

Market Release
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Metroglass reopens NZ operations and updates on FY20 guidance

Metro Performance Glass (“Metroglass”) today provided an update on the impacts of moving from New Zealand’s COVID-19 Alert Level 4 to Alert Level 3, reconfirmed expected financial outcomes for the year to 31 March 2020 (“FY20”) and updated the timing for release of final FY20 results.

New Zealand operations have now reopened

With New Zealand’s move to COVID-19 Alert Level 3, Metroglass’ four NZ manufacturing sites have recommenced operations and all Metro Direct branches across the country have reopened.

Simon Mander (CEO) said: “We have developed and deployed strict operating guidelines to ensure that ordering, manufacturing, delivery and installation processes are all conducted safely, and with our staff, customers’ and suppliers’ wellbeing top of mind.”

In Australia, Australian Glass Group has continued to operate largely as normal with manufacturing operations at its three locations in Victoria, NSW and Tasmania only facing minor disruptions from COVID-19 to date.

Preliminary FY20 trading results - Metroglass achieves guidance

“Despite losing a week of New Zealand operations in March, we’re pleased to confirm that the Company expects FY20 Group EBIT at the lower end of the \$21m – \$24m guidance range provided in November 2019. This EBIT guidance excludes the impact of the change to IFRS-16 and a net abnormal charge of approximately \$5m related to the restructure of NSW operations.

“We also expect to have reduced net debt year on year by slightly more than the circa. \$15m guided. This net debt guidance is inclusive of the impacts from the restructuring of NSW.

“Australian Glass Group has continued to execute well against its turnaround plan and the business is on a positive trajectory. Despite a softening market, the business delivered revenue growth and achieved a positive EBITDA result in the second half of the financial year.”

These FY20 results are preliminary, remain subject to the completion of external audit and exclude any potential accounting impacts arising from COVID-19 which are as yet undefined and unquantified.

Additional borrowing flexibility in place for FY21

Metroglass further strengthened its financial position this year and retained undrawn borrowing headroom of more than \$50m and a cash balance of c.\$15m at 31 March 2020.

Whilst initial indications are that the Company will continue to comply with existing financial covenants, the Company’s banking partners have agreed to relax the net debt to EBITDA covenant from 3.0x to 4.0x for all test dates up to and including 31 March 2021. The banks are continuing to engage in constructive discussions to provide for future requirements.

Update on recent trading

The shutdown severely impacted trading in New Zealand from late March until late April. Cost control measures and other actions have been taken to preserve the cash position of the business during this time. All non-essential capital and operating spend has been cancelled or deferred and Metroglass has engaged with landlords for rent relief. The NZ Government wage subsidy was also sought and received for all employees.

Looking forward, Metroglass and its customers will benefit in the shorter term from executing pipelines of existing work, however there is considerable uncertainty about the levels of construction activity in New Zealand and Australia in the medium term. Currently all elements of the business make a positive contribution; however, the group is assessing a range of possible scenarios and as the outlook becomes clearer will review its operations accordingly.

In line with the deterioration in general economic conditions, the Company is reviewing the carrying value of group assets, including intangibles, as part of its year-end accounting process.

Full FY20 results to be released on 19 June 2020

With the disruption to operations and year-end accounting and audit practices caused by the Alert Level 4 lockdown in New Zealand, the company's results for the year ended 31 March 2020 will now be released on Friday 19 June 2020, instead of Thursday 21 May 2020, as previously advised.

This change has been made in reliance on the NZX class waiver dated 3 April 2020, which provides listed companies with an additional 30 days to prepare and release their full year results, and an additional two months to prepare and deliver their annual reports. Metroglass intends to release its annual report together with its financial results.

Simon Mander

Chief Executive Officer
Metro Performance Glass

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Authorised for release by the Metroglass Board.