



November 16, 2015

## Tecnoglass Reports Third Quarter 2015 Results

**Increases Adjusted EBITDA Guidance to \$65 Million for FY 2015 and to \$85 Million for FY 2016**

### Third Quarter 2015

- Total revenues rose 17.7% to \$62.9 million; US sales increased 60% to \$42.9 million
- Operating income rose 41.4% to \$10.8 million
- Adjusted EBITDA more than doubled to \$24.7 million
- Backlog of \$360.4 million, an increase of 28% from December 31, 2014 and 6% over Q2 2015

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 third quarter ("Q3") and nine months ended September 30, 2015.

José M. Daes, Chief Executive Officer of Tecnoglass, commented, "We are very pleased with our strong performance as we advance towards record results in 2015. Our outlook has improved, and we have increased our Adjusted EBITDA guidance for FY 2015 and FY 2016 to \$65 million and \$85 million, respectively."

He continued, "US sales in Q3 2015 rose 60% to \$42.9 million from Q3 2014. US sales for the first nine months of 2015 rose to \$108 million, and eclipsed total US sales for all of 2014. Bidding activity in the US remains quite strong, and our total backlog at September 30, 2015 was a record \$360.4 million. We continue to expand our US presence and capture market share, and are currently working on, or contracted to perform projects in regions including Florida, Texas, New York, New Jersey, and Washington-Baltimore. Outside the US, local currency-denominated sales to Colombia rose by 20%, reflecting a stronger demand in construction activity in our country."

Christian Daes, Chief Operating Officer of Tecnoglass, said, "In September, we commenced operating our new \$40 million soft coat low-E glass manufacturing line to produce this increasingly in-demand product initially for our own use and, over time, to sell externally. We have successfully completed our second month of production and are experiencing superb product quality and smooth operations. We are beginning to satisfy our internal soft coat product demands, and expect to fulfill all of our internal soft coat production needs by the end of Q1 2016. The use of this new line is already beginning to generate savings and profits, and we expect a more pronounced profit impact beginning in Q1 2016. With respect to new products, we will commence production of the ProBend™ product line this month. ProBend allows for the production of high quality cylindrical safety glass and has the capability to produce large-sized bent tempered, heat strengthened and laminated glass. In early 2016, we expect to introduce our line of TecnoAir products utilizing a new technology to produce the thinnest safety glass in the world."

José M. Daes concluded, "We believe the investments we have made in our plant, products and people, combined with our business development activities and growing portfolio of successful projects, have positioned Tecnoglass for continued growth in 2016 and beyond."

### Third Quarter 2015 Results

Total revenues for Q3 2015 increased 17.7% to \$62.9 million from \$53.5 million in Q3 2014. US sales rose 60% to \$42.9 million from \$26.8 million in Q3 2014. Sales to Colombia, a majority of which are represented by long-term contracts priced in Colombian Pesos (COP), increased 20% in terms of local currency; however, unfavorable exchange rates caused Q3 2015 Colombia sales to decline by \$4.8 million to \$17.6 million from \$22.4 million in Q3 2014. Sales to Panama and other territories were also lower relative to Q3 2014.

Gross profit improved to \$21.7 million, or 34.5% of revenues, from \$16.4 million, or 30.8% of revenues, in Q3 2014, due primarily to operating efficiencies and favorable geographic sales mix.

Operating expenses in Q3 2015 rose to \$10.9 million from \$8.8 million in Q3 2014, reflecting increased sales commissions, shipping costs, and advertising expenses.

Operating income rose 41.4% to \$10.8 million from \$7.7 million in Q3 2014.

Tecnoglass reported an extraordinary, non-cash, non-operating loss of \$3.1 million in Q3 2015, the result of an increase in the fair value of the warrant liability in the quarterly period ended September 30, 2015 relative to its fair value at June 30, 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. There are no income tax effects as the Company is registered in the Cayman Islands.

Net income for Q3 2015 was \$7.6 million, or \$0.25 per diluted share, and included the above-referenced \$3.1 million non-cash, non-operating loss associated with the change in fair value of the warrant liability. Excluding the \$3.1 million non-cash, non-operating loss, net income for Q3 2015 was \$10.7 million, or \$0.36 per diluted share. Net income for Q3 2014 was \$11.3 million, or \$0.40 per diluted share, and included a non-cash, non-operating gain associated with the warrants of \$6.8 million. Excluding the \$6.8 million extraordinary gain for the warrant liability, net income for Q3 2014 was \$4.5 million, or \$0.16 per diluted share.

Adjusted EBITDA in Q3 2015 was \$24.7 million, a 115% increase from \$11.5 million in Q3 2014.

Since 2004, and as disclosed in its historical public filings, Tecnoglass has maintained significant commercial relationships with ES Windows LLC, which imports and resells the Company's products in the US, and Ventanas Solar S.A., an importer and installer of the Company's products in Panama. ES Windows and Ventanas Solar are owned 100% by the Company's CEO, COO and other family members, and have been deemed variable interest entities. Tecnoglass is currently considering alternatives involving these entities, including acquiring them and consolidating their operations into those of the Company. This evaluation is continuing, and there can be no assurances that the Company will consummate any transaction regarding these entities.

### **Fiscal 2015 Guidance and 2016 Outlook**

Based on, among other factors, its financial performance during the first nine months of 2015, market conditions and product demands, improving operating efficiencies, and the backlog amount described above, Tecnoglass is increasing its Adjusted EBITDA guidance for FY 2015 and FY 2016. The Company now expects FY 2015 Adjusted of \$65 million, up from its prior guidance of \$60 million. For FY 2016, the Company expects Adjusted EBITDA of \$85 million, up from prior guidance of \$80 - \$85 million. Prior revenue guidance for FY 2015 of \$240 million with an increase of approximately 20% for FY 2016 is unchanged.

### **Warrant Exchange / Cash Dividend**

On July 10, 2015, the Company filed a Registration Statement on Form S-4 with the Securities and Exchange Commission in connection with a proposed Exchange Offer to acquire all of the Company's outstanding Warrants in exchange for ordinary shares of the Company. On November 10, 2015, the Company filed a Form S-4/A that included a revised, Board-approved conversion ratio of 2.3 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. 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 Tuesday, November 17, 2015 at 11:00 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 over the Internet. Additionally, a slide presentation will accompany the conference call. To listen to the call and view the slides, please visit the "Investor Information" sector of Tecnoglass's website at [www.tecnoglass.com](http://www.tecnoglass.com), and go to "Events & Presentations." 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](http://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](http://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](http://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)**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Operating Revenues:				
Customers	\$ 47,261	\$ 42,889	\$ 132,355	\$ 117,164
Related Parties	15,631	10,564	40,633	36,066
Total operating revenues	<u>62,892</u>	<u>53,453</u>	<u>172,988</u>	<u>153,230</u>
Cost of sales	<u>41,166</u>	<u>37,008</u>	<u>115,082</u>	<u>105,540</u>
<b>Gross Profit</b>	<b>21,726</b>	<b>16,445</b>	<b>57,906</b>	<b>47,690</b>
Operating expenses	10,910	8,795	29,780	23,764

<b>Operating income</b>	<b>10,816</b>	<b>7,650</b>	<b>28,126</b>	<b>23,926</b>
(Loss) Gain on change in fair value of warrant liability	(3,146)	6,756	(14,459)	(6,769)
Non-operating revenues, net	10,744	1,003	15,886	3,480
Interest expense	<u>(2,307)</u>	<u>(2,380)</u>	<u>(6,509)</u>	<u>(6,647)</u>
Income before taxes	<u>16,107</u>	<u>13,029</u>	<u>23,044</u>	<u>13,990</u>
Income tax provision	<u>8,524</u>	<u>1,770</u>	<u>16,927</u>	<u>7,004</u>
<b>Net income</b>	<b><u>\$ 7,583</u></b>	<b><u>\$ 11,259</u></b>	<b><u>\$ 6,117</u></b>	<b><u>\$ 6,986</u></b>
Comprehensive (loss) income:				
Net income	\$ 7,583	\$ 11,259	\$ 6,117	\$ 6,986
Foreign currency translation adjustments	(14,111)	(6,680)	(19,688)	(3,971)
<b>Total comprehensive (loss) income</b>	<b><u>\$ (5,528)</u></b>	<b><u>\$ 4,579</u></b>	<b><u>\$ (13,571)</u></b>	<b><u>\$ 3,015</u></b>
Basic income per share	<u>\$ 0.30</u>	<u>\$ 0.46</u>	<u>\$ 0.24</u>	<u>\$ 0.29</u>
Diluted income per share	<u>\$ 0.25</u>	<u>\$ 0.40</u>	<u>\$ 0.21</u>	<u>\$ 0.25</u>
Basic weighted average common shares outstanding	<u>25,426,250</u>	<u>24,364,014</u>	<u>25,127,179</u>	<u>24,306,288</u>
Diluted weighted average common shares outstanding	<u>29,825,331</u>	<u>28,137,166</u>	<u>28,734,663</u>	<u>27,761,268</u>

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

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 16,871	\$ 15,930
Trade accounts receivable, net	49,380	44,955
Due from related parties	31,615	28,327
Inventories, net	39,609	28,965
Other current assets	<u>22,089</u>	<u>23,319</u>
<b>Total current assets</b>	<b>159,564</b>	<b>141,496</b>
<b>Long term assets:</b>		
Property, plant and equipment, net	127,693	103,980
Long term receivables from related parties	2,536	4,220
Other long term assets	<u>5,037</u>	<u>6,195</u>
<b>Total long term assets</b>	<b>135,266</b>	<b>114,395</b>
<b>Total assets</b>	<b><u>\$ 294,830</u></b>	<b><u>\$ 255,891</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Trade accounts payable	\$ 43,258	\$ 33,493
Due to related parties	1,490	1,456

Current portion of customer advances on uncompleted contracts	6,423	5,782
Short-term debt and current portion of long term debt	67,651	54,925
Note payable to shareholder	79	80
Other current liabilities	21,787	17,300
<b>Total current liabilities</b>	<b>140,688</b>	<b>113,036</b>
<b>Long term liabilities:</b>		
Warrant liability	34,450	19,991
Customer advances on uncompleted contracts	8,891	8,333
Long term debt	49,113	39,273
<b>Total liabilities</b>	<b>\$ 233,142</b>	<b>\$ 180,633</b>
<b>Shareholders' equity</b>		
Preferred shares, \$0.0001 par value, 1,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	-	-
Ordinary shares, \$0.0001 par value, 100,000,000 shares authorized, 25,833,210 and 24,801,132 shares issued and outstanding at September 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	44,923	38,806
Accumulated other comprehensive loss	(31,119)	(11,431)
<b>Total shareholders' equity</b>	<b>\$ 61,688</b>	<b>\$ 75,258</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 294,830</b>	<b>\$ 255,891</b>

#### 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>
Q3 2015	24,645	3,085	21,560	3,146	2,307	8,524	7,583	10,729
Q3 2014	11,458	2,805	8,653	(6,756)	2,380	1,770	11,259	4,503
9 Mo. 2015	52,343	8,331	44,012	14,459	6,509	16,927	6,117	20,576
9 Mo. 2014	35,183	7,777	27,406	6,769	6,647	7,004	6,986	13,755
2015 (E)	65,000	11,800	53,200	-	8,800	19,980	24,420	24,420
2016 (E)	85,000	17,000	68,000	-	10,500	25,900	31,600	31,600

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