

Norcros ("Norcros", the "Group" or the "Company")

Interim Management Statement

Norcros, the market leading supplier of innovative branded showers, taps, bathroom accessories, tiles and adhesives, publishes its Interim Management Statement covering the 18 week period to 2 February 2014.

Trading

Group revenue for the 18 week period was 12.8% higher on a constant currency basis compared to the same period last year and 5.0% higher in Sterling reflecting a weaker South African Rand.

	18 weeks to 2 Feb	44 weeks to 2 Feb
Group revenue		
– Reported	+5.0%	+7.9%
– Constant currency	+12.8%	+14.9%
Like for like Group revenue ¹		
– Reported	- 7.4%	- 4.6%
– Constant currency	- 0.5%	+1.5%

¹ Like for like excludes acquisitions (Vado - March 2013) and disposals (Nortec - November 2012)

Market conditions remain mixed in the UK, with signs that the trade sector is beginning to recover driven by improving new house build and housing transactions, but continued weakness in the retail sector. UK revenue for the 18 week period was 18.3% higher on a reported basis (18.8% higher year to date) but 4.2% lower than the same period last year on a like for like basis excluding Vado (4.6% lower year to date).

Revenue at Triton for the 18 week period was the same as last year (0.8% higher year to date). UK revenue for the 18 week period was 1.2% lower than last year (0.4% higher year to date), although excluding the effect of exiting some low margin business last year this was 0.3% higher (2.1% higher year to date). Export revenue, which is predominantly derived from Ireland and accounts for 14% of overall Triton revenue, was 6.5% higher in the 18 week period, (3.3% higher year to date).

Vado continues to perform to expectations and although the comparatives are not included in our figures, revenue for the 18 week period is 10.0% ahead of last year (12.5% higher year to date). UK revenue for the 18 week period was 13.4% higher (20.7% higher year to date) driven by market share gains in both retail and trade sectors, and export revenue was 5.2% higher for the 18 week period (3.1% higher year to date).

Revenue at Johnson Tiles for the 18 week period was 8.9% lower than the same period last year (10.3% lower year to date). UK trade revenue has continued to improve, being 7.9% higher in the 18 week period (3.1% higher year to date). However, UK retail revenue declined 22.1% in the 18 week period (23.1% lower year to date) reflecting continued destocking and weak sales out. Export revenue continued the improvement seen in the first half recording a 23.2% increase for the 18 week period (27.6% higher year to date). The restructuring programme undertaken in the first half of the year to drive improved profitability has delivered the expected cost benefits in the 18 week period.

Whilst the market in South Africa has been challenging during the 18 week period, continued progress in export markets has helped drive growth. Our South African business grew revenue on a constant currency basis for the 18 week period by 2.0% (8.2% higher year to date), and on a like for like basis excluding Nortec which was disposed of in November 2012 by 4.1% (11.4% higher year to date). A weaker Rand compared to last year meant reported Sterling revenue was 15.0% lower for the 18 week period (8.2% lower year to date) and 13.3% lower on a like for like basis (5.6% lower year to date).

Outlook

The economic outlook in the UK continues to be positive in terms of construction activity and housing transactions benefitting the trade sector. As expected however, the retail sector is taking longer to benefit and still remains challenging. Whilst the medium term outlook in South Africa is still positive, the weakening Rand has impacted our markets in recent months, and has also had an adverse effect on Rand profit translation to Sterling. Nevertheless, with our strong brands, leading market positions and continued self-help initiatives focused on market share gain in both our home and export markets, the Board remains confident that the Group should continue to make progress in line with market expectations for the current year.

ENQUIRIES:

Norcros plc

Nick Kelsall, Group Chief Executive
Martin Payne, Group Finance Director

Tel: 01625 547 700

Hudson Sandler

Nick Lyon
Charlie Jack
Katie Matthews

Tel: 0207 796 4133

Notes to Editors

• Norcros is a leading supplier of high quality and innovative showers, taps, bathroom accessories, ceramic wall and floor tiles and adhesive products with operations primarily in the UK and South Africa.

- Based in the UK, Norcros operates under four brands:
 - Triton Showers - Market leader in the manufacture and marketing of showers in the UK
 - Vado - A leading manufacturer and supplier of taps, mixer showers, bathroom accessories and valves
 - Johnson Tiles - A leading manufacturer and supplier of ceramic tiles in the UK
 - Norcros Adhesives - Manufacturer of tile & stone adhesives, grouts and related products

- Based in South Africa, Norcros operates under three brands:
 - Tile Africa - Chain of retail stores focused on ceramic and porcelain tiles, and associated products such as sanitary ware, showers and adhesives
 - Johnson Tiles South Africa - Manufacturer of ceramic and porcelain tiles
 - TAL - The leading manufacturer of ceramic and building adhesives
- Norcros is headquartered in Wilmslow, Cheshire and employs around 1750 people. The Company is listed on the London Stock Exchange. For further information please visit the Company website: <http://www.norcros.com/>

This information is provided by RNS
The company news service from the London Stock Exchange

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