

## Metroglass provides 1H24 results (unaudited)

### Summary of the unaudited results for the six months ended 30 September 2023 (1H24)<sup>1</sup>

\$m	New Zealand		Australia		Group	
	1H24	1H23	1H24	1H23	1H24	1H23
Revenue	87.0	100.0	43.2	38.2	130.2	138.1
Segmental EBIT <sup>2</sup>	3.2	3.6	4.6	2.6		
EBIT <sup>2</sup>					7.5	5.6
NPAT <sup>3</sup>					2.1	0.6

- The Group delivered earnings result in line with August guidance supported by solid profitability in Australia. Residential construction sector softness impacted the New Zealand business.
- New Zealand revenue declined 13% year on year partially offset by the increase in higher value LowE sales. Easing supply chain costs helped drive margin recovery.
- AGG delivered further profitability growth with an EBIT before significant items up 79%, to \$4.6 million.
- Group EBIT before significant items improved 33% to \$7.5 million supported by increased LowE sales, easing supply chain costs, and the cost-out programme in New Zealand, and solid AGG earnings.
- Net debt at the end of the period was \$52.8m, in line with August guidance.
- A \$9.1 million impairment to intangible assets due to the outlook for the New Zealand construction sector resulted in a statutory net loss after tax of \$9.2 million, down from \$0.6 million profit in 1H23.

Metro Performance Glass (Metroglass) today reports its financial results for the 6 months to 30 September 2023 (1H24), achieving profitability growth in Australia as softer market activity impacted the New Zealand business.

Group Revenue for the six months to 30 September 2023 of \$130.2 million was 6% lower than the prior year, with New Zealand down 13% and Australia up 13%. Group EBIT before significant<sup>2</sup> items rose 33% to \$7.5 million in line with August guidance.

NPAT before significant items<sup>3</sup> increased on the prior year to \$2.1 million profit. A \$9.1 million impairment of intangible assets resulted in a statutory net loss after tax of \$9.2 million.

Net debt decreased \$6.3 million to \$52.8 million at 30 September 2023 also in line with August 2023 guidance. The reduction was driven by a reduced working capital in the form of inventory as supply chain reliability improved. Debtor and creditor profiles reduced also as a direct result of the softer trading conditions. Metroglass' net debt to EBITDA ratio improved to 2.69x at 30 September 2023 from 3.8x in the prior period.

### New Zealand

Revenue declined 13% to \$87.0 million with softer market activity partially offset by a higher mix of LowE glass sales. Gross profit margin recovered as supply chain pressures eased.

In the highly competitive residential channel, revenue of \$54.8 million was 16% below the prior year primarily as lower activity was partially offset by increased LowE glass sales. The commercial glazing channel was steady with revenue flat on the prior year at \$19.0 million, however the time between tender and project acceptance has extended. The business has a small number of legacy contracts at pre-price increase rates which impacted profit

*Note: all non-Generally Accepted Accounting Principles (GAAP) financial measures are defined to a GAAP measure on slide 13 of the 1H24 results presentation, available here: <https://www.metroglass.co.nz/investor-centre/investor-presentations/>.*

<sup>1</sup> All prior period comparisons are to the half year ended 30 September 2022 (1H23) unless otherwise stated.

<sup>2</sup> Earnings before interest, tax, and significant items (1H24: Impairment of New Zealand intangible assets, restructure of New Zealand operations, AGG divestment (See note 2.2 of the 1H24 financial statements), 1H23: none).

<sup>3</sup> NPAT before significant items (1H24: Impairment of New Zealand intangible assets, restructure of New Zealand operations, AGG divestment (See note 2.2 of the 1H24 financial statements), 1H23: none)

margins. Retrofit revenue declined 16% to \$13.2 million as cost-of-living and interest rate pressures deferred consumer spending with many customers opting for partial house retrofit rather than full house.

Mr Mander said “It has been a challenging year for the New Zealand business, while supply chain volatility has eased, economic pressures have softened the construction sector. These challenges are expected to continue, and our focus remains firmly on operational efficiency and positioning the company to meet the needs of a changing market.”

### **Australian Glass Group (AGG)**

AGG delivered stable and resilient performance with the high-performing double-glazing market appearing to be holding. AGG achieved further profitability growth in the first half. The business remains focused on optimising volume and pricing as a result of the slowing residential market.

In February 2023 Metroglass announced a sale process for AGG which continues to advance, the board is targeting an announcement in the near future. If a suitable deal can be concluded the board will bring the offer to shareholders at an extraordinary meeting in the new year.

### **Market conditions and outlook**

In New Zealand the 12-month rolling residential consents have declined and while they are still above long-term trends, glass demand has fallen significantly.

Demand for construction materials decreased across the sector and forecasts remain uncertain for FY24. It is the company’s view that these conditions are likely to continue until inflation pressures and interest rates ease.

While ensuring we deliver quality products, safely and with excellent customer service, the company is resizing itself to ensure it is efficient for the changing market demand.

With current market volatility it is difficult to forecast New Zealand earnings for the balance of the year, however it is anticipated that the New Zealand business will continue to be operating cash positive.

In Australia the number of detached dwelling commencements declined in all states. However, the increasing use of double-glazing in residential buildings is expected to partially offset the declines in residential construction activity.

As previously announced in the sale process, for the 12 months to 31 March 2024, management forecasts are for AGG to achieve revenue, EBITDA and EBIT of approximately AUD 79.0 million, AUD 11.5 million, AUD 7.5 million respectively.