NZX, ASX and Media Release 18 March 2019

Trading update and revised guidance for the 2019 financial year

Metro Performance Glass (NZX.MPG, ASX.MPP, Metroglass) today provided an update on recent trading performance and guidance on anticipated results for the financial year ending 31 March 2019 (FY19).

Metroglass CEO Simon Mander said: “The Group is continuing to focus on what matters most to its customers and shareholders; improving our execution and delivering financial performance. We have made progress across all parts of the group, but our financial results this year illustrate that our New Zealand and Australian businesses are at different stages of delivery against our strategy.”

New Zealand performance

“In New Zealand, we have achieved sustained improvements in customer service, operational performance and in making Metroglass a great company to work for and for our customers to engage with. While we continue to have a big agenda and set of opportunities for improvement, we’re making clear progress.” said Mr Mander.

Financial performance in New Zealand has continued in line with expectations. Pleasingly, the gross profit margin improvement seen in the first half of the financial year has continued in the second half supported by operational and efficiency initiatives.

Australia performance

Simon Mander said: “Australian Glass Group (AGG) has had a transformative but very disappointing year overall. We made significant changes in the business and while resulting financial improvements have lagged our expectations, the business is working to a clear plan and making good progress operationally.

“In the second half of the financial year we markedly improved our service delivery, reduced reworks and have had a much more stable and engaged workforce. We’re firmly focussed on winning back the trust and confidence of our customers, who were impacted by variable service levels in 2018.

“Whilst our internal execution has improved, the business has considerably further to go and we’re driving towards a clear set of milestones. With improved operational performance and active marketing programs in place, AGG anticipates revenue growth in the coming year despite softening lead indicators of construction activity in Australia. “

AGG primarily services the new detached housing and alterations and additions market segments in South East Australia, and accordingly are less exposed to the significant declines being seen in multi-residential approvals across Australia.

While activity levels are anticipated to soften in AGG’s target markets in FY20, AGG is well placed to benefit from a roadmap of legislative changes supporting increased penetration of double glazing in Australia over the medium to long term.

Anticipated FY19 results and intended release date

Whilst the Group is on course to achieve its targets for capital expenditure of approximately $8 million and debt reduction of approximately $7 million in FY19, the consequences of the deterioration of Australian operating performance in the second half of the financial year are twofold:

- Firstly, the financial impact from Australian results will be a reduction of approximately $3m in our Group earnings, taking our previous Group EBIT guidance from $28m down to circa $25m
- Secondly, a preliminary review of the carrying value of our Australian investment suggests that an impairment in the order of $7m - $10m to the intangible assets would be appropriate. An impairment of intangible assets taken in the year ending 31 March 2019 will be a non-cash charge

Metroglass will release its results for the year to 31 March 2019 on Thursday 23 May 2019.

/ends

For further information please contact:

Andrew Paterson, Investor Relations
(+64) 027 403 4323
andrew.paterson@metroglass.co.nz