

11 November 2016

## SIG plc

### Trading update

SIG plc (“SIG” or “the Group”), a leading distributor of specialist building products in Europe, with strong positions in its core markets of insulation & energy management, interiors and roofing, today issues a trading update for the four months July to October 2016 (“the period”).

Group revenues in the period increased 10.6% compared to the same period last year, having benefited from movements in foreign exchange rates (+8.9%) and acquisitions (+3.9%), offset by fewer working days (-1.4%). On a like-for-like (“LFL”) basis Group sales declined by 0.8% in the period.

2016 Sales growth	UK & Ireland	Mainland Europe	Group
<i>July to October</i>			
LFL <sup>1</sup>	(1.1)%	(0.5)%	(0.8)%
Reported sales	2.7%	20.8%	10.6%
<i>Year to October</i>			
LFL	0.8%	(1.0)%	(0.0)%
Reported sales	6.2%	16.0%	10.6%

<sup>1</sup> like-for-like is defined as sales per day in constant currency excluding acquisitions and disposals.

In the UK & Ireland LFL revenues decreased 1.1% in the period, with SIG Distribution and SIG Exteriors recording LFL sales declines of 1.2% and 1.7% respectively

Following a slowing of activity around the time of the EU referendum, trading conditions in the UK have continued to soften and competition in the market has intensified. In particular the Group has been impacted by delays to some projects in the commercial sector and subdued demand for technical insulation in the petrochemical and manufacturing sectors. As already has been widely noted within the industry, the UK RMI market also remains challenging.

Furthermore, while SIG has high confidence in the medium-term prospects for its offsite construction business, its recent performance has been affected by the commissioning of new plant and machinery which has taken longer than originally anticipated and led to the temporary deferral of some projects into 2017. The order book for the business however is growing and remains strong.

In Mainland Europe trading remains variable, with the Group’s LFL sales declining by 0.5% in the period. France recorded a relatively improved second half performance, with LFL sales down by 1.0% compared to a decline of 3.6% in H1 2016. LFL sales in Germany decreased 0.9% in the period and a new management team is undertaking a series of actions to improve business performance.

While SIG continues to make good progress on reducing its procurement costs, the challenging market environment has resulted in a 30bps decrease in SIG’s gross margin for the year to date.

## **Outlook**

As a result of the weaker than anticipated trading conditions and intensified competition in the UK the Group now expects that underlying profit before tax for the year ending 31 December 2016 will be in the range of £75m to £80m.

In response the Group has accelerated its supply chain and procurement efficiency programmes and is confident of achieving savings in excess of £13m this year. In addition SIG has undertaken a further review of its UK branch network and cost structure which will provide it with annualised net savings of approximately £10m, with an exceptional charge of c.£10m. These efficiencies are in addition to previously disclosed targets and mean that the Group is now targeting savings of at least £20m in 2017.

SIG retains strong positions in its core markets of insulation, interiors and exteriors across its countries of operation in Europe and the Board has confidence in the long term prospects for the Group.

## **Conference call**

There will be a conference call at 8.00am today to discuss this statement. The dial-in details are: +44 (0)330 336 9411, PIN code 1878721.

## **Enquiries**

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## **Cautionary Statement**

This Trading Statement is prepared for and addressed only to the Company's shareholders as a whole and to no other person. The Company, its directors, employees, agents or advisors do not accept or assume responsibility to any other person to whom this Trading Statement is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

Certain information included in this Trading Statement is forward looking and involves risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by forward looking statements. 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 future outcomes to differ from those foreseen in forward looking statements, including but not limited to, changes in risks associated with the level of market demand, product availability and pricing, competitor risk, credit risk, credit insurance, restructuring of SIG and exchange rates. More information about the risks and uncertainties that may affect the Group's performance is contained in the Annual Report to Shareholders for the year ended 31 December 2015. All statements in this release are based upon information known to the Company at the date of this Trading Statement. The Company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise.