



Acquisition of Grant Westfield⁽¹⁾

Analyst Presentation

May 2022



(1) Granfit Holdings Limited and/or its subsidiary undertakings

Disclaimer

IMPORTANT NOTICE

THIS PRESENTATION AND ITS CONTENTS ARE STRICTLY CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES (INCLUDING ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES AND THE DISTRICT OF COLUMBIA), AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION IS UNLAWFUL, OR TO ANY RESIDENT THEREOF. THIS PRESENTATION IS NOT AN OFFER OR INVITATION TO BUY OR SELL SECURITIES.

THIS PRESENTATION HAS BEEN PREPARED BY NORCROS PLC (THE "**COMPANY**") IN CONNECTION WITH A PLACING (THE "**PLACING**") OF NEW ORDINARY SHARES IN THE COMPANY AND POTENTIAL ACQUISITION OF GRANFIT HOLDINGS LIMITED AND/OR ITS SUBSIDIARY UNDERTAKINGS ("**GRANT WESTFIELD**") BY THE COMPANY (THE "**ACQUISITION**"). THIS PRESENTATION IS PRELIMINARY IN NATURE AND IS SUBJECT TO UPDATING, REVISION AND AMENDMENT.

This presentation, and any ancillary documents relating to it, any oral presentation and any question or answer session (together, the "**Presentation**") is being furnished to each recipient solely for its own information in relation to the Placing and the Acquisition. The Presentation does not, and is not intended to, constitute or form part of an offer to sell, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities of the Company.

The Presentation is an advertisement and does not constitute a prospectus or offering memorandum and has not been approved by any applicable competent authority (including the Financial Conduct Authority).

Some of the information in the Presentation (the "**Information**") or given at the meeting at which the Presentation is made is still in draft form and will only be finalised at the time of publication of the circular to be published in connection with the Acquisition (if published in due course by the Company). No reliance may be placed, for any purposes whatsoever, on the Information or on its accuracy, fairness or sufficiency, and the Presentation should not be considered a recommendation by the Company or Numis Securities Limited ("**Numis**") or any of their respective directors, officers, employees, agents, affiliates or advisers in relation to any purchase of or subscription for securities of the Company. The Information and opinions contained in the Presentation are subject to change without notice and do not purport to contain all information that may be required to evaluate the Company.

While the Information has been prepared in good faith, neither the Company, Numis nor any of their respective shareholders, directors, officers, agents, employees or advisers give, have given or have authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the Information or any revision thereof and liability therefore is expressly disclaimed. Accordingly, neither the Company, Numis, nor any of their respective shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information, which remains subject to formal verification, or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of the Presentation.

Neither the issue of the Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction or issue any circular. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. In furnishing the Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update the Presentation or to correct any inaccuracies in, or omissions from, the Presentation which may become apparent.

None of the Company, Numis, Grant Westfield, their respective directors, officers, employees, agents, affiliates and advisers, nor any other party undertakes or is under any duty to update the Presentation or to correct any inaccuracies in any Information which may become apparent or to provide you with any additional information. To the fullest extent permissible by law, such persons disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise, which they might otherwise have in respect of the Presentation.

The Presentation includes opinions, forward-looking statements and estimates, many of which are based upon various assumptions including, without limitation, management's examination of historical operating trends, data contained in the Company's and Grant Westfield's records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, and the Company may not achieve or accomplish these expectations, beliefs or projections. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as of the date of the Presentation and the Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of the Presentation.

The Information is confidential and may constitute inside information for the purposes of the Criminal Justice Act 1993 and the EU Market Abuse Regulation (2014/596/EU) as it forms part of the law of England and Wales by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time (the "**EUWA**"), as amended by UK legislation from time to time ("**MAR**"). You should not use the Information as a basis for your behaviour in relation to any financial instruments (as defined in MAR), as to do so could amount to market abuse for the purposes of MAR.

The Presentation and the investment or investment activity to which the Presentation relates is directed only at persons who are: (a) in the United Kingdom or member states of the European Economic Area, "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation ("**Qualified Investors**"); (b) in the United Kingdom, Qualified Investors (i) who have professional experience in matters relating to investments who fall within the definition of "investment professional" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) who are high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2)(a) to (d) of the Order; (c) persons in the United States that are "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the US Securities Act of 1933, as amended (the "**Securities Act**"); and (d) other persons to whom it may otherwise lawfully be communicated (all such persons in (a), (b), (c) and (d) together being referred to as "**Relevant Persons**"). For the purposes of this provision, the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of the law of England and Wales by virtue of the EUWA, as amended by UK legislation from time to time.

The distribution of the Presentation and the offering or sale of securities in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. The Presentation may not be distributed and does not constitute an offer to sell or a solicitation of an offer to purchase any securities in any jurisdiction in which such offer or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any jurisdiction.

The Presentation is not for use in the United States (other than in presentations to a limited number of QIBs as defined in Rule 144A under the Securities Act) and may not be retransmitted, published or otherwise redistributed in the United States. The securities of the Company have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, in or into the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the securities of the Company in the United States.

Numis, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company in connection with the proposed Placing and the Acquisition, and is not acting for or advising any other person, or treating any other person as its client, in relation thereto. Numis will not be responsible for providing the regulatory protection afforded to clients of Numis or advice to any other person in relation to the proposed Placing or the Acquisition. Any other person attending the Presentation should seek their own independent legal, investment and tax advice as they see fit.

By attending or otherwise accessing the Presentation, you agree to be bound by the above limitations and conditions and, in particular, you represent, warrant and undertake to the Company and Numis that: (a) you have read and agree to comply with the foregoing limitations and restrictions including, without limitation, the obligation to keep the Presentation and its contents confidential; (b) you are a Relevant Person; (c) you will not at any time have any discussion, correspondence or contact concerning the Information with any of the directors, officers, employees, agents or affiliates of the Company, its parent or its subsidiaries undertakings, or the subsidiary undertakings of such parent undertakings nor with any of their suppliers, nor any governmental or regulatory body, without the prior written consent of the Company; and (d) you will not deal in (or encourage any other person to deal in) the shares or financial instruments of the Company or base any behaviour on any inside information you receive as part of the Presentation until you have ceased to have such information for the purposes of MAR.

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

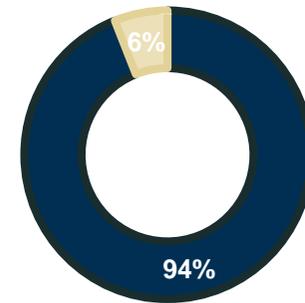
Leading UK supplier of premium bathroom wall panels

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
- Specification/Commercial

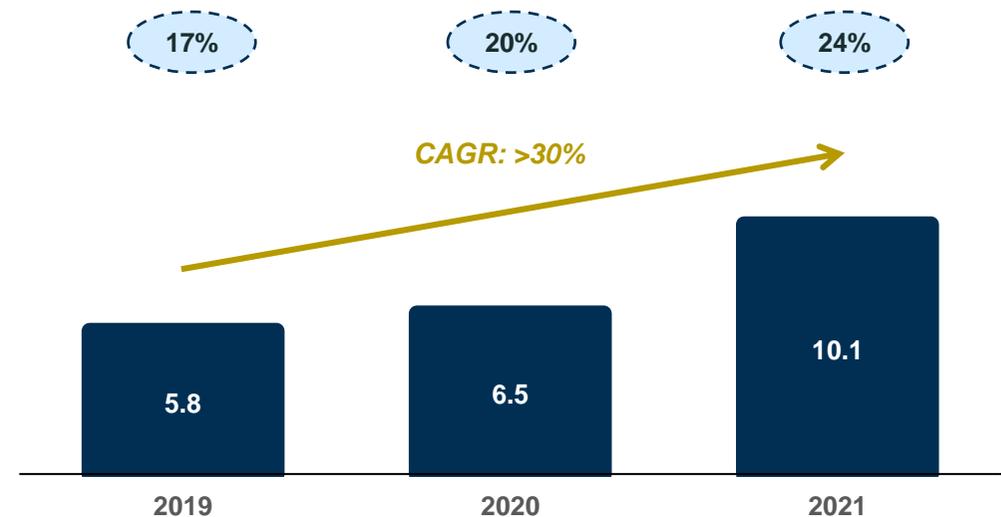
Residential includes:

- 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
TRANSFORMING SPACES SINCE 1881

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⁾

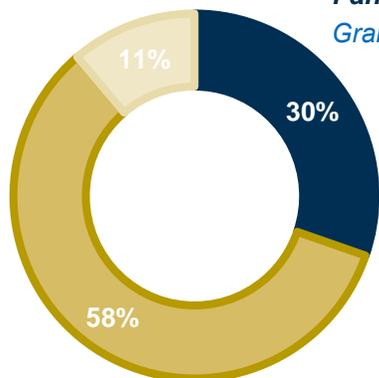
8

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

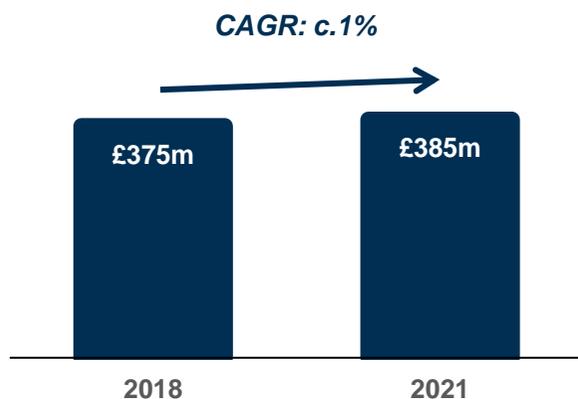
Wall coverings

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

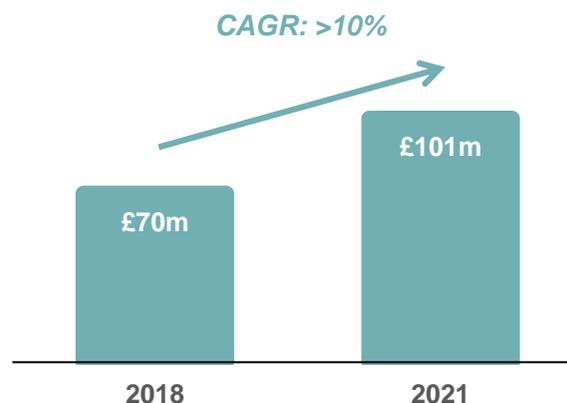
Panels segment

- 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

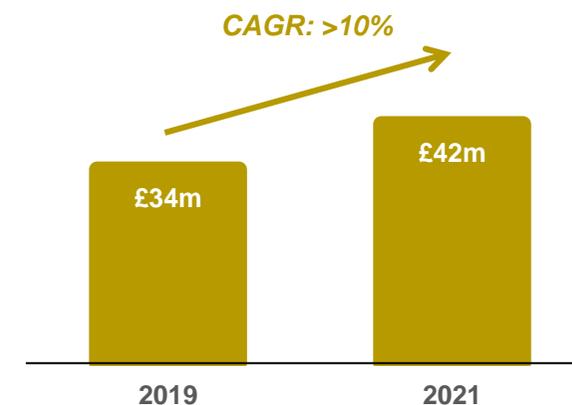
UK tile market growth (2018-21)⁽⁴⁾



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.

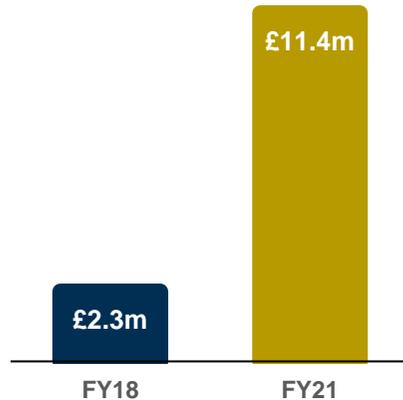
Remaining 24% of Grant Westfield revenue includes the discontinuing Reflect and Economy ranges and revenue from Flooring & Ceiling Panels, Extrusions and Sealants

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



JOHNSON • TILES
MADE IN THE UK SINCE 1901

MERLYN



JOHNSON • TILES
MADE IN THE UK SINCE 1901

MERLYN



JOHNSON • TILES
MADE IN THE UK SINCE 1901

MERLYN



JOHNSON • TILES
MADE IN THE UK SINCE 1901



JOHNSON • TILES
MADE IN THE UK SINCE 1901



JOHNSON • TILES
MADE IN THE UK SINCE 1901



JOHNSON • TILES
MADE IN THE UK SINCE 1901



MERLYN

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'

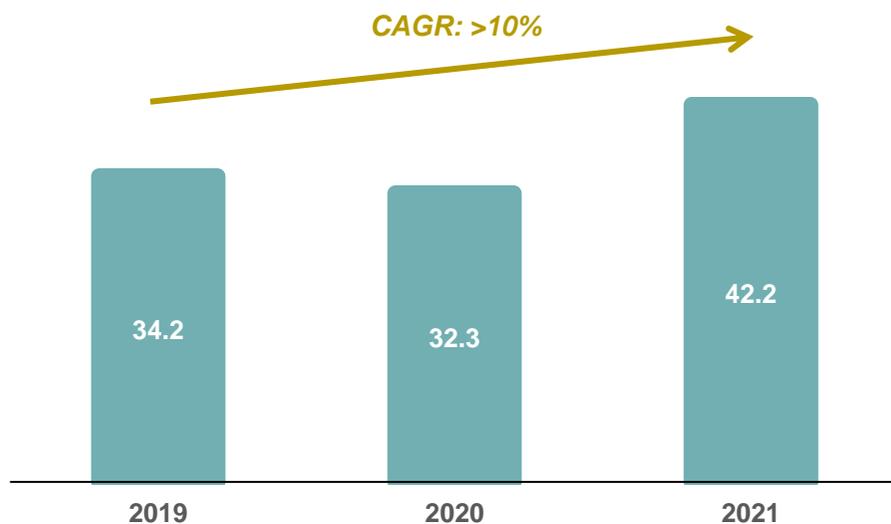
- Norcros has significant penetration into the modular building and bathroom pod sector
- Grant Westfield's wall panels are well suited to the modular build
- Opportunity to increase the distribution of wall panels through Norcros' established modular sales channels

Consistent organic growth and increasingly profitable

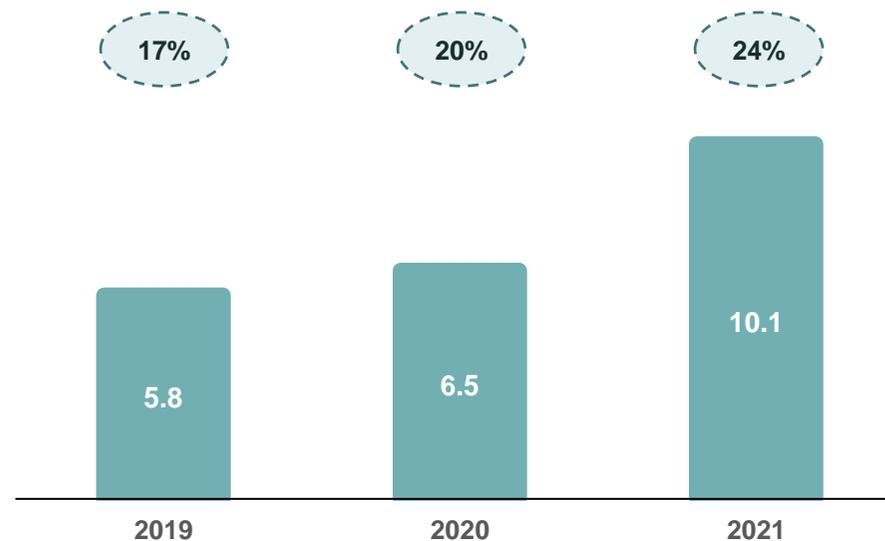
Financial overview

- 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⁾



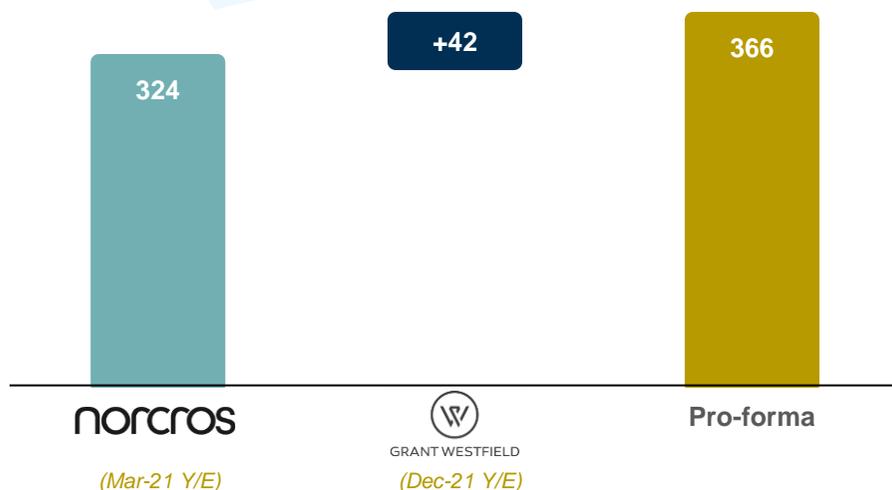
Significant financial benefits for Norcros shareholders

Compelling financial case

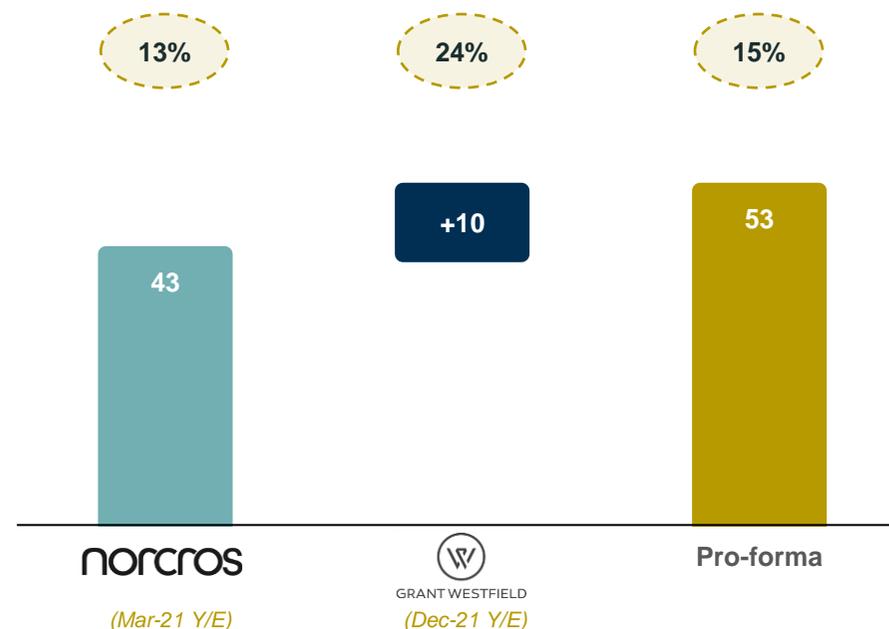
- Double-digit EPS accretion expected in the first full financial year of ownership⁽¹⁾
- Acquisition is enhancing to the Group's EBITDA margin
- Retains the Group's high cash conversion due to low capital intensity⁽²⁾
- ROIC expected to be in excess of Norcros' cost of capital in first full year of ownership⁽¹⁾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

Acquisition of Grant Westfield

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

Compelling strategic rationale

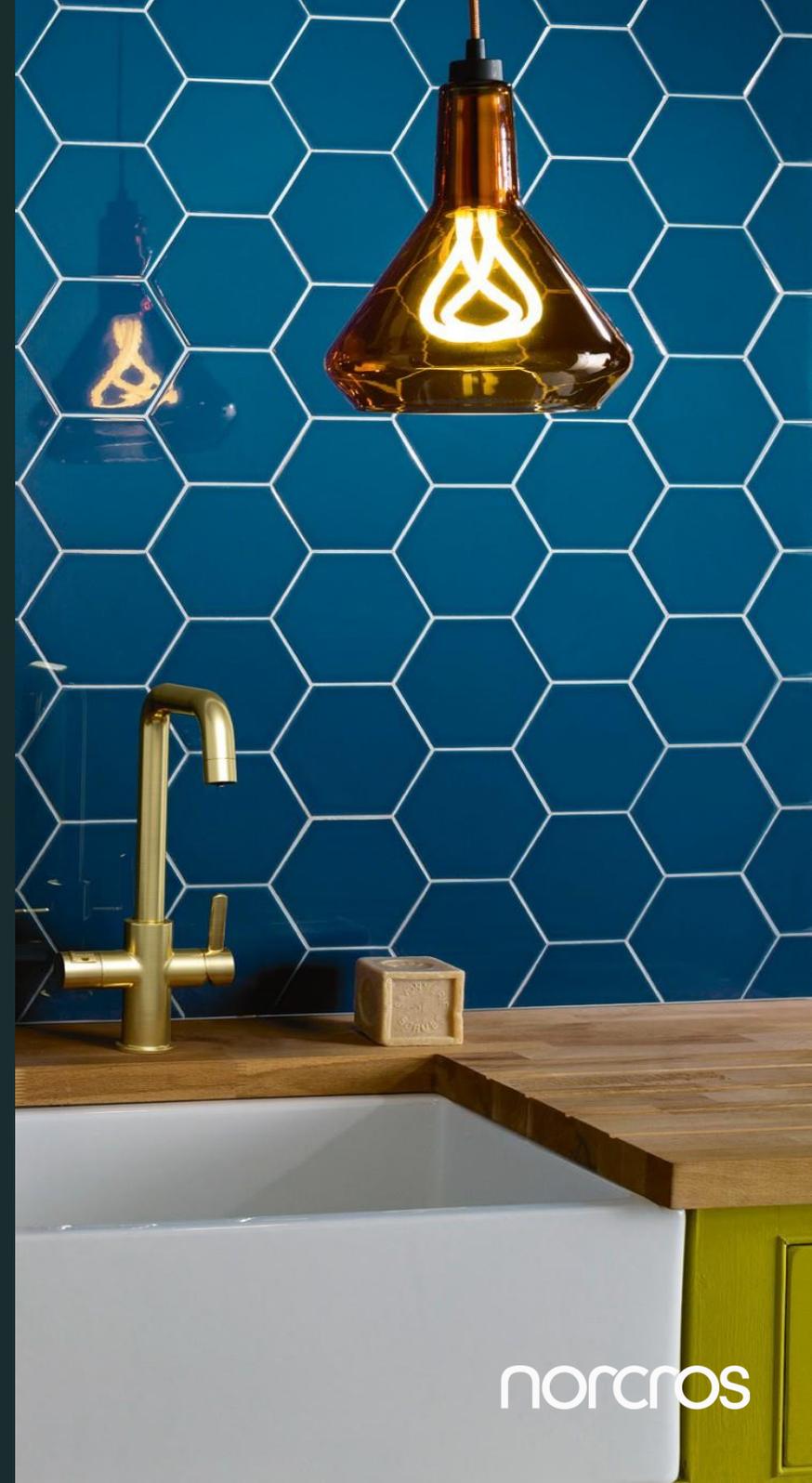
- Acquisition consistent with Norcros' strategy to expand its bathroom product offer
- Market leading position and attractive returns from a highly cash generative business model operating in preferred channels
- Leading, differentiated product in attractive growth market
- Premium product with strong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

Significant financial benefits

- Expected to be double digit earnings enhancing in the first full year of ownership⁽¹⁾
- ROIC expected to be in excess of Norcros' cost of capital in first full year of ownership⁽¹⁾



Appendix



norcross

Group strategy and successful M&A track record

