

Metro Performance Glass market update

Australasia's leading glass processor Metro Glass today announced the commencement of a review of the company's strategy, and provided an update on governance matters, capital management and anticipated results for the first half of the 2018 financial year.

Strategic review

Metro Glass Chairman Sir John Goulter said, "as a consequence of significant variations in the timing of both residential and commercial work put in place in New Zealand between Metro Glass' assumptions and the actual market, the Metro Glass Board has initiated a strategic review of all aspects of the company, including each market segment and line of business.

"This follows on from performance management efforts and initial review work undertaken in recent months, including the current engagement of an external specialist organisation to assist in improving manufacturing productivity at Highbrook.

"The strategic review will assess the company's present strategy, longer term market assumptions, and how the group's business model should be tailored accordingly. We expect this to be completed by March 2018."

Governance

The Board is continuing to evaluate the governance of the company following the recent appointments of Angela Bull and Peter Griffiths as directors. Two changes made with effect from 1 October 2017, are that Angela Bull has been appointed to the Remuneration Committee, and that the Chairman of the Board will no longer receive additional fees for committee work.

As noted at the Annual Shareholders' Meeting on 24 August 2017, Sir John Goulter will not seek re-election to the Board when he is next scheduled to stand. The Board will consider succession options as part of a review of overall Board composition and capability over the coming months, and the market will be updated in due course on the outcomes and any resulting changes.

Capital management

Metro Glass previously announced that the group expected capital expenditure of up to \$25.0 million in the 2018 financial year ("FY18"). This capital spend has been reviewed and is now expected to be in the vicinity of \$20.0 million.

This capital spend will result in significant capability enhancements, plant simplification and better geographic alignment of equipment to market opportunities. Implementation of the programme is on track with key equipment to be installed over the Christmas / New Year shutdown period, with benefits targeted to be delivered from the start of FY19.

Despite the significant capital investment this year, Metro Glass expects to maintain both net debt and dividend payments to shareholders in FY18 in line with FY17. Net debt at 30 September 2017 was slightly lower than the \$95.4 million reported at 31 March 2017.

1H18 financial results

Financial results for the first half of this financial year are consistent with the guidance provided at the Annual Shareholders' Meeting.

While group revenue will be higher than last year on the basis of owning Australian Glass Group for the entire six month period to 30 September 2017 compared with one month of the first half of FY16, group EBITDA and NPAT¹ will be similar to that achieved in the first half of last year.

Metro Glass continues to anticipate improved results in FY18 versus FY17, and will provide further guidance when the half year results are released on Monday the 20th of November 2017.

Sir John Goulter, KNZM, JP
Metro Performance Glass Chairman

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¹ EBITDA and NPAT are defined as Earnings Before Interest, Tax, Depreciation and Amortisation and Net Profit After Tax respectively.