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Strong execution and generating cash

Norcros continues to navigate uncertain market conditions well, making good y-o-y progress backed by strong cash generation in H1 27. Full year expectations are unchanged, and valuation metrics continue to look attractive.

Revenue, profitability and cash generation all ahead in H1 27: Norcros has flagged H1 27 revenue growth of **+19% (reported)** and **+1.5% (constant currency, LFL, excluding Fibo)**, generating c. £220m group revenue for the period. Underlying progress is around half of the 3.1% noted in Q1 inferring that Q2 was flatter y-o-y, driven by softer UK demand. Divisionally, we believe that Norcros has outperformed the wider market in each of its regions. Fibo (acquired in October 2025) looks to be trading to plan. This business is now fully integrated into the Group and some investment in business development has been undertaken.

Operating profit of 'at least' £24.6m, equates to an EBIT margin of c.11.2% (versus £21.9m, 11.9% in H1 26). Fibo dilution is likely to have accounted for most of the y-o-y margin move with UK/Ireland and South Africa both flat or marginally lower in our view. Note that H1 revenue only saw limited benefit from in-period price increases despite visible energy cost pressures arising from the Middle East conflict. Price rises were implemented towards the end of H1 however and should therefore feed into the H2/FY trading outturn. FY27 EBIT guidance is maintained, and our unchanged estimates are aligned with consensus.

Period end net debt (pre-IFRS16) of £55m is a notable achievement, representing a more than £10m reduction from the beginning of the year. A working capital outflow is typical in H1, but the conversion of tile inventory into cash and good receivables/payables management looks to have at least offset this in H1 27. Other timing effects further down the cash flow statement may also have contributed to this outturn, despite higher post Fibo acquisition interest costs. Given that the H1 net debt position already matches our FY27 projection, we will review cash projections fully with the H1 27 results.

Valuation: Norcros' markets are set to remain subdued in H2 though estimates appear robust. With a share price in the lower half of its 12m trading range valuation multiples look attractive. No further details on the proposed South African exit have been provided, save for stating that it is 'progressing to plan'. We see further details here and optionality from further de-gearing as catalysts for greater focus on the group's low rating. Our fair value estimate of 400p per share is unchanged.

Company Data

EPIC	NXR
Price (last close)	288p
52 weeks Hi/Lo	374p/262p
Market cap	£260m
ED Fair Value / share	400p
Net debt	£55m
End H127, pre IFRS 16	
Avg. daily volume	118k

Share Price, p



Source: Investing.com

Description

Norcros is the leading designer and supplier of branded mid/premium bathroom products in its UK/Ireland, Scandinavian, South African and selected export markets.

The portfolio of operating companies (6 UK, 1 Norway, 3 South Africa) is characterised by category-leading individual brands, product breadth and B2B channel diversity from a strong supply chain base.

Next events

H1 27 results – 19 November

Summary financials

Year to March (£m)	2025	2026	2027E	2028E	2029E
Revenue	368.1	393.4	448.3	460.3	471.9
EBITDA - ED*	46.4	53.0	59.8	61.9	64.1
Pre-Tax Profit - company norm	36.5	40.9	45.6	47.7	49.9
EPS FD - company norm (p)	32.4	35.9	40.2	42.0	43.9
DPS (p)	10.4	11.3	11.6	11.9	12.2
Net cash / (debt) pre-IFRS16 basis	(36.8)	(65.8)	(55.8)	(40.3)	(23.0)
P/E (x)	8.9	8.0	7.2	6.9	6.6
EV/EBITDA* (x)	6.3	6.1	5.2	4.8	4.4
Dividend yield	3.6%	3.9%	4.0%	4.1%	4.2%

Source: Company, Equity Development. *pre-IFRS16, before pension cash

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Financials

Norcros: Income Statement

Year end: March	£m	2020	2021	2022	2023	2024	2025	2026	2027E	2028E	2029E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenue		342.0	324.2	396.3	441.0	392.1	368.1	393.4	448.3	460.3	471.9
Gross Profit		124.5	118.4	140.8	169.3	165.0	159.9	182.5	188.3	193.3	198.2
EBITDA - pre IFRS16 & SBP		39.0	40.1	48.1	53.5	48.4	48.2	54.8	61.6	63.7	65.9
EBITDA - company		38.6	37.9	45.4	50.5	45.7	46.1	51.5	58.3	60.4	62.6
EBIT - company norm		32.3	33.7	41.8	47.3	43.2	43.2	48.0	54.4	56.3	58.3
Net Bank Interest		(1.6)	(1.5)	(0.8)	(3.7)	(5.2)	(5.0)	(5.3)	(6.8)	(6.6)	(6.4)
IFRS16 Interest		(1.9)	(1.7)	(1.7)	(1.8)	(1.6)	(1.7)	(1.8)	(2.0)	(2.0)	(2.0)
Other financial		(1.7)	(1.6)	(1.9)	(2.5)	(1.8)	(1.4)	(3.0)	(3.0)	(3.0)	(3.0)
Profit Before Tax (ED norm)*		27.1	29.0	37.4	39.3	34.6	35.1	37.9	42.6	44.7	46.9
Profit Before Tax (company norm)		28.8	30.6	39.3	41.8	36.4	36.5	40.9	45.6	47.7	49.9
Intangible Amortisation		(3.7)	(3.7)	(3.7)	(6.2)	(6.5)	(6.5)	(7.8)	(9.2)	(9.2)	(9.2)
Other Non-Underlying Items		(9.3)	(3.8)	(0.2)	(12.0)	2.7	(28.0)	(18.2)	(6.5)	(3.0)	(3.0)
Profit Before Tax (reported)		15.0	18.5	33.0	21.7	32.6	2.0	14.9	29.9	35.5	37.7
Tax		(4.1)	(3.5)	(7.3)	(4.9)	(5.8)	1.5	(4.7)	(9.4)	(9.8)	(10.3)
Other		0.0	0.0	0.0	0.0	0.0	0.0	(9.9)	0.0	0.0	0.0
Profit After Tax (reported)		10.9	15.0	25.7	16.8	26.8	3.5	0.3	20.6	25.7	27.4
EPS FD - ED norm (p)		26.1	29.6	35.9	34.6	30.1	30.9	32.5	36.9	38.7	40.6
EPS FD - company norm (p)		28.2	31.1	38.2	37.4	32.1	32.4	35.9	40.2	42.0	43.9
EPS FD - reported (p)		13.5	18.6	31.2	18.8	29.8	3.9	0.3	22.8	28.5	30.4
Dividend per share (p)		3.1	8.2	10.0	10.2	10.2	10.4	11.3	11.6	11.9	12.2
Shares - Avge (m)		80.3	80.6	80.9	88.1	89.0	89.5	89.0	89.0	89.0	89.0
Shares - Period End (m)		80.6	80.8	81.0	89.3	89.6	89.8	89.9	89.9	89.9	89.9
Margins (%)											
Gross Profit		36.4	36.5	35.5	38.4	42.1	43.4	46.4	42.0	42.0	42.0
EBITDA - pre IFRS16 & SBP		11.4	12.4	12.1	12.1	12.3	13.1	13.9	13.7	13.8	14.0
EBITDA - company		11.3	11.7	11.5	11.5	11.7	12.5	13.1	13.0	13.1	13.3
EBIT company norm		9.4	10.4	10.6	10.7	11.0	11.7	12.2	12.1	12.2	12.3

Source: Company, Equity Development (ED). ED norm includes IAS19R administration & other financial costs

Norcross: Cash Flow Statement

Year end: March	£m	2020	2021	2022	2023	2024	2025	2026	2027E	2028E	2029E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA pre IFRS16 & SBP		39.0	40.1	48.1	53.5	48.4	48.2	54.8	61.6	63.7	65.9
Change in working capital		(4.8)	21.8	(23.6)	(13.3)	3.3	(14.0)	(1.1)	(5.3)	(7.0)	(7.0)
Other		0.6	(1.9)	(1.2)	(2.5)	(2.7)	(5.9)	(10.8)	(1.9)	3.7	3.8
Operating Cash Flow		34.8	60.0	23.3	37.7	49.0	28.3	42.9	54.4	60.5	62.6
Tax paid		(5.3)	(3.5)	(6.5)	(7.7)	(5.6)	(3.4)	(2.9)	(8.4)	(8.8)	(9.3)
Investing Activities		(14.0)	(2.8)	(5.4)	(84.3)	(7.3)	(3.4)	(43.9)	(9.8)	(9.8)	(9.8)
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		(4.8)	(2.8)	(5.4)	(6.0)	(7.3)	(6.9)	(6.8)	(9.8)	(9.8)	(9.8)
Tangible Fixed Assets disposed		0.0	0.0	0.0	0.0	0.0	3.5	4.6	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		(9.2)	0.0	0.0	(78.3)	0.0	0.0	(41.7)	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		(15.1)	(7.2)	(16.2)	(1.2)	(21.8)	(20.8)	(26.0)	(26.2)	(26.3)	(26.4)
Net finance income (cost)		(1.7)	(1.4)	(0.8)	(3.7)	(5.0)	(4.6)	(5.9)	(6.8)	(6.6)	(6.4)
IFRS16 interest		(1.8)	(1.8)	(1.7)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
IFRS16 lease capital repayments		(3.8)	(4.3)	(4.7)	(4.6)	(4.9)	(5.1)	(6.0)	(6.6)	(6.6)	(6.6)
Equity Issued		(0.8)	0.3	0.1	18.1	(0.8)	(0.1)	(1.7)	(0.8)	(0.8)	(0.8)
Dividends paid		(7.0)	0.0	(9.1)	(9.2)	(9.1)	(9.2)	(9.5)	(10.3)	(10.5)	(10.8)
Other		0.0	0.0	0.0	0.0	(0.2)	0.0	(1.1)	0.0	0.0	0.0
Net Cash Flow		0.4	46.5	(4.8)	(55.5)	14.3	0.7	(29.9)	10.0	15.6	17.2
Opening cash/(net debt) pre IFRS16		(35.0)	(36.4)	10.5	8.6	(49.9)	(37.3)	(36.8)	(65.8)	(55.8)	(40.3)
Change in Net Cash		0.4	46.5	(4.8)	(55.5)	14.3	0.7	(29.9)	10.0	15.6	17.2
Other		(1.8)	0.4	2.9	(3.0)	(1.7)	(0.2)	0.9	0.0	0.0	0.0
Closing cash/(net debt) pre IFRS16		(36.4)	10.5	8.6	(49.9)	(37.3)	(36.8)	(65.8)	(55.8)	(40.3)	(23.0)
IFRS16 lease liabilities		(25.1)	(24.2)	(24.0)	(24.7)	(22.2)	(20.6)	(30.9)	(30.9)	(30.9)	(30.9)

Source: Company, Equity Development.

Norcros: Balance Sheet

Year end: March	£m	2020	2021	2022	2023	2024	2025	2026	2027E	2028E	2029E
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets		150.8	141.2	158.8	226.8	224.5	200.2	241.7	241.3	238.5	235.5
Intangible Assets		96.5	93.6	90.3	167.1	161.2	153.5	187.8	178.6	169.4	160.2
Tangible Assets - Owned		29.0	28.0	29.0	24.8	28.1	21.8	22.8	27.2	31.3	35.3
Tangible Assets - RoU		20.6	19.6	19.9	20.0	18.0	16.7	26.9	26.9	26.9	26.9
Other Fixed Assets		4.7	0.0	19.6	14.9	17.2	8.2	4.2	8.6	10.9	13.1
Current Assets		188.7	171.0	200.7	216.2	200.8	187.8	202.9	214.0	236.8	261.2
Inventory		78.9	78.1	100.6	103.9	97.4	88.2	87.5	88.4	90.7	93.0
Trade Receivables		56.1	60.4	66.9	78.7	67.5	64.9	69.2	69.5	74.3	79.2
Other Debtors		6.4	4.2	5.8	4.6	5.1	12.0	14.0	14.0	14.0	14.0
Cash		47.3	28.3	27.4	29.0	30.8	22.7	32.2	42.2	57.7	75.0
Current Liabilities		(79.2)	(104.1)	(110.8)	(112.7)	(99.2)	(95.2)	(105.9)	(108.0)	(114.6)	(121.2)
Trade Payables		(41.2)	(49.5)	(56.6)	(50.8)	(45.4)	(48.2)	(50.3)	(46.1)	(46.4)	(46.5)
Other Creditors		(32.7)	(49.2)	(48.5)	(55.8)	(47.5)	(40.5)	(47.4)	(53.7)	(60.0)	(66.5)
IFRS16 Lease Liabilities		(5.2)	(5.4)	(5.7)	(6.1)	(6.3)	(6.5)	(8.2)	(8.2)	(8.2)	(8.2)
Short-term Debt		(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current Liabilities		(155.9)	(59.7)	(48.4)	(119.9)	(103.7)	(84.9)	(140.6)	(139.7)	(138.7)	(137.6)
Long-term Debt		(83.6)	(17.8)	(18.8)	(78.9)	(68.1)	(59.5)	(98.0)	(98.0)	(98.0)	(98.0)
IFRS16 Lease Liabilities		(19.9)	(18.8)	(18.3)	(18.6)	(15.9)	(14.1)	(22.7)	(22.7)	(22.7)	(22.7)
Other Long-term Liabilities		(52.4)	(23.1)	(11.3)	(22.4)	(19.7)	(11.3)	(19.9)	(19.0)	(18.0)	(16.9)
Net Assets		104.4	148.4	200.3	210.4	222.4	207.9	198.1	207.6	222.0	237.8

Source: Company, Equity Development.

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