

Australian Glass Group

Stable and positioned for growth

Since Metroglass' acquisition of Australian Glass Group (AGG) in 2016, the business has undergone significant change with major capital investment in equipment, reorientation of its business model towards high-performance double glazing, and opening a greenfield glass processing plant in Tasmania (AGG's third plant).



HEADQUARTERS

Knoxfield, Melbourne



PROCESSING SITES

- Knoxfield, Melbourne
- Girraween, Sydney
- Hobart, Tasmania



EMPLOYEES

220 employees
(at 31 March 2021)



KEY PRODUCTS

- High-performance (LowE) double-glazing
- Custom laminates
- Toughened glass for residential and commercial projects

AGG's CEO Steve Hamer reflects on AGG's journey and its positioning for the future.

Q How would you describe AGG's multi-year journey to transform its capacity, product offering and business performance?

Over the past 24 months, we have successfully stabilised the business, with markedly more consistent operating performance. Our key business metrics have all improved, including safety, customer service, operational performance, and lower staff turnover. When combined with the fundamental restructuring of our New South Wales (NSW) business in late 2019, this has significantly improved our financial performance.

This has allowed us to maintain revenue and significantly improve EBIT over the last three years, despite market declines in overall residential construction activity, losing revenue through the NSW restructure, and facing prolonged disruption from COVID-19.

AGG managed the 2020 COVID-19 impacts well, limiting disruption for our staff and customers. The one exception to this was the snap five-day lockdown of Victoria announced in mid-February 2021 which created widespread disruption in the construction sector for some weeks.

One aspect that has been really pleasing is the positive feedback we are receiving from our customers. In the past two years we have completed four customer surveys with continuing good feedback on our service and people, and growing positiveness towards our product range, quality and delivery performance.

Of course, this is built off a much-improved operational performance from a more skilled workforce, better equipment reliability and a growing passion for quality. Our people have been critical to the success of AGG's turnaround and maintaining operations throughout a disruptive year. Safety and wellbeing remains a fundamental priority for AGG, and this year we have focused on implementing best-practice safety and logistics practices in the handling of bulk glass, made significant improvements to our physical workspaces, developed our safety systems and installed lifting equipment to reduce manual handling risks. In addition, we have continued to invest in developing a strong team by implementing skills development training and performance management programmes this year.

One of the key activities to complete in commencing the turnaround of AGG in 2018 was to assemble a refreshed and effective executive team to create a stable platform from which to execute AGG's turnaround plans.

The key members of AGG's management team are:

AGG CEO – Steve Hamer

Steve is a very experienced senior executive, with a career focused on the building products and steel markets in Australia and New Zealand. He is an Electrical Engineer by training and has completed an Advanced Management Program at Harvard Business School.



AGG CFO – Jason McGrath

Jason has over 20 years' experience as a senior finance executive with considerable manufacturing and building products experience in listed public companies. He holds a Bachelor of Business and is a certified public accountant.

GM South-East Australia – Angus Wilson

Angus brings a strong manufacturing background, with experience across sales, operations, technical and service disciplines, and for over 10 years as a General Manager in successful businesses across multiple markets. He holds a Bachelor of Applied Science.

GM Tasmania – Simon Hind

Simon has extensive experience in the construction, glass and glazing industries, mainly in Sydney and Tasmania. He is a carpenter by trade and has a Bachelor's degree in Building Science.

AGG Marketing and Business Development – Mike Ward

Mike has more than 10 years' experience in Australasian glass (including bulk glass). He has driven AGG's marketing and specification campaigns utilising his expertise in high-performance Low-E glass. Mike also sits on several glass-related industry committees. He has a Master of Business Administration, specialising in Operations and Management.

This management team has now been in place since June 2018, almost three years, and is driving the stable progress of the AGG business which has seen significant improvements in operational and financial performance.

Q As we stand today, how well is AGG positioned for the future?

AGG is now a leading supplier of high-performance double-glazed units throughout the south-east of Australia, and our team is very positive about the future.

In 2019, changes to Australia's National Construction Code (NCC) saw the first major changes in minimum energy efficiency since the start of minimum energy ratings in 2012 (focused on the commercial segment). These changes have resulted in an increase in specification and customer demands for AGG's high-

performance (insulation and solar control) glass products.

The next iteration of NCC changes is expected to be adopted from September 2022, which will increase the energy requirements for new residential buildings, and will be likely to necessitate the use of energy-efficient windows in colder climates, leading to an increase in the use of double glazing.

In anticipation of these NCC changes, AGG has invested in its equipment, people capability, technical resources, and marketing, to create, market and produce a leading range of high-performance glass brands.

Q What are your key priorities for the coming year?

FY22 will be an exciting year for AGG. Much of our product range and operational improvement work has been completed and general activity

levels in the residential construction market are forecast to strengthen. This assumes that COVID-19-related issues reduce and are well managed.

In the coming year, AGG will continue to develop and market its offering to product specifiers (specifically architects and energy raters) to capitalise on the work already completed to launch our high-performance double-glazing range.

AGG now has the foundation in place to take good advantage of the improving market conditions as well as the swing towards high-performance windows to continue growing its market position and profitability.

Over the past 24 months, we have successfully stabilised the business, with markedly more consistent operating performance and significantly improved financial performance.

STEVE HAMER, AGG CEO

