EDISON

Norcros

H120 results

Strength in diversity

Construction & materials

The nature of a portfolio business is that all parts do not necessarily move forward at the same rate. Norcros's double-digit progress in H120 included some notable company performances enhanced by an acquisition, which together more than offset pockets of softer trading elsewhere. The group is rising to the challenge of some tricky market conditions and this is starting to be reflected in its rating.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/18	300.1	24.4	26.8	7.8	9.4	3.1
03/19	331.0	30.9	29.6	8.4	8.5	3.3
03/20e	359.9	32.5	31.6	9.3	8.0	3.7
03/21e	368.4	34.2	32.8	9.8	7.7	3.9

Note: *PBT and EPS (fully diluted) are normalised, excluding amortisation of acquired intangibles, exceptional items and change in fair value of derivatives.

Double-digit growth in H120

Company normalised PBT and EPS grew by 14.1% and 12.9%, respectively, in H120 with a 10.7% uplift in the interim dividend. Management had already given a good pre-close steer regarding revenue performance, and with one exception (Triton) UK retail segment growth was remarkably strong and there was significant outperformance in UK trade also among the smaller portfolio companies, while UK exports were generally weak. JTSA delivered positive revenue (and profit) growth in South Africa anchoring a flat like-for-like performance from existing operations there, enhanced by a maiden contribution from House of Plumbing (acquired 1 April). This deal nudged net debt up to c £41m at the end of H1 after positive underlying cash inflow effects.

Targeting ongoing outperformance

There is no disguising the economic uncertainty and challenges currently present for different reasons in the UK and South Africa, Norcros's primary markets. Individual company strategies – with new product development and share gains common threads – backed by group benefits are geared to outperformance and there has been clear success in these regards. Our underlying revenue and operating profit estimates have not changed materially following the H120 results and the 4–5% downward pre-tax earnings adjustments across all estimate years are effectively attributable to the inclusion of IFRS 16 effects for the first time.

Valuation: Targeting above-market growth

The upward trend in the Norcros share price since February has been justified by the H120 results and, having risen by c 28% year-to-date, now sits at a 10-year high. As a result, the company's rating is beginning to look more conventional now (FY20 P/E 8.0x and EV/EBITDA adjusted for pensions cash of 5.6x). That said, initiatives around the group indicate that the company is aiming and expecting to outperform its markets – which admittedly have challenges – rather than waiting for an upturn to occur. Additionally, the company's cash flow credentials leave it well placed should further acquisition opportunities arise.

2 December 2019

Price	**252.7p**
Market cap	**£203m**
	ZAR18.9/£
Net debt (£m) at end September 2019 (excluding IFRS 16 lease liabilities of £30m)	41
Shares in issue	80.2m
Free float	98%
Code	NXR
Primary exchange	LSE
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	11.0	18.0	17.7
Rel (local)	9.8	14.3	11.5
52-week high/low		254.0p	185.5p

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 event

H120 DPS to be paid	10 January

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Edison profile page

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H120 results overview

Underlying progress – outperforming local markets – enhanced by an acquisition (with a small currency headwind offset) were the first half trading highlights. While net bank debt rose following the House of Plumbing deal, the cash flow characteristics of the group remain strong.

Exhibit 1: Norcros interim and divisional splits

Mar Y/E	H119	H219	2019	H120	H120	H120 % change y-o-y (IAS 17 basis)		
				IAS 17	IFRS 16	Reported	CER	CER l-f-l
Group revenue	**162.6**	**168.4**	**331.0**	**181.2**	**181.2**	**11.4%**	**12.8%**	**0.9%**
UK	109.9	118.2	**228.1**	115.6	115.6	5.2%	5.2%	1.3%
South Africa	52.7	50.2	**102.9**	65.6	65.7	24.5%	29.4%	0.0%
Group operating profit (post SBP)	**15.2**	**19.1**	**34.4**	**17.1**	**17.4**	**12.5%**	**14%**	**3%**
UK (inc SBP)	11.4	15.1	**26.5**	12.4	12.5	8.8%	8.8%	5%
South Africa	3.8	4.1	**7.9**	4.7	4.9	24.5%	29%	-2%
£/ZAR	17.64		**17.95**	18.35	18.35	-3.9%		

Source: Norcros, Edison Investment Research. Note: CER = constant exchange rate, CER l-f-l = constant exchange rate, like-for-like adjusts for a 27-week trading period (vs 26 in H119) and excluded the House of Plumbing acquisition in South Africa. NB Rounded percentages (no decimal places) are Edison estimates.

UK: Strong retail segment progress

This division delivered overall like-for-like revenue progress of +1.3% in the first half, indicating a firmer Q2 period (given Q1 was -0.4%). Domestic sales were collectively firm throughout H1 and slightly more so in Q2 (Q1 +3.0%, H1 +3.4%) while export market weakness receded to some extent as the half progressed (Edison estimates: Q1 -10–20%, H1 -11%). As seen during FY19, there remains variability across the sub-sectors served and the seven individual subsidiaries do not move in step, though all are leading companies in established markets and we believe all are contributing to profitability. Note that the divisional EBIT (and 40bp margin) increases were achieved during the ‘most comprehensive’ new product development phase across the UK business portfolio. The seven constituent companies (and their brands) are managed as individual entities but are increasingly sharing the group procurement platform and other services, with examples of shared collaboration becoming commonplace. For the purpose of reviewing H1 trading results only we have split our commentary into the larger and smaller entities (as we did at the FY19 stage).

Exhibit 2: Norcros UK companies revenue performance

Company	Product	H119	FY19	FY19	H120 l-f-l				H120
		l-f-l	l-f-l	£m	UK retail	UK trade	Export	Total	£m
Triton	Showers	9.8%	8.4%	**56.6**	-11.6%	-16.7%	-9.6%	**-12.3%**	**24.5**
Johnson Tiles	Ceramic tile manufacture and sourcing	-21.7%	-11.5%	**41.4**	11.1%	2.8%	-26.1%	**2.5%**	**21.5**
Vado	Taps, mixer showers, valves, bathroom accessories	-5.3%	15.3%	**41.4**	11.3%	1.1%	-5.4%	**3.0%**	**21.1**
Merlyn	Shower enclosures	13.4%	13.0%	**39.5**	19.4%	-1.3%	-4.0%	**8.2%**	**21.9**

Source: Norcros

UK progress was particularly noteworthy given a soft underlying UK market generally and a dip from the largest and one of the most profitable companies in the portfolio. In H1 trading, **Triton** was lapping a significant marketing campaign in the prior year but the stronger influences on sales performance were stocking patterns among both larger merchants and DIY retailers and a weak export segment. Management clearly stated that there was no loss of market position behind these movements. **Johnson Tiles**’ exposure to the large DIY segment reduced during FY19 following the ‘One Kingfisher’ programme (the year-on-year effects visible in Exhibit 2) but new listings at Wickes partly reversed this in H120. Following the administration of BCT, being the only remaining scale UK tile manufacturer (backed by a competitive sourcing network) enabled the company to pick up commercial specification work and momentum gathering here in Q2, outperforming otherwise lacklustre UK markets. The smaller export segment saw a sizeable drop in project activity. H219 retail segment momentum continued into H120 for **Vado** on the back of new listings and products. The company has achieved a number of new housebuilder account wins in the last 12 months though trade sales only increased modestly in the period. Exports have been a traditional strength for Vado though the Middle East market remains a modest drag on overall progress for now. The strongest sub-sector gain in the first half came from **Merlyn**, which expanded independent/specialist retail sales by over 19% through share gains, recent product launches and enhanced sales resource. A pause in trade sales growth reflected customer-specific internal actions we believed, while softness seen in the Republic of Ireland reduced export sales, as for Triton. That said, a c 8% l-f-l sales uplift in the half following c 13% in the previous corresponding period is notable for the newest UK portfolio member (acquired H218).

Looking back at Exhibit 2, our counterintuitive observation is that, with the exception of Triton, UK retail progress (including DIY sheds and specialists/independents) was extremely strong in the context of a very weak high street spending backdrop. On the same basis, in UK trade – which has been seen as a relatively safe have – year-on-year gains were typically hard to come by while exports were weaker across the board for Norcros's larger UK companies. We estimate that Merlyn drove both a higher profit and a higher margin contribution overall here.

Exhibit 3: Norcros UK companies revenue performance II

Company	Product	H119	FY19	FY19	H120 l-f-l				H120
		l-f-l	l-f-l	£m	UK retail	UK trade	Export	Total	£m
Croydex	High quality bathroom furnishings & accessories	-12.2%	-2.0%	**21.7**	8.7%	12.8%	-19.0%	**4.6%**	**11.7**
Abode	High quality (kitchen/bathroom) taps & kitchen sinks	12.3%	20.8%	**16.2**	N/A	N/A	0.0%	**13.7%**	**8.6**
N. Adhesives	Tile/stone adhesives, grouts & related products	25.0%	15.2%	**11.3**	16.7%	9.5%	-10.0%	**9.1%**	**6.3**

Source: Norcros

All three of the above companies achieved significant UK growth (Croydex +9.2%, Abode +13.9%, Adhesives +18.2% check) and, in two cases, both the retail and trade sub segments, while export performance was generally weak. **Croydex** operates through some different domestic channels compared to the rest of the group with a broader spread of retailers including homeware outlets and also has US market exposure (where US/China tariffs have had an impact on sales). In the UK, Homebase sales dipped in FY19 during that company's ownership change phase but have been recovering during H120 along with improved positions at some of the merchants' faster growing sister companies (ie Screwfix, Toolstation). We expect to hear more about initiatives to penetrate the commercial sector with new products to add to momentum in coming periods. **Abode** continued to deliver double-digit like-for-like revenue progress, benefiting from prior year new product introductions supporting enhanced positions with existing customers and some new listings also. Similar to Abode, **Norcros Adhesives**' strong prior year UK momentum flowed through into another good growth period in both sub-sectors. Retail led the way again via the DIY sheds – so not all categories were impacted by the stocking policy changes described earlier, with new lines benefiting here – while trade progress appeared to be attributable to greater channel sales intensity. After a good export year in FY19, FY20 to date reflected some Middle East caution, though ex UK sales were still well above levels two years earlier.

We previously commented on success arising from a 'winning with the winners' approach but even against some of the better like-for-like performers in the UK building materials space, the above companies appear to be doing at least as well and in some cases better. Share gains are certainly contributing to this and the package of breadth, new products and service/support is proving to be attractive to a range of customer types. Management sees plenty of opportunities; we note that penetration of housebuilder accounts has improved but there is scope to deepen relationships here and we are encouraged to see some build to rent/multi-occupancy homes names (eg London Quadrant) appearing on the list now. We estimate that the strong H120 sales performance led to a good operating profit (and some margin) uplift even with mix holding back Norcros Adhesives.

South Africa: Making progress in tough markets

Economic growth figures have been volatile in the first half of calendar 2019 with Q2 (ie the company's Q1 of FY20) seeing a rebound from a negative Q1 CY19. A May election returned the ruling ANC party (with a reduced majority). However, a rising government fiscal deficit/debt burden with potential credit implications – including power utility Eskom – and a weak economic outlook characterised by deteriorating retail sales and consumer confidence mean that business challenges remain.

Excluding House of Plumbing, Norcros South Africa achieved positive like-for-like sales growth in its Q1 (+0.8%) but H1 as a whole was flat on the same basis (like-for-like), so there was a degree of slippage in Q2. Sterling firmed against the rand, providing a 3.8% headwind to reported results. Norcros was in a positive rand net funds position at the end of FY19 and we believe remains so following the acquisition of House of Plumbing at the beginning of FY20. Together with group backing, this provides significant financial strength, which should be an advantage given local conditions though operating companies should remain wary of counterparty credit risk.

Exhibit 4: Norcros South Africa companies revenue performance

Company	Product	H119 l-f-l	FY19 l-f-l	FY19 ZARm**	FY19 £m	H120 l-f-l	H120 ZARm**	H120 £m
Tile Africa	Retailer of tiles, adhesives and bathroom products	2.2%	5.6%	1,147	63.9	-1.3%	582	31.7
TAL Adhesives	Tile/stone adhesives, grouts & related products	5.0%	3.0%	432	24.0	0.0%	232	12.6
Johnson Tiles SA	Ceramic tile manufacture & sourcing	38.6%	23.0%	269	15.0	5.3%	152	8.3
House of Plumbing*	Supplier of specialist plumbing materials	N/A	N/A	N/A	N/A	1.0%	238	13.0

Source: Norcros. Note: *House of Plumbing H120 l-f-l is versus a pre-ownership H119. **Figures are inferred from average £/ZAR rates. Note that the revenue figures shown are those generated externally from third-party customers; TAL and JTSA both supply products into Tile Africa and these sales are eliminated on consolidation.

Tile Africa (TAF) is both a retailer and a supplier to smaller commercial projects through its network of 34 South African stores (including two franchised ones) and this hybrid reach has probably been beneficial in markets that management estimates were down 5–10% ytd. Despite difficult conditions, TAF is tweaking both in-store formats and ranges (including group sourcing) to compete rather than stagnating, though management did acknowledge that sales performance was affected to some extent by stock availability. Export sales via customers with multi-country presences in sub Saharan Africa are said to be growing. The latter trend has also benefited **TAL** Adhesives, though its own direct sales outside South Africa – most notably Zimbabwe – have been constrained. Its domestic sales performance was described as robust with a number of larger commercial projects name-checked across a number of different sectors. The strongest like-for-like performance in H120 came from **JTSA.** Manufacturing capacity was increased here at the beginning of the prior year and is being fully utilised so while growth rates understandably slowed, they were still positive compared to a market that was down. Volumes supplied into larger commercial projects and some range development, supported by third-party sourcing all contributed to improved year-on-year profitability for the company. The newest portfolio business, **House of Plumbing** (acquired 1 April), achieved a small increase in like-for-like revenue compared to its first half in the prior year. Initial integration action steps have been completed and the next phase – including group sourcing opportunities and potential network expansion (from three locations currently) – is at the active planning stage.

We estimate that JTSA's increased operating profit contribution was only partly offset by modest weakness in the other existing South African operations resulting in some like-for-like progress in H120. The House of Plumbing profit contribution was not disclosed but we believe that its operating margin is slightly ahead of the division as a whole. In outlook terms, the economic backdrop is as described earlier. There is some forward visibility in the operating companies regarding commercial specification projects and House of Plumbing will contribute to H2 trading for the first time, but it seems sensible to otherwise expect little help from underlying markets in the region over the remainder of the year.

Acquisition pushes debt higher, but positive cash flow outlook

Group net bank debt rose from £35m at the end of FY19 to £41.1m at the end of September. The acquisition of House of Plumbing – and an associated £9m cash outflow – more than accounted for this increase. At the free cash flow level, there was an underlying inflow of almost £9m, which funded a £4.5m (FY19 final) dividend payment, £0.4m deferred consideration (Abode) and £0.9m treasury share purchases leaving a net c £3m underlying inflow. IFRS 16 effects showed a small cash outflow overall and IFRS 16 leases published for the first time at the end of H120 were c £30m (the majority of which is non-current).

Looking at the underlying free cash flow movements and firstly at operating cash flow, the year-on-year EBITDA uplift on our definition[1] was almost £2m, and to just over £21m in total H120 EBITDA (as per Edison calculations). In non-trading outflows of £2.5m, pension deficit recovery cash payments of £1.6m were the main items. A working capital outflow of £3.1m in H120 compared to £7.9m in the prior year comparative period; inventory investment (of £2m) followed the normal seasonal pattern and supported UK sales growth. Historically, we have typically also seen debtor outflow/creditor inflow movements. These flows reversed in H120 (ie a £2.2m inflow and £3.3m outflow, respectively) though the net outflow was only modestly higher y-o-y and not material.

Otherwise, the other underlying free cash flow movements required no further explanation. For the record, net bank interest and taxation payments were in line with their P&L equivalent and capex of £3.1m represented 0.9x the depreciation charge of owned assets.

Cash flow outlook: By the end of FY20 we expect net bank debt to have reduced to c £34m. Allowing for some dividend growth and in the event that no further acquisitions are made (our ex ante base assumption), net bank debt could be below £10m by the end of FY22. Realistically, it is possible that a higher level of acquisitive spend could take place, subject to converting pipeline opportunities. Additionally, a decision to further expand capacity at JTSA could represent significant investment though no decision has been taken regarding this at present.

Structural drivers in challenging primary markets

Both of Norcros's primary markets are facing near-term challenges but both also have favourable structural drivers that the company is well positioned to take advantage of. Current UK economic uncertainty arises from the entangled forthcoming general election and subsequent form of Brexit. The group's Chinese supply chain would not be affected by this, though modest US export levels could be (eg US/China tariff and trade effects). Sourcing from the EU by UK Norcros companies varies by company and in most cases as well as at group level is not particularly material currently.. Inbound tariffs could actually strengthen Johnson Tiles' UK manufacturing position though we have no visibility on this. However, Eire especially and France are the UK main export markets and total exports – including the Middle East also – are c 10% of the UK division's total sales, and any potential impact would be on a company-by-company basis. South Africa appears to be at risk of a macroeconomic slowdown with question marks against the country's credit rating. Clearly, the resources sector is a material contributor to GDP; we are not in a position to comment on this but any impact on wider business and consumer confidence needs to be monitored. In the near term, we feel that House of Plumbing will bring opportunities to outperform the local market both in its own right and in conjunction with other group companies.

Our underlying revenue and operating profit estimates have not changed materially following the H120 results and the 4–5% downward PBT changes across all estimate years – softened by treasury share adjustments at the EPS level - are effectively attributable to the inclusion of IFRS 16 effects for the first time.

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[1] The company adds back IAS 19R administrative expenses to operating profit; we deduct them but add back share based payments expenses. We have both adjusted for the £0.3m IFRS 16 benefit in H120.

Exhibit 5: Financial summary

£'ms	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e	2022e
March	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS				**Cont.**	**Cont.**	**Cont.**	**Cont.**	**Cont.**	**Cont.**	**Cont.**	**Cont.**
Revenue	200.3	210.7	218.7	222.1	235.9	271.2	300.1	331.0	359.9	368.4	377.4
Cost of Sales	N/A	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	N/A
EBITDA IFRS16	18.6	19.9	22.9	24.3	28.0	31.6	34.7	42.2	46.5	48.5	50.1
Op Profit (before SBP)	12.3	13.7	17.0	18.3	22.5	25.2	28.3	35.6	39.5	41.3	42.9
Net Interest	(1.4)	(1.3)	(1.5)	(1.2)	(0.9)	(0.9)	(1.1)	(1.8)	(1.9)	(2.0)	(1.9)
Other financial - norm	(0.9)	(2.4)	(2.6)	(3.1)	(3.1)	(3.6)	(2.8)	(2.9)	(5.1)	(5.1)	(5.1)
Other financial	0.6	(0.2)	(5.2)	2.1	(0.2)	(4.2)	(4.5)	2.3	(0.8)	(0.8)	(0.8)
Intangible Amortisation	0.0	0.0	(0.4)	(0.3)	(0.9)	(1.2)	(2.2)	(3.5)	(4.0)	(4.0)	(4.0)
Exceptionals	(1.2)	(4.4)	(1.5)	(4.8)	(2.0)	(3.8)	(4.2)	(4.3)	(1.0)	(0.6)	0.0
Profit Before Tax (norm)	10.0	10.0	12.9	14.0	18.5	20.7	24.4	30.9	32.5	34.2	35.9
Profit Before Tax (company norm)	10.7	11.7	14.6	15.8	20.4	22.9	26.3	32.6	34.5	36.2	37.9
Profit Before Tax (statutory)	9.4	5.4	5.8	11.0	15.4	11.5	13.5	25.4	26.7	28.8	31.1
Tax	0.0	0.2	4.3	(3.0)	(2.4)	(3.0)	(3.6)	(6.0)	(6.1)	(6.5)	(6.8)
Other	0.0	0.0	(1.4)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit After Tax (norm)	10.4	9.3	13.9	11.1	16.1	17.7	20.8	24.9	26.4	27.7	29.0
Profit After Tax (statutory)	9.4	5.6	8.7	8.1	13.0	8.5	9.9	19.4	20.6	22.3	24.2
Avge Number of Shares Outstanding (m)	57.7	58.0	58.4	59.2	60.6	61.1	68.0	80.2	80.3	81.4	81.2
Avge Number of Shares Outstanding FD (m)	58.0	58.9	60.8	61.5	62.2	63.1	69.8	81.1	81.3	82.4	82.2
EPS FD - norm (p)	17.9	15.8	22.8	18.0	24.7	24.4	26.8	29.6	31.6	32.8	34.5
EPS FD - co norm (p)	19.2	18.7	27.9	21.1	27.7	27.8	29.5	31.7	34.0	35.2	36.9
EPS - statutory (p)	16.2	9.5	14.3	13.2	20.8	13.4	14.1	23.9	25.3	27.1	29.5
Dividend per share (p)	4.2	4.6	5.1	5.6	6.6	7.2	7.8	8.4	9.3	9.8	10.0
Gross Margin (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EBITDA Margin (%)	9.3	9.4	10.5	10.9	11.9	11.7	11.6	12.8	12.9	13.2	13.3
Op Margin (before GW and except.) (%)	6.1	6.5	7.8	8.2	9.5	9.3	9.4	10.8	11.0	11.2	11.4
BALANCE SHEET											
Fixed Assets	80.0	86.7	80.0	78.3	93.4	98.8	147.9	138.0	168.1	162.5	159.3
Intangible Assets	23.4	27.6	27.1	26.9	44.7	44.8	98.9	94.9	98.3	94.3	92.7
Tangible Assets	44.8	43.5	36.9	37.6	38.2	43.0	45.0	42.3	69.0	67.4	65.8
Investments	11.8	15.6	16.0	13.8	10.5	11.0	4.0	0.8	0.8	0.8	0.8
Current Assets	89.7	104.6	102.2	100.4	119.4	165.3	165.1	169.5	186.1	203.1	218.9
Stocks	45.5	52.8	50.2	52.2	60.1	70.3	74.9	79.5	86.4	88.5	90.6
Debtors	34.5	36.3	48.1	42.6	53.4	57.5	64.4	62.8	70.3	71.9	73.7
Cash	2.9	6.8	3.9	5.6	5.9	37.5	25.8	27.2	29.4	42.7	54.5
Current Liabilities	(52.5)	(54.0)	(58.1)	(60.0)	(67.6)	(105.7)	(89.8)	(85.1)	(93.9)	(97.5)	(100.5)
Creditors	(52.1)	(53.5)	(57.3)	(58.6)	(64.8)	(74.8)	(81.3)	(81.3)	(93.9)	(97.5)	(100.5)
Short term borrowings	(0.4)	(0.5)	(0.8)	(1.4)	(2.8)	(30.9)	(8.5)	(3.8)	0.0	0.0	0.0
Long Term Liabilities	(46.1)	(75.7)	(58.6)	(67.4)	(97.6)	(101.8)	(118.6)	(96.7)	(118.5)	(111.9)	(105.4)
Long term borrowings	(20.3)	(37.0)	(30.5)	(18.4)	(35.6)	(29.8)	(64.4)	(58.4)	(63.5)	(63.5)	(63.5)
Other long term liabilities	(25.8)	(38.7)	(28.1)	(49.0)	(62.0)	(72.0)	(54.2)	(38.3)	(55.0)	(48.4)	(41.9)
Net Assets	71.1	61.6	65.5	51.3	47.6	56.6	104.6	125.7	141.8	156.2	172.3
CASH FLOW											
Operating Cash Flow	6.0	6.6	13.6	16.2	18.5	25.5	23.5	35.3	41.8	46.2	47.6
Net Interest	(1.6)	(1.3)	(1.6)	(1.3)	(0.9)	(0.9)	(1.1)	(1.8)	(3.7)	(3.8)	(3.7)
Tax	(0.6)	(1.0)	(1.7)	(0.5)	(1.0)	(1.9)	(4.9)	(4.6)	(6.0)	(6.1)	(6.5)
Capex	(6.7)	(4.2)	(2.8)	(1.4)	(6.6)	(8.0)	(7.7)	(5.5)	(10.0)	(10.0)	(10.0)
Acquisitions/disposals	0.0	(10.6)	0.1	3.3	(23.6)	(2.7)	(59.1)	(2.1)	(9.7)	0.0	(2.4)
Financing	0.2	0.3	0.4	0.2	0.1	0.0	30.1	(0.9)	(1.0)	(1.0)	(1.0)
Dividends	(2.2)	(2.5)	(2.8)	(3.1)	(3.6)	(4.2)	(5.0)	(6.4)	(7.0)	(8.0)	(8.2)
Net Cash Flow	(4.9)	(12.7)	5.2	13.4	(17.1)	7.9	(24.2)	14.0	4.4	17.3	15.8
Opening net debt/(cash)	10.6	17.8	30.7	27.4	14.2	32.5	23.2	47.1	35.0	34.1	20.8
IFRS16 Finance leases	(0.8)	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	(4.0)	(4.0)	(4.0)
Other	(1.5)	(0.1)	(1.9)	(0.2)	(1.2)	1.4	0.3	(1.9)	0.5	0.0	0.0
Closing net debt/(cash)	17.8	30.7	27.4	14.2	32.5	23.2	47.1	35.0	34.1	20.8	9.0
IFRS16 lease liabilities									(27.7)	(23.7)	(19.7)

Source: Company, Edison Investment Research