Metro Performance Glass

Annual Shareholders' Meeting

26th July 2019

METRO
PERFORMANCE GLASS

Introduction to Metroglass Highbrook

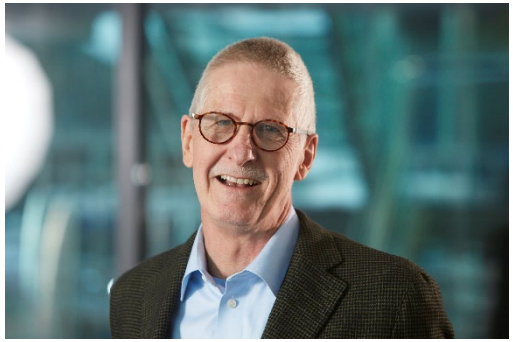
Meeting agenda

1. **Chairman's address**
2. **Chief Executive Officer's address**
3. **General business and shareholder questions**
4. **Ordinary business and resolutions**
5. **Voting**
6. *Refreshments*

Board of Directors

Peter Griffiths

Independent, non-executive Chair
Member of Audit and Risk Committee
Appointed: September 2016



Russell Chenu

Independent, non-executive Director
Member of Audit and Risk Committee
Appointed: July 2014

Angela Bull

Independent, non-executive Director
Chair of People and Culture Committee
Appointed: May 2017

Rhys Jones

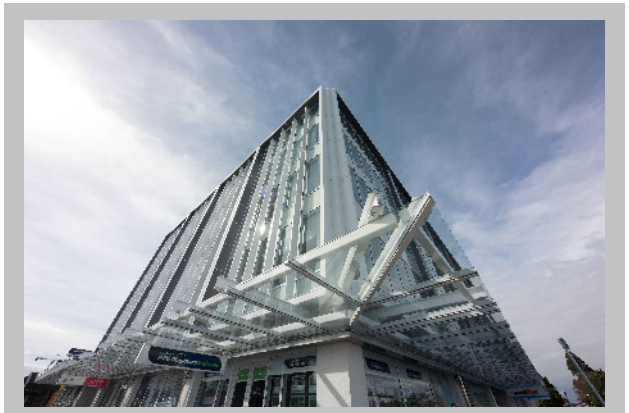
Independent, non-executive Director
Member of People and Culture Committee
Appointed: April 2018

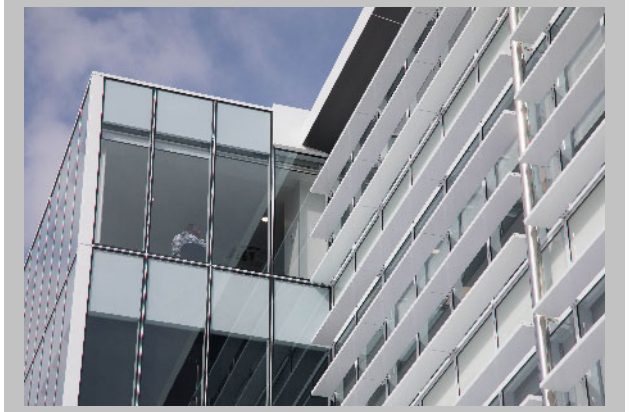
Gordon Buswell

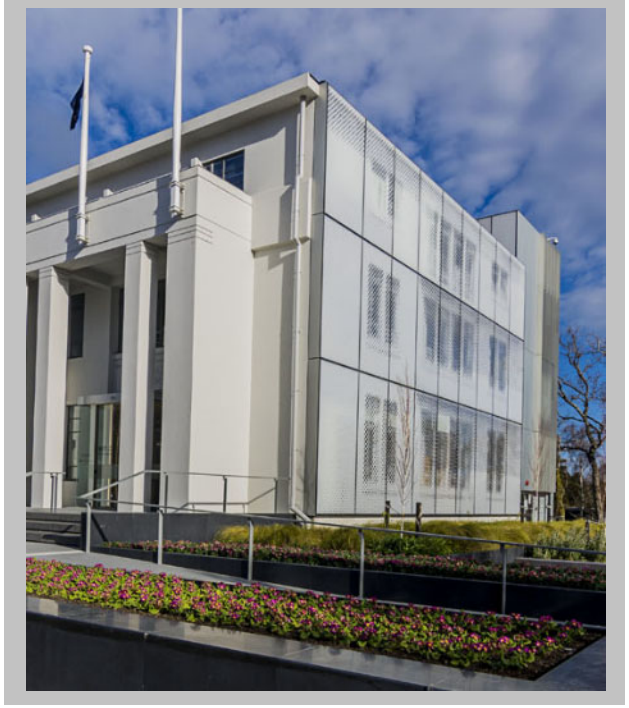
Independent, non-executive Director
Member of People and Culture Committee
Appointed: October 2015

Willem (Bill) Roest

Independent, non-executive Director
Chair of Audit and Risk Committee
Appointed: July 2014







Chairman’s Address

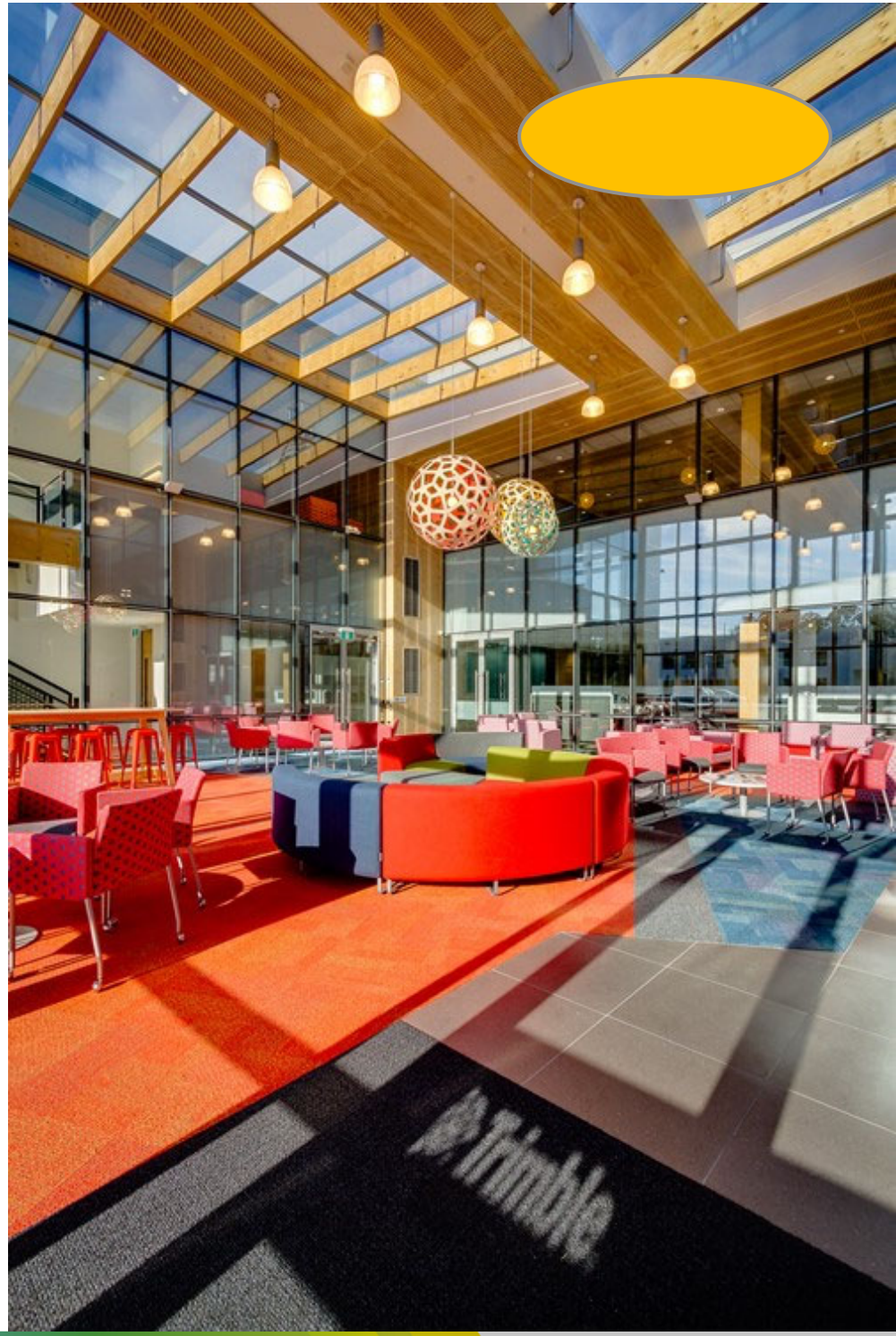
Key messages

Steady progress in New Zealand

Recovery plans on track in Australia

Debt reduction a key focus near term

Dynamic competitive landscape



Our goals

Deliver market leading customer service

Develop our organizational capabilities

Uphold our scale strength through product & channel leadership

Leverage that scale to deliver solutions efficiently

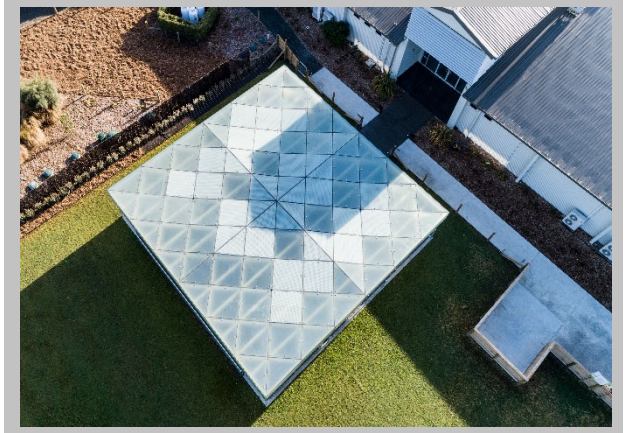
Governance

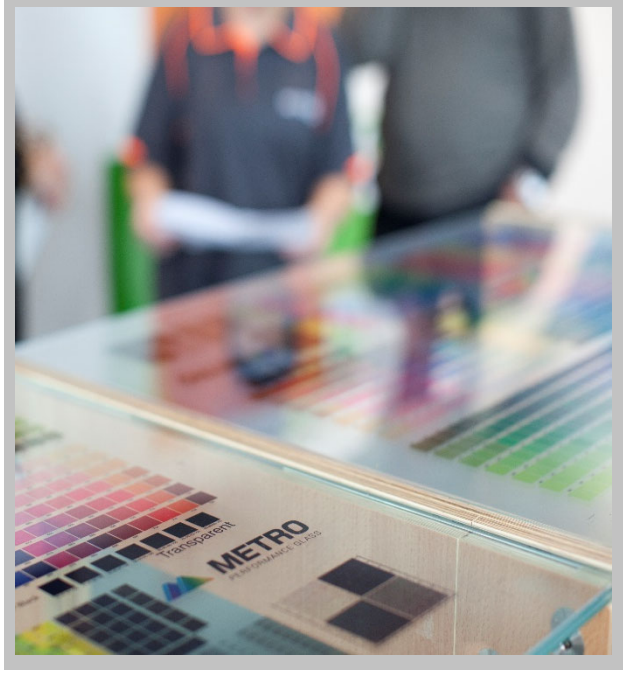
Key activities during FY19

- Completed recruitment of new Group CEO who joined in November 2018
- Formal board review with external consultant
- Highly engaged board, conducting 15 board meetings, 7 audit and risk committee meetings, 6 people and culture committee meetings

Current focus

- Continued evolution of group strategy and monitoring execution
- Progressing a number of important sustainability initiatives





Chief Executive Officer’s Address

Summary of the FY19 year

- EBIT in line with March guidance, stronger debt reduction
- Improved financial results in New Zealand *(80% of group revenue)*
- Good progress made on people and customer focused initiatives in NZ, positioning the company well for increased competition
- New Tasmanian plant achieved year one targets including reaching EBIT breakeven in Q4
- Strengthened balance sheet with reported net debt reduced by $11m

Balanced by

- Disappointing Australian financial results, including impairment of Australian intangible assets. Remedial actions and clear milestones in place for performance improvement
- Operational improvements began emerging in Victoria and New South Wales following business reset
- Increased competition across our markets

Executing on Metroglass' strategic objectives

Deliver **market leading** customer service

- Good insights from customer surveys
- Sustained improvements in NZ customer service
- AGG operational metrics below-target

Develop our **organisational capabilities**

- Employee engagement initiatives deployed
- NZ workforce stabilised
- Continue to embed quality management culture
- Reinvigorated performance management program

Uphold scale strength through **product & channel leadership**

- NZ commercial glazing revenue +9%
- New Tasmania plant opened and achieved year 1 targets
- Launched Australian LowE double glazing range

Leverage our scale to **deliver solutions efficiently**

- Right sized Canterbury business
- Positive trials of improved finished good delivery system
- Variable operational performance in AGG

30%

Of Highbrook employees (for example) involved in self-led continuous improvement projects

Award winner: Designing with Glass – Commercial
Farmers Corner Restroom Pavilion, Metro Performance Glass

9%

Reduction in voluntary staff turnover vs FY18

Award winner: Designing with Glass – Commercial under $100K
The Craft Embassy, Metro Performance Glass

Apprentices enrolled

27 March 2019

50 July 2019

30+

Staff engagement workshops run across the group in FY19

WGANZ – Most Promising Apprentice – Glass and Glazing

Recent customer engagement

Customer contacts: 328
Response rate: 74%

7.3/10[1]

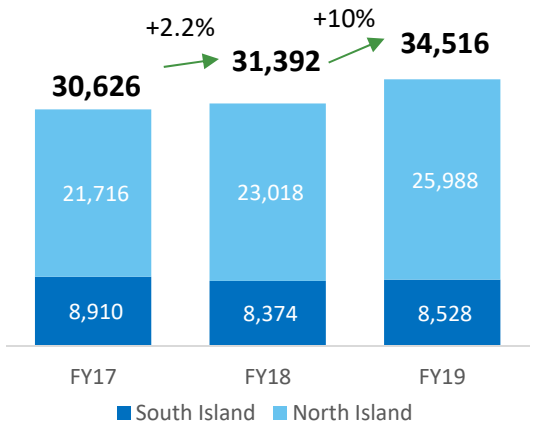
Customer contacts: 145
Response rate: 74%

8.0/10

[1] *Survey question: "On a scale of 1 to 10, how likely are you to recommend Metroglass to a friend or colleague?"*

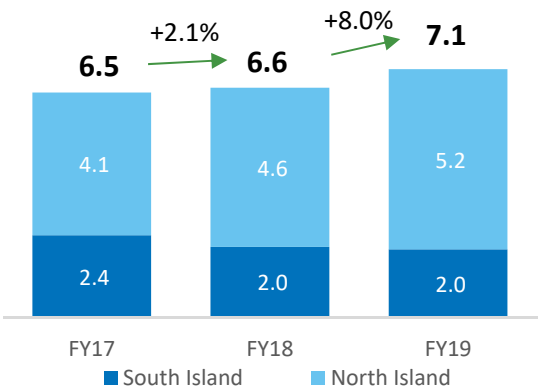
New Zealand market activity and operational performance

NZ residential consents (by number)[1]



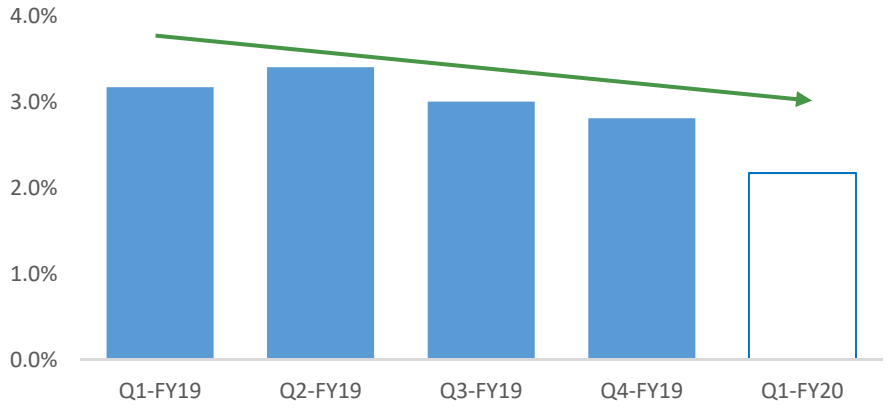
- Residential dwelling consents for 12 months to 31 March 19 rose +10%
- North Island +13%
- South Island +2% Canterbury 0%

NZ non-residential consents (by value $bn)[2]

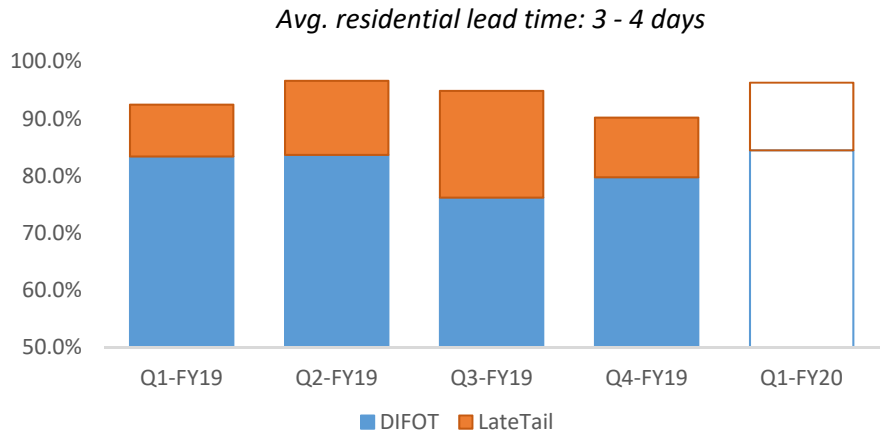


- The value of non-residential dwelling consents for the 12 months to 31 March 19 rose +8%
- North Island +13%
- South Island -3%

Metroglass NZ product quality: % external reworks



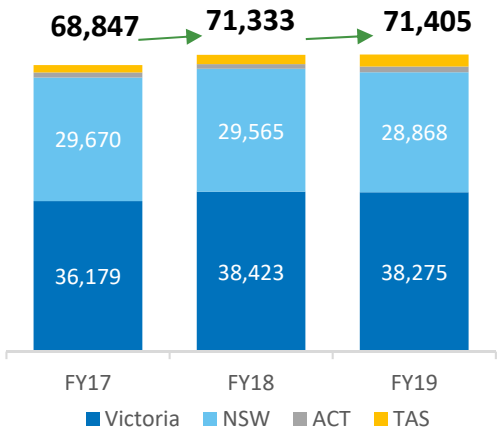
Metroglass NZ delivery performance: DIFOT and late tail[3]



1. *Source: Statistics NZ, number of residential dwelling consents (12 months to 31 March 2019). No lag has been applied.*
2. *Source: Statistics NZ, value of non-residential consents (new plus altered; 12 months to 31 March 2019).*
3. *NZ delivery-in-full-on-time (DIFOT) is based on deliveries within a fixed lead time (48-72 hours). Late tail is delivery within DIFOT + 48 hours.*

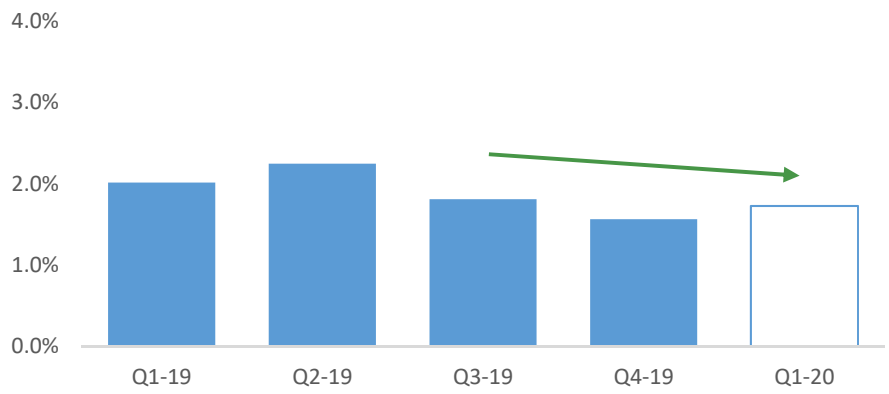
Australian market activity and AGG operational performance

South East Australia detached dwelling approvals (by number)[3]

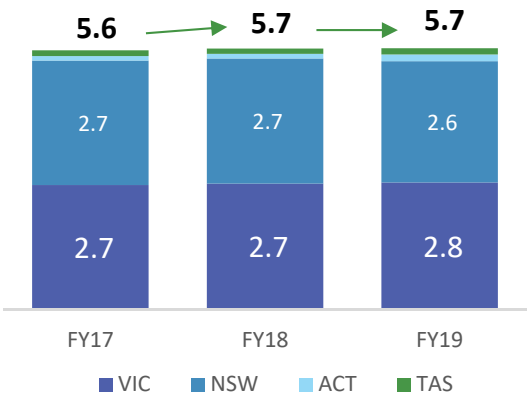


- Double glazing penetration is increasing
- Detached dwelling (house) approvals for the 12 months to 31 March 19 rose 0.1%
- Victoria -0.4%, NSW -2.4%

AGG product quality: % external reworks

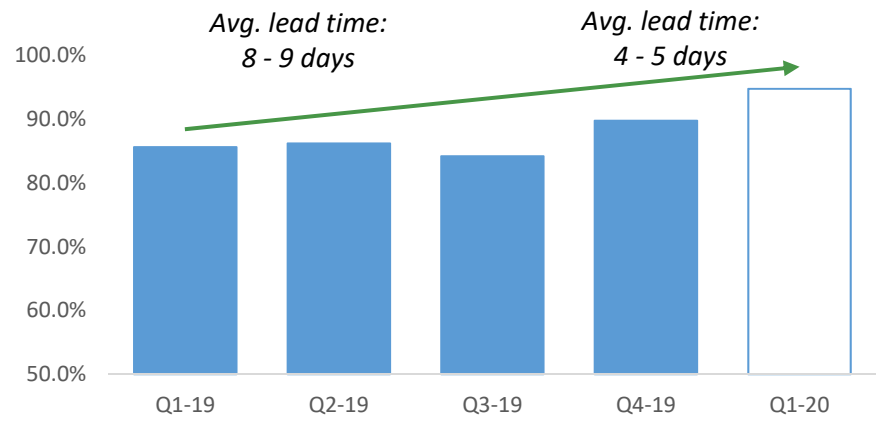


South East Australia alterations & additions (by value A$bn)[3]



- The value of alterations and additions for the 12 months to 31 March 19 rose +0.1%
- Victoria +0.9%, NSW –3.1%

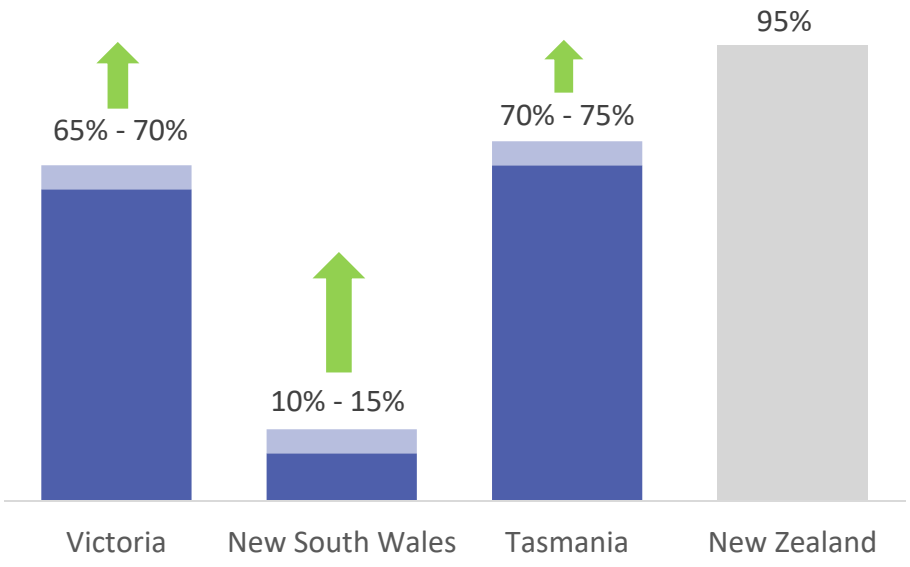
AGG delivery performance: DIFOT

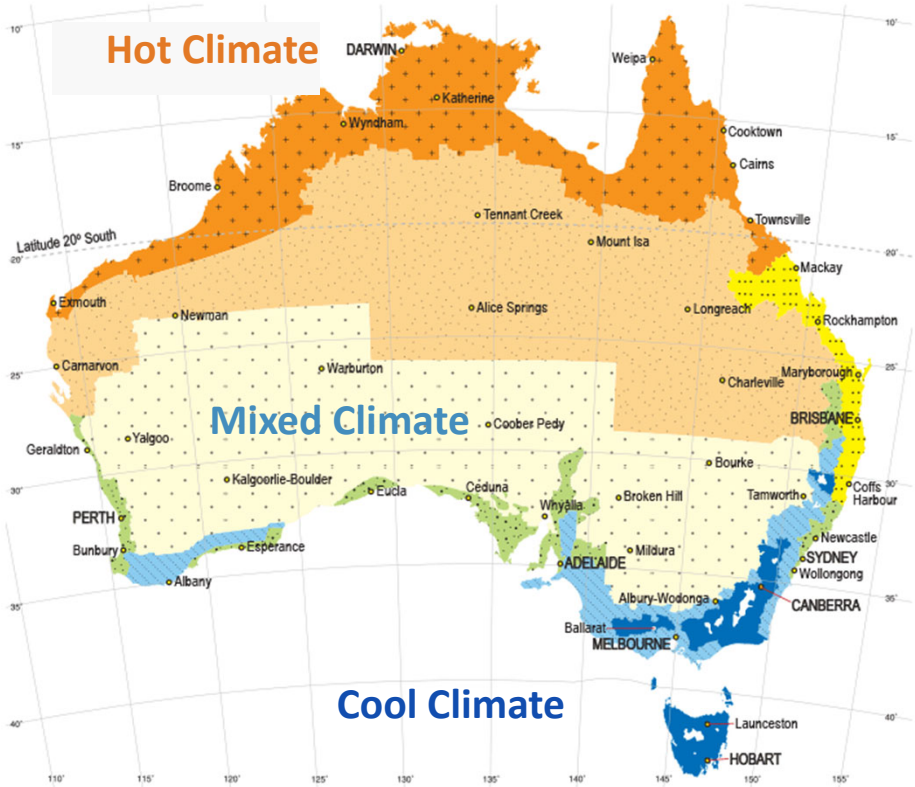


1. *Source: Statistics NZ, number of residential dwelling consents (12 months to 31 March 2019). No lag has been applied.*
2. *Source: Statistics NZ, value of non-residential consents (new plus altered; 12 months to 31 March 2019).*
3. *Australian Glass Group delivery-in-full-on-time (DIFOT) is based on meeting lead times negotiated with customers at time of order acceptance.*

The use of double glazing in new residential buildings in Australia remains low, but increasing and provides a significant opportunity

Management estimates of double glazing penetration in new residential construction





Australia has a clear building code pathway in place that will provide strong impetus to the increasing use of double glazing

Roadmap of planned changes to Australia's National Construction Code (NCC)

2018

Initial trajectory set and changes to the NCC 2022 agreed

2019

Increased energy efficiency requirements:
Commercial buildings

Requires double glazing solutions

2022

Increased energy efficiency requirements:
Residential buildings

Requires double glazing in cooler zones

2025

Continued progression

Further minimum performance standards increases expected for both Commercial and Residential construction

2028

Continued progression

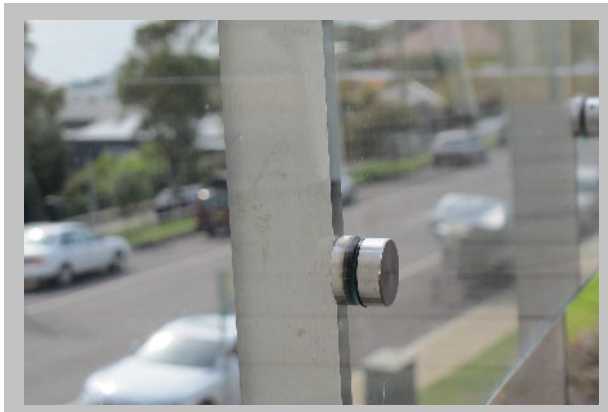
Further minimum performance standards increases expected for both Commercial and Residential construction

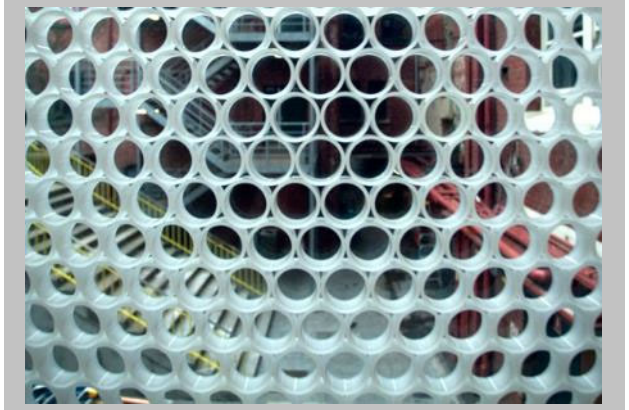
Source: Council of Australian Governments Energy Council: http://coagenergycouncil.gov.au/publications/trajectory-low-energy-buildings.

FY20 guidance

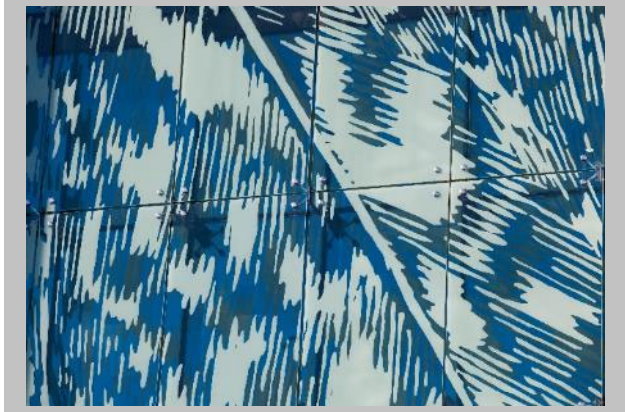
- While consents in New Zealand have increased, we expect activity levels to be similar to last year given persistent supply-side constraints
- In Australia, we expect to deliver an improved result despite further contractions in housing starts
- We currently anticipate:
  - Group EBIT of between $25m - $27m. This is before the impact of the changes to lease accounting standards which we expect will increase EBIT by ~$2m*
  - Net debt reduction of circa. $15m

** The estimated impacts of IFRS 16 accounting standard changes on FY20 results were communicated in the FY19 Annual Report. The changes are expected to reduce lease costs by $7.2m, increase depreciation by $5.3m, increase interest expense by $3.0m, and reduce net profit before tax by $1.1m.*





General business and shareholder questions



Resolutions

Resolutions

To consider and, if thought fit, pass the following ordinary resolution:

Resolution 1: That the Board be authorised to fix the fees and expenses of PwC as Auditor for the ensuing year.

Resolutions

To consider and, if thought fit, pass the following ordinary resolution:

Resolution 2: That Angela Bull be elected as a Director of the company

Resolutions

To consider and, if thought fit, pass the following ordinary resolution:

Resolution 3: That Peter Griffiths be elected as a Director of the company

Special resolution

To consider and, if thought fit, pass the following special resolution:

Resolution 4: That the company amend its existing Constitution, in the manner marked up in the Constitution as presented to shareholders at the meeting.

Contact information

Metro Performance Glass Limited

5 Lady Fisher Place, East Tamaki

Auckland 2013

New Zealand

Ph: + 64 9 927 3000

www.metroglass.co.nz/

Simon Mander – Chief Executive Officer

Simon.Mander@metroglass.co.nz

(+64) 029 636 2661

John Fraser-Mackenzie – Chief Financial Officer

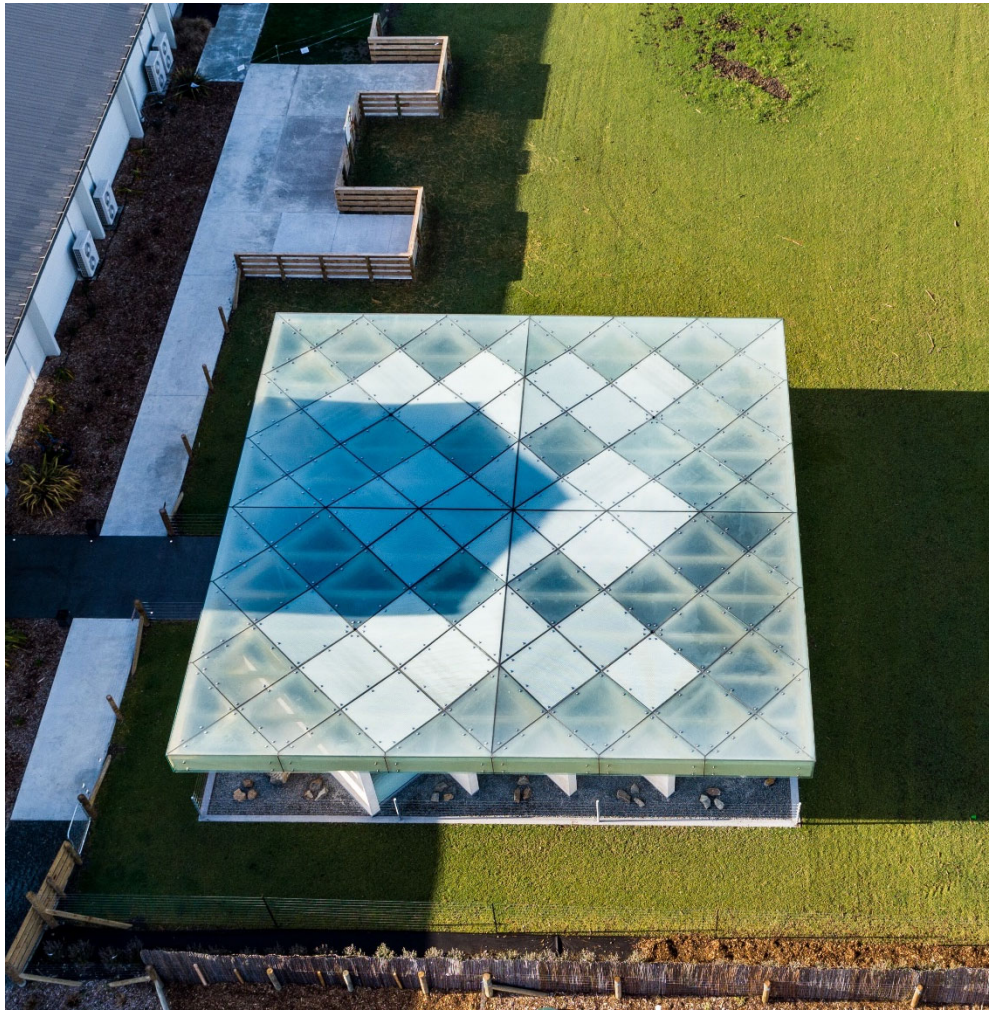
john.fraser-mackenzie@metroglass.co.nz

(+64) 027 551 6751

Andrew Paterson – Investor Relations

andrew.paterson@metroglass.co.nz

(+64) 027 403 4323



Disclaimer

This presentation ("**Presentation**") has been prepared by Metro Performance Glass Limited (Company Number 5267882) ("**Metro Performance Glass**").

Please do not read this Presentation in isolation

This presentation contains some forward looking statements about Metro Performance Glass and the environment in which the company operates. Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "expect", "likely", "intend", "should", "could", "may", "propose". "will", "believe", "forecast", "estimate", "outlook", "target", "guidance" and other similar expressions. Forward looking statements, opinions and estimates provided in this Presentation are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice. Because these statements are forward looking, Metro Performance Glass' actual results could differ materially. Any past performance information in this Presentation should not be relied upon as (and is not) an indication of future performance.

Media releases, management commentary and analysts presentations are all available on the company's website. Please read this presentation in the wider context of material previously published by Metro Performance Glass.

There is no offer or investment advice in this Presentation

This presentation is not an offer of securities, or a proposal or invitation to make any such offer. It is not investment advice or a securities recommendation, and does not take into account any person's individual circumstances or objectives. Every investor should make an independent assessment of Metro Performance Glass on the basis of independent expert financial advice.

All information in this Presentation is current at the date of this Presentation, and all currency amounts are in NZ dollars, unless otherwise stated. Metro Performance Glass is under no obligation to, and does not undertake to, update the information in this Presentation, including any assumptions.

Disclaimer

To the maximum extent permitted by law, Metro Performance Glass and its affiliates and related bodies corporate, officers, employees, agents and advisors make no representation or warranty (express or implied) as to the currency, accuracy, reliability or completeness of the information in this Presentation and disclaim all liability for the information (whether in tort (including negligence) or otherwise) to you or any other person in relation to this Presentation, including any error in it.