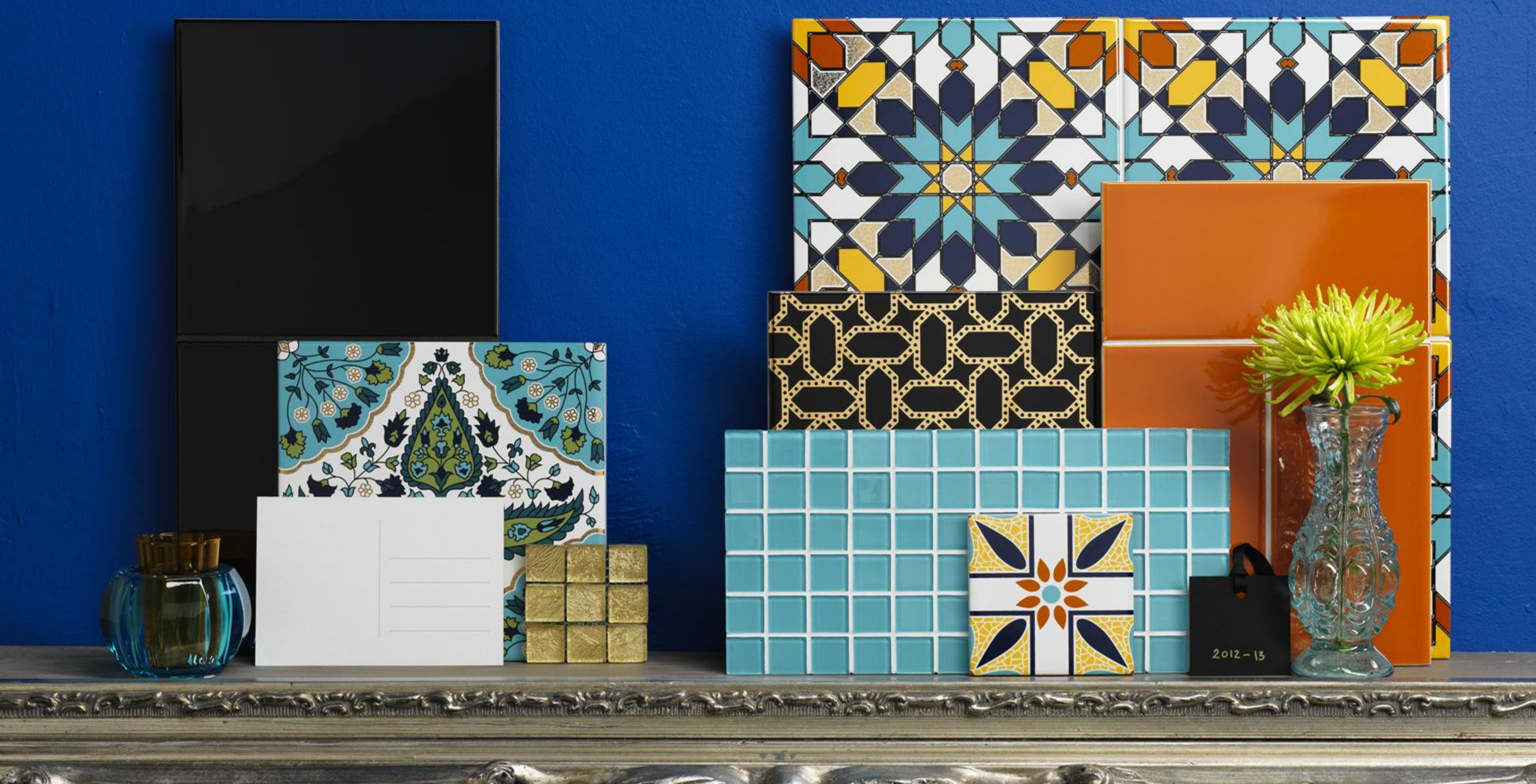
Norcros plc

Interim Results

Six Months to 30th September 2012



Introduction

Martin Towers
Chairman

2012 H1 Highlights

- Revenue increased by 9.4% on a constant currency basis
- Underlying[2] operating profit increased by 4.8%
- South Africa growing strongly and returned to profit
- Interim dividend up 10.7%
- UK defined benefit pension scheme – planned closure to future accrual announced
- Good progress on surplus property planning

Revenue[1]		
£106.3m	+9.4%	▲
Underlying[2] operating profit		
£6.6m	+4.8%	▲
Basic underlying[2] EPS		
1.1 pence	+22.2%	▲
Dividend		
0.155 pence	+10.7%	▲

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[1] On a constant currency basis [2] Underlying means before exceptionals and where relevant, non cash finance costs

Financial Review

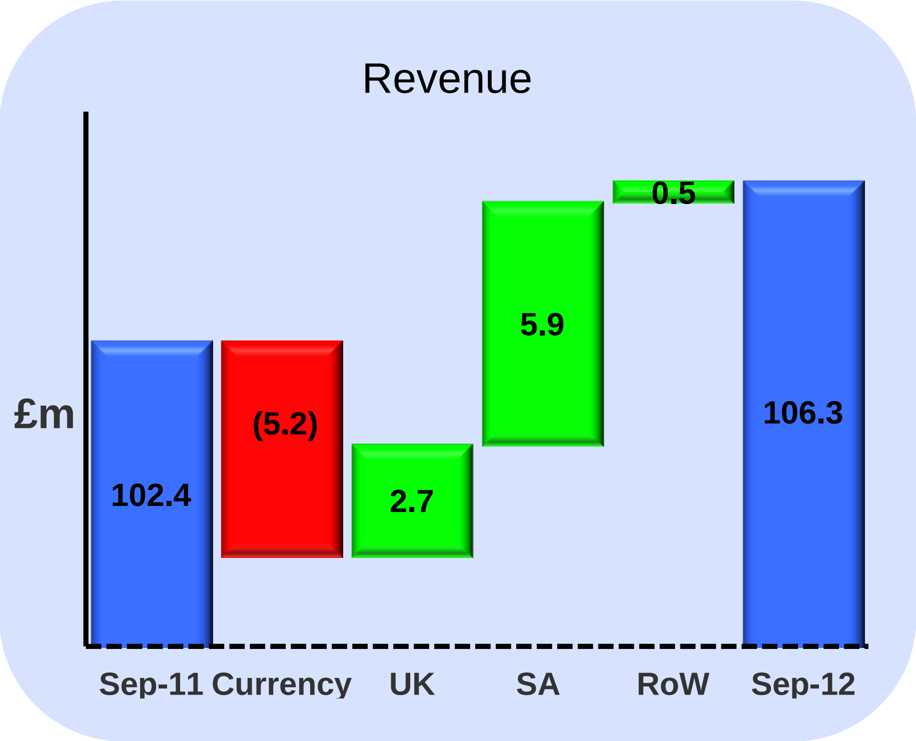
Martin Payne
Group Finance Director

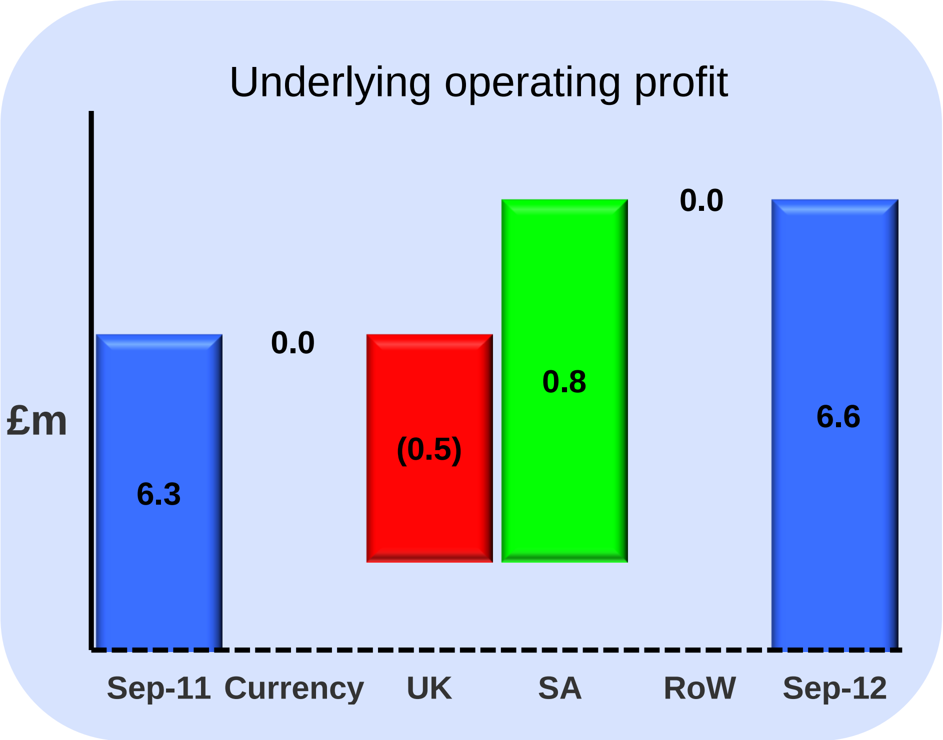
Income Statement

	26 weeks Sept 2012 £m	26 weeks Sept 2011 £m	+/-	52 weeks Mar 2012 £m
Revenue	106.3	102.4	+3.8%	200.3
Underlying[1] operating profit	6.6	6.3	+4.8%	12.1
Margin	*6.2%*	*6.2%*		*6.0%*
Finance charges – cash	(0.6)	(0.9)		(1.4)
Underlying[1] PBT	6.0	5.4	+11.1%	10.7
Exceptional – finance charges	-	(1.2)		(1.2)
Non cash finance income	0.6	0.1		(0.1)
PBT as reported	6.6	4.3	+53.5%	9.4

[1] Underlying means before exceptionals and where relevant, non cash finance costs

Income Statement – Key Bridges





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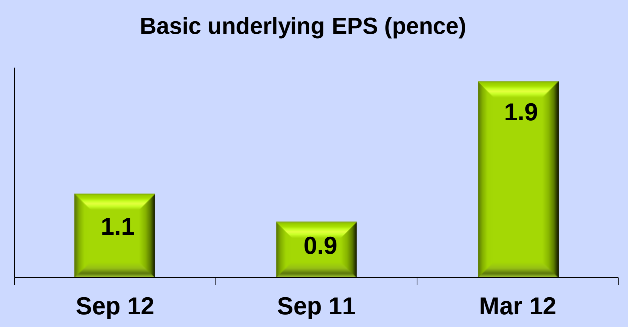
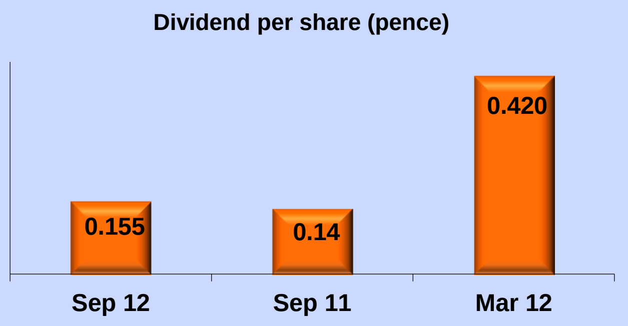
Tax, Earnings and Dividends

	Underlying			Reported		
	Sept 2012 £m	Sept 2011 £m	Mar 2012 £m	Sept 2012 £m	Sept 2011 £m	Mar 2012 £m
Profit before Tax	6.0	5.4	10.7	6.6	4.3	9.4
Tax credit/(charge)	0.1	(0.3)	0.4	(0.1)	(0.5)	-
Earnings	6.1	5.1	11.1	6.5	3.8	9.4
Effective Tax rate	n/a	5.6%	n/a	1.5%	11.6%	n/a

- Recognition of deferred tax assets
  - SA £1.2m H1 2012/13
  - UK £1.7m H2 2011/12
- Effective underlying tax rate excluding SA deferred tax credit = 18% in H1 2012/13
- Full year effective underlying tax rate c. 9%
- Basic underlying[1] EPS up 22% at 1.1p
- Interim dividend up 10.7%



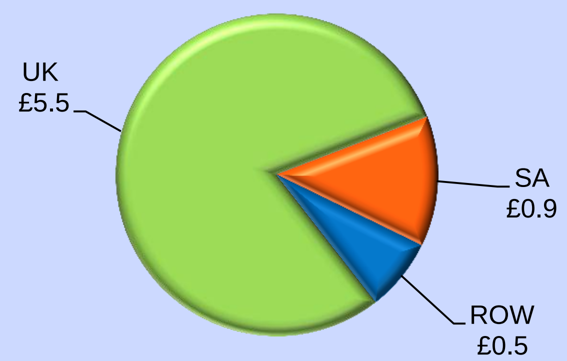


[1] Underlying means before exceptionals and where relevant, before non cash finance costs and after attributable tax

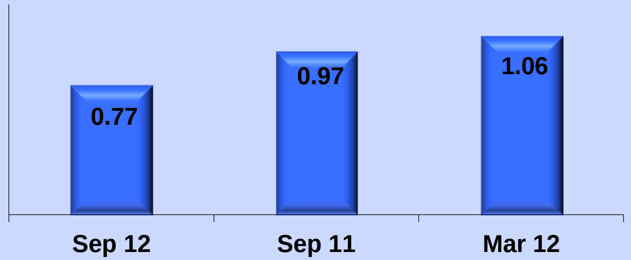
Cash Flow

	26 weeks Sept 2012 £m	26 weeks Sept 2011 £m	52 weeks March 2012 £m
EBITDA pre exceptional	9.7	9.5	18.4
Working Capital	(6.9)	0.3	(0.4)
Other	0.5	0.3	0.1
Operating cash flow	**3.3**	**10.1**	**18.1**
Capex	(2.4)	(3.1)	(6.7)
Proceeds from property disposal	1.1	-	-
Pension deficit recovery	-	(0.5)	(1.0)
Tax	(0.3)	-	(0.6)
Underlying free cash flow pre financing and dividends	**1.7**	**6.5**	**9.8**
Exceptional costs - lease buy out	-	(7.8)	(7.8)
Exceptional costs - other	(1.2)	(1.2)	(3.3)
Interest	(0.6)	(0.7)	(1.6)
Dividends	(1.6)	(1.4)	(2.2)
Other	0.1	(0.8)	(0.6)
Net Cash Flow	**(1.6)**	**(5.4)**	**(5.7)**

Working capital increase £6.9m



Capex / Depreciation (times)



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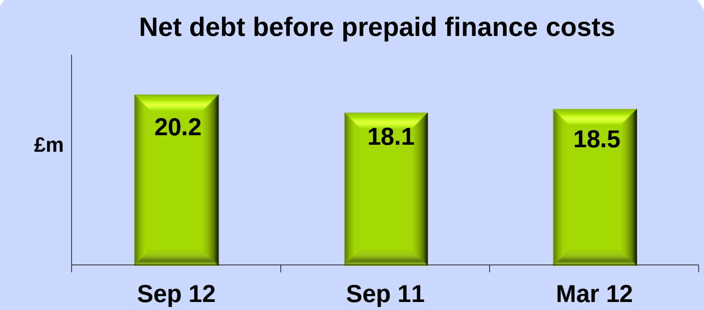
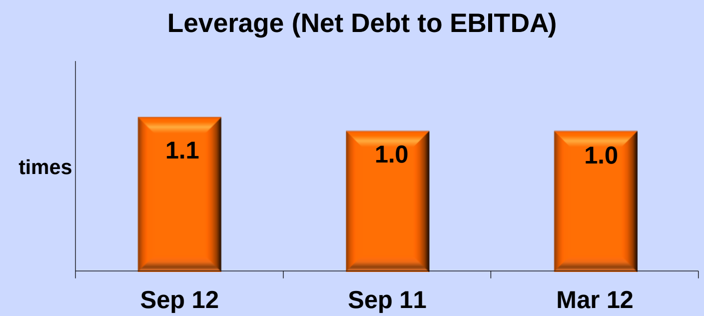
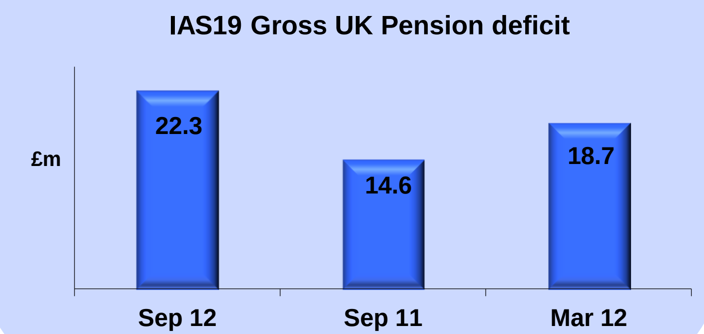
Balance Sheet

- Leverage 1.1x EBITDA
- UK Pension deficit increased to £22.3m
  - Liabilities still 94% funded
  - Fall in applicable discount and inflation rates
  - Consultation in progress to close DB section to all future accrual from 31st March 2013
  - Triennial valuation due latest end June 2013
- WM Morrison / Highgate Park development
  - Revised planning application submitted October 2012 ; Committee January 2013
  - WM Morrison £2.6m proceeds next financial year subject to planning permission
  - Preliminary interest in non food retail element
- Early discussions on remaining two sites in Tunstall







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Operating Review

Nick Kelsall
Group Chief Executive

Business Overview

- Focused Group supplying high quality and innovative showers, ceramic wall and floor tiles and adhesive products

- Three complementary UK businesses:
  - Triton Showers
    - Market leader in the manufacture and marketing of showers in the UK
  - Johnson Tiles
    - Leading supplier of ceramic tiles in the UK
  - Norcros Adhesives
    - Manufacturer of ceramic adhesives, grouts and related products

- Three complementary South African businesses:
  - Tile Africa
    - Chain of retail stores focussed on ceramic and porcelain tile, and associated products such as sanitaryware, showers and adhesives
  - Johnson Tiles South Africa
    - Manufacturer of ceramic and porcelain tiles
  - TAL
    - Market leading manufacturer of ceramic, industrial and building adhesives

- Johnson Tiles Australia
  - Importer and distributor of ceramic tiles and related products

UK Operations – Resilient performance in difficult markets

TRITON

- Overall revenue -8.3%
  - UK -6.4%; Exports -18.7%
- UK market volume decline estimated to be c. 7%
- UK market share gain – stronger electric performance
- Exports – Irish market remains challenging
- Q1 impacted by timing of Easter and merchant destocking
- Q2 performance stronger
  - UK Q1 -9.6% ; Q2 -3.4% v. prior year
  - Export Q1 -30.3% ; Q2 -7.1% v. prior year
- Margins maintained; profits lower reflecting fall in revenues
- Excellent level of cash generation maintained

UK Operations – Resilient performance in difficult markets

JOHNSON • TILES

- Overall revenue +17.0%
  - UK +20.6%; Exports -10.7%
- Very strong revenue growth despite market decline
- UK market share gains, particularly in DIY multiple channel
  - B&Q tile range review and new in-store tile shop
- Exports shortfall reflects M. East contracts in prior year not repeated
- Underlying operating profits up
  - Revenues higher and good progress on margins
  - Improved manufacturing performance
  - Energy costs stabilised, but 6% higher than last year

UK Operations – Resilient performance in difficult markets

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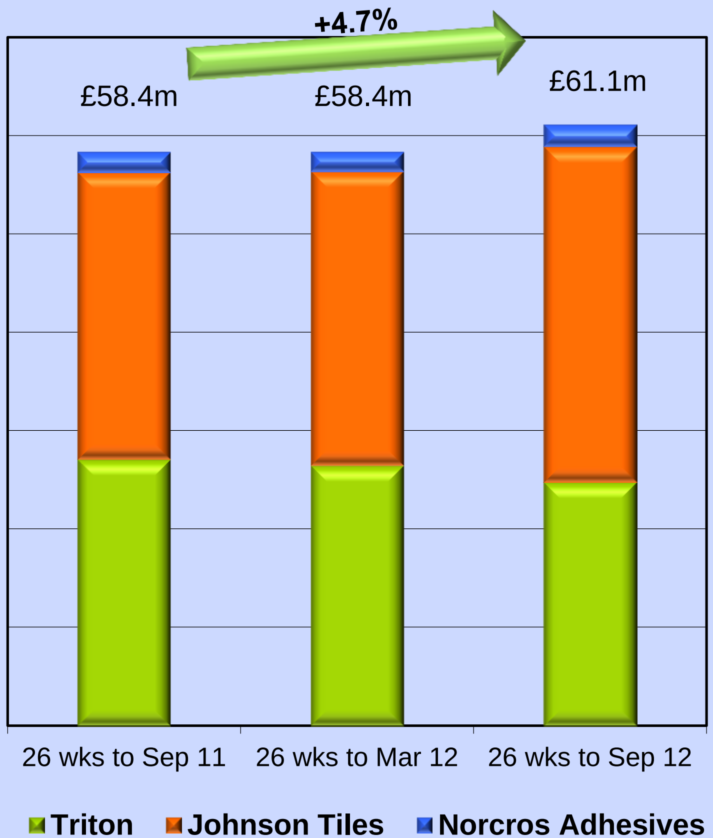
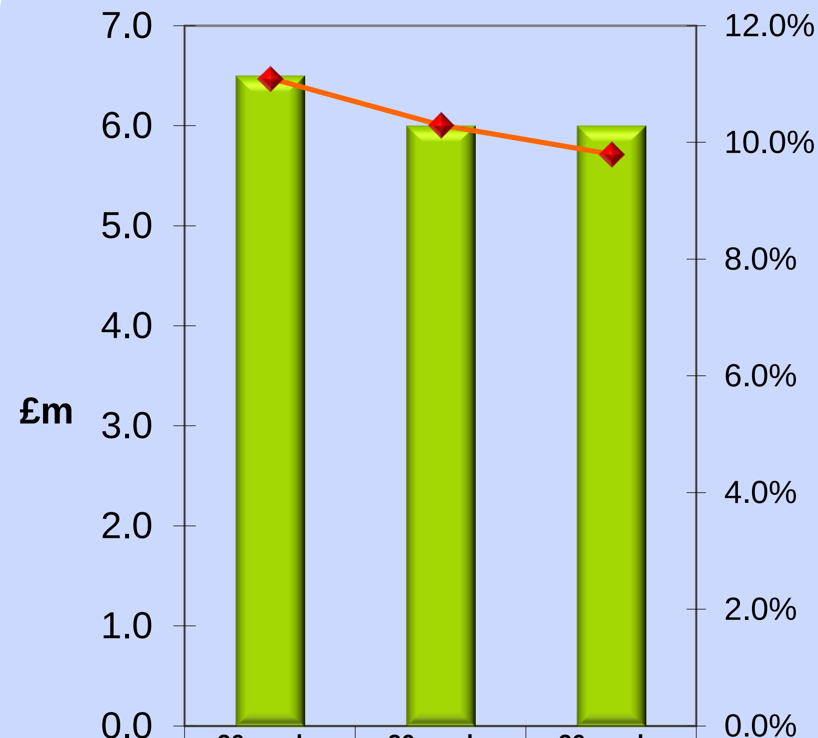
- Overall revenue +1.5%
  - Increased market share in a declining market
  - National contract specification & new distributor gains
- Profits maintained
- Strong new product introductions
  - Waterproof tiling system for wet rooms & balconies
  - Exclusive agreement to supply specialist tile expansion joints & trims
- Capacity in place to accommodate significant future growth
- Continued focus on leveraging Group retail and distributor relationships

UK Operations – Resilient performance in difficult markets

Revenue



Underlying operating profit



	26 weeks Sept 11	26 weeks March 12	26 weeks Sept 12
Profit	**6.5**	**6.0**	**6.0**
ROS%	**11.1%**	**10.3%**	**9.8%**

South Africa – Strong growth and return to profit

JOHNSON • TILES

- Significant improvements in operational performance
  - Better quality, higher throughput and reduced downtime
  - Investment in new sorting and packaging equipment
- Underlying operating loss significantly reduced
- Independent sector revenue +46.5% at c.c.
- Further gains in DIY through expanded product range
  - One stop shop - Imported product as well as own manufactured
  - Category management approach
- Margin gains impacted by 22% higher energy costs
- Plans developed to drive further improvement

South Africa – Strong growth and return to profit

- Underlying profit significantly ahead of last year & strong cash generation
- Independent sector revenue +26.3% at c.c.
- Strong growth in Tile Adhesives and Building Products segments
  - Share gains in both sectors
- “Tilemate” tile tool range launched to build on “one stop shop” strategy
- Strong export growth into sub-Saharan countries
  - TAL exports up 32.3%; now represent 9% of revenue
  - New distribution partner agreements in Kenya and Botswana
- Potential for significant growth

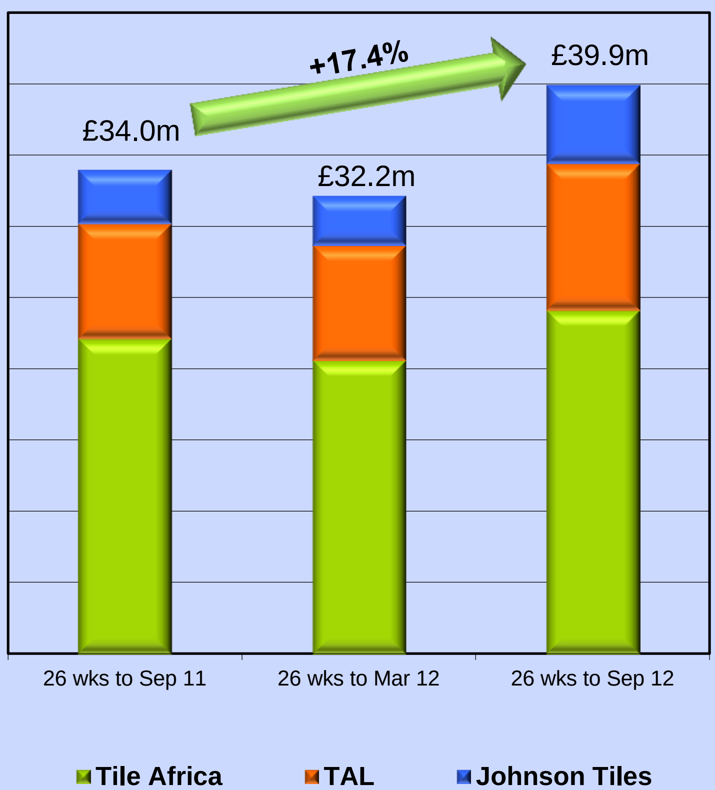
South Africa – Strong growth and return to profit

TILEAFRICA

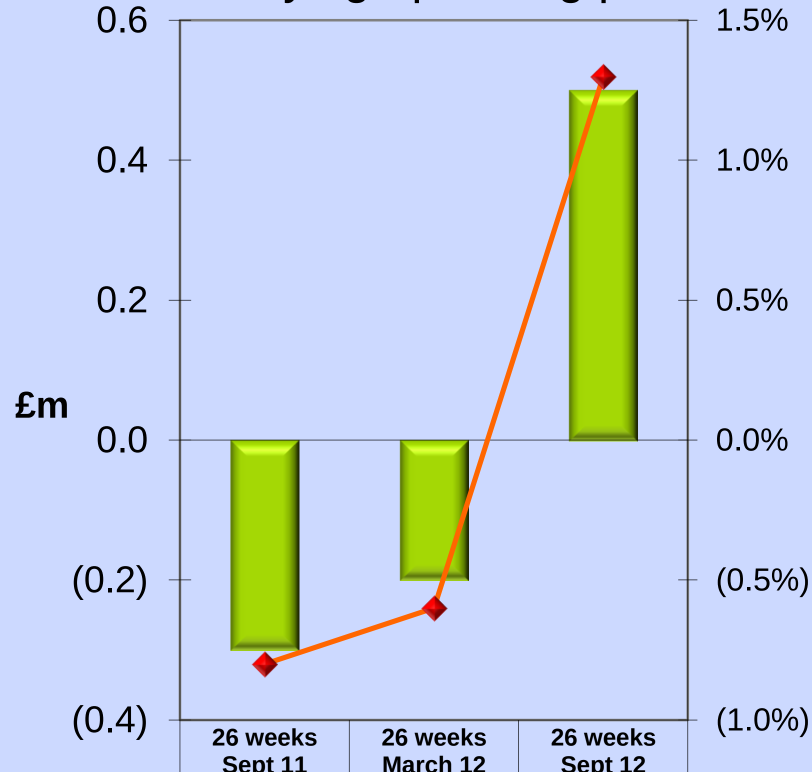
- Underlying profitability higher than last year
- Overall revenue +9.2% at c. c.
- Increased focus on imported product to improve depth of offer
- Procurement and stock planning processes strengthened
- Store upgrade programme ongoing
  - 21 of our 31 owned stores now upgraded to Lifestyle format
  - 2 stores planned for H2

South Africa – Strong growth & return to profit

Revenue [1]



Underlying operating profit



	26 weeks Sept 11	26 weeks March 12	26 weeks Sept 12
Profit	**(0.3)**	**(0.2)**	**0.5**
ROS%	**(0.8%)**	**(0.6%)**	**1.3%**

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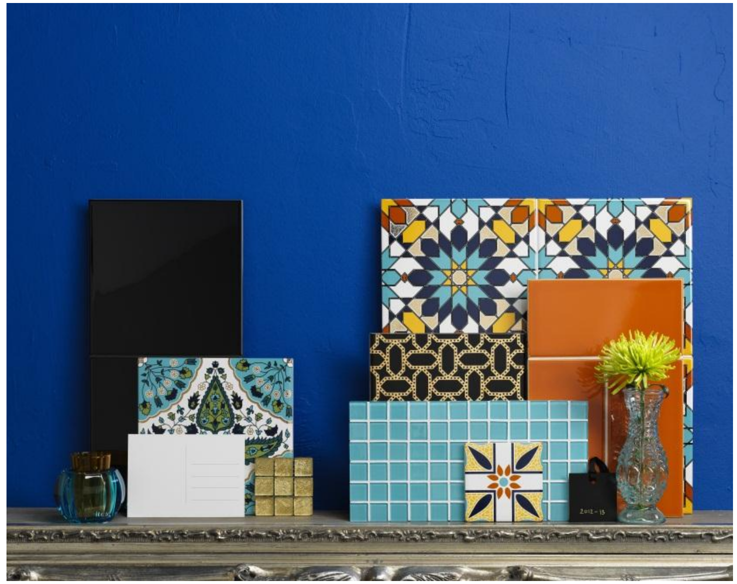
[1] At constant currency

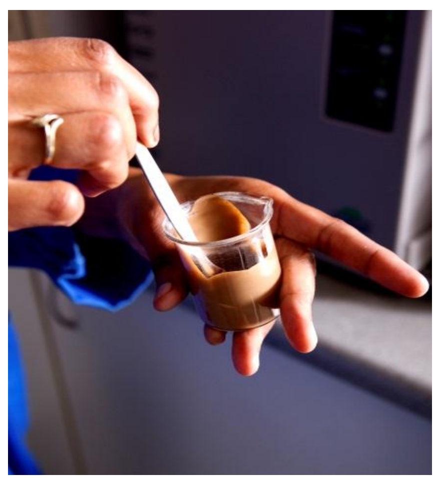
Strategy

- Deliver above market organic revenue growth
  - Sustained investment in innovative new product, brand development and service offer
  - Leverage DIY relationships in UK, South Africa and Australia
    - One stop shop product offer
    - Category management and logistics expertise
  - Increase share of UK and SA specification market
  - Continue to develop export markets including fast growing sub-Saharan Africa
- Drive further step change in SA tile manufacturing performance
- Target bolt on acquisitions to complement Group's leading market positions

Summary & Outlook

- Solid trading performance in challenging markets
- Revenue and profits ahead; margins maintained
- Market share gains, investment in new products and focused sales and marketing plans driving improved trading performance
- Interim dividend increased by 10.7% to 0.155p per share
- Strong financial position maintained
- Group well placed to make further progress and to target complementary growth opportunities





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UK Pension Scheme

- Assets under management - £366m
- Mature Scheme; 10,077 members
  - Pensioners 63%, Deferred 33%, Actives 4%
  - Average age of pensioners is 76
- Investment Strategy
  - Conservative asset allocation; 40% absolute return funds, 20% equities, 6% gilts, 34% corporate bonds
- Sept 12 IAS19 deficit of £22.3m based on:-
  - 4.4% discount rate
  - 2.6% RPI / 1.6% CPI
  - Abnormally low gilt yields driving deficit up
- 2009 Recovery Plan
  - £9.7m injection agreed; spread over 12 years
    - FY11 and FY12 : £1m p.a.
    - FY16 – FY22 : £1.1m p.a.
- Planned closure to future accrual announced
- 2012 Triennial valuation in progress

UK Pension surplus / (deficit)

	Mar-09	Mar-10	Mar-11	Sep-11	Mar-12	Sep-12
IAS19	1.3	(9.3)	(7.0)	(14.0)	(18.7)	(22.3)
Actuarial valuation	(36.1)	(15.1)	(7.4)	0.0	0.0	0.0

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Legacy Leasehold Obligations

- Swindon - Light Industrial Units
  - Lease expiry 2014
  - Occupied to lease expiry
  - Current cash shortfall against rental income c. £0.5m p.a.

- Swindon - Warehousing / Distribution Unit
  - Lease expiry 2022
  - Vacant
  - Cash shortfall c. £1.0m p.a.

- Sheffield - Warehousing / Distribution Units
  - Lease expiry 2082
  - Vacant
  - Current cash shortfall c. £0.4m p.a.

Net Debt Reconciliation

	Sept 2012 £m	Sept 2011 £m	March 2012 £m
Net debt – statutory basis	(19.6)	(17.3)	(17.8)
Prepaid finance costs	(0.6)	(0.8)	(0.7)
Net debt before prepaid finance costs	(20.2)	(18.1)	(18.5)

	Sept 2012 £m	Sept 2011 £m	March 2012 £m
Net debt before prepaid finance costs - opening	(18.5)	(12.4)	(12.4)
Net cash flow	(1.6)	(5.4)	(5.7)
Foreign exchange	(0.1)	(0.3)	(0.4)
Net debt before prepaid finance costs	(20.2)	(18.1)	(18.5)