



NORCROS

# INTERIM RESULTS

6 MONTHS TO  
30 SEPTEMBER 2024

Thomas Willcocks  
Chief Executive Officer

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James Eyre  
Chief Financial Officer

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01



Thomas Willcocks  
Chief Executive Officer

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# HIGHLIGHTS

# HIGHLIGHTS

## Market share growth in challenging demand environment:

- UK share gains (LFL revenue<sup>1</sup> +0.9%) – NPD and cross-selling
- SA macro stabilised but sentiment remains subdued (LFL revenue<sup>1</sup> -1.7%)
- Group LFL revenue +0.1%<sup>1</sup> in challenging market
- Well-positioned for recovery in RMI and new house build

## Strong momentum on strategic initiatives:

- **Portfolio Development** – completed disposal of Johnson Tiles UK
- **Organic Growth** – cross-selling, NPD and service levels
- **Operational Excellence** – consolidating UK warehouse footprint
- **ESG** – net zero transition – investment in sustainable products

Strong balance sheet – leverage 1.0x underlying EBITDA

Interim dividend of 3.5p per share (+0.1p)

Full year underlying operating profit expected to be in line with market expectations<sup>2</sup>, demonstrating progress towards our medium term targets

1. Like for like revenues at constant currency adjusted for Johnson Tiles UK and Norcros Adhesives

2. Norcros compiled market consensus for the year to 31 March 2025 is for an underlying operating profit of £43.1 million

### REVENUE<sup>1</sup>

**£188.4m**  
+0.1%

### UNDERLYING OPERATING PROFIT

**£19.7m**  
-7.9%

### NET DEBT

**£44.9m**

### UNDERLYING ROCE%

**16.6%**

### DILUTED UNDERLYING EPS

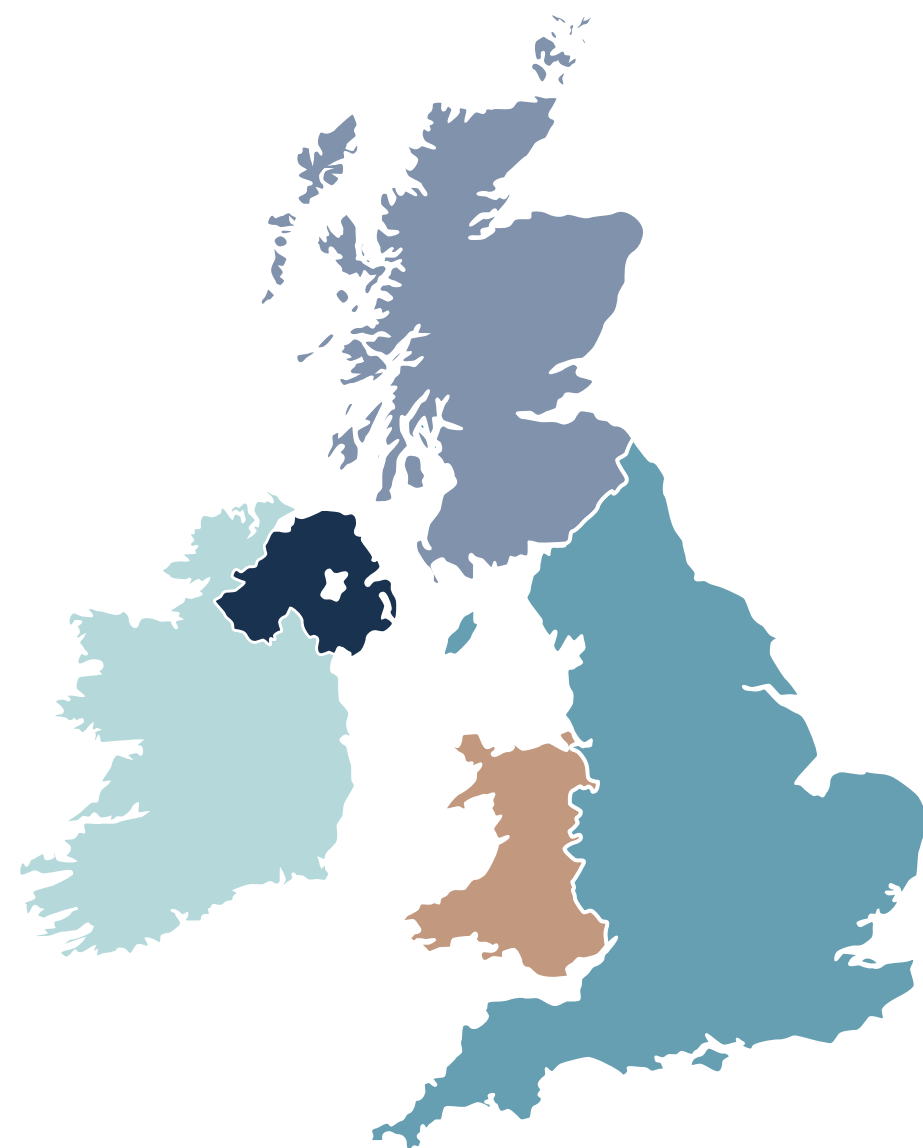
**14.1p**

### INTERIM DIVIDEND PER SHARE

**3.5p**

# UK MARKET SHARE GROWTH; SA RESILIENCE

## UK & Ireland



### REVENUE

**£131.3m** +0.9%<sup>1</sup>

### UNDERLYING OPERATING PROFIT

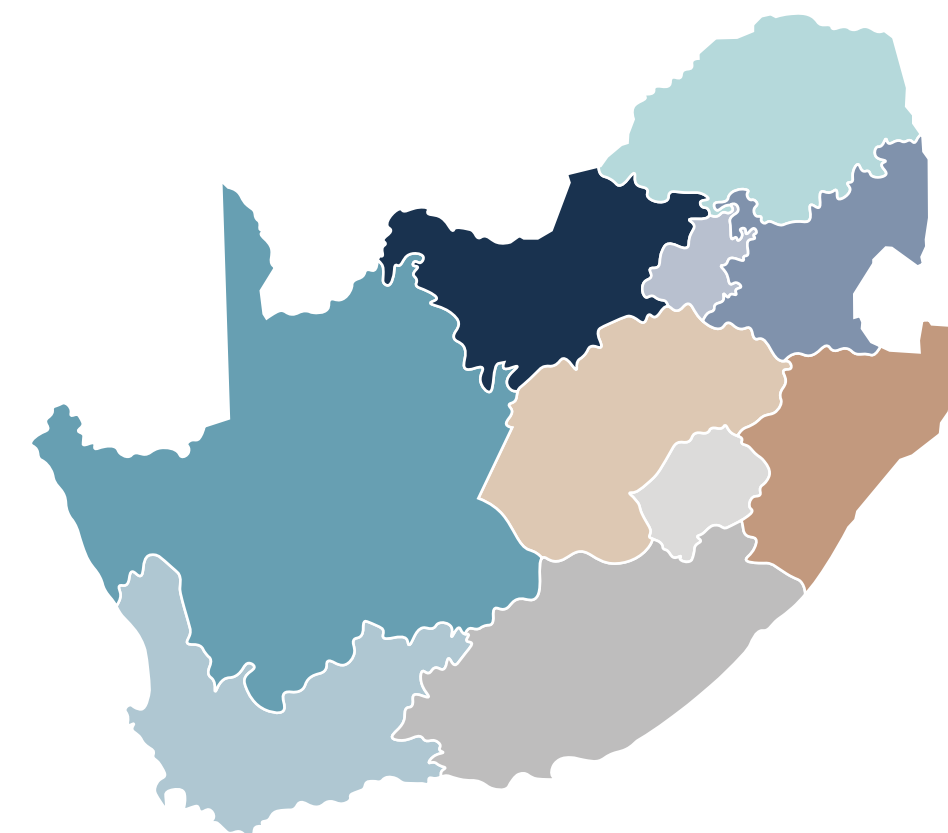
**£17.8m**

### UNDERLYING OPERATING PROFIT MARGIN

**13.6%** 2023: 13.0%

- Ahead of market revenue growth on like for like basis<sup>2</sup>
- NPD, cross-selling and service levels continue to drive share gains
- Operational Excellence projects driving service and efficiency
- King's Award for Enterprise for sustainable development

## South Africa



### REVENUE

**£57.1m** -1.7%<sup>1</sup>

### UNDERLYING OPERATING PROFIT

**£1.9m**

### UNDERLYING OPERATING PROFIT MARGIN

**3.3%** 2023: 4.7%

- Resilient trading in challenging market
- Energy supply has stabilised
- Macro conditions are improving – gradual recovery
- Extended manufacturing shutdown – H1 profit impact

1. Like for like revenues at constant currency adjusted for Johnson Tiles UK and Norcros Adhesives

2. UK market as measured by CPA and management estimates

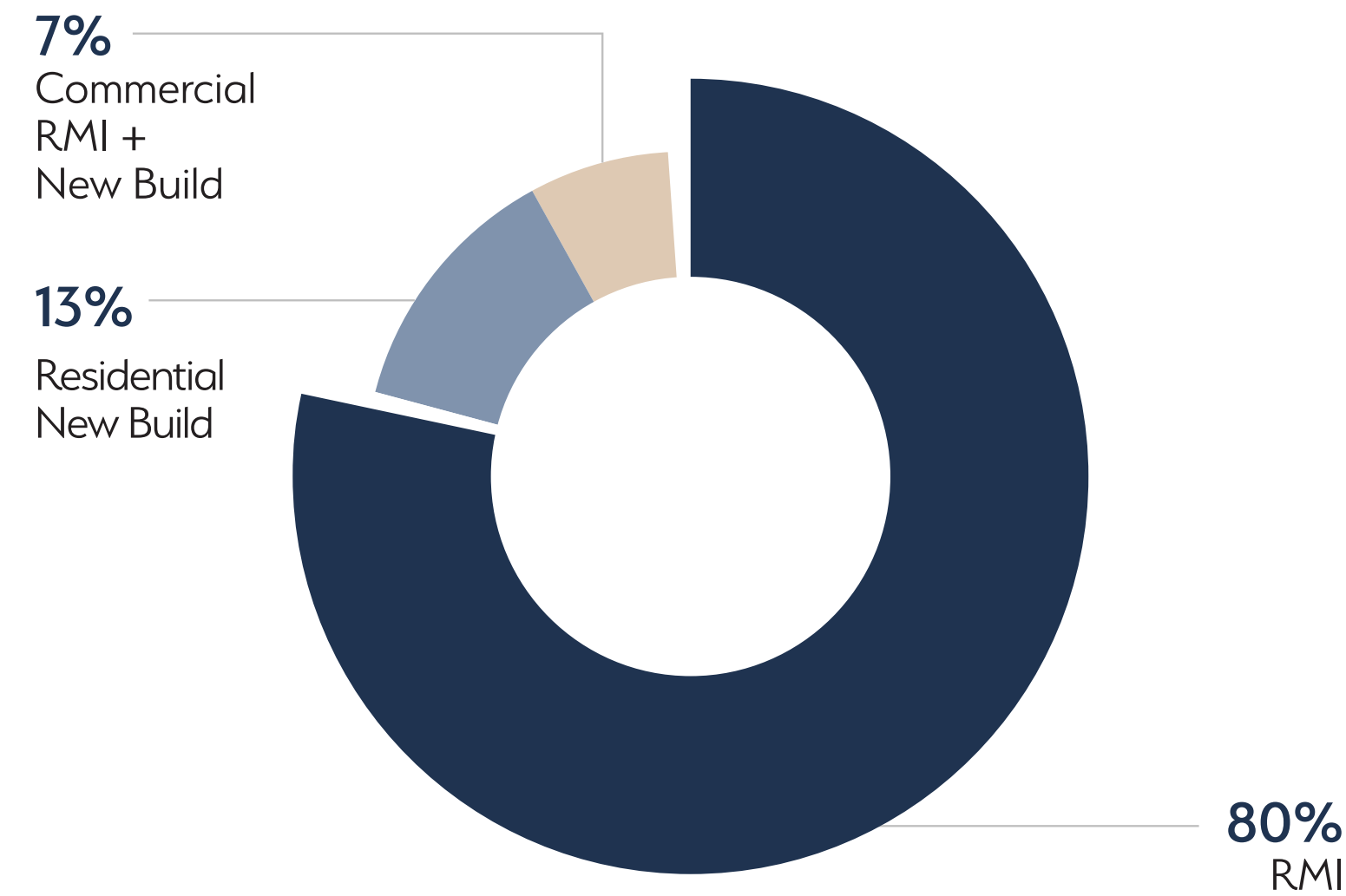
# THE SWEET SPOT – MID-PREMIUM POSITIONING (UK)

Focused on the more resilient mid-premium market segments

Norcros revenue split, mirrors RMI<sup>2</sup>/new build split

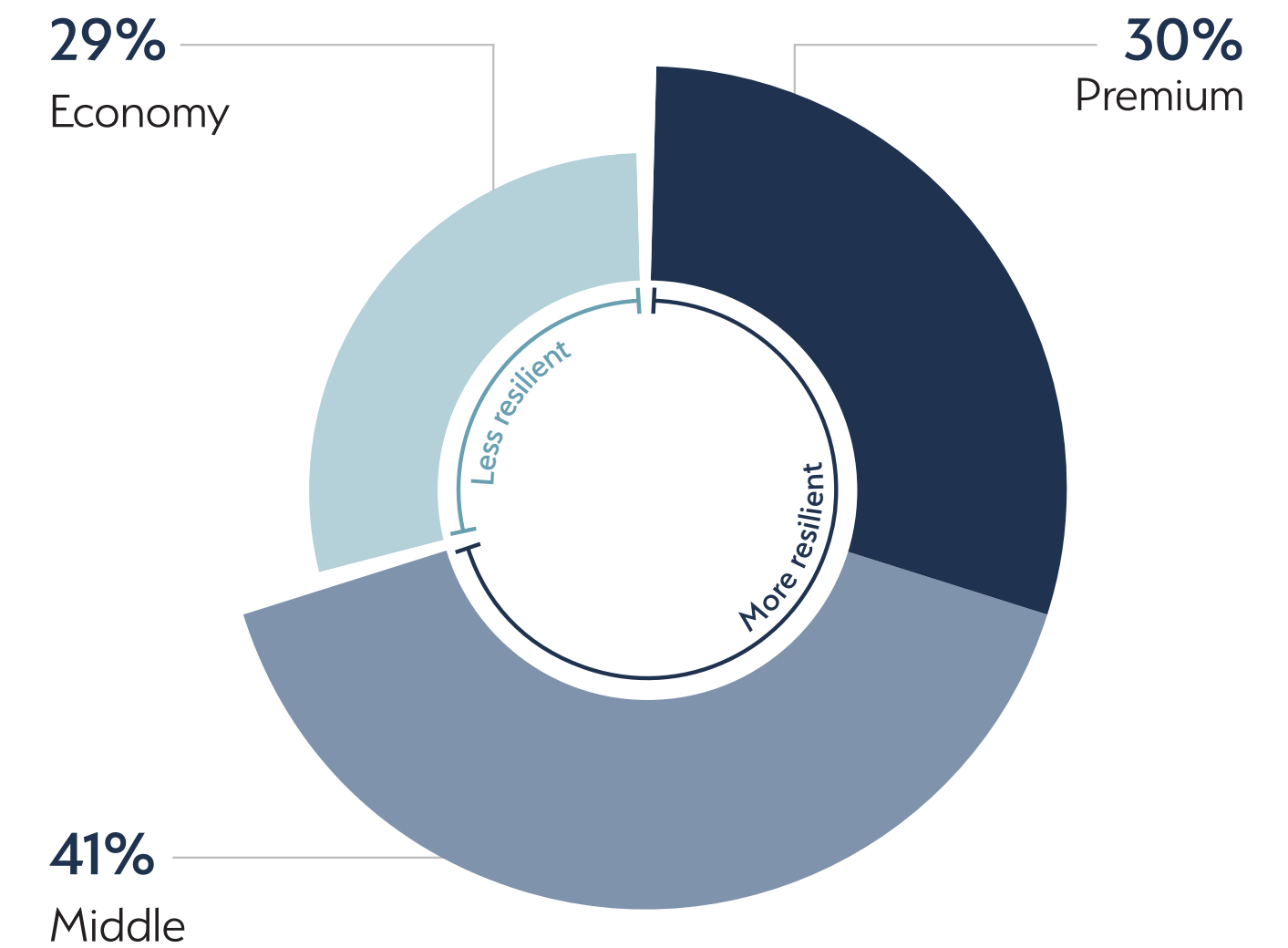
## UK Bathroom Products Market

RMI/New Build/Commercial Share<sup>1</sup>



- RMI main driver of bathroom and kitchen market; c.80% of Norcros revenues
- New build headwinds, but strong underlying medium-term growth drivers and recovery potential

Quality/Price Point<sup>1</sup>



- Norcros in more resilient mid-premium segment
- Differentiated from building sector commodities

1. Source: BRG: The European Bathroom & Kitchen Product Markets UK 2023

2. Renovation Maintenance Improvement

02

James Eyre  
Chief Financial Officer

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# FINANCIAL REVIEW



# INCOME STATEMENT

	H1 Sept 2024 £m	H1 Sept 2023 £m	Reported v 2023 %	Constant Currency LFL <sup>4</sup> v 2023 %	FY Mar 2024 £m
Revenue	<b>188.4</b>	201.6	-6.5%	+0.1%	392.1
<b>Underlying<sup>1</sup> operating profit</b>	<b>19.7</b>	21.4	-7.9%		43.2
Margin	<b>10.5%</b>	10.6%			11.0%
Finance charges – cash	<b>(3.3)</b>	(3.3)			(6.8)
<b>Underlying<sup>1</sup> PBT</b>	<b>16.4</b>	18.1	-9.4%		36.4
Exceptional operating items <sup>2</sup>	<b>(2.1)</b>	(1.4)			2.3
IAS 19R admin expenses	<b>(0.7)</b>	(0.8)			(1.3)
Acquisition and disposal related costs <sup>3</sup>	<b>(25.5)</b>	(3.9)			(4.3)
Finance charge – non cash	<b>0.2</b>	(0.3)			(0.5)
<b>Result before tax</b>	<b>(11.7)</b>	11.7			32.6

1. Underlying means before exceptional operating items, IAS 19R admin costs, acquisition and disposal related costs and where relevant, non-cash finance costs

2. H1 FY25 largely relates to depot consolidation costs at Grant Westfield.

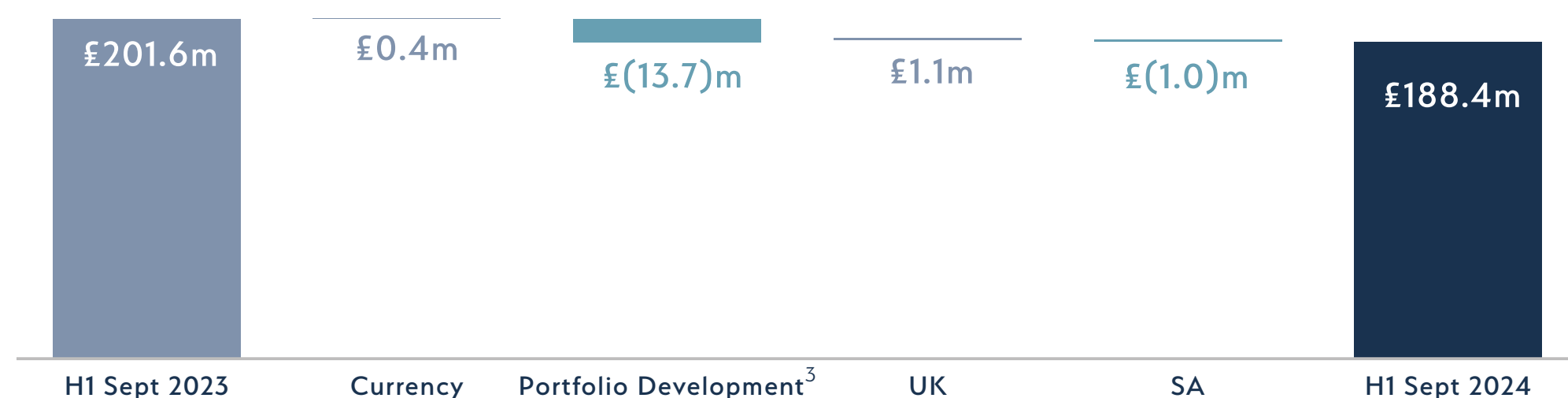
In the prior year, exceptional restructuring costs of £1.7m were incurred in relation to the restructuring programme implemented at Johnson Tiles UK and the warehouse consolidation at Vado

3. As previously disclosed, a non-cash loss on disposal of £21.4m was recognised following the sale of Johnson Tiles UK in May 2024. See appendix for further details

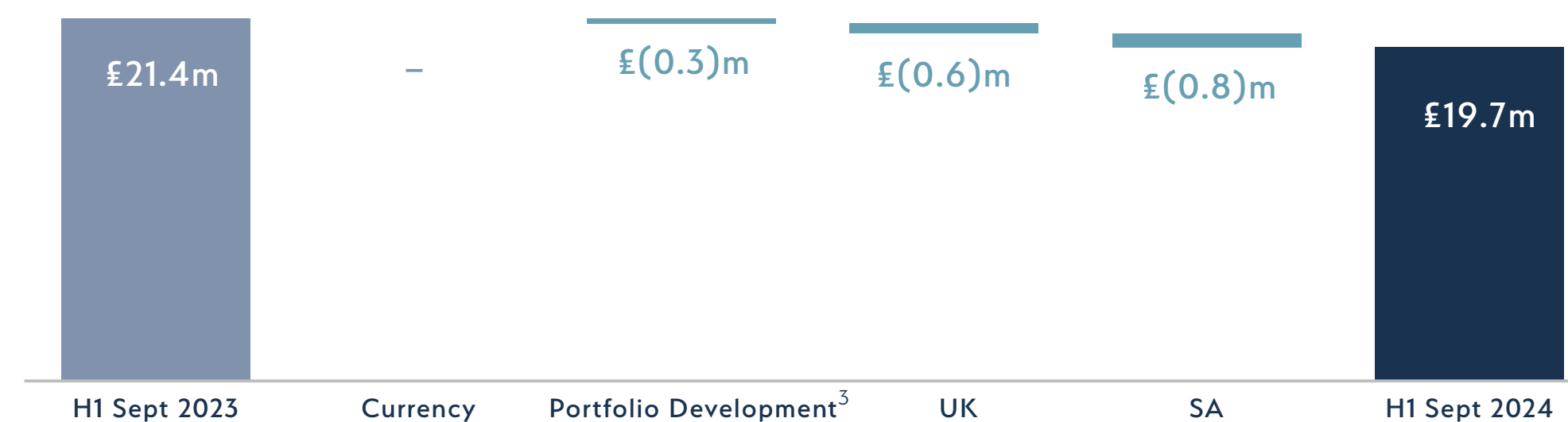
4. LFL – Like for like revenues at constant currency adjusted for Johnson Tiles UK and Norcros Adhesives

# INCOME STATEMENT – KEY BRIDGES

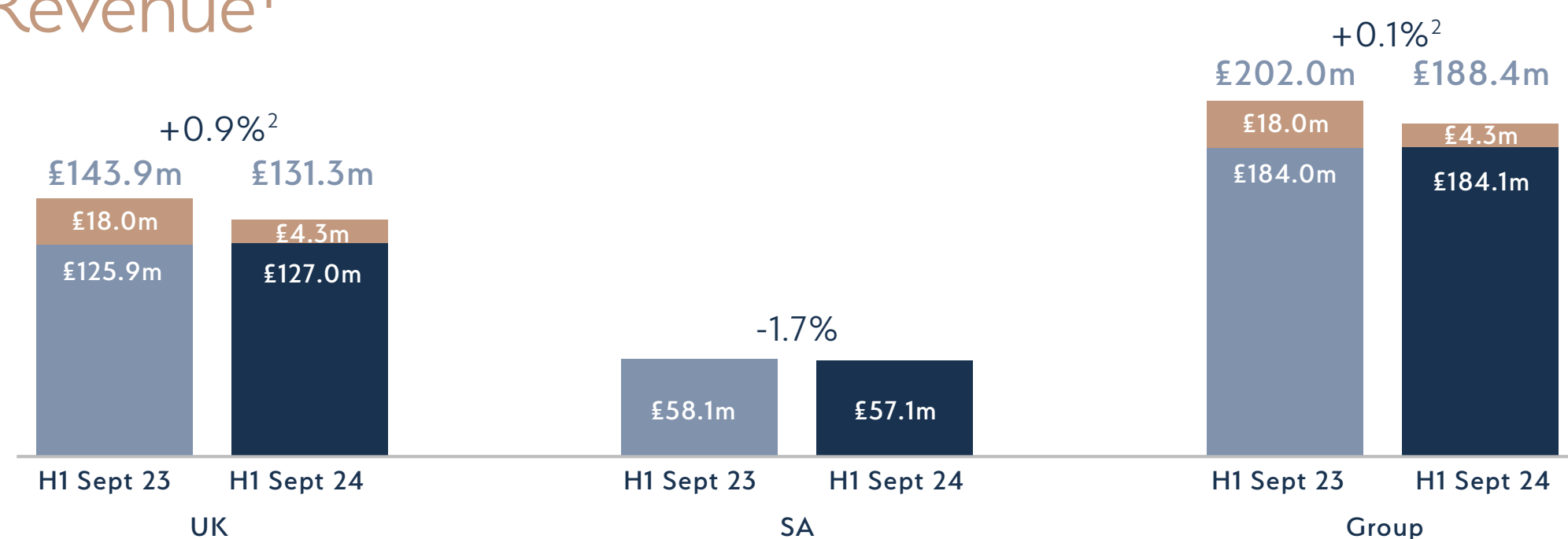
## Revenue



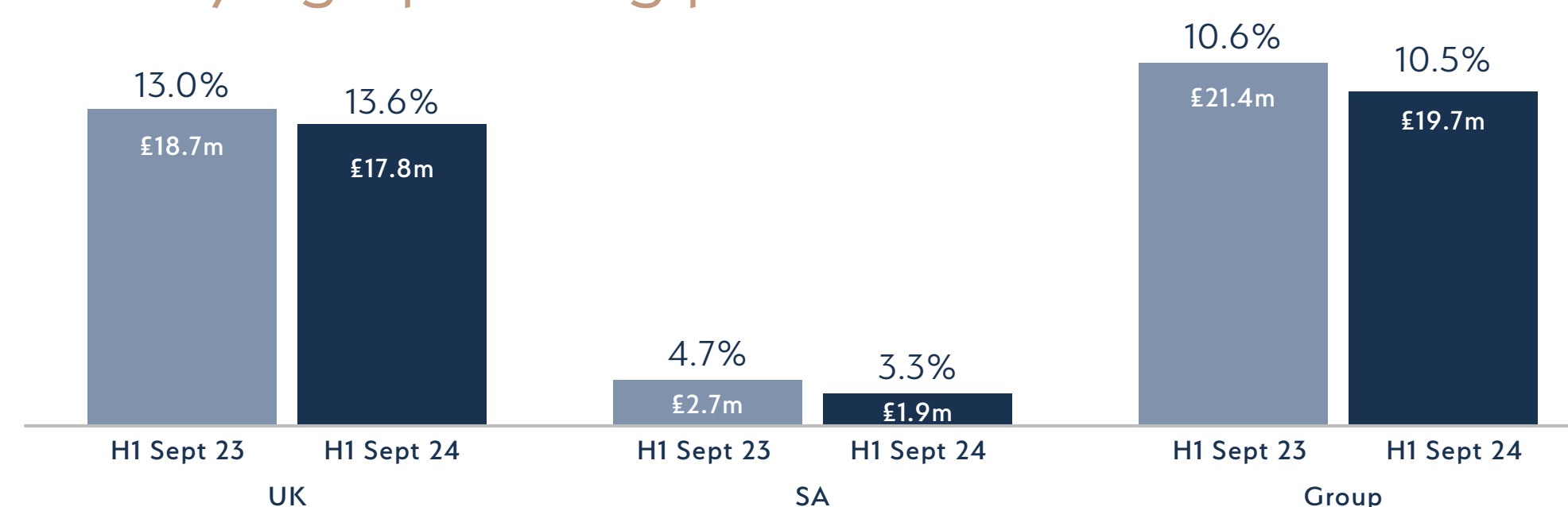
## Underlying operating profit



## Revenue<sup>1</sup>



## Underlying operating profit/RoS%



1. Constant currency basis

2. Like for like basis adjusted for Johnson Tiles UK and Norcros Adhesives

3. Reflects the impact of Johnson Tiles UK and Norcros Adhesives

■ Impact of Johnson Tiles UK and Norcros Adhesives



# EARNINGS, DIVIDENDS AND TAX

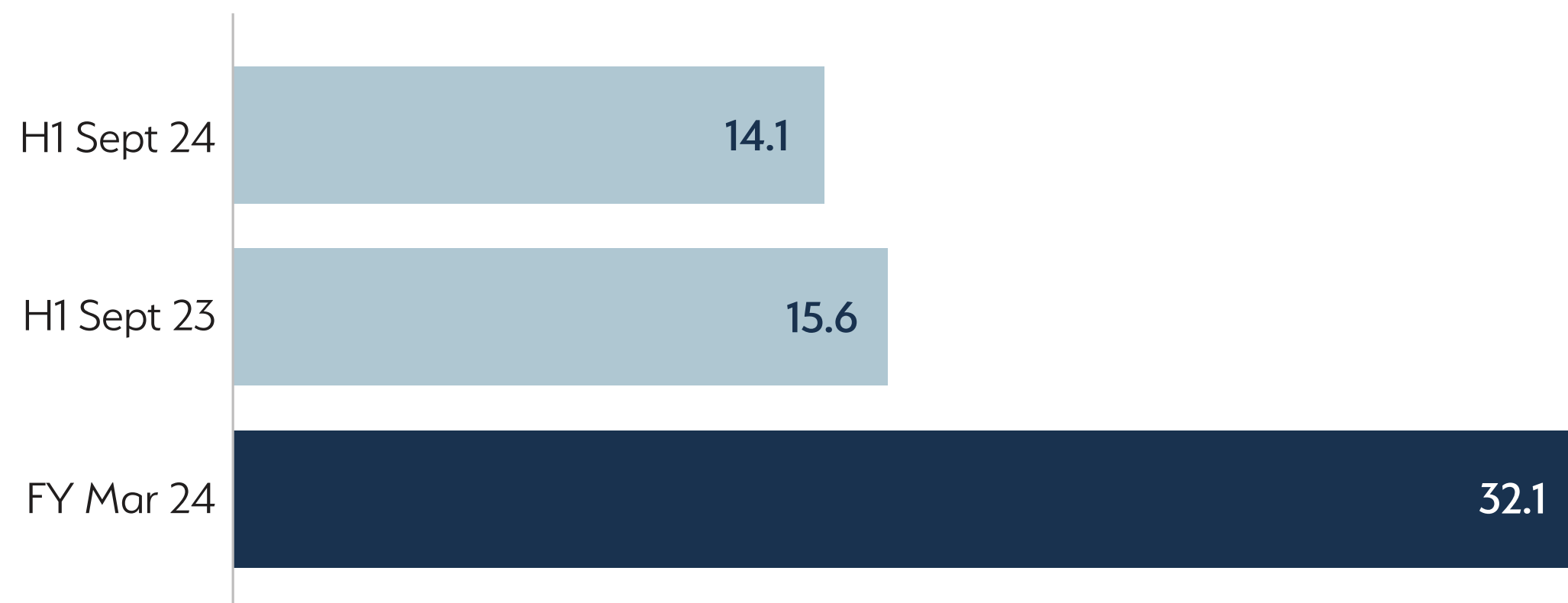
UNDERLYING<sup>1</sup>  
EARNINGS

**£12.7m**  
(2023: £14.1m)

EPS

**14.1p**  
(2023: 15.6p)

DILUTED UNDERLYING EPS (PENCE)



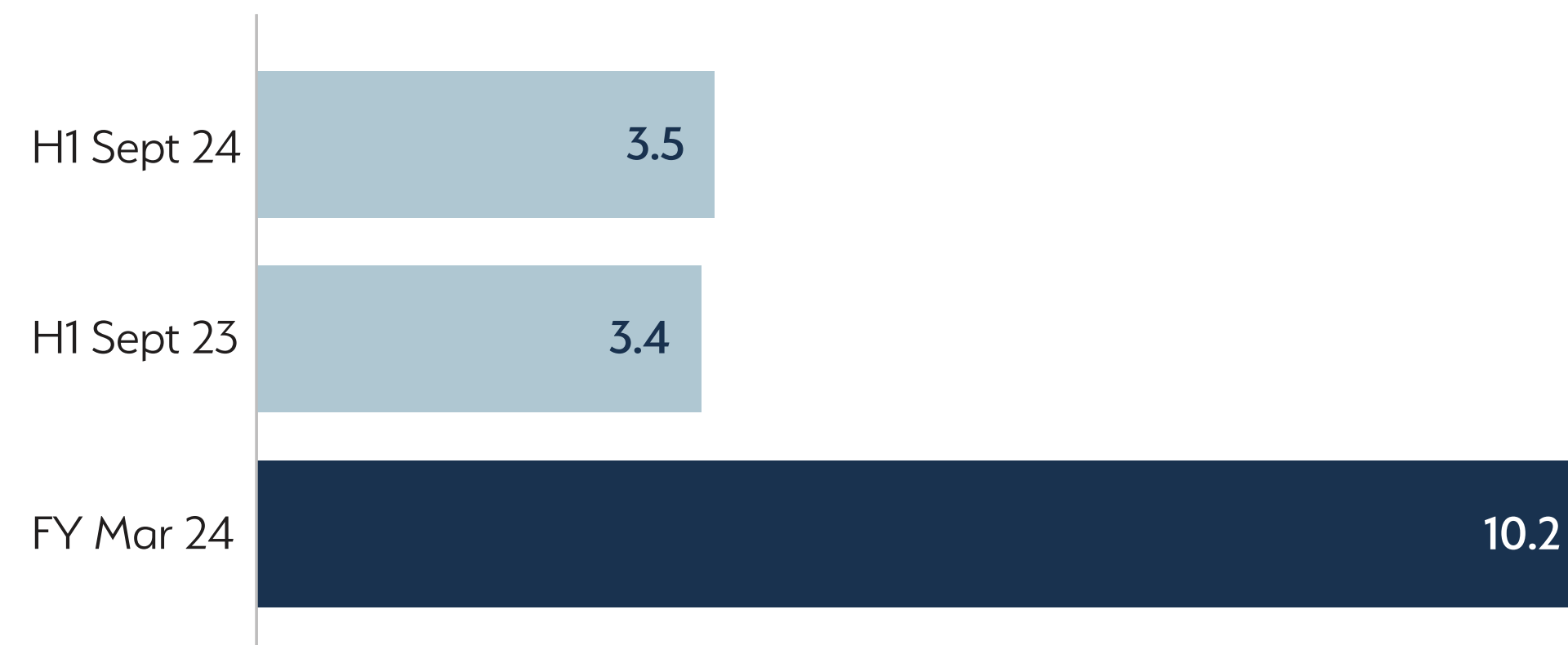
DIVIDEND  
PER SHARE

**3.5p**  
(2023: 3.4p)

EFFECTIVE UNDERLYING  
TAX RATE

**22.6%**  
(2023: 22.1%)

DIVIDEND PER SHARE (PENCE)



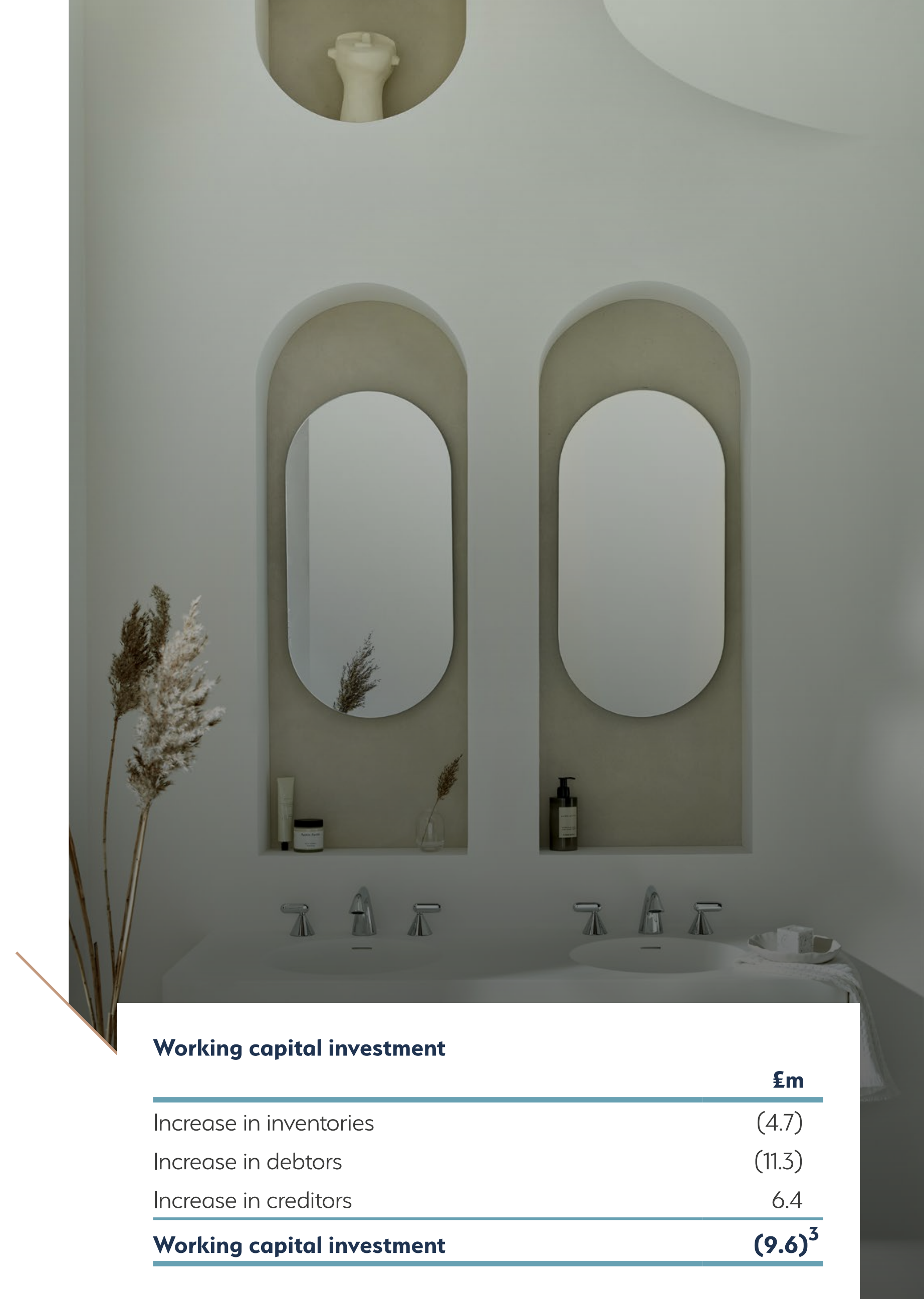
1. Before exceptional operating items, IAS 19R admin costs, acquisition and disposal related costs and where relevant, non-cash finance costs and attributable tax

# CASH FLOW

	H1 Sept 2024 £m	H1 Sept 2023 £m	FY Mar 2024 £m
<b>Underlying EBITDA (pre-IFRS 16)</b>	<b>21.3</b>	22.6	45.7
Working capital	<b>(9.6)<sup>3</sup></b>	1.3	3.3
Depreciation of right of use assets	<b>2.6</b>	2.2	4.7
Operating profit impact of IFRS 16	<b>0.8</b>	0.9	1.8
IFRS 2 charges/settlement of share options	<b>(0.3)</b>	0.4	0.9
<b>Underlying operating cash flow</b>	<b>14.8</b>	27.4	56.4
Cash conversion <sup>1</sup> %	<b>69%</b>	121%	123%
Net capital expenditure	<b>(4.4)</b>	(4.2)	(7.3)
Pension deficit recovery payment	<b>(2.1)</b>	(2.0)	(4.0)
Tax paid	<b>(1.8)</b>	(2.6)	(5.6)
<b>Underlying free cash flow pre-financing and dividends</b>	<b>6.5</b>	18.6	39.5
Exceptional and acquisition related costs	<b>(2.5)<sup>2</sup></b>	(1.8)	(3.4)
Interest	<b>(2.9)</b>	(3.3)	(6.8)
Costs of raising debt finance	<b>(0.2)</b>	–	(0.2)
Dividends	<b>(6.1)</b>	(6.1)	(9.1)
Principal element of lease payments	<b>(2.6)</b>	(2.3)	(4.9)
Purchase of treasury/issue of new shares	<b>(0.1)</b>	(0.8)	(0.8)
<b>Net cash flow</b>	<b>(7.9)</b>	4.3	14.3

1. Underlying operating cash flow/Underlying EBITDA

2. Relates to depot consolidation costs at Grant Westfield and prior year projects



## Working capital investment

	£m
Increase in inventories	(4.7)
Increase in debtors	(11.3)
Increase in creditors	6.4
<b>Working capital investment</b>	<b>(9.6)<sup>3</sup></b>

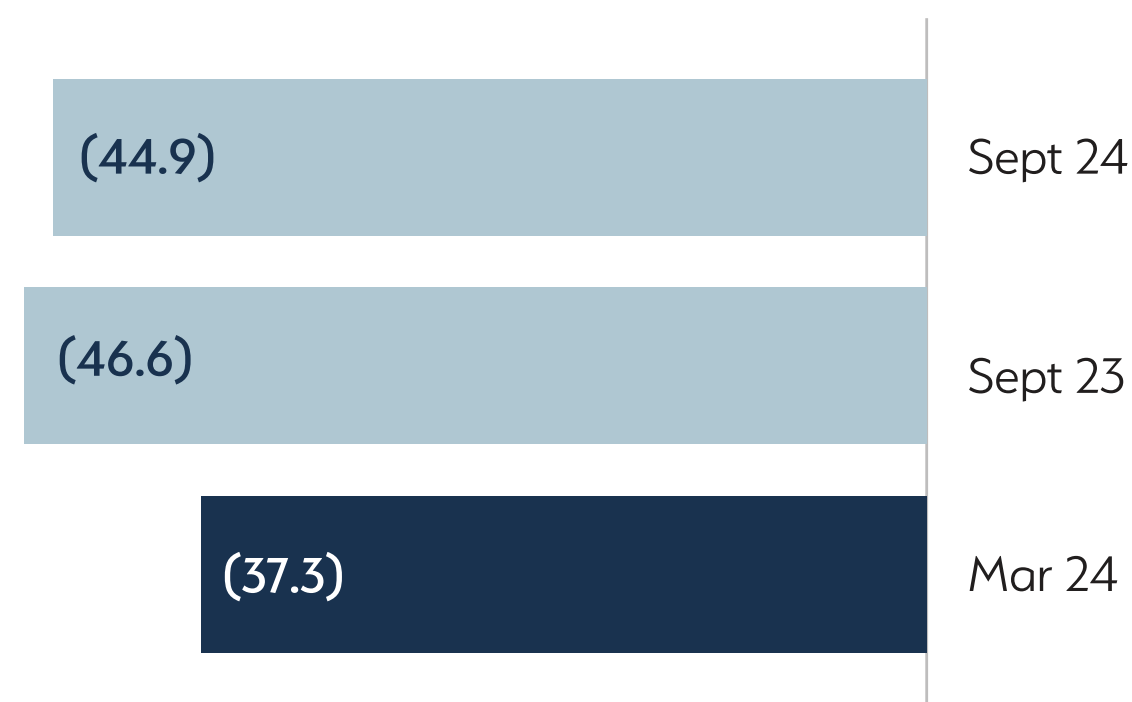
# STRONG BALANCE SHEET

## NET DEBT

**£44.9m**

- Scale enabling investment in working capital and infrastructure
- Facility of £130m RCF + £70m accordion until 2027

## NET DEBT



## LEVERAGE

**1.0x<sup>1</sup>**

- Sustained low leverage
- Significant liquidity and funding headroom

## LEVERAGE (TIMES)



1. Net debt as a ratio of underlying EBITDA

## PENSION SURPLUS

**£16.5m<sup>2</sup>**

- Super-mature scheme - well managed
- 2024 triennial valuation underway

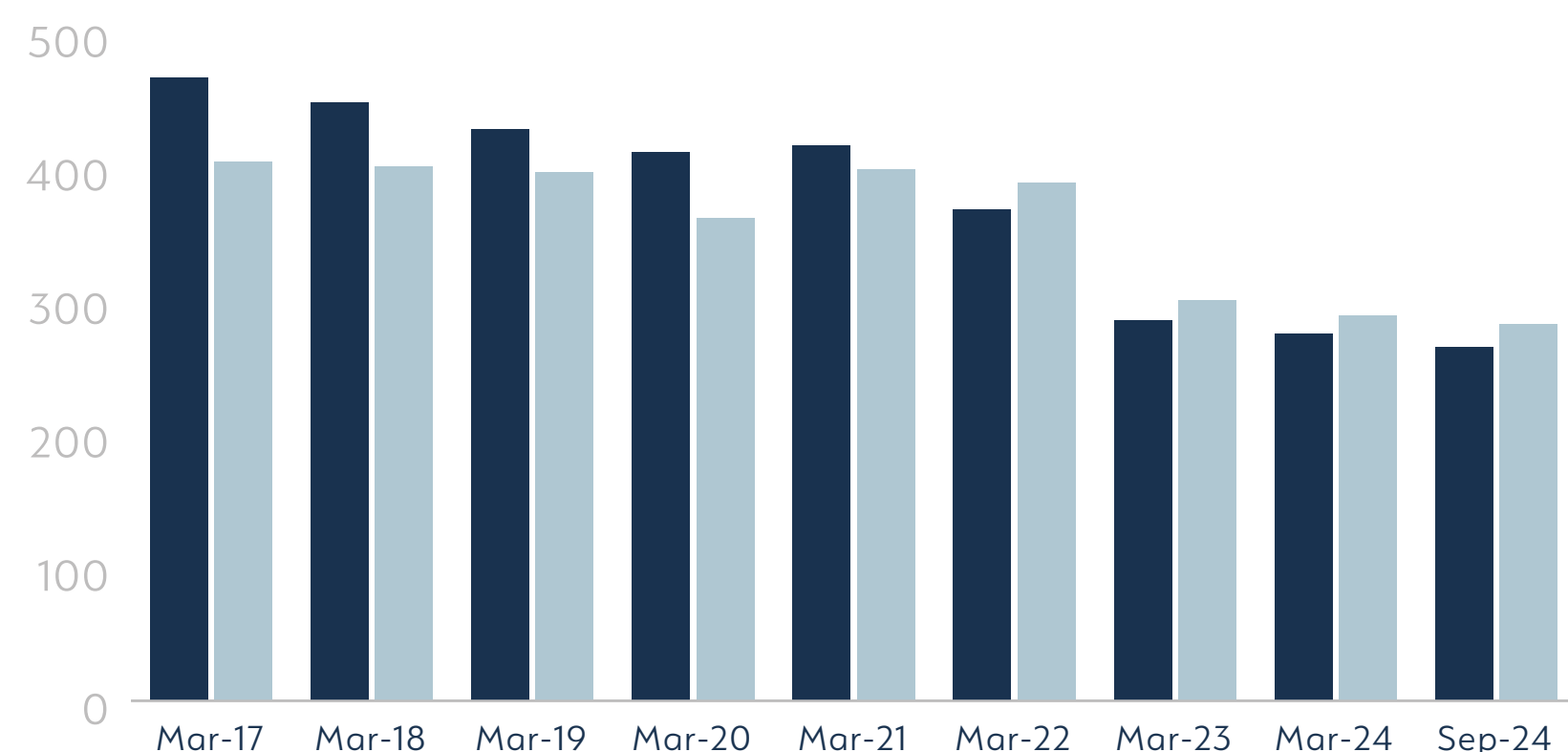
## PENSION SURPLUS



2. IAS 19R basis

# UK PENSION SCHEME UPDATE

## UK Pension IAS 19R Assets and Liabilities



### IAS 19R surplus £16.5m (March 2024: surplus £16.5m):

- Liabilities reduced by £10.0m to £265.0m
- Assets reduced by £10.0m to £281.5m
- Discount rates driving reduced liabilities
- Well managed and appropriately funded

## UK Pension Data

	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Sep-24
Liabilities	467	448	428	411	416	368	285	275	265
Assets	404	400	396	362	398	388	300	292	282
(Deficit)/Surplus	(63)	(48)	(32)	(49)	(18)	20	15	17	17
Disc Rate	2.60%	2.65%	2.50%	2.21%	2.05%	2.75%	4.90%	4.85%	4.95%
RPI	3.15%	3.10%	3.25%	2.55%	3.25%	3.70%	3.25%	3.30%	3.15%
Membership	7,621	7,309	7,035	6,733	6,393	6,002	5,641	5,272	5,152

### Super-mature scheme:

- 79% are pensioners with average member age 77
- Scheme closed to new entrants and future accrual in 2013

### 2021 actuarial valuation:

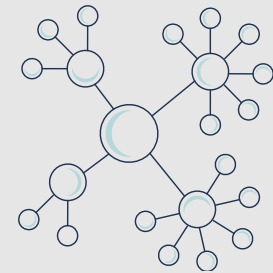
- 31 March 2021 deficit of £35.8m
- Deficit repair contributions of £3.8m +CPI until 2027
- 2024 triennial valuation underway
- Confident of further progress



Thomas Willcocks  
Chief Executive Officer

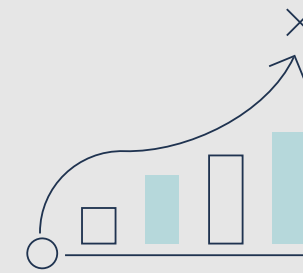
# STRATEGIC PROGRESS

# ACCELERATED GROWTH DRIVERS IN PLAY



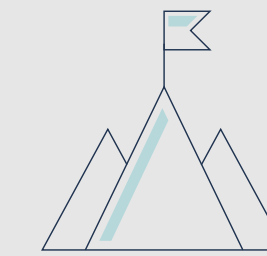
Successful and scalable platform

- Market leading brands
- Diversified products and channels
- Design and customer service
- Organic and M&A track record



Significant opportunity to develop and grow

- Large, fragmented markets
- Sustainability and care
- Modernisation and synergies



Norcros strategy

- M&A
- Organic Growth
- Operational Excellence
- ESG driving competitive advantage

## New medium-term Group targets

Organic growth	<b>2-3% pa</b> above market
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Operating Margin	<b>15%</b> over medium term
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ROCE	<b>&gt;20%</b>
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Cash Conversion	<b>&gt;90%</b>
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Science-based carbon emissions targets	<b>2028</b>
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# STRONG PROGRESS ON STRATEGIC INITIATIVES

## STRATEGIC EXECUTION DRIVING PROGRESS TO MID-TERM TARGETS

### 1. Portfolio Development

- Johnson Tiles (UK) disposal completed in May 2024
- Grant Westfield - cross-selling synergies
- Well-developed acquisition pipeline

### 2. Organic Growth

- New product launches – Cameo, ENVi®, Naturepanel
- Group cross-selling programme
- Market leading brands in more resilient market segments

### 3. Operational Excellence

- Group scale advantages – further freight consolidation
- Warehousing and logistics – 26 to 15 UK warehouses in 2024
- Ongoing investment in customer service capability

### 4. ESG

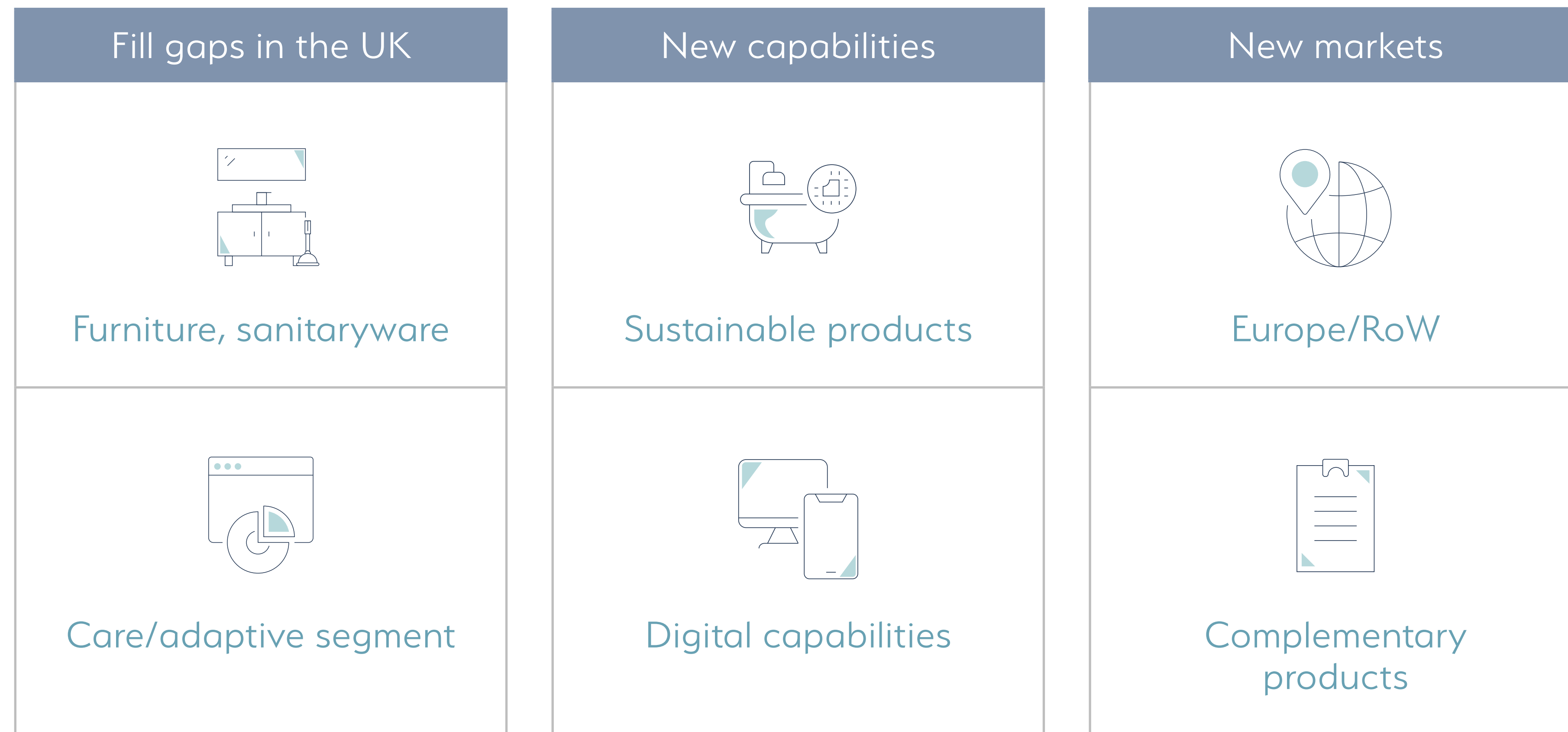
- King's Award for Enterprise for sustainable development
- Carbon targets validated by SBTi
- Regulatory tailwinds (e.g. Future Homes Standard)

# PORTFOLIO DEVELOPMENT

Strong M&A track record and growth accelerator

Disposal of Johnson Tiles UK aligned with portfolio development and margin progression

Target themes for M&A growth



Well-developed strategically aligned acquisition pipeline



# ORGANIC GROWTH

Group Growth Accelerators driving divisional organic market share growth



# ORGANIC GROWTH: NEW FURNITURE AND SANITARYWARE RANGE



Cameo bathroom range  
launched in April 2024

Early wins in key retail  
and spec accounts

In-house design

Well-developed bathroom  
NPD pipeline

Increased near-shore sourcing

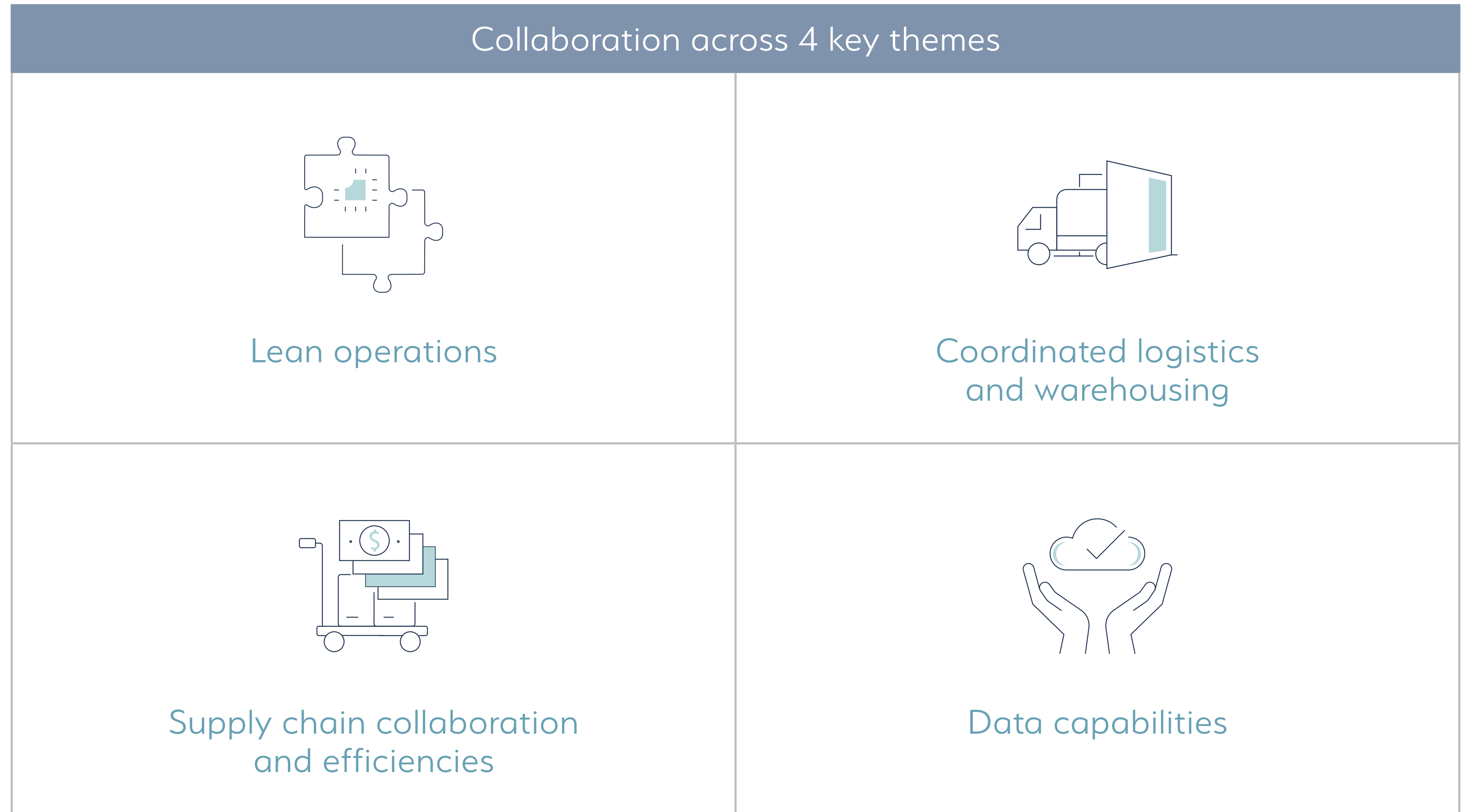
Organic development  
of new categories

CAMEO®

VADO

# OPERATIONAL EXCELLENCE

Group scale allows us to drive efficiency and improved customer service



# OPERATIONAL EXCELLENCE: WAREHOUSE CONSOLIDATION



UK footprint: 26 to 15 warehouses in 2024

Project 1: Vado consolidation in Bridgewater

- Complete in April 2024
- 6 to 2 warehouses

Project 2: Grant Westfield Distribution Centre

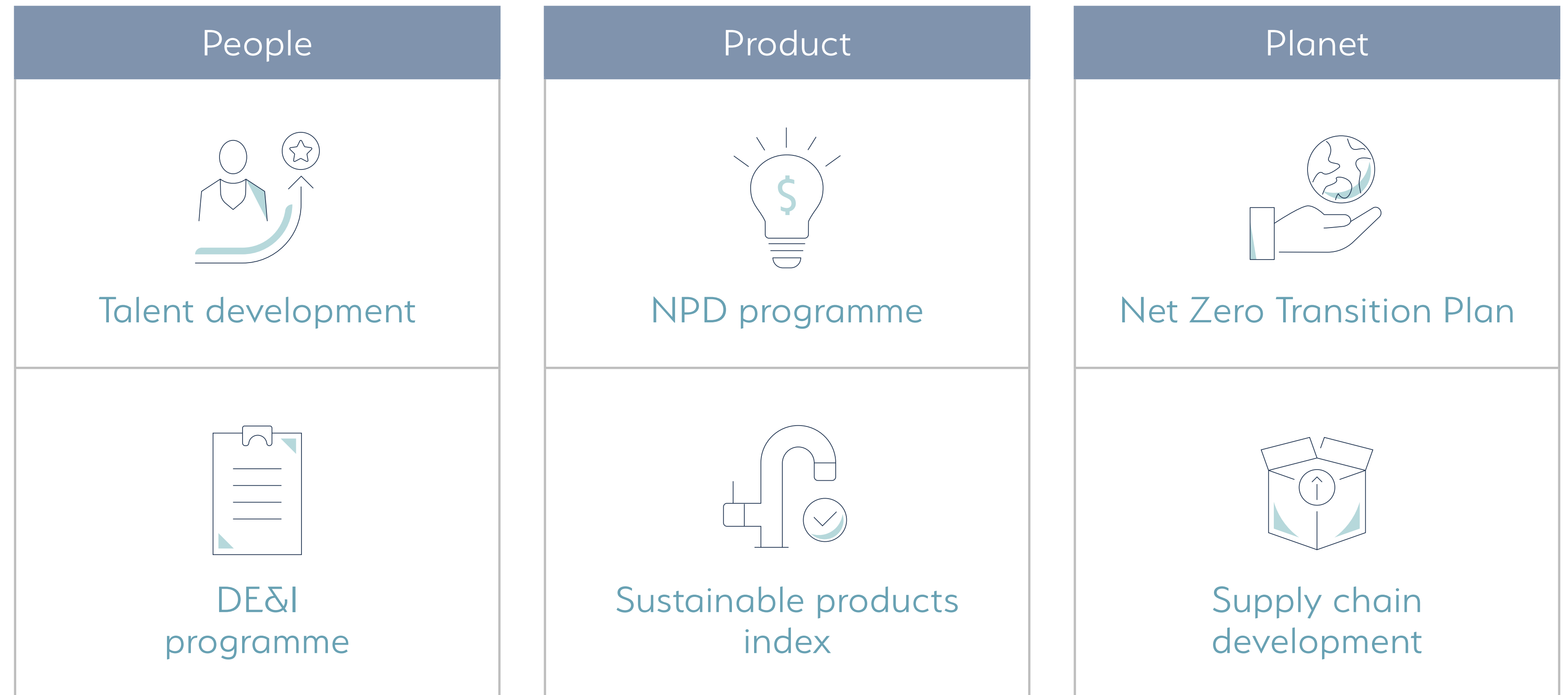
- Complete in July 2024
- 10 to 4 warehouses
- Sharing capacity and capability with Merlyn

Demand, efficiency and customer service benefits

# ESG: DRIVING COMPETITIVE ADVANTAGE

Key enablers that drive our competitive advantage and growth

## Key areas of focus



Deliver science-based targets by 2028

# ESG: SUSTAINABLE ALTERNATIVE TO TILES

# NATUREPANEL



Launched premium brand and sustainable product range - May 2024

Lower carbon manufacturing than tiles

Accelerating penetration of coverings market

Wall panels moving out of bathroom

Excellent market response



THE INTERNATIONAL EPD® SYSTEM



The mark of responsible forestry

04



Thomas Willcocks  
Chief Executive Officer

# SUMMARY AND OUTLOOK

# RESILIENT H1 & WELL POSITIONED FOR MARKET RECOVERY



Resilient performance in challenging market

Growing mid-premium RMI market share

Well positioned for new build and RMI recovery

Further progress on strategic initiatives

Full year underlying operating profit expected to be in line with market expectations<sup>1</sup>, demonstrating progress towards our medium term targets

*1. Norcros compiled market consensus for the year to 31 March 2025 is for an underlying operating profit of £43.1 million*





# NORCROS

## Q&A

Thomas Willcocks  
Chief Executive Officer



# APPENDIX

# NORCROS INVESTMENT CASE

**NO. 1  
BATHROOM  
SUPPLIER  
IN THE UK**

01

## MARKET LEADING BRANDS

Design-led,  
sustainable product  
development

02

## BENEFITS OF SCALE

Driving organic  
growth and  
enabling operational  
excellence

03

## RESILIENT MODEL

Diversified portfolio  
and mid-premium  
positioning

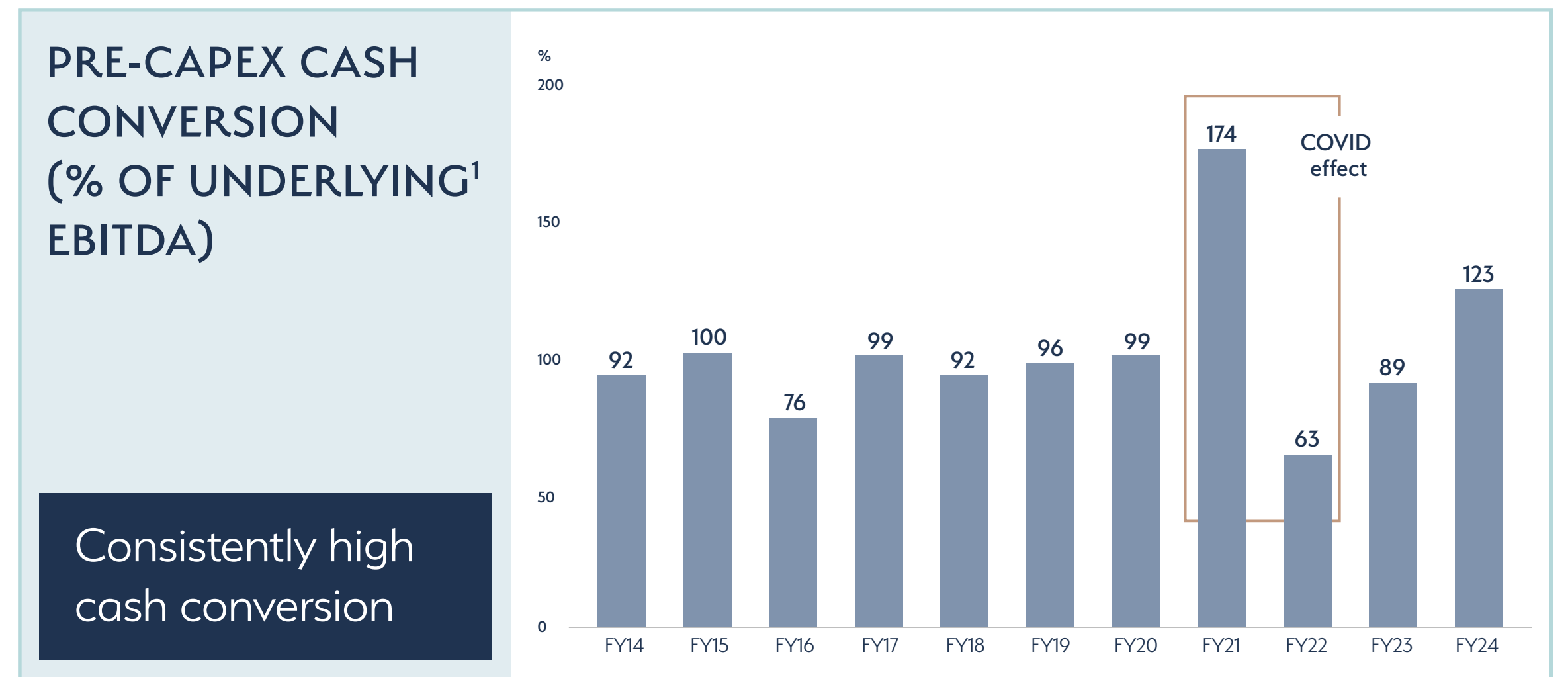
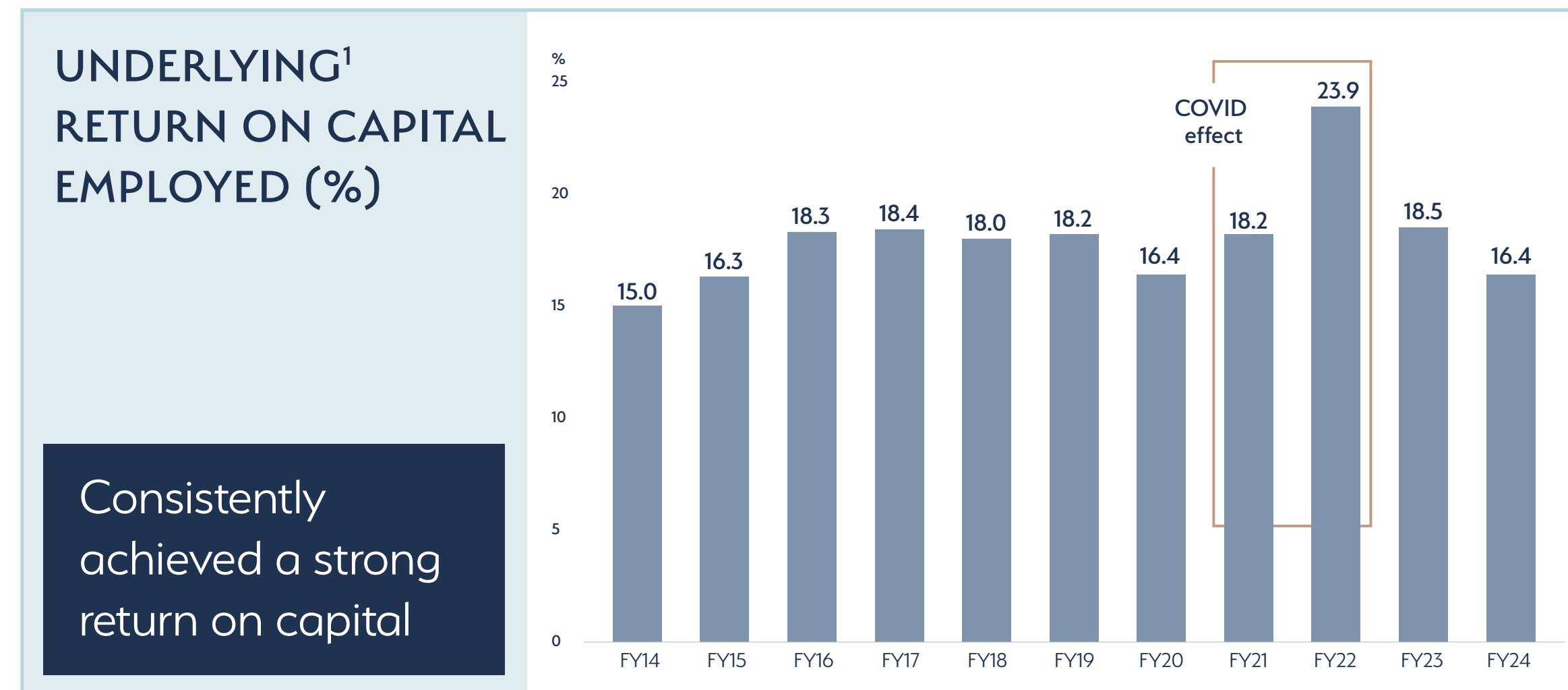
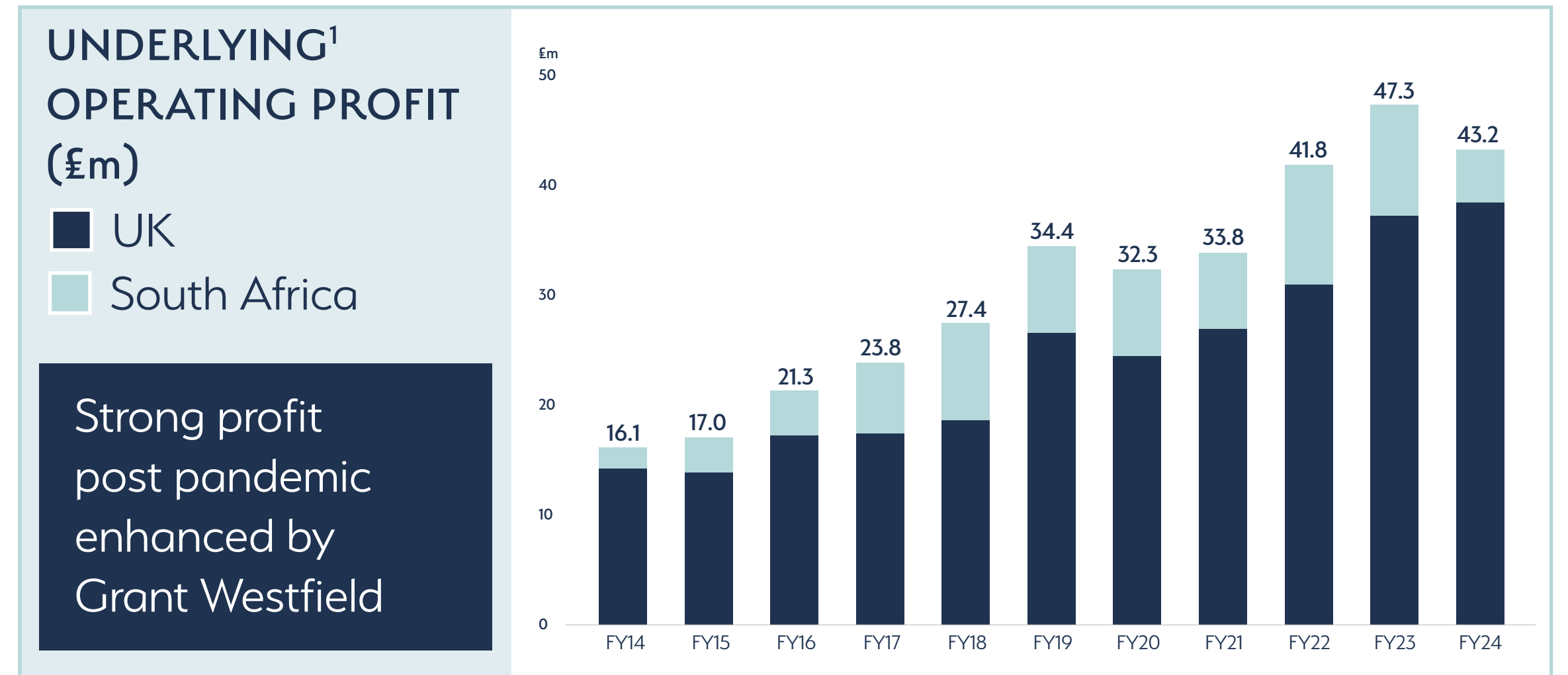
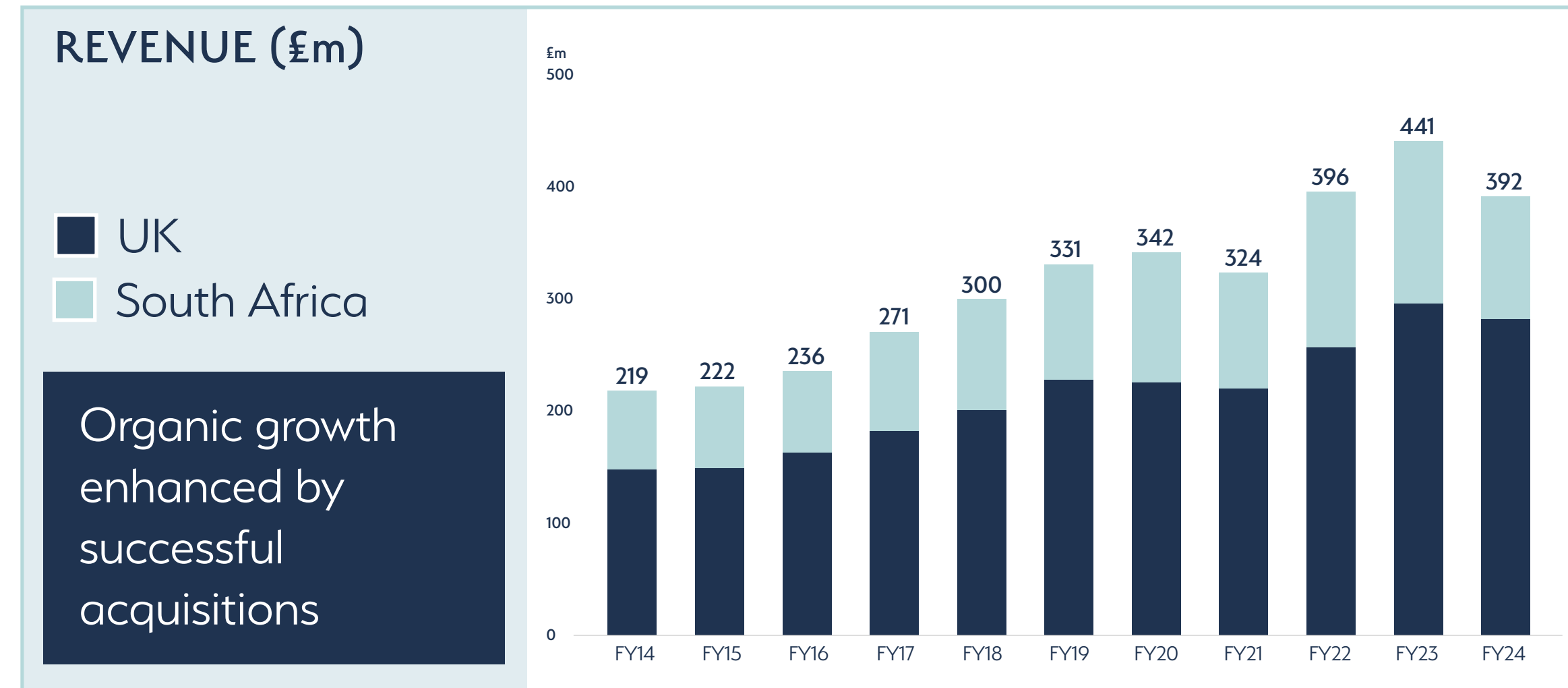
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## PROVEN TRACK RECORD

M&A, financial  
performance and  
disciplined capital  
allocation

Significant  
opportunity to  
accelerate organic  
and M&A growth  
and quality of  
earnings

# TRACK RECORD OF SUSTAINED PERFORMANCE



1. Underlying means before exceptional operating items, IAS 19R admin costs, acquisition related costs and where relevant, non-cash finance costs.

# WHAT WE ARE

UK'S NO.1  
BATHROOM  
PRODUCTS  
GROUP

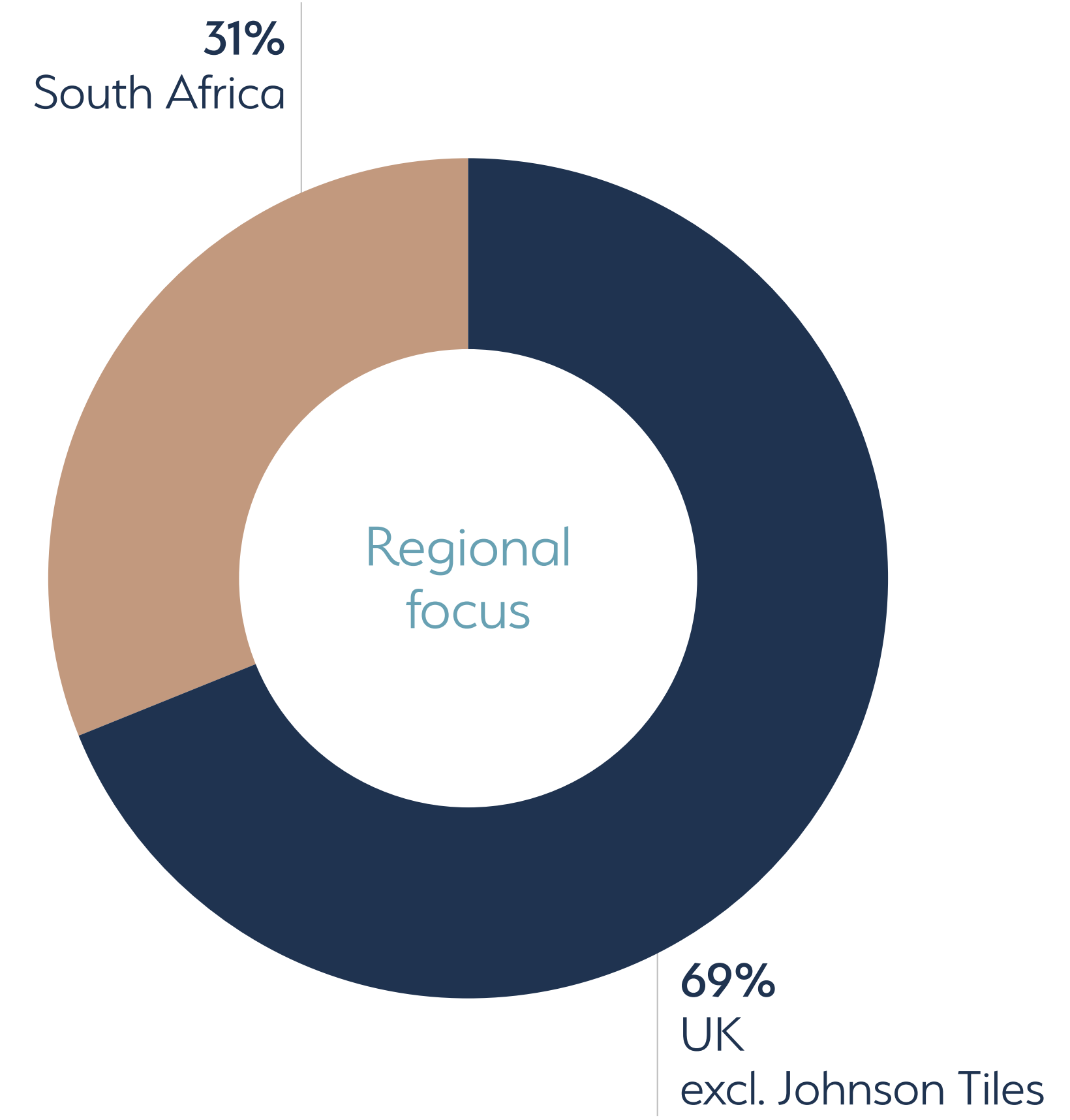
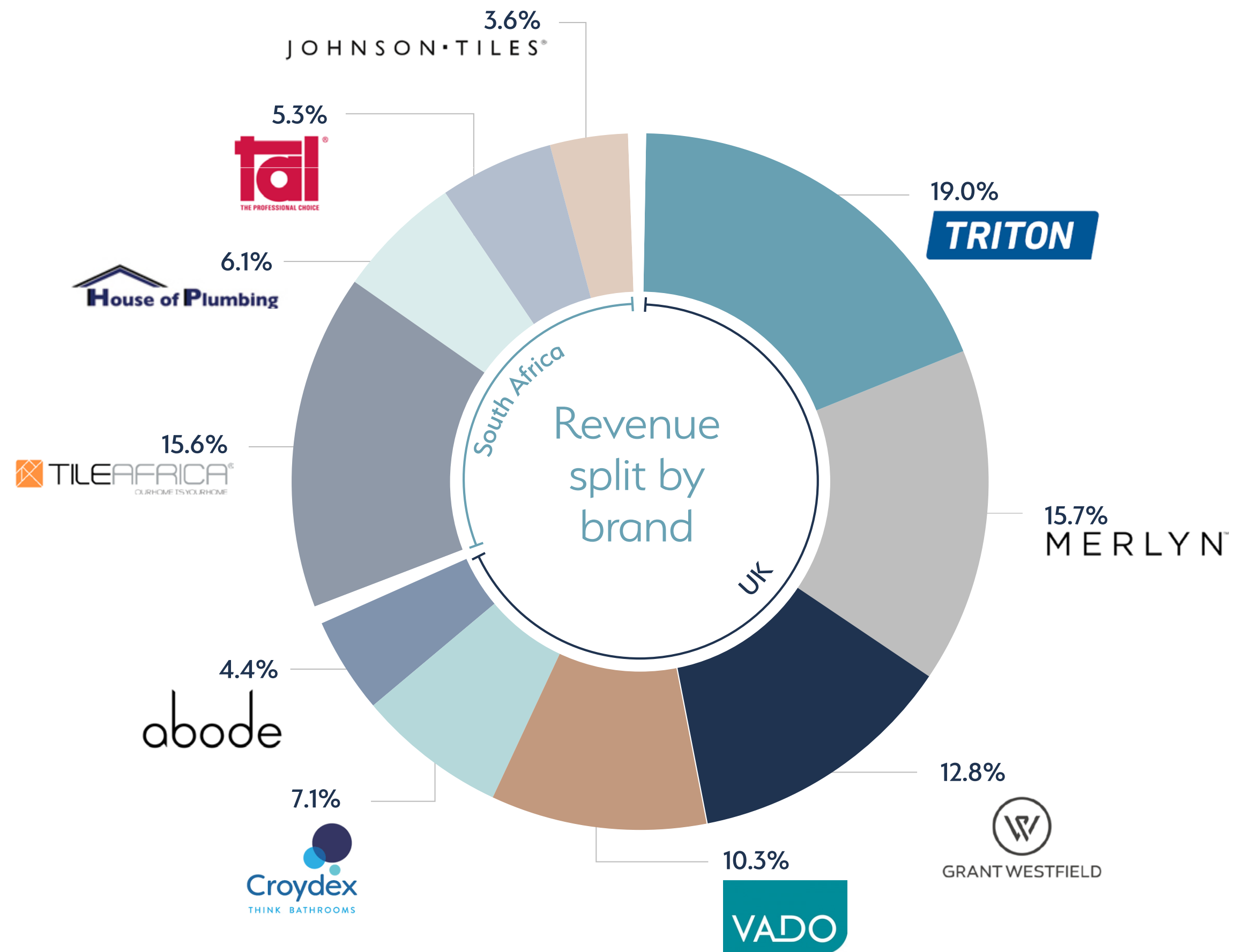
Market leading  
bathroom & kitchen  
products brands

Mid-premium  
positioning

Differentiated by  
product design &  
customer service

Capital light  
& cash generative

# BALANCED AND DIVERSIFIED BUSINESS PORTFOLIO



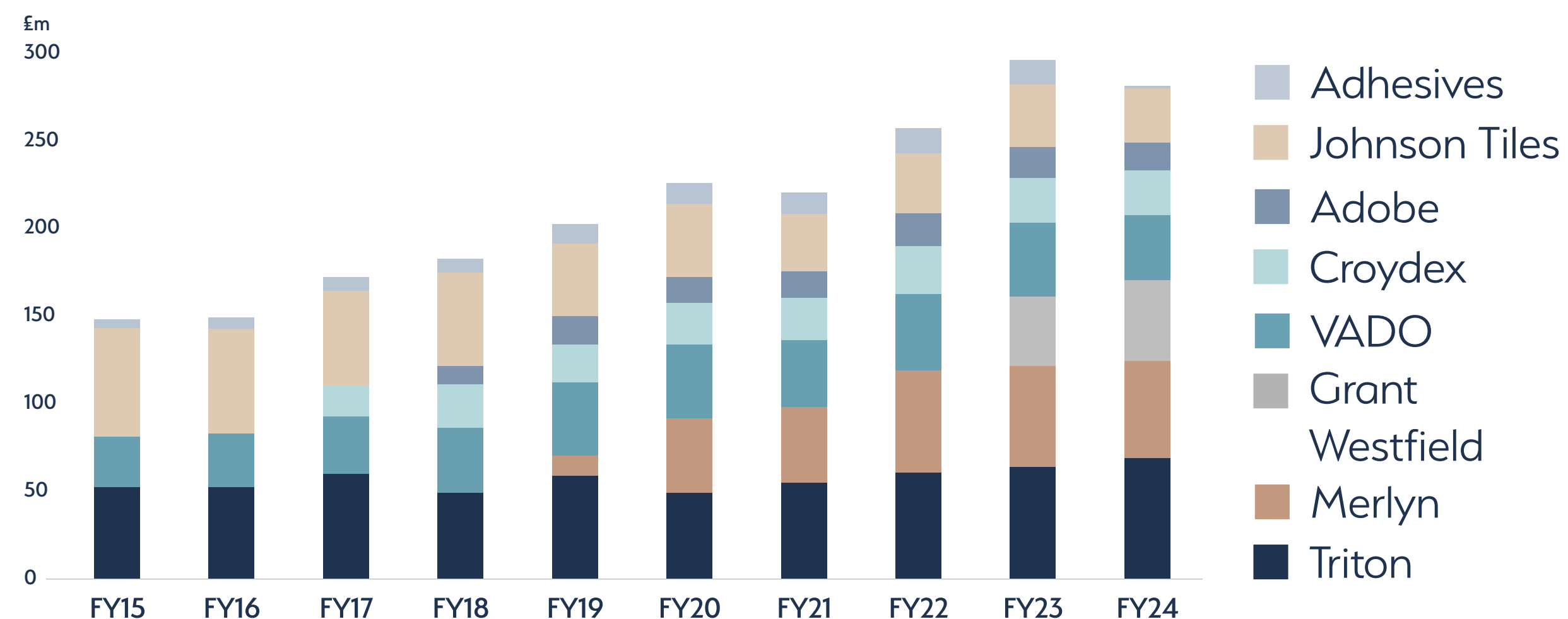
1. Based on Norcros FY24 accounts excluding Norcros Adhesives and Johnson Tiles UK

# UK – SUSTAINED GROWTH AND SHARE GAINS

## Norcros UK

- Strong heritage, market leading positions and strong brands
- Businesses built on superior offering and customer service
- Leveraging Group synergies across acquired businesses
- NPD, cross-selling and sourcing capability driving revenue

## Revenue (£m)

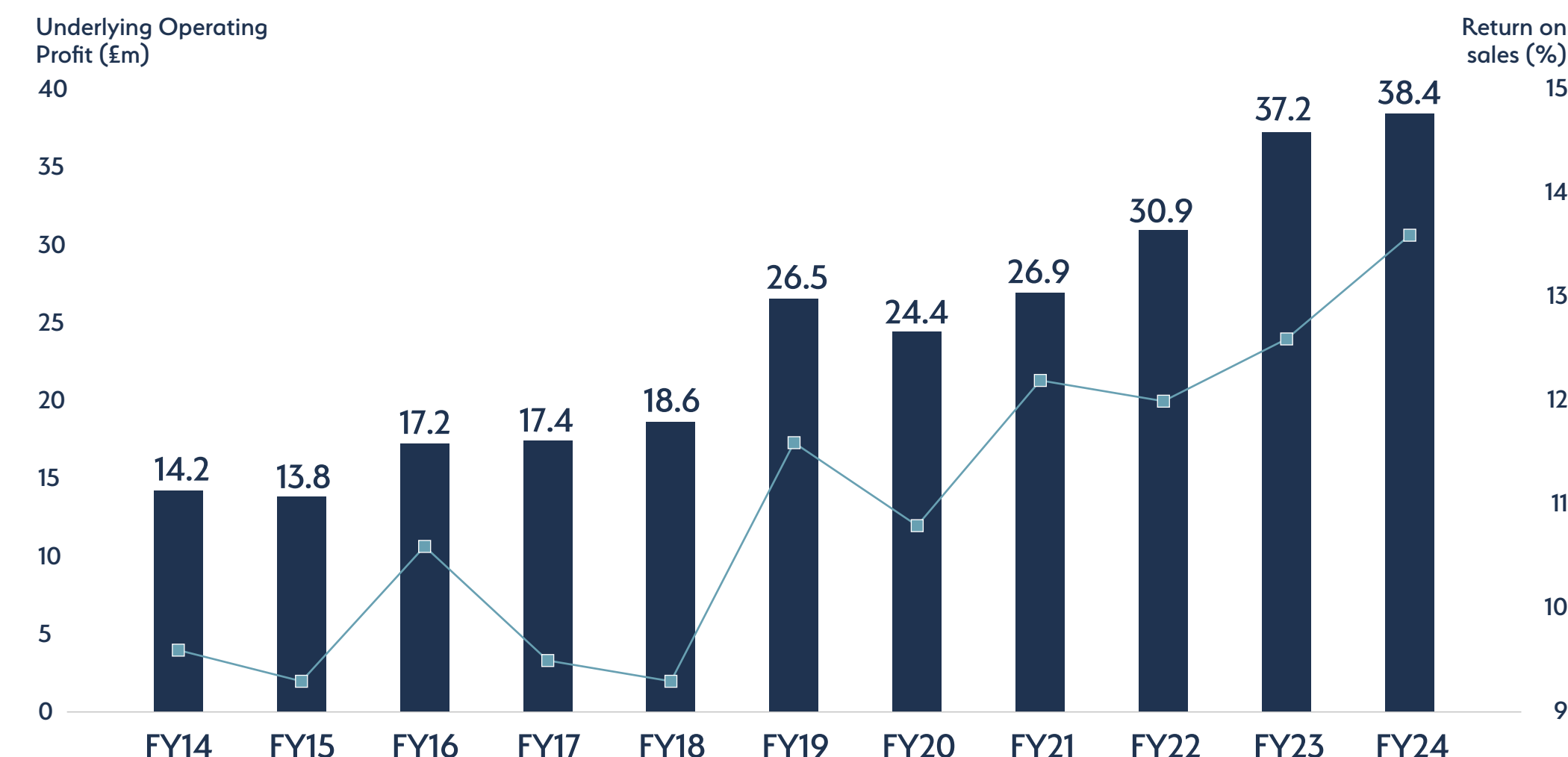


Well-established market leading brands

## UK bathroom market dynamics

- Large and fragmented bathroom products market
- Mid-to-premium RMI segment more resilient
- Immediate economic outlook challenging for smaller players
- Market outperformance opportunity through share gains
- Favourable long-term market background: shortage of housing

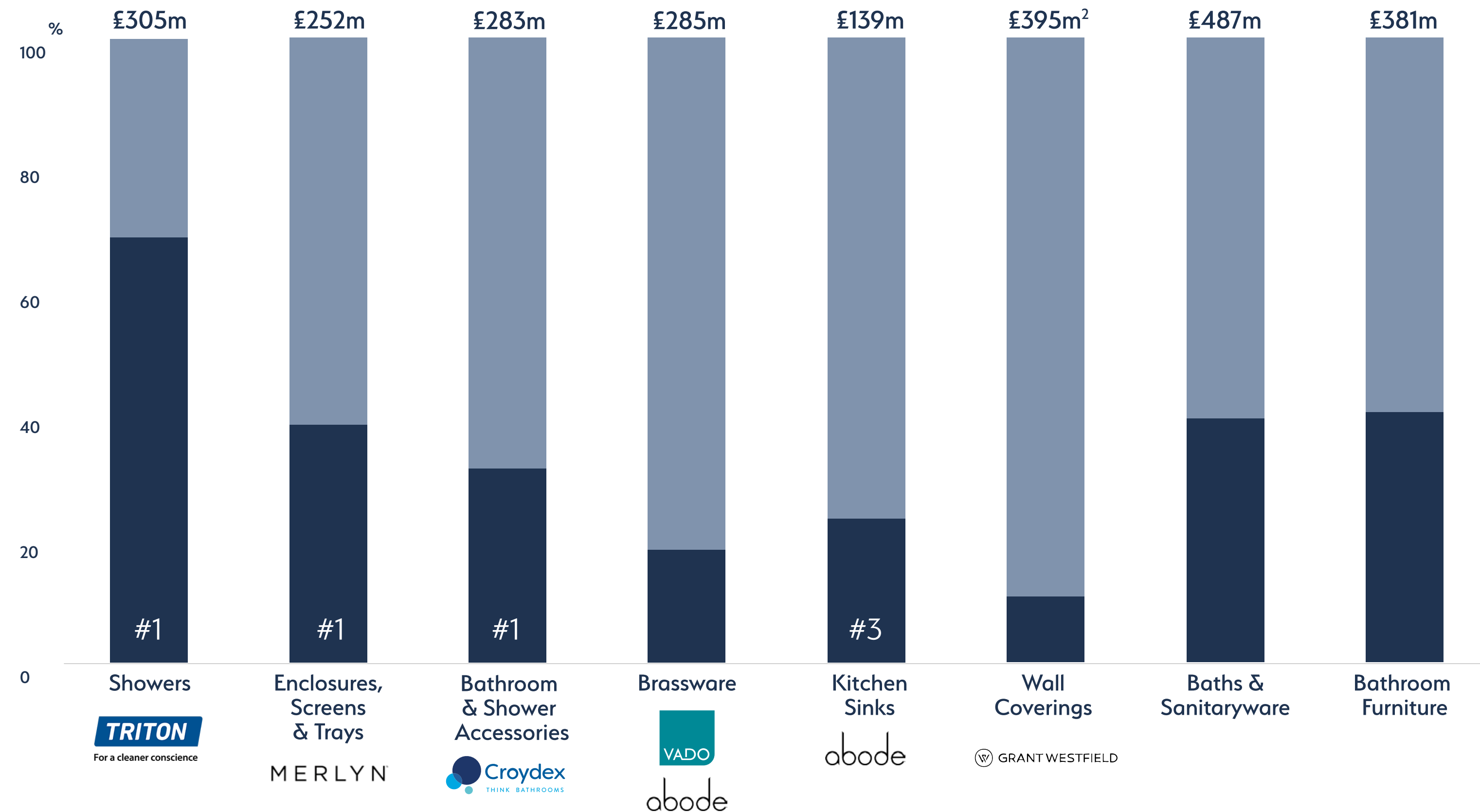
## Underlying operating profit (£m), return on sales (%)



Sustained margin growth through portfolio development

# ORGANIC GROWTH – UK SHARE GAIN OPPORTUNITY

UK bathroom & kitchen – BRG assessment of selective markets @MSP<sup>1</sup>



- Market of c.£1.7bn in core Norcros product categories
- Additional c.£0.9bn in furniture and sanitaryware categories
- Wall coverings in bathrooms - additional whole house market
- Large UK market remains fragmented
- Reduction in market size in 2023
- Norcros channel/product position – organic growth and M&A opportunities

Significant opportunity to take further share in fragmented markets

Key: ■ Leading Players ■ Rest of Market

1. MSP is the manufacturer selling price. BRG UK Bathroom & Kitchen Product Markets 2023 Estimates (Apr2024 report) except management estimate for 'Wall Covering' market segment. Management consider BRG data a minimum estimate of market size.  
 2. Management estimate for 'Wall Coverings' market segment reflects bathrooms only; there is a wider market for panels throughout the whole house including kitchens and living areas.

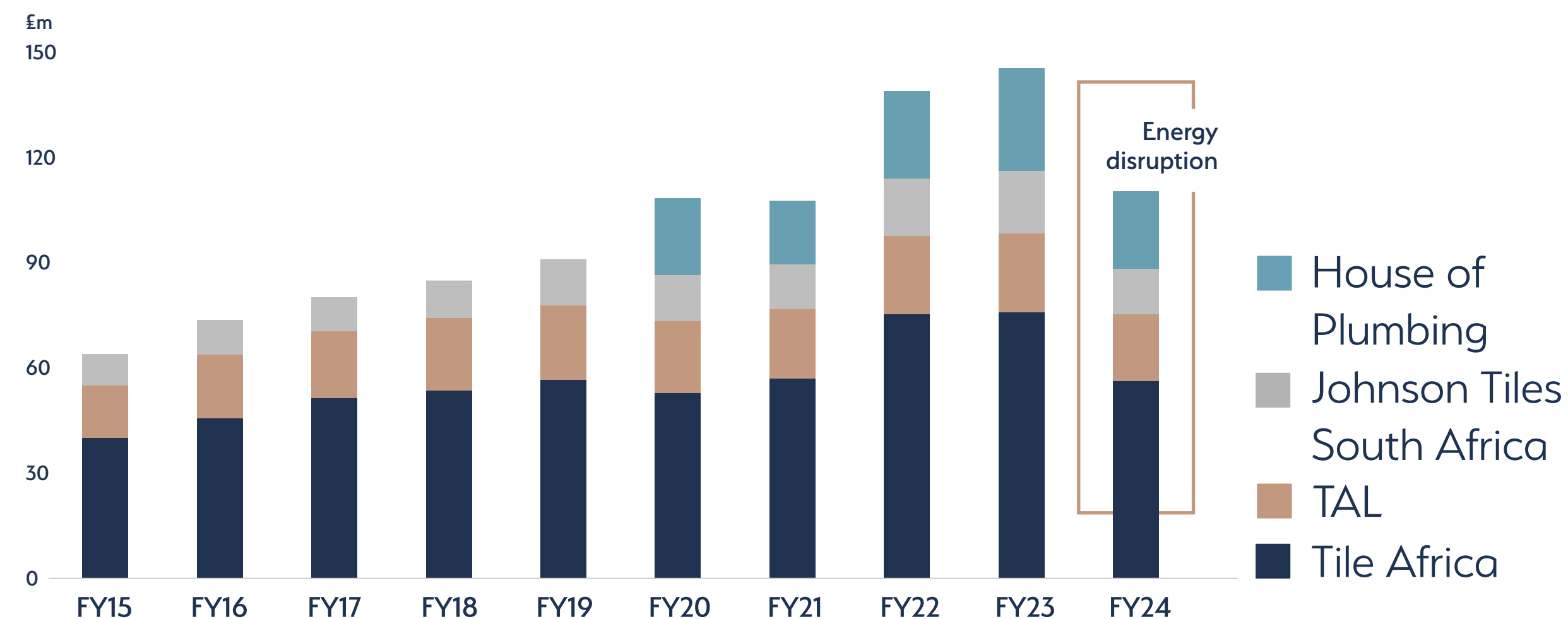


# SA – SUSTAINED HISTORIC PERFORMANCE

## Norcros South Africa

- Strong heritage, market leading positions and strong brands
- Business built on superior offering and customer service
- Sustained market outperformance through share gains
- Resilient financial performance in challenging markets
- Sustained revenue growth despite FX headwinds

### Revenue<sup>1</sup> (£m) – constant currency



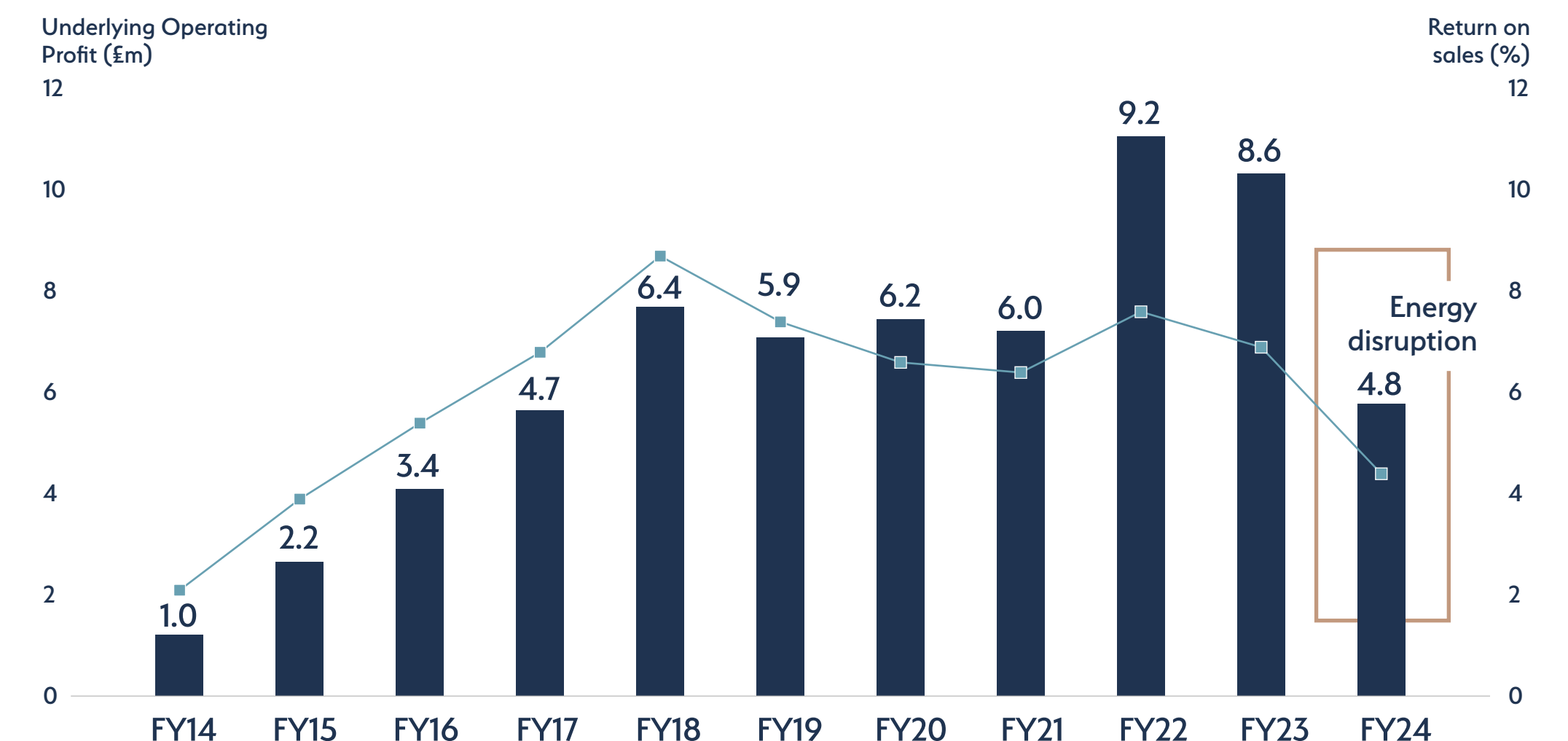
Well-established market leading brands

1. On constant currency basis

## South African bathroom market dynamics

- Large economy and business friendly environment
- Long-term socio-economic dynamics favour our markets
- Shortage of housing and infrastructure – significant opportunity
- Large bathroom & plumbing products market - £1.6bn MSP
- Exceptional energy disruption in FY24

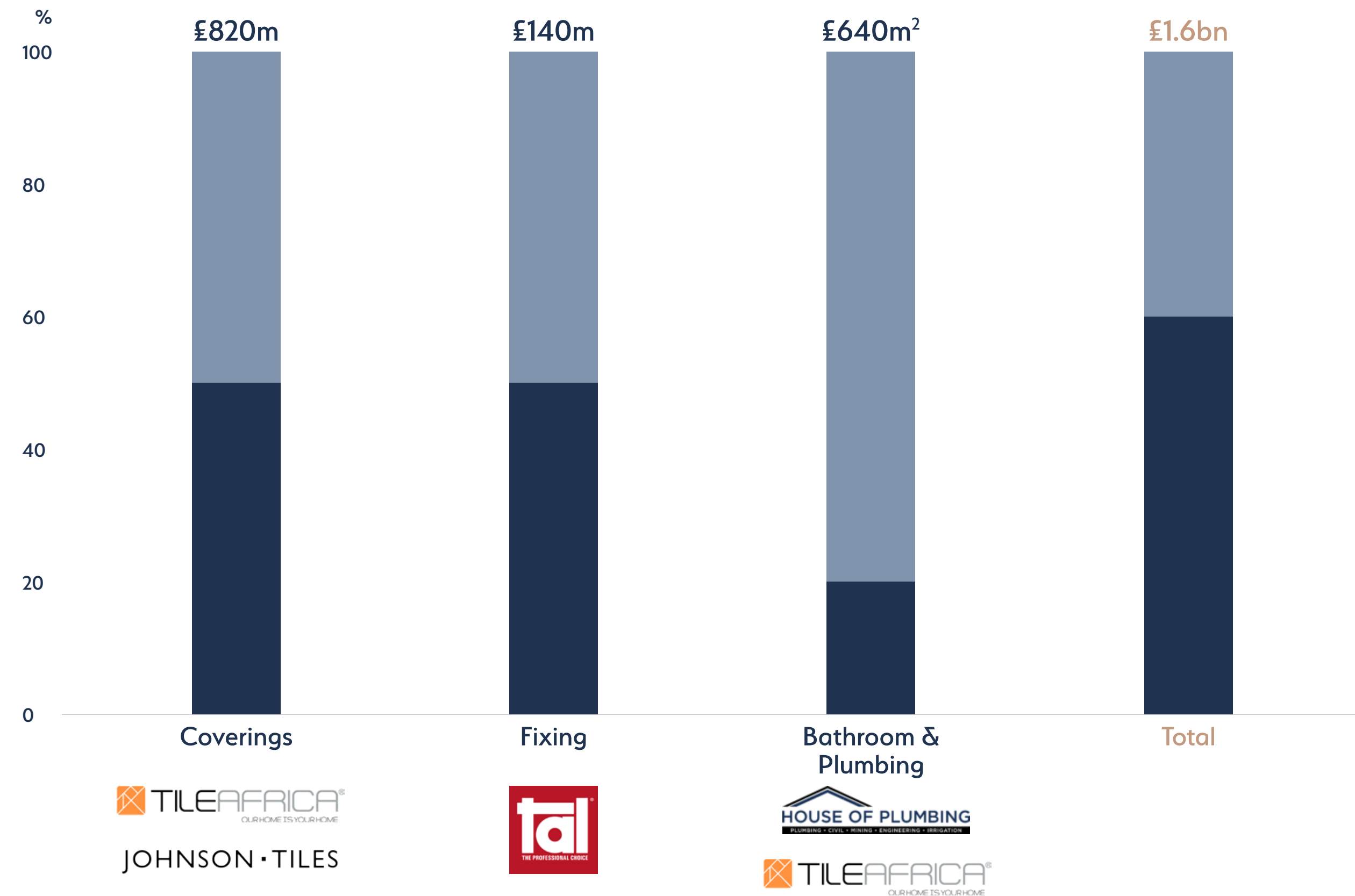
### Underlying operating profit<sup>1</sup> (£m), return on sales (%) Constant currency



Favourable medium-term dynamics

# ORGANIC GROWTH – SA SHARE GAIN OPPORTUNITY

## SA bathroom – selective markets @MSP<sup>1</sup>



- Sizeable market characterised by “long tail” of small independent competitors
- Norcros SA – business units have leading market positions
- Fragmented bathrooms and growing alternative coverings segment
- House of Plumbing – strong geographic growth opportunity in fragmented market

Significant opportunity to take further share from smaller competitors

Key: ■ Leading Players ■ Rest of Market

1. MSP is the manufacturer selling price. Management estimates  
 2. “Bathroom & Plumbing” including Sanitaryware, Taps and Mixers, Pipes, Fitting & Valves and Geysers

# EXCEPTIONAL ITEMS

	H1 Sept 2024 £m	H1 Sept 2023 £m	FY Mar 2024 £m
Business restructuring costs <sup>1</sup>	<b>(1.9)</b>	(1.4)	(1.7)
Investment property costs <sup>2</sup>	<b>(0.2)</b>	–	–
Reversal of impairment	–	–	4.0
	<b>(2.1)</b>	(1.4)	2.3

1. H1 FY25 largely relates to depot consolidation costs at Grant Westfield

2. Site remediation and ongoing landlord costs incurred in relation to the former Johnson Tiles UK site, shown net of rental income

# ACQUISITION & DISPOSAL RELATED COSTS

	H1 Sept 2024 £m	H1 Sept 2023 £m	FY Mar 2024 £m
Intangible asset amortisation	<b>(3.3)</b>	(3.3)	(6.5)
Advisory fees	<b>(0.8)</b>	(0.1)	(0.2)
Loss on disposal <sup>1</sup>	<b>(21.4)</b>	–	–
Contingent consideration	–	–	3.0
Deferred remuneration	–	(0.5)	(0.6)
	<b>(25.5)</b>	(3.9)	(4.3)

1. On 19 May 2024, the trade and assets of the Johnson Tiles UK division were sold to Johnson Tiles Limited, a new company incorporated and run by the former divisional management team. The sale completed at a consideration lower than the carrying value of the assets of the business and as a result the Group has provisionally provided for a non-cash loss on disposal of £21.4m.

The assessment of tangible fixed asset and working capital values transferred will be concluded before the 31 March 2025 year end. Revenue in the period of £4.3m (2023: £16.6m) and the underlying operating profit in the period of £nil (2023: £0.7m) have been included in the underlying results for the current and prior year



# NET DEBT RECONCILIATION

	H1 Sept 2024 £m	H1 Sept 2023 £m	FY Mar 2024 £m
Net debt – opening	<b>(37.3)</b>	(49.9)	(49.9)
Net cash flow	<b>(7.9)</b>	4.3	14.3
Non-cash movements <sup>1</sup>	<b>(0.2)</b>	(0.3)	(0.2)
Foreign exchange	<b>0.5</b>	(0.7)	(1.5)
<b>Net debt – closing</b>	<b>(44.9)</b>	(46.6)	(37.3)

1. Represents the movement in the costs of raising debt finance in the year



# EFFECTIVE TAX RATES

## Effective tax rate – Underlying<sup>1</sup>

	H1 Sept 2024 £m	H1 Sept 2023 £m	FY Mar 2024 £m
Profit before tax	<b>16.4</b>	18.1	36.4
Tax charge	<b>(3.7)</b>	(4.0)	(7.6)
Earnings	<b>12.7</b>	14.1	28.8
Effective tax rate	<b>22.6%</b>	22.1%	20.9%

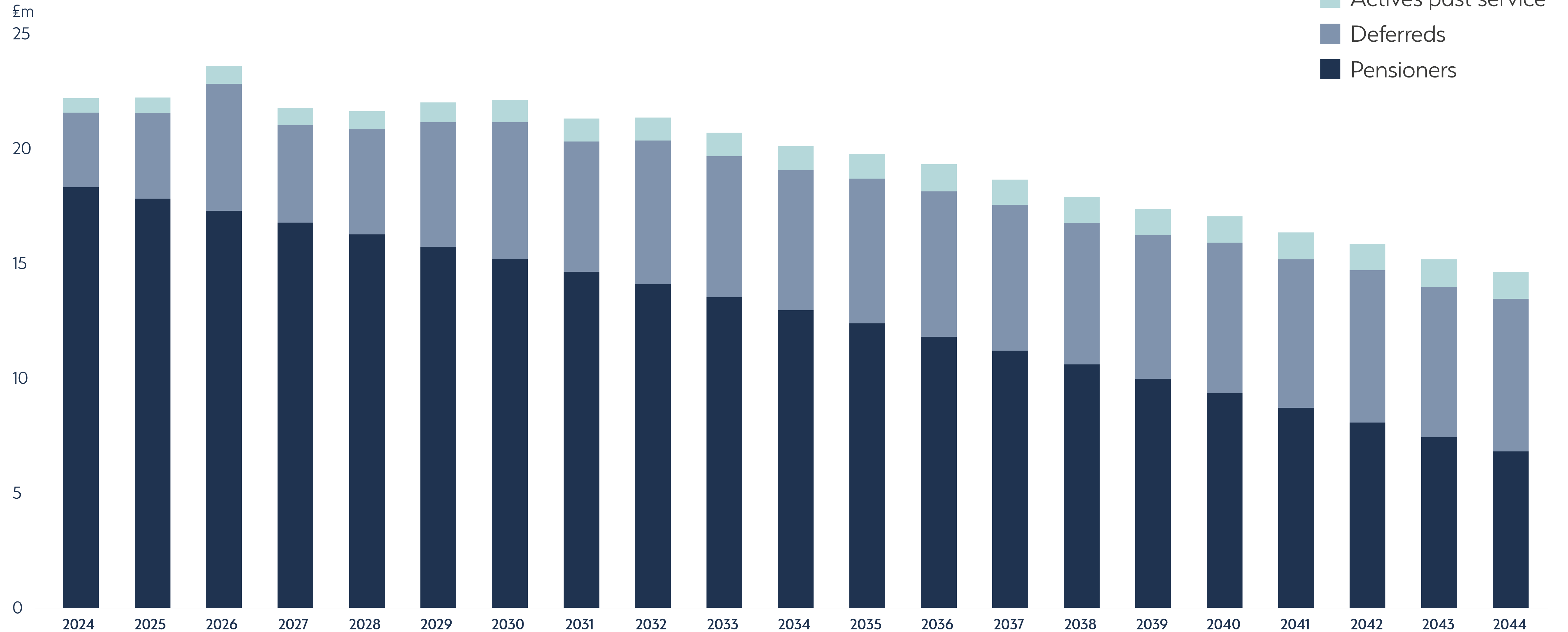
## Effective tax rate – Reported

	H1 Sept 2024 £m	H1 Sept 2023 £m	FY Mar 2024 £m
Result before tax	<b>(11.7)</b>	11.7	32.6
Tax charge	<b>3.1</b>	(2.4)	(5.8)
Earnings	<b>(8.6)</b>	9.3	26.8
Effective tax rate	<b>26.5%</b>	20.5%	17.8%

1. Before exceptional operating items, IAS 19R admin costs, acquisition and disposal related costs and where relevant, non-cash finance costs and attributable tax

# UK PENSION SCHEME – CASH FLOWS

Pension cash outflow close to peak at c.£22m



# THE UK & IRELAND'S NUMBER 1 BATHROOM PRODUCTS GROUP



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## CAUTIONARY STATEMENT

Certain statements made in this presentation are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by these forward-looking statements. They appear in a number of places throughout this presentation and include statements regarding the intentions, beliefs or current expectations of Directors concerning, amongst other things, the results of the operations, financial condition, liquidity, prospects, growth, strategies and the businesses operated by the Group. The Directors do not undertake any obligation to update or revise any forward-looking statements whether as a result of new information future developments or otherwise.