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METRO PERFORMANCE GLASS LIMITED ANNUAL SHAREHOLDERS' MEETING, 24 AUGUST 2017

ADDRESS BY SIR JOHN GOULTER, CHAIRMAN

Board Changes

I would like to start by outlining the changes that have been made to the Company's governance structure over the past twelve months. Firstly, we noted at last year's meeting that we were considering potential candidates to fill the vacancy the board had at that time, and in September 2016 Peter Griffiths was appointed as a new independent director. Peter brings both local and overseas experience with a wide range of skills including governance, strategic positioning, capability development, marketing and commercial operations.

Secondly, Angela Bull was appointed as the company's sixth independent director in May 2017. Angela is currently the CEO of a large New Zealand property investment company, and brings a multi-discipline background in law, property development, and change management to the Company.

We also formed two additional board committees during the past year, being the Nominations Committee and the Remuneration Committee. The purpose of the Nominations Committee is to identify and recommend individuals to the Board for nomination as directors; and the purpose of the Remuneration Committee is to assist the Board in ensuring the elements of people and culture support Metro Glass' strategy and business plans.

In regard to our preparation for this 2017 Annual Meeting I would like to touch on three items. Firstly, you may be aware that the company received a director nomination from a Metro Glass shareholder. The nomination was discussed at length by the board and was assessed as having potential merit. Accordingly the board advised its preparedness to have the nominee go through the company's director interview and induction process on an exclusive basis. This process involves a number of interviews including by the Nominations Committee, Chief Executive and ultimately the full board.

As I noted earlier, the board has already seen significant recent change with two new directors appointed within the last 12 months, each of whom were required to complete the same recruitment process I have just outlined, and which we see as protecting both the company and shareholders' best interests. However having been informed of the board's proposal, the shareholder elected to withdraw the nomination.

The second item is in regard to Resolution 6 in the Notice of Meeting, in relation to increasing the directors' fee pool, and which the board withdrew on Monday of this week. At the time of withdrawal the proxy voting for the resolution was strongly in favour, however the board decided to withdraw it in recognition of recent feedback from a number of shareholders that felt for various reasons it was not warranted. The board will now create headroom in the fee pool to cover any extra work as it occurs, by reducing the current annual fees for each of the non-executive directors, including the Chairman.

The third point I wanted to highlight, is that the board and management have recognised the need to improve the quality of its communications with you, the company's shareholders and we have made a sincere effort this year to do so. This has included an expanded Annual Report with more detail on our people and operations, and expanded disclosures on revenue, CEO and executive remuneration, and the company's diversity and inclusion commitments and objectives. We have also held an investor strategy day of late which Nigel will recap on in his address to follow.

Overview of the 2017 financial year

Turning now to Metro Glass' performance in the 2017 financial year, which was a significant year for the company in many ways. The company further developed its processing capability and capacity in New Zealand, delivered record volumes, grew its presence in the commercial glazing and retrofit double glazing segments, and also took the strategic step of entering the Australian market through the acquisition of Australian Glass Group (AGG).

While this was not the ideal timing to take this step in some respects, we do believe that entering Australia at the early stages of the adoption of double glazing in the South East Australian states will prove beneficial for Metro Glass shareholders over the long term. In evaluating the Company's entry into Australia the Board were satisfied that the market and company met a pre-determined set of criteria, which included that the size of the investment did not risk Metro, and that any target company had a successful and simple business model which was well within Metro's experience and key competencies. We also wanted to be able to debt fund any acquisition to avoid shareholder dilution.

In New Zealand, Metro Glass continued to invest in new technologies and markets, further enhancing its industry leadership position. These investments for the future come with some initial cost but were made to improve the company's returns over time. Importantly, they also enable the company to build a business that can defend itself against domestic and import competition over the long term.

This all amounted to a significant agenda for the business, and it would be fair to say there was a level of growing pains or inefficiency in balancing the demands of this rapid growth. The company also saw increased competitive activity in the Canterbury region as activity levels there slowed significantly, particularly in the second half of the financial year.

Overall, the company benefited from an advantageous market backdrop in FY17, growing its Group revenue by 30% and its New Zealand revenue by 14%. While on a normalised basis EBITDA rose 20% and net profit after tax rose 11%, we do acknowledge that this was a disappointing financial result in the context of investor expectations and what the company had aimed to deliver.

To provide some balance, the Company has over the past two years increased revenue by 43% and EBITDA by 32% during a period in which the complexity within the glass market has changed dramatically. These financial results remain amongst the industry leaders in glass, and despite our relatively smaller scale, our EBITDA margins are within the top third of our Australasian building products peers.

In this time, the company has had to adapt to record volumes and increased complexity, and while we are happy with the significant revenue achievements to date, we have not managed to deliver manufacturing efficiencies simultaneously.

We continue to anticipate that the strong residential and commercial construction markets in New Zealand, particularly in the upper North Island, as well as the growth opportunities available across the Tasman, will benefit Metro for a number of years to come.

Based on this view of the market, the board has supported a significant capex program in the FY18 year. This program will add capacity, simplify processes and enhance technology ensuring Metro is well placed to be the leading Australasian glass processor over the longer term.

Year to Date Trading and FY18 Outlook

While we remain optimistic on the medium term picture, activity levels in New Zealand have been soft so far this financial year, with revenue growth in the first four months being relatively flat, including continuing declines in Canterbury.

Given the current conditions we are seeing in the market, we expect the Group's first half results to be similar to those achieved in the first half last year, which was a particularly strong half. Activity levels to date have been below our expectations and as we had resourced the business accordingly there will be a need to adapt and pursue efficiency initiatives through the second half of the year.

We said in the 2017 Annual Report that we anticipate improved results in the 2018 year, which we continue to anticipate, but this will be dependent on any adverse changes in market conditions. We will further update investors with our expectations for the full year when we release our half year results in November.

Conclusion

To conclude, despite the current soft market conditions, activity in the residential and commercial construction markets in New Zealand is expected to remain elevated, and we also anticipate that the Australian market for double glazing will grow strongly.

Metro Glass has established a scale and position which gives us a long term competitive advantage to benefit from these trends. This combined with a focus on improving execution and delivering production efficiencies across our plants will deliver improved returns for our shareholders in the coming years.

Thank you.

ADDRESS BY NIGEL RIGBY, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Introduction and market backdrop

I'd like to take this opportunity to update you on market conditions, the Company's recent operational and financial achievements, and Metro Glass' business strategy as we look into the future.

Starting with the market backdrop, which remained very supportive for us in the 2017 financial year. Activity in each of our key Australasian markets grew year on year, with the single exception being the Canterbury residential market where consents fell 8%, following on from the 13% decline in the prior year.

As Sir John noted earlier, despite strong fundamentals supporting a positive medium term picture for the New Zealand construction market, we are currently seeing residential consents, and the execution of those consents plateau, which has led to Metro Glass' sales remaining relatively flat year to date.

Feedback from across the sector, as well as reporting from other building materials companies, support the belief that this trend is currently being felt industrywide. There are many drivers that are contributing, including interest rates increasing from their lows, the impact of the Reserve Bank's loan-to-value ratio requirements, the tightening of credit availability, unfavourable weather, skills shortages as well as the normal wait-and-see behaviour ahead of next month's general election.

Metro Glass is a service driven business that needs to continuously plan ahead for expected activity levels. It is critical that the business has capacity ahead of demand, whether that ultimately occurs or not, with the business then adjusting accordingly. It would be fair to say that we have resourced our business to expect stronger volumes than we've seen so far this year.

While market forecasters are currently presenting a range of views, on the basis of what we know today, we consider it reasonable to pitch our business towards continued construction activity growth in the mid-single-figures over the next three years.

I now want to recap briefly on the journey that the glass market and Metro Glass has been on in recent years, and how our product offering has been completely transformed. This chart we show on slide 10 illustrates well the challenges that Metro Glass has successfully adapted to in recent years.

Metro Glass is a growth company evidenced by the doubling of its revenues in five years, with more than 60% growth in the last three years. We are currently in New Zealand's first ever up-cycle for double glazing, and the company has had to concurrently deliver significantly increased volumes, of more complex double glazing rather than single glazing, that incorporate a rapidly increasing proportion of high performance glass requiring more complex processing.

In FY17, executing on this strategy was challenging given the strong growth in customer demand and the rapid rate of the change in the glass products and glass processing required, resulting in growing pains.

Driving more customised and high value products and diversifying revenues is a key strategy for Metro Glass. Our ability to deliver a broad range of high-specification products on short lead times remains a key competitive advantage, and provides a strategic defence throughout the building cycle.

Review of operating performance in FY17

Now I'd like to update you further on the Company's key operational and financial results. These have been explained in detail in the 2017 Annual Report but I will cover off the highlights for you today.

We had five key priorities in FY17 and we consider that we achieved three and fell somewhat short on two. The company delivered strong top-line revenue growth, continued to expand its presence in the strategically-important Retrofit double glazing and commercial markets, and also worked to improve and develop its manufacturing capabilities.

Servicing the market and delivering this growth has only been achieved due to the investments we've made in Auckland and Christchurch that have provided the capacity required. Automation is difficult but through the cycle will be a game changer in cost, service, technology and productivity.

With regard to Retrofit, we grew revenue by 23% in the year but had aimed for 30% given the resources we invested into the business for growth. That said, Retrofit has grown 70% in three years, and provides Metro Glass with revenue that is less dependent on new construction activity which we see as important for the company's future.

The commercial glazing business has grown well, and we see this business as providing leadership in glass technology development. Metro Glass is selective on projects based on capability, and believe that commercial margins will be broadly in line with the overall Group.

We also completed the acquisition of Australian Glass Group and have seen results slightly ahead of our expectations to date. The integration of the business has gone well and AGG has begun to benefit from Metro Glass' procurement and manufacturing disciplines.

We believe that the South East of Australia presents significant longer term opportunities for Metro Glass. In the short-to-medium term we see double glazing penetration gathering considerable momentum in cooler climates like Victoria. This trend is being hastened by building code changes in key states, mirroring the New Zealand experience following code changes in 2007. Our FY18 capital expenditure program includes approximately nine million dollars of investments in AGG which are designed to deliver growth over the next 2-3 years. We anticipate meaningful growth in Australia in the years to come, but anticipate that as we have experienced in New Zealand there will be ups and downs and growing pains along the way.

Operational changes

In New Zealand, we are focused on the core business and are taking a number of steps to improve performance this year. Firstly, we are continuing to grow the company's management bench strength and execution capabilities. Earlier this year, we added three additional members to our senior leadership team. The additions were 1) Robyn Gibbard, who leads Auckland sales and has been with the company for more than 20 years, 2) Gareth Hamil, who leads our commercial glazing business in the Lower North Island, and 3) Alex McDonald, who was formerly the Highbook plant manager and is now focussing on operational improvement across our plants.

We have also engaged a specialist organisation who will assist us in driving a process and execution improvement program, focussed initially on operations at Highbrook. This focus on continuous improvement will help the business in delivering further productivity and efficiencies from the investments we have made – particularly in the Auckland and Christchurch plants.

And finally, we are focussed on better managing complexity. This will be assisted by the plant simplification investments being made in FY18 and by ensuring that we are sufficiently paid for product complexity.

Review of financial performance in FY17

Now let me turn to the company's FY17 financial performance. Group revenue for the year to 31 March 2017, including the seven-month contribution from AGG, rose 30% to $244.3 million from $188.0 million in the same period 12 months ago. Excluding AGG, Metro Glass' New Zealand revenue rose 14% to $213.8 million.

Normalised EBITDA for the year rose 20% to $44.9 million from $37.5 million in the prior year. Normalised net profit after tax (NPAT) rose 11% to $21.3 million from $19.3 million last year. Reflecting the impact of one-off expenses related to the acquisition of AGG and adjustments to tax expense for charges incurred in prior years, reported NPAT fell 6% to $19.4 million.

The debt funded acquisition of AGG led to the company's net debt growing to $94.5 million at 31 March 2017 from $43.6 million a year ago. Gearing remains well within the company's banking covenants, and we are cognizant of where we are in the cycle. Following the FY18 capital investment program, we would expect debt to reduce in subsequent years.

Strategy update and three year financial aspirations

I'd now like to touch on Metro Glass' strategy and what we are focussing on this year. Metro Glass' strategy is to continue to build on its position as the leading downstream glass processer in Australasia by 1) delivering a broad range of market-leading, customised, high-performance glass products at a cost that is competitive with both domestic and international manufacturers; and 2) expertly leveraging our highly-flexible and automated manufacturing facilities to deliver short lead times and an excellent customer experience.

We held a strategy day for investors and analysts last month, and there were three key messages we conveyed over the course of the day. Firstly, that Metro Glass is well-positioned from raw glass to end-use customer with seven distinct businesses that each have articulated opportunities, strategies and execution plans. Secondly, our belief that our investments in this first double glazing growth cycle and expanded presence in commercial and retrofit markets are setting Metro Glass for the long term, and finally that we have a significant opportunity ahead to generate sustainable shareholder returns. Our presentation is available on our website for those who may be interested.

To help shareholders better understand what the company is looking to achieve in the medium term, we also provided a set of three year financial aspirations. These are for Group revenue growth of 5-12% per annum from FY18 to FY20, to increase the Group EBITDA margin % to greater than 20% by FY20 and to reduce gearing to circa. 1.25 times EBITDA by FY20. These aspirations are dependent on market activity levels growing by mid-single-figures in each of these years, and positive or negative variances to that activity will impact the company's ability to deliver these results. We think these aspirations are challenging but achievable.

Key focus areas for FY18

When we released our FY17 results earlier this year, we also provided an update on the company's six key focus areas for FY18. These include: driving top line growth; improving manufacturing efficiency; increasing our presence in the commercial and retrofit markets; expanding our retrofit double-glazing business and optimising the operating performance of all business segments.

The FY18 capital expenditure program is underway as planned which will see the company upgrade key processing capabilities across the Group's six processing plants. These investments will deliver improvements in capacity, capability, quality, reliability and cost from the start of FY19.

From a financial perspective, we are focused on better monetizing revenue through lifting productivity, managing the Canterbury slow down and adapting to industry constraints and the timetable realities of the construction industry.

Thank you.