METRO PERFORMANCE GLASS

Half year result
30 September 2023

Key messages

- The Group delivered earnings in line with August guidance supported by solid profitability in Australia. Residential construction sector softness impacted the New Zealand business.
- New Zealand construction sector softness impacted glass demand and revenue, partially offset by the increase in higher value LowE sales. Easing supply chain costs helped drive margin recovery.
- AGG delivered resilient performance and further profitability growth in the first half supported by continued demand for high-performing double glazing.
- Australian Glass Group divestment continues to advance.

Financial highlights[1]

GROUP

Revenue
$130.2m -6%
(1H23: $138.1m)

EBIT
$7.5m +33%
(1H23: $5.6m)

NPAT
$2.1m +229%
(1H23: $0.6m)

Net debt
$52.8m -6.3m
(1H23: $59.1m)

Leverage ratio
2.69x nm
(1H23: 3.8x)

NEW ZEALAND[2]

Revenue
$87.0, -13%
(1H23: $100.0m)

EBIT
$3.2m, -9%
(1H23: $3.6m)

AUSTRALIA

Revenue
$43.2m, +13%
(1H23: $38.2m)

EBIT
$4.6m, +79%
(1H23: $2.6m)

[1] Unless otherwise stated, results are shown in NZ$m and before significant items.
[2] The full segment note is available in the unaudited financial statements.

New Zealand construction sector softness impacted glass demand and revenue, partially offset by the increase in higher value LowE sales. Easing supply chain costs helped drive margin recovery

Revenue

$87.0m -13% ▼

EBIT[1]

$3.2m -9% ▼

- In the highly competitive residential channel, revenue of $54.8 million was 16% below the prior year primarily as lower activity was partially offset by increased LowE glass sales.
- The commercial glazing channel was steady with revenue flat on the prior year at $19.0 million, however the time between tender and project acceptance has extended.
- Retrofit revenue declined 16% to $13.2 million as cost-of-living and interest rate pressures defered consumer spending with many customers opting for partial house retrofit rather than full house.
- Shift in the mix of high-performing Low E double glazing from 28% in 1H23 to 43% in 1H24
- Solid customer survey result of 7.9/10[3] in November 2023
- Our multi-year safety and wellbeing programme continues to make good progress. Lead and Lag indicators continue to trend positively

[3] Survey question: "On a scale of 1 to 10, how likely are you to recommend Metroglass to a friend or colleague"

AGG delivered resilient performance and further profitability growth in the first half supported by continued demand for high-performing double glazing.

Revenue

NZ $43.2m +13% ▲

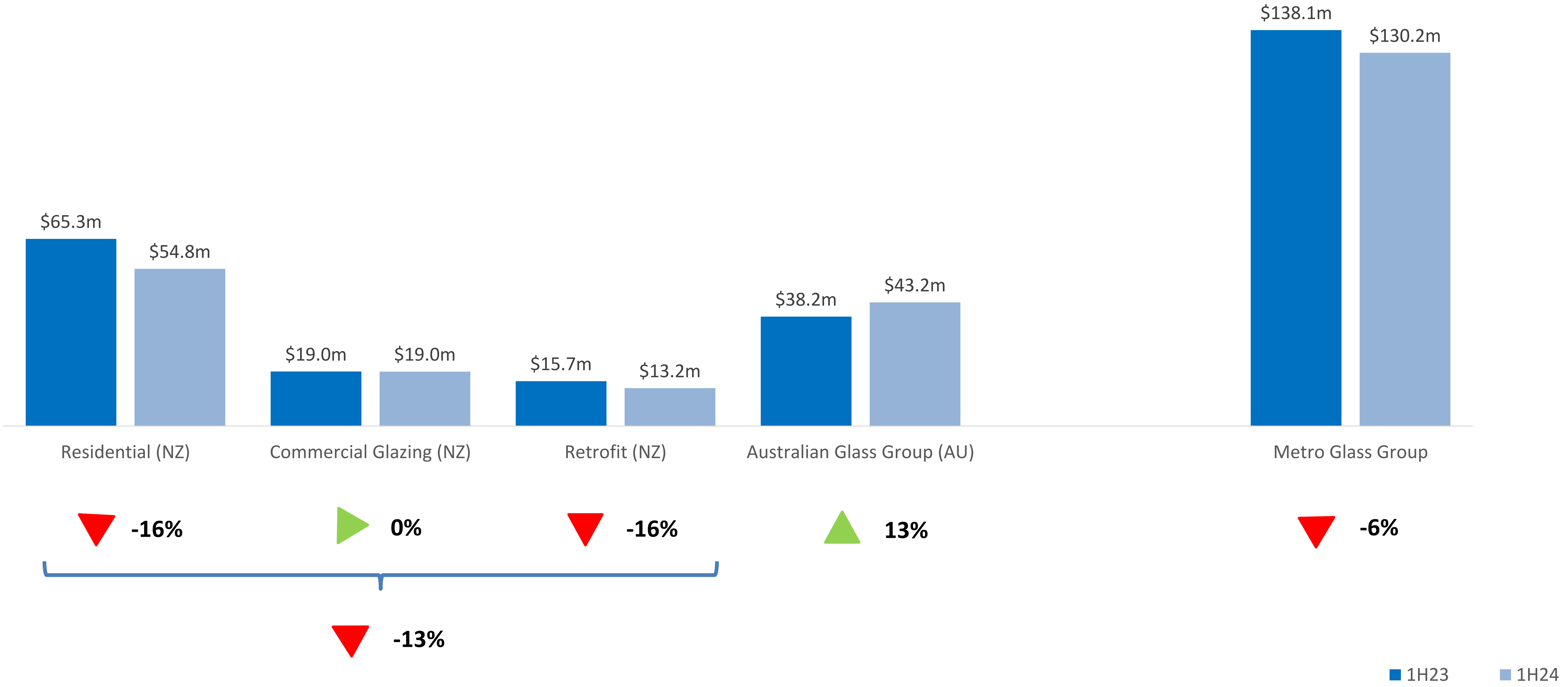
EBIT[1]

NZ $4.6m +79% ▲

- AGG delivered stable and resilient performance with the high-performing double-glazing market appearing to be holding. The business remains focused on optimising volume and pricing.
- Commissioned a second double-glazing line in Victoria and a number of equipment upgrades in New South Wales, providing an uplift in quality and capacity.
- Customers are pleased with AGG's performance and their reputation as a specialised high-performance double-glazing processer continues to strengthen. AGG achieved an 8.1/10 in their November 2023 customer survey.
- In February 2023 Metroglass announced a sale process for AGG which continues to advance, the board is targeting an announcement in the near future. If a suitable deal can be concluded the board will bring the offer to shareholders at an extraordinary meeting in the new year

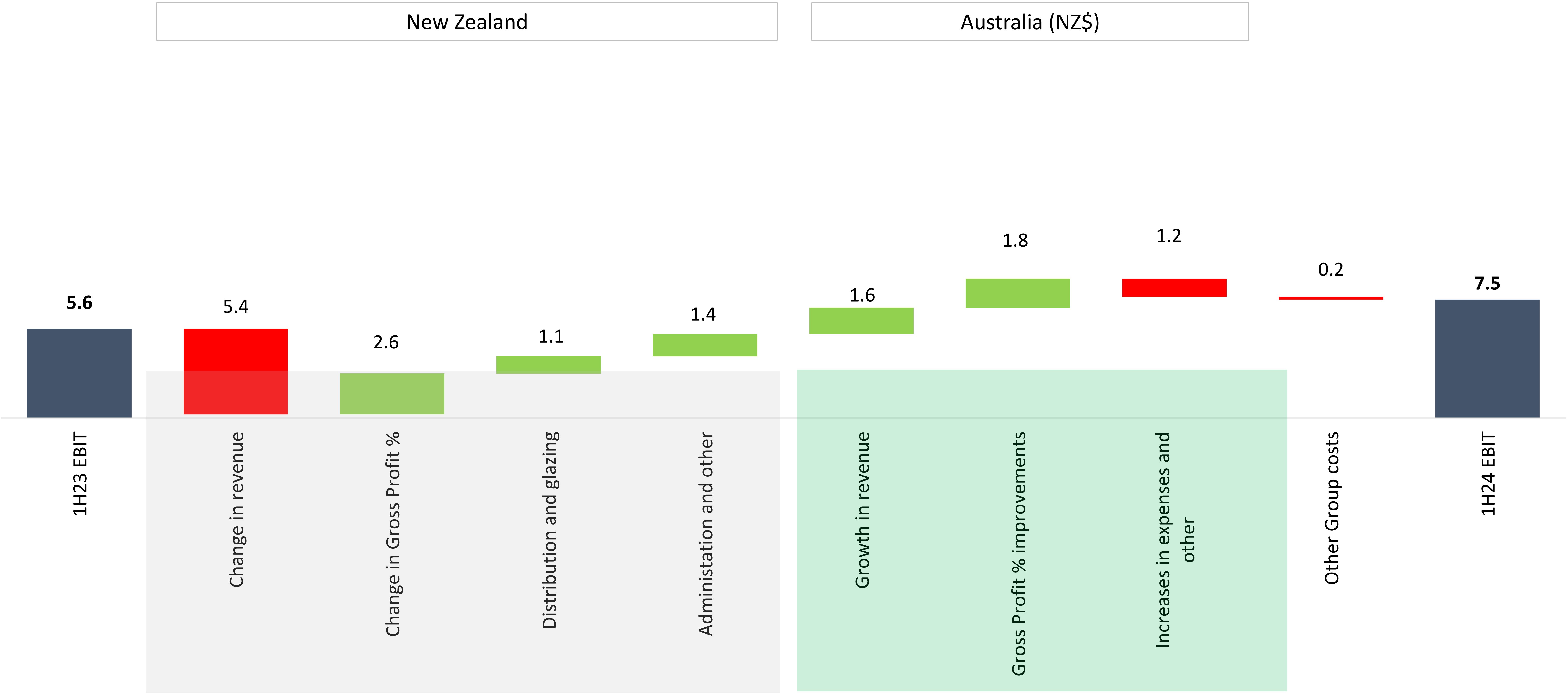
[1] Unless otherwise stated, results are shown in NZ$m and before significant items

1H24: Metroglass Group revenue (NZ$)



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.

1H24: EBIT bridge (NZ$m)



Note: EBIT is before before significant items.

1H24: Financial results summary

Group results NZ$m[1]	1H24	1H23	% change
Group			
Revenue	130.2	138.1	-6%
EBITDA before significant items	**16.5**	**15.1**	9%
Depreciation & amortisation	9.0	9.4	-5%
EBIT before significant items	**7.5**	**5.6**	33%
Profit for the year before significant items	**2.1**	**5.6**	-229%
Significant items	(11.3)	0	Nm
Profit / (Loss) for the period	**(9.2)**	**0.6**	Nm
Basic EPS (cents)	(5.0)	0.3	Nm

Segment results NZ$m[2,3]	1H24	1H23	% change
New Zealand			
Revenue	87.0	100.0	-13%
Gross profit	38.8	41.6	-7%
Segmental EBIT	3.2	3.6	-9%
Australia			
Revenue	43.2	38.2	13%
Gross profit	16.1	12.6	28%
Segmental EBIT	4.6	2.6	79%

[1] The definitions for all non-GAAP measures of financial performance, and additional detail on significant items are provided on slide 13 of this release.
[2] The full segment note is available in note 2.1 of the 1H24 financial statements.
[3] Unless otherwise stated, results are shown in NZ$m and before significant items

Impairment of intangible assets in New Zealand.

For the 6 months ended 30 September 2023

As a consequence of the significant uncertainty regarding forecast declines in construction activity, the carrying values of assets were reviewed.

Discount rate applied has increased from 10.5% to 11.0%

The review was conducted and results considered using a set multiple future scenarios.

Intangible assets (NZ$m)	Goodwill on acquisitions
Opening balance – 1 April 2023	44.3
Impairment of New Zealand goodwill	(9.1)
Closing balance – 30 September 2023	35.2

- 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 $9.1m as at 30 September 2023
- 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
- Further information on this testing and the underlying assumptions is available in the 1H24 interim report

1H24: Group summary cash flow & balance sheet

Key cash flow items (NZ$m)	1H24	1H23
EBIT before significant items	7.5	5.6
Operating cash flows	13.4	1.8
Capital expenditure	2.0	5.0
Dividends paid	-	-

Key balance sheet items (NZ$m)	1H24	1H23
Net working capital[1]	38.6	39.7
Property plant & equipment	48.4	54.3
Right of use assets		
Total assets	235.9	285.7
Lease liabilities		
Net debt	52.8	59.1
Total shareholders equity	66.5	89.6

- Net operating cash flows were above the prior year primarily driven by reductions working capital requirements and a lower employee costs as a result of the cost out initiatives.
- In the first half of FY24 working capital commitments receded back to similar levels to the prior comparable period as the business reduced inventory as supply chain reliability improved. Debtor and creditor profiles reduced also as a direct result of the softer trading conditions.
- Capital expenditure of $2.0m in 1H24 focussed on delivering increased capability and quality.
- Net debt decreased by $6.2m year on year to $52.8m as at 30 September 2023
  - Group gearing[2] increased to 44% from 40%
  - Group net debt to EBITDA ratio[3] improved to 2.69x from 3.8x

[1] Net working capital: trade & other receivables + inventory - trade & other payables.
[2] Gearing: net debt / (net debt + equity).
[3] Calculated on a pre-IFRS-16 (leases) basis and includes other minor adjustments.

The longer-term outlook is uncertain, but Metro has plans in place to respond

- In New Zealand the 12-month rolling residential consents have declined and while they are still above long-term trends, glass demand has fallen significantly.
- Demand for construction materials decreased across the sector and forecasts remain uncertain for FY24. It is the company's view that these conditions are likely to continue until inflation pressures and interest rates ease.
- While ensuring we deliver quality products, safely and with excellent customer service, the company is resizing itself to ensure it is efficient for the changing market demand.
- With current market volatility it is difficult to forecast New Zealand earnings for the balance of the year, however it is anticipated that the New Zealand business will continue to be operating cash positive.
- In Australia the number of detached dwelling commencements declined in all states. However, the increasing use of double-glazing in residential buildings is expected to partially offset the declines in residential construction activity.
- As previously announced in the sale process, for the 12 months to 31 March 2024, management forecasts are for AGG to achieve revenue, EBITDA and EBIT of approximately AUD 79.0 million, AUD 11.5 million, AUD 7.5 million respectively.

[1]Excluding Group management fee of NZD 0.5 million

Thank you

Opportunity for questions

Appendix: Reconciliation of non-GAAP to GAAP profit measures

Full year to 31 March 2023	1H24 ($M)	1H23 ($M)
Profit for the period before significant items	**2.1**	**0.6**
Less: Impairment of intangible assets	(9.1)	-
Less: NZ restructuring, and Australian divestment	(2.2)	
Profit for the period (GAAP)	**(9.2)**	**0.6**
Add: taxation expense	(0.2)	(0.1)
Add: net finance expense	5.6	5.1
Earnings before interest and tax (EBIT)	**(3.8)**	**5.6**
Add: depreciation & amortisation	9.0	9.4
EBITDA	**5.2**	**15.1**
Earnings before interest and tax (EBIT)	(3.8)	5.6
Add: Impairment of intangible assets	9.1	
Add: NZ restructuring, and Australian divestment	2.2	-
EBIT before significant items	**7.5**	**5.6**
EBITDA	5.2	15.1
Add: Impairment of intangible assets	9.1	-
Add: NZ restructuring, and Australian divestment	2.2	
EBITDA before significant items	**16.5**	**15.1**

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
- 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

Disclaimer

This presentation (“**Presentation**”) has been prepared by Metro Performance Glass Limited (Company Number 5267882) (“**Metro Performance Glass**”).

Please do not read this Presentation in isolation

This presentation contains some forward-looking statements about Metro Performance Glass and the environment in which the company operates. Forward looking statements can generally be identified by the use of forward-looking words such as “anticipate”, “expect”, “likely”, “intend”, “should”, “could”, “may”, “propose”. “will”, “believe”, “forecast”, “estimate”, “outlook”, “target”, “guidance” and other similar expressions. Forward looking statements, opinions and estimates provided in this presentation are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice. Because these statements are forward looking, Metro Performance Glass’ actual results could differ materially. Any past performance information in this presentation should not be relied upon as (and is not) an indication of future performance.

Media releases, management commentary and investor presentations are all available on the company’s website. Please read this presentation in the wider context of material previously published by Metro Performance Glass.

There is no offer or investment advice in this Presentation

This presentation is not an offer of securities, or a proposal or invitation to make any such offer. It is not investment advice or a securities recommendation and does not consider any person’s individual circumstances or objectives. Every investor should make an independent assessment of Metro Performance Glass based on independent expert financial advice.

All information in this presentation is current at the date of this presentation, and all currency amounts are in NZ dollars, unless otherwise stated. Metro Performance Glass is under no obligation to, and does not undertake to, update the information in this Presentation, including any assumptions.

Disclaimer

To the maximum extent permitted by law, Metro Performance Glass and its affiliates and related bodies corporate, officers, employees, agents and advisors make no representation or warranty (express or implied) as to the currency, accuracy, reliability or completeness of the information in this presentation and disclaim all liability for the information (whether in tort (including negligence) or otherwise) to you or any other person in relation to this presentation, including any error in it.

Contact information

Metro Performance Glass Limited

5 Lady Fisher Place, East Tamaki, Auckland 2013

Ph: + 64 9 927 3000

www.metroglass.co.nz/

Simon Mander – Chief Executive Officer

Simon.Mander@metroglass.co.nz

(+64) 029 636 2661

Tony Candy – Chief Financial Officer

Tony.Candy@metroglass.co.nz

(+64) 021 842 882

Liam Hunt – Investor Relations

Liam.hunt@metroglass.co.nz

(+64) 022 010 4377