Metro Performance Glass

FY17 Full-Year Result Presentation

25 May 2017

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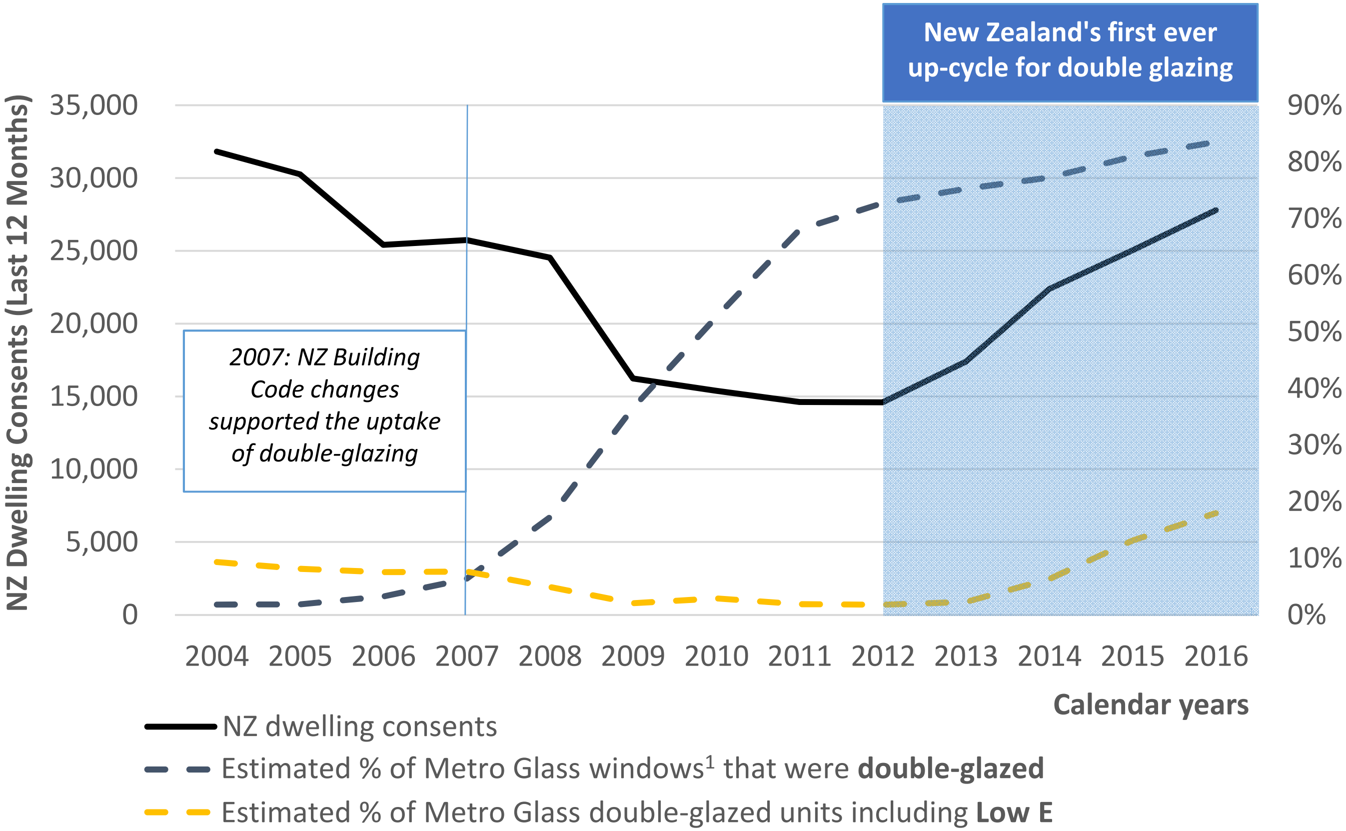
Agenda

1. **Market update and results overview** – *Nigel Rigby, CEO*
2. **Financial results** – *John Fraser-Mackenzie, CFO*
3. **Market trends** – *Nigel Rigby*
4. **Update on growth initiatives** – *Nigel Rigby*
5. **Strategy and outlook** – *Nigel Rigby*

A longer-term view: transformation of Metro Glass' production



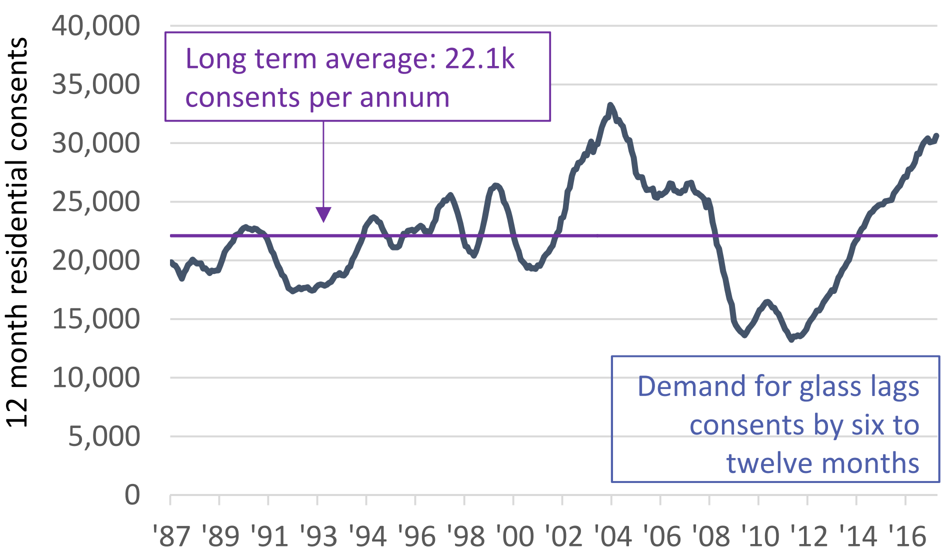
- Before the Building Code changes in 2007, circa. 90%+ of Metro Glass' window manufacturing were single panes of glass, with double-glazed units being < 10%
- Today, double-glazed units generate more than half of our revenue and account for more than 80% of all window glass we process
- The use of more complex products like digital printing, screen printing, lamination and low emissivity glass (Low E) is also rapidly increasing. Low E is now utilised in c. 20% of all of double-glazed units produced

[1] *Includes residential, commercial & RetroFit window manufacturer sales.*
Source: Statistics NZ (March 2005 – March 2017), Company information.

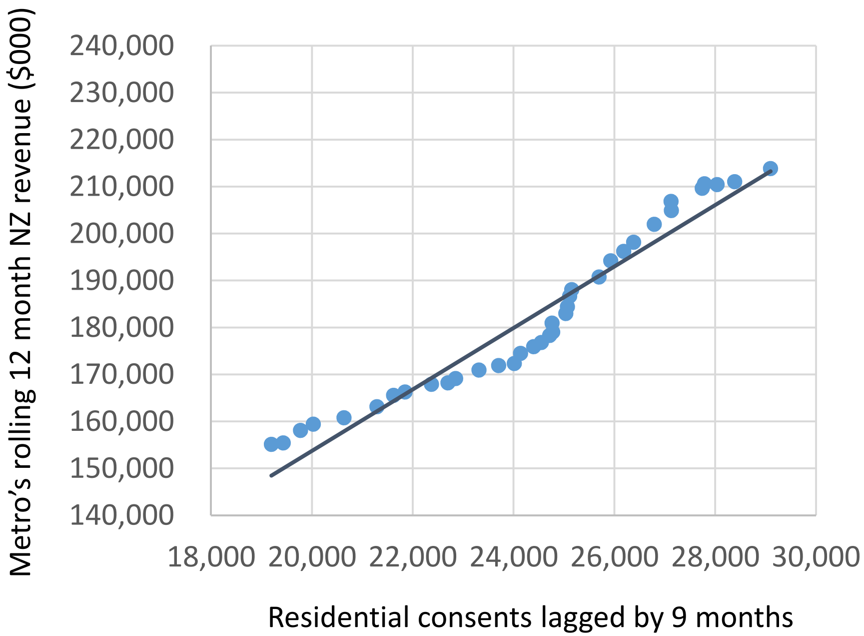
Macro conditions in New Zealand

- Low interest rates, strong net migration, a robust economy and the persistent housing shortage in the upper North Island are continuing to fuel a supportive market backdrop. Activity in Canterbury is expected to continue its decline

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



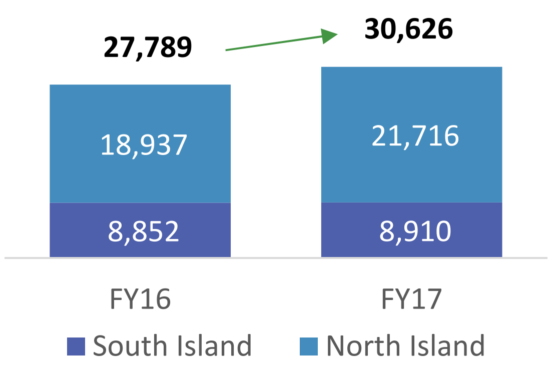
Total New Zealand revenue remains aligned to 9 month lagged NZ housing



Source: Company information, Statistics NZ (April 1987 – March 2017)

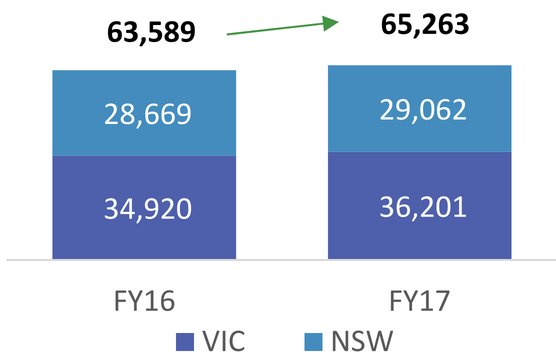
Residential and non-residential backdrops remain supportive

New Zealand – # of residential consents[1]



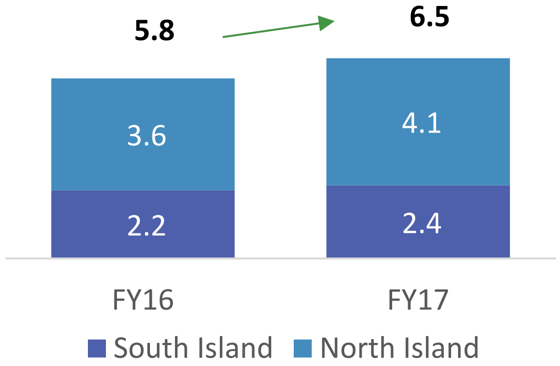
- Residential dwelling consents for the 12 months to 31 March 2017 rose +10%
- North Island + 15%
- South Island + 1% (Canterbury -8%)

Victoria & New South Wales – # of detached dwelling approvals[3]



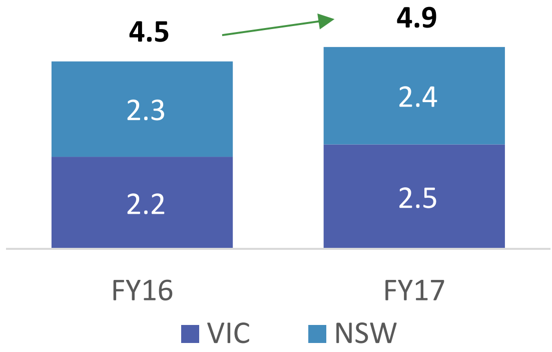
- Detached dwelling (house) approvals for the 12 months to 31 March 2017 in VIC/NSW rose +3%
- Victoria + 4%
- New South Wales + 1%

New Zealand – value of non-residential consents ($bn)[2]



- The value of non-residential dwelling consents for the 12 months to 31 March 2017 rose +11%
- North Island + 14%
- South Island + 7%

Victoria & New South Wales – value of A&A (A$bn)[4]



- The value of alterations and additions for the 12 months to 31 March 2017 in VIC/NSW rose +8%
- Victoria + 13%
- New South Wales + 2%

1. *Source: Statistics NZ, number of residential dwelling consents (12 months to 31 March 2017).*
2. *Source: Statistics NZ, value of non-residential consents (new plus altered; 12 months to 31 March 2017).*
3. *Source: Australian Bureau of Statistics, 8731.0 Building Approvals, Australia, tables 22 and 23 (12 months to 31 March 2017).*
4. *Source: Australian Bureau of Statistics, 8731.0 Building Approvals, Australia, tables 43 and 44 (12 months to 31 March 2017).*

FY17: Full year result highlights

1. Group revenue rose 30% to $244.3m[1] including seven months of trading from Australian Glass Group (AGG)[2]. Excluding AGG, NZ revenue rose 14% to $213.8m
2. Normalised EBITDA[3] rose 20% to $44.9m; Normalised NPAT[3] rose 11% to $21.3m
3. Completed the acquisition and integration of AGG
4. Commercial glazing revenue grew 23% to $51.0m
5. RetroFit double glazing revenue grew 23% to $17.2m
6. Declared a fully-imputed final dividend of 4.0 cents per share, taking total FY17 dividends to 7.6 cents per share

[1] *All prior period comparisons are to the full year ended 31 March 2016 (FY16) unless otherwise stated.*

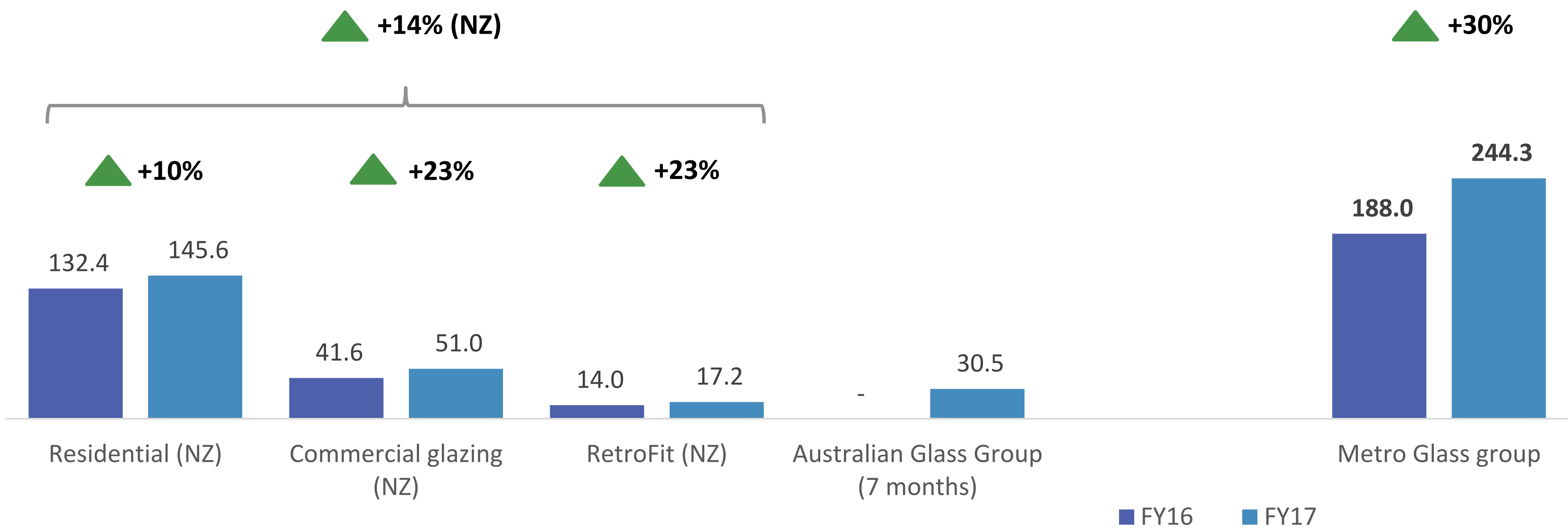
[2] *Metro Glass acquired Australian Glass Group on 1 September 2016.*

[3] *Normalised EBITDA and normalised NPAT are non-GAAP measures of financial performance. Additional details are provided on slide 28 of this release.*

Financial results

FY17: Group revenue

Metro Glass group revenue (NZ$ million)[1,2]



Residential sales to (1) window manufacturers, (2) merchants, and (3) retail.

Notes:

1. *The allocation of sales between residential and commercial application is difficult as Metro Glass doesn't always know the end use of a piece of glass. Commercial sales noted here are those that are those sales captured in Metro Glass' four commercial glazing entity P&Ls, and will include some residential glazing sales and services.*
2. *Residential revenues include sales to residential window manufacturers, merchants, and retail.*

FY17: Full year results summary

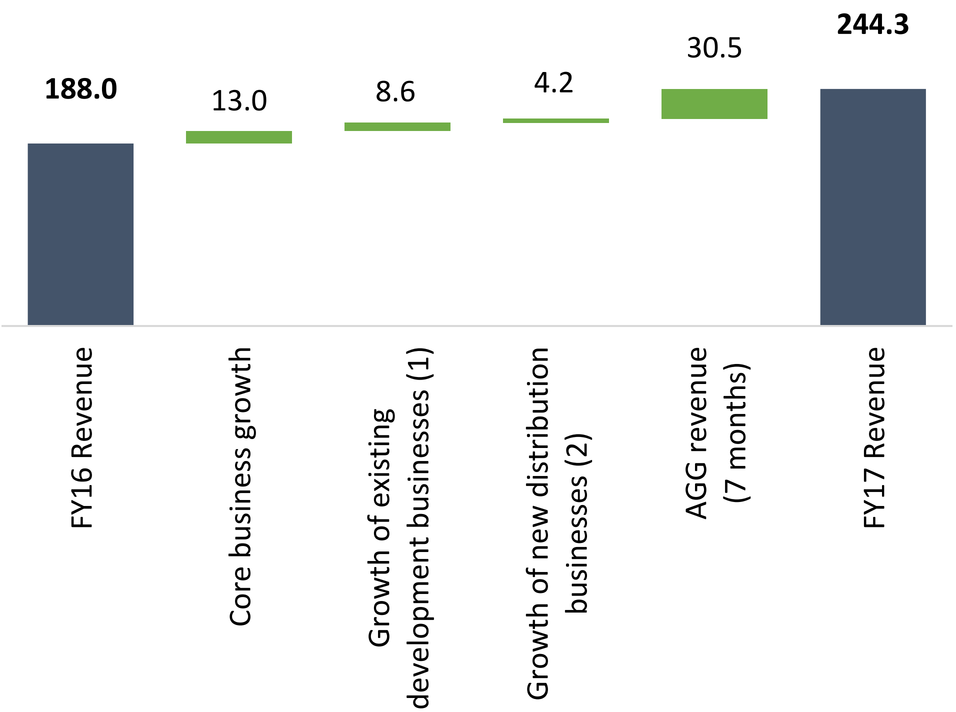
NZ$ million	FY17	FY16	% change
Revenue	**244.3**	188.0	29.9
Normalised EBITDA[1,2]	**44.9**	37.5	19.6
Depreciation & amortisation	11.0	7.4	48.3
Normalised EBIT[1,2]	**33.9**	30.1	12.5
Normalised NPAT[2]	**21.3**	19.3	10.8
Abnormal items	(2.0)	1.2	nm
Reported NPAT	**19.4**	20.5	(5.5)
Basic EPS (cents)	**10.5**	11.1	(5.5)
Total dividend (cps)	**7.6**	7.6	-

Notes:

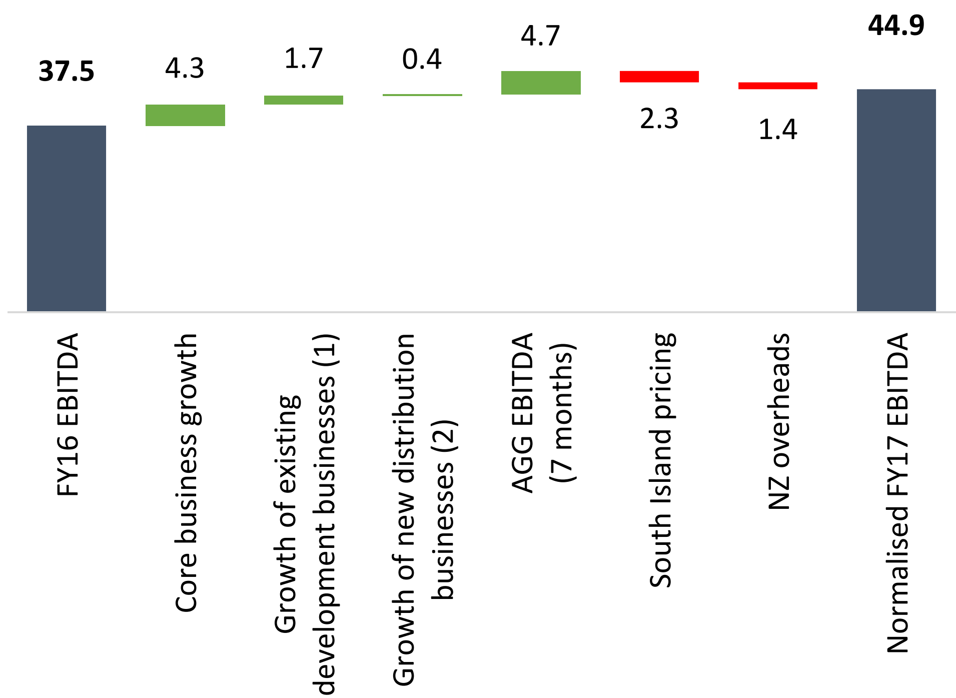
1. *EBIT and EBITDA are normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group ("FY17 AGG Acquisition Expenses").*
2. *Net profit after tax, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. Additional detail is provided on slide 28 of this release.*

FY17: Revenue and EBITDA summary

Revenue bridge: FY16 to FY17 ($m)



Normalised EBITDA bridge: FY16 to FY17 ($m)



Notes:

1. *Existing development businesses include Auckland RetroFit, Auckland commercial glazing and certain Metro Direct branches.*
2. *Metro Glass has acquired five distribution and glazing businesses in Auckland, Wellington, Christchurch and Invercargill since it became a publicly listed company in July 2014.*

FY17: Summary cash flow & balance sheet

Key cash flow items (NZ$m)	FY17	FY16
Normalised EBITDA[1,2]	44.9	37.5
Operating cash flows	17.6	27.6
Capital expenditure[3]	10.1	11.4
Dividends paid	14.1	13.3

Key balance sheet items (NZ$m)	FY17	FY16
Net working capital[4]	38.0	22.0
Property plant & equipment	57.0	48.0
Total assets	293.8	230.9
Net debt	94.5	43.6
Total shareholders equity	156.5	148.6

Notes:

1. *All references are to Normalised financials that exclude the impact of one-off, non-deductible acquisition related expenses in the period totalling $1.0m.*
2. *EBIT and EBITDA are non-GAAP measures of financial performance. Additional detail is provided on slide 28 of this release.*
3. *Excluding the consideration paid when acquiring AGG.*
4. *Net working capital: trade & other receivables + inventory – trade & other payables.*
5. *Gearing: net interest bearing debt / (net interest bearing debt + equity).*

- Normalised EBITDA rose +20% to $44.9m in FY17
- Operating cash flow conversion adversely impacted by $6.1m due to timing of tax payments, AGG acquisition expenses of $1.0m, increased interest expense of $1.0m, and working capital increase of $10.1m
- Net working capital grew $16.0m in the year due to:
  - Working capital acquired with AGG $5.9m
  - Increased debtors as commercial sales grew, which are subject to retentions
  - Lower NZ accounts payable on timing of creditor payments
- Metro Glass refinanced its borrowing facilities for a three year term as part of the debt funded acquisition of AGG
  - The total purchase consideration for AGG was $47.5m
  - The group's gearing[5] increased from 22.7% at 31 March 2016 to 37.6% at 31 March 2017
- Total capital expenditure in FY18 is expected to be in the range of $22m - $25m, including:
  - ~$15m on processing equipment enhancements across the group's six plants (Auckland accounting for approximately half)
  - Installing a basic processing facility in Tasmania

FY17: final dividend

- The Board has declared an final dividend of 4.0 cents per share (in line with 2H16), to be paid on 24 July 2017 to all shareholders on the register at 7 July 2017. The dividend is fully imputed for New Zealand resident shareholders. This increases total dividends for the FY17 year to 7.6 cents per share

- This dividend brings the pay-out for FY17 to 67% of FY17 NPATA[1], consistent with the company's dividend policy of paying approximately 55% to 75% of NPATA

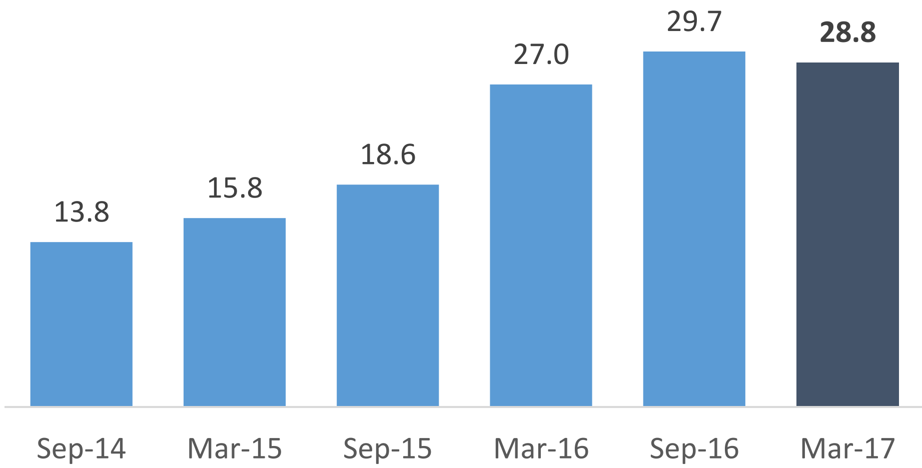
[1] *NPATA is defined as net profit after tax before the amortisation of acquisition related intangibles and its associated tax effect.*

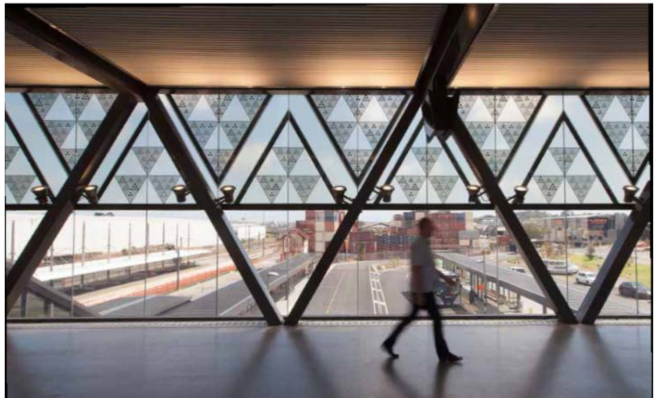
Update on growth initiatives

Commercial glazing

- Metro Glass participates in a wide variety of commercial glazing projects from internal fitout of retail shops to highly complex facades for office or apartment buildings
- Commercial glazing revenue +23% to $51.0m, with Auckland commercial glazing +35%
- Forward book remained steady at $28.8m, as our increased delivery of projects matched new contracts being won
  - The average size of a commercial contract in this forward book is approximately $100,000
  - Significant projects include the Acute Services building at Christchurch Hospital (c. 60% complete), Stage 1 of the Alexandra Park apartments in Auckland and the Kumutoto Precinct development in Wellington

Metro Glass Commercial Forward Book (NZ; $m)

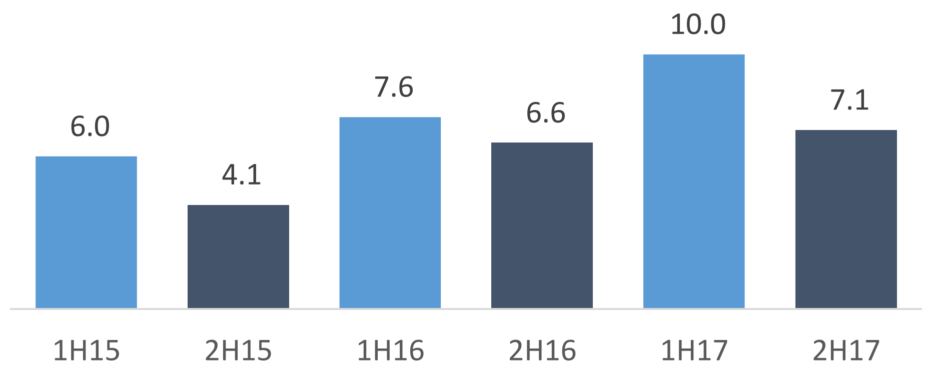




RetroFit double glazing

- RetroFit sales grew by 23% to $17.1m in FY17 (following 39% growth in FY16)
- 2H17 sales growth continued in the North Island, but slowed in the South Island
- We maintain our target of growing RetroFit revenue by 30% per year over the long term
  - The addressable market for Retrofit is large with no double glazing in approximately 1.4 million New Zealand homes that would benefit from the product
- We've recently launched new TV advertising featuring RetroFit's brand ambassador Peter Wolfkamp, the resident builder and site foreman of The Block television show
- Continuing to improve the customer experience and our efficiency by developing sales tools, and implementing better internal processes and systems
- RetroFit will also benefit from the investments we have made in the company's New Zealand network of regional distribution operations during the year

Metro Glass RetroFit sales (NZ$ million)



Development businesses

Operating leverage was impacted this year by investments into our “development businesses”, of which several are yet to contribute meaningfully to group earnings. We believe these investments will provide improved returns over time and help to consolidate Metro Glass’ industry-leadership position.

Development businesses	Background	Progress in FY17
1 **Auckland commercial glazing**	• Strategically important; the largest NZ commercial market, utilising high specification glass products • Leverage strong commercial glazing businesses in Christchurch and Wellington	• Revenue +35% • Invested significantly in technical expertise • Implementing improved systems and tools
2 **Auckland RetroFit**	• Auckland’s population and demographics support a strong retrofit business, despite its relatively temperate climate • Currently subscale but we are growing both revenue and profitability over time	• Revenue growth rate ahead of group • Hired additional sales, management and admin staff • Implementing improved systems and tools
3 **Certain Metro Direct branches**	• As regional cycles change, a subset of eight Metro Direct branches will improve or decline in a given year • In FY17, two branches were considered development businesses	• Revenue at the two branches grew by +45%
4 **New distribution businesses**	• Acquired four new distribution and glazing businesses in FY16 and FY17 in Auckland, Wellington, Christchurch and Invercargill, expanding Metro Glass’ channels to market • Will benefit from Metro Glass’ scale advantage	• Contributed $4.2m of incremental revenue at an 8% EBITDA margin • Acquired Southland Glass

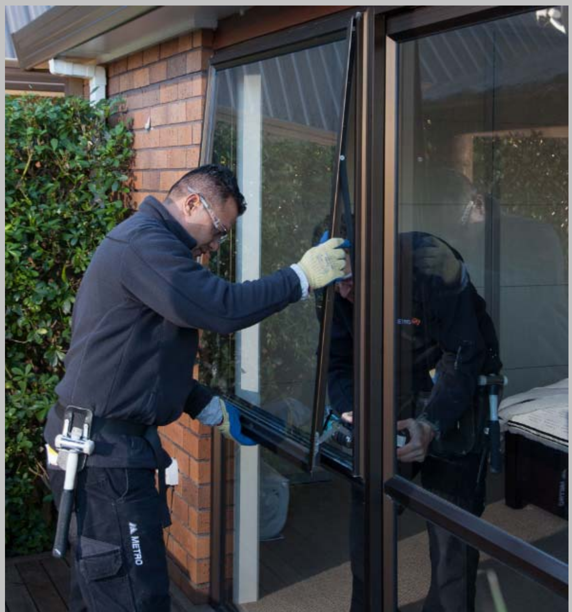
Australian Glass Group (AGG)

- Acquired on 1 September 2016 for NZ$47.5m. The initial integration process went smoothly and is now complete
- Australia presents significant opportunities for Metro Glass
  - We see double glazing penetration gathering momentum in cooler climates like Victoria, with this trend being hastened by building code changes
  - Metro Glass will bring experience in production efficiency & throughput, procurement, interfacing with customers and product development
- AGG performed well during the first seven months of Metro Glass ownership, with both sales and EBITDA ahead of our initial expectations
  - Seven months AGG contributed revenue of $30.5m and EBITDA of $4.7m
  - Estimate that the equivalent full year impact would have been FY17 revenue of NZ$52 and EBITDA of NZ$9m (17% EBITDA margin)
- Currently assessing AGG's short-to-medium-term capital requirements, relative to our acquisition assumptions, to allow it to achieve its significant potential. Near term this will include installing a basic processing facility in Tasmania

Key Australian acquisition criteria:

1. Leading player with a scale position
2. Quality glass processing business, in which Metro Glass can add significant value
3. Strong and committed management team, ensuring NZ management can remain focussed on NZ
4. Geographically positioned in high opportunity markets (South eastern Australia)
5. Transaction within Metro Glass' financial capability

Strategy update and outlook



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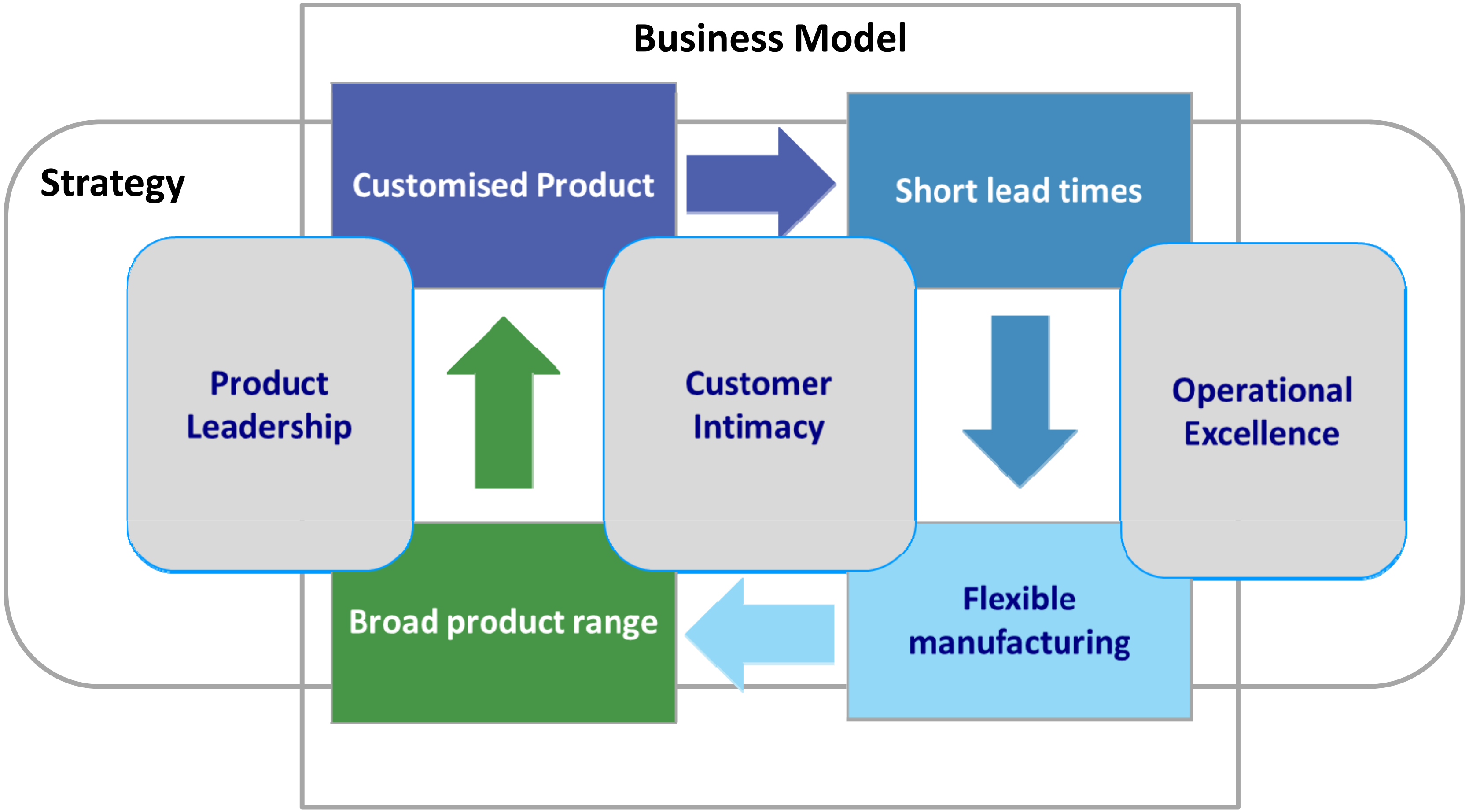
PERFORMANCE GLASS

Metro Glass' three pillar strategy supports its market position, with customer intimacy providing strong protection against import-based competition



Review of 2017 strategic priorities and achievements

#	Priority	Achievements
1	**Drive top line growth**	• Group revenue +30% to $244.3 million, NZ revenue +14% to $213.8 million vs. FY16 • Continued product range expansion, including digital printing in Auckland
2	**Deliver manufacturing excellence**	• Processed record glass volumes with a higher mix of high-performance, complex glass • Factory labour costs continued to reduce as a percentage of revenue • Maintaining customer service levels was a challenge at peak points in the year
3	**Increase our presence in commercial projects**	• Commercial glazing revenue +23% to $51.0m, with Auckland commercial glazing +35% • Commercial forward order book remained fairly flat at $28.8 million • Strengthened our commercial technical team and glass systems capability
4	**Expand our Retrofit double glazing business**	• Revenue grew by 23% over the prior year, led by the North Island • Implemented a series of internal process and systems improvement • Invested resources in the Auckland business as a key to future growth
5	**Support and integrate Australian Glass Group**	• Completed the acquisition of Australian Glass Group on 1 September 2016 • Pleased with the company's early progress and encouraged by the market opportunity

Key focus areas for FY18

1. Drive top line growth and glass category share, by ensuring that customers continue to see Metro Performance Glass as the glass supplier of choice

2. Focus on improving manufacturing efficiency (including automation, processes and costs) to achieve our desired service and cost leadership position

3. Capture an increasing share of the commercial market

4. Continue to develop the infrastructure of Retrofit double glazing replacement business

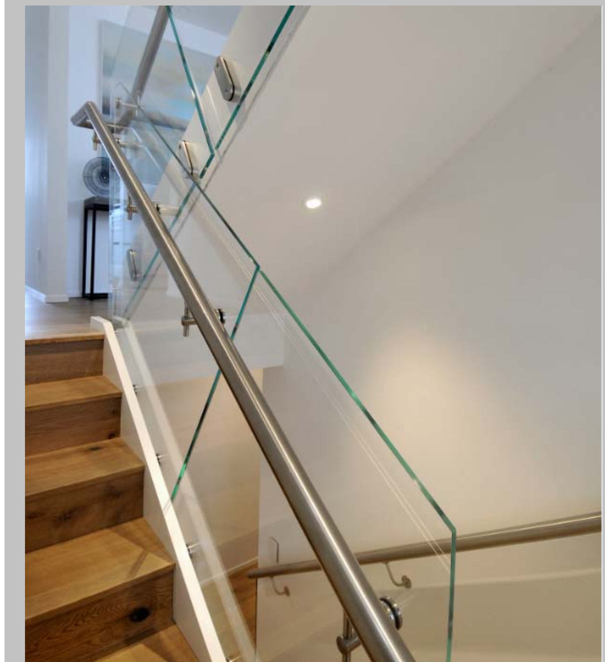
5. Focus on optimising operating performance of all business segments

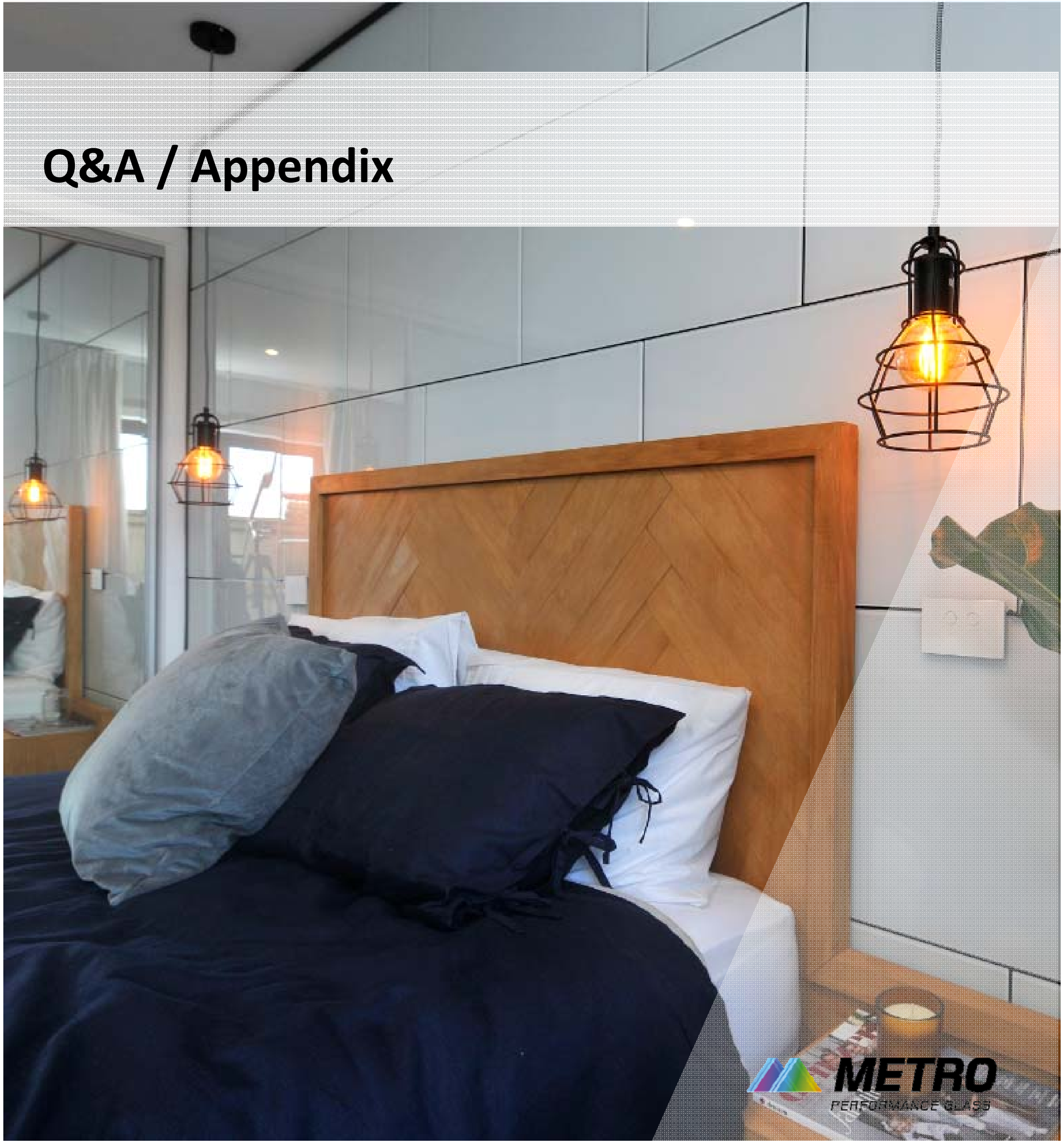
6. Upgrade key processing capabilities to support growth and meet market demands
   - The majority of new equipment will be installed over the 2017 Christmas shut down
   - These investments will deliver improvements in capacity, capability, quality, reliability and cost from the start of FY19
   - Ensures that Metro Glass' product offering remains at the forefront of the industry

Outlook for FY18

- The market backdrop is expected to remain supportive, although challenges exist within certain markets (Canterbury)
- We continue to see significant growth opportunities ahead, and as such are continuing to invest in operating capacity and capability improvements across the group
- New Zealand – strategic initiatives being implemented to deliver continued organic growth and improved operating efficiency
- Australia – overall market activity may soften, however we believe that the penetration of double glazing will increase. AGG has significant growth opportunities ahead of it as it builds increased capacity and capability
- Group net debt is expected to remain broadly flat, with increased operating cash flow supporting the capital expenditure planned for the year

Q&A / Appendix





2H17: Summary financial performance

Key P&L items (NZ$ million)	2H17	2H16	% change
Revenue	**128.0**	93.2	37.4
Normalised EBITDA[1,2]	**20.8**	18.4	13.2
Depreciation & amortisation	6.1	4.2	47.0
Normalised EBIT[1,2]	**14.7**	14.2	3.3
Normalised NPAT[2]	**7.8**	9.5	(18.1)
Abnormal items	-	-	-
Reported NPAT	**7.8**	9.5	(18.1)
Basic EPS (cents)	**4.2**	5.2	(18.1)
Total dividend (cps)	**4.0**	4.0	-

Key cash flow items (NZ$ million)	2H17	2H16	% change
Normalised EBITDA[1,2]	20.8	18.4	13.2
Operating cash flows	12.6	18.8	(33.1)
Capital expenditure	5.7	4.4	28.9
Dividends paid	6.7	6.6	0.6

- 2H17 financial results include the contribution of Australian Glass Group from 1 September 2016.

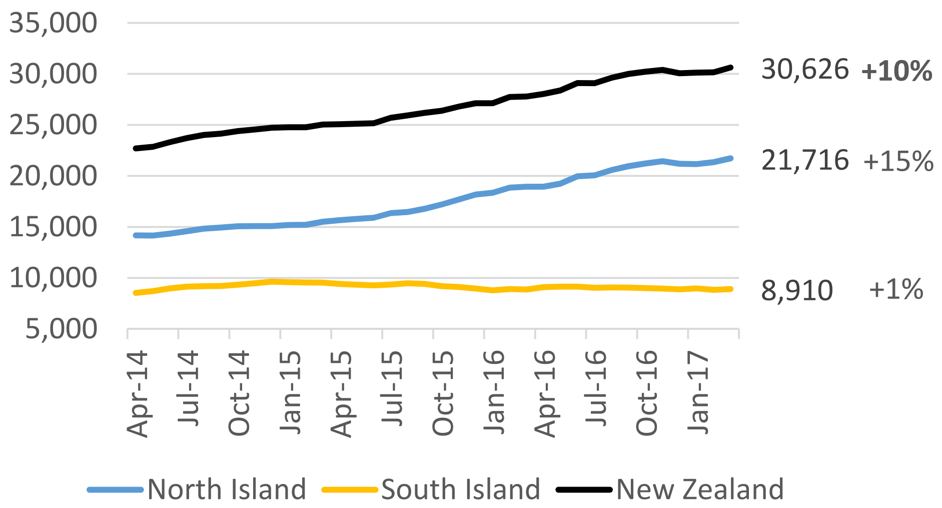
Notes:

1. *EBIT and EBITDA are normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group ("FY17 AGG Acquisition Expenses"). These were expensed during 1H17.*
2. *Net profit after tax, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions. Additional detail is provided on slide 28 of this release.*

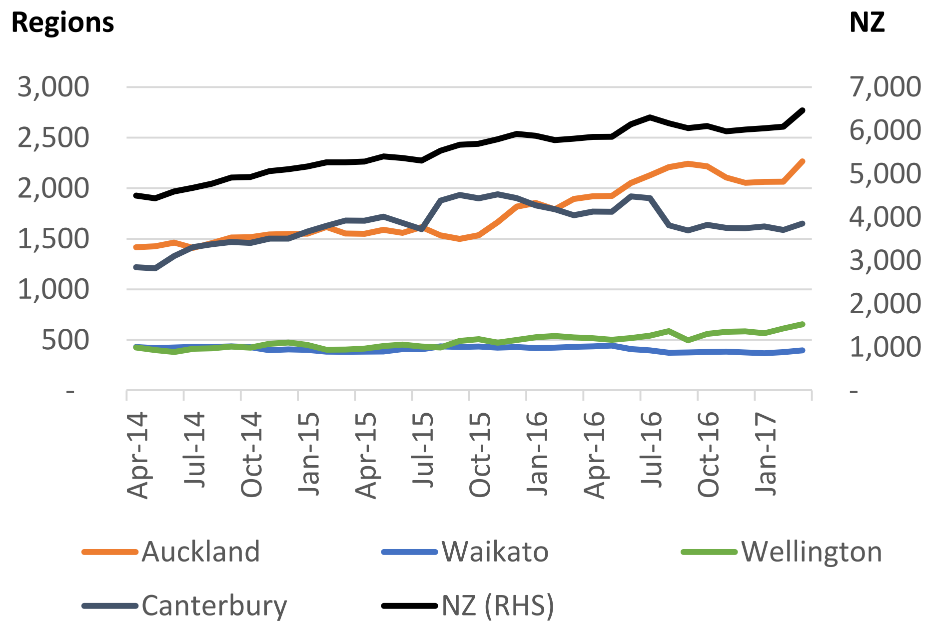
Market conditions: regional trends in New Zealand

- Residential building consent issuance grew 10% year on year to ~30,600 for the twelve months to March, with 71% of those consents in the North Island (Auckland +7%, Waikato +11%, Bay of Plenty +22%, Wellington +29%)
- While activity in Canterbury continues to decline post the earthquake residential rebuild (-8%), South Island consents excl. Canterbury, led by Otago are up +21%
- Commercial construction activity continues to be lumpy but is on an upward trajectory with a significant pipeline

NZ residential dwelling consents (last 12m, not lagged)



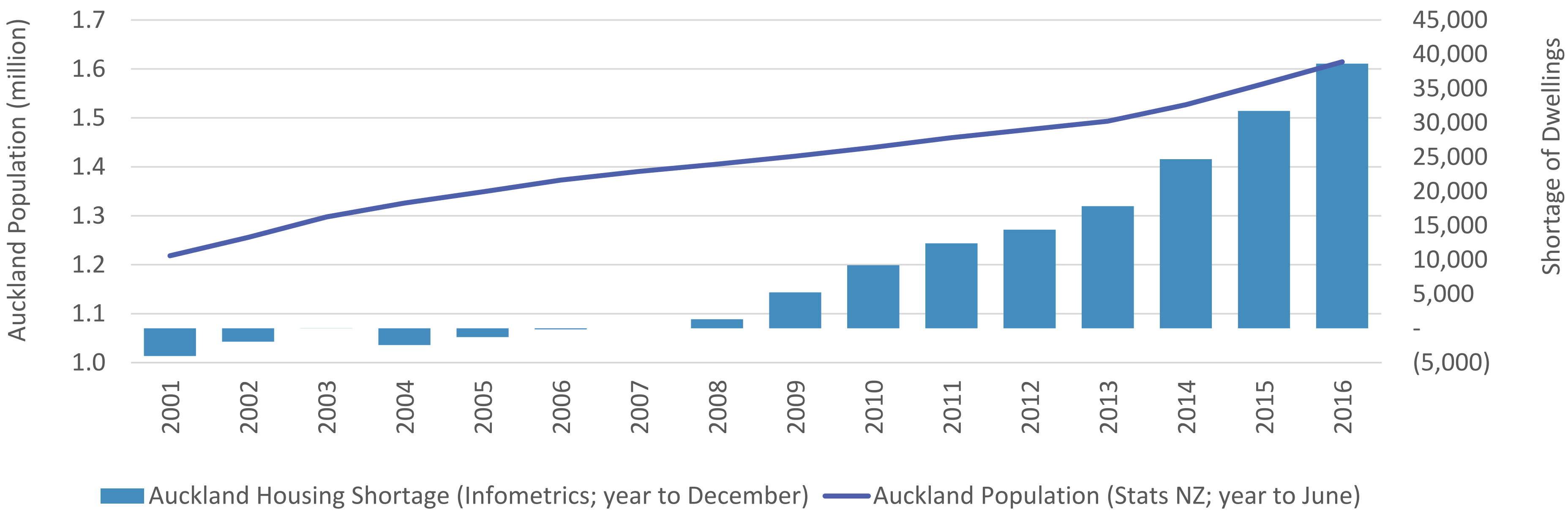
NZ non-residential consent value (Last 12m, $m)



Source: Company information, Statistics NZ (October 2013 – September 2016)

Market conditions: Increasing scale of Auckland's housing shortage

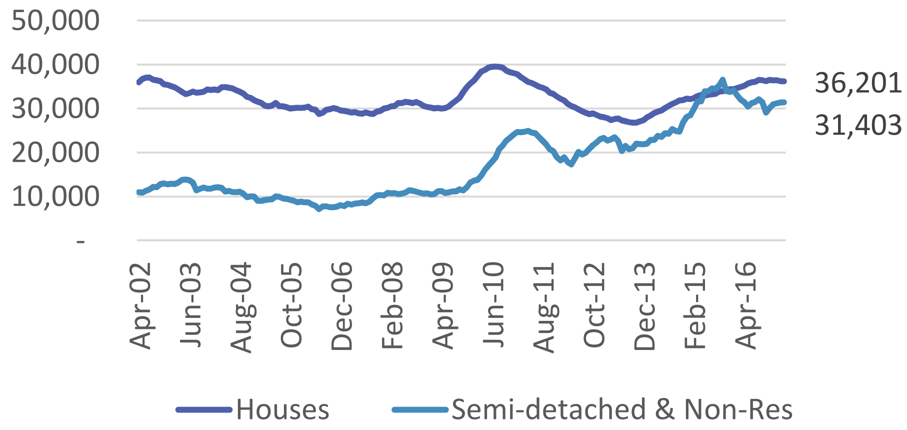
Estimated shortage of houses built in Auckland



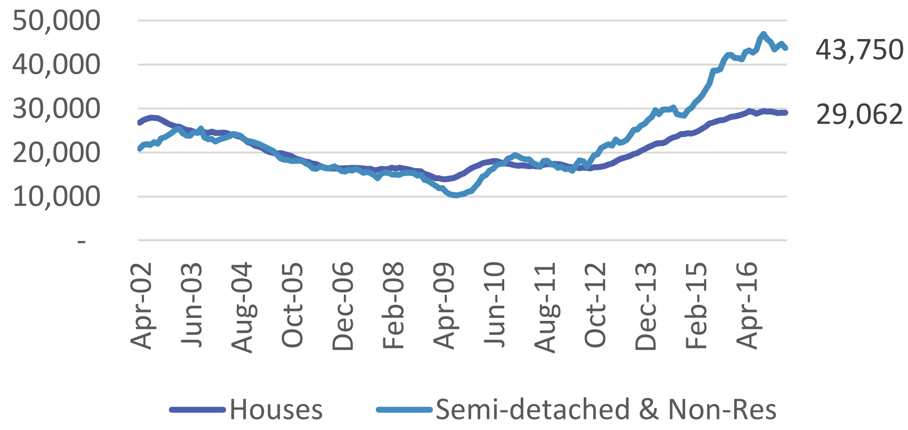
Market conditions: Australia

- Australian Glass Group primarily targets the detached dwellings (houses) and alterations & additions (A&A) markets in Victoria and New South Wales with limited direct exposure to the more volatile multi dwelling units market
- In the 12 months ended 31 March 2017, the housing and A&A markets in southeast Australia remained solid:
  - The value of A&A work undertaken grew in Victoria by +13% and in New South Wales by +2%
  - Housing approvals in Victoria grew by +4% and in New South Wales by +1%
- Overall market activity is expected to soften somewhat in the coming 12 months

Victoria Residential Approvals
12 months rolling to 31 March 2017



New South Wales Residential Approvals
12 months rolling to 31 March 2017



Source: Australian Bureau of Statistics, 8731.0 - Building Approvals, Australia, March 2017

Explanation of non-GAAP profit measures

Non-GAAP financial measures

- Group results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS, being:
  - Normalised EBITDA: calculated by adding back (or deducting) finance expense / (income), taxation expense, depreciation, and amortisation, to net profit after tax. Then normalised to exclude $1.0m of one-off, non-deductible expenses related to the acquisition of Australian Glass Group ("FY17 AGG Acquisition Expenses")
  - Normalised EBIT: calculated by adding back (or deducting) finance expense / (income), and taxation expense to net profit after tax. Then normalised to exclude FY17 AGG Acquisition Expenses
  - Normalised net profit after tax, normalised to exclude FY17 AGG Acquisition Expenses and tax adjustments relating to IPO expenses and the finalisation of prior year tax positions
  - NPATA is defined as net profit after tax before the amortisation of acquisition-related intangibles and its associated tax effect
- 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

Full Year to 31 March; $M	FY17	FY16
Normalised net profit after tax	**21.3**	**19.3**
Less: Tax adjustments relating to prior periods	1.0	(1.2)
Less: FY17 AGG Acquisition Expenses	1.0	-
Net profit after tax (or Profit for the period)	19.4	20.5
Add: taxation expense	9.6	6.5
Add: net finance expense	4.0	3.2
EBIT (or Operating Profit)	32.9	30.1
Add: depreciation & amortisation	11.0	7.4
EBITDA	43.9	37.5
EBIT (or Operating Profit)	32.9	30.1
Add: FY17 AGG Acquisition Expenses	1.0	-
Normalised EBIT	**33.9**	**30.1**
EBITDA	43.9	37.5
Add: FY17 AGG Acquisition Expenses	1.0	-
Normalised EBITDA	**44.9**	**37.5**
Net profit after tax (or Profit for the period) (GAAP)	19.4	20.5
Add back: amortisation of acquisition-related intangibles and its associated tax effect	1.7	1.5
NPATA	**21.1**	**21.9**

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