Metro Performance Glass

Results For The 8 Months Ended 31 March 2015

METRO
PERFORMANCE GLASS

Disclaimer

This presentation, dated 27 May 2015, provides additional commentary on Metro Performance Glass's financial results announcement for the eight months ended 31 March 2015. It should be read in conjunction with the documents attached to that announcement, which highlight future outlook, expectations of earnings, activities and market conditions.

About Metro Performance Glass

- Largest glass processor in New Zealand with +50% share (~2x largest competitor).
- Converts float glass into end use products and applications including windows, shower screens, balustrades, splashbacks and other applications.
- Only full service supplier offering cut and arris, edgework and shaping, toughening, laminating, painting, manufacture of DGU's and glazing (installation).
- National coverage through 13 sites.
- >700 employees, including largest glazing workforce in NZ.
- >260 vehicles. Strong logistics and distribution capabilities.
- Occupies favourable position in the supply chain between fragmented float glass manufacturers and fragmented window fabricators and merchants.

Metro Senior Management Team

Nigel Rigby

<u>Geoff Rasmussen</u>

- GM Operations
- 17 years with Metro.
- 27 years in glass combining sales, production and operations.

<u>John Fraser-Mackenzie</u>

- CFO
- Previously Finance Director at Goodman Fielder (NZ).
- Numerous international roles with H.J. Heinz.
- Chartered accounting background.

<u>Dean Brown</u>

- North Island Region Manager (from 6 July)
- Currently GM Upper North Island with Transpacific Wastecare.
- Marketing background.
- MBA from Auckland University.

<u>Barry Patterson</u>

- South Island Region Manager
- 10 years with Metro and 18 years in glass.
- Previously with Pilkington Australia.
- Background in finance and marketing.

Results Summary – 8 Months Ended 31 March 2015

- A strong start for Metro Performance Glass:
  - PFI earnings achieved - Net profit after tax of $9.6M exceeds prospective financial information (PFI).
  - Auckland site consolidation completed on time and budget.
  - Auckland plant operating since January.
  - Platform laid for acceleration of Retrofit sales.
- Sales growth of +11.1% vs pcp for the 8 months ended 31 March.
- Increasing EBITDA margins vs the pcp.
- Operating profit before interest, tax and abnormal items of $23.5 million.
- Abnormal expenses (IPO and Auckland consolidation expenses) of $6.5 million which is $0.4 million lower than contemplated in the PFI.
- Directors have approved the payment of a dividend of 3.6 cents per share (fully imputed for New Zealand shareholders) payable 4 August 2015 to registered shareholders as at close of business on Monday 20 July 2015.

Results Overview

PFI Forecast: Slightly weaker sales mitigated by cost management

$000's	Actual	PFI	Change
Net Sales	114,998	117,792	-2.4%
Gross Margin	60,216	62,537	-3.7%
Gross Margin %	*52.3%*	*53.1%*	*-0.8pts*
Distribution and glazing	19,779	19,193	-3.0%
Selling and marketing	4,879	5,799	+15.8%
Administration expenses	12,029	14,221	+15.4%
Recurring EBIT (note 1) (EBIT before abnormals)	23,529	23,324	+0.1%
Abnormal expenses (note 2)	6,453	6,804	+5.2%
EBIT	17,076	16,520	+3.3%
Net interest	2,090	1,948	-7.3%
Profit before tax	14,986	14,572	+2.8%
Income tax	5,427	5,162	-5.1%
Profit after tax	**9,559**	**9,410**	**+1.6%**
Depreciation and amortisation	3,744	4,097	+8.6%
Recurring EBITDA (note 3)	27,273	27,421	-0.5%
Recurring EBITDA % to sales	*23.7%*	*23.3%*	*+0.4pts*

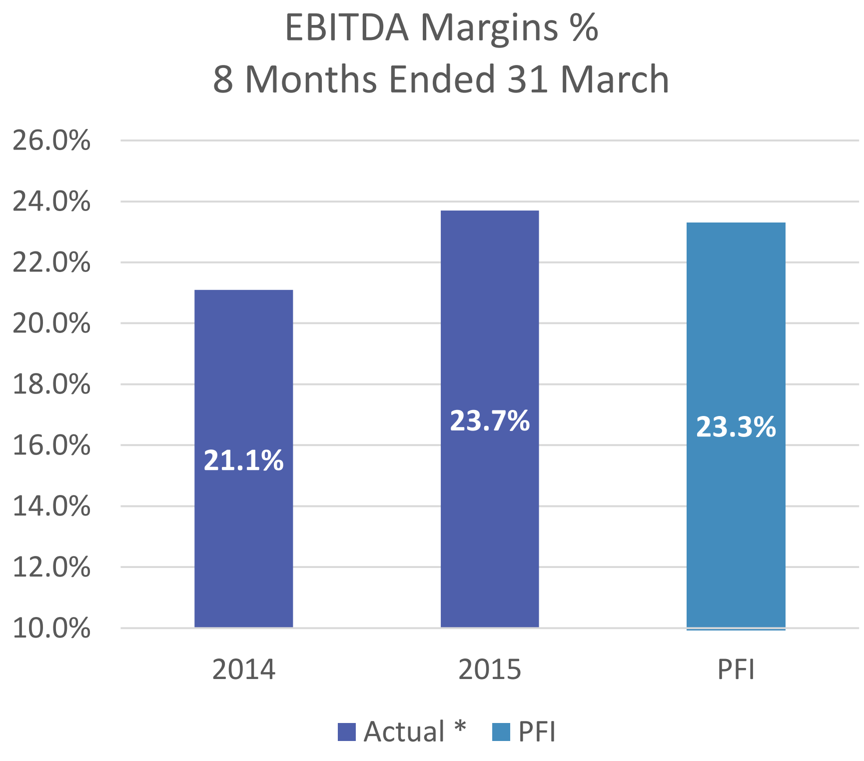
- Sales slightly weaker than PFI as consents did not convert into revenue as quickly as in the past.
- Reduced spending in marketing and overhead mitigated weaker sales.
- Abnormal expenses includes $4.0 million for IPO expenses and $2.4 million relating to the Auckland restructure.
- Net interest is higher than the PFI due to unfavourable interest rate hedge and lower average cash balance.
- Depreciation and amortisation lower than IPO due to delay in installation of automated edgework machine.

Notes:

1. Recurring EBIT is not a GAAP term and is EBIT less "abnormal items". Metroglass discloses this item separately to allow comparison over time. The GAAP profit and loss includes these items in administrative expenses.
2. Abnormal expenses is not a GAAP term and relates to one time expenses, Metroglass discloses this item separately to allow comparison over time. The GAAP profit and loss includes the IPO expenses of $3.9 million in administrative expenses and $2.4 million relating to Auckland restructure expenses in gross margin.
3. EBITDA and Recurring EBITDA are not a GAAP terms and stand for Earnings before interest tax and depreciation. Metroglass uses this to allow comparison between companies and years as it removes the impact of capital structure and fixed asset base.

Margins have met expectations

Cost savings in overheads and marketing have offset slightly lower sales and higher labour costs



- Raw material costs were flat as a % of sales, purchasing costs remain flat after impact of hedge on foreign currency purchases.
- Operating labour costs have increased as factory constraints have resulted in negative economies pre start-up.
- Other factory and processing costs have been well controlled and were lower as a % of sales.
- Marketing costs lower as programmes reduced.
- Overheads lower - public company costs lower than expected, management incentive reduced as some regions missed target.

* Actual EBITDA for 2014 is as per the predecessor group and is not directly comparable.

Abridged Balance Sheet / Capital Structure

Key Items As At 31 March $000's	Actual	PFI
Cash	7,609	11,375
Working capital	21,105	20,438
Other assets	353	1,843
Property plant and equipment (note 1)	46,244	48,865
Intangibles	125,397	125,397
Total Assets	200,708	207,918
Senior Debt	55,000	55,000
Other liabilities	3,029	2,950
Total liabilities	58,029	57,950
Net Assets	**142,679**	**149,968**
Equity	302,746	302,213
Retained earnings	9,559	9,410
Restructure reserve	(170,665)	(162,408)
Other reserves	1,039	753
Total Equity	**142,679**	**149,968**

Note 1: In this balance sheet software is shown as equipment rather than included in intangibles.

Auckland Site Consolidation Update

Auckland automation has gone to plan

In January we opened the new automated Auckland processing facility which is the most advanced in Australasia

- We are very pleased with the way the project has proceeded, on-time and on budget.
- Plant is now fully operational with the exception of the automated edgework machine. The automated edgework machine is currently being installed and will be fully operational by the end of July.
- Initial plant start-up issues were resolved by late March and DIFOT now consistently running at +90.
- Edgework has struggled to keep up with demand / complexity and the introduction of the automated edgework machine will significantly improve service levels in the edgework area.
- We believe we have held our market share through the transition period. Customers have remained loyal and service levels now exceed pre-consolidation levels.

Auckland site consolidation has gone very well

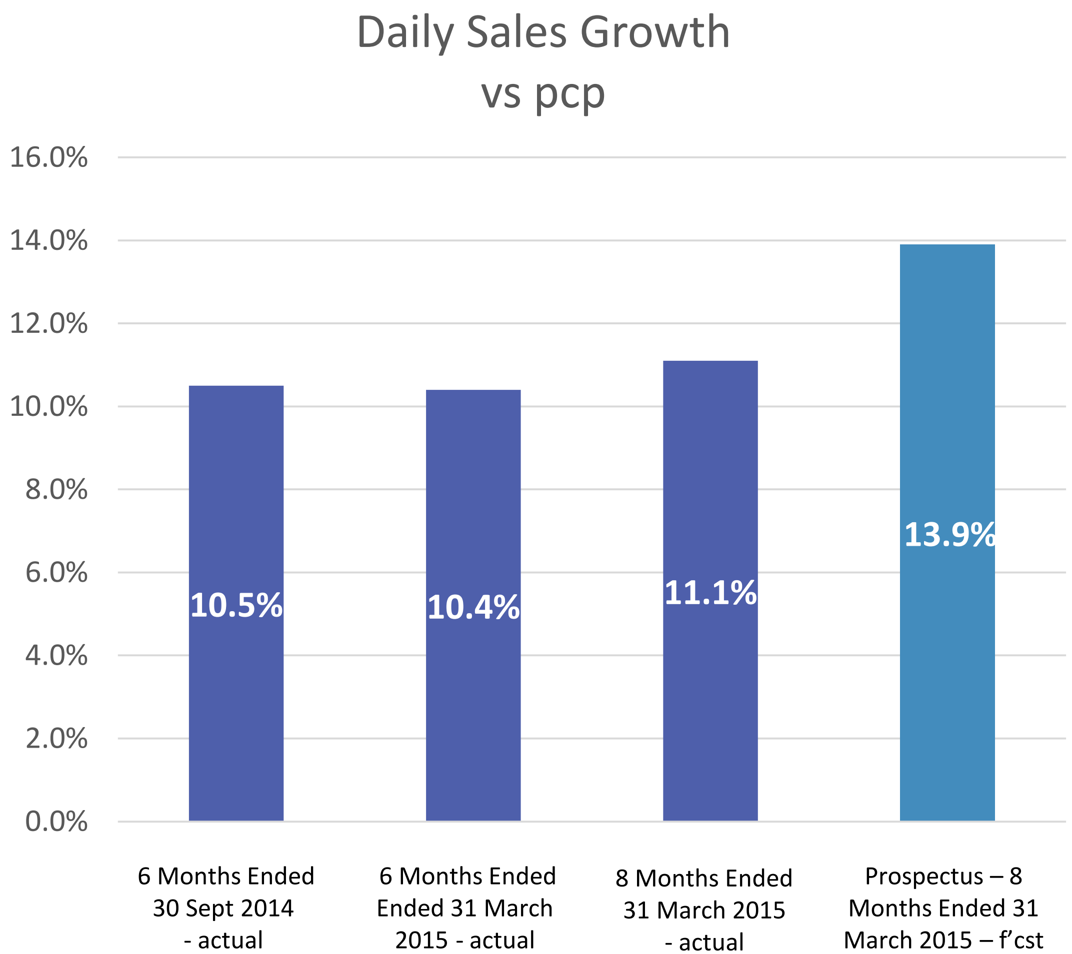
Auckland Restructuring Expenses		
Component $000's	Actual	PFI
Relocation and make good	919	1,300
Duplicated operating expenses	1,621	1,140
Redundancies	200	500
Onerous lease expense(1)	(350)	-
Total	2,423	2,940

- Project involved exiting 5 sites and opening 1.
- 2 sites fully exited, 1 sub-leased, 1 to be exited at 30 June 2015 (Patiki Road). 1 site being reviewed.
- Costs include provisions to fund final make good and cover ongoing operating expenses until sites fully exited.
- Overall site consolidation costs lower than anticipated.

1. The onerous lease expense was expensed in the prior year but part of the provision can be released due to lower cash outlays.

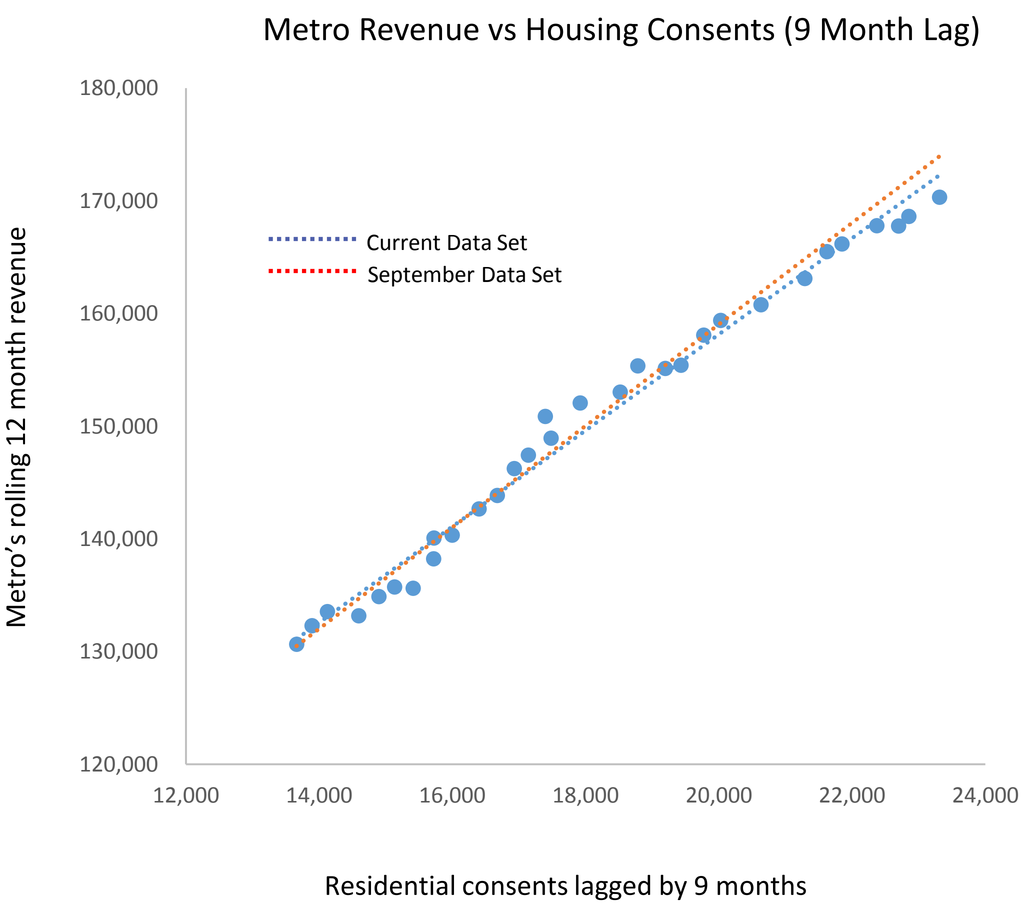
Sales and Market Update

Sales growth has not translated as expected



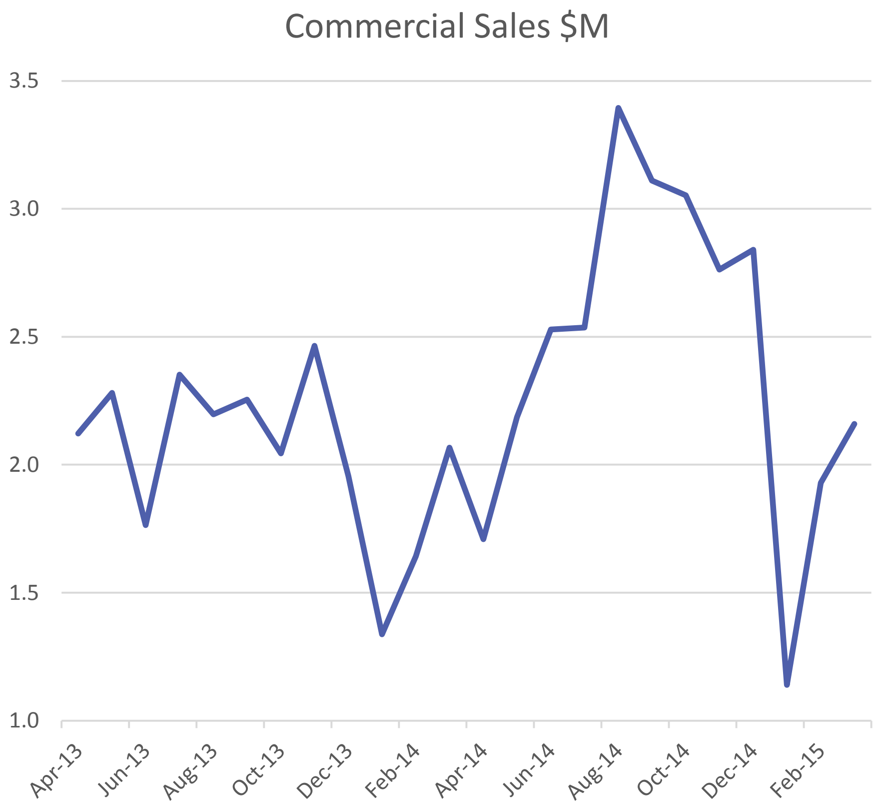
- Growth in window residential and commercial has performed strongly, particularly in Auckland and Christchurch
- Sales growth has not accelerated as contemplated in the prospectus.
- Sales growth has been softer since Christmas.
- We believe we have retained our market share.
- Lower North Island has underperformed consistent with shortfall in WPIP forecasts.

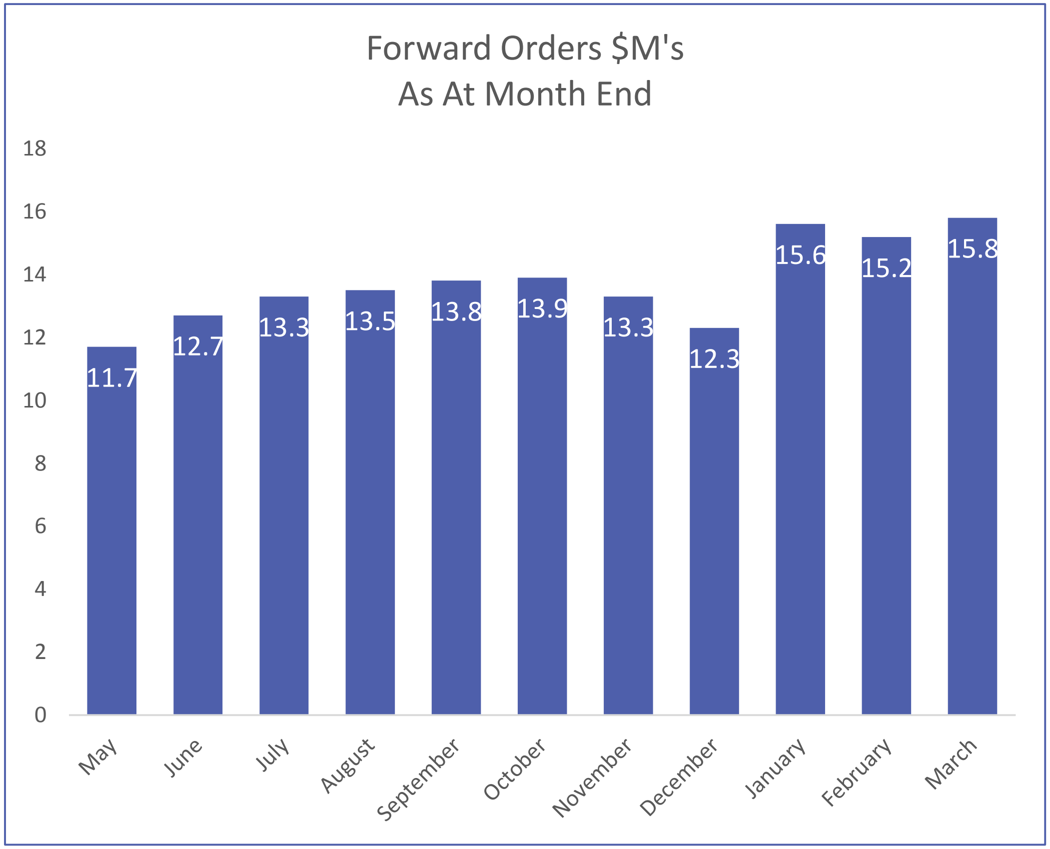
Consents have not converted into sales as quickly as in the past



- The last 6 months has seen a deviation in sales correlation with 9 month lagged residential consents.
- Last 6 data points would all be below the line of best fit assuming continuation of September line of best fit.
- We do not believe we are losing share but more that the construction industry is having difficulty converting consents into revenue.
- Our customers are indicating stronger future activity but this is not converting as quickly into revenue as in the past.
- We believe that market will be stronger for longer albeit with a lower peak.

The commercial pipeline continues to grow





The Commercial market is active

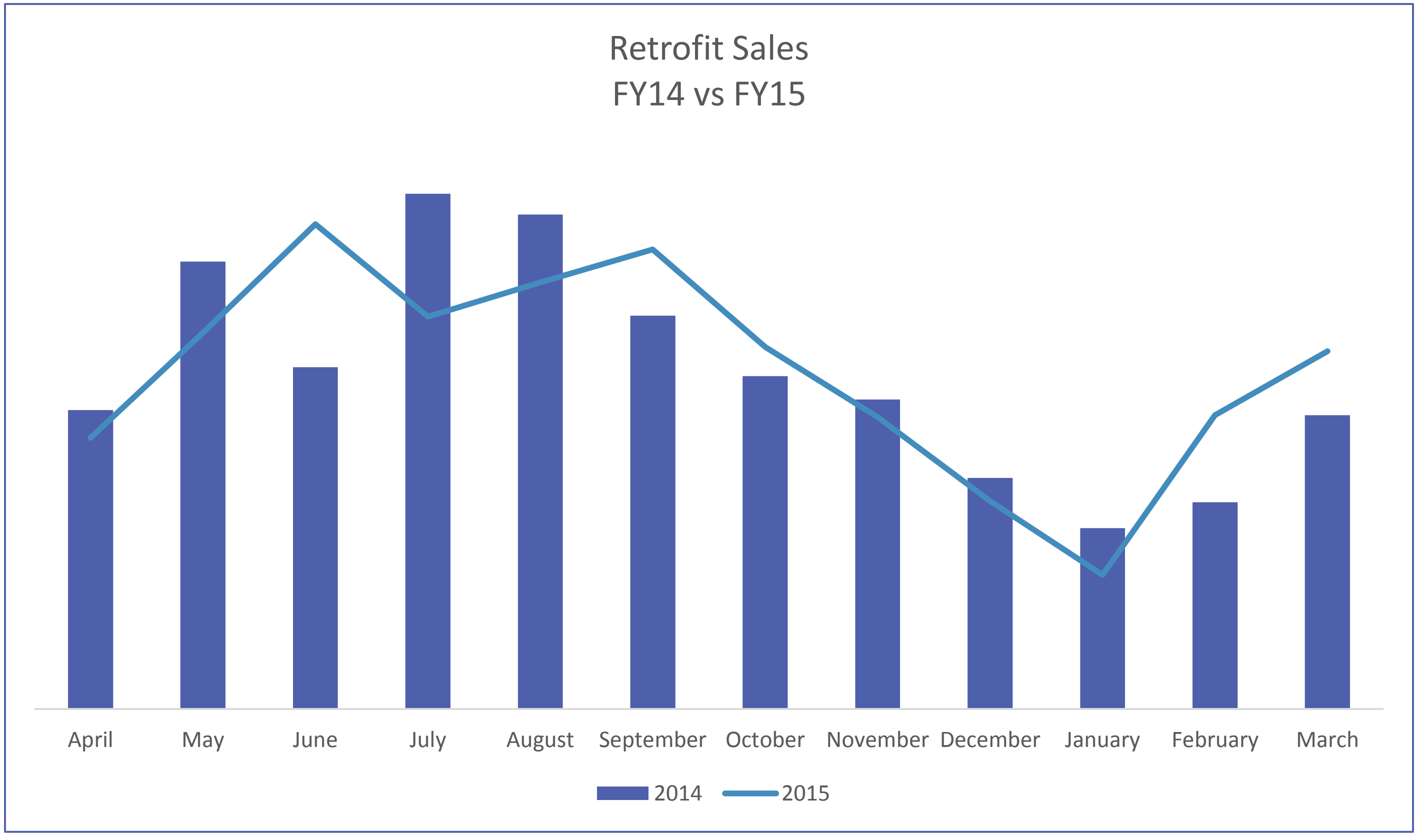
- Anecdotally, activity in the commercial sector is increasing. We are now quoting an increasing volume of work.
- Our increase in forward work (acceptances) supports this.
- Conversion of acceptances to revenue is hard to predict with some jobs experiencing continual delays.
- Commercial delays in Christchurch are more pronounced but commercial delays are a common theme.
- Makes forecasting difficult and consequently resource allocation is becoming more challenging.

Awly Building

Burwood Hospital

Retrofit Update

Retrofit sales have started to accelerate



We launched TV in the third week of April which is the lynch pin of our promotional activity

Television

- Peter Wolfkamp, a well recognised and reputable builder fronts the new TV Campaign. Peter is a Licensed Building Practioner who is well known for his role on TV3's The Block. Peter is a recognisable figure in New Zealand and adds credibility to the RetroFit brand.
- TV campaign runs over ten weeks from the 19th April to 27th June on Free to Air and Sky networks, with spots in Prime Time viewing.

Print

- Advertorial on RetroFit in the New Zealand Herald special feature Spaces.
- Advertising to feature in the main regions following TV campaign.
- Regional RetroFit advertising supporting regional Metro Direct businesses.

Web

- A brand new modern, easy to navigate website has been launched to support the TV campaign.
- The website features the benefits of double glazing, the installation process, and includes customer testimonials.
- Google Adwords campaigns for retrodg.co.nz ensure the website remains at the top of the Google search results for terms such as double glazing.

In addition, we have improved our installation teams to ensure effective delivery and higher productivity

- Install teams have been fully trained on timber and aluminium retrofits and use the latest tooling and installation techniques to improve productivity, quality and the volume of installations.

- Installation lead times have been improved by making use of wet weather gear and shelters to ensure the Retrofit install teams maintain productivity in rainy weather all year round.

- New quoting tools for the sales team have been deployed to improve the productivity of calls, quality of the quotes and the response times for approval of quotes from customers.

- New sales presentation kits have been formalised to improve the homeowners knowledge of the Retrofit value proposition which invariably improves the sales strike rate.

Outlook

METRO
PERFORMANCE GLASS

Glass Acquisition

- On 2 April Metro acquired the assets of Mainland Glass.
- Mainland Glass is a small glass processor in Christchurch.
- The integration was seamless and without incident.
- Ongoing we may make small bolt-on acquisitions that either add to our distribution footprint or our product range. Where that acquisition makes a return and makes sense.
- In conjunction with this we are constantly reviewing our portfolio to grow both our distribution and product range organically.

Outlook

- The inability (of the industry) to convert consents into revenue as quickly as in the past could negatively impact short term revenue growth.
- We believe the cyclical increase in housing construction will continue for longer, albeit with lower peaks.
- Commercial sales are increasing as a % of sales but timing of some commercial projects is increasingly being delayed.
- We are ahead of schedule in respect to cost savings attributable to the Auckland automation project.
- The above factors could make the achievement of the PFI sales target for the six months more challenging:
  - Achieving sales growth consistent with lagged consent growth
  - Achieving the necessary cost savings, particularly if sales lag.
- Given the above factors we will be better placed to update the market at, or prior to, the Company's AGM which is scheduled for August 26.

Summary and Q&A

Summary

- A good start for Metro Performance Glass
  - PFI earnings achieved
  - Auckland consolidation completed
  - New Auckland plant up and running
  - Platform laid for Retrofit
- Overall building activity remains robust, but the conversion of residential consents into revenue is lagging. Similarly, commercial activity is strong but again conversion into revenue is lagging.
- Given these dynamics, forecasting revenue is challenging. We are positioned to reduce costs should revenue not be achieved. Should future activity not convert to revenue as it has historically, the PFI for six months to September 2015 may be at risk.
- The Directors have declared a dividend of 3.6 cents per share (fully imputed for New Zealand shareholders) payable 4 August 2015 to registered shareholders at 5 pm on Monday 20 July 2015.

Contact information

Metro Performance Glass Limited

5 Lady Fisher Place, East Tamaki
Auckland 2013
New Zealand
Ph: + 64 9 927 3000

www.metroglass.co.nz/

Nigel Rigby – Chief Executive Officer
nigel.rigby@metroglass.co.nz
(64) 9 927 3000

John Fraser-Mackenzie – Chief Financial Officer
john.fraser-mackenzie@metroglass.co.nz
(64) 9 927 3010