Metro Performance Glass

FY18 Interim Results Presentation

20 November 2017

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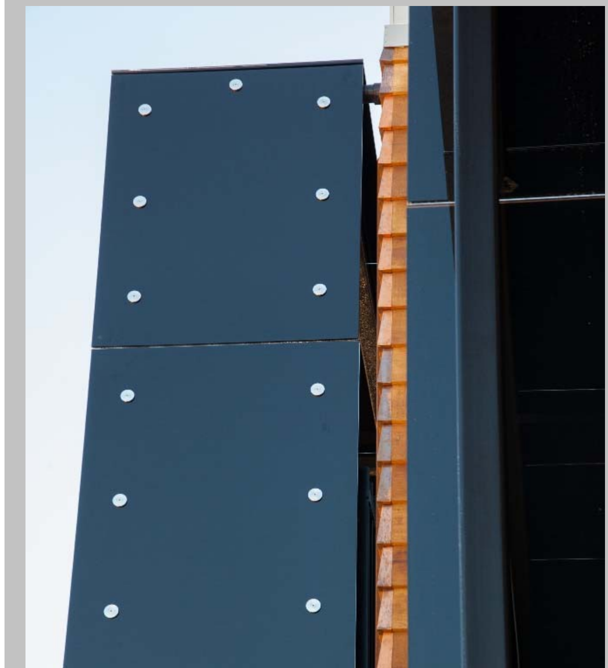
Agenda

1. **First half highlights and market conditions**
2. **Financial results**
3. **Update on Australian Glass Group**
4. **Outlook**
5. **Strategic Review and governance changes**

First half highlights & market conditions



1H18: Summary of first half results

1. Softer than anticipated construction activity in NZ resulted in NZ EBITDA declining 13% to $21.0 million. NZ revenue increased 0.4% to $112.1m, daily sales +2.75%
2. Strong revenue growth in Australia driven by double glazing sales in Victoria
3. Group revenue rose 22% to $141.7m[1] including a full six months of trading from AGG[2]. Reported EBITDA[3] rose 7% to $24.7m; Reported NPAT[3] rose 2% to $11.8m
4. Strong operating cash flow of $17.6 million, up 252% from $5.0 million in 1H17
5. Declared a fully-imputed interm dividend of 3.6 cents per share, in line with 1H17
6. Launched a Strategic Review of the business, completion expected by March 2018

[1] *All prior period comparisons are to the half year ended 30 September 2016 (1H17) unless otherwise stated.*

[2] *Metro Glass acquired Australian Glass Group (AGG) on 1 September 2016.*

[3] *EBITDA and normalised NPAT are non-GAAP measures of financial performance. Additional details are provided on slide 20 of this release.*

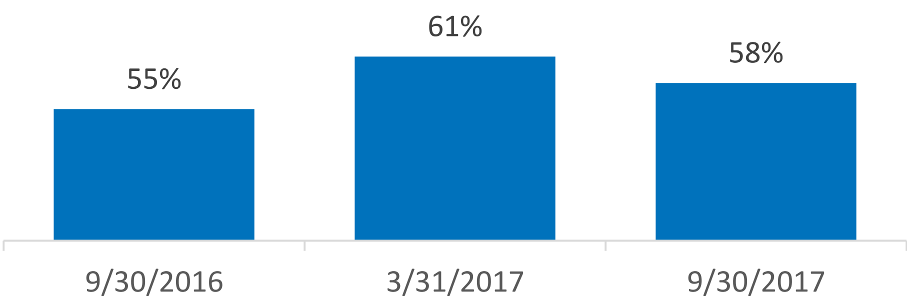
Review of FY18 strategic priorities and achievements: half-year snapshot

1	**Drive top line growth and glass category market share**	• Group revenue +22% to $141.7 million, NZ revenue +0.4% at $112.1 million vs. 1H17, daily sales +2.75% vs 1H17 • Maintained leadership position and NZ glass category share above 55%
2	**Improve manufacturing efficiency**	• Inefficiencies in factory labour with activity levels considerably softer than anticipated • Engaged an international manufacturing consultancy to help the company increase throughput and increase efficiency at Highbrook. Project is still in its early stages
3	**Increase our presence in the commercial market**	• Commercial glazing revenue fell 6.1% to $25.2 million as the business focussed on profitable growth and projects within the business' core competencies, and saw project delays • Commercial forward order book grew +3% year on year to $30.7 million at 30 September 2017
4	**Expand our RetroFit double glazing business**	• Revenue grew by 14% versus the same period last year, led by the North Island • Implemented a series of internal process and systems improvements • Turnaround of Auckland RetroFit: revenue +34% and 15% EBITDA margin (small loss in 1H17)
5	**Optimise operating performance**	• Net profit after tax in line with the prior comparable period, following softer than anticipated construction activity – which was a disappointing result • Operating cash flow improved to $17.6 million, up 252% from $5.0 million in 1H17
6	**Execute the FY18 capex programme**	• Reviewed and reduced the FY18 capital expenditure program to circa. $20 million • Implementation is on track with key equipment to be installed over the Christmas – New Year shutdown period, with benefits targeted to be delivered in the first half of FY19

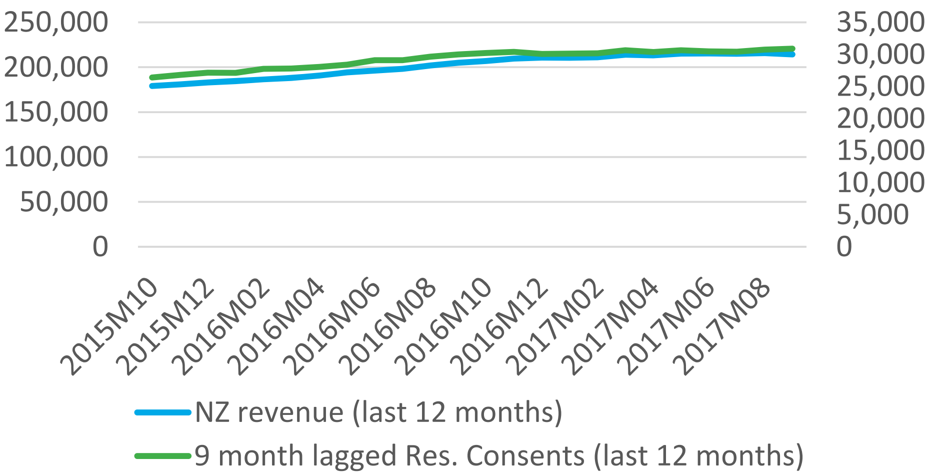
Macro conditions in New Zealand

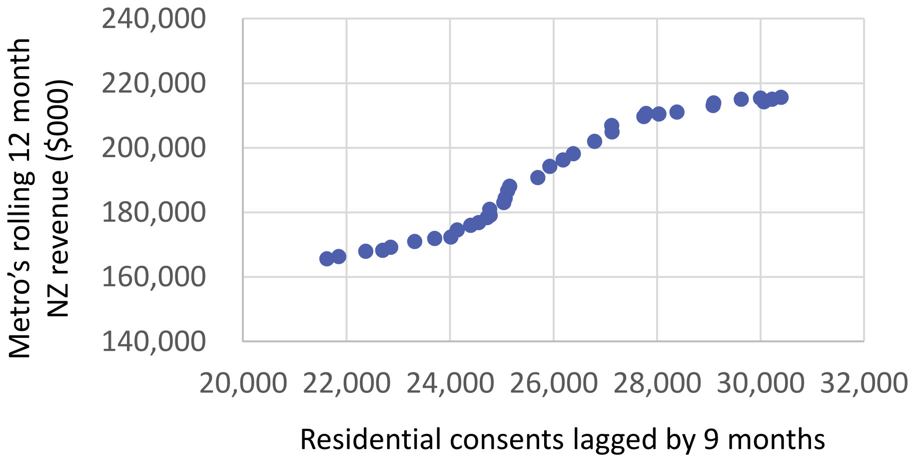
- While strong economic and demographic fundamentals (migration, KiwiBuild, underbuilt Auckland) are expected to support strong demand over the medium-term, supply-side constraints and borrowing restrictions are dampening growth
- Metro Glass maintained total glass category share above 55% in 1H18. This measure fluctuates based on glass purchasing levels, and the business is aiming to reduce inventory over the next 12 months

Metro Glass has maintained New Zealand glass category share[4] of grater than 55%



Metro Glass NZ revenue remains relatively aligned to 9 month lagged NZ housing consents



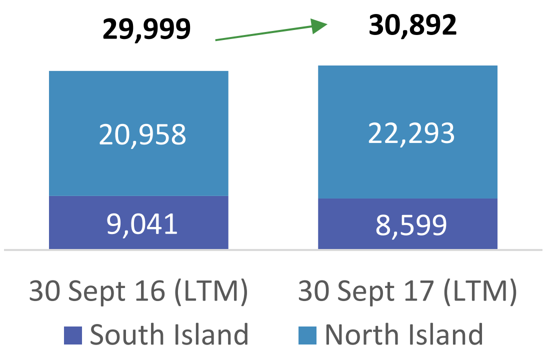


Source: Company information, Statistics NZ

[4] Metro Glass' share of the total quantity of glass purchased and imported into New Zealand (Statistics New Zealand reports aggregated New Zealand data monthly).

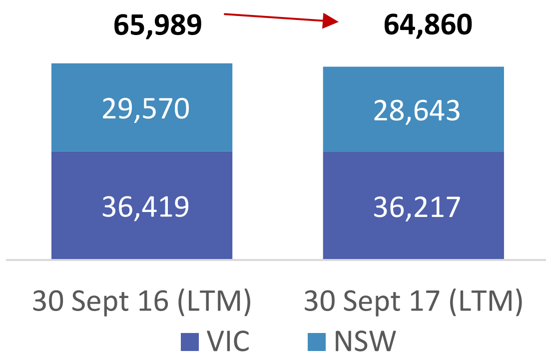
Residential and non-residential activity remains supportive but was softer than anticipated in New Zealand

New Zealand – # of residential consents[1]



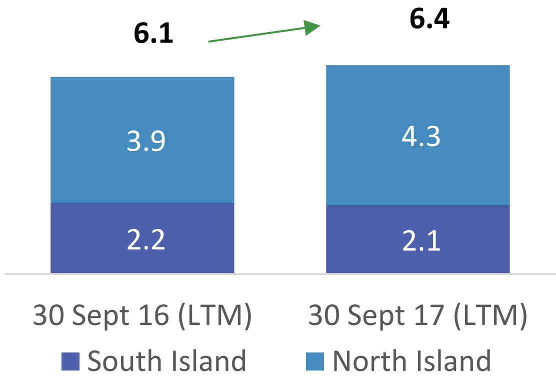
- Residential dwelling consents for the 12 months to 30 September rose +3%
- North Island +6%
- South Island -5% (Canterbury -18%)

Victoria & New South Wales – # of detached dwelling approvals[3]



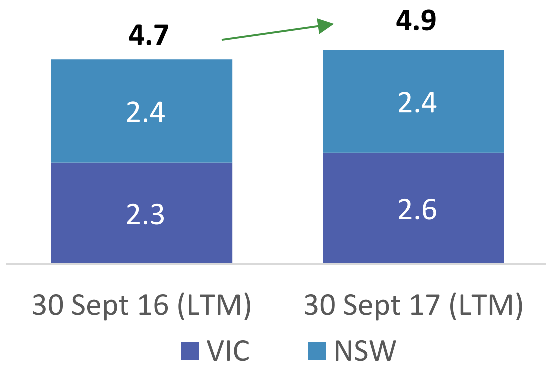
- Double glazing penetration is continuing to increase in Australia
- Detached dwelling (house) approvals for the 12 months to 30 September 2017 in VIC/NSW fell -2%
- Victoria -1%, NSW -3%

New Zealand – value of non-residential consents ($bn)[2]



- The value of non-residential dwelling consents for the 12 months to 30 September 2017 rose +6%
- North Island +11%
- South Island -3%

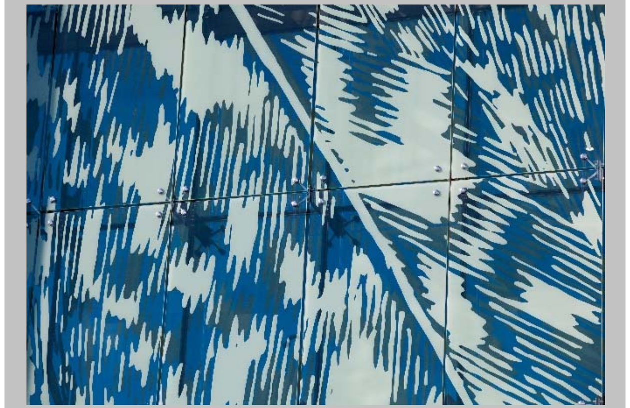
Victoria & New South Wales – value of A&A (A$bn)[4]

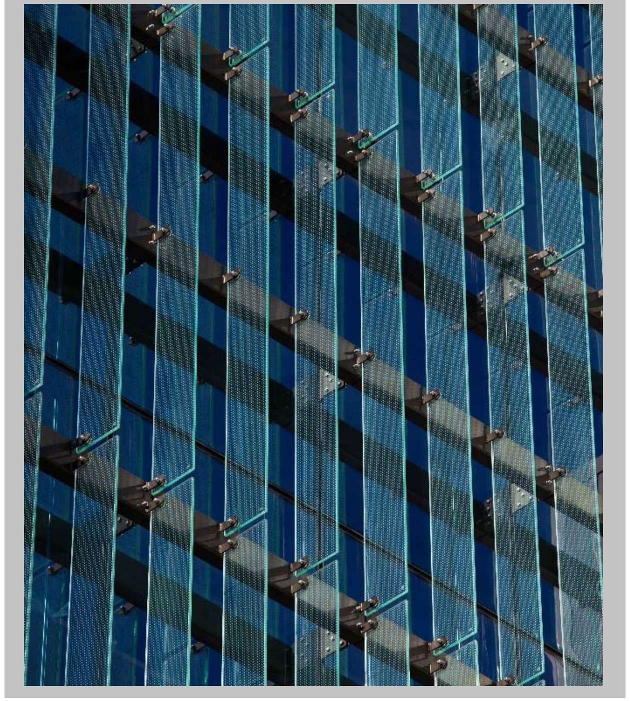


- The value of alterations and additions for the 12 months to 30 September 2017 in VIC/NSW rose +5%
- Victoria +10%
- New South Wales -0%

1. *Source: Statistics NZ, number of residential dwelling consents (12 months to 30 September 2017).*
2. *Source: Statistics NZ, value of non-residential consents (new plus altered; 12 months to 30 September 2017).*
3. *Source: Australian Bureau of Statistics, 8731.0 Building Approvals, Australia, tables 22 and 23 (12 months to 30 September 2017).*
4. *Source: Australian Bureau of Statistics, 8731.0 Building Approvals, Australia, tables 43 and 44 (12 months to 30 September 2017).*

Financial results





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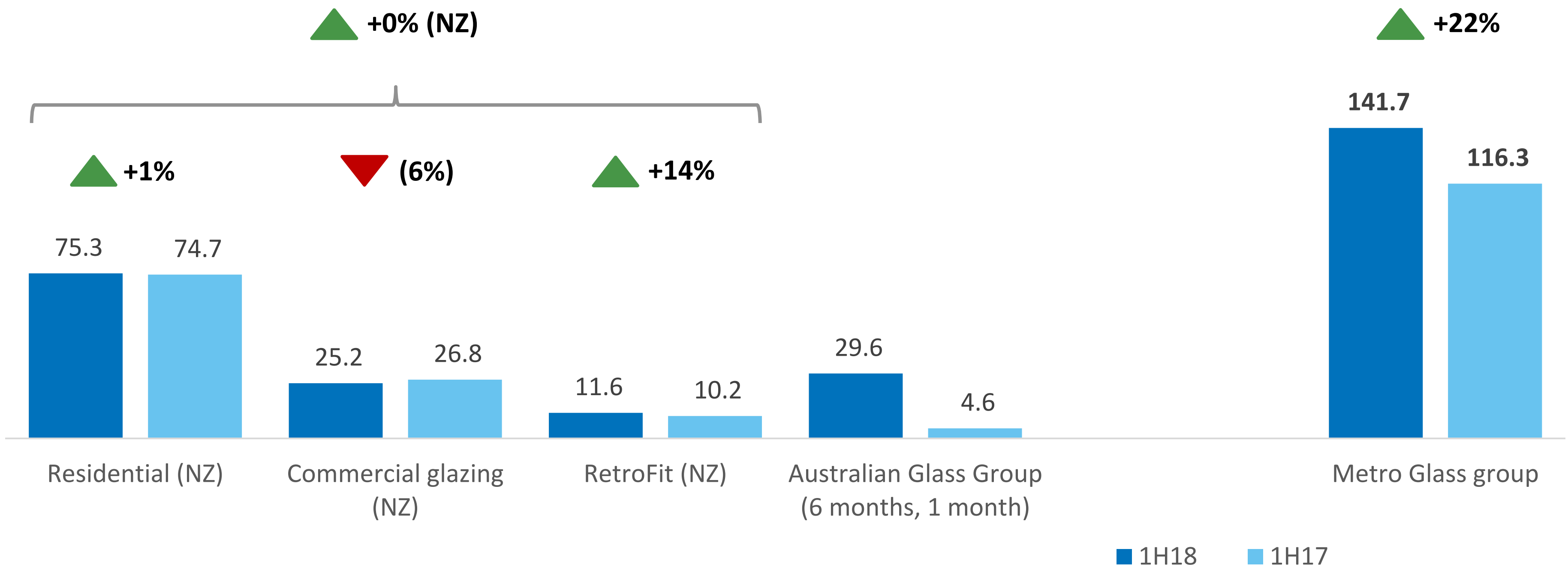
1H18: Group revenue

Metro Glass Group revenue (NZ$ million)[1,2]

- 1H18 had 3 less days sales (-2.4%) than 1H17, principally on account of the timing of Easter



Notes:

1. *The allocation of sales between residential and commercial application is difficult as Metro Glass doesn't always know the end use of a piece of glass. The categorisation methodology is consistent across periods, however Commercial glazing revenue will include some level of residential glazing sales and services.*
2. *Residential revenues include sales to residential window manufacturers, merchants, and retail.*

1H18: First half results summary

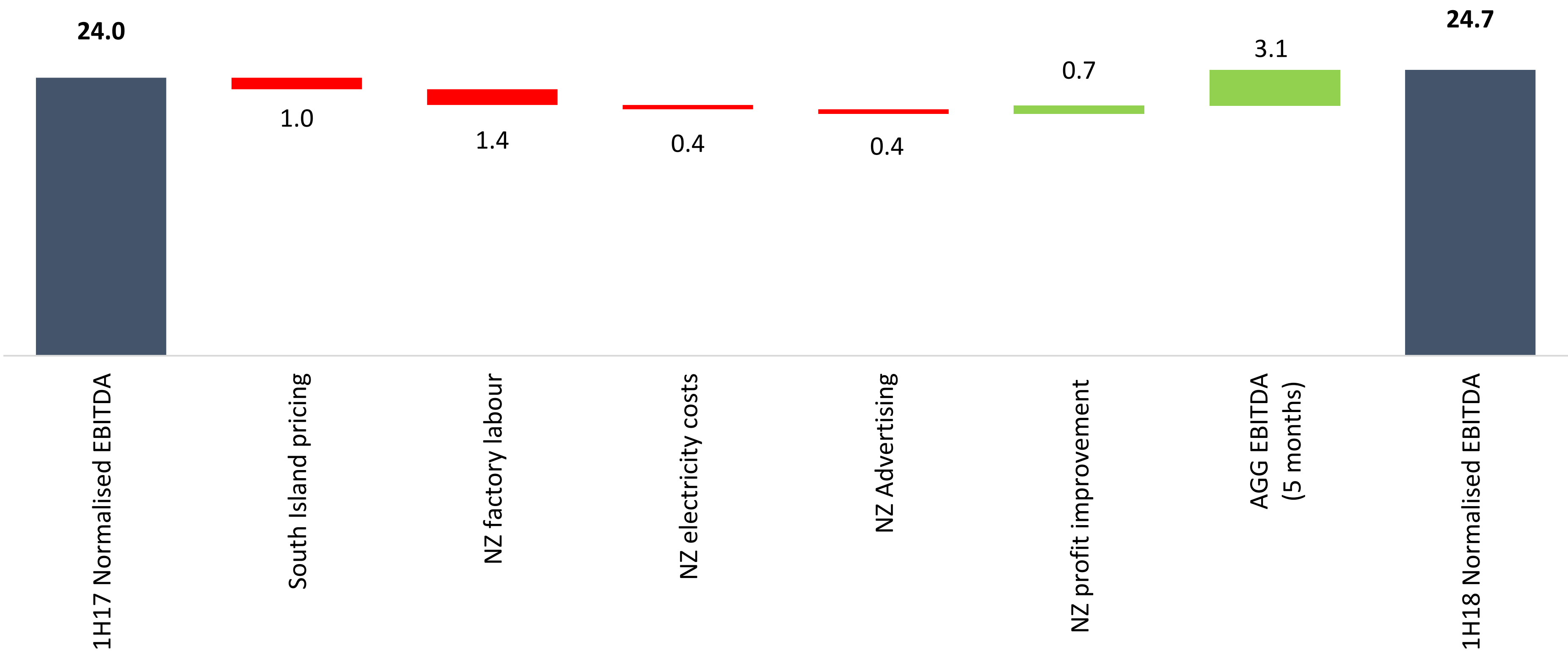
NZ$ million	1H18	1H17	% change
Revenue	**141.7**	116.3	21.9
Normalised EBITDA[1,2]	**24.7**	24.0	2.7
Depreciation & amortisation	5.8	4.8	20.9
Normalised EBIT[1,2]	**18.8**	19.2	(1.9)
Normalised NPAT[2]	**11.8**	12.5	(6.1)
Abnormal items	-	(1.0)	nm
Reported NPAT	**11.8**	11.5	1.9
Basic EPS (cents)	**6.4**	6.2	2.5
Total dividend (cps)	**3.6**	3.6	-

Notes:

1. *EBIT and EBITDA are normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group ("FY17 AGG Acquisition Expenses").*
2. *Net profit after tax, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. Additional detail is provided on slide 28 of this release.*

1H18: EBITDA summary

Normalised EBITDA bridge: 1H17 to 1H18 ($m)



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1H18: Summary cash flow & balance sheet

Key cash flow items (NZ$m)	1H18	1H17
Normalised EBITDA[1,2]	24.7	24.0
Operating cash flows	17.6	5.0
Capital expenditure[3]	9.7	4.4
Dividends paid	7.4	7.4

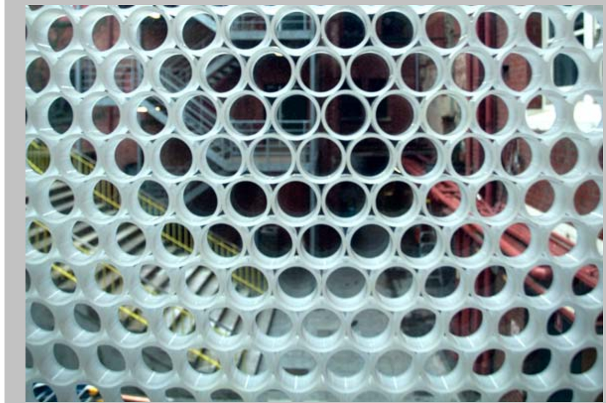
Key balance sheet items (NZ$m)	1H18	1H17
Net working capital[4]	37.7	38.0
Property plant & equipment	62.0	57.0
Total assets	300.2	293.8
Net debt	93.9	94.5
Total shareholders equity	161.7	156.5

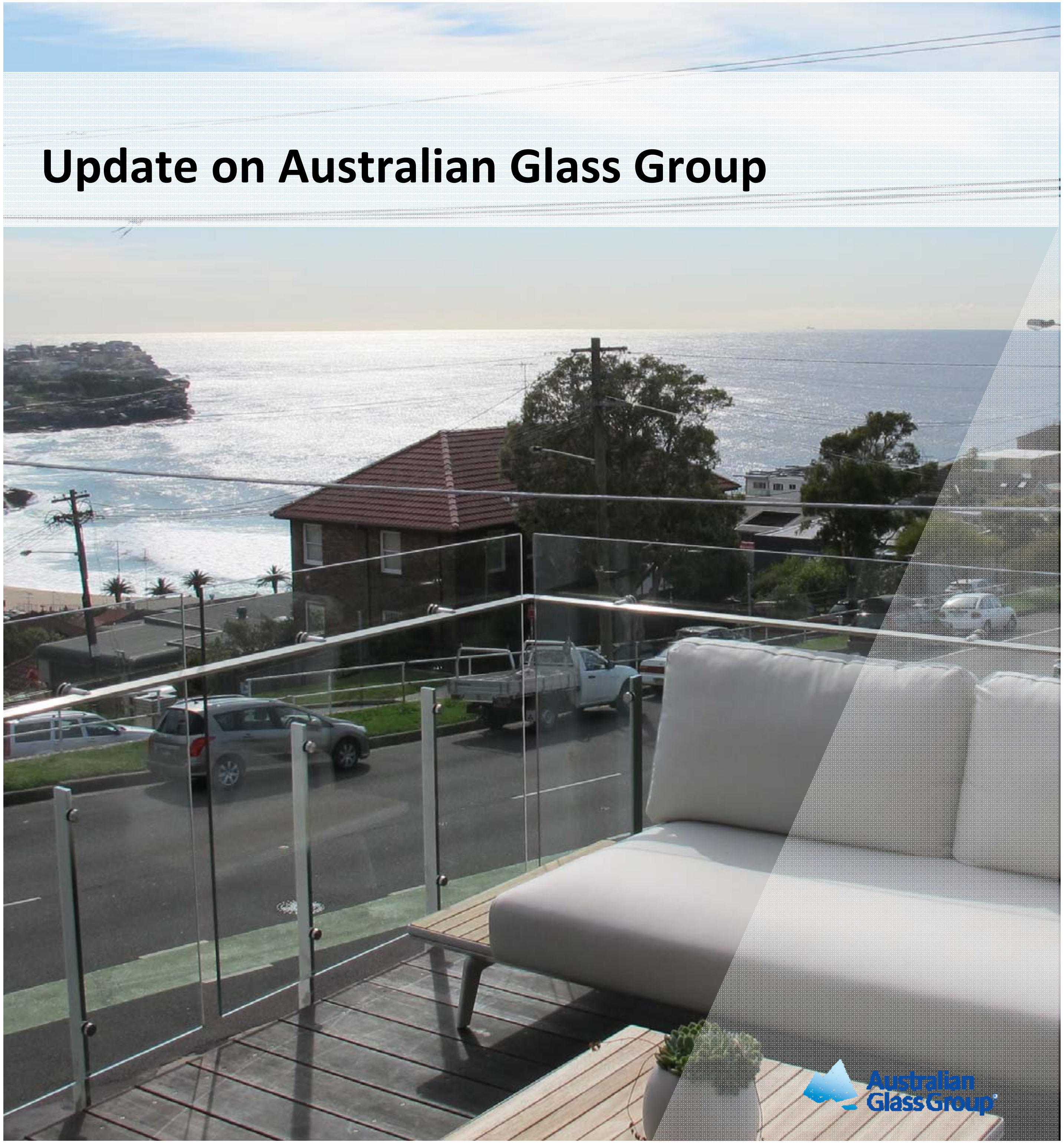
Notes:

1. *All references are to Normalised financials that exclude the impact of one-off acquisition related expenses in the 1H17 period totalling $1.0m.*
2. *EBIT and EBITDA are non-GAAP measures of financial performance. Additional detail is provided on slide 20 of this release.*
3. *Excluding the consideration paid when acquiring AGG.*
4. *Net working capital: trade & other receivables + inventory – trade & other payables.*
5. *Gearing: net interest bearing debt / (net interest bearing debt + equity).*

- Normalised EBITDA rose +3% to $24.7m in 1H18
- Operating cash flow improved by $12.6 million versus 1H17, with an the increased contribution from AGG, improved management of debtors and creditors, and the timing of tax payments
- Carrying excess glass inventory at 30 September 2017, with opportunities to reduce this over the next 12 months
- The group's gearing[5] level decreased from 37.6% at 30 September 2016 to 36.7% at 30 September 2017
- Total capital expenditure in FY18 is expected to be in the vicinity of $20m
- The Board has declared a fully imputed interim dividend of 3.6 cents per share (in line with 1H17), to be paid on 23 January 2018 to all shareholders on the register at 9 January 2018

Update on Australian Glass Group





Australian Glass Group (AGG) update

- South East Australia presents a significant opportunity as double glazing penetration gathers momentum. Metro Glass provides AGG with experience in production efficiency & throughput, procurement, interfacing with customers and product development
  - There are opportunities to improve factory labour efficiency at AGG as throughput improves. Factory labour costs as a percentage of revenue at AGG are more than double that of the New Zealand business
- Australian sales for the 6 months increased 12% on the prior period (on a pro-forma basis assuming AGG had been owned for the entire prior comparable period)
  - Driven by a 33% increase in Double Glazed Unit (DGU) sales in Victoria, as penetration of double glazing continues to increase
- 1H18 EBITDA of $3.9 million, EBITDA margin of 13%. AGG's profitability in the half year was impacted by a number of short-term factors that are being addressed:
  - Machine reliability issues in the New South Wales facility. To be significantly reduced following the FY18 capital expenditure program, and
  - The transition of AGG's glass procurement to an international import model. This change saw two glass storage facilities opened in the period, but will provide cost savings in the second half.
- AGG will spend approximately $9.5 million on capital expenditure in FY18. This will close to double AGG's DGU production capacity, and step change the business' ability to service the growing Victorian and Tasmanian markets, with processing capabilities in New South Wales also improved

Outlook

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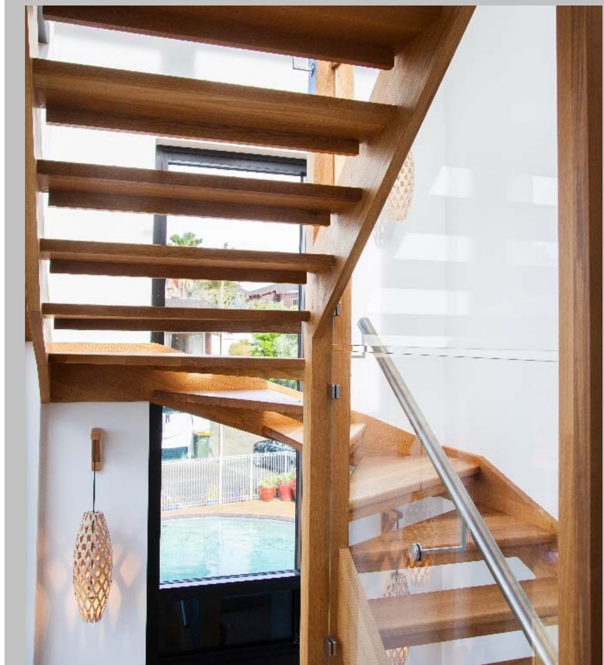
Outlook for FY18

- Whilst market activity is difficult to predict, forecasters are typically estimating that residential dwelling consents in New Zealand will continue in a range of 28,500 to 35,000 per annum in the next 2-3 years
- Metro Glass is adjusting its New Zealand business to reflect softer market conditions, and assuming no significant variation to the Company's expectations, the Group's net profit after tax for the 12 months to 31 March 2018 is likely to be in the range of \$18.5 million - \$20.0 million. This compares to \$19.4 million for the 12 months to 31 March 2017
- To deliver this result, the company is focussing on re-aligning costs to expected volumes and driving processing efficiencies at the key Highbrook plant. Strong execution of the Group's capital investment programme remains critical to position the business well for FY19



Strategic Review & Governance Changes

Strategic Review & Governance Changes

- As a consequence of significant variations in the timing of both residential and commercial work put in place in New Zealand between Metro Glass' assumptions and the actual market, the Metro Glass Board announced that it had initiated a Strategic Review in October 2017

- The Strategic Review will serve to ensure that the company's business model continues to be effective and efficient for the two countries in which it operates, and that the best opportunities to improve customer experience and financial returns to our shareholders are prioritised

- The Strategic Review is expected to be completed by March 2018. FNZC has been appointed to work with the Board and management on aspects of this Review

- Sir John Goulter has retired from the Board effective today, and the Board has elected Peter Griffiths, who joined the Board in September 2016, as the new Chairman

- The Board is continuing to evaluate the composition of the Board

Contact information

Metro Performance Glass Limited

5 Lady Fisher Place, East Tamaki

Auckland 2013

New Zealand

Ph: + 64 9 927 3000

www.metroglass.co.nz/

Nigel Rigby – Chief Executive Officer

nigel.rigby@metroglass.co.nz

(+64) 027 703 4184

John Fraser-Mackenzie – Chief Financial Officer

john.fraser-mackenzie@metroglass.co.nz

(+64) 027 551 6751

Andrew Paterson – Investor Relations Manager

andrew.paterson@metroglass.co.nz

(+64) 027 403 4323

Appendix: Explanation of non-GAAP profit measures

Non-GAAP financial measures

- Group results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS, being:
  - Normalised EBITDA: calculated by adding back (or deducting) finance expense / (income), taxation expense, depreciation, and amortisation, to net profit after tax. Then normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group ("1H17 AGG Acquisition Expenses")
  - Normalised EBIT: calculated by adding back (or deducting) finance expense / (income), and taxation expense to net profit after tax. Then normalised to exclude 1H17 AGG Acquisition Expenses
  - Segmental EBITDA: EBITDA of an operating segment in the Group. Excludes Group costs including insurance, professional services, director fees and expenses, listing fees and share incentive scheme costs. Further details provided in the Segment Information note of the 2018 Interim Report
  - Normalised net profit after tax, normalised to exclude 1H17 AGG Acquisition Expenses
  - NPATA is defined as net profit after tax before the amortisation of acquisition-related intangibles and its associated tax effect
- We believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of our financial performance, financial position or returns, but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZIFRS
- Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies

Six Months to 30 September; $M	1H18	1H17
Normalised net profit after tax	**11.8**	**12.5**
Less: 1H17 AGG Acquisition Expenses	-	1.0
Net profit after tax (or Profit for the period)	11.8	11.5
Add: taxation expense	4.8	5.0
Add: net finance expense	2.3	1.7
EBIT (or Operating Profit)	18.8	18.2
Add: depreciation & amortisation	5.8	4.8
EBITDA	24.7	23.1
EBIT (or Operating Profit)	18.8	18.2
Add: 1H17 AGG Acquisition Expenses	-	1.0
Normalised EBIT	**18.8**	**19.2**
EBITDA	24.7	23.1
Add: 1H17 AGG Acquisition Expenses	-	1.0
Normalised EBITDA	**24.7**	**24.0**
Net profit after tax (or Profit for the period) (GAAP)	11.8	11.5
Add back: amortisation of acquisition-related intangibles and its associated tax effect	0.9	0.8
NPATA	**12.7**	**12.3**

Note: Due to rounding, numbers presented in the table above may not add up precisely to the totals provided.