Metro Performance Glass
FY20 Results Presentation
19 June 2020

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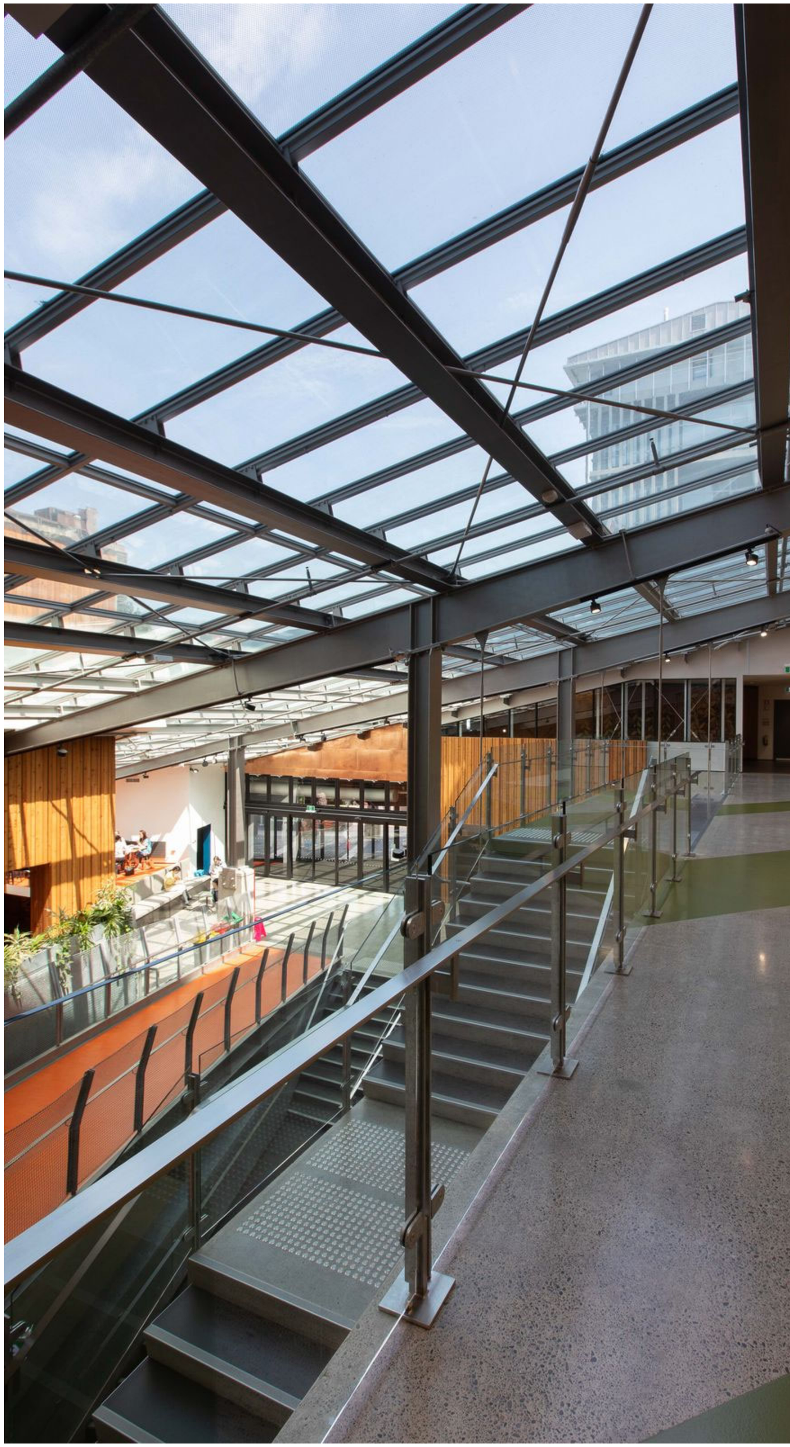


Introduction to the FY20 year

Strong operating cashflows, targeted capital expenditure and cost management supported a strengthened group balance sheet, with net debt reducing by $16.5m, to $66.9 million.

In New Zealand the strength in our customer relationships supported stable performance in our key window manufacturer segment, as we reduced our exposure to large-scale commercial glazing projects.

Australian Glass Group began to deliver on its turnaround plan despite significant declines in market activity – achieving revenue growth, sustained strong operating performance, and an EBITDA positive result for the second half.

Overview of FY20 financial results

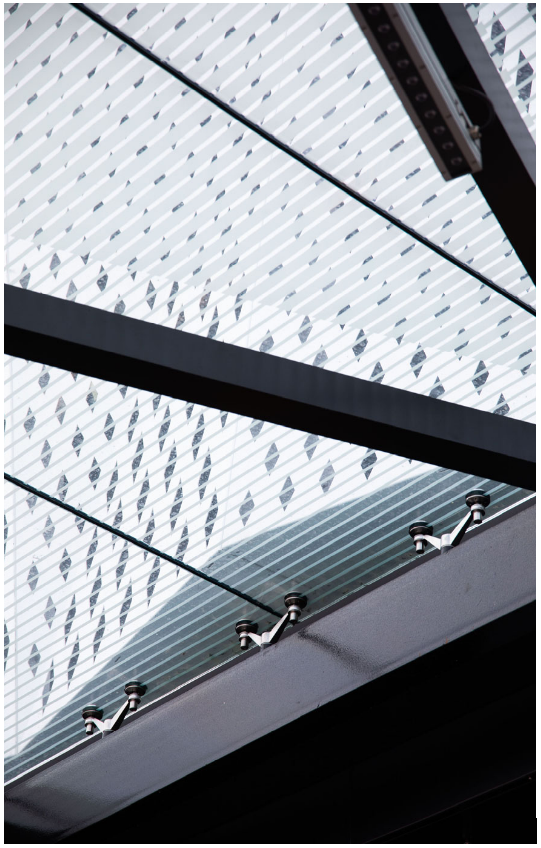
1. Group revenue of $254.9m declined 5% vs. FY19 and Group EBIT[1] of $23.2m declined 8%, with a reduction in large-scale commercial project exposures in NZ being offset to a degree by revenue growth in Australia

2. NZ revenue of $203.0m (-7%) and EBIT[1] of $27.8m (-11%), primarily driven by a 24% reduction in commercial glazing revenues. Residential revenues were broadly inline with last year

3. Australian revenue of $51.9m (+5% in $A) in a declining market, EBIT[1] loss of $3.6m improved by $1.2m vs. FY19, supported by profitable growth in our double-glazing segment

4. Net debt declined $16.5m year on year to $66.9m, supported by strong operating cashflows. Held borrowing headroom of more than $50m at year end and agreed financial covenant relief for FY21

5. Statutory Net Profit After Tax of $(77.9m) compared to $5.0m in FY19, impacted by an $86.5m impairment of intangible assets resulting from significant changes in the outlook for our sector of the construction industry



Note: The definitions for all non-GAAP measures of financial performance are provided on slide 18 of this release.

[1] Earnings before interest and tax, before significant items, post IFRS-16. FY20 significant items at EBIT: $86.5m impairment of NZ goodwill, $4.6m of NSW restructuring costs. FY19 significant item: $9.6m impairment of Australian intangible assets.

What

OUR VISION

To be the leader in glass solutions

Why

OUR PURPOSE

Making lives brighter every day

How

FOR CUSTOMERS

By providing the best service

FOR OUR PEOPLE

By providing a great place to work

THE METRO WAY

SAFETY

Embed 'Home safe every day' as our way of life

PRODUCT & PROCESS QUALITY

Right first time, every time

OUR CUSTOMER

At the centre of everything we do

OUR PEOPLE

We value, inspire, train and develop our team

OWNING OUR WORK

We take responsibility and work as one team

Our goals

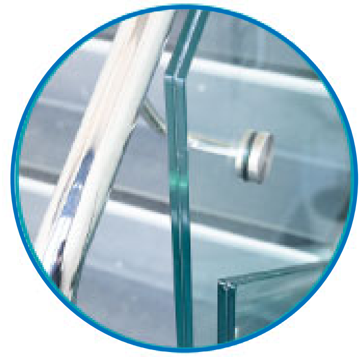
- Deliver market leading customer service
- Develop our organisational capabilities
- Uphold scale & strength through product and channel leadership
- Leverage that scale to deliver solutions efficiently

Deliver **market leading** customer service

- Positive feedback received in recent customer survey[1] with NZ rated 7.5/10 and AGG rated 8.0/10
- Strengthened relationships with key customers in NZ and delivered a 30% reduction in external rework alongside stable DIFOT
- Successfully reset service performance in Australia, with DIFOT improving by 8% and external rework down by 18%
- AGG piloted and launched AGG Connect™, a digital platform enabling an improved customer experience

Develop our **organisational capabilities**

- Continued focus on instilling a strong culture of safety and wellbeing. Reducing incidents remains a top priority
- Now supporting 70+ apprentices on their journey towards gaining a professional qualification
- Launched a learning management system to enable our employees to develop and transfer skills and capabilities across the company
- Our latest employee survey showed a 19% increase in the percentage of engaged employees



Uphold scale & strength through **product & channel leadership**

- AGG delivered revenue growth supported by focused efforts to build a leading double glazing offering in South East Australia
- Introduced improved technical specification process for generic balustrades and pool fencing – significantly reducing lead-times for customers
- Launched market-leading LowE ‘Extreme’ double glazing which offers similar performance to some triple glazing products

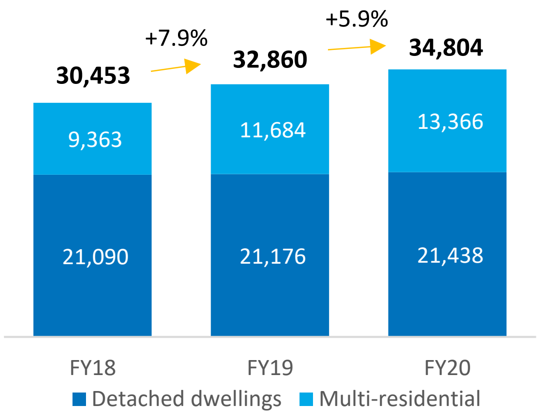
Leverage scale to **deliver solutions efficiently**

- Ramped up inter-region product distribution ensuring that we can continue to meet customer demands across our markets
- Reshaped our commercial glazing business in NZ to more efficiently execute the small to medium projects within our pipeline
- Restructured the New South Wales business to clearly focus it on the growing double glazing segment
- Restructured our Christchurch operations to improve South Island profitability and simplified shift structures in the Highbrook plant post Alert Level 4 shutdown

[1] *Question: “On a scale of 1 to 10, how likely are you to recommend Metroglass to a friend or colleague?”*

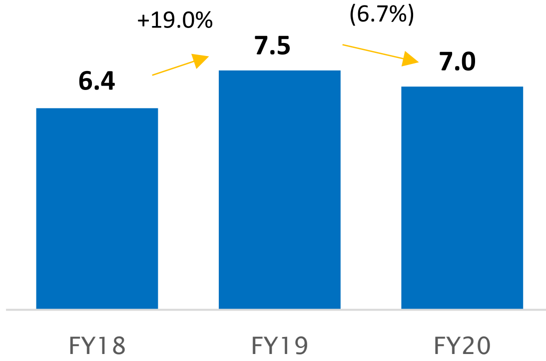
NZ market: residential dwelling consent issuance continued to grow in FY20, but actual activity levels remained broadly in line with last year

Total NZ residential consents (9 month lagged, by number)



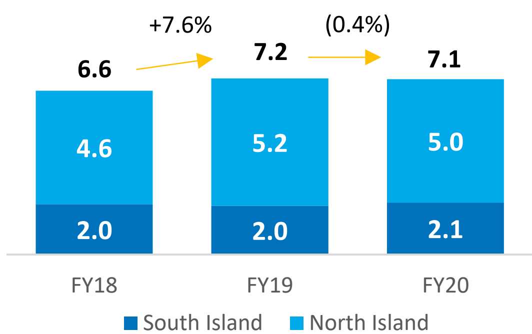
- 9 month lagged residential consents in FY20 rose by +5.9%, or +1.2% on a floor area (sqm) basis
- Detached dwelling consents +1.2%, or -2.5% on a floor area basis
- Multi-residential +14.4%, or +13.7% on a floor area basis

Volume of flat glass imported into NZ (non-lagged, million square metres)[3]



- All architectural glass is sourced internationally and imported into NZ
- The total volume of flat glass imported in FY20 **declined by 7% after a large increase in FY19**

NZ non-residential consents (by value $bn)[2]



- The value of non-residential consents in FY20 was flat on the prior year
- North Island -3.3%
- South Island +7.0%

1. *Source: Statistics NZ, rolling month residential dwelling consents. Detached hosing consents lagged by 9 months, multi-residential consents lagged by 12 months.*
2. *Source: Statistics NZ, value of non-residential consents (new plus altered). No lag applied.*
3. *Source: Statistics NZ, rolling 12-month importation of selected tariff codes of flat glass.*

New Zealand's focus on enriching the customer relationship continues to support our market leading position.

Revenue
$203.0m (7%) ▼

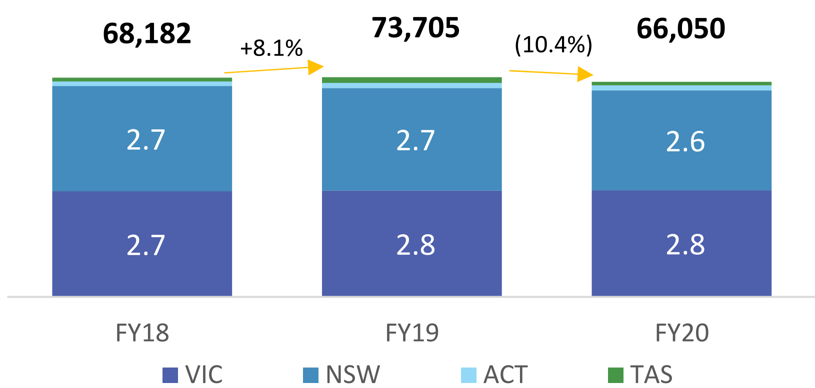
EBIT[2]
$27.8m (11%) ▼

- Metroglass operates in an increasingly competitive market and is committed to providing a differentiated and market-leading customer experience.
- Customer feedback is increasingly reflecting our efforts to deliver strong service performance, with consistent DIFOT in FY20 combined with a 30% reduction in quality issues[1].
- Commercial glazing sales declined 24% in FY20 as we transitioned our forward book of work towards small to medium sized projects.
- Continuing to adapt and align the business to current conditions as required, with structure changes made in our commercial glazing and Christchurch operations during FY20, and a simplified shift structure rolled out at the Highbrook plant post the Alert Level 4 shutdown.
- Furthered several people related initiatives including the ramping up of our commitment to supporting our people to complete apprenticeships (now with 70+).

[1] As measured by the percentage of external reworks.
[2] Before significant items.

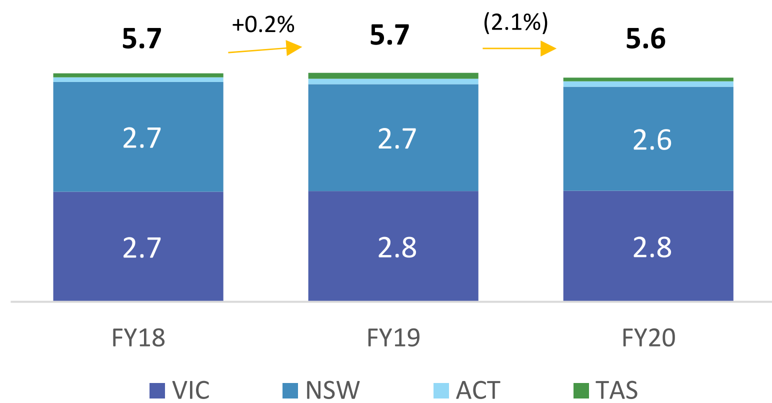
Australian market: residential construction activity declined across our key states, offset by increased use of double glazing

South east Australia house approvals (6mth lagged, by number)[1]



- 6 month lagged new house approvals in south east Australia declined by 10.4% in FY20
- Victoria -9.8%, NSW -13.0%, ACT -9.1% Tasmania +9.4%

South east Australia alterations & additions (by value A$bn)[2]



- The value of alterations and additions declined by -2.1% in FY20
- Victoria -0.3%, NSW -2.7%, ACT -2.1%, TAS -36.9%

Counter to the declines on overall construction activity over the past 12 months, we're continuing to see increased use of double glazing, supported by increasing energy efficiency requirements for buildings.

1. *Source: Australian Bureau of Statistics, number of residential dwelling approvals (12 months to 31 March 2020) with a 6-month lag applied*
2. *Source: Australian Bureau of Statistics, value of alterations and additions (12 months to 31 March 2020). No lag applied.*

AGG is building a focused glass processing business across south-eastern Australia, providing double glazing and high performance glass, with exceptional customer service.

Revenue
$51.9m +3% ▲

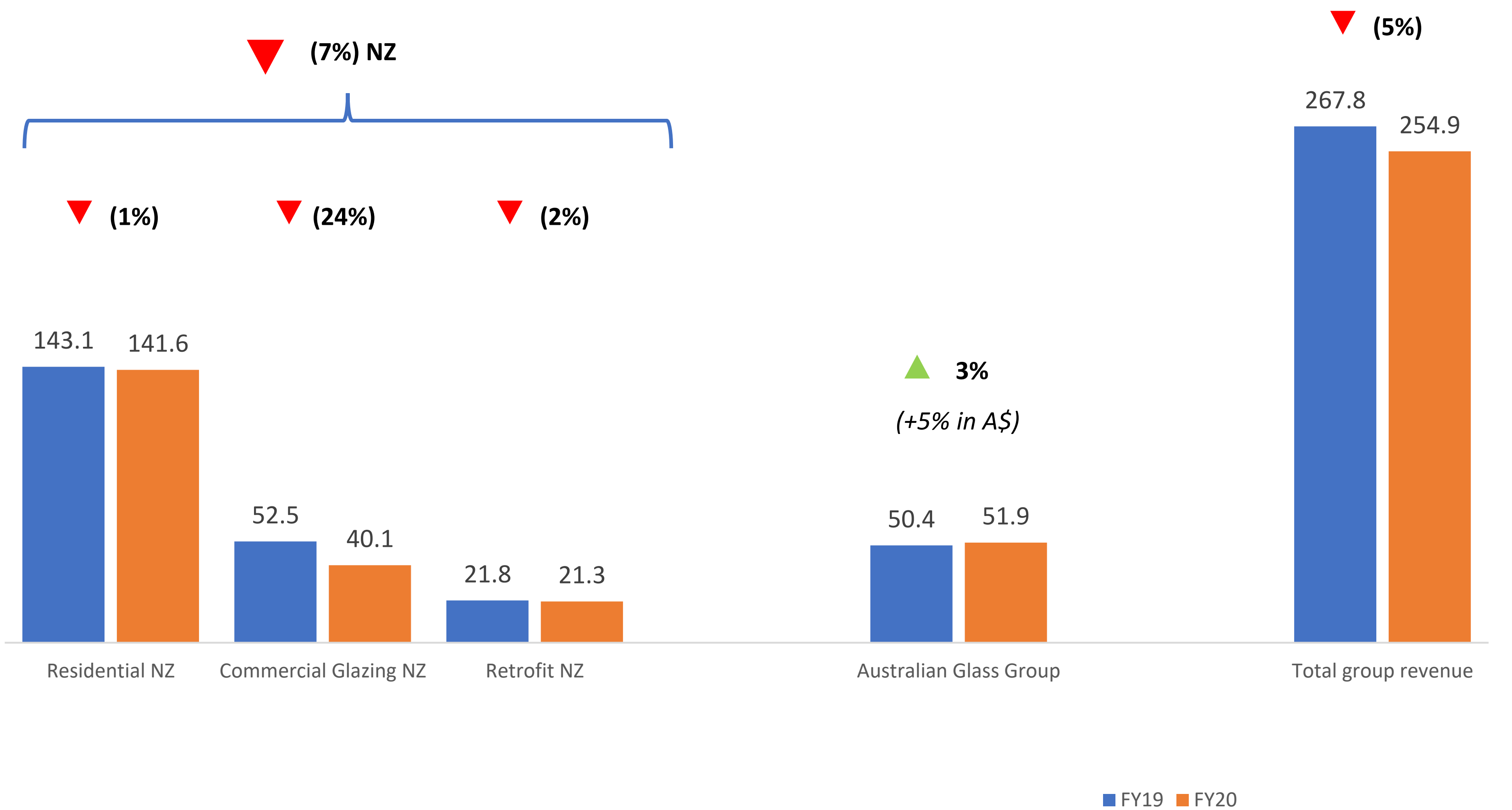
EBIT[1]
($3.6m) +25% ▼

- Australian Glass Group (AGG) is on positive trajectory, achieving revenue growth despite soft market conditions and an EBITDA[1] positive result for the second half of FY20.
- AGG's clear strategy and marketing is showing good results with an 11% increase in double glazing sales in FY20.
- Strong operational performance sustained, with DIFOT improving 8% and quality issues reduced by 18%, reinforced by further positive feedback in our latest customer survey.
- Completed the restructure of our New South Wales business as announced in November 2019 to focus on double glazing. We continue to anticipate growth in this segment over the medium term, supported by changes in the National Building Code anticipated to come into effect over calendar years 2022 and 2023.

Australian Glass Group

[1] Before significant items.

FY20: Metroglass Group revenue (NZ$m)



Note: The allocation of sales between residential and commercial applications is difficult as Metroglass 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.

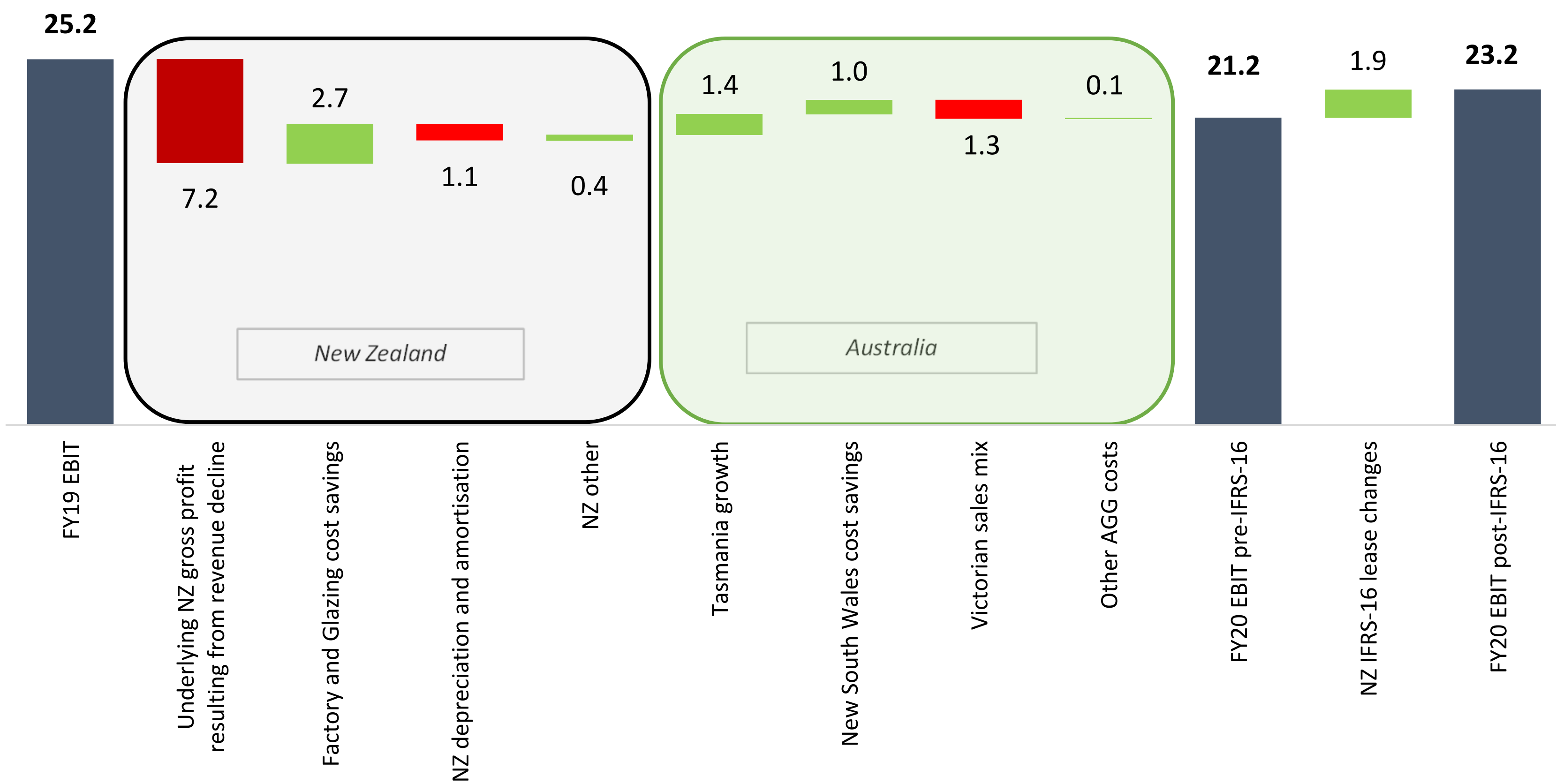
FY20: Financial results summary

Group results NZ$m[1]	FY20 *Post IFRS 16*	FY19 *Pre IFRS 16*	% change	FY20 *Pre IFRS 16*
Revenue	254.9	267.8	(5%)	254.9
EBITDA before significant items[1,2]	**44.8**	39.7	13%	36.2
Depreciation & amortisation	21.7	14.5	50%	15.0
EBIT before significant items[1,2]	**23.2**	25.2	(8%)	21.2
Profit for the year before significant items[2]	**10.9**	14.2	(23%)	11.9
Significant items	(88.8)	(9.2)		(88.5)
Profit for the year	**(77.9)**	5.0		(76.6)
Basic EPS (cents)	(42.0)	2.7		
Total dividend (cps)	-	3.8		

Segment results NZ$m[3]	FY20 *Post IFRS 16*	FY19 *Pre IFRS 16*	% change	FY20 *Pre IFRS 16*
New Zealand				
Revenue	203.0	217.4	(7%)	203.0
Gross profit %	51.6%	50.7%		
Segmental EBIT	27.8	31.1	(11%)	25.9
Australia				
Revenue	51.9	50.4	3%	51.9
Gross profit %	21.4%	21.9%		
Segmental EBIT	(3.6)	(4.8)	25%	(3.6)

1. *Unless otherwise stated, financial results are inclusive of impacts from the new lease accounting standard (NZ IFRS-16). Further details are provided in note 7 to the financial statements.*
2. *The definitions for all non-GAAP measures of financial performance are provided on slide 18 of this release.*
3. *The full segment note is available in note 2 of the interim financial statements.*

EBIT bridge: FY19 to FY20 ($m)



FY20: Group summary cash flow & balance sheet

Key cash flow items (NZ$m)	FY20 *Post IFRS 16*	FY19 *Pre IFRS 16*	FY20 *Pre IFRS 16*
EBIT pre significant items	23.2	25.2	21.2
Operating cash flows	30.8	23.6	24.4
Capital expenditure	8.7	7.8	8.7
Dividends paid	-	7.0	-

Key balance sheet items (NZ$m)	FY20 *Post IFRS 16*	FY19 *Pre IFRS 16*	FY20 *Pre IFRS 16*
Net working capital[1]	30.4	32.5	30.4
Property plant & equipment	59.6	64.6	59.6
Total assets	258.0	286.8	205.7
Right of use assets	50.4	*n/a*	*n/a*
Lease liabilities	59.5	*n/a*	*n/a*
Net debt	66.9	83.3	66.9
Total shareholders equity	76.8	157.0	84.6

- The group achieved reductions in working capital for the second successive year through close management of trade debtors and inventory
- Net operating cash flows increased this year, though the +31% increase was primarily a result of IFRS-16 changes
- At 31 March 2020, the ratio of net debt to EBITDA was 1.9 times (pre IFRS-16 basis). Reported net debt decreased by $16.5m year on year. Group gearing[2] increased from 34.7% at 31 March 2019 to 46.5% at 31 March 2020 as a result of IFRS-16 changes
- Right-of-use assets and lease liabilities are now shown on the balance sheet following the adoption of IFRS 16

Notes:

1. *Net working capital: trade & other receivables + inventory - trade & other payables.*
2. *Gearing: net interest bearing debt / (net interest bearing debt + equity).*

Impairment of intangible assets in New Zealand.

For the year ended 31 March 2020

- As a consequence of the forecast declines in construction activity post COVID-19, and increased competitive intensity, the carrying values of assets were reviewed.
- The review was conducted using a set of conservative, probability weighted future scenarios.

Intangible assets (NZ$m)	Goodwill on acquisitions
Opening balance – 1 April 2019	140.0
Impairment of New Zealand goodwill	(86.5)
Foreign exchange impact	(0.4)
Closing balance – 31 March 2020	53.1

- An impairment review is undertaken at least every 12 months. As a result of this year's review, the Directors have resolved to impair the carrying value of NZ goodwill by $86.5m as at 31 March 2020
- This goodwill balance arose from historical transactions before the company's IPO in 2014
- This is an accounting charge only with no change to cash flows and no impact on bank covenants
- The result of this impairment is that the carrying value of net assets from $0.85 per share as at 31 March 2019 to $0.41 per share as at 31 March 2020
- Further information on this testing and the underlying scenarios is provided in note 4.2 to the financial statements

Looking forward, Metroglass will closely monitor market activity levels and reposition itself appropriately to reflect the changing conditions

The extent and prolonged nature of the anticipated declines in building activity are highly uncertain

- As a result of COVID-19 we now expect building activity to decline in the coming months and remain at lower levels for an extended period

- Our base case estimate for 9 month lagged NZ residential consents is that they will decline marginally in FY21 before declining by c. 20% in FY22, and then recovering by c. 5% in FY23

- Building activity in NZ essentially ceased during the COVID-19 shutdown period and productivity was also impacted under Alert Levels 3 and 2. This will impact on the traditional lag between residential housing consents and glass demand, but this lag will provide Metroglass some opportunity to observe market conditions in the coming months and refine our plans accordingly

- While detached residential housing starts in Australia had begun to stabilise and showed an improving trend at the start of 2020, we now expect a 20% decline in our key states in FY21 (non-lagged), followed by a 9% recovery in FY22

Metroglass will continue to reposition itself appropriately to reflect the changing conditions

Remain confident in our strategy and ability to adapt as required

- In the coming year, we will work hard to support our customers with excellent service and maintain our market-leading position in New Zealand and growing position in Australia
- We will continue to preserve cash, with a focus on critical capital expenditure and proactive management of costs
- We've already made some progress on our operating and overhead cost base during FY20 and have carried this focus into FY21

Appendix: Reconciliation of non-GAAP to GAAP profit measures

Non-GAAP financial information

- Group results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS, being:
  - EBITDA: Earnings before interest, tax, depreciation and amortisation
  - Segmental EBIT: Earnings before interest and tax (EBIT) for either the New Zealand or Australia segment of the Group
  - EBIT pre-IFRS 16: Earnings before interest and tax (EBIT) adjusted to remove the impact of changes from NZ IFRS 16 (lease accounting standard)
  - NPAT pre-IFRS 16: Profit for the year (NPAT) adjusted to remove the impact of changes from NZ IFRS 16 (lease accounting standard)
- 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

Full year to 31 March 2020	**FY20 ($M)**	**FY19 ($M)**
Profit for the year before significant items	**10.9**	**14.2**
Add: Tax adjustments relating to prior periods	0.9	-
Less: NSW restructure costs	(3.2)	-
Less: Impairment of intangible assets	(86.5)	(9.2)
Profit for the year (GAAP)	**(77.9)**	**5.0**
Add: taxation expense	2.9	5.5
Add: net finance expense	7.0	5.1
Earnings before interest and tax (EBIT) (GAAP)	**(67.9)**	**15.7**
Add: depreciation & amortisation	21.7	14.5
EBITDA	**(46.2)**	**30.1**
EBIT (GAAP)	(67.9)	15.7
Add: NSW restructure costs	4.6	-
Add: Impairment of intangible assets	86.5	9.6
EBIT before significant items	**23.2**	**25.2**
EBITDA	(46.2)	30.1
Add: NSW restructure costs	4.6	-
Add: Impairment of intangible assets	86.5	9.6
EBITDA before significant items	**44.8**	**39.7**
Profit for the year (GAAP)	(77.9)	5.0
Add back: amortisation of acquisition-related intangibles and its associated tax effect	1.4	1.7
NPATA	**(76.5)**	**6.7**

Appendix: FY20 half on half performance

Segment results (NZ$m)	Under IFRS 16 2H20	Under IFRS 16 1H20	Under IFRS 16 2H19	Under IFRS 16 1H19	Pre IFRS 16 2H20	Pre IFRS 16 1H20
New Zealand						
Commercial	17.3	22.8	28.3	24.2	17.3	22.8
Residential	66.6	74.9	66.5	76.7	66.6	74.9
Retrofit	9.5	11.8	9.7	12.2	9.5	11.8
Total revenue	93.4	109.6	104.4	113.0	93.4	109.6
Gross profit %	50.1%	52.9%	50.4%	51.0%	49.0%	52.1%
Segmental EBIT[1]	10.6	17.2	14.1	17.0	9.6	16.3
Australia						
Revenue	24.8	27.1	22.9	27.5	24.8	27.1
Gross profit %	21.3%	21.5%	16.0%	26.9%	21.2%	22.3%
Segmental EBIT[1]	(1.33)	(2.3)	(3.44)	(1.3)	(1.4)	(2.2)

[1] *Before significant items.*

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