

Norcros

Organic and acquisitive earnings growth

In Norcros's first half, the company delivered improved profitability, made significant organic business investment and completed an earnings enhancing UK acquisition. Merlyn is a highly complementary business and a logical addition to the business portfolio. Taken together, we raised our current year EPS by c 4% and by c 7% and c 9% in the following two years, with dividends nudged up also. The share price has performed well on this newsflow but Norcros still represents good value, in our view.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/16	235.9	18.5	24.7	6.6	7.3	3.7
03/17	271.2	20.8	24.4	7.2	7.4	4.0
03/18e	300.9	23.8	26.7	7.8	6.7	4.3
03/19e	335.5	30.9	29.5	8.4	6.1	4.7

Note: *PBT and EPS FD are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Earnings progress and investment

H118 results confirmed an earlier update flagging good revenue progress in both the UK and South Africa without much help from their respective markets, where consumer challenges have been evident. Operating profit was ahead of the prior year with a material step forward in South Africa partly offset by P&L investment in the UK, which held back its reported EBIT. It should be noted that both divisions have continued to invest in business development which has, to some extent, had an impact on short-term profitability but should benefit future periods. The company generated positive underlying cash flow and declared an 8.3% uplift to interim DPS.

Highly complementary UK acquisition

Norcros announced the £60m acquisition of shower screen specialist Merlyn on 2 November and the transaction and associated £30m of equity fund-raising were approved by shareholders on 22 November. Merlyn brings strong market positions in complementary product lines, which clearly enhance the UK/Ireland offer immediately with good potential to develop exports also. The business model and sector expertise are a clear fit with existing operations and the acquisition was very much in keeping with the template established through other UK transactions in recent years. The acquisition multiple was c 8.8x historical EBITDA; on a first full-year contribution basis this falls to 7.4x with a pre-tax ROCE of c 11.3%.

Valuation: Still on single-digit multiples

Norcros's share price had mostly traded in the 140-160p range in the six months prior to the announcement of the Merlyn acquisition. The deal was favourably received and positive sentiment was sustained by the subsequent H118 results release. At current levels, the current year P/E and EV/EBITDA (on a projected net debt and adjusted for annual pensions recovery cash payments basis) are 6.7x and 6.1x, respectively. In Merlyn's first full year, these metrics reduce to 6.1x and 4.7x. A 4.3% prospective dividend yield offers further attraction.

Merlyn acquisition and H118 results

Construction & materials

2 January 2018

Price **179.5p**

Market cap **£144m**

£/ZAR 16.7

Net debt (£m) 51

Pro forma end-September adjusted for Merlyn

Shares in issue 62.3m

Free float 98%

Code NXR

Primary exchange LSE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (1.4) 6.0 0.7

Rel (local) (6.0) 2.3 (7.4)

52-week high/low 189p 146p

Business description

Norcros is a leading supplier of showers, enclosures and trays, tiles, taps and related fittings and accessories for bathrooms, kitchens, washrooms and other commercial environments. It has operations in the UK and South Africa, with some export activity from both countries.

Next events

H118 DPS of 2.6p to be paid 12 January 2018

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Norcros **Norcros is a research client of Edison Investment Research Limited**

H118 results overview

Merlyn was acquired on 22 November so the H118 results contained no contribution from this latest addition to the group portfolio. On a like-for-like basis, both divisions delivered good top-line growth in rather lacklustre overall market conditions, with the newbuild sector again clearly stronger than in secondary repair, maintain, improve (RMI) markets. Both divisions also invested in their respective operations, which had an impact on near-term UK profitability, while South Africa achieved a good margin uplift. Net debt has been trending down for a while; this was also seen in the H118 results, although the part-debt-funded Merlyn consideration has now increased the pro forma position to c £51m. Norcros raised its interim dividend by 8.3%. This note first covers the results performance and goes on to discuss the Merlyn acquisition background and its impact on estimates.

Exhibit 1: Norcros divisional and interim splits

March year-end (£m)	H117	H217	2017	H118	Reported	CER
Group revenue	128.8	142.4	271.2	145.0	12.6%	7.2%
UK	86.9	95.4	182.3	94.3	8.5%	8.5%
South Africa	41.9	47.0	88.9	50.7	21.1%	4.8%
Group operating profit (post-SBP)	11.0	12.8	23.8	11.7	6.4%	1.9%
UK	8.0	9.4	17.4	7.4	(7.5%)	(7.5%)
South Africa	3.0	3.4	6.4	4.3	43.5%	26.7%
£/ZAR average rate	19.69		20.5	17.11	15%	

Source: Norcros accounts, Edison investment Research

UK division: Focus on business development and investment

The UK operations saw an encouraging top-line growth performance partly due to weak Q117 comparators, as previously noted. **Vado** led the way (+c 25% y-o-y) with ongoing UK sales growth in both trade and retail accounts supported by new product introductions, while exports rebounded strongly after a pause in H117. **Abode** (+c 16%) also benefited from new product momentum and the penetration of some new accounts (eg several Travis Perkins formats), which was a stated aim on acquiring the company in March 2016. **Triton Showers'** (+7%) exposure to the DIY retail segment has affected performance, although de-stocking activity last year was not repeated to the same extent, while growth in the Irish market and online customer channels have contributed to y-o-y progress. Among the other operating companies, **Norcros Adhesives** (+4.8%) saw good trade sector growth partly offset by reduced retail channel revenue. **Johnson Tiles** managed a small revenue gain against the prior year, despite the distractions of kiln reconfiguration activity. Meanwhile, **Croydex** struggled to progress in light of corporate change programmes at some of the larger DIY retail chains. Overall, we estimate that UK sales (c 85% of the total) grew by c 6% and exports rose by c 26% and – given the patterns described above – we believe that the aggregate trade segment exposure for these companies is now larger than retail.

Notwithstanding the positive revenue development, UK profitability dipped in the half year, as did the divisional operating margin (-140bp to 7.8%). We understand that this was broadly in line with budget, so although markets were variable, we believe that the financial performance was within management's expected range. In support of this, only Johnson Tiles saw a material reduction in profitability, attributable to its kiln reconfiguration exercise and significant marketing spend (not disclosed) relating to the launch of a new tiling system (Crystalgrip) in France. Taken together, we believe that the y-o-y profit movement is likely to match, or possibly exceed, that reported for the division as a whole. Elsewhere, other P&L expenditure on new product development, Crystalgrip start-up costs, enhanced sales and marketing and other service costs will all have constrained profit growth to varying degrees across the UK company portfolio but represent investment in the further development of each of these brands.

Norcros has now made four acquisitions in the UK since FY13, including Merlyn, since the period end. Broadly speaking, this has almost doubled annualised revenues with a bigger impact on profitability. Sector and channel knowledge, sourcing capabilities and access to export markets are all examples of shared group-level expertise that has enhanced, and should continue to enhance, the performance of these individual operating companies.

Exhibit 1: Norcros UK business portfolio

			Triton Showers	Johnson Tiles	Norcros Adhesives	Vado	Croydex	Abode	Merlyn*
FY17 revenue	£m	213	49	53	8	37	25	11	31
Applications	Bathroom		●	●	●	●	●	●	●
	Kitchen			●	●			●	
	Other			●	●			○	
Channel	Retail	90	●	●	●	●	●	●	●
	General		●	●	●	○	●	○	○
	Specialist		●	●	●	●	●	●	●
	Trade	92	●	●	●	●	●	●	●
	General		●	●	●		●	○	○
	Specialist		●	●	●	●	●	●	●
	Export	32	●	●		●	○		●
Key	% of total		< 10%	10% - 50%	> 50%				
	Primary channel		○	●	●				
	Sub-segment		○	●	●				

Source: Norcros, Edison Investment Research. Note: *Merlyn revenue £30.7m (year to March 2017).

South Africa division: Commercially astute performance

The three operating companies in South Africa are aligned, with two manufacturers (Johnson Tiles South Africa, JTSA and TAL Adhesives) supplying retailer Tile Africa, although all three generate third-party sales in their own right. Impressive headline growth in revenue and operating profit was boosted by favourable £/ZAR translation effects y-o-y but underlying, local currency performance (+4.8% and +26.7%, respectively) was also notable. Market conditions were generally challenging with local inflationary pressures affecting consumer confidence. This was felt to be more acute in Q1, with Q2 trading improving somewhat. **Tile Africa** (+6.2%, CER) accounts for around two-thirds of divisional sales. Retail stores momentum continued to be positive – and ahead of the market – with growth across all product categories; a rolling refurbishment programme has contributed to this, as has an evolution in the product range with increasing importance of group-sourced lines (eg brassware, accessories). **TAL Adhesives'** progress (+5.1%) was driven by greater exposure to larger commercial projects and established customer relationships in this sector. This was backed up by a reliable manufacturing performance from its three manufacturing facilities in the country and initiatives to introduce new formulations to the portfolio. **JTSA** (-3.3%) has reached its capacity ceiling and this is effectively a constraint on revenue development now, although some third-party products are also sold. We assume that meeting the pull-through of demand from Tile Africa was a key focus in the period. Sensitive handling of third-party customers' requirements will also have been needed, but the highlighted sales movement is probably more of a reflection of underlying market conditions (including a soft housebuilding sector and export restrictions).

The implicit gain in market share translated to a significant profit uplift (and a 130bp operating margin increase to 8.5%). In our view, this was a very astute commercial performance in markets that were otherwise flat. Investment in the Tile Africa store estate and a planned 10% increase in JTSA capacity in FY19 suggest that underlying business momentum is favourable and steps are being taken to further capitalise on strong existing market positions.

Merlyn raises pro forma debt position

At the end of September, group net debt was £20.8m, a reduction of just over £2m from the beginning of the year, after taking into account a £1m adverse translation effect on South African cash balances.

The shape of operating cash flow items in the first half was very similar to the prior year. While reported EBIT was £0.7m higher y-o-y as reported earlier, the group depreciation charge and the pension cash recovery payment¹ were unchanged. Similarly, there was also a small working capital inflow, after some inventory investment more than exceeded by a larger creditor increase at the period end. After these items, underlying operating cash flow (including pension cash) was c £15m, the same as in H117. Exceptional cash outflows were £1m higher at £2m, which included c £1.6m relating to capacity reduction and reconfiguration at Johnson Tiles UK, as provided in FY17. (There were a small number of acquisition-related cash items in the prior year.)

Net debt has been trending down since the end of FY16 and net bank interest costs have followed suit, being just £0.2m in H118. Cash tax normalised in the period and, at £2.5m, was in line with the underlying P&L tax charge (whereas the prior year had benefited from a South African tax credit). The dividend cash outflow of £3m was c 10% higher y-o-y, consistent with the increase in the final DPS for FY17. Meanwhile, £4.1m capex was slightly above H117; no particular items were highlighted but would have included aforementioned activity at Johnson Tiles, fit out in new and refurbished Tile Africa stores and, most likely, equipment related to new products.

Cash flow outlook: in underlying terms, Norcros has historically seen a larger EBIT contribution in H2, coupled with a working capital outflow. Bank interest, tax, and indeed dividends (as Merlyn was partly funded by new equity issuance) should be expected to track higher, although Merlyn itself may have a small net positive cash impact from its part-year EBITDA contribution. With sustained capex levels, the net effect of these items is small cash underlying H2 cash outflow. The acquisition of Merlyn (see below) will have added c £30m to group net debt, which lifts the pro forma figure to c £51m, adjusting the end H118 figure for this. In context, this represents c 1.2x FY19e EBITDA, being Merlyn's first full year contributing to group earnings.

Note that Norcros has put revised debt facilities in place with its existing banking syndicate as part of the Merlyn acquisition process. This included increasing the unsecured RCF by £50m to £120m, retaining a £30m accordion and extending the term by two years to 2021 (with an optional fifth year). The initial rate is understood to be Libor c +220bp (within a ratcheted range of +170-300bp). Clearly, against our pro forma net debt illustration, Norcros retains significant funding headroom for further organic and acquisitive investment.

Underlying estimates nudged higher after H118 results

On an underlying basis, prior to including any contribution from Merlyn, our group revenue and operating profit expectations are unchanged following the H118 results. Within the mix, we have nudged down the UK profit contribution and raised that from South Africa; these effects offset each other in FY18, with a small net positive impact in the following two years and this is mirrored at the PBT level. Based on H118 results and guidance from management, our underlying group tax assumptions are c 200bp below previously published levels in all three forecast years (and Merlyn will lower this further). Clearly, management will now be making dividend decisions based on the enlarged group, so we cannot really separate out the pre-/post-Merlyn effects on our dividend expectations. For the record, we have lifted FY18 DPS by 4% (and y-o-y growth of 8.3%, in line with the interim) and by 5% for FY19 and 7% in FY20.

¹ Pension recovery cash payment is c £2.6m in FY18, increasing at c 2% pa. The end-H118 DB pension deficit position recorded on the balance sheet was £52.1m; management noted that a 0.1% increase in the assumed discount rate equated to a c £7m reduction in the deficit, other things being equal.

Merlyn adds to group portfolio offering

The c £60m acquisition of Merlyn was announced on 2 November and completed on 22 November after the transaction and an associated equity fund-raising received shareholder approval. This is a material transaction for Norcros, adding c 20% to UK revenue and c 40% to UK EBIT (or c 12% and c 30%, respectively, to group) on a prospective full-year basis and extends the company's portfolio into adjacent and complementary product sub-sectors. There is clear industrial logic behind the deal, given the fit with other group companies both in the UK and South Africa.

Background: Merlyn was established in 2000 by entrepreneur Michael Hoyne (who had been active in this sector for a number of years beforehand) and the business has been on the Norcros radar for four or five years. Norcros already owns the number one UK shower brand (Triton) and also supplies tiles, taps, fittings and accessories into the channels serving this end-market segment.

Business: around 80% of Merlyn's revenues are generated from shower doors and enclosures under the Merlyn Showering brand with the remainder split broadly equally between shower trays and bath screens. Based in Kilkenny, Merlyn has a well-established model; sourcing finished premium products to Merlyn's design from China and distributed to specialist independent retailers/regional merchants (62% of revenue), specification/new housebuilders (22%), national merchants (12%) and other distributors from facilities in Kilkenny and via a third-party logistics specialist in West Bromwich.

Geographically, the majority of revenues are generated in sterling, which is obviously Norcros's reporting currency and c 14% other, mainly euros (which was Merlyn's reporting currency as an Irish-domiciled company). We do not have detailed figures to support this assertion, but we expect Merlyn to bring net euro cost exposure (allowing for fixed staff costs in Ireland) – but taking into account Norcros company export sales (especially Triton), we would expect this to be balanced out at group level. Otherwise, the major cross-rate exposure is from imported product from China, representing in excess of 50% of sales.

Merlyn has an industry reputation for innovation and design and has a segmented premium brand structure (eg Arysto – high-end luxury, Ionic – fast fit/merchants) operating a regional sales and marketing team, which accounts for around one quarter of its c 80 staff employed. The introduction of new sub-brands has enabled Merlyn to better penetrate new market segments in the last five years (especially trade/specification) and contributed to its above-market growth rates. Around three-quarters of revenue is thought to be generated by RMI end-demand and one-quarter by newbuild. Merlyn is understood to have a 15% share of the UK market in its product range and 35% of the Irish market, taken as a whole. This represents leading positions in both regions; there are believed to be six or seven other participants with 5-6% shares, with a tail of smaller players also.

Fit: the acquisition of Merlyn is complementary to the existing Norcros UK business and consistent with the template used in previous deals, in our view. Exhibit 2 above clearly shows that Triton, Vado and Croydex also have a primary focus on bathroom products (in showers, taps and accessories, respectively), while Johnson Tiles and Norcros Adhesives also sell here as part of a wider range of applications. Merlyn has balanced exposure to the trade and retail segments and, like Vado, has a particular presence in specialist channels. Norcros and Merlyn both stand to benefit from the combination through:

- China supply chain commonalities, chiefly in transport (eg Triton, Vado, Croydex, Abode);
- specification/housebuilding segment opportunities, where Norcros is well represented;
- expanded Irish exposure, already an important export market for Triton; and
- enhanced portfolio of group products that can be exported to South African retail operations.

Trading record: available financial information shows that Merlyn's revenues grew from £21.4m in 2015 to £30.7m in 2017, with operating profit rising by £3.7m to £6.4m (and a margin 20.8%) over the same period. (In context, Norcros's UK division generated £17.4m operating profit and a margin of 9.6% in FY17.) Both sterling and the euro have strengthened against the renminbi over this time period, which should have been beneficial for input costs, other things being equal. Market CAGR over these three years is said to have been c 9% and Merlyn has clearly exceeded this due to share gains in a fragmented UK market and specification/new housebuilding, both supported by new products. Given Merlyn's sourcing/distribution and fixed asset light model, it has generated operating cash flow effectively in line with profit over the three years presented.

Consideration: Norcros paid £60m for Merlyn on a cash-free, debt-free basis, subject to final accounts. Based on FY17 figures, this represents a c 8.8x EBITDA multiple. Factoring in market growth rates and a sustained operating profit margin, the multiple falls to c 7.4x for FY19, the first full-year contribution with a pre-tax ROCE of c 11.3%. (Note that positive cash flow effects under Norcros's ownership would probably reduce the FY19 multiple further.) The vendors (70% Hoyne family, 30% Broadlake private equity) have completely exited with no earn-out terms attached and senior management is subject to non-compete agreements.

Funding: at the same time as announcing the acquisition, Norcros launched a firm placing and placing and open offer (of 6.2m and 12.1m new shares, respectively) at 172p to raise £31.4m gross, c £29.3m net including revised bank facility costs, to part-fund the transaction. This represented a c 30% increase in the number of shares in issue and received shareholder approval on 22 November, allowing the Merlyn transaction to complete (and the new shares to start trading) on the following day. As noted in the cash flow section earlier, Norcros has put into place revised debt facilities from which the remaining £30m of purchase consideration was funded. The c £51m pro forma group net debt facility following the Merlyn acquisition compares to a total RCF capacity of £150m.

Impact on estimates: we discussed the impact of H118 on our estimates in an earlier section and the specific P&L effects are shown in the right-hand grey column in Exhibit 3. The left-hand grey column highlights our revenue and operating profit assumptions for Merlyn, being a part-year (four-month) contribution in FY18. On a full-year basis, we have factored in a 7.5% revenue growth rate and a stable c 21% operating margin for Merlyn. Reading the table from left to right shows the progression from our last published to latest earnings estimates in a clear, two-step process.

Exhibit 3: Norcros estimate bridge

	Last published (Oct)			Merlyn – change			Post-Merlyn			H118 – change			Post-H118 results		
March year-end (£m)	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e
Group revenue	289.1	298.1	305.8	11.0	36.6	39.3	300.1	334.7	345.1	0.9	0.9	0.9	300.9	335.5	345.9
UK	192.8	198.7	203.5	11.0	36.6	39.3	203.8	235.3	242.8	0	0	0	203.8	235.3	242.8
South Africa	96.3	99.4	102.3	0	0	0	96.3	99.4	102.3	0.9	0.9	0.9	97.1	100.3	103.1
Group op profit (co)*	25.1	26.7	28.0	2.0	7.7	8.3	27.1	34.4	36.3	0.0	0.2	0.4	27.1	34.7	36.7
UK	18.2	19.4	20.4	2.0	7.7	8.3	20.2	27.1	28.6	-0.6	-0.4	-0.2	19.7	26.8	28.5
South Africa	6.9	7.3	7.7	0	0	0	6.9	7.3	7.7	0.5	0.6	0.6	7.4	7.9	8.2
Net interest	-1.1	-1.0	-1.0	-0.3	-0.9	-0.9	-1.4	-1.9	-1.9	0	0	0	-1.4	-1.9	-1.9
Other financial	-0.2	-0.2	-0.2	0	0	0	-0.2	-0.2	-0.2	0	0	0	-0.2	-0.2	-0.2
Pension admin cost	-1.7	-1.7	-1.7	0	0	0	-1.7	-1.7	-1.7	0	0	0	-1.7	-1.7	-1.7
PBT norm	22.1	23.8	25.1	1.7	6.8	7.3	23.8	30.6	32.5	0	0.2	0.4	23.8	30.9	32.9
EPS FD norm (p)	25.8	27.5	28.6	0	1.1	1.4	25.7	28.5	30.0	1.0	1.0	1.2	26.7	29.5	31.2
DPS (p)	7.50	8.00	8.40	0	0	0	7.50	8.00	8.40	0.3	0.4	0.6	7.80	8.40	9.00

Source: Edison Investment Research. Note: *post-SBP.

Exhibit 4: Financial summary

	£'m	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
March			IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						Cont.	Cont.	Cont.	Cont.	Cont.	Cont.
Revenue		196.1	200.3	210.7	218.7	222.1	235.9	271.2	300.9	335.5	345.9
Cost of Sales		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gross Profit		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EBITDA		18.2	18.6	19.9	22.9	24.3	28.0	31.7	34.9	42.8	45.0
Operating Profit (before SBP)		11.6	12.3	13.7	17.0	18.3	22.5	25.3	28.5	36.1	38.1
Net Interest		(1.5)	(1.4)	(1.3)	(1.5)	(1.2)	(0.9)	(0.9)	(1.4)	(1.9)	(1.9)
Other financial - norm		(1.1)	(0.9)	(2.4)	(2.6)	(3.1)	(3.1)	(3.6)	(3.3)	(3.3)	(3.3)
Other financial		(0.4)	0.6	(0.2)	(5.2)	2.1	(0.2)	(4.2)	(2.9)	(1.6)	(1.6)
Intangible Amortisation		0.0	0.0	0.0	(0.4)	(0.3)	(0.9)	(1.2)	(1.2)	(1.2)	(1.2)
Exceptionals		(1.1)	(1.2)	(4.4)	(1.5)	(4.8)	(2.0)	(3.8)	(3.4)	(1.0)	(1.0)
Profit Before Tax (norm)		9.0	10.0	10.0	12.9	14.0	18.5	20.8	23.8	30.9	32.9
Profit Before Tax (company norm)		10.2	10.7	11.7	14.6	15.8	20.4	23.0	25.7	32.8	34.8
Profit Before Tax (FRS 3)		7.5	9.4	5.4	5.8	11.0	15.4	11.6	16.3	27.1	29.1
Tax		(0.8)	0.0	0.2	4.3	(3.0)	(2.4)	(3.1)	(4.5)	(5.8)	(6.2)
Other		0.0	0.0	0.0	(1.4)	0.1	0.0	0.0	0.0	0.0	0.0
Profit After Tax (norm)		8.2	10.4	9.3	13.9	11.1	16.1	17.7	19.2	25.1	26.7
Profit After Tax (FRS 3)		6.7	9.4	5.6	8.7	8.1	13.0	8.5	11.7	21.3	22.9
Average Number of Shares Outstanding (m)		57.7	57.7	58.0	58.4	59.2	60.6	61.1	67.6	81.0	81.7
Average Number of Shares Outstanding FD (m)		57.7	58.0	58.9	60.8	61.5	62.2	63.1	69.5	82.7	83.4
EPS FD - normalised (p)		14.1	17.9	15.8	22.8	18.0	24.7	24.4	26.7	29.5	31.2
EPS FD - company normalised (p)		16.3	19.2	18.7	27.9	21.1	27.7	27.9	29.4	31.8	33.4
EPS - FRS 3 (p)		11.6	16.2	9.5	14.3	13.2	19.7	9.8	15.9	24.9	26.6
Dividend per share (p)		3.6	4.2	4.6	5.1	5.6	6.6	7.2	7.8	8.4	9.0
Gross Margin (%)		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EBITDA Margin (%)		9.3	9.3	9.4	10.5	10.9	11.9	11.7	11.6	12.7	13.0
Operating Margin (before GW and except.) (%)		5.9	6.1	6.5	7.8	8.2	9.5	9.3	9.5	10.7	11.0
BALANCE SHEET											
Fixed Assets		80.7	80.0	86.7	80.0	78.3	93.4	98.8	150.0	153.1	153.0
Intangible Assets		23.9	23.4	27.6	27.1	26.9	44.7	44.8	95.7	97.5	96.3
Tangible Assets		49.1	44.8	43.5	36.9	37.6	38.2	43.0	44.9	46.2	47.3
Investments		7.7	11.8	15.6	16.0	13.8	10.5	11.0	9.4	9.4	9.4
Current Assets		94.4	89.7	104.6	102.2	100.4	119.4	165.3	155.2	170.5	190.9
Stocks		42.3	45.5	52.8	50.2	52.2	60.1	70.3	81.5	82.9	85.5
Debtors		36.4	34.5	36.3	35.5	37.5	47.3	53.5	62.4	63.5	65.5
Cash		7.7	2.9	6.8	3.9	5.6	5.9	37.5	7.0	19.4	35.0
Current Liabilities		(56.4)	(52.5)	(54.0)	(58.1)	(60.0)	(67.6)	(105.7)	(92.3)	(96.9)	(102.5)
Creditors		(53.3)	(52.1)	(53.5)	(57.3)	(58.6)	(64.8)	(74.8)	(92.3)	(96.9)	(102.5)
Short term borrowings		(3.1)	(0.4)	(0.5)	(0.8)	(1.4)	(2.8)	(30.9)	0.0	0.0	0.0
Long Term Liabilities		(39.3)	(46.1)	(75.7)	(58.6)	(67.4)	(97.6)	(101.8)	(119.8)	(118.7)	(117.7)
Long term borrowings		(15.2)	(20.3)	(37.0)	(30.5)	(18.4)	(35.6)	(29.8)	(60.8)	(60.8)	(60.8)
Other long term liabilities		(24.1)	(25.8)	(38.7)	(28.1)	(49.0)	(62.0)	(72.0)	(59.0)	(57.9)	(56.9)
Net Assets		79.4	71.1	61.6	65.5	51.3	47.6	56.6	93.1	107.9	123.7
CASH FLOW											
Operating Cash Flow		10.8	6.0	6.6	13.6	16.2	18.5	25.5	19.4	36.4	38.3
Net Interest		(1.0)	(1.6)	(1.3)	(1.6)	(1.3)	(0.9)	(0.9)	(1.4)	(1.9)	(1.9)
Tax		(0.6)	(0.6)	(1.0)	(1.7)	(0.5)	(1.0)	(1.9)	(4.5)	(4.5)	(5.8)
Capex		(6.3)	(6.7)	(4.2)	(2.8)	(1.4)	(6.6)	(8.0)	(8.0)	(8.0)	(8.0)
Acquisitions/disposals		4.4	0.0	(10.6)	0.1	3.3	(23.6)	(2.7)	(60.4)	(3.0)	0.0
Financing		0.0	0.2	0.3	0.4	0.2	0.1	0.0	29.9	0.0	0.0
Dividends		(0.7)	(2.2)	(2.5)	(2.8)	(3.1)	(3.6)	(4.2)	(4.6)	(6.5)	(7.1)
Net Cash Flow		6.6	(4.9)	(12.7)	5.2	13.4	(17.1)	7.8	(29.6)	12.5	15.6
Opening net debt/(cash)		15.9	10.6	17.8	30.7	27.4	14.2	32.5	23.2	53.8	41.4
HP finance leases initiated		0.0	(0.8)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		(1.3)	(1.5)	(0.1)	(1.9)	(0.2)	(1.2)	1.5	(1.1)	0.0	0.0
Closing net debt/(cash)		10.6	17.8	30.7	27.4	14.2	32.5	23.2	53.8	41.4	25.8
Source: Company accounts, Edison Investment Research											

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