

TECNOGLASS

Wyndham Clearwater

Florida, United States

SECOND QUARTER 2018 EARNINGS CONFERENCE CALL

August 8, 2018 - TECNOGLASS INC. (NASDAQ: TGLS)

Safe Harbor

FORWARD LOOKING STATEMENTS

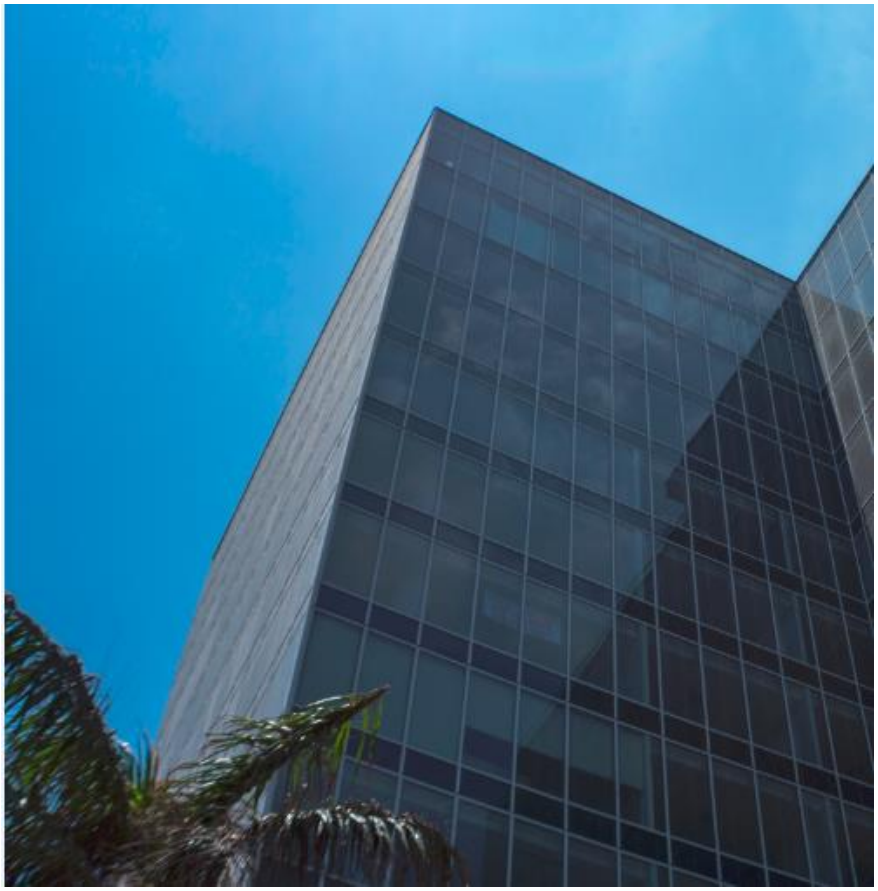
This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth and future acquisitions. These statements are based on Tecnoglass' current expectations 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.









Quantum Tower

Barranquilla, Colombia

SUMMARY & HIGHLIGHTS

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Q2 2018 Key Take-Aways

Highlights:

- ✓ 5th consecutive record revenue quarter at $89 mm, up 10% from the prior year quarter
- ✓ U.S. based activity continued on strong pace, reaching a record level of U.S. revenue of $69.9 mm, or 79% of overall sales, in line with strategy to continue penetrating the U.S. market
- ✓ Adjusted EBITDA(1) of $18.3 mm, growing 36% from the prior year quarter, mainly attributable to strong activity in U.S. markets coupled with cost control discipline
- ✓ Completed GM&P´s payment as well as its integration and process optimization into our vertically integrated model
- ✓ Strong backlog which fully replaces consecutive record quarters of invoicing; successful penetration into retail and residential expected to diversify project mix over time
- ✓ Reiterates 2018 outlook primarily based on strength in U.S.



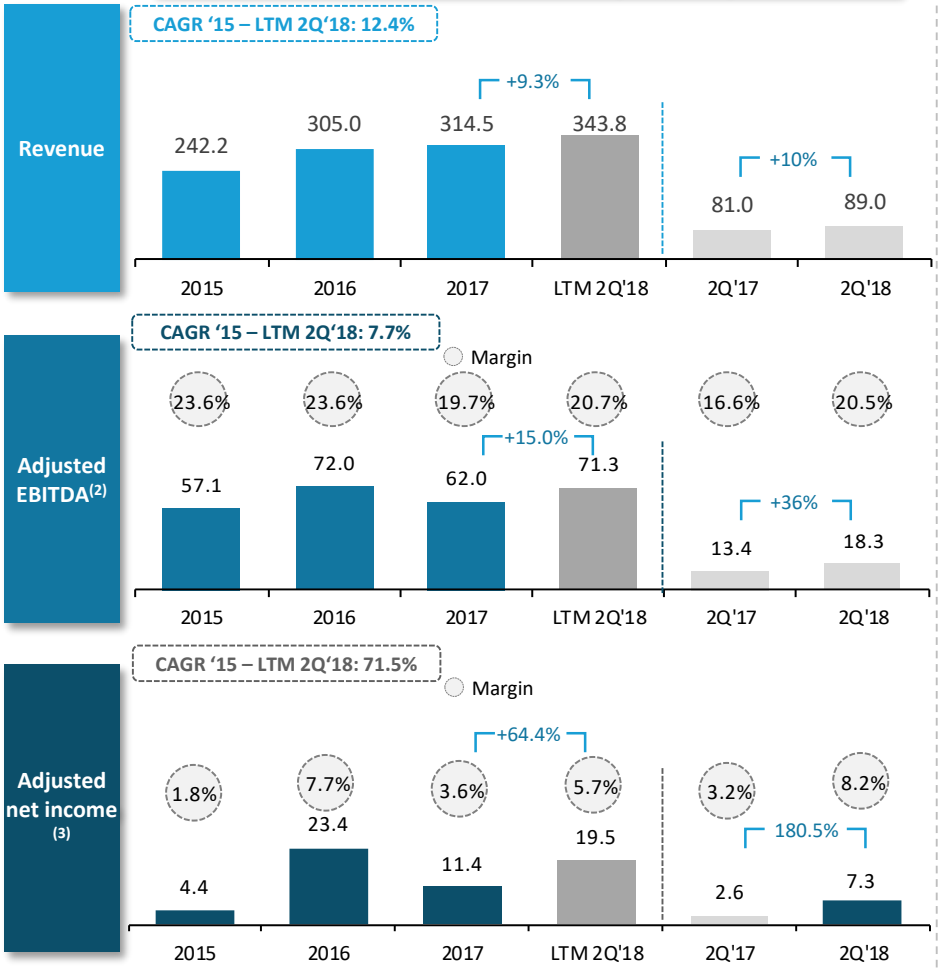
USF St. Petersburg
Florida, United States

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*

Q2 2018 Summary[1]

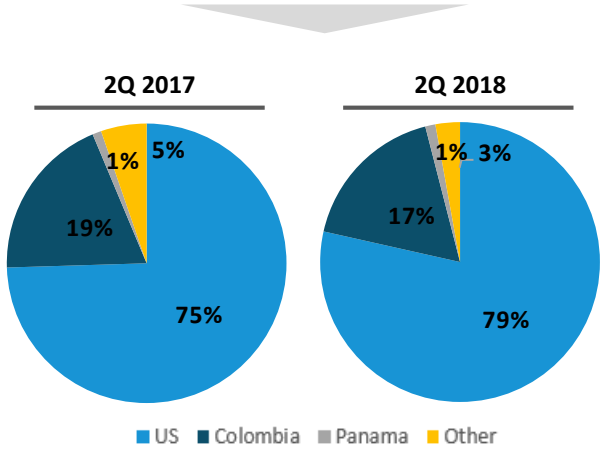
Key Financial Metrics (US$mm)



Sales Performance By Geography

	2Q		2018 vs		LTM		2018 vs	
Revenues US$mm	2017	2018	$Δ	%Δ	2017	2018	$Δ	%Δ
Colombia	15.5	15.6	0.0	0%	83.8	69.0	-14.9	-18%
United States	60.3	69.9	9.5	16%	208.7	264.7	56.0	27%
Panama	0.8	1.0	0.2	26%	7.1	4.0	-3.1	-43%
Other Countries	4.3	2.5	-1.8	-41%	8.5	6.1	-2.4	-28%
Total	81.0	89.0	8.0	10%	308.1	343.8	35.7	12%

- Overall core business growth driven by healthy U.S. based activity with Colombia stable YoY as it continues its recovery



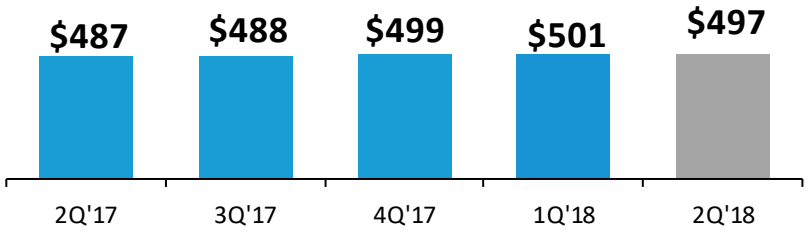
Notes:

1. *Prior-period financial information 2015-2016 has been retroactively adjusted for ES Windows, acquired under common control. 2017 Financials includes GM&P since 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, acquisition related costs 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.*

Robust Backlog Provides Visibility Beyond 2019

Backlog up YoY with project pipeline providing visibility beyond 2019

Backlog Evolution at Quarter End



Backlog Overview

Backlog remains strong YoY, replenishing 4 consecutive quarters of record invoicing

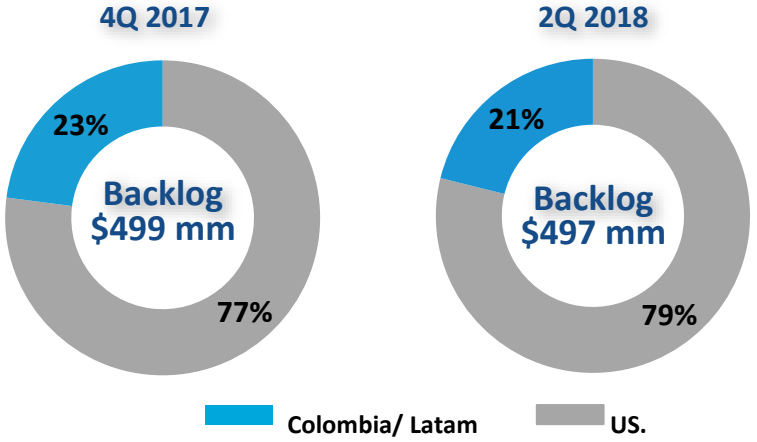
Continue to emphasize expansion into the U.S., representing 79% of backlog in 2Q´18 compared to 77% in 4Q´17

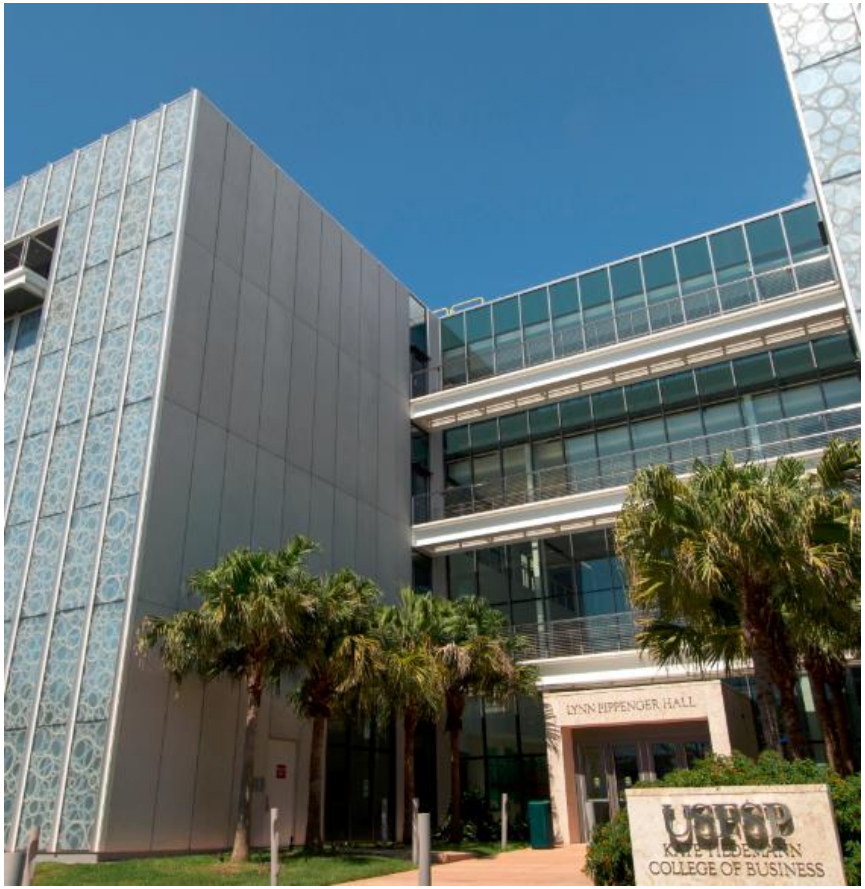
Florida continues to be the Company´s largest U.S. market providing an efficient platform for U.S. regional diversification

Many additional projects in negotiating stage, not included in backlog

Single-family residential projects have shorter, intra-quarter “life”

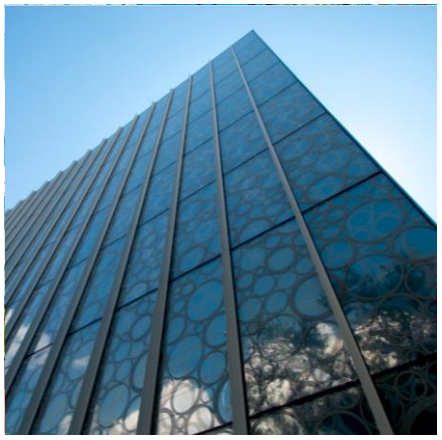
Geographic Mix











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Florida, United States

FINANCIAL UPDATE

Financial Highlights Q2 2018 vs Q2 2017[(1)]

	2Q		2018 vs 2017		Year to Date 2018 vs 2017			
Key financial results (US$mm)	2017	2018	$Δ	%Δ	2Q 2017	2Q 2018	$Δ	%Δ
Revenues	81.0	89.0	8.0	10%	146.8	176.1	29.3	20%
Adjusted EBITDA (2)	13.4	18.3	4.8	36%	27.2	36.5	9.3	34%
Adjusted net income	2.6	7.3	4.7	180%	4.6	12.8	8.1	176%
Cash at end of period	43.7	29.9	-13.8	-31%	43.7	29.9	-13.8	-31%
Net debt (3)	183.2	202.0	18.7	10%	183.2	202.0	18.7	10%
Capex (4)	2.3	3.8	1.5	63%	4.3	4.9	0.6	14%
Paid cash dividends	0.7	0.8	0.2	23%	1.2	1.4	0.1	11%
Operating Cash Flow	12.2	(6.4)	-18.6	153%	12.2	(6.4)	-18.6	153%
Free Cash Flow (5)	7.9	(11.3)	-19.2	244%	7.9	(11.3)	-19.2	244%

Second quarter results

- Revenues up 10% YoY
  - U.S. sales grew over 16% with Colombia stable as the country continues its path to recovery
- 2Q Adjusted EBITDA of $18.3 mm, up 36% YoY on higher sales growth and gross profit, excluding non-recurring acquisition transition and business optimization costs
- Adjusted net income of $7.3 mm excludes a $8.3 mm non-cash impact from non realized FX losses as the Colombian Peso depreciated vs the USD during Q2
- Strong cash balance of $29.9 mm at the end of the period.
- Operating cashflow usage resulting from timing of tax payment as well as working capital investments to support growth
- Capex in line with expectation, mainly for maintenance and efficiency initiatives given installed capacity sufficient to support short-term growth
- Conservative net leverage with nominal debt increase associated with working capital needs to support growth

Notes:

1. *2QYTD 2017 Financial statements includes GM&P since March 1, 2017.*
2. *Q2´18 adjusted EBITDA excludes $3.8 mm in acquisition based costs 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.*

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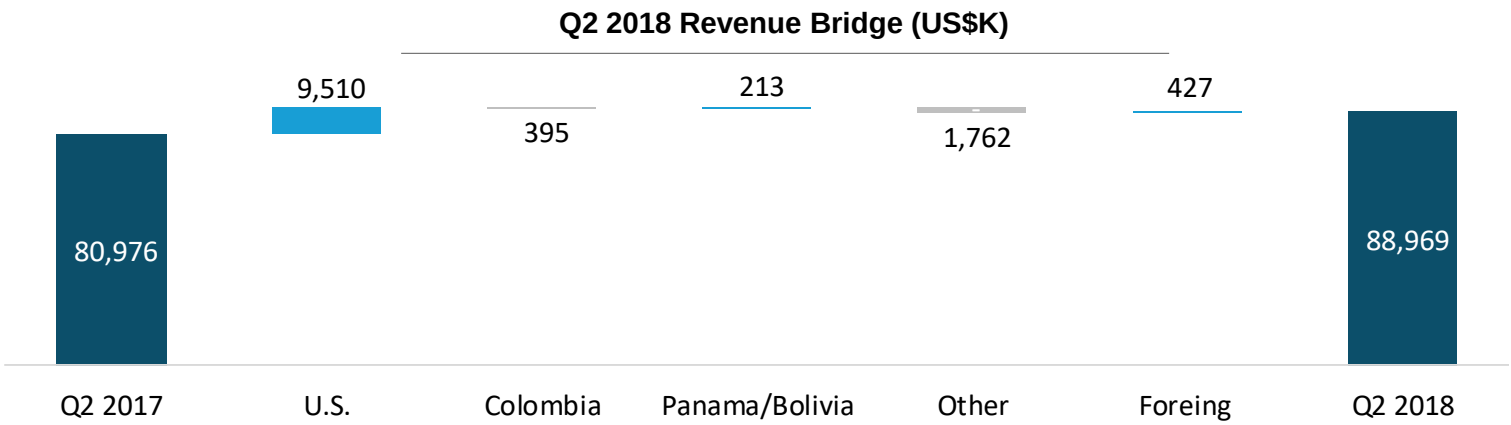
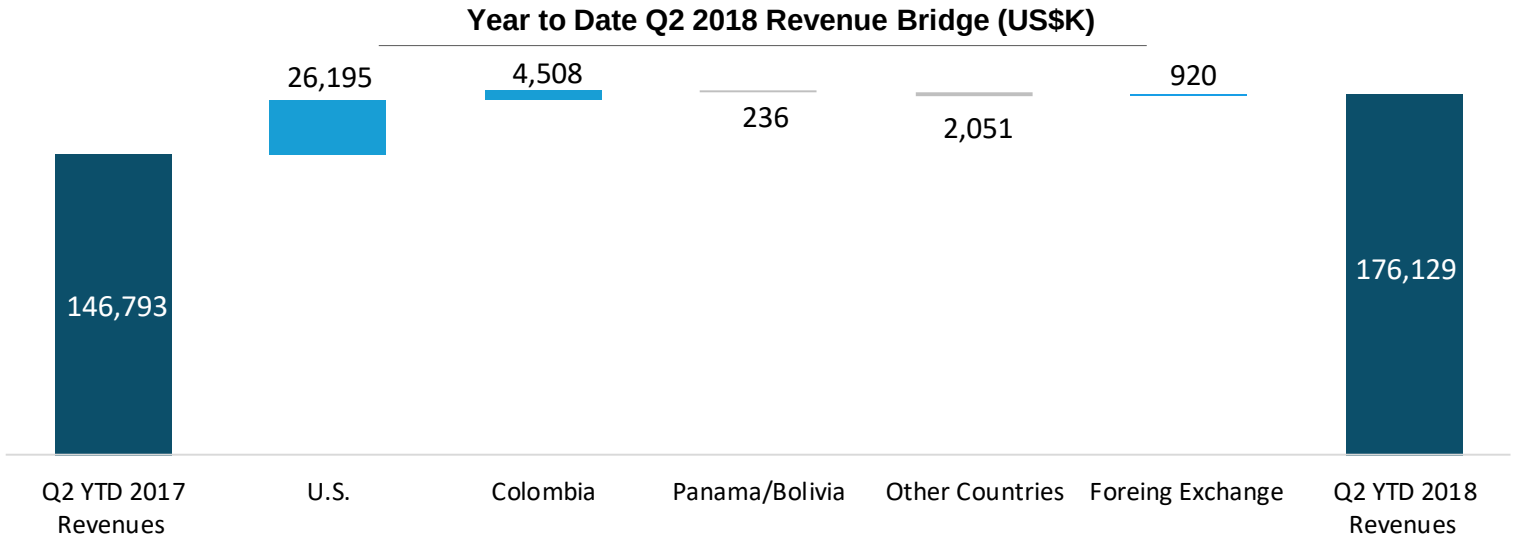
Revenue Bridge Q2 2018 vs Q2 2017[1]

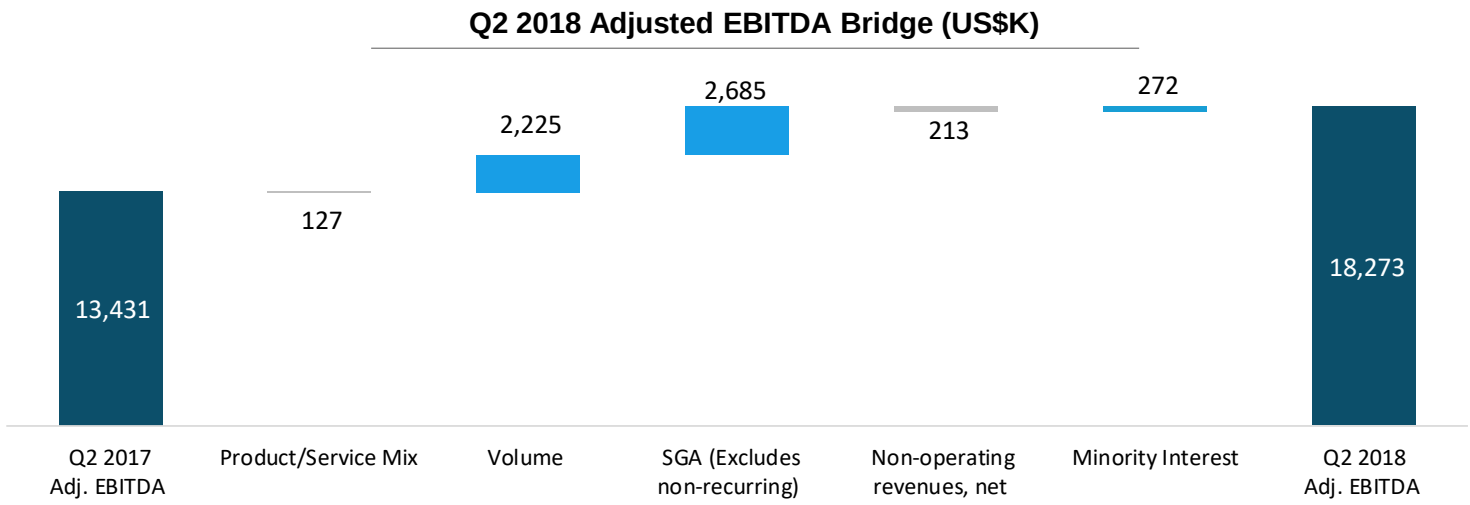


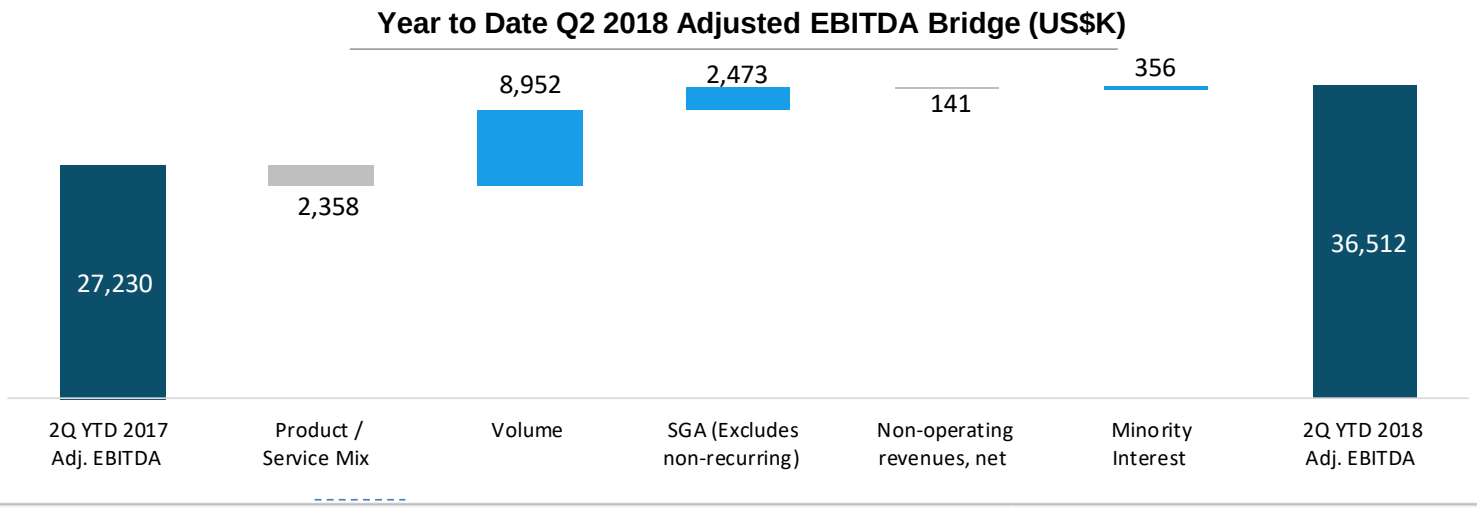


Notes:

1. 2Q YTD 2017 Financial statements Includes GM&P since March 1, 2017.

Adjusted EBITDA Bridge Q2 2018 vs Q2 2017[1]





Notes:

1. *2Q YTD 2017 Financial statements Includes GM&P since 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, acquisition related costs and other non-recurring items.*







Tampa International Airport

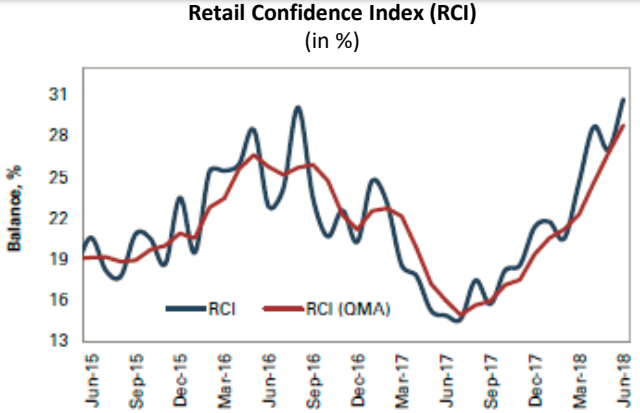
Florida, U.S.

MARKET UPDATE

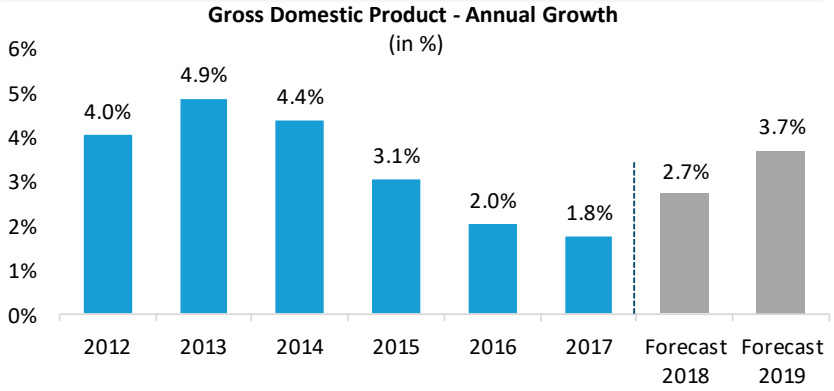
Colombia Has Entered a Period of Stability, with Leading Indicators Showing Long-term Recovery

- New presidential administration committed to prolonging a pro-business climate
- Macro backdrop provides for long gradual construction recovery as developers take increasing advantage of favorable economic conditions over the next several years
- In June 2018, the consumer, business and retail confidence indexes each reached their highest readings since 2012[4]
- Colombia GDP growth expected to accelerate from 2.7% in 2018 to 3.7% in 2019[1]. Construction expected to provide 7% of overall GDP growth through 2018
- Q2 2018 Inflation rate of 3.2% and within the Central Bank´s targeted 2-4% rate[2] since early 2017. Continuation of low rates expected to incentivize future construction
- April and May 2018 construction approved licenses grew 10% year-over-year[3]

Business Tendency Survey About Economic Expectations



Colombia GDP Performance and Forecast



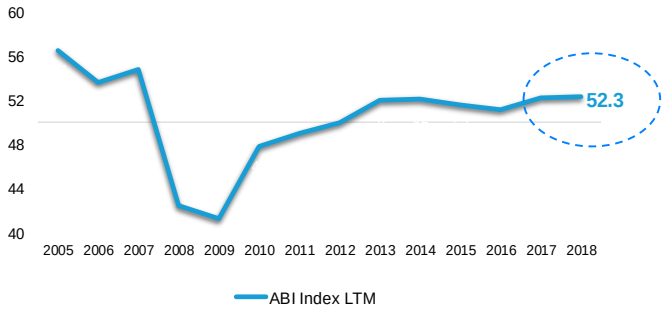
Source:

1. *Colombia. The draft law on General Budget of the Nation (PGN). Minister of Finance. As of July 2018.*
2. *Colombian Central Bank Board of Director Meeting. Intervention Rate, Inflation and Target. Central Bank´s Policy Rate. As of April 27, 2018.*
3. *Statistics of Building Construction Licenses. DANE (Direction of Methodology and Statistical Production). As of May 2018.*
4. Fedesarrollo. Economic and Social Development Center. As of 30, June 2018.

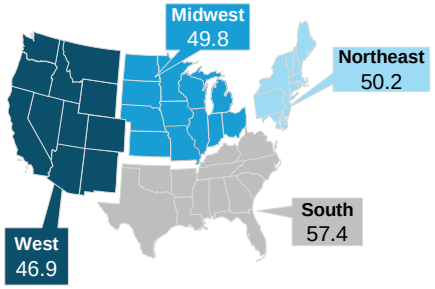
US Construction Fundamentals & 2018 Outlook Indicates Modest Accelerate Growth

Architecture Billings Index 2018

Architectural Billing Index as of June 2018 (1)
Pace of architecture firm billings growth moderates



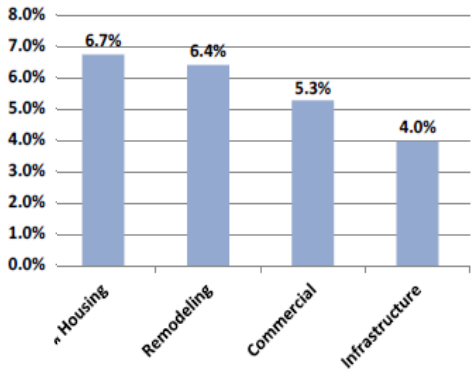
Regional (1)
Results show healthy growth in 3 major sectors



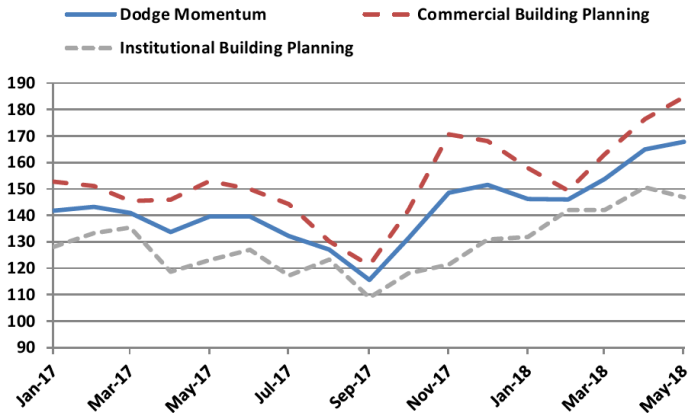
- ABI index above 50 for 9th consecutive month, up 2.5% YoY
- Firms from all end markets reported growth in South and Northeast regions indicating continued activity among building design firms
- Billings growth continues positive in all sectors:
  - Commercial / Industrial 53.4
  - Institutional 51.6
  - Residential 54.6

2018 U.S. Commercial Construction Forward-looking Indicators Remain in Positive Territory

DB 2018 U.S. Construction outlook by sector (2) (%)



Dodge Momentum Index (2)
Last Twelve Months

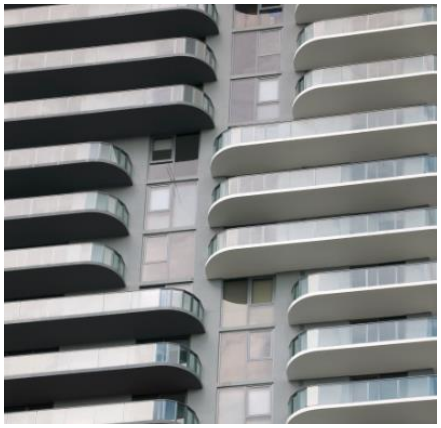


- Key indicators point to continued growth in U.S. construction activity
- Expect continued growth across major end markets
- Commercial expected to grow at 5% CAGR through 2020
- U.S. construction backlog at 9.2 months(2)

Source:

1. *The American Institute of Architects (AIA) reported the Architecture Billing Index July,2018. Figures represents trailing 12 month average from July 2017 to June 2018 across U.S. census regions.*
2. *Deutsche Bank. Macro Building Outlook.. United States July, 2018, Dodge/McGraw Hill, Associated Builders and Contractors*









Hyde Midtown

Florida, United States

OUTLOOK UPDATE

2018 Outlook

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

Highlights

- Revenue growth excepted to be primarily driven by U.S., consistent with higher portion of sales from U.S. in first half 2018
- In Colombia, expect tempered activity to provide modest growth YoY during the second half 2018

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

- Expect favorable operating leverage on higher revenues and improved mix of sales from manufacturing operations
- Continued cost optimization efforts driving additional margin partly offset by higher transportation costs and to a lesser extent, U.S labor expenses

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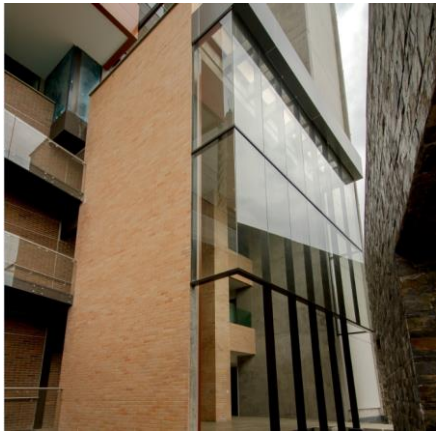
Thank you

Questions?







Tre Piu

Medellín, Colombia

APPENDIX

Profit & Loss Q2 2018 vs Q2 2017[1,2]

Figures in US $k

	Three months ended June 30,				2018 vs 2017		Six months ended June 30,				2018 vs 2017	
	2,018	% Sales	2,017	% Sales	$ Δ	% Δ	2,018	% Sales	2,017	% Sales	$ Δ	% Δ
Operating revenues	**88,969**	**100%**	**80,976**	**100%**	**7,993**	**10%**	**176,129**	**100%**	**146,793**	**100%**	**29,336**	**20%**
Cost of sales	**64,327**	**72%**	**58,432**	**72%**	**5,895**	**10%**	**124,739**	**71%**	**101,997**	**69%**	**22,742**	**22%**
Gross profit	**24,642**	**28%**	**22,544**	**28%**	**2,098**	**9%**	**51,390**	**29%**	**44,796**	**31%**	**6,594**	**15%**
SG&A & other operating expenses	**17,020**	**19%**	**17,128**	**21%**	**-108**	**-1%**	**33,778**	**19%**	**32,518**	**22%**	**1,260**	**4%**
Operating income	**7,622**	**9%**	**5,416**	**7%**	**2,206**	**41%**	**17,612**	**10%**	**12,278**	**8%**	**5,334**	**43%**
Adjusted EBITDA	**18,273**	**21%**	**13,431**	**17%**	**4,842**	**36%**	**36,512**	**21%**	**27,230**	**19%**	**9,282**	**34%**
Non-operating income, net	709	1%	922	1%	-213	-23%	1,808	1%	1,949	1%	-141	-7%
Foreign currency transaction (gains) losses	8,307	9%	8,713	11%	-406	-5%	-1,666	-1%	6,288	4%	-7,954	-126%
Loss on extinguishment of debt	0	0%	2	0%	-2	-100%	0	0%	3,161	2%	-3,161	-100%
Interest expense and deferred cost of financing	5,361	6%	5,175	6%	186	4%	10,411	6%	10,257	7%	154	2%
(Loss) income before taxes	**-5,337**	**-6%**	**-7,552**	**-9%**	**2,215**	**-29%**	**10,675**	**12%**	**-5,479**	**-7%**	**16,154**	**-295%**
Income tax provision (benefit)	-1,467	-2%	-4,052	-5%	2,585	-64%	3,926	2%	-3,010	-2%	6,936	-230%
Net (loss) income	**-3,870**	**-4%**	**-3,500**	**-4%**	**-370**	**11%**	**6,749**	**4%**	**-2,469**	**-2%**	**9,218**	**-373%**
Less: Net income attributable to non-controlling interest	212	0%	-60	0%	272	-453%	284	0%	-72	0%	356	-494%
Net income (loss) attributable to parent	**-3,658**	**-4%**	**-3,560**	**-4%**	**-98**	**3%**	**7,033**	**8%**	**-2,541**	**-3%**	**9,574**	**-377%**
Basic income per share	-0.11		-0.10				0.19		-0.07			
Diluted income per share	-0.11		-0.10				0.19		-0.07			
Basic weighted average common shares outstanding	35,935,442		35,763,650				35,869,746		35,759,895			
Diluted weighted average common shares outstanding	35,935,442		35,763,650				36,362,493		35,759,895			

Notes:

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Non-GAAP Reconciliation[(1)]

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

	Three months ended				
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018
Net (loss) income	**(3,500)**	**7,025**	**1,169**	**10,619**	**(3,870)**
Less: Income (loss) attributable to non-controlling interest	(60)	(101)	(103)	72	212
(Loss) Income attributable to parent	**(3,560)**	**6,924**	**1,066**	**10,691**	**(3,658)**
Interest expense and deferred cost of financing	5,175	4,633	4,982	5,050	5,361
Income tax (benefit) provision	(4,052)	5,806	2,997	5,393	(1,467)
Depreciation & amortization	5,461	5,326	5,277	5,665	5,793
Foreign currency transactions losses (gains)	8,713	(5,394)	2,134	(9,973)	8,307
Non Recurring expenses (extinguishment of debt, bond issuance costs, provision for bad debt, acquisition related costs and other)	1,565	206	668	1,342	3,866
Director Stock compensation and provision for obsolete inventory	129	93	71	71	71
Adjusted EBITDA	**13,431**	**17,594**	**17,195**	**18,239**	**18,273**
Net (loss) income	**(3,500)**	**7,025**	**1,169**	**10,619**	**(3,870)**
Less: Income (loss) attributable to non-controlling interest	(60)	(101)	(103)	72	212
(Loss) Income attributable to parent	**(3,560)**	**6,924**	**1,066**	**10,691**	**(3,658)**
Foreign currency transactions losses (gains)	8,713	(5,394)	2,134	(9,973)	8,307
Deferred cost of financing	-	-	338	346	360
Non Recurring expenses (extinguishment of debt, bond issuance costs, provision for bad debt, acquisition related costs and other)	1,565	206	668	1,342	3,866
Tax impact of adjustments at statutory rate	(4,111)	2,075	(1,256)	3,065	(1,564)
Adjusted net (loss) income	**2,607**	**3,811**	**2,950**	**5,471**	**7,312**
Basic income (loss) per share	(0.10)	0.20	0.03	0.30	(0.11)
Diluted income (loss) per share	(0.10)	0.19	0.03	0.29	(0.11)
Diluted Adjusted net income (loss) per share	0.07	0.11	0.08	0.15	0.20
Diluted Weighted Average Common Shares Outstanding in thousands	**35,764**	**36,256**	**36,277**	**36,296**	**35,935**
Basic weighted average common shares outstanding in thousands	35,764	35,764	35,785	35,803	35,935
Diluted weighted average common shares outstanding in thousands	35,764	36,256	36,277	36,296	35,935

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 $k

	Six Months As of June	
Total Investment Reconciliation	**2017**	**2018**
Capex or Cash acquisition of property and equipment	4,295	4,889
Assets acquired under capital lease and debt	-	703
Total Investment	**4,295**	**5,592**

Free Cash Flow Reconciliation	**2017**	**2018**
Cash (used in) provided by operating activities	12,187	(6,449)
Capex or Cash acquisition of property and equipment	(4,295)	(4,889)
Free Cash Flow	**7,892**	**(11,338)**

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.*