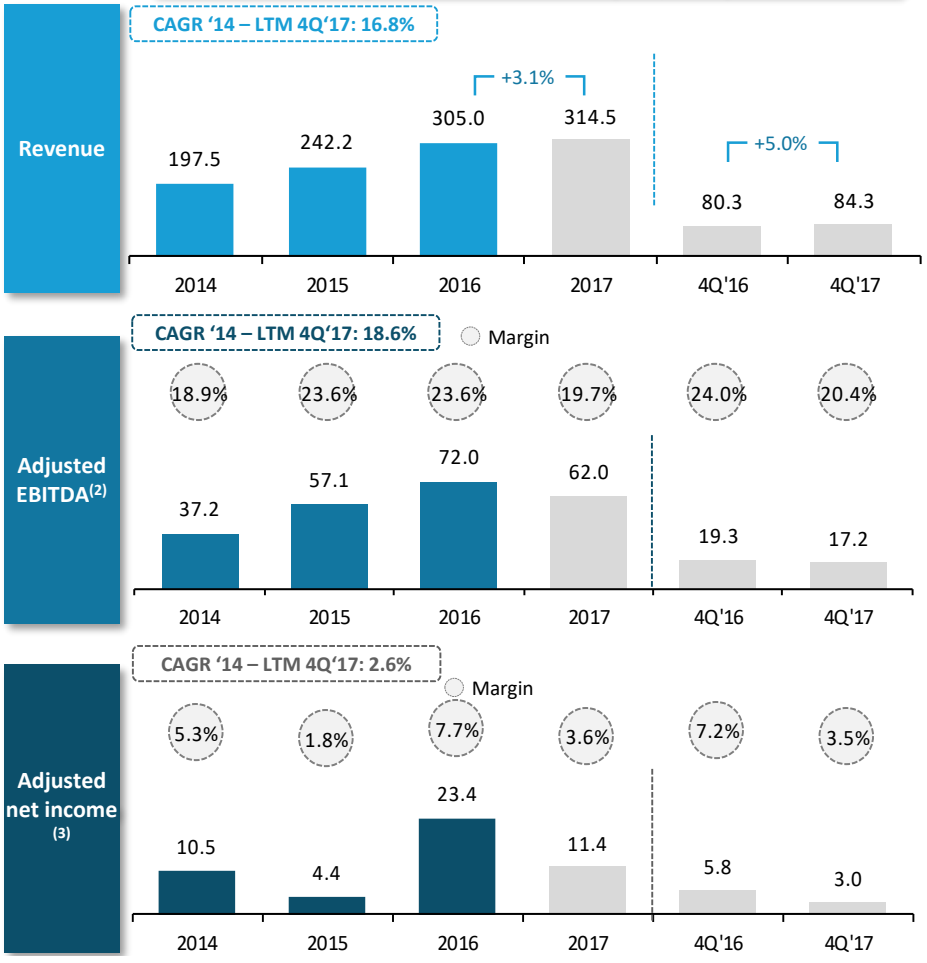
Salesforce Tower, San Francisco CA

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 and other non-recurring items*

Full Year 2017 Summary[1]

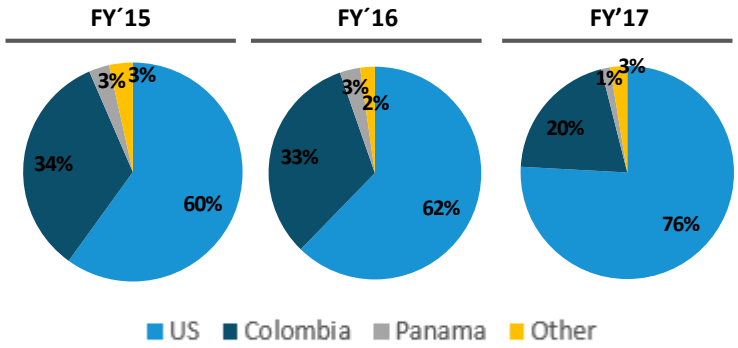
Key financial metrics (US$mm)



Sales geographic mix

	4Q		2017 vs 2016		Full Year		2017 vs 2016	
Revenues (US$mm)	2016	2017	$Δ	%Δ	2016	2017	$Δ	%Δ
Colombia	25.4	18.2	-7.2	-28.2%	98.8	63.5	-35.2	-35.7%
United States	51.2	63.8	12.6	24.6%	190.0	238.5	48.5	25.6%
Panama	1.9	1.1	-0.9	-44.3%	9.4	4.3	-5.2	-54.9%
Other Countries	1.8	1.2	-0.6	-31.8%	6.8	8.1	1.3	19.0%
Total	80.3	84.3	4.0	5.0%	305.0	314.5	9.4	3.1%

- Successful integration of GM&P, serving as a growth platform for Florida and non Florida markets



Notes:

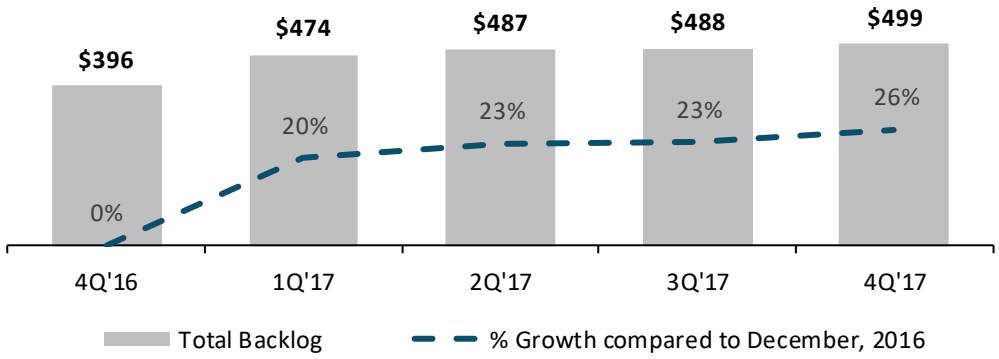
1. *Prior-period financial information 2015-2016 has been retroactively adjusted for ES Windows, acquired under common control. 2017 Financials include 8 months of GM&P, acquired on March 1, 2017.*
2. *Adjusted EBITDA excludes non-recurring and non-cash expenses mainly associated with our bond issuance and respective extinguishment of former debt, withholding taxes associated with payments to bondholders and other non-recurring items*
3. *Adjusted net income is estimated as net income (loss) attributable to parent (+) income gain/loss on change in fair value of warrants and earnouts, FX exchange gain/loss, non-core items and tax impact of adjustments at statutory rate.*

Continued Bidding Activity Translating Into Strong Backlog Growth

Increase in backlog paving the way for continued revenue growth.
Record Q4 total, up 26% YoY

- Upward trend in backlog resulting from favorable construction conditions in the U.S. and a recovery in Colombian activity
- Florida continues to be the Company´s largest U.S. market providing an efficient platform for diversification
- Current backlog and bidding activity provide ample visibility for 2018 while starting to build out 2019

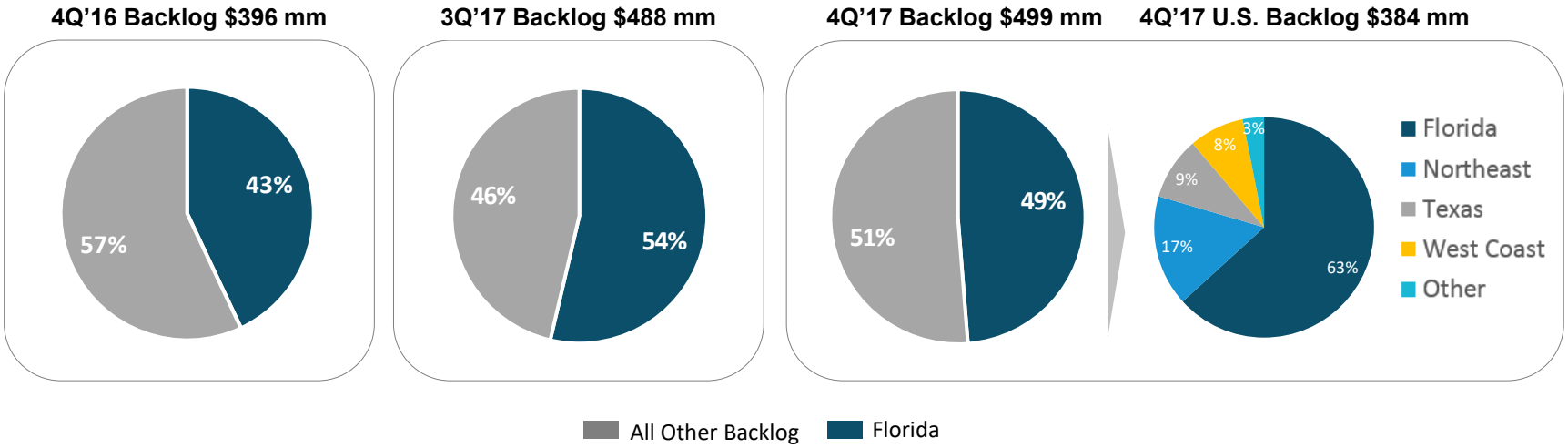
Backlog performance at quarter end and growth evolution (US$mm)(1)



Notes:
1. Backlog as of March 31, 2017, reflects addition of acquired GM&P backlog.

Geographical Diversification

Backlog – Breakdown by Geography (US$mm)



- ✓ U.S. backlog represented 77% of the total at year end, up from 67% at the end of 2016
- ✓ U.S Florida backlog accounted for $243 mm or 49% of total backlog compared to $172 mm or 43% from last year
- ✓ Florida continues to show strength in various geographical pockets and asset types, including single-family residential
- ✓ Colombia backlog is rising and expected to remain at strong levels given significant pent-up activity in 2017



FINANCIAL UPDATE

Dealertrack, New York

Financial Highlights 2017 vs 2016[1]

	4Q		2017 vs 2016		Full Year			2017 vs 2016	
Key financial results (US$mm)	2016	2017	$Δ	%Δ	2015	2016	2017	$Δ	%Δ
Revenues	80.3	84.3	4.0	5.0%	242.2	305.0	314.5	9.4	3.1%
Adjusted EBITDA (2)	19.3	17.2	-2.1	-10.8%	57.1	72.0	62.0	-10.0	-13.9%
Adjusted net income	5.8	2.9	-2.8	-48.8%	4.4	23.4	11.4	-12.1	-51.4%
Cash at end of period	26.9	40.9	14.0	52.0%	22.7	26.9	40.9	14.0	52.0%
Net debt (3)	172.7	183.3	10.7	6.2%	116.4	172.7	183.3	10.7	6.2%
Capex (4)	7.0	0.3	-6.7	-95.4%	14.9	22.9	7.0	-15.9	-69.3%
Paid cash dividends	0.7	0.6	-0.1	-18.1%	-	0.7	2.5	1.7	233.5%
Operating Cash Flow	(3.1)	14.2	17.3	560.6%	2.5	(3.1)	14.2	17.3	560.6%
Free Cash Flow (5)	(26.0)	7.2	33.2	127.6%	(12.4)	(26.0)	7.2	33.2	127.6%

Fourth quarter results

- Revenues accelerated as U.S. business further expanded, largely through our GM&P acquisition and as Colombia´s invoicing began to recover

- Adjusted EBITDA of $17.2 mm within the mid-point of implicit guidance, evidencing margin recovery over the first half of year. Adjusted EBITDA margins expected to continue improving trough operating leverage

Full Year 2017 results

- U.S. revenue up 25.6% mostly offset weakness in Colombia

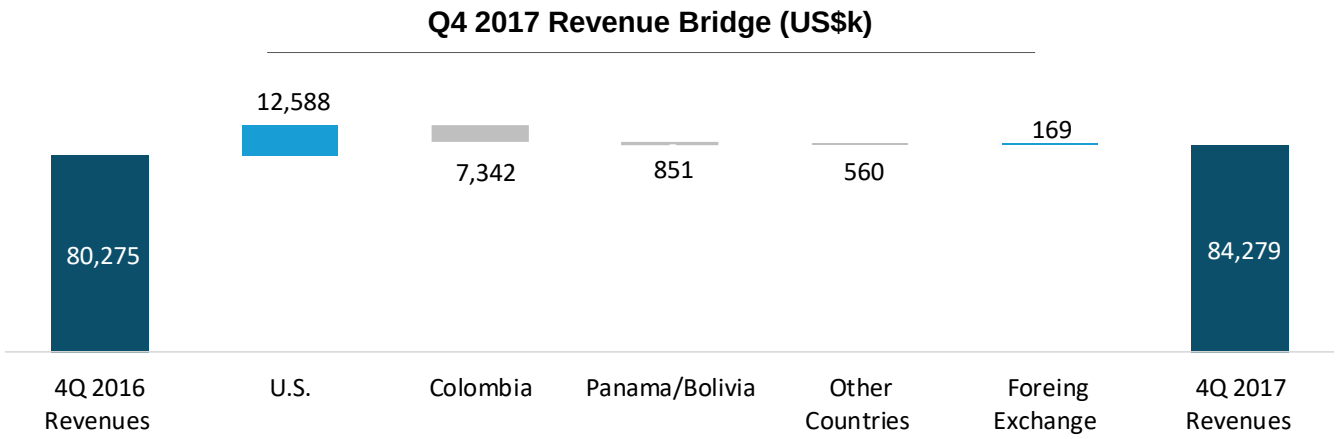
- Significant increase in free cash flow by $33.2 mm driven by better working capital management, primarily in accounts receivables, and lower capex spend following completed growth phase in 2016

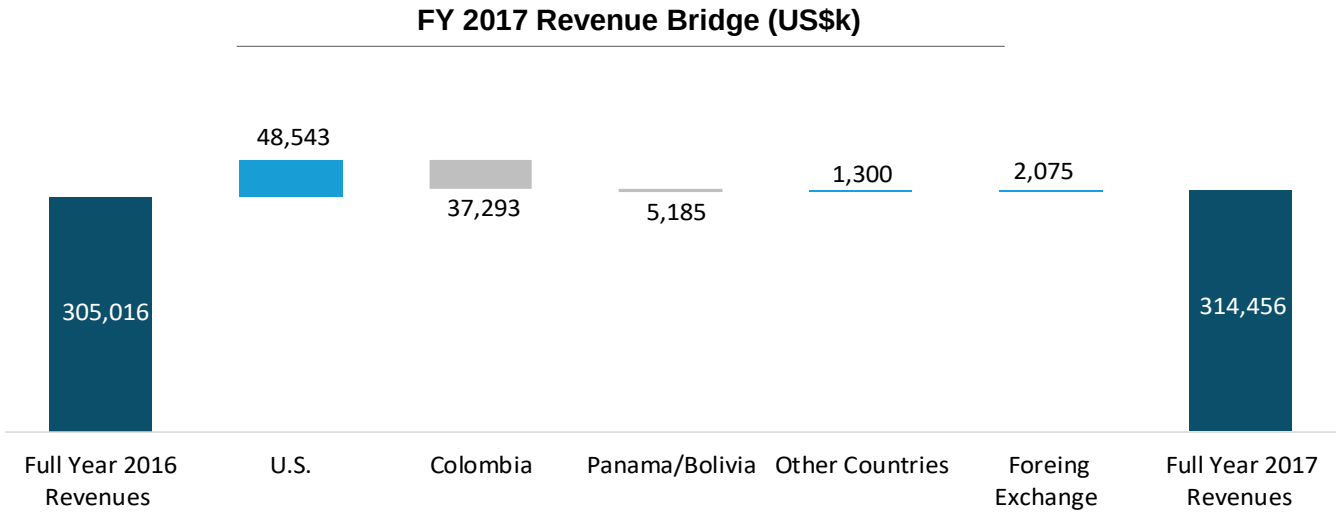
- Liquidity position improved significantly with healthy cash balance of $41 mm at year end maintaining conservative leverage profile of less than 3.0x Net Debt/Adjusted EBITDA

Notes:

1. *Prior-period financial information 2015-2016 has been retroactively adjusted for ES Windows, acquired under common control. 2017. Financial statements includes 8 months of GM&P, acquired on March 1, 2017.*
2. *FY´2017 adjusted EBITDA excludes $10.9 mm in extinguishment of debt, bond issuance costs, stock based compensation, inventory provision and other non-recurring.*
3. *Net debt is calculated as gross debt (-) cash & equivalents.*
4. *Capex refers to acquisition of property and equipment with cash. Do not include assets acquired under capital lease and debt.*
5. *Free Cash Flow is calculated as cash (used in) provided by operating activities (-) Capex, that is cash acquisition of property and equipment.*

Revenue Bridge 2017 vs 2016[1]

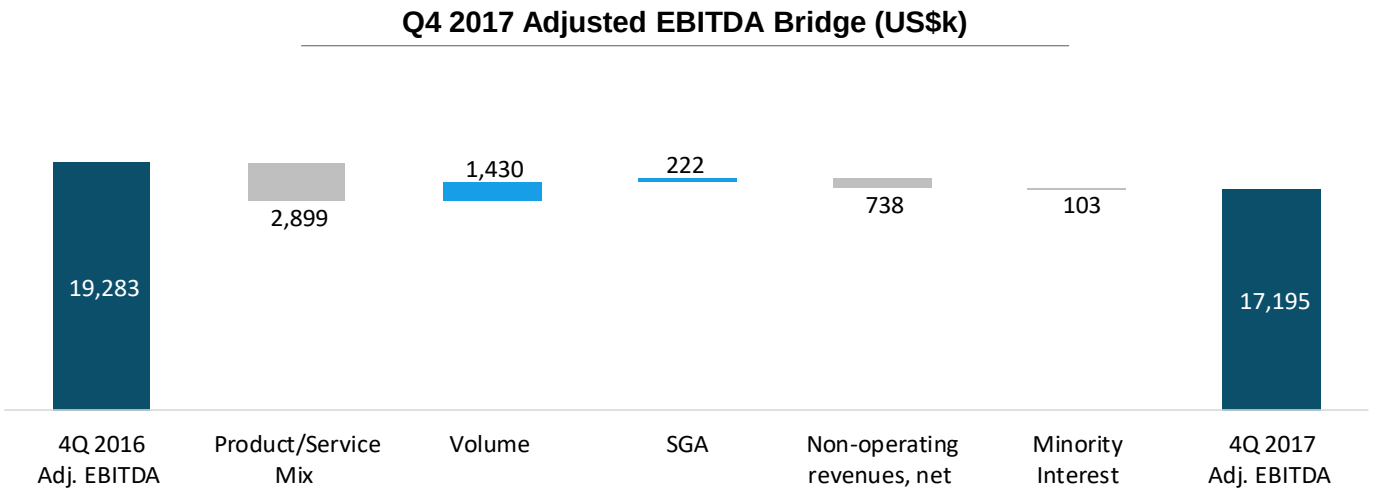


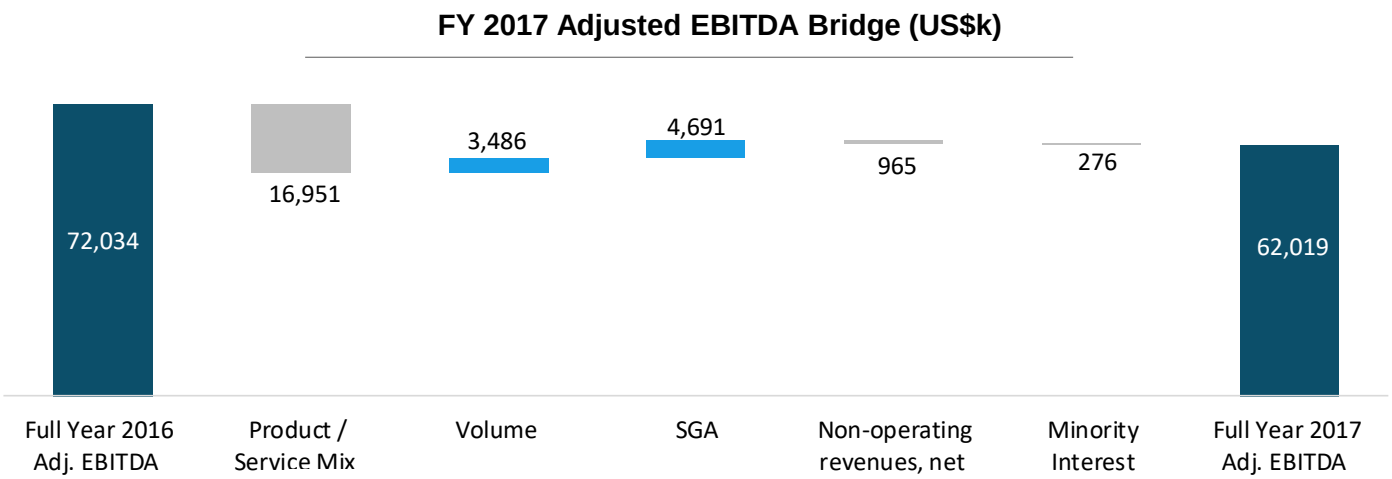


Notes:

1. *Prior-period financial information in 2016 has been retroactively adjusted for ESWindows, acquired under common control. 2017. Financial statements in 2017 Include 8 months of GM&P, acquired on March 1, 2017.*

Adjusted EBITDA Bridge 2017 vs 2016[1,2]





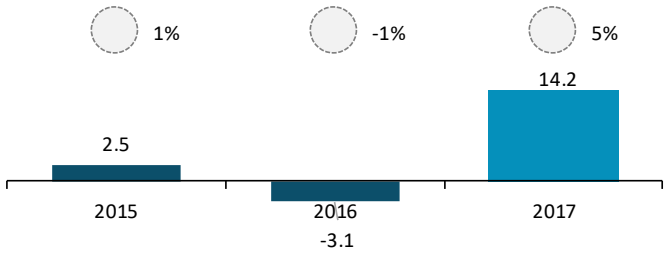
Notes:

1. *Prior-period financial information in 2016 has been retroactively adjusted for ESWindows, acquired under common control. 2017. Financial statements in 2017 Include 8 months of GM&P, acquired on March 1, 2017.*
2. *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 and other non-recurring items.*

Significant Improvement in Cash Generation and Stable Leverage Metrics[1]

Operating Cash Flow

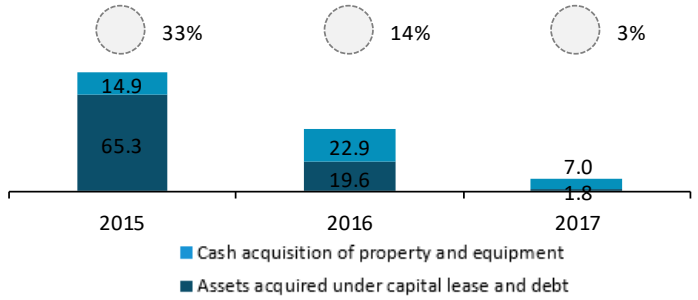
Cash (used in) provided by operating activities
Operating CF as % of sales / (US$mm)



- Significant improvement in operating cash flow over prior years as a result of better working capital management

Total Investment to Revenues

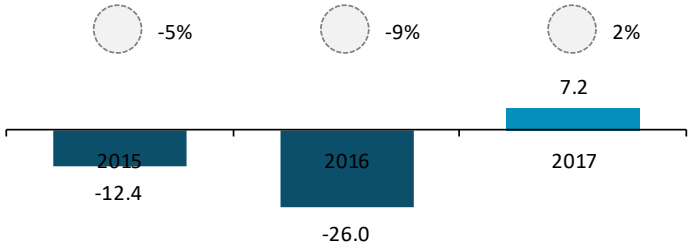
Total Investment per year [2]
Total Investment as % of sales / (US$mm)



- 2017 capex investments focused on incremental high-return projects, including solar conversion, following completion of growth phase

Free Cash Flow

Operating Cash Flow (-) Capex
Operating CF as % of sales / (US$mm) [3]



- Positive cash flow generated by improved working capital management coupled with minimal capex spend given ample installed capacity to address future growth

Notes:

1. *Prior-period financial information 2015-2016 has been retroactively adjusted for ES Windows, acquired under common control. 2017. Financial statements includes 8 months of GM&P, acquired on March 1, 2017.*
2. *Total investment includes Capex or cash acquisition of property and equipment, assets acquired under capital lease and debt.*
3. *Free Cash Flow is calculated as cash (used in) provided by operating activities (-) Capex, that is cash acquisition of property and equipment.*



MARKET UPDATE

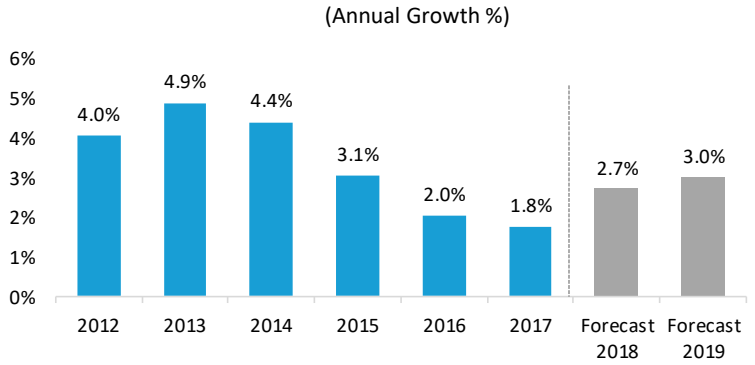
Eliot on 4th, Washington DC

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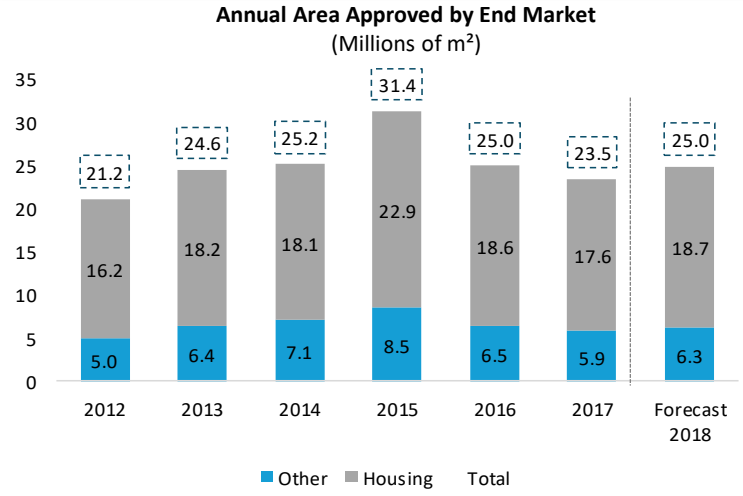
Colombian Macro-Economic Environment Beginning to Recover

- Seeing renewed construction activity in Colombia since the lows of June 2017 and stronger activity in Q1 2018
- Colombia GDP growth in 2018 expected to be in the 2.7% to 3% range, following 2 years of weaker growth
- Inflation rate of 3.37% in February 2018 within the Central Bank´s targeted 2-4% rate[1]
- Interest rates down 325bps to 4.5% since 2016, with more stable mortgage rates driving better construction outlook

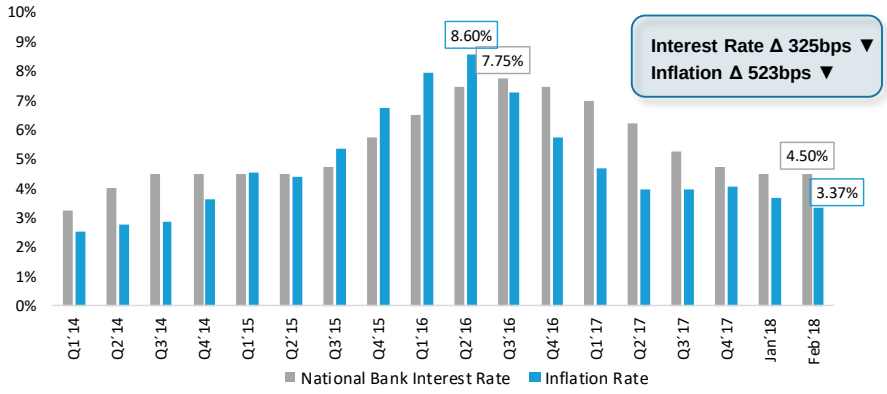
Colombian GDP Performance [2]



Building Construction Licenses in Colombia [3]



Central Bank Interest Rates and Inflation[4]



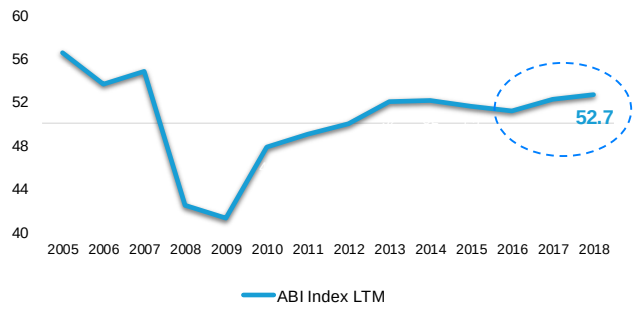
Source:

1. *Colombia General Budget. Minister of Finance. As of December, 2017*
2. *Colombia GDP Annual Growth Rate. DANE. As of December, 2017.*
3. *Statistics of Building Construction Licenses. DANE. As of December 2017.*
3. *Intervention Rate, Inflation and Target. Central Bank´s Policy Rate. As of February 2018.*

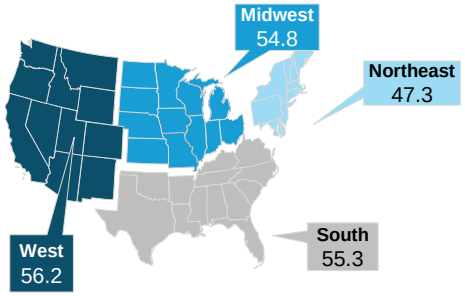
U.S. 2017 Construction Fundamentals & 2018 Outlook

Architecture Billings Have Been Surprisingly Strong So Far This Year

Architectural Billing Index as of January 2018 [1]
Firms continuing to report strong billings



Regional [1]
Results show healthy growth in 3 major sectors



- Continued strength signaling expansion for the 4th consecutive quarter
- ABI reading as of January, shows expansion and growth in the Southeast and in commercial construction
- Sector index breakdown:
  - Commercial / industrial 53.3
  - Institutional 52.5
  - Residential 56.0

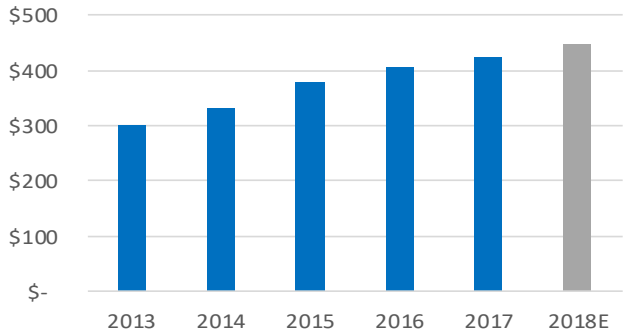
2018 U.S. Commercial Construction Forward-looking Indicators

Summary of Commercial Construction Monitor Starts as of January 2018 [2]

Forward Looking Indicators	Most Recent Reporting Date	Value	Measure	Y/Y Performance	Positive/ Negative	Source
Dodge Momentum Index - Commercial	Jan-18	155.1	Index Val	+1.5%	=	Dodge
Dodge Momentum Index - Institutional	Jan-18	129.7	Index Val	+1.2%	=	Dodge
Dodge Commercial Construction Starts	Dec-17	$240.3	$bns	+7.3%	+	Dodge
Architectural Billings Index - Commercial	Jan-18	53.3	Index Val	-0.2%	+	AIA
Architectural Billings Index - Institutional	Jan-18	52.5	Index Val	-3.8%	+	AIA
Construction Backlog Indicator	3Q17	9.3	Months	+12.0%	+	AB&C
ENR Construction Industry Confidence Index	4Q17	71.0	Index Val	+4.4%	+	ENR
Net Forward Looking Indicators					+	

- Steady momentum for commercial construction looking forward
- Most indicators support single-digit growth for commercial in 2018
- Energy efficiency, environmental regulations, new coating technology and urbanization driving long term demand for architectural glass

Commercial construction forecasts [2,3]
($ Billions)



- Continued steady growth during 2017
- DB forecasts high single-digit growth in 2018

Source:
1. *The American Institute of Architects (AIA) reported the Architecture Billing Index January,2018. Figures represents trailing 12 month average from Feb 2017 to Jan 2018 across U.S. census regions.*
2. *Deutsche Bank. Commercial Construction Monitor. United States Industry update. Building & Building Products. February, 2018.*
3. *U.S. Census Bureau. United States New Residential Construction as of 31 December, 2017.*



Grand Beach Hotel Surfside West, Florida

OUTLOOK UPDATE

2018 Outlook

FY 2018
Revenues
$345 to $365 Million
Up 10-16% YoY

FY 2018
Adjusted EBITDA
$71 to $81 million
Up 15-31% YoY

Q1 2018
Revenue &
Adjusted EBITDA
Up 28-32% YoY

Highlights

- Double-digit percent growth in revenues and adjusted EBITDA
- Stronger visibility provided by project level analysis of backlog
- Significant pent-up demand in Colombia and Florida
- Expect favorable operating leverage on higher revenues and improved mix of sales from manufacturing operations
- Continued cost optimization efforts driving additional margin
- Q1 2018 growth outlook for revenues and adjusted EBITDA supported by actual performance through February 2018
- Strong Q1 like-for-like core growth and Colombia recovery with additional benefit from two months of GM&P acquisition and invoicing of deferred Hurricane Irma activity

TECNOGLASS

Thank you

Questions?



APPENDIX

Florida International University Stempel Complex, Florida

Profit & Loss 2017 vs 2016[1,2]

Figures in US $mm

	Three months ended December 31,				2017 vs 2016		Twelve months ended December 31,				2017 vs 2016	
	2,017	% Sales	2,016	% Sales	$ Δ	% Δ	2,017	% Sales	2,016	% Sales	$ Δ	% Δ
Operating revenues	**84,279**	**100%**	**80,275**	**100%**	**4,004**	**5%**	**314,456**	**100%**	**305,016**	**100%**	**9,440**	**3%**
Cost of sales	**57,077**	**68%**	**51,604**	**64%**	**5,473**	**11%**	**215,274**	**68%**	**192,369**	**63%**	**22,905**	**12%**
Gross profit	**27,202**	**32%**	**28,671**	**36%**	**-1,469**	**-5%**	**99,182**	**32%**	**112,647**	**37%**	**-13,465**	**-12%**
SG&A & other operating expenses	**16,517**	**20%**	**19,588**	**24%**	**-3,071**	**-16%**	**64,818**	**21%**	**64,799**	**21%**	**19**	**0%**
Operating income	**10,685**	**13%**	**9,083**	**11%**	**1,602**	**18%**	**34,364**	**11%**	**47,848**	**16%**	**-13,484**	**-28%**
Adjusted EBITDA	**17,195**	**20%**	**19,283**	**24%**	**-2,088**	**-11%**	**62,019**	**20%**	**72,034**	**24%**	**-10,015**	**-14%**
Gain on change in fair value of warrant liability	0	0%	1,063	1%	-1,063	-100%	0	0%	776	0%	-776	-100%
Gain on change in fair value of earnout shares liabilities	0	0%	270	0%	-270	-100%	0	0%	4,674	2%	-4,674	-100%
Non-operating revenues, net	585	1%	1,323	2%	-738	-56%	3,190	1%	4,155	1%	-965	-23%
Foreign currency transaction gains (losses)	2,134	3%	1,555	2%	579	37%	3,028	1%	1,387	0%	1,641	118%
Loss on extinguishment of debt	-12	0%	0	0%	-12	0%	3,136	1%	0	0%	3,136	0%
Interest expense	4,982	6%	4,677	6%	305	7%	19,872	6%	16,814	6%	3,058	18%
(Loss) income before taxes	**4,166**	**5%**	**5,507**	**7%**	**-762**	**-14%**	**11,518**	**14%**	**39,252**	**49%**	**-26,093**	**-66%**
Income tax provision	2,997	4%	2,579	3%	418	16%	5,793	2%	16,072	5%	-10,279	-64%
Net (loss) income	**1,169**	**1%**	**2,928**	**4%**	**-1,180**	**-40%**	**5,725**	**2%**	**23,180**	**8%**	**-15,814**	**-68%**
Less: Net income attributable to non-controlling interest	-103	0%	0	0%	-103	0%	-276	0%	0	0%	-276	0%
Net income (loss) attributable to parent	**1,066**	**1%**	**2,928**	**4%**	**-1,077**	**-37%**	**5,449**	**6%**	**23,180**	**29%**	**-16,090**	**-69%**
Basic loss per share	0.03		0.09				0.16		0.75			
Diluted loss per share	0.03		0.09				0.16		0.72			
Basic weighted average common shares	34,834,653		32,706,055				34,822,313		30,850,866			
Diluted weighted average common shares	35,333,733		34,227,149				35,321,393		32,371,960			

Notes:

1. *Prior-period financial information in 2016 has been retroactively adjusted for ESWindows, acquired under common control. 2017. Financial statements in 2017 Include 8 months of GM&P, acquired on March 1, 2017.*
2. *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 and other non-recurring items*

Non-GAAP Reconciliation[1]

Adjusted EBITDA and adjusted net (loss) income attributable to parent reconciliation
Figures in US $mm

	Three months ended					Twelve months ended			
	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Net Income (loss)	**2,928**	**1,031**	**(3,500)**	**7,025**	**1,169**	**9,511**	**(11,020)**	**23,180**	**5,725**
Less: net income attributable to non-controlling interest	-	(12)	(60)	(101)	(103)	-	-	-	(276)
Net Income (loss) atributable to parent	**2,928**	**1,019**	**(3,560)**	**6,924**	**1,066**	**9,511**	**(11,020)**	**23,180**	**5,449**
Interest expense and amortization of deferred financing costs	4,677	5,082	5,175	4,633	4,982	8,900	9,274	16,814	19,872
Income tax (benefit) provision	2,579	1,042	(4,052)	5,806	2,997	8,538	20,691	16,072	5,793
Depreciation & amortization	4,368	4,905	5,461	5,326	5,277	8,543	12,464	15,522	20,969
Foreign currency transactions losses (gains)	1,555	(2,425)	8,713	(5,394)	2,134	(10,790)	(10,059)	1,387	3,028
Non Recurring expenses (extinguishment of debt, bond issuance costs, provision for bad debt and other)	4,509	4,105	1,565	206	668	-	-	4,509	6,544
Director Stock compensation and provision for obsolete inventory	-	71	129	93	71	-	-	-	364
Gain on change in fair value of earnout shares liabilities	(270)	-	-	-	-	10,807	10,858	(4,674)	-
Gain on change in fair value of warrant liability	(1,063)	-	-	-	-	1,711	24,901	(776)	-
Adjusted EBITDA	**19,283**	**13,799**	**13,431**	**17,594**	**17,195**	**37,220**	**57,109**	**72,034**	**62,019**
Net Income (loss)	**2,928**	**1,031**	**(3,500)**	**7,025**	**1,169**	**9,511**	**(11,020)**	**23,180**	**5,725**
Less: net income attributable to non-controlling interest	-	(12)	(60)	(101)	(103)	-	-	-	(276)
Net Income (loss) atributable to parent	**2,928**	**1,019**	**(3,560)**	**6,924**	**1,066**	**9,511**	**(11,020)**	**23,180**	**5,449**
Foreign currency transactions losses (gains)	1,555	(2,425)	8,713	(5,394)	2,134	(10,790)	(10,059)	1,387	3,028
Gain on change in fair value of earnout shares liabilities	(270)	-	-	-	-	10,807	10,858	(4,674)	-
Gain on change in fair value of warrant liability	(1,063)	-	-	-	-	1,711	24,901	(776)	-
Amortization of deferred financing costs	-	-	-	-	338	-	-	-	338
Non Recurring expenses (extinguishment of debt, bond issuance costs, provision for bad debt and other)	4,509	4,105	1,565	206	668	-	-	4,509	6,544
Tax impact of adjustments at statutory rate	(1,892)	(672)	(4,111)	2,075	(1,256)	(691)	(10,280)	(178)	(3,964)
Adjusted net (loss) income	**5,766**	**2,027**	**2,607**	**3,811**	**2,950**	**10,548**	**4,400**	**23,447**	**11,395**
Basic income (loss) per share	0.09	0.03	(0.10)	0.20	0.03	0.35	(0.39)	0.75	0.16
Diluted income (loss) per share	0.09	0.03	(0.10)	0.20	0.03	0.30	(0.39)	0.72	0.16
Diluted Adjusted net (loss) income per share	0.17	0.06	0.07	0.11	0.08	0.34	0.16	0.72	0.32
Diluted Weighted Average Common Shares Outstanding in thousands	**34,227**	**35,290**	**34,801**	**35,300**	**35,334**	**31,363**	**28,074**	**32,372**	**35,321**
Basic weighted average common shares outstanding in thousands	32,706	34,794	34,801	34,801	34,835	26,974	28,074	30,851	34,822
Diluted weighted average common shares outstanding in thousands	34,227	35,290	34,801	35,300	35,334	31,363	28,074	32,372	35,321

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.

TECNOGLASS

Non-GAAP Reconciliation[1]

Total Investment and Free Cash Flow
Figures in US $mm

Total Investment Reconciliation	As of December 31, 2015	2016	2017
Capex or Cash acquisition of property and equipment	14,901	22,906	7,027
Assets acquired under capital lease and debt	65,319	19,641	1,751
Total Investment	**80,220**	**42,547**	**8,778**

Free Cash Flow Reconciliation	As of December 31, 2015	2016	2017
Cash (used in) provided by operating activities	2,511	(3,085)	14,209
Capex or Cash acquisition of property and equipment	(14,901)	(22,906)	(7,027)
Free Cash Flow	**(12,390)**	**(25,991)**	**7,182**

Notes:

1. *Total Investment and Free Cash Flow are not financial measures under generally accepted accounting principles ("GAAP"). Management believes this 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.*