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## **Market update – Australian Glass Group sale process – capital raise**

As announced in February 2023, the board of Metroglass at the time initiated a process to investigate the potential sale of Australian Glass Group (AGG) in order to reduce its bank debt.

Following an extensive process and detailed discussions with a preferred party, a revised offer has been received. Following evaluation of that offer, the board has reached the view that progressing an offer on those revised terms would not be in the best interests of the company or its shareholders.

While the board intends to continue to keep all options open, including in relation to AGG, its intention is to now retain its investment in AGG and progress a capital raise to further reduce its debt level, create the conditions for AGG to grow and improve the New Zealand business.

While Metroglass was disappointed not to achieve the result initial indications suggested, there are tangible benefits to retaining AGG. AGG is well run, it continues to perform well despite reduced activity levels in Australia, it generates strong cash flows and provides diversification benefits for the group. It is also well positioned to benefit from investments in new equipment made last year and, with further investment, from the adoption of new building regulations which are expected to drive the uptake of double glazed glass. In addition, retaining AGG's experienced management team within the group will have benefits as it looks to improve the performance of the New Zealand operations.

Metroglass will continue to advance the details of its capital raise with its advisers, and expects to finalise those details of the raise on or shortly after its annual results announcement in late May. Assuming market conditions are appropriate and that there are no material changes to the outlook, its current intention is to raise at least \$15m of capital by way of an entitlement offer available to all existing shareholders. A placement may also form part of the capital raise.

While the board has chosen to progress a capital raise as a means of reducing bank debt, until the terms of the raise are finalised, it will continue to investigate all options that deliver a satisfactory outcome for the company and maximise value for MPG shareholders, including a sale of AGG if a satisfactory offer is received.

Metroglass provided a trading update and an update on its FY24 guidance on 6 March. That announcement is attached as Appendix 1. Further to the announcement this morning that Metroglass's chief executive officer has stepped down the board and company are in the process of updating their outlook for FY25 and will provide an update when this process is complete.

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