

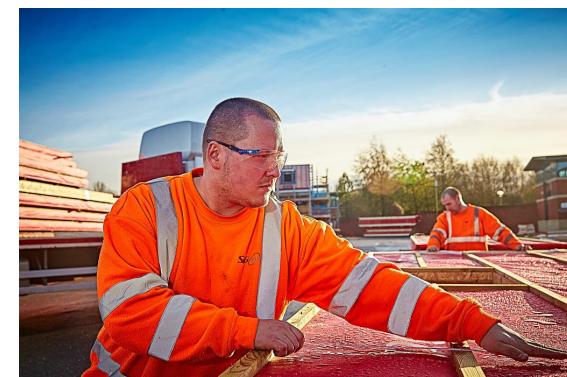


SIG plc

Results for year ended 31 December 2016

14 March 2017

Building on our potential





Introduction

Leslie Van de Walle
Chairman



Opening remarks

- Business retains significant potential despite disappointing 2016
- Right strategy, but implementation has been challenging and needs refocusing
- 2017 is a year of business stabilisation
 - *Management team addressing performance issues*
 - *Meinie Oldersma appointed as new CEO*
- Leverage reduction is a key short-term priority
- Dividend rebased in line with 2-3x cover policy

SIG remains a good business with strong market positions and is capable of delivering much more





**Building on our
potential**

Mel Ewell
Chief Executive Officer



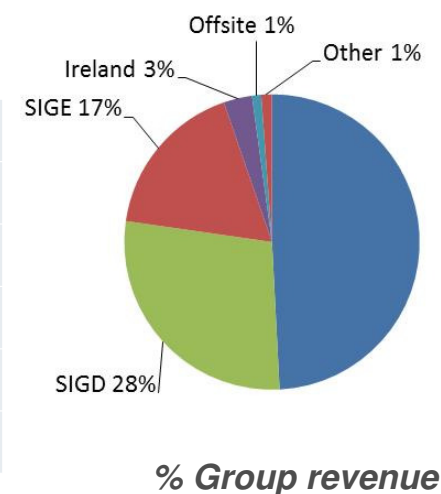
Group overview

- Right strategic direction but internal initiative overload
- Distraction has led to lack of customer focus
- Leverage is above an acceptable level
- Specific 2016 performance challenges in SIGD and Offsite Construction, which we are addressing
- Core markets continue to offer considerable opportunity

**SIG is essentially a sound business
with committed employees and strong market positions**

UK & Ireland

Revenue	2016	2015	Change
SIGD	£769.5m	£736.5m	+4.5%
SIGE	£477.8m	£456.4m	+4.7%
Ireland	£85.5m	£72.1m	+18.6%
Offsite Construction	£27.4m	£22.7m	+20.7%
Other	£31.9m	£21.9m	+45.7%



SIGD

- LFLs +1.1%; remains clear market leader despite competitors attempting to grow share

SIGE

- UK market leader and only national roofing specialist
- LFLs (0.9)%; relatively high exposure to weaker RMI sector (64% of revenue)

Ireland

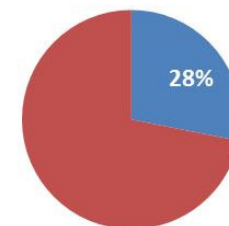
- LFLs +3.8%; market leader delivering good growth

Offsite Construction

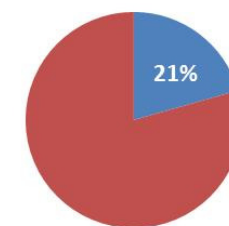
- 2016 sales impacted by production issues in volumetric modular housing business
- Potentially an attractive business with high levels of demand

Driving improved performance in SIG Distribution

	2016	2015	Change
Revenue	£769.5m	£736.5m	+4.5%
Operating profit	£19.2m	£26.0m	(26.2)%
Operating margin	2.5%	3.5%	(1.0)%



% Group revenue



% Group operating profit*

- Refocusing on customers and improving our service proposition
- Upgrading sales and pricing capabilities
- Better exploiting logistics and warehouse efficiencies using new ERP system
- Some early signs of improving sales momentum
 - *Positive LFL sales growth since November 2016*

* Before Group costs

Expanding capacity in Offsite Construction

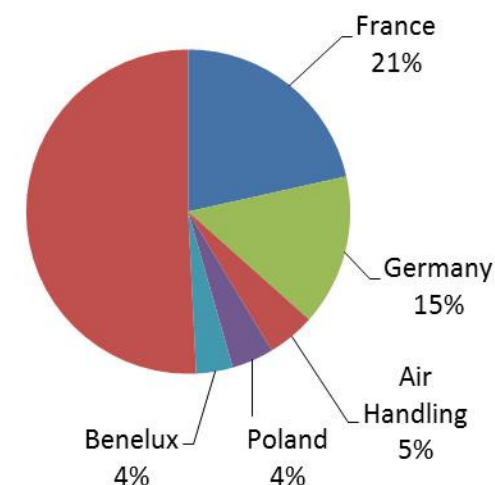
	2016	2015	Change
Revenue	£27.4m	£22.7m	+20.7%
Operating (loss)/profit	£(4.2)m	£0.3m	£(4.5)m
Operating margin	(15.3)%	1.3%	(16.6)%

- Comprises three UK-only businesses
 - *Building Systems: Panels and modular housing units (mainly residential)*
 - *RoofSpace: Room-in-roof (all residential) – performing well*
 - *Metechno: Bathroom pods (mainly commercial) – relatively small*
- We are addressing production challenges in Building Systems
 - *Production line being re-engineered and streamlined; new MD appointed*
 - *Already doubled daily production compared to 2016*
- Expecting to return to profitability by the end of this year

Mainland Europe

Revenue	2016	2015	Change	
			Reported	Constant Currency
France	£589.2m	£517.3m	+13.9%	+0.4%
Germany	£413.2m	£368.3m	+12.2%	(1.1)%
Poland	£115.1m	£103.6m	+11.1%	+2.1%
Benelux	£99.7m	£85.7m	+16.3%	+2.5%
Air Handling*	£130.5m	£78.6m	+66.0%	+46.5%

* Previously reported as Air Trade Centre in Benelux



France

- Improved H2 with LFLs flat vs (3.6)% decline in H1
- Maintained gross margin

Germany

- Better H2 performance under new management team

Air Handling

- Benefited from acquisitions and strong organic LFL growth of 8.5%

Delivering improved performance

- We are freeing time to refocus on customers / sales growth
- We are driving a stronger performance culture in our OpCos
- We have reassessed Group initiatives
 - *eCommerce programme*
 - *RDCs on hold / supply chain now business as usual*
 - *Continued focus on procurement to mitigate margin pressures*
 - *UK ERP system roll-out nearly complete*
- We have reviewed our cost base to eliminate duplication / reduce discretionary and project expenditure
- We are focusing on sales growth and cash generation to drive ROCE





Financial review

Nick Maddock
Chief Financial Officer



My background

- Previously CFO of McCarthy & Stone plc
 - *Led successful £1bn return to stock market in 2015*
- What I have found at SIG
 - *A good business with strong market positions and potential to generate attractive returns*
 - *Committed employees who care*
 - *Loss of customer focus due to organisational distraction*
 - *Leverage is too high*
 - *Substantial scope to improve performance*



2016 Key financials

	2016	2015	Change
Revenue	£2,739.8m	£2,463.1m	11.2%
Gross margin	26.7%	27.0%	(30)bps
Operating profit	£91.3m	£99.9m	(8.6)%
Operating margin	3.3%	4.1%	(80)bps
Profit before tax	£77.5m	£88.6m	(12.5)%
Basic earnings per share	9.7p	11.3p	(1.6)p
Dividend per share	3.66p	4.60p	(20.4)%
Cash inflow from trading	£98.9m	£99.8m	(0.9)%
Working capital as % of revenue	9.9%	9.0%	90bps
ROCE (post-tax)	9.4%	11.5%	(2.1)%
Net debt (as at 31 Dec)	£259.9m	£235.9m	10.2%
Leverage (as at 31 Dec)	2.1x	1.8x	0.3x

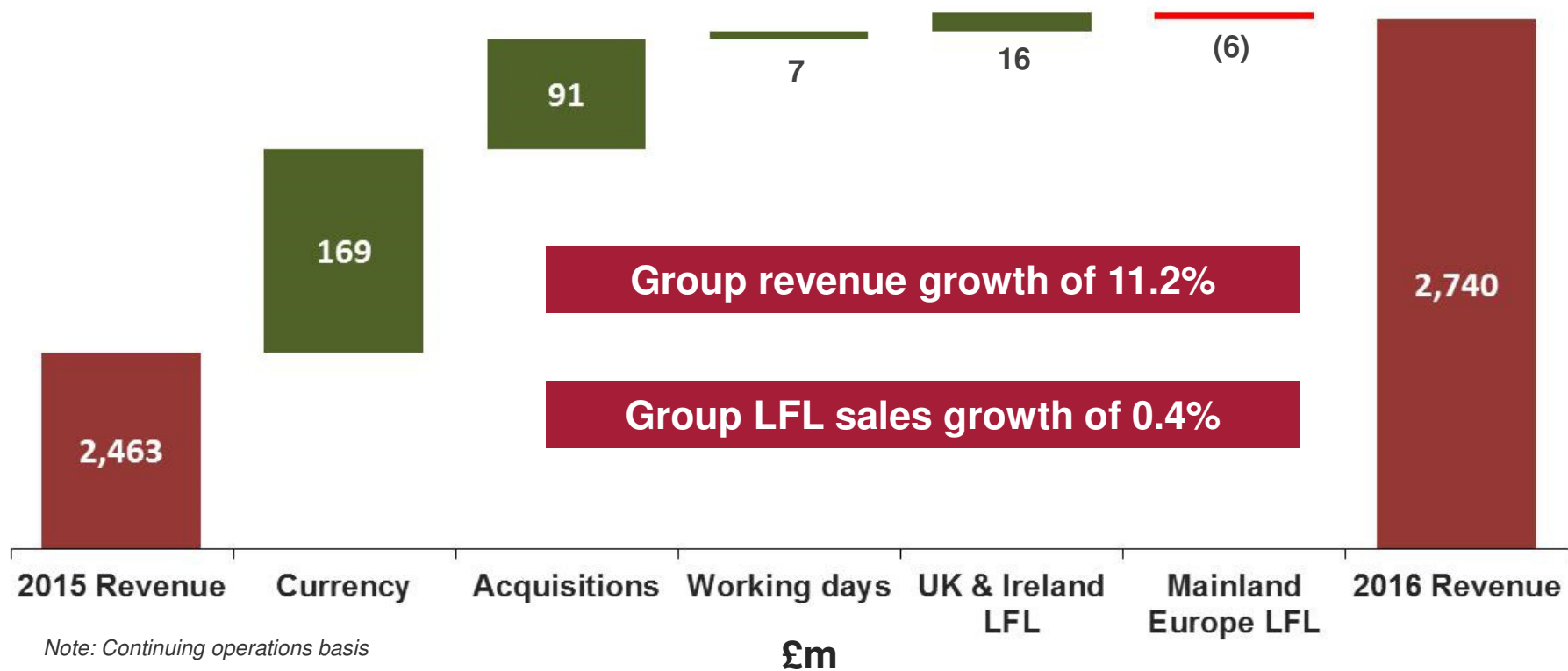
All figures are stated on an underlying basis and exclude Other items.

Leverage reduction is a key short-term priority

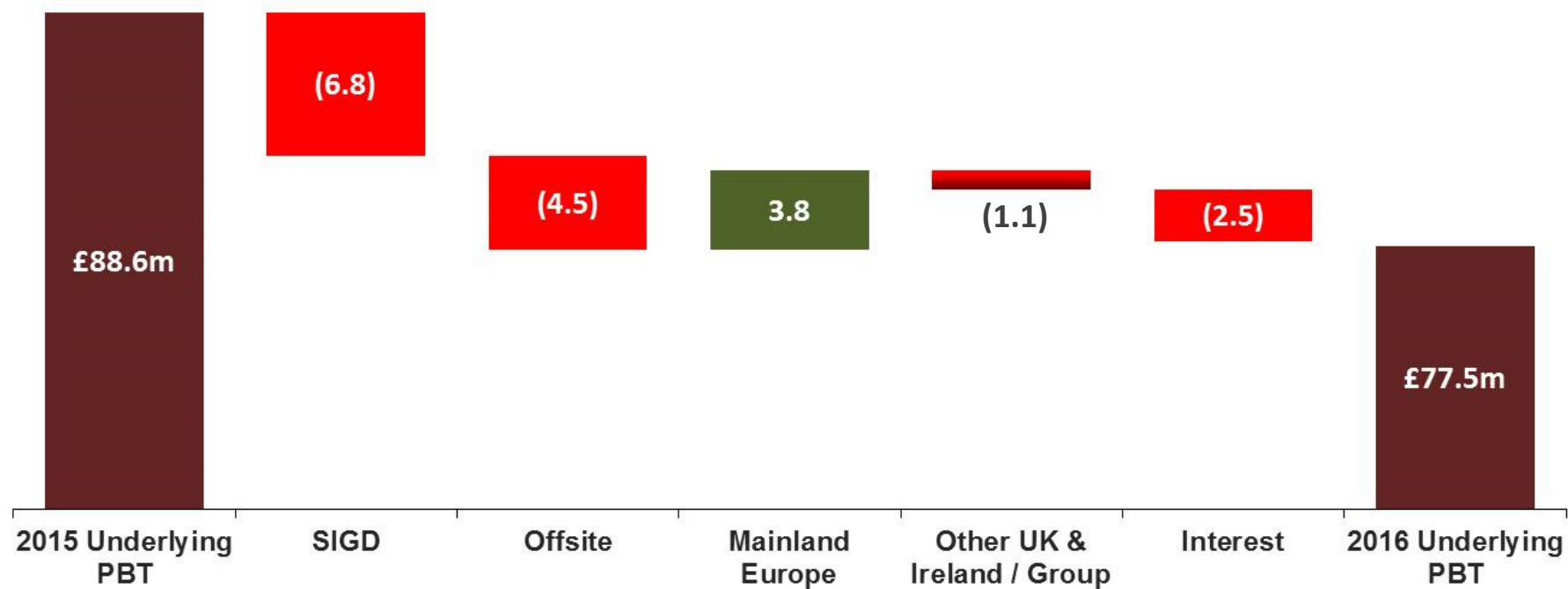
- Leverage will increase to June 2017 before H2 recovery
 - *Run-rate / seasonality*
- We have identified substantive actions to reduce leverage
 - *Significant asset disposals*
 - *Tighter cash and working capital focus*
 - *Moderating capex*
 - *Acquisitions suspended*
 - *Dividend rebased*
- Disposed Carpet & Flooring and agreed sale of Drywall Qatar

Objective is to return leverage to 1.0 – 1.5x target range in 2018

Revenue bridge



Underlying profit before tax bridge



Note: Continuing operations basis, excluding £5.8m trading losses from Carpet & Flooring and Drywall Qatar.

2016 Non-underlying items

£m	2016
Larivière impairment	100.4
Disposals*	45.9
Poland impairment	10.2
Net restructuring costs	13.3
Amortisation of acquired intangibles	10.3
Other one-off items	3.7
Total	183.8

* Includes £40.1m loss on sale and associated impairment and £5.8m of trading losses in 2016. Disposal subject to contract in the case of Drywall Qatar.

Larivière

- Specialist roofing market leader in France, acquired in May 2007 for €297m
- Impairment charge reflects more cautious forecasts and broader market uncertainty
- Remaining €80.5m goodwill carrying value
- Retains leading market position with good prospects

Other

- Carpet & Flooring / Drywall Qatar
- Poland goodwill impaired
- Restructuring costs largely relate to supply chain project

Cash flow and net debt

£m	2016	2015
Cash inflow from trading	98.9	99.8
Increase in working capital	(23.1)	(38.2)
Cash inflow from operations	75.8	61.6
Interest & tax	(22.1)	(20.6)
Maintenance capex	(29.5)	(26.0)
Free cash flow	24.2	15.0
Investment capex	(10.4)	(24.1)
Dividends	(28.6)	(27.6)
Purchase & sale of businesses	(29.6)	(75.3)
Proceeds from sale of property, plant and equipment	39.5	4.9
Exchange and fair value movements	(19.1)	(1.9)
Increase in borrowings	(24.0)	(109.0)
Closing net debt as at 31 December	(259.9)	(235.9)
<i>Leverage (net debt / EBITDA)</i>	<i>2.1x</i>	<i>1.8x</i>
<i>Lease-adjusted leverage</i>	<i>4.0x</i>	<i>3.4x</i>

SIG retains significant funding headroom

£m as at 31 Dec 2016	Facility	Drawn	Matures
PP notes	20	20	Nov 2018
PP notes	26	26	Oct 2020
RCF	350	162	May 2021
PP notes	17	17	Oct 2021
PP notes	43	43	Oct 2023
PP notes	93	93	Aug 2026
Total facilities	549	361	
Other debt items including derivatives		28	
Gross debt		389	
Cash and equivalents		(129)	
Net debt		260	

- Refinanced £131m PP notes in June 2016
- Increased total facilities by £75m to £549m
- Significant funding headroom
- Good blend of medium and long-term debt

Segmental performance

	2016	2015	Change
UK & Ireland			
Revenue	£1,392.1m	£1,309.6m	6.3%
Gross margin	26.0%	26.8%	(80)bps
Operating profit	£53.2m	£62.2m	(14.5)%
Operating margin	3.8%	4.7%	(90)bps
Mainland Europe			
Revenue	£1,347.7m	£1,153.5m	16.8%
Gross margin	27.4%	27.2%	20bps
Operating profit	£48.9m	£45.1m	8.4%
Operating margin	3.6%	3.9%	(30)bps



Summary and current trading

Mel Ewell
Chief Executive Officer



Summary and current trading

- We have identified the reasons for our underperformance and have taken action
- We are freeing time for our branches to sell
- Our refocus on the customer will support sales growth, generate cash and drive ROCE
- Leverage reduction is a key short-term financial priority
- Trading in first two months of 2017 is in line with the Board's expectations, although markets remain competitive and we are experiencing some supplier price inflation
- Meinie Oldersma appointed as Group CEO



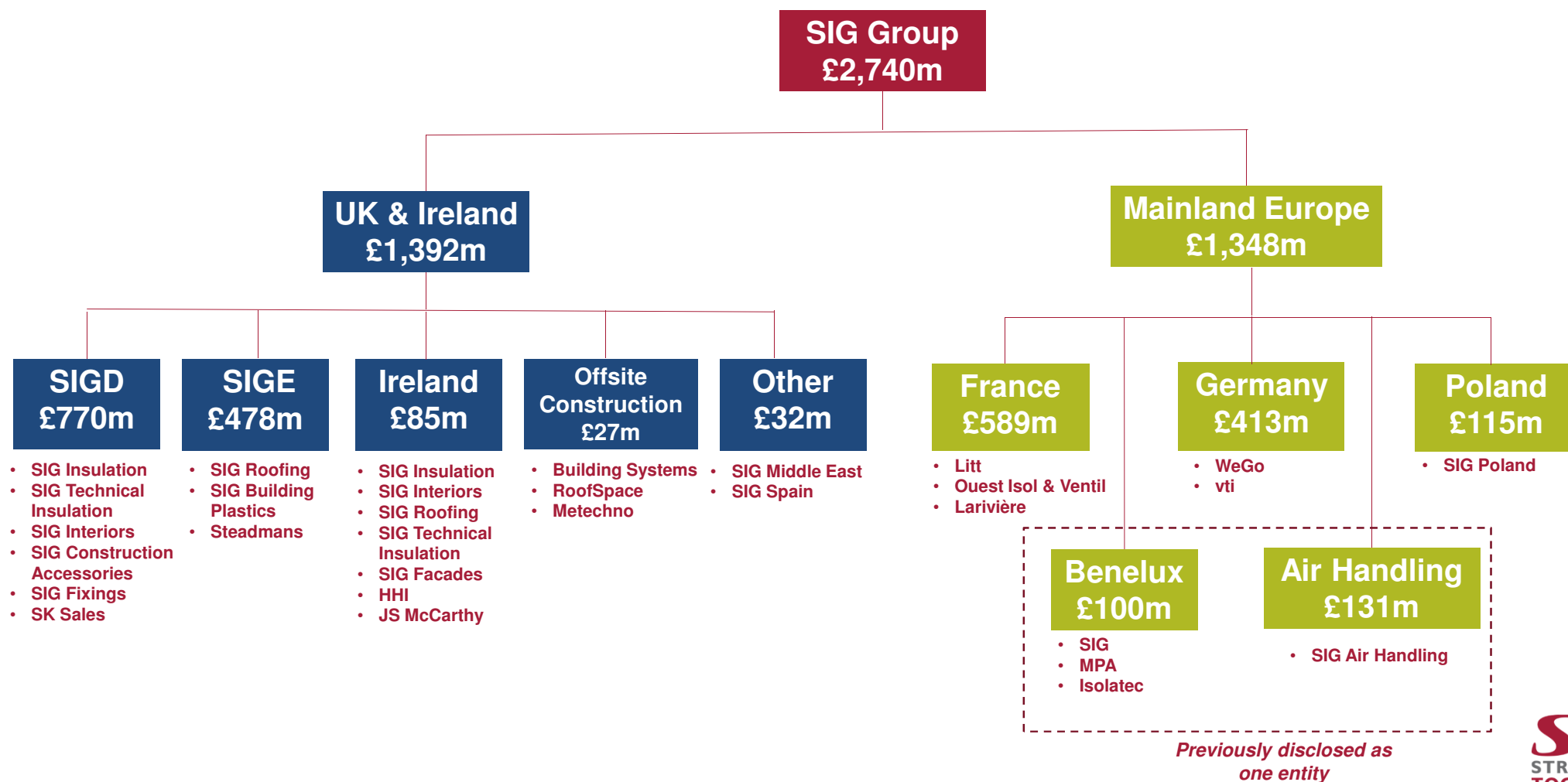
SIG remains a good business with strong market positions and is capable of delivering much more



Appendix

Business overview

Business overview



UK & Ireland

	Revenue	Change	LFL	Gross margin	Change
SIGD	£769.5m	4.5%	1.1%	24.6%	(70)bps
SIGE	£477.8m	4.7%	(0.9)%	29.2%	(70)bps
Ireland	£85.5m	18.6%	3.8%	25.7%	(30)bps
Offsite Construction	£27.4m	20.7%	6.3%	17.9%	(460)bps
Other	£31.9m	45.7%	28.6%	19.2%	(260)bps

Mainland Europe

	Revenue	Change	LFL	Gross margin	Change
France	£589.2m	13.9%	(1.9)%	27.7%	No change
Germany	£413.2m	12.2%	(1.2)%	26.6%	(30)bps
Poland	£115.1m	11.1%	2.1%	20.0%	(110)bps
Benelux	£99.7m	16.3%	2.5%	25.2%	40bps
Air Handling	£130.5m	66.0%	8.5%	36.4%	80bps

SIG Distribution (SIGD)

Business description

- Principally insulation / interiors distribution
- Clear UK leader with c.30% share in consolidated market
- 2016 revenue: £770m (28% of Group)
- 99 branches

Key products and brands

- Structural and technical insulation
- Dry lining / stud and track
- Construction accessories and fixings
- Ceiling tiles and grids
- Partition walls and doorsets



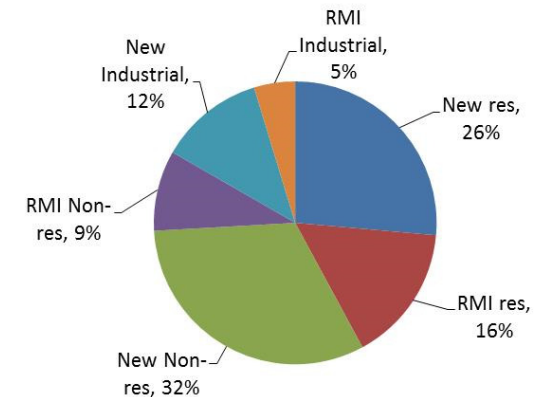
Note: market share is company estimate

Key competitors

- CCF (Travis Perkins)
- Minster (Saint Gobain)
- Encon (MBO)

Market drivers and exposure

- Construction activity (mainly new build)
- Higher energy efficiency standards
- Increased regulation (Part L of Building Regs)



SIG Exteriors (SIGE)

Business description

- Principally roofing merchanting
- Clear UK leader and only national specialist with c.30% share in fragmented market
- 2016 revenue: £478m (17% of Group)
- 195 branches

Key products and brands

- Tiles, slates, membranes and battens
- Single-ply flat roofing systems
- Plastic building products
- Industrial roofing and cladding systems (Steadmans)



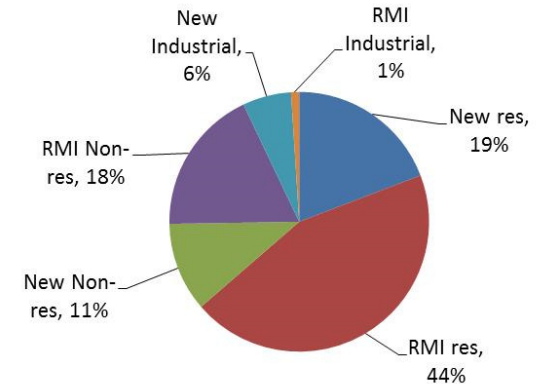
Note: market share is company estimate

Key competitors

- Burtons
- Rinus
- Other small independent roofing specialists
- General builders' merchants (to some degree)

Market drivers and exposure

- Construction activity (mainly RMI)
- Growth in the industrial sector
- Replacement of old / damaged roofs (particularly residential)



Ireland

Business description

- Principally insulation / interiors distribution and roofing
- #1 Insulation/interiors (c.30% share)
- #2 Technical insulation (c.15%)
- 2016 revenue: £85m (3% of Group)
- 10 branches

Key competitors

- Tennants
- Tegral
- TIDL
- McCaig

Key products and brands

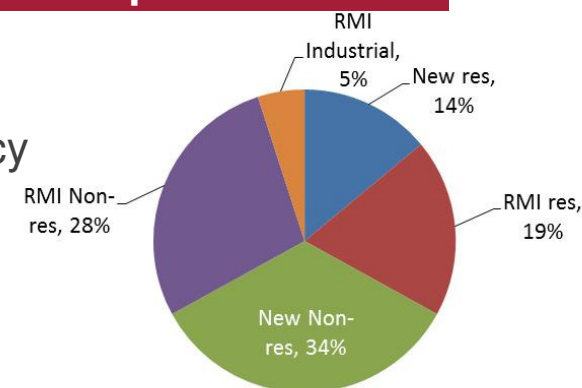
- Structural and technical insulation
- Dry lining
- Suspended ceilings
- Partition walls and doorsets
- Tiles, slates and roofing accessories
- Cladding and façade systems



Note: market share is company estimate

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation
- Replacement of old / damaged roofs



SIG
STRONGER
TOGETHER

Offsite Construction

Business description

- Design, assembly and installation of offsite building solutions for the UK construction industry
- 2016 revenue: £27m (1% of Group)
- 2 production sites (Alcester and Alfreton)

Key competitors

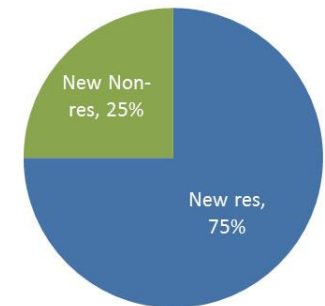
- Legal & General
- Space4 (Persimmon)
- Bowsall
- Smartroof

Key products and brands

- Insulated panelised roofing systems
- Insulated large panels
- Complete modular housing units
- Modular washrooms

Market drivers and exposure

- Construction activity (particularly new residential)
- Higher energy efficiency standards
- Displacement of traditional construction methods



France

Business description

- Insulation / interiors / air handling distribution and roofing merchandising
- #1 specialist roofing (c.17% share);
#1 technical insulation (c.35%);
#3 structural insulation / interiors (c.7%)
- 2016 revenue: £589m (21% of Group)
- 211 branches

Key products and brands

- Structural insulation, dry lining and partitions (LiTT)
- Technical insulation (Ouest Isol)
- Air handling (Ouest Ventil)
- Tiles, slates, membranes, battens (Larivière)



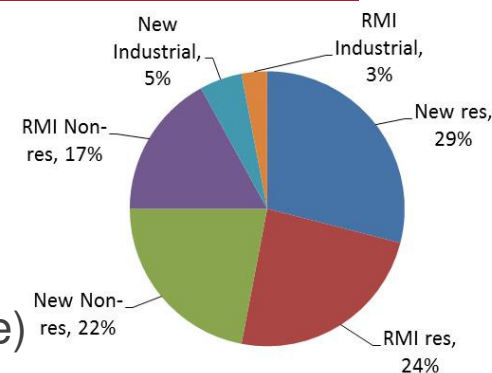
Note: market share is company estimate

Key competitors

- Point P (Saint Gobain)
- L'asturienne (Saint Gobain)
- SFIC (Saint Gobain)
- Chausson

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation (Règlementation Thermique)
- Replacement of old / damaged roofs



Germany

Business description

- Insulation / interiors distribution
- #1 technical insulation (c.17% share);
#3 structural insulation / interiors (c.10%)
- Relatively fragmented market
- 2016 revenue: £413m (15% of Group)
- 59 branches

Key products and brands

- Structural insulation and dry lining
 - Screed and raised access flooring
 - Ceiling tiles and grids
 - Doors and frames
 - Technical insulation (vti)
- WeGo



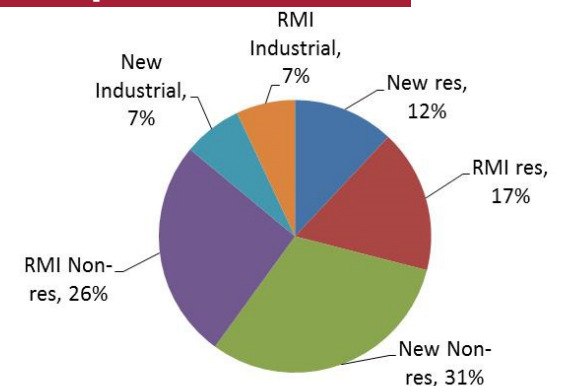
Note: market share is company estimate

Key competitors

- Raab Karcher (Saint Gobain)
- Bauking (CRH)
- Baustoff & Metall
- Small independent regional players

Market drivers and exposure

- Construction activity (particularly non-res and industrial)
- Higher energy efficiency standards
- Increased regulation (EnEV)



Poland

Business description

- Principally insulations/interiors distribution
- #1 structural insulation/interiors (c.10% share)
- #1 technical insulation (c.20%)
- 2016 revenue: £115m (4% of Group)
- 49 branches

Key products and brands

- Structural and technical insulation
- Dry lining
- Ceiling tiles and grids
- Partition walls and doorsets



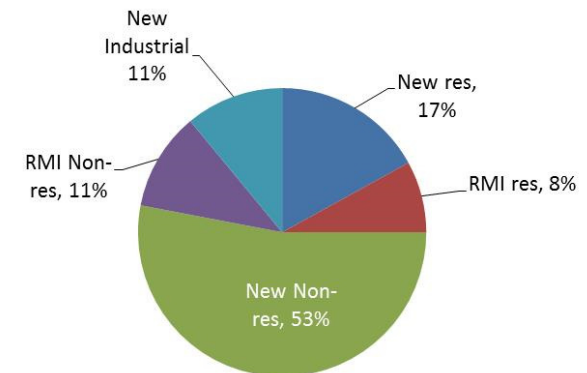
Note: market share is company estimate

Key competitors

- PSB, GHB (Purchasing associations)
- Caldo Izolacja
- Herbud

Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation



Benelux

Business description

- Insulations/interiors distribution
- #1 technical insulation (c.25% share)
- #1 interiors (c.28%)
- 2016 revenue: £100m (4% of Group)
- 15 branches

Key competitors

- Astrimex
- Baustoff & Metall
- Veris
- Raab Karcher
- IPCOM group

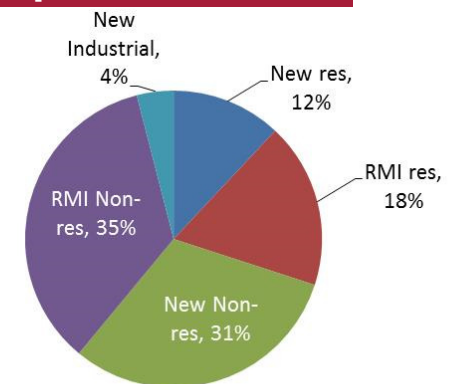
Key products and brands

- Structural and technical insulation
- Wet plaster
- Dry lining
- Ceiling tiles and grids
- Stud and track



Market drivers and exposure

- Construction activity
- Higher energy efficiency standards
- Increased regulation



Note: market share is company estimate



Air Handling

Business description

- Largest pure-play specialist air handling distributor in Europe
- Whole-system solution from design to supply
- Market supplied by manufacturers (55%) and distributors (45%)
- 2016 revenue: £131m (5% of Group)
- 22 branches

Key products and brands

- Air handling units
- Ducts and fans
- Valves and volume dampers
- Climate ceilings and fire / smoke controls
- Grills and diffusers



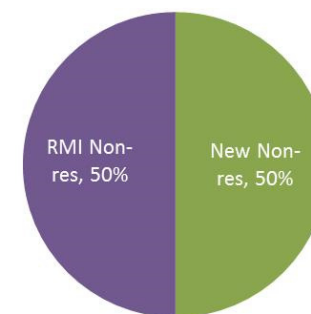
Note: market share is company estimate

Key competitors

- Systemair
- FlaktWoods
- Lindab
- Trox

Market drivers and exposure

- Construction activity (particularly commercial)
- Higher energy efficiency and air quality standards
- More rigorous fire protection standards





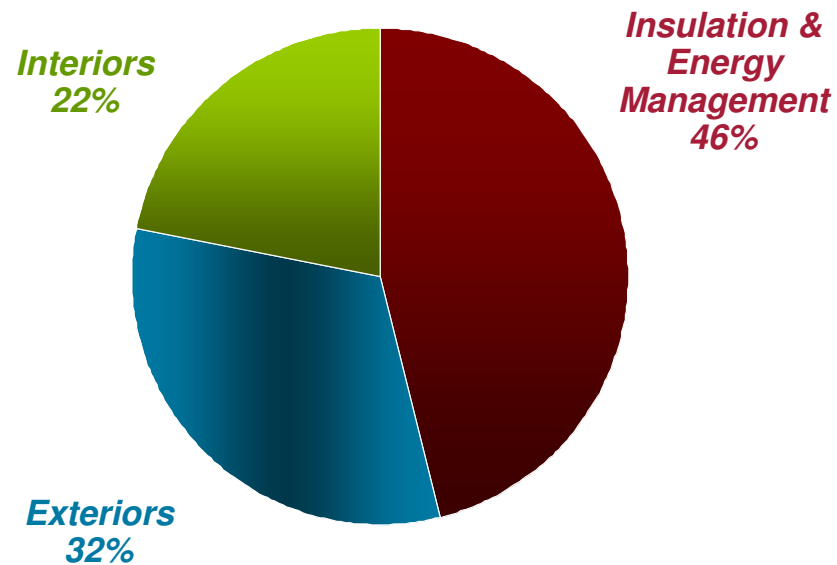
Appendix

Supporting financial schedules

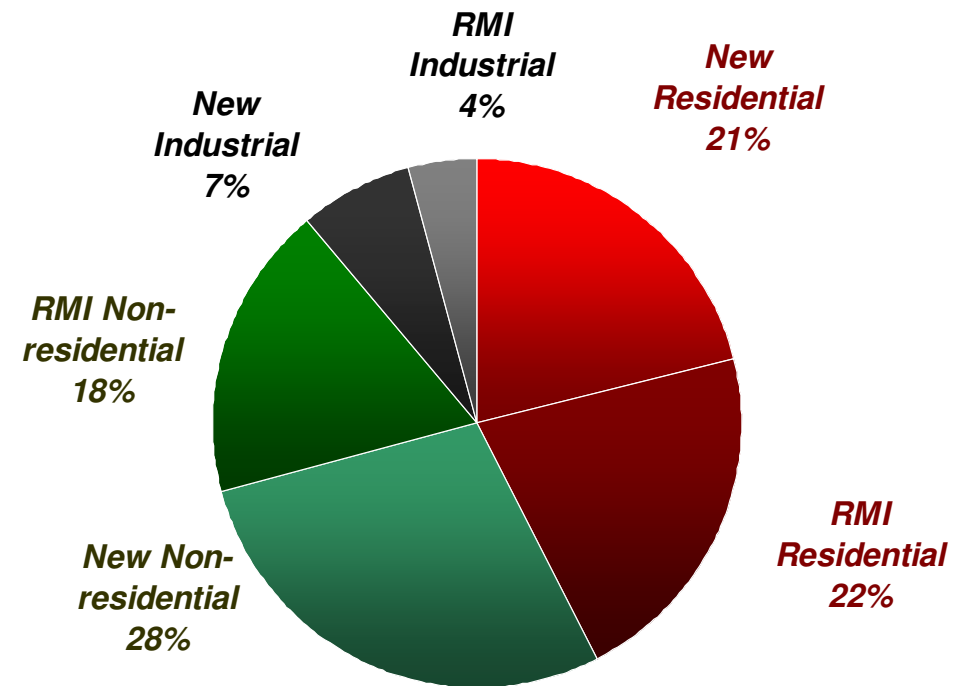
2016 revenue growth analysis

	UK & Ireland	Mainland Europe	Group
Price	0.1%	0.5%	0.3%
Volume	1.1%	(0.9)%	0.1%
Like-for-like	1.2%	(0.4)%	0.4%
Currency	1.1%	13.4%	6.8%
Working days	-	0.6%	0.3%
Acquisitions	4.0%	3.2%	3.7%
Reported	6.3%	16.8%	11.2%

2016 revenue analysis by product / market



*By business stream**



By market

* Continuing operations basis

Working capital

	2016	2015
Stock days	44	44
Debtor days	45	45
Creditor days	39	38
Working capital / sales	9.9%	9.0%
Cash conversion*	100%	75%
Medium term cash conversion* (last 3 years)	91%	93%

* Trading cash inflow before cash costs on restructuring and one-off pension payments divided by underlying operating profit

Cash and debt

£m	2016	2015
Capex	39.9	50.1
Depreciation*	29.5	26.0
Capex / depreciation	1.35x	1.93x
Net working capital	283.7	242.2
Net debt	259.9	235.9
Leverage (Net debt / EBITDA **)	2.1x	1.8x
Lease adjusted leverage ***	4.0x	3.4x
Interest cover**	6.5x	8.1x

* Including amortisation of computer software

** Based on covenant calculation

*** Net debt adjusted for 8x multiple applied to property rentals

Trading sites

	31 Dec 2015	Closed/ merged	Opened	Acquired	31 Dec 2016
UK	313	(23)	-	5	295
Ireland	12	(2)	-	-	10
UK & Ireland	325	(25)	-	5	305
France	213	(6)	2	2	211
Germany & Austria	59	-	-	-	59
Poland	49	-	-	-	49
Benelux	18	(3)	-	-	15
Air Handling	20	-	-	2	22
Mainland Europe	359	(9)	2	4	356
Group Total	684	(34)	2	9	661

Definition of terms

Continuing operations	Excluding the impact of any disposals made in current and prior year
Like-for-like (LFL)	Sales per day in constant currency excluding acquisitions and disposals
ROCE	Return on Capital Employed, calculated on a rolling 12 month basis as underlying operating profit less tax, divided by average net assets plus average net debt
Leverage	Ratio of closing net debt over underlying operating profit before depreciation, adjusted for the impact of acquisitions and disposals during the previous 12 months ("EBITDA")
Lease-adjusted leverage	Ratio of closing net debt adjusted for 8x multiple applied to property rentals over underlying operating profit before depreciation plus property rentals adjusted for the impact of acquisitions and disposals during the previous 12 months ("EBITDAR")
Working capital / sales	Ratio of working capital (including provisions but excluding pension scheme obligations) to annualised sales (after adjusting for acquisitions and disposals) on a constant currency basis
Underlying gross margin	Ratio of underlying gross profit to underlying sales (excluding disposals)
Underlying operating margin	Ratio of underlying operating profit to underlying sales (excluding disposals)
Cash conversion	Trading cash inflow before cash costs on restructuring and one-off pension payments divided by underlying operating profit
Interest cover	Ratio of the previous twelve months' underlying operating profit (including the trading losses and profits associated with divested businesses) over net financing costs (excluding pension scheme finance income and costs)