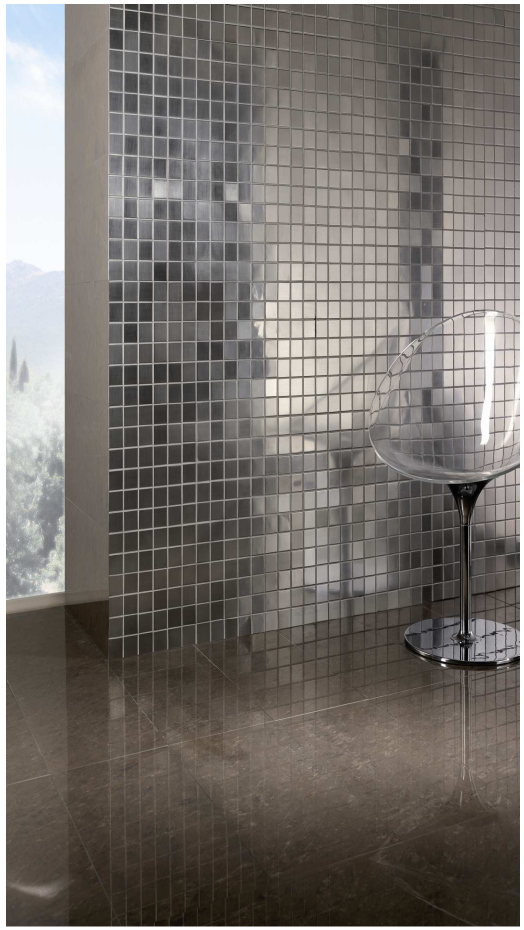
Norcros plc - Interim Results
Six months to 30th September, 2009



norcros

Introduction

John Brown

Chairman

2009 H1 : Highlights

- Revenue growth +5.6%
- Performance of the UK business and SA Adhesive operation very promising
- Conditions remain tough in SA tile manufacturing and retail operations
- Trading profit of £3.5m (2008: £4.7m)
- Ongoing cost reduction programme yielding annualised savings of c. £5m
- Bank refinancing completed July 2009
- Net debt tightly controlled at £45.3m
- Proposed capital raising of approx £30m gross / £27.7m net to paydown debt

Financial Review

Nick Kelsall

Group Finance Director

Financial Highlights

- Revenue and profit
  - Revenue of £83.0m, +5.6% (2008: £78.6m)
  - Trading profit of £3.5m, -25.5% (2008: £4.7m)

- Rigorous cash management
  - Cash generated from operations £4.8m (2008: £4.1m)
  - Working capital positive; inventory reduction £2.9m
  - Capex c. 60% of depreciation; focus on new product development

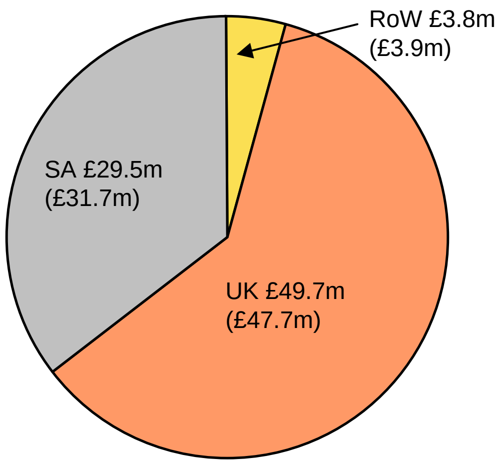
- Net debt and covenant compliance
  - Net debt £45.3m at 30 Sept 09 (2008: £45.2m)
  - Net debt / Ebitda of 3.8x (covenant < 5.2x)
  - Interest cover of 3.3x (covenant > 2.3x)

Summary Income Statement

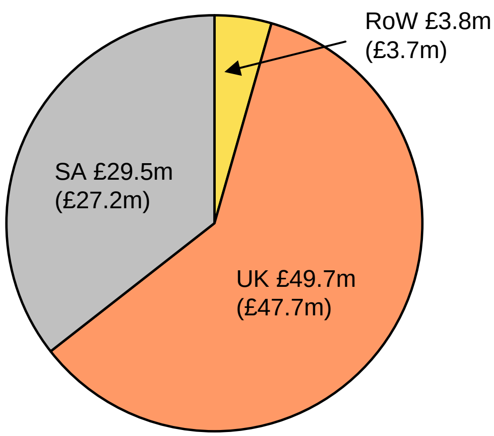
	H1 2009 £m	H1 2008 £m	Change %	H2 2008 £m	Change %
Revenue	83.0	78.6	+5.6	75.6	+9.8
Group trading profit*	**3.5**	**4.7**	**- 25.5**	**2.3**	**+52.2**
Other operating income / costs	0.1	-		-	
Group operating profit*	3.6	4.7	- 23.4	2.3	+56.5
Share of results from associates	(1.2)	(0.4)		(2.1)	
Finance charges – cash	(2.4)	(1.4)		(1.4)	
Profit / (loss) before tax – underlying*	**-**	**2.9**	**- 100.0**	**(1.2)**	**-100.0**
Exceptional operating items	(2.5)	0.4		(8.1)	
Finance charges – non cash	(1.7)	0.9		0.3	
(Loss) / profit before tax – reported	**(4.2)**	**4.2**	**-200.0**	**(9.0)**	**+53.3**

* before exceptional operating items and non cash finance charges

Revenue



At constant currency -0.4 %



As reported + 5.6%

- Revenue growth in UK offset by decline, at constant currency, in overseas businesses
- Underlying revenue change in constant currency
  - UK +£2.0m; +4.2%
  - SA -£2.2m; -6.9%
  - RoW -£0.1m; -0.4%

Cost Saving Measures from March 2008 to September 2009

Actions to date:	Annualised	08/09	H1 09/10
Restructuring – hard cost savings	£5.0m	£2.2m	£2.4m
Headcount reduction	374	260	94
Associated one-off cash cost / spend	£4.5m	£1.5m	£0.6m

norcros

Summary Cash Flow

	6 months September 2009 £m	6 months September 2008 £m	6 months March 2009 £m	12 months March 2009 £m
Cash generated from operations	**4.8**	**4.1**	**2.7**	**6.8**
Capex	(2.1)	(2.5)	(2.2)	(4.7)
Disposal of businesses	-	4.0	-	4.0
Net asset disposals & Div's rec'd	0.1	1.0	1.0	2.0
Free cash flow, pre financing	**2.8**	**6.6**	**1.5**	**8.1**
Interest and tax	(1.8)	(1.1)	(1.9)	(3.0)
Dividends paid	-	(4.0)	-	(4.0)
Bank refinancing costs	(3.5)	-	-	-
Net cash flow	(2.5)	1.5	(0.4)	1.1
Exchange + non cash changes	3.0	(0.2)	(0.2)	(0.4)
Decrease / (increase) in net debt	0.5	1.3	(0.6)	0.7

norcros

Cash Conversion

	6 months September 2009 £m	6 months September 2008 £m	6 months March 2009 £m	12 months March 2009 £m
Cash generated from operations	4.8	4.1	2.7	6.8
Trading profit	3.5	4.7	2.3	7.0
Cash conversion	137%	87%	117%	97%

Balance Sheet Highlights

	6 months September 2009	6 months September 2008	6 months March 2009	12 months March 2009
Capex	2.1	2.5	2.2	4.7
Depreciation	3.3	3.0	3.4	6.4
Capex / Depreciation	0.6x	0.8x	0.6x	0.7x
Net bank debt (£m)	45.3	45.2	45.8	45.8
Net bank debt/ Ebitda*	3.8x	2.6x		3.3x

* covenant basis

- Mature pension scheme and well funded
  - March 09 triennial actuarial valuation agreed - c. £36m deficit
  - Recovery plan agreed with Trustees - £9.7m injection agreed; spread over 12 years
    - FY11 and FY12 : £1m p.a.
    - FY16 – FY22 : £1.1m p.a.
  - IAS 19 position at 30 Sept 09 – £7.9m deficit

Capital Raising Highlights

Nick Kelsall

Group Finance Director

norcros

Capital Raising: Banking Terms Pre and Post Refinancing

Pre-refinancing . . .

- Facility A
  - £80m RCF
  - Margin: LIBOR +0.9%
- Covenants
  - Leverage < 3x
  - Interest Cover > 3x
- No scheduled repayments
- Facility available to 31 July 2012

Post-refinancing . . .

- Facility A
  - £60m RCF (inc all ancilliaries)
  - Margin: LIBOR +3.0% to 5.0%
- Facility B
  - £20m Term Loan
  - Margin: LIBOR + 6% cash and +7% to 11% PIK
- Other terms
  - 5% warrant (exercisable to 2017); diluted if equity raised within 6 months
  - Dividend restrictions until 2.5x leverage and Facility B repaid
- Covenants
  - Leverage: 5.2x – 3.0x
  - Interest Cover: 2.0x – 2.8x
  - Cash Flow 1:1
- No scheduled repayments
- Facility available to 31 Oct 2012

Capital Raising: Purpose and Rationale

- Proposed capital raising of approx £30m gross / £27.7m net of fees
- Strong case for raising capital to reduce leverage from c. 3.3x to 1.3x at 31 March 2009 on a pro-forma basis
- Use of proceeds: repay all of expensive B debt and PIK; balance used to paydown Facility A
- Interest cost benefit of c. £9m through to October 2012
- Provides company with additional flexibility going forward and significantly greater covenant headroom
- Ability to return to paying a progressive dividend sooner
- 5% bank warrants diluted if capital raising before 31 January 2010
- Compelling case to address capital structure and provide financial flexibility

norcros

Operating Review

Joe Matthews

Group Chief Executive

Market Environment

- Shower Market
  - Rate of retail destocking slowed
  - Overall market –13%
  - Electric showers –7%
  - Mixer shower –20%
- Tile Market
  - Overall UK market –10%
  - Lower consumer demand, reduced housing transactions
- South Africa
  - GDP -6.4% in Q1 and -3% in Q2
  - Tile market –15%
  - Significantly reduced building activity and lower consumer spend

UK Revenue

- Triton
  - Overall revenue -0.8%
    UK +4.1%; Exports -20.5%
  - UK driven by strong performance in Trade and significant improvement in Retail
  - Leading position in Electrics and Mixer market share maintained
  - Exports reflect weak market conditions in Ireland
- H&R Johnson
  - Overall tile revenues +9.6%
    UK +11.4%; Exports in line with last year
  - New product listings resulting from Inkjet success
- Norcros Adhesives
  - Revenue +7.7%
  - New accounts, product development and specification gains

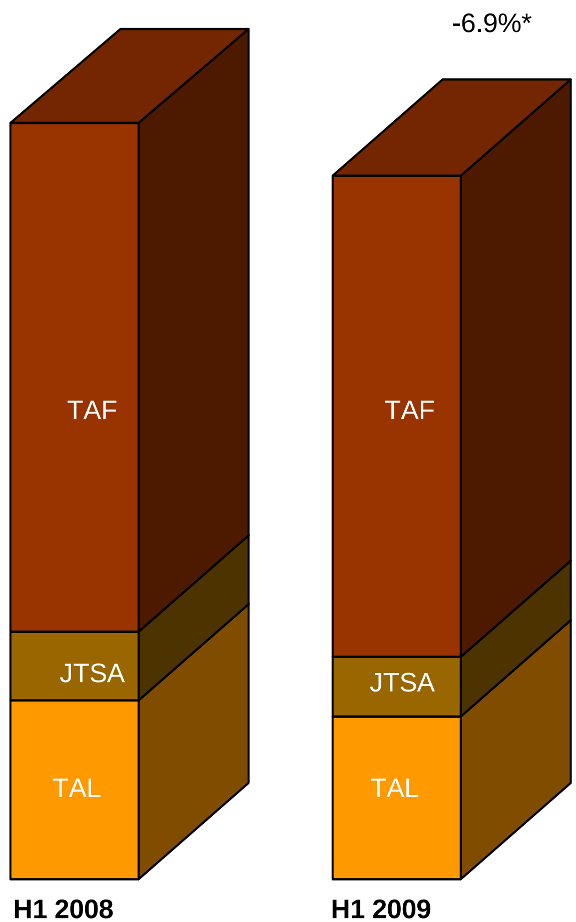
UK Financials

	Sept 09	Sept 08	Change %
Trading Profit (£m)	5.9	5.0	+18.0
ROS %	11.5	10.5	+9.5

- Triton - robust trading performance and significant cash generation
  - Volume increase mitigated by customer mix
  - New product development programme
  - Tight control of discretionary expenditure
  - Adverse FX impact on input costs
  - Profit margins broadly maintained
- UK Tiles - turnaround in trading performance
  - Higher revenues driven by new products
  - Input costs significantly impacted by FX movements
  - Significant reduction in energy costs
  - Benefits of cost reduction programmes
- UK Adhesives profitable
  - Increased revenues
  - Improvement in underlying margins
  - Tight control of costs

norcros

South Africa Revenue



- Tile Africa revenues -5.2%*
  - Like for like retail sales -12.4%*; retail softness
  - Hardware, paint & glass sales - 15 / 20%
  - Substantial reduction in building activity -25%

- Johnson Tiles revenue -13.8%*
  - Lower volumes and lower average selling prices
    - Increased demand for entry level product
    - Clearance of discontinued lines

- Adhesive revenue -9.3%*
  - Shortfall in tile and building adhesives; industrial adhesives resilient
  - Volume decline 23% offset by price increases, account gains and new product introductions

* at constant currency

South Africa Financials

	Sept 09	Sept 08	Change %
Trading Loss (£m)	(2.4)	(0.1)*	2,500
ROS %	-8.1	-0.3*	2,600

*at constant currency

- Tile Africa traded at a loss
  - Increased fixed costs from new stores LY
  - Headcount reduction -58 heads from Mar 09
  - Actions taken to improve store layouts, product offering and pricing
  - Closure of 4 unprofitable stores; exceptional charge £2.4m, H2 cost savings £0.3m
- Johnson Tiles operated at a significant loss
  - Operational gearing impact of lower revenues
  - Lower manufacturing throughput following plant inefficiencies
  - Corrective action taken; initial benefits in H2, with full benefits anticipated in FY11
- Adhesive profits marginally lower than last year
  - Sales price increases mitigating lower volumes
  - Input cost pressures
  - Benefits of new product development and new accounts

Summary

- Market outlook remains tough
- Emphasis on operational efficiency and market opportunities
- Opportunities
  - Benefit of successful product launches at Triton, Johnson Tiles and Adhesives
  - Full year benefit of latest cost reduction actions
  - Faster maturity of 2008 and 2009 new store programme
- Focus on
  - Maintenance of strong market positions
  - New product and marketing programmes
  - Revenue generation and cash conservation initiatives
- Proposed capital raising to address capital structure / improve financial flexibility

Appendices

Capital Raising: Proposed Structure

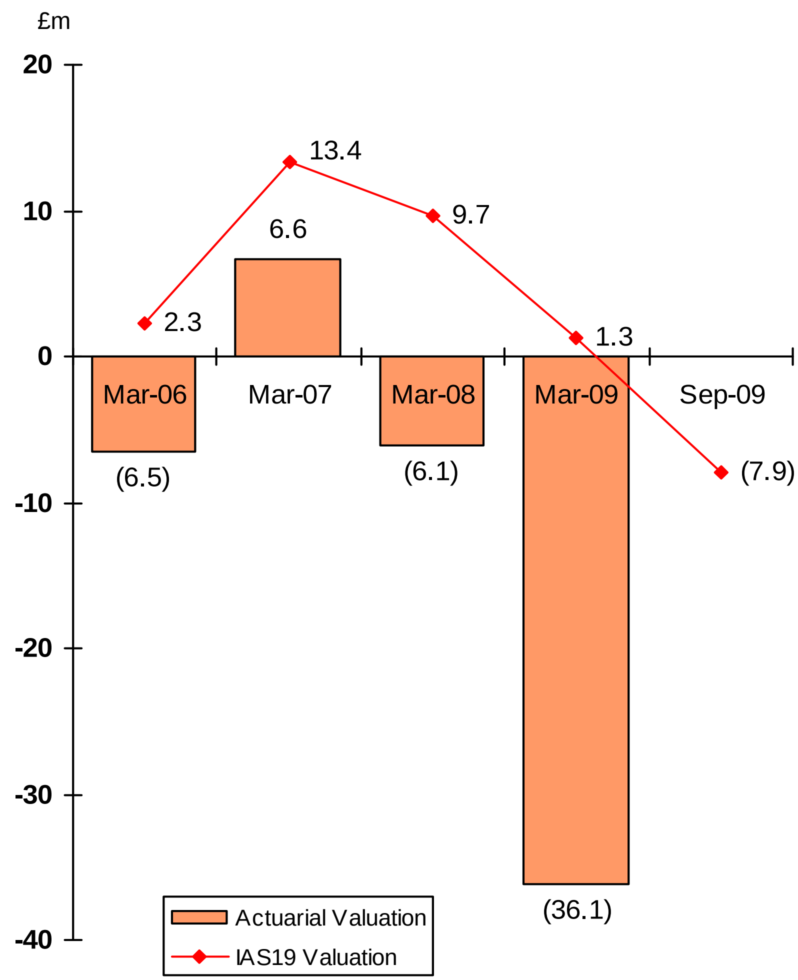
- £20m firm placing and £10m placing & open offer to raise approx £30m (gross)
- Capital raising is fully supported by Lifestyle Investments, a 29.9% shareholder
- Capital raising is fully supported by all Directors, who, to the extent that circumstances allow, intend to take up their full entitlements (representing c. 6% of the issued share capital)
- Firm placing is not a pre-emptive offer, therefore requires shareholder approval to dis-apply pre-emption rights
- Rothschild acting as financial adviser and sponsor with Oriel as sole broker and bookrunner
- 428.6m new shares of 7p per share, discount of c. 14% to closing share price on 11 November
- New shares will represent c. 74% of enlarged share capital

Capital Raising: Indicative Timetable

Announcement	12 November 2009
Document posted	13 November 2009
Extraordinary General Meeting - anticipated	30 November 2009
Dealing in new shares commences - anticipated	4 December 2009

UK Pension Scheme

- **Mature Scheme; 11,000 members**
  - Pensioners (61%), Deferred (35%), Actives (4%)
  - Average age of pensioners is 74
- **Investment Strategy**
  - Low risk asset allocation; 35% equities, 35% gilts, 30% corporate bonds
  - Pensioner liability closely matched
- **Valuations**
  - March 09 actuarial valuation driven by extreme market conditions
  - Sept 09 IAS 19 valuation reflects 5.7% discount rate and £40m increase in assets from March 09
- **2009 Recovery Plan**
  - £9.7m injection agreed; spread over 12 years
    - – FY11 and FY12 : £1m p.a.
    - – FY16 – FY22 : £1.1m p.a.



norcros