



Acquisition of Grant Westfield⁽¹⁾

Analyst Presentation

May 2022



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Acquisition of Grant Westfield

Market leading designer, manufacturer and supplier of waterproof bathroom wall panels in the UK

Transaction overview

- Enterprise Value of £80m
 - Implied acquisition multiple of 7.9x 2021A Adjusted EBITDA⁽¹⁾
- Earnout of up to an additional £12.0m subject to achieving certain EBITDA targets⁽²⁾
- Initial consideration funded through equity placing raising gross proceeds of c.£19m (c.9.9% of ISC), with the remainder funded through bank debt

Compelling strategic rationale

- Acquisition consistent with Norcros' strategy to expand its bathroom product offer
- Market leading position and attractive returns from a highly cash generative business model operating in preferred channels
- Leading, differentiated product in attractive growth market
- Premium product with strong sustainability characteristics
- Significant growth opportunities

Significant financial benefits

- Expected to be double digit earnings enhancing in the first full year of ownership⁽³⁾
- ROIC expected to be in excess of Norcros' cost of capital in first full year of ownership⁽³⁾



Overview of Grant Westfield

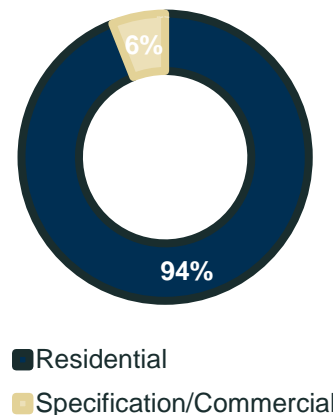
Leading UK supplier of premium bathroom wall panels

Business overview

- A leading UK designer, manufacturer and supplier of waterproof bathroom wall panels, operating under the renowned Multipanel brand
- Broad, sustainable product range offering with an increasing emphasis on expanding their premium and higher margin ranges
- Focus on and strong track record of new product innovation
- Manufacturers out of its Edinburgh facility and distributes nationwide, from its 10 UK depots⁽²⁾, and into Europe out of its German distribution hub
- Established relationships with merchants, independent retailers and buying groups – increasingly penetrating specification
- Experienced, ambitious management team with a strong track record of delivering consistent growth



Grant Westfield's channel profile⁽¹⁾



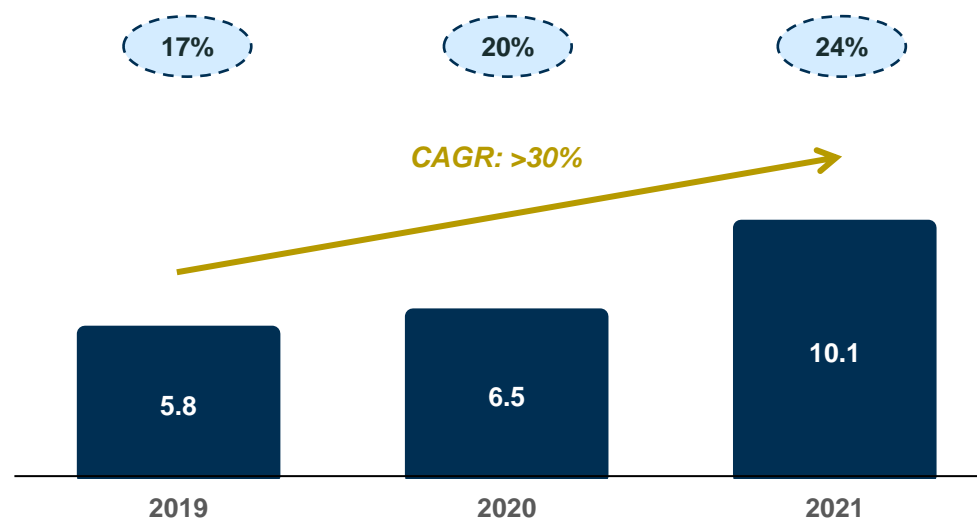
Residential includes:

- The RMI of residential properties, serviced through all sales channels (excluding specification)

Specification/Commercial includes:

- Sales to specification customers (either directly or through merchants)
- Commercial building projects i.e. new build residential, commercial properties (inc. RMI) and social housing (inc. RMI)

Adjusted EBITDA and margin (£m, %)⁽³⁾



Investment highlights



GRANT WESTFIELD
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1

Leading player in high growth bathroom wall panels subsegment

2

High quality product with a diversified selection of ranges

3

Strong product vitality and innovation track record

4

Opportunity to leverage Norcros' existing relationships

5

Diversified blue chip customer base

6

Consistent organic growth and increasingly profitable

7

Significant financial benefits for Norcros shareholders⁽¹⁾

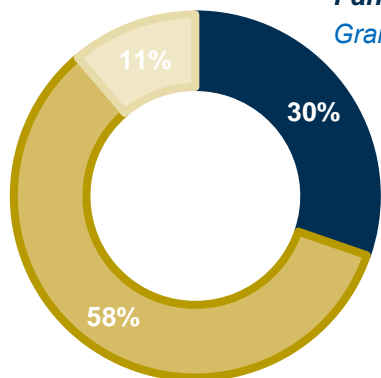
8

Significant organic growth opportunities

Leading player in high growth bathroom wall panels subsegment

UK bathroom wall coverings market^(1,2,3)

Total Addressable Market (Norcros Est): c.£330m
Panel Segment (Norcros Est): c.£100m
Grant Westfield's market share of panels c.40%



■ Wall panels ■ Wall tiles ■ Stone (wall)

Market growth drivers and trends

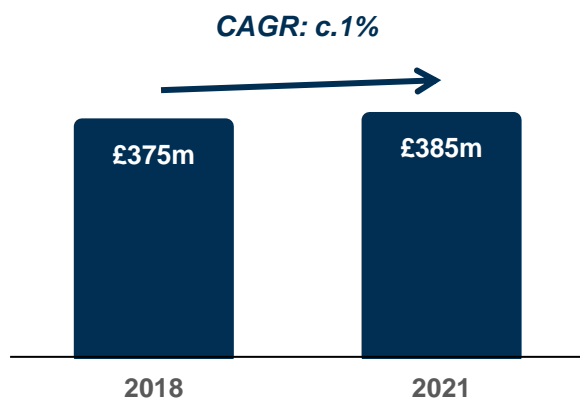
Wall coverings

- Continued growth in domestic bathroom expenditure
- Housebuilding spend expected to remain robust and offer growth potential

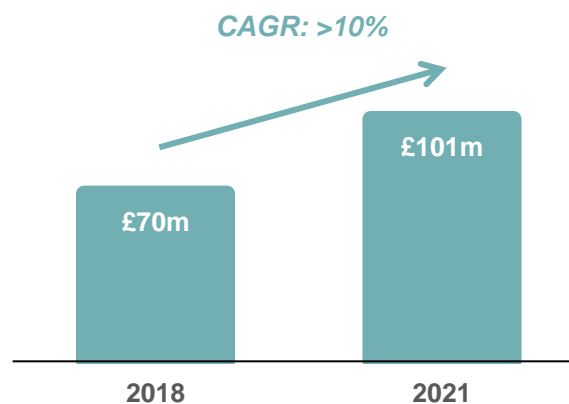
Panels segment

- Ease and speed of installation relative to alternatives
- High product quality – waterproof, durable and improved aesthetic
- Low total lifetime cost, including low and cost effective maintenance

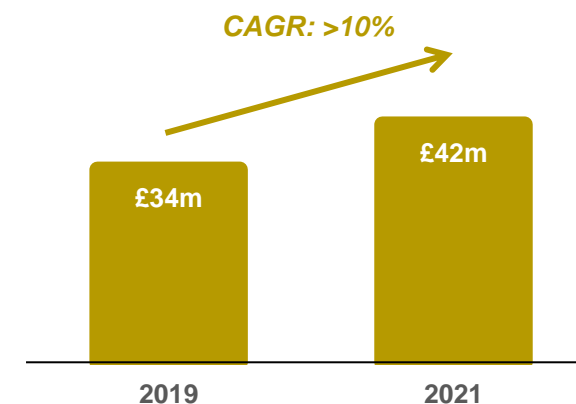
UK tile market growth (2018-21)⁽⁴⁾






























UK panel market growth (2018-21)⁽³⁾



Grant Westfield revenue growth (FY19-21)⁽²⁾



Diversified blue chip customer base

	% FY21 sales	Customer examples
Merchants	41%	     
Independent retail	30%	  
Major buying groups	15%	  
Specification	6%	     
Digital & online	4%	   
Europe	4%	    

Blue chip customer base across National / Regional Merchants, Specification and Online

Top 20 customers account for 68%⁽¹⁾ of sales

Grant Westfield has an 80%⁽²⁾ Net Promoter Score

74%⁽¹⁾ of sales from long term customers

Regional expansion opportunity in UK and Europe

Significant opportunity to grow: Specification, Social Housing and DIY

High quality product with a diversified selection of ranges




- A premium product with an improved aesthetic – a modern alternative to ceramic tiles



- Cost effective option and easy to install relative to alternatives



- 'Tongue & Groove Hydrolock' connection allows panels to be joined without a mid-joint, creating a discreet, waterproof join

	Range Description	Year of launch	% of Grant Westfield's Revenue ⁽¹⁾
	<i>Classic</i>	The leading and original range – reasonably priced with various finishes	Legacy 41%
	<i>Linda Barker</i>	Exclusive, designer range curated by interior designer Linda Barker	2018 26%
	<i>Heritage</i>	Contemporary collection incorporating with a range of wood textiles and gloss finishes	2018 5%
	<i>Neutrals</i>	Aimed at replicating look of painted walls available in stone, marble and wood textures	2020 4%
	<i>Tile Effect</i>	Newly launched Tile Effect range – premium collection which is a grout free alternative to tiles	2022 n.a.

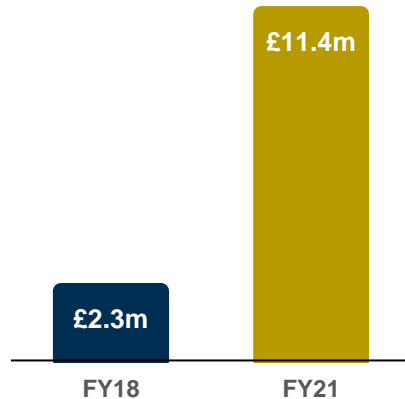
Remaining 24% of Grant Westfield revenue includes the discontinuing Reflect and Economy ranges and revenue from Flooring & Ceiling Panels, Extrusions and Sealants

Strong product vitality and innovation track record

Track record of continued product innovation

Linda Barker

Revenue from Linda Barker wall panel sales⁽¹⁾



- Exclusive designer range launched in 2018, curated by renowned designer Linda Barker
- Premium wall panel product with marble, granite and wood finishes
- Rapid revenue growth, now accounting for c.26% of Grant Westfield's FY21 revenue⁽¹⁾
- Demonstrates Grant Westfield's ability to leverage brand quality to achieve premium pricing

New product launch in 2022: Tile Effect



































Tile Effect

- Successful launch in Q2 2022, the new premium wall panel collection targets customers who want to retain the look and feel of tiles
- Retains all the key benefits of Multipanel wall panels and is particularly attractive to the specification market



Opportunity to leverage existing relationships

Modular market case study

Modular & Pod Manufacturers	Norcros brands associated
	   
	   
	  
	   
	
	
	 
	
	
	

Modular building and bathroom pods

- High growth sector driven by market tailwinds:
 - Focus on cost efficiency
 - Simplified procurement
 - Superior quality control
 - Waste reduction and improved ESG profile
 - Safer worksites
 - Increased design flexibility

Grant Westfield & Norcros: a 'one-stop-shop'

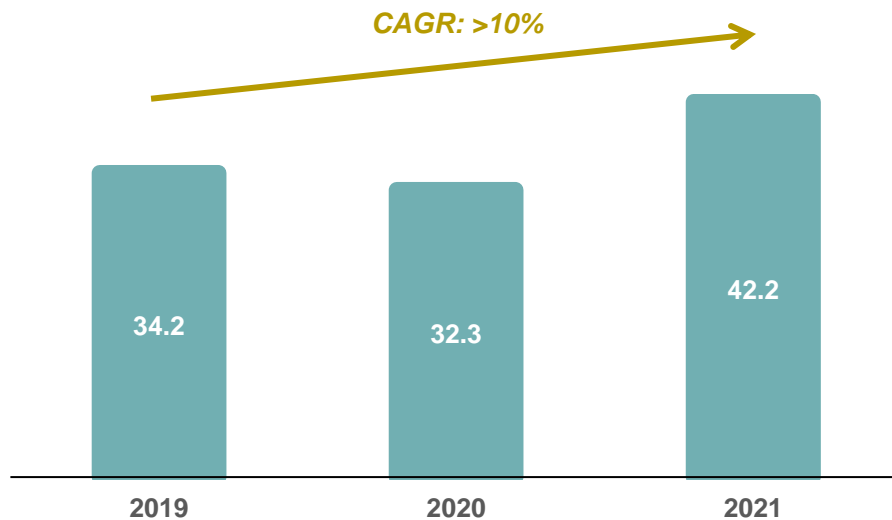
- Norcros has significant penetration into the modular building and bathroom pod sector
- Grant Westfield's wall panels are well suited to the modular build
- Opportunity to increase the distribution of wall panels through Norcros' established modular sales channels

Consistent organic growth and increasingly profitable

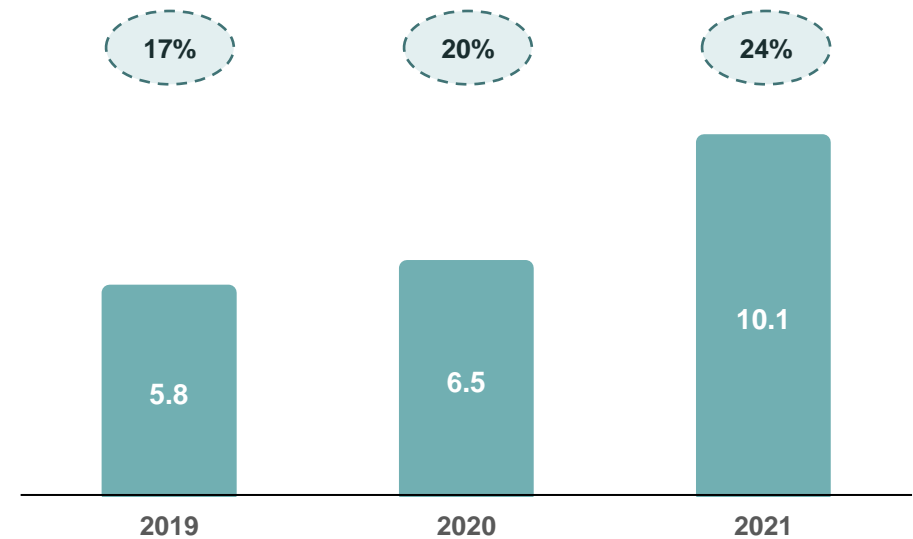
Financial overview

- Strong track record of organic revenue and EBITDA growth
- Demonstrated resilient performance through Covid period
- Growing and sustainable EBITDA margin
- Margin improvement driven by operational efficiency gains and continued new product development
- Highly cash generative (c.100% average FY19-21)⁽²⁾ due to low capital intensity
- Trading in-line with management expectations for the three months ended 31 March 2022

Revenue and CAGR (£m, %)⁽¹⁾



Adjusted EBITDA and margin (£m, %)⁽²⁾



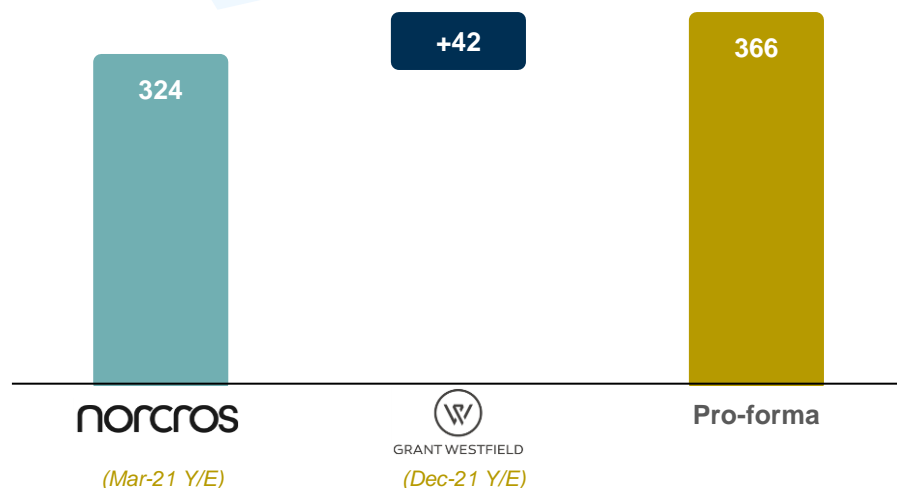
Significant financial benefits for Norcros shareholders

Compelling financial case

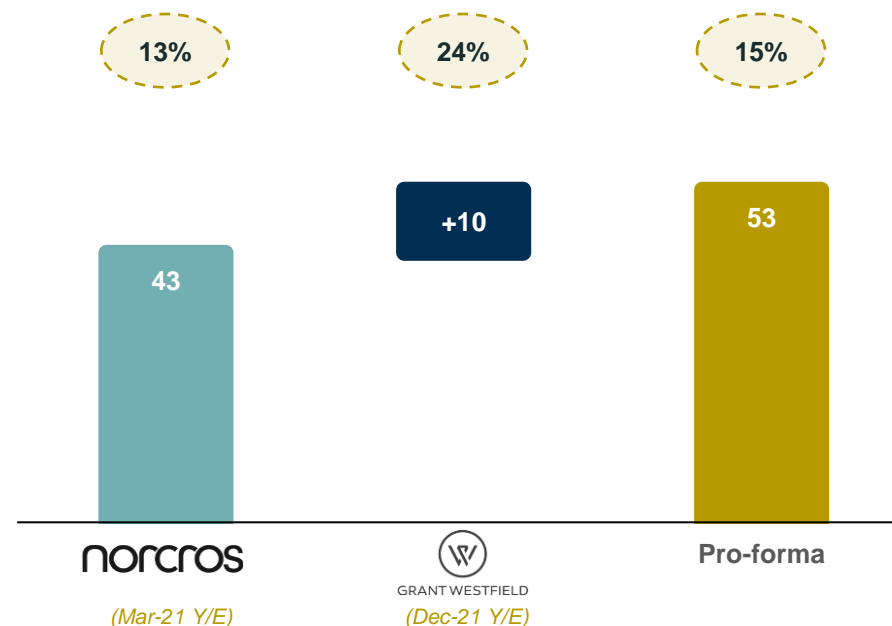
- Double-digit EPS accretion expected in the first full financial year of ownership⁽¹⁾
- Acquisition is enhancing to the Group's EBITDA margin
- Retains the Group's high cash conversion due to low capital intensity⁽²⁾
- ROIC expected to be in excess of Norcros' cost of capital in first full year of ownership⁽¹⁾
- Pro-forma 2022E leverage expected to be c.1.0x⁽³⁾

Revenue (£m)⁽⁴⁾

Norcros' FY22 revenue expected to be in the region of £396m⁽⁶⁾



Adjusted EBITDA and margin (£m, %)⁽⁵⁾



Funding, post transaction balance sheet and integration

Financing

- Enterprise Value of £80m, excluding an earnout of up to an additional £12m⁽¹⁾
- Transaction financed through a combination of an equity placing, existing cash and committed debt facilities
 - Equity placing raising gross proceeds of c.£19m (c.9.9% of ISC)
 - Remainder funded through bank debt from recently refinanced £130m Revolving Credit Facility
 - Pro-forma 2022E leverage expected to be c.1.0x⁽²⁾
 - Maintains financial flexibility


Integration

- Integrated as stand-alone business unit and led by existing and highly experienced management team






Significant organic growth opportunities

Grant Westfield offers strong organic growth prospects through:

-  Ongoing market penetration – based on attraction of wall panels – through new product development
-  Scope to increase exposure to UK new housing (private and social), modular and DIY channels
-  Geographic expansion of Grant Westfield in the UK and Europe
-  Utilisation of existing manufacturing capacity

Grant Westfield as part of Norcros offers;

-  Opportunity to cross-sell based on 'one-stop-shop' approach across Norcros' existing distribution channels
-  Increased capability to leverage group products into new housing and modular markets
-  Ability to leverage Norcros' expertise to drive operational efficiency gains

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Compelling strategic rationale

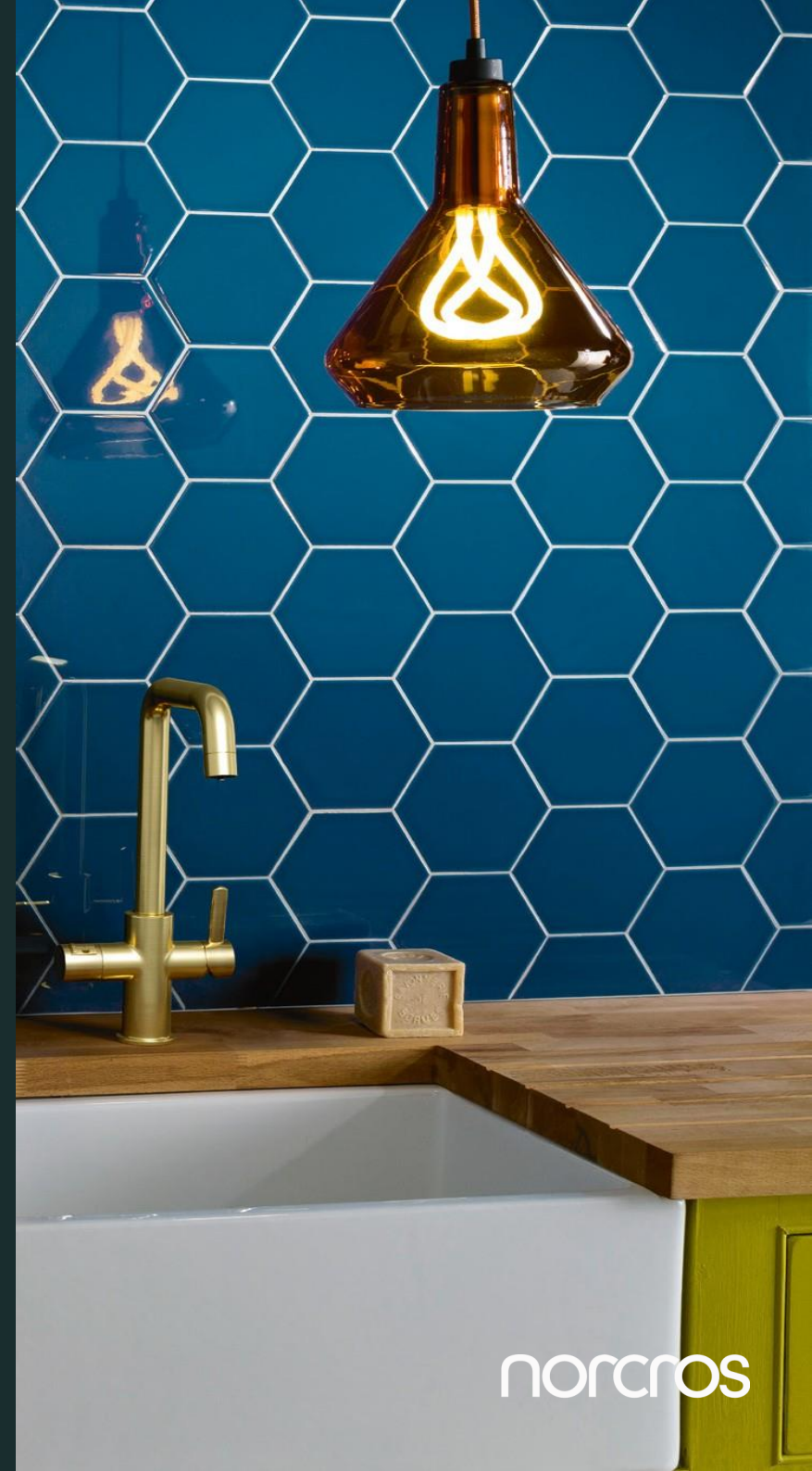
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Appendix



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Group strategy and successful M&A track record

