METRO PERFORMANCE GLASS

FY21 Annual Results Presentation

21 May 2021

Key messages

- The Metroglass Group displayed resilience throughout FY21, supported by the strength and dedication of its people
- Metroglass delivered a solid result in the competitive NZ market, while COVID-19 shutdown impacts overshadowed underlying performance
- The Australian business turnaround progressed well with stable operational performance and significantly improved financial results
- Metroglass significantly reduced its debt in FY21, through strong operating cash flows and targeted capital expenditure. Dividends are now anticipated alongside the FY22 interim results

Our strategy and values

SAFETY
Working safe, living well

PRODUCT & PROCESS QUALITY
Right first time, every time

OUR CUSTOMER
At the centre of everything we do

OUR PEOPLE
We value, inspire, train and develop our team

OWNING OUR WORK
We take responsibility and work as one team

Unified and resilient throughout a disruptive year

OUR PEOPLE

- Strong focus on safety and wellbeing
- Resilient and united team able to adapt at pace and maintain service to customers
- First cohort of staff completed our award-winning Brighter Minds programme
- Growing apprenticeship scheme with 80+ enrolled, 15 qualifying in FY21

OUR CUSTOMERS

- Remained connected to our customers, with our deep relationships key
- Strong customer survey results, with customers complimentary on our people, customer service and project management
- Our Retrofit channel revenue grew 16%, with majority of customers investing in our high-performance LowE glass offering

OUR BUSINESS

- Business operations regularly impacted by fluctuating COVID-19 restrictions and international supply chain disruptions
- NZ wage subsidy received ($6.5m in total, $6.1m in FY21)
- AGG successfully managed the increasing COVID-19 related restrictions and safety requirements, but was impacted late in the year by a lockdown in Vic and NSW flooding
- Focus on managing discretionary costs and capex across the group

FY21 key financial outcomes[1]

GROUP

Revenue
$232.3m -9%
(FY20: $254.9m)

EBIT
$17.9m -18%
(FY20: $21.8m)

NPAT
$7.9m -21%
(FY20: $9.9m)

Net debt
$48.0m -$18.9m
(FY20: $66.9m)

Leverage ratio
1.7x -14%
(FY20: 2.0x)

NEW ZEALAND[2]

Revenue
$179.8m, -11%
(FY20: $203.0m)

EBIT
$19.4m, -27%
(FY20: $26.4m)

AUSTRALIA

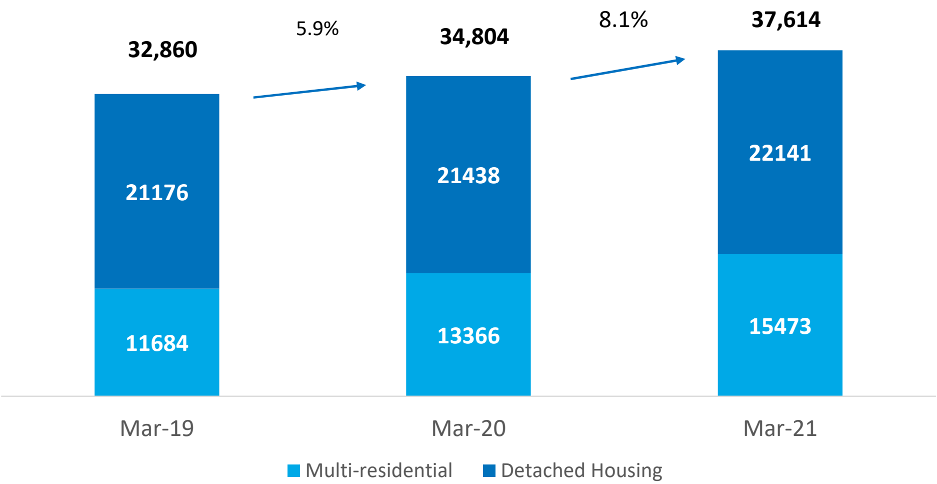
Revenue
$52.5m, +1%
(FY20: $51.9m)

EBIT
($0.7m), +$2.9m
(FY20: -$3.6m)

[1] Unless otherwise stated, results are shown in NZ$m and before significant items. Details on the significant items are provided in note 2.4 to the financial statements.
[2] The full segment note is available in note 2 of the financial statements.

Residential consents have continued to grow in NZ, despite the pandemic. Though the momentum of actual activity has been impacted by significant disruptions

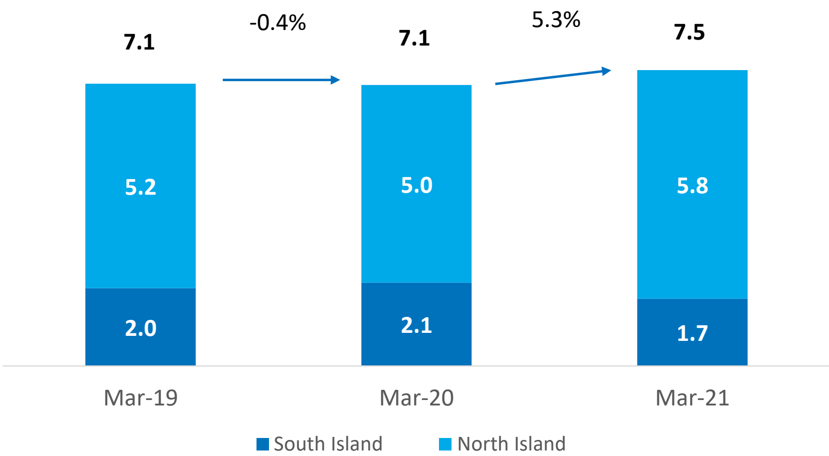
Total NZ residential consents (9 month lagged, by number)



In the twelve months to March 2021 (on a 9-month lagged basis):

- Total residential consents rose 8.1%, or 3.4% in floor area (sqm)
- Detached dwelling consents rose 3.3%, with a 15.8% rise in multi-residential which now represents 41.1% of all residential consents
- Residential consents have continued to surge, surpassing 41,000 residential consents in the 12 months to March 2021 (non-lagged), supporting a strong pipeline of construction activity

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



The value of non-residential consents for the 12 months to March 2021 (non-lagged) grew 5.3%

- North Island +15.6%; South Island -19.2%
- As at 31 March 21 Metroglass' glazing forward books 4% higher than the prior year

Solid performance in New Zealand, while COVID-19 shutdown impacts overshadowed underlying performance in a competitive market

Revenue

$179.8m (11%)▼

Jun-20 to Mar-21: (2%)

EBIT[1]

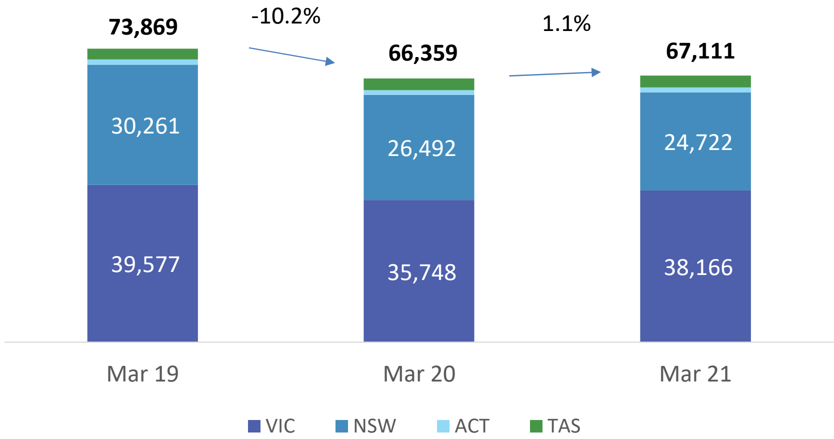
$19.4m (27%)▼

- Metroglass responded well to fluctuating COVID-19 restrictions and international supply chain disruptions, however these shocks significantly impacted momentum across the industry
- The business ramped up after COVID-19 Alert Level 4 restrictions were lifted and saw strong activity in our retrofit and commercial glazing segments from June onwards
  - Residential segment revenue fell 17% in FY21, with approximately 55% of this fall attributable to the April and May 2020 period, alongside increased competition and the slower industry restart in January. These competitive dynamics are expected to continue into the coming year, though to a lesser extent
  - Commercial glazing revenue declined 8%, however the business delivered EBIT growth through improved operational efficiency
  - Retrofit revenue grew 16% in FY21 and ended the year with a record forward book of work
- Metroglass remains firmly focussed on its customers and its people. Good progress was made this year on improving safety and wellbeing and further expanding the company's apprenticeship scheme (15 apprentices qualified in FY21 and 80 are currently enrolled)
- Pleasingly, the results of our most recent customer survey saw Metroglass receive its highest result to date, demonstrating the strength of our customer relationships

[1] *Before significant items.*

Residential construction activity in southeast Australia has stabilised, as high-performance double-glazing penetration continues to increase

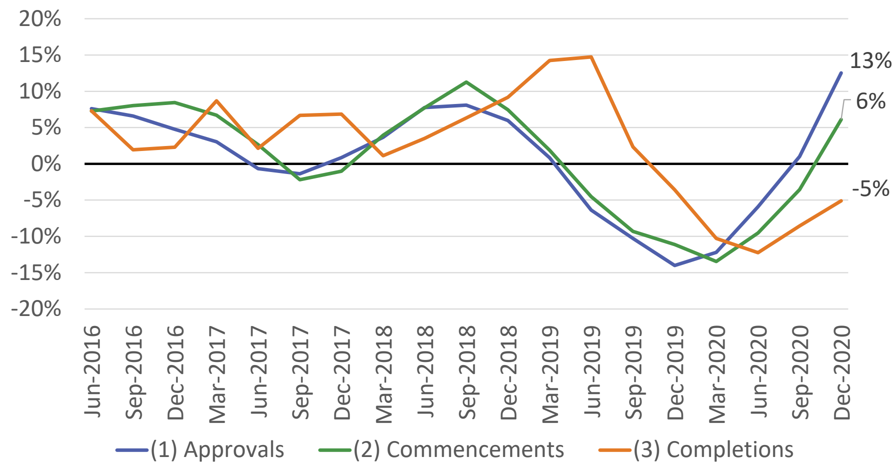
South east Australia: house approvals (6m lagged, by number)[1]



In the twelve months to March 2021:

- Detached dwelling (house) approvals[1] stabilised with 1.1% growth, supported by Victoria +6.8% and Tasmania +1.8%, offset by NSW at -6.7%
- Approvals for alterations and additions[2] improved 13.9%, with Victoria +8.2%, NSW +17.4%, and Tasmania +27.4%
- High performance double-glazing products sales continuing to grow, supported by changes to energy efficiency requirements to commercial buildings in June 2019

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



- Since the middle of 2020 housing approval numbers have begun to increase, which is flowing progressively through to commencements and completions
- Housing approvals in the twelve months to 31 December 2020 were 13% higher than the same twelve-month period last year (non-lagged)

1. *Source: Australian Bureau of Statistics, number of residential dwelling approvals (12 months to 31 March 2021). 6-month lag applied.*
2. *Source: Australian Bureau of Statistics, 12 months to 31 March 2021, no lags applied.*

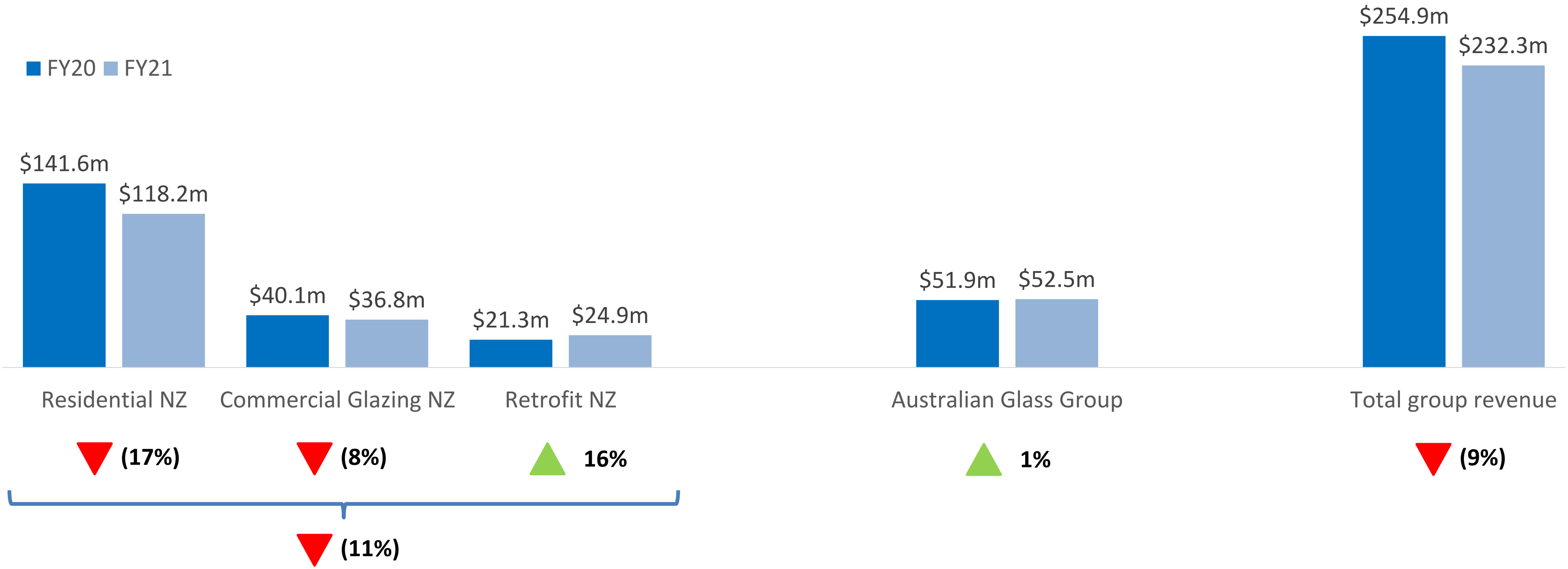
The Australian turnaround progressed well with stable operational performance and a significantly improved EBIT result

Revenue
NZ$52.5m +1%

EBIT
$(0.7m) vs. ($3.6m) LY

- Australian Glass Group (AGG) is now a leading supplier of high-performance double-glazed units throughout southeast of Australia, with its solid service performance recognised in the market
- AGG faced prolonged COVID-19 restrictions and disruptions this year (with Victoria the hardest hit) but remained almost fully operational throughout
- Delivered 9% revenue growth in the key double-glazing segment, offsetting the revenue lost through the restructuring of the New South Wales business in late FY20
- Achieved positive EBIT results for the first three quarters of the financial year, however momentum was impacted in February and March by the snap lockdown in Victoria and severe flooding across New South Wales
- AGG is now well positioned for growth alongside the increasing adoption of double glazing. Recent commercial building regulations have driven increased specification and demand for double glazing products and similar code changes are scheduled for residential buildings in 2022/23

Fy21: Metroglass Group revenue (NZ$)



NZ revenue for the 10 months excluding April and May (Alert Levels 4 & 3): (2%)

Group revenue for the 10 months excluding April and May (Alert Levels 4 & 3) : (1%)

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.

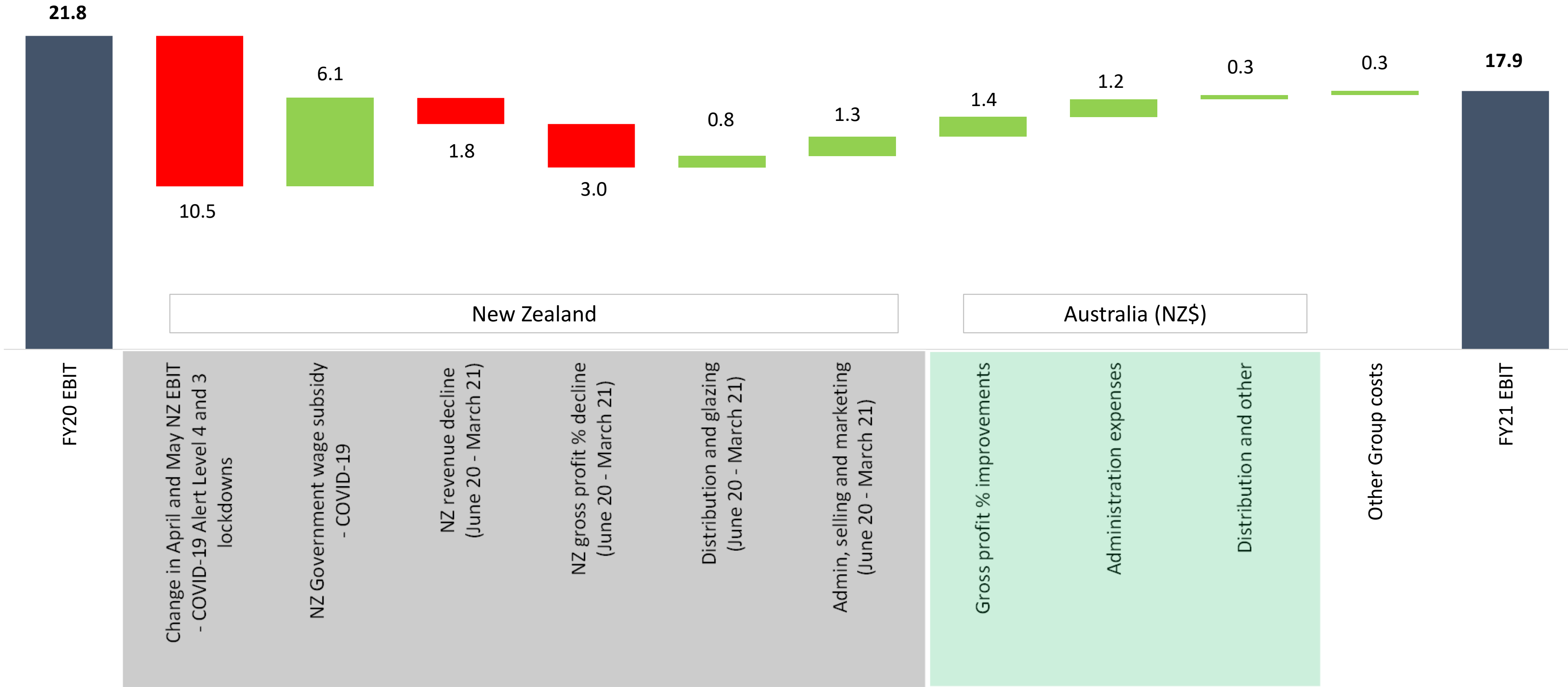
FY21: Financial results summary

Group results NZ$m[1]	FY21	FY20[2]	% change
Group			
Revenue	232.3	254.9	(9%)
EBITDA before significant items	**38.4**	43.4	(12%)
Depreciation & amortisation	20.4	21.7	(6%)
EBIT before significant items	**17.9**	21.8	(18%)
Profit for the year before significant items	7.9	9.9	(21%)
Significant items	0.7	(88.8)	
Profit for the period	**8.5**	**(78.9)**	
Basic EPS (cents)	4.6	(42.5)	

Segment results NZ$m[1,3]	FY21	FY20	% change
New Zealand			
Revenue	179.8	203.0	(11%)
Gross profit	86.4	104.1	(17%)
Segmental EBIT	19.4	26.4	(27%)
Australia			
Revenue	52.5	51.9	1%
Gross profit	12.5	11.1	12%
Segmental EBIT	(0.7)	(3.6)	(80%)

[1] The definitions for all non-GAAP measures of financial performance, and additional detail on significant items are provided on slide 20 of this release.
[2] FY20 financial statements were restated to reflect a historic $1.4m annual leave provision understatement. Further details are provided in note 7 of the FY21 financial statements.
[3] The full segment note is available in note 2.1 of the FY21 financial statements.

FY21: EBIT bridge (NZ$m)



Note: EBIT is before before significant items.

FY21: Group summary cash flow & balance sheet

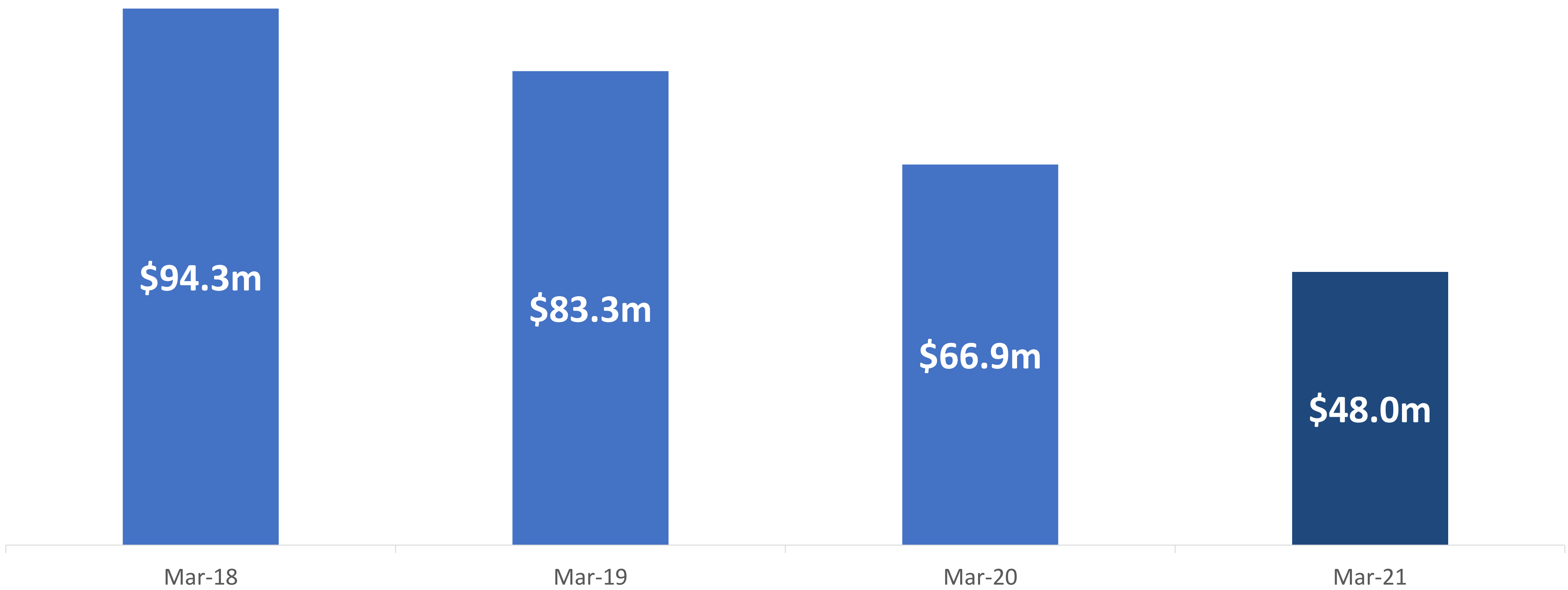
Key cash flow items (NZ$m)	FY21	FY20
EBIT before significant items	17.9	21.8
Operating cash flows	30.4	31.6
Capital expenditure	7.5	9.5
Dividends paid	-	-

Key balance sheet items (NZ$m)	FY21	FY20
Net working capital[1]	24.6	29.0
Property plant & equipment	52.5	59.6
Right of use assets	50.6	50.4
Total assets	237.9	258.4
Lease liabilities	60.6	59.5
Net debt	48.0	66.9
Total shareholders equity	84.0	75.8

- Net operating cash flows were slightly below last year with the impacts of the COVID-19 shutdown period only being partially offset by cost savings and the NZ Government wage subsidy
- Continued to focus on working capital in FY21 through close management of trade debtors and inventory . Safety levels for raw glass inventory are being progressively increased at present in response to ongoing international shipping disruptions
- Capital expenditure was reduced to $7.5m in FY21 with the majority of this being spent in the second half
- The sale and leaseback of the NZ vehicle fleet provided a net cash inflow of $5.0m in FY21
- Net debt decreased by $18.9m year on year to $48.0m as at 31 March 2021
  - Group gearing[2] decreased to 36.3% from 46.9%
  - Group net debt to EBITDA ratio[3] declined from 2.0x to 1.7x, without adjusting EBITDA for the impacts of the COVID-19 shutdown period in NZ

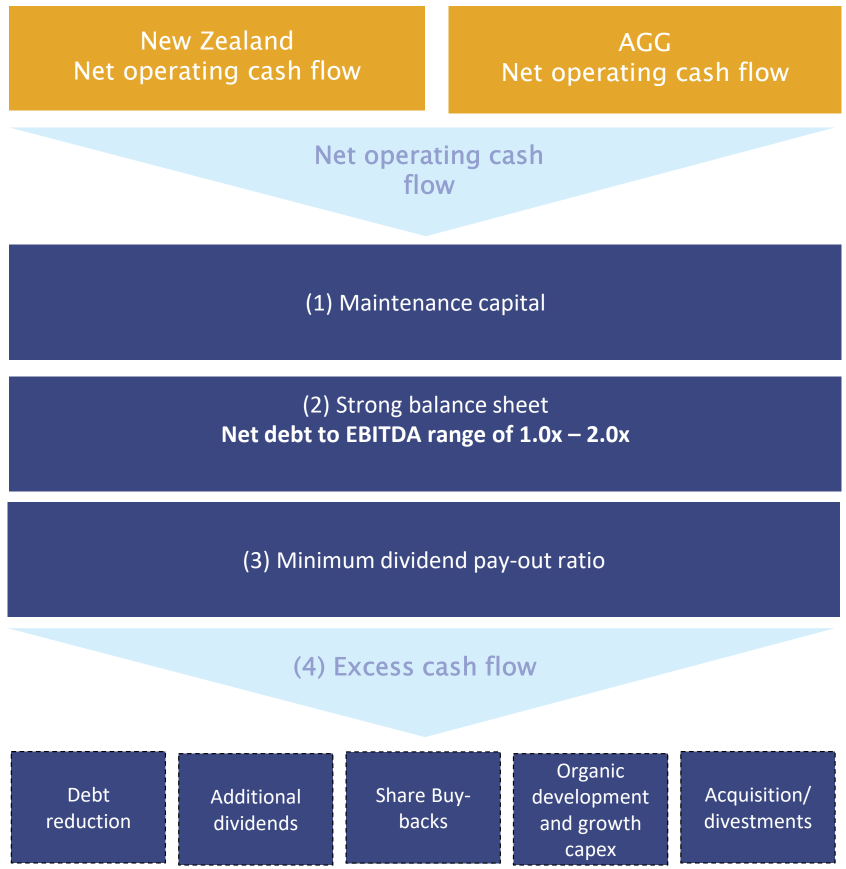
[1] Net working capital: trade & other receivables + inventory - trade & other payables.
[2] Gearing: net debt / (net debt + equity).
[3] Calculated on a pre-IFRS-16 (leases) basis and includes other minor adjustments.

Net debt reduced by $18.9m in FY21 supported by strong operating cash flows, focused capital expenditure and prudent cost management



A stronger balance sheet and increased confidence in the Group's market positions and future financial performance has enabled the Board to reassess its approach to capital allocation

- The priority order for the use of capital going forward will be:
  1. Capital expenditure to maintain operational capability, improve efficiency and create increased production capacity within the existing manufacturing footprint (circa. $8m p.a.)
  2. Maintaining group leverage within a target range of 1.0x to 2.0x net debt to EBITDA
  3. Re-establishment of a conservative and sustainable divided
  4. Applying any excess cash flows across the best of several competing alternatives. At present, the Board sees merit in pursuing further reduction in net debt towards an underlying net debt to EBITDA ratio of 1.0x
- The Company has demonstrated similar decision making in recent years with excess cash being applied to debt reduction in preference to other alternatives.



Metroglass' dividend policy

- Despite the disruptions from COVID-19, the success of Metroglass' debt reduction means that the group is expecting to achieve its communicated target of a net debt to EBITDA ratio of 1.5x in the first half of FY22
- The Board's current intention is to resume dividend payments alongside the company's FY22 interim results
- Going forward, Metroglass expects to pay fully imputed dividends of between 50% and 70% of net profit after tax before significant items. In determining any dividend, the Board will consider a range of factors including group financial performance, one-off or non-recurring events, prevailing and anticipated business and economic conditions

Outlook for FY22 – healthy pipeline of work

- Increasing confidence that activity levels across both NZ and Australia will be at least sustained at current levels for the rest of the 2021 calendar year, though in NZ industry capacity constraints may limit growth in the near term
- The residential segment in NZ will continue to be competitive and dynamic
- In Australia, we are confident that AGG has embedded the improvements achieved in FY21. The level of residential approvals in Australia improved significantly through FY21 which will provide some support through the 2021 calendar year
- The group remains alert to COVID-19 risks and the significant disruptions in international shipping. Both are likely to continue until the end of 2021
- Will continue to take a prudent approach to managing costs with a focus on essential capital expenditure

We remain focussed on our strategy and near-term goals

Building resilience and defending Metroglass' leadership position in New Zealand

Grow and improve profitability in Australia, benefiting from increasing demand for double-glazing

Our balance sheet is strong and robust to cope with future risks and opportunities

Q&A

Appendix: Reconciliation of non-GAAP to GAAP profit measures

Full year to 31 March	FY21 ($M)	FY20 ($M)
Profit for the period before significant items	**7.9**	**9.9**
Add: Tax adjustments relating to prior periods	-	0.9
Less: NSW restructure costs	-	(3.2)
Less: Impairment of intangible assets	-	(86.5)
Add: Gain on disposal of vehicles under sale & leaseback agreement	0.7	-
Profit for the period (GAAP)	**8.5**	**(78.9)**
Add: taxation expense	3.7	2.5
Add: net finance expense	6.7	7.0
Earnings before interest and tax (EBIT) (GAAP)	**18.9**	**(69.3)**
Add: depreciation & amortisation	20.4	21.7
EBITDA	**39.4**	**(47.7)**
EBIT (GAAP)	18.9	(69.3)
Add: NSW restructure costs	-	4.6
Add: Impairment of intangible assets	-	86.5
Less: Gain on disposal of vehicles under sale & leaseback agreement	(1.0)	-
EBIT before significant items	**17.9**	**21.8**
EBITDA	39.4	(47.7)
Add: NSW restructure costs	-	4.6
Add: Impairment of intangible assets	-	86.5
Less: Gain on disposal of vehicles under sale & leaseback agreement	(1.0)	-
EBITDA before significant items	**38.4**	**43.4**

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
- 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

Appendix: FY21 half on half performance

Segment results (NZ$m)	1H19	2H19	1H20	2H20	1H21	2H21
New Zealand						
Commercial	24.2	28.3	22.8	17.3	18.0	18.8
Residential	76.7	66.5	74.9	66.6	59.1	59.0
Retrofit	12.2	9.7	11.8	9.5	12.1	12.8
Total revenue[1]	113.0	104.4	109.6	93.4	89.2	90.6
Gross profit %	51.0%	50.4%	52.9%	49.4%	48.7%	47.4%
Segmental EBIT	17.0	14.1	17.2	8.6	12.8	6.7
Australia						
Revenue	27.5	22.9	27.1	24.8	27.8	24.7
Gross profit %	26.9%	16.0%	21.5%	21.3%	26.3%	20.9%
Segmental EBIT[1]	(1.3)	(3.4)	(2.3)	(1.3)	0.4	(1.1)

1 Before significant items.

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