

Norcros plc Preliminary Results Year ended 31 March, 2008





Introduction

John Brown
Chairman

2008 : Highlights

- Revenue growth +3.4%
- Solid increase in trading profit +4.6%
- Profit before tax and exceptionals of £13.0m
- Strong operating cash generation of £13.7m
- Continue to invest to benefit future performance
- Net debt tightly controlled at £46.5m
- Final dividend of 2.66p; total 3.22p since listing



Financial Review

Nick Kelsall

Group Finance Director

Financial Highlights

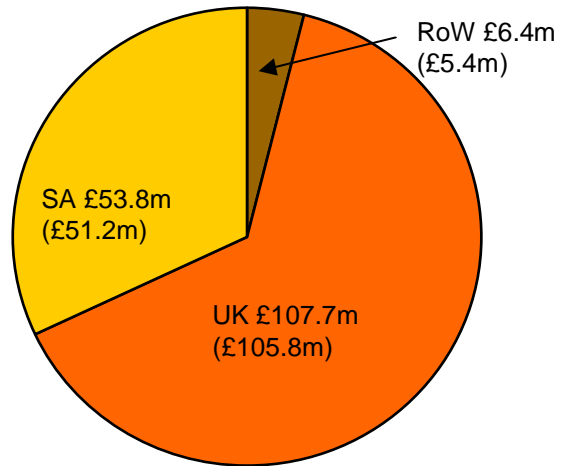
- Solid revenue and profit growth
 - Revenue of £167.9m, +5.2% at constant currency (2007: £159.6m)
 - Trading profit of £16.0m, +6.7% at constant currency (2007: £15.0m)
- Profit before tax, exceptional and legacy PE finance costs; £14.1m
- Strong cash generation
 - Cash generated from operations £13.7m (2007: £14.1m)
 - Investment in growth and efficiency capex
 - Net cash finance costs reduce to £5.5m (2007: £9.6m)
- Strong financial position
 - £72m debt repaid from IPO proceeds
 - Net debt £46.5m at 31 March 08
 - Committed bank facilities of £80m to 2012
 - Interest cover of 4.5x and Net debt/ Ebitda of 2.2x

Summary Income Statement

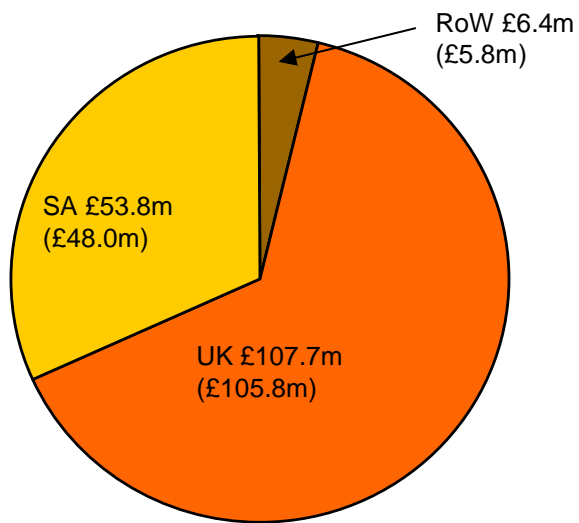
	2008 £m	2007 £m	Change	
			£m	%
Revenue	167.9	162.4	+5.5	+3.4
Group trading profit	16.0	15.3	+0.7	+4.6
Exceptional operating items	0.7	(1.5)		
Other operating income	0.1	0.3		
Group operating profit	16.8	14.1	2.7	+19.1
Share of results from associates	(0.2)	0.4		
Net finance costs	(1.8)	(8.6)		
Less: exceptional operating items above	(0.7)	1.5		
Pro forma PBT - underlying	14.1*	7.4		
Legacy private equity interest costs	(1.1)	-		
Net exceptional costs	(3.1)	-		
Profit before tax - reported	<u>9.9</u>	<u>7.4</u>		

* Pro forma basis

Revenue Growth



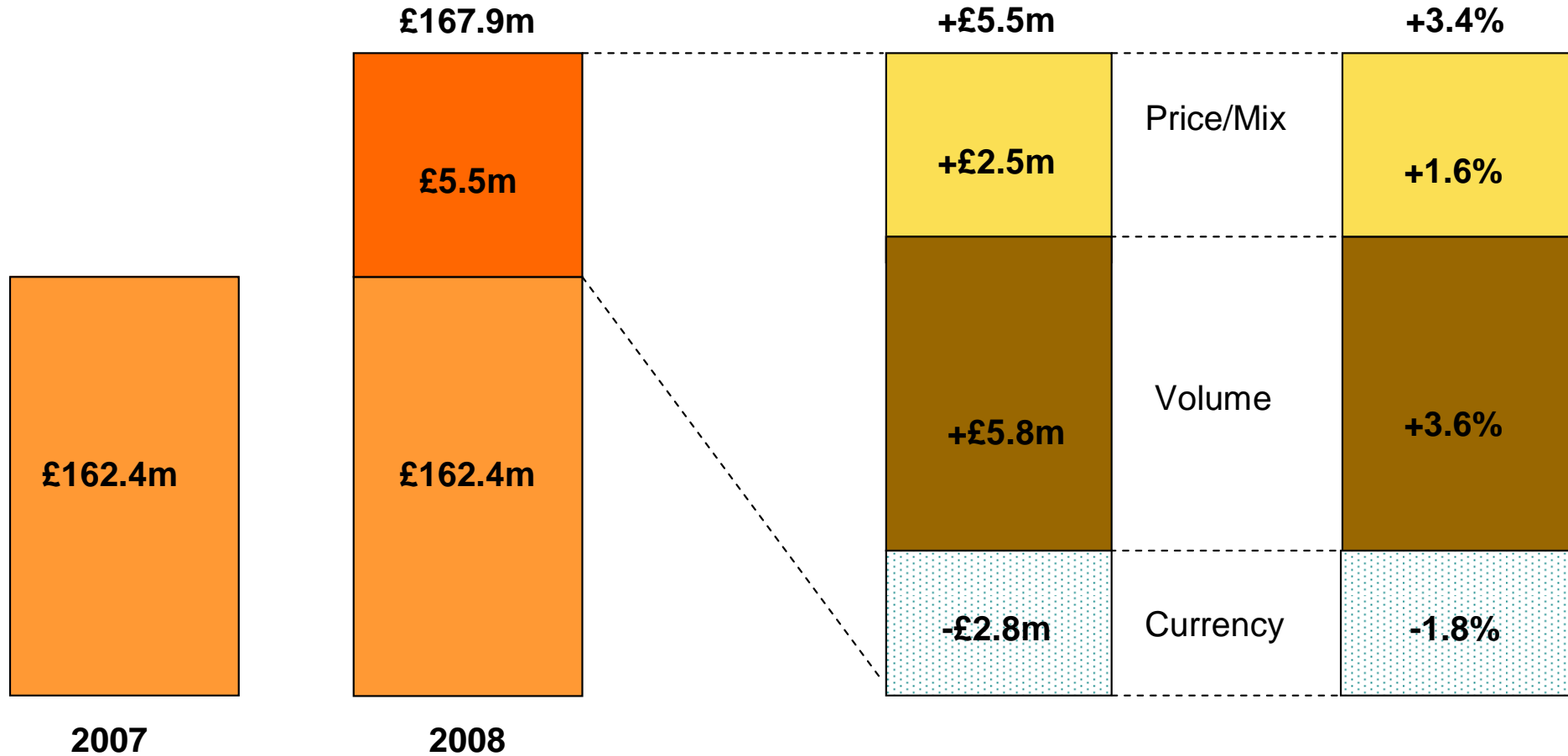
As reported + 3.4%



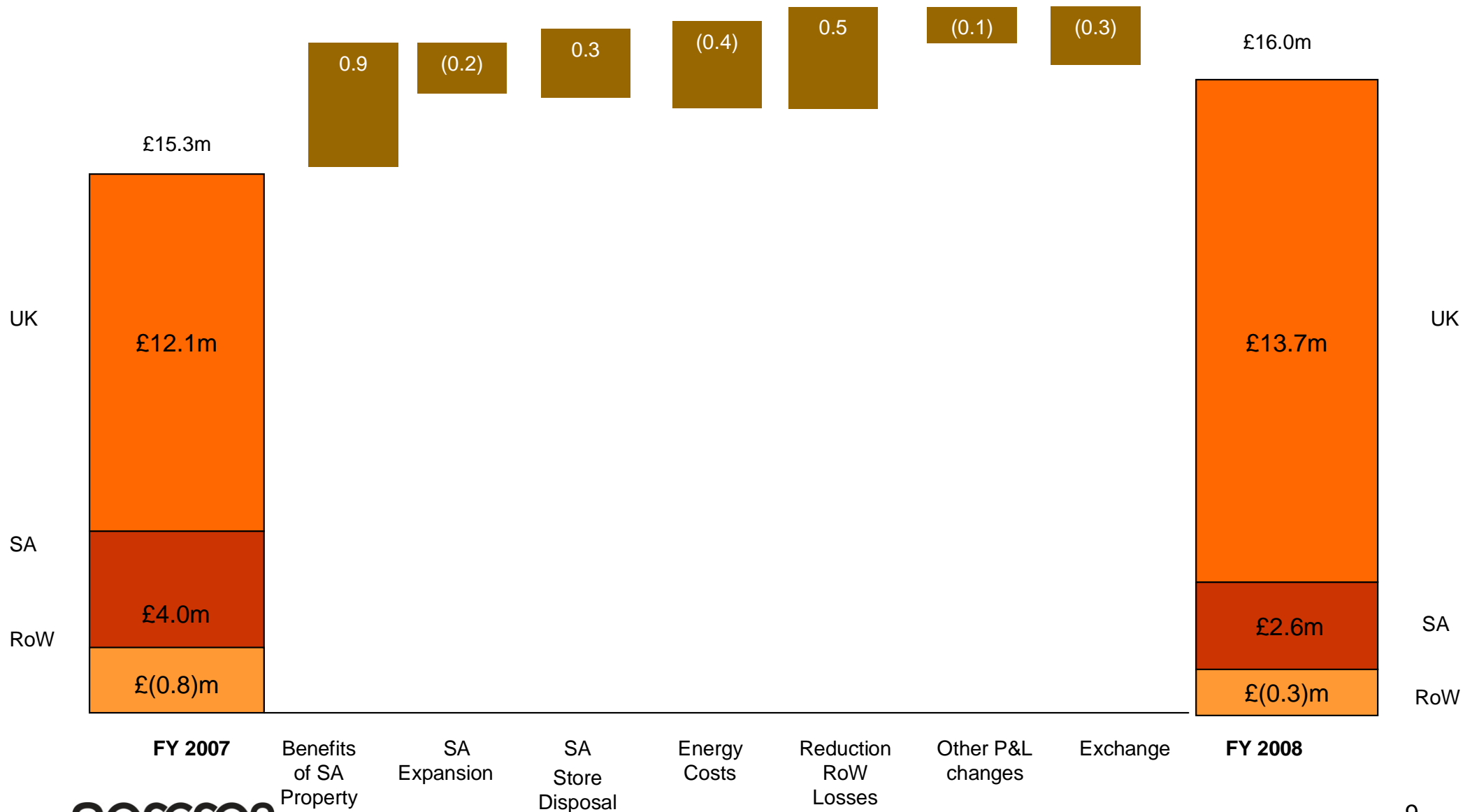
At constant currency + 5.2%

- Revenue growth across all segments
- Underlying growth in constant currency
 - UK +£1.9m; +1.8%
 - SA +£5.8m ; +12.1%
 - RoW +£0.6m ; +10.3%

Analysis of Revenue Growth



Trading Profit Bridge



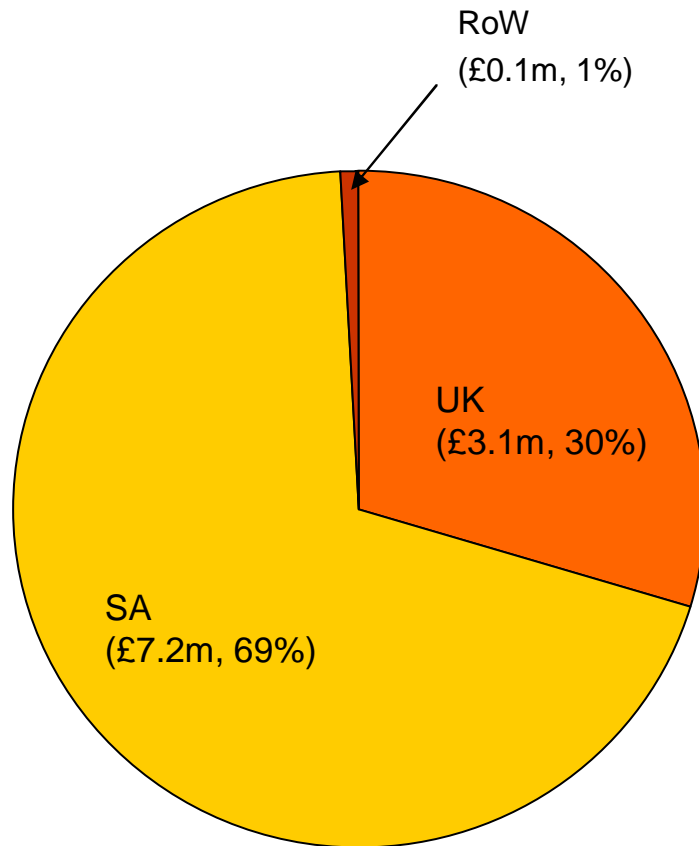
Summary Cash Flow

	2008 £m	2007 £m
Cash generated from operations	13.7	14.1
Capex – Purchase of SA leaseholds	(3.8)	(1.4)
Capex – other	(6.6)	(4.8)
Net asset disposals & Div's rec'd	0.1	0.6
Free cash flow, pre financing	<u>3.4</u>	<u>8.5</u>
Interest and tax	(4.5)	(7.9)
Dividends paid	(0.8)	-
Share issues	72.2	-
Net cash flow	<u>70.3</u>	<u>0.6</u>
Exchange + non cash changes	(3.9)	(2.5)
Dec/(inc) in net debt	<u>66.4</u>	<u>(1.9)</u>

Cash conversion

	2008 £m	2007 £m
■ Cash generated from operations	13.7	14.1
■ Trading profit	16.0	15.3
■ Cash conversion	86%	92%

Capex 2008



■ Highlights

- Purchase of SA stores previously leased - £3.8m
- Fit out costs new & refurbished SA stores
- Hot melt adhesive plant commissioned in SA
- Investment in new product tooling & efficiency improvements
- Powder adhesive & grout facility constructed in UK

Balance Sheet Highlights

	2008	2007
	£m	£m
Capex ^{*1}	6.6	4.5
Depreciation	5.5	5.6
Capex / Depreciation ^{*1}	1.2x	0.8x

^{*1} Excludes strategic purchase of SA leaseholds

Net bank debt (£m)	46.5	77.0
Net bank debt/ Ebitda	2.2x	3.7x

Pension scheme surplus	10.4	18.3
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- UK scheme remains in surplus using prudent assumptions
- Asset allocation 66%:34% Bonds/Gilts to Equities reflects maturity
- Prudently no balance sheet recognition of surplus other than £0.7m on closure of SA scheme

Summary

- Revenue growth +3.4% (+5.2% at constant currency)
- Increase in trading profit +4.6% (+ 6.7% at constant currency)
- Strong financial position
- £80m of committed bank facilities to 2012
- Good cash generation
- Final dividend of 2.66p; total 3.22p for period since listing



Operating Review

Joe Matthews

Group Chief Executive

UK: Market Update



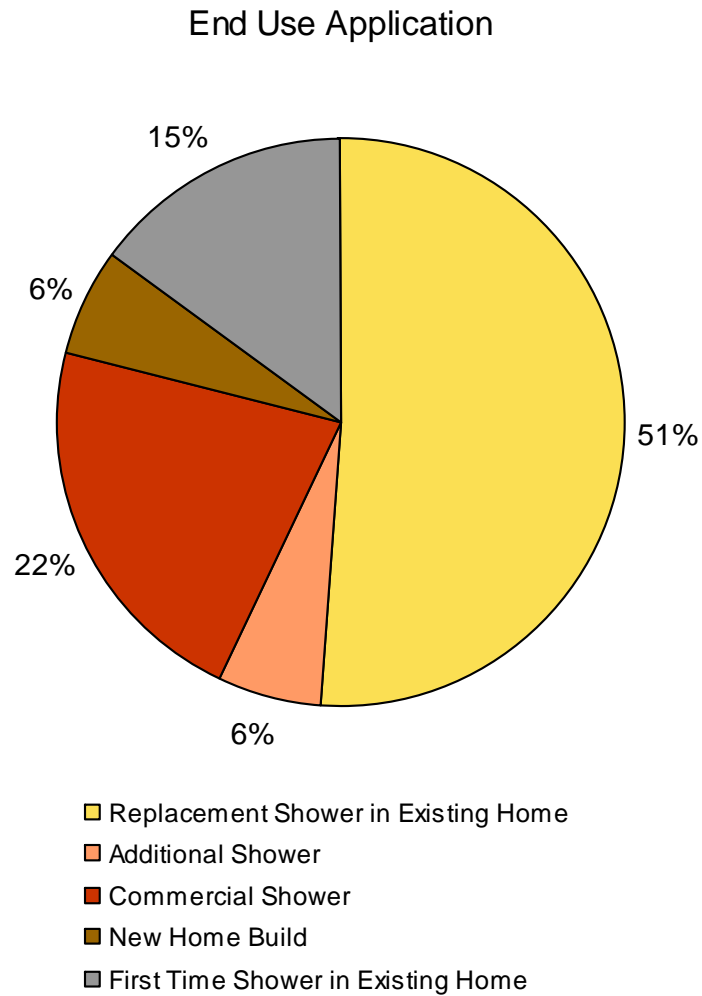
- Overall construction output is projected to suffer a modest decline in 2009
- Sharpest decline in new build private housing:
 - Norcros has very limited exposure to this sector
- Total RMI output will remain in positive territory
- Private housing RMI is projected to show a modest decline in 2008 and 2009:
 - A key driver for Norcros markets

BUT

- Regeneration and Decent Homes still strong
- Government spend on education, prisons and health
- Market positions provide opportunities for market share gains

Source: BERR/Hewes & Associates

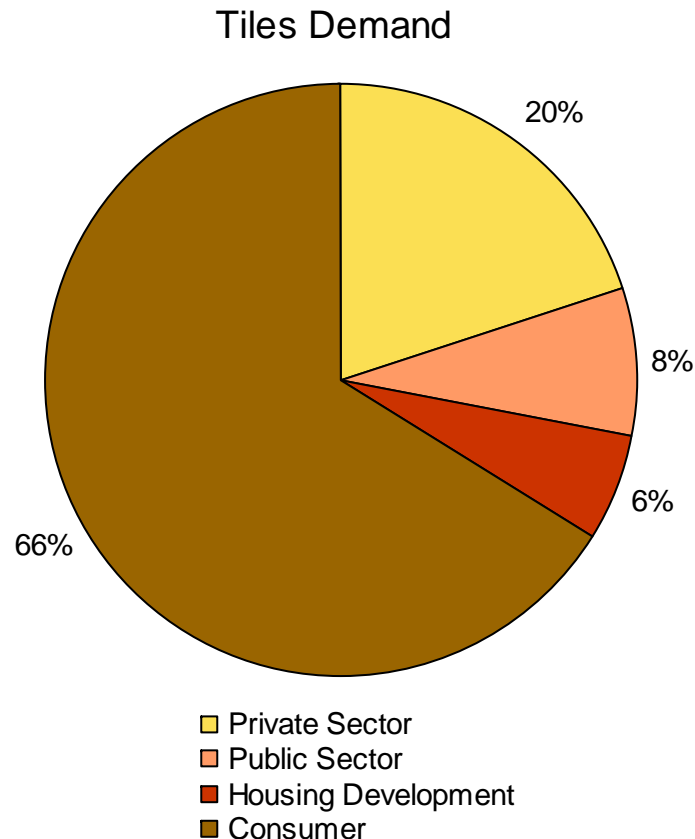
UK: Triton Showers



- Total revenues +1.8% YoY:
 - H2 flat v H1 +4.0%
 - UK +4.5%. H2 +2.2% v H1 +7.0%
 - Exports (mainly Ireland) -8.5%
H2 -10.2% v H1 -6.8%
- UK driven by volume growth in trade and retail
- Overall market share increased
- Triton strengths provide resilience in tough market:
 - Market leader
 - Broad customer base
 - Strong product innovation
 - Brand awareness / customer service
 - Low cost / flexible assembly operations
- Increased profitability in Triton driven by:
 - UK volume growth
 - Price increases and tight cost control

Source: MSI/Internal Analysis

UK: Johnson Tiles and Adhesives



Source: MSI/Internal Analysis

- Johnson Tiles growing market share:
 - Public / Private sector specifications
 - DIY market
 - House builders
- Total tile revenues +0.6% YoY:
 - H2 -1.2% v H1 +2.5%
 - Domestic revenues +5.8%. H2 +3.9% v H1 +7.9%
 - Exports -24.1%. H2 -28.9% v H1 -20.0%
 - Completion of Dubai Airport contract
- Tile profits increased reflecting:
 - Price increases and UK volume growth
 - Operational efficiencies
- Good progress UK Adhesives:
 - Revenue + 46.2% H2 +66.7% v H1 +28.6%
 - New accounts and specification gains
 - Close to breakeven
 - Benefits of manufacturing investment to be realised

South Africa: Market Update

South African Tile Market v. Economic Variables



- SA tile market shows close correlation with GDP growth
- Construction growth major driver
- GDP growth slowing and uncertainty factor high:
 - Interest rates, inflation, weaker currency and consumer sentiment
 - Construction growth and household consumption projected to still grow at circa.10% per annum
 - National Credit Act (June 2007)
 - Power outages have impacted sentiment and site approvals; situation improving
- Medium to long term fundamentals support growth:
 - GDP growth > 4%
 - Emerging middle class / rising home ownership
 - New housing demand
 - Reducing unemployment
 - Increased tourism / 2010 World Cup

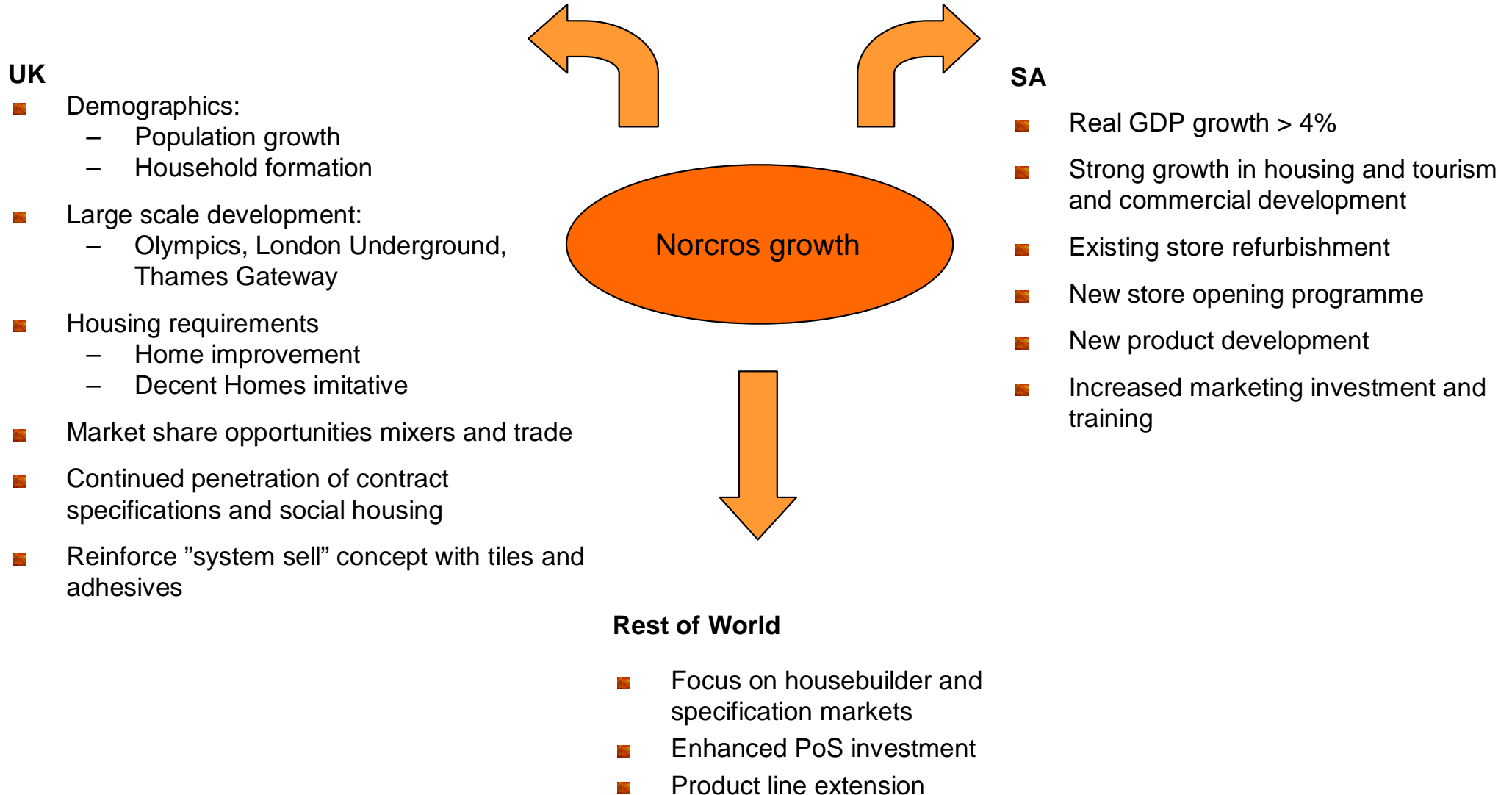
Source: Stats SA/Internal Analysis

South Africa: Revenue and Profit performance



- Overall sterling revenues +5.1%. Constant currency +12.1%:
 - H2 +9.2%* v H1 +15.0%*
- Tile Africa revenues +11.4%*. LFL +7.3%*:
 - H2 +5.5%* v H1 +17.5%* LFL -2.6%* v +17.7%*
- Good progress, store expansion / refurbishments:
 - 4 New stores. Rivonia (Aug), P. Eiland (Oct), Witbank (Nov), Pomona (Feb)
 - 4 Store refurbishments
 - Purchase of George (Sept) and Randburg (Feb) franchises
- Tile Africa profits ahead driven by:
 - Revenue growth
 - Operational efficiencies
 - Benefits of leasehold purchase
- Johnson Tiles performance impacted by:
 - Lower sales volumes to TAF
 - Input cost pressures
- Adhesives margins maintained at high level:
 - Strong revenue growth (+14.7%*)
 - Tight cost control
 - Investment in new hot-melt plant

Growth Drivers



Product Development

Price / Cost Initiatives

Triton

- Safeguard T100. Innovative care product (May 2008)
- Inscriptions. Inspired designs. Affordable prices (May 2008)
- Commercial Mixer Range (July 2008)
- T80Z (September 2008)

Johnson Tiles

- Concepts. Elegant, Chic, 400 x 300 Wall tiles (April 2008)
- Absolute Range. Specification market (September 2008)
- Ink Jet decorated marbles and natural stones (October 2008)

South Africa

- Monocottura and Porcelain floor tiles 500 x 500 / 500 x 250
- New porcelain grouts, epoxy coating and screeds
- New hot-melt and PSA adhesives

Triton

- Price increase April 2008
- Further price increase planned October 2008
- Agency labour reduced
- Ongoing value analysis of sourced components

Johnson Tiles

- Price increase January 2008
- Price increase June 2008 and planned October 2008
- Cost reduction programme
- Complexity reduction sizes / SKUs

South Africa

- Price increase May 2008
- Cost reduction programme

Outlook

- Priorities reflect tougher market outlook
- Decisive cost reduction and cash management
- Aim to continue to grow market share, reduce costs, protect margins
- Market leading businesses, with broad customer base
- Opportunities for growth:
 - RMI, Care and Commercial sectors, Specifications, Adhesives
- Exciting new product programme
- S.A. Store development and refurbishment programme

STRONG POSITION : WELL INVESTED : COMMITMENT TO SHAREHOLDER VALUE

Q & A

