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Operator: Good day ladies and gentlemen and welcome to Metro Performance Glass 2019 Full Year Results Briefing Call. I will now hand the call over to Simon Mander to begin.

Simon Mander: Good morning everyone, welcome and thank you for joining our call. I'm Simon Mander, the Metroglass CEO, and next to me is our CFO, John Fraser-Mackenzie.

This morning we will provide you with an overview of the Company's results for the full year to 31 March 2019. We will turn to a Q&A at the end of the call.

We will now start our presentation on slide 1. During the 2019 financial year the Company has been focused on a strategy to improve execution, deliver financial performance from the investments we have made in additional production capacity, and to leverage our strong market position.

We have made progress across all parts of the business. But our full year results illustrate that the delivery of our strategy has differed across New Zealand and Australia.

There are four primary topics we will focus on today. Firstly, New Zealand's operational performance which has delivered pleasing incremental improvements in customer experience, operational performance and culture.

Secondly, our Australian performance which has been impacted in the year by challenges with variable operational and service performance.

Thirdly, our competitive landscape and potential future changes. Finally, an update on our approach to capital management and expected outlook for the 2020 financial year.

On slide 2 you will see some of the Group's key events in the year. The Group delivered an EBIT in line with our March guidance. Continuing focus on debt reduction saw us achieve a stronger debt reduction level.

New Zealand, which is approximately 80% of Group revenue, had improved financial results, with a particularly strong commercial segment performance. With a flat residential and retrofit performance.

We made good progress on our people and customer focus initiatives in New Zealand. Our operational performance with customers improved significantly. Along with employee voluntary turnover which reduced from 31% to 22% in the year, and absenteeism reducing by approximately 10%.

Balancing that however was a disappointing result in Australia, and including an

impairment of the intangible assets. Operational and service improvements are now emerging in Victoria and New South Wales following a business reset during the year. With further remedial plans in place.

Turning to slide 3. Our vision to be the leader in glass solutions and our strategies to deliver this vision remain consistent.

Slide 4 and slide 5 provide an update on the Group's achievements in each of our four key strategic initiatives. I will briefly highlight some points.

Now on slide 4, at the centre of our strategy is a dedication to excellent service for our customers. This covers many important factors including quality, delivery accuracy, product range, technical support, distribution capabilities and strong customer relations.

In the year we also conducted a New Zealand-wide customer survey to further understand our customers and how we can better support them. The feedback enabled us to focus our initiatives, resulting in an improved operational and service performance, with late-tail-DIFOT increasing to 93%.

We have invested in our people by recruiting new management talent and capability across the group. Increasing the leadership and supervision within our plants, improving sales systems, and aligning our wages rates with an increasingly competitive labour market.

This was reflected in our retention rates, with voluntary leavers reducing from 31% in FY18 to 22% in FY19. Absenteeism reducing by 10%.

The health and safety of our team is of utmost importance. Glass is a fragile, heavy and hazardous product to work with. So we must ensure that our people are well trained and equipped and have safety at the forefront of their minds.

We continue to focus on prevention initiatives and embed a culture of home safe every day.

Turning to slide 5. In New Zealand we have increased margins through favourable product mix and pricing, with efficiency gains offsetting cost pressures in labour, distribution and materials.

The Australian business, AGG, has been challenging. The market is supportive and the recent capital investment program is showing promise on lifting production capacity and improving manufacturing efficiency.

However, it has taken longer than originally planned to reset AGG's operations, people and

culture. This has impacted its first year to date financial performance and highlighted further capability gaps we are working to address.

Pleasingly operational and service performance has markedly improved in the second half, and we look to build on this in the coming year. Despite the current challenges we believe in the longer-term opportunities that AGG offers.

The market, while very competitive, is significantly larger than New Zealand and we are seeing continued regulatory moves supporting the uptake of double glazing, which is at the core of our product offer.

I will briefly highlight our key FY19 financial results, and John will give more detail shortly.

So onto slide 6. Group revenue of \$268 million is in line with the prior comparable period. EBIT before significant items of \$25 million. Resulting in an NPAT before significant items of \$14.2 million, impacted by poor trading results in Australia.

New Zealand revenue grew 2% to \$217 million, and an EBIT of \$31 million. An increase of 6%. North Island activity was offset by further South Island declines, with sustained service improvements achieved.

AGG, our Australian business, delivered an EBIT loss of \$4.8 million from an EBIT of \$3.2 million in FY18. This was driven by operational challenges across Victoria and New South Wales and our Tasmanian start-up.

With a new Senior Leadership Team in place operational improvements have emerged over the second half of FY19. We decreased reported net debt by \$11 million to \$83 million and as we continue to prioritise debt payments. As previously communicated no dividends have been declared.

Looking at slide 7 briefly. In New Zealand you can see the elevated levels of residential and non-residential construction in New Zealand. This has broadly been the case for some time now. Strong economic fundamentals continue to support strong activity. But supply side constraints are limiting growth.

In Australia we note the softening of leading indicators of Australian residential construction activity, particularly multi-residential approvals. Australian Glass Group is primarily involved in the new detached houses and alterations and additions in the south-east of Australia. These segments and regions have been less impacted to date. However, they are also expected to soften in the coming 12 months to 24 months.

Countering this however we continue to see the penetration of double glazing increasing, alongside supportive regulatory changes in our target markets.

Updating on our New Zealand operations on slide 8. In May when we released our FY18 results we spoke about our focus on four things. Getting back to basics in operations, putting the customer at the centre of everything we do, building our people capability, and taking ownership throughout the organisation. We are pleased with our progress to date.

Specifically, our service levels have improved. We have strengthened the leadership in our plants and focused on process disciplines. We have been pleased with the continued drop in voluntary staff turnover, declining from 31% to 22% over the last year.

We have also developed a clearer understanding of our customer needs and have re-prioritised our internal initiatives as a result. Financially this has begun to show improvements with our revenue growing by 2.1% despite the drop-off in activity in Canterbury.

Onto slide 9. The New Zealand glass and window market is rapidly evolving, and with the buoyant housing and construction markets encouraging investment from new and existing players.

We have previously spoken of impact to new entrants on Metro. Today our customers already can select between multiple glass suppliers and yet choose to work with us. We are working hard to continually improve our customers' experience and have made good progress this year.

Metroglass is well-placed to succeed having already significantly invested in new manufacturing capacity and people capabilities. The Company will continue to focus on differentiating and reinforcing its value proposition to its customers through continued execution of its strategy.

Turning now to AGG in Australia. Tasmania, on slide 10, was commissioned early in the calendar year. Following some initial start-up challenges has achieved its first year EBIT objectives and is offering a better local service on the island.

Onto slide 11. Victoria, which equates to about two-thirds of AGGs business, continues to be profitable. However variable performance and under-utilised latent capacity, due to the transfer of volumes to the new Tasmanian plant, had an impact in the year.

New South Wales also had a variable operational performance which impacted its profitability in the period. Following a reset organisation and process changes are now

embedded and beginning to take effect, as noted on the external reworks trending down and the AGG combined DIFOT improving.

Overall we are disappointed with the performance of Australian Glass Group. But with a fresh leadership team in place we are in the process of building a best practice production culture which we are confident will deliver benefits in restoring our reliability and service levels.

I will now hand over to John to discuss the financial detail, results around more detail.

John Fraser-MacKenzie: Thanks Simon. I'm onto slide 12. Our Group revenue for the financial year 2019 was flat from the prior year at \$268 million.

In the New Zealand market revenue increased by 2% and EBIT by 6.3% to \$31 million. Our commercial glazing revenue grew by 9% to \$52.5 million, while residential and retrofit revenue were broadly flat year-on-year.

Residential revenue suffered decline in the South Island, which was offset by our growth in the North Island. Retrofit was disappointing to us, but we have changed our marketing mix in the second half of the year and we're looking forward to the impacts of these over winter, in this business as its seasonal peak.

In Australia, revenue declined overall, driven by underutilised capacity in Victoria, and operational and service issues, across all states in the first half of the year. Slide 13 reflects our full year results. I draw you first to the segmental results on the right-hand side of the page. New Zealand delivered a pleasing performance, with our EBIT up over 6% versus last year. This resulted on the back of higher revenue and improved margins.

Our EBIT in Australia declined as a result of lower revenue and our operational difficulties. It also reflects for diseconomies of scale, associated with starting up our greenfield operation in Tasmania.

Turning to the Group results, net profit before significant items declined by 23% on account of the performance in Australia. We took a \$9.6 million charge against the value of our Australian intangibles, and this resulted in a drop in the quarter net profit, to \$5 million.

I'd like to move on to the waterfall on slide 14. New Zealand EBIT results are shown in grey shading on the left. This included a healthy improvement to an underlying gross profit margin, that was driven by improved pricing, product mix and savings in material costs following improved inventory management. Offsetting this improvement, we both

increased distribution costs, which is largely fuel, increased New Zealand factory management and also higher depreciation on the FY2018 capital program.

Turning to the Australian performance, which is the green shaded area of the waterfall. The Tasmanian operation incurred a small loss, but this year we did not utilise the valuable capacity in Victoria, resulting in further impact in the Victorian business, and we lost revenue in New South Wales versus the prior year.

Turning to the balance sheet on slide 15, the New Zealand operations continued with its progress, reducing working capital by \$3 million for the second successive year. The net operation cashflow is down on lower EBITDA and payments of FY2018 abnormals, along with higher interest and tax payments. In Australia, working capital increased slightly with a high inventory balance and expected sales to not eventuate. Pleasingly reported net debt decreased by \$11 million, with Group gearing decreasing from 37% in March 2018, to 34.7% in March 2019.

Slides 16 and 17 give an update on the cashflow gearing of the Group, which has been a significant focus for us, and we remain well within both the banking covenants and our facilities. We are pleased with the reduction on net debts, as you'll see on slide 17, and strong cash generation from operations, driven by our performance in New Zealand. No dividends were declared or paid in respect to FY2019, but we did pay a final dividend in respect of FY2018, of \$7 million during the year. With that, I'll pass back to Simon to pick up on the outlook for FY2020.

Simon Mander: Thanks John, turning to slide 18 and our outlook for the FY2020 year. In New Zealand we expect building activity to remain at current levels, while in Australia further declines in building activity is expected. However, we anticipate our core market of detached residential and additions and alterations, to remain stable in our markets.

We'll continue to execute against our strategy, resetting our AGG business with a focus on building upon the improved customer service metrics that are emerging and delivering customer value. Focus on improving safety across the Group through prevention, continue to develop our customer centric business model, and focus on developing our capabilities in our people and building a nationally aligned retrofit business model. That's the end of our formal presentation, we're happy to answer any questions that you may have. Thanks.

Operator: At this time, if you would like to ask a question, please press star, followed by the number one on your telephone keypad. If you're calling from a speakerphone, please make sure your mute function is off to ensure your signal can reach our equipment. Again,

star one to ask a question. We'll go first to Arie Dekker from First New Zealand Capital, your line is open.

Arie Dekker: (First New Zealand Capital, Analyst) Good morning, yes, I guess first questions just in relation to Australia, almost \$5 million loss and circa \$50 million of revenue. I mean you've talked a little bit to the potential you still see in the long term, and then closer, you talked about operational improvement in second half. I mean I guess it's a pretty significant loss, there's been a bunch of stuff going on, and you've sort of explained the bridge in that.

Can you give a bit of a guide to what the potential is from this business, in FY2020? Particularly around where the cost base sits, and any potential levers there, if revenue continues to be challenging? Obviously, it's a reasonably big swing factor this year, and just looking for as much guidance as you can provide, in terms of how we should think about it for FY2020, first question?

Simon Mander: Sure Arie, look now we'll be giving some guidance on Australia in our ASM in July. But I guess what we're seeing year to date currently, is a continued improvement in our delivery performance and production performance, and also our quality is improving as well. So, we're very positive and confident about how the business is tracking on our plans. You just asked a specific question about cost base there.

We've just in the last two weeks, restructured the business there and removed about \$1 million worth of costs out of the business. I think it's just more appropriate that we update in July there on what's happening, we'll have more data points to communicate on how the business is tracking. But where we're sitting at the moment, we're pleased with its improvement plans.

Arie Dekker: (First New Zealand Capital, Analyst) I guess the challenge is that, I mean if you look at second half performance, it deteriorated on a financial basis, notwithstanding the operational improvements you saw. I guess putting the question another way, the ongoing operational improvements that you saw, that you're seeing year to date, and I know it's early. Are they translating and perhaps with the cost stuff you're doing, in to financial improvement as well, in this part of FY2020?

Simon Mander: Yes.

Arie Dekker: (First New Zealand Capital, Analyst) Okay. Just in terms of revenue in New Zealand, I guess in residential and retrofit, it was modest, but sort of modest decline on

the PCP in the second half, and all of the growth in the full year came from commercial. Can you just talk a little bit about what you're seeing in residential, and retrofit? The extent to which it's the market versus deliberate decisions to focus on higher quality revenues.

Then just in the case of commercial, whether there were some lumpy projects that contributed to the growth that you saw in commercial in FY2019, and what your expectations are in terms of growth for commercial, if any off that base in FY2020?

John Fraser-MacKenzie: Hi Arie, John here, I'll just start with commercial and work backwards. Commercial was very split between the North Island and the South Island. No specific big project, so I think probably our biggest project that we had on in this year, was I think called the Horizon Hotel, the new Sky City Hotel, would probably be our biggest project in the year.

But it's really been, we've seen our book building and building in the upper North Island particularly but slightly lower North Island too. It's really been, and I think we've been saying it's coming, it's coming, and I think a lot of that has started to come through for us in the last year. So really strong performance in commercial in the North Island, and then offset by a drop in the South Island, has really how that's played out.

On the retrofits, I think what we did, so retrofit is always a function of how many leads we generate, how many of those leads - and how many of those leads we convert, I guess kind of determines the revenue. So, our conversion of leads was better during the year, so we had a higher percentage conversion, but we had a lower number of leads generated during the year.

I think what really, we attribute that to, is that we need to improve our, I think our marketing has got a bit stale. We're marketing the same message to the same people, and as we're kind of growing through, we think we need a change in that. So, we're changing it to more of a focus on home shows, more digital activity than we've had in the past, and changing some of the messaging on our television. So, we have seen retrofits grow in surges and flatten off and surges and flatten off. So, we think a bit of that reinvents the message and the delivery and go again.

In residential, so residential definitely was split, so we declined in the South Island on our residential business, and we improved in the North Island. So [unclear] on that. We probably lost a little bit of share in the South Island, but no, we don't believe we lost any significant chunks of residential share in the North Island. So, we're pretty much a bit of

give and take, but we don't think in the year we lost any significant share in the North Island.

It's really a South Island versus North Island kind of mix. From a kind of channel perspective, we found, I think residential windows were kind of flat year-on-year, and our merchants, merchants and retail were slightly down year-on-year, so a little bit of movement in the channel, but again nothing significant.

Simon Mander: Sorry Arie, I think if I add to that, think about the growth and consents, you just want to recall there's a lag in those consents. So that lag in prior year, sort of happens in the financial year just finished. We would have, you know you'd be expecting the actual construction activity to increase again in this coming calendar year, the issue would be we've had the capacity in the market, to actually do that work.

Arie Dekker: (First New Zealand Capital, Analyst) Sure, and then just last question, just in relation to I guess the balance sheet and debt, I mean it's good reduction in debt for the year. Can you just talk to CapEx expectations for FY2020? Do you think they can be as low as what you invested in FY2019? Or should we expect a little bit higher in FY2020? Where do you sort of see net debt going to in FY2020?

Simon Mander: Hi Arie, Simon here, as far as CapEx in the coming financial year, I'd just put a range of sort of 8 to 10. On the debt, John's better placed.

John Fraser-MacKenzie: So net debt Arie, I think the way we think about it, and it's kind of why we included the waterfall on slide 17. Is we think in tiered round numbers, EBITDA, I'll call it \$40 million, we pay interest of about \$5 million, tax of about \$10 million, and CapEx of about \$10 million. So, we'll be somewhere, we should be somewhere between \$15 million and \$20 million of debt paid down in the year, is how we think about it.

Arie Dekker: (First New Zealand Capital, Analyst) Perfect, thank you.

Operator: We'll take our next question from Aaron Ibbotson, from UBS. Your line is open.

Aaron Ibbotson: (UBS, Analyst) Hi there, good morning gentlemen. Just on that last question on debt reduction, so by my account, putting it all together, you should be very close to your target net at the EBITDA level year-end FY20. Should we expect the dividends to be reintroduced when you hit your EBITDA target, or is it more of a gradual process? My first question, thank you.

Simon Mander: I guess we'll be looking at that when we get to that point. We're focusing on - this year on achieving our plans, and reducing our debt so when we get to that ratio

that we talked of, 1.5 times, we'll be re-looking at what we do then.

Aaron Ibbotson: (UBS, Analyst) Okay, but there's no change in communication from what you said last time, which was that you would reinstate it when you hit 1.5 times, if I recall correctly.

John Fraser-MacKenzie: Yes, no change to that, Aaron. Yes.

Aaron Ibbotson: (UBS, Analyst) Okay, thank you. This might be me reading too much into a very small comment, but reading your little statement around quote unquote new competitor entering the market with APL, you sort of get the feeling that the Board is a little bit frustrated with the market having emphasised this as being a massively significantly negative event.

I appreciate that you don't have a lot of information which you specifically also write but nevertheless you put it in the release, so I'm left with a feeling that you've done a bit of analysis, or the Board has, and come to the conclusion that the market is over-exaggerating the impacts. I'm just wondering, if I read that right, and if there's anything on that that you could share with us.

Simon Mander: Yes, I think you've summarised it quite nicely. Yes, we do think it's been overplayed. We talked to that in - at our half year, and we talked through our thoughts on it. We're focusing on what we're doing, and making sure that we deliver amazing customer service and customer experience. We're confident with what we're doing, and where we're heading.

Aaron Ibbotson: (UBS, Analyst) Okay, but no - have you done any further analysis, or is there anything you can share with us, versus what you shared at the half year?

Simon Mander: That would still be our view, and yes, we are doing work on this stuff all the time. It's - as we are with the whole New Zealand market. Yes.

Aaron Ibbotson: (UBS, Analyst) Okay. [Unclear]...

Simon Mander: I think we can talk a bit more about this at the ASM. I am sure there'll be - it's an appropriate time to talk to - about it then.

Aaron Ibbotson: (UBS, Analyst) Okay, thank you. My final question is just on Australia, but maybe we can take this offline as well, because I'm trying to understand the impact on the gross profit of fixed cost absorption that you highlighted. Apart from the depreciation, it seems to me that there - your COGS have gone up more than I would have anticipated in

Australia, and that the fixed cost absorption seems to have overshot, so I'm trying to get my head around how your cost of goods sold basically haven't gone down at all, despite revenues dropping by 10%. They've actually gone up. So, is that just the main thing...

John Fraser-MacKenzie: We can [unclear] in more - yes, so I guess you should think about it, as kind of we transferred a chunk of high-contribution revenue that was in Victoria, and put it into a greenfield start-up in Tasmania, which has just made a small loss.

So, on the face of it, a small loss in Tasmania shouldn't have a bit impact. I think the impact has been, we weren't able to reduce our costs in Victoria to compensate for that transferred revenue, and we anticipated and we are working to replace that revenue. So, I think it's the - just economies of scale of moving to small greenfield site, and not replacing what was, I guess, high contribution revenue in Victoria, is the impact.

Aaron Ibbotson: (UBS, Analyst) Sorry to be boring and detailed, but when you're losing volume in Victoria, surely you have some variable costs that need to go out?

Simon Mander: Yes, if you have a stable operating platform, and the issues in Australia we - following on from the capital upgrades that were done there about December, January last year, the plants went through a period of really high instability and very high staff turnover. That's reduced down significantly, but that's contributed to the poor operational performance while we still incurred high labour costs due to the churn and that type of thing.

So, the productivity was poor, resulting in the - the [higher] - so, you're right, yes. You would have, if the plants were operating stably, you would expect that those costs would be variable. Unfortunately, they weren't.

Aaron Ibbotson: (UBS, Analyst) Okay, I'll leave it there. Thank you.

Operator: We'll go next to Matt Henry from Forsyth Barr. Your line is open.

Matt Henry: (Forsyth Barr, Analyst) Morning guys. You talked about you've done an extensive survey of customers in New Zealand. Can you provide us with some sort of colour on what the feedback was across the customer base?

Simon Mander: Yes, Matt, Simon here. Yes, look it's - when you're doing surveys, you get very varied responses and the key thing that came back is about customers want - they want their product on time, they want it all there, and they want it all to be good. That's what primarily what they're wanting. If you go back 12 months, we were not doing as well as we should have been on those fronts. The good thing is, is that we've improved on all of

those fronts. Anecdotal feedback is that customers are - I'm regularly getting feedback from customers that our service levels are good now.

We are going into a period where we've locked in a regular customer survey, where we're going to be getting - consistently getting this feedback formally. I guess...

Matt Henry: (Forsyth Barr, Analyst) Just - so...

Simon Mander: Yes, sorry?

Matt Henry: (Forsyth Barr, Analyst) No, so I just - so you've done one survey so far, I take it. Can you just - I appreciate things may have improved. Can you just - you've got a - what do you think the level of dissatisfaction versus satisfaction amongst the customer base was? I'm just trying to get a sense of where you think the starting point was.

Simon Mander: From a year ago, or 18 months ago, I think the level...

Matt Henry: (Forsyth Barr, Analyst) Well no, from when - from when you did the survey.

Simon Mander: As to what it is now? On an absolute percentage, it's hard to say. I'd say it's moved up quite significantly. Our service levels and how we manage issues and service is significantly improved. We haven't - how do you say that, I don't think our shares shifted down. If anything it's pretty stable. We're seeing that we're getting good feedback. Our returns are lower, our credit claims are lower. I think it's difficult to put absolute numbers on those things, Matt.

Matt Henry: (Forsyth Barr, Analyst) Okay. No, I'm just trying to understand what kind of base you're working off. Is it - there's a very large portion is - were dissatisfied and that's improving, or it's a small portion. I'm just trying to understand here what the base that you [unclear].

Simon Mander: Sure. I think - look, I'm - at - sure, as you appreciate, I've only been here six months, so - but John's probably a better place to talk on the historical aspects.

John Fraser-MacKenzie: Matt, from the original survey I guess the summary would have been better than average, but not great, and not where Metro used to be and we would expect, if we can call it that. So, that was the main thing. As Simon said, in order of priority what they wanted to see from us was better quality, is first. Then delivery in full was second. Then the timing of the delivery was third. That was really valuable to us, because I think quality hadn't been as high on our radar as that survey communicated. That's where we have been able to re-focus the factory and the delivery guys to say,

quality is very important to our customers, and to get them really focused on that.

That's when we look at our external re-works for example as a kind of measure of how much gets sent back by the customers. That has improved in the second half of the year versus the first half. It'll take time. As Simon said, anecdotally we think the customers will have seen an improvement, based on some of the feedback that they got from us.

Simon Mander: I think Matt, I like to think that for me a really good measure of it is, I've had in the last month two of the primary [die] holders in New Zealand volunteer to me unprompted that the feedback they're getting from their fabricator networks is that Metro service has really improved. That's really nice feedback to have from those two players.

Matt Henry: (Forsyth Barr, Analyst) Yes, no that is good to hear. Can I also just ask, you talked about - I know you got - pushed through price increases this year. When we look at the \$4.8 million of gross margin improvement, how much has price contributed to that?

John Fraser-MacKenzie: Price would probably be [\$2 million to \$3 million] in there, something in there. So, \$2 million to \$3 million.

Simon Mander: There's - I guess, Matt, there's an aspect there of a mix as well as also a re-pricing and general pricing, if that makes sense. The cost of complexity is being reflected, and then we've also got a mix aspect there as well.

Matt Henry: (Forsyth Barr, Analyst) Okay, thanks. Look, I don't expect anything specific here, but just obviously the industry is changing somewhat in structure, how open are you guys at exploring your broader strategic options beyond your - going simply just operationally - operational focus?

Simon Mander: Yes, I guess we're - those types of things in business are always being looked at and discussed at a Board level and at a management level. We are a significant player in the industry and we're very aware of what people are doing. We have got strategic options that we are working on. I don't think it's sensible for us to talk about those, given the competitive nature of the industry.

Matt Henry: (Forsyth Barr, Analyst) Yes. No, that's fine. Thank you.

Operator: Again, if you have a question, please press star one on your telephone keypad. Next we'll go to Stephen Hudson from Macquarie.

Stephen Hudson: (Macquarie Capital, Analyst) Morning John and Simon, just a couple of quick ones from me. Just on the dividend resumption trigger, can you clarify whether or

not that is pre or post IFRS 16? Then just on IFRS 16, is there a \$10 million bump that you're going to get there as you move the operating lease into depreciation and interest, just wondered if you could give us some guidance for next year on that?

Thirdly and you may have given this, but just when you talk about that you're comfortable with your debt covenants, can you just give us an idea of how comfortable you are? Lastly, if you can chop through some of your competitors, in particular Viridian post the sale, but also Fairview and Glass Relate after they've started up some new capacity in glass processing in the last 12 months, just what you're seeing from some of your key competitors, that would be useful.

John Fraser-MacKenzie: Hi Stephen, John here. So on the dividends and it's a good question and to be honest, we haven't specifically discussed it with the Board, but I think the new world will be post IFRS 16. We do have, I think, quite fulsome disclosure, which will probably surprise you all, in our financial review packs of IFRS 16 which is about \$1 million at NPAT, sorry, net profit before tax, so we haven't - I think that's increase in STOR and some tax treatment, so not a significant impact and we'll consider that when we get there.

Stephen Hudson: (Macquarie Capital, Analyst) John, just on that, in terms of EBITDA which is your dividend trigger, it could be a \$10 million bump, is that about right?

John Fraser-MacKenzie: Yes, hold on, I'm just looking for the page, just getting to the page. So just to be clear and we'll go to the banking covenants to do that. So the banking covenants are three times and that's in old world money, so the way we've constructed it is that's the reference point pre IFRS 16. Then, Stephen, on the dividends, to be honest, given that we've haven't discussed with the Board, I don't want to give you a steer on whether it's pre or post. It's probably better that we'll hold on to that and we can give an update when we're getting closer to it.

Competitors, I can have a crack at competitors, or do you want to have a go?

Simon Mander: Yes, I can talk about competitors. Look I'd rather not talk a lot about competitors, to be honest. We obviously watch and observe what they're doing. Viridian has gone into private equity and it's better that they announce what they're doing. We're aware of stuff because it filters out and they've announced some stuff. What I think is that you're going to see is that there's going to be a period of disruption that's going to occur. That will be in Australia as well as in New Zealand.

As regarding the other people, yes some capacity has been added, but as I said, we're focusing on making sure that we provide amazing customer service to our customers and that's how we hold on to our customers.

Stephen Hudson: (Macquarie Capital, Analyst) Thanks guys.

Operator: We have no further questions in the queue. I will turn it back to you for any closing remarks.

Simon Mander: Okay, well I'd like to thank everyone, really appreciate you taking the time to look into our results presentation and thanks for your questions and if there are other questions that you think of later on, please let us know. Thank you.

Operator: That concludes our call for today. Thank you for your participation, you may now disconnect.

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