Norcros plc

Clear progress evident, and more to come

18 June 2024

Norcros' recent strategy relaunch should still be fresh in investors' minds but the share price has taken a breather for now, awaiting further evidence of financial momentum. FY24 results clearly showed that UK portfolio management is already starting to bear fruit and collaborative actions taken should support further margin progress in due course. Our fair value, other peer group metrics and strategic earnings potential all suggest a share price above current levels.

Positive UK/Ireland and cash flow performance in FY24

FY24 revenue and EBIT came in just above indications in the pre-close update led by a firmer outturn from UK/Ireland operations. Reported EBIT margins were 13.6% in the UK (+100bp yoy), 4.4% in South Africa (-260bp) and 11.0% at group level (+30bp). The Johnson Tiles UK disposal completed post year end (20 May); UK and group operating margins for continuing operations in FY24 were 15.0% and 11.8% respectively. DPS was held at FY23 level (our estimate was a marginal increase in the final) and year end net debt (pre IFRS16) basis was in line at c.£37m after strong H2 cash inflow.

Ahead at the start of FY25, markets remain cautious

FY25 has started positively for Norcros suggesting outperformance in markets where wider commentary remains generally cautious. GDP forecasts for both of Norcros' primary countries of operations show modest expected growth and with clarifications to come on the timing of interest rate reductions and post-election government policies (again in both countries) a conservative outlook is warranted at this stage we believe. We have made no material changes to our underlying revenue and EBIT expectations, save for adjusting to prevailing £/ZAR rates has a modest adverse effect on South African and therefore group revenue and EBIT estimates.

Valuation: Upside to fair value, with potential for more

Some of the gains following Norcros' May CMD have retraced, though the company's share price is still up c.16% year-to-date (versus c.5% for the FTSE All-Share Index). With no material estimate changes, **our fair value is now 253.5p per share**, down slightly due to peer group comparator effects. Our previous analysis of group strategy and potential earnings implications is unchanged with a prospective valuation in excess of 400p per share. Our sense is that actions taken thus far and expected in the near term will need to be reflected in increased earnings momentum before the market attributes greater value to the strategy.

Summary financials

Year to March (£m)	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Revenue	441.0	392.1	374.8	385.2	397.3
EBITDA - ED*	51.7	46.6	46.7	48.6	50.6
Pre-Tax Profit - company norm	**41.8**	**36.4**	**37.2**	**39.1**	**41.0**
EPS FD - company norm (p)	**37.4**	**32.1**	**32.6**	**34.2**	**35.9**
DPS (p)	**10.2**	**10.2**	**10.4**	**10.6**	**10.8**
Net cash / (debt) pre-IFRS16 basis	(49.9)	(37.3)	(29.3)	(20.2)	(10.2)
P/E (x)	*5.7*	*6.6*	*6.5*	*6.2*	*5.9*
EV/EBITDA (x)*	*4.6*	*4.9*	*4.7*	*4.3*	*3.9*
Dividend yield	*4.8%*	*4.8%*	*4.9%*	*5.0%*	*5.1%*

*Source: Company Annual Reports, Equity Development. *pre-IFRS16, before pensions cash.*

Company Data

EPIC	NXR
Price (last close)	212p
52 weeks Hi/Lo	236p/134p
Market cap	£190m
ED Fair Value / share	253.5p
Net (debt) FY24	(£37m)
Avg. daily volume	83k

Share Price, p

Source: ADVFN

Description

Norcros is a leading B2B designer and supplier of branded bathroom and kitchen products in its UK/Ireland, South African and selected export markets.

The portfolio of ten operating companies (6 UK, 4 South Africa) is characterised by strong individual brands, together providing product breadth and channel diversity from a strong supply chain base.

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FY24 results overview: UK ahead, South Africa subdued

Norcros' reported FY24 financial performance was slightly above broad year end guidance (being 'expected revenue of c.£390m and underlying EBIT in line with market consensus of £42.7m'). Compared to our estimates, the EBIT mix was slightly more skewed towards UK/Ireland operations and modestly above or group expectation overall.

The UK/Ireland margin strengthened in H2, while the South African one softened further with year-on-year revenue comparisons also weaker in H2 in both divisions. Net debt (pre-IFRS16 basis) was exactly in line with year-end guidance of c.£37m, representing a £12.6m reduction year-on-year.

Norcros: Divisional & Interim splits

Mar y/e	£m	H123	H223	FY23	H124	H223	FY24	H124 v H123		FY24 v FY23	
								Actual	CER LFL[1]	Actual	CER LFL[1]
Group Revenue		**219.9**	**221.1**	**441.0**	**201.6**	**190.5**	**392.1**	***-8.3%***	***-4.1%***	***-11.1%***	***-6.0%***
UK/Ireland*		142.8	153.0	295.8	143.9	138.0	281.9	*0.8%*	*-0.8%*	*-4.7%*	*-3.2%*
South Africa		77.1	68.1	145.2	57.7	52.5	110.2	*-25.2%*	*-11.0%*	*-24.1%*	*-12.3%*
Group EBIT		**22.0**	**25.3**	**47.3**	**21.4**	**21.8**	**43.2**	***-2.6%***		***-9.3%***	
UK/Ireland*		16.3	20.8	37.2	18.7	19.7	38.4	*14.6%*		*0.9%*	
South Africa		5.7	4.5	10.1	2.7	2.1	4.8	*-52.3%*		*-46.7%*	
	£/ZAR	20.00		20.40	23.48		23.60				
Margins%		***10.0%***	***11.4%***	***10.7%***	***10.6%***	***11.4%***	***11.0%***	***+60bp***		***+30bp***	
UK		*11.4%*	*13.6%*	*12.6%*	*13.0%*	*14.3%*	*13.6%*	*+160bp*		*+100bp*	
South Africa		*7.3%*	*6.5%*	*7.0%*	*4.7%*	*4.0%*	*4.4%*	*-260bp*		*-260bp*	

*Source: Company. [1]CER = constant exchange rate, LFL = like-for-like. *NB: The reported UK/Ireland result includes Norcros Adhesives in FY23 only and Johnson Tiles UK contribution in both full years; these two businesses have now been closed and sold respectively. In addition, FY24 includes two additional months trading contribution from Grant Westfield (acquired 31 May 2023).*

UK/Ireland: a year of progress

This division remained the dominant profit generator for Norcros in FY24, contributing c.89% of group EBIT in the year. The headline reported figures infer a softer revenue but strengthening EBIT margin performance as the year progressed. For FY24 as a whole, the reported margin of 13.6% and EBIT contribution of £38.4m were both divisional record performances.

As at the H124 stage, Grant Westfield, Triton and Merlyn were all name-checked as having strong trading years. VADO made strategic and operational progress in the year – through warehouse consolidation and new range launches respectively – though this may have temporarily affected its financial contribution to the division. Croydex and Abode are now the two smaller revenue generators in the division; new product launches and industry recognition were both achieved in the year but no comments on financial performance were passed in the results statement.

Adjusting for the Johnson Tiles UK operation[1], the six continuing UK businesses generated revenue of c.£251m and EBIT of £37.7m in FY24, representing an EBIT margin of 15.0%. The incremental (two months) contribution from Grant Westfield cannot be separately identified which muddies a true y-o-y comparison.

[1] JTUK was sold post year-end in May 2024; in FY24 it contributed £31.1m revenue and £0.7m EBIT to the UK/Ireland divisional and group results (FY23 £35.3m and £0.5m respectively).

We believe that underlying revenue for the combined continuing operations was modestly lower in FY24 versus FY23. It also appears likely that, while the FY24 EBIT margin was a strong outturn, it was below that achieved in FY23 for the UK continuing businesses.

We are aware that some structural changes occurred in FY24 with regards to warehousing (ie consolidation of multiple locations at VADO with Grant Westfield under review also) as well as selective IT system implementation. We assume that some associated inefficiencies were incurred with prospective benefits to follow. We should also mention that disruption to shipping freight from the Far East due to developments in the Red Sea probably had a negative short term margin impact.

Outlook: Management remains very confident in the market positions and ability to win further share by its UK operating companies. Actions taken to trim the portfolio and invest in continuing businesses indicate that self-help momentum is gathering which should stand this division in good stead for when market conditions become more benign and then return to growth.

Johnson Tiles UK (JTUK): An indicative c.£15m impairment charge was previously flagged relating to the disposal of JTUK. In FY24 non-recurring items, a £4m reversal (credit) was made of a previous impairment on land and buildings which are retained by Norcros for the time being. In addition, a post year-end note in the FY24 results statement points to an estimated £20m impairment loss on completion of the disposal. Taken together, the net impact is broadly similar to the c. £15m indicated, albeit spread over two reporting periods. The expected cash impact is unchanged at less than £1m.

South Africa: meeting challenges, investing for the future

Trading performance reflected a sluggish economy that struggled for momentum due to energy supply disruption (loadshedding) which impacted business investment and consumer behaviour. The rationing did lessen in intensity to lower levels in the final quarter of FY24 for Norcros and the CER LFL revenue performance in the table above suggests that some trading stability had started to return. In South Africa, there is a greater degree of performance interdependence as both Johnson Tiles SA and TAL Adhesives supply products to retailer Tile Africa (TAF). As mentioned before, relatively high fixed cost bases in manufacturing (JTSA) and retail (TAF) brings adverse operational gearing effects when the revenue line is under pressure.

A 12.3% revenue reduction in local currency terms was accompanied by a c.45% EBIT decline and a 260bp lower EBIT margin (at 4.4%). No separate non-recurring items were identified for this division, though we expect that cost saving actions were taken during the year to deliver the level of profitability achieved. TAL appeared to be the most resilient business, making profit progress in the year. Lower consumer footfall and new housebuilding activity adversely affected TAF and JTSA revenues. House of Plumbing appears to have undergone a period of business model transition and opened a first new store in the year, though full year revenues are likely to have been lower y-o-y.

Notwithstanding market conditions, Norcros SA companies continued to invest in business development including new product launches, range extensions with new account wins and the aforementioned additional store also cited. Planning for a new Tile Africa ERP system is well advanced and this is expected to be rolled out in early FY25.

Outlook: Some private sector supply-side improvements have contributed to more robust energy availability thus far in FY25, **with no load-shedding days reported at all to date**. Lower energy demand is also understood to have contributed to this outturn, so some doubt remains that the situation has been permanently 'fixed'. The recent election outcome adds further uncertainty for consumers and investors at least until the policy direction of an anticipated, ANC-led coalition or unity government has been signalled. Under these circumstances, a return to growth is likely to be cautious and gradual rather than a sharp recovery in our view. A return to the c.£9m EBIT levels seen in the prior two years (ie £10m+ adjusted for the current £/ZAR) has to be a benchmark for performance, though we have not assumed this in our model.

Gearing reduces to c. 0.8x underlying EBITDA

FY24 year-end net debt (pre IFRS16) of £37.3m matched pre close guidance and resulted from net cash generation of c.£14m – including £10m in H2 - partly offset by a £1.5m adverse translation effect on South African cash balances. Based on the EBITDA figure noted below, end FY24 net debt was **just over 0.8x underlying EBITDA generated in the year.**

Working capital performance enhances net cash inflow

Underlying EBITDA (adjusted for, ie after IFRS16 lease costs) of £45.7m was c.£5m below the prior year **but a c.£17m favourable swing in working capital** (from £13.3m prior year outflow to a £3.3m FY24 inflow) drove an i**ncreased underlying operating capital cash flow of £56.4m in the year**. (Other lease cost and IFRS2 share-based payment adjustments were not materially different to the prior year.) Consequently, the company stated underlying cash conversion of 123% was well above the strategic 90% threshold in the period.

Looking more closely at working capital, we note that small cash inflows were achieved in both half year periods. Inventory accounted for most of the overall inflow for the year (ie £2.9m out of £3.3m). Otherwise, the payables/receivables (inflow/outflow) movements were more exaggerated than we had anticipated at the full year stage and largely offset each other.

After taking into consideration £4m of DB pension scheme deficit recovery payments and c.£3.4m other items (largely relating to non-recurring items), **reported operating cash flow was £49m**.

Elsewhere, cash tax payments and capex were marginally lower than our estimate – with interest and dividend payments in line - which resulted in net cash inflow of £14.3m for the year being modestly better than anticipated in underlying terms.

Outlook: further debt reduction expected, pension review underway

Our model includes positive net cash generation in all three estimate years to continue the downward trend in net debt, absent any acquisitions. Following warehouse consolidation activity, there may be opportunities to reduce inventory levels. That said, realistically the benefits may come more in the form of enhanced customer service which may then temper the extent to which inventory reduction is commercially desirable. As revenue growth is delivered, consolidation should at least serve to dampen any initial uptick due to increased efficiencies. For now, we have factored in modest levels of working capital absorption consistent with our expectation of low single-digit revenue growth from continuing operations in each of the next three years. While cash costs associated with the disposal of JTUK will be incurred in FY25, the payment of anticipated proceeds (of £1m plus a modest potential earnout based on unspecified future equity value), falls outside our estimate horizon in April 2028 (ie FY29).

Pension funding: under current arrangements, Norcros is making annual DB pension fund cash recovery payments, rising at CPI per annum capped at 5%. As mentioned above, the FY24 payment was £4m. We note that FY24 ended with a slightly higher accounting surplus despite a lower discount rate suggesting further underlying progress in deficit reduction is being made. The latest actuarial triennial valuation (dated 31 March 2024) is now underway. As a reminder, the last equivalent valuation showed a deficit of £35.8m (31 March 2021, itself down from £49.3m three years prior to that). The process is far to opaque for us to state with any certainly that this will be the case, but if any reduction in cash contributions results from it, this should be beneficial for Norcros' own valuation.

Our previous cash flow modelling suggests that uninterrupted pension cash payments discount back to c.£45m in present value terms. Any structural changes in pension fund contributions – and subsequent implications for valuation - should be measured against this benchmark.

Strategy reprise: laying down some execution markers

Our May note covered Norcros' updated strategy. We have included our summary graphic again below, and also flag some contextual points below as markers to assess near term execution progress.

Norcros: mapping strategic pillars to medium term targets

Strategic Pillars	Actions	Targeted outcomes
	4. ESG	**Organic:**
1. Organic growth	• New product development • Sales channel cross-collaboration	Revenue growth +2-3% above market Operating margin of 15%
2. Operational excellence	• Scale benefits from shared processes	ROCE of 20%+ Cash conversion of 90%+

3. Portfolio development	• M&A
	• Existing addressable markets (£6bn)
	• Potential markets (+£10bn)
	• Adjacent product categories
	  • Eg: bathroom furniture, sanitaryware
	• Geographic expansion
	  • Eg: DACH, Nordics, Middle East
		Inorganic: Target companies with similar business/financial models and market characteristics to existing group companies with synergistic benefits.
		ESG: SBTi targets for 2028
		• 33.6% lower Scope 1& 2 emissions,
		• 20% reduction in Scope 3 emissions
		(versus FY23 base year)

Source: Equity Development.

- **Organic growth context** – reliable short term market statistics are not readily available. Taking OECD GDP estimates as a proxy for expected 'market' performance, the blended outlook for calendar 2024 and 2025 in Norcros' two main sales territories is c.0.6% and c.1.1% respectively. We would expect growth trends in the bathroom and kitchen market to amplify general GDP trends (in both directions), so the table above could be seen as a base level for comparison. The potential impact of post-election policy changes in both countries remains to be seen.

- **Operating margins** – the underlying (ie ex-Johnson Tiles UK) group EBIT margin was 11.8% in FY24, comprising 15.0% in the UK/Ireland and 4.4% in South Africa. In context, the former is a reported record level, whilst the peak reported South African EBIT margin was 8.8% (in FY18). All other things being equal, a further 100bp could be added to group EBIT margin by increasing regional margins individually either in the UK/Ireland by 110bp or in South Africa by 250bp. Historic performance suggests that more margin upside may exist in South African in the relatively near term, though the UK obviously remains the largest contributor to group profitability. Given the ongoing tile manufacturing activities in South Africa, we would expect regional ROCE performance to be some way below the group average and so the same upside sentiment applies to this metric also.

- **Portfolio development** – the exit from UK adhesives and tile manufacturing is clearly aligned with updated group strategy. Norcros already has a successful track M&A record and has clearly laid out market segments and territories targeted for potential further expansion. Obviously, acquisitions are immediately more visible and provide scope for discrete steps forward. As well as factoring the direct impact of adding additional businesses, investors should cross-check the extent to which they are able to accelerate delivery of the organic strategic targets outlined in the above table. Integration measures such as consolidating warehousing footprints and new product development are two examples here, though they also apply to existing operations without M&A.

Valuation: clear upside potential

Looking separately at DCF and peer group analyses, generates valuations of 240p per share (previously 233p) and 267p per share respectively from these approaches. This range has narrowed from both ends such that our simple average **fair value for Norcros of 253.5p** is slightly below our last published 257p.

The company's May CMD was well received as a coherent, credible and progressive statement of intent by the Norcros management team. As things stand, the current valuation does not factor in full delivery of this plan in our view. The question is then, when do investors start to factor in upside as outlined in our post-CMD note?

Our updated estimates to FY27, currently factor in revenue CAGR of 2.0% and a broadly flat EBIT margin (including 11.9% by year three). We acknowledge that more material gains are likely to be delivered in the second half of management's five-year strategic plan and therefore beyond our current estimate horizon. Nevertheless, we consider that to achieve a group EBIT margin of at least 15% by FY29, there should be some upside in our intermediate estimates to confirm that pathway.

Hence, in the previous section we highlighted some markers for investors to monitor as they are likely to be the catalyst for a further re-rating. This began with the H124 results announcement in our view though the share price has given up some of its gains in recent weeks.

Based on our estimates, Norcros is currently trading on:

- **P/E**: **current year 6.5x**, reducing further to **5.9x by FY27** (PEG/EPS growth)
- **EV/EBITDA**: **4.7x** and **3.9x** respectively (or 5.2x and 4.3x after pension cash costs)

DCF upside on current estimates, more so if strategy accelerates growth

Updating inputs with our latest estimates and assuming for illustration that FY27 EBITDA represents a long-term stable expectation, **our DCF model generates a fair value per share of 240p per share for Norcros**.

Using the same approach, we calculate that the current share price is discounting a long-term EBITDA expectation broadly similar to that delivered in FY24. In other words, no further growth is apparently being factored in beyond this level.

We previously assessed that **a successful execution of strategy** could deliver revenue and EBIT of c.£480m and £85m respectively by FY29. Using the latter figure as a long-term stable EBITDA input **could generate a fair value figure of 400p/per share**.

Comparing our current estimates/fair value with the successful strategy illustration could suggest that:

- As inferred earlier, our estimate profile is not entirely consistent with the illustration as a progression from c.£52m EBITDA in FY27 to c.£85m in FY29 would be considered an unrealistic expectation, or possibly that
- The strategy illustration itself is a higher level of profitability that could be achieved in the timeframe.

As described in our May note, the implied revenue growth rate and margin to achieve £85m EBITDA by FY29 are consistent with the outlined strategy and achievable in our view.

Consequently, we believe that near term delivery against estimates supporting confidence in a faster rate of earnings growth – and therefore narrowing the FY27/FY29 gap highlighted above – will be key drivers of a prospective market re-rating of Norcros' shares.

Lastly, we should mention again that a reduction or elimination of DB pension scheme cash contributions could potentially add up to a further c.50p value per share in our DCF analysis.

We have already noted the pension impact on the EV/EBITDA metric above. In P/E terms, 50p per share is equivalent to 1.5x FY25 earnings. We will revisit this analysis once the outcome of the March 2024 triennial review is known.

Relative rating discounts excessive and unwarranted

Using the same comparators as in previous notes, we have updated our Norcros peer group valuation table.

The Norcros ratings generated by our estimates (calendarised) and the current share price (which has slipped back from its end of May high) continues to indicate that **the company is trading on a significant discount to its peers.**

- **P/E basis** – c.45-55% discounts
- **EV/EBITDA basis** c.35%-50% discounts

If we look solely at the sub-Midcap comparators shown below the discounts do narrow (to c 25% and c 10% on average on a P/E and EV/EBITDA basis respectively) but are still noteworthy and unwarranted in our view.

Norcros: Peer group comparison

	Market Cap	P/E (x)			EV/EBITDA (x)		Div Yield (%)
	£m	FY1	FY2	FY3	FY1	FY2	FY1
Norcros plc*	185	6.5	6.3	6.0	4.7	4.4	4.9%
Average - Group 1 (3)		14.4	13.1	12.0	8.8	8.2	3.6%
Average - Group 2 (6)		12.4	10.9	9.8	7.1	6.6	4.3%
Group 1							
Howden Joinery Group Plc	4726	17.6	15.8	14.4	10.2	9.3	2.4%
Stelrad Group PLC	151	9.3	7.8	6.9	5.1	4.7	6.4%
Volution Group plc	868	16.3	15.6	14.7	11.1	10.7	2.0%
Group 2							
The Alumasc Group plc	69	7.8	7.3	7.0	5.0	4.7	5.5%
Epwin Group Plc	134	9.2	8.7	8.2	5.7	5.6	5.4%
Eurocell plc	142	9.1	7.2	6.3	4.2	3.8	5.7%
Genuit Group plc	1084	17.4	15.4	14.1	10.3	9.5	2.9%
Marshalls plc	758	19.2	16.3	13.7	9.2	8.6	2.6%
Tyman plc	693	11.9	10.4	9.6	7.9	7.1	4.0%

*Source: Koyfin (non-Norcros), *Equity Development (Norcros) calendarised*

Progress anticipated, some caution prevails

Management states that **FY25 has started positively with group constant currency, like-for-like revenue growth of 2.2% in the first two months of the year**. This comprises UK/Ireland +2.0% and South Africa +2.5% on the same basis.

Given the latest commentary from the UK merchant sector, nearer peers such as Howden and Stelrad and UK building products manufacturers and (both traditional and online) retailers volume growth still appears to be difficult to come by suggesting that **Norcros is among the better performers**. We would say that the messaging tone from the retail channel has been a little more positive in places and that we should also remember that comparisons against the first four months of calendar 2023 – when housebuilding activity was temporarily boosted by imminent regulation change – were always going to be challenging for the sector.

This is not to say that we expect a sharp recovery from here as market commentary generally remains subdued. The timing of interest rate reductions as a potential boost to consumption is also still far from certain. In addition to this, some policy uncertainty will be in place until post-election actions become clear. These comments apply equally to the UK and South Africa. As things stand, the latest OECD Economic Outlook for May projects GDP growth in these countries as follows:

- **UK** +0.4% 2024, +1.0% 2025
- **South Africa** +1.0% 2024, +1.4% 2025

ED estimates – no material changes

Having adjusted our estimates for the disposal of Johnson Tiles UK in our recent note following the CMD event in May, we have made **no material changes to our underlying revenue and EBIT expectations**, though adjusting to prevailing £/ZAR rates has a modest adverse effect on South African and therefore group revenue and EBIT estimates. (Other marginal P&L changes compared to our last published estimates reflect the net impact of aligning non-bank financial line items with those reported in FY24.) A lower tax charge (of 22% in line with FY24 versus 24% previously) is a modest benefit to our forecast earnings

One difference to flag is **non-underlying accounting for the Johnson Tiles UK disposal** primarily relates to the timing. The recognition of c.£20m of anticipated impairments now falls in FY25. (Previously, we had shown a c.£15m impairment in FY24 being a net figure after a £4m reversal of prior land and buildings impairment following an asset valuation as part of the sale process and this was in fact recognised in FY24.). Final accounting for the transaction will be confirmed during FY25.

Lastly, we have **introduced FY27 estimates for the first time**, the primary drivers being group revenue growth just over 3% and a minor uplift in EBIT margin to 11.8% for the year. Cash flow drivers are consistent with prior years and, absent acquisitions, our projections result in net debt (pre-IFRS16) of c.£10m only at the period end.

With regards to cash flow, we have taken a slightly more conservative view of working capital performance in FY25 – now a c.£3m outflow versus broadly flat previously – and c.£1m higher capex in all years. This **moderates the rate of net debt reduction a little but gearing levels are clearly a relatively low levels** and reducing in all years.

The above elements are all reflected in the following Financial Summary section.

Financial Summary

Norcros: Income Statement										
Year end: March £m	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
			IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenue	**300.1**	**331.0**	**342.0**	**324.2**	**396.3**	**441.0**	**392.1**	**374.8**	**385.2**	**397.3**
Gross Profit	109.7	124.2	124.5	118.4	140.8	169.3	150.5	143.9	147.9	152.5
EBITDA - pre IFRS16 & SBP	34.7	42.5	39.0	40.1	48.1	53.5	48.4	48.5	50.4	52.4
EBITDA - company	33.8	41.3	38.6	37.9	45.4	50.5	45.7	45.8	47.7	49.7
EBIT - company norm	**27.4**	**34.4**	**32.3**	**33.7**	**41.8**	**47.3**	**43.2**	**43.8**	**45.5**	**47.2**
Net Bank Interest	(1.1)	(1.8)	(1.6)	(1.5)	(0.8)	(3.7)	(5.2)	(5.0)	(4.8)	(4.6)
IFRS16 Interest	0.0	0.0	(1.9)	(1.7)	(1.7)	(1.8)	(1.6)	(1.6)	(1.6)	(1.6)
Other financial	(1.9)	(1.7)	(1.7)	(1.6)	(1.9)	(2.5)	(1.8)	(1.7)	(1.7)	(1.7)
Profit Before Tax (ED norm)*	**24.4**	**30.9**	**27.1**	**29.0**	**37.4**	**39.3**	**34.6**	**35.5**	**37.4**	**39.3**
Profit Before Tax (NXR norm)	**26.3**	**32.6**	**28.8**	**30.6**	**39.3**	**41.8**	**36.4**	**37.2**	**39.1**	**41.0**
Intangible Amortisation	(2.2)	(3.5)	(3.7)	(3.7)	(3.7)	(6.2)	(6.5)	(6.5)	(6.5)	(6.5)
Other Non-Underlying Items	(4.2)	(4.3)	(9.3)	(3.8)	(0.2)	(12.0)	2.7	(22.7)	(1.7)	(1.7)
Profit Before Tax (reported)	13.5	25.4	15.0	18.5	33.0	21.7	32.6	8.0	30.9	32.8
Tax	(3.6)	(6.0)	(4.1)	(3.5)	(7.3)	(4.9)	(5.8)	(7.8)	(8.2)	(8.7)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit After Tax (reported)	**9.9**	**19.4**	**10.9**	**15.0**	**25.7**	**16.8**	**26.8**	**0.2**	**22.6**	**24.2**
EPS FD - ED norm (p)	**26.8**	**29.6**	**26.1**	**29.6**	**35.9**	**34.6**	**30.0**	**30.7**	**32.3**	**34.1**
EPS FD - company norm (p)	**29.5**	**31.7**	**28.2**	**31.1**	**38.2**	**37.4**	**32.1**	**32.6**	**34.2**	**35.9**
EPS FD - reported (p)	**14.1**	**23.9**	**13.5**	**18.6**	**31.2**	**18.8**	**29.8**	**0.2**	**25.1**	**26.8**
Dividend per share (p)	**7.8**	**8.4**	**3.1**	**8.2**	**10.0**	**10.2**	**10.2**	**10.4**	**10.6**	**10.8**
Shares - Avge (m)	68.0	80.2	80.3	80.6	80.9	88.1	89.0	89.3	89.3	89.3
Shares - Period End (m)	80.2	80.9	80.6	80.8	81.0	89.3	89.3	89.3	89.3	89.3
Margins (%)										
Gross Profit	***36.5***	***37.5***	***36.4***	***36.5***	***35.5***	***38.4***	***38.4***	***38.4***	***38.4***	***38.4***
EBITDA - pre IFRS16 & SBP	*11.6*	*12.8*	*11.4*	*12.4*	*12.1*	*12.1*	*12.3*	*12.9*	*13.1*	*13.2*
EBITDA - company	*11.3*	*12.5*	*11.3*	*11.7*	*11.5*	*11.5*	*11.7*	*12.2*	*12.4*	*12.5*
EBIT company norm	***9.1***	***10.4***	***9.4***	***10.4***	***10.6***	***10.7***	***11.0***	***11.7***	***11.8***	***11.9***

Source: Company, Equity Development (ED). ED norm includes IAS19R administration & other financial costs. NB FY24 Gross Profit is an ED estimate pending the publication of the Annual Report.

Norcros: Cash Flow Statement											
Year end: March	**£m**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
				IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA pre IFRS16 & SBP		34.7	42.5	39.0	40.1	48.1	53.5	48.4	48.5	50.4	52.4
Change in working capital		(2.8)	(2.1)	(4.8)	21.8	(23.6)	(13.3)	3.3	(2.5)	(3.5)	(4.1)
Other		(8.4)	(5.1)	0.6	(1.9)	(1.2)	(2.5)	(2.7)	(0.5)	0.3	0.1
Operating Cash Flow		**23.5**	**35.3**	**34.8**	**60.0**	**23.3**	**37.7**	**49.0**	**45.5**	**47.2**	**48.4**
Tax paid		**(4.9)**	**(4.6)**	**(5.3)**	**(3.5)**	**(6.5)**	**(7.7)**	**(5.6)**	**(7.0)**	**(7.4)**	**(7.8)**
Investing Activities		**(66.8)**	**(7.6)**	**(14.0)**	**(2.8)**	**(5.4)**	**(84.3)**	**(7.3)**	**(9.0)**	**(9.0)**	**(9.0)**
Income from associates & JVs		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tangible Fixed Assets purchased		(7.7)	(5.6)	(4.8)	(2.8)	(5.4)	(6.0)	(7.3)	(9.0)	(9.0)	(9.0)
Tangible Fixed Assets disposed		0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition consideration		(59.1)	(2.1)	(9.2)	0.0	0.0	(78.3)	0.0	0.0	0.0	0.0
Disposal proceeds		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other business investments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Activities		**23.4**	**(9.3)**	**(15.1)**	**(7.2)**	**(16.2)**	**(1.2)**	**(21.8)**	**(21.7)**	**(21.6)**	**(21.6)**
Net finance income (cost)		(1.1)	(1.8)	(1.7)	(1.4)	(0.8)	(3.7)	(5.0)	(5.0)	(4.8)	(4.6)
IFRS16 interest		0.0	0.0	(1.8)	(1.8)	(1.7)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
IFRS16 lease capital repayments		0.0	0.0	(3.8)	(4.3)	(4.7)	(4.6)	(4.9)	(4.9)	(4.9)	(4.9)
Equity Issued		30.1	(0.9)	(0.8)	0.3	0.1	18.1	(0.8)	(0.8)	(0.8)	(0.8)
Dividends paid		(5.0)	(6.4)	(7.0)	0.0	(9.1)	(9.2)	(9.1)	(9.2)	(9.3)	(9.5)
Other		(0.6)	(0.2)	0.0	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0
Net Cash Flow		**(24.8)**	**13.8**	**0.4**	**46.5**	**(4.8)**	**(55.5)**	**14.3**	**7.8**	**9.2**	**10.0**
Opening cash/(net debt) pre IFRS16		**(23.2)**	**(47.1)**	**(35.0)**	**(36.4)**	**10.5**	**8.6**	**(49.9)**	**(37.3)**	**(29.5)**	**(20.4)**
Change in Net Cash		(24.8)	13.8	0.4	46.5	(4.8)	(55.5)	14.3	7.8	9.2	10.0
Other		0.9	(1.7)	(1.8)	0.4	2.9	(3.0)	(1.7)	0.0	0.0	0.0
Closing cash/(net debt) pre IFRS16		**(47.1)**	**(35.0)**	**(36.4)**	**10.5**	**8.6**	**(49.9)**	**(37.3)**	**(29.5)**	**(20.4)**	**(10.4)**
IFRS16 lease liabilities				**(25.1)**	**(24.2)**	**(24.0)**	**(24.7)**	**(22.2)**	**(22.2)**	**(22.2)**	**(22.2)**

Source: Company Equity Development

Norcros: Balance Sheet

Year end: March	£m	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
				IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets		**147.9**	**138.0**	**150.8**	**141.2**	**158.8**	**226.8**	**224.5**	**207.5**	**210.5**	**213.4**
Intangible Assets		98.9	94.9	96.5	93.6	90.3	167.1	161.2	154.7	148.2	141.7
Tangible Assets - Owned		45.0	42.3	29.0	28.0	29.0	24.8	28.1	13.6	18.9	23.9
Tangible Assets - RoU		0.0	0.0	20.6	19.6	19.9	20.0	18.0	18.0	18.0	18.0
Other Fixed Assets		4.0	0.8	4.7	0.0	19.6	14.9	17.2	21.2	25.4	29.8
Current Assets		**165.1**	**169.5**	**188.7**	**171.0**	**200.7**	**216.2**	**200.8**	**212.9**	**226.7**	**242.1**
Inventory		74.9	79.5	78.9	78.1	100.6	103.9	97.4	98.1	100.8	104.0
Trade Receivables		58.5	57.8	56.1	60.4	66.9	78.7	67.9	69.9	71.8	74.1
Other Debtors		5.9	5.0	6.4	4.2	5.8	4.6	4.7	6.3	6.3	6.3
Cash		25.8	27.2	47.3	28.3	27.4	29.0	30.8	38.6	47.7	57.7
Current Liabilities		**(89.8)**	**(85.1)**	**(79.2)**	**(104.1)**	**(110.8)**	**(112.7)**	**(99.2)**	**(104.9)**	**(109.9)**	**(115.3)**
Trade Payables		(41.1)	(44.6)	(41.2)	(49.5)	(56.6)	(50.8)	(40.9)	(41.1)	(42.2)	(43.6)
Other Creditors		(40.2)	(36.7)	(32.7)	(49.2)	(48.5)	(55.8)	(52.0)	(57.5)	(61.4)	(65.4)
IFRS16 Lease Liabilities				(5.2)	(5.4)	(5.7)	(6.1)	(6.3)	(6.3)	(6.3)	(6.3)
Short-term Debt		(8.5)	(3.8)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current Liabilities		**(118.6)**	**(96.7)**	**(155.9)**	**(59.7)**	**(48.4)**	**(119.9)**	**(103.7)**	**(102.9)**	**(102.1)**	**(101.2)**
Long-term Debt		(64.4)	(58.4)	(83.6)	(17.8)	(18.8)	(78.9)	(68.1)	(68.1)	(68.1)	(68.1)
IFRS16 Lease Liabilities				(19.9)	(18.8)	(18.3)	(18.6)	(15.9)	(15.9)	(15.9)	(15.9)
Other Long-term Liabilities		(54.2)	(38.3)	(52.4)	(23.1)	(11.3)	(22.4)	(19.7)	(18.9)	(18.1)	(17.2)
Net Assets		**104.6**	**125.7**	**104.4**	**148.4**	**200.3**	**210.4**	**222.4**	**212.6**	**225.1**	**239.0**

Source: Company Equity Development. NB Certain FY24 balance sheet line items are ED estimates pending the publication of the Annual Report

Norcros: Balance Sheet										
Year end: March £m	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
			IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets	**147.9**	**138.0**	**150.8**	**141.2**	**158.8**	**226.8**	**224.5**	**207.5**	**210.5**	**213.4**
Intangible Assets	98.9	94.9	96.5	93.6	90.3	167.1	161.2	154.7	148.2	141.7
Tangible Assets - Owned	45.0	42.3	29.0	28.0	29.0	24.8	28.1	13.6	18.9	23.9
Tangible Assets - RoU	0.0	0.0	20.6	19.6	19.9	20.0	18.0	18.0	18.0	18.0
Other Fixed Assets	4.0	0.8	4.7	0.0	19.6	14.9	17.2	21.2	25.4	29.8
Current Assets	**165.1**	**169.5**	**188.7**	**171.0**	**200.7**	**216.2**	**200.8**	**213.1**	**226.9**	**242.3**
Inventory	74.9	79.5	78.9	78.1	100.6	103.9	97.4	98.1	100.8	104.0
Trade Receivables	58.5	57.8	56.1	60.4	66.9	78.7	67.9	69.9	71.8	74.1
Other Debtors	5.9	5.0	6.4	4.2	5.8	4.6	4.7	6.3	6.3	6.3
Cash	25.8	27.2	47.3	28.3	27.4	29.0	30.8	38.8	47.9	57.9
Current Liabilities	**(89.8)**	**(85.1)**	**(79.2)**	**(104.1)**	**(110.8)**	**(112.7)**	**(99.2)**	**(104.9)**	**(109.9)**	**(115.3)**
Trade Payables	(41.1)	(44.6)	(41.2)	(49.5)	(56.6)	(50.8)	(40.9)	(41.1)	(42.2)	(43.6)
Other Creditors	(40.2)	(36.7)	(32.7)	(49.2)	(48.5)	(55.8)	(52.0)	(57.5)	(61.4)	(65.4)
IFRS16 Lease Liabilities			(5.2)	(5.4)	(5.7)	(6.1)	(6.3)	(6.3)	(6.3)	(6.3)
Short-term Debt	(8.5)	(3.8)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current Liabilities	**(118.6)**	**(96.7)**	**(155.9)**	**(59.7)**	**(48.4)**	**(119.9)**	**(103.7)**	**(102.9)**	**(102.1)**	**(101.2)**
Long-term Debt	(64.4)	(58.4)	(83.6)	(17.8)	(18.8)	(78.9)	(68.1)	(68.1)	(68.1)	(68.1)
IFRS16 Lease Liabilities			(19.9)	(18.8)	(18.3)	(18.6)	(15.9)	(15.9)	(15.9)	(15.9)
Other Long-term Liabilities	(54.2)	(38.3)	(52.4)	(23.1)	(11.3)	(22.4)	(19.7)	(18.9)	(18.1)	(17.2)
Net Assets	**104.6**	**125.7**	**104.4**	**148.4**	**200.3**	**210.4**	**222.4**	**212.8**	**225.3**	**239.2**

Source: Company Equity Development. NB Certain FY24 balance sheet line items are ED estimates *pending the publication of the Annual Report.*

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