NZX, ASX and media release 27 February 2020

On track to deliver FY20 results in line with guidance

Metro Performance Glass (NZX.MPG, ASX.MPP, Metroglass) today provided an update on recent trading and reiterated its previous guidance for anticipated FY20 results, which are expected to be released on Thursday 21 May 2020.

Simon Mander (CEO) said: "We're progressing to plan in both New Zealand and Australia and continue to anticipate delivering Group EBIT in the range of $21m – $24m[1] and a reduction in net debt of circa. $15m, inclusive of impacts from the restructuring of NSW.

"We operate in highly competitive markets and our commitment to delivering the best customer service is enabling us to strengthen our relationships with key customers and differentiate our offering. We're also focused on improving operational performance and are continuing to make good progress across our network.

"Coronavirus has the potential to impact the group and wider industry on multiple fronts, however at this stage we do not expect any significant impact on our 2020 financial results. We are actively monitoring our supply chain and have mitigating plans in place should issues such as product availability or shipping disruptions increase.

New Zealand performance

"Financial performance in New Zealand has continued as expected, with revenue slightly behind last year driven principally by the softness seen in the Auckland region in the first half of the financial year. Activity is continuing at a consistent and strong level, with the growth in total residential consents coming from multi-unit dwellings whereas standalone housing demand is broadly flat on a total floor area basis.

"Metroglass is focusing on service reliability, pricing and cost management, and by creating stronger relationships with key channel participants. Pleasingly our customers are seeing the changes and we received positive feedback as part of our most recent customer survey[2], particularly for our people, customer service and product quality."

Australia performance

Despite residential construction contracting materially in key Australian markets, Australian Glass Group (AGG) has continued to grow revenue year on year and the business is on track to deliver an improved EBIT result in the second half of the financial year versus the prior corresponding period.

Simon Mander said: "AGG is making clear progress on its improvement initiatives, with strong operational performance in each of the three plants and positive ratings[2] for our delivery performance and customer service. We continue to see increasing demand for double glazing products in our target markets providing some counter to the broader market declines.

"In November 2019 we announced the refocusing of the New South Wales operations towards the supply of double glazing to window manufacturer customers, which will drive an improved competitive position and financial performance going forward. This transition has proceeded to plan and is now largely complete."

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For further information, please contact:
Andrew Paterson, Investor Relations
(+64) 027 403 4323
andrew.paterson@metroglass.co.nz

[1] *The EBIT guidance excludes: 1) the impact of the change to IFRS 16 which we expect to increase reported EBIT by ~$1.7m and 2) a net abnormal charge of approximately $5m related to the restructure of NSW ($3.5m asset write-off and cash costs of $2.5m, less $1.1m already provided for).*

[2] *In our November 2019 customer survey, Metroglass New Zealand rated 7.5/10 (vs. 7.3/10 in July 2019) and AGG rated 8.0/10 (vs. 8.0/10 in July 2019) on the question: "On a scale of 1 to 10, how likely are you to recommend Metroglass/AGG to a friend or colleague?".*