Metro Performance Glass

Results for the 6 months ended 30 September 2016

Agenda

1. Overview – Nigel Rigby, CEO
2. Financial results – John Fraser-Mackenzie, CFO
3. Market trends – Nigel Rigby
4. AGG and Australian market update – Nigel Rigby

1H17: First half result highlights

1. Group revenue rose 23% to $116.3m[2] including one month of trading from Australian Glass Group (AGG)[1]. Excluding AGG, NZ revenue rose 18% to $111.7m
2. Reported EBIT[3] rose 14% to $18.2m; normalised EBIT[3,4] rose 21% to $19.2m
3. Reported NPAT rose 5% to $11.5m; normalised[3] NPAT rose 14% to $12.5m
4. Commercial forward order book grew to $29.7m, 60% higher than 1H16
5. Retrofit double glazing revenue grew to $10.0m, 29% higher than 1H16
6. Declared a fully-imputed interim dividend of 3.6 cents per share, in line with 1H16

[1] *Metro Glass acquired Australian Glass Group on 1 September 2016.*

[2] *All prior period comparisons are to the half year ended 30 September 2015 (1H16) unless otherwise stated.*

[3] *EBIT is a non-GAAP measure of financial performance. Additional detail is provided on slide 14 of this release.*

[4] *Normalised financials exclude the impact of one-off, non-deductible acquisition related expenses totalling $1.0m.*

Review of 2017 strategic priorities: half-year snapshot

1	**Drive top line growth**	• Group revenue +23% to $116.3 million (including one month of trading from AGG), NZ revenue +18% to $111.7 million vs. 1H 2016 • Took a number of steps to increase processing capacity and deliver improved customer service
2	**Deliver manufacturing excellence**	• Processed record glass volumes with increasing complexity • Continued expansion of product range • Factory costs continued to reduce as a percentage of revenue
3	**Increase our presence in commercial projects**	• Grew our forward book of commercial work +60% to $29.7 million • Completed or commenced a number of significant projects, particularly in the North Island
4	**Expand our Retrofit double glazing business**	• Revenue +29% vs. 1H 2016 • Broad based growth across New Zealand
5	**Support and integrate Australian Glass Group**	• Completed Australian Glass Group acquisition on 1 September 2016 • Pleased with early progress the company has made

Financial results

1H17: Summary financial performance

Key P&L items ($000)	1H17 (6 months)	1H16 (6 months)
Revenue	**116,284**	**94,863**
Cost of sales	57,333	46,498
Gross profit	**58,951**	**48,365**
Gross profit %	*50.7%*	*51.0%*
Distribution and glazing	21,074	17,314
Selling and marketing	5,179	4,209
Administration expenses[2]	13,499	10,930
Normalised EBIT[1,2]	**19,200**	**15,912**
Net interest expense	1,655	1,555
Income tax expense	5,010	3,404
Normalised NPAT[2]	**12,535**	**10,953**
Abnormal items	987	-
Reported NPAT	**11,547**	**10,953**
Basic EPS (cents)	6.2	5.9

Depreciation & amortisation	4,838	3,246
Normalised EBITDA[1,2]	**24,038**	**19,158**

Notes:

1. *EBIT and EBITDA are non-GAAP measures of financial performance. Additional detail is provided on slide 14 of this release.*
2. *All references to Normalised financials exclude the impact of one-off, non-deductible acquisition related expenses in the period totalling $1.0m.*

- Group revenue rose 23% to $116.3m including one month of trading from AGG, from $94.9m in 1H16
- Excluding AGG, NZ revenue rose 18% to $111.7m
  - Residential dwelling consents in NZ grew 10% in the 12 months to 30 September 2016 (lagged by 9 months)
- Gross profit % remained broadly flat with continued reduction of factory costs being diluted by increased depreciation, glazing costs and the consolidation of AGG
- Reported EBIT rose 14% to $18.2m; normalised EBIT[1,2] rose 21% to $19.2m
- Reported NPAT rose 5% to $11.5m; normalised[2] NPAT rose 14% to $12.5m
  - Higher effective tax rate in 1H17 (30% vs. 24% in 1H16) due to one-off items in each period
  - Full year FY17 tax rate expected to be ~30%

1H17: Summary cash flow & balance sheet

Key cash flow items ($000)	1H17 (6 months)	1H16 (6 months)
Normalised EBITDA[1,2]	24,038	19,158
Operating cash flows	4,996	8,832
Capital expenditure	4,370	6,985
Dividends paid	7,401	6,704

Key balance sheet items ($000)	1H17	1H16
Net working capital[3]	34,049	23,770
Property plant & equipment	57,547	47,415
Total assets	292,715	225,351
Net debt	95,448	52,248
Total shareholders equity	152,390	148,504

Notes:

1. *All references are to Normalised financials that exclude the impact of one-off, non-deductible acquisition related expenses in the period totalling $1.0m.*
2. *EBIT and EBITDA are non-GAAP measures of financial performance. Additional detail is provided on slide 14 of this release.*
3. *Net working capital: trade & other receivables + inventory – trade & other payables.*
4. *Gearing: net interest bearing debt / (net interest bearing debt + equity).*

- Normalised EBITDA rose +25% to $24.0m in 1H16
- Operating cash flow conversion was impacted in the period by the timing of tax payments, resulting in income taxes paid of $8.1m, up from $3.0m in 1H16
- FY16 final dividend of 4.0 cps paid on 25 July 2016
- Net working capital grew significantly in the half year following increased sales and the consolidation of AGG ($5.9m)
- Metro Glass refinanced its borrowing facilities for a three year term as part of the debt funded acquisition of AGG
  - The total purchase consideration for AGG was $47.5m
  - The group's gearing[4] increased from 26.0% at 30 September 2015 to 38.5% at 30 September 2016

1H17: interim dividend

- The Board has declared an interim dividend of 3.6 cents per share (in line with 1H16), to be paid on 23 January 2017 to all shareholders on the register at 9 January 2017. Fully imputed for New Zealand resident shareholders
- Reflects the significant opportunities that the group has in front of it and the group’s increased gearing level following the debt funded acquisition of AGG
- This pay-out equates to 54% of 1H17 NPATA[1], consistent with the company’s dividend policy

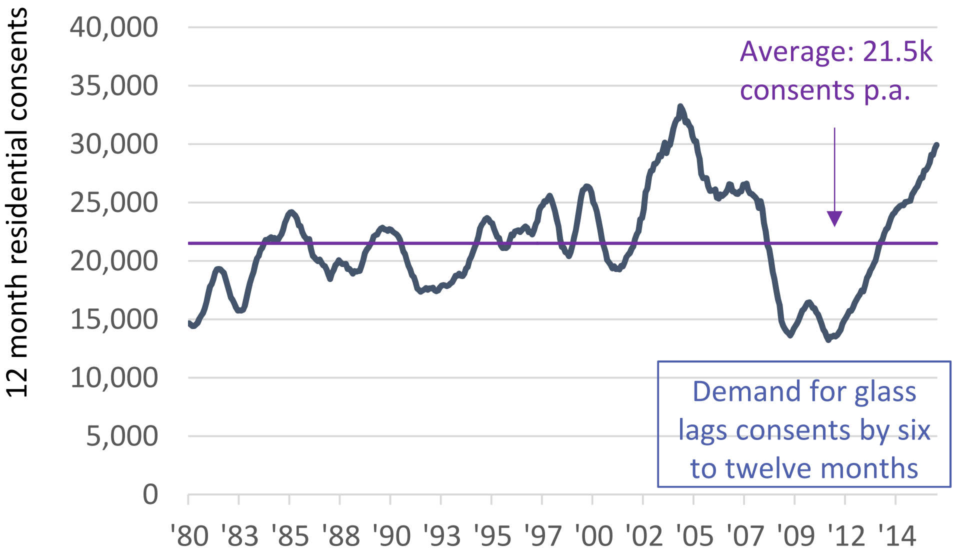
[1] *NPATA is defined as net profit after tax before the amortisation of acquisition related intangibles and its associated tax effect.*

Market trends

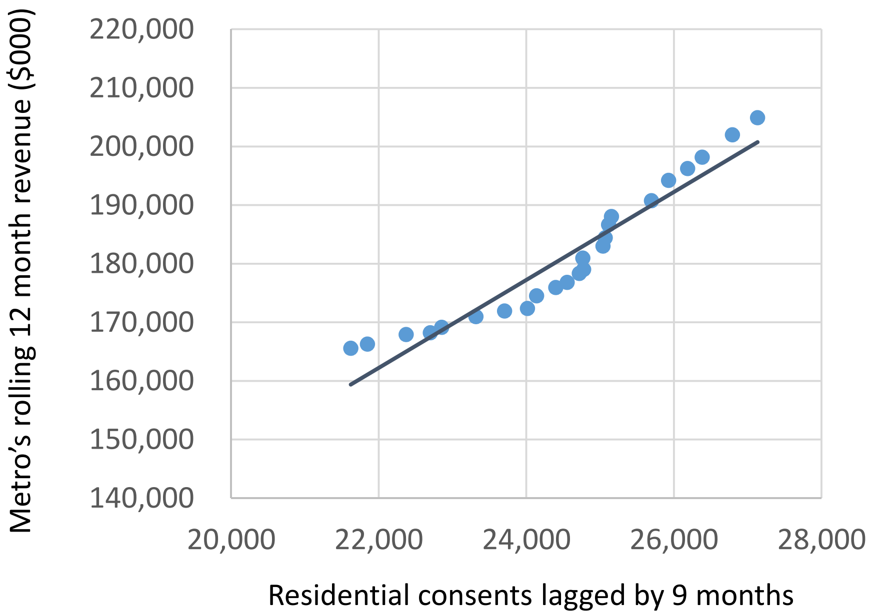
Market conditions: NZ macro trends

- Construction activity and building consents have returned to pre global financial crisis levels, backed by record net migration, low interest rates and continuing positive momentum in building activity
- Metro Glass' 1H17 NZ revenue increased +18% vs. 1H16, ahead of 9 month lagged residential consent growth +10% (assumes that windows and glass are installed on average 9 months after a consent is granted)

New Zealand residential new build consents - previous peak was 33,281 units in June 2004



NZ revenue remains aligned to 9 month lagged NZ housing consents – but the relationship is continuing to diverge over time as Metro Glass' mix includes an increasing proportion of commercial and Retrofit revenue

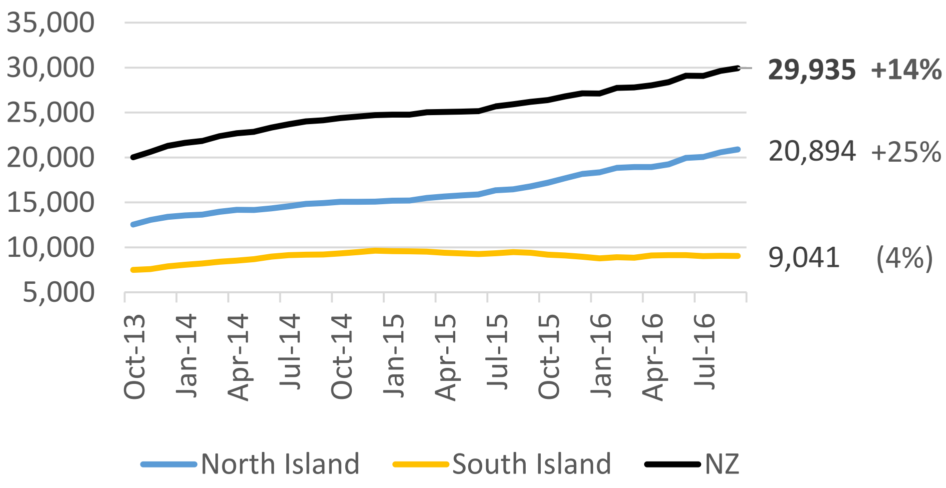


Source: Company information, Statistics NZ (January 1980 – September 2016)

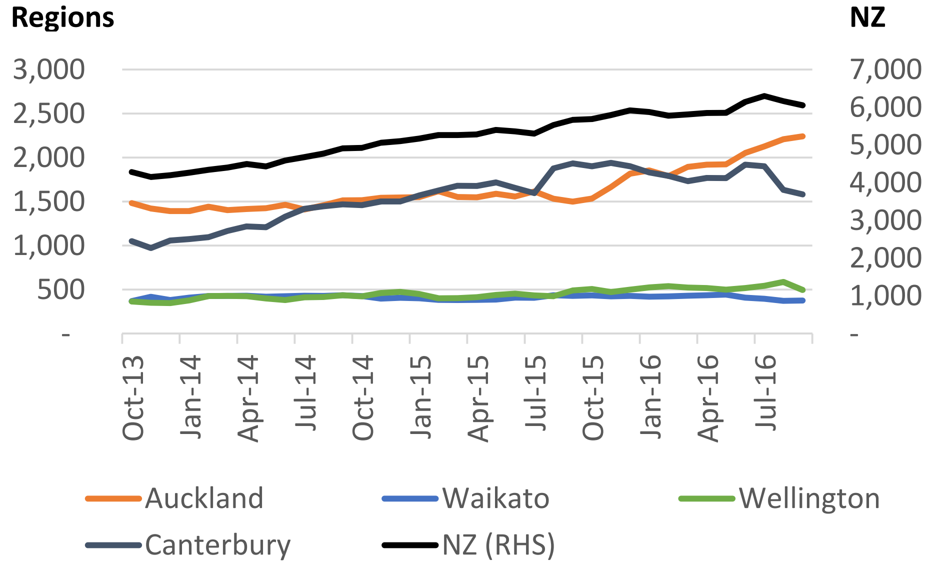
Market conditions: NZ regional trends

- Residential building consent issuance grew 14% year on year to ~29,900 for the twelve months to September, with 70% of those consents in the North Island (Auckland +14%, Waikato +31%, Bay of Plenty +50%)
- While activity in Canterbury continues to decline post the earthquake residential rebuild (-11%), South Island consents excl. Canterbury are up +16%
- Commercial construction activity continues to be lumpy but is on an upward trajectory with a significant pipeline

NZ residential dwelling consents (last 12m)



NZ non-residential consent value (Last 12m, $m)



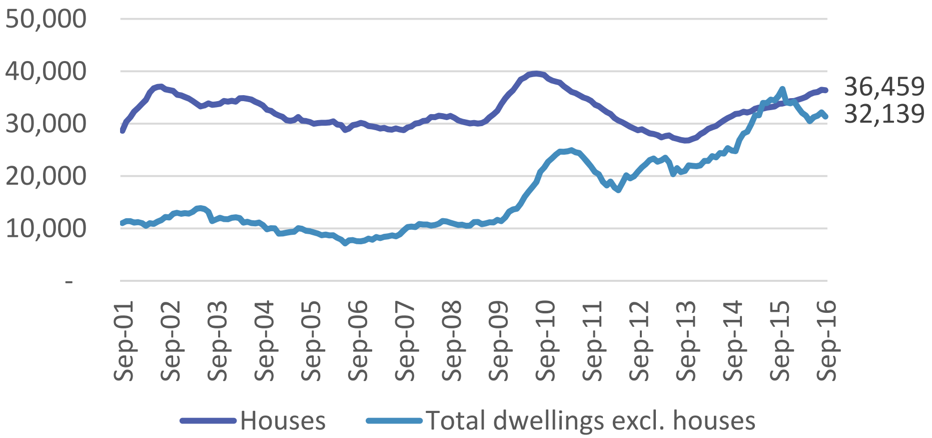
Source: Company information, Statistics NZ (October 2013 – September 2016)

AGG and Australian market update

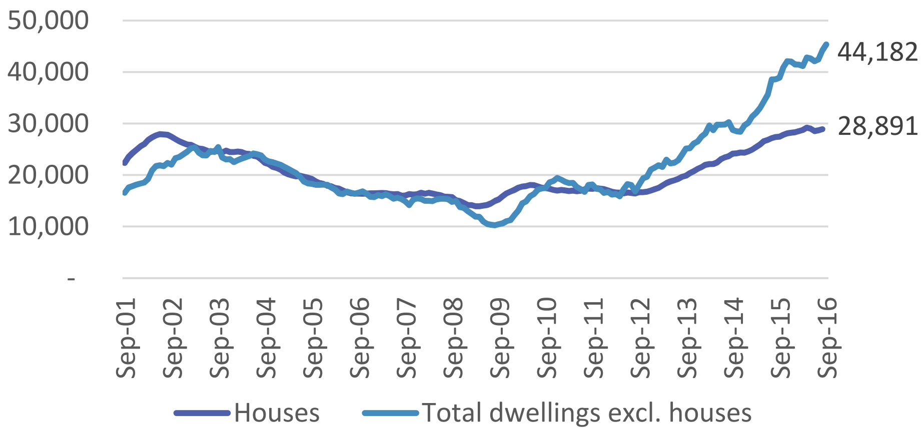
Australian Glass Group and Australian market update

- Completed the acquisition of AGG on 1 September 2016, for a total purchase consideration of NZ$47.5m
- AGG has made good early progress, and we continue to believe that Metro Glass' core competencies in double glazing and high performance glass position the group well for the significant long term opportunities in the Australian market
- AGG targets the detached dwellings (houses) and alterations & additions markets in Victoria and New South Wales with limited direct exposure to the more volatile multi dwelling units market
- Annual new housing approvals in Victoria & New South Wales grew 8% and 6% respectively in the year ended 30 September 2016

Victoria Residential Approvals
12 months rolling to 30 September 2016

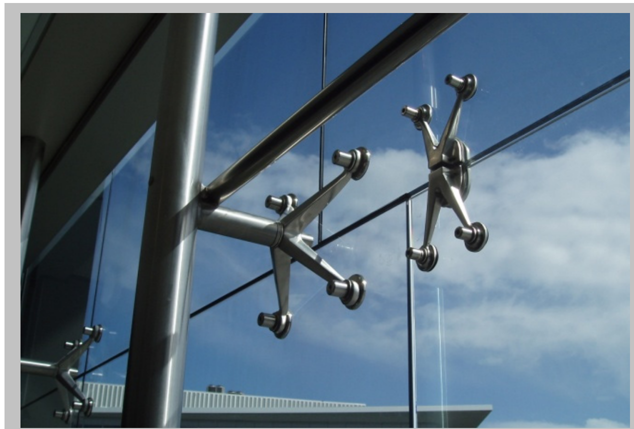


New South Wales Residential Approvals
12 months rolling to 30 September 2016



Source: Australian Bureau of Statistics, 8731.0 - Building Approvals, Australia, September 2016

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
- The non-GAAP financial measures used in this presentation include:
  - EBITDA: calculated by adding back (or deducting) finance expense / (income), taxation expense, depreciation, and amortisation, to net profit after tax
  - EBIT: calculated by adding back (or deducting) finance expense / (income), and taxation expense to net profit after tax
- 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

Half Year to 30 September; $M	1H17	1H16[1]
Normalised net profit after tax	12.5	11.0
Less: abnormal expenses[3]	1.0	0
Net profit after tax (or Profit for the period)	**11.5**	**11.0**
Add: taxation expense	5.0	3.4
Add: net finance expense	1.7	1.6
EBIT[2] (or Operating Profit)	18.2	15.9
Add: depreciation & amortisation	4.8	3.2
EBITDA[2]	23.1	19.2
EBIT (or Operating Profit)	18.2	15.9
Add: abnormal expenses[3]	1.0	0.0
Normalised EBIT	19.2	15.9
EBITDA	23.1	19.2
Add: abnormal expenses[3]	1.0	0.0
Normalised EBITDA	24.0	19.2

Notes:

1. *All prior period comparisons are to the half year ended 30 September 2015 (1H16) unless otherwise stated.*
2. *EBITDA and EBIT are non-GAAP measures of financial performance. Additional detail is provided on page 3 of this release.*
3. *Normalised financial items exclude the impact from one-off, non-deductible acquisition related expenses totalling $1.0m. Extracted from audited financial statements.*

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