METRO PERFORMANCE GLASS

1H21 Interim Results Presentation

23 November 2020

Key messages

- The Metroglass Group displayed resilience through the first 6-months of FY21, supported by the strength and dedication of its people
- Metroglass had a solid first half in New Zealand, although the COVID-19 shutdown impacts overshadowed underlying performance
- The Australian turnaround progressed well with good operational performance and an EBIT positive result
- Metroglass continues to significantly reduce its debt through strong operating cashflows and targeted capital expenditure

The Metroglass Group displayed its resilience in a challenging six-months

OUR PEOPLE

- Maintained normal pay for all staff during NZ alert level 4
- Remained focused on safety and wellbeing
- Continuing to invest in staff training and capability development, including having 80+ apprentices enrolled

OUR CUSTOMERS

- Maintained regular contact and provided support throughout the NZ lockdown
- Latest customer survey complimentary on our people, communication and responsiveness. Key challenge related to lead times in the May ramp up period

OUR BUSINESS

- Business continuity plans activated with safe and effective closure and reopening of NZ processing plants
- NZ wage subsidy received ($6.5m)
- AGG successfully managed the increasing COVID-19 related restrictions and safety requirements
- Focus on managing discretionary costs and capex across the group

1H21 key financial outcomes[1]

GROUP

Revenue
$117.0m (1H20: $136.7m) — -14%

EBIT
$12.8m (1H20: $14.5m) — -12%

NPAT
$7.6m (1H20: $7.7m) — -2%

Net bank debt[3]
$47.7m (1H20: $73.4m) — -$25.7m

Leverage ratio
1.53x (1H20: 1.95x) — -22%

NEW ZEALAND[2]

Revenue
$89.2m, -19% (1H20: $109.6m)

EBIT
$12.8m, -26% (1H20: $17.2m)

AUSTRALIA

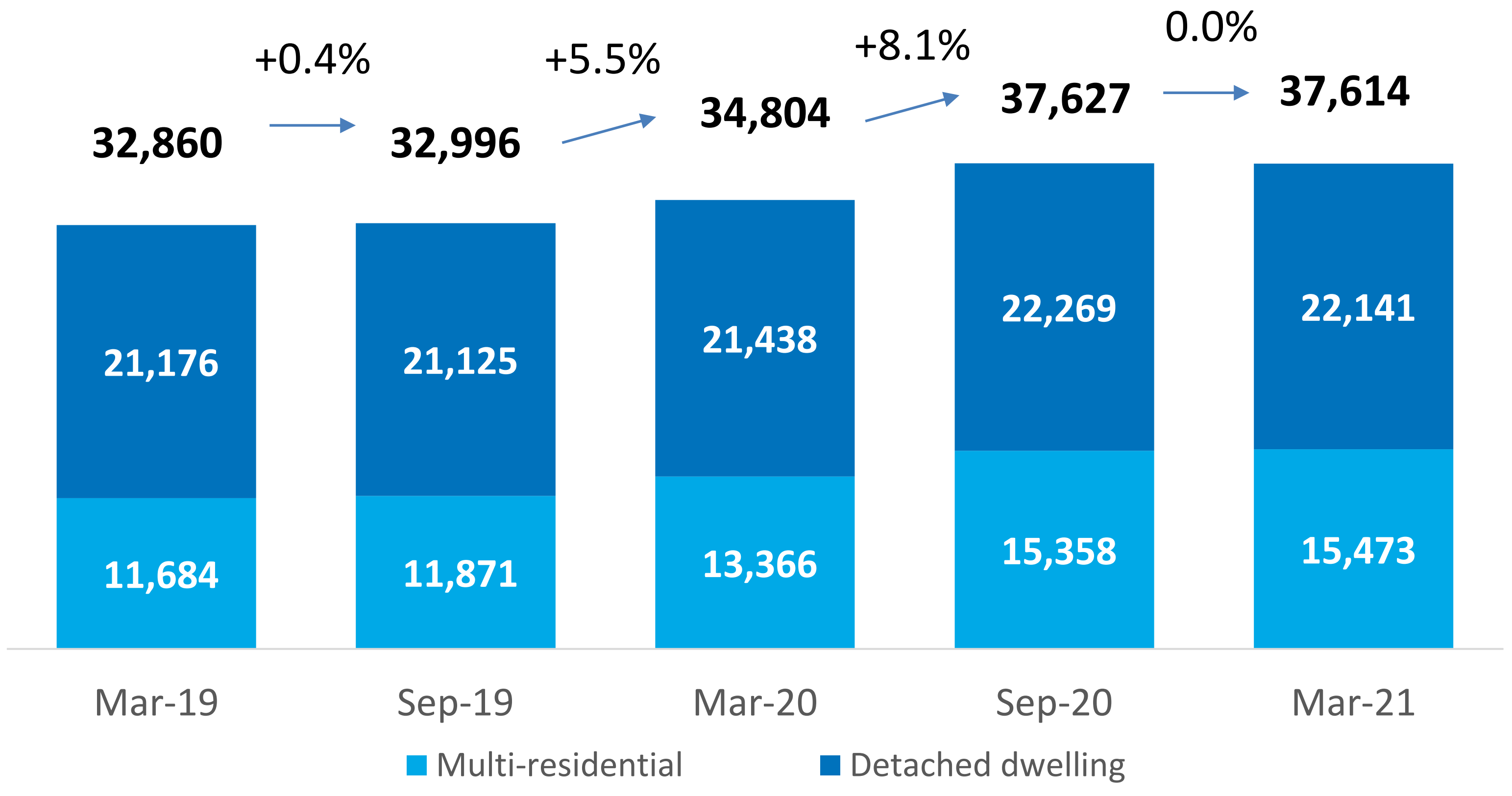
Revenue
$27.8m, +3% (1H20: $27.1m)

EBIT
$0.4m, +$2.7m (1H20: -$2.3m)

[1] Unless otherwise stated, results are shown in NZ$m and before significant items. Details on the significant items are provided in note 10 to the financial statements.
[2] The full segment note is available in note 2 of the financial statements.
[3] Net debt includes net bank debt of $47.7 million and other interest-bearing liabilities of $3.3 million which primary relates to the sale and leaseback of certain vehicles in New Zealand.

Residential consents have remained strong in NZ, though activity levels declined as a result of the COVID-19 alert level 4 lockdown

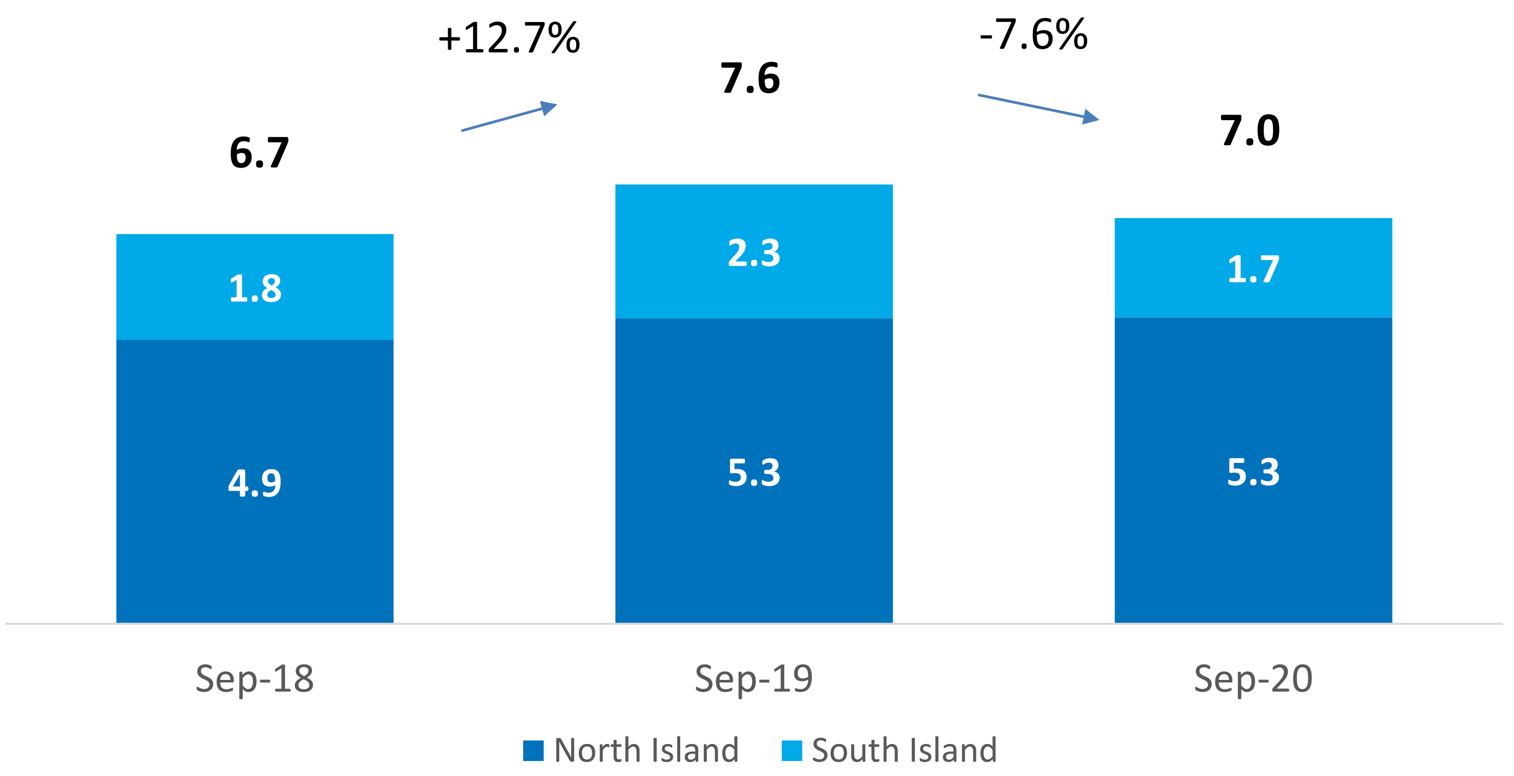
Total NZ residential consents (9 month lagged, by number)



In the six months to September 2020 (on a 9-month lagged basis):

- Total residential consents rose 8.1%, or 3.9% in floor area (sqm)
- Detached dwelling consents rose 3.9%, with a 14.9% rise in multi-residential which now represents 40.8% of all residential consents
- However, since the start of 2020 and the onset of COVID-19, residential consents have remained flat at their elevated level on a 9-month lag basis, with activity declining as a result of the COVID-19 alert level 4 lockdown

NZ non-residential consents (by value $bn)[2]



The value of non-residential consents for the 12 months to September 2020 (non-lagged) receded 7.6%

- North Island +0.3%; South Island -25.9%, Canterbury -51.7%
- Despite an overall decline in non-residential consents, Metroglass' glazing forward books have increased 29% at 30 September 2020 when compared to the prior year

Strong first half performance in New Zealand with the COVID-19 shutdown impacts overshadowing underlying performance

- We responded well to numerous covid-19 driven issues including significant levels of demand uncertainty and volatility, supply chain disruptions, operating restrictions, and increased levels of competition across the country

- While Metroglass received the NZ Government wage subsidy[1], this was not enough to offset the impacts from the Alert Level 4 lockdown

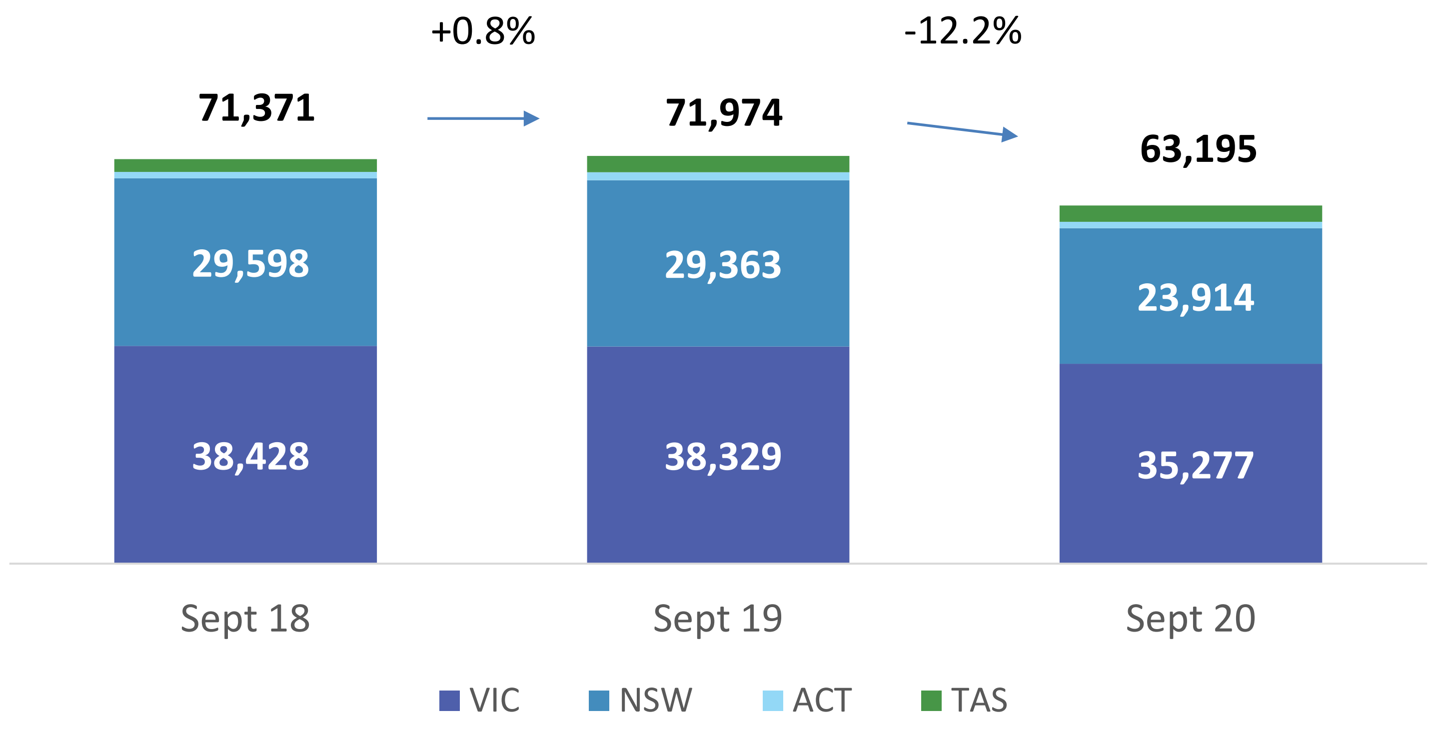
- Our focus on our customer relationships has supported the solid performance in an uncertain and competitive market, with sales from June to September being similar to last year. These efforts have been reinforced by consistent customer survey ratings and positive feedback

- We remain committed to developing our people capabilities with several e-learning and on-the-job training schemes in place, including having more than 80 staff enrolled in apprenticeship programmes

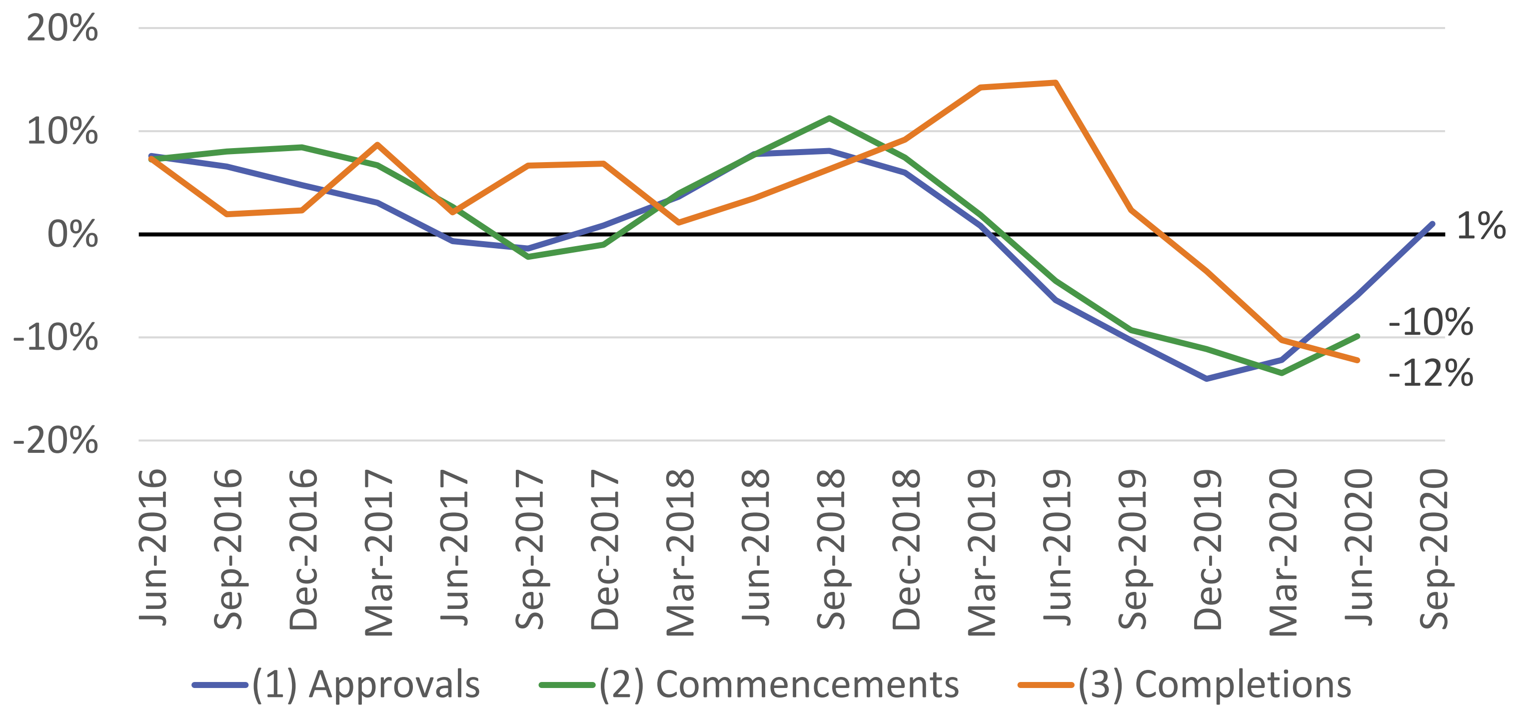
[1] *The Company received a total of $6.5m, $0.4m of which related to FY20.*

Residential construction activity in south east Australia has softened, offset by increasing demand for double-glazing

South east Australia: house approvals (6m lagged, by number)[1]



South east Australia: housing data (rolling 12 months)[2]



In the twelve months to September 2020:

- Detached dwelling (house) approvals[1] declined 12.2%, with Victoria -8.0%, New South Wales -18.6%, Tasmania -3%
- Approvals for alternations and additions[2] declined 1.6%, with Victoria +1.2%, New South Wales -3.5%, Tasmania -5.4%
- The use of double-glazing products is continuing to grow, supported by changes to energy efficiency requirements to buildings

- Following c. 18 months of declines, housing approval numbers have begun to increase, which is expected to flow progressively through to commencements and completions
  - Housing approvals in the six months to 30 September 2020 were 11% higher than the same six-month period last year (non-lagged)

1. *Source: Australian Bureau of Statistics, number of residential dwelling approvals (12 months to 30 September 2020). 6-month lag applied.*
2. *Source: Australian Bureau of Statistics, 12 months to 30 September 2020, no lags applied.*

The Australian turnaround progressed well with good operational performance and an EBIT positive result

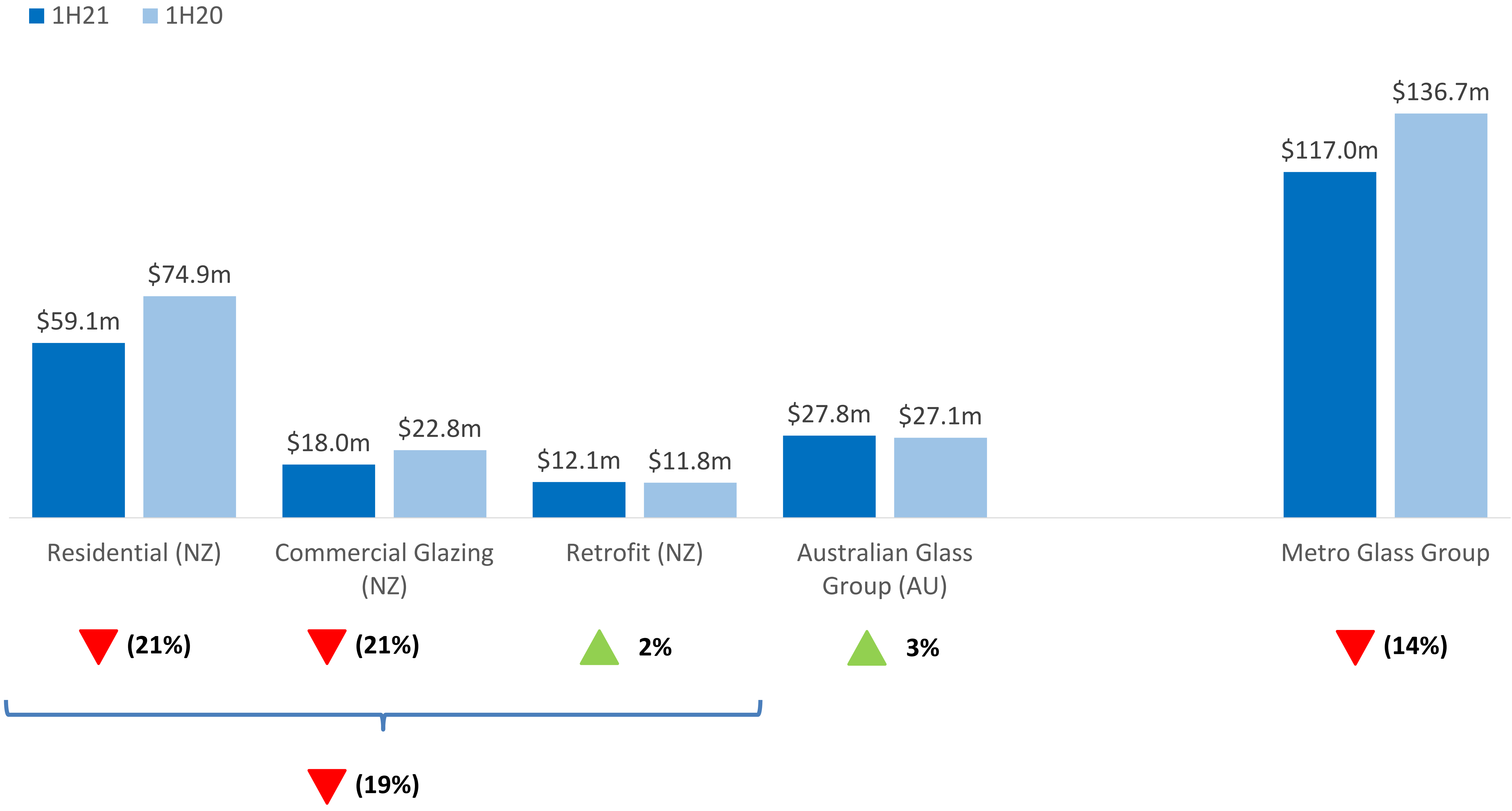
- Australian Glass Group (AGG) continued to operate through the first half without significant disruption and successfully managed the increasing COVID-19 related restrictions and safety requirements

- AGG is now achieving strong and consistent operating performance which is being recognised in the market and is flowing through into improved financial results. The business delivered revenue growth despite cyclical declines in Australian new housing construction and the impacts of COVID-19

- We can now clearly see the anticipated market response to new commercial building regulations, which are driving increased specification and demand for double glazing products. Similar code changes are schedule to follow for residential buildings in 2022/23

- AGG delivered positive EBIT for the first half of FY21 and we believe that the business is on a strong footing with a positive long-term outlook

1H21: 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.

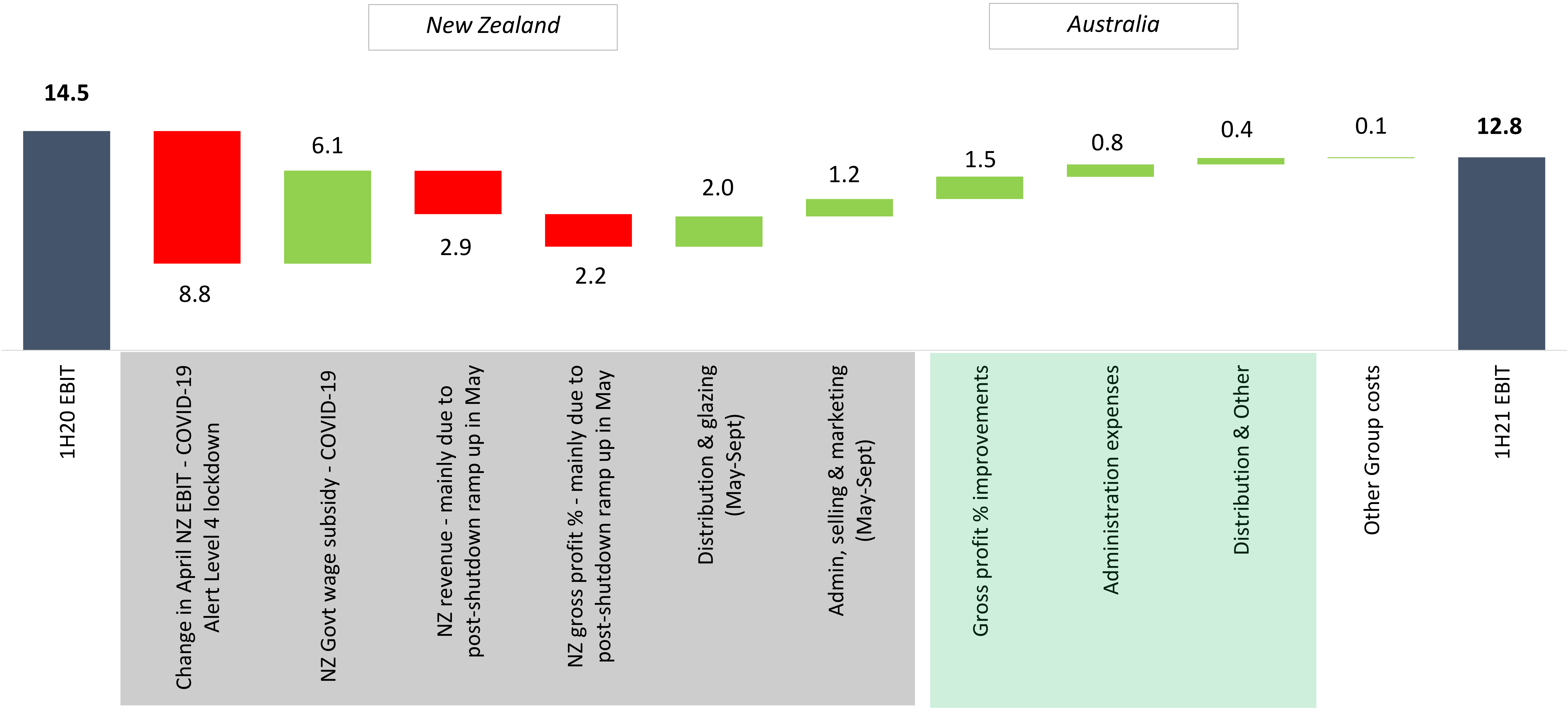
1H21: Financial results summary

Group results NZ$m[1]	1H21	1H20	% change
Group			
Revenue	117.0	136.7	(14)%
EBITDA before significant items	23.1	25.5	(9)%
Depreciation & amortisation	10.3	11.0	(6)%
EBIT before significant items	**12.8**	**14.5**	**(12)%**
Significant items	1.0	0	n/a
EBIT	13.7	14.5	(5%)
Profit for the period	**7.6**	**7.7**	**(2%)**
Basic EPS (cents)	4.1	4.2	(3)%

Segment results NZ$m,[1,3]	1H21	1H20	% change
New Zealand			
Revenue	89.2	109.6	(19)%
Gross profit %	48.7%	52.9%	
Segmental EBIT	12.8	17.2	(26)%
Australia			
Revenue	27.8	27.1	3%
Gross profit %	26.3%	21.5%	
Segmental EBIT	0.4	(2.3)	n/a

[1] Unless otherwise stated, results are shown in NZ$m and before significant items. Details on the significant items are provided in note 10 to the financial statements.
[2] The Company received a total of $6.5m, $0.4m of which related to FY20.
[3] The full segment note is available in note 2 of the financial statements.
[4] The definitions for all non-GAAP measures of financial performance are provided on slide 18 of this release.

1H21: EBIT bridge



1H21: Group summary cash flow & balance sheet

Key cash flow items (NZ$m)	1H21	1H20
EBIT *(post significant items)*	13.7	14.5
Operating cash flows	19.6	18.9
Capital expenditure	2.1	4.3
Dividends paid	-	-

Key balance sheet items (NZ$m)	1H21	1H20
Net working capital[1]	26.7	31.2
Property plant & equipment	54.3	63.8
Right of use assets	52.5	54.8
Total assets	242.7	341.5
Lease liabilities	62.0	63.1
Net debt	51.0	73.4
Net bank debt	47.7	73.4
Total shareholders equity	82.0	161.4

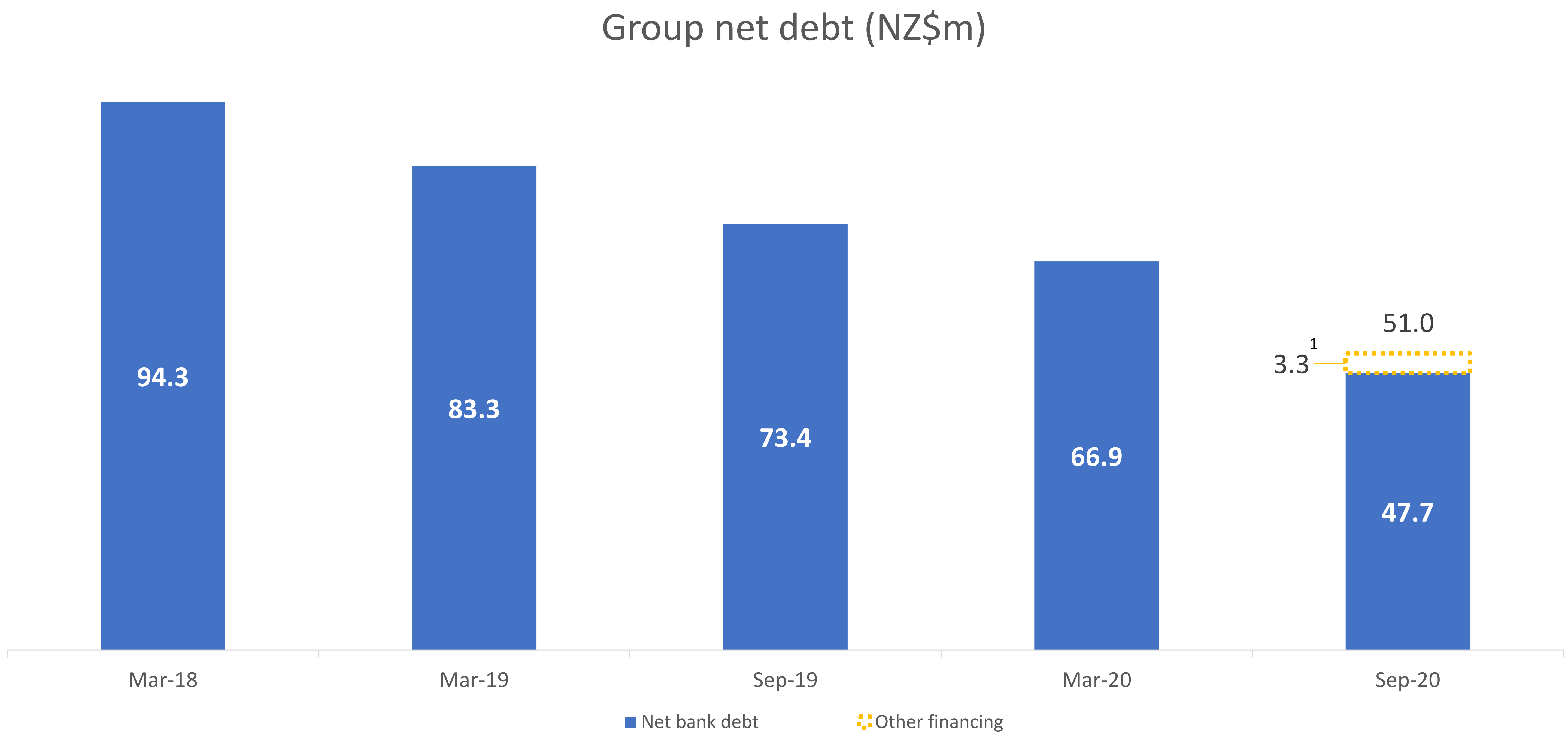
- Achieved further reductions in working capital through close management of trade debtors and inventory
  - Safety levels for glass inventory will be increased through the second half of the year in response to international shipping disruptions
- Net operating cash flows remained in line with the prior year
- Net bank debt decreased by $25.7m year on year and $19.2m over the past six months
  - Group gearing[2] increased from 31.3% at 30 September 2019 to 38.4% at 30 September 2020, impacted by the impairment of goodwill in March 2020
  - The Company's net debt to EBITDA (pre-IFRS 16) ratio declined year on year from 1.95x to 1.53x[3]
- 31 March 2020 financial statements have been restated to reflect a historic $1.4m annual leave provision understatement arising from the implementation of a new payroll system in September 2019. Further detail is provided in note 9 of the interim financial statements

[1] Net working capital: trade & other receivables + inventory - trade & other payables.

[2] Gearing: net debt / (net debt + equity).

[3] Net debt includes net bank debt of $47.7 million and other interest-bearing liabilities of $3.3 million which primary relates to the sale and leaseback of certain vehicles in New Zealand.

Strong operating cashflows, focused capital expenditure and prudent cost management has supported ongoing net debt reduction



[1] *Net debt includes net bank debt of $47.7million and other interest-bearing liabilities of $3.3 million which primarily relates to the sale and leaseback of certain vehicles in New Zealand.*

Outlook for FY21 – remains uncertain

- Consenting activity in NZ has been stronger than we had anticipated in recent months. However, there is some risk that building activity begins to soften early next year as a result of broader macro-economic factors as well as local issues such as extended border restrictions and further weakness in business confidence and labour markets
- Balancing this, we've been pleased with the solid results in NZ in recent months and our customers are typically citing good forward books of work through into the new calendar year
- The industry is currently experiencing significant disruptions and delays in international shipping, resulting from a surge in sea freight demand and backlogs at key ports. We are monitoring this situation closely and are increasing our safety stock levels as appropriate. However, we are anticipating an increase in shipping related costs in the second half
- In Australia, we remain confident that the improvements in AGG's EBIT results achieved in the first half will be sustained through FY21, although weighted towards the first half given the Christmas and new year shutdown period. This assumes no change to COVID-19 restrictions
- Net debt reduction in the second half will be impacted by the above factors as well as capital expenditure returning to a level similar to the second half last year
- **Reflecting the significant level of uncertainty the group is facing, we now anticipate providing guidance on expected FY21 results alongside a trading update in February 2021**

Our strategy and focus remains unchanged

Building resilience and defending Metroglass' leadership position

Sustaining positive trajectory in Australia, and benefiting from growing demand for double-glazing

Prioritising debt reduction to provide increased optionality for the future

Q&A

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Appendix: Reconciliation of non-GAAP to GAAP profit measures

Half year to 30 September	1H21 ($M)	1H20 ($M)
Profit for the period before significant items	**6.9**	**7.7**
Add: Sale and leaseback gain on disposal (tax effected)	0.7	-
Profit for the period (GAAP)	**7.6**	**7.7**
Add: taxation expense	3.1	3.1
Add: net finance expense	3.0	3.7
Earnings before interest and tax (EBIT)	**13.7**	**14.5**
Add: depreciation & amortisation	10.3	11.0
EBITDA	**24.1**	**25.5**
Earnings before interest and tax (EBIT)	13.7	14.5
Less: Sale and leaseback gain on disposal	(1.0)	-
EBIT before significant items	**12.8**	**14.5**
EBITDA	24.1	25.5
Less: Sale and leaseback gain on disposal	(1.0)	-
EBITDA before significant items	**23.1**	**25.5**
Profit for the period (GAAP)	7.6	7.7
Add: amortisation of acquisition-related intangibles and its associated tax effect	0.7	0.7
NPATA	**8.3**	**8.4**

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
  - NPATA: Net profit after tax and amortisation
- 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

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