



NORCROS

Inspiring Living Spaces

Preliminary Results

Year ended 31 March 2022



NORCROS
Inspiring Living Spaces



Introduction

Nick Kelsall, Chief Executive Officer



Highlights

- Record revenue & underlying operating profit
- Strong financial position
- ROCE above strategic target of 15%
- EPS of 38.2p, +22.8% v 2021
- Progressive dividend – full year of 10.0p (2021: 8.2p)
- Strong execution of growth strategy – acquisition of Grant Westfield post period end
- Current trading – ytd May 2022 revenue c+25% v 2019

Revenue¹	£396.3m +20.6%
Underlying Operating Profit	£41.8m +23.7%
Net Cash	£8.6m
Underlying ROCE%	23.9% +570bp
Diluted Underlying EPS	38.2p +22.8%
Full Year Dividend per Share	10.0p +22.0%



NORCROS
Inspiring Living Spaces

Financial Review

James Eyre, Chief Financial Officer



Income Statement

	2022 £m	2021 £m	2020 £m	Reported v 2021 %	Constant Currency v 2021 %
Revenue	396.3	324.2	342.0	+22.2%	+20.6%
Underlying¹ operating profit	41.8	33.8	32.3	+23.7%	
<i>Margin</i>	<i>10.5%</i>	10.4%	9.4%		
Finance charges – cash	(2.5)	(3.2)	(3.5)		
Underlying¹ PBT	39.3	30.6	28.8	+28.4%	
Exceptional operating items ²	0.9	(3.8)	(9.0)		
IAS19R admin expenses	(1.7)	(1.4)	(1.5)		
Acquisition related costs ²	(4.8)	(3.7)	(4.0)		
Finance charge – non cash ³	(0.7)	(3.2)	0.7		
PBT	33.0	18.5	15.0	+78.4%	

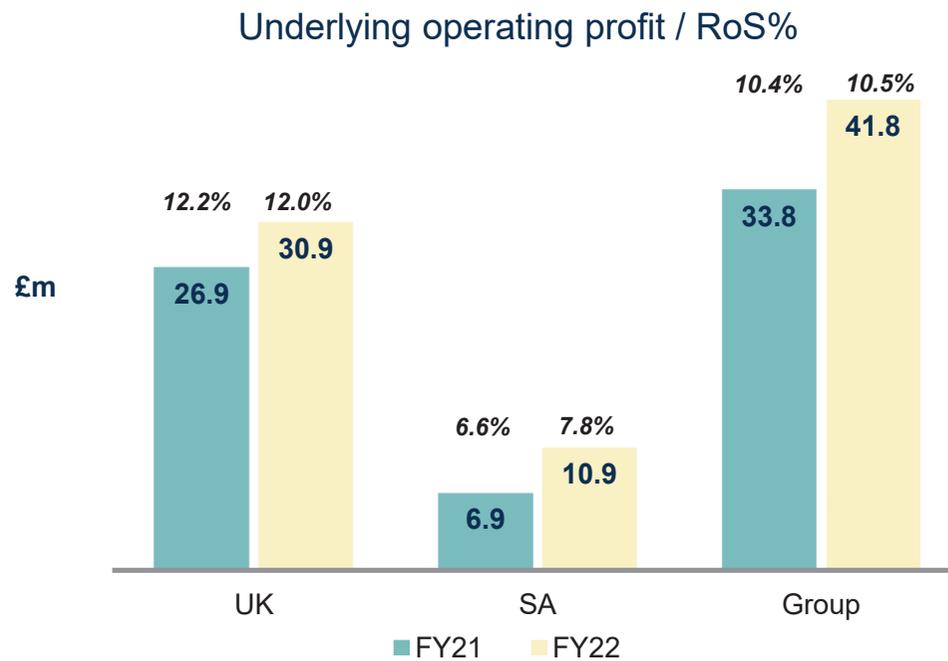
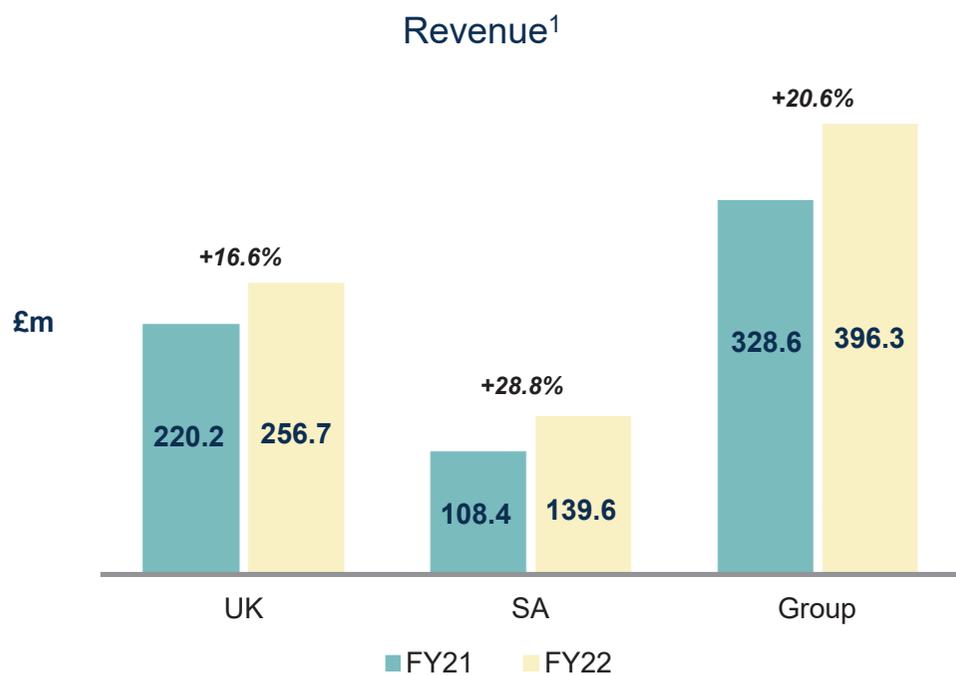
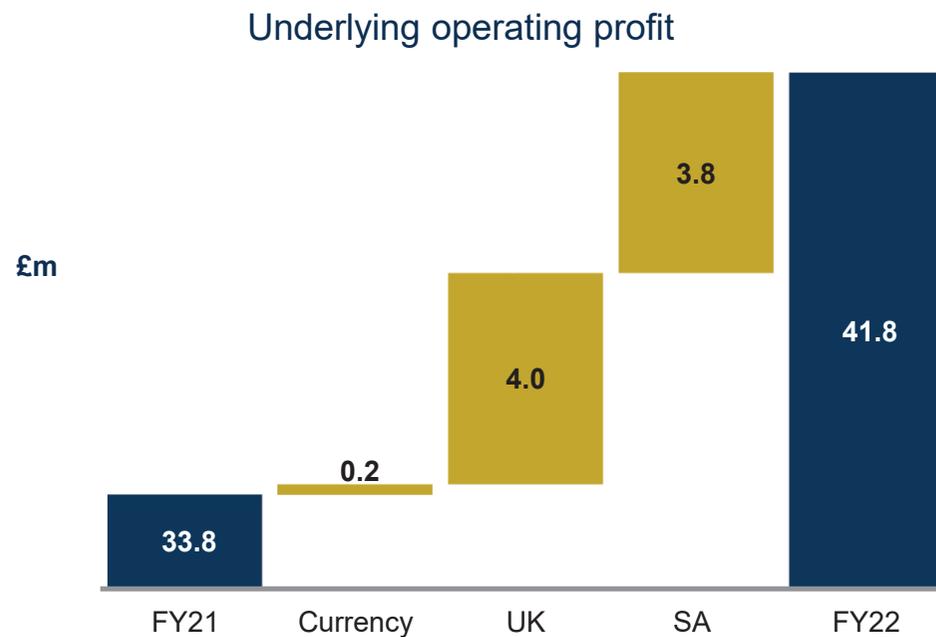
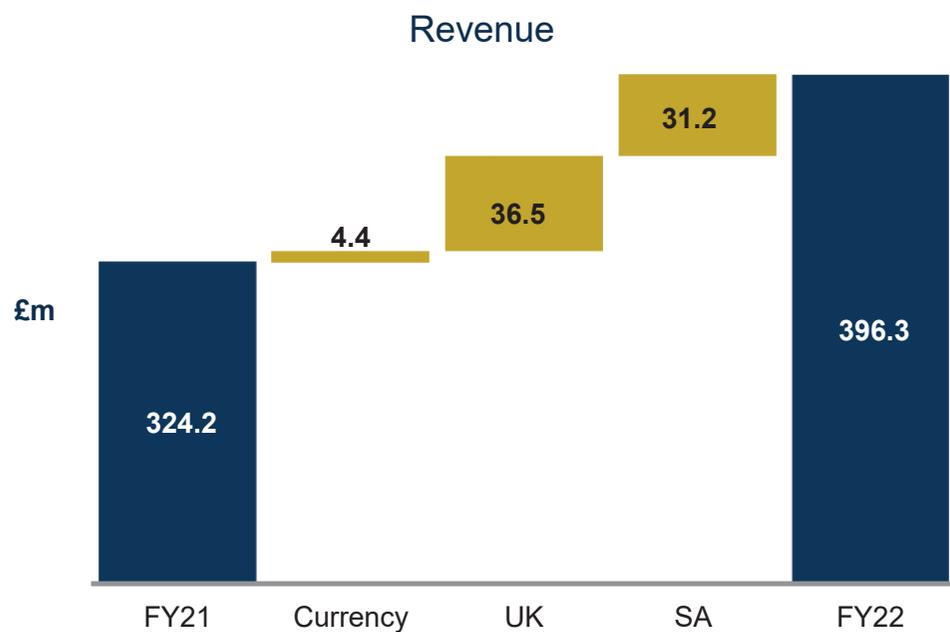
1 Underlying means before exceptional operating items, IAS19R admin costs, acquisition related costs and where relevant, non-cash finance costs

2 See page 45 for details

3 2021 included £2.0m charge relating to “mark to market” on FX forward contracts



Income Statement – Key Bridges



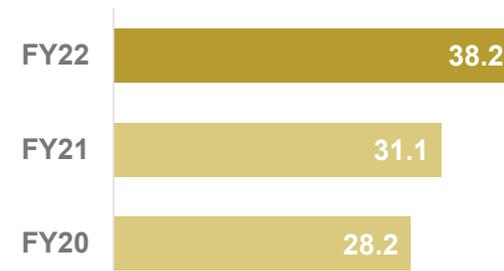
¹ Constant currency basis



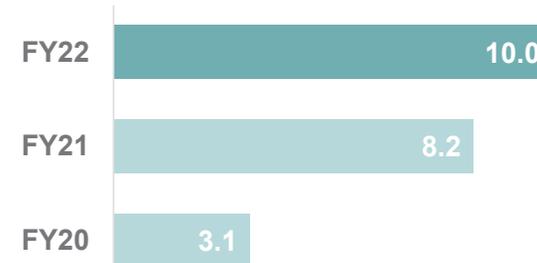
Tax, Earnings & Dividends

	Underlying ¹			Reported		
	2022 £m	2021 £m	2020 £m	2022 £m	2021 £m	2020 £m
Profit before tax	39.3	30.6	28.8	33.0	18.5	15.0
Tax charge	(7.8)	(5.5)	(6.0)	(7.3)	(3.5)	(4.1)
Earnings	31.5	25.1	22.8	25.7	15.0	10.9
Effective tax rate	19.9%	18.0%	20.8%	22.1%	18.9%	27.3%

Diluted underlying EPS (pence)



Dividend per share (pence)



Underlying¹ earnings £6.4m higher at £31.5m (2021: £25.1m). EPS 38.2p (2021: 31.1p)

Dividend per share 10.0p (2021:8.2p)

Effective underlying tax rate of 19.9% (2021: 18.0%)

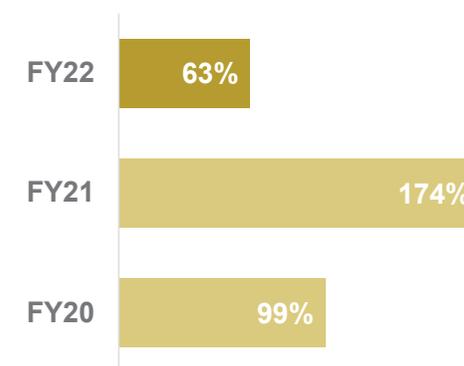
¹ Underlying means before exceptional operating items, IAS19R admin costs, acquisition related costs and where relevant, non-cash finance costs and attributable tax



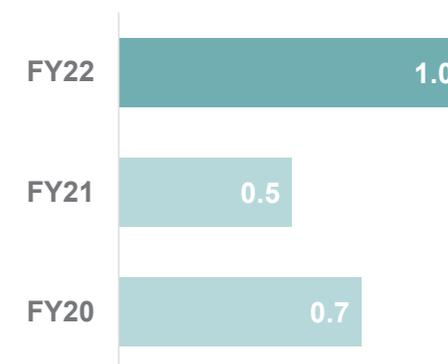
Cash - Working Capital Investment

	2022 £m	2021 £m	2020 £m
Underlying EBITDA	45.4	37.9	38.6
Working capital	(23.6)	21.8	(4.8)
Depreciation of right of use assets	4.1	4.0	4.5
Operating profit impact of IFRS16	1.6	1.3	0.5
IFRS 2 charges	1.1	0.8	(0.4)
Underlying operating cashflow	28.6	65.8	38.4
Net capital expenditure	(5.4)	(2.8)	(4.8)
Pension deficit recovery payment	(3.3)	(3.3)	(3.3)
Tax paid	(6.5)	(3.5)	(5.3)
Underlying free cash flow pre-financing & dividends	13.4	56.2	25.0
Exceptional and acquisition related costs	(1.7)	(2.5)	(0.3)
Interest	(2.5)	(3.2)	(3.5)
Acquisition of subsidiaries	-	-	(7.0)
Dividends	(9.1)	-	(9.2)
Principal element of lease payments	(4.7)	(4.3)	(3.8)
Purchase of treasury / issue of new shares	0.1	0.3	(0.8)
Net Cash Flow	(4.5)	46.5	0.4

Cash conversion¹



Capex/depreciation (times)



¹ Underlying operating cashflow / Underlying EBITDA



Strong Balance Sheet

Net cash/(debt)

Net cash £8.6m (2021: £10.5m)

Bank refinance March 22 - £130m RCF + £70m accordion

Leverage

Nil leverage at year end

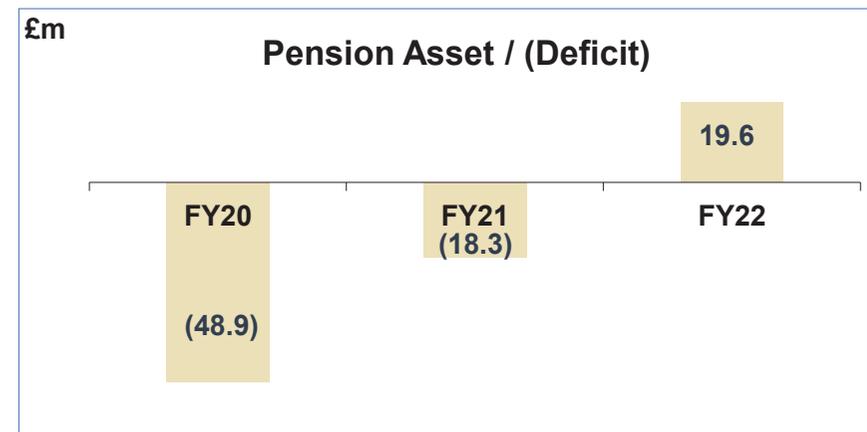
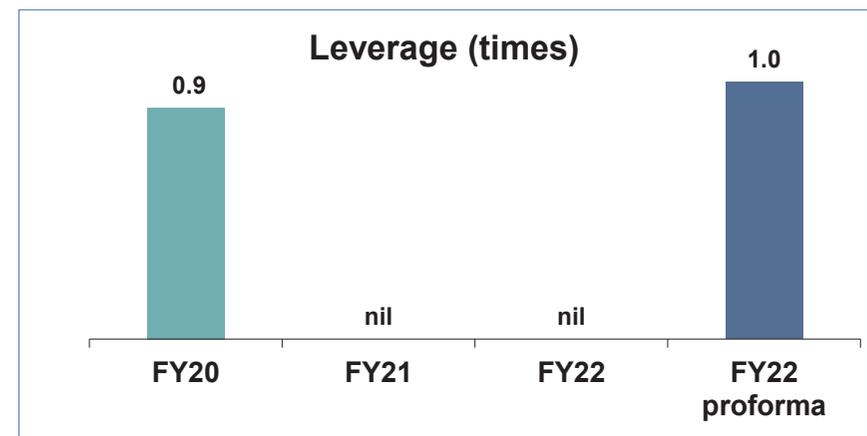
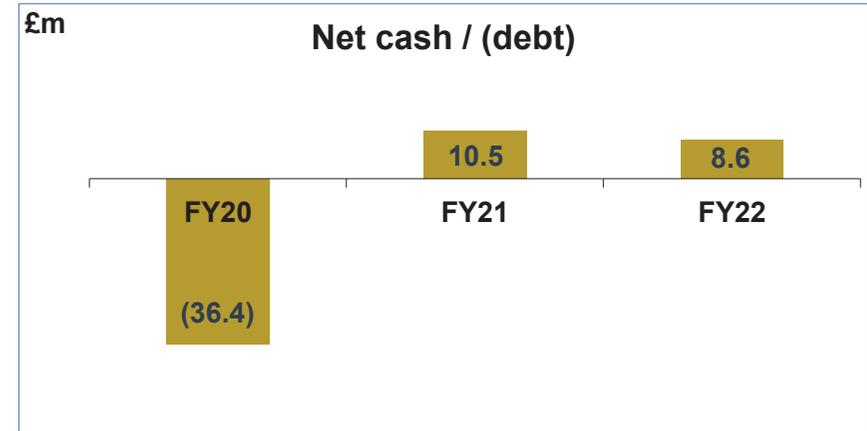
~1.0x leverage post Grant Westfield acquisition

Significant liquidity & funding headroom

Financial position

Net assets £200.3m (2021: £148.4m)

Pension surplus of £19.6m (2021: deficit £18.3m)





UK Pension Scheme – Update

➤ IAS 19R surplus £19.6m (March 2021: deficit £18.3m)

- Liabilities reduced by £47.8m to £368m
- Assets reduced by £9.9m to £388m

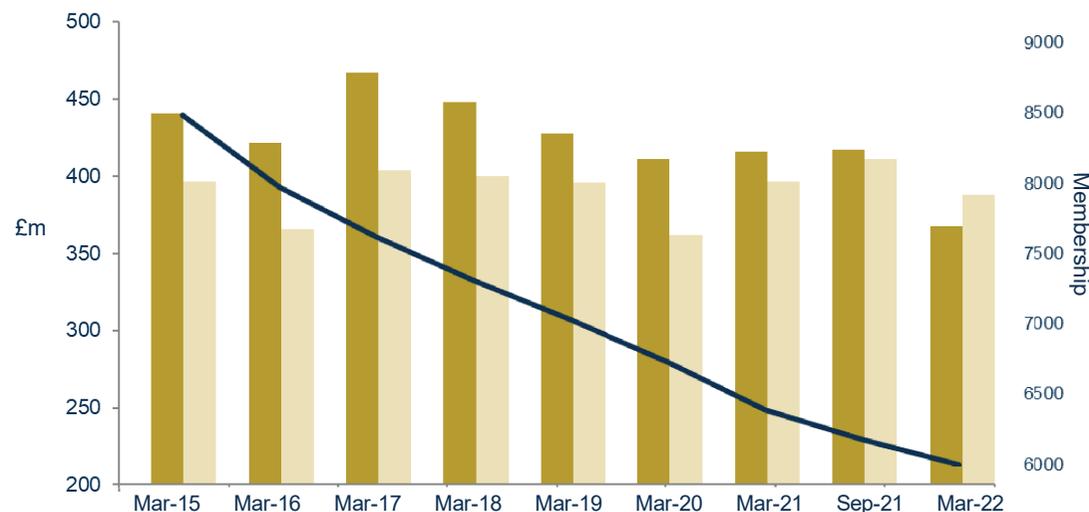
➤ Super-mature scheme:

- 6,002 members (March 2021: 6,178)
- 73% pensioners with average age 77
- Scheme closed to new entrants and future accrual in 2013
- Annual pensioner payroll near peak at circa £20.0m pa

➤ Triennial Actuarial Valuation – March 2021

- Agreement reached with the Trustee
- Actuarial deficit - March 2021 £35.8m (2018: £49.3m)
- Deficit repair contributions - £3.8m pa - April 2022 to March 2027 (increasing with CPI, capped at 5%)

UK Pension IAS 19R Assets & Liabilities



Liabilities	441	422	467	448	428	411	416	417	368
Assets	397	366	404	400	396	362	398	411	388
(Deficit)/Surplus	(44)	(56)	(63)	(48)	(32)	(49)	(18)	(6)	20
Disc Rate	3.30%	3.55%	2.60%	2.65%	2.50%	2.21%	2.05%	2.05%	2.75%
RPI	2.90%	2.90%	3.15%	3.10%	3.25%	2.55%	3.25%	3.45%	3.70%
Membership	8,492	7,973	7,621	7,309	7,035	6,733	6,393	6,178	6,002



NORCROS
Inspiring Living Spaces

Operating Review

Nick Kelsall, Chief Executive Officer



Key Messages

➤ Record FY22 Performance

- Strong revenue growth; share gains & diversified channels
- South Africa: double digit revenue growth; retail & new business

➤ UK & SA Competitive Position

- Strength of our proposition
- Leading positions & resilient business model

➤ Grant Westfield Acquisition

- Expanding our offer
- Compelling strategic fit

➤ 2025 Strategic Vision Remains Valid

- £600m revenue target
- Extensive organic growth opportunities
- Well developed acquisition pipeline
- Sustainable ROCE of >15%

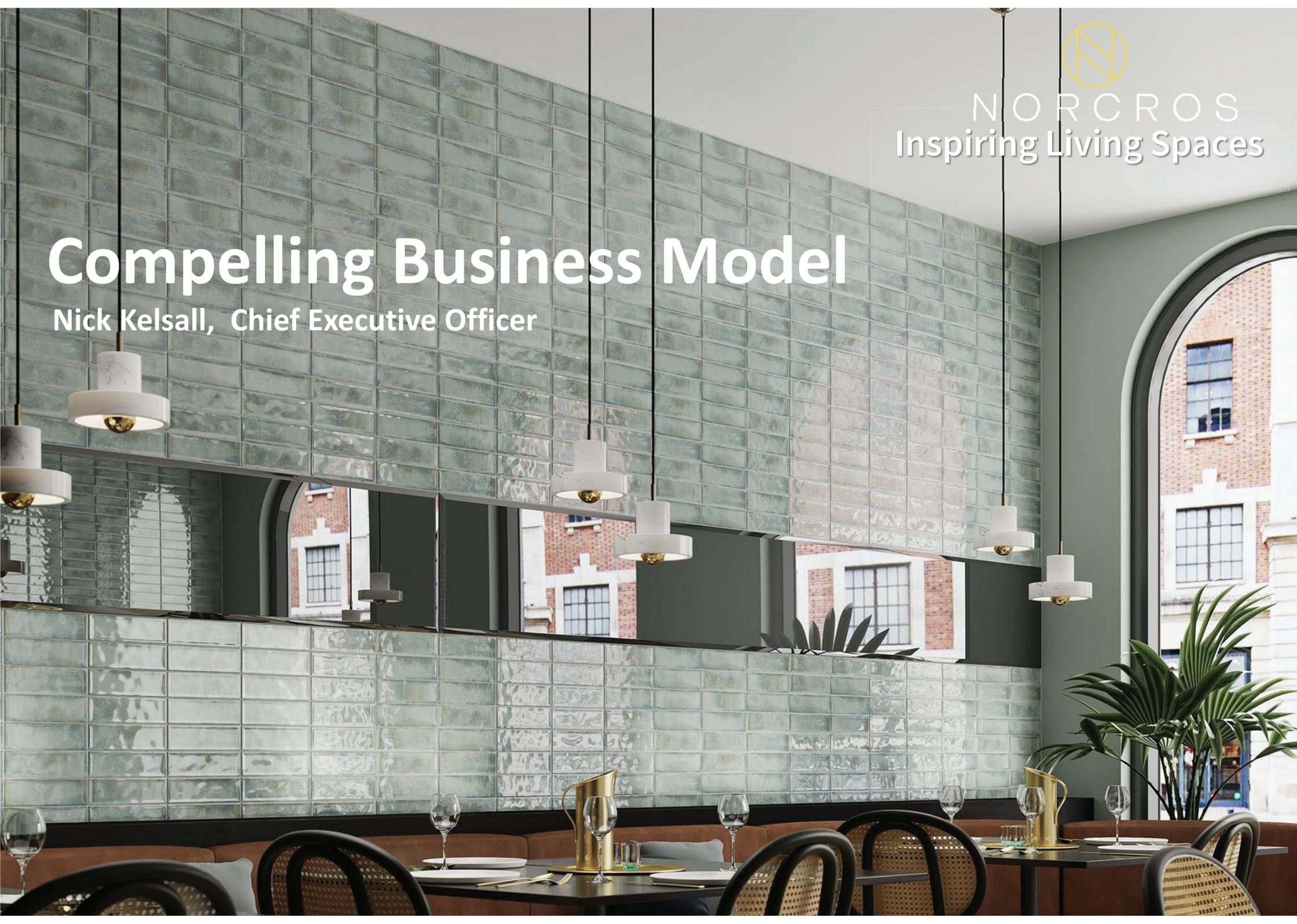




NORCROS
Inspiring Living Spaces

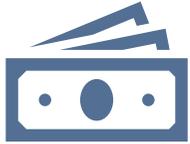
Compelling Business Model

Nick Kelsall, Chief Executive Officer





Norcros DNA Driving Outperformance



**FOCUSED OPERATING
MODEL**



**EXPERIENCED
MANAGEMENT
TEAM**



**LEADING MARKET
POSITIONS & BRANDS**



**GROUP SCALE
ADVANTAGES**



**DIVERSIFIED CHANNELS
& BUSINESS PORTFOLIO**



**FLEXIBLE & CAPITAL
LIGHT MODEL**



**INNOVATION &
NEW PRODUCT
DEVELOPMENT**



**CLEAR & FOCUSED
STRATEGY**

Proven & compelling business model winning share in fragmented markets



Leading Market Positions in Diversified UK Channels

UK Channel Revenue FY22¹



Broad market coverage increasing market penetration & reduced customer concentration

¹ Financial year ended 31st March



Innovation & New Product Development

VADO



Knurled Fusion

TILEAFRICA
OUR HOME IS YOUR HOME



Nuvo

TRITON
See you first thing Britain



**'Omnicare Ultra'
Thermostatic care range**

abode



**ProTrad WRAS approved
steaming water tap**

JOHNSON • TILES
MADE IN THE UK SINCE 1901



**1901, slim brick format "a
celebration of our
heritage"**

MERLYN



Revo

Croydex



FlexiFix Cabinets

JOHNSON • TILES®
Tile Artisans Since 1901



**30 x SKUs launched
Johnson Tiles South Africa**

Viability rate¹ at 29% - market leading

¹ Viability rate – proportion of revenues in the year arising from products launched within the past three years

Business Review

Nick Kelsall, Chief Executive Officer



NORCROS
Inspiring Living Spaces





NORCROS
Inspiring Living Spaces



UK Operations

Nick Kelsall, Chief Executive Officer

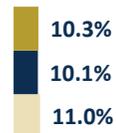
UK Revenue – Excellent Performance

% Revenue Change (FY22 v FY21)

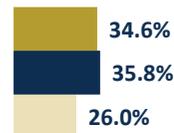
Overall UK Export



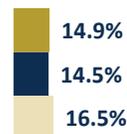
For a cleaner conscience



➤ Strong performance across all customer channels



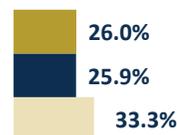
➤ Share gains with independent & national merchants, housebuilder momentum maintained



➤ UK Retail growth & recovery in Specification channel; New Export markets



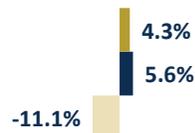
➤ New listings in UK DIY, growth in Screwfix & merchants; European growth offset by softer US sales



➤ Record revenues driven by share gains & new product development



MADE IN THE UK SINCE 1901



➤ Strong housebuilder performance; social housing & commercial specifications still below pre-Covid levels; Exit from low margin Export business

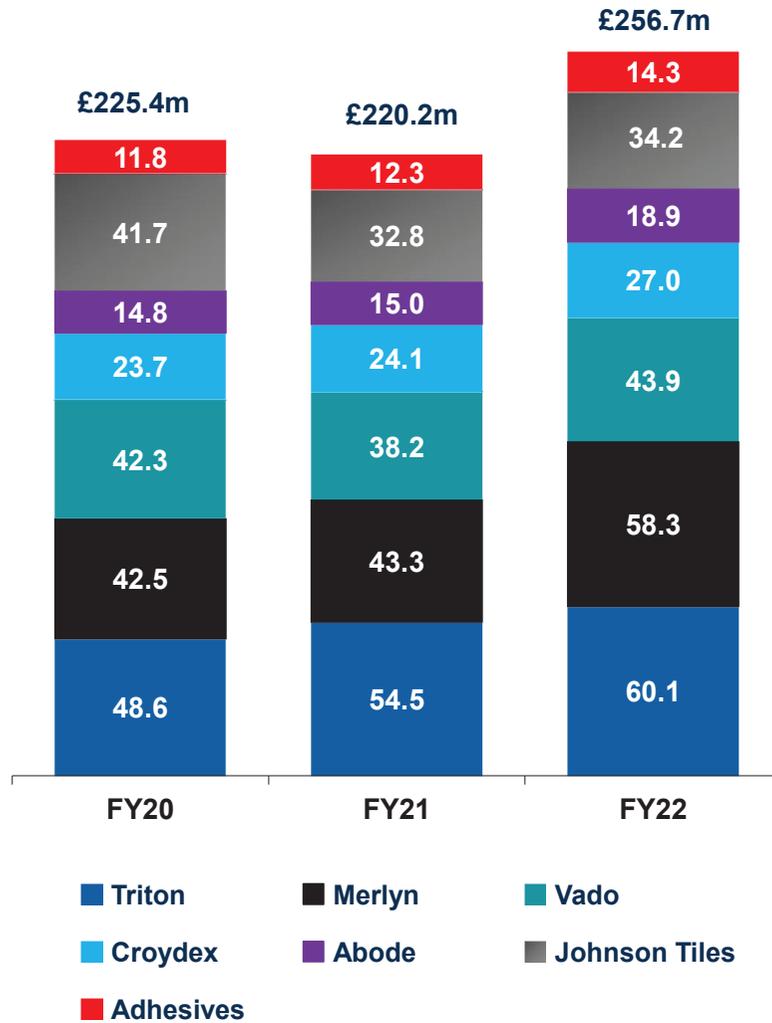


➤ Solid growth across Small Format & DIY; Exit from Middle East

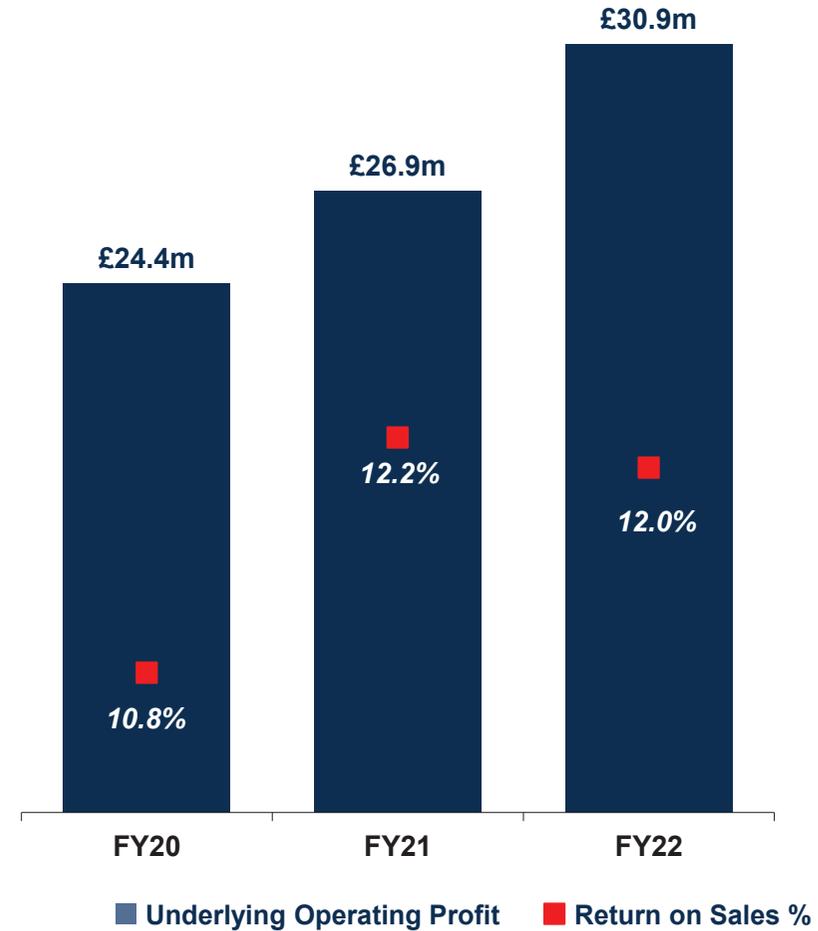


UK – Sustained recovery & record profit performance

Revenue¹



Underlying Operating Profit^{1 2}



¹ Financial years ended 31st March;

² IFRS 16 basis



South Africa Operations
Nick Kelsall, Chief Executive Officer


NORCROS
Inspiring Living Spaces



South Africa – Record revenue; retail renovation demand & share gains

% Revenue Change (FY 22 v. FY21)

■ £ - Reported ■ Constant Currency



- Increasing share of the retail renovation market & House of Plumbing branch expansion



- Record revenue; significant post-pandemic retail growth & increasing activity in small commercial market



- Robust performance despite limited large commercial new build projects



- Increased demand from housing renovations & new residential developments

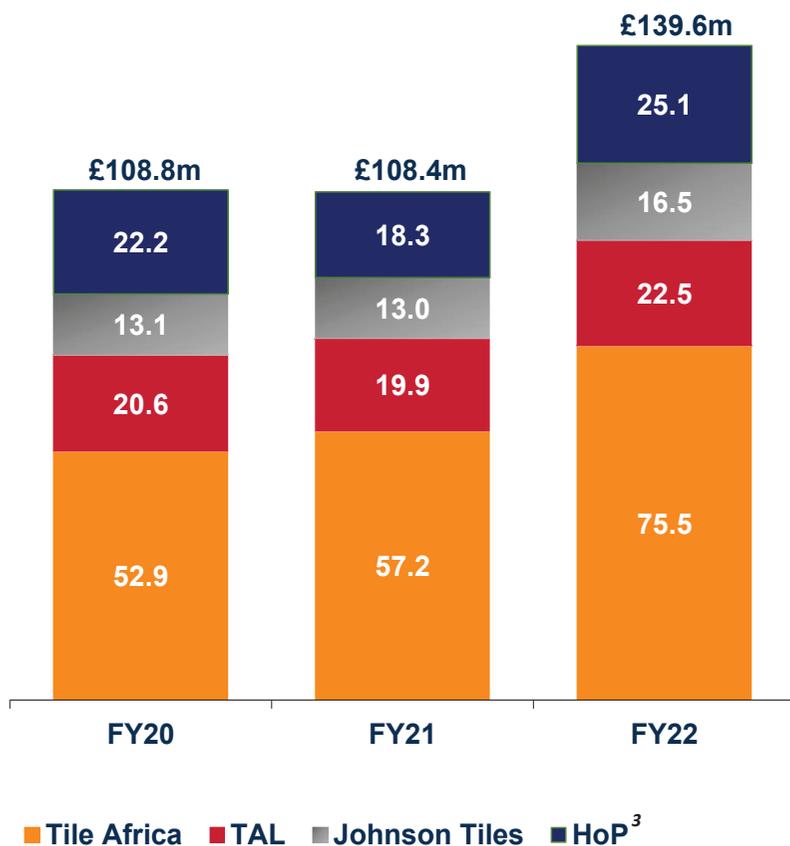


- Growth driven by new branches & entry into 'Civils' projects sector

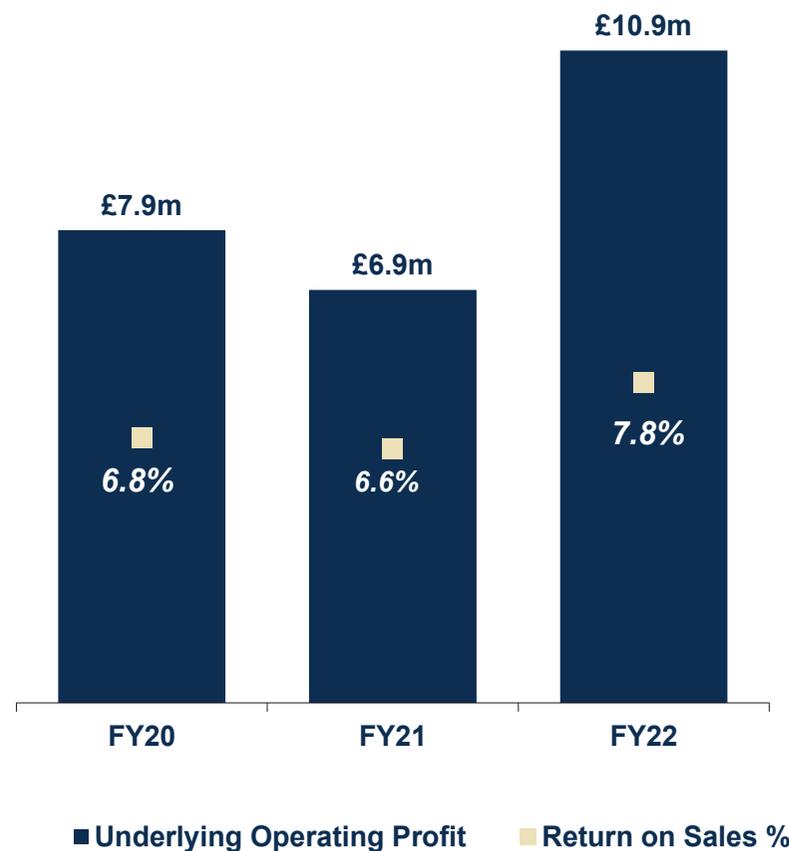


South Africa – Record Profit & Improving Returns

Revenue ^{1 & 2}



Underlying Operating Profit ^{1 & 4}



¹ Financial years ended 31st March
³ House of Plumbing acquired 1st April 2019

² On a constant currency basis
⁴ IFRS 16 basis



NORCROS
Inspiring Living Spaces



Group Outlook & Strategy

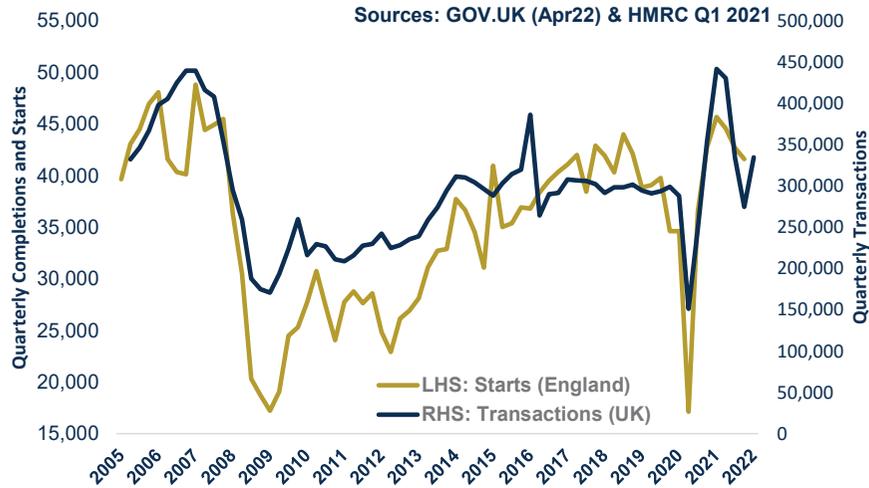
Nick Kelsall, Chief Executive Officer



Outlook – Market Indicators

UK – Mixed market sentiment

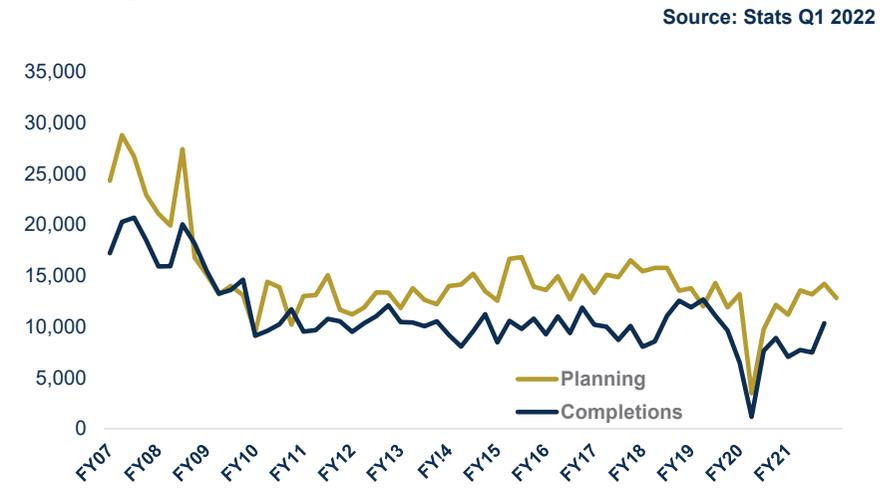
Key Housing Stats



Resilient market post pandemic and stamp duty holidays

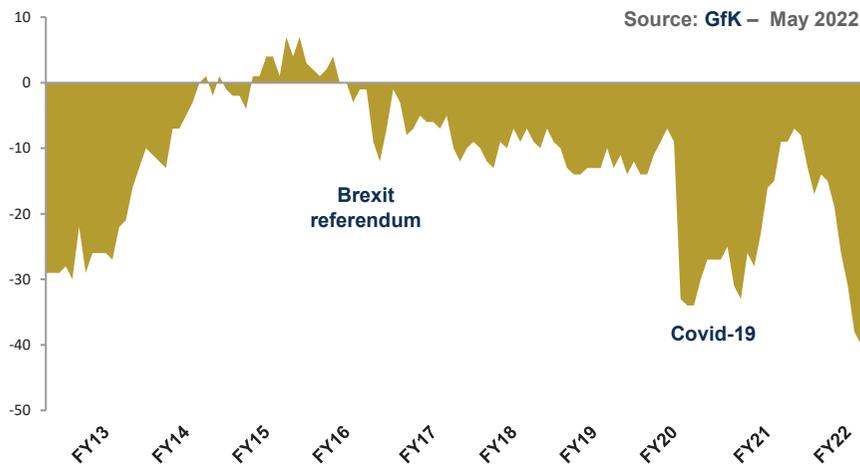
South Africa – Mixed market sentiment

Dwellings Completed & Plans submitted



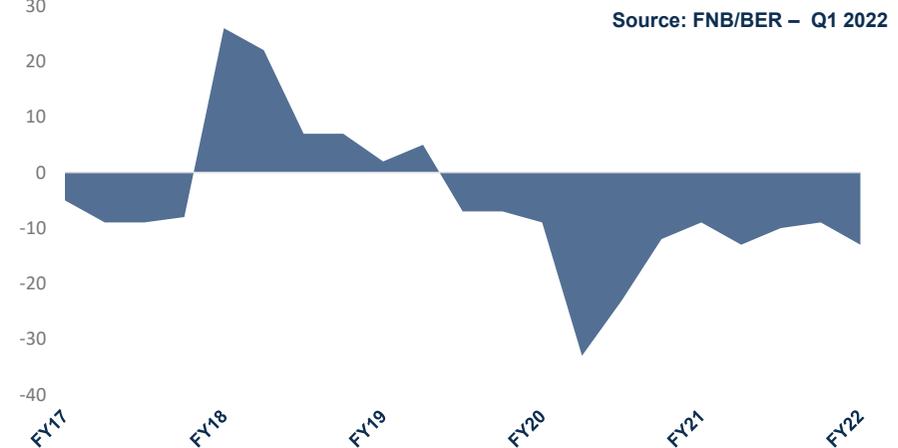
Recovery in dwellings completed & plans submitted

GfK Consumer Confidence



Consumer Confidence surpassing the record low of July 2008

FNB/BER Consumer Confidence



Deterioration reflecting uncertain outlook



Group Strategy: Vision Remains Valid

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%

STRATEGIC INITIATIVES

1. Share Gains
& Sector Focus

2. M&A

3. ESG

4. Operational
Excellence

5. Product
Vitality



Sector Focus: Leading Position in UK Housebuilders

Top-10 UK Housebuilders					

- Further significant synergies and growth opportunities across housebuilder accounts
- Opportunity to leverage Grant Westfield across Norcros existing relationships

Leading market positions in resilient housebuilder segment – further opportunities

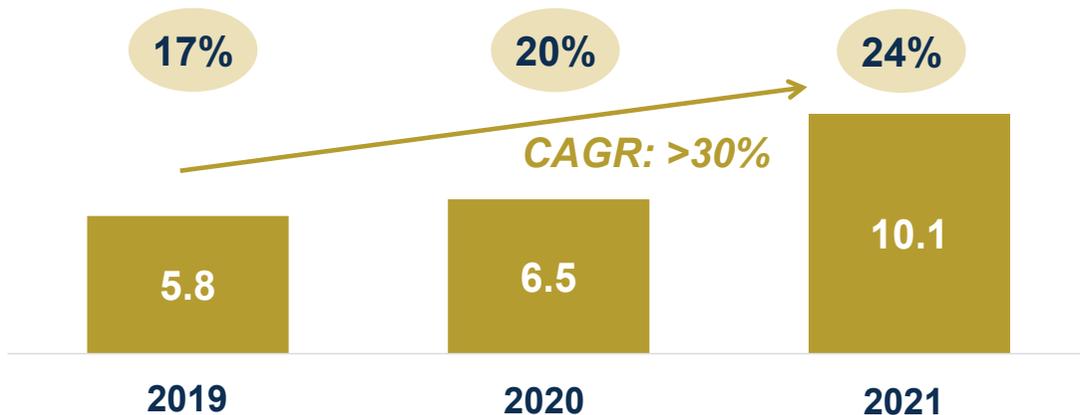




M&A: Grant Westfield – Compelling Strategic Fit

- Market leader in high growth wall panel segment
- High quality product and innovation track record
- Diversified blue chip customer base
- Growth track record, highly profitable & cash generative
- Further growth opportunities
 - New Tile Effect range
 - Specification & DIY
 - Europe
 - Leverage Norcros' distribution channels

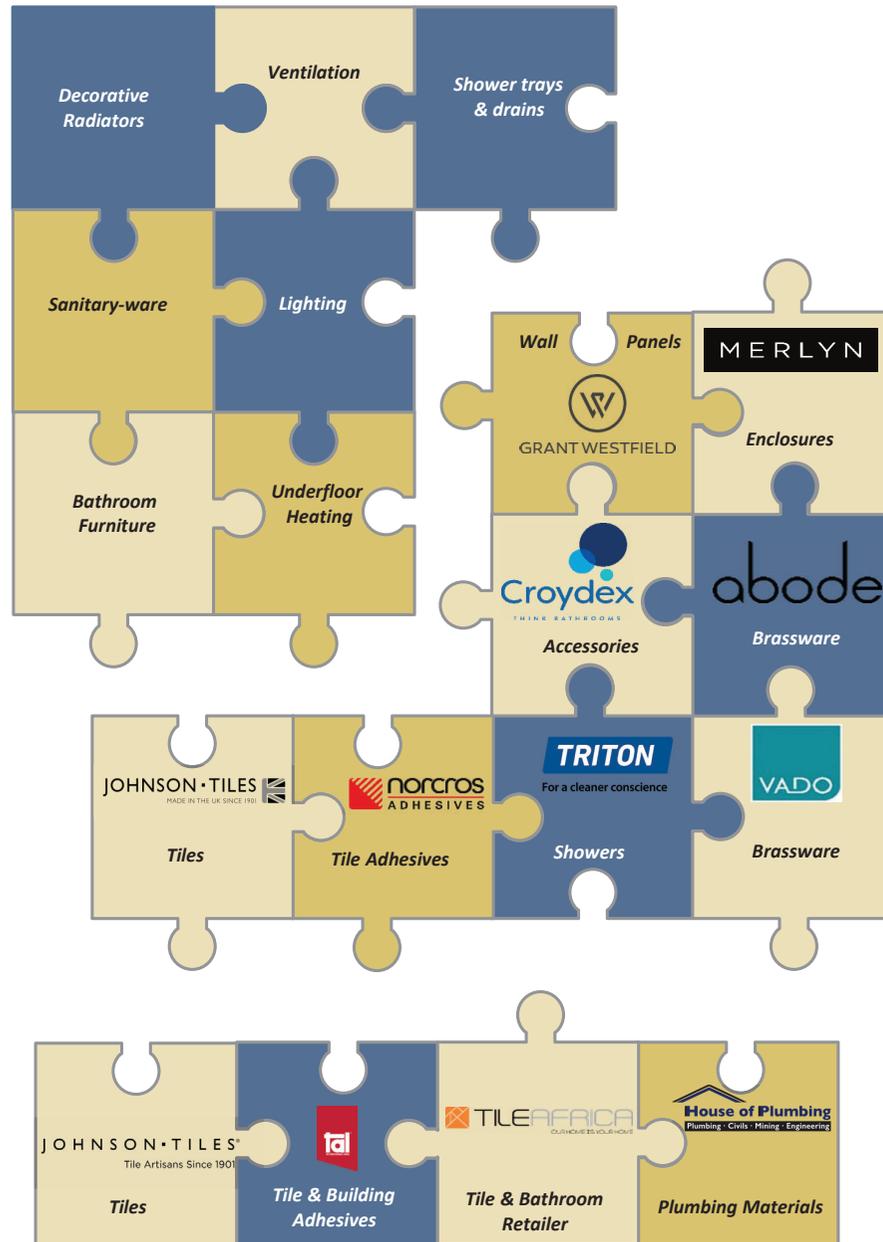
Adjusted EBITDA and Margin (£m, %)²



(1) Grant Westfield Management Information
(2) Grant Westfield's unaudited Historical Financial Information

Complementary Acquisitions Creating Value

ONE STOP SHOP FOR BATHROOMS



➤ Consolidator in Large and Fragmented Markets

- Well developed acquisition pipeline
- 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 and potential to drive sales synergies
- Preferred channels and operating in selective geographies

➤ Synergies

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

➤ Strong Track Record

- Vado – strong market share gains
- Croydex – growth across all channels (*excl. Homebase*)
- Abode – significant momentum; blue-chip account wins
- Merlyn – accelerating growth; specification & independents
- House of Plumbing – national rollout progressing



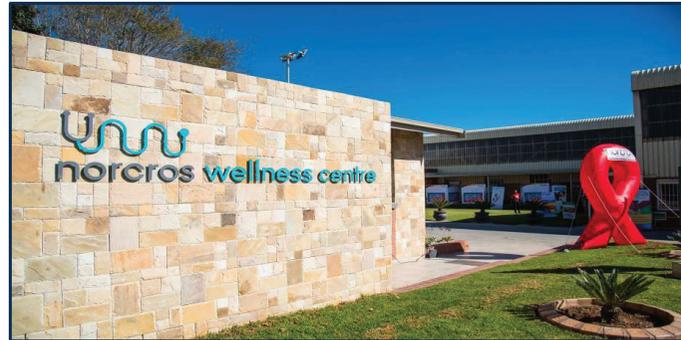
ESG – Group Scale Advantages

- Continue to promote ESG investments across the business
- ESG strategy developing: Materiality Assessment developed & Plan updated by December 2022



- Group-wide Carbon Trust assessment
- Carbon Trust recommendations on Carbon Management
- Triton and Croydex achieving Carbon and Route to Net Zero ('Taking Action') Standards respectively from Carbon Trust
- Abode Swich wins SBID Kitchen Product Design category

Environmental



- Group Health & Safety Policy updated
- Successfully navigated COVID-19 with no reported workplace transmission
- Community projects across business

Social



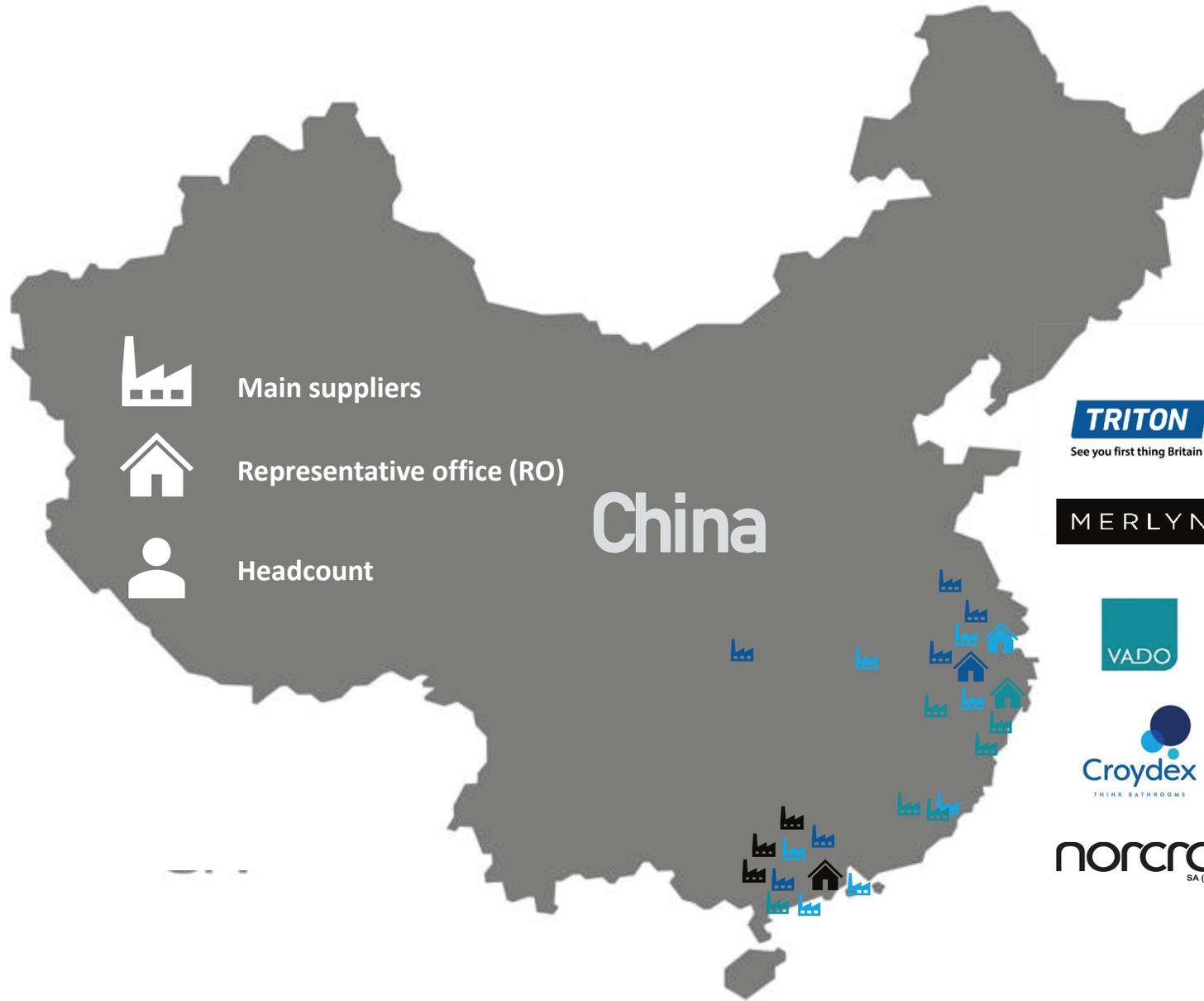
- New ESG Governance Structure – Board reporting and ESG Forum
- Reported against Taskforce for Climate-related Financial Disclosures (TCFD)
- New Code of Ethics and Standards of Business Conduct across the Group

Governance

Building a Sustainable Business



Operational Excellence – Group Scale Advantages



			
 See you first thing Britain	Suzhou	✓	✓
	Zhongshan	✓	✓
	Ningbo	✓	✓
 THINK BATHROOMS	Shanghai	✓	✓
 SA (PTY) LTD	No RO	✓	✓
		>30	>120

Focused & flexible supply chain across China – Source of Competitive Advantage



NORCROS
Inspiring Living Spaces

Summary & Key Messages

Nick Kelsall, Chief Executive Officer

Key Messages

➤ Record FY22 Performance

- Well invested business & strong financial position
- Strong track record of resilience & market outperformance

➤ UK & SA Competitive Position

- Focused & flexible operating model
- Diversified channels; leading positions in growth segments

➤ Grant Westfield Acquisition

- Compelling strategic fit
- Significant growth opportunities

➤ 2025 Strategic Vision Remains Valid

- £600m revenue target
- Extensive organic growth opportunities
- Well developed acquisition pipeline
- Sustainable ROCE of >15%



Appendix



NORCROS
Inspiring Living Spaces





Business Overview

		Group FY22 Revenue	%		
UK	 For a cleaner conscience	<i>Market leader in the manufacture and marketing of showers in the UK</i>	£60.1m	15.2	
		<i>Market leading supplier of shower enclosures and trays</i>	£58.3m	14.7	
		<i>Leading manufacturer and supplier of taps, mixer showers, bathroom accessories and valves</i>	£43.9m	11.1	
		<i>Market leading, innovative designer, manufacturer and distributor of high quality bathroom furnishings & accessories</i>	£27.0m	6.8	
		<i>Leading niche designer and distributor of high quality kitchen taps, bathroom taps and kitchen sinks</i>	£18.9m	4.8	
	 <small>MADE IN THE UK SINCE 1901</small>	<i>Leading manufacturer and supplier of ceramic tiles</i>	£34.2m	8.6	
		<i>Manufacturer of tile and stone adhesives, grouts and related products</i>	£14.3m	3.6	
UK Revenue		<i>12 months to 31st March 2022</i>	+16.6%	£256.7m	65%

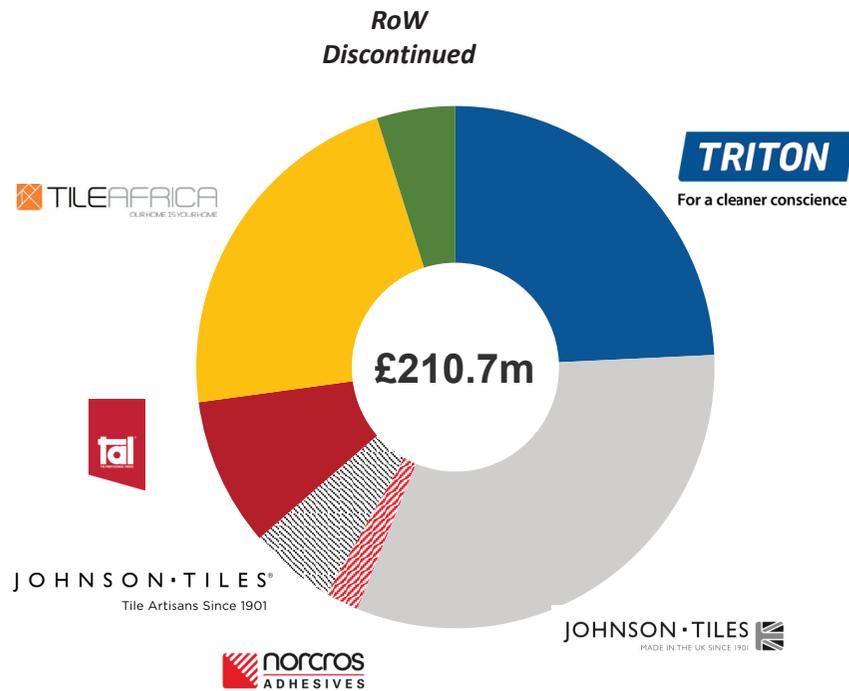
SOUTH AFRICA	 <small>CUR HOMETS YOUR HOME</small>	<i>Leading chain of retail stores focused on tiles and bathroom products</i>	£75.5m	19.1	
		<i>Leading manufacturer of tile and building adhesives</i>	£22.5m	5.7	
	 <small>Tile Artisans Since 1901</small>	<i>Leading manufacturer of ceramic and porcelain tiles</i>	£16.5m	4.2	
	 <small>Plumbing • Civils • Mining • Engineering</small>	<i>Market leading supplier of specialist plumbing materials focussed on the specification and commercial sectors</i>	£25.1m	6.3	
SA Revenue		<i>constant currency, 12 months to 31st March 2022</i>	+28.8%	£139.6m	35%

GROUP REVENUE		<i>constant currency, 12 months to 31st March 2022</i>	+20.6%	£396.3m	100%
----------------------	--	---	---------------	----------------	-------------

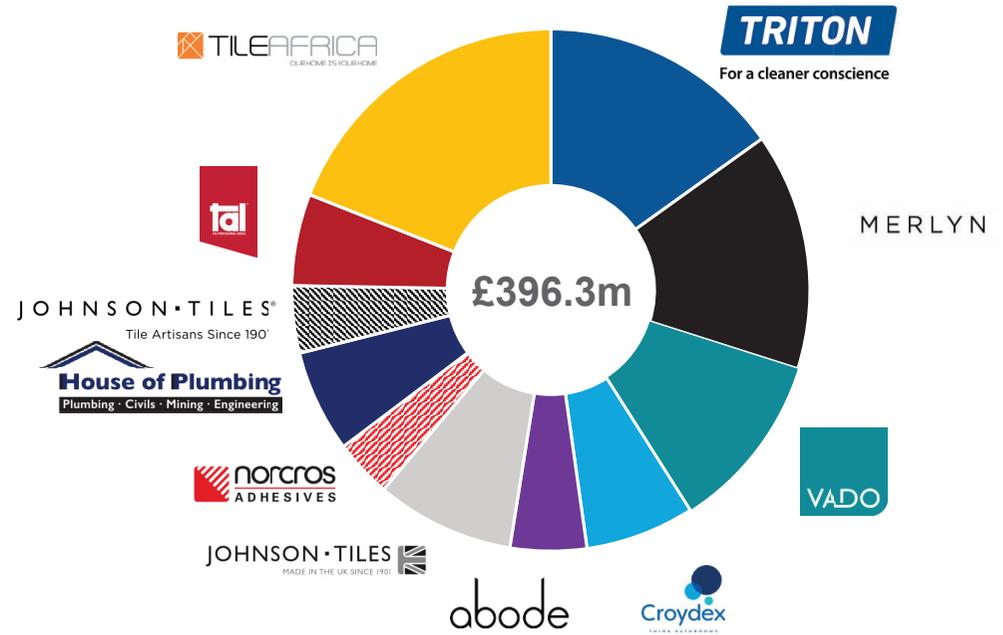


Balanced & Diversified Business Portfolio: Significant Progress

Revenue FY13¹



Revenue FY22¹



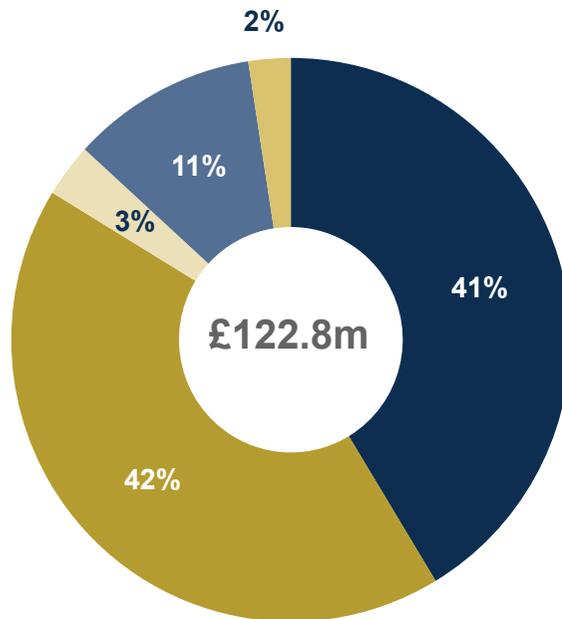
Balance and diversified portfolio

¹ Financial years ended 31st March



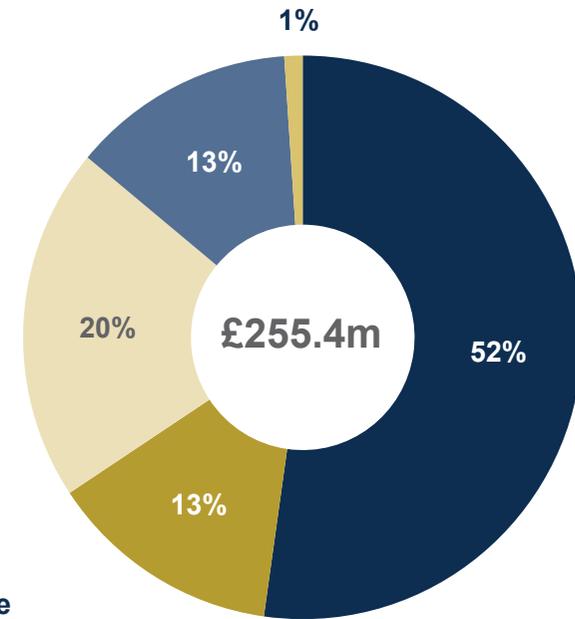
Balanced & Diversified Business Portfolio: Diversified Channels

UK Channel Revenue - FY13



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

UK Channel Revenue - FY22



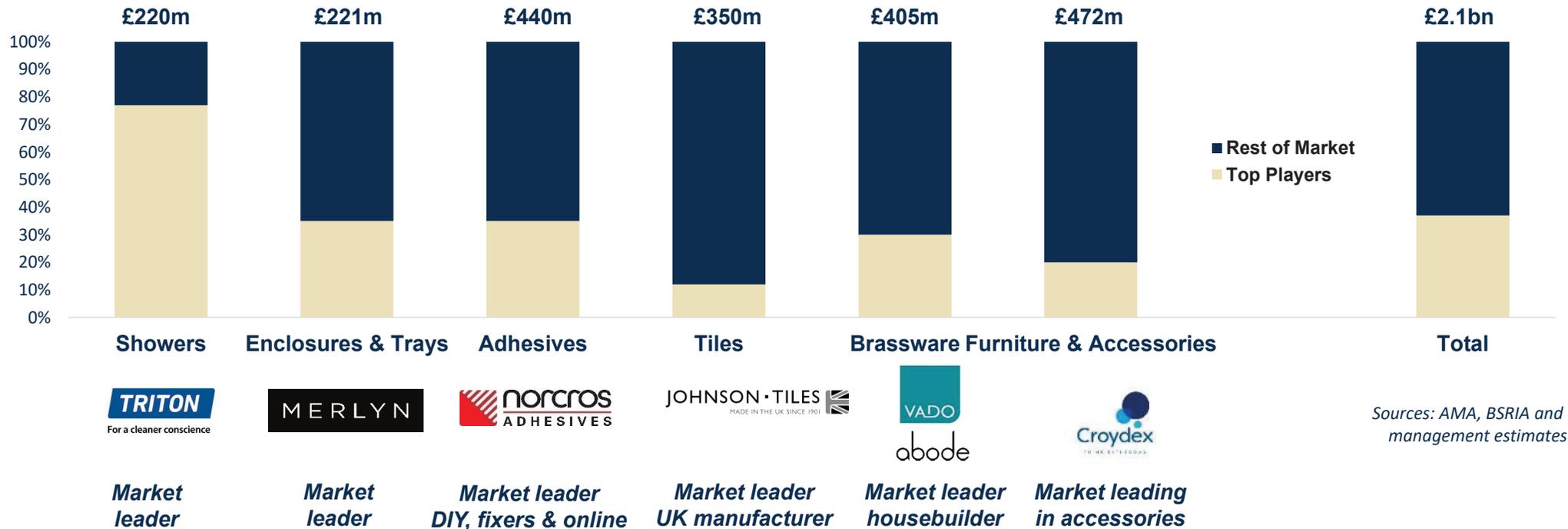
- Trade
- DIY Retail
- Independent & Specialist Retail
- Export
- Other

UK strategic focus on attractive, trade, specification and independent segments

¹ Financial years ended 31st March

UK Fragmentation & Share Gain Opportunity

UK Bathroom – Selective Markets @ MSP



- Overall bathroom market remains highly fragmented – no dominant player
- Sub-market segments are also highly fragmented
- Weaker players failing and opportunity for share gains – exacerbated by CV-19 impact
- No one company serves all segments and channels – significant consolidation opportunity remains
- Norcros channel and product position – excellent platform to progress consolidation strategy

Significant UK market consolidation opportunity – enhanced by Covid-19

South Africa Fragmentation & Consolidation Opportunity

South Africa Bathroom – Selective Markets @ MSP



Sources: RAND, Frost & Sullivan & management estimates



Market leader

JOHNSON • TILES®
Tile Artisans Since 1901

#2 Manufacturer

TILEAFRICA
OUR HOME IS YOUR HOME

#2 Mid to high end consumer focus



#2 Gauteng & spec focus

"Bathroom Retail" including Sanitaryware and Taps and Mixers; "Plumbing" including Pipes, Fittings & Values 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

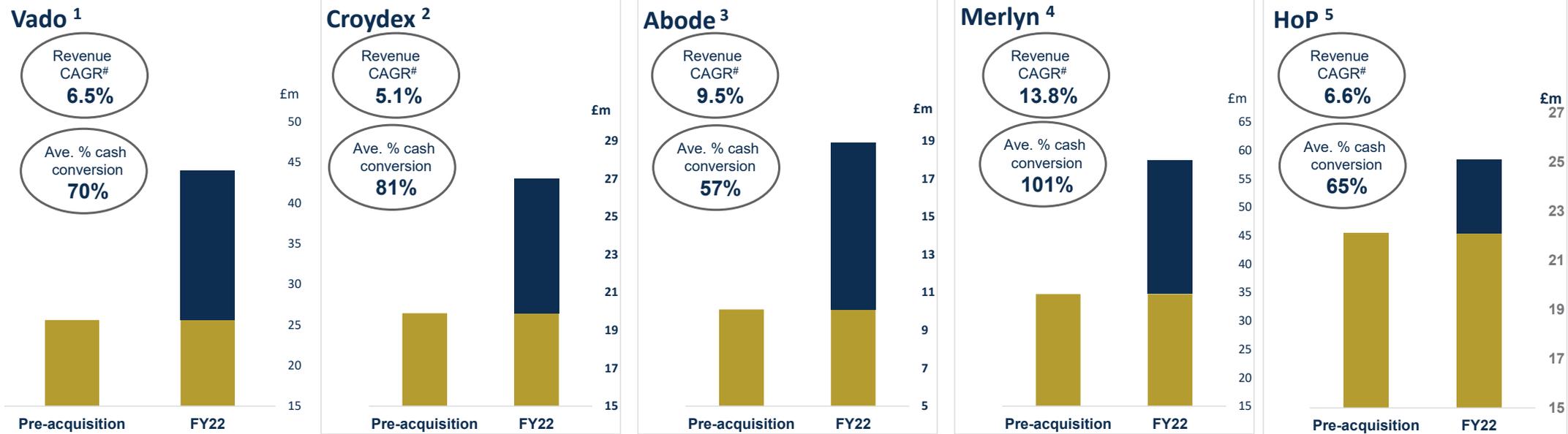
Norcros SA market leading positions; opportunity to take share from smaller players



Highly Successful Acquisition Record

	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 Referred 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

Pre-acquisition revenues as previously disclosed #CAGR calculated on FY21 v LTM to acquisition House of Plumbing Sales CAGR on constant currency basis

¹ Acquired 2nd April 2013

² Acquired 25th June 2015

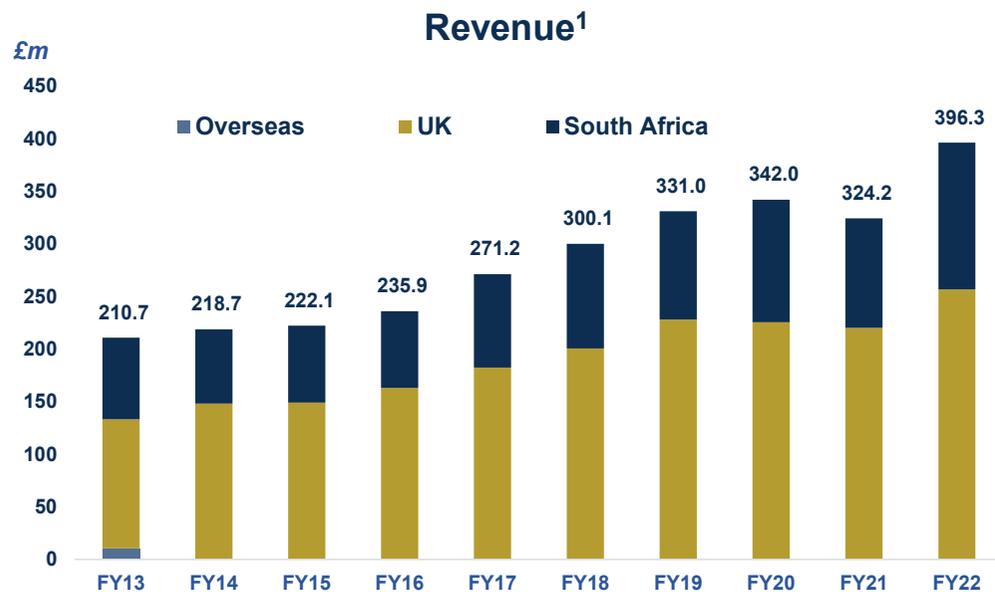
³ Acquired 1st April 2016

⁴ Acquired 23 November 2017

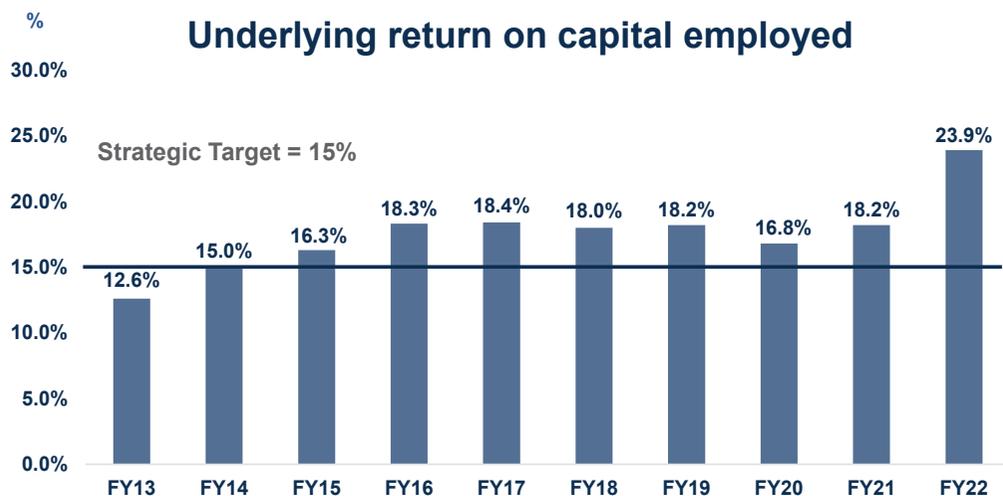
⁵ Acquired 1st April 2019



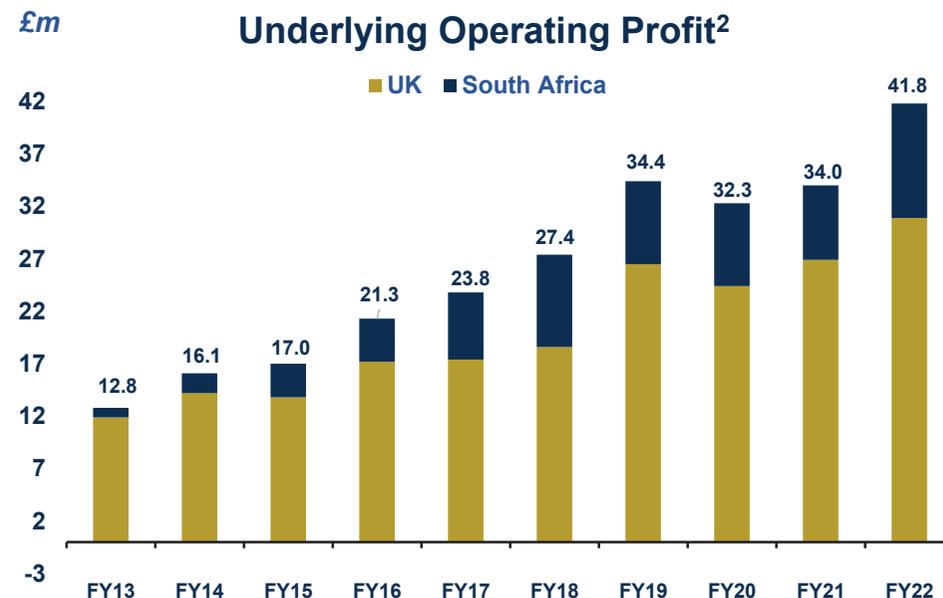
Track Record of Sustained Growth



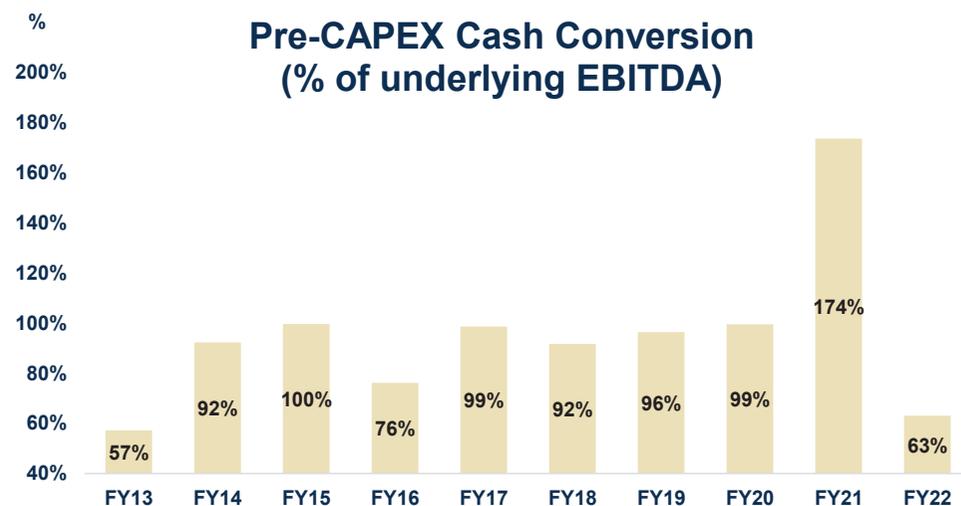
Organic growth enhanced by acquisitions



Strong Return on Capital – ahead of strategic target



UK profit growth & SA turnaround



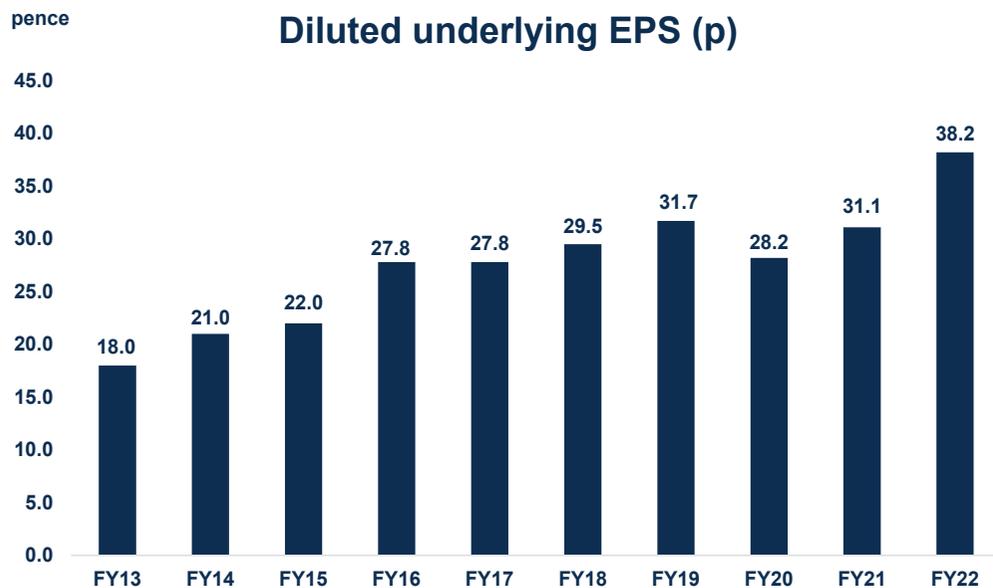
Consistently high cash conversion

¹ Reported - financial years ending 31st March, total Group includes Rest of World, ² % ROCE pre-IFRS-16 adjustments

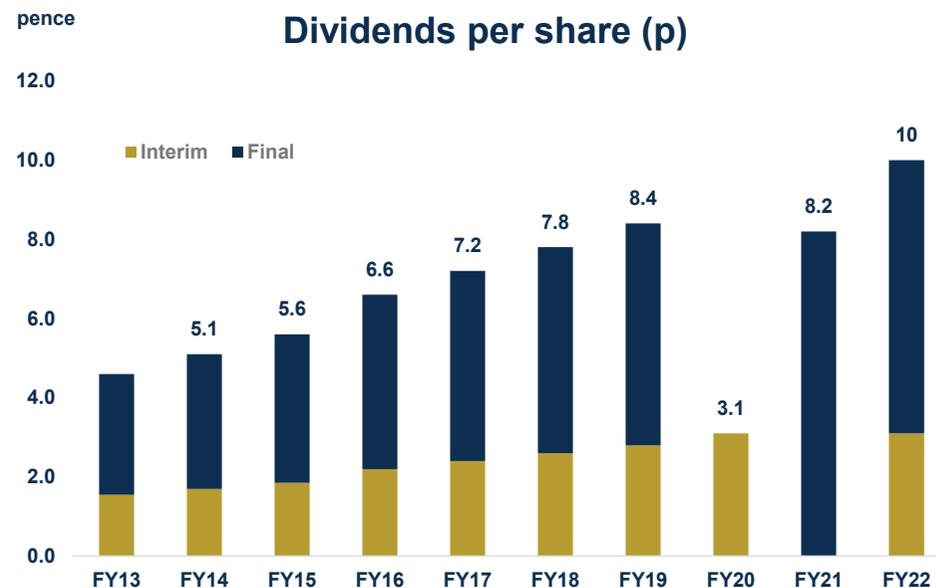
² Underlying Operating Profit Underlying means before exceptional operating items, IAS19R admin costs, acquisition related costs and where relevant, non-cash finance costs



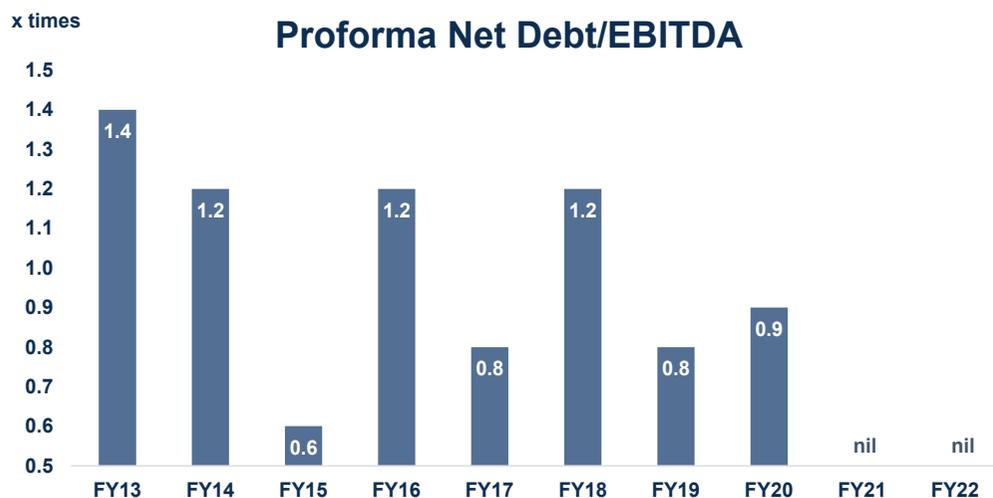
Track Record of Sustained Improvement



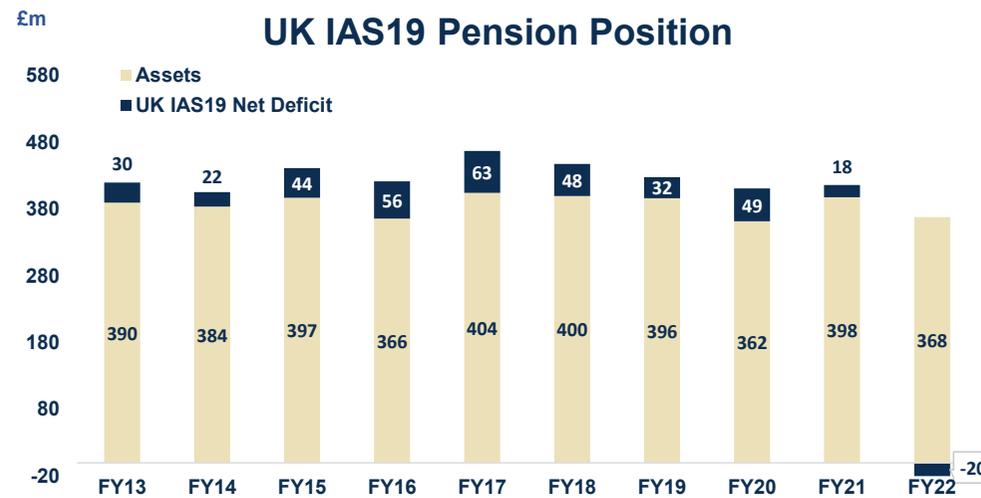
Solid EPS progress



Track record of progressive dividend growth



Conservative approach to gearing



FY22 - pension fund surplus of £20m

¹ Excludes further deferred tax assets totalling £4.4m recognised in 2014.



Diversified SA Channels

Retail

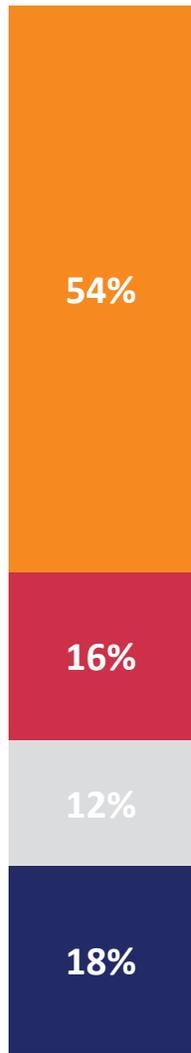
Small Tradesmen

Commercial and Supply & Fit

Export

SA Revenue Split FY22¹

Tile Africa
TAL
Johnson Tiles
House of Plumbing



Broad market coverage increasing market penetration & reduced customer reliance

¹ Financial year ended 31st March



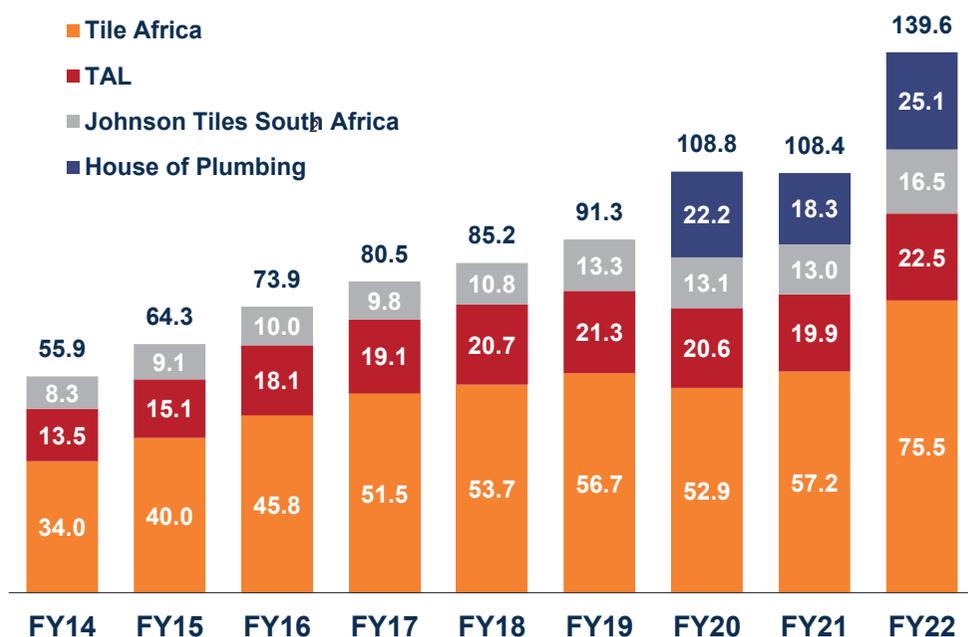
South Africa – Sustained Performance in Tough Markets

Norcros South Africa

- Strong heritage, market leading positions & strong brands
- Sustained robust financial performance & profitability in challenging markets
- Record of market outperformance – well positioned to take further share gains
- Resilience & strength of business model evidenced by response to CV-19 challenges

Well established market leading businesses

Revenue¹ (£m) – Constant Currencies

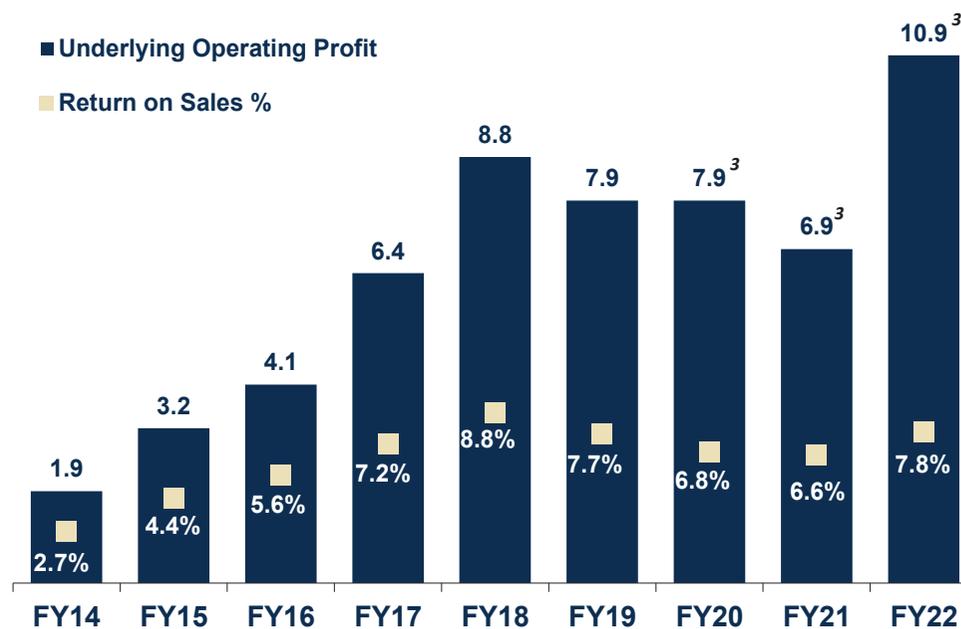


South African Dynamics

- Large economy & business friendly environment
- Long-term socio-economic dynamics favour our markets
- Shortage of housing & infrastructure ~ significant opportunity
- Large bathroom & plumbing products market ~ £1.2bn @ MSP

Favourable dynamics and medium-term potential

Underlying Operating Profit¹ (£m) & Return on Sales (%)
Constant Currencies



¹ Financial years ended 31st March;

² House of Plumbing acquired 1st April 2019;

³ IFRS 16 basis



Exceptional Items & Acquisition Related Costs

Exceptional items

	2022 £m	2021 £m	2020 £m
Release of UK Property Provision (Groundwell)	0.9	-	-
COVID-19 related restructuring	-	(3.8)	(9.0)
	0.9	(3.8)	(9.0)

Acquisition related costs

	2022 £m	2021 £m	2020 £m
Advisory fees	(1.1)	-	(0.8)
Intangible asset amortisation	(3.7)	(3.7)	(3.7)
Release of provision for contingent consideration	-	-	1.1
Acquisition related deferred remuneration (earn out)	-	-	(0.6)
	(4.8)	(3.7)	(4.0)

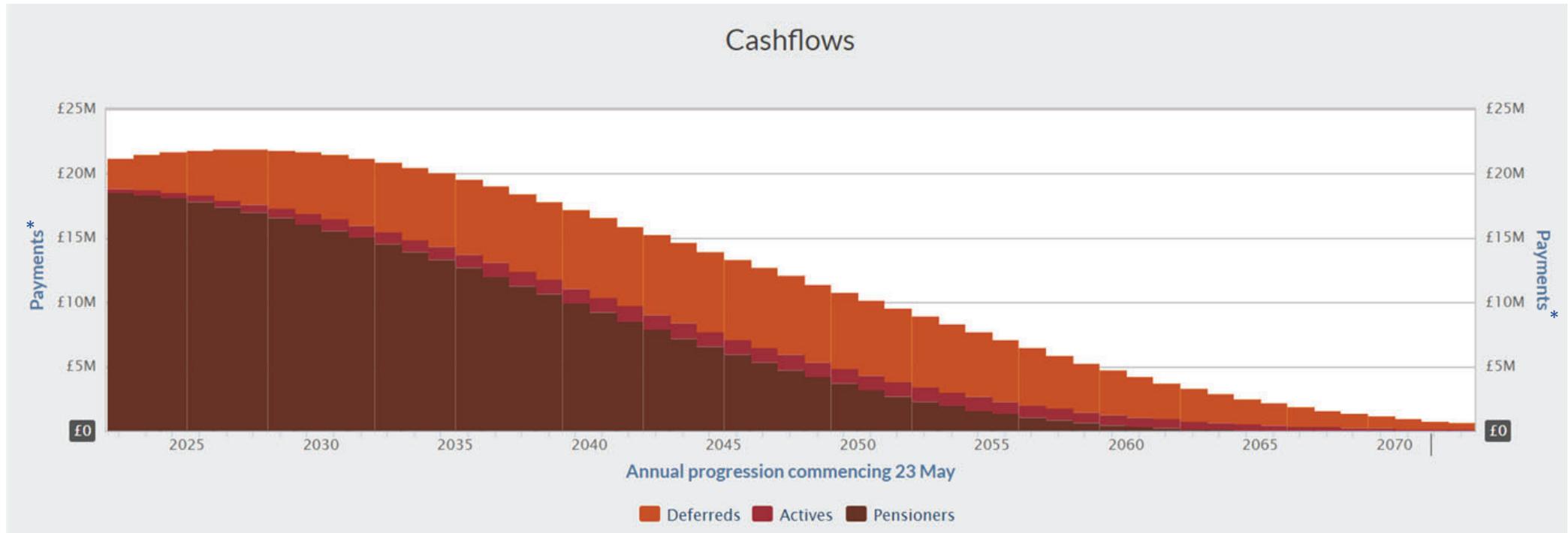
Net Debt Reconciliation



	2022 £m	2021 £m	2020 £m
Net cash/(debt) – opening	10.5	(36.4)	(35.0)
Net cash flow	(4.5)	46.5	0.4
Non-cash movements ¹	1.0	(0.2)	(0.2)
Foreign exchange	1.6	0.6	(1.6)
Net cash/(debt) – closing	8.6	10.5	(36.4)

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

UK Pension Cashflows



Pension cash outflow close to peak

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



NORCROS

Inspiring Living Spaces

Preliminary Results

Year ended 31 March 2022