

# Interim Results

6 months to 30 September 2021

norcros

Inspiring Living Spaces

norcros

# Introduction

Nick Kelsall, Chief Executive Officer



- Sustained outperformance leading to record underlying operating profit
- Increased RMI activity in the UK and SA markets & also winning market share
- Revenue +18.4% on a constant currency LfL<sup>1</sup> basis v 2019
- Underlying operating profit +26.4% to £22.0m v 2019
- Strong financial position - £1m net cash & significant liquidity & funding headroom
- Interim dividend of 3.1p per share (2019: 3.1p)

<b>Revenue<sup>1</sup></b>	<b>£200.9m +18.4%</b>
<b>Underlying Operating Profit</b>	<b>£22.0m +26.4%</b>
<b>Underlying Profit Before Tax</b>	<b>£20.9m +34.0%</b>
<b>Diluted Underlying EPS</b>	<b>20.0p +32.5%</b>
<b>Interim Dividend Per Share</b>	<b>3.1p</b>

<sup>1</sup> LFL (like for like) at constant currency - H1 2019 adjusted from a 27 to a 26-week period pro-rating

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# Financial Review

James Eyre, Chief Financial Officer

	H1 Sept 2021 £m	H1 Sept 2020 £m	H1 Sept 2019 £m	% v Sept 2019	FY Mar 2021 £m
Revenue	200.9	135.3	181.2	+18.4% <sup>4</sup>	324.2
Underlying <sup>1</sup> operating profit	22.0	12.8	17.4	+26.4%	33.8
<i>Margin</i>	<i>11.0%</i>	9.5%	9.6%		<i>10.4%</i>
Finance charges – cash	(1.1)	(2.1)	(1.8)		(3.2)
Underlying <sup>1</sup> PBT	20.9	10.7	15.6	+34.0%	30.6
Exceptional operating items <sup>2</sup>	-	(2.4)	-		(3.8)
IAS19R admin expenses	(0.9)	(0.9)	(0.9)		(1.4)
Acquisition related costs <sup>2</sup>	(1.9)	(2.1)	(2.2)		(3.7)
Finance (charge)/income – non cash <sup>3</sup>	(0.4)	(1.9)	0.8		(3.2)
PBT as reported	17.7	3.4	13.3	+33.1%	18.5

1 Underlying means before exceptional operating items, IAS19R admin costs, acquisition related costs and where relevant, non-cash finance costs

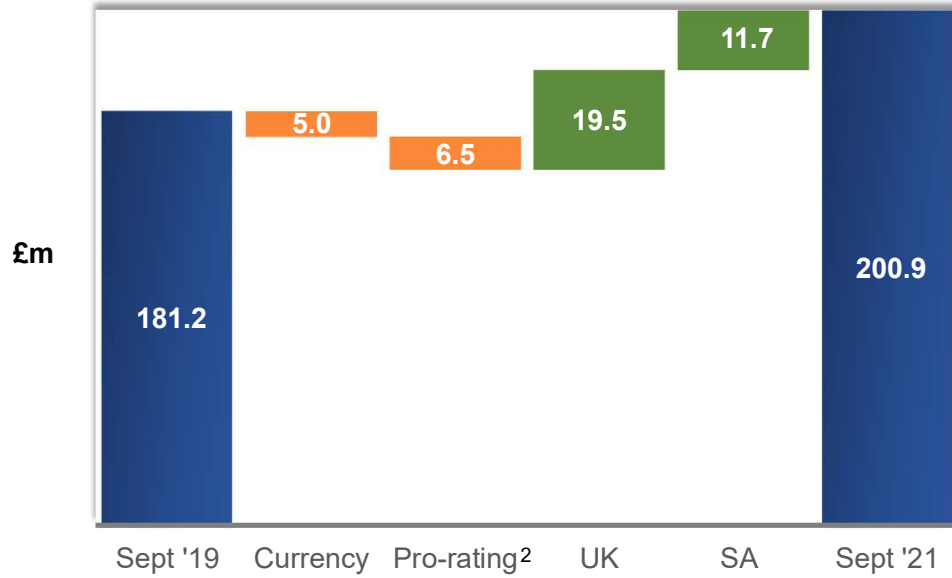
2 See appendix for details

3 H1 2020 includes (£1.3m) non-cash movement relating to “mark to market” on FX forward contracts, (2019: +£1.3m, 2021: £nil)

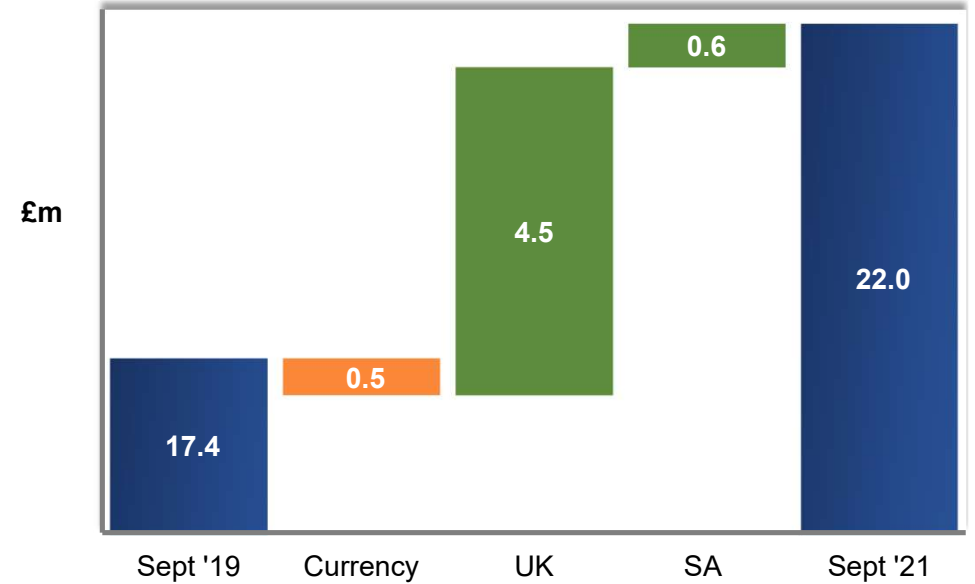
4 LFL (like for like) at constant currency - H1 2019 adjusted from a 27 to a 26-week period pro-rating

# Income Statement – Key Bridges

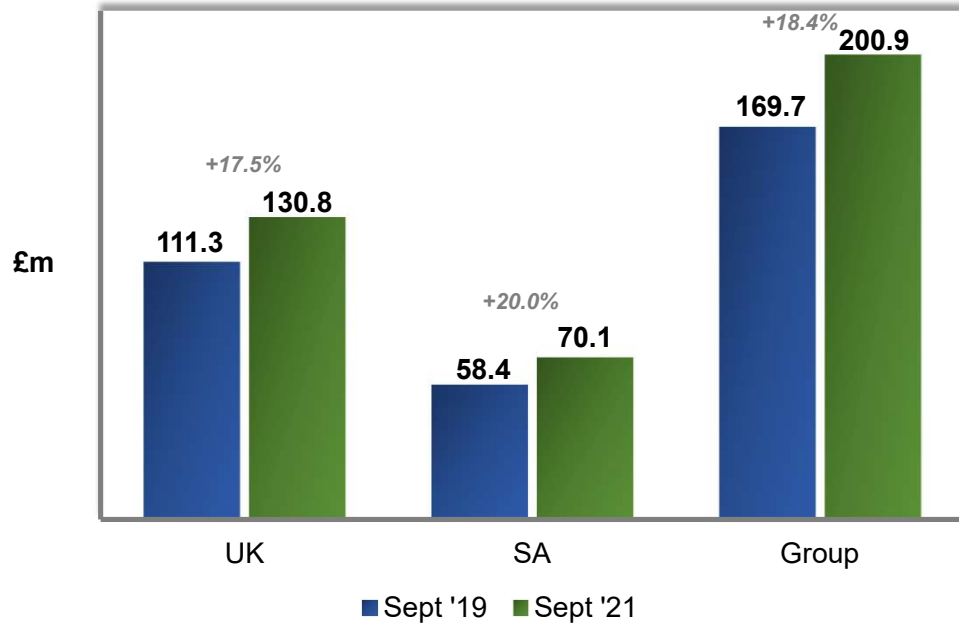
Revenue



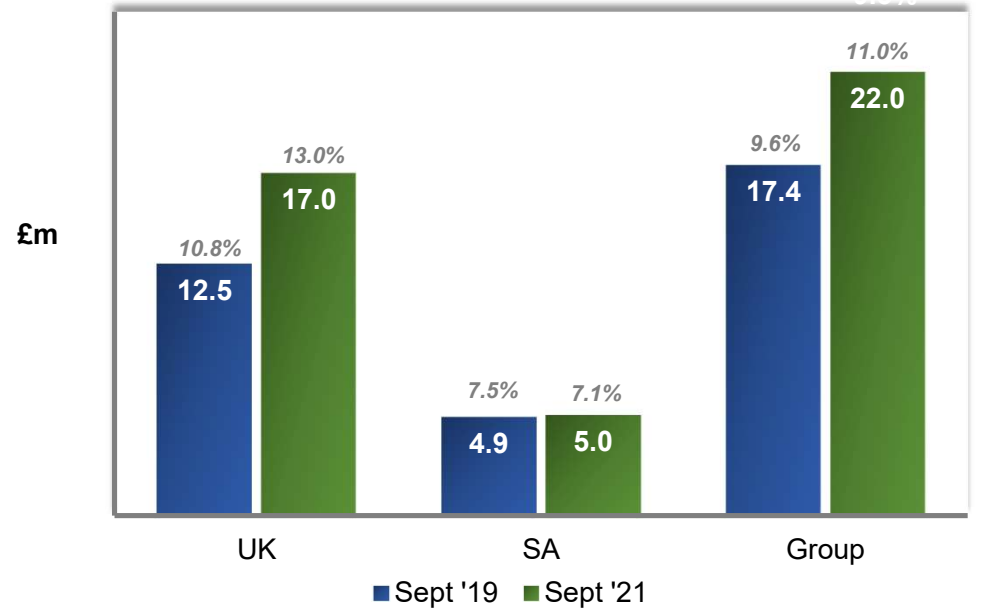
Underlying operating profit



Revenue<sup>1</sup>



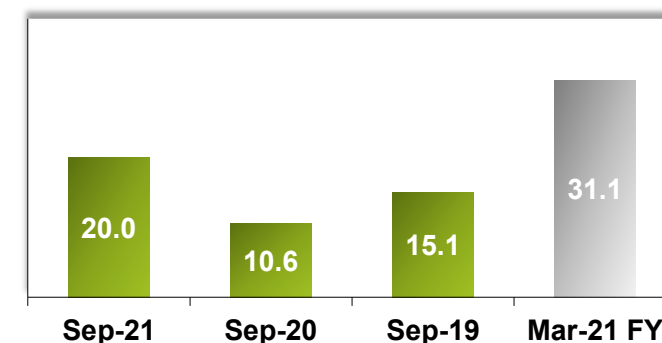
Underlying operating profit / ROS<sup>3</sup>



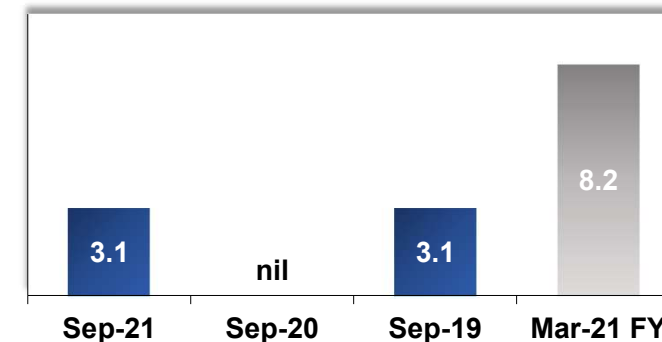
<sup>1</sup> LFL (like for like) at constant currency – H1 2019 adjusted from a 27 to 26-week period pro-rating  
<sup>2</sup> 27 to 26 week period pro-rating H1 2019  
<sup>3</sup> Return on sales as reported

	Underlying <sup>1</sup>				Reported			
	H1 Sept 2021 £m	H1 Sept 2020 £m	H1 Sept 2019 £m	FY Mar 2021 £m	H1 Sept 2021 £m	H1 Sept 2020 £m	H1 Sept 2019 £m	FY Mar 2021 £m
Profit before tax	20.9	10.7	15.6	30.6	17.7	3.4	13.3	18.5
Tax charge	(4.4)	(2.1)	(3.3)	(5.5)	(4.4)	(0.9)	(3.1)	(3.5)
Earnings	16.5	8.6	12.3	25.1	13.3	2.5	10.2	15.0
Effective tax rate	21.1%	19.6%	21.2%	18.0%	24.9%	26.5%	23.3%	18.9%

Diluted underlying EPS<sup>1</sup> (pence)



Dividend per share (pence)



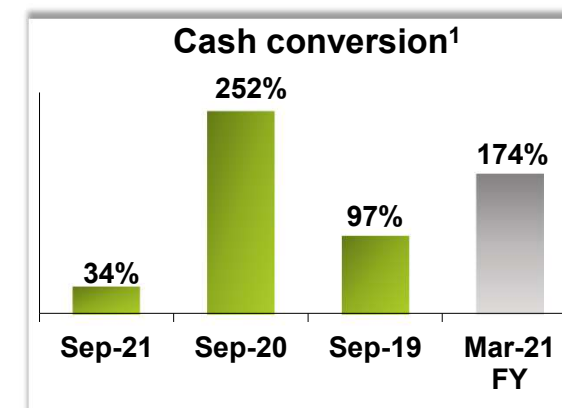
**Effective underlying tax rate of 21.1%<sup>1</sup> (2019: 21.2%)**

**Underlying<sup>1</sup> earnings up 34% to £16.5m (2019: £12.3m)**

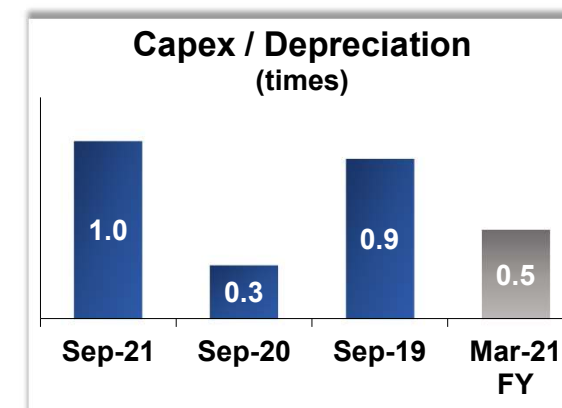
**Interim dividend 3.1p (2019: 3.1p)**

<sup>1</sup> Underlying means before exceptional operating items, IAS19R admin costs, acquisition related costs and non-cash finance costs, and where relevant after attributable tax

	H1 Sept 2021 £m	H1 Sept 2020 £m	H1 Sept 2019 £m	FY Mar 2021 £m
<b>Underlying EBITDA</b>	<b>23.8</b>	<b>14.9</b>	<b>20.6</b>	<b>37.9</b>
Working capital	(19.3)	19.9	(3.1)	21.8
Depreciation of right of use assets	2.1	2.1	2.2	4.0
Operating profit impact of IFRS16	0.7	0.5	0.3	1.3
Other	0.7	0.2	-	0.8
<b>Underlying operating cashflow</b>	<b>8.0</b>	<b>37.6</b>	<b>20.0</b>	<b>65.8</b>
Net capital expenditure	(2.5)	(0.9)	(3.1)	(2.8)
Pension deficit recovery	(1.7)	(1.7)	(1.6)	(3.3)
Tax	(2.9)	(1.1)	(2.9)	(3.5)
<b>Underlying free cash flow pre-financing &amp; dividends</b>	<b>0.9</b>	<b>33.9</b>	<b>12.4</b>	<b>56.2</b>
Exceptional and acquisition related costs	(0.3)	(1.5)	(0.4)	(2.5)
Interest	(1.1)	(2.0)	(1.8)	(3.2)
Dividends	(6.6)	-	(4.5)	-
Acquisition of subsidiaries	-	-	(9.4)	-
Principal element of lease payments	(2.4)	(1.9)	(2.0)	(4.3)
Purchase of treasury / issue of new shares	-	-	(0.9)	0.3
<b>Net Cash Flow</b>	<b>(9.5)</b>	<b>28.5</b>	<b>(6.6)</b>	<b>46.5</b>



<sup>1</sup> Underlying operating cash flow / Underlying EBITDA

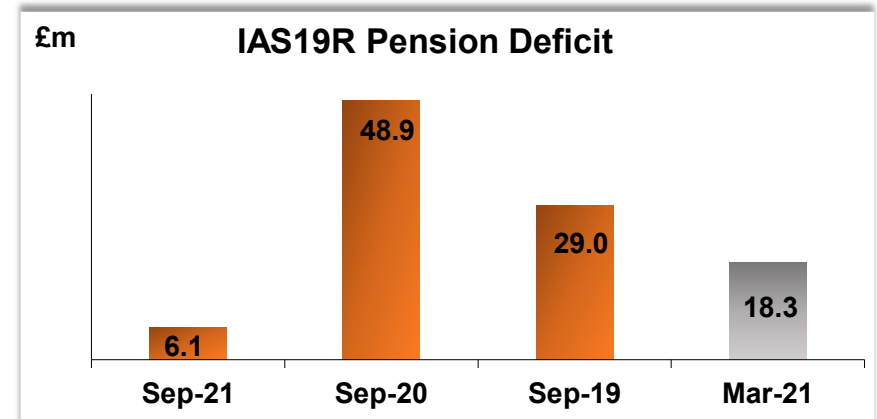
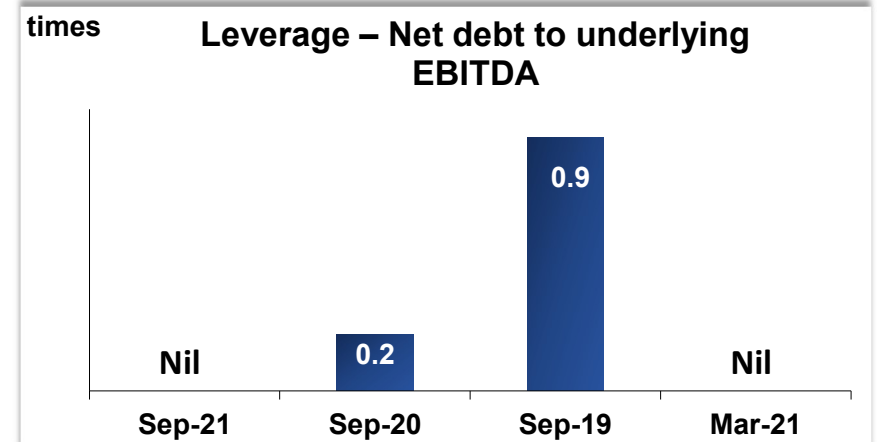
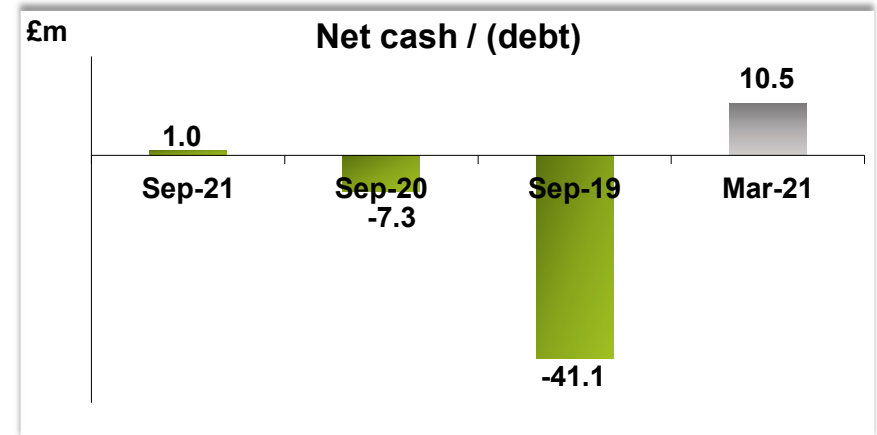




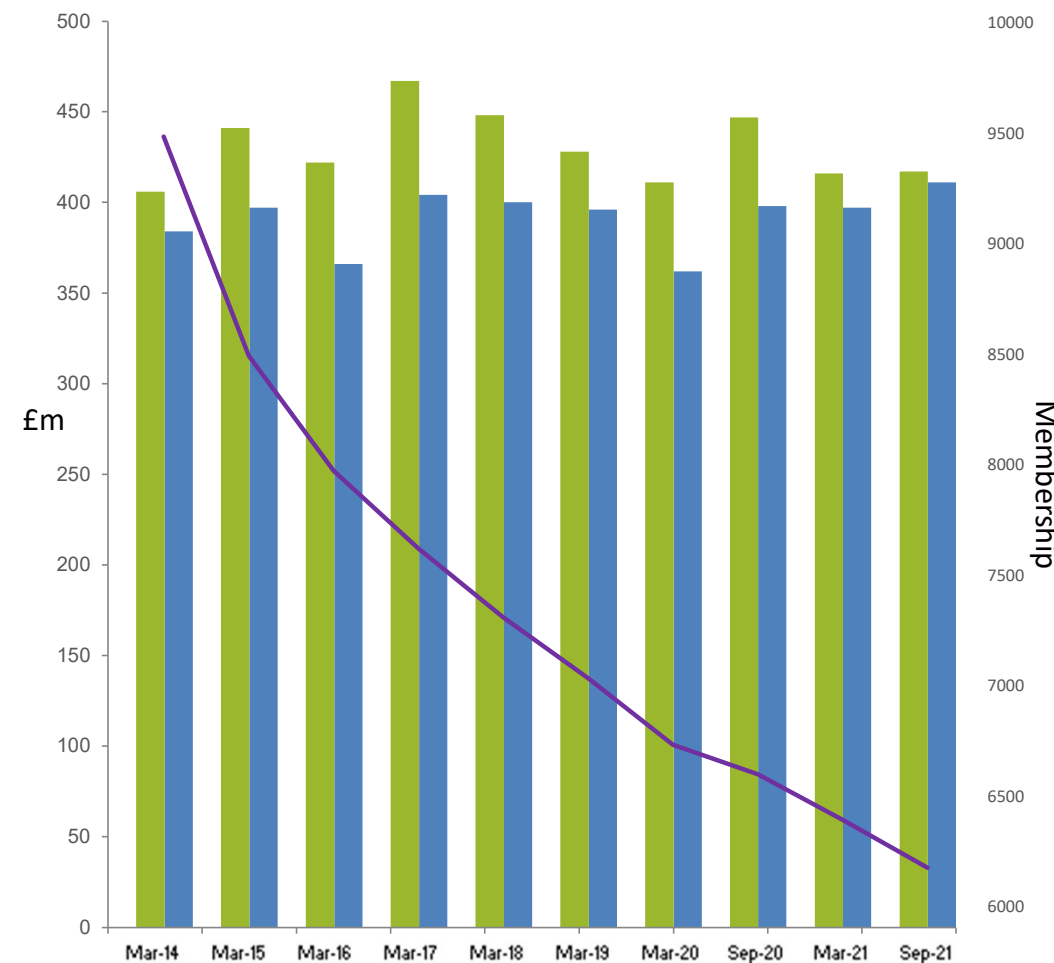
**Net cash £1.0m**  
 (March 21: £10.5m net cash, Sept 19: £41.1m net debt)

**Nil leverage – significant liquidity & funding headroom**

**IAS19R pension deficit significantly reduced to £6.1m**  
 (March 21: £18.3m, Sept 19: £29.0m)



## IAS 19R Assets, Liabilities & Membership



Liabilities	406	441	422	467	448	428	411	447	416	417
Assets	384	397	366	404	400	396	362	398	398	411
Deficit	<b>22</b>	<b>44</b>	<b>56</b>	<b>63</b>	<b>48</b>	<b>32</b>	<b>49</b>	<b>49</b>	<b>18</b>	<b>6</b>
Disc Rate	4.30%	3.30%	3.55%	2.60%	2.65%	2.50%	2.21%	1.65%	2.05%	2.05%
RPI	3.2%	2.90%	2.90%	3.15%	3.10%	3.25%	2.55%	2.90%	3.25%	3.45%

- IAS19R deficit lower at £6.1m (March 2021: £18.3m)
  - Assets increased by £12.7m to £410.5m (March 2021: £397.8m)
  - Liabilities increased by £0.5m to £416.6m (March 2021: £416.1m)
- Contributions of £3.25m pa plus CPI for 6.5 years to 30 Sept 2025 (recovery plan agreed in June 2019)
- Super-mature scheme
  - 6,178 members (March 2021: 6,393). 72% pensioners with average age 77
  - Scheme closed to new entrants & future accrual in 2013
  - Annual pensioner payroll near peak at ~£20.0m pa
- 2021 triennial actuarial valuation underway
  - Company & Trustee continue to work constructively together

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# Operating Review

Nick Kelsall, Chief Executive Officer



- **Excellent H1 performance**
  - Record first half outperformance
  - Leading customer proposition & multi-channel exposure
  - Operating model, supply-chain, infrastructure & stock availability driving share gains
- **UK**
  - Solid H1 revenue momentum maintained
  - Increased RMI, robust housebuilding & new business
  - Supply chain challenges & cost input increases well managed
- **South Africa**
  - Resilient H1 performance including share gains
  - Sustained residential renovation driving strong retail demand
  - Emerging housebuilder recovery; HoP expansion opportunities
- **Outlook**
  - Post-pandemic UK & SA 'flight to quality' – share gain opportunities
  - Well developed complementary acquisition pipeline
- **2025 Strategic Vision Remains Valid**
  - £600m revenue target by 2025
  - 50% revenues derived from overseas
  - Sustainable ROCE of >15%

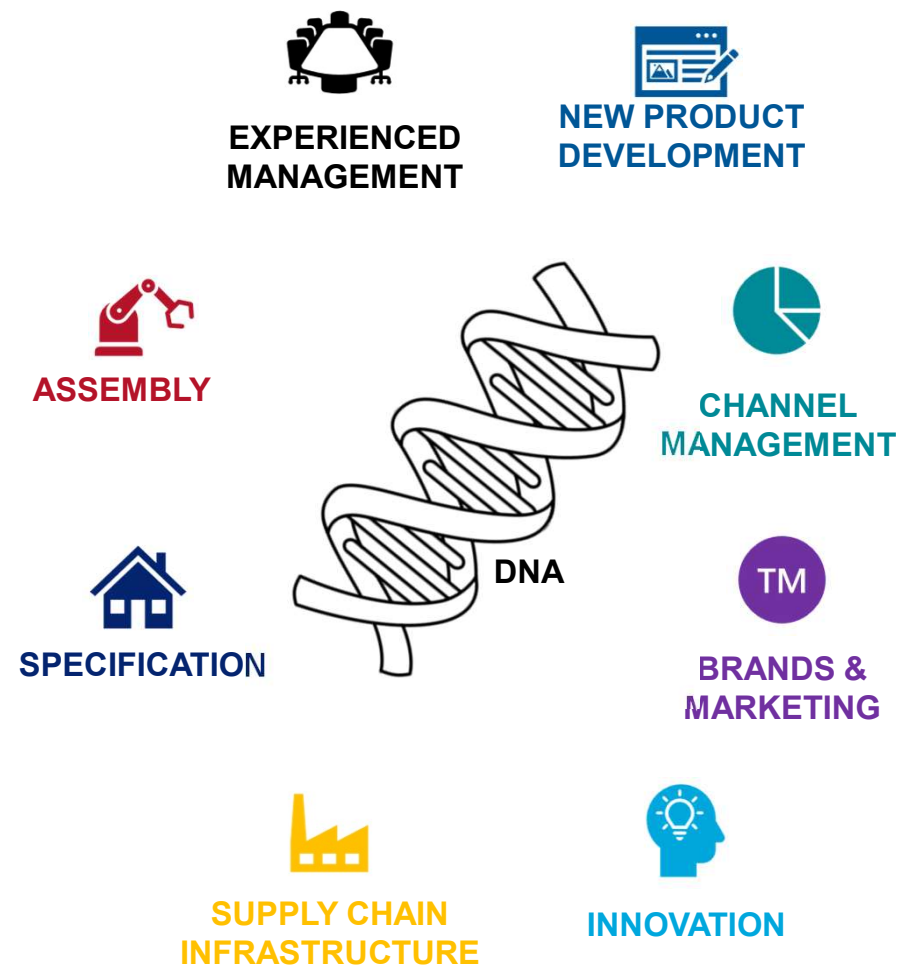


# Compelling Business Model

Nick Kelsall, Chief Executive Officer



- Focused, flexible & capital light operating model
- Experienced management
- Market leading positions & brands
- Group scale advantages versus smaller competitors
- Balanced & diversified business portfolio
- New product development & innovation
- Well developed supply chain infrastructure
- Clear & focused strategy



Norcros business model winning share in fragmented markets



Launch of instructional videos



Easy-to-install Ultra and Ultra+.



New upgraded WRAS approved PROBOIL.2X, with new ProTrad Hot water tap



Revo – dual purpose handrail & storage



Individual Fusion



Agilis 'hygiene' kitchen mixer tap

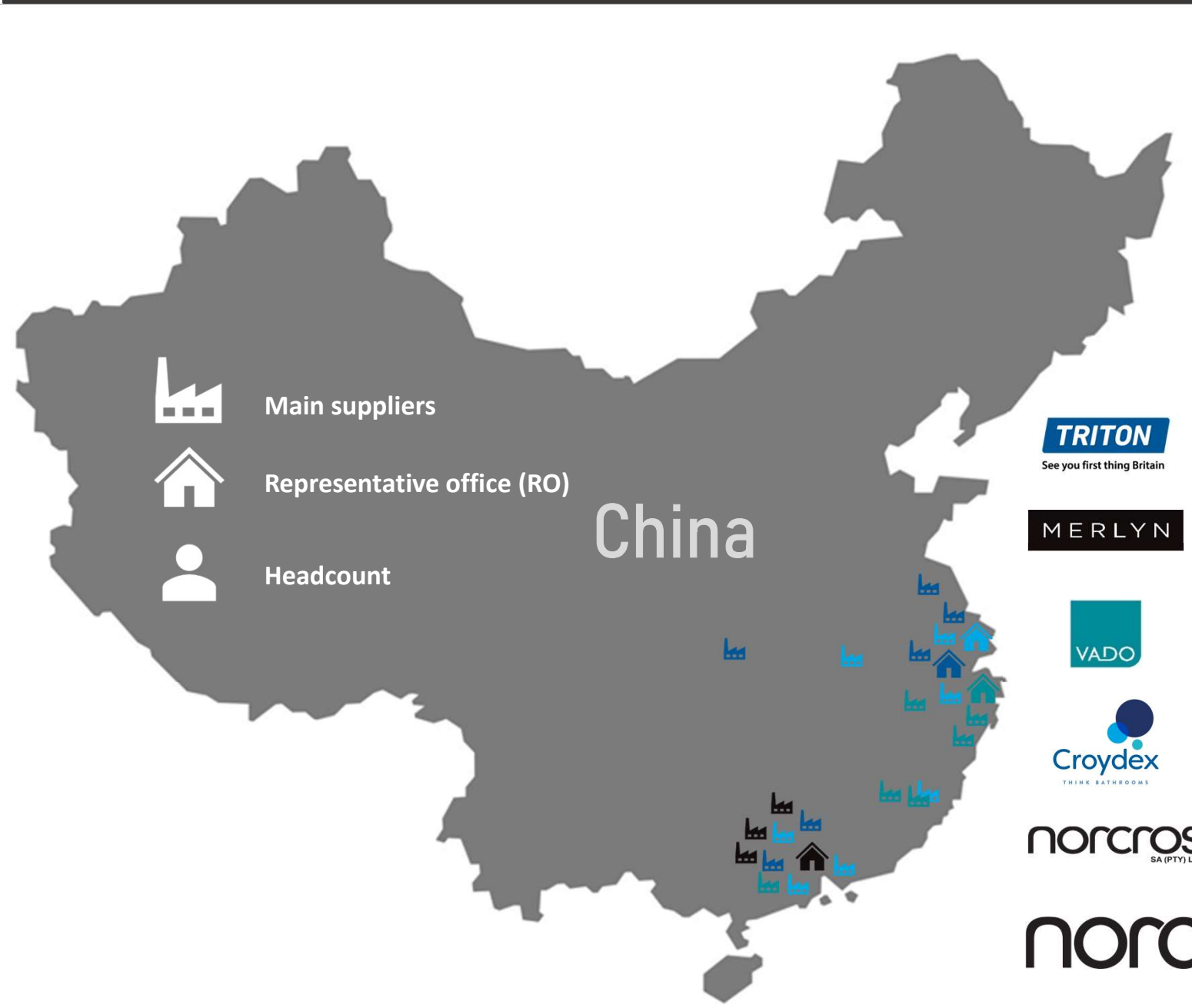


Sureproof shower waterproofing product



Launched 19 new ranges and 14 range upgrades

Continued innovation and NPD investment in H1 driving organic growth & market share gains



			
<b>Suzhou</b>	✓	✓	✓
<b>Zhongshan</b>	✓	✓	✓
<b>Ningbo</b>	✓	✓	✓
<b>Shanghai</b>	✓	✓	✓
<b>No RO</b>	✓	✓	✓
<b>norcros</b>	>30	>120	

**Focused & Flexible Supply Chain Across China – Source of Competitive Advantage**



**Collaboratory branding winning new accounts**

MERLYN



**TRITON**

See you first thing Britain



**FAST FIX**  
SHOWER ENCLOSURE

**SCREWFIX**



**Leveraging group reach to achieve greater penetration of housebuilders**

**VADO**

**Croydex**  
THINK BATHROOMS

**norcros**  
ADHESIVES



MERLYN

**TRITON**

See you first thing Britain

JOHNSON-TILES

abode

**Group broad coverage leveraging channel development & supply chain efficiencies**

MERLYN

abode

MERLYN

abode

MERLYN

**Wickes**

**SCREWFIX**

**norcros**  
SA (PTY) LTD

**Joint product development**



**TRITON**  
See you first thing Britain

+ abode = PROBOIL

Continued pursuit of synergies & collaborative opportunities driving growth

➤ **Our commitment to ESG better aligns us to our larger consumer facing customers**



**Environment**

- Triton awarded Carbon Trust standard
- Carbon Trust assessment rollout across group to establish benchmark to build climate change strategy and policies
- ISO14001: Adhesives, Johnson Tiles, Merlyn, Triton and in progress, Croydex
- Johnson Tiles ‘plastic free’ eliminating 100 tonnes per year



**Social and Community**

- Paramount commitment to a safe and positive working environment for all employees
- “Project YES” South African government-backed youth employment scheme
- Meaningful support to nominated local charities in all business units



**Governance**

- Commitment to Group ESG reporting frameworks to benefit all stakeholders

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# Business Review

Nick Kelsall, Chief Executive Officer



# UK Operations

Nick Kelsall, Chief Executive Officer

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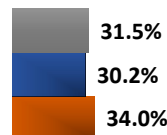


## % Revenue Change<sup>1</sup> – H1 FY22 v H1 FY20

■ Overall ■ UK ■ Export

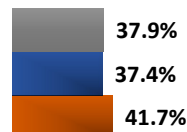
**TRITON**

See you first thing Britain



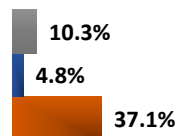
Strong revenue growth – share gains across major shower categories

**MERLYN**



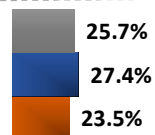
Excellent performance – share gains across all channels & export markets

**VADO**



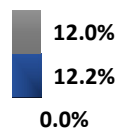
Retail growth offset by slower trade recovery; strong performance in export markets

**Croydex**  
THINK BATHROOMS



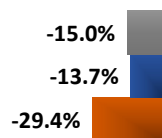
Significant growth in retail, trade & export markets

**abode**



Solid growth through gains in key accounts & new business

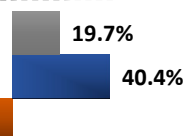
**JOHNSON-TILES**



Exit from low margin UK & export lines; slower recovery in commercial & social housing segments

**norcross**  
ADHESIVES

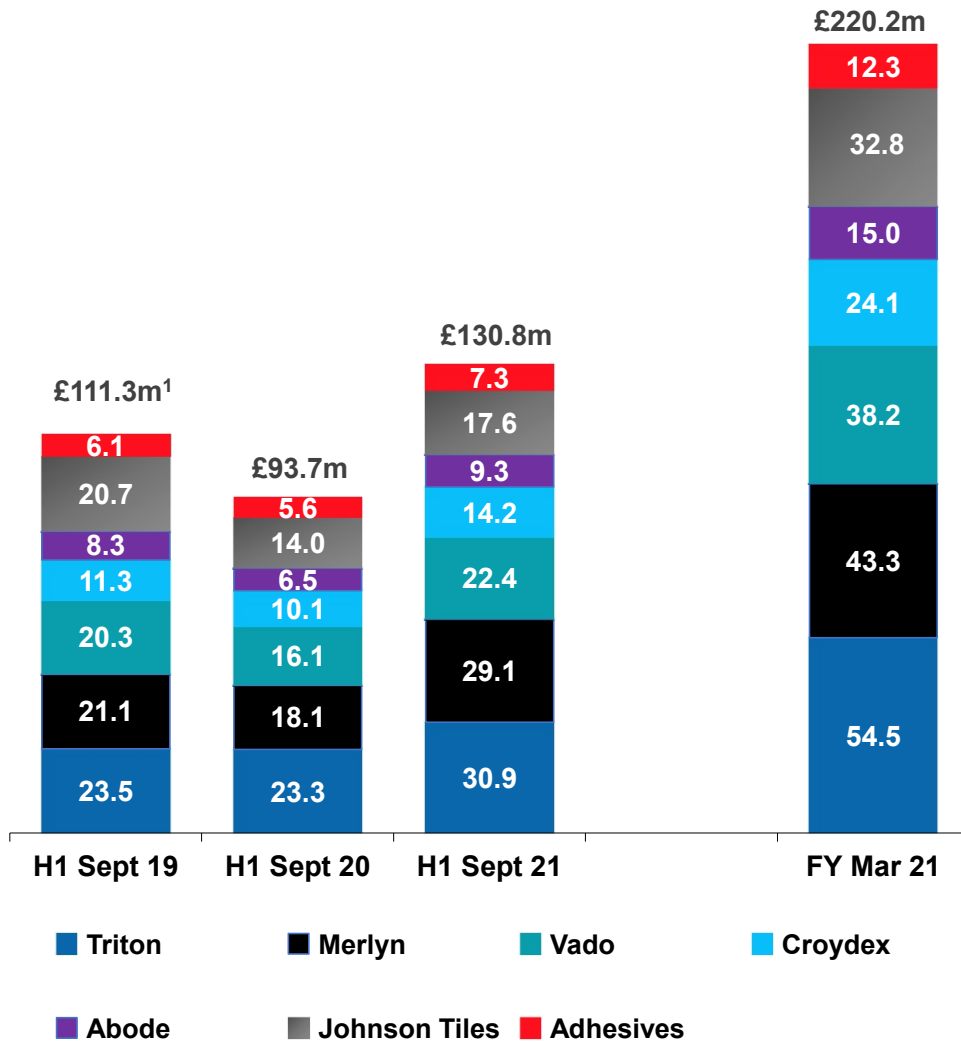
-100.0%



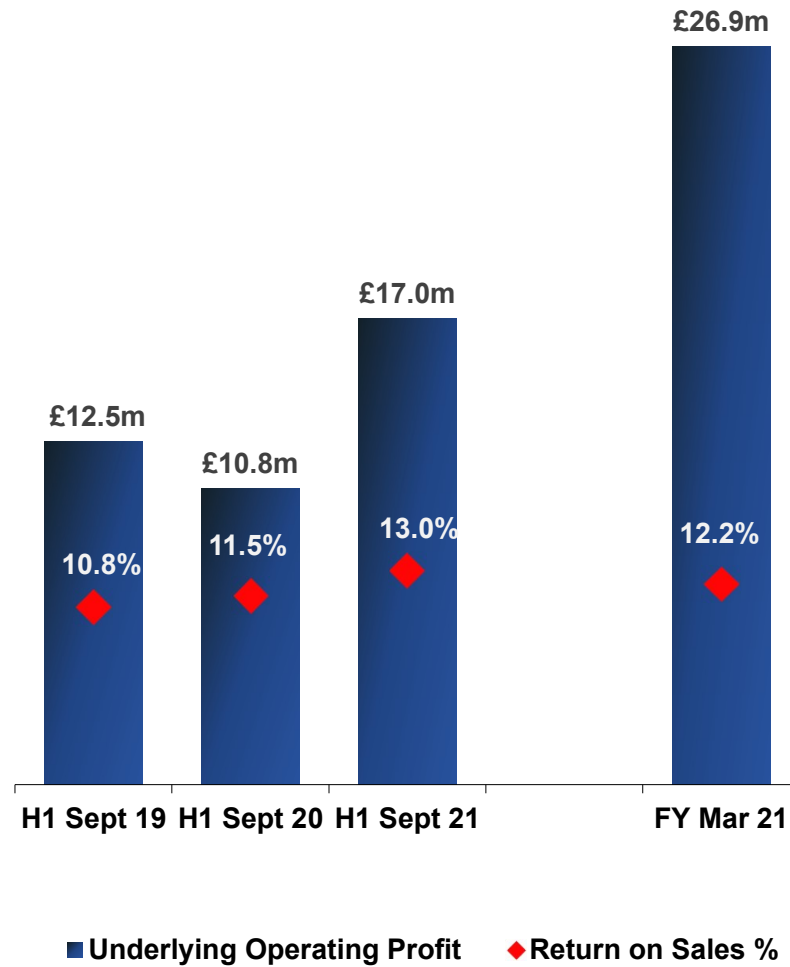
Share gains in small format key accounts; exit from the Middle East

<sup>1</sup> LFL (like for like) adjusts FY20 revenue from a 27 to a 26 week period pro-rating

## Revenue



## Underlying Operating Profit<sup>2</sup>



<sup>1</sup> LfL (like for like) adjusts FY20 revenue for 27 to 26 week pro-rating    <sup>2</sup> As reported

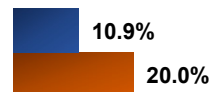
# norcross



**South Africa Operations**  
Nick Kelsall, Chief Executive Officer

**% Revenue Change<sup>1</sup>**  
**H1 FY22 v H1 FY20**

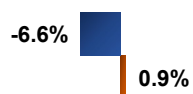
■ £ - Reported   ■ Constant Currency



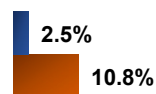
Construction activity continues to be led by RMI & residential new builds



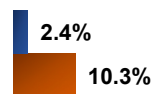
Ongoing residential renovation demand driving strong H1 growth



DIY, export and housing growth offset by subdued commercial sector



Strong momentum reflecting new ranges & improved service levels

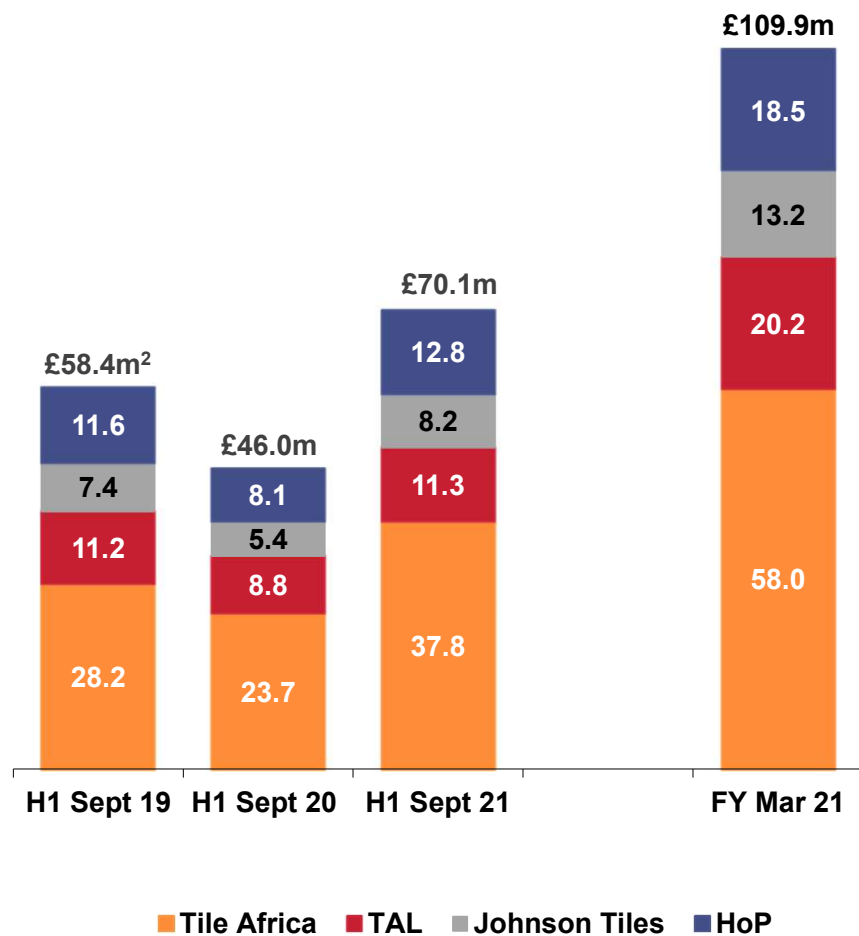


Benefit of expansion following demise of competitor

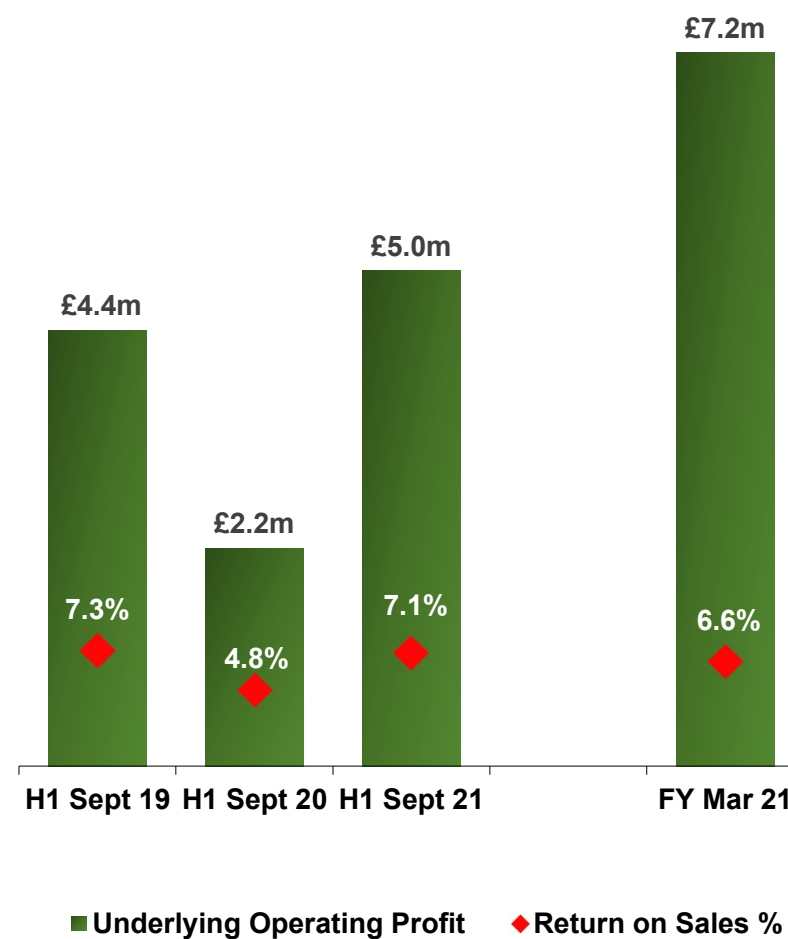
<sup>1</sup> LfL (like for like) adjusts FY20 revenue for 27 to 26 week pro-rating



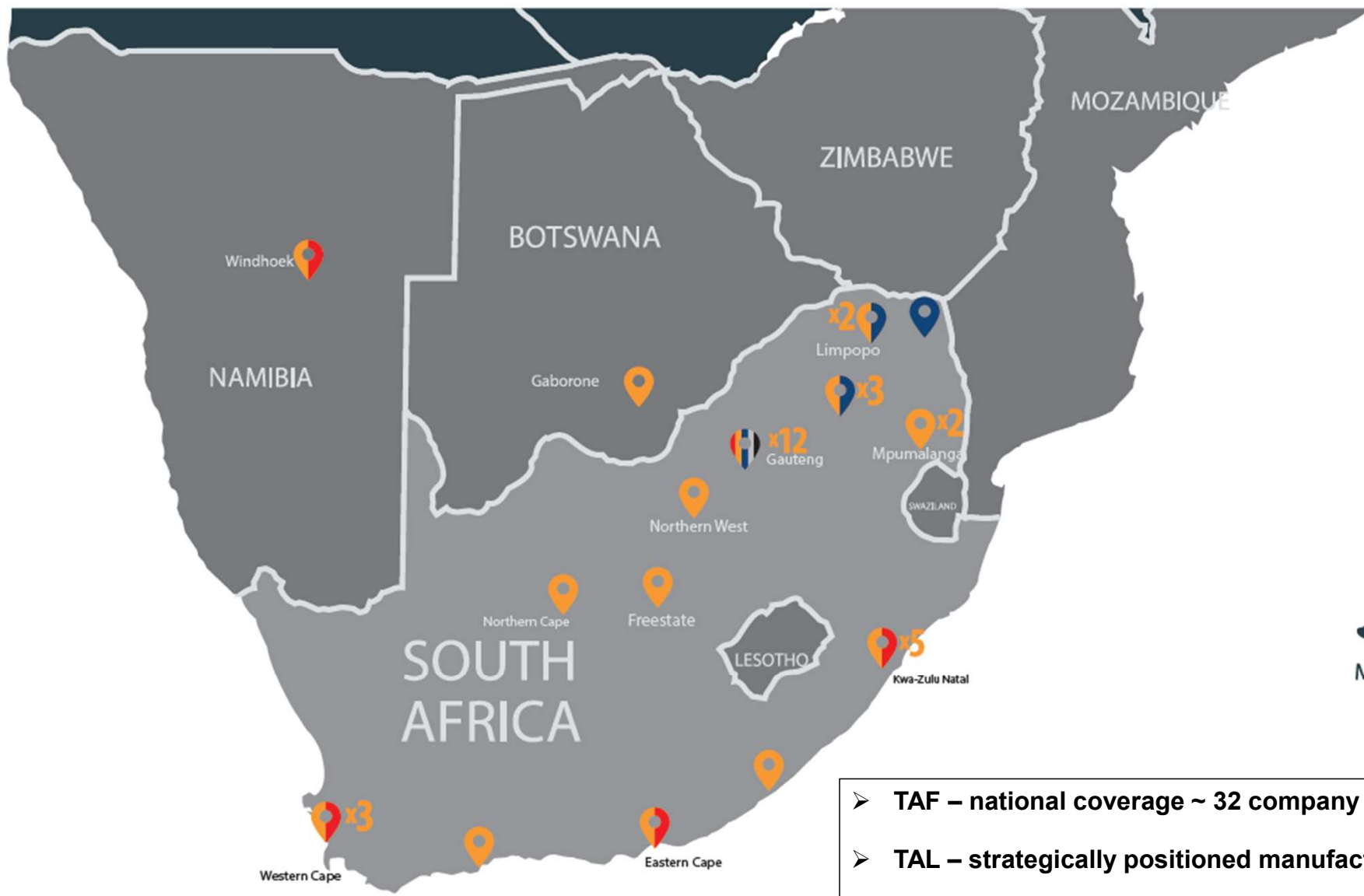
## Revenue<sup>1</sup>



## Underlying Operating Profit<sup>1</sup>



<sup>1</sup> On a constant currency basis <sup>2</sup> LfL (like for like) adjusts FY20 revenue for 27 to 26 week pro-rating



- TAF – national coverage ~ 32 company stores and 2 franchises
- TAL – strategically positioned manufacturing plants
- HoP – 7 branches; expansion opportunities

House of Plumbing – 4 branches opened since acquisition – nationwide expansion opportunity



**norcros**

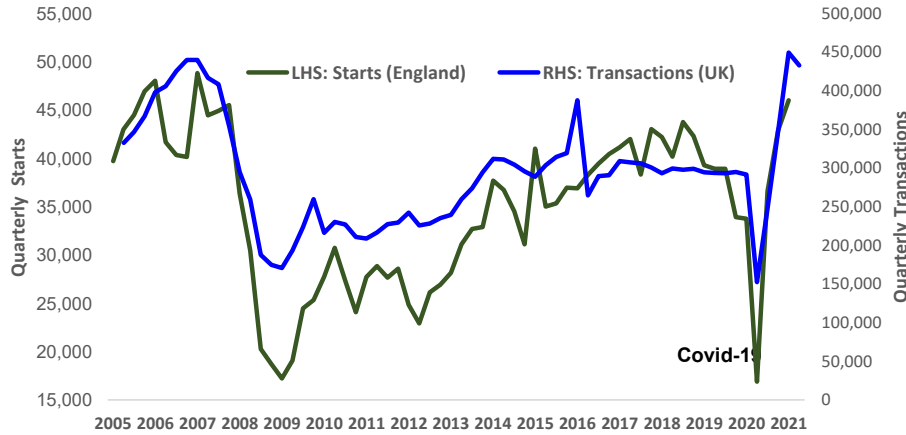
# Group Outlook & Strategy

Nick Kelsall, Chief Executive Officer

# UK – Decade high housing activity levels

## Key Housing Stats

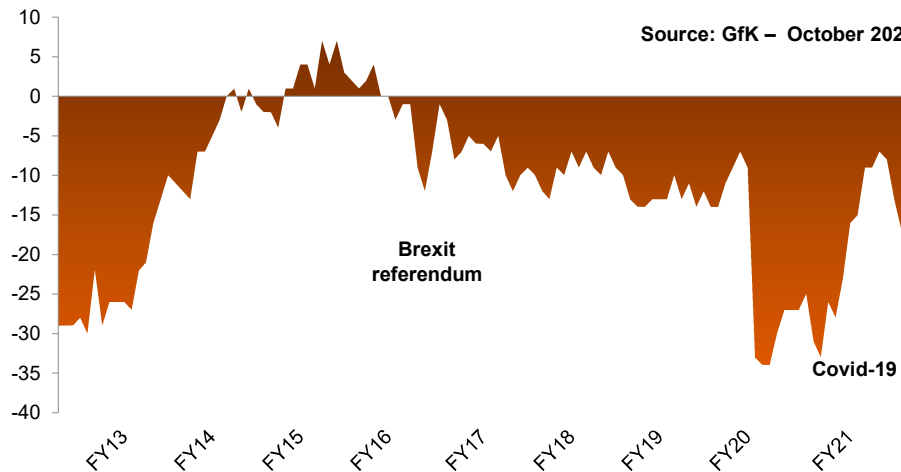
Sources: GOV.UK (Oct) & HMRC (Oct) 2021



H1 high levels of housing starts and transactions

## GfK Consumer Confidence

Source: GfK – October 2021

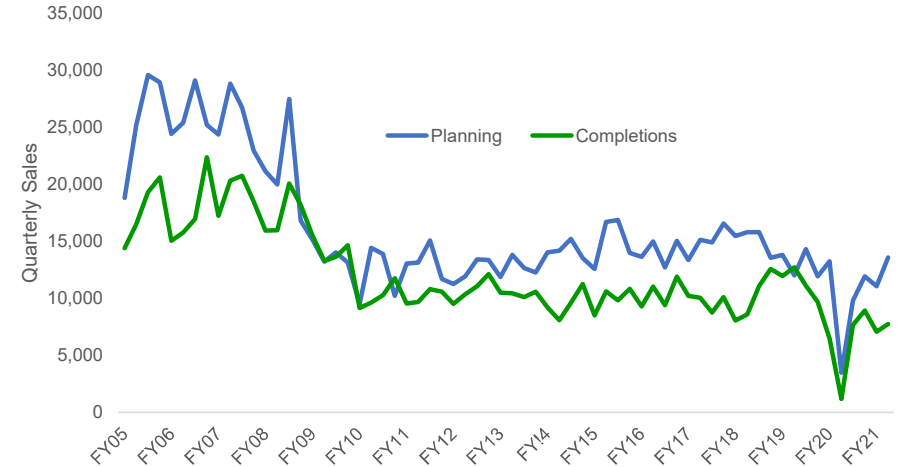


Recent dip following strong post-pandemic recovery

# South Africa – Consumer led RMI recovery

## Dwellings Completed & Plans submitted

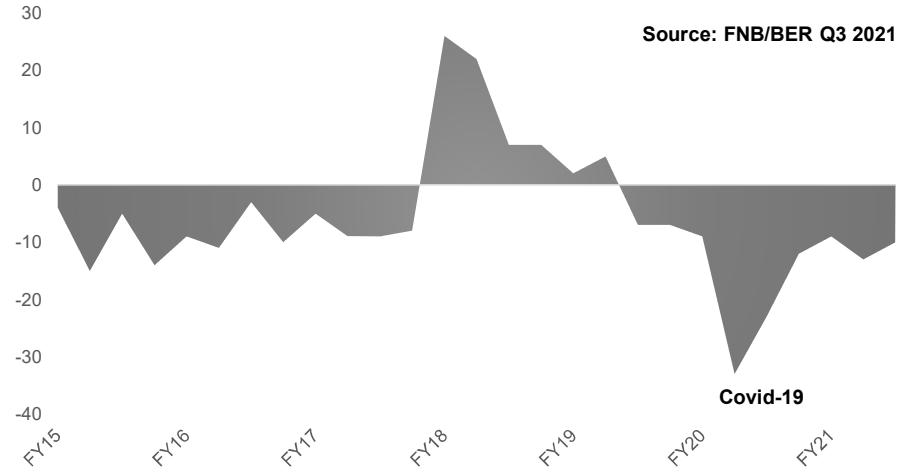
Source: SA stats (Oct) 2021



Recovery in completions and in plans

## FNB/BER Consumer Confidence Index

Source: FNB/BER Q3 2021



Recovery to pre-pandemic levels

**2025 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 2025**

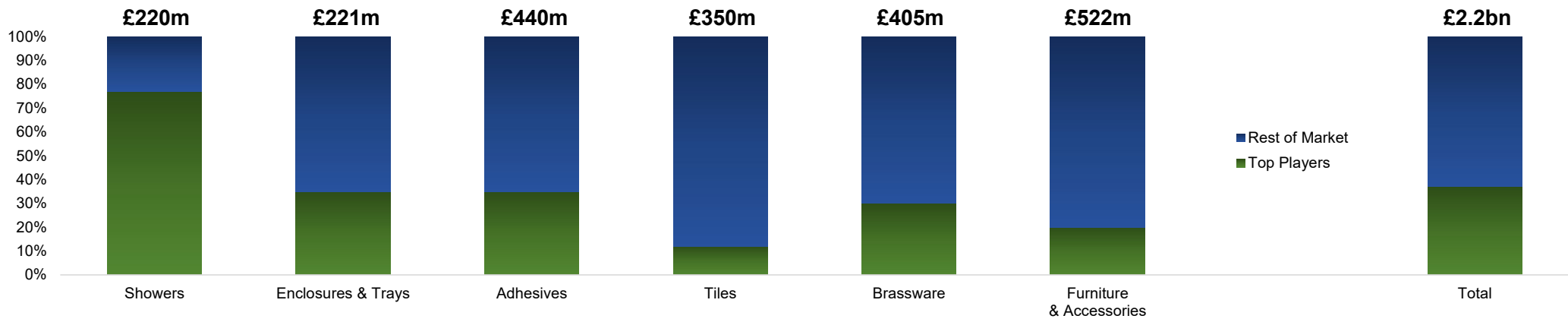
*Organic & Acquisitions*

**50% revenues derived  
from overseas**

**Sustainable ROCE  
of >15%**

**Significant growth opportunities across product categories, channels & geographies  
2025 vision remains valid**

## UK Bathroom – Selective Markets @ MSP



**Market leader**



**Market leader**



**Market leader fixers & online**

JOHNSON-TILES

**Market leader UK manufacturer**



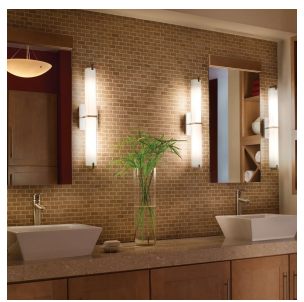
**High-end niche brands**



**Market leading in accessories**

Sources: AMA, BSRIA and management estimates

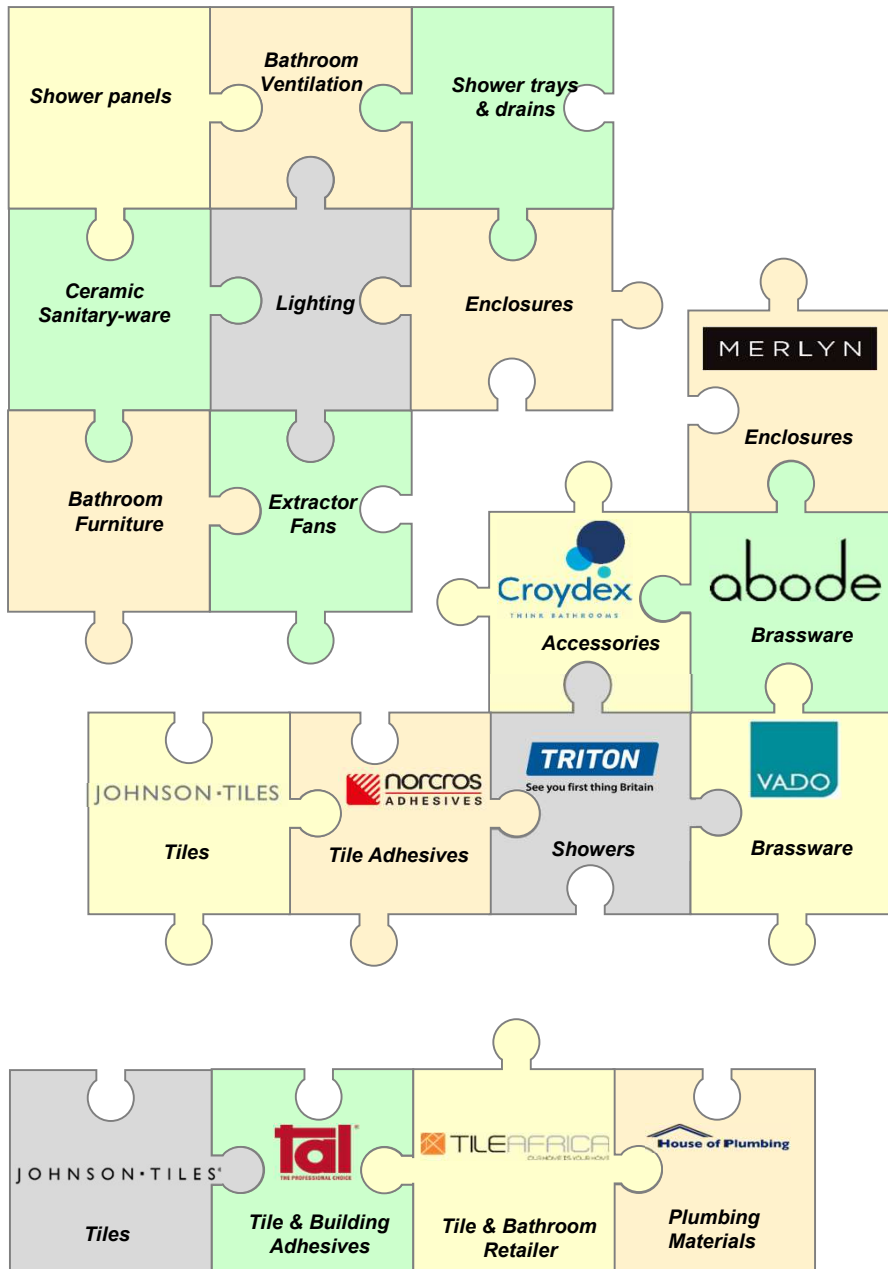
**Significant potential to broaden product portfolio & consolidate fragmented markets – organic & acquisition opportunities**



**Focus on attractive sub-market segments and channels – excellent platform to implement consolidation strategy**

**Market consolidation opportunities enhanced by post-pandemic challenges**

ONE STOP SHOP FOR BATHROOMS



➤ **Consolidator in Large and Fragmented Markets**

- Many opportunities across product sub sectors and channels
- Significant organic and acquisition growth potential

➤ **Acquisition Criteria**

- Complementary to Norcros DNA
- Market leading positions and strong brands
- Strong organic sales growth & potential to drive synergies
- Preferred channels & operating in selective geographies

➤ **Synergies**

- Collaborative approach across all channels e.g. specification & small format
- Export market potential
- Utilising Group's distribution channels & supply chain infrastructure & best practice

➤ **Strong Track Record**

- Vado – post acquisition investment supporting market share gains
- Croydex – growth across all channels (*excl. Homebase*)
- Abode – blue-chip account wins & NPD (*hot water taps & sinks*)
- Merlyn – channel investment: specification, independents & DIY
- House of Plumbing – fast track branch rollout and civils market entry

- **Excellent H1 performance – record profits**
  - Market outperformance – share gains & new business wins
  - Compelling business model – focus & flexibility
  - Supply chain infrastructure, service & stock availability
- **Inflationary and supply chain challenges**
  - Group scale providing solutions v smaller competitors
  - Brands, service & stock availability underpinning margins & share gains
- **Outlook**
  - Leading customer proposition; flight to quality & backing Covid winners
  - Attractive opportunities to gain share & build the ‘one-stop-shop’
  - Proven track record of execution, integration & strong post acquisition performance
  - Significant balance sheet capacity to capture opportunities
- **2025 Strategic Vision Remains Valid**
  - Opportunity to consolidate & grow complementary businesses
  - £600m revenue target by 2025
  - 50% revenues derived from overseas
  - Sustainable ROCE of >15%

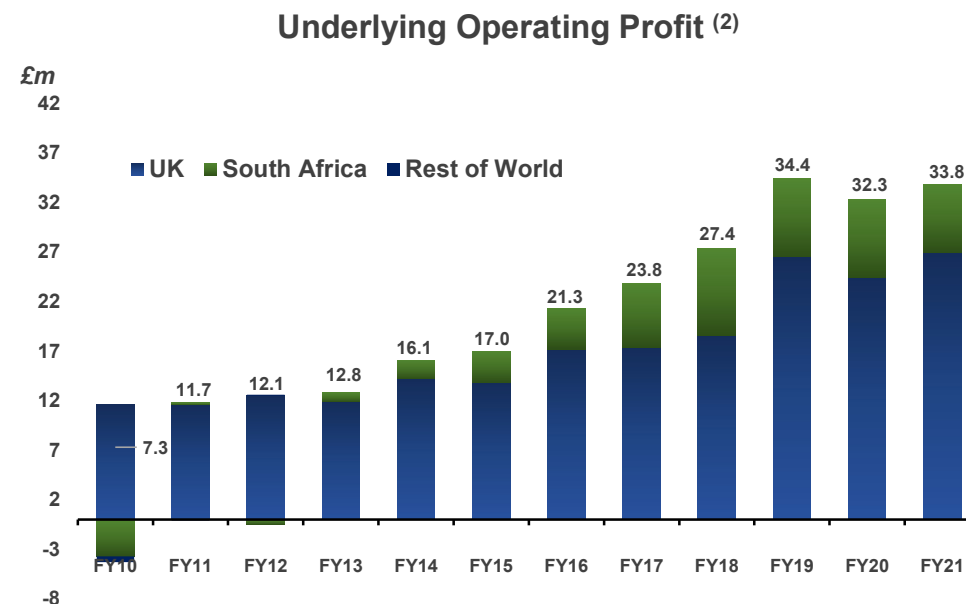
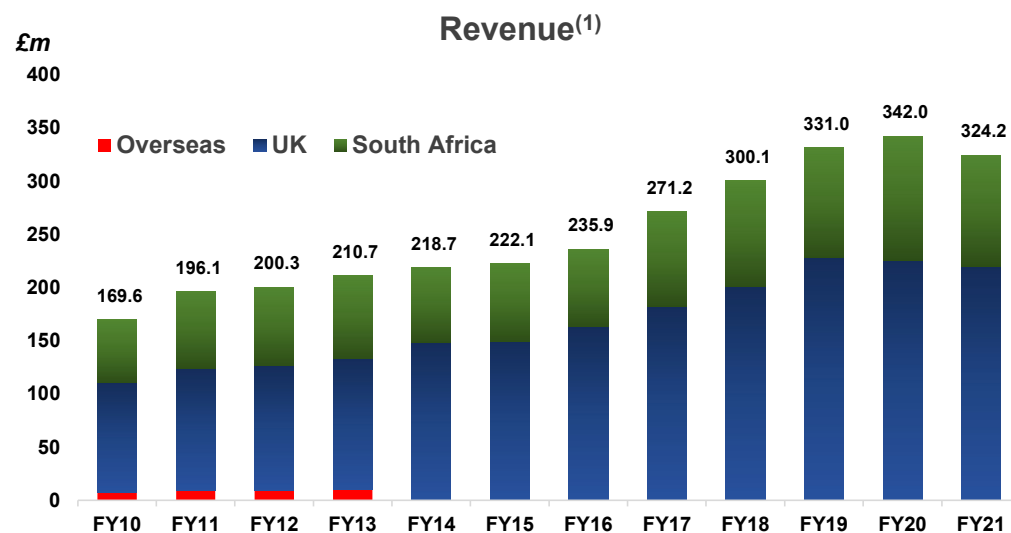




**norcros**

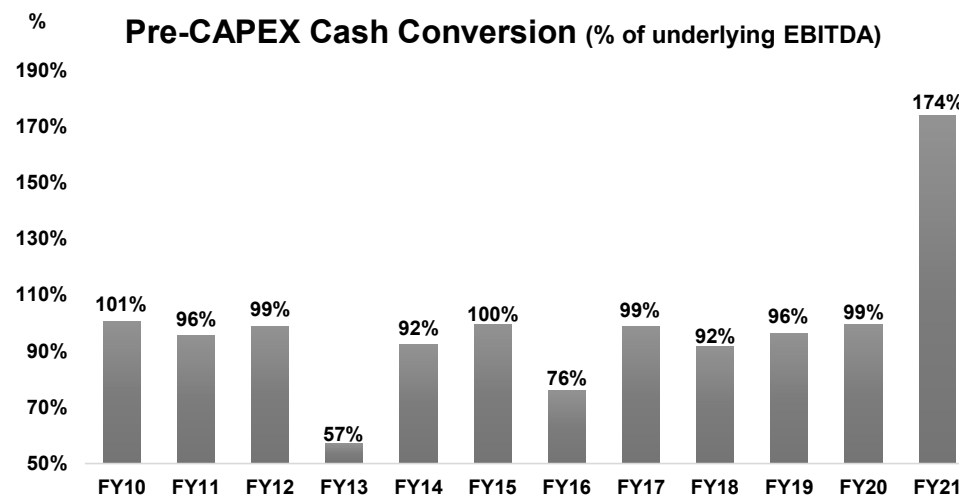
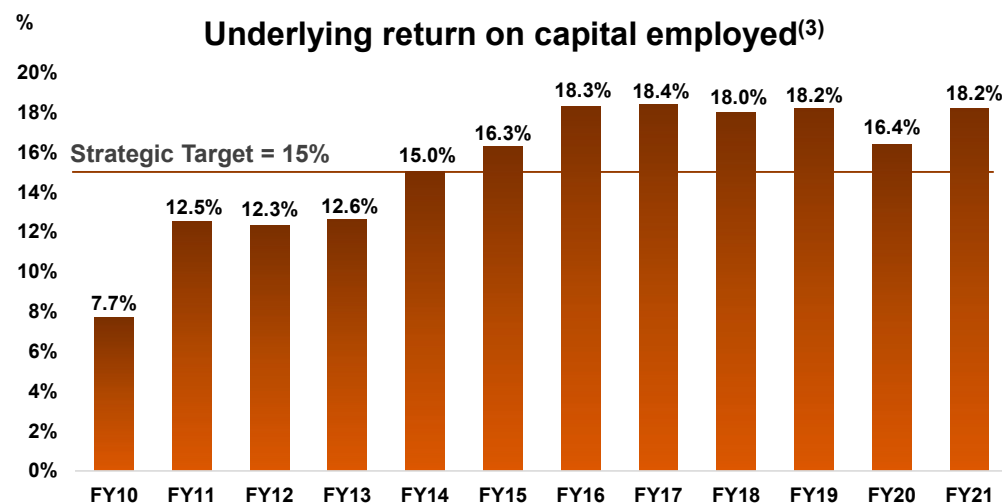
# Appendix





**Organic growth enhanced by acquisitions**

**UK profit growth, SA turnaround & exit RoW**



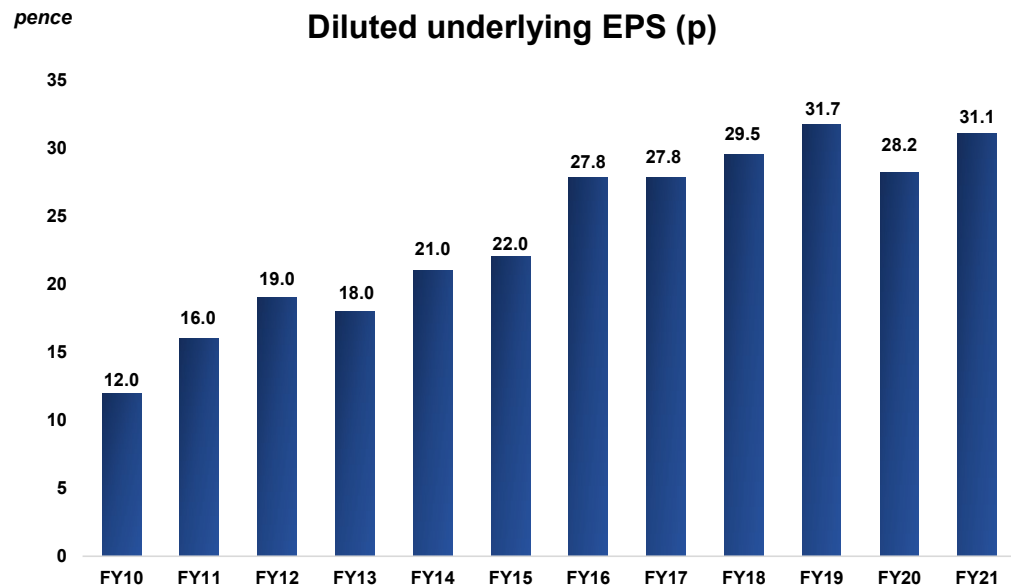
**Strong Return on Capital – ahead of strategic target**

**Consistently high cash conversion**

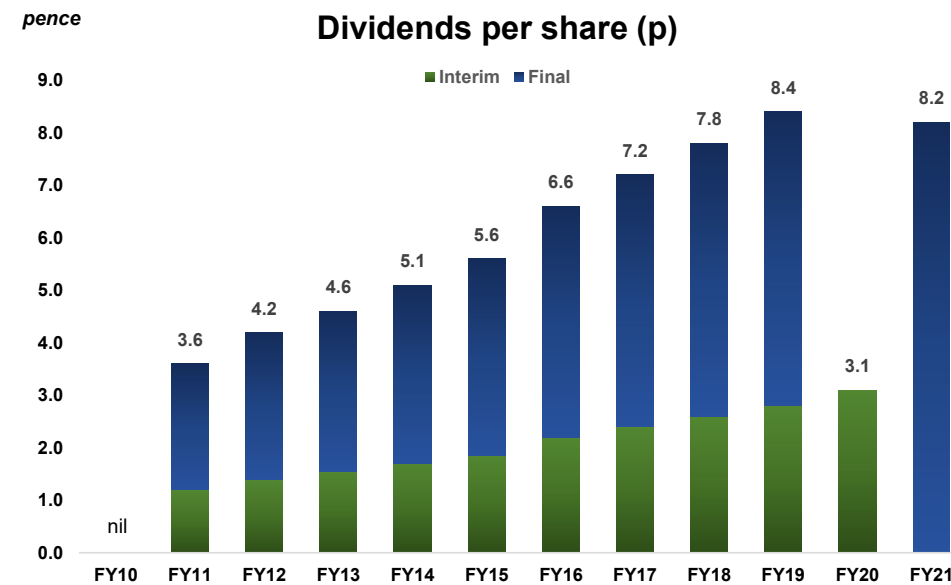
<sup>1</sup> Reported - financial years ending 31<sup>st</sup> March, total Group includes Rest of World

<sup>2</sup> Underlying Operating Profit Underlying means before exceptional operating items, IAS19R admin costs, acquisition related costs and where relevant, non-cash finance costs

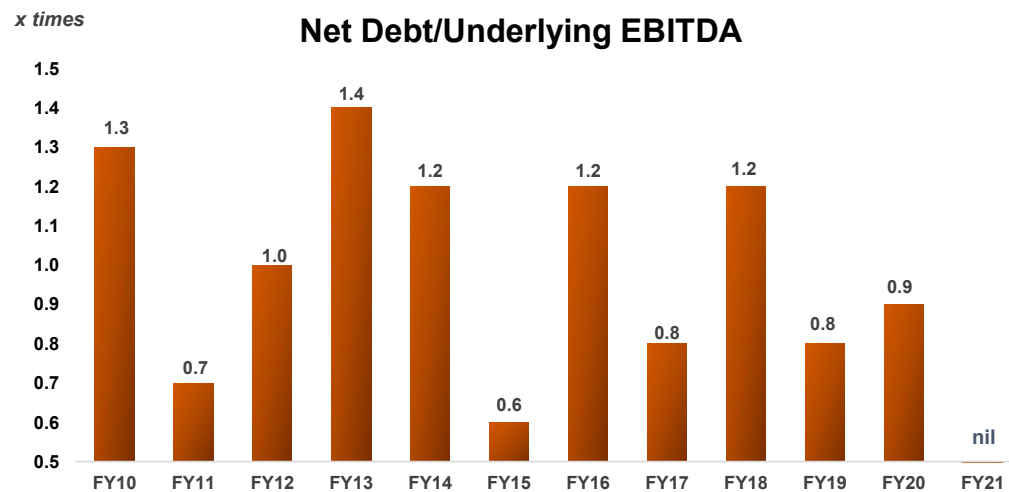
<sup>3</sup> % ROCE pre-IFRS-16 adjustments



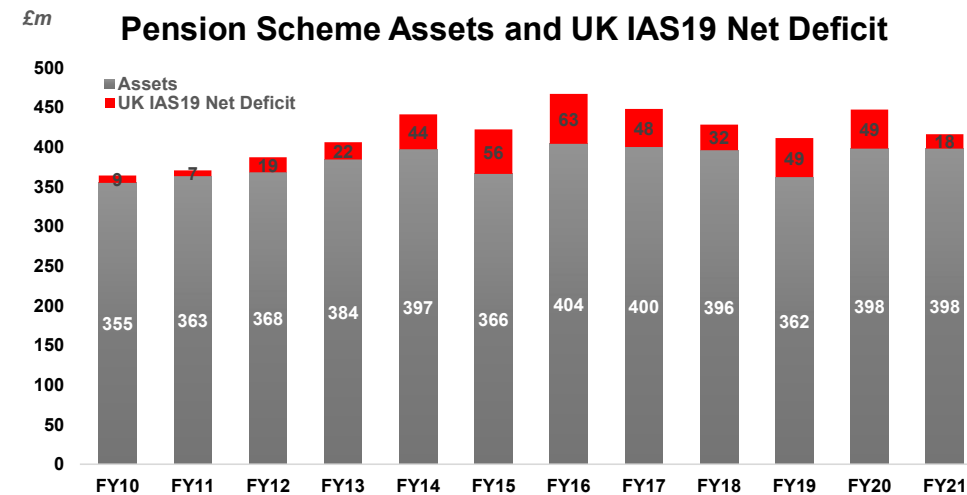
**Solid EPS progress**



**Track record of progressive dividend growth**



**Conservative approach to gearing**



**Manageable pension fund deficit – despite low discount rates**

			Group H1 Revenue	%
UK	 See you first thing Britain	<i>Market leader in the manufacture and marketing of showers in the UK</i>	£30.9m	15.4
		<i>Market leading supplier of shower enclosures and trays</i>	£29.1m	14.5
		<i>Leading manufacturer and supplier of taps, mixer showers, bathroom accessories and valves</i>	£22.4m	11.1
		<i>Market leading, innovative designer, manufacturer and distributor of high quality bathroom furnishings and accessories</i>	£14.2m	7.1
		<i>Leading niche designer and distributor of high quality kitchen taps, bathroom taps and kitchen sinks</i>	£9.3m	4.6
	JOHNSON-TILES	<i>Leading manufacturer and supplier of ceramic tiles in the UK</i>	£17.6m	8.8
		<i>Manufacturer of tile and stone adhesives, grouts and related products</i>	£7.3m	3.6
<b>UK Revenue</b>				
<i>(26 weeks to 3<sup>rd</sup> October 2021)</i>			<b>v FY20: +13.1% +17.5% LfL<sup>1</sup></b>	<b>£130.8m 65.1%</b>

SOUTH AFRICA	 OUR HOME IS YOUR HOME	<i>Leading chain of retail stores focused on tiles, and associated products, such as sanitary ware, showers and adhesives</i>	£37.8m	18.8
		<i>Leading manufacturer of ceramic and building adhesives</i>	£11.3m	5.6
	JOHNSON-TILES®	<i>Leading manufacturer of ceramic and porcelain tiles</i>	£8.2m	4.1
		<i>Market leading supplier of specialist plumbing materials focussed on the specification and commercial sectors</i>	£12.8m	6.4
<b>SA Revenue</b>				
<i>(constant currency, 26 weeks to 3<sup>rd</sup> October 2021)</i>			<b>v FY20: +15.7% +20.0% LfL<sup>1</sup></b>	<b>£70.1m 34.9%</b>

<b>GROUP REVENUE</b>				
<i>(constant currency, 26 weeks to 3<sup>rd</sup> October 2021)</i>			<b>v FY20: +14.0% +18.4% LfL<sup>1</sup></b>	<b>£200.9m 100%</b>

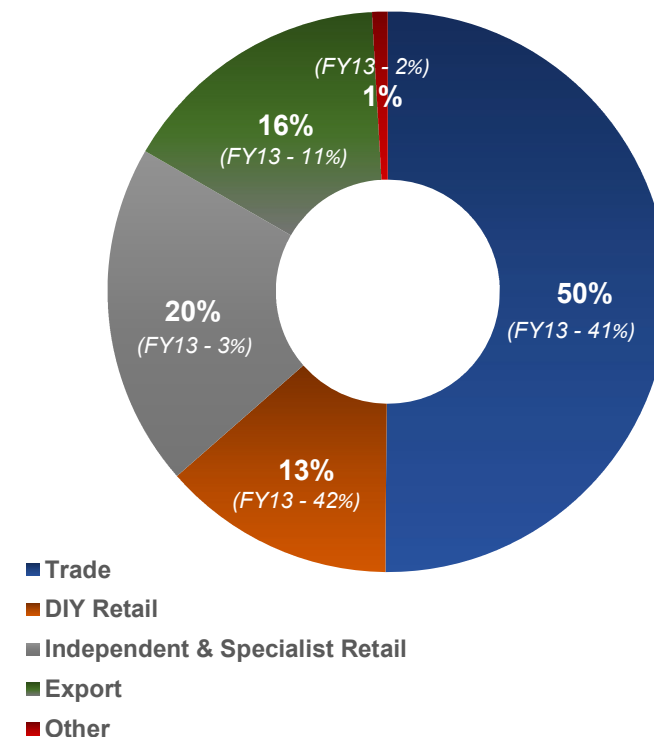
<sup>1</sup> LFL (like for like) adjusts FY20 revenue from a 27 to a 26 week period pro-rating

## Trade

### Robust Housebuilding Sector & Strong Pipeline

- Share gains across ‘Small Format’ players e.g. Screwfix & Toolstation
- Triton branded ‘fast fit’ shower screens launched into Screwfix
- Merlyn – sustained growth driven by new contract wins & extensions:
  - New accounts: Vistry (*shower trays*), St. Modwen, Anwyl Homes and IHG Hotels
  - Contract extensions: Barratts, Bloor Homes and McCarthy & Stone
- Croydex – Metlex specified Battersea Residential Development & Elvetham and Radisson Red Hotels
- Abode – first Screwfix sales
- Johnson Tiles – contract wins, extensions & major projects:
  - New accounts: Countryside Properties (*Southern Region*) & St. Modwen
  - Contract extensions; Persimmon & BUPA care homes
  - Major Projects – Wasps RFC, Wembley Stadium, Alexander Stadium and the University of York

UK Channel Revenue - FY22 H1  
Versus FY13 (commencement of strategy)

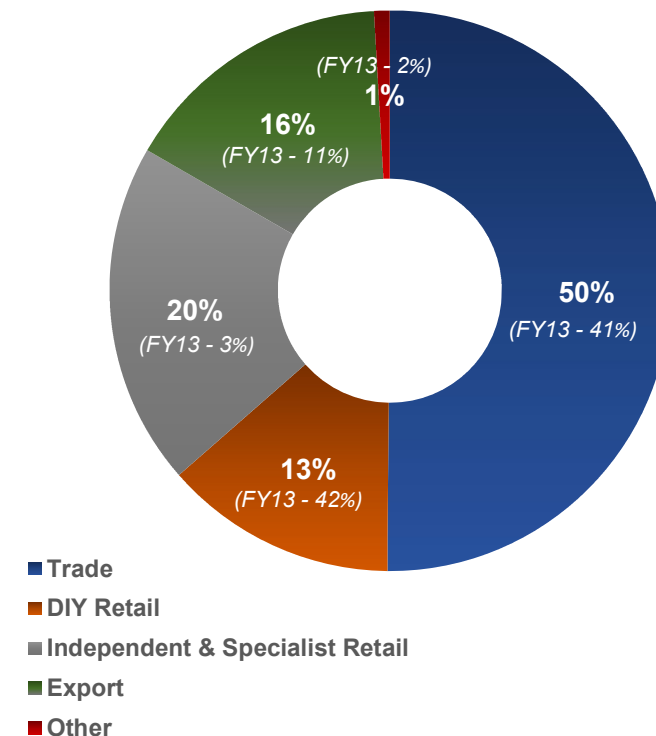


## Independent & Specialist Retail

### Strong RMI demand driving footfall across independent retailers

- Triton – Amazon & Plumbworld strong online trading
- Merlyn – strong growth; share gains & new accounts
- Vado – strong retail momentum supported by success of new ranges
- Croydex – strong growth in online specialists; Amazon, Very & Wayfair

UK Channel Revenue - FY22 H1  
Versus FY13 (commencement of strategy)



**DIY Retail**

**Continued post-pandemic strong RMI & DIY demand**

- Triton – strong positions in key accounts – B&Q, Wickes & Homebase
- Merlyn – Wickes strong sales growth driven by “Nexa by Merlyn” range
- Croydex – expanded listings in B&Q & Wickes
- Adhesives – strong B&Q and Wickes volumes driven by share gains
- Johnson Tiles – new small format tiles into B&Q

**Export**

- Triton – strong recovery in important Eire market
- Merlyn – continued momentum in Eire & French markets
- Vado – progress in Europe driven by Eire & Poland; substantial recoveries in the Middle East & RoW, Africa subdued
- Croydex – significant growth in the US & Italy

**tal**  
THE PROFESSIONAL CHOICE

**Construction**

**House of Plumbing**

*“Behind-the-Wall”*

**TILE AFRICA**  
OUR HOME IS YOUR HOME

**House of Plumbing**

JOHNSON • TILES™

**tal**  
THE PROFESSIONAL CHOICE

*“On-the-Wall”*

## Retail ~ Families, interior Designers & Small Private Builder

- **TAF**
  - Continued residential renovation driving strong demand
  - Increasing sales of Ancillary & Add-on Products
  - Enhanced flooring range – vinyl, wood, laminate, carpet, epoxy and polyurethane
  - Retail store portfolio – 32 company stores and 2 franchises
- **TAL**
  - Continued penetration of smaller independent retail accounts
  - DIY retail & independent merchant channels driving sales
- **JTSA**
  - Driving market share gains in smaller independent retail accounts

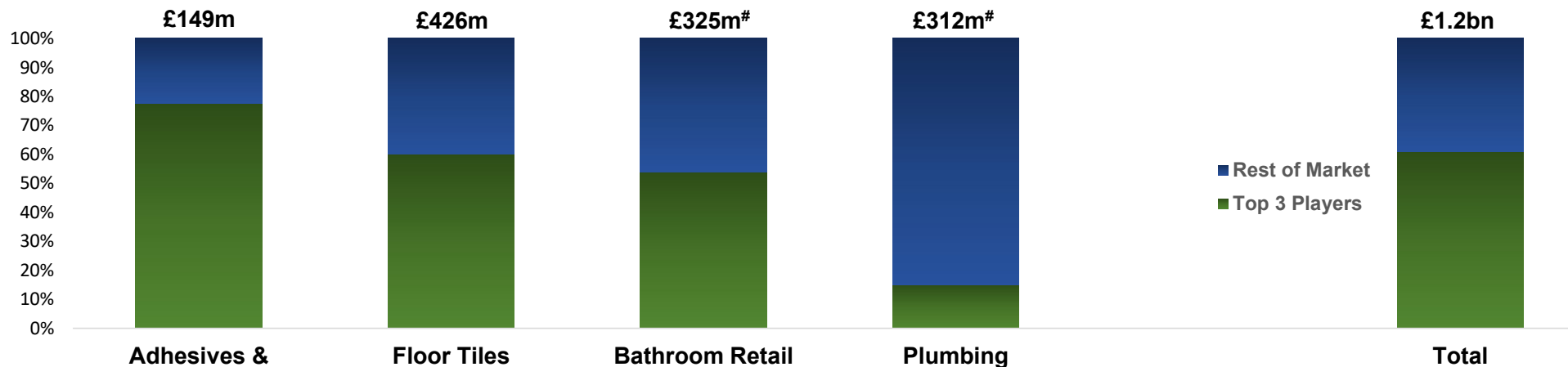
## Specification ~ Commercial Specifications and Supply & Fit

- Housebuilding starting to recover
- Large commercial activity remains subdued albeit tender volumes improving
- Strong market positions driving sales growth in tough environment:
  - TAF – increasing sales of non-tile categories: taps, toilets and showers
  - TAF – Supply & Fit Q2 improved activity
  - TAL – commercial housing growth partially offset by other commercial sales
  - JTSA – Further success in large commercial-housing projects including The Blyde Lifestyle Estate in Pretoria & the Izinga Eco Estate in Umhlanga, Kwa-Zulu Natal
- **HoP**
  - Mpumalanga Province 2 new branches – Nelspruit and Secunda
  - Product range expanded to serve broad civils market segment

## Export

- Strong H1 Botswanan and Zimbabwean sales
- Local competitive manufacturers in our export markets are starting to reopen

**South Africa Bathroom – Selective Markets @ MSP**



Sources: RAND, Frost & Sullivan & management estimates



**Market leader**

JOHNSON • TILES<sup>®</sup>

**#2 Manufacturer**



**#2 Mid to high end consumer focus**



**#2 Gauteng & spec focus**

<sup>#</sup> "Bathroom Retail" including Sanitaryware and Taps and Mixers; "Plumbing" including Pipes, Fittings & Valves and Geysers

- Greater market concentration than UK - "long-tail" of small independent players
- Integrated business models dominant i.e. Italtile/CIL/EzeeTile and NXSA – TAF/JTSA/TAL
- Plumbing sub-segment – fragmented and regional market
  - House of Plumbing – opportunity to take share through capital-lite national roll-out and serving civils market

**NXSA market leading positions enhanced by integrated business model; positioned to take share from smaller players**

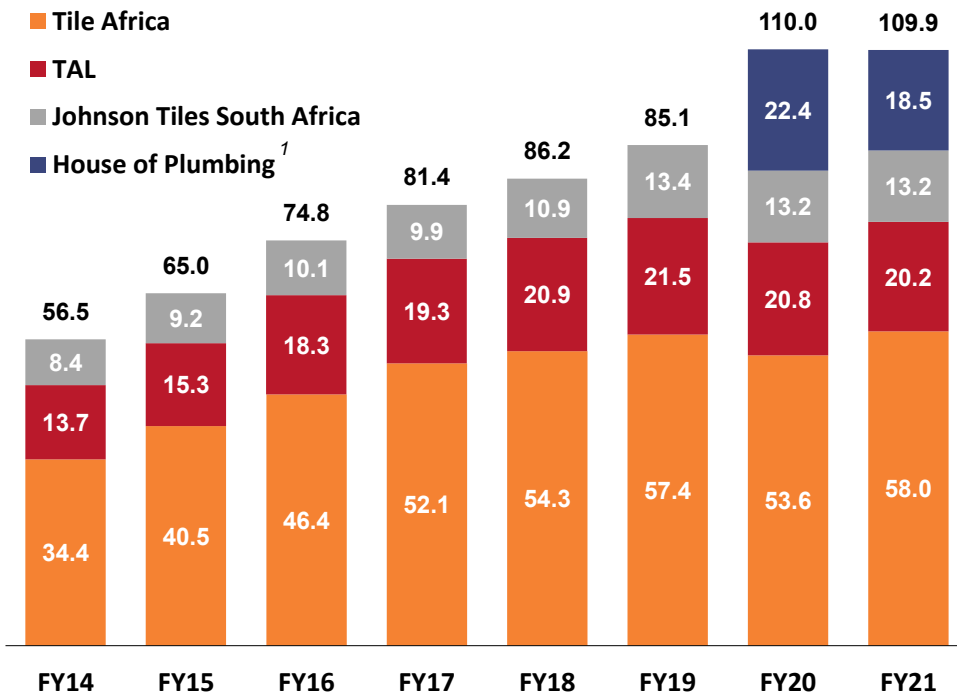


## Norcros South Africa

- Strong heritage, market leading positions & leading brands
- Sustained financial performance, profitability & cash generation
- Integrated supply chain offers economies of scale & scope
- Driving growth opportunities – HoP national roll-out & Civils market; TAF expanding bathroom ranges & flooring alternatives

Norcros SA has consistently outperformed the market

## Revenue (£m) – Constant Currencies



<sup>1</sup> House of Plumbing acquired 1<sup>st</sup> April 2019

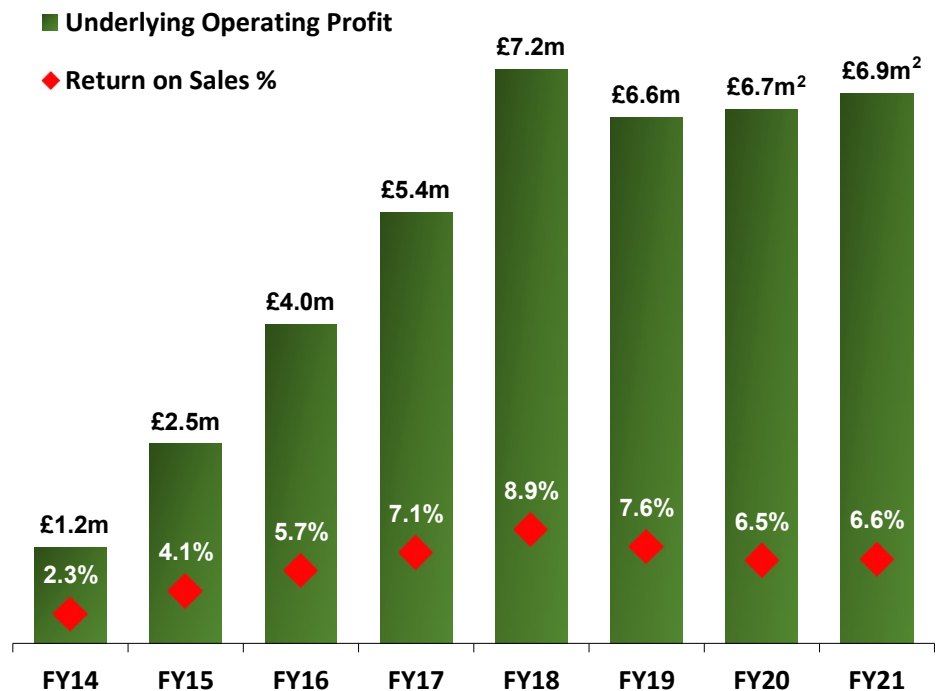
<sup>2</sup> IFRS 16 basis

## South African Economy

- Regional 'hub' economy & business friendly environment
- Long-term socio-economic dynamics favour our markets
- Significant opportunity to satisfy housing shortfalls
- Large bathroom & plumbing products market ~ £1.2bn @ MSP

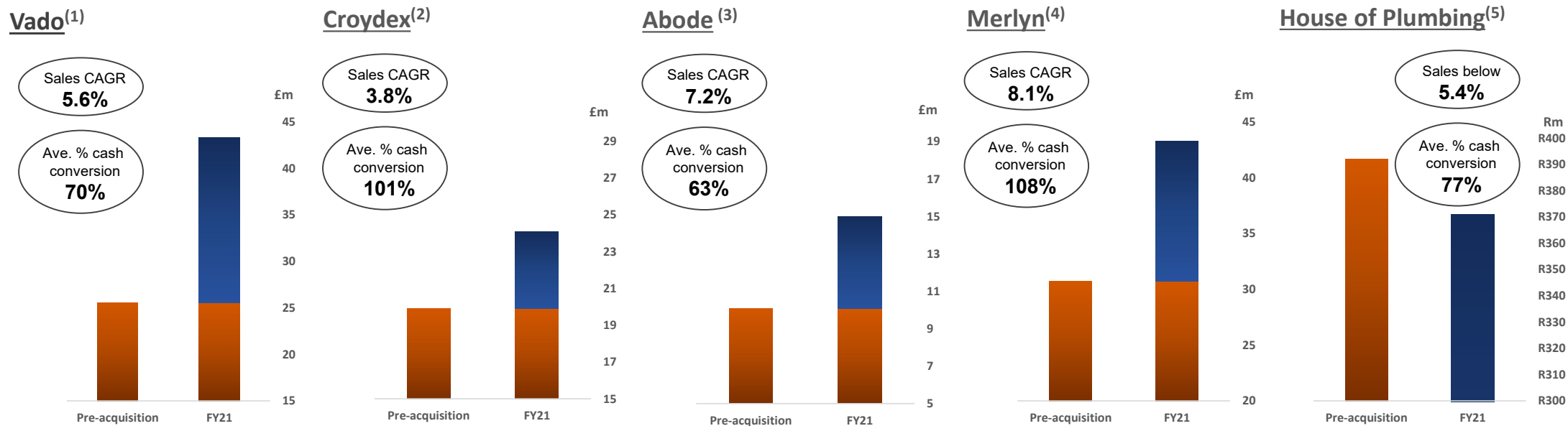
Favourable long-term structural factors

## Underlying Operating Profit (£m) & Return on Sales (%)



	VADO	Croydex	abode	MERLYN	House of Plumbing
Group strategy	1 Revenue target	✓	✓	✓	✓
	2 Underlying ROCE of >15%	✓	✓	✓	✓
	3 Geographic fit	✓	✓	✓	✓
Acquisition criteria	4 Complementary market	✓	✓	✓	✓
	5 Preferred channel mix	✓	✓	✓	✓
	6 Export potential	✓	✓	✓	✓
	7 Growth potential	✓	✓	✓	✓

Highly successful track record of acquiring and integrating complementary businesses and developing them



Highly selective acquisitions delivering strong growth

<sup>1</sup> Acquired 2<sup>nd</sup> April 2013  
CAGR calculated on FY21 v LTM to acquisition

<sup>2</sup> Acquired 25<sup>th</sup> June 2015  
CAGR calculated on FY21 v LTM to acquisition

<sup>3</sup> Acquired 1<sup>st</sup> April 2016  
CAGR calculated on FY21 v LTM to acquisition

<sup>4</sup> Acquired 23 November 2017  
CAGR calculated on FY21 v LTM to acquisition

<sup>5</sup> Acquired 1<sup>st</sup> April 2019  
CAGR calculated on FY21 v LTM to acquisition

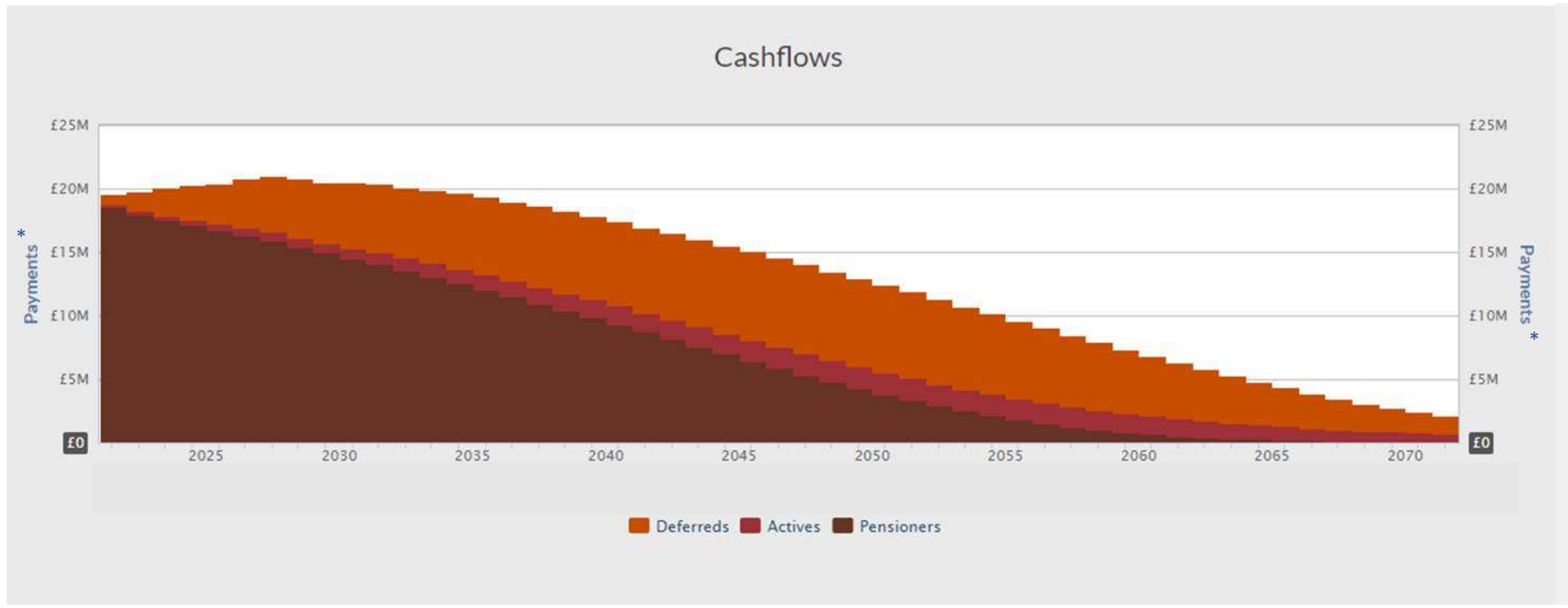
**Exceptional Items**

	<b>H1 Sept 2021 £m</b>	<b>H1 Sept 2020 £m</b>	<b>H1 Sept 2019 £m</b>	<b>FY Mar 2021 £m</b>
COVID-19 related restructuring	-	(2.4)	-	(3.8)
	<b>-</b>	<b>(2.4)</b>	<b>-</b>	<b>(3.8)</b>

**Acquisition Related Costs**

	<b>H1 Sept 2021 £m</b>	<b>H1 Sept 2020 £m</b>	<b>H1 Sept 2019 £m</b>	<b>FY Mar 2021 £m</b>
Acquisition related deferred remuneration (earn out)	-	(0.2)	(0.3)	-
Intangible asset amortisation	(1.9)	(1.9)	(1.9)	(3.7)
Advisory fees	-	-	-	-
	<b>(1.9)</b>	<b>(2.1)</b>	<b>(2.2)</b>	<b>(3.7)</b>

	<b>H1 Sept 2021 £m</b>	<b>H1 Sept 2020 £m</b>	<b>H1 Sept 2019 £m</b>	<b>FY Mar 2021 £m</b>
Net cash / (debt) – opening	10.5	(36.4)	(35.0)	(36.4)
Net cash flow	(9.5)	(28.5)	(6.6)	46.5
Other non-cash movements	-	(0.1)	-	(0.2)
Foreign exchange	-	0.7	0.5	0.6
<b>Net cash / (debt) – closing</b>	<b>1.0</b>	<b>(7.3)</b>	<b>(41.1)</b>	<b>10.5</b>



\* Annual pensioner payroll, excludes non-predicted costs such as transfer out and early retirement payments

# Interim Results

6 months to 30 September 2021

norcros

Inspiring Living Spaces