

Market Release
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COVID-19 impacts first half performance and delays return of dividends

Metro Performance Glass (Metroglass) provides an update on the short-term financial and supply chain impacts resulting from NZ's COVID-19 lockdown and ongoing restrictions in Australia.

Three of Metroglass' four NZ glass processing plants were closed from the 17th of August until the 8th of September as previously advised. The fourth plant based in Auckland is currently preparing to safely recommence operations from Wednesday following Auckland's move into Alert Level 3 at midnight on Tuesday the 21st of September. The Auckland plant is the largest in the group and was closed for more than a month in a traditionally busy and profitable part of the year.

The NZ lockdowns have resulted in considerable disruption, uncertainty, and product shortages across the domestic construction supply chain, which are expected to impact the industry for several months to come as manufacturers, distributors and builders restart and ramp back up. International glass supply and shipping disruptions also continue to increase input costs, however Metroglass has prudently increased its level of safety stock to a comfortable level.

Australian Glass Group's three processing plants are currently operating, and the business is achieving solid sales performance, however varying state-by-state COVID-19 shutdowns and restrictions are impacting the supply chain, labour availability/absenteeism and profitability.

The financial impact of this period has been significantly greater than the April 2020 lockdown, and Group H1 EBIT is currently expected to be circa. \$10m below last year. In addition to the closure period, the NZ business has faced input cost pressure in a more competitive market, and a lower NZ Government wage subsidy compared to last year.

Metroglass' net debt has been reduced significantly in recent years and is expected to end H1 at a similar level to the same period last year.

The above impacts are largely one-off in nature. The construction pipelines in NZ and Australia continue to be strong looking forward and Auckland's move to Alert Level 3 this week is a positive step for the industry.

The board has elected to postpone the resumption of dividends which were anticipated to be declared alongside the Company's interim results in November. While the delay is disappointing, the board remains committed to delivering a conservative and sustainable dividend as soon as possible.

The group's interim results will be released in November 2021.

/Ends

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