

## Metroglass announces its FY21 interim results

### Summary of the unaudited results for the six months ended 30 September 2020 (1H21)<sup>1</sup>

\$m	New Zealand		Australia		Group	
	1H21	1H20	1H21	1H20	1H21	1H20
<b>Revenue</b>	<b>89.2</b>	<b>109.6</b>	<b>27.8</b>	<b>27.1</b>	<b>117.0</b>	<b>136.7</b>
<b>Segmental EBIT<sup>2</sup></b>	<b>12.8</b>	<b>17.2</b>	<b>0.4</b>	<b>(2.3)</b>		
<b>EBIT</b>					<b>12.8</b>	<b>14.5</b>
<b>NPAT</b>					<b>7.6</b>	<b>7.7</b>

- Group revenue of \$117.0m (-14%), EBIT of \$12.8m (-12%) and NPAT of \$7.6m (-2%), with results impacted by the five-week COVID-19 shutdown and subsequent ramp up period in New Zealand
- Solid rebound in trading in New Zealand from June to September, with the financial impacts from the shutdown being partially offset by the NZ Government wage subsidy
- The turnaround in Australia progressed well with good operational performance and an EBIT positive result
- Net bank debt reduced to \$47.7m, down \$25.7m from 12 months ago

Metro Performance Glass (NZX.MPG, ASX.MPP, Metroglass) today released interim results for the 2021 financial year, achieving a significant improvement in Australian profitability and a solid recovery in New Zealand following the five-week COVID-19 alert level 4 shutdown early in the reporting period.

Group revenue for the six months to 30 September 2020 (1H21) of \$117.0m was 14% lower than the prior year. New Zealand revenue declined 19% to \$89.2m as a result of the shutdown period, with daily sales from June to September only 3% lower than the same months last year. In contrast, Australian revenue rose 3% to \$27.8m. Group EBIT (before significant items) for the half year was \$12.8m, down from \$14.5m in 1H20 and net profit after tax (NPAT) in 1H21 was \$7.6m, slightly down from \$7.7m in 1H20.

Net bank debt declined by \$25.7m year on year to \$47.7m, supported by a one-off cash benefit from the sale and leaseback of two thirds of our vehicle fleet, a \$4.6m reduction of working capital, and a 49% reduction in capital expenditure. Over the past six months net debt reduced by \$19.2m.

### New Zealand performance

Metroglass responded well to numerous COVID-19 driven issues including significant levels of demand uncertainty and volatility, supply chain disruptions and operating restrictions, in addition to increased levels of competition.

While consenting activity has remained consistently strong, COVID-19 disruptions created variable levels of construction activity across the country. In the first half of the year, New Zealand revenue declined 19% to \$89.2m, with the residential and commercial segments impacted by the five-week Alert Level 4 shutdown. Pleasingly, retrofit sales grew 2% as many customers elected to upgrade their properties having spent more time in their homes.

New Zealand EBIT was 26% lower than last year at \$12.8m, primarily driven by the five-week Alert Level 4 shutdown which resulted in an EBIT in April 2020 \$8.8m lower than April 2019. The financial impacts of the shutdown were partially

<sup>1</sup> All prior period comparisons are to the half year ended 30 September 2019 (1H20) unless otherwise stated.

<sup>2</sup> Earnings before interest, tax, and significant items (being a \$1.0m gain from the sale of NZ vehicles during 1H21).

offset by the NZ Government wage subsidy. New Zealand operations progressively and safely ramped up through May, with revenue and gross profit percentage from June to September remaining broadly in line with last year.

Metroglass CEO Simon Mander said “New Zealand’s underlying performance over a very challenging six-month period demonstrates the resilience of the business. The market remains highly competitive, and the strength of our people and depth of our customer relationships remain key to our value proposition.”

### **Australian performance**

Australian Glass Group’s (AGG) revenue grew 3% in 1H21 versus the prior comparable six-month period, including 18% growth in the key double-glazing products. This growth was offset in the half by a 38% decline in the sales of other glass products which was principally driven by the restructuring of our New South Wales business in December 2019. AGG delivered a positive EBIT of \$0.4m in the half year, representing a significant improvement on the \$2.3m EBIT loss in 1H20.

“We have been implementing a multi-year turnaround plan to improve AGG’s operational and financial performance. Despite the imposition of various state-specific COVID-19 related restrictions, the business continued on its positive trajectory in the first half of the year, supported by a sustained operational performance, positive customer feedback, and marketing programmes that are supporting growth with new and existing customers.”

### **Banking facilities and capital expenditure**

In October, we announced the refinancing of our syndicated banking facilities extending the expiry date from August 2021 to October 2023, reducing the total facility size from \$120 million to \$85 million, inclusive of a \$10m standby facility which will expire in October 2021. This change reflects the company’s success in reducing debt over the past 24 months and strikes an appropriate balance between minimising funding costs and maintaining appropriate financing flexibility.

We continue to prudently manage costs across the business including capital expenditure which reduced to \$2.1 million from \$4.3 million in the first half last year. Planned capital investments will increase in the second half of the year, to a level similar to the same six months last year.

### **Market conditions and outlook**

Mr Mander said “Future market conditions remain uncertain and given the impacts of COVID-19 and heightened market competition are likely to be with us for some time, it is critical that the group remains vigilant and adaptable.

“Consenting activity in New Zealand has been stronger than we had anticipated in recent months. However, there is some risk that building activity may begin to soften early next year as a result of broader macro-economic factors as well as local issues such as extended border restrictions and further weakness in business confidence and labour markets. Balancing this, we’ve been pleased with the solid results in New Zealand in recent months and our customers are typically citing good forward books of work through into the new calendar year.

“The industry is currently experiencing significant disruptions and delays in international shipping, resulting from a surge in sea freight demand and backlogs at key ports. We are monitoring this situation closely and are increasing our safety stock levels as appropriate. However, we are anticipating an increase in shipping related costs in the second half of the financial year.

“In Australia, we remain confident that the improvements in AGG’s EBIT results achieved in the first half will be sustained through FY21, although weighted towards the first half given the Christmas and new year shutdown period. This assumes no change to COVID-19 restrictions.

“Net debt reduction in the second half will be impacted by the above factors as well as capital expenditure returning to a level similar to the second half last year.

“Reflecting the significant level of uncertainty the group is facing, we now anticipate providing guidance on expected results for the 2021 financial year alongside a trading update in February 2021.”

**/ends**

**HALF YEAR RESULTS WEBCAST AND CONFERENCE CALL:**

Metro Performance Glass Limited will release its results for the 6 months ended 30 September 2020 at 8:30am (NZDT) on Monday, 23 November 2020, followed by a briefing for investors, analysts and media at 10am.

You can listen to the webcast via the company's website: [www.metroglass.co.nz/investor-centre](http://www.metroglass.co.nz/investor-centre) or directly: [https://globalmeet.webcasts.com/starthere.jsp?ei=1397674&tp\\_key=798020e99d](https://globalmeet.webcasts.com/starthere.jsp?ei=1397674&tp_key=798020e99d). Please allow extra time prior to the webcast to visit the site and download streaming media software if required. An online archive of the event will be available after 2pm on the day.

To join the conference call, participants will need to dial in to one of the numbers below at least 5 minutes prior to the scheduled call time and when prompted, please quote the conference code: **937474**.

New Zealand Toll Free	0800 423 972	International	+64 (0)9 9133 624
Australia Toll Free	1 800 590 693	United Kingdom Toll Free	0800 358 6374
Australia (Sydney)	+61 (0)2 9193 3719	US/Canada Toll Free	866-519-2796
Australia (Melbourne)	+61 (0)3 8317 0929		

**For further information please contact:**

Liam Hunt, Investor Relations  
(+64) 027 403 4323  
[liam.hunt@metroglass.co.nz](mailto:liam.hunt@metroglass.co.nz)

*Authorised for release by Andrew Paterson, Company Secretary, on behalf of the Board.*