METRO
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Metro Performance Glass indicative FY25 Update and Outlook

In advance of the release of Metro's audited financial results for the year ended 31 March 2025, the Board wishes to provide a brief update regarding Metro's trading for FY25, outlook for FY26 and our progress on core business improvement. The FY25 numbers referred to remain subject to audit and finalisation of our year-end procedures. At the time of our FY25 results announcement, expected to be on or around 23 May 2025, we will be in a position to comment in more detail about our trading performance and outlook.

In New Zealand, we expect to finish the year with revenue of c.$134m. This would be a decline of 16% on the prior year, experienced predominantly in the North Island where our revenue is expected to be c.$82m. Whereas, in the South Island, we expect to achieve revenue of c.$52m and to have grown dollar gross margin. Our percentage material gross margin is expected to have improved on prior year at c.70% across New Zealand.

Market conditions in New Zealand have remained challenging and volatile in the second half of FY25 and are expected to continue in FY26. September to January were encouraging, with daily revenue run rate increasing by 3% on average. February and March, however, declined by 9%.

We remain committed to the turnaround of our NZ business. We have made pleasing gains in a key customer metric of delivery performance, and the trends highlighted at the AGM have also continued. Quality and delivery performance has had a satisfying turnaround in the last 8 months with our plants hitting DIFOT consistently at 90% plus.

Operating efficiency is a key focus and we have taken c.$3m of operating cost out on an annualised basis, the full benefits of which will flow through in FY26. There are further operating cost improvement initiatives being considered but it is likely the benefits of these will not flow through until early FY27.

Trading in Australia by AGG has also been tough for the last 6 months. Having expected in the first half of FY25 that our run rate would increase over the second half of FY25, our daily run rate revenue actually fell 5%. This was skewed by Victoria, where the delay in Code changes and general softness in the market impacted us. We saw 26% YOY revenue growth in NSW, with the benefit of double glazed penetration on the back of Code changes and some increased market share. The Code changes in NSW were implemented on new permits from October 2023 and AGG saw the benefits of increased penetration by October 2024, hence the growth. In Victoria, the implementation of the Codes changes were delayed until October 2024, which we believe will translate to an increase in penetration from May 2025.

With the unexpected appointment of administrators to Oceania Glass (a Crescent Capital business) in February and the subsequent closure of that business, AGG has been forced to setup an import model for its glass. Metro already uses an import model in New Zealand so we are well positioned for that change, but it will add some operating costs in the short term and it has increased our working capital requirement given we now have to hold more inventory. Over time, we expect this will provide some savings in glass cost for AGG and potentially Metro NZ due to the increased overall volume of purchases.

We currently expect to report group revenue for FY25 of $213 million. This is estimated to deliver (unaudited) pre IFRS16 EBITDA within a range of $3m to $5m (being an unaudited post IFRS 16 EBITDA range of $16m - $18m); pre significant items with year-end results still to be finalised. Our net debt on March 31 was $60.6m.

We have completed our budget for FY26 and final draft forecasts for FY27. These are based on management and directors' best estimates of what will likely happen, i.e. targeted to be neither conservative nor optimistic. Not meant as a standard caveat, we do expect continued market volatility for at least the next 12 months. Given the high level of uncertainty in the residential and commercial construction sector, we have assumed no general market recoveries to occur in New Zealand or Australia in FY26.

We intend to include the budget/forecasts in any offer materials for our proposed capital raise (as previously announced on 16 December 2024). Whilst work is ongoing, no final decision as to the timing, size or structure of the capital raise has been taken.

We believe we can achieve a sustainable return to profitability in continuing challenging conditions. This reflects the efforts our team have made in FY25 to streamline the business and build back confidence within our customer base by providing quality goods and services particularly in New Zealand.

FY26 Revenue is budgeted to increase by c.8% to c.$232m, with a continued reduction in operating costs. This would result in a pre-IFRS 16 EBITDA before significant items of c.$18m

(post-IFRS 16 EBITDA of c.$31m), pre-IFRS 16 EBIT before significant items of c.$8.5m (post-IFRS 16 EBIT of c.$13m) and generate c.$5m of cash after normal capex spend and interest.

Looking further out, our indications show growth in FY27 and FY28, with revenue forecast to increase to c.$243m in FY27 and to c.$254m in FY28. This would deliver pre-IFRS 16 EBITDA of c.$21m and c.$24m respectively, as we believe there are further operating cost improvements to be realised and growth opportunities as the markets recover.

On behalf of the board

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ENDS