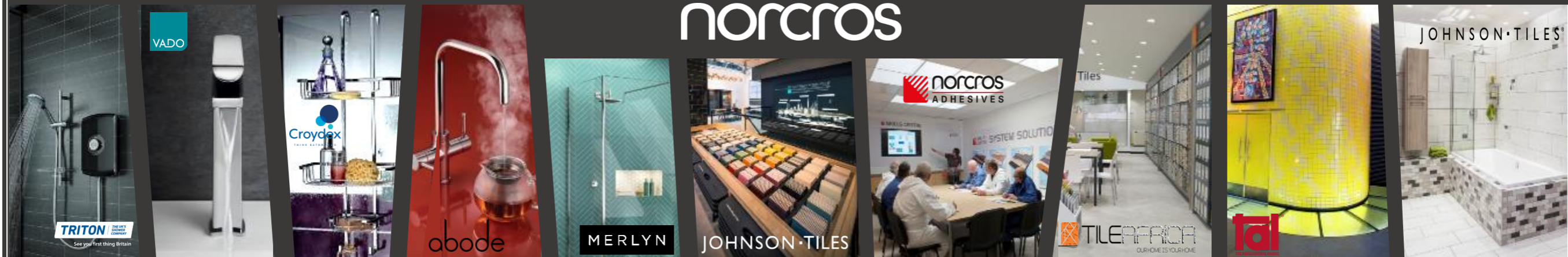


norcros

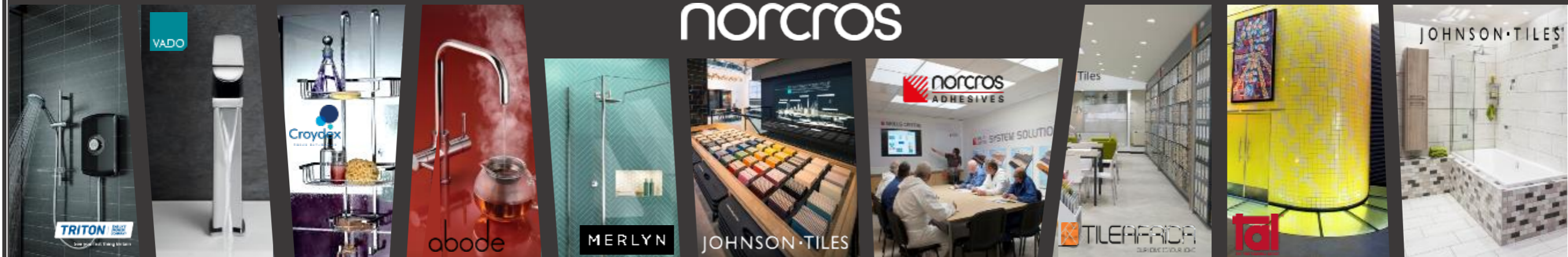


Growth Strategy Delivering Outperformance

Nick Kelsall, Group Chief Executive

Analyst & Investor Day









12 April 2018, London



AGENDA

09:30-09:35	Introduction	Nick Kelsall, Group Chief Executive
09:35-09:50	Trading & Strategy Update	Nick Kelsall, Group Chief Executive
09:50-10:10	Triton	Dave Tutton, Managing Director
10:10-10:30	Vado	Jim Williams, Managing Director
10:30-10:45	Q & A	
10:45-11:00	Coffee Break	
11:00-11:20	Merlyn	Charlie Soden, Managing Director
11:20-11:40	Johnson Tiles	Stephen Dixon, Managing Director
11:40-12:00	Norcros SA	Thomas Willcocks, Managing Director
12:00-12:15	Close & Q & A	Nick Kelsall, Group Chief Executive
12:15-12:30	Studio Tour	
12:30-13:30	Lunch	

Business Portfolio – Focused, Market Leading & Well-Invested

			* Revenue	%
UK		UK market leader in the manufacture and marketing of showers	£49m	16%
		Leading manufacturer and supplier of taps, mixer showers, bathroom accessories and valves	£37m	12%
		Market leading, innovative designer, manufacturer and distributor of high quality bathroom furnishings and accessories	£25m	8%
		Leading niche designer and distributor of high quality kitchen taps, bathroom taps and kitchen sinks	£11m	4%
		Market leading supplier of shower enclosures and trays	£31m	10%
	JOHNSON·TILES	Leading manufacturer and supplier of ceramic tiles in the UK	£53m	17%
		Manufacturer of tile and stone adhesives, grouts and related products	£8m	3%
			£214m	70%
SOUTH AFRICA		Leading chain of retail stores focused on ceramic and porcelain tiles, and associated products, such as sanitary ware, showers and adhesives	£57m	19%
		Leading manufacturer of ceramic and building adhesives	£21m	7%
	JOHNSON·TILES®	Leading manufacturer of ceramic and porcelain tiles	£11m	4%
			£89m	30%

* All revenue data is approximate annualised revenue for year to 31 March 2017

GROUP

Robust performance in challenging markets
 Underlying operating profit - expected to be in line with the Board's expectations
 Group revenue of c.£300m : +10.7% reported v. prior year : +8.7% @ CC : +4.4% @ CC LfL
 Closing year end debt expected to be c.£48m – in line with the Board's expectations

UK

Revenue +10.0% v. prior year – reflecting in part the Merlyn acquisition
 LfL growth +3.6% v. prior year : H2 LfL of -0.8% v. H1 +8.5%
 H2 decline reflects lower retail revenue at Johnson Tiles
 Johnson Tiles apart, H2 LfL +8.4% v. H1 LfL +11.4%

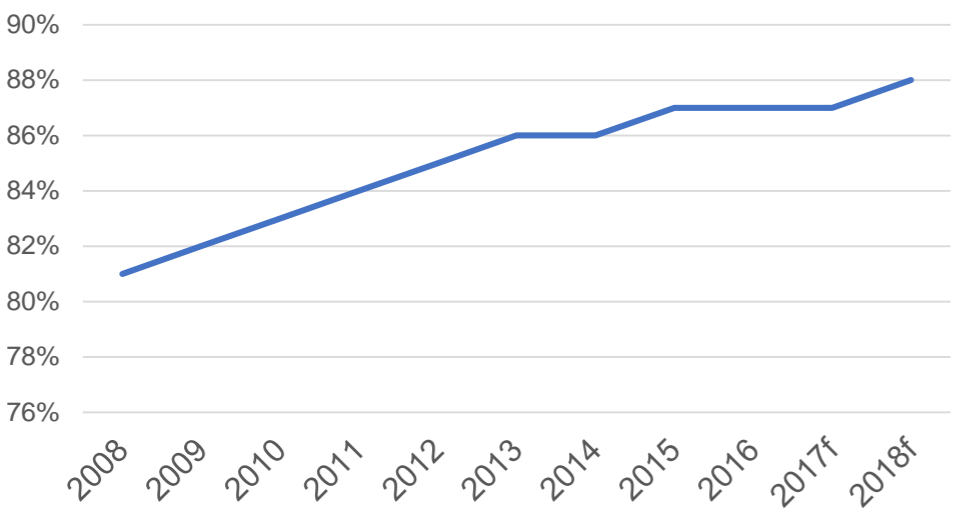
SOUTH AFRICA

Strong revenue growth +6.0% v. prior year on a CC basis : +12.0% on a reported basis
 H2 LfL CC growth of +7.2% v. H1 of +4.8%
 Sustained progress despite challenging market environment

SUMMARY

Resilient trading performance and robust financial position
 Merlyn integrated and performed in line with the Board's expectations
 Well placed to pursue complementary growth opportunities

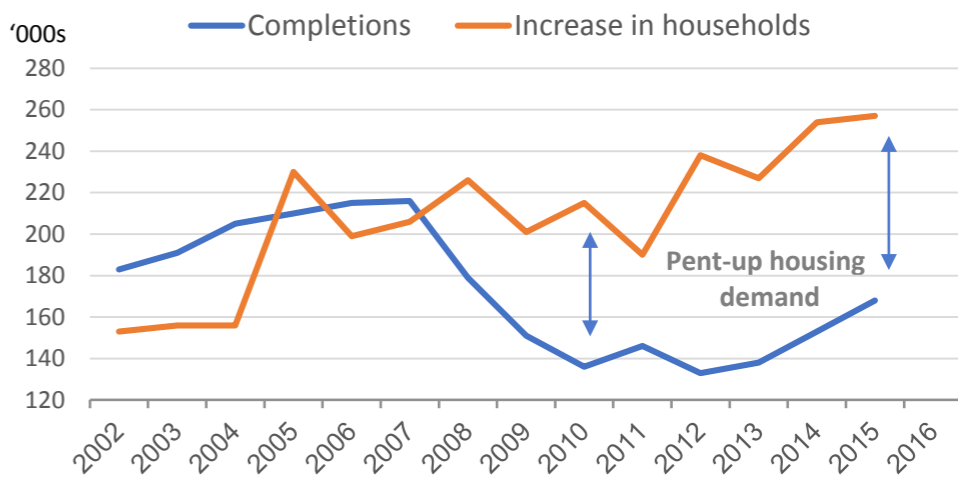
UK: Households with a Shower



Source: MTW (2016), Nationwide

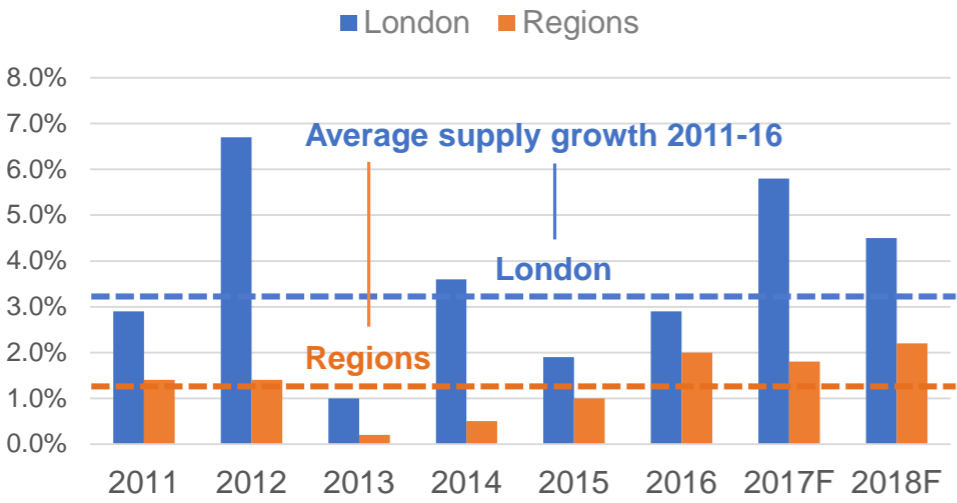
Continued increasing shower penetration

UK: Housing Completions vs Net Increase in Households



Increasing pent-up housing demand

UK: Hotel Rooms Net Growth



Source: PwC: AMPM August 2017

Robust growth in new hotel rooms

- **Persimmon** “Conditions in the new build housing market remain supportive” ~ *Trading Results FY17, 27th February 2018*
- **Barratts** “Market fundamentals remain attractive – Positive lending environment, strong government support, demand continues to exceed supply & attractive land market” ~ *Trading Update, 21st February 2018*
- **Taylor Wimpey** “Supply and demand imbalance in UK housing remains, underpinning confidence in long term prospects” - *Full year results 2017, 28th February 2018*

House builder sentiment remains positive

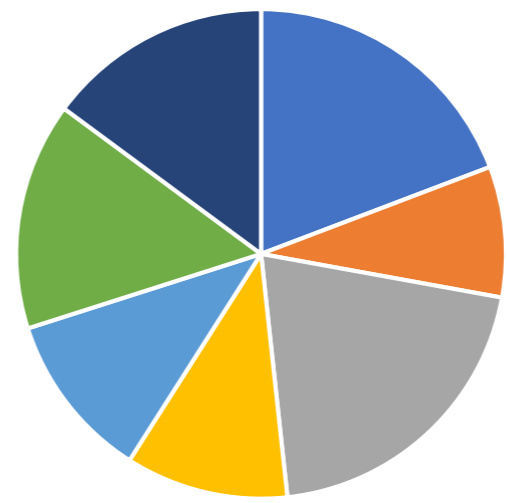
Market Characteristics

- **Our chosen markets are sizeable**
- **Markets are fragmented**
- **Scope for consolidation**
- **Markets have exhibited growth since global financial crisis**

Growth Drivers

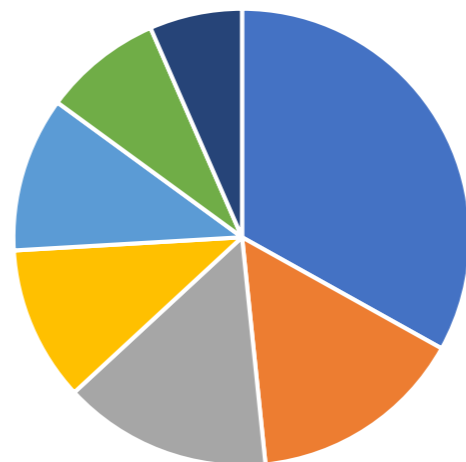
- **Market shower penetration increasing as consumer preferences change**
- **RM & I spend continues to be focused on bathrooms and kitchens**
- **New house building volumes increasing and sustainable as deficit in completions persists**
- **Commercial – Increasing demand in Hotel, Student, Care Home and other commercial segments**

UK - ~£2.3bn (MSP)



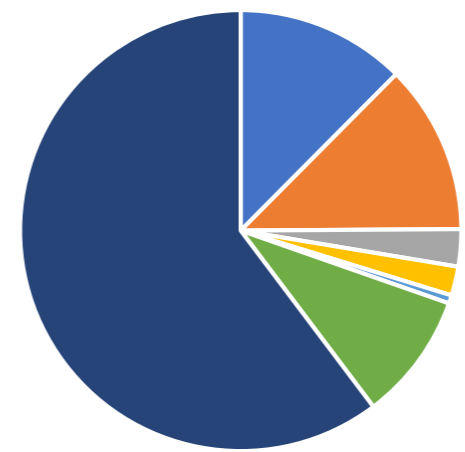
- Sanitaryware
- Enclosures, screens & trays
- Mixers, taps and shower controls
- Kitchen taps and sinks
- Furniture & accessories
- Tiles
- Adhesives (inc. resilient and resin)

South Africa - ~£0.9bn (MSP)



- Tiles
- Construction + Building Adhesives
- Sanitaryware
- Taps & fittings
- Plumbing pipes & fittings
- Geysers
- Ceramic Tile Adhesives

UAE and Qatar - ~£1.1bn (MSP)

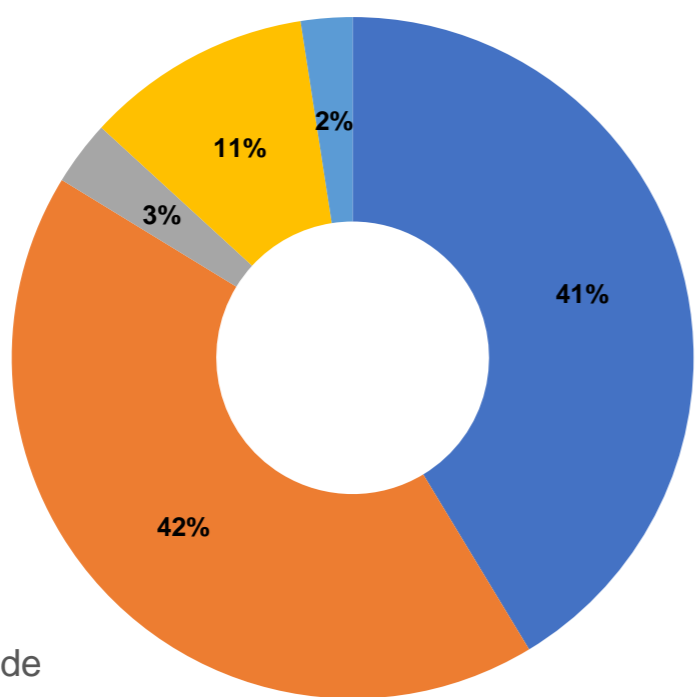


- Sanitaryware
- Taps and mixers
- Baths and shower trays
- Shower enclosures
- Hydrotherapy
- Adhesives
- Tiles

Source: Mintel, BRG, LEK, CiL and management estimates

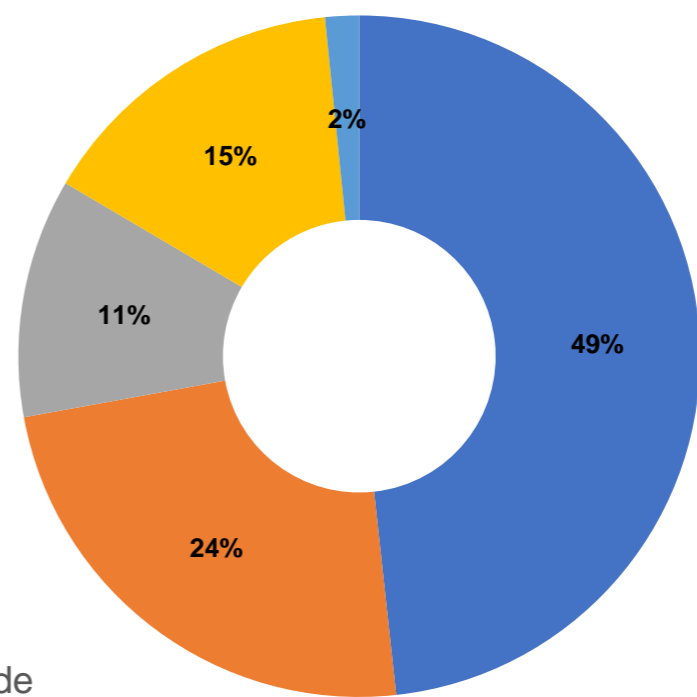
Channel Dynamics – Norcross UK Channel Shift

% Revenue FY13

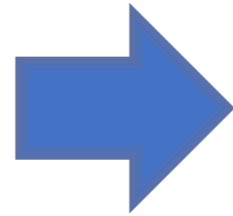


- Trade
- DIY Retail
- Independent & Specialist Retail
- Export
- Other

% Revenue FY17



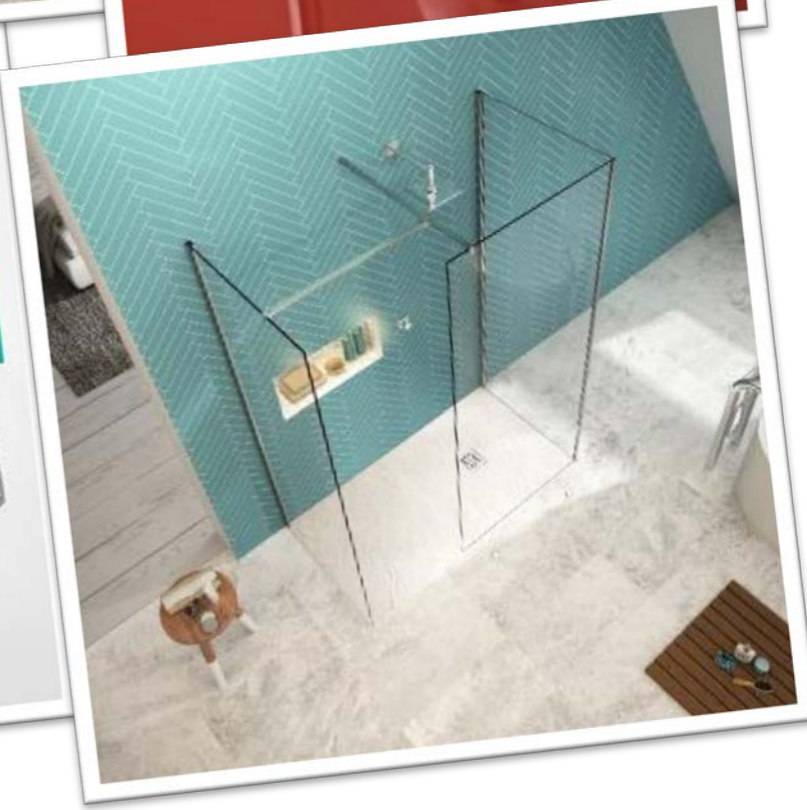
- Trade
- DIY Retail
- Independent & Specialist Retail
- Export
- Other



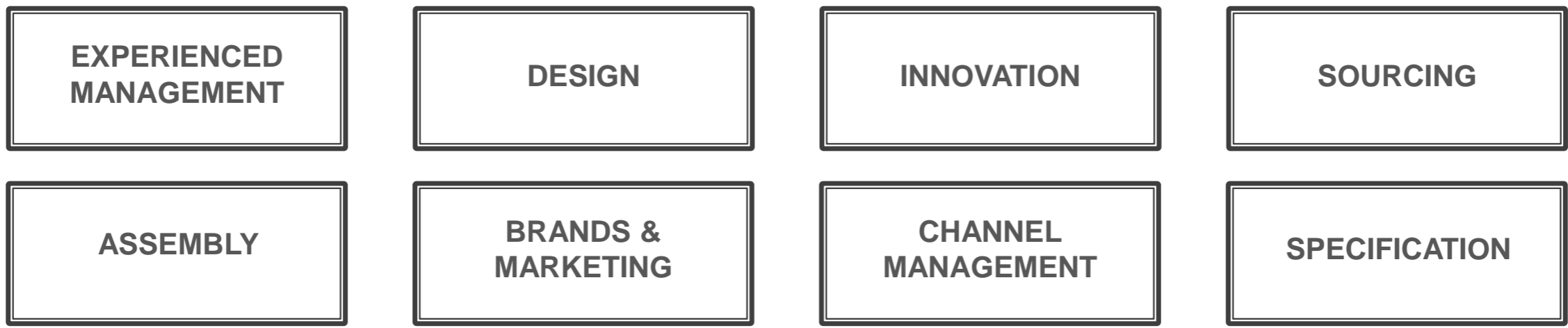
- UK business now better balanced
- Strategic focus on commercial, specification and private new build
- Resource focused on trade channels
- Further penetration of regional merchants and independent retailers
- Group less reliant on DIY
- Merlyn acquisition enhances this shift

Substantial Investment in Facilities & New Product

- c.£50m invested in capex and R&D in past 5 years
- Key driver of differentiation and market leading positions
- Triton and Vado – digital shower
- Triton – silent and low pressure ranges
- Abode Pronteau hot water tap – Vado extension
- Merlyn, Triton, Croydex – Easy and Fast Fit ranges
- Tile Africa – CX store format success
- Strong new product vitality - >30%



CORE COMPETENCIES



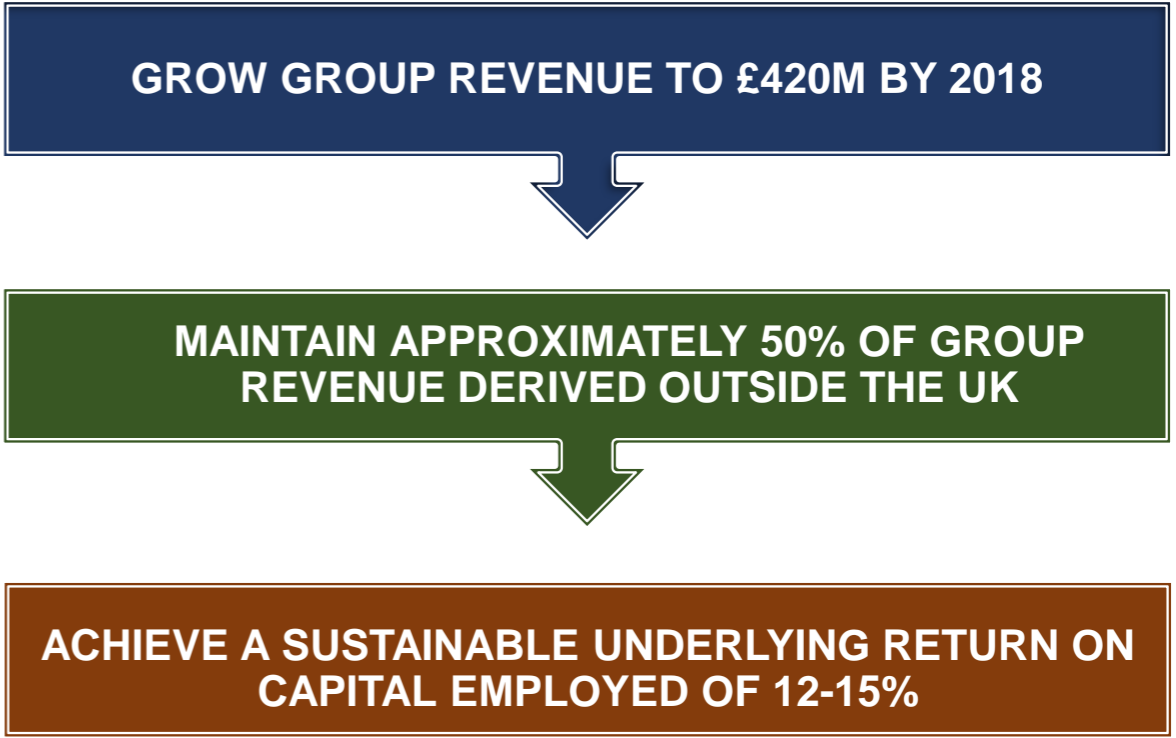
INCREASING GROUP COLLABORATION, DRIVING SYNERGIES

1. Experienced and successful management of decentralised, focused and complementary business portfolio
2. Core skills provide opportunity to establish niche positions and not take on global players
3. Vision of multi-geography business within chosen markets and complementary products is attractive
4. Leverage core competencies in acquisitions to improve performance, drive scale and synergies

Current Strategy – Recap

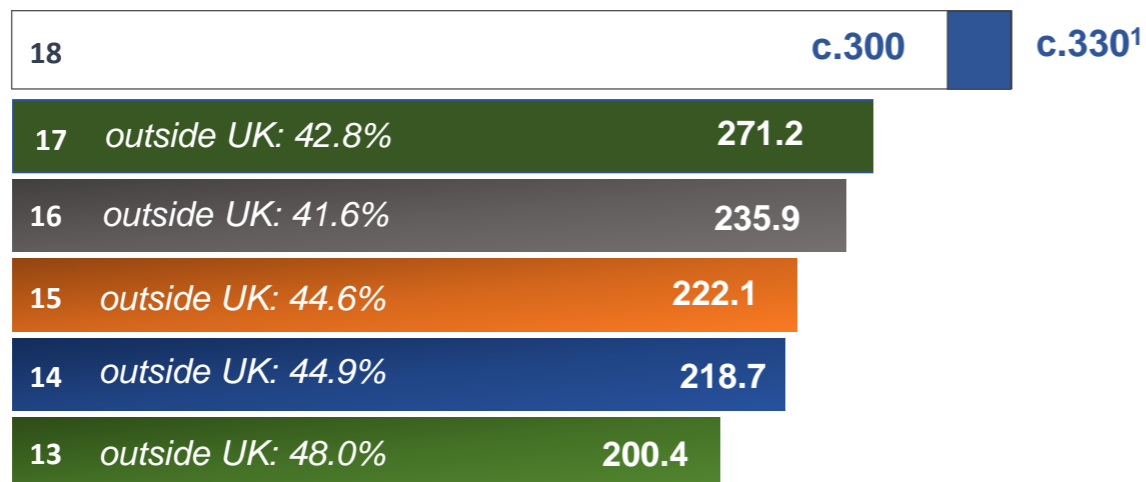
CURRENT STRATEGY & STRATEGIC TARGETS

- 1 Pursue a faster and focused growth strategy to scale up the size of the Group, organically and by acquisition
- 2 Maintain investment in our strong brands and new product development
- 3 Leverage revenue synergies within our portfolio of complementary businesses
- 4 Target acquisitions in complementary markets with attractive returns on capital
- 5 Continue to ensure high standards of corporate governance and responsibility



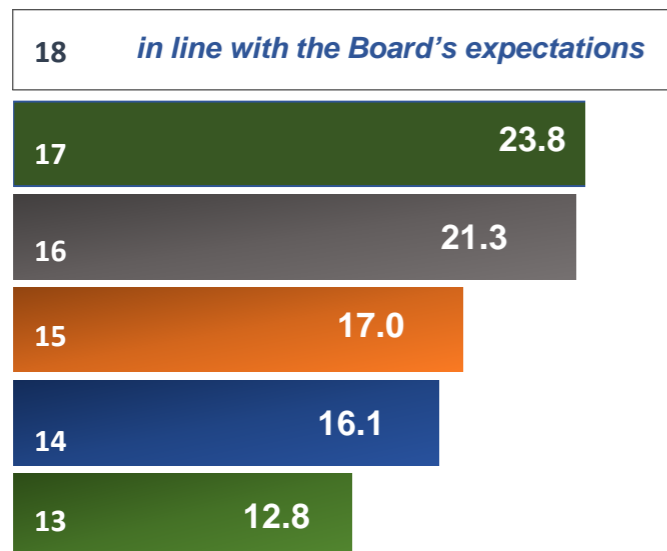
Current Strategy – Substantial Progress

Revenue (£m)
c.£300m: +50%

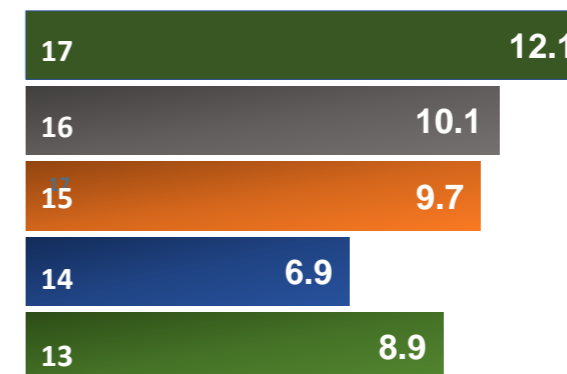


¹ On a constant currency basis from 2013

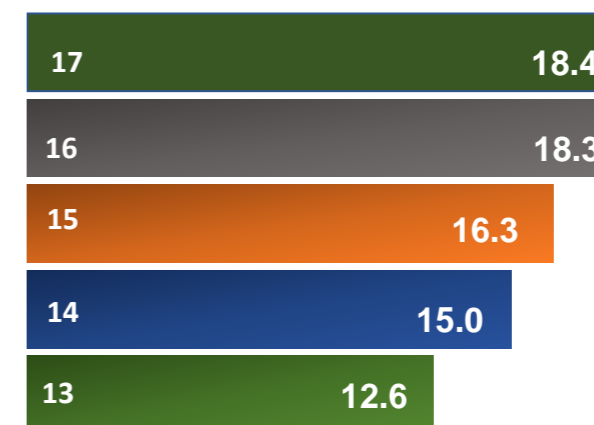
Underlying Operating Profit (£m)
£23.8m: +86%



Capex and R&D Expenditure (£m)
£47.7m invested



Underlying Return on Capital Employed (%)
18.4%: +580 bp



Current Strategy – Review

- **Execution of strategy has been highly successful**
- **Unequivocal support from Stakeholders**
 - Clarity of strategic objectives
 - Focused and disciplined deployment of capital
 - Ninth consecutive year of Revenue and EBIT growth
 - Achievement of ROCE medium term targets
- **Expansion of current strategy continues to be attractive**
 - Significant pipeline of ‘relevant’ opportunities
 - Group synergies – gathering further momentum
 - Attractive returns given low interest costs
 - Improves Group covenant v pension liability
- **Rollover of current strategy to 2023**
 - Market remains attractive, fragmented and scope for further penetration
 - Scope to extend both product portfolio and geographical focus



Organic and Acquisition Opportunities

EXISTING PRODUCT PORTFOLIO



POTENTIAL TO BROADEN PRODUCT PORTFOLIO



COMPLEMENTARY ACQUISITION OPPORTUNITIES – WELL DEVELOPED PIPELINE

CHOSEN MARKETS SUITABLE FOR CONSOLIDATION

ORGANIC GROWTH MOMENTUM

UPDATED STRATEGY & STRATEGIC TARGETS

- 1** Continue to pursue a focused growth strategy to scale up the size of the Group, organically and by acquisition
- 2** Maintain investment in our strong brands and new product development
- 3** Leverage revenue synergies within our portfolio of complementary businesses
- 4** Target acquisitions in complementary markets with attractive returns on capital
- 5** Continue to ensure high standards of corporate governance and responsibility

GROW GROUP REVENUE TO £600M BY 2023



MAINTAIN APPROXIMATELY 50% OF GROUP REVENUE DERIVED OUTSIDE THE UK



ACHIEVE A SUSTAINABLE UNDERLYING RETURN ON CAPITAL EMPLOYED OF >15%

2023 VISION



“ A leading supplier of bathroom and kitchen products in selected geographies, offering strong brands, contemporary designs, trusted quality, outstanding service, innovation and a wide product range”

STRATEGIC TARGETS



£600m revenue by 2023
Organic & Acquisitions

50% revenues derived from overseas
No change

Sustainable ROCE of >15%
Hurdle increased



TRITON | THE UK'S
SHOWER
COMPANY

See you first thing Britain

Dave Tutton, Managing Director

Analyst & Investor Day

12 April 2018, London



WORLD CLASS, MARKET LEADING, SHOWER MANUFACTURER

Market Leader

- Electric, mixer, digital & accessories
- Strong consumer franchise
- Strong replacement product category
- Marketing led
- Leading product innovation
- #1 UK & Eire

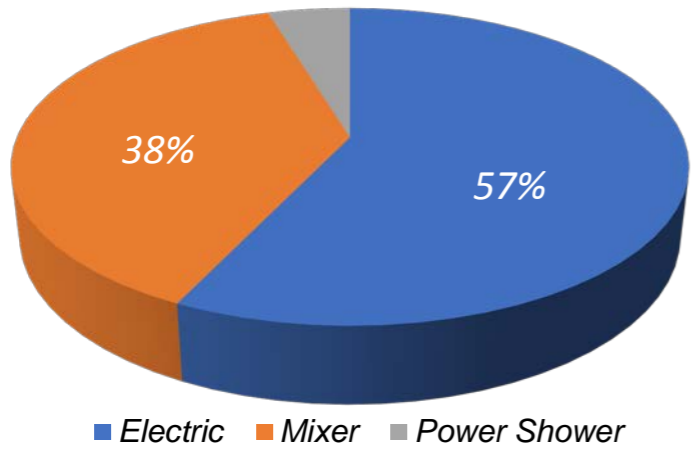
All Channels

- Broad distribution
- Trade, Retail, Specification, Online
- Recognised trade brand leader
- Loyal trade professionals
- Category management expertise
- Responsive, flexible, reactive

World Class Operations

- Best in class quality standards
- Service levels > 99% OTIF
- Strategic geographic purchasing
- Flexible manufacturing & workforce
- EN ISO 9001/14001
- Industry leading after sales service

UK Shower Market
Dec 2017 Vol (MAT) 1.9m



Significant Market Opportunity

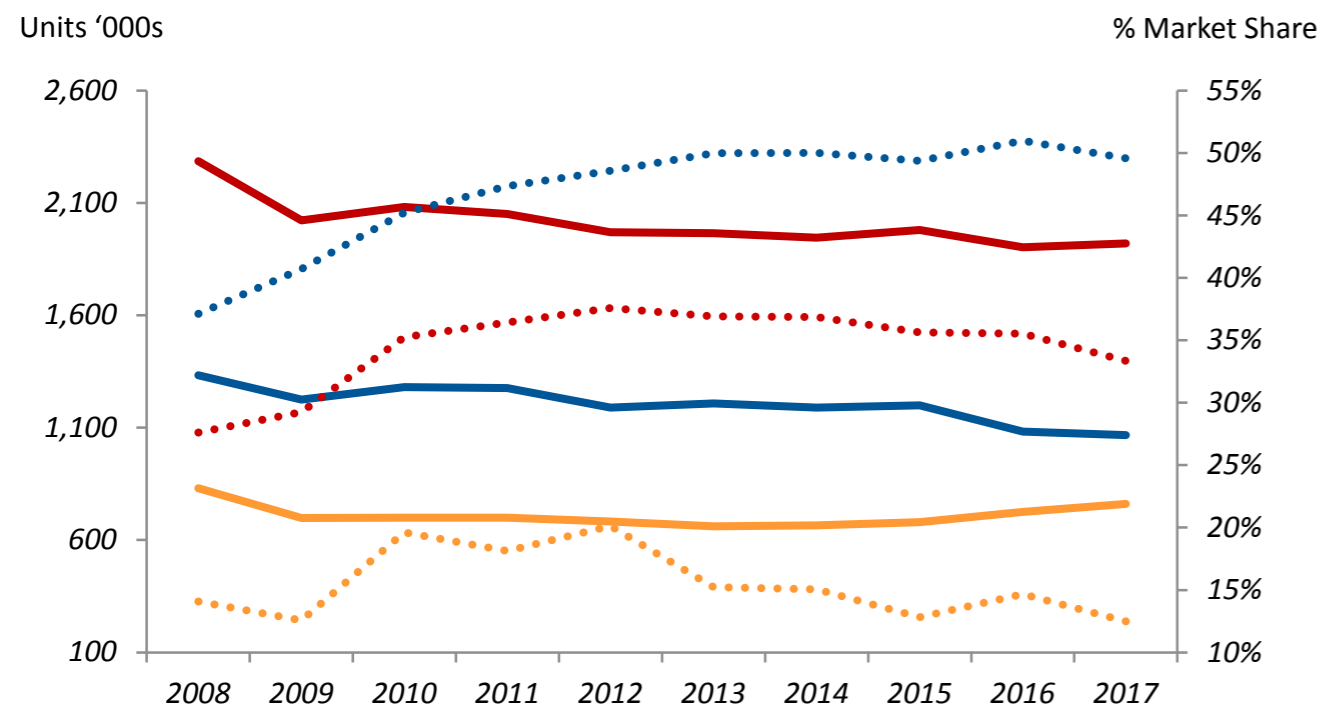
- Sizeable UK shower market - ~1.9m units
- Electric still majority share - ~1.1m units

Leading and Increasing Market Shares

- 34% UK shower market share – from 26% in 2007
- 51% UK electric share – from 40% in 2007
- Market leader in Eire – 69% share

Replacement Product - Key Market Driver

- Repair Maintain & Improve - 81% of sales
- Installed base of >6m units
- Replacement cycle c.8 years
- Triton brand recognition & loyalty – a significant strength



— UK Market — Electric — Mixer
..... Triton Mkt Share % Triton Electric Mkt Share % Triton Mixer Mkt Share %

Points of Differentiation

- Electric shower strength, continual design & innovation
- Trade & consumer BRAND loyaltyrecognition #1

...More than 1 in 4 households have a Triton Shower

- Continuous brand awareness including digital development & online
- Widest distribution, ALL channels at all price points
- Category management - range & breadth - 1 stop branded offer
- The highest service levels & response rates in the industry
- Backed with the industry's leading 'Parts & Labour Guarantee'

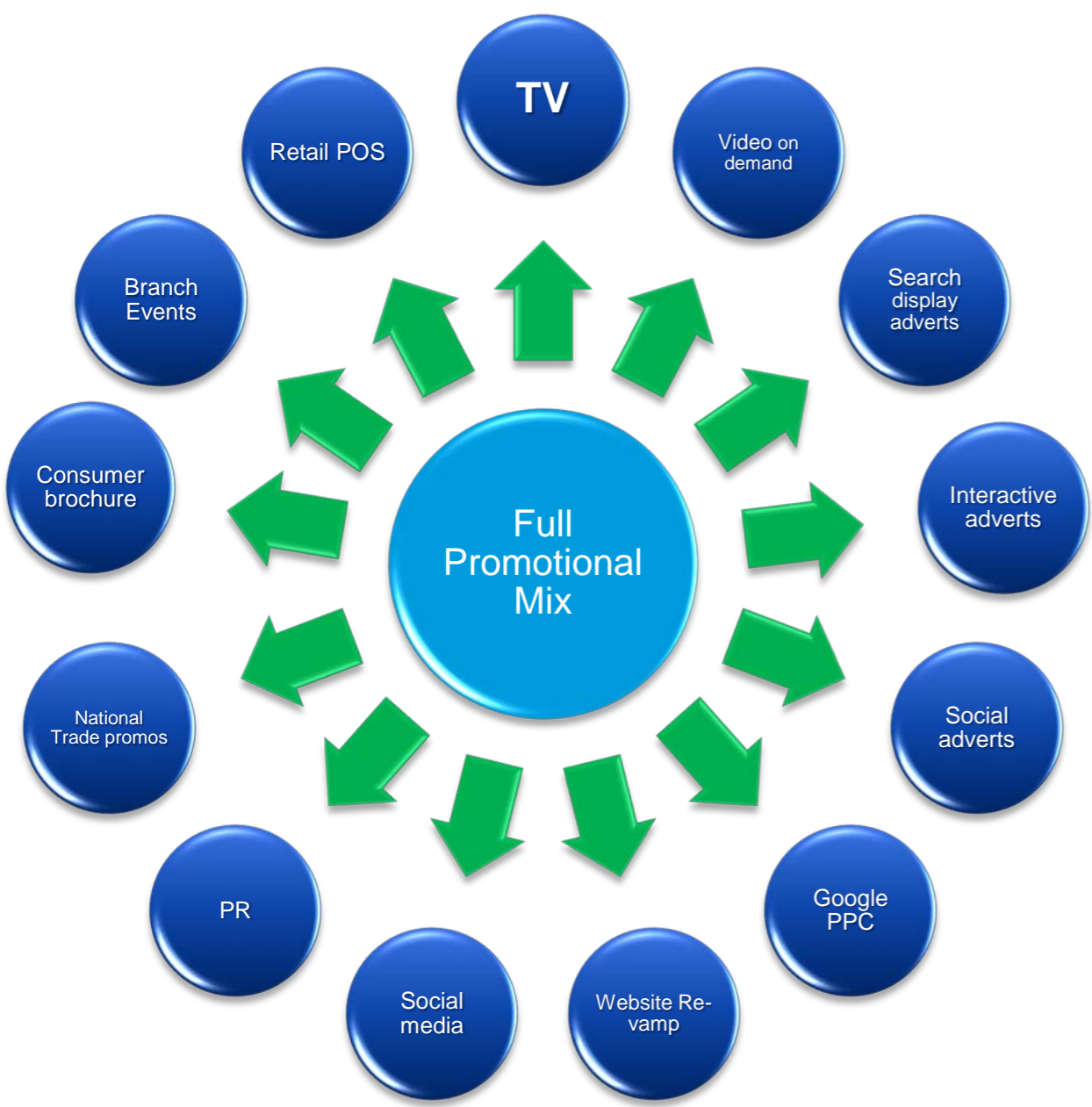
... 8 out of 10 people replace a Triton with a Triton



Source: BSRIA & GFK Data & Triton / Industry Est

2017 / 2018 Brand Campaign

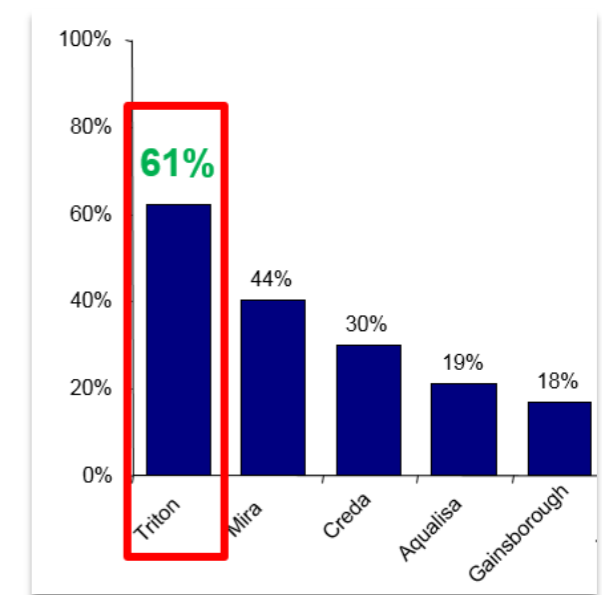
#See you first thing Britain



Digital Success

- +293% increase in Social Media traffic
- +40% increase in Direct Web Traffic
- +30% increase in Net Sales Revenue QoQ

Brand Success



- Post campaign awareness +3 points
- Inc 60% for women (previously at 56%)





Market Leadership
1st for Electric Showers (UK & Eire)

Multi channel, mass market, Triton brand, with continual NPI & Brand marketing

Further Category Extension & Growth
Mixer Showers, Digital Mixers & Branded Shower Accessories

Exploiting technical & R&D base
Leverage distribution, sourcing & Triton Brand UK assembly = flexibility & choice

Growth Across Specification
Thermostatic Showers

Increasing specification touch points, range depth & breadth (NPI)

Growth in New International Markets

Innovation with low pressure
Product Proposition = technology, style, safety, & UK manufacture

Channels & Customers



B&Q **BUNNINGS warehouse** **HOME BASE** Always your home. Always low prices. **Wickes** Let's do it right



Argos **SHOP DIRECT** **TESCO** **Dunelm**



WOLSELEY **G** Grafton Group plc **TP** **Graham** The Plumbers' Merchant



SCREWFIX **EDMUNDSON ELECTRICAL** **C E F** **TOOLSTATION**



amazon **VICTORIAN PLUMBING.co.uk** **soak.com** **plumbworld**

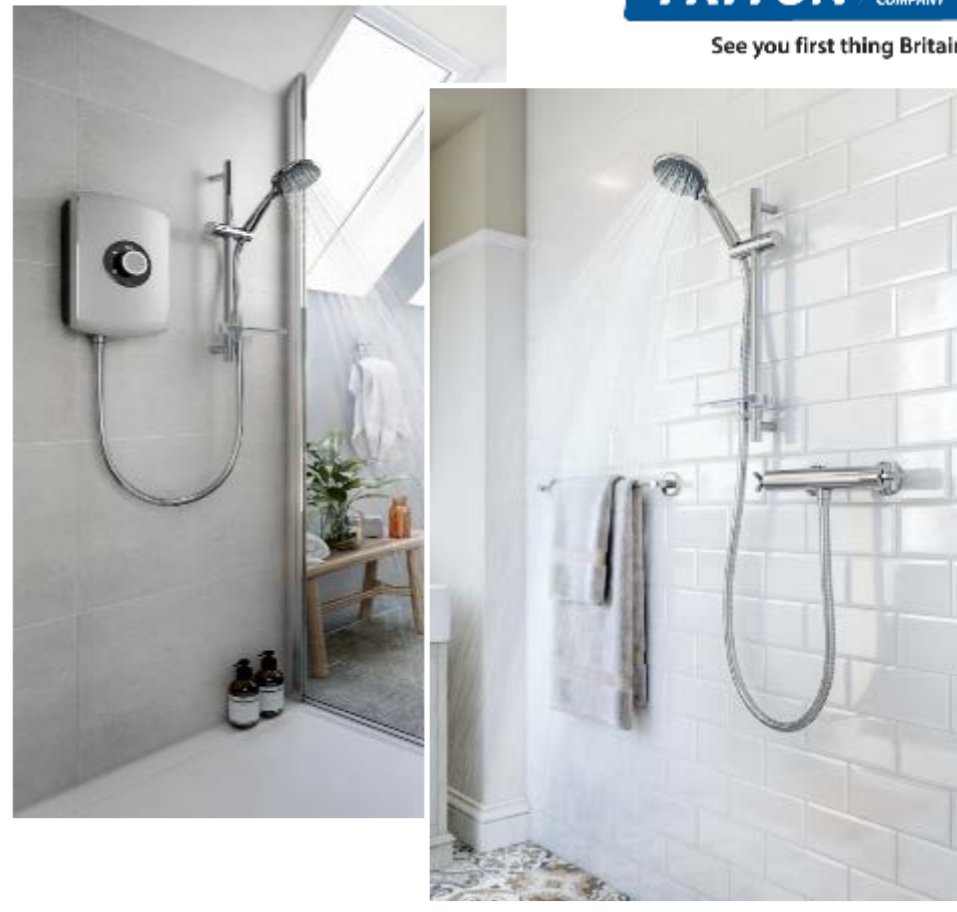


TRITON THE GREAT IRISH SHOWER COMPANY See you first thing Ireland **TRITON** by **Sintex** Você na boa em qualquer clima. **TRITON** The Great British Shower Company **JAMES**

Product Development

- In house development & engineering expertise
- Strong category innovation with IP protection
- Continual R&D - partnering areas such as heat conservation
- Fast speed to market – retail & trade
- Electric shower innovation with market leading designs
- Full in house & 3rd party testing & product approvals
- Industry leading vitality rate 34%, rolling NPD pipeline

See you first thing Britain



Growth Opportunities

Digital Mixer Showers

- Triton brand name – Own the category
- Exploit existing strengths
- Mass market via Triton; premium via Vado

Specification & Contract

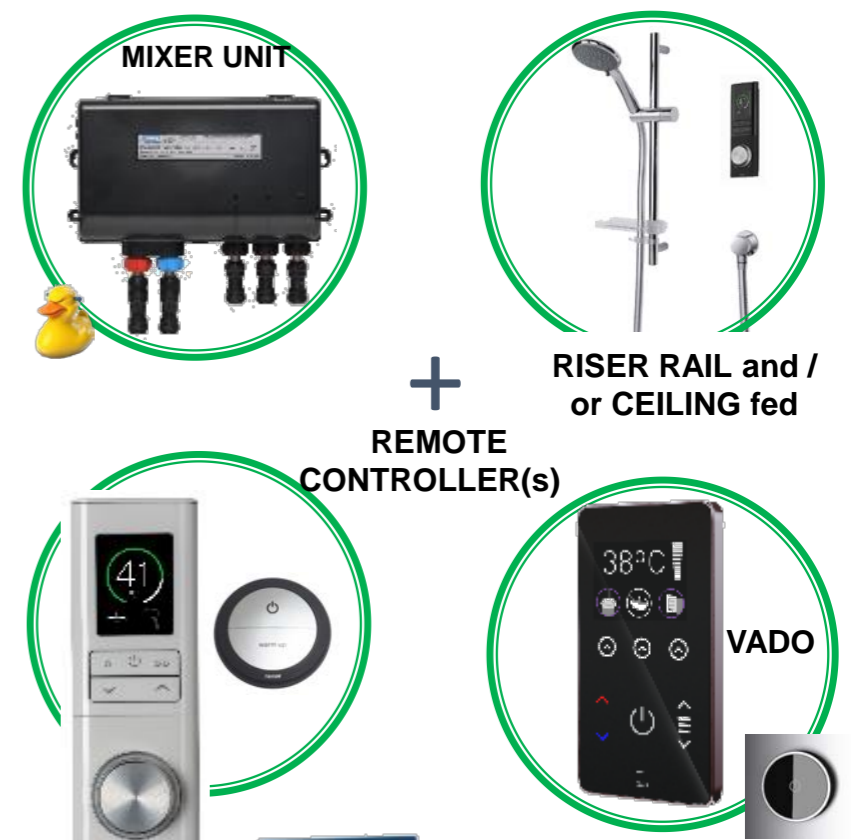
- Current strength in social housing & with a northern bias
- Leverage Norcross Group contacts, & growth nationally
- NPI Thermostatic electric: growth in market share

Shower Accessories

- UK market > £60m & 8m pieces.
- Triton brand strength – leverage relationships & Triton 'shower park'
- Growing online opportunity – customers & direct

International

- Triton has world leading electric shower capability from 0.1 bar +
- Emerging markets - lower pressure, higher ambient water temperatures
- Brazil >18x UK (20 million+ pieces p.a.), Latin America, S E Asia, South Africa...
- Digital mixer opportunities



Summary

Triton – World Class, Market Leading, Shower Manufacturer

- Exceptional brand strength supported by innovative & high quality product and world class service
- Captive electric shower segment – strong replacement market
- Well invested in NPD to expand across the shower product category
- Opportunities for growth - leveraging areas where Triton & the brand is strong
- International & low pressure market growth opportunities
- Experienced management team
- Strong profitability and cash generation
- UK & Eire award winning market leader



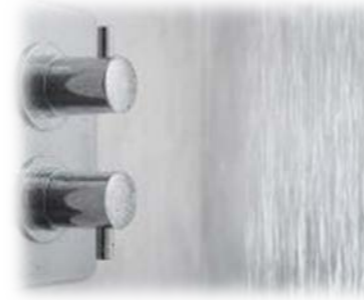


Jim Williams, Managing Director

Analyst & Investor Day
12 April 2018, London

Business Overview

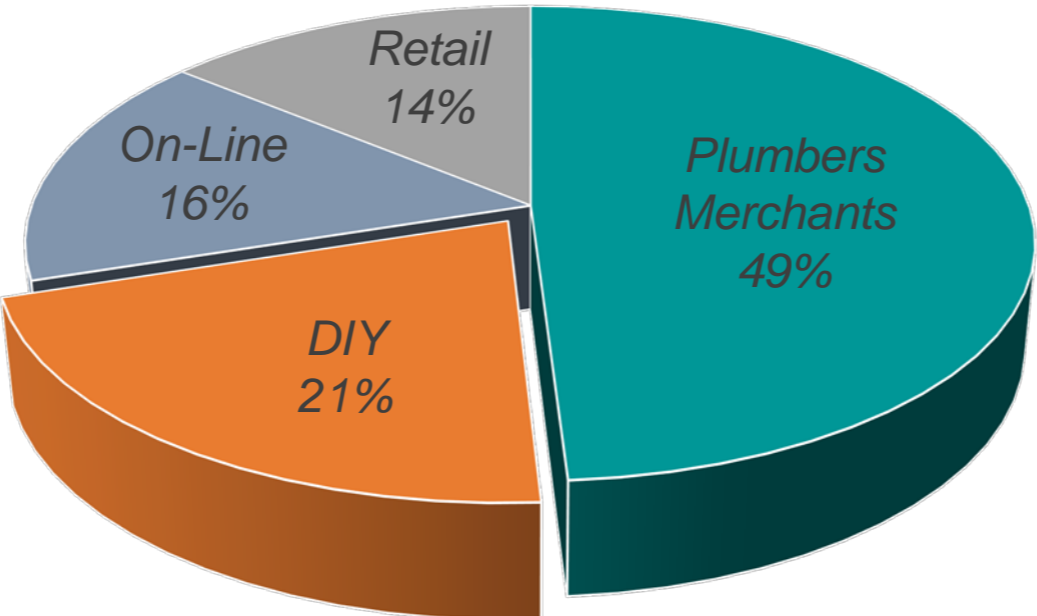
- Founded in 1988 as a distributor of bathroom products
- Business evolved to focus on mid-high end own designed and branded ranges of:
 - Taps
 - Shower controls
 - Bathroom accessories
 - Plumbing valves



- Product design and engineering undertaken in UK
- Majority of heavy manufacturing is outsourced to partner factories in China
- Supplier quality controlled by Vado China office (established in 2008)
- Assembly operations in Cheddar
- Exporting to more than 60 countries with direct overseas presence in:
 - Dubai: Sales office and logistics hub
 - Poland: Sales office
 - South Africa: Sales office
- Acquired by Norcros in March 2013



➤ UK market for taps, mixer showers and bathroom accessories: £563m (MSP)

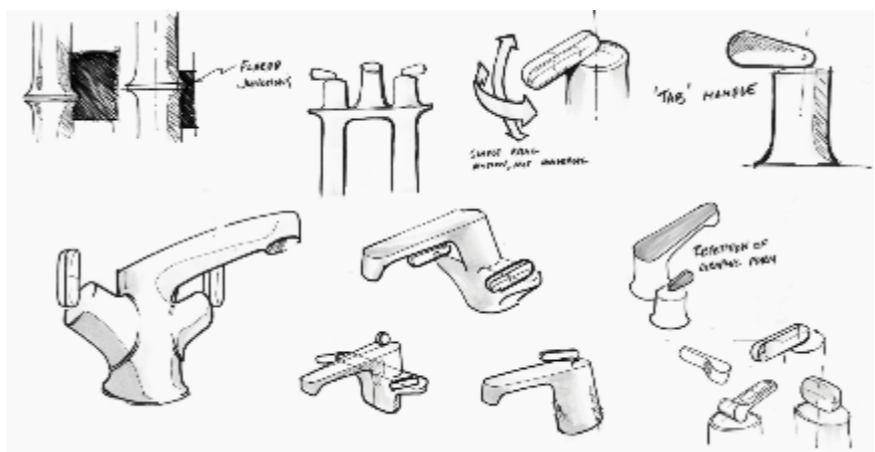
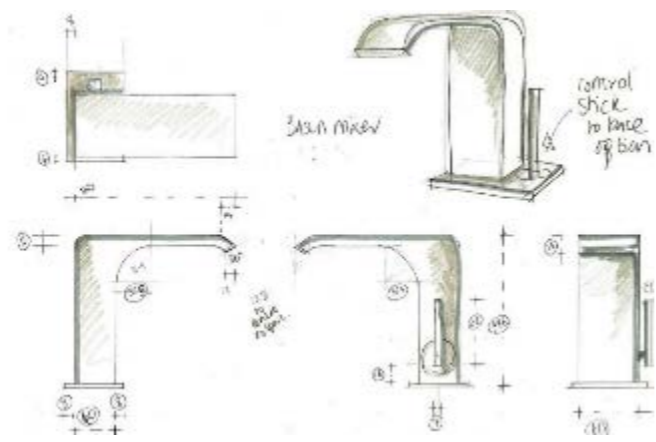


- Moderate market growth of 2-4% p.a. is forecast to 2021
- Vado historical revenue CAGR post acquisition of ~10.4%
- RMI sector accounts 80% market value; New Build 20%
- In chosen sectors, Vado currently hold a ~6.5% market share
- Typical Vado customer is making a planned purchase and fitting a complete new bathroom
- Increasing importance of internet as more consumers Research Online Purchase Offline
- Global market for taps, showers and accessories estimated at £10bn

*Source: BRG and AMA Market research reports and Vado analysis

Points of Differentiation

➤ A branded brassware specialist at the forefront of design trends



➤ Extensive, aspirational portfolio at affordable prices



➤ Trusted by an established network of retail and specification advocates

- 30 years of history
- Personal, industry leading service
- Un-rivalled aftersales engineering network

➤ Marketing Excellence



UK

- Scope for further market penetration
- Continue focus and grow share in 3 targeted sectors:
 - Specialist retailers
 - Plumbers merchants
 - Specifications – house builders & hotels
- Increase consumer brand awareness
- Continue leading edge design & NPD



Export

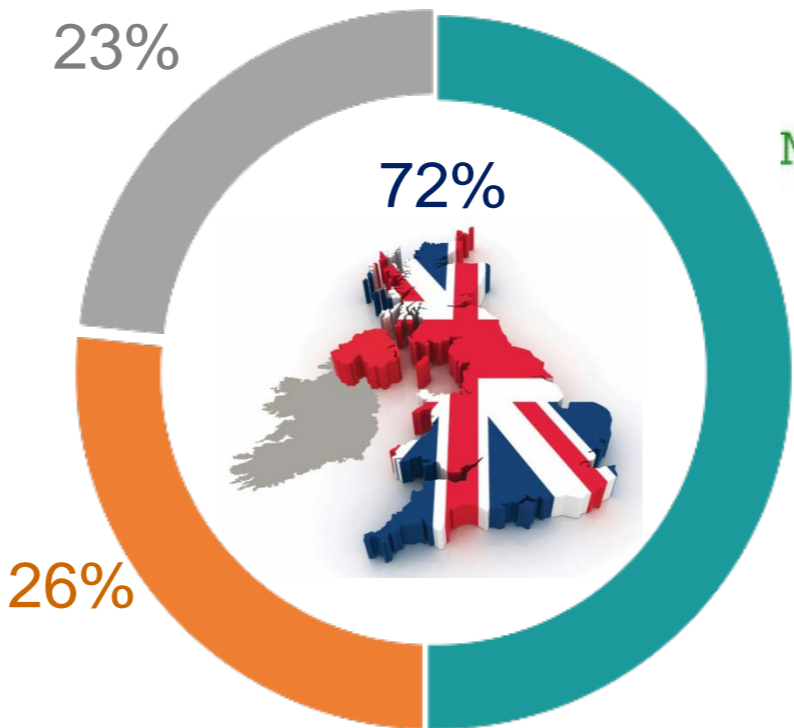
- Leverage opportunities in existing markets:
 - Middle East
 - Sub-Saharan Africa
 - Europe: Eire and Poland
- Utilise Middle East logistics hub
- Focus on significant opportunity developing in S. America



Plumbers Merchants



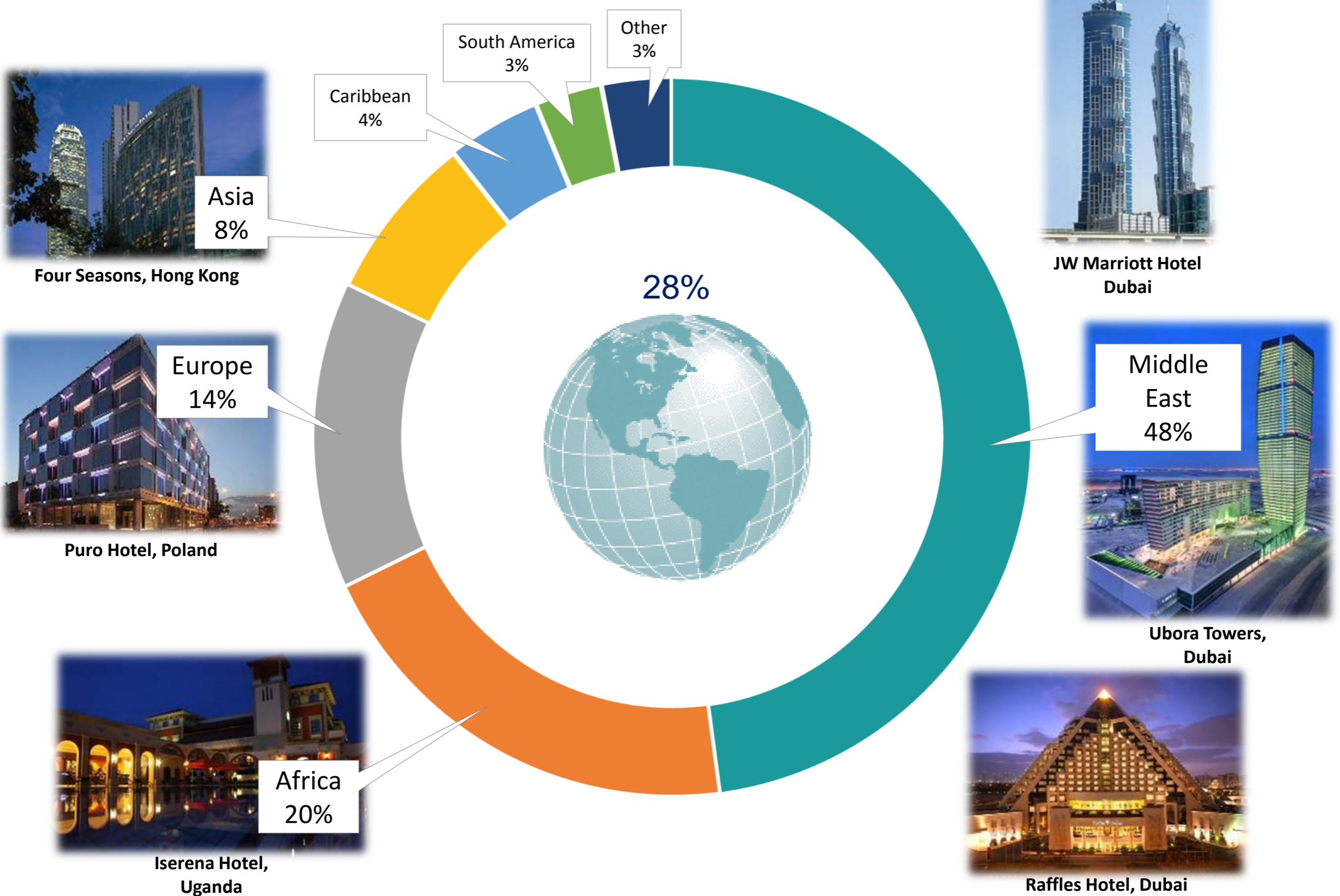
Specifications



Specialist Retailers



Channels & Customers - Export



Product Development



2017 saw significant product launch activity

Jan
Kitchen Mixers



Feb
Edit



March
Ceres



April
Kovera



August
Slim



October

OMIKA
DESIGNED BY
John



Product Development



Strong and exciting future pipeline

SENSORI
SMARTTOUCH



SENSORI
SMARTDIAL



Growth Opportunities

UK

- Small market share leaves significant opportunity in all sectors
- Increased consumer marketing
- Hotel sector represents <10% of our specifications
 - Over 625,000 hotel rooms in the UK
 - Over 18,000 new rooms planned in 2018



Export

- Focus on growth from existing markets
- Significant opportunity with new Dubai based distributor
- Stock “on the doorstep” will boost sales in Middle East and Africa
- Substantial growth targeted in South America



Group Synergies



Summary

- An established brand led business with a strong platform for growth
- An industry leading product offering with an exciting product development pipeline



- Industry leading customer service
- Established history and trusted relationships in all targeted channels
- Significant experience in manufacturing in low cost/high quality partner factories



- Substantial opportunities to grow market share in existing channels and markets



MERLYN

Charlie Soden, Managing Director

Analyst & Investor Day

12 April 2018, London

Business Overview

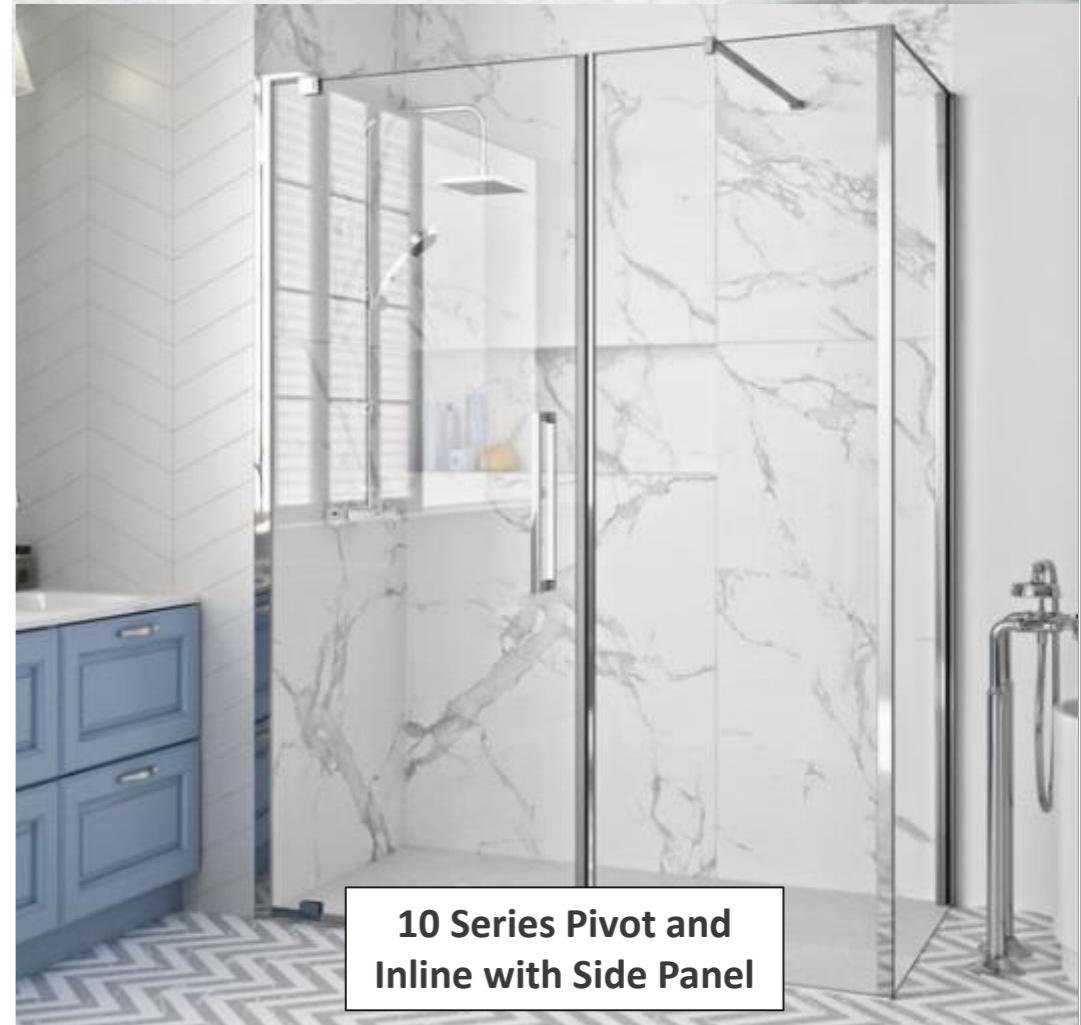
- Merlyn Showering was founded in 2000 and today is the UK and Ireland's No. 1 supplier of premium showering enclosures
- Merlyn are **passionate** creators of **innovative, quality** bathroom products
- The **pursuit of excellence** for our customers & consumers is at the heart of our business in everything we do.
- At the heart of Merlyn is a simple ethos - to deliver on everything we promise to our customers
- Merlyn clients include:



MERLYN



Arysto Eight Sliding Door with Side Panel

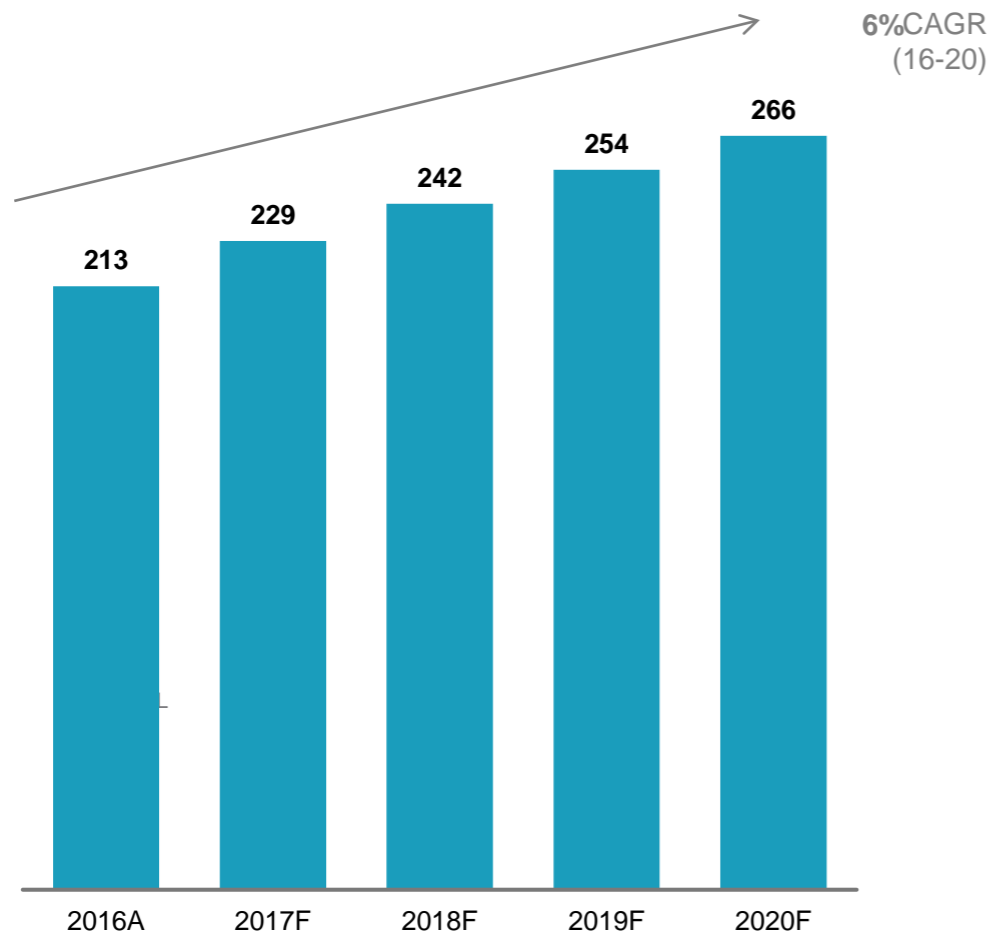


10 Series Pivot and Inline with Side Panel

Market Dynamics

- UK and Ireland market leader in a fragmented market
- ~15% UK market share - ~35% Irish market share
- Forecast market growth underpinned by positive underlying market dynamics & sector trends

UK and Ireland Shower Enclosure, Bath Screen & Tray Market (£m)



- Growing emphasis on the bathroom within the home
- Consumer preference for showers v. baths
- Ongoing premiumisation trend
- Increase in number of bathrooms per property
- Price increases, particularly at the premium end of the market
- Increasing new build activity across the UK
- Increasing shower penetration
- Growth in Hotel / Leisure / Retirement build activity

Our People
 Dedicated, passionate
 employee base

Our Service
 Commitment to
 service excellence

Our Products
 Superior quality,
 market leading innovation

Our Promise
 Most reliable, trusted
 partner in the industry

Success Built on Trust



Deloitte
 Best Manage
 Companies
 2017
Deloitte.

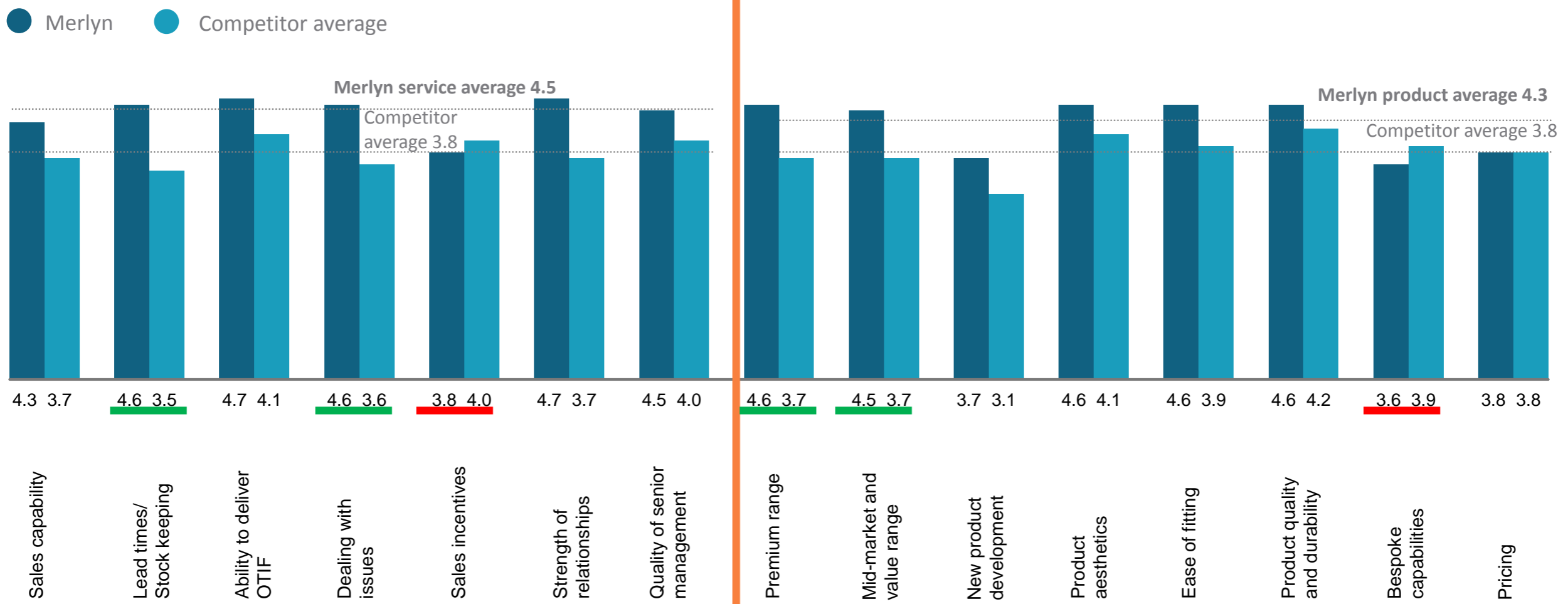
 **WINNER**
 Irish Customer
 Contact & Shared
 Services Awards 2016 / 2017

WINNER
 Most Innovative Company Award
 INNOVATION 4 GROWTH ENTERPRISE IRELAND IMI Deloitte.



Points of Differentiation

Merlyn consistently outperforms its competitors across all key service and product metrics



SERVICE

Merlyn avg 4.5 **Var +0.7**
Competitor avg 3.8

PRODUCT

Merlyn avg 4.3 **Var +0.5**
Competitor avg 3.8

Note: chart scored out of 5: 1 poor, 5 outstanding

Source: CiL

Business Strategy

Then

£10.8m FY10 revenue when Charlie Soden appointed as CEO

- Strength in Independent Retail, presence in Distribution
- Good logistics and distribution network
- Excellent supply partnerships set up in Far East

Now

£30.7m revenue & UK and Ireland market leader

- Market leading position built upon a strong Independent Retail / National Merchant / Specification strategy
- Highly recognisable brand
- Robust platform for continued expansion
- Sole supplier to No 1 UK housebuilder

The Future

Significant organic revenue expansion by 2020

- Growth from existing ranges, channels, customers
- Clear additional organic upsides available (NPD / new channels / share of wallet)
- Group synergies
- Potential for additional growth via targeted acquisitions



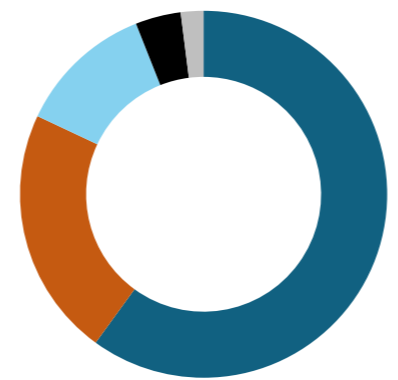
Merlyn has the knowledge and expertise to succeed in all channels



Benefits of Merlyn's multi-channel approach

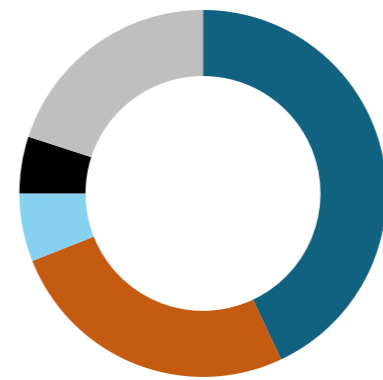
<p>End market diversification</p>	<p>Access broader customer base, without cannibalisation</p>
<p>Cross-pollination of NPD, maximising returns</p>	<p>Increased growth opportunities</p>

Revenue by Channel



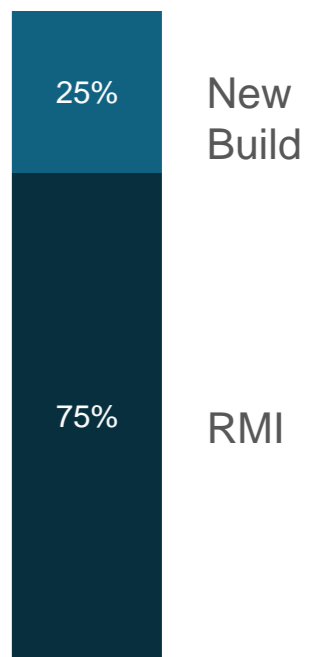
- Independent retail 60%
- Specification 22%
- National merchants 12%
- Distribution 4%
- Export 2%

Doors and Enclosures Revenue by Brand

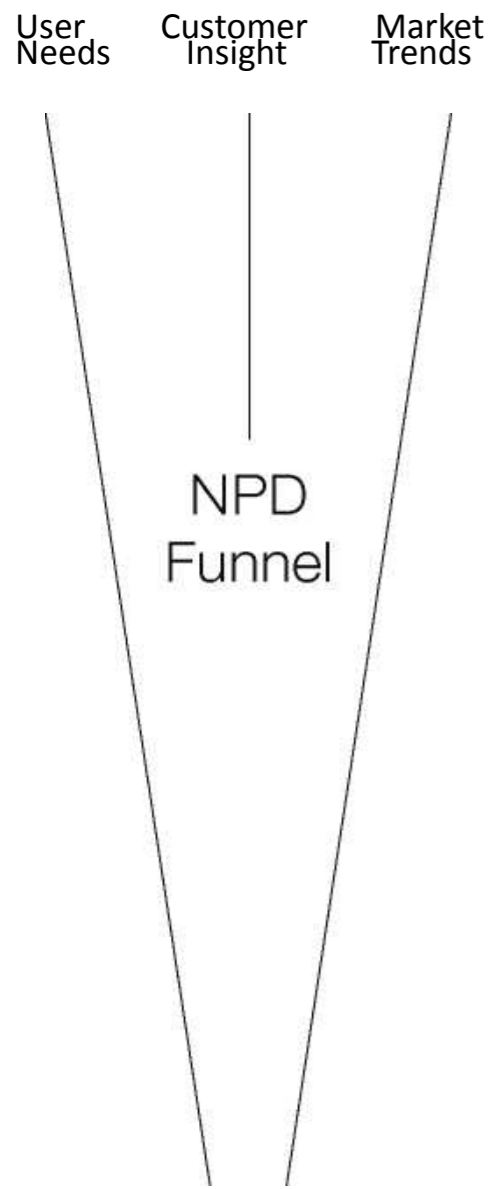


- The Series Collection 43%
- Ionic 26%
- Arysto 6%
- Vivid 5%
- Others 20%

Revenue by End Market



Systematic approach to NPD, driving Merlyn's innovative product range



Stage		Activity
Discovery (4 months)	Ideation Events	Generation of ideas by key development stakeholders
	Concept Selection	Evaluation and selection of ideas
	Visualisation	Refinement of preferred concept
▼		
Development (14 months)	Customer Feedback	Preference gauging with customers
	CAD Development	Develop basic mechanical feasibility
	Prototype Spec	Specify the product for prototyping
▼	Testing	Prototype review with stakeholders
	Customer Feedback	Product trials with customers
	Design Refinement	Refinement of design
Delivery (6 months)	Product Spec	Completion of CAD files and drawings
	Product Liaison	Liaison with manufacturing and initial production

Award Winning Product



Final Product – Average >5 product ranges launched per annum

Growth Opportunities

Continued market growth and market share gain

Development of existing customers, channels and markets

Independent Retail

- Increase share of wallet with existing customer base
- Further penetration & grow customer base
- New product launches
- Leverage scale versus competitors

Export

- Utilise group's global reach
- Identify & target new markets - potential customers that fit the Merlyn criteria to deliver growth opportunities

Specification

- Target housebuilders & hospitality segments - growth through existing & new customers
- Group collaboration
- Increase focus on contract merchants & pipeline - grow share of the London market

National Merchants

- Increase share of wallet with all 4 National Merchants - opportunities in OTC & showrooms



Leading Position in Premium Shower Enclosure Market

High Quality Product and Exceptional Service Offering

Flexible and Scalable Operating Model

Significant Barriers to Entry

Track Record of Organic Growth, Profitability and Cash Generation

Premium Branded Proposition

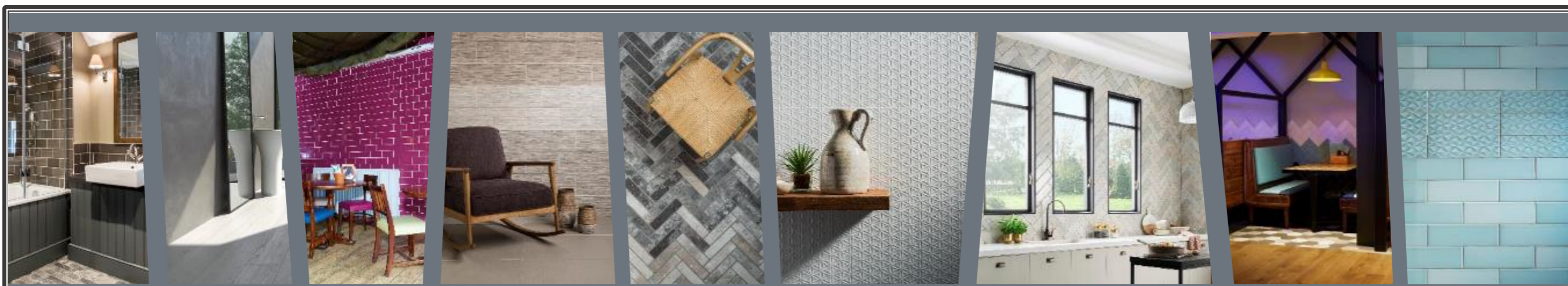
Successful Multi-Channel Sales Strategy

Culture of Innovation and New Product Development

Highly Experienced Management Team

Significant, Deliverable Growth Opportunities

The passionate pursuit of excellence sets us apart



JOHNSON · TILES

Stephen Dixon, Managing Director

Analyst & Investor Day

12 April 2018, London

- **UK's market leading provider of wall and floor tiles**
 - 12% share of total UK market
 - 21% share of UK wall tile market

- **Strong, long established brand**
 - One of the longest established tile brands in the world
 - Brand is strong in all B2B sectors
 - Built on quality and service

- **Leading in house product design & development team**

- **Utilises both in house manufacturing (65% of sales) and worldwide product sourcing base (35% of sales)**

- **World class highly automated and flexible manufacturing facility**

- **Sourcing and logistics expertise**

- **Experienced management team**



Trade

- Dominated by specialist tile distributors
- Johnson has a successful demand generation model
 - Housebuilder
 - Commercial specification
 - Public specification
- Strong position in all key distributors
- Johnson 12% share

Consumer

- Dominated by B&Q, Wickes and Topps
- Johnson has grown share in Wickes and Topps
- Growth opportunity in highly fragmented specialist market
- Johnson 12% share

Tile Supply

- ~75% of UK market is supplied via imports
- Number of global manufacturers (over 1,000 in Europe alone)
- BCT – only other UK manufacturer - ~12% share
- Johnson's manufacturing focused on higher margin small format market



Points of Differentiation

Market position

- No 1 or No 2 in each of our chosen market segments
- Long held relationships with all the major players in our key markets

In house design, development and factoring expertise

- Enables Johnson to be first to market with true market leading, differentiated products

Best in class service offer

- UK based manufacturing enables rapid responsive service
- Strong stock levels of both manufactured and sourced products

Focus on differentiated small format production

- A high value, high margin niche UK and world market
- No other UK producers
- Only a relatively small number of producers internationally
- Flexible production allows small batches to be produced

Brand and Heritage

- Most established (1901) and trusted brand in the UK market



Business Strategy

- **2017 restructuring successfully implemented**
 - Manufacturing plant reconfigured to enable small format growth
 - Manufactured stocks reduced
 - Benefits of restructuring offset by weaker market in H2

- **Further restructuring of cost base necessary, actioned end March 18**
 - Loss of c.50 jobs
 - Annualised savings of at least £2m
 - Exceptional cash cost of c.£2.1m

- **Focus on UK specifications and small format product**

- **Deliver market leading product portfolio**

- **Consistently deliver best in class customer service promise**





Channels & Customers

Housebuilder

-  **BARRATT HOMES**
find the one
-  **DAVID WILSON HOMES**
WHERE QUALITY LIVES
-  **CHARLES CHURCH**
-  **James Taylor Homes**
-  **PERSIMMON**
-  **MACEFORD HOMES**
-  **REDROW**
-  **McCarthy & Stone**
-  **JOSEPH HOMES**
-  **DURKAN**

Trade

-  **JEWSON**
-  **CTD**
ceramic tile distributors
-  **CITY PLUMBING SUPPLIES**
-  **TP Travis Perkins plc**
-  **N&C**
Nicholls & Clarke Group
-  **WALLS TILES**
Leading Tile Specialists

Public Sector

-  **Lambeth**
-  **Notting Hill Housing**
-  **Hackney Homes**
In partnership with Hackney Council
-  **L&Q**
-  **Leeds CITY COUNCIL**
-  **CALLYWITH COLLEGE**
-  **WEST TWYFORD PRIMARY SCHOOL**
ACHIEVING TOGETHER
AND CHILDREN'S CENTRE

Retail

-  **B&Q**
-  **Topps Tiles**
-  **Wickes**
-  **Tile Mountain**

Commercial

-  **Hilton**
HOTELS & RESORTS
-  **WHITBREAD**
-  **Hampton**
by HILTON
-  **ibis**
STAYS
-  **COSTA COFFEE**
-  **PEACOCKS**
-  **M&S**
EST. 1884
-  **MOSS BROS.**

Product Development - Tiles

- Well established NPD process with proven track record of delivering market leading products
- Experienced in-house design and development team & sourcing expertise
 - Design focused on UK market demands
 - In-house manufacturing delivers faster time to market
 - Ability to deliver successful exclusive designs to key customers
- 19% of sales from product launched in the last two years



Wickes
Soho 300x100 Grey



Topps Tiles
Wynter Hues 200x100



Darcy
200x100



B&Q Urban
Concrete
400x150mm



Topps Tiles
Attingham Earth 400x150
Fern Green



Harbour
200x100



Wickes
Cabin 600x300 Beige



Latitude
300x200

Growth Opportunities

Small Format Product

- Historically demand has exceeded capacity
- New capacity now successfully brought on stream (November 2017)
- Improved availability is driving sales
- Commercial discussions well under way
 - North America – new products launched January 2018
 - Scandinavia – new products launched January 2018
 - Bauhaus Germany – new product introductions April 2018
 - New Wickes bay – scheduled for Summer 2018
 - New trade launch – scheduled for Summer 2018



UK Specifications

- New housebuild share and market growth
- Hotel and Leisure share growth
- Bespoke projects building on Hawaii Hilton mural and Tower of London poppies



Summary

- **Strong UK market share, long established broad customer base, market leading products and service offer provides an excellent commercial platform**

- **Further restructuring necessary to return business to profit**
 - Substantial reduction in cost base planned
 - Minimum of £2m annualised savings
 - Loss of c.50 jobs
 - Delayering across all functions

- **Clear focus on profitable growth**
 - UK specifications
 - Niche small format in UK and targeted export markets





norcrossTM
SA (PTY) LTD

Thomas Willcocks, Managing Director

Analyst & Investor Day
12 April 2018, London

Norcros SA holds a strong position in **floor & wall** preparation, fixing and coverings and a growing presence in **bathroom, kitchen and plumbing fittings**, servicing a wide base of retail and commercial customers

Three divisions:



34 Stores

Revenue *
R1 042m (£57.0m)

No. 2 player with strong national retail and commercial footprint



1 Factory

R199m (£10.8m)

No. 2 player with a leading presence in national house building market



3 Plants

R386m (£21.1m)

Market leader with best in class product quality and technical expertise



R1 627m (£88.9m)

13.4% CAGR over the last 5 Years

* 3rd Party Sales for the Year to End 31st March 2017

Strong Regional Market Growth Prospects

Young growing population

Emerging middle class

Shortage of housing and basic infrastructure

Low Product and Market Penetration

Underdeveloped flooring, wall and bathroom markets across the region

Norcros has an increasingly strong presence in these growing markets

B-BBEE

Norcros is engaged and compliant

International Entrants

Electrolux / Kwikot

Mapei

Leroy Merlin

Acquisition

“Greenfield”

“Greenfield”

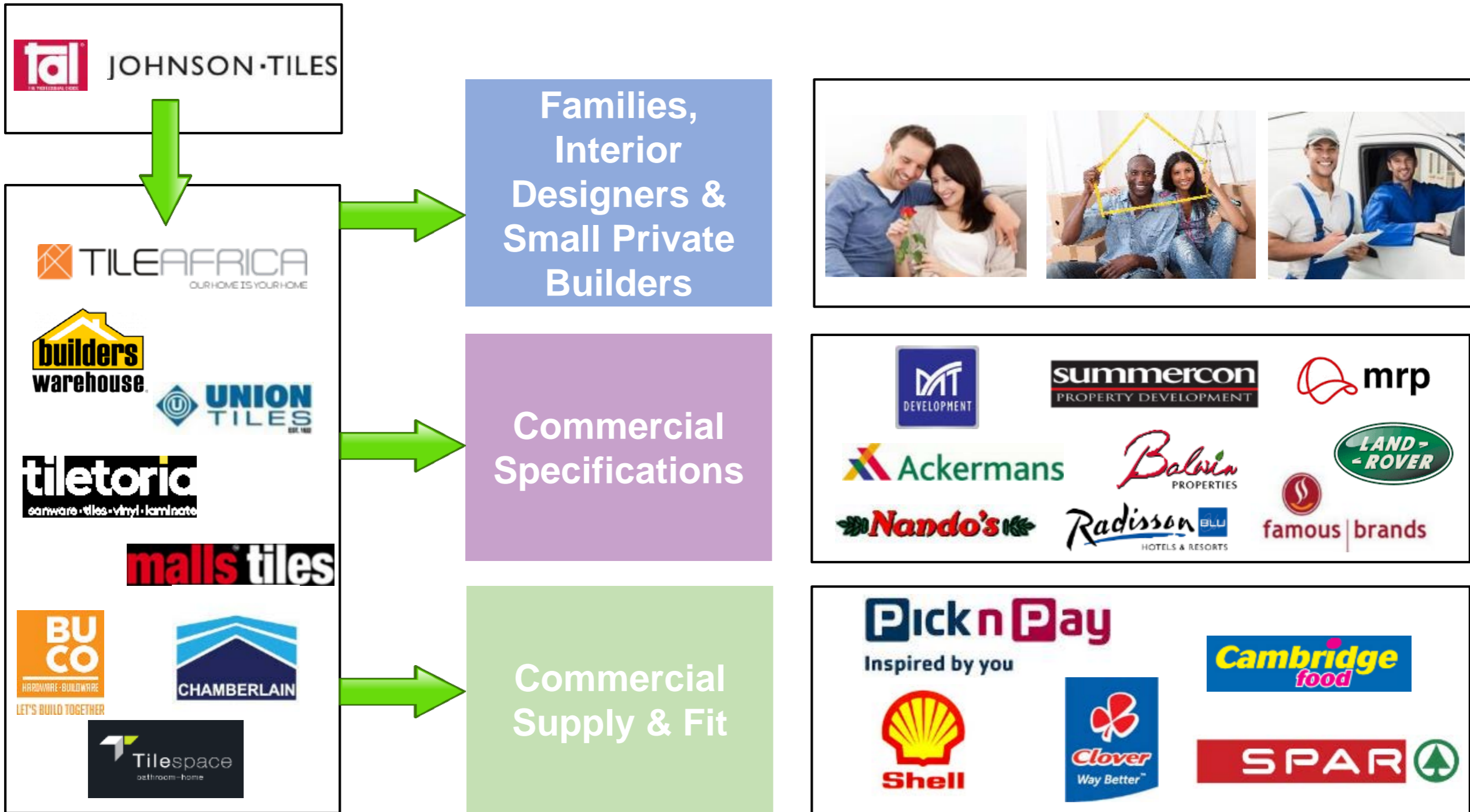
Norcros SA has consistently outperformed the market in a challenging economic environment.

Well positioned to take advantage of recent positive political developments which should drive improved economic growth.



Channels & Customers

Product distributed through in-house and independent retailers and wholesalers



With regional production facilities and joint distribution offering, Norcross SA has developed and maintained long & trusted relationships with most major independent merchants in our sector.

Norcros SA offers a vertically integrated & national one-stop-shop

Well-established and growing Regional Retail, Specification and Distribution **Footprint**

Market Leading **Showrooms**

Integrated Floor, Wall and Bathroom Fittings offer for Retail and Specifications (**One-stop-Shop**)

Design and **Technical** expertise

60 years of market leading development & knowledge, backed by excellent in-house training facilities

Strong **NPD** Pipeline

~47% of revenue derived from products launched in the last 36 months)



Norcros SA operates seamlessly across national and regional Retail, Commercial and Supply & Fit channels.

National Footprint & Best-in-Class Showrooms

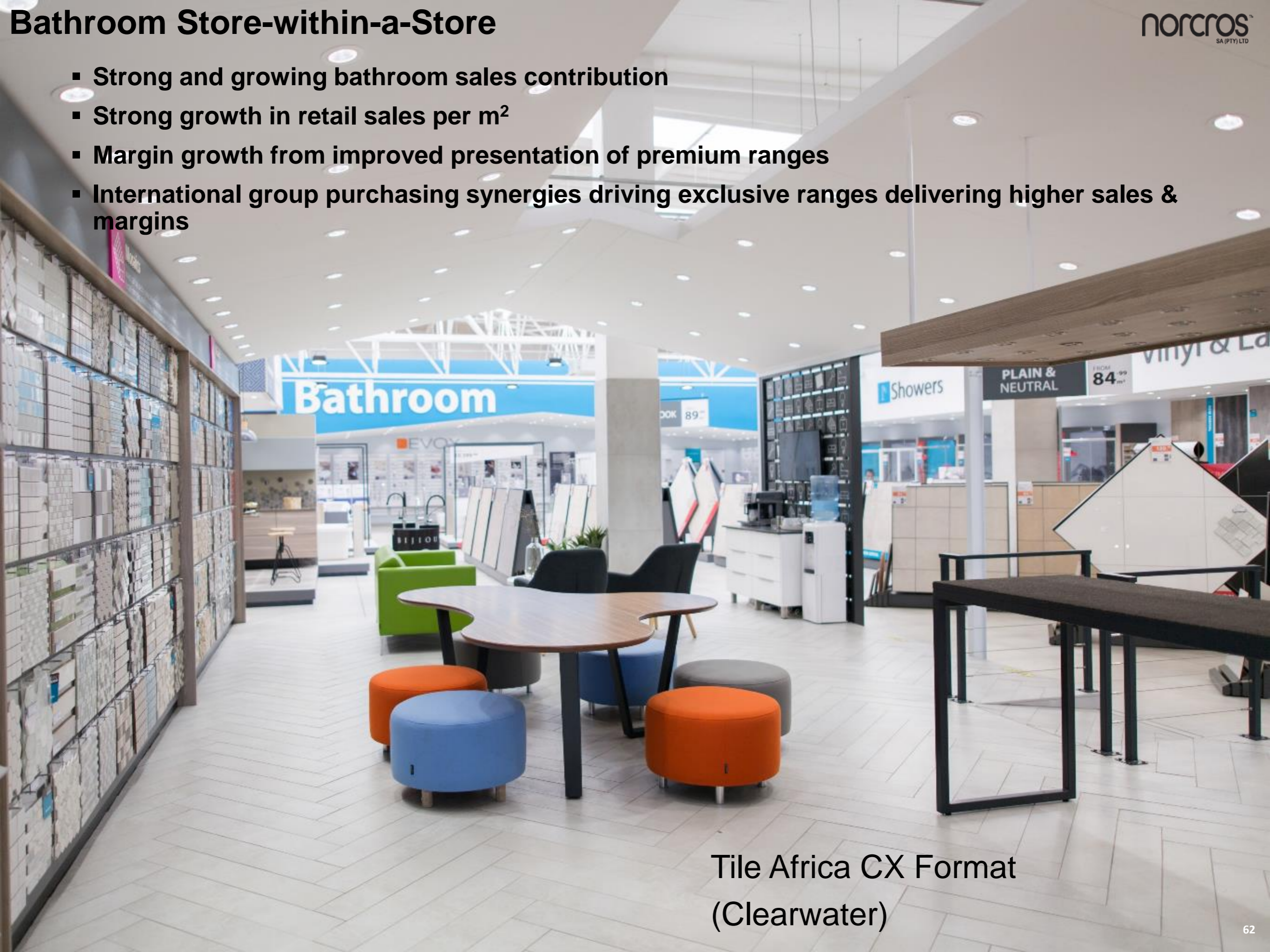
- 24 out of 32 Corporate Stores have been upgraded to either CX or Lifestyle Models
- 5 Factory Stores
- Footprint to grow by 2 stores per year
 - Polokwane North – H2 FY19
 - Northriding – H1 FY20



Tile Africa CX Format
(Southgate)

Bathroom Store-within-a-Store

- Strong and growing bathroom sales contribution
- Strong growth in retail sales per m²
- Margin growth from improved presentation of premium ranges
- International group purchasing synergies driving exclusive ranges delivering higher sales & margins



Tile Africa CX Format
(Clearwater)



New Private Label Tap Ranges deliver Category Growth of 34%



Introduction of New Decorative Tile Ranges - Q4



New Installation Friendly Water-Based Epoxy Grout – Q3



Development of Integrated Commercial Flooring Systems – FY19

~47% of Revenue from Products Launched in Last 3 Years

Accelerated organic growth supported by targeted acquisitions

Organic Opportunities

Strong **progress** continues to be made across all 3 businesses

There is still significant growth upside to **grow our market share** in existing product channels and markets

Accelerated growth will be delivered through further **Geographic** expansion and **Product Diversification** in our traditional and Sub-Saharan African markets

Acquisitions

Targeted acquisitions that support and accelerate our growth in:

- Bathroom, Kitchen and Plumbing Fittings
- Floor & Wall Preparation, Fixing and Coverings



Relatively low levels of product and segment penetration offer good opportunities in traditional and new markets

Growth Opportunities

Market share growth will be driven by geographic expansion and product diversification

Geographic

Sub-Saharan markets offer good growth opportunities

Housing and infrastructure shortages across the region

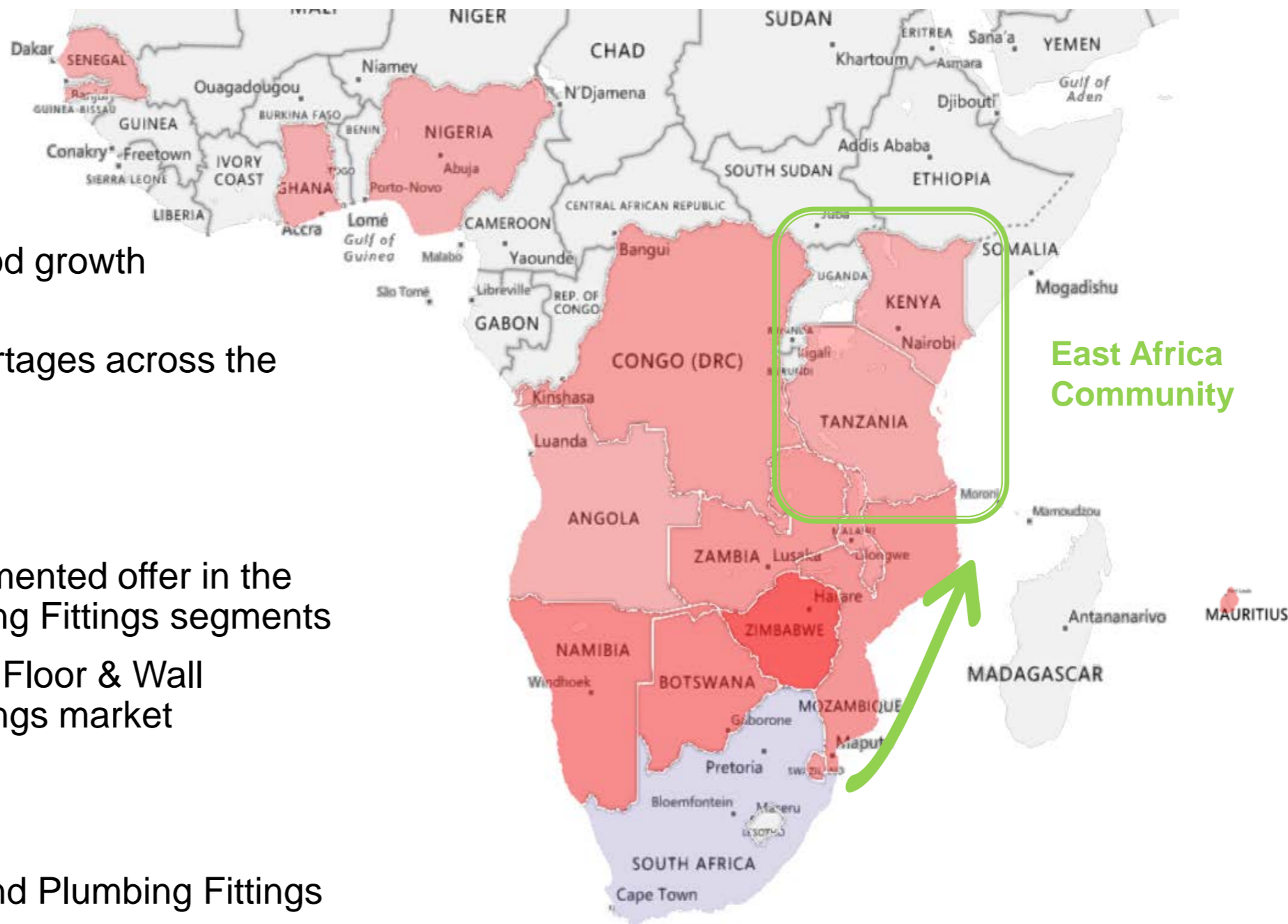
Product Diversification

Low market penetration & fragmented offer in the Bathroom, Kitchen and Plumbing Fittings segments

System-based approach to the Floor & Wall Preparation, Fixing and Coverings market

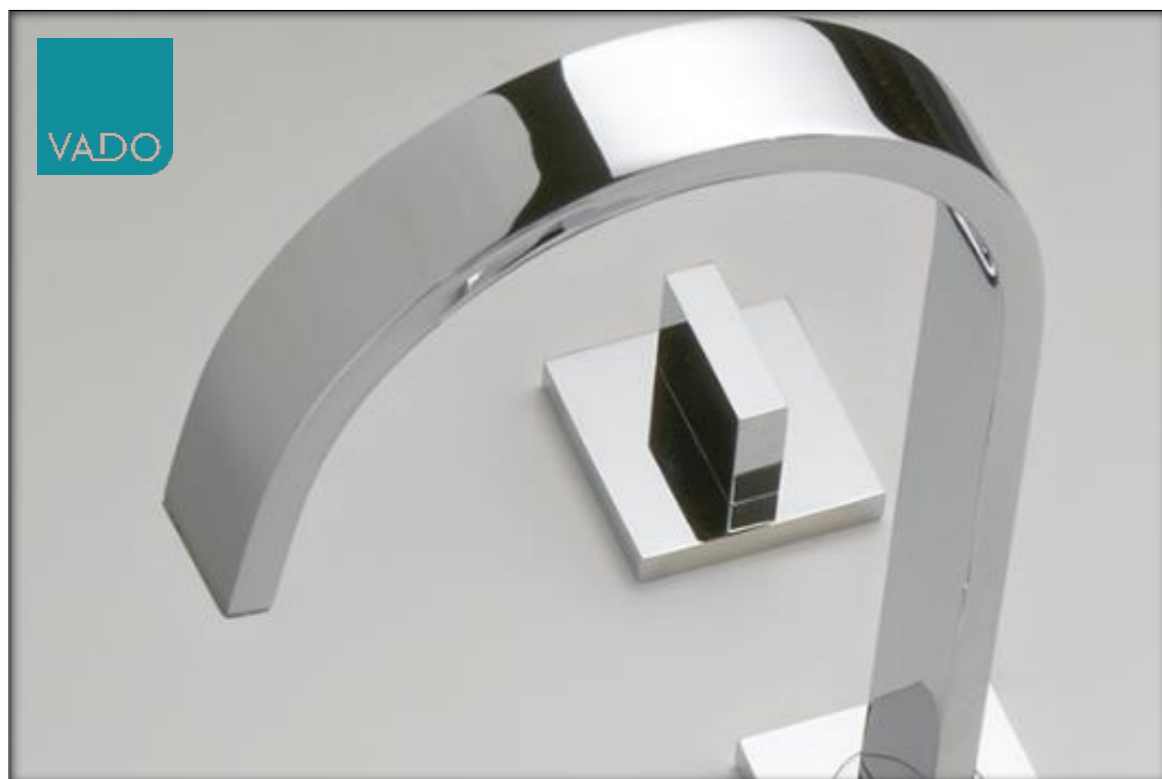
Acquisitions

Focus on Bathroom, Kitchen and Plumbing Fittings



Exports has delivered **CAGR of 19%** over the last 5 years and now represents **19%** of Total 3rd Party Manufactured Revenue.

Group synergies driving revenue and margin growth



Substantial Revenue Growth with significant improvement in Gross Margins

Improving political and market conditions in both South Africa and neighbouring countries will provide a strong platform for continued growth over the next 5 years

Focus Areas:

CX Store Roll Out & Retrofit Program (Next 12 Months)

- 2 x New Stores
- 2 x Major Upgrades
- 6 x Retrofits

Bathroom, Kitchen and Plumbing fittings

- Bathroom Store-within-a-Store Rollout
- Direct Sourcing (Group Synergy Project)

Tile Manufacturing Capacity & Capability

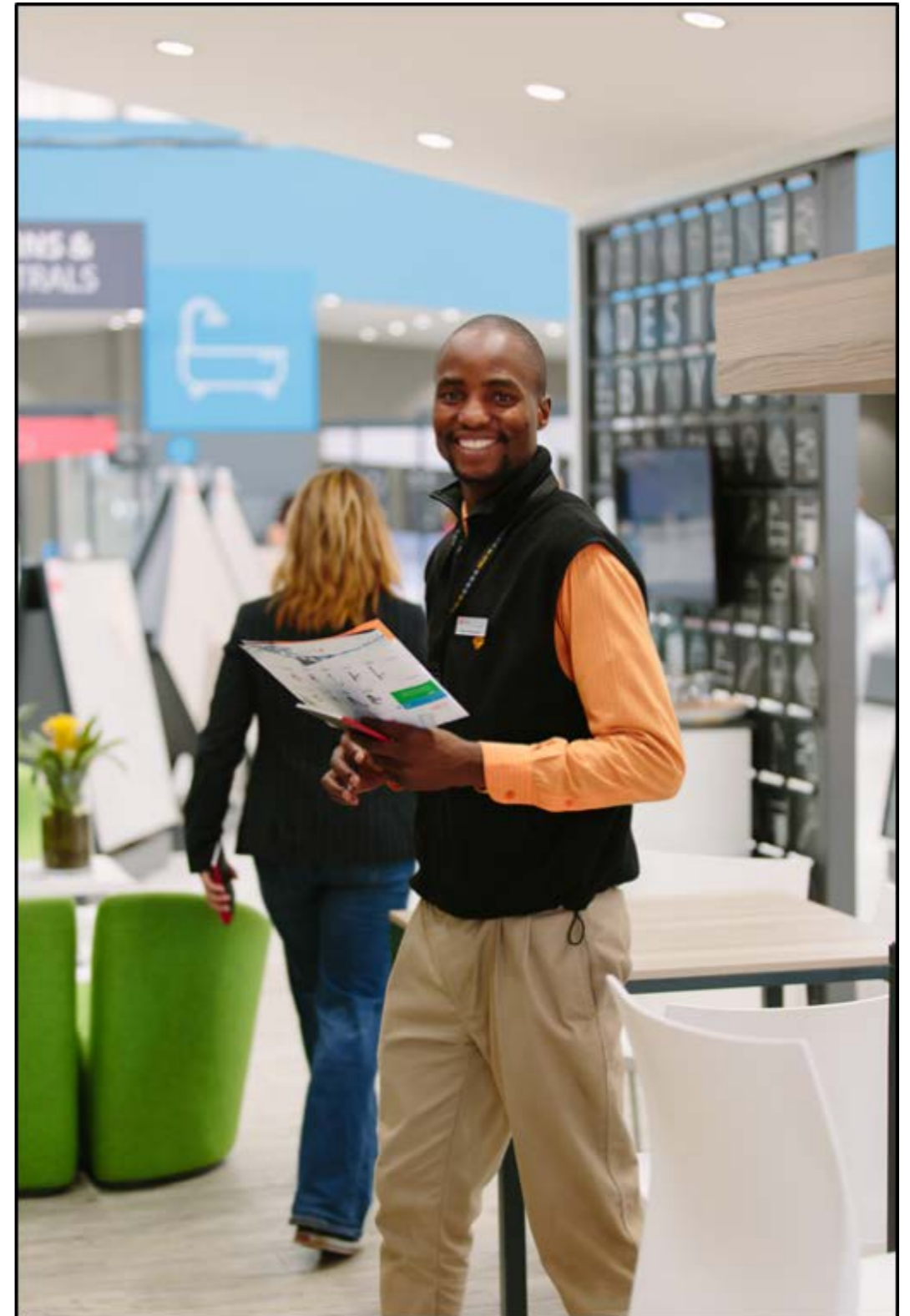
- 10% Capacity Increase in H1
- Introduction of New Rectangular option in H2

Supply Chain and Digital Capabilities

- Digital Scoping Exercise to be completed by H1
- Centralised Distribution Project

Staff Development & Retention Programs

Targeted Acquisitions



- Resilient performance
- Strong financial position
- Differentiated offer driving growth
- Clear vision and challenging strategic targets
- Favourable market dynamics and growth opportunities
- Cohesive and fast moving organisation
- Committed and highly experienced management

Hilton Hotel, Hawaii

The Shard, London –Western Europe’s tallest building

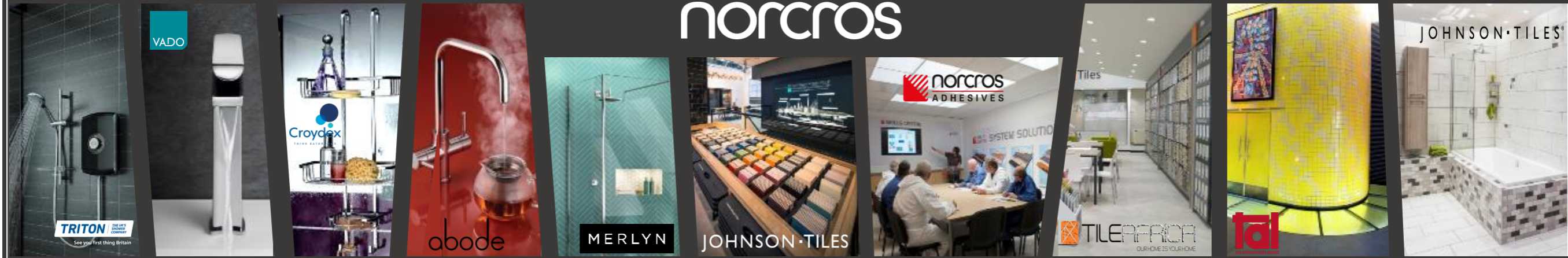
norcros

Boutique Hotel Indigo, Hong Kong

Freemans Bay Offices, New Zealand

Our products can be found in some of the most prestigious hotel, commercial and residential developments throughout the world

norcros



Growth Strategy Delivering Outperformance