9 March 2016

Full year results for the period ended 31 December 2015

SIG plc ("SIG") is a leading distributor of specialist building products in Europe, with strong positions in its core markets of insulation & energy management, interior fit out and roofing.

Continuing operations*	**2015**	**2014**	***Change***	***Constant currency change***
Revenue	£2,566.4m	£2,602.9m	*(1.4)%*	*3.7%*
Underlying** operating profit	£98.7m	£111.2m	*(11.2)%*	*(6.7)%*
Underlying** profit before tax	£87.4m	£99.1m	*(11.8)%*	*(7.0)%*
Underlying** basic earnings per share	11.2p	12.0p	*(6.7)%*	
Dividend per share	4.60p	4.40p	*4.5%*	
Post-tax return on capital employed	9.3%	10.4%	*(110)bps*	

** Continuing operations excludes divested businesses.*
*** Underlying is before the amortisation of acquired intangibles, restructuring costs, acquisition expenses and contingent consideration, other one-off items, profits and losses arising on the sale of businesses and associated impairment charges, trading profits and losses associated with disposed businesses, unwinding of provision discounting and fair value gains and losses on derivative financial instruments.*
**** Like-for-like (LFL) is defined as sales per day in constant currency excluding acquisitions and disposals.*

Highlights

- Group sales up 3.7% in constant currency and 0.3% on a LFL*** basis
- UK & Ireland sales increased by 5.7%
- £78.1m expenditure on infill acquisitions
- £12.6m incremental net benefit from Strategic Initiatives
- Reshaping of supply chain underway
- Encouraging growth in value added businesses
- Statutory profit before tax of £51.3m
- Full year dividend increased 4.5% to 4.60p per share

Statutory

Total operations	**2015**	**2014**
Revenue	£2,566.4m	£2,633.9m
Operating profit	£65.9m	£53.2m
Profit before tax	£51.3m	£39.0m
Basic earnings per share	6.1p	5.6p

Commenting on the results and outlook, Stuart Mitchell, Chief Executive, said:

"While making good progress on the Strategic Initiatives and infill acquisition programme, we were disappointed by the Group's 2015 performance, having been adversely affected by weak trading conditions in Mainland Europe and the UK RMI market, as well as movements in foreign exchange.

"We have already taken a number of actions to improve performance including further increasing our customer focus, reducing procurement and supply chain costs, and growing our value added businesses.

"This year we continue to expect good growth in the UK new build construction market, primarily driven by the residential segment. Lead indicators also suggest that demand should pick up in the UK RMI sector as 2016 progresses.

"In Mainland Europe, while the trajectory of any recovery at this stage remains uncertain, trading conditions in France have improved, with the housing market stabilising and a return to growth for SIG in Q4 2015.

"Following an encouraging start to the year, with positive LFLs in both the UK & Ireland and Mainland Europe, the scope for further cost savings and growth opportunities within the Group mean that we expect to make progress in 2016."

Enquiries

SIG plc

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Analyst presentation

A briefing to analysts will take place today at 9.00am at FTI Consulting, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD. A live webcast will be available on the investor relations section of www.sigplc.com which will also be available on replay later in the day.

Summary

Revenues from continuing operations decreased 1.4% to £2,566.4m (2014: £2,602.9m), having been adversely affected by foreign exchange translation, with the average Euro to Sterling exchange rate depreciating by 10.9% to €1.383 in 2015 from €1.247 in 2014. Group sales increased 3.7% in constant currency and were ahead by 0.3% on a like-for-like ("LFL") basis, with acquisitions contributing 3.4% to revenue growth.

SIG experienced product price inflation of 0.5% and a 0.2% volume decrease in 2015. SIG estimates that its overall market, weighted according to the sectors in which it operates, declined by 1.3% in the period, corresponding to an outperformance of 1.6% by the Group.

In UK & Ireland revenues from continuing operations increased 5.7% to £1,412.9m (2014: £1,336.2m), and were up 1.5% on a LFL basis, with the UK up 0.8% and Ireland ahead by 12.7%.

Sales in Mainland Europe from continuing operations decreased 8.9% to £1,153.5m (2014: £1,266.7m), mainly due to movements in foreign exchange rates. On a LFL basis sales in Mainland Europe fell by 0.9% for the year, but showed an improved performance in Q4, increasing by 1.8%.

The Group continues to make good progress on its Strategic Initiatives to improve business performance, delivering an incremental net benefit of £12.6m in 2015. This gives a total cumulative net saving of £22.7m since the programme began, mainly sourced from procurement, and is ahead of schedule. SIG continues to expect to achieve at least another £10m incremental net benefit in 2016.

Although the Strategic Initiatives added 50bps to SIG's gross margin in 2015, weak trading conditions, which particularly impacted the Group's higher margin UK Exteriors business, changes in product mix and competitive pressures offset this improvement, resulting in the Group's gross margin declining by 10bps to 26.8% (2014: 26.9%).

Underlying operating profit declined 11.2% to £98.7m (2014: £111.2m) having been impacted by movements in foreign exchange rates and weak trading conditions, with underlying operating margin declining 50bps to 3.8% (2014: 4.3%). Underlying net finance costs decreased slightly to £11.3m (2014: £12.1m), which together with the decline in operating profit resulted in underlying profit before tax decreasing 11.8% to £87.4m (2014: £99.1m). Despite benefiting from a lower tax rate underlying basic earnings per share from continuing operations declined by 6.7% to 11.2p (2014: 12.0p).

On a statutory basis profit before tax increased 31.5% to £51.3m (2014: £39.0m) mainly due to a reduction in amortisation of acquired intangibles, and the prior year including costs associated with the sale of businesses, offset by business termination costs. Basic earnings per share increased 8.9% to 6.1p (2014: 5.6p).

Net debt at 31 December 2015 increased to £235.9m (31 December 2014: £126.9m) following net acquisition expenditure of £75.3m (2014: £21.0m) and net capital expenditure (excluding one-off sale of land) of £46.3m (2014: £36.6m). Net capital expenditure was 1.8x depreciation of £26.0m (2014: £24.0m), as the Group reinvested in the business, particularly IT and fleet.

Acquisitions

In 2015 SIG acquired 12 infill businesses for a gross cash consideration of £78.1m, together with a contingent consideration of up to £14.2m providing future performance enhances Group returns.

Five of the acquisitions were regional infills in the UK roofing sector and one was a specialist in the UK technical insulation market. Five acquisitions were geographic and product infills in Mainland Europe, with activities in the air handling, interiors and insulation sectors. The Group also acquired an interiors business in the Middle East.

To date in 2016 SIG has acquired a further five infill businesses for a gross cash consideration of £14.6m, in the air handling, exteriors and interiors sectors.

As previously stated going forward SIG is aiming to return leverage to c.1.5x in the medium-term by slowing the pace of acquisitions and moderating capital expenditure.

Return on Capital Employed

Post-tax Return on Capital Employed ("ROCE") is the key metric for the Group and is calculated as underlying operating profit less tax, divided by average net assets plus average net debt.

In 2015 SIG's ROCE decreased by 110bps to 9.3% (2014: 10.4%) mainly due to weaker trading conditions. Assuming a full year contribution from acquisitions completed in the year, ROCE would have been 40bps higher.

Going forward SIG remains committed to increasing ROCE. As well as taking a disciplined approach to its capital management, SIG seeks to achieve this through further improvements in its gross and operating margins.

Strategic Initiatives

SIG continues to make good progress on its Strategic Initiatives to improve business performance, delivering gross cumulative savings of £33.6m in 2015, of which £18.8m was in the UK & Ireland and £14.8m was in Mainland Europe. These savings were almost all sourced from its procurement initiative and are ahead of the Group's original schedule.

The net cumulative benefit to the Group, after costs of £10.9m to deliver the programme, was £22.7m. Following a net benefit of £10.1m in 2014, the net incremental benefit to the Group of the Strategic Initiatives in 2015 was £12.6m. In constant currency the net benefit was £14.1m. SIG continues to expect to achieve at least another £10m incremental net benefit in 2016.

SIG reduced its supplier numbers to 5,137 as at 31 December 2015, a reduction of 48% since 2013, meaning that the Group has exceeded its target of a 33% reduction in suppliers by the end of 2015. The Group is also making good progress towards its target of growing its own label products by 50% by the end of 2016, having increased its own label sales by 42% since 2013.

Supply Chain

One of the key themes of the Group's Capital Markets Day in November 2015 was the reshaping of SIG's supply chain by centralising supplier and customer deliveries to larger branches or Regional Distribution Centres ("RDCs").

In order to maximise returns while minimising risk to the business, SIG set out a two-step strategy to achieve these savings, with the first step involving a move to regional hubs utilising the Group's existing network where possible. SIG is targeting £20m savings from this first step, with a resulting exceptional charge of c.£10m.

In the UK, the Group's Exteriors business is currently rolling out its hub and spoke model with a target completion date of the end of Q2 2016. SIG Distribution is finalising plans to deliver the cultural and behavioural change programme that underpins its change plan and is rolling out improved functionality of the new K8 ERP system in forecasting, replenishment and warehouse management.

A Group-wide review of transport planning has also commenced to secure savings through improved vehicle scheduling and routing.

The second step of the Group's supply chain strategy is to trial RDCs potentially working with third-party logistics providers. SIG is on track to open three new RDCs this year in the UK, France and Ireland.

Air Handling

The Group's first significant move into air handling came through the acquisition of Air Trade Centre in 2007, with the rationale being that this is an adjacent specialist distribution market, with similar environmental drivers as SIG's insulation and energy management business.

The business has grown rapidly over recent years, and increased sales by 17% in 2015 to €214m. On a pro forma basis, including full year contributions from the infill acquisitions the Group made in H2 2015 and January 2016, sales in this division would be c.€250m.

SIG is targeting sales of at least €400m by 2018, mainly from organic growth, with an operating margin in the range of 7-8%. In doing so the Group is aiming to increase its project offering of designing and delivering complete system solutions to customers.

Offsite Construction

The Group has three businesses, Insulshell, RoofSpace and Metechno (acquired in 2016), which together provide a compelling single offsite construction proposition.

The segment of the offsite market which SIG is targeting is already worth over £1bn and is fast growing, having increased at a compound annual rate of 16% since 2008. This is due to strong customer demand drivers as traditional construction methods are displaced. Furthermore, it has the same customer base and end-markets as SIG's distribution businesses, and uses products that are supplied from the rest of the Group.

The Group is aiming to increase sales to at least £150m by 2018, with a double-digit operating margin, and is targeting a number 1 position in each of its markets.

Operating costs and non-underlying items

In 2015 SIG's operating costs increased by £0.3m to £589.7m (2014: £589.4m) due to a beneficial currency impact of £30.7m and a lower incentive charge of £10.6m offset by cost increases of £19.3m relating to acquisitions and new branches, inflation of £12.6m, volume related costs of £4.7m and £2.1m further expenditure on the Strategic Initiatives.

Non-underlying items before taxation during the period totalled £36.1m (2014: £60.1m) and included amortisation of acquired intangibles of £10.3m (2014: £19.6m), restructuring costs and other one-off items of £8.2m (2014: £13.8m), contingent consideration and acquisition expenses of £14.3m (2014: £3.9m), and net fair value losses on derivative financial instruments and unwinding of provision discounts of £3.3m (2014: £2.1m). The prior year comparative also included net losses arising on sale of businesses and associated impairment charges of £14.0m and operating losses attributable to businesses divested in 2014 of £6.7m.

Dividend

The Board has proposed a final dividend of 2.91p per ordinary share. Together with the interim dividend of 1.69p, this provides a total dividend of 4.60p for the year (2014: 4.40p), an increase of 4.5%. The final dividend is expected to be paid on 27 May 2016 to shareholders on the register at close of business on 29 April 2016. The ex-dividend date is 28 April 2016.

Going forward the Board remains committed to a progressive dividend policy while maintaining a dividend cover of 2x-3x on an underlying basis over the medium-term.

UK & Ireland trading review

- Sales from continuing operations increased 5.7% to £1,412.9m (2014: £1,336.2m)
- Gross margin from continuing operations down 10bps to 26.6% (2014: 26.7%)
- Underlying operating profit down 8.8% to £61.0m (2014: £66.9m)
- Underlying operating margin declined 70bps to 4.3% (2014: 5.0%)
- Statutory operating profit of £38.6m (2014: £18.8m)

Continuing operations	2015 Sales	Change	LFL change	Change in gross margin
United Kingdom	£1,340.8m	6.0%	0.8%	(20)bps
Ireland	£72.1m	1.5%	12.7%	150bps
UK & Ireland	**£1,412.9m**	**5.7%**	**1.5%**	**(10)bps**

Sales from continuing operations in the UK increased 6.0%, benefiting from acquisitions, which added £63.9m of revenues in the period. Excluding acquisitions, on a LFL basis sales were ahead 0.8%.

The private new build residential sector was the strongest segment of the UK construction market in 2015, up 7.0% compared to prior year according to the Construction Products Association (“CPA”). SIG continues to expect robust growth in this sector in 2016, although the rate of expansion is likely to slow somewhat compared to 2015, with the CPA forecasting a growth rate of 5.0%.

In contrast the UK Repairs, Maintenance and Improvement (“RMI”) residential sector was challenging during 2015, particularly in the second half of the year. This adversely affected the Group’s Exteriors business, which has a relatively high exposure to this segment of the market, recording a LFL sales decline of 2.9% in the year, and down by 4.3% in H2 2015.

SIG believes that the weakness in the UK RMI market is correlated, with a time lag, with housing transactions and mortgage approvals, which declined during 2014 and into the first quarter of 2015. Since then transactions and approval rates have begun to recover, suggesting that the UK RMI market is likely to pick up as 2016 progresses.

SIGD’s LFL sales were up 2.1% despite increased competition in the UK insulation and interiors market during 2015, particularly in more commoditised product areas. In order to improve performance in this market the Group has taken a number of actions aimed at further increasing its customer focus, and is already benefiting from these changes.

The Group’s outlook for the UK market in 2016 is positive, with growth expected to continue to be driven by the residential sector, particularly in new build. While trading conditions in the non-residential sector are improving, SIG has not yet benefited from this growth mainly due to its later cycle exposure. Assuming this continues, the Group anticipates that this should start to feed through into its sales performance during 2016. The CPA is forecasting an increase in UK building output of 2.9% in 2016.

SIG recorded a very strong performance in Ireland in 2015 with LFL sales up 12.7% and gross margin ahead by 150bps. However, having been adversely affected by the weakening Euro, sales in Sterling were only up 1.5%. The Group’s growth was driven by a recovering Irish residential market, along with some more limited recovery in activity in the non-residential sector. Euroconstruct expects this strong recovery to continue in 2016.

Mainland Europe trading review

- Sales from continuing operations decreased 8.9% to £1,153.5m (2014: £1,266.7m)
- Gross margin from continuing operations increased 10bps to 27.2% (2014: 27.1%)
- Underlying operating profit declined 16.8% to £45.1m (2014: £54.2m)
- Underlying operating margin down 40bps to 3.9% (2014: 4.3%)
- Statutory operating profit of £34.7m (2014: £44.3m)

Continuing operations	2015 Sales	Change	LFL change	Change in gross margin
France	£517.3m	(11.7)%	(2.8)%	(20)bps
Germany & Austria	£368.3m	(10.7)%	(2.3)%	(10)bps
Benelux*	£164.3m	5.1%	7.8%	120bps
Poland	£103.6m	(7.5)%	2.3%	(30)bps
Mainland Europe	**£1,153.5m**	**(8.9)%**	**(0.9)%**	**10bps**

** Includes Air Trade Centre*

France

Although sales in France decreased by 2.8% on a LFL basis, and were down by 11.7% in Sterling due to movements in foreign exchange, SIG outperformed the market by 2.1%.

The French construction market remained challenging during 2015, with the residential market, to which the Group has a high exposure, accounting for 61% of revenues, particularly weak. Activity in the non-residential sector also continued to decline, although not to the same degree as the housing market.

There were signs that French market conditions were beginning to improve towards the end of 2015, with SIG recording LFL sales growth of 2.5% in Q4. This was the Group's first positive LFL quarterly performance in France since Q1 2014. Furthermore new housing starts have stabilised at around 350,000 on a rolling twelve month basis, following double-digit declines earlier in the year.

Given the improving housing data and a return to growth for SIG, the outlook for France is more positive although the trajectory of any recovery remains uncertain at this early stage. Euroconstruct is forecasting a strong bounce back in the French construction market in 2016, with total building output expected to increase by 5.2%.

Germany & Austria

Sales in Germany & Austria decreased by 2.3% on a LFL basis and were down 10.7% in Sterling.

While the new build residential sector was the strongest performing market in Germany, increasing by 5.5%, this sector only accounts for 13% of SIG's sales in the country.

SIG has a high exposure to the weaker non-residential and industrial sectors in Germany, which accounts for 76% of revenues. In particular SIG's technical insulation business, VTI, was adversely affected by the challenging trading conditions in the industrial sector, with LFL sales declining by 7.8%. LFL sales in WeGo, the Group's interior and structural insulation business, decreased 1.5% in the year. This compares to a 1.8% decline in the non-residential market, according to Euroconstruct.

Looking ahead to 2016, Euroconstruct is forecasting a 1.9% increase in building output in Germany, with the residential sector (up 2.3%) outperforming the non-residential market (up 1.2%).

Benelux

Sales in Benelux (which includes Air Trade Centre) were up 5.1% and by 7.8% on a LFL basis. While the construction market in Belgium remains challenging, in both the residential and non-residential sectors, The Netherlands continued to improve. This was led by growth in the residential sector, with the non-residential market, which had been in decline for a number of years, now stable. For 2016 Euroconstruct is forecasting continued good growth in The Netherlands, with building output up by 4.8%, but Belgium continuing to be relatively weak, with output increasing by only 0.6%.

Poland

In Poland, following a challenging 2014, when LFL sales decreased 5.7%, the construction market recovered in 2015, with SIG recording a LFL sales growth of 2.3% and by 4.2% in the second half of the year. However, following a 160bps improvement last year, gross margin fell back by 30bps mainly due to changes in sales mix.

Euroconstruct expect the recovery in the Polish market to continue in 2016 and is forecasting a growth rate of 3.6%.

Outlook

This year the Group continues to expect good growth in the UK new build construction market, primarily driven by the residential segment. Lead indicators also suggest that demand should pick up in the UK RMI sector as 2016 progresses.

In Mainland Europe, while the trajectory of any recovery at this stage remains uncertain, trading conditions in France have improved, with the housing market stabilising and a return to growth for SIG in Q4 2015.

Following an encouraging start to the year, with positive LFLs in both the UK & Ireland and Mainland Europe, the scope for further cost savings and growth opportunities within the Group mean that it expects to make progress in 2016.

Directors' Responsibility Statement on the Annual Report

The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ended 31 December 2015. Certain parts thereof are not included within this announcement.

We confirm that to the best of our knowledge:

- the Accounts, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

- the Strategic Report, which is incorporated into the Company's full Annual Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

- the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors and signed on its behalf by:

Stuart Mitchell
Director
8 March 2016

Doug Robertson
Director
8 March 2016

Consolidated Income Statement

for the year ended 31 December 2015

	Note	**Before Other items* 2015 £m**	**Other items* 2015 £m**	**Total 2015 £m**	Before Other items* 2014 £m	Other items* 2014 £m	Total 2014 £m
Revenue	2	**2,566.4**	**-**	**2,566.4**	2,602.9	31.0	2,633.9
Cost of sales		**(1,878.0)**	**-**	**(1,878.0)**	(1,902.3)	(27.5)	(1,929.8)
Gross profit		**688.4**	**-**	**688.4**	700.6	3.5	704.1
Other operating expenses		**(589.7)**	**(32.8)**	**(622.5)**	(589.4)	(61.5)	(650.9)
Operating profit		**98.7**	**(32.8)**	**65.9**	111.2	(58.0)	53.2
Finance income		**1.0**	**-**	**1.0**	0.9	0.1	1.0
Finance costs		**(12.3)**	**(3.3)**	**(15.6)**	(13.0)	(2.2)	(15.2)
Profit before tax		**87.4**	**(36.1)**	**51.3**	99.1	(60.1)	39.0
Income tax expense	3	**(21.0)**	**6.0**	**(15.0)**	(27.8)	23.3	(4.5)
Profit after tax		**66.4**	**(30.1)**	**36.3**	71.3	(36.8)	34.5
Attributable to:							
Equity holders of the Company		**66.1**	**(30.1)**	**36.0**	70.9	(37.9)	33.0
Non-controlling interests		**0.3**	**-**	**0.3**	0.4	1.1	1.5
Earnings per share							
Basic earnings per share	4	**11.2p**	**(5.1)p**	**6.1p**	12.0p	(6.4)p	5.6p
Diluted earnings per share	4	**11.2p**	**(5.1)p**	**6.1p**	12.0p	(6.4)p	5.6p

* “Other items” relate to the amortisation of acquired intangibles, restructuring costs, acquisition expenses and contingent consideration, other one-off items, profits and losses arising on the sale of businesses and associated impairment charges, trading profits and losses associated with disposed businesses, unwinding of provision discounting, fair value gains and losses on derivative financial instruments, one-off recognition of deferred tax assets, the taxation effect of “Other items” and the effect of changes in taxation rates. “Other items” have been disclosed separately in order to give an indication of the underlying earnings of the Group (see Note 4).

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	2015	2014
	£m	£m
Profit after tax	**36.3**	34.5
Items that will not subsequently be reclassified to the Consolidated Income Statement:		
Remeasurement of defined benefit pension liability	**1.9**	(7.7)
Deferred tax movement associated with remeasurement of defined benefit pension liability	**(0.2)**	1.7
Effect of change in rate on deferred tax	**(0.7)**	(0.1)
	1.0	(6.1)
Items that may subsequently be reclassified to the Consolidated Income Statement:		
Exchange difference on retranslation of foreign currency goodwill and intangibles	**(11.7)**	(14.3)
Exchange difference on retranslation of foreign currency net investments (excluding goodwill and intangibles)	**(16.2)**	(18.9)
Exchange and fair value movements associated with borrowings and derivative financial instruments	**7.3**	8.9
Tax charge on exchange and fair value movements arising on borrowings and derivative financial instruments	**(1.5)**	(1.9)
Exchange difference reclassified to the Consolidated Income Statement in respect of the disposal of foreign operations	**-**	(6.7)
Gains and losses on cash flow hedges	**(4.2)**	(3.7)
Transfer to profit and loss on cash flow hedges	**2.3**	2.3
	(24.0)	(34.3)
Other comprehensive expense	**(23.0)**	(40.4)
Total comprehensive income/(expense)	**13.3**	(5.9)
Attributable to:		
Equity holders of the Company	**13.0**	(7.4)
Non-controlling interests	**0.3**	1.5
	13.3	(5.9)

Consolidated Balance Sheet
as at 31 December 2015

	2015	2014
	£m	£m
Non-current assets		
Property, plant and equipment	**142.7**	127.2
Goodwill	**437.5**	419.2
Intangible assets	**88.2**	49.6
Deferred tax assets	**21.0**	29.0
Derivative financial instruments	**2.4**	33.9
Deferred consideration	**-**	1.5
	691.8	660.4
Current assets		
Inventories	**242.9**	225.4
Trade and other receivables	**414.9**	381.7
Current tax assets	**4.3**	5.6
Derivative financial instruments	**34.4**	-
Deferred consideration	**1.5**	-
Other financial assets	**1.3**	0.9
Cash and cash equivalents	**89.0**	110.3
	788.3	723.9
Total assets	**1,480.1**	1,384.3
Current liabilities		
Trade and other payables	**364.5**	349.2
Obligations under finance lease contracts	**2.5**	2.5
Bank overdrafts	**2.3**	4.4
Bank loans	**90.9**	0.7
Private placement notes	**160.1**	-
Loan notes and deferred consideration	**3.0**	1.9
Derivative financial instruments	**1.3**	0.5
Current tax liabilities	**8.4**	8.3
Provisions	**9.7**	14.6
	642.7	382.1
Non-current liabilities		
Obligations under finance lease contracts	**7.5**	8.0
Bank loans	**0.4**	0.6
Private placement notes	**95.8**	254.3
Derivative financial instruments	**0.7**	0.6
Deferred tax liabilities	**18.2**	12.1
Other payables	**3.8**	4.3
Retirement benefit obligations	**23.8**	28.7
Provisions	**37.6**	29.3
	187.8	337.9
Total liabilities	**830.5**	720.0
Net assets	**649.6**	664.3
Capital and reserves		
Called up share capital	**59.1**	59.1
Share premium account	**447.3**	447.2
Capital redemption reserve	**0.3**	0.3
Share option reserve	**1.4**	1.8
Hedging and translation reserve	**(42.4)**	(20.3)
Retained profits	**183.0**	175.6
Attributable to equity holders of the Company	**648.7**	663.7
Non-controlling interests	**0.9**	0.6
Total equity	**649.6**	664.3

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Note	2015 £m	2014 £m
Net cash flow from operating activities			
Cash generated from operating activities	5	**61.6**	95.6
Income tax paid		**(11.1)**	(16.9)
Net cash generated from operating activities		**50.5**	78.7
Cash flows from investing activities			
Finance income received		**1.2**	0.9
Purchase of property, plant and equipment and computer software		**(49.0)**	(38.1)
Proceeds from sale of property, plant and equipment		**4.9**	13.2
Net cash flow arising on sale of businesses		**-**	(2.6)
Settlement of amounts payable for purchase of businesses	8	**(70.1)**	(19.0)
Net cash used in investing activities		**(113.0)**	(45.6)
Cash flows from financing activities			
Finance cost paid		**(10.7)**	(12.5)
Capital element of finance lease rental payments		**(2.4)**	(2.3)
Issue of share capital		**0.1**	-
Repayment of loans/settlement of derivative financial instruments		**(2.5)**	(2.7)
New loans/settlement of derivative financial instruments		**91.5**	4.3
Dividends paid to equity holders of the Company	7	**(27.6)**	(22.6)
Net cash generated from/(used in) financing activities		**48.4**	(35.8)
Decrease in cash and cash equivalents in the year		**(14.1)**	(2.7)
Cash and cash equivalents at beginning of the year		**105.9**	113.8
Effect of foreign exchange rate changes		**(5.1)**	(5.2)
Cash and cash equivalents at end of the year		**86.7**	105.9

Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Share option reserve £m	Hedging and translation reserve £m	Retained profits £m	Total £m	Non-controlling interests £m	Total equity £m
At 31 December 2013	59.1	447.2	0.3	1.1	12.6	172.2	692.5	0.6	693.1
Profit after tax	-	-	-	-	-	33.0	33.0	1.5	34.5
Other comprehensive income/(expense)	-	-	-	-	(32.9)	(7.5)	(40.4)	-	(40.4)
Total comprehensive income/(expense)	-	-	-	-	(32.9)	25.5	(7.4)	1.5	(5.9)
Derecognition of non-controlling interest	-	-	-	-	-	-	-	(1.5)	(1.5)
Share capital issued in the year	-	-	-	-	-	-	-	-	-
Credit to share option reserve	-	-	-	0.7	-	-	0.7	-	0.7
Exercise of share options	-	-	-	-	-	-	-	-	-
Deferred tax on share options	-	-	-	-	-	0.5	0.5	-	0.5
Dividends paid to equity holders of the Company	-	-	-	-	-	(22.6)	(22.6)	-	(22.6)
At 31 December 2014	59.1	447.2	0.3	1.8	(20.3)	175.6	663.7	0.6	664.3
Profit after tax	-	-	-	-	-	36.0	36.0	0.3	36.3
Other comprehensive income/(expense)	-	-	-	-	(22.1)	(0.9)	(23.0)	-	(23.0)
Total comprehensive income/(expense)	-	-	-	-	(22.1)	35.1	13.0	0.3	13.3
Share capital issued in the year	-	0.1	-	-	-	-	0.1	-	0.1
Debit to share option reserve	-	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Exercise of share options	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Deferred tax on share options	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Dividends paid to equity holders of the Company	-	-	-	-	-	(27.6)	(27.6)	-	(27.6)
At 31 December 2015	**59.1**	**447.3**	**0.3**	**1.4**	**(42.4)**	**183.0**	**648.7**	**0.9**	**649.6**

The share option reserve represents the cumulative equity-settled share option charge under IFRS 2 less the value of any share options that have been exercised.

The hedging and translation reserve represents movements in the Consolidated Balance Sheet as a result of movements in exchange rates which are taken directly to reserves.

1. Basis of preparation

The Group's financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and on a basis consistent with that adopted in the previous year.

The financial information has been prepared under the historical cost convention except for derivative financial instruments which are stated at their fair value.

Whilst the financial information included in this Preliminary Results Announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

The Preliminary Results Announcement does not constitute the Company's statutory accounts for the years ended 31 December 2015 and 31 December 2014 within the meaning of Section 435 of the Companies Act 2006 but is derived from those statutory accounts.

The Group's statutory accounts for the year ended 31 December 2014 have been filed with the Registrar of Companies, and those for 2015 will be delivered following the Company's Annual General Meeting. The Auditor has reported on the statutory accounts for 2015 and 2014, and their reports, which included no matters to which the Auditor drew attention by way of emphasis, were unqualified and did not contain statements under Sections 498 (2) or 498 (3) of the Companies Act 2006 in relation to the financial statements.

All results are from continuing operations under IFRS as the businesses disposed of in 2014 and operations closed in 2015 did not meet the disclosure criteria of IFRS 5 "Discontinued Operations" as they did not represent individually or in aggregate a separate major line of business or geographical area of operation. In order to give an indication of the underlying earnings of the Group the results of these businesses have been included in the column of the Consolidated Income Statement entitled "Other items".

Changes in accounting policy

The following standard was amended in the current period:

- IAS 19 "Employee Benefits" (amended)

Adoption of the above standard has not had a material impact on the Accounts of the Group.

At the date of authorisation of this financial information, there are a number of new standards and interpretations issued but not yet effective (some of which are pending endorsement by the EU), which the Group has not applied in this financial information. These are detailed in the Group's Annual Report and Accounts for the year ended 31 December 2015.

2. Revenue and segmental information

Revenue

An analysis of the Group's revenue is as follows:

	2015 **£m**	2014 £m
Sale of goods	**2,533.4**	2,620.6
Revenue from construction contracts	**33.0**	13.3
Total revenue	**2,566.4**	2,633.9
Finance income	**1.0**	1.0
Total income	**2,567.4**	2,634.9

2. Revenue and segmental information (continued)

(a) *Segmental results*

Following the adoption of IFRS 8 "Operating Segments", the Group identifies its reportable segments as those upon which the Group Board regularly bases its opinion and assesses performance. The Group has deemed it appropriate to aggregate its operating segments into two reported segments: UK & Ireland, and Mainland Europe. The constituent operating segments have been aggregated as they have similar: products and services; production processes; types of customer; methods of distribution; regulatory environments; and economic characteristics.

	2015 UK & Ireland £m	**2015 Mainland Europe £m**	**2015 Eliminations £m**	**2015 Total £m**	2014 UK & Ireland £m	2014 Mainland Europe £m	2014 Eliminations £m	2014 Total £m
Revenue								
Continuing sales	**1,412.9**	**1,153.5**	**-**	**2,566.4**	1,336.2	1,266.7	-	2,602.9
Sales attributable to businesses divested in 2014	**-**	**-**	**-**	**-**	18.6	12.4	-	31.0
Inter-segment sales*	**2.3**	**11.4**	**(13.7)**	**-**	2.4	11.2	(13.6)	-
Total revenue	**1,415.2**	**1,164.9**	**(13.7)**	**2,566.4**	1,357.2	1,290.3	(13.6)	2,633.9
Result								
Segment result before Other items	**61.0**	**45.1**	**-**	**106.1**	66.9	54.2	-	121.1
Amortisation of acquired intangibles	**(8.3)**	**(2.0)**	**-**	**(10.3)**	(8.9)	(10.7)	-	(19.6)
Restructuring costs	**(5.2)**	**(3.1)**	**-**	**(8.3)**	(7.1)	(2.1)	-	(9.2)
Acquisition expenses and contingent consideration	**(8.6)**	**(5.7)**		**(14.3)**	(3.8)	(0.1)	-	(3.9)
Other one-off items	**(0.3)**	**0.4**	**-**	**0.1**	(4.6)	-	-	(4.6)
Profits and losses on sale of businesses and associated impairment charges	**-**	**-**	**-**	**-**	(19.0)	5.0	-	(14.0)
Net operating losses attributable to businesses divested in 2014	**-**	**-**	**-**	**-**	(4.7)	(2.0)	-	(6.7)
Segment operating profit	**38.6**	**34.7**	**-**	**73.3**	18.8	44.3	-	63.1
Parent Company costs				**(7.4)**				(9.9)
Operating profit				**65.9**				53.2
Net finance costs before Other items				**(11.3)**				(12.1)
Net fair value losses on derivative financial instruments				**(1.9)**				(1.9)
Unwinding of provision discounting				**(1.4)**				(0.2)
Profit before tax				**51.3**				39.0
Income tax expense				**(15.0)**				(4.5)
Non-controlling interests				**(0.3)**				(1.5)
Profit for the year				**36.0**				33.0

* Inter-segment sales are charged at the prevailing market rates.

2. Revenue and segmental information (continued)

(a) ***Segmental results (continued)***

Balance sheet

	2015 UK & Ireland £m	**2015 Mainland Europe £m**	**2015 Total £m**	2014 UK & Ireland £m	2014 Mainland Europe £m	2014 Total £m
Assets						
Segment assets	**771.5**	**649.0**	**1,420.5**	666.4	645.6	1,312.0
Unallocated assets:						
Property, plant and equipment			**1.0**			0.1
Derivative financial instruments			**36.8**			33.9
Deferred consideration			**1.5**			1.5
Other financial assets			**0.3**			-
Cash and cash equivalents			**12.8**			25.8
Deferred tax assets			**4.0**			9.6
Other assets			**3.2**			1.4
Consolidated total assets			**1,480.1**			1,384.3
Liabilities						
Segment liabilities	**305.4**	**164.8**	**470.2**	283.9	165.4	449.3
Unallocated liabilities:						
Private placement notes			**255.9**			254.3
Bank loans			**88.1**			-
Derivative financial instruments			**2.0**			1.1
Other liabilities			**14.3**			15.3
Consolidated total liabilities			**830.5**			720.0
Other segment information						
Capital expenditure on:						
Property, plant and equipment	**30.6**	**10.3**	**40.9**	16.5	14.8	31.3
Computer software	**8.4**	**0.8**	**9.2**	10.1	0.3	10.4
Goodwill and intangible assets (excluding computer software)	**60.0**	**12.7**	**72.7**	23.1	8.5	31.6
Non-cash expenditure:						
Depreciation	**13.5**	**9.5**	**23.0**	11.4	9.8	21.2
Impairment of property, plant and equipment and computer software	**-**	**-**	**-**	6.1	-	6.1
Amortisation of acquired intangibles and computer software	**10.8**	**2.5**	**13.3**	10.8	11.6	22.4
Impairment of goodwill and intangibles (excluding computer software)	**-**	**-**	**-**	3.3	-	3.3

2. Revenue and segmental information (continued)

(b) *Revenue by product group*

The Group focuses its activities into three product sectors: Insulation and Energy Management; Exteriors; and Interiors.

The following table provides an analysis of Group sales by type of product:

	2015 £m	2014 £m
Insulation and Energy Management	**1,157.8**	1,195.0
Exteriors	**792.6**	807.6
Interiors	**616.0**	600.3
Total continuing	**2,566.4**	2,602.9
Sales attributable to businesses divested in 2014	**-**	31.0
Total	**2,566.4**	2,633.9

(c) *Geographic information*

The Group's revenue from external customers and its non-current assets (including property, plant and equipment, goodwill and intangible assets but excluding deferred tax, deferred consideration and derivative financial instruments) by geographical location are as follows:

	2015		2014	
Country	**Revenue £m**	**Non-current assets £m**	Revenue £m	Non-current assets £m
United Kingdom	**1,340.8**	**397.5**	1,265.2	323.2
Ireland	**72.1**	**1.1**	71.0	0.8
France	**517.3**	**194.5**	586.1	205.7
Germany & Austria	**368.3**	**19.0**	412.2	17.8
Poland	**103.6**	**15.4**	112.0	16.8
Benelux*	**164.3**	**40.9**	156.4	31.7
Total continuing	**2,566.4**	**668.4**	2,602.9	596.0
Attributable to businesses divested in 2014	**-**	**-**	31.0	-
Total	**2,566.4**	**668.4**	2,633.9	596.0

*Includes Air Trade Centre.

There is no material difference between the basis of preparation of the information reported above and the accounting policies adopted by the Group.

3. Income tax

The income tax expense comprises:		**2015 £m**	2014 £m
Current tax			
UK corporation tax:	- on profits/(losses) for the year	**-**	-
	- adjustments in respect of previous years	**-**	-
		-	-
Overseas tax:	- on profits/(losses) for the year	**10.8**	14.7
	- adjustments in respect of previous years	**(0.4)**	0.9
Total current tax		**10.4**	15.6
Deferred tax			
Current year		**5.7**	3.4
Adjustments in respect of previous years		**(1.0)**	(15.1)
Deferred tax charge in respect of pension schemes*		**0.2**	0.7
Effect of change in rate		**(0.3)**	(0.1)
Total deferred tax		**4.6**	(11.1)
Total income tax expense		**15.0**	4.5

* Includes a credit of £0.5m (2014: £0.1m) in respect of the change in rate.

3. Income tax (continued)

The total tax charge for the year differs from that resulting from applying the standard rate of corporate tax in the UK at 31 December 2015 of 20.0% (31 December 2014: 21.0%). The differences are explained in the following reconciliation:

	2015		2014	
	£m	**%**	£m	%
Profit on ordinary activities before tax	**51.3**		39.0	
Tax at 20.0% (2014: 21.0%) thereon	**10.3**	**20.0**	8.2	21.0
Factors affecting the income tax expense for the year:				
– non-deductible and non-taxable items	**4.8**	**9.4**	6.2	15.9
– losses not recognised	**-**	**-**	0.4	1.0
– losses utilised not previously recognised	**(0.3)**	**(0.6)**	(0.1)	(0.3)
– other adjustments in respect of previous years	**(1.4)**	**(2.7)**	(14.2)	(36.4)
– effect of overseas tax rates	**2.4**	**4.7**	4.2	10.8
– effect of change in rate on deferred tax	**(0.8)**	**(1.6)**	(0.2)	(0.5)
Total income tax expense	**15.0**	**29.2**	4.5	11.5

The effective tax rate for the Group on the total profit before tax of £51.3m is 29.2% (2014: 11.5%). The effective tax charge for the Group on profit before tax, before amortisation of acquired intangibles, restructuring costs, acquisition expenses and contingent consideration, other one-off items, profits and losses arising on the sale of businesses and associated impairment charges, trading profits and losses associated with disposed businesses, unwinding of provision discounting and fair value gains and losses on derivative financial instruments, of £87.4m is 24.0% (2014: 28.1%), which comprises a tax charge of 24.8% (2014: 27.3%) in respect of current year profits and a tax credit of 0.8% (2014: charge 0.8%) in respect of prior years.

In 2014, a deferred tax asset of £14.9m was recognised in respect of previously unrecognised UK excess non-trading losses incurred in 2008.

The following factors will affect the Group's future total tax charge as a percentage of underlying profits:

- the mix of profits between the UK and overseas; in particular, France/Germany/Belgium/Netherlands (corporate tax rates greater than 20%) and Ireland/Poland (corporate tax rates less than 20%). If the proportion of profits from these jurisdictions changes, this could result in a higher or lower Group tax charge;
- the impact of non-deductible expenditure and non-taxable income;
- the agreement of open tax computations with the respective tax authorities; and
- the recognition or utilisation (with a corresponding reduction in cash tax payments) of unrecognised deferred tax assets.

In addition to the amounts charged to the Consolidated Income Statement, the following amounts in relation to taxes have been recognised in the Consolidated Statement of Comprehensive Income with the exception of deferred tax on share options which has been recognised in the Consolidated Statement of Changes in Equity.

	2015	2014
	£m	£m
Deferred tax movement associated with remeasurement of defined benefit pension liabilities*	**(0.2)**	1.7
Deferred tax on share options	**(0.1)**	0.5
Tax charge on exchange and fair value movements arising on borrowings and derivative financial instruments	**(1.5)**	(1.9)
Effect of change in rate on deferred tax*	**(0.7)**	(0.1)
Total	**(2.5)**	0.2

*These items will not subsequently be reclassified to the Consolidated Income Statement.

4. Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares:

	Basic and diluted	
	2015	2014
	£m	£m
Profit after tax	**36.3**	34.5
Non-controlling interests	**(0.3)**	(1.5)
	36.0	33.0

	Basic and diluted before Other items	
	2015	2014
	£m	£m
Profit after tax	**36.3**	34.5
Non-controlling interests	**(0.3)**	(1.5)
Other items:		
Amortisation of acquired intangibles	**10.3**	19.6
Profits and losses arising on the sale of businesses and associated impairment charges	**-**	14.0
Net operating losses attributable to businesses divested in 2014	**-**	6.7
Restructuring costs	**8.3**	9.2
Acquisition expenses and contingent consideration	**14.3**	3.9
Other one-off items	**(0.1)**	4.6
Net fair value losses on derivative financial instruments	**1.9**	1.9
Unwinding of provision discounting	**1.4**	0.2
Tax credit relating to Other items	**(4.2)**	(8.1)
One-off recognition of deferred tax assets	**(0.7)**	(14.9)
Utilisation of losses not previously recognised	**(0.3)**	(0.1)
Effect of change in rate on deferred tax	**(0.8)**	(0.2)
Other items attributable to non-controlling interests	**-**	1.1
	66.1	70.9

Weighted average number of shares

	2015	2014
	Number	Number
For basic earnings per share	**591,183,300**	591,112,524
Exercise of share options	**-**	99,237
For diluted earnings per share	**591,183,300**	591,211,761

	2015	2014
Earnings per share		
Basic earnings per share	**6.1p**	5.6p
Diluted earnings per share	**6.1p**	5.6p
Earnings per share before Other items^		
Basic earnings per share	**11.2p**	12.0p
Diluted earnings per share	**11.2p**	12.0p

^ Earnings per share before Other items has been disclosed in order to present the underlying performance of the Group.

The impact of Other items on the Consolidated Income Statement, along with their associated tax impact, is disclosed in the table below:

	2015			2014		
	Other items £m	**Tax impact £m**	**Tax impact %**	Other items £m	Tax impact £m	Tax impact %
Amortisation of acquired intangibles	**10.3**	**2.2**	**21.4**	19.6	5.3	27.0
Profits and losses arising on the sale of businesses and associated impairment charges	**-**	**-**	**-**	14.0	-	-
Net operating losses attributable to businesses divested in 2014	**-**	**-**	**-**	6.7	0.4	6.0
Restructuring costs	**8.3**	**1.7**	**20.5**	9.2	1.5	16.3
Acquisition expenses and contingent consideration	**14.3**	**-**	**-**	3.9	-	-
Other one-off items	**(0.1)**	**(0.1)**	**-**	4.6	0.5	10.9
Impact on operating profit	**32.8**	**3.8**	**11.6**	58.0	7.7	13.3
Net fair value losses on derivative financial instruments	**1.9**	**0.4**	**21.1**	1.9	0.4	21.1
Unwinding of provision discounting	**1.4**	**-**	**-**	0.2	-	-
Impact on profit before tax	**36.1**	**4.2**	**11.6**	60.1	8.1	13.5
One-off recognition of deferred tax assets	**-**	**0.7**	**n/a**	-	14.9	n/a
Utilisation of losses not previously recognised	**-**	**0.3**	**n/a**	-	0.1	n/a
Effect of change in rate on deferred tax	**-**	**0.8**	**n/a**	-	0.2	n/a
Impact on profit after tax	**36.1**	**6.0**	**16.6**	60.1	23.3	38.8
Other items attributable to non-controlling interests	**-**	**-**	**-**	1.1	-	-
Impact on profit attributable to equity holders of the Company	**36.1**	**6.0**	**16.6**	61.2	23.3	38.1

5. Reconciliation of operating profit to cash generated from operating activities

	2015 £m	2014 £m
Operating profit	**65.9**	53.2
Depreciation	**23.0**	21.2
Amortisation of computer software	**3.0**	2.8
Impairment of property, plant and equipment	**-**	6.1
Profits and losses arising on sale of businesses and associated impairment charges	**-**	14.0
Amortisation of acquired intangibles	**10.3**	19.6
Profit on sale of property, plant and equipment	**(2.4)**	(2.2)
Share-based payments	**-**	0.7
Working capital movements:		
Increase in inventories	**(15.8)**	(9.0)
Increase in receivables	**(9.0)**	(0.4)
Decrease in payables	**(13.4)**	(10.4)
Cash generated from operating activities	**61.6**	95.6

Included within the cash generated from operating activities is a defined benefit pension scheme employer's special contribution of £2.5m (2014: £2.5m).

6. Reconciliation of net cash flow to movements in net debt

	2015 £m	2014 £m
Decrease in cash and cash equivalents in the year	**(14.1)**	(2.7)
Cash flow from (increase)/decrease in debt	**(86.6)**	0.7
Increase in net debt resulting from cash flows	**(100.7)**	(2.0)
Debt added on acquisition	**(2.5)**	(0.1)
Recognition of loan notes	**(2.7)**	-
Non-cash items^	**(3.9)**	(3.8)
Exchange differences	**0.8**	0.2
Increase in net debt in the year	**(109.0)**	(5.7)
Net debt at 1 January	**(126.9)**	(121.2)
Net debt at 31 December	**(235.9)**	(126.9)

^ Non-cash items relate to the fair value movement of debt recognised in the year which does not give rise to a cash inflow or outflow.

Net debt is defined as the net of cash and cash equivalents, deferred consideration, other financial assets, bank overdrafts, derivative financial instruments, loan notes, private placement notes, bank loans and obligations under finance lease contracts.

7. Dividends

An interim dividend of 1.69p per ordinary share was paid on 7 November 2015 (2014: 1.42p). The Directors have proposed a final dividend for the year ended 31 December 2015 of 2.91p per ordinary share (2014: 2.98p). The proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. No dividends have been paid between 31 December 2015 and the date of signing the Accounts.

8. Acquisitions

During the period SIG acquired the following:

Acquisition name	% of ordinary share capital acquired	Acquisition date	Country of incorporation	Principal activity
Advanced Cladding & Insulation Group Limited	100%	30 January 2015	United Kingdom	Distributor of roofing and cladding materials and associated products
Gutters & Ladders (1968) Limited	100%	7 March 2015	United Kingdom	Distributor of building plastics and associated products
Multijoint SA	100%	30 April 2015	Switzerland	Distributor of insulating materials and associated products
Undercover Holdings Limited	100%	30 April 2015	United Kingdom	Distributor of roofing materials and associated products
Flex-R Limited	100%	1 May 2015	United Kingdom	Distributor of flat roofing materials
KG SML System und Metallbau GmbH & Co.	100%	7 May 2015	Germany	Distributor of commercial interiors products
Drywall Qatar LLC	49%*	28 May 2015	Qatar	Distributor of commercial interiors products
Ainsworth Group	100%	31 July 2015	United Kingdom	Distributor of insulating materials and associated products
Weymead Holdings Limited	100%	4 September 2015	United Kingdom	Distributor of roofing materials and associated products
HC Groep B.V.	100%	23 September 2015	The Netherlands	Design, supply and distribution of air handling products and systems
Interland Techniek B.V.	100%	22 October 2015	The Netherlands	Distributor of air handling products

*Although the Group owns less than 50% of the ordinary share capital of Drywall Qatar LLC it has full operational control of the business; therefore the assets, liabilities and results of the business are consolidated in full in the Group's Financial Statements.

The Group also acquired the trade and certain assets and liabilities of the following business:

Acquisition name	Acquisition date	Country of operation	Principal activity
Airtech	23 March 2015	France	Distributor of air handling products

The provisional fair value of the net assets of these businesses at acquisition (in aggregation) were as follows:

	£m
Property, plant and equipment	**4.0**
Inventories	**8.6**
Trade and other receivables	**22.9**
Cash acquired	**12.1**
Debt acquired	**(1.5)**
Trade and other payables	**(20.2)**
Net corporation tax and deferred tax liability	**(2.3)**
Finance leases and other debt items	**(0.7)**
Net assets acquired	**22.9**
Intangible assets – customer relationships	**42.3**
Intangible assets – non-compete clauses	**0.8**
Deferred tax liability on acquired intangible assets	**(8.4)**
Goodwill	**29.4**
Total consideration	**87.0**
Consideration is represented by:	
Cash	**78.1**
Deferred consideration	**0.3**
Contingent consideration	**8.6**
Total consideration	**87.0**
Cash (per above)	**78.1**
Cash acquired	**(12.1)**
Settlement of loan notes and contingent consideration in respect of acquisitions	**4.1**
Settlement of amounts payable for purchase of businesses	**70.1**

In accordance with IFRS 3 “Business Combinations”, acquisition expenses of £1.9m in relation to the above acquisitions have been recognised within the Consolidated Income Statement and have been presented within "Other items".

8. Acquisitions (continued)

It is currently expected that, dependent upon future profits, a further £30.9m may be paid to the vendors of recent acquisitions who are employed by the Group. These payments are contingent upon the vendors remaining within the business, and as required by IFRS 3, this will be treated as remuneration and will be charged to the Consolidated Income Statement as earned. The related accrual of potential consideration in the year to 31 December 2015 is £10.2m (31 December 2014: £2.9m). Added to the £1.9m acquisition expenses is a £2.2m increase in contingent consideration based solely on a reassessment of post-acquisition performance of the acquired businesses outside of the hindsight period, this has led to a charge within "Other items" in the Consolidated Income Statement of £14.3m in respect of acquisitions.

In addition, £8.9m of deferred and contingent consideration (not subject to the vendors remaining within the business) has been recognised within goodwill and intangible assets in the year.

The Directors have made a provisional assessment of the fair value of the net assets acquired. Any further adjustments arising will be accounted for in 2016. These fair value adjustments may relate primarily to:

a) the review of the carrying value of all non-current assets to ensure that they accurately reflect their fair value;

b) the alignment of valuation and provisioning methodologies to those adopted by the Group; and

c) an assessment of all provisions and payables to ensure they are accurately reflected in accordance with the Group's policies.

The fair value of financial assets includes trade receivables with a fair value of £20.9m and a gross contractual value of £21.4m. The best estimate at the date of acquisition of the contractual cash flows not able to be collected is £0.5m.

Included within goodwill is the benefit of staff acquired as part of the business and strategic acquisition synergies which are specifically excluded in the identification of intangible assets on acquisition in accordance with the relevant accounting standards. The goodwill of £29.4m arising from the acquisitions is not expected to be deductible for income tax purposes.

Post-acquisition revenue and operating profit for the year ended 31 December 2015 for all 2015 acquisitions amounted to £57.6m and £7.5m respectively.

The Directors estimate that the combined pre-acquisition revenue and operating profit of the 2015 acquisitions for the period from 1 January 2015 to the acquisition dates was £61.4m and £8.4m respectively.

Post balance sheet events

On 5 January 2016, the Group acquired 100% of the issued share capital of Metall Architektur Limited and the trade and certain assets of KME Yorkshire Limited, fabricators of high performance facade panels in the United Kingdom, for a total initial consideration of £4.4m, with net assets acquired of £1.4m.

On 11 January 2016 the Group acquired 100% of the issued share capital of Profant Lufttechnik HandelsgmbH, a distributor and fabricator of premium air handling systems in Austria, for an initial consideration of €2.2m, with net assets acquired of €1.7m.

On 20 January 2016, the Group acquired 100% of the issued share capital of Maury SAS, a specialist converter of metal serving high-end roofing and facade markets in France, for an initial consideration of €2.2m, with net assets acquired of €0.9m.

On 1 March 2016, the Group acquired 100% of the issued share capital of Metechno Limited, a designer and fabricator of offsite manufactured technologies in the United Kingdom, for an initial consideration of £1, with net liabilities acquired of £1.1m.

On 5 March 2016, the Group acquired 100% of the issued share capital of SAS Direct & Partitioning Limited, a distributor of partitioning systems and associated products in the United Kingdom, for an initial consideration of £6.8m, with net assets acquired of £3.4m.

9. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

SIG has a shareholding of less than 0.1% in a German purchasing co-operative. Net purchases from this co-operative (on commercial terms) totalled £251m in 2015 (2014: £282m). At the balance sheet date net trade payables in respect of the co-operative amounted to £1m (2014: £3m).

In 2015, SIG incurred expenses of £0.3m (2014: £0.3m) on behalf of the SIG plc Retirement Benefits Plan, the UK defined benefit pension scheme.

Remuneration of key management personnel

The total remuneration of key management personnel of the Group, being the Executive Committee members and the Non-Executive Directors, was £2.5m (2014: £4.3m). In addition, the Group recognised a share-based payment charge under IFRS 2 in respect of the Directors of less than £0.1m (2014: £0.1m).

10. Forward-looking statements

This announcement contains forward-looking statements that are subject to risk factors including the economic and business circumstances occurring from time to time in countries and markets in which the Group operates and risk factors associated with the building and construction sectors. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future and could cause actual results and outcomes to differ materially from those expressed in or implied by the forward-looking statements. No assurance can be given that the forward-looking statements in this announcement will be realised. Statements about the Directors' expectations, beliefs, hopes, plans, intentions and strategies are inherently subject to change and they are based on expectations and assumptions as to future events, circumstances and other factors which are in some cases outside the Group's control. Actual results could differ materially from the Group's current expectations.

It is believed that the expectations set out in these forward-looking statements are reasonable but they may be affected by a wide range of variables which could cause actual results or trends to differ materially, including but not limited to, changes in risks associated with the level of market demand, fluctuations in product pricing and changes in exchange and interest rates.

The forward-looking statements should be read in particular in the context of the specific risk factors for the Group identified in Note 13. The Company's Shareholders are cautioned not to place undue reliance on the forward-looking statements. This announcement has not been audited or otherwise independently verified. The information contained in this announcement has been prepared on the basis of the knowledge and information available to the Directors at the date of its preparation and the Company does not undertake any obligation to update or revise this announcement during the financial year ahead.

11. Viability Statement

In accordance with the requirements of the 2014 amendments to the UK Corporate Governance Code ("the Code"), the Directors have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

While the Board has no reason to believe the Group will not be viable over a longer period, it has determined that the three years to 31 December 2018 is the most appropriate time period for its viability review. This period reflects the forecast period for the Group's strategic plans and industry forecasts. This gives the Board sufficient visibility of the future to make a realistic and reasonable assessment of longer-term viability.

As part of the Group's strategic planning process a three year business model was produced covering the period to December 2018. In order to assess the resilience of the Group to risks in severe but plausible scenarios, the model was subject to thorough multi-variant stress and sensitivity analysis, together with an assessment of potential mitigating actions. The resulting impact on key metrics, such as debt headroom and covenants, was considered.

In making this statement the Directors have also made the following key assumptions:

- The Group will be required to refinance at least a portion of the c.£130m of private placement notes that mature in November 2016, in order to provide the appropriate funding headroom. The Directors have concluded that they will be able to successfully refinance, on the basis of recent successful refinancing processes and the current and forecast position of bank debt and debt capital markets in 2016;
- There will be no severe prolonged downturn in the markets in which the Group operates; and
- In the event that the UK votes to leave the European Union, given the nature of SIG's operations, it would not be expected to have a direct, material adverse effect on performance.

After conducting their viability review, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment to December 2018.

12. Going concern basis

In determining whether the Group's 2015 financial information can be prepared on a going concern basis, the Directors considered all factors likely to affect the Group's future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities.

The key factors considered by the Directors were as follows:

- the implications of the challenging economic environment and the continuing weak levels of market demand in the building and construction markets on the Group's revenues and profits;
- projections of working capital requirements;
- the impact of the competitive environment in which the Group's businesses operate;
- the availability and market prices of the goods that the Group sells;
- the credit risk associated with the Group's trade receivable balances;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected; and
- the committed finance facilities available to the Group and the ability of the Group to refinance the c.£130m of maturing private placement notes, as set out in the Viability Statement (Note 11).

Having considered all the factors above, including downside sensitivities, the Directors are satisfied that the Group will be able to operate within the terms and conditions of the Group's financing facilities, and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the Group's 2015 financial information.

13. Principal risks and uncertainties

Risk management involves the identification and evaluation of risks and is the responsibility of the Group Board. The Group's ability to manage risk is continually improving through the focus on risk management capability to ensure that it remains robust and that emerging risks are identified, assessed and managed effectively.

The risk management process incorporates both top-down and bottom-up elements to the identification, evaluation and management of risks, and all risks evaluated are referenced to the achievement of the Group's Strategic Initiatives. Risks are continually evaluated using consistent measurement criteria. Mitigating controls are identified and opportunities for the enhancement of the Group's control environment are implemented.

13. Principal risks and uncertainties (continued)

Throughout the year the risks that SIG faces have been critically reviewed and evaluated. The assessment of the most significant risks and uncertainties that could impact SIG's long-term performance are outlined below. These risks are not set out in any order or priority and they do not comprise all the risks and the uncertainties that SIG faces. This list has the potential to change as some risks assume greater importance than others during the course of the year.

Risk	Key Mitigation Activities Include:
Market conditions The Group is exposed to changes in the level of activity and therefore demand from the building, construction and civil engineering industries. Government policy and expenditure plans, private investor decisions, the general economic climate and both business and (to a lesser extent) consumer confidence are all factors which can influence the level of building activity and therefore the demand for many of the Group's products.	• Maintain a broad spread of markets, products and customers to limit risks within any given territory • The Group Board's portfolio review ensures that the Group's capital is appropriately allocated to the geographies and markets which remain core • Continual review of all available indicators of market activity and regular communication with key suppliers and customers to ensure that any change in market demand is anticipated as early as possible • Ensure the Group remains structured in a way that enables it to take prompt action in the event of a material change in the trading environment • Ensure the Group maintains a strong balance sheet and financial position
Competitors and margin management Challenging market trading conditions mean that competition pressures from direct specialist competition and the overlap with general suppliers remain high, which in turn results in continued margin pressures being faced by the Group.	• Strong trading presence and positions in the majority of the markets in which the Group trades • Initiatives designed to improve the Group's core competencies surrounding customer service, sales support and training • Ongoing pricing and purchasing initiatives, including supplier rebates, designed to improve gross margin • Tight control of operating costs • Significant investment in the branch network and distribution capability, people, IT infrastructure and product offering • Diversified portfolio of products, customers and markets limits the risk from any single competitor
Commercial relationships Failure to negotiate competitive terms of business with suppliers or failure to satisfy the needs of customers could harm the Group's business. Customer or supplier consolidation and/or manufacturers dealing directly with customers.	• Ongoing pricing and purchasing initiatives designed to improve gross margin • The Group has extensive and regular dialogue with all commercial partners to maintain strong relationships • Key supplier/customer harmonisation and national account strategy planning • The Group is not overly reliant on any one supplier and all businesses undergo alternative key supplier scenario planning • Strategically important suppliers are reviewed globally to assess their financial health • Monitoring of customer behaviour and performance

13. Principal risks and uncertainties (continued)

Risk	Key Mitigation Activities Include:
Government legislation SIG operates in a number of countries, each with its own laws and regulations, encompassing environmental, legal, health and safety, employment and tax matters. Changes in these laws and regulations, including a potential “Brexit”, could impact on SIG’s ability to conduct its business, or make the conduct of such business more expensive. There is also the reputational and financial cost of being penalised for non-compliance.	• Dedicated resource to monitor compliance with legal and regulatory matters • Active monitoring of relevant laws and regulations to ensure that any changes to the legal framework are identified and effects minimised • Review of policies and procedures with reference to changing legislative requirements and the provision of associated training • Affiliation with regulatory bodies and trade associations • Strong internal control framework, policies and culture supported by strong leadership, accountability and commitment throughout the organisation • Continuous monitoring of political environment • Continuous review of business plans in order to minimise SIG’s exposure to potential changes in Government policy
Debt Group net debt at 31 December 2015 amounted to £235.9m. The Group has to manage the following risks relating to its net debt: (1) future availability of funding; (2) interest rate risk; (3) foreign currency risk; (4) compliance with debt covenants; and (5) counterparty credit risk.	• Comprehensive Treasury Policy • Regular monitoring, including sensitivity analysis, to understand the impact of interest rate and exchange rate movements • Active hedging programme in place • Monitor performance against covenants on the Group’s Revolving Credit Facility and private placement notes • Regular discussion with Banking and Private Placement partners
Working capital and cash management Failure to manage working capital effectively may lead to a significant increase in the Group’s net debt, thereby reducing the Group’s funding headroom and liquidity.	• Post-tax Return on Capital Employed is a Key Performance Indicator of the Group • Cash flow targets are agreed with each business unit as part of the annual budget process and reviewed on a monthly basis • Stringent authorisation procedures to control capital expenditure • Proactive credit management systems supported by daily customer monitoring systems

13. Principal risks and uncertainties (continued)

Risk	Key Mitigation Activities Include:
IT infrastructure and cybersecurity SIG uses a range of computer systems across the Group. Outages and interruptions could affect the ability to conduct day-to-day operations, which could result in loss of sales and delays to cash flow. Key systems are breached causing financial loss, data loss, disruption or damage. A new ERP system is currently being implemented within the UK distribution businesses.	• Continual review of IT strategies to ensure they remain appropriate • Business continuity framework • Dedicated internal IT support team together with external support providers • Regular updates to technology, infrastructure, communications and application systems • The Group has advanced hardware and software security in place to ensure protection of commercial and sensitive data • For new IT projects, external consultants are utilised in conjunction with internal project management teams • Collaborative cross-functional risk group in place
Availability and quality of key resources Unavailability of key resources (e.g. assets such as property, stock and personnel) will impact on the ability of SIG to operate effectively and efficiently. Failure to attract and retain key individuals, strong management and technical staff in the future could have an adverse effect upon the Group's business.	• Strategic and budget reviews ensure all key resource requirements are identified and managed • Senior management succession planning • Continue to evolve a defined people strategy based on culture and engagement, talent management, training and reward recognition • Provision of channels for employees to raise concerns to promote an environment of honesty and trust