

# **Goldman Sachs Leveraged Finance Conference**

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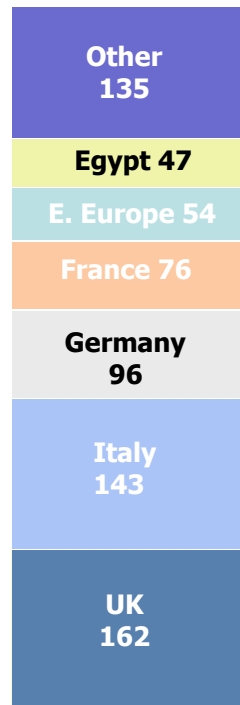
Section I

# Company Overview

# Company Overview

## IS 2011 Sales (€713m)

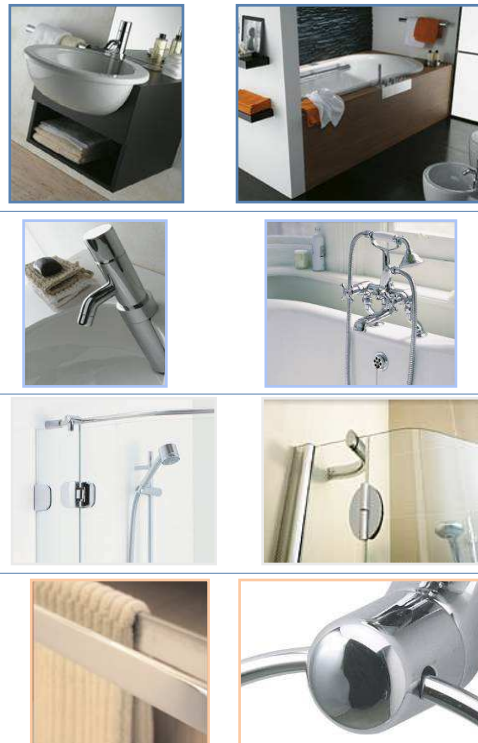
### By Geography



### By Product



## Products



## Key Brands



JADO

Armitage  
Shanks



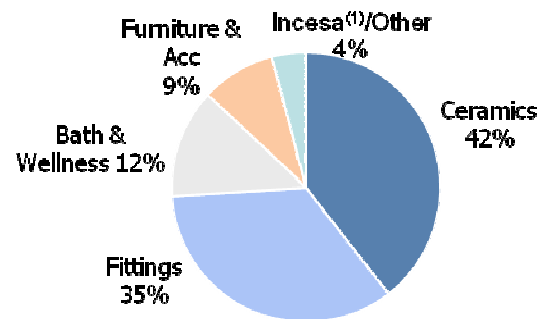
PORCHER

Vidima®

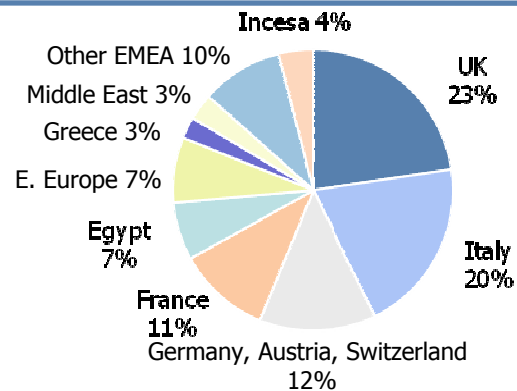
Broad portfolio of brands and products catering to all major segments of the bathroom products market

# Diversified Business with Leading Positions in European Markets

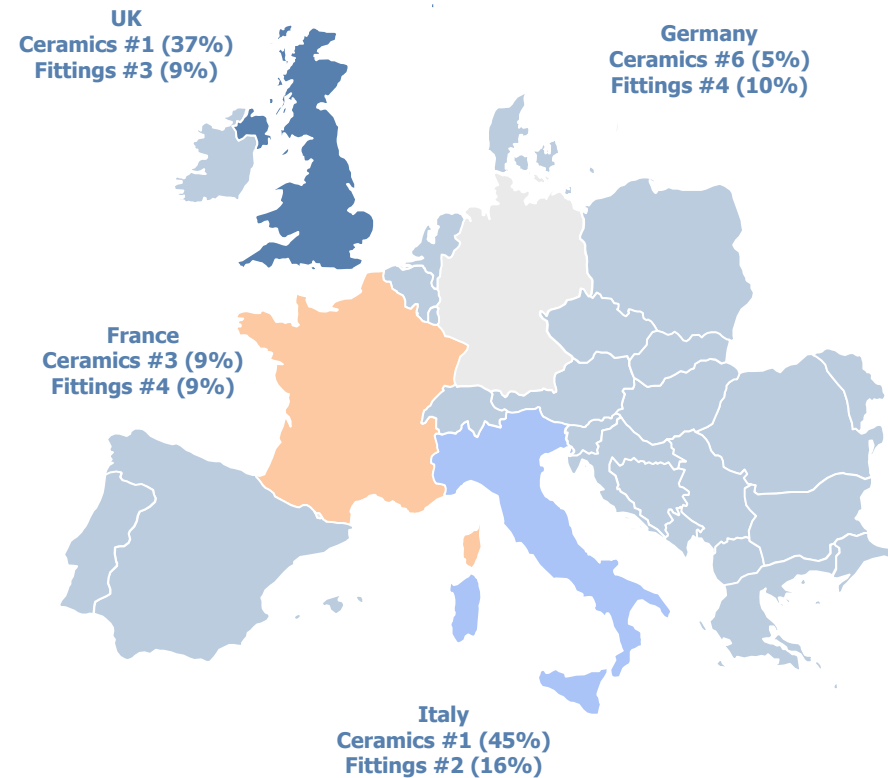
2011 IS Sales By Product Category (€713m)



2011 IS Sales By Geography (€713m)<sup>(2)</sup>



Ideal Standard Selected Market Positions



**A European leader with #1 or #2 position in our core Ceramics markets and top 5 player in Fittings**

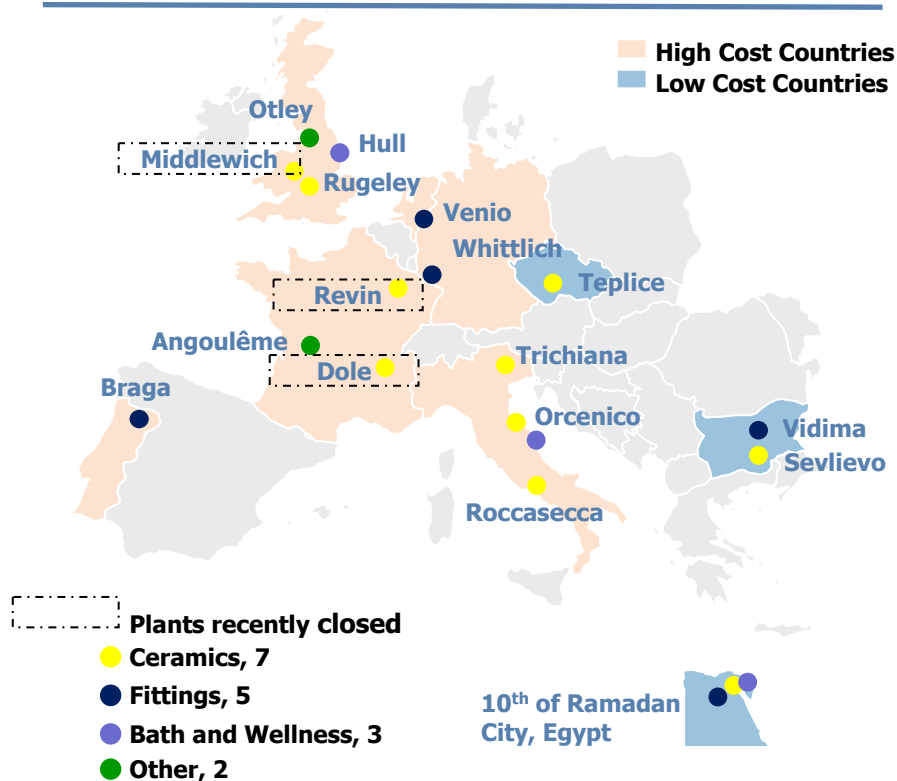
<sup>1</sup> Mainly Incesa and US non-category specific

<sup>2</sup> Sales by country of origin

Source: Management financials (unaudited); BRG Consult, Company analysis

# Attractive Manufacturing Base with good balance between HCC and LCC production

Map of European Operations



Total Capacity			
Units (000s)	Nameplate Capacity (units m)	LCC Capacity % of Total (2010)	FTEs
Ceramics	7.8	52%	3,596
Fittings	10.0	77%	2,222
Bathing & Wellness	1.5	80%	1,192
Furniture	-	-	154
<b>Total</b>	<b>19.3</b>	<b>67%</b>	<b>7,164</b>

Well invested and diversified manufacturing base with substantial footprint in low cost countries.

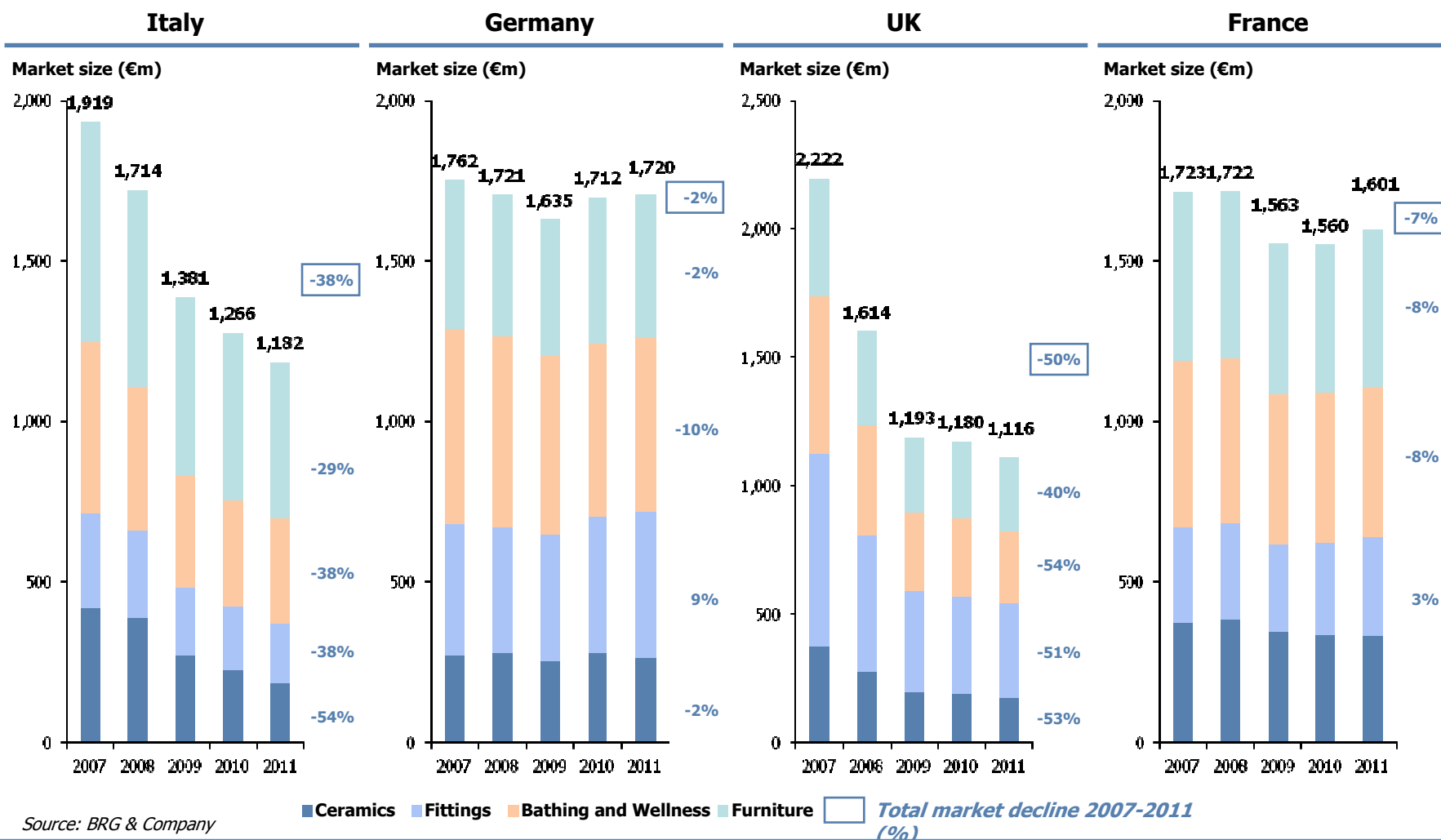
Source: Company data

Section II

# **Review of last 18 months**

# Historical Market Evolution

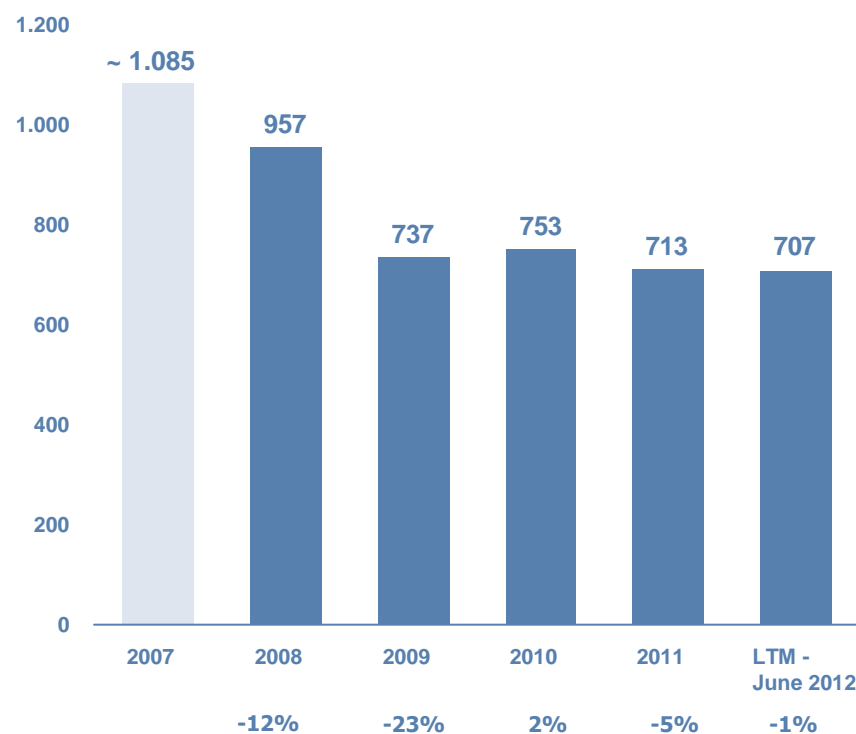
*Markets have suffered significantly during the economic downturn*





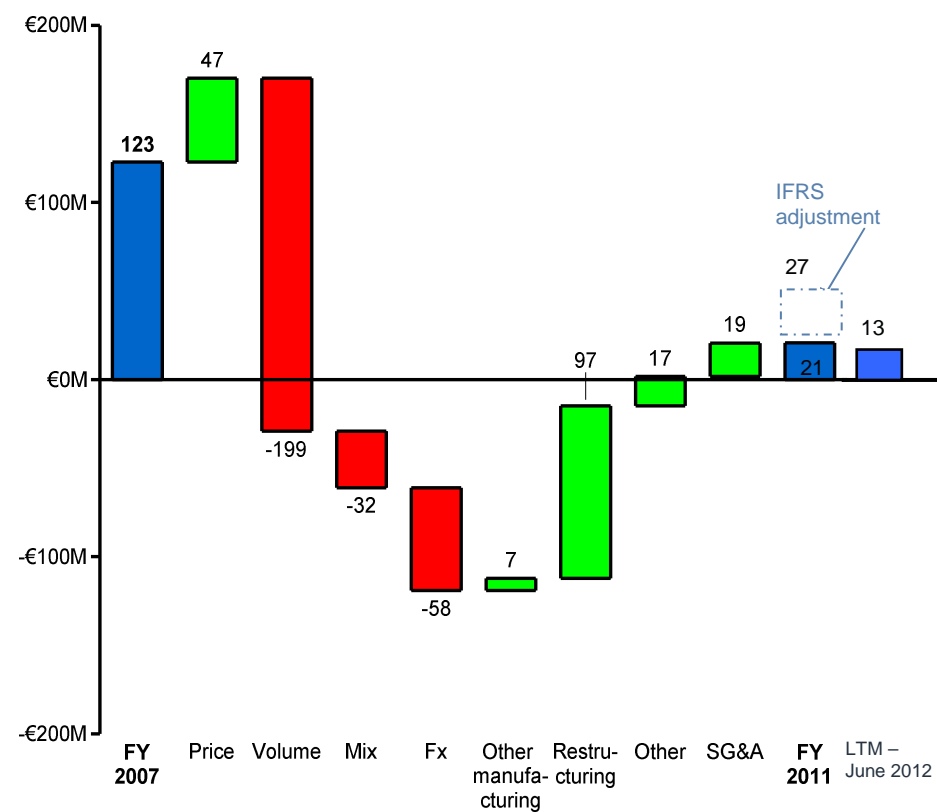
# Historical Context

Revenue (€m / % growth)



Source: IFRS Financials (unaudited); BRG Consult, Company analysis  
 Note: 2007 estimate excluding (disposed) Asia division, incl. estimated IFRS adjustments

EBITDA Bridge 2007-11

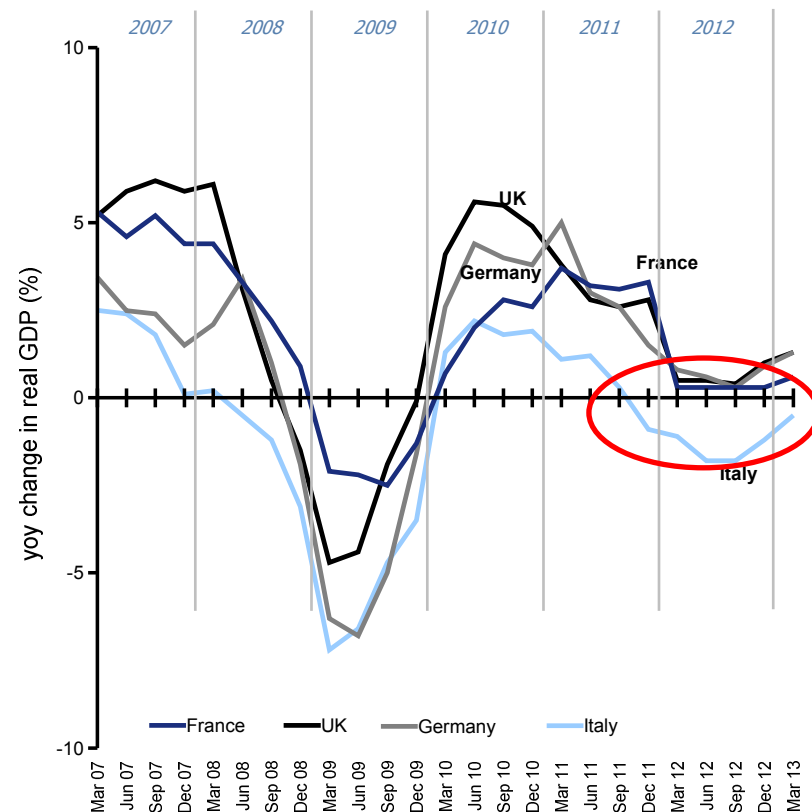


# Recent Macro Conditions

## Market Evolution vs Expectation

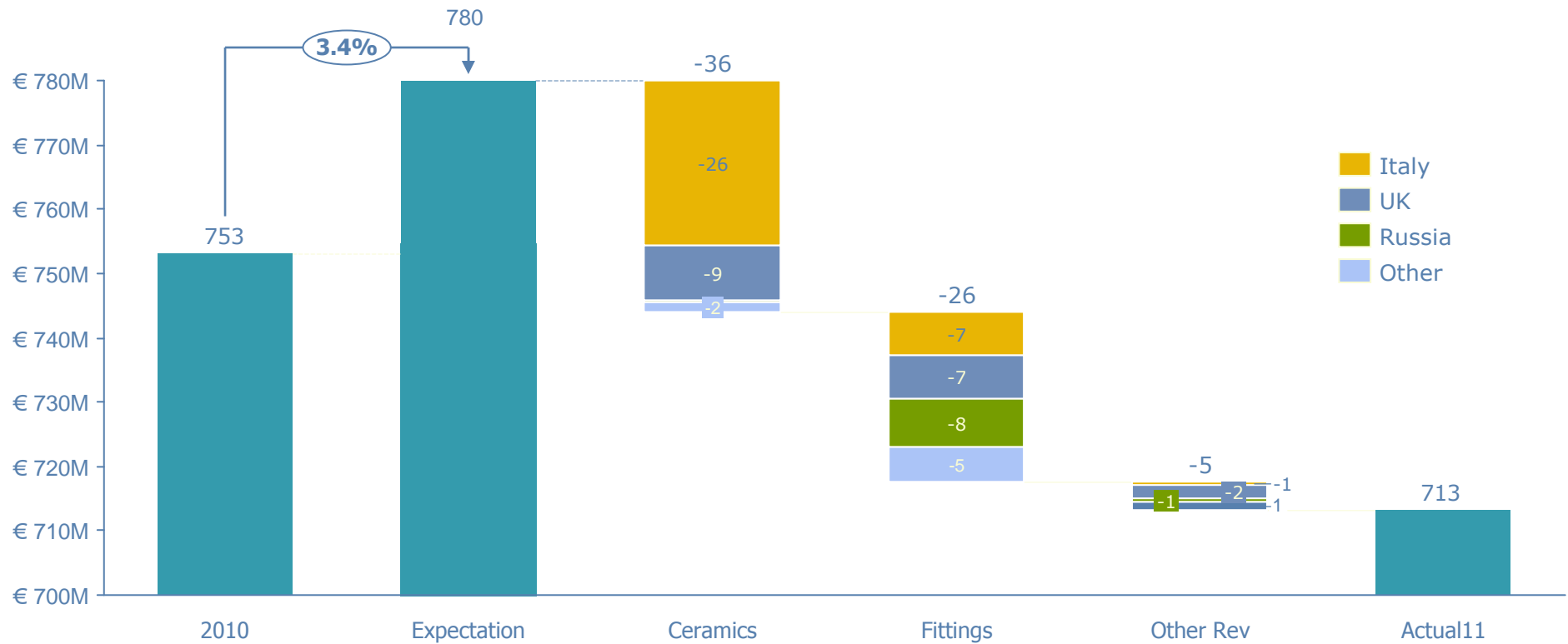
	<u>Historical 2011: expected / actual</u>		
	<u>2007-10</u>	<u>March Fcst</u>	<u>Actual</u>
<b><u>Ceramics</u></b>			
Italy	(17.5%)	3.2%	(18.0%)
UK	(20.5%)	(6.0%)	(7.2%)
France	(4.5%)	1.3%	1.3%
Germany	(0.8%)	(2.0%)	-
<b><u>Fittings</u></b>			
Italy	(13.2%)	5.9%	(5.0%)
UK	(19.5%)	(5.5%)	(6.5%)
France	(0.2%)	2.1%	4.0%
Germany	2.0%	1.0%	3.0%

## European Macro Context: Real GDP

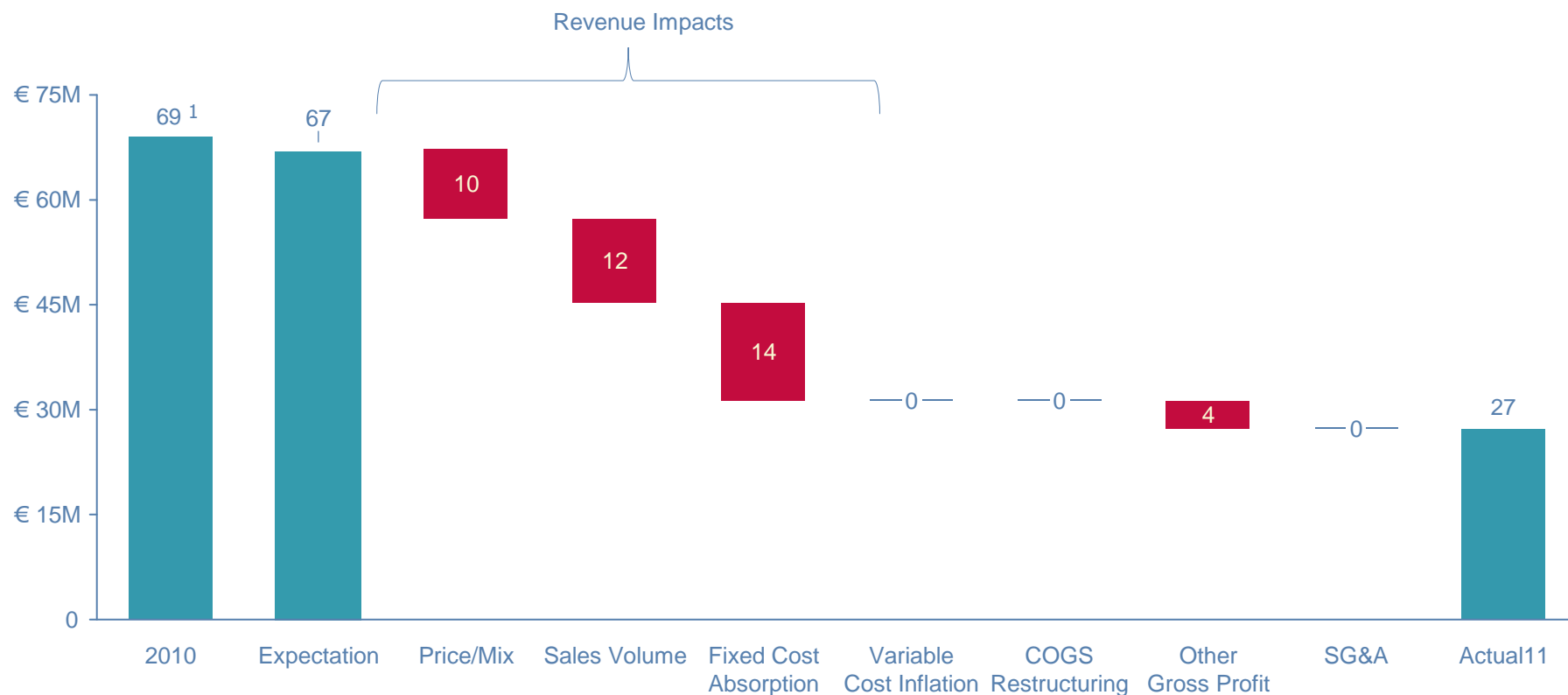


Source: Athena / Bloomberg

# 2011 Sales Performance vs expectations as of April 2011

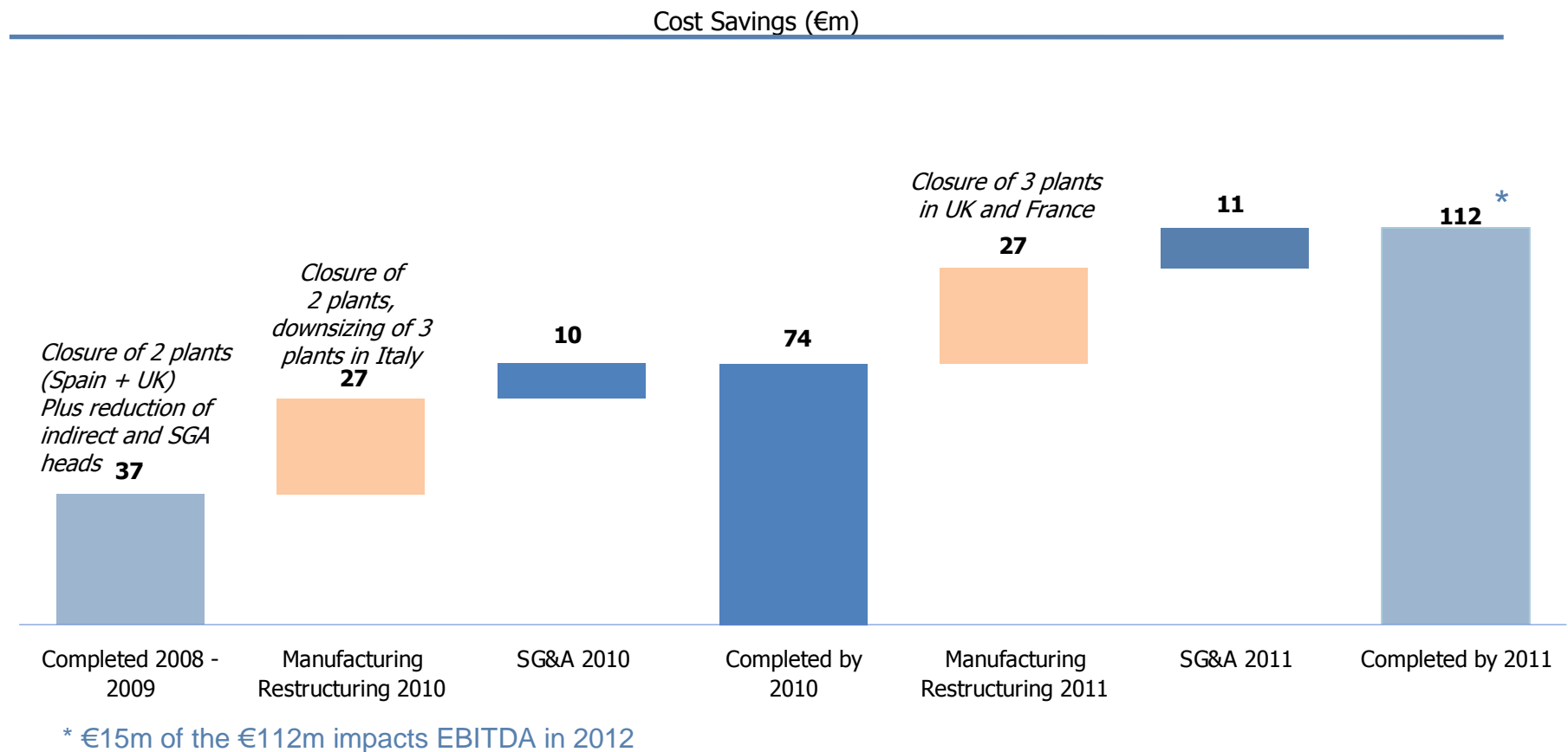


# 2011 EBITDA Performance vs expectations as of April 2011



1. Proforma Adjusted EBITDA for 2010 per OM

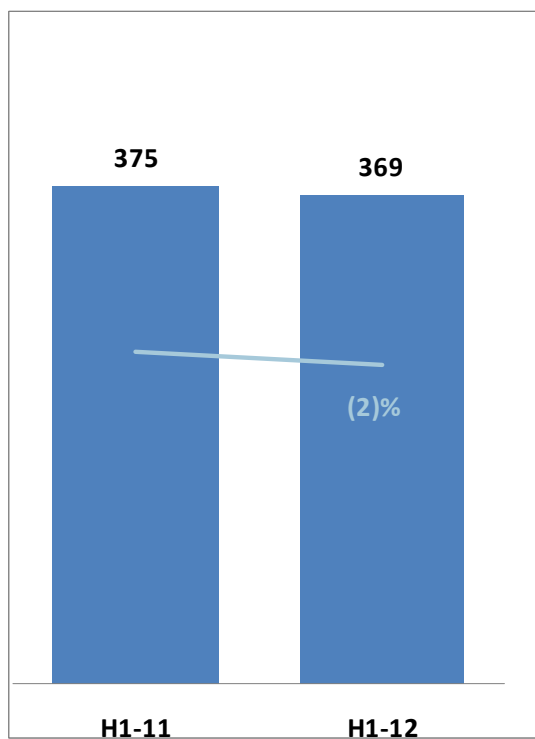
# Substantial Cost Reduction Programs Completed



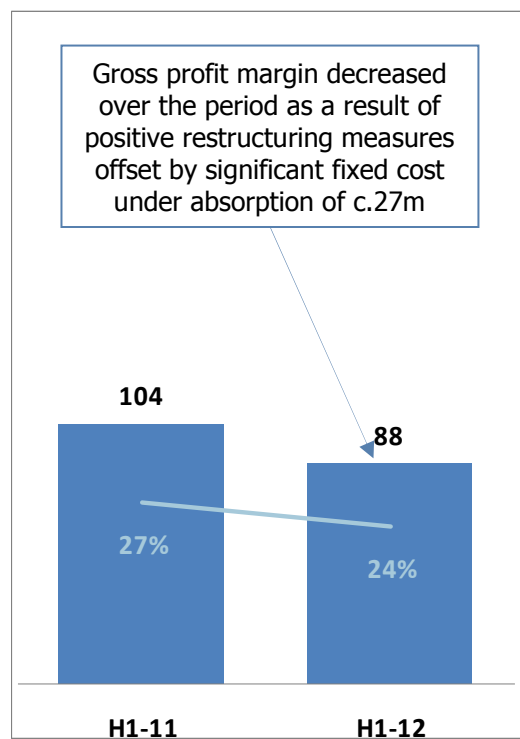
Significant restructuring programs of over €100m savings completed since the acquisition in 2007

# H1 2012 Performance

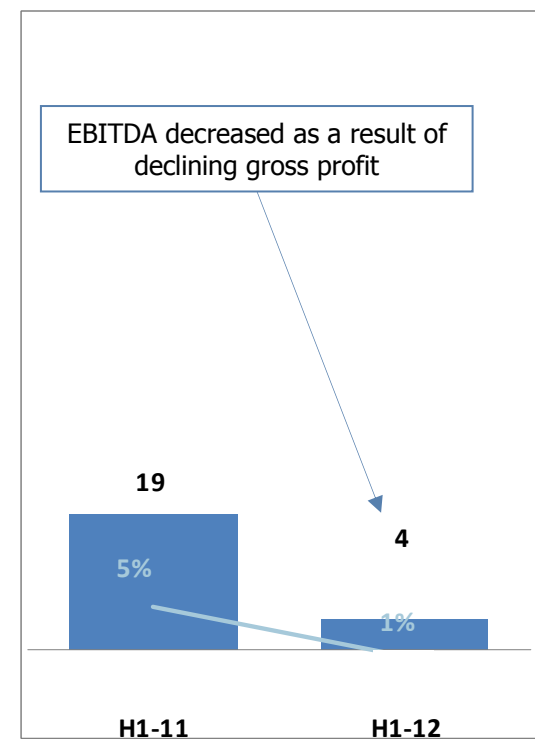
Revenue (€m) / % Growth



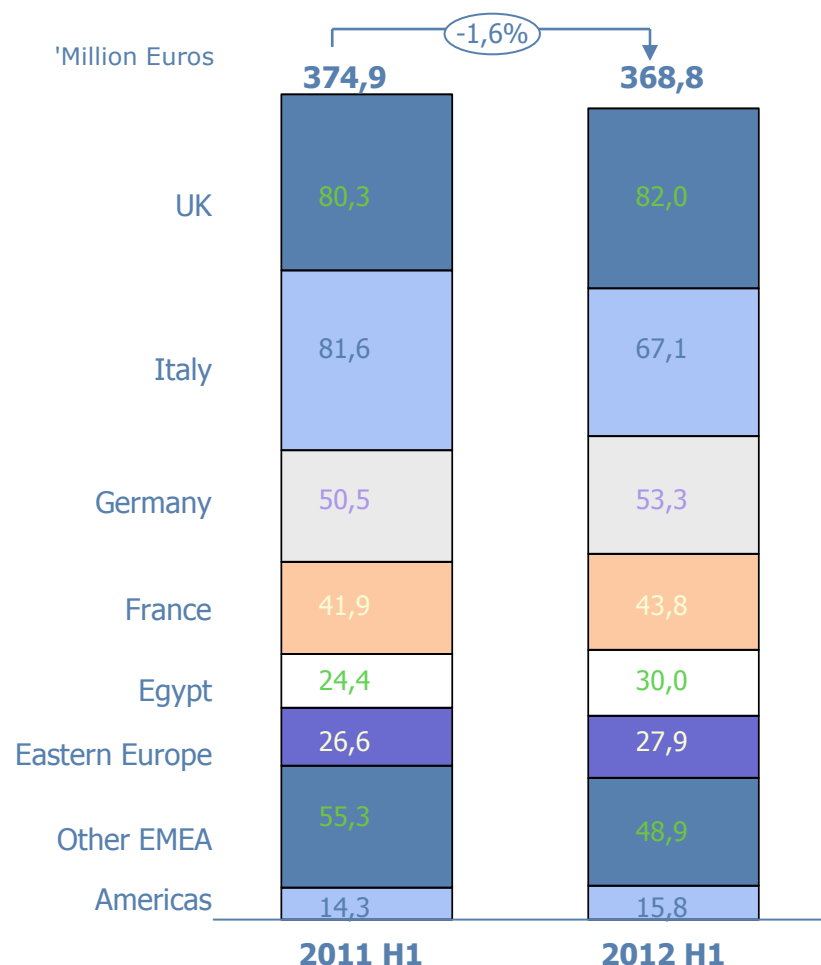
Gross Profit (€m) / % Margin



Adj. EBITDA (€m) / % Margin



## Sales Analysis for H1 2012 – by Country



### Comments

- UK benefits from strong £ but faces challenging market conditions despite good performance from channel expansion
- Germany & France continued growth from expansion of distribution and good underlying market dynamics
- As expected Italy market continues to be weak and cleansing of downstream stock still continues
- Egypt recovering from social / political unrest of 2011
- Russia reflecting Brand/Channel growth strategy
- Spain, Ireland & Greece declines on prior year but in line with our expectation
- Americas show improvement as Central American markets recover

# Cash Flows and Key statistics H1

For the 6 months ended	30 June 2012 Unaudited	30 June 2011 Unaudited
Million euro		
<b>Cash flow from operating activities</b>	<b>(36.0)</b>	<b>(66.3)</b>
<b>Cash Flow from Investing Activities</b>	<b>(9.6)</b>	<b>(200.5)</b>
<b>Cash flow from financing activities</b>	<b>24.1</b>	<b>284.4</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(21.5)</b>	<b>17.6</b>
Cash and cash equivalents at beginning of period	47.0	75.5
<b>Cash and cash equivalents at end of period</b>	<b>25.5</b>	<b>93.1</b>
<b>Cash Restructuring Costs</b>	<b>(14.7)</b>	<b>(18.0)</b>
<b>CAPEX Excl. Restructuring Costs</b>	<b>(9.2)</b>	<b>(9.8)</b>
<b>CAPEX Restructuring Costs</b>	<b>(0.4)</b>	<b>(1.5)</b>
<b>Senior Secured Notes Interest Payment</b>	<b>(16.1)</b>	<b>0.0</b>

## Comments

- €30m lower operating cash consumption vs 2011, driven by focus on cost control and working capital and reflects
  - i. Payment of c. €16m interest vs. Nil in 2011
  - ii. Restructuring Cash Costs of €14.7m vs €18m in 2011 and;
  - iii. Cash outflow from operations of €16.2 m compared to € 64.9 m in 2011 related to our focus on costs and working capital
- Financing from Egypt credit facilities plus Factoring



## Capital Structure and Liquidity

	<u>30 June 2012</u>	<u>31 December 2011</u>
Million Euros		
Senior secured notes	280.3 <sup>1</sup>	280.3
Other borrowings	18.0 <sup>2</sup>	2.4
Total Cash pay Debt	<u>298.3</u>	<u>282.3</u>
Cash on Balance Sheet	25.5 <sup>3</sup>	46.9
<b>Net Cash Pay Debt</b>	<b><u>272.8</u></b>	<b><u>235.4</u></b>
Undrawn super senior RCF	15.0	15.0
Undrawn local credit lines	19.0 <sup>4 5</sup>	26.0

### Cash and available credit lines providing ample liquidity

1. €275.0m plus €5.3m accrued but unpaid interest.
2. Draw on Egypt overdraft and factoring IT and FR
3. Reflects temporary spike in overdue receivables of c. €5m collected in first week of July.
4. Factoring plus remaining Egypt overdraft.
5. Before consideration of cash collateral of €7.1m associated with guarantee for Bulgarian Tax audit appeal

Section III

# **Current Market Views & Trends**

# Market Outlook

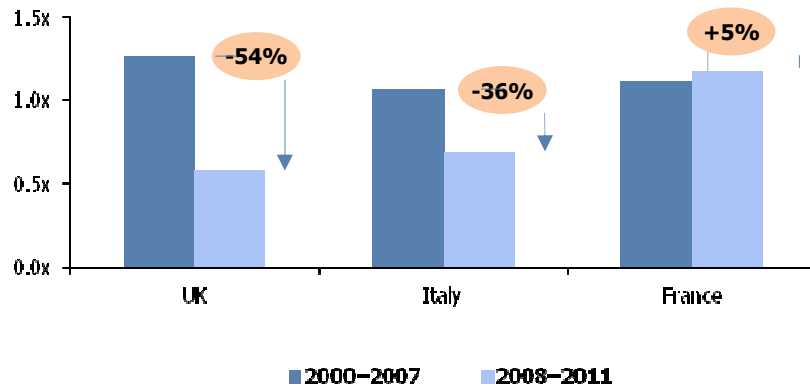
**Market conditions anticipated to remain tough in 2012 but improvements expected in the medium term**

	2011	2012	Medium Term
Overall EMEA Ceramics	▼	▼	▲
Overall EMEA Fittings	▼	■	▲
United Kingdom	▼	▼	▲
Italy	▼	▼	▲
Germany	■	■	■
France	▲	▲	▲

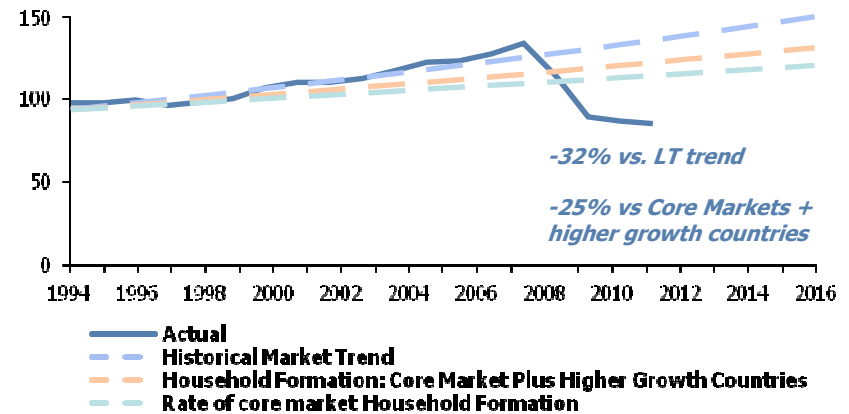
# Market Indicators

*A number of approaches suggest markets are now at an unsustainable cyclical low*

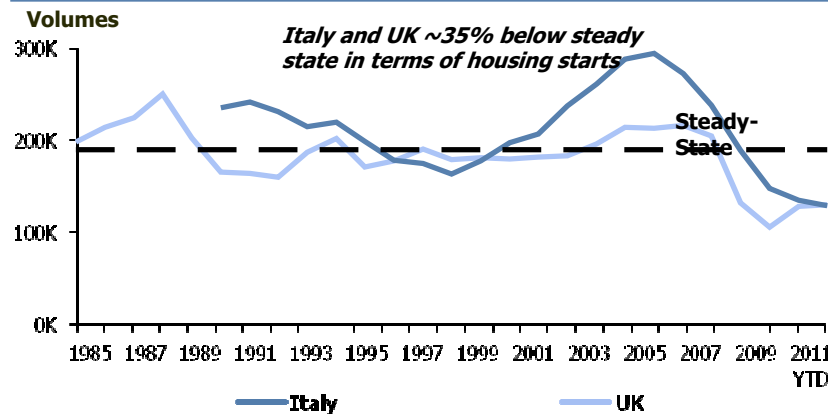
## Ratio of Housing Starts to Net Change in Households



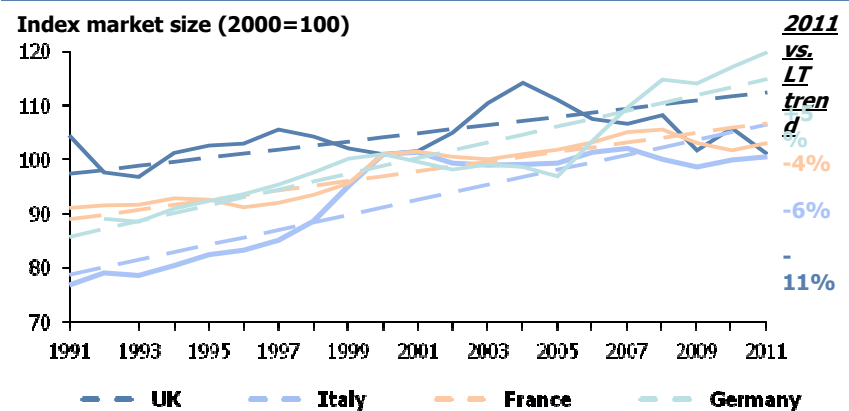
## Revenue-Weighted Market Growth



## Housing Starts



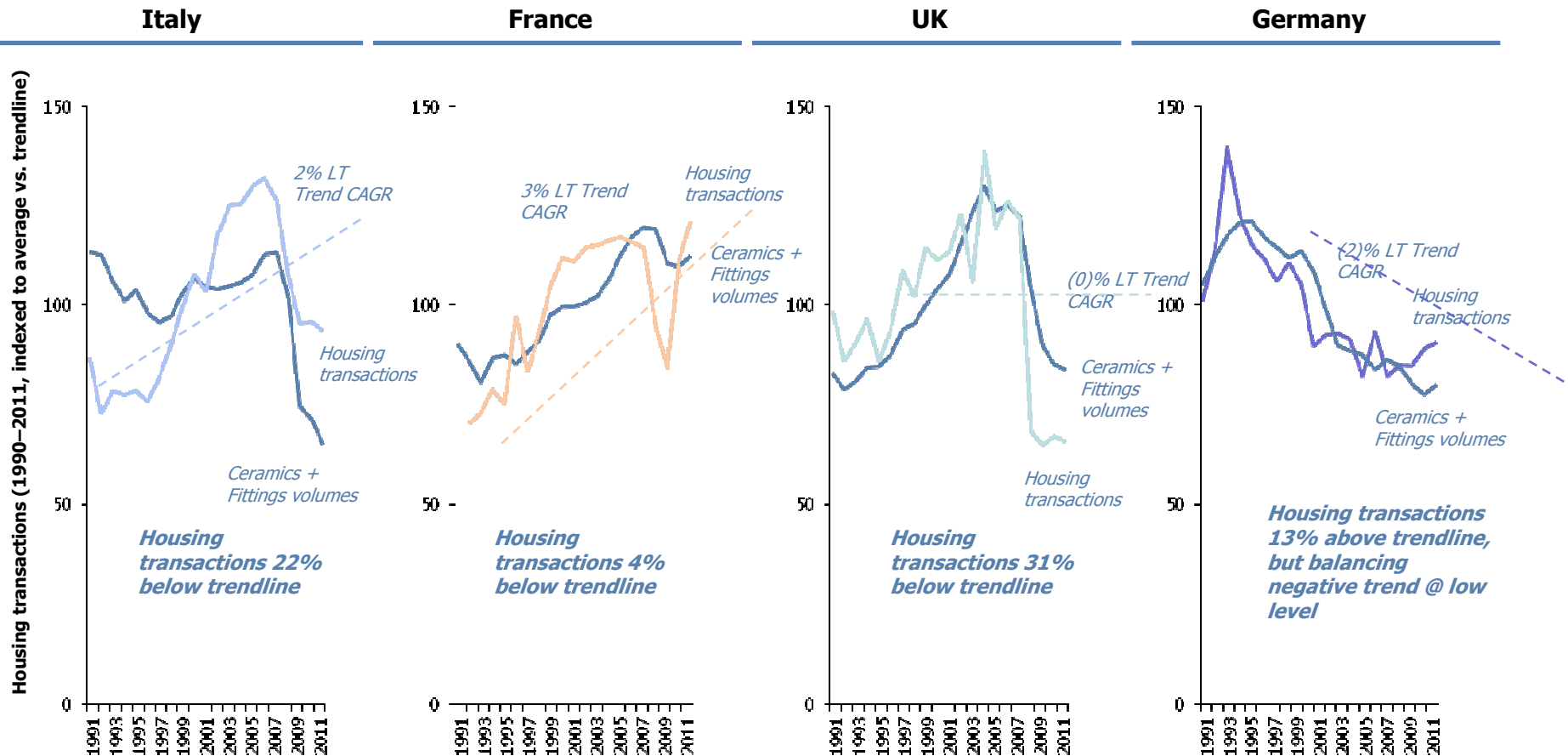
## Residential RMI Activity



Sources: BRG, Company analysis

# Housing Transactions

*Housing transactions have shown strong historical correlations to the bathrooms market, and are significantly depressed vs historical levels in UK & Italy*

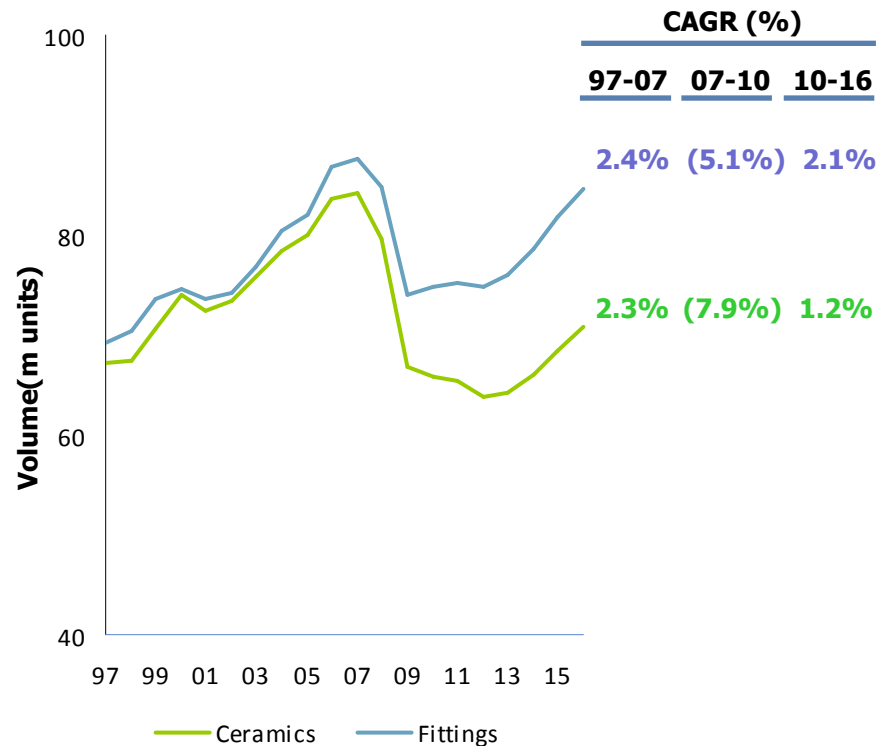


Sources: BRG, various National Statistics Agencies, Property Investor Europe, Press research

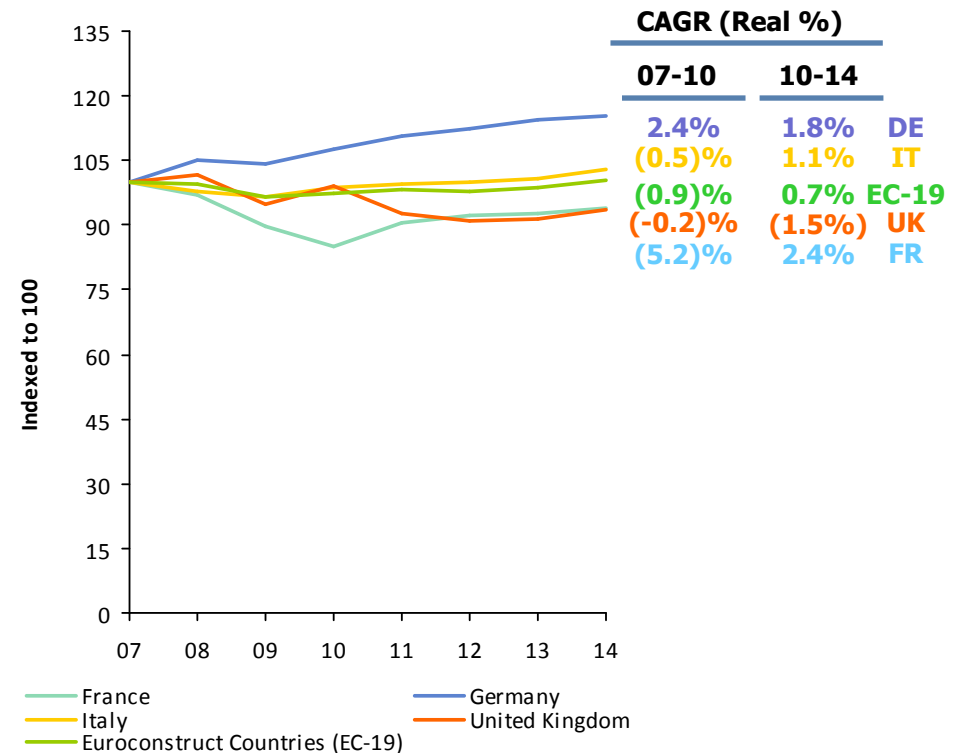
# Positive Outlook for End-Markets

*3<sup>rd</sup> parties are forecasting growth in the markets after the recent downturn*

## Ceramics and Fittings Markets Evolution



## Residential Renovation Spend



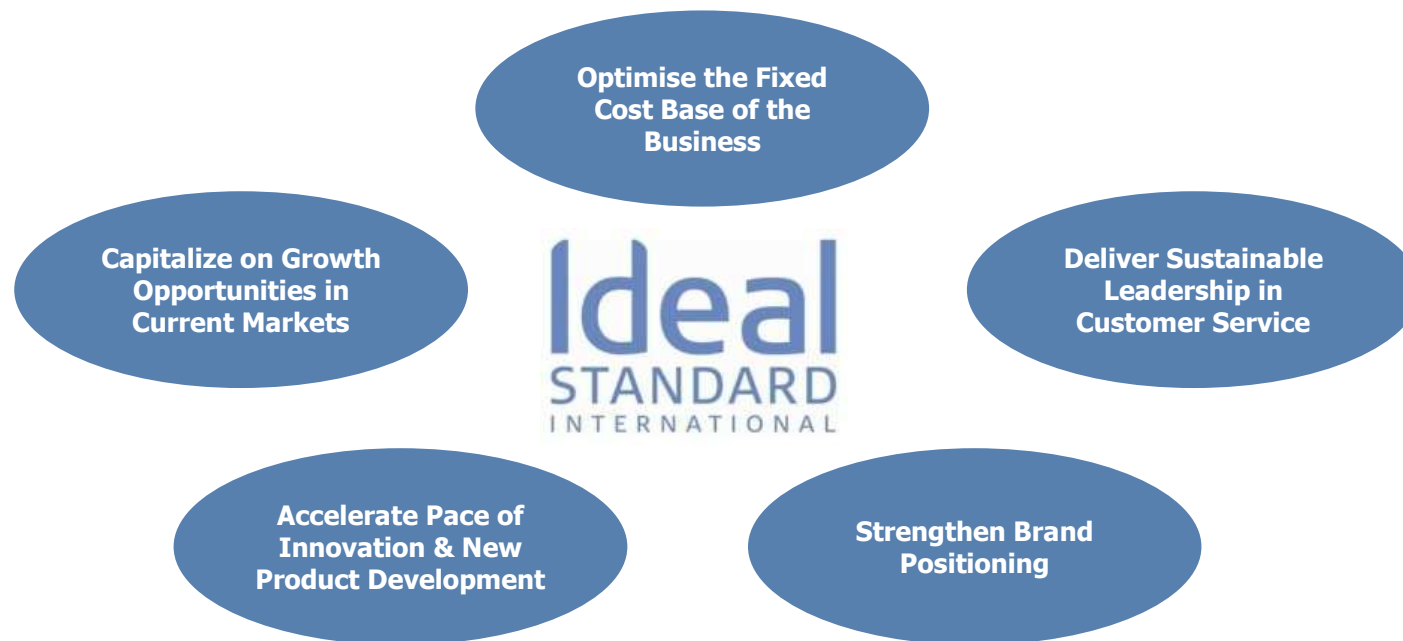
**Improved construction market and renovation spend will drive recovery**

Source: BRG Update Jul 2012 for Ceramics & Fittings volume data; Euroconstruct (Jun 12) for Residential Renovation Spend data

Section IV

# Strategy

# Well-Developed Strategy To Drive Profitable Growth



**Management team aligned behind detailed strategic plan intended to deliver sustained growth and improved profitability – unchanged from April 2011**



# Cost Base Management

## Spend Controls

- Restructuring initiatives completed and benefits flowing
- SG&A controls in place
- Cost base being regularly reviewed to reflect market conditions

## Productivity

- Procurement Savings on plan
- Purchasing in line with usage
- Productivity Savings on plan

## Process Simplification

- Review of opportunities for further consolidation of processes and rationalization of cost, e.g. sku rationalization; service delivery offering definitions and efficiency of outbound distribution costs.

# Growth Strategies

## Geographical

- Q2- continued growth in Russia; Middle East and North Africa
- Continued focus on growing distribution in Russia
- Improving project visibility in Middle East
- Pursuing opportunities in North Africa (outside Egypt)

## Channel / Customer

- Continued expansion with DIY and showroom channel in UK during Q2
- Continued growth in DIY channel in France
- Growing points of distribution in Germany

## New Products

- New product introduction operating to plan
- Enhancing total bathroom solutions

## Pricing Opportunities

- Effected list price increases driving yoy pricing
- Renegotiated all significant customer terms and conditions

# Cash & Liquidity maximization

## Inventory Reduction

- Finished goods and raw material inventory reduction on plan
- Project in place to sell off slow moving, obsolete and excess stock – currently proceeding to plan

## Receivables Management

- General Reduction in overdue accounts receivable except for unusual spike at end of June by c. €5m.
- Factoring – exploring expansion opportunities in countries other than Italy, UK and France, currently proceeding to plan

## Non Operational Asset Disposal

- Marketing excess property in UK, Italy and Greece –very slow markets but we are making progress

## Credit Facilities

- Successful outcome of discussions with RCF lenders to remove covenant restrictions

Section V

# Conclusion

# Conclusions

- **Sales Performance reflecting expected poor market conditions in southern European partially offset by growth in all other major countries**
- **Improved Cash Generation through focus on cost control and working capital**
- **Continued focus on Liquidity and creation of Liquidity Headroom**
- **Good progress against all Strategic Priorities**
- **Improved Market Outlook in medium term**

# Q&A