Metro Performance Glass

Results for the 12 months ended 31 March 2016

METRO
PERFORMANCE GLASS

Agenda

1. Year in review – Nigel Rigby, CEO
2. Financial results – John Fraser-Mackenzie, CFO
3. Market trends – Nigel Rigby
4. Strategy and operational priorities – Nigel Rigby

Financial highlights for 2016

1. **Results within guidance despite external industry constraints:** revenue grew approximately +10% on a pro-forma basis to $188.0m. Achieved EBITDA of $37.5m and NPAT of $20.5m

2. **Achieved strong growth in sales to residential window manufacturers:** estimated market share of double glazed units increased by circa. +3% vs. the prior year

3. **Committed commercial forward order book grew +70% to $27.0m:** enhanced our commercial offer, glazing capabilities and resources; however are carrying costs ahead of the execution curve

4. **Retrofit double glazing revenue grew +39% to $14.1m:** continuing to invest in market development and business infrastructure to accommodate rapid growth

5. **Continued to invest in Metro Glass' distribution channels:** completed three bolt-on acquisitions and invested further in the downstream Metro Direct network

6. **7.6 cps (fully imputed) dividends declared in 2016:** gross dividend yield of 6.6% on the average daily close share price during the year ended 31 March 2016

Operating performance in 2016

1. **Record volumes of glass processed in all four plants:** including a +79% increase in sales of high performance LowE glass

2. **Continued to invest in product leadership:** installed new value adding equipment including market leading edge-working machinery, digital printing, lamination and heat soak equipment

3. **Customer service levels were variable and below our high in-house standards:** as the processing plants adapted to record volumes, higher complexity glass, new equipment and external industry constraints

4. **The new Auckland factory is running to expectations:** labour productivity improved, but we see further opportunities to drive continued optimisation

5. **Our national health and safety program made good progress:** investments made in new equipment, systems and processes delivered strong results

6. **Staff numbers grew from ~750 to ~800:** primarily additional glazing and sales roles

Financial results

Summary financial performance

Key P&L items ($000)	FY16 (12 months)	FY15[1,2] (8 months)
Revenue	**188,037**	**114,998**
Cost of sales	90,724	57,205
Gross profit	**97,313**	**57,793**
Gross profit %	*51.8%*	*50.3%*
Distribution and glazing	35,329	19,779
Selling and marketing	8,774	4,879
Administration expenses	23,086	16,059
EBIT (or operating profit)	**30,124**	**17,076**
Net interest	3,170	2,090
Income tax	6,459	5,427
Net profit after tax	**20,495**	**9,559**
Basic earnings per share (cents)	11.1	5.3
Depreciation & amortisation	7,335	3,751
EBITDA	**37,495**	**20,827**

Notes:

1. *Full year comparative figures cannot be provided because the Company began trading only at the time it acquired Metroglass Holdings Limited at the time of NZX / ASX listing in July 2014.*
2. *The FY15 P&L above reflects as reported numbers, and has not been adjusted for the impact of abnormal IPO and restructuring expenses totalling $6.5m. These adjustments are detailed in the FY15 Investor Presentation released in May 2015.*

- Revenue grew to a record $188.0m, broadly in line with guidance and up approximately +10.0% on a pro-forma basis
  - Pleasing given continued external industry constraints relating to execution of commercial projects and supply of certain materials
  - Daily revenue in second half grew +8.5% vs. first half
- Gross profit increased through the year as processing labour productivity improved
- Maintaining a higher glazing cost base ahead of executing significant book of future commercial projects
- Continuing to invest in infrastructure supporting the growing Retrofit business
- FY16 income tax expense benefited from one-off adjustments relating to FY15 IPO expenses and lease incentives
- NPAT of $20.5 million, within the guidance range

Summary cash flow & balance sheet

Key cash flow items ($000)	FY16 (12 months)	FY15[1] (8 months)
Operating cash flows	27,605	23,006
Capital expenditure	11,432	20,462
Dividends paid	13,322	-

Key balance sheet items ($000)	FY16	FY15
Working capital[3]	21,970	19,264
Property plant & equipment	47,997	43,496
Total assets	230,910	218,229
Net debt	43,596	47,391
Total shareholders equity	148,634	142,679

Notes:

1. *Full year comparative figures cannot be provided because the Company began trading only at the time it acquired Metroglass Holdings Limited at the time of NZX / ASX listing in July 2014.*
2. *Gearing: net interest bearing debt / (net interest bearing debt + equity).*
3. *Working capital: trade & other receivables + inventory – trade & other payables.*

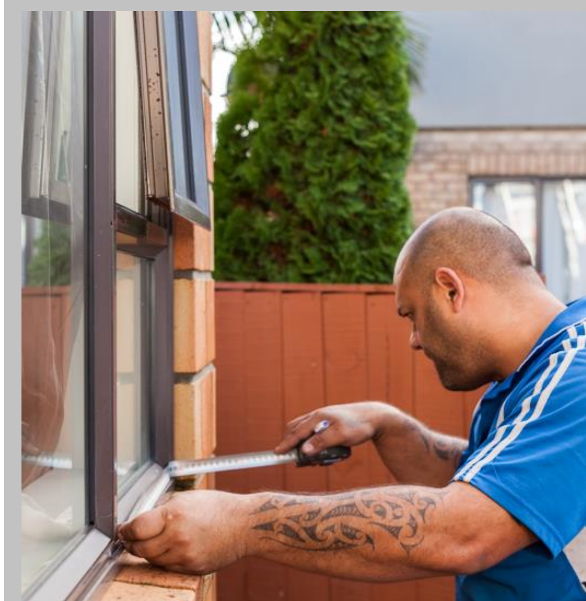
- Major processing capacity expansion programme now complete. FY16 capital expenditure included:
  - Installation of additional market leading glass machinery, largely in Auckland
  - Upgrading and expanding the service vehicle fleet
  - Bolt on acquisitions (~$2.5m)
- FY15 final dividend of 3.6 cps paid in August 2015 and the FY16 interim dividend of 3.6 cps paid in January 2016
- Inventory holdings increased due to the increased commercial forward book and execution delays
- Financial position remains strong with gearing[2] at 22.7% (24.9% as at 31 March 2015) providing adequate financial flexibility to fund future growth opportunities
  - Financing facilities in place totaling $75m with ~$27m undrawn at 31 March 2016
- Leverage and interest cover ratios are well within our financial covenants

FY16: final dividend

- The Board has declared a fully imputed interim dividend of 4.0 cents per share, to be paid on 25 July 2016 to all shareholders on the register as at 8 July 2016
- This brings total dividends declared for FY16 to 7.6 cps, equating to 64% of NPATA[1]
  - This pay-out is consistent with the company's dividend policy of paying between 55% and 75% of full year NPATA, weighted towards the second half of the financial year
  - Gross dividend yield[2] of 6.6% on the average daily close share price during the year ended 31 March 2016

[1] NPATA is defined as net profit after tax before the amortisation of acquisition related intangibles and its associated tax effect.

[2] Includes both the declared dividend and associated imputation credits.

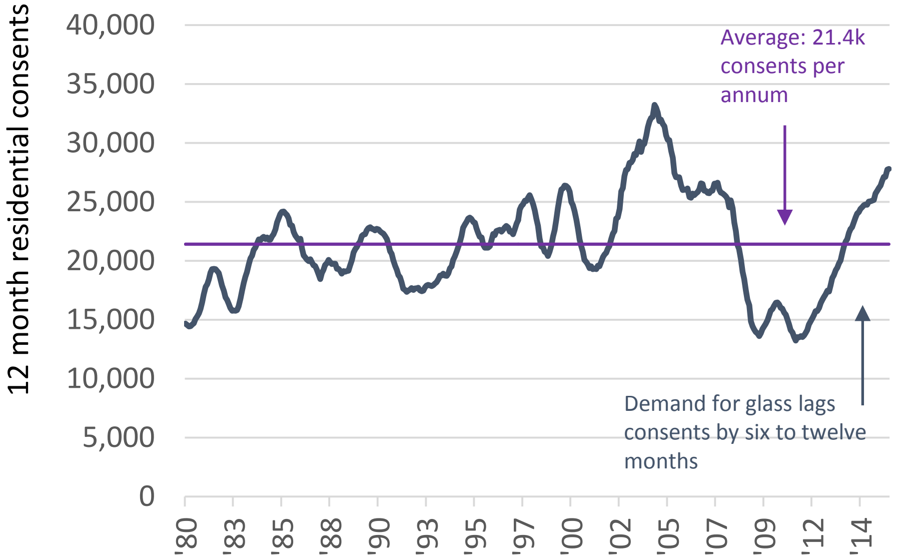


Market trends

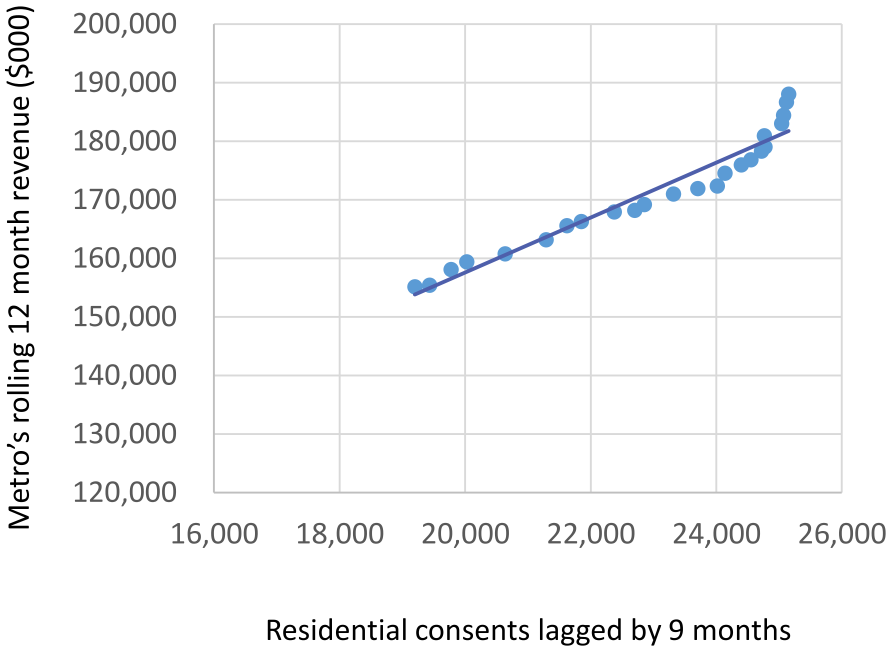
Market conditions: macro trends

- Construction activity and building consents have returned to pre global financial crisis levels, backed by record net migration, low interest rates and continuing positive momentum in building activity
- Revenue increased approximately +10% on a pro-forma basis, ahead of 9 month lagged residential consents +8%

New Zealand residential new build consents - previous peak was 33,281 units in June 2004



Revenue remains aligned to 9 month lagged housing consents – but the relationship is diverging as Metro Glass' mix now includes increasing proportion of commercial and Retrofit revenue

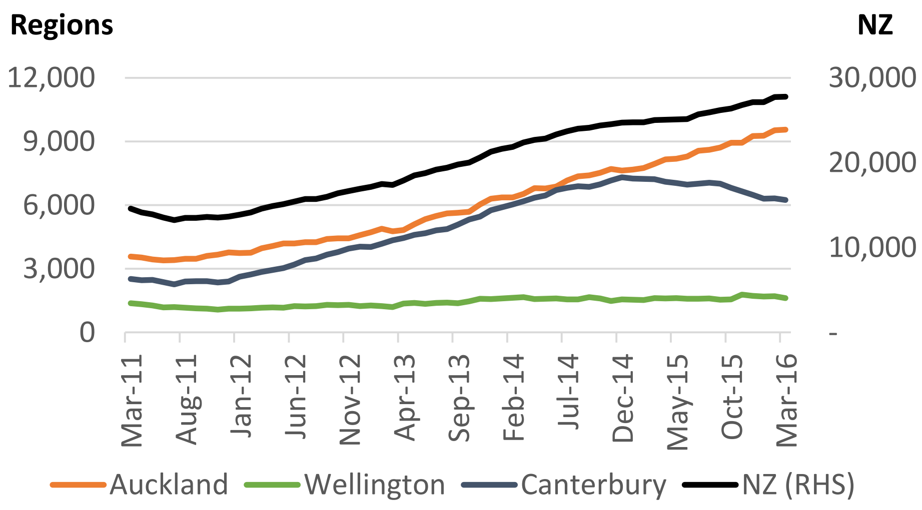


Source: Company information, Statistics NZ (January 1980 – March 2016)

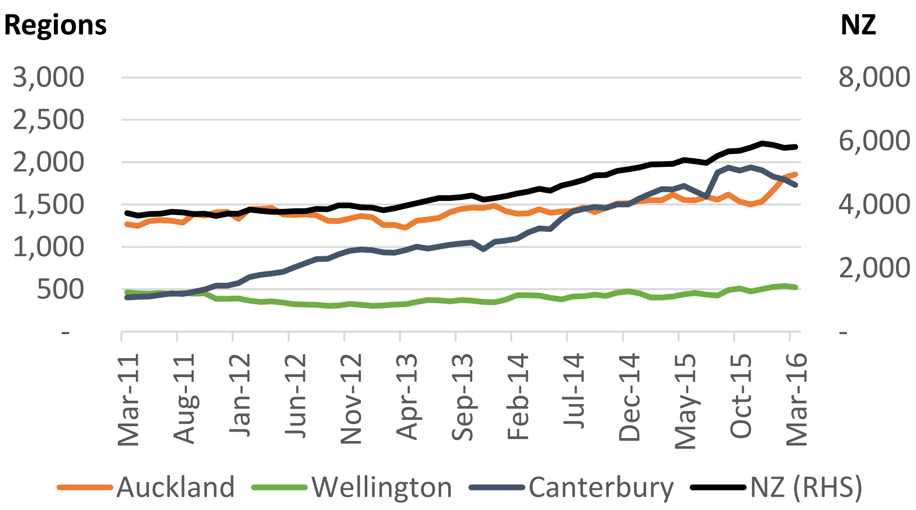
Market conditions: regional trends

- Residential building consent issuance grew 11% year on year, with consents for the twelve months to March reaching ~27,800, led by Auckland +20% and surrounding regions (Waikato +34%, Bay of Plenty +45%)
- The Canterbury residential rebuild is nearing completion and consents have begun declining, as anticipated (-13%)
- Commercial construction activity continues to be lumpy but is on an upward trajectory with a significant pipeline of projects yet to gain consents
- The construction industry faced continuing capacity constraints during the financial year

Residential dwelling consents (last 12m)



Non-residential consent value (Last 12m, $m)



Source: Company information, Statistics NZ (March 2011 – March 2016)

Strategy and operational priorities

Metro Performance Glass’ business model

Driven by customised product, short lead times and a broad product range that requires flexible manufacturing equipment and processes

Customised product

- New Zealand residential windows are generally measured to size once a house is built to take into account variations in window size
- There is a culture of made-to-order customisation when building houses in New Zealand
- There are few large project builders in New Zealand (~75% of houses built by builders doing <30 houses p.a.)

Short lead time

- Industry standard for delivery of windows and other glass products is less than 3 days for window fabricators
- Broad geographical spread requires strong distribution capabilities and a national network
  - ~50% of population in areas <150,000 people
  - Metro Glass has 17 sites across NZ, including four major processing sites
- Complex delivery model – increasing due to weight of double glazed units (DGU) & shelf life of performance glass

Broad product range

- Wide range of quality glass products - “one stop shop”
  - High technology glass, including LowE
  - Thicknesses ranging from 2mm to 19mm
  - Digital printing, painting, toughening and lamination
  - Many effects (e.g. tinted, figured, mirrored)
  - Double glazed windows, cut-to-size balustrades, shower screens, splashbacks, safety glass, doors, etc.
  - EzyClean protective coating

Flexible manufacturing equipment and processes

- Automated manufacturing that is flexible enough to allow for mass customisation with short lead times
- Differentiated from other glass markets that are either annealed cut-to-size markets (like Australia) or very standardised
- New Zealand low cost driven by scale and automation
- Full service offering with on-site and structural glazing

Metro Performance Glass’ business strategy

Metro Glass’ scale, IP and people enable the company to consistently deliver leadership in three key disciplines:

Customer intimacy

- Building a consumer glass brand
- Business to business service relationships – ease of business and innovation, logistics to the customer, customer efficiency
- Full service offering through to glazing

Product leadership

- World leading technology in NZ first
- LowE performance windows
- Image glass – print, paint, screen
- Lamination, heat soak, safety, EzyClean
- Hardware and fixings

Customer responsiveness

Product differentiation

Operational competence

Operational excellence

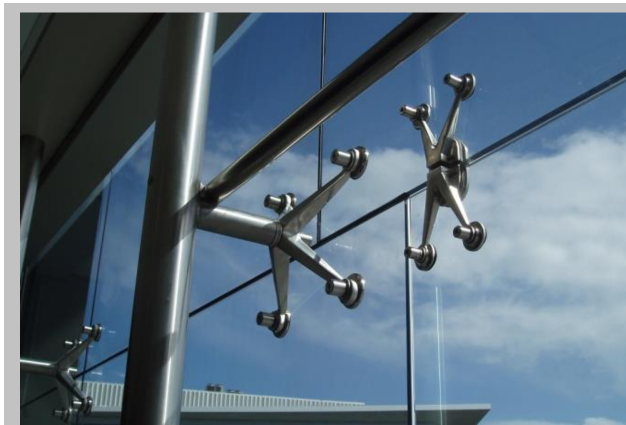
- NZ lowest cost, Asia Pacific low cost
- Throughput advantage and waste minimisation

The company is enjoying favourable market conditions and is well positioned for the future

Review of 2016's operational priorities

	Operational priority	Achievements
1	**Drive top line growth and glass category share**	✓ Revenue growth of approximately +10% on a pro-forma basis ✓ Estimated DGU market share increased by circa +3% ✓ Invested in our channel to market through existing Metro Direct sites and bolt-on acquisitions
2	**Deliver manufacturing excellence to achieve our desired service and cost leadership position**	✓ Record volumes of glass processed in all four plants ✓ Invested in equipment and capability to deliver continued product leadership × Customer service levels were variable and below our high in-house standards ✓ The Auckland factory performed to expectation but further optimisation yet to come ✓ Delivered good Health & Safety results on the back of investments in equipment, systems and processes
3	**Capture an increasing share of the growing commercial construction market**	✓ Forward book of commercial projects grew +70% to $27m ✓ Continuing to enhance our commercial offer, glazing capabilities and resources; however carrying costs ahead of the execution curve
4	**Drive the Retrofit double glazing replacement business**	✓ Retrofit double glazing revenue grew +39% to $14m ✓ Continuing to invest in market development and business infrastructure to accommodate rapid growth

Appendix



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Explanation of non-GAAP profit measures

Non-GAAP financial measures

- Our results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS
- The non-GAAP financial measures used in this presentation include:
  - EBITDA: calculated by adding back (or deducting) finance expense / (income), taxation expense, depreciation, and amortisation, to net profit after tax
  - EBIT: calculated by adding back (or deducting) finance expense / (income), and taxation expense to net profit after tax
- 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

Financial period to 31 March; $000	FY16 (12 months)	FY15[2,3] (8 months)
Net profit after tax (or Profit for the period)[1]	20.5	9.6
Add: taxation expense[1]	6.5	5.4
Add: net finance expense[1]	3.2	2.1
EBIT[1]	30.1	17.1
Add: depreciation & amortisation[1]	7.3	3.8
EBITDA	37.5	20.8

Notes:

1. Extracted from audited financial statements
2. Full year comparative figures cannot be provided because the Company began trading only at the time it acquired Metroglass Holdings Limited at the time of NZX / ASX listing in July 2014
3. The FY15 P&L above reflects as reported numbers, and has not been adjusted for the impact of abnormal IPO and restructuring expenses totalling $6.5m. These adjustments are detailed in the FY15 Investor Presentation released in May 2015

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Disclaimer

Please do not read this presentation in isolation

This presentation supplements our full year results announcement dated 26 May 2016, the preliminary FY16 financial statements. It should be read subject to and in conjunction with the additional information in that release, and other material which we have released to the NZX & ASX.

There is no offer or investment advice in this presentation

This presentation is a summary for information purposes only, it does not purport to be complete, accurate or independently verified. Any forward looking statements are subject to known and unknown risks, uncertainties and assumptions, so may not be correct.

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 take into account any person's individual circumstances or objectives. Every investor should make an independent assessment of Metro Performance Glass Limited on the basis of 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.

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