

Tecnoglass (TGLS)



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<https://www.betterinvesting.org/chapters/rocky-mountain>

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Tecnoglass at a Glance

- Global Headquarter - Miami, FL.
- 2023 Revenue - \$833 MM
- Basic Materials - Sector
- Building Materials - Industry
- Employees 9,000
- Manufacturing Complex - 5.6 MM sq. ft - Barranquilla, Colombia

Leading Position in U.S. Market

■ U.S. ■ LatAm/Other

U.S. End Market Mix

■ SF Residential ■ Multi-Family/ Commercial

Attractive Portfolio of Well-Positioned Brands

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Technology & Innovation

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

- Generate reliable and clean energy from 20,000 **solar panels** installed on roofs of Colombian manufacturing plants
- The Quality Assurance department maintains rigorous oversight of optimization indicators covering energy, water, **recyclable waste** and other facets of the production process.
- State-of-the-art glass transformation equipment, providing **precise manufacturing and generate less raw material waste.**
- ESG commitment to reduction of greenhouse gas emissions set out by the Colombian government by 51% in 2030 and to reach **carbon neutrality** by 2050.

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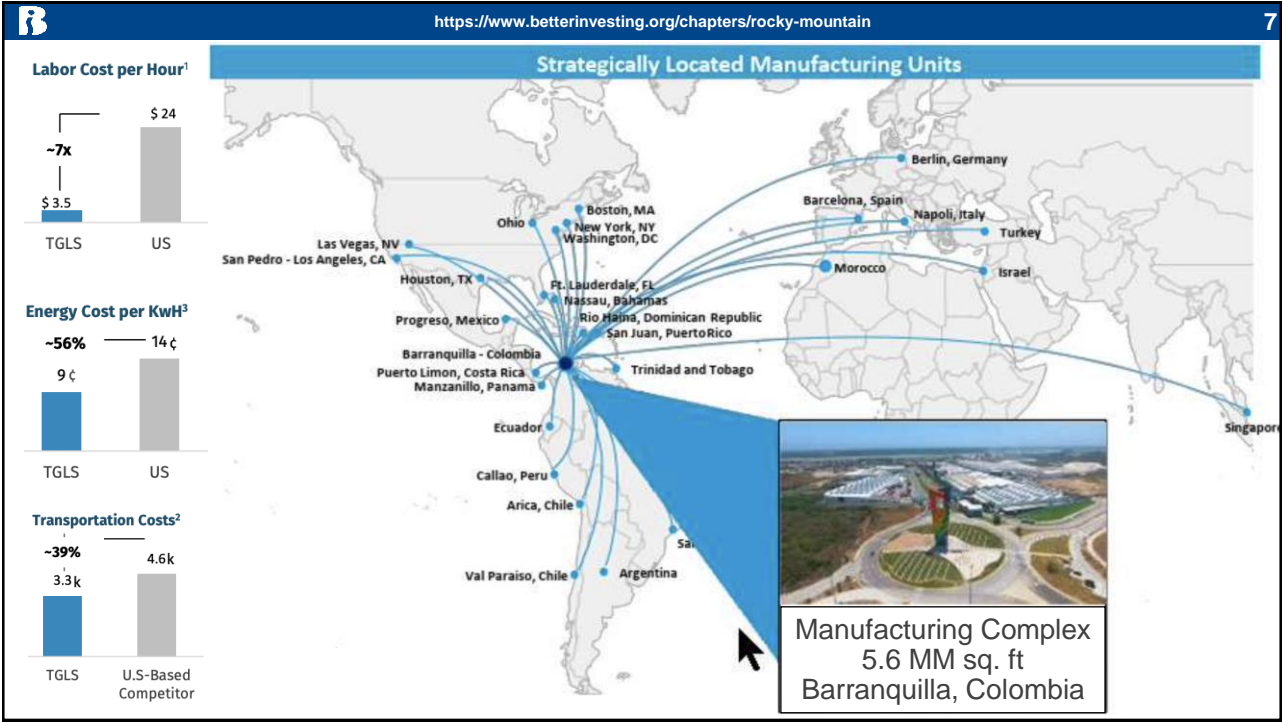
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TGLS Successful Geographic Expansion in the U.S.

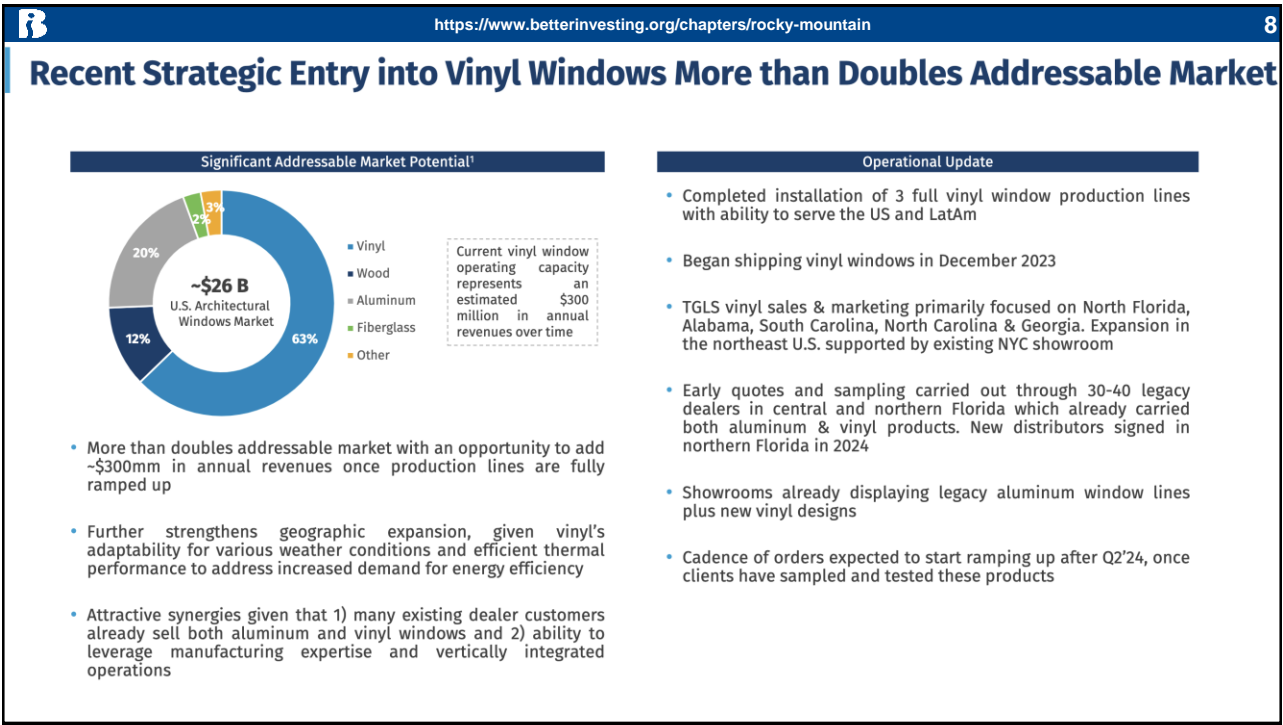
Legend:

- 📍 Operational Showrooms
- 📍 Expected Operational 1Q 2024
- 📍 Expected 2024 Openings
- Significant presence
- Developing Presence
- Emerging Presence

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FY 2023 Key Takeaways

- Record FY'23 revenues, gross profit, operating income, Adj. EBITDA, and Adj. Net Income
- Solid growth in multi-family and commercial activity, up 21.4% YoY to \$497.9 mm as we execute on our growing backlog.
- Continued growth in the SF residential market, up 9.5% YoY to a record \$335.4 mm, driven by growing dealer network, geographic expansion and innovative products
- Gross profit margin of 46.9% remained resilient despite unfavorable FX dynamics and higher mix of installation revenue

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Competitors

- TGLS and competitors compete for business include quality, price, reputation, breadth of products and service offerings, and production speed leading to shorter lead times.
- In Colombia, the leading producer of high-end windows, with over 40 years of experience in the glass and aluminum structure assembly market.
- The industry has a few well-known players and is mostly fragmented and comprised of small competitors.
- Compete with companies such as Viracon (a subsidiary within the Apogee Enterprises Inc. Group), PGT, Cardinal Glass and Oldcastle Glass among others in the United States and companies such as Vitro, Vitelco and others in the Colombia and Latin America.

Management Comparisons (last 5 yrs ave.)	TGLS	Apogee Enterprises	PGT Innovations	Industry Avg
% Pretax Profit on Sales	20.3%	4.2%	7.3%	10.9%
% Earned on Equity	28.7%	10.2%	11.3%	11.8%
% Debt on Capital (Last 5 Year Average)	42.2%	34.0%	52.3%	20.1%

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Tecnoglass is a Controlled Company

- “Controlled by Energy Holding Corp., whose interest in our business may be different from ours or yours.” (statement from 10K)
- As of the date of this Form 10-K, Energy Holding Corporation beneficially owned approximately 51.7% of our outstanding ordinary shares. Energy Holding Corporation, in turn, is controlled by members of the Daes family, who together own 100% of the shares of Energy Holding Corporation
- A well-known example of a controlled company is Facebook, Inc.
- A controlled company is a business in which the owner must have at least 50% of the voting power for the election of directors.
- When a business is classified as a controlled company, it does not have to follow the [public company](#) rule requiring it to have a majority of independent directors, or to have independent nomination and compensation committees.
- What are the benefits of being a controlled company?

The controlling company will have a opinion over how to allocate assets and fund on an efficient basis, resulting in higher and better returns. This ensures a clear vision about the future, steady return for shareholders and better capital allocation.


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Incorporated under the laws of the Cayman Islands

- Investing in a Cayman Islands company can be risky due to the **lack of transparency and regulatory oversight**.
- The Cayman Islands is considered an offshore financial center, which means that there are **few regulations governing the activities** of companies based in this jurisdiction.
- Cayman Islands holding companies offer numerous benefits, including **tax neutrality**, **asset protection**, and **simplified corporate governance**. However, they also come with regulatory and compliance responsibilities.

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PROXY STATEMENT 2023 Annual General Meeting

- Director Independence - ordinary shares are listed on the New York Stock Exchange (“NYSE”) and therefore, we **adhere to the NYSE listing standards in determining whether a director is independent**. Our board of directors consults with its counsel to ensure that the board’s determinations are consistent with those rules and all relevant securities and other laws and regulations regarding the independence of directors.
- There are two executives on the Tecnoglass BOD appear to be family of the Daes family the owner of Energy Holding Corporation which own of 51.7% of Tecnoglass.

Name and Address of Beneficial Owner ⁽¹⁾	Amount and Nature of Beneficial Ownership	Approximate Percentage of Beneficial Ownership
<i>Directors and Named Executive Officers</i>		
Jose M. Daes Chief Executive Officer and Director	0 ⁽²⁾	0%
Christian T. Daes Chief Operating Officer and Director	0 ⁽²⁾	0%
Carlos Cure Director	0	0%
Luis F. Castro Director	0	0%
Santiago Giraldo Chief Financial Officer	0	0%
A. Lorne Weil Chairman of the Board	88,173 ⁽³⁾	*
Julio A. Torres Director	30,520	*
Anne Louise Carricarte Director	0	0%
All current directors and executive officers as a group (8 persons)	118,693	*
<i>Five Percent Holders:</i>		
ENERGY HOLDING CORPORATION	24,628,108 ⁽⁴⁾	51.7%

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Forbes List of America's Most Successful Small-Cap Companies

from Forbes Magazine, November 2023

RANK ^	COMPANY	INDUSTRY	52-WEEK RETURN (%)	REVENUE
1.	Tecnoglass	Construction	46.3	\$840.8 M
2.	Dorian LPG	Transportation	141.9	\$493.2 M
3.	Bowman Consulting Group	Construction	85.4	\$305.7 M
4.	Catalyst Pharmaceuticals	Drugs & Biotechnology	-5.9	\$302.9 M
5.	Riley Exploration Permian	Oil & Gas Operations	11	\$333 M
6.	ACM Research	Capital Goods	142.7	\$461.1 M
7.	Oil-Dri Corporation of America	Chemicals	92.5	\$413 M
8.	AZZ	Chemicals	24	\$1.5 B
9.	Target Hospitality	Hotels, Restaurants & Leisure	16.5	\$603.5 M
10.	Powell Industries	Capital Goods	221.5	\$653.3 M

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SWOT - Strengths

- Strong organic growth in US - 95%
- Lower labor, Energy & Transportation cost - competitive advantage
- Strong cash flow generations
- Strong capital investment
- Advertising expenditures consist primarily of new showrooms opening, provisions for events, and maintaining subsidiaries' websites.

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SWOT - Weaknesses

- Reliance on a single-facility may risk of supply chain delays, equipment failure, delays of deliveries & loss of manufacturing could lead to shutdown prevent production of products
- Operations are in Columbia are subject to the economic, political and tax conditions prevalent in that country which may affect financial results

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SWOT - Opportunities

- Company estimates capturing 1% and 2% of US glass and aluminum transformation window ensemble and installation market.
- Strategic entry into vinyl windows.
- Quality products and the structural cost advantages that allows TGLS to price products competitively.
- Competitive strengths create a significant barrier to entry with the high quality products at competitive prices and with efficient lead times.

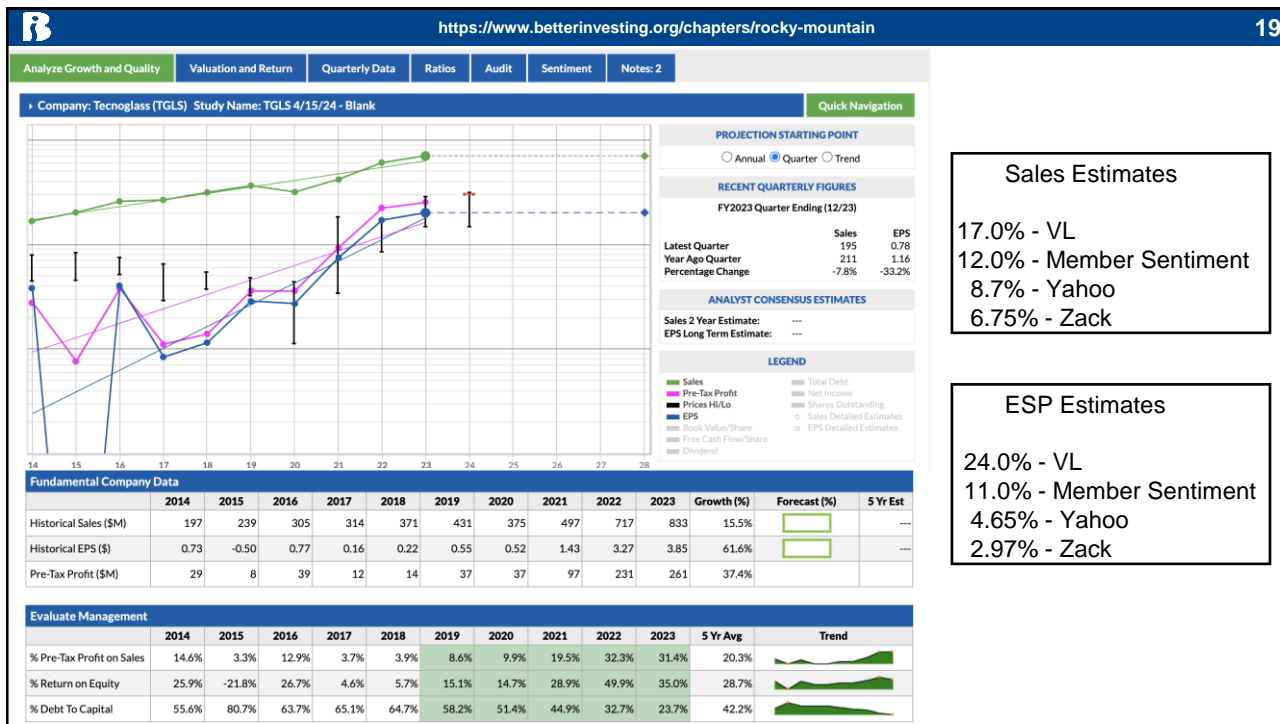
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SWOT - Threats

- Results of operations could be significantly impacted by foreign currency fluctuation.
- Incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. Federal courts may be limited.

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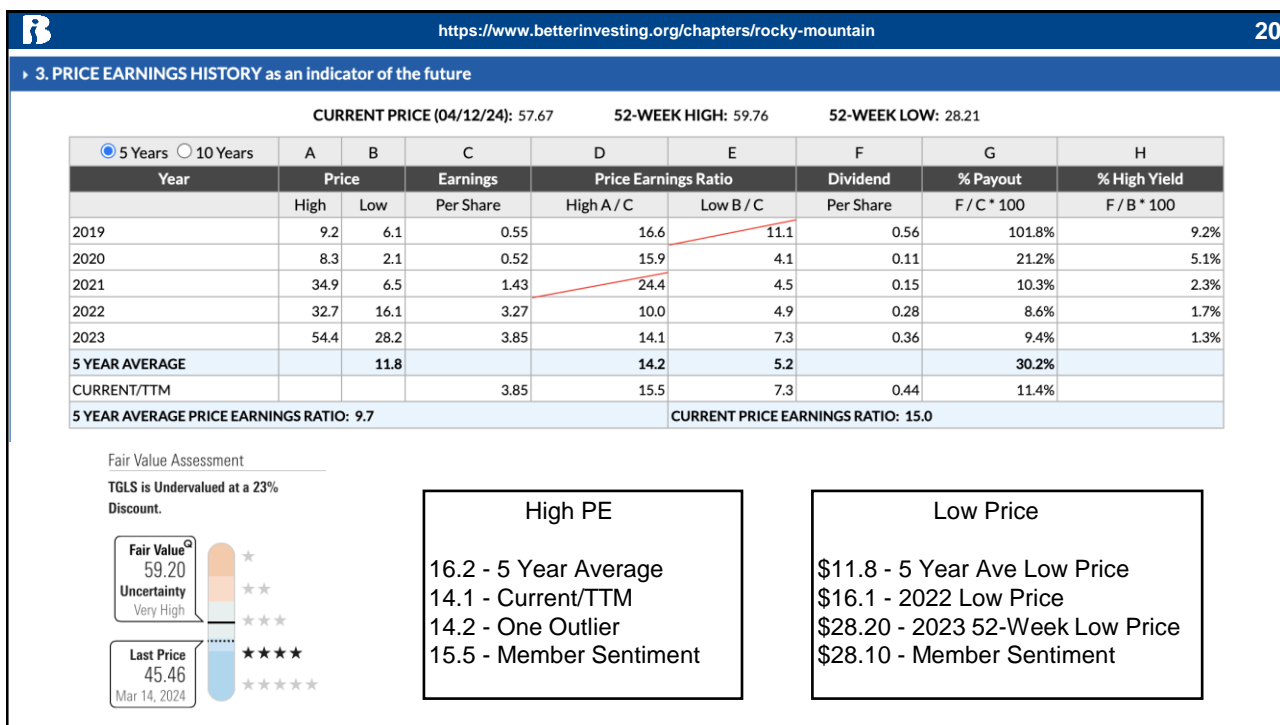
Sales Estimates

- 17.0% - VL
- 12.0% - Member Sentiment
- 8.7% - Yahoo
- 6.75% - Zack

ESP Estimates

- 24.0% - VL
- 11.0% - Member Sentiment
- 4.65% - Yahoo
- 2.97% - Zack

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