

**Trading update and guidance on results for the 2017 financial year**

Metro Performance Glass (NZX.MPG, ASX.MPP, Metro Glass) today provides an update on its recent trading results and guidance on its expected FY2017 financial results.

Subject to market conditions in the balance of the financial year, Metro Glass estimates that full year FY2017 results will be in the following range\*:

NZ\$m	FY2017 Guidance	FY2016 Actual
<b>Revenue</b>	<b>240.0 – 245.0</b>	188.0
<b>Normalised EBITDA</b>	<b>43.0 – 45.0</b>	37.5
<b>Reported EBITDA</b>	<b>42.0 – 44.0</b>	37.5
<b>Reported NPAT**</b>	<b>19.0 – 20.5</b>	20.5

\* The FY2017 guidance includes seven months of trading from the recently-acquired Australian Glass Group (AGG), for which we estimate sales in the range of NZ\$27.0 - \$29.0m and EBITDA in the range of NZ\$4.0 - \$5.0m. Metro Glass incurred \$1.0m of one-off, non-deductible due diligence expenses when acquiring AGG. Normalised EBITDA excludes these expenses.

\*\* The company will have a higher effective tax rate in FY2017 (~31% in FY2017 vs. 24% in FY2016) due to one-off items including the non-deductible acquisition expenses in FY2017 and deductible IPO and lease related expenses in FY2016.

Update on New Zealand trading

Whilst Metro Glass’ sales in the year to date have grown considerably versus last year, sales have recently lagged behind the company’s expectations due to a faster-than-expected slowdown in the Canterbury residential market and a short-term drop in activity in Wellington following the November 2016 earthquake. That said, we still expect healthy revenue growth in New Zealand for the second half of circa. 10% year on year, versus 18% in the first half.

Metro Glass Chief Executive Officer Nigel Rigby said: “We continue to target both a service and cost leadership position through manufacturing excellence and customer focus, though delivering well on these targets is difficult during periods of growth in both volume and product complexity.

“Scaling up our production and distribution capability in the North Island has added to operating costs in the short term. For example, the Auckland plant transitioned to a new shift structure in late 2016 to meet increased demand. This change was implemented at a very busy time of the year, and while it increased processing capacity it also resulted in short-term inefficiencies.

“Meanwhile, momentum in the commercial project market continues to fluctuate, with certain large projects in particular facing protracted installation timetables. This volatility has resulted in inefficiencies for Metro Glass in production planning and inventory and labour management.

“As a growth business Metro Glass is also continuing to strategically invest in business opportunities that are developing well but are yet to contribute significantly to the company’s profits.”

Update on Australian trading

“The integration of AGG with Metro Glass is on track and the business has been trading to our expectations. We are pleased with the early positive gains AGG has made in manufacturing efficiency since joining Metro Glass, affirming our belief in the longer-term opportunity this strategic step presents.” Mr Rigby said.

## Summary

Chairman Sir John Goulter noted that “balancing the demands of processing and installing record volumes with our focus on excellent customer service continues to be challenging. While the company is weathering some growing pains we remain confident in its business strategy. Reinforced by the supportive construction market outlook, we expect the company’s revenue to grow for several years.

“However, we need to further focus on automation, process and cost savings across manufacturing, logistics and glazing. Such focus will involve some additional costs, but over the medium to long term we are confident they will deliver significant value to the business.”

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## **Conference call**

Metro Glass will host a conference call today to discuss this trading update and the FY2017 guidance. The conference call is scheduled to begin at **11:30am NZDT, 9:30am AEDT**. A transcript or recording of the call will be uploaded to Metro Glass’ investor website following the call.

To join the conference call, participants will need to dial in to one of the numbers below at least 5 minutes prior to the scheduled call time and identify yourself to the operator. When prompted, please quote the conference code of: **6856748**

New Zealand Toll Free	0800 423 970	International	+64 (0)9 9133 622
Australia Toll Free	1800 573 793	Australia	+61 (0)2 9193 3706
Hong Kong Toll Free	800 961 105	US/Canada Toll Free	+1 719 457 2086

## **Appendix: Explanation of non-GAAP measures of financial performance**

Metro Performance Glass’ results are reported under New Zealand International Financial Reporting Standards (NZ IFRS). This release includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in this release include:

- **Reported EBITDA:** calculated by adding (or deducting) finance expense / (income), taxation expense, depreciation, and amortisation, to net profit after tax
- **Normalised EBITDA:** calculated by adding back the impact of one-off, non-deductible AGG acquisition related expenses totalling \$1.0m to EBITDA
- **Reported NPAT:** net profit after tax (equivalent to profit for the period)

Metro Glass believes that these non-GAAP financial measures provide useful information to readers to assist in the understanding of the company’s 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.

## **About Metro Performance Glass**

Metro Performance Glass (NZX.MPG; ASX.MPP) is the largest value added glass processor in New Zealand. It produces a range of customised glass products that are predominantly used in residential and non-residential construction applications such as windows, doors, internal partitions, balustrades, facades, showers, mirrors, furniture and splash backs. Metro Performance Glass has national NZ coverage through its 17 sites, including four major processing sites, a fleet of over 350 service vehicles and more than 850 employees across New Zealand. Additionally, the company acquired Australian Glass Group, the third largest glass processor in Victoria and New South Wales in September 2016. Learn more: [www.metroglass.co.nz](http://www.metroglass.co.nz), [www.australianglassgroup.com.au](http://www.australianglassgroup.com.au)