

Tecnoglass (NYSE: TGLS) Investor Presentation

September 2024

www.tecnoglass.com

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Tecnoglass at a Glance

Key Stats

Miami, FL
Global Headquarter

~9,000
Employees

$2.4 B
Market Cap
At Q2'24

$818 MM
LTM Q2'24 Revenue

~17%
2012 – LTM Q2'24
Revenue CAGR

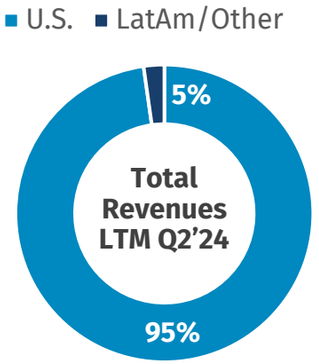
$1.02 B
Backlog

$248 MM
LTM Q2'24 Adj.
EBITDA[1]

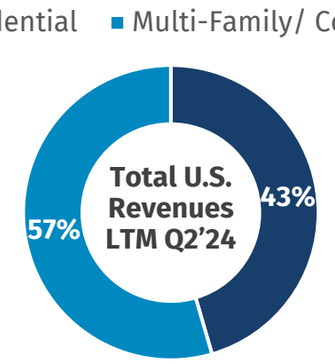
~30%
LTM Q2'24
Adjusted
EBITDA[1] Margin

~25%
2012 – LTM Q2'24
Adjusted EBITDA[1]
CAGR

Leading Position in U.S. Market



U.S. End Market Mix



Attractive Portfolio of Well-Positioned Brands

TECNOGLASS
ES
ALUMINA
gmp
COMPONENTI
ARCHITECTURAL SPECIALTIES
ES
METALS

Tecnoglass is a leading architectural glass manufacturer with vertically integrated operations under one roof

Notes:

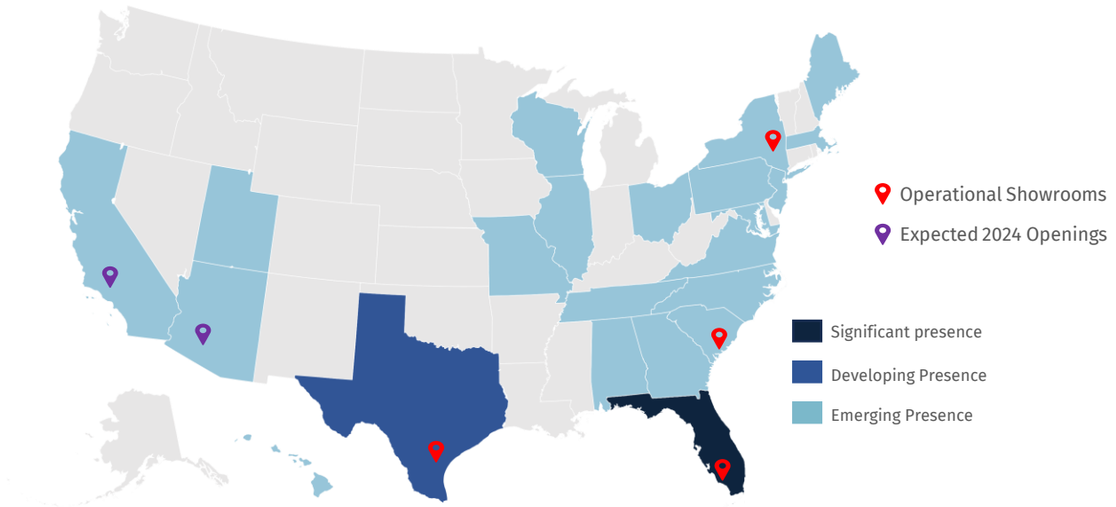
1. Adjusted EBITDA excludes non-recurring and non-cash expenses mainly associated with non-cash foreign exchange transaction gains or losses, non-recurring professional fees and other non-core items, and include the proportional contribution of the Company's joint venture with Saint-Gobain.

Global Leader in Architectural Windows and Glass

Supplying Architectural Glass Products to Landmark Properties in the U.S. and Latin America

- → Leading global manufacturer, distributor and installer of high-spec architectural windows and glass for residential and multi-family / commercial applications with leadership position in the U.S. market
- → 40-year track record of product innovation and high-quality standards
- → Broad portfolio serving a well-diversified base of nearly 1,000 customers
- → Vertically integrated, state-of-the-art manufacturing complex with significant recent capital investments
- → Strategic, cost-efficient business model provides a significant structural competitive advantage and high barriers to entry
- → Highly skilled, dedicated employee base led by an experienced management team
- → Double-digit organic growth CAGR over past decade with industry-leading margins
- → Over 85% of revenues considered green revenues, contributing to reducing global emissions and mitigating climate change effects

TGLS Successful Geographic Expansion in the U.S.



Built-to-Suit Innovative Products Pacing Ahead of Evolving Industry Trends

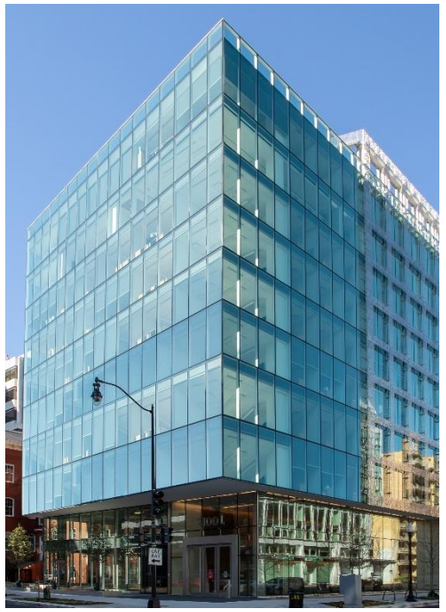
Tecnoglass' High-Quality Products and Exceptional Customer Service Allow it to Better Serve Customers and Support Organic Growth in Each of Our End Markets

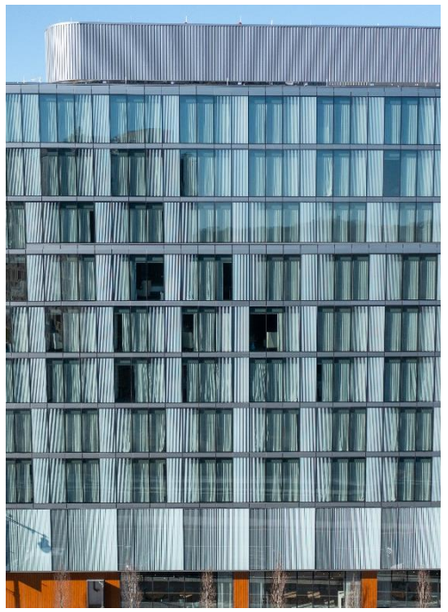
Multi-Family / Commercial Markets:

Curtain Walls and Other Architectural Systems such as windows, doors, window walls, storefronts, railings, louvers and new vinyl product line

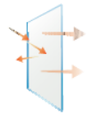
Aluminum products for architectural glass settings: bars, plates, profiles, rods, and tubes

- Revenue LTM Jun'24: $484 mm
- CAGR '17- LTM Jun'24: 7%
- 35+ years serving all end markets





Glass Technology



Low-emissivity glass (Low-E)



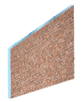
Tempered Glass



Laminated Glass



Insulated Glass



Digital Print Glass



Silkscreen glass

Features:



Blast Resistant



Hurricane Resistant



Thermally Broken

Single-Family Residential Specialty Brands:

High performance energy-efficient Low-E and impact-resistant aluminum and vinyl Windows and Doors meeting demanding security, strength, and durability standards

- Revenue LTM Jun'24: $333 mm
- CAGR '17- LTM Jun'24: 81%
- 6+ years serving SF residential



Prestige LINE by ESWINDOWS

The Prestige residential line offers meticulously crafted luxury windows and doors with superior quality and style



ELITE LINE by ESWINDOWS

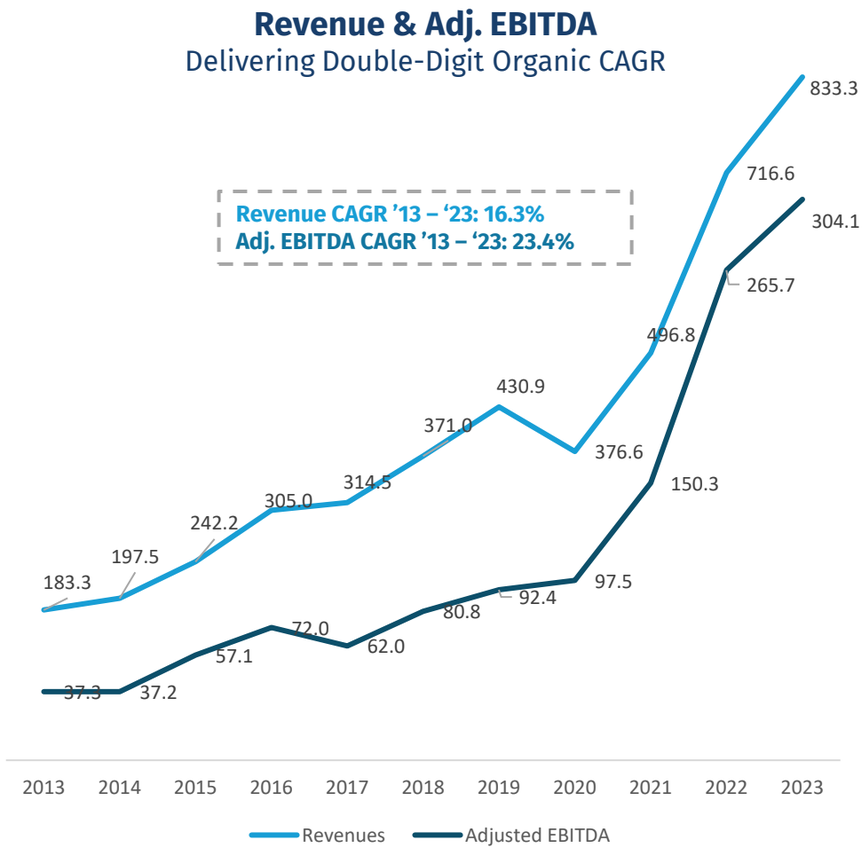
E-Line offers homeowners comfort, high design, and superior thermal performance



MULTIMAX by ESWINDOWS

Multimax product line specifically targeting large scale homebuilders, legacy and new dealers in Florida

Evolution of Revenue & Adjusted EBITDA



Key Milestones

2013 Became public

2015 Investment in top-class manufacturing facility to produce high-spec insulated glass

2017 Entered into the single-family residential market in the U.S., now accounting for 43% of total U.S. sales

2019 Entered into JV agreement with Saint Gobain for secure float glass supply

Investments in automation began, $25 mm of Capex invested during 2019

2020 Automation investments became operational

COVID-19 Pandemic

2021 Introduction of Multimax products oriented towards production homebuilders

Sales reps in expanding geographies building relationships with targeted general contractors, developers, architects & glazers

2022 Opening of new showrooms in expanding geographies (NYC & Charleston now operational)

Revenue increase of 44% YoY at the higher end of guidance; gross margin up ~790 bps

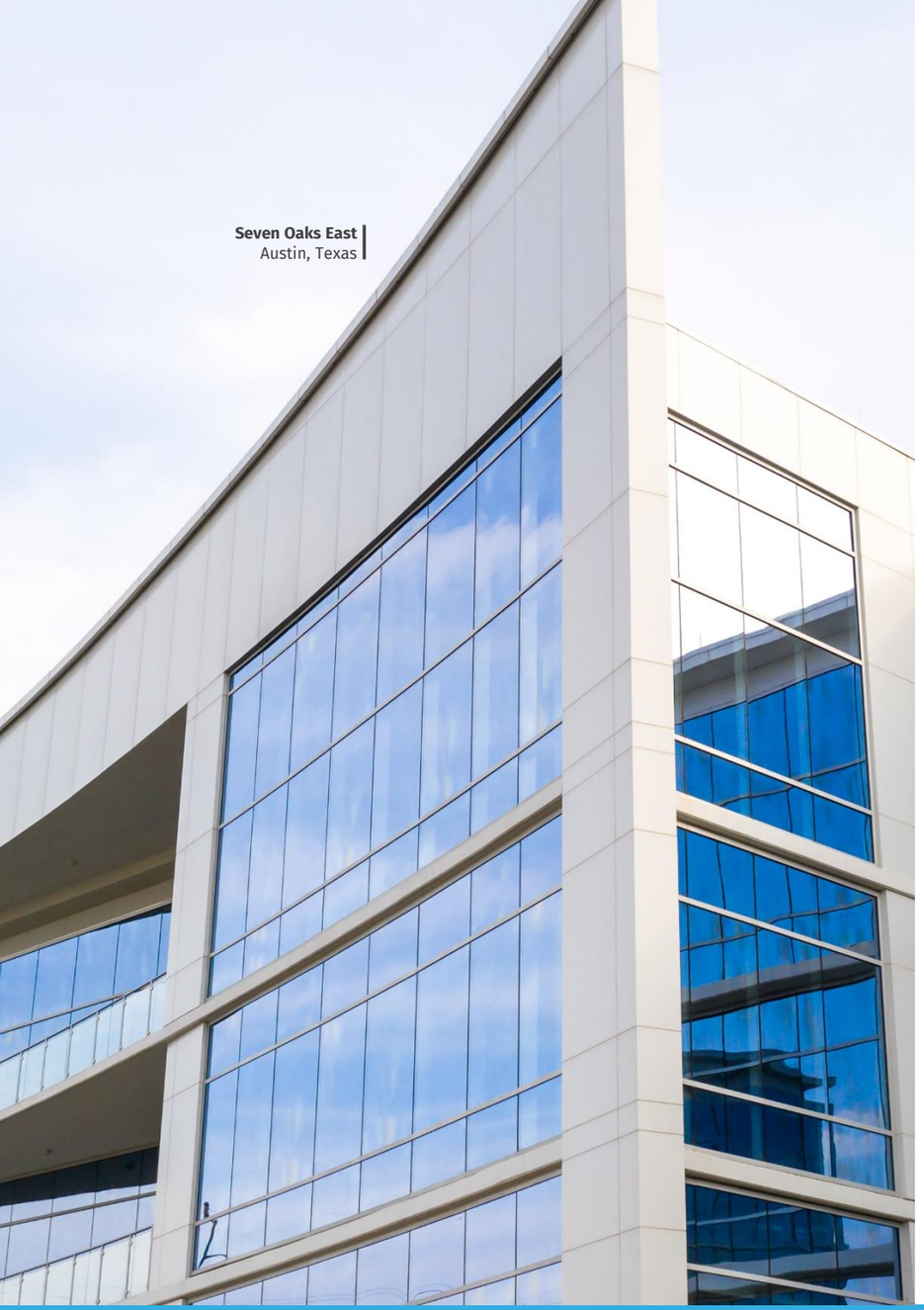
2023 Installed capacity reaches approx. $1.2 B

Record backlog of $1.02 B, up ~29% YoY

Entered into vinyl windows market, more than doubling addressable market

Relocated Global Headquarters from Colombia to Miami, Florida

Completed nearly half of $50 mm Buyback Program



Why Invest in Tecnoglass

Key Investment Highlights

1 | Strong Revenue Generating Track Record and Positive Outlook

- Impressive Track Record of Organic Revenue Growth in the U.S. Commercial and Residential Markets
- Effectively Positioned to Further Penetrate the Attractive U.S. Market
- Demonstrated History of Converting Backlog to Revenue

2 | Operational Efficiencies Resulting from Structural Competitive Advantages

- Vertically-Integrated Business Model Allows Tight Control Over Supply Chain and Costs
- Geographic Location of Manufacturing Facilities Provides Cost and Logistical Advantages
- State of the Art Manufacturing Facilities Drives Efficiency and Enhances Cost Efficiencies

3 | Best in Class Profitability and Cash Flow Generation

- Structurally Strong Margins & Cash Flow

4 | Disciplined Capital Allocation Framework Supporting Leading Financial Returns

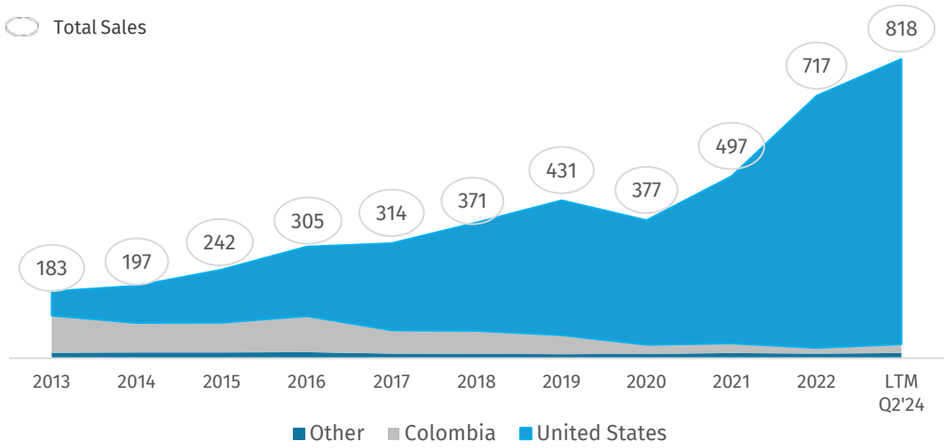
- Strong Balance Sheet and Leverage Profile
- Record of High Returns Through Capital Deployment

5 | Committed to ESG Principles

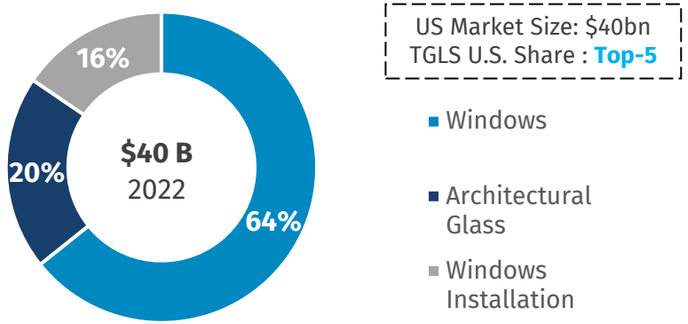
- “Green Revenues”
- Sustainability Strategy and Established Policies in Place to Benefit our Stakeholders
- Management Experience and Track Record Promoting Continuous, Ethical and Responsible Growth

Impressive Track Record of Organic Revenue Growth in the U.S. Multi-Family / Commercial and Residential Markets

TGLS Revenue by Country



Vast Market Opportunity[1]

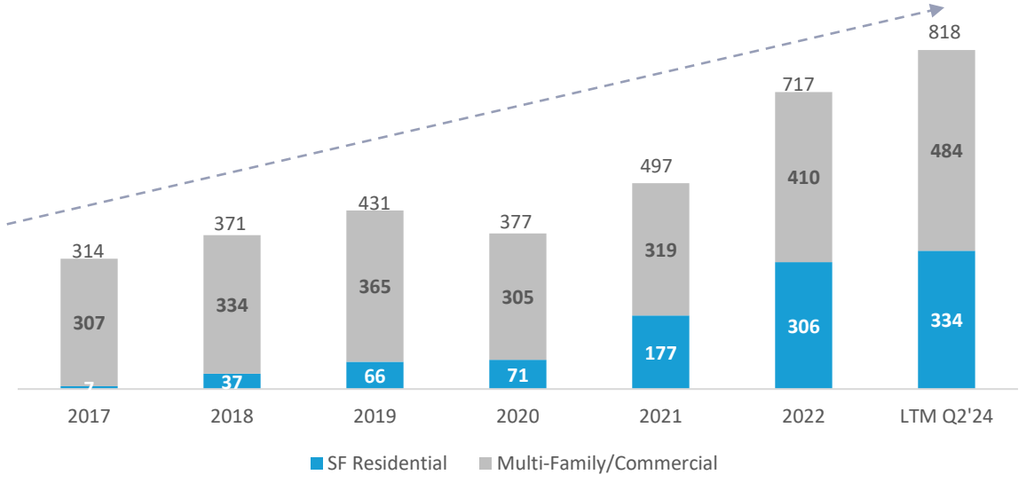


US Market Size: $40bn
TGLS U.S. Share : **Top-5**

- Windows
- Architectural Glass
- Windows Installation

- U.S. revenues continue to represent the majority of sales, contributing ~95% and 94% of total revenues and total backlog as of Q2'24
- The Company has ~1,000 customers, mostly located in North America, without any one customer exceeding 10% of revenues

Single-Family Residential Contributing to Strong Revenues



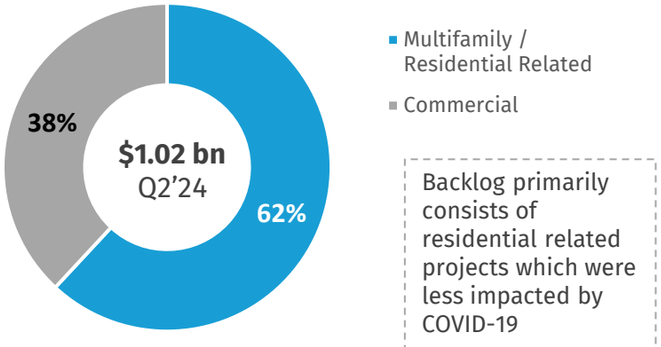
- Continued growth into the single-family residential market through showroom openings across expanding geographic footprint (NYC and Charleston, SC and Houston, TX now operational), with two more showrooms planned by the end of 2024, along with the introduction of new and innovative products
- Long term strategy continues to be supported by an expanding dealer base in underpenetrated geographies and geographic expansion within the Southeast and Southcentral U.S.

Notes:

1. *External sources include IBISWorld, Fenestration and Glazing Industry Alliance (FGIA), Insight Partners and Arizton Advisory and Intelligence*

Effectively Positioned to Further Penetrate the Attractive U.S. Market With Demonstrated History of Converting Backlog to Revenue

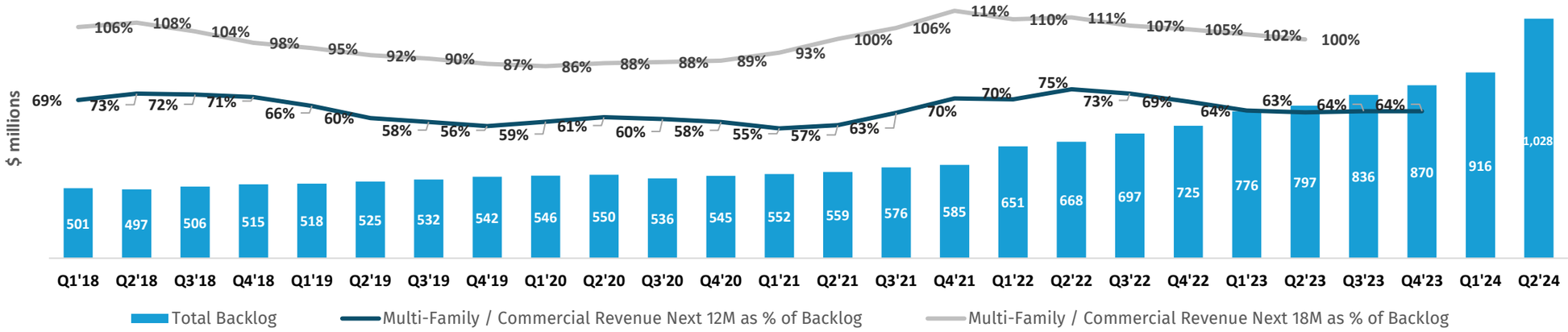
Backlog by End Market



Backlog primarily consists of residential related projects which were less impacted by COVID-19

- Solid single-family residential growth trajectory not fully captured in backlog given shorter term "spot" duration of projects
- Record Backlog of $1.02 bn, up ~29% YoY, representing ~2.1x LTM multi family and commercial revenues. Pipeline of projects increasing with continued growth expected for the rest of the year
- U.S. backlog of $962 mm, representing 94% of total backlog, led by market share gains, geographical diversification and strong activity in the Southeast U.S., our strongest region, currently outperforming most of the country
- 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
- Given this dynamic, the Company has very strong visibility over the next 18 months over approximately 60% (commercial segment) of its revenues. Residential construction has avenues of growth related to the showroom expansion and the entrance into the vinyl window segment

Backlog to Revenue Conversion

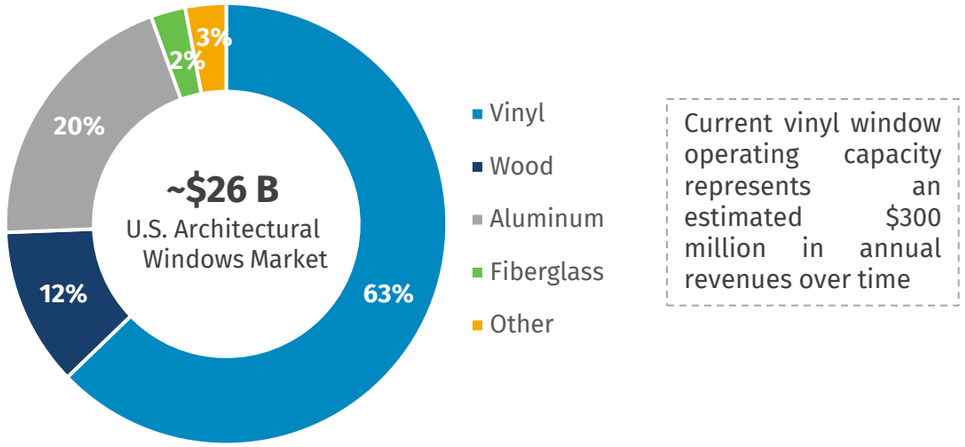


Note: Excludes Single-family Residential

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. This dynamic provides strong backing to support double digit revenue growth in 2024

Recent Strategic Entry into Vinyl Windows More than Doubles Addressable Market

Significant Addressable Market Potential[1]



Current vinyl window operating capacity represents an estimated $300 million in annual revenues over time

- More than doubles addressable market with an opportunity to add ~$300 mm in annual revenues once production lines fully ramped up
- Further strengthens geographic expansion, given vinyl's adaptability for various weather conditions and efficient thermal performance to address increased demand for energy efficiency
- Attractive synergies given that 1) many existing dealer customers already sell both aluminum and vinyl windows and 2) ability to leverage manufacturing expertise and vertically integrated operations

Operational Update

- Five fully operational vinyl window production lines capable of serving both the US and LatAm markets. Initial shipments began in December 2023
- Broader vinyl portfolio currently including 11 distinct products, with additional offerings in development to target the Northern US market and the Multi-Family end market
- TGLS vinyl sales & marketing primarily focused on North Florida, Alabama, South Carolina, North Carolina & Georgia. Expansion in the northeast U.S. supported by existing NYC showroom
- Strong quoting activity YTD, leveraging the network of approximately 60 legacy dealers in central and northern Florida which already carried both aluminum & vinyl products, providing a faster ramp-up opportunity vs. the legacy aluminum line with new distributors signed in northern Florida in 2024
- Showrooms already displaying legacy aluminum window lines plus new vinyl designs
- Cadence of orders expected to start ramping up after Q2'24, supported by ongoing robust quoting activity and early positive feedback from sampling

Notes:

1. *External sources include IBISWorld, Fenestration and Glazing Industry Alliance (FGIA), Insight Partners and Arizton Advisory and Intelligence*

Vertically-Integrated, Well-Situated, Cutting-Edge Manufacturing Operations Drive Industry Leading Margins

Fully Vertically Integrated Operations

Suppliers > **Raw Material** > **Production Process** > **Final Product** > **Sales, Distribution & Installation**

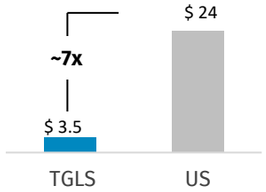
- Tecnoglass' integration across the architectural glass and window value chain provides significant control over a substantial portion of its costs, representing a structural advantage relative to industry peers
- Stable glass supply and costs resulting from JV with St. Gobain which represents ~60% of glass purchases

Strategic Location in Colombia

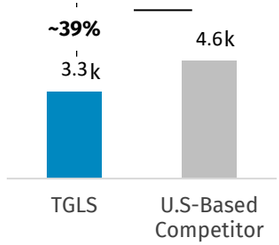
- Strategic location provides cost-effective marine transportation, with stable access to skilled workers and a connected supply chain, which minimize costs.

- **Location:** Barranquilla, Colombia
- **Plant Size:** 5.6 million square feet
- **Capacity:** approximately US $1.2 B
- **Employees:** ~9,000

Labor Cost per Hour[1]



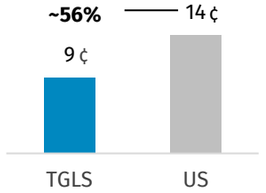
Transportation Costs[2]



State-of-the-Art Manufacturing

- High-tech manufacturing facilitates the production process on an end-to-end basis, reducing lead times
- 15% energy savings from prior investments in renewables (solar panels)
- Utilizing co-generation through on-site natural gas emissions

Energy Cost per KwH[3]

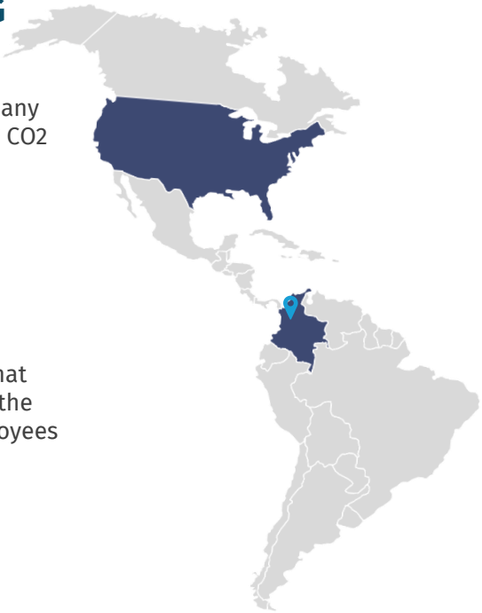


Notes:

1. *Federal Reserve Economic Data*
2. *Tecnoglass' estimate for land transportation from Midwest to major coastal cities*
3. *U.S Energy Information Administration*

Operational Efficiencies Resulting from Structural Competitive Advantages

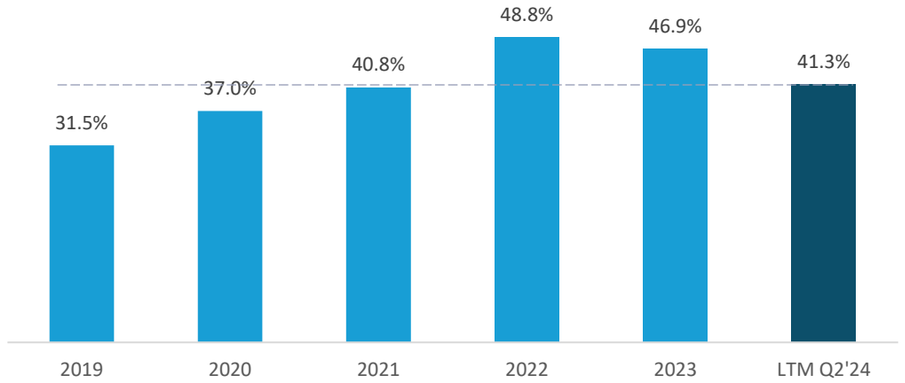
Competitive Advantage	Structural Operational Benefits				
	Lean Cost Structure	**Below Average Lead Times**	**High Quality Product**	**Favorable Shipping**	**Favorable ESG Impact**
Fully Vertically Integrated Operations	• Retain profit at every step of the production process and maintain significant control over a substantial portion of costs	• Tight control over a short and efficient supply chain. Lead times have been reduced to 5 weeks	• Control over every step of the production process ensures high quality at every stage	• No transportation needed between different facilities, streamlining shipping processes	• Simplified intra-company logistics lower Scope 2 CO2 Emissions
Strategic Location in Colombia	• Benefit from efficient local costs denominated in Colombian pesos, most notably Labor at the equivalent of $3/hour	• Proximity to Miami (principal market), 4-day journey provides fast response times (near-shoring)	• Access to skilled and committed labor providing production efficiency and low turnover	• Strategic location near 3 of Colombia's 4 main ports • Low shipping cost to the U.S. due to the Colombian net import trade imbalance	• Social initiatives that generate value for the community and employees
State-of-the-Art Manufacturing	• Automation increases efficiencies on an end-to-end basis reducing lead times, headcount and on-site damage, while increasing capacity	• Utilization of advanced automation in manufacturing and warehousing for faster lead times	• Utilization of state-of-the-art equipment and processes for top-notch products	• Connected supply chain keeps intercompany transport costs <5% of revenues; • Packaging designed to prevent breakage during shipping	• Adoption of sustainable practices such as solar panels, natural gas usage, and waste reduction measures



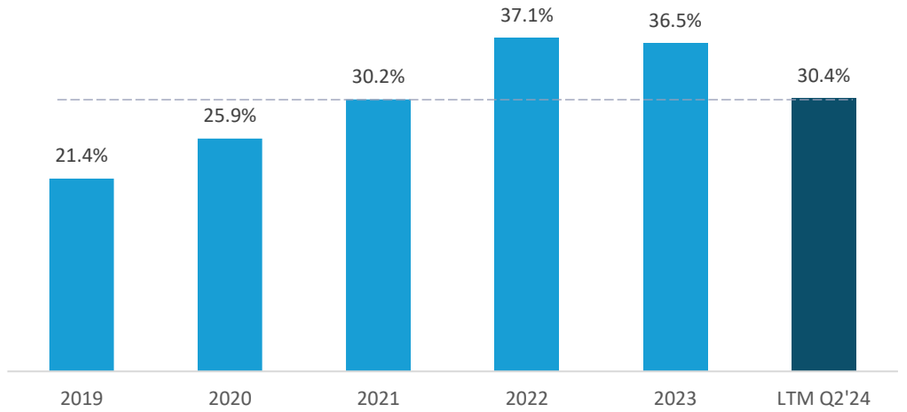
Structural advantages result in substantially shorter lead times than major competitors, unlocking opportunities for continued expansion and market share gains

Best in Class Profitability and Cash Flow Generation

Structurally Improved Gross Margin



Industry-Leading Adjusted EBITDA Margin



Gross margin increased to 41.3% as of LTM Q2'24, up from 31.5% at the end of 2019. Three main factors have contributed to the improved margin profile:

1. Step-up in gross margin from structural and sustainable operational improvements related to automation initiatives
2. Diversification into the single-family residential end market driving accretive benefits to margins given the higher mix of manufacturing vs. installation revenues
3. Operating leverage on higher revenues have more than offset depreciation, labor, and other indirect manufacturing costs

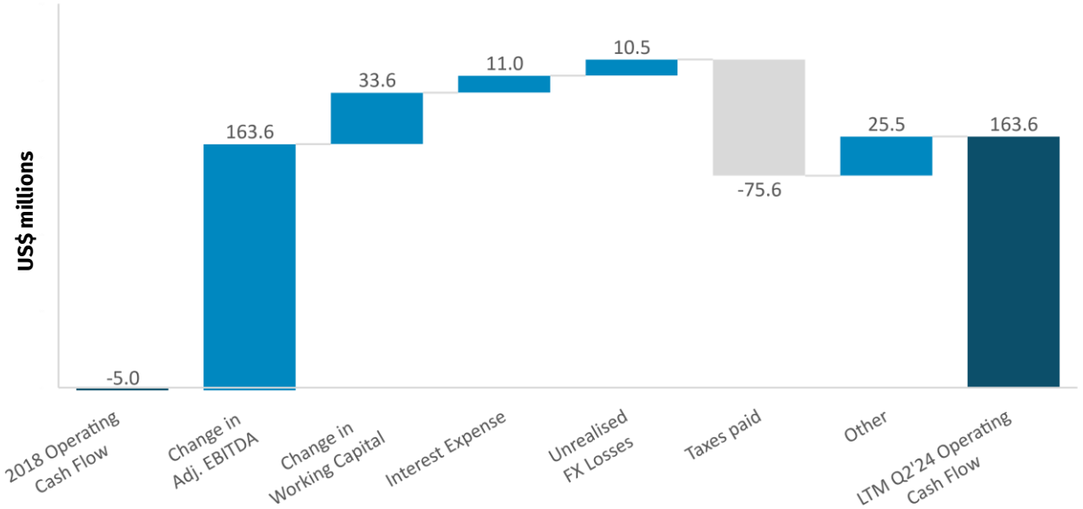
Adjusted EBITDA increased to 30.4% as of LTM Q2'24, up from 21.4% in 2019 driven by higher revenues along with stronger gross and operating margins

Stronger profitability and significant improvement in working capital metrics driving significant cash flow generation and low net leverage (Net Debt / LTM Adjusted EBITDA) levels

Notes:
Prior periods retroactively adjusted to include the historical financial results of Ventanas Solar, given the acquisition of VS was deemed to be a transaction between entities under common control.

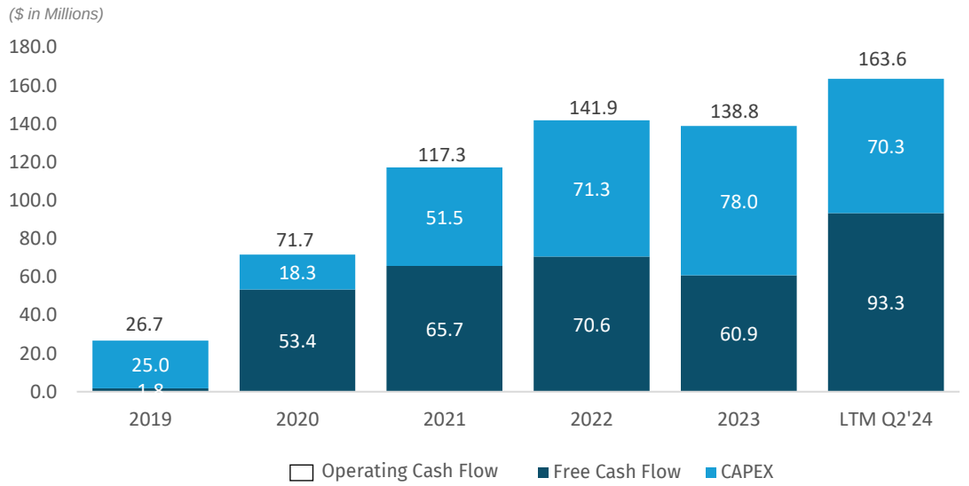
Best in Class Profitability and Cash Flow Generation

Operating Cash Flow Bridge (2018 – 2024)



- Tecnoglass has established a strong record of cash flow generation as a result of increased profitability, better working capital management, reduced interest expense and a more favorable mix of revenues
- Significant DSO improvement, from 90 in 2018 to 79 as of June'24, driven by improved collection efforts and a higher mix of revenues from single-family residential, which includes upfront payments, shorter sales cycles and no retainage; Company allows for 10-15 day transit times in addition to typical 60 day terms
- Interest expense savings achieved through reduction in both debt outstanding and weighted average interest rate

Improved Free Cash Flow



- Free Cash Flow of $93.3 mm as of LTM Q2'24, up from $1.8 mm in 2019, driven by stronger cash flow from operations on higher profitability YoY along with efficient working capital management, more than offsetting a higher Capex spend following completed growth phase during the past several years
- Free cashflow expected to continue current trend given the completion of the current growth capex phase to get the Company´s installed capacity to approximately $1.2B in manufacturing revenues

Disciplined Capital Allocation Supporting Leading Financial Returns

Strong Balance Sheet and Leverage Profile To Execute Growth

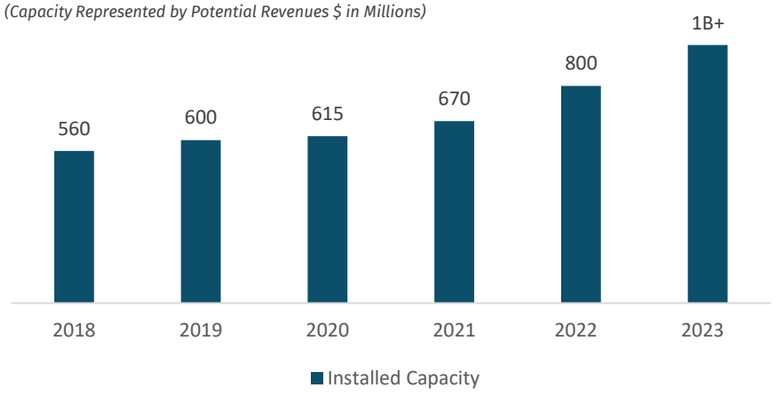
Liquidity of $300 million, including cash of $127 million and $170 million available under committed revolver and other working capital lines

1 High Return Strategic Capex

- Growth capital investments include automation projects, additional production lines and facility footprint expansion to address ongoing growth
- ~$259 mm invested over the past three years have expanded operational capacity to approximately $1.2B in annualized revenues
- Invested $53.4 mm in 2021, $83.2 mm in 2022, $87.3 mm in 2023 and $34.8 mm in 1h'24
- Operational expansion supported by continued backlog strength, single-family residential penetration and growing portfolio of innovative products

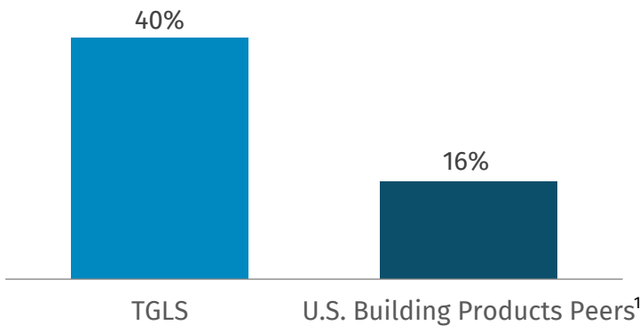
Installed Capacity

(Capacity Represented by Potential Revenues $ in Millions)

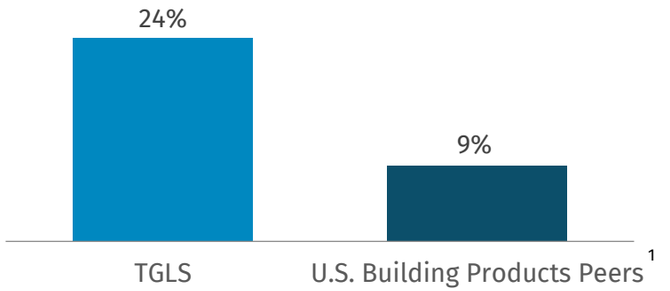


Installed capacity does not include installation revenue at typically 10-20% of installed capacity

3 Year Average ROE



3 Year Average ROIC



- 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.*

Disciplined Capital Allocation Supporting Leading Financial Returns (Cont'd)

Strong Balance Sheet and Leverage Profile To Execute Growth

2 Dividend Payments

- ~$58 mm of aggregate dividends paid since 2016
- In February 2024 the Board approved a quarterly cash dividend of $0.11 per share, representing a 22% increase from previous dividend payments

3 Share Repurchase Program

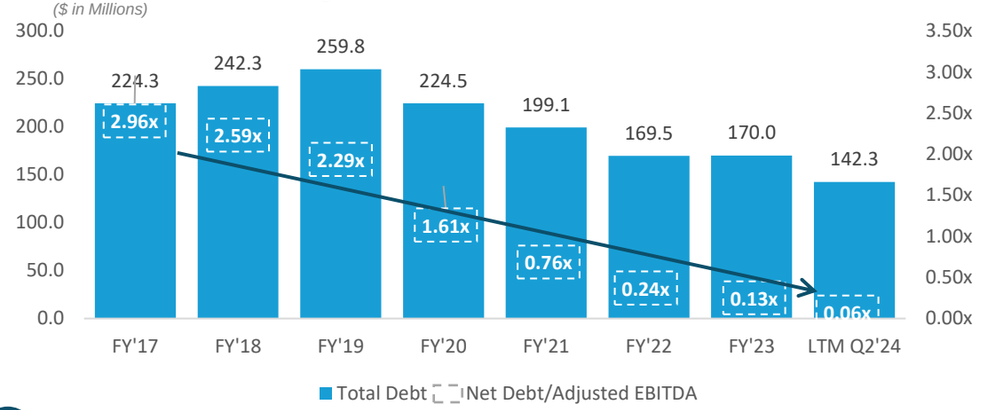
- Executed $24 mm in share repurchases to date, almost half of the Company's Buyback Program of $50 mm, returning significant cash to shareholders

4 Debt Repayment

- Strong cash flow and voluntary repayments of debt have resulted in all-time low net debt / LTM Adj. EBITDA[1] of 0.06x and no significant debt maturities until the end of 2026

Record-low Net Leverage[1]

($ in Millions)



5 M&A

- Historically not active but will consider strategically convenient opportunities to diversify geographically or broaden product offerings while generating significant synergies



Notes:

1. Adjusted EBITDA 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.

Committed to ESG Principles

Leading Eco-Efficiency and Innovation

Tecnoglass is working on certifying its decarbonization processes. It has achieved carbon neutrality for 2021, 2022, and 2023

Proactively invested in carbon credits from projects in Colombia to offset Scope 1 and 2 emissions for the past three years

In 2017 was a pioneer in Colombia, investing in a solar panel project with +15,000 roof-mounted panels, reducing since its inception over 10,000 C02e per year.

Inaugurated a cogeneration project with two gas engines, with a capacity of 9 MW electric

Water positive; according to the ISO 14046:2017 methodology, our water footprint is significantly lower than the total quantified consumption

Developing circular economy strategy focused on resource optimization, sustainable production practices and promoting the extension of product life-cycle

Registered +150 IP rights related to product development

Earned the Miami-Dade County Notice of Acceptance, one of the most demanding certificates in the industry and a requirement to market hurricane-resistant glass in Florida

NFRC (National Fenestration Rating Council) Energy Efficient Products.

FBC (Florida Building Code) Hurricane protection products

Tecnoglass reaffirms its commitment to fight climate change through a carbon neutrality strategy, focused on renewable energy, energy efficiency, and greenhouse gas offset projects

Green Revenues

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 come from Energy Efficient products, 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

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

Committed to ESG Principles

Enhancing our Environment

As of June 2024, +85% of our ~9,000 employees have participated and benefited in social well-being programs offered by the Company

Employee salaries are 15% above minimum wage in Colombia on average

First company to train its top management employees in Business and Human Rights in cooperation with the Colombian Public Ministry agency

LTIFR below industry and nationwide metrics

<u>Employee benefits:</u>

Medical unit free of charge for employees offering general medicine, optometry, dentistry and psychology services.

Home improvement grants for employees with 10+ years at the Company

Scholarship program for higher education

Sports center with baseball and soccer fields

46% of our employees received school supply kits for the start of the school year for their children, promoting discipline in their studies

Investment in public spaces for urban transformation in our area of influence (La Ventana al Mundo, La Ventana de Campeones, Police Stations, Fire Station, Renovation of Public Schools)

Total social investment of $3.9 mm, $3.6 mm and $2.0 mm during LTM Q2'24, FY'23 and FY'22



Ventana de Campeones
Barranquilla, Colombia

Committed to ESG Principles

Promoting Continuous, Ethical and Responsible Growth

Ethical Governance and Board Composition

Board composition: 5 independent & 2 executive
Diverse industry expertise, including broad experience in the construction industry
Board attendance: +75% YoY

Independent oversight and transparent decision-making:
Non-executive Chairman of the Board
All committees conformed by independent members

Annual performance evaluation of directors to ensure effectiveness and continuous improvement

Compensation packages rewarding executives for value creation
Performance-based compensation

Independent internal audit, dedicated to evaluating and enhancing controls and governance processes with full transparency, directly reporting to the Audit Committee

Global robust ethics and compliance program to address AML/FT, FCPA, fraud and to ensure security in the international supply chain

CTPAT Operador Económico Autorizado COLOMBIA

Quarterly controls in place to identify , approve and disclose Related Party Transactions, ensuring transparency and compliance

Highly Experienced and Dedicated Management Team



José Manuel Daes
CEO - Director

40+ years of executive experience in the industry, responsible for ethical management, driving growth, and maximizing shareholder value



Christian Daes
COO - Director

40+ years of experience industry expertise, driving corporate strategy through innovation, technology, automation, alternative energy, and stakeholder solidarity



Santiago Giraldo
CFO

MBA graduate with 25+ years of experience in capital markets, debt, treasury, and M&A. Prioritizes transparency and timely reporting, fostering investor relations and aligning long-term projects with the company's strategy



Andrea Zambrano
General Counsel

LLM graduate with 18 years of experience in corporate law, M&As, corporate finance and compliance programs. Strategic advisor in governance and sustainability, integrating environmental and social considerations in the organization's decision-making process

Historic KPI Accomplishments:

- Implemented GRI Standards for Sustainability Report
- Completed automation projects for aluminum inventory, sorting and laminated glass transformation
- LTIFR measured annually, results below industry metrics
- Incremental analyst coverage
- Stringent financial metrics (Adjusted EBITDA, Net Sales, Backlog, Gross Profit, Financial Costs, Tax Planning)
- Completed carbon footprint measurement with 2016 as baseline and measured YoY
- Colombian operating companies certified as AEO in exporter and importer category and US subsidiary as C-TPAT Tier 3

Q2 2024 Key Takeaways

Key Takeaways			
$219.7 MM Total Sales	**$95.7 MM** SF Residential Sales	**$209.7 MM** Total U.S. Sales	**95.0%** Of Total
$89.6 MM Gross Profit	**40.8%** Margin	**$51.1 MM** Operating Income	**23.3%** Margin
$64.1 MM Adjusted EBITDA[1]	**29.2%** Margin	**$40.5 MM** Adjusted Net Income[1]	**$0.86** Adjusted EPS
$34.5 MM Operating Cash Flow	**$14.2 MM** Free Cash Flow	**$1.02 B** Backlog	**29.0%** YoY Growth

- 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

Notes:

1. Adjusted EBITDA 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.

2024 Outlook

Full Year Outlook	2024 Assumptions

Revenue

$860 MM - $910 MM

Adj. EBITDA

$260 MM - $285 MM

- 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*



300 Third Avenue
Waltham, Massachusetts

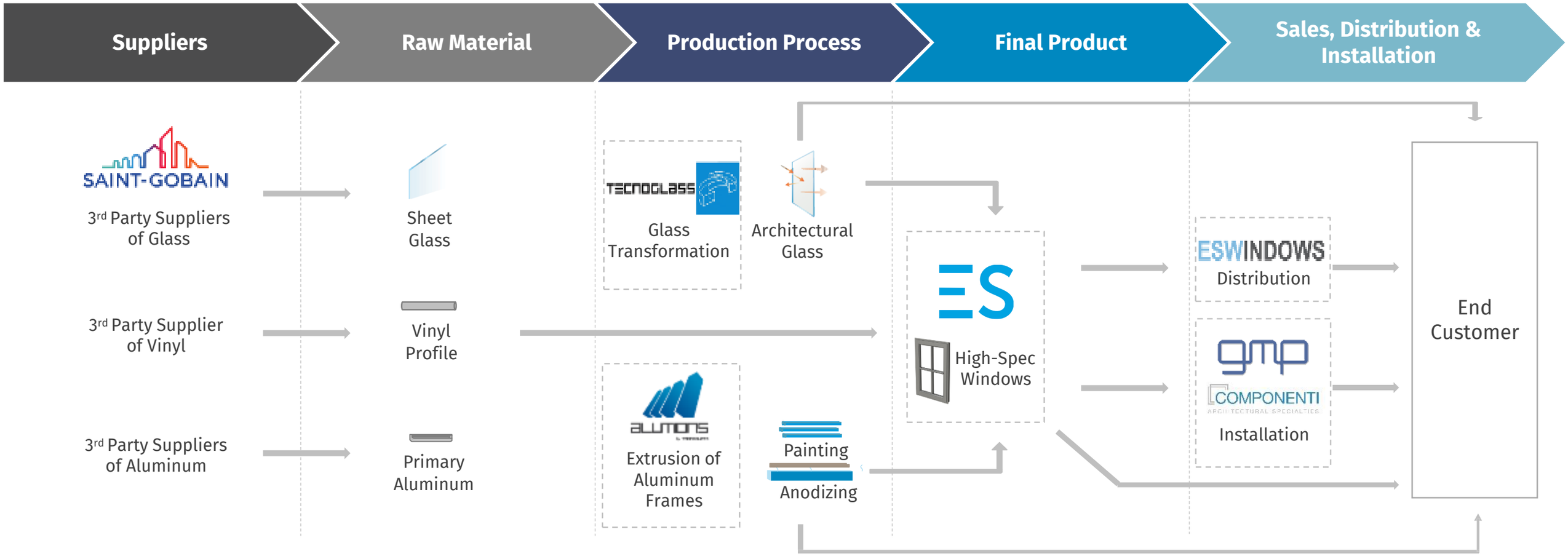
TECNOGLASS

APPENDIX

www.tecnoglass.com

Operational Review

Vertically Integrated Operations Provide Low-Cost Base and Operational Flexibility



The Joint Venture with Saint Gobain reinforces our vertical integration strategy and positions Tecnoglass to capture benefits from nearly the entire value chain of our high-quality architectural glass production

Profit & Loss 2024 vs 2023[1]

	Three months ended June 30,				2024 vs 2023		Six months ended June 30,				2024 vs 2023	
	2024	% Sales	2023	% Sales	$ Δ	% Δ	2024	% Sales	2023	% Sales	$ Δ	% Δ
Operating revenues	**219,654**	**100.0%**	**225,280**	**100.0%**	**(5,626)**	**-2.5%**	**412,281**	**100.0%**	**427,919**	**100.0%**	**(15,638)**	**-3.7%**
Raw materials	72,532	33.0%	65,550	29.1%	6,982	10.7%	139,556	33.8%	118,616	27.7%	20,940	17.7%
Direct labor	9,409	4.3%	6,945	3.1%	2,464	35.5%	16,798	4.1%	11,461	2.7%	5,337	46.6%
Indirect costs	48,136	21.9%	43,115	19.1%	5,021	11.6%	91,690	22.2%	80,417	18.8%	11,273	14.0%
Cost of sales	**130,077**	**59.2%**	**115,610**	**51.3%**	**14,467**	**12.5%**	**248,044**	**60.2%**	**210,494**	**49.2%**	**37,550**	**17.8%**
Gross profit	**89,577**	**40.8%**	**109,670**	**48.7%**	**(20,093)**	**-18.3%**	**164,237**	**39.8%**	**217,425**	**50.8%**	**(53,188)**	**-24.5%**
Administrative & Other expenses	18,443	8.4%	14,682	6.5%	3,761	25.6%	34,498	8.4%	32,437	7.6%	2,061	6.4%
Selling expenses	20,000	9.1%	20,487	9.1%	(487)	-2.4%	37,583	9.1%	36,807	8.6%	776	2.1%
SG&A & other operating expenses	**38,443**	**17.5%**	**35,169**	**15.6%**	**3,274**	**9.3%**	**72,081**	**17.5%**	**69,244**	**16.2%**	**2,837**	**4.1%**
Operating income	**51,134**	**23.3%**	**74,501**	**33.1%**	**(23,367)**	**-31.4%**	**92,156**	**22.4%**	**148,181**	**34.6%**	**(56,025)**	**-37.8%**
Adjusted EBITDA	**64,092**	**29.2%**	**85,006**	**37.7%**	**(20,914)**	**-24.6%**	**115,135**	**27.9%**	**170,842**	**39.9%**	**(55,707)**	**-32.6%**
Non-operating revenues, net	3,968	1.8%	2,744	1.2%	1,224	44.6%	6,094	1.5%	5,480	1.3%	614	11.2%
Foreign currency transaction gains (losses)	(5,575)	-2.5%	889	0.4%	(6,464)	-727.1%	(5,728)	-1.4%	(211)	0.0%	(5,517)	2614.7%
Interest expense	(2,006)	-0.9%	(2,321)	-1.0%	315	-13.6%	(4,112)	-1.0%	(4,594)	-1.1%	482	-10.5%
(Loss) income before taxes	**47,521**	**21.6%**	**75,813**	**33.7%**	**(28,292)**	**-37.3%**	**88,410**	**21.4%**	**148,856**	**34.8%**	**(60,446)**	**-40.6%**
Current Tax provision	14,554	6.6%	19,274	8.6%	(4,720)	-24.5%	22,195	5.4%	43,789	10.2%	(21,594)	-49.3%
Deferred Tax Provision	(2,061)	-0.9%	3,974	1.8%	(6,035)	-151.9%	1,457	0.4%	4,130	1.0%	(2,673)	-64.7%
Net (loss) income	**35,028**	**15.9%**	**52,565**	**23.3%**	**(17,537)**	**-33.4%**	**64,758**	**15.7%**	**100,937**	**23.6%**	**(36,179)**	**-35.8%**
Less: Net income attributable to non-controlling interest	0	0.0%	(120)	-0.1%	120	-100.0%	0	0.0%	(257)	-0.1%	257	-100.0%
Net income (loss) attributable to parent	**35,028**	**15.9%**	**52,445**	**23.3%**	**(17,417)**	**-33.2%**	**64,758**	**15.7%**	**100,680**	**23.5%**	**(35,922)**	**-35.7%**
Adjusted Net Income	**40,537**	**18.5%**	**53,458**	**23.7%**	**(12,921)**	**-24.2%**	**71,445**	**17.3%**	**104,963**	**24.5%**	**(33,518)**	**-31.9%**
Diluted income (loss) per share	0.75		1.12				1.38		2.12			
Diluted Adjusted net income (loss) per share	0.86		1.14				1.52		2.20			
Diluted weighted average common shares outstanding in thousands	46,996,708		47,093,096				46,996,708		47,674,773			

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.*

Non-GAAP Reconciliation[1]

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

Figures in U.S. $k	Three months ended Jun 30,		Twelve months ended Jun 30,	
	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 Jun 30,		Twelve months ended Jun 30,	
	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 Reconciliation[1]

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 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.*