Norcros plc

Interim Results

Six Months to 30 September 2013

Introduction

Martin Towers
Chairman

Highlights

- Revenue increased by 16.3% on a constant currency basis
- Underlying operating profit[2] increased by 3.5%
- Significantly improved underlying operating cash[3] generation : 102% of underlying EBITDA
- Further progress on legacy leaseholds – Groundwell sublet to 31 December 18
- Interim dividend up 9.7%

Revenue[1]

£116.7m +16.3%

Underlying operating profit[2]

£6.8m +3.5%

Underlying operating cash[3]

£10.1m +206%

Dividend

0.17 pence +9.7%

1 On a constant currency basis
2 Underlying operating profit is operating profit before exceptional operating items and non underlying operating items
3 Underlying operating cash is cash generated from operations before cash flows from exceptional items and pension deficit recovery contributions

Financial Review

Martin Payne

Group Finance Director

Income Statement

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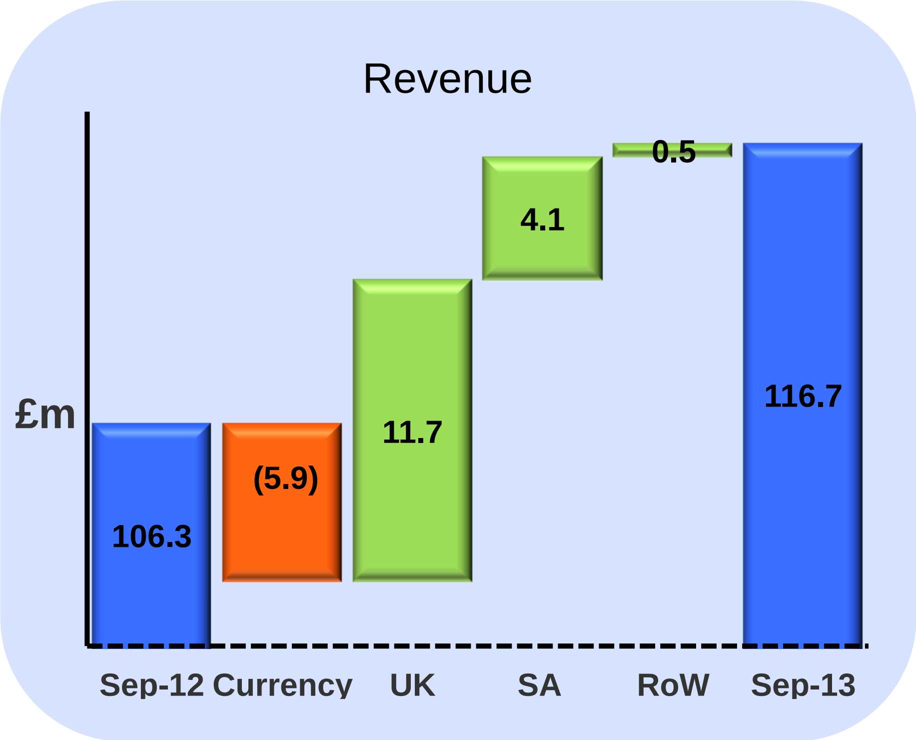
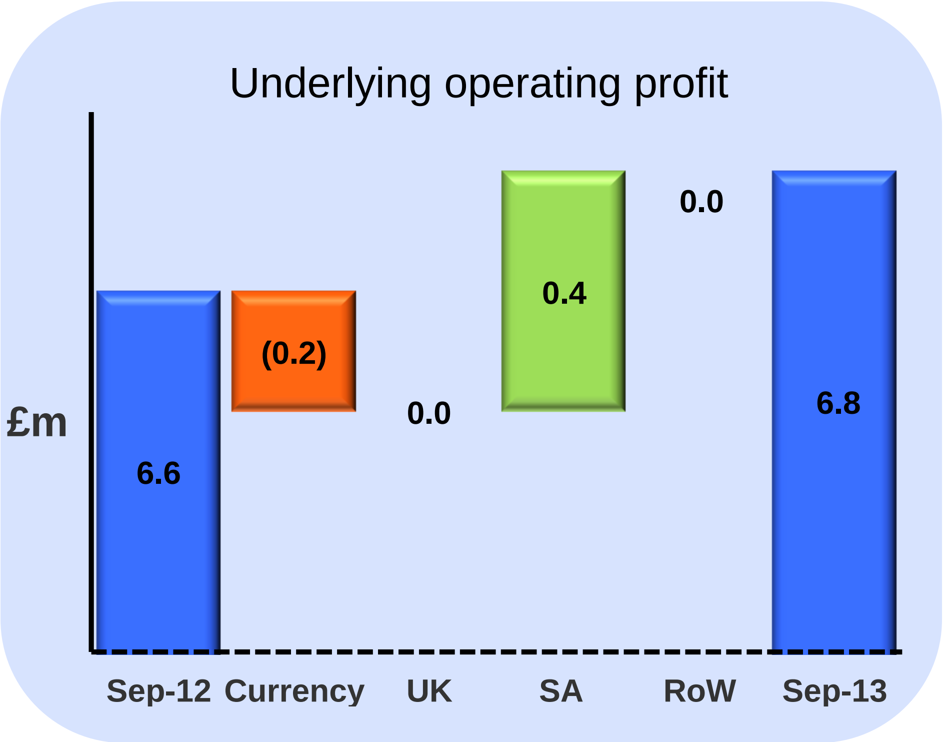
	26 weeks Sept 2013 £m	26 weeks Sept 2012[3] £m	+/- Reported	+/- Constant Currency	52 weeks Mar 2013[3] £m
Revenue	116.7	106.3	+9.8%	+16.3%	210.7
Underlying[1] operating profit	6.8	6.6	+3.5%	+6.5%	13.0
Margin	*5.8%*	*6.2%*			*6.2%*
Finance charges – cash	(0.7)	(0.6)			(1.3)
Underlying[1] PBT	6.1	6.0	+2.3%	+4.9%	11.7
Exceptional operating Items	(1.2)	-			(4.4)
Non underlying operating items[2]	(1.0)	(0.7)			(1.5)
Finance charges – non cash[4]	(3.4)	(0.9)			(0.4)
PBT as reported	0.5	4.4			5.4

1 Underlying means before exceptional operating items, non underlying operating items and where relevant, non cash finance costs
2 Non underlying charges include IAS19R pension administration costs and intangible amortisation
3 Restated for IAS19R
4 £2.3m higher charge for "mark to market" on FX forward contracts

Income Statement – key bridges

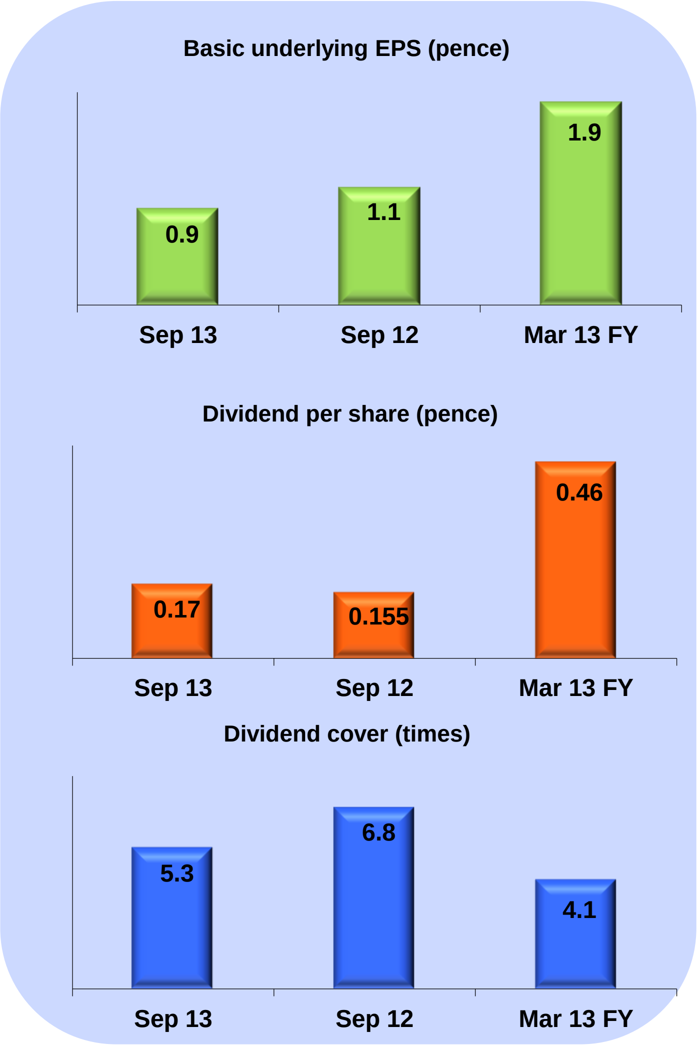




Tax, Earnings and Dividends

	Underlying[1]			Reported		
	Sept 2013 £m	Sept 2012 £m	Mar 2013 £m	Sept 2013 £m	Sept 2012 £m	Mar 2013 £m
Profit before Tax	6.1	6.0	11.7	0.5	4.4	5.4
Tax (charge)/credit	(0.8)	0.1	(0.7)	-	0.4	0.2
Earnings	5.3	6.1	11.0	0.5	4.8	5.6
Effective Tax rate	14%	n/a	6%	-	n/a	n/a

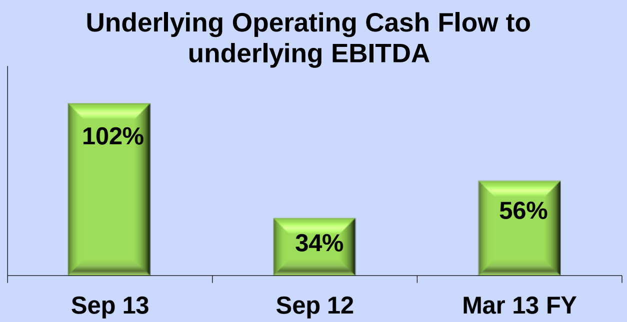
- Effective underlying tax rate 14%
- Basic underlying[1] EPS at 0.9p
- Interim dividend up 9.7%

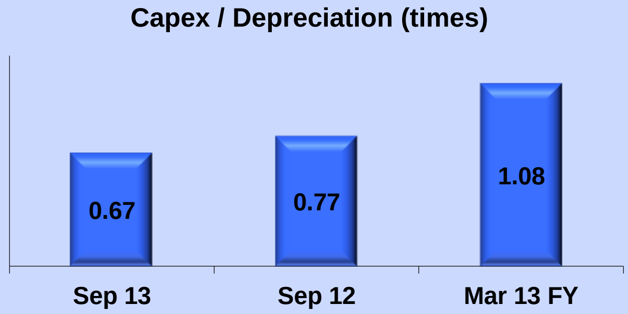


1 Underlying means before exceptional operating items, non underlying operating items, non cash finance costs, and where relevant after attributable tax

Cash Flow

	26 weeks Sept 2013 £m	26 weeks Sept 2012 £m	52 weeks March 2013 £m
Underlying EBITDA	**9.9**	**9.7**	**19.2**
Working Capital	(0.2)	(6.9)	(7.7)
Other	0.4	0.5	(0.7)
Underlying operating cash	**10.1**	**3.3**	**10.8**
Capital Expenditure	(2.1)	(2.4)	(6.7)
Proceeds from property disposal	1.4	1.1	2.5
Pension deficit recovery	(1.0)	-	(2.0)
Tax	(0.4)	(0.3)	(1.0)
Underlying free cash flow pre financing and dividends	**8.0**	**1.7**	**3.6**
Exceptional costs	(2.6)	(1.2)	(2.2)
Interest	(0.8)	(0.6)	(1.3)
Dividends	(1.8)	(1.6)	(2.5)
Cash costs of acquisition	0.1	-	(10.6)
Other	(0.3)	0.1	0.2
Net Cash Flow	**2.6**	**(1.6)**	**(12.8)**





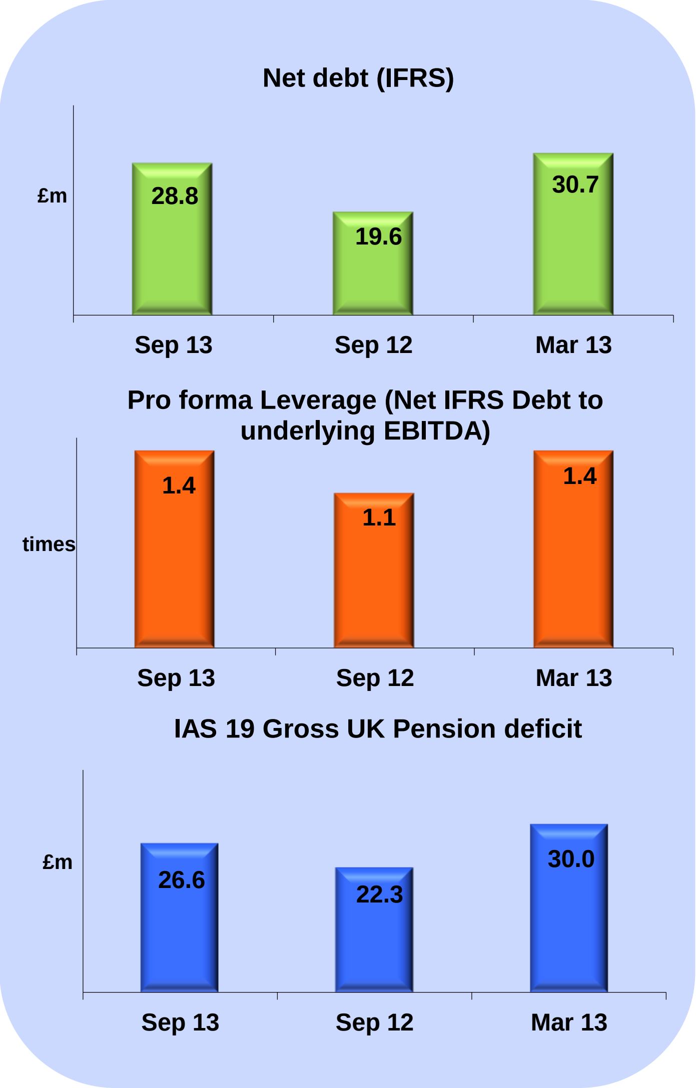
Balance Sheet

- Lower debt; leverage 1.4x underlying EBITDA

- IAS19R Pension deficit decreased to £26.6m
  - Recovery plan payments of £1.0m in H1
  - 4.3% discount rate
  - 3.1% RPI / 2.1% CPI

- WM Morrison / Highgate Park development
  - Planning consent obtained
  - Slower than anticipated progress

- Swindon / Groundwell lease
  - Sublet to 31 Dec 2018
  - Reduction in net cash outflow on legacy leases by c. £4.0m p.a. over the 5 year period from 1 April 2014



Operating Review

Nick Kelsall

Group Chief Executive

Business Overview - Focused and market leading group

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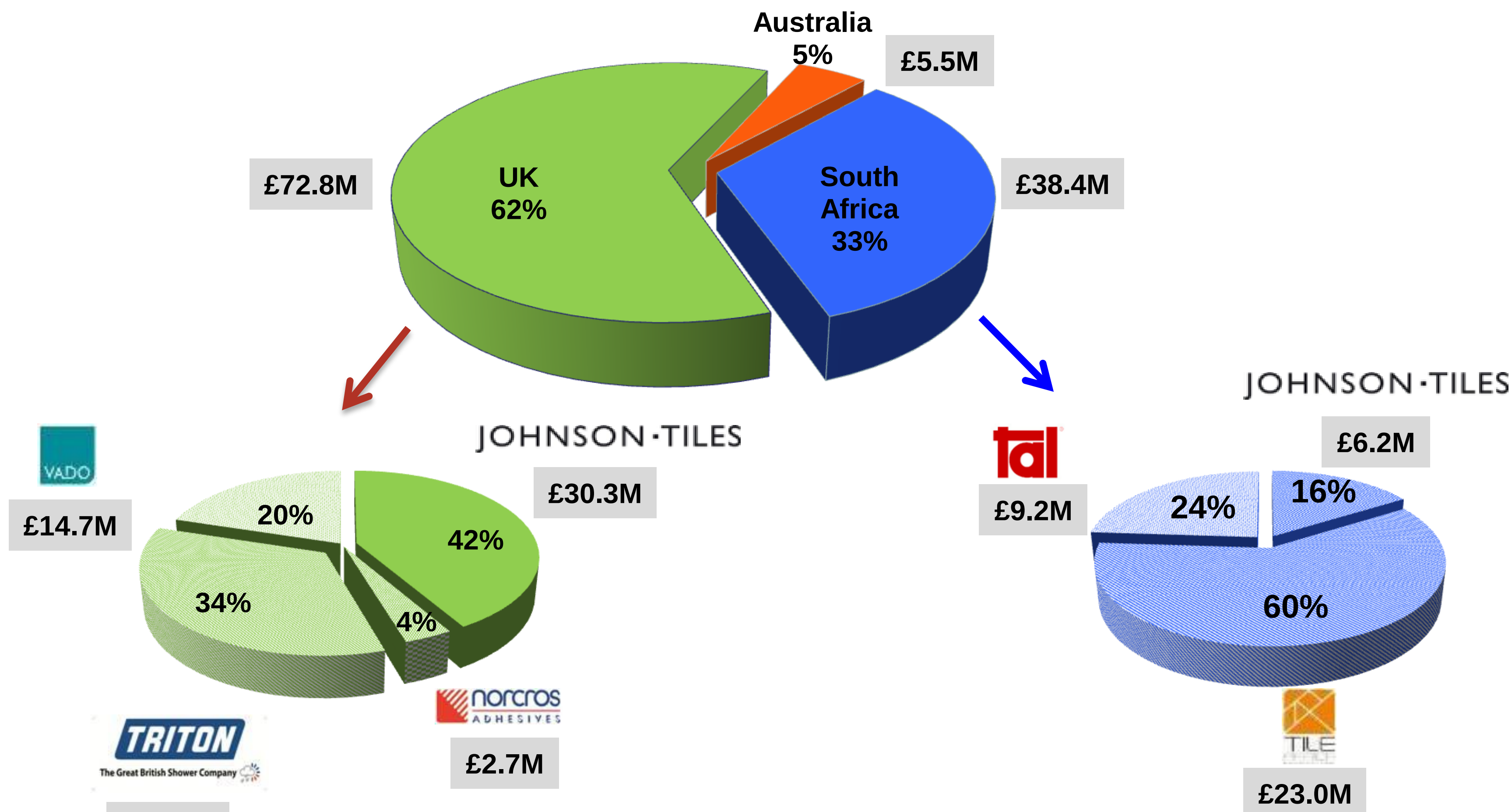
Group Revenue – 6 months to 30 September 2013: £116.7m



Revenue Growth @ constant currency:

Group	+16.3%
UK	+19.1%
SA	+12.1%
Australia:	+10.3%

UK Operations – Solid performance in challenging markets

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TRITON
The Great British Shower Company

Overall Revenue	+1.5%
• UK	+1.5%
• Exports	+1.3%

- UK market volume now flat versus March 2013 -5%
- Outperformance in trade and retail; share gain
- Exports – Irish market bottoming out
- Q1 impacted by retail destocking; Q2 much stronger – revenue +12%
- Successful launch of T80Z fast fit and digital product
- Margins improved; profits higher reflecting higher revenues and mix
- Excellent level of cash generation maintained

UK Operations – Solid performance in challenging markets

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VADO

Overall Revenue	+14.1%
• UK Revenue	+26.1%
• Export	+ 1.9%

- Q1 overall revenue +9.3%; Q2 +19.2%
- Performance strong in UK trade and retail
  - Retail Partnership Programme
  - Merchant buying groups
- Export performance impacted by destocking and contract timing
- Profit marginally up; continued sales & marketing investment for future growth
- Strong UK pipeline for H2 building on Q2 momentum
- 2 new ranges of taps and showers to be launched in H2

UK Operations – Solid performance in challenging markets

JOHNSON·TILES

Overall Revenue -11.3%

- UK -15.4%
- Exports +30.5%

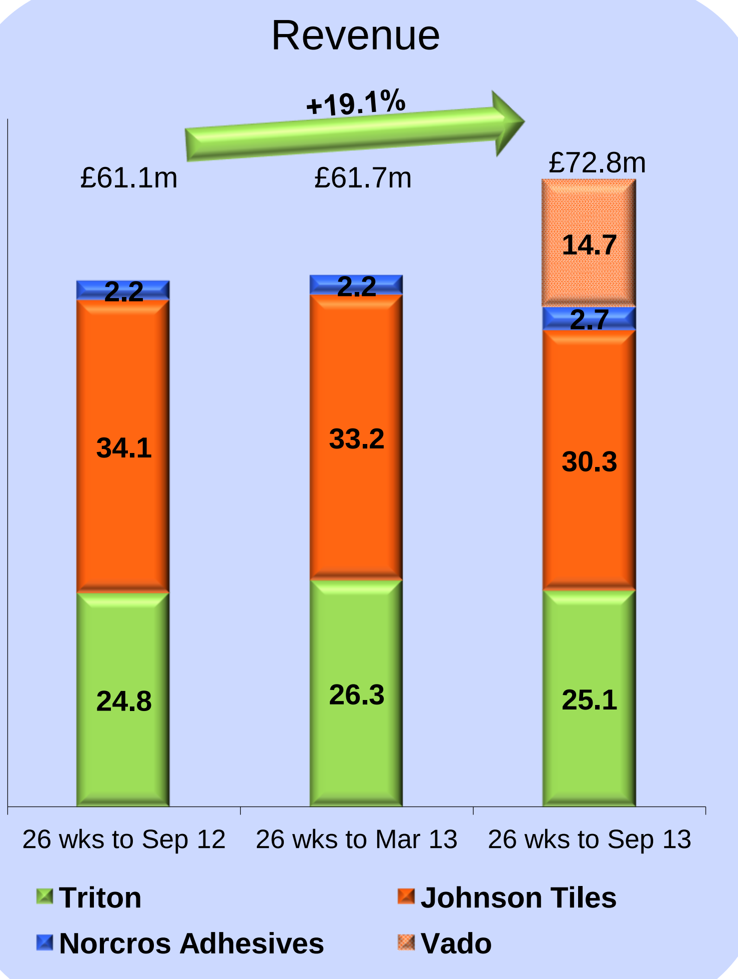
- ➢ UK sales decline – B&Q range review prior year and retail destocking
- ➢ Core DIY business ahead - market share gain in B&Q
- ➢ Trade business in line; improving in Q2
- ➢ Export growth very strong, driven by France and Middle East
- ➢ Operating loss in H1; lower revenues, higher energy costs and production inefficiencies
- ➢ Restructuring programme implemented; benefits in H2

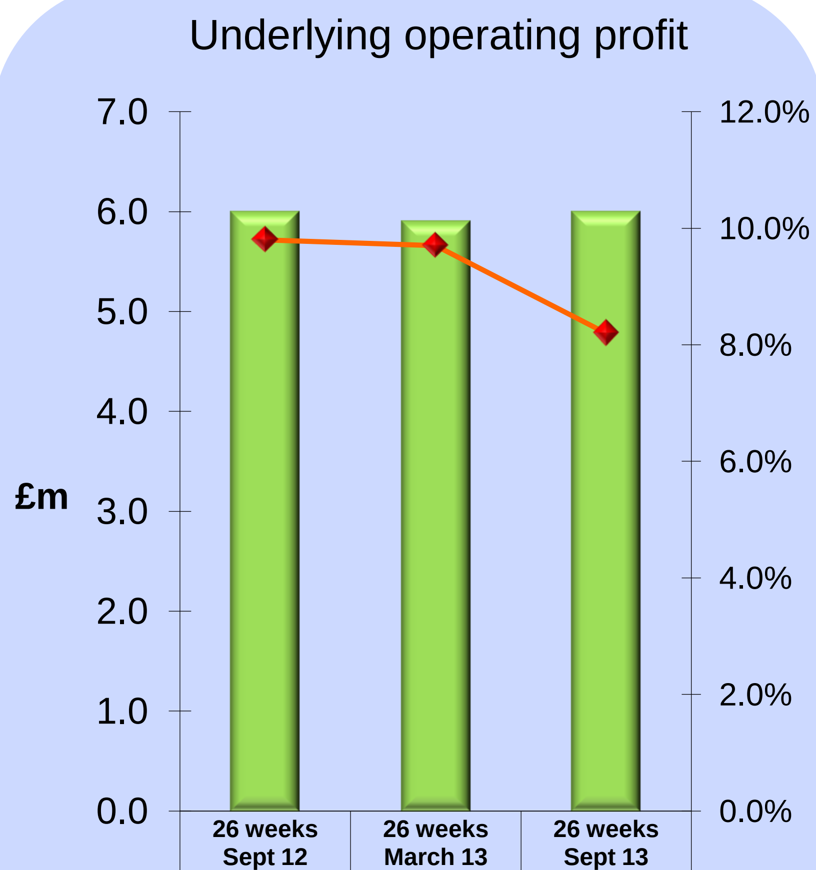
UK Operations – Solid performance in challenging markets

Overall Revenue +22.2%

- Increased share in difficult market
- Further penetration of distributor accounts
- Pull-through of housebuilder business
- Screwfix account gaining momentum
- Continued new product introductions; Tile to Gypsum and Pro 50 Self Leveller
- Increase in profitability
- Increased customer and product reach

UK Operations – Solid performance in challenging markets





	26 weeks Sept 12	26 weeks March 13	26 weeks Sept 13
Profit	6.0	5.9	6.0
ROS%	9.8%	9.7%	8.2%

SA Operations – Continuing progress

JOHNSON·TILES

Overall Revenue +31.1% at constant currency

- Strong growth in independent and export markets
- Significant reduction in operating loss
  - Benefits of prior year restructuring and management changes
  - Production costs lower despite higher input costs
- Growth opportunities in specification and exports
- Phase 2 of turnaround programme:
  - Imported product to create "one stop shop"
  - Inkjet and larger product sizes
  - Enrich mix and improve average selling price

SA Operations – Continuing progress

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tal

Overall Revenue +4.0% at constant currency

- Like for like +19.5% (exc Nortec disposal)
- Export +46.5%

➢ Strong growth in Builder’s Warehouse and Union Tiles

➢ Operating profit higher and cash generation strong

➢ Investment in best in class laboratory in H1

➢ Plans to increase plant capacity in Q4 to meet expected demand

➢ Further focus on widening geographic and product base

- Nigeria/Kenya
- Pourable floor coverings

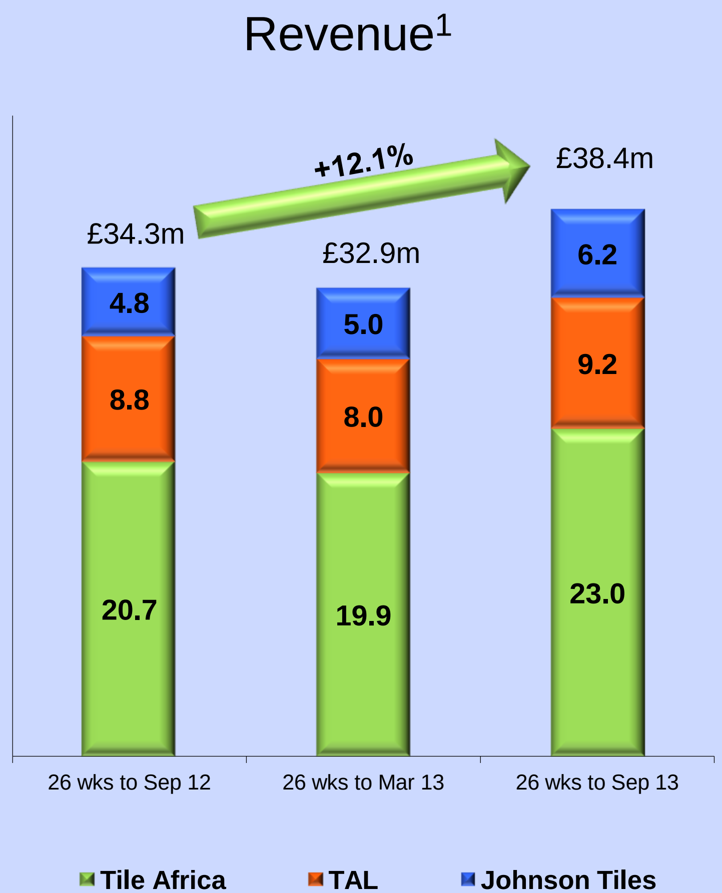
SA Operations – Continuing progress

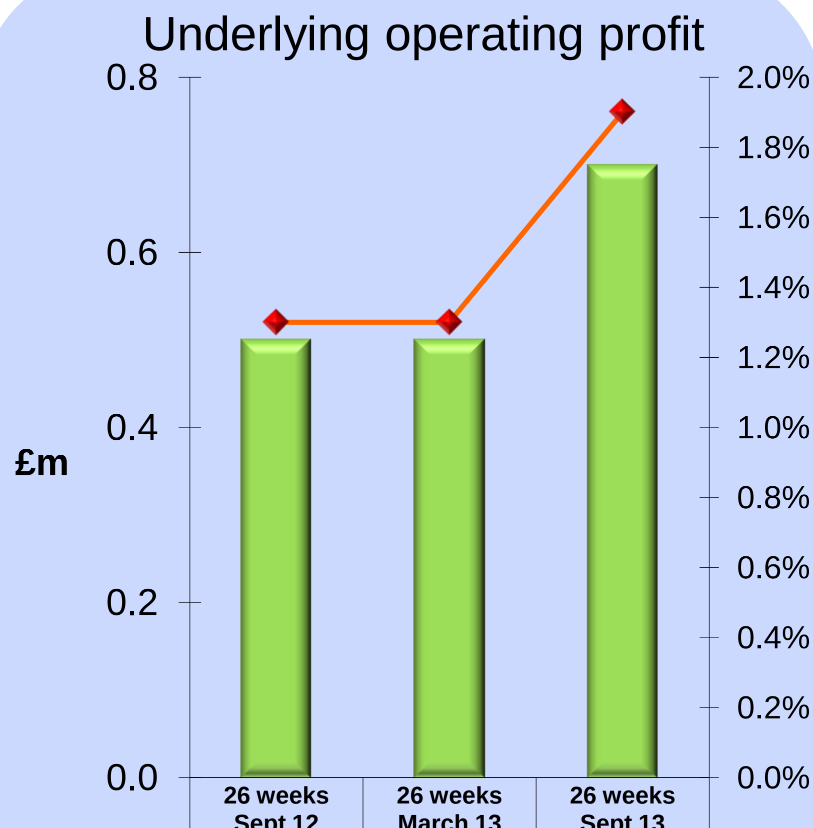
TILEAFRICA
OUR HOME IS YOUR HOME

Overall Revenue +11.2% at constant currency

- Benefits of improved in-stock levels in store
- Increased investment in marketing
- Imported product to increase depth of offer
- Underlying profit higher than last year
- Strong regional footprint
  - 21 out of 29 stores upgraded
  - New store update: 2 in FY15, 1 in FY16
- Grow bathroom category
  - Move to direct sourcing/Vado benefit

SA Operations – Continuing progress





	26 weeks Sept 12	26 weeks March 13	26 weeks Sept 13
Profit	0.5	0.5	0.7
ROS%	1.3%	1.3%	1.9%

[1] At constant currency

Group Strategy Update

Nick Kelsall

Group Chief Executive

Group Strategy – Faster and focused growth agenda

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Growth Target

* Double revenues by 2018
  - Organic and acquisition
  - Maintain 50% revenue derived from overseas
* Focus on sectors with highest returns

Organic

* Market leading positions
* Strong trade and consumer brands
* Breadth of distribution
* 5-10% pa potential

Acquisition

* Complementary industry segments/ geographical
* Bathroom controls and associated products
* Building/construction adhesives
* UK, SA, Sub-Saharan Africa and Middle East
* c£120M-c£80M revenue to be acquired

Returns Target

* Sustainable pre-tax ROCE 12-15%
* Improve returns from under-performing segments
* Invest in sectors with highest shareholder value return

Group Strategy - Update

- Range of Vado revenue synergies have been identified

- Clearer view of scale once products are launched
  - Benefits to flow in FY 14/15
  - Further update at full year

- Business plan being developed for Adhesives in wider Sub -Saharan Africa
  - Market research undertaken
  - Nigeria - greenfield manufacturer
  - Kenya - via distribution
  - Markets currently small, but conversion will drive high levels of growth

Summary & Outlook

Solid H1 results in difficult markets

Q2 performance encouraging

Market conditions improving in UK/ South Africa

Further progress in H2

Clear and Focused Growth Strategy

Appendices

UK Pension scheme

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- Assets under management - £381m

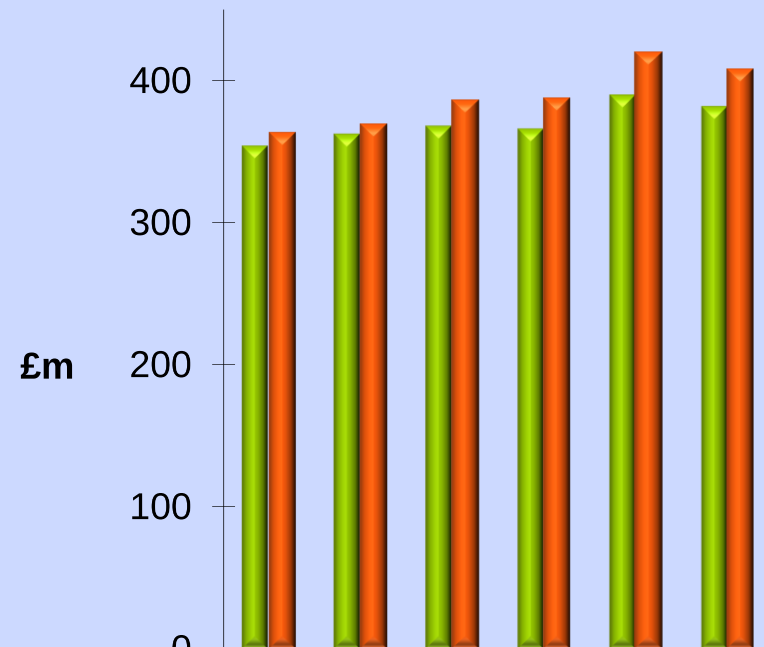
- Scheme closed to new entrants and future accrual from April 13 - stops future build up of liabilities

- Mature Scheme; 10,155 members
  - Pensioners (62%), Deferred (38%)
  - Average age of pensioners is 76

- Actuarial valuation as at March 31 2012 agreed
  - Deficit £61.9m
  - Recovery Plan 15 years at £2.0m per annum + CPI, from March 13

- Sept 13 IAS19 deficit of £26.6m based on:-
  - 4.3% discount rate
  - 3.1% RPI / 2.1% CPI

UK Pension IAS 19 Assets & Liabilities



	Mar-10	Mar-11	Mar-12	Sep-12	Mar-13	Sep-13
Assets	354	362	368	366	390	381
Liabilities	363	369	386	388	420	408

Exceptional and non underlying operating items

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	Sept 2013 £m	Sept 2012 £m	March 2013 £m
Exceptional operating items			
Increase in legacy leasehold provision	-	-	(3.0)
Business unit restructuring	(1.5)	-	(0.2)
Disposal of Nortec in TAL business	-	-	(0.3)
Disposal of former Nortec site in TAL business	0.5	-	-
Acquisition related deferred remuneration (Earn out)	(0.2)	-	-
Vado acquisition costs	-	-	(0.9)
	(1.2)	**-**	**(4.4)**
Non underlying operating items			
IAS19 R pension administration charges	(0.8)	(0.7)	(1.5)
Intangible amortisation (Vado)	(0.2)	-	-
	(1.0)	**(0.7)**	**(1.5)**

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
  - Sublet to 31 Dec 2018 (Network Rail Infrastructure Ltd)
  - Current cash shortfall c. £1.0m p.a, reducing to c. £0.2m p.a from April 2014

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

Net debt reconciliation

	Sept 2013 £m	Sept 2012 £m	March 2013 £m
Net debt (IFRS) – opening	(30.7)	(17.8)	(17.8)
Net cash flow	2.6	(1.6)	(12.8)
Other non cash movements	(0.2)	(0.1)	-
Foreign exchange	(0.5)	(0.1)	(0.1)
Net debt (IFRS) - closing	(28.8)	(19.6)	(30.7)