

Cook County Central Campus Health Center
Illinois, USA

THIRD QUARTER 2018 EARNINGS CONFERENCE CALL

November 7, 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

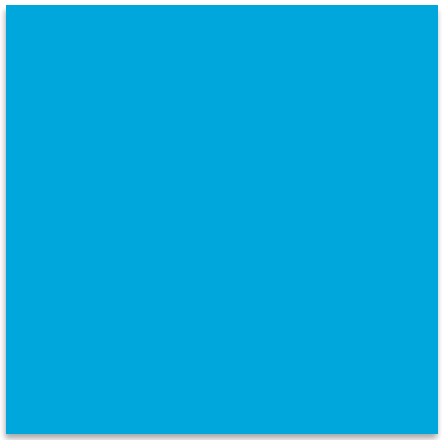
Certain of the financial information contained herein is unaudited and does not conform to SEC Regulation S-X. Furthermore, it includes EBITDA (earnings before interest, taxes, depreciation and amortization) which is a non-GAAP financial measure as defined by Regulation G promulgated by the SEC under 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.









Echo Brickell

Florida, United States

SUMMARY & HIGHLIGHTS

TECNOGLASS

Q3 2018 Key Take-Aways

Highlights:

- ✓ 6th consecutive record revenue quarter at $97 mm, up 16.3% from the prior year quarter
- ✓ U.S. revenues reached a new record level of $82.2 mm, representing 85% of overall sales, consistent with our strategy to continue penetrating and diversifying this market
- ✓ 320 bps increase in gross margin and 210 bps increase in operating margin YoY, driven by favorable pricing and operating leverage. Gross margin improved to 35.8% during 3Q
- ✓ Record Adjusted EBITDA(1) of $22.8 mm, up 29.5% from the prior year quarter, supported by continued success in the U.S. market and better operating leverage on increased sales. Adjusted EBITDA margin grew to 23.5%
- ✓ Better than expected sales in the residential market, as YTD sales have more than tripled compared to 2017
- ✓ Record backlog, more than fully replacing consecutive record quarters of invoicing; continue to see healthy quoting activity and robust pipeline of project
- ✓ Key alliance with Schüco expected to enhance U.S. growth and amplify product offering



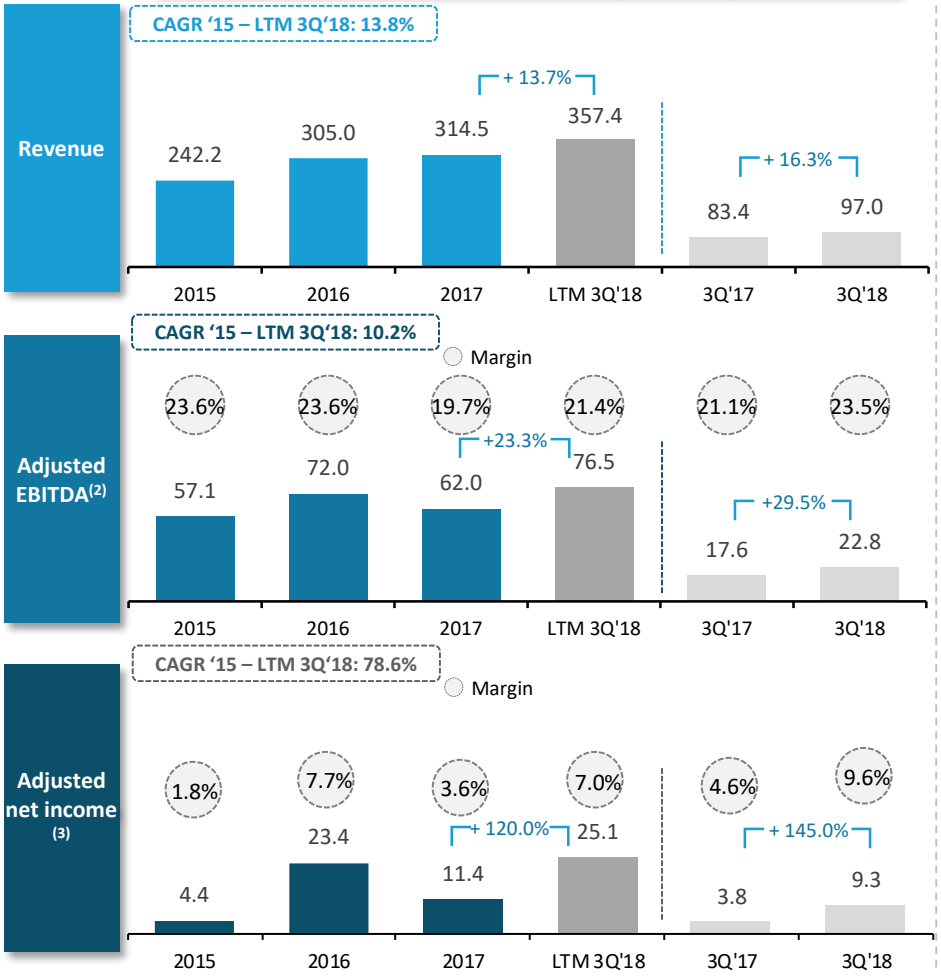
Panorama Tower
Florida, United States

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*

Q3 2018 Summary[1]

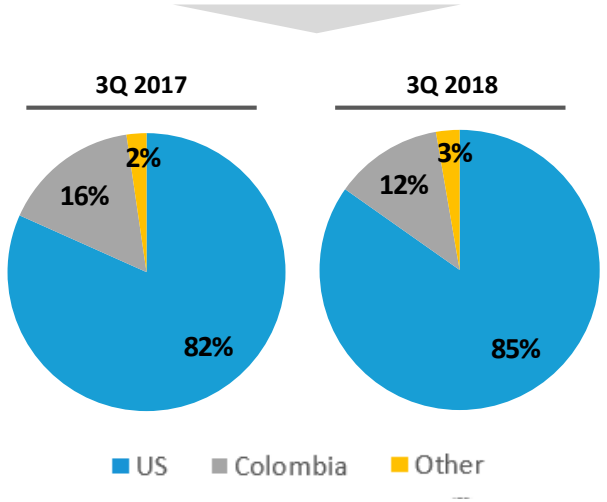
Key Financial Metrics (US$mm)



Sales Performance By Geography

	3Q		´18 vs ´17		3Q LTM		´18 vs ´17	
Revenues US$mm	2017	2018	$Δ	%Δ	2017	2018	$Δ	%Δ
United States	68.1	82.2	14.1	21%	225.9	278.8	52.9	23%
Colombia	13.3	12.1	-1.2	-9%	70.7	67.8	-2.9	-4%
Other Countries	1.9	2.6	0.7	36%	13.8	10.8	-3.0	-22%
Total	83.4	97.0	13.6	16%	310.5	357.4	46.9	15%

- Overall revenue growth driven by continued market penetration into U.S. and ongoing geographic diversification



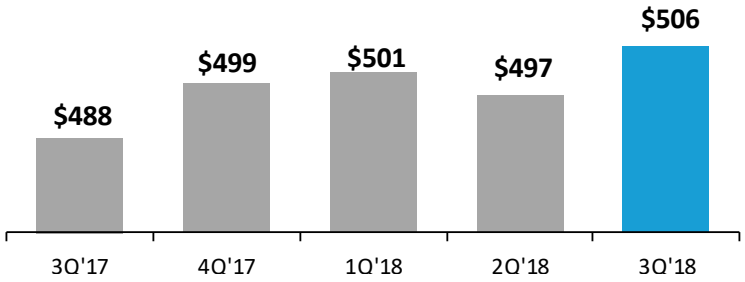
Notes:

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.*

Continued Expansion of Record Backlog

Business conditions stronger YoY with visibility beyond first half 2020

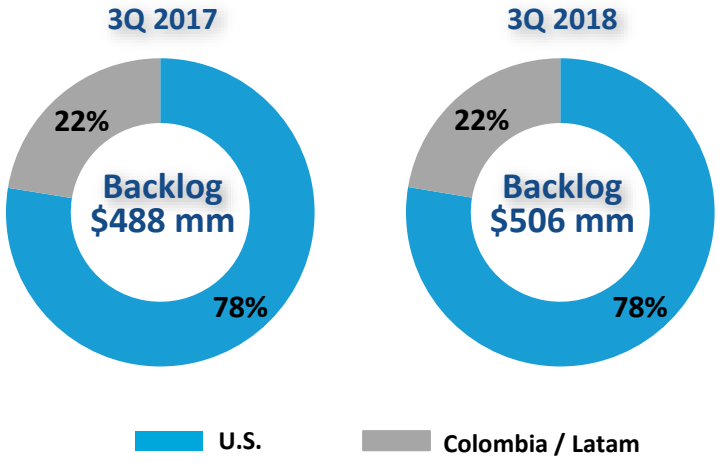
Backlog Evolution at Quarter End



Backlog Overview

- Continued steady growth in backlog, replacing consecutive record revenue quarters and demonstrating strong quoting activity
- Continued expansion into the U.S. reflected in U.S. accounting for approximately US$400 million of backlog
- Colombia backlog showing improvement YTD, offset by a decrease in other Latam geographies
- Florida continues to be the Company´s largest market, expanding beyond Miami and into other areas

Geographic Mix











Brandeis University

Massachusetts, USA

FINANCIAL UPDATE

Financial Highlights Q3 2018 vs Q3 2017[(1)]

	3Q		2018 vs 2017		Year to Date 2018 vs 2017			
Key financial results (US$mm)	2017	2018	$Δ	%Δ	3Q 2017	3Q 2018	$Δ	%Δ
Revenues	83.4	97.0	13.6	16%	230.2	273.1	42.9	19%
Adjusted EBITDA (2)	17.6	22.8	5.2	29%	44.8	59.3	14.5	32%
Adjusted net income	3.8	9.3	5.5	145%	8.4	22.1	13.7	162%
Cash at end of period	36.2	28.0	-8.2	-23%	36.2	28.0	-8.2	-23%
Net debt (3)	187.9	208.0	20.1	11%	187.9	208.0	20.1	11%
Capex (4)	2.4	2.3	-0.1	-4%	6.7	7.2	0.5	7%
Paid cash dividends	0.6	0.7	0.0	6%	1.9	2.0	0.2	10%
Operating Cash Flow	9.1	(9.5)	-18.6	204%	9.1	(9.5)	-18.6	204%
Leverage (5)	2.93x	2.72x	-0.2	7%	2.93x	2.72x	-0.2	7%

Third quarter results

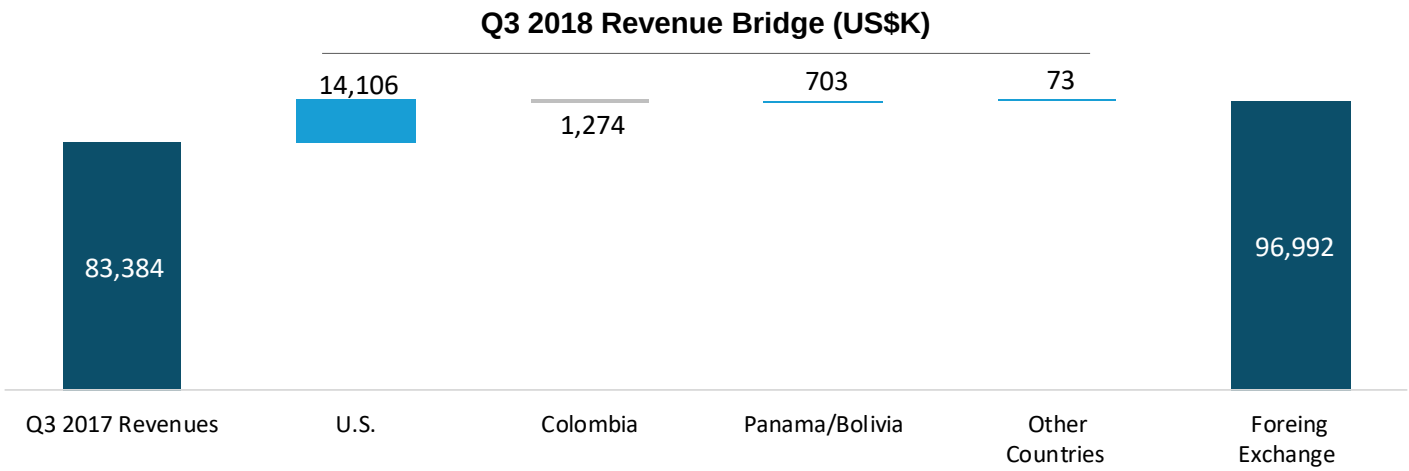
- Revenues up 16% YoY. U.S. sales grew more than 21% with Colombia stable as the country continues to recover
- Q3 Adjusted EBITDA of $22.8 mm, up 29% YoY resulting from incremental sales coupled with the successful consolidation of our vertically integrated model and business optimization efforts
- Adjusted net income of $9.3 mm excludes a $2.5 mm non-cash impact from non realized FX losses as the Colombian Peso depreciated vs the USD during Q3
- Strong cash balance at $28 mm following a $6mm payment for the GM&P acquisition
- Operating cash flow usage resulting from working capital needs, including A/R and inventory growth to support higher sales
- Modest Capex in line with our expectation, supporting growth and efficiencies
- Net leverage improved to a conservative 2.7x net debt to LTM Adjusted EBITDA, with nominal debt increase for working capital

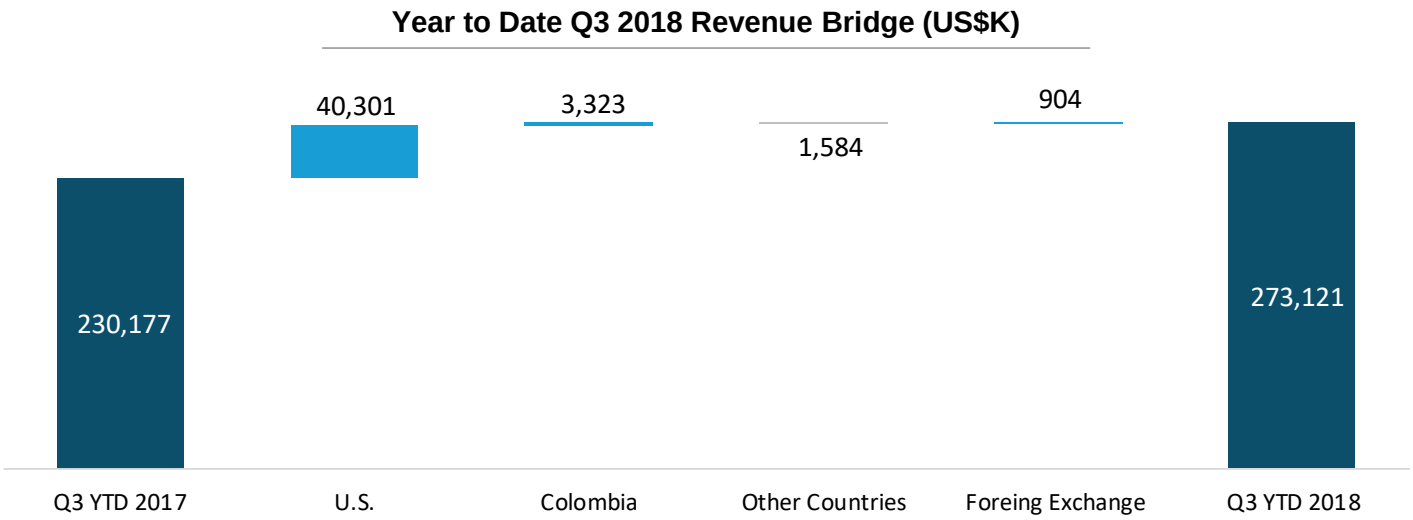
Notes:

1. *3QYTD 2017 Financial statements includes GM&P since March 1, 2017.*
2. *Q3´18 adjusted EBITDA excludes $0.3 mm in non-recurring costs*
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. *Leverage is calculated as Net Debt to Adjusted EBITDA*

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Revenue Bridge Q3 2018 vs Q3 2017[(1)]

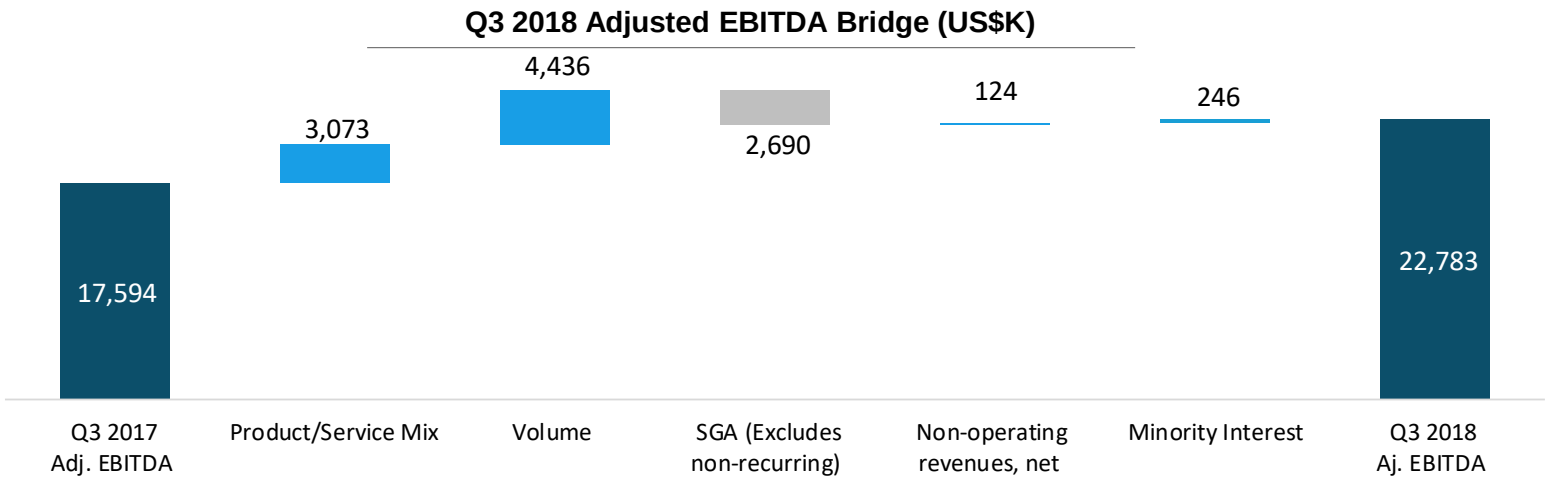


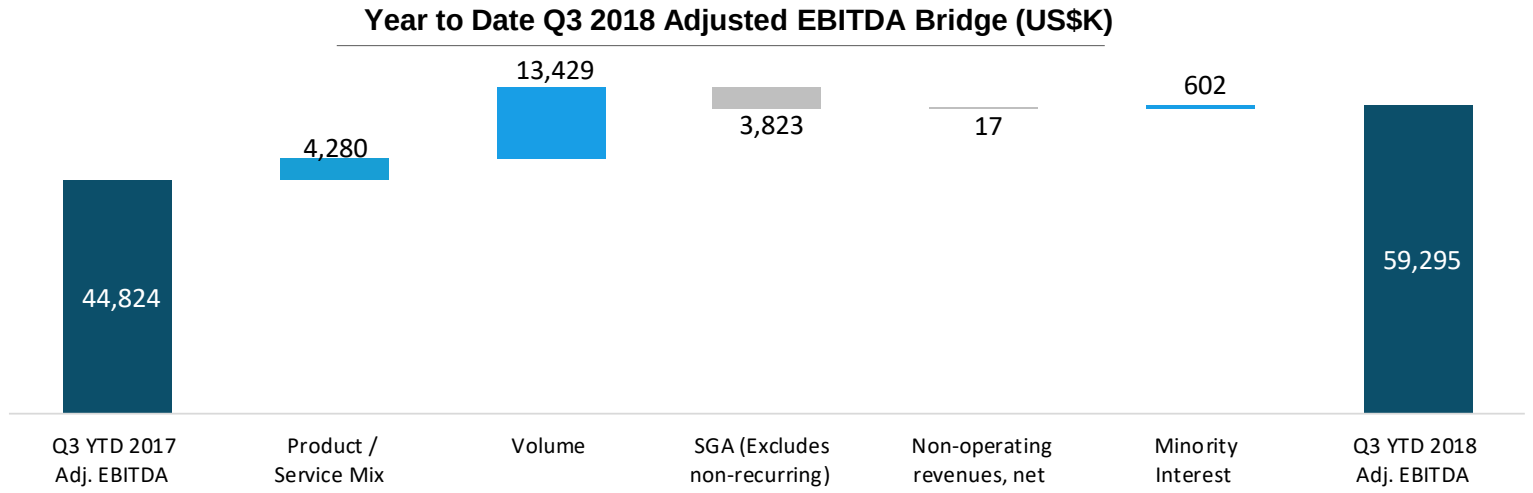


Notes:

1. 3Q YTD 2017 Financial statements Includes GM&P since March 1, 2017.

Adjusted EBITDA Bridge Q3 2018 vs Q3 2017[1]

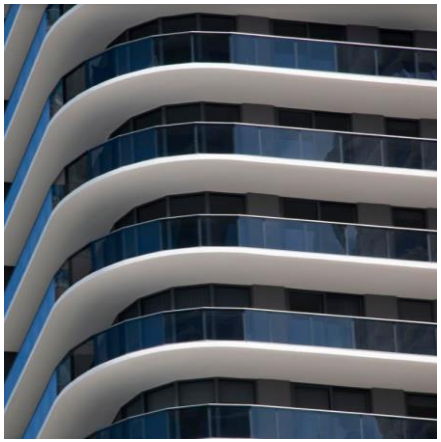




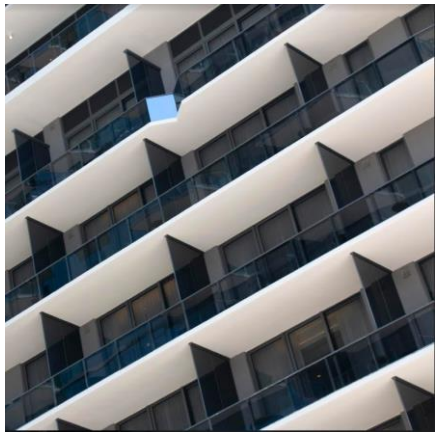
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1. *3Q YTD 2017 Financial statements Includes GM&P since March 1, 2017.*
2. *Adjusted EBITDA excludes non-recurring and non-cash expenses mainly associated with our bond issuance and respective extinguishment of former debt, withholding taxes associated with payments to bondholders, acquisition related costs and other non-recurring items.*









SLS Lux

Florida, United States.

MARKET UPDATE

Schüco Partnership Represents Powerful Alliance

Allows Tecnoglass to expand portfolio and offer more solutions to clients while also becoming a key supplier to Schüco

Schüco´s Profile

- Schüco is one of the leading suppliers of luxury/high-quality window, door, façade systems and curtain walls made from aluminum, PVC-U and steel
- European engineering and design leader
- Schüco products are used all over the world and meet the highest requirements of design, comfort, security and energy efficiency
- Active in the U.S. and more than 80 countries
- Main U.S. markets are East and West Coasts and the Midwest. Strong presence in Central America
- €1.5 billion in consolidated revenues in 2017
- 12,000 partners worldwide



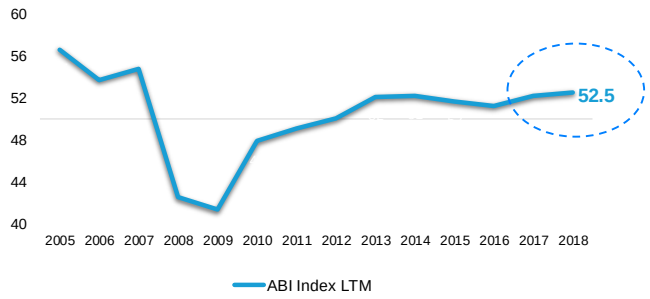
Alliance Mutual Advantages

SCHÜCO		TECNOGLASS
• Increased access to the Florida market	Key Markets	• Premier supplier to Shüco´s current customers • Increased access to East and West Coasts, Midwest
• Schüco gains proven, well-positioned US fabricator • Access to efficient, lower-cost, quality production	Production	• Manufacture and sell Shüco-branded products in the U.S. and Latin America
• Procurement of extruded and painted aluminum profiles from TGLS	Products	• Gains Shüco-branded product line for high end luxury segment to grow customers demand
• Shortened lead times while maintaining high quality supply chain with proven fabricator	Reputation	• Additional recognition for the quality of products by partnering with premier, global company

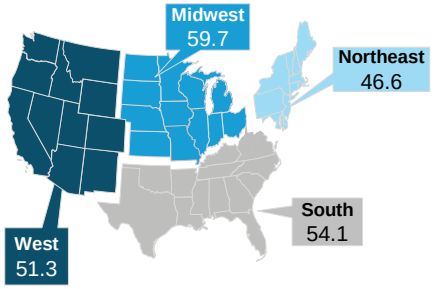
US Construction Growth Continues Showing Constant Strength in 2018

Architecture Billings Index 2018

Architectural Billing Index as of September 2018 [1]
Pace of architecture firm billings growth moderates



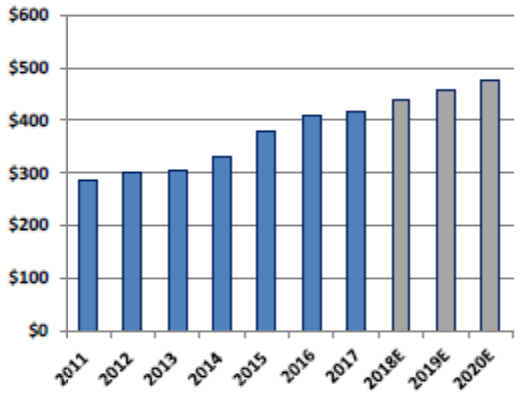
Regional [1]
Results show healthy growth in 3 major sectors



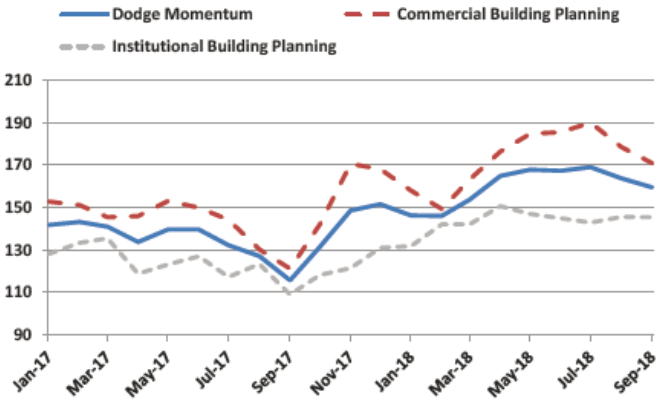
- The September ABI suggests continued expansion at 51.1; Index has remained above 50 for the 12th consecutive month
- Billings growth continues positive in all sectors:
  - Commercial / Industrial 50.8
  - Institutional 55.1
  - Residential 54.9

2018 U.S. Commercial Construction Forward-looking Indicators Remain Positive With Some Challenges

DB 2018 U.S. Commercial construction forecasts [2]
(%)



Dodge Momentum Index [2]
Last Twelve Months



- DB expects commercial construction growth of 5% in 2018: New construction growth of 8% in 2018 and 7% through 2020. [2]
- Greatest challenge facing commercial construction contractors is availability of skilled labor[3]; TGLS has extensive access to talented employees
- Continue to anticipate strong demand, though continued labor constraints, compounded by higher costs from tariffs, could prove to be a challenge for the commercial construction outlook [3]

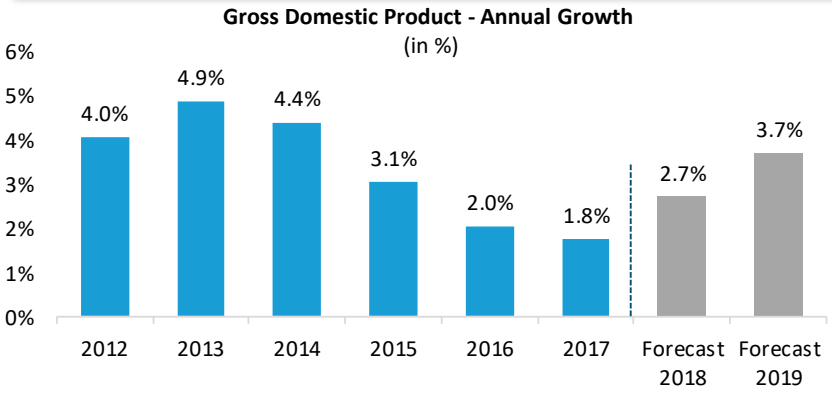
Source:

1. *The American Institute of Architects (AIA) reported the Architecture Billing Index September,2018. Figures represents trailing 12 month average from September 2017 to August 2018 across U.S. census regions.*
2. *Deutsche Bank. Macro Building Outlook.. United States September, 2018*

Colombia's Economy Continues To Recover

- The IMF has highlighted that the Colombian economy is on solid footing in its ongoing path to recovery[1]
- Colombia GDP growth expected to accelerate from 2.7% (up from 1.8% in 2017) in 2018 to 3.7% in 2019[2]; Construction expected to provide 7% of overall GDP growth through 2018
- As of September 2018, inflation rate of 3.23%[3] within the Central Bank´s targeted 2-4% rate[3]
- Central bank has kept rates unchanged at 4.25% since April given low inflation[3]
- In August, business perception of the economic conditions for investing improved compared to the previous quarter[4]
- The perception of sociopolitical conditions has strongly improved and reached positive territory for the first time since August 2012[4]
- Perception of construction activity continues to improve, showing highest reading since 2015[4]

Colombia GDP Performance and Forecast

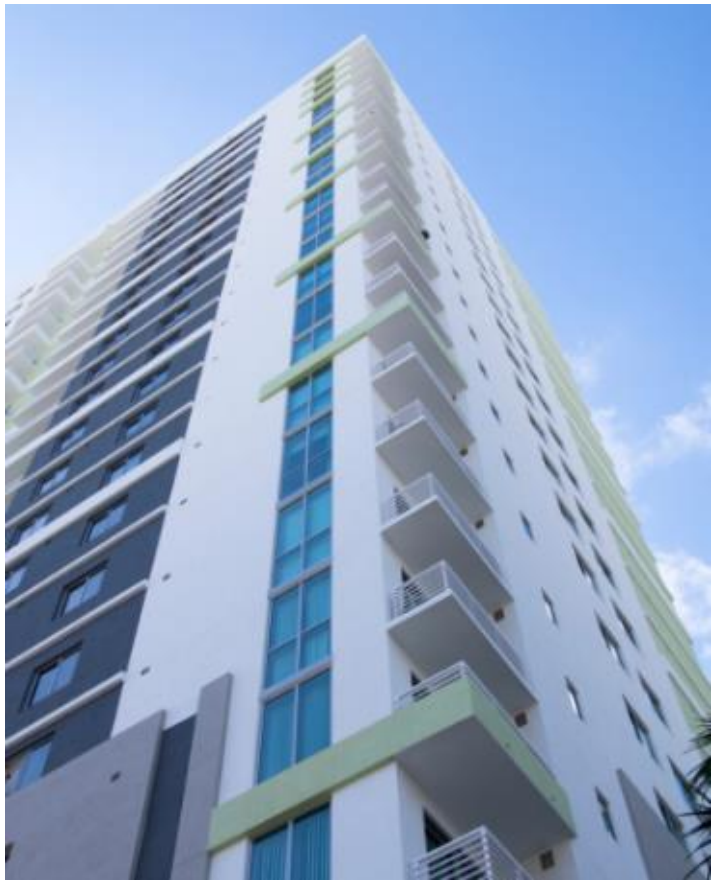


Business Tendency Survey[4]

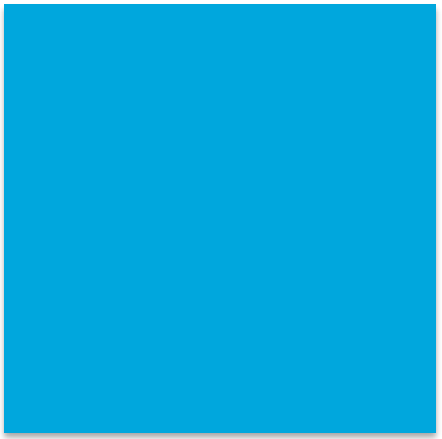


Source:

1. *Colombia. Minister of Finance about the IMF 2018 Annual Meetings of the IMF and World Bank Group, Bali, Indonesia. Newsletter #163, October, 2018*
2. *Colombia. The draft law on General Budget of the Nation (PGN). Minister of Finance. As of July 2018.*
3. *Colombia. Central Bank Board of Director Meeting. Intervention Rate, Inflation and Target. Central Bank´s Policy Rate. As of September 28, 2018.*
4. Fedesarrollo. Economic and Social Development Center. Business Tendency Survey. As of August 31, 2018.









Hyde Midtown

Florida, United States

OUTLOOK UPDATE

2018 Outlook

Revenues
$360 to $370 Million
Up 14-18% YoY

Adjusted EBITDA
$79 to $82 Million
Up 27-32% YoY

Highlights

- Revenue outlook increased from prior range of $345 million to $365 million as a result of stronger U.S. activity and execution
- Better than expected sales into the retail/residential markets as products introduced in 2017 have gained momentum
- Colombia and Latam flattish for 2018 with more encouraging signs for 2019 based on stronger backlog

- Adjusted EBITDA outlook raised from prior range of $71 million to $81 million
- Continue to expect favorable operating leverage on higher revenues and improved mix of sales from manufacturing operations
- Major cost increases largely in ground transportation; not materially impacted by U.S. labor and raw material constraints

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Thank you

Questions?









Tre Piu

Medellín, Colombia

APPENDIX

Profit & Loss Q3 2018 vs Q3 2017[1,2]

Figures in US $k

	Three months ended September 30,				2018 vs 2017		Nine months ended September 30,				2018 vs 2017	
	2,018	% Sales	2,017	% Sales	$ Δ	% Δ	2,018	% Sales	2,017	% Sales	$ Δ	% Δ
Operating revenues	**96,992**	**100%**	**83,384**	**100%**	**13,608**	**16%**	**273,121**	**100%**	**230,177**	**100%**	**42,944**	**19%**
Cost of sales	**62,299**	**64%**	**56,200**	**67%**	**6,099**	**11%**	**187,038**	**68%**	**158,197**	**69%**	**28,841**	**18%**
Gross profit	**34,693**	**36%**	**27,184**	**33%**	**7,509**	**28%**	**86,083**	**32%**	**71,980**	**31%**	**14,103**	**20%**
SG&A & other operating expenses	**19,426**	**20%**	**15,783**	**19%**	**3,643**	**23%**	**53,204**	**19%**	**48,301**	**21%**	**4,903**	**10%**
Operating income	**15,267**	**16%**	**11,401**	**14%**	**3,866**	**34%**	**32,879**	**12%**	**23,679**	**10%**	**9,200**	**39%**
Adjusted EBITDA	**22,783**	**23%**	**17,594**	**21%**	**5,189**	**29%**	**59,295**	**22%**	**44,824**	**19%**	**14,471**	**32%**
Non-operating income, net	780	1%	656	1%	124	19%	2,588	1%	2,605	1%	-17	-1%
Foreign currency transaction (gains) losses	2,494	3%	-5,394	-6%	7,888	-146%	828	0%	894	0%	-66	-7%
Loss on extinguishment of debt	0	0%	-13	0%	13	-100%	0	0%	3,148	1%	-3,148	-100%
Interest expense and deferred cost of financing	5,140	5%	4,633	6%	507	11%	15,551	6%	14,890	6%	661	4%
(Loss) income before taxes	**8,413**	**9%**	**12,831**	**15%**	**-4,418**	**-34%**	**19,088**	**7%**	**7,352**	**3%**	**11,736**	**160%**
Income tax provision (benefit)	2,261	2%	5,806	7%	-3,545	-61%	6,187	2%	2,796	1%	3,391	121%
Net (loss) income	**6,152**	**6%**	**7,025**	**8%**	**-873**	**-12%**	**12,901**	**5%**	**4,556**	**2%**	**8,345**	**183%**
Less: Net income attributable to non-controlling interest	145	0%	-101	0%	246	-244%	429	0%	-173	0%	602	-348%
Net income (loss) attributable to parent	**6,297**	**6%**	**6,924**	**8%**	**-627**	**-9%**	**13,330**	**5%**	**4,383**	**2%**	**8,947**	**204%**
Basic income per share	0.16		0.19				0.35		0.13			
Diluted income per share	0.16		0.19				0.35		0.12			
Basic weighted average common shares outstanding	37,861,129		36,256,397				36,867,528		36,278,983			
Diluted weighted average common shares outstanding	38,336,638		36,731,906				37,343,037		36,754,492			

Notes:

1. *Financial statements in 2017 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*

Non-GAAP Reconciliation[(1)]

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

	Three months ended				
	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018
Net (loss) income	**7,025**	**1,169**	**10,620**	**(3,871)**	**6,152**
Less: Income (loss) attributable to non-controlling interest	(101)	(103)	72	212	145
(Loss) Income attributable to parent	**6,924**	**1,066**	**10,692**	**(3,659)**	**6,297**
Interest expense and deferred cost of financing	4,633	4,982	5,050	5,361	5,140
Income tax (benefit) provision	5,806	2,997	5,393	(1,467)	2,261
Depreciation & amortization	5,326	5,277	5,665	5,793	6,025
Foreign currency transactions losses (gains)	(5,394)	2,134	(9,973)	8,307	2,494
Non Recurring expenses (extinguishment of debt, bond issuance costs, provision for bad debt, acquisition related costs and other)	206	668	1,342	3,866	495
Director Stock compensation and provision for obsolete inventory	93	71	71	71	71
Adjusted EBITDA	**17,594**	**17,195**	**18,240**	**18,272**	**22,783**
Net (loss) income	**7,025**	**1,169**	**10,620**	**(3,871)**	**6,152**
Less: Income (loss) attributable to non-controlling interest	(101)	(103)	72	212	145
(Loss) Income attributable to parent	**6,924**	**1,066**	**10,692**	**(3,659)**	**6,297**
Foreign currency transactions losses (gains)	(5,394)	2,134	(9,973)	8,307	2,494
Deferred cost of financing	-	338	346	360	372
Non Recurring expenses (extinguishment of debt, bond issuance costs, provision for bad debt, acquisition related costs and other)	206	668	1,342	3,866	495
Tax impact of adjustments at statutory rate	2,075	(1,256)	3,065	(1,564)	(321)
Adjusted net (loss) income	**3,811**	**2,950**	**5,472**	**7,311**	**9,337**
Basic income (loss) per share	0.19	0.03	0.29	(0.11)	0.16
Diluted income (loss) per share	0.19	0.03	0.29	(0.11)	0.16
Diluted Adjusted net income (loss) per share	0.10	0.08	0.15	0.20	0.24
Diluted Weighted Average Common Shares Outstanding in thousands	**36,732**	**36,753**	**36,772**	**36,428**	**38,337**
Basic weighted average common shares outstanding in thousands	36,256	36,277	36,296	36,428	37,861
Diluted weighted average common shares outstanding in thousands	36,732	36,753	36,772	36,428	38,337

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.

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Non-GAAP Reconciliation[1]

Net Debt, Leverage and Total Investment Reconciliations
Figures in US $k

Leverage Reconciliation

	As of September 30,	
	2017	**2018**
Short Term Debt and Current Portion of Long Term Debt	3,650	16,069
Long Term Debt	17,799	15,819
Corporate Bond	202,628	204,101
Gross Debt	**224,077**	**235,989**
Cash at the end of the period	36,153	27,951
Net Debt	**187,924**	**208,038**
LTM Adjusted EBITDA	64,107	76,490
Net Debt / LTM Adjusted EBITDA	**2.93x**	**2.72x**

Total Investment Reconciliation	Nine Months As of September	
	2017	**2018**
Capex or Cash acquisition of property and equipment	6,701	7,195
Assets acquired under capital lease and debt	-	1,249
Total Investment	**6,701**	**8,444**

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.*

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