



August 6, 2015

TECNOGLASS REPORTS SECOND QUARTER 2015 RESULTS

Second Quarter 2015

- Revenues rose 11.8% to \$58.1 million; U.S. sales increased 28% to \$33.3 million
- Adjusted EBITDA of \$13.5 million, up 6.7% from \$12.6 million in the prior year's quarter
- Quarter end backlog of \$340 million, up 21% from December 31, 2014

Reiterates Fiscal 2015 Guidance and 2016 Outlook

- Reports July as best month ever in sales and profit
- FY 2015: expects revenues and Adjusted EBITDA of \$240 million and \$60 million, respectively
- FY 2016: expects 20% revenue growth over 2015, with Adjusted EBITDA of \$80-\$85 million

BARRANQUILLA, Colombia--(BUSINESS WIRE)-- **Tecnoglass, Inc. (NASDAQ:TGLS) ("Tecnoglass" or the "Company")**, a leading manufacturer of architectural glass, windows, and associated aluminum products for the global residential and commercial construction industries, today announced financial results for the second quarter ("Q2") and six months ended June 30, 2015.

José M. Daes, Chief Executive Officer of Tecnoglass, commented, "Our growth continued in Q2 2015, with higher revenues, Adjusted EBITDA, and backlog. We continue to capture U.S. market share. U.S. revenues increased 28% to \$33.3 million in Q2 2015 from \$26.0 million in Q2 2014, and comprised 57.4% of total revenues up from 50.1% in Q2 2014. Although early in the third quarter, I am also pleased to report that July was our best month ever in terms of revenues and profitability.

"We have excellent visibility into 2016 and are preparing for our anticipated growth. Our manufacturing capacity has expanded significantly with respect to aluminum extrusion, painted aluminum, and aluminum billets and we have secured this commodity at favorable prices to meet our project pipeline. Our new \$40 million soft coat line is on schedule to commence operations later this quarter. We expect the new coating line to initially run at approximately 15% capacity, primarily to satisfy our internal requirements, with full operations expected to commence in 2016. Once at full capacity, which could take several years, this new line is expected to generate \$200 to \$250 million of additional revenues per year. Because we will be producing this product in our own factory, we also expect improved profitability and annual cost savings of \$6 to \$8 million associated with reduced waste alone in the first year."

Christian Daes, Chief Operating Officer of Tecnoglass, said, "It is an exciting time at Tecnoglass. We remain on track to report record results for 2015 and 2016, and are taking the necessary steps to elevate our industry profile, enhance productivity, and expand our operations. We have increased our workforce by approximately 700 since the beginning of the year to support the launch of our new soft coat line and other expansion projects. Although these hires negatively impacted our Adjusted EBITDA by approximately \$1.5 million in Q2 2015, we expect to benefit from their productivity through 2016.

"Late in Q4 2015 we expect to bring on line our seventh laminating line and fifth insulated glass production line. We will shortly introduce our line of Tecno Air products, which are manufactured using a new technology that allows us to produce, in a continuous process, the thinnest safety glass in the world with widths beginning at just 2 mm. We believe this will provide us with a distinct competitive edge as we will, for example, be able to produce a lighter, high quality refrigeration equipment glass without roll wave or iridescence. Tecno Bend, our soft coat tempering curved glass, allows us to produce glass that meets today's demanding design trends. These products will be available beginning in Q4 2015."

José M. Daes concluded, "Our business development activities remain quite strong, and we are at various stages of negotiation with new and existing customers for projects of substantial size and scope. We are also advancing our plan to return capital to shareholders in the form of a cash dividend."

Second Quarter 2015 Results

Revenues for Q2 2015 increased 11.8% to \$58.1 million from \$51.9 million in Q2 2014. Q2 2015 U.S. sales increased by \$7.3

million, or 28.0%, to \$33.3 million, reflecting ongoing sales expansion into regions such as Baltimore-Washington, California, Texas, New York and New Jersey. Sales to Colombia were essentially flat when compared to Q2 2014, due primarily to the depreciation of the Colombian Peso (COP) against the US Dollar. In terms of local currency, sales to Colombia in Q2 2015 rose 34.9% from the same period last year. Revenues in COP represented approximately 38% of total revenues in Q2 2015 as compared to 42% in Q2 2014.

Gross profit improved to \$19.0 million, or 32.7% of revenues, from \$16.6 million, or 32.1% of revenues, in Q2 2014, due primarily to operating efficiencies and favorable geographic sales mix. Gross profit and margin improved despite the addition of approximately 700 new employees during the first half of 2015.

Operating expenses in Q2 2015 rose to \$9.7 million from \$8.2 million in Q2 2014, reflecting increased sales commissions and shipping costs, as well as higher legal and administrative expenses related to growth.

Operating income rose 10.6% to \$9.3 million from \$8.4 million in Q2 2014.

Tecnoglass reported an extraordinary, non-cash, non-operating loss of \$16.4 million in Q2 2015, the result of an increase in the fair value of the warrant liability in the quarterly period ended June 30, 2015 relative to its fair value at March 31, 2015. The fair value of the warrant liability changes in response to market factors not directly controlled by the Company such as the market price of the Company's shares and the volatility index of comparable companies. The warrant liability also included the expected dividend yield following the Company's announcement in April 2015 that it would initiate a \$0.125 per share quarterly cash dividend; this variable was not included in prior quarters. There are no income tax effects as the Company is registered in the Cayman Islands. The non-cash, non-operating loss on the fair value of warrant liability in Q2 2014 was \$4.6 million.

The net loss for Q2 2015 was \$11.3 million, or \$0.45 per diluted share, and included the above-referenced \$16.4 million non-cash, non-operating loss associated with the change in fair value of the warrant liability. Excluding the \$16.4 million non-cash, non-operating loss, net income for Q2 2015 was \$5.0 million, or \$0.17 per diluted share. Net income for Q2 2014 was \$0.4 million, or \$0.01 per diluted share, and included a non-cash, non-operating loss associated with the warrants of \$4.6 million. Excluding the \$4.6 million extraordinary loss for the warrant liability, net income for Q2 2014 was \$5.1 million, or \$0.18 per diluted share.

Adjusted EBITDA in Q2 2015 was \$13.5 million, a 6.7% increase from \$12.6 million in Q2 2014.

Warrant Exchange / Cash Dividend

As previously announced, the Board approved an Exchange Offer to acquire all of the Company's outstanding Warrants in exchange for ordinary shares of the Company at a conversion ratio of 2.6 Warrants in exchange for one ordinary share. The Exchange Offer will allow holders of Warrants the opportunity to participate in the Company's recently announced dividend policy of declaring regular quarterly cash dividends of \$0.125 per share, or \$0.50 per share annually, by exchanging their Warrants for Tecnoglass ordinary shares. The first quarterly dividend payment will be made to shareholders of record 15 days after the end of the Exchange Offer. On July 10, 2015, the Company filed a Registration Statement on Form S-4 with the Securities and Exchange Commission in connection with the proposed warrant exchange. The registration statement has not yet been declared effective and the information contained in the filing is subject to change. Tecnoglass will make an announcement when it commences the Exchange Offer.

Conference Call

Management will host a conference call on Friday, August 7, 2015 at 10:00 am ET to discuss these results and other matters. Interested parties may participate in the call by dialing:

- (877) 423-9820 (*Domestic*)
- (201) 493-6749 (*International*)

The conference call will also be broadcast live via the Investor Information sector of Tecnoglass's website at www.tecnoglass.com. To listen to the live call, please go to the website at least 15 minutes early to register, download and install any necessary audio software. If you are unable to listen live, the conference call will be archived on the website for approximately 90 days.

About Tecnoglass

Tecnoglass is the #1 architectural glass transformation company in Latin America, providing hi-spec glass, windows and aluminum products for the global residential and commercial construction industries. Headquartered in Barranquilla, Colombia, Tecnoglass operates out of a 2.3 million square foot vertically-integrated, state-of-the-art manufacturing complex that provides

easy access to the Americas, the Caribbean, and the Pacific. Tecnoglass sells to more than 800 customers in North, Central and South America, with the United States accounting for approximately 51% of Company revenues in 2014. Tecnoglass's tailored, high-end products are found on some of the world's most distinctive properties, including the El Dorado Airport (Bogota), Imbanaco Medical Center (Cali), Trump Plaza (Panama), Trump Tower (Miami), and The Woodlands (Houston). For more information, please visit www.tecnoglass.com. Our new corporate video is available at <https://vimeo.com/134429998>.

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.

Important Additional Information Has Been and Will Be Filed with the SEC

Tecnoglass has filed the registration statement on Form S-4 with the SEC that includes the preliminary prospectus/offer to exchange relating to the warrant exchange offer. Tecnoglass will mail the definitive prospectus/offer to exchange to its warrant holders when the exchange offer is commenced. SECURITY HOLDERS ARE URGED TO READ THE PROSPECTUS/OFFER TO EXCHANGE AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE WARRANT EXCHANGE OFFER AND RELATED MATTERS. Security holders may obtain free copies of the preliminary prospectus/offer to exchange and other documents filed with the SEC by Tecnoglass through the website maintained by the SEC at www.sec.gov. In addition, copies of the prospectus/offer to exchange and other documents filed with the SEC by Tecnoglass will be available free of charge on the Company's website, www.tecnoglass.com.

Forward Looking Statements

This press release 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's 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's 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.

Tecnoglass Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income
(Amounts in thousands, except share and per share amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Operating revenues	\$ 58,053	\$ 51,936	\$ 110,096	\$ 99,777
Cost of sales	39,055	35,287	73,916	68,532
Gross Profit	18,998	16,649	36,180	31,245
Operating expenses	9,690	8,230	18,870	14,969
Operating income	9,308	8,419	17,310	16,276
Loss on change in fair value of warrant liability	(16,391)	(4,645)	(11,313)	(13,525)
Non-operating revenues, net	1,417	1,191	5,142	2,477
Interest expense	2,050	2,294	4,202	4,267
(Loss) Income before taxes	<u>(7,716)</u>	<u>2,671</u>	<u>6,937</u>	<u>961</u>

Income tax provision	3,631	2,263	8,403	5,234
Net (loss) income	\$ (11,347)	\$ 408	\$ (1,466)	\$ (4,273)
Comprehensive (loss) income:				
Net (loss) income	\$ (11,347)	\$ 408	\$ (1,466)	\$ (4,273)
Foreign currency translation adjustments	(410)	2,885	(5,577)	2,709
Total comprehensive (loss) income	\$ (11,757)	\$ 3,293	\$ (7,043)	\$ (1,564)
Basic (loss) income per share	\$ (0.45)	\$ 0.02	\$ (0.06)	\$ (0.18)
Diluted (loss) income per share	\$ (0.45)	\$ 0.01	\$ (0.06)	\$ (0.18)
Basic weighted average common shares outstanding	25,147,286	24,311,199	24,975,165	24,276,947
Diluted weighted average common shares outstanding	25,147,286	27,986,839	24,975,165	24,276,947

Tecnoglass Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	<u>June</u> <u>30, 2015</u>	<u>December</u> <u>31, 2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,018	\$ 15,930
Trade accounts receivable, net	54,306	44,955
Due from related parties	31,266	28,327
Inventories, net	40,097	28,965
Other current assets	26,869	23,319
Total current assets	168,556	141,496
Long term assets:		
Property, plant and equipment, net	126,340	103,980
Long term receivables from related parties	3,392	4,220
Other long term assets	5,946	6,195
Total long term assets	135,678	114,395
Total assets	\$304,234	\$ 255,891
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 43,469	\$ 33,493
Due to related parties	3,836	1,456
Current portion of customer advances on uncompleted contracts	10,356	5,782
Short-term debt and current portion of long term debt	58,217	54,925
Note payable to shareholder	79	80
Other current liabilities	21,459	17,300
Total current liabilities	137,416	113,036
Long term liabilities:		
Warrant liability	31,304	19,991
Customer advances on uncompleted contracts	10,645	8,333
Long term debt	56,654	39,273

Total liabilities	\$236,019	\$ 180,633
COMMITMENTS AND CONTINGENCIES		
Shareholders' equity		
Preferred shares, \$0.0001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2015	-	-
Ordinary shares, \$0.0001 par value, 100,000,000 shares authorized, 25,301,132 and 24,801,132 shares issued and outstanding at June 30, 2015 and December 31, 2014, respectively	3	2
Legal Reserves	1,367	1,367
Additional paid-in capital	46,514	46,514
Retained earnings	37,340	38,806
Accumulated other comprehensive loss	(17,009)	(11,431)
Total shareholders' equity	\$ 68,215	\$ 75,258
Total liabilities and shareholders' equity	\$304,234	\$ 255,891

Adjusted EBITDA Reconciliation

Adjusted EBITDA is not a measure of financial performance under generally accepted accounting principles ("GAAP"). Management believes Adjusted EBITDA, 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 might not be comparable to similarly-titled measures of other companies. This measure should be considered in addition to, and not as a substitute for or superior to, any measure of performance prepared in accordance with GAAP. A reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure in accordance with SEC Regulation G follows, with amounts in thousands:

	<u>Adjusted EBITDA</u>	<u>Depreciation</u>	<u>Adjusted EBIT</u>	<u>Warrants Liability</u>	<u>Interest Expense</u>	<u>Tax Provision</u>	<u>Net Income</u>	<u>Net Income w/o Warrants</u>
Q2 2015	13,470	2,745	10,725	16,391	2,050	3,631	(11,347)	5,044
Q2 2014	12,630	3,020	9,610	4,645	2,294	2,263	408	5,053
1H 2015	27,698	5,246	22,452	11,313	4,202	8,403	(1,466)	9,847
1H 2014	23,725	4,972	18,753	13,525	4,267	5,234	(4,273)	9,252
2015 (E)	60,000	12,400	47,600	-	12,600	12,700	22,300	22,300
2016 (E)	80,000	17,200	62,800	-	13,500	16,700	32,600	32,600

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Tecnoglass, Inc.

José M. Daes

Chief Executive Officer

josemanueldaes@energiasolarsa.com

or

Christian Daes

Chief Operating Officer

chris@tecnoglass.com

or

Sergio Barake, 305-503-9062

Deputy CFO

sbarake@tecnoglass.com

or

The Equity Group Inc.

Devin Sullivan, 212-836-9608

Senior Vice President

dsullivan@equityny.com

or

Kalle Ahl, CFA, 212-836-9614
Senior Associate
kahl@equityny.com

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