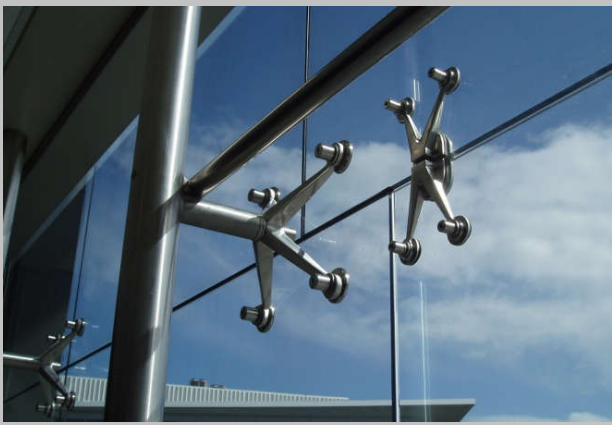


Metro Performance Glass

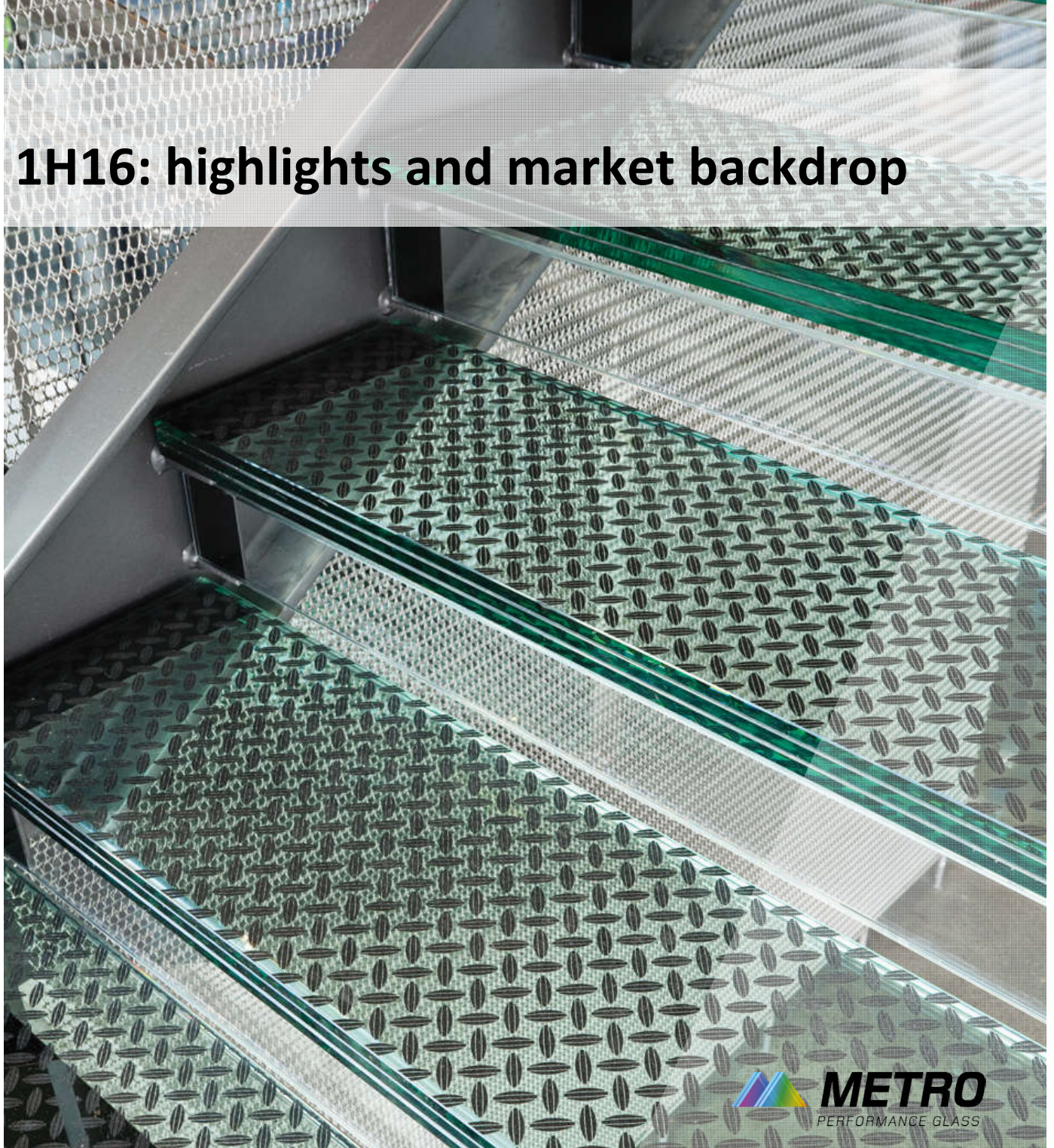
Investor Presentation, 1 December 2015

Agenda

1. 1H16 highlights and market backdrop
2. Operating priorities and key initiatives
 - a. Customer service and operational capabilities
 - b. Commercial
 - c. Retrofit
3. Auckland factory tour



1H16: highlights and market backdrop



1H16: highlights summary

-  In June, the new \$21.5m Auckland automated processing plant was officially opened by New Zealand's Prime Minister, the Rt. Hon John Key
-  Strong sales growth achieved in the 6 months to 30 September 2015 despite lower than anticipated industry growth, +8.4% vs. pcp and +0.8% above the 'prospective financial information' (PFI) forecast
 - Focused on delivering strong customer service and improving glass category shares
 - Pleased with growth given the constraints currently facing commercial construction markets
-  New Auckland plant's performance ramping up towards expected volume levels, alongside continued improvement in customer service measures such as 'delivery-in-full-on-time' (DIFOT)
-  Key growth initiatives in the commercial and retrofit markets tracked well
-  Net profit after tax of \$11.0 million, at the top end of company guidance but 9.6% below PFI
-  Completed period of significant capital investment and continue to meet our financial covenants with considerable headroom

Market backdrop: the last week in the news

Auckland builders desperate for workers

5:00 AM Thursday Nov 26, 2015

Auckland Region Building & Construction

★ 1.0k 98



Auckland mall space 'explodes' as new retailers demand more space

CATHERINE HARRIS

Last updated 15:46, November 25 2015

1.0k 98



A g
The

Dwelling consents in Auckland just two thirds of what is required to keep pace with migration-fuelled population growth

Posted in [Property](#) **UPDATED** November 30, 2015 - 11:41am, [Greg Ninness](#) Tw **G+1** 0

Auckland CBD retail rents skyrocket

SHANE COWLISHAW

Last updated 13:04, November 24 2015

1.0k 98



Auckland building consents increase

Monday 30 November 2015

New building consents are marching onwards and upwards in Auckland.

By Miriam Bell

The latest Statistics New Zealand consent data shows that Auckland consented 805 new dwellings in October 2015.

This was up by 162 on the 643 new dwellings consented in September 2015 and up by 214 on the 591 new dwellings consented in October 2014.

The billion-dollar office upgrades: Mansons embarks on building bonanza

By Anne Gibson property editor anne.gibson@nzherald.co.nz

5:00 AM Tuesday Dec 1, 2015

New housing barely dents shortage

Wednesday 25 November 2015

Auckland housing announcements keep coming but it is unlikely they will rectify the shortage.

By Miriam Bell

Cranes and construction sites currently form a hefty presence around Auckland's cityscape.

At the same time, the latest Statistics New Zealand data shows the issuing of consents in Auckland continues on an upward trend and construction is a driving force in the region's economy.

G+1 0 Tweet Like 0

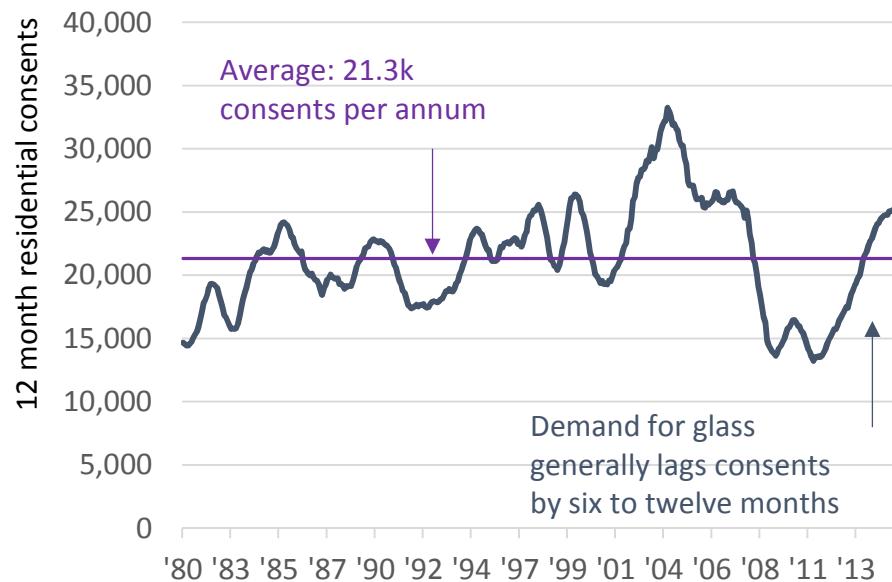


Market backdrop: macro trends

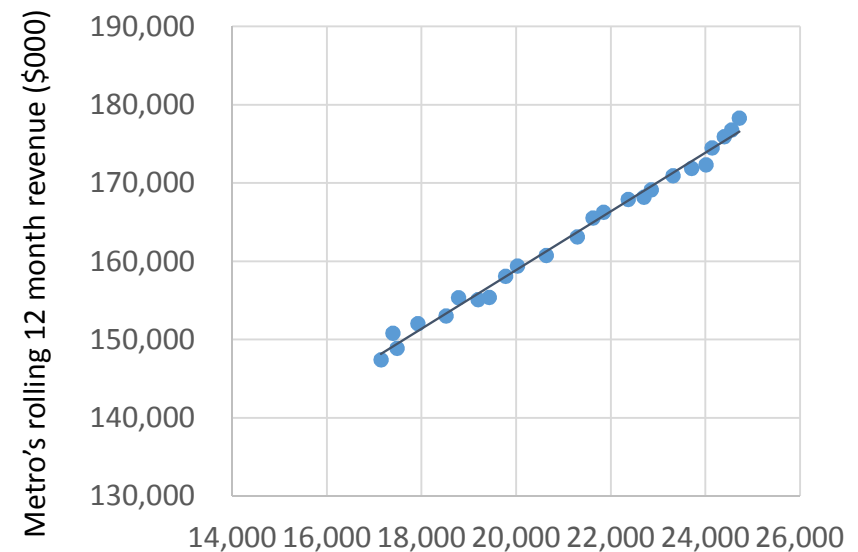


Construction activity and building consents have returned to pre global financial crisis levels, backed by record net migration, low interest rates and rising momentum in building activity

New Zealand residential new build consents



Revenues remain highly aligned to 9 month lagged housing consents



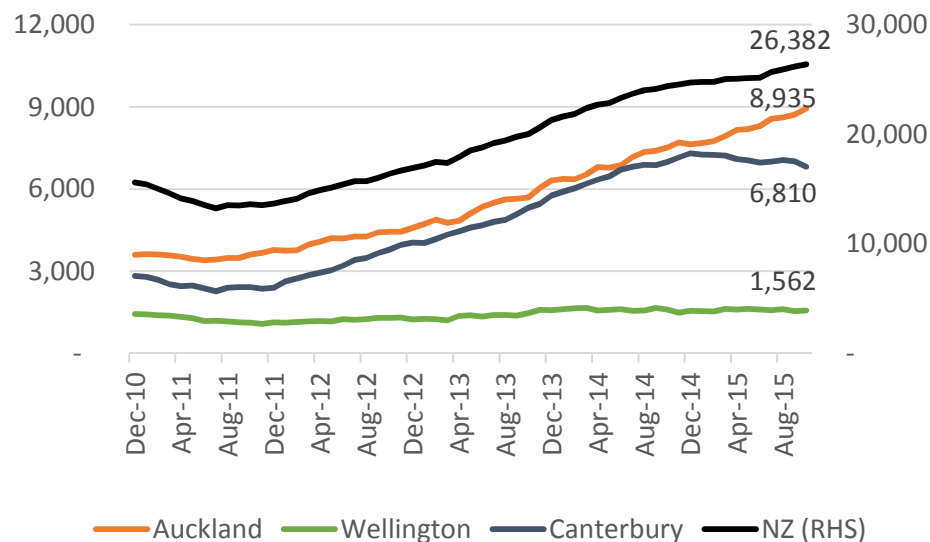
Residential consents lagged by 9 months

Source: Company information, Statistics NZ (January 1980 – September 2015)

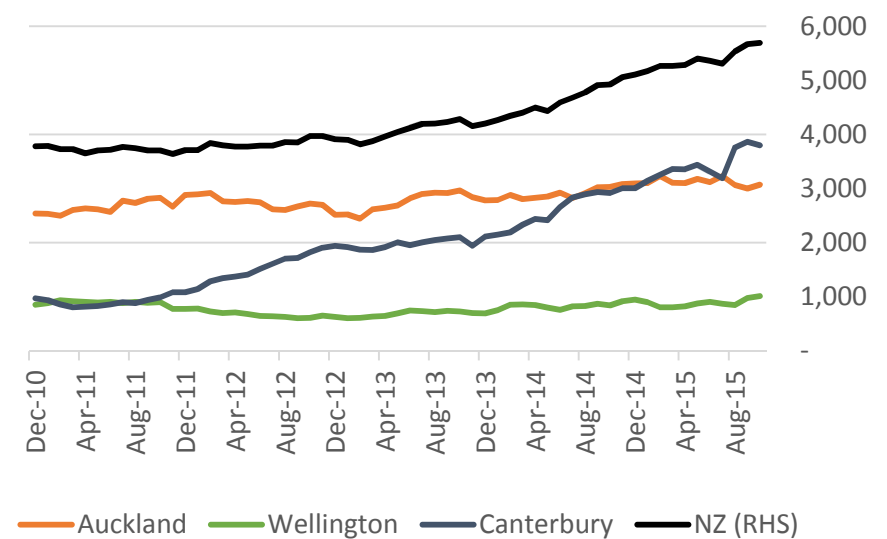
Market backdrop: regional trends

- Residential building consent issuance is growing strongly. Consents for the 12 months to October reached ~26,400
- Commercial construction activity is on an upward trajectory, particularly in Christchurch
- Momentum is rising in the Auckland construction sector generally, with a significant pipeline of commercial projects in the pre-consent phase

Residential dwelling consents (last 12m, #)



Non-residential consent value (Last 12m, \$m)



Source: Statistics NZ

Market backdrop: planned projects in Auckland



Source: Auckland Transport



Operating priorities & key growth initiatives



Operational priorities for the FY2016 year

- 1 Drive top line growth and glass category share, through our product and supply chain strategy ensuring customers' expectations are exceeded, and that Metro Performance Glass is the company of choice
- 2 Deliver manufacturing excellence to achieve our desired service and cost leadership position
- 3 Capture an increasing share of the growing commercial construction market
- 4 Drive the Retrofit double glazing replacement business

Metro is continuing to invest in improving its operating capabilities

- ▶ We have significant growth opportunities ahead of us, and as such are continuing to invest in operating capability improvements to ensure we maintain our market leading position

Metro Glass' Business model




- ▶ Customised product
- ▶ Short lead time
- ▶ Broad product range
- ▶ Flexible manufacturing equipment and processes
- ▶ Integrated business – glass to end use



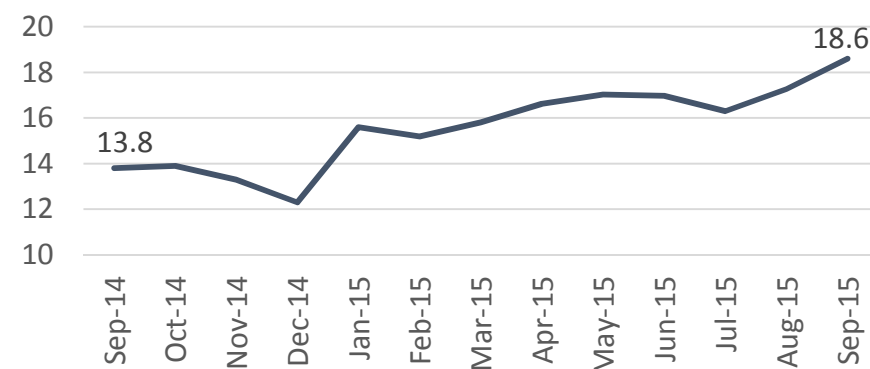
What makes customers choose Metro Glass?

- ▶ Product range, glass specification and technical expertise
 - Broadest range in the market – all fully customizable
 - Exclusive NZ supply of the world's best LowE float glass
- ▶ Ease of customer ordering
 - Just in time manufacturing, short lead times
 - Online ordering system (MetroConnect) and API links for large customers
- ▶ Focussing on ensuring delivery in full on time - and right first time
- ▶ Investing in machinery to keep our product offering at the industry forefront
 - New Auckland and Christchurch factories offering increased capacity and efficient manufacturing
 - NZ's best edge-working machine & digital printer
- ▶ Enhancing glazing capabilities and resources in line with our commercial pipeline
 - In-house structural glazing offering
- ▶ Developing the infrastructure behind the rapidly growing Retrofit business

Commercial projects

-  The commercial business continues to perform well, both in winning a high proportion of targeted projects and in subsequent execution
-  Beyond the record high forward order book, we see significant growth opportunities over the next 3 – 5 years and will continue to invest in the infrastructure required to capture market share
-  Conversion of forward orders into revenue remains difficult to predict, however we anticipate that a significant number of projects will transition into the execution stage in the next 6-9 months

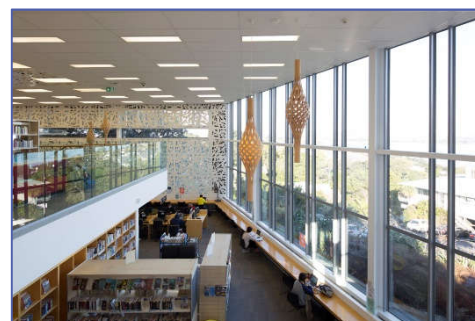
Committed forward orders (\$m)



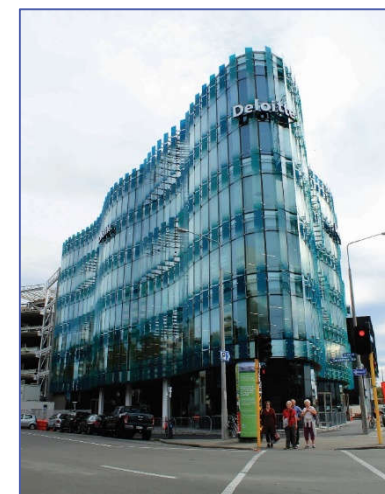
Te Oro Glen Innes Music &
Arts Centre



Christchurch Cathedral



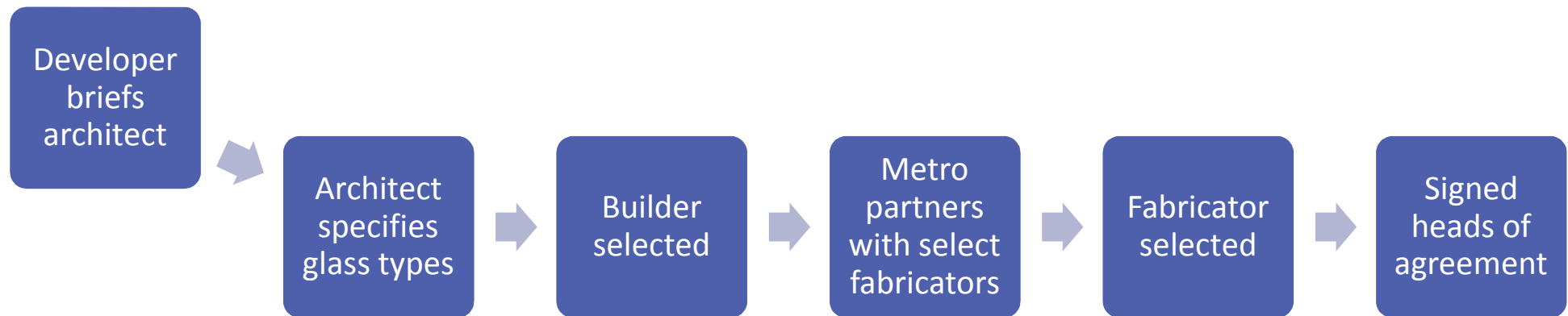
Birkenhead Library









151 Cambridge St

Commercial: positioned well for future growth

Typical process from concept to signed order

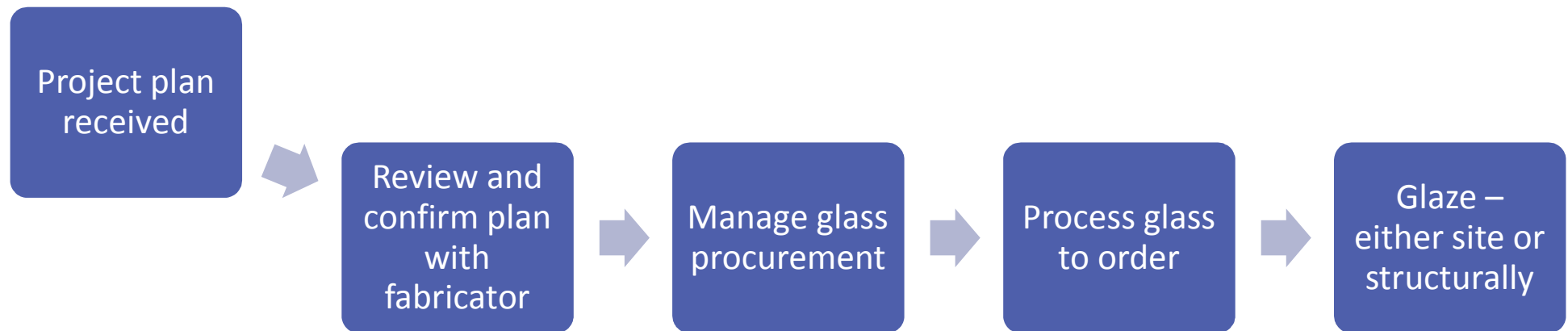


Metro Performance Glass core competencies

-  Strong relationships with architects and property developers
-  Technical glass capability and knowledge to support architects glass selection
-  Established relationships with quality fabricators
-  Access/exclusivity to best glass types
-  Effective sourcing of glass – range and cost
-  Ability to either structurally glaze or site glaze

Commercial: operating capabilities are continually improving

Typical execution process



Metro Performance Glass core competencies

- Short lead times, manufacturing and delivery flexibility
- Project management and quantity surveyor capabilities
- Close working relationships with fabricators, and strong technical support
- Procurement management
- Production capacity and capability across broad range of product specifications
- Glazing capability – machinery, skilled labour, structural glazing equipment

Key growth initiative: Retrofit








Market opportunity

- More than 1.1 million owner occupied homes in NZ which are pre 2007 with single glazed windows, and the average sqm coverage of windows per home 43 sqm (*source: BRANZ*)
- Average industry quoted cost per sqm for double glazing is \$400 fully installed
- The market could be worth c.\$16 billion (43sqm x 1.1 million x \$400)
- Retrofit's typical consumers are homeowners with a combined income above \$100K, which when paired with NZ Stats census data suggests a primary target market of \$3.2 billion

Retrofit strategy



-  Continue to build on the success of the marketing initiatives for the last 9 months
-  Focus on providing a superior product and service to our growing loyal consumer/homeowner base of customers
-  Strategically utilize our production and distribution facilities to maintain Retrofit's strong growth
 - Quick turnaround for glass supply
 - Utilisation of glazing workforce to deliver full service to customer
 - Leverage our scale through national distribution network
-  Create a pipeline of potential further work through partial retrofits
-  Develop consistent demand throughout the year

Developing Retrofit capability



Improving onsite efficiency

- Sophisticated measurement tool for efficient measures and quotes
- Quote tool to provide quotes onsite a close sale



Improving install efficiency

- Pump-jacks (US) scaffolding system for efficient access to windows
- ProTool to accurately measure odd shape windows

Find out the Cost of Retrofit... x RetroFit Quote Management x

File Edit View Favorites Tools Help

Height (left): 1232 Height (right): 1232

Width (top): 2435 Width (bottom): 2435

Size: 3.00 m²

Glass Type



Auckland factory tour



Disclaimer

Please do not read this presentation in isolation

This presentation supplements our half year results announcement dated 23 November 2015 and FY16 interim report. It should be read subject to and in conjunction with the additional information in that release, and other material which we have released to the NZX & ASX.

There is no offer or investment advice in this presentation

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All information in this presentation is current at the date of this presentation, and all currency amounts are in NZ dollars, unless otherwise stated.

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